

This report does not constitute a rating action

European Summary Report

June 27, 2024

The May Snapshot

EUROPEAN CORPORATE RATINGS LEVERAGED FINANCE CONTACTS

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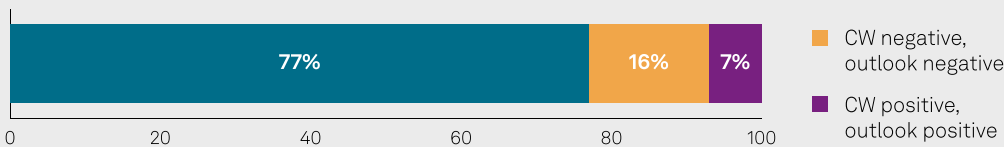
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'CCC' rated issuers account for 7.9% of speculative-grade ratings in the corporate sector, close to the five-year average

Outlook distribution



Nine new speculative-grade issuers in March

29 New issuers
YTD May 2024 versus
17 YTD May 2023

Top three sectors

Business and consumer services

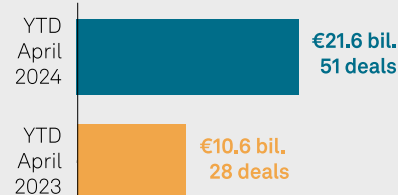
Health care

Capital goods

Institutional loan volumes in European leveraged loan market is substantially higher than last year's level



Strong YTD European CLO issuance



Note: Data above is year-to-date (YTD) except for the outlook distribution. CW--CreditWatch. CLO--Collateralized loan obligation. 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 Islands, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, 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 »](#)

Key Insights

- We anticipate a European trailing-12-month speculative-grade corporate default rate of 3.75% by March 2025. We think consumer-facing sectors will likely lead the default tally in 2024, as they did in 2023. The chemicals and telecommunications sectors may also see some defaults due to the high number of issuers with negative cash flows, and that are rated 'CCC/C'.
- Higher interest rates have prompted companies to deleverage, particularly those in the 'B' category that have a large debt stock. Recent notable downgrades include Altice France and Ardagh Group S.A. and its glass-packaging subsidiaries. Both companies have said they are reviewing their capital structures and plan to reduce their debt amounts. Both are considering strategies that could potentially lead to value leakage and result in lower recoveries for creditors.
- Speculative-grade bond issuance surged to over €45 billion in the first quarter of 2024, more than double the previous quarter. This increase was mainly driven by favorable market conditions—with stable interest rates, narrow spreads, and strong investor demand—enabling many companies to proactively address their upcoming maturities.

