



CALCBENCH

**Debt & Rising Interest Rates:
Who Raised (and Locked In)
Debt at Low Rates**

March 2023

Background

The low interest rate environment of the 2010s spurred many large companies to take on more debt. Among non-financial firms in the S&P 500, long-term debt has grown about 10 percent per year since 2017. (See table at right.)

	Firms Reporting	Amount (in \$B)	Average LT Debt (\$B)	Cumulative Growth
2017	235	\$2,158.87	\$9.19	0.00%
2018	238	\$2,402.68	\$10.10	11.30%
2019	242	\$2,717.69	\$11.23	25.90%
2020	243	\$3,253.89	\$13.39	50.70%
2021	248	\$3,376.03	\$13.61	56.40%
2022	250	\$3,492.34	\$13.97	61.80%
			5 Yr CAGR	10.10%

General Interest Rate Environment

The increase in debt has been driven by long-term downward trends in interest rates. Even today, the relatively high rates of 2023 are still well below the norm from the 1970s into the early 2000s. (Red box, lower right, is the last 10 years.)



What Calcbench Did

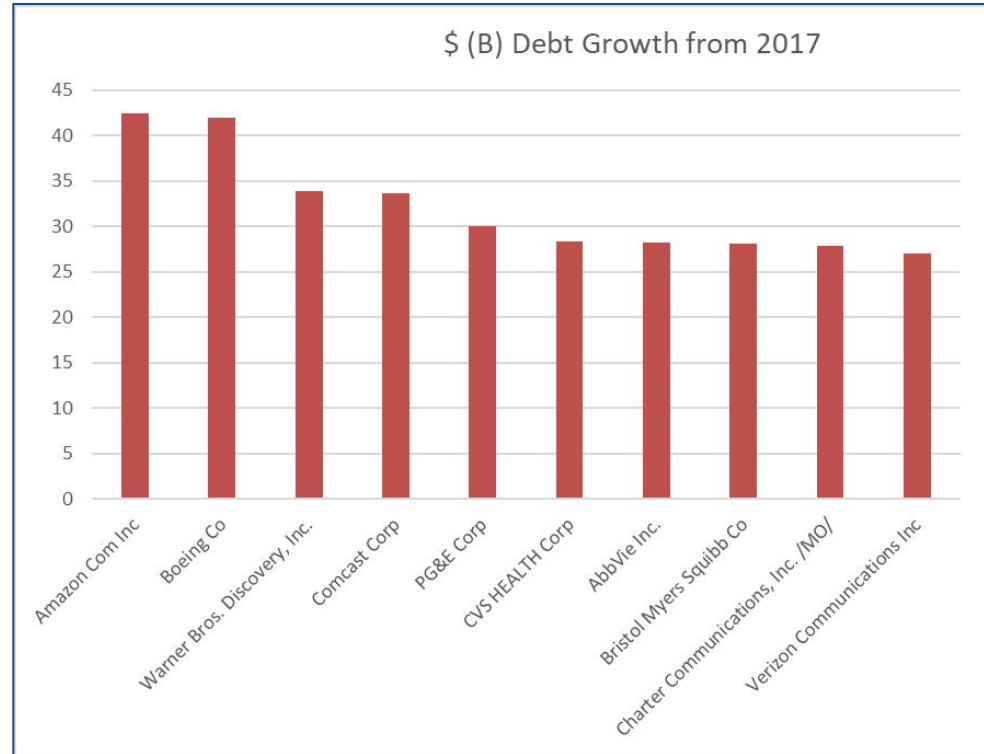
We reviewed the debt disclosures of non-financial firms in the S&P 500 (approximately 400 companies) from 2017 through 2022. We wanted to answer questions such as:

- How much new debt did they issue?
- What was the average maturity for those debt issuances?
- What was the average interest rate for the issuances?
- Who issued the most debt in dollar terms?
- Who issued the most new debt in percentage terms?
- Plus other interesting disclosures that helped to give a sense of the company's debt strategies.

Firms With Most New Debt, Dollar Terms

Firms with most new debt since 2017,
in absolute dollars:

