



Gkiouras Nikolaos

**Efficient Use of Leverage in Buyouts
An Application in the Greek Corporate Market**

Supervisor: Dr. Visvikis Ilias

December 16, 2005

MSc in Finance 01 (entry: September 2004)

**ALBA
LIBRARY**

Contents	Page
Abstract	3
Introduction	4
Chapter 1: The Theory	
1.1 Economic Conditions and Legislative Factors that Affect LBOs	6
1.2 Defining the Aims of the Buyer	7
1.3 Valuation of a Leveraged Buyout	8
1.4 The Mechanics of a Leveraged Buyout	13
1.5 Financial Structure of an LBO	18
1.6 Conditions for a Successful LBO	25
Chapter 2: The Research	
2.1 Research for the Business Case	27
2.2 Research Conclusion	31
Chapter 3: The Application of the Theory	
3.1 Target Company Selection	32
3.2 Company Description	32
3.3 MBO Proposal	34
3.4 Target Company Valuation	34
3.5 SPE Capital Structure	36
3.6 Financial Statement Projections for the Target Company	38
3.7 Effects of the Merger	42
Concluding Remarks	45
Bibliography	46