

This report does not constitute a rating action

## European Summary Report

April 29, 2024

### The March Snapshot

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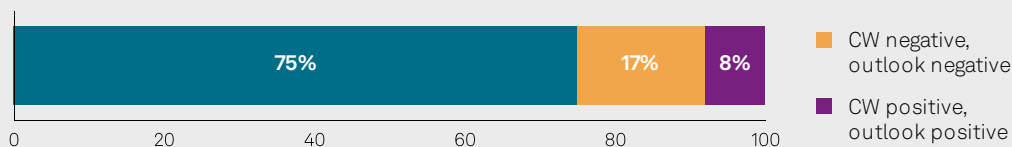
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#### Speculative-grade issuers remain under pressure

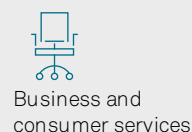
##### Outlook distribution



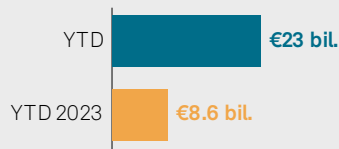
#### Three new speculative-grade issuers in March



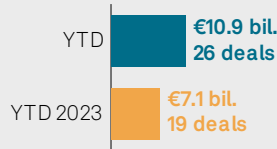
##### Top sector



#### Institutional loan volumes in the European leveraged loan market are substantially higher than last year's level



#### YTD European CLO issuance has surpassed last year's level, with 13 deals closing in March



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

- Chemicals, telecommunications, and consumer products companies accounted for most net downgrades in first-quarter 2024, while the ratings on speculative-grade leisure companies continue to improve.
- S&P Global Ratings' expectation for companies' performance in 2024 is cautious, but not pessimistic. Many companies focus on protecting their operating margins, while revenue growth will likely remain modest. Most distorting factors from recent years, such as supply chain disruptions and spikes in energy costs, have dissipated, but labor costs are still an inflation factor in most European countries.
- Private debt is playing a constructive role in refinancing overleveraged issuers. Private debt provides payment-in-kind facilities to replace both first- and second-lien cash-pay debt, and thereby alleviates cash-coverage metrics. This, alongside equity cheques, reduces downward rating pressure on companies that we rate 'B-' or below.

## WEBINARS AND PODCASTS

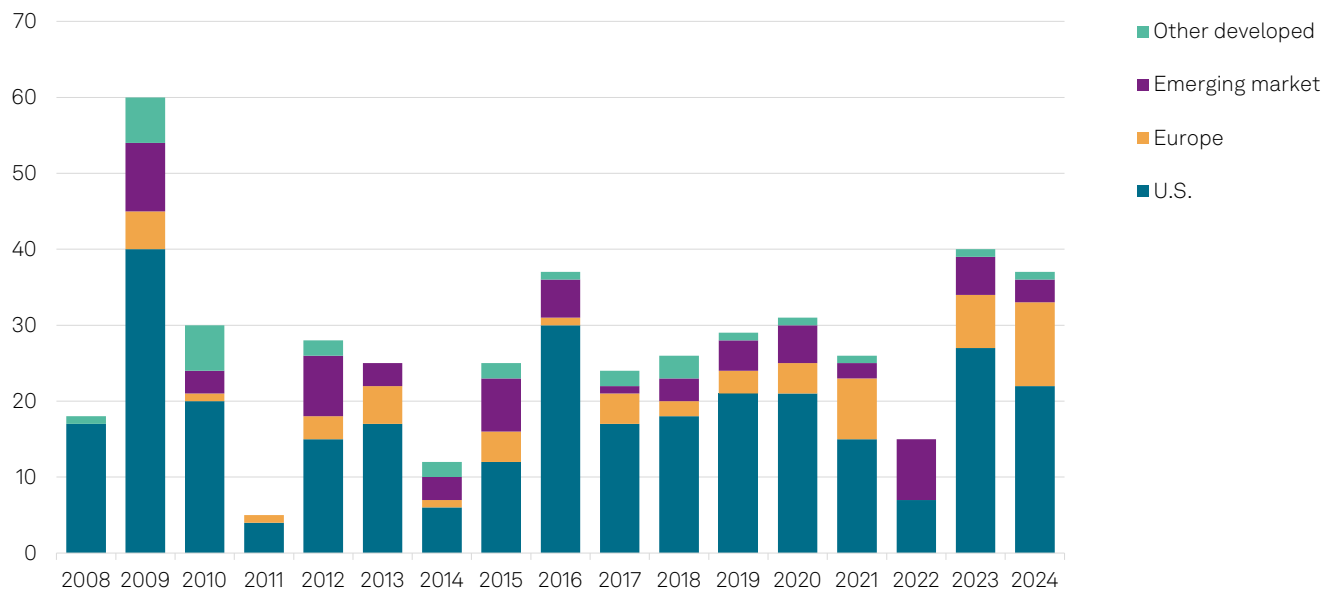
[European Healthcare Services Outlook 2024: A Brighter Future Ahead](#), Dec. 12, 2023

