国际财务管理

第七讲 全球融资管理

对外经济贸易大学国际商学院会计学系制作

Exhibit 1 Internal Financing of the Foreign Subsidiary

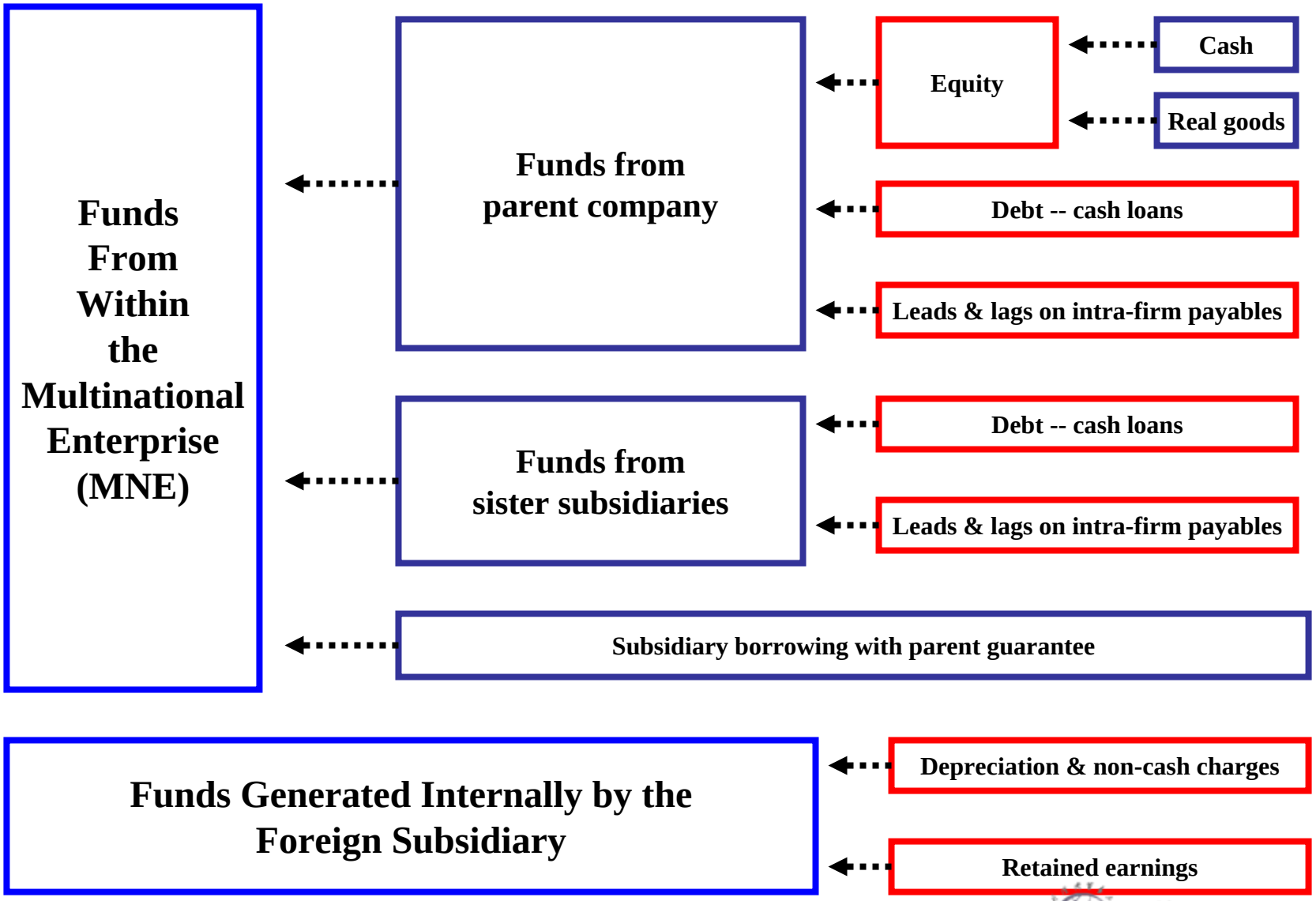
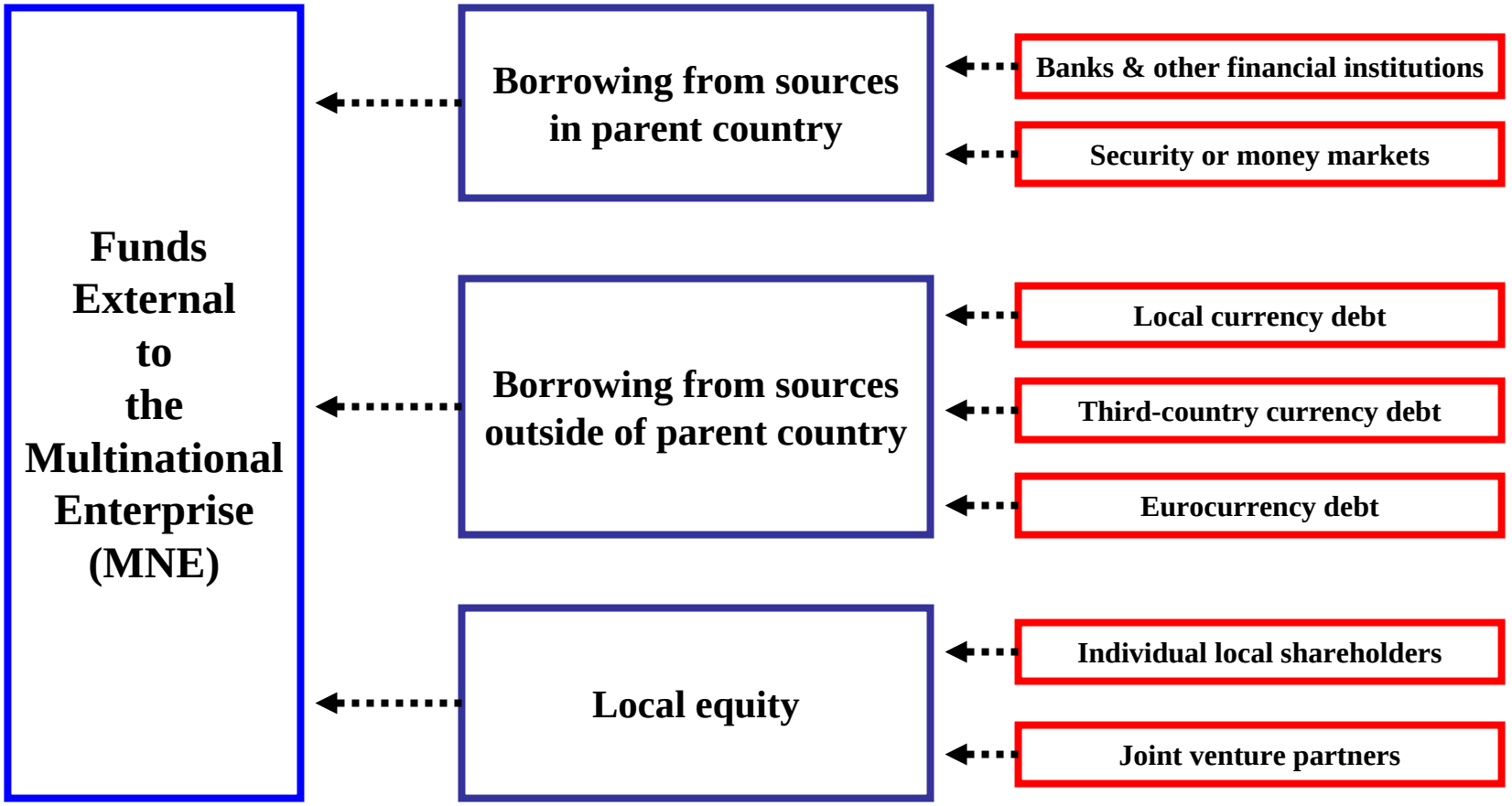


