Helaba

Focus on: Credit
19 March 2025

Corporate Schuldschein: Primary Market Q1 2025

Geopolitical turmoil dampens market activity

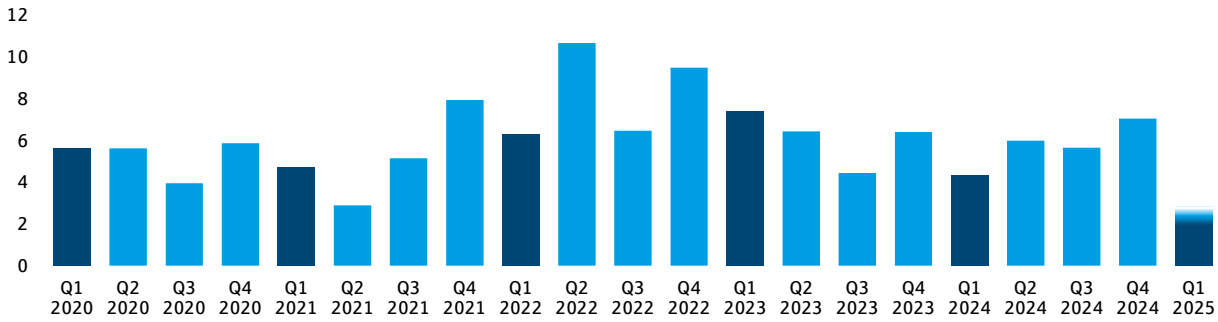


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The Schuldschein market got off to a rather muted start in the opening quarter of 2025. The number of transactions that we are currently aware of, with 13 deals including private placements and a tranche that was closed in the previous quarter, was at its lowest for more than ten years. Overall, our estimates suggest that the total issuance volume in Q1 will be in the region of EUR 3 billion. Some potential issuers are likely to have adopted a wait-and-see stance for the time being, particularly given unpredictable geopolitical developments and the resulting economic uncertainty. Over the last two years, a number of companies have already secured ample liquidity in the form of SSDs, bonds and loans; consequently, they are not subject to any immediate funding pressure. Furthermore, investment grade issuers with agency ratings are currently able to raise funds more cheaply on the corporate bond market. However, according to sources in the market, the first quarter at least saw the appearance of one corporate issuer from the retail sector with an SSD of over EUR 1 billion. This serves to underline the fact that market absorption capacity remains high. Despite this, the environment continues to be challenging and, as such, we do not currently anticipate a rapid recovery in placement activity.

Q1 issuance volume the lowest since COVID-19

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



*values from previous quarter adjusted where applicable, as of 17 March 2025.
Sources: Bloomberg, Helaba Research & Advisory

Most deals placed by industrial services sector

While the first three months did not see any issues with sustainability components, we expect the market segment of use-of-proceeds green SSDs, in particular, to pick up again once companies have fully implemented CSRD rules. In terms of sectors, the most frequent issuers were industrial services (3 deals) followed by utilities (2) and retail (2). As such, retailers accounted for an unusually high proportion of transactions, albeit their market share is of limited informative value given the small overall number of placements. In addition, this sector was responsible for more than half of total issuance volume. With 2 transactions and less than 15 % of issuance volume, companies with agency ratings only played a limited role in the market.

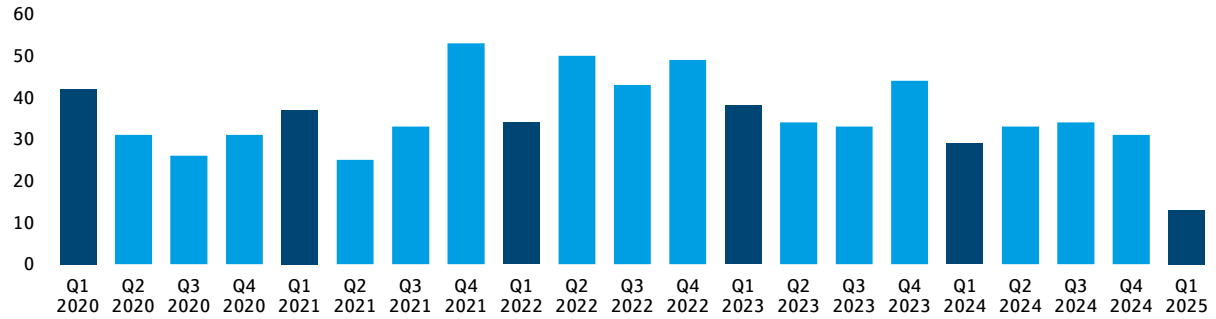
Only 2 valued SSDs by non-German corporates in Q1 - but 3 more deals in marketing phase

The first quarter of 2025 saw as few as two valued SSDs from corporates outside Germany, one of which had already been marketed in 2024. Overall, both deals are likely to account for less than 10 % of total market volume in Q1. That said, there are currently three further deals in the marketing phase set to be placed in the second quarter. In our view, the prospects are good that the market share of non-German issuers will return to normal over the course of the year.

