Helaba

Focus on: Credit
9 October 2024

Corporate Schuldschein: Primary Market Q3 2024

Large deals in the spotlight

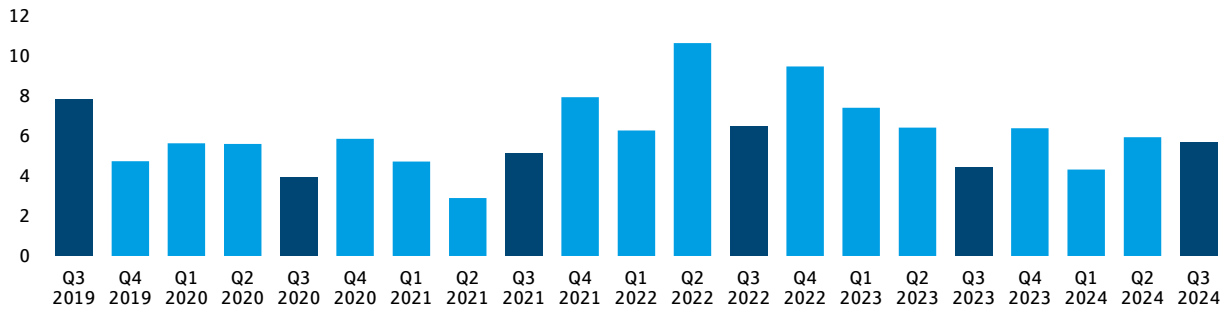


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According to our current knowledge, EUR 5.7 billion was placed on the Schuldschein market in 33 transactions in the third quarter. This was just under EUR 300 million less than in the previous quarter, but more than EUR 1.2 billion more than in the same quarter a year earlier. The volume trend benefited not least from the fact that the average size of the placements was significantly larger than in Q3 2023 at around EUR 170 million. By far the largest transaction was that of industrial gases manufacturer Messer with a volume of EUR 950 million. In addition, ZF Friedrichshafen entered the market with a Schuldschein of almost EUR 700 million. Moreover, the EUR 612,5 million transaction of the French company Forvia SE was concluded in July. The automotive supplier was also the only corporate who placed a USD tranche (USD 93 million) with valuta in Q3. The total issuance volume in the SSD market since January was just under EUR 16 billion. Seven deals with an initial volume of more than EUR 900 million are currently in the marketing phase and will be placed in Q4. In addition, there are deals worth at least EUR 1.5 billion that have already completed the marketing phase. We therefore expect the total annual volume to exceed EUR 20 billion.

Solid issue volume in Q3 only slightly below previous quarter's figure

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



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

Persistently lower ESG volumes

Placements with a sustainability component accounted for around 22% of the issuance volume in the third quarter, roughly the same market share as in Q2 2024. This was still significantly lower than in the course of 2023. Only sustainability-linked Schuldschein deals were placed, the majority of which were in a KPI format. The largest ESG transaction of this type was the Forvia transaction. Meat and sausage producer Tönnies also placed a EUR 200m KPI-linked Schuldschein.

Utilities with most deals - rated issuers still very active

Utilities were the most active sector in the first nine months with 17 transactions. However, some of these were smaller in size. Overall, the sector accounted for a market share of around 12.5% of the volume, or EUR 1.3bn, only slightly less than that of industrial services companies (12.8%). Since January, around a quarter of deals (24 issues) have been from agency-rated issuers. They raised a total of EUR 5.7 billion, more than a third of the market volume. At EUR 238 million, the average issue size of this group remained well above the general market average.

