



## Corporate Schuldschein: Primary Market 2022

### Exceeding all expectations

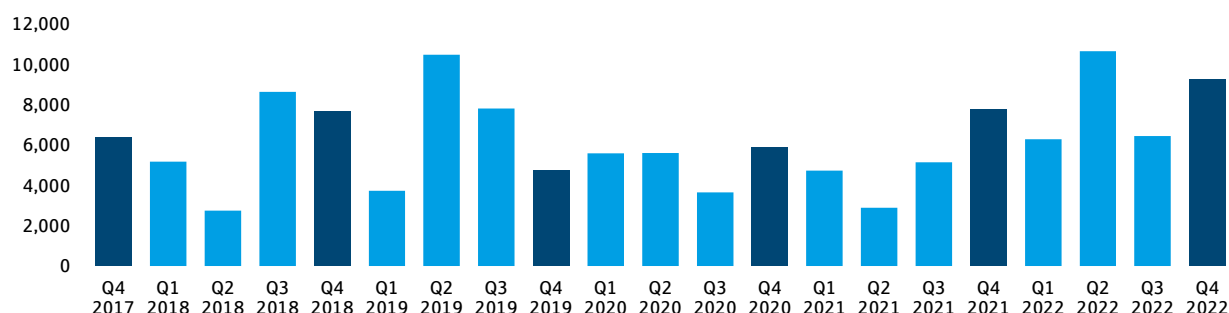


Ulrich Kirschner, CFA  
Senior Analyst  
T 069/91 32-28 39

With 175 known transactions to date generating a total issuance volume of almost EUR 33 billion, the Schuldschein market reached a new all-time high in 2022. Following significant placement volumes in the second quarter, the less volatile issuance environment for Schuldschein loans compared to the bond market meant that the rather buoyant activity extended into Q4 as well. The number of deals in the marketing stage was significantly higher than the average of recent years. Overall, the last three months of the year once again generated more than EUR 9 billion in SSD issuance (valued deals) - more than in any previous final quarter. Among the larger transactions were issues by ZF Friedrichshafen (EUR 700 million), Covestro (EUR 555 million) and the Austrian electricity provider Verbund AG (EUR 500 million), while Robert Bosch placed what was by far the largest deal of Q4 - and indeed of 2022 as a whole - at EUR 1.5 billion.

### Best fourth quarter ever

Corporate Schuldscheine: Valued issuance volume\* in EUR (millions)



\*values from previous quarter adjusted where applicable; data up to 15 December 2022

Sources: Bloomberg, bondradar, Helaba Research & Advisory

### Greater activity by issuers with agency ratings - most deals placed by utilities

So far, the average volume of issues placed in 2022 has been EUR 187 million, which is around EUR 40 million more than in 2021. The proportion of rated deals has rebounded sharply from the previous year, with nearly a quarter of transactions originated by companies with publicly available credit ratings from one of the big three agencies. Altogether, such deals accounted for close to 40 % of total market volume. Taken together, the automotive, retail and utility sectors generated a third of total issuance in 2022. One major reason why utilities were considerably more active on the Schuldschein market this year was their growing need for liquidity in the wake of the energy crisis. At 23 deals, this sector placed by far the largest number of issues on the market.

