The Treasurer

THE MAGAZINE OF THE ASSOCIATION OF CORPORATE TREASURERS ◆ FEBRUARY/MARCH 2018

DEALS OF THE YEAR

TOM GREENE
Shire's group treasurer on why treasury is core to the business

www.treasurers.org/thetreasurer

ACT

LEADING TREASURY PROFESSIONALS

Editor's letter

Welcome to our first issue of 2018. It is the time of year when we celebrate the highest achievers in the profession and raise a glass or two to the winners at *The Treasurer*'s Deals of the Year Awards ceremony. As ever, we focus on the fundraising achievements of corporates large and small in our deals categories. In our team categories, we applaud the contributions treasurers make and the strategic support they provide to their organisations. To reflect the wider interest we are seeing for financing that supports corporates' environmental programmes, we have introduced a Green Finance award. Turn to page 23 to read about our winner. Our Emerging Treasurer award is now in its second year and the judges have been encouraged to see more corporates taking up the opportunity to promote the younger professionals among their ranks.

It has been heartening as well to see the breadth of entries – both in terms of the scope and ingenuity of treasury achievement and the geographical spread, with entries reflecting activity across Africa, the Middle East and Europe.

We've widened one of our team awards to include a greater geographical spread: what was once European Team of the Year has become the EMEA Team of the Year. And you can also read about the winners of our Middle East Treasury Awards in this issue, celebrated at a gala dinner and ceremony that took place in November in Dubai. Congratulations to all our winners and runners-up.

We've stayed with the theme of dealmaking elsewhere in this issue. On page 14, we look at two previous award winners in a piece on what top-flight fundraising brings in terms of reinforcing expertise within treasury teams and providing recognition within the wider organisations and beyond. And in our profile interview for this issue, Tom Greene, group treasurer at pharmaceuticals company Shire, looks back at the experience of raising $12.1bn in a bond issuance and $18bn in a bridging loan to support Shire's 2016 acquisition of rival Baxalta.

Elsewhere in this issue, we keep our usual weather eye on technical matters, in particular the impact on treasurers ushered in by international accounting standards IFRS 9 and IFRS 16.

On page 46, you'll find a new regular feature, After hours, where Shell's Frances Hinden talks about the finer points of bridge playing. We will be running After hours in coming editions, and we invite more treasurers who have interesting pursuits out of work to get in touch.

I hope you enjoy the issue.

Liz Loxton

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Follow us on Twitter @thetreasurermag

THIS ISSUE'S CONTRIBUTORS

Michelle Perry is a freelance finance and business journalist with more than 20 years' experience. She is also editor of *UK Landlord* magazine. Her piece on best practice in dealmaking is on **page 14**

Chris Raftopoulos is a director in PwC's corporate treasury and commodity trading group. He is also a member of the ACT's Policy and Technical committee. His article on IFRS 9 is on **page 33**

Henry Wilson MCT is a manager in structured finance at BP. His article outlining the need for a robust methodology for calculating discount rates within leases as IFRS 16 is ushered in can be found on **page 36**

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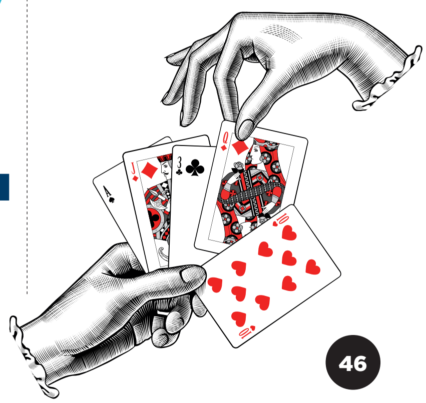


ATTENTION: UPHEAVAL AHEAD

TREASURERS ATTENDING NOVEMBER'S ACT FORUM HEARD ABOUT REGULATORY CHANGE, ECONOMIC HEADWINDS AND RELATIONSHIP MANAGEMENT. MICHELLE PERRY REPORTS

Exactly a year on since President Trump won the 2016 US presidential election, and Patrick Nolan, vice chair of global banking at HSBC, opened the fourth annual ACT Treasury Forum – Where treasury minds meet – in November with a clear prediction: "We are at the start of some very challenging times," he said.

In her economic and political update, Janet Henry, global chief economist at HSBC, pointed out that, while Trump's presidency has yet to achieve meaningful legislative impact, the global economy meanwhile has outperformed expectations, with most regions growing and gaining momentum relative to expectations. Europe, in particular, has surpassed all predictions. "We expect this expansion to continue at around this growth rate," Henry said.

Emerging world markets will also get a lift in 2018, Henry said. Over the past year, markets have continued to undershoot interest rate expectations, so there is a huge hunt for yield on the premise that central banks will keep monetary policy very loose.

Despite political and economic instability in some emerging markets, order book sizes for bond issues for these kinds of territories are significant, on the back of the hunt for higher-yielding investment opportunities. However, Henry warned that we have seen this kind of behaviour in the run-up to financial excesses of the past. "The share of covenant-lite loans is now back where it was in 2007," she said.

HSBC global chief economist Janet Henry provided an overview of economic drivers

Despite central banks' efforts to avert deflation through unconventional policies such as quantitative easing, their task is now getting much harder. Until now, policy has focused on trying to meet the 2% inflation target, but now focus is increasingly turning to financial stability concerns as housing bubbles are beginning to emerge in some countries, Henry said. "History has shown us that soft landings are very, very rare. It's unusual to have a tightening cycle that isn't eventually followed by a recession," she said.

Current policy options for governments to address the polarisation of labour incomes include a robot tax, job guarantees, minimum wage increases, universal basic income, labour market regulations, training and education, protectionism and immigration.

"Global expansion continues, but the risk of a policy error by central banks is rising and they have been overburdened. They can't address the income and inequality imbalances. The government will have to step in there," Henry said.

Libor

Timothy J Bowler, the new president of ICE Benchmark Administration (IBA), a subsidiary of Intercontinental Exchange Inc, gave an update on the Libor benchmark, which has been administered by IBA since 2014. He set out the background to Libor and the drive for its reform, its current status and IBA's direction for Libor in the future.

Bowler noted that the manipulation of Libor came about in large part due to governance failures. "We are in a very different place to a few years ago," he said, going on to describe the new governance structure and processes for Libor that IBA has implemented.

Bowler specifically referred to the establishment of the independent Libor oversight committee, with broad user and market representation, as well as to IBA's new IT systems and surveillance processes, which are designed to ensure the integrity of the benchmark determination process.

In August, Andrew Bailey, chief executive of the Financial Conduct Authority (FCA), said that the FCA would no longer seek to sustain the benchmark through its influence or legal powers beyond 2021. However, he noted that the FCA was seeking the panel banks' agreement to sustain Libor for the intervening period (which has since been obtained).

Bowler welcomed this message, as it brought some certainty in the short term while IBA continues its work to transform Libor, which many market participants would like to continue with given an enhanced framework and methodology.

He also noted that IBA is working on this right now, having already published a roadmap for Libor, "with the aim of delivering what the market wants, which

Timothy J Bowler, IBA president, gave an update on Libor

includes a rate anchored in transaction data". Bowler said that IBA has designed a waterfall for Libor submissions that reflects the changes in banks' funding models since the 2008 crisis and should anchor Libor in transactions to the greatest extent possible.

"We believe Libor can continue well beyond 2021," Bowler said, noting that "Libor is better today than it ever has been". He stated that IBA is fully committed to working with regulators and the marketplace on the benchmark's evolution and "will work with all stakeholders helping establish new reference rates while remaining focused on its core responsibility of publishing Libor every day".

Cash is still king

Cash management provided a popular and lively topic of debate at the forum, with most delegates who attended the breakout session saying working capital was currently a top priority. Delegates were looking for advice and debate on issues such as managing stock, harmonising group debtor management and cash pooling.

Fiona Crisp, head of treasury risk, treasury risk management department at Huawei and immediate past president of the ACT, said: "When the crisis hits, the working capital process will take a lot longer. How quickly can you turn assets into cash? Not many treasurers have daily visibility of cash. This will matter in a crisis. Push your CFO to have intraday liquidity."

Crisp recommended coming up with stress scenarios in working capital because debtors will increase, as will the time it takes to pay during a downturn. She also suggested securing a credit line for the future.

Some delegates wanted to understand how best to store buffer stock. The panel – also made up of Nick Powell, global head of commercialisation at HSBC, and Emre Degirmenci, group treasurer at commodities broker Marex Spectron – suggested putting in place a reward mechanism for stock management, or reviewing any existing schemes to check

> "How quickly can you turn assets into cash? Not many treasurers have daily visibility of cash. This will matter in a crisis"

they align with the business's goals. One delegate said his boss, an entrepreneur, paid salesmen on cash received rather than sales, a move the panel backed.

The brave new world of FX risk management session – hosted by Rob Clark, group tax and treasury director, TT Electronics; Yann Umbricht, PwC partner in its treasury and commodity trading group; and Holger Zeuner, strategic solutions group, HSBC – also drew plenty of debate from delegates on unexpected FX impacts on accounts, the growth of treasury management systems and forecasting.

In terms of what to watch out for in regulation, the forum had a lot to cover. Topics of discussion included MiFID, Basel III, ring-fencing, IFRS 9, *Hedge accounting* and IFRS 16, *Lease accounting* and, not least, Brexit.

Relationships

Effective bank relationship management was also a highlight at this year's event. Andrew Rowlands, deputy group treasury director at Reckitt Benckiser, said it was vital to build a mutually beneficial relationship with banks in a structured approach, by understanding their expertise, skills and needs in order to provide value.

"There is a healthy tension there, but we have a good relationship," Rowlands said of his banking relationships.

Panel member Winny Li, executive director, treasury and head, global treasury operations at PPD, a global contract research company, said her firm had 10 core banks and around 300 bank accounts – cut from 600 in 2011 – because of its global acquisition needs.

Li questioned panel member John-Paul Way, MD of UK Banking at HSBC, about the lengthy time it has taken to open new bank accounts in recent years. Way said that banks such as HSBC were working hard to coordinate the KYC process using global standards, which would speed up the process, but increased and varied KYC regulations across geographies continue to pose a challenge.

"The costs are significant, so some business isn't economic for us any more," Way said. Regulatory pressures are not necessarily expected to reduce either in the near term. He added that the new ring-fencing requirements in the UK could result in "funding-cost implications that may feed through to corporate clients".

The key message from the event was that treasurers should prioritise banking relationship management in an open and honest way to best manage each other's expectations.

As Sarah Boyce, associate policy and technical director for the ACT, said: "It's been an interesting year and the next one will be no less interesting."

Michelle Perry is a freelance finance and business journalist

ADAPT, INNOVATE, EXCEL

THIS YEAR'S ACT MIDDLE EAST ANNUAL SUMMIT DEMONSTRATED THE EVOLUTION OF THE TREASURY PROFESSION IN THE REGION. PETER MATZA REPORTS

Every treasurer probably believes his or her times to be the most unpredictable and most searching of any professional life. It strikes me that the treasurers who attended this year's ACT conferences and events have just cause to believe it.

Treasurers, their financiers and service providers are all looking to find ways to help their organisations survive and then grow in the modern world economy, and by challenging our audience to 'Adapt, Innovate and Excel', the ACT's Middle East Annual Summit (MEAS) offered no hiding places.

Adapt

While no stranger to geopolitics, the Middle East had its fair share of issues to manage in 2017. Change keeps coming, whether in technology, demographics or social liberalisation. The biggest deal across the United Arab Emirates for 2018, however, is the start of a VAT regime.

By the time you read this, companies large, medium and small will be coping with its introduction. A short but intense workshop on regulation and compliance ended day one. Two things became clear: companies with professional and qualified treasurers will be ready. Those without, however...

Underlying the VAT point is a broader treasury issue. Since 2008, the Middle East has been less affected by international financial regulation than, say, Western Europe. IASB and IFRS, Basel II and III, cloud technologies and blockchain, payments (whether via SWIFT gpi or other providers), and even Bitcoin and the rise of non-governmental currencies have moved firmly onto the treasury agenda. At MEAS, speakers and presenters stressed the need for treasury and treasurers to think and act with subtlety, agility and perhaps even to learn the art of compromise. Risk management is the driver – even as risk mutates over time.

Innovate

For some, innovation means completely new and different ways of achieving business and professional aims. For others, it means introducing change into business environments even when using processes or technology that are well established elsewhere.

A number of speakers recognised that since MEAS began eight years ago, it has changed from one where we talked about why it's important to have time-saving and more efficient treasury processes to one in which that's now a given, and where we need banks and technology providers to be at the leading edge of service delivery.

A key message, however, is that treasurers must beware 'technology capture' and be capable and confident in their own knowledge. At least one treasury speaker challenged the notion that standardisation in technology is always a good thing: there's a case to be innovative and singular in technology if it can offer a business advantage or differentiator.

Excel

The tremendous achievements of our Middle East students and corporate treasurers and their teams were celebrated at MEAS with awards ceremonies and presentations, kindly supported by ADCB and Barclays (see page 28 for news about the winners). What they all share is a dedication to their profession, a commitment to learning, and a willingness to work individually and collectively to achieve goals and targets.

Treasurers, CFOs and other senior colleagues spoke throughout the conference of the need for treasurers to lead or work collaboratively with business colleagues. The summit agenda also devoted considerable time to personal approaches to business life, examining issues such as: what values treasurers should have; how they can develop themselves and their teams; and how to respond to stakeholders, in particular the C-suite. The CFO panel that closed the conference emphasised these issues, and ACT CE Caroline Stockmann made the point forcefully: "Know who you are, know what you want, but above all, communicate, communicate, communicate."

The ACT MEAS is now firmly established as the largest event run by a professional treasury body in the region and one of the largest in the world. Next year is the ninth such event and the 10th anniversary of the founding of the ACT Middle East. Bigger and better then? No question.

Delegates and speakers at the Middle East Annual Summit, Dubai

Peter Matza is speakers' chair at the ACT

REASONS TO BE CHEERFUL

THE GOOD TIMES ARE HERE – CAN THEY LAST?

Economies in the developed world seem to have finally recaptured some of their past vigour. After seven years of recovery, that had occasionally been punctured by the euro crisis, a hiccup in emerging markets, major gyrations in oil prices and political shocks on both sides of the Atlantic – think Trump and Brexit – households and companies are increasingly confident that the recovery will continue.

During 2016, growth in the advanced world accelerated to well above the averages of the previous years. Responding to healthy gains in private consumption and stronger export demand, businesses began to step up capital spending and hiring.

Slowly but surely, the post-Lehman age of caution is ebbing away, however, with 2017 probably marking the return to the more normal cyclical dynamics. With a strong end to the year for major advanced economies, the upswing looks set to sustain its healthy momentum in 2018.

One often reads that, after eight years of growth – around the normal business cycle length – a recession will *have* to come soon. While the economy often adheres to long-standing patterns and trends, which can be helpful guides, there are no hard and fast rules. Yes, a late-stage surge in demand is a little unusual. But then again, economic expansions do not simply die of old age.

The mere fact that we have not had a recession for a while is no reason to expect one imminently. If economies overinvest, raise too much inventory or run up too much debt, then a cleansing recession *is* needed to correct the excesses. But as households and companies, borrowers and investors still remain somewhat cautious, major economies are still far away from the excesses that could require a correction.

The most obvious sign of excess demand growth would be high levels of inflation. But this nasty beast is yet to rear its ugly head outside the Brexit-stricken UK. In the advanced world, firms are not yet overproducing or investing too much relative to demand. Meanwhile, credit growth remains modest relative to historical averages. For now, there are no major signs that we are heading for a bust. The good times can go on for a bit.

