



IFF

CORPORATE CREDIT RISK ANALYSIS

A practitioner's guide to analysing corporate credit risks in today's volatile markets



Contact:

www.iff-training.com

Tel: +44 (0)20 7017 7190

Email: cs@iff-training.com

CPD
CERTIFIED
The CPD Certification Service

Is your company being adequately meticulous and selective when making crucial credit risk decisions?

This course will teach you how to take due care. You will examine historic cash flow to develop a framework for assessing business risk. You'll learn to spot the warning signs of corporate distress, offer possible solutions and appreciate alternative financing structures and acquisition finance.

The training will be conducted in the style of an interactive workshop, packed with practical activities. You will use case studies to analyse a typical credit approach, to identify credit problems and business risk issues. You'll use excel to model corporate cashflows, model projections and analyse the risk factors. In groups, you will calculate a company's optimum leverage and debt capacity and analyse the credit risk of a proposed acquisition.

YOU WILL LEARN TO

- ★ Appreciate the basic parameters of credit risk principles
- ★ Develop a general framework for assessing business risks over a wide range of company types and business sectors
- ★ Show an advanced understanding of historic cashflow analysis and forecast cashflows
- ★ Realise the importance of financial risk evaluation
- ★ Identify the possible warning signs of corporate distress and understand the possible solutions
- ★ Understand the corporate objectives in terms of alternative financing structures, acquisition financing and appreciate the equity viewpoint when assessing credit risk

COURSE LEADER

JOHN RICHARDSON



John Richardson is an experienced corporate finance professional with practical experience and extensive knowledge of corporate and structured finance in global financial markets.

He holds the position of Visiting Faculty Sir John Cass, City University Business School, London and has worked as an advisor to the

Overseas Development Administration in the UK, as well as PHARE and TACIS programmes run by the EU. John has also worked closely with the Association of Corporate Treasurers (ACT) in the UK with regard to their professional examination process.

John's main areas of expertise are corporate and structured finance, financial risk management, equity markets and products, corporate and retail credit processes, project finance, asset securitisation, treasury management, management development and change management.

John was previously the Managing Director of the corporate

finance subsidiary of a London merchant bank. In the early part of his career, prior to moving into the investment banking world, he was the Managing Director of a medium-sized manufacturing company.

He has also published a book called Corporate Valuation Modelling.

Hear from the trainer: <http://www.iff-training.com/YTCCRA>

ABOUT IFF

IFF has been the chosen training provider of the world's best finance and energy professionals since 1991. We are part of Informa PLC and the learning partner of RiskMinds, SuperReturn, FundForum and GAD series of events.

- We continually develop and improve our training to make it more effective for you
- You'll learn from practising, highly-experienced financial experts
- You'll experience interactive and practical training - implement what you learn straight away
- We limit class sizes so the trainer can adapt the content to suit you

DATES & PRICE

Please contact a member of our team for more details

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www.iff-training.com

IN-COMPANY TRAINING

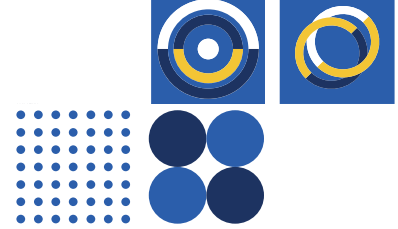
IFF's bespoke training solutions will help you address your specific key business challenges. The programme is designed for you, with content focusing on the issues you and your teams are facing. The course can then be delivered at your choice of location face-to-face, digitally or a combination of the two.

- ★ Tailored content - 100% targeted to cover your needs
- ★ No travel or time out of the office – we will come to you
- ★ Value for money – train teams of staff at the same time
- ★ Risk free – we've been doing this for over 30 years

We will meet you anywhere in the world.

