

This report does not constitute a rating action

## European Summary Report

March 24, 2025

### The February Snapshot

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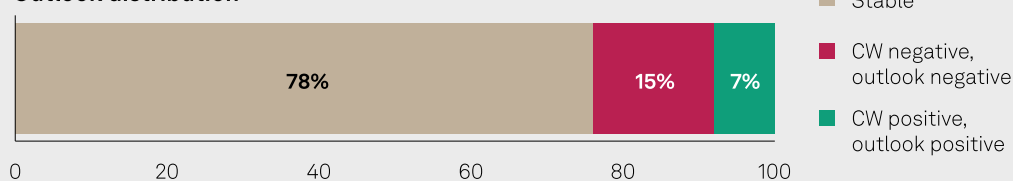
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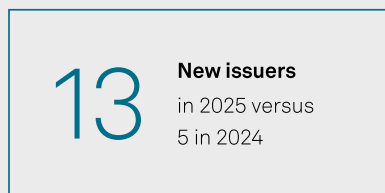
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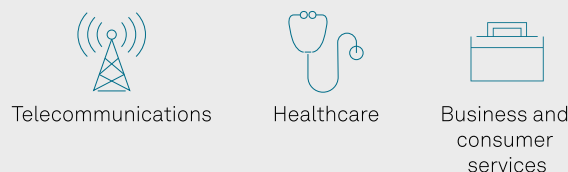
#### Outlook distribution



#### Six new speculative-grade issuers in February



#### Top three sectors



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



#### European CLO issuance



Note: Data above is year-to-date (YTD), except for the outlook distribution. CLO--Collateralized loan obligation. CW--CreditWatch. Outlook distribution is 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 »](#)

## Key Insights

- The European default rate began to decline in early 2025, with year-to-date defaults falling to four from eight in the same period last year. However, the default rate remains historically elevated due to increased distressed exchanges and debt restructurings. February 2025 marked the first month since September 2022 in which European monthly defaults surpassed those in the U.S. by both number and total defaulted debt.
- As of Jan.31, 2025, the number of 'B-' rated credits reverted to pre-pandemic levels, while the number of European credits rated 'CCC+' and below decreased to 45 but remains elevated, representing about 8.2% of speculative-grade issuers. Average European speculative-grade recovery rates decreased slightly to 58% in the fourth quarter of 2024, as a result of predominantly first-lien-only structures for new issuance.
- Speculative-grade debt maturing in 2025 declined by 40%; it now represents only 18% of the total for the year and remains below one-third of nonfinancial maturities through 2027. This is because of supportive financing conditions in 2024, enabling leveraged finance borrowers to effectively address near-term maturities. Telecommunications is the sector with the most speculative-grade debt maturing through 2029, at \$155.6 billion.

