

This report does not constitute a rating action

European Summary Report

July 30, 2024

The June Snapshot

EUROPEAN CORPORATE RATINGS LEVERAGED FINANCE CONTACTS

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CONTENTS

Monthly Highlight	2
Year To Date 2024 And 2023	
Speculative-Grade New Issuers	3
Defaults	4
Speculative-Grade Rating	
Outlook Mix	5
Recovery Ratings	5
High-Yield Bond Insights	6
CLOs	7
Sources	8
Related Research	8

Negative bias is well-below five year averages

Outlook distribution



Eight new speculative-grade issuers in June

37 New issuers
YTD June 2024 versus
20 YTD June 2023

Top three sectors

Business and consumer services

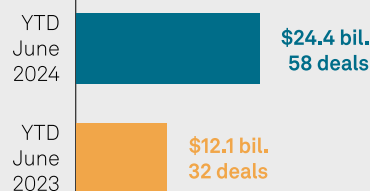
Media, entertainment, and leisure

Health care

Highest issuance (€14 billion) in European leveraged loan market since June 2021



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

- European companies remained resilient in the first half of 2024. Positive rating actions prevailed by 10%, while negative actions were concentrated on the lower end of the rating scale. Negative bias (the percentage of issues with negative or CreditWatch negative outlooks) dropped to 16% from the first quarter, a positive indicator for future rating trends.
- After monthly defaults dropped to 9 in June from 14 in May, the global corporate default tally climbed to 78, compared with 84 defaults for the first half of 2023. However, Europe is elevated compared with previous years and remains at its highest year-to-date default tally since 2008 at 4.9%, reaching 22 entities.
- The defaulted debt amount in Europe rose by 6.4x to \$3.2 billion in June from the previous month, making it the highest defaulted debt amount reported since August 2023. Persistently high market rates coupled with sluggish economic growth has made it difficult for leveraged firms with poor cash flow to stay afloat and attract like-for-like refinancing of their capital structures, which has ultimately led to an uptick in defaults.

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?](#)

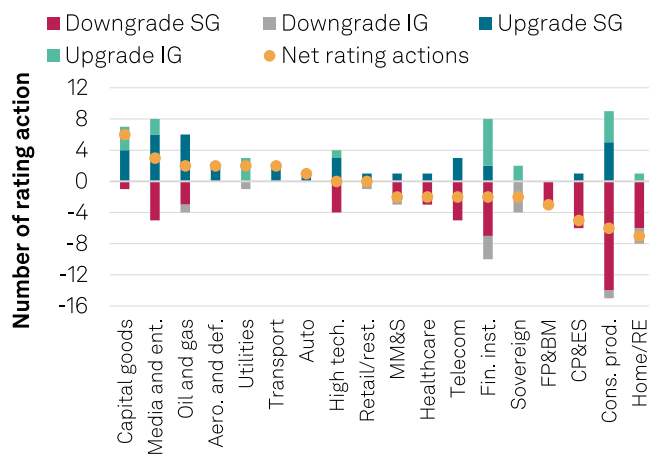
Monthly Highlight

European companies remained resilient in the first half of 2024

'Positive rating actions prevailed, while negative rating actions were concentrated in the lower end of the rating scale. Downgrades to 'B-' from 'B', and to the 'CCC' category from 'B-' mainly resulted from the combined effects of weaker operating performance and higher interest rates.'

Chart 1

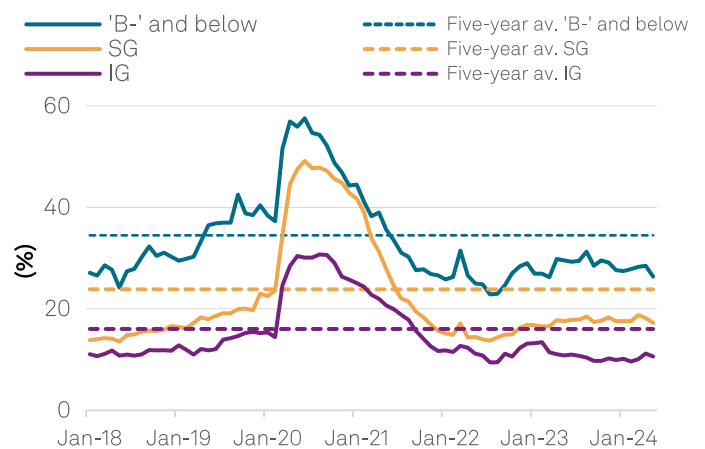
Speculative-grade companies accounted for 63% of upgrades and 81% of downgrades



