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Leverage on US LBO deals stays at all-time highs this quarter

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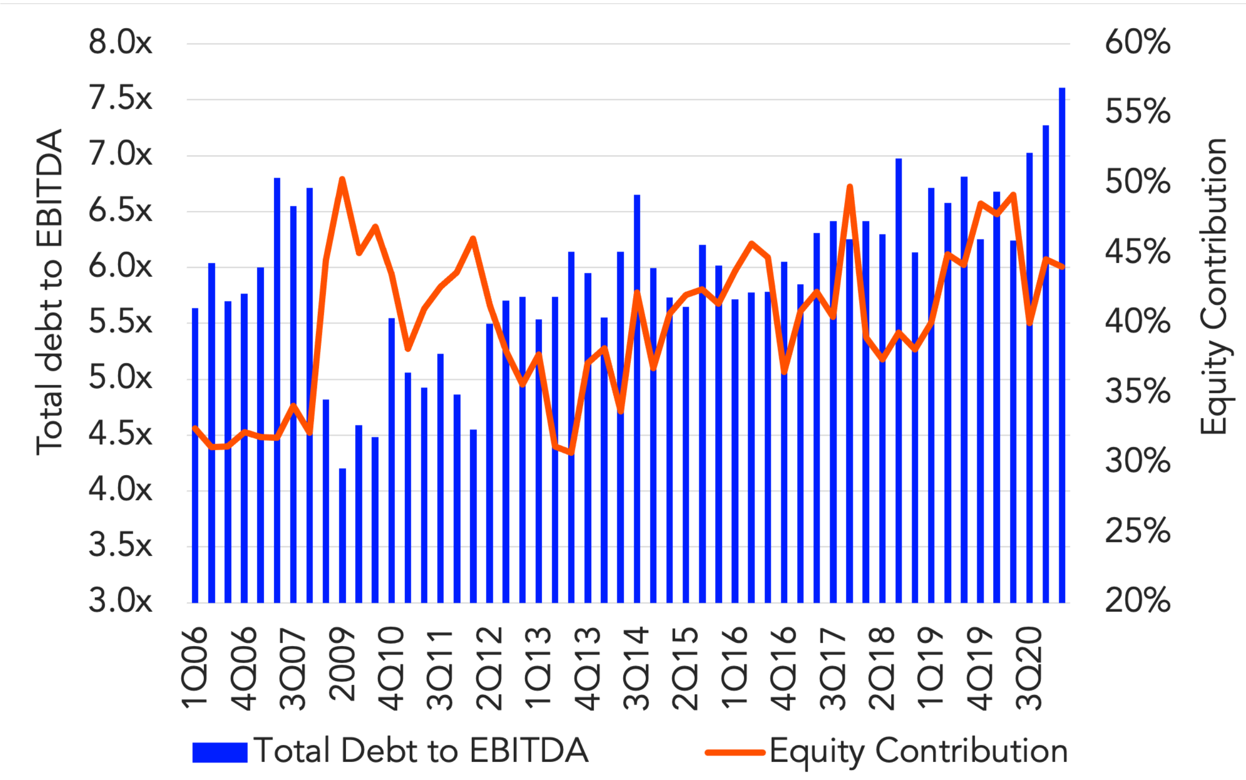

Total leverage levels for US LBO loans remain high, averaging over 7.5x so far this quarter. 4Q20's average of 7.2x was the all-time high tracked and that momentum has continued into 2021.

Senior leverage is also at a very high 5.8x level so far this quarter while the junior piece is averaging 1.8x, as second-liens and unsecured bonds have been a regular part of the 1Q21 LBO capital structures. Private equity shops continue to pay up to win deals with LBO purchase price multiples averaging over 15 times so far this quarter. A heavier concentration of software deals continues to drive up both leverage and purchase price averages.

This quarter, LBO financings for RealPage and MedAssets Software, have leverage levels of 11.7x and 9.7x respectively, while each have purchase price multiples at 18x or higher. Sponsors have not had to kick in more equity on average, compared to last quarter. In 1Q21, the average LBO equity contribution is 44%, the same level as 4Q20.