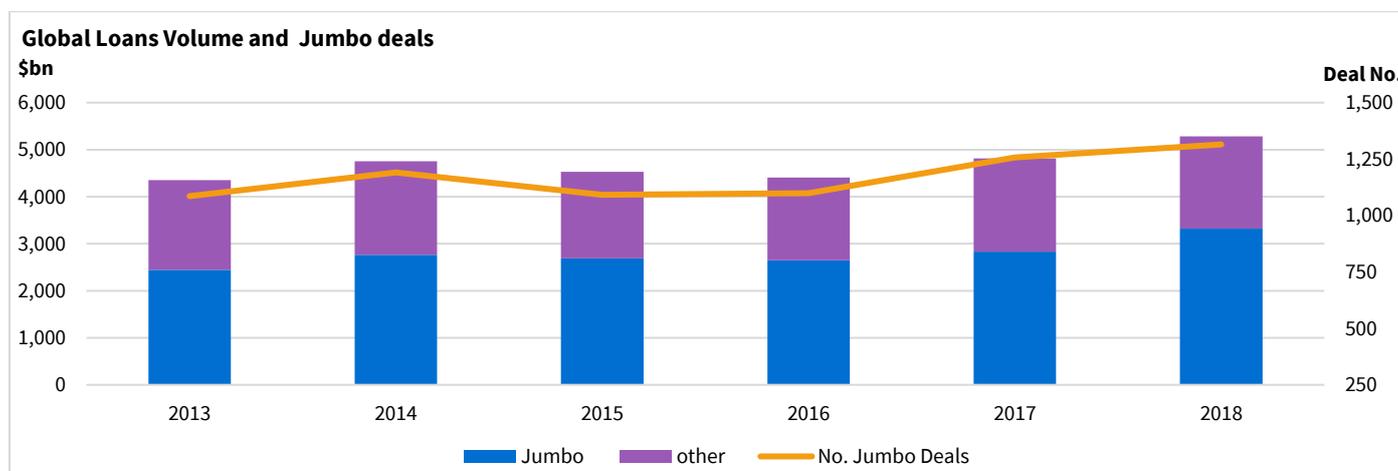


# 2018 Loans Highlights

## The year of Jumbo deals, Financial Sponsor and M&A.

### Global Landscape – Jumbo\* deals on the rise

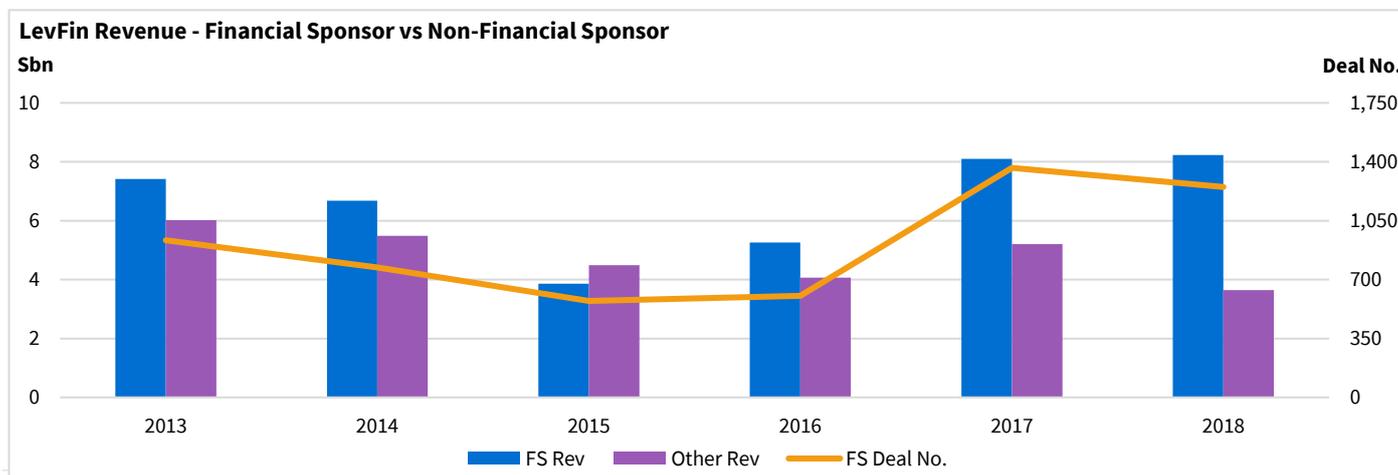
Global syndicated loans volume reached \$5.28tr in 2018, up by 10% from 2017 despite a fall in activity from 10,180 to 9,733 deals. 2018 volume has been cushioned by jumbo deals which saw a marginal year-on-year rise in activity by 58 deals, yet volume jumped more significantly by 17%. Whilst refinancings accounted for 57.9% of all jumbo facilities, jumbo M&A-related deals witnessed a sizeable increase from \$620.1bn last year to \$874.3bn in 2018. In fact, the top 5 largest loans in 2018, which include Disney \$37.5bn and Takeda \$30.9bn, were all for acquisition purposes.



