

High Yield Interest

European Edition, February 2021

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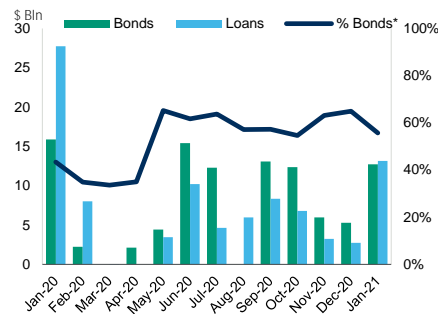
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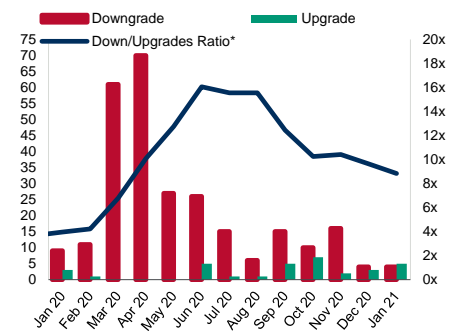
MARKET SNAPSHOT

Exhibit 1
Issuance level strong in Jan '21
High-yield bond and leveraged loan volumes



*Quarterly trailing bonds/loans percentage (rhs)
Source: Moody's Investors Service

Exhibit 2
Upgrades outpace downgrades in Jan'21
Speculative-grade downgrade/upgrade trends



*Yearly trailing down-/upgrade ratio (rhs)
Source: Moody's Investors Service

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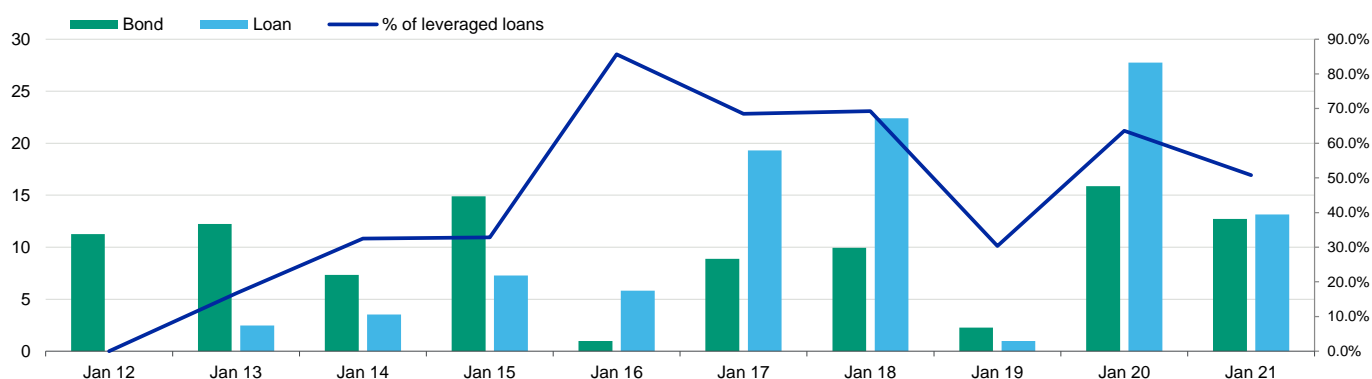
Leveraged finance volumes solid as 2021 market opens

Bond and loan issuance in balance as credit quality begins to stabilise

Leveraged finance issuance volumes totalled \$26 billion in January 2021, 30% above the January average of \$20 billion for 2012-21, as seen in Exhibit 1. Bonds and loans were both strong, each reaching \$13 billion and exceeding the \$10 billion average of each category by 30%. January volumes tend to be unpredictable, but the halt in the trend for significantly higher loan volumes which peaked in 2016 is apparent at this year's outset. January 2020 remains the highest issuance month on record.

Exhibit 1

January 2021 issuance solid for loans and bonds Rated EMEA leveraged loan and high-yield bond issuance volumes (\$ billions)



Source: Moody's Investors Service

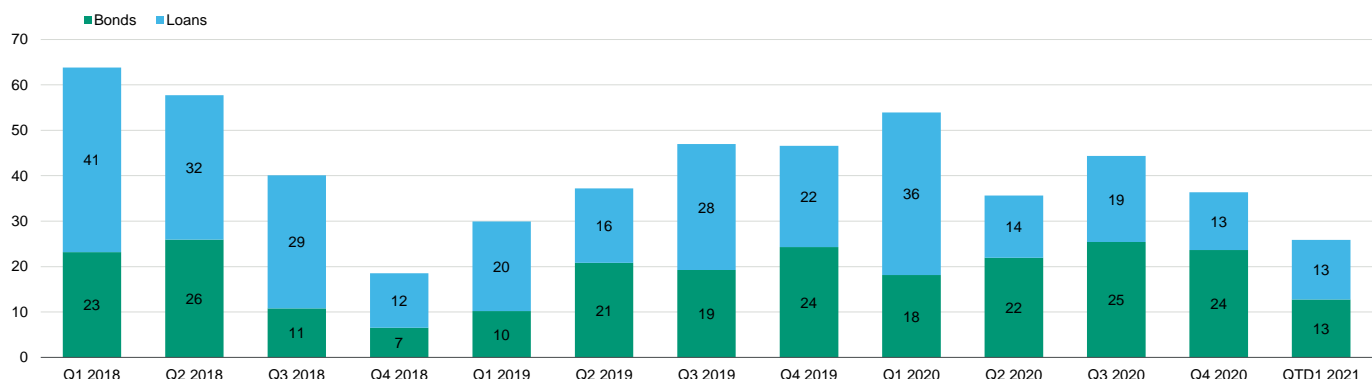
There was only one new bond issuer in January, Greek containership charter company [Danaos Corporation](#) (B2 positive) with a \$300 million unsecured issue for refinancing purposes. Bond issuance was boosted by [INEOS Quattro Holdings](#) (Ba3 negative) with \$2.7 billion of issuance and [Verisure Midholding AB](#) (B2 stable) with \$3 billion, partly for a cash distribution to shareholders. INEOS and Verisure also drove up the level of loan issuance in January with \$4.6 billion and \$2.5 billion, respectively.

New loan issuers in January included manufacturer [Zephyr German Holdco GmbH](#) (Flender, B1 stable), and two food processors: [Electra Bidco](#) (Euro Ethnic Foods, B2 stable) and [PHM SF Dutch Bidco B.V.](#) (Signature Foods, B2 stable).

With such a solid start to the year the quarter-to-date comparison already looks strong, particularly when comparing loans to the previous three quarters, as seen in Exhibit 2.

Exhibit 2

Q1 2021 already looking healthy Rated EMEA leveraged loan and high-yield bond issuance volumes (\$ billions)

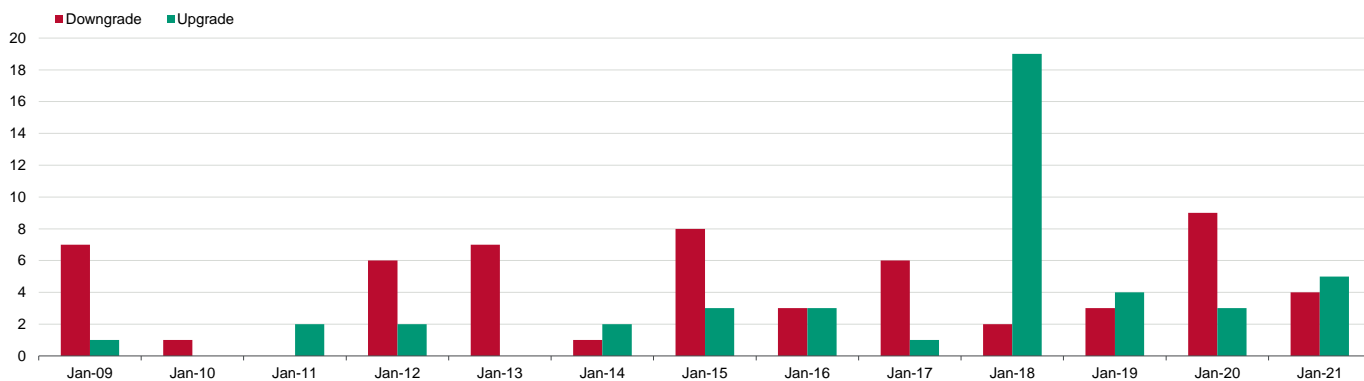


Source: Moody's Investors Service

Healthy issuance is set to continue in February, with new transactions in the market such as [Bellis Finco PLC](#) (ASDA, Ba2 stable) with its £6.6 billion takeover package being oversubscribed. The increasing trend for ESG-linked pricing is also present in ASDA's term loan. We expect continued low interest rates and good demand from collateralised loan obligations (CLOs) to continue to drive healthy volumes.

As Exhibit 3 shows, there were more upgrades than downgrades in January 2021, a beacon of light after months of downgrade spikes that began in January 2020, even before the onslaught of the pandemic. January 2018 stands out with by far the most upgrades, although we note that 16 of these were due to a positive rating action on Russia.

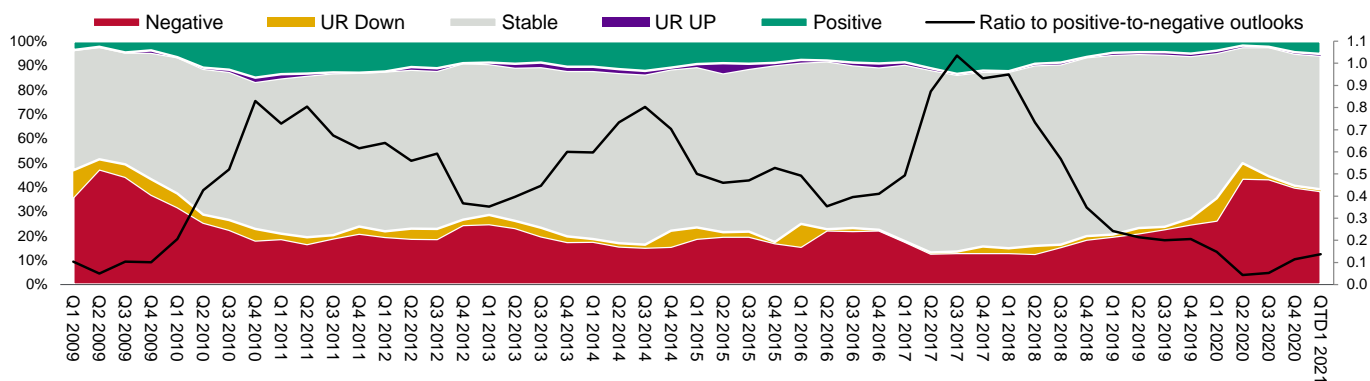
Exhibit 3
Upgrades exceed downgrades as credit quality begins to recover



Source: Moody's Investors Service

In a further sign of improvement, Exhibit 4 shows the re-emergence of positive outlooks and the gradual decline of negative ones.

Exhibit 4
Corporate family rating outlooks begin to show some improvement



Source: Moody's Investors Service

Despite positive signs of recovery the rating landscape remains fragile, with a high proportion of distressed companies ([B3 negative and lower](#)), and [low rated companies](#), as discussed in our recent publications summarised overleaf and on pages 7-8.

Nonfinancial Corporates – Global: Low-rated companies in hard-hit sectors will remain vulnerable

Originally [published](#) on 25 January 2021

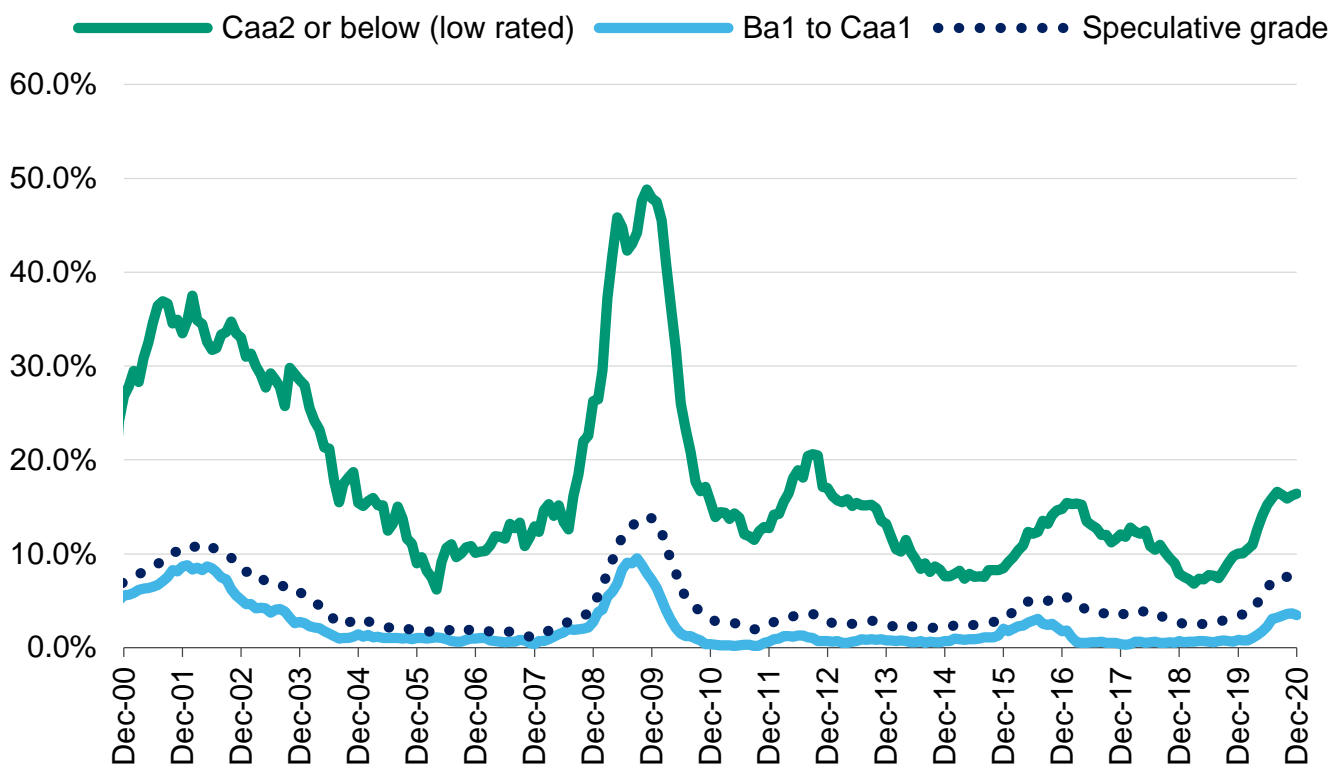
Summary

Many low-rated companies avoided default during the pandemic-induced recession in 2020 as a result of supportive financial conditions. But the fundamental credit quality of low-rated companies, particularly in the sectors hardest hit by the pandemic, will remain weak during the slow and bumpy economic recovery, and these companies will remain reliant on access to liquidity during this period. Our examination of the rating transitions of low-rated companies during past economic cycles helps underscore this expectation. Our analysis shows that the pace of economic normalization in past cycles helped determine to what extent these companies were able to restore their financial strength.

Supportive financial conditions have sustained companies with weak credit profiles during the pandemic. Among speculative-grade nonfinancial companies, 38% were rated Caa2 or below (in senior unsecured rating) as of year-end 2020, up from 33% a year earlier. Supportive financial market conditions, buttressed by aggressive policy measures by central banks, allowed many low-rated companies to raise liquidity and avoid default in 2020 despite difficult operating conditions. We expect the fundamental credit quality of these companies to remain strained in 2021. Thus, continued access to liquidity will remain crucial for those confronting looming debt maturities to avoid default.

Exhibit 1

Trailing 12-month default rates stood low compared with peaks in previous recessions



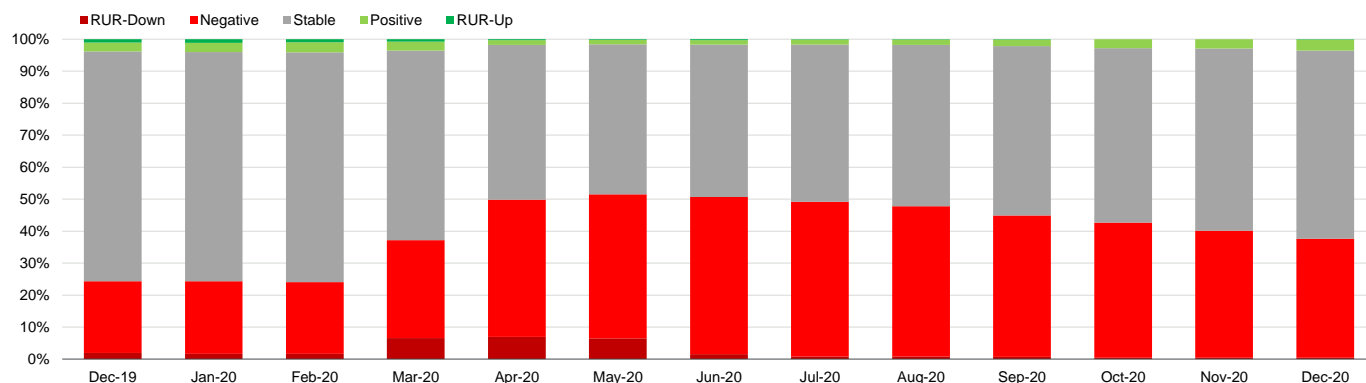
Data are for global nonfinancial corporate issuers.
Source: Moody's Investors Service

Despite access to liquidity, a slow and listless recovery will hamper the improvement of low-rated companies' credit profiles.

Data from past cycles show that the recovery in the credit fundamentals of low-rated companies is correlated with improvement in macroeconomic conditions. The economic recovery that began in the third quarter of 2020 could weaken or reverse if the pandemic significantly worsens and more stringent lockdowns are needed. If financial conditions tighten, companies that staved off default in 2020 could again face rising default risks.

Exhibit 2

Share of low-rated companies with negative watch/outlook remains higher than pre-COVID level



RUR-Up (-Down): rating under review for upgrade (downgrade).

Source: Moody's Investors Service

Low-rated companies in sectors hardest hit by virus disruption remain vulnerable to further credit stress and default.

