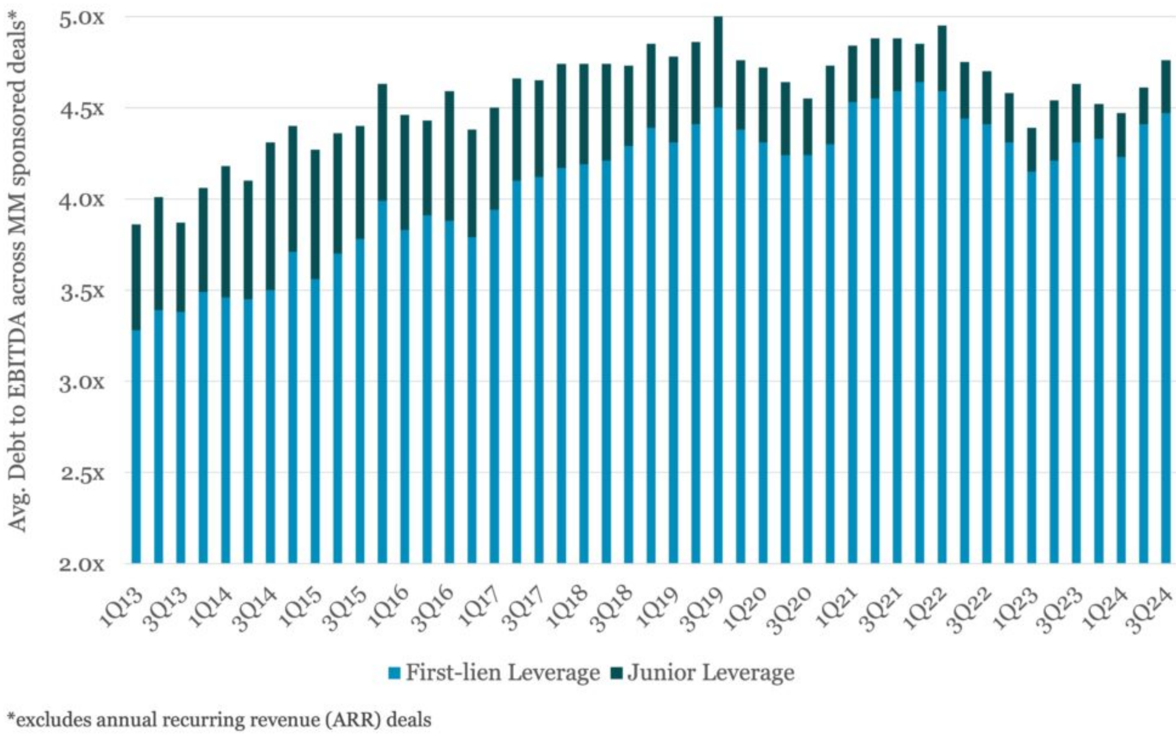
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-10-21-2024/

Leverage on middle market sponsored deals increased to 4.76x on average in 3Q24

LSEG | October 23, 2024



Total leverage on sponsored middle market deals climbed to 4.76x on average in 3Q24 from 4.61x in 2Q24 and was the highest quarterly level recorded since 1Q22. The increase was driven by both higher senior and junior leverage. First-lien leverage came in at 4.47x in 3Q24, up from 4.41x in 2Q24, while junior leverage increased to 0.29x from 0.20x. Looking deeper into this metric, the share of deals with total leverage above 5x climbed to 40% in 3Q24 from 34% in the prior quarter. At the higher end, the share of deals levered more than 6x ticked up to 13% from 10% in 2Q24. Leverage also increased across company size, with upper middle market deals (EBITDA >=US$20m) widening to 4.99x on average in 3Q24 from 4.80x in the previous quarter, while lower middle market transactions (EBITDA <US$20m) increased to 4.12x from 3.99x.