

This report does not constitute a rating action

European Summary Report

May 28, 2024

The April Snapshot

EUROPEAN CORPORATE RATINGS LEVERAGED FINANCE CONTACTS

Nicole Guido

London
nicole.guido
@spglobal.com
+44-20-7176-0468

Marta Stojanova

London
marta.stojanova
@spglobal.com
+44-20-7176-0476

David W Gillmor

London
david.gillmor
@spglobal.com
+44-20-7176-3673

Maulik Shah

CRISIL Global Analytics Center,
an S&P affiliate, Mumbai

CREDIT RESEARCH & INSIGHTS

Nicole Serino

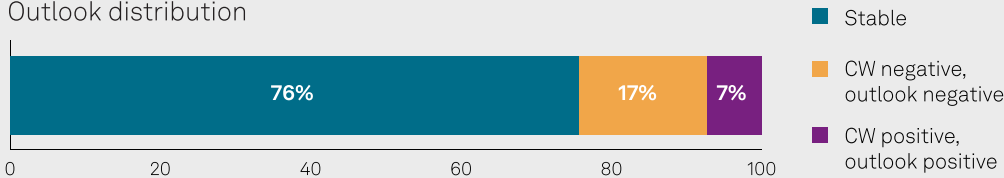
New York
nicole.serino
@spglobal.com
+1-212-438-1396

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Negative bias rose to 63% from 58.3% at the end of 2023, in line with the long-term average and signalling future rating pressure.

Outlook distribution



Twelve new speculative-grade issuers in April

20 New issuers
YTD Apr. 2024 versus
13 YTD Apr. 2023

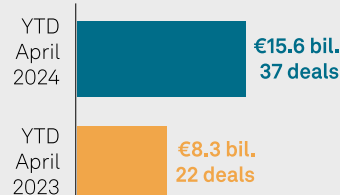
Top three sectors



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

- The number of European risky credits, issuers rated 'CCC+' and lower, has marginally declined and is now in line with the five-year average. Most removals from this group reflected defaults and rating withdrawals. New additions were mostly due to refinancing.
- European risky credits' outstanding debt increased by 45% to €80.1 billion, from €55.1 billion at the start of 2024, primarily due to the downgrade of French telecoms company Altice France S.A. to 'CCC+'. Altice France added close to €23.8 billion to risky credits' total debt. Three telecoms companies contributed about €25.8 billion. The next largest contributors came from chemicals, packaging, environmental services, and oil and gas.
- European CLOs are starting to see cash-flow pressures mounting on obligors across sectors, combining weaker operating results in some sectors (chemicals, health care services, and consumer goods) and the high cost of financing. Median debt-to-EBITDA ratios for European CLO obligors have remained broadly unchanged since the end of the pandemic at around 6x. However, interest coverage ratios have worsened significantly in the past 18 months to 2.7x, from 3.6x in first-half 2022. This stems from several factors including continued high leverage and the unwinding of pre-2022 hedges due to expiry.

WEWe

[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

Monthly Highlight

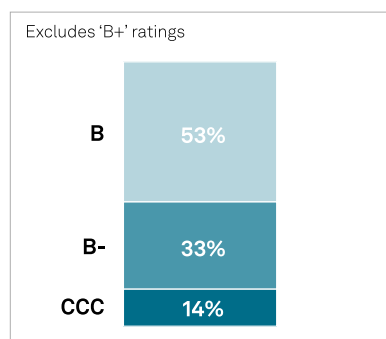
European Debt Surged To €80 Billion In Q1 2024

European risky credits Q1 2024

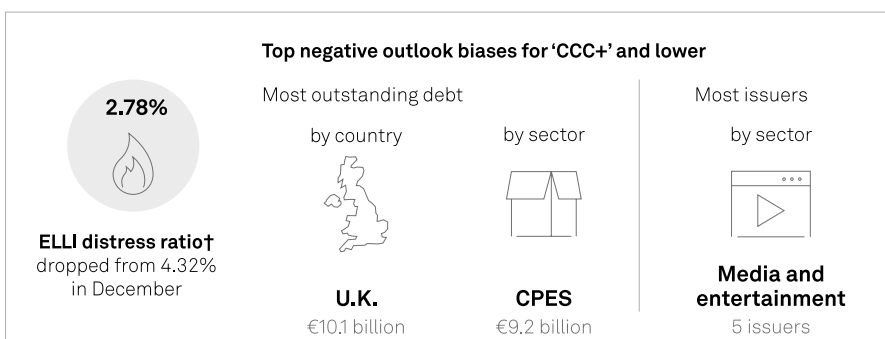
	Debt outstanding Corporate bonds	Downward transitions		% negative outlooks or CW status	Financing conditions	
		No. downgraded from 'B'	% downgraded* from 'B'		Morningstar ELLI in 2024	Morningstar ELLI bid price
'B-' trends	€137.49 bil.	5 issuers	1.0%	14%	2.33%	96.87
						-0.85 bid change
		No. downgraded from 'B-'	% downgraded* from 'B-'		ITRAXX/ Europe Index§	'CCC' bond issuance
'CCC+' and lower trends	€80.14 bil.	3 issuers	0.9%	63%	0.30 bps	€1.39 bil.

