

Corporate Finance & Funding Strategies

This two-day programme offers a practical approach to corporate finance. It equips participants to understand the rationale underpinning corporate finance strategies and how this drives funding solutions.

TARGET AUDIENCE

The workshop is designed for client facing banks and corporate financiers but is also appropriate for a broader audience who wish to gain an insight into the application of corporate finance techniques.

COURSE OBJECTIVES

Participants will learn how corporate finance techniques can be used to identify business development opportunities for clients and to quantify the benefits of alternative financing and business solutions. Specifically the goals of the training are to equip participants to:

- Anticipate management strategic decisions in response to market conditions and shareholders aims and objectives.
- Use valuation techniques to assess possibilities to enhance values.
- Identify capital structures and financing alternatives that optimise the cost of capital and shareholder value within the client's own risk parameters.
- Recommend value added, client focused changes to corporate and financial strategies that are value-enhancing and appropriate to current market conditions.

CONTENT

FRAMEWORK FOR EVALUATING CORPORATE FINANCE STRATEGIES

- Structured framework: value parameters, value drivers, business strategy, debt and equity valuation, funding strategy
- Client driven perspective: identifying, evaluating and recommending appropriate strategies.

VALUE PARAMETERS

Stakeholders' aims and financial goalposts

- Importance of understanding client perspectives
- Shareholder value: what are the drivers and how can value be measured?
- Financial, strategic and personal goals and their impact on corporate strategy
- What is the role of management in delivering shareholder value?
- Who are the stakeholders and what is their respective role?
- Cost of capital: (WACC) advantages, disadvantages and alternatives
- Cost of equity: measuring systemic and non-systemic risk
- Cost of debt: measuring tax benefits and the impact of gearing.

VALUE DRIVERS

Market drivers

- Macro-economic, political and firm specific factors which influence strategy
- Using external information sources, such as macro-economic data, share prices, bond ratings and prices to anticipate shareholder and management strategy.

Sector drivers

- Understanding how sectors are reacting to current market conditions
- Industry considerations and critical success factors: opportunities to exploit value
- Impact of market and sector drivers on company free cash-flow and consequent business and funding decisions.

BUSINESS STRATEGY

Rationale for change

- When diversification makes sense...or not
- The Company Life Cycle: cash, or no cash
- The business strategy drives the organisation structure
- The relationship between business risk and financial risk.

Anticipating corporate strategy

- Impact of value parameters, value drivers and debt and equity valuation on corporate strategy
- Evaluating alternative strategies: growth, de-mergers, dividend policy etcetera
- Strategic impact of an acquisition on the organisation and buyer's business model
- Risks (to lenders) in over-valued and undervalued companies.

EQUITY VALUATION

Traditional valuation techniques

- Trading and transaction multiples: using P/E, EV / EBITDA, dividend growth models or free cash-flow multiples
- Discounted cash-flow valuations: components and assessing results.

DEBT VALUATION

- Impact of debt pricing on company business and funding strategy
- Credit pricing: bond, syndicated loan and bilateral debt markets
- Components of cost: government bond yields, swap spreads and LIBOR spreads
- Relative value: use of bond spreads, CDS and market benchmarks to assess pricing.

FUNDING STRATEGY

- Appropriate capital structures
- Target debt structures: using market pricing, tenor matching, rating targets, cash-flow and balance sheet measures
- Optimising WACC: impact of leverage on the cost of debt and cost of equity
- Debt capacity: discounted cash-flow techniques
- Alternative sources of debt repayment: asset sales, refinance, equity
- Refinancing risk: evaluating acceptable levels of refinancing risk.

Financial strategy

- Financing the corporate action and consequences for all stakeholder
- Interpreting financial strategy: risk appetite, tenor matching, gap management, funding and liquidity needs, concerns for earnings dilution
- Access to debt and equity: understanding various sources of capital and funding products
- Proposing funding solutions: meeting client need and bank risk return parameters in context of market conditions.