

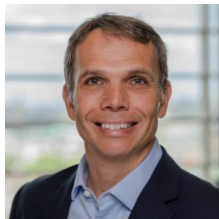
## **Deloitte Financial Advisory**

*European Alternative Lenders Market data H2 2022*

# Deloitte Private Debt Deal Tracker



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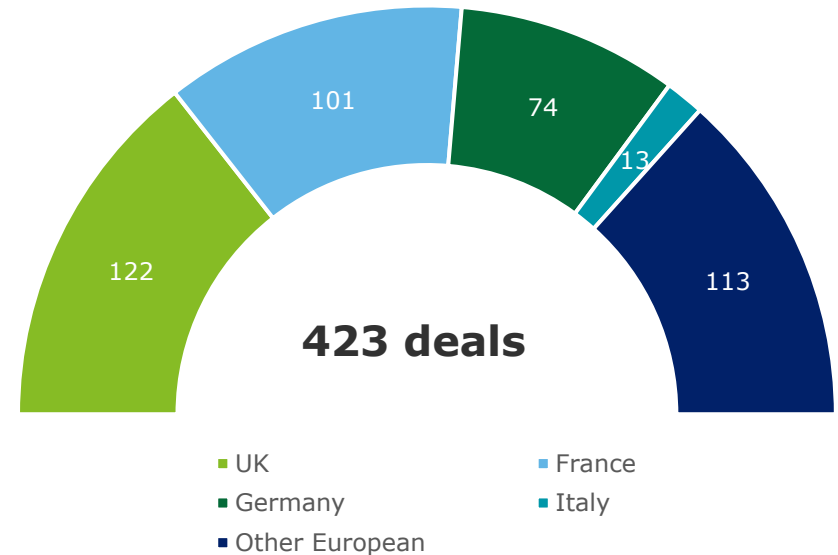


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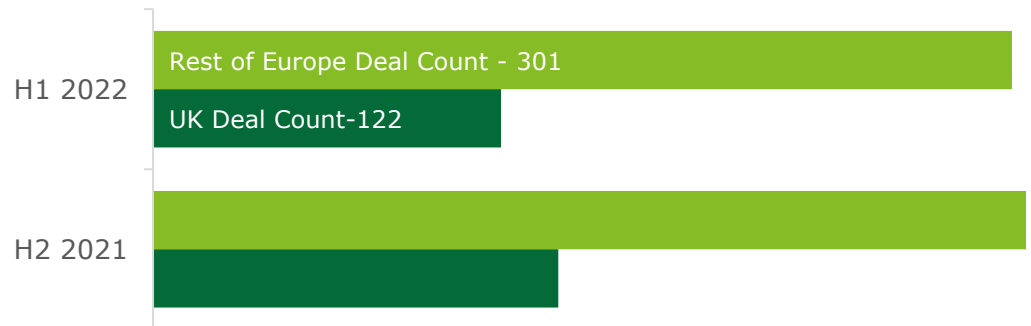


