Helaba

Focus on: Credit
5 December 2024

Corporate Schuldschein: Primary Market Q4 2024

Benchmark deals lift full-year statistics

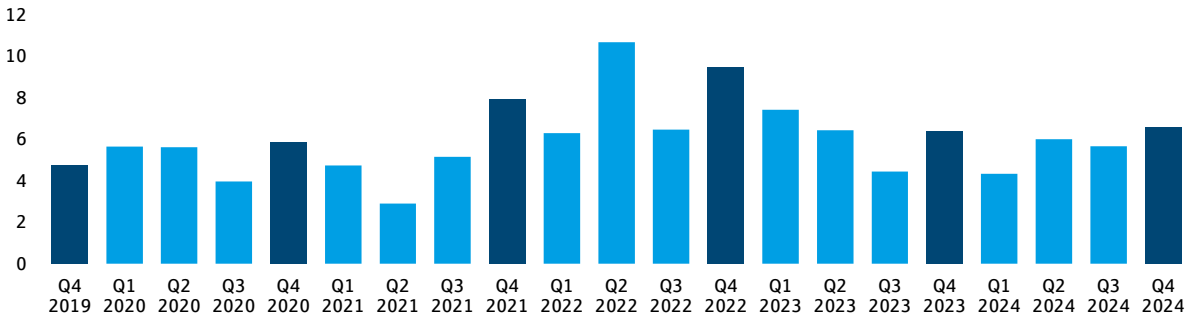


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The final quarter of 2024 saw 26 Schuldschein transactions generate a total issuance volume of at least EUR 6.6 billion, slightly above that placed in Q4 2023. For the most part, this was because the average size of deals between October and December known to date, at around EUR 250 million, is considerably higher than in the previous three quarters. This quarter's largest public deals include placements by Carl Zeiss of EUR 900 million, Gerresheimer of EUR 600 million and Asklepios of EUR 500 million. These benchmark issues ensured that the market share of tranches in excess of EUR 500 million rebounded sharply, accounting for almost 20 % of total SSD issuance in 2024. As the final volume of some deals is still pending, and certain transactions are typically not announced until a later date, we expect that the final issuance volume for the fourth quarter will ultimately be even higher. On balance, there is a good chance that the total issuance volume for 2024 (incl. private placements) will comfortably top the EUR 23 billion mark. Given buoyant activity on the primary market for euro-denominated corporate bonds and pricing advantages for rated issuers in this segment, we anticipate that the majority of Schuldschein issuance will consist of smaller and medium-sized placements in the coming quarters and that the market volume 2025 will be in the region of EUR 20 to EUR 25 billion.

Q4 issuance volume marginally higher than previous year

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



*values from previous quarter adjusted where applicable, data up to 5 December 2024
Sources: Bloomberg, Helaba Research & Advisory

Further decline in ESG volumes in Q4

The decline in the share of ESG-related transactions on the Schuldschein market continued in the final three months of 2024, slipping to 14 % - a full 15 percentage points lower than in Q4 2023. As a result, ESG deals have now fallen to their lowest market share by volume in four years. In absolute terms, issuance volume also recorded a year-on-year decline of EUR 1 billion, reaching EUR 900 million in Q4. Rating-linked structures in particular have been much less popular in the course of the year. Regarding transactions with earmarked use of proceeds, not one single green deal has been placed in the previous two quarters. The largest transaction with a sustainability component in Q4 was Asklepios' Social Schuldschein, which is the largest SSD of this kind to date. Since many companies will have implemented the Corporate Social Responsibility Directive (CSRD) next year, we expect earmarked structures to stage a comeback.

Utilities and industrial services hold on to top spot despite modest activity in Q4

In Q4 2024, companies with an agency rating built on strong activity in preceding quarters; since January, a total of 30 transactions, a quarter of all deals, have been placed by these companies - significantly more than in 2023. However, with an average volume of around EUR 260 million, the bulk of them were well below the benchmark size typical for the bond market. An analysis of issuance by sector reveals that technology companies, with four placements, led the way in the fourth quarter. While utilities and industrial service providers only issued two SSDs each, they retained their top two sector rankings on a full-year basis. Since January, the largest volumes have been generated by the automotive industry and the healthcare sector.

