



# IBA Private Equity Transactions Symposium 2024

## European Leveraged Finance Markets

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# European leveraged finance market observations

Favourable financing conditions supporting opportunistic refinancings and M&A activity

## Capital markets

- Technical environment is highly favourable, with key indices at most attractive levels seen since 2021
- Primary markets are fully functioning, although event-risk on the horizon (elections, budgets, geo-political)
- Bank underwriting appetite has returned, although M&A deal flow has been modest so far
- Supply / demand imbalance driving tight terms; borrowers rushing to access markets while window available
- As a result, capital markets are taking back market share from private credit

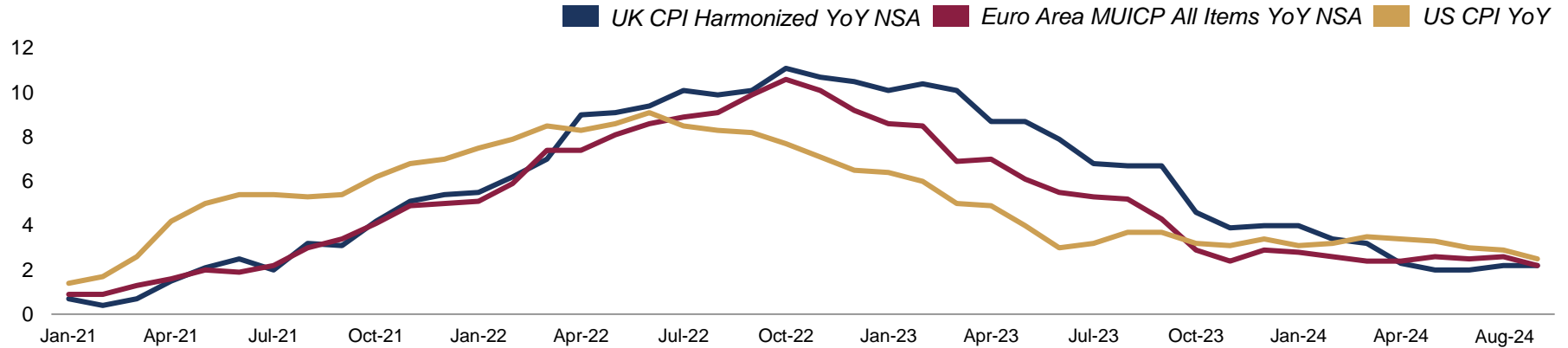
## Private credit

- Resurgent capital markets have pushed direct lenders to reprice, offer cov-lite and/or recaps in response
- Some funds re-trenching to traditional mid-market as key source of deals
- Although private credit increasingly utilized in large-cap financings, for higher leverage, GBP, or committed lines
- Emergence of “club underwrite” quasi-syndicated large-cap deals
- Credit discipline remains elevated, with competition for strong credits, whilst less attractive credits can struggle
- Fundraising environment favouring large, well-established funds

