



# European Secured Debt Recovery Expectations 2024

Recovery Prospects Nudge Lower

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**S&P Global**  
Ratings

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March 6, 2025

*This report does not constitute a rating action*

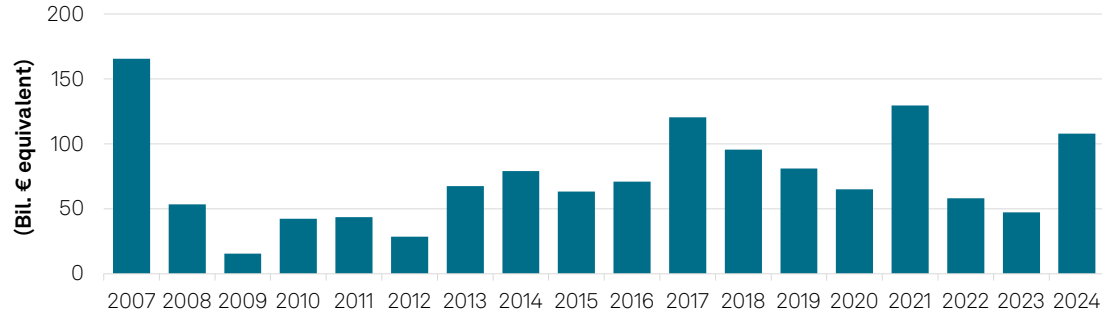
# Leveraged Finance Overview

**Markets, ratings, defaults**

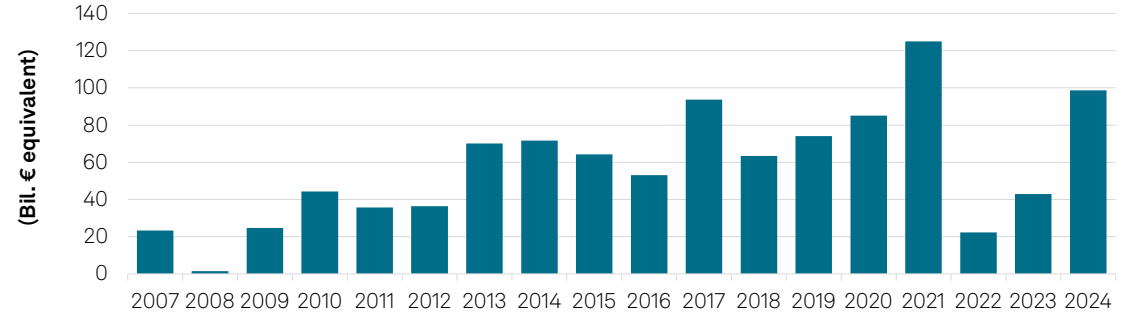
# Issuance | Technicals Are Supportive, Volumes Rebounded Markedly

Loan issuance is back at above €100 billion

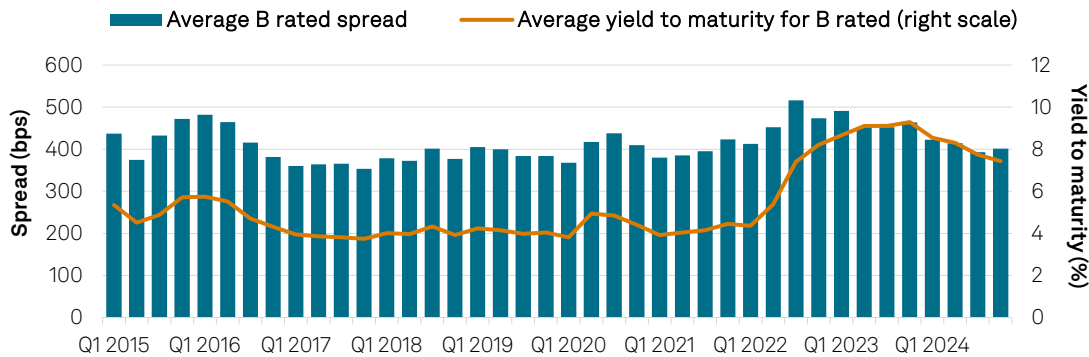
Refinancing and A&E transactions spurred the increase in sub-investment-grade loans



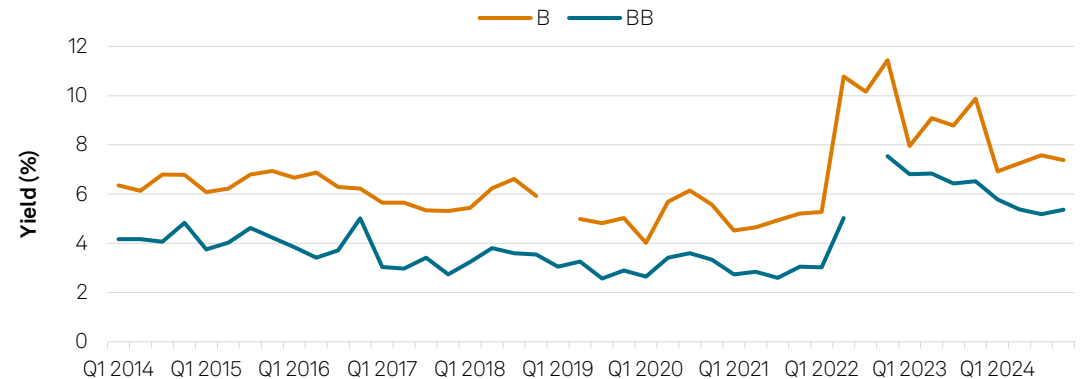
High-yield bond volumes have reached the second-highest level on record



The spreads of 'B' rated bonds tightened by 125 bps, while yields moved closer to 7%



The yields of 'B' rated bonds tightened by over 2%



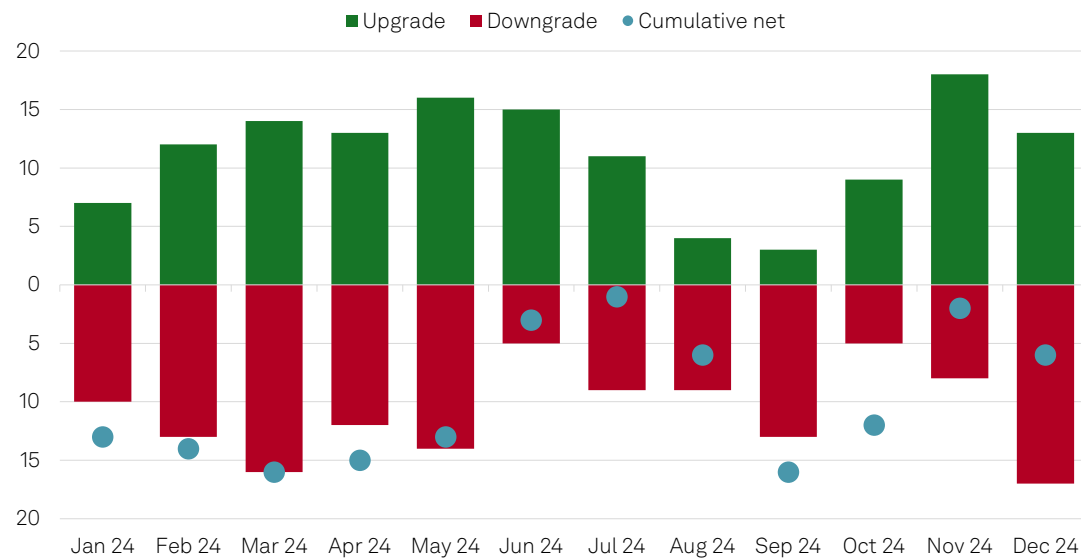
A&E--Amend-and-extend. bps--Basis points. Source: Pitchbook LCD (Quarterly European Leveraged Lending Review, Q4 2024).

