

## PRIVATE MARKET UPDATE – HEARD ON THE STREET

*In light of recent market volatility, Bridgepoint is providing another real time update of what we are hearing from our close private market relationships*

“Doors are still open for new deals and we want to look at them. Portfolio companies are priorities 1 and 2 for sure, but we think this is an opportunity to put money to work. New process launches seem to have come to a halt. Unaffected business still coming out but most not. Most bankers I’ve talked to and are currently in a process are continuing. Trying to do management presentations virtually but nobody closing before seeing the company in-person. People will need capital once they figure out the SBA CARES stimulus package. M&A is going to be difficult going forward.”

**– Private Equity Firm**

“Outside of one restaurant group, we don’t see anything catastrophic in the portfolio. We’re still open for business, looking for ways to differentiate and be creative – not totally rescue situations – but we think there will be some long-term systemic changes that will require some companies to think differently about the capital stack. I think with quarter-end financial reporting approaching, many levered balance sheets will present some restructuring opportunities in the coming weeks.”

**– Private Equity Firm**

“Existing lenders being very collaborative, offering (often proactively) 6-8 week holidays on covenants, P&I payment holidays. Have only had one lender be hostile / aggressive. Lenders want to see credits work. It’s a 90 day add-back is largely the thought pattern.”

**– Private Equity Firm**

“Even during this uncertain period of COVID-19, our investor set is well-capitalized, capable of executing deals during uncertain times, and eager to engage with qualified businesses seeking a transaction. By and large, we view this moment as an opportunity for our firm.”

**– Private Equity Firm**

“Interestingly, while spreads remain near historical highs, all-in borrowing costs for investment grade companies are at or below levels from just over 12 months ago. This primarily reflects the continued low Treasury rate environment.”

**– Private Investment Management Firm**

“We understand that the world today is unpredictable and businesses face rapidly evolving challenges and opportunities that may require creative and flexible capital. Our firm can design a capital solution specific to business needs applying debt with little to no amortization, preferred equity or combinations of both. We can support both healthy businesses pursuing stability and new opportunities as well as companies which are strong but face revenue challenges during the pandemic.”

**– Private Equity and Debt Firm**

“The private equity industry has turned its attention away from deal making activity to focus on its portfolio companies for the time being, amid the immense uncertainty driven by the coronavirus outbreak. Processes that were near to closing are being completed, but those that were not as far along are, on the whole, being delayed or canceled, according to market participants.”

**– Leveraged Commentary & Data (LCD)**

“There continues to be mixed sentiment in the private capital markets (both equity and debt) as we enter Q2 2020, however things appear to be trending favorably in the middle market. With the CARES Act officially signed into law many business owners will need and should seek guidance from their trusted advisors on how it will or will not benefit / impact them going forward. Our close private market relationships continue to state that their capital is ready and waiting to be deployed to provide flexible, creative capital solutions to middle market businesses. With the passing of the CARES Act and the amount of capital, both equity and debt, funds have on their balance sheets yet to be invested, we expect companies in all sectors to bolster their liquidity and properly capitalize their balance sheets. Bridgepoint is ready to provide capital solutions – we are hyper-focused on first-time issuer leveraged finance, technical expertise and access to niche pockets of capital.

**Matt Plooster, Managing Director  
Bridgepoint Investment Banking**