

Q2 2025

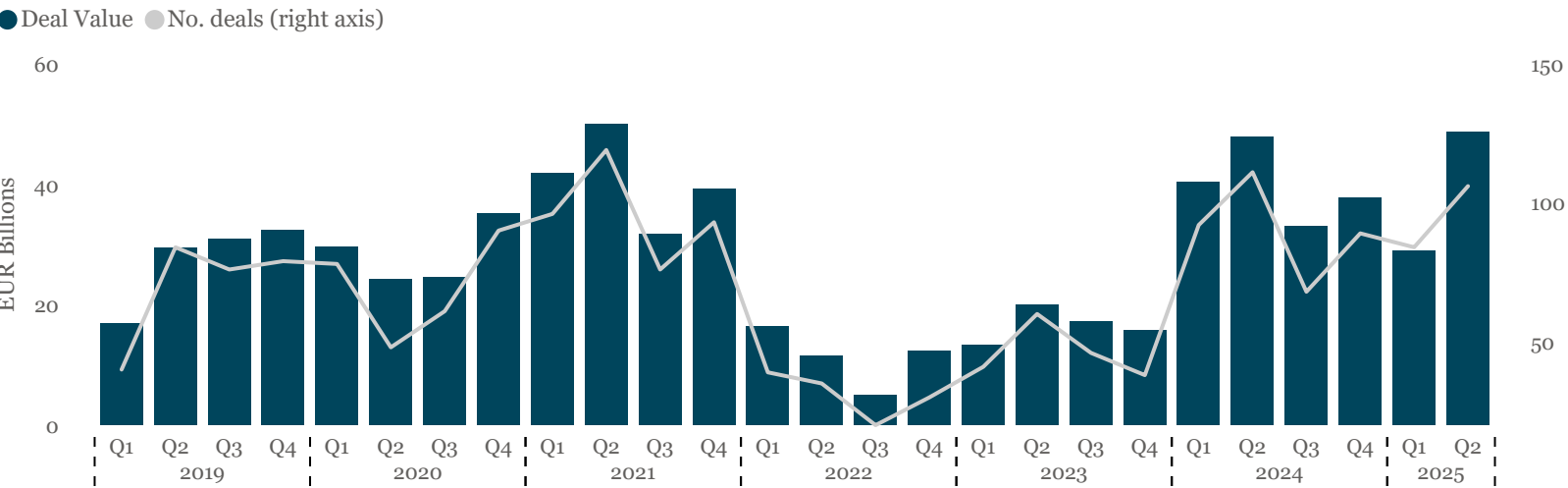
European High Yield and Leveraged Loan Report

European Leveraged Finance

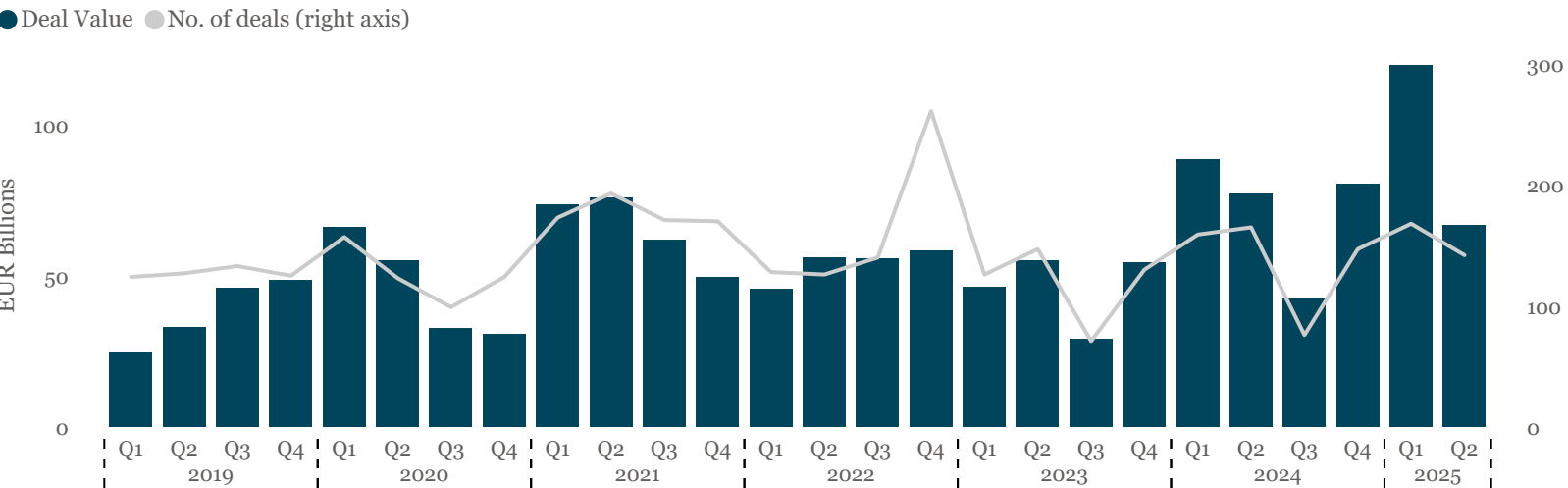
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1.1 European High Yield Bond Issuance



1.2 European Leveraged Loan Issuance



Strong recovery in European High Yield Bond Issuance

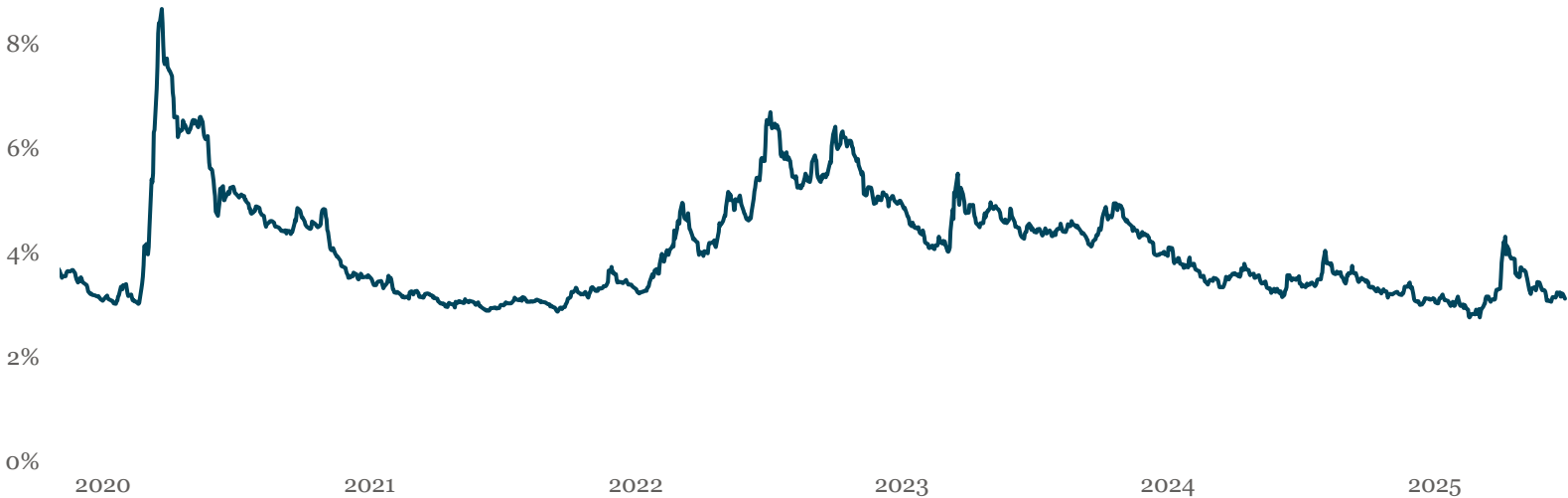
European high yield bond issuance reached €48.7bn in Q2 2025, marking an increase of 1.8% YoY and 68.4% QoQ.

The number of deals also increased, from 84 in Q1 2025 to 106 in Q2 2025.

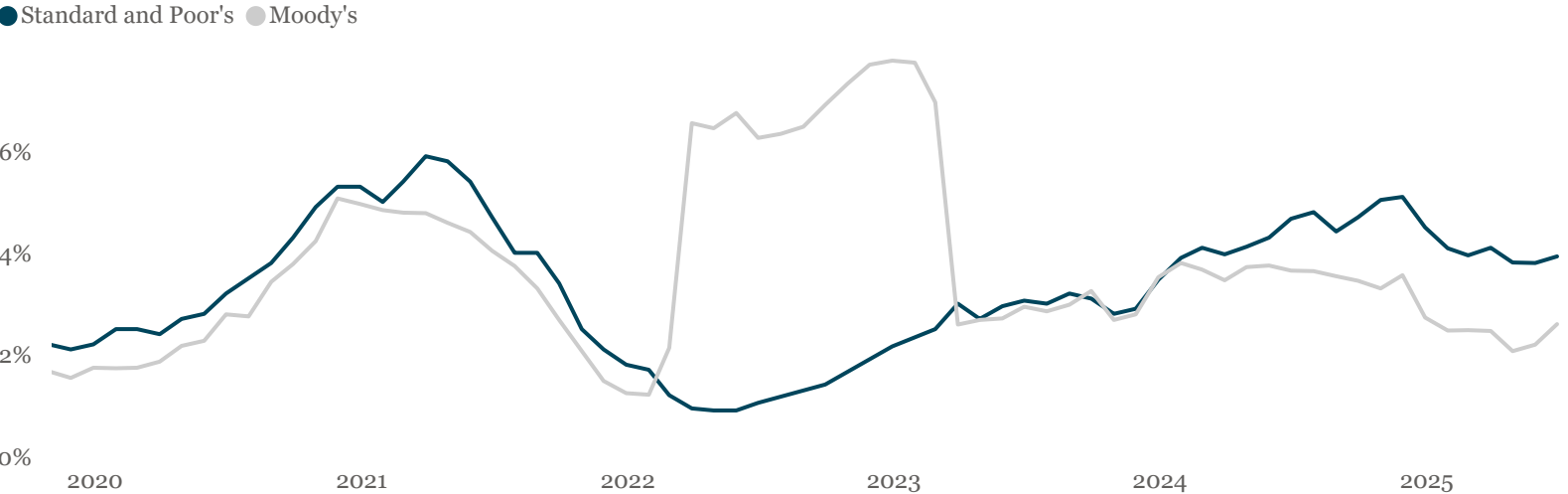
In contrast, leveraged loan activity slowed in Q2 2025 following a record first quarter. Origination dropped to €66.7bn in Q2 2025 - a decline of 13.2% YoY and 44.1% QoQ.

Deal count also fell to 142, down from 168 in Q1 2025 and 165 in Q2 2024. This resulted in a decrease in average deal size, from €710m in Q1 2025 to €470m in Q2 2025.

1.3 ICE BofA Euro High Yield Index Option-Adjusted Spread (%)



1.4 European High Yield Bond Default Rates



Source: Bank of America [1.3] and Moody's [1.4]

European high yield bond spreads stabilise following tariff-driven uncertainty

The European high yield option-adjusted spread experienced notable volatility in Q2 2025. Spreads opened the quarter at 3.28%, reached 4.19% on April 7 amid uncertainty over potential tariffs, and gradually tightened to 3.1% by the end of June.

The initial increase was driven by investors demanding higher risk premiums in response to escalating trade tensions. However, the subsequent pause in tariff implementation helped ease market concerns, causing a compression in spreads throughout the rest of the quarter.

S&P's trailing 12-month speculative-grade bond default rate declined over the second quarter of 2025, falling from 4.10% in March to 3.80% in May, before edging up to 3.93% by the end of June. Moody's reported a similar pattern, with its default rate decreasing from 2.46% in March to 2.19% in May, then rising to 2.60% in June.

An abstract graphic consisting of numerous thin, white and green lines that curve and flow across the slide, creating a sense of movement and depth against the dark blue background.

Leveraged Finance Overview

afme / Leveraged Finance Overview

Issuance Highlights

European leveraged finance issuance (leveraged loans and high yield bonds) declined to €115.5bn in Q2 2025, down from €148.3bn in the previous quarter. This drop was primarily driven by a contraction in leveraged loan activity, which fell to €66.7bn from €119.4bn in Q1 2025. In contrast, high yield bond issuance increased by 68.4% QoQ, reaching €48.7bn.

Leveraged loans accounted for 58% of total issuance in Q2 2025, while developed market high yield bonds represented 36%, and emerging market high yield bonds made up 6%.

Average deal sizes for leveraged loans remained robust, reaching €600m. By comparison, average deal sizes in the high yield bond market was €420m in developed market and €357m in emerging markets - both down from last year.

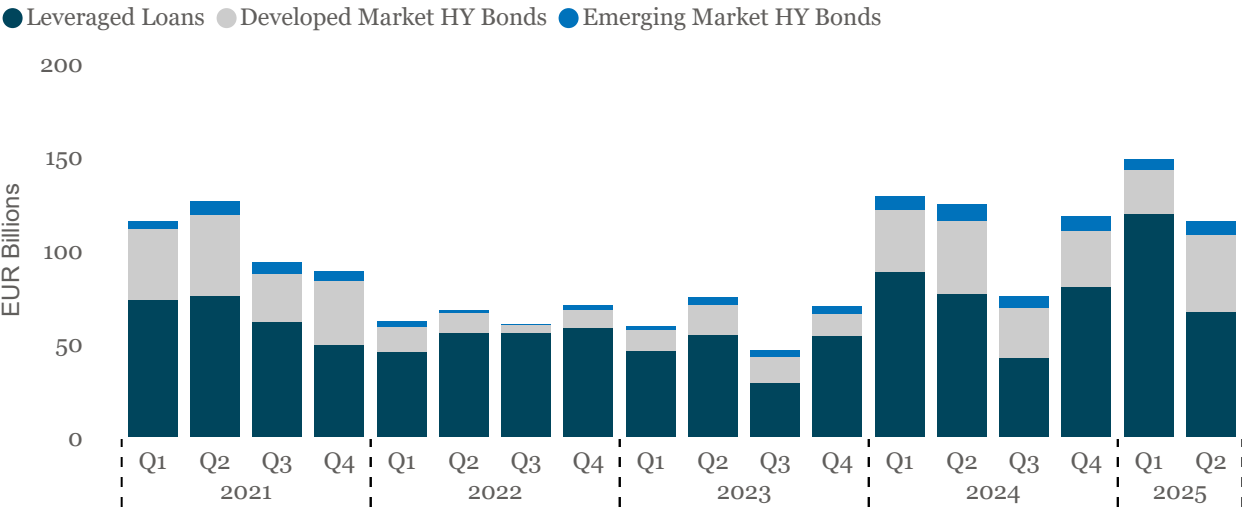
Credit Standards and Loan Demand

According to the European Central Bank's Q2 2025 lending survey, credit standards for loans to large firms tightened further over the quarter, while conditions remained stable for SMEs. The tightening for large firms was mainly attributed to concerns over the general economic situation and firm- or industry-specific concerns.