■ Risk increasing ■ Risk decreasing ■ No movement

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



Risk insights



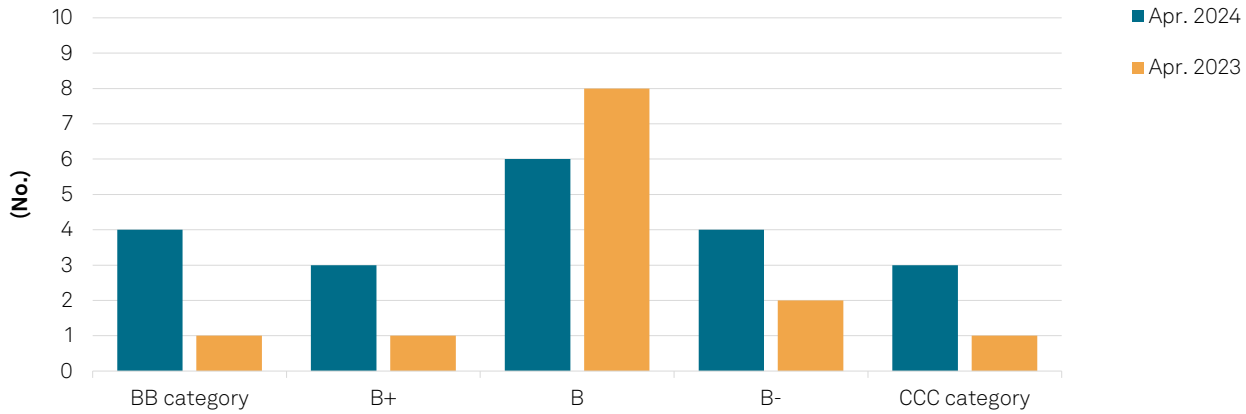
Data as of March 31, 2024. All risk indicators are measured against previous quarter's report. *Three-month average to March 31. §Comprises 45 equally weighted single company credit default swaps. Companies on the index are based in Europe and rated 'BB+' or lower at the time of index inception. †The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

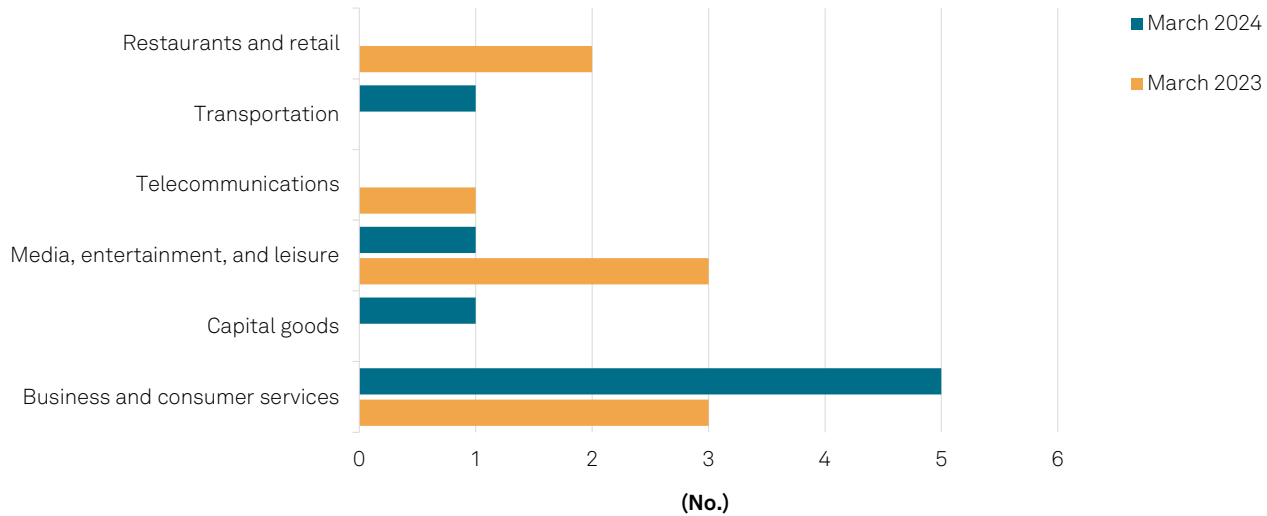
New issuers by rating



Note: Data represents new issuers as of April 30, 2023, and April 30, 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 April 30, 2023, and April 30, 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