Data as of May 31, 2024. Rating actions are from Jan. 1, 2024, to May 31, 2024. CP&ES--Chemicals, packaging, and environmental services. FP&BM--Forest products and building materials. MM&S--Metals, mining, and steel. IG--Investment-grade. SG--Speculative-grade. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Negative bias is well below five-year averages



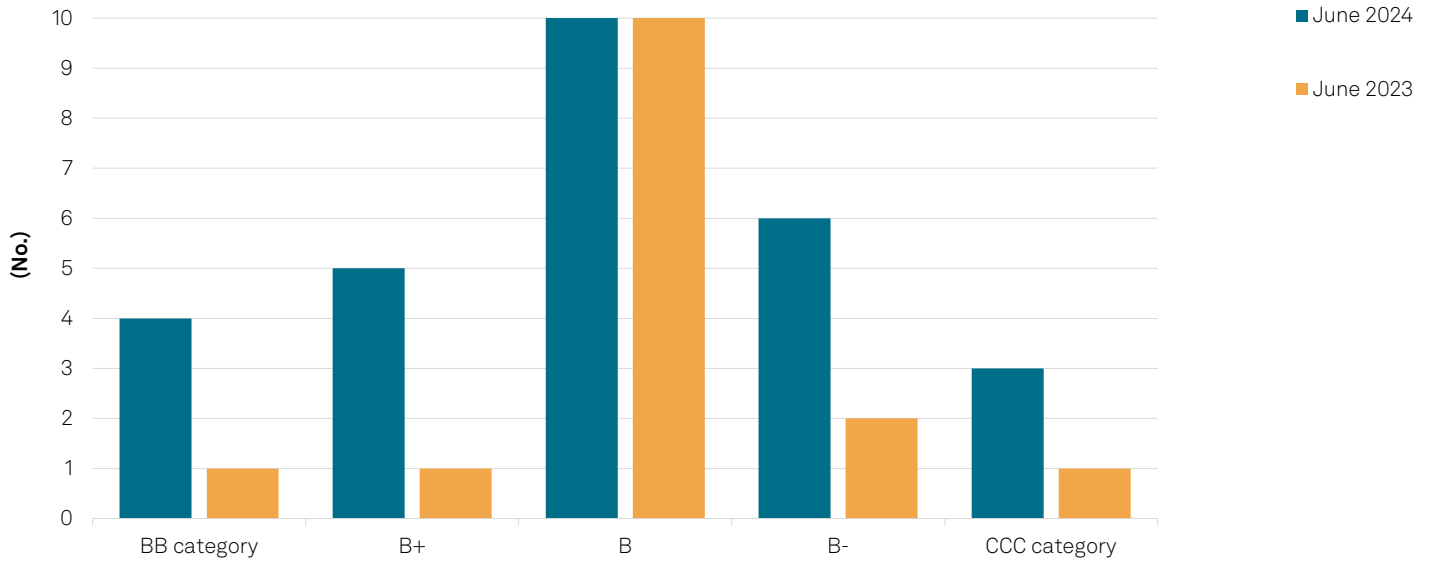
Data as of May 31, 2024. Includes nonfinancial corporates and only considers parent issuers. Negative bias: percentage of issuers with negative outlooks or ratings on CreditWatch negative to total number of issuers. IG--Investment-grade. SG--Speculative-grade. Source: S&P Global Ratings Credit Research & Insights.

[Read the full report »](#)

