Blackstone Webcast: Investment Themes for 2014

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Driving up purchase prices particularly for large assets in competitive situations

Note: Please see “Important Disclosures” for information regarding the views expressed herein.
(1) Source: CS Leveraged Finance Strategy as of December 31, 2013. Volume is U.S. and Western Europe combined.
Aggregate Value of PE-Backed Buyout Deals

(US$ in billions)

Source: Mergermarket, January 2014.
Though valuations are not at all-time highs, assets appear expensive in relation to growth prospects.

Note: Please see “Important Disclosure Information” for information regarding the views expressed herein.
Source: S&P LCD, 4Q 2013, deals with TEV of $500 million or more.
2013 LBOs Greater than $1 billion

Deals by Sector
- TMT: 26%
- Industrials: 20%
- Consumer: 15%
- Retail: 9%
- Financial Services: 8%
- Chemicals: 6%
- Energy: 6%
- Other: 10%

Deals by Type
- Secondary: 47%
- Carve-Out: 30%
- P2P: 23%

Common Themes in Our Deals

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<tr>
<th>Strong Value Orientation</th>
<th>Energy / FIG companies created with little goodwill</th>
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<td>Traditional LBOs at 8x EBITDA</td>
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<td>Well Defined Post-Acquisition Value Creation Strategy</td>
<td>Half of capital invested in buy and build / growth equity platforms</td>
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<td>3-year post-closing average EBITDA CAGR of 9%</td>
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<td>Robust Leverage Not Required to Generate Our Returns, Even in LBOs</td>
<td>4x leverage on average at set-up</td>
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<td>Seek performance on an unlevered basis in excess of expected public market performance</td>
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Note: All figures as of December 31, 2013.
How We Are Investing in the Current Environment

- Sectors / geographies in which the requirement for capital exceeds its supply:
  - Global Power Development
  - Energy Transportation Infrastructure
  - U.S. / Europe Consumer Finance
How We Are Investing in the Current Environment (Cont’d)

▶ Cyclical opportunities:

- U.S. Power Generation
- Mining Services

Note: Please see “Important Disclosure Information” for information regarding the views expressed herein.
How We Are Investing in the Current Environment (Cont’d)

▶ Transformational Growth Capital:

• Company specific growth opportunities

• Management intervention

• Geographic expansion

Note: Please see “Important Disclosure Information” for information regarding the views expressed herein.
Sectors in which we can operate as strategic acquirers and/or have differentiated sector expertise:

- Food
- Facilities Management
- Consumer / Leisure
- Healthcare Services

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