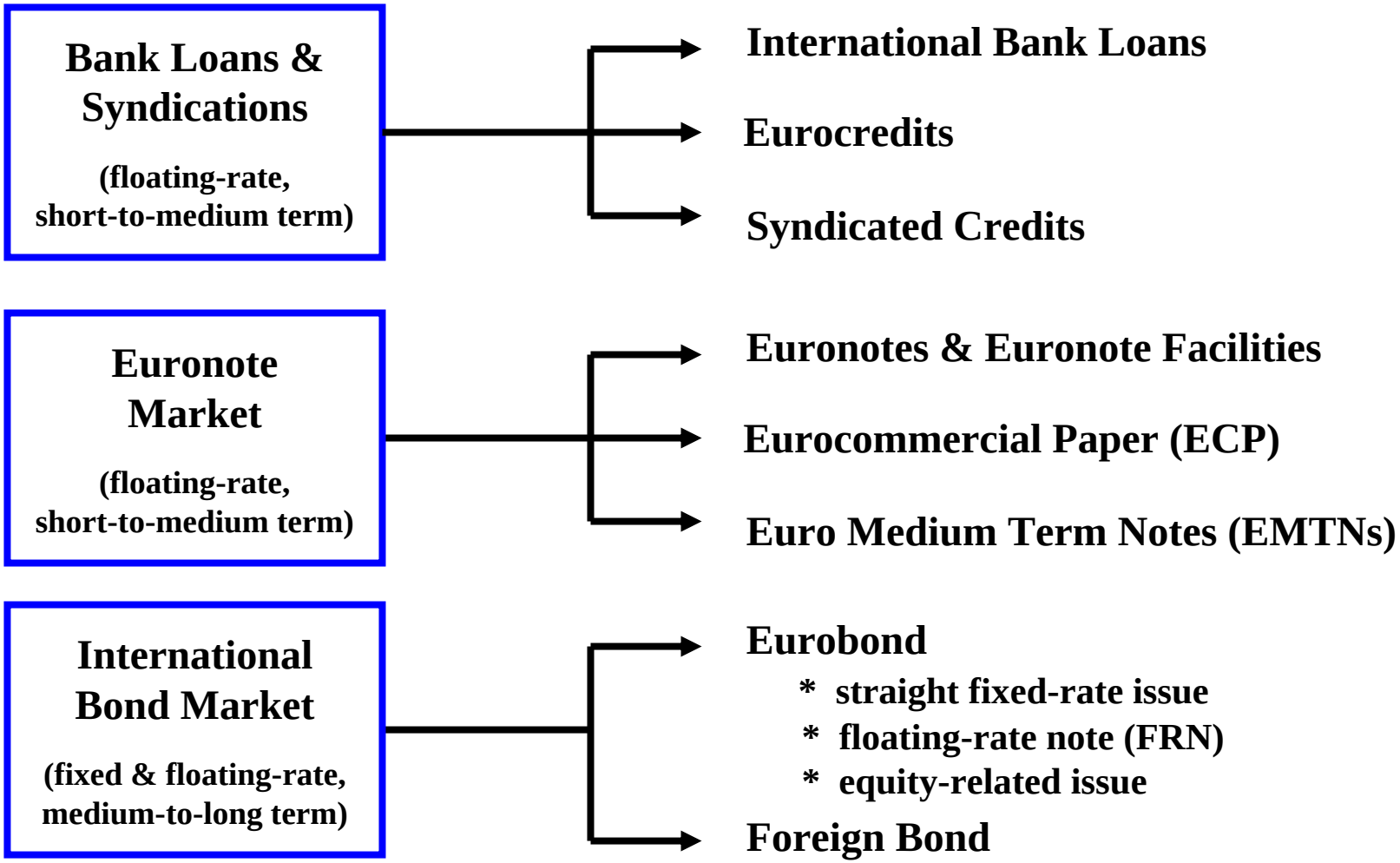
Exhibit 2 External Financing of the Foreign Subsidiary



