

COURSE OUTLINE:

2 days
16 CPE Credits

High Yield and Leveraged Finance Credit Analysis

Overview

Increasing complexity and globalization in capital-forming activities have directed renewed attention to the area of high-yield securities. This seminar reviews the basics of high-yield debt while providing an overview of relevant current issues. Among the topics covered are credit analysis of risky debt, today's market for high-yield, seniority and subordination, use of "junk" bonds in LBOs, high risk debt in troubled or leveraged companies, the effect of secondary markets and vulture funds, and debt structures in multi-layered or international corporate entities. The course will have a practical focus, using real examples and timely cases.

Learning Objectives

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

- » understand the crucial differences between seniority and subordination in credit
- » apply fundamental principals of analysis to high-yield debt
- » understand the dynamics of the High Yield market in different environments
- » anticipate questions faced by debt holders during financial distress and bankruptcies

Who Should Attend

This course is designed for anyone who wishes a good introduction to the use and evaluation of high-yield credits. It is well suited for new hires in commercial and investment banks, as well as for more experienced bankers who seek a grounding in this area. Financial professionals in a variety of fields may also find this program beneficial as a means of expanding knowledge in issues of subordination and the market dynamics of junior debt.

Program Level

Program Level: Intermediate

Prerequisites: Either approx. two years experience in a credit-related function or attendance on an intermediate-level credit seminar.

Advanced Preparation: None

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.

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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.

High Yield and Leveraged Finance Credit Analysis – Agenda

DAY ONE

Session 1: Defining High Yield Debt

- » HY market: development and current status, Europe and worldwide
- » Capital structure continuum
- » Continuum relative benefits and risks
- » Debt-equity distinctions and HY analysis
- » Group exercises/discussions

Session 2: Credit Issues and Analysis relating to High Yield

- » Ratios - key measures for HY
- » Cash flow, liquidity
- » Probability of default vs. loss given default
- » Time-related issues
- » Capex, fixed charges
- » Leverage, off-statement obligations
- » Specialised analytics and methodologies for given high-risk industries
- » Management issues
- » Group exercises/corporate examples

Session 3: Structural Issues and Analysis relating to High Yield

- » Classic high yield structures
- » Use of discounts, zeros, PIK, convertibles, etc.
- » Hybrids
- » Group structures, structural subordination, cross guaranties
- » Covenants in HY: relative standards in different cases
- » Collateral and other credit supports
- » Group exercises/corporate examples

DAY TWO

Session 4: Seniority and Subordination

- » Relations between subordinated and other levels of debt
- » Types of asset and payment subordination
- » Contractual, structural, and effective subordination
- » Types of security, perfection of collateral interest
- » Corporate actions and subordination
- » Rights of various capital elements

- » Group exercises/discussions

Session 5: Use in Leveraged Buyouts

- » Acquisition issues and highly-leveraged transactions
- » Debt as equity alternative
- » Use of "junk" bonds; creative financing approaches
- » Use of PIK securities
- » LBO returns, profits for debtholders in LBOs
- » Can debt become subordinated to private equity investors
- » History of applications and current situations
- » Group exercises/corporate examples

Session 6: High Yield Debt in Bankruptcies and Workouts

- » HY debt in distress situation: buy, hold, sell
- » Acting on information, anticipating outcomes
- » Senior vs. subordinated, secured vs. unsecured lenders
- » Position in creditor committees
- » Power to affect restructure in various jurisdictions
- » Power to exercise rights of payment and collateral in different countries
- » Vulture investors
- » Likelihood of recovery based on position and strategies
- » Group exercises/corporate examples

RELATED COURSES

Corporate Credit

- » Credit Masterclass
- » Fundamentals of Corporate Credit
- » Corporate Credit Rating Analysis
- » Concepts of Credit
- » RiskAnalyst for Credit Analysis

Troubled Credits

- » Problem Credits
- » Covenants & Documentation
- » Liquidity Analysis & Refinancing Risk for Corporates
- » Corporate Debt Restructuring

Tailor Any Seminar for Your Organization

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Multiple Bookings

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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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