FitchRatings

European High-Yield Market Insight

3Q22 Update

12 October 2022

European High-Yield Market Insight

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Section 1

Key Takeaways

Key Takeaways and Recent Trends

Issuance

- European high-yield (HY) issuance totalled EUR30.9 billion year-to-date (YTD) to end-September 2022, down 67% in the same period to September 2021. The last 12 months (LTM) issuance of EUR67.2 billion to September 2022 represents a 46.9% decrease over 2021 LTM issuance of EUR126.5 billion. Persistent rises in benchmark government bond yields and rising credit spreads limit the outlook for new issuance into 2023.
- Over the last 12 months, 'BB' credits issuance was down 58.4% yoy to EUR31.3 billion, single 'B' down 26.3% yoy EUR31.6 billion and 'CCC' issuers down 47.2% to EUR4.3 billion.
- The largest transactions were by 888 Holding PLC (BB-/Negative) consisting of EUR300 million SSN (senior secured notes) at E+5.572% due 2028 with an original issue discount at 85 and EUR400 SSN at 7.56% fixed due 2027 with an original issuance discount at 85 at a very high 11.5% yield at issuance. The proceeds of the two bonds will support the company's acquisition of William Hill International, followed by Lottomatica's EUR350 million SSN at 9.750% due 2027, with proceeds covering strategic investments, acquisitions, refinancing debt, and general corporate purposes.

Market

- 'BB' secondary market yields rose to a 10-year, post-eurozone crisis era high of 5.97% at end-September 2022. This is above the pandemic high of 4.4% in April 2020, reflecting the steep rise in benchmark government bond yields and widening credit spreads to the end of the quarter.
- 'B' yields rose to 8.68% from 7.58% at end-2Q22, surpassing the pandemic-era high of 8.18% in March 2020.
- 'CCC' yields were at 13.63%, still below the pandemic-era high of 16.56% in April 2020.
- Since June 2022, Fitch has downgraded EUR2.5 billion bonds from investment grade to speculative grade. We have upgraded EUR8.69 billion bonds to investment grade from speculative grade. The LTM net effect remained positive in September with EUR6.6 billion more upgrades.
- Floating-rate issuance accelerated to 43% of total in 2022 from only 18% in 2021.

Distressed and Defaults

- The trailing 12-month (TTM) EMEA HY default rate rose to 2.9%, as EMEA emerging market fallen angels Gazprom and Russian Railways were downgraded to 'CC' and 'C', respectively, with the rating subsequently withdrawn. We consider 'CC' and below as defaulted credits. These added EUR11.4 billion debt to the default list.
- European developed market HY TTM default rates remain historically low at 0.4%. We expect the TTM developed-market HY default rate will increase to 1.5% by end-2022 and 2.5% by end-2023 (European Leveraged Finance Default Rates to Rise in 2023).
- Fitch's Bonds of Market Concern list rose to 5.6% at end-September 2022, from 0.6% in February, and from a record low of 0.5% in October 2021. Despite recent secondary-market volatility, Bonds of Market Concern remain lower than the pandemic-related April 2020 peak of 6.7%. Bonds of Market Concern reflect composite scores of rating levels, secondary market prices and near-term maturity profiles.
- The distressed ratio, measuring bonds that trade below 80% of par, surged to 20.6% in September 2022, from a record low of 0.6% in December 2021, surpassing the pandemic-peak distressed ratio of 15.1% at April 2020 and nearly matching the distressed ratio of 20.9% in October 2011, during the eurozone crisis. The all-time high for the bond distressed ratio was 58% in March 2009.
- The broader market benefits from active refinancing exercises in 2021, which lowered coupons and extended maturities. Post-pandemic reopening narratives supported de-leveraging and financial reporting remained constructive for most sectors during 1H22. We expect deterioration in ratings in the coming months mostly for issuers in consumer discretionary sectors or industrial price takers with encroaching maturities.

Country and Sector

- Italy led EMEA LTM new issuance in 9M22 at EUR13.3 billion (down 42.1% yoy), followed by the United Kingdom at EUR11.6 billion (down 34.7% yoy) and France at EUR8.3 billion (down 36.1% yoy).
- Average yields in the HY index at end-September were up 331bp yoy to 7.58%, 111bp above the pandemic-era high of 6.47% in April 2020. Consumer cyclicals are up 453bp to 7.35%. Communications issuers rose 379bp to 6.64% and basic materials rose 432bp yoy to 6.98%.
- Average yields in the UK jumped to 9.99% at end-September, up 594bp yoy. France HY yields rose 434bp to 7.27%, while Italian yields rose to 6.24%, 422bp higher yoy.

Overview of Recent Defaults

European High-Yield Developed Markets Default Rate = 0.4%; 2022 Forecast = 1.5%; 2023 Forecast = 2.5%

European High-Yield Default Rate (including Emerging Markets) = 2.9%

Kondor Finance plc (Naftogaz)	Fitch Ratings downgraded Naftogaz to 'C' from 'CCC' in July following its consent solicitation to defer the debt servicing of its Eurobond, with a proposed restructuring involving a material reduction in terms and being conducted to avoid insolvency. However, at end-July Fitch downgraded the company to 'RD' following the expiry of the grace period on its missed Eurobond repayment due on 19 July 2022 and failure to approve its initial consent solicitation by bondholders.
Matalan	The company agreed key terms of a comprehensive recapitalisation with the ad hoc group of it's first-lien noteholders, with a proposed extension of the bond maturity for at least six months to help facilitate the sale of the business. With stakeholders accepting that the notes cannot be repaid at maturity, first-lien bondholders, who effectively control the company, are now running the sale as a proper M&A rather than a valuation. First-round bids are due in a month. Matalan's founder is stepping down so he can bid for the retailer.
Vue Cinemas	Lenders unanimously voted for a scheme that would include GBP75 million of super-senior new money, received in September, on its proposed debt-for-equity restructuring. The transaction resulted in first-lien lenders taking over 100% of the business in return for providing the new money with first-lien debt written down by GBP225 million and around GBP240 million of second-lien debt being completely written off, along with GBP1.1 billion of shareholder loans.
Schur Flexibles	The restructuring is now completed and in the hands of the lenders led by Apollo. Schur will now operate under Adapa. According to the European Commission, under the EU Merger Regulation the acquisition of Schur Flexibles by Apollo Capital Management L.P. would raise no competition concerns given its very limited impact on the market structure. B&C Group said in June that it would attempt to recover damages incurred as a result of the "falsified financial statements and other criminal acts" that led to its restructuring and change of ownership. Schur Flexibles proposed restructuring to write off 75% of its term loan B and revolving credit facility in exchange for a 39% equity stake in the company.
DTEK Renewables	DTEK Renewables has obtained lenders' agreement to use debt-service reserve accounts to pay interest and debt repayments due in March to preserve other remaining liquidity and reflecting the moratorium on foreign-currency payments issued by the National Bank of Ukraine.
Gazprom	The Russian natural resources company was downgraded by Fitch to 'CC' in March, with the rating subsequently withdrawn on 1 April. The downgrade reflected new restrictions that impair the company's ability to service debt, and follows Fitch's downgrade of the Russian sovereign rating on 8 March 2022.
Russian Railways	The Russian rail network operator was also downgraded by Fitch, to 'C', before the rating was withdrawn on 1 April, for the same reasons.

Source: Fitch Ratings, Capital Structure

Bonds of Market Concern Highlights

Bonds of Market Concern at 5.6% of HY Index in September 2022 from 0.7% in December 2021

Corestate Capital	According to the company's CEO restructuring solutions for the 2022 and 2023 bonds are to be expected in the coming weeks. The company is seeking permission for a share capital increase that would enable a debt-for-equity restructuring, to back up the bond refinancing talks. The notes are traded in the low 20's. Management advised that securing liquidity and reducing its debt balance will be a top priority in the coming months, with cost-cutting measures being intensified. Results for 1H22 reported a 76.7% decline in aggregate revenue and gains and a negative EBITDA of EUR125 million versus a positive EBITDA figure of EUR35.7 million last year.
ADLER	The AGM approved the sale of 95% of the company's entire housing stock to reduce its debt. A sale of two of its QH projects was confirmed earlier in September between German property development, investment company Aggregate Holdings and Vivion Investments. The deal will reduce gross debt by about EUR440 million and lower the LTV by 2.7pp to 57.1% pro forma in 2021. After its request was rejected at the AGM, the German investor association SdK will seek to enforce a special audit of the company's transactions by going to court following a report published on ADLER Group in October 2021, alleging among other things fraud, deception and financial misrepresentation at the group. KPMG pointed out some deficiencies in documentation before leaving the audit. The group is facing several near-term challenges including lack of access to the capital markets, deterioration of housing valuations and the inability to hire an auditor.
Frigoglass	Frigoglass's bond prices have been steady at 48.6% of par in late September after the proposed EUR30 million senior secured note funding is expected to be agreed, according to the company, to bridge is short-term funding needs. Meanwhile, due to the fire at its Romanian plant in June 2021, the group's Russian factory is currently its main production facility in Europe. In addition, the company purchases raw materials in Russia, accounting for about 23% of the total purchases of the commercial refrigeration segment in 2021. Russia and Ukraine respectively accounted for 14.5% and 2.4% of its FY21 sales.
Carnival Corp & plc	The company reached an agreement to extend the maturity of the USD339 million 5.75% convertible notes to 2024, following a share offering in July that raised USD1.0 billion of gross proceeds. This is intended for general corporate purposes, which could include addressing 2023 debt maturities. Carnival reported a loss of USD770 million for 3Q ending in August 2022. The 5.57% senior secured note due 2027 was traded at 70, down from 74.6 earlier in September. The company has now reported a loss every quarter since the fiscal second quarter ended in May 2020, with revenue missing expectations for 10 straight quarters.
Raffinerie Heide	The company reported exceptional 2Q22 results with revenue up 149% and an EBITDA balance of EUR117.9 million versus EUR8.6 million from last year. The cash balance increased to EUR200.1 million at end-June from EUR121.9 million at end-March, with management commenting that a strong liquidity position and high forward 2022 margins provided flexibility for the settlement of the EUR250 million 6.375% December 2022 senior secured notes. Bonds of 2022 rose to 97 of par according to Bloomberg.
Kleopatra (Klöckner Pentaplast)	The company approached its US lenders to amend its term loan and revolver using the SOFR benchmark offering the lenders a 5bp amendment fee, with JP Morgan running the amendment. Bonds have been distressed since early March, when oil prices jumped at the onset of the Russia-Ukraine war.
Pro-Gest	According to the recently released 1H22 results revenue and EBITDA climbed 52.3% and 82.7% to EUR489.8 million and EUR103.2 million, respectively. The company will continue to pass on cost increases to customers, but consumption by industry and households has already slowed significantly.

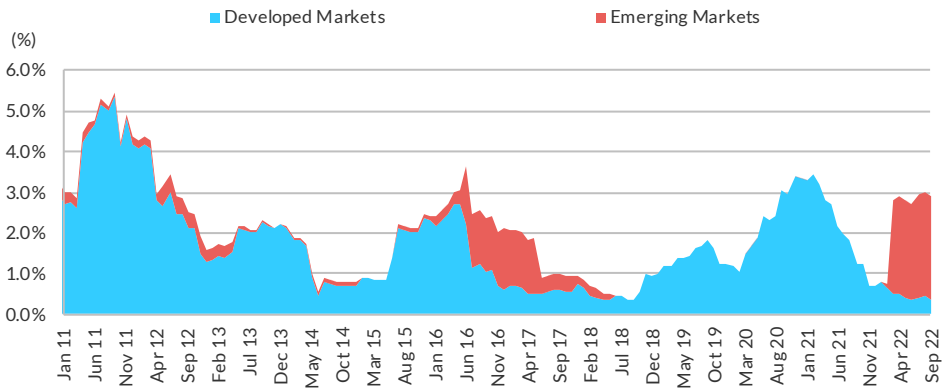
Source: Fitch Ratings, Capital Structure

Section 2

Distressed and Defaulted Credits

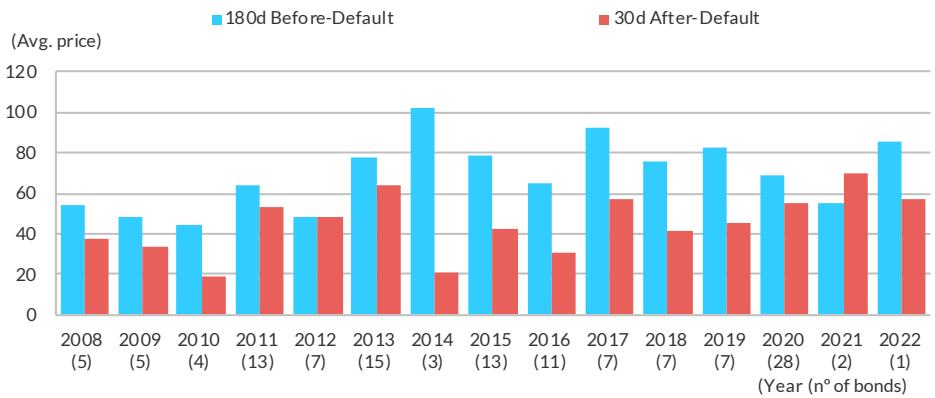
Historical Default Rates and Distressed Debt

Default Rate



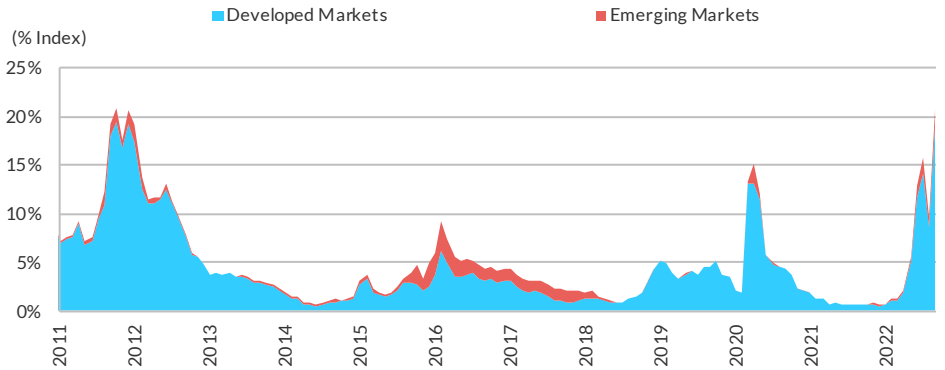
Source: Fitch Ratings European High-Yield Insight Index

Price Movement of Defaulted Bonds



Source: Fitch Ratings European High-Yield Insight Index

Outstanding Distressed Debt



Note: Distressed debt defined as price < 80
Source: Fitch Ratings European High-Yield Insight Index

Recent Default

Date	Issuer	Currency	Total (m)	Maturity
Jul 22	Kondor Finance (Naftogaz)	EUR	600	Jul 24
Jul 22	Matalan Finance Plc	GBP	96	Jan 24
Apr 22	DTEK Renewables Finance	EUR	325	Nov 24
Mar 22	Gazprom	EUR	9,220	2022-2028
Mar 22	Russian Rail	EUR	2,174	2023-2028
Feb 22	Credito Real SAB de CV	EUR	520	Fev 22 /Feb 27
Feb 22	Yell Bondco Plc	GBP	214	May 23
Jan 22	Mulhacen Pte Ltd	EUR	537	Aug 23
Dec 21	Safari Holding Verwaltun	EUR	350	Nov 22

Note: Bonds rated 'CC' and below are treated as defaults
Source: Fitch Ratings European High-Yield Insight Index

Top Bonds of Market Concern

Tier	Issuer	Currency	Amount Outstanding (m)	Avg Price	Maturity	Country	Industry
Top	Corestate Capital Hold	EUR	300	22.8	Apr 23	Luxembourg	Financial
Top	Matalan Finance Plc	GBP	350	77.8	Jan 23	United Kingdom	Consumer, Cyclical
Top	Adler Group Sa	EUR	500	55.8	Apr 27	Germany	Financial
Top	Adler Group Sa	EUR	400	56.5	Nov 26	Germany	Financial
Top	Adler Group Sa	EUR	800	54.3	Jan 29	Germany	Financial
Top	Adler Group Sa	EUR	700	57.5	Jan 26	Germany	Financial
Top	Frigoglass Finance Bv	EUR	260	52.3	Feb 25	Netherlands	Industrial

As of 30 September 2022
Note: Excludes bonds rated 'CC' and below
Source: Fitch Ratings European High-Yield Insight Index

Bonds of Market Concern

Tier	Issuer	Currency	Amount Outstanding (m)	Avg Price	Maturity	Country	Industry
Tier 2	Banca Monte Dei Paschi S	EUR	300	56.8	Jul 29	Italy	Financial
Tier 2	Metro Bank Plc	GBP	250	55.9	Jun 28	United Kingdom	Financial
Tier 2	Banca Monte Dei Paschi S	EUR	400	54.1	Jan 30	Italy	Financial
Tier 2	Banca Monte Dei Paschi S	EUR	750	52.0	Jan 28	Italy	Financial
Tier 2	Carnival Plc	EUR	600	52.9	Oct 29	United States	Consumer, Cyclical
Tier 2	Banca Monte Dei Paschi S	EUR	300	54.8	Sep 30	Italy	Financial
Tier 2	Ideal Standard Intl Sa	EUR	325	58.3	Jul 26	Belgium	Industrial
Tier 2	Adler Group Sa	EUR	400	65.9	Jul 24	Germany	Financial
Tier 2	Casino Guichard Perracho	EUR	460	55.2	Aug 26	France	Consumer, Non-Cyclical
Tier 2	Adler Real Estate Ag	EUR	500	84.3	Apr 23	Germany	Financial
Tier 2	Ard Finance Sa	EUR	796	72.6	Jun 27	Luxembourg	Industrial
Tier 2	Casino Guichard Perracho	EUR	400	58.4	Jan 26	France	Consumer, Non-Cyclical
Tier 2	Kleopatra Holdings 2	EUR	300	68.1	Sep 26	Luxembourg	Industrial
Tier 2	Herens Midco Sarl	EUR	460	69.5	May 29	Luxembourg	Basic Materials
Tier 2	Kirk Beauty Sun Gmbh	EUR	498	65.4	Oct 26	Germany	Consumer, Cyclical
Tier 2	Casino Guichard Perracho	EUR	525	53.8	Apr 27	France	Consumer, Non-Cyclical
Tier 2	Haya Holdco 2 Plc	EUR	368	64.3	Nov 25	United Kingdom	Financial
Tier 2	Novafives Sas	EUR	325	67.0	Jun 25	France	Industrial
Tier 2	Adler Group Sa	EUR	400	60.0	Aug 25	Germany	Financial
Tier 2	Sigma Holdco Bv	EUR	677	69.8	May 26	Netherlands	Consumer, Non-Cyclical
Tier 2	Novafives Sas	EUR	275	67.3	Jun 25	France	Industrial
Tier 2	Pro-Gest Spa	EUR	250	72.6	Dec 24	Italy	Industrial
Tier 2	Adler Real Estate Ag	EUR	300	80.8	Feb 24	Germany	Financial
Tier 2	Olympus Wtr Us Hldg Corp	EUR	265	76.2	Oct 29	United States	Basic Materials
Tier 2	Casino Guichard Perracho	EUR	558	70.0	Mar 24	France	Consumer, Non-Cyclical
Tier 2	Mangrove Luxco Iii	EUR	372	79.1	Oct 25	Luxembourg	Industrial