There are no major signs that we are heading for a bust. The good times can go on for a bit

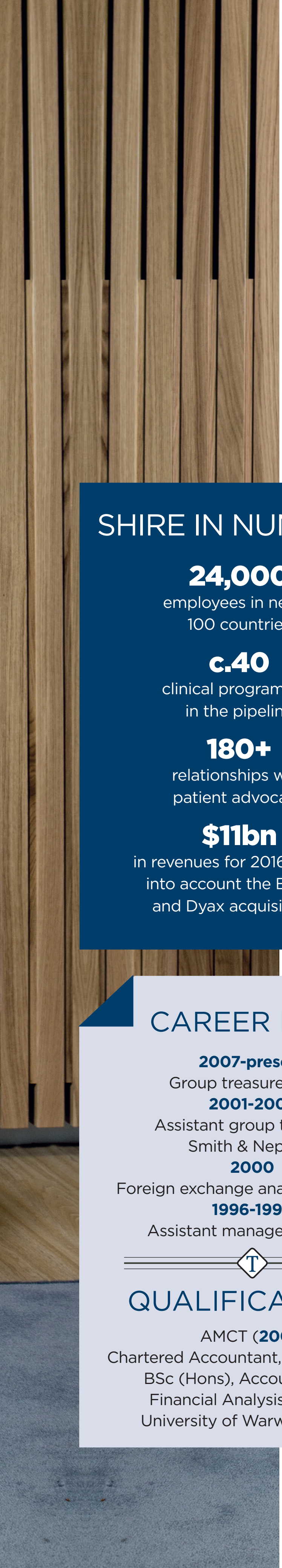
As long as things don't get too hot, central banks will not spoil the party either. Because demand is likely to accelerate only gradually, firms should be able to lift supply quickly enough through investment, hiring and training, so that prices do not rise sharply. As the necessary balance-sheet repair from the pre-Lehman excesses is still incomplete, central banks will try to keep their economies off their leashes for as long as possible to avoid running the risk of choking off the upswing.

But, as always, there are some risks: first, that advanced economies are drawn into a major conflict either in the Middle East or East Asia; second, that China's growing debt troubles come to a head sooner rather than later; and third, that a misdirected and excessive US fiscal stimulus causes the US economy to overheat, bringing the global cycle to an early end. While we need to watch such risks carefully, we should attach only small probabilities to them for now.

Beginning in late 2016, financial markets started to rally as investors placed big bets that the global economy would gather momentum in the years ahead. They were right.

The key trends of 2017 look likely to carry into 2018. I wrote in this very column last year that, barring a major unexpected shock, the medium-term economic outlook was the most encouraging for a decade. The good news is that this statement is still true.

Kallum Pickering is senior UK economist at Berenberg Bank



FEEL BETTER

Tom Greene, group treasurer at Shire, talks about deals and life at the rare conditions specialist

Words: Liz Loxton / Photography: Louise Haywood-Schiefer

Tom Greene, group treasurer at biotech company Shire, is a man with job satisfaction to spare. Not only were he and his team winners in last year's Bonds above £500m and overall winners of *The Treasurer*'s Deals of the Year Awards, but he is someone who has enjoyed and learned from all stages of his career.

Greene's view of treasury is that it is intellectually stimulating, mission critical and a great stepping stone into related areas of business life. He cites investor relations, risk and pensions management as examples of the wider experience earlier roles have yielded. And the fund-raising element of his current role at Shire couldn't be more central to the business's strategy. Shire has a history of being highly acquisitive and its recent deals have provided him with plenty of opportunities on the transaction side.

As if this all weren't enough, Shire has a corporate culture and purpose – developing and marketing drugs to treat rare disorders – that he feels proud to be a part of. It is, in short, a career that has kept him hooked. "I don't think there's any job that's as much fun as treasury," he says. "You're core to the business."

Shire was founded around 30 years ago in Andover, Hampshire, by a group of entrepreneurs who sold a range of calcium products designed to help with osteoporosis. The products did well, and the company used the cash flow to buy other drugs, including an early treatment for attention deficit hyperactivity disorder (ADHD) in 1997. At the time, ADHD was not particularly well recognised, so the company was able to acquire the asset relatively cheaply. When ADHD started attracting more attention in the US, the product started to generate considerable profits that, once again, the company ploughed back into the business.

It is a pattern that has been repeated since. When Greene joined Shire in 2007, the company had one key product whose US sales generated around 60% of total sales. Today, Shire has a diversified portfolio across a range of fields, including immunology, oncology, rare genetic disorders and haematology. "It's a really interesting space. In a lot of companies, you'll feel good about what you do. That's particularly so with Shire," he says.

Joining Shire – and making group treasurer of a FTSE 100 company at just 32 – is an achievement Greene is justly proud of, but one that wouldn't have been possible without experience accrued along the way, he says. After three years in audit at Deloitte, where he qualified as a chartered accountant, Greene joined Seagram, a family business that owned off-licence chain Oddbins, drinks brands including Mumm and Perrier-Jouët, and music labels Polygram and Universal.

Broadening experience

After a year, the family sold out and the London treasury was closed, so he moved to Smith & Nephew. As part of a team of just three at Smith & Nephew, his experience broadened considerably. "I was involved in all aspects of treasury. In addition to the core treasury work, the group treasurer was really good at involving me in strategic initiatives." That broad experience included a secondment into investor relations to cover a colleague's illness, which Greene found invaluable. "The business knowledge required to talk to equity analysts is a level beyond that needed to talk to relationship managers at a bank," he says. Investor roadshows were busy, but stimulating, with a great level of contact with the CEO and CFO. "For some of it you're just preparing a product bag or taking notes, but you're learning the business in depth."

SHIRE IN NUMBERS

24,000
employees in nearly 100 countries

c.40
clinical programmes in the pipeline

180+
relationships with patient advocacy

$11bn
in revenues for 2016 (taking into account the Baxalta and Dyax acquisitions)

CAREER PATH

2007-present
Group treasurer, Shire

2001-2007
Assistant group treasurer, Smith & Nephew

2000
Foreign exchange analyst, Seagram

1996-1999
Assistant manager, Deloitte

QUALIFICATIONS

AMCT (**2001**)
Chartered Accountant, ICAEW (**1999**)
BSc (Hons), Accounting and Financial Analysis from the University of Warwick (**1996**)

THE WORK CHALLENGE I WOULD MOST LIKE TO FULFIL IS...

To see through the full integration of Shire and Baxalta. It is proceeding very well, but a huge amount of work alongside ongoing business. It will be very pleasing once it's done.

WHAT I LIKE BEST ABOUT TREASURY IS...

It's a fun job! I love the variety of the role, the interactions with people both internally and externally, dealing with technically complex matters and making a difference to company strategy and performance. While treasury is a great role in many companies, I like working for a company that is so focused on improving the lives of patients, in particular those living with rare diseases.

WHAT I VALUE MOST ABOUT THE ACT IS...

- **The training and continual professional development that my team and I receive through attending formal training courses, the annual conference and other events;**
- **The opportunities for networking with other treasurers – it is valuable to be able to share ideas and discuss challenges with a broad network of peers; and**
- **The way the ACT represents corporates on treasury matters, particularly in relation to regulatory change. The ACT's influence is disproportionate to the organisation's size and it is highly respected in the financial community.**

New pastures

After six years at Smith & Nephew, where he sat and passed his AMCT exams, Greene landed the group treasurer position at Shire. He was conscious that the move into the group treasurer's position would bring considerable expectation, but experience and qualifications count, and his new employer provided him with an encouraging environment. "Shire is growing phenomenally fast and, as a result, there is no shortage of things to do. That was true when I joined and it's true now. It is a really empowering culture. If you put your hand up, they'll say: fine, we're behind you."

At Shire, Greene and his 20-strong team look after core treasury work: funding, cash management, capital structure, FX, interest rate risk management, treasury policy and banking, and credit rating agency relationships. He also takes care of global insurance matters and has responsibility for pension risk management, including the large defined benefit pension scheme Shire inherited from Baxalta, its 2016 acquisition. The company is listed in the US as well as the UK, so Greene looks after the American Depositary Receipt Listing, and he and his team also manage non-core equity investments.

Acquisition track

Four recent deals have particular significance. In 2014, Shire bought ViroPharma, which had a treatment for a rare swelling disorder, for $4.2bn. In 2015, it paid $5.2bn for NPS Pharmaceuticals, whose products include a treatment for short bowel syndrome, and in 2016 it bought Dyax, which had another potential treatment for a rare swelling disorder, and for which the upfront consideration was $5.9bn.

Shire predominantly funded these deals through debt. To complete the Dyax acquisition, Greene and his team put in place a $5.6bn term loan, which at the time was the biggest sole-term loan any company had arranged on a global basis since before the financial crisis. "We were able to do that because banks see Shire as an active company and one that will create opportunities," he says.

The fourth deal, Shire's 2016 acquisition of Baxalta for $32bn, attracted the attention of the Deals of the Year judges and was more nuanced. Shire had obtained private credit ratings a few years ago as a contingency against having to access a large amount of capital at short notice, and given Baxalta's price tag, it needed to make its expected post-Baxalta ratings public. "We went out to S&P and Moody's, and went through an evaluation process. We wanted to fund as much of the offer as possible through debt while remaining investment grade."

With a Baa3/BBB- rating reached, treasury put in place an $18bn bridging loan, which covered the cash consideration of up to $13bn, plus the $5bn of bonds Baxalta had outstanding, which Shire might have had to repay on change of control.

Having announced the deal in January, Shire closed it in June and issued the bond in September. It didn't want to go to the markets before the deal closed. "The risk of the transaction not closing was very low, but there is always a risk. And if you raise the money before it's required you've got the cost of carry. You have your cash earning a lower interest rate than you're paying on your debt; it's inefficient."

Greene and his team wanted to use the US, the most liquid market, to refinance the drawdown. "That's where we started. Shire is dollar functional, so, ultimately, we wanted US dollars."

The US wasn't a particularly good match from a maturity perspective, however. "The US tends to be a longer-dated market relative to Europe. Often companies will issue a 30-year US-dollar tranche. Shire is very cash-generative. While we have periodic acquisitions, we also have very strong free cash flow. We therefore wanted a shorter maturity, which we were able to achieve."

> "I've gone from managing $3bn of cash to having $24bn of debt"

He was unconcerned about raising the full amount. Positive investor feedback on the US roadshow strongly suggested that not only would Shire get the $12.1bn issue away, but it could do it at a cheaper price than some of the banks were suggesting.

It's hard to avoid the superlatives around this deal. By size, Shire's bond – its debut – was the largest ever offering from a UK-listed corporate at the time, $12.1bn compared to Shell's $10bn the previous year, achieved on a much higher rating. It was the second-largest debut issuance ever, after Apple's $17bn in 2013 – another great achievement. And no other company had issued as much debt solely going out to 10 years.

"In terms of the pricing, Shire's seven-year bond had the lowest-ever interest rate for a corporate of our credit quality. The five- and 10-year bonds had the joint second-lowest interest rates. We raised a lot of money and we raised it very cheaply. Part of that was because interest rates were low. But on a spread basis, compared to other higher-rated corporates in the same space, Shire also managed to get the deal priced very cheaply, which I think came down to the quality of the marketing and the roadshow process," he says. "The size and pricing were really what contributed to it being recognised as a fantastically successful deal."

Market conditions and sentiment also played their part, he points out. The bond was issued before the US presidential election, and 2016 also saw good levels of interest in healthcare. "There was a lot of pent-up demand," he says.

Nevertheless, there can be little doubt that the bond defied expectations in certain respects. Greene says he and his team listened carefully to banks' advice, but came to their own decisions based on investor feedback and a dispassionate assessment of the market. "Subject to time and confidentiality, I'm happy to source advice from anyone," he says. "My job is to take those inputs, filter out the biases and come to a view. Every bank recommended a 30-year issue and said we wouldn't price our bonds as low as we did. A treasurer's job is not just to mitigate risk, but to take an informed decision on risks. You can generally take more risk than your advisers might suggest."

What comes after

A headline-grabbing deal draws a lot of attention, but arguably closing the deal is just the beginning of the hard work. Post-deal integration is long since under way at Shire and has to be carried through with care and attention. "Everyone likes the excitement of a big transaction, but the integration needs to be done well, too," he says.

Shire committed to reducing its leverage to three times or below by the end of 2017 and has been working country by country to build one common infrastructure. "In most countries we have two legal entities, two accounting systems, two cash sweeps and, ultimately, we want to get to one. But the work actually goes up in the near term before it comes down."

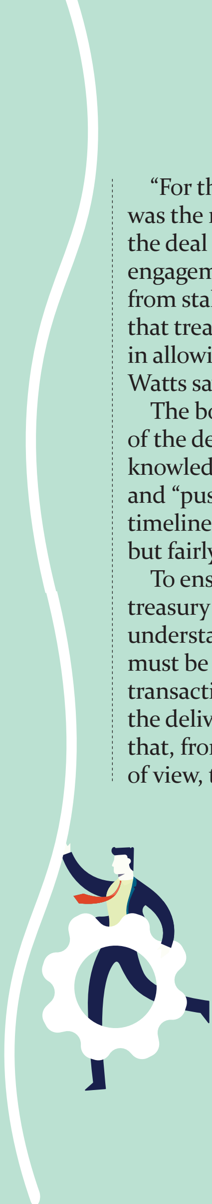
The Baxalta deal and its aftermath, however, has refreshed the company and brought considerable quantum. "Shire was in a lot of territories, but Baxalta expanded our international presence. We're now in almost 100 countries and FX and interest rate risk management have become big parts of my role. In my time at the company, I've gone from managing $3bn of cash to having $24bn of debt."

The job is very different to the one he took up 10 years ago, but that just adds to the charm. "What I love about the role is that it's so varied. It's that that keeps the job fresh."

Liz Loxton is editor of *The Treasurer*

A TALE OF TWO DEALS

TWO DECADES OF THE ANNUAL DEALS OF THE YEAR AWARDS HAVE ATTRACTED HIGH-CALIBRE TRANSACTIONS FROM STRONG-PERFORMING TREASURY TEAMS. HERE, MICHELLE PERRY SHARES LESSONS FROM TWO OF THEM



Looking back at over 20 years of *The Treasurer*'s Deals of the Year Awards yields interesting insights into the pathology of deal-making. And there can be little doubt that completing and executing a transaction brings group treasurers and their teams a great deal in terms of consolidating skills and serving the strategic needs of their organisations.

London & Quadrant

In 2015, for instance, London & Quadrant (L&Q), one of the UK's leading housing associations, which owns and manages more than 90,000 properties in London and the South East, won the Deal of the Year Award in the Bonds below £500m category for completing a difficult sale in one of the UK's most challenging sectors when it raised £250m via a bond issue.

Since winning the prestigious award, L&Q's director of treasury, Martin Watts, says the deal has not only helped the business achieve its challenging goals, but also boosted the recognition and confidence of the team both internally and externally.

"The kudos of winning the deal has helped us tremendously as an organisation and as a team. It has raised our profile in the line of business in which we operate and allows more people to understand what role L&Q plays in the delivery of housing supply," Watts says.

Critically, Watts emphasises the importance of the achievement for the whole treasury team and the collective effort involved in reaching their aim. The support from key stakeholders both internally – the board – and externally – government departments, lenders and investors – has also been a boon to the team.

"For the team, what was important was the nomination. The strength of the deal that we did certainly helps with engagement, confidence and interest from stakeholders in what we do; and that treasury has a hugely important role in allowing us to deliver our objectives," Watts says.

The boost in confidence and success of the deal helped develop Watts' team's knowledge in how to prepare, organise and "push the boundaries in terms of timelines, and how to negotiate hard, but fairly".

To ensure a deal is successful, the treasury team must be fully engaged and understand the goals. To do this, the team must be clear on the objectives of the transaction, the milestones to reach and the deliverables to attain. And this means that, from a project management point of view, the pre-transaction work must be clearly structured, and its stages and desired outcomes clearly communicated.

With focus and attention increasingly turning to sustainability, another area that is gaining traction is green bonds. Corporate green bonds are beneficial to all parties in the deal. Green bonds can not only align with a company's sustainability vision, but also support a business's commitment to sustainability and responsible green investment.

Renewi

In 2015, Shanks plc, international waste-to-product business, now Renewi, entered the market with the first green retail bond offering to be listed on the UK Exchange. It also earned the judges' commendation for the merger financing in 2016.

Former Shanks group treasurer Adam Richford, now group treasurer at Renewi plc – created from the merger of Shanks Group plc and Van Gansewinkel Groep – says the rationale behind the green finance initiative is that it serves as a means of "creating a congruency of funding and recycling".

The deal raised the company's profile and brand recognition as green and sustainable, says Richford, but the transaction also benefited the company in employee engagement and its sustainability objectives.

The benefit to asset managers, Richford says, is they can see they are investing money in a sustainable business, which could help in their own sustainability targets. And for banks, in a post-crisis world where trust in banking has been significantly eroded, offering green financing could help in terms of changing perceptions of banking more widely.

"It could encourage treasurers to think more intrinsically about the value of equity. A lot of people will dismiss green finance because there's little benefit in terms of cost of debt, but there are huge advantages for the wider corporate community," he says.

As for the skills that green finance can afford treasurers, Richford says, it can help lift treasurers out of their siloed areas within companies by illustrating to the wider business that treasurers' focus is much deeper and broader than just finance.

It is undoubtedly a relatively immature space, but it is an area to keep an eye on and where treasurers could up their game for both the treasury department and the wider business.