# Rating Actions | Upgrades Outpaced Downgrades In 2024

- Credit quality improved throughout the year, marked by positive trends across the ratings spectrum on the back of a resilient economy. Favorable conditions enabled record-high bond and loan issuances, which were used for refinancing purposes.
- Building materials, chemicals, and real estate sectors spurred downgrades in 2024. Negative outlook bias increased for the auto sector in fourth-quarter 2024, while chemicals, building materials, and packaging remain most susceptible to downgrades. Real estate seems to have stabilized, whereas satellite operators and distributors remain under pressure.

## EMEA rating actions remain balanced

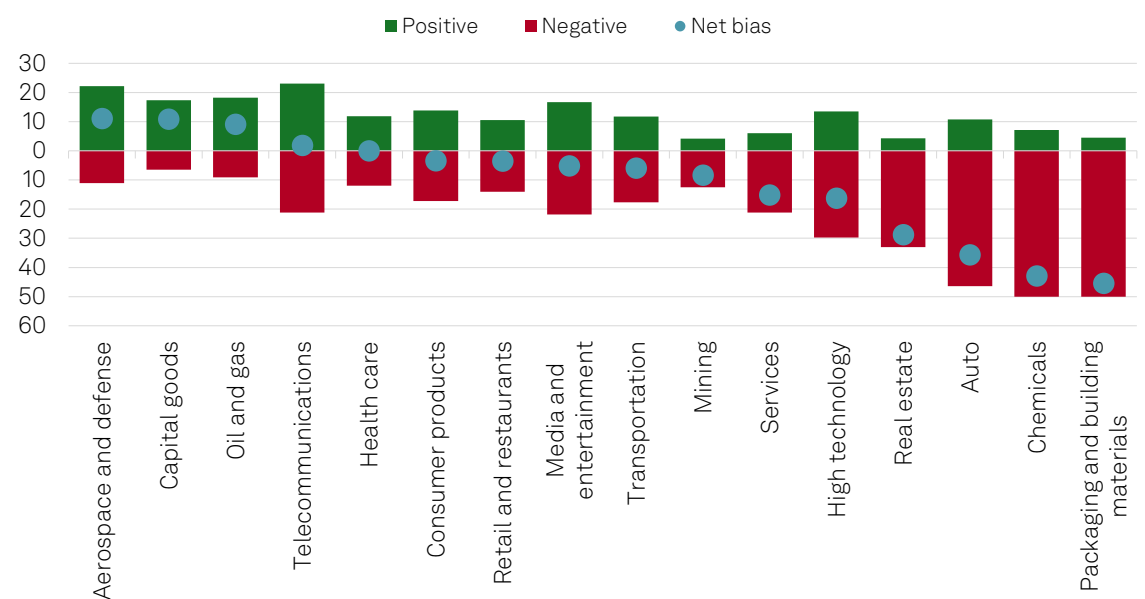
Number of rating actions, trailing 12 months



EMEA--Europe, the Middle East, and Africa. Data as of Dec. 31, 2024. Source: S&P Global Ratings.

## Outlook distribution is in line with historical averages

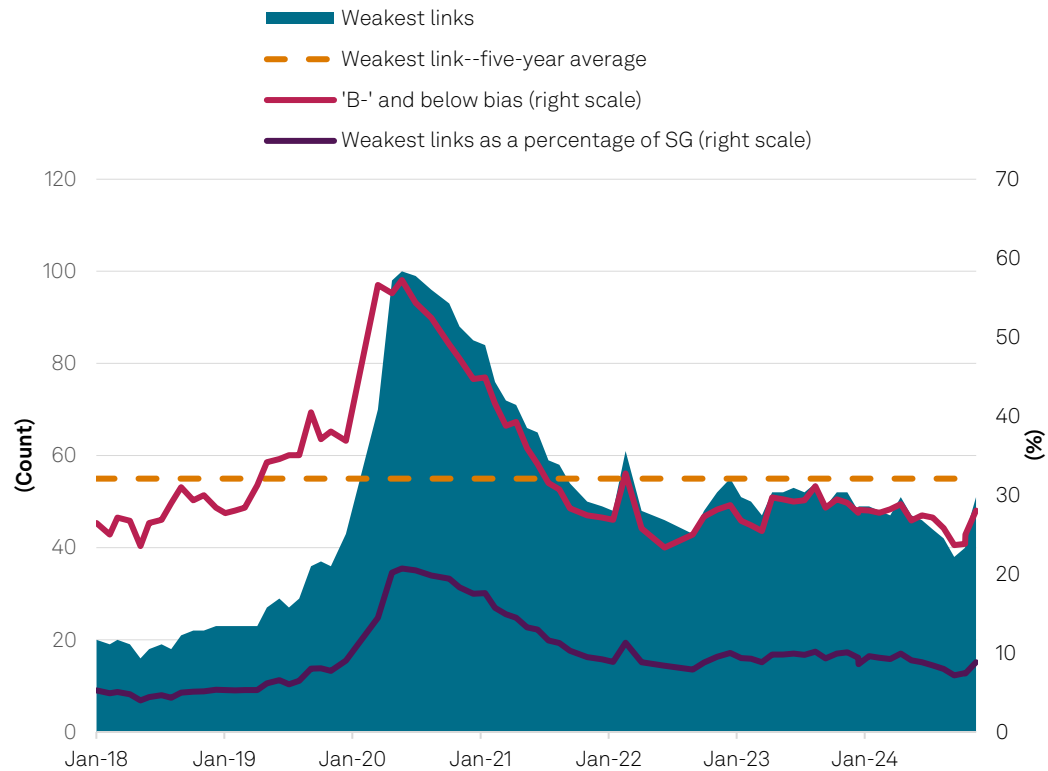
% of companies



Data as of Dec. 31, 2024. Source: S&P Global Ratings.