As of 30 September 2022
Note: Excludes bonds rated 'CC' and below
Source: Fitch Ratings European High-Yield Insight Index

Bonds of Market Concern

Tier	Issuer	Currency	Amount Outstanding (m)	Avg Price	Maturity	Country	Industry
Tier 2	Ctec Ii Gmbh	EUR	465	76.0	Feb 30	Germany	Industrial
Tier 2	Foodco Bondco Sau	EUR	335	74.3	May 26	Spain	Consumer, Cyclical
Tier 2	Adler Real Estate Ag	EUR	300	73.9	Apr 26	Germany	Financial
Tier 2	Casino Guichard Perracho	EUR	357	63.1	Feb 25	France	Consumer, Non-Cyclical
Tier 2	Codere Finance 2 Luxembo	EUR	140	88.4	Nov 27	Luxembourg	Consumer, Cyclical
Tier 2	Raffinerie Heide Gmbh	EUR	250	98.2	Dec 22	Germany	Energy
Tier 2	Selecta Group Bv	EUR	276	87.6	Jul 26	Netherlands	Industrial
Tier 2	Boparan Finance Plc	GBP	475	70.0	Nov 25	United Kingdom	Consumer, Non-Cyclical
Tier 2	Standard Profil Automoti	EUR	275	62.4	Apr 26	Germany	Consumer, Cyclical
Tier 2	Oriflame Investment Hldg	EUR	250	59.3	May 26	Switzerland	Consumer, Non-Cyclical
Tier 2	Verisure Midholding Ab	EUR	1,175	78.2	Feb 29	Sweden	Consumer, Non-Cyclical
Tier 2	Tui Cruises Gmbh	EUR	524	80.2	May 26	Germany	Consumer, Cyclical
Tier 2	Chrome Holdco	EUR	525	78.5	May 29	France	Consumer, Non-Cyclical
Tier 2	Diebold Nixdorf	EUR	350	81.6	Jul 25	Netherlands	Technology
Tier 2	Paper Industries	EUR	200	82.7	Mar 25	Luxembourg	Basic Materials
Tier 2	Laboratoire Eimer Selas	EUR	250	76.4	Feb 29	France	Consumer, Non-Cyclical
Tier 2	Titan Holdings Ii Bv	EUR	375	82.2	Jul 29	Netherlands	Industrial
Tier 2	Motion Bondco Dac	EUR	370	81.5	Nov 27	Ireland	Consumer, Cyclical
Tier 2	Picard Bondco	EUR	310	79.1	Jul 27	Luxembourg	Consumer, Non-Cyclical
Tier 2	Bcp V Modular Services	EUR	435	73.5	Nov 29	United Kingdom	Consumer, Non-Cyclical
Tier 2	Intralot Capital Lux	EUR	382	92.8	Sep 24	Luxembourg	Consumer, Cyclical
Tier 2	Ardagh Pkg Fin/Hldgs Usa	GBP	400	70.9	Jul 27	Ireland	Industrial
Tier 2	Wp/Ap Telecom Holdings	EUR	550	79.3	Jan 30	Netherlands	Communications
Tier 2	Summer Bc Holdco A Sarl	EUR	428	84.1	Oct 27	Luxembourg	Communications
Tier 2	Compact Bidco Bv	EUR	300	74.1	May 26	Netherlands	Industrial
Tier 2	Flamingo Lux Ii Sa	EUR	250	77.6	Mar 29	Luxembourg	Financial

As of 30 September 2022
Note: Excludes bonds rated 'CC' and below
Source: Fitch Ratings European High-Yield Insight Index

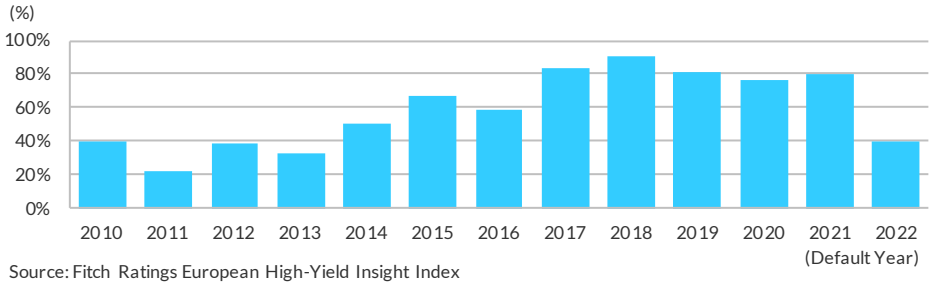
Bonds of Market Concern: Back-Testing Statistics

Historical Default vs Market Concern List

Default Date	Issuer	Occurrence Count Before Default: Top List	Occurrence Count Before Default: Tier 2	First Occurrence
Jul 22	Kondor Finance Plc (Naftogaz)	2		Mar 22
Jul 22	Matalan Finance Plc	6	28	Mar 20
Apr 22	DTEK Renewables Finance			
Mar 22	Gazprom			
Mar 22	Russian Rail			
Feb 22	Credito Real Sab de CV	1	2	Jan 22
Feb 22	Yell Bondco Plc	13	7	Dec 19
Jan 22	Mulhacen Pte Ltd	5	17	Mar 20
Dec 21	Safari Holding Verwaltun		1	Nov 21
Sep 21	Metrocentre Finance (Intu)	5		Mar 21
Jun 21	Carlson Travel Inc (CWT)		5	May 20
Mar 21	Codere Finance 2 Lux	6	2	Mar 20
Mar 21	LSF9 Balta Issuer SA		7	Apr 20
Feb 21	Abengoa Abenewco Two Bis			
Nov 20	Vallourec SA	6	20	Feb 19
Nov 20	Naviera Armas SA	14	2	Mar 20
Sep 20	Swissport Financing Sarl	2	6	Mar 20
Sep 20	Europcar Mobility	4	8	Mar 20
Sep 20	Garret LX I/ Borrowing			
Sep 20	Matalan Finance Plc	1	17	Dec 18
Sep 20	Selecta Group BV	9	12	Apr 20
Aug 20	Obrascon Huarte Lain SA (OHL)	5	24	Dec 18

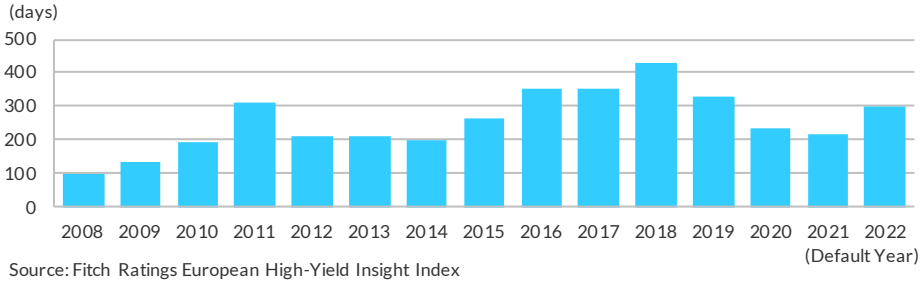
[a] 3 years maximum waiting period to be considered on the test
Source: Fitch Ratings European High-Yield Insight Index

Top Bonds of Market Concern Default Rate



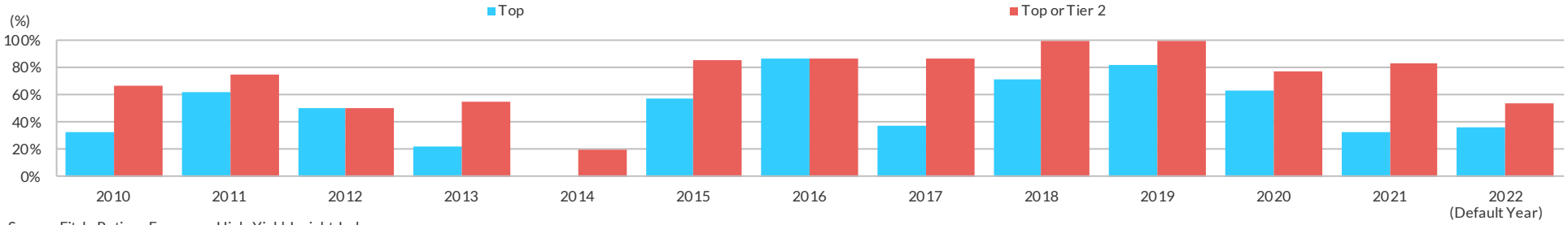
Source: Fitch Ratings European High-Yield Insight Index

Days to Default After Joining Top or Tier 2 List



Source: Fitch Ratings European High-Yield Insight Index

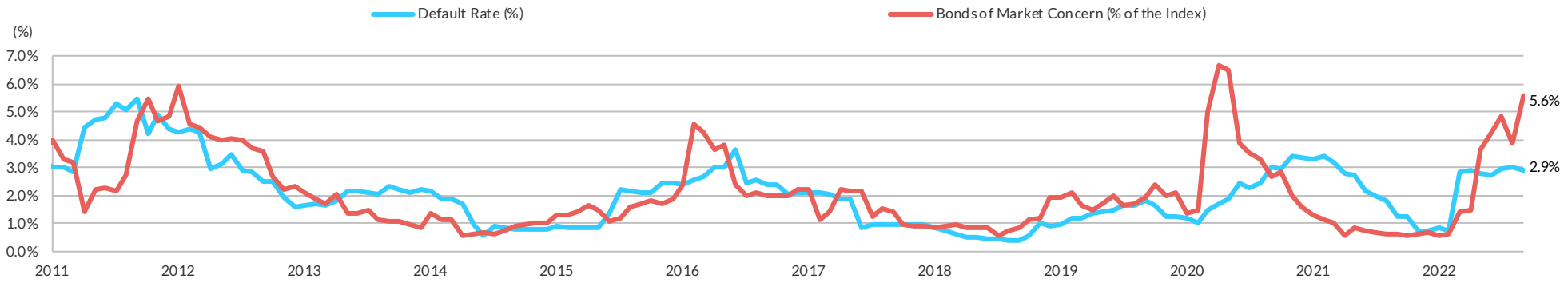
Percentage of Defaults from Tiers 1 or 2



Source: Fitch Ratings European High-Yield Insight Index

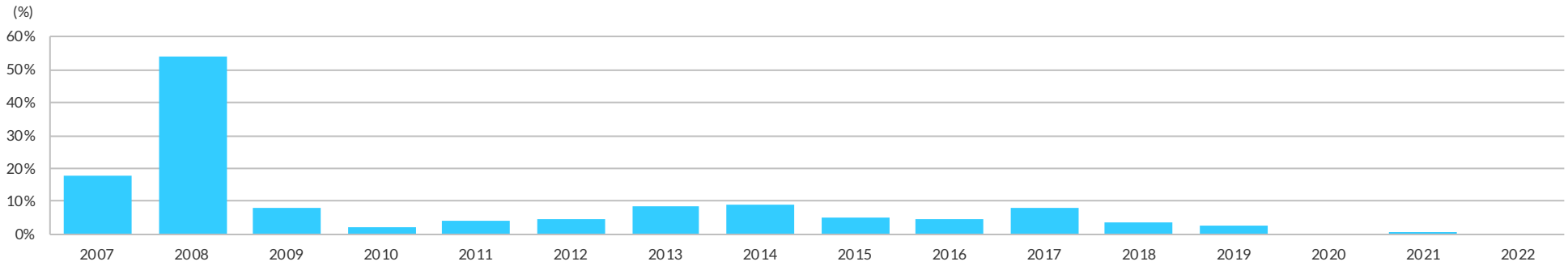
Historical Bonds of Market Concern and Default Rates

Bonds of Market Concern vs Default Rate



Source: Fitch Ratings European High-Yield Insight Index

European High-Yield Default Rates by Vintage



Source: Fitch Ratings European High-Yield Insight Index

Section 3

Insight Index Highlights

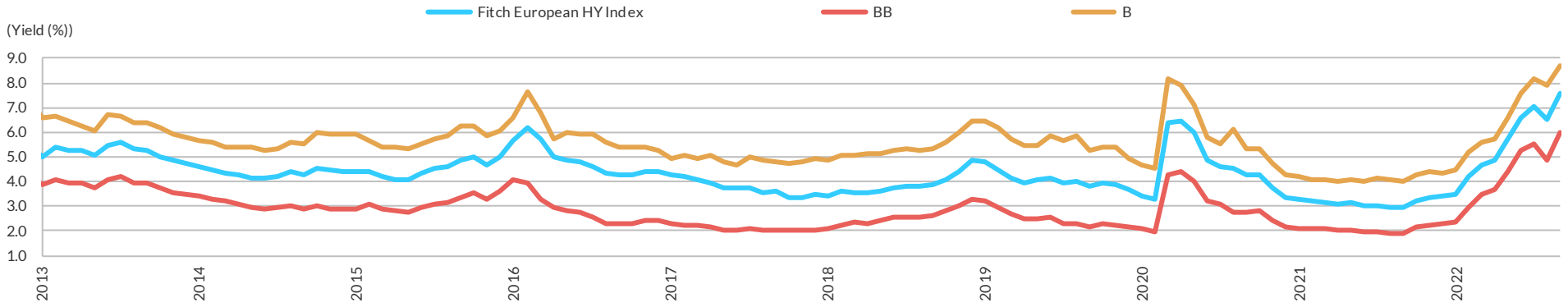
Insight Index Dashboard

	Yields (%)					LTM Issuance (EURbn)				
Index Summary	**Sep 22**	**Change**	**Sep 21**	**Sep 20**	**Sep 19**	**Sep 22**	**%Change**	**Sep 21**	**Sep 20**	**Sep 19**
Fitch EU HY Index	7.58	4.63	2.95	4.25	3.81	67.2	-46.9%	126.5	114.3	71.1
Corporate	7.50	4.53	2.97	4.32	4.01	47.5	-51.6%	98.1	89.3	51.4
Financial	7.84	4.99	2.86	4.02	3.17	19.7	-30.7%	28.4	25.0	19.8
Rating										
BB	5.97	4.05	1.92	2.77	2.17	31.3	-58.4%	75.4	67.7	43.8
B	8.68	4.68	4.00	5.34	5.26	31.6	-26.3%	42.9	39.2	23.1
CCC	13.63	7.17	6.46	9.88	9.14	4.3	-47.2%	8.1	7.4	4.3
Currencies										
EUR	7.35	4.53	2.82	4.00	3.55	59.4	-46.9%	111.9	104.6	66.0
GBP	10.15	5.84	4.31	7.14	6.43	7.8	-42.7%	13.6	9.4	4.9
Others	4.86	3.38	1.47	3.25	2.53	-	-100.0%	1.0	0.3	0.2
Sectors										
Consumer, Cyclical	7.92	4.78	3.14	4.95	4.59	14.2	-53.6%	30.6	20.6	12.6
Consumer, Non-cyclical	7.63	4.75	2.88	4.33	4.66	14.5	-38.8%	23.6	19.3	10.9
Communications	6.64	3.79	2.85	3.28	3.10	9.3	-12.8%	10.6	22.2	13.7
Industrial	7.46	4.48	2.98	5.06	5.21	5.5	-76.0%	23.1	17.8	6.2
Basic Materials	6.98	4.32	2.66	3.59	2.98	2.1	-49.8%	4.3	5.8	4.8
Countries										
United Kingdom	9.99	5.94	4.05	5.55	5.77	11.6	-34.7%	17.8	16.7	9.3
Italy	6.24	4.22	2.02	2.65	2.95	13.3	-42.1%	22.9	13.8	11.9
France	7.27	4.34	2.94	4.50	3.87	8.3	-36.1%	13.0	12.8	9.6
United States	5.83	3.80	2.02	3.52	3.11	2.7	-69.7%	8.8	12.2	7.0
Netherlands	7.65	4.69	2.96	5.07	4.11	6.7	-18.8%	8.3	14.0	5.5
Germany	8.19	5.19	3.00	4.43	3.90	5.1	-66.0%	14.9	14.0	5.6

Source: Fitch Ratings European High-Yield Insight Index

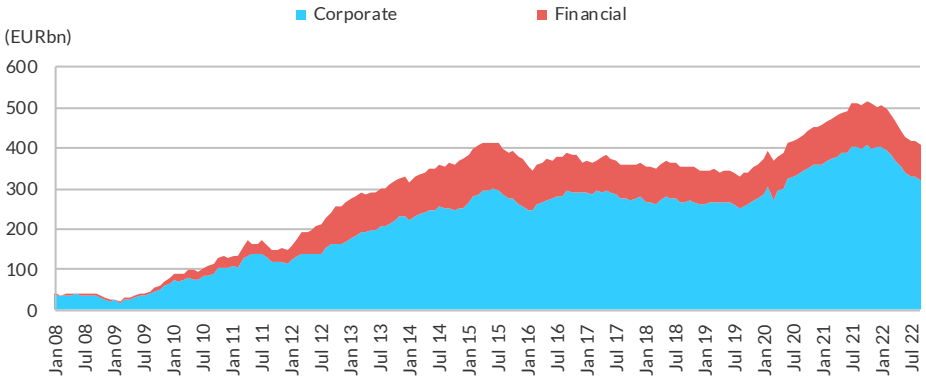
Insight Index Overview

Yields: Fitch European High-Yield Insight Index vs 'BB' vs 'B'



