

_Risk management & Treasury

To recap

- ✓ Human resources
- ✓ Marketing
- ✓ Compliance
- ...

_risk management

Can you think of the risks to be managed by Corporates?

_risk management

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- ✓ Strategic risks
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- ✓ Market risks
- ✓ Cybersecurity risks
- ✓ Supply Chain risks
- ✓ Environmental risks

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- ✓ Entry of new competitors
- ✓ Shifts in consumer preferences
- ✓ Technological disruptions

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Please remember and think of impact in SxD, Costs, Revenues (!!!)

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financial risks

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- ✓ Currency exchange rate fluctuations
 - ✓ Commodities fluctuations
 - ✓ Interest rate changes
 - ✓ Credit shortage

5y EUR x USD



financial risks

5y WTI (\$/bbl)



+TREASURY

_hedging

Hedging, from a business perspective, is a risk management strategy used by corporations to protect themselves from price fluctuations or adverse market movements in areas such as foreign exchange (FX), commodities, and interest rates. By hedging, companies seek to ensure greater financial stability and predictability, allowing them to focus on their core business activities without being overly exposed to volatile market conditions.

_hedging

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Commodity: an airline company may hedge against rising fuel prices by purchasing oil futures. By locking in prices ahead of time, they avoid being affected by market volatility, allowing them to plan their operating costs more effectively.

_cash flow management

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Cash flow management helps ensure that companies have enough liquidity to meet their short-term obligations.

In many businesses, cash inflows and outflows don't always align perfectly. For instance, a company may receive revenue in foreign currency months after making purchases in its home currency.

...back to Risk Management

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_reputational risks

Involve the potential damage to a company's brand and image.

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- ✓ Product recalls
- ✓ Negative publicity or social media backlash
 - ✓ Ethical lapses

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_supply chain risks

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_supply chain risks

Involve disruptions to the production and distribution of goods and services.

- ✓ Natural disasters affecting suppliers
- ✓ Geopolitical events impacting transportation routes
 - ✓ Supplier bankruptcies

To come:

✓ Strategy

See you on next session :)