

# Winner

## Making it look easy

### Imperial Tobacco



A SMALL BUT HIGHLY FLEXIBLE TEAM HAS SHOWN HOW A TREASURY CAN SUCCESSFULLY JUGGLE NORMAL OPERATIONS WITH A MAJOR ACQUISITION, A HUGE RIGHTS ISSUE AND A LARGE BOND ISSUE.

#### WHY THEY WON

- Successful funding across debt and equity capital markets for acquisition financing.
- Small, hard-working team relied on by CFO.

The Imperial Tobacco team, led by group treasurer John Jones, is nine strong, although there are plans to expand it by a third. For the moment, though, Jones has two deputies, each with a team of three. One team handles the front-office; the other the middle-office. Jones deals with strategic issues aided by the deputies. The department handles all deals, payments and confirmations, although accounting and reconciliation is handled elsewhere.

The last year has been a busy period, with the team working on the Altadis acquisition. "It was a major acquisition that materially changed the numbers that went through our hands," said Jones. "Effectively we took over the Altadis treasury activities from day one." The work started with the acquisition financing, setting up an equity bridge facility, helping to complete the deal and working on the disposal of parts of the business.

Dominic Kerr, managing director for corporate origination at HSBC, said: "In a year where many corporate issuers across the globe have struggled to achieve funding in the capital markets, Imperial

Tobacco's team have managed to juggle a very significant flow of normal treasury business, the integration of the Altadis acquisition, one of the UK's biggest ever rights issues and a major bond issue – the latter being the a dual-tranche €750m and £600m bond in September 2008."

The team works hard to keep investors up to date. One of the last actions of 2008 was to make a well-received presentation to the market on the debt and risk management position.

Kerr says it all adds up to a winning formula; "For their professionalism, expertise, judgement and success in making a very difficult job look straightforward, they fully merit the title of Treasury Team of the Year."

Jones said: "The advantage of a small team reporting straight into the group FD is that we can get authorisation quickly and react quickly to changing market circumstances. The team has pulled together and worked well under pressure, coming together in an effective and efficient manner to get the job done."

## Highly commended

### The Co-operative

This has been a year of change for the Co-operative treasury team, who have met a series of challenges which would have tested any finance professional. Treasurer Roger Morgan, said: "One of the main achievements in 2008 was managing the smooth integration of treasury operations as a result of the 2007 merger of United Co-Operatives with the Co-operative group."

The year was also challenging because of a departmental reorganisation, which saw numbers reduce from the equivalent of five or six full-time staff to four: a treasurer, two treasury managers and a treasury assistant. The main roles and responsibilities of the team include the daily cash management of the group trading division funds and preparation of weekly consolidated cash forecasts.

One task which doesn't fall to every treasury department is the administration of members' funds held by the members' register.

The major event for the Co-operative was the takeover of Somerfield. The treasury team worked hard to ensure that work carried on despite the fact that Morgan was effectively seconded to work full time on the financing of the deal. It was that transaction which sparked the loan that won the Co-operative the Deal of the Year Award for loan deal sizes above £750m. Together with this commendation, it represents a notable double for the Co-operative treasurer and his team.

For more on the Co-operative see the profile of Morgan in The Treasurer, December/January 2009, page 20.