

Fact Sheet

# Liquidity Risk Management

## KEY FACTS TO SUCCESSFULLY MANAGE YOUR LIQUIDITY RISK

Anticipate your short-term financing needs and manage your net financial debt in all simplicity.



# Summary

<b>LIQUIDITY RISK, THE SWORD OF DAMOCLES</b>	<b>P 4</b>
<b>5 TIPS ON FAIL-SAFE MANAGEMENT OF YOUR LIQUIDITY RISK</b>	<b>P 7</b>
- Get the full picture and know exactly what your liquidity is,	<b>P 8</b>
- Secure your future cash flows,	<b>P 8</b>
- Speed up processing of your cash transactions,	<b>P 9</b>
- Effectively communicate your treasury management,	<b>P 9</b>
- Plan ahead and simulate scenarios.	<b>P 10</b>
<b>SIMPLIFY MANAGEMENT OF YOUR LIQUIDITY RISK WITH <b>titan</b>treasury</b>	<b>P 11</b>
- Core functionalities to help you optimise management of your Liquidity Risk,	<b>P 12</b>
- See you liquidity position at a glance,	<b>P 13</b>
- Reliable reportings tools for finely-tuned communications,	<b>P 14</b>
- Monitor your Net Debt in detail,	<b>P 14</b>
- Streamline your treasury transactions processes,	<b>P 15</b>
- Set accounting entries with automatic processing.	<b>P 16</b>

Effectively managing liquidity risk entails not only end-to-end control of the full spectrum of financial risk affecting your company's treasury, but also the ability to do this without adversely affecting profit.

What is liquidity risk? Why is it important to manage? How do you manage this risk effectively? Where do you start? We provide a summary of what you need to know to manage your company's liquidity risk simply and effectively.

titantreasury simplifies and automates management of your liquidity risk. A leading specialist solution for managing financial risk, it provides a full range of intuitive and powerful functions in a single treasury management solution.

Leverage the capabilities of customised, collaborative and reliable workflows to easily track and manage your treasury and payments across the entire chain, from input and fine-grained analysis of liquidity risk to final reconciliation.

Ask for a demo

	21/09/2020	30/09/2020	oct-20	nov-20	dec-20	jan-21	fév-21	mar-21	avr-21	mai-21	jun-21	juil-21	août-21
<b>BESAIN DE FINANCEMENT</b>													
<b>BETTE NETTE</b>													
<b>BESAIN DE FINANCEMENT (A+B)</b>													
A- Exploitation	1 985	1 985	1 985	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000
B- Financier	1 369	-52 327	27 221	48	209	-167	-51 044	-2 245	-483	-41	-1 622	-41	-1 622
Capital	2 000	-51 070	28 924	143		-133	-50 000	-500		143			
Intérêt	-431	-1 256	322	-64	209	-54	-1 034	-1 745	-483	-174	-1 622	-41	-1 622
Frais	-	-	-	-27	-10	-	-10	-	-	-	-	-	-
Flux de financement cumulés	-1 369	48 278	20 667	18 893	16 724	14 891	63 880	64 235	62 633	60 180	61 815	61 848	
<b>RATIOS COMPTABLES</b>													
<b>DETTE NETTE E-2-C</b>													
C- Capital financier	74 221	22 479	24 385	24 917	28 226	30 099	18 885	-19 280	-47 762	-18 248	-16 863	-43 868	
Comptes bancaires	1 326	-48 206	-20 400	-18 746	-18 527	-14 724	-43 768	-64 029	-62 480	-60 026	-61 148	-61 881	
Placements titres	6 408	6 408	6 408	6 408	6 408	6 408	6 408	6 408	6 408	6 408	6 408	6 408	
Placements	66 187	65 187	38 285	38 285	38 285	38 285	38 285	38 285	38 285	38 285	38 285	38 285	
E- Position intragroupe	21 951	20 856	20 856	20 713	20 713	20 713	20 713	20 713	20 713	20 713	20 870	20 870	
Financement intragroupe	21 951	20 856	20 856	20 713	20 713	20 713	20 713	20 713	20 713	20 713	20 870	20 870	
E- Dette financière	-111 321	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	
Emprunts bancaires	-111 321	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	-458 156	
BETTE D-2-Mais	21 220	18 220	18 220	18 220	18 220	18 220	18 220	18 220	18 220	18 220	18 220	18 220	
Dettes nettes / BETTE-D	28 613	27 62	27 62	27 62	27 62	27 62	27 62	27 62	27 62	27 62	27 62	27 62	
Georing (D-M / Frais program)	121%	100%	101%	101%	101%	102%	82%	82%	82%	82%	82%	82%	
Interest Coverage Ratio (ICR)	-0.89	-0.83	-0.80	-0.80	-0.84	-0.81	-0.89	-0.90	-0.89	-0.82	-0.81	-0.81	



