



The Banker

Investment Banking Awards 2016

MOST INNOVATIVE INVESTMENT BANK FOR EQUITY-LINKED PRODUCTS

Société Générale

A few years ago, European fund managers warned that the lack of new convertible bonds put the market at risk. A flurry of issuance by European corporates in 2013 eased their concerns, and the market-opening deals seen during 2015 and 2016 should put their fears to bed.

Société Générale Corporate & Investment Banking (SG CIB) played a key role in these landmark deals which has clinched the bank the Equity-linked Products award for 2016. Perhaps the most notable is Airbus's debut €500m seven-year convertible bond, on which SG CIB was sole global coordinator and joint bookrunner

"The Airbus deal printed at exceptional terms [negative yield, 62.5% premium] and was the key catalyst of what became the biggest trend in the Europe, Middle East and Africa market. Convertible bonds from very large companies across sectors, whether in a dilutive or non-dilutive format, gained strong momentum offering a competitive funding solution while broadening the issuer base," says Bruno Magnouat, head of equity-linked products at Société Générale. The first super-blue-chip company to issue equity-linked notes, Airbus kick-started a string of similar deals by similarly large bor-



Bruno Magnouat, head of equity-linked products, Société Générale

rowers including IAG, France's Veolia Environnement and technology group Safran. It is a timely trend for investors, which are searching for yield against the backdrop of record-low interest rates.

Another highlight was steelmaker Severstal's \$200m equity-linked bond in April, the first out of Russia in three-and-a-half years. In addition to reopening the market, Mr Magnouat notes the very low coupon of 0.5%. "SG CIB's market read was bold and spot on," he

says. It also revealed investor appetite for Russian exposure despite ongoing sanctions, which helped pave the way for more of the country's corporates to tap international bond markets in the following months.

Earlier this year SG CIB also spearheaded the revival of the non-dilutive convertible bond, a synthetic structure the bank created in 2014. It was joint bookrunner on engineering company Technip's €375m five-year notes, which combined the issue of non-dilutive cash-settled convertible bonds with the purchase of cash-settled call options.



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