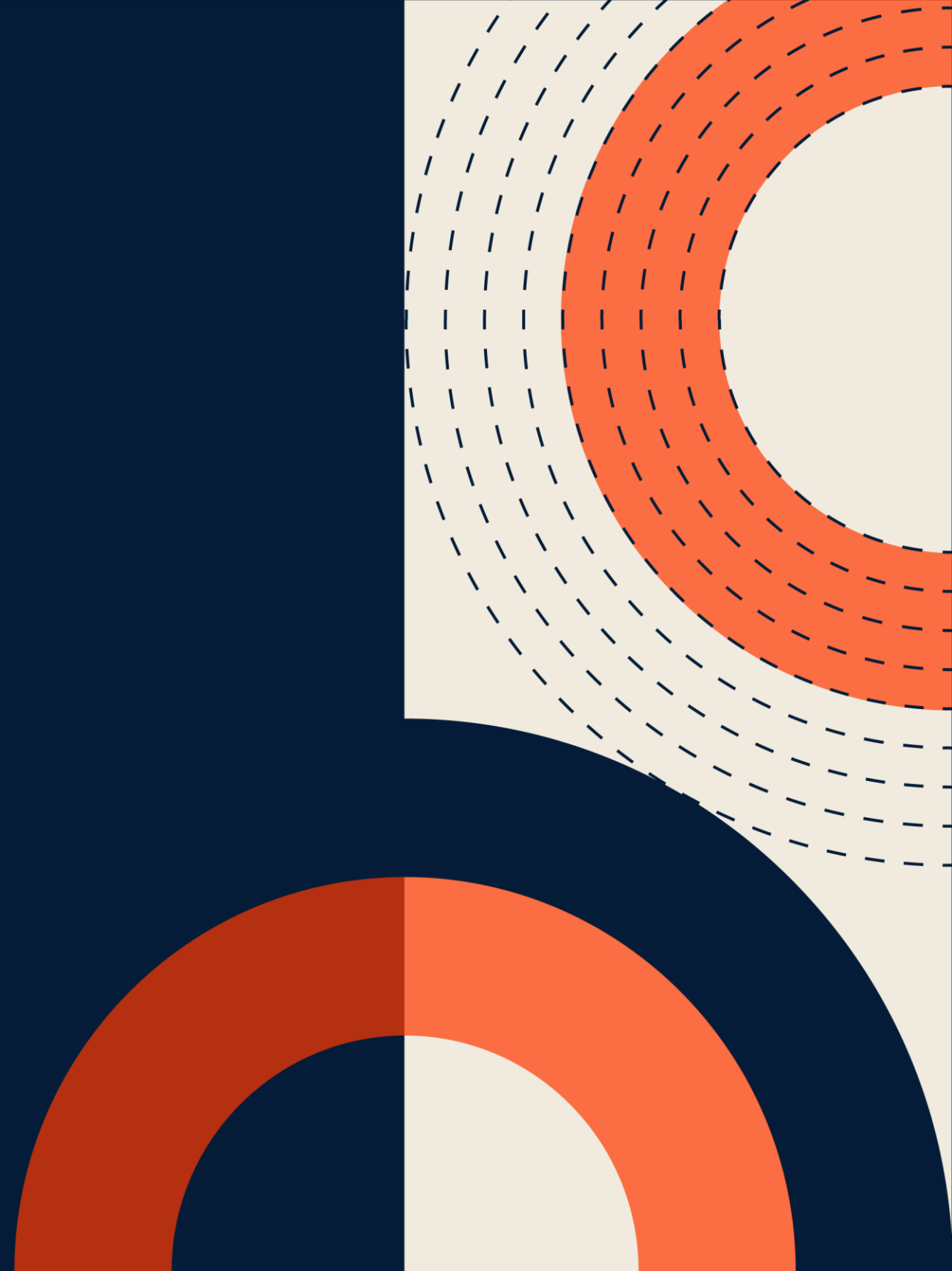


 EUROPEAN

Leveraged Loan Default Monitor

October 2025





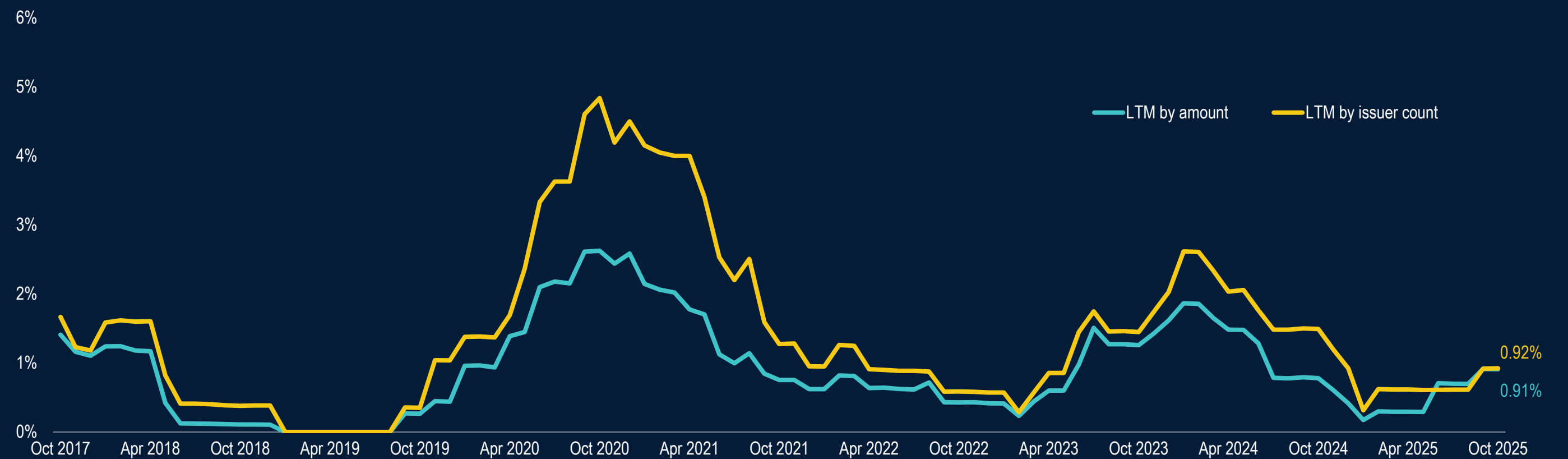
Key Takeaways

- Bumper blowouts in 2025 pushed the LTM amount of payment defaults in the Morningstar European Leveraged Loan Index (ELLI) to €2.7 billion in September and October — a 15-month high, and up from just €475 million at the start of the year.
- **Altice France S.A.** formally entered accelerated safeguard proceedings on June 10. With €1.69 billion outstanding on its term loan due 2028, the French telecom operator became the third-largest ELLI default on record.
- The speed of the **First Brands** demise offered a stark reminder of idiosyncratic risk in the leveraged finance markets. The automotive parts manufacturer on Sept. 29 filed for Chapter 11, adding 21 bps to the European default rate.
- The share of distressed loans in the Morningstar European Leveraged Loan Index jumped to 5.35% in October, the highest level since mid-2023.
- The rolling-12-month default rate of the ELLI (by principal amount) was 0.91% in both September and October, up from 0.29% at the end of May.
- By issuer count, the default rate is 0.92%, up from 0.31% at the start of the year.
- When including distressed exchanges and liability management exercises, the combined rate by issuer count is 2.15%.
- A quarter of companies restructuring loans via distressed exchanges and LMEs are repeat offenders.
- The Media, Healthcare, and Software sectors lead LME activity.
- Prominent LMEs among index loan issuers that altered priority claims after subordinating lenders include Diebold Nixdorf and Hurtigruten.
- The volume of loans rated triple-C or lower is the highest since May 2021.



