

Middle Market Deal Terms at a Glance – May 2018

THE LEAD | May 21, 2018

Deal Component	May 2018	May 2017
Cash Flow Senior Debt (x EBITDA)	Micro-Cap 1.75x-3.00x Small Cap 2.75x-4.00x Midcap 3.25x-4.75x	Micro-Cap 1.75x-2.75x Small Cap 2.75x-4.00x Midcap 3.25x-4.50x
Total Debt Limit (x EBITDA)	Micro-Cap 3.50x-4.50x Small Cap 4.00x-5.00x Midcap 4.50x-6.00x	Micro-Cap 3.25x-4.75x Small Cap 3.50x-5.00x Midcap 4.50x-6.00x
Senior Cash Flow Pricing	Bank: L=3.00%-5.00% Non-Bank: <\$7.5MM EBITDA L=5.50%-8.00% Non-Bank: >\$7.5MM EBITDA L=4.50%-6.00% (potential for a 1.00% floor)	Bank: L=3.00%-5.00% Non-Bank: <\$10.0MM EBITDA L=6.50%-8.00% Non-Bank: >\$10.0MM EBITDA L=4.50%-6.50% (potential for a 0.50%-1.00% floor)
Second Lien Pricing (avg)	Micro-Cap L=7.00%-11.00% Floating (1.00% floor) Small Cap L=8.50%-8.50% Floating (1.00% floor) Midcap L=6.00%-7.50% Floating (1.00% floor) Fixed rate options range from 7.0%-11.0%.	Micro-Cap L=8.00%-12.00% Floating (0.50%-1.00% floor) Small Cap L=8.50%-8.50% Floating (0.50%-1.00% floor) Midcap L=6.00%-7.50% Floating (0.50%-1.00% floor) Fixed rate options range from 7.0%-11.0%.
Subordinated Debt Pricing	Micro-Cap 12.00%-14.00% Small Cap 10.00%-12.00% Midcap 10.00%-11.00% Warrants limited to distressed and special situations; Second lien may buy down to ~9.0%.	Micro-Cap 12.00%-14.00% Small Cap 10.00%-13.00% Midcap 10.00%-12.00% Warrants limited to distressed and special situations; Second lien may buy down to ~9.0%.
Unitranche Pricing	Micro-Cap L=7.00%-11.00% (1.00% floor) Small Cap L=8.50%-8.50% (1.00% floor) Midcap L=6.00%-7.50% (1.00% floor) 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=8.00%-12.00% (0.50%-1.00% floor) Small Cap L=8.50%-8.50% (0.50%-1.00% floor) Midcap L=6.00%-7.50% (0.50%-1.00%-1.50% floor) Fixed rate options range from 7.0%-11.0%. ABL revolver can be arranged outside of the Unitranche to arbitrage all-in pricing.

Source: [SPP Capital Partners](#)

Contact: Stefan Shaffer
stefan@sppcapital.com