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

## Monthly Highlight

### Defaults in Europe are at their highest year-to-date levels since 2008

Year-to-date default tally by region



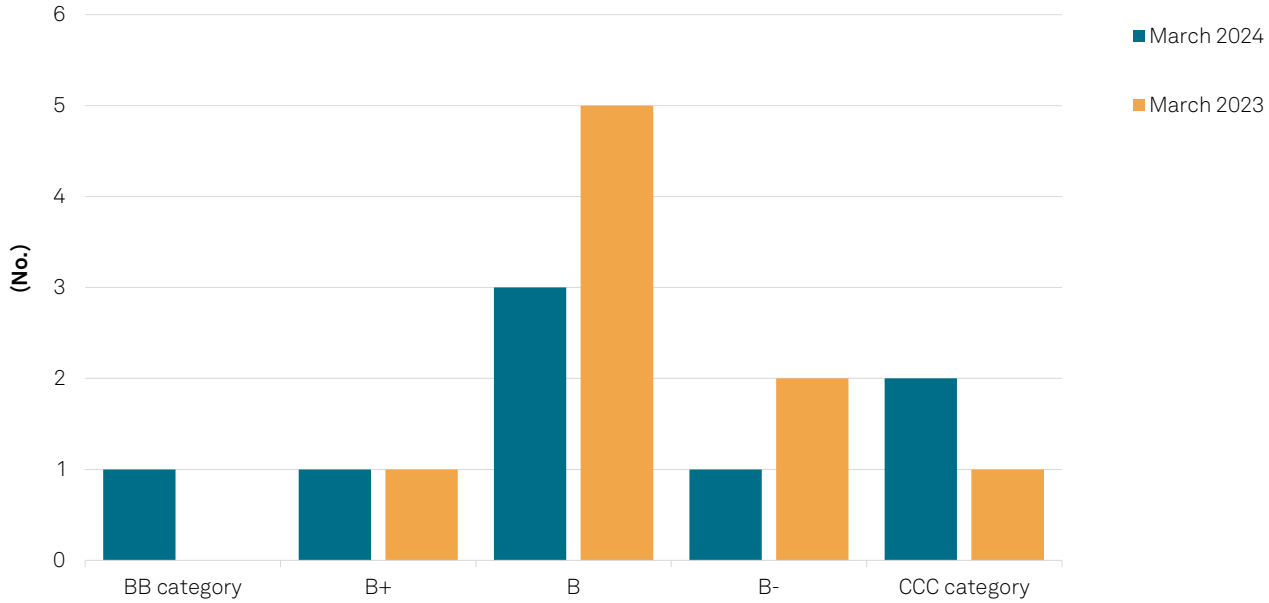
Data as of March 31, 2024. Data has been updated to reflect confidential issuers.  
Source: S&P Global Ratings Credit Research & Insights.