Big-ticket blowouts lift European loan default rates from recent lows

European leveraged loan default rate: issuer count and amount

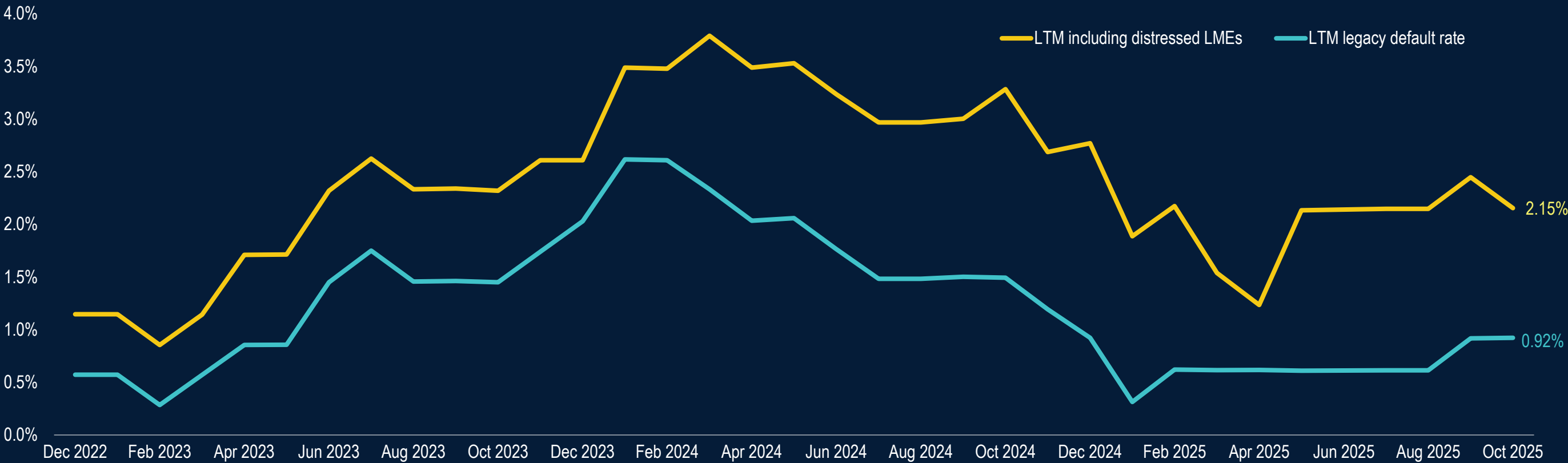


Sources: PitchBook | LCD; Morningstar European Leveraged Loan Index • Geography: Europe
*Data as of Oct. 31, 2025



