Juniper Trace Technology Services

Juniper Trace is a founder-owned managed IT services business in Raleigh. Its recurring contracts cover outsourced IT support, network security and cloud operations. A sponsor is considering a full acquisition.

You have one hour. Build an integrated three-statement LBO from a blank Excel workbook. Submit your workbook for electronic and printed review. Prepare a base case and a second case with a general economic recession in the second year.

Financial overview

Latest fiscal year revenue	$80.0 million
EBITDA	$14.4 million (18.0% margin)
Capital expenditures	$1.6 million
Depreciation and amortization	$1.8 million
Net working capital	12.5% of revenue
Annual revenue growth	7.0% in the base case

Transaction assumptions

Purchase enterprise value	$129.60 million, or 9.0x latest fiscal year EBITDA
Transaction fees	$3.24 million, or 2.5% of purchase price
Total uses	$132.84 million
Financing	Senior debt funds 55% of total uses. It bears SOFR + 525 basis points. Assume flat SOFR of 3.75%.
Management options	8% of exit equity above the sponsor’s original equity contribution.
Exit	End of year five at 9.5x EBITDA.