

Leveraged Loan Market Overview – Q4 2023

Current developments in Europe and Germany

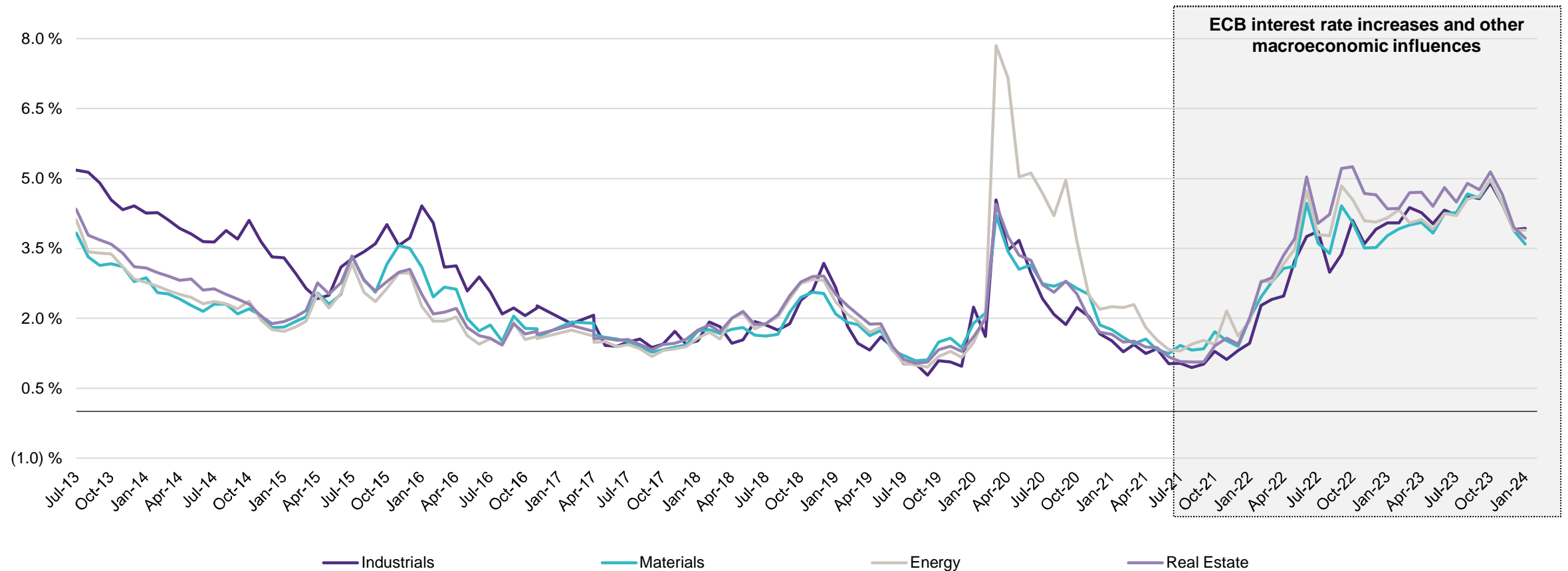


Current interest rate environment

Development of EUR swap rates in various sectors

Development of interest market: Sectors - Industrials, Materials, Energy and Real Estate (companies with BB rating, 5-year term)

(as of January 2024)



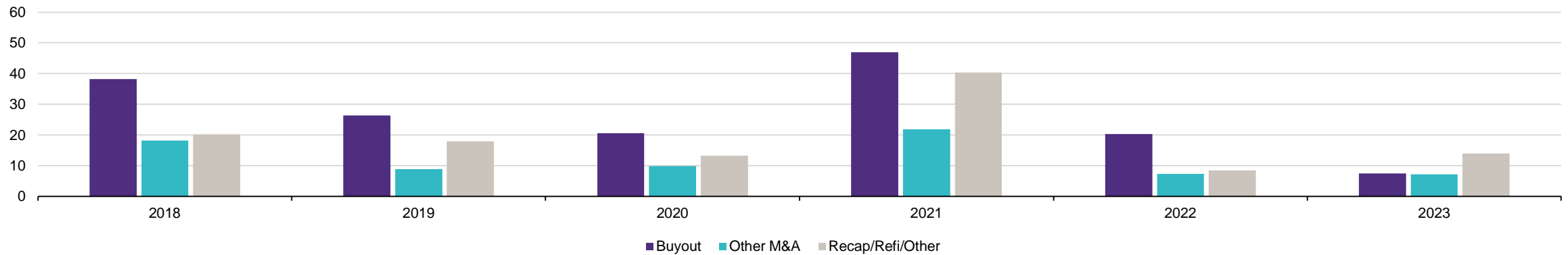
Source: S&P Capital IQ

Leveraged Buyouts

European sponsored loan volume via syndicated loan market

European sponsored loan volume (€BN)

