

Bootcamp Week 4



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Maintaining Relationships

Maintaining Relationships: Common Questions

- How often should I reach out?
- What if the analyst doesn't reply? How should I follow up?
- What do I ask in a second phone call?
- Will they ask me technical questions?
- Am I falling behind?

Good Questions for Second Phone Calls

1. Can you please tell me a recent deal you've worked on that you found particularly interesting?
2. If DCM / Lev Fin... I've been following the news and know the 10-yr treasury is up... stimulus → inflation concerns → prices fall → yields up...so I was wondering what your outlook is for companies trying to raise
3. If Lev Fin... How is the change from LIBOR to SOFR affecting your job?
4. If Lev Fin... What is the breakdown of deals? LBOs vs bond issuance vs TLA's vs TLB's vs special solutions (4A2)
5. If Lev Fin... What is the role of covenants in your job?
6. If DCM... Breakdown? Bonds vs refinancings vs hybrid vs converts vs TLA vs TLB vs senior vs secured / unsecured?
7. If coverage... what are some common multiples for your industry and why?
8. If coverage...What assumptions do you made in a specific deal?
9. If syndicate... what is the hardest deal you've had to sell? What's it like being on the info wall?
10. What kind of analysis do you do at work? What is your role as an analyst in deals?
11. How have credit ratings in x industry changed over covid?
12. Now that I've learned a bit more about IB, I was wondering exactly how it's broken down a your bank and how deals flow between the groups like coverage, product, syndicate, and S&T.
13. When you interviewed, were there any questions that stumped you? Or anything else you would have liked to have been prepared for?

Debt v. Equity

Capital: Debt vs. Equity

- **Debt: Borrowing of money (ex: issuance of bonds) in order to finance a business**
 - Typically includes interest payments and a repayment period
 - Benefit: Does not require giving up a portion of ownership, retain control, cheaper than equity because debt is tax exempt
- **Equity: Value attributable to the owners of the business**
 - Equity financing involves selling a portion of a company's equity in return for capital (ex: issuance of stock)
 - Lose some of your ownership and control over your company
 - Benefit: No repayment obligation and provides extra working capital that can be used to grow a business; IPO: marketing and company awareness, exit opp for angel & VC investors, way to compensate employees, payment method for M&A activity

Debt-to-equity ratio is a common metric - creditors look favorably upon a low debt-to-equity ratio

