

Ali & Brothers Co.	
Paper LBO Model	
(\$ in millions)	974

Entry Valuation		Operating Assumptions	
LTM EBITDA	\$78	LTM Revenue	
(x) Entry Multiple	12.0x	Annual Revenue Growth (%)	
Purchase Enterprise Value	\$936	EBITDA Margin (%)	
		D&A % of Revenue	
		Capex % of Revenue	
		Δ in Net Working Capital (NWC) % of revenue	
		Leverage Ratio = Debt/EBITDA	
		Interest Rate (%)	
		Tax Rate (%)	

Sources and Uses of Funds			
Sources		Uses	
Initial LBO Debt	\$702	Purchase Enterprise Value (TEV)	
Sponsor Equity	234		
Total Sources	\$936	Total Uses	

Income Statement /		Year 1	Year 2	Year 3	Year 4
Revenue	\$166	\$186	\$208	\$233	\$261
EBITDA	\$78	\$87	\$98	\$110	\$123
(-) D&A	8	9	10	12	13
EBIT	\$70	\$78	\$87	\$98	\$110
(-) Interest	11.00%	77	78	78	78
EBT		\$1	\$9	\$20	\$32
(-) Taxes	32.00%	0	3	6	10
Net Income		\$1	\$6	\$13	\$22
Debt Schedule		Year 1	Year 2	Year 3	Year 4
Beginning Debt		\$702	\$709	\$711	\$707
Add: Additional Borrowing		--	--	--	--
Less: Debt Repayment		(7)	(2)	4	11
Ending Debt		\$709	\$711	\$707	\$695

Free Cash Flow	Year 1	Year 2	Year 3	Year 4
Net Income	\$1	\$6	\$13	\$22
(+) D&A	9	10	12	13
(-) Capex	9	10	12	13
(-) Δ in NWC	7	8	9	10
Free Cash Flow (FCF)	(\$7)	(\$2)	\$4	\$11

Exit Valuation	
Exit EBITDA (Year 5)	\$137
(×) Exit Multiple	12.0x
Exit Enterprise Value (TE)	\$1,650
Initial LBO Debt	\$702
(-) Cumulative FCF	26
Ending Net Debt	\$676
Exit Equity Value	\$974

Return Metrics
MoM / Multiple on Invested Capital (MOIC)
Internal Rate of Return (IRR)

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\$166

12.0%

47.0%

5.0%

5.0%

4.00%

9.0x

11.0%

32.0%

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\$936

\$936

Year 5

\$293

\$137

15

\$123

76

\$46

15

\$32

Year 5

\$695

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20

\$676

Name	LTM EBITDA	Entry Multiple	LTM Revenue	Annual Revenue Growth (%)
Altamash Ali	\$ 78	12x	\$ 166	12

INTEPR

Leveraged Buyout (I

Determines Entry Valuation: Purchase price set at \$936M (12.0x EBITDA).

Finances the Acquisition: \$702M in debt (9.0x EBITDA) and \$234M in equity.

Forecasts Financials: Revenue grows 12% annually, EBITDA margin remains at 47%, and

Calculates Returns: The company exits at the same 12.0x multiple, with an Exit Equity

Year 5

\$32

15

15

12

\$20

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4.2x

33.0%

D&A % of Revenue	Capex % of Revenue	Δ in Net Working Capital (NWC)(%of revenue)
5	5	4

RETENTION

LBO) Model for company Ali & Brothers

nd debt repayment is gradual.

Value of \$974M, achieving a 4.2x MOIC and 33% IRR.

Leverage Ratio= Debt/EBITDA	Interest Rate (%)	Tax Rate (%)	Exit Multiple
9x	11	32	12x