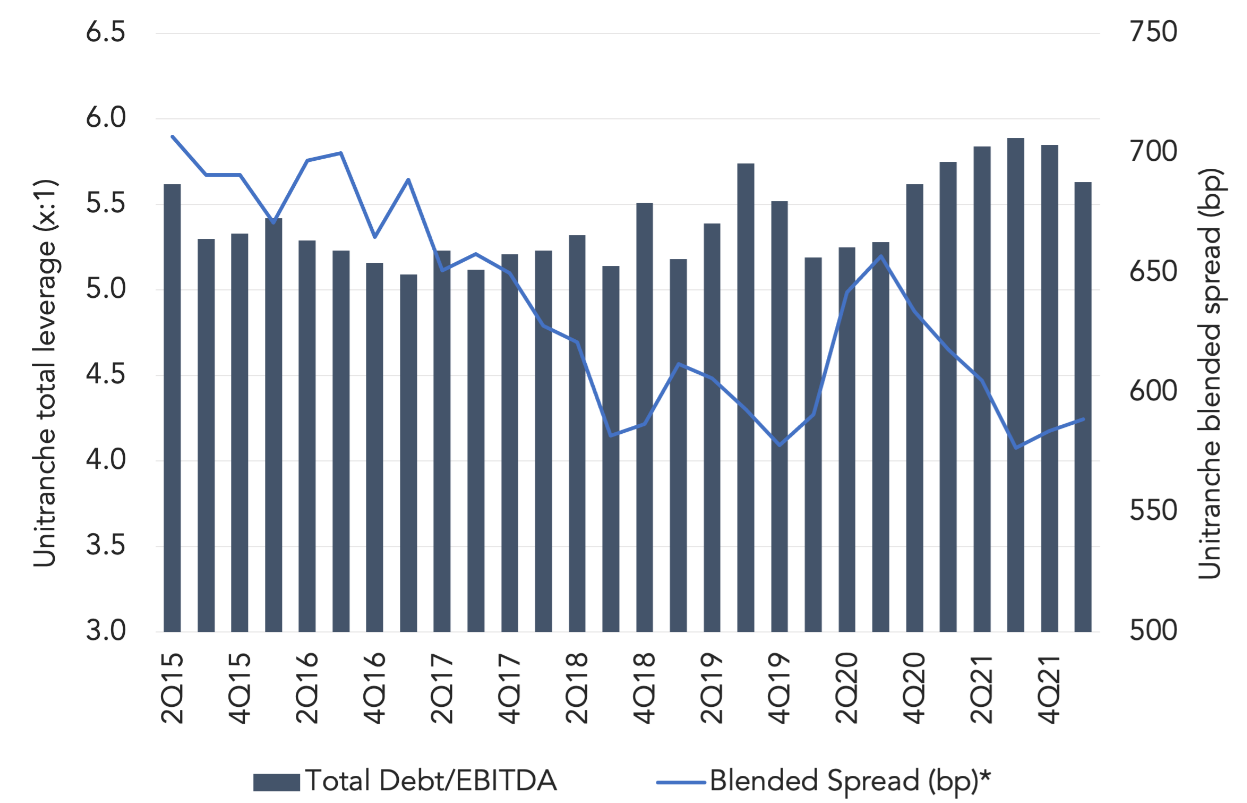
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-4-25-2022/

US unitranche leverage edges lower, spreads tick higher in 1Q22

LSEG | April 28, 2022



* Includes large corporate unitranches

First quarter 2022 US unitranche volume pulled back sharply in both the middle market and large corporate markets as lenders took a breather from the record-setting pace seen in 2H21. Unitranche issuance totaled US$10.1bn in the middle market and US$9.8bn in the large corporate market in 1Q22, down from US$24.9bn and US$39.8bn, respectively, in 4Q21.

Despite the drop in activity in 1Q22, unitranche volume still managed to top the level posted in the same quarter last year and 2Q22 has already seen the second largest unitranche on record, a US$3.7bn deal from Kaseya. Taking a closer look at some key metrics, average unitranche leverage on middle market deals eased back in 1Q22 to 5.63x from 5.85x in 4Q21 but still remained at a lofty level by historical standards.

It was a similar story for unitranche spreads, which ticked up marginally from the lows seen in 2H21 but remained at relatively tight levels amid a backdrop of continued intense competition among direct lenders. Unitranche spreads averaged 589bp in 1Q22, up from 584bp in 4Q21, little changed despite a quarter marked by macroeconomic and geopolitical uncertainty.

(Past performance is no guarantee of future results.)