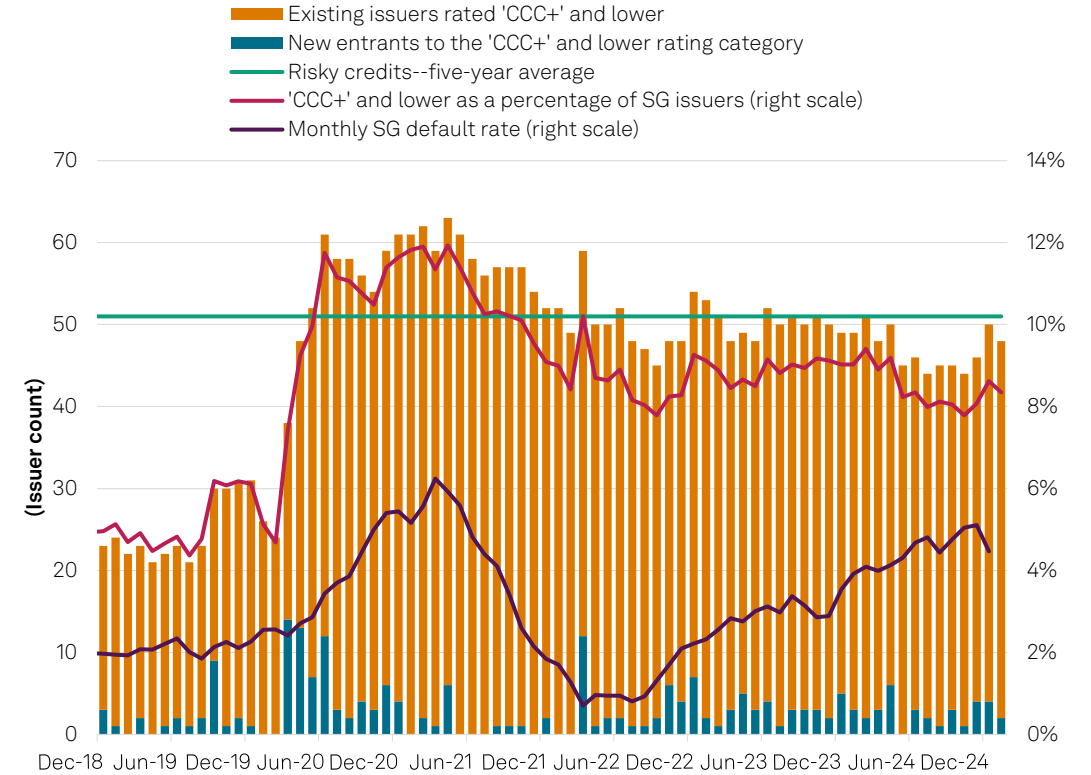
# Weakest Links | Number Of 'B-' Rated Credits Rises, 'CCC' Cohort Decreases

The number of 'B-' rated credits reverted to pre-pandemic levels



SG--Speculative-grade; issuers rated 'BB+' and lower. Weakest links--Issuers rated 'B-' or lower. Data as of Jan. 31, 2025. Source: S&P Global Ratings.

The number of European 'CCC' rated credits decreased but remains elevated

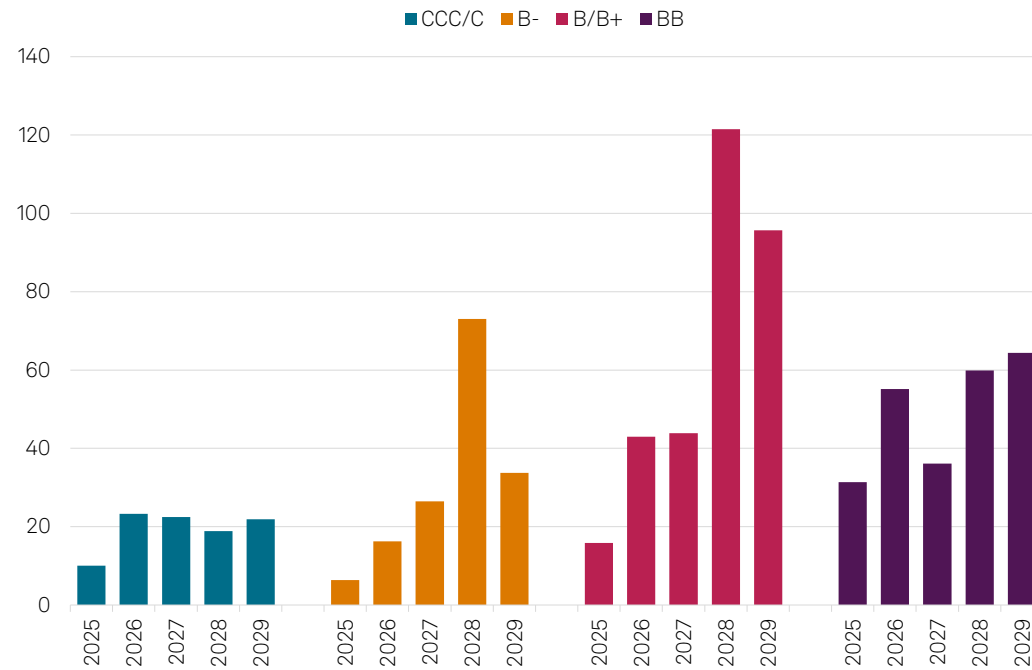


SG--Speculative-grade; issuers rated 'BB+' and lower. Data as of Jan. 31, 2025. Source: S&P Global Ratings.

# Maturity Wall | Pushed Out To 2028

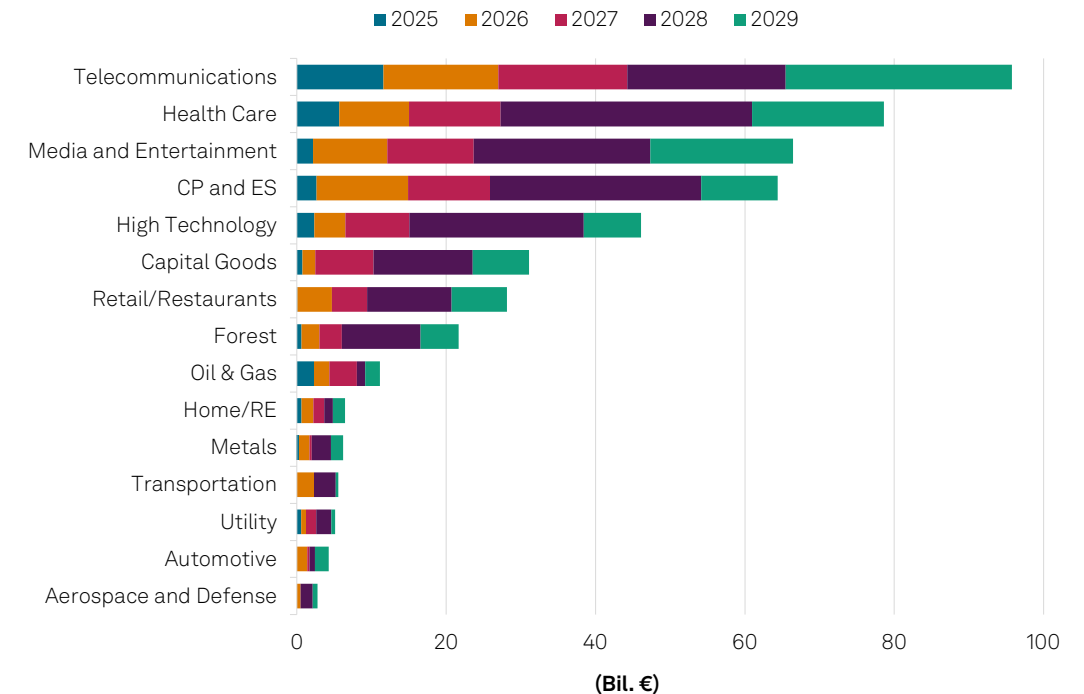
Telecommunications companies' 'CCC' rated debt skyrocketed after the downgrade of Altice Group's debt

