

Emerging Market Corporate Credit Workshop

A four-day workshop for credit risk and fixed income professionals offering a structured approach to the analysis of emerging market corporate credits.

TARGET AUDIENCE

Experienced commercial and investment bankers and risk professionals involved in the provision of credit and related products to corporate clients in emerging markets in: Eastern Europe, Latin America, Asia and the Middle East and Africa.

COURSE OBJECTIVES

Enhance existing analytic skills, using a structured and systematic approach to evaluate the credit standing of a company and the attractiveness of the risk ~ return profile of a transaction. Participants are encouraged to become more time efficient, focused and concise in articulating credit judgement.

Specifically participants will be equipped to:

- Apply a four-step model to credit: purpose, payback, risks and structure that focuses on the key challenges of emerging market credits – generating cash flow profits in growth markets and refinancing in volatile conditions
 - Use qualitative frameworks (sector, business model, management) combined with quantitative tools (ratios, cash flows, forecasts) to distinguish strong and weak performers and substantiate lending decisions.
 - Anticipate and sensitise a company's future performance in stable and / or volatile markets using a cash flow approach to ascertain its ability to service / refinance its debt as it comes due.
 - Use market indicators, where available (e.g. commodity prices, macro indicators, ratings, equity and debt prices) to understand refinancing risk and the market view on a credit.
 - Critique debt structures to assess both the ability to meet the commercial needs of the borrower and protect the lender's interests.

This workshop makes extensive use of case studies, live examples and exercises to ensure that the training is highly interactive, practical, topical and challenging. Case studies are drawn from a range of industries and emerging markets (primarily BRIC, Latin American, and Asia) in order to provide participants with the opportunity to practise the application of the analytic frameworks and tools in context.

The emphasis is on developing critical judgement; participants are required to be focused, practical and realistic in their approach.

CONTENT

ANALYTIC OVERVIEW

- Structured approach to corporate credit analysis: purpose, payback, risk and structure
- Market perspectives on risk
- Emerging market credit analysis focus.

MACRO CONSIDERATIONS

- The operating environment in emerging markets: role of government, commodity, foreign exchange and inflation
- Sector specific risks.

BUSINESS RISK

- A company's business strategy in context of market developments
- Earnings dynamics and cash flow analysis. Influence of commodity and foreign exchange fluctuations on profitability and cash flow
- Need for asset investment and cash flow impact especially for expanding companies.

FINANCIAL RISK

- Financial strategy of management and shareholders
- Solvency and debt service capability
- Liquidity and risk of refinancing in view of short term credit funding in emerging markets
- Alternative financial instruments as used in advanced emerging markets
- Inappropriate funding and signals of financial distress.

MANAGEMENT AND OWNERSHIP

- Assessing management and shareholders in emerging market companies
- Corporate governance issues, complex group structures and government as a dominant shareholder.

STRUCTURE

- Assessing the structure of a transaction: exposure profile, ranking versus other lenders, safeguards needed and pricing.

