Vaasan yliopisto
UNIVERSITY OF VAASA

Teemu Pura

Value creation in leveraged buyouts: Does holding period matter? Empirical evidence from Finnish firm- level LBO transactions during 2006-2023

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Author:	Teemu Pura
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ABSTRACT:

The purpose of this thesis is to investigate the relationship between holding period and leveraged buyout value creation. The paper looks how target company operating performance is related to the duration of the investment by financial sponsor.

Longer holding periods have been historically considered as a two-edged sword for investors, as they can provide longer runways to create value and make operating improvements, but simultaneously the required rate of returns might become an obstacle with prolonged holding. The value creation in leveraged buyouts have been studied for ages, yet approaching the operating performance from purely holding period point-of-view focuses on a phenomenon that has been under the radar relative to purely researching operating performance, especially focusing on the Finnish Private Equity market which this thesis aims to address. The thesis combines academic literature from value creation in leveraged buyout with empirical evidence from Finnish private equity-backed buyouts to survey exclusively Finnish value creation performance.

Some studies are suggesting that there is a negative relationship between holding period duration and Enterprise Value (EV) growth (Kielenniva, 2014) and that operating improvements in EBITDA margins are often front-loaded in the first years (Kaplan & Strömberg, 2009) which could imply diminishing returns on longer periods of time.

Keywords: Private equity, leveraged buyouts, acquisitions, buyouts

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1 Introduction

1.1 Purpose of the study

Over time, leveraged buyout investments have become more relevant in academic research and also financial markets, as they have shifted from a method of financing corporate takeovers to an important tool of strategic asset allocation for pension funds, high net worth individuals and commercial banks. Private equity firms play a crucial role in creating large enterprises in Finland, as among the 500 largest companies in Finland by revenue, 18% of them have either private equity or venture capital background (FVCA). As leveraged buyouts became more common, academics like Jensen (1989) predicted that private corporations would in the future overtake public counterparts as a superior organizational form, which can later be seen as a premature prediction.

The motivation for this research paper is to support academic literature on studying how holding periods impact private equity-backed buyout performance. Torstila et. al (2022) published a paper "*Prolonged Private Equity Holding Periods: Six Years Is The New Normal?"* which studied sample from 2000-2015 on European buyouts, stating that the success of buyout is extremely sensitive to holding periods. In a new environment where holding periods are getting longer across Europe, this paper aims to identify the possible consequences of longer holding periods through what historical data has proven.

Kaplan & Strömberg (2009) emphasized the immediate operating improvements financials sponsors aim to complete, striving for fast turn-arounds and improved performance during the years 1-3, and the purpose is to shed a light are the owners able to sustain improved performance during longer holding periods, and is there a negative or positive relationship associated.

The study is based on the three hypotheses. The first hypothesis is aligning with the previous findings of Kielenniva (2014), as in more recent years holding periods have

prolonged which now evaluates the rationale of longer holding periods. The second hypothesis is inspired by Kaplan & Strömberg (2009) that argued for the front-loaded nature of operating improvements and extends the idea to evaluate whether EBITDA margins can continue to improve during the lifetime of ownership. The third hypothesis addresses the findings of Ayach et. al (2025) on Spanish LBO's which have had slowing organic growth during prolonged holding periods.

I) Longer PE ownership is negatively associated with enterprise value creation

II) Longer PE ownership is positively associated with EBITDA margin improvement

III) Longer PE ownership is negatively associated with with revenue growth

1.2 Structure of the study

This paper is divided into four main chapters. The aim of the first chapter is to introduce reader to concepts of leveraged buyouts and different types of it, history of private equity, risks and opportunities and the transaction process of LBO. The third chapter introduces the reader to different types of value creation strategies of leveraged buyouts and compiles literature review to explain the academic background. Fourth chapter focuses on data and methodology. Fifth chapter focuses on explaining the results of this research paper. The sixth chapter gives conclusion, with ideas for further research in the field of academia.

2 Private Equity industry

2.1 Private Equity as a source of capital

Private equity has become increasingly important source of funding for broad range of companies, including start-ups, private mid-size companies, publicly listed companies exploring buyout opportunities, and businesses which face financial distress. The type of financing ranges from venture capital, buyout funds, growth equity, mezzanine financing, and junior unsecured debt.

Institutional venture capital (VC) is provided mainly for risky growth-investments, whereas private equity is suited for more mature companies (Lerner & Nanda, 2020). Technology companies with highly scalable business concepts are often preferred businesses for venture capital investors due to their asset-light business model, as Smith (2021) points out. Private Equity funds often take significant ownership in their target companies and actively seek control, whereas venture capital investors focus on smaller positions.

The fundamental idea in Venture Capital funds and Private Equity funds are nevertheless similar, where general partners (GP´s) control the funds of limited partners (LP´s) and monetize through often percentage driven carry- basis from assets under management.

2.2 Risks and Opportunities of Private Equity

Due to the nature of private equity investments, the risks associated with investing in unlisted corporations differ greatly from the general stock market. Whereas publicly listed corporations have their market capitalization updated daily, private investments are based on Net Asset Value (NAV) and are updated on a quarterly basis as a norm of the industry.

Dr. Christian Diller and Dr. Christoph Jäckel from Montana Capital Partners (2015) highlight market risk, funding risk, liquidity risk, and capital risk as the most significant challenges in private equity investments. They also point out that diversifying investments can significantly mitigate capital risk and funding risk, and the role of diversification can by no means can be overlooked. Diller & Kaserer (2007) argues that the returns in private equity and stock market have no absolute correction, and in fact they seem to be associated negatively with the development of the economy (Diller & Kaserer, 2007), providing valuable hedge against the systemic risk investors inevitably face in stock markets.

Typical pension funds avoid investing directly into target companies, and instead they act as a limited partner (LP), providing the capital for a certain private equity firm, which then invests it forward to numerous target corporations and actively manages the portfolio. Private Equity firms in this scenario are called as General Partners (GP), who carry the main responsibility for the investment performance of portfolio companies. Net Asset Values (NAVs) are used as a primary valuation metric in private equity funds, as they don’t have liquid marketplaces or daily secondary transactions compared to stock market, as Diller & Jäckel (2015) states.

It is possible, in some cases that private equity investments can be traded if completing transaction is a crucial operation for selling party, however, figuring and agreeing on fair value of the ownership stake is oftentimes tricky, depending heavily on different industries. Private Equity funds use often Net Asset Value (NAV) as a metric for accounting, which is calculated by adding the net asset value, then subtracting the value of liabilities. Net Asset Value as a metric does not consider the present value of future cash flows which DCF does, which creates problems in many cases, as immaterial rights or growth of future cash flow rates are not included.

Sorensen et al. (2014) studied risk-adjusted returns of private equity and argued that IRR is a problematic measure of economic performance, as it assumes capital can be re-invested at same rate of return, and as it is an absolute measure of performance, without benchmark relatives. Private Equity funds which amass a large quick return from an early, small investment can easily have high IRR, as IRR does not consider the so-called "zombie" companies, which the fund has invested in earlier without new financing rounds or completed exits, and the fund has not written off the initial investment before an exit event occurs, leaving these companies to the portfolio of the private equity fund with little actual economic value (Sorensen et al, 2014).

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2.3 LBO Transaction Process

Nicolaus Loos (2007) divides LBO buyout process in four different phases in his research: Target selection, due diligence and deal structuring, post-Acquisition management, and eventually exit, as illustrated in the following graph:

Figure 1: Overview of the Buyout Process (Inspired by Loos, 2007)

The first phase is the “target selection” in which the LBO firm begins to screen potential investment opportunities that could meet the high demands of limited partners for Internal Rate of Return (IRR). General Partners often rely on their superior contacts, but also on the help of investment banks finding suitable targets.