**Maturity wall in the speculative-grade universe**  
By rating category, bil. € equivalent



Data as of Jan. 1, 2025. Includes European nonfinancial corporate issuers' bonds, loans, and revolving credit facilities that are rated by S&P Global Ratings. Foreign currencies are converted to euros as of the exchange rate on Jan. 1, 2025. Source: S&P Global Ratings Credit Research & Insights.

**Maturity wall in the 'B' and 'CCC' rating categories**  
By sector, bil. € equivalent



CP&ES--Chemicals, packaging, and environmental services. Home/RE--Homebuilders/real estate. Source: S&P Global Ratings.

# Our Expected Recovery Rates For Newly Issued European First-Lien Debt

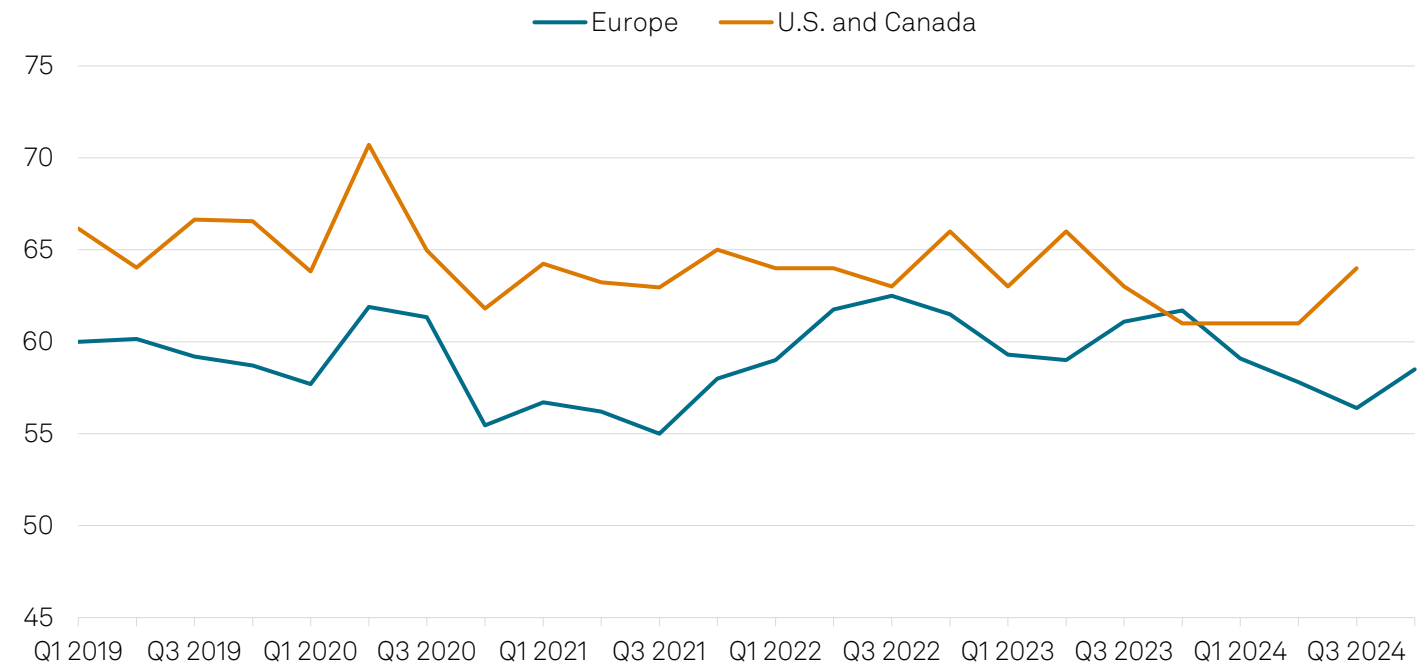
# Expected Recoveries Of Newly Issued Debt | Recovery Rates Declined

Issuances in second-half 2024 were mainly used for refinancings and add-ons

- Average recoveries in third-quarter 2024 dropped to the lowest level in three years. The decline mainly resulted from lower recoveries for high-yield bonds, whose recoveries are overall lower than those of loans due to the prevalence of super senior debt (mainly revolving credit facilities) in the capital structure.
- In fourth-quarter 2024, we assigned recovery prospects of 60%-65% to 30 debt tranches, and recovery prospects of 50% or less to 22 tranches.
- Persistently high first-lien leverage levels, prior-ranking debt at enforcement, and the high amount of pari passu debt contributed to the decline in recoveries.
- Issuers in high technology, business and consumer services, and media, leisure, and entertainment sectors raised about 67% of the debt in the 60-65% recovery rating bucket.

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

Average estimated recovery (%)



Data as of Dec 31, 2024. Source: S&P Global Ratings.



# Expected Recoveries Of Newly Issued Debt | Trends By Debt Type

Expected recoveries of loans remained at about 60% but are more volatile for high-yield bonds

## Expected recoveries of notes versus bank loans for newly issued European speculative-grade first-lien debt since first-quarter 2019

Average estimated recovery (%)



Data as of Dec. 31, 2024. Source: S&P Global Ratings.

- Average recoveries for loans remained steady throughout 2024 and bounced back for bonds in fourth-quarter 2024.
- Expected recoveries for loans rated in the 'BB' category remained robust. This is because of the limited amount of prior-ranking debt in the capital structures of the three main contributors to new issuances in this rating category, namely Peer Holding, Ineos, and Stena International. Stena International's substantial asset-value coverage, compared with its leverage, support its expected recovery.
- We expect all debt tranches by issuers in the 'BB' category--apart from Almaviva SpA, which is constrained due to higher prior-ranking liabilities--will have recovery rates of at least 60% after a hypothetical default.