Including LME activity, the combined rate by issuer count sits at 2.15%

European leveraged loan default rate incl. LMEs: issuer count

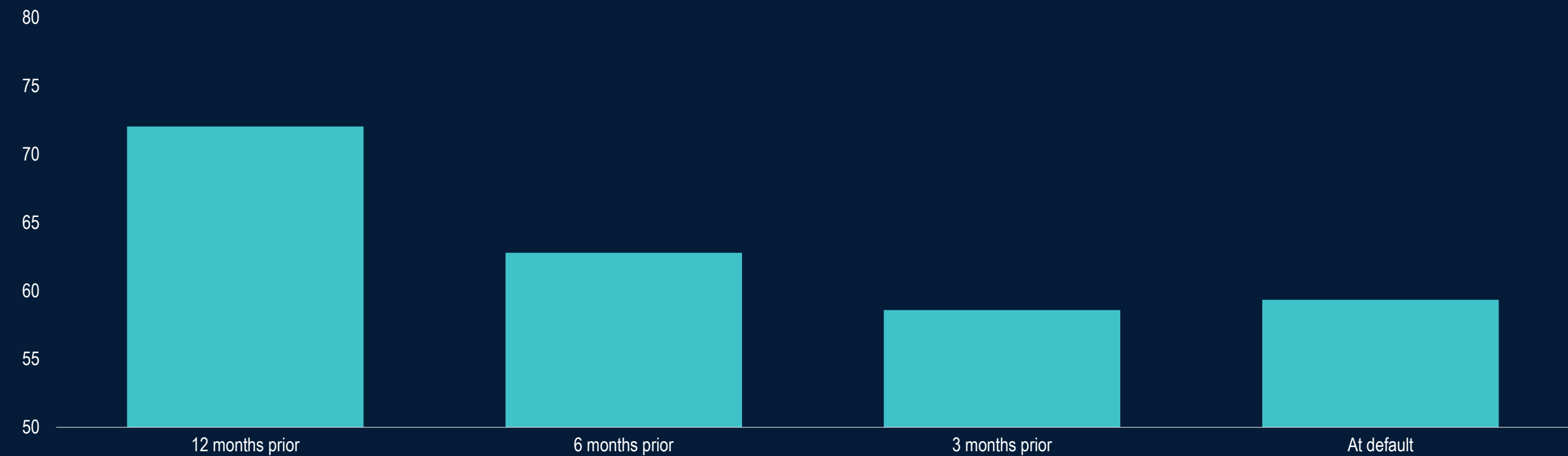


Sources: PitchBook | LCD; Morningstar European Leveraged Loan Index • Geography: Europe
*Data as of Oct. 31, 2025



Loans of companies undertaking LMEs show distress a year prior

Average LME bid price



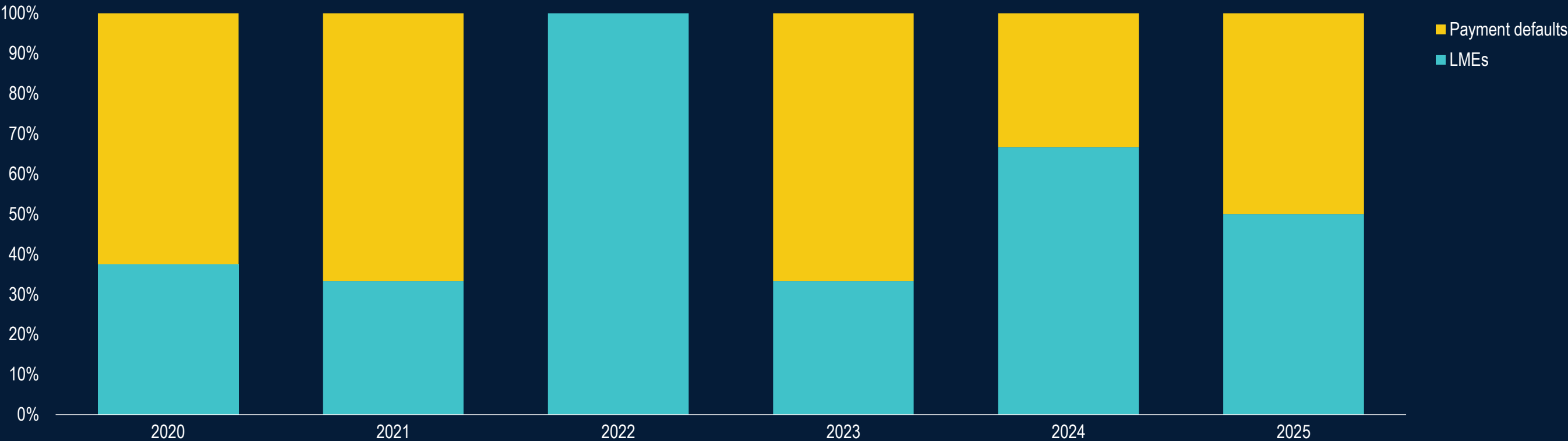
Data shows LMEs targeting loans in the Morningstar European Leveraged Loan Index between 2015 and 2025. Presented by facility count.

Sources: PitchBook | LCD; Morningstar European Leveraged Loan Index • Geography: Europe
*Data as of Oct. 31, 2025