In the past two recessions, low-rated companies in sectors under high credit stress were typically less likely than those in other sectors to experience rating upgrades once economic and financial conditions normalized. Following the pandemic-induced recession, low-rated companies in the most disrupted sectors have had the biggest challenges in restoring their credit fundamentals. These sectors include travel, hospitality and oil & gas.

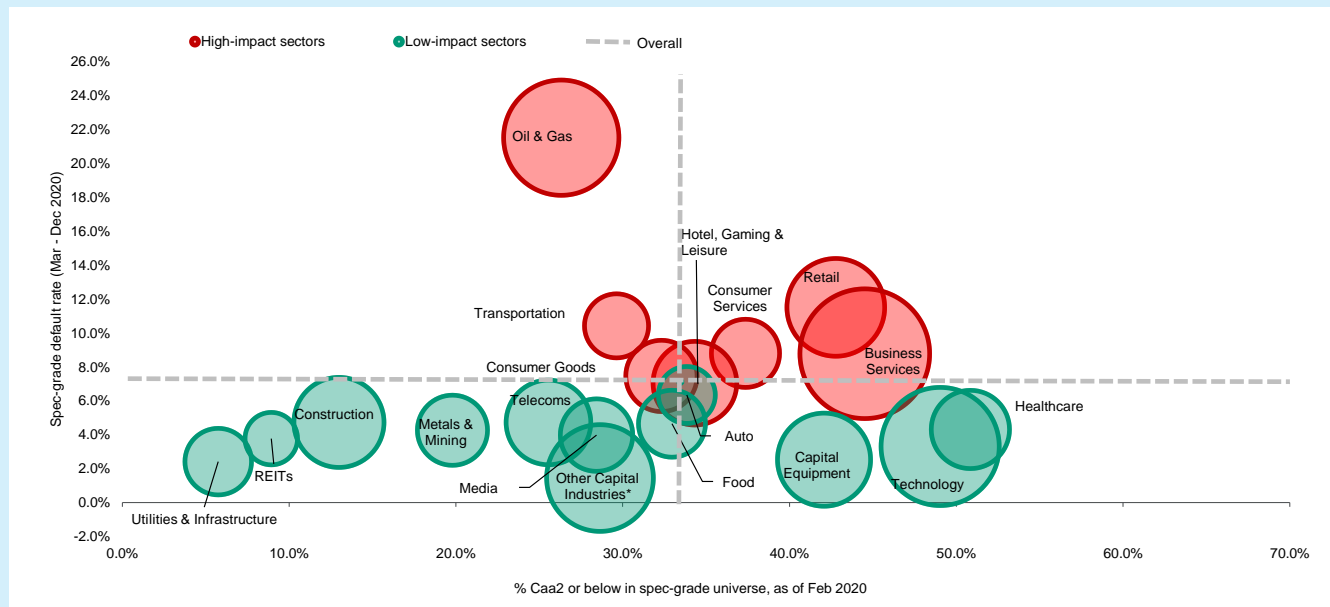
Assessing the credit effects of the coronavirus recession across sectors

The coronavirus pandemic has resulted in uneven credit effects across sectors, depending on level of exposure. Sectors hardest hit by pandemic-related disruption and stress in the energy sector, including oil & gas, retail and transportation, have registered significantly higher default rates than have other sectors. Some companies in these high-impact sectors entered the recession with relatively solid credit quality and would not have defaulted if the pandemic had not occurred.

In contrast, low-impact sectors have had low default rates that have been closer to long-term averages. In a few of these sectors, including healthcare and technology, default rates have stayed low despite rating mixes that are worse than the overall average. Continued low default rates in these sectors reflect benign credit conditions and business growth resulting from shifts in customer behavior during the pandemic.

Exhibit 3 plots the speculative-grade default rate during the pandemic period against pre-pandemic rating mix across sectors. High- and low-impact sectors are determined by the difference between the pandemic-period default rate and the long-term average default rate of the sector. The result of this categorization is broadly in line with our March [heat map](#) of coronavirus effects on global companies, suggesting that sectors highly affected by the pandemic indeed experienced higher defaults.

Exhibit 3
Pandemic has had uneven effects across sectors



Size of the bubble corresponds to the size of the speculative-grade universe.

* Other capital industries include chemicals, plastics & rubber, containers, packaging & glass, and forest products & paper.

Source: Moody's Investors Service

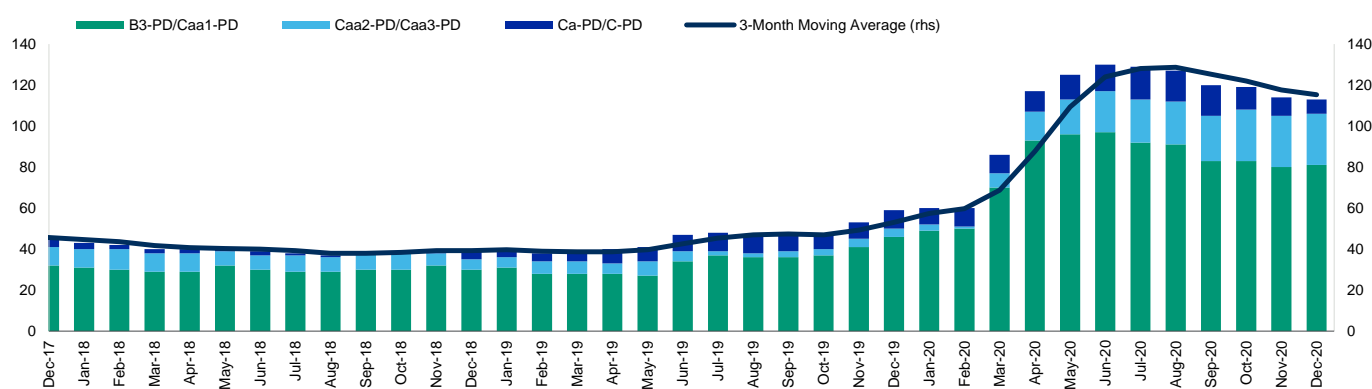
Distressed company count remains near all-time high at year-end 2020; default spike lags by nine months

Originally published on 16 February 2021

The number of EMEA speculative-grade companies rated B3-PD negative and lower (B3N) fell to 113 at the end of December 2020 from the all-time high of 130 in June. As a result, the ratio of distressed names in the speculative-grade portfolio declined to 21.1% from June's record high of 24.2%. Despite the reduction, however, the B3N count remains nearly twice as high as the previous all-time high of 60 in December 2019. Although the coronavirus pandemic drove the sharp increase, the list was already expanding in 2019, when the number of companies rose by more than 50% compared with December 2018.

Exhibit 1

The distressed company count increased sharply from March 2020
Number of rated speculative-grade companies rated B3-PD negative and lower



Source: Moody's Investors Service

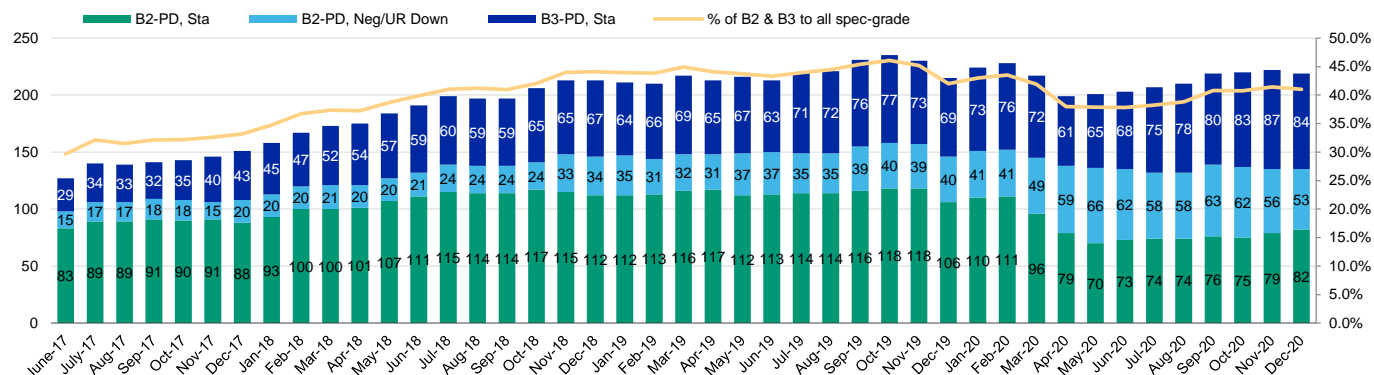
Downgrades and negative outlook actions fell sharply toward the end of the year. The downgrade/upgrade ratio decreased to 3.5x in the second half of 2020 compared with 22.3x in the first half. Positive momentum is also reflected in the increasing number of positive corporate family rating outlooks (24 vs 10) and that we currently have seven positive industry sector outlooks compared with none at the end of June.

We expect the B3N list to remain broadly stable with a marginal decline over the next six months as a result of defaults, upgrades and withdrawals outnumbering downgrades on to the list. The number of B2-PD and B3-PD companies not on the list stood at 219 at the end of December 2020 compared with 203 at the end of June. The increase in this cohort during the second half of 2020 reflects the stabilising trend in the market which saw some B3N companies leave the list and rejoin the cohort due to positive rating actions. The cohort remains comparatively high, as well as weak with a lower average rating, and will drive further downgrades on to the B3N list.

Exhibit 2

Companies close to joining the B3N list peaked at 47% of the speculative-grade portfolio in October 2019

Companies closest to joining the B3N list



Source: Moody's Investors Service

Manufacturing continues to dominate the list, along with services. The number of manufacturing and services companies stood at 17 and 16, respectively, at the end of December 2020. Retail, leisure, consumer products and energy were also well represented on the list, with seven or more companies each. Within sectors, leisure and entertainment had the highest concentration of companies compared with its overall concentration in the speculative-grade portfolio, at 6.2% compared with 1.9%.

B3N Indicator. The B3N Indicator reversed its negative trend in the second half of 2020 but remained in neutral territory as of December. We calculate our indicator using three sub-indicators: (1) the size of the list as a percentage of the rated EMEA speculative-grade population; (2) our five-year average default forecast; and (3) the percentage of companies on the overall B3N list with our lowest speculative-grade liquidity rating. We use the indicator to help determine the timing of the turn in the default cycle and its severity. Along with other proprietary indicators, it signals a weakening of credit conditions and an increase in default risk.

About Moody's B3 Negative and Lower List

Our B3 Negative and Lower List includes all EMEA nonfinancial corporate issuers with a Probability of Default Rating (PDR) of Caa1 or lower; a B3 PDR with a negative rating outlook; or a B3 PDR on review for downgrade. The current list reflects rating activity through December 2020.

Companies are added to the list via downgrades or rating assignments at B3-PD negative or below, and removed from the list at the time of a default or rating withdrawal, or if upgraded to B3-PD stable or higher.

Default Trends – Global: Annual default study

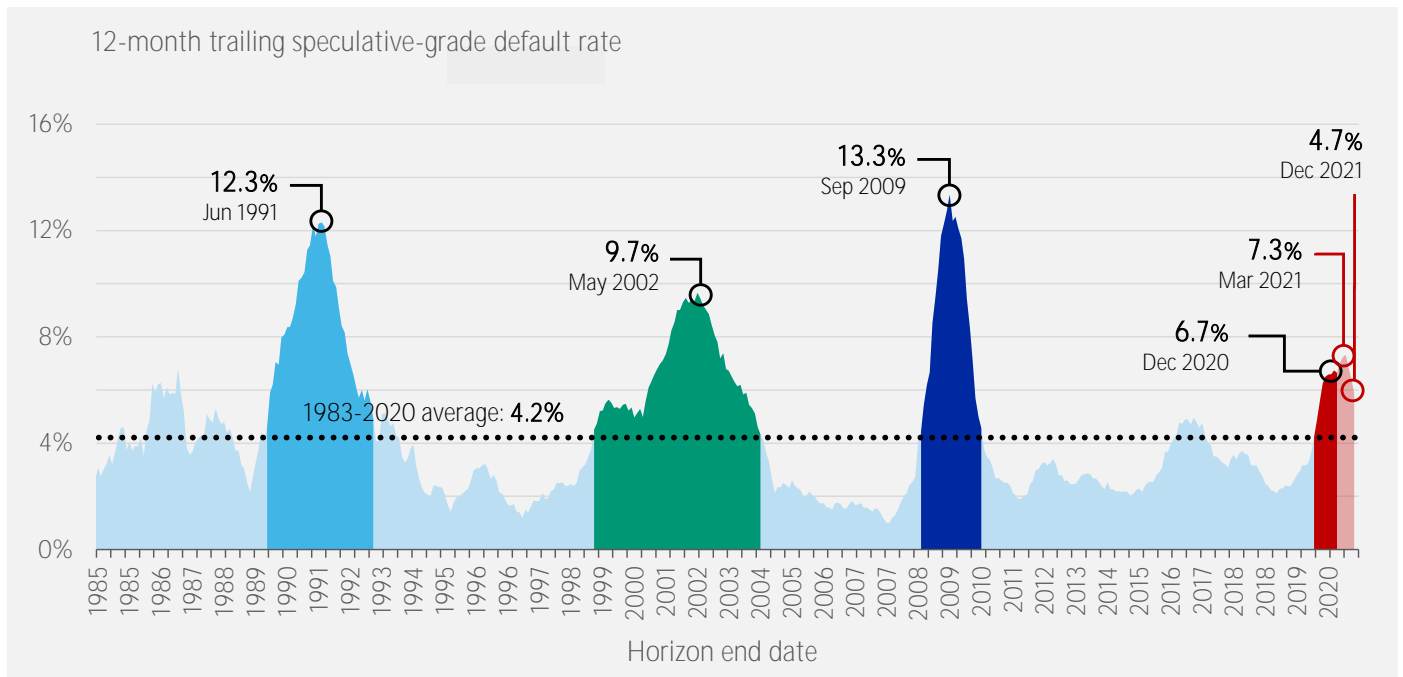
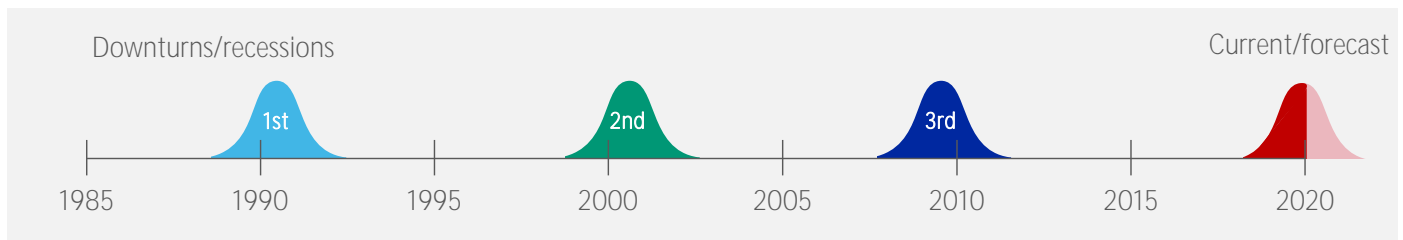
Originally [published](#) on 28 January 2021

Summary

The trailing 12-month global default rate for speculative-grade financial and nonfinancial companies was 6.7% at the end of December 2020, up from 3.2% at the end of 2019. Moody's Credit Transition Model forecasts that the rate will peak at 7.3% in March 2021, and then decline to 4.7% by December 2021. Despite a decline in the number of defaults over the course of this year, the 2021 default rate will remain above the long-term average of 4.2% since 1983, reflecting the rise in the significant share of low-rated issuers in the corporate universe.¹

Exhibit 1

Global corporate speculative-grade default rate will peak at 7.3% in March 2021 before declining to 4.7% at year-end



Source: Moody's Investors Service

Key highlights of our analysis include:

Despite the severity of the 2020 recession, the current default cycle will peak at a lower rate than the rates associated with the last three recessions. We forecast the trailing 12-month global corporate speculative-grade default rate will peak at 7.3% in March. After that, the rate will decline for the rest of the year and finish 2021 at 4.7%. If our default rate forecasts crystalize, the pandemic-induced default cycle will be relatively mild compared with prior recessionary default cycles whose peaks ranged from

9.7% to 13.3%. Our forecasts incorporate our assumptions of progress in vaccinations and pandemic management, accommodative monetary policies and an economic recovery in 2021.

The number of defaults likely will fall in 2021; most defaults will come from sectors with high exposure to virus-related disruption. We forecast a 2.2% default rate in 2021 for the entire (speculative- and investment-grade) rated corporate universe, down from 3.1% in 2020 but above the long-term average of 1.7%. The 2.2% forecast translates into around 137 defaults in 2021. By sector, we expect business services and hotel, gaming & leisure to have the most defaults in 2021, followed by oil & gas. Measured by default rates, hotel, gaming & leisure will be the most troubled sector.

The virus-induced recession and stress in the energy sector led to a substantial rise in corporate defaults in 2020. A total of 211 rated corporate issuers defaulted in 2020, roughly double the 2019 tally of 105. The 2020 count was the highest since 2009. Compared with 2019, default volume also jumped, to \$234 billion from \$119 billion, resulting from the increased number of defaults as well as more mega-defaults.²

Oil & gas had the most defaults for the second consecutive year. We recorded 52 defaults in the sector in 2020, representing one-quarter of the year's default tally. Oil & gas was particularly hard hit because of the combination of a supply shock and a demand shock. The supply shock resulted from Saudi Arabia and Russia failing to agree on production cuts at the beginning of the year, while the demand shock resulted from the substantial decline in economic activity following the coronavirus outbreak. Within the oil & gas sector, exploration and production (E&P) and oil field service companies suffered the most amid depressed oil prices, supply chain disruptions, weakening demand and tightened access to capital markets.

Credit quality weakened across the board; deterioration was greater for nonfinancial sectors. Rating drift for all rated corporate issuers fell to negative 22% in 2020, indicating many more downgrades than upgrades during the year. Most of the downgrades were taken in response to the coronavirus's impact on business disruption in many sectors and economic contractions in many regions. Nonfinancial companies drove the decline, with a drift of negative 29%. In comparison, the financial sector had a less severe drift of negative 6%. The 2020 rating drift for the financial sector was also much higher than the negative 83% rate in 2009, which shows that financial institutions were in a better shape in this cycle than during the global financial crisis.

