

Corporate Finance & Capital Markets

Objectives:

During this 2-day module participants will:

- Explore the world of the capital markets and the corporate funding life cycle
- Discuss various approaches to business valuation
- Look at the M&A process and issues faced in deal structuring
- See how to get the right funding mix, the cost of capital and see the decision-making process for a CFO when organizing a balance sheet
- Cover various short and long-term debt capital markets instruments
- Discover how hybrid instrument are used for an optimal funding and investor base, including convertible and exchangeable bonds
- See how the new issue process works for both equity and debt
- Look at various ties of equity funding
- Run through the pro and post-IPO process

Training methodology:

The programme is highly interactive and it will encourage participation through exercises and case studies, which the delegates will solve individually or in small work-groups.

These activities are designed to allow delegates to practice and to consolidate the concepts that will be discussed during the lectured sessions of the program.

The program will focus on the practical realities of the market, rather than taking an excessively mathematical or academic approach.

Who should attend

The programme is designed for:

- Corporate Finance
- Relationship Bankers
- Finance and Treasury staff
- Credit Analysts
- Investment Managers

Course times:

Each day of the course starts at 09.00 am. and finishes at 5 p.m.

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Capital Structure

- Capital Asset Pricing Model (CAPM)
 - Identifying hurdle rates
 - Equity Beta
 - Weighted Average Cost of Capital (WACC)
- Getting the right mix of debt and equity
- Leverage and returns
 - Assessing debt capacity
 - Balance sheet measures
 - Cash flow measures
- The role of subordinated debt
 - Types:
 - High yield
 - Mezzanine (warrantless)
 - Mezzanine (warranted)
 - PIK Notes
 - Vendor Notes
- The relevance of tax rates

Exercise: WACC and CAPM calculation and sensitivity

- Issuance considerations for a CFO
 - Assessing the potential investor base
 - Debt distribution by maturity, currency and investor base
 - What funding instruments are available?
 - Debt seniority in case of default

Exercise: Funding instrument categorisation / review Quiz

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Debt Capital Markets

Money Markets

- The role of the rating agencies and ratings advisory
 - Deposits and Certificates of Deposit (CD)
 - Treasury bills and eligible bills / Bankers Acceptances (BAs)
 - US Commercial Paper (USCP) and Euro-Commercial Paper (ECP)
 - Repos

Exercise: Choosing the highest yielding asset

The Loan Markets

- Loan structure
 - Covenants
 - Roles (Mandated Lead Arranger, (Co-)Manager, Participants)
 - Fees and margins
- Club loans versus syndicated loans
- The syndication process
- Getting a slice of the action
 - Assignment, participation and novation

Exercise: Review Quiz

Fixed Income Overview

- Government bonds
 - What is a primary dealer?
 - Can Governments go bust?
- Non-Government bonds
 - Understanding credit spreads
 - Relative value
 - Issue pricing: premium / discount to par
- Medium Term Notes (MTNs)
 - (Reverse) inquiry
- Private placements
 - Cost benefits

Exercise: Intuitive bond pricing

Exercise: Review Quiz

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Case Study

A case study will highlight the difference between different funding instruments so that the issuer can attain a suitable capital structure.

Bond Price Sensitivity

- Duration 101: A brief overview
 - The relevance of bond price sensitivity to the investment banker / corporate finance when looking at changes in asset prices
 - Macaulay versus modified duration

New Issues

- How does primary bond issuance actually work?
 - Who is involved in bringing a new issue to market?
 - What roles are played within Debt Capital Markets?
- How is a new issued priced back to Libor?
- How does arbitrage work and why do certain markets offer comparative funding advantages?

Exercise: Intuitive new issue pricing without a calculator

The Players

- The players in Corporate Finance
- The structure of the capital market
 - The business life cycle
 - Corporate funding life cycle
- Business valuation
 - Valuing a business for acquisition
 - Enterprise value vs. equity value
 - Using discounted cash flow
 - Price / value drivers

Mergers & Acquisition

- The M&A process
 - Strategic vs. financial buyers
 - Analysing an acquisition
 - The valuation process
 - Issues faced in deal structuring
- Financing considerations

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Hybrid debt

- Incorporating equity derivatives into funding structures
 - Convertible / Exchangeable bonds and warrants
 - Uses in corporate finance to dispose of residual equity stakes
- Where is the value?
- What are the implications for both the borrower and investor?

Exercise: Review Quiz

Equity Finance

- Types of equity
 - Shareholder loans
 - Preference shares
 - Ordinary shares
 - Depository receipts
- Private equity funds
 - Exit considerations
- IPO
 - The equity offering process
 - Due diligence
 - Company analysis

Course Review & Close