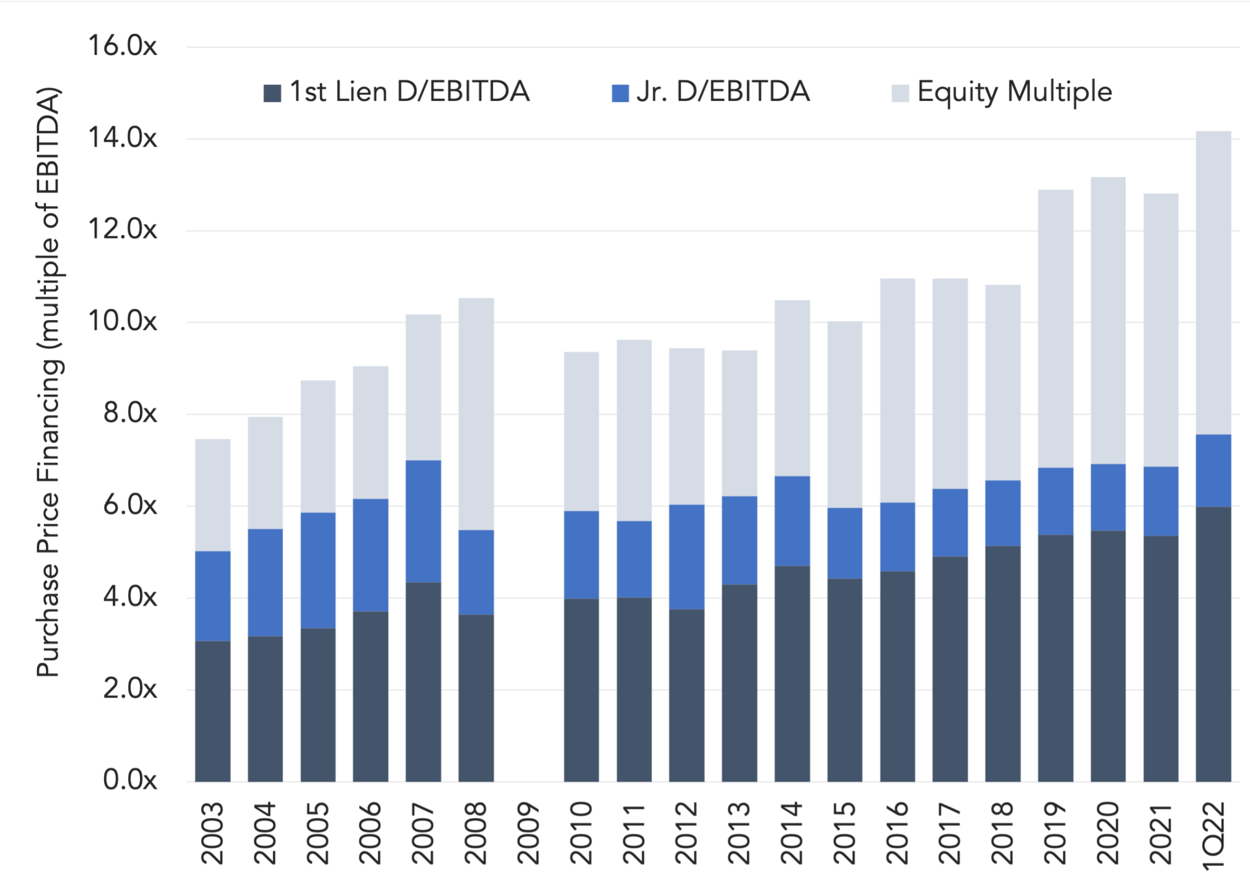
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-4-11-2022/

Equity multiples increased to 6.6x on US LBO deals in 1Q22

LSEG | April 14, 2022



US LBO volume topped off at US$38.8bn in 1Q22, the lowest level since 1Q21 but good enough to be the twelfth highest quarterly level all time. One theme that pushed volume higher was larger LBO loan sizes.

Three over-US$5bn LBO loan packages closed in 1Q22, after only four of that size got done all last year. This helped push the average LBO loan size to over US$1.4bn in 1Q22 after averaging around US$950m in 2021. Meanwhile, LBO purchase price multiples remained elevated, averaging 14.2 times in 1Q22. Competition remains heated and private equity firms are kicking in more equity.

In 1Q22, the average equity contribution on US LBO deals averaged between 47-48%. This allowed the equity multiple on LBO deals to increase to a historical high of 6.6 times last quarter. By comparison, the average equity multiple during 2019-2021 was 6.1 times. For more details on the US LBO market, see Refinitiv LPC's latest US LBO Quarterly Report on Loan Connector.

(Past performance is no guarantee of future results.)