Fallen angel rate rose in 2020 but remained in line with its long-term average. Investment-grade companies have exhibited greater stability in terms of changes in credit quality and ratings. In 2020, only 2.1% of investment-grade companies fell to speculative grade despite an extremely difficult business environment. The 2.1% fallen angel rate in 2020, although noticeably higher than the 1.1% rate in 2019, matched the long-term average since 1983. By contrast, the pandemic disproportionately affected speculative-grade companies, which accounted for about 80% of all corporate downgrades.

Measured by post-default trading prices, 2020 bank loan and senior unsecured bond recovery rates were low by historical standards. The issuer-weighted average recovery rate for first-lien bank loans was 59% in 2020, up from 58% in 2019. The 2020 rate was lower than the long-term average of 65% and below the average of 64% in prior downturns. On the other hand, the average recovery rate for senior unsecured bonds rose to 34% in 2020 from 32% in 2019. This compares to the long-term average of 38% since 1983 and the 33% rate for prior downturns.

Average Default Position (AP) shows that our ratings have been successfully rank ordering credit risk. Since 1983, the average one-year AP, a measure of rating accuracy, has been high at 92%. In 2020, AP over a one-year horizon fell as the pandemic shock caused unexpected defaults for some companies and shorter paths to defaults for others. Nonetheless, the AP remained above 90%.

For inquiries on the underlying data, please contact ClientServices@moodys.com.

Endnotes

- ¹ Low-rated refers to issuers with actual or implied senior unsecured ratings of Caa2 or below. Most of these issuers carry a corporate family rating of B3 or below.
- ² In this report, mega-defaults refer to those in which the defaulting company has at least \$1 billion of defaulted debt.

What to look out for in published 2020 accounts

Originally [published](#) on 02 February 2021

Disclosure of a material uncertainty related to going concern may provide fresh insight. When management is aware of material uncertainties that may cast significant doubt upon the entity's ability to continue as a going concern, this must be disclosed in the accounts. The ratings of several European nonfinancial companies that identified a material uncertainty related to going concern in the first six months of 2020 were subsequently downgraded, and in December there was a limited default at Cineworld Group plc, the parent company of [Crown UK Holdco Limited](#) (Caa2 negative). However, in other cases such as [easyJet Plc](#) (Baa3 negative) and [Hammerson Plc](#) (Baa3 negative), the directors' identification of a material uncertainty related to going concern confirmed information that we had already factored into their ratings.

Clear and unbiased disclosure of incremental expenditure arising from the coronavirus pandemic is more useful than EBITDAC. The European Securities and Markets Authority (ESMA) has encouraged companies to provide relevant explanatory information, in a single note to the accounts or suitably cross-referenced, about the impact of the pandemic on the amounts actually presented and recognised in the statement of profit or loss. Disclosure of the information recommended by ESMA is preferable to the introduction of a new metric such as EBITDAC (earnings before interest, tax, depreciation, amortisation and coronavirus). EBITDAC would, of necessity, have to include a number of hypothetical and highly subjective adjustments for it to conceivably represent a "before coronavirus" scenario. The value of the metric would consequently be open to question.

Exhibit 1

Incremental expenditure arising from the coronavirus pandemic

FIGURE 1 - Estimated 2020/21 COVID-19 direct net (costs)/lower business rates

£m change year-on-year	H1	H2 estimate
Extra payroll	(47)	
Extra cost of colleague bonus**	(35)	(30-35)
Colleague and customer protection	(25)	
Food banks and other donations	(9)	
Other costs (inc. extra seasonal waste/markdown, extra distribution costs)	(39)	
Total COVID-19 direct costs	(155)	(70-85)
Lower business rates	93	137
Total net (cost)/benefit	(62)	c.60

** We are paying a 6% 'thank you' guaranteed annual bonus for all frontline colleagues, up threefold on last year

Source: *Morrisons interim results for the half year to 2 August 2020 (page 3)*

Disclosure of government support is as important as highlighting incremental expenditure from the pandemic. Companies are required to disclose the nature and extent of government grants recognised in the accounts, and to provide an indication of other forms of government assistance from which the entity has directly benefited.

Government support provided to companies

GOVERNMENT GRANTS AND OTHER COVID-19 ASSISTANCE

The Group has accessed various government support schemes aimed at mitigating the potential impact on individuals' job losses resulting from the impact of COVID-19. The most significant amounts received by the Group include the following:

- £437 million in relation to government support under temporary wage support schemes available in different countries. The Group does not have any unfulfilled obligations relating to these support programmes. This amount has been offset against employee remuneration costs
 - VAT deferral of approximately £97 million under various government VAT deferral schemes
 - agreement of payment plans with tax authorities to defer payments of PAYE/NI resulting in £137 million payment deferrals across the Group
-

Source: *Compass Group Annual Report 2020 (page 201)*

IFRS 16 suppresses, but also prolongs, the adverse financial effect of the pandemic for lessors and entails deeper analysis of lessees' cash flows. International Financial Reporting Standard 16 (IFRS 16) requires waivers of rental income to be recognised over the remaining period of the lease, effectively suppressing but also prolonging the financial effect of the pandemic on the accounts of property companies and other lessors. And most of the cash saved by lessees from a waiver of rentals payable cannot be reported in the same section of the cash flow statement as the revenue foregone from the unoccupied premises. Clear disclosure of the relevant amounts will enable the implications for credit quality to be assessed appropriately.

European covenant quality

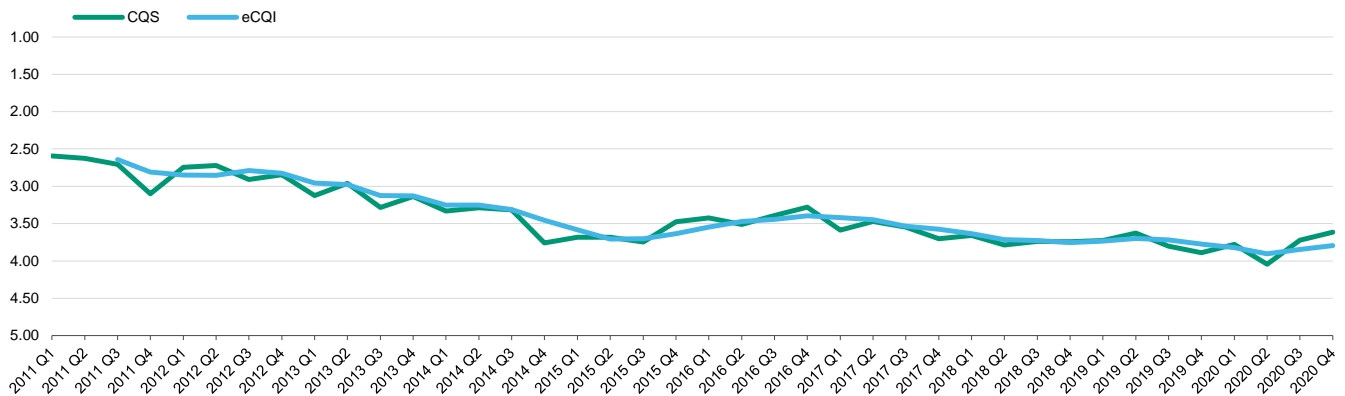
Peaks and troughs in covenant protection lead to covenant quality score being stable through 2020 compared with 2019 and 2018

The European three-quarter covenant quality indicator (E-CQI) fell 0.06 points in the fourth quarter of 2020, signalling a slight improvement. The E-CQI moved to 3.79 (weak), clawing back the losses made earlier in 2020, including when it recorded a record high of 3.90 (weak) in the second quarter of 2020. The E-CQI is the three-quarter rolling average of all full package bonds' covenant quality scores from those quarters, weighted by those quarters' total number of bonds.

Exhibit 1

E-CQI weakened to 3.83 (weak), marking its lowest level

Three-quarter rolling average of all full package bonds' covenant quality scores



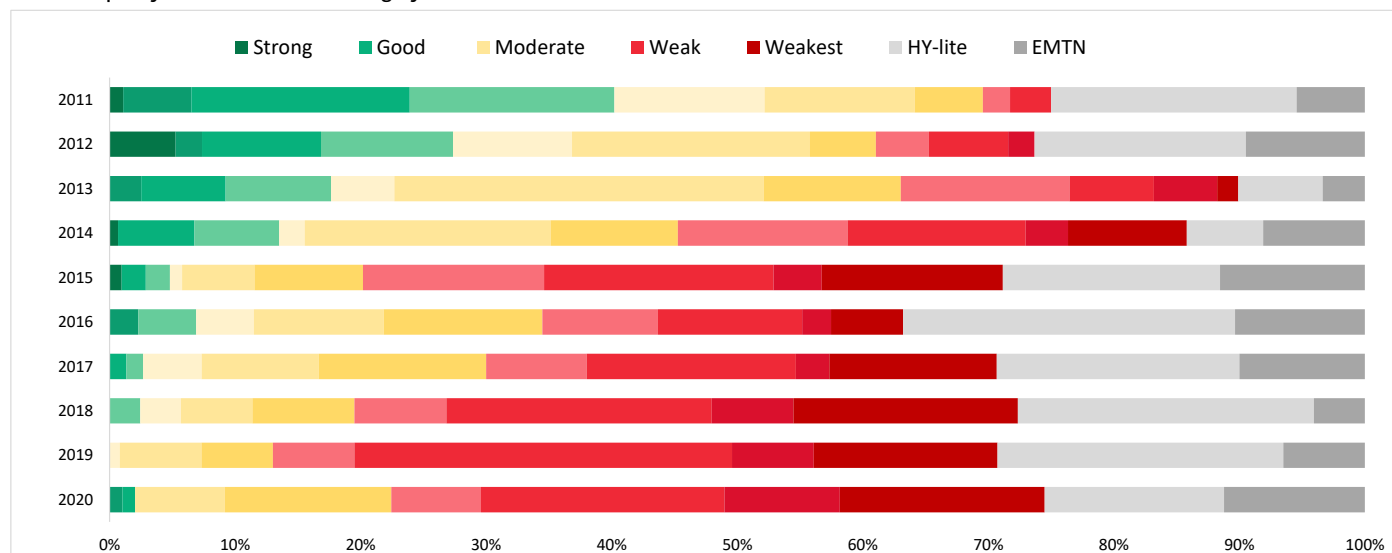
Source: Moody's Covenant Database

The European annual average covenant quality score (CQS)¹ was stable in 2020 compared with 2019 and 2018. However, this disguised the fact that the quarterly average rose to an all-time high of 4.04 (lower-tier weak) in the second quarter of 2020 before improving to 3.61 (weak) in the fourth quarter, where it was nudging close to the upper-tier weak category for the first time since the second quarter of 2019.

Exhibit 2

2020 saw a stabilisation of the long-term trend for weakening covenant protection in high-yield bonds (EMEA)

Covenant quality scores distribution for high-yield bonds



Source: Moody's Covenant Database

The cash leakage risk categories saw significant improvement while debt risk categories deteriorated, largely netting the movements out. A key area of improvement was the permitted payments carve-outs. Meanwhile, a key area of deterioration was the permitted debt carve-outs, as quantifiable carve-outs such as acquisition debt and joint venture debt became standard.

[Download covenant quality scoring criteria](#)

Endnotes

- 1 The covenant quality score is on a five point scale, with CQ1 the most protective package and CQ5 the weakest. There are five scoring categories: strong, good, moderate, weak and weakest. ↑ indicates the score is in the upper tier of the given scoring category. ↓ indicates the score is in the lowest tier of a given scoring category.

Research Highlights

Selected speculative-grade relevant research

New issuers

In January, we published initial reports on the following newly rated companies: Germany-headquartered manufacturer [Zephyr German Holdco GmbH](#) (Flender, B1 stable), France-domiciled grocery network focused on fresh and high-quality products [Electra Bidco](#) (Euro Ethnic Foods, B2 stable), Netherlands-domiciled producer of chilled convenience food [PHM SF Dutch Bidco B.V.](#) (Signature Foods, B2 stable), Russia-domiciled apartment house builder [PJSC Group of Companies PIK](#) (PIK, Ba2 stable) and Greece-headquartered containership charter owners [Danaos Corporation](#) (B2 positive)

Issuer comments

Selected issuer comments included the following credit positive reports:

- » [Renault S.A.: New strategic plan is credit positive](#)
- » [Leonardo S.p.A.: Leonardo finishes volatile year on a strong note, a credit positive](#)
- » [Zephyr Midco 2 Limited: Agreement to acquire Confused.com is credit positive](#)

Selected issuer comments included the following credit negative reports:

- » [Oman Telecommunications Company S.A.O.G.: Oman awards license to third mobile operator, a credit negative for Omantel](#)
- » [B&M European Value Retail S.A.: B&M's additional special dividend is credit negative, but will not affect leverage](#)

Issuer and sector reports

[Steel & Specialty Metals – Europe: Anti-dumping duties on Turkish steel are credit positive for EU-based producers](#)

On 6 January, the European Commission announced provisional anti-dumping duties on certain hot-rolled flat steel imports from Turkey, ranging from 4.8% to 7.6%, with immediate effect. The preliminary duties are credit positive for EU-based steel producers because they will reduce competition from Turkish imports into their domestic market, which has had to cope with a surge in lower-priced steel imports pressuring prices and profitability over the last few years. Imports have risen particularly strongly from Turkey, which has been the largest steel importer into the EU since 2018 and reached a 23% record share of overall finished steel imports in 2019.

[Credit Conditions – EU and China: Investment pact will strengthen EU-China ties, with credit effects for sovereigns, autos and other sectors](#)

The [EU](#) (Aaa stable) and [China](#) (A1 stable) late last year agreed in principle to the Comprehensive Agreement on Investment, which represents a major advance in their trade and investment relationship. The agreement, if approved and enforced, likely would be credit positive for China but result in short-term negative credit effects for some of its sectors. Implemented measures likely would also benefit many sectors in the EU and some individual economies in the bloc.

[Cross-Sector – Europe: Renewed lockdowns will not trigger widespread credit deterioration](#)

On 16 January, the French government imposed a nationwide 6pm-6am curfew for at least 15 days and tightened its border controls. This was the latest in a range of recent measures by European governments to curb the virus' spread as infection rates increased during the past month. In many instances, these measures are similar to those taken during the lockdowns first imposed in Europe in March 2020, although we expect their relative impact on the economy to be more moderate. The March 2020 lockdowns resulted in a dramatic slump in economic activity across Europe.

Issuance & Rating Actions

Issuance update

Note: First-time rated bond and loan issuers are highlighted in blue.

Exhibit 1

January 2021: Bonds

Issuer	Rating Date	Industry	Country	CFR	Instrument Rating	Amount (USD mil)
Verisure	8 Jan	Services	Spain	B2	B1	1,412
Verisure	8 Jan	Services	Spain	B2	Caa1	1,606
VodafoneZiggo	12 Jan	Cable TV	Netherlands	B1	Ba3	309
Telecom Italia	13 Jan	Telecom	Italy	Ba2	Ba2	1,216
INEOS Quattro	15 Jan	Chemicals	Germany	Ba3	B2	1,211
INEOS Quattro	15 Jan	Chemicals	Germany	Ba3	Ba3	1,468
Rekeep	18 Jan	Services	Italy	B2	B2	426
Faurecia	22 Jan	Automotive	France	Ba2	Ba2	230
Biogroup	25 Jan	Services	France	B2	B2	970
TeamSystem	25 Jan	Technology	Italy	B3	B3	1,403
Goldstory	25 Jan	Retail	France	B2	B2	875
Biogroup	25 Jan	Services	France	B2	Caa1	303
Assemblin	28 Jan	Services	Sweden	B2	B2	121
Danaos	28 Jan	Transp. Serv.	Greece	B2	Caa1	300
Klöckner Pentaplast	28 Jan	Packaging	Germany	B3	B2	484
Klöckner Pentaplast	28 Jan	Packaging	Germany	B3	Caa2	393
Total January						12,726

Exhibit 2

January 2021 issuance: Loans

Issuer	Rating Date	Industry	Country	CFR	Instrument Rating	Amount (USD mil)
Verisure	8 Jan	Services	Spain	B2	B1	2,454
INEOS Quattro	11 Jan	Chemicals	Germany	Ba3	Ba3	2,556
INEOS Quattro	11 Jan	Chemicals	Germany	Ba3	Ba3	2,000
Flender	12 Jan	Manufacturing	Germany	B1	B1	1,270
UNIT4	14 Jan	Technology	Netherlands	B3	B3	646
Euro Ethnic Foods	14 Jan	Retail	France	B2	B1	566
Biogroup	19 Jan	Services	France	B2	B2	1,375
Signature Foods	20 Jan	Consumer Prod.	Netherlands	B2	B2	415
Klöckner Pentaplast	27 Jan	Packaging	Germany	B3	B2	1,425
January Loans						12,708
PMLRs*						
- New Issuers						342
- Existing Issuers						103
Total January PMLRs						445
Total January Loans						13,153

*PMLR: Private Monitored Loan Rating

Source: Moody's Investors Service

Rating action update

Note: Rising stars and fallen angels are highlighted in blue.

