



# The latest trends in global financings

Lincoln International's Capital  
Advisory Group

9 June 2021

# Agenda

## Presenters



**Daniele Candiani**  
Managing Director,  
Italy



**Aude Doyen**  
Managing Director,  
UK & Nordics



**Bob Horak**  
Managing Director,  
US



**Serge Palleau**  
Managing Director,  
France

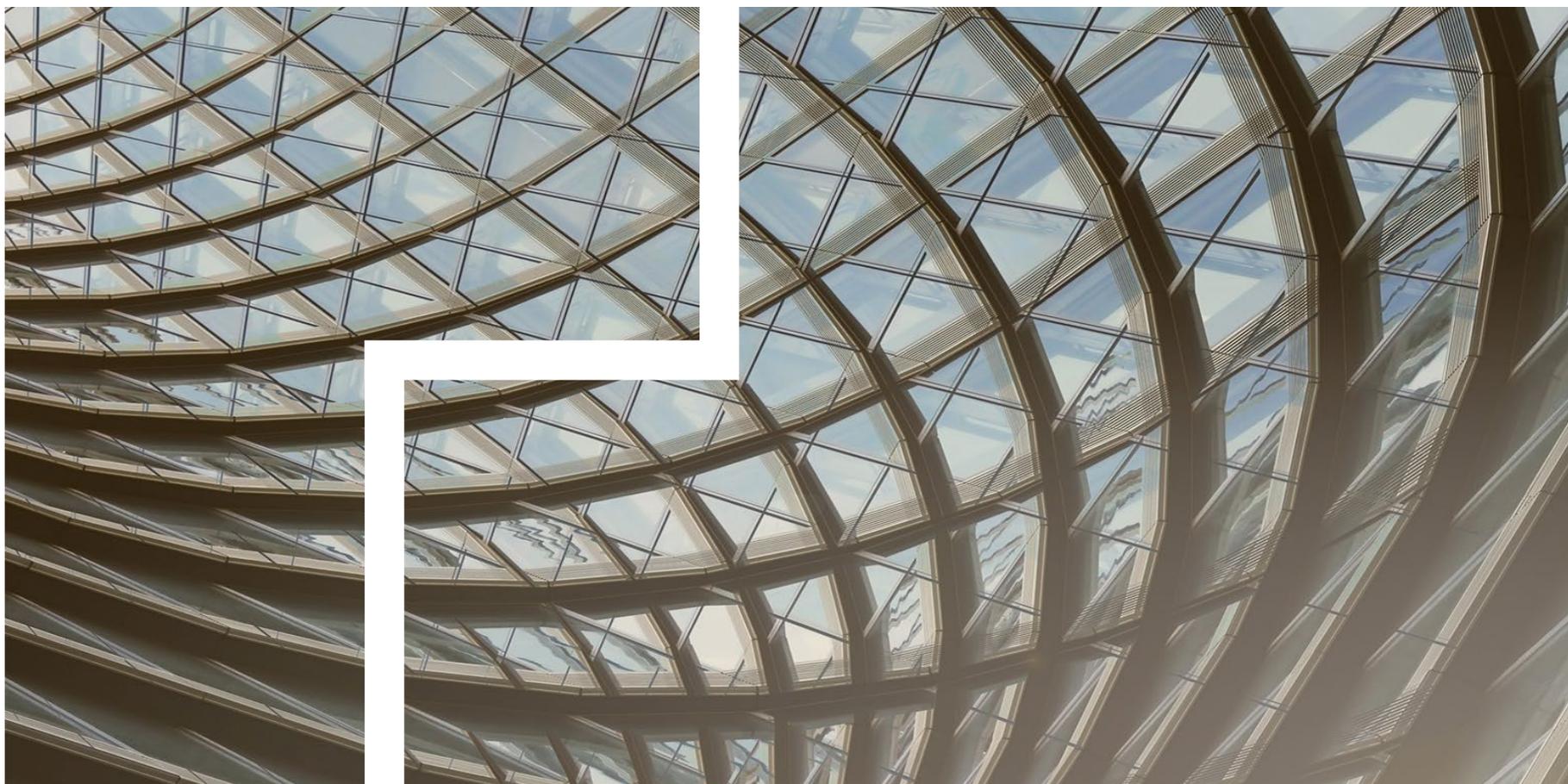


**Xenia Sarri**  
Managing Director,  
UK



**Dominik Spanier**  
Managing Director,  
DACH

# About Lincoln's Capital Advisory Group

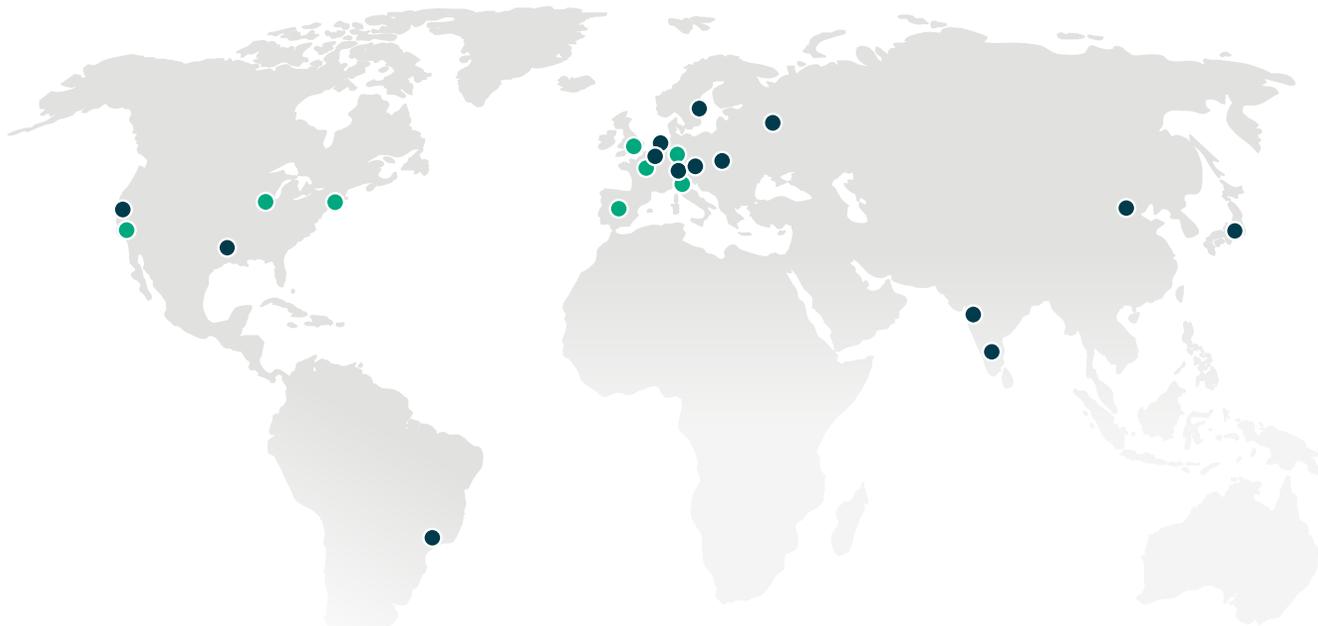


# Market-Leading, Global Capital Advisory Platform

Lincoln's Capital Advisory Group is a leading arranger of private market financings...

...with capabilities across various structures, specializing in complex transactions generally \$75 to \$500 million in financing...

...and solely focused on delivering optimal results for clients as an independent arranger