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## H1 2022 deals completed



## H1 2022 headline figure

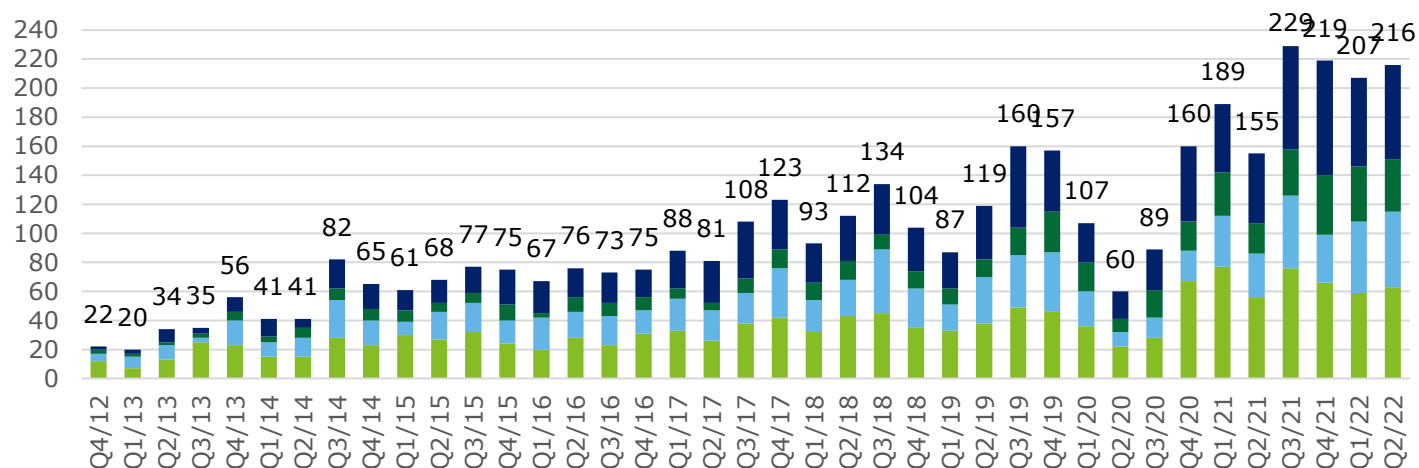


Borrowers access Direct Lending to power growth Businesses rely on access to growth capital, yet due to risk appetite and stringent regulation, banks are more constrained. Bringing in alternative and flexible capital allows companies to grow, yet the market can be overwhelming with numerous complex loan options offered to borrowers. Direct Lenders can offer effective rates with little or no equity dilution of your business, enabling businesses to make acquisitions, refinance bank lenders, consolidate the shareholder base, and grow activities.

# The Private Debt Deal Tracker now covers 68 lenders and a reported 3965 deals

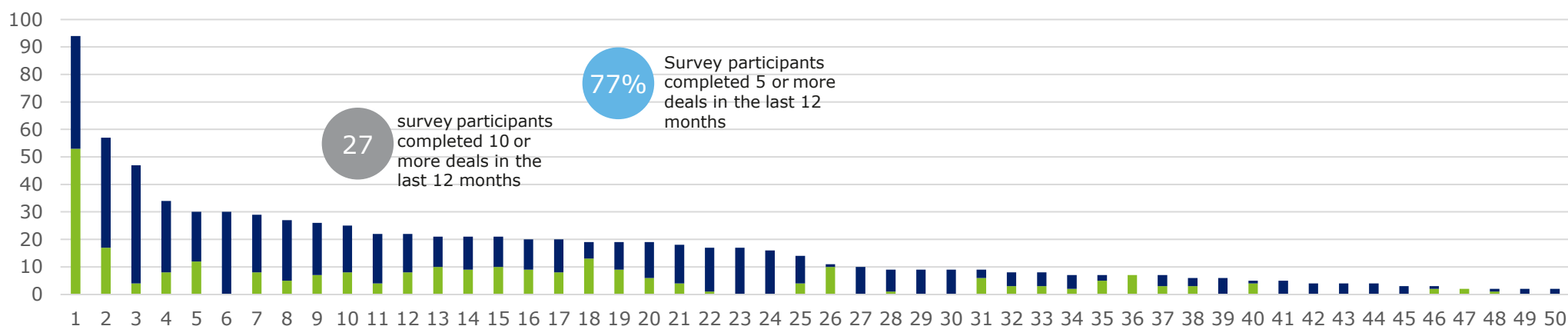
## Private Debt Deal Tracker

Currently covers 68 leading Private Debt lenders. Only UK and European deals are included in the survey.