[Read the full report »](#)

## YTD 2024 And 2023 Speculative-Grade New Issuers

Chart 1

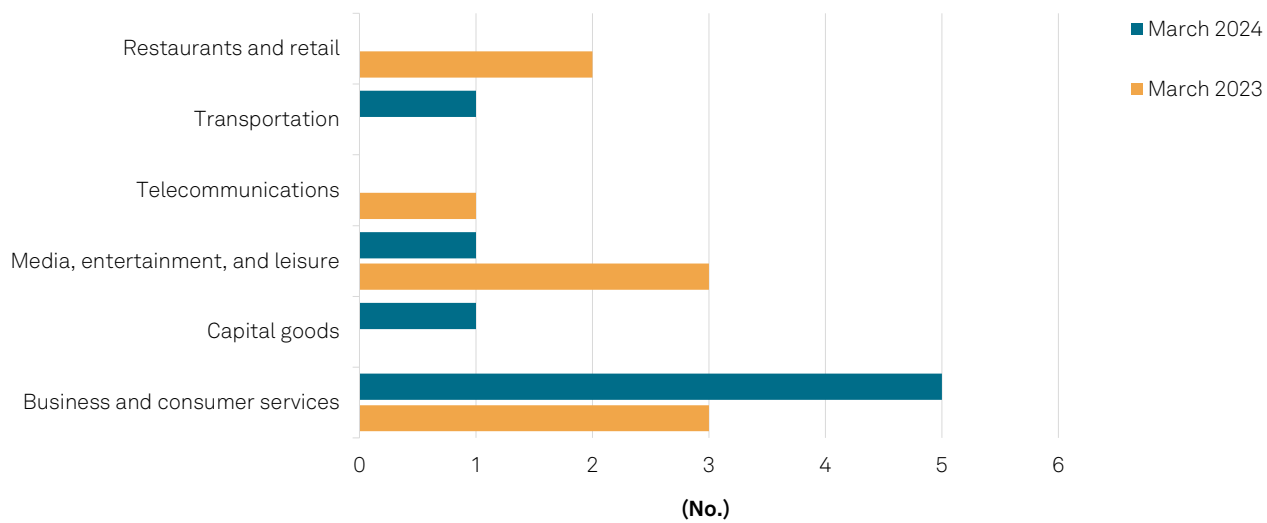
### New issuers by rating



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

Chart 2

### New issuers by industry group



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

# Defaults

Chart 3

YTD downgrades to 'SD'/'D'



Table 1

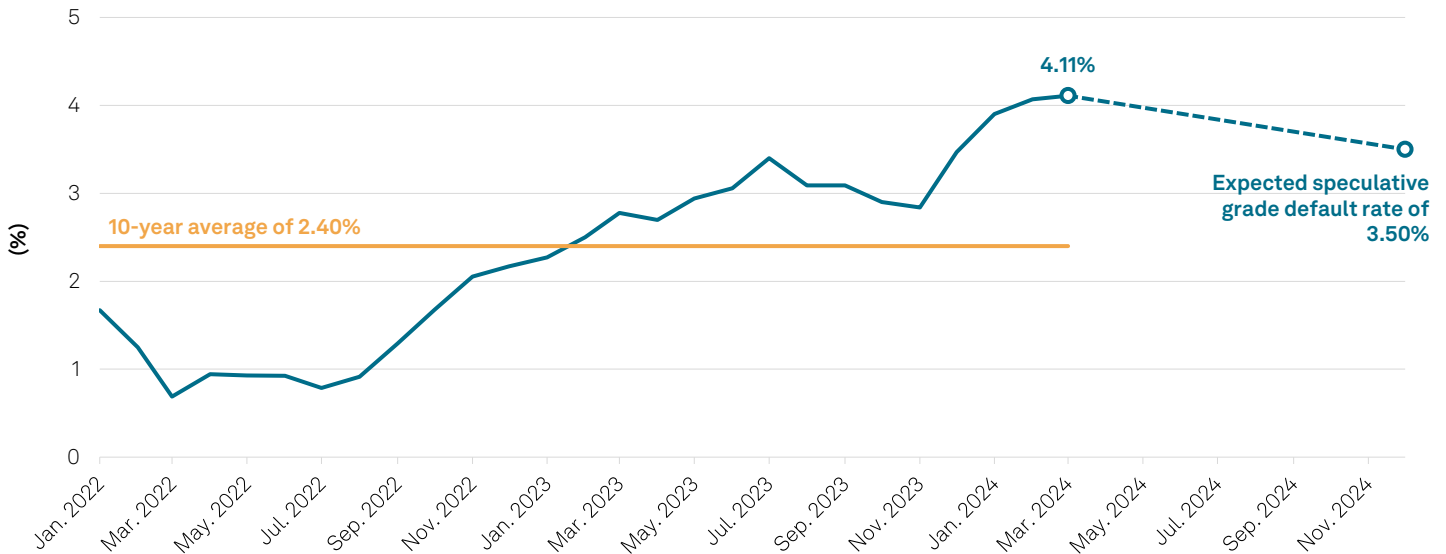
Ratings raised after selective default ('SD') and default ('D')