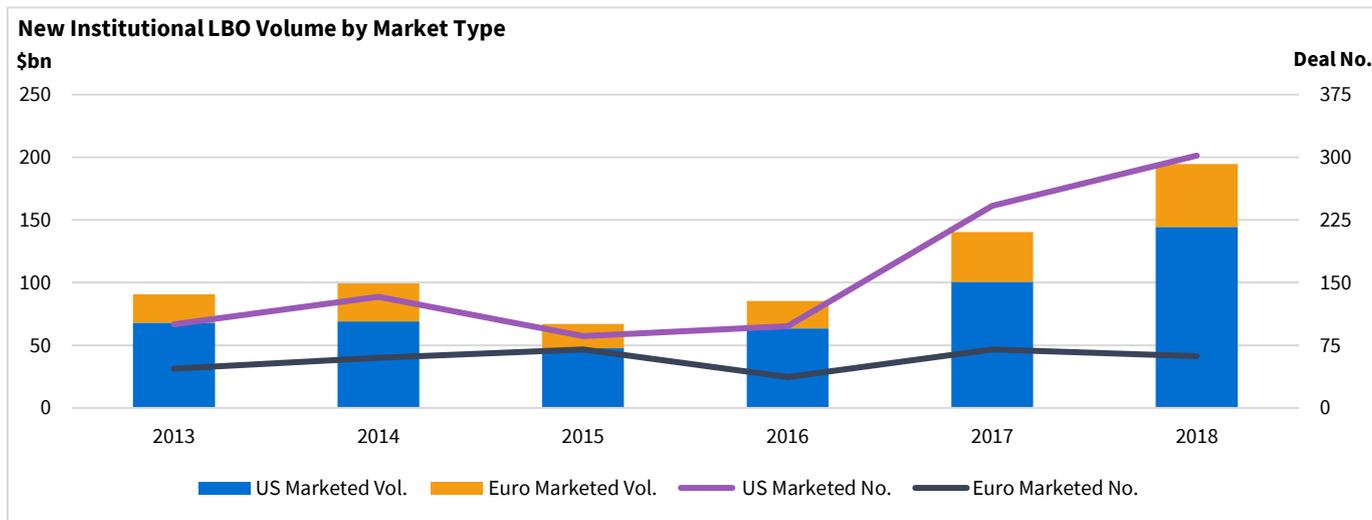
### LevFin – Financial Sponsors bankroll Bankers

Financial sponsor-backed facilities accounted for 69.3% of LevFin – institutional loans & HY – revenue in 2018, up by 8.4 points year-on-year. New institutional LBO volume in both the US and Europe increased by 40%, leading to a healthy jump in wallet by \$1.4bn year-on-year. 2018 saw the institutional leveraged loans wallet in the US reach \$8.2bn, a new record level amidst a fading HY market. HY in 2018 was marred by rising cov-lite structures accounting for more than 80% of US institutional loans volume, rising yields which put off issuers from tapping the DCM market, and a sharp reduction of non-financial sponsor facilities, down by 42% year-on-year. Likewise, European bankers enjoyed a record year from a LevFin wallet perspective with \$2.6bn paid.