# LIQUIDITY RISK, THE SWORD OF DAMOCLES

## Liquidity risk, the sword of Damocles

Companies must be profitable to survive over time. They need sufficient liquidity to cover their working capital requirements and day-to-day cash outflows.

How? Treasury managers never take their eye off the ball. They not only ensure the company has enough cash and liquid assets at all times, but are also adept at making the most of funding sources to get through lean times – without being hamstrung.

But this doesn't mean compromising profitability to accumulate a mountain of liquidity. The role of financial management is far more nuanced: protect the company, but without being too cautious.

It's a fine balance. Treasurers must be able to accurately forecast inflows and outflows, while also monitoring the credit markets to ensure the company can access the funding it needs when it needs it.

In addition to operating and funding risks, keeping a tight rein on interest rate risk, FX risk and commodities risk is crucial to guarantee a strong liquidity position and safeguard the company – especially when markets are extremely volatile.



## Management shortcomings can mean big risks!



Liquidation and bankruptcy in the worst-case scenario



Unnecessary financial and legal costs



Higher debt servicing costs



Late payments and impaired supplier relations



Lower profitability



Poor company image with investors, creditors and other stakeholders

The first crucial step is to know the risks involved in failing to effectively manage liquidity risk and net debt. After that comes smart and informed action to safeguard current and forecast liquidity.

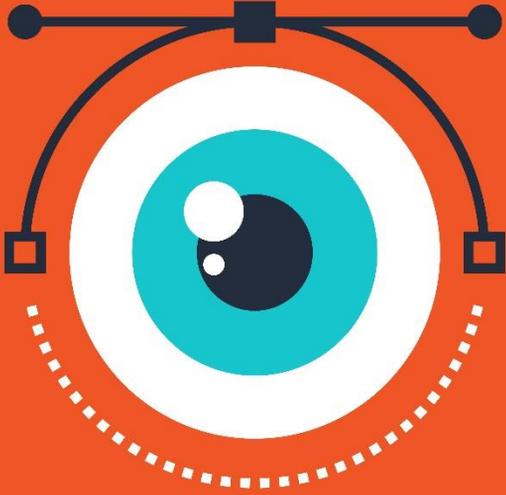




# 5 TIPS ON FAIL-SAFE MANAGEMENT OF YOUR LIQUIDITY RISK

### Advice N°1 :

Get the full picture and know exactly what your liquidity is



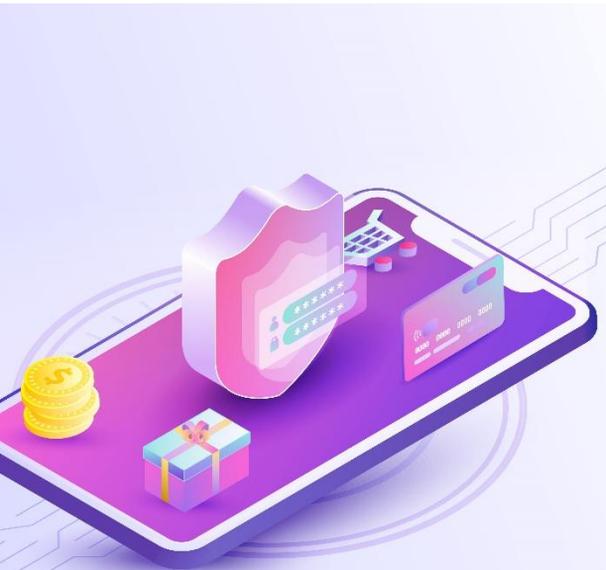
Good decisions require good data. To ensure you have robust data at your fingertips, it's essential to track upcoming inflows and outflows for the company and its subsidiaries with pinpoint accuracy.

Savvy planning and the ability to make the right decisions at the right time to keep cash flowing through occasional troughs are based on the ability to forecast both operating and financial cash flows and how reliable they are.