After GP´s have found a suitable target company to acquire, up next is the potentially lengthy process of due-diligence and deal structuring. As Bruun (2007) states, the role of due diligence is to minimize the risks of upcoming surprises during post-acquisition and integration phase. Due-Diligence, as Sherman (2010) argues, could be viewed as a reality test for the transaction, on whether the transaction is as attractive, as it might seem on paper during planning-stage. Galpin & Herndon (2008) argues that due

diligence process completed by PE funds should include financial, cultural, operational, legal, environmental, and strategic analyses.

In this process the GPs start to create a detailed business plan for the proposed investment, and financial terms and conditions are negotiated with the current owners of the company. Cumming & Zambelli (2017) investigated the economic value of due-diligence in private equity context and found that time performed on doing due-diligence internally can add substantial economic value for future investment performance. PE Funds spend on average 7 weeks' time on performing due-diligence, and Cumming & Zambelli (2017) argued that the usage of 4 extra weeks on DD can double the 3-year ROA investment performance.

After the acquisition has been completed, we move on to post-acquisition management phase. In this phase, the new owners begin to exercise their managerial rights on the buyout target. Financial engineering and operational engineering both arrive to the scene at this point, whereas Loos (2005) argues, the most value is captured in the transaction. It is estimated that as much as 2/3 of the value created in leveraged buyouts are created in "post- acquisition management" phase, where GPs exercise their superior expertise on both financial and operational engineering and revive the entrepreneurial spirit as an oppose to traditional management hierarchy of publicly listed firms

In the exit phase, there is traditionally three ways for financial sponsors to exit their investment: Initial Public Offering (IPO), a sale to a strategic buyer or to "re-leverage" the buyout with secondary buyout (Loos, 2005). Secondary buyouts have become increasingly common during recent years, alleviating the common claim that leveraged buyouts are mainly targeting mismanaged corporations, which are then fixed, repackaged and sold back to public equity markets (Wang et al, 2013). Alternatively, in the case of unsuccessful LBO investment, bankruptcy procedures and debtors taking hold of the company´s assets may take the role of exit, as Loos (2005) states.

2.4 Characteristics of the ideal LBO candidate

One of the key components on ideal LBO candidate is to have strong, predictable cash flows to service the financing costs of the acquisition (Kravis & Kohlberg, 1989). On the financial side, GPs often also look for a demonstrated history of strong profitability, hard assets and low capital expenditure requirements (Selling & Törnblom, 2016). However, Elmberger & Mally (2018) studied the characteristics of the ideal LBO candidate in Europe and argued that the state of credit markets could also play a role on characteristics, as cheaper credit could reflect as decreased demands on stable and high free cash flows.

On the business side, a strong management team is a crucial part on the commercial due-diligence process. Kravis & Kohlberg (1989) argues that in addition to strong management team, products with well-known brand name and strong market position, potential for real growth in the future, having products which are not subject to rapid technological change, status as low-cost producer within an industry, and having products which are not subject to rapid technological changes would serve as additional criteria on business side for the ideal LBO candidate.

An LBO candidate should ideally operate within a sector that is considered non-cyclical, as the capital structure of the company is loaded with debt and average holding periods range from 5 to 10 years, financial sponsor should be able to foresee steady ability to serve principal and interest rates, as Kaplan and Strömberg (2009) argue in their paper. Having a strong asset-base and tangible collaterals in the balance sheet such as properties, equipment or physical inventories then enable higher usage of leverage as the bank perceives collaterals as reducing lender risk, whereas pure restrictive covenants or corporate collaterals themselves don't create similar type of liquidation value for the lender party.

2.5 Types of leveraged buyouts

Leveraged buyouts can be separated into three different occasions, Management Buyin (MBI), Management Buyout (MBO) and Institutional Buyout (IBO). In this chapter I will be identifying these three types of leveraged buyouts.

2.5.1 Management buy-out

Management Buyout (MBO) is a type of leveraged buyout where the incumbent management team acquires majority share of the business currently in charge of. Motives for completing a management buyout could range from a vision that public equity markets do not reflect the intrinsic value of the actual business making it *undervalued*, or as a defensive move to avoid hostile buyout from a competitor. Critics of management buyouts (MBOs) frequently argue that incumbent management teams may intentionally understate financial forecasts and misrepresent future earnings, given their incentive to negotiate a lower valuation (Loos, 2007). As noted by Bruner and Paine (1988), public scrutiny often focuses on the potential conflict of interest, questioning whether managers can maintain objectivity and integrity while simultaneously acting as both buyers and sellers in the transaction.

2.5.2 Management buy-in

In Management buy-in (MBI) an external, incoming management team funded by outside investors acquires control of the target company (Loos, 2007). The motivation for management buy-in is similar to management buyout in that sense that buyers often believe the company is either undervalued or the incumbent management team is not capable of unleashing the full potential of the business in it’s current form.

2.5.3 Institutional buyout

The historical trajectory of IBOs can be traced back to the 1960s when pioneering firms such as Kohlberg Kravis Roberts & Co. (KKR) laid the groundwork for this strategic financial approach (Kaplan et al, 2009).Institutional buyouts refer to a situation where an institutional investor such as private equity firm, or a financial institution such as commercial bank performs acquisition by purchasing controlling stake (over 51%) of a target corporation using leverage.

Institutional buyouts can be a result of an agreement between acquiring party and current owners, meaning that existing management does not necessarily play a part in takeover, which could result in as hostile takeovers. What separates MBOs from IBOs is the agreement how management team has gained it´s equity stake on this newly established private firm, as in IBOs they gain equity stake as component of remuneration package, and in MBOs the management team has gained it through being a part of the bidding group (Renneboog & Vansteenkiste, 2017).

2.6 Private Equity funds

Private equity funds are similar to mutual funds or henge funds, as the fund manager in neither operations pools the money from investors together, and uses that money for generating returns for investors.

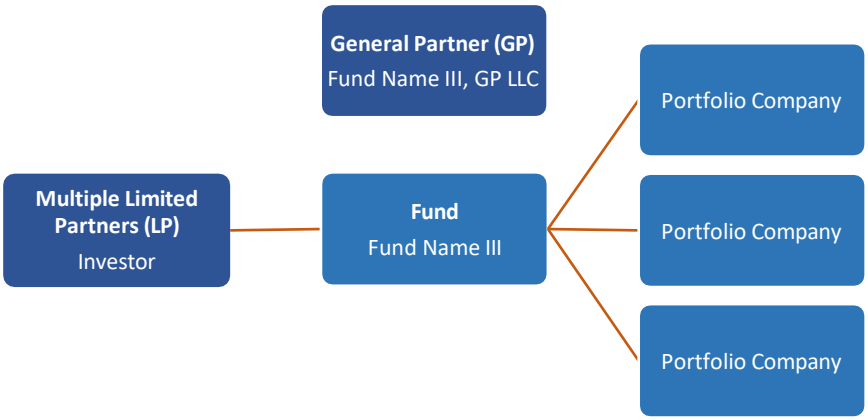

Figure 2: Leveraged Buyout Transaction Structure

As we can see from Blackstone´s illustration, limited partners (LPs) act as a key component in private equity funds, as they are the one´s providing vast majority of the capital. Limited Partners however, oftentimes do not provide anything besides their allocated capital for the fund, and remain sidelines as General Partners manage the fund and control portfolio companies.