Exhibit 3

Rating actions – January 2021

Rating Action	Date	Issuer	Industry	Country	CFR / Outlook	Previous CFR / Outlook
New Ratings						
NEW	12-Jan	Flender	Manufacturing	Germany	B1 / STA	New
NEW	14-Jan	Euro Ethnic Foods	Retail	France	B2 / STA	New
NEW	20-Jan	Signature Foods	Consumer Products	Netherlands	B2 / STA	New
NEW	25-Jan	PIK	Constr & Engineering Serv	Russia	Ba2 / STA	New
NEW	28-Jan	Danaos	Transportation Services	Greece	B2 / POS	New
Rating/ Outlook Changes						
NO CHANGE	08-Jan	Verisure	Services	Spain	B2 / STA	B2 / STA
DOWN	11-Jan	Arvos	Manufacturing	Germany	Caa1 / NEG	B3 / UR Down
DOWN	11-Jan	INEOS Quattro	Chemicals	Germany	Ba3 / NEG	Ba2 / UR Down
UP	12-Jan	GSL	Transportation Services	Greece	B2 / POS	B3 / POS
UP	14-Jan	Telepizza	Restaurants	Spain	Caa2 / POS	Caa3 / NEG
POS	15-Jan	TUI	Lodging	Germany	Caa1 / STA	Caa1 / NEG
POS	15-Jan	Prisa	Media	Spain	Caa1 / STA	Caa1 / NEG
UP	18-Jan	Atotech	Chemicals	Germany	B2 / STA	B3 / STA
NO CHANGE	18-Jan	Rekeep	Services	Italy	B2 / NEG	B2 / NEG
NO CHANGE	20-Jan	INEOS Quattro	Chemicals	Germany	Ba3 / NEG	Ba3 / NEG
NEG	21-Jan	Vista Global	Services	United Arab Emirates	B3 / UR Down	B3 / STA
POS	22-Jan	Iceland	Retail	United Kingdom	B2 / STA	B2 / NEG
NEG	22-Jan	Signature	Aircraft & Aerospace	United Kingdom	Ba3 / UR Down	Ba3 / NEG
DOWN	25-Jan	Intralot	Technology Services	Greece	Ca / NEG	Caa2 / NEG
UP	25-Jan	Goldstory	Retail	France	B2 / STA	B3 / NEG
UP	26-Jan	Pro-Gest	Forest Products	Italy	Caa1 / POS	Caa2 / NEG
NO CHANGE	26-Jan	OHL	Constr & Engineering Serv	Spain	Caa2 / NEG	Caa2 / NEG
DOWN	27-Jan	A&O Hotel & Hostel	Lodging	Germany	Caa2 / NEG	Caa1 / NEG
POS	27-Jan	Atotech	Chemicals	Germany	B2 / UR Up	B2 / STA
NO CHANGE	27-Jan	Klöckner Pentaplast	Packaging	Germany	B3 / STA	B3 / STA
POS	27-Jan	LGC	Healthcare	United Kingdom	B3 / POS	B3 / STA
NO CHANGE	28-Jan	Assemblin	Services	Sweden	B2 / STA	B2 / STA
Withdrawn						
WR	07-Jan	KCA Deutag	Energy	United Kingdom	WR	Caa2 / NEG
WR	11-Jan	Stellantis	Automotive	Italy	WR	Ba1 / DEV
WR	15-Jan	IGD	Real Estate Finance	Italy	WR	Ba2 / STA
WR	26-Jan	ICWG	Services	United Kingdom	WR	B3 / STA
WR	27-Jan	Play	Telecommunications	Poland	WR	Ba3 / DEV

Source: Moody's Investors Service

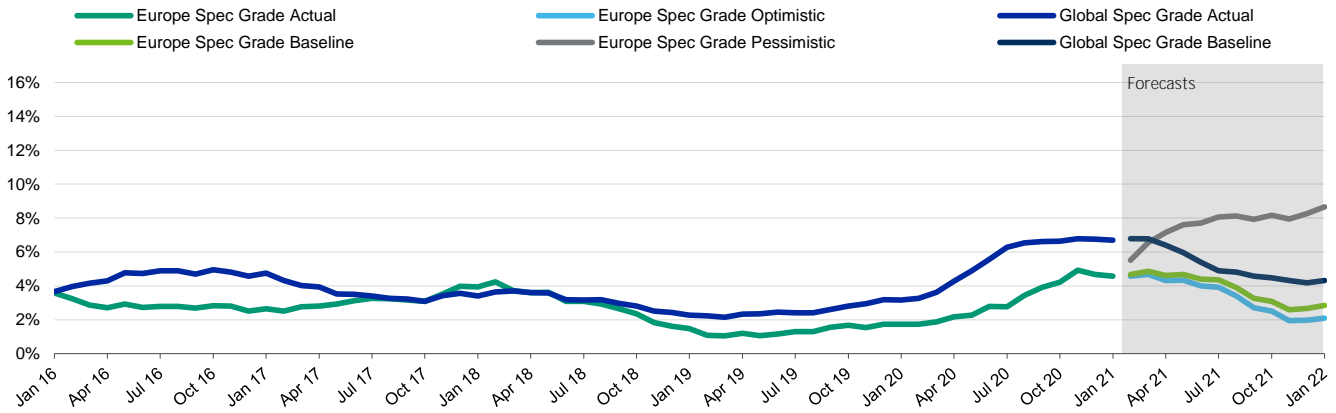
Stress Indicators & Surveillance

Defaults

Global speculative-grade default rate at 6.7% in January

Exhibit 1

High-yield default trends and forecasts



Also includes financial corporates
Source: Moody's Investors Service

The global speculative-grade default rate increased to 6.7% in January 2021 from 3.2% a year earlier. We expect the default rate to hit 4.2% at the end of 2021. By region, we expect the US speculative-grade default rate to decrease to 5.4% at the end of 2021 from its current level of 8.3%, and the rate in Europe to decrease to 2.7% from 4.6%.

Exhibit 2

Non-financial corporate defaults in EMEA (last 12 months)

Updated through 31 January 2021

Company	Date	Initial Default Type	Defaulted Amounts (USD mil)			Country	Industry	PDR 1 year before default
			Bond	Loan	Total			
Moby S.p.A	18-Feb-20	Missed principal and interest payments	0	119	119	Italy	Transportation services: maritime	Caa2
Moby S.p.A	18-Feb-20	Missed principal and interest payments	334	0	334	Italy	Transportation services: maritime	Caa2
Doncasters Group Ltd	06-Mar-20	Distressed exchange	0	639	639	United Kingdom	Manufacturing: component division	B2
Inspired Entertainment, Inc.	06-Apr-20	Distressed exchange	0	293	293	United Kingdom	Technology services: transaction processors	
Debenhams plc	09-Apr-20	Placed Under Administration	249	327	576	United Kingdom	Retail: department stores	Ca
O1 Properties Limited	14-Apr-20	Missed interest payment	350	0	350	Russia	Real estate finance: reit	Caa2
Solocal Group S.A.	16-Apr-20	Missed interest payment	398	0	398	France	Media publishing: books	C
Solocal Group S.A.	16-Apr-20	missed interest payment	0	59	59	France	Media publishing: books	C
KCA Deutag Alpha Ltd	01-May-20	Missed interest payment	935	0	935	United Kingdom	Energy: Oil Services - Drilling	Ca
KCA Deutag Alpha Ltd	01-May-20	Missed interest payment	375	0	375	United Kingdom	Energy: Oil Services - Drilling	Ca
NMC Health plc	28-May-20	chapter 15	760	1339	2099	United Arab Emirates	Healthcare: Medical Services	Ba1
Petra Diamonds Limited	31-May-20	Missed interest payment	650	0	650	South Africa	Metals & Mining: Metal Mining	Caa1
Missouri TopCo Limited	09-Jun-20	Distressed Exchange	64	0	64	United Kingdom	Retail : Specialty	Caa1
Missouri TopCo Limited	09-Jun-20	Distressed Exchange	453	65	518	United Kingdom	Retail : Specialty	Caa1
Takko Fashion S.a r.l.	11-Jun-20	Distressed Exchange	580	0	580	Germany	Retail : Department Stores	Caa1
TP Financing 3 Limited	15-Jun-20	Missed interest payment	360	0	360	United Kingdom	Service : Consumer	Caa2
TP Financing 3 Limited	15-Jun-20	Missed interest payment	0	68	68	United Kingdom	Service : Consumer	Caa2
Wirecard AG	25-Jun-20	Bankruptcy	561	1766	2327	Germany	Technology services: Transaction processors	
Deoleo S.A.	24-Jun-20	Distressed exchange	0	648	648	Spain	Consumer Products : Pckd Food	Ca
Seadrill Operating LP	20-Jul-20	Distressed Exchange	0	2600	2600	United Kingdom	Energy: Oil Services	C
ColourOz MidCo	07-Aug-20	Distressed Exchange	0	2009	2009	Luxembourg	Chemicals: Specialty Chemical	Caa2
Hema B.V.	15-Aug-20	Missed interest payment	888	0	888	Netherlands	Retail: Specialty	Caa2
Hema B.V.	19-Aug-20	chapter 11	0	83	83	Netherlands	Retail: Specialty	Caa2
Nostrum Oil & Gas Plc	25-Aug-20	Missed interest payment	725	0	725	Kazakhstan	Energy: Oil & gas - expln & prodn	B3
Nostrum Oil & Gas Plc	16-Sep-20	Missed interest payment	400	0	400	Kazakhstan	Energy: Oil & gas - expln & prodn	B3
PizzaExpress Financing 1 plc	31-Aug-20	Missed interest payment	887	0	887	United Kingdom	Restaurants: Family Dining	Caa2
Distribuidora Internacional de Alimentacion	07-Sep-20	Distressed Exchange	266	0	266	Spain	Retail: Food & Grocery	Caa2
Petroleum Geo-Services ASA	18-Sep-20	Distressed Exchange	0	135	135	Norway	Energy: Oil Services	B3
Garrett Motion Inc.	20-Sep-20	chapter 11	350	1239	1589	Switzerland	Automotive: Parts	B2
Technicolor S.A.	22-Sep-20	Distressed Exchange	0	1445	1445	France	Services: Business	B2

Toro Private Holdings II, Limited	25-Sep-20	Distressed Exchange	0	1900	1900	United Kingdom	Technology Services: Transaction Processors	B3
Cassini SAS	30-Sep-20	Missed interest payment	0	566	566	France	Services: Business	B2
SAS AB	23-Oct-20	Distressed Exchange	2250	0	2250	Sweden	Transportation services: Airline	B3
Selecta Group B.V.	29-Oct-20	Distressed Exchange	1743	0	1743	United Kingdom	Services: Business	Caa1
Codere S.A.	30-Oct-20	Distressed Exchange	882	0	882	Spain	Gaming: Casinos	Caa2
Pacific Drilling S.A.	30-Oct-20	prepackaged chapter 11	1053	0	1053	Luxembourg	Energy: oil services - drilling	Caa2
New Look Retail Holdings Limited	09-Nov-20	distressed exchange	527	217	744	United Kingdom	Retail: specialty	Caa2
Zellis Holdings Limited	18-Nov-20	distressed exchange	0	383	383	United Kingdom	Technology: software	Ca
Crown UK Holdco Limited	26-Nov-20	distressed exchange	0	111	111	United Kingdom	Leisure & entertainment: movie theatres	B3
Bahia De Las Isletas, S.L.	30-Nov-20	missed interest payment	0	0	0	Spain	Transportation services: maritime	Caa1
Europcar Mobility Group S.A.	30-Nov-20	missed interest payment	536	0	536	France	Services: rental services	B3
Europcar Mobility Group S.A.	30-Nov-20	missed interest payment	729	0	729	France	Services: rental services	B3
Europcar Mobility Group S.A.	30-Nov-20	missed interest payment	0	774	774	France	Services: rental services	B3
Naviera Armas, S.A.	30-Nov-20	missed interest payment	363	0	363	Spain	Transportation services: maritime	Caa1
Naviera Armas, S.A.	30-Nov-20	missed interest payment	276	0	276	Spain	Transportation services: maritime	Caa1
Swissport Group S.a r.l.	21-Dec-20	distressed exchange	870	1252	2122	Switzerland	Services: business	Caa2
Total			18,814	18,038	36,851			

Source: Moody's Investors Service

[Download latest monthly default report](#); [Download our approach to evaluating distressed exchanges](#)

B3 negative and lower

Exhibit 3

List of issuers rated B3 negative and lower as of 31 January 2021

As of 31 December 2020, the percentage of issuers rated B3 negative and below (PDR) decreased marginally to 21.0% compared with 21.1% in December 2020, and remains below the all-time high of 24.2% in June 2020.

Company	PDR / Outlook	Total Outstanding (rated debt)	Industry	Country
ZCMC	B3-PD / DEV	0	Metals & Mining	Armenia
Outokumpu	B3-PD / NEG	281	Metals & Mining	Finland
Evoca	B3-PD / NEG	660	Manufacturing	Italy
NSAL	B3-PD / NEG	975	Transportation Services	Greece
IDEMIA Group	B3-PD / NEG	2,654	Manufacturing	France
THY	B3-PD / NEG	900	Transportation Services	Turkey
Perstorp	B3-PD / NEG	1,072	Chemicals	Sweden
Marcolin	B3-PD / NEG	281	Consumer Products	Italy
Grupo Antolin	B3-PD / NEG	731	Automotive	Spain
Nordex	B3-PD / NEG	309	Manufacturing	Germany
WSA	B3-PD / NEG	1,722	Healthcare	Denmark
Wittur	B3-PD / NEG	935	Manufacturing	Germany
Balta	B3-PD / NEG	326	Consumer Products	Belgium
eDreams	B3-PD / NEG	478	Services	France
Norican	B3-PD / NEG	370	Manufacturing	Denmark
Schenck Process Group	B3-PD / NEG	605	Manufacturing	Germany
Planet	B3-PD / NEG	429	Services	Ireland
Lowen Play	B3-PD / NEG	44	Gaming	Germany
Pure Gym	B3-PD / NEG	655	Services	United Kingdom
Axilone	B3-PD / NEG	478	Packaging	France
Awaze	B3-PD / NEG	1,086	Lodging	United Kingdom
Laird	B3-PD / NEG	883	Manufacturing	United Kingdom
VFS	B3-PD / NEG	704	Services	United Arab Emirates
Stow	B3-PD / NEG	630	Manufacturing	France
INNIO	B3-PD / NEG	2,042	Manufacturing	Austria
Nemera	B3-PD / NEG	496	Healthcare	France
Amer Sports	B3-PD / NEG	2,081	Consumer Products	Finland
Roehm	B3-PD / NEG	2,047	Chemicals	Germany
Areas	B3-PD / NEG	1,458	Services	Spain
Forgital	B3-PD / NEG	595	Aircraft & Aerospace	Italy
Merlin	B3-PD / NEG	862	Leisure & Entertainment	United Kingdom
Schoeller	B3-PD / NEG	281	Packaging	Netherlands
Breitling	B3-PD / NEG	645	Consumer Products	Switzerland
Vermaat	B3-PD / NEG	402	Services	Netherlands
Aernnova	B3-PD / NEG	490	Aircraft & Aerospace	Spain
Vistajet	B3-PD / UR Down	700	Services	United Arab Emirates
Atalian	Caa1-PD / POS	1,377	Services	France
Parts Holding Europe	Caa1-PD / POS	1,068	Whsl Dstrbtn	France
Pro-Gest	Caa1-PD / POS	281	Forest Products	Italy
TUI	Caa1-PD / STA	337	Lodging	Germany
Solocal	Caa1-PD / STA	447	Media Publishing	France
EnQuest	Caa1-PD / STA	677	Energy	United Kingdom
Hurtigruten	Caa1-PD / STA	832	Leisure & Entertainment	Norway
Keter	Caa1-PD / STA	1,366	Consumer Products	Netherlands
Navico	Caa1-PD / STA	285	Consumer Products	Norway
Holland And Barrett	Caa1-PD / STA	1,122	Retail	United Kingdom
Zellis	Caa1-PD / STA	374	Technology	United Kingdom
KME	Caa1-PD / STA	337	Manufacturing	Germany

Italmatch	Caa1-PD / STA	731	Chemicals	Italy
Lernen	Caa1-PD / STA	1,006	Services	United Kingdom
AML	Caa1-PD / STA	1,096	Automotive	United Kingdom
Bering III	Caa1-PD / STA	433	Natural Products Processor	Spain
Inspired Entertainment	Caa1-PD / STA	264	Technology Services	United Kingdom
Altera Infrastructure	Caa1-PD / STA	700	Energy	Norway
Synamedia	Caa1-PD / STA	299	Telecommunications	United Kingdom
SGL	Caa1-PD / NEG	281	Chemicals	Germany
Matalan	Caa1-PD / NEG	600	Retail	United Kingdom
Navios Holdings	Caa1-PD / NEG	955	Transportation Services	Greece
Tullow	Caa1-PD / NEG	1,450	Energy	Ghana
Travelodge	Caa1-PD / NEG	631	Lodging	United Kingdom
Flint	Caa1-PD / NEG	2,033	Chemicals	Germany
Selecta	Caa1-PD / NEG	1,827	Services	Switzerland
Novafives	Caa1-PD / NEG	675	Manufacturing	France
Douglas	Caa1-PD / NEG	377	Retail	Germany
Parkdean	Caa1-PD / NEG	835	Leisure & Entertainment	United Kingdom
PortAventura	Caa1-PD / NEG	691	Leisure & Entertainment	Spain
Praesidiad	Caa1-PD / NEG	449	Manufacturing	United Kingdom
Clarion	Caa1-PD / NEG	906	Services	United Kingdom
Olympic	Caa1-PD / NEG	237	Gaming	Latvia
Imagina	Caa1-PD / NEG	1,012	Media	Spain
Shelf Drilling	Caa1-PD / NEG	900	Energy	United Arab Emirates
VAC	Caa1-PD / NEG	255	Manufacturing	Germany
WFS	Caa1-PD / NEG	742	Services	Netherlands
Hotelbeds	Caa1-PD / NEG	1,821	Services	United Kingdom
B&B Hotels	Caa1-PD / NEG	1,082	Lodging	France
Parques	Caa1-PD / NEG	1,170	Leisure & Entertainment	Spain
Lecta	Caa1-PD / NEG	282	Forest Products	United Kingdom
Telepizza	Caa2-PD / POS	377	Restaurants	Spain
Technicolor	Caa2-PD / STA	680	Technology	France
Takko	Caa2-PD / STA	561	Retail	Germany
FQM	Caa2-PD / STA	3,800	Metals & Mining	Canada
Hema	Caa2-PD / STA	142	Retail	Netherlands
PGS	Caa2-PD / NEG	873	Energy	Norway
Gategroup	Caa2-PD / NEG	250	Services	Switzerland
IDH	Caa2-PD / NEG	764	Healthcare	United Kingdom
Vue	Caa2-PD / NEG	1,296	Leisure & Entertainment	United Kingdom
Heide	Caa2-PD / NEG	281	Energy	Germany
V.Group	Caa2-PD / NEG	526	Services	United Kingdom
McLaren	Caa2-PD / NEG	813	Automotive	United Kingdom
Pronovias	Caa2-PD / NEG	287	Consumer Products	Italy
MB Aerospace	Caa2-PD / NEG	305	Aircraft & Aerospace	United States
A&O Hotel & Hostel	Caa2-PD / NEG	377	Lodging	Germany
Cineworld	Caa2-PD / NEG	573	Leisure & Entertainment	United Kingdom
Yell	Caa2-PD / NEG	236	Media Publishing	United Kingdom
Travelport	Caa2-PD / NEG	3,450	Technology Services	United Kingdom
TAP	Caa2-PD / NEG	405	Transportation Services	Portugal
Navios Acquisition	Caa2-PD / UR Down	675	Transportation Services	Greece
Codere	Caa3-PD / STA	990	Gaming	Spain
RussNeft	Caa3-PD / NEG	0	Energy	Russia
Arvos	Caa3-PD / NEG	429	Manufacturing	Germany
Lumileds	Caa3-PD / NEG	1,883	Manufacturing	Netherlands
DIA	Caa3-PD / NEG	675	Retail	Spain
Doncasters	Caa3-PD / NEG	1,093	Manufacturing	United Kingdom
OHL	Ca-PD / NEG	795	Constr & Engineering Serv	Spain
Intralot	Ca-PD / NEG	847	Technology Services	Greece

Europcar	Ca-PD / NEG	1,180	Services	France
Nostrum	Ca-PD / NEG	1,125	Energy	Kazakhstan
Petra Diamonds	Ca-PD / NEG	650	Metals & Mining	South Africa
Naviera	Ca-PD / NEG	640	Transportation Services	Spain
Ferroglobe	Ca-PD / NEG	350	Manufacturing	United Kingdom
Cassini	Ca-PD / NEG	772	Services	France
O1	C-PD / STA	3,063	Real Estate Finance	Cyprus
Total		92,708		

Note: new additions to the list during the month are highlighted in blue.