WEBINARS

[European Leveraged Finance - 2024 Q1 Trends And Insights](#), March 27, 2023

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

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

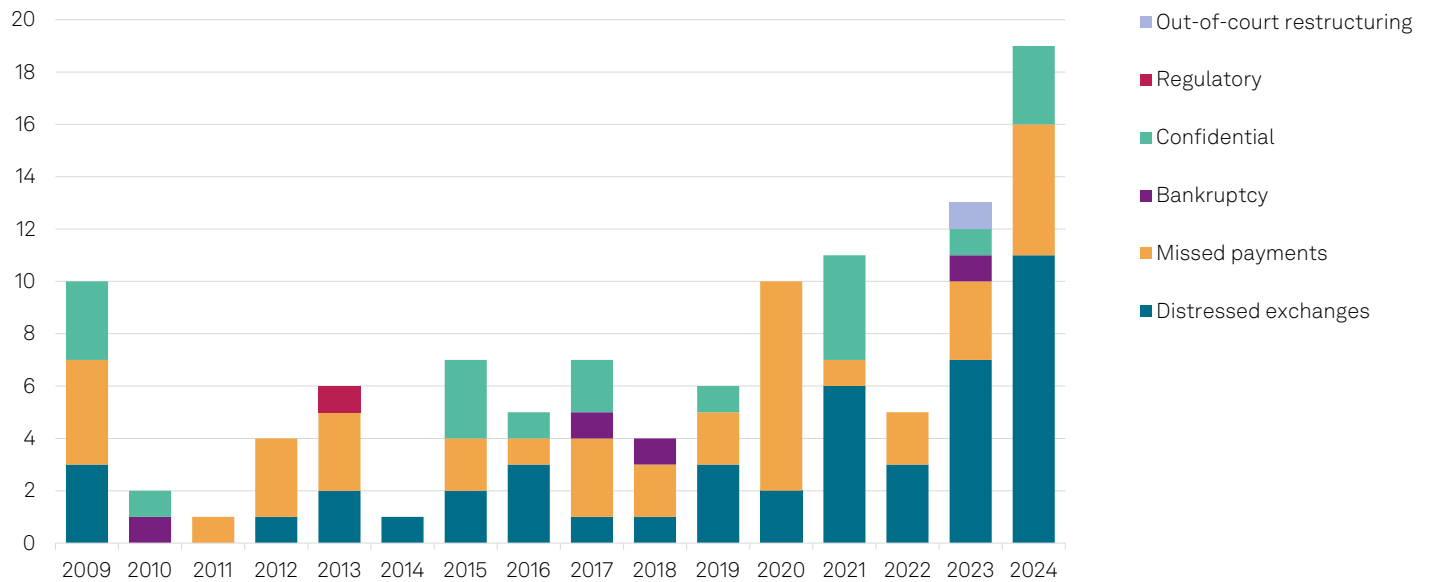
WEBINAR REPLAY

[European CLOs: Where Do We Go From Here?](#)

Monthly Highlight

Distressed exchanges are driving defaults in Europe

Year-to-date distressed exchanges in Europe (count)



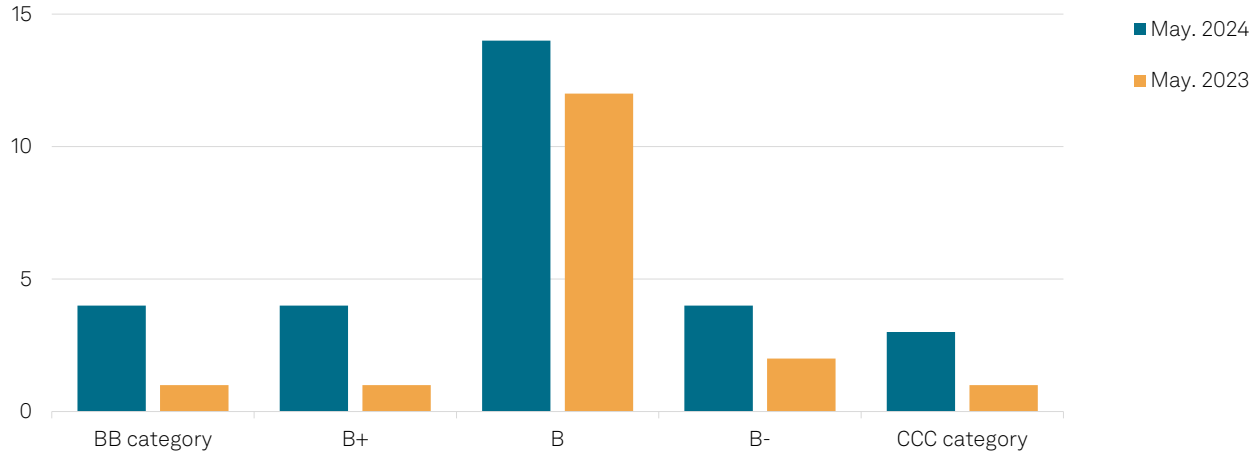
Data as of March 31, 2024. All risk indicators are measured against previous quarter's report. *Three-month average to March 31. †Comprises 45 equally weighted single company credit default swaps. Companies on the index are based in Europe and rated 'BB+' or lower at the time of index inception. ‡The percent of performing loans trading below 80. CPES--Chemicals, packaging, and environmental services. Sources: S&P Global Ratings Credit Research And Insights; S&P Global Market Intelligence. Leveraged loan data source: Leveraged Commentary and Data (LCD) from PitchBook, a Morningstar company; Morningstar European Leveraged Loan Index (ELLI).