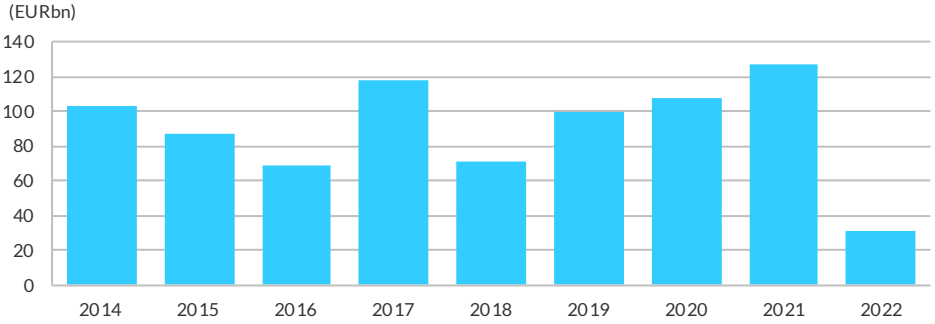
SourceSource: Fitch Ratings European High-Yield Insight Index

Insight Index Market Value



Source: Fitch Ratings European High-Yield Insight Index

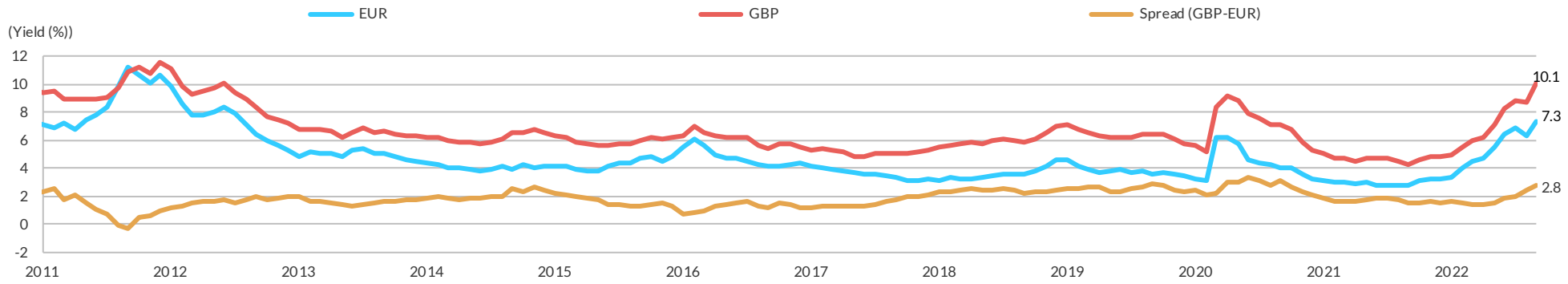
European Bond Issuance



Source: Fitch Ratings European High-Yield Insight Index

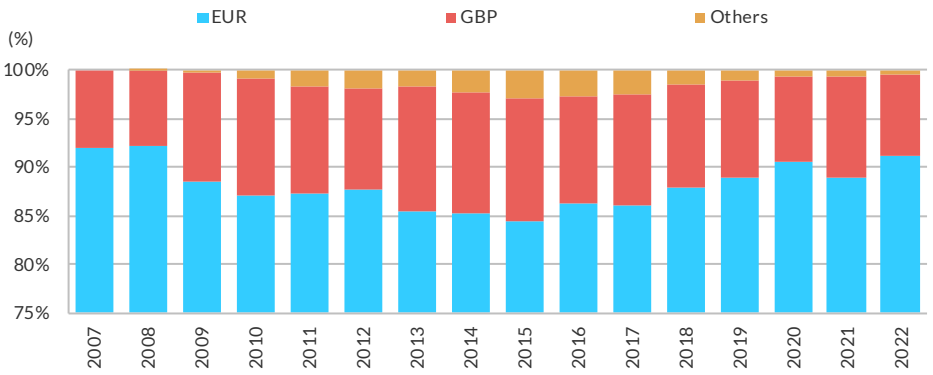
Currency Overview

Yields by Currency



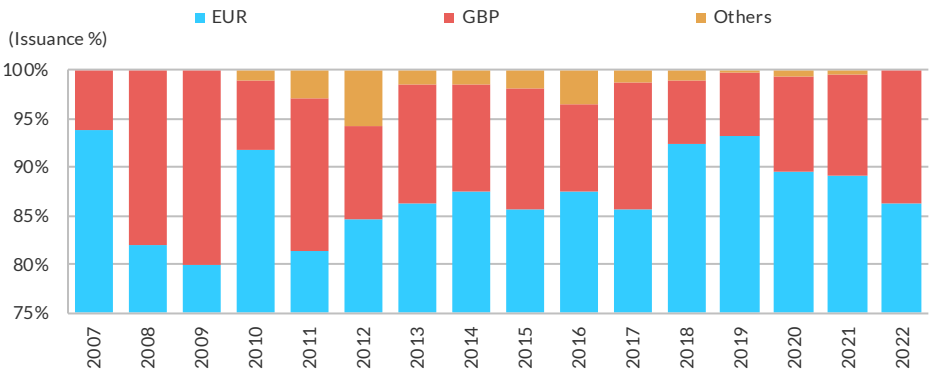
Source: Fitch Ratings European High-Yield Insight Index

Index Exposure by Currency



Source: Fitch Ratings European High-Yield Insight Index

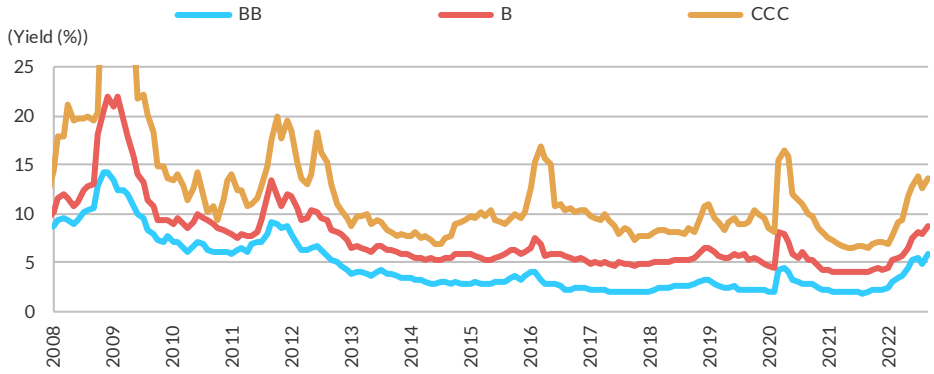
Index Trends by Currency



Source: Fitch Ratings European High-Yield Insight Index

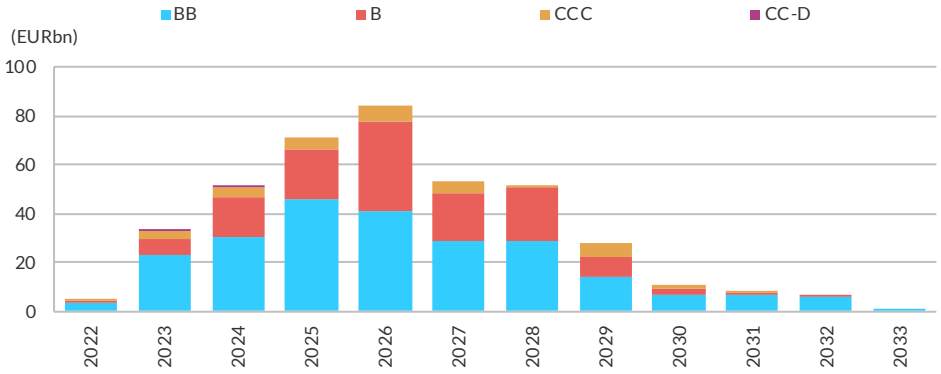
Credit Quality Overview

Yields by Rating



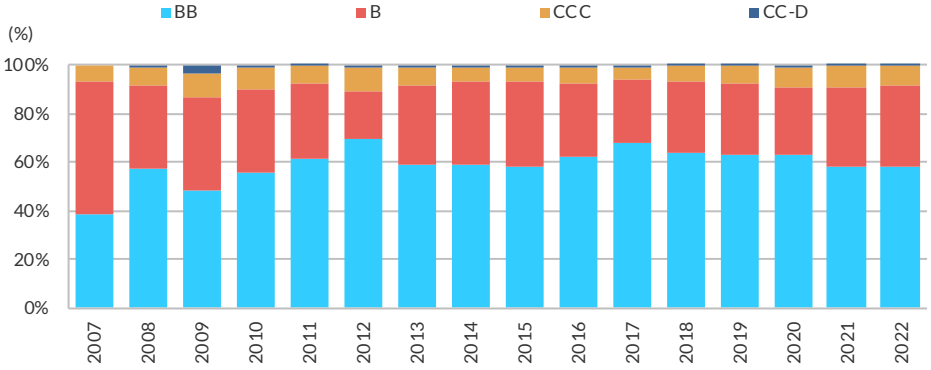
Source: Fitch Ratings European High-Yield Insight Index

Index Maturity Profile



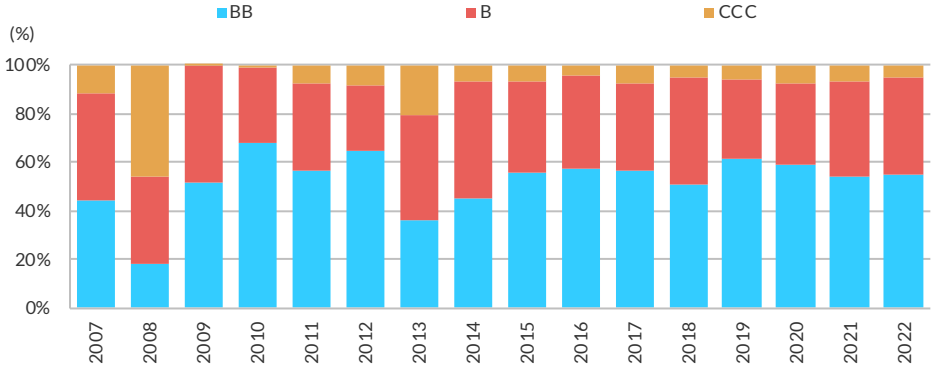
Source: Fitch Ratings European High-Yield Insight Index

Index Exposure by Rating



Source: Fitch Ratings European High-Yield Insight Index

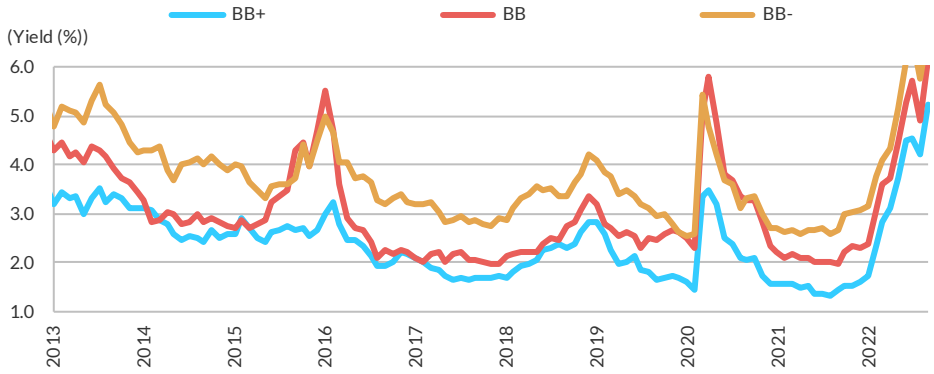
Issuance by Rating



Source: Fitch Ratings European High-Yield Insight Index

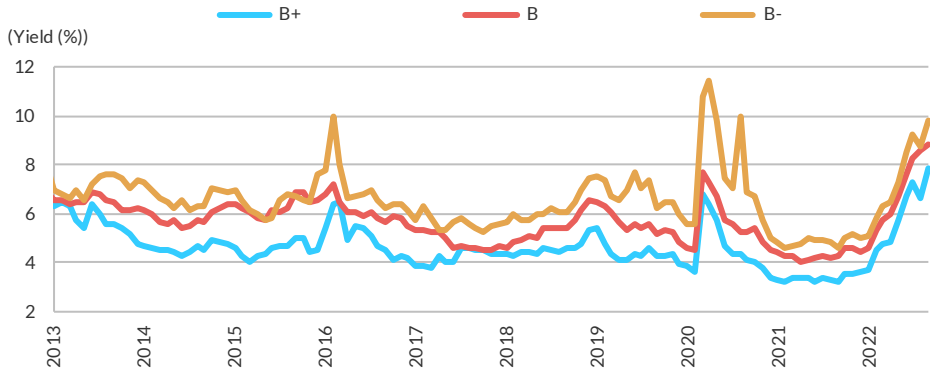
Credit Quality Overview (Cont.)

BB Yields by Notch



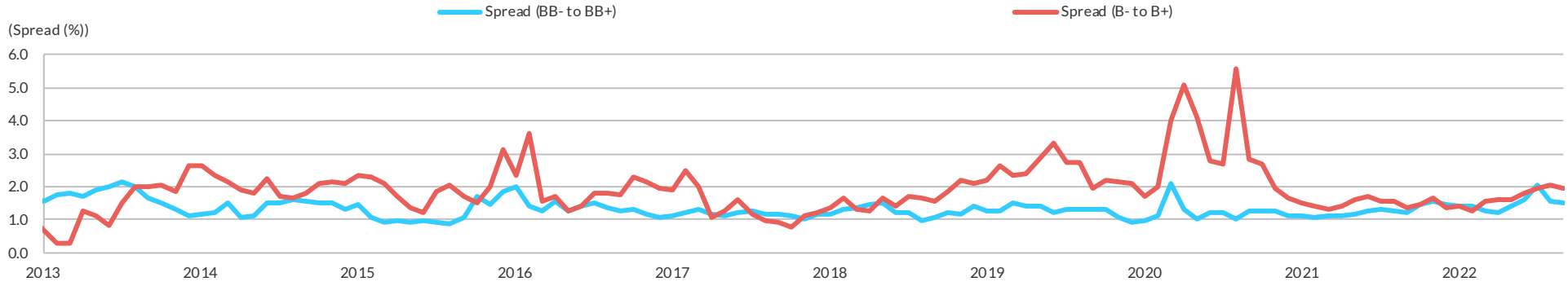
Source: Fitch Ratings European High Yield Index

B Yields by Notch



Source: Fitch Ratings European High Yield Index

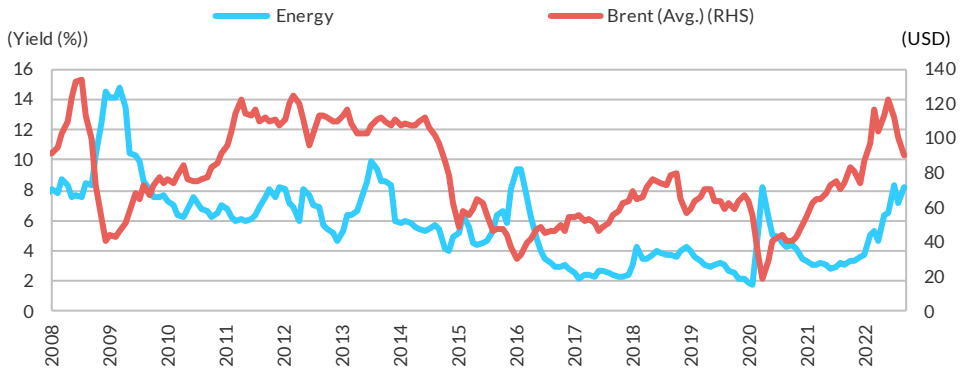
Spread Analysis



Source: Fitch Ratings European High Yield Index

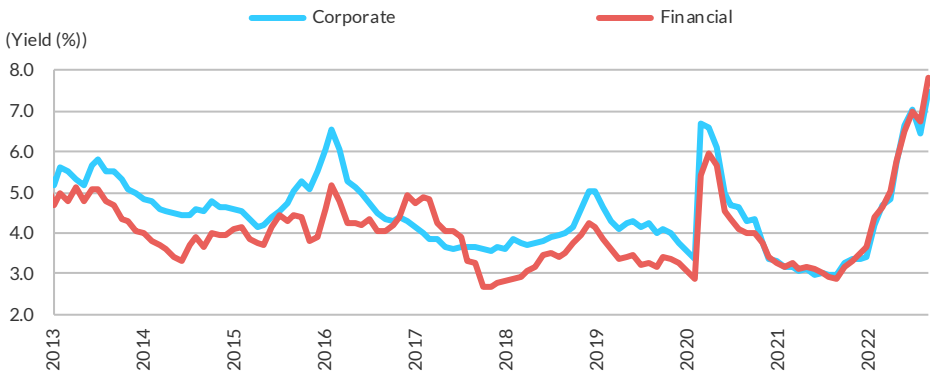
Sector Overview

High-Yield Comparison: Energy Yields vs Brent Oil



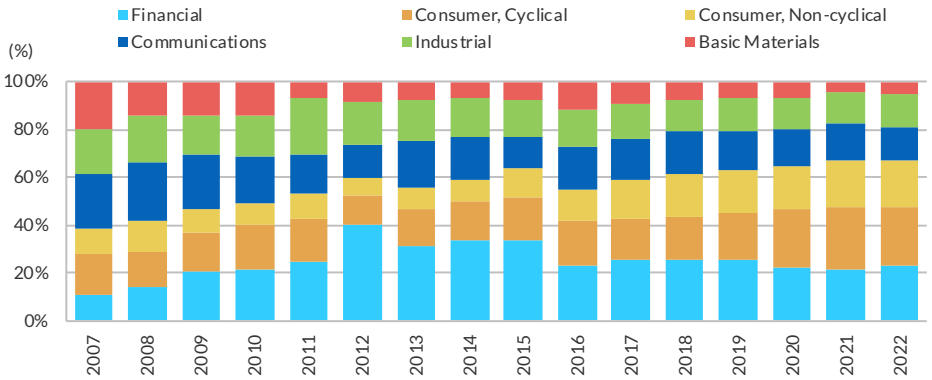
Source: Fitch Ratings European High-Yield Insight Index, U.S. Energy Information Adm