As bankers enjoyed a record payout, regulators and politicians are raising concerns on the level of indebtedness and investor protection. The volume of new jumbo LBOs for instance increased by 15% year-on-year. Similarly, subordinated loans in the US saw volume climbing from \$30.4bn to \$31.5bn and activity rise from 162 to 187 deals.

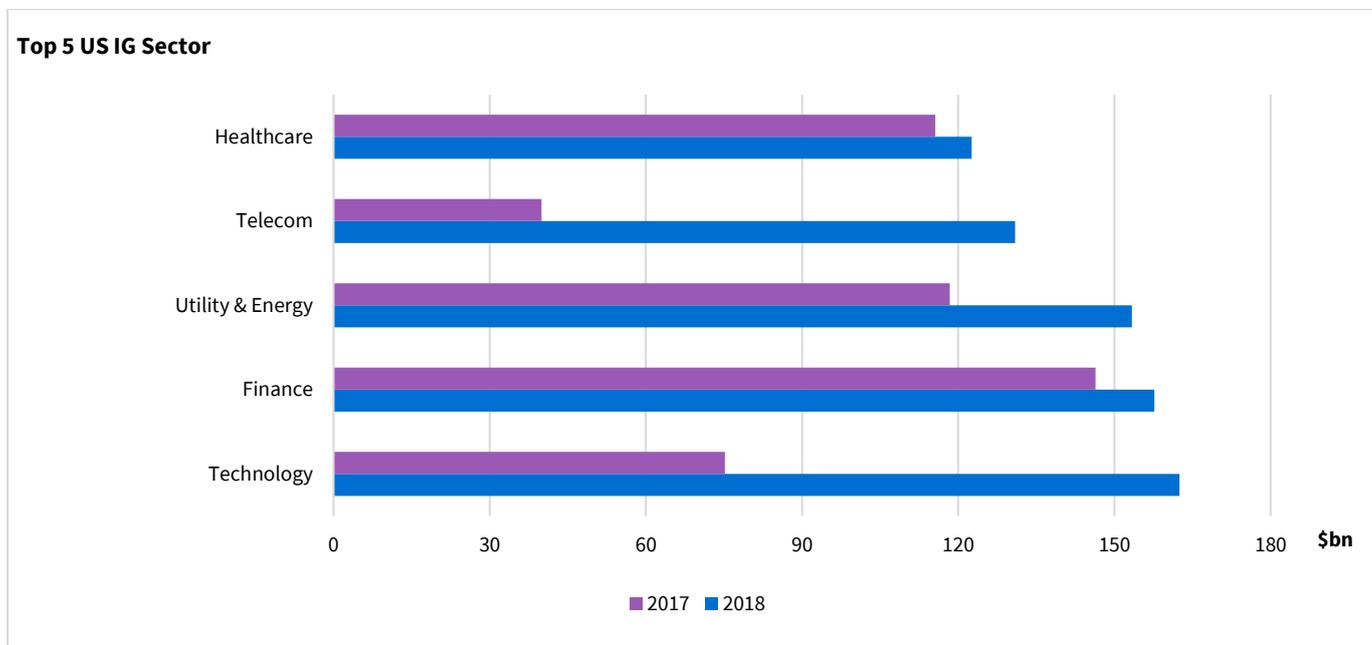


\*Jumbo deals - loans that are equal or greater than \$1bn  
Data source: Dealogic as of 02 Jan 2019



