

Lending Solutions for Today's Market



Company description: Golub Capital is a nationally recognized credit asset manager with over \$20 billion of capital under management. For over 20 years, the firm has provided credit to help medium-sized U.S. businesses grow. The firm's award-winning middle market lending business helps provide financing for middle market companies and their private equity sponsors. For more information, please visit golubcapital.com.

Hyun J. Chang, Managing Director

What trends are you seeing in the private equity market today?

It's a very competitive market. Not many private equity firms shuttered post-credit crisis and there are new entrants that were spawned from existing firms, international players coming to the U.S. and even private equity limited partner's looking to do more direct investing, all of it is fueling more competition. This begs most sellside processes to go into an auction format driving up prices to record levels. It's a great time to be selling. Proprietary deal flow is as hard as it's ever been so financial sponsors are constantly looking to find angles to differentiate themselves. At Golub Capital, we help private equity clients with staple financings and also focus on deal idea generation/supportive diligence from our portfolio.

What do specialty finance companies bring to the table?

There are many variations to the specialty finance companies out there. At Golub Capital, we're focused on partnership. We don't do every deal for everyone, but we're vested in meaningful relationships where we work very hard to create win-win opportunities in helping our private equity clients succeed while delivering returns for our investors. To that end, we've evolved into a full debt solutions provider to private equity clients by offering revolver (real agent), unitranche, 1st lien/2nd lien, \$400+million buy and holds, \$750+million underwrites, as well as very large committed delay draw term loans for growth. Matching the client needs, we recently underwrote and successfully broadly syndicated a covi-lite financing for Rough Country, a portfolio company of Gridiron Capital,

as Sole Bookrunner and Administrative Agent.

How do you differentiate yourself as a lender?

Golub Capital is a pure-play credit asset manager with over \$20 billion of capital under management with a diverse capital base helping our private equity clients win and excel. Size matters. Based on our structure and expertise, we provide customized financing solutions, help private equity clients confidentially pre-empt painful auctions, deliver certainty on deals with zero to limited flex and are not beholden to typical regulatory or ratings processes. Our most recent example is the \$675 million unitranche refinancing for PetVet, an Ontario Teachers' Pension Plan portfolio company. This facility refinanced existing 1st lien, 2nd lien credit facilities and included a very large committed delayed draw term loan to support growth. Golub Capital was Sole Arranger/Administrative Agent, provided a large buy and hold, brought in a handful of relationship, like-minded lenders and generated over a \$1 billion in market demand.

What changes in lending or private equity do you expect to see over the next five years?

We have all seen cycles in our industry. Once we get to a soft patch, there should be winners and losers to reset the playing field. We believe in our scale, diversity, credit quality and relationships to grow and to support our private equity clients even better during those softer times. We are concerned about the risk/return profiles of our brethren chasing growth for only growth sake. The private debt and private equity deals done in these current vintages are ones to watch over the next few years.

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