High-Yield Comparison: Corporate vs Financial



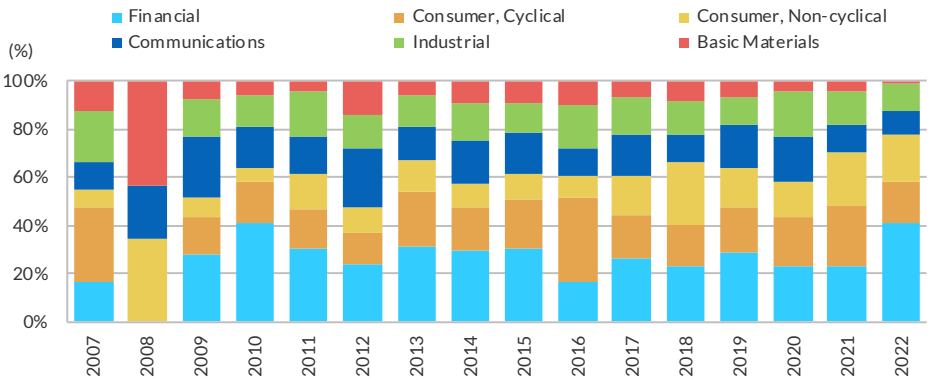
Source: Fitch Ratings European High-Yield Insight Index

Sector Exposure (Top Six)



Source: Fitch Ratings European High-Yield Insight Index

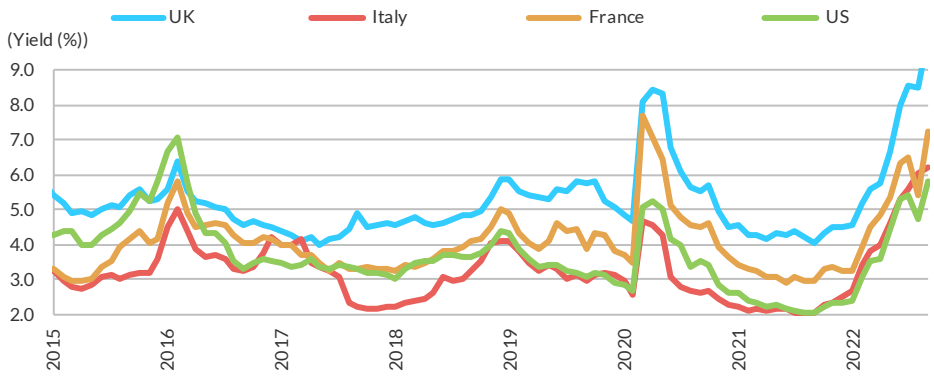
Issuance by Sector



Source: Fitch Ratings European High-Yield Insight Index

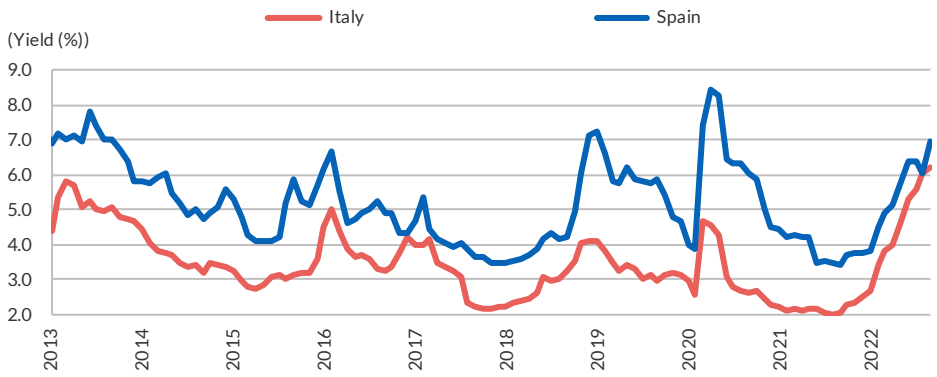
Geographical Overview

Country Yields: Four Largest Exposures



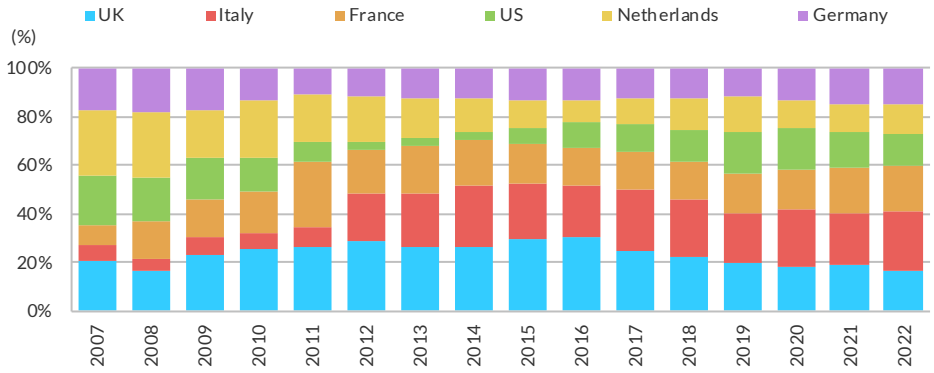
Source: Fitch Ratings European High-Yield Insight Index

Yield Comparison: Italy vs Spain



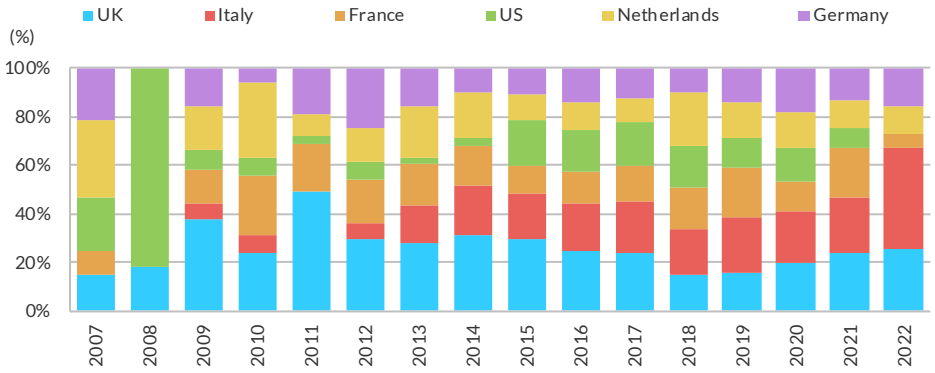
Source: Fitch Ratings European High-Yield Insight Index

The Six Countries with the Largest Exposure



Source: Fitch Ratings European High-Yield Insight Index

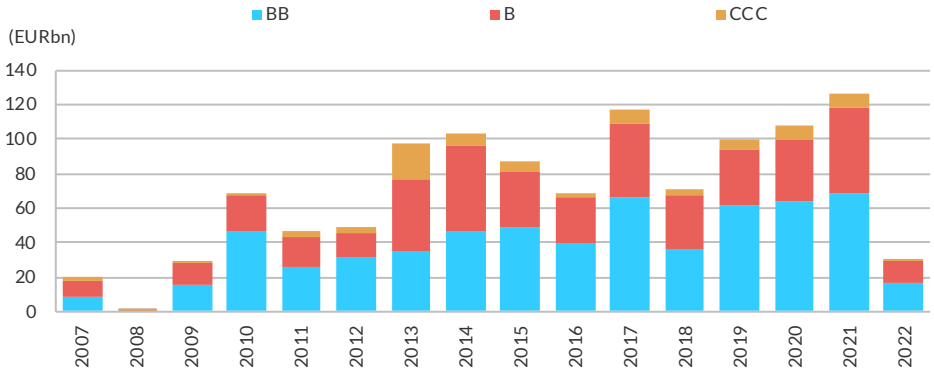
Issuance by Country



Source: Fitch Ratings European High-Yield Insight Index

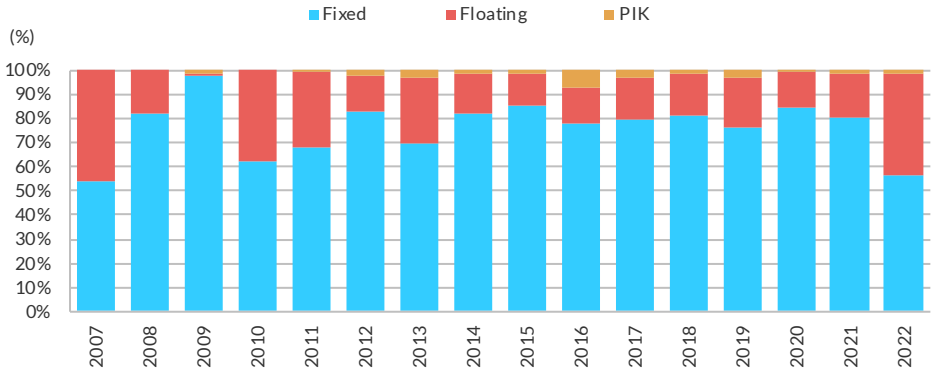
Issuance Overview

Issuance by Rating



Source: Fitch Ratings European High Yield Index

HY Issuance by Coupon Type



Source: Fitch Ratings European High-Yield Insight Index

Top 10 Issuers

2022 (YTD)		
Issuer	**(EURbn)**	**(% of Total)**
BPER Banca	1.80	5.8%
Deutsche Bank AG	1.50	4.9%
Castor S.p.A.	1.40	4.5%
Market Bidco (Morrisons)	1.28	4.2%
Banco de Sabadell SA	1.25	4.0%
Banco BPM S.p.A	1.20	3.9%
Cellnex Finance Co SA	1.00	3.2%
Autostrade Per L'Italia	1.00	3.2%
United Group BV	0.98	3.2%
Castle UK Finco Plc	0.97	3.1%
Total	**12.4**	**40.1%**

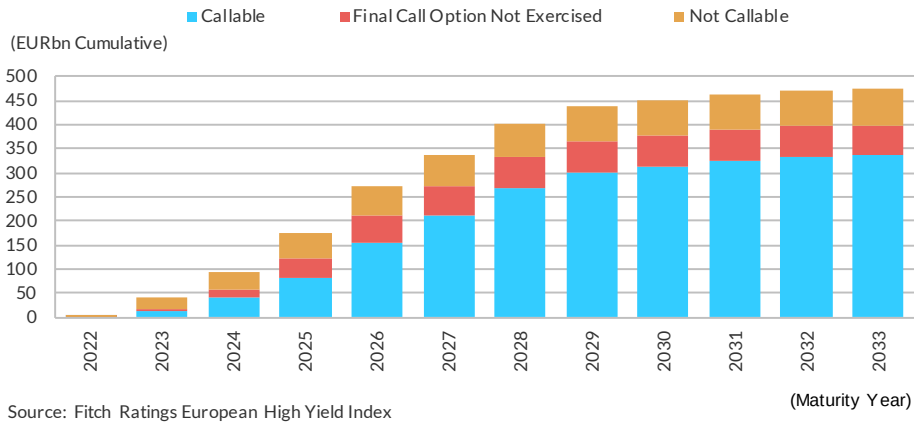
2121(FY)		
Issuer	**(EURbn)**	**(% of Total)**
Cellnex Finance Co SA	5.35	4.2%
Deutsche Lufthansa AG	4.10	3.2%
Softbank Group Corp	2.95	2.3%
Teva Pharmaceutical Indu	2.60	2.0%
NEXI SpA	2.10	1.7%
Adler Group SA	2.00	1.6%
Bellis Acquisition Co PL	1.92	1.5%
Iliad Holding SAS	1.85	1.5%
Intesa Sanpaolo SpA	1.75	1.4%
Faurecia	1.60	1.3%
	26.2	**20.6%**

2020 (FY)		
Issuer	**(EURbn)**	**(% of Total)**
Fiat Chrysler Automobile	3.50	3.2%
Ford Motor Credit Co LLC	2.68	2.5%
United Group BV	2.43	2.2%
Banca Monte dei Paschi	2.20	2.0%
Cellnex Telecom SA	2.20	2.0%
ZF Finance GmbH	2.00	1.8%
Stonegate Pub Fin	1.92	1.8%
Q-Park Holding BV	1.86	1.7%
Altice France Holding SA	1.82	1.7%
Garfunkelux Holdco 3 SA	1.81	1.7%
	22.4	**20.7%**

Source: Fitch Ratings European High-Yield Insight Index

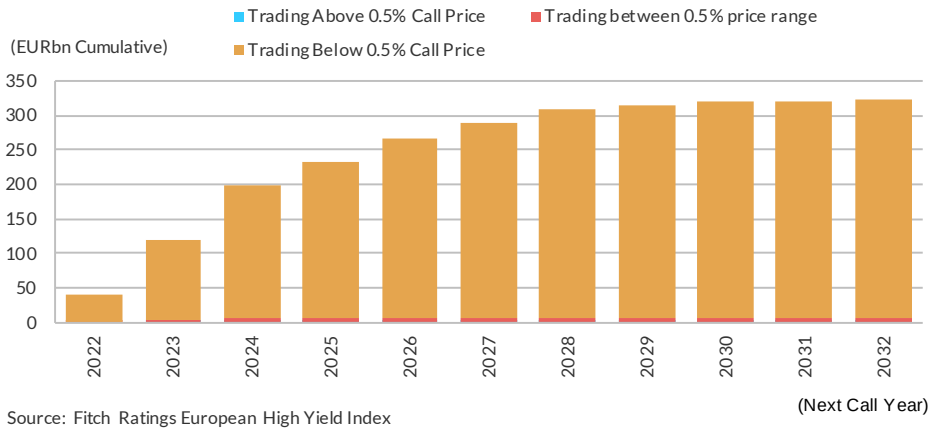
High-Yield Call Option Analysis

HY Bonds Call Option Market Profile – Cumulative



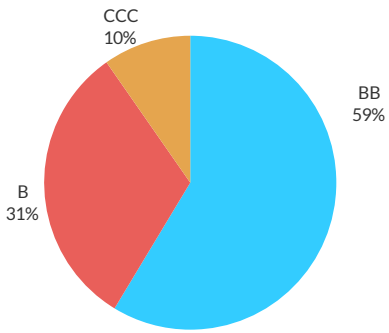
Source: Fitch Ratings European High Yield Index

HY Callable Bonds - Cumulative Analysis



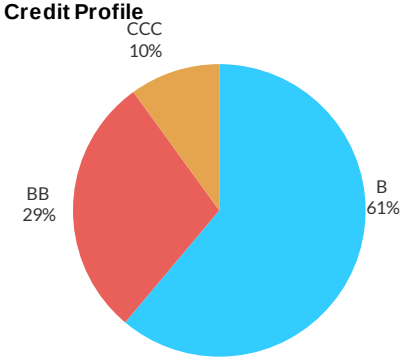
Source: Fitch Ratings European High Yield Index

Callable HY Bonds Credit Profile



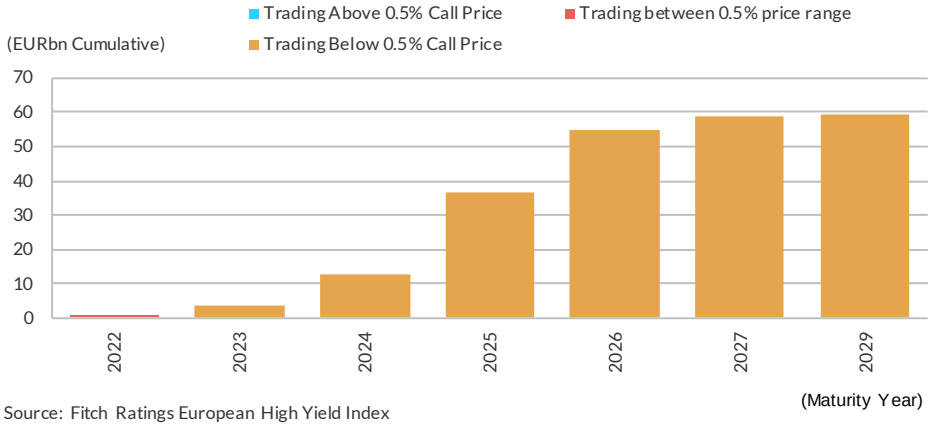
Source: Fitch Ratings European HY Insight Index

Final Call Not Exercised Credit Profile



Source: Fitch Ratings European HY Insight Index

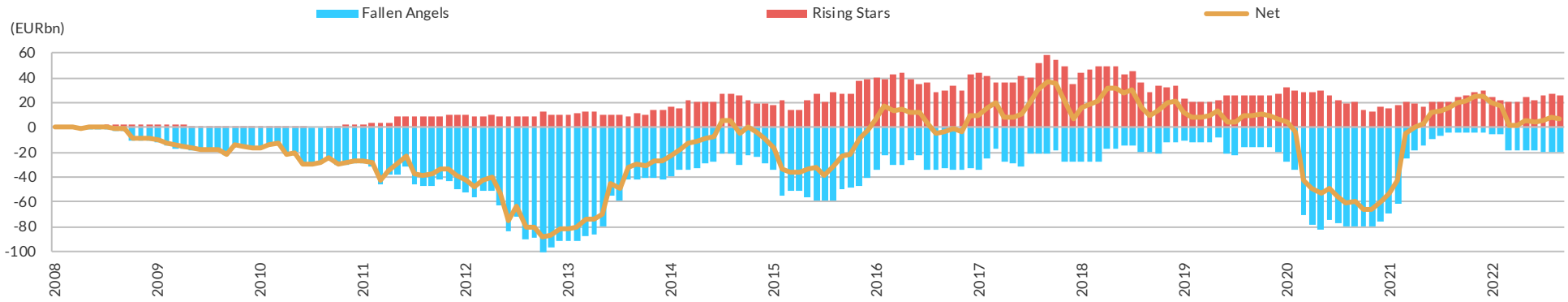
Final Call Option Not Exercised – Cumulative Analysis



Source: Fitch Ratings European High Yield Index

Crossover

Crossover - Moving 12-month Cumulative



Source: Fitch Ratings Insight Index

Largest Fallen Angels

2022 (YTD)		2021 (FY)	
Name	EURbn	Name	EURbn
Gazprom	9.22	Unicredit S.p.A.	5.50
EP Infrastructure	2.35	Nokia Oyj	1.50
Russian Rail	2.17	Berry Global Inc	1.08
Atos Se	1.90	Syngenta Finance NV	1.00
Atrium European Real Est	1.30	ACS Actividades Cons Y S	0.75
Leonardo Spa	1.10	PPF Telecom Group Bv	0.55
Warner Media LLC	0.70	Directv Holdings/Fing	0.50
Unipolsai Assicurazioni	0.50	Mediobanca di Cred Fin	0.50
Atrium Finance Issuer Bv	0.30	Huarong Uni Inv Holding	0.50
Net4Gas SRO	0.16	Go-Ahead Group Plc	0.30
		Syngenta Finance AG	0.23