Source: Moody's Investors Service

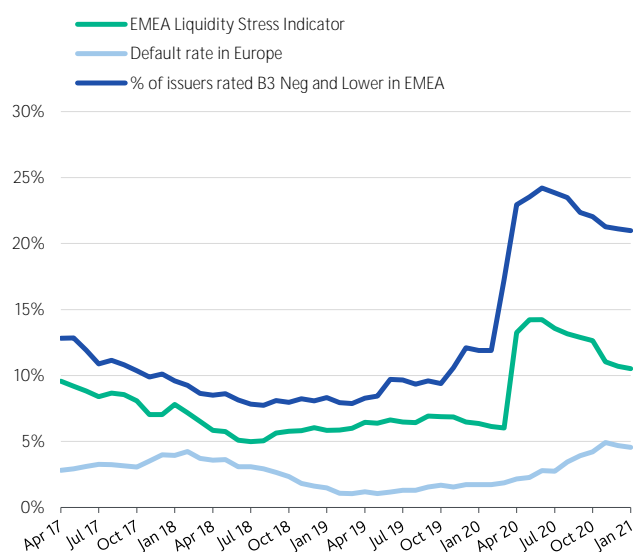
Speculative-grade liquidity

EMEA Liquidity Stress Index (LSI) remains abnormally high

The EMEA LSI – the percentage of speculative-grade companies with the weakest liquidity profile (SGL 4) – decreased marginally to 10.5% in January 2021 from 10.7% in December 2020, and has eased off from its all-time high of 14.2% in June 2020. However, it remains well above its level of around 6% before the coronavirus outbreak.

The LSI in the US decreased to 4.6% in December 2020 from 5.3% in November 2020. The LSI for Asia decreased to 31.9% in January 2021 from 32.6% in December 2020. We believe that LSI trends are a more significant indicator for predicting default rates than absolute levels.

Exhibit 4
Corporate liquidity continues to improve in Europe over last months



Source: Moody's Investors Service

Classification of SGL scores

Speculative grade liquidity is categorised in one of four ways, as described below:

- » **SGL 1:** Very good liquidity. Most likely to meet obligations over the coming 12 months through internal resources without relying on external sources of committed financing.
- » **SGL 2:** Good liquidity. Likely to meet obligations during the coming 12 months through internal resources but may rely on external sources of committed financing. The issuer's ability to access committed financing is highly likely, based on Moody's evaluation of near-term covenant compliance.
- » **SGL 3:** Adequate liquidity. Expected to rely on external sources of committed financing. Based on Moody's evaluation of near term covenant compliance there is only a modest cushion, and the issuer may require covenant relief in order to maintain orderly access to funding lines.
- » **SGL 4:** Weak liquidity. Relies on external sources of financing and the availability of that financing is, in Moody's opinion, highly uncertain.

Access latest [EMEA SGL Monitor](#), [US SGL Monitor](#) and [Asian Liquidity Stress Indicator](#)

Speculative-grade liquidity

As of 31 January 2021

Exhibit 5
Liquidity profiles are stabilising
Distribution of SGL overall scores

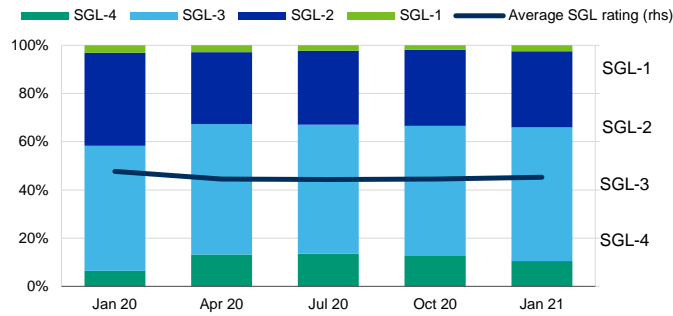


Exhibit 6
Weakest companies also have weakest liquidity profiles
SGL overall scores by Corporate Family Rating

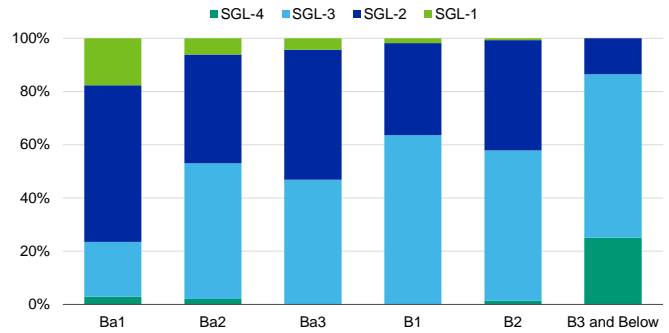


Exhibit 7
Transportation services has the highest proportion of SGL-4s
SGL overall scores by industry

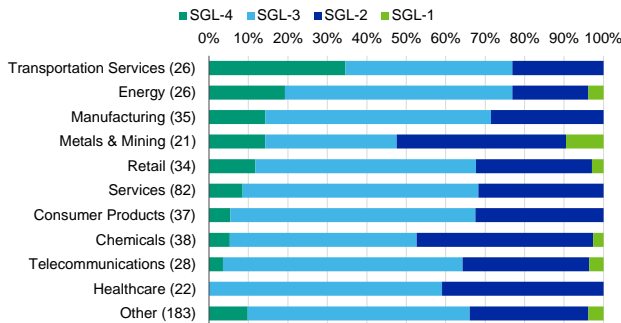


Exhibit 8
SGL-4s diversified
SGL overall scores by type

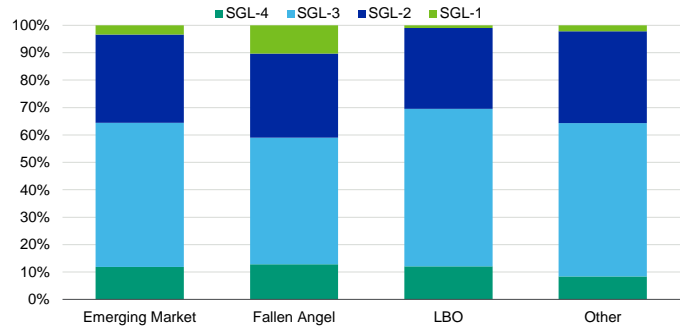
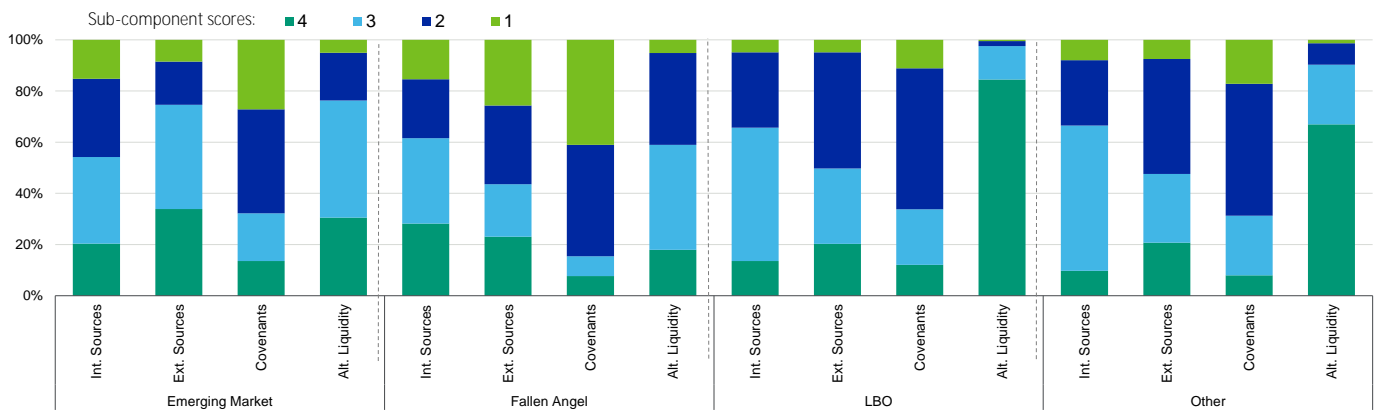


Exhibit 9
LBOs have limited ability to raise alternative funding, but otherwise mostly adequate liquidity
Distribution of SGL sub component scores



Source: Moody's Investors Service

Speculative-grade universe

As of 31 January 2021

Exhibit 10

Average CFR has decreased materially since March 2019
Development of speculative-grade Corporate Family Ratings

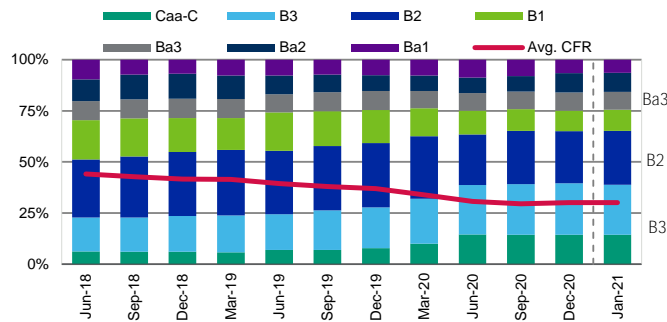


Exhibit 11

Negative outlooks remain high
Development of speculative-grade corporate rating outlooks

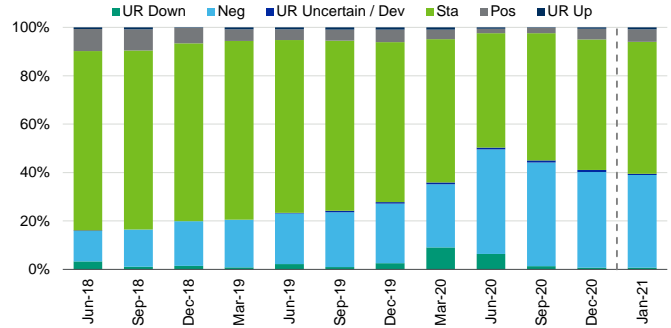


Exhibit 12

Speculative-grade issuer count decreases marginally
Development of speculative-grade CFRs by type

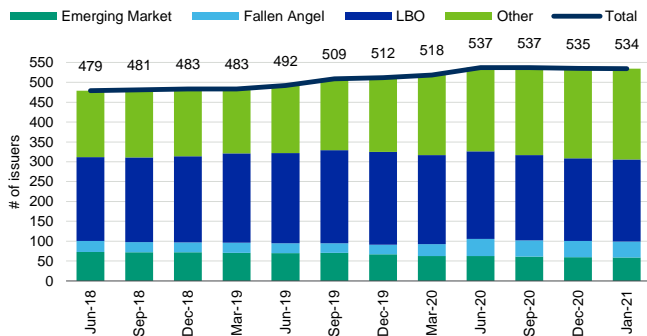


Exhibit 13

LBOs dominate B2 and lower ratings
Distribution of speculative-grade companies by CFR and type

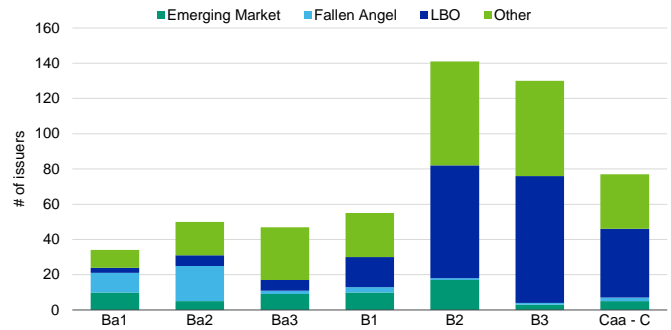


Exhibit 14

Spec-grade universe diversified
Number of speculative-grade companies by country

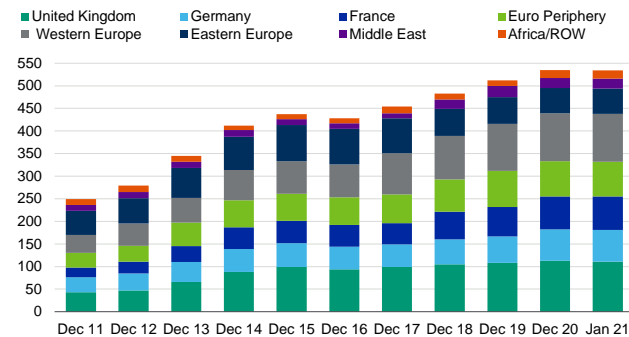
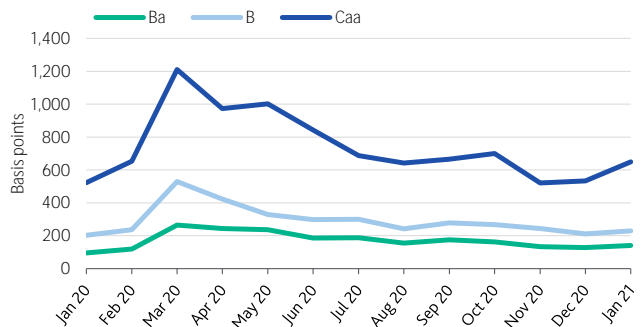


Exhibit 15

Spreads rising for Caa in January
European high-yield bond CDS spreads



Source: Moody's Investors Service

Leveraged Loan Dashboards

Speculative-grade loan issuance (publicly rated loans and PMLRs*)

As of 31 January 2021

Exhibit 1

Bonds/loans neck and neck in Jan '21

Monthly speculative-grade issuance: bonds vs. loans

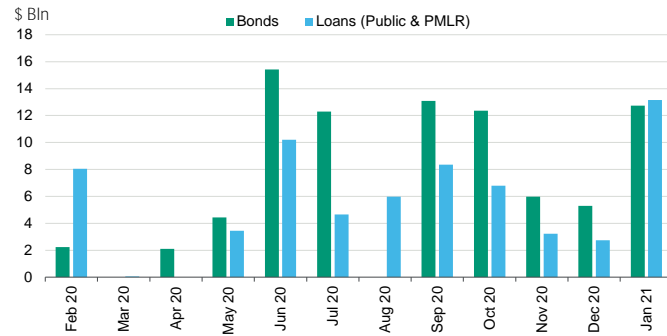


Exhibit 2

Loans marginally exceed bonds in Jan '21

Cumulative speculative-grade issuance: bonds vs. loans

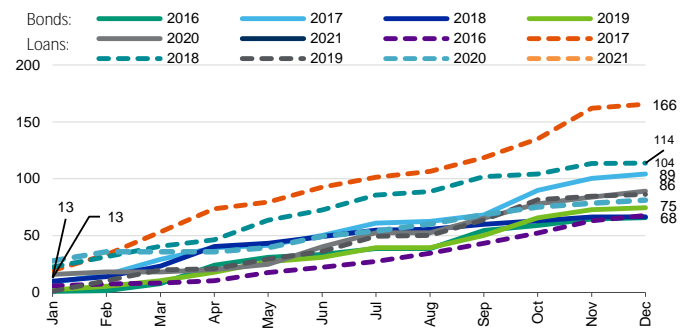
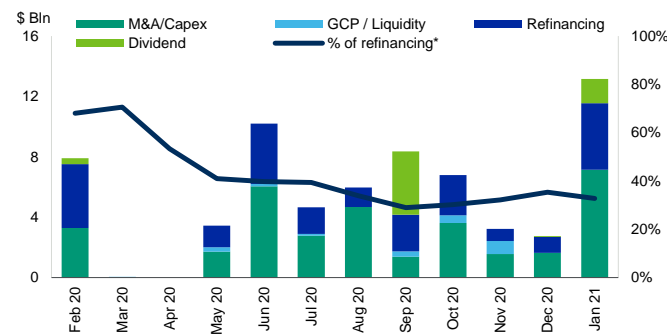


Exhibit 3

M&A and refi activity support volumes

Rated speculative-grade loan issuance by main purpose

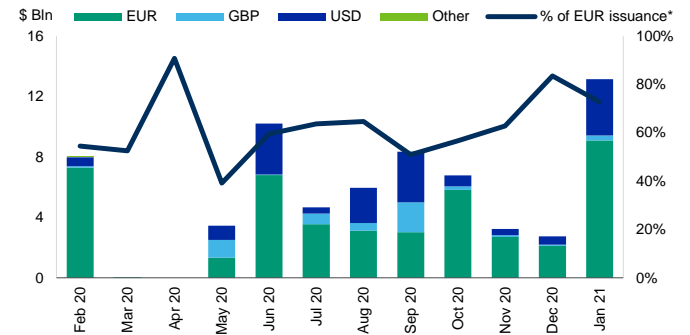


*Quarterly trailing % of refinancing (rhs)

