

Leveraged Buyout Modeling



Transaction assumptions			
<u>Valuation</u>		<u>Other</u>	
Entry multiple	6.53x	Minimum cash balance	\$200.0
LTM EBITDA	\$11,482	Legal / Advisory Fees	\$1,500.0
Transaction value	\$75,000	% financing fees	2.0%
		Years to amortize fin. fees	5.0
Exit Multiple	6.53x	Management Promote	10.0%
		Goodwill	\$42,965.0
		Years to Amortize Goodwill	15.0
		Carried Interest	15.0%

Request and Guidelines Provided

- Create a detailed leveraged buyout model (LBO) for the acquisition of a chemicals manufacturer
- Calculate internal rate of return (IRR) and multiple on invested capital (MOIC) for the investor under various assumption cases and funding scenarios

IRR on Equity						
		Entry Multiple ¹				
		6.03x	6.28x	6.53x	6.78x	7.03x
Entry Leverage	3.85x	21.3%	19.2%	17.4%	15.7%	14.2%
	4.10x	22.6%	20.3%	18.2%	16.4%	14.8%
	4.35x	24.1%	21.4%	19.1%	17.1%	15.3%
	4.60x	26.1%	22.9%	20.3%	18.0%	16.0%
	4.85x	28.6%	24.9%	21.8%	19.2%	16.9%

MOIC on Equity						
		Entry Multiple ¹				
		6.03x	6.28x	6.53x	6.78x	7.03x
Entry Leverage	3.85x	2.63x	2.41x	2.23x	2.08x	1.95x
	4.10x	2.77x	2.52x	2.31x	2.14x	1.99x
	4.35x	2.95x	2.64x	2.40x	2.20x	2.04x
	4.60x	3.18x	2.80x	2.51x	2.28x	2.10x
	4.85x	3.52x	3.04x	2.68x	2.40x	2.19x

Methodology and Final Deliverable

- Worked with the client and prepared a comprehensive LBO model including multiple assumption cases in line with the funding and financing assumptions provided
- Analyzed publicly traded comparable chemical companies to determine EBITDA multiples to value the target and arrive at an entry price
- Performed additional analysis to determine the effect of various scenarios of funding and entry price for the company on the IRR and MOIC

Created a comprehensive LBO model with multiple assumption cases for the client to derive a bidding value for a target company