

UNIVERSITY OF DREAMS

INVESTMENT BANKING TRAINING PROGRAM

SYLLABUS

SESSION ONE: INTRODUCTION, FINANCIAL MARKETS OVERVIEW, FINANCIAL STATEMENT OVERVIEW AND ANALYSIS

- a. Introduction and Resume of Banker-Instructor
 - b. Introduction of Student and their Desired Goals
 - c. Financial Markets Overview
 - i. Company (Private and Public)
 - ii. Banks for Debt Financing
 - iii. Investment Banks - Full-Service, Boutique, Industry Focus, Product Focus, Middle Market
 - iv. Investors – Wealthy Individuals, Private Equity, Hedge Funds, Fund of Funds
 - v. Buy-side vs. Sell-side within a general financial context
 - d. What are the financial institutions looking for in a potential candidate?
 - i. Investment Banks – Analysts / Associates
 - ii. PE Funds – Analysts / Associates
 - iii. Hedge Funds – Analysts
 - e. SEC Filings
 - i. Review the types of filings using www.SEC.gov (10-Q, 10-K, 8-K, etc.)
 - ii. Review the important sections of 10-K and 10-Q
 - 1. Business description, competitors, P&E, MD&A, Notes, Segment Financials, etc.
 - iii. Finding information and filings using the Exhibit section (indentures, credit agreements, employment agreements, important business contracts, etc.)
 - f. Historical - Income Statement, Balance Sheet and Cash Flow
 - i. Review Income Statement concepts
 - ii. Review Balance sheet concepts
 - iii. Review Cash Flow Statement Structure:
 - 1. Review each section: Operations, Investments and Financing
 - g. Financial Statement Analysis (Ratio Analysis)
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SESSION TWO: COMPREHENSIVE VALUATION ANALYSIS

- a. Why do we value companies?
- b. Difference between Book Value and Market Value
- c. Understanding Equity Value vs. Total Enterprise Value (TEV)
 - i. How to calculate TEV
- d. The three (3) Generally Accepted Valuation Methodologies
 - i. Discounted Cash Flow Analysis (DCF)
 - 1. Calculating Free Cash Flow (FCF)
 - 2. Weighted Average Cost of Capital (WACC) – Discount Rate
 - 3. Terminal Value – Gordon Growth vs. EBITDA Multiple
 - 4. Sensitivity Tables
 - ii. Trading Multiples
 - 1. Definition of Comparable Companies – How to select your Comp Universe
 - 2. Debt Free (Rev, EBIT, EBITDA) Multiples vs. P/E Multiples
 - 3. Forward-looking numbers
 - a. Importance of Research Reports

- 4. Risk Rankings (growth, profitability, etc.)
 - iii. Precedent Transactions
 - 1. Determining Appropriate Transactions
 - 2. Announce Date vs. Close Date
 - 3. Acquisition Premium
 - 4. Types of consideration (cash, equity, combination)
 - iv. Spreading Comps
 - 1. Spreading Trading Comps
 - 2. Spreading Precedent Transactions
 - v. Combining all three (3) Valuation Methodologies
 - 1. Pros and Cons of each method
 - 2. “Valuation is an Art, not a Science”
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SESSION THREE: INTEGRATED CASH FLOW MODELING

- a. Uses for a Financial Model on Sell-side and Buy-side
 - b. Tips for Setting up a Financial Model
 - c. Spreading Historic Financial Statements
 - d. Deriving Historic Ratios, Trends and Variables
 - e. Creating Five Year Projections for Income Statement, Balance Sheet and Cash Flow
 - f. Debt and Interest Schedule
 - g. Integration of Projected Income Statement, Balance Sheet and Cash Flow
 - h. Revolver Modeling
 - i. Sensitivities on Financial Model
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SESSION FOUR: COMPLETE LBO MODELING

