WHITE & CASE

European leveraged finance: From survive to thrive

European leveraged finance markets rebounded in the past 12 months, driven by enthusiastic refinancing activity and a resurgent M&A marketplace, setting the stage for a healthy year ahead

Contents

Foreword

European leveraged finance markets look remarkably healthy as we enter 2022. This may come as a surprise, after 12 months of economic volatility underpinned by everything from a new COVID-19 variant to growing inflationary pressures. What does this mean for the months ahead?

The start of the new year is full of positives in the European leveraged finance market. There has been a clear shift from survival to growth strategies among lenders and borrowers, setting the stage for significant activity in almost all sectors.

The numbers paint a clear picture. European leveraged loan issuance climbed more than 25% in 2021, year-on-year. High yield bond markets in the region were even more enthusiastic, with issuance for the year up 47% on 2020's total.

Ongoing government support in the EU and the UK helped companies that might otherwise have fallen victim to the pandemic stay afloat. Low interest rates and pricing sparked a wave of refinancing. CLO activity—most of which was intended for refinancing and resets—pushed new CLO issuance up by 75% year-on-year.

A bottleneck of demand as well as significant private equity dry powder also brought a flood of new deal money into the market. Companies that were once hesitant to sell encountered enthusiastic buyers aggressively looking for targets. Buyers, meanwhile, found themselves in a better position to judge whether a potential target was likely to struggle or grow in 2022 and beyond. Lenders reaped the benefits, with high deal volume in which to participate. At the same time, unlike many other industries, European direct lending funds avoided any significant downturn in deployment and deal activity due to COVID-19. According to data from *Debtwire Par*, direct lending issuance in the region reached €36.2 billion in 2021, surpassing 2020's full-year total of €21.4 billion. This provided a liquid and competitive market for finance products.

Possibilities and pitfalls

Set against this positive backdrop, does the future look entirely bright for leveraged finance? Not necessarily—some challenges remain, and each may have an impact on European issuance.

For example, climbing COVID-19 case numbers driven by the Omicron variant may convince some corporates to hold on to their reserves. Any resulting new lockdowns or restrictions could also be the final straw for businesses that have already struggled during the pandemic.

Inflation and attendant interest rate rises are also likely to influence potential borrowing decisions in the coming months. The UK got the ball rolling with its first interest rate rise in three years in December 2021, and the EU may follow suit in 2022—despite claims to the contrary by the European Central Bank.

Any rise in the cost of debt will affect M&A and buyout activity, as well as financing. Some may pause while others—from corporates in good financial shape to PE firms with money to spend—may decide to invest in a post-COVID-19 future. Either way, M&A and buyout deals in the pipeline already suggest that issuance will remain healthy in the first half of the year at least.

And, finally, environmental, social and corporate governance criteria will be on the menu for every European business. New benchmarks due in 2022—from the EU's Sustainable Finance Disclosure Regulation to the European Leveraged Finance Association's updated Sustainability Linked Loan Principles—are already making lenders and borrowers sit up and take notice.

All this activity means the stage is set for companies hoping to thrive rather than simply survive. Lenders chasing higher-yield opportunities will be on the hunt for new investments, and borrowers can be expected to provide lenders with a healthy volume of demand for debt financing in 2022.

From survive to thrive: European leveraged finance looks to the future

HEADLINES

■ European leveraged loan issuance was up by more than a quarter, year-on-year, to €289.7 billion in 2021 ■ High yield issuance reached €148 billion in 2021, up 47% on 2020 (year-on-year) ■ Refinancing accounted for approximately half of overall leveraged loan and high yield bond issuance for the year ■ Both M&A and buyout activity saw double-digit year-on-year rises in deal-related issuance

By Jill Christie and Jeremy Duffy—partners at White & Case

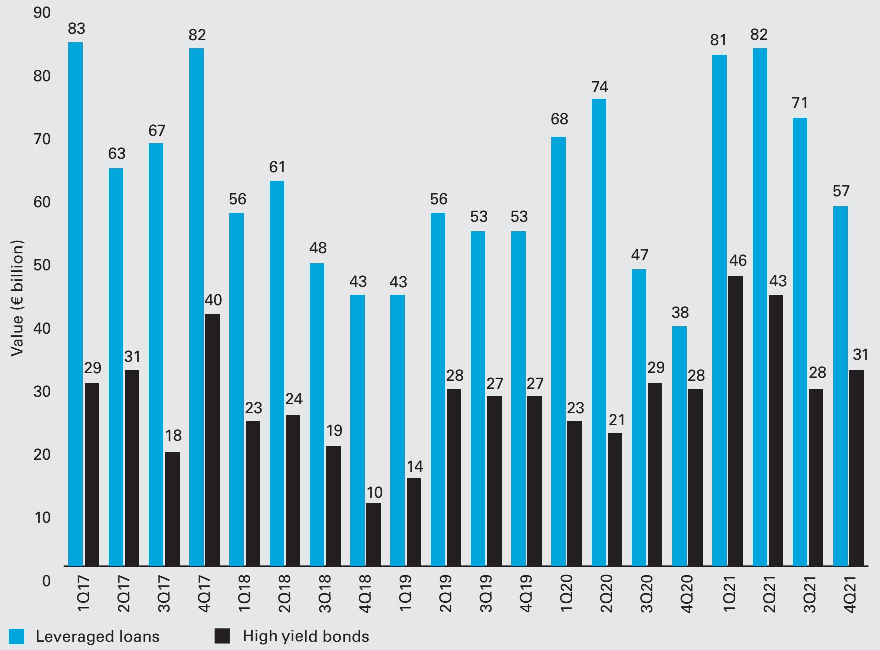
European leveraged finance markets roared back to life in 2021, sparked by a combination of attractive pricing in the first half of the year and buoyant M&A activity in the second half. The result? High volumes of refinancing and deal-linked leveraged loan and high yield bond issuance in Europe. And the momentum behind these double-digit gains looks set to continue in 2022.

Leveraged loan issuance in the region climbed 28% in 2021, rising to €289.7 billion from €227 billion in 2020, putting the market on pace to reach the highest annual total value for leveraged loan issuance on *Debtwire Par* record.

European high yield bond markets were even more lively, with issuance for the year coming in at €148 billion—a 47% uplift on the €101 billion posted in 2020 and surpassing annual highs going back to 2015 by the end of the third quarter.

Is this explosive growth likely to continue in leveraged finance markets in 2022?

European leveraged loan vs. high yield bond issuance (quarterly)



Source: *Debtwire Par—figures rounded up to nearest whole number*

Activity remains robust, even with significant headwinds

Leveraged finance issuance continued to rise through 2021 despite the emergence of several challenging factors, including new COVID-19 variants, upward inflationary trends (and the spectre of rising interest rates), supply chain disruption and shortages, elections in France and Germany, and ongoing post-Brexit trade and security tensions between the UK and the EU.

While the rise in overall debt issuance points to a stable, more predictable market, both lender and borrower motivations have pivoted in the past 12 months. Entering 2022, the ongoing evolution of such motivations is somewhat difficult to pin down, though the change in direction is clear. The drivers of issuance have effectively transitioned from survival mode (refinancing) to thriving mode (M&A and buyout issuance).

28%

The rise in leveraged loan issuance in 2021, year-on-year

After almost two years of doing business on pandemic-induced shifting sands, many companies have finally found their footing and are focusing on growth.

Refinancing sets the stage for stability in 2022

In the leveraged loan space, refinancing activity dominated issuance in the first two quarters of 2021, as borrowers moved to cut the cost of the more expensive debt, including that taken on during the first round of COVID-19 lockdowns.

A downward shift in average pricing for pro rata and institutional loan debt—from more than 4% in Q4 2020 to below 4% by the end of Q2 2021—saw a wave of opportunistic activity, as issuers raced to lock in attractive rates.

The high yield market followed a broadly similar pattern, as pricing in Q1 and Q2 came in below the 4% threshold.

The scale of refinancing issuance in the first half of the year was such that it accounted for approximately half of overall leveraged loan and high yield bond issuance in 2021. This despite a significant slowdown in refinancing in the latter half of the year, which was characterised by rising prices. For leveraged loans, the average margin on institutional first-lien debt moved from 3.71% in Q1 to 3.89% in Q4, while the weighted average yield to maturity on fixed-rate bonds increased from 3.87% in Q1 to 4.69% in Q4.

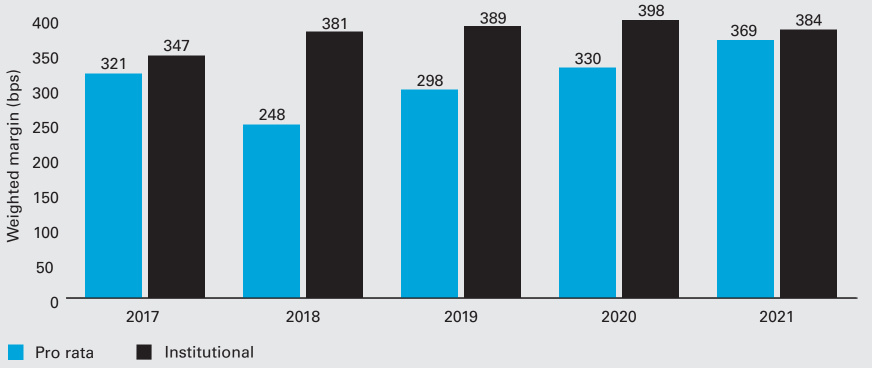
This drop in refinancing weighed more heavily on the leveraged loan market. After a summer pause, institutional issuance failed to match the pace set earlier in the year, with August, September and October ranking among the slower months for issuance in 2021.

