

Focus on: Credits

7 April 2022

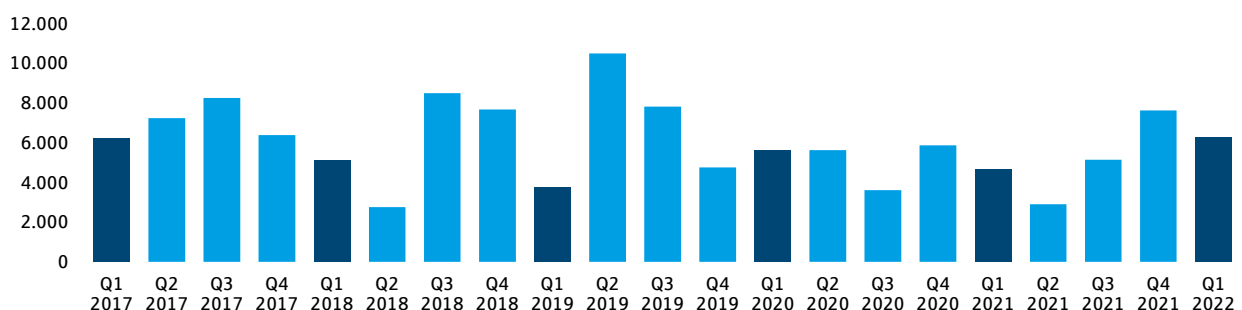


Primary Market Update Schuldschein Q1 2022: A reliable funding source in times of crisis

- Mounting uncertainty on the markets had little impact on the Schuldschein segment in the opening quarter of 2022. Far from it: in fact, the more volatile market environment prompted some bond issuers to switch to the more stable SSD market instead. Higher interest rates and wider spreads also fuelled demand for private placements. From January to March, 35 deals were closed with a total volume of more than EUR 6.3 billion. This was more than EUR 1.5 billion higher than in Q1 2021 and the highest first-quarter volume in the last five years. The first three months saw a number of quite sizeable issues, including a 1-billion-euro transaction by the real estate company Vonovia. The average issue volume climbed to around EUR 180 million (average for 2021: EUR 146 million).
- Issuers without external ratings were responsible for four out of every five deals in the first quarter, accounting for almost two-thirds of total market volume. At sector level, the largest number of transactions originated from the automotive industry (6 SSDs). In terms of market volume, though, the retail and real estate sectors dominated market activity. Together they accounted for 58 % of placement volume.
- Non-German issuers accounted for a smaller share of market volume in the first three months (28 %) than in 2021 as a whole (35 %). Nevertheless, they were more strongly represented with regard to the number of deals, with one in three issues involving companies based outside Germany. The largest number of SSDs were placed by French issuers (5). However, hardly any non-euro denominated SSDs were issued in the first quarter.
- The opening quarter's three largest deals, each of which raised more than EUR 500 million, together made up a relatively high market share of more than 40 %. On the other hand, there was considerably less issuance in the EUR 250 - 500 million bracket. A fifth of issuers made their first-ever appearance on the Schuldschein market, among them the German automotive supplier Vitesco Technologies with an SSD of EUR 200 million.
- To our knowledge, at least 14 transactions are still in the marketing stage. In our opinion, this suggests that the segment will continue to perform well in the months to come. Accordingly, we still expect the total issuance in 2022 to be significantly above the previous year's volume.

Best first quarter of the last five years

Valued Schuldschein issues by volume* (in EUR millions)

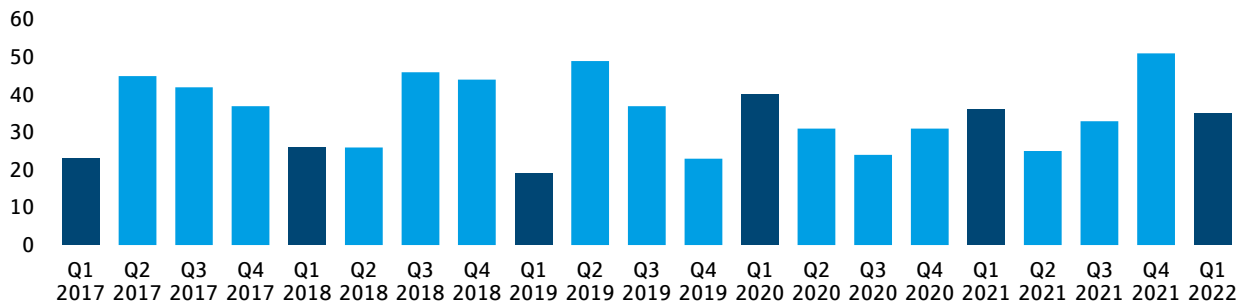


*values from previous quarter adjusted where applicable.

Source: Helaba Research & Advisory

Number of valued deals remains robust

Number of valued Schuldschein issues*

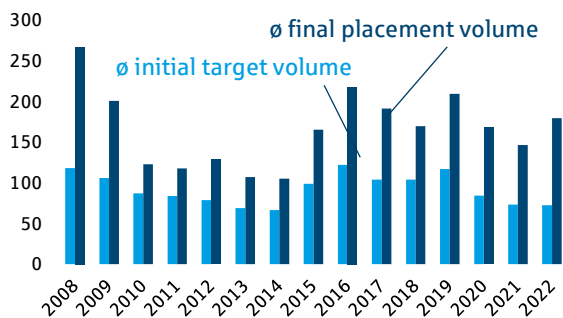


*values from previous quarter adjusted where applicable.

