



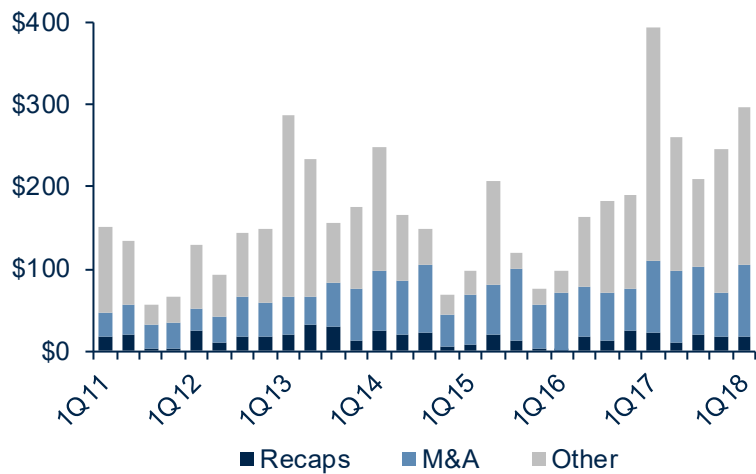
ALVAREZ & MARSAL LEVERAGED LOAN MARKET UPDATE

2018 Q1

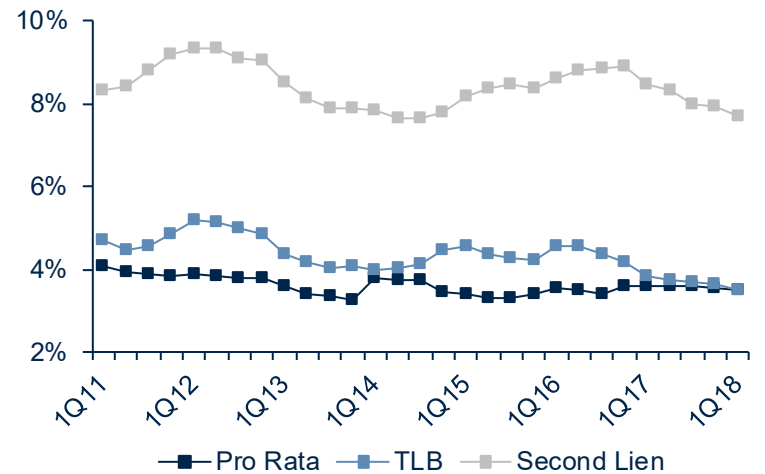
Following a record-breaking 2017 for leveraged loan issuances, total issuance volume for the first quarter of 2018 finished just shy of \$300 billion. Despite falling short of Q1 2017 volume by ~25%, Q1 2018 had the second highest volume of leveraged loan issuances over the past five years. M&A loan volume reached a five-year high of approximately \$89 billion, as TTM average pro forma debt-to-EBITDA for LBO loan issuances hovered between 5.5x and 6.0x.

Despite a strong underlying leveraged loan market, recap/dividend volume is down 4% from the prior quarter and 34% from Q1 2017. We expect this trend to reverse as sponsors try to secure more dividends while credit spreads are still near historic lows. We also note that lenders appear to have a larger appetite for risk in recap/dividend transactions as portfolio companies are issuing debt at near record-high pro forma leverage levels (5.3x in 1Q18), and sponsors are taking their first dividends within a shorter timeframe on average after LBO.

