Proskauer

Proskauer Releases 2019 Proprietary Analysis of Private Credit Deal Terms

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January 23, 2020 (New York) – International law firm Proskauer announced today that its market-leading Private Credit Group has released its annual proprietary deal data at an exclusive event for clients.

The report provides a unique in-depth analysis of deal terms contained in more than 230 transactions that the firm completed for its direct lending clients during 2019, which amounted to nearly $60 billion in transaction value.

Steve Boyko, co-head of The Private Credit Group stated, “We are thrilled to report our findings today. Our clients deployed a historic amount of capital this year in both sponsored and non-sponsored transactions, supporting more than 130 distinct private equity sponsors. Our data provides our clients with the tools they need to compete and win in today’s ultra-competitive market. Our data offers our clients a real-time, granular deep-dive into today’s trends in deal terms, sorted by the terms our clients deem most relevant, whether that be industry, deal size, geography or dozens of other options.”

Highlights from the study include:

- **Scope**: The number of deals increased by 23% and aggregate transaction value swelled to $57.9 billion, a 38% increase.
- **Deals getting bigger**: Our clients are continuing to move up market and offer larger loans. 32% of deals had a loan size greater than or equal to $200 million, and 50% were made to companies with at least $30 million of EBITDA.
- **Industries and lenders**: Healthcare, software & technology, and business services remained the three leading industries comprising 57% of all deals.
- **Looser Covenants**: Cov Loose deals increased to 59% of all deals while cov lite deals decreased to 10% of all deals; 88% of all cov lite deals had EBITDA of at least $50 million.

- **Unitranche deals** have become more prevalent, representing 56% of all deals. Mezzanine continues to decline from 21% in 2013 to 3% in 2019.
- **Increasing Leverage**: Leverage increased to 5.4x across all deals, and EBITDA add backs continued to grow, resulting in significantly higher actual leverage.

“Our ongoing work with market leaders on a large volume of deals gives us an unparalleled overview of the market,” stated Steve Ellis, Chair of the Firm and co-head of the Private Credit Group. “The exclusive insights we provide our clients helps them continue to achieve success.”

Proskauer’s Private Credit Group is a unique finance practice with more than 60 lawyers based in key financial centers in New York, London, Los Angeles and Boston. The team has consistently closed more than 175 deals a year and has been widely recognized as a firm at the forefront of the private credit market.

Related Professionals

- **Stephen A. Boyko**
  Partner
- **Justin Breen**
  Partner
- **Gary J. Creem**
  Partner
- **Steven M. Ellis**
  Chairman Emeritus of the Firm
- **Alexander Griffith**
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- **Stephen P. Gruberg**
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- **Daniel Hendon**
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- **Daniel W. Hendrick**
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- **Faisal Ramzan**
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