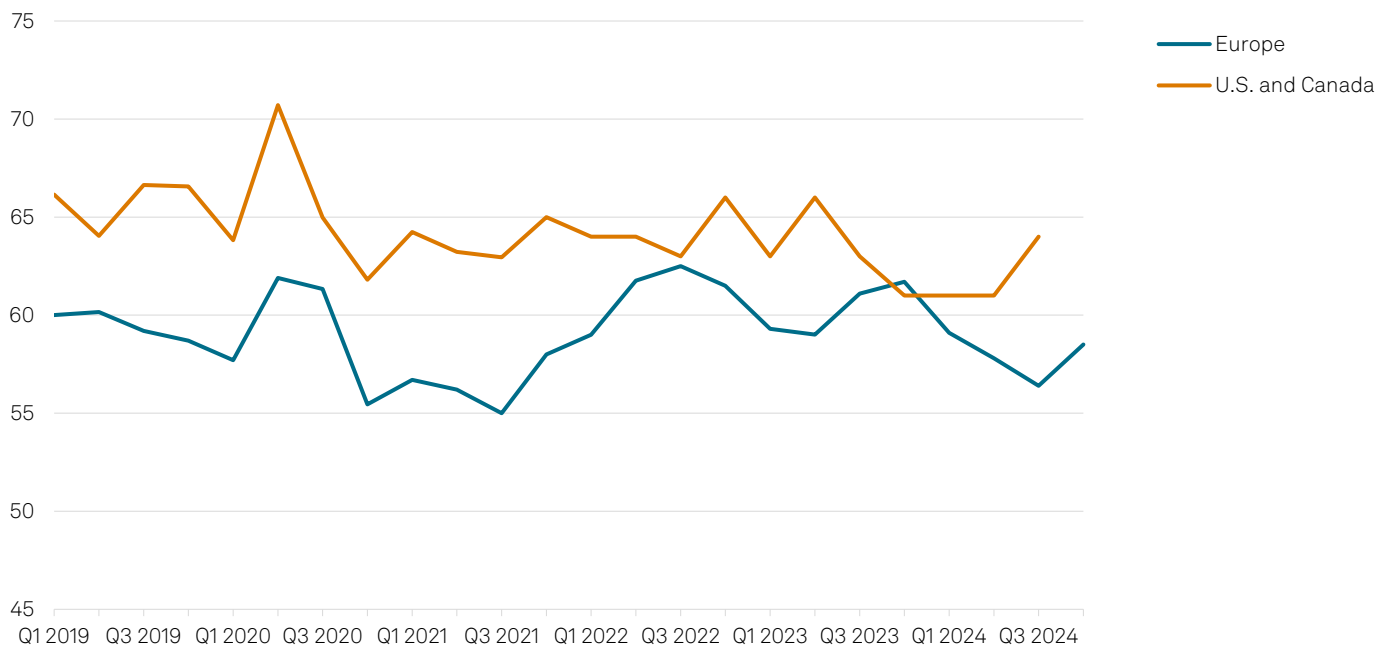
## WEBINAR REPLAYS

[Can European Healthcare Operators Navigate The Upcoming Budget Austerity?](#), Nov. 28, 2024

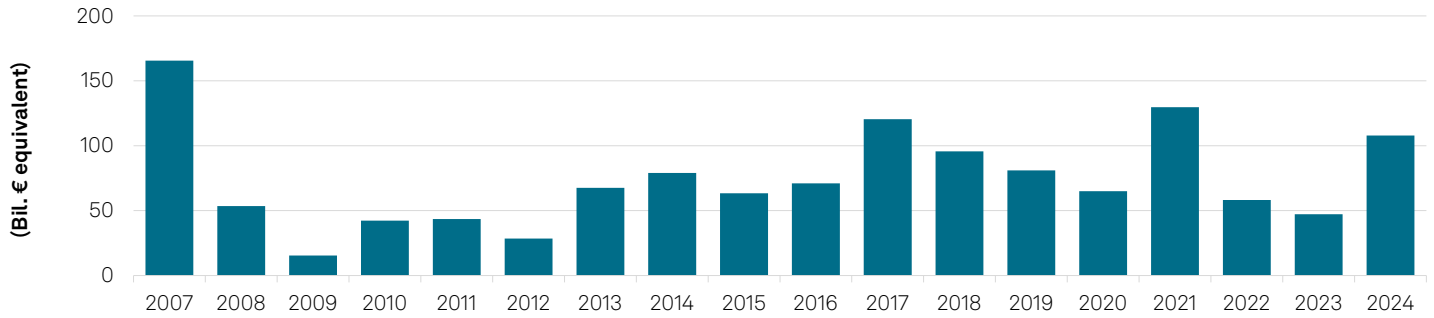
[European Leveraged Finance - 2024 Q1 Trends And Insights](#), March 27, 2024

## Monthly Highlight

Expected recovery of newly issued European speculative-grade first-lien debt increased slightly in Q4 2024