With rising interest rates, LME share of default activity trends higher

Share of LMEs vs payment defaults



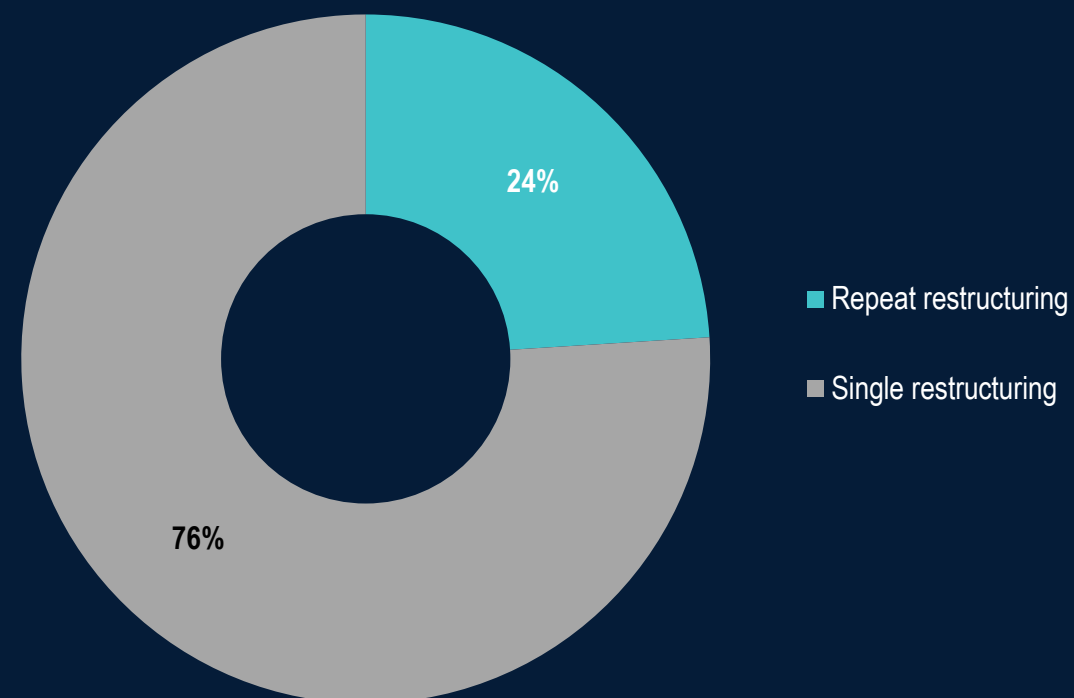
Data shows share of LMEs vs payment defaults in the Morningstar European Leveraged Loan Index. Presented by issuer count.

Sources: PitchBook | LCD; Morningstar European Leveraged Loan Index • Geography: Europe
*Data as of Oct. 31, 2025



A quarter of companies restructuring loans are repeat offenders

LMEs among ELLI issuers: Share of repeat restructurings



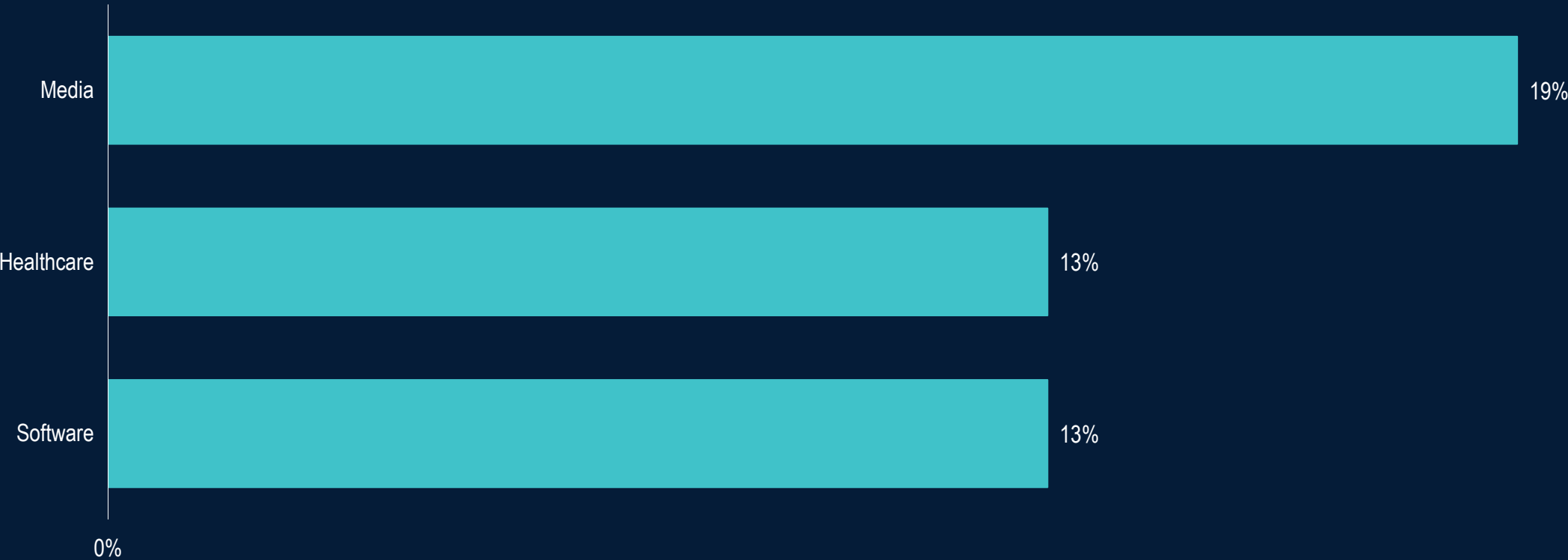
*Data shows share of companies in the Morningstar European Leveraged Loan Index with repeat restructurings across LMEs tracked between 2015 and 2025. Presented by issuer count.

