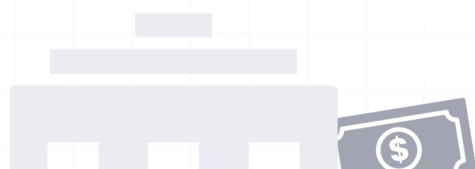




LBO Dividend Recapitalization

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Dividend Recapitalization Introduction



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WHAT IS IT?

WHY DO IT?

HOW CAN IT BE DONE?

EXIT CASH FLOW

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WHAT IS IT?

WHY DO IT?

HOW CAN IT BE DONE?

EXIT CASH FLOW

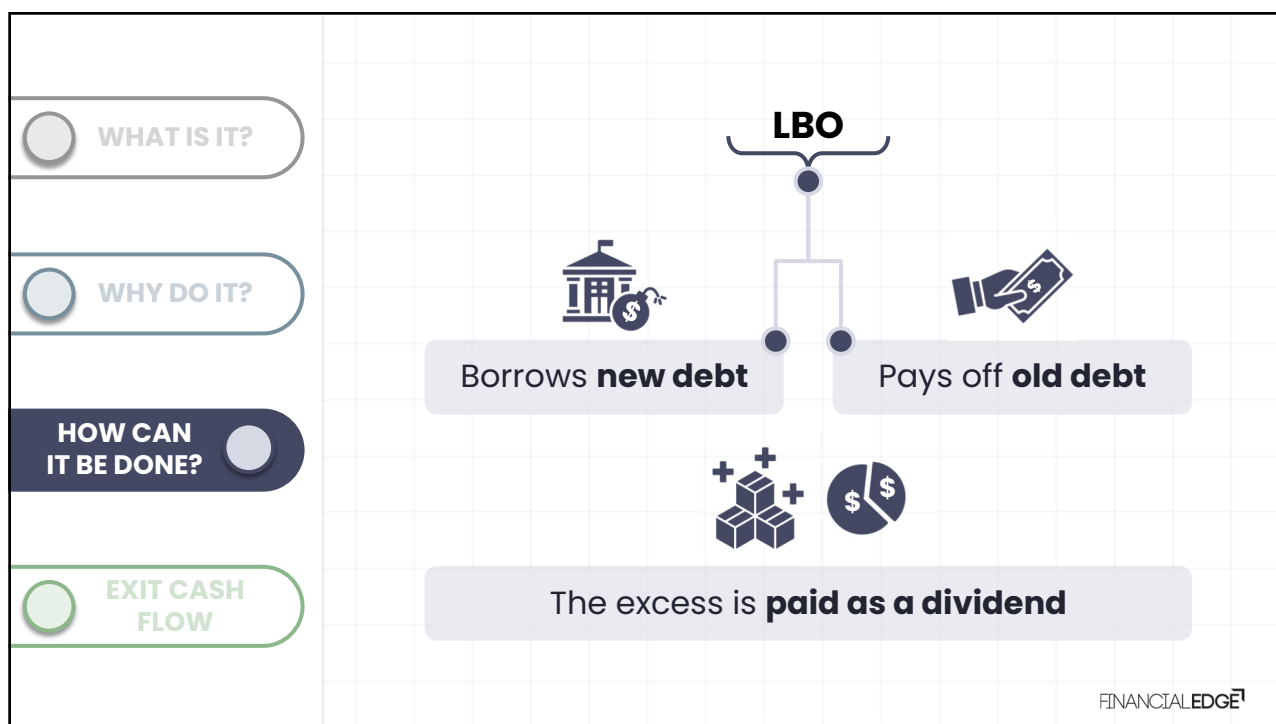
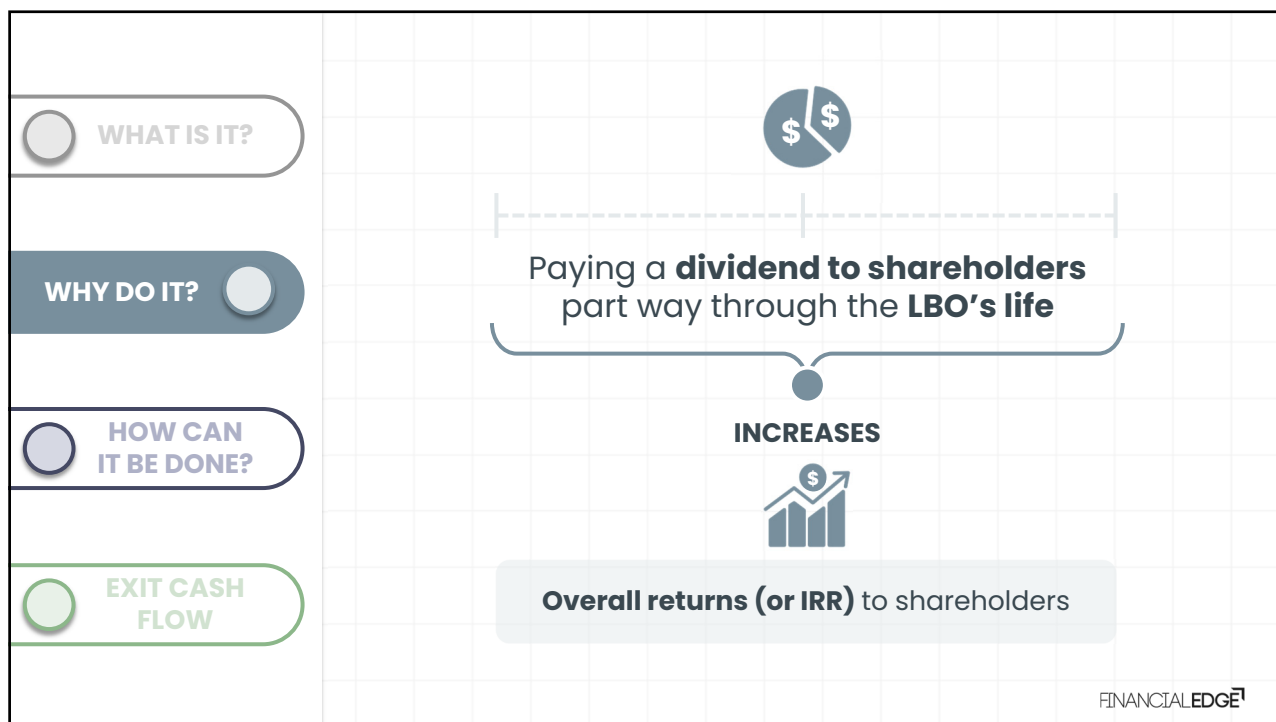


