

## SESSION ONE: INTRODUCTION, FINANCIAL MARKETS OVERVIEW, FINANCIAL STATEMENT OVERVIEW AND ANALYSIS

- a. Introduction and Resume of Banker-Instructor
  - b. Introduction of Student and their Desired Goals
  - c. Financial Markets Overview
    - i. Company (Private and Public)
    - ii. Banks for Debt Financing
    - iii. Investment Banks - Full-Service, Boutique, Industry Focus, Product Focus, Middle Market
    - iv. Investors – Wealthy Individuals, Private Equity, Hedge Funds, Fund of Funds
    - v. Buy-side vs. Sell-side within a general financial context
  - d. What are the financial institutions looking for in a potential candidate?
    - i. Investment Banks – Analysts / Associates
    - ii. PE Funds – Analysts / Associates
    - iii. Hedge Funds – Analysts
  - e. SEC Filings
    - i. Review the types of filings using [www.SEC.gov](http://www.SEC.gov) (10-Q, 10-K, 8-K, etc.)
    - ii. Review the important sections of 10-K and 10-Q
      - 1. Business description, competitors, P&E, MD&A, Notes, Segment Financials, etc.
    - iii. Finding information and filings using the Exhibit section (indentures, credit agreements, employment agreements, important business contracts, etc.)
  - f. Historical - Income Statement, Balance Sheet and Cash Flow
    - i. Review Income Statement concepts
    - ii. Review Balance sheet concepts
    - iii. Review Cash Flow Statement Structure:
      - 1. Review each section: Operations, Investments and Financing
  - g. Financial Statement Analysis (Ratio Analysis)
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## SESSION TWO: COMPREHENSIVE VALUATION ANALYSIS

- a. Why do we value companies?
- b. Difference between Book Value and Market Value
- c. Understanding Equity Value vs. Total Enterprise Value (TEV)
  - i. How to calculate TEV
- d. The three (3) Generally Accepted Valuation Methodologies
  - i. Discounted Cash Flow Analysis (DCF)
    - 1. Calculating Free Cash Flow (FCF)
    - 2. Weighted Average Cost of Capital (WACC) – Discount Rate
    - 3. Terminal Value – Gordon Growth vs. EBITDA Multiple
    - 4. Sensitivity Tables
  - ii. Trading Multiples
    - 1. Definition of Comparable Companies – How to select your Comp Universe
    - 2. Debt Free (Rev, EBIT, EBITDA) Multiples vs. P/E Multiples
    - 3. Forward-looking numbers
      - a. Importance of Research Reports
    - 4. Risk Rankings (growth, profitability, etc.)

- iii. Precedent Transactions
    - 1. Determining Appropriate Transactions
    - 2. Announce Date vs. Close Date
    - 3. Acquisition Premium
    - 4. Types of consideration (cash, equity, combination)
  - iv. Spreading Comps
    - 1. Spreading Trading Comps
    - 2. Spreading Precedent Transactions
  - v. Combining all three (3) Valuation Methodologies
    - 1. Pros and Cons of each method
    - 2. “Valuation is an Art, not a Science”
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## **SESSION THREE: INTEGRATED CASH FLOW MODELING**

- a. Uses for a Financial Model on Sell-side and Buy-side
  - b. Tips for Setting up a Financial Model
  - c. Spreading Historic Financial Statements
  - d. Deriving Historic Ratios, Trends and Variables
  - e. Creating Five Year Projections for Income Statement, Balance Sheet and Cash Flow
  - f. Debt and Interest Schedule
  - g. Integration of Projected Income Statement, Balance Sheet and Cash Flow
  - h. Revolver Modeling
  - i. Sensitivities on Financial Model
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## **SESSION FOUR: COMPLETE LBO MODELING**

