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U.S. buyout activity keeps up the lively pace, boosting LBO issuance

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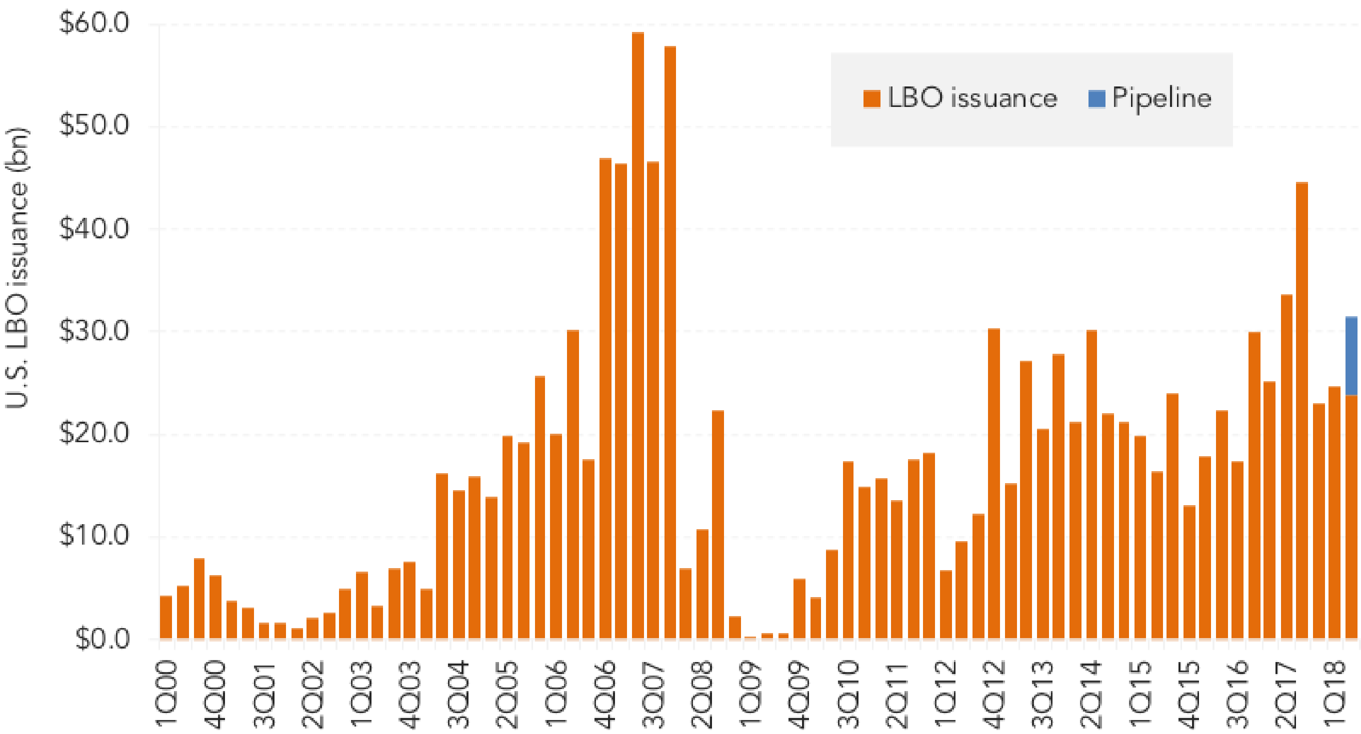

Leveraged buyout activity has been keeping up a lively pace this quarter helping to drive LBO loan issuance higher. So far this quarter there has been US$23.9bn in completed LBO issuance, on par with 1Q18's total of US$24.7bn. This will be the seventh consecutive quarter where LBO issuance has reached the US$20bn plateau, tying the all time record set between 2Q13-3Q14. Private equity shops are sitting on a slew of dry powder which is helping to fuel the deal making. Just this week there has been a bevy of new LBO announcements. Among them were healthcare analytics company Cotiviti Holdings who announced they were being acquired by Veritas Capital for US$4.9bn. It was also reported that Bain Capital is buying out cheerleader uniform retailer Varsity Brands from its current sponsors for US$2.5bn. Also, retailer Rent-A-Center agreed to be purchased by Vintage Capital Management for US$1.37bn according to Reuters. While financings for these deals have not been announced yet, there is another healthy US$7.7bn in the LBO loans pipeline slated to close over the next two weeks.

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