[Read the full report »](#)

YTD 2024 And 2023 Speculative-Grade New Issuers

Chart 1

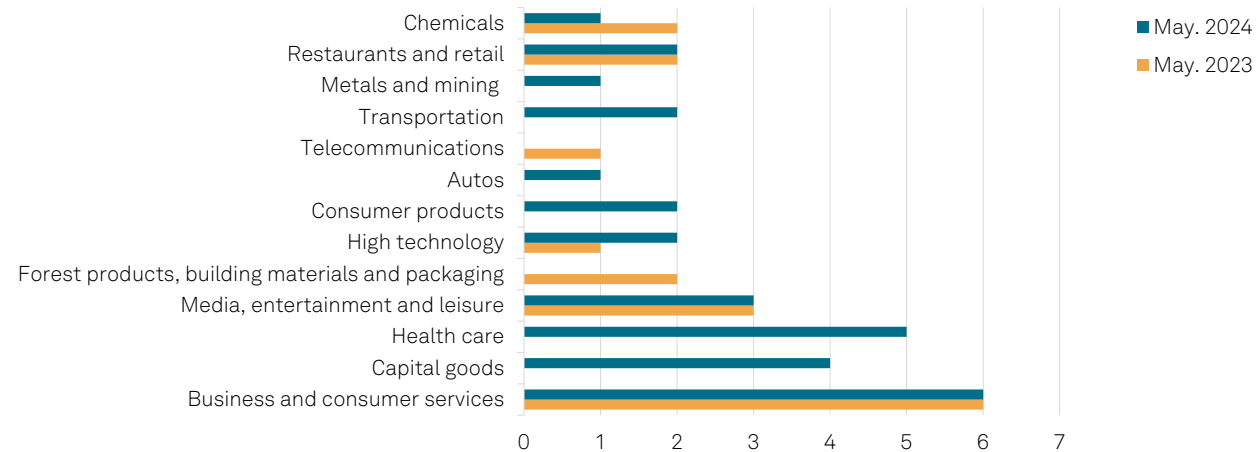
New issuers by rating (no.)



Note: Data represents new issuers as of May 31, 2023, and May 31, 2024. Includes European corporate ratings and excludes confidential issuers. YTD--Year-to-date. Source: S&P Global Ratings.

Chart 2

New issuers by industry group (no.)



Note: Data represents new issuers as of May 31, 2023, and May 31, 2024. Includes European corporate ratings and excludes confidential issuers. YTD--Year-to-date. Source: S&P Global Ratings.

Defaults

Chart 3

YTD downgrades to 'SD'/'D'



