



Corporate Schuldschein: Primary Market Q2 2023

At full throttle into the summer break

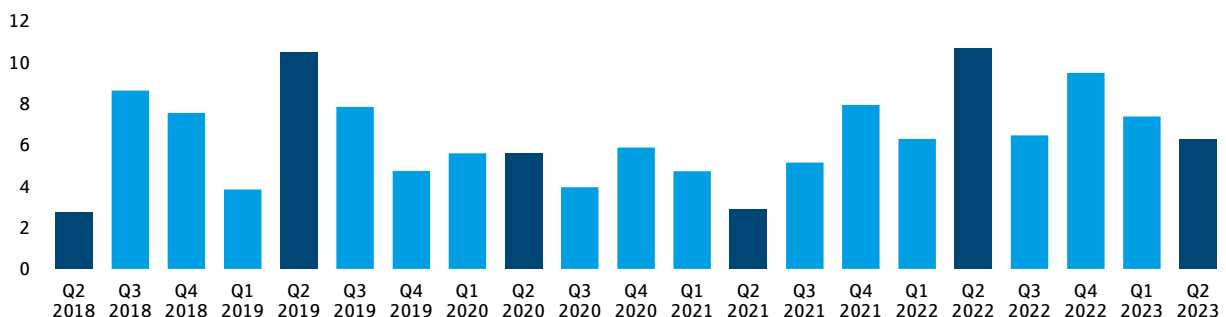


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Building on robust activity in the first three months of the year, the Schuldschein market continued its positive development in the second quarter as well. From April to June, companies placed 33 deals with a total volume of EUR 6.3 billion. As a result, issuance in 2023 to date now amounts to nearly EUR 14 billion, a similar figure to H1 2017 - the second-best year on record. The two largest transactions in Q2 came from Fresenius, which placed EUR 850 million, and Fraport (the operator of Frankfurt Airport, among others), which issued Schuldschein debt of EUR 450 million. Based on information currently available to us, there are already a further 15 issues with a launch volume of EUR 1.3 billion in the market-ing phase. When taking as yet undisclosed transactions into account and considering in-creases of existing SSDs in line with demand, the actual placement volume is very likely to be somewhat higher. For this reason, we still expect to see a strong development on the market in the second half of the year and re-gard a total volume for 2023 of up to EUR 30 billion as within the realms of possibility.

SSD issuance tops six billion euros in Q2 2023

Corporate Schuldscheine: Valued issuance volume* in EUR (billions)



*values from previous quarter adjusted where applicable
Sources: Bloomberg, bondradar, Helaba Research & Advisory

Industrial services place most deals in Q2 - noticeably fewer rated companies active on market

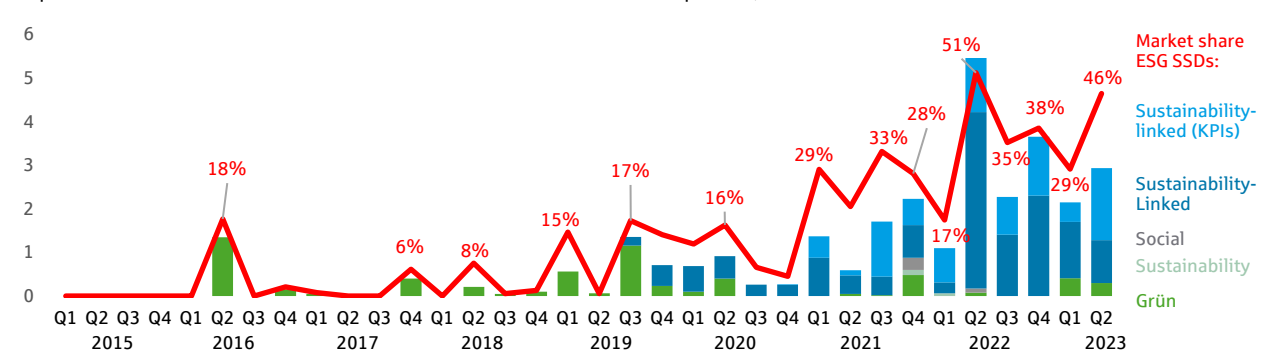
The second quarter of 2023 saw companies from the industrial services sector issue the most Schuldschein notes, with 6 transactions, followed by mechanical engineering firms with 5 SSDs. Among the larger deals from the sector industrial services was Hamburger Hochbahn AG, which placed a green Schuldschein in an amount of EUR 300 million. On a year-to-date basis, however, the utilities sector remained in pole position due to its dominant market presence in Q1 with 11 deals since the beginning of January. At 16 %, the share of companies with publicly available agency ratings in the first six months was significantly lower than in the same period last year. In 2022, more rated issuers were lured to the Schuldschein market thanks to refinancing conditions that were, at times, cheaper than those on the bond market.