YTD 2024 And 2023 Speculative-Grade New Issuers

Chart 3

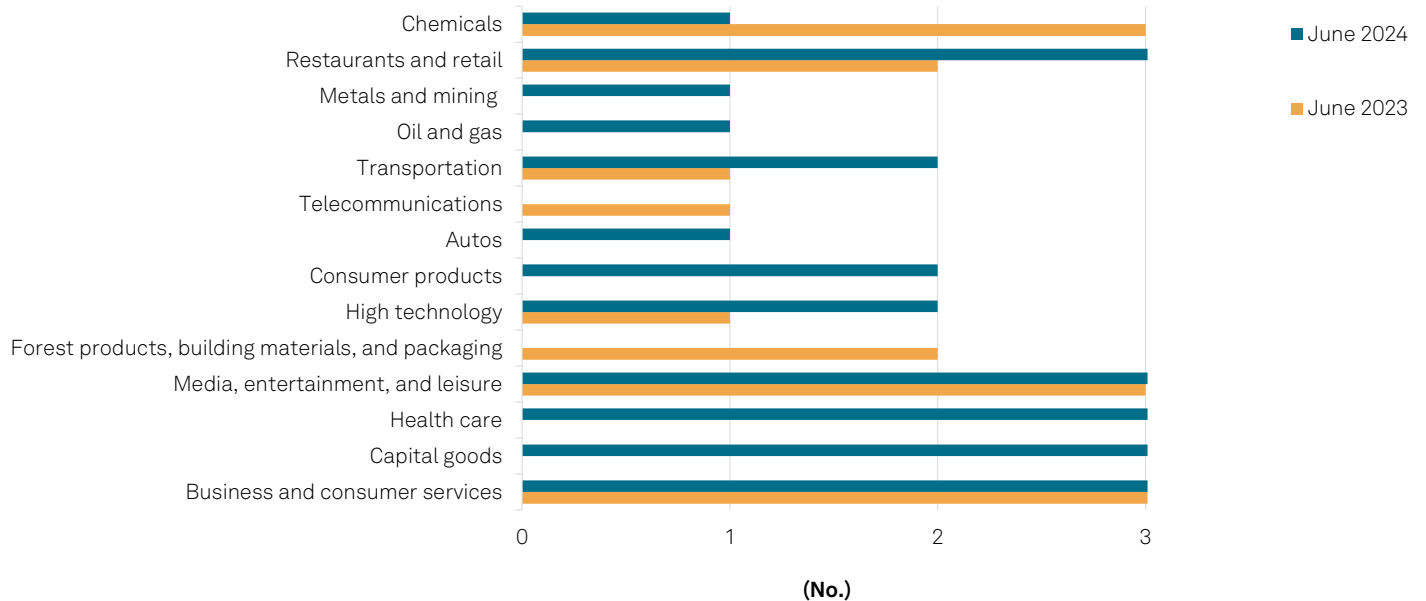
New issuers by rating



Note: Data represents new issuers as of June 30, 2023, and June 30, 2024. Includes European corporate ratings and excludes confidential issuers. YTD--Year-to-date. Source: S&P Global Ratings.

Chart 4

New issuers by industry group



Note: Data represents new issuers as of June 30, 2023, and June 30, 2024. Includes European corporate ratings and excludes confidential issuers. YTD--Year-to-date. Source: S&P Global Ratings.

Defaults

Chart 5

YTD downgrades to 'SD'/'D'



Table 1

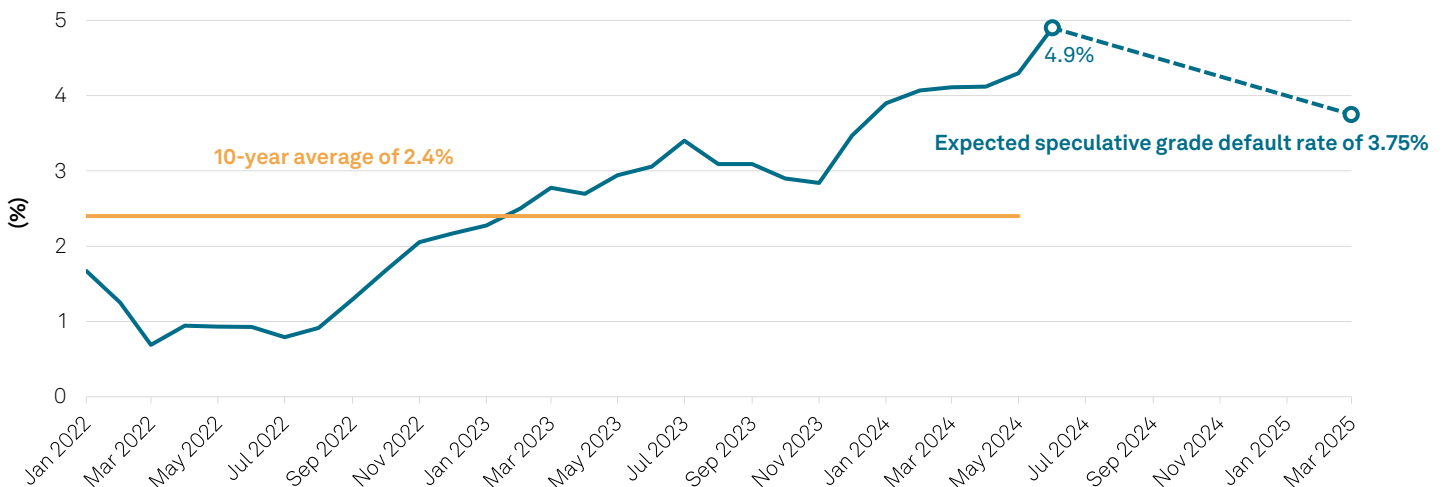
Ratings raised after selective default ('SD') and default ('D')

