

This report does not constitute a rating action

We are republishing this newsletter, originally published on March 29, 2024, to replace Table 2 on page 7. The original table contained incorrect information due to a production error.

European Summary Report

March 26, 2024

The February Snapshot

EUROPEAN CORPORATE RATINGS LEVERAGED FINANCE CONTACTS

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Speculative-grade issuers remain under pressure

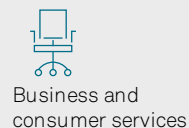
Outlook distribution



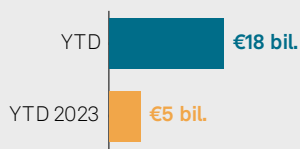
Three new speculative-grade issuers in February



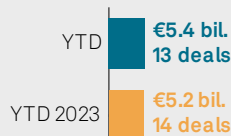
Top sector



Institutional loan volume in European leveraged loan market significantly above last year's level



YTD European CLO issuance in line with last year



Note: Data above is year-to-date (YTD) except for the outlook distribution. CW--CreditWatch. CLO--Collateralized loan obligations. FY--Full year. Outlook distribution rounded to a whole number and only includes European corporate ratings (excluding utilities sector). Source: S&P Global Ratings. Leveraged loan and CLO data is sourced from PitchBook LCD.

This report covers issuers incorporated in: Austria, Belgium, Bulgaria, Cayman Island, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxemburg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, and the U.K. We update all the graphs and charts as per the latest newsletter period. Even when there are no changes, we still include the charts for continuity.

[Download data »](#)

WEBINARS AND PODCASTS

[European Healthcare Services Outlook 2024: A Brighter Future Ahead](#), Dec. 12, 2023