Exhibit 4

Issuance across currencies, but mostly euro

Rated speculative-grade loan issuance by currency



*Quarterly trailing % of EUR issuance (rhs)

Exhibit 5

Germany leads LTM issuance tables

Rated speculative-grade loan issuance by country

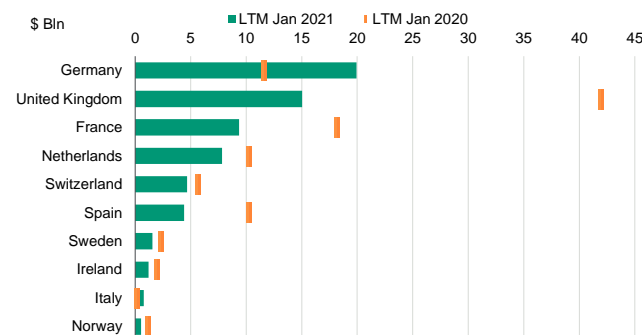
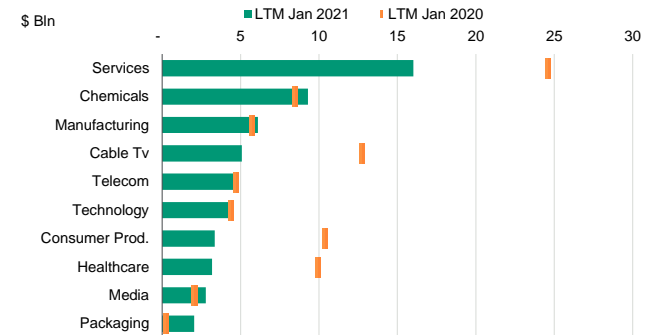


Exhibit 6

Services most active

Rated speculative-grade loan issuance by industry



Source: Moody's Investors Service; *PMLR = private monitored loan rating;

Speculative-grade loan issuance (publicly rated loans and PMLRs*)

As of 31 January 2021

Exhibit 7

B-rated companies lead the way

Rated speculative-grade loan issuance by Corporate Family Rating

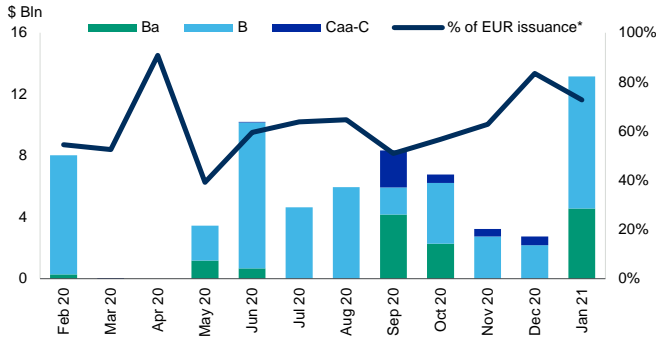
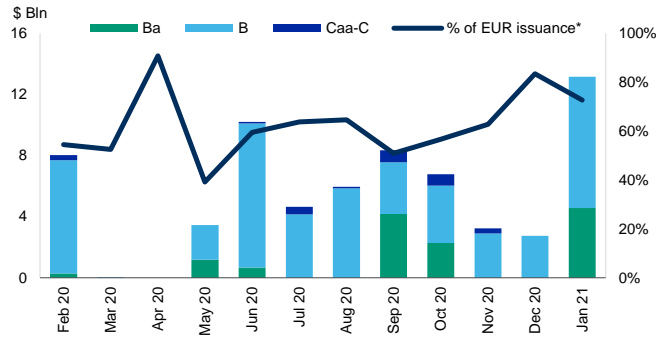


Exhibit 8

B-rated loan segment most active

Rated speculative-grade loan issuance by instrument rating



Quarterly trailing % of EUR issuance (rhs)

Exhibit 9

Mostly stable and negative outlooks consistent with public universe

Outlook distribution of PMLR universe

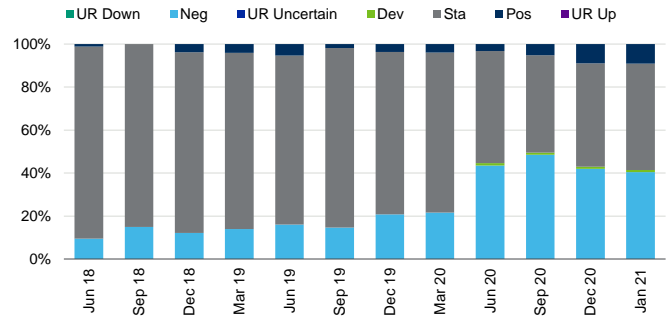


Exhibit 10

PMLRs positioned predominantly at B2 and B3

Distribution of PMLRs

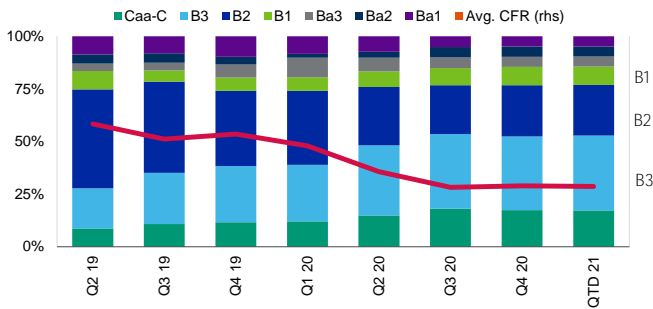
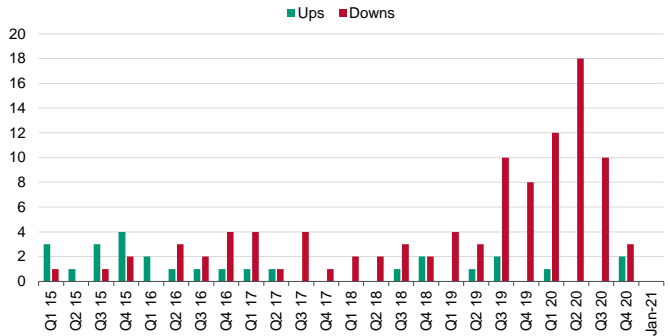


Exhibit 11

More PMLR downgrades than upgrades in LTM

PMLR upgrades and downgrades



Source: Moody's Investors Service; *PMLR = private monitored loan rating;

Collateralised loan obligations

Cov-loose CLOs expand risks for noteholders

Access the latest [CLO Interest](#) for research around CLOs.

Excerpt from this [report](#).

- » **European broadly syndicated loan (BSL) collateralised loan obligation (CLO) issuance increased in Q4 2020.** We rated 17 BSL CLOs that closed in Q4 with a total par of €5.7 billion, up from four deals totalling €1.2 billion in Q3 2020.
- » **BSL CLO performance metrics improved in Q4 2020.** The credit quality of CLO 2.0s as measured by the weighted average rating factor (WARF) improved in Q4 2020, falling by 69 points to 3250. The median exposure to Caa-rated assets decreased by 10 bps to 6.3%, while the median exposure to defaulted assets fell to 0.0%. Median senior over-collateralisation (OC) increased slightly by 8 bps to 138.41%, while junior OC levels remained flat at 110.64%.

Exhibit 12

Moody's European CLO credit trends dashboard

	2008	2009	Q3 2020	Q4 2020	LT Avg	DATA/SOURCE
MACRO/MARKET						
Euro Area Systemic Stress Indicator	0.43	0.25	0.18	0.10	0.12	European Central Bank
Leveraged Loan Prices	59.8	88.9	97.0	99.0	98.7	LPC Euro Top 40 Composite from Refinitiv
Median Single B CDS Spread (bps)	986	382	279	211	302	Moody's data on Single B CDS
CORPORATE CREDIT						
Liquidity Stress Indicator (LSI)	*	*	12.9%	10.7%	10.6%	Moody's Liquidity Stress Indicator
European SG default rate	8.7%	6.8%	3.9%	4.7%	2.8%	Moody's European speculative-grade default rate
B3 negative and lower	*	0.0%	22.3%	21.1%	11.6%	Moody's data on issuance rated B3 negative outlook and below
DNG/UPG Ratio	*	3.0	5.1	3.0	1.5	Moody's data on quarterly trailing Downgrade/Upgrade ratio
CLO COLLATERAL						
CLO 2.0 Exposure to ratings = Caa	*	*	6.4%	6.3%	1.4%	Moody's data on European CLO 2.0s Median Caa Bucket
CLO 2.0 Exposure to defaults	*	*	0.0%	0.0%	0.0%	Moody's data on European CLO 2.0s Median Default Bucket
CLO 2.0 WARF	*	*	3319	3250	2713	Moody's data on European CLO 2.0s Median WARF Bucket

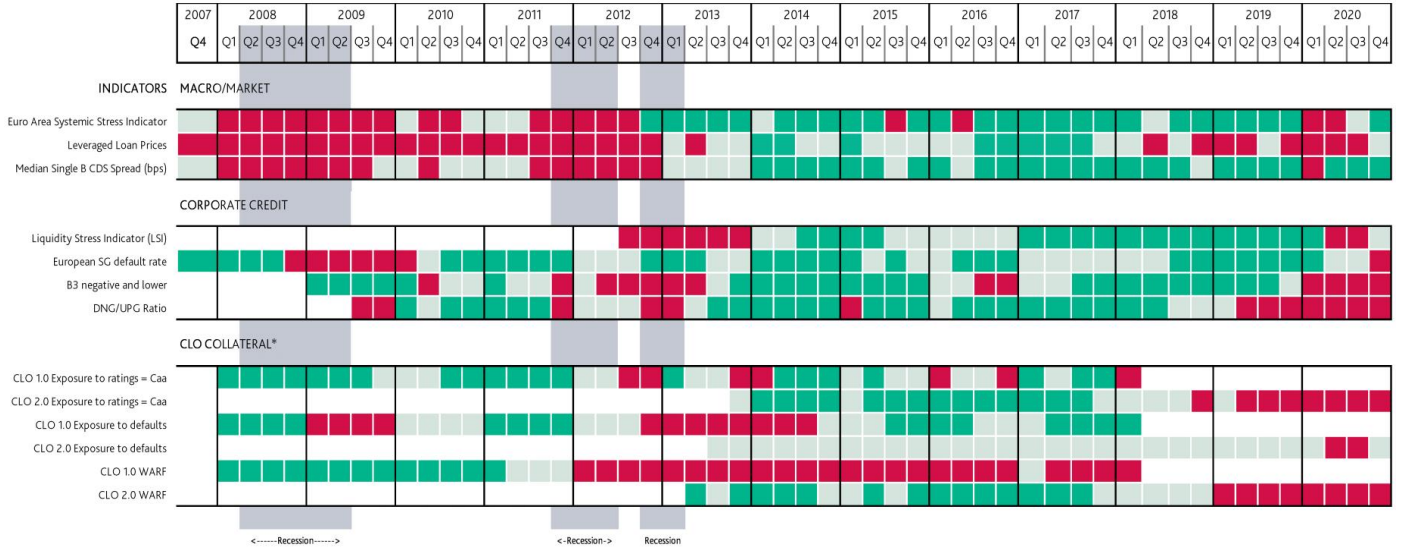
■ Positive ■ Stable ■ Negative

The long-term average (LT Avg) corresponds to the median of each series

Sources: Monthly trustee reports, Refinitiv, European Central Bank and Moody's Investors Service

Exhibit 13

Moody's European CLO credit trends heat map



*Given the small size of the remaining CLO 1.0 universe, we now exclude them from our analysis. The CLO 1.0 WARF, Caa and default data have been kept to provide a historical reference only, but will no longer be populated going forward.

Sources: Monthly trustee reports, Refinitiv, European Central Bank and Moody's Investors Service

High-Yield Bond Dashboards

Speculative-grade bond issuance

As of 31 January 2021

Exhibit 1

Issuance jumps in January Speculative-grade bond issuance by CFR

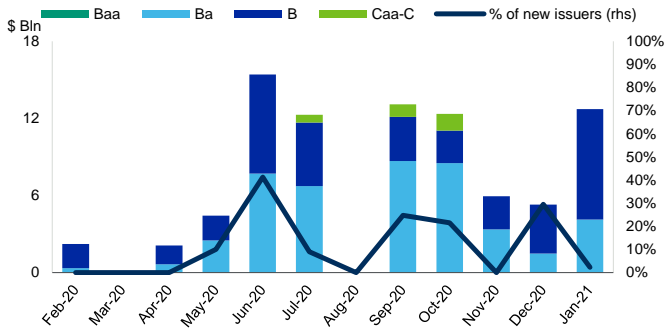
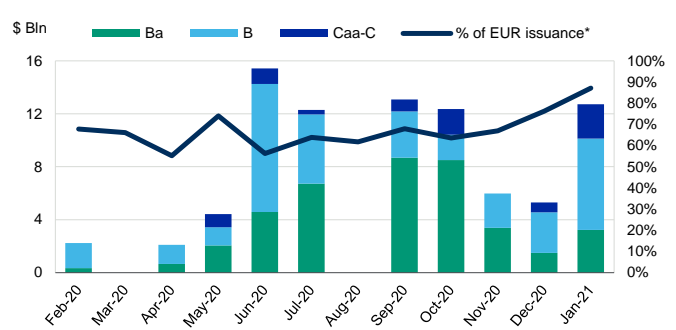


Exhibit 2

B issuance dominates in January Speculative-grade bond issuance by instrument rating



*Quarterly trailing % of EUR issuance (rhs)

Exhibit 3

Lower issuance level compared with Jan '20 Cumulative speculative-grade bond issuance

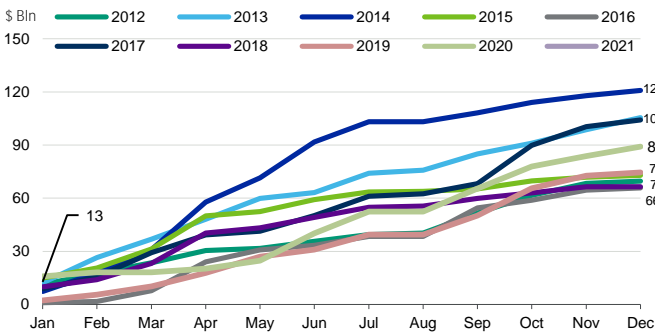
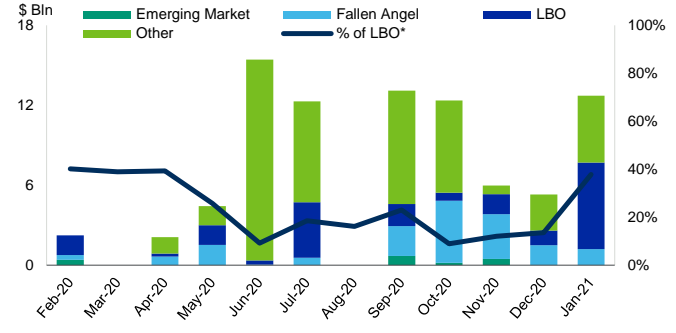


Exhibit 4

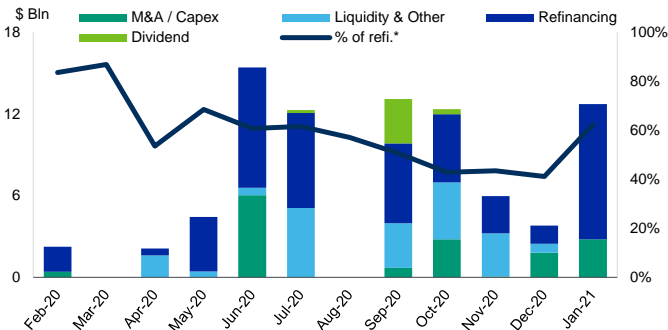
Higher activity across the board in established markets Speculative-grade bond issuance by type



*Quarterly trailing % LBO (rhs)

Exhibit 5

Refinancings continue to drive activity Speculative-grade bond issuance by main purpose

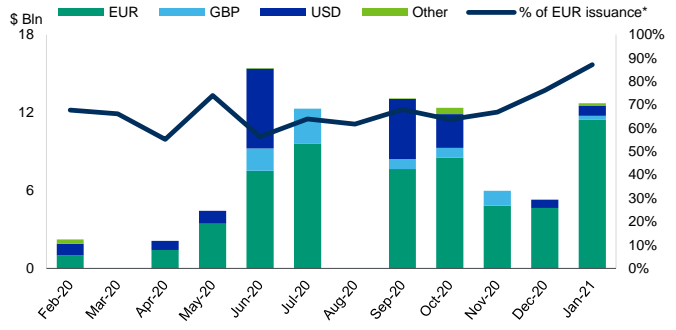


*Quarterly trailing % of refinancing (rhs)

Source: Moody's Investors Service

Exhibit 6

Markets active mostly in euros Speculative-grade bond issuance by currency



*Quarterly trailing % of EUR issuance (rhs)

Speculative-grade bond issuance

As of 31 January 2021

Exhibit 7

Slightly increasing average tenor in Jan '21 Speculative-grade bond issuance by tenor