International Debt Markets

- **The international debt market offers the borrower a wide variety of different maturities, repayment structures, and currencies of denomination.**
- **The markets and their many different instruments vary by source of funding, pricing structure, maturity, and subordination or linkage to other debt and equity instruments.**
- **The three major sources of debt funding on the international markets are depicted in the following exhibit.**

Exhibit 3 International Debt Markets & Instruments



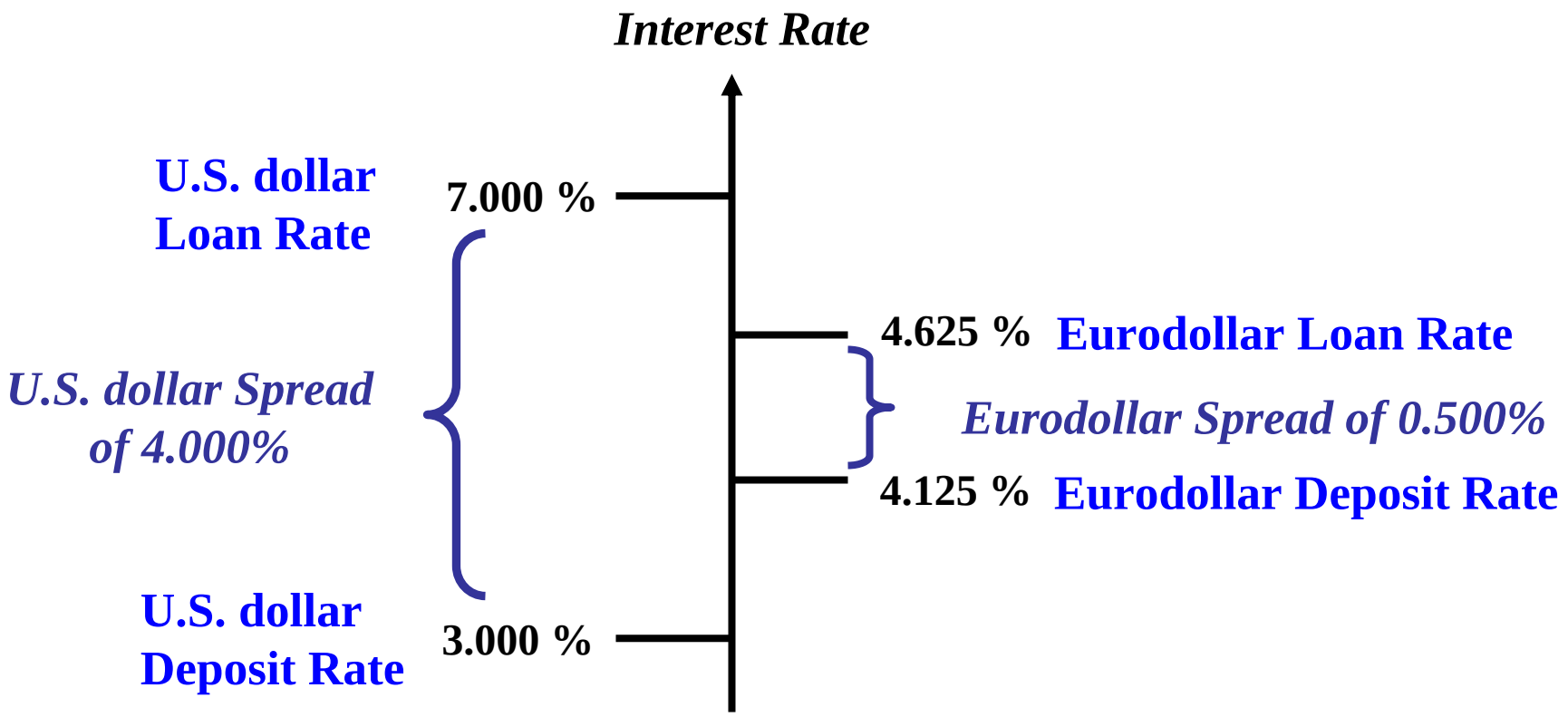
International Debt Markets

- **The Euronote market:**
  - **Euronotes and Euronote facilities are short to medium in term and are either *underwritten* and *non-underwritten***
  - **Euro-commercial paper is a short-term debt obligation of a corporation or bank (usually denominated in US dollars)**
  - **Euro medium-term notes is a new entrant to the world's debt markets, which bridges the gap between Euro-commercial paper and a longer-term and less flexible international bond**

International Debt Markets

- **Bank loans and syndications:**
  - **International bank loans have traditionally been sourced in the Eurocurrency markets, there is a narrow interest rate spread between deposit and loan rates of less than 1%.**
  - **Eurocredits are bank loans to MNEs, sovereign governments, international institutions, and banks denominated in Eurocurrencies and extended by banks in countries other than the country in whose currency the loan is denominated.**
  - **The syndication of loans has enabled banks to spread the risk of very large loans among a number of banks (this is significant for MNEs as they usually need credit in an amount larger than a single bank's loan limit).**

