

This report does not constitute a rating action

European Summary Report

Nov. 27, 2024

The October Snapshot

EUROPEAN CORPORATE RATINGS LEVERAGED FINANCE CONTACTS

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Outlook distribution



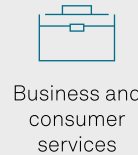
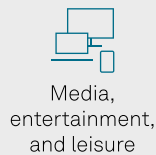
Five new speculative-grade issuers in October

63

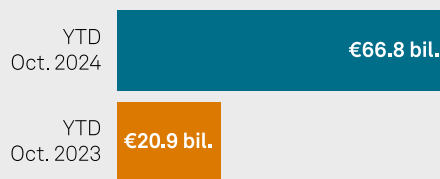
New issuers

YTD Oct. 2024 vs.
29 YTD Oct. 2023

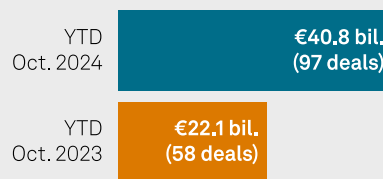
Top three sectors



The volume of institutional loans in the European market is significantly higher than last year's level:



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, 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 »](#)

WEBINAR REPLAYS

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

Key Insights

- Speculative-grade bond issuance is up 90.5% as of Oct. 31, 2024, a departure from fairly subdued activity in 2023. We rate nearly 60% of this issuance 'BB-'. The increase reflects central bank clarity on rates, corporations' ability to defend their robust operational performance, and market participants' expectations of a soft landing.
- Issuers rated 'CCC+' and lower saw more negative rating actions in third-quarter 2024 than in the previous quarter. This indicates heightened refinancing, liquidity, and default risks, and highlights the volatility and vulnerabilities in this rating category.
- We expect the European trailing-12-month speculative-grade corporate default rate to drop to 4.25% by September 2025 from 4.7% in September 2024. The rate remains elevated due to a rise in the number of distressed exchanges and debt restructurings. Overall credit trends remain supportive, but issuers rated 'CCC/C' still face limited access to the primary market and sizable debt maturities.

Monthly Highlight

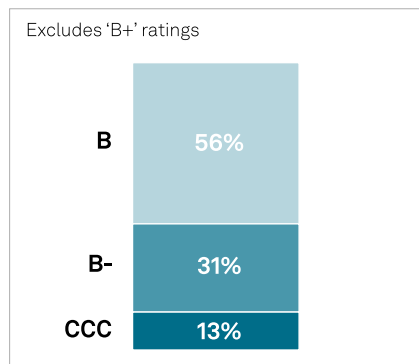
Defaults have driven a decline in European risky credits

Q3 2024

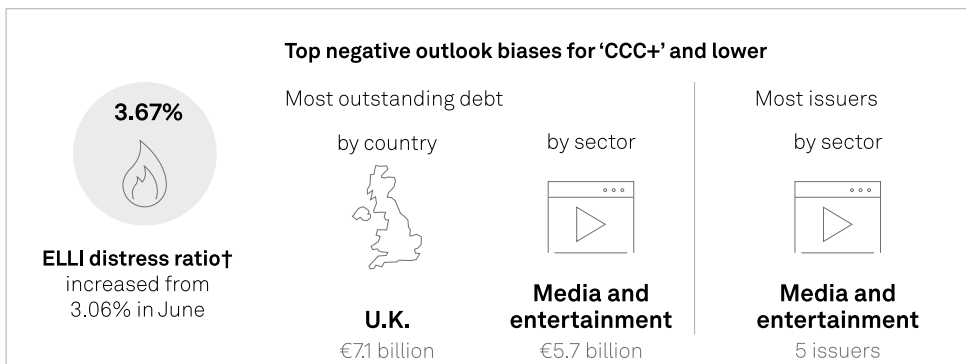
	Debt outstanding	Downward transitions		% negative outlooks or CW status	Financing conditions	
	Corporate bonds	No. downgraded from 'B'	% downgraded* from 'B'		Morningstar ELLI in 2024	Morningstar ELLI bid price
'B-' trends	€145.33 bil.	4 issuers	0.7%	12.4%	1.5%	97.58
				-2.30 since June 2024		-0.03 bid change
'CCC+' and lower trends	€69.75 bil.	4 issuers	1.3%	51.2%	ITRAXX/ Europe Index§	'CCC' bond issuance
				-7.93 since June 2024	311 bps	€0.00 bil.