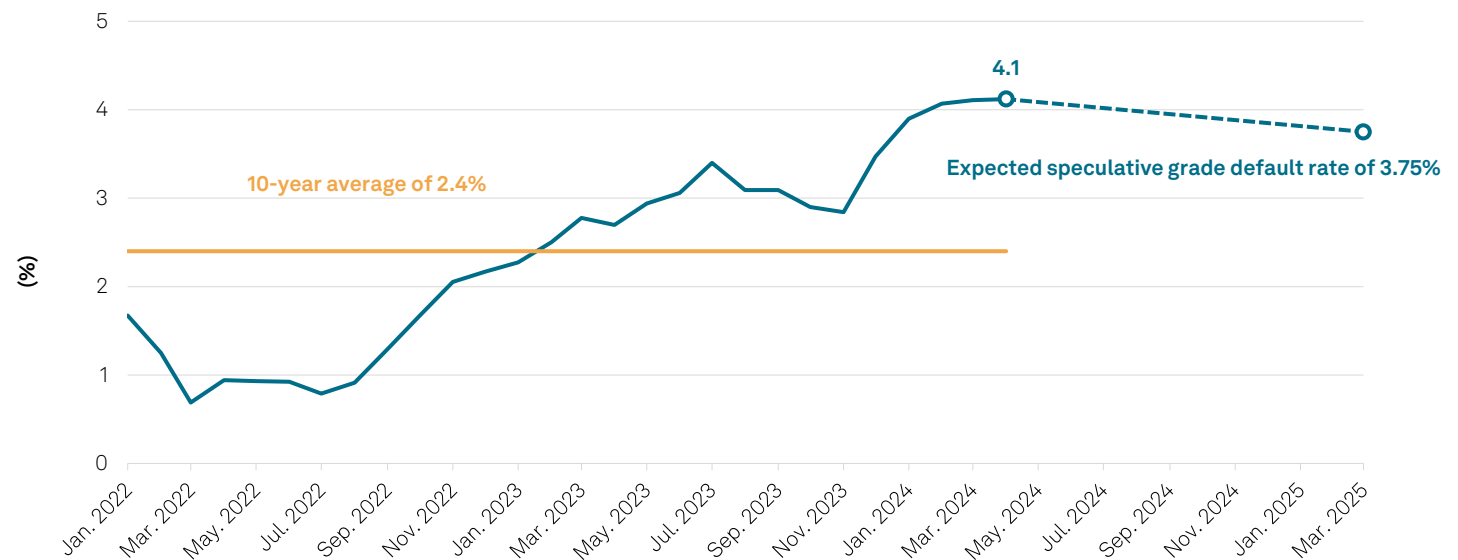
Ratings raised after selective default ('SD') and default ('D')

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
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 April 30, 2024. Includes European corporate ratings. D--Default. SD--Selective default. YTD--Year-to-date. For more information on European defaults, see "[Monthly Default Tally Reached Four-Year High In April](#)", published May 13, 2024. List of ratings raised after 'SD' and 'D' is as of April 30, 2024. Source: S&P Global Ratings.