It's crucial during this stage to collate all your actual and forecast treasury data in one system and check they are robust and reliable.

### Advice N°2 :

Secure your future Cash Flows



To see your company through the peaks and troughs of your business and any liquidity gaps, take the time to identify what funding you can access in the short and medium terms to limit your exposure to credit risk.

It's true that there's nothing systematic about setting up hedging strategies, but these can help offset the effects of the main financial risks (interest rate, foreign exchange and commodities risks).

### Advice N°3 :

#### Speed up processing of your cash transactions



Without the right tools, processing cash transactions can quickly become extremely time-consuming and laborious. Instead of wasting time and energy on routine tasks that generate little value for the company, configure automated process to handle large batches of transactions with maximum reliability.

### Advice N°4 :

#### Effectively communicate your treasury management



Highlighting the fruits of good treasury management is no easy task and the finance department can quickly draw the ire of management, instead of well-deserved praise for a job well done. Effective and informative reports are the answer.

Whether you want to justify the cost of a funding or a hedging transaction, using clear data visualisation tools and informative reports will get the right message across.

## Advice N°5 : Plan ahead and simulate scenarios



As the saying goes, “si vis pacem, para bellum” (if you want peace, prepare for war). Instead of idly waiting for the next crisis or market-shaking event to catch your company off guard, be prepared by analysing potential scenarios in granular detail.

Stay one step ahead by stress testing and performing a detailed analysis of your liquidity position, net debt and financial ratios according to a range of different internal (company) and external (market) assumptions. This type of simulation exercise means you will not only be prepared for all eventualities, but also be in a position to squeeze the most out of them.

VOS UNIVERS

### Choisissez un univers

Récemment chargé

**UNIVERS ALM**

Astuce description

MODIFIÉ LE 26/07/2019

Charger

**BALANCE**

Description univers new-apa

MODIFIÉ LE 26/07/2019

Charger

**SIMULATION 2020**

Potentielle de risque before non actual

MODIFIÉ LE 26/07/2019

Charger

Tous les univers

COULEUR	NOM	DATE MODIFICATION	DATE TITAN	UTILISATEUR	STATUT	SELECTION ORIGINE	SOURCE
+ Créer un univers							
■	AFA-univers	26/07/2019	13/03/2019	Alexis Paulet	Mis à jour	T-ALL	
■	BCH1	26/07/2019	13/03/2019	Alexis Paulet	Généré	T-ALL	
■	TEST S112019	26/07/2019	13/03/2019	Alexis Paulet	Mis à jour	T-ALL	
■	New-APA	26/07/2019	13/03/2019	Alexis Paulet	Mis à jour	T-ALL	
■	BCH-TEST	26/07/2019	13/03/2019	Alexis Paulet	En attente	T-ALL	





SIMPLIFY MANAGEMENT OF  
YOUR LIQUIDITY RISK WITH  
**titantreasury**

**Core functionalities** to help you optimise management of your Liquidity Risk.



See your liquidity position at a glance



Streamline your treasury transactions processes



Reliable reportings tools for finely-tuned communications



Set accounting entries with automatic processing



Monitor your Net Debt in detail





## See your liquidity position at a glance

Monitor your available and forecast cash flow on a daily basis thanks to the tables, calendars and dynamic schedules at your disposal.

Use dedicated reports for the calculation of your short-term financing capacity and keep an eye on your funding resources at all times.

Anticipate the different possible scenarios internally to control your operational risk, but also externally to control financing and market risks.

Map the Interest rate, FX and commodities risks likely to have an impact on your liquidity position in the short term. Identify potential consequences, such as late payment, breaching covenants or defaulting on payments.

Have reliable information at your disposal at all times, accessible in one place, and including all your operational and financial data, both actual and forecast.

See balances and forecast flows for your subsidiaries. Retrieve key financial data from the ERP (turnover, EBITDA, etc.) within a single secure and sovereign cloud hosted treasury solution.

Analyse the impact of your upcoming funding needs on your liquidity, net debt and key main financial ratios (liquidity gap, net debt/equity ratio, interest coverage ratio and more).





## Reliable reportings tools for finely-tuned communications

Track key metrics – liquidity position, funding needs, forecast net debt, main financial ratios – and your covenants in a single report.

Have crystal-clear data at your fingertips. Use **titantreasury's** data visualisation tools to prepare transparent and accurate reports for senior management and staff alike.