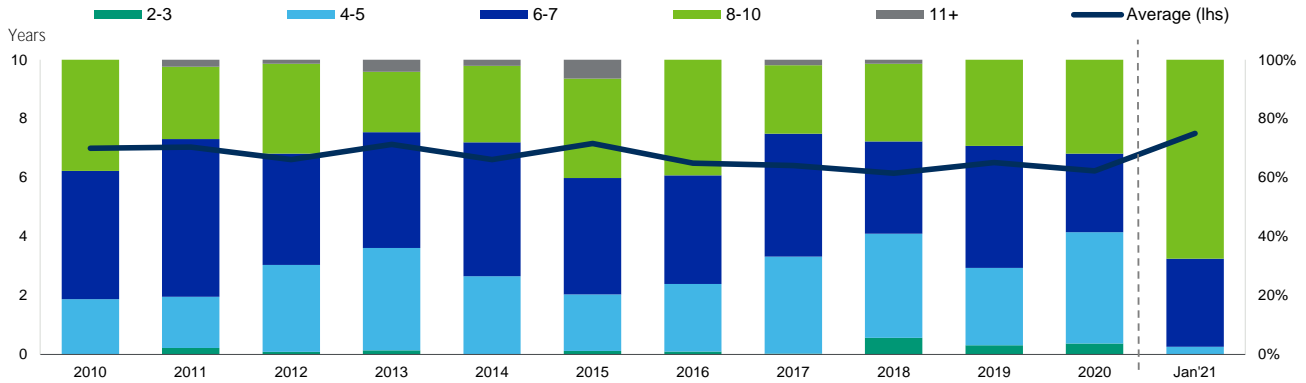


Exhibit 8

Mix of secured and unsecured issuance in January Speculative-grade bond issuance by seniority

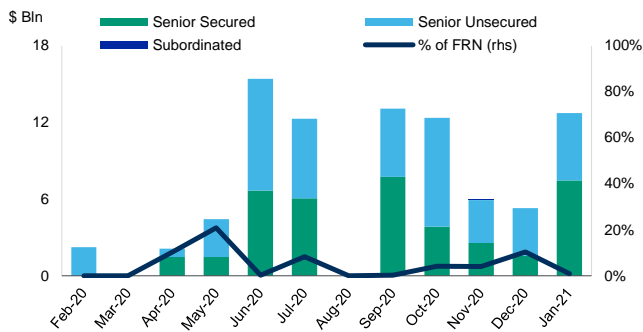


Exhibit 9

Non-call periods continues to increase Speculative-grade bond issuance by non-call period

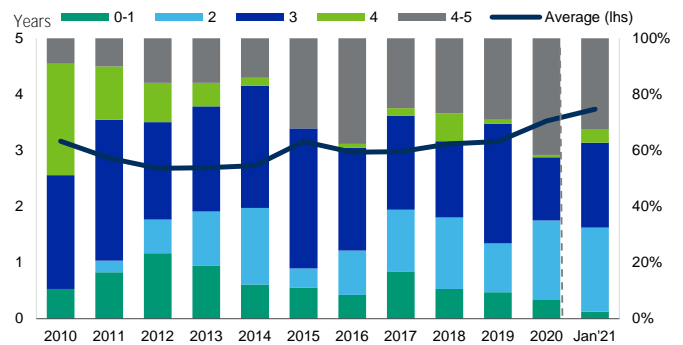


Exhibit 10

UK companies lead LTM issuance Speculative-grade bond issuance by country (LTM)

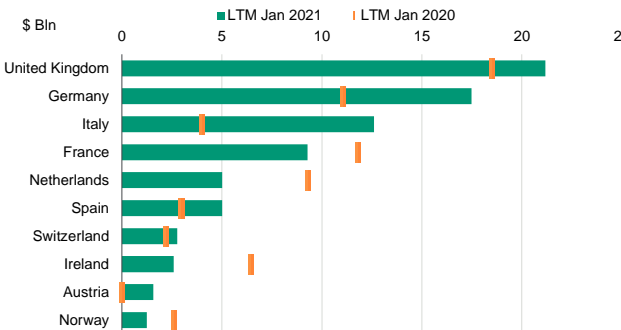
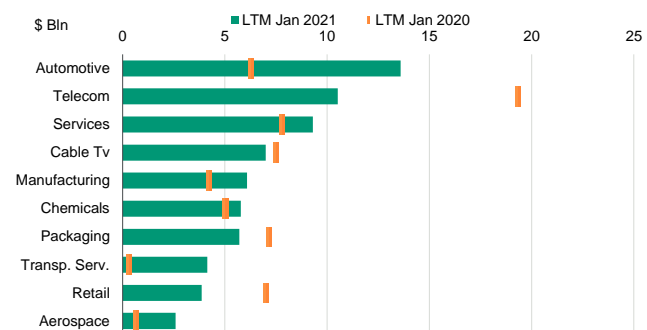


Exhibit 11

Automotive lead LTM issuance Speculative-grade bond issuance by industry (LTM)



Source: Moody's Investors Service, FactSet

Selected speculative-grade bond issuance

Exhibit 12

Selected high yield bond issuance (last 12 months ending 31 January 2021)

*Note: The colour of the current month pricing indicates month on month price and yield movement; whereby, green is a positive movement and red is negative.

Industry	Issuer Name	Country	CFR / Outlook as of 31 Jan 21	Bond rating as of instrument assignment date	Amount (mil)	Coupon	Maturity	Bid Price			Yield-To-Maturity (Bid)			
								Initial Rating Date	At initial rating	31 Dec 20	31 Dec 20	31 Jan 21	31 Dec 20	31 Jan 21
Aerospace	Rolls-Royce	United Kingdom	Ba3 / NEG	Ba3	1000 USD	5.75%	Oct 2027	9 Oct 20	101.0	110.8	107.0	5.57%	3.93%	4.53%
				Ba3	750 EUR	4.625%	Feb 2026	9 Oct 20	100.2	108.0	106.3	4.52%	2.83%	3.19%
				Ba3	545 GBP	5.75%	Oct 2027	9 Oct 20	100.3	110.5	108.3	5.65%	3.89%	4.25%
	Signature	United Kingdom	Ba3 / UR Down	Ba2	650 USD	4.0%	Mar 2028	28 Oct 19	99.6	100.7	101.9	4.06%	3.89%	3.69%
Automotive	Faurecia	France	Ba2 / STA	Ba1	500 EUR	3.125%	Jun 2026	11 Mar 19	101.1	102.8	102.7	2.91%	2.51%	2.53%
				Ba1	700 EUR	2.375%	Jun 2027	13 Nov 19	203.2	201.5	201.6	4.21%	4.35%	4.36%
				Ba1	700 EUR	2.375%	Jun 2027	13 Nov 19	203.2	201.5	201.6	4.21%	4.35%	4.36%
				Ba2	700 EUR	3.75%	Jun 2028	28 Jul 20	101.4	104.9	105.1	3.50%	2.95%	2.93%
	JLR	United Kingdom	B1 / NEG	B1	500 EUR	5.875%	Nov 2024	20 Nov 19	102.3	101.6	106.5	5.13%	5.18%	3.90%
				B1	300 EUR	6.875%	Nov 2026	20 Nov 19	103.4	102.3	109.7	6.20%	6.24%	4.82%
				B1	700 USD	7.75%	Oct 2025	6 Oct 20	101.3	107.8	108.5	7.43%	5.86%	5.66%
	Peugeot	France		Ba1	650 EUR	2.0%	Mar 2025	15 Mar 18	99.4	106.2	106.5	2.06%	0.44%	0.37%
	Renault	France	Ba2 / NEG	Ba2	1000 EUR	2.375%	May 2026	17 Nov 20	101.1	101.1	101.4	2.13%	2.09%	2.03%
	Schaeffler	Germany	Ba1 / STA	Ba1	750 EUR	2.75%	Oct 2025	8 Oct 20	99.7	105.8	106.0	2.74%	1.41%	1.36%
				B2	750 EUR	3.375%	Oct 2028	8 Oct 20	100.2	110.0	110.0	3.29%	1.92%	1.92%
	Schaeffler Group	Germany	Ba2 / NEG	Ba1	800 EUR	3.625%	May 2025	21 May 19	101.0	101.9	102.1	-0.21%	3.07%	3.04%
				Ba1	500 EUR	3.875%	May 2027	21 May 19	99.1	103.7	103.5	0.09%	3.15%	3.18%
				Ba1	400 USD	6.375%	May 2029	21 May 19	98.4	110.0	110.0	0.17%	4.90%	4.89%
	Stellantis	Italy	WR	Ba1	450 USD	6.0%	May 2027	3 Jun 19	101.0	106.0	106.2	-0.13%	4.88%	4.85%
				Ba2	1250 EUR	3.875%	Jan 2026	2 Jul 20	104.5	113.6	115.7	2.90%	1.01%	0.59%
				Ba2	1250 EUR	3.375%	Jul 2023	2 Jul 20	103.1	106.5	106.9	2.19%	0.67%	0.48%
Volvo	Sweden	Ba1 / NEG	Ba1	600 EUR	2.125%	Apr 2024	28 Mar 19	101.0	103.0	103.8	1.88%	1.04%	0.82%	
Volvo Car	Sweden	Ba1 / NEG	Ba1	500 EUR	2.5%	Oct 2027	2 Oct 20	100.8	105.7	107.5	2.32%	1.54%	1.28%	
ZF	Germany	Ba1 / NEG	Ba1	500 EUR	2.75%	May 2027	20 Nov 20	102.6	101.6	100.5	2.26%	2.40%	2.60%	
Building Mat.	Profine	Germany	B3 / STA	B3	340 EUR	9.25%	Jul 2025	22 Jun 20	102.2	110.7	110.4	8.40%	6.15%	6.27%
	Wienerberger	Austria	Ba1 / NEG	Ba1	400 EUR	2.75%	Jun 2025	29 May 20	101.7	106.1	107.5	2.29%	1.18%	0.89%
Cable Tv	Liberty	United Kingdom	Ba3 / STA	Ba3	300 GBP	5.25%	May 2029	8 May 19	99.0	107.7	108.1	5.33%	4.09%	4.02%
				Ba3	825 USD	5.5%	May 2029	8 May 19	99.5	108.4	107.8	5.57%	4.30%	4.37%

	Virgin Media	United Kingdom	Ba3	400 GBP	4.25%	Jan 2030	3 Oct 19	201.1	205.3	206.3	8.29%	7.67%	7.55%				
				400 GBP	4.25%	Jan 2030	3 Oct 19	201.1	205.3	206.3	8.29%	7.67%	7.55%				
				675 USD	5.0%	Jul 2030	1 Jun 20	96.8	103.8	102.9	5.42%	4.51%	4.62%				
				500 GBP	4.875%	Jul 2028	3 Jun 20	100.3	102.0	102.6	4.77%	4.49%	4.40%				
				500 EUR	3.75%	Jul 2030	8 Jun 20	96.5	101.8	102.3	4.09%	3.49%	3.42%				
				500 USD	5.0%	Jul 2028	10 Jun 20	98.7	104.0	104.5	5.19%	4.37%	4.29%				
				450 GBP	4.125%	Aug 2030	17 Jun 20	100.2	101.8	102.2	4.02%	3.83%	3.79%				
				650 USD	4.5%	Aug 2030	17 Jun 20	102.5	104.5	103.6	4.19%	3.93%	4.05%				
				VodafoneZiggo	Netherlands	B1 / STA	B1	425 EUR	2.875%	Jan 2030	18 Oct 19	102.4	101.8	100.9	2.58%	2.61%	2.71%
							B1	500 USD	4.875%	Jan 2030	18 Oct 19	101.8	105.1	104.8	4.65%	4.19%	4.22%
							B3	500 USD	5.125%	Feb 2030	5 Feb 20	101.5	105.5	104.3	4.93%	4.38%	4.54%
							B3	900 EUR	3.375%	Feb 2030	5 Feb 20	99.5	100.5	99.7	3.42%	3.26%	3.38%
							B2	700 EUR	2.875%	Jan 2029	7 Dec 20	199.0	198.9	197.5	5.78%	5.75%	6.00%
				Chemicals	Ineos	United Kingdom	Ba3 / NEG	Ba1	770 EUR	2.875%	May 2026	8 Apr 19	99.5	101.2	101.3	2.91%	2.56%
Ba2	325 EUR	3.375%	Mar 2026					22 Oct 20	101.0	103.0	103.0	3.12%	2.67%	2.66%			
INEOS Quattro	Germany	Ba3 / NEG	Ba2		600 EUR	2.25%	Jan 2027	14 Jan 20	98.1	96.8	98.0	2.49%	2.75%	2.56%			
			OCI		Netherlands	Ba2 / NEG	Ba3	600 USD	5.25%	Nov 2024	7 Oct 19	103.0	103.9	103.8	4.57%	4.14%	4.16%
Ba3	700 EUR	3.125%					Nov 2024	7 Oct 19	102.2	102.8	102.1	2.60%	2.27%	2.46%			
Petkim	Turkey	B2 / NEG	B1		500 USD	5.875%	Jan 2023	11 Jan 18	101.3	102.1	102.0	5.57%	4.76%	4.80%			
SGL Carbon	Germany	Caa1 / NEG	B2		250 EUR	4.625%	Sep 2024	1 Apr 19	102.8	93.8	97.6	4.01%	6.30%	5.13%			
Starfruit	Netherlands	B2 / STA	Caa1		605 USD	8.0%	Oct 2026	7 Sep 18	101.3	106.3	106.2	7.77%	6.67%	6.67%			
Syngenta	Switzerland	Ba2 / STA	Ba2		750 USD	3.933%	Apr 2021	18 Apr 18	99.9	100.7	100.4	3.96%	1.74%	2.09%			
			Ba2		1000 USD	4.441%	Apr 2023	18 Apr 18	99.4	104.9	103.3	4.58%	2.23%	2.89%			
			Ba2		750 USD	4.892%	Apr 2025	18 Apr 18	97.8	107.3	106.3	5.27%	3.06%	3.27%			
			Ba2		1000 USD	5.182%	Apr 2028	18 Apr 18	96.9	107.2	108.1	5.59%	4.03%	3.89%			
			Ba2		500 USD	5.676%	Apr 2048	18 Apr 18	94.3	103.9	104.5	6.09%	5.40%	5.36%			
			Ba2		140 CHF	0.7%	Dec 2026	28 Feb 20	87.5	94.2	93.7	2.49%	1.51%	1.77%			
			Ba2	200 CHF	0.125%	Dec 2022	28 Feb 20	97.8	98.6	98.4	0.93%	0.66%	0.72%				
			Ba2	500 EUR	3.375%	Apr 2026	9 Apr 20	102.5	108.0	105.8	2.85%	1.73%	2.07%				
			Ba2	265 CHF	1.25%	Oct 2023	5 Oct 20	100.0	100.2	99.7	1.03%	1.04%	1.19%				
			Synthomer	United Kingdom	Ba2 / NEG	Ba2	520 EUR	3.875%	Jul 2025	16 Jun 20	101.6	104.7	104.7	3.45%	2.66%	2.66%	
Construction	Uralkali	Russia	Ba2 / STA	Ba2	500 USD	4.0%	Oct 2024	7 Oct 19	100.0	104.1	104.0	3.99%	2.84%	2.87%			
				DAAR	Saudi Arabia	B1 / STA	B1	400 USD	6.875%	Feb 2027	21 Feb 20	90.2	100.3	99.8	8.68%	6.81%	6.90%
	Dar Al-Arkan	Saudi Arabia	B1 / STA	B1	500 USD	6.875%	Mar 2023	21 Mar 18	99.1	102.0	102.9	7.04%	5.53%	5.28%			
	Saipem	Italy	Ba2 / STA	Ba1	500 EUR	3.375%	Jul 2026	13 Jul 20	99.7	104.2	104.6	3.34%	2.46%	2.36%			
Consumer Prod.	Boparan	United Kingdom	B3 / STA	B3	475 GBP	7.625%	Nov 2025	16 Nov 20	102.3	101.0	102.0	7.01%	7.26%	7.03%			
	Oriflame	Turkey	B1 / NEG	B1	335 USD	9.125%	Aug 2024	22 Jul 19	101.1	105.4	105.5	8.83%	7.36%	7.33%			
B1				475 EUR	6.75%	Aug 2024	22 Jul 19	101.8	103.7	102.0	6.34%	5.39%	5.90%				
Defense	Victoria	United Kingdom	B1 / NEG	B1	330 EUR	5.25%	Jul 2024	16 Jul 19	99.9	103.4	103.5	5.12%	4.06%	4.00%			
	Leonardo	Italy	Ba1 / STA	Ba1	500 EUR	2.375%	Jan 2026	2 Jul 20	100.6	103.8	102.9	2.21%	1.50%	1.66%			
Energy	Aker BP	Norway	Ba1 / STA	Ba2	500 USD	5.875%	Mar 2025	12 Mar 18	101.3	103.6	103.0	5.66%	4.93%	5.06%			
				Ba1	750 USD	4.75%	Jun 2024	10 Jun 19	103.1	103.5	103.0	4.06%	3.67%	3.77%			
				Ba1	500 USD	3.0%	Jan 2025	9 Jan 20	100.9	104.9	102.5	2.80%	1.72%	2.34%			
				Ba1	1000 USD	3.75%	Jan 2030	9 Jan 20	101.3	105.0	106.0	3.60%	3.11%	2.99%			