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
Ignition Topco BV	D	CCC+/Stable	Chemicals	Missed payments

Note: Data on number of defaults are as of June 30, 2024. Includes European corporate ratings. D--Default. SD--Selective default. YTD--Year-to-date. For more information on European defaults, see "[Defaults drop in June](#)," published July 17, 2024. List of ratings raised after 'SD' and 'D' is as of June 30, 2024. Source: S&P Global Ratings.

Chart 6

European trailing-12-month speculative-grade default rate

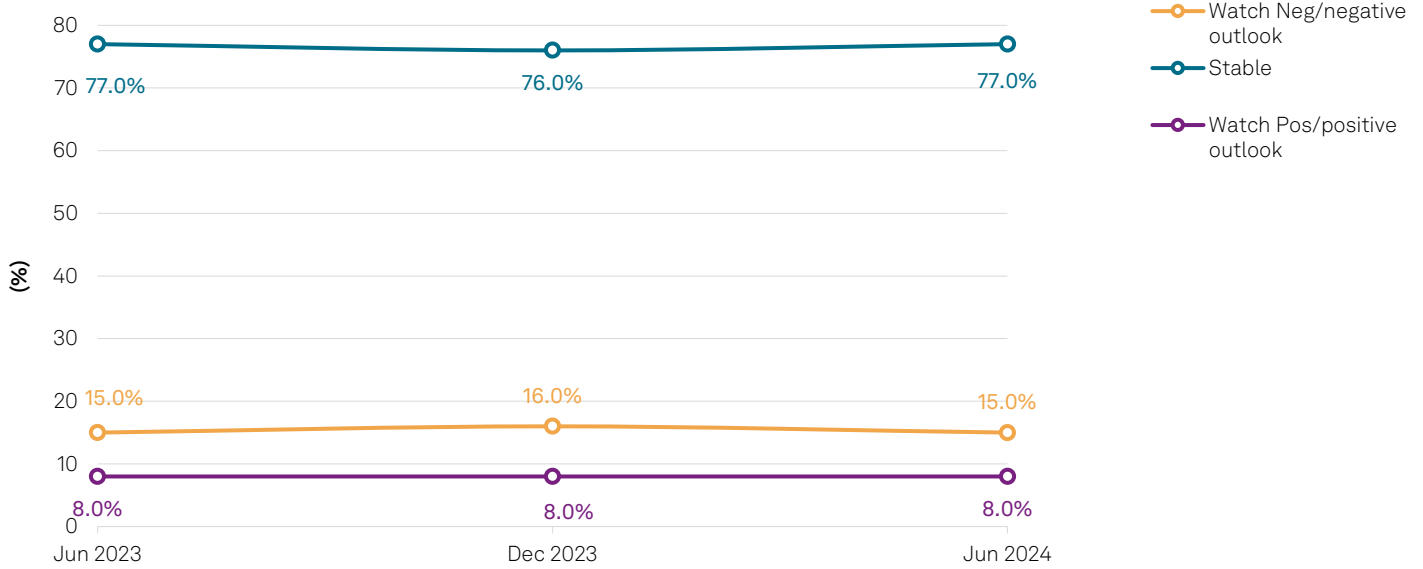


Note: Data as of June 30, 2024. See "[The European Speculative-Grade Default Rate Should Level Out At 3.75% By March 2025](#)," published May 22, 2024. Source: S&P Global Ratings.

