

Winner

Engineering success

Invensys



THIS VERSATILE TREASURY TEAM, ALREADY WINNERS IN THE MID-MARKET LOANS CATEGORY, CAREFULLY FINESSED A SERIES OF REFINANCING DEALS, UNDERTOOK A SET OF COMPLICATED DISPOSALS, AND SUCCESSFULLY RESTRUCTURED ITSELF.

WHY THEY WON

- Offshored its own back-office.
- Carried through a complex series of disposals in multiple jurisdictions.

Global technology group Invensys works with customers across many sectors to help them optimise their processes and improve their performance. And over the last year the treasury department of the FTSE 100 company has been working hard to do the same.

Karl Fenlon, vice president for group treasury and taxation, summed it up when he said: "The Invensys treasury team has shown a tremendous degree of versatility over the last year, playing a significant part in the strategic development of the group."

Key actions and achievements by the treasury department include replacing or retiring all the group's £1bn of debt facilities. The new debt facilities have investment-grade style covenants for acquisitions, disposals and dividends. In July 2008 the company announced that it had signed a £400m multicurrency credit facility. The facility – which is for a term of five years – is available for drawdown as loans, letters of credit or guarantees. At the same time credit ratings have improved at all three agencies.

Peter Brotherton, director of major corporate banking at RBS, said: "The Invensys treasury team successfully and realistically achieved a balance with its banks by agreeing a financing which recognised the

progress made by the company in recent years but did not lose sight of some of the history around historic refinancing events."

The Invensys team has been involved in implementing a complex series of disposals on multiple jurisdictions. For instance, one deal involved more than 20 countries. With the current emphasis on working capital management, the treasury team has played its part through the implementation of an extensive cash repatriation department.

While working closely with the rest of the company, the treasury department has also undergone its own restructuring and has outsourced back-office functions to low-cost territories.

The final piece of work of note is the restructuring of the group to facilitate the resumption of dividends when required.

All the activity suggests that the Invensys treasury team has a clear understanding of the needs of the company and is willing and able to work with colleagues to ensure that the strategic objectives of the company are met. It has demonstrated that significant progress can be made in all the key areas of treasury even against a difficult environment. Invensys is a worthy winner of Treasury Team of the Year Award for companies with market capitalisation below £2bn.

Highly commended

Inchcape

The Inchcape treasury team is pleased with its work over the last year especially on the banking side. The company is an international automotive retailer and with group sales for 2007 in excess of £6bn, the treasury team is not idle.

Treasury director Chris Parker has two staff working in the front office, one in settlements and one as a treasury controller.

Through Inchcape Finance and Inchcape Finance Hong Kong, the team organises short-term and long-term funding and deals with banking arrangements. The team is also spending more time currently on monitoring working capital. According to Parker, "in automotive retailing, inventory management is key".

In 2008 the group extended for a year its syndicated £500m

revolving credit facility, and self-arranged an additional £225m from its relationship banks during the summer.

Away from the markets the team has been improving its systems, upgrading both international and domestic payments. Other areas of improvement include the international cash management system, foreign exchange settlement and straight-through processing.

Parker aims to achieve gold standard in everything the treasury department does and is working to make systems future-proof. With nine years of experience at the group and with trading margins historically below 5%, he knows it is a question of applying resources when they are needed. The Inchcape treasury team has achieved that with some success.