

# Winner

## It's a wrap

### Rexam

THE WORK CARRIED OUT BY THE PACKAGING GIANT'S TREASURY TEAM COVERED ALL OF THE BASES, ACCORDING TO OUR JUDGING PANEL, AND DELIVERED SIGNIFICANT VALUE FOR THE BUSINESS.

Rexam is one of the world's top five consumer packaging companies, the second largest manufacturer of drinks cans and a major producer of rigid plastic packaging. During 2011, the group made \$360m from the disposal of its US-based plastic closures division as part of a programme to refocus its portfolio and lower its debt, which had already been reduced from £1.83bn at the end of 2010 to around £1.4bn.

The group's treasury team was able to reap the benefits of systems innovations, which delivered a straight-through processing environment across the business. The OpenLink treasury system went live in November; SWIFT was implemented for payments, bank statements and confirmations; and a new dealing platform was rolled out.

As Jon Drown, Rexam's director of group treasury, said, this complete replacement of the treasury systems was delivered on schedule and under budget. The new systems enable all financial risks to be captured and managed centrally, including metal exposures in commercial contracts, with web access for the group's key operating units worldwide and its treasury satellites across the world.

These innovations have enabled the treasury team to increase its focus on business partnering, develop a greater influence over

### REXAM

#### WHY THEY WON:

The treasury team's investment in systems innovations paid off, with resources focused on improving management decision-making and profit margins. The team also successfully improved its revolving credit facility and provided solid benefits for operations in China and India.

commercial strategy and assist in improving both management decisions and profit margins.

Rexam was possibly the only BBB-rated corporate able to amend and extend its existing revolver after market conditions hardened over the summer, with a one-third reduction in margin and a five-year structure plus two one-year extensions on over £800m of committed debt. Drown said: "The 5+1+1 structure was a first for us and we hit pretty much the bottom of the pricing cycle."

He also noted that the group automated its cash management service between China and Hong Kong, and recapitalised and refinanced its Indian business at lower cost and on better terms. Rexam is a leading-edge player in commodity derivatives, with one of the largest aluminium books in the London market, and has developed a hedging capability on a range of commodities including aluminium, resins and diesel. The judging panel agreed that very significant value to the business had been achieved and delivered.

And just to cap a busy year, Drown pointed to a consolidation of its Mexican banking, the use of government-backed cheap local debt in Brazil to support capital expenditure plans, and a liability management review of issued senior and subordinated bonds.

### Special mention

## AkzoNobel

The judging panel dipped its toes in new water by looking into continental Europe for the first time to recognise the tremendous work undertaken by the AkzoNobel team. The judges praised the Dutch group's treasury as "a motivated team of professionals that work in parallel on a variety of projects".

Successes included implementing a new cash management provider in North America, a payment factory and SwiftNet, which went live after only nine months. New cash management services from Santander in Latin America and a payment factory in Sweden both went live in the Q2, with other countries following later in the year.

Testing of a new cash application tool was completed early in the year to support improvements in automatic cash allocation. Treasury also built a corporate finance decision-making tool in SAP to capture static data, such as tax rates and country risk characteristics, and dynamic intra-group funding data. The group's success in refinancing its revolver are recognised in the European Large Loans category.

Peter Van Rood, corporate director treasury at AkzoNobel, said: "As part of a treasury transformation, the AkzoNobel team has consistently delivered treasury process improvements and professional execution over the last couple of years."

# Winner

# Action stations

## QinetiQ

THE DEFENCE TECHNOLOGY COMPANY'S SWIFT RETURN TO FINANCIAL HEALTH WAS DUE IN LARGE PART TO THE EFFORTS OF A DYNAMIC NEW TREASURY TEAM THAT SECURED MAJOR BENEFITS IN A SHORT TIME.

The submission for the global defence technology company argued the case for QinetiQ succinctly. As it reported, uncertain defence markets in 2009 and 2010 were reflected in a weakened financial performance that brought the company "uncomfortably close" to its covenant limits. A new executive team undertook an ambitious self-help programme of cost cuts, productivity improvements and debt reduction to turn around its performance. QinetiQ's new treasury team played a major role in this strategy by undertaking a major deleveraging programme, setting up a new five-year £275m credit facility, debt buybacks and operational improvements.

The previous credit facility, which matured in August 2012, was replaced early in February by the new five-year multicurrency facility, provided by the group's six global relationship banks, which will be left undrawn. It was the culmination of eight weeks of work by the treasury team that continued over the Christmas and New Year

## QinetiQ

### WHY THEY WON

A new treasury team made a solid contribution towards the group's financial turnaround, which saw profit restored, debt reduced and the dividend reinstated. Strong organisation and attention to detail were evident in a series of initiatives to improve cash management and cash pooling.

period that helped the group report a return to profit, substantially reduce debt and restore its final dividend.

"The team has demonstrated the pivotal impact treasury can bring to a business," said QinetiQ's group treasurer Stephen Webster. "In a very short space of time the company has transformed key indicators by enhancing margins, paying off debt and aligning the business to seize future opportunities, supported by the new credit facility."

Other measures included realigning cash management activities by country to the revised banking group and establishing new cash pooling structures to improve the offset of currency balances. A new provider for online FX hedging was chosen to improve straight-through processing and reporting, and a new commercial cards partner was also selected, which offered more favourable terms.

The judging panel was impressed by the new team's achievements and, in a fairly narrow field this year, QinetiQ's nomination stood out by virtue of its organisation and attention to detail.

## Special mention

## Network Housing

Network Housing owns and manages 18,000 homes in London and south-east England. A federation of six different landlords, it structures most of its borrowings on a pooled basis, with cross-collateralised security.

An exception is Community Trust Housing (CTH), one of the six landlords, which is principally involved with regenerating the 1,300 homes on the Stockwell Park estate in London. The delivery plan was a complex mix of refurbishment, demolition and new build to deliver 1,700 homes, 400 of which would be sold on the open market.

David Levenson, group director of finance and resources, said: "Following the successful completion and sale of an initial pilot phase of 33 new homes in 2010, the treasury team embarked on an

ambitious and complex refinancing programme, involving three funding parties. The objective was to ensure not only that the new plan could be delivered, but that there would be sufficient flexibility to deal with contingent events of the kind experienced in 2007-09."

The refinancing programme consisted of a £40m five-year revolving credit facility with Lloyds, a £25m bond facility for 32 years, arranged by the Housing Finance Corporation, which closed in October, and a £50m three-year revolver with Royal Bank of Canada to Network Group, which can be accessed by CTH as a contingency (the deal was closed in August). The judging panel agreed that synchronising the structure and negotiation of the package was a complex exercise that demonstrated considerable expertise.