Refinancing and A&E transactions spurred the increase in speculative-grade loans



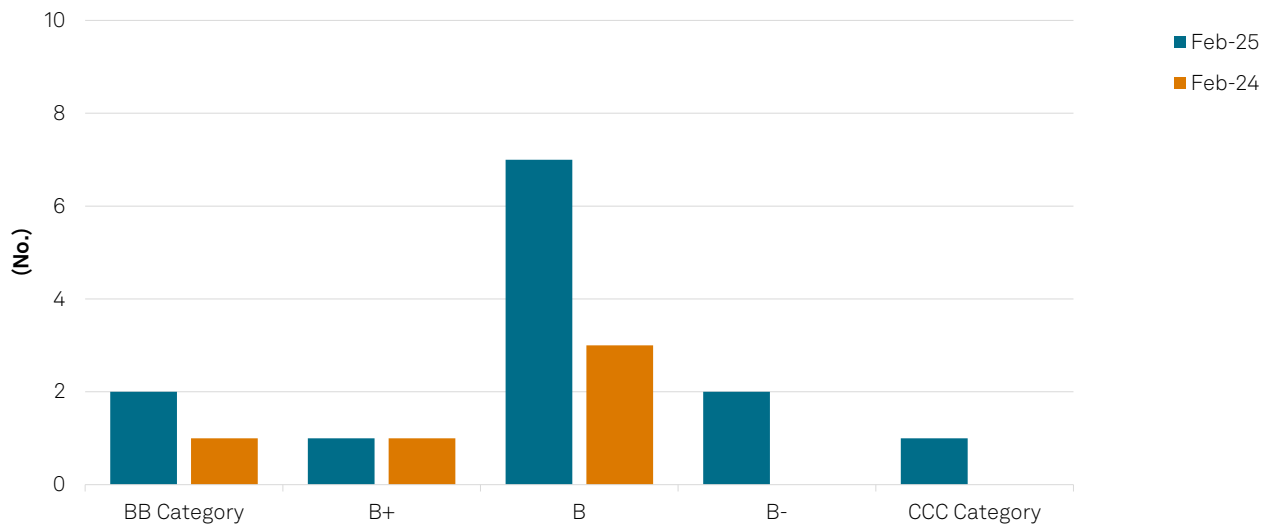
Source: S&P Global Ratings.

A&E--Amend-and-extend. bps--Basis points. Source: Pitchbook LCD (Quarterly European Leveraged Lending Review, Q4 2024)

YTD 2025 And 2024 New Speculative-Grade Issuers

Chart 1

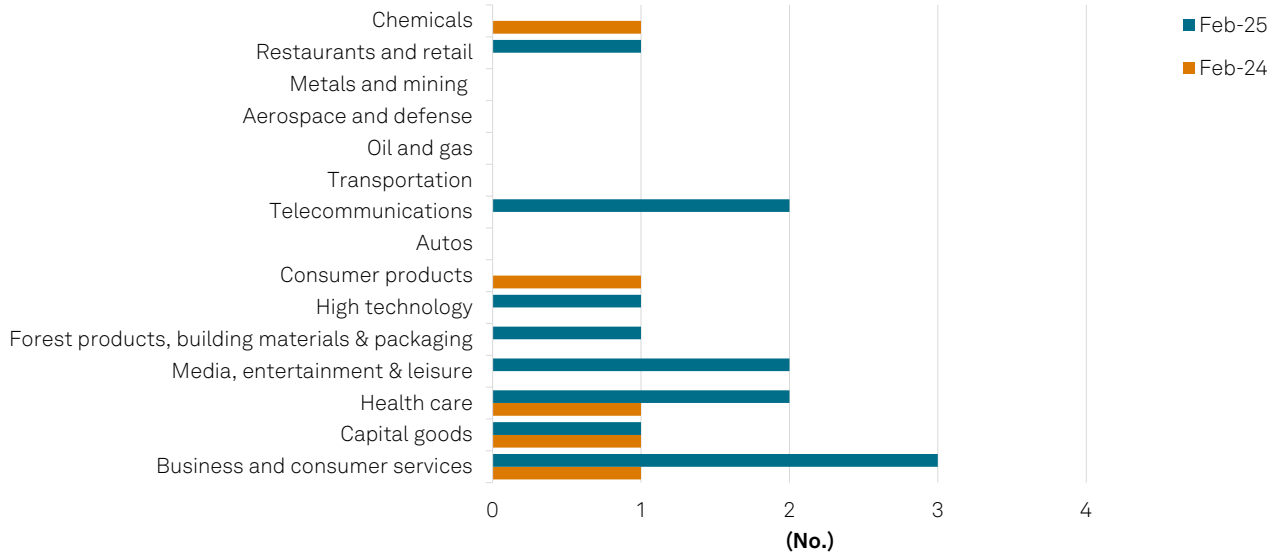
New issuers by rating



Data represents new issuers as of Feb. 29, 2024, and Feb. 28, 2025, includes European corporate ratings, and excludes confidential issuers. YTD--Year-to-date. Source: S&P Global Ratings.

