Candidate exhibit excerpt

Kestrel - Confidential evaluation memorandum.pdf | page 8

Operating business and investment thesis

Core steering and replacement channels

Product economics, customer qualification, operations, independent personnel and the growth plan.

Kestrel Steering Systems

6-Hour Carve-Out LBO & Investment Write-Up

From the assignment

You receive the enclosed evaluation memorandum about a commercial vehicle steering supplier. Assume you are evaluating the company in 2024. Consider the issues affecting the business, its appeal as an acquisition and the areas where the investment team should follow up.

Submission window

Six hours to return the model and write-up, followed by a separate 30–60-minute discussion.

What you submit

Flexible three-statement acquisition model and investor returns. Five forecast years suggested. No more than two pages in Word or PowerPoint.

Candidate exhibit excerpt

Penwick supplemental databook.pdf | page 19

Frequency of positive chemical orders

January FY12 through September FY14 includes 33 calendar months. Count a positive-order month once for each billing account, regardless of its number of deliveries.

Top-ranked group	Positive months	Possible months	Frequency	FY12 sales, $m	9m FY14, $m
25	647	825	78.4%	2.395	3065202.053
50	1,364	1,650	82.7%	4.820	6041558.133
75	2,048	2,475	82.7%	6.580	7970521.228
100	2,703	3,300	81.9%	8.029	9435748.638
150	3,664	4,950	74.0%	9.001	10922799.021
200	4,512	6,600	68.4%	9.402	11861042.229
500	9,125	16,500	55.3%	10.589	14024713.504

Each row is a cumulative group. The first 25 accounts are included in the first 50. These are order frequencies, not contractual minimum purchases.

Penwick Process Water

48-Hour Take-Home LBO & Five Diligence Requests

From the assignment

The deal team received a confidential information memorandum and supplemental databook from an investment bank. You have 48 hours from receipt to review the company and submit your work for an internal investment discussion.

Submission window

48-hour take-home submission followed by a separate one-hour debrief.

What you submit

Three-statement LBO, sources and uses and recommended valuation range in Excel. Investment memo up to four Word pages with exactly five specific diligence data requests.

Candidate exhibit excerpt

Keelway Motion Systems - Information Memorandum.pdf | page 7

TRANSACTION OVERVIEW

Seller objectives and transaction process

The selling shareholder proposes a transfer of all operating assets and the assumption of normal trading liabilities. The facility lease, operating team and distribution contracts form part of the business. No binding buyer price, exit multiple, base rate, buyer hurdle or sponsor commitment has been provided in this memorandum. Management is willing to discuss the extent of its transitional involvement after an initial indication. No customer is required to purchase a minimum volume if ownership changes.

Transaction item	Process assumption
Operating valuation	Buyer recommendation
Existing seller debt	Excluded from enterprise purchase price
Trade working capital	Ordinary-course operating balances
Purchase asset basis	Potential goodwill step-up
New acquisition financing	Buyer to arrange
Facility	Continue third-party lease

Management’s preferred closing includes a normal balance of trade receivables, inventory and payables. A working-capital target and adjustment process have not been negotiated. The seller's balance sheet is presented on a transaction basis. The quality-of-earnings pages describe the related adjustments.

Keelway Motion Systems

72-Hour Take-Home LBO & Four-Case Investment Memo

From the assignment

Build a three-statement LBO from a blank workbook. Prepare management, realistic base, upside and downside cases. Document the operating assumptions and drivers behind each case.

Submission window

Submit within 72 hours of receipt.

What you submit

Three-statement LBO with management, base, upside and downside cases. PDF investment memorandum in the authoring format of your choice.

Candidate exhibit excerpt

Preliminary group result.pdf | page 1

HEARTHLINE IT SERVICES

Preliminary consolidated income statement

Twelve months ended December 31, 2021 | Prepared March 10, 2022 | CAD, whole dollars

Revenue and cost of service

Account	Canada	Australia	Singapore	Malaysia	FY2021	FY2020	Change	Change %
Monthly clinic support plans	4,531,847	3,322,897	943,836	0	8,798,579	7,320,075	1,478,504	20.2%
Quarterly and annual support plans	468,385	71,825	14,581	0	554,792	794,064	(239,271)	(30.1%)
Recurring service contracts	17,017,362	5,790,456	3,536,013	0	26,343,830	22,602,291	3,741,539	16.6%
Recurring revenue	**22,017,594**	**9,185,178**	**4,494,430**	**0**	**35,697,201**	**30,716,430**	**4,980,771**	**16.2%**
Hourly implementation	6,808,477	1,295,961	(11,339)	0	8,093,099	6,943,937	1,149,162	16.5%
Write-downs and service credits	0	0	0	0	0	0	0	n.m.
Fixed-scope implementations	1,513,169	853,188	154,977	0	2,521,335	3,288,552	(767,217)	(23.3%)
Equipment resale	3,498,909	1,913,441	94,024	0	5,506,373	6,141,922	(635,549)	(10.3%)
Incidental reimbursements	48,949	10,290	5,182	0	64,421	59,766	4,655	7.8%
Vendor credits	66,419	872	0	0	67,291	76,397	(9,106)	(11.9%)
Finance charges	8,308	0	0	0	8,308	0	8,308	n.m.
Nonrecurring revenue	**11,944,230**	**4,073,752**	**242,844**	**0**	**16,260,828**	**16,510,573**	**(249,746)**	**(1.5%)**
Total revenue	**33,961,825**	**13,258,930**	**4,737,275**	**0**	**51,958,029**	**47,227,003**	**4,731,026**	**10.0%**
Hourly service staff	1,597,369	823,714	26,657	3,618	2,451,360	6,771,351	(4,319,991)	(63.8%)
Project delivery staff	1,156,386	911,713	2,616	3,056	2,073,771	1,346,755	727,016	54.0%
Recurring service staff	3,299,262	1,631,719	455,355	0	5,386,336	0	5,386,336	n.m.
Delivery overhead staff	6,455,053	2,261,163	134,623	124,176	8,975,015	9,381,245	(406,230)	(4.3%)
Deferred staff costs	0	(147,020)	3,091	0	(143,930)	82,579	(226,509)	(274.3%)
Shared labor allocation	0	0	0	0	0	0	0	n.m.
Outside technicians	174,496	10,117	968	0	185,582	284,076	(98,494)	(34.7%)
Affiliate staff charge	(264,373)	36,191	259,111	(8,000)	22,929	10,796	12,133	112.4%

Hearthline IT Services

Take-Home MSP LBO and Investment Memo

From the assignment

We are evaluating a majority investment in Hearthline IT Services, a managed service provider serving diagnostic clinics and outpatient care groups. Investment questions What is an appropriate value to assign to Hearthline? What returns do you think could be earned, and why?

Submission window

Friday issue, due Tuesday at end of day. Separate investment discussion.

What you submit

Excel LBO with management, underwritten and defensive cases. Investment recommendation, key risks and diligence priorities.

Hearthline IT Services

Group income statement · CAD

Four service revenue lines from the issued monthly accounts.

Revenue line	Jan 2018	Feb 2018	Mar 2018
Monthly clinic support plans	185,635	208,140	229,204
Quarterly and annual support plans	32,506	45,508	54,776
Recurring service contracts	1,318,606	1,321,071	1,289,620
Clinic continuity planning	4,763	4,763	4,763

Group monthly income statement.xlsx / Consol / B3:D3 and A4:D7

Submit a three-scenario buyout model and an investment memo with your recommendation, risks and diligence priorities.