(as of January 2024)



European sponsored loan volume (€BN)

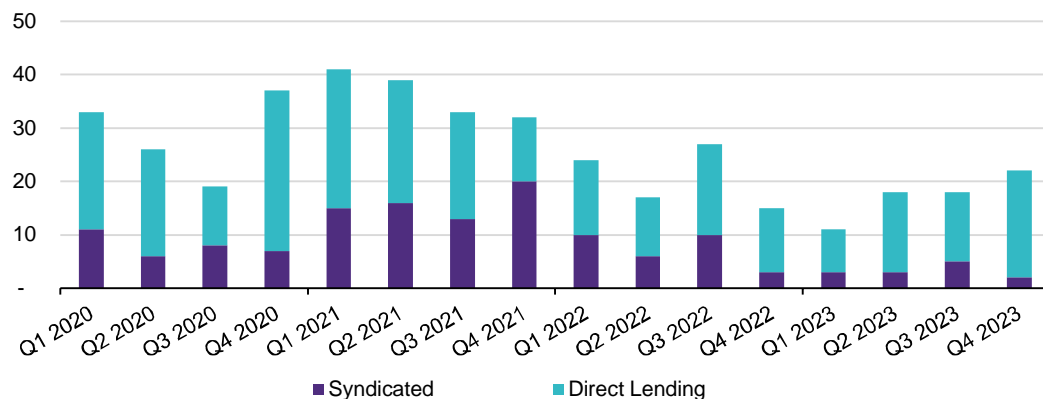
	2018	2019	2020	2021	2022	2023
Buyout	38.1	26.3	20.6	47.0	20.4	7.6
Other M&A	18.2	8.9	9.9	21.8	7.4	7.2
Recap/Refi/Other	20.1	18.7	13.3	40.3	8.5	13.9
Total	76.4	53.1	43.8	109.1	36.3	28.6

Private Credit

European direct lending market statistics

European count of LBOs financed via syndicated vs. direct lending

(as of January 2024)

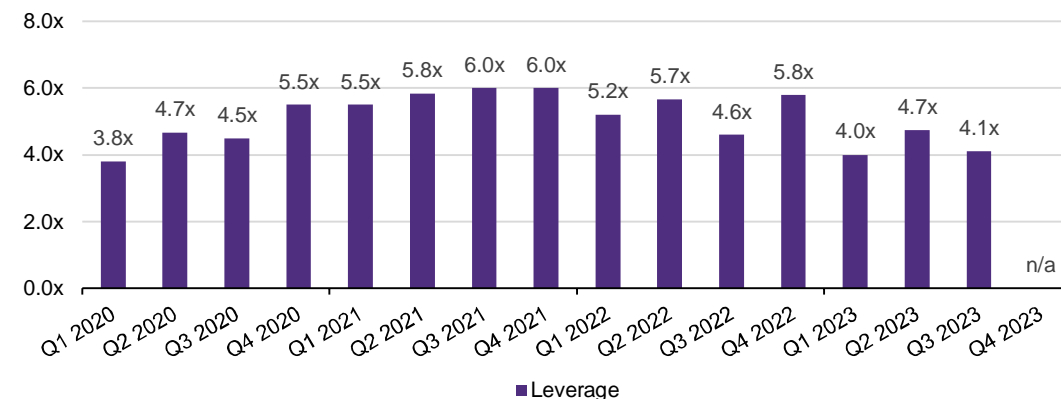


LBOs financed via syndicated vs. direct lending			
	Syndicated (#)	Direct lending (#)	Ø-Deal size (€M)
Q4 2023	2	20	240.8
Q3 2023	5	13	175.0
Q2 2023	3	15	160.0
Q1 2023	3	8	135.0

