



INTERNATIONAL CORPORATE FINANCE

Anna Chmielewska

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Key principles

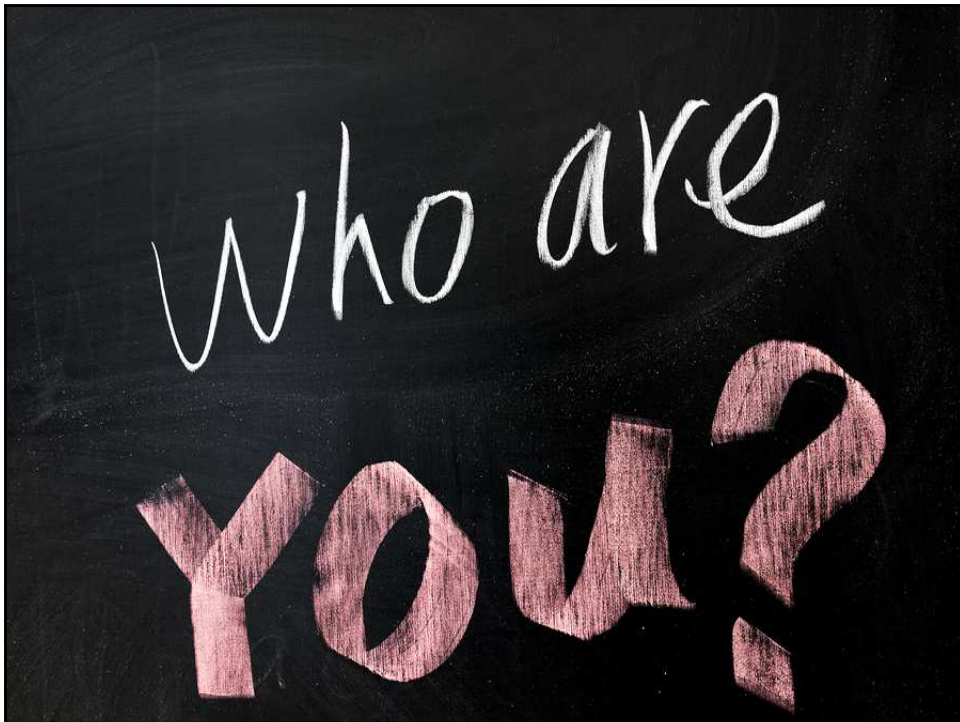
- Interactive
- There are no silly questions
(provided they are topic related)
- Lectures are for you
- Happy to set the rules with you

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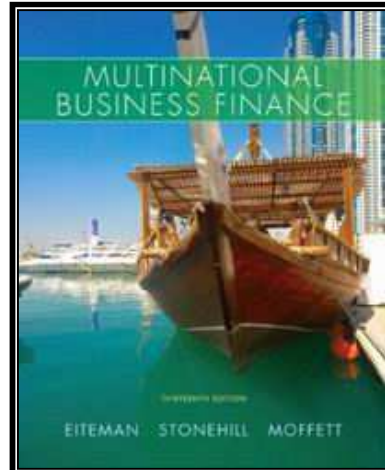
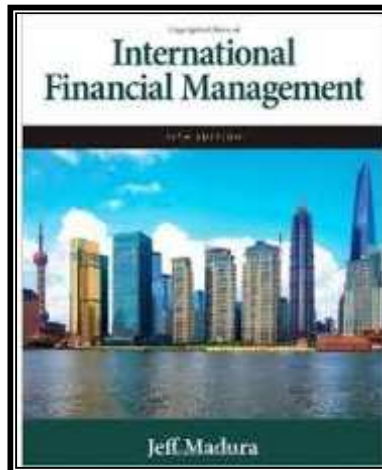
Other related lectures

- Corporate Finance
- Financial Management
- International Finance
- (International) Financial Markets
- Introduction to finance

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Text-books



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Who needs to understand?

