



La ristrutturazione dei derivati nelle operazioni di refinancing: Approcci a confronto

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Relatori



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Prof. Cesare Conti

*Titolare del corso di Financial Risk
Management nelle Aziende,
Universita' Bocconi*

Indice



Introduzione



Criticita' nella gestione aziendale dei rischi finanziari



Mercato dei Tassi di Interesse



I Floors nei contratti di finanziamento



Case study



Risk management in caso di funding in USD

Advisory services and Technology solutions for debt & derivatives

Chatham Financial is a recognized leader in financial risk management specializing in foreign currency, interest rate and commodity risk. Our hedge accounting, valuations and derivatives and debt solutions are retained by clients worldwide.



1,800+ Clients

Both public and private, rely on Chatham for end-to-end hedge advisory, execution, and technology solutions that bring transparency to the market

\$450 Billion

Annual transaction notional volume

Web-based Technology Platform

Proprietary ChathamDirect technology platform serves clients worldwide

Regulatory Compliance

Chatham is the industry leader in buy-side regulatory compliance & documentation

450+ Accounting Clients

Clients rely on Chatham for hedge accounting and/or derivative valuations

400+ Employees

Employee owned, with offices in 6 countries provides an independent, global perspective into the most effective risk management solutions available

Advisory & Technology to meet the challenges of Risk Management



Strategic Risk Advisory

- Chatham helps clients assess their risk profile & capital structure at a strategic level
- Our holistic view into **1,800 companies'** best practices gives us a uniquely broad perspective



Hedging Strategy & Execution

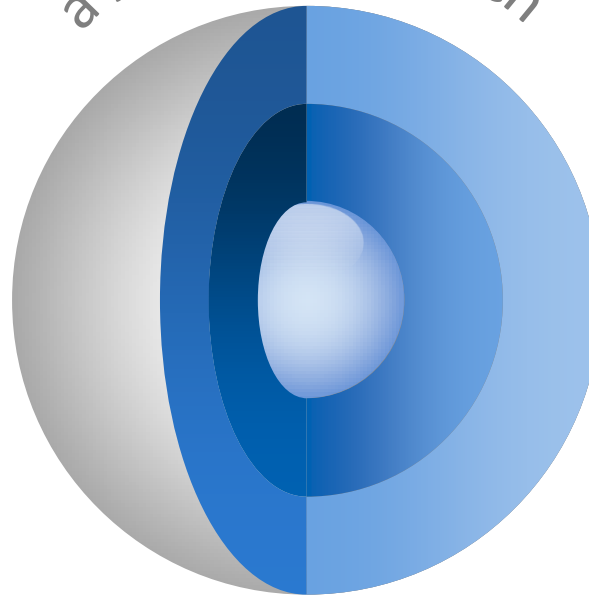
- Chatham helps clients structure & execute **over USD 400 billion** of hedges annually in over 60 currencies, across 100+ banks



Hedge Accounting

- **Our 35 specialists support 500 Hedge Accounting clients** and work with major Accounting firms, the FASB and the IASB on Hedge Accounting issues (ASC 815 & IFRS 9)
- **Six former FASB staff members** are part of our large and highly trusted accounting practice

Excellence requires a holistic approach



ChathamDirect
by Chatham Financial

Valuation & CVA/DVA



- Chatham is widely recognized for its valuation expertise (including [ASC 820 & IFRS 13](#))
- We sit on the valuation experts group assisting the IASB on the development of educational guidance for IFRS 13, *Fair Value Measurement*

Documentation support (ISDA)



- We negotiate more than **2,000 ISDA** related documents annually, more than any other firm representing derivatives end-users

Regulatory Compliance



- Chatham is the industry leader in global Regulatory compliance and documentation (Dodd-Frank, EMIR) and offers solutions ranging from compliance reporting, regulatory documentation and expert advisory
- **Chatham is the world's largest third-party submitter of trade reports to the DTCC**



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Criticità «strutturali» e «contingenti» nella gestione aziendale dei rischi finanziari

- L'implementazione nelle aziende del processo di Financial Risk Management presenta criticità «strutturali»:
 - è economicamente opportuna quando garantisce la sostenibilità del business plan (non basta ridurre la volatilità della performance)
 - richiede tecnologie e competenze gestionali, valutative, legali e regolamentari (non basta conoscere i prodotti derivati)
- L'attuale contesto di mercato sottopone all'attenzione del Tesoriere due principali criticità «contingenti»:
 - Brexit e la gestione del rischio di cambio
 - Tassi negativi e la gestione del rischio di interesse

