

Proskauer Releases 2020 Proprietary Analysis of European and US Private Credit Deal Terms

April 20, 2021

April 20, 2021 (London) – International law firm Proskauer’s market-leading Private Credit Group has today released its annual proprietary deal data report to the European market.

The report provides a real-time snapshot on the state of the credit markets through an in-depth analysis of deal terms contained in over 217 transactions the Private Credit Group completed during 2020.

“After a historically challenging year we are delighted to highlight to our clients the key elements and trends of their deals as they evolve in the continually growing private credit market,” says Alex Griffith, partner in the Private Credit Group.

Highlights from the study include:

- **Healthcare** was the dominant sector in 2020.
- **Deal closings** were skewed toward Q4.
- Significantly **more deals** were in the **€150-250mm band**.
- **45% of deals had PIK Toggle** or PIK Coupon in 2020 a significant increase from 27% in 2019.
- The **default level of headroom** is now more clearly 35%.
- The **number of covenants** per deal has decreased in 2020 (average of 1.82 in 2017, 1.33 in 2018, 1.24 in 2019, and 1.16 in 2020).
- **55%** of deals were **covenant loose** (i.e. a single leverage test with >30% headroom).
- **Average closing leverage** was 5.1x in Europe, compared to 5.2x in the US.
- **Un-sponsored deals decreased to 5%** of deals in 2020 compared to 11% in 2019.
- **Exceptional items addback to EBITDA** were uncapped on 52% of deals, down from 69% in 2019.

Proskauer's Private Credit Group is a unique finance practice with a large team of lawyers based in key financial centers in London, New York, Los Angeles and Boston. The team has consistently closed more than 200 deals a year and has been at the forefront of the development of the private credit market.

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