Non-German issuers lagging behind in terms of volume - market share of ESG SSDs approaching record high

Issuers from beyond Germany's borders accounted for 21 deals - or 30 % of all transactions - in the first half of the year, which was only slightly behind the comparable figure for 2022. However, in terms of total placement volume, their share was one of the lowest seen in the last ten years at around 25%. It would appear that some investors have become noticeably more risk averse in the first months of 2023 with regard to non-German transactions, not least in view of the ongoing restructuring of the French company Orpea. This may have prompted some issuers to hold off from issuing large-volume SSDs for the time being. The biggest non-German deals this year came from two food manufacturers - Danish Crown (EUR 400 million) and Arla Foods (350 million). Danish Crown also issued the only non-euro tranche that we are aware of in the second quarter.

Almost 50 percent of Schuldschein issuance with ESG component

Corporate Schuldscheine: Valued issuance volumes of transactions with ESG components, in EUR (billions)



Sources: Bloomberg, Helaba Research & Advisory

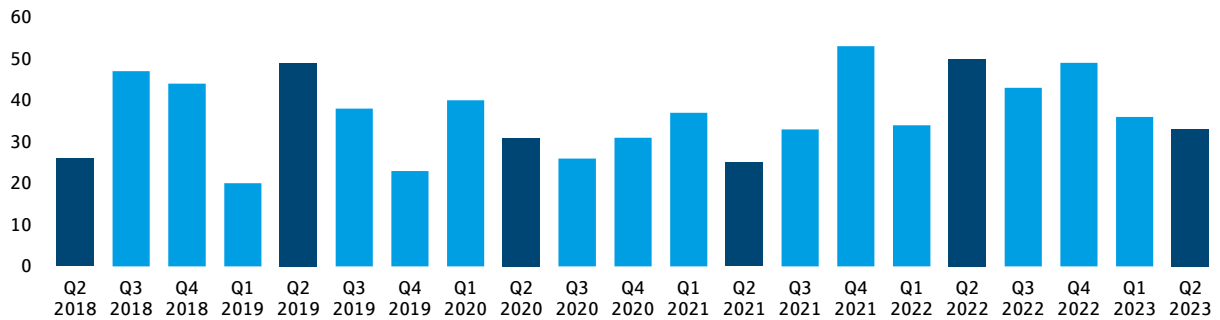
Market share of sustainable SSDs near all-time high

There was a significant increase in the market share of Schuldschein notes with ESG components in Q2 versus the first quarter of the year, with approximately 46 % of the total issuance volume having a sustainability dimension. The only quarter in which issuance of ESG-related SSDs was slightly higher was Q2 2022, with a proportion of 51 %. The largest sustainable transaction was placed by Fresenius in the form of a sustainability-linked Schuldschein. When it comes to the number of deals, 24 out of 69 Schuldschein notes contained ESG components, a proportion of 35 %.

