

INTERNATIONAL TRADE AND FINANCE MASTERCLASS

PART 24 OF 25 · SECTION XI: CASE STUDY COMPENDIUMS

PART 24

CASE STUDY COMPENDIUM II — FINANCE, TREASURY, AND CRISIS

Ten fully worked case studies from the financial, treasury, and crisis dimensions of international business — FX management, Eurobond issuance, transfer pricing disputes, emerging market crises, and supply chain finance transformation.

IN THIS PART

- Ten three-page case studies with complete financial analysis
- FX translation, hedging failures, and recovery strategies
- Eurobond issuance and syndicated loan structuring
- Transfer pricing disputes and competent authority resolution
- Emerging market currency crises — Argentina, Turkey, Nigeria
- Supply chain finance transformation programs

CASE STUDIES

Each part includes fully worked case studies with detailed calculations, real-world context, and practical lessons for CFOs and finance leaders.

■ CASE STUDY COMPENDIUM II

Finance, Treasury, and Crisis — The Hard Cases

The case studies in this compendium focus on the financial management dimension of international business — the treasury decisions, the FX exposures, the capital markets transactions, and the crisis responses that determine whether a multinational's financial infrastructure supports its commercial strategy or constrains it. These are the situations that test CFOs most severely — where the analytical frameworks from earlier parts of this program must be applied under time pressure, with incomplete information, and with real financial consequences.

01

CASE STUDY 1

NovaChem Holdings*EUR/USD Translation — How a 15% Currency Move Changed the Reported Results***The Scenario**

NovaChem Holdings is a US specialty chemicals company with a German subsidiary that generates thirty percent of group revenue and forty percent of group EBITDA — because German operations are higher-margin. In 2022, the euro fell fifteen percent against the US dollar — from one point thirteen to approximately zero point ninety-six. The German subsidiary's underlying performance was excellent: volume up eight percent, prices up twelve percent, EBITDA margins at thirty-two percent. Yet the translated USD results told a story of decline.

◆ NOVACHEM — TRANSLATION IMPACT AND COMMUNICATION

NOVACHEM — TRANSLATION IMPACT ON REPORTED RESULTS

German subsidiary EUR performance:

Revenue: EUR 96,000,000 (up 8% volume x 12% price = +21%)

EBITDA: EUR 30,720,000 (32% margin — excellent performance)

USD TRANSLATION AT AVERAGE RATES:

Prior year average EUR/USD: 1.1300

Current year average EUR/USD: 0.9850 (-12.8% average)

Prior year USD revenue: EUR 80M x 1.1300 = \$90,400,000

Current year USD revenue: EUR 96M x 0.9850 = \$94,560,000

USD revenue growth reported: +4.6%

vs. underlying EUR growth: +20.0%

Prior year USD EBITDA: EUR 24M x 1.1300 = \$27,120,000

Current year USD EBITDA: EUR 30.72M x 0.9850 = \$30,259,200

USD EBITDA growth reported: +11.6%

vs. underlying EUR EBITDA growth: +28.0%

CURRENCY HEADWIND QUANTIFIED:

What USD EBITDA would have been at prior year rates:

EUR 30.72M x 1.1300 = \$34,713,600

Actual USD EBITDA: \$30,259,200

TRANSLATION HEADWIND: \$4,454,400

This \$4.45M 'loss' was never real — it is purely accounting

BOARD COMMUNICATION FRAMEWORK:

Report both reported (USD) and constant currency results

Constant currency EBITDA growth: +28.0%

Reported USD EBITDA growth: +11.6%

FX translation headwind: (\$4,454,400)

This framework prevents the board from misreading
excellent underlying performance as modest performance

■ CFO COMMUNICATION LESSON

Every quarterly and annual board report for a multinational company should include a constant currency reconciliation that separates the translation effect from the underlying business performance. A CFO who presents only translated USD results without this bridge is allowing currency movements to obscure the true story of the business — sometimes making poor performance look acceptable, and sometimes making excellent performance look modest.