Brexit e gestione del rischio di cambio: criticità

- il Board governa il processo e fornisce al management funzionale obiettivi e limiti all'esposizione aziendale al rischio di cambio?
- gli obiettivi della gestione del rischio di cambio sono coerenti con quelli aziendali e sono formalizzati in una risk policy?
- come è misurata l'esposizione aziendale al rischio di cambio, soprattutto in contesti plurivalutari e in contesti in cui convivono esposizione transattiva e traslativa?
- i bilanci comunicano in modo chiaro come viene misurata e gestita l'esposizione aziendale al rischio di cambio?

Tassi negativi e gestione del rischio di interesse: criticità

- conviene coprire il rischio di interesse del nuovo indebitamento in un contesto di tassi negativi che possono anche perdurare?
- come cambiano le tradizionali strategie di hedging in un contesto di tassi negativi?
- ha senso ristrutturare il vecchio debito a tasso fisso (o anche a tasso variabile swappato a fisso) quando i tassi correnti di mercato sono scesi?
- se il debito in essere è oggetto di ristrutturazione, come ristrutturare eventuali prodotti derivati di copertura del debito in essere?



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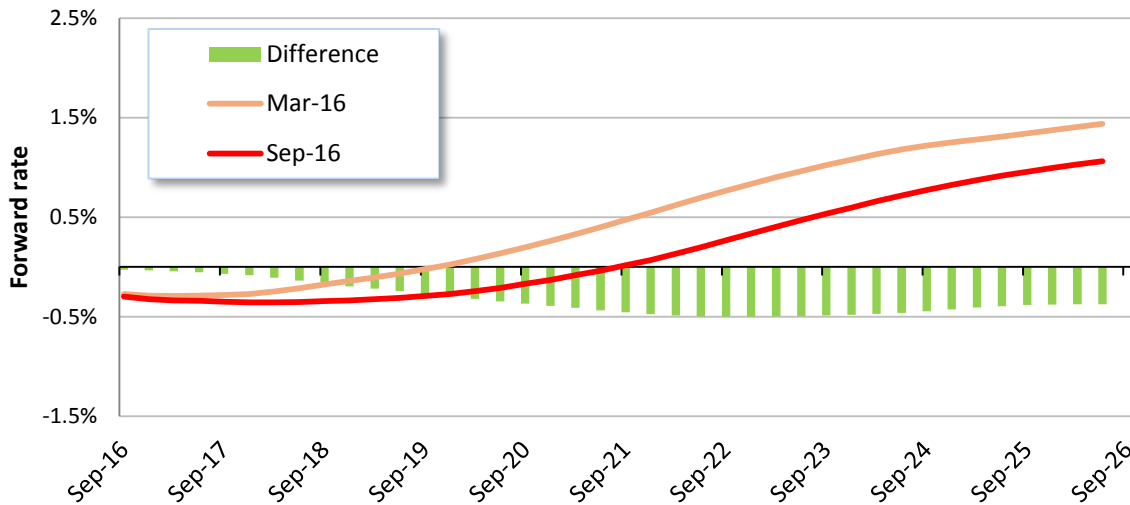
Case study



