Overall winner

Power play

Essar Energy

UNDERTAKEN IN DIFFICULT EQUITY MARKETS AT THE HEIGHT OF FEARS OVER GREECE'S CREDITWORTHINESS, THIS HUGE IPO MARRIED THE CAPITAL REQUIREMENTS OF ENERGY COMPANY ESSAR WITH INVESTOR DEMAND FOR A HIGH-GROWTH INDIA STORY IN A FTSE 100 FORMAT.

PRINCIPAL TERMS

Essar Energy floated on the London Stock Exchange on 7 May 2010, raising $1.95bn through a primary offering, with investors purchasing 23.28% of the group. It entered the FTSE 100 on 21 June. Bookrunners: Deutsche Bank and JP Morgan Cazenove.

The Essar Energy initial public offering (IPO) represents a landmark transaction that showcased the depth and international capabilities of the UK equity capital markets. Launched in May 2010, it was the second ever main-board IPO from India.

The offering, which gave an implied market value of £5.5bn, represented a successful debut for the Essar group in the international capital markets. The combination of the Essar Oil and Essar Power businesses in the newly created Essar Energy provided investors with a pure-play opportunity to gain FTSE 100 exposure to Indian economic growth within the well-regarded UK corporate governance regime.

The IPO generated $2bn in proceeds to enable the company to build its nationally important 10GW power project to meet the growing domestic demand for power in India. It also allowed Essar Energy to supply the growing domestic demand for refined petroleum products.

Joe Seifert, executive director of investment banking at JP Morgan Cazenove, says: "Essar Energy was the largest IPO in the UK since 2007 and it delivered what the company and investors wanted – exemplary execution in volatile markets, a blue-chip investor base and strong share price performance. The deal married the capital requirements of a world-class Indian energy company with international investor demand for a high-growth India story in a FTSE 100 format.

"Behind the story is an Indian economic boom with enormous infrastructure requirements. The proceeds of the deal will help to build out generation capacity in the power sector – critical to over 400 million Indians who currently have no access to electricity."

The deal fulfilled institutions' desire for exposure to India while meeting the company's funding needs, which were not achievable in the domestic Indian market. The IPO saw high-quality demand, with two-thirds of the book allocated to the top 10 institutions.

The transaction was prudently executed in difficult equity markets during the height of the markets' fears over the possibility of a default on Greek sovereign debt and a wave of credit downgrades that rattled investor confidence and was exacerbated by the uncertainties following the inconclusive UK general election. And although the oil, gas and power company reduced its offer price to 420p per share, against an initial range of 450p to 550p, the shares rebounded strongly after an initial fall to trade at 580p at the time of writing, nearly 40% above the issue price.

This deal was well handled and the judges were impressed by the ability to get so large a deal away at such a time. The IPO is still a rare creature and this one was a particularly impressive example.

P Sampath, CFO of Essar Energy, says: "Essar Energy offers unique access to the economic development and rapidly growing energy needs of India through a company that owns assets across power generation, exploration and production and oil refining. A further key advantage is that we are backed by the Essar group, one of the largest family-owned business groups in India, who at the time of the IPO had already invested $2.9bn of their own money into the business. Proceeds from the IPO will be used to achieve major growth across all three business areas, increasing power generation capacity from 1,220MW to 11,470MW by the end of 2014, developing our oil and gas portfolio in India and elsewhere, and increasing refinery capacity from 14 MMTPA [million metric tonnes per annum] to 36 MMTPA."

Highly commended

An excellent package

TUI Travel

AGAINST A BACKDROP OF DEEP UNCERTAINTIES WITHIN THE TRAVEL SECTOR, INCLUDING THE ICELANDIC VOLCANIC ASH CLOUD THAT HALTED FLIGHTS ACROSS EUROPE, TUI TRAVEL TOOK OFF WITH A £400M 4.9% CONVERTIBLE BOND DUE 2017.

Completed at the end of April, the timing had to be just right, as any delay would have pitched the company against growing political, macro and sovereign uncertainty. The decision to press on was justified: TUI was the last corporate to issue convertible bonds until the autumn.

