Private Equity Boot Camp
Day 1: Leveraged Buyout and Private Equity Overview

The boot camp begins with a discussion of the private equity deal process. Participants will learn about the PE roles and responsibilities throughout each phase of a deal, from the review of teasers and first round bids, to the due diligence process, the LOI phase, and progressing all the way to deal closing.

Pre-deal process
- Pre-deal roles and responsibilities: Who does what?
- Deal sourcing
- Teasers
- NDA/CA

First-round bid/IOI phase
- First round bids/IOI roles and responsibilities: Who does what?
- Reviewing CIMs and OMs
- Building the Mini-model
- Deal review materials
- Management presentations

Diligence/LOI phase
- Diligence/LOI phase roles and responsibilities: Who does what?
- Quality of earnings
- Deal financing
- The data room process
- Making the decision and drafting the letter of intent

Post-LOI phase
- Post LOI deal phase roles and responsibilities: Who does what?
- Deal updates and final model
- Negotiating key terms in the purchase agreement
- Negotiating key terms in the credit agreements
- Transition services agreements

Deal closing
- Deal closing roles and responsibilities: Who does what?
- Getting regulatory approval
- Working capital adjustments
- Funds flow
Days 2 and 3: LBO Modeling/PE Deal Process

Trainees begin the LBO modeling process, paying special attention to the most common and challenging issues that emerge when modeling buyouts. We will focus the modeling on various equity and debt tranches, perform scenario and sensitivity analyses and finish with the modeling of advanced functionality and purchase price allocation.

**LBO Basics**
- Introduction to LBO's
- What makes a good LBO?
- Current LBO Environment
- LBO Capital Structure - Equity
- LBO Capital Structure - Debt
- Term Loans & the Revolver
- Bonds
- Covenant, Mezzanine Financing & Bridge Loans

**Structure of PE firms & investor dynamics**
- Top PE Firms
- Dry Powder
- How PE Funds Work
- GP vs. LP Dynamics
- Whole-Fund vs. Deal-by-deal Distribution Model

**LBO Modeling**
- Case Study Introduction: The Leveraged Buyout of BMC
- General Inputs
- Initial Valuation: Offer Price vs. Enterprise Value
- Diluted Shares
- Sources and Uses of Funds
- Creating the Historical Income Statement
- Forecasting the Income Statement
- Forecasting Accounts Receivable
- Forecasting Other Working Capital Items
- Preparing the PP&E Schedule
- Preparing the Software Development Costs, Intangibles and Goodwill Schedules
- Forecasting PP&E
- Forecasting Software Development Costs
- Forecasting Intangibles, Goodwill, Other Assets & Other Liabilities
- The Cash Flow Statement
- Cash
- Interest Income and Circularity
- Modeling the Revolver
- Modeling Required Debt Amortization
- Modeling Cash Sweeps
- Modeling the Revolver Borrowing Base Compliance
- Modeling PIK Debt & Preferreds
- Capitalized Financing Fees
- Modeling Interest Expenses
• Completing the IS and CFS

**LBO exit & returns analysis**
• Model Review and Introduction to Exit Analysis
• Enterprise Value at Various Exit Multiples
• Exit Equity to Sponsors & Management, Equity Kickers to Mezz
• Returns to Senior Debt
• Returns to Sub Debt
• Modeling IRRs and Cash-on-Cash Returns
• Creating an LBO Summary Table
• Modeling Hurdle Rate Sensitivity
• IRR Sensitivity to Leverage and Valuation
• IRR Sensitivity to Mezz Debt Terms

**Pro forma balance sheet adjustments**
• Setting up the Historical Balance Sheet
• Adjusting the Balance Sheet to Reflect the LBO
• Modeling LBO Goodwill and a Recap Toggle
• Pro Forma Balance Sheet (PFBS) Historicals
• Forecasting PFBS Assets
• Forecasting PFBS Liabilities & Equity

**Advanced purchase price allocation modeling**
• Modeling Asset Write Ups

• Impact on the IS and CFS
• Impact on the Balance Sheet

**Deal Process Review**
• Deal sourcing
• Teasers
• NDA/CA
• CIM/OM
• Mini-model
• Deal review materials
• Management presentations
• Deal financing
• Data rooms
• IOI/LOI
• Third party advisors
• APA/SPA
• Credit agreements
• Transition services agreements
• Regulatory approval
• Working capital adjustments
• Funds flow