

Warwick Economics Society



Divisional Starter Packs – Investment Banking (IBD)



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Contents

2. General Investment Banking overview
 3. How are Investment Banking Teams Organised
 4. Buy-Side vs Sell-side Advisory
 5. Types of Transactions
 6. Daily Responsibilities of an Investment Banking Analyst
 7. Team Specific Interview Advice
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Investment Banking (IBD)

What is it?

Investment Banking is a front-office function within an investment bank that advises companies and private equity firms on major corporate transactions. These include acquiring another company, merging with a competitor or selling an entire business, subsidiary or ownership stake.

The team supports clients throughout the transaction process, from assessing the strategic rationale and valuing the businesses involved to identifying potential buyers or acquisition targets, coordinating due diligence and supporting negotiations.

The name of the division varies between banks and may appear on application forms as broader divisions like Investment Banking, Global Banking, Corporate Finance and M&A Advisory.

How Investment Banking Teams are Organised:

Investment Banking teams are typically organised into a combination of sector coverage teams and M&A product teams. While both work on M&A transactions, they differ in where they develop their expertise.

Sector Teams:

Sector teams specialise in a particular sector of the economy, with bankers developing in-depth industry expertise and specialise in advising on M&A transactions involving companies within that sector. Although M&A is the primary focus of investment banking sector teams, bankers may also work alongside other product teams (e.g DCM, ECM, LevFin) when a client within their sector is undertaking a different type of transaction.

Common M&A Sector Teams Include:

- Technology, Media & Telecommunications (TMT)
- Financial Institutions Group (FIG)

- Healthcare
- Industrials
- Consumer & Retail
- Energy & Natural Resources
- Real Estate

M&A Product Team:

M&A product teams specialise specifically in advising on and executing mergers, acquisitions and disposals. Unlike sector teams, which focus on M&A transactions within a particular industry, M&A product bankers work across a range of sectors and instead develop specialist expertise in the M&A process itself.

Buy-Side vs Sell-Side Advisory

M&A advisers can represent either the buyer or the seller in a transaction, known as buy-side and sell-side advisory respectively.

Sell-Side Advisory: The investment bank advises a company or shareholder looking to sell a business.

Buy-Side Advisory: The investment bank advises a company or private equity firm looking to acquire another business.

Types of Transactions Investment Banking Teams Work on

Acquisition: A company purchases another company or business, gaining control of its operations

Merger: Two companies combine to form a single business.

Divestiture: A company sells a subsidiary, division or other part of its business to another buyer.

Spin-Off: A parent company separates a subsidiary or division into a new independent company, with shares in the new business generally distributed to the parent company's existing shareholders.

Equity Carve-Out: A parent company sells a minority stake in a subsidiary to public investors through an IPO, while typically retaining control of the business.

Leveraged Buyout (LBO): The acquisition of a company, typically by a private equity firm, where a significant proportion of the purchase price is financed using debt.

Daily Responsibilities of an Investment Banking Analyst

The day-to-day responsibilities of an M&A analyst vary depending on the transactions they are staffed on and the stage of each deal. However, typical responsibilities include:

- **Financial Analysis & Modelling:** Performing company valuations, analysing financial statements and updating financial models to support transaction decisions
- **Preparing Materials:** Creating and updating pitch books, company profiles, valuation materials and presentations for client meetings
- **Company & Industry Research:** Researching companies, competitors, potential buyers or acquisition targets and relevant industry trends.
- **Transaction Execution:** Supporting live deals by maintaining transaction materials, analysing bids and assisting with due diligence.

Key Skills Required

- **Financial Analysis & Valuation** - analysing financial statements and valuing companies using comparable companies, precedent transactions and DCFs.
- **Financial Modelling** - building forecasts and assessing the financial impact of acquisitions, disposals and financing decisions.
- **Commercial Awareness** - understanding industry trends, company strategy and what drives M&A activity.
- **Communication & Teamwork** - preparing pitchbooks and client materials while coordinating with colleagues, clients and advisers.
- **Analytical & Problem-Solving Skills** - evaluating strategic options and identifying key deal risks.
- **Attention to Detail & Time Management** - producing accurate work across multiple pitches and live transactions under tight deadlines.

Investment Banking Specific Interview Advice

- Develop General Commercial Awareness and research how these events impact M&A activity. Good starting points are impacts of AI, interest rate changes, tariffs, private credit, private equity activity and recent / planned IPOs. **(Spring & Summer)**
- Research 2 recent M&A transactions, 1 which the firm you are interviewing for advised on and one generally. For each transaction, understand the buyer, target, transaction value, strategic rationale and valuation, alongside an interesting angle or your own view on the transaction. **(Spring & Summer)**
- Develop Technical Knowledge – Use WSP Redbook or 400 IB to cover accounting, valuation techniques, merger model, LBO Analysis, Capital Markets **(Spring Conversion / Summer ONLY)**