M&A and buyout deal financing steps up

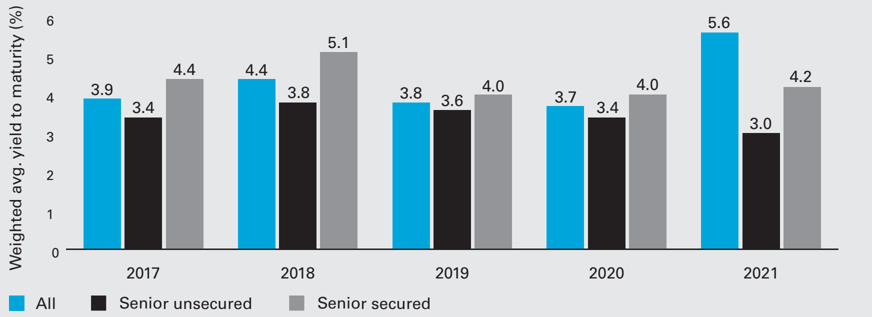
While higher pricing deterred opportunistic refinancing, buyouts and M&A issuance in Europe built up momentum throughout the year, even as the weighted average margin for M&A and buyout facilities came in above the pricing thresholds seen at the height of the pandemic.

In 2021, M&A value in Western Europe climbed to its highest level

European leveraged loan pricing



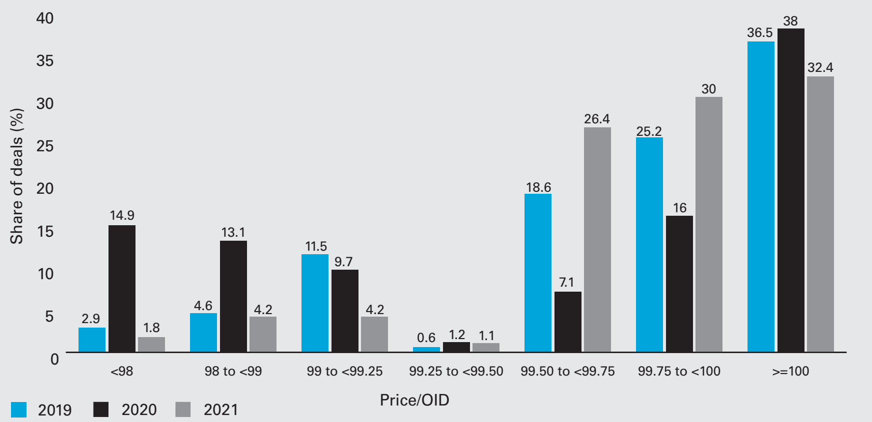
European high yield bond pricing—Fixed-rate bonds*



Source: *Debtwire Par*

**EUR issues only*

Original issue discounts (OIDs)* in Europe



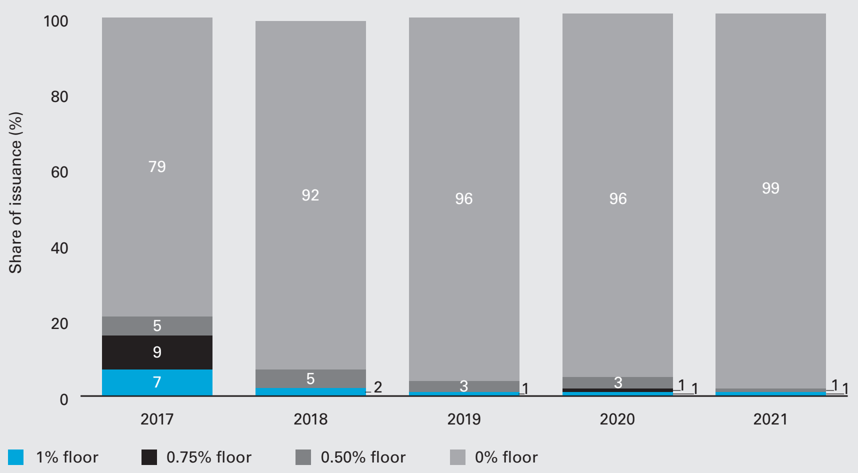
Source: *Debtwire Par*

**Based on universe of deals where OID data available* since the global financial crisis, as dealmakers caught up on delayed deal timetables.

High yield bond issuance, in particular, saw a cluster of activity in the final months of the year. LBO financings for Business Integration Partners, Keepmoat, Arrow Global, Agrifarma and Polynt-Reichhold, along with non-buyout M&A deals, such as MÁSMÓVIL, Multiversity and Cerba HealthCare, saw October deal-related high yield bond issuance spike to over €10 billion. The fourth quarter of 2021 accounted for more than a third of overall high yield M&A and buyout bond issuance during the year (€33.2 billion).

This flurry of activity late in 2021 saw year-on-year high yield bond issuance in Western and Southern Europe climb by 53% to €17.8 billion for non-buyout M&A,

Benchmark floors on institutional term loans



Source: *Debtwire Par—based on universe of deals where benchmark floors are present and the base rate is EURIBOR*

while buyout-linked issuance more than doubled to €15.4 billion.

For leveraged loans, year-on-year figures saw an 19% jump in non-buyout M&A loan issuance to €54.9 billion, with buyout issuance up 81% at €66.7 billion.

With sponsors and corporates sitting on record sums of dry powder in the form of cash reserves plus ongoing M&A activity, Q1 2022 is shaping up as providing for a steady flow of financing.

In particular, M&A and buyout activity is expected to continue driving issuance in 2022, with a strong pipeline of deals in place. Large deal financings lined up for 2022 include an anticipated €5 billion loan package to fund the merger between auto component manufacturers Faurecia and Hella.

Active but choppy markets may be on the horizon

In addition to the full M&A pipeline, other noteworthy factors are set to influence leveraged finance deals in the coming months. For example, borrowers now have more options when it comes to financing. Record levels of CLO activity in November pushed new CLO issuance 75% higher year-on-year, pointing to another powerful year for debt market activity.

It was a similar picture in the European direct lending space. The past 12 months of robust deal flow, fundraising and issuance have confirmed the maturity, resilience and credibility of the industry, which is now set for growth through 2022.

The fundraising numbers alone reflect the industry's increasingly confident position as a stable asset class delivering solid returns. According to data from *Debtwire Par*, European-targeted direct lending fundraising activity in the first half of 2021 had already exceeded the full year total for 2020. By the end of the year, it had reached €36.2 billion.

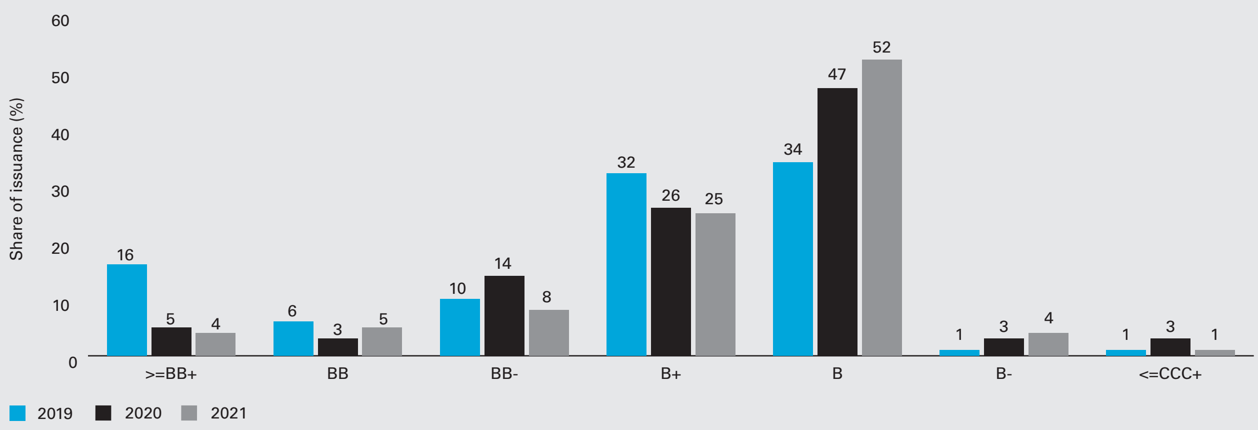
At the same time, however, inflation and the threat of rising interest rates, as well as higher pricing and an uptick in the number of flexed deals in syndication processes, suggest that borrowers and lenders alike may have to navigate some choppier waters in the year ahead.

And then there is debt linked to environmental, social and corporate governance (ESG) criteria, which is yet another lever that investors and borrowers will have to factor into their plans. According to White & Case's ESG Leveraged Loan Deal Tracker, ESG-linked loans accounted for close to a fifth of all European term loan B issuance by the end of Q3 2021, a near fivefold increase on the share of only 4% recorded in 2020.

ESG could serve as another spur for debt issuance in 2022, but it will not be a free-for-all as the rollout of new benchmarks—including the EU's Sustainable Finance Disclosure Regulation and the European Leveraged Finance Association's updated Sustainability Linked Loan Principles—introduces greater rigour to ESG financing criteria. Greenwashing and independent verification of ESG performance metrics—both their framing and their testing—are likely to be hot topics for ESG bank loan and bond issuances in 2022.

Lenders and borrowers are preparing for another busy, buoyant 12 months of activity, but will have to navigate additional layers of complexity and nuance to stay on top of these fluid market waves.

European leveraged loan issuance by rating*



Source: *Debtwire Par*

** Based on universe of loans that are rated. Where split-rated, higher rating is used. Only Moody's and S&P ratings are considered.*

Five factors driving leveraged finance in 2022

HEADLINES

■ Supply chain risks are going to be of increasing concern for lenders ■ Inflation and interest rate rises may influence deals, even if they do not shift the market ■ Private equity (PE) is still on a spending spree that will influence debt market decisions ■ Lenders searching for yield will finance riskier credits on the right terms ■ Terms and documentation will continue to be influenced by credit quality, sector and rating

By Jeremy Duffy and James Greene—partners at White & Case

It was a year of rebounds in 2021, from the early hike in refinancing activity to the subsequent surge in M&A and buyout deals, as well as frenetic activity in the PE space, all of which contributed to a noteworthy uptick in leveraged loan, high yield bond and direct lending issuance.

The drivers underpinning this activity—from the deep pool of credit in the market to investors chasing higher-yield deals—continue to influence borrowing and lending decisions, including the changing levels of acceptable credit risk to the terms and documentation being put on the table.