Table 1

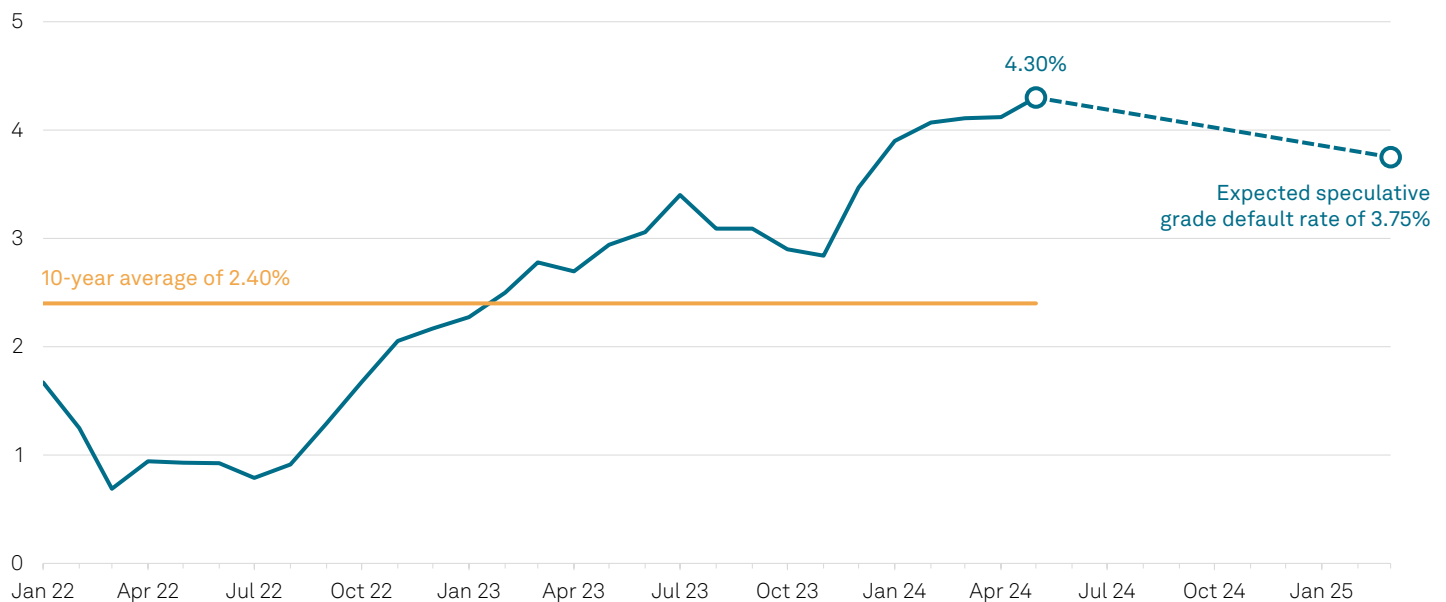
Ratings raised after selective default ('SD') and default ('D')

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
Bahia de las Isletas, S.L.	SD	CCC+/Stable	Transportation	Missed interest payment
La Financiere Atalian SAS	D	CCC+/Stable	Business and consumer services	Distressed exchange
Tele Columbus AG	D	CCC+/Stable	Telecommunications	Missed coupon payments
Wittur Holding GmbH	D	CCC+/Stable	Capital goods / machine and equipment	Distressed exchange

Note: Data on number of defaults are as of May 31, 2024. Includes European corporate ratings. D--Default. SD--Selective default. YTD--Year-to-date. For more information on European defaults, see "[An Increase In Distressed Exchanges Drives Defaults In Europe](#)," published June 12, 2024. List of ratings raised after 'SD' and 'D' is as of May 31, 2024. Source: S&P Global Ratings.

Chart 4

European trailing-12-month speculative-grade default rate (%)