The bonds were part of an integrated financing package of £500m that the treasury team secured, including additional bank facilities. The proceeds enabled the company to expand and diversify its debt maturity profile, while also generating a war chest that it could use to exploit a strong pipeline of enticing acquisition opportunities. The convertible bond was a particularly attractive route for the company as long-term debt funding could be obtained without the need for a credit rating.

Working with joint bookrunners Barclays Capital, Citigroup, Commerzbank, Deutsche Bank, ING and RBS, the treasury team recognised the strong demand for new paper in the convertible market and took the opportunity to access this market for the second time within six months, raising a total of £750m long-term funding at attractive rates, subsidised by selling a call option at a time when TUI Travel's share price was peaking. This ensured the treasury team achieved a conversion price level substantially above the all-time share high.

Paul Leacy, director of group treasury, insurance and aviation finance, says: "This financing was the final piece of a jigsaw in the refinancing of an original €2bn shareholder loan. It also provided further support for our progressive acquisition strategy."

Winner

Healthy moves

Merck

MERCK'S BOND REQUIRED ANY NUMBER OF MOVING PARTS TO BE CO-ORDINATED, INCLUDING A RATINGS ADVISORY PROCESS CREATING A TWO, FIVE AND 10-YEAR YIELD CURVE, AND AN M&A CALL FEATURE AGAINST THE BRIDGE.

PRINCIPAL TERMS
€3.2bn high-grade Eurobond across three tranches: €500m 2.125% two-year; €1.35bn 3.375% five-year; and €1.35bn 4.5%10-year.
Joint bookrunners and global co-ordinators: Bank of America, BNP Paribas and Commerzbank.

In 2010 healthcare company Merck issued its award-winning Eurobonds partly to fund the $7bn acquisition of biopharmaceutical manufacturer Millipore. The broader objectives were particularly wide-ranging – an extensive ratings advisory mandate, the refinancing of a €4.2bn acquisition facility, and a large FX hedge executed with no market disturbance – and single this out a landmark deal. Merck could not be entirely sure its acquisition would go through until all the transactions closed.

In executing the bond deal Merck successfully termed out its bank debt, relieving its core banks of significant hold loans, and syndicated the risk to over 1,000 debt investors. The swift takeout avoided pricing setups in the loan margin and incremental fee payments.

The rapid access to the market and the inclusion of an M&A call allowed Merck to refinance its acquisition bridge before it was utilised, saving the company a large portion of the associated fees.

Rando Bruns, head of treasury at Merck, says: "The Merck bond marks the largest euro investment-grade corporate deal in 2010. The deal enabled Merck to build a sound debt maturity profile and to address different investor groups. Being the cornerstone in financing the acquisition of Millipore, the deal made it possible to cancel a bridge loan put in place for the acquisition financing and released Merck from short-term dependency on banks."

Highly commended

Shanks

shanks. waste solutions.

Waste management company Shanks became the first UK corporate to offer a bond targeted at the retail and private banking investor base in Belgium and Luxembourg, where the company operates.

The retail bond, which raised €100m at 5% for five years, provided flexible longer-term funding in the currency Shanks requires. The price was competitive and set before the launch of the transaction.

Bob Cartwright, Shanks group treasurer, says: "The key objectives of Shanks' refinancing are to extend maturity, diversify the sources of funds and obtain maximum flexibility for the group's development, all at a competitive cost. The retail bond was the key first step in this process. The issue achieved a five-year maturity from diversified individual investors rather than financial institutions, 'covenant lite' and with a competitive coupon of 5%."

Special commendations

Circle Anglia and Hyde

The DOTY panel also wishes to make special commendations for bonds issued by housing associations Circle Anglia and Hyde Housing, which demonstrated innovative features and flexible treasury management.

In 2010 Hyde decided to obtain a Moody's credit rating and access the debt capital markets to launch an inaugural £250m secured bond maturing in 2040. Hyde had £1.3bn of committed bank facilities but wanted to diversify its source of funding. The bond was hailed by the government as a model of financial innovation in the sector.