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

Note: Data on number of defaults are as of March 2024. Includes European corporate ratings. D--Default. SD--Selective default. YTD--Year-to-date. For more information on European defaults, see "[Global Defaults Are Still High Despite Dipping In March](#)" published April 16, 2024. List of ratings raised after 'SD' and 'D' is as of March 31, 2024. Source: S&P Global Ratings.

Chart 4

European trailing-12-month speculative-grade default rate

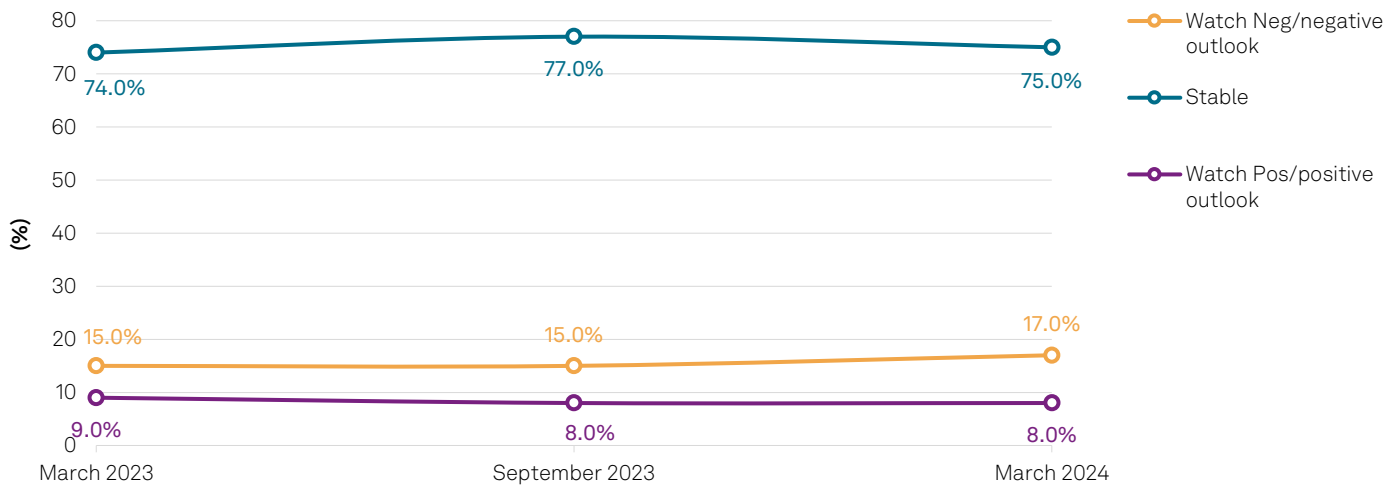


Note: Data as of March 31, 2024. Source: S&P Global Ratings. See "[European Speculative-Grade Default Rate To Stabilize At 3.5% By December 2024](#)," published Feb. 15, 2024.

