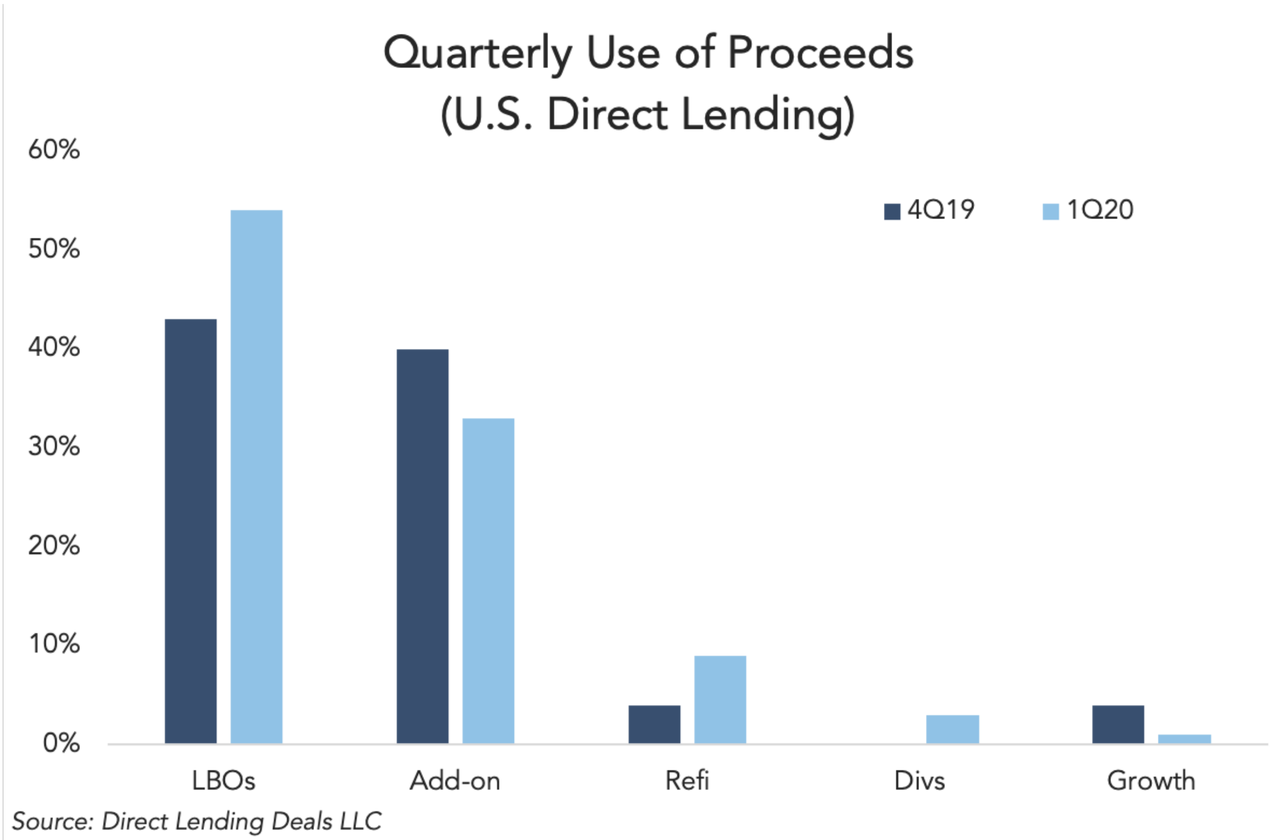
THE LEAD
https://theleadpc.com/dl-deals-news-analysis-4-6-2020/

# Monthly LBO lending decelerates, yet 1Q20 finishes strong; Outlook bleak

KBRA DLD | April 8, 2020




## Chart

LBOs decelerated in March, to 47% of monthly U.S. direct lending volume, according to Direct Lending Deals. The drop was from 63% in February, the biggest month for LBO volume since DLD started tracking transactions in mid-September last year.

Despite March's slowdown, quarterly volume finished ahead of 4Q19 thanks to February's surge. LBOs accounted for 54% of 1Q20 direct lending, up from 43% in the final three months of 2019.

The full effects of the Covid-19 crisis on new issues won't emerge until later this quarter and in 3Q20. Deals that recently crossed the finish line were already near closing before markets crashed in the second half of March.

Like the broader debt markets, the outlook is bleak. There may be small pockets of acquisitions in low-impacted industries, such as enterprise software, but the bulk of business will focus on waivers, forbearance and other emergency measures such as cash infusions from sponsors.