Bulge Brackets

Most technical analysis

Wall through a LBO
What variables impact LBO

Accounting:
           Mess up but not messed up
           Perfect good on accounting

Excess cash
           Options

How company think of cost of capital

2 companies similar - one have debt one doesn't have debt

Walk through most important - valuation methods
           Compare to

Company has revenue - not positive earnings - how value

Why technology

Time where had to deal with someone difficult → Had deal with them

Give example of time failed → Situation

In terms of work life balance → Not known to be 9-5 job

Misunderstood: Is the unexpected - high degree of unpredictability, sometimes

How to deal with workload? Unexpected?

Dealing with unpredictability

Learning experience

What are you most proud of?

Looking at companies - as investor - why not join PE
           Get access to non-public information

PE fund get data room = not necessarily public

Adding value - banking is where get to add material value to key landmark events
M&A, IPO
Fire some people and sell company
Banking different

Differentiate banking
Relationships
Unique position = relationships with C suite people
Some of biggest investors → Lean on you with deals

Banking = see more deals as well
Certain landscapes are competitive

How values companies

Tell about particular company valued → Methodologies used
Thoughts are on that investment

LBO

Most attractive exit

Why that specifically - returns

Walk to cash flow - DCF

Do after FCF unlevered

Why use gordon growth

Who would have higher WACC → Company looked at

Mentioned spending time with SaaS companies → Didn't look at tech oriented companies

Look primarily at SaaS companies at FSP?

Talk about how evaluated 200 companies at FSP - how do that?

Talk about process of finding companies at FSP?

Why not work at technology company as compared to investment bank?

What areas of technology specifically interested in?

Interest in marathons?

Interest in art → Creating?

Favorite classic artist?

Tech landscape deal

Thales and imperva deal

Application software → Growing super nice, 20-30% growth, but not profitable
    $100 revenue
    25% growth
    Breakeven → Not making or

Music interest

Did great - report back with good news

What are different methods to value company - rank

Why would DCF produce a higher valuation - lower

LBO - Another valuation method - why the low?

Walk through DCF

Why use DCF - one of primarily methodologies

Why discount cash flow

What is change in net working

How calculate WACC

How calculate Cost of Equity

Cost of debt - how to find

How 3 financial statements tie together

For cash flow from investing - capex

Walk through EBITDA to levered FCF

Explain working capital = effect on cash balance
    Increase in working capital

Walk through LBO

Talk to me about PE industry recently
    Interning past summer
    Cost of equity and debt increasing

High level = local coffee shop, think about estimating profit and revenue

Why econ and stats and majors

Why data science

Leadership - Speak to leadership roles

In terms of delegating and assigning tasks → sharing of leadership

Situation - difficult judgment call

Last time to evaluate a problem

Work experience - had to use level of discretion

3 statements - tie together

Equity income from affiliates
    Under 50% show up then

Equity income - less than 50%
    NI component
        Not correct

DCF

Ran DCF of levered FCF
    Going the other way

Other items
    Core components

Mid year convention
      Do so on

Doing 5 year DCF - using gordon growth method
      Apply Mid year convention - terminal value discount year period of 4.5

      Actual answer = does change - super nuance thing
            Effectively FCF - compared to multiple is EBITDA
                 Answer going to be back using 5

What do you do on campus

Doing to prepare for finance

Plan for spending time for spending time outside of school

Particular company or sector

Key drivers
      For the space

Give me your background

You're pitching to a Company and they say they want to be put up for sale next year, what do you include in your pitch deck?

How do you show valuations in this deck?

What are the drivers in an LBO

Target IRR → 25% = implied purchase price $100. But now, target IRR is 30%. Did you increase or decrease the purchase price?

DCF - walk through to ULFCF

What is the change in net working capital?

If accounts receivables go up = how effect valuation in DCF?

Multiples - 2 companies same revenue and ebitda and same market share and everything. Why is P/E multiple different for each company?

Company A: 25x P/E   Company B: 20x P/E
If Company buys Comp B with all debt at a 0% interest rate, is it accretive?

What if you buy a company with all stock?

Tell me about yourself - why IB - and why this firm?

What specific groups are you interested in?

Give me a specific deal?

Walk through a DCF

For terminal value - is it best to use the gordon growth formula or multiples method?

Your boss tells you that the valuation on a DCF is too high - what are 3 things you can change?

Do you know what a football field is for valuation?

What are your 3 weaknesses?

Give me your background - Why IB - Why this bank?

How was your experience about TowerBrook? How was working on this live deal?

Did you run into any stumbling blocks during time on live deal in space you didn't know?

What was your favorite class?

Are you going to take more data science classes or what going forward?

How has your experience been at Right Brain Collective?

How has experience been at club lacrosse? How was helping start the team?

Elite Boutiques

Give background

Banking as compared to investing role

What class would you teach us about that is non finance

10 year DCF compared to 5 year DCF - why do 10 year?

How was experience at TowerBrook

MRO manufacturing or distribution

Biggest challenge of MRO companies?

Safety issues in news right now - good for MRO companies we were looking at or no?

Would you invest in the deal or not?

What multiples would you use for a company like this?

Buffet quote →

Better approximation EBIT or EBITDA
        Terminal year use EBIT → Capex and longterm assumption D&A and capex
        EBIT + capex - D&A
        EBIT a little better

37^2 larger or smaller than $35 * 38$

What song is best to represent your life

Income statement - walk through line items
        Differences between traditional vs clinical stage

Taxes v. 1-Tax rate - why subtract Taxes instead of using tax rate

Company in Clinical stage - How this affects the income statement

How costs of good sold for a clinical stage company

Started manufacturing - showing COGS immediately or no? Where shows up?