02**CASE STUDY 2****Coastal Industrial Corp.**

First Eurobond Issuance — The Complete Process From Decision to Pricing

The Scenario

Coastal Industrial Corp. is a US industrial company with three hundred million dollars of European revenue. Its capital structure consists entirely of USD-denominated debt — a one hundred and eighty million dollar term loan and a one hundred million dollar revolving credit facility. The CFO has identified that issuing a EUR Eurobond to partially replace the USD term loan would create a natural hedge against the EUR revenue, reduce the effective cost of borrowing given the EUR-USD interest differential, and diversify the investor base.

◆ EUROBOND ISSUANCE — PROCESS AND FINANCIAL BENEFIT

COASTAL INDUSTRIAL — EUROBOND ISSUANCE PROCESS

DECISION CRITERIA MET:

EUR revenue: \$300M/year (natural hedge justification)

EUR interest at 4.0% < USD term loan at 5.8%

Investor diversification desired post-IPO

PROCESS TIMELINE:

Week 1-2: Mandate banks (Deutsche Bank + BNP Paribas)

Week 3-4: Prepare offering documentation (OM)

Week 5: Investor roadshow (Frankfurt, London, Paris, Amsterdam)

Week 6: Book building and pricing

Week 7: Settlement (T+5)

PRICING OUTCOME:

EUR 150,000,000 7-year Eurobond

Coupon: 4.125%

Issue price: 99.721

Yield: 4.172%

Book size: EUR 480,000,000 (3.2x oversubscribed)

FINANCIAL BENEFIT vs. USD TERM LOAN:

EUR coupon (4.125%): EUR 150M x 4.125% = EUR 6,187,500

USD equivalent at current rate: approximately \$6,740,000

USD term loan interest (5.8%): \$150M equivalent x 5.8% = \$8,700,000

Annual interest saving: \$8,700,000 - \$6,740,000 = \$1,960,000

Plus: natural hedge value — EUR interest funded by EUR revenue

ISSUANCE COSTS:

Underwriting fees (0.35%): EUR 525,000

Legal and documentation: EUR 680,000

Rating agency fees: EUR 120,000

Total: EUR 1,325,000

Amortized over 7 years: EUR 189,286/year

NET ANNUAL SAVING: \$1,960,000 - \$206,000 = \$1,754,000

03

CASE STUDY 3

TechCo Global Services*Transfer Pricing Competent Authority — Three Years, Two Tax Authorities, One Resolution***The Scenario**

TechCo Global Services is a US technology company with an Irish subsidiary that holds the group's intellectual property and licenses it to operating entities globally. The IRS examined TechCo's 2020 and 2021 tax returns and proposed an adjustment that would reallocate seven point two million dollars of income from Ireland to the United States. Irish Revenue simultaneously indicated it would not reduce Ireland's tax base. TechCo faced potential double taxation and filed a competent authority request to initiate the Mutual Agreement Procedure under the US-Ireland tax treaty.

◆ COMPETENT AUTHORITY — PROCESS AND FINANCIAL OUTCOME

TECHCO — COMPETENT AUTHORITY PROCESS

IRS proposed adjustment: \$7,200,000 allocated to US
 US tax on adjustment: $\$7,200,000 \times 21\% = \$1,512,000$
 Irish Revenue: will not concede — double taxation risk

MAP PROCESS TIMELINE:

Month 1: Competent authority request filed with IRS
 Month 3: IRS accepts case; forwards to Ireland CA
 Month 6: Both CAs begin bilateral negotiations
 Month 18: First substantive meeting between CAs
 Month 30: Tentative agreement reached
 Month 36: Final MAP agreement issued to taxpayer

MAP OUTCOME:

IRS original position: \$7,200,000 to US
 MAP agreed allocation: \$3,600,000 to US (50% concession)
 US tax on MAP amount: $\$3,600,000 \times 21\% = \$756,000$
 Ireland reduces taxable income by \$3,600,000
 Ireland tax refund: $\$3,600,000 \times 12.5\% = \$450,000$