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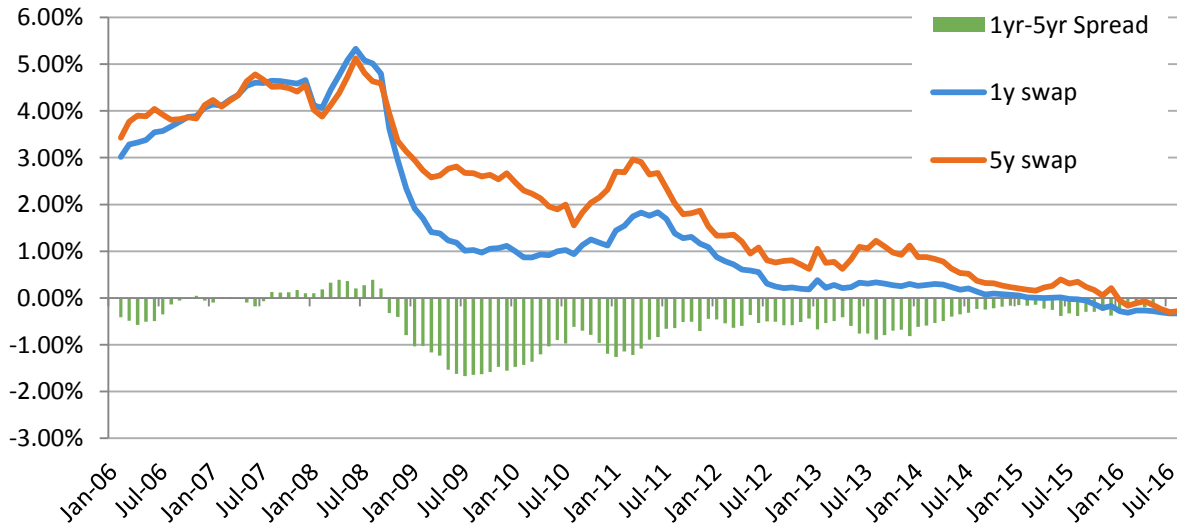
IR - Market update