As Söderblom (2011) points out, private equity investing strategies has surprisingly small amount of existing research and academic literature, despite the ever growing amount of capital which has flowed in to it as an alternative investment class.

Axelson, Strömberg & Weisbach (2009) raises an interesting point on the pure ex ante capital raising strategy of private equity funds, as it leaves GP with significant freedom

regarding investment allocation. Private equity funds are fixed-term from duration perspective, meaning that as the end of the investment horizon is nearing and GP has not found that many good deals for instance because of capital market conditions, the GP has incentive to go “broke” and invest in bad deals to avoid the situation of unallocated capital and therefore missing carry-fees of the fund. The optimal capital structure of a private equity fund would therefore be a combination of ex ante and ex post capital to preserve the incentive to avoid bad deals in bad times according to Axelson, Strömberg & Weisbach (2009)

2.7 Private Equity in Finland

In 2022 Finland, there exists 280 private equity funds and 97 private equity investment firms, also known as financial sponsors. During 2007-2022 there were made 9 265 transactions in buyout and growth equity – segments, with 2 203 target companies (FVCA).

As the graph below illustrates, during 2022 there were overall 1,5 billion euros invested into Finnish firms in growth equity and buyout sentiments. From the 1,5 billion the share of foreign capital was 1 billion, which illustrates the essentiality of foreign investors in Finnish private equity market.

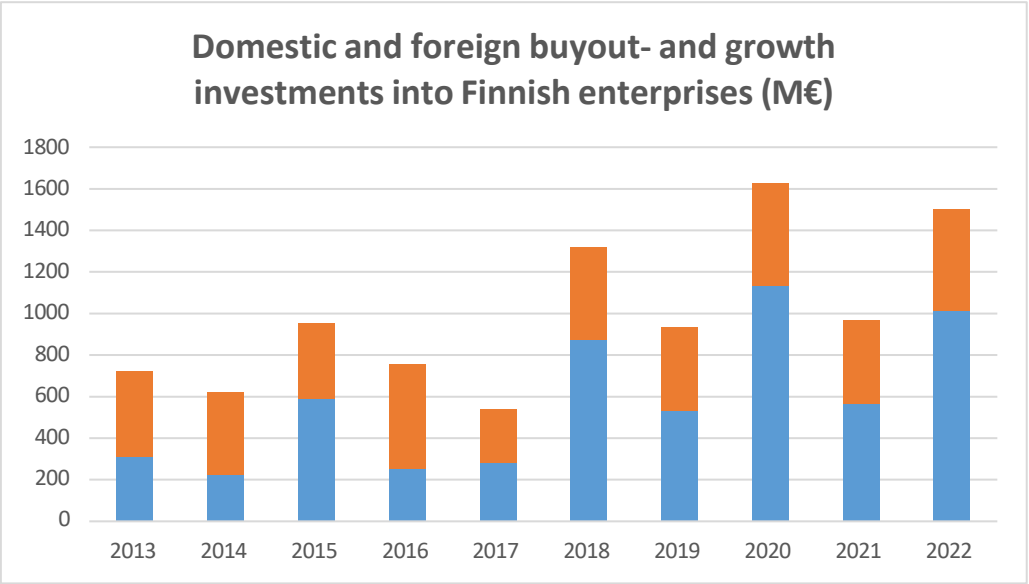

Figure 3: Private Equity investment volumes in Finnish enterprises

In the table above, blue stacks represent domestic investors and orange palks represent foreign capital investors. As visualized, the amount of invested capital has increased dramatically since 2017, when the private equity capital volumes more than doubled, highlighted by the increased flow of foreign capital in Finland-based companies.

During timeline of 2013 – 2022, successfully exited investments by private equity firms in Finland have annually ranged between 28 and 58, with 2021 having the largest number of exits completed with 58 exits performed. As we can see, the exit market is heavily influenced by favorable stock market conditions. During 2022 as markets witnessed headwinds by rising inflation and geopolitical uncertainty, the number of exits dropped by 33% compared to previous year of 2021 (FVCA).

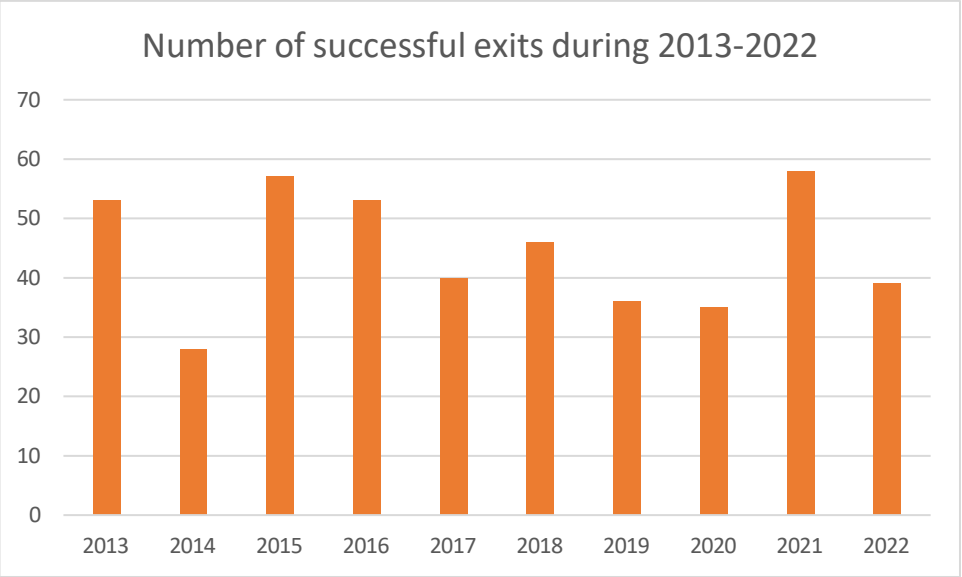

Figure 4: Successful exists during 2013-2022 in general Finnish private equity

As the exit is essentially based on three options, public listing of the target company, sale of the company to industrial strategic buyer or completing secondary buyout with selling the company to another private equity firm, cost of investment reflects heavily on deal volumes as companies need to be able to generate sufficient cash-flow to cover interest rates, and also private equity firms need to be able to generate sufficient internal rate of return (IRR) to satisfy their limited partners.

2.8 Economic impact in Finland

In November, 2024 FVCA and PwC completed an impact-themed research where they argued that private equity-backed companies are growing their personnel count significantly faster than peer companies, outpacing them by 29% year-on-year basis in a 5-year range (FVCA, 2024). This finding contradicts the common misconception that private equity companies are keen to create value by cutting overhead costs and reducing the number of employees after acquiring controlling stake in target companies.

On a 3-year basis, buyout portfolio companies increased their personnel by 36% whereas peer companies average was only 1%. The explanatory factor is partially the fact that according to FVCA, 81% of their headcount is coming from inorganic growth, acquisitions.

The economic tax footprint of Finnish private equity-backed companies is estimated to be €3.8 billion in 2022, according to overall 4% of Finnish tax base (FVCA, 2024). This emphasizes the significant impact capital markets and private equity has to modern society and its funding base. In 2023, PE backed companies generated over 2 000 new jobs in a market that was seen an economic downturn. In 2023, Finnish companies accounted for 19% of all Nordic LBO transactions by frequence but only 12% of total capital invested, which illustrates the small and midsized driven market in more broader context (Argentum, 2024). The Finnish buyout market is characterised by a concentration in industrial and manufacturing sectors, which reflects the general Finnish economy.