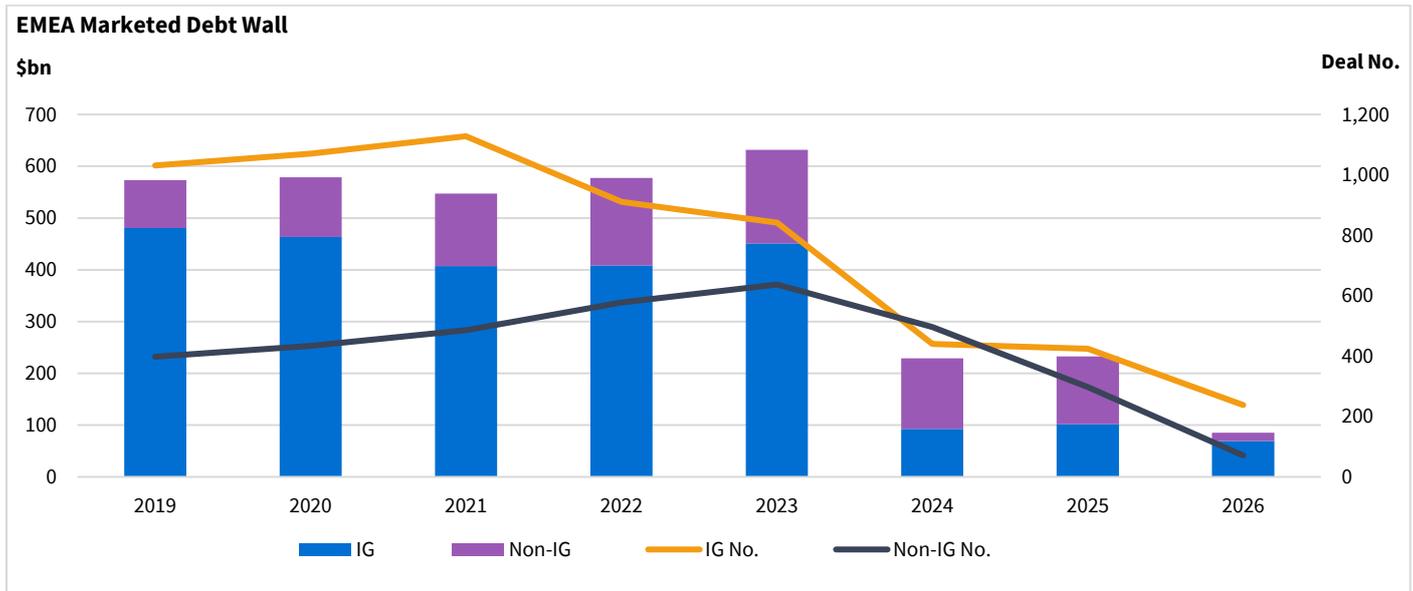
## US Marketed Volumes hits new record

US-marketed loans volume totaled a record \$2.92tr in 2018. The market was driven by investment grade borrowers which increased both volume and activity by 37% and 15%, respectively. Leveraged loans which dominated issuance in 2017, saw a reduction in volume and activity from \$1.66tr via 3,227 deals in 2017 to \$1.49tr via 2,966 deals in 2018, this is mainly due to a reduction in refinancing levels after a record 2017 year. The investment grade market growth can be attributed to the huge growth in acquisition-related loans which increased by 63% year on year with an average deal size of \$3.3bn, up from \$3.1bn in 2017. Technology saw a huge jump from \$75.2bn in 2017 to \$162.5bn in 2018 driven by M&A-related facilities and refinancings which increased by 2.7x and 1.2x, respectively on 2017.



