

This report does not constitute a rating action

European Summary Report

Feb. 22, 2024

The January Snapshot

EUROPEAN CORPORATE RATINGS LEVERAGED FINANCE CONTACTS

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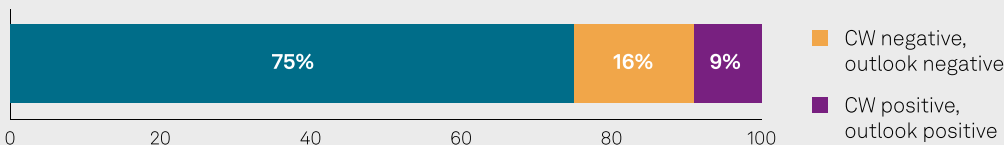
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Lower rated issuers remain under pressure

Outlook distribution



Two new speculative-grade issuers in January

2 New issuers
Jan. 2024 vs.
4 FY 2023

Sectors

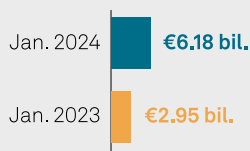


Consumer products



Chemicals

Institutional volume in European Leveraged loan market higher compared to January 2023



European CLO issuance



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, 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 >>](#)

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

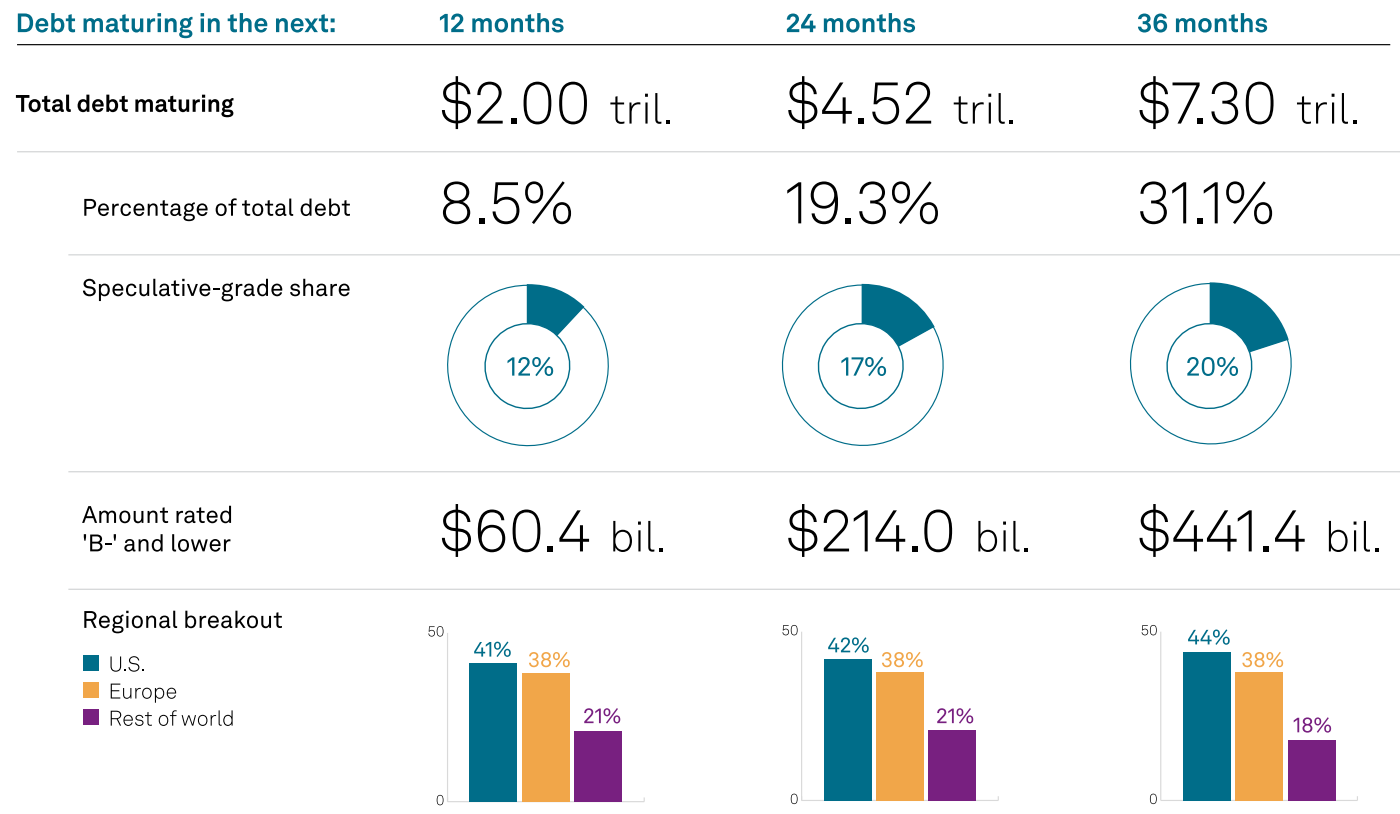
Key Insights