Source: PitchBook | LCD

European direct lending market - Leverage

(as of January 2024)



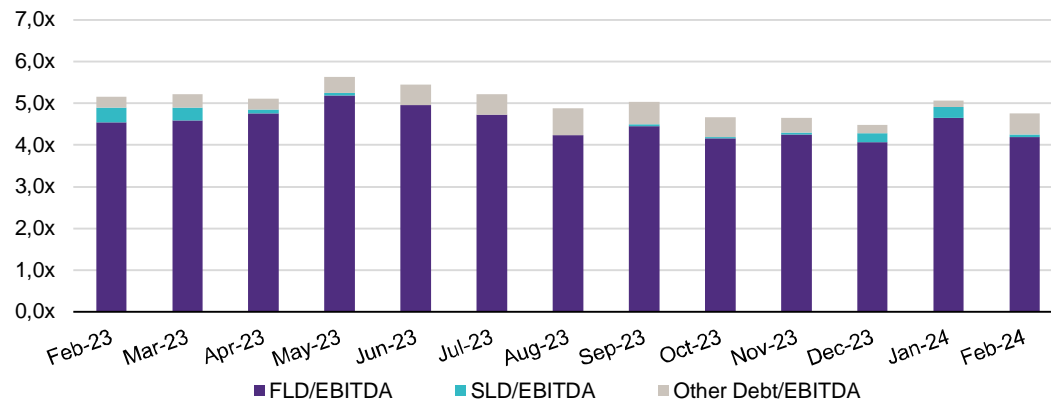
European direct lending market - Leverage		
	Ø-EBITDA (€M)	Leverage
Q4 2023	25.0	n/a
Q3 2023	31.3	4.1x
Q2 2023	14.0	4.7x
Q1 2023	20.0	4.0x

Source: PitchBook | LCD

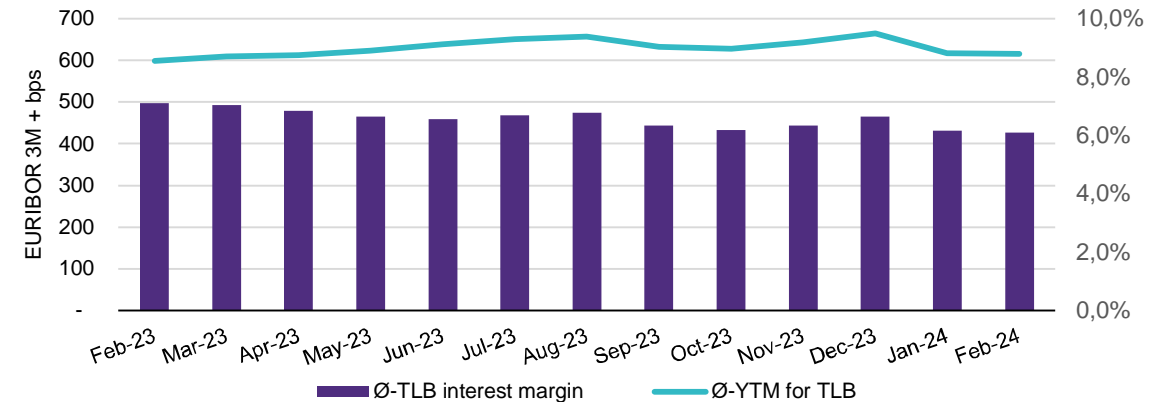
Financing (sub-)investment grade

Leverage ratios and interest margins (Europe)

Leverage ratios (rolling three months)
(as of January 2024)



Ø-Yield for new transactions (rolling three months)
(as of January 2024)