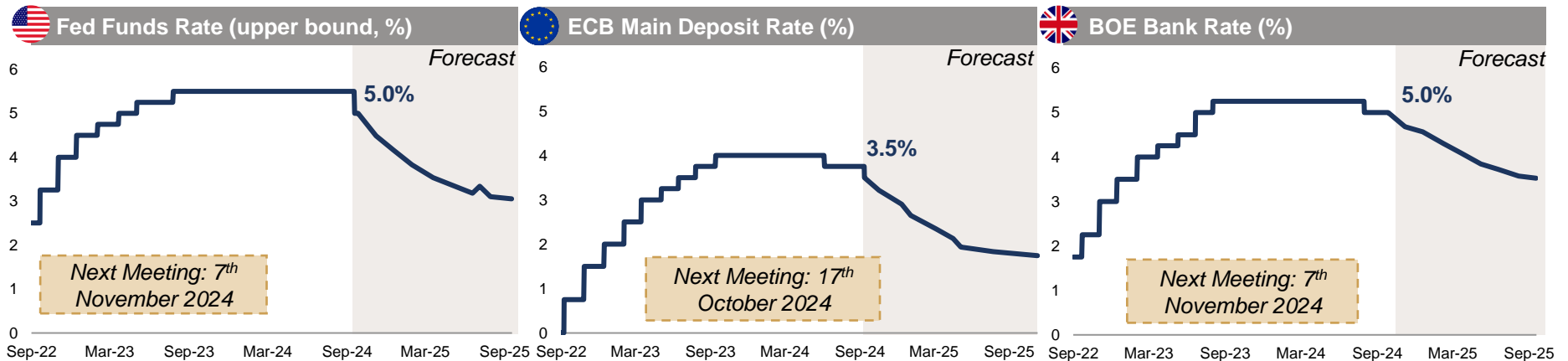


# Stabilization of inflation and rate environment

## Consumer price inflation (Jan-21 to Aug-24)



## Key central bank rates and forecast

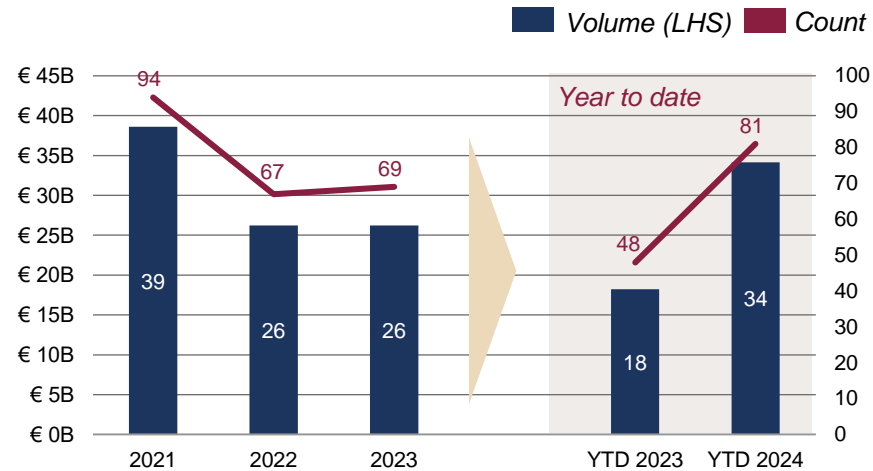




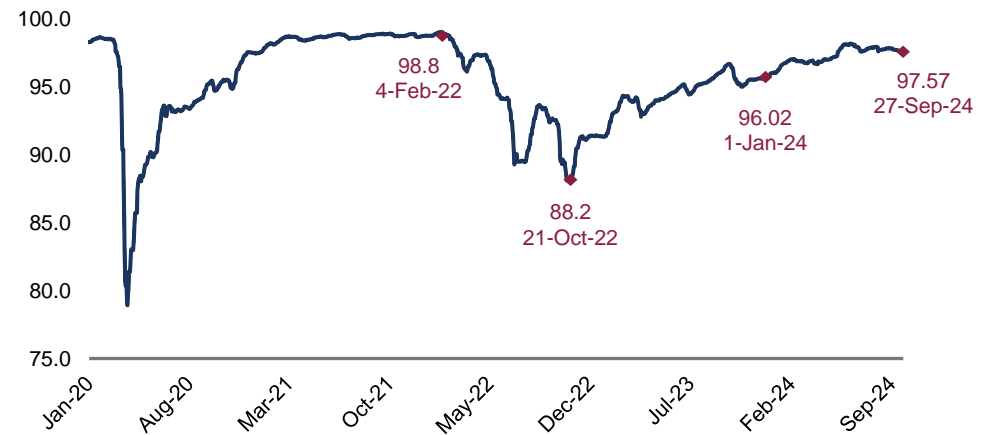
# Significantly improved capital markets backdrop

## Institutional TLB market

**Euro CLO activity (€bn)**



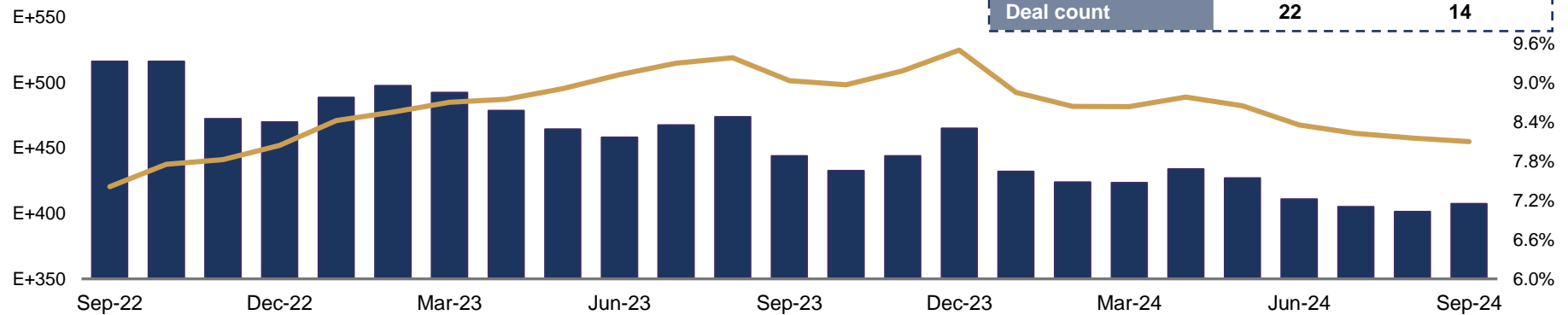
**Institutional loans – secondary pricing (S&P ELLI)**



