

Introduction to Private Equity

In- House Training Sample Agenda



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Introduction and Welcome

- Pioneering and development – venture capital
- Expansion and acceleration - growth capital
- Mature growth - buyouts
- Stabilizing and mature market - leverage buyouts (LBO)
- Deceleration of growth and decline – turnaround
- Where does TDR Capital investment strategy fit into the life cycle?

What is Private Equity?

- The difference between PE and VC
- Background to growth of the private equity
- The fund structure (Limited Partnership):
 - General partners
 - Limited partners
- The key features of a private equity transaction
- Life cycle of a private equity deal:
 - Fund structure
 - Raising funds
 - Sourcing deals
 - Due diligence and closing
 - Monitoring
 - Exit
- Terminology:
 - Growth versus buyouts
 - Internal rate of return
 - EBITDA
- How will AI transform private equity investing
- Case study: Transaction types

Funds and Returns

- Types of funds and investors
- Management fees and interest carried
- Internal Rate of Return (IRR) – impact of debt and management equity
- The fund-raising process, drawdown, investing, distribution
- Managing the portfolio
- Motivations of the different parties

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Investment Process

- Identifying suitable investments
- Due diligence
- Documentation
- Assessing the investment
- *Case study: Factors affecting the investment decision*
- *Case study: Documentation*

Value Creation

- Generic sources of value creation:
 - Transforming the business model
 - Strengthened management and attracted talent
 - Expansion of system integrator partnerships
- Operational changes
- How do PE investors generate returns?
- Overview of strategy in private equity
- TDR Capital – four pillars for driving growth and value creation:
 - Strategic repositioning:
Example – BPP
 - Operational Transformation
Example – LeasePlan
 - Capital Investment
Example – Acqua and Sapone
 - Buy-and-Build
Example – Stonegate Pubs

Reporting to Investors

- Fund Information Stake Holders
- Fund reporting
- Exercise: fund reporting

TDR Capital Case Studies

- **David Lloyd Leisure** – Transformation of a unique asset in an out-of-favour sector
- **Aggreko** - Repositioning an overlooked and undermanaged platform
- **Popeyes UK** - Scaling roll-out of a globally proven brand to become a market-leading QSR brand in the UK

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Achieving a successful buyout

- Non-financial input by the sponsor
- Initiatives required to generate returns
- Why buyouts work and don't work
- Exit alternatives
- Refinancing (Refi) – process from begin to end
 - Strategic purposes
 - How proceeds are returned to the fund
- Current trends in private equity – what has changes over the last 8 years
- **Case study** – good exits and poor exits