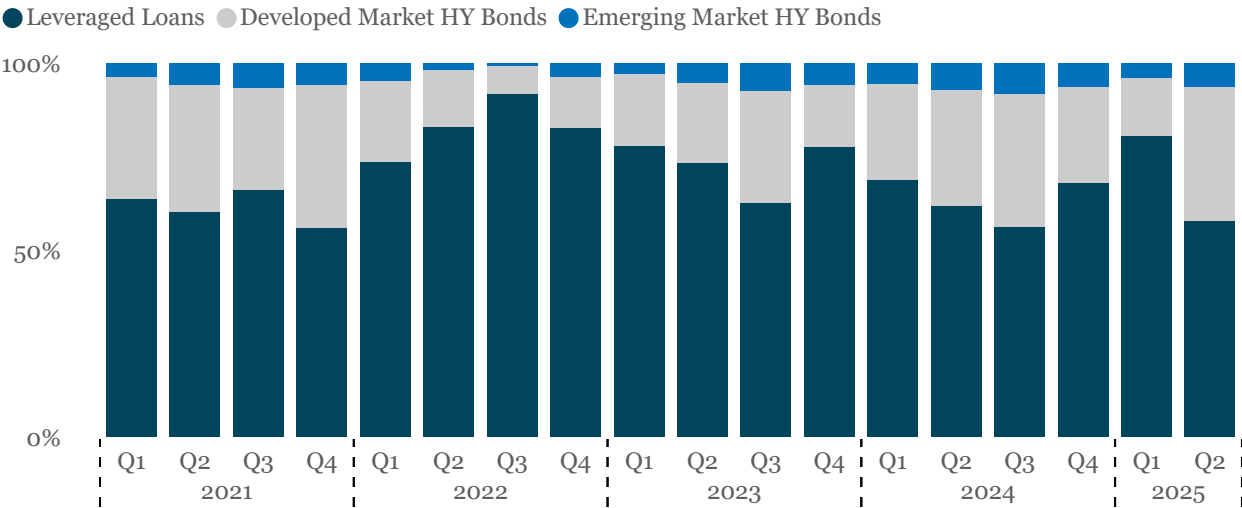
Despite the more restrictive credit environment, loan demand increased for both SMEs and large corporates. This was largely driven by lower interest rates and a rise in refinancing activity.

afme/ Leveraged Finance Issuance

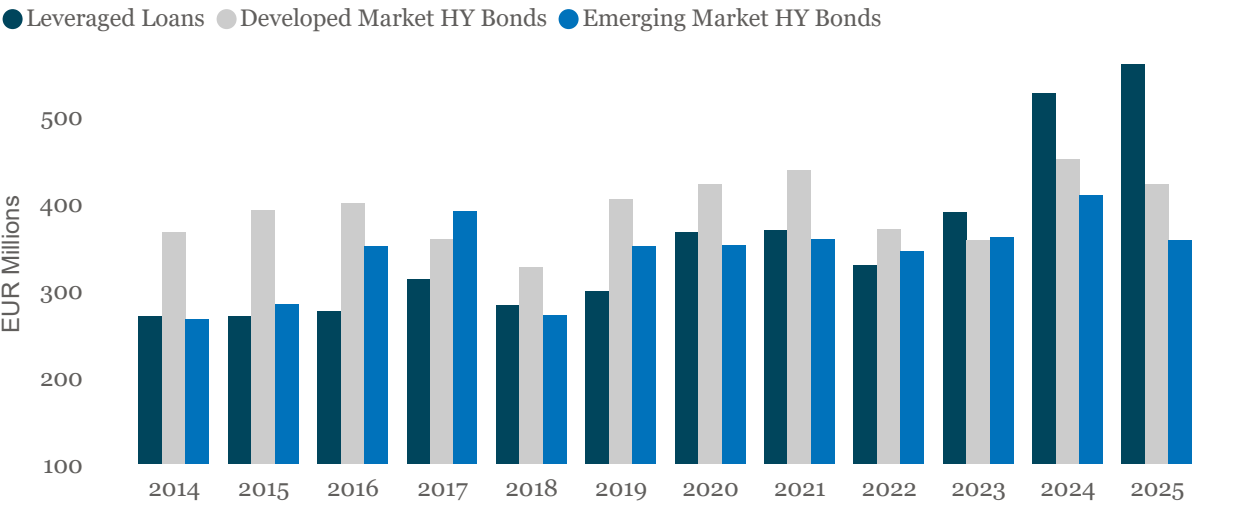
2.1 European Leveraged Issuance by Type



2.2 European Leveraged Issuance Percentage, by Type



2.3 European Leveraged Finance Average Deal Size



2.4 Global Comparison High Yield Issuance (EUR Billions)

Year	2023				2024				2025	
Region	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Americas	34.7	48.9	37.7	32.5	67.8	57.0	66.3	36.3	55.2	63.9
Asia	13.7	10.8	8.1	15.1	13.9	16.0	16.6	15.1	17.2	9.5
Europe	13.2	20.0	17.2	15.7	40.3	47.9	33.1	37.7	28.9	48.7
Total	61.7	79.7	63.0	63.3	122.1	121.0	115.9	89.1	101.3	122.1

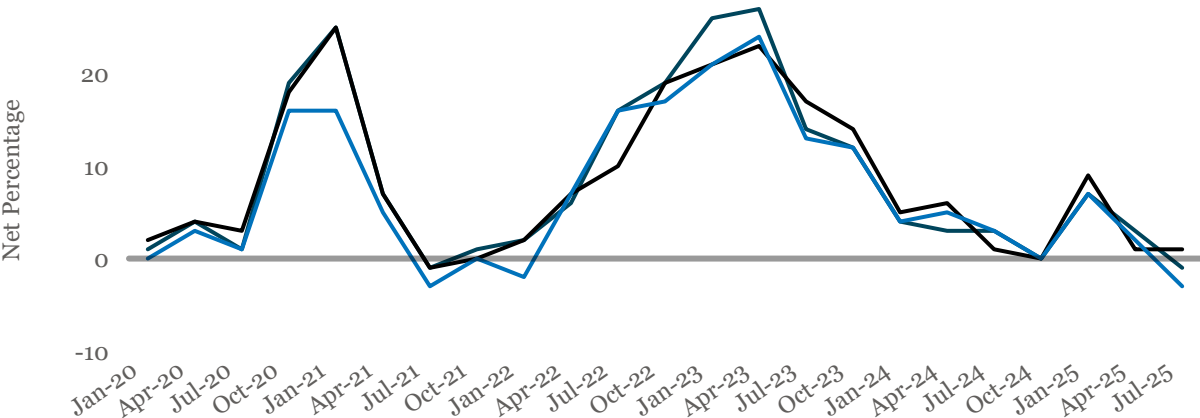
Region	2021	2022	2023	2024	2025
Americas	344.9	96.5	153.9	227.4	119.1
Asia	58.9	23.4	47.7	61.7	26.7
Europe	162.8	45.3	66.2	159.0	77.7
Total	566.7	165.2	267.7	448.1	223.4

Source: Dealogic

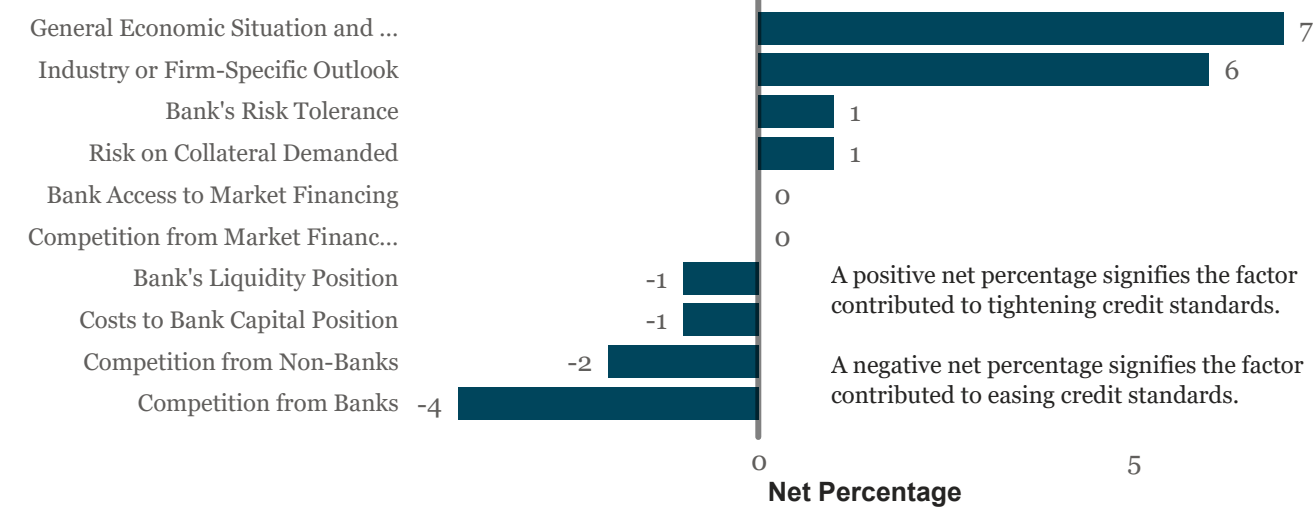
afme/ Credit Standards and Loan Demand

2.5 Bank Credit Standards

● Overall ● SME ● Large Enterprises

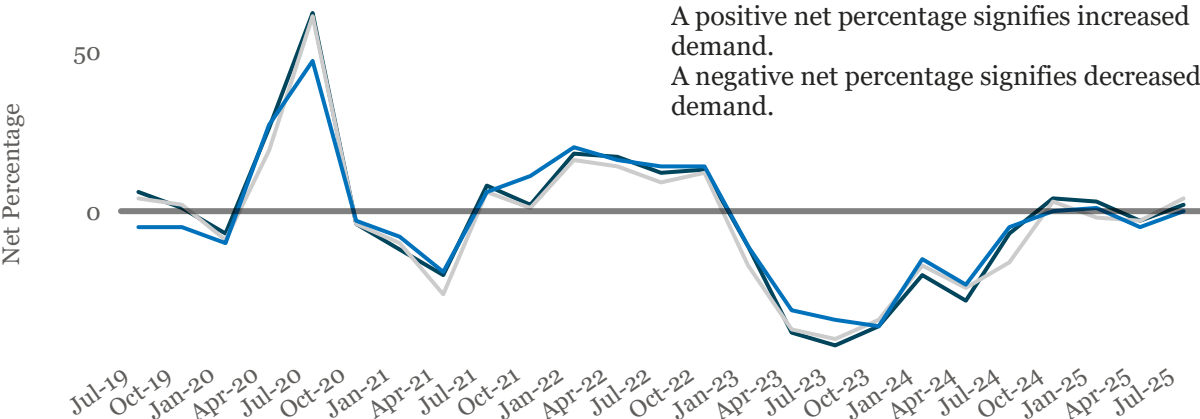


2.6 Factors Affecting Bank Credit Standards : June 2025

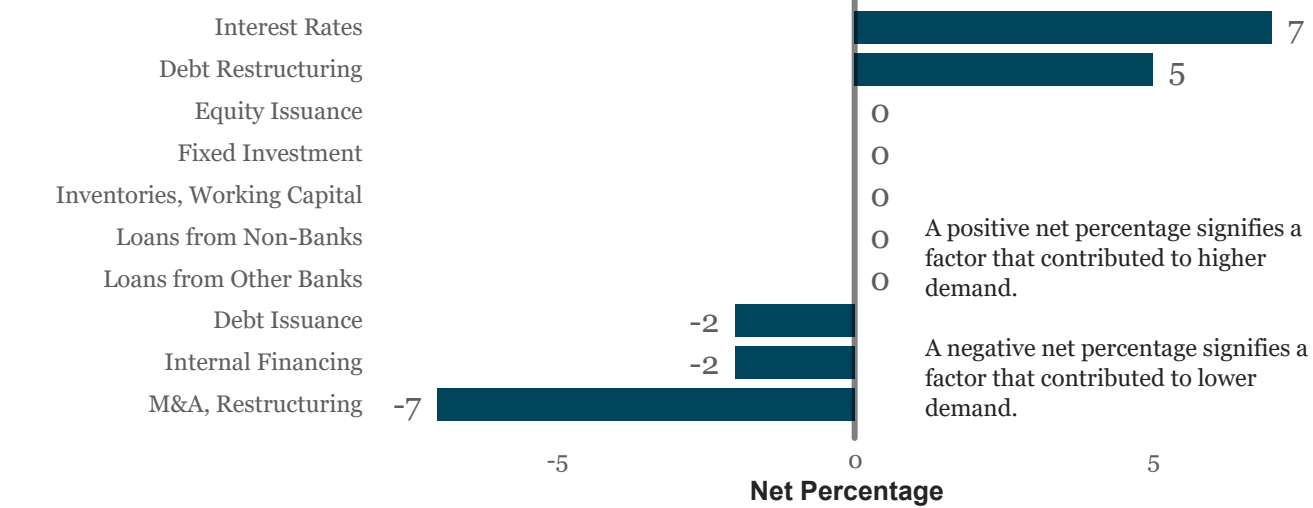


2.7 Loan Demand

● Overall ● SME ● Large Enterprises



2.8 Factors Affecting Loan Demand: June 2025



Leveraged Loans

Issuance: Leveraged Loans

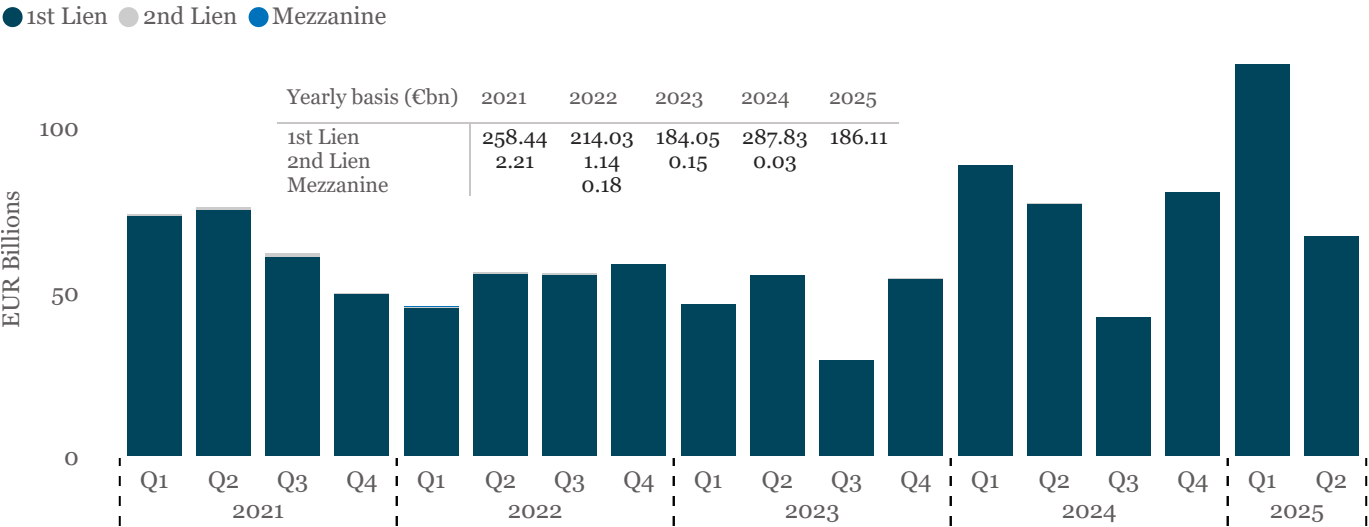
In Q2 2025, total leveraged loan origination only included first lien financing, reaching €66.7bn, a decrease compared to the previous quarter (-€52.6bn), and a 13% YoY decrease from Q2 2024.

Since 2021, first-lien loans have accounted for 99.67% of the total volume of leveraged loans, with second-lien and mezzanine financing representing 0.31% and 0.02%, respectively.

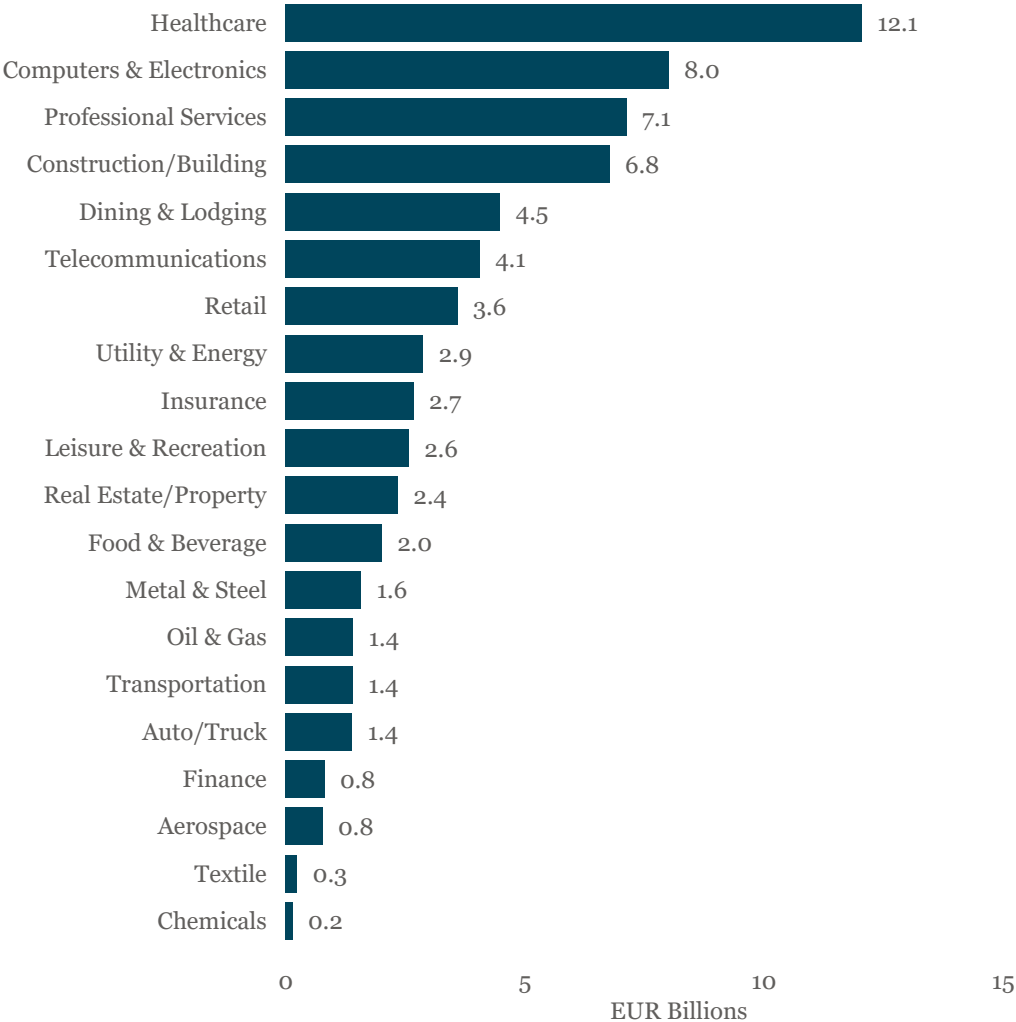
In Q2 2025, institutional spreads, as measured by a 3-month rolling average, rose from 341.16 basis points in March to 391.26 basis points in June. Pro-rata spreads experienced a more pronounced increase, from 200 basis points in March to 353.9 basis points by the end of the quarter. As a result, the gap between institutional and pro-rata spreads narrowed throughout the quarter.