## Record share of activity by non-German issuers - market sees overall rise in large transactions

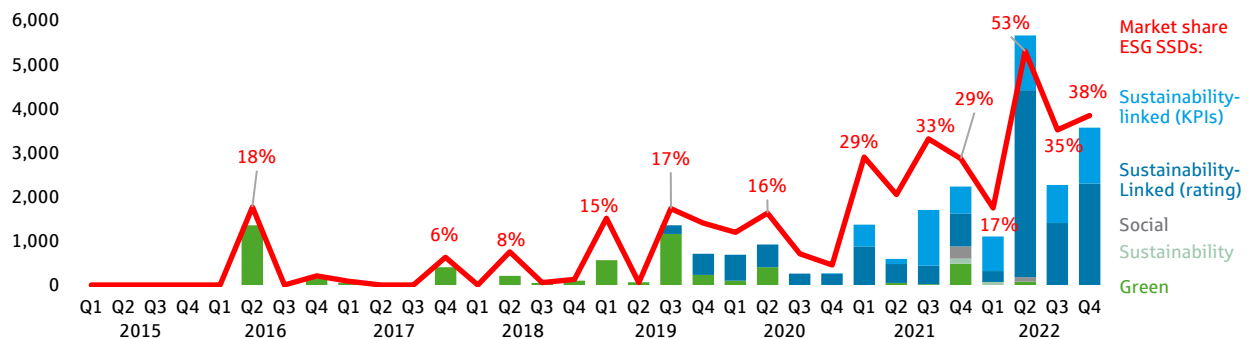
There was also a noticeable uptick in issuance activity by companies based outside Germany in 2022. The volume of Austrian and Swiss Schuldscheine, for instance, was more than double the previous year's figure at EUR 6.7 billion. The increase among issuers from other countries was similarly impressive at just under two-thirds (EUR 7.1 billion), with the largest tickets in 2022 placed by the Belgian industrial group Etex (EUR 800 million) and the Luxembourg-based steel giant ArcelorMittal (EUR 750 million). To our knowledge, placements by non-German issuers in the final quarter of the year have tended to be somewhat smaller, although the final volumes of the 11 deals had not yet been disclosed when this report was published. As in 2021, there was a significant rise in demand for large SSDs: The segment comprising tranches of over EUR 500 million reached a market share of 30 % and a volume of just under EUR 10 billion, around four times as much as in the prior year. In contrast, issuance of smaller Schuldscheine up to EUR 50 million was somewhat more subdued with a placement volume of EUR 1.7 billion.

## Popularity of Schuldscheine with ESG components on the rise

As expected, there has been no let-up in the trend towards sustainable Schuldschein loans in the course of 2022. From October to December, they accounted for a market share of as much as 38 % in terms of volume, with only Q2 seeing a higher proportion of placements (53 %). For the year as a whole, there were 51 sustainable deals generating proceeds of around EUR 12.5 billion. That represents a market share of almost 40 % by volume and just under 30 % by number of issues. The average size of sustainable placements was higher than those without any ESG element. As in the third quarter, the only type of notes issued in this segment were Sustainability-Linked SSDs, whereby the issuer is able to use the proceeds for general corporate purposes rather than for any ring-fenced green or sustainable projects. Among the larger sustainable deals brought to market were those by Symrise (EUR 750 million) and SIG Combibloc (EUR 650 million).

### Market share of sustainable Schuldscheine rises to nearly 40 %

ESG issues\* (by volume, in EUR millions or %)



\*values from previous quarter adjusted where applicable; data up to 15 December 2022

Sources: Bloomberg, Helaba Research & Advisory

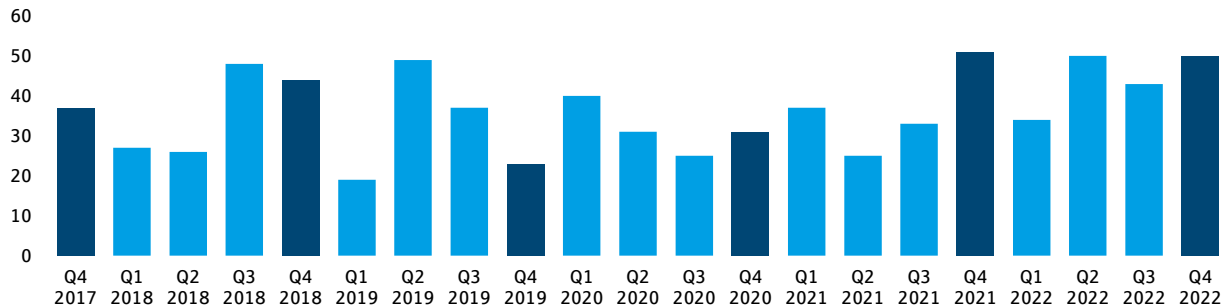
## 2023 expected to see modest decline in total volume