■ Risk increasing
 ■ Risk decreasing
 ■ No movement

'B' and 'CCC+' and lower rating population



Risk insights



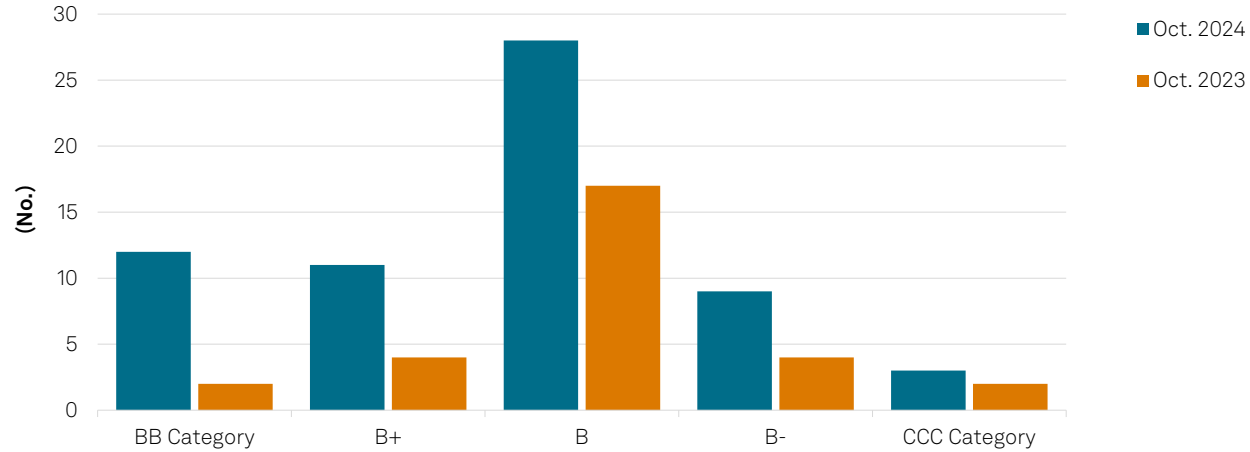
Data as of Sept. 30, 2024. All risk indicators are measured against previous quarter's report. *Three-month average to March 31. §Comprises 45 equally weighted single company credit default swaps. Companies on the index are based in Europe and rated 'BB+' or lower at the time of index inception. †The percent of performing loans trading below 80. 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 New Speculative-Grade Issuers

