

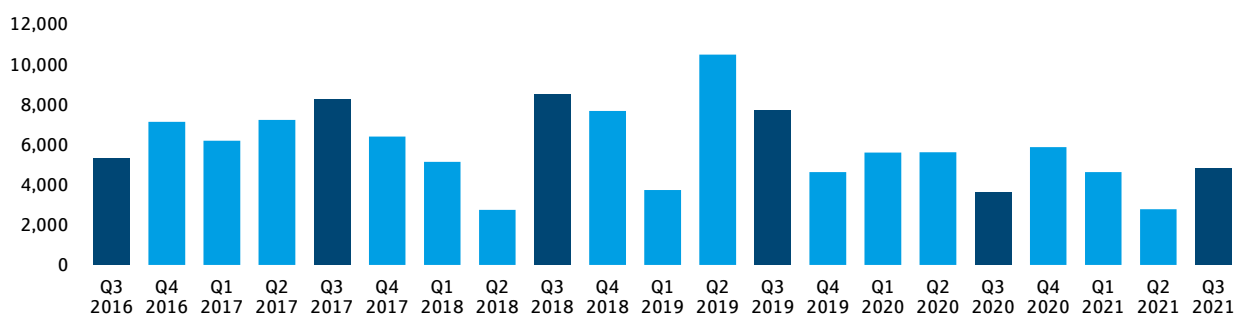


Primary Market Update Schuldschein Q3 2021: a noticeable upturn

- As we anticipated, Q3 saw a marked rebound in momentum on the Schuldschein market with 26 deals raising a total of EUR 4.8 billion - considerably more than in Q2 (EUR 2.8 billion) and the third quarter of 2020 (EUR 3.6 billion). Some issuers are likely to have been prompted into taking the plunge by factors such as concerns over rising interest rates. By the end of September, placements had reached a total volume of EUR 12.2 billion. With an average size of EUR 150 million, issues in 2021 remained somewhat smaller than in 2020. Only one transaction was issued by a rated company (Uniper, EUR 400 million) in Q3. To a large extent, this is most likely due to the prevailing cost advantages that the bond market offers many externally rated companies. In terms of volume, the proportion of unrated issuance had risen to 82 % by the end of the third quarter - the highest level since 2014.
- The telecoms group United Internet placed the largest issue in Q3 at EUR 750 million, propelling the telecommunication sector into third place in the volume ranking since January. The only other sectors with higher issuance volumes were 'other materials' (excluding construction materials and chemicals) and industrial goods. The greatest number of deals in 2021 have been placed by utilities (12), followed by real estate companies (10).
- Non-German companies placed almost 30 % of total market volume during the third quarter. This resulted in the share of total issuance by international companies since January falling to around 35 %. Despite this drop, activity by international issuers remained significantly higher than in 2020. French and Austrian issuers, with 7 and 6 deals respectively, placed the largest number of SSDs on the market. The number of German transactions increased to a total of 57 out of 81 placements.
- Small transactions of up to EUR 50 million were slightly less popular in the third quarter. Overall, though, their market share in the first nine months of the year, at 9 %, was still well above that of previous years. Schuldschein loans in the EUR 200 to 500 million range accounted for more than one-third of total market volume. So far, the number of large issues of more than EUR 500 million has been disproportionately low in 2021.
- To the best of our knowledge, 9 deals are currently in the marketing stage and will be closed in Q4. In addition, some tranches from previously completed transactions will be valued in the fourth quarter. For this reason, we expect the SSD market to sustain its momentum in the final 3 months of 2021 and now consider a total market volume in the order of EUR 15 to 18 billion as a realistic forecast for the year as a whole.