Speed up the process of producing updated reports. Choose the format (PDF, Excel or image) and send them to your mailing list.

Make use of **titantreasury's** APIs and our Excel add-in to convert your spreadsheet to a secure production tool for your external reporting needs.



## Monitor your Net Debt in detail

Use the rich range of features in our simulation universe to test new assumptions and optimise management of your liquidity risk. Easily explore the range of possible scenarios using copies of your **titantreasury** production environment and your own operating flow projections.

Before making decisions, conduct a fine-grained analysis of the impacts of each strategy across each type of report (operating, financial and accounting) – all in a separated working universe with no impact on your production environment.

Evaluate the consequences of possible economic and financial shocks by carrying out stress tests in cash flow or Fair value (Mark-to-market) over the periods of your choice.



## Streamline your treasury transactions processes

Speed up processing of treasury transactions (continuous, month-end or year-end) with our extensive set of automated and customisable functions.

The **titan**treasury features can automate :

- Matching of your hedging transactions to the underlying exposures (directly grouped by currency and maturity),
- Rollover of forward contracts at maturity or their exercise,
- Creation of "perfect hedges" for your foreign exchange exposures,
- EMIR declarations to trade repositories,
- Confirmation of transactions sent to e-trading platforms (ticket and updated price),
- IFRS accounting for your transactions.

Gain in reactivity thanks to automated and manual notifications. You can now notify your employees and partners in real time and streamline your entire workflow.

### Examples of notifications :

- Insertion of a new operation,
- Update of a hedging price,
- Update of the final amount of an invoice,
- Rollover or exercise of FX Forward contracts at maturity,
- Alert on transaction maturity.





## Set accounting entries with automatic processing

Automatically generate accounting entries throughout the life of your hedges, from set-up to unwinding.

Gains and losses on your overall position are included in the same set of entries to produce clear, transparent disclosures giving a true and fair view of the company's accounts and results

- Daily accounting for matured derivatives: P&L realised,
- Month-end accounting for current derivatives: mark-to-market,
- IFRS accounting and qualification of derivatives: intrinsic value and time value,
- Accounting and spreading of carry-over / discount points,
- Accounting of derivative equalisation payments.

With the **titantreasury** solution, simply control your liquidity risk in a central, secure and sovereign cloud TMS.

[Ask for a demo](#)



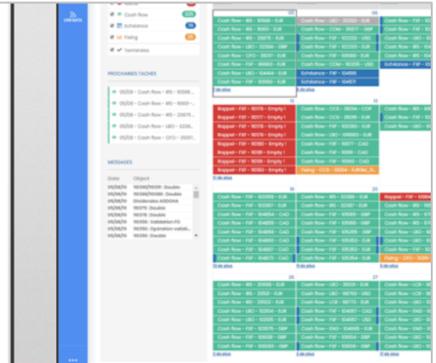
# See more on our titantreasury solution and the latest developments here:

[www.3vfinance.com](http://www.3vfinance.com)

## MORE USER FRIENDLY, MORE INTELLIGENT, MORE SECURE

Totally revamped, titantreasury is a simple, user-friendly SaaS solution.

Deloitte UK included titantreasury as one of the Top treasury solutions on the market in 2019. The criteria for its market analysis were functional coverage, delivery model, time to go live and frequency of major updates.



## FINANCIAL INSTRUMENTS COVERAGE TO FIT YOUR NEEDS

Providing the right TMS for you means a solution that meets all your needs: bank loans, bonds, inter-company financing, investments, securities, sureties and guarantees, operating cash flows, commodities (energy, metals, grains), interest rates and currency risk.

We look closely at each and every request to tailor our solution to manage new types of financial transactions.

titantreasury is a multi-currency, multi-user and multi-entity solution. It provides full and simultaneous visibility of financial, business or consolidated reporting (managing groups structure, holdings and voting rights).

