Leveraged Loan Insight & Analysis – 2/22/2016

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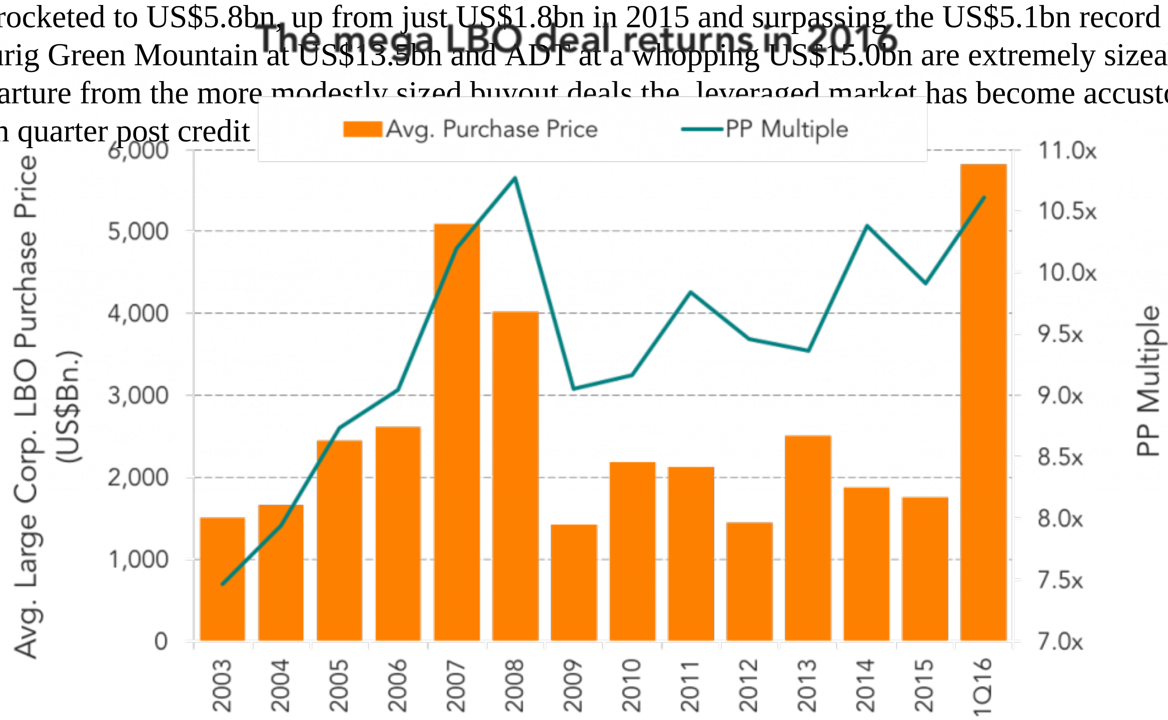
Despite significant market volatility, PE shops are moving full speed ahead on select mega deals in 2016. While the dataset is still limited, the average purchase price for large corporate buyout deals so far in 2016 has skyrocketed to US$5.8bn, up from just US$1.8bn in 2015 and surpassing the US$5.1bn record set in 2007. Keurig Green Mountain at US$13.5bn and ADT at a whopping US$15.0bn are extremely sizeable deals and a departure from the more modestly sized buyout deals the leveraged market has become accustomed to seeing each quarter post credit



ADT is the

third largest deal by enterprise value post credit crisis behind Heinz and Dell (excluding current EMC/Dell deal). The average purchase price multiple for large corporate buyouts is estimated at around 10.6 times based on LPC data, up from 9.9 times last year and not too far behind the 10.8 times record multiple tracked in 2008. Despite the lofty multiples and large deal sizes, the average total leverage level on large corporate buyouts is still reasonable at 4.1 times first lien debt to EBITDA by 6.1 times total debt to EBITDA.

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Contact: Fran Beyers
frances.beyers@thomsonreuters.com