Middle Market Deal Terms at a Glance – Feb 2017

THE LEAD | February 15, 2017

Deal Component	March 2017	March 2016
Cash Flow Senior Debt (x EBITDA)	Micro Cap 1.50x-2.50x Small Cap 2.75x-3.75x Midcap 3.25x-4.25x	Micro Cap 1.50x-2.50x Small Cap 2.50x-3.50x Midcap 3.00x-4.00x
Total Debt Limit (x EBITDA)	Micro Cap 3.00x-4.50x Small Cap 3.25x-4.75x Midcap 4.25x-5.75x	Micro Cap 3.00x-4.00x Small Cap 3.75x 4.50x Midcap 4.00x-5.50x
Senior Cash Flow Pricing	Bank: L+3.00%-5.00% Non-Bank: <$10.0MM EBITDA L+6.50%-8.00% Non-Bank: >$15.0MM EBITDA L+4.50%-6.50% (potential for a 0.50%-1.00% floor)	Bank: L+3.50%-5.00% Non-Bank: <$10.0MM EBITDA L+7.00%-8.00% Non-Bank: >$15.0MM EBITDA L+4.50%-6.50% (potential for a1.00% floor)
Second Lien Pricing (Avg)	Micro Cap L+8.00%-12.00% floating (0.50%-1.00% fl) Small Cap L+6.50%-8.50% floating (0.50%-1.00% fl) Midcap L+6.00%-7.50% floating (0.50%-1.00% fl) Fixed rate options range from 7.0%-11.0%.	Micro Cap L+9.00%-12.00% floating (1.00% fl) Small Cap L+7.50%-9.00% floating (1.00% fl) Midcap L+5.50%-7.50% floating (1.00% fl)
Subordinated Debt Pricing	Micro Cap 12.0%-14.0% Small Cap 10.0%-13.0% Midcap 10.0%-12.0% Warrants limited to distressed and special situations; Second lien may buy down to ~9.0%.	Micro Cap 12.0%-14.0% Small Cap 11.0%-13.0% Midcap 10.0%-12.0% Warrants in special situations; Second lien may buy down to ~9.0%.
Unitranche Pricing *Micro Cap= <$7.5mm EBITDA *Small Cap= >$10mm EBITDA *Midcap= >$20mm EBITDA *Changes from last month are in red	Micro Cap L+8.00%-12.00% (0.50%-1.00% fl) Small Cap L+6.50%-8.50% (0.50%-1.00% fl) Midcap L+6.00%-7.50% (0.50%-1.00%-1.50% fl) Fixed rate options range from 7.0%-11.0%. ABL revolver can be arranged outside of the Unitranche to arbitrage all-in pricing.	Micro Cap L+8.50%-11.00% (1.00% fl) Small Cap L+7.50%-8.50% (1.00% fl) Midcap L+6.00%-7.50% (1.00% fl) Most unitranche lenders allow a small ABL facility outside of the loan with an ABL lender; larger ABL facilities are provided directly by unitranche lenders and internally arranged.

Source: SPP Capital Partners

Contact: Stefan Shaffer
stefan@sppcapital.com