Chart 1

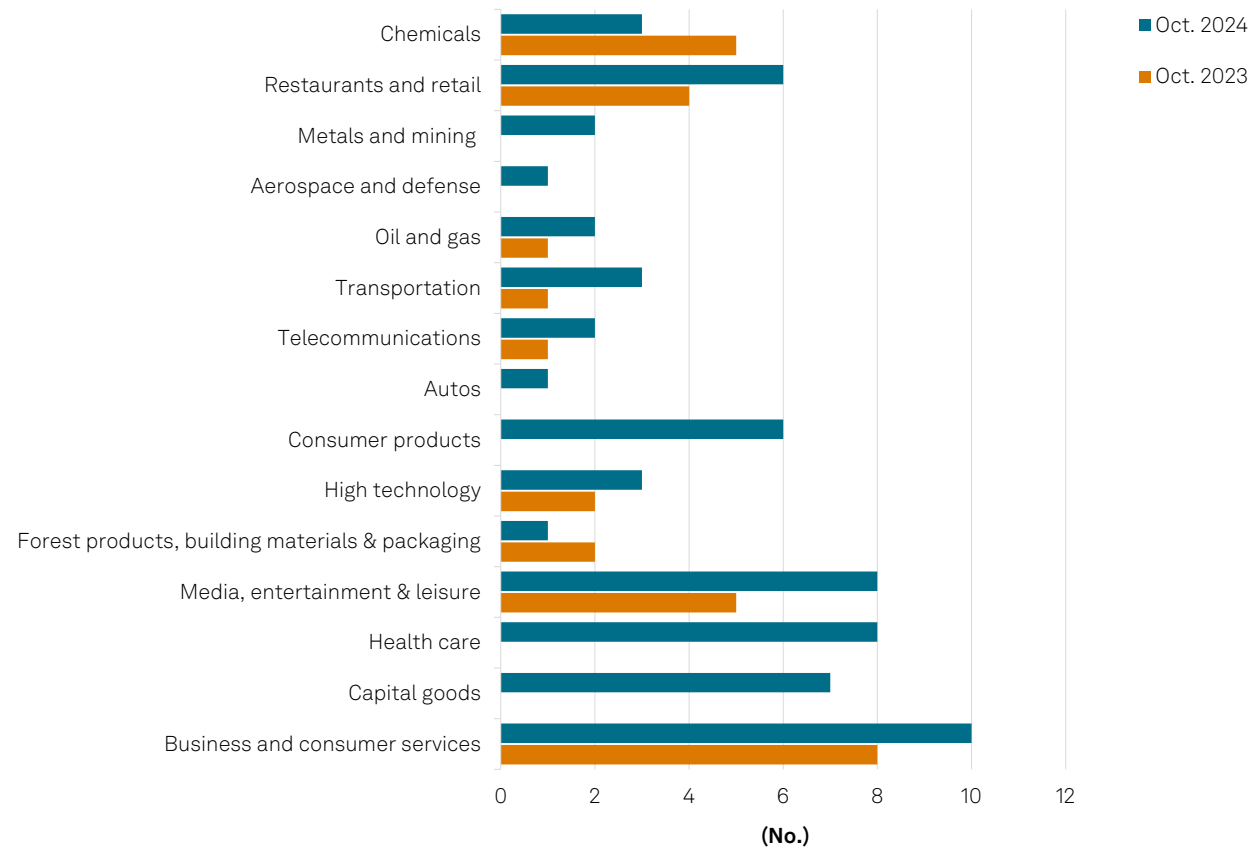
New issuers by rating



Note: Data represents new issuers as of Oct. 31, 2023, and Oct. 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



Note: Data represents new issuers as of Oct. 31, 2023, and Oct. 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

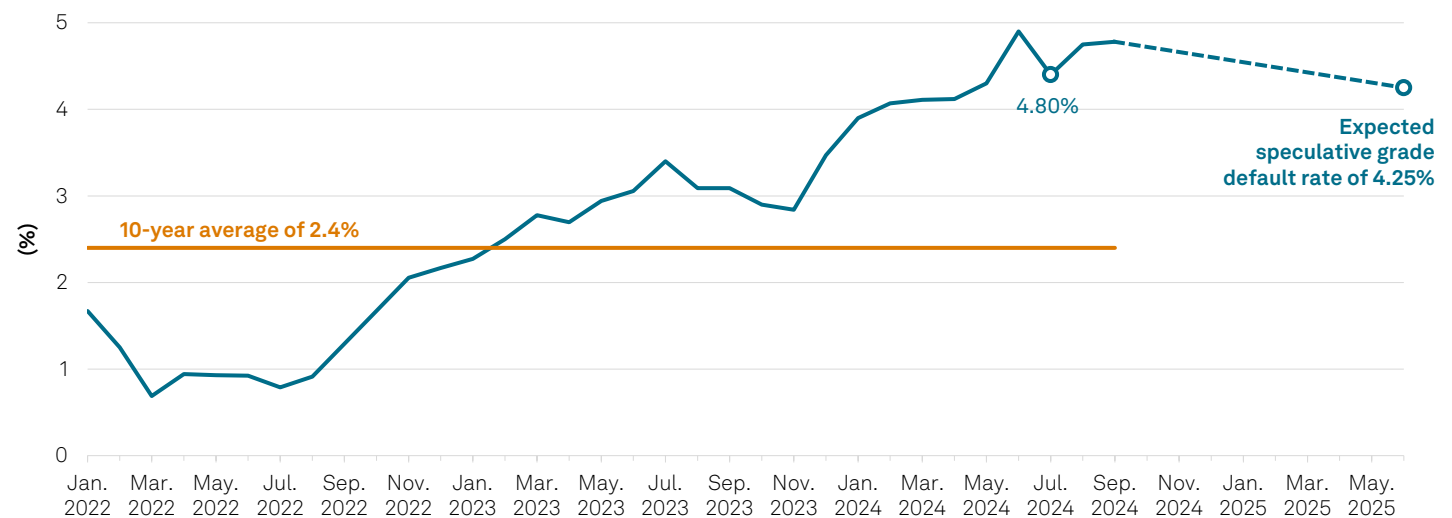
Ratings raised after selective default ('SD') and default ('D')

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 payments
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 is as of Oct. 31, 2024. Includes European corporate ratings. D--Default. SD--Selective default. YTD--Year-to-date. For more information on European defaults, see "[Spotlight On U.S. Defaults in October](#)," published Nov. 19, 2024. List of ratings raised after 'SD' and 'D' is as of Oct. 31, 2024. Source: S&P Global Ratings.