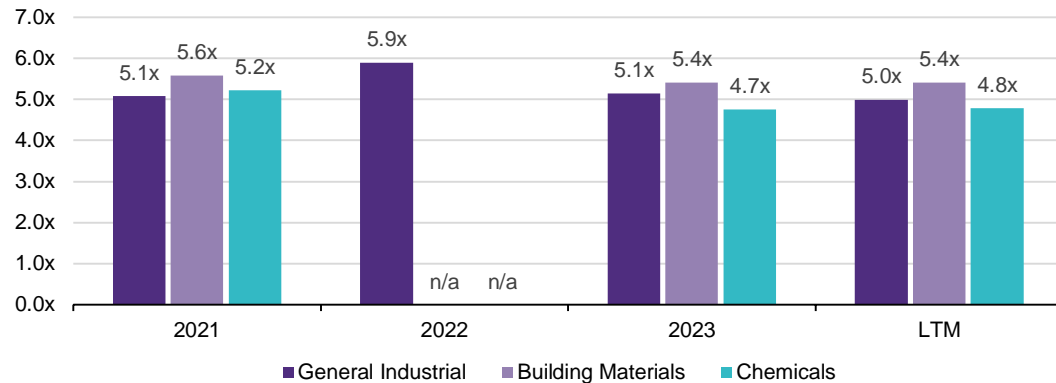
	Leverage Ratios (rolling three months)		
	First-lien debt /EBITDA	Second-lien debt /EBITDA	Other Debt /EBITDA
Feb. 2024	4.2x	0.1x	0.5x
Q4 2023	4.1x	0.2x	0.2x
Q3 2023	4.5x	0.1x	0.6x
Q2 2023	5.0x	0.0x	0.5x
Q1 2023	4.6x	0.3x	0.3x

	Ø-Yield for new transactions (rolling three months)	
	Ø-Term loans B margin (bps)	Ø-YTM for Term loans B
Feb. 2024	426.0	8.8%
Q4 2023	465.0	9.5%
Q3 2023	444.1	9.0%
Q2 2023	458.1	9.1%
Q1 2023	492.4	8.7%

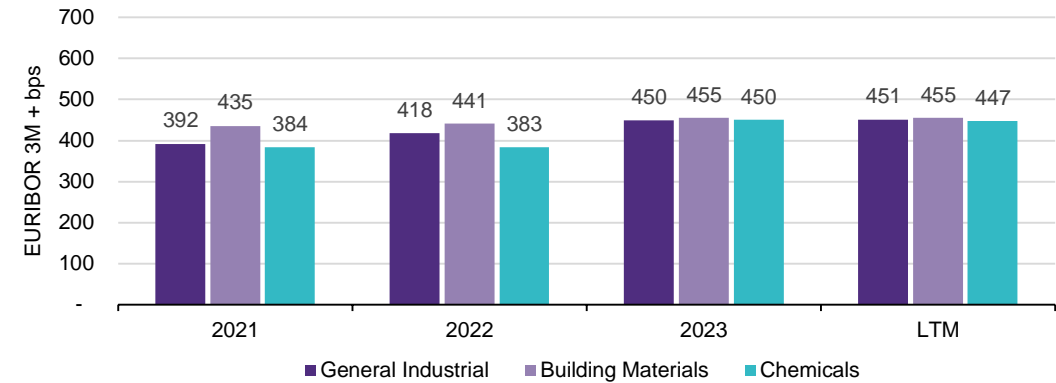
Financing (sub-)investment grade

Leverage and margins (European primary industries)

Leverage ratios (rolling three months)
(as of January 2024)



Leverage financing - Ø-Institutional spread (rolling three months)
(as of January 2024)



Leverage Ratios (rolling three months)			
	General Industrial	Building Materials	Chemicals
LTM	5.0x	5.4x	4.8x
2023	5.1x	5.4x	4.7x
2022	5.9x	n/a	n/a
2021	5.1x	5.6x	5.2x

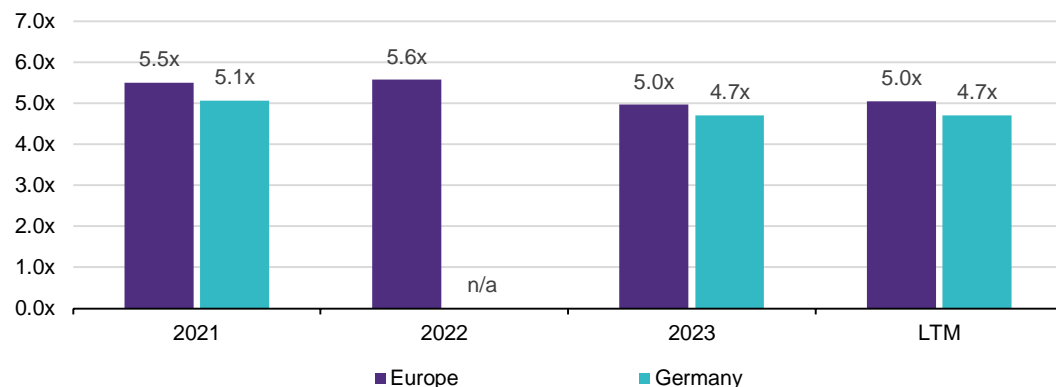
Ø-Yield for new transactions (rolling three months)			
	General Industrial	Building Materials	Chemicals
LTM	451	455	447
2023	450	455	450
2022	418	441	383
2021	392	435	384