And Circle Anglia raised £124m at a yield of 5.39% following a tap issue to its £275m 2038 fixed-rate bond. The issue was brought to UK institutional investors without an investment bank managing the process. The company achieved an outstanding result in pricing terms with a margin of 110bps over gilts despite challenging market conditions, in particular investors digesting the implications of the Comprehensive Spending Review on the housing sector.

Winner

Liquidity rebuilt

OHL

FOR SPANISH CONSTRUCTION COMPANY OHL, AN EXCHANGE OFFER AND NEW ISSUE WITH CROSSOVER PRICING WAS PART OF AN INTEGRATED PACKAGE AS IT SOUGHT TO IMPROVE ITS MATURITY PROFILE AND LIQUIDITY WHILE ALSO DIVERSIFYING DEBT FUNDING SOURCES.

PRINCIPAL TERMS
€700m 7.375% new issue high-yield notes due April 2015 and concurrent exchange offer for 5.00% notes due 2012.
Joint bookrunners Citi, Credit Agricole, RBS, Santander, and Société Générale

The OHL financial package consisted of a new high-yield bond, a concurrent exchange offer for an outstanding bond, and a €240m forward-start facility. The company deemed the exchange offer highly successful, with investors tendering 59% of the amount targeted and 29% of the amount outstanding, €178.4m.

The €700m high-yield bond – €520m of which was new money – was priced at par to yield at 7.35%, the tight end of the initial price talk.

Like many of the winners this year, the deal was struck in choppy market conditions and OHL inevitably felt investor concern as the southern European sovereign debt crisis was reaching its peak as it met the market.

But investors were won over by OHL's strong cross-over and recovery story and the deal has put in place stable, long-term funding at competitive prices, paving the way for bond issues in the future.

The company carefully conveyed the credit story to investors during a four-day roadshow that covered London, Frankfurt and Paris, the key hubs for euro investors. Targeting investment-grade investors along with the traditional high-yield community ensured the available liquidity was maximised, as proved by the three times oversubscription.

Francisco Melia Fullana, OHL's director of corporate finance, says: "This deal has been good for OHL since it has allowed us to advance in our financial policy of covering permanent needs with long-term financing, based in the capital markets. It has increased OHL's excellent exposure in the international capital markets and the group's investor portfolio, therefore giving the group more financial flexibility.

"We consider this deal of great importance, especially in difficult market conditions, where liquidity has become a scarce commodity and financing costs have peaked. It allows the OHL group to diversify its financing sources, relying less on bank financing, and extend its maturity profile, diluting the concentration of refinancing needs."

Highly commended

Dignity Finance

A highly commended was thoroughly deserved by Dignity Finance, a provider of funeral-related services, for the combined effect of a consent solicitation, tap issue and equity release, which produced perhaps the first pure corporate releveraging exercise since the onset of the credit crunch.

The company successfully negotiated with bondholders to win a number of operational and financial flexibilities in its covenant packages. It also took the opportunity to make a one-off equity release funded by new long-term capital market issuance at a premium and secure an extremely competitive blended funding rate of 160bps over gilts.

The exercise involved detailed discussions of covenant amendments and interlinking three transaction timetables for a bond consent solicitation, a secured bond new issue and an equity release. The upshot was in September 2010 the company raised £80m in debt through tap issues and returned £60m to shareholders. The deal was complex and detailed and won the overwhelming support of both debt and equity investors.

Dignity FD Steve Whittern says: "I am delighted this transaction achieved all its objectives. The releveraging provided more bonds for investors at an attractive cost of funding to the group. Rebalancing the capital structure with this cheaper debt created value for equity shareholders. Finally, the changes made to the covenants have given the group further flexibility to grow in the future."

Winner
Precision M&A

Babcock International

THIS £1BN TRANSACTION MARKED THE RE-OPENING OF UNDERWRITTEN MERGERS AND ACQUISITIONS FOR UK CORPORATES IN 2010. IN A DIFFICULT FINANCING ENVIRONMENT THE FLEXIBLE AND EFFICIENT STRUCTURE IS AN EXEMPLARY ACHIEVEMENT BY BABCOCK INTERNATIONAL.

