

Burford Capital Global Finance LLC's Senior Unsecured Notes Rated 'BB-'

March 24, 2021

NEW YORK (S&P Global Ratings) March 24, 2021--S&P Global Ratings today assigned its 'BB-' debt rating to Burford Capital Global Finance LLC's proposed issuance of \$350 million senior unsecured notes due 2028. Burford Capital Global Finance LLC is a financing subsidiary of Burford Capital Ltd. (Burford). We expect Burford's leverage, measured by debt to adjusted total equity, will be about 0.7x after the transaction, though we believe the company could use some of the proceeds to repay a portion of the senior unsecured notes due 2022 over the medium term.

The stable outlook reflects our expectation that as Burford continues to grow both its balance sheet and investment management segment, the company will maintain its currently favorable investment return profile where, despite a relatively high number of failed investments, successful investments provide more than sufficient compensation because of their asymmetric return profile. The stable outlook also reflects our expectation that the company will maintain leverage below 1.0x over the next 12 months.

We could lower our ratings on Burford if leverage increases beyond 1.0x on a sustained basis. We could also lower the ratings if we believe that Burford's investment performance weakens considerably, which could be indicated by lowered investment realizations over a six to 12 month period or by a rise in the ratio of cases that are concluded with a return less than invested principal.

Over the longer term, we could upgrade the company if its portfolio reaches a maturity and diversification that would reduce potential lumpiness of revenues and provide a more stable and predictable flow of earnings while maintaining leverage sustainably below 1.0x.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Issue Credit Rating Methodology For Nonbank Financial Institutions And Nonbank Financial Services Companies, Dec. 9, 2014
- Criteria | Financial Institutions | General: Nonbank Financial Institutions Rating Methodology, Dec. 9, 2014
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011

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- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Burford Capital Ltd., Nov. 10, 2020

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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