Source: Fitch Ratings Insight Index

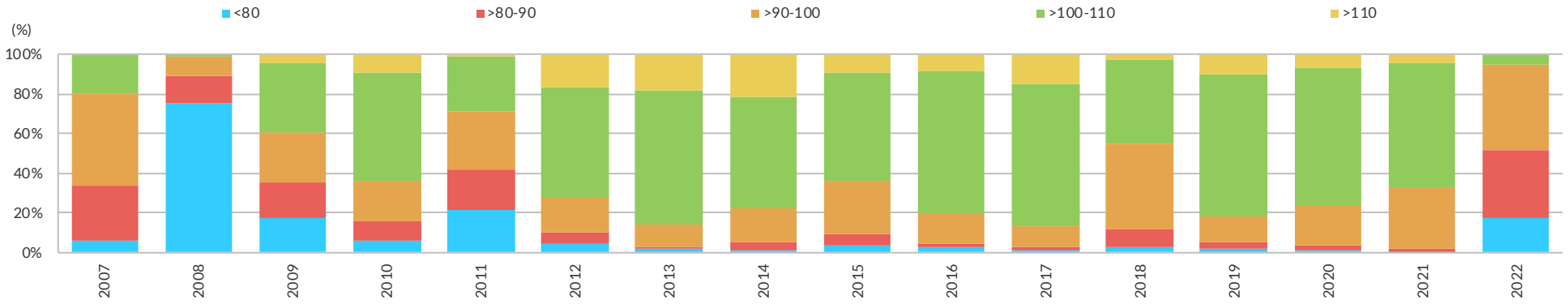
Largest Rising Stars

2022 (YTD)		2021 (FY)	
Name	EURbn	Name	EURbn
Kraft Heinz Foods Co	3.02	Unicredit S.p.A	6.75
Valeo Sa	3.00	Arcelormittal	3.75
Netflix Inc	2.40	Stellantis NV	3.50
Caixabank Sa	2.00	Intesa Sanpaolo S.p.A.	3.25
Infrastrutture Wireless	1.00	Caixabank SA	2.93
Unipol Gruppo Spa	1.00	Smurfit Kappa Acquisitio	1.75
Aib Group Plc	1.00	Becton Dickinson and Co	1.58
Leonardo Spa	0.50	Nokia Oyj	1.50
Cyrusone Lp/Cyrusone Fin	0.50	Unipol Gruppo S.p.A,	1.50
Lkq Italia Bondco Di Lkq	0.50	Syngenta Finance NV	1.40
Utmost Group	0.46	Aeroporti di Roma S.p.A.	1.30

Source: Fitch Ratings Insight Index

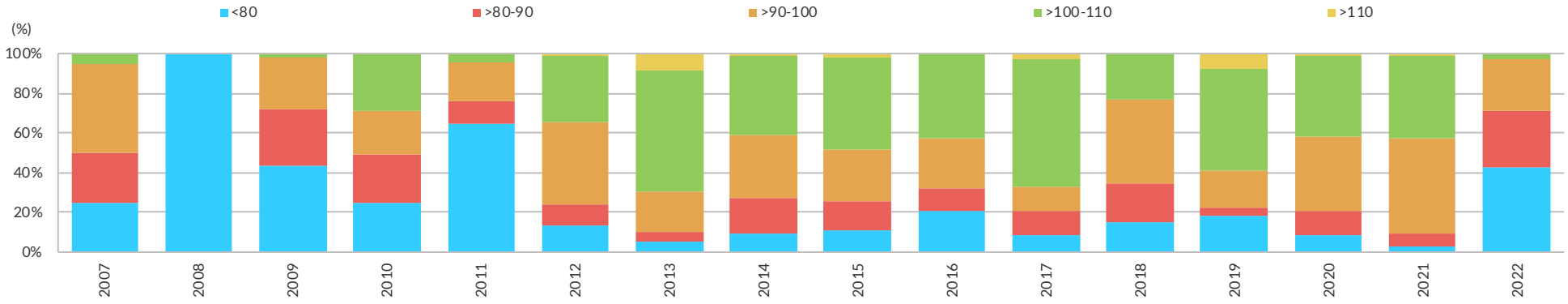
Market Price Analysis

Market Price Distribution of High-Yield Bond Index



Source: Fitch Ratings European High-Yield Insight Index

Market Price Distribution of Bonds Rated 'CCC' or Lower



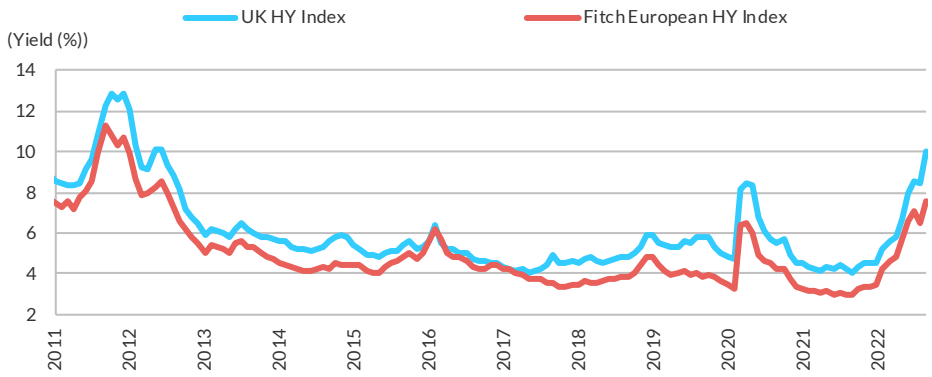
Source: Fitch Ratings European High-Yield Insight Index

Section 4

Country Highlights

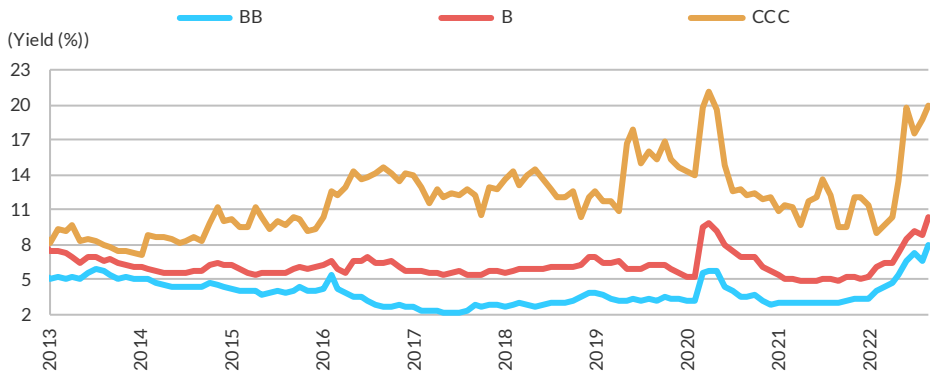
United Kingdom

UK HY Index vs Fitch European HY Index



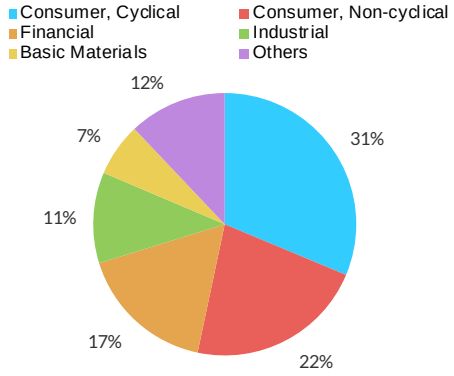
Source: Fitch Ratings European High-Yield Insight Index

UK HY Yields



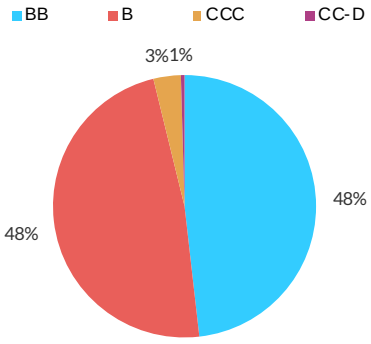
Source: Fitch Ratings European High-Yield Insight Index

Top 5 Sector Exposure



Source: Fitch European HY Insight Index

Exposure by Rating



Source: Fitch European HY Insight Index

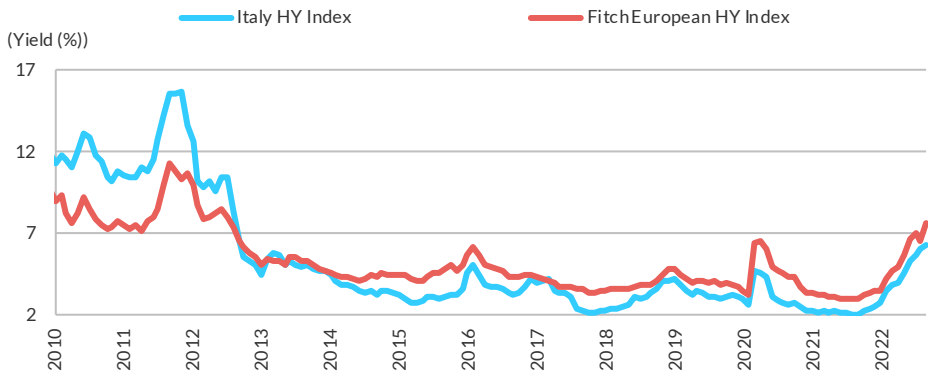
Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
14 Jun 22	Haya Holdco 2 Plc	368	Nov 25	Sr Secured
13 May 22	Market Bidco Finco Plc	1,284	Nov 27	Sr Secured
09 May 22	Castle Uk Finco Plc	507	May 29	Sr Secured
09 May 22	Castle Uk Finco Plc	465	May 28	Sr Secured
06 Apr 22	Co-Operative Bnk Finance	298	Apr 27	Sr Unsecured
09 Feb 22	Allwyn Entertainment Fin	400	Feb 28	Sr Secured
03 Feb 22	Voyage Care Bondco Plc	299	Feb 27	Sr Secured
02 Feb 22	Kane Bidco Ltd	838	Feb 27	Sr Secured
28 Jan 22	Zenith Finco Plc	569	Jun 27	Sr Secured
02 Dec 21	Pinewood Finance Co Ltd	360	Nov 27	Sr Secured

Source: Fitch Ratings European High-Yield Insight Index

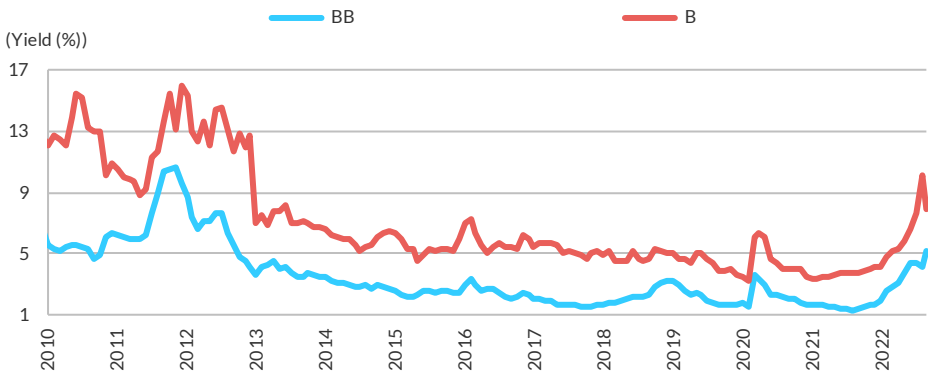
Italy

Italy HY Index vs Fitch European HY Index



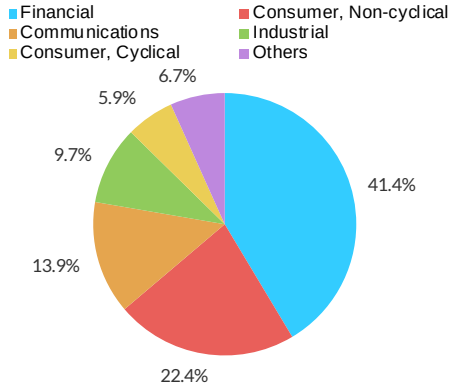
Source: Fitch Ratings European High-Yield Insight Index

Italy HY Yields



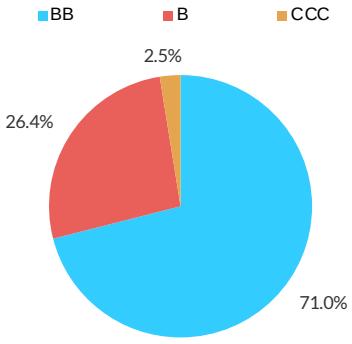
Source: Fitch Ratings European High-Yield Insight Index

Top 5 Sector Exposure



Source: Fitch European HY Insight Index

Exposure by Rating



Source: Fitch European HY Insight Index

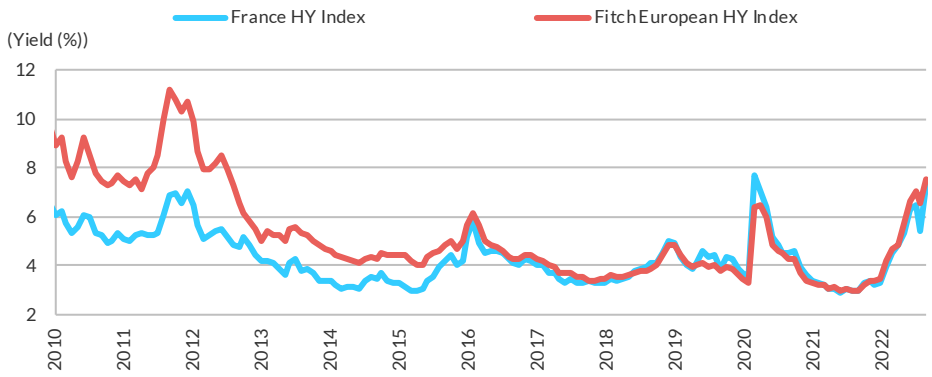
Recent Issuance

Iss. Date	Issuer	Amt Issued (EUR)	Maturity	Collateral
27 Sep 22	Lottomatica Spa	350	Sep 27	Sr Secured
20 Sep 22	Bper Banca	400	Jan 33	Subordinated
20 Sep 22	Intesa Sanpaolo Spa	455	Sep 32	Subordinated
20 Sep 22	Iccrea Banca Spa	350	Sep 27	Sr Unsecured
13 Sep 22	Banco Bpm Spa	500	Sep 26	Sr Unsecured
20 Jul 22	Banco Bpm Spa	300	Jul 26	Sr Unsecured
05 Jul 22	Credito Emiliano Holding	200	Oct 32	Subordinated
27 Jun 22	Bper Banca	300	Jan 25	Sr Unsecured
25 May 22	Bper Banca	500	Jun 25	Sr Unsecured
20 May 22	Kepler Spa	345	May 29	Sr Secured

Source: Fitch Ratings European High-Yield Insight Index

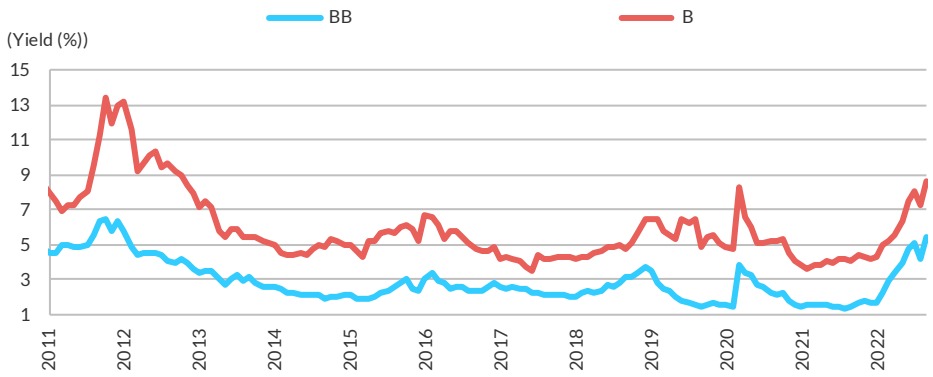
France

France HY Index vs Fitch HY Index



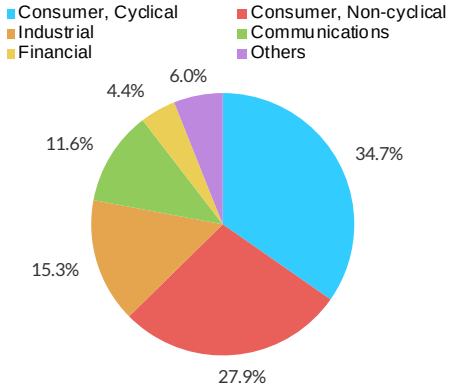
Source: Fitch Ratings European High-Yield Insight Index

France HY Yields



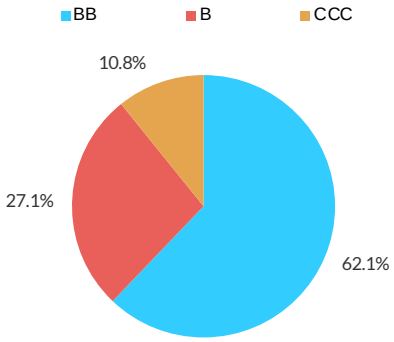
Source: Fitch Ratings European High-Yield Insight Index