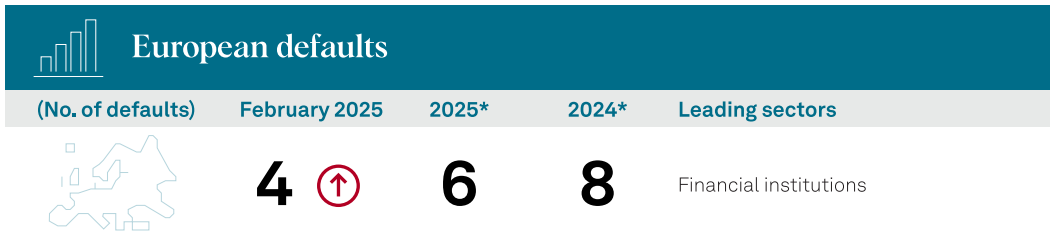
Chart 2

New issuers by industry group



Data represents new issuers as of Feb. 29, 2024, and Feb. 28, 2025, includes European corporate ratings, and excludes confidential issuers. Source: S&P Global Ratings.

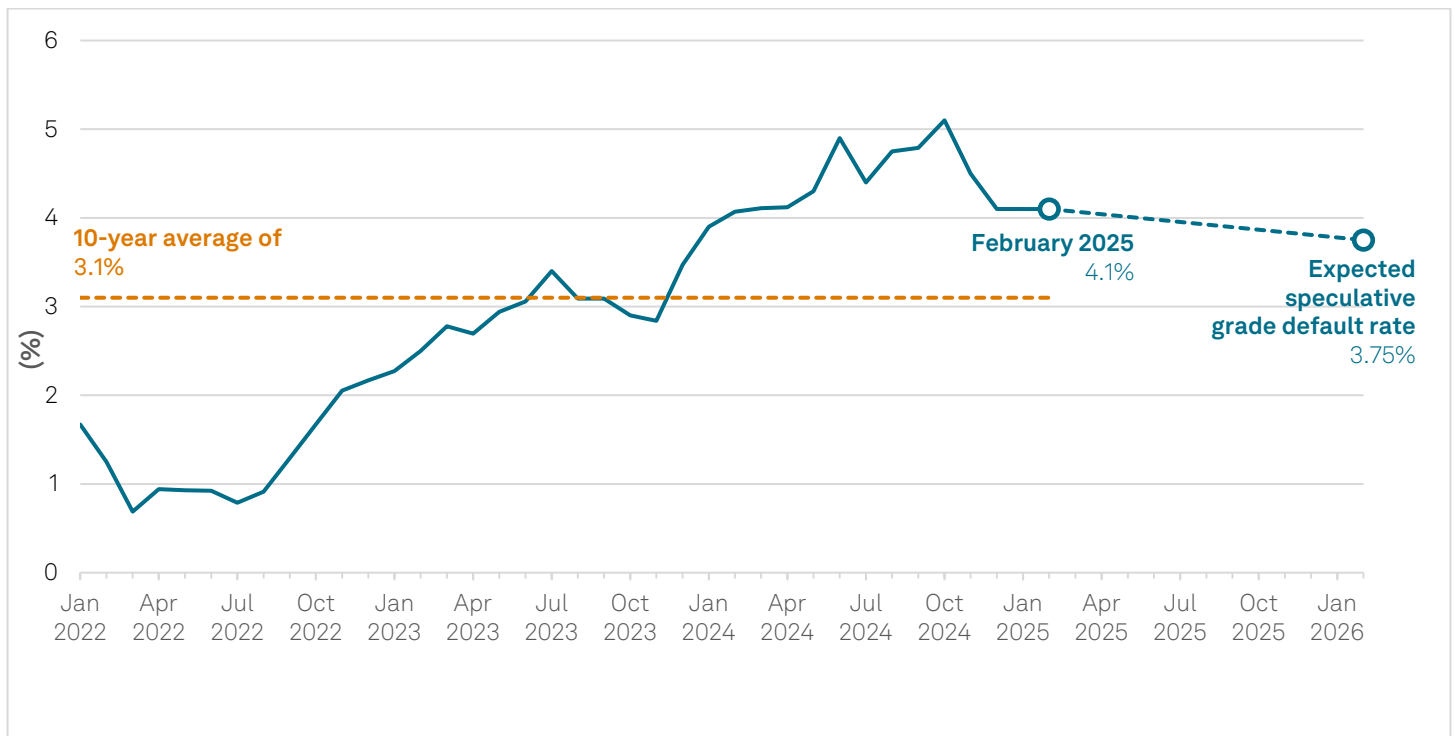
# Defaults



Data as of Feb. 28, 2025. \*Captures year-to-date default tally. Direction of arrow indicates month-over-month change. Default counts may include confidentially rated issuers. See **"Europe Leads February Defaults", published March 13, 2025.** Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