**26+**

Transactions Closed YTD May '21

**400+**

Investor Relationships

**Zero**

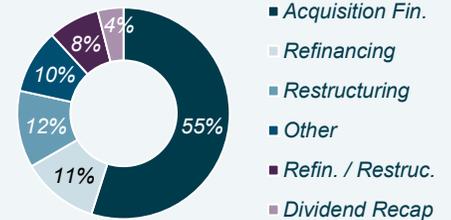
Hung Deals Over the Past 4 Years

**60+**

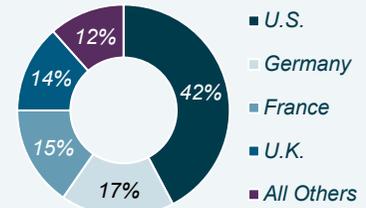
Capital Advisory Professionals Globally

● Offices with Capital Advisory Group presence

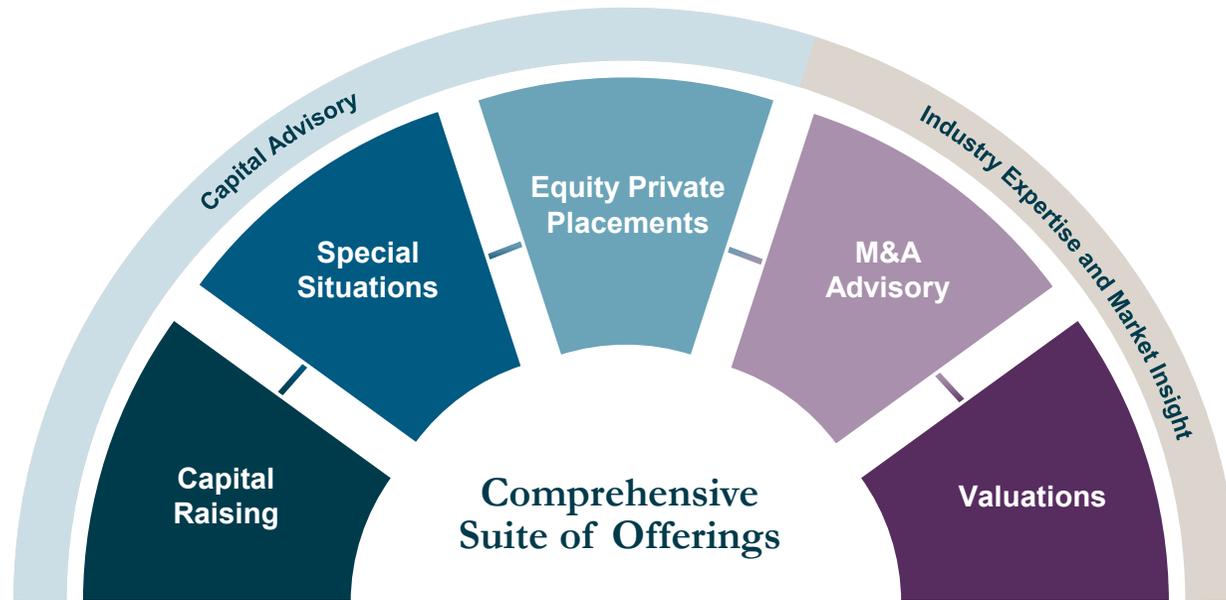
2020 Global Transactions by Type



2020 Deal Volume by Geography



# Lincoln's Capital Advisory Capabilities are Complemented by the Firm's M&A and Valuation Activities



## Capital Raising

- Most active arranger of financings among middle market advisors
- Constantly in the market with multiple financing transactions; closing / pricing deals every week on average

## Special Situations and Restructurings

- Access to bespoke, highly tailored securities to solve capital structure challenges
- Informed, intense and creative advocacy for complex and challenging situations

## Equity Private Placements

- Secure equity capital to optimize terms, deliver superior valuation and enhance certainty to close
- Deep industry expertise and global relationships

## M&A Advisory

- Leading mid-market M&A platform with 6 core industry verticals
- Senior M&A bankers with sector expertise integrated into each Capital Advisory assignment

## Valuations

- Performs debt valuations for portfolio companies for 70+ leading non-bank lenders, including BDCs, private debt funds, venture lenders, etc.
- Performs over 2,200 valuations per quarter

# Agenda

- What we have seen in the European and U.S. financing markets in H1 2021
- Outlook for the second half of the year
- Who is lending? Structural differences between markets
- Global insights: Compare and contrast financing terms

# Overview of the markets in H1 2021

Dominik Spanier  
& Bob Horak

## U.S. market

- Heavy loan volume across multiple markets in the U.S.
- Optimism and strong company performance as US economy re-opens
- Fueling intense competition among lenders and favorable pricing, leverage and terms

## European market

- Loan markets buoyant creating a very borrower friendly environment across Europe with private debt continuing to win market share
- Leverage and pricing have returned to pre-covid levels
- Lenders struggling to determine “real” non-covid impacted EBITDA
- Increased focus on inflation and borrowers ability to pass on raw material price increase

# Forecast for H2 2021

Bob Horak  