[How Snooze Drag Helps Borrowers Extend Loan Maturities](#), Dec. 11, 2023

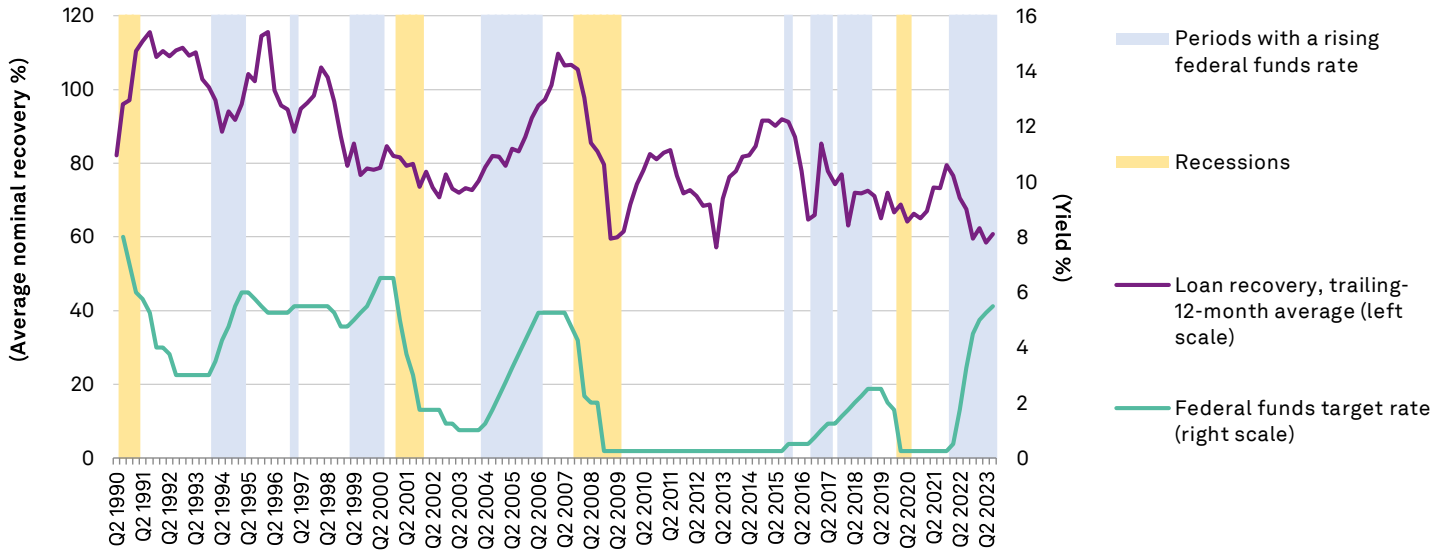
Key Insights

- S&P Global Ratings expects recovery rates for rated first-lien debt to be lower than historical averages. Empirical estimates of actual first-lien debt recoveries show a notable recent degradation. This could persist or worsen given the increase in top-heavy debt structures and the dominance of covenant-light term loans. Out-of-court restructurings pose challenges to the predictability of outcomes because they can materially impair the recovery prospects of certain investors and create winners and losers in the same group of creditors.
- Although the U.S. leads with 17 defaults, Europe’s increased default activity has contributed to the overall pace. With eight so far in 2024, Europe has seen double the number of defaults compared to any previous year since 2008. Given the prevalence of lower-rated companies in the region, we anticipate European defaults will remain high in the near term, potentially with a slight rise over the summer.
- Despite recent market optimism and a decline in fixed-rate yields, many businesses and households will still face higher interest rate burdens. With upcoming maturities in 2024 and 2025, issuers will need to navigate market rates that are still roughly 2% higher than those on their existing debt.

Monthly Highlight

Are Prospects For Global Debt Recoveries Bleak?

Mixed recovery trends during prior periods of rising rates



Data through September 2023. Recovery values are based on the trailing-12-months average nominal recovery. Tallied for the year of emergence. Only includes instruments that emerged following default from U.S. issuers. Note: Loan recovery includes term loans and revolving credit facilities; bond recovery includes bonds and notes.

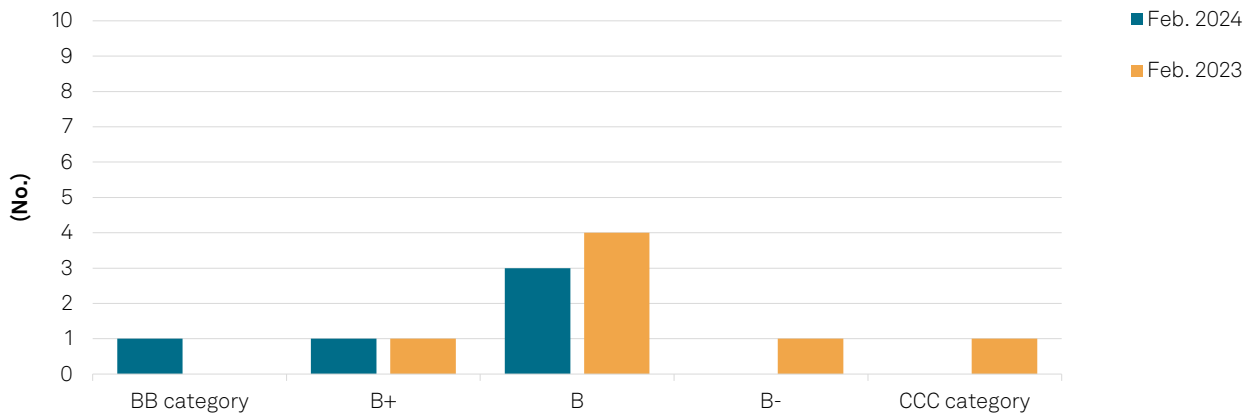
Sources: S&P Global Market Intelligence’s CreditPro, S&P Capital IQ, and S&P Global Ratings Credit Research & Insights.

Read the full report »