EURIBOR 3m Forward Curve



Euribor
-0.37% 1m
-0.30% 3m
-0.19% 6m

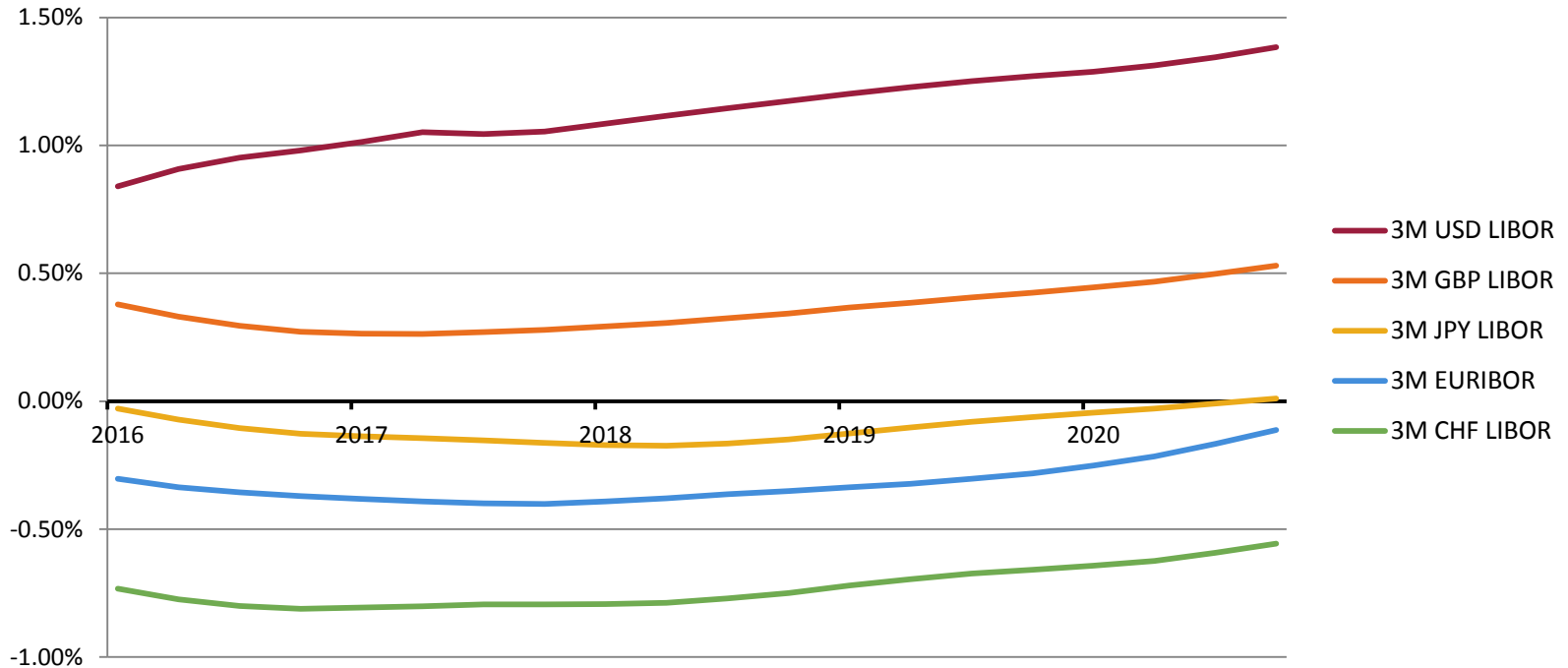
EURIBOR Swaps



Euribor Swap
-0.33% 1y
-0.28% 5y

IR - Market update

Interest Rate Forward Curves on Major Indices





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Case study



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“ EURIBOR means the applicable Screen Rate as of the Specified Time and for a period equal to the Interest Period and **if that rate is less than zero, EURIBOR shall be deemed to be zero.** ”

Normal Interest Rate environment

Swaps:	PAY fixed 0.093%	RECEIVE floating Euribor 1m
Loan:		PAY floating Euribor 1m
Net:	PAY fixed 0.093%	zero

The floating flows from swap and from the loan offset each other

Negative Interest rate environment; loan has no floor

Swaps:	PAY fixed 0.093%	PAY floating Euribor 1m
Loan:		RECEIVE floating Euribor 1m
Net:	PAY fixed 0.093%	zero

Also in the presence of negative rates, the floating flows offset each other. Swaps are still effective instruments to reduce exposure.

Negative Interest rate environment with 0% floor in the loan

Swaps:	PAY fixed 0.093%	PAY floating Euribor 1m
Loan:		RECEIVE zero
Net:	PAY fixed 0.093% PLUS	PAY floating Euribor 1m

I Floors nei Contratti di Finanziamento

Cost (missed benefit on interest expense):

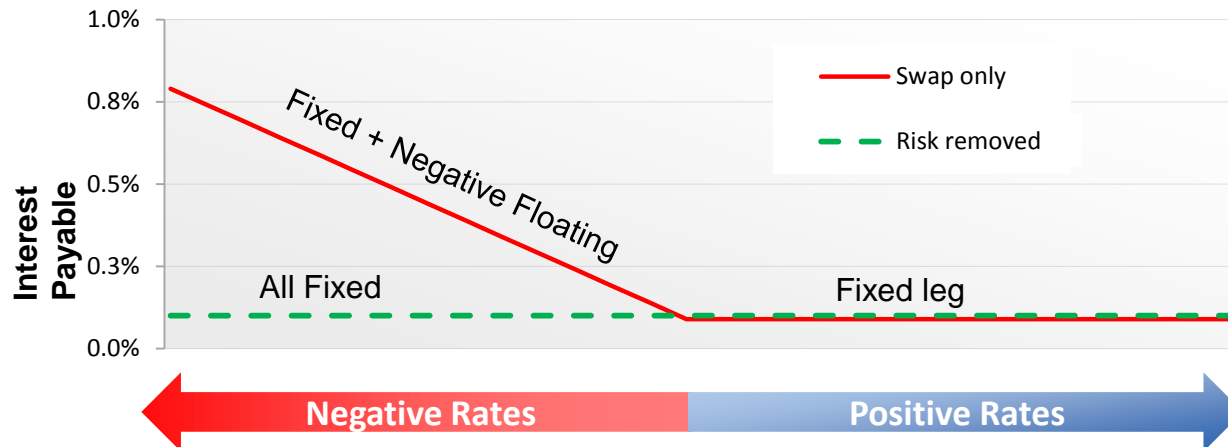
0% floor on EUR 100m:

2y Cost: EUR 701k

3y Cost: EUR 1.0m

4y Cost: EUR 1.3m

Risk Management Challenges:





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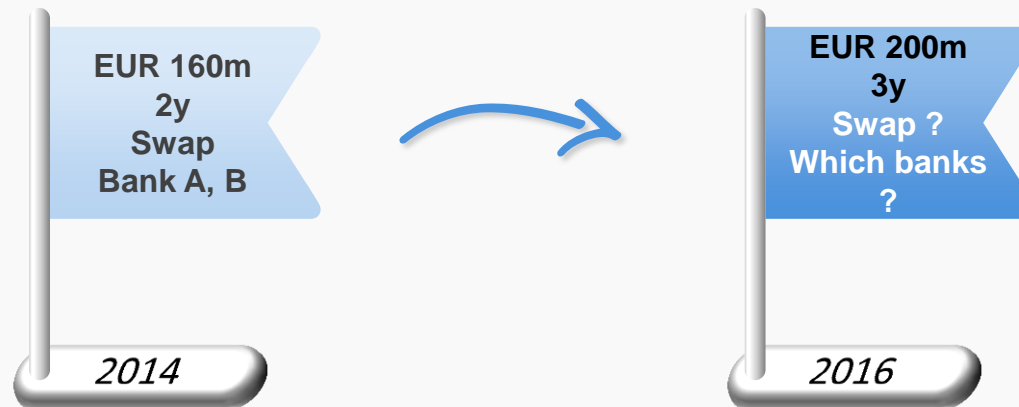
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IR - Case study