Around the table

So, what have been some of the other lessons across the two deals?

Strong banking relationships are critical. The process has to be a clear win-win for both sides of the equation. Treasurers must prioritise banking relationship management in an open and honest way to best manage each other's expectations. There should be a healthy tension within a relationship that is mutually beneficial.

"We want lenders and investors to support our business so that we can meet our objectives. Understand your stakeholders, but don't be afraid to challenge the norms," Watts says.

Assemble a strong team. The skills of L&Q's team were vital to the deal's success and other transactions since. The competency framework set out by the ACT for technical, business and behavioural skills is a key tool on which to assess the capabilities of a treasury team.

Be clear about your risks. When L&Q went to the market in 2015, the then UK chancellor George Osborne had announced plans to reduce the household benefit cap from £26,000 to £23,000 a year, with an additional review of housing benefit, both of which were to impact significantly on L&Q's customers. But the policy change did not deter L&Q's treasury team from going to market.

Watts said L&Q tackled the risk head-on with stakeholders by outlining what the risks were and how they would impact the business, and how they would be managed, in each case, in a clear and transparent way. With this approach, it is also much easier to track and measure performance.

"Back in 2015, the news of the forthcoming rent cuts would have an impact on our ability to generate cash within our business through rents. So our point was 'here are the efficiencies we are going to bring in. Here's how we are going to deal with falling rents'. These things then become red lines internally and externally," Watts says.

Choose your advisers carefully. Make sure your adviser understands clearly what you are trying to achieve in your business and that they understand the red lines. They should advise and not run a transaction. For treasurers to have full oversight over the deal, they must oversee every aspect of it and not leave it to the adviser to do the legwork, because in that way miscommunication can occur and 'lessons learnt' can be missed.

Approaching the market. Ensure your goals are clearly communicated. In this way treasurers can ensure full oversight. Applying the themes of simplicity, consistency and flexibility ensures effective governance of the deal and the best possible outcomes. But key to any deal's success is in making sure that the deal is a win-win for all parties involved.

Assessing the market. Don't be put off by challenging economic or political circumstances. Recent and ongoing tumultuous global events are testing the skills and abilities of treasurers, but deal success and recognition in these times can only build on a corporate and treasury team's profile.

Treasurers must oversee every aspect of the deal and not leave it to the adviser to do the legwork, because in that way miscommunication can occur and 'lessons learnt' can be missed

The results

A successful transaction brings benefits all round:

Impact. A successful deal and recognition of that deal ensures a direct line to the board and improved understanding of what treasurers can achieve for the wider business.

Profile raising. A deal raises the profile of treasury both internally and externally. Public recognition will boost team confidence and the corporate profile within the business as well as externally. This sometimes intangible result should not be underestimated.

Michelle Perry is a freelance finance and business journalist

DEALS OF THE YEAR

MAY WE PRESENT...

HIGH-QUALITY NOMINATIONS STIMULATED ENERGETIC DEBATE IN THIS YEAR'S DEALS OF THE YEAR AWARDS

Round two as chair of *The Treasurer*'s Deals of the Year Awards judging panel has proved to be an immersive and as challenging experience as my debut last year. The innovation and execution capability on display from my colleagues in the treasury world remain as impressive as ever. So I am very grateful that these awards allow me the luxury of seeing examples of treasury practice from a profession that, at its best, adds real value to the many companies and organisations we work for.

However, before we turn our attention to the awards themselves, a word on the judging panel.

We have been through some change this year. Firstly, I would like to express my sincere appreciation to Julie Fabris, group treasurer at Britax, and to the Iberdrola team. Both have been members and strong contributors to the panel for a number of years, before stepping down as judges over the summer. Their input, comment and challenge over many meetings has been very much appreciated.

So, this year we welcome three new members to the judging panel: Bente Salt, head of treasury at Rentokil Initial; Matthew Hurn CFO, alternative investments & infrastructure at Mubadala, a returning former panel chair and chair of the ACT Middle East committee and treasury awards judging panel; and Martyn Smyth, director of Metal Choirs Ltd. My thanks to these new members of the panel for their active and constructive engagement as soon as they stepped into the breach.

The new reality

If 2016 was the year of headline shocks – the Brexit vote, Trump beating Clinton, Leicester City winning the Premier League – 2017 presented the reality of navigating new and uncertain parameters resulting from these unexpected, even game-changing, events.

For many years, treasurers have dealt with economic and commercial volatility, booms and recessions, but typically within an environment where the macro geopolitical consensus provided a degree of foundation and predictability. However, we now found many of those assumptions being challenged, if not cast aside. This forces us as a profession to think ever more creatively, to consider that the unexpected may well happen, to factor in black swan events.

The Brexit negotiations in particular have dominated the front pages over the past year. The start of phase two negotiations on the future trade relationship with the EU is most welcome. However, we still have little clarity on what the cross-channel relationship will look like in the long term, and no doubt this will be uppermost in CFOs' and treasurers' minds as we progress to March 2019.

Combined with the long-anticipated start of liquidity and interest rate normalisation, the current environment provides a new opportunity for treasurers to show their worth, particularly in aligning with, and shaping, corporate strategic objectives. A number of this year's nominations highlighted treasurers' proactive approach and showcased the possibility of treasury shaping, as well as responding to, the corporate strategy.

The treasurer's focus

While the moves from the US Federal Reserve, European Central Bank and the Bank of England signalled the beginning of normalisation of the rates environment, the credit markets remained immensely constructive with record issuances in certain sectors and ever further spread compression.

Many companies, therefore, took the opportunity to refinance at better terms, delivering the core competency of funding certainty. This led to some highly contested categories as treasurers looked to lock down funding at competitive rates and secure the liquidity to prosecute corporate investment plans.

Some of the blockbuster deals executed this year were truly eye-opening and showcased

Philip Learoyd is group treasurer at OCI and chair of the Deals of the Year Awards judging panel the often underappreciated skill of spotting opportunities and delivering the superficially simple with excellent execution.

It was notable this year, in some of the team nominations, the increasing importance of the finance technology space. The pace of innovation in this area is ever increasing, and will present further opportunities for treasurers to automate processes and free up resources to focus on more value-adding activities.

The challenge this year was to assess more than 170 high-quality nominations ranging from classic jumbo investment-grade issuance to unrated emerging-market deals and everything in between. To be able to distil this down to the winners was a massive task, which prompted probably the most debate I have seen on the panel across a number of categories. It is perhaps unsurprising, therefore, that there were a significant number of highly commended awards (given at the panel's discretion) this year, demonstrating the overall high quality of nominations.

On that note, I would like to express my thanks to all fellow judges for their thorough and time-consuming review of the nominations, lively debate and genuine commitment to the awards process.

In addition, we remain immensely grateful to Lloyds Bank for its long-standing sponsorship and support of the awards, BBVA for its support of the new Green Finance award and the whole team from the ACT.

So, without further delay, I take great pleasure in presenting the winners of the 2017 Deals of the Year Awards.

MEET THE JUDGES

INTRODUCING THE 2017 PANEL, WHICH DISCUSSED AND DEBATED WHO WOULD BE TRIUMPHANT

OUR EXECUTIVE JUDGING PANEL

Fraser Campbell
Group treasurer, GKN

Matthew Hurn
CFO, alternative investments & infrastructure, Mubadala

Bente Salt
Head of treasury, Rentokil Initial

Richard Sedlacek
MD, Rothschilds

Martyn Smyth
Director, Metal Choirs Ltd

Mark Venner
Treasurer operations, BAE Systems

Paul Watters
Senior director, S&P

Henryk Wuppermann
Head of corporate finance, EON

GREEN FINANCE – IN GOOD COMPANY

This year saw the introduction of a new category in our annual Deals of the Year Awards: Green Finance. Anglian Water was named as the inaugural winner (see page 23). The award testifies to increasing levels of interest from investors in asset classes that reflect the values of sustainability and that are aimed at environmentally focused projects.

There can be little doubt that green finance is gaining ground. Anglian Water's £250m, eight-year bond will be used to finance water preservation schemes and support Anglian's aim to become a carbon-neutral business by 2050. As well as funding internal products and initiatives, green bonds help companies diversify their investor base.

Green bonds account for only a very small proportion of the $100 trillion global debt market. But increasing recognition and support of green finance in the form of awards such as this one from the ACT can only help raise its profile.

THE CATEGORIES

Bonds above £750m and Overall Deals of the Year Awards winner

WIND TRE

STRONG SIGNALS

TREASURY AT WIND TRE RACKED UP A COLLECTION OF FIRSTS IN A SOPHISTICATED FOUR-TRANCHE OFFERING

Deal highlights

Issuer: Wind Tre

Amount: £9.6bn

Structure: A four-tranche secured bond, term loan and RCF

Rating (at time of deal): B+/B-/BB-

Currency and tenor: €/5yr, 6yr, 7yr; $/8yr

Interest rate/coupon: Av 2.7%

What the judges said:

"The Wind Tre deal shows that detailed planning and execution in high-yield markets can be highly effective."

In a closely fought category, Italian mobile communications giant Wind Tre caught the judges' attention with an ambitious refinancing of its entire corporate debt and capital structure. Wind Tre was named winner in the Bonds above £750m category and Overall Deals of the Year Awards winner for 2017.

In October last year, Wind Tre priced a £9.6bn issuance, in a four-part, cross-border secured bond offering, along with a five-year term loan and a €400m revolving credit facility (RCF). The new debt package, consisting solely of secured bonds, de-risks Wind Tre's financing and lowers its costs through reduced interest payments.

The transaction represents the largest-ever refinancing by a European issuer involving sub-investment-grade loans and high-yield bonds, and the largest high-yield bond offering globally for 2017. It was the third-largest cross-border financing involving sub-investment-grade loans and high-yield bonds, and the largest high-yield transaction from a European issuer since 2014.

A recent improvement in Wind Tre's credit profile allowed it to put in place an all-senior secured capital structure, which has brought the company significant cash interest savings, lowering its average interest rate from around 5.5% to 2.7%, saving an estimated €0.25bn, and improving the company's cash generation. The company managed to secure long-term financing, with an average maturity of six years across the four tranches, providing operational and financial flexibility. The completed refinancing enabled Wind Tre to repay all outstanding notes and credit facilities.

A backdrop of quantitative easing and an associated flattening of yield curves and compression of spreads across the board have presented a significant opportunity for sub-investment-grade credit in the market. What impressed the judges in this case was the scale of Wind Tre's offering – refinancing the whole of the company's financing and capital structure, and taking the opportunity to term out debt over six years.

The deal was made all the more impressive for being carried off in sub-investment-grade territory. The amount of energy and resources that needs to be put into investor relations in this grade and for an issuance of this size will have been considerable, the judges noted.

Jointly owned by CK Hutchison and VEON, Wind Tre was created by the merger of Wind and H3G in December 2016. It has a 36.5% market share in Italy, offering mobile, internet, OTT content and fixed-line services to consumer and corporate subscribers.

Highly commended BRITISH AMERICAN TOBACCO

In a deal described by the judges as "extremely well executed", ACT CPD-accredited employer British American Tobacco (BAT) priced a highly successful multi-tranche bond across the US dollar curve in August last year.

The $17.25bn transaction enabled BAT to repay a significant proportion of the debt facilities it put in place in January last year to pay for its acquisition of a remaining 57.8% stake in US rival Reynolds.

The tobacco company's highly experienced treasury team took the earliest available opportunity to access the market. As well as the $17.25bn issue, it priced a €3.1bn and a £450m deal the following day. The transaction represented the largest-ever UK corporate bond issue and, at $17.25bn, the eighth-largest debt capital markets transaction ever.

BAT is no stranger to *The Treasurer*'s Deals of the Year. In 2015, it won in both the Bonds above £500m and Large UK Treasury Team of the Year categories.

Bonds below £750m winner

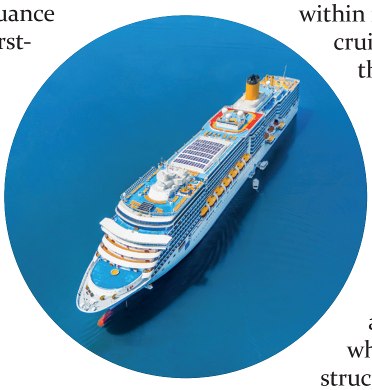
SAGA

A STORY WELL TOLD

OUR JUDGES APPLAUDED SAGA'S WELL-EXECUTED DEBUT – COMPLEMENTED BY THE COMPANY'S STRONG ROADSHOW MESSAGE

In another tightly contested category, the Deals of the Year judges named Saga, the UK's specialist provider of products and services to the over 50s, as winner in the Bonds below £750m category.

Saga priced a highly successful £250m bond issue in May last year. The issuance represented Saga's debut deal, on first-time ratings of Ba1/BB+. However, the company attracted very strong interest, with the order book rising to more than £1.9bn at its peak, settling at £1.75bn after final pricing revision. The proceeds were used to repay an existing bank facility and other corporate purposes.



As this was Saga's inaugural issue, the company conducted a three-day investor roadshow. On the back of positive investor feedback, good indications of interest and positive market sentiment in the wake of the French election result, Saga launched the transaction with initial price thoughts of 3.625% to 3.75%.

The size and quality of the order book meant the Saga team was able to exceed early expectations on pricing, achieving a 3.375% coupon, the lowest-ever sterling coupon for a sub-investment-grade corporate on a seven-year or longer maturity. This was in spite of a low profile in the market and concerns about the brand's identity. The Saga name has a long history, but the eclectic mix within its portfolio – from insurance to cruise ships – meant it was an identity that potentially had lacked clarity among a wider investment base previously. Saga's successful UK roadshow and persuasive marketing story contributed to the strong outcome in terms of credit pricing.

The deal has served to help strengthen Saga's balance sheet, and provided additional flexibility, while further diversifying its debt structure. The transaction involved moving from a secured to an unsecured structure and brought a new set of investors on board.

The judges commended the Saga team on the very tight execution window, the successful marketing of a non-investment-grade offer and an excellent debut.

Deal highlights

Issuer: Saga

Amount: £250m

Structure: Senior unsecured debt

Rating (at time of deal): Ba1/BB+

Currency and tenor: £/7yr

Interest rate/coupon: 3.375%

What the judges said:

"This was another hugely competitive category, with a number of high-class deals and creativity. The Saga transaction was an excellent debut, executed within a very tight time frame."

Highly commended GKN

In an initiative aimed at reducing volatility in its pension scheme, engineering group GKN successfully raised £300m in 15-year senior unsecured fixed-rate notes in April last year.

The single-tranche issuance, the first public transaction for GKN in five years, drew the judges' attention for its size and for the innovative use of funds. The pension fund deficit acts as a constraint to corporate finance activity, the company said, and adversely impacts credit ratings.

Early investor feedback was overwhelmingly positive, with demand predominantly at the longer-tenor range.

Among the deal's distinguishing marks was the rare achievement of a 15-year tenor for a BBB-rated credit. The £2.2bn order book – more than seven times oversubscribed – for a single tranche sterling offering also represented a standout feature.

Highly commended RSA INSURANCE

In a transaction the judges described as "extremely complex", RSA Insurance issued the first international restricted tier 1 bond transaction for an insurance company under the new Solvency II regulation and also refinanced two existing bond transactions via a tender.

The transaction was the first of its type under the new insurance solvency regime, and RSA Insurance's first transaction in Swedish krona and Danish krona. Following positive investor feedback, RSA was able to price just over £300m across the two tranches, compared to the £200m it had been aiming for. In doing so, it successfully widened its investor base to include Scandinavian investors as well as European buyers, with Scandinavian investors taking around three-quarters of both bonds.

Given the strong investor feedback, and in line with RSA's size and pricing aspirations, final terms were set at STIBOR+525bps for a 2.5bn tranche in Swedish krona, and CIBOR+485bps for a 650m tranche in Danish krona.

DEALS OF THE YEAR

Loans above £750m winner

RECKITT BENCKISER

FUTURE-PROOF

LOAN FINANCE WITH INBUILT FLEXIBILITY MADE THE DIFFERENCE IN RECKITT BENCKISER'S WINNING ENTRY

HEALTH • HYGIENE • HOME

Deal highlights

Issuer:
Reckitt Benckiser

Amount:
£16.4bn

Structure:
Senior unsecured facilities including bridge, term loan and RCF

Rating (at time of deal):
A3/A-

Currency and tenor:
$/3yr, 5yr, bridge; £/RCF

Interest rate/coupon:
Various

What the judges said:

"Reckitt Benckiser's financing stood out for its sheer size, the well-executed bridge deal and the amount of term tranches arranged."