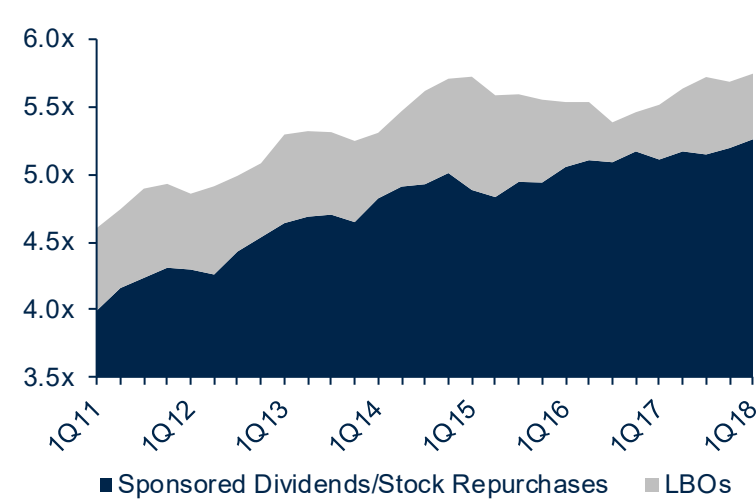
LEVERAGED LOAN ISSUANCE VOLUME BY QUARTER (\$BN)



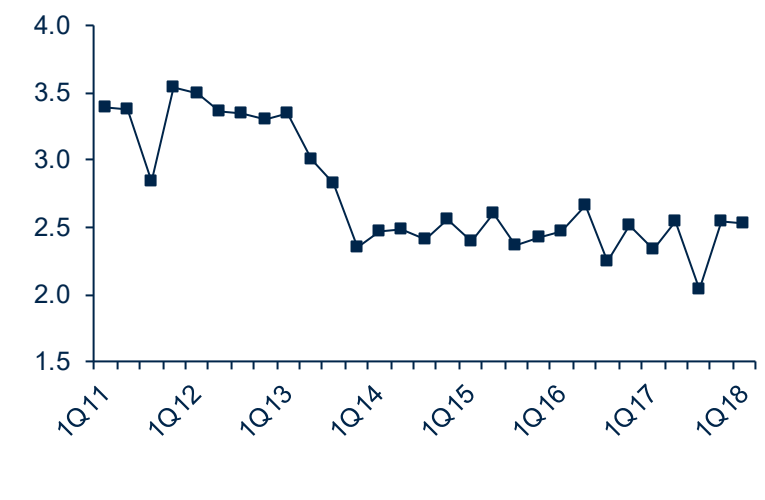
LEVERAGED LOAN CREDIT SPREADS BY TRANCHE BY QUARTER (TTM AVERAGE)



PRO FORMA DEBT / EBITDA FOR LEVERAGED LOAN ISSUANCES BY QUARTER (TTM AVERAGE)



YEARS BETWEEN LBO AND FIRST SPONSORED RECAP/DIVIDEND (TTM AVERAGE)



Alvarez & Marsal's Transaction Opinions practice has deep expertise in providing opinions that facilitate mergers/acquisitions, leveraged buyouts, dividend recapitalizations, spin-offs/divestitures, and other corporate transactions.

CONTACT US FOR MORE INFORMATION:



KIMBERLY M. RUSSELL
CO-HEAD, TRANSACTION OPINIONS
+1 212 763 1614
krussell@alvarezandmarsal.com



COREY J. BLEIL
CO-HEAD, TRANSACTION OPINIONS
+1 212 763 1884
cbleil@alvarezandmarsal.com



BARRY G. RADICK
SENIOR ADVISOR, TRANSACTION OPINIONS
+1 212 328 8571
bradick@alvarezandmarsal.com



ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) when conventional approaches are not enough to make change and achieve results. Privately held since its founding in 1983, A&M is a leading global professional services firm provides advisory, valuation services, transaction opinions, business performance improvement and turnaround management services.

With over 3,000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, help organizations transform operations, catapult growth and accelerate results through decisive action. Comprised of experienced operators, world-class consultants, former regulators and industry authorities, A&M leverages its restructuring heritage to turn change into a strategic business asset, manage risk and unlock value at every stage of growth.

Follow us on:



To learn more, visit www.alvarezandmarsal.com

ALVAREZ & MARSAL

Copyright © 2018, S&P Capital IQ (and its affiliates, as applicable). This may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third party content in any form is prohibited except with prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of cause, or for the results obtained from the use of such content. THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.