It is doubtful that 2023 will be marked by a further steep increase in corporate refinancing costs. After all, recent signs of a brighter inflation outlook have eased the pressure on central banks for additional sharp hikes in interest rates. For this reason, we anticipate a less volatile environment on funding markets. Some frequent borrowers may take advantage of this situation to step up their activity on bond markets again while reducing Schuldschein issuance. That said, for many companies, investing in transformed supply chains and sustainable production processes will remain a priority going forward. Additionally, a considerable number of Schuldscheine are set to roll over in 2023. Even if they are not fully replaced given that the liquidity position of many corporates has improved, we still expect a robust performance on the Schuldschein market next year. While it is highly unlikely that this year's record levels will be matched in 2023, as things stand today, we consider an issuance volume in the order of EUR 25 to 30 billion to be a realistic prospect.

## Chartbook: Corporate Schuldschein issues

### Number of deals holds steady at a high level

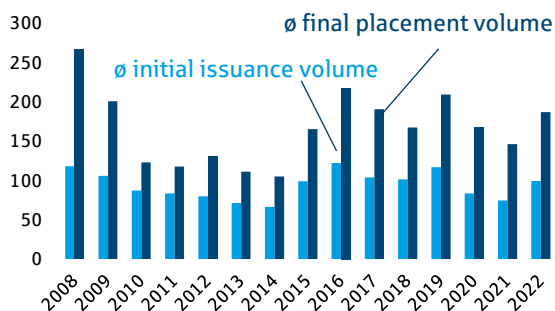
Corporate Schuldscheine: Number\* of valued issues



\*values from previous quarter adjusted where applicable; data up to 15 December 2022  
Sources: Bloomberg, Helaba Research & Advisory

### Average SSD size larger than previous year

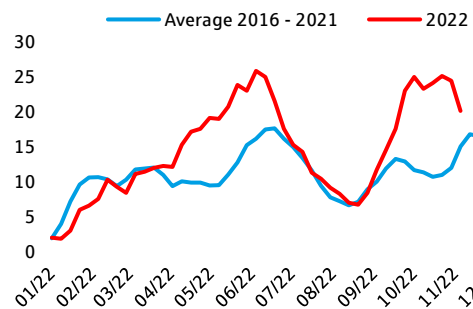
Corporate SSD: Average transaction volumes\* in EUR (millions)



\*SSD = Schuldscheindarlehen (promissory notes), data up to 15 December 2022  
Sources: Bloomberg, Helaba Research & Advisory

### Further sharp rise in market demand

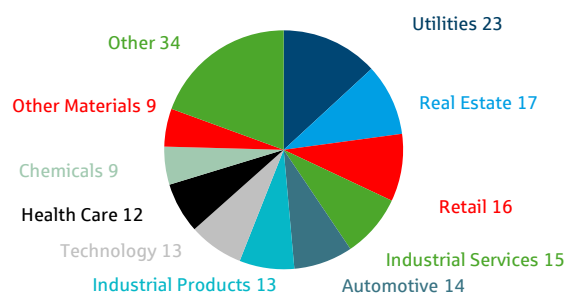
Corporate SSD: Number of deals in the marketing phase\*, weekly averages



\*as of 15 December 2022  
Sources: Bloomberg, Helaba Research & Advisory

### Majority of transactions from utilities

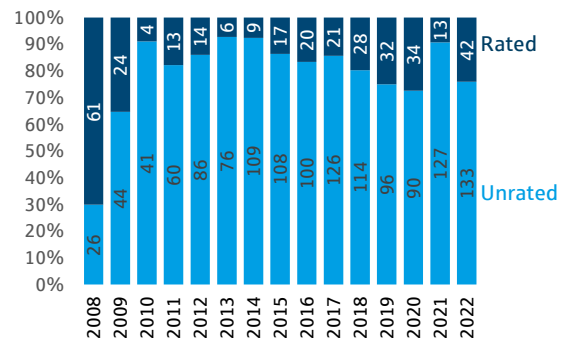
Corporate SSD: Number of valued issues\*, 2022