Sources: PitchBook | LCD; Morningstar European Leveraged Loan Index • Geography: Europe
*Data as of Oct. 31, 2025



By sector, media takes top billing among European LME activity

Sector breakdown for European LMEs: 2015-2025



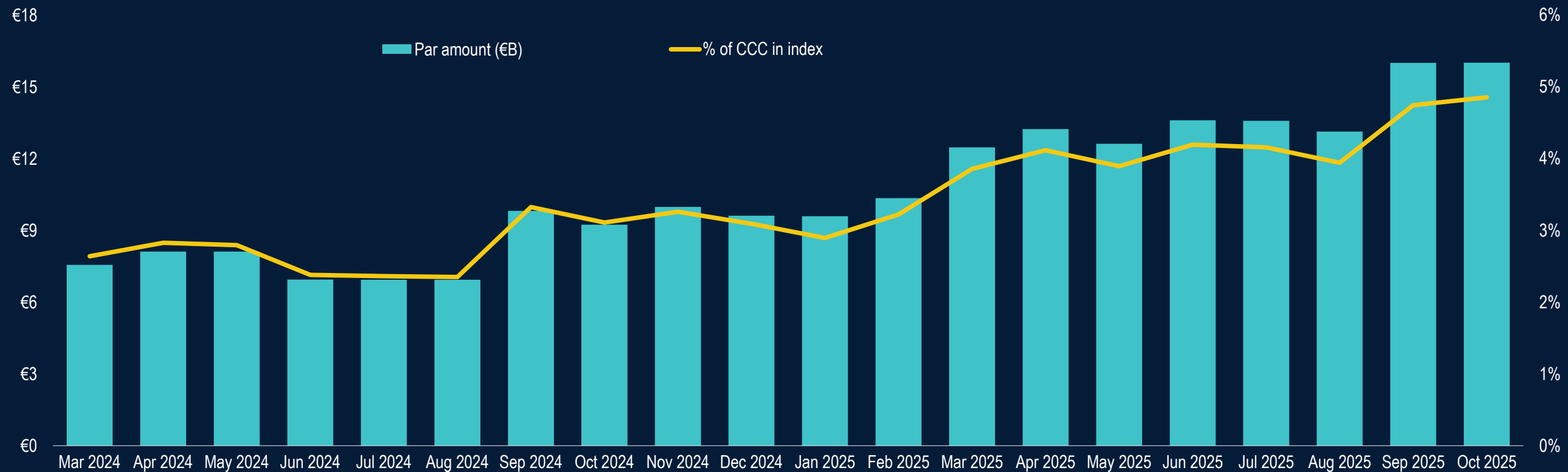
Based on GICS II. Data groups Healthcare Equipment & Services/Healthcare, and Software & Services/Computers & Electronics of LMEs tracked between 2015 and 2025. Presented by facility count.