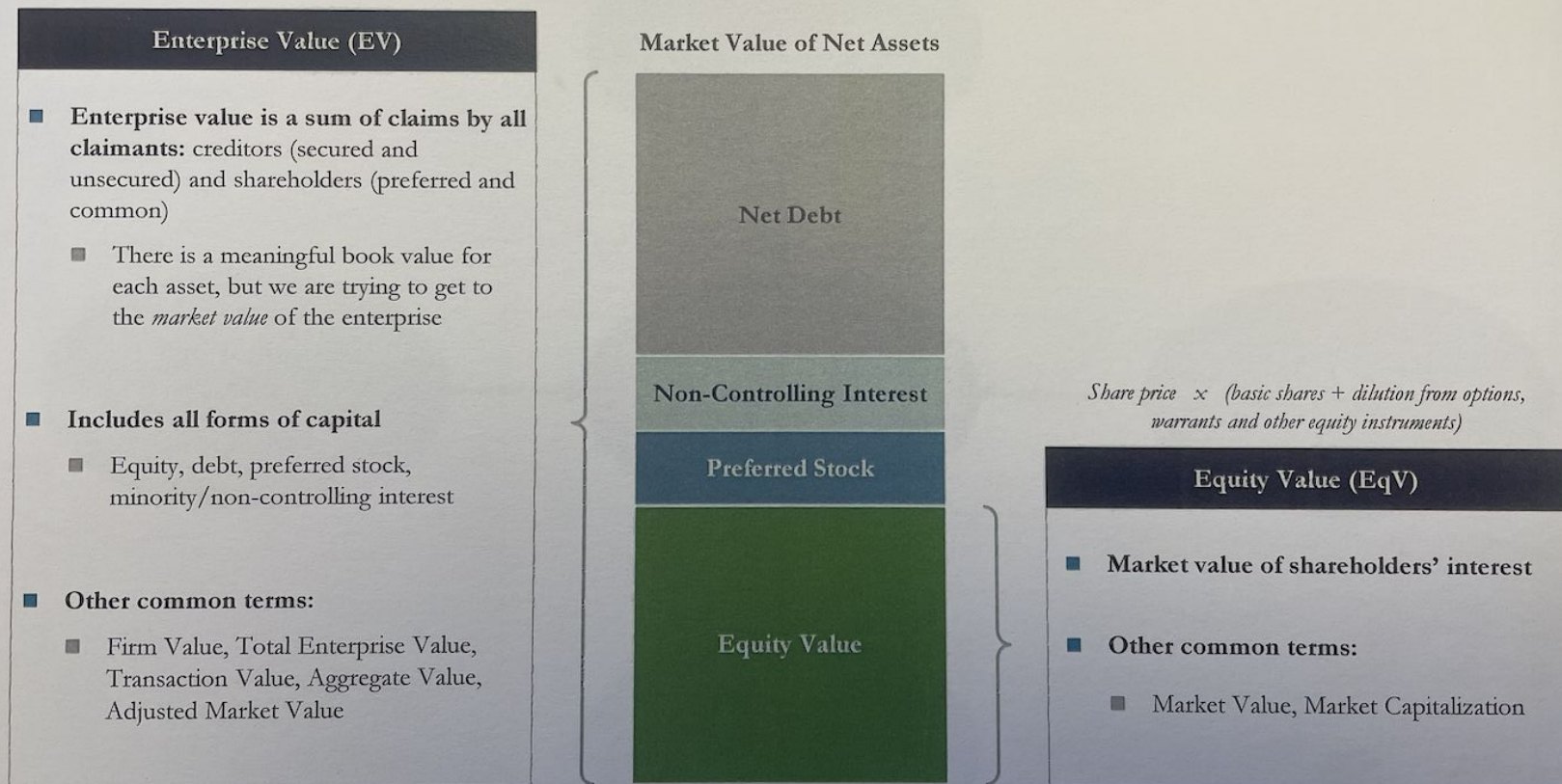
Equity Value v. Enterprise Value

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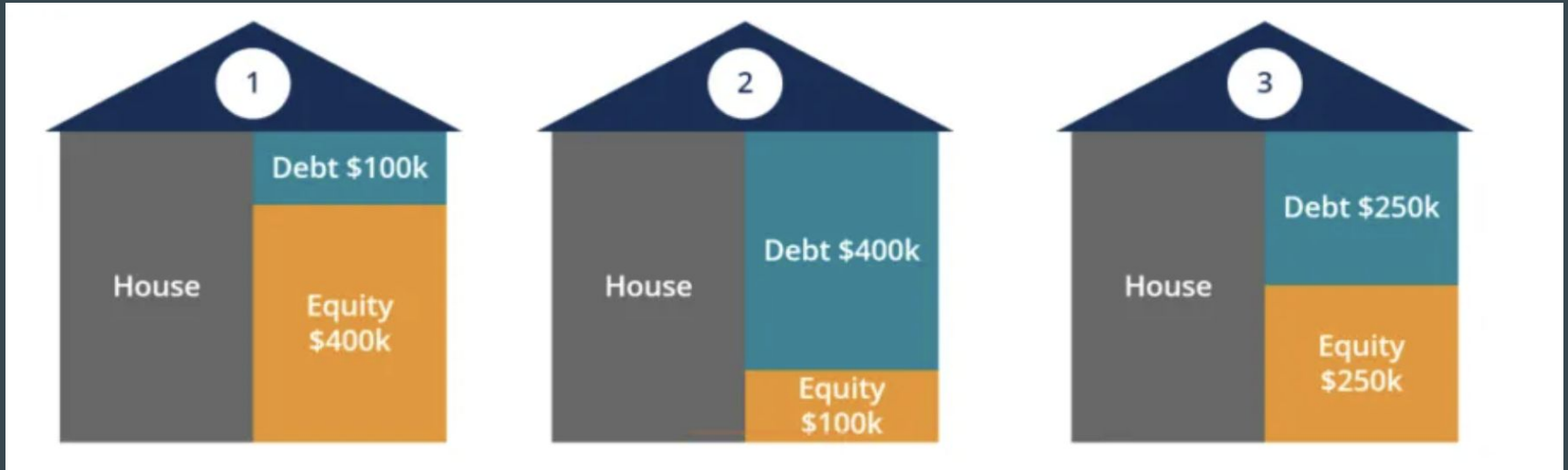
- Refer to different ways to value a company
- Equity Value (market capitalization): Value of the company to equity investors (shareholders)
 - $\text{Equity Value} = \text{Share Price} * \text{Shares Outstanding}$
- Enterprise value: Total value of the company, value for ALL stakeholders
 - $\text{Enterprise Value} = \text{Equity Value} + \text{Net Debt} + \text{Minority (or non-controlling) interest} + \text{Preferred Stock}$
 - * $\text{Net Debt} = \text{Total debt} - (\text{Cash} + \text{Cash equivalents})$

Two Main Valuation Concepts: Enterprise Value vs. Equity Value

Most valuation methods derive Enterprise Value (e.g. DCF, most multiples such as EV/EBITDA)



What's the EV? EqV?



Check-In

- Have multiple people looked at and critiqued your resume? ... try to get at least 3 opinions!
- Have you talked to all the incoming summers? Full times? (go/financecommits)
- How many analysts have you spoken with? Try to hit at least 3 from each bank.
 - Try to speak with as many associates + as possible now
- Have you perfected your elevator pitch?
- Why are you sitting here in boot camp right now? What IS IB? Why IB? Why finance?
- Do you have 3-5 stories for behaviorals?
- Can you walk me through the 3 financial statements and how they're linked?
- Could you explain the difference between debt and equity? Which is cheaper? Why?
- * Do you know the 3 ways to value a company? What are 2-3 strengths / weaknesses of each?
- Are you applying to EVERYTHING?