What does this mean for borrowers and lenders for the next 12 months? Here are five key trends that will drive activity in the market in 2022.

1. Supply chain risk will be a significant blip on the lender radar

A key component of 2022 lender due diligence will be assessing supply chain risk and its potential impact on credit quality, in the same way that lenders scrutinised borrower exposure in the first months of the pandemic. At the time, lenders did not restrict their diligence to sales and EBITDA, doing far more work on understanding borrower markets, business models and downside risks.

Similar frameworks are now being applied to supply chain risk, as global shortages of key commodities (e.g., CO_2 and oil) and components (e.g., semiconductor chips), as well as tight labour markets in areas such as logistics and shipping, increase the chances of business disruption and lost sales across European businesses.

Some argue that this disruption is the short-term result of economies opening up post-COVID-19, generating a sudden rise in demand and creating a temporary bottleneck. For example, in the US, analysis from *Debtwire Par*, published in November 2021, shows imports increasing 20% year-on-year and 0.6% month-on-month, to an all-time high of US$289 billion by September (compared to US$260 billion in January 2021).

At the same time, according to data from the Marine Exchange, there were 81 container ships in the waters surrounding the ports of Long Beach and Los Angeles—which, combined, handle 40% of the cargo containers entering the US. Pre-pandemic, it was rare for a single ship to have to wait for a berth.

Any supply chain disruptions such as these in the months before a transaction may well form a red flag for some lenders, as it is not optimal to be forced to address supply chain issues and amend models in the period immediately following the funding of a deal. Such risks may increase business costs and delay tight delivery schedules, to say nothing of the potential loss in customers.

Borrowers will need a plan to address any supply chain concerns

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A key component of 2022 lender due diligence will be assessing supply chain risk and its potential impact on credit quality, in the same way that lenders scrutinised borrower exposure in the first months of the pandemic

investors may have, whether shifting to local supply chains or ensuring enough of a stockpile to lock in prices until such shortages are worked out.

2. Inflation and interest rate rises will need to be watched carefully

Low interest rates supported the growth of leveraged finance markets in the past decade and helped lenders and borrowers navigate any disruption caused by the pandemic. The market, however, is becoming choppier, with inflation risks coming to the forefront and some effects being seen in the US and Europe. It is still unclear whether rising inflation is a short-term phenomenon, but interest rate rises are clearly on the cards.

In a scenario where rates start to tick upwards, the question is whether a higher cost of capital will reduce borrower appetite and make leveraged finance credits less attractive for lenders.

The answer depends on the speed and degree with which rates rise. Most investors will still have cash to deploy and will still be looking for attractive returns on risk. Inflation and interest rates may be back in the frame, but the risk/return picture will not necessarily change if rates rise, especially with enough warning.

In November 2021, for example, European Central Bank President Christine Lagarde stated that 'conditions to raise rates are very unlikely to be satisfied' in 2022.[1]

In the UK, it's been a slightly different picture. The Monetary Policy Committee (MPC) held off raising rates for most of 2021 but, in November, when asked when it could happen, the governor of the Bank of England and chair of the MPC, Andrew Bailey, said, 'from now onwards'. Then, just one month later, that prediction came true, with the MPC voting to raise interest rates from 0.1% to 0.25%.

The US Federal Reserve has also made it clear that they are likely to follow suit as soon as March 2022, which could have knock-on effects for borrowers and lenders in Europe as well.

If and when interest rates start to rise in the EU, volumes may drop off slightly as opportunistic borrowers fall away, but the fundamentals underlying the leveraged finance proposition will remain very much the same.

3. The PE spending spree has a way to go yet

Buyout-backed deal flow will remain a driving force in leveraged finance markets in 2022, as financial sponsors continue to raise, deploy and distribute capital at unprecedented levels. European buyout loan issuance soared 81% year-on-year to €66.7 billion in 2021, with high yield buyout provision ratcheting up 120% to €15.1 billion.

European exit and buyout value reached US$613.2 billion in 2021—the highest annual total on Mergermarket record, up 47% on its previous record year back in 2007 and more than triple in size from levels a decade ago. With global dry powder reserves topping US$3 trillion, there is little sign of PE's growth trajectory slowing down.

A bursting pipeline of buyout-backed financing deals coming to market—including the large debt packages that will be required to fund Clayton, Dubilier & Rice's £10 billion buyout of supermarket chain Morrisons and KKR's €33 billion bid for Telecom Italia (should the deal go ahead)—will provide lenders with a steady flow of work well into 2022.

4. Lenders searching for yield will broaden net and finance riskier credits

Although COVID-19 variants, as well as the prospect of rising interest rates and inflation, all pose significant challenges for debt markets in the coming year, investors will remain open to backing the right lower-rated credits to lock in yields.

Lenders still have large pools of capital to deploy and are actively seeking opportunities to invest. For example, new CLO issuance in Europe climbed 75% to €38.5 billion in 2021, reaching a record monthly high of €6.3 billion in November.

Lenders are still leaning towards high-quality issuers but have broadened their net in the past 12 months to include a higher proportion of credits with lower ratings.

In the absence of higher-rated credits issuing debt at increased interest rates—which was a feature of the market's initial reaction to COVID-19 as borrowers topped up liquidity lines—B-rated credits accounted for a larger share of overall issuance in 2021 than in 2020.

In 2022, investors will remain open to taking on more perceived risk in return for the higher pricing these issuers are offering. A wildcard will be whether the major ratings agencies see fit to downgrade a material number of credits as events unfold in 2022 and beyond.

5. Perspectives on credit quality will continue to affect terms and documentation

Even in a red-hot market, borrowers are not having it all their own way. Leveraged loan and high yield bond pricing moved higher in 2021, as did the number of margin flexes in syndication processes.

In 2022, if a higher volume of lower-rated credits come to market, lender and sponsor views on credit quality will determine what terms and pricing are made available.

Top-tier sponsors will continue to push hard for documentation flexibility on popular credits, and lenders will be willing to give more ground in these situations. Convergence with the looser US term loan B structures will continue apace on sought-after deals. For example, in limited cases, sponsors may be able to exclude revolving credit facilities from leverage limit calculations.

For deals that do not fly off the shelves, however, lenders and borrowers will be more prudent. Mid-tier sponsors will likely be more flexible and accept tighter documents and higher prices to close their deals, as a pragmatic tone will run through the market to continue to get deals done.

M&A financing keeps the leveraged finance market beating

HEADLINES

■ European leveraged loan issuance for M&A (excl. buyouts) climbed 19% year-on-year, reaching €54.9 billion in 2021 ■ High yield bond issuance for deals jumped to €17.8 billion in 2021, a 53% gain on 2020 ■ European M&A deal value came in at US$1.3 trillion in 2021—just shy of the record set in 2007 (US$1.4 billion)

By Hyder Jumabhoy, Shane McDonald and Gilles Teerlinck—partners at White & Case

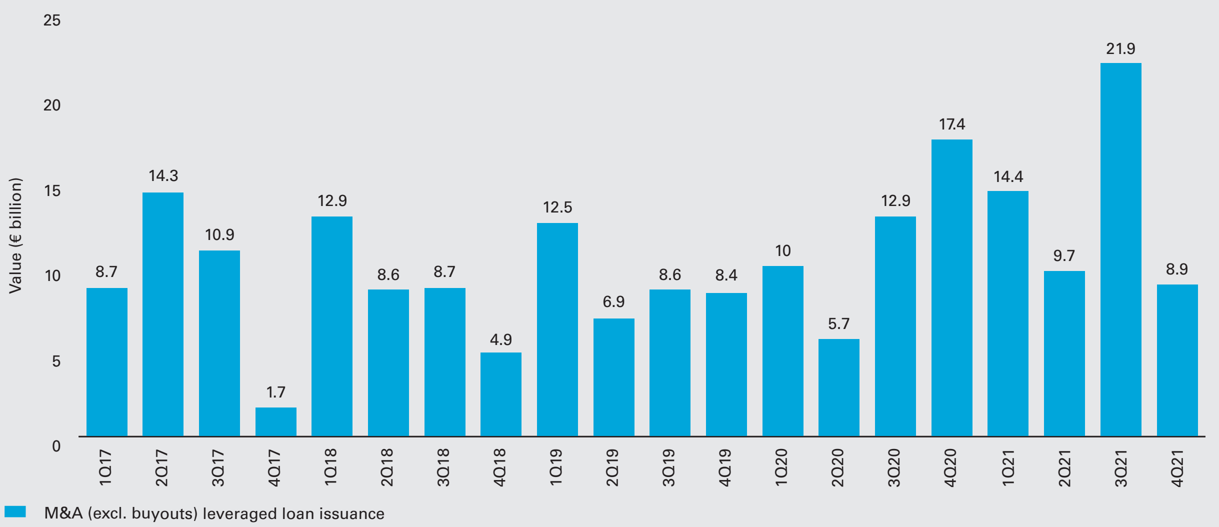
A rebound in European corporate transactions has driven a double-digit acceleration in leveraged finance earmarked for M&A (excl. buyouts), with a robust pipeline setting the stage for an active 2022.

In the summer of 2021, many businesses put their house on the market, so to speak, in some cases having hesitated for years. COVID-19 had already hit pause on many M&A plans in 2020 so, when corporates that had held off selling realised that their competitors were being more bullish and attracting good prices, they jumped in with both feet.

Mega-transactions played a significant role in this rising tide of activity, such as the €24.8 billion merger between German real estate groups Vonovia and Deutsche Wohnen. Big inbound plays for European assets by US buyers were also on the menu, including Parker Hannifin's €8.4 billion take-private of UK aerospace and defence group Meggitt, whetting investor appetite for big-ticket European corporate M&A.