Chart 4

European trailing-12-month speculative-grade default rate

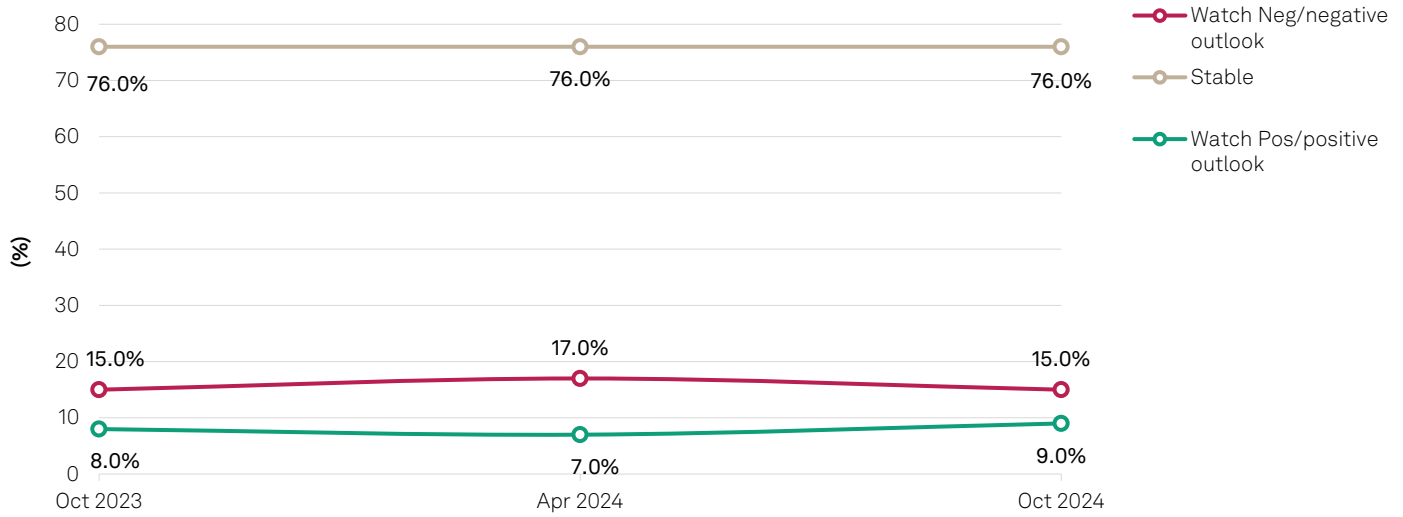


Note: Data as of Oct 31, 2024. See "[European Speculative-Grade Default Rate Should Fall To 4.25% By September 2025](#)" published Nov. 19, 2024. Source: S&P Global Ratings.