Reckitt Benckiser's multibillion-pound financing to support last year's acquisition of Mead Johnson Nutrition brought the consumer goods company the accolade of winner in the Loans above £750m category.

The company, an ACT CPD-accredited employer, impressed the judges with the scale and level of detail within the financing, the pricing achieved and the flexibility built into the deal's structure, comprising multi-tranche term loans, bridge and revolving credit facilities (RCFs).

Reckitt's treasury team, led by group treasurer Simon Neville FCT, incorporated a $0.9bn term loan into the acquisition facilities (a $4.5bn three-year term and $4.5bn five-year term loan, $11bn bridge facility, including $3bn to backstop existing bonds and a £1bn five-year RCF) to ensure flexibility in the future. The proportion of acquisition funding made up of term loans is 45% – significant compared to other deals in the market.

Mead Johnson is Reckitt's largest acquisition to date and has increased Reckitt's consumer health business by 90% and increased its presence in faster-growing developing markets by 65%. The deal has also transformed the company's capital structure. The fully debt-financed acquisition increased Reckitt's gross debt balance from around £2.4bn at the end of its 2016 financial year to £17.2bn at the deal close in June last year.

The bond transaction is the sixth largest by a UK-listed corporate; the fifth-largest bond transaction issued in maturities out to 10 years only; and the third-largest 144A without Registered Rights ever.

While the flexibility of the loan led the way for a subsequent bond takeout, the Deals of the Year judges felt the execution of the loan set the benchmark for the overall acquisition financing.

"The financing was seen as having groundbreaking terms and structure," said Neville, "and the bond takeout, followed rapidly by the sale of the food division of Reckitt Benckiser, completed a textbook M&A financing. Alongside this, the wider treasury team rapidly integrated Mead Johnson into our core operations."

Highly commended NOMAD FOODS

Frozen food company Nomad Foods, which includes brands Iglo, Birds Eye and Findus in its portfolio, was highly commended in this category for its debt-refinancing work last year.

Nomad's treasury team, led by head of treasury John Meehan AMCT, refinanced the company's external debt of €1.5bn and its €80m RCF as a means of improving interest rates, extending maturities, diversifying its sources of funding and increasing flexibility in debt documentation.

Nomad issued a €400m fixed-rate bond, with a seven-year maturity. The company also set up a dollar-denominated term loan of $610m, which was fully swapped back to euros and sterling using cross-currency interest rate swaps at significantly lower rates than they could have issued directly in those currencies by taking advantage of the basis swap. Nomad also issued a euro term loan of €500m.

Overall, the package brought annual interest savings of €14m or around 1%. At the same time, the company fixed approximately 66% of interest costs, which would have added a further €5m per year under the previous structure. Meehan succeeded in knocking 100bps off the RCF and extended the term out to six years. All this was achieved over a four-week period.

The judges were impressed by the achievements: the lowered interest costs, low fees and the boldness of the execution. The refinancing also gives the treasury access to a broader base of lenders, a feature that will pay dividends in the future in the event of fundraising for future M&As.

Loans below £750m winner

MTN NIGERIA COMMUNICATIONS

SWITCHED ON

HIGH-LEVEL SUPPORT FOR NIGERIAN TELECOMS OPERATOR MTN WILL DRIVE ITS CAPEX PROGRAMME

Nigeria's largest telecommunications operator, MTN Nigeria, attracted the judges' attention with a series of loans arranged to further its capital expenditure programme in the Loans below £750m category.

With backing from German development bank KfW and international banks such as Citi and Credit Suisse, MTN's treasury team negotiated the currency and multijurisdictional challenges to secure $329m in largely US-dollar-denominated financing to fund equipment upgrades.

MTN has a market share in Nigeria of more than 40% and provides services to 53 million subscribers. As well as competing for a potential market of 120 million mobile users, MTN's data services provide communications and network provision to core sectors, such as energy, media and entertainment, and education.

MTN's capital expenditure programme is aimed at upgrading existing network infrastructure and capacity, and investing in 4G technology. Nigeria's telecoms sector has been hit by declining tariffs coupled with increased demand on service provision.

The biggest single facility was $329m funded by KfW IPEX-Bank and Citi Bank, and was guaranteed by EKN, the Swedish Export Credit Agency. The guarantee provides credit insurance on the facility in case of default.

This facility was crucial to the foreign currency strategy of MTN Nigeria, as dollar liquidity had dried up in the Nigerian foreign currency markets, following the collapse of the crude oil price. The declining reserve led to a massive devaluation in the dollar/naira exchange rate, heightened sovereign risk, foreign currency loan defaults and credit tightness for Nigerian corporates operating internationally.

The loans were completed by MTN Nigeria's three-strong treasury team, led by Ishmael Nwokocha, general manager, corporate treasury. It provided all loan documentation, including financial projections and models, and the information memorandum. It also conducted negotiations with the lenders, with the benefit of financial advisers. This was one of five deals it completed in 2017.

The facility enables MTN Nigeria to purchase telecommunications equipment supplied by Ericsson to upgrade and increase its network infrastructure.

Concluding a financing of this scale, against a backdrop of highly volatile market conditions, was what made the deal stand out.

Deal highlights

Issuer:
MTN Nigeria Communications Ltd

Amount:
$568m

Structure:
Various

Rating (at time of deal):
Unrated

Currency and tenor:
Various

Interest rate/coupon:
Various

What the judges said:

"Completing these transactions with the currency challenges that exist in Nigeria, and given the multijurisdictional issues that have to be negotiated when working with a suite of international backers, was impressive."

Highly commended EQUINITI

Finance technology outsourcing business Equiniti secured £242m to support its acquisition of the Wells Fargo Share Registration & Services (WFSS) business.

The financing includes a £122m fully underwritten rights issue and £120m in new debt facilities. It made a significant contribution to the transaction price (£176m), and offers additional working capital and capital expenditure headroom.

Equiniti's acquisition of WFSS enables it to promote its Sirius software in the US, the world's largest equity market, with the potential to cross-sell. The small treasury team used a mix of debt and equity to fund the acquisition, despite having the scope to add further debt to its balance sheet. It also successfully capitalised on favourable interest rates and market conditions.

Highly commended M-KOPA

The judges also highly commended Kenyan solar energy provider M-KOPA for securing $80m in receivables financing from a syndicate led by Stanbic Bank to help finance its pay-as-you-go installations in East Africa.

M-KOPA supplies the household energy needs of low-income customers for lighting, phone charging, radio and TV via off-the-grid solar panel installations.

The company will use the financing to connect a further one million homes over the next three years.

Securing a receivable financing facility of $55m issued in local currencies (Kenyan and Ugandan shillings) over four years gives M-KOPA the ability to hedge its receivables against currency downgrades. The deal is the first of its kind in the pay-as-you-go energy sector.

DEALS OF THE YEAR

Corporate Finance winner

LONDON & QUADRANT

TRAILBLAZER

LONDON & QUADRANT'S SUCCESSFUL REFINANCING HAS BROUGHT ENHANCED TERMS AND FLEXIBILITY TO THE SOCIAL HOUSING GIANT

L&Q
BECAUSE HOMES MATTER

Deal highlights

Issuer:
London & Quadrant

Amount:
£2.9bn refinancing; £500m dual-tranche bond

Structure:
Term loans, RCFs and bridging facilities for the refinancing

Rating (at time of deal):
A1/A+

Currency and tenor:
£; av 10yr

Interest rate/coupon:
Weighted average margin of 60bps

What the judges said:

"L&Q is a convincing winner in this category. The scale of the transaction, the ability of the organisation to execute it against a tight time frame and against an onerous regulatory backdrop is compelling."

London & Quadrant (L&Q) took the Corporate Finance award for a £2.9bn refinancing prior to its 2016 acquisition of East Thames housing association – the largest-ever refinancing in the social housing sector.

Alongside the East Thames deal, L&Q completed the acquisition of Gallagher Estates, one of the largest land companies in the UK. Following the acquisition, L&Q, led by director of treasury Martin Watts AMCT, issued a dual-tranche £500m bond to pay down some of its bank facilities.

The £2.9bn refinancing successfully upgraded and aligned all L&Q's documentation, providing great flexibility and capacity in the association's capital structure. The refinancing comprised term loans, revolving credit facilities (RCFs) and bridging facilities with eight different lenders (six for the bridge). With the exception of the bridge, all facilities were completed on a bilateral basis. Relatively unusually for the housing sector, L&Q issued its post-acquisition bonds at 12- and 40-year maturities.

With the housing association sector undergoing considerable consolidation, the merger of L&Q and East Thames has created an organisation with 90,000 homes worth an estimated £22bn in open-market terms. The scale of the refinancing and the fact that it had to be achieved ahead of the East Thames acquisition put considerable time pressure on L&Q. However, the refinancing was achieved at borrower-friendly terms with a weighted average life of 10 years and an overall weighted margin of 60bps (excluding the bridge).

The refinanced facilities enabled the new entity to fund out of the top group, align its covenant definitions and levels, and lend on to subsidiaries without restriction. As part of the refinancing, L&Q had to restructure and decided to end existing hedging arrangements, cancelling large amounts of interest rate swap and fixed-rate loan contracts in the process.

The overall transaction was executed within tight time frames, with the group delivering against funding objectives. It has also provided good liquidity going forward.

As well as benefiting L&Q, the transaction has paid dividends for the sector as a whole. Social housing has historically laboured under restrictive documentation. L&Q's deal has prompted borrowers in this sector to revisit their funding structures in the interests of pursuing greater flexibility.

Highly commended TESCO

Tesco's buyback of £800m of outstanding debt across its bonds drew the judges' applause and won it a highly commended mention in this category. Group treasurer Lynda Heywood FCT oversaw the tender and repurchase of some of the supermarket giant's longer-dated bonds, using surplus cash to cancel the debt. The move strengthens Tesco's balance sheet and prepares the ground for an improved rating in the future.

Tesco's rating has been sub-investment grade since 2015. The move provided markets with a signal of confidence in Tesco's future performance. Usually, when corporates tender for existing bonds, they buy back shorter-maturity, higher-coupon bonds and simultaneously sell longer-dated securities. This transaction successfully decreased Tesco's gearing, with net debt/EBITDA falling from £4.4bn in August 2016 to £3.3bn a year later.

Tesco, an ACT CPD-accredited employer, targeted £2.65bn of bonds and tendered £1.145bn across seven sterling and euro bonds, reflecting a 43.1% aggregated hit rate. Tesco accepted £800m in the buyback, £100m more than the original target, which reflected the strong take-up.

The debt reduction will bring the company £31m in annual interest savings. Near-time financing risks were also reduced by the move.

Green Finance winner

ANGLIAN WATER

CLEAR GREEN WATER

ANGLIAN WATER'S INAUGURAL GREEN BOND IS PROOF POSITIVE OF INCREASING DEMAND FOR SUSTAINABLE FINANCE

With more and more investors seeking financial products that have the express purpose of financing environmentally sound projects, Anglian Water impressed our Deals of the Year judges with its inaugural green bond and a well-made case.

An increasingly wide range of asset classes are now clustered under the environmental banner. However, Anglian's inaugural green issuance stood out. Anglian's team marketed an eight-year fixed-sterling bond and demonstrated that the proceeds would be used in line with Green Bond Principles, assured by independent opinion provider DNV GL.

Anglian Water, which is an ACT CPD-accredited employer, operates in one of the UK's driest regions. At the same time, the region is fast growing in economic and population terms, and water resources are under pressure: 25% of its area is below sea level. The company builds and develops new infrastructure to ensure it can provide continuity of supply. Anglian's green bond will finance sustainable water and water-recycling projects.

The bond, listed on the London Stock Exchange green bond segment, is the first sterling green bond to be issued by a UK utility. It attracted a coupon of 1.625% and was priced at 82bps over the benchmark for its equivalents. The proceeds were swapped to sterling Libor, offsetting existing swaps with a counterparty enabling pricing of Libor plus 63bps to be achieved. The order book peaked at £800m at one point, with nearly 80 investors participating.

The green bond, only the third-ever green sterling public benchmark transaction and the first since Transport for London's green bond in 2015, has helped raise the profile of green finance, and Anglian's treasury function. The Anglian bond featured in the UK government's *Clean Growth Strategy*. A number of other UK corporates are thought to be considering similar issuances and debt investors are increasingly looking for corporates with strong environmental credentials.

Internally, Anglian Water has used the successful launch of the bond to celebrate the work that its treasury function carries out, as well as the work that goes into reducing the water company's carbon footprint. The funds raised will finance a £25m water-preservation scheme at Grafham Water, a £28m initiative to secure water supplies for Norwich, with its growing population. A further £6m will go towards improving bathing water at Southend. Combined, these projects have saved or avoided 84,000 tonnes of carbon. In addition, Anglian Water has pledged to become a carbon-neutral business by 2050. It has already reduced its embodied level of carbon by 55% since 2010, and aims to reach a 60% carbon reduction by 2020.

Group treasurer Jane Pilcher FCT said that the bond has increased the profile of the treasury team and that she has seen greater interest from individuals wanting to join the team. "Externally, it enabled us to elevate our communications on sustainability and green finance with the UK government, financiers and key stakeholders. We were also able to demonstrate one of the key principles of the privatisation of our industry was raising funds from the private sector, and not competing for public funds with education and health. It is a transaction others are wanting to follow and our assurance provider says they have never been so busy."

Deal highlights

Issuer: Anglian Water

Amount: £250m

Structure: Listed green bond

Rating (at time of deal): A/A3/A-

Currency and tenor: £/8yr

Interest rate/coupon: 1.625%

What the judges said:

"A well-thought-out deal in a space where we are starting to see real interest and variety."

Green Finance award sponsor

BBVA

UK Large Treasury Team of the Year winner

RECKITT BENCKISER

A CLEAN APPROACH

THIS YEAR'S WINNER OF LARGE TREASURY TEAM OF THE YEAR WON FOR ITS HIGH STANDARDS IN SUPPORT OF THE CORPORATE'S STRATEGIC AGENDA

What the judges said:

"For its strong focus on efficiency, pricing and process, Reckitt Benckiser is the worthy recipient of Large Treasury Team of the Year 2017."

Our judges named consumer goods group Reckitt Benckiser as winner of the UK Large Treasury Team of the Year category for 2017. A wide range of fundraising, transaction and post-deal integration work, all carried out to the highest standards of professionalism and attention to detail, impressed the judges.

Reckitt, which has shown substantial long-standing support for the ACT and its qualifications, and is an ACT CPD-accredited employer, has a team of 12 treasurers covering some 160 countries. In the first half of 2017, the team excelled in executing the financing for the acquisition of US-listed food group Mead Johnson Nutrition.

The 100% debt-financed transaction was valued at some $18bn, and comprised a classic acquisition financing facility followed by a very rapid $7.75bn of bridge financing in the US bond markets, via a US 144A bond takeout with euro and sterling, and risk management optionality available. The bond takeout was announced the day following the acquisition completion in order to term-out bridge financing. Reckitt's treasury team achieved good pricing on its 10-year tranche, a repricing of the secondary curve of existing bonds by between 10-18bps and left investors with up to 2bps versus a reoffer in the days following settlement. In addition, the team was ready to access euro and sterling markets as needed.

Within three months, the team was again called into action with the sale of Reckitt Benckiser's food business for some $4bn, and a subsequent deleveraging of the group.

The financing was regarded as having groundbreaking terms and structure, and the bond takeout, followed rapidly by the sale of the group's food division, was a textbook example of M&A financing.

The cherry on the cake was the rapid integration of Mead Johnson Nutrition into the London-listed company's core operations. Reckitt's treasury team was described as high energy with a strong focus on detailed preparation, as well as a refusal to compromise on performance.

The team continually challenged and pushed banks and other advisers to deliver the highest possible standards and outcomes for Reckitt Benckiser, resulting in best-in-class terms that directly benefited the acquisition.

Highly commended RIO TINTO

The treasury team at mining giant Rio Tinto passed some significant milestones in 2017 and successfully completed a major reorganisation plan to better serve the group under a new operating model.

London-listed Rio, an ACT CPD-accredited employer, found treasury to be instrumental to its group strategy when it announced $8bn of cash returns to shareholders during the year. This comprised $4bn of dividend payments and $4bn in share buybacks.

Treasury was the driving force behind both origination and execution of the share buybacks, including an off-market buyback of the Australian side of the dual-listed group, at a 14% discount to market value.

Significantly, during the year, a comprehensive review of how treasury delivers value to the Rio Tinto group was conducted, redefining the very purpose of the function by making explicit its mandate to partner the business in value creation and to lead technological transformation within treasury.