# Our Expected Recovery Rates For All Outstanding First-Lien Speculative-Grade Debt

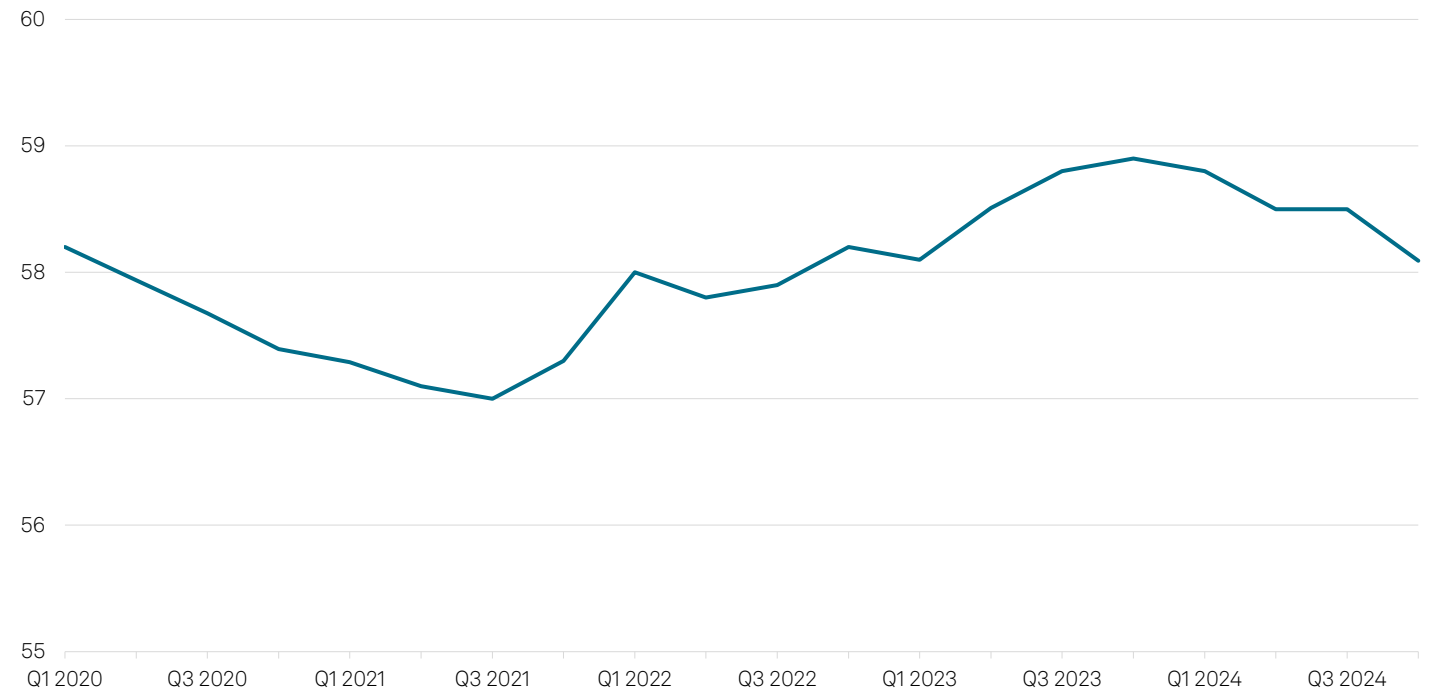
# European Speculative-Grade Average Recovery Rates

Average recovery rates of European obligors' rated senior secured debt slightly decreased to 58%

- The decline in recoveries is driven by lower recovery prospects for new issuances in 2024, as a result of predominantly first-lien-only structures.
- As of Dec. 31, 2024, we rated approximately €753 billion (equivalent) in senior secured debt--comprising loans, bonds, and committed revolving credit facilities--from 577 first-lien senior secured debt obligors.
- Our estimated recovery estimate remains lower on average than the actual average first-lien recovery rate of 73% realized in restructurings over 2003-2023 (see "[European Corporate Recoveries 2003-2022: Recoveries Stable Despite Few Defaults](#)," published July 5, 2023, on RatingsDirect).

## Our European speculative-grade average recovery rates marginally declined in fourth-quarter 2024

Average estimated recovery (%)



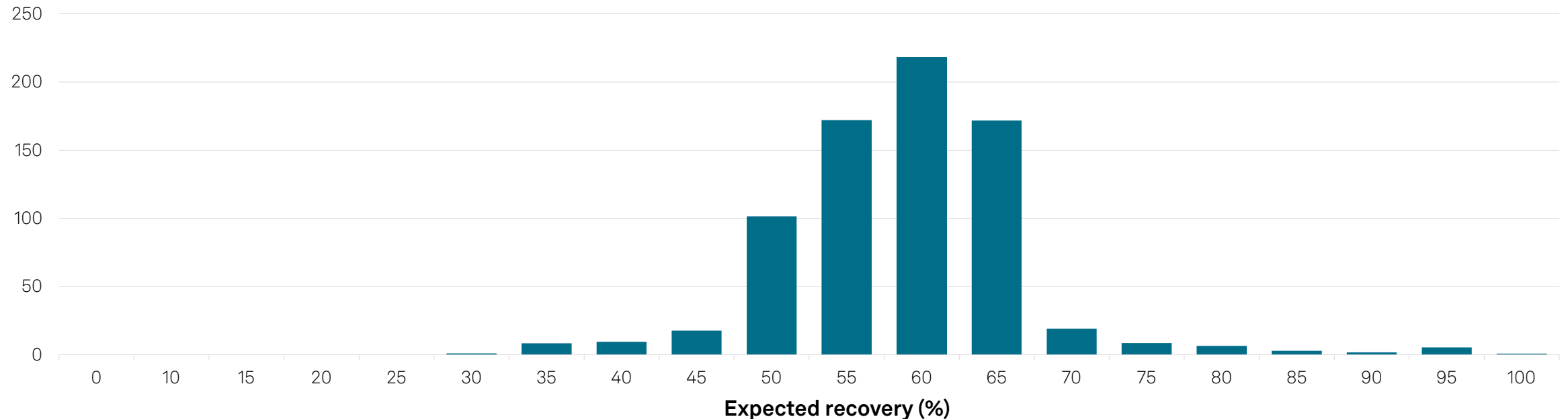
Data as of Dec. 31, 2024. Source: S&P Global Ratings.

# Rated European First-Lien Debt By Recovery Prospects

- A recovery rating of '3' remains the most common recovery rating for first-lien speculative-grade debt in Europe.
- At the recovery rating of '3', expected rounded recovery estimates of 50% or 55% account for 36% of the total rated senior secured debt by amount (or €274 billion equivalent), while expected recoveries of 60% or 65% constitute 52% (or €390 billion equivalent) of the total rated senior secured debt.