PRINCIPAL TERMS
Fully underwritten bridge facility of up to £400m and backstop facilities of up to £600m. Mandated lead arranger, bookrunner and facility agent: Lloyds TSB Corporate Markets. Mandated lead arranger: JP Morgan.

With its £1.33bn acquisition of VT Group, engineering support services company Babcock found itself on the cusp of the FTSE 100, marking the re-opening of underwritten mergers and acquisitions for UK corporates. The finance team successfully arranged the appropriate funding structure to ensure a seamless execution of the transaction, within a tight timeframe, while positioning the group for future access to the capital markets. Babcock's treasury team showed professionalism, drive and pragmatism throughout the process.

The transaction created a leading UK-focused engineering support services group generating pro-forma revenues in excess of £3bn and boasting an order book of over £10bn. The combined group has increased scale and deep capability across the defence, nuclear and critical infrastructure segments. It will be able to leverage its increased importance and relevance to key customers to deliver enhanced services and efficiencies in a new age of austerity.

The deal was completed in a very difficult loan market, but its flexible structure provided an opportunity to raise a £1bn of underwritten financing in an environment of compressed liquidity and subdued volumes. Within that came an opportunity for the finance team to position itself to access the capital markets post-acquisition, demonstrating sound treasury management. Overall, in a difficult financing environment, the flexible and efficient financing structure is an exemplary achievement.

Franco Martinelli, Babcock's group financial controller, says: "The loan enabled us to acquire VT Group, which was a unique opportunity to merge two like-minded companies. With the deal, which was a plc take-out, we have targeted £50m of synergies. The key to completing the deal was the support and strength of our two banks, Lloyds TSB Corporate Markets and JP Morgan, which allowed us to proceed."

Highly commended
Virgin Media

Virgin Media was under intense pressure to refinance its debt, with £1.1bn falling due in 2010 and £1bn in 2011. After a successful senior secured notes offering resulted in partial debt paydown in January 2010, the company refinanced senior secured facilities totalling £1.925bn with new syndicated five-year facilities split between a £1bn term loan and £250m revolver, and a £675m loan maturing December 2015.

The total refinancing exercise extended Virgin Media's average debt maturity from four to nearly seven years, reducing scheduled repayments from £4.8bn by 2012 to £325m before 2013. The repayment profile of the company has seen a complete reversal, with a move to long-term bonds away from bank financing (25% short term and 75% long term).

Rick Martin, Virgin Media group director of treasury and investor relations, says: "The refinancing of our senior credit facility was the capstone on a three-year refinancing effort. Extending our average maturity to over six years, with no repayments greater than £200m until 2015, and at an attractive cost, it provides for excellent financial and operating flexibility. At the same time, it was important that we had previously deployed a wide range of debt instruments, often on short notice, as a rapid, flexible approach to the debt markets was essential across the last several years."

Winner

Solid stuff

HeidelbergCement

LEVERAGING ITS INTERNATIONAL PRESENCE AND STRONG BANKING RELATIONSHIPS, THIS GERMANY-BASED COMPANY UNDERTOOK AN IMPRESSIVE, SELF-ARRANGED REFINANCING WITH A €3BN REVOLVER.

HEIDELBERGCEMENT

PRINCIPAL TERMS
€3bn revolving credit facility maturing on 31 December 2013.
Bookrunners and mandated lead arrangers: BAML, Bayern LB, BNP Fortis, Citigroup, Commerzbank, Deutsche Bank, Handelsbanken, Helaba, ING, Intesa, LBBW, Mediobanca, Morgan Stanley, Nordea, RBS, RZB and SEB.

A self-arranged €3bn 3.5-year revolving credit facility (RCF) signed in April 2010 marked the final step in HeidelbergCement's financial turnaround, securing liquidity for the years to come. In a challenging market environment, the building materials company successfully combined funding sources to refinance its debt.

The deal provided financial and operational flexibility and leaves the company with a simplified group of core lenders, reduced from 55 banks to only 17. And they all showed commitment by acting as bookrunners. The pricing achieved with the initial margin of 300bps is significantly lower than the 425bps margin paid on a previous €8.7bn loan. The security package granted to lenders has also been reduced significantly compared to the old loan.

