



Corporate Schuldschein: Primary market Q2 2022

Coming to the rescue

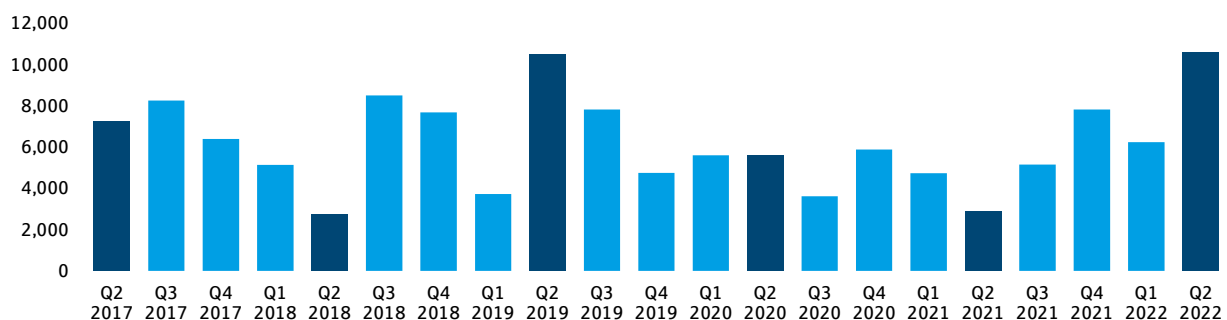


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With a total placement volume of almost EUR 11 billion from 47 separate deals, the Schuldschein market turned in a stellar performance in the second quarter of 2022. This represented an increase of EUR 4 billion on the already very buoyant opening quarter of the year. The only period the SSD market ever saw more issuance was in Q2 2008, when the financial crisis rendered bond placements difficult. The market was also well above its long-term quarterly average of 28 individual transactions, while the average deal size was larger than in 2021. Among the major issues in Q2 were Holcim's Schuldschein (SSD) amounting to the equivalent of EUR 665 million as well as the one of SIG Group AG, which raised EUR 650 million. Taken together, the first six months of the year saw a total of EUR 17 billion in Schuldschein placements - just under EUR 4 billion less than the whole of 2021. Meanwhile, we expect to see a total issuance volume for 2022 in the region of EUR 30 billion.

Highest quarterly volume in 14 years

Corporate Schuldschein: Valued issuance volume* in EUR (millions)



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

Interest rate environment lures more rated companies to market - real estate the strongest sector

Since the beginning of the year, nearly 30 percent of deals were placed by issuers with external agency ratings - more than at any time since 2009. As interest rates have continued to rise, it is likely that the more attractive funding costs on the SSD market have attracted a higher number of rated bond issuers. While the upward pressure on risk premiums has also intensified on the Schuldschein market, it has been less pronounced than on the bond market. In terms of sectors, real estate companies stood out in the first six months as particularly active issuers. Alongside the industrial services sector, they have been responsible for the highest number of transactions (10 notes) as well as the largest share of total issuance (14 %). The biggest single SSD in the first half of 2022 remained Vonovia's first-quarter issue with a volume of around EUR 1 billion. In addition, utilities participated more strongly in the Schuldschein market in Q2 than in the past due to an increasing need for liquidity. EnBW, for instance, launched a transaction with a volume of EUR 500 million; however, this deal will not be valued until the second half of the year.

Non-German issuers returning - ESG issuance achieves new record

The second quarter was also marked by a significant resurgence in activity by non-German issuers, who placed 35 of the 81 Schuldschein notes launched since January. For the first time ever, they accounted for more than half of valued issuance volume. Most deals were originated by Austrian and French companies, placing 9 and 8 transactions, respectively. However, the largest single deals by companies outside Germany were launched by the Belgian firm Etex (EUR 800 million) and Luxembourg-based ArcelorMittal (EUR 725 million). Demand for Schuldschein loans denominated in US dollars also continued its upward trend in Q2. The largest USD tranche to date based on the newly defined SOFR was issued by Holcim in the second quarter. From April to June, sustainable Schuldscheine achieved a new record level, with ESG-linked issuance of EUR 5.7 billion exceeding the 50 % mark for the first time. Almost all of these SSDs were structured as sustainability-linked notes.