- a. Uses for An LBO Model on Sell-side and Buy-side
  - b. Review of LBO Model Structure
    - i. Purchase Price Calculations and Considerations
    - ii. Capital Structure Options / Reviews
      - 1. Revolver and senior secured financing
      - 2. Second and Third Lien tranches
      - 3. Unsecured cash and PIK debt
      - 4. Hybrid debt / equity PIK instruments
    - iii. Discussion of Typical Financing Sources for LBO
    - iv. Creation of a Sources and Uses Worksheet
    - v. Proforma Income Statement, Balance Sheet, Cash Flow
    - vi. Integration of Income Statement, Balance Sheet, Cash Flow
    - vii. Debt and Interest Schedule
    - viii. Revolver and mandatory / option debt prepayment and impact on returns
    - ix. Returns Analysis – IRR on debt, hybrid instruments and equity investments
  - c. Sensitivities on LBO model and Return Analyses
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## **SESSION FIVE: MERGER (ACQUISITION) MODELING**

- a. Uses for a Merger Model
- b. Shortcut Accretion / Dilution Model
  - i. Calculation of Equity Value and Purchase Price
  - ii. Explanation of consideration used in purchase (stock, cash, assumed debt)
  - iii. Discussion of Multiples Paid
  - iv. Post-Merger Control Issues
  - v. Synergies and pre-tax synergies required to breakeven

- vi. Revenue and EBITDA contribution
  - vii. Proforma Income statement
  - viii. EPS dilution for acquirer
  - ix. Discussion of Goodwill and other accounting treatment issues
  - x. Sensitivities
  - c. Full Merger Model
    - i. Creation of Assumptions Page (purchase price, consideration paid, control, synergies, etc.)
    - ii. Creation of Proforma Income Statement, Balance Sheet and Cash Flow
    - iii. Sensitivities
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## **SESSION SIX: GENERAL INVESTMENT BANKING PROCESS AND BEST PRACTICES, INTERVIEW AND RÉSUMÉ SUPPORT**

- a. Complete revision of resume, structured for financial positions
  - b. Incorporation of skills acquired through IBI
  - c. 140 Top investment banking interview questions and questions to ask interviewer
  - d. Investment banking specific insight and interview process
  - e. What we look for when hiring analysts and associates
  - f. Pitching
    - i. M&A and Private Placement
      - 1. Investment Bank
      - 2. Industry Overview
      - 3. Market Overview
      - 4. Client
      - 5. Valuation (contingent on information provided)
      - 6. Process
      - 7. Buyer/Investor Descriptions
    - ii. Financing
      - 1. Investment Bank
      - 2. Industry Overview
      - 3. Market Overview
      - 4. Client – Positioning
      - 5. IPO Valuation (contingent on information provided)
      - 6. Marketing
      - 7. Process
  - g. Sell-Side Process
  - h. M&A and Private Placement
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## **SESSION SEVEN: DISTRESSED SECURITY ANALYSIS**

- a. Overview of Distressed Securities
  - i. What are Distressed Securities
  - ii. How to Identify and Invest in Distressed Securities
- b. Corporate Debt Pricing
  - i. Bond Math including Yield to Maturity and Yield to Worst
  - ii. Difference between Revolver, Term Loans and Bonds
  - iii. High Yield Debt Levels and Default Rates
  - iv. Corporate Debt Pricing during different Stages of Distressed Company including Credit Deterioration, Recovery and Restructuring
- c. How to Get Control of a Distressed Asset
  - i. Out-of Court and In Court Restructuring
  - ii. Chapter 7, Chapter 11 and Exchange Offers

- d. Distressed Assets Financial Modeling including Leveraged Recapitalizations
  - i. Creation of a Sources and Uses Worksheet
  - ii. Pro forma Income Statement, Balance Sheet, Cash Flow
  - iii. Pro forma Capitalization of the Company
  - iv. Pro forma Ownership of the Recapitalized Company and Implied Enterprise Value of the Transaction
  - v. Liquidation Analysis
- e. Extensive Leveraged Recapitalization Case Study
  - i. Background and Situation Assessment of the Company
  - ii. Objectives of the Recapitalization Transaction
  - iii. Detailed Analysis of Old and New Capital Structure
  - iv. Valuation Analysis of the Company
  - v. Pro forma Ownership of the Recapitalized Company