

BRENDAN BOUCHER TALKS TO **PETER WILLIAMS** ABOUT A TREASURY CAREER THAT STARTED OFF WITH A CHANCE MOVE BUT HAS NOW HIT A RICH SEAM WITH A LEADING ROLE IN ONE OF AUSTRIA'S LARGEST INDUSTRIAL COMPANIES.

# Digging deep

PHOTOGRAPHER: THOMAS VON DER HEIDEN

It must be rare for a treasurer to move from working in Brentford, west London, to living and working in Vienna. But Brendan Boucher seems to have made the switch from the delights of Kew Gardens and Brentford FC to the coffee houses and State Opera of Austria's capital city with ease. Even he admits to being surprised by the thought of working in a German-speaking country for Austria's largest industrial company (see box on page 20). But his move to Group Treasurer of OMV underlines his commitment to follow a career in treasury.

Boucher took the OMV job because he was seeking to broaden his treasury and managerial skills in an environment with what he calls "a degree of complexity" – by which he means a large international corporate with multidimensional business interests. He is interested in the fact that the raw material is extracted from the ground and, through the manufacturing process, a product is taken to the consumer in a large marketing and selling operation.

Such complexity is reflected in the company's treasury operations. Boucher says: "The oil and gas industry has major currency issues. Our products are linked to the dollar, but we have a substantial cost base in euros plus a substantial business in Romania which creates exposure to euro/ron and dollar/ron as well as euro/dollar."

As Boucher points out, emerging market currency reports from banks often list Romania and Turkey as problematic foreign exchange (FX) regimes. And those two countries are core to OMV's success.

Aside from currency risk, a new challenge for Boucher is OMV's commodity price exposure. So much revolves around the oil price, he says. "This is the biggest single risk we face and have to manage. From a treasury perspective it is not something you would come across to such an extent outside the energy sector, so it's an

## OMV's treasury

Brendan Boucher is Group Treasurer of an experienced team: the treasury team of 11 is complemented by another eight people who work in the in-house insurance broker. OMV has a centralised treasury function for the group split broadly into three areas:

- **Corporate finance** manages group-wide funding, liquidity planning, asset management, banking arrangements and foreign exchange (FX). Boucher says: "This represents the core treasury activity. Operating companies transact all of their FX and funding requirements through corporate treasury and we net the positions and execute in the external markets."
- **Risk management** is highly sophisticated at OMV, which operates an enterprise-wide system. Boucher says: "We have a bottom-up approach on risk identification, tracking in excess of 500 specific risks around the group. These are then quantified and assessed on a portfolio basis using Monte Carlo simulation. We also have a top-down approach looking at how risk management fits in with corporate strategy." Strategic market price risk, the number one risk, is managed centrally.
- **Insurance** was a new and broader area for Boucher than he had previously experienced. He says: "Insurance is frequently part of the treasury remit so to gain exposure to it was attractive to me, particularly given the full range of insurance we manage, from covering the loss of multibillion-euro oil refineries to a network of over 2,500 filling stations."

interesting new challenge."

While Boucher cannot claim to have known OMV well before he joined the company he can claim some prior knowledge of its business. He graduated from Exeter University with a degree in geology so, as he puts it, he knows broadly what happens under the ground, although nearly a couple of decades on from graduation he modestly declines to call himself a geologist.

At the time, he did contemplate a PhD, which would have more than likely led to an earlier job in the oil and gas industry. But in the end he opted for a career in finance and gave up studying rocks for qualifying as a chartered accountant with what was then Coopers & Lybrand in Bristol.

His first taste of business life outside the UK came in the form of a six-month secondment to Moscow, which gave him a

different perspective. He said: "It was a start-up operation staffed by people literally from around the world, which gave it an international and dynamic feel."

Now he is in an equally international and dynamic environment. Boucher's first contact with the world of treasury came in 1999 while he was with Glaxo Wellcome. After leaving public practice in 1996 he joined the pharmaceutical giant as a Financial Accountant based in London. His next role within the organisation was as Treasury Manager. He says: "As is often the case, my break into treasury came more by chance than planning. I had contact with my predecessor and when he left to be Finance Director of Glaxo Wellcome in Ireland they were looking to fill his place."