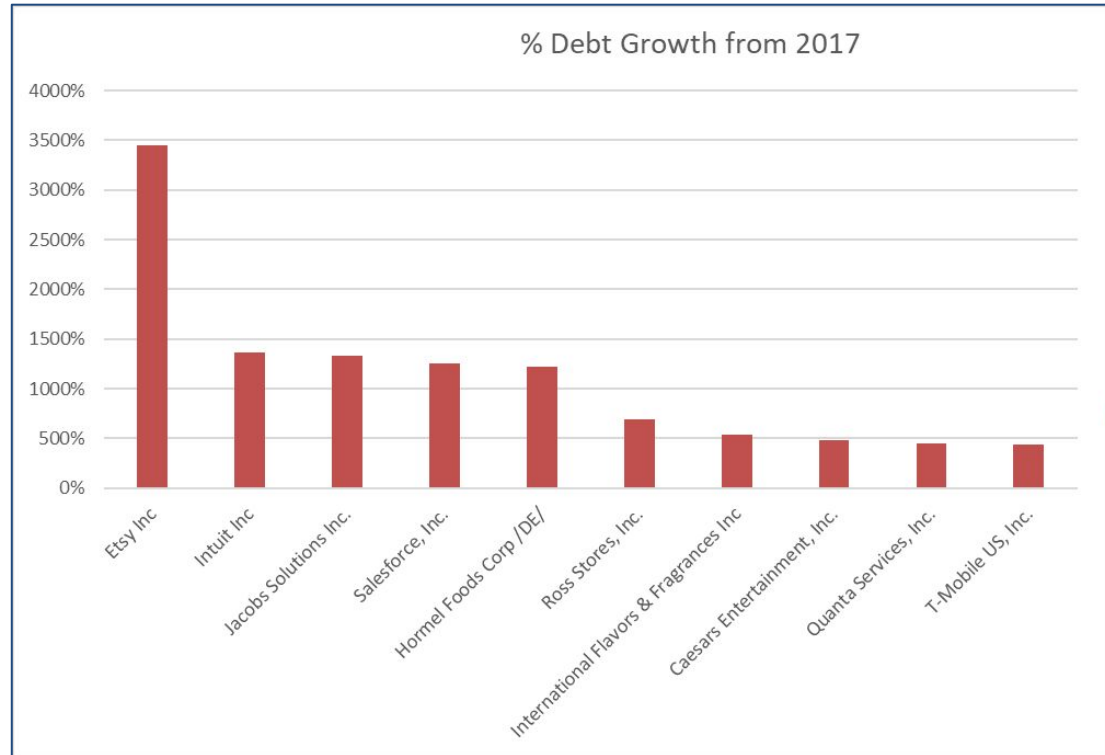
- Amazon (\$AMZN)
- Boeing (\$BA)
- Warner Bros. Discovery (\$WBD)
- PG&E Corp. (\$PCG)
- CVS Health (\$CVS)
- AbbVie (\$ABBV)
- Bristol Myers Squibb (\$BMS)
- Charter Communications (\$CHTR)
- Verizon (\$VZ)



Firms With Most New Debt, % Terms

Firms with most new debt since 2017 by percentage:

- Etsy (\$ETSY)
- Intuit (\$INTU)
- Jacobs Solutions (\$J)
- Salesforce (\$CRM)
- Hormel Foods (\$HRL)
- Ross Stores (\$ROST)
- Int'l Flavors & Fragrances (\$IFF)
- Caesars Entertainment (\$CZR)
- Quanta Services (\$PWR)
- T-Mobile (\$TMUS)



Company-Specific Examples

Amazon raised more than \$40 billion, with debt disclosures that are clear:

- Maturities of 40 years in 2017, 2020 and 2021 issuances
- Effective rates of 4.33%, 2.77% and 3.31%, respectively
- Raised \$17B (2017), \$10B (2020), and \$18.5B (2021)

Boeing raised more than \$40 billion in various tranches over the years

- Currently has \$57 billion in long-term debt
- Average annual interest payment of about 4.5%
- Raised largest sums in 2020 and 2021

Salesforce has raised 80 percent of its total debt only since 2018

- Roughly \$8.5 billion not due until 2028 or later
- Average interest rate of 2.7%

Conclusions

- Low interest rates in the 2010s encouraged firms to take on more debt — which they did, with zeal.
- Today's era of rising rates could put considerable pressure on corporate balance sheets as companies refinance their older debt loads at newer, higher interest rates.
- Our [previous research note on corporate debt](#) identified numerous companies that might see their interest expense jump sharply as they refinance, which could threaten net income.
- The firms cited in this report may be in a better strategic position, locking in their debt at relatively low levels before the current era of interest rate volatility.
- The data to gain a better understanding of a company's debt position does exist — usually tucked away in the footnotes, but it's there.

Ways Calcbench Can Help

Standardized financial data. Our [Multi-Company database](#) lets you search revenue, net income, assets, debt, interest expense, debt ratios, and other financial data across large groups of firms. All metrics can be searched for one firm, peer groups you create, or standard groups such as the S&P 500.

Footnote disclosures. The good stuff is always in the fine print. Our [Interactive Disclosure database](#) lets you search for any disclosures by type (Debt, Contingencies, Revenue, and more), or search for specific terms in the text.

Bulk data query. Our [Bulk Data Query page](#) also lets users research aggregate financial data and key solvency ratios such as debt-to-equity or times-interest-earned, and quickly export that data to Excel. Data can be searched for one period or over longer periods of time.



Thank you, that's all!



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