Leveraged Loan Insight & Analysis – 9/15/2014

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The percentage of LBO deals with leverage levels greater than six times has returned to 2007 levels. So far in 2014, LPC tracked 46 LBO deals (where deal details were available) or 57% of the total with total leverage greater than the regulators' benchmark 6 times debt to EBITDA which mirrors 2007 levels. However deals are much smaller today than they were pre-crisis as the average purchase price for large corporate LBO deals is $1.9 billion in 2014 compared to $5.1 billion in 2007. sept 15 2014 TRDespite Leverage Lending Guidance, debt to EBITDA for LBO deals has been steadily climbing due to lofty purchase price multiples coupled with an abundance of liquidity in the market place. Based on both large corporate and institutional middle market deals tracked by LPC, the average total debt to EBITDA has climbed to 6.1 times this year, up from 5.85 times in 2013 and 5.5 times in 2012. However, this figure is still more conservative than 2007's 6.5 times. Still, several very aggressive deals have hit market this quarter. Based on data from Moody's Investor Service, the following deals all had adjusted leverage of 7.0 times and greater this quarter: York Risk Services, Internet Brands, Acosta, National Vet, Advantage Sales & Marketing and iParadigm. Underliers
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