2.9 Capital structure of leveraged buyout investments

Leveraged Buyout transactions are typically financed by various tranches of debt, ranging from senior secured loans to junior subordinated loans. According to Ram (2018) roughly 40-85 percent of the financing is based on senior debt, provided by banks.
The next instrument is subordinated debt, also known as “mezzanine” debt which in general covers 10-40 percent of the financing structure. Mezzanine debt has higher interest rates, but also weaker collaterals in the case of restructuring or bankruptcy.

Roden & Lewellen (1995) studied corporate capital structure decisions in leverage buyouts during the years 1981-1990 with a sample size 107 transactions and did not find evidence of correlation between target company size and leverage ratio. The findings included that if the target company has possibilities for significant revenue growth, the

financing package usually includes reduced cash-flow items where principal and interest payments are deferred to the future, such as payment-in-kind obligations and no-coupon junior bonds. Overall, in their sample the average share of bank debt was 62.0%, with other debt securities at 23.2%.

3 Literature review

Private equity theory has addressed several hypotheses for value creation in leveraged buyouts, but they can be refined to three different general principles according to Kaplan & Strömberg (2009): Financial engineering, operational engineering, and governance engineering. Other important principles include agency theory created by Jensen and Meckling (1976), and capital structure irrelevance theory provided by Modigliani & Miller (1958). In this chapter I will discuss these theories and summarize literature review on leveraged buyouts.

3.1 Agency theory

As Hannus (2015) describes, Agency theory has been for decades the cornerstone of academic research in leveraged buyouts. It was already in 1776, as Adam Smith argued that managers cannot be expected to watch over other people's capital with the same integrity and focus as they would their own. Agency theory was then brought to popularity by Jensen and Meckling (1976), and it explores the conflicts of interest between principals (owners) and agents (managers) due to misaligned incentives and information asymmetry. Jensen and Meckling define agency costs as the sum of three factors: Monitoring expenditures by the principal, the bonding expenditures by the agent and the residual loss. In the context of leveraged buyouts, as the management team often receives equity with attractive terms, also known as "sweet equity", they have the same incentives as owners which then decreases *agency costs* described by Jensen and Meckling (1976).

The key incentive is that if companies use debt in context of leveraged buyouts, the debt has disciplinary effect on management usage of cash flow. Managers have often tendencies for empire building, and they might spend free cash flow on projects that are not crucial for the success of the company. As the debt burden reduced free cash flow available, the management must be more precise and thoughtful of using cash flow to

be able to service debt and avoid unproductive investments.

Another key aspect on agency theory is the *moral hazard* regarding spending of excess cash flow. Management could be tempted to participate in projects with higher risks than anticipated, as in the event of significant value destruction, the management does not risk their personal capital, but has high upside potential, enabling an asymmetric risk-adjusted return for the management team.

Agency theory critics have argued that Jensen is essentially mixing sociology and economics, as it takes a simplistic view on human nature of striving for personal gain and power when it comes to managerialism (Hirsch et al, 1987). However, as Balsyte & Möller (2012) argued in their research regarding behavioral finance application to senior management decision-making in M&A deals, that prone to feelings-driven decision-making is a very common trait in deals.

3.2 Capital structure irrelevance theory

The Modigliani and Miller (M&M) theory is one of the cornerstone theories in corporate finance, where mix of debt and equity is researched through value creation point of view. Originally proposed by Modigliani and Miller in 1958, their theory argues that in a perfect market where taxes, transaction costs and information asymmetry is dismissed, firm's value is independent of the debt-equity ratio in capital structure (Modigliani & Miller, 1958).

In broader LBO context, the M&M theory has been played a big role in understanding how leveraging impacts value. As their theory is assuming a neutral standpoint on leverage under the ideal conditions, in real world circumstances the presence of tax shields, financial distress costs, and agency conflicts emphasizes the role of debt in influencing returns and operational results. The tax deductibility of interest payments in LBOs aligns with the M&M proposition on the tax advantage of debt (Modigliani &

Miller, 1963), suggesting that leveraging can improve value creation by reducing the firm's tax burden.

Modigliani & Miller capital structure theory essentially contradicts Jensen's Agency theory, as in agency theory the debt burden and stricter usage of cash flow is a significant component of value creation by minimizing empire building and lenient spending of cash, while Modigliani & Miller argue that the value of levered firm is equal to unlevered firm. Simply put, Modigliani & Miller argues that once a firm has decided it's real investments, how they decide to finance their existing dividend policy does not matter. The paper is often misunderstood in the eyes of academics and finance practitioners, as Modigliani & Miller's fundamental idea is to provide framework for the idea that capital structure determines how its cash flows are being distributed, but not the total cash flows. As the total value of a firm is derived from its cash flows, it's like idea that pizza can be divided into as many slices as possible, but the size of the pizza still does not change.

Critics of capital structure theory irrelevance often point out that it is too detached from real-life implications and based on purely theoretical set of assumptions, as it does not take into consideration bankruptcy risks and fluctuations of interest rates through macroeconomic cycles.

3.3 Value creation with governance engineering

Kaplan and Strömberg (2009) has described that governance engineering refers to method of how PE firms are managing the boards of their portfolio companies. PE owners are known to be more actively involved board governance compared to their public peers and can make quick changes if the target company performance is lacking target levels. Replacement of the existing management team is one of the most well documented action in leveraged buyouts when changes are needed.

Hermalin and Weisbach (1998) studied the relationship between board structure and firm performance and found out that companies with smaller boards that have a higher number of outsiders can outperform their peer companies. This finding is consistent with the hypothesis that private equity firms can improve value creation in LBOs through closer monitoring of the board and operating management team. Similarly, Acharya, Hahn, and Kehoe (2009), in their study of 66 large UK LBOs from 1996 to 2004, find that abnormal returns by private equity funds and GPs have a positive correlation with active ownership and governance engineering. Their policy findings highlight governance practices such as replacing the CEO, increased frequency in board meetings with less members, and management equity stake in the company. These findings are consistent with Bedu and Palard (2021), who also documented more frequent board interactions and greater management ownership in leveraged buyouts. Acharya et al. (2009) further argue that for mature private equity firms, operational turnarounds are a key value driver in leveraged buyouts.

Wright et al. (2001) suggested that leveraged buyouts offer managers with an entrepreneurial mindset the chance to rebirth their passion, treating the company like a start-up. In this setting, they can focus less on meeting quarterly earnings targets and more on improving operations, while also managing the debt that comes with the buyout. Hite and Vetsuypens (1989) examine management buyouts and their impact on shareholder value, finding that the potential for cost reductions in decision-making and control processes is a key factor driving productivity and value creation, especially compared to public companies. Liebeskind, Wiersema, and Hansen (1992) studied management incentives in LBOs as a way of value creation, finding results consistent with Jensen's agency theory. They argued that value creation in leveraged buyouts is driven from increased managerial incentives through governance engineering, with managers abandoning empire building and excessive growth plans leading to improved performance. Nevertheless, they found no evidence to support the idea that diversification in public companies leads to operative inefficiencies. Crutchley & Hansen (1989) found evidence supporting Jensen´s agency theory and pointed how managerial

common stock ownership inversely relates to the degree of common stock diversification.

