

# PRIMARY MARKET UPDATE CORPORATE SCHULDSCHEIN

8. April 2021

## ESG-Schuldschein gains momentum

- In the inaugural quarter of 2021 there were 28 Schuldschein new issues for a combined total volume of EUR 4.2 billion. Although significantly below the record set in Q1 2020, this marks an increase over the same period in 2019. In an environment of highly attractive options available to corporate issuers in the bond markets, we consider this a solid result. This view is also supported by the observed strong investor demand and frequently substantially over-subscribed transactions.
- Sustainable financing continued its advance. Sustainability-linked Schuldschein deals amounted to EUR 1.5 billion boosting ESG market share to around 30 percent and growing. By comparison, this is already more than twice the quota for the full year 2020. The sector also saw a new issue by Jenoptik with an ESG-linkage to particular KPIs - a format that has been rarely used in the Schuldschein market so far.
- Around 40 percent of transactions came from the industrials and technology sectors with 8 and 4 deals, respectively. The “mega-deal” by Austrian cardboard producer Mayr-Melnhof (EUR 1 billion) pushed the usually quiet basic materials sector to the top of the rankings. This also tilted the volume share of international issuers some way back towards its pre-crisis levels. However, the deal count remains in favor of domestic (German) corporates which accounted for some three quarters of all transactions.
- A positive sign was the jump in the number of first-time issuers. Of the 24 deals launched since the beginning of the year, 12 were from companies with no prior track record in the Schuldschein market. As another important data point, the volume share of non-rated issuers (by an external agency) held steady at around 80 percent of the total.
- Considering the increased participation by Schuldschein newcomers and by international issuers, the outlook remains positive for further recovery over the course of the year. Overall refinancing pressures seem to have subsided, as many corporates remain fully stocked up on the liquidity acquired during the pandemic. Better credits will however continue to find a highly receptive market on the back of strong investor demand. If current trends continue, we consider it likely that the Schuldschein market will surpass a total of EUR 20 billion in 2021. The enthusiasm for sustainable financing will also continue to grow.

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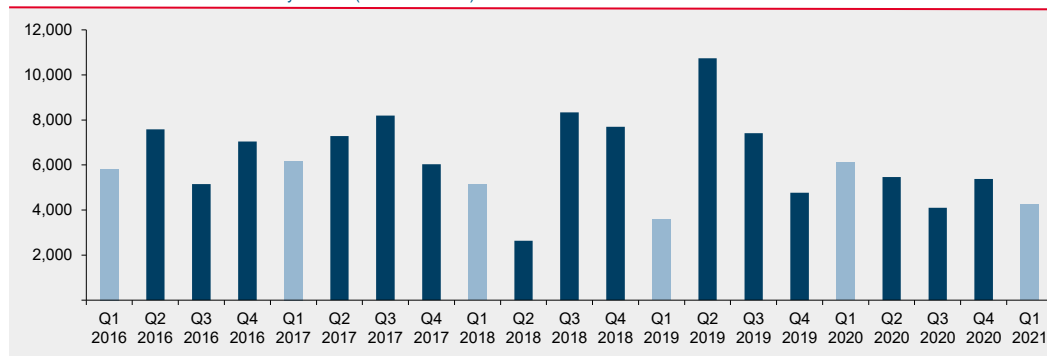
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### Solid start into the new year

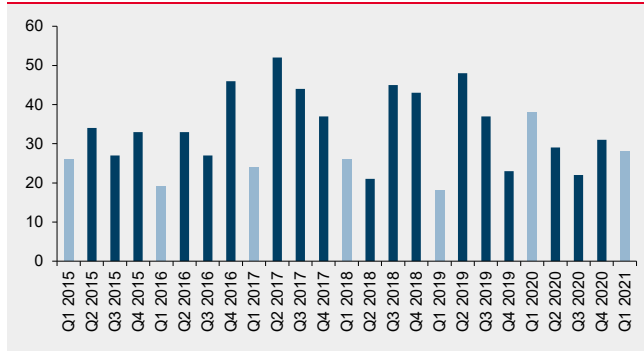
Valued Schuldschein loans: issuance by volume (in EUR millions)



Source: Helaba Research

## Deal numbers in Q1 only surpassed by 2020

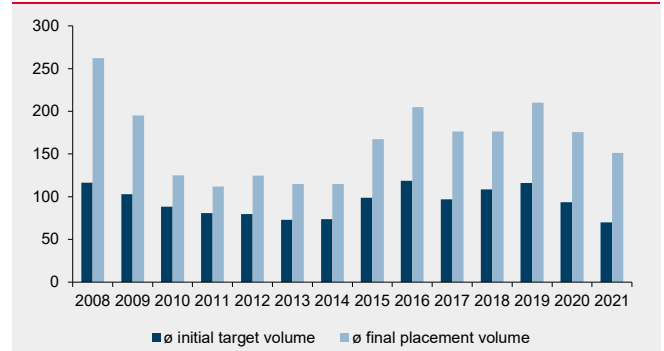
Number of valued Schuldschein issues, figures from previous years adjusted



