A PE firm, Grey Lake, plans to acquire a private manufacturing company. The proposed purchase price reflects a multiple of 12 times the company's latest twelve months of EBITDA. The company, WedgeWorks, generates $500 million in annual revenue with EBITDA margins of 20%. The deal will follow a debt-free, cash-free structure, with the possibility of an initial cash injection.

Total advisory and financing fees will equal 2% of the enterprise purchase price, and for modeling purposes, we assume there is no amortization of such fees.

Grey Lake plans to fund the deal with the following:

- **Term Loans:** 3x EBITDA with a floating cash coupon rate of Benchmark Rate + 300 bps, mandatory principal repayments of 5%, 10%, 10%, 15%, and 20% in Years 1 – 5, and a 50% cash flow sweep. The Benchmark Rate is expected to increase from 1.5% to 3.0% over 5 years.

- **Senior Notes:** 1x EBITDA with a 3% fixed cash coupon rate, 5% PIK interest, and no principal repayments (mandatory or optional).

- **Subordinated Notes:** 1x EBITDA with 10% PIK interest and no principal repayments (mandatory or optional).

Management will also receive a **5% options pool**, with an exercise price equal to the PE firm's per-share offer price to acquire this company. For simplicity, assume no amortization of the financing fees.

The PE firm plans to fund the deal with the following:

- **Term Loans:** 3x EBITDA with a floating cash coupon rate of Benchmark Rate + 300 bps, mandatory principal repayments of 5%, 10%, 10%, 15%, and 20% in Years 1 – 5, and a 50% cash flow sweep. The Benchmark Rate is expected to increase from 1.5% to 3.0% over 5 years.

- **Senior Notes:** 1x EBITDA with a 3% fixed cash coupon rate, 5% PIK interest, and no principal repayments (mandatory or optional).

- **Subordinated Notes:** 1x EBITDA with 10% PIK interest and no principal repayments (mandatory or optional).

Management will also receive a **5% options pool**, with an exercise price equal to the PE firm's per-share offer price to acquire this company.

The company's operational profile and forecasts are described below:

- **Annual Widget Sales:** 4 million units; expected to grow at 10% in Year 1, declining to 6% growth by Year 5. Average prices will initially increase by 5% per year, falling to 3%. The falls from 10% to 6% and 5% to 3% will be spread out equally over the relevant time periods.

- **Widget Factories and CapEx:** 8 current factories; $2 million in Maintenance CapEx per factory and $25 million to build each new factory.

- **Expenses:** 50% Gross Margin on widgets declining evenly to 45% by Year 5; fixed expenses can be found using other numbers in Year 1, but then should rise in-line with average widget pricing.

- **Depreciation:** $20 million in the most recent historical year. Use your judgment to forecast this.
- **Minimum Cash:** 5% of *the previous year's sales* (use Year 0 sales in the Sources & Uses schedule).

- **Working Capital:** Inventory represents 20% of sales, Receivables are 10% of sales, and Payables are 15% of sales.

- **Taxes:** Assume a 25% effective tax rate.

Your goal is to now fill in the line items on the Excel sheet based on the assumptions. Gather or utilize relevant formulas as necessary to fill in the line items. Numbers that aren't percentages or multiples are in millions. Round all numbers to the nearest hundredth (i.e. two decimal places), and round percentages to two decimal places.

Note: For rows 51, 54, 58, and 61, you will need to add the text for the correct line items along with adding the values. Mimic the formatting of other text labels when adding line items. A helpful tip: make sure that line items labeled with (-) are negative cell values.