
Leveraged Buyout Debt Capacity, Covenants and Deal Funding Training Course

28 June – 2 July 2027
Tokyo





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Ref: 404_24214 **Date:** 28 June – 2 July 2027 **Location:** Tokyo **Fees:** 6900 GBP

Programme Summary

Leveraged buyout debt capacity, covenants and deal funding are the subject of this one-week training course for corporate development directors, acquisition finance and credit managers, private equity associates and finance heads at intermediate level, ending in a financing structure paper for one buyout. Buyers and lenders must agree how much debt a target can carry. The programme moves from the principles of cash flow lending, through diagnosis of debt limits, to design of tranches and covenants, then to application on a single transaction. Mars Training Centre UK delivers this programme on leveraged buyout debt capacity for deal and credit teams.

The Business Case

When a buyout is funded with too much debt, a modest shortfall in cash flow breaches covenants and forces a rushed refinancing. When it is funded with too little, equity returns fall. Teams that size debt from cash flow and test terms against stress cases bid with discipline.

- Funding Cost: Falls as tranches are matched to cash flow profile and risk rather than set by habit.
- Covenant Headroom: Widens as limits are tested against downside cases before signing.
- Bid Discipline: Improves as returns are modelled with debt terms that lenders will accept.

Principles and Evidence Base

- Debt service cover and leverage ratio conventions: They structure the debt capacity tests in Sessions 1 and 2.
- Internal rate of return and money multiple: They frame the buyout return model used in Sessions 3 and 5.
- Loan Market Association recommended forms for leveraged facilities: They guide the reading of covenant and default clauses in Session 4.
- IFRS 3 Business Combinations: It frames the acquisition accounting that shapes opening balance sheet figures in Session 3.

Intended Participants

- Corporate development directors who propose and price acquisitions funded with debt.
- Acquisition finance managers who arrange loans for buyers and sponsors.
- Credit managers who assess and monitor leveraged loan requests.
- Private equity associates who build and defend the financing case.
- Finance heads who negotiate facility terms for a target group.

The programme serves private equity firms, banks, infrastructure investors and industrial groups.



Learning Outcomes

1. Participants will be able to calculate the debt a target can support from forecast free cash flow.
2. Participants will be able to construct a sources and uses table for a buyout.
3. Participants will be able to design senior and junior debt tranches with fitting repayment profiles.
4. Participants will be able to evaluate covenant packages against base and downside cash flows.
5. Participants will be able to appraise buyout returns using internal rate of return and money multiple.
6. Participants will be able to justify an acquisition loan structure in a financing paper.

Programme Structure

Day 1: Leveraged Buyout Debt Capacity Principles

How much debt can a target carry from its own cash flow?

- Free Cash Flow Bridge for Debt Service
- Leverage Multiple Benchmarking Table
- Debt Service Cover Test
- Interest Cover and Fixed Charge Test
- Sources and Uses Table Layout

Day 2: Diagnosing Debt Limits and Stress Points

Where does a proposed structure break under pressure?

- Downside Cash Flow Case Design
- Debt Capacity Sensitivity Grid
- Working Capital Swing Review
- Refinancing Wall Timeline
- Lender Credit Memo Reading Exercise

Day 3: Modelling Returns and Acquisition Accounting

How do debt terms change the equity return?

- Buyout Model Skeleton
- IRR and Money Multiple Bridge
- Purchase Price Allocation Under IFRS 3
- Cash Sweep and Repayment Schedule
- Exit Route Comparison

Day 4: Designing Tranches and Covenants

Which tranches and covenants fit the cash flow and the risk?



- Senior and Junior Tranche Design Matrix
- Maintenance and Incurrence Covenant Comparison
- Covenant Headroom Calculation
- Facility Agreement Clause Map
- Equity Cure and Waiver Options

Day 5: Applying the Funding Structure to One Buyout

Is the financing paper ready for a credit committee?

- Applying the Session 1 Capacity Tests to the Target
- Testing the Session 2 Stress Cases on the Proposed Debt
- Checking the Session 3 Returns Under the Final Terms
- Rehearsing the Lender Negotiation Conversation
- Completing the Financing Structure Paper

Methodology

The programme uses a structured exercise method built on anonymised target forecasts, term sheet extracts and lender memos. Participants size debt in pairs, build and stress a model and compare covenant packages in short rounds with specialist-style feedback. Discussion centres on what a deal team must test before committing.

- Suggested activity: Sizing debt for a target and reconciling it with a sources and uses table.
- Suggested activity: Stressing a covenant package against a downside case.
- Suggested activity: Comparing two tranche designs by return and headroom.

Capstone Output

Each participant completes a financing structure paper for one buyout. It holds a debt capacity analysis, a sources and uses table, a tranche design, a covenant headroom review and a returns summary. The paper is used to brief an investment committee, open lender discussions and set negotiating limits.

Frequently Asked Questions

Is leveraged buyout debt capacity suitable for people without a deal background?

Yes, if you are comfortable with financial statements. Leveraged buyout debt capacity is taught from cash flow basics and assumes no prior transaction experience.

Which references does leveraged buyout debt capacity rest on in this programme?

Leveraged buyout debt capacity here rests on debt service cover and leverage ratio conventions, internal rate of return, IFRS 3 and the Loan Market Association recommended forms.



How is the financing paper from leveraged buyout debt capacity work used at work?

You use the financing structure paper to brief an investment committee, open lender talks and set negotiating limits for debt size and covenants.

How does leveraged buyout debt capacity differ from a programme on corporate valuation?

Leveraged buyout debt capacity centres on funding, covenants and returns from debt, while a valuation programme centres on estimating what a business is worth.