

Institutional News

Middle-Market Private Companies Notch Revenue, Profit Gains

By Tatyana Shumsky

Revenues and earnings at private middle-market companies rose in the second quarter of 2017 from the same period a year earlier, according to a report by Golub Capital, a lender to these companies.

The report is based on the Golub Capital Altman Index, which measures the median revenue and earnings growth of more than 150 companies in Golub Capital's loan portfolio. There are no energy companies in the index.

Revenues grew 8.9% during the quarter versus the same period of 2016, while earnings increased 2.3%, according to the Golub Capital Altman Index. The index measures earnings before interest, taxes, depreciation and amortization.

"The good news is that the real economy is growing nicely and it's not showing

the impact from all the political issues," said Lawrence Golub, the chief executive of Golub Capital.

Golub Capital said that statistical testing of its index shows the middle-market private company results provide early insights into the overall growth of the S&P 500, as well as quarterly gross domestic product data.

The rebound in earnings documented during the second quarter was a contrast to the previous three quarters, when the index recorded declines in profits.

Mr. Golub credited tighter cost controls as the main driver behind the rebound in profits. Middle-market companies also had to contend with higher crude oil prices, continued strength in the U.S. dollar and a near doubling in benchmark borrowing rates from the same period of 2016, Mr. Golub said.