Exhibit 4 Comparative Spreads Between Lending and Deposit Rates in the Eurodollar Market



International Debt Markets

- **The International Bond Market:**
  - **A *Eurobond* is underwritten by an international syndicate of banks and other securities firms and is sold exclusively in countries other than the country in whose currency the issue is denominated**
  - **A *foreign bond* is underwritten by a syndicate composed of members from a single country, sold principally within that country, and denominated in the currency of that country**
  - **The Eurobond markets differ from the Eurodollar markets in that there is an absence of regulatory interference, less stringent disclosure rules and favorable tax treatments for these bonds**

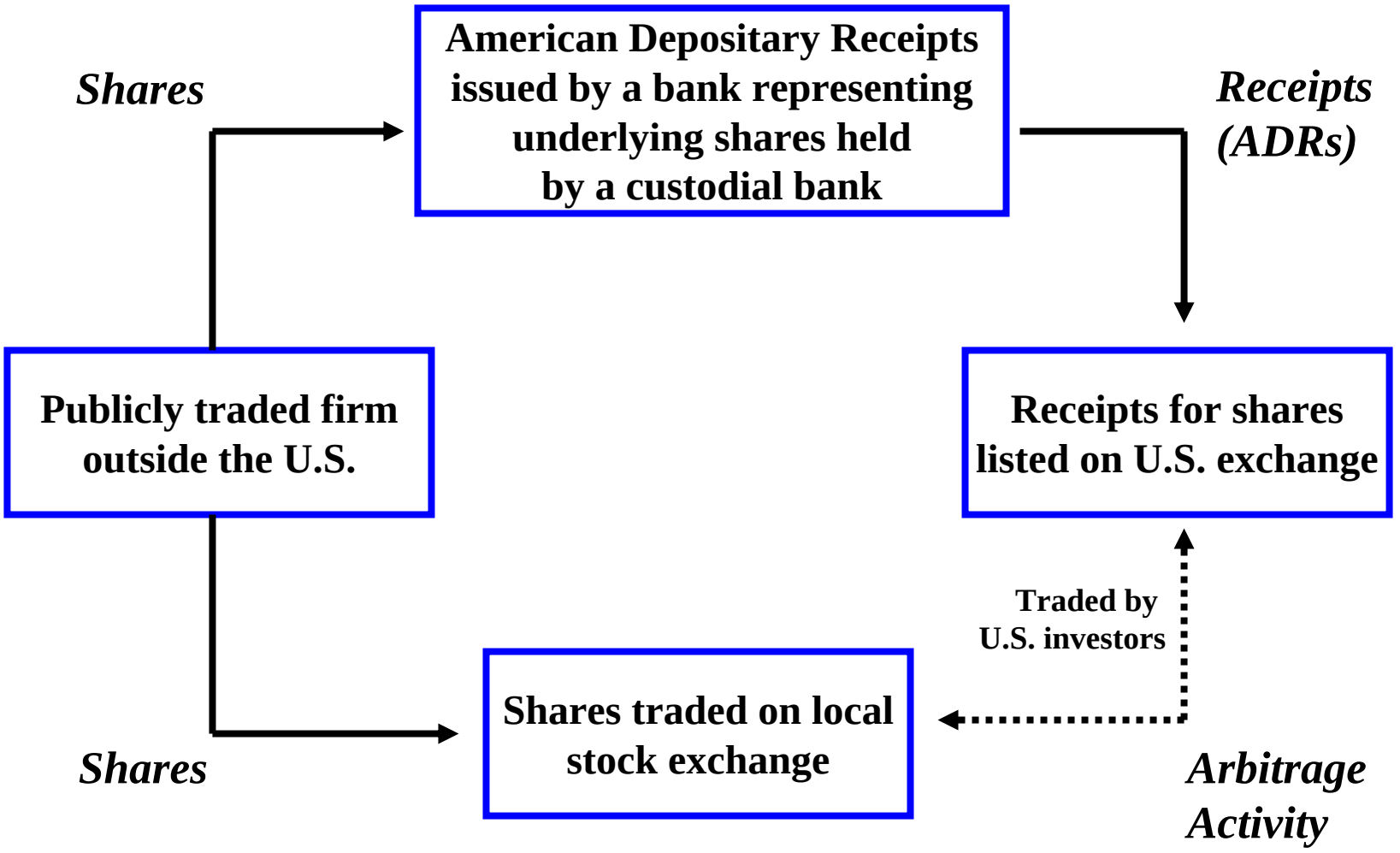
Sourcing Equity Globally

- To implement the goal of gaining access to global capital markets a firm must begin by designing a strategy that will ultimately attract international investors.
- This would mean identifying and choosing alternative paths to access global markets.
- This would also require some restructuring of the firm, improving the quality and level of its disclosure, and making its accounting and reporting standards more transparent to potential foreign investors.

Designing a Strategy to Source Equity Globally

- ***Depositary receipts*** **(depositary shares) are negotiable certificates issued by a bank to represent the underlying shares of stock, which are held in trust at a foreign custodian bank.**
- ***American depository receipts*** **(ADRs) are certificates traded in the United States and denominated in US dollars.**