Please contact
Leigh Kendall on +44 (0)20 7017 7190 or
email: Leigh.Kendall@informa.com

COURSE AGENDA



QUALITATIVE RISK ANALYSIS

Overview of the Credit Analysis Process

- Objective: To establish the basic parameters of the credit risk principles
- Risk and return dimensions
- Country and corporate risk issues
- Credit default rates and risk grading
- Fundamental principles of credit risk analysis
- Balancing the quantitative and qualitative aspects of risk
- A structured analysis framework for credit
- Rating processes
- External rating agencies – Moodys, S&P, Fitch
- Internal ratings applications



SYNDICATE CASE STUDY:

Understanding the principles of credit risk analysing a typical credit application

Current state of the Credit Market

- Current issues regarding structured finance and credit
- Review of changes in light of recent problems

Analysing Business Risks

Objective: To develop a general framework for assessing business risks over a wide range of company types and business sectors

- Macro-environmental risk analysis; cyclical/mature/growing
- Strategic evaluation using stakeholder analysis, four gods of management, PESTI, Porter 5 Forces model
- Assessing competitive position
- Resource audit using 7Ms



VIDEO

Identifying the credit problems of a UK Corporate

- Company/product portfolio evaluation and diversification using the product portfolio BCG matrix
- Market environment analysis
- Generic competitive strategies
- Strategic options using Ansoff matrix
- Market/product lifecycle and the 4Ps of marketing
- Value chain and peer group assessment
- Internal operational and management assessment
- Track record, attitude to risk, relationship with shareholders
- Force field analysis and understanding change management issues
- Combining the analysis using a SWOT matrix
- Developing a qualitative analysis framework



SYNDICATE CASE STUDY:

Identifying the business risk issues for a corporate looking to raise funding

QUANTITATIVE RISK ANALYSIS

Cashflow Risk evaluation

Objective: To ensure an advanced understanding of historic cashflow analysis, forecast cashflows and the importance in financial risk evaluation

- The dynamic cashflow cycle in a company
- Untangling the cashflow statement
- Linking cashflow and historic ratios
- Evaluating repayment ability on a cashflow basis
- Cashflow cover ratios and repayment risk, EBITDA cover, DSCR and other metrics
- Moody's and S&P calculation of FFO and use of cashflow analysis
- Calculating cashflows when there is no cashflow statement
- Understanding the cashflow statements of other countries
- Cashflow and corporate capital structure
- Debt vs. equity decisions in the capital structure and cashflow impacts
- Developing a model for cashflow projections
- Cashflow sensitivity analysis – identifying the key cashflow drivers
- Linking cashflow generation to strategy and investment decisions
- Key cashflow financial performance indicators



SYNDICATE CASE STUDY:

Analysing corporate cashflow of a corporate credit case and modelling projections using Excel

The Current Corporate Restructuring Climate

Objective: To identify the possible warning signs of corporate distress and understand the possible solutions

- Review of the current problem sectors
- What are the recurrent themes?
- Identifying both the qualitative and quantitative warning signs of corporate failure
- Separating the causes from the symptoms
- Sector specific problems involving restructuring
- Restructuring framework
- Proactive
- Defensive
- Distress
- Legal options
- Differences across different regimes
- Legal reorganisation – in court or out of court solution?
- Stakeholders with special interests – suppliers, pension trustees, leaseholders
- Liquidation, sale or debt restructure
- Role of vulture funds/hedge funds
- Review of the key issues in corporate restructuring
- Liquidity or viability problem?
- Identification of key stakeholders
- Leveraging and deleveraging
- Optimising the leverage structure
- Adjusting the cost of debt and equity for leverage
- Recaps, debt and equity buybacks

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COURSE AGENDA



GROUP EXERCISE:

Calculating the optimum leverage and debt capacity of a company



CASE STUDY

Identifying what went wrong in a recent corporate distress

Corporate Capital structure

Objective: To understand the corporate objectives in terms of alternative financing structures, acquisition financing and to appreciate the equity viewpoint when assessing credit risk

- Structuring the junior/senior debt
- Hybrid debt and equity issues in capital structure
- Mezzanine debt structures
- Use of PIK structures
- Warrants and equity ratchets
- Understanding the term structure of risk
- Using asset securitisation structures to obtain off balance finance
- Understanding credit enhancement structures and risk transfer
- Project finance structures
- Acquisition finance



SYNDICATE CASE STUDY:

Analysing the credit risk of a proposed acquisition

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Excellent presentation and real life examples...
Kept at the right technical level and interest

Inderjit Kundi, Analyst, Societe Generale

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CPD Certified:

IFF is recognised by the CPD Certification Service and have been approved to award CPD points towards professional development certifications. Attendance at this course will earn you 40 CPD points.

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