3.4 Value creation with financial engineering

Loos (2007) noted that private equity firms frequently apply their strong understanding of financing arrangements and capital markets during buyout phase and often collaborate closely with portfolio company management team during LBOs. This approach also known as financial engineering is used to increase the returns for shareholders. As private equity companies are repetitive lenders from banks and often have solid reputation and negotiation skills, they can foster competition among lenders and secure more favorable loan term sheets and covenant structures. According to Drazba (2015), a large upside of financial engineering is reduction of a company's weighted average cost of capital through the increased use of debt, as debt financing is often cheaper than equity financing.

Lakhotia (2019) argued that PE funds should emphasize financial engineering and paying down debt of the portfolio company during holding period, instead of reinvesting free cash flow into business operations, as paying debt is safer with reduced risk of insolvency rather than seeking growth from new possibilities. Codina (2020) added that while debt doesn't directly improve returns, it has an amplifying nature on making good investments even better, and it makes bad investments even worse. The findings of Lakhotia (2019) contradict earlier research by Achleitner et al. (2010), who analyzed value creation drivers in private equity buyouts and concluded that approximately two-thirds of the value came from operational improvements, while only one-third was related to financial engineering. According to Achleitner et al., key components of operational engineering included EBITDA growth and increased free cash flow, which collectively accounted for 46% of the value created. These findings are supported by Söffge and Braun (2018), who examined 127 buyouts across Austria, Germany, and the Czech Republic, finding that roughly one-third of value creation was driven by financial engineering, with the remaining two-thirds resulting from operational enhancements

and favorable market dynamics.

Guo et al. (2011) argued that higher gearing level in LBOs can lead to stronger cash flow performance, despite the increased risk of financial distress. The analysis of 192 LBOs supported the idea from *agency theory* that higher amount of leverage helps control inefficient use of excess cash by the management team. However, they also cautioned that the benefits seen from financial structuring and operational improvements may not be sustainable in tougher credit environments. Highly leveraged buyouts are more exposed to cost of debt and overall sentiment of credit markets, and during less favorable conditions, the companies would need to rely more heavily on operational improvements done by the management team and general partners.

3.5 Value creation with operational engineering

Financial engineering was the main driver of value creation in leveraged buyouts during the 1980s and 1990s according to Codina (2020), however, the emphasized shifted gradually to operational engineering during the years, which is currently seen as the main value driver in leveraged buyouts. In his research, Codina (2020) identified five primary ways to improve operational performance: Increasing sales, cutting overhead costs, improved capital management, implementing shared services, and boosting gross margins. Opler (1992) analyzed 44 take-private deals from 1985 to 1989 and found out that the median ratio of operating cash flow to sales rose by 11.6% over that period, suggesting better operating efficiency post-buyout period.

Datta et al. (2013) studied restructuring activities in 208 reverse leveraged buyouts between 1978 and 2006 and found strong evidence that operational engineering plays an important role in value creation. Their study emphasized how private equity firms drive value through cost-cutting activities such as workforce reductions, stricter cash management policies, and efficiency improvements that lead to higher gross margins.

In combination with the tax shield from leverage, these strategies were key contributors to shareholder value. These findings align with the research of Berg and Gottschalg (2003), who argued that post-buyout, private equity sponsors impose significantly stricter financial discipline. In practice, portfolio companies typically operate with leaner working capital than industry peers, driven by tighter inventory management and more stricter management of account receivables.

Contradicting the majority, Leslie & Oyer (2008) studied managerial incentives role in private equity value creation, using sample of 144 companies that were owned by private equity firms during 1996 to 2005, and argued that despite the fact that compensation benefits of the management team in private, PE owned firms differ drastically from public counterparts, Leslie & Oyer (2008) did not find any significant improvements in operating performance, which questions the legitimacy of high-powered compensations. As Leslie & Oyer (2008) argues, if improved incentives were key for improved operating performance, why public counterparts would not follow the example.

Kaplan and Strömberg (2009) find that the empirical evidence broadly supports the view that leveraged buyouts enhance operational performance and improve workforce productivity. As opposed to the common criticism related to short-termism and value destruction, their research finds no evidence to substantiate such claims. Lakhotia (2019) contradicted these findings in his study of 204 reverse leveraged buyouts (RLBOs), presenting findings that challenged the idea of too short-termed focus. Lakhotia argues that the likelihood of private equity firms achieving successful operational improvements in RLBOs is no better than a coin toss, which raises questions on the effectiveness of operational engineering in these cases.

3.6 Bank relationships and cost of capital

Bank lending and leniency of credit markets play a pivotal role in leveraged buyout transactions. Ivashina & Kovner (2011) study the relationship between LBO firms and banks who acts as lenders and find that financial sponsors are able to negotiate lower credit spreads and lenient covenants with their trustee banks. Ivashina and Kovner (2011) argue that the operative motives for banks are cross-selling opportunities to private equity firms and lowering information asymmetry through repeated relationships in syndicated loan projects. The research argues that one-standard-deviation increase in bank relationship strength would be associated with an 3% decrease in interest rate spread, and a 4% increase in maximum debt to EBITDA covenant. This in practice, would result in 4% increase in equity return to the target company completing leveraged buyout.

Alperovych, Divarakuni & Manigart (2022) studied information spread in bank networks and the value of relationships during LBO´s and argued that one-standard-deviation increase in lead bank diffusion increases loan maturity up to 1,2 months and lowers the probability of collateral demands by up to 16%. Overall, as Berg & Gottschalg (2003) stated, private equity buyers are likely to be repetitive lenders with banks, and as their reputation is at stake during deals with higher leverage levels, banks are more likely to offer debt financing with more lenient terms.

3.7 Holding period impact on leveraged buyouts

Abarca, A., & Bengtsson, A. (2026) studied operating performance of Private Equity Buyouts in Sweden and found evidence of downward trending sales growth for target companies and downward ROIC metrics for investors the longer holding period extended. Martinez et. al (2023) studied Spanish secondary buyout value creation, and

similar to Kaplan and Strömberg (2009) they argued that EBITDA margin improvements were biggest in the first years after acquisition, and during the end-phase of holding period the EBITDA margin had downward sloping effect. This is in line with previous research, where it is argued that financial sponsors create the largest share of operational engineering on target companies during the beginning-phase of the acquisition. Kielenniva (2014) studied Finnish Private Equity buyouts and argued that there is a negative relationship between holding period and Enterprise Value. The direct causality research between holding period and operating performance remains remains limited, as many of the papers focus on absolute returns. As companies in general enter to mature-stage, according to financial literature the growth should at some stage start to edge closer to GDP as otherwise the companies would overtake GDP figures with infinite delta and overperformance in comparison.

4 Methodology & Data

The data for this thesis was collected from The Finnish Patent and Registry Office's database through VIRRE-tool. In total, 144 financial statements were used in final sample from 2006-2023 time-period, which comprised of 77 private equity leveraged buyout transactions. The universal aspect for the Finnish companies selected is that in all there has been a change in ownership through financial sponsor either in entry or exit phases. The original rough sample list of transactions was received from FVCA (Finnish Venture Capital Association), which was comprised of private equity investments in Finland including growth equity and venture capital investments – this was then limited to include only pure leveraged buyout investments.

4.1 Data description

The entry year of investments range from 2006-2018, giving holistic framework through versatile economic cycles and boom-and-bust periods such as financial crisis during 2007/2008. The raw sample pool consisted of 220 Finnish private equity transactions, from which final hand-picked sample of 77 were chosen for the data sample.

Manufacturing and industrial equipment is the biggest sector with 23 investments from 77, which is a good reflection of LBO targets described as industrial companies often have more stable cash flows and a strong asset base that can carry the increased debt burden. Second largest sector is the business services and fintech which is also characterized by recurring revenue and stable cash-flows as the companies have reached a steady-state mature phase. In 2016, six companies from manufacturing and industrial equipment – sector were exited, which was the most from the sector during observation period.