Chart 3

## European trailing 12-month speculative-grade default rate

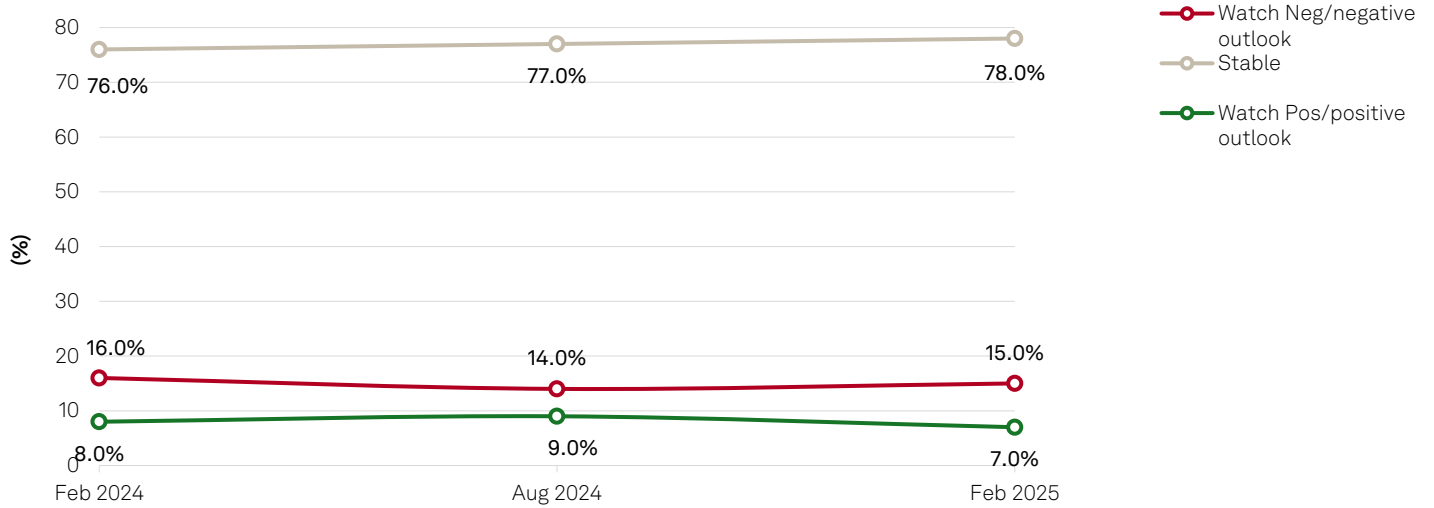


Data as of Feb. 28, 2025. See ["European Speculative-Grade Default Rate Could Level Out At 3.75% By December 2025,"](#) published Feb. 21, 2025. Source: S&P Global Ratings.