Back in 2007 Heidelberg took on loans of £8.75bn and €3.4bn to fund its acquisition of UK-based building materials company Hanson, transactions which won it a highly commended in the DOTY for that year. Now with its latest loan the company has gone one better.

It refinanced a restructured €8.7bn loan through a €2.23bn capital increase in September 2009, a €2.5bn bond issue in October 2009 and a €1.4bn bond issue in January 2010. The €3bn RCF was the final piece in the financial turnaround.

In a sector fully exposed to the economic downturn, the company had €11bn of debt heading towards maturity. Leveraging its international presence and strong banking relationships, the company completed an impressive, self-arranged refinancing.

Henner Böttcher, group treasurer of HeidelbergCement, says: "The new syndicated credit facility agreement secures sufficient liquidity for HeidelbergCement until the end of 2013 at clearly better conditions. The fact that we could self-arrange such a sizable credit facility with a relatively small number of institutions reflects the strength of our relationships with the banks. The new agreement is another important milestone on our way to improved credit ratings."

Highly commended

Grifols

GRIFOLS

Grifols' $4.5bn acquisition financing was one of the largest leveraged transactions in 2010. The Spain-based pharmaceutical and chemical company's deal was executed across the US and Europe and supported Grifols' planned transformational acquisition of its larger US peer Talecris.

The transaction structure totalling $5.5bn includes senior secured bank loans, high-yield bonds and a non-voting share issue.

Six banks acting as bookrunners – BBVA, BNP Paribas, Deutsche Bank, HSBC, Nomura and Morgan Stanley – guaranteed $4.5bn. Secured senior debt totalled $3.4bn divided into a $1.5bn five-year amortising loan, a $1.6bn six-year bullet loan and a senior secured RCF of $300m. The company also issued bonds of $1.1bn. Following the acquisition Grifols' leverage will be five times net financial debt/EBITDA, but this will fall to three times by 2012 and two times by 2014.

Alfredo Arroyo, vice president and chief financial officer of Grifols, says: "When we went to the market in spring 2010 it was dead; there were no leverage finance deals at that time. Another point to highlight is that we were waiting approval from the authorities [for the takeover] so we got long-term commitment – nine months – from the six bookrunners, and we got it at a good price. All this made the financing difficult to close. This was a complex deal involving a whole array of financial instruments."

Winner

Tenor triumph

Telecity

IN ADDITION TO SECURING FIVE-YEAR MONEY – AN UNPRECEDENTED ACHIEVEMENT AT THE TIME IN THE SYNDICATED LOAN MARKET – TELECITY LOCATED A BEDROCK OF NEW FUNDING TO SUPPORT ITS FUTURE GROWTH. COMBINED WITH THIS MATURITY, THE £200M DEAL ALLOWED THE COMPANY TO EXPAND ITS BANKING GROUP WITH NEW LENDERS.

TelecityGroup
where content meets connectivity

Refinancing of a syndicated four-bank club deal with a new five-year facility totalling £200m. Joint mandated lead arrangers: Barclays, HSBC, Lloyds Banking Group and RBS.

Telecity group is a pan-European operator of network-independent datacentres that allow customers to locate their servers in a secure and reliable facility with interconnections to multiple network and internet providers.

Given the long lead times that are needed for identifying and then building out new fully operational datacentres, Telecity placed great stress on securing a new bank facility that would have a five-year tenor. This was regarded as challenging for the UK investment-grade market at the time, with banks having a clear preference for three-year transactions.

The refinancing of a syndicated bank club deal with a new five-year facility totalling £200m, maturing February 2015, gives the group additional flexibility to capitalise on expansion opportunities and enables the business to create significant value from investment in organic growth. Telecity plans to use the new funding to support its growth and its demand-driven investment programme.

In addition to securing five-year money with its refinancing transaction, Telecity managed to diversify its banking group with the addition of two new lenders, HSBC and RBS, creating a four-strong banking syndicate.

