Abstract

Leveragedbuyout(LBO) is the acquisition of companiesin which the acquiring company to borrow some or all of the funds needed to finance the purchase. In atypical LBO, the buyer intends to pay off debt from the sale of assets owned by the company being acquired or from the profits earned by the company being acquired. Funds needed for LBO can also be obtained by issuing junk bonds. One situation that led to the LBO is when there is a conflict between shareholders and management, and the management is trying to take over ownership of the company in pimp innya by cooperating with a third party to participate LBOfund. LBO is also often used as atactic to avoid the acquisition of the target company. This study uses the banking companies that have gone public on the stock exchange Indonesia(BEI) were then analyzed using a simple linear regression. The results showed that through leverage buy outs, will occurefficiency of companies which change the structure of ownership of public company into a private company. In addition, factors that determine the success of the LBO is acompany's ability to borrow money and managed to return with out affecting liquidity and the ability of the company to have a strong management team, so it will indirectly increase the value of the company it self.

Keywords: leverage buy out, companiesvalue, obligation junk, go public companies, and simple linearregression