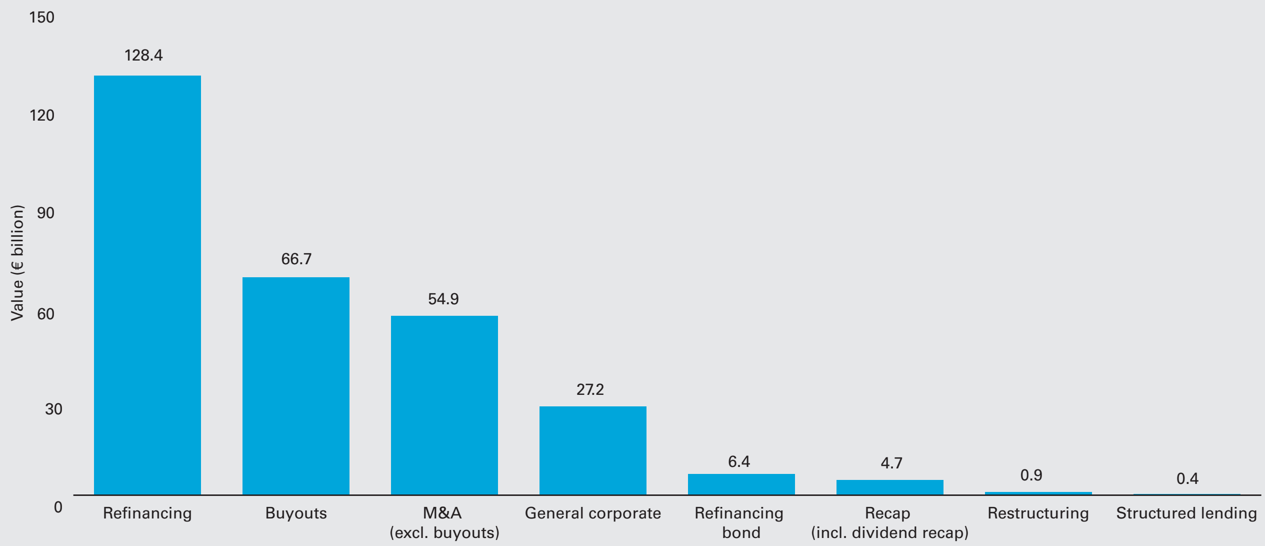
At the same time, lenders were in a better position to assess the resilience of businesses after 18 months of the pandemic and were looking for a home.

European M&A (excl. buyouts) leveraged loan issuance (quarterly)



Source: *Debtwire Par*

European leveraged loan use of proceeds (2021)



Source: *Debtwire Par*

They had a greater degree of comfort identifying the right credits and put their money to work.

There was also an opportunistic element at play in this uptick in deals. Companies that had done unexpectedly well during the pandemic or sectors that were inundated with new business became attractive targets. Logistics companies and warehousing firms found themselves at the frontlines as more people shopped online and delivery became an essential service. Pharma companies, from vaccines to testing operations, were suddenly in the spotlight.

These factors—a backlog of deal-making coupled with a pent-up supply of credit, intriguing targets in a range of sectors, a better sense of the impact of the ongoing pandemic on these businesses and good prices being achieved—meant that the situation was ripe for a surge in deals.

According to Mergermarket data, Western European M&A deal value to the end of Q3 2021 was already higher than the annual total of any year since the global financial crisis. By the end of 2021, it had reached US$1.3 trillion—far surpassing the US$768.3 billion in deals secured in 2020 and within reach of the all-time high-water mark of US$1.4 billion recorded at the peak of the market in 2007.

> **A backlog of deal-making coupled with a pent-up supply of credit, intriguing targets in a range of sectors, a better sense of the impact of the ongoing pandemic on these businesses and good prices being achieved—meant that the situation was ripe for a surge in deals**

M&A uplift boosts debt pipelines

This spike in deal activity has spurred year-on-year growth in both leveraged loan and high yield bond issuance for M&A, as corporates took advantage of a range of options to finance the flurry of strategic activity.

In Western and Southern European leveraged loan markets, issuance for M&A loans (excl. buyouts) climbed by 19% year-on-year, reaching €54.9 billion in 2021. And much of that activity took place towards the end of the year: July, August and September 2021 were three of the four biggest months for non-buyout M&A loan issuance.

High yield bond financing for corporate M&A (excl. buyouts), meanwhile, followed a similar upward trajectory in the region, reaching €17.8 billion for the year—up 53% on 2020.

Many sellers hitting the markets at the time were still doing so cautiously, hoping to avoid entering an overcrowded market with a limited number of increasingly selective investors. A company considering a massive deal did not want to miss out on potential investors. Timing was and is everything.

Second half surge

Issuance linked to M&A activity picked up where the high volume of refinancing activity left off, keeping the market ticking over at a healthy clip to the end of the year. Borrowers came to market early in 2021 to pre-emptively refinance existing credits at the low prices available in the market.

With loan and bond pricing moving higher as the year progressed, however, appetite for refinancing ebbed. The fact that many borrowers had already done their business earlier in the year was a further contributor to this slowdown in demand.

M&A activity was an inevitable next step for companies seeking to divest, streamline their portfolios and focus on their core business. This benefitted M&A issuers that were able to gain more traction among syndicating banks and investors that had the bandwidth to consider new money opportunities.

Spain's fourth-largest telecoms operator MÁSMÓVIL, for example, raised in excess of €2 billion from high yield bond markets to fund the acquisition of Basque rival Euskaltel, while pan-European healthcare group Cerba inked a €500 million package of secured and unsecured bonds to fund the purchase of clinical testing laboratory Lifebrain in October. French auto components supplier Faurecia, meanwhile, issued a five-year €1 billion sustainability-linked bond to fund its €6.7 billion purchase of German peer Hella.

Corporate cash piles

While corporates upped their M&A activity in 2021, strategic buyers remain somewhat cautious—many have not yet ventured to market. According to S&P Global, cash and other liquid instruments held by corporates globally climbed to a record US$6.84 trillion in 2021—45% higher than the pre-pandemic five-year average.[2]

Concerns around rising US and European COVID-19 case numbers due to the Omicron variant have seen corporates hang on to cash reserves, shielding themselves in the event of another round of restrictions.

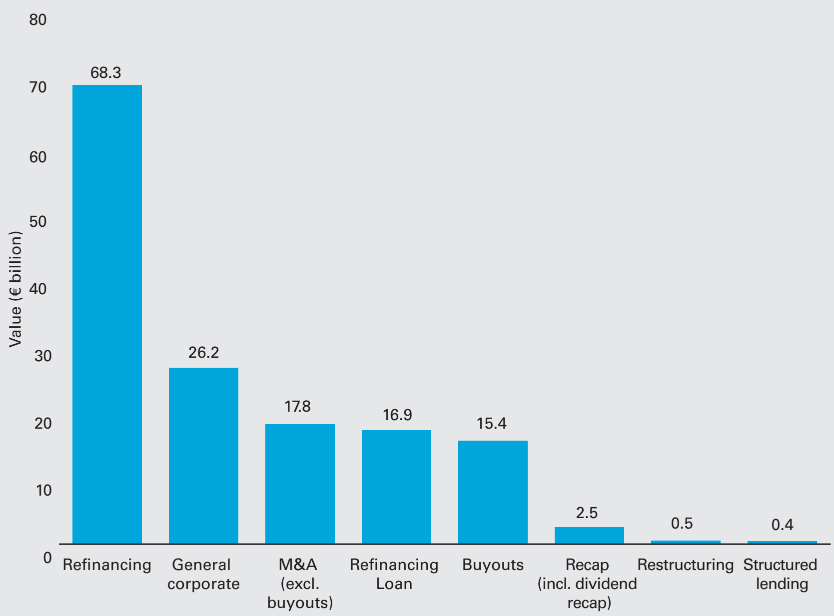
At the same time, any rise in interest rates will be scrutinised by buyers and lenders alike, as it could impact deal activity significantly. If inflation continues to put pressure on margins and rates rise through the year, this burst of M&A activity may be dampened by the end of 2022.

These are valid concerns and shareholders have been patient so far, but corporates will not be able to sit on cash piles indefinitely. In addition to dividends and share buybacks, M&A will remain a key tool for deploying excess liquidity.

After a burst of activity in 2021, expect M&A markets to remain busy for the first half of the year at least, providing lenders with a strong pipeline of opportunities well into 2022.

"These are valid concerns and shareholders have been patient so far, but corporates will not be able to sit on cash piles indefinitely. In addition to dividends and share buybacks, M&A will remain a key tool for deploying excess liquidity

European high yield bond use of proceeds (2021)



Source: *Debtwire Par*

Buyout momentum paints a strong picture for issuance in 2022

HEADLINES

■ Buyout deal value in Western Europe hit an all-time record high by the end of 2021, more than doubling year-on-year ■ Private equity (PE) activity supported an 81% uplift in buyout loan issuance year-on-year, climbing to €66.7 billion in 2021 ■ High yield bond issuance intended for buyouts reached US$15.4 billion in 2021—more than double 2020's total

By Richard Lloyd and Gilles Teerlinck—partners at White & Case

A record-breaking year for PE deal activity in Europe supported a surge in leveraged loan and high yield bond issuance for buyouts in 2021, and points to a busy year ahead.

PE deal value in Western Europe in 2021 surpassed record annual highs posted more than a decade ago. Buyout deal value in 2021 totalled US$441.2 billion, more than double the total recorded in 2020. Deal value soared, as PE firms pursued transactions to put deployment timetables that were delayed due to COVID-19 back on track and invest the €185 billion mountain of dry powder available for European deals alone.

Reopening economies and improving growth prospects encouraged dealmakers to take on deals of increasing size—according to Mergermarket data, there were more than 50 buyouts valued at more than €1 billion in Western Europe in 2021. This trend may well continue in 2022 as firms continue to make up for lost time and capitalise on new opportunities.

Buoyant buyouts boost debt markets

As PE deal activity has rebounded and managers backed more mega-deals, leveraged loan and high yield bond issuance for buyouts has also bounced back, despite the pandemic's ongoing disruption with the emergence of the Delta and Omicron variants.

81%+

PE activity supported an 81% increase in buyout loan issuance in 2021, year-on-year

Leveraged loan issuance for buyouts in Western and Southern Europe climbed 81% year-on-year, from €36.8 billion in 2020 to €66.7 billion in 2021.