The changes included a move from London to Singapore of all global treasury dealings and operations in less than six months. This included FX and interest rate execution, cash management and investments, as well as back-office activities. An expanded risk management team was also created with a clear mandate around improving risk analytics to support value-driven decisions.

UK Small Treasury Team of the Year winner

NATIONAL EXPRESS

NEW DIRECTION

A RESHAPING OF DEBT DISTRIBUTION AND A PRECISE AND UNCOMPROMISING APPROACH TO FUNDRAISING BROUGHT ABOUT THIS WIN

Multinational public transport company National Express has scooped the Small UK Treasury Team of the Year award after a highly successful year in which the team redefined its debt-distribution profile, tapping a number of debt-capital markets at new benchmark levels.

This year marks a double win for ACT CPD-accredited employer National Express, whose treasury manager, David Plimmer, won Emerging Treasurer of the Year (see page 27).

The National Express treasury team's year got off to a rapid start, having pre-funded its £350m bond maturing in January through the use of a £350m bridge-to-bond and subsequent issuance of a £400m seven-year bond in November 2016, paying a coupon of 2.5%.

Shortly after that, the team turned its attention to bank funding, raising $260m in short-term bank facilities at an all-in cost of 4bps. Its clear-sighted approach was to make use of the cross-currency swap market to access the prevailing negative Euro Interbank Offered Rates that aren't widely accessible with a regular bank facility.

Later in the year, the treasury team issued a €250m 2.5-year senior unsecured fixed-rate note. The issue went out in November at €3m + 40bps and was achieved at a record level – the lowest spread ever achieved for a BBB- issuer. This transaction has aligned the group's maturity profile with its £225m bond due in 2020, positioning National Express for a benchmark fundraising exercise in the future.

Through the effective use of both bank funding and the bond markets, National Express's treasury team has ensured the company is successfully bridged against the uncertainties surrounding Brexit through to the end of 2019.

National Express's nomination noted the team's innovative approach to managing financial risk, introducing a new biodiesel hedging programme by transacting directly with a multinational oil producer, since banks were unwilling to hedge in this market.

Simultaneously, the team developed a dynamic fuel-hedging tool that identifies the most appropriate derivative instrument for its North American school bus and transit divisions. The tool ensures both R-Squared and Slope hedge-accounting metrics are achieved for its diesel and gasoline exposures. Both the biodiesel hedging programme and the fuel-hedging tool are initiatives that have reduced risk for the business in a controlled and cost-efficient way.

In addition, the team worked to integrate its treasury management system with its electronic banking platforms, which means the team can move away from spreadsheets and fully use the system's cash-positioning functionality. It has also worked on real-time reporting to monitor counterparty exposure.

All these initiatives came during a transformative year for National Express as the company completed its full withdrawal from the UK rail market, marking the departure of what had been one of the biggest names in the British railway sector. This called for numerous challenges to be overcome, including removing its performance and season tickets bond obligations, revising the group's FX hedging programme to reflect its new EBITDA and debt profile, managing expectations with its German relationship banks around continued commitment to German rail operations and communicating with the rating agencies to ensure they fully understood the company's new strategy.

What the judges said:

"National Express's record as a high-achieving team committed to high standards and innovation is justly rewarded with this win."

EMEA Treasury Team of the Year winner

UNILEVER

BEST IN CLASS

UNILEVER'S DEBT CAPITAL MARKETS ACTIVITY, ALONG WITH TREASURY'S ROLE DEFENDING AGAINST A HOSTILE BID, DREW APPLAUSE FROM OUR JUDGES

What the judges said:

"Unilever has a world-class treasury team. The breadth of its activity this year and its successes, from fundraising to helping defend the company against a hostile bid, is testament to its skill."

A notable year for Unilever and a busy year for its treasury team was capped with its win of EMEA Treasury Team of the Year 2017 in *The Treasurer*'s Deals of the Year Awards. This wasn't its first win, either – in 2013, it was crowned European Team of the Year.

Consumer giant Unilever – best known for brands such as Dove soap, Magnum ice cream and Lipton tea – received six nominations in the new category of EMEA Treasury Team. The company had what turned out to be a pivotal year dominated by Unilever's response to an unsolicited bid from US rival Kraft Heinz.

The approach, which led to an immediate widening in the corporate's secondary spreads, was ultimately unsuccessful, but prompted a full strategic review from Unilever's board in which treasury played a key role, including determining the optimal capital structure to support future strategy. Treasury was pivotal in maintaining bank relationships and retaining the A1/A+ credit ratings, which have been constant since the year 2000.

But the takeover threat was by no means the only consideration for Unilever's treasury team last year. The company also went to the debt capital markets to issue bonds on no fewer than five separate occasions during the period. Treasury also organised a €5bn share buyback and worked to accommodate a new financial policy of maintaining a debt/EBITDA ratio of 2x.

In addition, treasury had to arrange for the settlement of seven separate M&A transactions.

On the fundraising front, Unilever issued nearly €7bn of debt across three different currency markets and achieved a 0% coupon on a four-year euro deal.

All told, the work required a strong awareness of the capital markets and the need to be flexible.

In what some regarded as a unique set of challenging circumstances, 2017 was a very busy, but exciting, year for the company's treasury team. Firmly at the heart of Unilever's strategic thinking, treasury provided analysis, insight and experience for the board at a crucial time. "Unilever's treasury team truly delivered when it counted," one of the nominations said.

Additionally, Unilever's treasury team was recognised as being a key enabler of the corporate strategy, ensuring seamless and coordinated execution across the different strands – financing, risk management and M&A.

As further evidence of the team's strong technical knowledge and ability, the central treasury function was also responsible for management of cash flows and hedging activities related to more than €50bn in revenues from more than 190 countries.

Little wonder then that Unilever's treasury team was described as exceptional and always looking to achieve best-in-class execution with close attention to benchmarking and lessons learned from peers across the industry. The strength of Unilever's powerful brand name was thereby enhanced in global capital markets by the scale and volume of work the treasury team successfully undertook in 2017.

Emerging Treasurer of the Year winner

DAVID PLIMMER

TREASURY MANAGER, NATIONAL EXPRESS

RISING STAR

NATIONAL EXPRESS'S DAVID PLIMMER IS THE WINNER OF THIS YEAR'S EMERGING TREASURER OF THE YEAR AWARD

David Plimmer drew the judges' attention with his combination of professional qualities.

Plimmer joined the National Express group treasury function in 2015, having spent three years as an accountant in the group finance team. Since then, he has established himself as a key member of the team.

With accountancy qualifications already under his belt, Plimmer sat and passed his AMCT exams in 2016 with first-time passes and distinctions. He plans to move on to the MCT qualification in the near future.

In his short time with the National Express treasury team, so far Plimmer has shown an impressive grasp of treasury essentials. He has taken ownership of the group's daily cash management processes, ensuring the group's 13-week cash-flow forecasts received each week from the UK, North American, Spanish and German divisions are accurate, with material variances identified and corrected for the following week. He also works on intercompany transactions, ensuring they are processed by the in-house bank in an efficient manner.

Plimmer is also responsible for managing the group's financial exposures: including 220 million litres of fuel exposures per annum, executing hedges according to policy and in the most cost-efficient way. He has also taken full responsibility for the group's $150m trade finance facilities, ensuring that National Express's bonding and letter of credit requirements are met on time, every time.

Across his responsibilities, Plimmer has impressed his colleagues with his approach and, in particular, his consistent desire to find better ways of working.

He also plays a full part in team-wide responsibilities. Last year, he was a key member of the team when it went to debt capital markets to issue a £400m, 2.5% public bond, working with a relationship bank to ensure that half of the proceeds were swapped into euros at the best possible price.

National Express's treasury function has a strong record when it comes to spotting and developing talent, and a treasury at the transportation company has proved to be a great launch pad for a career in treasury, with previous members of the team having their expertise acknowledged in the ACT's annual *Ones to Watch* publication. A number of FTSE 100 treasurers have National Express on their CVs. Group treasurer David Daniels has invested heavily in the ACT professional qualifications and the company is an ACT CPD-accredited employer.

Plimmer's own level of commitment and attainment make him a worthy winner in this category.

What the judges said:

"David's willingness to work to the highest standards when it comes to personal performance and reach for ever better ways of working mark him out as an outstanding treasurer."

Special recognition FATOU TOURE, TREASURER, AFRICAN GUARANTEE FUND

The winner of the first ACT Future Leaders in Treasury Award is Fatou Toure, treasurer at the African Guarantee Fund (AGF) in Kenya.

Toure has overseen the development institution's diverse investments across FX and derivatives in both local and international markets. Her responsibilities also include risk management and she has been instrumental in AGF's attainment of a AA- rating from Fitch.

The support Toure received from colleagues and her wider network emphasised her professional achievements, but also her personal skills, too, which impressed chair of the ACT Future Leaders Group Agnes Favillier. Individuals described her as a skilful negotiator and strong team player dedicated to advancing SME funding in Africa.

Christian Acemah, director at the Uganda National Academy of Sciences, said: "Fatou is articulate, passionate and driven by the numbers she sees. She follows where the evidence leads her."

Toure has a master's degree in Banking and International Finance, and is currently studying for her CertT.

HIGH-FLYERS

THE ACT MIDDLE EAST TREASURY AWARDS ATTRACTED ENTRIES FROM THE REGION'S BRIGHTEST AND BEST

{ AWARDS: WORKING CAPITAL AND STRATEGIC FUNDING }

WORKING CAPITAL MANAGEMENT Landmark Retail

One of the Middle East's largest retail groups, Landmark Retail, took the Working Capital Management Award at the 2017 ACT Middle East Treasury Awards.

Landmark's achievements in this area include an overhaul of its working capital infrastructure and the introduction of a long-term supply chain finance strategy to cement links with its Asian supplier base and promote sustainable growth.

Embarking on a comprehensive review of its working capital management involved benchmarking Landmark's performance against peers, identifying cash management efficiencies and introducing long-term working capital reduction initiatives. Landmark's corporate treasury also wanted to set up a long-term working capital structure to provide low-cost working capital to its SME supplier base. Within this context, Landmark agreed to structure a supply chain finance solution with the Asian Development Bank (ADB) that will facilitate $200m in trade flows between Asia and the Middle East.

The retailer sources most of its merchandise from Asia. Thanks to the new arrangement, it will be able to procure goods on a payment-on-delivery basis, providing its suppliers with a sustainable cash-conversion cycle.

Rajesh Garg, group chief financial officer at Landmark Group, said: "At Landmark, we have monomaniacal focus on delivering value to our customers. This drives us to constantly innovate across all channels of our value chain. This supply chain financing structure will enhance our relationships with Asian SME suppliers and pave the way for other such programmes. In addition, we would reap the benefits backed by the AAA rating of ADB and efficient solution delivery by Deutsche Bank. This award is a great recognition of the efforts of the Landmark treasury team."

LANDMARK GROUP

Deal highlights

Issuer/organisation: Landmark Retail
Provider: Deutsche Bank
Structure: Three-month revolving facilities

The judges said:
"Landmark has arrived at an impressive structure for working capital and is to be commended for its work with SMEs across Asia."

DP WORLD

Deal highlights

Issuer/borrower: DP World Prince Rupert Inc and DP World (Canada) Inc
Provider: Various
Structure: Term loan and refinancing of acquisition debt
Tenor: Seven years

The judges said:
"They have covered a lot of ground and driven up-to-date solutions and approaches, doing a great job on a global stage."

STRATEGIC FUNDING DP World

Global trade enabler DP World took the ACT Middle East Treasury Award for Strategic Funding for its expert refinancing of a complex project at its container terminals in British Columbia, Canada.

DP World had an existing terminal in Vancouver, Canada, and in August 2015 acquired a new container terminal in Prince Rupert, Canada. The acquisition was amid an expansion project of Prince Rupert and hence required additional funding, but to minimise any delays, no external borrowing was put in place at the time of acquisition. But, it was the intention of DP World to put in financing at a later stage to release equity, repay debt and/or redeploy capital in new projects.

After the acquisition, DP World's group treasury team in Dubai raised CAD$603m in a non-recourse secured term loan funding. The arrangements included the refinancing of existing bank debt; refinancing of an acquisition loan; a capex facility for equipment and berth expansion; and hedging the interest rate exposure on an amortising basis.

The international nature of the deal brought complexity to the transaction as the loan documentation fell under English law, while a security package was governed by Canadian law and the negotiations involved multiple stakeholders and lenders. DP World's treasury team coordinated those negotiations solely with lenders and port authorities without involving financial advisers or structuring banks.

Girish Shenoy, director of group treasury (pictured left), said: "It is particularly pleasing to be recognised for our work in the Canadian refinancing."

{ AWARDS: TREASURY TEAMS }

LARGE CORPORATE TREASURY TEAM OF THE YEAR DP World

The group treasury team at global trade enabler DP World, the world's third-largest container terminal operator, was awarded the Large Corporate Treasury Team of the Year at the ACT Middle East Treasury Awards. The judges were impressed with the team's wide-ranging and high-class work across both transactions and working capital management.

The five-strong team has been to the capital markets multiple times in the past 18 months in different geographies. For example, a £650m financing for London Gateway Port Ltd, $1.2bn sukuk due May 2023 in parallel with a $1.127bn fixed price tender offer for a $1.5bn sukuk maturing in July 2017, and the CAD$603m non-recourse secured term-loan financing and associated hedging for the group's Canadian assets, which won the Strategic Funding Deal of the Year Award.

As DP World has 78 terminals in 40 countries across six continents, the treasury team deals with diverse locations, which brings its own complexities, especially in emerging and frontier markets. In the past 18 months, the team has played a key role in the company's strategy by initiating and executing various transactions concurrently, in addition to overseeing day-to-day treasury operations such as cash and liquidity management, interest and FX rate hedging, compliance, credit risk management and trade finance. Furthermore, working closely with the credit rating agencies over the past year has resulted in two upgrades from Fitch (from BBB- to BBB+) and one from Moody's (from Baa3 to Baa2).

Girish Shenoy, director of group treasury, said: "We are delighted to receive the Large Corporate Treasury Team of the Year Award. It's been a busy period as we have closed more than $6bn of financings across multiple geographies and over $4bn in spot and hedging transactions."

DP WORLD

The judges said:
"They have shown great teamwork and deal expertise, with an impressive array of achievements and skills demonstrated."

Special mention Etihad Aviation Group's treasury team

The judges acknowledged Etihad Aviation Group's treasury team. As the airline and aviation group has evolved, its 70-strong treasury team has taken on broad responsibilities encompassing corporate treasury, insurance, group tax, structure and corporate finance and centralised payments and fraud management.

The team is currently undergoing a treasury transformation, and in September last year completed a global transactional banking project and global treasury systems implementation.

Alghanim INDUSTRIES

The judges said:
"Alghanim Industries is to be applauded for its leading-edge internationally focused work. The team there has covered a great deal of ground in core treasury areas."

MEDIUM CORPORATE TREASURY TEAM OF THE YEAR Alghanim Industries

Alghanim Industries is one of the oldest and largest privately owned companies in the MENA region.

Over the past three years, the Alghanim Industries corporate team has transformed into a diverse unit of specialists offering innovative ideas to the businesses and playing a key role in executing them with the banks. Alghanim Industries was one of the first private organisations in Kuwait to implement straight-through processing – a digital payment mechanism on SWIFTNet.

The team has also taken significant steps in improving working capital management through innovative and structured products. The group has close to 20 banking partners and the treasury team ensures that the right partners and products are chosen for each requirement.

"The Alghanim Industries Treasury team has been taking on bold initiatives to make sure the company is at the forefront in implementing the best treasury practices, and this award is a testament to what we have achieved and a reminder that we must aspire to continue setting the bar in our field," said Sonal Gupta, corporate treasurer for the group.

Read the full article at www.treasurers.org/MEawards/2017

Highly commended Landmark corporate treasury team

The judges highly commended the Barclays-nominated Landmark corporate treasury team for its transformation from an operational finance function to a dynamic centralised treasury. Landmark's treasury team has optimised group liquidity using long- and short-term financing options. The group is the first private-sector corporate in the region to make use of an export credit agency guarantee embedded with FX hedging and a reimbursement mechanism.

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SMALL CORPORATE TREASURY TEAM OF THE YEAR Webcor

Food and consumer goods distributor Webcor won the Small Treasury Team of the Year Award at the ACT Middle East Treasury Awards.

Led by head of treasury Mona Lockett (pictured right), Webcor's treasury team has spent the past 18 months working to centralise and embed treasury within a highly dispersed organisation.