## Deals completed by survey participants (Last 12 months)

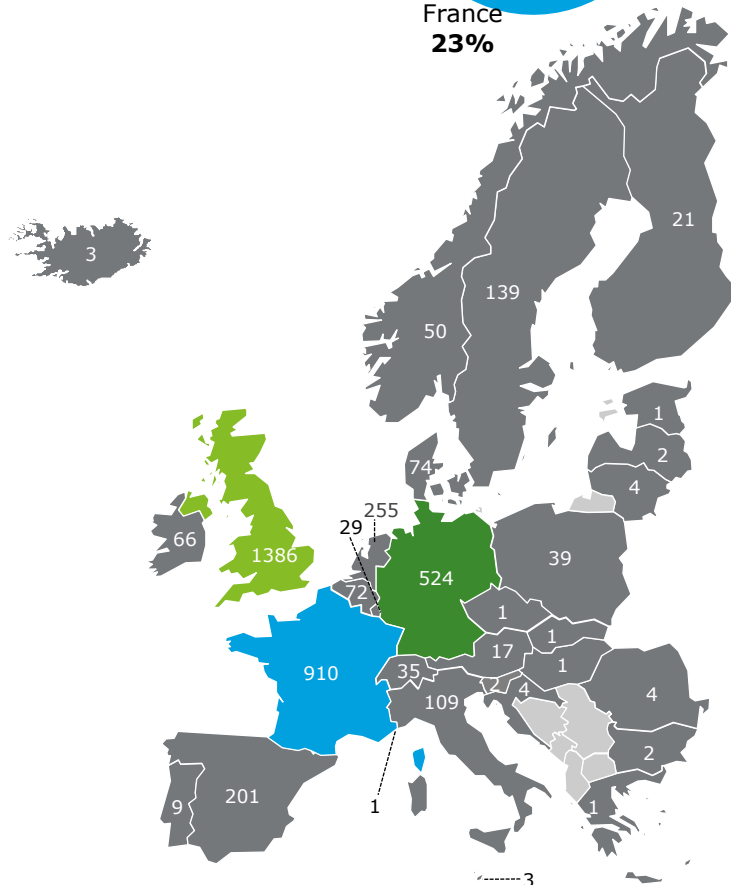
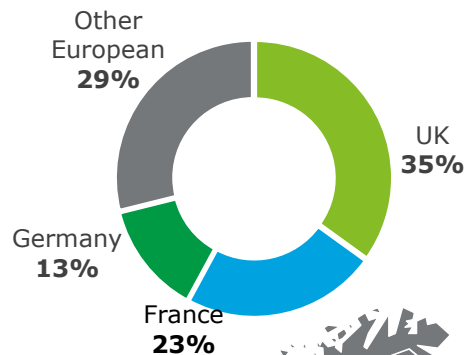
UK Rest of Europe



# Direct Lenders increasingly diversifying geographies

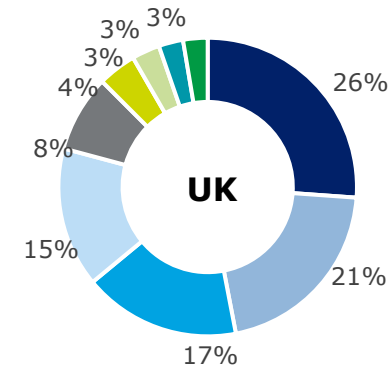
## Total deals across Europe

In the last 39 quarters 3965 (1386 UK and 2579 other European) deals are recorded in Europe

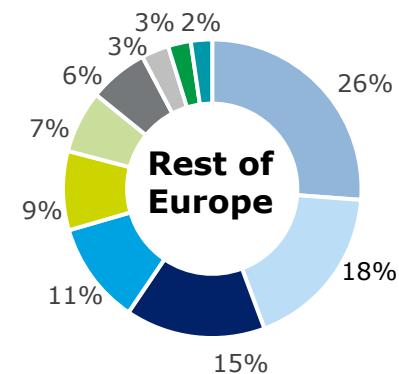


## Total deals across industries (Last 12 months)

Within the UK, the the Business, Infrastructure & Professional Services and TMT industries have been the dominant users of Private Debt



- Business, Infrastructure & Professional Services
- Technology, Media & Telecommunications
- Financial Services
- Healthcare & Life Sciences
- Leisure
- Retail
- Manufacturing
- Consumer Goods
- Transportation and Logistics
- Human Capital
- Other