- **ADRs are sold, registered, and transferred in the US in the same manner as any share of stock with each ADR representing some multiple of the underlying foreign share (allowing for ADR pricing to resemble conventional US share pricing between $20 and $50 per share).**

Mechanics of American Depositary Receipts (ADRs)



Designing a Strategy to Source Equity Globally

- ADRs can be exchanged for the underlying foreign shares, or vice versa, so arbitrage keeps foreign and US prices of any given share the same after adjusting for transfer costs.
- ADRs also convey certain technical advantages to US shareholders.
- While ADRs are quoted only in US dollars and traded only in the US, Global Registered Shares (GRSs) can be traded on equity exchanges around the globe in a variety of currencies.

Foreign Equity Listing and Issuance

- A firm must choose one or more stock markets on which to cross-list its shares and sell new equity.
- Just where to go depends mainly on the firm's specific motives and the willingness of the host stock market to accept the firm.

Weighted Average Cost of Capital

- A firm normally finds its weighted average cost of capital (WACC) by combining the cost of equity with the cost of debt in proportion to the relative weight of each in the firm's optimal long-term financial structure:

$$Ka = \frac{D}{V} Kd\ (1 - T) + \frac{E}{V} Ke$$

Weighted Average Cost of Capital

- The *capital asset pricing model* (CAPM) approach is to define the cost of equity for a firm by the following formula:

