Leveraged Loan Insight & Analysis – 2/15/2016

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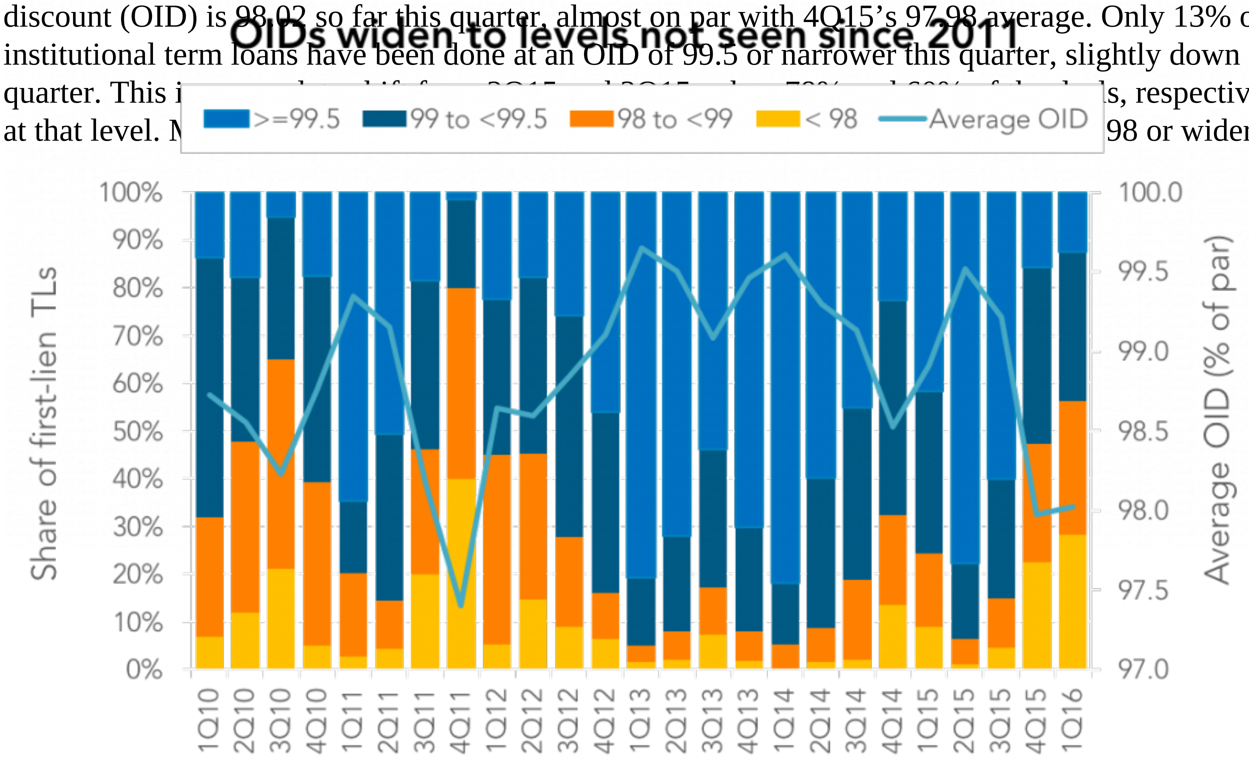
Discounts on first-lien institutional term loans haven't been this wide since 2011. The average original issue discount (OID) is 98.02 so far this quarter, almost on par with 4Q15's 97.98 average. Only 13% of first-lien institutional term loans have been done at an OID of 99.5 or narrower this quarter, slightly down from 16% last quarter. This i s, respectively, were sold at that level. N 98 or wider.



Choppy market conditions have led investors to demand more to commit to deals. Credit Suisse marketed once again a reduced US$878m loan for Kraton Polymers at a discount of 92; the deal was ultimately sold at 90. The deal, which was launched in December, was funded in January at a price of 500bp over Libor and a 98 OID. SolarWinds deepened the discount on its LBO deal to 95 from 98.5. Other issuers like Vizient and Mattress Firm Holdings also widened their discounts. Both these companies issued their loans at 97. Not surprisingly, the average yield, assuming a three-year term to repayment of 6.45% this quarter is at its highest since 2Q12.

Contact: Diana Diquez
diana.diquez@thomsonreuters.com