## Speculative-Grade Rating Outlook Mix

Chart 4

February 2024/2025 speculative-grade CreditWatch/outlook distribution

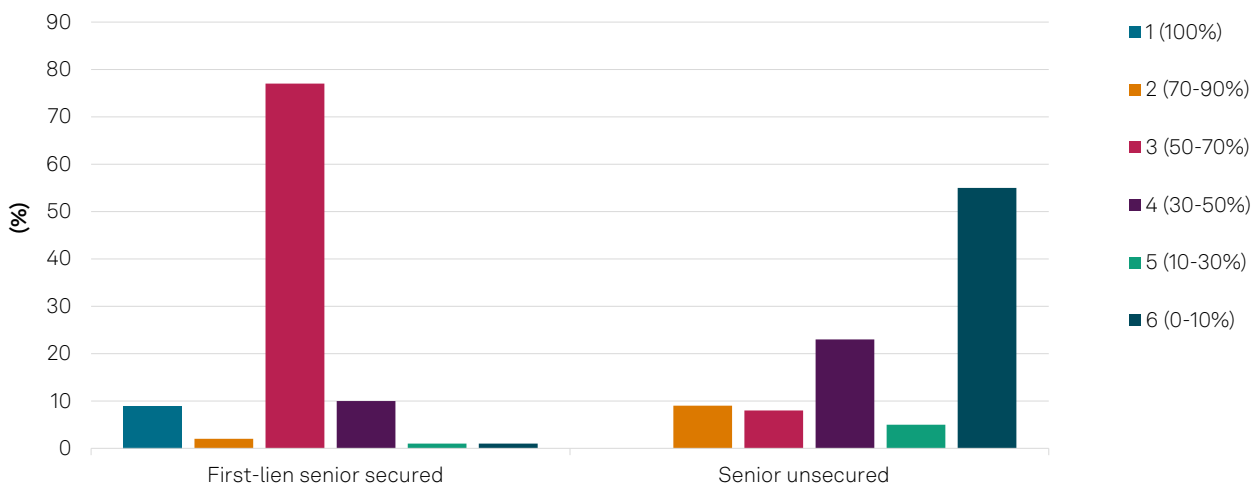


Data as of Feb. 29, 2024, and Feb. 28, 2025. CreditWatch/outlook distribution includes all European speculative-grade corporate issuers. Source: S&P Global Ratings.

## Recovery Ratings

Chart 5

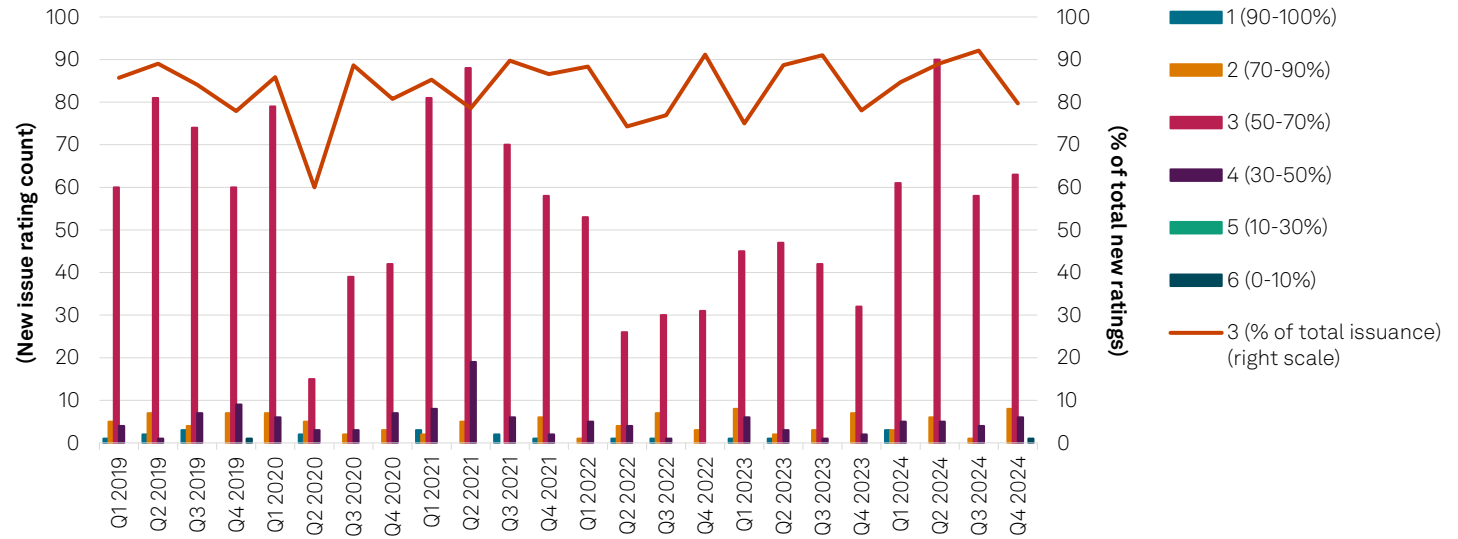
Recovery rating distribution for weakest links