High yield bond issuance for buyouts has been even more robust, doubling its 2020 tally to reach €15.4 billion in 2021. Both leveraged loan and high yield issuance intended for buyouts had already cleared the full year 2020 total by the end of Q3 2021, according to *Debtwire Par*.

The higher volume of €1 billion-plus deals in 2021, including jumbo transactions such as the €12 billion take-private of UK supermarket retailer WM Morrison by Clayton, Dubilier & Rice (CD&R), has proven especially beneficial for European leveraged finance activity levels.

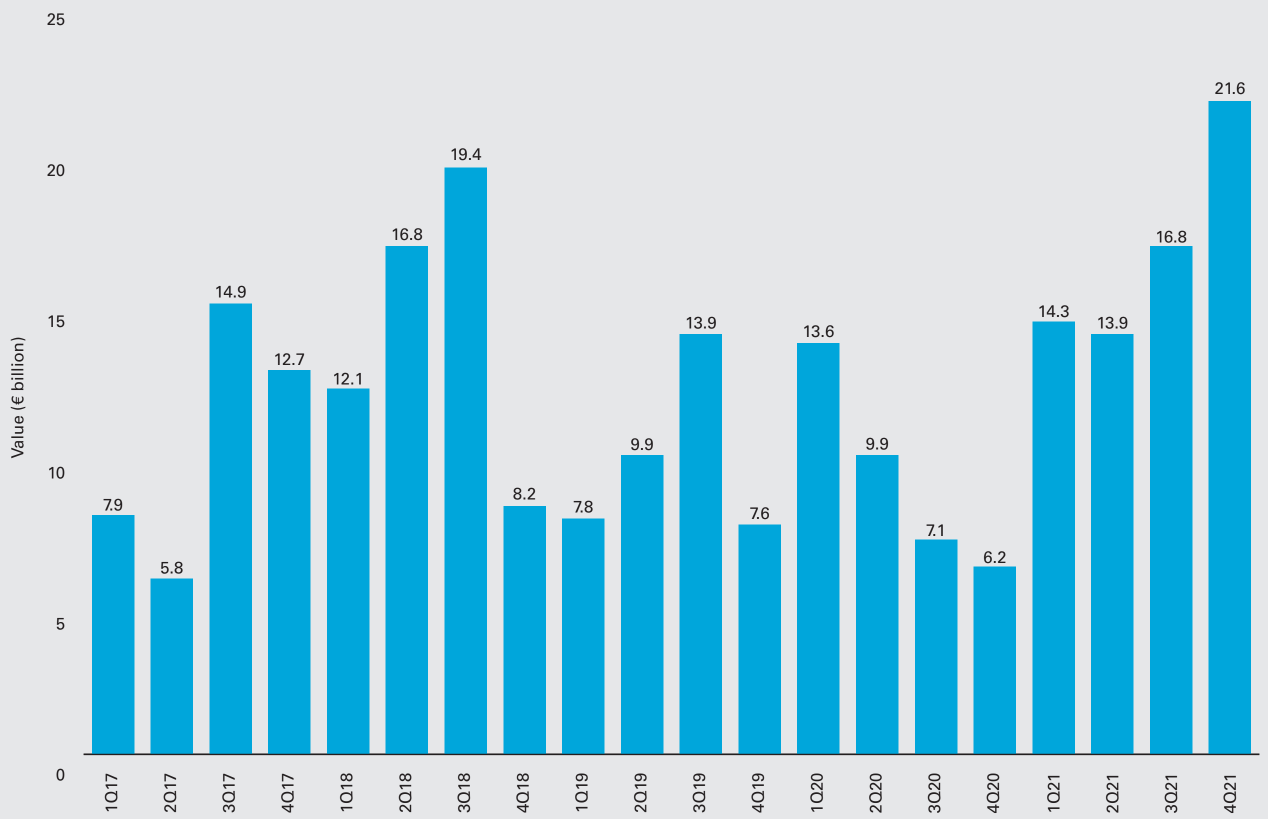
With average EBITDA multiples for median buyouts across all sectors rising from 12.3x in 2020 to 12.8x in 2021, according to Mergermarket, large deals like the CD&R/Morrisons tie-up will see a series of multibillion-euro debt packages come to market for financing.

This combination of higher valuation multiples and a rising number of jumbo deals in Europe is significant for lenders. Even though total leverage ratios in European debt structures have held steady in the 5.1x to 5.7x EBITDA range going back to 2017, the absolute amount of debt that PE dealmakers require to fund their structures increased in line with higher entry valuations and bigger deal sizes.

Buyout issuance in Western and Southern Europe also accelerated through the year, as refinancing activity cooled following a frenetic first half of 2021. European refinancing loan issuance, for example, climbed more than four-fold between Q4 2020 and Q1 2021, as a cluster of borrowers saw the strong lender appetite in the market and moved quickly to refinance existing debt packages at lower rates.

> "As PE deal activity has rebounded and managers backed more mega-deals, leveraged loan and high yield bond issuance for buyouts has also bounced back

European buyout leveraged loan issuance (quarterly)



Source: *Debtwire Par Restructuring Database*

Moving into the second half of the year, however, refinancing issuance slowed, dropping by approximately a third between Q2 and Q3 2021. A gradual rise in pricing also made refinancing less appealing through the course of the year—average margins on first-lien institutional loans in Europe climbed from 3.71% in Q1 2021 to 3.84% in Q4 2021.

Slowing refinancing levels, however, have been a boon for buyouts, as lenders and syndication desks had more bandwidth to work through the pipeline of financing opportunities. Recently closed buyout financing deals include Italian industrial waste recycling business Itelyum locking in a €450 million senior secured high yield bond package following its acquisition by PE firms Stirling Square and Deutsche Beteiligungs AG, and Swedish building maintenance company Polygon landing a €485 million institutional loan financing following its secondary buyout by AEA Investors from European buyout house Triton.

Positive pipeline

There is little sign of the market slowing down in the months ahead. Buyout financing momentum continued apace in the final quarter of 2021, with the portion of the loan market earmarked for buyout financing climbing to an all-time high by October 2021, according to *Debtwire Par*. And some €6.5 billion of the €8.5 billion of institutional loans in syndication in Europe at the time stemmed from LBO transactions.

With some PE deals struck in 2021 still looking for financing as well as the completion of a bundle of auction processes that will also tap debt markets, involving the likes of Serrala and CeramTec, leveraged finance investors will be kept busy for some time yet.

European CLOs and the unstoppable impact of ESG

HEADLINES

■ New European collateralised loan obligation (CLO) issuance in Europe is up 75% year-on-year, reaching €38.5 billion in 2021 ■ CLO issuance intended for refinancing and resets came in at a record €57.5 billion for the year ■ By July 2021, 34% of the EU's total assets under management was compliant with the region's new Sustainable Finance Disclosure Regulation (SFDR), and this is expected to climb to more than 50% in 2022[3]

By Chris McGarry, partner at White & Case

75%

New CLO issuance in Europe reached €38.5 billion in 2021, up 75% year-on-year

Europe's CLO market and environmental, social and corporate governance (ESG) objectives are converging at pace, providing unique opportunities for CLOs to access the vast and rapidly expanding pools of capital earmarked for ESG-linked investment.

The past 12 months have been good for European CLOs in general. New CLO issuance in Europe reached €38.5 billion by the end of 2021, up 75% year-on-year and peaking in November 2021 at €6.3 billion, its highest level on *Debtwire Par* record. Refinancing and resets drove record-breaking CLO activity during the year, coming in at €19.6 billion and €38 billion, respectively, for the year.

At the same time, ESG factors have become increasingly influential across global debt markets, initially in the investment-grade and sovereign segments before trickling down into the leveraged finance space. Back in 2019, Italian electricity and gas distributor Enel was the first corporate issuer to print a sustainability-linked corporate bond related to the United Nations sustainable development goals (SDGs) and, in 2020, Mexico brought the first sovereign bond referencing the SDGs to market.[4]

As these high-profile ESG-linked financings grabbed investor attention, CLO managers in Europe started to build ESG 'negative screening' measures into their credit criteria. Loans from issuers in sectors such as nuclear weapons, coal and tobacco were left out of the mix. Document research platform Dealscribe estimates that up to 15% of CLOs excluded credits because of ESG concerns back in 2018. Since then, ESG has moved swiftly up the agenda—in 2021, Dealscribe put the number of CLO deals with a negative ESG screen at close to 100% in the UK and European market.[5]

The SFDR game changer

Europe's CLO industry, however, is only at the start of its transformational ESG journey. The catalyst for this shift is the EU's Sustainable Finance Disclosure Regulation (SFDR), a policy initiative that sits alongside the bloc's Taxonomy Regulation.

The SFDR was designed to funnel private capital into both the energy transition and the equality transition. In a nascent ESG market, which is still coming to grips with how to benchmark and prevent 'greenwashing', the SFDR is fast becoming a global standard, providing rigorous definitions of what qualifies as environmental and social assets. It has been so successful that many investors in the US are also now adopting the SFDR as their benchmark, even though they are not directly subject to it.

The SFDR is relevant for CLO managers because it allows for the formation of what are known as Article 8 and Article 9 funds. Article 8 funds are more broadly defined as those that promote environmental or social characteristics, while Article 9 funds have a more stringent primary objective of sustainable investment.

The appetite for any funds that meet the ESG criteria required to qualify as Article 8 or Article 9 vehicles has been profound. Within four months of the SFDR coming into effect in March 2021, assets under management (AUM) in Article 8 and Article 9 funds had already climbed to €3 trillion, according to Morningstar figures, with the expectation that more than 50% of total AUM in Europe will be held in Article 8 and Article 9 funds later this year.[6]

For the European CLO market, this influx of capital into what is effectively a brand-new ESG asset class could a spark an unprecedented inflow of cash into CLOs that structure themselves as Article 8 or Article 9 funds.

At the time of publishing, CLO assets under management in the EU stand at €182.4 billion, according to Creditflux. If even a fraction of the €3 trillion that has already flowed in SFDR-compliant funds finds its way into the CLO market, the segment's size will increase by multiples.

