Redwick Technical Services

Case study: LBO model and investment committee slides, four hours

The opportunity

We have the chance to buy 100% of Redwick Technical Services. Assume it is September 2022 and that we would close on December 31, 2022. Give the investment committee your view of the transaction, with the two pieces of work below behind it.

1. LBO model

Build a summary three-statement LBO model. It is the priority of this case study. Send it in Excel and as a PDF. It should have:

- the purchase price you recommend;
- a simple capital structure: one unitranche loan at the leverage multiple you recommend;
- revenue built by service line, for a base case;
- a summary cash flow statement;
- a summary balance sheet with cash, debt and working capital;
- the return calculations;
- sensitivity tables on returns and on the key assumptions, for both a management case and a base case.

Finishing the Excel model matters more than anything else.

2. Summary slides

Prepare two or three PowerPoint slides with the model's outputs, from the base case. They should cover:

- historical and projected financials;
- a summary of returns;
- sensitivity tables;
- the investment's pros and cons, briefly.

Timing

You have four hours from the time this reaches you. The model and the financial analysis come first. Send your files back by reply inside the four hours.

Materials

- **2 - Confidential information memorandum.pdf**: 64 pages, dated September 2022.
- **3 - Financial support.xlsx**: historical results and management's projections by service line, and the working capital balances. Figures are in thousands of dollars.