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

Chart 6

Recovery rating distribution of first-lien new issues in Europe

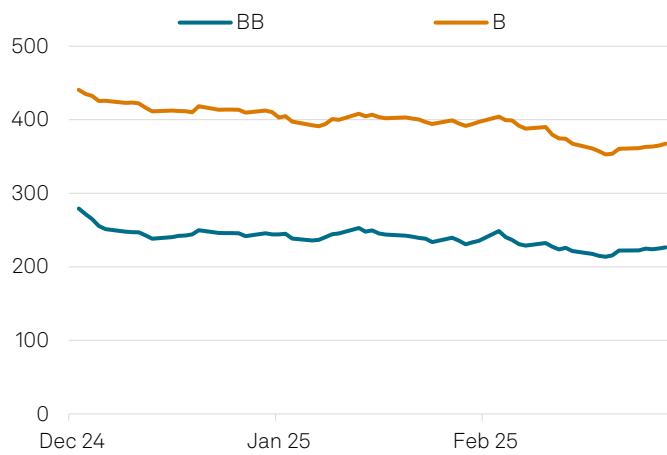


Data as of Dec. 31, 2024. Recovery rating distribution of first-lien new issues. Source: S&P Global Ratings.

## High-Yield Bond Insights

Chart 7

Three-month bond spread (basis points)

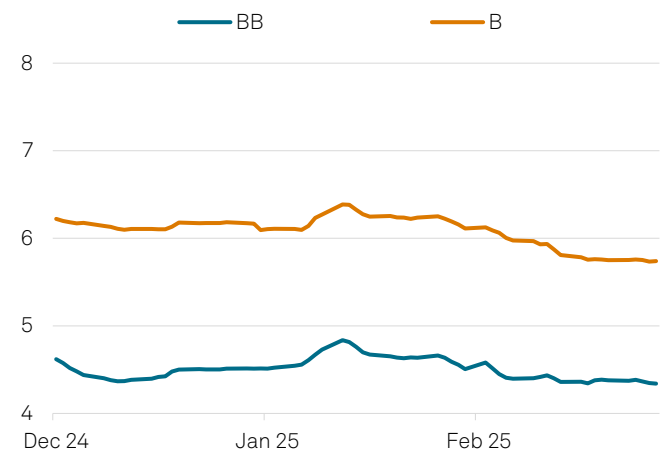


	BB	B
<b>Minimum</b>	214	353
<b>Maximum</b>	279	441
<b>Average</b>	239	398
<b>Current (as of Feb. 28, 2025)</b>	226.3	367.3

Data as of Feb.28, 2025. Source: S&P Market Intelligence.

Chart 8

Three-month bond yield (%)



	BB	B
<b>Minimum</b>	4.3	5.7
<b>Maximum</b>	4.8	6.4
<b>Average</b>	4.5	6.1
<b>Current (as of Feb. 28, 2025)</b>	4.3	5.7

## CLOs

Table 1

### Top 10 obligors held in Europe

Rank	Obligor	Rating and CreditWatch/outlook	GIC code
1	Liberty Global Ltd	BB-/Stable	Diversified telecommunication services
2	Ineos Group Holdings S.A.	BB/Negative	Chemicals
3	Altice France Holding	CC/Negative	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	Verisure Midholding AB	B+/Stable	Diversified consumer services
7	CAB	B-/Stable	Health care providers and services
8	IVC Acquisition Topco Ltd	B/Stable	Health care providers and services
9	Chrome HoldCo SAS	B-/Stable	Health care providers and services
10	Nidda Healthcare Holding	B/Stable	Pharmaceuticals

CLO--Collateralized loan obligation. Ratings and CreditWatch/outlooks as of Feb. 28, 2025. Source: S&P Global Ratings.



## Sources

- [European Speculative-Grade Default Rate Could Level Out At 3.75% By December 2025](#), Feb. 21, 2025
- [European Secured Debt Recovery Expectations 2024 – Recovery Prospects Nudge Lower](#), March 6, 2025
- [Europe Leads February Defaults](#) Feb. 13, 2025
- [Global Refinancing: Credit Market Resurgence Helps Ease Upcoming Maturities](#), Feb. 4, 2025

## Related Research

- [European Debt Restructuring Note: Atos SE](#), Feb. 19, 2025
- [Private Markets Monthly \(EMEA Edition\), February 2025: What Barings' Middle-Market CLO Means For The European Market](#), Feb. 28, 2025.
- [Global Credit Outlook 2025 – Promise And Peril](#), Dec. 4, 2024
- [European Speculative-Grade Default Rate Should Fall To 4.25% By September 2025](#), Nov. 18, 2024
- [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 Obligor In European CLO's Portfolios](#), July 30, 2024

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