## Speculative-Grade Rating Outlook Mix

Chart 5

March 2023/2024 speculative-grade CreditWatch/outlook distribution

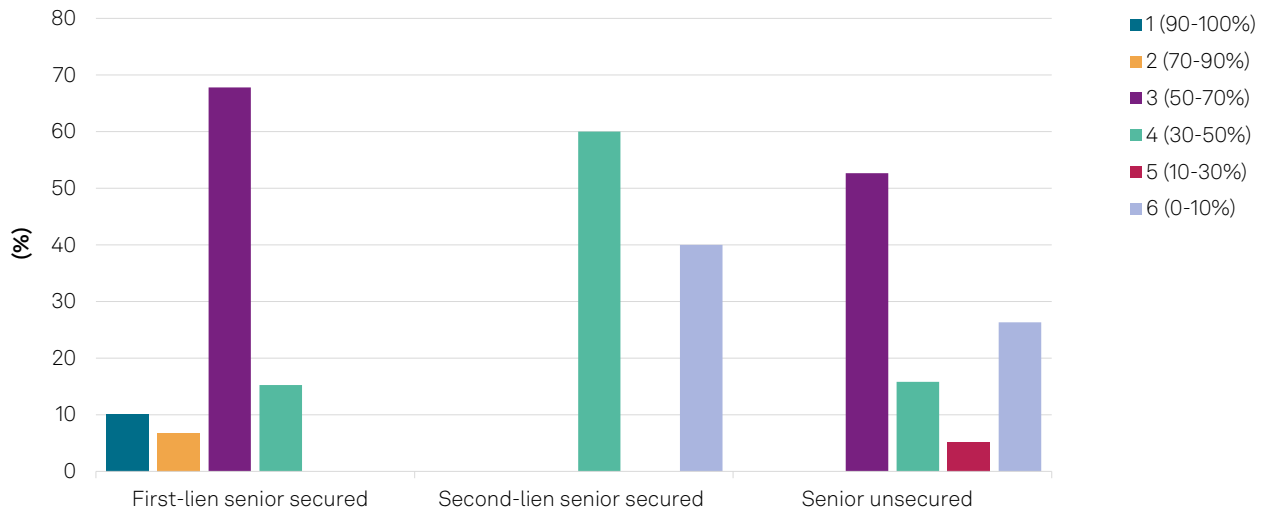


Note: Data as of March 31, 2023, and March 31, 2024. CreditWatch/outlook distribution includes all European corporate ratings. Does not include investment-grade issuers. Source: S&P Global Ratings.

## Recovery Ratings

Chart 6

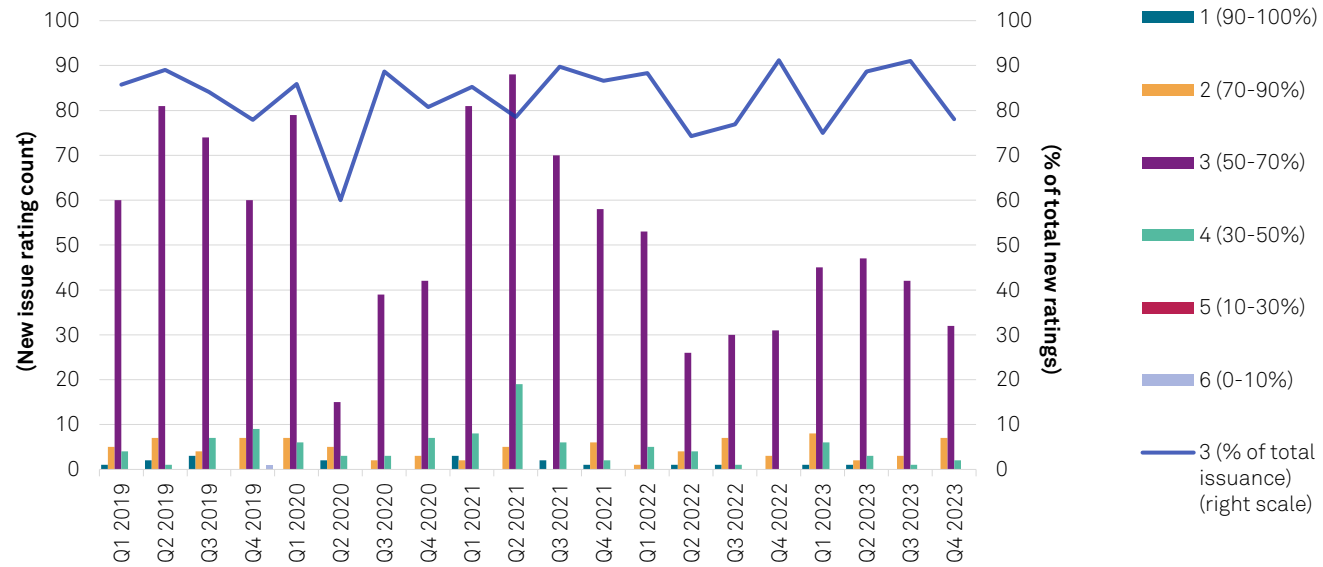
Recovery rating distribution for weakest links



