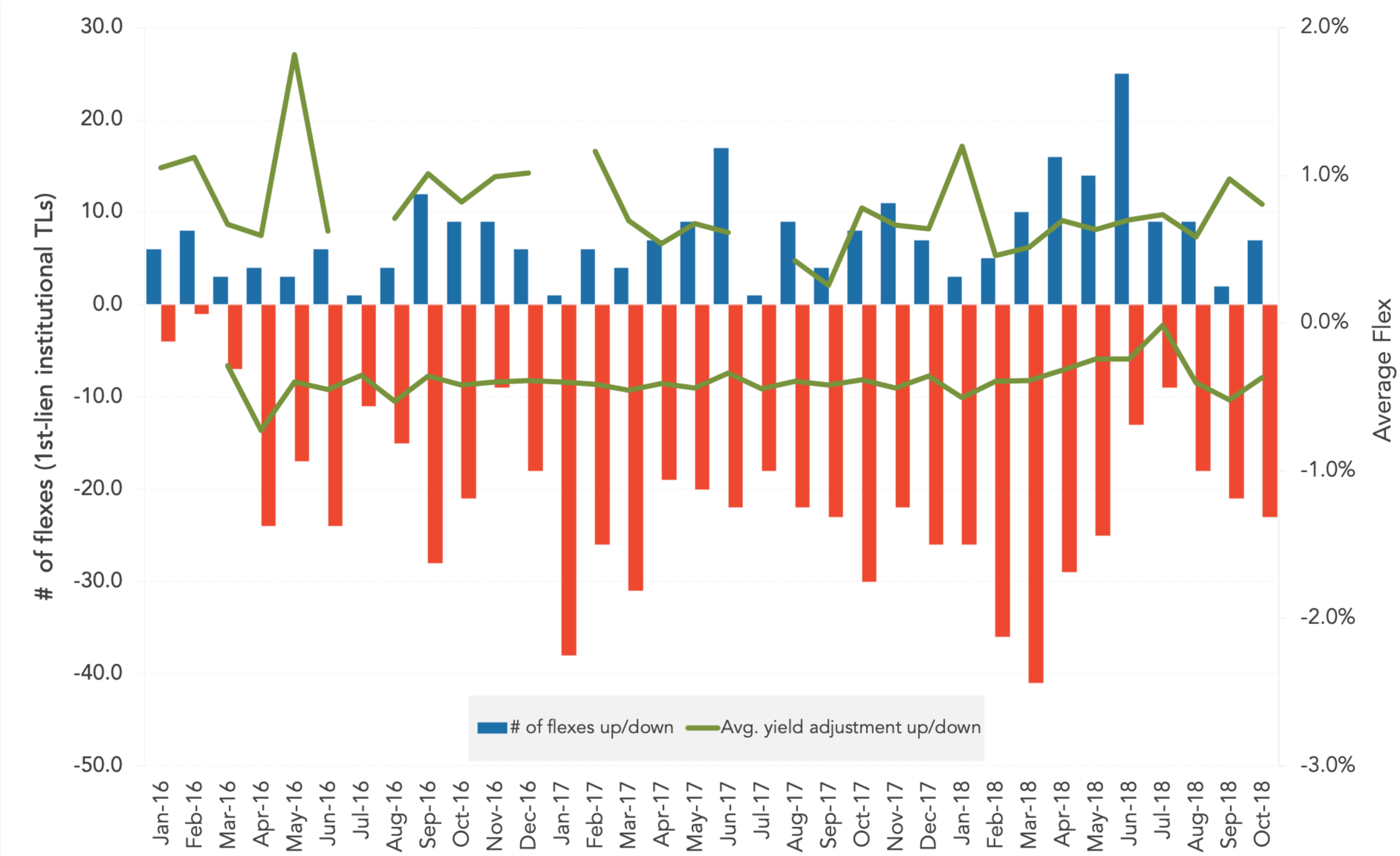
THE LEAD
https://theleadleft.com/leveraged-loan-insight-analysis-10-29-2018/

Downward price flexes increase for third consecutive month

LSEG | November 1, 2018



Despite the volatility in the equity markets and a recent softening in loan trading levels, the demand for institutional loans in the primary market was at full throttle in October. Investor appetite was evident in price flex activity. In October, there were 23 downward price revisions on first-lien institutional term loans during syndication. This is was above the 21 reported in September and was the highest level of price cuts since May. While the majority (61%) of price flexes are for M&A related credits, 30% of the price cuts were for refinancings or repricings, which have made a comeback this quarter. Another 9% of the cuts were for dividend recaps. While downward price flexes dominated, upward price flexes also increased in October to 7 deals from only 2 reported in September. SubCom for instance, made a few investor friendly changes on a downsized US$505m credit facility backing its buyout by private equity firm Cerberus. These included a bump in pricing to 600bp over Libor with a 0% floor and a discount of 98 after initially circulating in the 500bp-525bp over Libor range with a 0% floor and a discount of 99.

Contact: Diana Diquez
diana.diquez@thomsonreuters.com