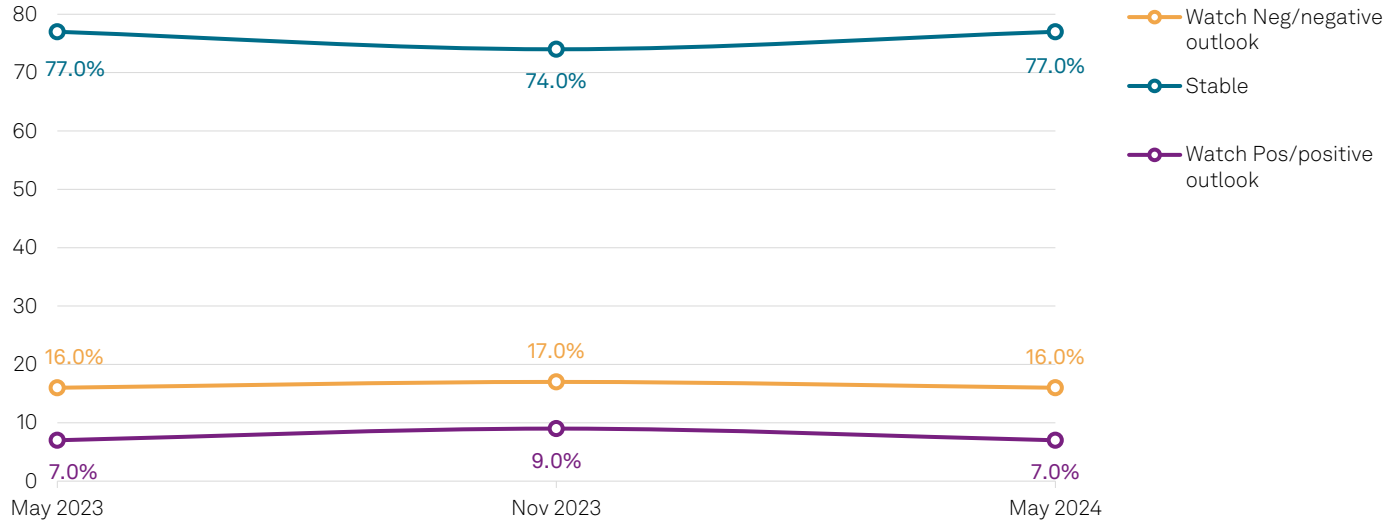


Note: Data as of May 31, 2024. Source: S&P Global Ratings. See "[The European Speculative-Grade Default Rate Should Level Out At 3.75% By March 2025](#)," published May 22, 2024.

Speculative-Grade Rating Outlook Mix

Chart 5

May 2023/2024 speculative-grade CreditWatch/outlook distribution (%)

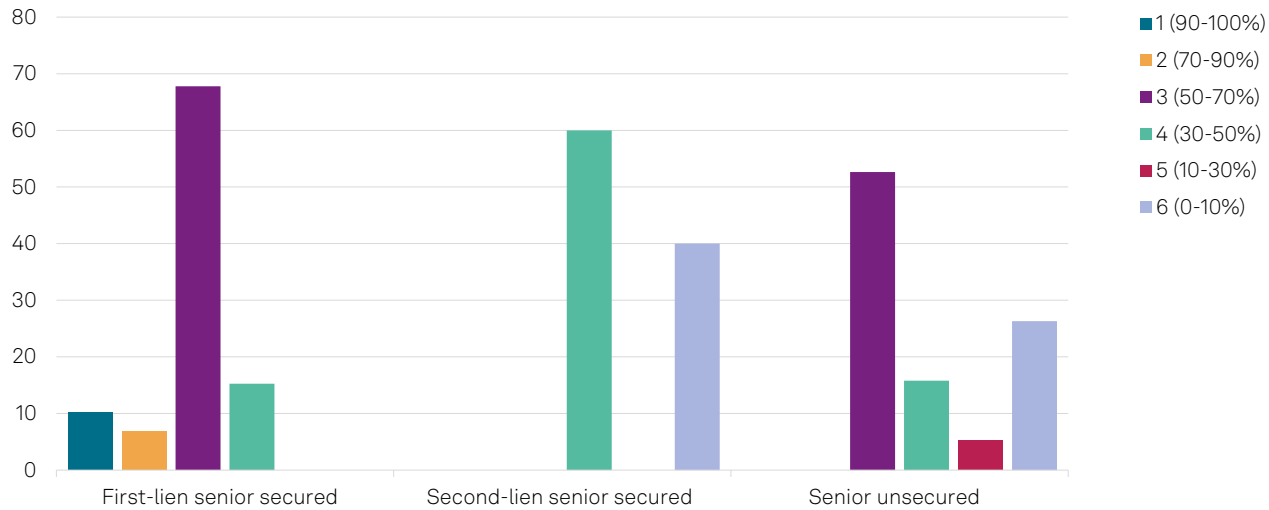


Note: Data as of May 31, 2023, and May 31, 2024. CreditWatch/outlook distribution includes all European corporate ratings. Does not include investment-grade issuers. Source: S&P Global Ratings.