February Speculative-Grade New Issuers

Chart 1

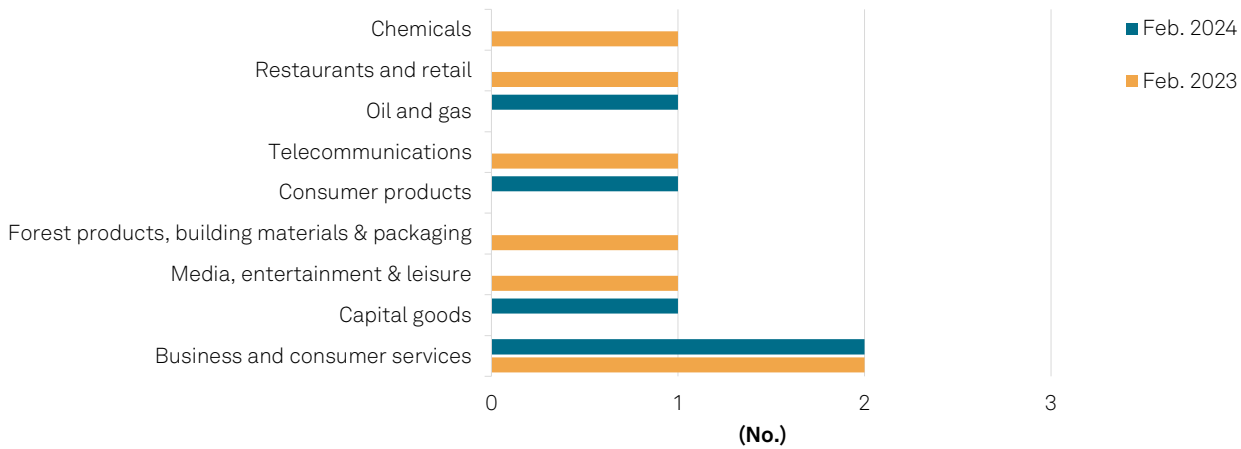
New issuers by rating



Note: Data represents new issuers as of Feb. 28, 2023, and Feb. 29, 2024. Includes European corporate ratings and excludes confidential issuers. Source: S&P Global Ratings.

Chart 2

New issuers by industry group



Note: Data represents new issuers as of Feb. 28, 2023, and Feb. 29, 2024. Includes European corporate ratings and excludes confidential issuers. Source: S&P Global Ratings.

Defaults

Chart 3

YTD downgrades to 'SD'/'D'



Table 1

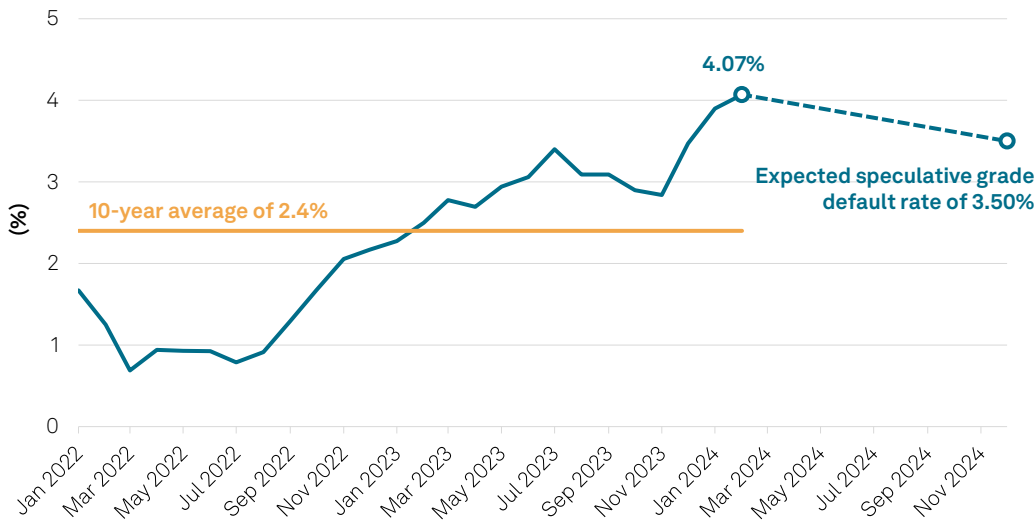
Ratings raised after selective default ('SD') and default ('D')

Issuer name	Prior rating	Rating raised to	Sector	Reason for default
Toro Private Holdings I, Ltd	D	CCC+/Stable	Transportation	Distressed exchange
Vedanta Resources Ltd.	SD	CCC+/Stable	Mining and minerals	Distressed exchange
Venator Materials PLC	D	CCC+/Negative	Chemicals	Bankruptcy
Vue Entertainment International Ltd	SD	CCC+/Negative	Media, entertainment and leisure	Distressed exchange

Note: Data on number of defaults are as of February 2024. Includes European corporate ratings. D--Default. SD--Selective default. For more information on European defaults, see "[European Defaults Help Push Global Corporate Default Tally To Faster Pace Since 2009](#)" published March. 13, 2024. List of ratings raised after 'SD' and 'D' is as of Feb. 29, 2024. Source: S&P Global Ratings.