## FINANCIAL CALENDAR: YOUR KEY INFORMATION PROMINENT IN THE FOREGROUND

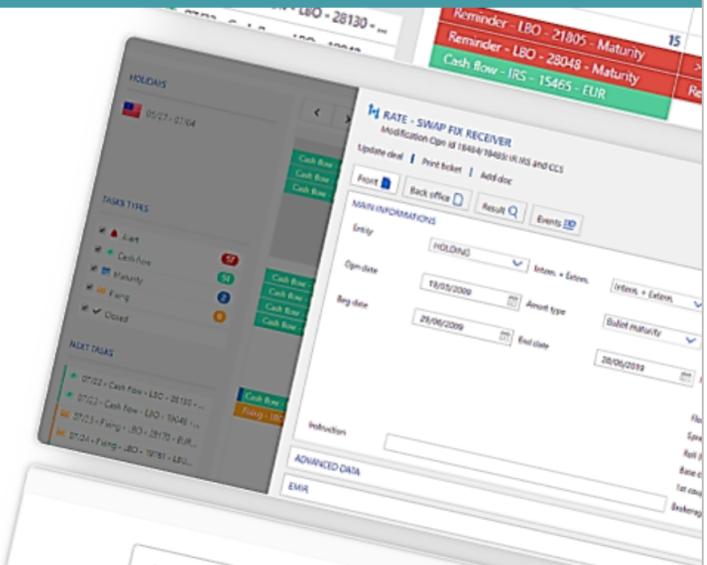
Use the financial calendar as one of the main tools to organise your team's work by day, week or month. Easily track your team's work in real time and retain full control.

See all upcoming deadlines and transaction maturities: interest rate fixing, inbound/outbound cashflows, capital payments, fees, etc.

Check and confirm transactions and cash flows. Receive reminders and notifications from your teams related to your approval workflow.

Track and schedule events: alerts, reminders and notifications of key dates and regulatory reporting deadlines

See bank holidays by currency.



## Fact sheets and customer testimonials

<https://www.3vfinance.com/en/ressources/>



3V Finance

WHITE PAPER

TITANTREASURY ROCHURE



3V Finance

FACT SHEET

How can you monitor and optimise the exchange risk of your balance sheet and transaction exposure?



3V Finance

FACT SHEET

TREASURY CALENDAR



3V Finance

FACT SHEET

SIMULATION UNIVERSE MODULE



3V Finance

TESTIMONIAL

Discover why ICADE had chosen titantreasury for its financial risk management



3V Finance

DOCUMENT MANAGEMENT

FACT SHEET

ELECTRONIC DOCUMENT MANAGEMENT



3V Finance

TESTIMONIAL

Why Seb Group selected titantreasury for Interest Rates, Currencies and Commodity risks management?



3V Finance

BUSINESS CASE

HOW FRENCH RAIL STARTED ITS TREASURY MANAGEMENT REVOLUTION



3V Finance

BUSINESS CASE

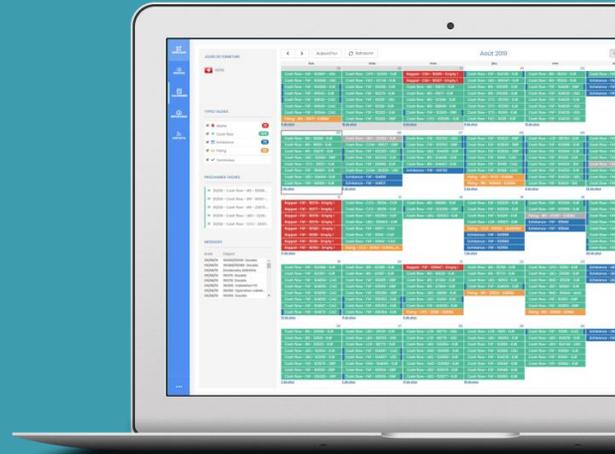
Auchan Replaces Spreadsheets with a Specialist TMS

## LIQUIDIT YRISK is a module in titantreasury

**titantreasury** is a totally revamped, simple, user-friendly SaaS solution to manage your debt, investments, currency positions, interest rate and commodities derivatives.

### Deloitte included titantreasury as one of the Top treasury solutions on the market in 2019:

- ✓ Simplicity, efficiency, transparency,
- ✓ Automation and cost reduction,
- ✓ Functional coverage,
- ✓ Focus on people with a better understanding of what treasury managers want
- ✓ Multi-platform connectivity, while promoting centralised management,
- ✓ Implementation time,
- ✓ Frequency of major updates with new developments.



Contact us 01 85 65 56 10

9 place Vendôme, 75001 Paris, France

[www.3vfinance.com](http://www.3vfinance.com)

[info@3vfinance.com](mailto:info@3vfinance.com)