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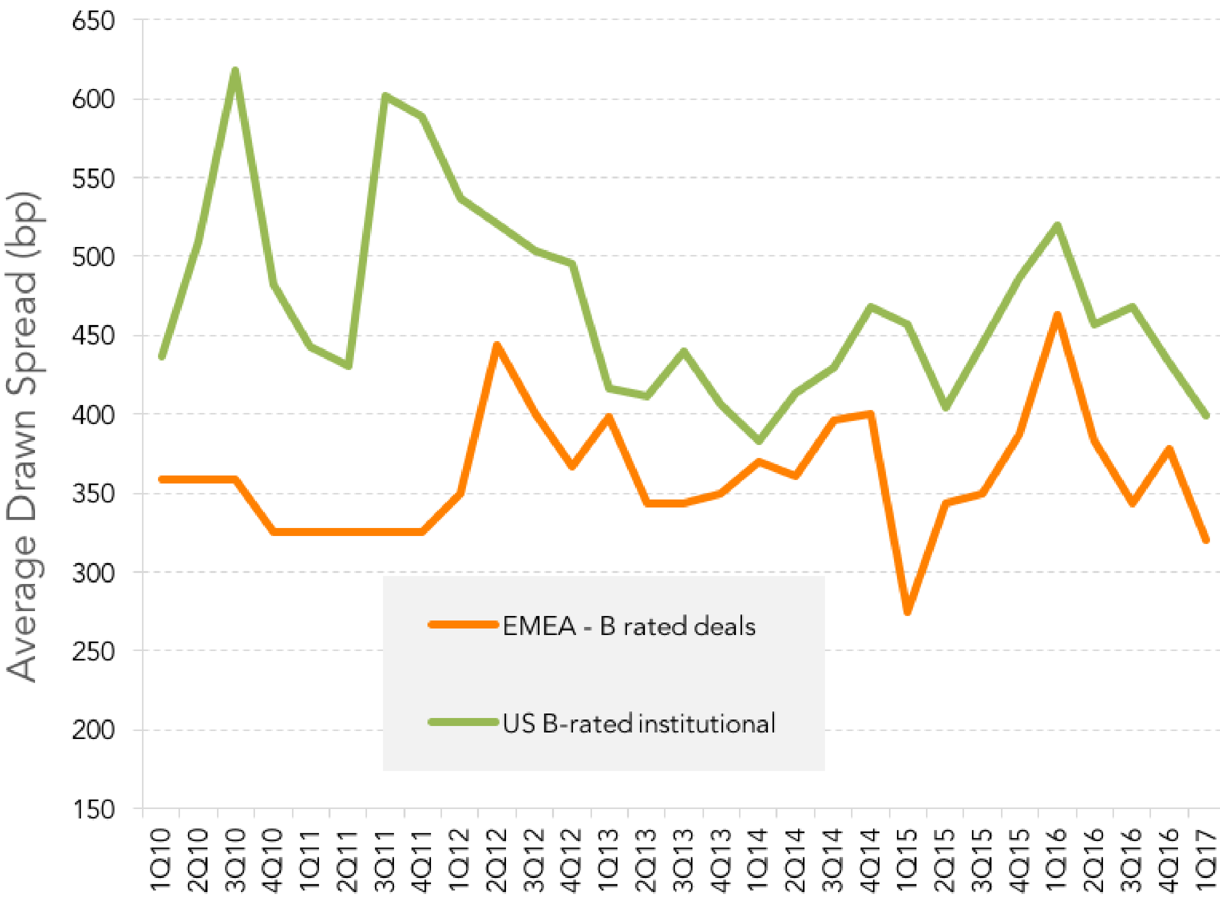
Cross border financings gain momentum as thin EMEA pricing attracts leveraged issuers



In a turn around from 2012-2013 market trends whereby European issuers tapped the US loan market in a bid to lock in thinner margins, a number of US leveraged issuers have turned to the European market early in 2017, to secure thinly priced deals. In contrast to the rising interest rate environment in the US, the European market is expected to keep interest rates low in the near term. With single B institutional tranches garnering spreads of 400bp over Libor, on average in 1Q17 in the US, deals structured and syndicated in Europe have secured spreads in the range of 300-320bp over Libor. Arrangers note that the US market has exhibited a bit more back bone around pricing – most notably in the context of large credits – while European push back has been selective with price moves in the range of 25bp on tougher names. On the heels of deals for NEP and Culligan in late 2016, Infor Global Solutions tapped European investors for US$1bn term loan B in 1Q17. This has been supplemented by deals for Ferro Corp which raised US$625m via a cross-border refinancing which saw spreads come in and the tranche size upsized as well as a substantial US$5.5bn acquisition financing for Micro Focus International which included both dollar and euro components.

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