**Institutional loans – new issue pricing (bps)**

■ Average 3m-rolling TLB Spread (LHS)  
■ Average 3m-rolling YTM for TLB

	Sep-24 <sup>1</sup>	Jul-24
Avg. Spread (E+)	385	404
Deal count	22	14



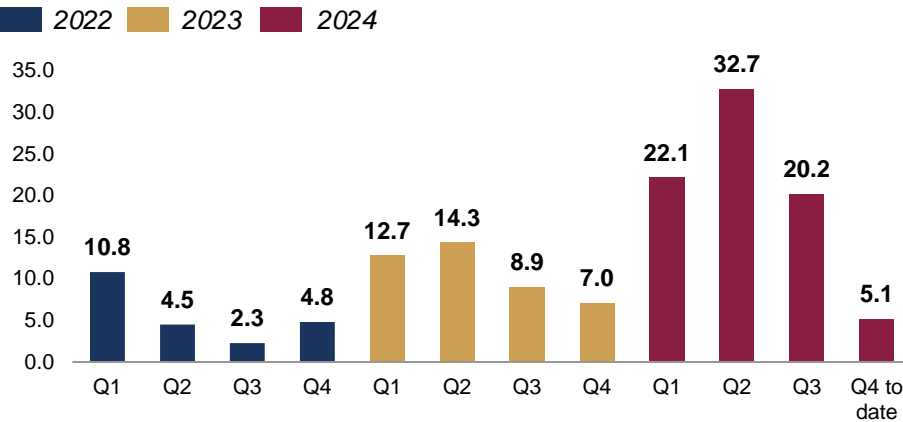
Source: LCD  
Notes: Month ended 26.09.2024



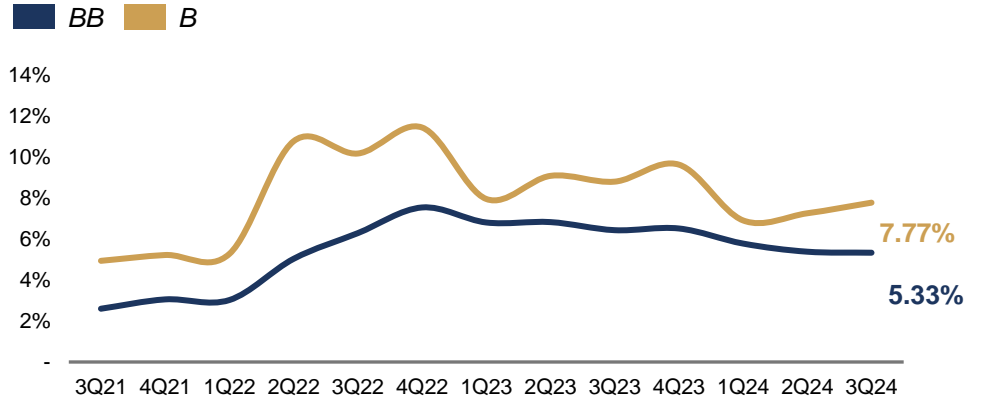
# Significantly improved capital markets backdrop (cont.)