\*data up to 15 December 2022  
Sources: Bloomberg, Helaba Research & Advisory

### Buoyant activity from rated corporates

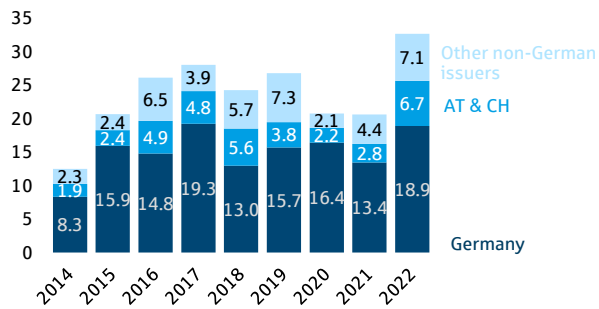
Corporate SSD: Number of deals with and without agency ratings\*



\*data up to 15 December 2022  
Sources: Bloomberg, Helaba Research & Advisory

### Record-breaking issuance by foreign companies

Corporate SSD: Valued issuance volume\*

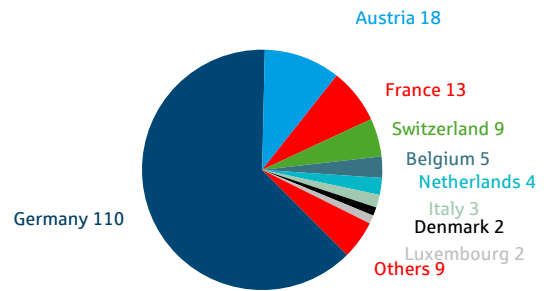


\*data up to 15 December 2022

Sources: Bloomberg, Helaba Research & Advisory

### Just under two-thirds of deals from Germany

Corporate SSD: Number of valued issues\*, 2022

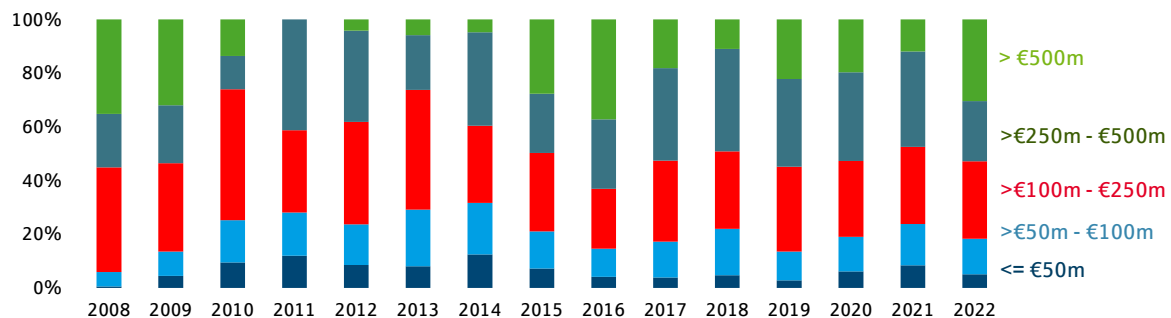


\*data up to 15 December 2022

Sources: Bloomberg, Helaba Research & Advisory

### Large Schuldscheine considerably more popular than in previous years

Corporate SSD: Valued issuance volume by tranche size\*



\*data up to 15 December 2022

Sources: Bloomberg, Helaba Research & Advisory



Sign up for our newsletter here:

<https://news.helaba.de/research/>

### Publisher and editor

Helaba Research & Advisory

Editor:

Stefan Rausch

Publisher:

Dr. Gertrud R. Traud

Chief Economist/

Head of Research & Advisory

Neue Mainzer Str. 52-58

60311 Frankfurt am Main

Phone +49 69 / 91 32 - 2024

Internet: [www.helaba.com](http://www.helaba.com)

### Disclaimer

This publication was very carefully researched and prepared. However, it contains analyses and forecasts regarding current and future market conditions that are for informational purposes only. The data are based on sources that we consider reliable, though we cannot assume any responsibility for the sources being accurate, complete, and up to date. All statements in this publication are for informational purposes. They must not be taken as an offer or recommendation for investment decisions.