

TRANSPORT AND  
DEVELOPING  
DEPARTMENTS HAVE  
CHARACTERISED  
KIM HOLDSWORTH'S  
CAREER TO DATE,  
AS SHE TELLS  
GRAHAM BUCK.

A portrait of Kim Holdsworth, a woman with dark, wavy hair, wearing a black top and a gold necklace with a cross pendant. She is smiling slightly and looking towards the camera. The background is a plain, light-colored wall with a white object, possibly a light fixture, visible on the left.

# Planes and trains

**K**im Holdsworth's career doesn't quite span the entire "planes, trains and automobiles" sector but having also done a lengthy stint at airports operator BAA the group treasurer of Alpha Trains can put a tick next to two of the three.

She joined the rolling stock leasing company last February when it was known as Angel Trains International. The company dates back to Britain's rail privatisation when Angel became one of three UK train leasing companies. It was owned by RBS until August 2008, when it was sold for £3.6bn to a consortium including Babcock & Brown European Infrastructure Fund, Australian investor AMP, Deutsche Bank and Canadian public sector pension fund PSP. Angel Trains was then split into two independent companies: Angel Trains UK and Angel Trains International.

The latter was rebranded at the start of this year as Alpha Trains and leases locomotives and passenger trains across continental Europe. It has assets of €1.8bn in the form of diesel and electric locomotives and diesel/electric multiple units.

Holdsworth is based in the group's London office, a short distance from Buckingham Palace, but its pan-European cargo locomotive leasing division is based in Antwerp and the Europa passenger train leasing unit has its office in Cologne. In all, Alpha Trains' team is no more than 66 individuals, 22 of whom work at Buckingham Gate.

"When I first looked into the job vacancy at Alpha Trains my knowledge of the rail sector was limited," Holdsworth admits. "I now appreciate that the European rail passenger market is well progressed down the path of liberalisation, following a process similar to the UK rail privatisation."

**STARTING POINT** Holdsworth began work as a chartered accountant, training with a small firm in London and qualifying in 1990. Her next step was to move into what was then one of the Big Six accounting firms, Touche Ross (now Deloitte). By 1993 the deepening recession had persuaded her it would be a good time to move to industry. Her husband, who also worked in treasury, recommended it to her. "However, the recruitment agencies told me that going straight into treasury from Touche would be an impossible task, and what I needed to do was to take a position with a major corporate that offered a combination of both tax and treasury," she recalls.

Fortunately, a vacancy at airports operator BAA appeared on the Touche notice board. The group wanted to bring in-house its corporate tax work, which was still being handled by Touche, and the job involved setting up a corporate tax department from scratch. She accepted the challenge and joined BAA in February 1993.

"I immediately found the new role fascinating. Taxation work in the corporate world was a very different experience to that in an accounting firm," she says. "For the first time I was able to appreciate what the drivers of the business were and what factors were actually behind the numbers.

"But I started the job in what had been the electricians' room, with just a desk and a computer. My first actions were to recruit a tax assistant and buy tax compliance software to meet BAA's key aim. One of my first projects was managing the tax specification of a bespoke capital allowances program."

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On day one she was informed that her responsibilities extended to the group's PAYE and NIC compliance, "which meant I had to attend some courses to get up to speed as quickly as possible".

She then moved into treasury in October 1994. With no previous experience, she had a steep learning curve to master the basics of cash management, money market and derivative dealing and executing payments. She was soon working closely alongside the group treasurer on capital market debt issuance and supplementing her work experience with studying for the AMCT exams. "As a chartered accountant I had a number of exam exemptions, which was a relief, and only needed to sit papers V and VI, which I successfully completed in 1996."

**THE COALFACE** What might sound stressful to some was a "fascinating experience" for Holdsworth. "I enjoyed working 'at the coalface' for the first time, and actually looking to the future rather than to the past. The work was all about the group's current and future cash requirements, and so was closely linked to organisational strategy. This allowed you to discover exactly what was going on within the group, while raising debt also provided a lot of valuable experience that would stand me in good stead."

She was also "fortunate enough to have an excellent mentor in Faanya Goldin", and took over the role of group treasurer in 1998 when Goldin retired. At that time, BAA was still a FTSE 100 company and Holdsworth was able to develop her key strength: funding in the bank, commercial paper and capital markets, including the issuing of sterling, eurobonds and convertible bonds on and off debt programmes. She held the position for 10 years and saw the treasury team increase from three people to 12 in that time.

The period saw BAA become a major presence in airport and duty-free shops. In 1996 it had set up World Duty Free to take over and run the outlets at its UK airports and the following year it paid £429m for US operator Duty Free International (DFI), although it sold DFI's non-UK interests four years later. "As the UK business was set up from scratch, I had to learn cash management from a new perspective," says Holdsworth. "We also had to assimilate DFI so I gained experience of the cultural difference between the UK and the US, as well as their different way of managing cash."

