

Company Analysis, Products and Structuring

Seminar Objectives

This seminar teaches how to analyze a company's business and financial condition in order to quantify debt capacity and default risk, and to identify investment banking opportunities. It also reviews the characteristics of the financing products available to businesses in the debt and equity markets. It examines issuer and investor objectives and shows how underwriters choose financing products attractive to both parties, and how relationship managers, product specialists, and sales and trading professionals work together to execute financings. Finally, it addresses how to structure debt maturities, assess intercreditor priority, and evaluate creditor protections.

Seminar Topics

Business risk analysis

- Cyclicalities: economic, industry, seasonality
- Competition: industry condition, market share, economies of scale
- Evaluating management

Financial risk analysis

- Target capital structure: going beyond WACC
- Debt capacity: strategic uses and constraints
- Liquidity and financial flexibility
- Market risk: currency, commodity, interest rate

Ratio and cash flow analysis

- Ratio uses and limitations: leverage, coverage, profitability, activity
- Cash flow measures; going beyond EBITDA
- Adjusting ratios and cash flows for non-recurring and off-balance-sheet items
- Interpreting ratio and cash flow trends and levels

Credit ratings

- Defining and using credit ratings
- Assigning a credit rating
- The impact of company size on risk analysis

Debt products

- Loan capital markets: line of credit, revolver, letter of credit, term loan
- Debt capital markets: commercial paper, bonds, 144A, private placement
- Structured credit products: securitization and credit derivatives
- The loan and bond underwriting process

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Debt pricing

- Loan and bond pricing structures
- Money market products and rates
- Interest rate swaps: objectives and mechanics
- Relative value: comparing fixed and floating debt products

Equity capital markets

- Public equity: common and preferred stock
- Private equity
- Structured equity: convertible debt
- Mezzanine finance

Corporate finance

- Mergers and acquisitions
- Financial strategy and the industry life cycle
- Identifying investment banking opportunities
- Leveraged finance

Debt structuring

- Identifying financing needs and sources of repayment
- Matching borrower needs with debt products
- Sizing the revolver, term loans, bonds, and mezzanine finance
- Setting repayment schedules

Intercreditor priority

- Collateral benefits and limitations
- Subordination: contractual, structural, effective
- Issuer vs. issue credit ratings

Defaults and remedies

- Standard defaults
- Creditor rights after a default
- What really happens

Covenants and other debt provisions

- Matching covenants to risks
- Setting financial covenant levels
- Other debt provisions
- Loan vs. bond covenants

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Materials

Seminar participants will receive the Financial Training Partners *Desk Reference Set*, including *Notes* and *Job Aids* from the Financial Training Partners *Essentials of Finance* series covering all of the topics in the seminar. In addition, participants will work on several case studies during the seminar.

Prerequisites

Before attending this seminar, participants should be proficient with the structure and content of corporate financial statement, including footnotes, and be proficient in creating and using corporate financial forecasts.

Financial Training Partners

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