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US LBO first-lien leverage at all-time high

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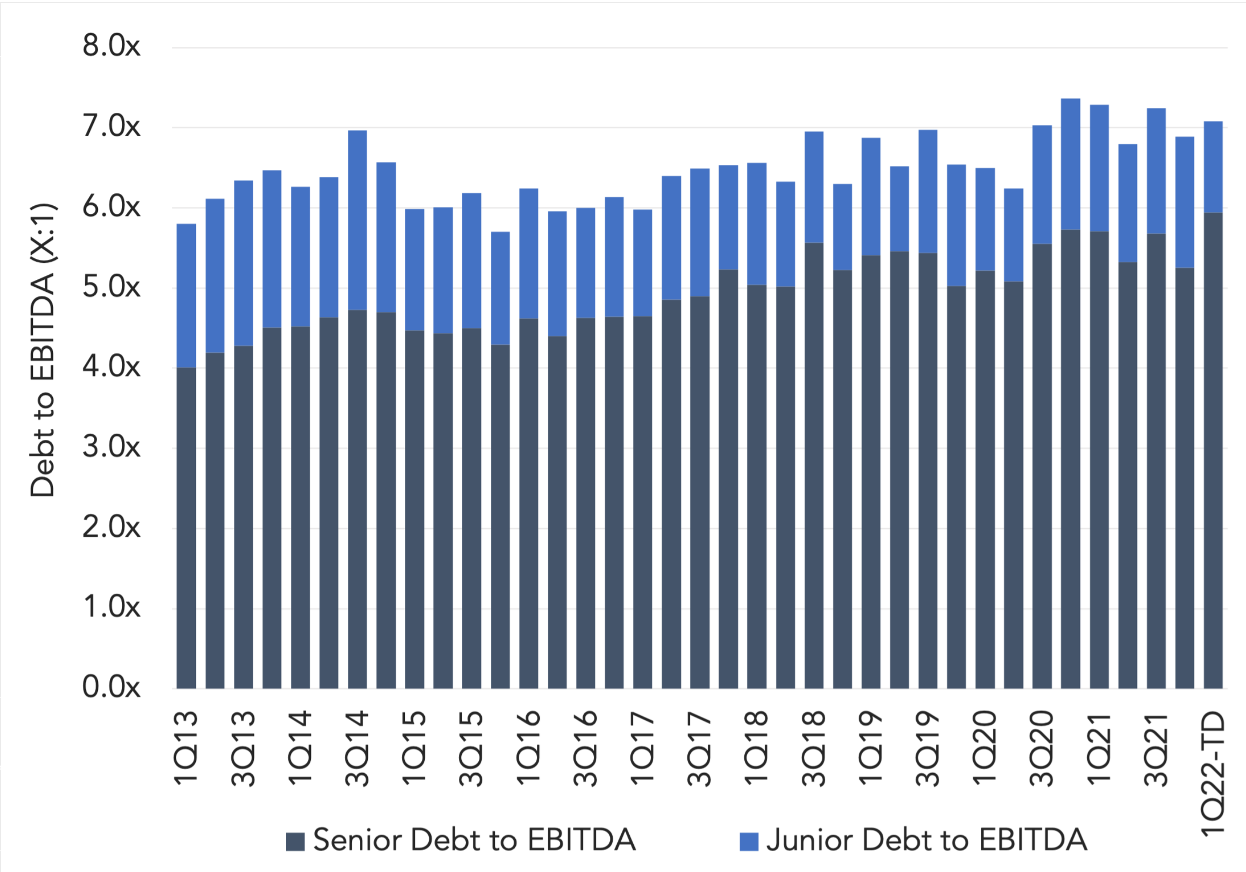

Total leverage on US LBO deals continues to hover around the 7.1x mark in 1Q22, the same area its averaged over the last seven quarters. What is different this quarter is an increase in first-lien leverage which is averaging 5.9x so far, the highest level tracked all-time.

So far in 1Q22, ten LBO deals have seen an increase in their first-lien term loans during syndication, which has helped push senior leverage to new heights.

With interest rate hikes expected to begin this month, investors have shown more demand for loans, which, in several cases, has led to the loan portion of LBO financings to increase while the bond amount gets cut down in size. In other cases, the first-lien loan was increased at the sacrifice of the second-lien term loan amount.

(Past performance is no guarantee of future results.)