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Private Equity Beat: Trends and insight from Dow Jones LBO Wire and Private Equity Analyst

In Their Own Words With Pine Brook's Andre Burba

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Photo courtesy of Pine Brook

Each year around this time, Private Equity Beat asks members of the industry to share their reflections on the past year and their predictions for the 12 months that lie ahead. As we continue this series today, we hear from Andre Burba, managing director on the energy investment team at New York buyout firm Pine Brook.

What surprised you the most about 2015?

As an investor focused on the energy sector, entering the year I believed oil price volatility would be a dominate theme throughout 2015. Though conventional wisdom anticipated a v-shaped recovery in oil prices up until the mid-year point, the speed with which sentiment around oil prices then shifted was surprising. It was interesting to see universal expectations change almost overnight as the market seemed to fall into line with a “lower for longer” outlook.

What do you think will be the biggest challenge private equity investors will face in the energy sector in 2016?

I believe the distress created by lower commodity prices will further encourage private equity energy investors to seek out investment opportunities to capitalize on the fluid market conditions. I also anticipate the already intense competition for management talent in the oil and gas industry will only intensify in the year ahead.

What do you think will be the biggest drivers (or potential drivers) of deal flow in 2016?

Financial distress in the energy sector is likely to be a substantial deal flow driver in 2016. As the degree of this distress increases, and the gap between buyers' and sellers' expectations continues to shrink, I think there will be an even greater number of attractive and actionable investment opportunities in the year ahead.

—Compiled by Laura Kreutzer