Undertaking the shift

Meeting the criteria laid out in SFDR is already well within the reach of CLO managers, most certainly with respect to Article 8 status.

Reporting and compliance is relatively light touch, with managers having to provide a brief pre-contractual disclosure committing to their ESG criteria and then report quarterly on their progress towards those objectives. This is comfortably within the capabilities of CLO managers, who will already have infrastructure in place to meet securitisation reporting requirements.

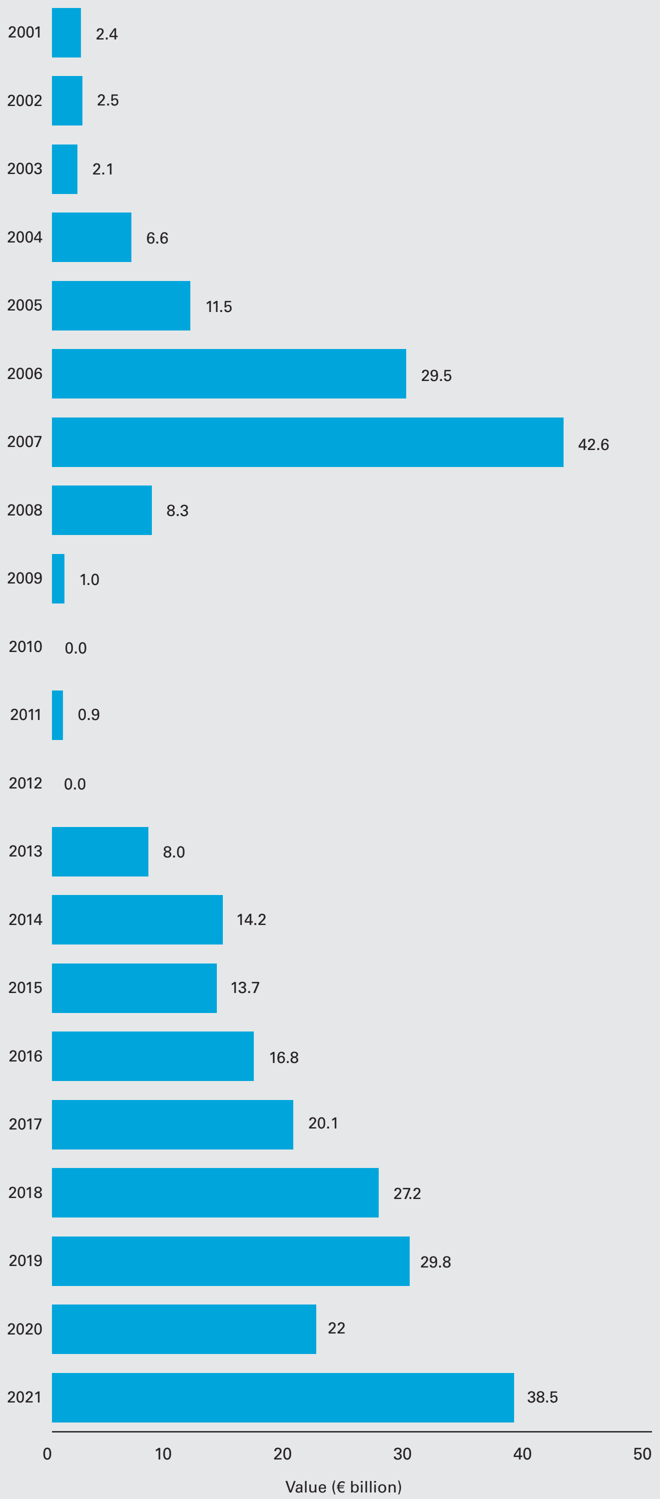
Recent guidance from the European Supervisory Authorities, the joint European regulators, confirms that the inclusion of an ESG exclusionary screen is sufficient to qualify as Article 8. The screen is a minimum entry level, but Article 8 is structured to be flexible and allows for varying 'shades of green'. For example, the ESG screen in Article 8 funds is at the 'light green' end of the spectrum, while darker green Article 8 funds (e.g., those with a high minimum sustainable investments bucket like 99.9%) are only one shade lighter than the fully dark green Article 9 funds.

This removes barriers to entry, as managers do not have to commit to a complete overhaul of their investment strategies, but can position themselves on the spectrum so long as the minimum hurdles are cleared. Also significant is the fact that not all CLOs that a manager runs must be Article 8-compliant—the plan is voluntary and applies per product rather than necessarily to the manager at the entity level.

Even before the SDFR came into effect, the market saw Neuberger Berman launch a new European CLO tethered to the UN's SDGs, believed to be the first of its kind. The flexibility of the SFDR regime, its global credibility and the deep pool of funding that it opens up will only accelerate this ESG investment theme.

We can expect to see the first Article 8 CLOs emerging perhaps as soon as the first half of 2022, with the potential for the CLO market to migrate en masse to Article 8 in the next 12 to 15 months.

European new-issue CLO volume (annual)



Source: *Creditflux*

From recurring revenue to sticky customers: The trends driving tech sector issuance

HEADLINES

■ Leverage loan technology and computer-related issuance in Western and Southern Europe almost doubled from annual pre-pandemic levels to €19.9 billion by the end of 2021 ■ Technology and computer-related high yield bond issuance in the region hit an all-time high of €7.3 billion by the end of 2021 ■ Start-up debt issuance in Europe had already reached a record annual total before the end of Q3 2021[7]

By Monica Holden, Shane McDonald and Daniel Turgel—partners at White & Case

Europe's technology industry went from strength to strength in 2021, with M&A and lending activity in the space thriving as investors across multiple asset classes tapped into the tech sector's non-stop growth and resilience.

The shift to home working due to COVID-19, as well as the rise in digital learning and online shopping and entertainment through both 2020 and 2021, drove earnings growth across the entire technology sector.

Safe and secure technology was a must-have in every home, which ensured that tech firms were kept busy, lifting revenues and prompting tie-ups. This in turn created opportunities for cybersecurity firms—*Dealogic* data shows 57 cybersecurity-related M&A transactions in Europe in all of 2020 versus 69 deals in 2021.

Fintech firms were also quick to see the benefits of an accelerated shift to things like online banking and contactless payments. This trend has been growing steadily for years but attracted particular attention in 2021, spurred on by an explosion in special purpose acquisition company (SPAC) dealmaking. As a result, fintech-focused Pegasus Europe and EFIC1 were two of Europe's largest SPAC deals in 2021.

The evolution of business models built on stable recurring revenues (from Netflix to Spotify) and sticky customer bases (from Intuit tax software to Shopify) only added to the sector's appeal for investors looking to mitigate downside risk.

These strong underlying drivers saw the STOXX Europe 600 Technology Index climb 25% in the 2021 calendar year, outperforming the STOKK Europe 600 by around 7%.

M&A activity was equally buoyant for the sector, with the 488 technology buyouts totalling €49.2 billion in 2021, accounting for nearly a third of all European private equity (PE) deals, according to Mergermarket data.

Across all technology verticals, from fintech to cybersecurity, investment levels are moving steadily upwards—a trend that shows no signs of slowing in 2022.

The strong performance of the sector makes it highly attractive for leveraged loan and high yield investors. For technology borrowers positioning their businesses for an acquisition, debt markets have been a useful source of capital to fund their growth before M&A deals clear.

Technology and computer-related leveraged loan issuance in 2021 came in at €19.9 billion in Western and Southern Europe, according to *Debtwire Par*. This was well ahead of the 2020 full-year total of €13.8 billion and almost double the €10.6 billion in issuance posted pre-pandemic in 2019.

High yield issuance for technology and computer-related credits was equally robust. *Debtwire Par* data shows that, in 2021, issuance in the region reached an all-time high of €7.3 billion, exceeding the previous annual record of €4 billion posted in 2018 and almost trebling the annual issuance of €1.7 billion in 2020.

44%

Technology and computer-related leveraged loan issuance in 2021 was 44% higher than the 2020 full-year total

Startups are stepping up in debt markets

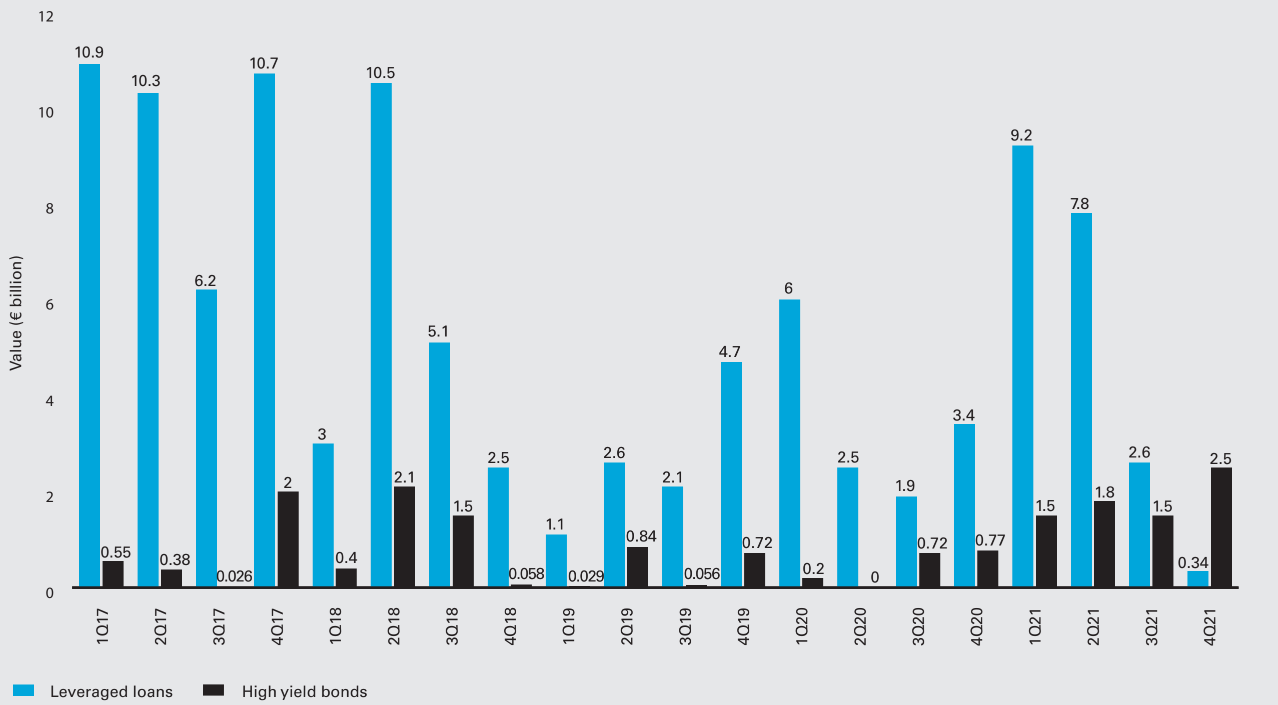
Lenders are so enthusiastic about hitching their wagons to the technology sector that they are exploring new channels and debt products to increase their exposure to a wider pool of potential borrowers.

