

LBO Valuation – Technology Company



LBO Equity Returns		12/31/2018	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Exit year	12/31/2023		No	No	No	No	No	Yes
EBITDA		41,596.4	58,407.2	55,104.3	63,283.3	71,639.0	80,264.4	
Exit multiple	22.0x	22.0x	22.0x	22.0x	22.0x	22.0x	22.0x	22.0x
Enterprise Value		-	-	-	-	-	-	1,765,816.3
Less: Exit costs	2.0%	-	-	-	-	-	-	(35,316.3)
Enterprise Value (post exit costs)		-	-	-	-	-	-	1,730,500.0
Less: Net debt		-	-	-	-	-	-	(64,972.1)
Value Attributable to Shareholders		-	-	-	-	-	-	1,795,472.0
Equity Distribution:								
Common Equity		-	-	-	-	-	-	1,795,472.0
Financial Sponsor	90.0%	-	-	-	-	-	-	1,615,924.8
Management Share	10.0%	-	-	-	-	-	-	179,547.2
Returns (Common Equity Only)		12/31/2018	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Initial Investment		(382,777.5)	-	-	-	-	-	-
Exit Proceeds		-	-	-	-	-	-	1,615,924.8
Total Cash Flows		(382,777.5)	-	-	-	-	-	1,615,924.8
% IRR		33.4%						
MOIC		4.2x						
Gross Capital Gain		1,233,147.3						

Proforma Balance Sheet	Adjustments			12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	
	FY 2017	Adjustments	FY 2017 FF							
ASSETS										
Property and equipment	39,681.0		39,681.0	43,342.8	42,497.6	44,246.9	44,246.9	44,246.9	44,246.9	
Intangible assets	65,430.0		65,430.0	65,430.0	65,430.0	65,430.0	65,430.0	65,430.0	65,430.0	
Goodwill	1,332.0	(1,332.0)	452,083.0	452,083.0	452,083.0	452,083.0	452,083.0	452,083.0	452,083.0	
Deferred financing fees	-		1,995.3	1,596.3	1,197.2	798.1	399.1	0.0	(399.1)	
Deferred taxes	6,142.5		6,142.5	6,142.5	6,142.5	6,142.5	6,142.5	6,142.5	6,142.5	
Restricted cash	2,292.3		2,292.3	2,292.3	2,292.3	2,292.3	2,292.3	2,292.3	2,292.3	
Other assets	11,945.7		11,945.7	11,945.7	11,945.7	11,945.7	11,945.7	11,945.7	11,945.7	
Total non-current assets	126,823.5	(1,332.0)	454,078.3	579,569.8	582,832.6	581,588.2	582,938.5	582,539.4	582,140.4	581,741.3
Cash and cash equivalents	132,808.5	(112,808.5)	20,000.0	(14,553.9)	23,883.2	32,701.8	66,581.7	98,095.8	134,562.4	
Accounts receivable	70,467.3		70,467.3	92,151.1	84,764.4	81,058.7	71,251.6	68,314.0	65,681.7	
Inventories	132,326.1		132,326.1	153,282.9	136,110.7	134,435.8	130,337.6	126,880.1	124,847.8	
Deferred tax assets	-		-	-	-	-	-	-	-	
Income tax receivable	2,695.5		2,695.5	2,695.5	2,695.5	2,695.5	2,695.5	2,695.5	2,695.5	
Other receivables	13,177.8		13,177.8	13,177.8	13,177.8	13,177.8	13,177.8	13,177.8	13,177.8	
Restricted cash - current	2,280.6		2,280.6	2,280.6	2,280.6	2,280.6	2,280.6	2,280.6	2,280.6	
Prepaid expenses and other assets	29,171.7		29,171.7	29,171.7	29,171.7	29,171.7	29,171.7	29,171.7	29,171.7	
Total current assets	382,927.5	(112,808.5)	-	270,119.0	278,205.7	292,083.9	295,522.0	315,496.5	340,615.4	372,417.6
Total assets	509,751.0	(114,140.5)	454,078.3	849,688.8	861,038.3	873,672.1	878,460.5	898,036.0	922,755.8	954,158.9

Request and Guidelines Provided

- A boutique investment bank requested for an LBO model of a company in the technology space
- The team was asked to source the historical financials from public sources since the company was a listed entity, and to build forecasts based on market research

Methodology and Final Deliverable

- Performed research on multiples and premiums offered to companies in the target industry
- Prepared a dynamic model by incorporating various assumptions related to capital expenditure, leverage, working capital, etc.
- Forecasted drivers based on market research
- Final deliverable provided a sensitivity analysis of IRR and MOIC based on the entry price

Developed a comprehensive LBO model considering the industry and company dynamics