

9th INSEAD Private Equity Conference

20 May 2011, Fontainebleau

Programme

08:30-09:00	Registration	Main Entrance
09:00-09:15	Introduction Dipak C. Jain, Dean of INSEAD	Amphi A
09:15-10:15	Keynote Mr. Stephen A. Schwarzman Chairman, CEO and Co-Founder of The Blackstone Group	Amphi A
10:15-10:30	Coffee Break	
10:30-11:30	Panel Session 1	
	LBO Stefano Drago, PAI Partners Roberto Italia, Cinven Salim Nathoo, Apax Partners Graham Oldroyd, Bridgepoint Christophe De Vusser, Bain & Co	Amphi A
	VC & Entrepreneurship Alessio Beverina, Sofinnova Partners Rainer Maerkle, Holtzbrinck Ventures Albert Joseph "Bart" Markus, Wellington Partners Patrick Keating, Yole Finance	Amphi B
11:30-11:45	Break	
11:45-12:45	Panel Session 2	
	Distressed Investments Roderic Cork, Allen and Overy Helen Lee-Bouygues, Alvarez & Marsal Donald Bryden, Oaktree Capital Management	Amphi A

	Georg Madersbacher, Orlando Management Professor Joost de Haas, INSEAD	
	Growth Equity Laurence Garrett, Highland Capital Dirk Schmücking, Investcorp Tony Zappala, Index Ventures Hillel Zidel, Kennet Capital Professor Vikas Aggarwal, INSEAD	Amphi B
12:45- 14:15	Lunch	
14:15- 15:15	Keynote - State of the Market Mr. Howard Marks Founder and Chairman, Oaktree Capital Management Professor Claudia Zeisberger, INSEAD (Moderator)	Amphi A
15:15- 15:30	Break	
15:30- 16:30	Panel Session 3	
	Emerging Markets Simon Harford, Actis Alexandre Quirici, IDG Nesreen Srouji, Standard Chartered Private Equity Jung-Kyoo "Jay" Yang, AJU IB Investment Michael Brigl, The Boston Consulting Group	Amphi A
	LP / Fundraising Tatiana Chopova, Alpinvest Partners Jeremy Golding, Golding Capital Partners Janusz Heath, CapitalDynamics Fransceco Di Valmarana, Pantheon Lea Lazaric, UBS	Amphi B
16:30- 17:30	Cocktail	Euro Asia Centre
17:30- 18:30	Student Session Careers in PE Gail McManus, PE Recruit Guy Townsend, Walker Hamill	Amphi A

INSEAD hosted the 9th Annual INSEAD Private Equity Club (IPEC) Conference Europe in Fontainebleau on May 20, 2011. As is tradition, this student-led event was scheduled the day before the alumni reunion weekend on campus. For those who missed it, a brief article by Loren Rafeson and Jonathan Monie: The Conference theme of "Changing times and evolution of the private equity industry" resonated throughout the event as each panel and speech provided new insights into the industry's continuous development. In 2009 the financial industry was shaken globally, and while 2010 provided some relief and 2011 a slew of exits, certain macroeconomic factors will continue to pose challenges. Slower economic growth in the West and reduced leverage continue to weigh on funds raised in the 2007 - 2008 period, and while in the Emerging Markets many private equity funds have been raised, the success of these funds can't be judged yet. Overall, the industry will remain cut-throat with over USD 400 billion of dry powder remaining to be spent.

This Conference marked a number of "firsts":

- The Conference broke attendance records with more than 400 participants
- INSEAD's new Dean, Dipak Jain, opened the conference
- Keynote Speeches by Stephen Schwarzman, Founder of The Blackstone Group, and Howard Marks, Founder of Oaktree Capital Management, both prominent names in PE
- Participation by Wharton students and alumni marking a deepening of the ties between the schools
-

The day's agenda touched upon a number of key perspectives within the private equity asset class as panels covered a wide range of topics within the private equity community, including: buyouts, distressed investments, venture capital, growth equity, limited partner perspectives, and emerging market investors. Moderators, which included INSEAD's own Professors Claudia Zeisberger, Vikas Aggarwal, and Joost de Haas provided key insights into the dynamics that the industry faces as it moves forward.

Some of the selected messages that came out of the conference were the following:

- For buyouts to continue creating the types of returns that they used to make the industry will have to turn to value creation and increasing the operating leverage of portfolio companies. Entry multiples will require substantial discipline as the competition is fierce and exit multiples might not reach the same level impacting returns. After a flurry of refinancing over the past two years buyout shops are much more critical when it comes to the capital structure of the companies they invest in.
- The distressed industry will continue to play an increasing part in the private equity asset class. While distressed investors were mostly content watching from the sidelines in the last recession they expect there to be renewed opportunities in the coming years, especially in the West, and are gearing up for potential investments.
- While limited partners will continue to scrutinize their portfolio for top quartile investments, private equity general partners will be reminded of the need to reassess their incentives realigning them more closely with their investors. Organizations such as the ILPA have taken the lead in addressing these issues, and with fund returns perhaps not outperforming the expectations of limited partners this will be a discussion whose outcome will impact the industry.
- Emerging Markets will continue to play an increasing part in the private equity industry. Funds raised have gradually increased over the past few years and with strong economic growth anticipated in the Emerging or "emerged" countries it is likely that the industry will see this trend continue. However competition might increase as in addition to many newcomers the established players are looking to raise larger second and third funds.. Private equity in these countries is quite different from the Western model, relying on growth and minority transactions. As this limits the use of leverage and the benefits of the PE corporate governance model investing in emerging markets requires a very strong alignment of interest between the general partner and the management teams and controlling shareholders of the investees. In addition to domestic transactions we are likely to see increasing PE investment in national champions to enable them to execute bolt-on acquisitions overseas.

The Conference was made possible by the generous support of IPEC's sponsors, including: Bain & Co., BCG, AlpInvest, and FactSet.

IPEC would like to thank Professors Claudia Zeisberger, Vikas Aggarwal, Joost de Haas and Michael Prah from GPEI for their advice with the event. In addition, IPEC would also like to thank key alumni, Patrick Abouchalache (Roberts Mitani), Benjamin Revillon (Bex Capital), and Philip Viergutz (AlpInvest) for their

support throughout the planning phases. In addition this event would not have been possible without the support of Ida Le Duc, Fadilah Ahmad, Craig McKenna and their teams.