

# IPC Case Study

## *Analyst Recruitment*

### Task

As part of this case study you will be required to analyze, evaluate, and prepare an investment teaser for L Brands (NYSE: LB). You are acting as an advisor to IPC Capital, a leading North American private equity firm. We highly recommend you utilize some of the suggested materials (linked below) in your analysis.

The use of outside material/research is not required, but not prohibited. Please do not use materials found on third party stock-pitch communities, we have reviewed those materials and will be aware if you use them. Additionally, a financial model is also not required or suggested, however, you will be required to conduct financial analysis or other quantitative focused analysis at your discretion.

The suggested materials are included below:

<https://drive.google.com/drive/folders/1a8TLPZnLjL3KMHtEBG9Iyg99JdDmy7lN?usp=sharing>

### Recommendation

At the top of your page, you should include a recommendation sentence including your main thesis points. We suggest you choose one of the three options as your final conclusion:

- **Full-take private:** A recommendation that IPC Capital conduct a take-private LBO of L Brands and acquire the entire company.
- **Non-Controlling Interest:** A recommendation that IPC Capital makes a large non-controlling investment into L Brands as a public company. You should also consider specifying how this investment could be structured, and what share of the company is appropriate.
- **Decline:** A recommendation to decline this investment opportunity.
- **Other:** You may provide an entirely new recommendation at your discretion.

### Structure & Weighting

You will be allotted two standard sized pages, with narrow margins. While there are no rules on font sizing or font style, please ensure the teaser is presentable. You may also include an appendix, with no limit on pages. The suggested structure and weighting are below, as well as some key considerations for each section:

#### **Company Overview (10%)**

- Provide an overview of the target company's operations? What are its reportable segments or geographies?
- How does this company earn revenue? Who are its primary customers? Distribution model?
- What is the profile of the company's management team?

#### **Financial Commentary (15%)**

- How has this company performed historically? Has it met expectations? Has management done a good job of delivering on their promises?
- What does the company's leverage profile look like? Is its current capital structure sustainable or optimal?
- What are the key drivers of its historical performance? What has cause margins to shift and where has growth come from in the past?
- What operating and working capital metrics are relevant to understand how this company performs in relation to its peers?

**Market / Industry Analysis (35%)**

- Who are the company's primary competitors? How do they compete? What leads to competitive advantages in this industry?
- What is the company's current position in the market? How has this trended over time and why?
- What are the current trends influencing the company's end markets?
- What are the implications of the COVID-19 pandemic on this industry?
- What is likely to drive growth in the industry going forward? Is this sustainable? How is the target company positioned to capitalize on these drivers?

**Investment Decision (40%)**

- What are the key merits of this business that influence your investment thesis? What supporting evidence do you have to prove these merits?
- What are some of the risks involved in investing in this company?
- Where could a financial sponsor such as IPC Capital create value in this business? How does this impact your final decision?
- In what areas would you conduct further due diligence to evaluate this investment opportunity?

**Due Date & Submission**

Please submit this case study by **Sunday September 13<sup>th</sup> at 11:59pm**. To submit your work, please send it as a PDF through email to [recruiting.iveyprivatecapital@gmail.com](mailto:recruiting.iveyprivatecapital@gmail.com), and please cc [mfortino.hba2021@ivey.ca](mailto:mfortino.hba2021@ivey.ca) and [hkshah.hba2021@ivey.ca](mailto:hkshah.hba2021@ivey.ca).

**Next Steps**

You will be required to present your work to a panel of IPC Principals during the week starting Tuesday September 15<sup>th</sup>. We will reach out to you individually to set up a time over zoom. You will have 10 minutes to present your work, followed by 10 minutes of questions.