In total there is 11 different sectors included in the sector deviation, where technology companies are gathered under "business services and fintech" and industrial firms

under “manufacturing and industrial equipment”. “Biotech and life sciences” and “cleantech and bioeconomy” have in total only two transactions, which is not surprising given the nature of the business is often highly R&D intensive and path-to-profitability is relatively long with capex-intensive production ramp-up phases, which are not the most ideal characteristics of leveraged buyout target companies. The tables below show the sectors and yearly transactions that was used in this thesis.

Industry	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Biotech and life sciences											1		
Business services and fintech				1		2	1	2	3		3	1	4
Cleantech and bioeconomy									1				
Energy and Infrastructure									1	1			
Gaming and Entertainment									1				
Healthcare and medtech			3		2			2	2	2	2	1	1
Lifestyle and Consumer goods					2				2				
Logistics and Transport						1			1		1		1
Manufacturing and Industrial Equipment	2	2	3		2	2	1	3	2	6			
Real estate and hospitality													
Retail and Distribution				2		1	2		1		3		
Total observations in period	**2**	**2**	**6**	**3**	**6**	**6**	**4**	**7**	**14**	**9**	**10**	**2**	**6**

Table 1. Entry year and sector of sample buyout investments

Industry	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Biotech and life sciences										
Business services and fintech	2	1		5	3	2		1	4	1
Cleantech and bioeconomy				1						
Energy and Infrastructure			1		1					
Gaming and Entertainment					1					
Healthcare and medtech	1	2	3	2	2			2	2	1
Lifestyle and Consumer goods						1	3			
Logistics and Transport							1	1	1	1
Manufacturing and Industrial Equipment		4	4	3		4	4	2		1
Real estate and hospitality									1	
Retail and Distribution	1	3	2				1			1
Total observations in period	**4**	**10**	**10**	**11**	**7**	**7**	**9**	**6**	**8**	**5**

Table 2. Exit year and sector of sample buyout investments

4.2 Variable definitions

This section defines the dependent, independent, and control variables used in the regression analysis. Three dependent variables capture different dimensions of value creation during the PE ownership period. The main independent variable is the duration of ownership. Control variables account for firm-level characteristics at exit.

4.2.1 Dependent variables

Percentage change in enterprise value (% EV Change): Enterprise value is calculated as the sum of book equity and net debt at entry and exit. The percentage change is defined as the difference between exit and entry enterprise value, divided by entry enterprise value. The purpose is to capture the total relative value created during the ownership period in and is used as the dependent variable in Model 1.

Change in EBITDA margin (EBITDA Margin Δ): EBITDA margin is here defined as EBITDA divided by sales. The change is calculated as the difference between EBITDA margin at exit and EBITDA margin at entry. This variable captures whether operating profitability improved during PE ownership and serves as the dependent variable in Model 2. EBITDA margin improvement is often used as measuring the operational value creation in the existing literature (Acharya, Gottschalg, Hahn & Kehoe, 2013).

Compound annual growth rate of sales (Sales CAGR): Sales CAGR is calculated as the ratio of exit sales to entry sales, raised to the power of one divided by the number of ownership years less one. This annualized growth measure is capuring rate of revenue expansion during the holding period and is used as the dependent variable in Model 3.

4.2.2 Independent variables

Holding Period (HP): Measured as the difference between the exit year and the entry year, capturing the duration of private equity ownership in years. This is the main independent variable in all three regression models. The median holding period in the sample is five years which is in line with the existing literature (Kaplan & Strömberg, 2009; Strömberg, 2008).

4.2.3 Control variables

Firm Size: Defined as natural logarithm of sales at exit. This variable controls for the potential scale effects in value creation.

Leverage (Exit): Calculated as net debt divided by total assets at exit, where net debt refers to interest-bearing debt less cash and cash equivalents. This captures the capital structure at the end of PE ownership. Leverage is often considered one of the primary control variables and also a disciplinary method for management (Jensen, 1986)

EBITDA Margin (Exit): Defined as EBITDA divided by sales at exit. This variable controls for profitability level of the company during exit. It is included in Models 1 and 3 but excluded from Model 2, where the dependent variable is the also change in EBITDA margin. All control variables are measured at the exit year instead of entry in order to be consistent with the cross-sectional design to treat transactions as singular.

4.3 Methodology

The study uses median univariate test like Klinga (2018) and additionally an OLS regression with three models is performed to support statistical analysis. Median univariate tests are applied to three entry-to-exit change variables. The primary analysis is

carried out using ordinary least squares (OLS) regression. The general regression formula for measuring value creation is the following:

$$\text{ValueCreation}_i = \alpha + \beta_1 \text{HoldingPeriod}_i + \beta_2 \text{FirmSize}_i + \beta_3 \text{Leverage}_i + \beta_4 \text{EBITDAMargin}_i + \varepsilon_i$$

where "$_i$" is indexing individual transactions. The dependent variable changes across specifications in order to capture value creation. In the Model 1, the dependent variable is the percentage change in enterprise value, defined as (EV_exit − EV_entry) / EV_entry. In the Model 2, it is change in EBITDA margin between exit and entry. In the Model 3, it is the compound annual growth rate (CAGR) of sales over the holding period. Main independent variable in all three models is Holding Period, measured as the number of years the target company remained under PE ownership.

5 Empirical results

The purpose of this chapter is to present empirical results from the 77 Finnish private equity-backed leveraged buyout transactions. First, descriptive statistics summarizes key characteristics of the sample at both entry and exit. Secondly, a correlation matrix examines the relationships between the dependent and independent variables. Third, ordinary least squares (OLS) regression analysis is used to test the three hypotheses regarding the relationship between ownership duration and value creation. The dependent variables captures value creation through the percentage change in enterprise value, improvements in operating margins, and revenue growth during the holding period.

	% EV Change	EBITDA Margin Δ	Sales CAGR	Holding Period	Firm Size (Exit)	Leverage (Exit)	EBITDA Margin (Exit)
N	77	77	77	77	77	77	77
Mean	1,5094	0,0318	0,1830	5,3896	17,3040	0,1521	0,1068
Std. Dev.	3,0591	0,1882	0,2702	2,7442	1,3700	0,2367	0,1125
Min	-0,8048	-0,2062	-0,1631	2,0000	13,9253	-0,4893	-0,3711
P25	0,0661	-0,0270	0,0375	3,0000	16,6368	0,0000	0,0515
Median	0,6548	0,0000	0,1210	5,0000	17,2968	0,0653	0,0880
P75	1,8709	0,0455	0,2143	7,0000	17,9457	0,3158	0,1534
Max	21,5408	1,5042	1,5584	13,0000	20,6568	1,2015	0,4206
Skewness	4,4160	6,4954	3,0416	1,1247	0,1852	1,4184	-0,1433
Kurtosis	28,1837	53,4319	15,0334	3,8722	3,5925	7,6782	7,3946

Table 3: Descriptive statistics from the sample

The above table presents descriptive statistics for the variables used in the empirical analysis.

