



FTI Consulting Releases 2020 Survey of U.S. Loan Market

April 2, 2020

WASHINGTON, April 02, 2020 (GLOBE NEWSWIRE) -- FTI Consulting, Inc. (NYSE: FCN) today released the findings of its 2020 [U.S. Loan Market Survey](#), which provides a glimpse into bank and non-bank lenders' views against the backdrop of the COVID-19 pandemic and oil market price disruptions.

According to the survey, which was conducted from Feb. 19 to March 6, just as the pandemic was gaining hold in the United States, 53% of bank and non-bank lenders in the U.S. market viewed COVID-19 as an event more significant than global financial markets were expecting, and 19% viewed it as something capable of triggering a global recession that markets were too complacent about.

"The hugely disruptive economic effects of COVID-19 in the U.S. are manifest today, but it wasn't obvious at all six weeks ago when our survey was launched," said [Sanjeev Khemlani](#), a Senior Managing Director and Leader of the Senior Lender Advisory practice within the [Corporate Finance & Restructuring](#) segment at FTI Consulting. "Nonetheless, a strong majority of our respondents believed that financial markets were underappreciating the virus' potential to inflict real damage on our economy."

Key findings from the survey include:

- 68% of respondents believed President Trump would win reelection.
- EBITDA adjustments have distorted real leverage metrics of many sponsor-owned companies, with 90% of respondents believing they have become more aggressive in recent years.
- Lenders were more willing to recapitalize and own businesses rather than selling at depressed prices.
- Only 27% of respondents believed that demand for leveraged loans as an asset class has peaked.
- 59% of respondents believed the Federal Reserve would cut rates, which the Fed has since done twice as a result of the market turmoil.

"Lenders' responses were highly consistent compared to last year with respect to many topics, including industries most likely to be distressed, the demand for leveraged loans, Fed policy decisions, and expected workout activity at their institutions," said [Mark Laber](#), a Senior Managing Director in the Senior Lender Advisory practice at FTI Consulting and lead author of the 2020 *U.S. Loan Market Survey*. "One notable change from last year was the resolution of loans in workout, where we saw a much higher percentage of respondents cite credit bidding as the ultimate resolution for troubled loans in their portfolio. This change was driven by non-bank respondents and highlights a stark contrast: While both bank and non-bank lenders reported that business sale outcomes doubled compared to last year, non-bank lenders had many more instances resulting in a credit bid."

Survey Methodology

FTI Consulting surveyed more than 100 bank and non-bank lenders across the United States and globally between Feb. 19 and March 6, 2020. Respondents included workout group lenders, managing directors, directors, vice presidents, executive directors and chief credit officers. Lenders had loan exposure ranging from less than USD\$1 billion to more than USD\$25 billion.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. With more than 5,500 employees located in 27 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges and make the most of opportunities. The Company generated \$2.35 billion in revenues during fiscal year 2019. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

Investor Contact:

Mollie Hawkes

+1.617.747.1791

mollie.hawkes@fticonsulting.com

Media Contact:

Matthew Bashalany

+1.617.897.1545

matthew.bashalany@fticonsulting.com



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