## European speculative-grade senior secured debt outstanding per expected recovery estimate

Bil. € equivalent



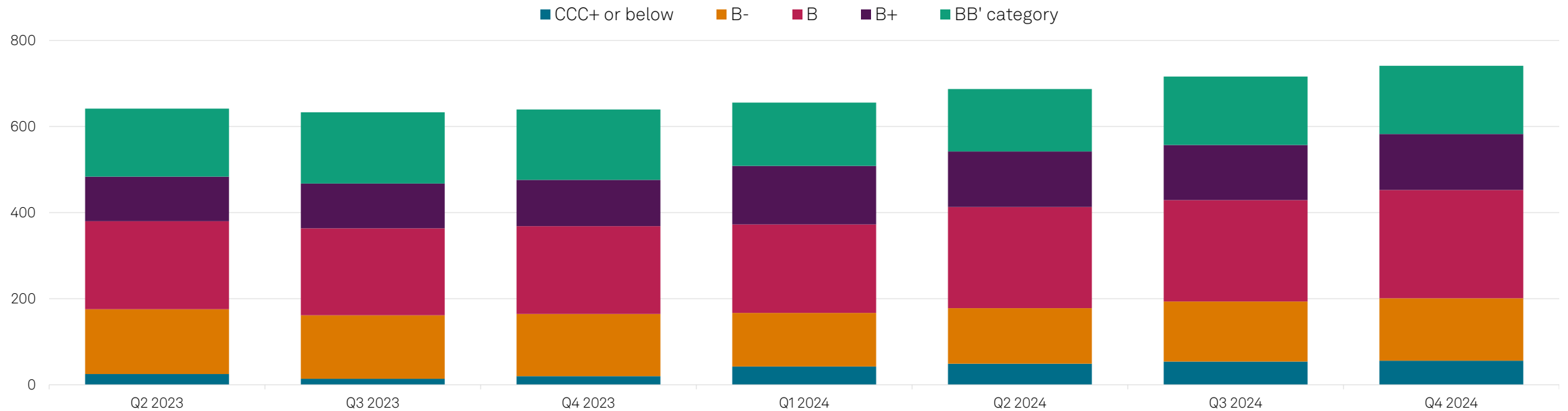
Data as of Dec. 31, 2024. Source: S&P Global Ratings.

# Rated European First-Lien Debt By Credit Quality

- The credit quality has deteriorated in the 'B' category in second-half 2024, led by downgrades of about €40 billion in debt to 'B-' or lower. The largest contributors were Altice France, Emeria SASU, and Ardagh Packaging Group. Belron, after its dividend recapitalization and multiple-notch downgrade, and Bellis Acquisition are the largest contributors to newly issued debt in the 'B' category.
- The amount of 'CCC' rated debt rose due to the downgrade of Altice France and Altice International as the companies and their lenders are locked in negotiations. This increases the chance of a distressed exchange, with sizeable maturities looming over the next 12-18 months.

## European speculative-grade first-lien debt outstanding by credit quality

Bil. € equivalent



Data as of Dec. 31, 2024. Source: S&P Global Ratings.

# European First-Lien Debt Recovery By Rating Category And Type Of Debt

- Debt in the 'B' category has increased significantly in 2024, spurred by higher bond issuance in this rating category (approximately €40 billion rated) and new loan issuances.
- Additionally, the downgrade of VMED O2 UK Ltd. to 'B+' led to a sharp increase in 'B' category debt outstanding.

## Rated European first-lien debt recovery by rating category and type of debt

As of Dec. 31, 2024

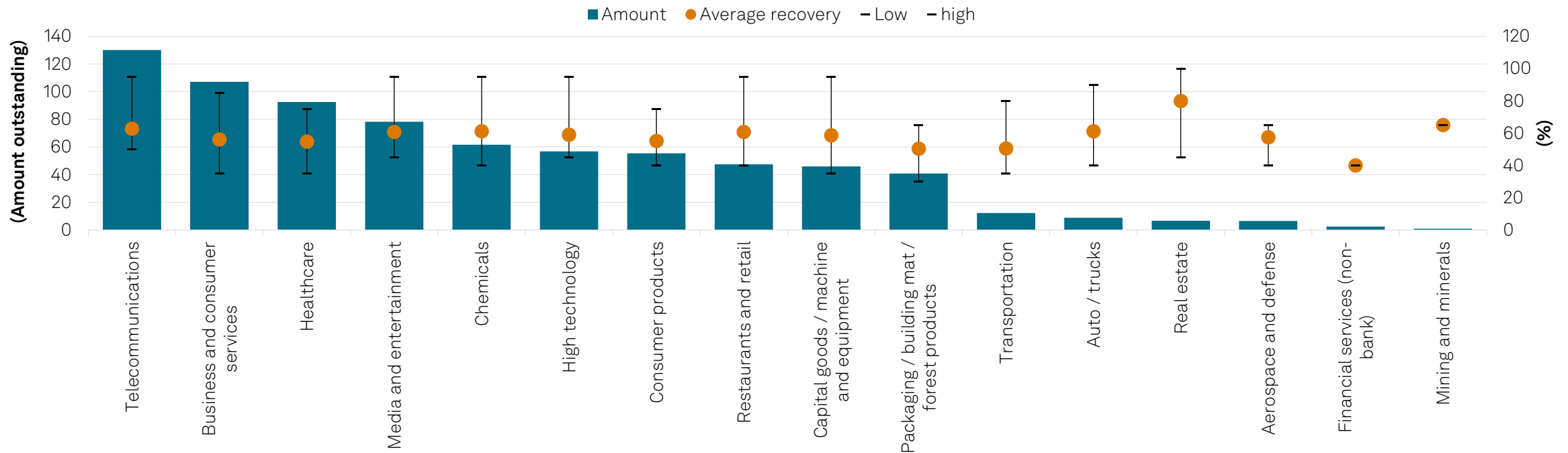
	'CCC+ or below' tranches*		'B' category tranches		'BB' category tranches	
	Amount outstanding (bil. €)	Average recovery (%)	Amount outstanding (bil. €)	Average recovery (%)	Amount outstanding (bil. €)	Average recovery (%)
Loans (excluding RCF)	29	55	351	58	95	64
Bonds	19	53	152	56	59	62
<b>Total</b>	<b>48</b>	<b>54</b>	<b>521</b>	<b>57</b>	<b>157</b>	<b>63</b>

\*Excluding 'CC' and 'D/SD' rated debt. RCF--Revolving credit facility. Data as of Dec. 31, 2024. Source: S&P Global Ratings.

# European Rated First-Lien Debt By Industry

- Health care, consumer products, and business and consumer services remained the most prominent sectors in the 50% and 55% recovery bucket in fourth-quarter 2024, with €143 billion in first-lien debt rated.
- Telecommunications, chemicals, and business and consumer services contributed most to debt with expected recoveries of 60% or 65%, with €201 billion in first-lien debt rated. Telecommunications contributed the largest amount, with €111 billion.

