Aided by an increase in junior debt, total leverage on large corporate US LBO loans increases to 7x this quarter

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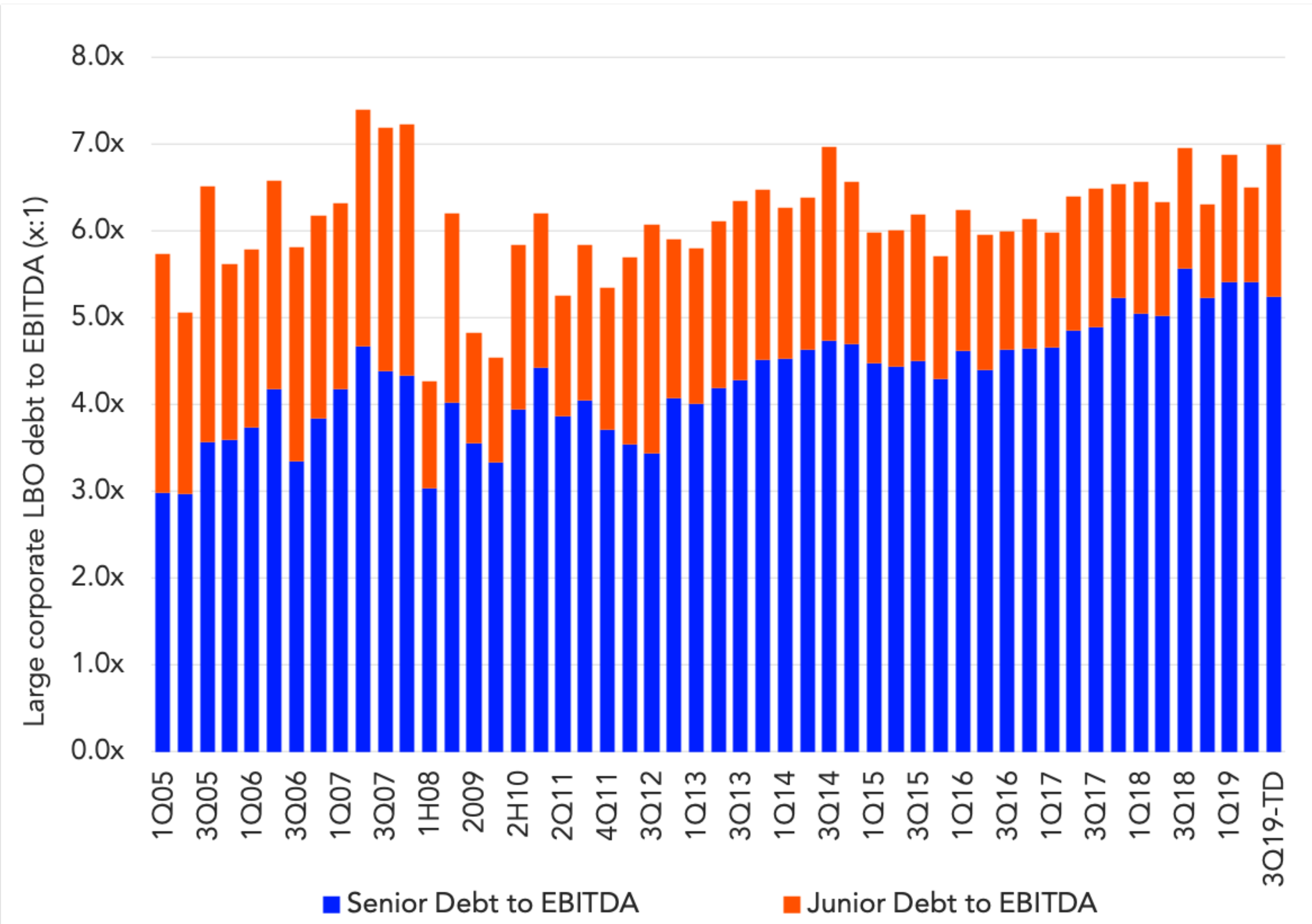

LBO activity in the US syndicated loan market remains robust this quarter. 3Q19 completed and in process LBO volume totals over US$23bn as new money deals continue to be a driver of leveraged lending. Meanwhile, total debt to Ebitda levels on large corporate LBOs remain high, averaging 7.0x for so far this quarter, an increase over 2Q19's 6.5x level. The increase in total leverage is due to a larger portion of junior debt in the structure. The average junior debt to Ebitda level on large corporate LBO deals has increased to 1.75x in 3Q19, the highest since 4Q14's 1.87x level. Buyouts for Multi-Color Corp, Jaggaer, Press Ganey and Nestle's Skin Care unit are a few of the deals that have over 2x junior leverage levels in the structure. Meanwhile, average senior leverage on large corporate LBO deals has decreased to 5.2x this quarter, from the 5.4x average logged in both 1Q19 and 2Q19.

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