Chart 4

European trailing-12-month speculative-grade default rate

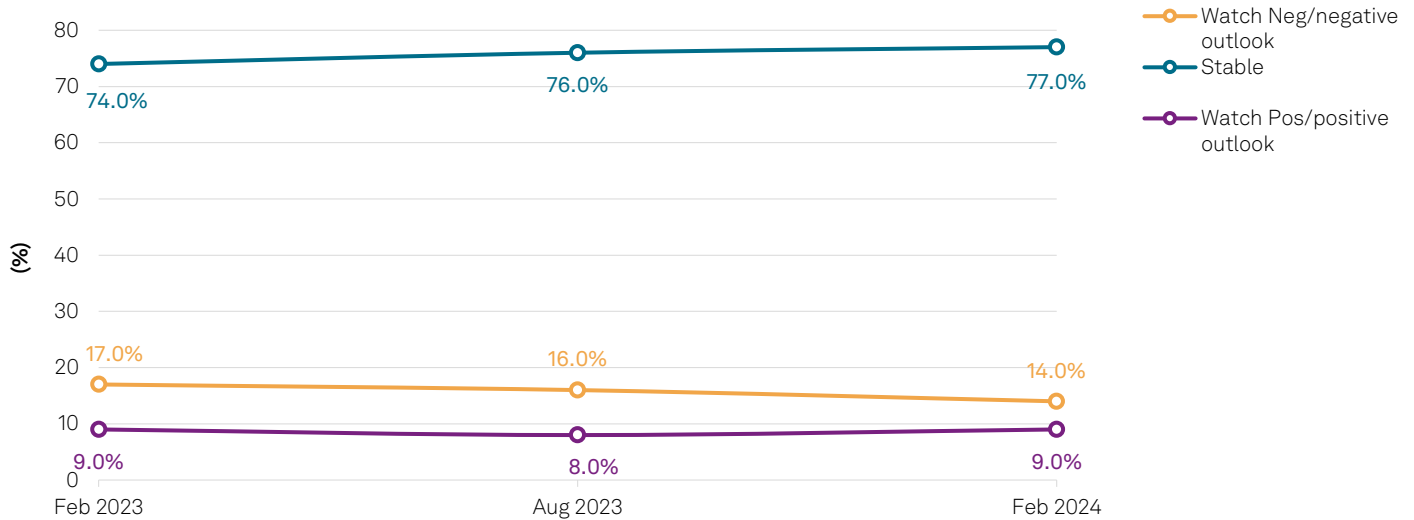


Note: Data as of Feb 29, 2024. Source: S&P Global Ratings. See "[European Speculative-Grade Default Rate To Stabilize At 3.5% By December 2024](#)," published Feb. 15, 2024.

Speculative-Grade Rating Outlook Mix

Chart 5

February 2023/2024 speculative-grade CreditWatch/outlook distribution



Note: Data as of Feb. 28, 2023, and Feb. 29, 2024. CreditWatch/outlook distribution includes all European corporate ratings. Does not include investment-grade issuers. Source: S&P Global Ratings.