$$k_e = k_{rf} + \beta_j(k_m - k_{rf})$$

The Cost of Debt

$$K_d = K_d^* + (K_d^* + 1) \times \Delta e$$

$$= K_d^* \times (1 + \text{汇率的变化}) + \text{外汇收益或损失}$$

The Cost of Debt

一美国跨国公司以6%的利率借德国马克一年，在此期间，德国马克相对于美元升值8%，用美元表示的实际成本是多少？

Kd = 6% + (6% + 1) ×8% = 0.1448

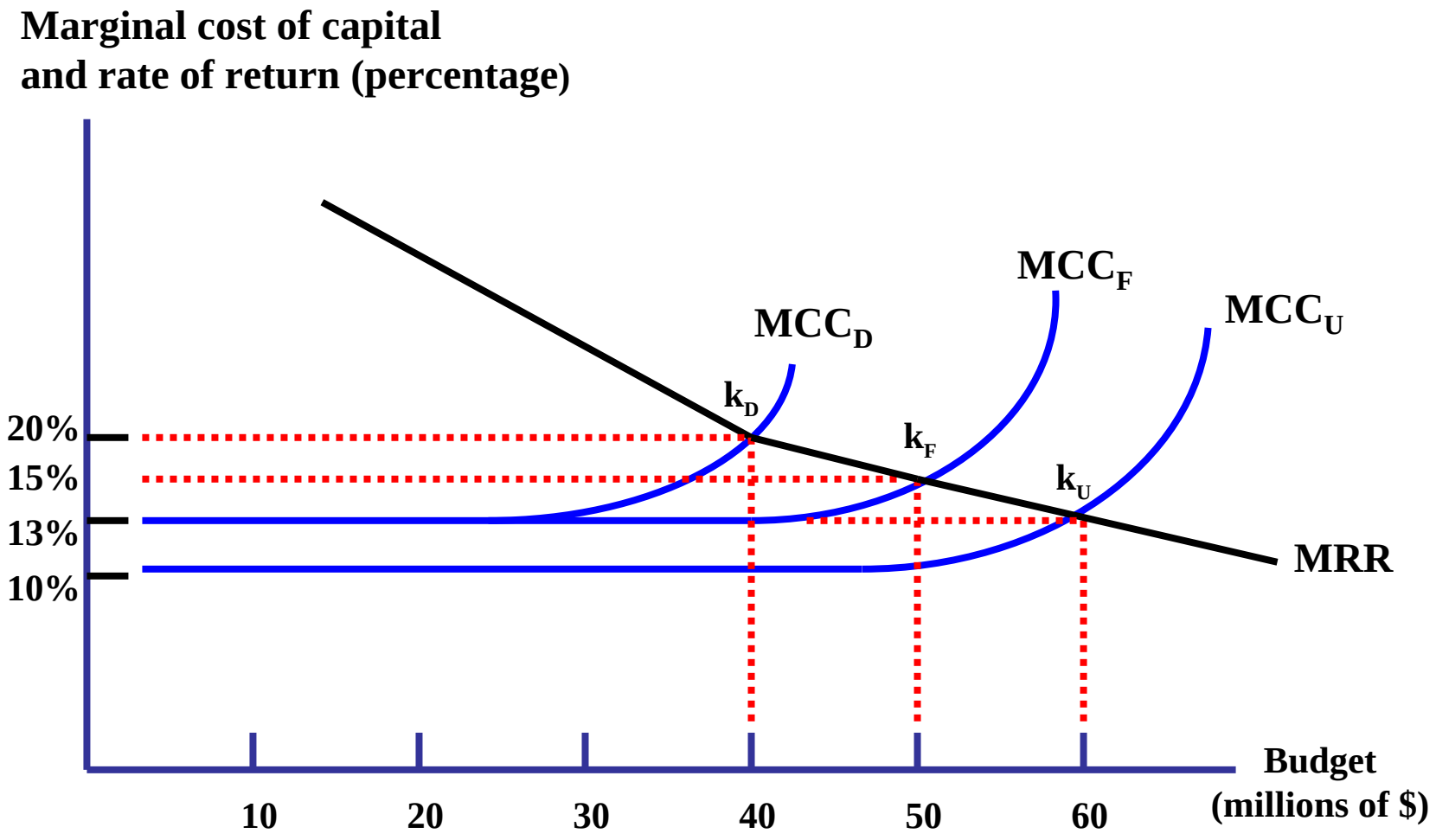
= 14.48%

税后成本为**(**假设税率为**34%)**：

Ki ＝14.48% (1－34%) = 9.56%

(1 + 6%)×8%＝8.48%正好表明是外汇交易的损失

Exhibit 7 Market Liquidity, Segmentation, and the Marginal Cost of Capital



The Cost of Capital for MNEs Compared to Domestic Firms

- **Determining whether a MNEs cost of capital is higher or lower than a domestic counterpart is a function of the marginal cost of capital, the relative after-tax cost of debt, the optimal debt ratio and the relative cost of equity.**
- **While the MNE is supposed to have a lower marginal cost of capital (MCC) than a domestic firm, empirical studies show the opposite (as a result of the additional risks and complexities associated with foreign operations).**