The Healthcare sector emerged as the leading sector by loan origination amount in Q2 2025, reaching €12bn. It was followed by Computers & Electronics and Professional Services, which originated €8bn and €7bn in loans, respectively.

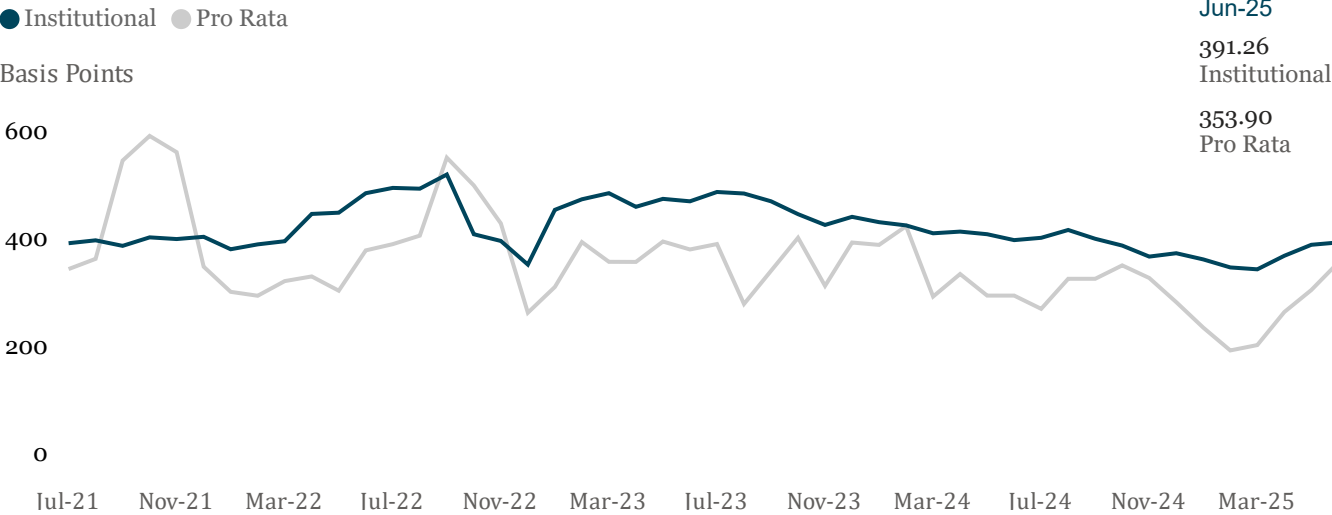
3.1 European Leveraged Loan Issuance by Type



3.2 European Leveraged Loan Issuance by Industry: Q2 2025 (Top 20)



3.3 Institutional and Pro Rata Spreads (3-month rolling average)



Source: Dealogic

High Yield Bonds Overview

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Issuance: High Yield Bonds

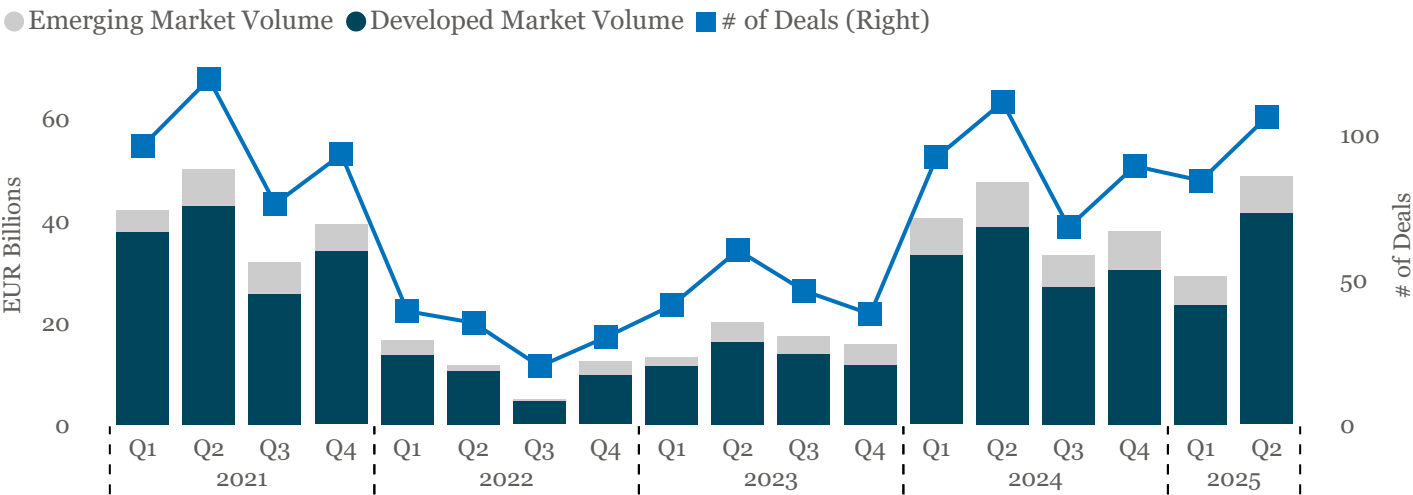
Primary high yield bond issuance reached €48.73bn (on 106 deals) in Q2 2025, a 23.6% decrease from €28.94bn (on 84 deals) in Q1 2025, and a 1.8% increase compared to Q2 2024. During this quarter, issuance by firms located in European developed markets represented 85.1% of the total (€41.49bn), while firms in European emerging markets represented the remaining 14.9%(€7.24bn).

In Q2 2025, the primary use of proceeds was refinancing, accounting for 71.5% of total issuance, followed by general corporate purposes (22.8%). The share of refinancing-related issuance has seen a sharp increase this quarter, after fluctuating between 8% and 55% from 2021 to 2024. Notably, there have been no deals related to restructuring year-to-date.

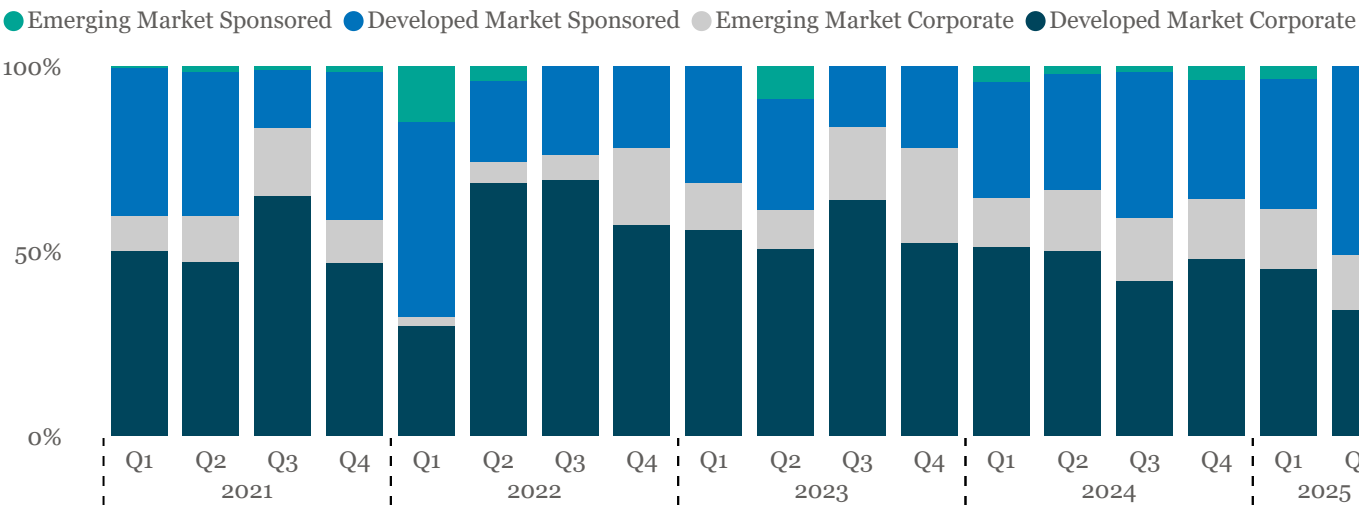
In Q2 2025, three sectors accounted for 59.1% of the high yield market by outstanding amount: Financial, Consumer Discretionary, and Communications with €212bn, €138bn, and €113bn of the total outstanding value respectively.

afme / High Yield Bonds Overview

4.1 European High Yield Issuance, Developed and Emerging Markets

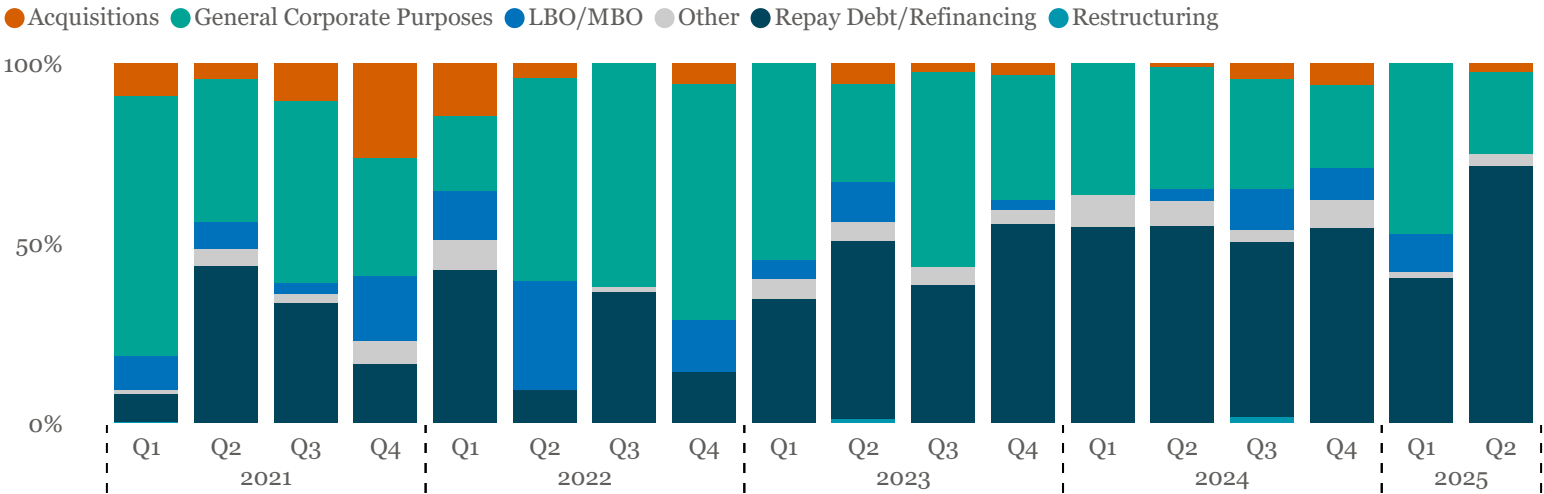


4.2 European High Yield Issuance, Sponsored vs Corporate

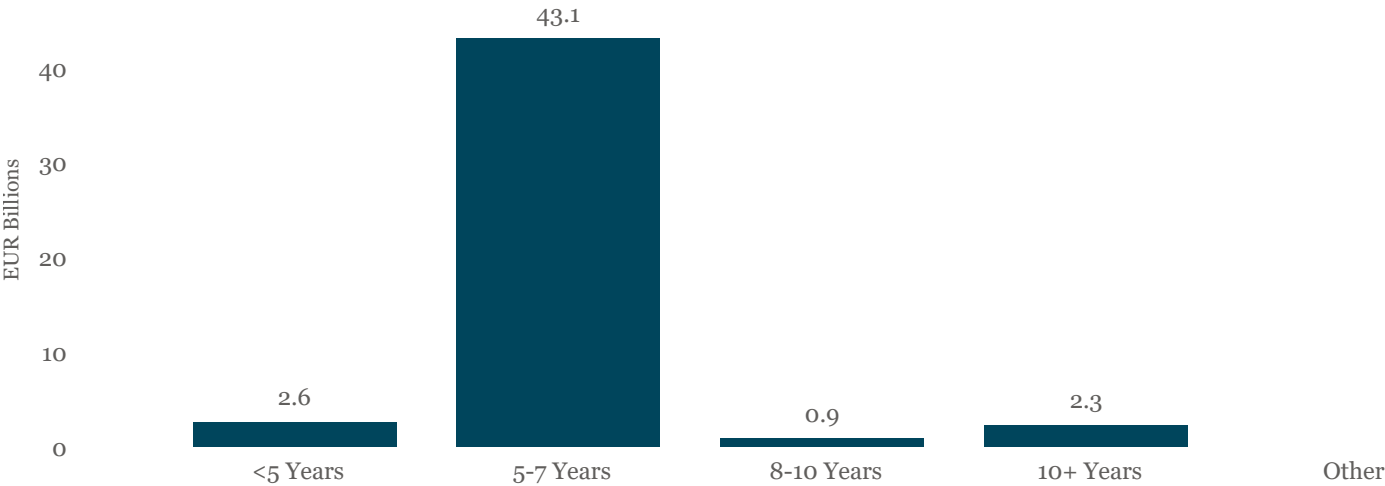


afme / High Yield Bonds Overview

4.3 European High Yield Issuance, Use of Proceeds

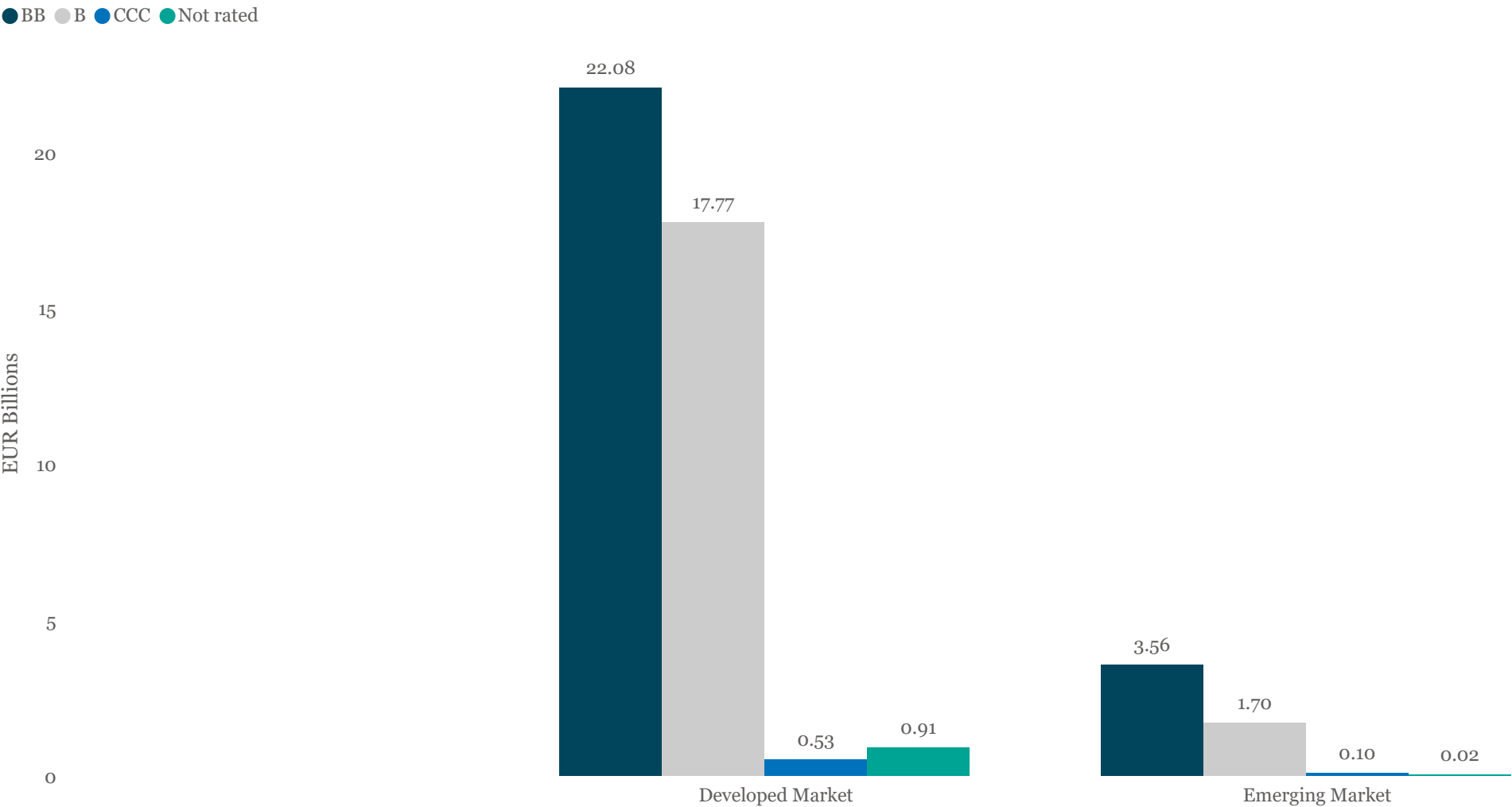


4.4 European High Yield Issuance by Tenor: Q2 2025



afme / High Yield Bonds Overview

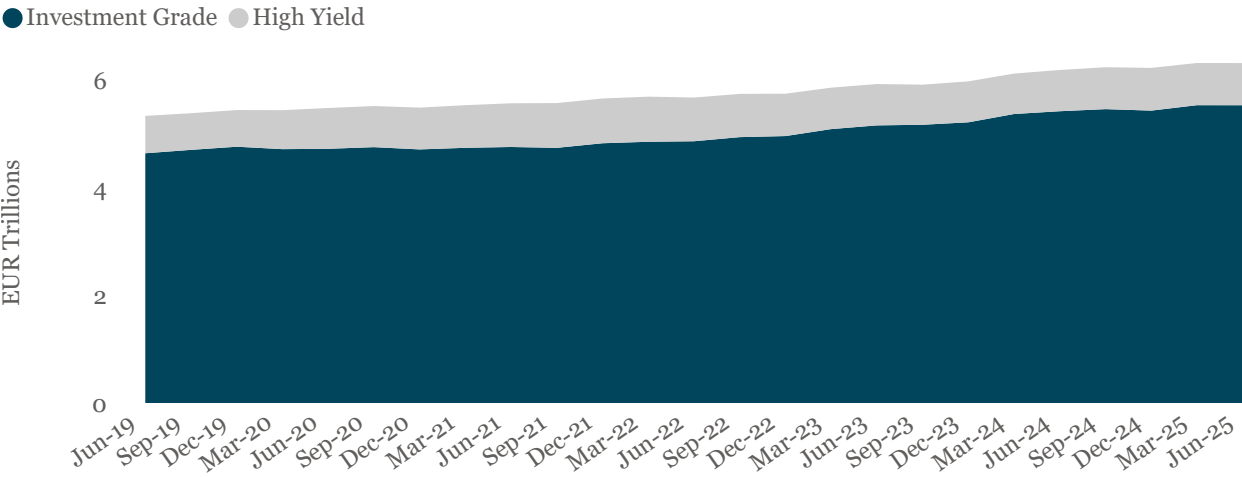
4.5 European High Yield Issuance by Rating: Q2 2025