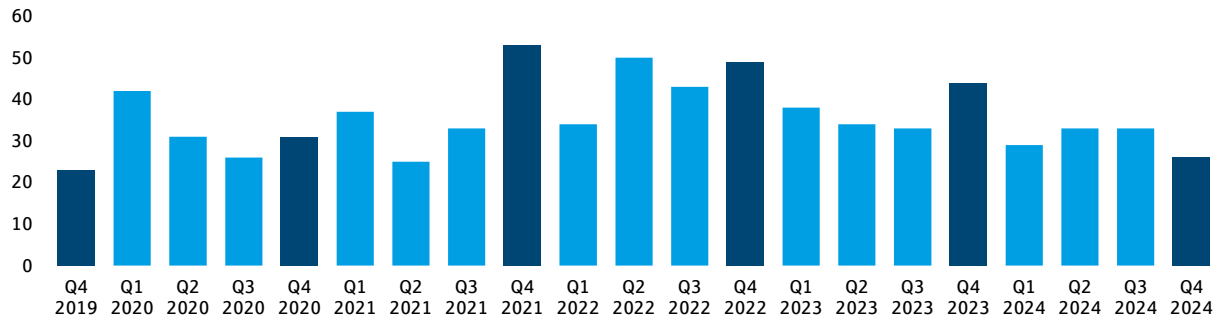
Somewhat lower activity by non-German corporates in Q4

Non-German issuers have been less active in the final quarter of the year than in previous quarters. In the last three months of 2024, companies with headquarters in other countries concluded seven new deals, accounting for around a quarter of all transactions. In terms of both volume and number of transactions, issuers from outside Germany have captured one third of total market share since the beginning of the year. The only US dollar-denominated tranche in Q4 was issued by ZF Friedrichshafen, which raised EUR 45 million. While short-dated Schuldscheine were popular among investors as the year got underway, demand for these maturities normalised as the inverted yield curve gradually flattened.

Chartbook: Corporate Schuldschein issues

Fewer deals in Q4 - but with bigger tickets

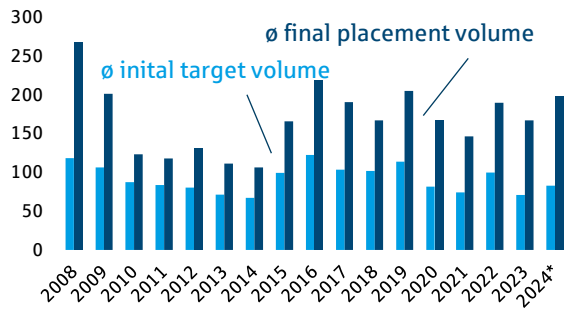
Corporate Schuldscheine: Number* of valued issues



*values from previous quarter adjusted where applicable, data up to 5 December 2024
Sources: Bloomberg, Helaba Research & Advisory

Higher average volumes than in prior year

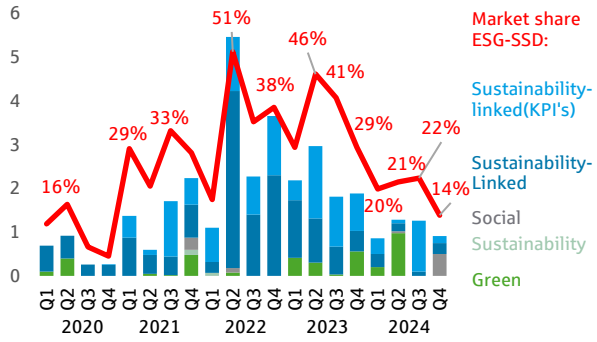
Corporate SSD: Average transaction volumes* in EUR (millions)



*SSD = Schuldscheindarlehen (promissory notes), data up to 5 December 2024
Sources: Bloomberg, Helaba Research & Advisory

Renewed decline in ESG market share

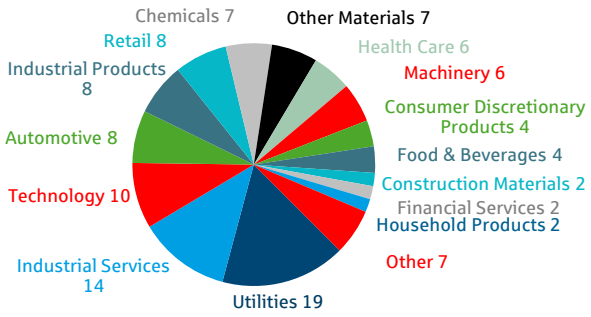
Corporate SSD: ESG issuance volume* in EUR (millions) or %