Sources: PitchBook | LCD; Morningstar European Leveraged Loan Index • Geography: Europe
*Data as of Oct. 31, 2025



As downgrades proliferate, the share of facilities rated triple-C or lower hits a four-year high

Morningstar European LL Index: CCC share & par amount outstanding

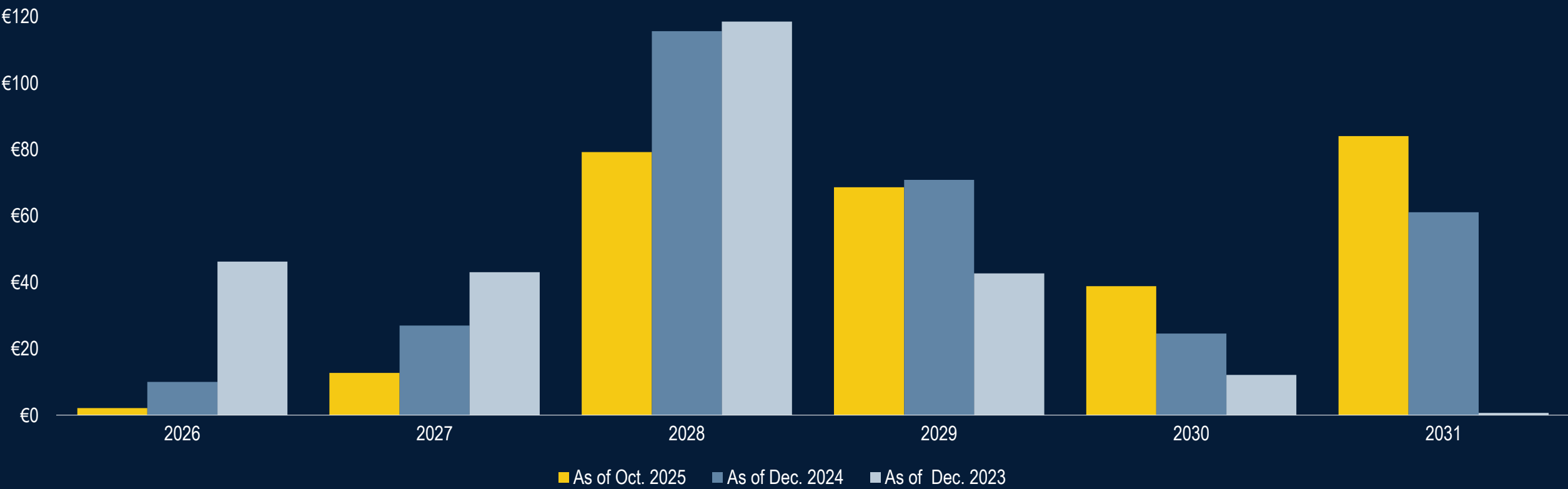


Source: PitchBook | LCD • Geography: Europe • *As of Oct. 31, 2025



Leveraged companies chip away at 2028 loan maturity wall

European leveraged loan maturity wall (€B)



