FX risk management for non-financial services companies

Financial Accounting Advisory Services
Advantages of FX risk management

Investors and companies that export/import goods or services, or make investments abroad are faced with a foreign exchange (FX) rate risk that can have severe financial consequences if not managed properly.

![Graph showing USD/CHF and EUR/CHF exchange rates for 2017 with 2017 change, highest, lowest, and 1Y Hist. Vol for each currency pair.]

2017 change % 4.3%
Highest 1.0581
Lowest 0.9704
1Y Hist. Vol 5.88%

2017 change % 8.6%
Highest 1.1772
Lowest 1.0637
1Y Hist. Vol 4.32%

How EY can help

When the future seems uncertain, things could turn out better or worse than expected which would increase or decrease the value of the company. Managing in a way that deals with this uncertainty effectively increases the ability to build value.

Policy risk
- Establish a FX risk committee and internal FX policy
- Define objectives, limits, roles, responsibilities and authorizations

Accounting
- Align accounting with FX business strategy and its risk management
- Hedge accounting application
- Economic vs. accounting exposure

Reporting & Valuation
- Detailed and precise report with the analysis of the variations due to FX rate changes (operational business, hedging results, etc.)
- Identify data market inputs and design FX valuation tools

Exposure analysis
- Net exposure calculation (Assets vs. Liabilities/collection vs. payments)
- Translation risk vs transaction risk
- Expected volatility

Sensitivity analysis
- Value at Risk (VaR)
- Cash Flow at Risk (CFaR)
- Stress test

Management & Strategy
- Definition of risk appetite
- Evaluate and define a clear hedging strategy
- Review and monitor hedging activities performed

Benefits from EY support

Integrated solution
Management, valuation, IT, accounting, reporting and compliance are all covered with our approach

Customized
Our approach helps you anticipate, mitigate and act on your specific FX risk with confidence

Our experience
Leading similar projects in different clients help us to showcase the best market practices

Eliminate uncertainty
Both realized impacts and potential future FX movements are efficiently monitored and quantified

Local & international network
Strong local and international EY network support with a high added value

Business opportunity
Competitive advantages can be achieved with an efficient FX risk management strategy

Your EY contacts

Alberto Berbel
Senior Manager
alberto.berbel@ch.ey.com
+41 58 286 39 52

Mathias Zeller
Senior Manager
mathias.zeller@ch.ey.com
+41 58 289 66 52

Sven Goeggel
Senior Manager
sven.goeggel@ch.ey.com
+41 58 289 34 98

© 2018 EYGM Limited. All Rights Reserved. ED None