



IFF

A 5-DAY MASTERCLASS IN **PRIVATE EQUITY**

Learn how to realise the maximum returns from
your investment decisions

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Learning partner of
SuperReturn

COURSE OVERVIEW

During this 5-day Masterclass, you'll look in detail at Private Equity (PE), and how to respond to the new challenges in the sector. Your trainer has decades of industry experience and has worked on PE transactions at all stages in the financing lifecycle, from start-up through to exit. He will show you the latest developments from both investor and funding perspectives.

YOU WILL LEARN ABOUT:

- ★ How PE funds are structured, how they operate, and why organisational structure matters to limited partners, general partners, and even founders
- ★ A systematic way to screen, analyse, and value investment opportunities in both mature and high-growth nascent industries
- ★ Creating a framework for negotiating, pricing, and structuring the best investor terms
- ★ How best to and when to consider exiting an investment
- ★ Developing a systematic way to use an evaluation framework for assessing the potential of all types of PE opportunity, including a VC start-up company
- ★ Why, how and when to apply the different valuation methods for valuing both private equity and venture capital investment opportunities, and their limitations
- ★ Why, how and when to apply a high level DCF model to evaluate PE and VC investment opportunities, and understand its limitations
- ★ Why leveraged buyout structures are important in PE, their essential features, and how they can best be structured
- ★ Why due diligence is critically important in private equity deals and how to structure/manage the process

After this course, you will have new knowledge and skills that will have an enormous impact on the way you work. You'll be able to:

- ★ Relate the tools of both strategic and financial analysis to the evaluation of prospective PE opportunities at all stages in the financing lifecycle
- ★ Frame the questions to establish whether a prospective PE opportunity has realistic potential, irrespective of its stage in the financing lifecycle
- ★ Use your new framework to:
 - Question the potential of PE opportunities at all stages in the financing lifecycle using a structured commercial due diligence procedure
 - Answer the relevant questions about how, when and why value may be created from any type of prospective PE opportunity, i.e. the potential value drivers of the investment and their sensitivity
 - Place the exit option clearly into perspective in terms of potential directions to take to create most value and how to challenge potential outcomes

Practical exercises and cases primarily drawn from the course director's experience, are integrated to support the presentations and engage you in real-life issues.

COURSE LEADER

PROFESSOR DR ROGER W. MILLS

PhD, MSc, BTech (hons), Cert Ed, MColl, FCMA, FCIS, FCT



Roger Mills is Emeritus Professor of Finance and Accounting at Henley Business School, University of Reading and he has a unique blend of academic and business experience.

Roger has advised and worked with numerous private equity and venture capital businesses,

sovereign wealth funds, and development finance institutions. As a private equity investor Roger was a founding member of a technology start up that secured a successful AIM listing on the London Stock Exchange. This listed company went on to acquire a number of businesses to refocus its activities before being acquired by a private equity player. He has also been involved in advising a number of technology companies generally and with respect to their valuations. These have included the start-up of a flying car that has subsequently gone into production and, more recently, an education technology business.

Roger has a strong academic background and he has a PhD in Finance, a Masters in Management Studies (MBA) and a first degree in Psychology, Sociology and Economics, all undertaken part-time whilst working. During the professional part of his career he qualified as a Chartered Management Accountant, Company Secretary and Corporate Treasurer. He is a Fellow of the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators, and the Association of Corporate Treasurers.

Last, but not least, Roger has written numerous articles and authored many books.

ABOUT IFF

IFF has been the chosen training provider of the world's best finance professionals since 1991. We are part of Informa PLC and the learning partner of the SuperReturn series of events.

- We continually develop and improve our training to make it more effective for you
- You'll experience interactive and practical training - implement what you learn straight away
- You'll learn from practising, highly-experienced financial experts
- We limit class size so the trainer can adapt the content to suit you

DATES & PRICE

Please contact a member of our team for more details

CONTACT US

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IN-COMPANY TRAINING

IFF's bespoke training solutions will help you address your specific key business challenges. The programme is designed for you, with content focusing on the issues you and your teams are facing. The course can then be delivered at your choice of location face-to-face, digitally or a combination of the two.

