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U.S. large corporate LBOs are averaging bigger, more expensive deals so far in 2018

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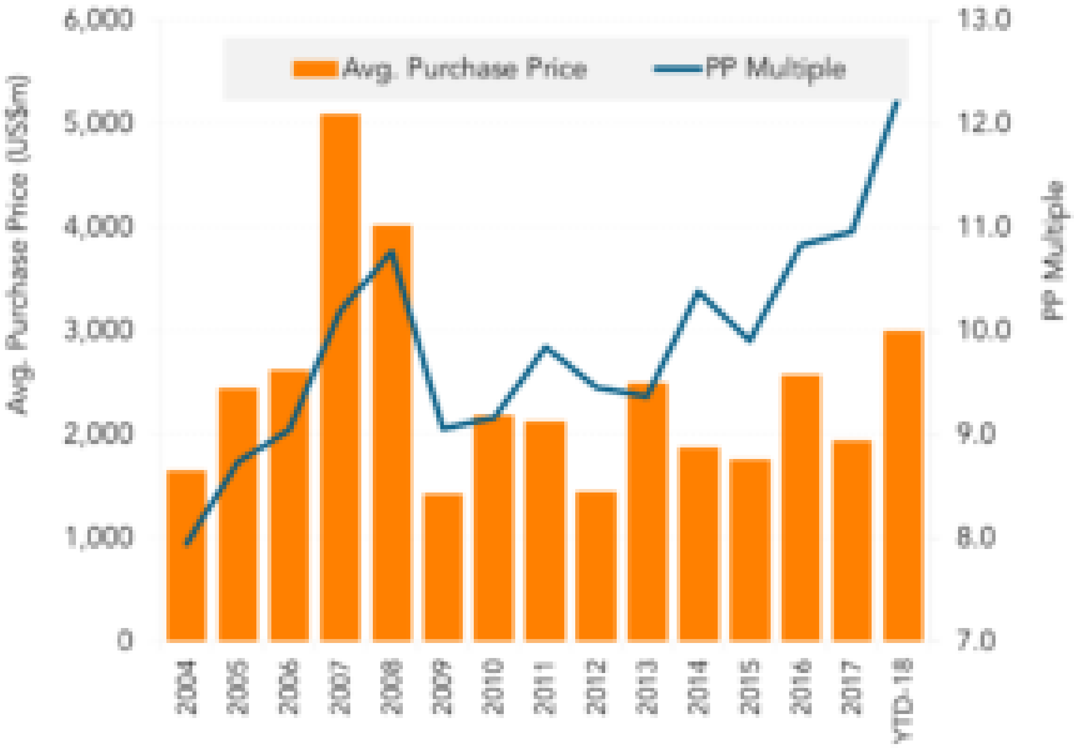

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While it is still early in 2018, average purchase price and purchase price multiples on large corporate LBO deals have increased so far this year compared to last. The average purchase price on an LBO deal in the large corporate market this year is US$3.0bn compared to US$1.9bn in 2017. This year's average is brought up by the US$20bn jumbo LBO deal for Thomson Reuters Financial and Risk unit. While there have been whispers that the market has the appetite for larger LBO deals this year, it remains to be seen if more are coming down the pike. Meanwhile, large corporate purchase price multiples have increased as well this year, averaging 12.4 times compared to 11.0 times in 2017. With competition from corporates strong, sponsors are finding themselves having to go higher on price multiples to win deals. So far this year, there has been roughly US$29bn in completed and pipeline LBO issuance across the overall market. For context, there was US$23bn in LBO issuance last quarter and US$25bn in 1Q17.

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