

# FX risk management for non-financial services companies

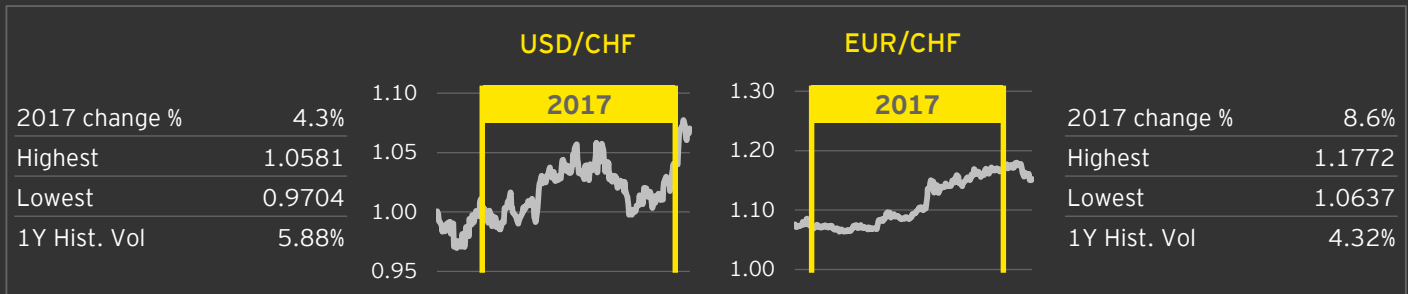
Financial Accounting Advisory  
Services

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing to the right.

Building a better  
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# 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.



## 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

### Our experience

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

### Local & international network

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

### Customized

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

### Eliminate uncertainty

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

### Business opportunity

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

## Your EY contacts



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