Recovery Ratings

Chart 6

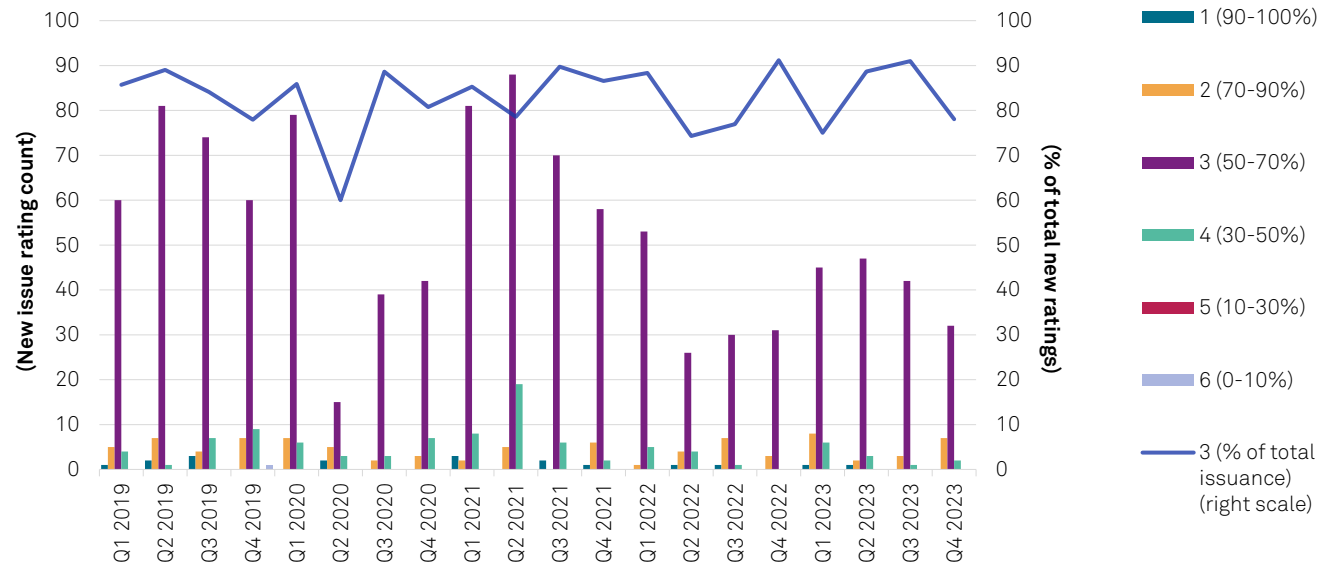
Recovery rating distribution for weakest links (%)



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.

Chart 7

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

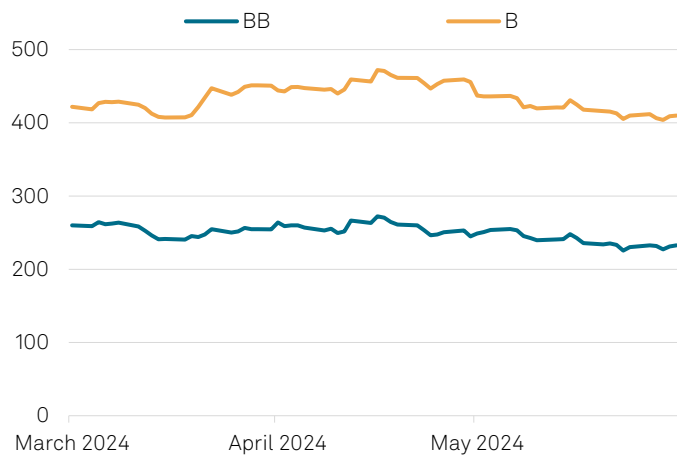


Data as of Dec. 31, 2023. Recovery ratings distribution of first-lien new issues. Source: S&P Global Ratings.

