INVESTMENT BANKING

Navigating a Dynamic Lending Market With an Outside Debt Advisor

The vast, seemingly ever-changing lending market is difficult to traverse. Despite the heaps of dry powder that private credit firms are looking to deploy, the variability in lender appetite and terms can make securing optimal financing feel overwhelming.

Industry Commentary

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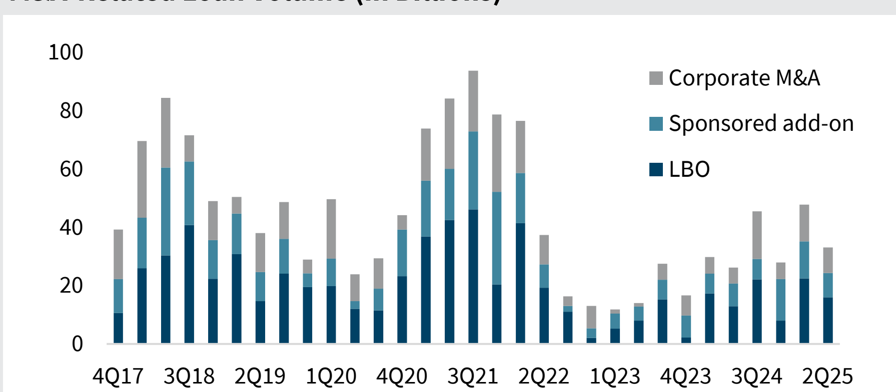
Credit markets can be quirky. Some lenders may be looking to get aggressive in certain industries or transaction types or to back specific sponsors, while others may be completely risk-off for those same opportunities. Further adding to the nuance, a given lender may love a potential transaction one week only to lose interest the next as their investment committees and portfolios evolve.

Amid this shifting landscape, working with an outside debt advisor can help sponsors avoid being locked into limited optionality from a handful of "relationship lenders." Such an advisor can cast a wide net to efficiently—and effectively—navigate the market to find the optimal outcome.

Lasting Effects of a Supply/Demand Imbalance

Direct lending boomed over the past 10-plus years by dominating the financing for middle-market leveraged buyouts (LBOs). The appeal of the asset class has led to over 1,800 direct lenders in the market today, more than double the number a decade ago, with global private credit AUM nearly quadrupling to over $2 trillion.[1]

M&A-Related Loan Volume (in BIllions)[2]



1. Source: PitchBook, 2025 US Private Equity Outlook.
2. Source: PitchBook LCD, US Credit Markets Quarterly Wrap, second quarter, 2025

After reaching all-time highs in 2021,[3] the M&A slowdown during the past few years forced lenders to look beyond the typical LBO financing playbook, leading to a significant increase in opportunistic transactions, including refinancings and dividends.

Tying it together, the proliferation of credit funds, coupled with emerging and increasingly creative solutions, created opportunities for sponsors looking to transact. Whatever a sponsor's need, from dividend recaps, capital for growth or acquisitions, refinancings, or LBOs, there is a subset of the lender universe that is likely willing to provide support—if sponsors know where to look.