Source: PitchBook | LCD • Geography: Europe • *As of Oct. 31, 2025



Share of distressed loans jump to highest level since mid-2023

ELLI distress ratio: share of facilities below 80

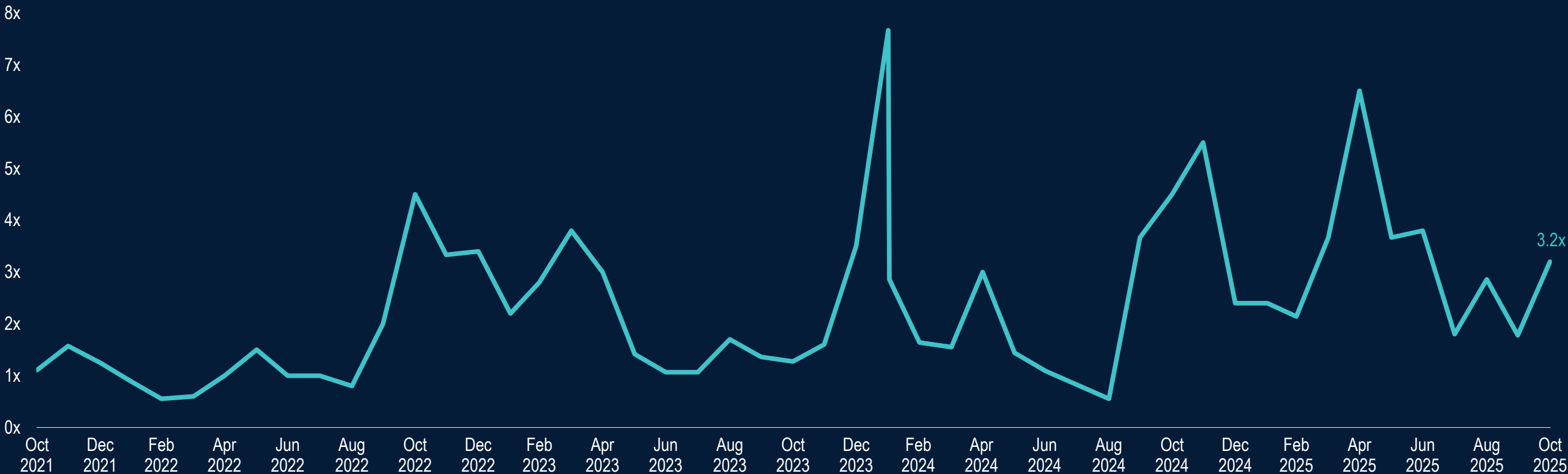


Source: PitchBook | LCD • Geography: Europe • *As of Oct. 31, 2025



Loan downgrades continue to outpace upgrades

Morningstar ELLI ratio of downgrades to upgrades – rolling 3 months



Source: PitchBook | LCD • Geography: Europe • *As of Oct. 31, 2025



Leveraged loan defaults over the last twelve months

Defaults in the Morningstar European Leveraged Loan Index: Last twelve months

Trailing-12-month payment and LME defaults: Loans in the Morningstar European Leveraged Loan Index

Issuer	Default / downgrade date	Loan size at issue (€M)	Credit date	Maturity	Sponsored?	Classification
Accell Group NV	10/15/2024	€700	9/16/2022	9/16/2029	Yes	LME
Veritas Software Corporation	12/18/2024	€549	3/19/2021	9/1/2025	Yes	LME
Hurtigruten ASA	2/20/2025	€345	2/23/2024	9/30/2027	No	Payment default
Oxea Group	5/8/2025	€475	9/14/2017	12/31/2026	No	LME
Castle US Holding Corporation	5/13/2025	€500	1/27/2020	1/27/2027	Yes	LME
Colisee Patrimoine Group SAS	5/12/2025	€1,000	6/18/2021	11/26/2027	Yes	LME
Altice France (SFR)	6/10/2025	€1,724	2/15/2023	8/15/2028	No	Payment default
First Brands	9/29/2025	€300	11/7/2023	3/30/2027	No	Payment default

Sources: PitchBook | LCD; Morningstar European Leveraged Loan Index • Geography: Europe
*Data as of Oct. 31, 2025



Methodology



Methodology

Data composition:

- All data included in this report is based on the broadly syndicated leveraged loan market referenced by the Morningstar European Leveraged Loan Index.

Methodology:

- **Default rate by amount:** The sum of all index payment defaults in the LTM period, divided by the total amount outstanding in the performing loan index 12 months ago.
- **Default rate by issuer count:** The sum of all index issuer payment defaults in the LTM period, divided by the total number of issuers in the performing loan index 12 months ago.

Contacts:

Research

Rachelle Kakouris, Director, Credit Research
rachelle.kakouris@pitchbook.com

Support

PitchBook support support@pitchbook.com

Criteria:

Payment Default Rate:

- The company has missed a principal or interest payment and is not in a forbearance period.
- The company files for bankruptcy.
- The loan has been downgraded to D by S&P Global Ratings (does not apply in cases of distressed exchanges/liability management exercises).
- The loan must be a constituent of the Morningstar European Leveraged Loan Index

Combined Default Rate:

- Considered a distressed liability management exercise or distressed exchange (excluding payments and bankruptcy defaults).
- The company is downgraded to Selective Default, or Default, and the targeted loan to D.
- The loan must be a constituent of the Morningstar European Leveraged Loan Index.