Source: Helaba Research & Advisory

Average transaction volumes rising

Average transaction volumes* (in EUR millions)

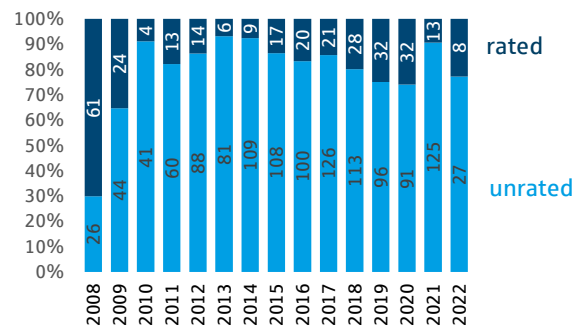


*includes valued deals until end of March 2022.

Source: Helaba Research & Advisory

Rated issuers returning in larger numbers again

Number of issues by publicly rated and unrated deals*

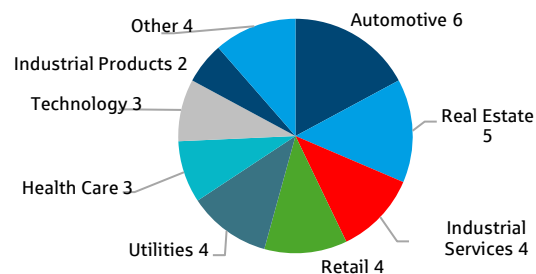


*includes valued deals until end of March 2022.

Source: Helaba Research & Advisory

Automotive boasts largest number of deals

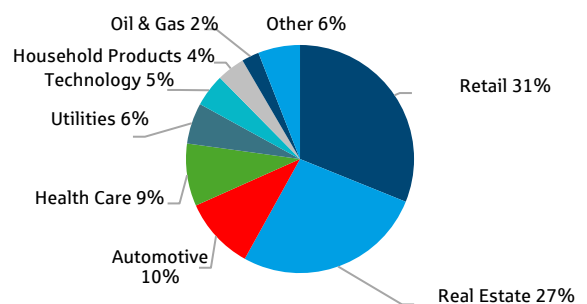
Number of issues by sector in Q1 2022



Source: Helaba Research & Advisory

Retail and real estate raise highest volumes

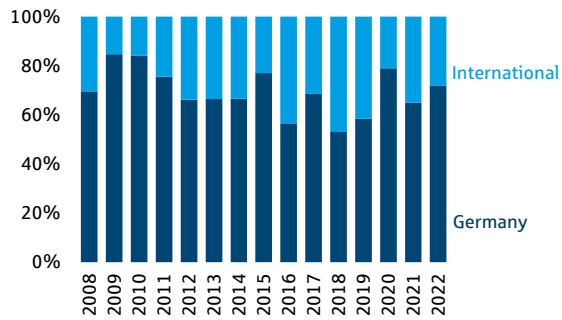
Issuance volume by sector in Q1 2022 (EUR billions or %)



Source: Helaba Research & Advisory

Smaller share of non-German companies

Issuance volume by country of origin* (in %)

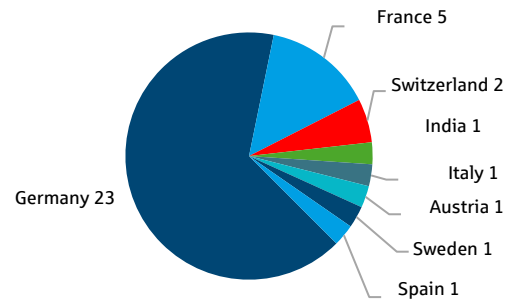


*includes valued deals until end of March 2022.

Source: Helaba Research & Advisory

SSDs popular among French issuers

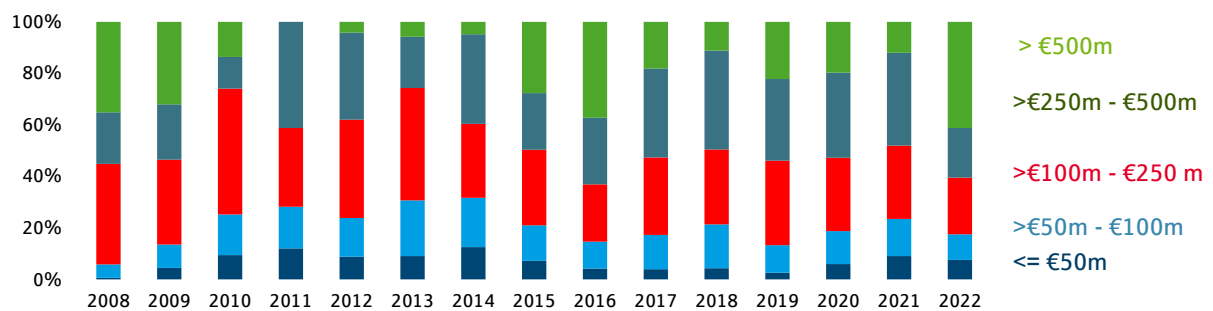
Number of issues by country of origin in Q1 2022



Source: Helaba Research & Advisory

Benchmark deals becoming dominant market segment

Issue size (distribution by volume in EUR millions)*



*includes valued deals until end of March 2022.

Source: Helaba Research & Advisory



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