Private Equity Associate interview questions

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What to expect

Interviews for private equity associate roles in Australia typically assess a combination of technical modelling skills, deal experience, and cultural fit. Expect a multi-stage process that includes modelling tests and case studies.

- **Technical:** Questions on financial modelling, valuation, accounting and deal structuring.
- **Behavioural:** Questions about teamwork, handling pressure, and past experiences using the STAR method.
- **Case study:** A scenario where you analyse a potential investment, sometimes with a modelling component.
- **Fit and motivation:** Questions about why you want to work in private equity and why this firm.
- **Deal experience:** Questions that walk through a deal you have worked on, your role and lessons learned.

The process usually starts with a phone or video screen with HR or a junior team member. Successful candidates then attend multiple rounds with associates, vice presidents, principals and partners. These rounds often include a modelling test (for example, building a DCF or LBO model) and a case study. Fit interviews focus on your motivation and how you work in a team. The final round is typically with a partner.

1. Walk me through how you would build a discounted cash flow model for a company we are considering acquiring.

Why they ask

This tests your technical modelling skills and your ability to structure a valuation from scratch, which is a core task for a private equity associate.

How to structure your answer

A step-by-step walk-through: forecast free cash flows, determine the discount rate (WACC), calculate terminal value, discount to present value, and run sensitivity analysis.

Example answer

“First, I would forecast the company's free cash flows for a five to ten year period, based on historical performance and industry trends. I would build a detailed revenue and cost model, often broken down by product or segment. Next, I would calculate the weighted average cost of capital, using the company's target capital structure and comparable company betas. For the terminal value, I would use either the perpetuity growth method or the exit multiple method, and I would cross-check both. Then I would discount the free cash flows and terminal value back to present value using the WACC. Finally, I would run sensitivity analysis on key assumptions like growth rates and margins to understand the range of valuations. I would also compare the DCF result to other valuation methods like comparable company analysis and precedent transactions.”

2. Tell me about a time you had to work under a tight deadline to complete a financial analysis. How did you manage?

Why they ask

Private equity associates often work under intense time pressure, so this question assesses your time management and ability to deliver under stress.

How to structure your answer

Use the STAR method: describe the Situation, Task, Action and Result.

Example answer

“In my previous role, I was asked to complete a valuation analysis for a potential acquisition with only two days' notice before a deal committee meeting. The task involved building a full DCF model and preparing a summary paper. I immediately prioritised the key inputs, delegated data gathering to an analyst, and focused on building the model structure. I worked late and kept in constant communication with my manager to flag any issues. As a result, we delivered the analysis on time, and the deal committee approved the transaction. The experience taught me the importance of prioritisation and clear communication under pressure.”

3. You are reviewing a target company and you notice that its revenue growth has been driven by a single customer that is about to be acquired by a competitor. How would you handle this in your investment recommendation?

Why they ask

This scenario tests your judgement under pressure and your ability to identify and assess risks that could affect a deal.

How to structure your answer

A judgement-under-pressure structure: identify the issue, assess its impact, gather more information, adjust the model, and recommend a course of action.

Example answer

“First, I would flag this as a material risk to the deal team immediately. I would then quantify the customer's contribution to revenue and assess the likelihood of the customer leaving after the acquisition. I would try to gather more information, perhaps through management discussions or market research, to understand the customer's contract terms and the competitor's intentions. I would adjust the financial model to run scenarios where the customer is lost, and see the impact on returns. Based on that, I would recommend either renegotiating the purchase price to reflect the risk, seeking contractual protections, or walking away if the risk is too high. I would present this clearly in the investment paper so the deal committee can make an informed decision.”

4. Why private equity, and why our firm?

Why they ask

This assesses your motivation and whether you have done your research on the firm and the industry.

How to structure your answer

A motivation and research structure: connect your personal interest, skills, and career goals to the firm's strategy, values, and recent deals.

Example answer

“I am drawn to private equity because it allows me to combine deep financial analysis with hands-on operational improvement. I enjoy the intellectual challenge of assessing a business and then working with management to create value. Your firm stands out because of its focus on mid-market companies in the healthcare and industrial sectors, which aligns with my experience. I also admire your recent acquisition of a portfolio company and how you worked with management to expand into new markets. I want to work in an environment where I can take on significant responsibility early and learn from experienced partners.”

5. Describe a deal you worked on from start to finish. What was your role and what did you learn?

Why they ask

This assesses your deal experience and your ability to reflect on your contribution and lessons learned.

How to structure your answer

A chronological narrative: deal context, your tasks, challenges, outcome, and lessons learned.

Example answer

“I worked on the acquisition of a software company that was a carve-out from a larger corporation. My role was to build the financial model and coordinate due diligence. The challenge was that the carve-out financials were messy and needed significant adjustments. I worked with the finance team to normalise the numbers and built a model that reflected the standalone cost structure. We identified several cost synergies that were not in the initial projection. The deal closed successfully, and I learned the importance of understanding the target's financials in detail and how to work with cross-functional teams to drive a deal to completion.”

6. We are looking at a potential acquisition of a manufacturing business. What are the key factors you would consider in your due diligence?

Why they ask

This tests your ability to think like an investor and structure a due diligence process across different areas.

How to structure your answer

A structured thinking structure: break down due diligence into market, financial, operational, legal and environmental factors, and prioritise the most important ones.

Example answer

“I would start by understanding the market: the industry's growth drivers, competitive dynamics, and regulatory environment. Then I would look at the financials: revenue quality, margins, working capital, and capital expenditure requirements. I would assess the customer base for concentration and contract terms. Operationally, I would review the production process, supply chain, and any potential efficiency improvements. Legal due diligence would cover contracts, intellectual property, and compliance with ASIC and AASB requirements. Environmental factors are also critical for a manufacturer, including any remediation liabilities. I would prioritise the factors that most affect cash flow and risk, and present a clear summary to the deal committee.”