

ADVANCED LBO MODELING | SELF STUDY

INTRODUCTION TO LBOs AND RECAPS

Trainees will gain an understanding of both the intuition underlying LBOs, as well as some of the mechanics.

- How does an LBO or Recap work?
- Who are the major players
- What is the current financing environment
- What are the industry benchmarks.

BUILDING THE MODEL— STEP-BY-STEP APPROACH

Using WSP's step-by-step approach, trainees develop an "industrial strength" comprehensive, and integrated LBO model with the following features:

Pro Forma Financial Statement Projections

- Line-by-line build-up of the IS / BS and CFS
- Elegantly model LBO and Recap adjustments
- Model LBOs as asset sales vs. stock sales
- Integrate asset write-ups and associated deferred taxes.

Toggle switches

- *Transaction type*: Standalone / LBO / Recap
- *Tax type*: Asset sale / (338(h)(10) election / Stock sale
- *Operating sensitivities*: Best case / Base case / Weak case

Modeling LBO debt

- *Senior & Sub notes*—discretionary and required payments for multiple tranches
- *Mezzanine financing* - PIK vs. cash interest
- *Preferred stock*—PIK vs. cash dividends
- *Revolver*—Integrated automatic cash sweep, minimum cash balance, and maximum borrowing capacity

WHAT'S INCLUDED?

Step-by-step manual

- Developed by experienced former bankers
- Intuitive yet highly rigorous content

LBO Excel model templates

- Ready to use out of the box
- Compatible with PCs and MACs
- Compatible with Excel 2003 and 2007

Supporting schedules

- All required case study materials
- Excel cheat sheet

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BUILDING THE MODEL (continued from previous page)

Building the LBO Sources & Uses (S&U) Schedule—the correct way

- Build a heavy duty, yet flexible, sources & uses of funds schedule.
- Make adjustments in one place—watch it flow error-free throughout entire model.

LBO returns and Exit analysis

Sensitize IRRs (using XIRR) for:

- *LBO Sponsors*
- *Management Rollover*
- *Mezzanine Lenders*
- *Preferred Shareholders*

Build data tables that analyze sensitivity to key assumptions in the model.

Integration of schedules

Build complex schedules that can be turned on or off depending on the availability of client data.

- Working capital
- Depreciation
- Amortization
- Taxes / NOLs / Deferred taxes

BEST PRACTICES

- Circularity breaker and error trapping —no more DIV#0 and REF#!
- Scenario analysis
- Data validation
- MATCH, OFFSET and INDEX functions for improved analysis

UPDATED MODELS

Excel 2003 and 2007—Materials identify differences between Excel 2003 and 2007 so users of both applications can derive full benefits from the program

Accounting changes—Incorporate new accounting rules affecting business combinations

Client Feedback

Corporate Client Feedback



"Overall, I would rate this training, as well as Matan's ability to transfer knowledge of the subjects, and the quality of the handouts and exercises as excellent... This training was highly relevant to the training needs of my associates."

Sean Oh, Director, Corporate Finance, SK Telecom



"As a former banker, I've been through two of these courses – this was the best!"

Greg Mandel, Thomson, Inc.



"This training seminar was excellent . . . I have worked with other vendors and have organized numerous other training programs, but Wall Street Prep clearly stood out. I was extremely impressed with the format of their program and their ability to take fairly difficult concepts and explain it clearly through case studies and examples."

Mike Joo, Director – Investment Banking, Credit Suisse

Student Feedback

"The entire seminar was very practical – a good change from classroom theory at MIT! It was awesome to walk away with all the handouts and Excel templates."

Adam Miller, MIT

"We don't get a chance to learn this in class, so this is very important. Great instructor, great class!"

Manny Dounias, Kellogg School of Management—Northwestern University

"It exceeded my expectation significantly. It is the best learning exercise I had at Johnson. Finally a good hands on workshop for students!"

Anonymous Johnson School of Management—Cornell University

"This course could be two weeks long, and I'd still want more."

Dean Banks, Harvard Business School

"Very detailed. Goes deeper into models than I have ever experienced in class. A great training- I would definitely take a follow-up course"

Brian Andreusky, McDonough School of Business—Georgetown University