Descriptive statistics show large heterogeneity across the value creation measures. The percentage change in enterprise value (% EV Change) has a mean of 1.51 and a median of 0.65, which implies that the typical transaction experiences more modest growth relative to average transaction which doubles. Distribution is heavily right-skewed

(skewness of 4.42) with high kurtosis (28.18), confirming that a small number of successful transactions drives the mean number upwards. EBITDA Margin Δ has a mean of 0.03 and a median of 0.00, suggesting that the typical transaction sees little change in operating profitability. The high skewness (6.50) and kurtosis (53.43) point to extreme observations, consistent with prior research on buyout operating performance. Sales CAGR has a mean of 18.3% and a median of 12.1%, showing a positive revenue growth across the sample.

Within the independent variables, holding period ranges from 2 to 13 years with a median of 5 years. Firm size at exit has a mean of 17.30 and low dispersion (standard deviation of 1.37). Leverage at exit has a mean of 0.15 and a median of 0.07, with some transactions showing negative net debt positions and others being more highly leveraged (maximum of 1.20). EBITDA margin at exit has a mean of 10.7% and a median of 8.8%, with one more visible outlier at -37.1% that contributes to the elevated kurtosis of 7.39.

	% EV Change	EBITDA Margin Δ	Sales CAGR	Holding Period	Firm Size (Exit)	Leverage (Exit)	EBITDA Margin (Exit)
% EV Change	1,000						
EBITDA Margin Δ	0,053	1,000					
Sales CAGR	0,230	0,104	1,000				
Holding Period	0,210	-0,086	-0,226	1,000			
Firm Size (ln Exit Sales)	0,267	-0,242	-0,197	0,055	1,000		
Leverage (Exit)	-0,024	-0,102	-0,035	-0,052	0,194	1,000	
EBITDA Margin (Exit)	0,038	0,383	-0,330	-0,067	0,010	0,028	1,000

Table 4: Correlation matrix

The correlation matrix above presents paired correlations between all dependent and independent variables. The analysis suggests that multicollinearity is not a concern in the regression analysis as correlations remain low. This is confirmed by the maximum VIF of 1.04 reported in the regression results in the later-stage of this paper.

Among the dependent variables, % EV Change and Sales CAGR are positively correlated (0.230), indicating that transactions with higher revenue growth also tend to show greater enterprise value growth. The correlation between EBITDA Margin Δ and EBITDA Margin at Exit is the strongest in the matrix (0.383). The correlation between Holding Period and % EV Change is positive (0.210), providing preliminary contradiction for Hypothesis H1. Holding Period is negatively correlated with Sales CAGR (-0.226), foreshadowing the regression finding discussed below. Among the control variables, the correlations with each other and with the main independent variable are low.

	Log EV Multiple	**Sales Change**	**EBITDA Margin Δ**
Median change	-0,21	0,44	-0,07
Non-zero observations	77	77	77
W+	967	2 829	1 618
W-	2 036	174	1 385
Approx. z-stat	-2,7139	6,7403	0,5915
Approx. p-value	0,0066	0,0000	0,5542
Significance	***	***	

Table 5: Univariate analysis

The univariate analysis above shows Wilcoxon signed-rank tests for key entry-to-exit changes in value. Median sales growth is positive and statistically significant at the 1% level. In contrast, the median log change in EV/EBITDA is negative and statistically significant. The median change in EBITDA margin is not statistically significant. The value creation in the sample is therefore more closely associated with revenue growth rather than with multiple expansion or EBITDA margin improvement.

	Model 1 (H1)	*Model 2 (H2)*	*Model 3 (H3)*
		EBITDA Margin	
	% EV Change	**Δ**	**Sales CAGR**
Holding Period	**0,2173**	**-0,0052**	**-0.0236****
	-0,1753	-0,004	-0,0097
Firm Size (ln Exit Sales)	**0,6009**	**-0,0311**	**-0,0354**
	-0,424	-0,0344	-0,0301
Leverage (Exit)	**-0,8707**	**-0,0489**	**-0,0036**
	-0,9996	-0,0387	-0,1098
EBITDA Margin (Exit)	**1,3739**		**-0.8274***
	-2,4163		-0,4423
Constant	**-10,0743**	**0,6054**	**1.0118***
	-7,788	-0,6148	-0,5956
N	77	77	77
R^2	0,1164	0,0677	0,2032
Adjusted R^2	0,0673	0,0294	0,1590
F-statistic	0,547	1,199	1,653
F p-value	0,7017	0,3164	0,1704
Max VIF	1,04	1,04	1,04

**** p<0.01, ** p<0.05, * p<0.1. Robust standard errors (HC1) in parentheses.*

Table 6: OLS Regression Results (Non-Winsorized)

OLS regression results are presented in the table above for the three value creation measures. Model 1 estimates the relationship between holding period and the percentage change in enterprise value. The coefficient on Holding Period is positive (0.2173), but not statistically significant (p = 0.215), and overall model has an explanatory power of R^2 0.116. The F-statistic is also not significant (p = 0.702).

Model 2 examines whether longer ownership duration leads to greater operating improvement, measured as the change in EBITDA margin. The coefficient on Holding Period is negative (-0.0052) and not statistically significant (p = 0.196). The R^2 of 0.068 and an insignificant F-statistic (p = 0.316) indicates that ownership duration and controls included does not explain variation in margin improvement in this sample.

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In Model 3, the coefficient on Holding Period is negative and statistically significant at 5% level (-0.0236, p = 0.015), showing support for the hypothesis 3. Each year of additional PE ownership is resulting in a 2.4 percentage point decrease in annualized revenue growth. Among the control variables, EBITDA Margin at exit is marginally significant and negative (-0.8274, p = 0.061), suggesting that firms with higher exit-year profitability tend to show lower annualized sales growth, which could be a sign of trade-off between margin improvement and top-line expansion. Firm size and leverage at exit are not statistically significant. The model yields an R^2 of 0.203 and an adjusted R^2 of 0.159, which is shows clearly the highest explanatory power from the three models, and hypothesis 3 is supported by the analysis.

	Model 1 (H1)	*Model 2 (H2)*	*Model 3 (H3)*
	% EV Change	**EBITDA Margin Δ**	**Sales CAGR**
Holding Period	**0,1615**	**-0,0047**	**-0.0237****
	-0,1328	-0,0032	-0,0104
Firm Size (ln Exit Sales)	**0,4882**	**-0,0095**	**-0,0358**
	-0,3522	-0,0144	-0,0313
Leverage (Exit)	**-0,9278**	**-0,0338**	**-0,0124**
	-1,0769	-0,0452	-0,1232
EBITDA Margin (Exit)	**1,2892**		**-0,6834**
	-2,7025		-0,4758
Constant	**-7,9069**	**0,2156**	**1,0053**
	-6,3656	-0,2582	-0,6308
N	77	77	77
R^2	0,1073	0,0407	0,1589
Adjusted R^2	0,0577	0,0013	0,1121
F-statistic	0,568	0,962	1,356
F p-value	0,6865	0,4155	0,2578
Max VIF	1,05	1,05	1,05

**** p<0.01, ** p<0.05, * p<0.1. Robust standard errors (HC1) in parentheses. Variables winsorized at 1st/99th percentile.*

Table 7: 1st/99th Percentile Winsorization

The table above shows regression results after winsorizing continuous variables at 1st and 99th percentiles. Winsorized results are showing consistency with the non-winsorized results. In Model 1, the coefficient on Holding Period remains positive (0.1615) but statistically insignificant (p = 0.224), with an R^2 of 0.107. In Model 2, the coefficient is negative (-0.0047) and insignificant (p = 0.149), with an R^2 of 0.041. In Model 3, the coefficient on Holding Period remains negative and statistically significant at the 5% level (-0.0237, p = 0.023), supporting the idea that the H3 result is not driven by outliers. The R^2 decreases slightly to 0.159, and overall these results support the hypothesis that longer PE ownership can be associated to lower revenue growth.

