

Corporate Finance & Funding Strategies: Concepts & Applications

This three-day case study based 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, incorporating a range of corporate actions and capital structure alternatives.

TARGET AUDIENCE

The workshop is designed for client facing bankers 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

Understand rationale underpinning corporate finance strategies and how this links with funding solutions. 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 ways to enhance values.
- Identify capital structures and financing alternatives that optimise cost of capital / shareholder value within certain risk parameters.
- Recommend value added, client focused changes to corporate and financial strategies that are value-enhancing and appropriate to current market conditions
- Understand the rationale, risks and opportunities associated with alternative value creations strategies.

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: key drivers and how measured?
- What is the role of management in delivering shareholder value?
- Who are the stakeholders and what is their respective role?
- 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 (share prices, bond ratings and prices, etc.) to anticipate shareholder and management strategy.

Sector drivers

- How sectors are reacting to current market conditions
- Industry considerations: 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
- Alternative strategies: growth, de-mergers, dividend policy etc.
- Strategic impact of an acquisition on the 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 assessment.

DEBT VALUATION

- Impact of debt pricing on company business and funding strategy
- Credit pricing: bond, syndicated loan and bilateral debt markets
- Cost components: government bond yields, swaps and LIBOR
- Relative value: bond spreads, CDS and market benchmarks.

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 capital
- Debt capacity: discounted cash-flow techniques
- Alternative sources of repayment: asset sales, refinancing, equity
- Refinancing risk: evaluating acceptable levels of refinancing risk

Financial strategy

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

EXAMINING ALTERNATIVE VALUE CREATION STRATEGIES

De-mergers and their impact on value

- Rationale for spinning off a business
- Alternative routes for exit
- Pro forma balance sheet considerations
- Examples of success and failure: ingredients for success

Shareholder payment strategies

- Dividend payments and their impact on value
- One-off payments: why, when and to what degree?
- Share buy backs: capital structure and value implications
- Quantifying how much is appropriate, how funded, impact on debt and equity providers

Less traditional acquisition strategies

- Reverse take-overs: corporate cultures and integration risks
- Joint buyers and sellers: spreading the risk to gain critical elements of a business
- Funding strategies for complex acquisition.