Recovery Ratings

Chart 6

Recovery rating distribution for weakest links

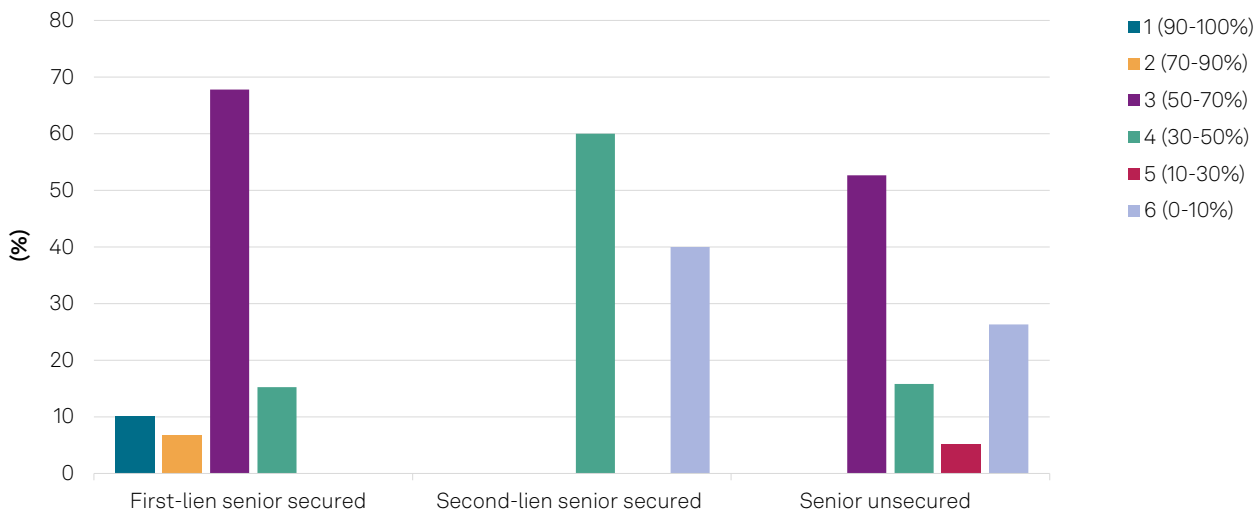
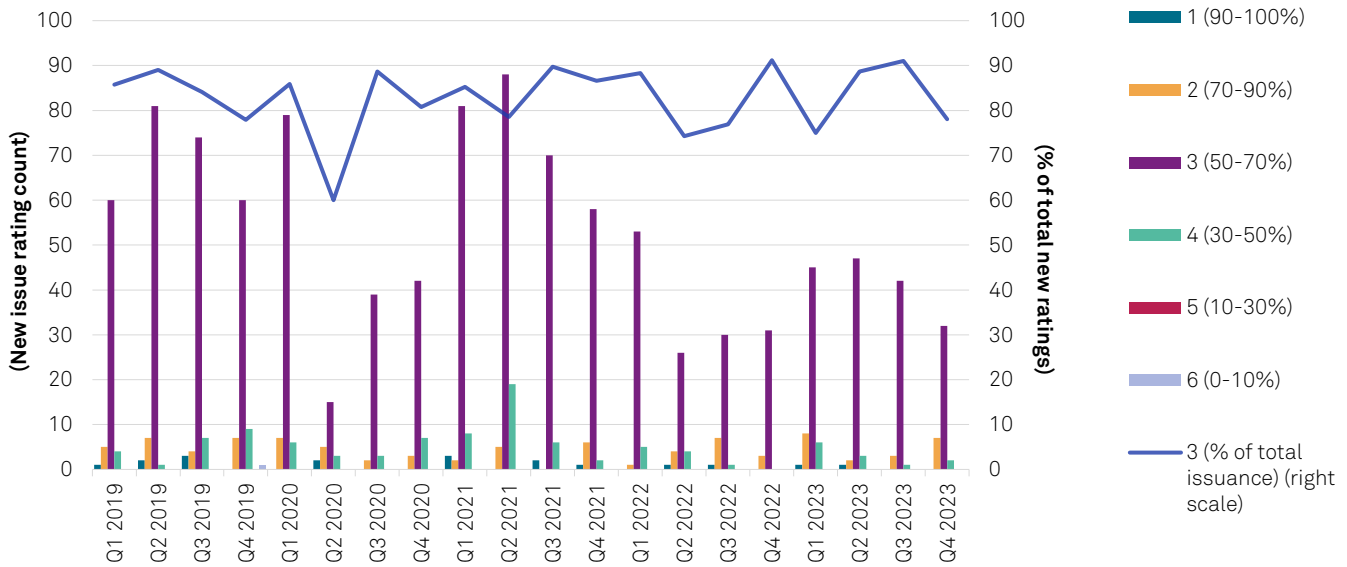


Chart 7

Recovery ratings distribution of first-lien new issues (Europe)

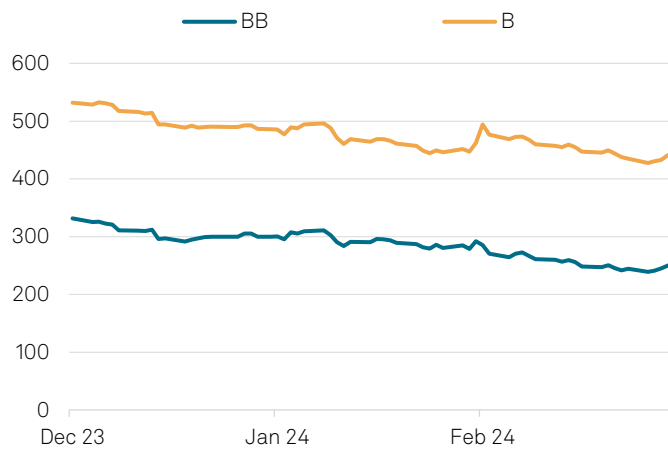


Note: Data as of Dec. 31, 2023. Weakest links are issuers rated 'B-' and below with either negative outlooks or on CreditWatch negative. Source: S&P Global Ratings.