NET COST OF DISPUTE:

US tax owed: \$756,000
 Ireland refund: (\$450,000)
 Net tax cost: \$306,000
 Legal and advisory fees (3 years): \$1,200,000
 Management time (estimated): \$480,000
 TOTAL COST: \$1,986,000

PREVENTION: Updated TP study + current intercompany agreements

Annual cost: \$80,000
 vs. dispute cost: \$1,986,000
 ROI of prevention: 24x

04

CASE STUDY 4

ConsumerGoods Turkey

Turkish Lira Hyperinflation — Managing Through 80% Annual Inflation

The Scenario

Turkey experienced annual consumer price inflation exceeding eighty percent in 2022 and maintained elevated inflation through 2023 and 2024. For a multinational consumer goods company operating in Turkey — with Turkish lira revenues, Turkish lira cost structures, and Turkish lira debt alongside USD parent funding — the management challenge was severe and required daily financial decisions that had no counterpart in normal operating environments.

◆ TURKEY HYPERINFLATION — TREASURY RESPONSE

TURKEY HYPERINFLATION — TREASURY MANAGEMENT

Turkish subsidiary annual revenue: TRY 900,000,000

USD/TRY at start of period: 18.0

USD/TRY at end of period (12 months): 27.0

TRY depreciation: 50%

Annual TRY inflation: 80%

TRANSLATION IMPACT:

USD revenue (start of year average rate 22.5):

TRY 900M / 22.5 = \$40,000,000

Prior year (at rate 15.0): TRY 750M / 15.0 = \$50,000,000

USD revenue DECLINE despite 80% TRY inflation growth

CASH MANAGEMENT ACTIONS:

MINIMIZE TRY CASH HOLDINGS:

TRY 1,000 held for 30 days loses value:

Real value loss: 80%/12 months = 6.7%/month

TRY 1,000 effectively worth TRY 933 in purchasing power

Convert excess TRY to USD immediately

PRICING STRATEGY:

Monthly price increases required to maintain real margin

Target: price increase = inflation rate = 80%/12 = 6.7%/month

In practice: competitive market limits to 4%/month

Real margin erosion: 2.7% per month = 32% annually

IAS 29 HYPERINFLATIONARY ACCOUNTING:

Turkey designated hyperinflationary from April 2022

All non-monetary items restated to current price level

Net monetary position loss recognized in P&L;

Parent must restate Turkish subsidiary before translating

Reporting becomes more transparent — inflation effect visible

05

CASE STUDY 5

Atlas Manufacturing — Supply Chain Finance Transformation*Building a \$200M Sustainable Supply Chain Finance Program***The Scenario**

Atlas Manufacturing is a Fortune 500 industrial company with a global supplier base of twelve hundred companies across forty countries. The average supplier is a small or medium-sized company with limited access to affordable financing. The CFO saw an opportunity to create a supply chain finance program that would simultaneously improve Atlas's working capital, reduce supplier financing costs, and embed sustainability incentives throughout the supply chain.

◆ SCF TRANSFORMATION – COMPLETE PROGRAM ECONOMICS

ATLAS – SUPPLY CHAIN FINANCE TRANSFORMATION

Annual payables: \$2,400,000,000 (to 1,200 suppliers)

Average payment terms: 45 days

Target: Extend to 75 days via SCF program

SCF PROGRAM STRUCTURE:

Program size: \$200,000,000

Participating suppliers: 380 (top suppliers by value)

SCF rate (Atlas credit): SOFR + 0.75% = 6.05%

vs. supplier's own rate: SOFR + 3.5% = 8.80%

ATLAS WORKING CAPITAL BENEFIT:

DPO extension: from 45 to 75 days (+30 days)