1. We expect European trailing 12-month speculative-grade corporate defaults to be 3.5% by December 2024, the same as December 2023, showing that the default rate has stabilized after its expected increase over the summer. Consumer-led sectors such as consumer products and media and entertainment will likely lead the default tally in 2024.
2. Despite challenging conditions, borrowers have lowered their 2024 maturities (to \$46.3 billion from \$98.7 billion). While this reduction in near-term maturities should help ease current pressures on borrowers, newly issued debt is adding to maturities due in 2028.
3. Even though financing conditions continue to pose challenges for the lowest-rated borrowers, leveraged loans and speculative-grade bond issuance remained strong in 2023. Recent amend-and-extend activity has helped reduce near-term maturities. Private credit is providing another source of funding for lower-rated borrowers.

Monthly Highlight

Maturity Wall Looms Higher For Speculative-Grade Debt

Amid mounting refinancing demands, speculative grade represents a growing share of upcoming maturities.



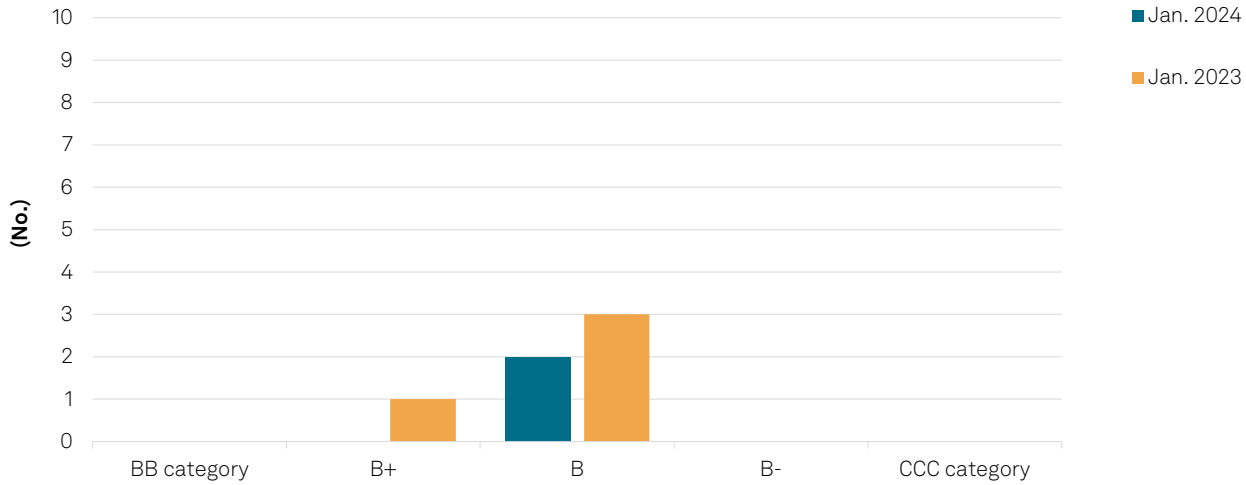
Source: S&P Global Ratings.