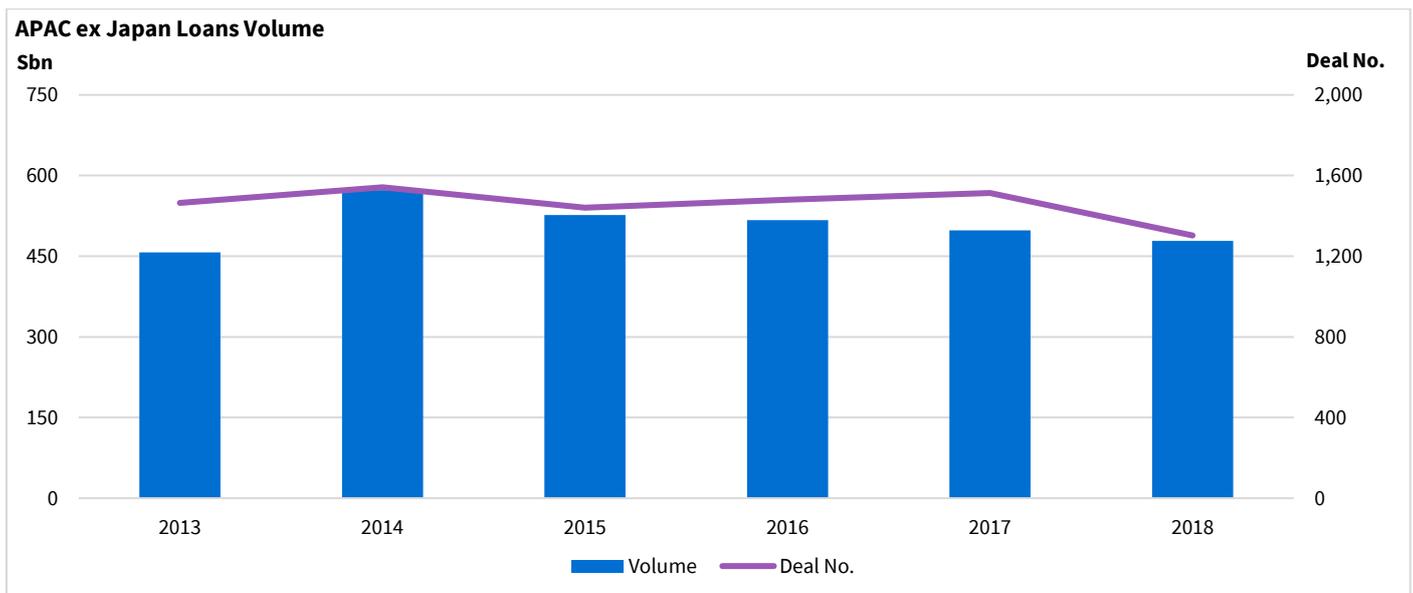
## EMEA’s Debt wall as Brexit Looms

2018 saw EMEA-marketed deals hitting its highest volume (\$1.28tr) since 2015 (\$1.36tr). Activity year-on-year also increased from 2,095 in 2017 to 2,098 deals in 2018. From a regional perspective, Europe, Middle East and Africa all saw increases in volume of 15%, 93% and 50%, respectively on 2017. New M&A-related financings in 2018, which increased by 30% from 2017, have definitely helped to sway volume to record levels. With Brexit looming in 2019, EMEA has \$4.04tr of debt outstanding. Non-British borrowers currently hold \$18.3bn of Sterling-denominated debt whilst British borrowers’ outstanding debt denominated in Euros amounts to \$87.8bn.



## APAC (ex-Japan) volume continuous fall

Since 2014, where it recorded \$572.9bn via 1,542 deals, APAC (ex-Japan), volume has been falling year on year to reach \$478.7bn in 2018, a 4% fall from 2017 and the lowest activity during the last 5 years. A lackluster project finance market has inevitably contributed to the fall in volume. Furthermore, increasing refinancing and debt repayment, which jumped from \$154.0bn in 2017 to \$186.3bn in 2018, highlights the lack of new deals coming to the market. In addition, M&A-related loans volume was quite timid in 2018 with \$30.1bn via 65 deals.



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