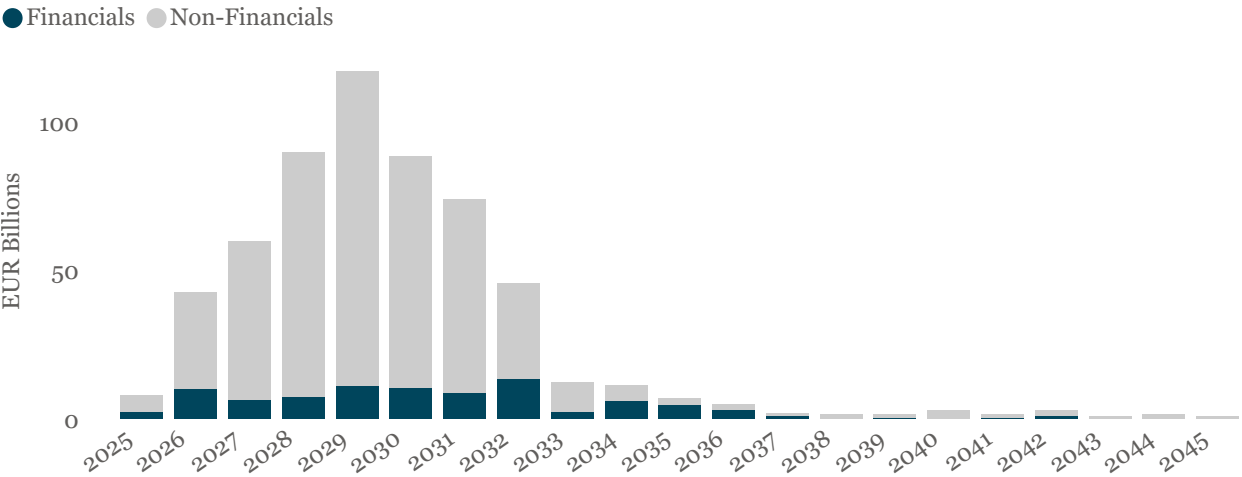
*Corporate Bond Issuance denotes corporate and sponsored bonds, excluding government bonds.

afme/ High Yield Bonds Overview

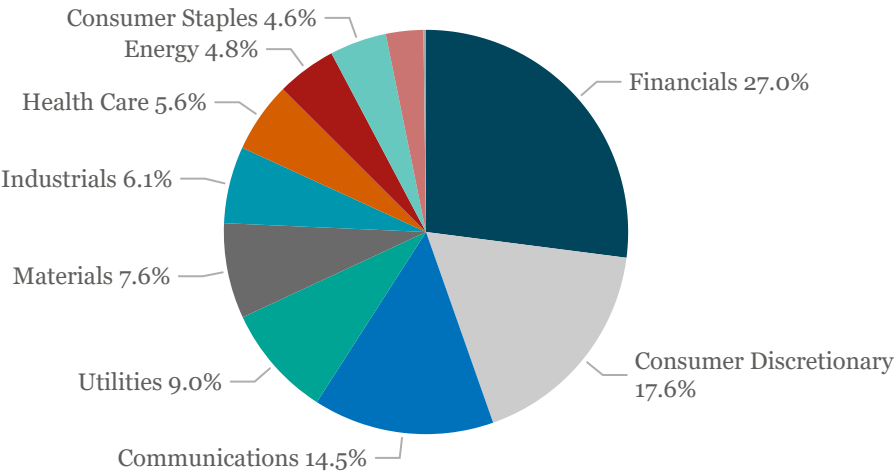
4.6 European Corporate Bonds Outstanding



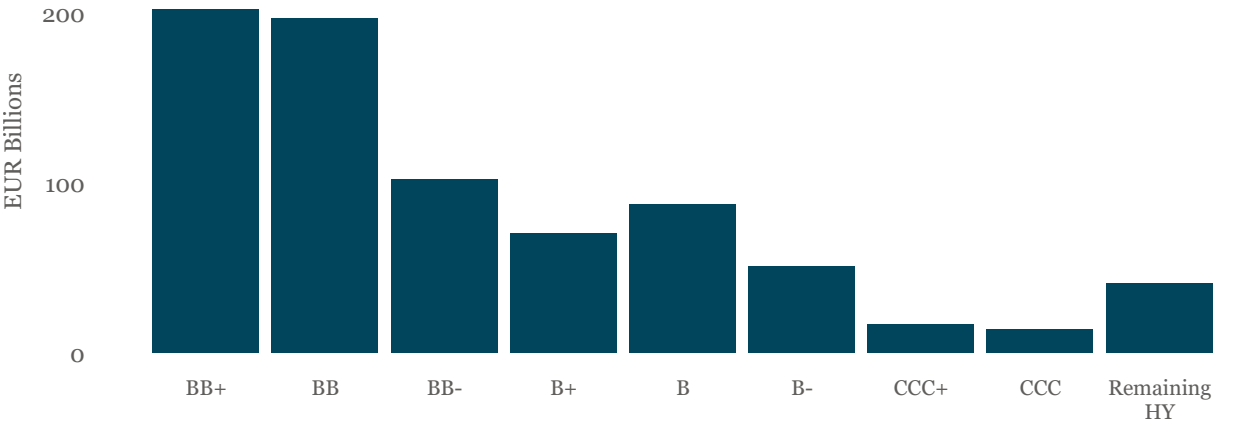
4.7 European Corporate High Yield Maturity Wall



4.8 European Corporate High Yield Outstanding by Sector: June 2025



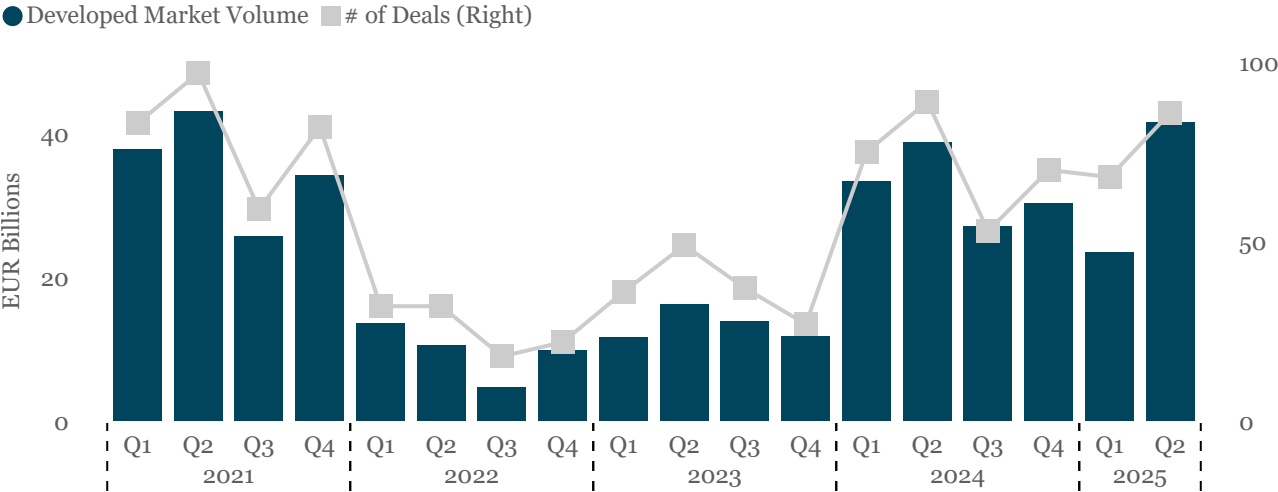
4.9 European Corporate High Yield Outstanding by Current Rating: June 2025



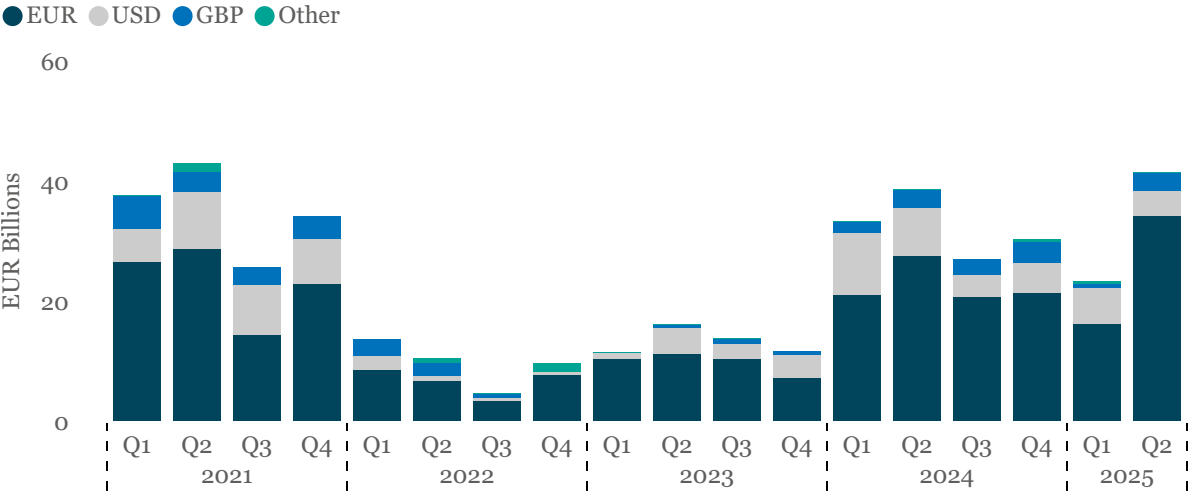
European Developed Market High Yield Bonds

afme/ Developed Market High Yield Bonds

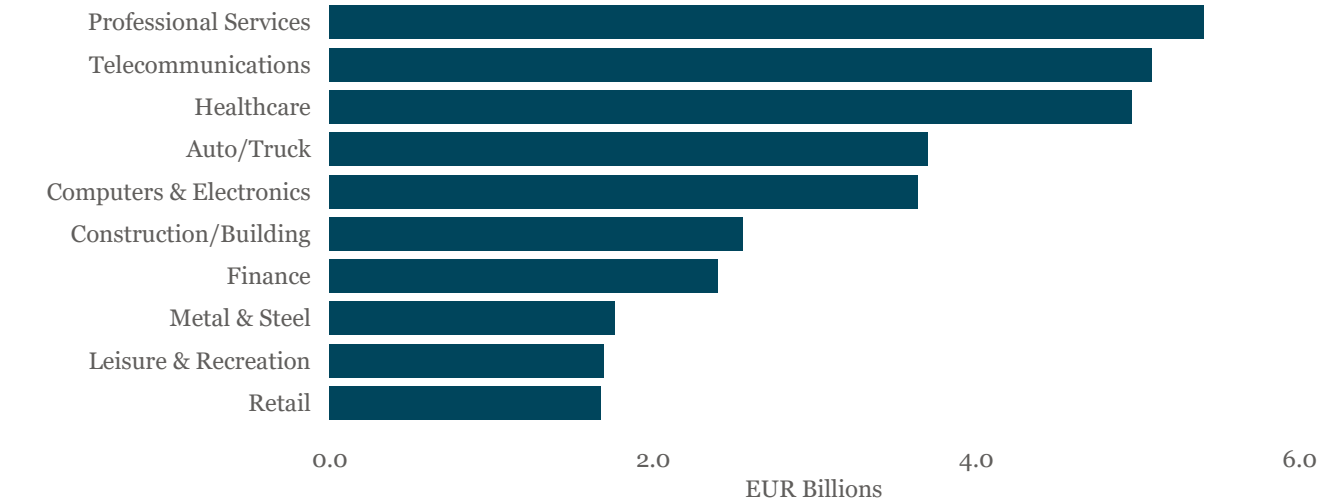
5.1 European Developed Market High Yield Issuance



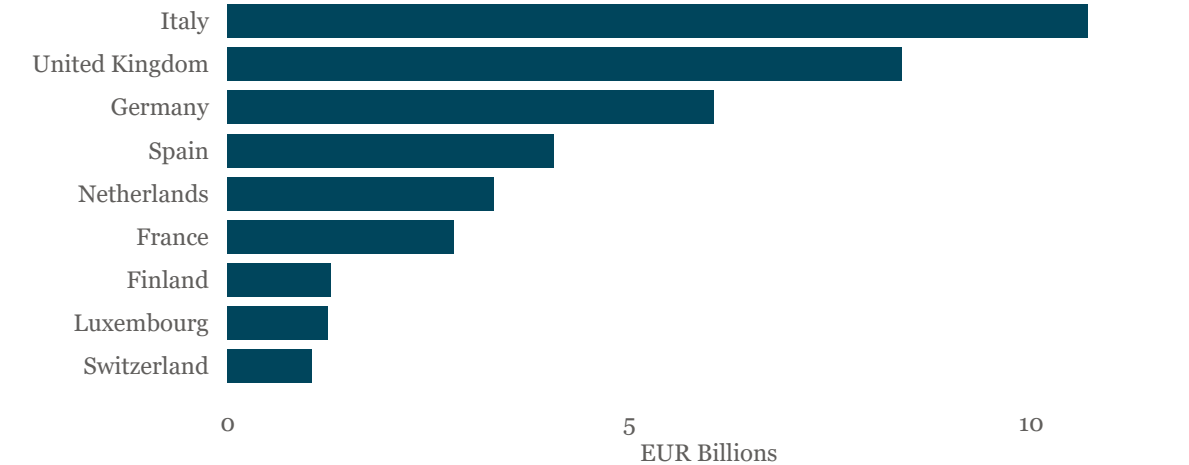
5.2 European Developed Market High Yield Issuance by Currency