Speculative-Grade Rating Outlook Mix

Chart 5

October 2023/2024 speculative-grade CreditWatch/outlook distribution

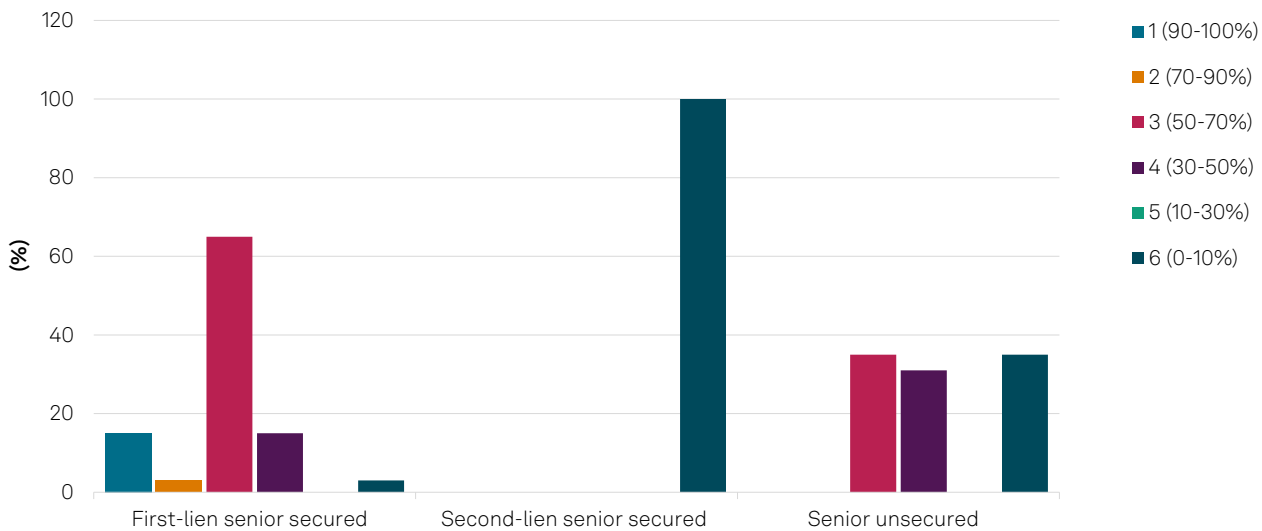


Note: Data as of Oct. 31, 2023, and Oct. 31, 2024. CreditWatch/outlook distribution includes all European corporate ratings. Does not include investment-grade issuers. Source: S&P Global Ratings.

Recovery Ratings

Chart 6

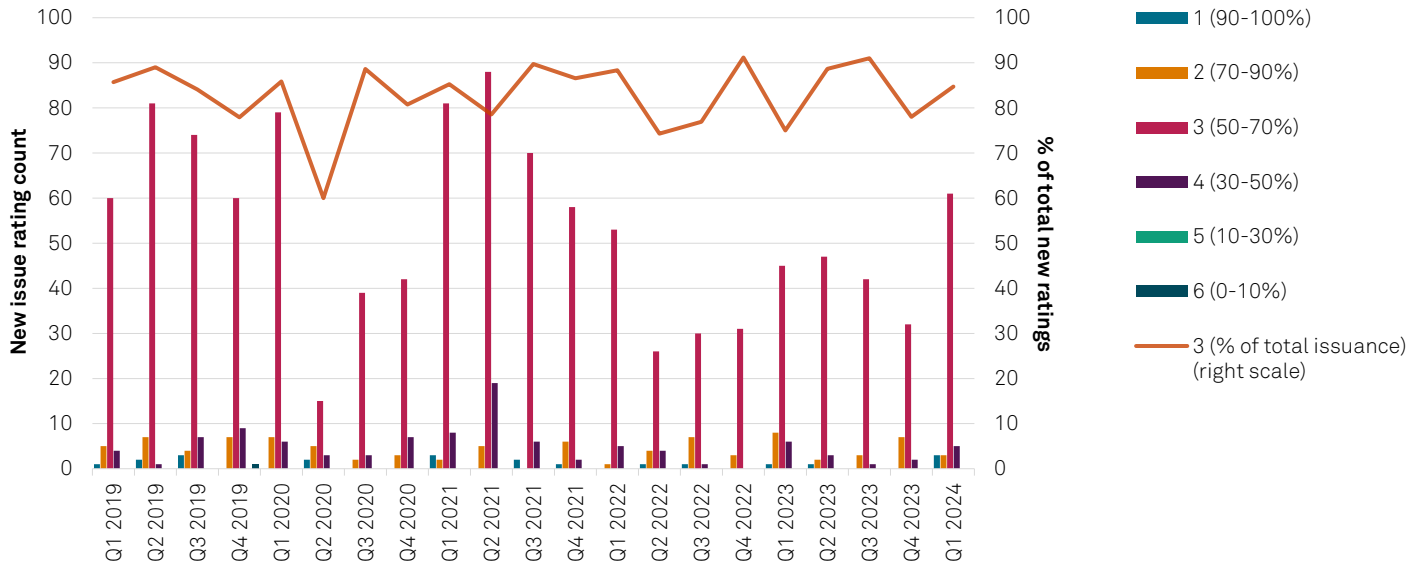
Recovery rating distribution for weakest links



Note: Data as of June 30, 2024. Weakest links are issuers rated 'B-' and below with either negative outlooks or on CreditWatch negative. Source: S&P Global Ratings.