Top 5 Sector Exposure



Source: Fitch European HY Insight Index

Exposure by Rating



Source: Fitch European HY Insight Index

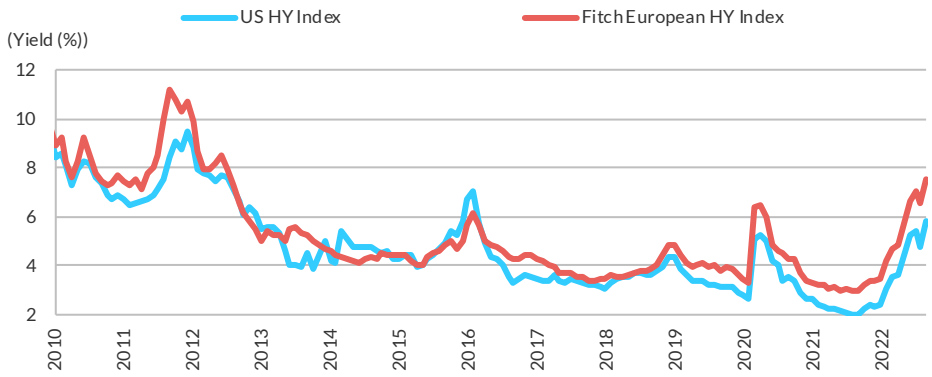
Recent Issuance

Iss. Date	Issuer	Amt Issued (EUR)	Maturity	Collateral
24 May 22	Elis Sa	300	May 27	Company Guarnt
10 Feb 22	Loxam Sas	350	Feb 27	Sr Secured
20 Jan 22	Tereos Finance Groupe I	350	Apr 27	Bonds
02 Dec 21	Renault Sa	500	Jun 27	Sr Unsecured
29 Nov 21	Accor Sa	700	Nov 28	Sr Unsecured
10 Nov 21	Verallia Sa	500	Nov 31	Company Guarnt
10 Nov 21	Faurecia	1,200	Feb 27	Sr Unsecured
10 Nov 21	Rexel Sa	600	Dec 28	Sr Unsecured
04 Nov 21	Seche Environnement Sa	300	Nov 28	Sr Unsecured
02 Nov 21	Midco Gb Sasu	235	Nov 27	Sr Unsecured

Source: Fitch Ratings European High-Yield Insight Index

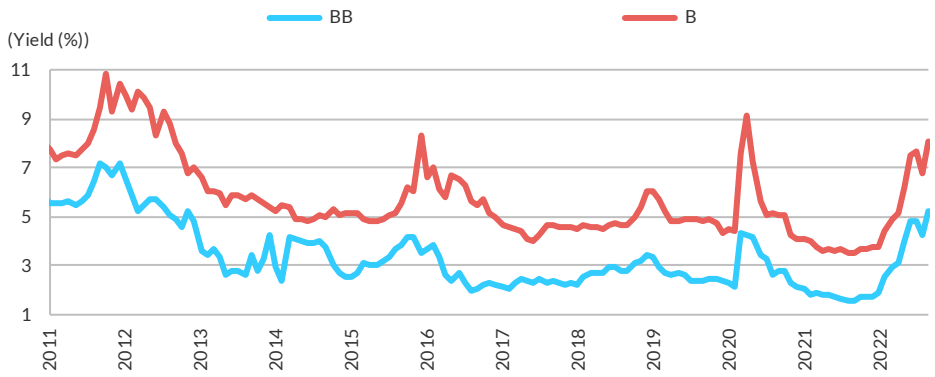
US: European High-Yield Bonds

US HY Index vs Fitch European HY Index



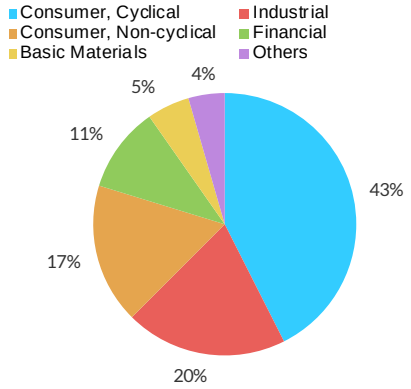
Source: Fitch Ratings European High-Yield Insight Index

US HY Yields



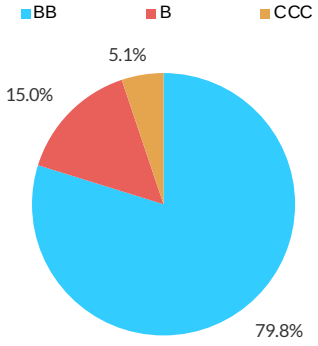
Source: Fitch Ratings European High-Yield Insight Index

Top 5 Sector Exposure



Source: Fitch European HY Insight Index

Exposure by Rating



Source: Fitch European HY Insight Index

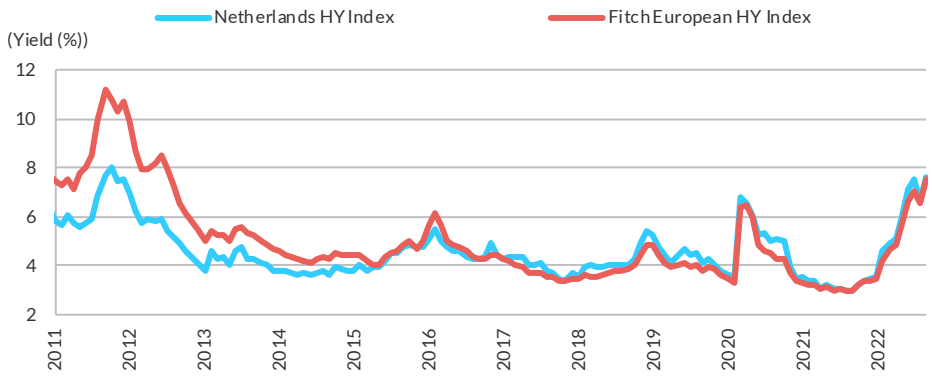
Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
07 Dec 21	Ugi International Llc	400	Dec 29	Company Guarnt
19 Nov 21	Graphic Packaging Intern	290	Feb 29	Company Guarnt
10 Nov 21	Gamma Bondco Sarl	400	Nov 26	Sr Secured
01 Nov 21	Scil Iv Llc / Scil Usa H	325	Nov 26	Sr Secured
06 Oct 21	Mpt Oper Partnersp/Finl	500	Oct 26	Company Guarnt
01 Oct 21	Olympus Wtr Us Hldg Corp	265	Oct 29	Sr Unsecured
01 Oct 21	Olympus Wtr Us Hldg Corp	500	Oct 28	Sr Secured
16 Aug 21	Wmg Acquisition Corp	223	Aug 31	Sr Secured
28 Jul 21	Belden Inc	150	Jul 31	Company Guarnt
16 Jun 21	Coty Inc	350	Apr 26	Sr Secured

Source: Fitch Ratings European High-Yield Insight Index

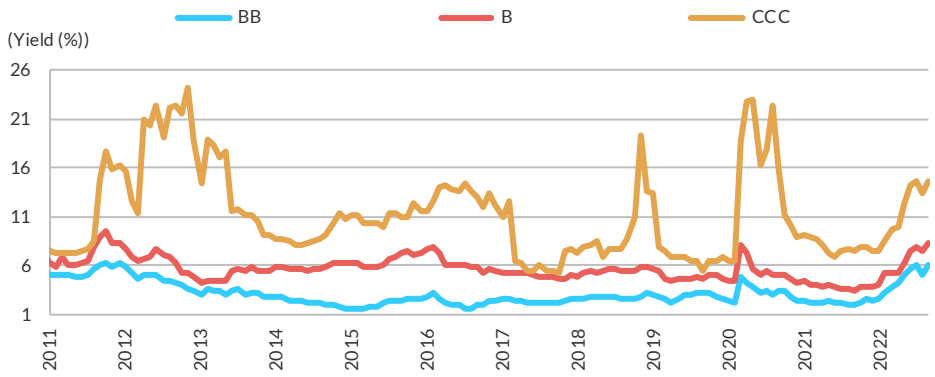
Netherlands

Netherlands HY Index vs Fitch European HY Index



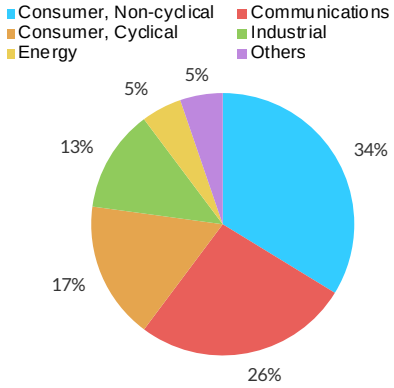
Source: Fitch Ratings European High-Yield Insight Index

Netherlands HY Yields



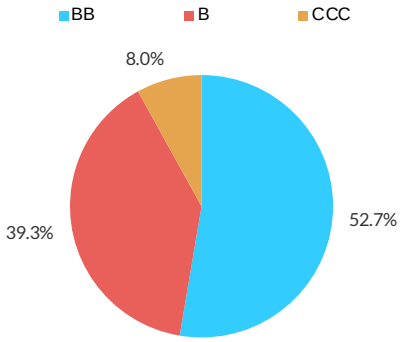
Source: Fitch Ratings European High-Yield Insight Index

Top 5 Sector Exposure



Source: Fitch European HY Insight Index

Exposure by Rating



Source: Fitch European HY Insight Index

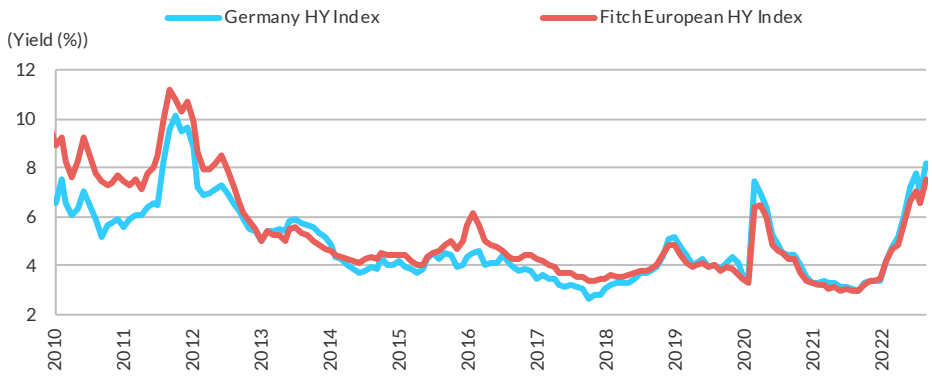
Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
09 Feb 22	Promontoria Holding	590	Mar 27	Sr Secured
20 Jan 22	United Group Bv	500	Feb 30	Sr Secured
20 Jan 22	United Group Bv	480	Feb 29	Sr Secured
20 Jan 22	Vz Secured Financing Bv	750	Jan 32	Sr Secured
23 Dec 21	Wp/Ap Telecom Holdings	550	Jan 30	Sr Unsecured
23 Dec 21	Wp/Ap Telecom Holdings	800	Jan 29	Sr Secured
09 Nov 21	Teva Pharmaceutical Indu	1,500	May 30	Company Guarnt
09 Nov 21	Teva Pharmaceutical Indu	1,100	May 27	Company Guarnt
05 Nov 21	Triodos Bank Nv	250	Feb 32	Subordinated
28 Sep 21	Goodyear Europe Bv	400	Aug 28	Company Guarnt

Source: Fitch Ratings European High-Yield Insight Index

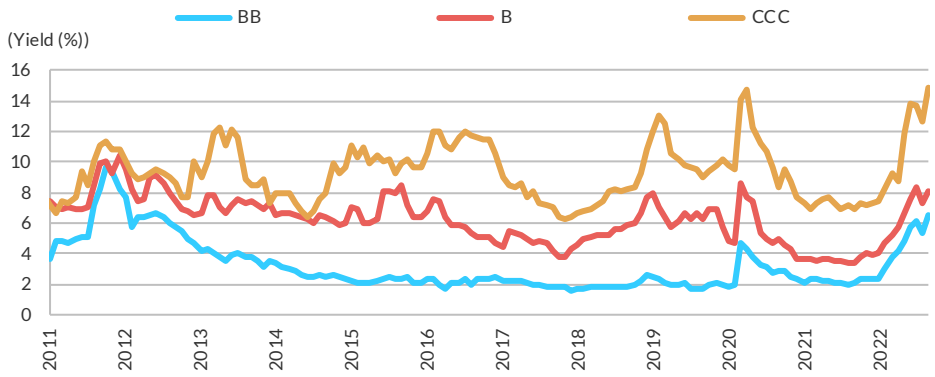
Germany

Germany HY Index vs Fitch European HY Index



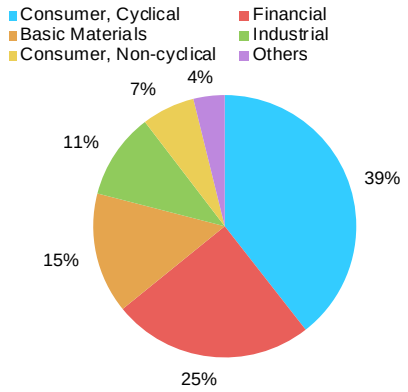
Source: Fitch Ratings European High-Yield Insight Index

Germany HY Yields



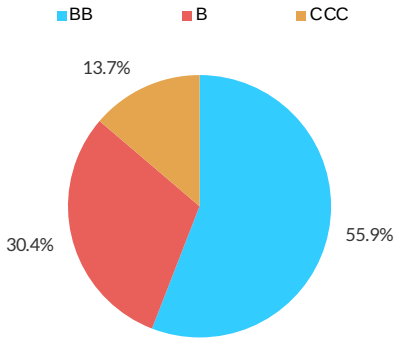
Source: Fitch Ratings European High-Yield Insight Index

Top 5 Sector Exposure



Source: Fitch European HY Insight Index

Exposure by Rating



Source: Fitch European HY Insight Index

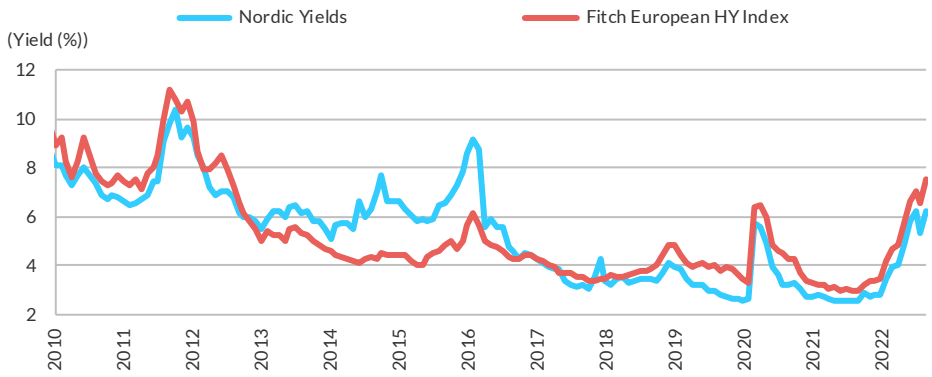
Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
06 Sep 22	Commerzbank Ag	500	Dec 32	Subordinated
25 Jul 22	Prestigebidco Gmbh	350	Jul 27	Sr Secured
23 May 22	Safari Holding Verwaltun	258	Dec 25	Sr Secured
24 Mar 22	Deutsche Bank Ag	1,500	Jun 32	Subordinated
02 Feb 22	Ctec Ii Gmbh	465	Feb 30	Sr Unsecured
16 Nov 21	Deutsche Lufthansa Ag	900	May 27	Sr Unsecured
16 Nov 21	Deutsche Lufthansa Ag	600	Nov 23	Sr Unsecured
03 Nov 21	Zf Finance Gmbh	500	May 28	Company Guarnt
28 Sep 21	Commerzbank Ag	500	Dec 31	Subordinated
22 Sep 21	Dic Asset Ag	400	Sep 26	Sr Unsecured

Source: Fitch Ratings European High-Yield Insight Index

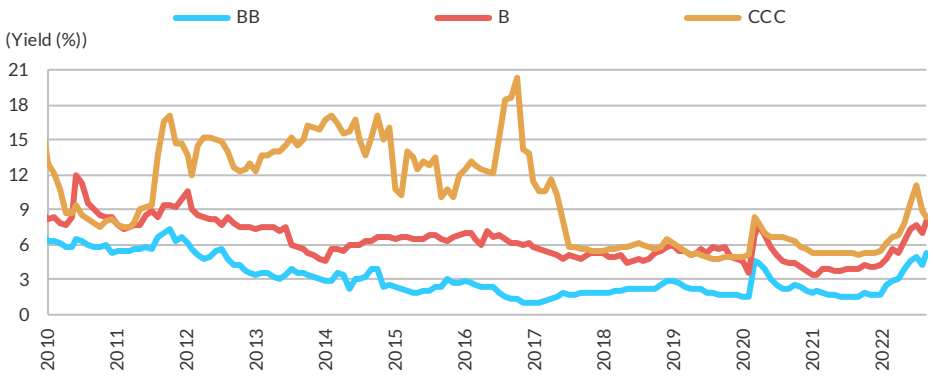
Nordic Countries

Nordic HY Index vs Fitch European HY Index



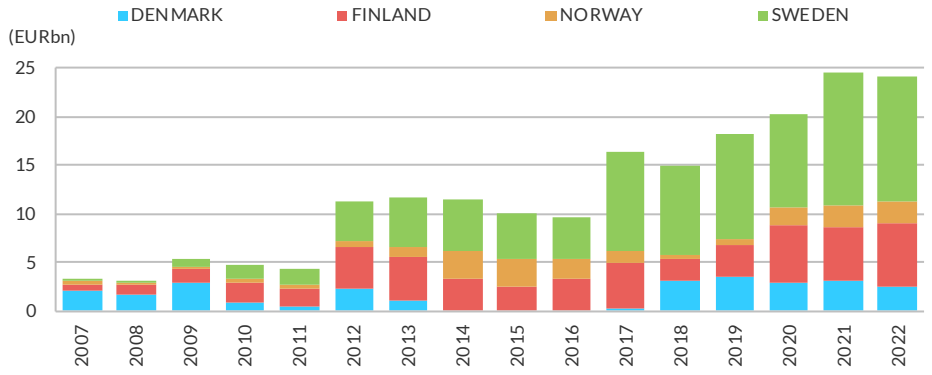
Source: Fitch Ratings European High-Yield Insight Index