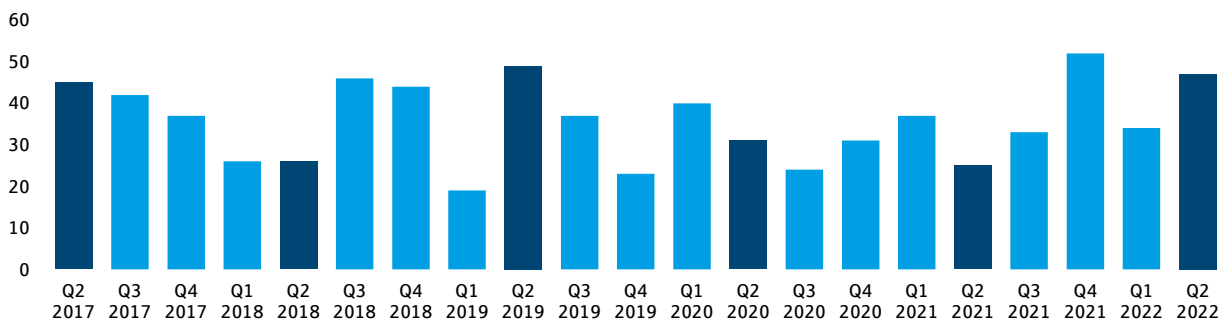
Ongoing high level of issuance activity expected

More than 20 simultaneous Schuldschein deals were in the marketing phase for a large part of the second quarter. This has resulted in recent capacity constraints among some investors and made them more price-sensitive. To our knowledge, there are currently transactions with a launch volume of EUR 1.4 billion in the marketing stage. This is on top of at least EUR 2 billion in tranches from a further 12 previously closed transactions that are awaiting disbursement in the second half of the year. For this reason, we expect the strong performance in H1 to continue over the upcoming quarters.

Chartbook: Corporate Schuldschein issues

Above-average deal count

Corporate Schuldscheine: Number* of valued issues

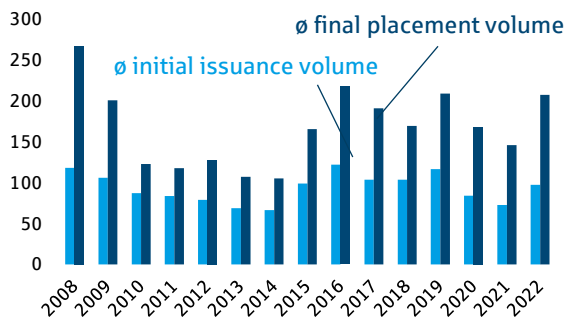


*values from previous quarter adjusted where applicable.

Sources: Bloomberg, Helaba Research & Advisory

Trend towards larger SSDs than in previous year

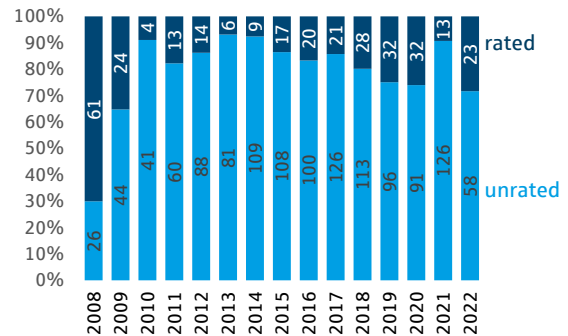
Corporate SSD: Average transaction volumes* in EUR (millions)



*SSD = Schuldscheindarlehen (promissory notes), data until end of June 2022
Sources: Bloomberg, Helaba Research & Advisory

More activity from rated companies

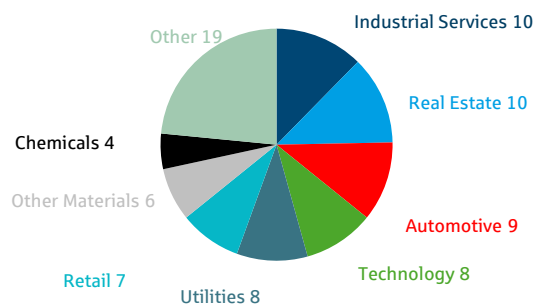
Corporate SSD: Number of deals with and without agency ratings*



*data until end of June 2022
Sources: Bloomberg, Helaba Research & Advisory

Real estate companies ahead on deal count ...