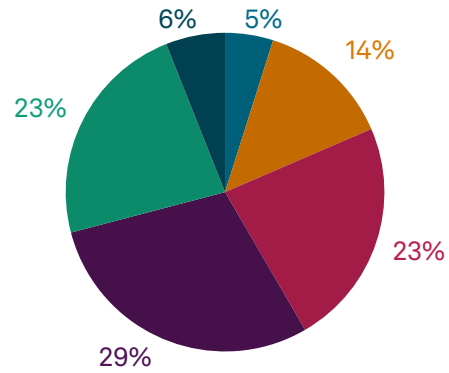
## Rated first-lien debt by industry



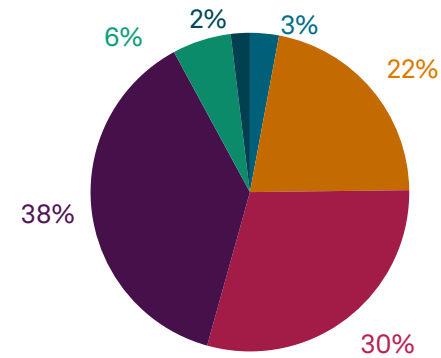
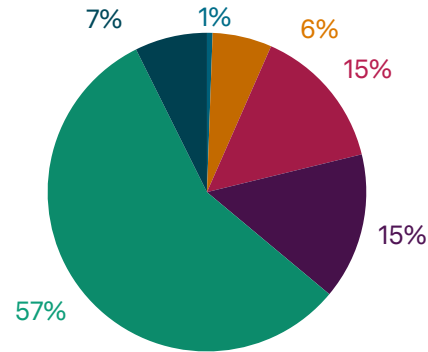
Data as of Dec. 31, 2024. Source: S&P Global Ratings.

# Expected Recovery Distribution | Overall And By Largest Sectors

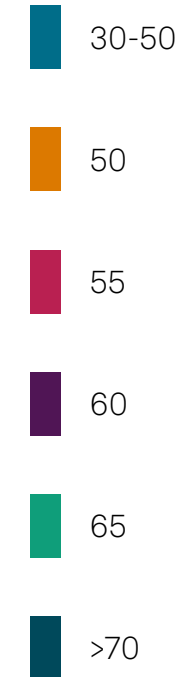
All sectors Europe



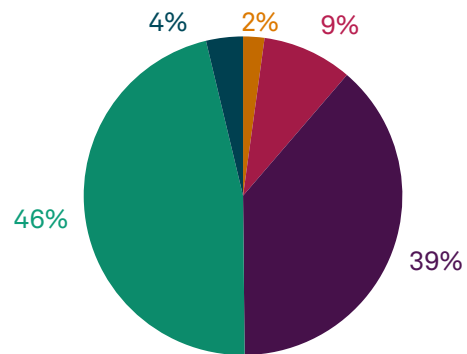
Media, entertainment, and leisure Business and consumer services



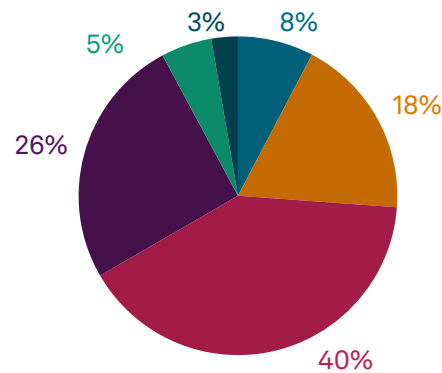
First-lien estimated recovery rating as % of total rated



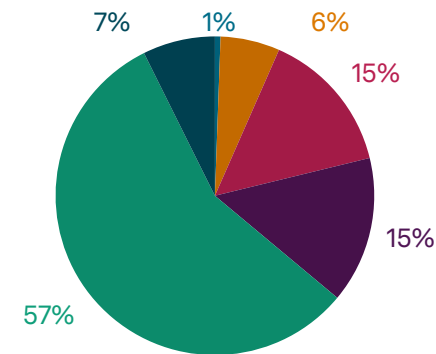
Telecommunications



Health care



Chemicals



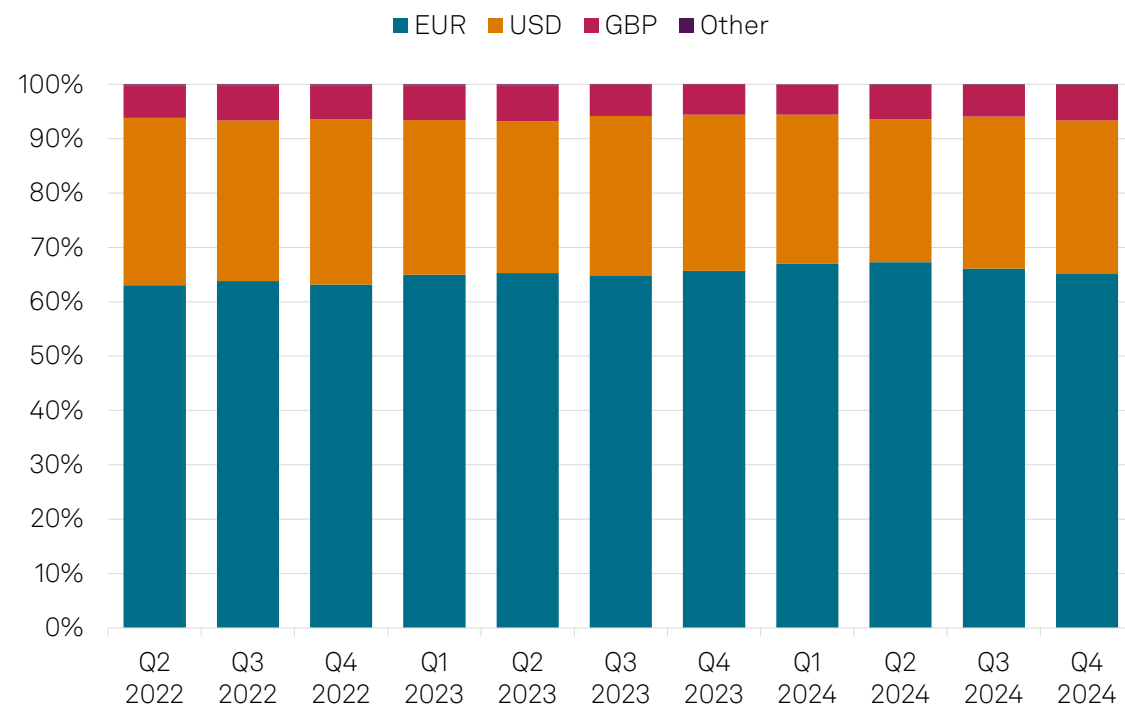
Data as of Dec. 31, 2024. Source: S&P Global Ratings.