Speculative-Grade Rating Outlook Mix

Chart 7

June 2023/2024 speculative-grade CreditWatch/outlook distribution

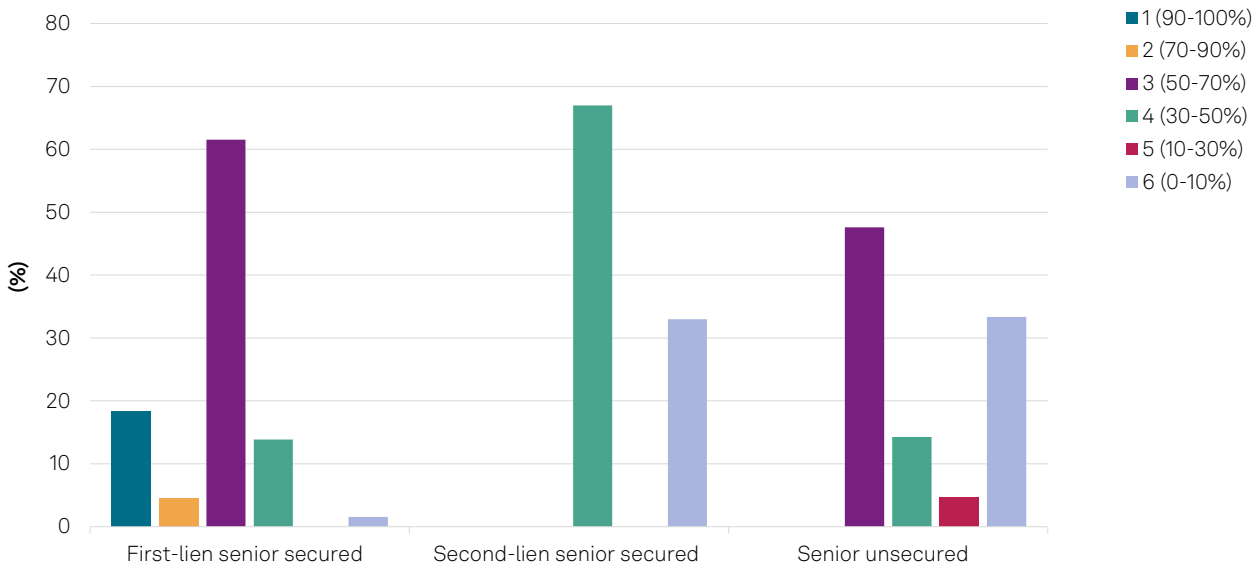


Note: Data as of June 30, 2023, and June 30, 2024. CreditWatch/outlook distribution includes all European corporate ratings. Does not include investment-grade issuers. Source: S&P Global Ratings.

Recovery Ratings

Chart 8

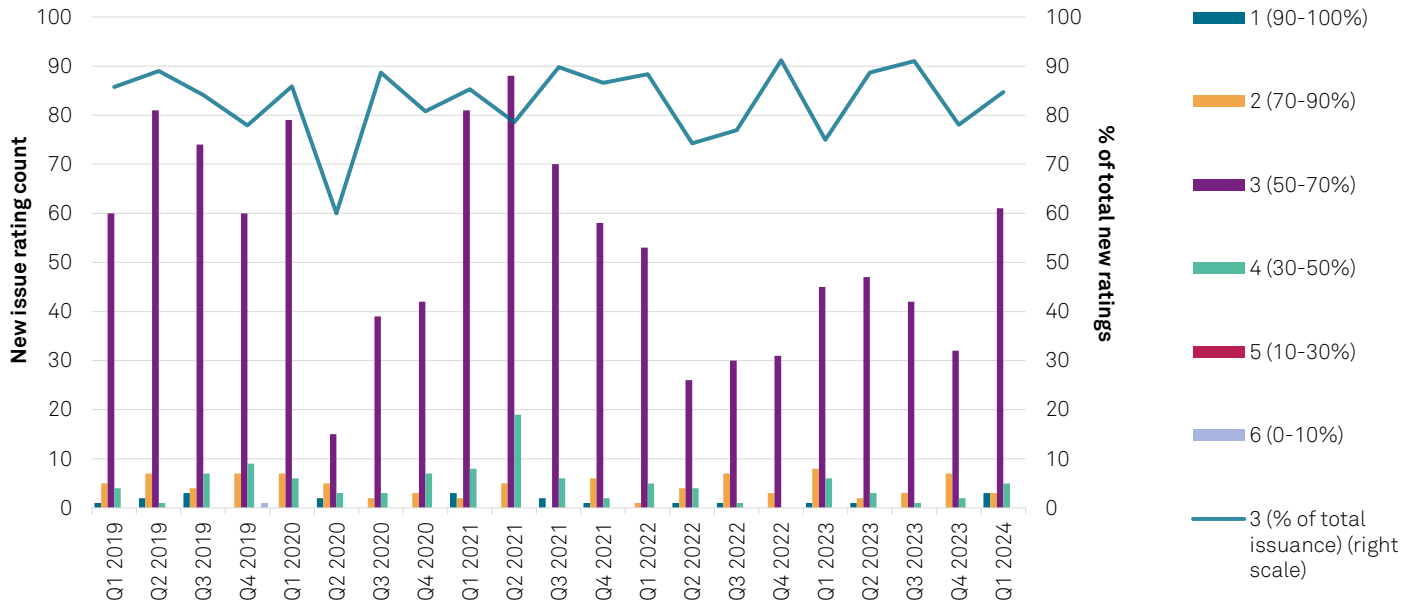
Recovery rating distribution for weakest links