[Read the full report >>](#)

January Speculative-Grade New Issuers

Chart 1

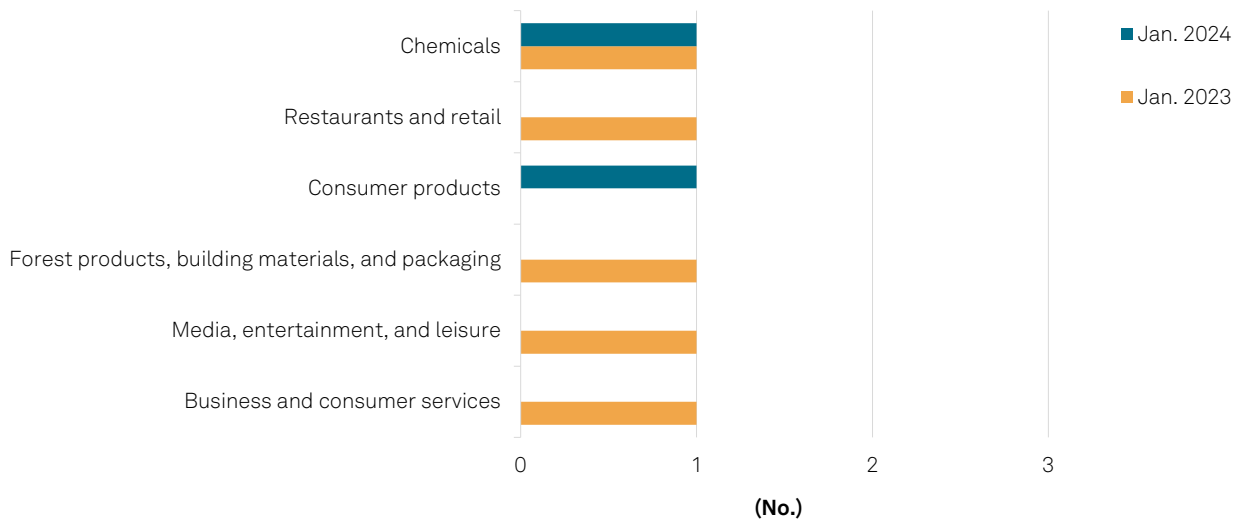
New issuers by rating



Note: Data represents new issuers as of Jan. 31, 2023, and Jan. 31, 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 Jan. 31, 2023, and Jan. 31, 2024. Includes European corporate ratings and excludes confidential issuers. Source: S&P Global Ratings.

Defaults

Chart 3

YTD downgrades to 'SD'/'D'



Table 1

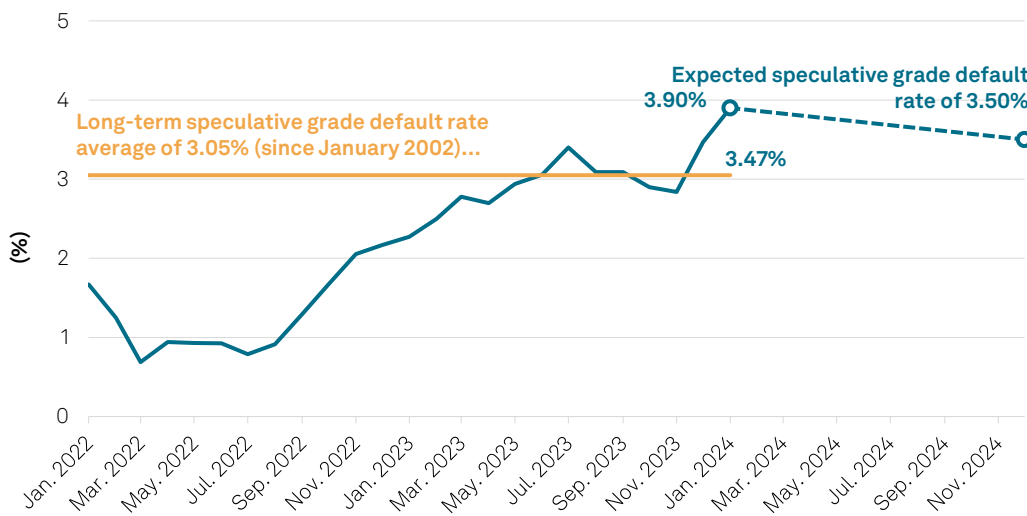
Ratings raised after selective default ('SD') and default ('D')