5.3 European Developed Market High Yield Issuance by Industry: Q2 2025 (top 10)

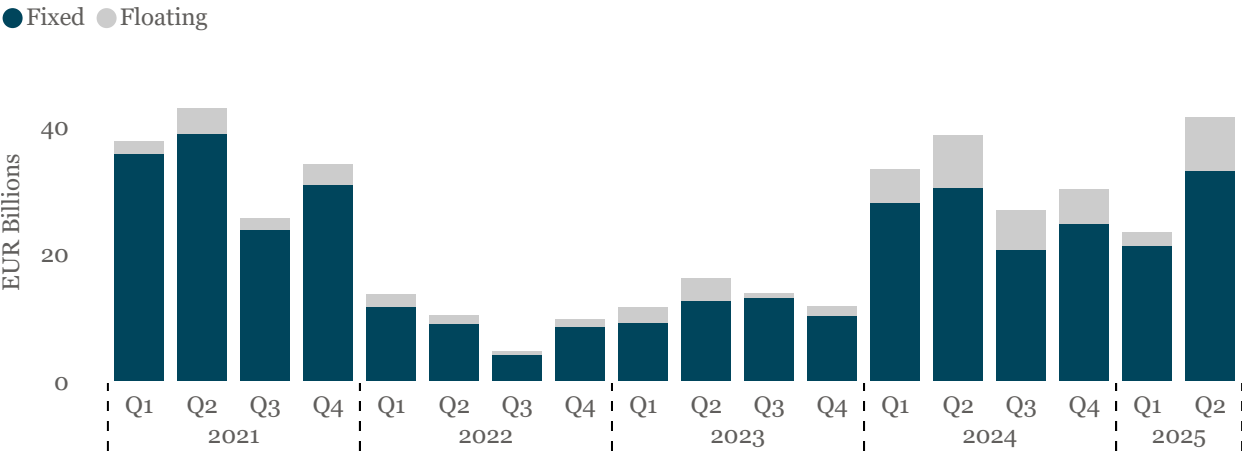


5.4 European Developed Market High Yield Issuance by Country of Risk: Q2 2025 (top 9)

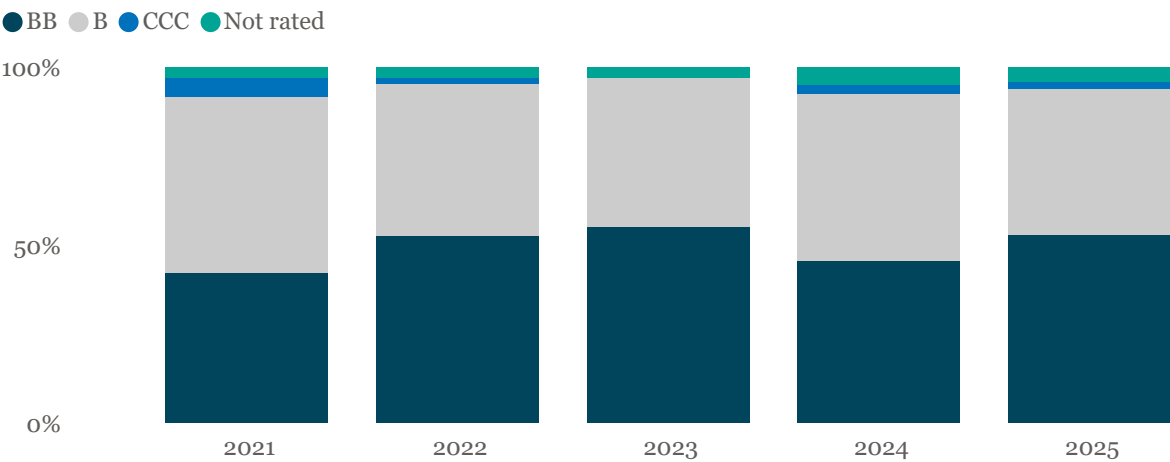


afme/ Developed Market High Yield Bonds

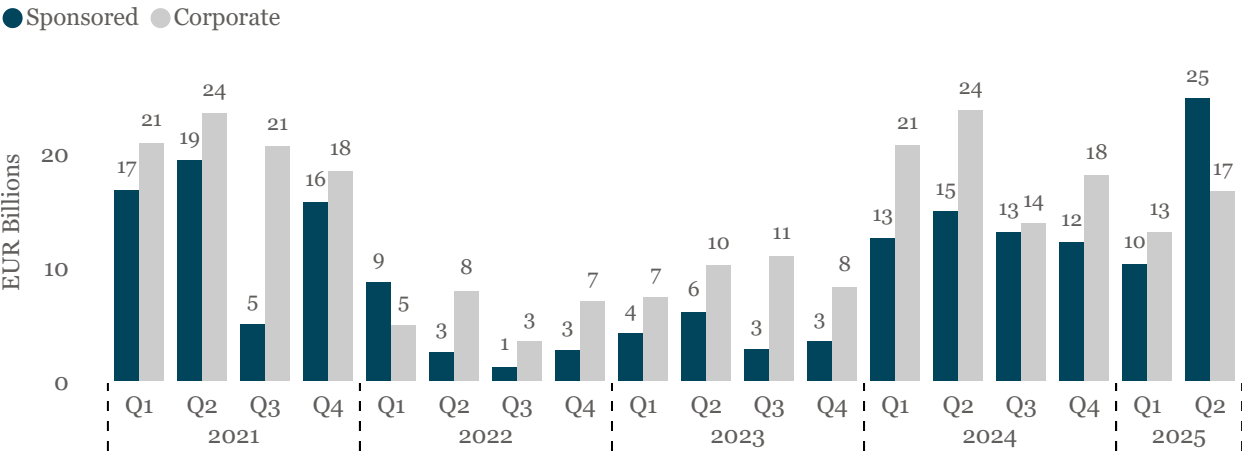
5.5 European Developed Market High Yield Issuance, Fixed vs. Floating



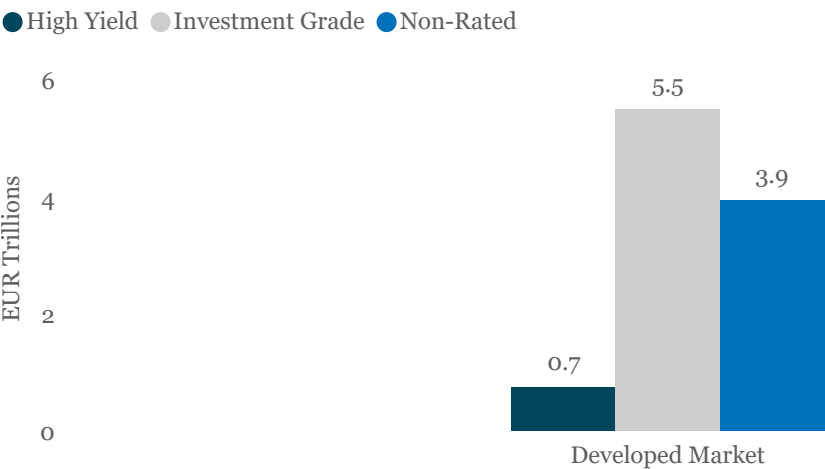
5.7 European Developed Market High Yield Rating Distribution at Issuance



5.6 European Developed Market High Yield Issuance, Sponsored vs. Corporate



5.8 European Developed Market Corporate Bonds Outstanding: Q2 2025



Source: Dealogic

afme/ Developed Market High Yield Bonds

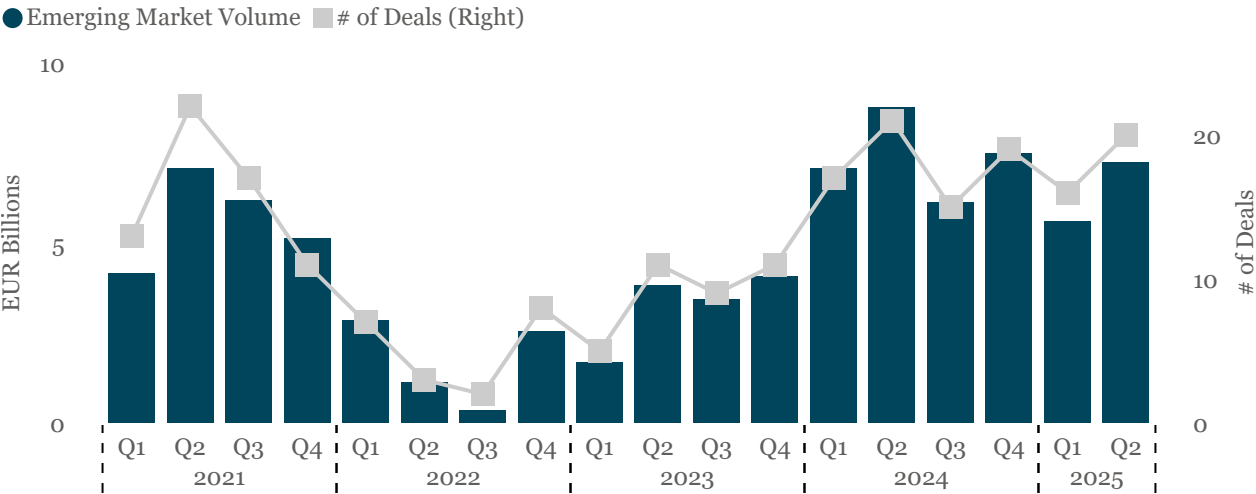
5.9 European Developed Market High Yield Issuance (20 most recent)

Issuer	Industry Group	Date	Currency	Amount (billion)	Coupon	Moody's	S&P	Fitch
La Doria SpA	Food & Beverage	30/06/2025	EUR	0.68	3-mth Euribor +337.5	B1	B	BB-
MAHLE GmbH	Auto/Truck	30/06/2025	EUR	0.30	7.125	Ba2		BB-
Sigma Holdco BV	Food & Beverage	30/06/2025	EUR	0.40	8.625	B2	B	B
Formycon AG	Healthcare	27/06/2025	EUR	0.07	3-mth Euribor +700			
Manuchar Group BV	Chemicals	27/06/2025	EUR	0.43	3-mth Euribor +500	B3	B	B
VMED O2 UK Financing I plc	Telecommunications	27/06/2025	EUR	0.50	5.625	Ba3	B+	BB+
Almaviva SpA	Computers & Electronics	26/06/2025	EUR	0.35	5		BB-	BB-
APCOA Parking	Transportation	26/06/2025	EUR	0.13	6	B3	B	
Dolcetto Holdco SpA	Healthcare	26/06/2025	EUR	0.40	3-mth Euribor +362.5	B3	B	
Dolcetto Holdco SpA	Healthcare	26/06/2025	EUR	0.59	5.625	B3	B	
Maxam Prill Sarl	Chemicals	26/06/2025	EUR	0.79	6		B+	BB-
Techem Verwaltungsgesellschaft 675 mbH	Professional Services	26/06/2025	EUR	0.54	3-mth Euribor +300	B2	B+	B+
Techem Verwaltungsgesellschaft 675 mbH	Professional Services	26/06/2025	EUR	0.61	4.625	B2	B+	B+
Maxam Prill Sarl	Chemicals	26/06/2025	USD	0.43	7.75		B+	BB-
Biofarma Group	Healthcare	25/06/2025	EUR	0.50	3-mth Euribor +412.5	B3	B-	B
Arqiva Broadcast Finance plc	Telecommunications	25/06/2025	GBP	0.59	8.625	B1	B	
CMA CGM SA	Transportation	24/06/2025	EUR	0.60	5	Ba1		BB+
Webuild SpA	Construction/Building	24/06/2025	EUR	0.45	4.125		BB	BB+
Garanti BBVA	Finance	24/06/2025	USD	0.43	8.125	B2		B+
Bellis Acquisition Co plc	Retail	18/06/2025	EUR	0.70	8	B1	B+	BB
CHEPLAPHARM Arzneimittel GmbH	Healthcare	18/06/2025	EUR	0.75	7.125	B3	B	B+
FiberCop SpA	Telecommunications	18/06/2025	EUR	0.70	3-mth Euribor +300	Ba1	BB+	BB+
FiberCop SpA	Telecommunications	18/06/2025	EUR	1.20	4.75	Ba1	BB+	BB+
FiberCop SpA	Telecommunications	18/06/2025	EUR	0.90	5.125	Ba1	BB+	BB+
Luna 2.5	Utility & Energy	18/06/2025	EUR	0.80	5.5	Ba3	BB-	BB+
Teamsystem SpA	Computers & Electronics	18/06/2025	EUR	1.25	3-mth Euribor +325	B2	B-	B
Teamsystem SpA	Computers & Electronics	18/06/2025	EUR	0.50	5	B2	B-	B

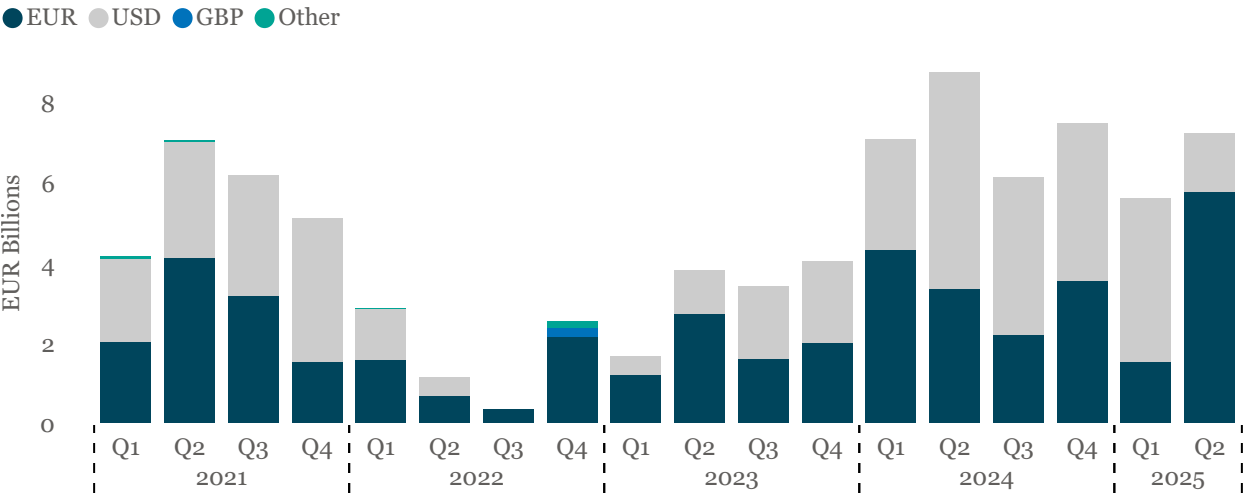
European Emerging Market High Yield Bonds

afme/ Emerging Market High Yield Bonds

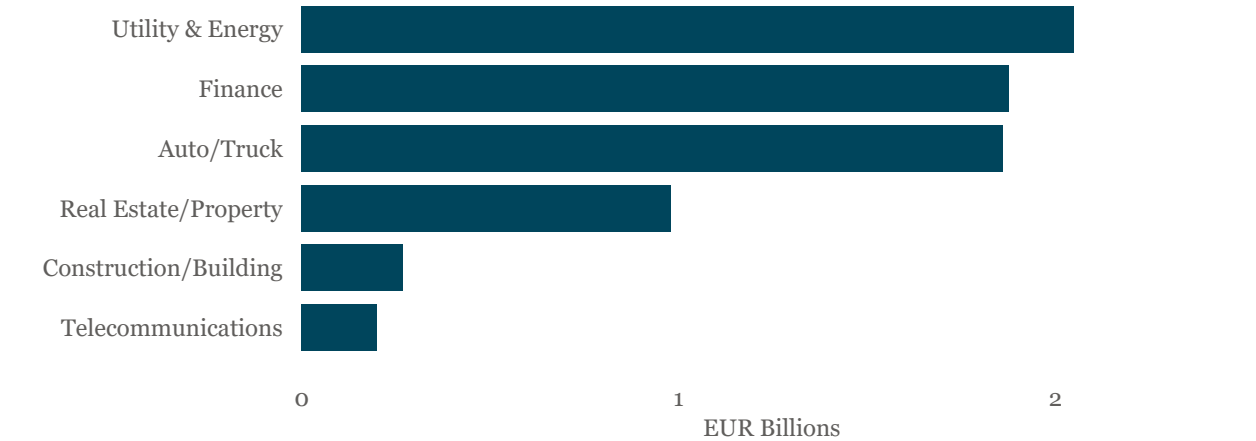
6.1 European Emerging Market High Yield Issuance



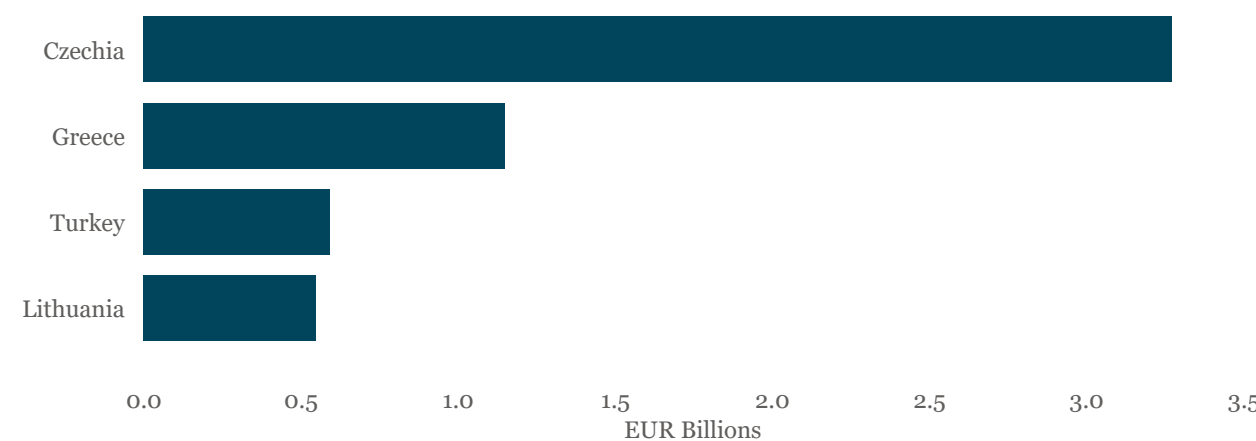
6.2 European Emerging Market High Yield Issuance by Currency