2014 European PE fund acquired a German company
Acquisition financing of EUR 200m
Hedging requirement: EUR 160m for 4 years, hedged with 2 banks (A and B)

2016 Refinancing: EUR 300m with 4 banks (A, B, C and D)
New hedging requirements: EUR 200m for 3y
0% floor on new loan
Hedge MTM: EUR -1.5m

Hedging strategy: What product? Which banks?



IR - Case study

Structuring alternatives:

1. Terminate OLD hedges and execute NEW hedges
2. Maintain OLD hedges and layer on additional hedges
3. Restructure (blend and extend)

A

Strategy: **Swap + 0% Floor**
Bank: **A, B**
All-in rate: **0.39%**

B

Strategy: **0% Cap (deferred)**
Bank: **A**
All-in rate: **0.32%**

Cost saving: 7bps (~EUR 425k)

Results: Met company's risk management objectives

Fixed interest expense for 3y

No upfront liability settlement

Known breakage cost in the event of early refinancing

Selected most competitive counterparty



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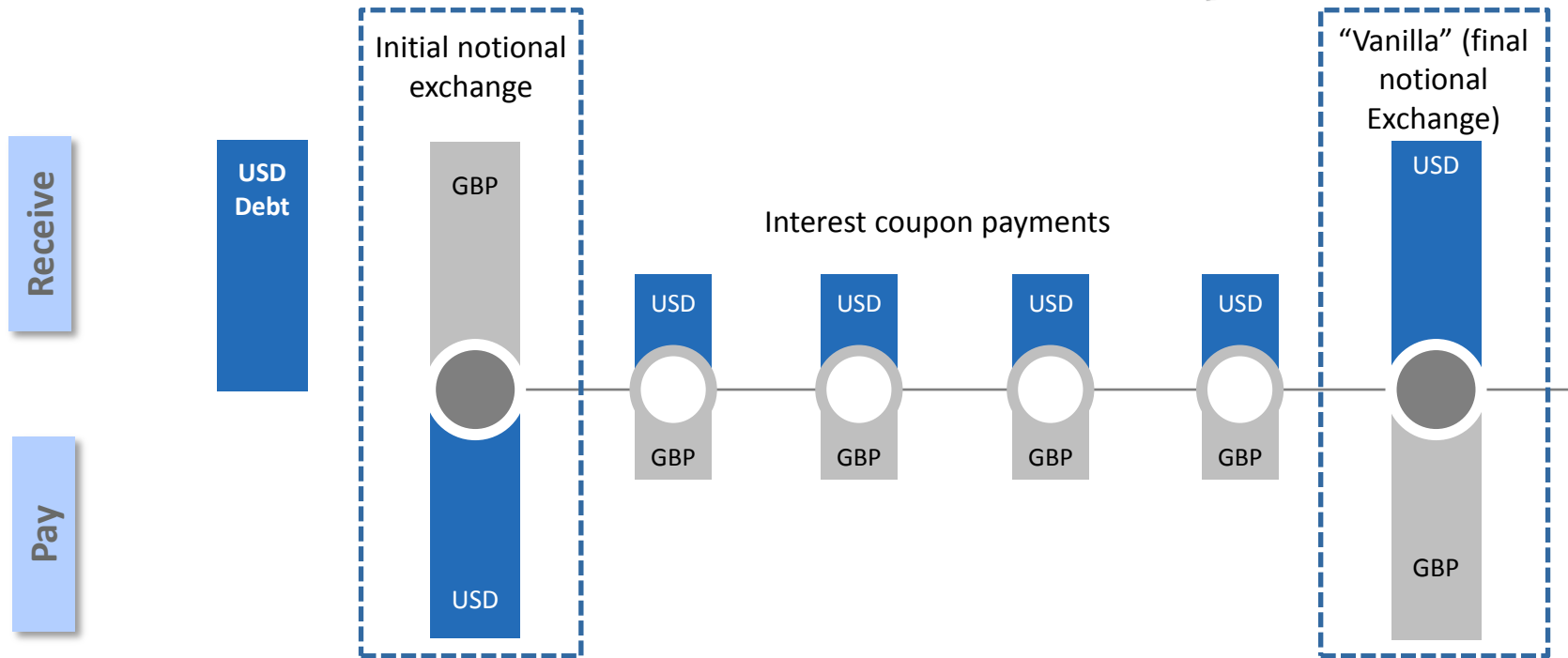