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

Note: Data on number of defaults are as of January 2024. Includes European corporate ratings. D--Default. SD--Selective default. For more information on European defaults, see "[Highest January For Corporate Defaults Since 2010](#)", published Feb. 13, 2024. List of ratings raised after 'SD' and 'D' is as of Jan. 31, 2024. Source: S&P Global Ratings.

Chart 4

European trailing-12-month speculative-grade default rate

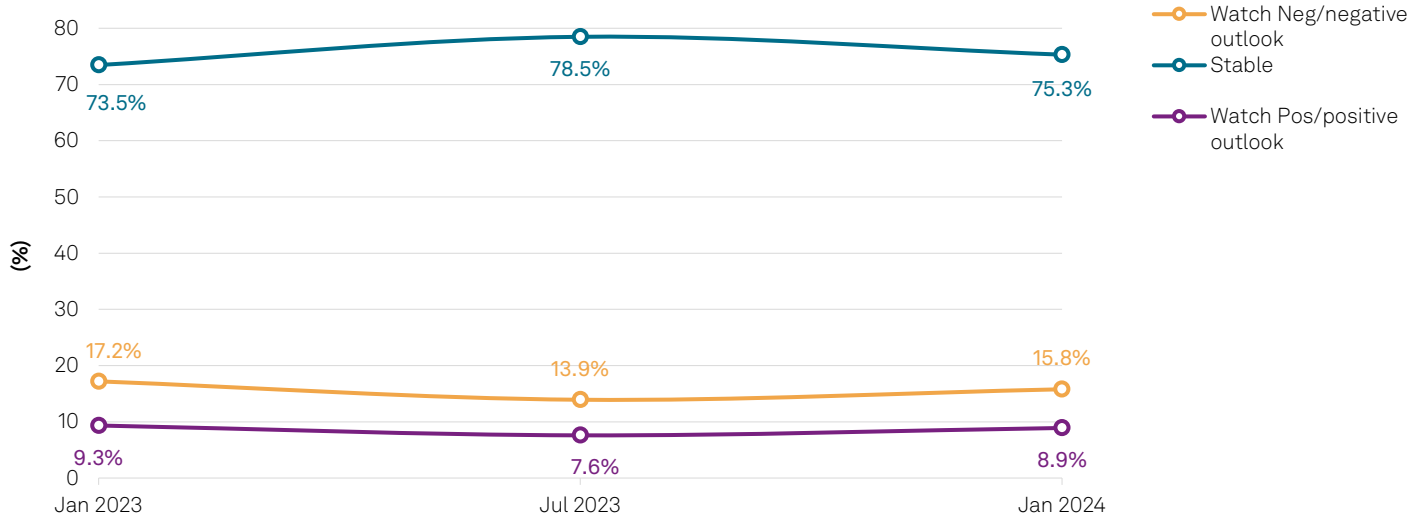


Note: Data as of Jan. 31, 2024. The long-term average dates back to January 2002. Source: S&P Global Ratings. See "[European Speculative-Grade Default Rate To Stabilize At 3.5% By December 2024](#)" published Feb. 15, 2024.