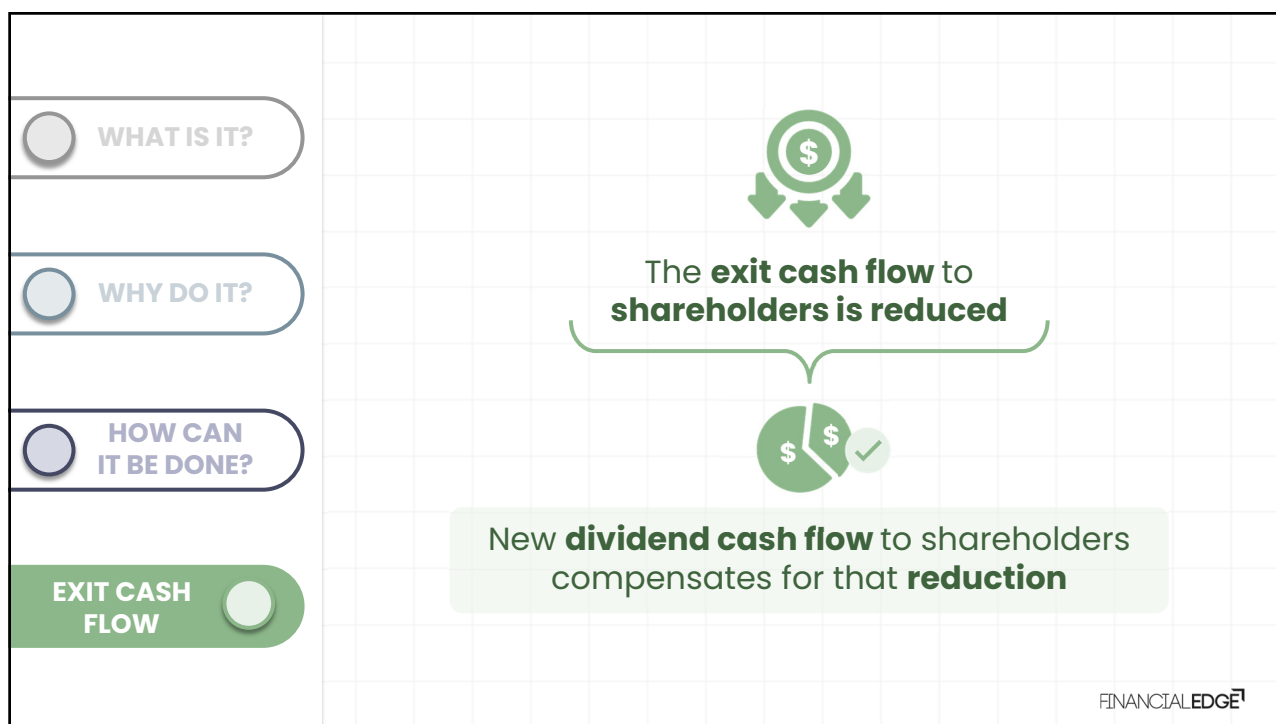
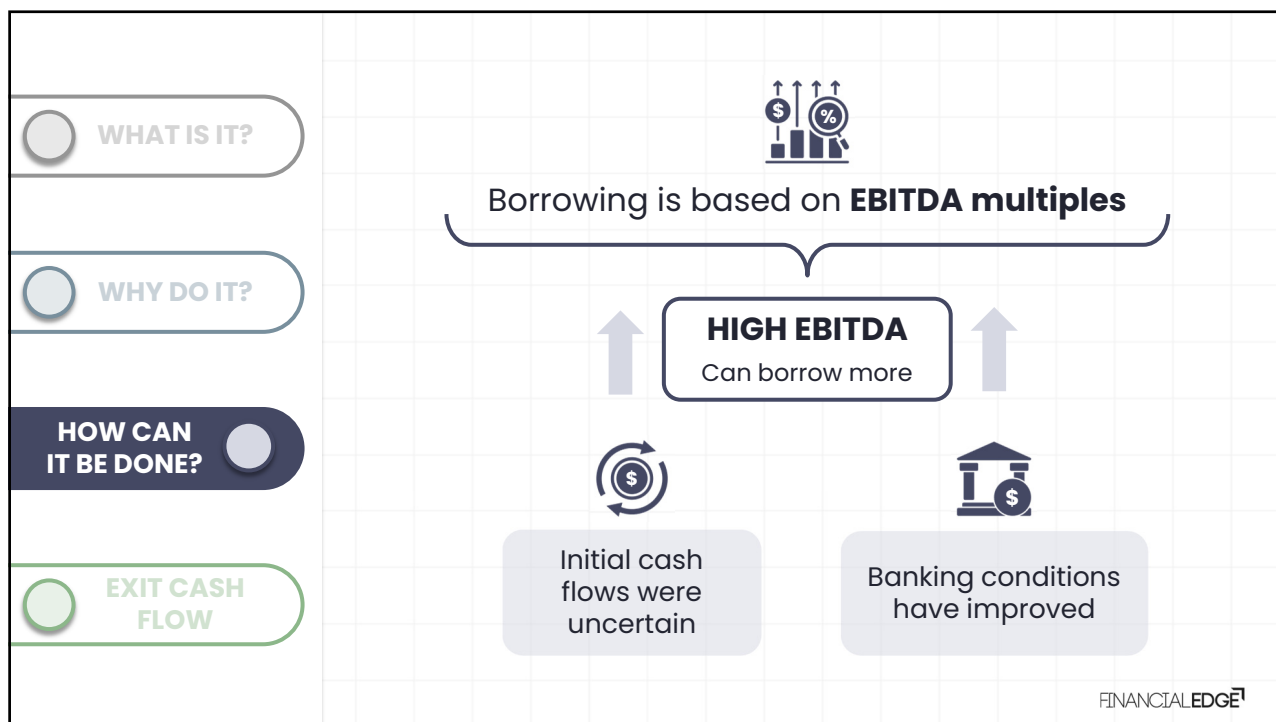
LBO target takes on **extra debt part way** through its life



Pays a dividend to its shareholders

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Dividend / Leveraged Recapitalization Steps

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The Steps



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The Steps



Determine **timing** and **level** of **recapitalization**

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The Steps



Amend **debt schedule** and
assess prepayment penalties

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The Steps



Incorporate **changes** in **interest rates**

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Amend **cash flows**

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Determine use of **proceeds – dividends**

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The Steps



Incorporate the dividend into the
equity returns and **IRR calculation**

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Modeling Issues



Ensure circular switch is off when modeling changes



Balance sheet might **only balance** when **circular switch is on**

Particularly if **PIK interest exists**

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