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)

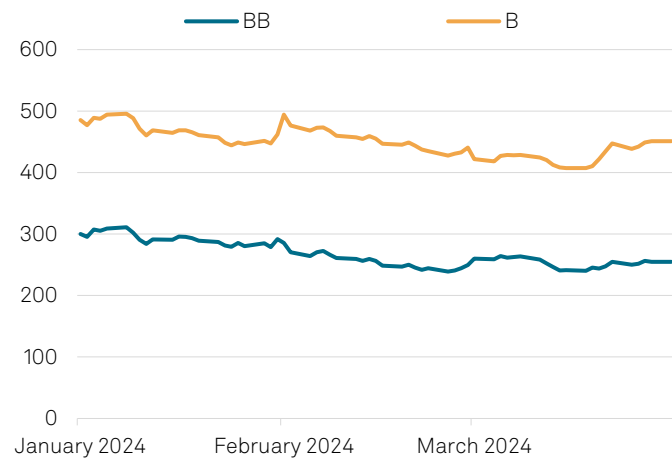


Data as of Dec. 31, 2023. Recovery ratings distribution of first-lien new issues. Source: S&P Global Ratings.

## High-Yield Bond Insights

Chart 8

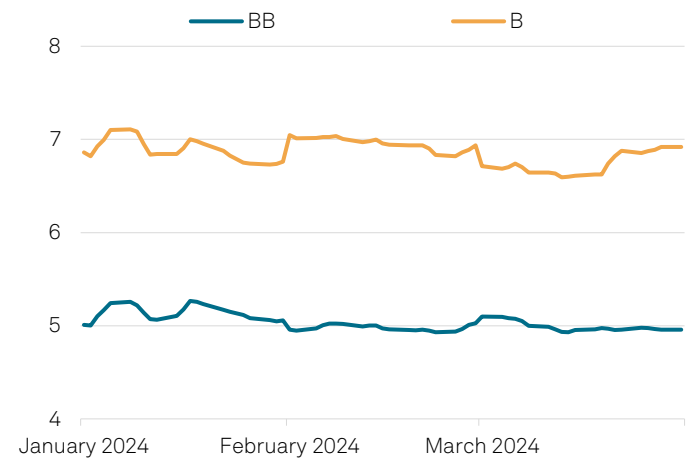
Three-month bond spread (bps)



	BB	B
<b>Minimum</b>	239	407
<b>Maximum</b>	311	496
<b>Average</b>	268	450
<b>Current (as of March 31, 2024)</b>	255	451

Chart 9

Three-month bond yield (%)



	BB	B
<b>Minimum</b>	4.9	6.6
<b>Maximum</b>	5.3	7.1
<b>Average</b>	5.0	6.9
<b>Current (as of March 31, 2024)</b>	5.0	6.9

Data as of March. 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.	CCC+/Developing	Diversified telecommunication services
3	Ineos Ltd.	BB/Negative	Chemicals
4	Lorca Telecom Bidco S.A.U.	BB/Stable	Diversified telecommunication services
5	Verisure Midholding AB	B+/Stable	Diversified consumer 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 March 31, 2024. Source: S&P Global Ratings.

## Sources

- [Global Defaults Are Still High Despite Dipping In March](#), April 16, 2024
- [Credit Conditions Europe Q2 2024: Credit Heals, Defense Shields](#), March 27, 2024
- [Are Prospects For Global Debt Recoveries Bleak](#), March 14, 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
- [The Rise of Repeat Defaulters](#), April 11, 2023

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