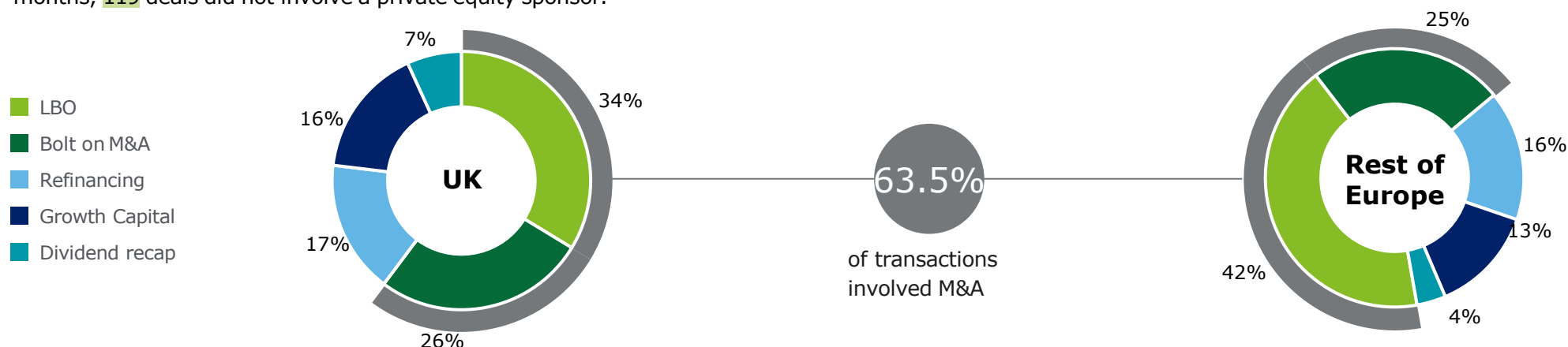


In the rest of Europe there are 5 main industries: TMT, Healthcare & Life Sciences, Business, Infrastructure & Professional Services, Manufacturing and Consumer Goods

# M&A activity still the key driver for Direct Lending Deals

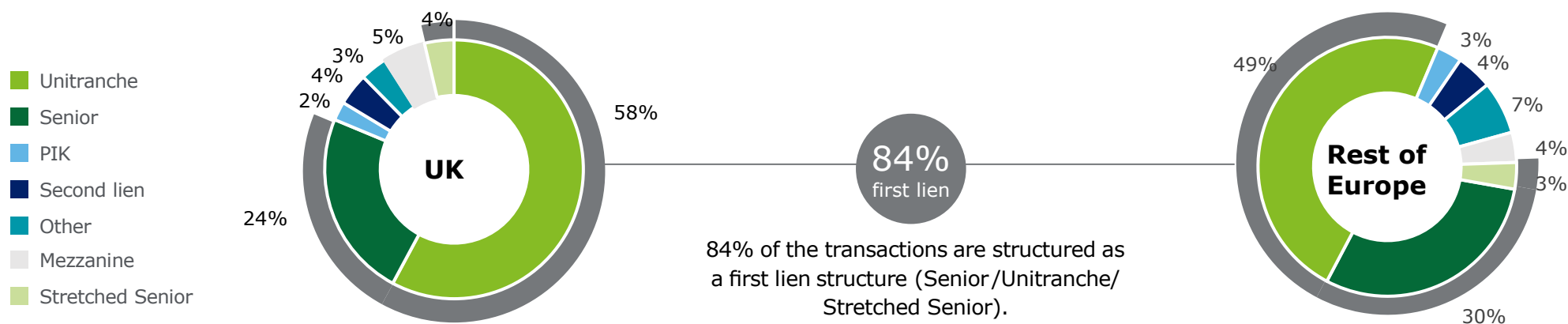
## Deal purpose (Last 12 months)

The majority of the deals are M&A related, with 63.5% of the UK and Euro deals being used to fund an acquisition. Of the 871 deals in the last 12 months, 119 deals did not involve a private equity sponsor.



## Structures (Last 12 months)

Unitranche is the dominant structure, with 58% of UK transactions and 49% of European transactions. Subordinate structures represent only 16% of the transactions.

