Private Debt Intelligence – 2/19/2018

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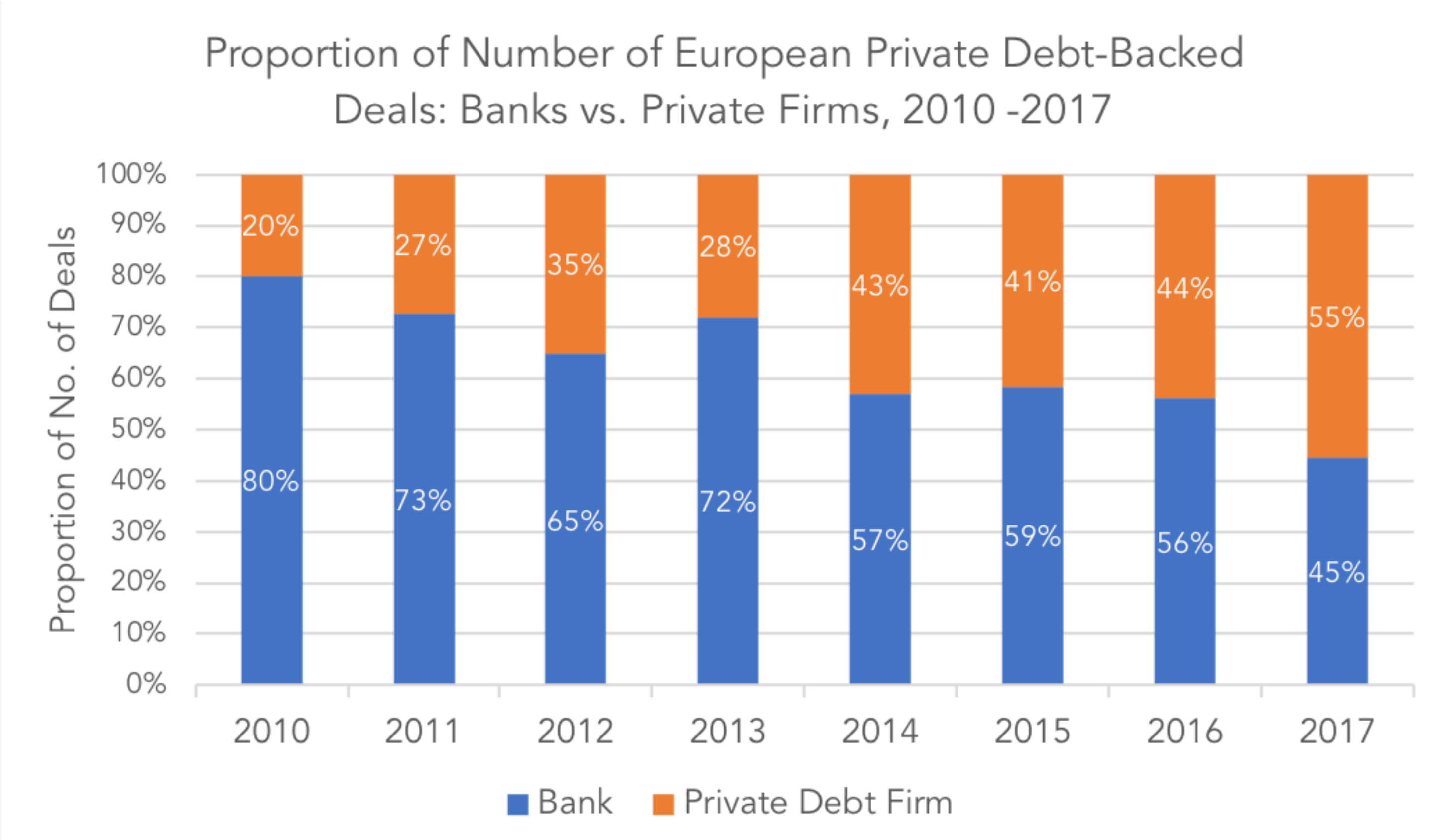
European Private Debt Deals

Chart



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Increased private debt financing over the past seven years can be largely attributed to the continuing retreat by banks from loan markets under the pressure of tougher capital rules. As a result, private equity transactions and corporate acquisitions, which were largely financed by banks in the past, are increasingly backed by capital from the private debt market.

2012 was the first year in which private debt capital was predominately used as a financing option over banks: while 55% of buyout transaction used private debt, 45% used banks as a financing option. Since then, a greater proportion of buyout transactions have used private debt capital over banks year-on-year. In 2017, there was a record proportion of 77% of buyout transactions which used private debt capital as a financing option. This is a significant increase from 2016 when 62% of buyout transactions used capital from private debt firms.

North America has a long and established history of private debt and has seen private debt firms represent the biggest source of financings for buyout deals in the past few years, more so than other regions. Europe however, especially in recent years, has trended towards a less bank-dependent market, and for the first time this past year, the proportion of European deals utilizing private debt capital surpassed the proportion of those which used bank loans. In 2017, private debt capital was utilised as a financing option in 55% of buyout transactions in Europe. This is an increase from 2016 when 44% of transactions used private debt capital, and a significant increase from 2010 when just 20% of buyout transactions used private debt capital.

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