Brian McArthur-Muscroft, group finance director of Telecity, says: "This facility provides the group with additional flexibility to capitalise on expansion opportunities and enables us to continue to create significant value from investment in organic growth. The support of Lloyds, Barclays, HSBC and RBS is a strong signal of their long-term belief in the Telecity group business model and growth trajectory, demonstrated in particular by the commitment to a five-year deal."

Highly commended

Pace

Pace

Pace's $450m term loan and revolving credit facility (RCF) deal was its debut in the syndicated loan market and one of the first meaningful underwritten acquisition finance deals for a UK mid-cap corporate for two years. The funds – a $300m 3.5-year term loan and $150m RCF – let pay TV technology provider Pace widen its US reach into the telco market by acquiring 2Wire.

The company showed courage as well as expertise in launching this deal and understood that it needed to be well structured and correctly priced. The evidence of its success in hitting the sweet spot was proved by the 100% hit rate achieved in general syndication. Successful syndication was achieved within a tight framework of less than three weeks.

This deal has pushed the boundaries in the UK mid-cap space and represented a significant risk for the company. Pace's treasury team mitigated this risk by working closely with its joint underwriting banks and played a significant part in bringing the wider bank group into the deal.

Kate Smedley, Pace's treasurer, says: "The acquisition of 2Wire was the most significant deal in the history of our company to date and we needed to ensure that the funding proceeded smoothly. Working with our partner banks, we formed some true partnerships. The banks were fully on board from the start, understood how critical this acquisition was for us, and gave us the support we needed to make the deal a success."

Winner

Smooth operators

BHP Billiton

ALTHOUGH THE LARGEST ACQUISITION FINANCING DEAL PUT TOGETHER IN 2010 DID NOT COME TO FRUITION, IT WAS WIDELY CONSIDERED TO BE AN OUTSTANDING PIECE OF WORK BY THE TREASURY TEAM THAT CRAFTED IT.

Why they won:
This global treasury team manages a global business and is widely regarded as a centre of excellence, dealing with complex and wide-ranging operational, financial and strategic issues. The team's approach is practical, straightforward and flexible.

BHP Billiton is the world's largest mining company and has a global treasury team managed from London. The department has a broad remit and the complexity and breadth of the day-to-day challenges it faces require a high degree of specialisation and co-ordination. BHP Billiton treasury has responded to those challenges by becoming a centre of excellence.

The team demonstrated its efficiency and technical know-how by methodically working through tasks on the unsolicited bid for Potash Corporation. The bid required a $45bn underwritten facility – the largest acquisition finance loan since brewer InBev's acquisition of Anheuser Busch in 2008 and the first significant M&A finance in Europe since the collapse of Lehman Brothers. The team was meticulous in its months of work on the confidential transaction prior to the announcement of the bid.

To put the acquisition financing deal together, the treasury team played to its undoubted strengths, rewarding best-in-class ideas and processes, and constantly looking for innovation. BHP has carefully established and nurtured its bank relationships and regularly assesses and benchmarks bank capabilities. The full and immediate syndication of the underwritten acquisition facility to 19 additional banks demonstrated the ability of the treasury team to manage those strongly forged relationships. The team is well run, straightforward to deal with, and manages effectively without the complexity found in many large companies.

Willie Murray, BHP Billiton group treasurer, says: "The strengths of the BHP Billiton treasury team, and probably any treasury team in a diversified global environment, are that no activity can be undertaken without understanding the full project and attention to detail is a prerequisite. Each team member takes ownership of their own area of responsibility, collaborates with other functions in the group, and trusts their own judgement. All of this, combined with a forward-looking view and a proactive stance, results in a good team."

Special commendations

Capita and Experian

Two special mentions this year in this category go to Capita and Experian. Capita's newly formed treasury seamlessly integrated numerous bolt-on acquisitions and has demonstrated success in diversifying sources of debt funding.

Capita group treasurer Ian Peake says: "Last year, the Capita treasury team successfully supported the group's expansion by issuing $375m of US private placement notes at competitive market rates. In addition the team refinanced and expanded its core bank facility in a bank relationship group defining a £425m club revolving credit facility. The team also integrated 12 bolt-on acquisitions totalling in excess of £300m – almost double an average year – while implementing a new treasury management system and commencing a corporate SWIFT access programme to streamline cash management. All of this was delivered by a small central team of seven."