& Xenia Sarri

## U.S. market

- Expect continued favorable lending market for U.S. sponsors/borrowers
- Robust demand for private credit from global investors
- Several factors driving strong M&A activity
- Biggest headwind may be bandwidth of PE, lenders, service providers

## European market

- Strong market activity to continue in the second half of the year
- Availability to a relatively cheap cost of financing for a wide range of issuers
- Direct lending funds will continue playing a vital role in financing mid-market transactions
- Unclear how current dislocations in the global supply chains will impact certain parts of the market

# Who is lending? A global view

Daniele Candiani  
Serge Palleau  
Aude Doyen  
Dominik Spanier  
Bob Horak

- Banks vs debt funds
- Local lending favoured in some parts of Europe
- The role of state guaranteed loans
- Banks fighting back
- ESG compliance to become increasingly important to lenders
- Private Credit taking share from syndicated market

# Spring 2021 mid-market terms guidance – Funds structure

Illustrative terms below represent our summary of senior/unitranche market terms available to a reasonably strong mid-market leveraged credit (not directly impacted by COVID) in recent months

	 US	 UK	 France	 Germany	 Italy
 Leverage	5.0-6.5x	5.0x-6.0x	5.0x-6.5x	5.0x-6.0x	4.5x-6.0x
 Margin	5.50%-6.50%	5.75% to 6.75%	5.50% to 6.75%	5.75% to 6.50%	5.50% to 7.50%
 Arrangement fees	2.0%	2.75% to 3.50%	2.5% to 3.0%	2.75% to 3.00%	2.75% to 3.50%
 Amortisation	1%	Bullet Structures are available			
 Equity Cushion	40%+	35% to 40%	35% to 40%	35% to 40%	35% to 40%
 Prepayment penalties	102 or 101	NC1, 102 (6m)	NC1, 101 or 102	NC1, 101 or 102	NC1, 101 or 102

# Spring 2021 mid-market terms guidance – Bank structure

Illustrative terms below represent our summary of senior loan market terms available to a reasonably strong mid-market leveraged credit (not directly impacted by COVID) in recent months

	 US	 UK	 France	 Germany	 Italy
 Leverage	3.5-4.5x	4.0x-5.0x	4.0x-5.0x	3.5x-4.5x	3.25x-4.25x
 Margin	4.0% to 5.0%	3.50% to 4.50%	3.50% to 4.25%	3.25% to 3.75%	3.50% to 4.25%
 Arrangement fees	1.0% to 1.5%	2.50% to 3.25%	2.50% to 3.00%	2.50% to 2.75%	2.50% to 3.00%
 Amortisation	Varies by transaction size				
 Equity Cushion	40%+	40% to 50%	40% to 50%	40% to 50%	40% to 50%
 Prepayment penalties	None/101	None	None	None	None