Speculative-Grade Rating Outlook Mix

Chart 5

January 2023/2024 speculative-grade CreditWatch/outlook distribution

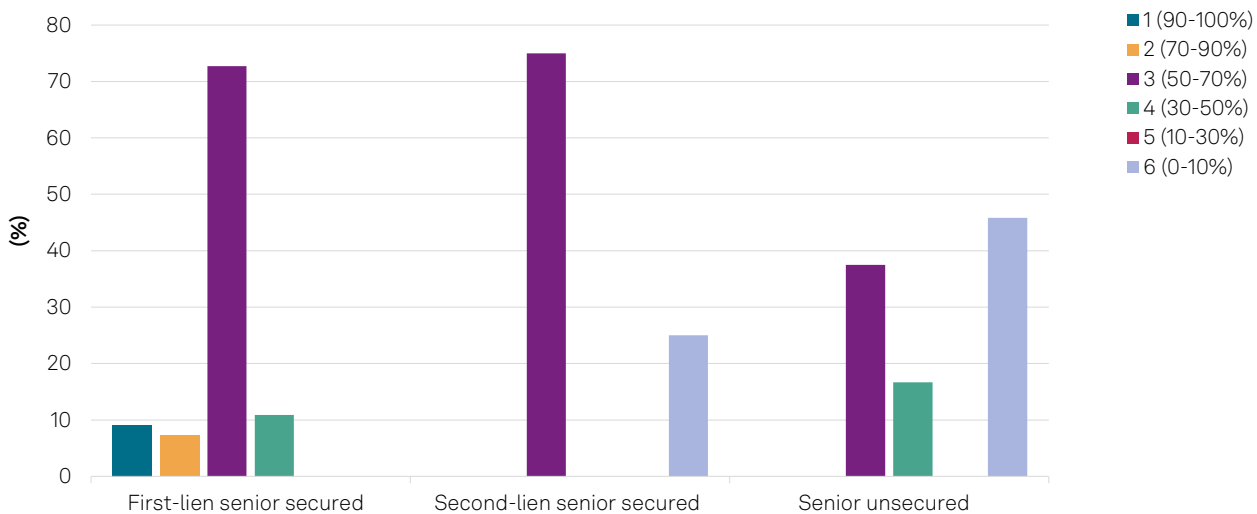


Note: Data as of Dec. 31, 2022, and Dec. 31, 2023. CreditWatch/outlook distribution includes all European corporate ratings. Does not include investment-grade issuers. Source: S&P Global Ratings.

Recovery Ratings

Chart 6

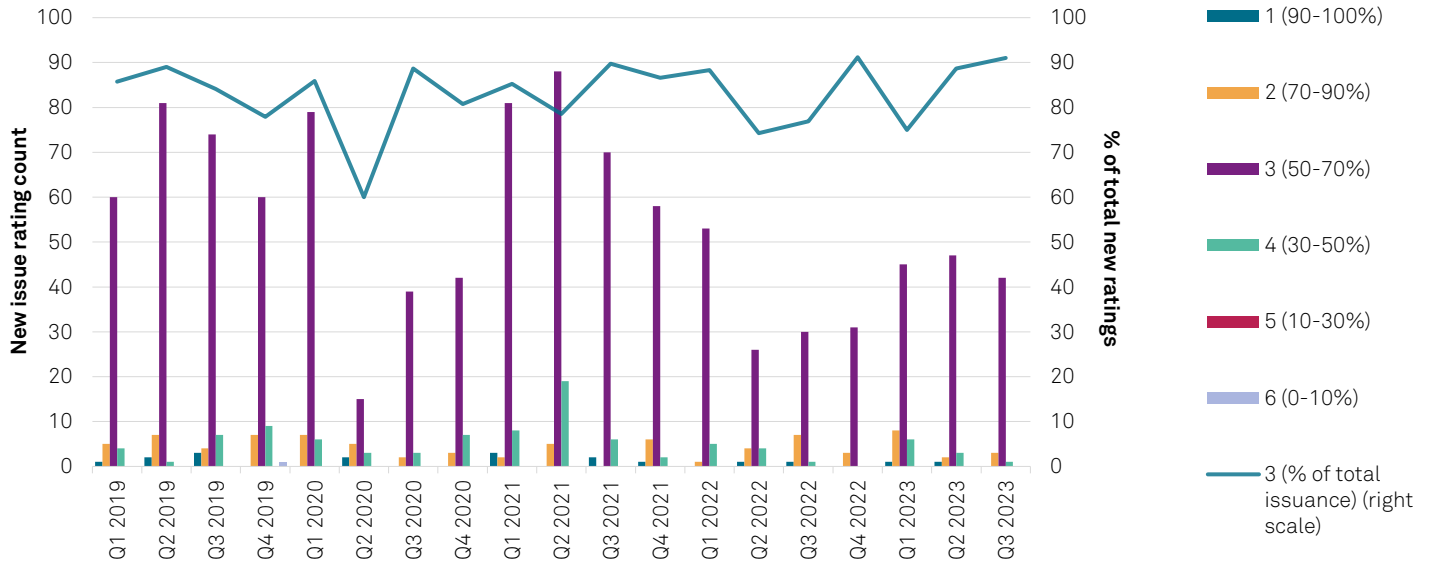
Recovery rating distribution for weakest links



