SCOURSE OUTLINE:

2 days
16 CPE Credits

Advanced High Yield Rating Analysis

Overview

This seminar provides delegates with an in-depth understanding of the rating practices employed by Moody's Investors Service for assessing High Yield credit risk - from adjustments, rating methodologies and structuring to covenant quality assessments. Designed as a fast-paced advanced level course it is ideal for finance professionals who already work in/with high yield and could benefit from a deeper understanding.

Learning Objectives

Upon completion of this seminar, delegates will be able to:

- describe the credit rating process for high yield issuers by Moody's Investors Service
- understand and use Moody's Investors Service adjustments to financial statements
- calculate and interpret key financial ratios used in the credit rating process
- understand subordination & Moody's Investors Service LGD notching process
- understand the essentials of high yield covenants
- understand the concepts behind alternative measures of risk, such as market implied signals, and their use in credit analysis

Who Should Attend

- Credit analysts
- Ratings advisors
- Investment and commercial bankers
- Fixed income professionals (both buy and sell sides)
- Portfolio/asset/fund managers
- Equity analysts
- M&A professionals
- Banking supervisors
- Credit risk professionals
- Basel project managers

Program Level

Program Level: Advanced

Prerequisites: Moody's Analytics "High Yield & Leveraged Finance Credit Analysis" course or equivalent

Delivery Method: Group-Live

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.nasbaregistry.org.

WHY MOODY'S ANALYTICS?

Current and Consultative

Our seminars are created and updated utilizing the extensive experience, skills and research of Moody's Analytics. For in-house training, we work with you to understand the distinct needs of your organization and design, implement, and track the performance of your learning programs from end-to-end, including skills assessment, program design, implementation, evaluation, and enhancement.

Comprehensive Coverage

We offer a broad set of technical and soft skills programs that can be combined and adapted to the needs of your staff. Our areas of expertise include banking, finance, sales negotiation and leadership development:

Unparalleled Expertise

Our training solutions leverage over a century of experience in risk assessment and the comprehensive tools, data, and analysis of Moody's Analytics to deliver timely, in-depth, and comprehensive knowledge. In delivery, our people make the difference – they combine deep experiences as financial practitioners, intellectual passion for the content, and superior academic credentials with a commitment to delivering outstanding quality.

Advanced High Yield Rating Analysis – Agenda

DAY ONE

Session 1: Moody's Investors Service Credit Ratings

- Concepts of probability of default, loss given default, and expected loss
- Default and recovery statistics
- Rating process
- High Yield Differences: Issuer vs Corporate Family Ratings
- Framework for Credit Analysis & Rating

Session 2: Financial Statements & Moody's Investors Service Adjustments

- Operating leases
- Pensions
- Capitalized items & other off-balance sheet issues
- Other key adjustments
- Key cash flow concepts: Moody's vs DCF
- Hybrids: Investment grade and speculative grade approach
- Ratio Analysis

Session 3: Liquidity Analysis & SGL Ratings

- Sources & uses of funds
- Creating a cash flow forecast
- SGL ratings and CFR rating relationship

Session 4: Selected Industry Methodologies

- Ratings from the Grid vs actual ratings
- Country ceilings, sovereign support
- Volatility, operating leverage, financial leverage
- Passenger airlines, shipping, Oil & Gas
- Retail, restaurants, gaming

DAY TWO

Session 5: Issue Ratings: LGD Methodology

- Idealized loss tables
- PDRs and LGD assessments
- Issue ratings
- Analyzing Group Structures
- Legal, structural & effective subordination
- Security and guarantees

Session 6: High Yield Covenants: Cash Leakage and Leverage

- Restricted payments
- Transactions with affiliates
- Risky investments
- Increasing leverage

Session 7: High Yield Covenants: Subordination & Other Forms of Protection

- Liens & subordination
- Structural subordination risk
- Change of control & portability clauses
- Suspension of covenants
- Anti-layering & Ring-fencing

Session 8: Fundamental Analysis vs Markets

- Market values and effect on risk
- Bond implied ratings
- KMV equity implied ratings
- CDS

RELATED COURSES

High Yield/Corporate Analysis

- High Yield Covenants
- High Yield Covenant Workshop
- Capital Markets: Building Corporate Capital Structures

Distressed Credits

- Problem Credits
- Corporate Debt Restructuring

Tailor Any Seminar for Your Organization

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Multiple Bookings

Special rates may be available for multiple seminar or group bookings. Please contact us for details.

Fees & Cancellations

The fee listed is per participant and includes refreshments, lunches and seminar materials. Seminar fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the seminar. Registrations may be cancelled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another seminar, but fees will not be refunded. We reserve the right to cancel or reschedule seminars at any time. For further information on our refund and complaint policy, please contact us.

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