6.3 European Emerging Market High Yield Issuance by Industry: Q2 2025

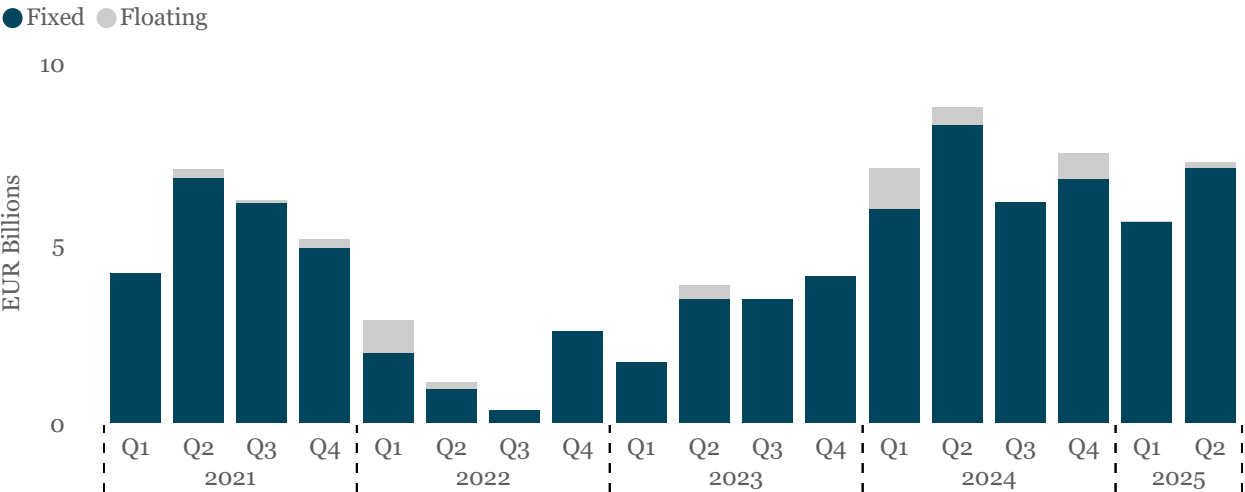


6.4 European Emerging Market High Yield Issuance by Country of Risk: Q2 2025

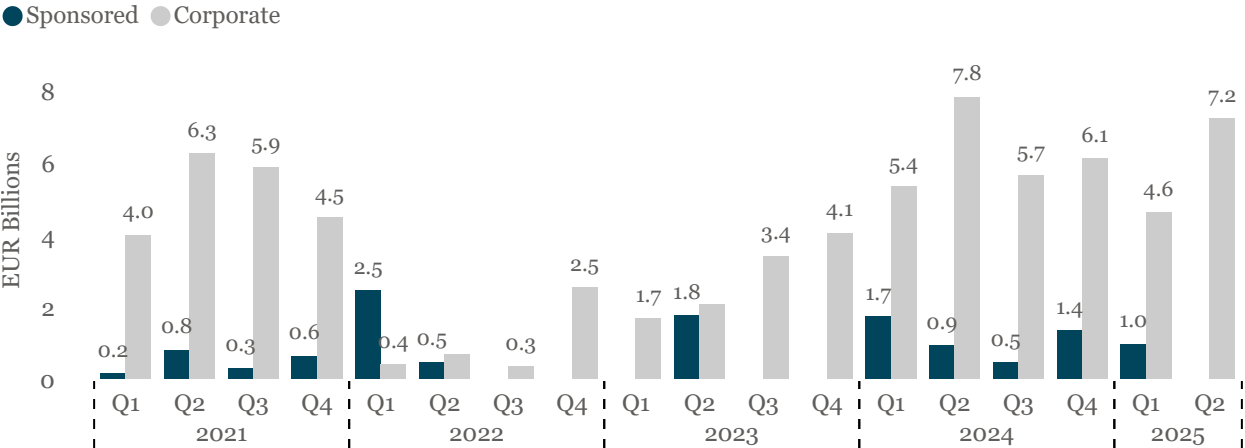


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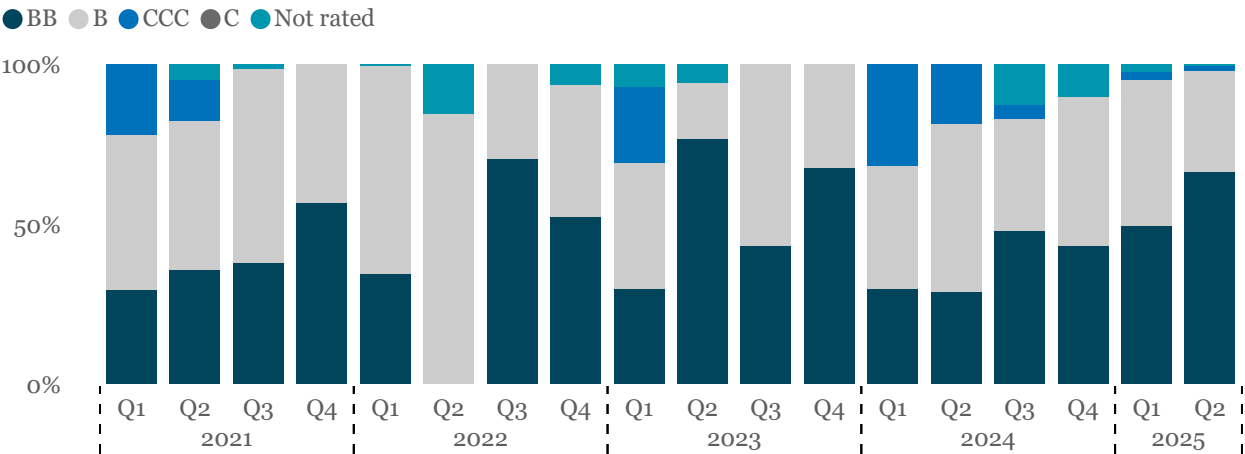
6.5 European Emerging Market High Yield Issuance, Fixed vs. Floating



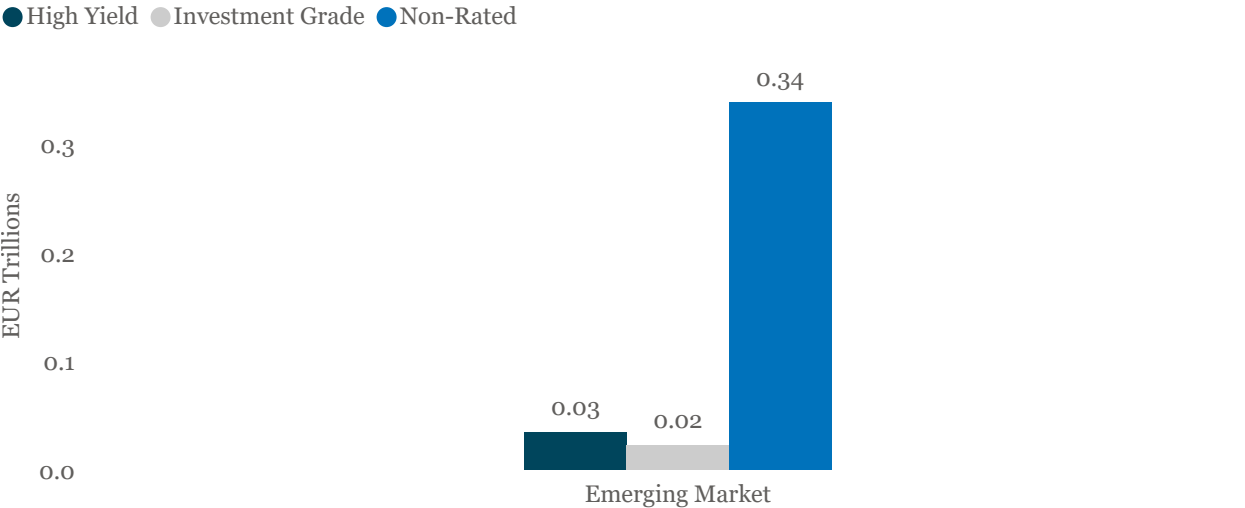
6.6 European Emerging Market High Yield Issuance, Sponsored vs. Corporate



6.7 European Emerging Market High Yield Rating Distribution at Issuance



6.8 European Emerging Market Corporate Bonds Outstanding: Q2 2025



Source: Dealogic [6.5], [6.6] and [6.7], Bloomberg [6.8]

afme/ Emerging Market High Yield Bonds

6.9 European Emerging Market High Yield Issuance

Issuer	Industry Group	Date	Currency	Amount (billion)	Coupon	Moodys	S&P	Fitch
Czechoslovak Group as	Auto/Truck	25/06/2025	EUR	1.00	5.25	Ba1	BB+	BBB-
Czechoslovak Group as	Auto/Truck	25/06/2025	USD	0.86	6.5	Ba1	BB+	BBB-
Turkiye Sinai Kalkinma Bankasi	Finance	25/06/2025	USD	0.30	7.375	B1		
365.bank as	Finance	24/06/2025	EUR	0.03	4	Ba1		
CPI Property Group SA	Real Estate/Property	24/06/2025	EUR	0.63	7.5	Ba3	B+	
Piraeus Bank	Finance	23/06/2025	EUR	0.40	6.75	B1		
Bite Group	Telecommunications	20/06/2025	EUR	0.15	3-mth Euribor +350			
Bite Group	Telecommunications	20/06/2025	EUR	0.05	6			
Bulgarian Energy Holding EAD	Utility & Energy	12/06/2025	EUR	0.80	4.25	Ba2		BB+
Attica Bank SA	Finance	05/06/2025	EUR	0.15	7.375	B2		
Attica Bank SA	Finance	05/06/2025	EUR	0.10	9.375	Caa1		
Energo Pro as	Utility & Energy	04/06/2025	EUR	0.05	8		B+	BB-
Aktif Yatirim Bankasi AS	Finance	29/05/2025	USD	0.02	7.375			
Eurobank Holdings	Finance	28/05/2025	EUR	0.50	6.625	Ba3		
IuteCredit Finance Sarl	Finance	19/05/2025	EUR	0.18	12.5			B-
Eastern European Electric Co BV	Utility & Energy	15/05/2025	EUR	0.50	6.5	Ba2		BB
Cimko Cimento ve Beton Sanayi ve Ticaret AS	Construction/Building	14/05/2025	USD	0.27	10.75	B2		B+
Energo Pro as	Utility & Energy	12/05/2025	EUR	0.70	8		B+	BB-
Akropolis Group UAB	Real Estate/Property	08/05/2025	EUR	0.35	6		BB+	BB+
MBH Bank Nyrt	Finance	29/04/2025	EUR	0.20	6.875	B1		

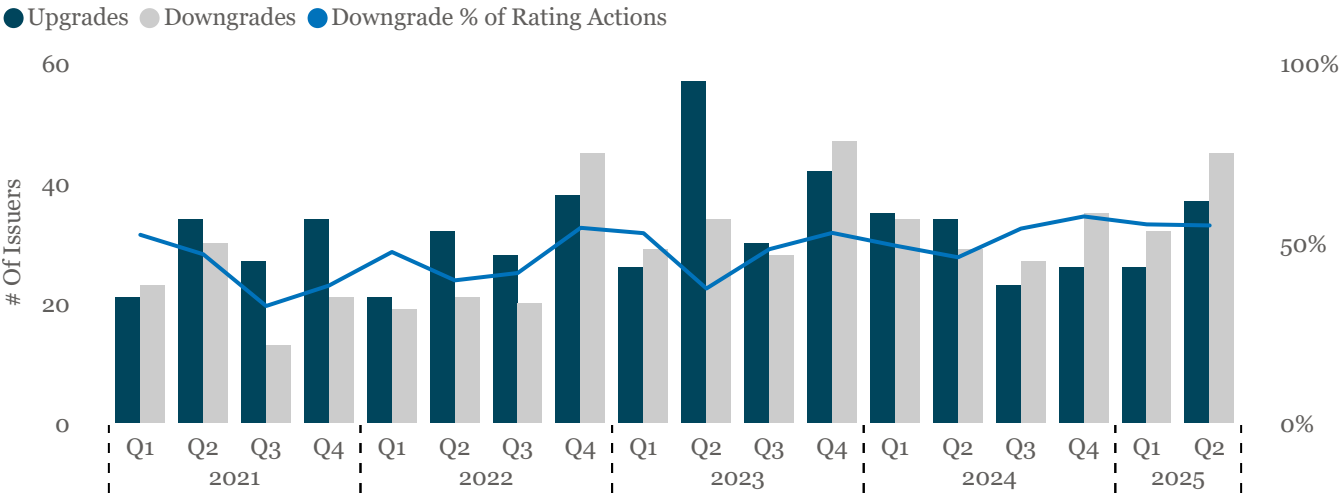
Credit Quality

Credit Quality

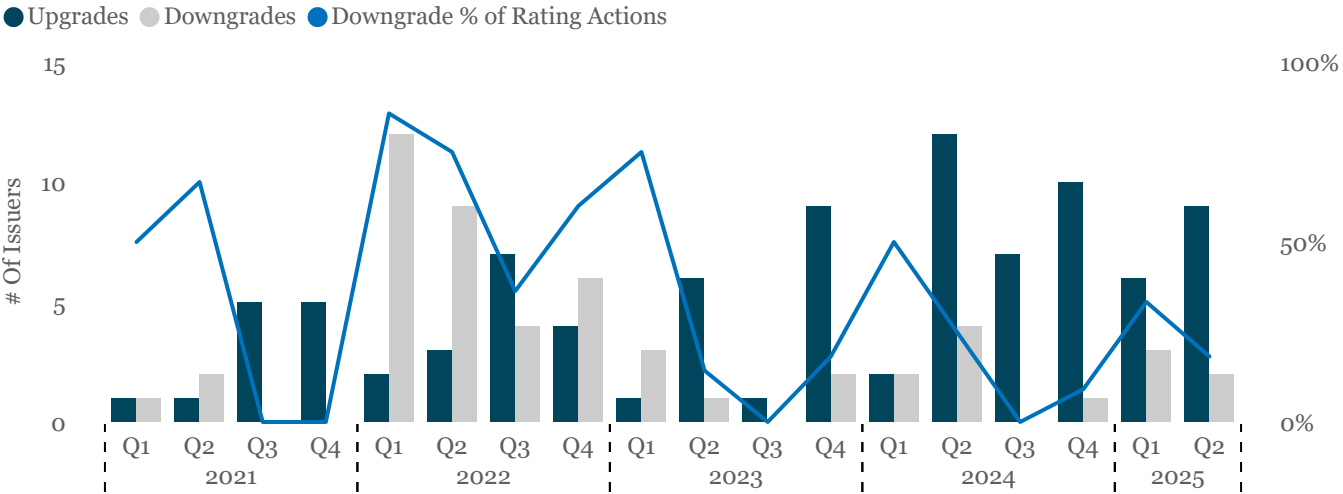
S&P's trailing 12-month speculative-grade bond default rate declined over the second quarter of 2025, falling from 4.10% in March to 3.80% in May, before rising up to 3.93% by the end of June. Moody's reported a similar pattern, with its default rate decreasing from 2.46% in March to 2.19% in May, then rising to 2.60% in June. In total, Moody's and S&P reported 20 bond defaults during Q2 2025, up from 12 in the previous quarter. Most of these defaults were due to Distressed Exchanges and Missed Payments, affecting issuers across sectors such as chemicals, telecommunications, and consumer products.

S&P reported 37 upgrades and 45 downgrades during the second quarter in Developed European markets. Upgrades were mostly related to Banks, Consumer Products and health care, while downgrades were mainly spreads across two sector., mostly affecting Chemicals, Packaging & Environmental Services and Consumer products. In contrast, in Emerging European markets, S&P issued 9 upgrades—primarily in the Banking and Insurance sectors—while recording two downgrades.