Note: Data as of March 31, 2024. Weakest links are issuers rated 'B-' and below with either negative outlooks or on CreditWatch negative. Source: S&P Global Ratings.

Chart 9

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

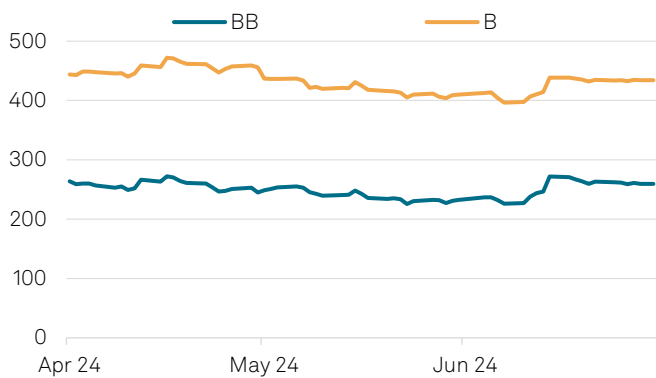


Data as of March 31, 2024. Recovery ratings distribution of first-lien new issues. Source: S&P Global Ratings.

High-Yield Bond Insights

Chart 10

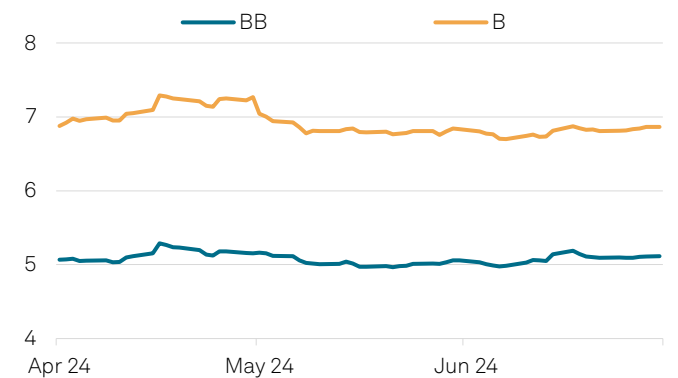
Three-month bond spread (bps)



	BB	B
Minimum	226	396
Maximum	272	472
Average	249	432
Current (as of June 30, 2024)	259	434

Chart 11

Three-month bond yield (%)



	BB	B
Minimum	5.0	6.7
Maximum	5.3	7.3
Average	5.1	6.9
Current (as of June 30, 2024)	5.1	6.9

Data as of June 30, 2024. Source: S&P Market Intelligence.

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	Laboratoire Eimer SELAS	B-/Stable	Food and staples retailing
10	IVC Acquisition Topco Ltd.	B/Negative	Health care providers and services

Note: Ratings and CreditWatch/outlooks as of June 30, 2024. Source: S&P Global Ratings.

Sources

- [Defaults drop in June](#), July 17, 2024
- [Credit Conditions Europe Q3 2024 – Keep Calm, Carry On](#), June 25, 2024
- [The European Speculative-Grade Corporate Default Rate Should Level Out At 3.75% By March 2025](#), May 22, 2024

Related Research

- [Ratings Performance Insights](#), July 15, 2024
- [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
- [Risky Credits: European Debt Surged To €80 Billion In Q1 2024](#), May 2, 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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