Webcor derives 95% of its revenues from Angola. It also operates in Mozambique, the Democratic Republic of the Congo and Italy, and has a presence in Asia and Lebanon. The company is headquartered in the United Arab Emirates.

The treasury team installed a Kyriba treasury management system (TMS) in the group with a strong focus on Angola. At the time, Angola's economy had been severely hit by falling oil prices and the country was struggling with goods shortages, while Webcor in turn grappled with control exchange issues. Implementing the TMS, as well as SWIFT for payments, proved instrumental in helping the company to improve cash visibility across the group, providing the senior management team with invaluable information. The installation also helped streamline the whole bank reconciliation process.

"The award was amazing recognition for the group and a measure of how hard we have worked to bring visibility from Africa. This is just one milestone with many more to come. The ACT offers treasury professionals a platform to support growth within the treasury team and as a group," said Lockett.

The judges said:
"The TMS installation, which was achieved in the face of significant challenges, stands out as a great achievement for Webcor."

{ AWARDS: TREASURY PROFESSIONALS }

TREASURY PROFESSIONAL OF THE YEAR – PRIVATE SECTOR

ADAM BOUKADIDA

The judges said:
"He has demonstrated the value treasurers can bring to an organisation. He has also been a very strong advocate of ACT treasury qualifications, identifying the skills needed by United Arab Emirates nationals and proactively championing the training cause."

The award for Treasury Professional of the Year in a private-sector organisation went to Adam Boukadida, acting group treasurer at Etihad Aviation Group (EAG).

Boukadida, formerly deputy treasurer at the aviation group, assumed his responsibilities as acting group treasurer in May 2017, bringing more than 15 years of knowledge and experience in treasury management, global markets and banking to the role.

Under his leadership, the treasury team at Etihad has completed a global transactional banking project. The goal was to rationalise the number of accounts and banking partners, reduce costs, eliminate manual interventions where possible and move to increased straight-through processing, an end point that was reached six months ahead of schedule.

EAG has also made a significant investment in financial technology, leading to the replacement of two separate treasury management systems with a single consolidated system to manage all treasury operations and financial risk management, including commodity risk.

Boukadida's achievements include developing the 70-strong treasury team – leveraging their different skills and talents in a way that supported Etihad's business and technology objectives. The implementation has brought a simplified payments infrastructure, improved cash visibility, and cost and time savings across the global network.

In the same year, the treasury team also raised $1.5bn via a sukuk programme, the largest ever in aviation history.

Boukadida said: "I am honoured to be recognised for this award. Credit goes to my team, which has worked tirelessly to implement the many strategic initiatives we have implemented over the past 12 months to provide a stronger framework for our business."

TREASURY PROFESSIONAL OF THE YEAR – PUBLIC SECTOR

ABDULLA BELYOAHAH

Treasury Professional of the Year in a public-sector organisation went to Abdulla Belyoahah, head of debt management at the Government of Dubai, Department of Finance.

Belyoahah impressed the judges not just for recent achievements in debt management, but for his hard work and dedication over a period of some years in terms of introducing and professionalising the treasury function within such a high-profile government department.

Belyoahah is to be applauded, they said for demonstrating and embedding high standards within the department.

The judges said:
"Abdulla Belyoahah has made a true contribution to the profession."

DEVIL IN THE DETAIL

THE NEW INTERNATIONAL STANDARD FOR FINANCIAL INSTRUMENTS IS IN PLAY, BUT IS FAR FROM AN EXERCISE IN SIMPLIFICATION. CHRIS RAFTOPOULOS EXPLAINS

In case you missed it, IFRS 9 is here. This accounting standard replaces the now infamous IAS 39, *Financial Instruments: Recognition and Measurement*, and is effective for years beginning on or after 1 January 2018. It was designed to respond to criticisms that IAS 39 was too complex, inconsistent with the way entities manage their businesses and risks, and deferred the recognition of credit losses on loans and receivables until too late in the credit cycle. For many, it's certainly not less complex and has caused a number of treasurers a few surprises, both good and bad. Some of these include:

1 More income statement volatility. IFRS 9 raises the risk that more assets will have to be measured at fair value, with changes in fair value recognised in profit and loss as they arise. The IFRS 9 classification model is simpler, but brings the threat of volatility in profit and loss. The default measurement under IAS 39 for non-trading assets was at fair value through other comprehensive income (FVOCI), but under IFRS 9 it's at fair value through profit and loss (FVPL). For entities holding instruments other than plain vanilla loans or receivables, or those whose business model for realising financial assets includes selling them (including factoring trade receivables), this will come as a surprise.

The fact that IFRS 9's classification model is simpler than IAS 39 doesn't necessarily mean it is simple. Determining whether loans and receivables are sufficiently 'basic' in their terms to justify measurement at amortised cost can be challenging. The only time you can safely assume the classification and measurement of a financial asset always will be the same as IAS 39 is for freestanding non-hedging derivative financial assets, which are, and forever will be, at FVPL.

2 Earlier recognition of impairment losses on receivables and loans. Entities will have to start providing for possible future credit losses in the very first reporting period a loan goes on the books – even if it is highly likely that the asset will be fully collectable. This includes trade receivables, lease receivables and, for treasury entities in particular, intercompany loans and bank deposits.

The phrase 'expected credit loss' to describe the new impairment model can be confusing, because expected credit losses represent possible outcomes weighted by the probability of their occurrence. These amounts are not necessarily 'expected' nor 'losses' – at least as those terms are generally understood. In all cases, the allowance and any changes to it are recognised by recognising impairment gains and losses in the profit and loss.

3 Significant new opportunities to achieve hedge accounting for certain risk management strategies, but some fairly onerous new requirements for certain more common strategies. IFRS 9 allows more exposures to be hedged and establishes new criteria for hedge accounting that are somewhat less complex and more aligned with the way that entities manage their risks than under IAS 39. Companies that have rejected using hedge accounting in the past because of its complexity, and those wishing to simplify, refine or extend their existing hedge accounting, may find the new hedging requirements more accommodating than those in IAS 39, especially as there are a number of changes to the rules about what can be designated as a hedged item. The changes primarily remove restrictions that previously prevented some economically rational hedging strategies from qualifying for hedge accounting. Some of those likely to be of particular interest to treasurers include allowing: risk components of non-financial items; netted foreign currency exposures; or aggregated items that include a derivative. It is also much easier to hedge with options.

The devil is in the detail and IFRS 9 certainly has a lot of that. As companies have started to work through some of the new calculations, they have found it more challenging than expected. For example, IFRS 9 does require the time value of money to be considered in most hedge relationships, and so, for some, taking advantage of a policy choice in IFRS 9 to continue with IAS 39's hedge accounting rules until the macro hedge accounting rules are available, is an accounting policy choice they feel worth taking for now.

Chris Raftopoulos is a director in PwC's corporate treasury and commodity trading group and a member of the ACT's Policy and Technical committee

MEASURING CHANGE

CALCULATIONS FOR ANNUITIES, PERPETUITIES, GROWTH AND DECLINE CAN BE COMPLEX TO MASTER. DOUG WILLIAMSON PROVIDES SOME APPROACHES

Future cash flows are our organisations' life blood. We must evaluate them correctly. Failures can be very expensive.

Fundamental evaluation tools include discounting, annuity factors and perpetuities, both in growth and decline. Dealing properly with decline is a challenging calculation.

Timing is everything

The value of cash flows depends on timing, as well as amount. The further in the future our cash flow, the smaller its present value (PV). We usually discount cash flows to PVs, to make them comparable.

We discount single cash flows with discount factors (DF). The DF is a number less than one. Simply multiply the cash flow by the DF to work out the PV.

What drives the discount factor?

DFs reflect the timing of the cash flow, and the cost of capital for its maturity, driven in turn by the cash flow's risk.

DF formula

$DF = 1 / (1 + r)^n$

r = cost of capital per period, eg 0.06

n = number of periods' maturity, eg 4

Example: four-period DF

$DF = 1 / (1+r)^n$

$= 1 / (1.06)^4 =$ **0.79** (to the nearest 0.01)

Annuities

Many future cash flows are annuities. An annuity is a regular series of predictable cash flows, for example, interest on a bond.

Simple annuities start exactly one period in the future, and continue at a fixed amount for a fixed number of future periods. Simple annuities can be valued using an annuity factor (AF).

Annuity factors

An AF is the total of the DFs for each cash flow in the annuity when the cost of capital is the same for all maturities.

Like DFs, AFs are driven by the timing of the final future cash flow, and the cost of capital, reflecting risk.

AF formula

$AF = (1 - DF) / r$

DF = discount factor for longest maturity

r = cost of capital per period

ACT TRAINING

Develop practical skills and understanding. academy.treasurers.org/training

Example: four-period AF

$r = 0.06$; $n = 4$

$DF = 0.79$ (worked out before)

$AF = (1 - DF) / r$

$= (1 - 0.79) / 0.06 =$ **3.5**

The PV is the first cash flow multiplied by the AF. AFs have many other advanced applications. Examples include calculating and evaluating instalments for leases, hire purchase and loans.

AFs will serve you faithfully throughout your career. Invest time to master them.

ACT Learning Academy

Follow this link for AF case studies and further resources: academy.treasurers.org/resources/how-to-calculate-loan-instalments-with-annuity-factors

Perpetuities

When our modelled series of expected future cash flows is extended indefinitely, it is a perpetuity. Examples of fixed perpetuities include perpetual government bonds.

We can make a very quick valuation of a mature business, in a relatively steady state, by modelling its cash flows as a growing or declining perpetuity. Growing and declining perpetuities are both valued with the same formula.

Growing perpetuity formula

PV = first cash flow x $1 / (r - g)$

g = rate of growth/decline per period

Growth and negative growth

Future growth-rate assumptions are fundamentally important. Overestimating future growth can lead to substantial overvaluations, and overpaying for acquisitions.

Declining cash flows

Dealing correctly with negative growth (decline) can also be tricky. When future growth is negative, 'g' is negative. We deduct this negative number (g) from the cost of capital (r).

Deducting negative numbers increases the cost of capital we started with, reducing the valuation. Follow this link for examples and applications of perpetuities: wiki.treasurers.org/wiki/Perpetuity

ACT qualifications

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Doug Williamson FCT is a treasury and finance coach

AT THE TOUCH OF A BUTTON *OR* JUST CLICK

AUTOMATION IS TRANSFORMING FX TRADING JUST AS MiFID II IS TRANSFORMING THE FINANCIAL MARKETS, WRITES SARAH PITTROFF

Automation is one of the most talked-about topics in treasury today – for good reason. By automating their more mundane tasks, treasurers can free up their time to focus on activities that add more value to the business, such as reducing working capital and building strong relationships with banks.

Today, large corporates are investing heavily to make sure their processes are fully automated and to integrate their systems into their workflow. For FX trading, they want an automated, end-to-end process that covers the uploading and execution of a hedge, export of the results to other internal systems and confirmation matching with their banks. They also want their back-up systems to be automated and, if they have subsidiaries, they want them to have access to the platform as well.

In the past, a treasurer may have spent 10–15 minutes per trade on executing a normal forward contract or interest rate swap. Now such a trade can take no time at all if it happens automatically. These days, modern treasuries fully automate their workflows, integrating execution management systems with their internal systems, such as SAP. FX exposures are electronically uploaded onto an execution platform, and orders are aggregated and split before they are executed. Even better, provided the FX platform used by the treasurer is integrated with a treasury management system (TMS), all the required information on the trade can then be exported into the TMS and reported directly to regulators via the TMS and matched through a confirmation-matching tool.

Another important benefit of automation is that it reduces the pressure on treasurers to prove that they have gone with the best available execution price when carrying out their FX trade. Not all treasury policies require treasurers to go with the best available execution price; some allow treasurers to exercise their own discretion and distribute their trades among the different banks they do business with. Nevertheless, there has been a growing trend over the past couple of years for treasurers to prove that they have taken the best available execution price.

Impact of MiFID II

Best execution will get a further boost by the revised Markets in Financial Instruments Directive (MiFID II), which took effect last month. MiFID II is an ambitious package of financial reforms that is intended to provide better protection to investors and to boost transparency around the trading of assets, including FX. Under the reforms, certain non-financial corporates that previously traded in financial instruments in the EU, or through an EU exchange, will have to trade on multilateral trading facilities (self-regulated financial trading venues) going forwards.

Fortunately, the majority of corporates are exempt from this requirement because their derivatives executions are directly related to the commercial activity or treasury financing of non-financial entities or their groups. So, theoretically, they have a choice as to whether they trade via a multilateral trading facility (with all the reporting implications that go with that) or via traditional OTC facilities.

In practice, however, not all FX trading platforms offer their clients the opportunity to choose between multilateral and OTC trading facilities. One way for a treasurer to get round that issue is to change the organisation's FX platform provider. This is a straightforward process that can usually be achieved within a couple of weeks.

Of course, like any regulatory change, MiFID II brings with it a fair amount of uncertainty and it is likely that we will learn a lot more about the new rules as the year unfolds. In general, the vendors of FX trading solutions have worked hard to be compliant with MiFID II, but, along with other market participants, we are still not entirely sure of what the regulators are expecting. Nevertheless, we believe that we prepared for the new regulation as well as we could have done, and we hope that it succeeds in its aim of making the financial markets more transparent, more robust and more efficient going forward.

Sarah Pittroff is head of corporate sales, Germany, at 360T

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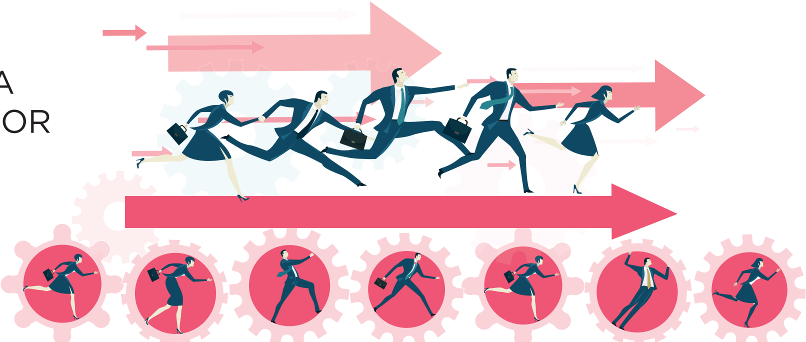
AT A DISCOUNT

WITH THE NEW LEASING STANDARD UPON US, TREASURERS WILL NEED A ROBUST AND PRACTICAL METHOD FOR DERIVING IFRS 16 DISCOUNT RATES, AS HENRY WILSON SETS OUT



With IFRS 16 fast closing in, treasury departments may soon be asked to provide incremental borrowing rates for calculating lease assets and liabilities under the new standard.

IFRS 16 discount rates

The new standard states that lease payments shall be discounted using the *interest rate implicit in the lease*, if that rate can be readily determined, or the *lessee's incremental borrowing rate*, if not.

Interest rate implicit in the lease is the rate of interest that causes the present value of lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset, and any initial direct costs of the lessor. It is therefore based on lessor cash flows arising from the lease transaction; it does not depend on lessee borrowing rates.

For many leases, however, the implicit interest rate will not be readily determinable, for example, if the lessee does not have a reliable estimate of the residual value of the leased asset. Also, lessees applying the *modified retrospective* approach to transition are required to discount lease payments with incremental borrowing rates as at the date of initial application (1 January 2019 for lessees with December year ends).

IBR definition

IFRS 16 defines the lessee's incremental borrowing rate (IBR) as "The rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment".

The various elements of this definition are set out in the table below, and they should all be reflected in the IBR calculation. For example, if a group's Egyptian subsidiary were to enter into a 10-year lease, in Egyptian pounds, of an aircraft, the IBR would be the rate of interest on a loan in the amount of the lease right-of-use asset, to a company of the same creditworthiness as the subsidiary (taking into account the liability arising from the new lease), for the duration of the lease, in Egyptian pounds and with the aircraft as security. Even if such a loan were to exist, details such as the rate of interest are unlikely to be publicly available. In this case, and indeed in many cases, lessees will have to use best efforts to derive an interest rate based on the information available to them.