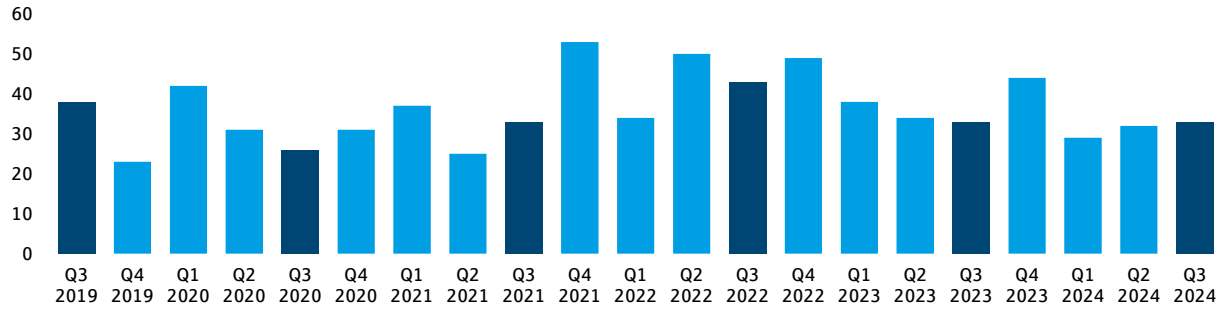
Non-German corporates with strong participation - SSDs in the EUR 100-250 million range very popular

Non-German issuers continued their solid activity in the third quarter: since the beginning of the year, they have placed just over 40% of the market volume (EUR 6.5 billion) in 32 issues. Issuers from outside the DACH region placed 19 deals with a total volume of EUR 3.9 billion or a market share of 24%. French corporates were particularly active with 7 issues and a total volume of EUR 1.5bn. In terms of issue size, Schuldschein tranches between EUR 100 million and EUR 250 million were much more present than in previous years. Since the beginning of the year, their market share has been around 36%. While short maturities were favoured by investors in the first half of the year due to the inverse interest rate structure, demand for medium-term tranches (7 years) has since picked up significantly.

Chartbook: Corporate Schuldschein issues

Number of deals increased slightly in Q3

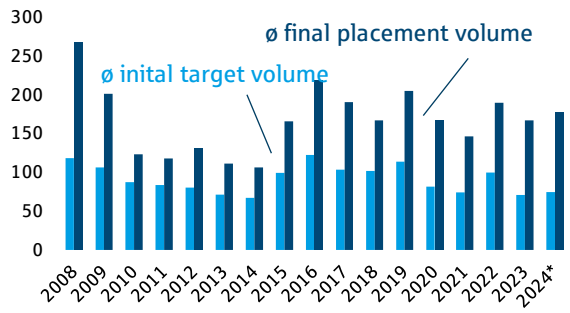
Corporate Schuldscheine: Number* of valued issues



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

SSD size on average slightly higher than in 2023

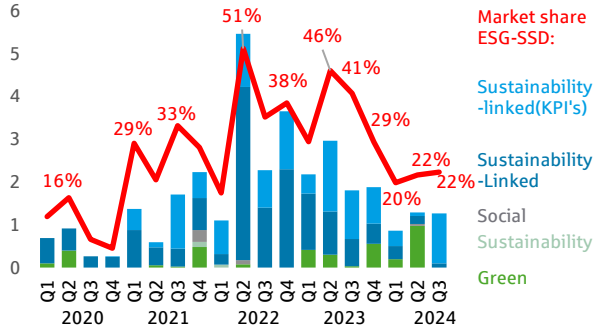
Corporate SSD: Average transaction volumes* in EUR (millions)



*SSD = Schuldscheindarlehen (promissory notes), data up to 07 October 2024.
Sources: Bloomberg, Helaba Research & Advisory

ESG's market remains weak

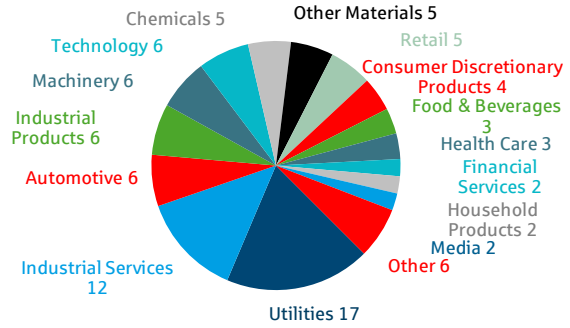
Corporate SSD: ESG issuance volume* in EUR million or %