Financing (sub-)investment grade

Leverage and margins (Europe & Germany)

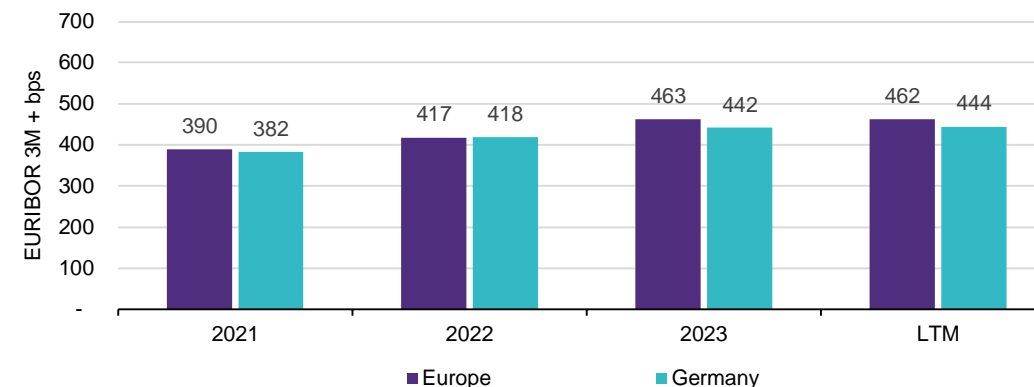
Leverage financing – Debt/EBITDA Multiple

(as of January 2024)



Leverage financing - Ø-Interest margin (rolling three months)

(as of January 2024)



	Leverage Finance - Multiples			
	2021	2022	2023	LTM
Europe				
Debt/EBITDA	5.5x	5.6x	5.0x	5.0x
Senior Debt/EBITDA	5.5x	5.5x	4.9x	5.0x
EBITDA/Cash Interest	4.5x	3.4x	2.8x	2.9x
Germany				
Debt/EBITDA	5.1x	n/a	4.7x	4.7x
Senior Debt/EBITDA	5.1x	n/a	4.7x	4.7x
EBITDA/Cash Interest	4.7x	n/a	2.7x	2.7x

Source: PitchBook | LCD

	Leverage Finance - Margins			
	2021	2022	2023	LTM
Europe				
Ø-Interest margin	390	417	463	462
Ø-Financing size (in EUR Mio.)	545	538	538	538
Ø-Pro-rata-term (years)	5.5	5.6	4.6	4.6
Germany				
Ø-Interest margin	382	418	442	444
Ø-Financing size (in EUR Mio.)	417	544	238	240
Ø-Pro-rata-term (years)	6.1	6.2	5.4	5.5

Source: PitchBook | LCD



Contact



Grant Thornton Debt Advisory Team

We support you in your financing process and offer you creative and individual financing solutions

Why use a debt advisor?



Execution certainty

By using our extensive network among financiers and running an optimised (tailored to the transaction) financing process, we maximise certainty of funds



Speed of execution

We deliver a senior deal team with ample acquisition financing experience and manage time pressure to ensure a swift availability of funds



Best terms and conditions

By running a competitive process, we obtain the best terms and conditions available in the market (e.g. in terms of pricing, covenants, buy & build flexibility)

When we get involved and how we add value?

Typically, we advise corporations, family owned companies, financial investors, private equity and family offices on:



Refinancings



Amend & extend



Rating analysis (using Bafin-licensed tool)



Sustainable finance (ESG)



Dividend financing and recaps



Alternative financings (e.g., factoring, leases)



LBOs and acquisition financing



Financing options review



Financial restructuring

Gründe für unser Team



Financing expertise



Global network



Independent advice



Execution resources



Competitive financing process



Negotiation expertise

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