How predict COGS = Make financial predictions - reasonable numbers
        How attempt
        Know stages development

How to do revenue projections but for a treatment for a disease with no treatment?

What kinds of disease / problems have the Cheapest drugs
What kinds of diseases have most expensive drugs?

How long make estimates for in a DCF / projections?

Where sell stuff to?

      Answer: Pfizer sell stuff - and sales people (Sales people - pfizer people come to office and show them)

Phase 2 - approved to 2030 and launch then - reach profitability to 2035 and grow beyond that

      Get to steady state Cash Flows (Hint: Wallgreens have wallgreens version)

Where do you make projections?

How to get cost of equity, what is beta?

3x levered S&P …. What is the beta? → Beta 3

Background

Why tech specifically

Why investment banking - why not work at a company instead or a strategic consultant?

Walk through deal not on application

Walk through tech company

      Some specific questions from there

      How to value company

What makes you a good leader

Walk me through a DCF

Why discount to PV

What is discount rate

How to calculate WACC

What does WACC really mean (simpler terms)

How to get Cost of Equity

Explain why CAPM formula may be wrong

What is beta

What does beta really mean (simpler terms)

Question:
1. $50 shares, 100 shares, 20 RSUs, 30 options $55, 10 options $25

Merger Model:
1. Comp A: 100 shares, $10 shares, $100 NI, 33% (⅓) Tax rate, 10% Cost of debt
2. Comp B: 20 shares, $8 share, $20 NI, $200 Debt, 5% IR Debt, $0 Cash, 50% Tax
3. Deal: 25% premium, 50% Debt, 50% Stock

Explain to me how to value a private tech company

What multiples use Adobe? EV/EBITDA or FCF

Tell me about your background Background

How did you get TowerBrook? Why work there?

Do you know about the Culture - work life balance ?

What are you interested in doing long term?

Saw you wrote about EdTech on your essays, tell me about the space?

Tell me about a trend?

Why does high insurance fees matter for costs for semis?

Explain China and Taiwan issues affecting semis?

Tell me about your interest in sports?

Tell me about your experience playing lacrosse?

How software companies different different

How get TowerBrook

Why stay with those groups

Deal at TowerBrook

Why should've invested in that live deal you used → Investment case
        Why not the right investment

Personal reasons why not work out
Leadership pretty key →

Why banking and tech specifically?

Hyperfocused on M&A deals
What excited about M&A?

What are thoughts on AI?
Where will value for AI come from? Larger companies or smaller ones?

Tech talking about → AI
Take on one topics
Potential to change tech ecosystem
A lot of value creation is from large companies
A lot of value captured from well funded companies → Or 5-10 years out going to

Took business like Zoom → Video conferencing software
Enjoy highs of cover
Growth in single business
How value like them → Unique multiples strong too

What should zoom do next? Expect growth to continue going forward?

Give me another trend you see in tech?

Why move out to west coast → Compared to Manhattan

Walk through when prefer to value company with revenue multiple vs EBITDA
When margins a little higher

Good sense check = margin blowing up every year - are doubling every year
Profitability multiple - want it to reflect 1 year from now → No difference every year
Don't want crazy difference too

What about EBIT v. EBITDA when to use
Why Use EBIT?
Totally agree → Mature companies
Accelerated (Great example too = answered it great)
Lets say mature → Timing of capex matters too

If semiconductor → Not going to shut off old company as well

Creates D&A fluctuations → Fluctuates when comparing to similar company

Why use EBIT multiple v. P/E multiple
        Walk through NOLs = explain

How do NOLs affect future NI?

What is deferred revenue?

Why is it a liability?

Let's say we use Netflix: Paid upfront for 1 year subscription: $120, how effect 3 statements

Effect after 1 month?

What is a tech company you like? And why a good investment?

Why is this same company a negative investment?

What multiple to value them?

Why Investment banking?

Why Tech?

Give me a tech company you like?

You mentioned them getting involved in career services, go more into that?

What differentiates that company (Stride (NYSE: LRN)) from other companies? Smaller ones? Bigger ones (Google)?

Why do you think you made it this far and are on the zoom?

What are you doing this summer? Why?

What's one piece of work that you did that you are very proud of?

What's your favorite class?

Are you enjoying UChicago? How did you end up there?

Talking about hockey (Literally for 20 mins)

Everyone a big hockey player - OHL hockey knew
Bunch of people
12 to 18 every evening - 2 nets out there
Winter: Build snowman → Going
Playoff hockey → Management
Watchin 2012

What brought you to PNG? Why you join it?

Tell me something not on resume - an organization

What made decide - producing and then giving to groups? (I produced music)

Talk about experiences you have had on a team?

Why go from Division-1 level play and then play club lacrosse with people who can't catch? Why? How do you help them?

Ever done a comps analysis
   1. Company that has 10x 2024 multiple
   2. 5x revenue multiple
         a. How much revenue growth?
   3. Company 10x Revenue → EBITDA 40x 2024
         a. What is EBITDA margin?
   4. Earnings multiple 50x → Give earnings net margin
         a. What is earnings margin?

Financial accounting
   1. Purchase 100m of servers (PP&E) →
         a. Walk through 3 statements
   2. 5 year straight line →
         a. Walk through 3 statements?

Why interested in San Francisco

Give me background?

See you've worked in investing and PE, tell about why IB

How feel about San Francisco? Why want to come out here?

Tell about most technical project you have worked on?

UChicago → What is workload like? More quantitative? More liberal arts focus?

Tell me about a technology company?

What is your understanding of how much you are going to work? What is your mindset going into that?

As a partner → Part of job is to keep up with buyers, meeting with Google. What something want them to talk about? Should acquire?
        Understand their goals at

Have 2 PE firms, both have same information on company. Both believe metrics. 1 able to pay more than other. But have same time horizon. Why? (Hint: Debt)