Chartbook: Corporate Schuldschein issues

Number of transactions slightly below Q1

Corporate Schuldscheine: Number* of valued issues

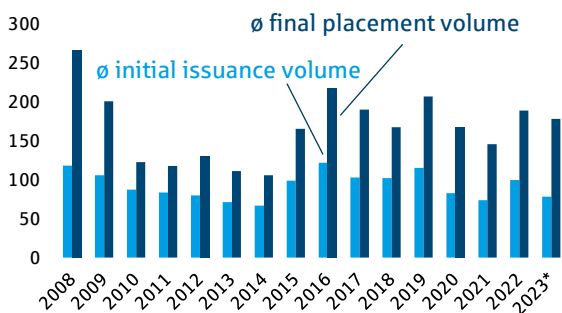


*values from previous quarter adjusted where applicable

Sources: Bloomberg, Helaba Research & Advisory

Average SSD size somewhat smaller than in 2022

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

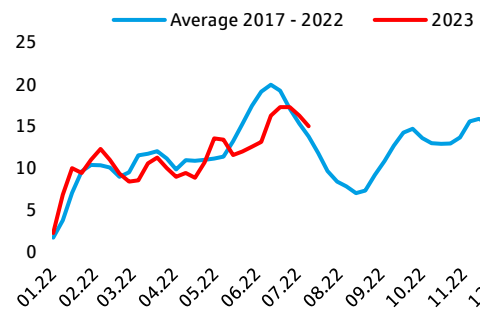


*SSD = Schuldscheindarlehen (promissory notes), data up to end of June 2023

Sources: Bloomberg, Helaba Research & Advisory

Buoyant demand on the market

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

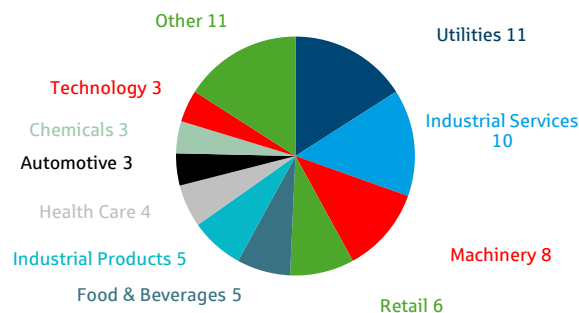


*as of: 7 July 2023

Sources: Bloomberg, Helaba Research & Advisory

Most transactions placed by utilities

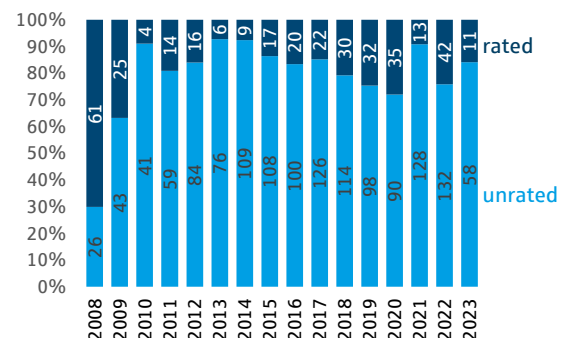
Corporate SSD: Number of valued issues*, H1 2023



Sources: Bloomberg, Helaba Research & Advisory

Rated corporates responsible for very few deals

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

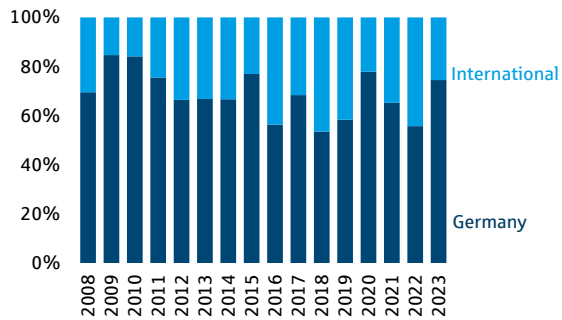


*data up to end of June 2023

Sources: Bloomberg, Helaba Research & Advisory

Non-German firms stand out with low deal volume

Corporate SSD: Valued issuance volume*

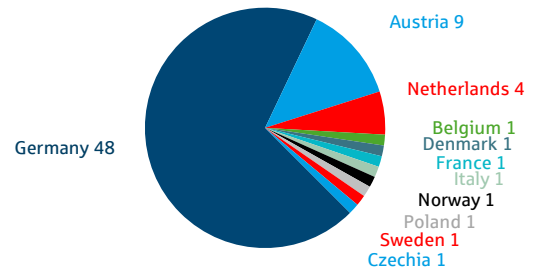


*data up to end of June 2023

Sources: Bloomberg, Helaba Research & Advisory

Above-average number of SSDs from Austria

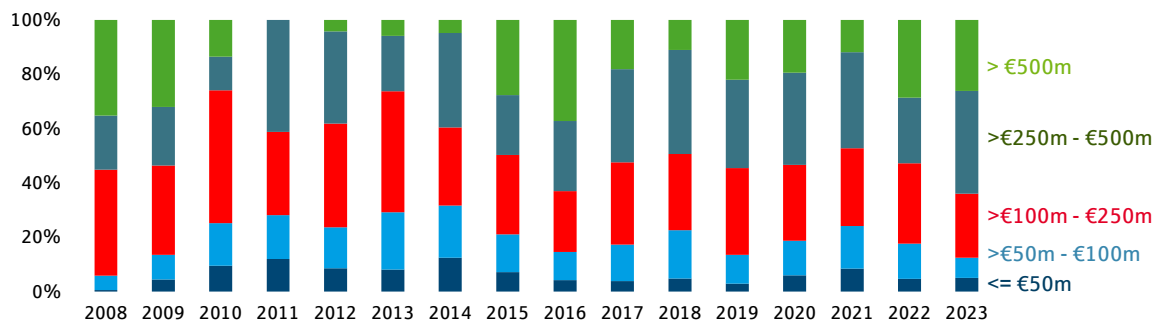
Corporate SSD: Number of valued issues, H1 2023



Sources: Bloomberg, Helaba Research & Advisory

Smaller Schuldscheine with slightly lower share of total volume

Corporate SSD: Valued issuance volume by tranche size*



*data up to end of June 2023

Sources: Helaba Research & Advisory



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