Private Debt Intelligence – 2/3/2020

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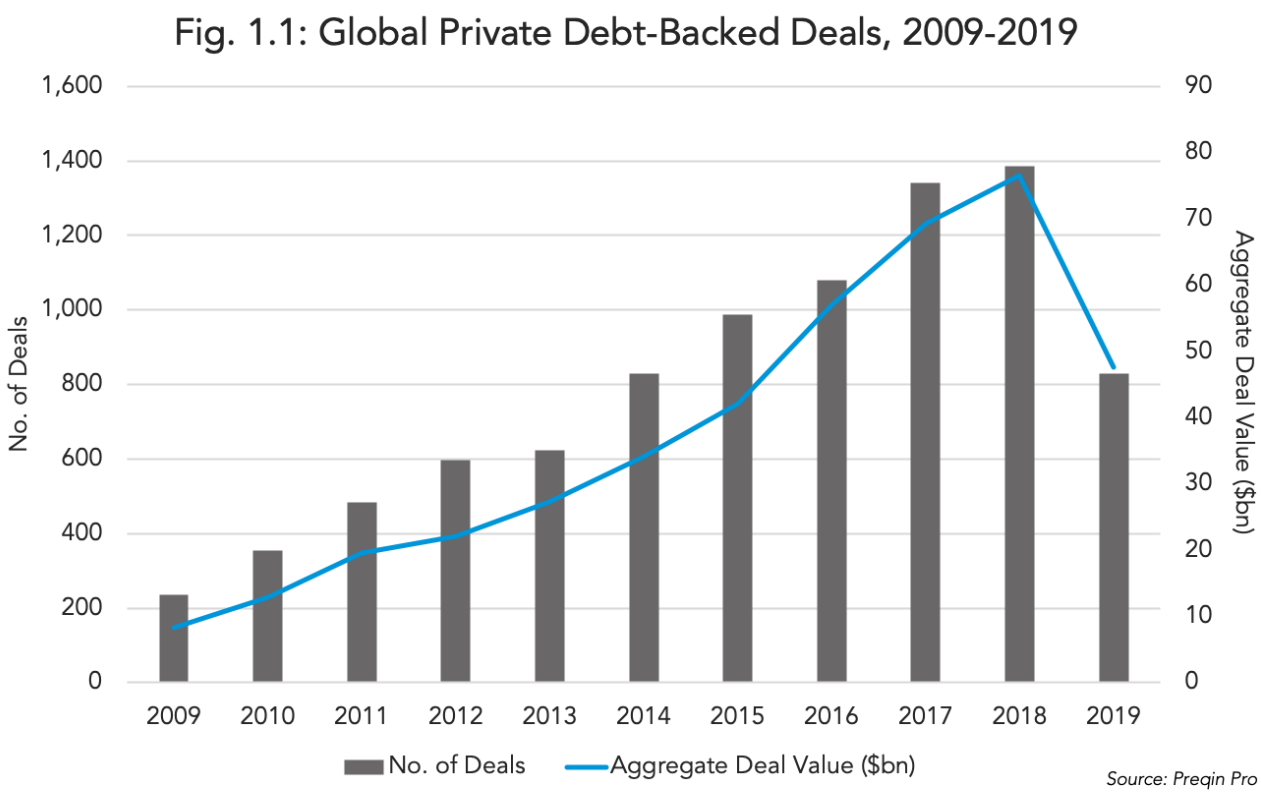
Private Debt Deals Break New Ground

Chart



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Leverage is a key component in a private equity transaction, used to drive and maximize returns for investors. Banks moving away from the space has opened up more and more opportunity for private lenders, which are better positioned to provide an alternative financing model for borrowers. Fig.1.1 shows there were year-on-year increases in private debt issuance from 2009 all the way through to 2018.

This declined somewhat in 2019, with 830 deals amounting to an aggregate $48bn in value and reflects the rising competition in the industry. Alternative lenders are increasingly penetrating new markets and breaking with tradition; a growing level of uncalled capital is pushing mangers into new frontiers, including markets traditionally dominated by banks.

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