

Management Equity Program (MEP) | Commercial Perspective

Capital Increase

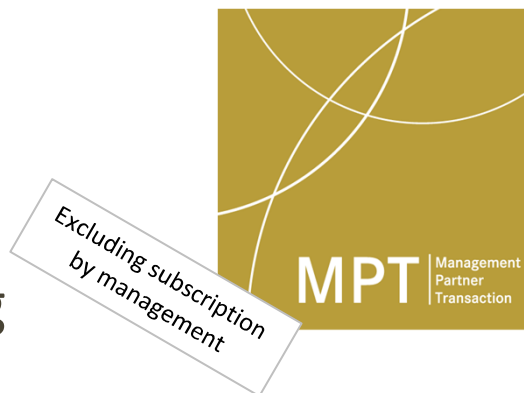




Case Study | Background

- You are invested in the management equity program (MEP) of Sky (10% Ords). Currently Sky is expected to achieve a deal MoM of 3,7x at an exit after 5 years. After 2 years the fair market value is at 1,2x deal MoM, e.g. ords increased by 1.3x
- At this stage you consider the add-on acquisition of Diving, that together with Sky is expected to exit in year 5. For Diving a deal MoM of 2,5x is expected. To finance the acquisition new equity of €40m shall be funded in the same capital split as Sky at entry (8% Shares / 92% Prefs)
- Management is comfortable with the leverage
- As management you have a subscription right:
 - How does the capital increase affect your management investment, if you do not subscribe to new equity?
 - Can the subscription right protect you? Differentiate between a subscription right at the management and the pari passu strip.
 - Which parameters are important when implementing a capital increase from the management perspective?

Case Study | Financials Sky & Add-on Acquisition Diving



in €m	Entry		2	5			
Business - Sky			FMV		Exit		
Prefs	10%	110,40	92%	133,58	91%	177,80	1,6 x
Ords		9,60	8%	12,48	9%	266,20	27,7 x
Equity		120,00		146,06	1,2 x	444,00	3,7 x
IRR				10%		30%	
thereof Mgt Ords		1,00	10%	1,30		27,73	27,7 x

in €m	Entry		2	5			
Acquisition - Diving			Entry		Exit		
Prefs			36,80	92%	48,98	1,3 x	
Ords			20%	3,20	8%	51,02	15,9 x
Equity			40,00		100,00	2,5 x	

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- 20+ years` PE experience,
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- Advice on numerous primary and multiple transactions
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