- ★ Tailored content – 100% targeted to cover your needs
- ★ No travel or time out of the office – we will come to you
- ★ Value for money – train teams of staff at the same time
- ★ Risk free – we've been doing this for 30 years

We will meet you anywhere in the world.

Please contact

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COURSE AGENDA



DAY ONE

Private Equity – the Context and Value Creation

- Introduction
- History
- What is private equity?
- The pros and cons of being private
- Credit crisis: impact and consequences on private equity
- Private equity investment strategies
 - leveraged buyouts
 - venture capital (early vs. late stage)
 - special situations (i.e. distressed)
 - mezzanine
 - secondary purchases
 - fund of funds
- How are PE funds structured?
 - private limited partners and general partners
 - partnership structuring issues
 - general partner's key activities
 - > selecting investments
 - > structuring investments
 - > monitoring investments
 - > exiting investments
 - private equity partnerships and fundraising
 - private equity market
 - > investors
 - > intermediaries
 - > issuers
 - partnership covenants
 - evaluating general partners
- Transaction origination
 - deal flow
 - origination
 - screening of deals
 - non-binding indications of interest

DAY TWO

Venture Capital

- Venture capital versus private equity
- Venture capital as an investment opportunity
- VC and the financing life cycle - different types of VC investment – risks, rewards and challenges
- The VC market place
 - locations and characteristics
 - participants
 - > angel investors and early stage
 - > venture capital funds
 - > corporate venture capitalists
 - > Development Finance Institutions (DFIs), Sovereign Wealth Funds (SWFs) and development banks
- Venture capital as a joint venture investment decision
- Value creation from a venture capital investment
- Common and preferred equity - terminology
 - pre and post money
 - options and option pool
 - up round
 - flat round
 - down round
 - cram down round
 - capitalisation table

- liquidity preference
- pro rata rights
- anti-dilution
- pay to play
- vesting
- The changing face of venture capital
 - venture debt
 - convertible notes
 - warrants
 - SAFE (Simple Agreement for Future Equity)
 - KISS (Keep It Simple Securities)
 - alternative developments
- Evaluating seed, start-up and very early stage businesses
 - understanding and managing the key challenges
 - due diligence - importance of commercial due diligence of the business plan and tools for challenging commercial viability
 - valuation
 - > venture capital method - principles and illustration of application
 - > deferred valuation, venture debt and its structuring
 - > issues in valuing a start-up or early stage business in practice
 - > relevance and application of DCF valuation method



CASE STUDY

Evaluating a flying car

- Evaluating later stage VC businesses
- Companies and the corporate life cycle – relevance to late stage VC businesses
- Importance of valuation to later stage VC businesses, issue include:
 - equity positions
 - fund growth from external parties
 - exit
- How a later stage VC valuation differs from a start-up?



CASE DISCUSSION

Later stage VC

DAY THREE

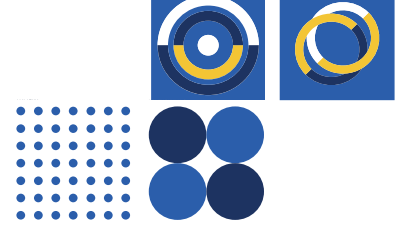
Valuation, Capital Structure and Debt Capacity

- The private equity approach to valuation
 - comparison of public equity and private equity valuation
 - importance of the exit driven perspective
 - relation between active private equity management and valuation
 - guidelines on private equity valuations - International Private Equity and Venture Capital Valuation (IPEV) Guidelines
- Value creation in private equity and how do private equity firms create value?
 - minimise purchase price
 - maximise leverage
 - minimise liabilities purchased
 - manage transaction costs
 - improve business operations
 - maximise tax efficiency
 - optimise exit

