

# THE HEAT IS ON

Working in the Middle East has its challenges, but talented treasurers can go far. Toby Shore, Dubai Aluminium's corporate treasurer and chief risk officer, explains why

Words: **Sally Percy** / Photos: **Neville Hopwood**

➤ For many European treasurers, the Middle East appears to be a land of opportunity. If you're an ambitious professional who wants to make your mark, this rapidly growing region offers you the chance to be something of a treasury pioneer. If you're fortunate, you may be entrusted with setting up a treasury function from scratch in a large corporate, hiring a team and overseeing the implementation of new IT systems, working practices, policies and procedures. But while there's an obvious appeal to furthering your career in a warm, sunny climate with an attractive tax regime, does the reality live up to expectations?

Apparently, it does. "A career in treasury in the Middle East is rewarding," confirms Toby Shore, corporate treasurer and chief risk officer at aluminium producer Dubai Aluminium (DUBAL). "As it is a relatively new career path for many in the region, the job scope and operating dynamics can be far wider than in more established parts of the world." But there is a challenge, he concedes, in persuading employers to see treasurers as being more than just managers of cash. "There are still some companies that don't appreciate the value-add that a professional treasury team can bring," he notes. Fortunately, this is not an issue at DUBAL, which is an employer of choice in the United Arab Emirates (UAE) and is committed to developing new treasury talent.

Shore has worked in Dubai since 2008 and although he is now MCT-qualified, his background was originally in credit risk within the insurance industry. Previously based in Sydney, his decision to move from Australia to the Middle East came "more by accident than design". As he puts it: "I happened to be in the right place with the right skills." He was asked to establish the credit risk function at DUBAL, focusing initially on customer counterparty and financial institution risk. The role was attractive both because of DUBAL's reputation – "the company direction and culture is first-class" – and because of the lifestyle that Dubai offers. "For around nine months of the year, the weather is fantastic and the variety of entertainment on offer is great. Also, its close proximity to the rest of the world creates fantastic opportunities to visit places that would be quite difficult to reach from Sydney."

DUBAL, which was founded in 1979, operates the world's largest single-site primary aluminium smelter. It produces around



one million tonnes of aluminium per year and serves customers across 57 countries, mainly in the Americas, Asia, Europe, the Middle East and North Africa. DUBAL also has a 50% stake in Abu Dhabi-based aluminium company Emirates Aluminium. Although DUBAL is owned by the Dubai government, the company funds itself through its own cash generation and the debt markets. So top priority for its treasury team is to safeguard DUBAL's loan and liquidity portfolio and to manage its financial risk, taking into account the principles of security, diversity, partnership and yield.

Shore was asked to take over responsibility for DUBAL's treasury in 2010. "My career in treasury happened more by good luck than good planning," he says, but he found that his background in credit risk and insurance was a distinct advantage as he transferred into treasury. "I had gained a fairly broad spectrum of understanding of what treasurers might face in terms of credit risk and analysing a company's financial situation in the real world, whether that be in distressed or in healthy companies," says Shore. He believes that treasury is about putting learnings from financial analysis into practice on a day-to-day basis and he particularly enjoys the outward-facing nature of treasury since it involves regular interaction with the capital markets.

In 2013, DUBAL's treasury team won the Large Team of the Year award in the ACT Middle East's Deals of the Year Awards. (For more, see [www.treasurers.org/node/9681](http://www.treasurers.org/node/9681)) Among the many team achievements that caught the eye of the judging panel was the implementation of a new treasury management system (TMS) in 2013. DUBAL's TMS is a SunGard AvantGard Quantum, which Shore describes as "about as all-singing, all-dancing as treasury technology goes". Fully integrated with DUBAL's SAP enterprise resource planning system, the TMS also links to its 360T FX trading system, as well as to Reuters and an SAP exposure management system. As an aluminium producer, DUBAL is very vulnerable to movements in commodity prices. As Shore says: "The volumes of financial risks under management and the sheer value associated with these made a fully integrated TMS a 'must-have'" >

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## DUBAL IN NUMBERS:

**1979**

the year in which DUBAL was founded

**50%**

the share of Emirates Aluminium that is owned by DUBAL

**300**

the number of customers who are served by DUBAL

**>1 million tonnes**

the amount of aluminium smelter that is produced by DUBAL each year

**28**

the size of DUBAL's treasury team

**57**

the number of countries that buy DUBAL's aluminium

**\$2.65bn**

DUBAL's turnover in 2013

**3,800**

the number of people that are employed by DUBAL

**73%**

the proportion of DUBAL's management team who are UAE nationals

**16.5%**

the proportion of DUBAL's workforce who are UAE nationals

“DUBAL's first and foremost philosophy is to be a low-cost producer, so our best hedge is to be as low down the cost curve as we possibly can. We have a fairly cost-conscious approach to everything that we do in the company”

The team began planning the TMS at the end of 2010 and development largely took place in 2012. The toughest challenge was providing operational support for business-as-usual activities during this period. “We run a busy treasury,” Shore reveals. “To take two of our most experienced people out on almost a full-time basis for 18 months was a major stretch for the remainder of the team.” Nevertheless, all the hard work was ultimately worth it. “The end result is a far more robust and integrated solution than we had initially planned,” says Shore, and he credits the new system with “bringing an increased level of transparency across the team”. The TMS has also helped DUBAL's treasury to improve its liquidity planning and cash forecasting “as we now have one integrated system from which we can collate, report and manage all of our financial risk exposures”.