Chartbook: Corporate Schuldschein issues

Number of deals at 10-year low

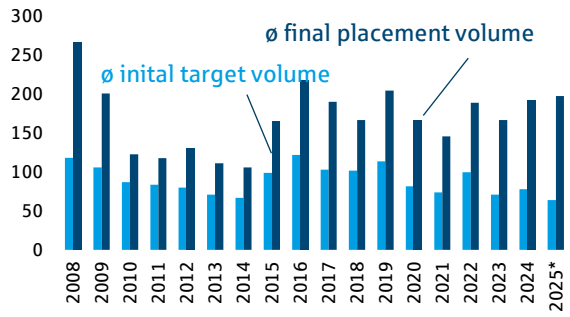
Corporate Schuldscheine: Number* of valued issues



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

Average volumes on a par with typical levels

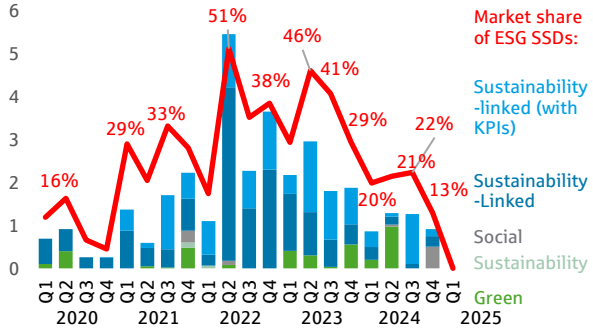
Corporate SSD: Average transaction volumes* in EUR (millions)



*SSD = Schuldscheindarlehen (promissory notes), data in Q1 2025 up to 17 March 2025
Sources: Bloomberg, Helaba Research & Advisory

No ESG transactions to date

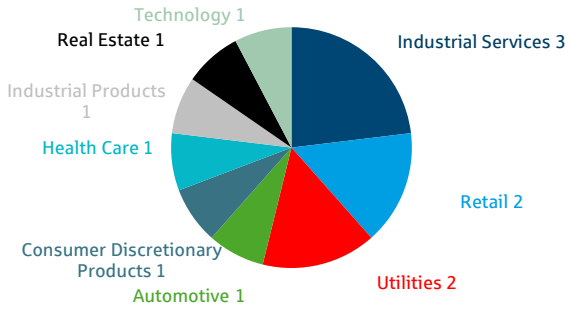
Corporate SSD: ESG issuance volume* in EUR (millions) or %



*as of 17 March 2025
Sources: Bloomberg, Helaba Research & Advisory

Industrial services place most transactions

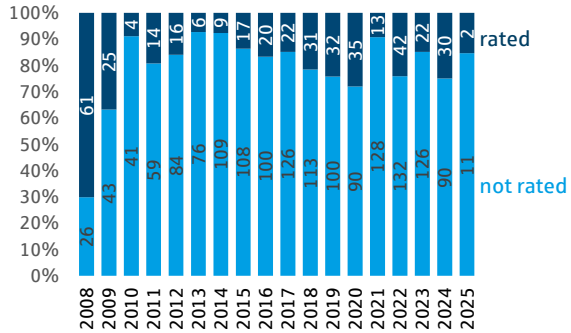
Corporate SSD: Number of valued issues*, Q1 2025



*data up to 17 March 2025
Sources: Bloomberg, Helaba Research & Advisory

Little activity by rated issuers

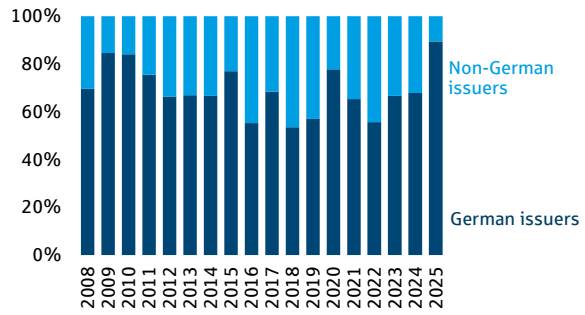
Corporate SSD: Number of deals with and without agency ratings*



*data in Q1 2025 up to 17 March 2025
Sources: Bloomberg, Helaba Research & Advisory

Non-German market share as low as 10 %

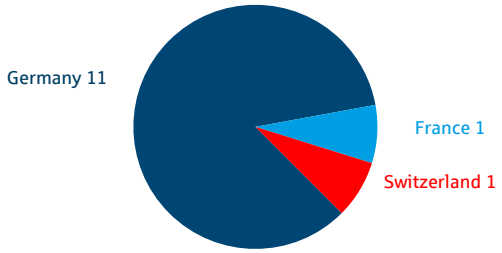
Corporate SSD: Valued issuance volume*



*data in Q1 2025 up to 17 March 2025
Sources: Bloomberg, Helaba Research & Advisory

Only 2 deals from non-German issuers

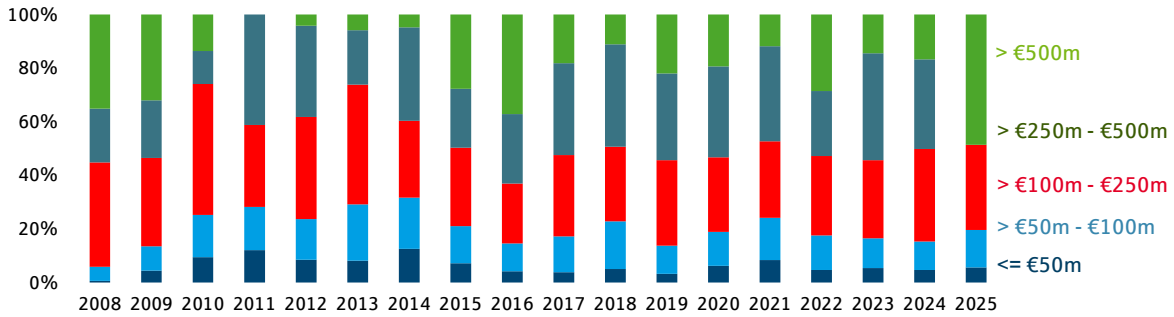
Corporate SSD: Number of valued issues*, Q1 2025



*data up to 17 March 2025
Sources: Bloomberg, Helaba Research & Advisory

Big-ticket deal distorts volume distribution

Corporate SSD: Valued issuance volume by tranche size*



*data in Q1 2025 up to 17 March2025
Sources: Bloomberg, Helaba Research & Advisory

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