Exhibit 8 The Cost of Capital for MNE & Domestic Counterpart Compared

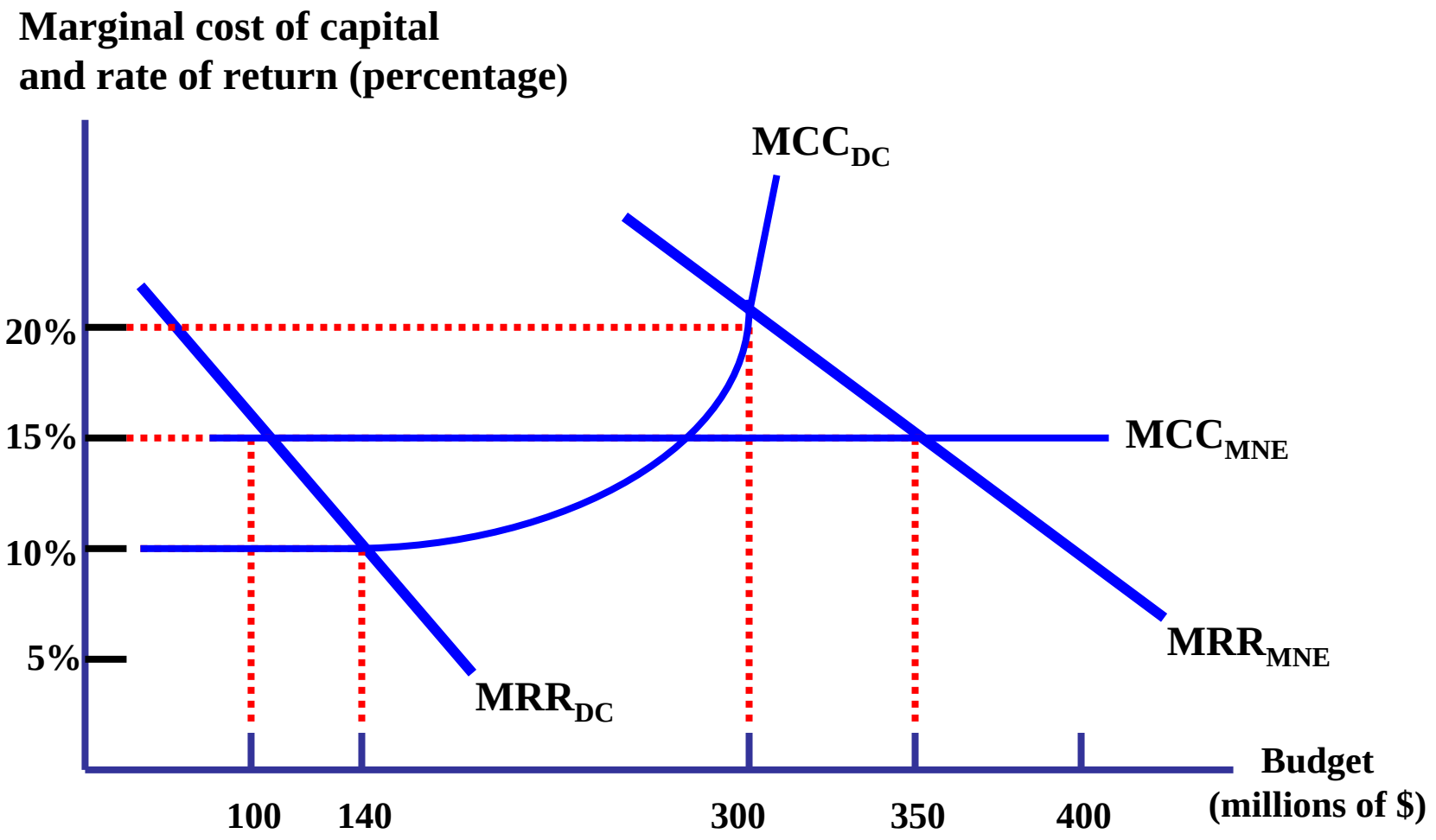


Exhibit 9 Do MNEs Have a Higher or Lower WACC Than Their Domestic Counterparts?

Is MNE_{wacc} > or < $Domestic_{wacc}$?

$$k_{WACC} = k_e \left[\frac{\text{Equity}}{\text{Value}}\right] + k_d\,(1 - t)\left[\frac{\text{Debt}}{\text{Value}}\right]$$

Empirical studies indicate MNEs have a lower debt/capital ratio than domestic counterparts indicating MNEs have a higher cost of capital.

And indications are that MNEs have a lower average cost of debt than domestic counterparts, indicating MNEs have a lower cost of capital.

The cost of equity required by investors is higher for multinational firms than for domestic firms. Possible explanations are higher levels of *political risk*, *foreign exchange risk*, and higher *agency costs* of doing business in a multinational managerial environment. However, at relatively high levels of the optimal capital budget, the MNE would have a lower cost of capital.