Debt provision for startups, for example—which is structured to provide fast-growing companies that are not yet cash-flow-positive with access to debt financing—hit record levels in 2021, as growing interest from tech startups and a rising number of new entrants on the lender side saw issuance climb.

According to figures from database management company Dealroom, European startups raised €8.3 billion in debt before the end of Q3 2021. This is a 41% uplift on the €5.9 billion of funding secured in the 2020 calendar year and ahead of the previous record annual total of €8.1 billion secured in 2017.[8]

Venture and start-up debt penetration in Europe has been a fraction of that in the US historically, but there are now signs that European markets are closing the gap. Borrowing by startups in Europe has more than quadrupled since 2015, when the market was only worth €1.6 billion, and uptake is

Leveraged loan and high yield bond issuance in technology & computer-related sectors (quarterly)



Source: *Debtwire Par, Markit*

now growing at double the rate of the US.[9]

Debt financing provides start-ups with lines of capital that do not dilute existing shareholders and allows companies to build up their credit history. This is vital for businesses planning to tap into mainstream debt markets later in their development. For lenders, the product provides exposure to a fast-growing technology credit early in the development curve.

Industry surveys show that start-ups that use venture debt products are likely to do so again.[10] Given the stickiness of the product, as well as new entrants entering the market and driving down pricing, the growth runway for start-up debt in Europe looks promising.

Recurring revenue structures come to the fore

For mature technology assets that are too large for start-up debt financing but have yet to reach sufficient scale to access leveraged finance markets, the emergence of recurring revenue debt provision has provided a valuable option for raising capital.

Recurring revenue debt unlocks additional funding by providing credit on the basis of repeatable or subscription-based revenues. The product has been a good fit for technology companies that supply business-critical software and services that clients rely on for the day-to-day operations of their companies. Lenders have been able to provide capital to these borrowers using recurring revenue structures, even though the companies are not yet EBITDA-positive.

Terms and pricing vary from credit to credit, but recurring revenue loans will typically price higher than vanilla loans and have a runway of between two or three years. The expectation is for the credits to reach profitability and graduate to conventional cash flow lending options in that time.

This financing strategy has helped fast-growth late-stage, venture-backed technology companies to bridge to an IPO or build profitability.

New lending streams like venture debt and recurring revenue loans have been well received by European technology startups. With lenders eager to tap into the sector's strong growth fundamentals, the year ahead is likely to break more records as European technology companies of all sizes have access to deeper pools of capital than ever before.

US versus Europe: Will their shared path continue in 2022?

HEADLINES

■ In the US, leveraged loan issuance for 2021 reached US$1.4 trillion, a 63% increase year-on-year ■ The high yield bond market in the US was relatively flat, rising from US$428.3 billion in 2020 to US$429.7 billion in 2021 ■ In comparison, in 2021, the leveraged loan market in Western and Southern Europe increased by 28% year-on-year to €289.7 billion ■ The region's high yield bond market during that period was up 47% year-on-year to €148 billion

By Jill Christie, Jeremy Duffy, Richard Lloyd and Shane McDonald—partners at White & Case

After moving broadly in lockstep through the past 12 months, differences are emerging between the US and European leveraged finance markets moving into 2022.

Both jurisdictions saw year-on-year growth in leveraged loan and high yield bond issuance in 2021 but, with inflation tracking higher, a divergent monetary policy response stands as a key departure point for the two markets, with implications for leveraged finance activity.

The US Federal Reserve will almost certainly raise interest rates at some point in 2022.[11] In December 2021, the Chair of the US Federal Reserve, Jerome Powell, made it clear that the Fed will end its bond-buying programme in March 2022, rather than in June as originally planned, thus opening the door to lift interest rates from near zero.[12]

In the UK, however, the Monetary Policy Committee voted to increase interest rates from 0.1% to 0.25% in December 2021. Whether there will be more rate rises in 2022 remains to be seen. One issue for the MPC seems to be the potential impact of the Omicron variant.[13] Until there is more data, the committee may feel compelled to hold off on any further rate rises in the short term.

European Central Bank (ECB) President Christine Lagarde, by contrast, has said it is 'very unlikely' that the ECB will up rates in 2022.[14]

If the US does raise rates in 2022 and Europe does not, leveraged finance patterns in the two markets could diverge. In a higher US rate environment, lender appetite for floating-rate leveraged loans could be greater in America than in Europe, while European lenders may find fixed-rate bond products more attractive if the ECB leaves rates unchanged. Higher rates could also impact the ability of US borrowers to service debt, although this will be dependent on the size of any rate increases.

63%

The increase in leveraged loan issuance in the US in 2021, year-on-year—in Western and Southern Europe, it rose by 28%

SOFR versus SONIA

A gap between the US and Europe is also emerging, as global financial markets transition away from the LIBOR interest rate benchmark to an alternative overnight borrowing rate.

Writing in the *Financial Times* at the end of 2021, Tal Reback (who heads up the global LIBOR transition programme for KKR), noted that LIBOR's successor SONIA (the Sterling Overnight Index Average) had seen significant adoption in Europe, but the take-up of the US's LIBOR alternative, the Secured Overnight Financing Rate (SOFR), has been sluggish.[15]

UK and European regulators compelled the market to stop entering into new LIBOR-linked deals after March 2021, smoothing the transition for market participants. In the US, however, significant SOFR transfer risk remains. According to S&P, at the start of October 2021, only 14,173 US loans issued had been documented using SOFR, posing material risks for issuers and investors as the liquidity of LIBOR-linked debt products becomes harder to predict as LIBOR phases out.[16]

The US is also weighing up whether to apply forward-looking term SOFR. Unlike benchmarks such as SONIA, which are backward-looking and based on prior-day interest rates, forward-looking SOFR is linked to interest rate predictions in derivatives markets.

If term SOFR is adopted across the US, it will be interesting to see whether the trend migrates to the EU and whether European CFOs and treasurers fall into line with their peers in the larger US market and look for a SONIA term rate in the European debt markets.

Closing the ESG gap

The US and Europe have also moved at different speeds when it comes to ESG-linked debt issuance.

According to analysis from McKinsey, Europe's asset management industry has more funds that can be considered sustainable than any other jurisdiction, with the region's ESG bond volume double that of the US and Asia combined.[17] According to Bloomberg, meanwhile, a fifth of the debt raised by European issuers in 2021 was linked to ESG initiatives—several times higher than proportions in the US.[18]

In the first year of President Joe Biden's administration, the US has made firm pledges and investment towards reaching net zero carbon emissions by 2050. This will give much needed impetus to ESG-linked debt issuance as the US tries to make up for lost ground—ratings agency Fitch has called for the introduction of legislation in the US to accelerate sustainability-linked debt issuance.

Across the pond, meanwhile, the EU's Sustainable Finance Disclosure Regulation (SFDR)—which lays out tightly defined criteria for what qualifies as an environmental and social asset—is already gaining widespread uptake from fund managers and investors.

It remains to be seen whether US managers will start defaulting to SFDR-linked benchmarks, or whether a dual-track system for overseeing ESG debt issuance emerges in the event of US regulators implementing their own regime.

Pricing and terms distinctions

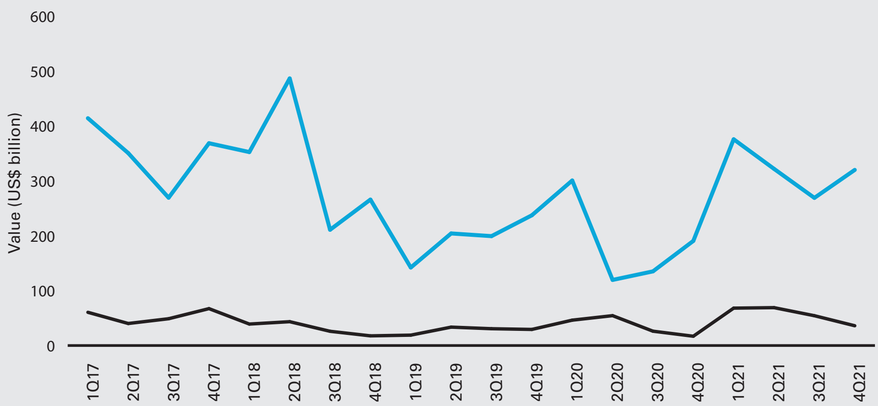
In addition to moving on distinctive tracks with respect to interest rates, ESG and LIBOR, pricing and documentation trends have also diverged.

Loan documentation has been generally aligned, but in the high yield market, European documents continue to be more 'bespoke' than their US counterparts and frequently include more aggressive terms, offering more flexibility to sponsors and borrowers, particularly recently around asset sales and dividends.