Source: Helaba Research

## Oversubscription drives average volume

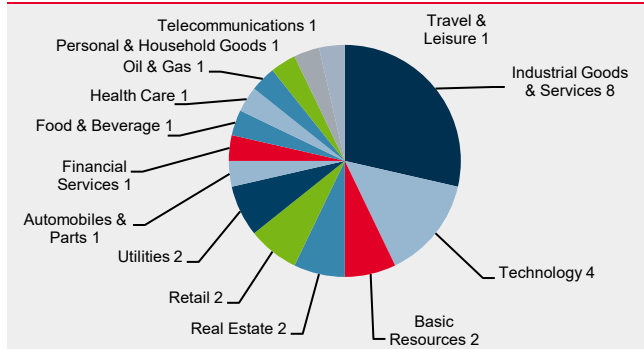
Average transaction volumes (in EUR millions)



Source: Helaba Research

## Industrials and Technology lead in deal count

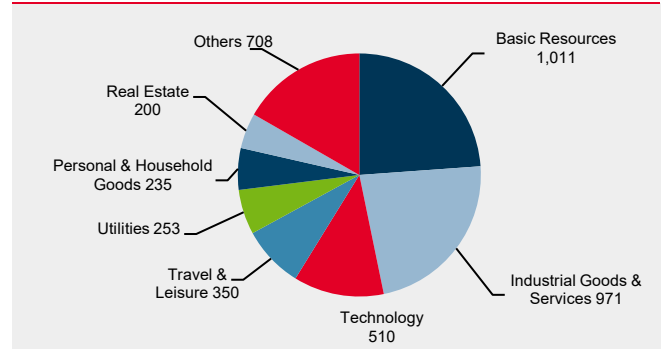
Issuance activity by sector in 2020 (distribution by number of issues)



Source: Helaba Research

## Basic Resources and Industrials with highest volume

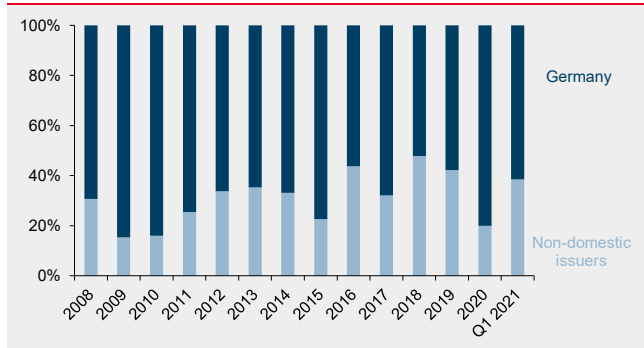
Issuance activity by sector in 2020 (by volume, in EUR millions)



Source: Helaba Research

## Market share of international issuers recovering

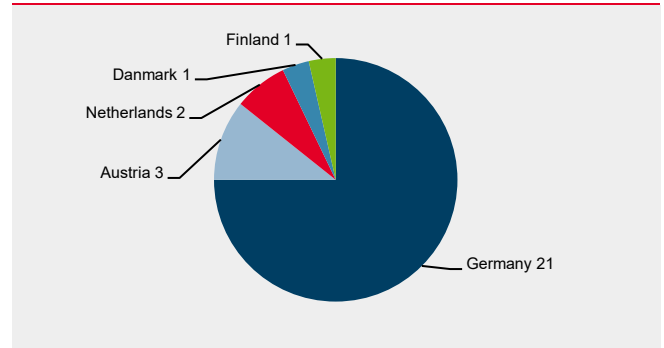
Issuance by country of origin (volumes in %)



Source: Helaba Research

## German issuers continue to dominate deal numbers

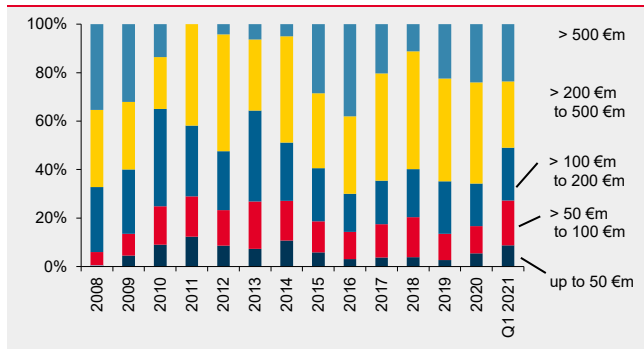
Issuance by country of origin in 2020 (distribution by number of issues)



Source: Helaba Research

## Smaller deals gain market share

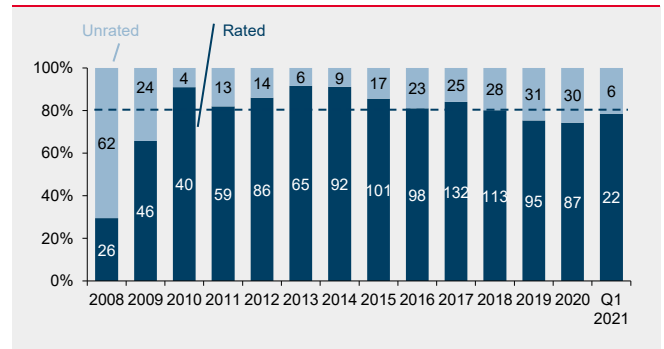
Issue size (distribution by volume in EUR millions)



Source: Helaba Research

## Participation of rated issuers at only 20 %

Issuance activity by publicly rated and unrated deals (number in %)



Source: Helaba Research