- Financial departments' specialists
- Financial market specialists
- Financial analysts
- Stock exchange analysts
- Bankers
- Economists
- Entrepreneurs
- Financial journalists

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Suggested modus operandi

- 50% exam (test form)
- 40% presentation (case analysis)
- 10% presence
- Up to 15% participation
 - Yes, it adds up to over 100%

- Alternatively
100% exam (test + case study)

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Outline (indicative)

1. Introduction to international corporate finance
2. Going international and agency problems
3. FX and IR markets
4. FX and interest rate exposure
5. FX and IR hedging
6. Corporate finance choice between debt and equity
7. Loans and bonds
8. Equity markets and equity issues
9. Project finance
10. Portfolio investment
11. M&A/ JVs /Partnerships
12. Private Equity
13. Case Studies
14. Case Studies
15. Case Studies

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International Corporate Finance

- International
 - FDI (foreign direct investments)
 - Exporters
 - Importers
- Corporate
 - Multinational
 - Large and small companies
 - E-business
- Finance (corporate & environment)

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Key topics

- Reasons to go international
- International FX and money markets
- Balance sheet and cash flow exposure
- Ways to finance business
- Multinational corporations & management
- International capital flows
- Country risks

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Intuition or intuition trap

- Is going international necessary for very company?
- Should you take financial markets into account in planning your business or market forecasts?
- Should you hedge balance sheet or cash flows?
- Do financial statements tell you the whole story?

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Sources of finance

- Local and international share issues?
- Short and Long term loans
- Debt capital markets
- Private equity (funds) and venture capital
- Mergers & Acquisitions
- JVs and other partnerships
- Project Finance
- Leasing / Franchising and similar

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Case study

- Work in groups of 1-3 people
- Find your company / corporate event and book a slot for presentation
- Prepare a approx. one page description of the company you have chosen and share with colleagues at the beginning
- Prepare 15-20 minutes presentation (with or without powerpoint) on the key questions
- Be prepared for the discussion on each topic and to defend your solutions against the arguments of the devil's advocates in the class.

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What company/event?

- Company that is deciding about its expansion abroad
- Cross border merger or acquisition
- Public offering or bond issue to finance international activity

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Where to look for ideas?

- Financial press: WSJ, FT, The Economist
- Local press – financial pages
- Financial television programmes: Bloomberg TV, CNBC, business channels etc.

- Key for successful presentation - find an example that is interesting to you

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Where to look for information?

- Press search
- Internet search (mind the source)
- Corporate website (both companies in questions as well as market peers)
- Issue prospectus
- Market research (especially for listed companies)

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Points to cover

- **Business case presentation**
 - Brief presentation of the caes
 - Why the company making such move
 - Do you agree its a good step in the company's strategy?
 - What are the key aspects the Company needs to take into account (finacnial/strategic/regulatory/market/risk)
- Present the financing problem related to your business case - who needs money, how much and for what?
- What are the key options for such financing?
- Discuss pros and cons of various alternatives and provide your recommendation
- or
- Discuss the financing solution chosen, presenting logic behind it and opine if you agree it was a good/ ok / risky /suboptimal way to adres the financing problem.What are the key challenges?

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Sample Case study:

> investment financing with bonds

- Find a company that during the last 2 years has issued corporate bonds
 - From the prospectus (or other public information) find an important investment for which the proceeds were directed
 - Discuss how the bond fits the investment profile (repayment, tenor, currency profile)
 - Why did they issue bonds? What alternative they had. Was the issue successful?

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Sample case study

> Investment financing via share issue

- Find a company that has raised capital (via stock exchange) for foreign expansion
 - Based on issue prospectus describe the investment.
 - Discuss the key risks and opportunities resulting from the investment
 - Challenge the assumptions underlying this investment strategy
 - Was (in your view) the equity financing justified (looking at risk profile of the investment)?
 - Look at the local/target market – do you think the investment could have been financed locally (if no, why? / if yes, how would it affect cost?)

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Sample case study

> How to finance ongoing or recent M&A

- From the large (i.e. over EUR 500 million equivalent) M&A transactions (of international nature) currently discussed in the press, select one that attract your attention
 - Present one company which is (or in your view should be) an interested bidder
 - Explain the business opportunity from the perspective of such bidder
 - Look at the bidder financial and discuss if (in your opinion) it has financial capacity to bid
 - Based on the analysis above, suggest a possible financial solution for such acquisition

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