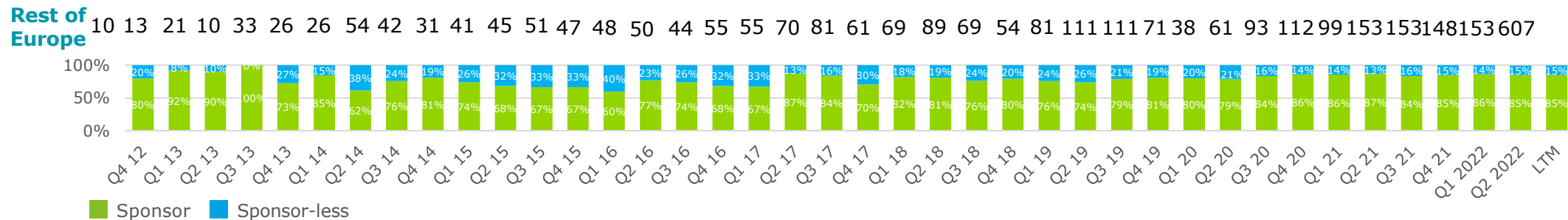
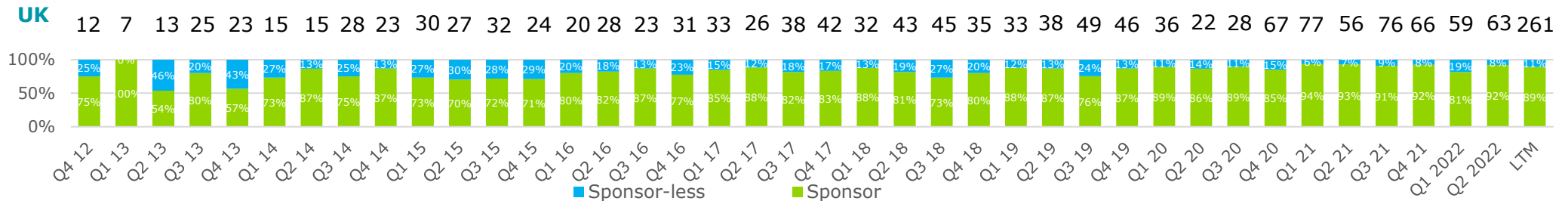


\*For the purpose of the deal tracker, we classify senior only deals with pricing L + 650bps or above as unitranche. Pricing below this hurdle is classified as senior debt.

