

**Private Equity & Venture Capital**  
**Club at FSU**

**Private Equity Analyst**  
**Competition 2024**

**Background:** Your MD has requested you take a look at a public company for a potential take private. He asks you to use the publicly available information to build a model showing illustrative returns at a 20% premium to current trading price.

**Assignment Deliverables:**

- **Financial Model, including:**
  - Revenue build (we recommend you build to revenue using assumptions as opposed to using a growth-rate). We would like you to make all assumptions yourself using publicly available information. We encourage you to use research reports to help inform your modeling.
  - P&L forecast including revenue, cash flow, EBITDA, and capex
  - LBO model including financing assumptions and returns
    - Assume entry and exit multiple parity (calculate implied TEV / FCF entry multiple for the acquisition based on a 20% premium to current trading price; this will also be your exit multiple)
    - Assume 5-year exit
  - Two returns sensitivity tables showing:
    - Entry premium vs. Exit multiple
    - Entry leverage vs. Exit multiple
- **Investment Committee Memo Required Content:**
  - Opportunity Overview
    - Brief overview of the company
    - Overview of the acquisition including financing structure and entry premium / multiple
    - Your investment recommendation
  - Investment Highlights
    - Based on your reading about the company, come up with between three and five “investment highlights” summarizing why you think this could be a good investment for your firm
  - Investment Risks
    - Based on your reading about the company, come up with between three and five “investment risks” summarizing what gives you pause and/or how you think the investment could go wrong. If you believe there are mitigants to any of these risks, feel free to include those as well
  - Strategic Buyers
    - Highlight two or three key buyers that would be interested in the take-private

- acquisition
          - Keep in mind transaction size and feasibility on the likelihood of the strategic buyer targeting the asset
  - Operating Forecast
    - Output summarizing your operating forecast – include KPIs, revenue, FCF, EBITDA, and capex
    - Qualitative summary of your key assumptions for each of the major line items (revenue, FCF, EBITDA, and capex)
  - Transaction Summary
    - Sources & Uses and build to entry FCF multiple
    - Include your two returns sensitivity tables
  - Appendix
    - Feel free to include any supporting materials in the appendix that may help substantiate your assumptions
- **Key Guidelines & Due Dates**
  - This assignment is meant to test your knowledge and put you in the mindset of an investment associate. It is meant to be challenging and we encourage you to leverage resources available to you such as the Bloomberg terminals on campus or other free online resources.
  - **This is meant to be an independent project. While you are of course able to discuss high level questions with your peers, this project should fully represent your own work. To that end, please don't submit something identical to any of your fellow classmates. This is meant to demonstrate what you can do.**
  - We will host meetings for you all to ask questions
  - Please submit both your model and memo no later than **Wednesday April 17 5:00pm**
  - On **April 18**, we will schedule **15 minutes with each of you to present your projects** and answer questions from the “Investment Committee”
    - Your presentation should be ~15-20 mins max; the remainder will be time for questions

We will follow up with any additional resources you may need. Good luck!