7.1 S&P Developed Europe Issuer Rating Actions

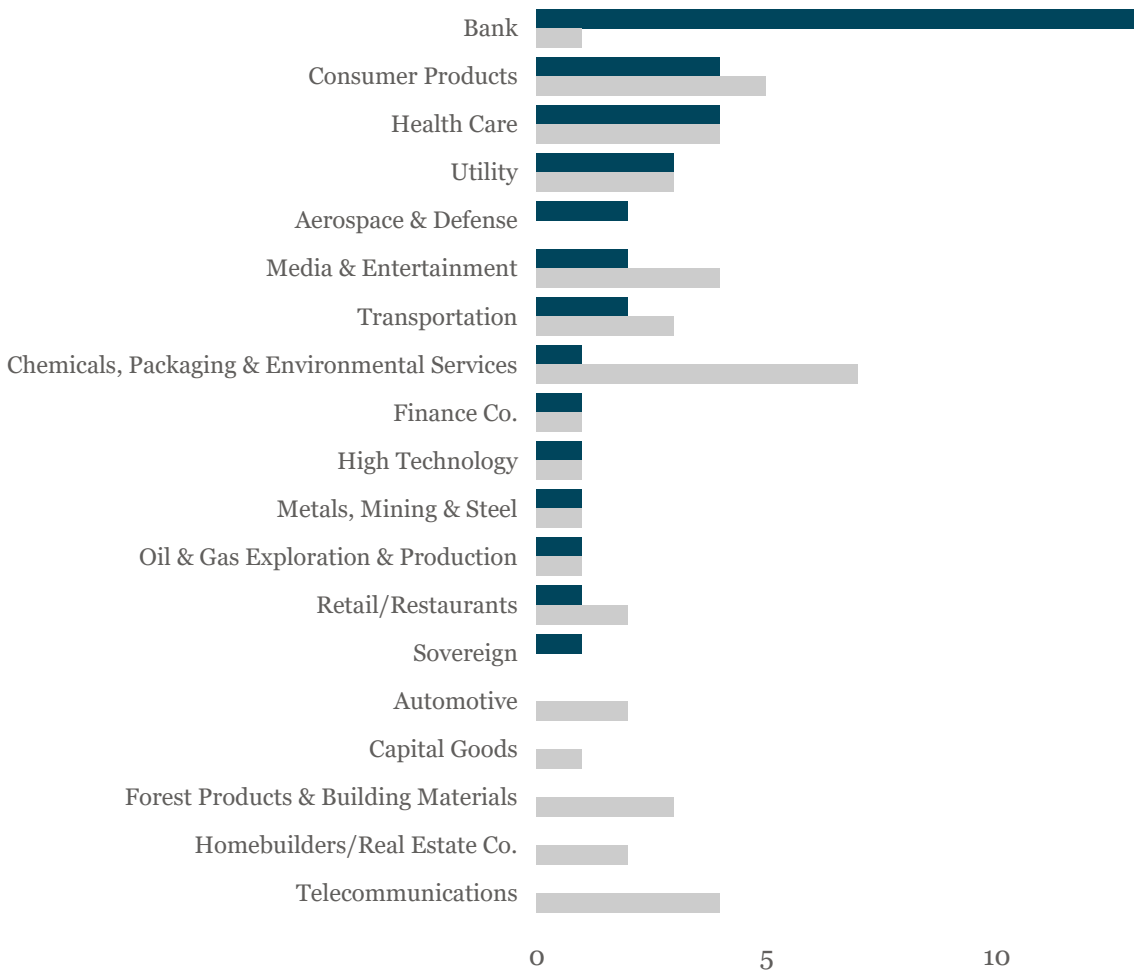


7.2 S&P Emerging Europe Issuer Rating Actions



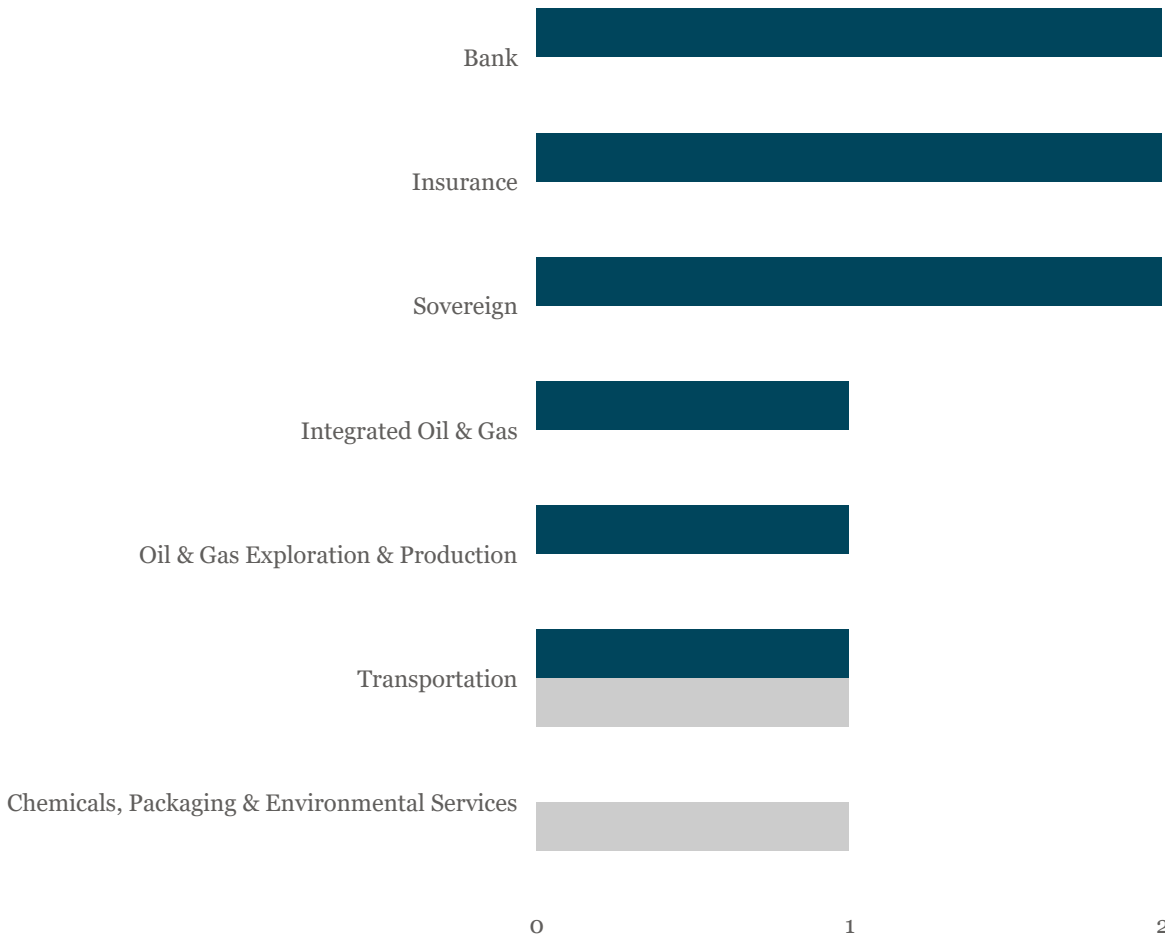
7.3 S&P Developed European Industry Rating Actions by # of Ratings: Q2 2025

Upgrades Downgrades

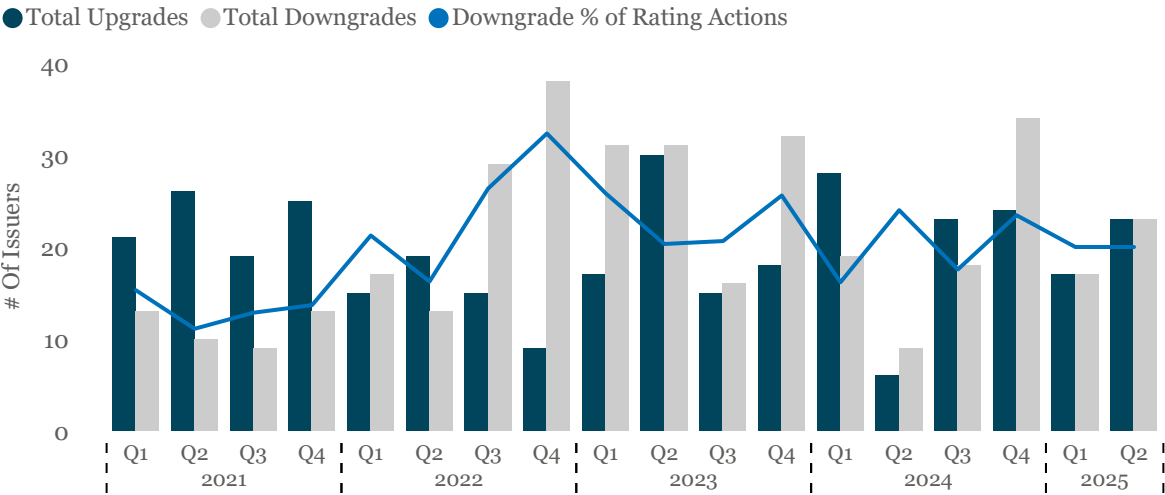


7.4 S&P Emerging European Industry Rating Actions by # of Ratings: Q2 2025

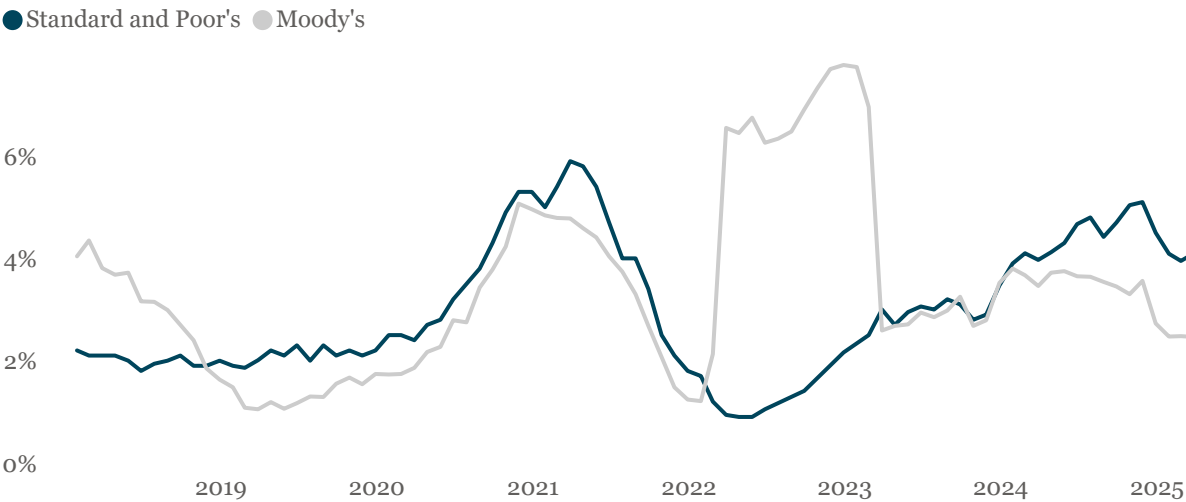
Upgrades Downgrades



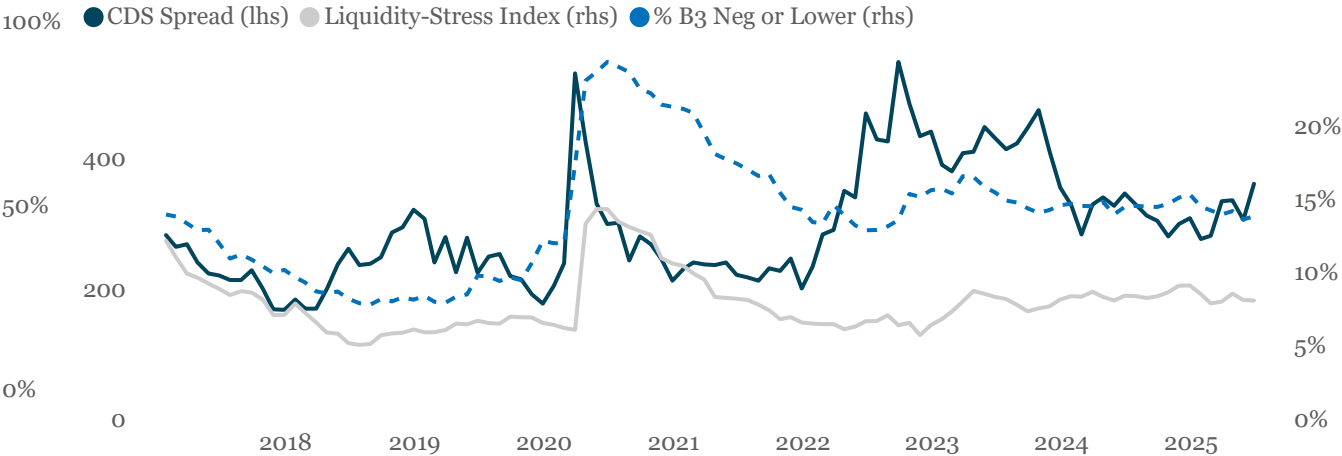
7.5 Moody's: Europe Issuer Rating Actions (corporate)



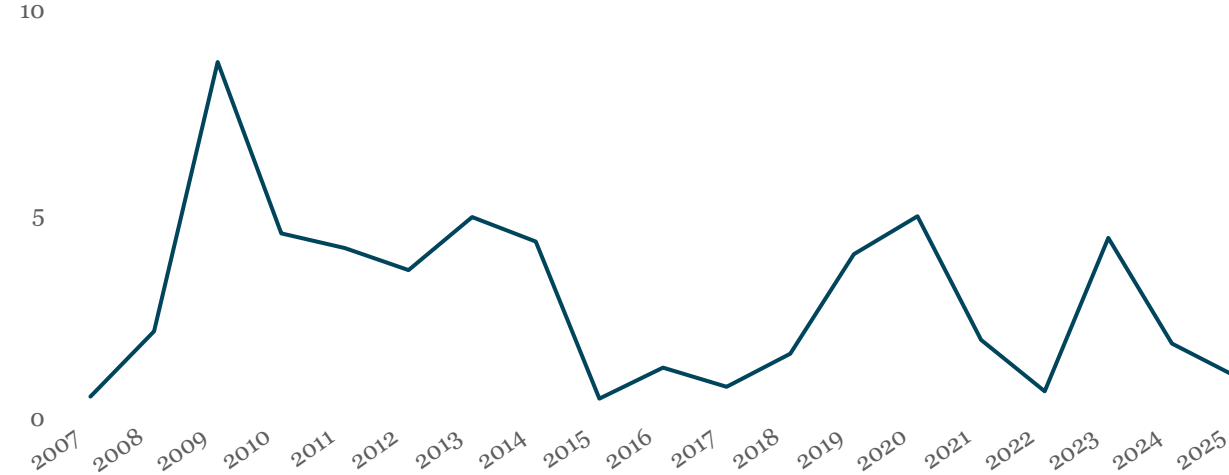
7.7 European High Yield Default Rates



7.6 High Yield Bond CDS Spreads vs. Liquidity-Stress Index and High Yield Bonds Rated B3 Neg and Lower in Europe



7.8 Fitch: European Leveraged Loan Default Rates by Value



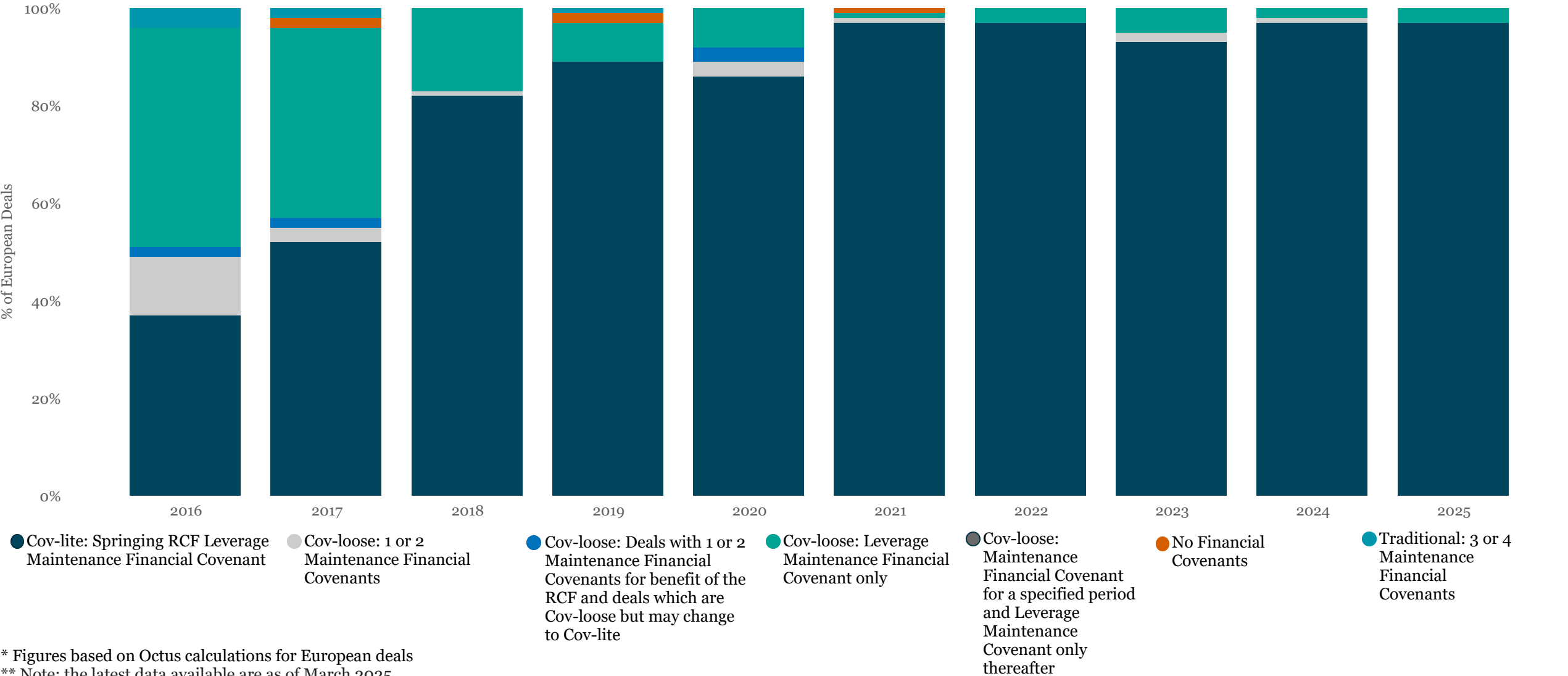
Source: Moody's [7.5], [7.6] and [7.7], Fitch [7.8], S&P [7.7]