- a. Uses for An LBO Model on Sell-side and Buy-side
 - b. Review of LBO Model Structure
 - i. Purchase Price Calculations and Considerations
 - ii. Capital Structure Options / Reviews
 - 1. Revolver and senior secured financing
 - 2. Second and Third Lien tranches
 - 3. Unsecured cash and PIK debt
 - 4. Hybrid debt / equity PIK instruments
 - iii. Discussion of Typical Financing Sources for LBO
 - iv. Creation of a Sources and Uses Worksheet
 - v. Proforma Income Statement, Balance Sheet, Cash Flow
 - vi. Integration of Income Statement, Balance Sheet, Cash Flow
 - vii. Debt and Interest Schedule
 - viii. Revolver and mandatory / option debt prepayment and impact on returns
 - ix. Returns Analysis – IRR on debt, hybrid instruments and equity investments
 - c. Sensitivities on LBO model and Return Analyses
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SESSION FIVE: MERGER (ACQUISITION) MODELING

- a. Uses for a Merger Model
- b. Shortcut Accretion / Dilution Model
 - i. Calculation of Equity Value and Purchase Price
 - ii. Explanation of consideration used in purchase (stock, cash, assumed debt)
 - iii. Discussion of Multiples Paid
 - iv. Post-Merger Control Issues

- v. Synergies and pre-tax synergies required to breakeven
 - vi. Revenue and EBITDA contribution
 - vii. Proforma Income statement
 - viii. EPS dilution for acquirer
 - ix. Discussion of Goodwill and other accounting treatment issues
 - x. Sensitivities
- c. Full Merger Model
- i. Creation of Assumptions Page (purchase price, consideration paid, control, synergies, etc.)
 - ii. Creation of Proforma Income Statement, Balance Sheet and Cash Flow
 - iii. Sensitivities
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SESSION SIX: GENERAL INVESTMENT BANKING PROCESS AND BEST PRACTICES, INTERVIEW AND RÉSUMÉ SUPPORT

- a. Complete revision of resume, structured for financial positions
 - b. Incorporation of skills acquired through IBI
 - c. 140 Top investment banking interview questions and questions to ask interviewer
 - d. Investment banking specific insight and interview process
 - e. What we look for when hiring analysts and associates
 - f. Pitching
 - i. M&A and Private Placement
 - 1. Investment Bank
 - 2. Industry Overview
 - 3. Market Overview
 - 4. Client
 - 5. Valuation (contingent on information provided)
 - 6. Process
 - 7. Buyer/Investor Descriptions
 - ii. Financing
 - 1. Investment Bank
 - 2. Industry Overview
 - 3. Market Overview
 - 4. Client – Positioning
 - 5. IPO Valuation (contingent on information provided)
 - 6. Marketing
 - 7. Process
 - g. Sell-Side Process
 - h. M&A and Private Placement
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SESSION SEVEN: DISTRESSED SECURITY ANALYSIS

- a. Overview of Distressed Securities
 - i. What are Distressed Securities
 - ii. How to Identify and Invest in Distressed Securities
- b. Corporate Debt Pricing
 - i. Bond Math including Yield to Maturity and Yield to Worst
 - ii. Difference between Revolver, Term Loans and Bonds
 - iii. High Yield Debt Levels and Default Rates
 - iv. Corporate Debt Pricing during different Stages of Distressed Company including Credit Deterioration, Recovery and Restructuring
- c. How to Get Control of a Distressed Asset
 - i. Out-of Court and In Court Restructuring

- ii. Chapter 7, Chapter 11 and Exchange Offers
- d. Distressed Assets Financial Modeling including Leveraged Recapitalizations
 - i. Creation of a Sources and Uses Worksheet
 - ii. Pro forma Income Statement, Balance Sheet, Cash Flow
 - iii. Pro forma Capitalization of the Company
 - iv. Pro forma Ownership of the Recapitalized Company and Implied Enterprise Value of the Transaction
 - v. Liquidation Analysis
- e. Extensive Leveraged Recapitalization Case Study
 - i. Background and Situation Assessment of the Company
 - ii. Objectives of the Recapitalization Transaction
 - iii. Detailed Analysis of Old and New Capital Structure
 - iv. Valuation Analysis of the Company
 - v. Pro forma Ownership of the Recapitalized Company