

# Private Debt Investor

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## Golub reports strong growth metrics for its mid-market index

*The portfolio of 150 companies reported year-on-year earnings growth of 9.5% and revenue growth of 9.3% for the first two months of the year, writes [Rebecca Szkutak](#)*

A sample of mid-market companies posted strong year-on-year earnings and revenue growth, according to a new report from Golub Capital.

The New York-based firm said last week that its portfolio companies in the Golub Capital Altman Index (GCAI) reported a 9.5 percent earnings increase and a 9.3 percent uptick in revenue in the first two months of the year.

The GCAI is produced with Edward Altman, a well-known credit expert at New York University, and comprises 150 of Golub's portfolio companies. Though the businesses that are included in the index change slightly each quarter, they all fall under the technology, healthcare, industrials and consumer industries.

The report's results show a strong quarter for growth, though there was a slight decline from the year-on-year earnings growth of 13.4 percent and revenue growth of 10.6 percent reported from October to November.

Golub chief executive Lawrence Golub told Private Debt Investor that, while slightly lower than 2018's year-end results, these figures are less than 2 percentage points below the average growth metrics for 2018.

He also noted that market volatility in the fourth quarter and the government shutdown running through almost half of the report's timeframe played a part in the slightly lower results.

The report highlighted that the information technology sector experienced the most growth year-on-year in the first quarter for earnings and revenue, with 16.9 percent and 15.5 percent growth, respectively. Healthcare performed the second best with year-on-year earnings growing by 9.1 percent and revenue by 7.7 percent.

"Our view is that the US economy is great for US companies selling to US customers," Golub said. "It's not just good, it's great."

He added that what surprised him most about last quarter was the healthy job market across the US, which wasn't specifically mentioned



in the report. "I continued to be positively surprised by how well companies are managing their labour costs in a time of regional labour shortages and wage growth," he said.

The report is meant to serve as an information product that analysts and shareholders receive before official earnings releases, which is why it focuses on the first two months of each quarter, Golub explained.

Golub Capital is a US mid-market lender that operates mid-market, late-stage and broadly-syndicated loan strategies. The firm lends to companies with between \$5 million and \$100 million in EBITDA. ■