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Where We Are (Third of a Series)

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The media seems to characterize amendments and extensions as financing gimmicks, but they are well-worn features of the leverage finance playbook. As interest coverage cushions are squeezed, giving borrowers room to maneuver enhances their flexibility and resilience. The same theoretically could be said about cov-lite and PIK-toggle features.

Sahar panelists spoke at length about how large-cap terms are being liberally offered to smaller companies. Part of the consideration is how well certain sectors such as software, tech and business services are faring. Also important is the quality of the sponsor and their experience in the relevant industry. Finally, at least for the PIK option, structuring deals to accommodate the pressure of higher rates is beneficial for issuers and investors alike. As with cov-lite, it's not just the terms, but whether the candidates should qualify for them…

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