# European Speculative-Grade First-Lien Debt Outstanding By Currency

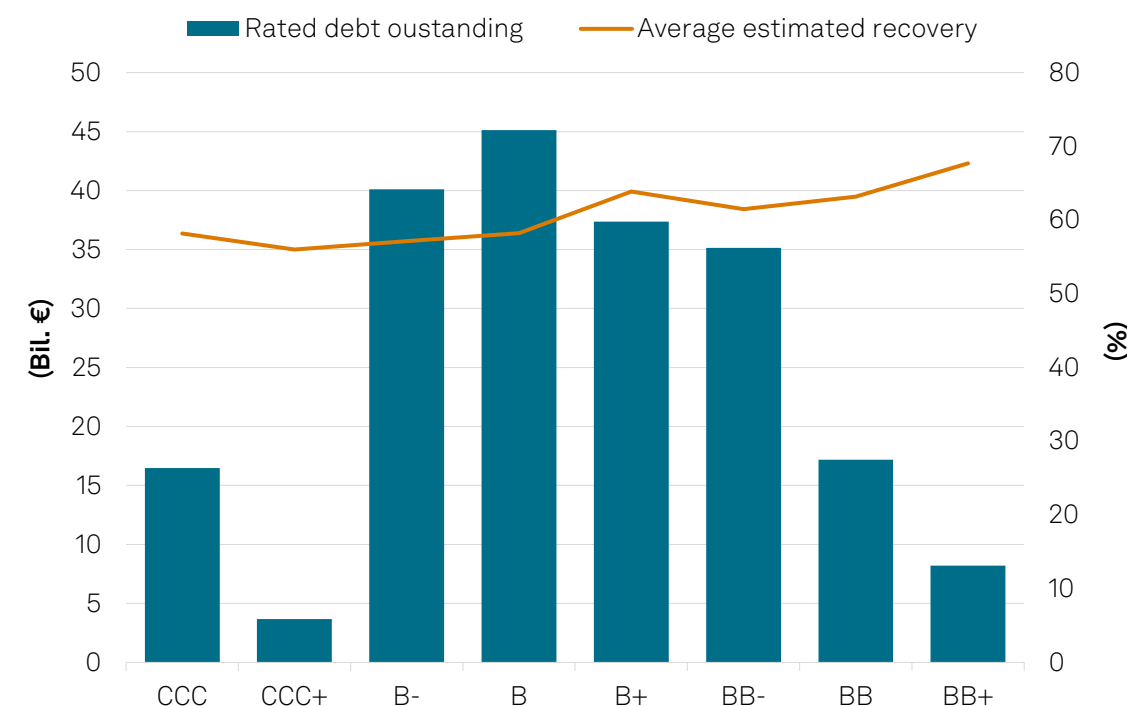
- Using average euro exchange rates for fourth-quarter 2024, the amount of U.S. dollar-denominated debt in the 'B+' category increased in 2024, mainly due to downgrades in the telecommunications sector (Virgin Media and Ziggo B.V.).

European speculative-grade first-lien debt outstanding by currency



Data as of Dec. 31, 2024. Source: S&P Global Ratings.

Rated European speculative-grade debt issued in USD



Data as of Dec. 31, 2024. Source: S&P Global Ratings.

# Analytical Contacts



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# Appendix

# Defaults

- Europe recorded the second-highest year-to-date default count since 2008.
- With 33 defaults, Europe is the only region globally where year-to-date default numbers were more than 30% higher than in 2024.
- Distressed exchanges accounted for more than half of the defaults.

## Companies that defaulted in 2024

Date	Parent company	Country/market	Subsector	To	From	Reason
Jan. 4, 2024	Toro Private Holdings I Ltd.	U.K.	Transportation	D	CC	Distressed exchange
Jan. 10, 2024	Ignition Topco B.V.	Netherlands	Chemicals, packaging, and environmental services	D	CCC	Missed payments
Jan. 11, 2024	Amphora Intermediate II Ltd.	U.K.	Consumer products	SD	CCC+	Missed payments
Jan. 16, 2024	Covis Finco S.a.r.l.	Switzerland	Health care	SD	CCC-	Distressed exchange
Feb. 15, 2024	AFE S.A. SICAV-RAIF	U.K.	Financial institutions	SD	CC	Distressed exchange
Feb. 20, 2024	Vue Entertainment International Ltd.	U.K.	Media and entertainment	SD	CC	Distressed exchange
March 18, 2024	Hurtigruten Group AS	Norway	Media and entertainment	SD	CC	Distressed exchange

Source: S&P Global Ratings. Data as of Dec 31, 2024.

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## Companies that defaulted in 2024 (cont.)

Date	Parent company	Country/market	Subsector	To	From	Reason
March 27, 2024	Samhallsbyggnadsbolaget i Norden AB (publ)	Sweden	Homebuilders/real estate companies	SD	CCC+	Distressed exchange
March 29, 2024	La Financiere Atalian SAS	France	Consumer products	D	CC	Distressed exchange
April 5, 2024	Arvos LuxCo S.a.r.l.	Luxembourg	Capital goods	D	CC	Distressed exchange
April 8, 2024	Loparex Midco B.V.	Netherlands	Forest products and building materials	SD	CCC+	Distressed exchange
April 29, 2024	Keter Group B.V.	Netherlands	Consumer products	SD	CC	Distressed exchange
May 10, 2024	Farfetch Ltd.	U.K.	Retail/Restaurants	D	CC	Missed payments
May 17, 2024	Petrofac Ltd.	Jersey	Oil and gas	SD	CCC-	Missed payments
May 21, 2024	Compact Bidco B.V.	Netherlands	Forest products and building materials	SD	CCC-	Missed payments
May 28, 2024	Safari Beteiligungs GmbH	Germany	Media and entertainment	D	CCC+	Distressed exchange
June 19, 2024	OQ Chemicals International Holding GmbH	Germany	Chemicals, packaging, and environmental services	D	CCC-	Missed payments
June 24, 2024	Adler Group S.A.	Luxembourg	Homebuilders/real estate companies	SD	CCC-	Distressed exchange
June 25, 2024	Pro.Gest SpA	Italy	Forest products and building materials	SD	CCC	Missed payments
July 3, 2024	Samhallsbyggnadsbolaget i Norden AB (publ) (B)	Sweden	Homebuilders/real estate companies	SD	CCC	Distressed exchange
July 18, 2024	DTEK Renewables B.V.	Netherlands	Utility	SD	CCC-	Distressed exchange

SD--Selective default. Data as of Dec 31, 2024. Source: S&P Global Ratings.

## Companies that defaulted in 2024 (cont.)

Date	Parent company	Country/market	Subsector	To	From	Reason
July 22, 2024	Hunkemoller International B.V.	Netherlands	Consumer products	SD	CCC+	Distressed exchange
July 26, 2024	Atos SE	France	High technology	SD	CCC-	Missed payments
Aug. 15, 2024	Pfleiderer Group B.V. & Co. KG	Germany	Forest products and building materials	SD	CC	Distressed exchange
Sept. 19, 2024	TalkTalk Telecom Group Ltd.	U.K.	Telecommunications	D	CC	Distressed exchange
Sept. 20, 2024	Carestream Dental Technology Parent Ltd.	U.K.	Health care	SD	CCC-	Distressed exchange
Sept. 20, 2024	SK Mohawk Holdings S.a.r.l.	Germany	Chemicals, packaging, and environmental services	D	CCC	Distressed exchange
Oct. 02, 2024	iQera Group SAS	Europe	Financial institutions	SD	CCC-	Missed payments
Oct. 15, 2024	Sprint HoldCo B.V.	Europe	Media and entertainment	SD	CCC-	Distressed exchange
Nov. 26, 2024	CD&R Vialto UK Intermediate 3 Ltd.	U.K.	Media and entertainment	SD	CC	Missed payments

SD--Selective default. Data as of Dec 31, 2024. Source: S&P Global Ratings.

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