SANITIZED TRANSACTION MODEL CASE STUDY

Life Sciences Take-Private LBO

A synthetic take-private transaction model for a specialty life sciences company, built to show transaction fluency without using public-company names, real tickers, or client data.

Buyer problem
Investor needs a life-sciences transaction model that connects pipeline risk, revenue exclusivity, R&D spend, leverage capacity, and exit value.

Work product
LBO model, revenue bridge, R&D and launch spend, debt schedule, returns case, and investment committee memo.

Data status
Generic company name and synthetic data. No real company records.

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1. Transaction Overview

ENTERPRISE VALUE	ENTRY EBITDA	SPONSOR EQUITY	BASE MOIC
$4.2B	**$410M**	**$1.75B**	**2.4x**
Illustrative take-private value	Adjusted year-one EBITDA	Includes fees and minimum cash	Five-year illustrative sponsor return

The sample model treats the company like a real life-sciences target: mature product revenue, loss-of-exclusivity risk, launch investment, R&D pipeline spend, and a capital structure constrained by cash flow volatility.

Transaction question	Model treatment	Decision use
What revenue is durable?	Product-by-product forecast with exclusivity cliffs, price pressure, patient volume, and launch ramp.	Avoid applying one blanket growth rate to the whole portfolio.
How much debt can the target support?	Debt schedule tied to EBITDA, cash interest, minimum cash, amortization, and downside DSCR.	Size leverage below the bear-case breaking point.
What is R&D worth?	Separate maintenance R&D, clinical milestone spend, and launch investment.	Show near-term EBITDA and long-term value creation separately.
What exit multiple is defendable?	Exit comps by product durability, EBITDA margin, patent horizon, and pipeline visibility.	Translate strategic story into return sensitivity.

> This file is designed to replace public-company-specific examples. It signals healthcare transaction fluency while keeping the attachment generic and safe.

2. Revenue, Pipeline, And EBITDA Bridge

Product Forecast

Segment	Year 1 revenue	Year 5 revenue	Key driver
Established therapy	$920M	$760M	Managed decline after exclusivity step-down.
Specialty device	$410M	$560M	Procedure volume and international expansion.
New launch	$55M	$420M	Commercial ramp after reimbursement milestone.
Services and royalty	$140M	$165M	Stable contract renewals.

EBITDA Bridge

Bridge item	Impact	Comment
Starting EBITDA	$410M	Adjusted management case.
Established therapy erosion	($105M)	Exclusivity and pricing pressure.
New launch contribution	$145M	Ramp after commercial investment.
R&D and SG&A investment	($70M)	Clinical and launch spend.
Year 5 EBITDA	$515M	Base case before exit.

Pipeline Risk Cases

Case	Launch timing	Peak revenue	Year 5 EBITDA	Sponsor MOIC
Base	On plan	$520M	$515M	2.4x
Delay	12 months late	$405M	$462M	2.0x
Commercial miss	On plan	$330M	$438M	1.8x
Upside	On plan	$650M	$570M	2.9x

3. rNPV And Value Driver Map

Analytical Value Bridge

Component	Value	Key assumption
Base commercial business	$3,120M	Cash-flowing approved products at mature margin.
Risk-adjusted pipeline	$820M	Probability-weighted launch economics.
Tax assets and cash	$210M	Synthetic balance sheet adjustment.
Corporate cost and R&D drag	($350M)	Platform costs and ongoing clinical burden.
Analytical enterprise value	$3,800M	Cross-check against offered transaction value.

Pipeline rNPV Inputs

Asset	Stage	PoS	Peak sales	Launch year
Lifecycle expansion	Phase III	62%	$360M	Year 3
Rare disease candidate	Phase II	38%	$520M	Year 5
Device indication	Filed	74%	$190M	Year 2

Diligence Prioritization

Driver	Value impact	Confidence	Diligence action
Patent and exclusivity horizon	High	Medium	Confirm lifecycle-management protection and generic-entry timing.
Payer coverage	High	Medium	Review gross-to-net, restrictions, and specialty pharmacy economics.
Clinical probability of success	High	Low	Pressure-test endpoint, safety signal, and regulator path.
Manufacturing scale-up	Medium	Medium	Validate COGS ramp and supply chain concentration.

4. Capital Structure And Return Sensitivity

Sources And Uses

Use	Amount
Purchase equity	$3,780M
Refinance net debt	$260M
Fees and expenses	$105M
Minimum cash	$55M
Total uses	$4,200M

Sources

Source	Amount	Turn
Senior secured debt	$1,650M	4.0x
Subordinated debt	$800M	2.0x
Sponsor equity	$1,750M	4.3x
Total sources	$4,200M	10.2x

Exit Sensitivity

Exit EBITDA multiple	Delay case	Base case	Upside case
8.5x	1.5x	1.9x	2.3x
9.5x	1.8x	2.4x	2.9x
10.5x	2.1x	2.8x	3.4x
11.5x	2.4x	3.3x	4.0x

> Debt capacity is constrained by minimum cash, R&D burden, and downside launch timing. The model sizes leverage to cash flow resilience, not headline EBITDA alone.

5. Diligence Agenda And Risk Register

Risk	Evidence needed	Model sensitivity	Go / no-go threshold
Launch miss	Prescriber research, payer access, channel economics.	Peak revenue and ramp curve.	Base return fails below 70% of launch plan.
Exclusivity erosion	Patent review and competitive entry timing.	Established product decline curve.	Transaction reprices if erosion starts before Year 3.
R&D overspend	Clinical plan, milestone budget, and trial enrollment.	EBITDA, cash sweep, debt paydown.	No incremental leverage if cash runway tightens.
Manufacturing constraint	Capacity, supplier redundancy, and quality record.	COGS and launch delay.	Require reserve or lower entry price.

Returns Attribution

Driver	MOIC impact
EBITDA growth	+0.6x
Deleveraging	+0.5x
Multiple change	+0.1x
Pipeline re-rating	+0.4x
Sponsor fees and dilution	(0.2x)

Best Proposal Fit

Job type	Why this sample fits
Life sciences LBO	Shows pipeline, revenue durability, leverage, and sponsor returns together.
Healthcare transaction model	Connects business drivers to sources, uses, debt, and exit sensitivity.
Investment memo	Includes IC-style risks, thesis checks, and diligence priorities.
Public-company replacement sample	No real company names, tickers, products, trials, or market data.