# Sponsor-backed opportunities make up the majority of Private Debt deals

## Sponsor backed versus private Direct Lending deals

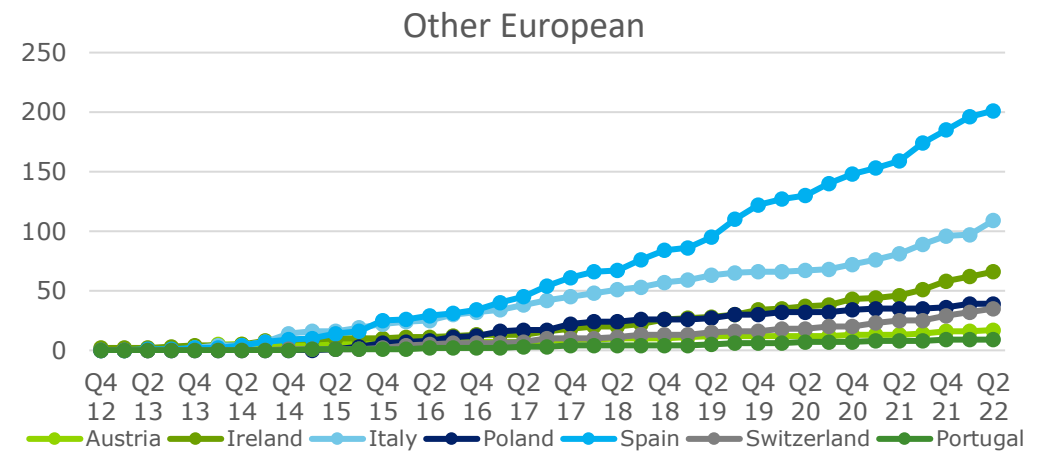
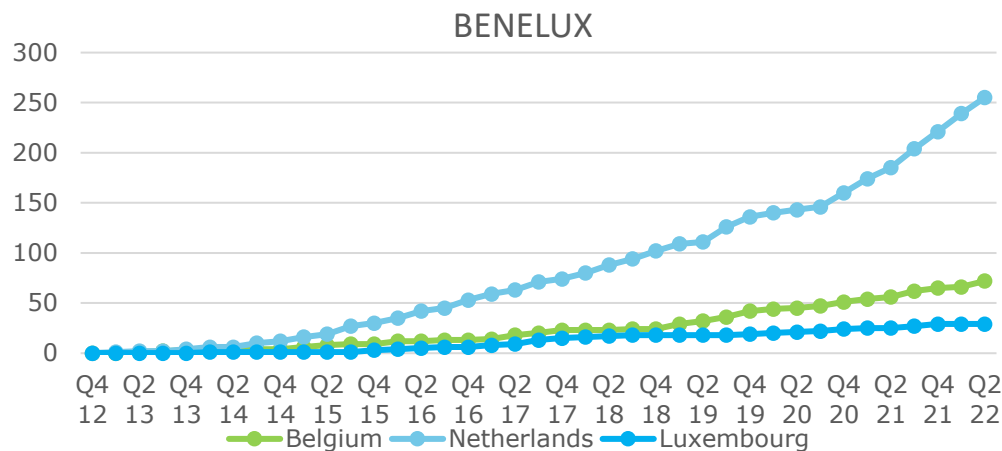
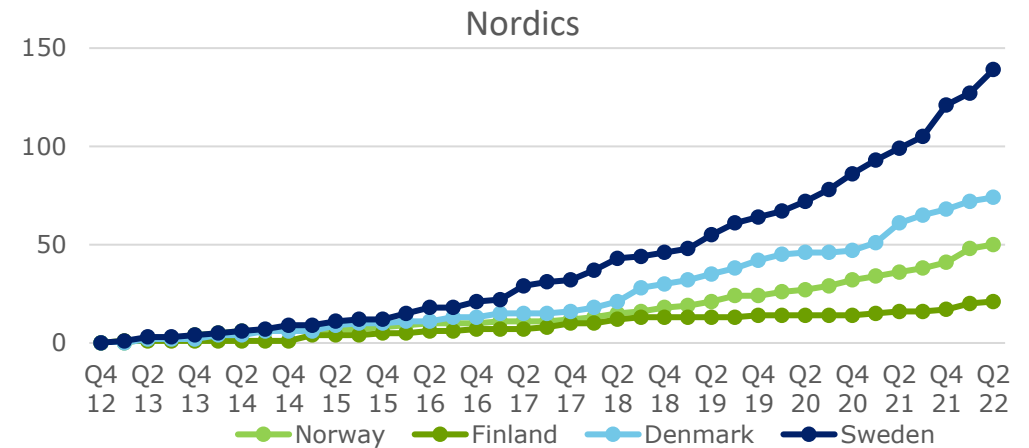
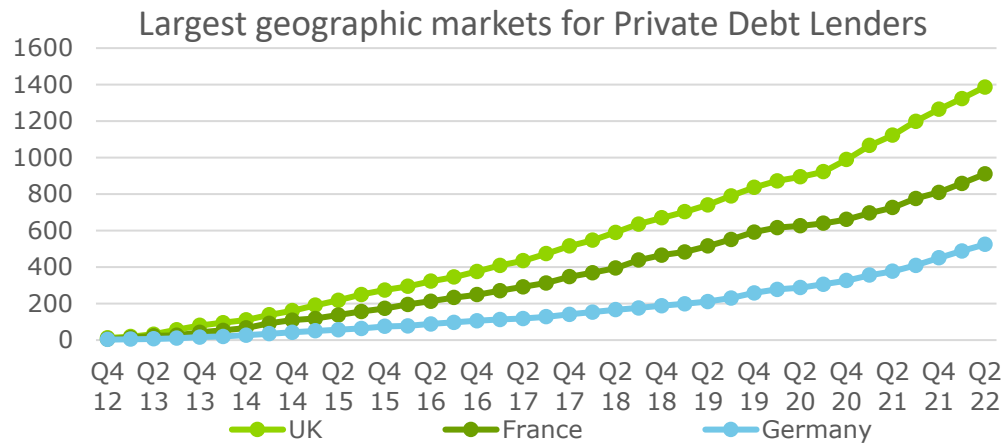
As % of total deals per quarter



