

The Performance of French LBO Firms: New data and new results

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Abstract

This paper investigates the operating performance of French targets of Leveraged Buy-Out transactions during the 1995-2005 period. To benchmark LBO performance, we use a propensity score methodology to find a suitable non-LBO matching pair. The study finds that after the deal, the representative LBO firm exhibits higher operating returns of 2% to 3% relative to its matching control. This finding seems mostly due to increased gross margins, productivity gains, and working capital efficiency gains. These findings are not particular to a certain type of targets and are unchanged if we use the industry of the LBO firm as a benchmark.

JEL Classification: G30; G23; G32

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