Leveraged Loan Insight & Analysis – 2/23/2015

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The institutional loan calendar has quieted in mid-February, hovering just south of $40 billion in the last week, down from roughly $47 billion the same time last year and nearly $73 billion during the third week of February 2013. Indeed, early into the new year, the leveraged loan market has gotten off to a slow start, with the institutional pipeline averaging about $35 billion. Feb 23 2015 TRAgainst this backdrop, there is a silver lining – at over $30 billion, M&A lending makes up over 77 percent of the institutional pipeline as refinancings have receded. Market appetite has remained strong however – especially in the context of new loan assets. Larger acquisition financings backing Dollar Tree's take over of Family Dollar as well as buyout financing for Petsmart Inc. have been supported -despite some lofty leverage levels and a substantial downgrade of the latter – on the back of the limited calendar. The launch of a $1.625 billion financing backing the buyout of Riverbed Technology last Thursday, marks the most recent test for lenders given the highly leveraged nature of the deal which is said to be north of 6 times.

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