Note: Data as of Sept. 30, 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)



Source: S&P Global Ratings.

High-Yield Bond Insights

Chart 8

Three-month bond spread (bps)

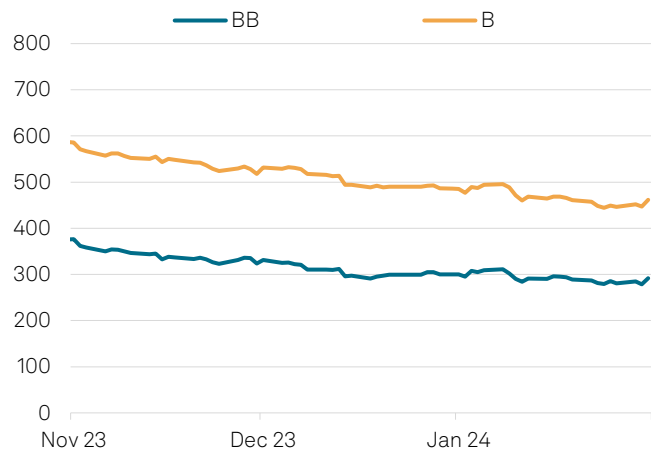
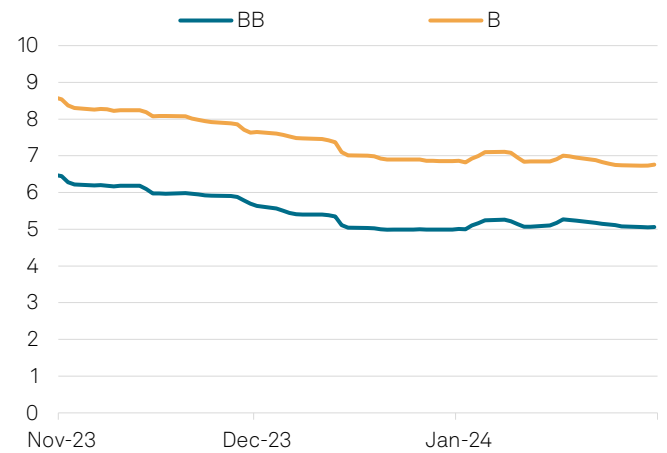


Chart 9

Three-month bond yield (%)



	BB	B
Minimum	279	444
Maximum	376	586
5Average	314	506
Current (as of Jan. 31, 2024)	292	462

	BB	B
Minimum	5.0	6.7
Maximum	6.4	8.5
Average	5.5	7.4
Current (as of Jan. 31, 2024)	5.1	6.8

Data as of Jan. 31, 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	Altice Europe N.V.	B-/Stable	Diversified telecommunication services
3	Ineos Ltd.	BB/Negative	Chemicals
4	Lorca Telecom Bidco S.A.U.	B/Watch Pos	Capital markets
5	Verisure Midholding SD	B+/Stable	Diversified telecommunication services
6	Nidda German Topco GmbH	B/Stable	Pharmaceuticals
7	Chrome HoldCo SAS	B-/Stable	Health care providers and services
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 Jan. 31, 2024. Source: S&P Global Ratings.

Sources

- [Highest January For Corporate Defaults Since 2010](#), Feb. 13, 2024
- [Maturity Wall Looms Higher For Speculative-Grade Debt](#), Feb. 5, 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
- [European Secured Debt Recovery Expectations Second-Half 2022 Update: Downgrades Drive Rising 'B-' Debt](#), Jan. 30, 2023

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

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