Chart 7

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

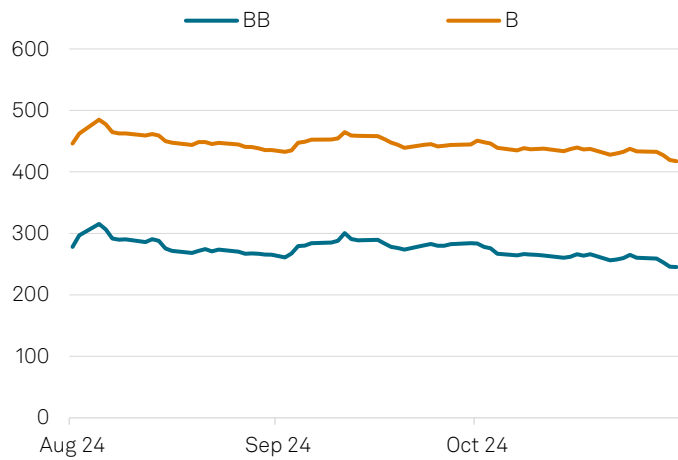


Data as of June 30, 2024. Recovery rating distribution of first-lien new issues. Source: S&P Global Ratings.

High-Yield Bond Insights

Chart 8

Three-month bond spread (bps)

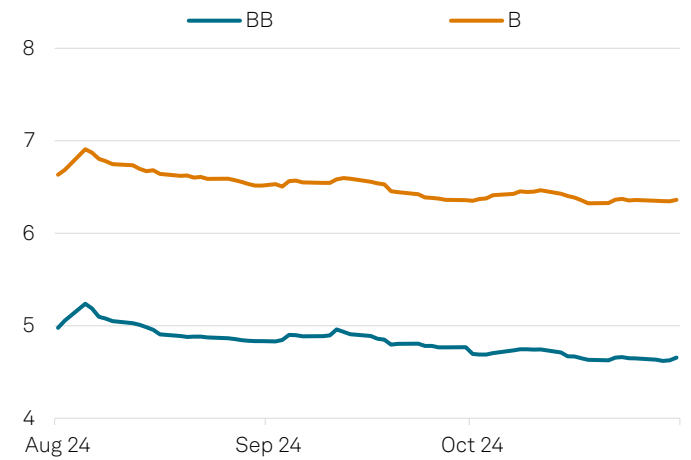


	BB	B
Minimum	245	417
Maximum	315	485
Average	275	445
Current (as of Oct. 31, 2024)	245.3	417.4

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

Chart 9

Three-month bond yield (%)



	BB	B
Minimum	4.6	6.3
Maximum	5.2	6.9
Average	4.8	6.5
Current (as of Oct. 31, 2024)	4.7	6.4

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	Peer Holding III B.V.	BB/Stable	Multiline retail
5	Lorca Telecom Bidco S.A.U.	BB/Stable	Diversified telecommunication services
6	Nidda German Topco GmbH	B/Stable	Pharmaceuticals
7	Verisure Midholding AB	B+/Stable	Diversified consumer services
8	Chrome HoldCo SAS	B-/Stable	Health care providers and services
9	Laboratoire Eimer SELAS	B-/Stable	Food and staples retailing
10	IVC Acquisition Topco Ltd.	B/Stable	Health care providers and services

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

Sources

- [Spotlight On U.S. Defaults in October](#), Nov. 19, 2024
- [European Speculative-Grade Default Rate Should Fall To 4.25% By September 2025](#), Nov.18, 2024
- [Global Credit Markets Update Q4 2024 - Good Vibrations](#), Oct. 31, 2024
- [Defaults Have Driven A Decline In European Risky Credits](#), Oct. 30, 2024

Related Research

- [European Refinancing Flows Have Flipped As Public Leveraged Debt Replaces Private](#), Sept. 23, 2024
- [The European Speculative-Grade Default Rate Will Level Out At 4.25% By June 2025](#), Aug. 22, 2024
- [CLO Pulse Q2 2024: Movers And Shakers In The Top 50 Obligators In European CLO's Portfolios](#), July 30, 2024
- [Ratings Performance Insights](#), July 15, 2024
- [Credit Conditions Europe Q3 2024 – Keep Calm, Carry On](#), June 25, 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 Obligators](#), 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
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- [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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