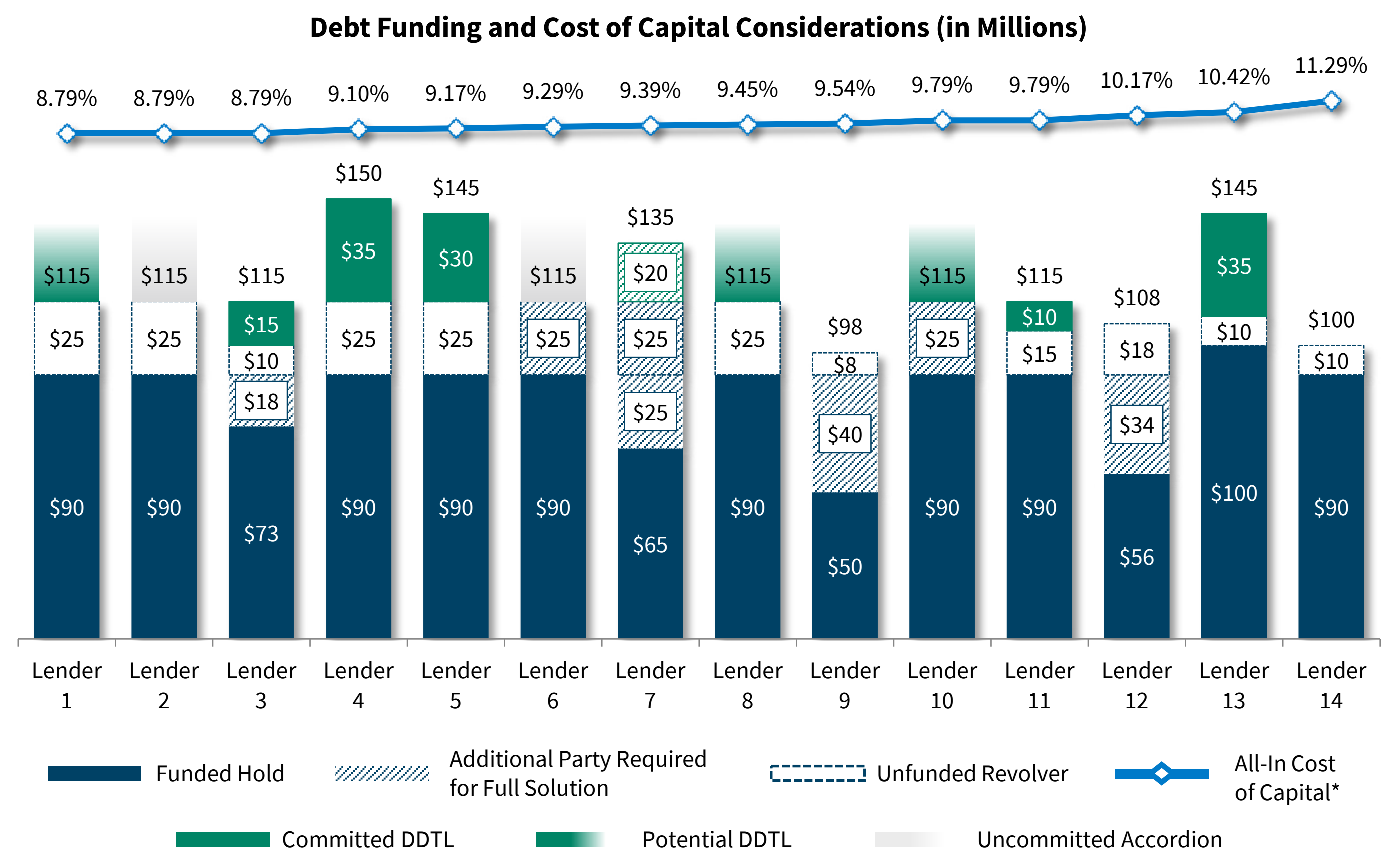
Going Beyond Relationship Lenders

Sponsors often do best when they take a wide-net approach and avoid reflexively going to a small group of relationship lenders, especially amid the near-perpetual state of market uncertainty. To yield better results, sponsors can tap outside debt advisors for help with leverage, pricing, covenants, and other features, which can be especially tricky given the expanded array of lenders. Debt advisors can also help sponsors better understand their options and make the most of the opportunity in the following ways:

- **Focus on Core Objectives:** By outsourcing the financing process, sponsors can concentrate on their investment thesis, due diligence, and value-creation strategies—the key drivers of returns.
- **Optimal Terms and Structure:** Competitive lender processes ensure market-clearing proposals are tailored to sponsors' priorities.
- **Reduced Execution Risk:** Whether it is buy-side financing for a new LBO or an opportunistic refinancing, running a process to create multiple financing options helps to mitigate risk and enhance transaction certainty.

Illustrative Case Study: How 14 Lenders Approach the Same Transaction[4]

Below are terms from 14 different lenders on the same transaction. Whether sponsors are most interested in finding the lowest cost of capital (the top line), highest initial amount funded (in blue), largest delayed draw term loan (DDTL) availability to support future growth and acquisitions (in green), or some combination, working with an outside debt advisor can help navigate the myriad available options and combinations.



**Includes spread, floating rate, and upfront fees amortized over 4 years. For proposals with ranges, the midpoint was used.*

3. Source: Ibid.
4. Source: William Blair Investment Banking Research.

William Blair's Debt Advisory Process: Delivering Customized Solutions

At William Blair, our Leveraged Finance team combines deep expertise and an expansive lender network to deliver tailored financing solutions that align with clients' objectives while adhering to their timelines. We manage every aspect of the financing process to ensure optimal outcomes, including:

- **Credit Positioning:** Crafting compelling credit stories to attract lenders.
- **Marketing Materials:** Creation of information presentations, models, etc., that become the basis of lender diligence.
- **Distribution Strategy:** Designing strategies to maximize lender engagement across our network of over 500 institutions.
- **Lender Due Diligence:** Handling marketing and lender questions to minimize the impact on management.
- **Negotiations:** Securing favorable terms through meticulous term sheet and credit agreement discussions.

Drawing on our deep product expertise and the strength of our relationships, William Blair has built a leading leveraged finance franchise. Sponsors and business owners turn to us for outstanding execution in support of their capital-raising objectives.

Recent Transactions

Company	Transaction	Year
VARDIS SWITZERLAND	Senior Secured Term Loan	2025
unisys	Senior Secured Notes Financial Advisor	2025
MEDVET Leading Specialty Healthcare for Pets	Senior Secured Credit Facilities Preferred Equity	2024
Starrett	Senior Secured Credit Facility	2024
Diverzify	Senior Secured Credit Facilities	2024
SensorTower	Senior Secured Credit Facility	2024
BISHOP LIFTING	Debt Placement	2023
PRIMUTEC SOLUTIONS GROUP	Senior Secured Credit Facility	2023
Certified Power Inc.	Unitranche Credit Facility	2023