# The UK still leads as the main source of deal volume for Direct Lenders in Europe

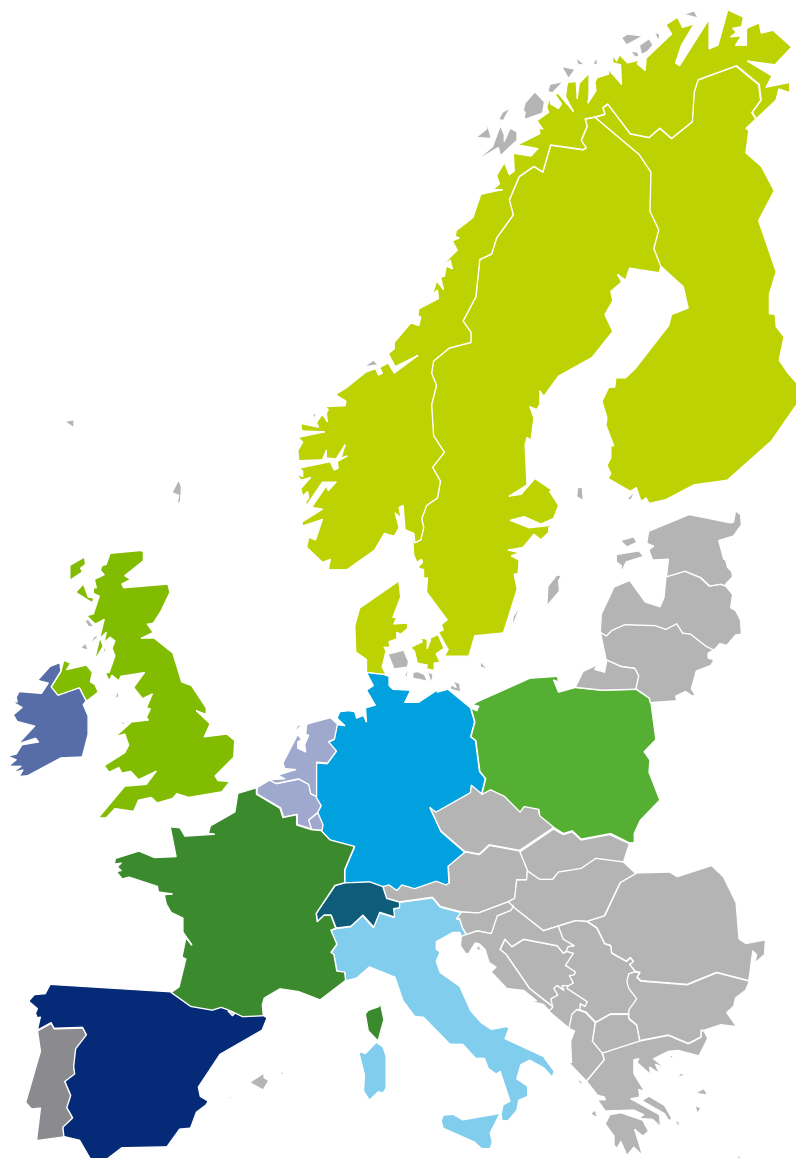
## Cumulative number of deals per country

The number of deals is increasing at different rates in various European countries. The graphs below show countries that have completed 5 or more deals until June 2022





# Who are the Direct Lenders?



Note: offices included with at least one dedicated Direct Lending professional. The graph does not necessarily provide an overview of the geographical coverage.