## High-yield bond market

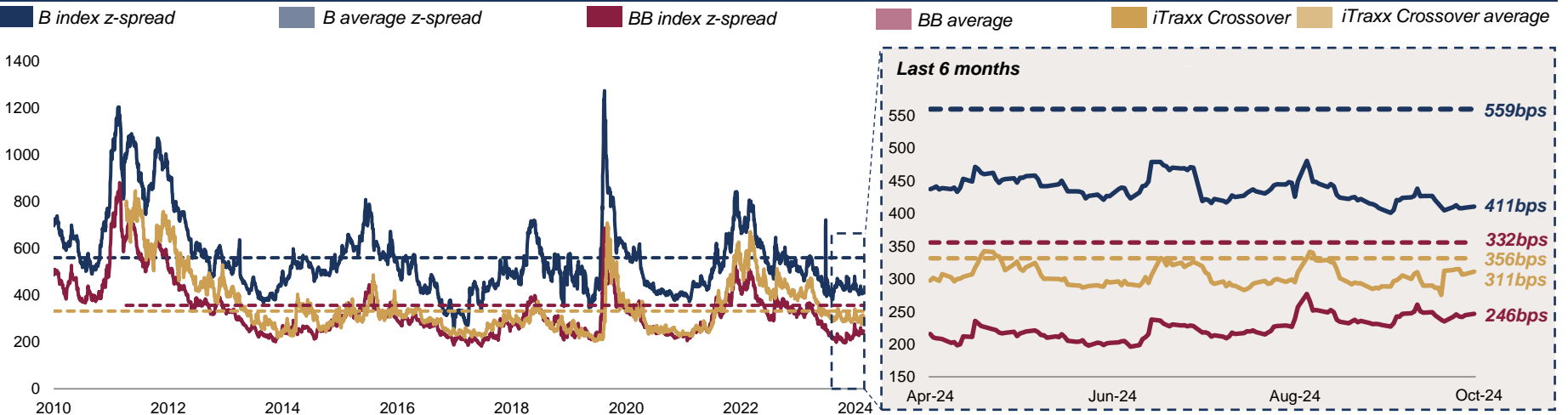
### European high-yield bond issuance volume (€bn)



### High-yield bond new issue yield (%)<sup>1</sup>



### EUR indices spread and iTraxx cross-over index vs historical average





# Sep-24 EUR TLB & HYB issuance

Date	Issuer	Rating	Nationality	Industry	Purpose	Amount (€m)	Margin / Cpn	Sponsor
<b>TLB</b>								
Sep-24	Delachaux	B+/B1	France	Manufacturing & Machinery	Repricing	710	350	CDPQ
Sep-24	Refresco	B+/B1	Netherlands	Food & Beverage	Repricing	1965	350	KKR, PAI, BCI
Sep-24	Univar Solutions	B+/B1	USA	Chemicals	Repricing	1000	350	Apollo
Sep-24	Genesys	B/B2	United States	Computers & Electronics	Repricing	536	375	H&F, Permira
Sep-24	Gerflor	B/B2	France	Industrials	A&E	900	375	Cobepa, ICG
Sep-24	Group of Butchers	B/B2	Netherlands	Food & Beverage	Repricing	494	375	Parcom, Apollo
Sep-24	Nobian Finance	B/B2	Netherlands	Chemicals	A&E	974	375	Carlyle, GIC
Sep-24	Synlab	B/B2	Germany	Healthcare	Repricing	1000	375	Cinven
Sep-24	Innomotics	B/B2	Germany	Manufacturing & Machinery	LBO	1400	400	KPS
Sep-24	Valeo Foods	B-/B3	Ireland	Food & Beverage	Acquisition	300	475	Bain
Sep-24	WS Audiology	B-/B3	Denmark	Healthcare	Repricing	1900	400	EQT
Sep-24	MFG	B/B2	United Kingdom	Retail	Repricing	525	375	CD&R
Sep-24	Amer Sports	BB/B1	Finland	Sporting Goods	Repricing	700	300	Not sponsored
Sep-24	Froneri	BB-/Ba3	United Kingdom	Food & Beverage	Refinancing	2000	250	PAI
Sep-24	Element Materials	B/B3	United Kingdom	TIC	Repricing	370	375	Temasek
Sep-24	Rubix	B/B3	France	Industrials	A&E	1505	400	Advent
<b>HYB</b>								
Sep-24	IGT	BB+/Ba1	United Kingdom	Gaming	Refinancing	500	425	Not Sponsored
Sep-24	Azelis SA	BB+/NR	Belgium	Chemicals	Refinancing	600	475	Not Sponsored
Sep-24	Apcoa	B/B3	Germany	Transportation	Refinancing	300	600	SVP
Sep-24	Apcoa	B/B3	Germany	Transportation	Refinancing	385	E+412.5	SVP
Sep-24	Innomotics	B/B2	Germany	Manufacturing	LBO	600	625	KPS
Sep-24	PureGym	B-/B3	United Kingdom	Leisure	Acquisition	125	825	Leonard Green, KKR
Sep-24	Ceme	B/B2	Italy	Manufacturing	Acquisition	360	450	Investindustrial
Sep-24	AccorInvest Group SA	B/B2	Luxembourg	Gaming And Hotels	Refinancing	750	637.5	Not Sponsored
Sep-24	Empark	BB/Ba3	Luxembourg	Transportation	Acquisition	125	E+300	Macquarie
Sep-24	Acqua & Sapone srl	B/B2	Italy	Consumer Nondurables	LBO	400	650	TDR
Sep-24	Acqua & Sapone srl	B/B2	Italy	Consumer Nondurables	LBO	450	E+425	TDR
Sep-24	Perrigo	B+/Ba3	United States	Healthcare	Refinancing	350	537.5	Not Sponsored
Sep-24	OEG Offshore Ltd	NR/B1	United Kingdom	Oil & Gas	Recap/Dividend	465	725	Oaktree