Hedging is part of DUBAL's strategy to manage its financial risks. “DUBAL's first and foremost philosophy is to be a low-cost producer, so our best

hedge is to be as low down the cost curve as we possibly can,” says Shore. “We have a fairly cost-conscious approach to everything that we do in the company.” When the company has large capital commitments to make, it supplements these with a strategic commodity hedge, which “would be around the value that would deliver us a return over and above our internal cost of capital”. The primary goal of DUBAL's financial risk management strategy is to protect shareholder value, however. “We don't engage in speculative trading or speculative business activities,” says Shore. “We focus on our core business, which is aluminium.”

DUBAL works with several UAE banks, as well as global banks. “We support home-grown industry, but we also recognise that we do play globally, and that we need to engage in the global marketplace,” says Shore. DUBAL believes in maintaining open dialogue with its banking partners so it gives them direct feedback every quarter, using a quality index tool that ranks the bank in comparison with its

peers. It then uses this ranking to allocate its trade finance and ancillary business spend for the next year.

Shore joined the ACT Middle East shortly after taking up his treasury position at DUBAL and began studying for the MCT in 2012. Due to his professional qualifications and experience, he decided to enrol directly onto the MCT, without taking the AMCT. "I decided to study for the MCT as a way of bridging any gaps in my knowledge that may have arisen by not coming up the traditional ranks of the treasury hierarchy," he says. "It really helped me to achieve this and more." Following qualification, he was awarded the ACT Middle East Student Achievement Award. Shore is a great believer in the value of treasury qualifications, saying: "We encourage all treasury staff to get some sort of ACT certification." At present, six members of his treasury team are studying for ACT certificates in cash management, treasury or financial risk and modelling, while another member is studying for the MCT.

Working in treasury in the Middle East does pose some unique challenges, according to Shore. "Things that may be acceptable in one culture may offend in another, and, often, many of these are quite nuanced," he says. "Factors such as religious beliefs regarding commercial interest and unaccompanied travel, especially by women, need to be carefully considered and delicately handled." He has also had to adapt to a different schedule, including working on Sundays with Christmas and Easter also being working days. Meanwhile, the UAE slows down during the holy month of Ramadan, which can make it difficult to get hold of business contacts. "I am still coming to grips with working on Sundays," he admits. "But it does make the week pass extremely quickly. You tend to work a bit more on your weekend, but then Sunday is a great day to catch up on all those pending emails and admin that you have put off."

Residency restrictions limit the readily available temporary workforce in the UAE, which poses a challenge for companies looking to fill short-term vacancies. Although he has found travelling outside Dubai on his Australian passport relatively straightforward, Shore has been surprised by the level of visa restrictions imposed on citizens from certain countries when they want to travel outside the Middle East, especially to Europe or the US. "If not managed correctly, this can easily impact your business if cross-border trade is core," he says.

While Middle Eastern countries such as Syria and Iran have well-publicised troubles, Shore believes that "Dubai, Abu Dhabi and the UAE remain largely unaffected by what is happening elsewhere". But he notes that the socio-economic and political considerations in the region have "posed considerable challenges to the treasury team in the past few years, challenges that treasury teams operating outside of the region would not have had to face".

Overall, the best thing about living and working in the Middle East is the people, says Shore. "I have been extremely fortunate to meet and work with a lot of very talented people – expats and UAE nationals – who have taught me a lot." He continues: "Working and living in the Middle East is not for everyone, but if you come with an open mind, a 'can-do' attitude and are prepared to leave your prejudices and preconceived ideas behind, then it can be a truly rewarding place to live and work." ♦

Sally Percy is editor of *The Treasurer*

## TOBY'S TOP TIPS FOR SUCCESS:

♦  
**"Have an open mind. Talk to your banks often – but talk to your CFO more."**

♦  
**"I was once told that it is better to be lucky than good. I guess I have been lucky and in the right place at the right time more often than not. This, combined with a keen sense of morality, self-awareness, plus an ability to focus and execute, is perhaps why I have achieved what I have."**

♦  
**"I recently converted from a BlackBerry to an iPhone and I love what you can do with it. Unfortunately, I now carry both, so am not sure this was a great idea."**

♦  
**"I didn't do the MCT to get ahead professionally, but more for personal knowledge and learning. If you measure success by that, it has delivered and more."**

♦  
**"What is the most difficult question my FD is most likely to ask? 'What's the aluminium price going to be next week, next month and next year?' If he wants to be really difficult, he will ask me what it is likely to be the year after that!"**

♦  
**"With two teenage children, there is not much chance of winding down any time before 10pm, but I go to the gym every day and still play rugby – although I must admit that the latter is in the veterans' league."**

## TOBY'S CURRICULUM VITAE

### 2010-present

Corporate treasurer and chief risk officer, Dubai Aluminium

### 2008-2010

Senior credit risk officer, Dubai Aluminium

### 2005-2008

Executive manager, risk, Oceania and Southeast Asia, Atradius Credit Insurance, Sydney

### 2003-2005

Head of special risk management and claims, Oceania and Southeast Asia, Atradius Credit Insurance, Sydney

### 2002-2003

Head of claims and recoveries, Export Finance and Insurance Corporation, Sydney

### 1999-2002

Senior manager, claims, Export Finance and Insurance Corporation, Sydney

### 1998-1999

Senior underwriter, credit management services, QBE Insurance, Sydney

### 1995-1998

Underwriter, export markets, QBE Trade Indemnity, Sydney