

Private Equity: 2 Days

Delegate Profile: This course is targeted at delegates who work in corporate finance or provide supporting services to private equity funds, and are seeking to understand the dynamics of private equity deals and how private equity funds are structured and managed.

Key Learning Outcomes

- Delegates will learn the key drivers of private equity deals and what makes a company attractive to a private equity fund
- They will learn how deals are typically structured in order to maximize returns and incentivize management
- Finally, they will consider the life cycle of a fund, how it is structured and funded and the investment returns generated for the fund manager and limited partners

Pre-requisite Knowledge: No prior knowledge of private equity is assumed, however, delegates should have a basic knowledge of financial statements (profit & loss, balance sheet and cash flow).

Our Approach: In this course we facilitate the learning process through a combination of:

- Presentation of core knowledge and concepts using power point slides
- Press articles and real life case studies, demonstrating how the concepts are applied in practice
- Short excel exercises and models, to enable delegates to analyze deal structures and perform sensitivity analysis to appreciate the dynamics and value drivers in a deal
- Regular summaries, to remind delegates of the key points of each session
- End of Day quizzes, to confirm the achievement of the learning outcomes
- One page course summary, as a take away and reminder of the key learning points

Each delegate should be provided with a laptop, which is pre-loaded with some exercises in excel format. (Note: the course may be delivered in either Excel 2003 or 2007, however, all delegates should use the same version of excel in the training room.)

Training Fees: £5,000 plus VAT (£2,500 per training day). This covers all research, design and delivery of the training by James Gilpin, for up to 20 delegates.

Expenses: All incremental travel and accommodation expenses will be charged separately, however, we will work hard to ensure all costs are kept to a minimum. With regard to materials, JGFT can provide 2 options:

- JGFT can arrange for all materials to be professionally printed and couriered to the training centre for which we would recharge the cost (for 20 delegates approximately £200 - £300)
- All materials will be sent electronically to the client with instructions to print internally (at no additional cost)

With regard to excel exercises, JGFT can provide all these materials electronically, which must be loaded onto delegate laptops in advance of the course.

Day One

Session 1

Characteristics of Private Equity

- Definitions
- Key characteristics
- When is Private Equity needed
- Performance metrics: IRR vs. cash multiples
- What drives IRR: leverage, profit growth and multiple expansion
- Current Trends

Session 2

Strategic and Financial Issues

- Strategic and operating assessments: Porter's Five Forces and SWOT analysis
- Debt capacity and financing
- Typical capital structures and instruments used
- Sources and Uses of Funds
- Pre-money vs. Post-money

Session 3

Deal Process and Timetable

- Approach
- Heads of Terms and other preliminary agreements
- Due Diligence process
- Financing
- Negotiation dynamics
- Sale and Purchase Agreement: typical protection mechanisms
- Completion and New Board Structure
- Managing towards the exit

Session 4

Modeling a PE Buyout

- Building a simple model to highlight deal structure and value drivers
- Sensitivity analysis of IRR and Cash Multiples vs. exit multiples, profit growth and leverage

Day Two

Session 1

Management Buyouts

- Conflicts of Interest
- Dynamics between Management Team vs. Vendor
- Dynamics between Management Team vs. PE fund
- Protection mechanisms and incentives

Session 2

Negotiating the Exit

- IPO
- Trade Sale
- Secondary Buyouts
- Dual-track process
- Recapitalisation

Session 3

Start-Ups and Development Capital

- Venture Capital / 'Seed' Capital
- Expected Returns vs. Risk Profile
- Capital Structure and Cash Flow Profile

Session 4

Organization and Structure of a PE Fund

- Life span and vintages
- Financing Commitments and drawn downs
- Fees and Carried Interest
- Historic performance

Session 5

Advanced Modeling of a PE Buyout

- Case Study: KKR acquisition of Unisteel Technologies
- Corporate profile
- Entry Multiples and bid premia
- Illustrative deal structure
- Sensitivity analysis of IRR and Cash Multiples vs. exit multiples, profit growth and leverage