*data up to 07 October 2024.
Sources: Bloomberg, Helaba Research & Advisory

Utilities most important sector

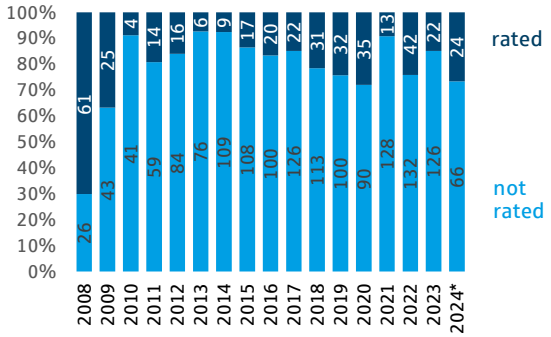
Corporate SSD: Number of valued issues*, M9 2024



*data up to 07 October 2024.
Sources: Bloomberg, Helaba Research & Advisory

A quarter of deals from rated issuers

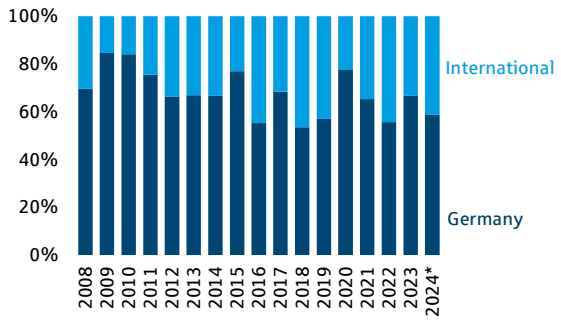
Corporate SSD: Number of deals with and without agency ratings*



*data up to 07 October 2024.
Sources: Bloomberg, Helaba Research & Advisory

Non-German market share at 40 %

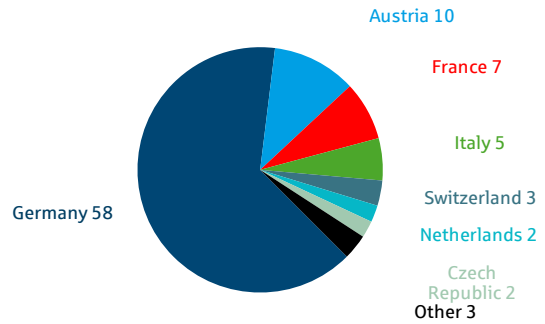
Corporate SSD: Valued issuance volume*



*data up to 07 October 2024.
Sources: Bloomberg, Helaba Research & Advisory

One in five SSDs from outside the DACH region

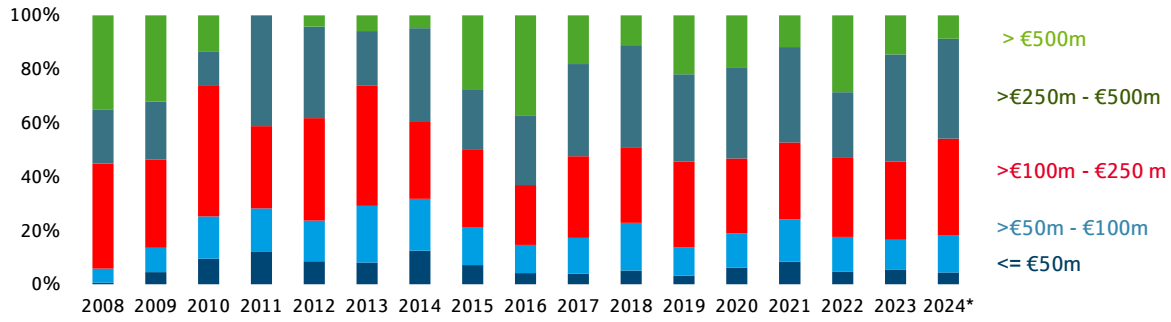
Corporate SSD: Number of valued issues*, 9M 2024



*data up to 07 October 2024.
Sources: Bloomberg, Helaba Research & Advisory

Medium Schuldschein size of up to EUR 250m with relatively high market share

Corporate SSD: Valued issuance volume by tranche size*



*data up to 7 October 2024.
Sources: Bloomberg, Helaba Research & Advisory

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