High-Yield Bond Insights

Chart 8

Three-month bond spread (bps)

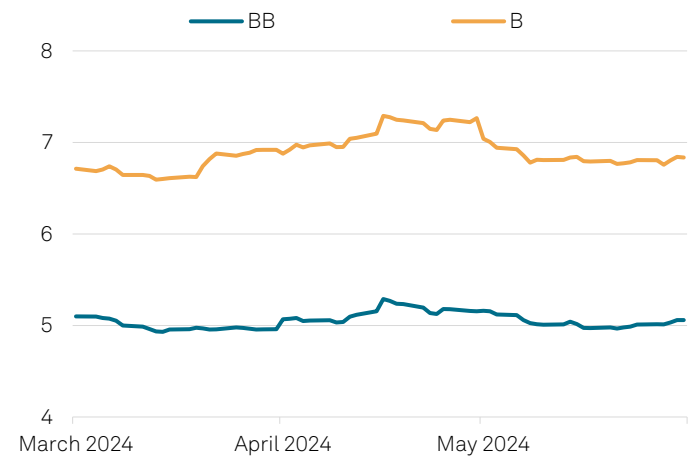


	BB	B
Minimum	226	404
Maximum	272	472
Average	250	434
Current (as of May 31, 2024)	233	410

Data as of May 31, 2024. Source: S&P Market Intelligence.

Chart 9

Three-month bond yield (%)



	BB	B
Minimum	4.9	6.6
Maximum	5.3	7.3
Average	5.1	6.9
Current (as of May 31, 2024)	5.1	6.8

CLOs

Table 2

Top 10 obligors held in Europe

Rank	Obligor	Rating and CreditWatch/outlook	GIC code
1	Liberty Global PLC	BB-/Stable	Diversified telecommunication services
2	Ineos Ltd.	BB/Negative	Chemicals
3	Altice Europe N.V.	CCC+/Developing	Diversified telecommunication services
4	Lorca Telecom Bidco S.A.U.	BB/Stable	Diversified telecommunication services
5	Verisure Midholding AB	B+/Stable	Diversified consumer services
6	Chrome HoldCo SAS	B-/Stable	Health care providers and services
7	Nidda German Topco GmbH	B/Stable	Pharmaceuticals
8	Peer Holding III B.V.	BB/Stable	Multiline retail
9	IVC Acquisition Topco Ltd	B/Negative	Health care providers and services
10	ION Trading Technologies Ltd.	B-/Stable	Capital markets

Note: Ratings and CreditWatch/outlooks as of May 31, 2024. Source: S&P Global Ratings.

Sources

- [Credit Conditions Europe Q3 2024 – Keep Calm, Carry On](#), June 25, 2024
- [An Increase In Distressed Exchanges Drives Defaults In Europe](#), June 12, 2024
- [The European Speculative-Grade Corporate Default Rate Should Level Out At 3.75% By March 2025](#), May 22, 2024
- [Monthly Default Tally Reached Four-Year High In April](#), May 16, 2024
- [Risky Credits: European Debt Surged To €80 Billion In Q1 2024](#), May 2, 2024

Related Research

- [Corporate Results Roundup Q1 2024: Recovery continues excluding commodity sectors but remains fragile and fragmented](#), May 15, 2024
- [CLO Pulse Q1 2024: High Leverage Affects Interest Coverage Ratios In European Obligors](#), May 15, 2024
- [Corporate Results Roundup Q1 2024: Recovery continues excluding commodity sectors but remains fragile and fragmented](#), May 15, 2024
- [Ardagh Group S.A. And Glass-Packaging Subsidiaries Downgraded To 'CCC-' On Debt Restructuring Risk; Outlook Negative](#), April 25, 2024
- [Q2 2024 Global Refinancing Update: Window Of Opportunity May Be Closing](#), April 24, 2024
- [Altice Franc Altice France S.A. Downgraded To 'CCC+' On Weaker Cash Flow Prospects And Sustainability Concerns; Outlook Developing](#), April 19, 2024
- [The Rise of Repeat Defaulters](#), April 11, 2024
- [Credit Conditions Europe Q2 2024: Credit Heals, Defense Shields](#), March 27, 2024
- [Why European Leveraged Loan Borrowers Like The “Snooze Drag”](#), Nov. 27, 2023

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