

SCENARIO ANALYSIS

Using projections in risk analysis and loan structuring

Seminar objectives

This seminar focuses on using financial statement projections to test the boundaries of borrower risk in a systematic way. It also deals with using projections to structure financings based on a company's expected performance. It covers developing realistic assumptions for the key accounts that drive projected cash flows and checking projections for realism, accuracy, and consistency. And it covers using scenarios to set the size, maturities, and financial covenants of revolving credits and term loans.

Seminar outline

Cash flow drivers

- Revenue growth and costs
- Net working capital and capital expenditures
- Interest, debt maturities, and dividends

Scenario drivers

- Business and financial market conditions
- Business strategy
- Financial strategy

Credit scenarios

- Management case
- Base case
- Downside case

Checking a forecast

- Realism and consistency
- Completeness and accuracy
- Key ratios and cash flow measures

Repayment schedules and debt terms

- Revolving credit needs and borrowing base dynamics
- Setting term loan repayment and prepayment schedules
- Setting financial covenant levels

Financial Training Partners

We are an independent training firm that works with leading financial institutions around the world to help them take, manage, and profit from financial risk. For more information on our *Scenario Analysis Seminar* contact us at delaney@fintrain.com. To learn more about how Financial Training Partners and how we can help with your other training needs, visit us at www.fintrain.com.