Aldermere Outdoor Ltd

Sheetpack practice note · paper / mini LBO · figures in £ millions

Purpose

A practice paper LBO for a hypothetical UK outdoor-furniture wholesaler. It shows sources and uses at entry, a five-year operating build, cash interest and tax, capex and working capital, a cash-sweep debt paydown, and a year-5 exit. MOIC and IRR are there so you can see how the formulas work. They are not a forecast of any investment and not a recommendation to buy or sell anything. The company and every figure are invented.

How to use

- Edit only blue text on a pale-yellow background (Assumptions): entry multiple, debt levels, growth, margins, exit multiple.
- Open Model for sources and uses, the annual build, the sweep and the exit. Then open Checks.
- “Sources − uses” and the FCF, cash, senior, subordinated and debt-bridge checks must equal 0. “All checks pass” should read TRUE.
- Sponsor cash flows are −equity at close, zero in years 1–4 (no dividends) and exit equity proceeds in year 5. IRR uses Excel’s IRR function on that strip, with a 20% guess. If exit proceeds are zero or negative there is no conventional IRR, and the cell shows n/m.

Key starting assumptions (defaults)

Item	Default	Cell refs
LTM revenue and EBITDA	£90.0m and £18.0m	Assumptions!B8–B9
Entry multiple, so entry EV	8.00x → £144.0m	Assumptions!B11–B12
Existing cash and gross debt; equity price (EV − existing net debt); fees	£2.0m, £24.0m, £122.0m, £3.5m	Assumptions!B13–B17
New senior / subordinated debt (and opening-balance interest)	3.5x / 1.5x LTM EBITDA (£63.0m at 6.5% / £27.0m at 10%)	Assumptions!B22–B28
Senior mandatory amortisation / subordinated	5% of original principal per year / bullet (0%)	Assumptions!B25, B29
Revenue growth Y1–Y5 and EBITDA margins	6/6/5/5/4% and 20.5/21.0/21.5/22.0/22.0%	Assumptions! C39:G40
D&A, capex and NWC as % of revenue; tax rate	3.0%, 3.5%, 12.0%; 25%	Assumptions!B32–B35
Exit EV / year-5 EBITDA	8.00x	Assumptions!B43

Simplifying choices

- Sponsor equity is the plug that makes sources equal uses (equity price + refinance of existing gross debt + fees − new debt).
- Interest uses each tranche’s opening balance, avoiding a circular reference with the cash sweep. Excess cash above the £2.0m minimum is swept first to senior debt, then to subordinated debt.
- There is no revolver, PIK, management rollover or dividend recapitalisation. If free cash flow cannot cover mandatory repayments, ending cash can fall below the minimum.
- Tax is charged only when profit before tax is positive. No loss carry-forward. Exit fees default to zero.

Educational practice only. Not investment, financial, or tax advice. All companies and figures are fictional.

Designed by me with help from AI tools; every formula checked by hand.