

Counterparty Risk Assessment Course



Rob Dargewicz
Dargewicz Consulting Corp
www.dccorp.ca

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Overview of the Offering

Why

This 1 day course is intended to develop a greater understanding of conducting a Counterparty Risk Assessment of a wide range of entities with a focus on the Oil and Gas sector, but applicable to all sectors. The course goes into in-depth hands on analysis of various entities' financial statements, and various other important components that need to be assessed when choosing partners, suppliers, and important decisions such as whether or not to do business with a customer on a secured or unsecured basis.

Counterparty Risk Assessment has always been an important tool but became even more important with the 2008 Financial Crisis, as well as in today's challenged economic environment where numerous counterparties are defaulting. Establishing a routine methodology to conduct Counterparty Risk Assessment is essential for companies to mitigate financial and performance default risk and risk of key suppliers or even entities such as Engineering Procurement Construction Management (EPCM) entities, who lead the construction of the multi billion dollar projects. It will also assist with setting up mitigation strategies for when an entity shows signs of financial and performance stress, and establishing back up entities who can step up to take their place.

What

This course develops an individual's understanding of Counterparty Risk Assessment and Analysis in terms of:

- Partners or Suppliers and abilities to fulfill their Financial or Performance obligations
- Customers ability to pay their bills where credit is being extended
- Any other entity a firm is dealing with where there is a reliance on that entity to perform or pay

How

This 1-day course is moderated by Rob Dargewitz, Managing Director of Dargewitz Consulting Corp (DC Corp), and is a hands-on course which covers in depth reviews of the various techniques to evaluate a counterparty.

AGENDA

8:30 AM – 4:30 PM

8:30 – 9:00 ***Introductions and Overview of the Course***

9:00 – 10:00 ***Sources of Counterparty Information***

- Techniques to obtain data required to review financial status including information such as:
 - Public/Private Financings, Types of Debt and Credit Rating Reports
 - Public filings on Sedar or Edgar
 - Dun and Bradstreet reports
 - The Entities Financial Statements
 - Investor Information and Operational plans for the entity
 - Public Records
 - Other
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10:00-10:30 ***Key Metrics used in a Counterparty Risk Assessment (and associated examples and calculations)***

- Accounts Receivable (A/R) Turnover
 - Days Sales Outstanding (DSO)
 - Accounts Payable (A/P) Turnover
 - Days Payables Outstanding (DPO)
 - Gross Margin
 - Profit Margin
 - Debt to Capitalization Ratio
 - EBITDA
 - Fixed Charge Coverage Ratio
 - Debt to EBITDA
 - Debt to Cash Flow
 - Free Cash Flow
 - Borrowing Capacity
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10:30 – 10:45 ***Break***

10:45 – 11:00 ***Determining Counterparty Credit Exposure Limit***

11:00 – 12:00 ***Review of a completed Counterparty Risk Assessment 1, including***

- Balance Sheet, Profit and Loss, Cash Flow Statement and importance of the Notes review
- Ratio and Trend Analysis
- Free Cash Flow
- Borrowing capacity to assess access to further debt from Financial Institutions
- Credit Report Reviews
- Rating Agency Report Reviews
- Covenants in credit facilities that the entity has to adhere to
- Management Assessment
- Forecasting to review possible Financial and Performance “stress” event

12:00 – 1:00 ***Lunch***

1:00 – 1:30 ***Security - Methods to Secure Exposure***

- Letters of Credit (Performance or Financial)
- Corporate/Parental Guarantees (Performance or Financial)
- Cash or Prepayment
- General Security Agreement (GSA)
- Surety Bond
- Collateral over unencumbered assets
- Credit Insurance
- Letter of Comfort
- Registering a Security interest

1:30 – 2:00 ***Credit Terms and Business Risk***

- Management of Credit Terms and pricing in premiums or discounts for extended or shortened credit terms
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- Business Risk to assess exposure on “next best” margin basis
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2:00 – 2:30 ***Example of a Credit Recommendation***

- Key components and analysis
 - Review of Completed Credit Recommendation for Counterparty Risk Assessment 1
 - Group Questions and Answers dialogue
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2:30 – 2:45 **Break**

2:45 – 4:00 ***Review of a completed Counterparty Risk Assessment 2, including***

- Investor Presentations and Website info
 - Balance Sheet, Profit and Loss, Cash Flow Statement and importance of the Notes review
 - Ratio and Trend Analysis
 - Free Cash Flow
 - Borrowing capacity to assess access to further debt from Financial Institutions
 - Credit Report Reviews
 - Rating Agency Report Reviews
 - Any covenants in credit facilities that the entity has to adhere to
 - Management Assessment
 - Forecasting to review possible Financial and Performance “stress” event
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4:00 – 4:30 ***Course Feedback and Wrap-up***

Course Developer and Moderator Profile

**Rob Dargewitz, HBA, MBA, CMA, CPA, Captain (retired)
Managing Director, Dargewitz Consulting Corp
(www.dccorp.ca)**

Rob has over 20 years of experience in various finance related roles in both the Public and Private sectors. Rob is currently the Senior Vice President, Finance and Risk Management at Pieridae Energy, which is an integrated energy company that is advancing the \$10 billion Goldboro LNG project on the East Coast of Canada. Prior to that Rob was Treasurer of North West Redwater Partnership (NWRP), a Calgary based entity that constructed a \$10 billion new Upgrader/Refinery near Edmonton, which went into operations in 2019. Rob is also the Founder and Managing Director of Dargewitz Consulting Corp (DC Corp), a Financial Services and Consulting Business committed to growing companies and helping them meet their needs. DC Corp focuses on Corporate Advisory, Consulting, Financial Services (including Strategic Economic and Financial Modelling), as well as advising companies on the best strategies to access capital (www.dccorp.ca).

Before DC Corp, Rob had a 15-year career with Shell Canada Ltd from 1997 through 2011. He held various finance positions within Shell which included Head of Corporate Finance (Mergers, Acquisitions and Divestments), Treasurer, Business Manager and Controller for the Foothills Gas Plants and Fields, Senior Economist for the Athabasca Oil Sands Project, and various other functions including Senior Credit Advisor. He has an outstanding record of understanding complex business issues, modeling them with strategic fit for purpose financial and economic models to generate financing solutions that address both the nature of the organization being evaluated and its' stage in the life cycle of a firm.

Rob has been involved in or has led numerous financings for various types of entities, which involved the analysis of the optimal financing structure such as debt vs. equity financing, fixed vs. floating interest rates, etc.... He has also led or has been involved in numerous Corporate or Asset valuation activities leading to Divestments, Acquisitions, or Joint Venture formations of strategic assets.

Rob is a graduate of the Royal Military College of Canada (RMC), and served in the Canadian Armed Forces (Army) for 5 years retiring with the rank of Captain in 1997. He obtained his MBA from the University of Ottawa in 1997 and is a Certified Management Accountant (CMA) which he received in 2001. He moderated in the CMA Strategic Leadership Professional Program for both CMA and CMA for MBA candidates from 2001 through 2010, and developed and taught the Certified Management Accountant (CMA) for Oil and Gas Certificate Program from 2011-2014, which was an 8 Session offering covering important aspects of the Oil and Gas Industry.

Rob now offers his courses as in-house training, as well as with Sproule which includes the 1-day Counterparty Risk Assessment Course, the 2 day Economic/Financial Modeling and Financing – Reserve Base Course, and 2 day Economic/Financial Modeling and Financing – Tolling Model Course.