Payables eligible for SCF: \$1,200,000,000

Cash released: $\$1,200,000,000 \times 30/365 = \$98,630,137$

Annual benefit: $\$98,630,137 \times 8\% \text{ cost of capital} = \$7,890,411$

SUPPLIER BENEFIT:

\$200M of invoices funded at 6.05% instead of 8.80%

Annual saving to suppliers: $\$200M \times 2.75\% = \$5,500,000$

Suppliers get paid in 2-3 days vs. 75 days

SUSTAINABILITY-LINKED FEATURE:

Suppliers with verified ESG improvements:

Carbon reduction >10%/year: rate reduction of 15 bps

Labor standards certification: rate reduction of 10 bps

Adoption: 40% of program suppliers achieved rate reduction

Annual carbon reduction verified: 185,000 tonnes CO₂e

Equivalent to removing 40,000 cars from the road

PROGRAM ECONOMICS:

Atlas annual WC benefit: \$7,890,411

Bank fee to Atlas: \$600,000/year

Setup and tech cost: \$1,200,000 (amortized 5 years = \$240K)

NET ANNUAL BENEFIT TO ATLAS: \$7,050,411

Case Studies 6 Through 10: Summary Frameworks

The following five case studies are presented in condensed analytical format, focusing on the financial decision and key numerical outcomes.

Case Study 6: Pacific Investments — 20-Country Notional Pool Build

Treasury team built a notional pooling structure across 20 countries with four banks over 18 months. Required legal opinions in every jurisdiction on whether pooling constitutes intercompany lending (relevant for thin capitalization rules).

Key Numbers: Total freed liquidity: \$18M. Annual interest optimization: \$1,440,000. Tax risk on notional interest: reviewed and cleared in 16 of 20 countries. 4 countries excluded from pool (China, India, Brazil, Argentina — capital controls prohibit).

Case Study 7: Nordic Shipping Co. — Cross-Currency Swap

Norwegian shipping company with USD revenues and NOK costs used a 5-year cross-currency swap to convert a USD bond into effective NOK funding, creating a natural hedge between debt service and operating currency.

Key Numbers: USD bond: \$150M at 5.5%. Cross-currency swap: converts to NOK at 4.8% effective. Annual saving: \$1,050,000. Plus: NOK debt service matches NOK revenues. Net investment hedge accounting election simplified P&L.;

Case Study 8: African Infrastructure DFI Finance

A \$220M power project in Senegal financed with IFC, AfDB, and commercial bank debt. The 24-month due diligence process required environmental and social impact assessments, community consultation, and Equator Principles compliance.

Key Numbers: IFC A-loan: \$60M at SOFR+3.25%. AfDB: \$80M at SOFR+3.50%. Commercial (B-loan): \$80M at SOFR+4.00%. Blended rate: SOFR+3.57% vs. market-only rate: SOFR+6.50%. Annual saving: \$220M x 2.93% = \$6.45M.

Case Study 9: UK Manufacturer — Brexit Supply Chain Reconstruction

UK food manufacturer sourced 65% of ingredients from EU and exported 40% to EU. Post-Brexit cost of new customs compliance, tariffs, and Irish subsidiary establishment to maintain EU market access.

Key Numbers: Annual unavoidable Brexit cost: GBP 1.93M. Irish subsidiary setup (one-time): GBP 280,000. Annual saving from Irish subsidiary vs. direct UK-EU: GBP 850,000. Net ongoing Brexit cost vs. pre-Brexit: GBP 1.08M/year.

Case Study 10: US SaaS Company — OFAC Sanctions Screening Transformation

Following a near-miss where a payment from a sanctioned entity was processed, a US SaaS company undertook a complete overhaul of its payments screening infrastructure, implementing real-time automated OFAC screening on all transactions.

Key Numbers: Near-miss exposure: potentially \$8M+ in OFAC penalties. Screening system implementation: \$380,000. Annual maintenance: \$95,000. False positive rate reduced from 12% to 0.8%. Staff time saved: 3 FTE-equivalents per year = \$360,000.