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Context for Private Capital Investment
TRANSCRIPT

Private Equity in 2016: Acquisitions

Peter Witte, EY: Most folks are probably aware that 2015 was sort of a record year for the overall M&A markets. We saw about, more than $4 trillion worth of global M&A activity that was announced. In 2016, we saw some softening in that market. Through the end of November, the deals were down about 16%. We saw some similar declines last year in the PE backed market. And I think there's a couple reasons for that.

One is high valuations have been a persistent problem for PE firms. Continued competition from corporate acquirers, and then just sort of general uncertainty.

Deals valued at $3 billion and above – is where we saw the steepest decline. But when we look at that next size band down – so deals valued between $1 billion to $3 billion – activity is still pretty robust.

Sam Hendler, Harris Williams & Co.: We're seeing just tremendous activity from both the strategic and financial community given the availability of cash as well as the amount of dry powder in the private equity community.

We recently did a survey with *Ink* magazine, And of the companies we surveyed, 95% expect to pursue M&A sometime over the next three years.

Alex Krueger, First Reserve: I think in 2016, in the energy space, we've seen some very interesting market dislocations and availability of capital. We had a massive blowout in the MLP space in terms of large public company's inability to have confidence go to the public market and get equity, providing some very interesting opportunities both for private equity funds and infrastructure funds.

Witte: When we look back to 2015, P&U was about 1.5% of total PE investment. Well in 2016, it jumped all the way up to 12% of total PE investment, so a lot of interest in that space.