High-Yield Bond Insights

Chart 8

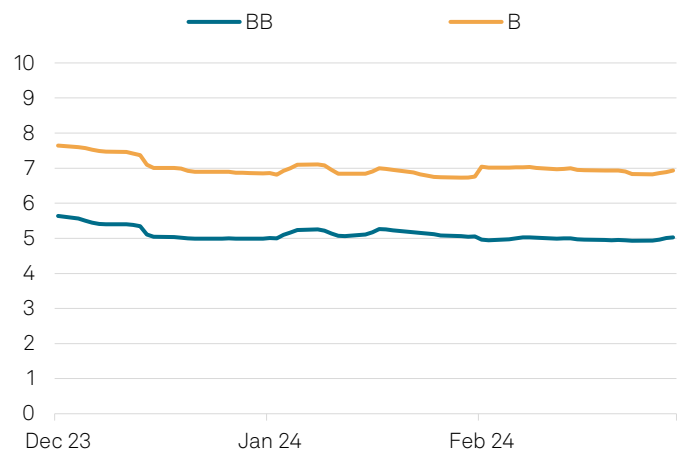
Three-month bond spread (bps)



	BB	B
Minimum	239	427
Maximum	332	532
Average	286	475
Current (as of Feb. 29, 2024)	250	441

Chart 9

Three-month bond yield (%)



	BB	B
Minimum	4.9	6.7
Maximum	5.6	7.6
Average	5.1	7.0
Current (as of Feb. 29, 2024)	5.0	6.9

Data as of Feb. 29, 2024. Source: S&P Market Intelligence.

CLOs

Table 2

Top 10 obligors held in Europe

Rank	Obligor	Rating and CreditWatch/outlook	GIC code
1	Altice Europe N.V.	B-/Stable	Diversified telecommunication services
2	Liberty Global PLC	BB-/Stable	Diversified telecommunication services
3	United Group B.V.	B/Positive	Diversified telecommunication services
4	Cerved Group S.p.A.	B-/Stable	Professional services
5	Ineos Ltd.	BB/Negative	Chemicals
6	Sherwood Parentco Limited	B+/Stable	Capital markets
7	Lorca Telecom Bidco S.A.U.	B/Watch Pos	Capital markets
8	Cedacri S.p.A	B/Negative	Professional services
9	Atlas Ontario LP	B/Stable	Commercial services and supplies
10	Garfunkelux Holdco 2 S.A.	B+/Stable	Commercial services and supplies

Note: Ratings and CreditWatch/outlooks as of Feb.29, 2024. Source: S&P Global Ratings.

Sources

- [Are Prospects For Global Debt Recoveries Bleak](#), Mar. 14, 2024
- [European Defaults Help Push Global Corporate Default Tally To Fastest Pace Since 2009](#), Mar. 13, 2024
- [European Speculative-Grade Default Rate To Stabilize At 3.5% By December 2024](#), Feb. 15, 2024

Related Research

- [How We Treat Non-Common Equity When Rating Companies](#), Nov. 2, 2023
- [Europe's Risky Credits: Liquidity And Refinancing Risks Start To Bite](#), Nov. 1, 2023
- [How Private Credit's European Expansion Brings Rewards And Risks](#), Nov. 9, 2023
- [Distressed Exchanges Drive 2023 Global Corporate Defaults To 118](#), Oct. 20, 2023
- [Resilience Under Pressure Amid Tighter Financial Conditions](#), Sept. 26, 2023
- [CLO Pulse Q2 2023: 'The Snooze Drag' Takes Hold In Europe](#), Sept. 2, 2023
- [A Rise In Selective Defaults Presents A Slippery Slope](#), June 26, 2023
- [European Corporate Recoveries 2003-2022: Recoveries Stable Despite Few Defaults](#), July 5, 2023

Articles are available at [Corporate Research | S&P Global Ratings \(spglobal.com\)](#).

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