Nordic HY Yields



Source: Fitch Ratings European High-Yield Insight Index

Nordic Countries' Market Value



Source: Fitch Ratings European High-Yield Insight Index

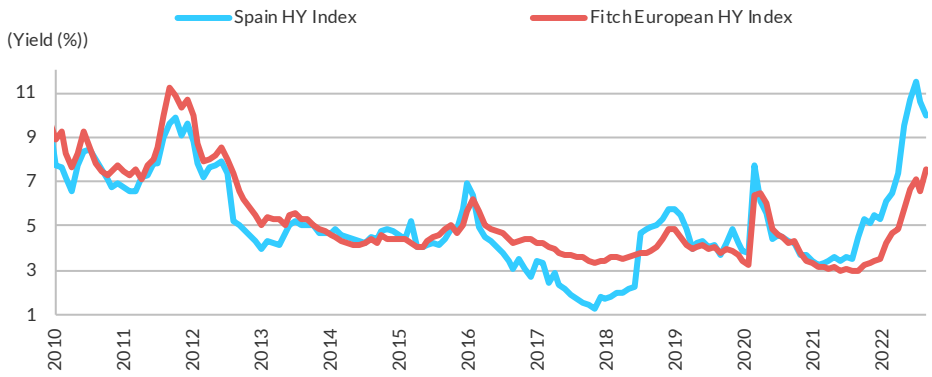
Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
22 Sep 22	B2 Holding Asa	150	Sep 26	Sr Unsecured
21 Jun 22	Preem Holding Ab	340	Jun 27	Sr Unsecured
09 Jun 22	Huhtamaki Oyj	500	Jun 27	Sr Unsecured
31 May 22	Volvo Car Ab	500	May 28	Company Guarnt
31 Mar 22	Teollisuuden Voima Oyj	600	Mar 27	Sr Unsecured
08 Feb 22	Telefonaktiebolaget Lm E	750	Feb 27	Sr Unsecured
03 Feb 22	Ren10 Holding Ab	350	Feb 27	Sr Secured
29 Sep 21	Dometic Group Ab	300	Sep 28	Sr Unsecured
15 Sep 21	Axactor Se	300	Sep 26	Sr Unsecured
06 Sep 21	Heimstaden Ab	400	Mar 27	Sr Unsecured

Source: Fitch Ratings European High-Yield Insight Index

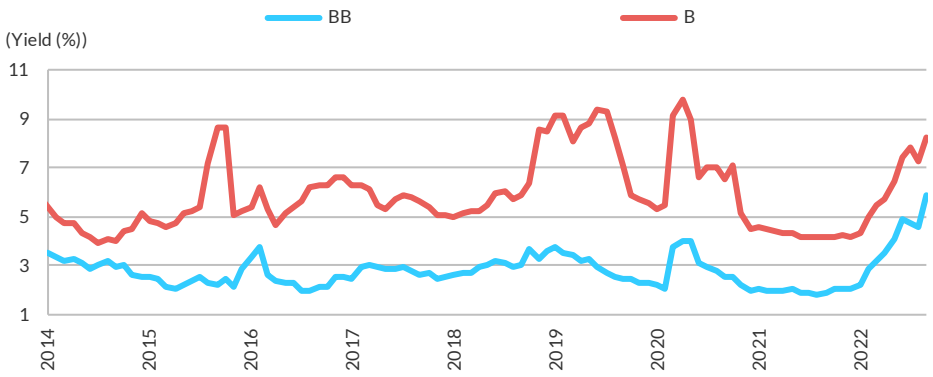
Spain

Spain HY Index vs Fitch European HY Index



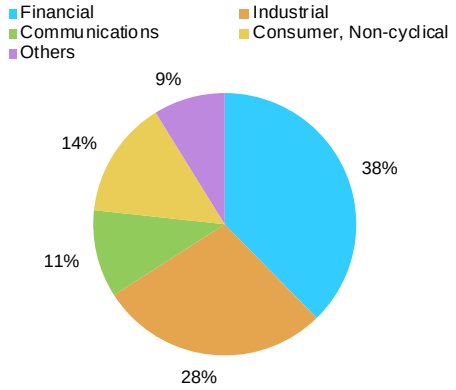
Source: Fitch Ratings European High-Yield Insight Index

Spain HY Yields



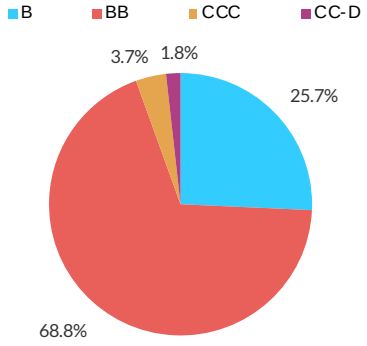
Source: Fitch Ratings European High-Yield Insight Index

Top 5 Sector Exposure



Source: Fitch European HY Insight Index

Exposure by Rating



Source: Fitch European HY Insight Index

Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
22 Sep 22	Banco De Credito Social	500	Sep 26	Sr Unsecured
08 Sep 22	Banco De Sabadell Sa	500	Sep 26	Sr Unsecured
15 Jun 22	Ibercaja Banco Sa	500	Jun 25	Sr Unsecured
12 Apr 22	Cellnex Finance Co Sa	1,000	Apr 26	Company Guarnt
24 Mar 22	Banco De Sabadell Sa	750	Mar 26	Sr Unsecured
02 Feb 22	Edreams Odigeo Sa	375	Jul 27	Sr Secured
21 Jan 22	Food Service Project Sl	300	Jan 27	Company Guarnt
19 Jan 22	Unicaja Banco Sa	300	Jul 32	Subordinated
13 Oct 21	Kaixo Bondco Telecom Sa	500	Sep 29	Sr Unsecured
13 Oct 21	Lorca Telecom Bondco	1,550	Sep 27	Sr Secured

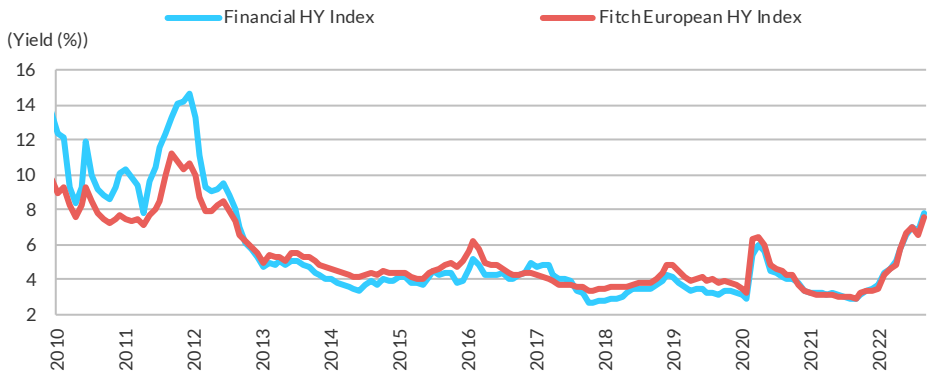
Source: Fitch Ratings European High-Yield Insight Index

Section 5

Sector Highlights

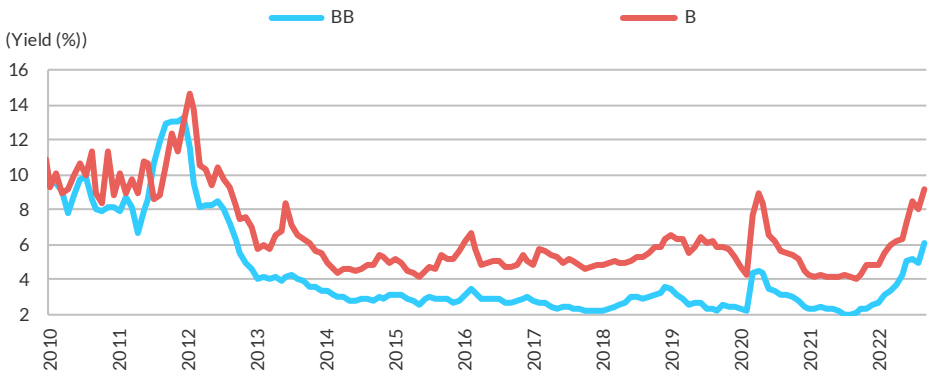
Financial

Financial HY Index vs Fitch European HY Index



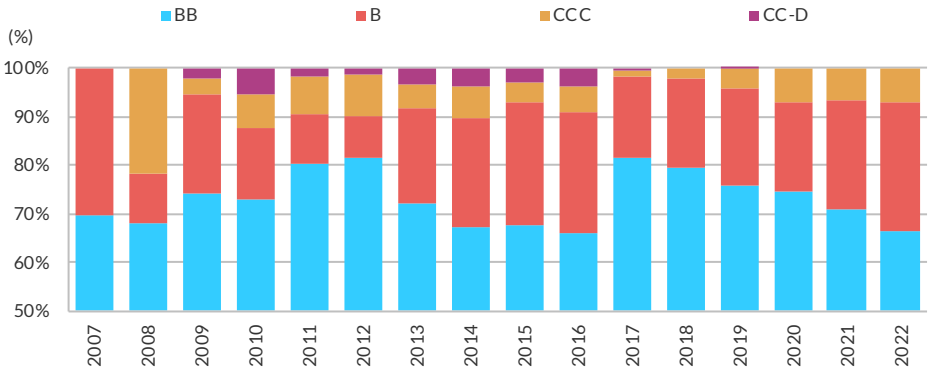
Source: Fitch Ratings European High-Yield Insight Index

Financial HY Yields



Source: Fitch Ratings European High-Yield Insight Index

Rating Exposure



Source: Fitch Ratings European High-Yield Insight Index

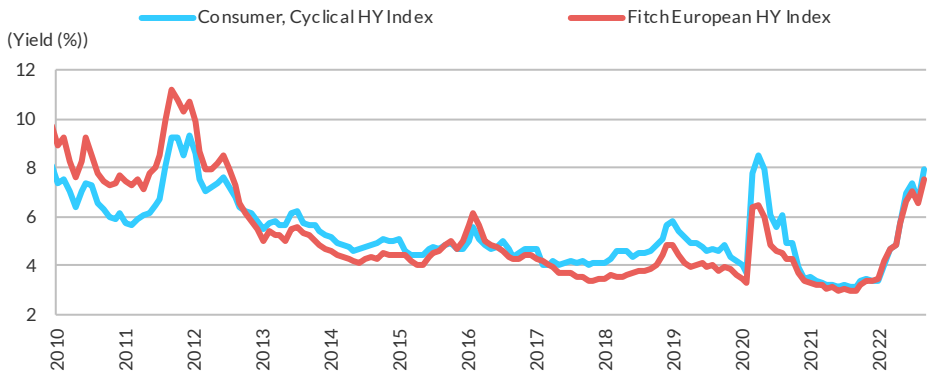
Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
22 Sep 22	B2 Holding Asa	150	22 Sep 26	Sr Unsecured
22 Sep 22	Banco De Credito Social	500	22 Sep 26	Sr Unsecured
20 Sep 22	Bper Banca	400	20 Jan 33	Subordinated
20 Sep 22	Intesa Sanpaolo Spa	455	20 Sep 32	Subordinated
20 Sep 22	Iccrea Banca Spa	350	20 Sep 27	Sr Unsecured
13 Sep 22	Banco Bpm Spa	500	13 Sep 26	Sr Unsecured
08 Sep 22	Banco De Sabadell Sa	500	08 Sep 26	Sr Unsecured
06 Sep 22	Commerzbank Ag	500	06 Dec 32	Subordinated
06 Sep 22	Bank Of Ireland Group	341	06 Dec 32	Subordinated
20 Jul 22	Banco Bpm Spa	300	20 Jul 26	Sr Unsecured

Source: Fitch Ratings European High-Yield Insight Index

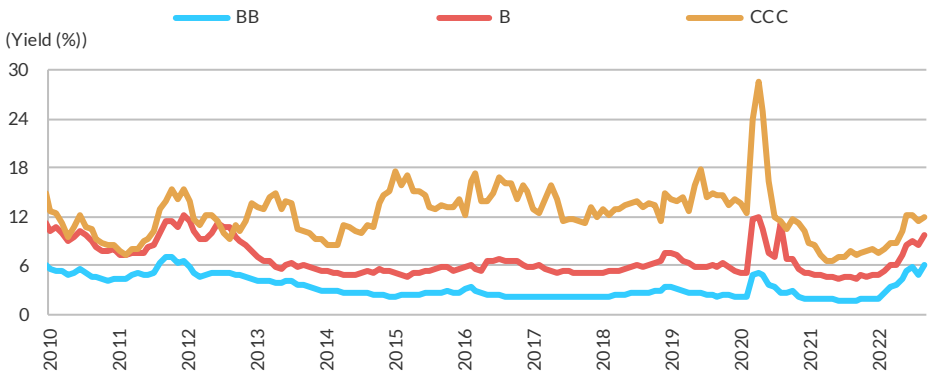
Consumer Cyclical

Consumer Cyclical HY Index vs Fitch HY Index



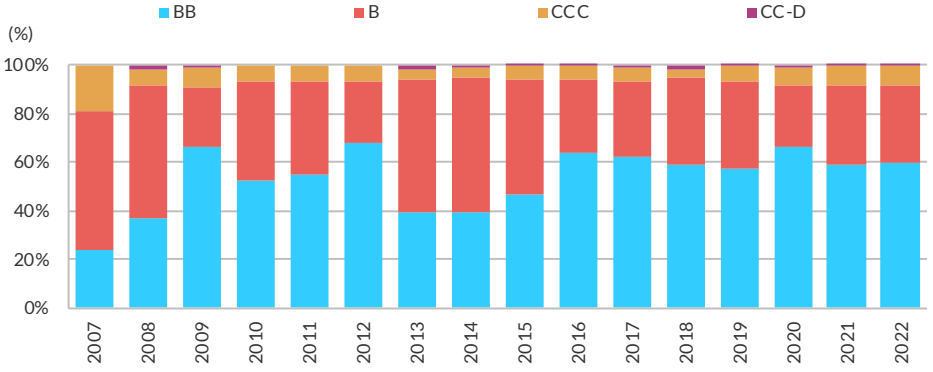
Source: Fitch Ratings European High-Yield Insight Index

Consumer Cyclical HY Yields



Source: Fitch Ratings European High-Yield Insight Index

Rating Exposure



Source: Fitch Ratings European High-Yield Insight Index

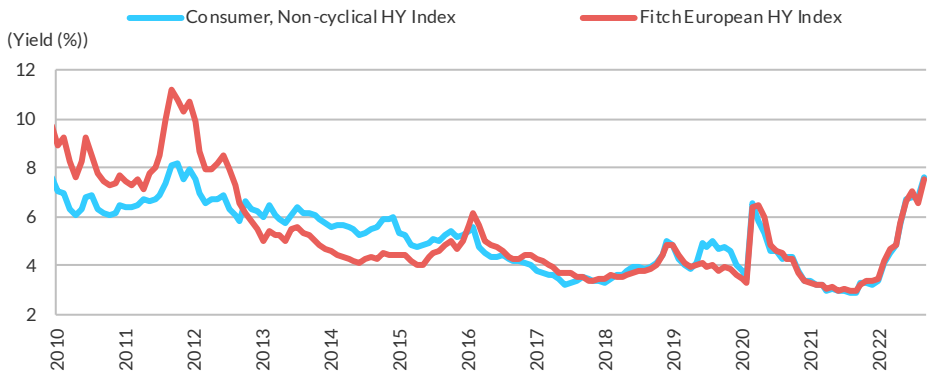
Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
27 Sep 22	Lottomatica Spa	350	30 Sep 27	Sr Secured
25 Jul 22	Prestigebidco Gmbh	350	15 Jul 27	Sr Secured
19 Jul 22	888 Acquisitions Ltd	400	15 Jul 27	Sr Secured
19 Jul 22	888 Acquisitions Ltd	300	15 Jul 28	Sr Secured
27 Jun 22	Lsf Xi Magpie Bidco Sarl	350	30 Jun 27	Sr Secured
31 May 22	Volvo Car Ab	500	31 May 28	Company Guarnt
23 May 22	Safari Holding Verwaltun	258	15 Dec 25	Sr Secured
20 May 22	Loarre Investments Sarl	850	15 May 29	Sr Secured
09 May 22	Castle Uk Finco Plc	507	15 May 29	Sr Secured
09 May 22	Castle Uk Finco Plc	465	15 May 28	Sr Secured

Source: Fitch Ratings European High-Yield Insight Index

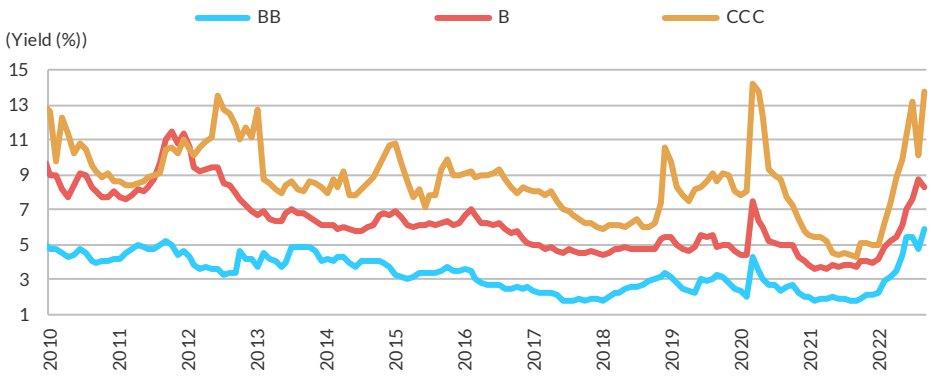
Consumer Non-Cyclical

Cons Non-Cyclical HY vs Fitch European HY Index



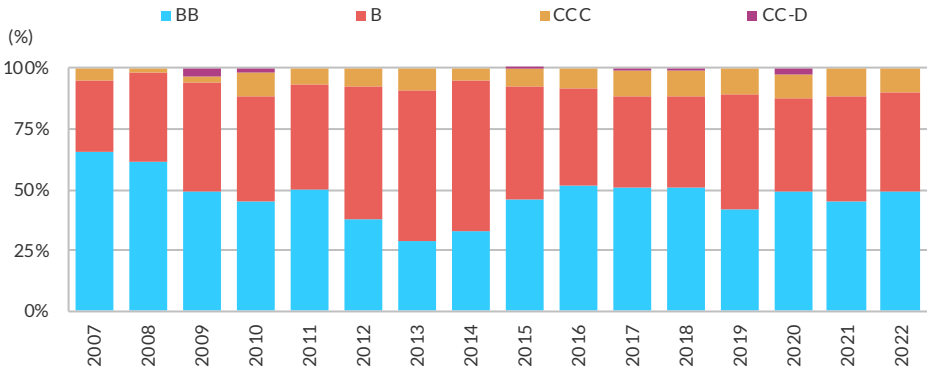
Source: Fitch Ratings European High-Yield Insight Index