Chart 4

European trailing-12-month speculative-grade default rate

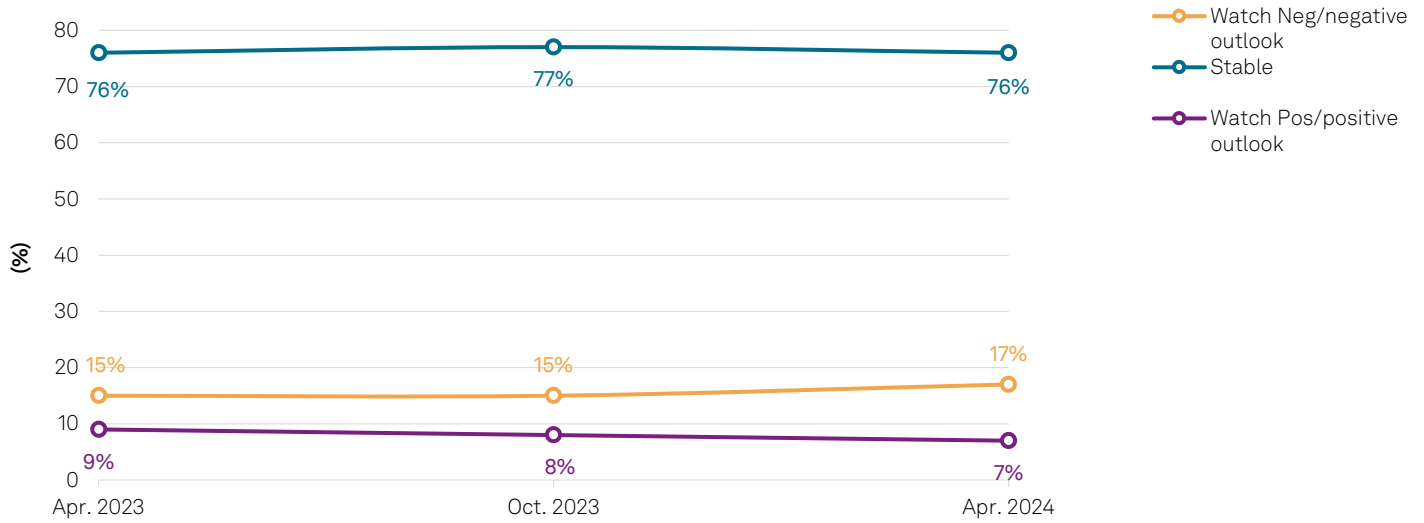


Note: Data as of April 30, 2024. Source: S&P Global Ratings. See "The European Speculative-Grade Default Rate Should Level Out At 3.75% By March 2025" published May 22, 2024.

Speculative-Grade Rating Outlook Mix

Chart 5

April 2023/2024 speculative-grade CreditWatch/outlook distribution

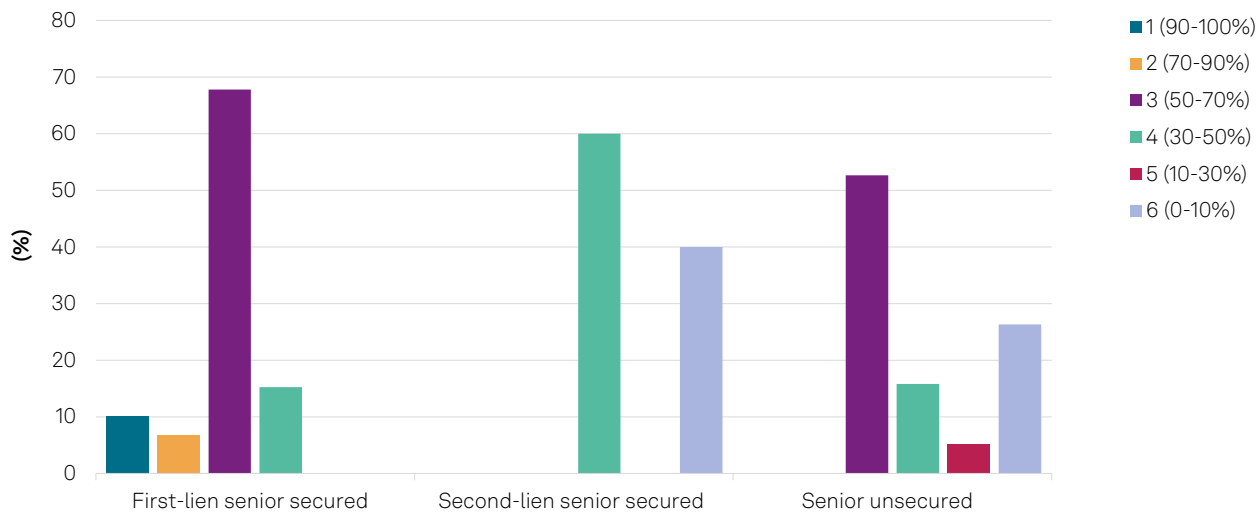


Note: Data as of April 30, 2023, and April 30, 2024. CreditWatch/outlook distribution includes all European corporate ratings. Does not include investment-grade issuers. Source: S&P Global Ratings.

