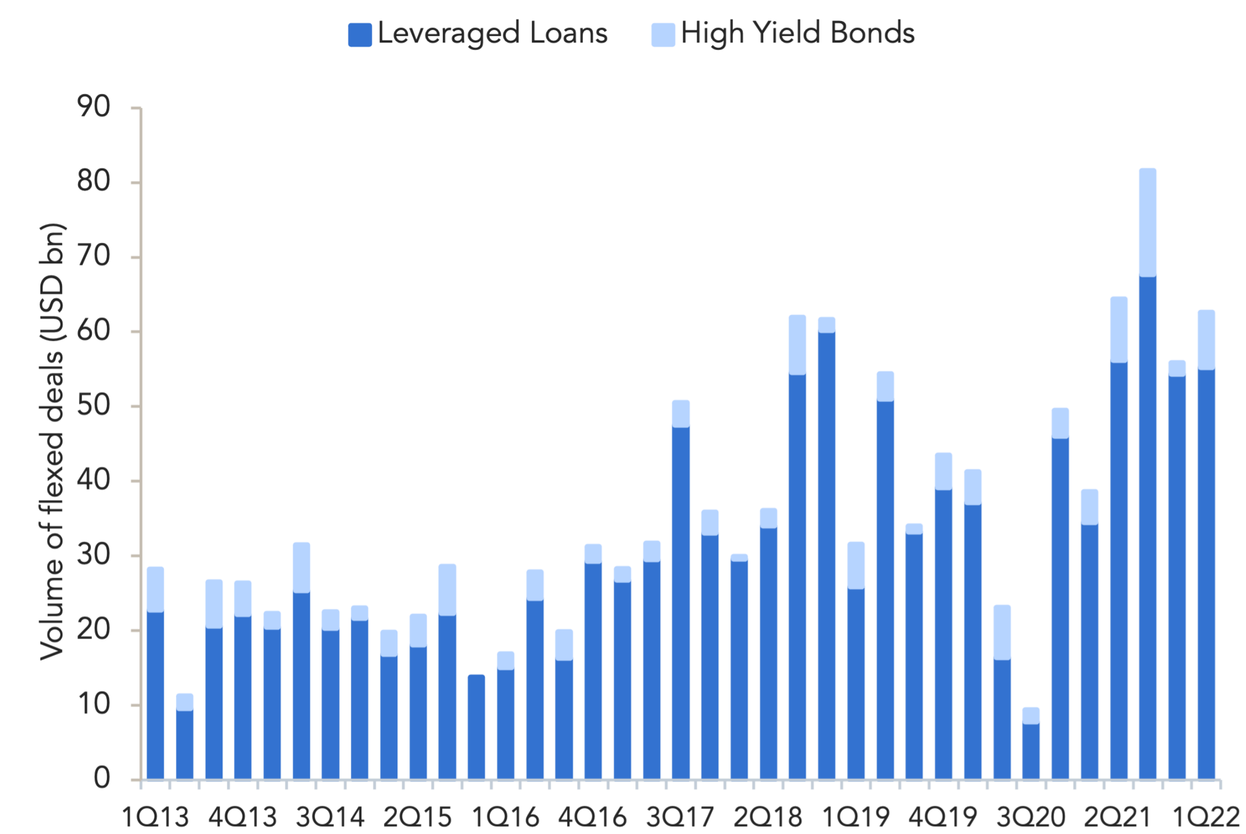
THE LEAD
https://theleadleft.com/debtwire-middle-market-4-18-2022/

Amid slowdown in leveraged lending, buyouts prevail

Debtwire | April 20, 2022



Source: Debtwire Par, Markit

While issuance in the overall market has slowed amid record levels of inflation and elevated volatility stemming from the war in Ukraine, leveraged loan and high yield bond issuance backing buyouts continued along at a steady pace. Leveraged loan volume increased 2% from the 4Q21 figure to USD 55.3bn, while high yield bonds backing buyouts saw issuance jump 398% quarter-over-quarter to USD 7.4bn. On a year-over-year basis, 1Q22 loan issuance improved 38%, while bonds backing buyouts ticked up by 45%.

Looking at deal count, the 50 leveraged loan deals backing buyouts in 2021 represents a 10% increase over the 2021 figure to-date, though is a 36% decline from the 4Q21 total.

High yield bond buyout financings declined 60% year-over-year, to just 5 deals, though larger deals including **AthenaHealth**'s USD 2.35bn offering to support its acquisition by Bain Capital, Abu Dhabi Investment Authority, GIC Private Limited and Hellman & Friedman helped push quarterly volume higher.

Indeed larger deal sizes from were prevalent across the debt capital markets, with issuers such as **McAfee** (USD 8.0bn), **AthenaHealth** (USD 7.9bn) and **Hunter Douglas** (USD 5.4bn) all pricing loans in the USD 5bn or greater range. In fact, so far in 2022, 30% of loan buyout financings were USD 1bn in size or greater, compared to the 2021 figure of 25% – the highest proportion in the last several years. A strong pipeline of deals lined up in 2021 as investors put dry powder to work following the pandemic lull has so far carried over into the new year.

(Past performance is no guarantee of future results.)