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Equity multiples increased on 3Q23 US middle market LBO deals

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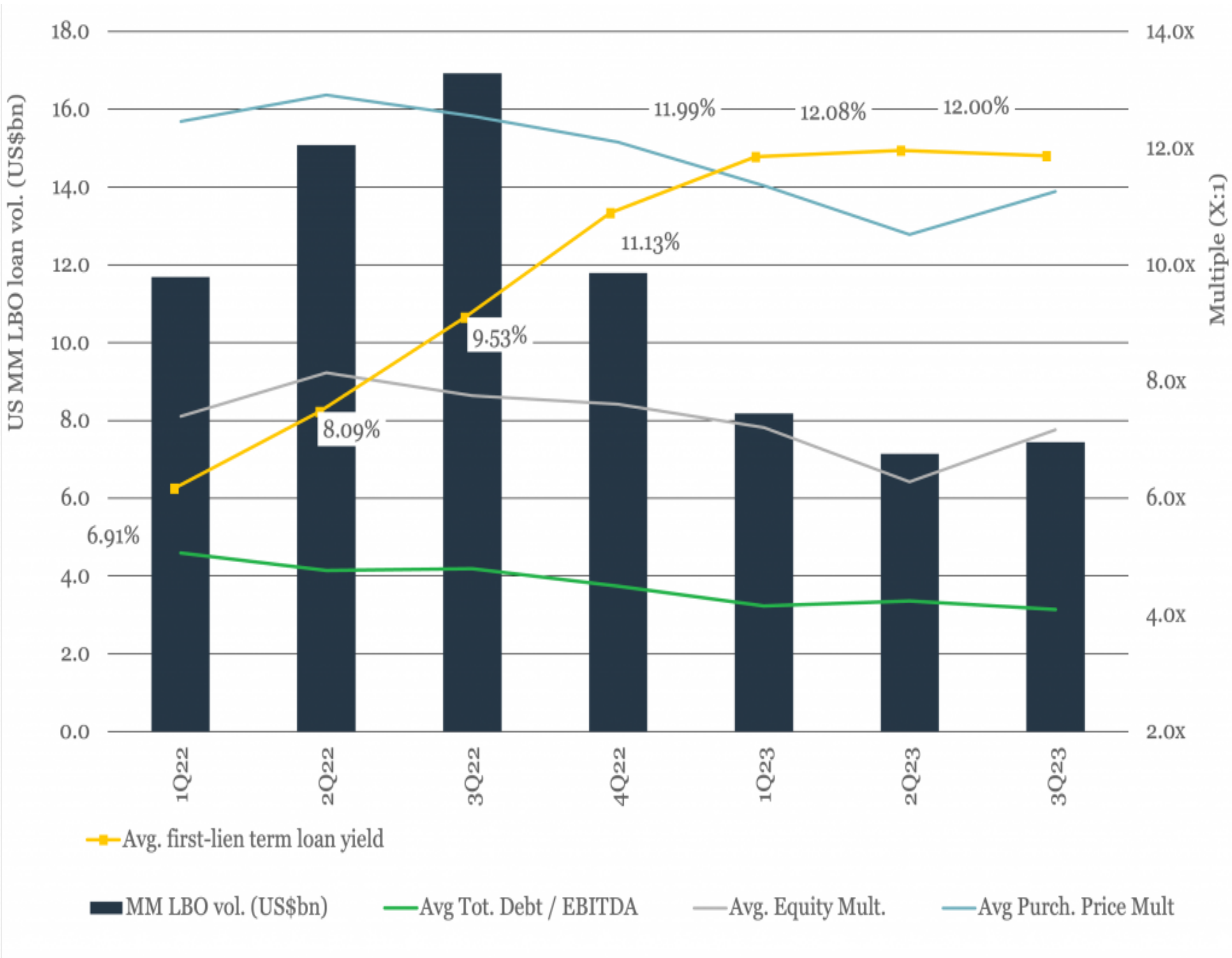

LBO activity remains challenged by buyer and seller valuation disconnects. US middle market syndicated plus direct lending LBO volume totaled US$7.45bn in 3Q23, a 4% increase over 2Q23 but well below the levels seen during 2021-2022. Meanwhile, first-lien term loan yields remained elevated, averaging 12.00% in 3Q23, another hurdle to successfully executing on an LBO deal. Meanwhile, the average purchase price multiple for middle market LBOs increased to 11.3x last quarter, from 2Q23's 10.5x average. With total leverage on middle market LBO deals declining to 4.1x in 3Q23, it was up to sponsors to contribute more equity to reach these higher purchase price multiples. In 3Q23, the average equity multiple on middle market LBO deals increased to 7.2x, from 2Q23's 6.3x level.

(Past performance is no guarantee of future results.)