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Loan buyout financings accelerate in 2Q21, with jumbo deals driving volume

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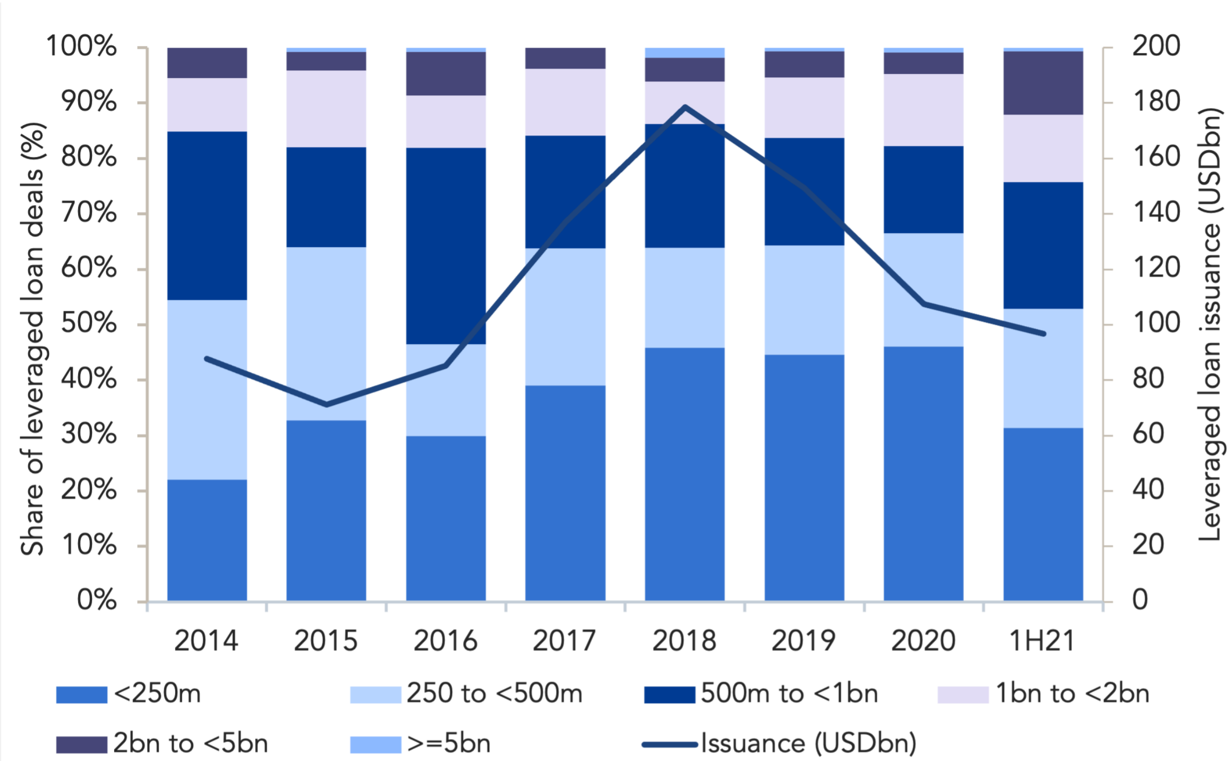

Source: Debtwire Par

Leveraged loans backing buyouts nearly doubled in volume from the 1Q21 figure, landing at USD 62.3bn for the second quarter of 2021. This comes as welcome news for investors, as year-to-date issuance through June represents a 55% improvement over the year-ago figure and comes close to matching the full-year 2020 volume of USD 107.4bn after just six months.

Notably, 24% of loan buyout financings to-date have been concentrated in the USD 1bn-plus deal size category – the highest such proportion in recent years as jumbo deals return to the market following a year of heightened uncertainty as the coronavirus (COVID-19) pandemic caused many companies to shelve plans to shop for suitors or divest units. Indeed, the share of loans sized USD 2 bn or greater has improved to 12.1% from just 4.8% last year.

Ingram Micro led the way, with a USD 7.5bn financing backing its buyout by Platinum Equity from **HNA Group**. The transaction was funded with a USD 2bn Libor+ 350bps (50bps floor) TLB due 2028 as well as a USD 1.5bn bridge loan and USD 4bn in additional term loan debt. **CoreLogic**, a real estate data and analytics provider, was next, issuing a USD 4.5bn loan package supporting its buyout by Insight Partners and Stone Point

Capital. The financing included a USD 3.25bn TLB due 2028 as well as a USD 750m second lien facility and was rounded out by a USD 500m revolver.

Other primary buyouts that were funded with a loan component in excess of USD 2bn include **RealPage**'s buyout by Thoma Bravo (USD 4bn) and STG Partner's acquisition of **McAfee Corp**'s enterprise business for USD 2.955bn.

In another sign of market strength, the share of secondary buyouts has come down from the 2020 level of 37.4% to 31.5% but remains elevated above the 25% area seen in 2018 and 2019. Of the ten largest buyout deals completed this year-to-date, just **Culligan**'s USD 2.475bn financing backing its acquisition by BDT Capital Partners from Advent International and Centerbridge Partners was sponsor-to-sponsor.

(Past performance is no guarantee of future results.)