Adjusted includes c and cc* rated issuers as if those had already defaulted.
** Note: the latest data available are as of March 2025
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7.9 European Defaults

Issuer	Industry Group	Country	Date	Reported By	Reason
Colisee Group	healthcare: long-term care facilities	France	Jun-2025	Moody's	Missed interest payments
Altice France S.A.	Telecommunications	France	Jun-2025	S&P	Missed Payments
Altice France Holding S.A.	telecommunications: integrated	France	Jun-2025	Moody's	Missed interest payments
Altice France S.A.	telecommunications: integrated	France	Jun-2025	Moody's	suspension of payments
Oriflame Investment Holding Plc	Consumer Products	Jersey	Jun-2025	S&P	Missed Payments
Garfunkelux Holdco 2 S.A.	Financial institutions	Luxembourg	Jun-2025	S&P	Distressed Exchange
Ypso Holding S.a.r.l.	Telecommunications	Luxembourg	Jun-2025	S&P	Missed Payments
Anarafe, S.L.U.	transportation services: maritime	Spain	Jun-2025	Moody's	Distressed Exchange
Colisee Group SAS	Health care	France	May-2025	S&P	Missed Payments
Eos Finco S.a.r.l.	whlsl dstrbtn: industrial products - ms	France	May-2025	Moody's	Distressed Exchange
Standard Profil Automotive GmbH	Automotive	Germany	May-2025	S&P	Distressed Exchange
OQ Chemicals International Holding GmbH (OQ S.A.O.C)	Chemicals, Packaging & Environmental Services	Germany	May-2025	S&P	Distressed Exchange
Nitrogenmuvek Zrt.	Chemicals, Packaging & Environmental Services	Hungary	May-2025	S&P	Missed Payments
Altice France Holding S.A. (Altice Europe N.V.)	Telecommunications	Luxembourg	May-2025	S&P	Missed Payments
Castle Intermediate Holding V Ltd.	Media & Entertainment	U.K.	May-2025	S&P	Distressed Exchange
Wheel Bidco Limited	restaurants: family dining	United Kingdom	May-2025	Moody's	Distressed Exchange
OQ Chemicals International Holding GmbH	chemicals: specialty chemical	Germany	Apr-2025	Moody's	Distressed Exchange
Kleopatra Holdings 2 S.C.A.	Chemicals, Packaging & Environmental Services	Luxembourg	Apr-2025	S&P	Distressed Exchange
Eos Finco S.a r.l.	Consumer Products	Luxembourg	Apr-2025	S&P	Distressed Exchange
Kleopatra Holdings 2 S.C.A	packaging: plastics	Luxembourg	Apr-2025	Moody's	Distressed Exchange

7.10 Financial Covenant Packages in European Leveraged Loans 2016 - 2025

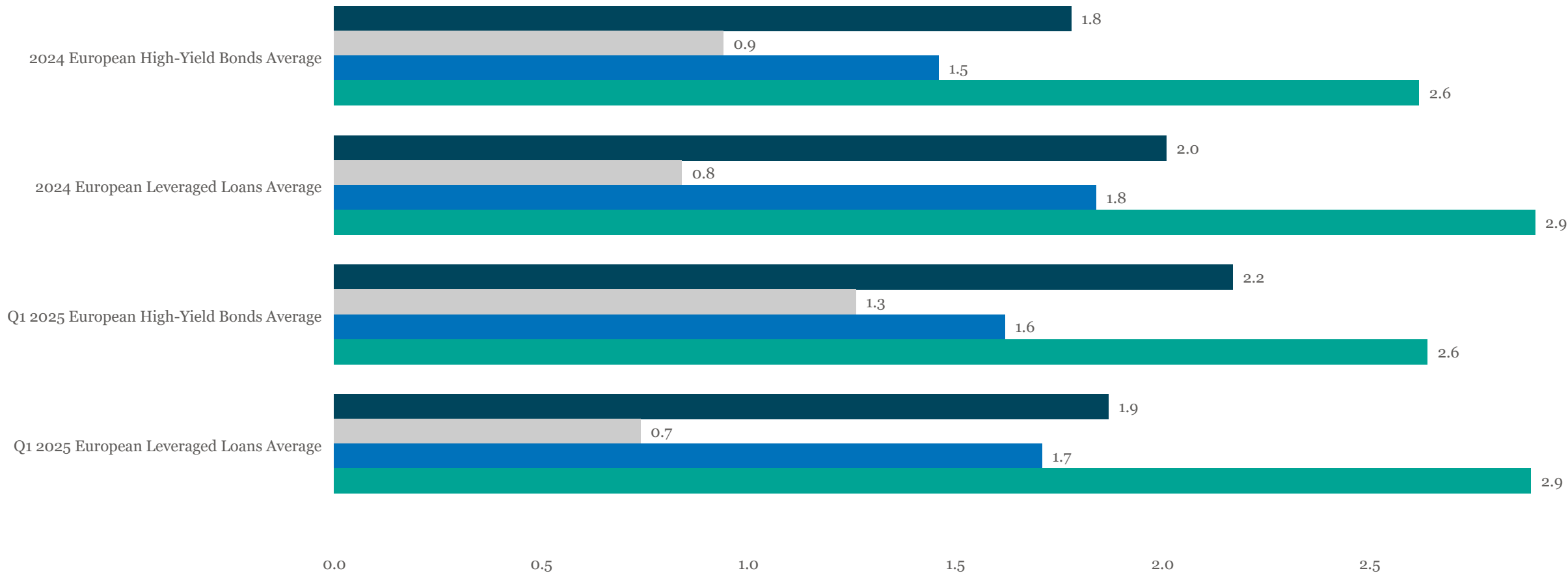


* Figures based on Octus calculations for European deals
** Note: the latest data available are as of March 2025

afme / High Yield Day-1 Capacity and Investor Pushback

7.11 Minimum Day-One Capped Basked Capacity - Europe

● Transfer to Unrestricted Subsidiaries ● Shareholder Payments ● Additional Structurally Senior Debt ● Additional Senior Secured Debt



*Note: the latest data available are as of March 2025

Relative Value and Total Return

afme / Relative Value and Return

Returns

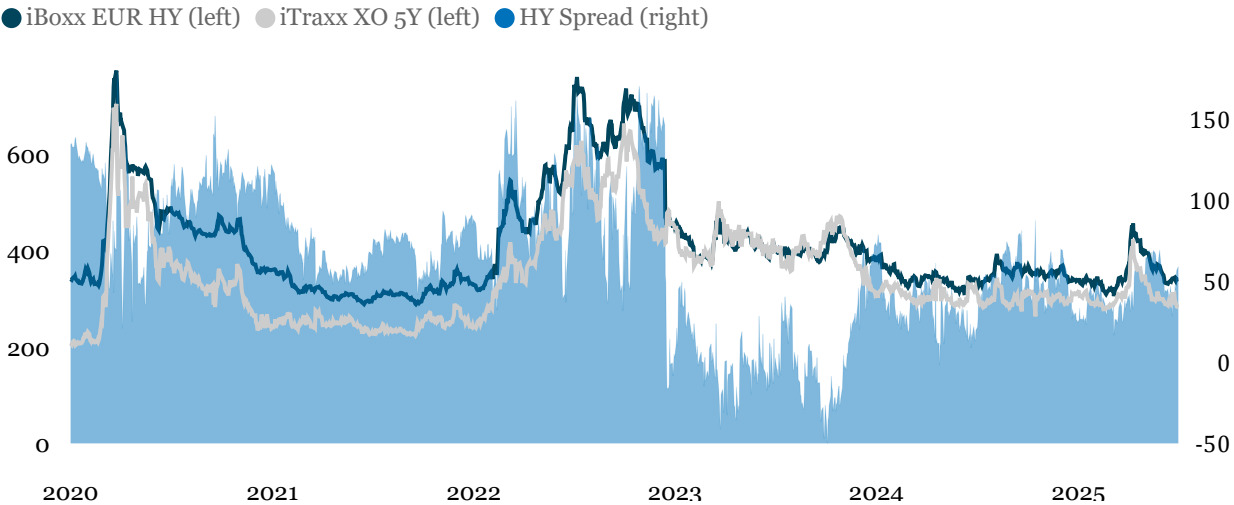
During the second quarter of 2025, a majority of the asset classes tracked in this report experienced a quarter-on-quarter price increase (17 out of the 19). The top performer was the MSCI EM with a total return of 11.02%, followed by the S&P 500 that recorded a gain of 10.57%. Only two asset classes posted marginal losses: Euro HY CCC and Lower Rated decreased by just 0.22%, while U.S. Municipals declined slightly by 0.13%. Overall, the quarter reflected strong market momentum across most segments.

The relative value spread between the cash (iBoxx EUR HY) and synthetic (iTraxx XO 5Y) references increased during the second quarter, from 41bps in Q1 2025 to 59bps in Q2 2025.

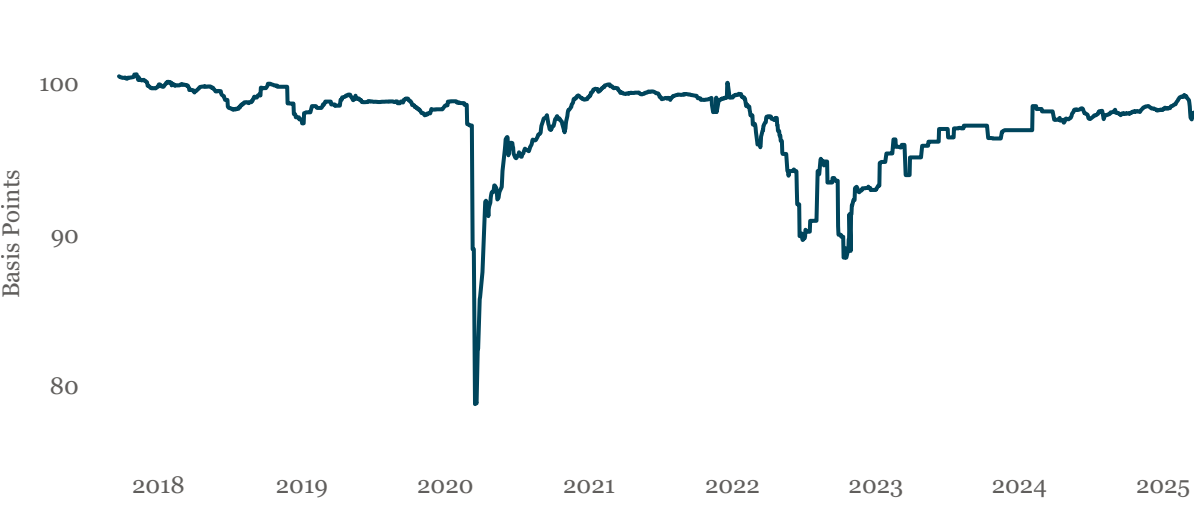
The leveraged loan price reference (EURO Lev 40) began the quarter with a sharp decline, dropping from 97.6 bps to 94.8 bps by April 7. It then recovered steadily, reaching 97.8 bps by the end of the quarter.

afme/ Relative Value and Total Return

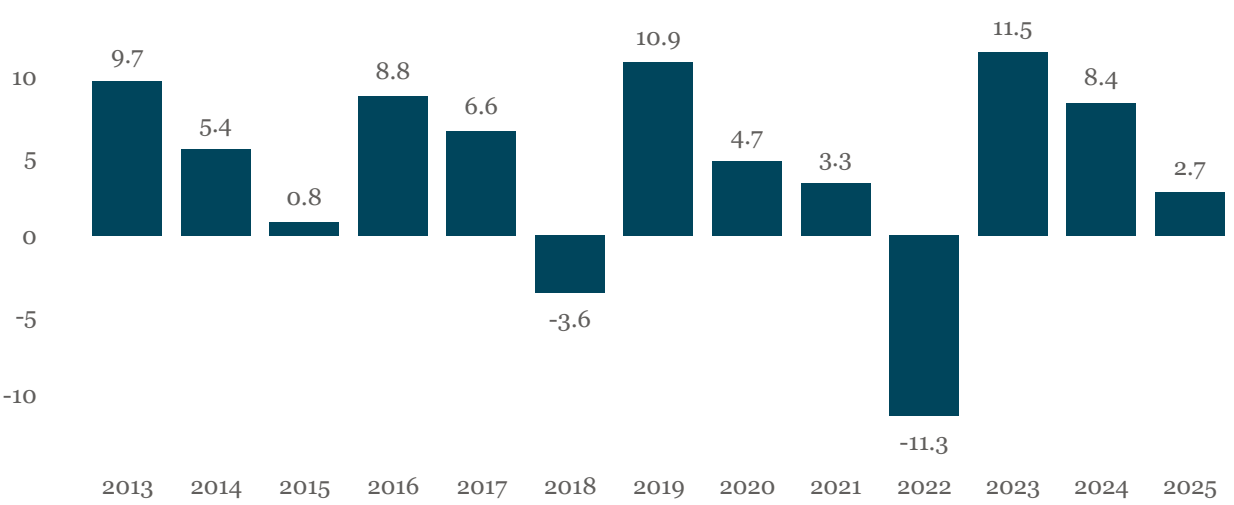
8.1 Relative value: European High Yield Bonds, Cash vs. Synthetic



8.2 Relative value: European Leveraged Loans, Cash (EURO Lev40)

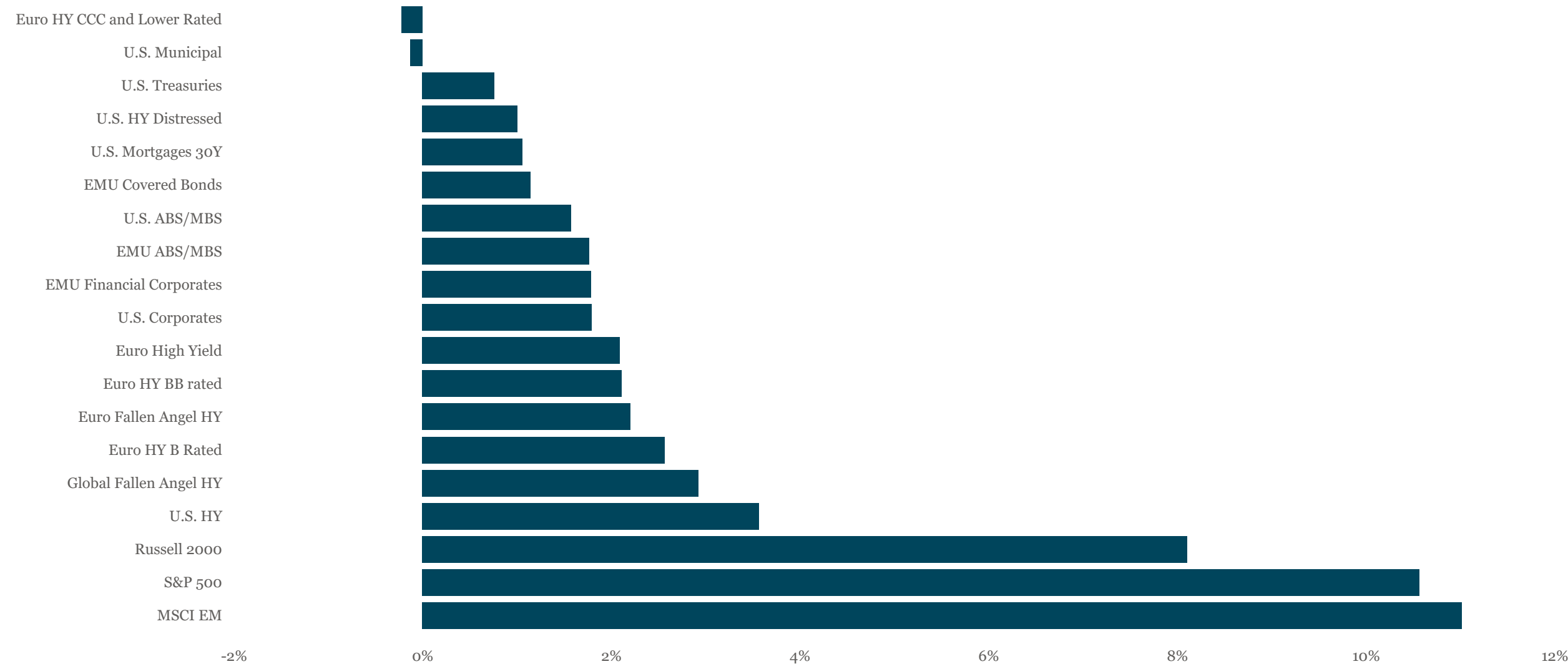


8.3 European High Yield Bonds Total Return



Source: Eikon [8.1] and [8.2] and Bloomberg [8.3]

8.4 Asset Class Total Return: Q2 2025



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