Recovery Ratings

Chart 6

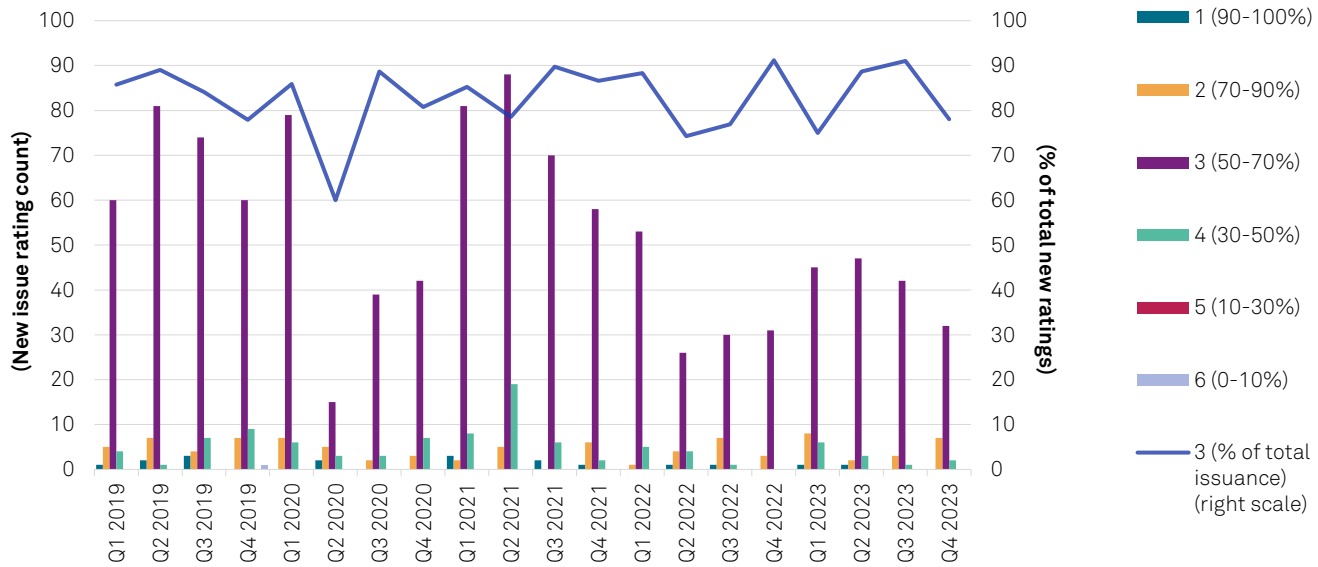
Recovery rating distribution for weakest links



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)

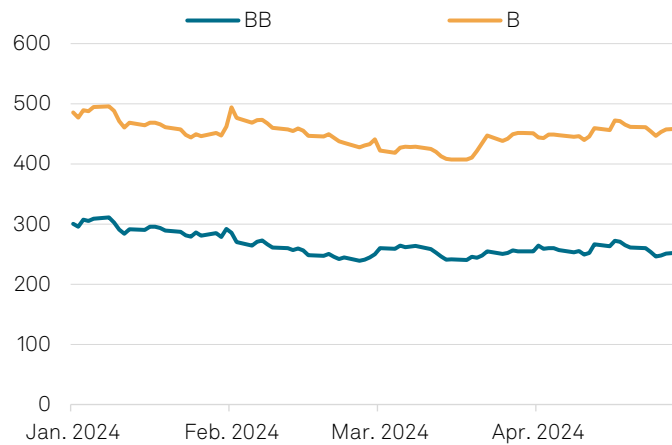
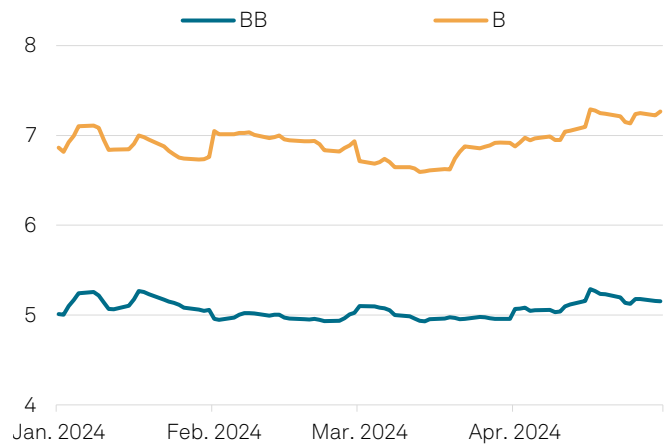


Chart 9

Three-month bond yield (%)



	BB	B
Minimum	239	407
Maximum	311	496
Average	265	451
Current (as of April 30, 2024)	245	456

	BB	B
Minimum	4.9	6.6
Maximum	5.3	7.3
Average	5.1	6.9
Current (as of April 30, 2024)	5.2	7.3

Data as of April 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	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	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 April 30, 2024. Source: S&P Global Ratings.

Sources

- [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
- [CLO Pulse Q1 2024: High Leverage Affects Interest Coverage Ratios In European Obligor](#), May 15, 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
- [Q2 2024 Global Refinancing Update: Window Of Opportunity May Be Closing](#), April 24, 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

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

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