Case study



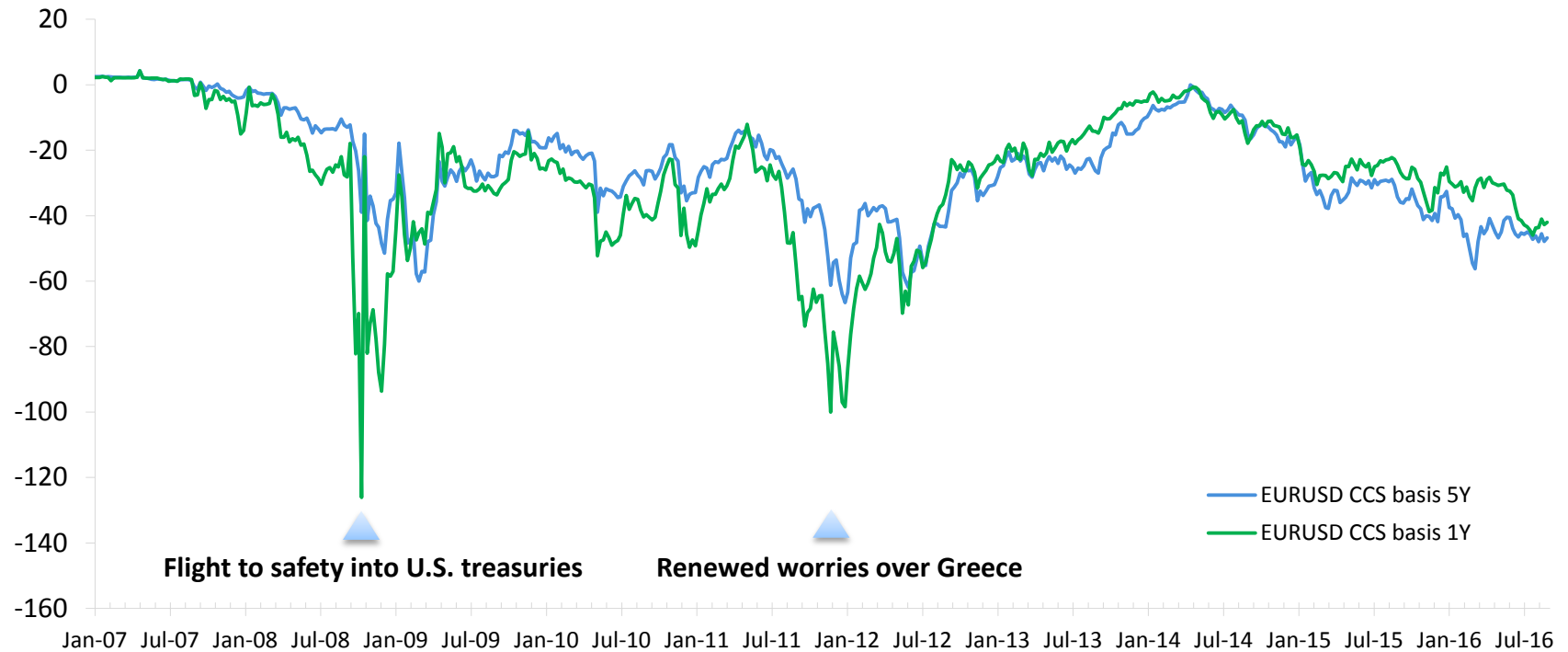
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Risk management in caso di funding in USD



Cross Currency Swap Basis

Historical EUR CCS basis vs USD – 1 and 5 years



Questions?

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