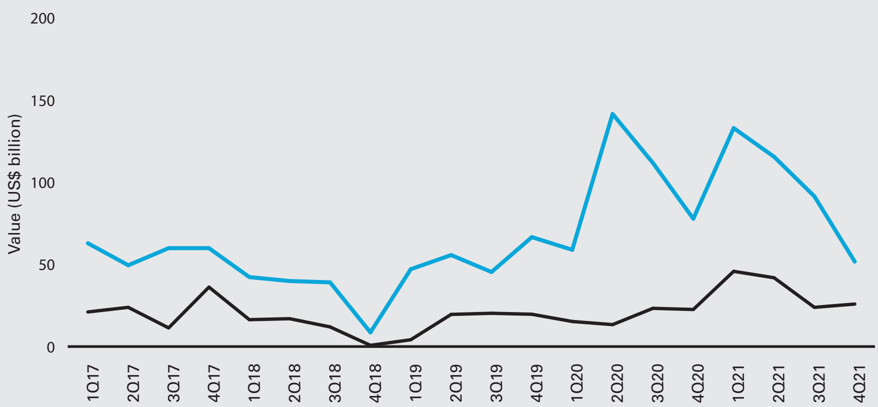
Pricing trends have also begun to trend in different directions, with loan and bond pricing in the highly competitive US market dropping through the year while European prices moved higher. Margins have stayed within similar bands in both jurisdictions but, after a surge in European COVID-19 cases through the late summer and into early autumn, a more cautious lender approach and rising number of flexes in syndications have pushed prices upwards.

In addition, US leveraged finance activity has been characterised by a higher volume of jumbo deals than in Europe. According to S&P, the largest buyout syndication in the

US versus Europe: Leveraged loan issuance by value (2017—2021)



US versus Europe: High yield bond issuance by value (2017—2021)



Source: *Debtwire Par*

US in 2021 saw Medline secure a US$14.32 billion loan and bond package to fund its buyout, while in Europe the largest buyout syndication only totalled €3.75 billion for a loan and bond offering to fund the purchase of T-Mobile Netherlands.[19]

European markets, however, could see mega-deal volumes catch up with the US in 2022, from the £5.4 billion debt financing for the take-private of supermarket chain Morrisons to the potential buyouts of BT and Telecom Italia, should those deals progress.

The impact of electronic trading

The US has also forged ahead of Europe in the uptake of electronic bond trading and adopted protocols that support higher trading volumes and liquidity.

According to a study by Coalition Greenwich, an analytics and benchmarking platform, electronic investment-grade and high yield trading in the US climbed by more than 100% between 2017 and 2020, more than a third faster than the 61% growth rate in Europe.[20]

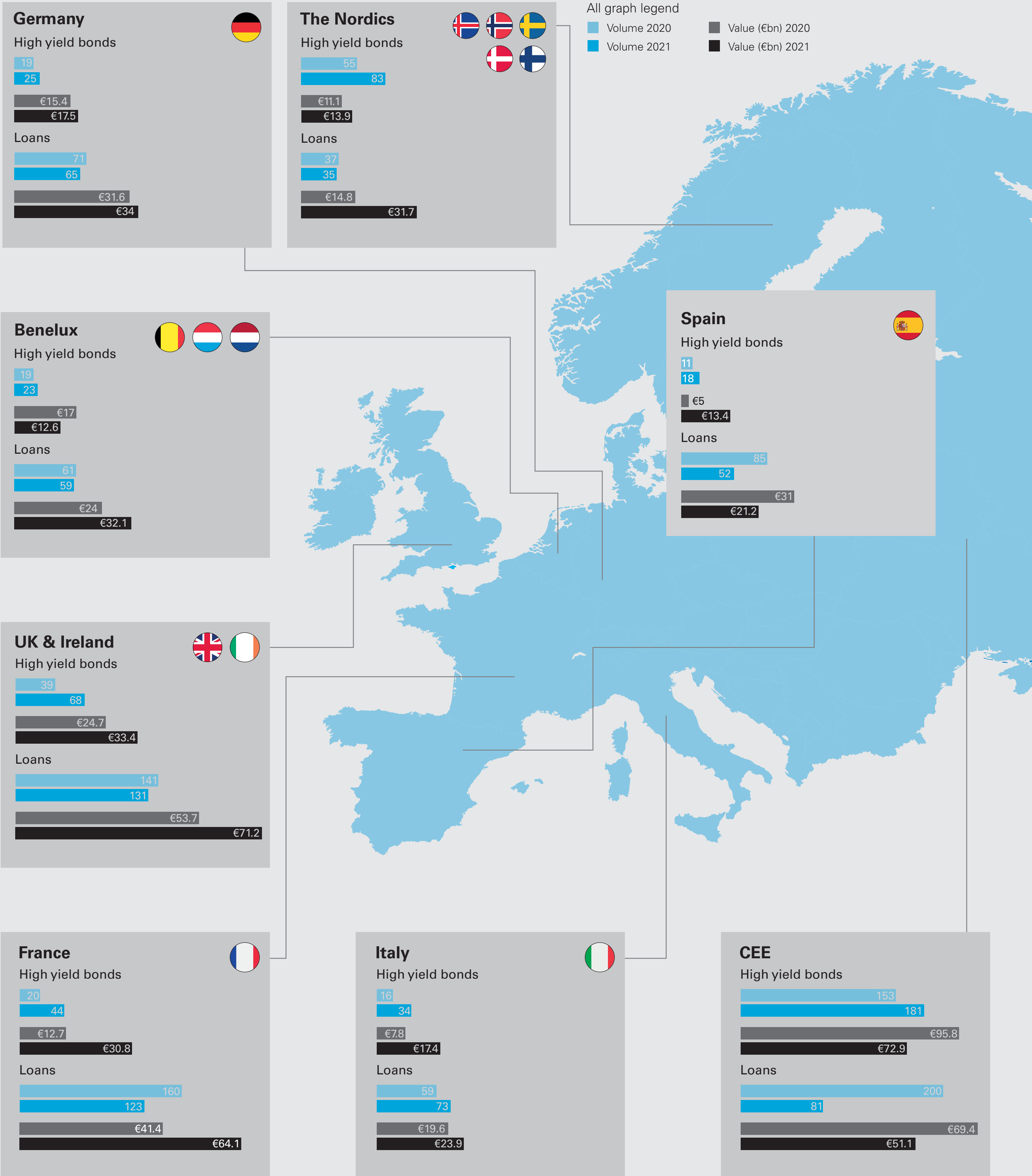
The study put the difference down to a willingness in the US to accept anonymous request-for-quote trades and all-for-all trading, which allows buy- and sell-side traders to transact with asset managers anonymously, regardless of their firm type.

Over the long-term, however, the liquidity advantages of these protocols are expected to gain more traction in Europe and see the two markets move closer together.

Differences aside, when it comes to securing maximum liquidity and the most-efficient deal execution, European and US markets are always likely to be aligned.

European leveraged debt in focus

Selected European leveraged loan and high yield bond markets by volume and value



Conclusion

A flurry of activity saw year-on-year leveraged finance issuance in Europe hit new heights in 2021. Can this pace be maintained in the months ahead? Based on pipeline activity and investor appetite for growth, the answer seems to be: Yes.

As we enter 2022, there are plenty of reasons to be cautious about leveraged finance in Europe. The economic impact of the latest COVID-19 variant remains an unknown quantity, inflation continues to climb and rising interest rates look increasingly likely—the UK was the first major economy in the region to raise rates and the EU may follow suit.

And yet leveraged finance activity continues to defy expectations. Last year saw the highest annual total value for leveraged loan and high yield bond issuance in Western and Southern Europe on *Debtwire Par* record. Meanwhile, direct lenders raised record levels in their funds and deployed them in a record-setting year in 2021, including in the private equity (PE) space where direct lending is finding increasing inroads.

As outlined in this report, the drivers for this activity were clear. Refinancing issuance in the first half of the year accounted for approximately half of all leveraged loan and high yield bond issuance. M&A deal value in Western Europe climbed to its highest level since the global financial crisis, establishing a steady stream of financing that has not yet reached its conclusion.

Where does this leave European leveraged finance for the year ahead?

Focus on future drivers

There are several pockets of activity worth watching over the coming period.

First, M&A activity—coupled with private equity's ongoing buyout spending spree—has a way to go.

Year-on-year high yield bond issuance supporting M&A (excluding buyouts) climbed by more than 50% in 2021, while buyout-linked issuance more than doubled. There was also an 19% year-on-year jump in non-buyout M&A leveraged loan issuance, with buyout issuance up 81%.

Much of this was down to a spike in megadeals in Europe in 2021, with more than 150 deals worth at least US$2 billion and seven worth at least US$20 billion recorded last year, according to Mergermarket, including the US$31 billion tie-up of Vonovia and Deutsche Wohnen. And where M&A goes, issuance follows.

Second, on the PE side, sponsors spent more than US$300 billion in 2021, almost double the year before and the highest annual value on Mergermarket record—a trend that is likely to continue in 2022. Many PE firms have already raised material new funds or are in the process of doing do, and those will need to be deployed. All of this feeds into debt and equity markets and will keep things moving in the year ahead.

And third, while the latest variant in the pandemic will likely continue to influence decisions for lenders and borrowers alike, environmental, social and corporate governance (ESG) issues will remain on everyone's radar. The onset of ESG financing has created new opportunities for the market and this can be anticipated to grow in 2022.

For many, it's a question of regulations. The EU's Sustainable Finance Disclosure Regulation, which came into effect in March 2021, 'lays down sustainability disclosure obligations for manufacturers of financial products and financial advisers toward end-investors'. More detailed information will be required from lenders in Europe hoping to hook their wagon to the ESG train—any hint of 'greenwashing' will not be tolerated.

At the same time, where available, margin ratchets linked to ESG or sustainability criteria will offer borrowers a potential means to reduce the cost of debt, especially notable if interest rates rise. This also allows lenders to cast their net wider in pursuit of yield, giving them a means to lower risk on credits that they might otherwise not pursue. It's a win-win scenario for both parties that could create a more sustainable finance and investment market.

Lenders and borrowers should prepare for another busy year, but keep in mind that these big waves of activity will not last forever. Ride them for as long as you can, but be ready to batten down the hatches for the next storm.

€289 billion

The value of leveraged loan issuance in Western and Southern Europe in 2021

€148 billion

The value of high yield issuance in the region in 2021

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