Schuldschein market back on track in Q3

Valued Schuldschein issues by volume* (in EUR millions)

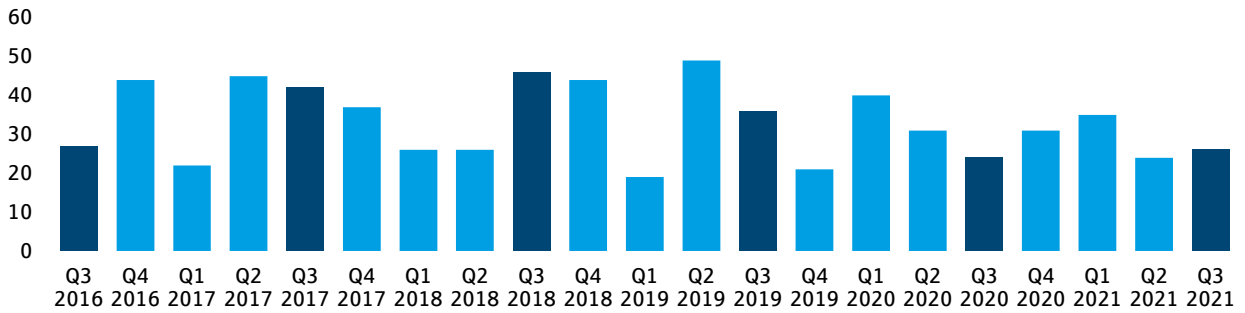


*values from previous quarter adjusted where applicable. Final volumes estimated for 3 deals in Q2 2021.

Source: Helaba Research & Advisory

Number of valued deals in Q3 exceeds previous year's level

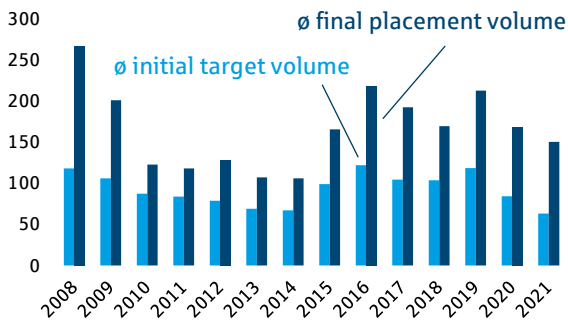
Number of valued Schuldschein issues*



*values from previous quarter adjusted where applicable.
Source: Helaba Research & Advisory

Deal volumes remain smaller than in 2020

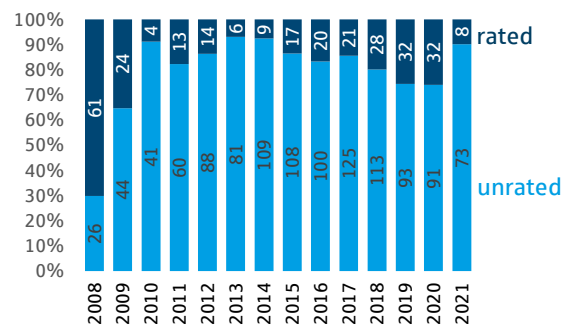
Average transaction volumes* (in EUR millions)



*includes valued deals until end of Sept 2021.
Source: Helaba Research & Advisory

Hardly any rated issuers make an appearance

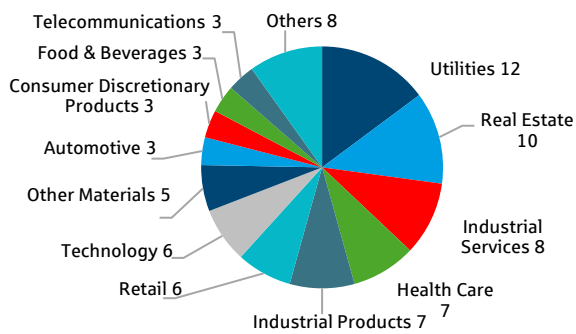
Number of issues by publicly rated and unrated deals*



*includes valued deals until end of Sept 2021.
Source: Helaba Research & Advisory

Still diverse range of sectors by number ...