	CGG-Veritas	France	B3 / STA	B2	280 EUR	7.875%	May 2023	6 Apr 18	104.3	101.5	101.8	6.80%	6.87%	6.71%
	Ithaca	United Kingdom	B1 / NEG	B3	500 USD	9.375%	Jul 2024	8 Jul 19	103.1	97.9	100.3	8.57%	10.08%	9.29%
	Neptune	United Kingdom	Ba3 / STA	B1	550 USD	6.625%	May 2025	16 Dec 19	100.3	98.9	97.8	6.57%	6.91%	7.24%
	Puma Energy	Switzerland	B1 / NEG	Ba2	750 USD	5.0%	Jan 2026	8 Jan 18	99.8	96.3	96.3	4.99%	5.68%	5.78%
	Rubis T	France	Ba3 / STA	B1	410 EUR	5.625%	May 2025	11 May 20	102.7	106.5	106.0	4.88%	3.86%	3.98%
	Seplat	Sweden	B2 / NEG	B2	350 USD	9.25%	Apr 2023	2 Mar 18	99.8	102.8	103.0	9.30%	7.85%	7.69%
	Tullow	United Kingdom	Caa1 / NEG	B3	800 USD	7.0%	Mar 2025	12 Mar 18	100.0	66.5	65.3	7.00%	18.94%	19.71%
Forest Prod.	Smurfit Kappa	Ireland	Ba1 / POS	Ba1	750 EUR	1.5%	Sep 2027	2 Sep 19	100.0	104.5	104.0	1.47%	0.76%	0.85%
	Stora Enso	Finland			300 EUR	2.5%	Mar 2028	19 Mar 18	98.4	114.2	114.9	2.63%	0.44%	0.34%
Gaming	Cirsia	Spain	B3 / STA	B2	663 EUR	6.25%	Dec 2023	15 Jun 18	100.2	99.4	97.7	6.13%	6.19%	6.93%
				B2	550 USD	7.875%	Dec 2023	15 Jun 18	97.7	100.3	98.8	8.40%	7.77%	8.36%
				B2	390 EUR	4.75%	May 2025	7 May 19	101.0	97.3	95.5	4.51%	5.21%	5.86%
				B2	490 EUR	3.625%	Sep 2025	22 Jul 19	100.1	94.3	92.0	3.14%	4.34%	4.95%
	Gamenet	Italy	B1 / NEG	B1	340 EUR	6.25%	Jul 2025	14 Jul 20	99.5	104.0	103.5	6.30%	5.12%	5.26%
	William Hill	United Kingdom	Ba3 / UR Down	Ba1	350 GBP	4.75%	May 2026	23 Apr 19	99.7	110.7	110.5	4.76%	2.46%	2.50%
Healthcare	NMC	United Arab Emirates		Ba1	400 USD	5.95%	Nov 2023	7 Nov 18	100.0	10.0	10.0	5.89%	100.00%	100.00%
Invnt Mgt	Koc Holding	Turkey	B2 / NEG	Ba2	750 USD	6.5%	Mar 2025	6 Mar 19	97.4	108.7	108.7	7.03%	4.21%	4.18%
Leisure	Merlin	United Kingdom		B3	410 USD	6.625%	Nov 2027	7 Oct 19	101.6	103.9	99.9	6.35%	5.93%	6.65%
				B1	500 EUR	7.0%	May 2025	24 Apr 20	100.6	105.3	103.5	6.79%	5.48%	5.95%
Manufacturing	Sisecam	Turkey	B2 / NEG	Ba2	550 USD	6.95%	Mar 2026	1 Mar 19	100.2	111.0	110.6	6.91%	4.54%	4.60%
	ThyssenKrupp	Germany	B1 / DEV	Ba2	1500 EUR	2.875%	Feb 2024	20 Feb 19	99.9	100.5	100.9	2.85%	2.50%	2.46%
				Ba3	1000 EUR	1.875%	Mar 2023	9 Sep 19	100.0	99.8	99.7	1.81%	1.74%	1.88%
Media	Adevinta	Germany	Ba3 / NEG	B2	660 EUR	2.625%	Nov 2025	21 Oct 20	102.3	102.2	102.0	2.09%	2.10%	2.16%
Metals/Mining	ArcelorMittal	United Kingdom	Ba1 / STA	Ba1	500 EUR	0.95%	Jan 2023	4 Dec 17	99.3	100.6	101.0	1.08%	0.52%	0.34%
	Constellium	France	B2 / NEG	B2	325 USD	5.625%	Jun 2028	16 Jun 20	98.6	107.8	107.1	5.84%	4.39%	4.48%
Packaging	Ardagh	Ireland	B3 / STA	Caa2	1130 USD	7.25%	Jun 2027	5 Nov 19	99.6	106.8	104.5	6.56%	6.21%	6.54%
				Caa2	1000 EUR	5.75%	Jun 2027	5 Nov 19	98.8	101.8	102.6	5.16%	5.39%	5.29%
				B1	500 USD	5.25%	Apr 2025	3 Apr 20	102.0	105.5	105.4	4.80%	3.86%	3.87%
				Caa1	1000 USD	5.25%	Aug 2027	26 May 20	99.8	105.0	103.9	5.29%	4.37%	4.55%
				B1	790 EUR	2.125%	Aug 2026	5 Jun 20	96.0	100.1	100.3	2.78%	2.05%	2.03%
	Canpack	Poland	Ba2 / STA	Ba2	600 EUR	2.375%	Nov 2027	12 Oct 20	100.3	103.0	102.9	2.30%	1.85%	1.88%
				Ba2	400 USD	3.125%	Nov 2025	12 Oct 20	101.3	100.5	101.6	2.85%	3.01%	2.75%
	Schoeller	Netherlands	B3 / NEG	B2	250 EUR	6.375%	Nov 2024	14 Oct 19	100.9	102.2	102.8	6.08%	5.57%	5.38%
	SIG	Switzerland	Ba2 / STA	Ba2	450 EUR	1.875%	Jun 2023	8 Jun 20	101.4	103.2	103.5	1.27%	0.42%	0.32%
				Ba2	550 EUR	2.125%	Jun 2025	8 Jun 20	101.5	105.0	106.1	1.72%	0.89%	0.68%
	Trivium	Netherlands	B3 / STA	B2	625 EUR	3.75%	Aug 2026	15 Jul 19	102.8	102.7	102.1	3.26%	3.12%	3.26%
				B2	1050 USD	5.5%	Aug 2026	15 Jul 19	102.5	105.8	105.4	5.07%	4.33%	4.38%
				Caa2	700 USD	8.5%	Aug 2027	15 Jul 19	103.9	109.5	108.5	7.84%	6.69%	6.86%
Pharma	Cheplapharm	Germany	B2 / NEG	B2	500 USD	5.5%	Jan 2028	6 Oct 20	101.3	104.5	102.9	5.29%	4.74%	5.00%
				B2	575 EUR	4.375%	Jan 2028	6 Oct 20	100.6	102.4	102.3	4.25%	3.91%	3.95%
Reit	DEMIRE	Germany	Ba2 / STA	Ba2	600 EUR	1.875%	Oct 2024	24 Sep 19	99.8	97.3	96.8	1.87%	2.45%	2.66%
	Globalworth	Romania		Ba1	550 EUR	3.0%	Mar 2025	28 Mar 18	100.3	105.5	106.4	2.86%	1.59%	1.33%

	Growthpoint	South Africa	Ba2 / NEG	Ba1	650 ZAR	5.733%	Jun 2023	15 Jun 20	100.0	99.5	99.5	8.30%	7.48%	7.03%
Restaurants	Stonegate	United Kingdom	B3 / STA	B3	950 GBP	8.25%	Jul 2025	20 Jul 20	95.5	101.3	102.9	9.27%	7.83%	7.43%
Retail	B&M	United Kingdom	Ba2 / STA	Ba3	400 GBP	3.625%	Jul 2025	1 Jul 20	100.8	102.0	103.5	3.38%	3.01%	2.70%
	Casino	France	B3 / STA	Caa1	400 EUR	6.625%	Jan 2026	16 Dec 20	201.5	201.5	199.3	12.66%	12.67%	13.19%
	Dufry	Switzerland	B1 / NEG	Ba2	750 EUR	2.0%	Feb 2027	14 Nov 19	100.0	93.5	91.8	1.98%	3.06%	3.42%
	EG	United Kingdom	B3 / STA	B2	635 USD	8.5%	Oct 2025	22 Oct 19	104.8	106.5	106.3	7.49%	6.89%	6.93%
				B2	700 EUR	6.25%	Oct 2025	22 Oct 19	103.0	102.7	102.4	5.58%	5.47%	5.56%
	Euro Garages	United Kingdom	B3 / STA	B2	300 EUR	3.625%	Feb 2024	10 May 19	97.9	98.0	97.1	4.02%	4.09%	4.47%
	FNAC	France	Ba2 / NEG	Ba2	300 EUR	1.875%	May 2024	24 Apr 19	99.7	100.9	100.8	1.90%	1.44%	1.51%
				Ba2	350 EUR	2.625%	May 2026	24 Apr 19	100.0	102.8	102.7	2.59%	1.98%	2.01%
	M&S	United Kingdom	Ba1 / NEG	Ba1	300 GBP	3.75%	May 2026	17 Nov 20	101.9	102.0	102.1	3.28%	3.25%	3.23%
	Picard	France	B3 / STA	Caa1	310 EUR	5.5%	Nov 2024	4 Dec 17	100.7	102.4	102.0	5.31%	4.70%	4.77%
				B2	1190 EUR	3.0%	Nov 2023	4 Dec 17	100.0	99.8	99.5	3.36%	2.98%	3.09%
	Tesco	United Kingdom		Ba1	750 EUR	1.375%	Oct 2023	23 Oct 18	99.5	103.6	103.7	1.47%	0.05%	0.00%
				Ba1	400 GBP	2.5%	May 2025	29 Apr 19	99.6	107.1	106.8	2.53%	0.78%	0.81%
Services	Ashtead	United Kingdom		Ba2	600 USD	5.25%	Aug 2026	24 Jul 18	101.4	105.9	105.6	5.04%	4.06%	4.11%
	House of HR	Belgium	B2 / STA	Caa1	200 EUR	7.5%	Jan 2027	14 Dec 20	202.1	202.1	204.0	14.48%	14.48%	14.03%
	InfoPro Digital	France	B3 / STA	B3	500 EUR	5.5%	Dec 2025	18 Nov 20	103.3	103.0	102.8	4.67%	4.69%	4.78%
				B3	200 EUR	5.5%	Dec 2025	18 Nov 20	100.4	100.5	100.5	4.83%	4.82%	4.88%
	Kiloutou	France	B2 / STA	B1	460 EUR	3.375%	Dec 2026	3 Dec 19	101.9	98.2	99.0	3.02%	3.55%	3.49%
	Mooney	Italy	B2 / STA	B2	530 EUR	3.875%	Dec 2026	2 Dec 19	101.0	99.7	99.8	3.47%	3.42%	3.44%
	Nexi	Italy	Ba3 / POS	Ba3	825 EUR	1.75%	Oct 2024	10 Oct 19	101.5	101.1	101.8	1.42%	1.32%	1.16%
	Pure Gym	United Kingdom	B3 / NEG	B3	445 EUR	5.5%	Feb 2025	9 Nov 20	99.5	98.5	98.4	5.49%	5.74%	5.82%
	Selecta	Netherlands	Caa1 / NEG	(P)B3	765 EUR	5.875%	Feb 2024	15 Jan 18	197.5	90.3	90.3	12.16%	68.32%	69.85%
				(P)B3	765 EUR	5.875%	Feb 2024	15 Jan 18	197.5	90.3	90.3	12.16%	68.32%	69.85%
	Synlab	Germany	B2 / STA	B2	850 EUR	4.209%	Jul 2025	7 May 20	100.0	102.0	101.5	4.36%	3.71%	3.85%
	Techem	Germany	B2 / STA	B1	1145 EUR	2.0%	Jul 2025	21 Jan 20	100.1	99.3	98.5	1.93%	2.07%	2.27%
	Verisure	Spain	B2 / STA	B1	200 EUR	5.0%	Apr 2025	16 Apr 20	101.0	102.4	101.9	4.32%	3.76%	3.91%
				B1	800 EUR	3.875%	Jul 2026	6 Jul 20	100.5	102.3	102.5	3.73%	3.33%	3.31%
	Vista Global	United Arab Emirates	B3 / UR Down	B3	550 USD	10.5%	Jun 2024	6 May 19	98.8	102.5	102.3	10.78%	9.60%	9.67%
Tech. Serv.	Playtech	United Kingdom	Ba3 / NEG	Ba2	530 EUR	3.75%	Oct 2023	1 Oct 18	98.4	101.3	101.1	4.04%	3.10%	3.15%
				Ba2	350 EUR	4.25%	Mar 2026	27 Feb 19	101.5	103.2	103.0	3.94%	3.46%	3.49%
Technology	TeamSystem	Italy		B3	550 EUR	4.0%	Apr 2023	20 Mar 18	100.4	100.1	100.0	4.22%	3.34%	3.37%
Telecom	Altice France	France		B1	1750 USD	8.125%	Feb 2027	18 Jul 18	101.8	110.3	110.5	7.84%	6.08%	6.02%
				B2	1000 EUR	3.375%	Jan 2028	13 Sep 19	100.8	98.7	99.1	3.23%	3.51%	3.46%
				B2	1100 USD	5.5%	Jan 2028	13 Sep 19	99.5	104.6	104.1	5.57%	4.73%	4.79%
				B2	550 EUR	2.5%	Jan 2025	13 Sep 19	101.0	97.9	98.5	2.26%	2.93%	2.80%
	Altice International	Portugal	B2 / NEG	B2	1200 USD	5.0%	Jan 2028	9 Jan 20	99.5	102.5	102.5	5.07%	4.58%	4.57%
				B2	1100 EUR	3.0%	Jan 2028	9 Jan 20	98.4	96.1	95.1	3.20%	3.55%	3.73%
				B2	600 EUR	2.25%	Jan 2025	9 Jan 20	98.4	96.4	96.5	2.55%	3.09%	3.10%
	Bite	Lithuania	B2 / STA	B2	250 EUR	4.076%	Jan 2026	7 Jul 20	100.5	100.3	100.9	4.13%	3.99%	3.88%
				B2	400 EUR	4.625%	Jan 2026	7 Jul 20	102.3	103.7	103.9	4.06%	3.67%	3.64%
	eir	Ireland	B1 / STA	B1	350 EUR	1.75%	Nov 2024	15 Oct 19	99.6	98.2	99.3	1.77%	2.13%	1.84%

	HT	United Kingdom	B2 / STA	B2	750 USD	7.0%	Dec 2025	8 Jun 20	101.2	107.5	106.9	6.73%	5.26%	5.37%
	Inmarsat	United Kingdom	B1 / NEG	B1	2075 USD	6.75%	Oct 2026	17 Sep 19	101.9	107.7	106.8	6.41%	5.18%	5.34%
	Nokia	Finland	Ba2 / STA	Ba1	750 EUR	2.0%	Mar 2026	5 Mar 19	99.4	103.6	104.8	2.06%	1.19%	0.97%
				Ba2	500 EUR	2.375%	May 2025	12 May 20	101.4	105.7	106.4	2.02%	0.97%	0.78%
				Ba2	500 EUR	3.125%	May 2028	12 May 20	101.8	109.9	110.6	2.82%	1.64%	1.51%
	PPF Arena 1	Netherlands	Ba1 / STA	Ba1	550 EUR	3.125%	Mar 2026	14 Mar 19	99.8	105.8	106.2	3.07%	1.83%	1.74%
	PPF Telecom	Czech Republic	Ba1 / STA	Ba1	500 EUR	3.5%	May 2024	13 May 20	102.6	105.9	106.1	2.66%	1.60%	1.46%
	Telecom Italia	Italy	Ba2 / NEG	Ba1	750 EUR	2.875%	Jan 2026	25 Jun 18	100.3	105.7	106.2	2.78%	1.60%	1.50%
				Ba1	1250 EUR	4.0%	Apr 2024	9 Jan 19	99.3	108.0	108.0	4.08%	1.38%	1.33%
				Ba1	1000 EUR	2.75%	Apr 2025	11 Apr 19	97.8	104.6	105.2	3.11%	1.53%	1.39%
Transp. Serv.	CMA	France	B2 / POS	Caa1	525 EUR	7.5%	Jan 2026	12 Oct 20	96.5	107.0	106.8	8.21%	5.76%	5.81%
	Lufthansa	Germany	Ba2 / NEG	Ba2	1000 EUR	3.0%	May 2026	30 Nov 20	100.4	99.8	97.8	2.87%	2.95%	3.37%
	NSA	Greece	B3 / NEG	B3	500 USD	10.75%	Jul 2025	17 Jun 20	103.8	107.0	109.5	9.77%	8.82%	8.15%
Utility	Eskom	South Africa		B3	500 USD	8.45%	Aug 2028	8 Aug 18	101.7	110.1	112.6	8.20%	6.73%	6.32%
Whlsl Dstrbtn	Parts Holding Europe	France	Caa1 / POS	Caa1	300 EUR	6.5%	Jul 2025	8 Jul 20	101.1	104.1	104.0	6.06%	5.26%	5.30%
	Rexel	France	Ba2 / STA	Ba3	600 EUR	2.75%	Jun 2026	26 Feb 19	100.0	101.9	102.0	2.73%	2.29%	2.29%

Source: Moody's Investors Service, FactSet (maturity, coupon, amount issued, bid price and yield to maturity)

Further exhibit definitions

Exhibit 13

Exhibit	Definition
Exhibits 4-9 Pages 24-25	Speculative grade liquidity scores of high yield corporate issuers rated by Moody's in EMEA. Download our special comment on SGL Ratings. Type and country have the same meaning as in high yield bond issuance.
Exhibits 10-15 Page 26	High yield universe: Overview of the development of high yield corporate issuers rated by Moody's in EMEA. » Average corporate family rating (CFR) is a simple arithmetic average of all Moody's rated issuers in EMEA. » Type and country have the same meaning as in high yield bond issuance. » CDS spreads are monthly median spreads for European corporates with a Moody's rating.
Exhibits 1-11 Pages 27-28 Exhibits 1-11 Pages 31-32	Speculative grade loan issuance and high yield bond issuance: Monthly issuance of speculative grade loans (publicly-rated and unpublished monitored) and high yield corporate bonds rated by Moody's in EMEA. Issuance is recorded at the date on which Moody's assigns a rating to the instrument. Historical data may change over time as a result of corrections for deals that have been assigned a provisional rating. » Percentage of new issuers and percentage of issuance denominated in euro are volume weighted. » Type comprises Fallen Angels (any issuers historically rated investment grade), LBOs (issuers based in western Europe and owned by a private equity sponsor), Emerging Markets (issuers with operations in eastern Europe, Middle East or Africa), and Others (any issuers that could not be classified in the aforementioned categories). » Amounts for issuance by main purpose are calculated based on the primary purpose reported by the issuer. » Country corresponds to domicile except for issuers incorporated in low tax jurisdictions (e.g. Luxembourg, Cayman Islands, etc) for which the actual location of the headquarters has been used instead.
Exhibit 12 Pages 33-37	Selected high yield bond issuance (last twelve months): Selection of year to date high yield bond issuance rated by Moody's in EMEA. Maturity, coupon, amount issued, bid price and yield to maturity are sourced from FactSet based on the respective fields: MATURITY, CPN, AMT_ISSUED, PX_BID and YLD_YTM_BID. Where the rating date occurred prior to the issuance date, the first date on which trading prices are available is used instead. Financial metrics are adjusted based on Moody's standard methodologies and sourced from Moody's Financial Metrics™.

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