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COURSE AGENDA



- Valuation and what kind of value issues need to be considered
 - absolute value
 - > what is the value of the business/opportunity?
 - > what is driving the value - can the value drivers be identified and quantified
 - > the importance of understanding the underlying business and how to build this around fundamental analysis
 - relative value
 - > what is the potential that can be extracted at exit?
 - > how does this value differ from absolute value?
 - > how can it be measured - learning from merger and acquisition best practice - analysing operational, financial and other (e.g. taxation) effects
 - > importance of understanding Incremental Value Effect (IVE)
 - valuation architecture - analysing the business/opportunity by building according to desires and needs rather than using the 'standard' model
- Complete overview of valuation theory
 - asset valuation
 - multiples based valuation
 - discounted cash flow valuation
 - dividend discount and other valuation models



CASE STUDY

Evaluating the potential value of TAC plc, a multi business PE opportunity

- Capital structure and debt capacity
- Traditional approaches
- Contemporary approaches
 - link with cost of capital minimisation
 - link with issues re DCF analysis - methodology
 - > FCF to enterprise versus equity and importance of understanding equity cash flows
 - > sensitivities and identification of key value drivers
 - > identifying the discount rate
 - > debt maturity and repayment issues
 - > terminal value challenges
 - > assessing and challenging growth assumptions
 - triangulating value using alternative methodologies



WORKSHOP

Estimating the debt capacity of a multi business PE opportunity

DAY FOUR

Private Equity, Buy-Out Structures and Sourcing Funds

- Leveraged buyouts (LBOs)
 - what is an LBO?
 - typical LBO structure
 - sources of financing
 - review of types of buyouts
 - > management buyouts
 - > management buy-ins
 - > leveraged buyouts
 - evaluating a buyout candidate
 - financing a buyout candidate



CASE STUDIES

- Review of large LBO
- Evaluation of a prospective buyout opportunity

- Sources of funds
 - equity
 - debt
 - > bank debt
 - ◇ revolving credit facilities
 - ◇ term loans
 - ◇ bridge financing
 - > high yield bond debt
 - mezzanine financing instruments
- The valuation impact of different investment structures

DAY FIVE

Due Diligence and Exit Strategies

- Due diligence
 - objective
 - > validate business concept
 - > verify market
 - > appraise management
 - > validate forecasts
 - what is the due diligence process?
 - the phases of due diligence
 - key topics for due diligence
 - > business concept, opportunity
 - > market
 - > competition
 - > customers
 - > products
 - > management and HR
 - > financials
 - > legal
 - > regulatory
 - > intellectual property
 - > IT
- The main challenges of due diligence
- Exit strategies
 - exit planning
 - review of Issues and Methods
 - > sale
 - ◇ advantages and disadvantages
 - ◇ the process
 - ◇ key success factors
 - ◇ estimating synergies - valuing existing businesses on a stand-alone basis and comparing them with the value of the combined businesses
 - ◇ importance of understanding different perspectives
 - control premium, valuation of synergies and perspective
 - ◇ valuing the acquisition target with synergies
 - > IPO
 - ◇ advantages and disadvantages
 - ◇ process
 - ◇ valuation challenges
 - ◇ pricing and allocation
 - ◇ aftermarket
 - > recapitalisation



CASE STUDY

IPO exit

Contact:

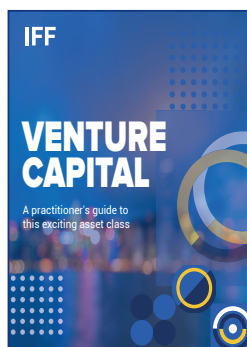
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CPD Certified:

IFF is recognised by the CPD Certification Service and have been approved to award CPD points towards professional development certifications.

A SELECTION OF COURSES FROM THE IFF PORTFOLIO



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