Antony Barnes, group treasure of Experian, nominated his team, which coped magnificently in his absence after he broke his neck in a holiday accident. The experienced team refinanced 85% of the company's debt facilities; highlights were a euro medium-term note (EMTN) late in 2009, a first bond issue in February 2010, and a revolving credit facility in autumn 2010.

Barnes adds: "There is a strong commitment to education and training. All six members below the group treasurer have been involved in study this year: MCT, AMCT, DCU Graduate Diploma in Corporate Treasury, IFRS Diploma and ACCA."

Winner

Paradise gained

Thomas Cook

THE COMPANY RECEIVED NOMINATIONS IN BOTH THE TEAM OF THE YEAR AND THE BONDS CATEGORY. THE TREASURY TEAM ISSUED BONDS, RESTRUCTURED BANKING FACILITIES, EXECUTED COMPLEX HEDGING STRATEGIES, MANAGED STAKEHOLDERS AND INTEGRATED MERGER AND ACQUISITION ACTIVITIES.

Why they won:
The treasury team completed a whole series of transformational deals in 2010, helped steer the company through a raft of challenges and carried out a refinancing that provides stable, long-term and diversified funding sources.

In 2010 Thomas Cook's treasury team successfully extended a complete reorganisation of the company's debt capital structure, supporting its balance sheet and business profile while managing its operating performance and business risk through a period of unprecedented economic, geological and geopolitical volatility.

In April 2010 the travel group launched a first-ever dual-currency unrated bond as part of the refinancing of its €1.8bn bank facility. The debut €400m five-year and £300m seven-year bonds attracted significant investor interest following a five-day European roadshow. The bonds were priced on the same day that the volcanic eruption in Iceland closed UK airspace.

The debt capital markets transaction was completed alongside the signing of £1.25m of new bank facilities, consisting of a three-year £850m revolving credit facility and a £200m term loan, with extension options to five years and a two-year £200m bonding and guarantee line. Each stage of the syndication was fully subscribed, enabling the company to reduce commitment levels across its core bank group.

Prior to this refinancing the company was dependent on the bank market, with most of its debt facilities maturing in May 2011. Given the pressure on loan markets and reduced availability of aircraft financing, the treasury team refinancing successfully diversified funding sources and maturities, created additional headroom and gave more flexibility to fund liquidity.

The treasury team also successfully managed its significant exposure to FX volatility and commodity risk through a range of strategies, typically using forwards to hedge out to two years.

Nick Feaviour, group director of treasury at Thomas Cook, says: "Despite geological eruptions from an Icelandic volcano and geopolitical fallout from Greece, the team delivered a tour de force, completing the refinancing on schedule with inaugural, unrated, €400m and £300m bond issues and a completely new £1,050m bank facilities agreement."

Special commendation

Aegis

At marketing communication company Aegis, a small and relatively new team faced a £450m facility maturing in June 2011 and over 50% of the facility drawn. It demonstrated excellent proactive balance sheet management, diversifying funding sources and extending the debt maturity profile. It came up with a £190m 2.5% five-year convertible bond that allowed Aegis to resume a more normal historical level of bolt-on acquisitions.

The team is striving to improve overall working capital management and utilise group cash more effectively. The team has shown good judgement and demonstrated strategic knowledge, negotiation skills and product knowledge across a wide field.

Aegis Group's finance director Nick Priday says: "The Aegis treasury team has worked very hard and delivered significant improvements to our long-term capital structure. It has demonstrated excellent long-term planning and foresight, built strong relationships with our funding providers, and executed all projects very successfully.

"The team issued $225m USPP notes at a time of great market uncertainty, particularly in the media sector. And it launched a convertible bond in March 2010, which priced very competitively and at the best end of both the coupon and premium ranges, resulting in the maximum over-allotment option being taken up and raising £190m. Both these initiatives facilitated the rollover of our central bank facility with a syndicate of 12 strong relationship banks. Aegis ended 2010 with a much strengthened balance sheet position."