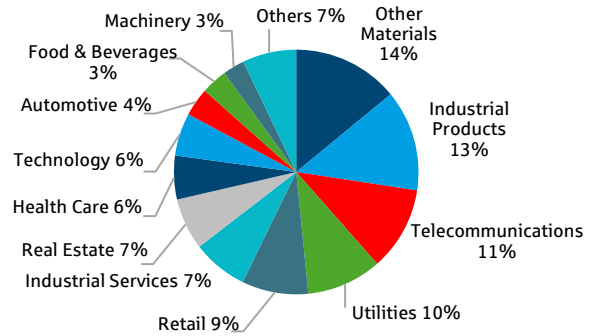
Number of issues by sector in 9M 2021



Source: Helaba Research & Advisory

... and volume

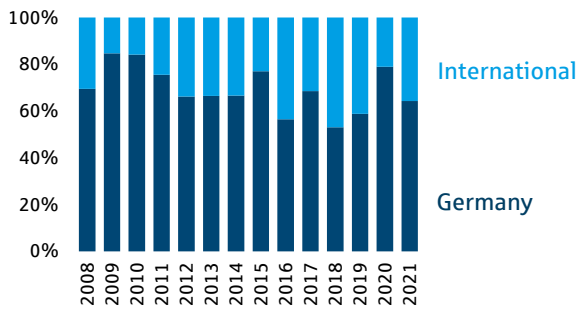
Issuance volume by sector in 9M 2021 (EUR billions or %)



Source: Helaba Research & Advisory

Non-German issuers consolidate market share

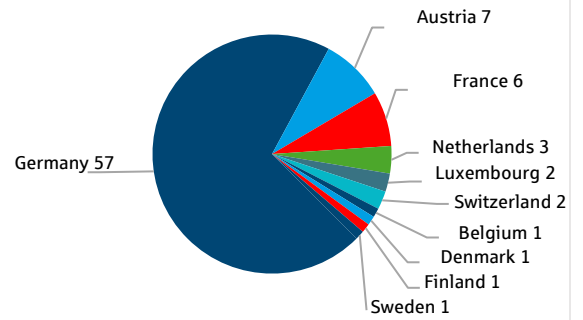
Issuance volume by country of origin* (in %)



*includes valued deals until end of Sept 2021.
Source: Helaba Research & Advisory

Two out of three deals still from domestic market

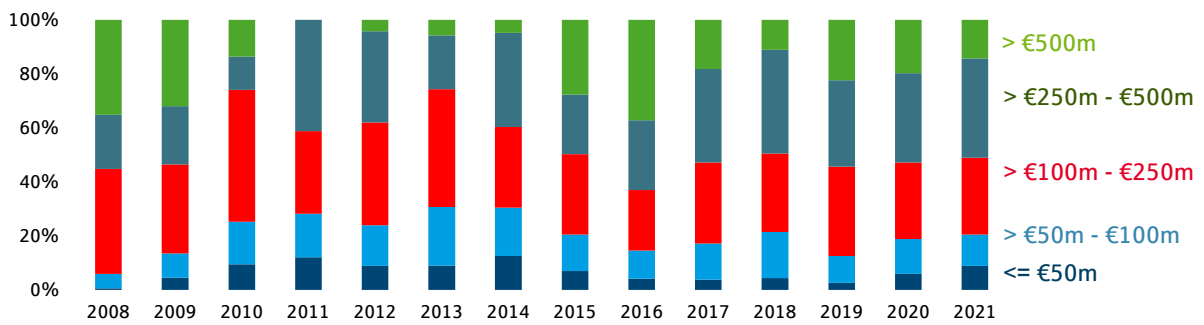
Number of issues by country of origin in 9M 2021



Source: Helaba Research & Advisory

Less interest in mega deals than in previous years

Issue size (distribution by volume in EUR millions)*



*includes valued deals until end of Sept 2021.
Source: Helaba Research & Advisory



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