

Private Equity Interview Questions

Private Equity › Interview Preparation



Investment Banking, Private Equity
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Private Equity interviews are notoriously difficult and will contain a mix of fit questions, technical questions, mini cases and investment pitches and brainteasers. Below are some of the questions that you would typically get in a Private Equity Interview

Qualifications, Motivations and Background

- Why are you interested in Private Equity, why our firm?
- Why not work for a Hedge Fund / Startup / Portfolio company?

Business Acumen / Ability to think like an investor

- What industry trends are key when you are looking at a potential investment?
- How do you source potential investment?
- If I wanted to protect my downside, how would I structure an investment?
- Have you looked at our website? Which investment do you like most/least? Why?
- If you could only have one financial statement, which one would you choose? Why? What if you could have 2? Why?
- An investment banker gives you a deal book - how do you verify the information in it?
- What should we buy next? What kind of IRR would we make? (provide high level financials/LBO model workings)

Technical Questions

- You buy a business at an 8.0x EBITDA multiple and you believe you can sell it in 5 years time at the same 8.0x EBITDA multiple. Your required return rate is 20%/year. Assume that banks are willing to lend up to 4x debt/EBITDA, and that half of the debt would get repaid after 5 years. How much do you need to grow EBITDA by within this timeframe?

- You buy a company for 10x EBITDA. It has EBITDA of £100 in yr 1, and £150 in yr 5: what kind of multiple should we exit at to get at least 25% IRR

- What different levers can be used to improve IRRs?

- What is the advantage of a vendor loan?

Mini cases

- Would you invest in an airline? Why and why not?

You will find detailed answers to the above questions in our [Private Equity Interview Guide](#), as well as more practice questions.

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