INCREMENTAL BORROWING-RATE DETERMINANTS

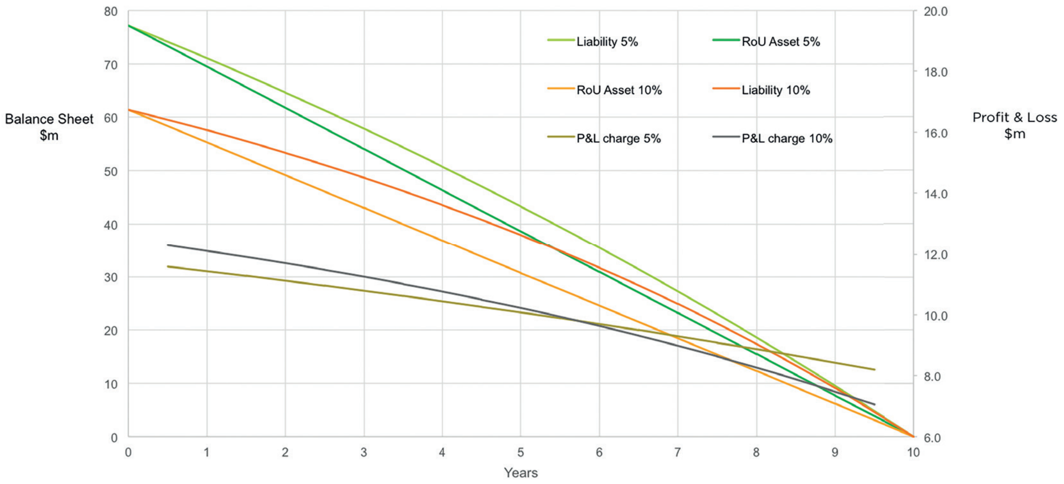
Determinant	Description
Lessee	Creditworthiness of the specific legal entity that has signed the lease. If the lessee's obligations are guaranteed by another company, the creditworthiness of the guarantor.
Term	Duration: the weighted average of the timing of principal repayments under the lease.
Security	The lessor effectively has security of owning the asset. Movable assets for which there is a liquid market offer better security than immovable or highly specialised assets.
Funds necessary	A lease that significantly increases lessee debt could reduce lessee creditworthiness and increase its cost of borrowing.
Economic environment	Underlying interest rates for the currency in which the lease is denominated.

Duration

For the majority of leases, principal is repaid over the course of the lease, and so the lease duration is shorter than the lease term. The ratio of duration to term depends on the number and timing of rental payments and increases with interest rate as higher interest charges delay repayment.

For example, a 10-year lease with quarterly payments in arrears and an annual interest rate of 5% would have a duration of 5.5 years. The interrelation with interest

IBR IMPACT ON LEASE BALANCE SHEET AND PROFIT AND LOSS METRICS



rates introduces an element of circularity, which can be dealt with by calculating the duration and the corresponding IBR for a range of interest rates, and then selecting the IBR, which rounds to the corresponding interest rate assumption.

Methodologies

Companies that have a range of borrowing instruments in place of different durations can create their own IBR yield curve, specific to the currency of borrowing. In many cases, the majority of debt will be issued or guaranteed by the ultimate parent company or a similarly creditworthy company within the group, and borrowing rates will reflect this.

Leases, however, may be entered into by companies across the group, and their incremental credit spreads will have to be factored in. These may be estimated by deriving a notional credit rating for the lessee, based on the strength of its balance sheet (with the new lease taken into account) and the geographical location of its assets, and then using market-observed data, such as credit default swaps, for companies with the same credit rating.

For companies with little or no debt (and for leases denominated in currencies other than the group's borrowing currencies), lessee IBRs may be calculated on the basis of published reference rates for the relevant currency, such as government borrowing rates or Libor, adjusted for the relative creditworthiness of the lessee.

In some cases, lease-by-lease analysis supported by specialist banking advice may be required, for example, to take account of any impact on the IBR of the lessor having security in the form of ownership of the leased asset.

Auditors may be prepared, however, to accept a methodology for deriving IBRs for the majority of leases based on existing processes for calculating group cost of debt and intercompany borrowing margins.

Updates

Standing data used to calculate IBRs will need to be updated at least annually and in the event of a significant change to the company or subsidiary creditworthiness (including a change to credit rating).

IFRS 16 states that lease liabilities shall be recalculated if there is a change in an index or rate used to calculate the leases payments. If the recalculation arises because floating interest rates have changed, the lessee should use a revised discount rate, based on the new interest rates.

Impact

Right of Use asset, lease liability, interest expense and depreciation for a 10-year lease with annual payments in arrears of $10m, discounted at IBRs of 5% and 10% are shown in diagram, left. Using a higher IBR decreases the asset, liability and depreciation, and increases interest expense. The total profit and loss (P&L) impact always equals $100m (the sum of the lease rentals), but the front-loading of the P&L charge increases with IBR and interest expense.

Disclosure

On transition to the new standard, IFRS 16 states that lessees adopting the *modified retrospective* approach shall disclose the weighted average IBR used to calculate lease liabilities at the date of initial application and reconcile this against lease commitments disclosed under the current standard, discounted at the same rate.

For companies with large lease liabilities, discount-rate assumptions will have a significant effect on amounts recognised in financial statements and so may require disclosure. In any event, audit committees and external auditors will seek assurance that robust processes are in place for determining lease discount rates.

Henry Wilson MCT is a manager in structured finance at BP

RESILIENCE AND FLEXIBILITY

CORPORATE TREASURERS HAVE TO NAVIGATE A VOLATILE LANDSCAPE MADE OF REGULATORY DEVELOPMENTS, GEOPOLITICAL RISKS AND MOUNTING CYBER THREATS. THEIR ORGANISATIONS AND TEAMS WILL HAVE TO LIVE UP TO THE CHALLENGE, SAYS VIKTOR IVANOV

Regulation and cyberthreats are now firmly among the top factors that will impact the corporate treasurer's strategy in the years ahead. Add to that sudden geopolitical changes, which have abounded recently, and the risk equation for treasury teams could sometimes become overwhelming.

What is required from corporate treasury departments to cope with this fast-evolving and particularly challenging context?

This is one of the important questions discussed in the second edition of the *Journeys To Treasury* report, jointly published by BNP Paribas, the European Association of Corporate Treasurers (EACT), PwC and SAP in October 2017. The report takes stock of a survey and interviews with more than 100 treasurers who attended the 2017 EACT Summit.

Among the various themes in the report, one will resonate for sure with the corporate treasurers in the Middle East who manage their fair share of regulatory, geopolitical and cyber challenges – their organisations have to grow even more flexible and risk-resilient.

The regulatory avalanche

"There are moments, Jeeves, when one asks oneself: 'Do trousers matter?'"

"The mood will pass, sir."

Quite certainly there are moments in the professional life of a treasurer when one feels like talking to Jeeves as in the above quote from *The Code of the Woosters* of the great comic author PG Wodehouse. Admittedly, the link with treasury may not be obvious at first sight, so simply replace 'trousers' with EMIR, SEPA, BEPS, PSD2, GDPR, MiFID II or any other regulation acronym that has the capacity to put your organisation under a certain amount of stress.

During the past few years, rules and regulations have been coming in droves. Corporate treasurers have raised their game and have reinforced the preparedness of their departments to handle the practical implications of this ever-increasing variety of regulatory, compliance and accounting requirements.

However, new developments are emerging that will further complicate the tasks and raise the stakes for corporate treasury departments.

New trends, higher stakes

Attempts to mitigate or partially reverse some past reforms have been visible recently. Deregulation is a priority of the Trump administration in the US, yet even the EU is considering ways to limit the burden of certain onerous regulations. And while part of the treasury workload is removed, this brings along a growing regulatory fragmentation, and hence another headache for companies operating on a global scale.

At the same time, upcoming regulations are more often than not accompanied with significant penalties in case of non-compliance. For instance, the General Data Protection Regulation in the EU will carry significant fines (up to ¤20m or 4% of annual turnover) and potential public disclosure in cases where privacy laws are breached.

There is also a new propensity for authorities to take action, including inflicting penalties, against corporates for non-compliance in the areas of financial crime and sanctions. Beyond the financial cost, associated negative news can lead to tarnished reputations and damage relationships with banks.

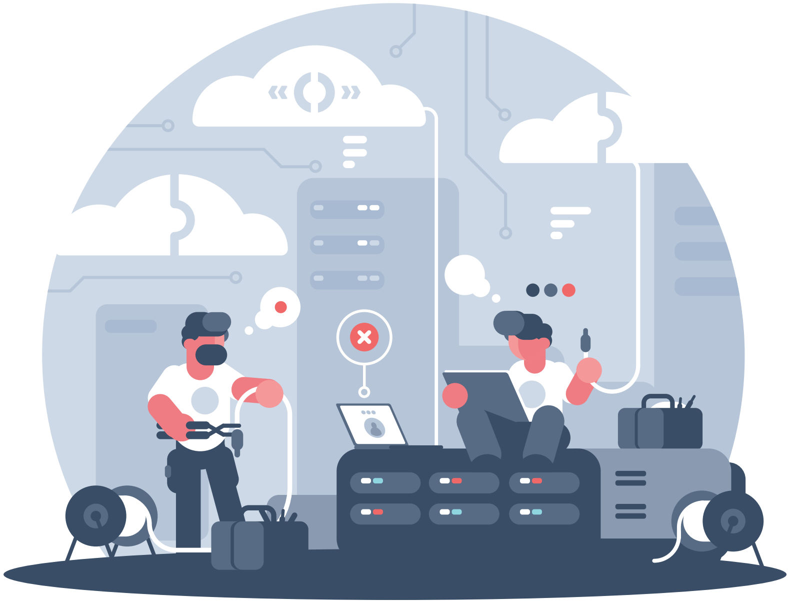
These developments have attracted attention at the highest levels of the corporate organisation. Executive management, and sometimes even the board, closely monitor the matter and increasingly look at their treasury departments for help with strategic advice.

Here comes the taxman

Tax authorities have contributed their share of the burden, with increasing transparency requirements or new taxes. In the aftermath of several scandals and information leaks, anti-tax avoidance measures are now being enforced and reinforced. The Foreign Account Tax Compliance Act from the US, BEPS from the Organisation for Economic Co-operation and Development and, more recently, a string of regulations and fines from EU authorities are raising the stakes for global corporations operating in multiple jurisdictions.

In the Gulf Cooperation Council (GCC), often (wrongly) presented as a tax-free region, the introduction of VAT represents a significant milestone. Saudi Arabia and

Cybersecurity is now recognised as a strategic priority not only for the treasury department, but also company-wide



the United Arab Emirates are leading the way, while the other GCC countries are to follow suit within 12 months, as per the previously agreed framework of a VAT union.

At a company level, the VAT introduction has mobilised significant resources spanning treasury, sales, procurement, IT, legal and indeed tax. CFOs and treasurers have been working intensively with their teams to analyse and anticipate all the practical implications, and to maintain sufficient lead time for a proper implementation. This is critical to avoid the tax audits and penalties that could be triggered in case the company is unable to fulfil its VAT obligations.

Geopolitical events

The past 18 months have seen an increased frequency of high-profile geopolitical events, with sometimes significant consequences for treasury departments.

In Europe, Brexit has been in the headlines for more than a year now. Still, on the treasury side, a number of critical aspects are yet to be determined, such as whether the UK will remain part of the Single Euro Payments Area zone or whether it would be convenient to keep euro-driven cash pools in the UK.

In the Middle East, the Qatari situation has brought a number of questions for treasurers to think about, ranging from contingency plans on treasury operations to sensitivity analysis on FX or interest rate exposures, without forgetting the need to provide regular updates and advice to their head offices.

Such situations offer a welcome opportunity for treasury teams to raise their profile within the company and play a proactive role in addressing strategic questions. Geopolitical shifts, however, pose an arduous challenge to treasurers who need to build and maintain cost-efficient, yet very flexible, organisations.

Cyberthreats

Cybersecurity is now recognised as a strategic priority not only for the treasury department, but also company-wide.

The hacking, phishing or ransomware schemes have grown in sophistication and scale, and are today capable of inflicting costs similar to a large natural disaster. In a recent report published by Lloyd's and Cyence[1], the potential losses under certain possible large-scale hack events have been modelled in the range of a few billions to a few tens of billions of US dollars. This is comparable to the cost of a hurricane, such as the 2017 Irma[2].

The financial impact of the Petya[3] cyberattack in June 2017, while not yet fully known, has certainly reached multibillion-dollar levels. In their earnings reports, some impacted large firms in Europe and the US have reported damages of hundreds of millions of US dollars each.

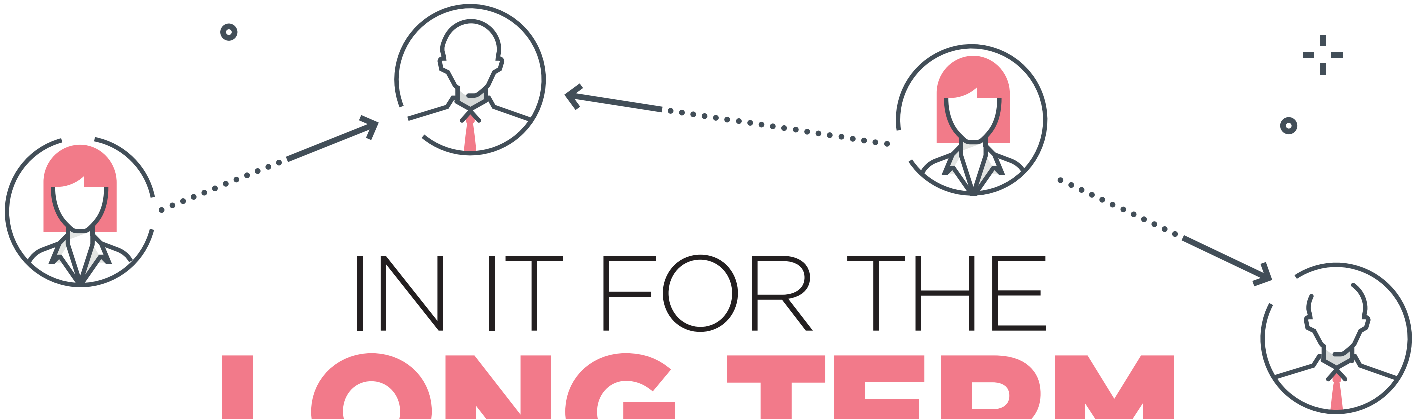
In this context, efforts and money are mainly spent on security tools and staff-awareness programmes, both meant to prevent cyber incidents occurring. Yet, similarly to hurricanes, cyberattacks cannot be prevented. Therefore, another very important aspect is the capacity to respond and to implement time-sensitive measures in case of a breach. A cyber-incident plan is critical to protect the corporate assets and, as such, is a key component of a resilient organisation.

Building resilience

Today, the case is stronger than ever for building resilient and flexible treasury departments, capable of managing and adapting to a vast array of risks, many of which can be difficult to predict, anticipate or even formulate. There is no standard formula for achieving that. Treasurers need to be able to identify the right combination of levers to activate within their organisations. Yet one aspect will be a key success factor in all cases – the ability to engage with internal and external stakeholders to bring diverse perspectives together, to create awareness and share knowledge. The purpose of the report is exactly that.

1 *Counting the cost – cyber exposure decoded*. Emerging Risks Report 2017. Lloyd's, Cyence, 2017
2 Irma was one of the strongest Atlantic storms on record; it caused damages estimated in the range of several tens of billions of dollars
3 Later renamed to 'NotPetya' to distinguish it from earlier versions of the ransomware

Viktor Ivanov is head of transaction banking CEEMEA at BNP Paribas



IN IT FOR THE LONG TERM

TREASURERS HAVE MUCH THEY CAN LEVERAGE WHEN IT COMES TO MANAGING BANK RELATIONSHIPS, VISHAL VIRMANI WRITES

When corporate treasurers deal with their banks, the common belief is that personal relationships are the main driver behind developing a healthy, productive connection between the two. However, the truth is that effective dialogue is the central factor to achieving transparency and honesty in dealings between both parties.

Generally, banks will focus on increasing share of wallet by expanding existing relationships and asking for ancillary business from current clients. However, treasurers seldom use this to their advantage by asking for the full range of services the bank may be able to offer. When justifying client exposure (and associated service costs) to their credit committees, relationship bankers have a responsibility to demonstrate client acceptance to use their bank for non-capital intensive products, such as cash management. Treasurers are best placed to change the relationship model by regularly providing information to their selected banks on the types of non-capital intensive services that they need.

The focus that treasurers place on selecting appropriate services, products and solutions from a range of nominated banks allows them to leverage these relationships to meet their immediate needs. However, leveraging banking relationships to provide better tools that deliver improved visibility of their cash position is often overlooked in the selection process. Both parties need to make a decision on how open and willing they are to recognise this relationship value.

The decision-making process in selecting a bank goes back to effective dialogue and in both parties accepting that the tools the bank puts forward are appropriate to the requirements.