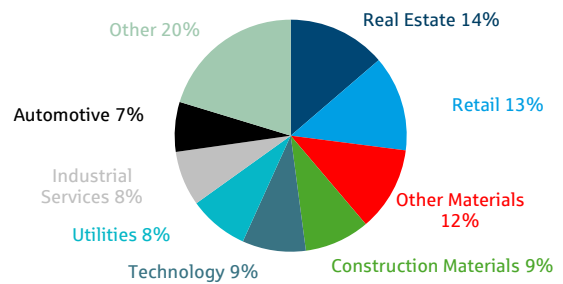
Corporate SSD: Number of valued issues in H1 2022



Sources: Bloomberg, Helaba Research & Advisory

.. and volume

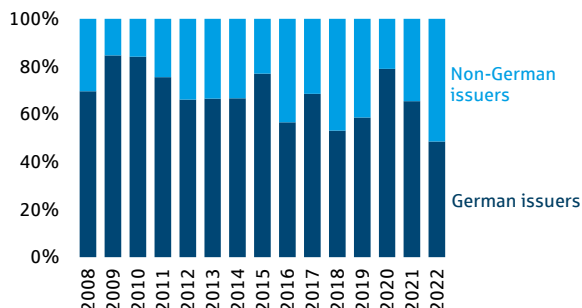
Corporate SSD: Valued issuance volume in H1 2022



Sources: Bloomberg, Helaba Research & Advisory

Record level of participation by non-German issuers

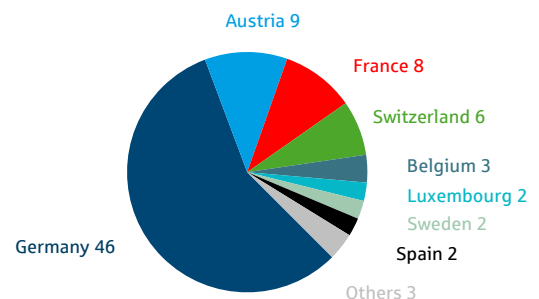
Corporate SSD: Valued issuance volume*



*data until end of June 2022
Sources: Bloomberg, Helaba Research & Advisory

More than a third of deals from outside Germany

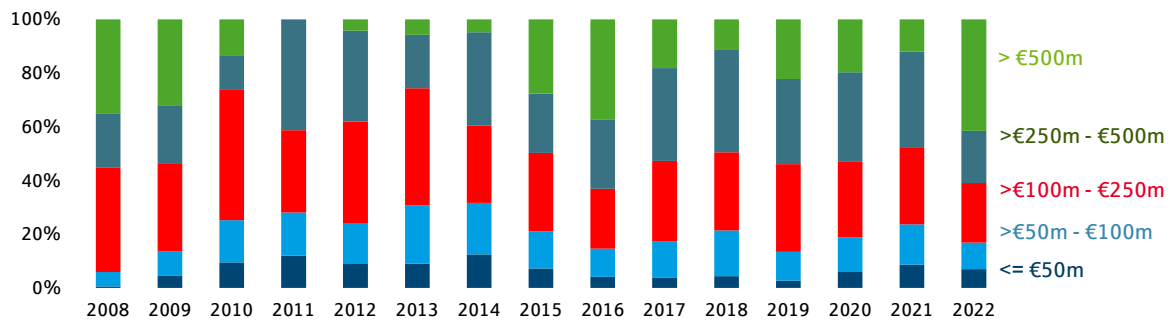
Corporate SSD: Number of valued issues in H1 2022



Sources: Bloomberg, Helaba Research & Advisory

Large Schuldschein deals dominate

Corporate SSD: Valued issuance volume by tranche size*



*data until end of June 2022

Sources: Bloomberg, Helaba Research & Advisory



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