The nature of the treasury team's work evolved during Holdsworth's stewardship, particularly after BAA was acquired in 2006 by a consortium headed by Spanish construction group Ferrovial. It developed "from raising debt in the sterling market to managing debt investor relations, covenant compliance and structured financing, which also involved a considerable amount of work with the rating agencies".

The environment became more challenging over the period from a funding perspective, even before the onset of the credit crunch. In the late 1990s, when BAA enjoyed an unsecured AA- rating, "life was relatively simple. Investors and bankers were keen to offer their services – at a price, of course – and were almost throwing money at the business." Post-acquisition, the group was relatively highly geared and had a complex secured debt structure.

**A NEW CHALLENGE** By 2008 Holdsworth had completed 15 years at BAA, and 10 heading the treasury team. She decided it was time to look for a new role and a new challenge. "I'd grown almost debt-weary by then, with so much work both in raising debt and refinancing it in the capital markets," she admits. "Also the dynamics of the job were different post-acquisition, with BAA now a private company. While I had a good relationship with the new finance director, as the treasurer of a company with an overseas parent it no longer felt that I was directly involved in my own destiny."

Her decision to move was sealed by plans to relocate BAA's head office to Heathrow. The prospect of a lengthy daily commute was not appealing. "I looked around and was in something of a dilemma, having become almost institutionalised after spending so long at BAA," she says. "All I knew was that I wanted a new challenge, although I was also prepared for a major cultural shock in leaving a major company."

Two offers presented themselves. The first was a role with a housing association based in Stratford, east London. This was an exciting prospect with the area rapidly transforming thanks to the 2012 Olympics. The second was at Alpha Trains, a company that shares some characteristics with BAA: "Both were acquired by consortiums and are highly leveraged with debt that is effectively secured on assets." Both own and operate long-term infrastructure, Alpha Trains' rolling stock having a typical lifespan of 25 to 30 years.

"A significant proportion of my work involves debt investor relations and ensuring compliance with covenant and security requirements," she says. "At BAA we carried out deal roadshows but also visited long-term bondholders, even when there were no immediate plans to raise debt over the coming months, as a means of building confidence in the group. I'm following a similar policy at Alpha Trains."

Although debt investor relations still keep her busy, as Alpha Trains has about €700m of debt, the company has no immediate refinancing needs, "which is a relief as I'd grown a little weary of the debt capital markets while at BAA".

Another difference is that work for BAA involved dealing with London-based bankers and predominantly UK-based investors. Alpha Train's debt investors are banks rather than bondholders, and most of them are French and German, which means trips to Paris, Frankfurt, Munich and Hanover.

And while BAA's finance departments employed a few hundred, Alpha Train's treasury team runs to just three, with an assistant treasurer and cash assistant supporting the group treasurer. "So I'm

getting back to the treasury fundamentals and refreshing my tax knowledge once again; for example, in determining how to best move funds cross-border, dependent on whether we have local tax authority clearance or withholding tax exemptions," she says. "At BAA, much of my time was taken up with managing and overseeing a team, while at Alpha Trains if you want something done the first question to ask is whether you can do it yourself. It's something I really enjoy."

**CURRENT WORKLOAD** Holdsworth spends a significant amount of her time on investor relations, ensuring covenant compliance and cashflow forecasting while "getting to grips" with the company's debt structure. "When the consortium purchased Angel Trains, the financing of the transaction was quite complex, although similar in many respects to the model used for Ferrovial's acquisition of BAA, and was completed at a fairly challenging time when market conditions were rapidly worsening," she recalls. "Understanding how to live with and ensure compliance on a day-to-day basis with funding requirements set out in mountains of documents can be arduous, but rewarding nevertheless."

Her key challenge last year was obtaining visibility of the group's cash, which is vital in a cross-jurisdiction business. During the year her department handled seven different currencies in 10 countries, with 10 banks and 79 bank accounts, so it needed to be able to identify the location of the cash to ensure it could report accurately and in detail to the executive team.

She says that this year should see the completion of a project to move to a one-bank reporting system, concentrating cash in fewer accounts with online real-time visibility.

Cash forecasting is also essential, and that, she admits, has persuaded her to return to the very basics of treasury. The company "practically underwent a rebirth last year", creating a new identity separate from that of both its former parent and RBS. A lot of the project work in 2009 involved setting up procedures that were developed from scratch, but operate in an already established business. "In 2010, the focus will be on cementing these policies and procedures in place and on ensuring good housekeeping," she says. "And key to the job is keeping up to date technically. It's admittedly tough when you're kept regularly under pressure at work, but it's a practice that I also encourage and support my team in following."

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