6 Conclusion

The motivation for this thesis was to investigate Finnish LBO investments more profoundly and provide academic evidence on the impact of holding period on key performance indicators of leveraged buyouts. The thesis has collected Finnish LBO investments from years 2006-2023 and combines empirical evidence with academic literature and theories on private equity value creation with focus on leveraged buyouts.

The first hypothesis suggested that longer PE ownership duration is negatively associated with enterprise value creation. The completed OLS regression coefficient on Holding Period is positive ($\beta = 0.2173$) but not statistically significant ($p = 0.215$), and the model yields an R^2 of 0.116. Winsorized specification produces similar results ($\beta = 0.1615$, $p = 0.224$, $R^2 = 0.107$) which confirms that the finding is not sensitive to extreme observations. Control variables (firm size, leverage, or EBITDA margin at exit) were not individually significant in either specification. Despite the positive direction of the coefficient is contradicting with the hypothesis, there is a lack of statistical significance.

The second hypotheses argued that there is a positive association between PE ownership duration and EBITDA margin development. The baseline ($\beta = -0.0052$, $p = 0.196$) and winsorized ($\beta = -0.0047$, $p = 0.149$) regressions returned a small negative coefficient that failed to reach significance, and R^2 stays below 0.07 in both cases. The Wilcoxon test likewise finds no significant median change in margins between entry and exit. No evidence in the data that a longer holding period would translate into better operating profitability, which is in line with existing literature.

The third hypothesis argued that there is a negative relationship between ownership duration and revenue CAGR. The regression produced a significant negative coefficient on Holding Period ($\beta = -0.0236$, $p = 0.015$), and it holds while completing winsorization ($\beta = -0.0237$, $p = 0.023$). Each year of extra private equity ownership corresponded to a 2.4% lower Sales CAGR. Within control variables, EBITDA Margin at exit is mildly

significant and negative (β = -0.8274, p = 0.061). The model explained c. 20% of the variation in sales growth (R^2 = 0.203).

Third hypothesis had the highest support on this thesis, as although first had support for contradicting view but it lacked clear statistical significance, it's premature to contradict the existing literature which supports the idea of negative correlation.

Further research with regards this topic could focus on covering Nordic markets more comprehensively and add macroeconomic factors to control variables as they often can have meaningful implications to leveraged buyout performance. Leveraged buyouts and especially holding period impacts are more relevant now as funds have shifted to longer holding periods, and completing research where there would be comparable peer companies with non-private equity ownership would add an extra layer to causality research regarding impact of private equity ownership. With regards to pure value creation, research similar to Hannus (2015) where a case study is completed from individual target company buyout would be beneficial as it would shed more light on to actual operating, financial and governance engineering completed during the ownership period by private equity investors.

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APPENDICES

Appendix 1. List of the Finnish LBO transactions used in research paper

Target company	Private Equity Firm	Entry	Exit
Maintpartner Oy	Capman Buyout	2006	2019
Mawell Oy	Capman Buyout	2006	2016
Lunawood Oy	Capman Buyout	2007	2019
Hy-Tech Comp Oy	Helmet Capital	2007	2020
Med Group Oy	Korona Invest	2008	2014
Cederroth Oy	Capman Buyout	2008	2015
Darekon Oy	Sentica Partners	2008	2015
Validia Oy	Korona Invest	2008	2015
Timaco Oy	Canelco Capital	2008	2016
Navix Oy	Aboa Ventures	2008	2021
Lämpölux Oy	Sponsor Capital	2009	2014
Profit Software Oy	Capman Buyout	2009	2014
Orthex Group Oy	Intera Partners	2009	2015
Musti & Mirri Oy	Vaaka Partners	2010	2014
Tepcomp Oy	Canelco Capital	2010	2015
Esperi Care Oy	Capman Buyout	2010	2016
Arjessa Oy	Sentica Partners	2010	2016
Geomachine Oy	Canelco Capital	2010	2019
Polarica Oy	Intera Partners	2010	2020
Iconic Nordic Rooms Oy	Capman Buyout	2010	2020
Puuilo Oy	Sentica Partners	2011	2015
Nesco Oy	Vaaka Partners	2011	2016
Telecenter	Sentica Partners	2011	2017
Eximia Business Intelligence Oy	Helmet Capital	2011	2017
Treston Oy	Sentica Partners	2011	2019
Kamux Oy	Intera Partners	2011	2020
Produal Oy	Vaaka Partners	2012	2015
Suomen Lähikauppa Oy	Triton Partners	2012	2015
Accountor Oy	Sponsor Capital	2012	2015
Tokmanni Oy	Nordic Capital	2012	2016
Tikomet Oy	Sponsor Capital	2013	2015
Espotel Oy	Sponsor Capital	2013	2016
Nebula Oy	Ratos	2013	2017
Mattiovi Oy	Taaleri Capital	2013	2017
Solita Oy	Vaaka Partners	2013	2018
Merivaara Oy	Intera Partners	2013	2022
Coronaria Oy	uomen Teollisuussijoitus Oy	2013	2023
Sähkötaso Esitystekniikka Oy	Korona Invest	2014	2016
Lehtipiste Oy	Sponsor Capital	2014	2016
Medivida Oy	Bocap	2014	2016
Idean Enterprises Oy	Norvestia	2014	2017
Evac Oy	IK Investment Partners	2014	2017
Tietomekka Oy	Nordic Option	2014	2017
Oral Hammaslääkärit Oy	CapMan	2014	2017
Paroc Oy	CVC Capital Partners	2014	2017

Target company	Private Equity Firm	Entry	Exit
Kotisun Group Oy	Panostaja	2014	2017
SuperPark Oy	Nordia Management	2014	2018
Roima Intelligence Oy	Korona Invest	2014	2018
Func Food Group	Sentica Partners	2014	2019
Musti Group	EQT	2014	2020
Destia Oy	Ahlström Capital	2014	2021
Cityterveys Oy	MB Rahastot	2015	2017
KIDE Systems Oy	Nordic Option	2015	2018
Suomen Hoivatilat Oy	Partnera Group	2015	2018
Ukkoverkot Oy	Bocap	2015	2020
Specim Oy	Nordic Option	2015	2020
Kotkamills Oy	MB Rahastot	2015	2020
Renta Group Oy	IK Investment Partners	2015	2021
Dieta Oy	MB Rahastot	2015	2023
Ipanala Oy	Pikespo Invest	2016	2018
AAC Global Oy	Korona Invest	2016	2018
N-Clean	Juuri Partners	2016	2019
Ropo Capital Oy	Sentica Partners	2016	2019
Suvanto Trucks	Sievi Capital	2016	2020
Omaeläinklinikka Oy	Korona Invest	2016	2021
Touhulan Varhaiskasvatus Oy	EQT	2016	2022
LTP Group Oy	Vaaka Partners	2016	2022
Molok Oy	Vaaka Partners	2016	2023
Avarn Security Oy	Intera Partners	2016	2023
Debora	MB rahastot	2017	2021
Pinja	MB rahastot	2017	2021
HyTest Oy	Summa Equity	2018	2022
Raksystems Oy	MB rahastot	2018	2022
Cervi Talotekniikka	Saari Partners	2018	2022
MV-Jäähdytys	Korona Invest	2018	2022
Eficode Oy	Bocap Oy	2018	2022
Kylmästi Paras Oy	Juuri Partners	2018	2023