Public

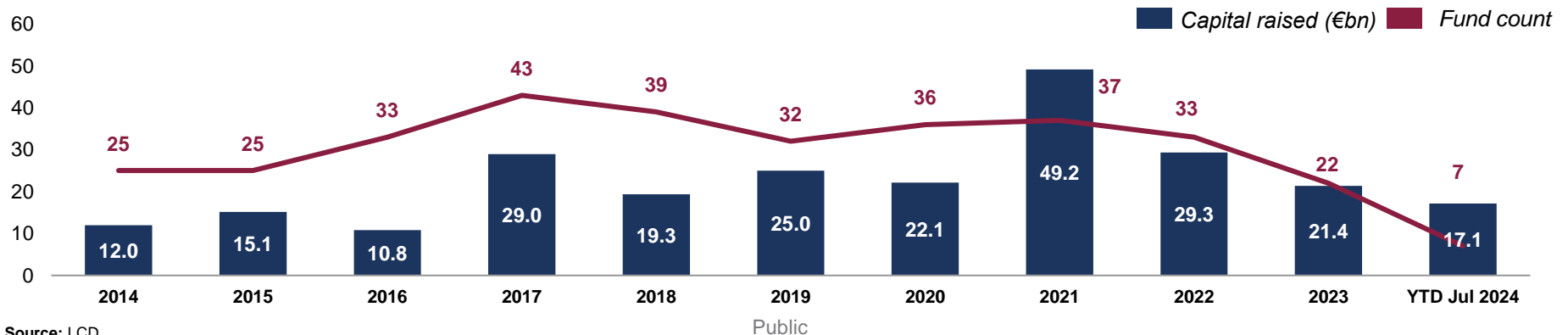


# Private credit: increasingly used in large-cap financings and experiencing consolidation of fundraising

## Selected 2024 large-cap unitranche (€m-equivalent)

	900	2,100	740	1,730	1,425	1,050
	<b>Doc Generici</b>	<b>Hargreaves Lansdown</b>	<b>Vitamin Well</b>	<b>IRIS Group</b>	<b>Audiotonix</b>	<b>Orisha Group</b>
<b>Date</b>	Sep-24	Aug-24	Aug-24	Apr-24	Apr-24	Jul-24
<b>Quantum</b>	EUR 900m	GBP 1,750m	EUR 740m	GBP 1,450m	GBP 1,220m	EUR 1,050m
<b>Use of proceeds</b>	Repricing	LBO	LBO	Refinancing	LBO	LBO
<b>Sponsor</b>	TPG	CVC	Cinven	Leonard Green	PAI	Francisco, TA
<b>Lenders</b>	HPS, Bx, CVC, KKR, Oakhill, PSP	KKR, Apollo, HPS, Bx + others	BlueOwl	Bx, GS, 6Street, GIC + others	BlueOwl	Bx, GS, Park Square, Arcmont, Permira
<b>Industry</b>	Pharma	Financial services	Food & Beverages	Computers & Electronics	Computers & Electronics	Computers & Electronics

## Europe direct lending fundraising (€bn)<sup>1</sup>



Source: LCD  
Notes: 1. Data though to 31 July 2024



# Panellists



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Blackstone

**Saarvin Balasundram – Blackstone**

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CLIFFORD  
CHANCE

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**Diarmuid Toomey – Deutsche Bank**

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