Consumer Non-cyclical HY Yields



Source: Fitch Ratings European High-Yield Insight Index

Rating Exposure



Source: Fitch Ratings European High-Yield Insight Index

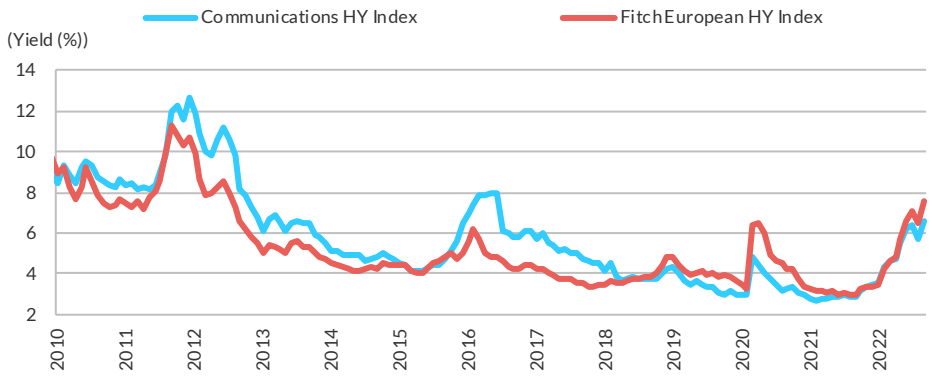
Recent Issuance

Iss. Date	Issuer	Amt Issued (EUR)	Maturity	Collateral
12 Jul 22	Maxima Grupe Uab	240	12 Jul 27	Sr Unsecured
24 May 22	Elis Sa	300	24 May 27	Company Guarnt
20 May 22	Kepler Spa	345	15 May 29	Sr Secured
13 May 22	Market Bidco Finco Plc	1,284	04 Nov 27	Sr Secured
24 Feb 22	Castor Spa	1,400	15 Feb 29	Sr Secured
10 Feb 22	Loxam Sas	350	15 Feb 27	Sr Secured
03 Feb 22	Voyage Care Bondco Plc	299	15 Feb 27	Sr Secured
03 Feb 22	Ren10 Holding Ab	350	01 Feb 27	Sr Secured
25 Jan 22	Autostrade Per L'Italia	500	25 Jan 28	Sr Unsecured
25 Jan 22	Autostrade Per L'Italia	500	25 Jan 32	Sr Unsecured

Source: Fitch Ratings European High-Yield Insight Index

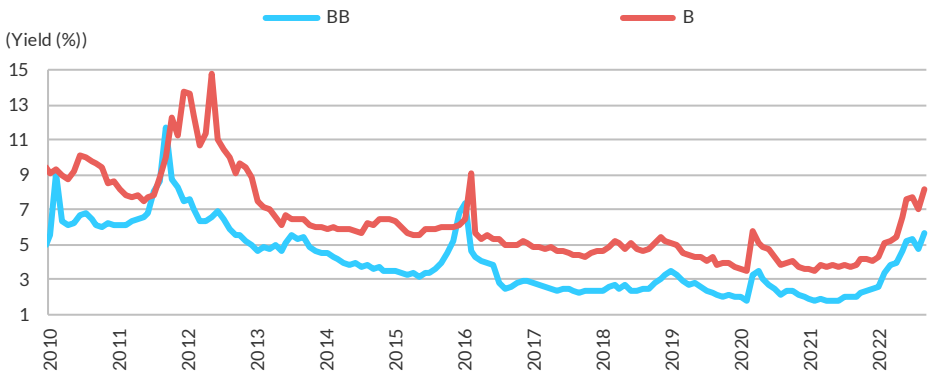
Communications

Communication HY vs Fitch HY Index



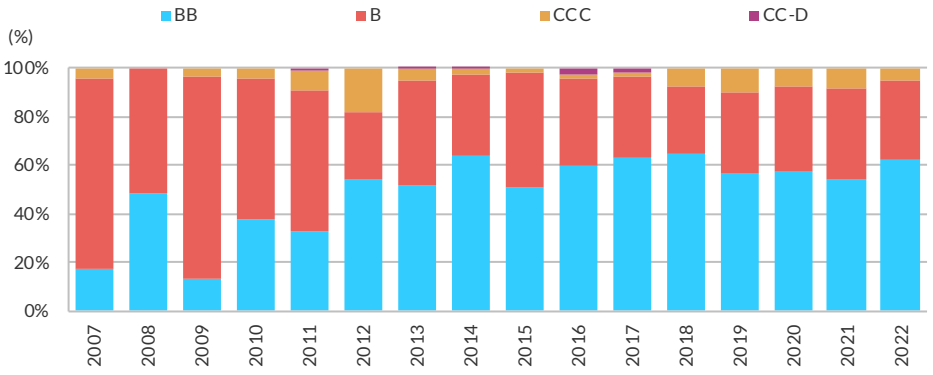
Source: Fitch Ratings European High-Yield Insight Index

Communication HY Yields



Source: Fitch Ratings European High-Yield Insight Index

Rating Exposure



Source: Fitch Ratings European High-Yield Insight Index

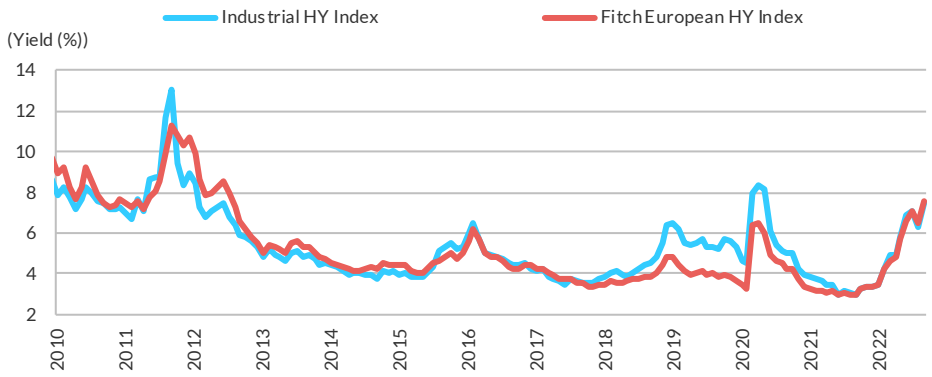
Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
08 Feb 22	Telefonaktiebolaget Lm E	750	08 Feb 27	Sr Unsecured
02 Feb 22	Edreams Odigeo Sa	375	15 Jul 27	Sr Secured
20 Jan 22	United Group Bv	500	01 Feb 30	Sr Secured
20 Jan 22	United Group Bv	480	01 Feb 29	Sr Secured
20 Jan 22	Vz Secured Financing Bv	750	15 Jan 32	Sr Secured
23 Dec 21	Wp/Ap Telecom Holdings	550	15 Jan 30	Sr Unsecured
23 Dec 21	Wp/Ap Telecom Holdings	800	15 Jan 29	Sr Secured
27 Oct 21	Iliad Holding Sas	1,100	15 Oct 26	Sr Secured
27 Oct 21	Iliad Holding Sas	750	15 Oct 28	Sr Secured
21 Oct 21	Zoncolan Bidco Spa	375	21 Oct 28	Sr Secured

Source: Fitch Ratings European High-Yield Insight Index

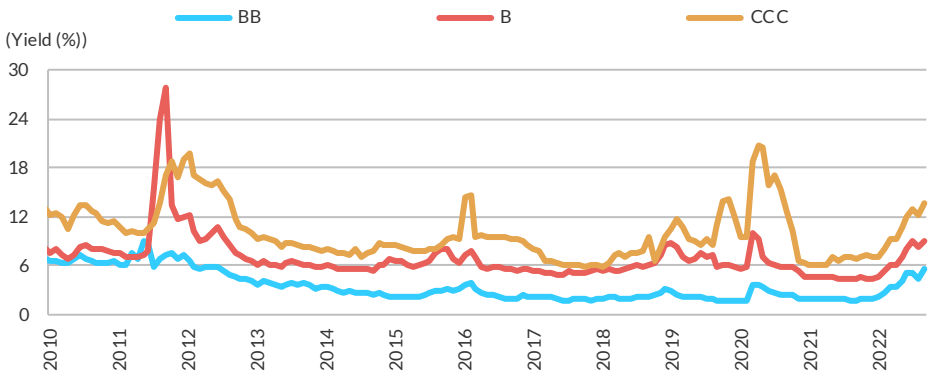
Industrial

Industrial HY Index vs Fitch European HY Index



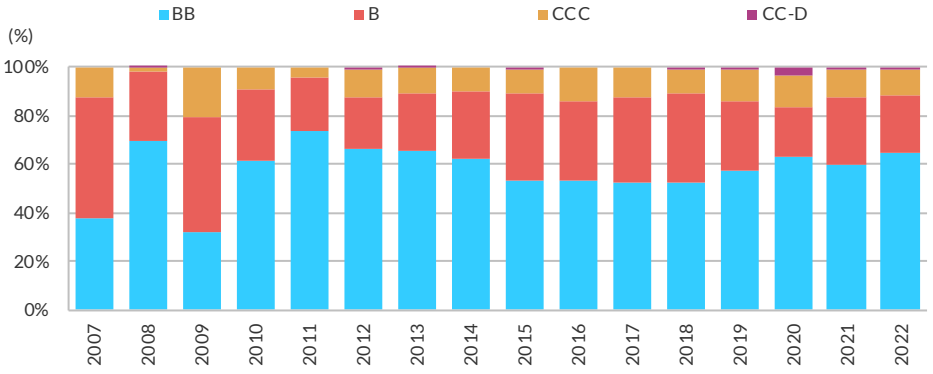
Source: Fitch Ratings European High-Yield Insight Index

Industrial HY Yields



Source: Fitch Ratings European High-Yield Insight Index

Rating Exposure



Source: Fitch Ratings European High-Yield Insight Index

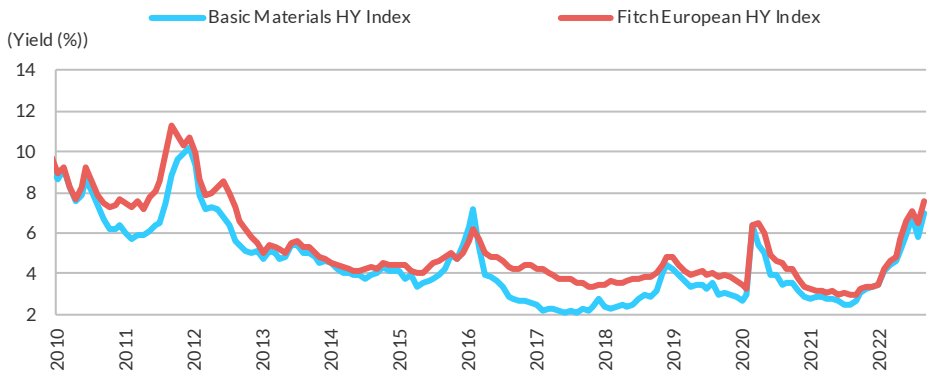
Recent Issuance

Iss. Date	Issuer	Amt Issued (EUR)	Maturity	Collateral
09 Jun 22	Huhtamaki Oyj	500	09 Jun 27	Sr Unsecured
12 Apr 22	Cellnex Finance Co Sa	1,000	12 Apr 26	Company Guarnt
09 Feb 22	Promontoria Holding	590	01 Mar 27	Sr Secured
02 Feb 22	Ctec Ii Gmbh	465	15 Feb 30	Sr Unsecured
28 Jan 22	Webuild Spa	400	28 Jul 26	Sr Unsecured
28 Jan 22	Zenith Finco Plc	568	30 Jun 27	Sr Secured
14 Dec 21	Rimini Bidco Spa	445	14 Dec 26	Sr Secured
19 Nov 21	Graphic Packaging Intern	290	01 Feb 29	Company Guarnt
10 Nov 21	Verallia Sa	500	10 Nov 31	Company Guarnt
04 Nov 21	Seche Environnement Sa	300	15 Nov 28	Sr Unsecured

Source: Fitch Ratings European High-Yield Insight Index

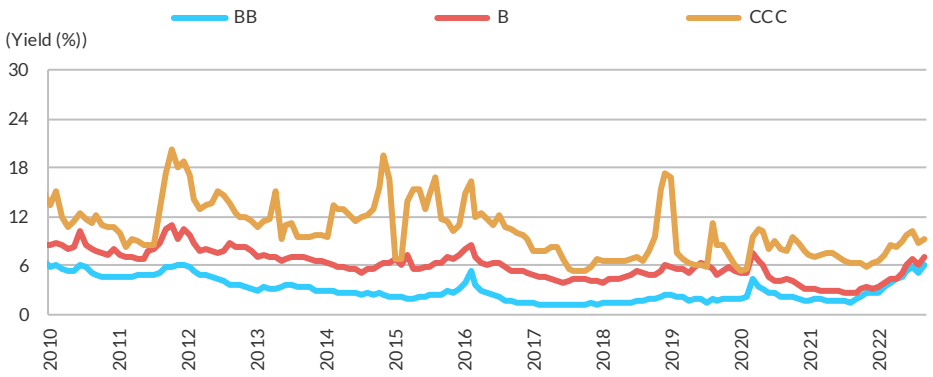
Basic Materials

Industrial HY Index vs Fitch European HY Index



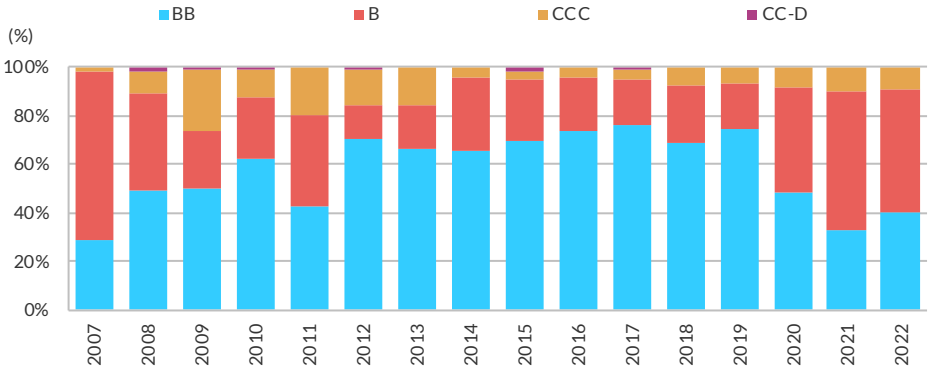
Source: Fitch Ratings European High-Yield Insight Index

Basic Materials HY Yields



Source: Fitch Ratings European High-Yield Insight Index

Rating Exposure



Source: Fitch Ratings European High-Yield Insight Index

Recent Issuance

Iss. Date	Issuer	Amt Issued (EURm)	Maturity	Collateral
10 Feb 22	Fabbrica Ita Sintetici	350	01 Aug 27	Sr Secured
18 Nov 21	Lune Holdings Sarl	450	15 Nov 28	Sr Secured
01 Nov 21	Scil Iv Llc / Scil Usa H	325	01 Nov 26	Sr Secured
07 Oct 21	Consolidated Energy Fin	250	15 Oct 28	Company Guarnt
01 Oct 21	Olympus Wtr Us Hldg Corp	265	01 Oct 29	Sr Unsecured
01 Oct 21	Olympus Wtr Us Hldg Corp	500	01 Oct 28	Sr Secured
01 Jul 21	Nobian Finance B	263	15 Jul 26	Sr Secured
28 Jun 21	Metalcorp Group Sa	250	28 Jun 26	Sr Secured
07 Jun 21	Synthos Sa	300	07 Jun 28	Sr Secured
02 Jun 21	Constellium Se	150	15 Jul 29	Company Guarnt

Source: Fitch Ratings European High-Yield Insight Index

Section 6

Methodology

Methodology

Insight Index Methodology

Fitch Ratings European High-Yield Insight Index	
Currency	CHF, DKK, EUR, GBP, NOK, SEK
Term	Minimum one year; maximum 15 years
Minimum issue size	EUR100 million
Credit quality	**Additions**: from 'BB+' to 'CCC–' **Holdings**: from 'BB+' to 'D'
Weighting	Market value
Rebalancing	Once a month at the end of the month
Exclusions	Asset-backed, covered bonds, government, special-purpose bank/entity, structured notes

Source: Fitch Ratings European High-Yield Insight Index

Additional Definitions

- Concern List: Based on a concern score, calculated at the end of the month as a weighted summation of factors that includes:
  - Credit rating, where high/low ratings account for a positive/negative score, respectively
  - Prices, where turbulence is considered a concern depending on magnitude and frequency
  - Maturities, where HY combined with very a short-term maturity is considered an inversely increasing risk
- Tier: Where "Top" or "Tier 1" stands for the riskiest group of bonds and "Tier 2" as the second-riskiest group.
- Prices and Yields: Calculated as a monthly average.

Purpose of the Fitch European High-Yield Insight Index

- The Fitch European High-Yield Insight Index increases transparency by tracking a broad set of bonds that include European corporate issuers and financial institutions. Coverage is broader than many European high-yield bond indices and is intended to be useful to the widest audience possible.
- This research product allows Fitch to inform investors of its view on the fundamental credit drivers of key market trends and to form a basis for Fitch to share market insights with constituents.
- The Index includes debt denominated in European currencies for US and emerging-market corporates. It is published quarterly.
- This extends the Fitch leveraged finance research platform with products based on market data. It includes issuers that are not currently rated by Fitch.
- The Index complements the European Leveraged Loan Index, which covers similar content in the European bank and syndicated loan markets; the European Leveraged Loan Chart Book, which provides insight into the loan market based on our fundamental credit analysis.
- It also provides similar content to the U.S. High-Yield Default Insight and the U.S. Leveraged Loan Default Insight, both of which focus on distressed and defaulted names.
- This report provides a more detailed view on distressed and defaulted credits in Europe through the "Bonds of Market Concern" list and our historical default analysis. Our "Top Bonds of Market Concern" and "Tier 2 Bonds of Market Concern" is based on the Fitch portfolio and observable market data. Our default analysis defines a default as a bond rating of 'CC' or below.
- The report offers detailed sector and country analysis of issuance, ratings and yield. It includes 781 issues and 381 issuers, with data beginning in January 2000.

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PWII- 10214853