Boucher says he had little interaction with the world of treasury before his move. "My only contact was providing cashflow forecasts and some liquidity analysis."

But when discussing the position he says he was struck by the





forward focus of treasury compared with much of the backward-looking nature of traditional accounting work. He adds: "There is also an emphasis on external relationships and what is happening in the broader financial markets which I enjoy."

The other switch which appealed to him was moving to the head office of an international company. On becoming Treasury Manager, he was responsible for supporting Glaxo Wellcome's subsidiaries in Europe, the Middle East and Africa. One of his first tasks was working with subsidiaries as they prepared for the euro's introduction.

In his role as Treasury Manager, Boucher had a ringside seat for the merger of Glaxo Wellcome and SmithKline Beecham in 2000. Boucher says: "For me it was like changing roles. From a treasury perspective many of the systems, processes and the ways of working adopted by the merged entity were that of the legacy SmithKline Beecham, so it was an excellent opportunity for me personally to see a very different way of doing things."

Post-merger, Boucher held the position of Assistant Treasurer for the International Region supporting the subsidiaries in Asia, the Middle East and Africa. He was responsible for a portfolio of 31 countries in fast-growing markets such as India and China which presented their own treasury challenges.

He says: "Increasingly I became more involved in the strategic side of treasury operations, focusing on core activities such as the funding and investment strategy for the group as a whole, rather than just supporting the markets. But I always maintained a real enthusiasm for the international aspect of the role, so perhaps it's no surprise I ended up working outside of the UK."

Boucher gained a considerable practical knowledge of treasury before he became an AMCT. He says: "I took the exams because I thought it would complement my practical treasury experience with some additional theory. I enjoyed studying more than I expected because it completed the picture. Spending quite a few years in treasury roles before I tackled the exams prepared me well. As a result I didn't find the process as demanding as the ACA and I certainly felt the material was well focused and relevant for the day job."

After a long stint at GSK, Boucher had determined on a treasury career and he set about finding the right opportunity to push himself further. He says: "GSK was a fantastic company to work for but I wanted to broaden my experience and felt I could best achieve this through a change of industry, a change of credit and a change of environment."

The job spec at OMV ticked all the boxes both from a technical and a managerial perspective. And while Boucher is picking up German, business is conducted in the international business language of English. So for Boucher, who started at OMV in November 2006,

neither language nor location proved a stumbling block. Indeed, he describes it as a fantastic opportunity, changing role, company, sector and culture all at the same time.

There are differences. He says: "Business culture, for example, is different compared with the UK in the way people interact. It tends to be more formal, slightly more direct, and people are certainly forceful with their opinions."

Boucher is aware that one of his biggest challenges is finding his way around a new industry and one with a markedly different risk profile from the, patent-secured cashflows and very strong credit of the pharmaceutical industry. Although OMV has no formal rating Boucher knows it doesn't hit GSK's strong AA rating. He says: "The cashflow risk from commodity prices puts a very different emphasis on risk management. It's still a very cash-generative business, particularly with oil prices in excess of \$70 a barrel. But the market can change and we need to be prepared for all eventualities."

OMV has an ambitious growth strategy to 2010. Its acquisition of a majority stake in Romania's former state-owned oil and gas company has already started that process of transformation. As part of achieving the targets, the shape and scale of the company will alter again and Boucher knows the treasury function will need to be prepared. While paying tribute to the treasury department he inherited (see box on page 19) Boucher is clear about the task: "A key aspect of my job is, to use a sporting analogy, to move us from the first division to the premiership in the way treasury operates, interacts with the business and is able to respond to future changes."

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### Who are OMV?

Brendan Boucher, now Group Treasurer of OMV, admitted he was not familiar with the company when he was first approached about the job. The company is not a household name in the UK and is unfamiliar to many outside the oil and gas industry. However, OMV is the leading integrated oil and gas group in central Europe and Austria's largest listed industrial company. As an integrated oil and gas group, OMV is involved in the whole process from exploration and production through to refining and marketing. OMV is active in exploration and production in 20 countries and five continents and in refining and marketing in 13 countries. Turnover in 2006 was nearly €19bn, with earnings before interest of €2bn.

