

Private Equity Challenge

1st Semester (Winter)

Academic Year 2017-2018

Pre-experience Master Students

Work Projects

Background and requirements

The Private Equity Challenge proposes a Master Thesis in the form of an Investment Committee Paper (“ICP”), such as is usually produced by deal teams at leading Private Equity funds, seeking approval for an Investment by their Investment Committees. As in real life, this paper will be presented to a group of Investment Professionals, Nova SBE Faculty and distinguished Alumni who will challenge the deal team and take a decision on the investment.

The format of this Thesis will be a competition between a maximum of 8 teams, with the winning team being winning an award to be determined, such as internships at a Company to be determined.

Methodology

This Project shall be conducted in groups of 4 students maximum and will be open to a maximum of 8 teams.

The key objectives of this Project are the following:

- A. Simulate a real-life Investment Committee
- B. Clearly summarise in a succinct manner the main considerations of a potential PE investment, namely:
 - a. A clear Investment Thesis for a Target Company
 - b. A valuation of the Target Company based on different valuation methodologies and a Business Plan reflecting the Investment Thesis
 - c. Decision on most appropriate Capital Structure and Management Package
 - d. Identification of the most important aspects of the Due Diligence Process
 - e. Identification of the main risks of the investment
 - f. Determine the most appropriate exit strategy
- C. Improve the students' capabilities on dealing with complex problems under incomplete information and time constraint
- D. Apply the previously acquired knowledge in Private Equity, M&A, Finance, economics, accounting, strategy, etc. to the company's analysis and valuation,
- E. Develop writing and presentation skills.
- F. Show leadership of an Investment Committee Presentation and Discussion

The Investment Committee will be composed of a core group of professionals with significant experience in advising / investing as principals and shall include Partners of Private Equity / VC funds, leading advisors from international Investment Banks, etc.

Attendance of the Private Equity elective and a solid Finance knowledge should be sufficient to be prepared for this work project.

Deliverables

Students are expected to write the ICP in a previously distributed format, and a standalone financial model (with a supporting explanation).

The Investment Committee Paper shall consist of a document with ca. 15-20-pages (+ Appendices) and shall include the following elements:

- Executive summary (summarising the investment rationale and key conclusions)

- Market overview (e.g. growth drivers, value chain, customers, suppliers, key players)
- Business overview and Strategy (e.g. business model, products, competitive positioning)
- Historic financial analysis
- Business plan
- Forecast financials (including key assumptions)
- Debt structure
- Valuation (e.g. comparables, LBO analysis etc)
- Exit options and target buyers
- Returns (money multiple and IRR, and sensitivities to the Business Plan)
- Key areas to diligence (what areas have you not yet been able to get comfortable with and how do you propose to diligence them?)

The Financial & Valuation model should include the following elements:

- Historic and forecast P&L / cash flow (including sensitivities)
- Forecast balance sheet
- Returns (money multiple and IRR)
- Valuation based on Multiples
- DCF model

Enrolment, Applications, Calendar and Selection process

Application

1. Online enrolment through Moodle by 30 April 2017 (by midnight)
2. CV - Including most relevant academic background and work experience (1 page)
3. Cover letter (maximum 500 words) presenting your expectations and motivations for the company/topic selected, as well as a 2nd and 3rd Work Project's Option (2872_MF-1718_FLL)

Outcome

1. Matching process – Students selection and interview (if necessary)
Communication of final decision and formal acceptance by committing to the Work Project format by 31 May 2017.

Students Evaluation

The valuation will be based on the 3 key building blocks of this Project:

- Investment Committee Paper
- Financial Model
- Presentation to the Investment Committee

The Financial Model shall have a 20% weighting on the total grade, whilst the Investment Committee Paper and the Presentation shall have a 40% weighting each.

For the avoidance of doubt, you will be assessed on the quality of your analysis and not on the attractiveness of the company as a leveraged buyout.

Advisors

Academic Advisor
(Coordinator)

Luis Mota Duarte is currently Head of M&A of Sonae, a Portuguese based listed multinational retail group. Prior to joining Sonae in 2014, Luis spent 14 years in London, most recently as a Director at Bridgepoint's Buyout team investing a €4.8bn fund in European mid-cap assets. Luis has also worked at Salomon Smith Barney, Goldman Sachs and GE's European Business Development team. His Private Equity experience includes the acquisition, funding, restructuring and refinancing of several businesses in various sectors, countries, structures and size ranges and Board representation at multiple portfolio companies.

Luis is also currently an Associate Fellow (Finance) at Saïd Business School, University of Oxford and was until 2015 a Visiting Lecturer at Imperial College in London. Luis has an MBA (with distinction) from INSEAD, was awarded the CFA charter and has a Licenciatura from Universidade Católica Portuguesa.

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Academic Advisor

Fábio Santos is currently Project Manager at Sonae MC, the food retail company of Sonae group. Prior to joining Sonae MC in 2016, Fábio worked as a consultant at AT Kearney in Lisbon, developed projects in start-up companies and Fundação Calouste Gulbenkian and managed Consulting Labs and CEMS projects at Nova School of Business and Economics.

Fábio is lecturing Finance at Nova School of Business and Economics and was teaching assistant in the same school in several different courses over the last few years. He holds a Masters' degree in Finance and an undergraduate in Economics, both from Nova School of Business and Economics.

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