* data up to 5 December 2024
Sources: Bloomberg, Helaba Research & Advisory

Utilities in top spot

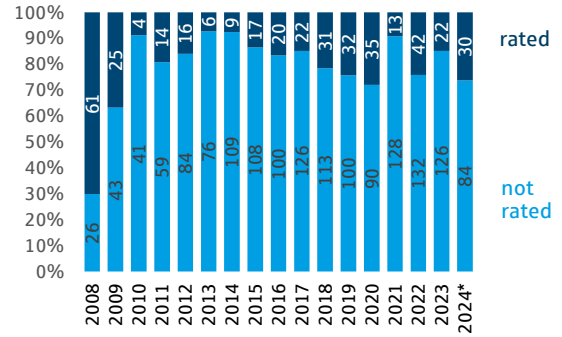
Corporate SSD: Number of valued issues*, 2024



* data up to 5 December 2024
Sources: Bloomberg, Helaba Research & Advisory

Quarter of deals from rated issuers

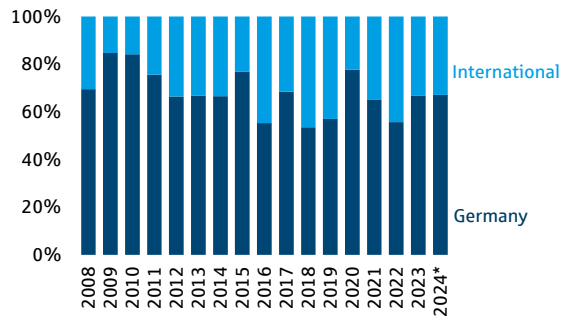
Corporate SSD: Number of deals with and without agency ratings*



* data up to 5 December 2024
Sources: Bloomberg, Helaba Research & Advisory

Non-German issuers account for third of market

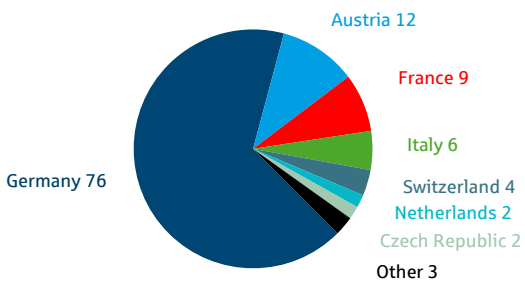
Corporate SSD: Valued issuance volume*



* data up to 5 December 2024
Sources: Bloomberg, Helaba Research & Advisory

Every fifth SSD from outside DACH region

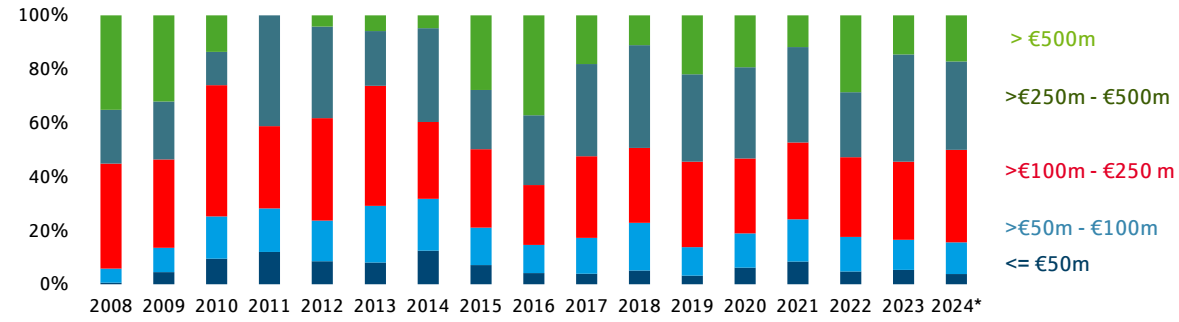
Corporate SSD: Number of valued issues*, 2024



* data up to 5 December 2024
Sources: Bloomberg, Helaba Research & Advisory

Notable rise in share of big-ticket SSDs in Q4

Corporate SSD: Valued issuance volume by tranche size*



* data up to 5 December 2024
Sources: Bloomberg, Helaba Research & Advisory

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