In the Middle East, as in other regions, conversations between treasurers and their bank are often held on a local or regional basis. On the ground, banking requirements are at times dated, consisting of cheques, and in some industries, cash is still a dominant means of collection. Yet, as treasurers vie to set up best-in-class operations, how does one connect the dots to make the right selection when choosing the best bank offering?

Trusted relationships

Let's be honest, there is no 'one size fits all' approach. Treasurers can make certain subjective decisions based on the advisory ability of the people that the bank puts forward and objective decisions around the strength of the institution.

However, it is essential that when negotiating pricing or seeking credit, long-term relationship value is taken into consideration, and that it is the priority. Other criteria that need to be considered include:

- Is the bank (in its views of your market, industry or business model) aligned to me?
- How flexible is the bank in its local/regional/global decision-making process?
- Does the bank have a technology roadmap that will add value to my longer-term objectives?
- Who are my stakeholders at the bank, and do they bring the right skills and knowledge for my benefit?
- Does my bank discuss a range of solutions and/or appropriate tools, or does it only push products my way?

To improve internal decision-making processes, a number of treasurers release detailed requests for proposal or present the banks with their business plan and projections, seeking views and appetite to participate or provide solutions. An important point to note on this matter is that global banks are often reliant on HQ decisions and capability rollout plans, while regional banks may have the ability to make quick decisions that cultivate a more local relationship and deliver on treasury objectives.

Likewise, when measuring the bank's technology roadmap, it is essential to verify that it is appropriate for your specific needs – not all developments at the bank will meet a direct customer need. Effective dialogue on an ongoing basis ensures you receive candid feedback with suitable solutions that meet both your short- and long-term objectives.

Any trusted relationship is based on people. Treasurers must ensure their stakeholders at the bank understand their objectives and requirements. Direct but sincere negotiations are central to establishing transparent and honest relationships. Ultimately, treasurers can simplify the relationship model by providing more information on their requirements to their banks; banks can then focus on adding value to the customer's processes and so assist in delivering on treasury objectives.

Vishal Virmani is executive director, cash management solutions and advisory – global transaction banking at FAB

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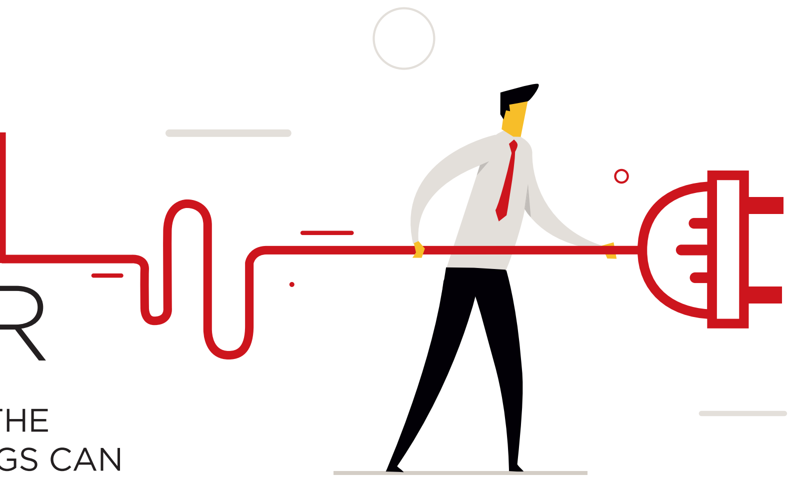
DIAL M FOR MENTOR



THE ONE-TO-ONE EXPERIENCE THAT THE ACT'S MENTORING PROGRAMME BRINGS CAN PROVIDE A LEVEL OF SUPPORT FOR MENTEES AND A VALUABLE EXPERIENCE FOR MENTORS. LOUISE TATHAM EXPLAINS

We live in an age where there is a never-ending stream of advice, opinions and expertise at our fingertips. We can find expert videos, blogs, articles and white papers all at the click of a mouse, and offline there are books, newsletters and magazines. In truth, trying to cut through the sheer volume of advice and information can be exhausting and confusing.

So, where can we turn for experienced advice that we can trust to help us achieve stronger performance? In business, the answer is, increasingly, mentors. Finding a mentor is one of the best ways to take your career to the next level.

How can mentoring help?

Mentoring can positively influence career advancement by:

- Fostering skills development;
- Increasing confidence levels and aspiration to higher levels of success;
- Providing a role model;
- Ensuring resources are used wisely, especially time; and
- Inspiring and supporting to enable full potential to be reached.

Know your strengths and weaknesses

The most effective mentor search begins by examining yourself. To find the perfect mentor, you need to be clear about your career goals and aspirations, your strengths and challenges, and the skill sets, behaviours or even work styles you'd like to develop.

Although plans can change and flexibility is a key advantage in the current job market, knowing what you are good at and the areas where you need to improve, along with the general direction you would like to take, are key elements to success.

Identify long-term career goals

What types of career paths interest you and how do you want your career to progress over time? Having a clearly defined end goal helps you to focus, but when you first start these goals, they might feel unachievable. It helps to break them down into career milestones you and your mentor can monitor, and therefore you will be able to see your progress towards achieving these career goals.

MENTEE OF THE YEAR: COURTNEY HUGGINS, GROUP ASSISTANT TREASURER, LOGICOR EUROPE

Courtney Huggins was mentored by an experienced AMCT member, who works in a FTSE 100 company.

What motivated you to be mentored via the ACT's Mentor Me scheme?

As I started the role of group assistant treasurer at Logicor with no group treasurer above me and reporting directly to the CFO, I wanted to ensure I had a support network of treasury professionals to rely on as a sounding board. The ACT's Mentor Me scheme was the perfect solution.

How has being mentored helped you?

After being matched with a group treasurer, we have met every few months to catch up. We discuss an agenda of current issues, which range from technical treasury questions to career development, and he provides feedback and tangible steps I can take to reach a solution or my goals. He has also been kind enough to introduce me to some of his network, where he thought they could assist with specific questions or projects I was working on.

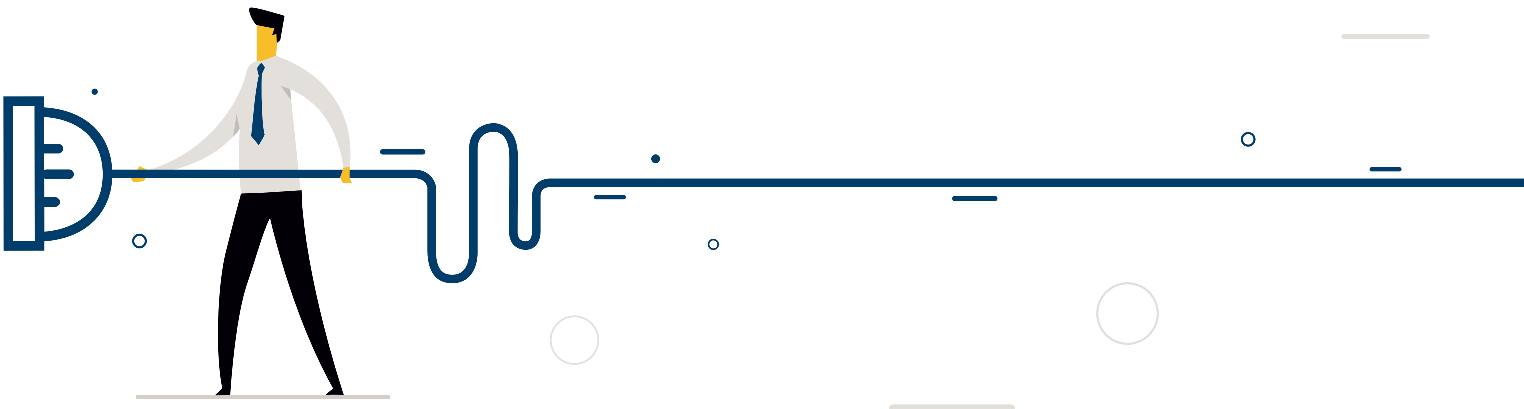
Do you have any tips for getting the most out of the mentoring relationship?

Know your drivers and goals, and relay these to your mentor at the start of your relationship. Additionally, although mentoring can be casual, keep sight of your goals and ensure you provide an agenda for each meeting to stay on track.

If you are given sound advice that you agree with, take action! Lastly, put in the time – life is busy, but finding a few hours every other month should be possible for everyone.

What advice would you give to someone thinking of starting a mentoring relationship?

Take the leap and join up – it is a great resource for knowledge and networking.



MENTOR OF THE YEAR: DERMOT HARDY

Dermot Hardy has worked in treasury for almost 30 years, as both a consultant and a practitioner. He has been a mentor for the ACT Mentor Me scheme since it launched in 2015.

Why did you become a mentor?
When the ACT set up its mentoring programme, I was at a stage in my career where I wanted to help develop other professionals. My own team was quite small at the time and we already worked very closely together in a very collegiate atmosphere, which had a natural organic mentoring environment. I felt that I would like to give the benefit of my skills and experience to someone in the profession who did not have this type of support in their own organisation.

What skills do you need to be a mentor?
I think it is important to be positive and enthusiastic about the topic. I also feel that it is very important to listen and understand where the mentee is in terms of their career and professional development. It is also critical, as a mentor, to recognise your own weaknesses and where you may not be able to provide assistance and can instead point the mentee in the right direction.

How did you approach your mentoring relationship?
I believe that for the relationship to be successful, the initial parameters of what is expected, from both parties, should be agreed at the beginning. I also think that a degree of flexibility is important. I defined my role as one of providing guidance and direction, and not one of giving solutions. I believe that my role is to transfer the skills I have acquired over many years in developing strategies and solutions, while that of the mentee is to take the benefit of my experience while developing their own solutions and strategies. As time goes by, the mentee should grow in confidence and knowledge.

What has been the effect on your mentee?
I think it has been a positive experience and gives the mentee an additional degree of confidence that they are not facing the world alone in relation to technical or career issues. If they come across an issue, they can Dial M for Mentor and get support and guidance from a neutral and sympathetic source.

Do you have any advice for someone who is thinking of becoming a mentor?
Just do it. It is incredibly rewarding to know that you are helping someone progressing in their treasury career. There is also the added benefit of challenging yourself to think about issues that are different to the ones you encounter on a daily basis, which also helps you to recognise the wide skill set that you have actually acquired!

It is critical, as a mentor, to recognise your own weaknesses and where you may not be able to provide assistance

The ACT's Mentor Me scheme is a free resource for members and students. To find out more, visit www.treasurers.org/mentoring

Louise Tatham is head of professional development at the ACT

ACT DIARY DATES

TRAINING, EVENTS & WEBINARS

TRAINING

20 March, London
Working capital optimisation
Gain an overview of the key elements of effective investment management, including the significant factors that need to be considered when investing corporate cash.

21 March, London
Treasury in a day
A one-day introduction aimed at anyone new to treasury, looking to broaden their understanding of the function or who wants to improve their ability to have better conversations with management, operations, banks or with treasurers as customers. You will learn about the role of a treasurer within the context of business, and you will be introduced to key treasury concepts and financial instruments commonly used.

22 March, London
Cash forecasting fundamentals
Join us on this interactive course where you will learn how to review or completely redesign your cash forecast framework and processes. Don't miss this great opportunity to broaden your understanding of the fundamentals of cash forecasting.

25 April, London
Nuts and bolts of cash management
Develop an in-depth understanding of the basic principles and practices of cash and liquidity management, its importance to the business and to the treasury function at this one-day introduction to cash management. The programme examines the basic building blocks of cash management from the domestic perspective and through a series of case studies, extends these basic principles to tackling the complexities of international cash management.

+ To view more ACT training courses or to book online, visit academy.treasurers.org/training

+ For more information, contact Kelly Robertson at krobertson@treasurers.org or tel +44 (0)20 7847 2573

Members of National Treasury Associations benefit from special rates on ACT-led training courses.

EVENTS

1 March, London
ACT breakfast briefing: Brexit – the final countdown
Get ready for your business to operate in a new economic, regulatory and trade environment in 2019, and discuss your key concerns around Brexit in our expert Q&A.
www.treasurers.org/Brexit_final_countdown

14-15 March, London
ACT Smart Cash Management Conference 2018
The ACT Smart Cash Management Conference has long been a thriving hub for the treasury community to gather and discuss the latest innovations and strategies aiding businesses in today's uncertain environment. Join us on 14-15 March at the Hilton London Bankside for two days of new content and a revamped programme, designed for treasurers.
www.treasurers.org/cashmanagement2018

15-16 May, Liverpool
ACT Annual Conference – Stronger influence, smarter innovation
The ACT's award-winning flagship conference is back in Liverpool on 15-16 May 2018. Treasurers are increasingly expected to plan for global instability in their organisations, make sense of technological innovation and take a strategic lead in navigating their business through risky disruption.

To help you succeed in this challenging marketplace, we are focusing two days of discussion, 100 speakers and more than 1,000 attendees on how treasurers can ensure they have stronger influence in their organisation while harnessing smarter innovation to add increased value.
www.treasurers.org/annualconference

14 November, London
ACT Annual Dinner
Taking place at the Grosvenor House Hotel, this event provides you with a fantastic opportunity to network with your peers while enjoying a superb three-course meal, fine wine and entertainment in one of the most prestigious venues in London.
www.treasurers.org/annualdinner

WEBINARS

Join in the discussion and debate from the comfort of your desk
Led by the ACT's policy and technical experts, ACT webinars give direction on regulatory change and key treasury concerns direct to you, wherever you are in the world.

+ For details of our webinar programme, visit www.treasurers.org/webinars

+ To attend an ACT webinar, book online at www.treasurers.org/events. For more information, email events@treasurers.org or call +44 (0)20 7847 2589

UPCOMING ASSESSMENTS

Certificate in Treasury Fundamentals (CertTF)
First window for 2018
Assessment booking deadline: 23 January 2018
Exam window: 6-9 February 2018
Second window for 2018
Assessment booking deadline: 19 March 2018
Exam window: 10-13 April 2018

Certificate in Treasury (CertT)
April 2018
Assessment booking deadline: 19 March 2018

Unit name	Exam date
Unit one: The context of treasury	10 April 2018
Unit two: Cash and liquidity management	10 April 2018
Unit three: Corporate finance	11 April 2018
Unit four: Ethics, governance and regulation in treasury	11 April 2018
Unit five: Risk analysis and management	12 April 2018

Diploma in Treasury Management (AMCT)
April 2018
Assessment booking deadline: 19 March 2018

Unit name	Exam date
Unit one: Corporate finance for treasury	10 April 2018
Unit two: Risk management for treasury	11 April 2018

Submission of assignment	Submission date (by 22:45 UK time)
Unit three: The treasury manager	16 April 2018
Unit four A: Financial reporting, tax and regulation for treasury	16 April 2018
Unit four B: Working capital and trade finance	16 April 2018

Book at www.treasurers.org/assessment, call +44 (0)20 7847 2540 or email customer@treasurers.org

Award in Cash Management Fundamentals (AwardCMF)
First window for 2018
Assessment booking deadline: 23 January 2018
Exam window: 6-9 February 2018
Second window for 2018
Assessment booking deadline: 19 March 2018
Exam window: 10-13 April 2018

Certificate in International Cash Management (CertICM)
First window for 2018
Assessment booking deadline: 23 January 2018
Exam window: Unit 1-2: 6-9 February 2018
Second window for 2018
Assessment booking deadline: 19 March 2018
Exam window:
Unit 1-2: 10-13 April 2018
Unit 3-7: 12 April 2018

FIVE TECHNIQUES FOR BETTER NEGOTIATIONS

NEGOTIATIONS COME IN ALL SHAPES, SIZES AND STYLES. HAPPILY, SO DO NEGOTIATORS. LIZ LOXTON REPORTS

Not all dealmakers are smooth-talking persuaders, and negotiations are not always resolved by the boldest or most charismatic person in the room. As Steve Gates, author of *The Negotiation Book*, puts it, the ideal of the charismatic dealmaker is something of a myth, along with the idea that a great outcome will be obvious to all at the time an agreement is reached. "Great negotiators tend to be unsung heroes. Great deals become so over time as the contract delivers the value it was intended to offer, rather than necessarily at the time when the deal was completed," he says.

Like many things in life, negotiation is a skill and, like all skills, it can be learned and practised. The first point to bear in mind is that there can be no doubt of the importance of negotiating skills. A positive negotiated outcome can mean favourable terms in a contract on which the performance of a treasury department hinges. A happy result in a salary negotiation or promotion interview, meanwhile, can advance us individually, so negotiating skills have the potential to be of huge significance both personally and professionally.

The second key point around negotiations is that they don't have to be aggressive affairs. Solid groundwork ahead of time and the ability to keep to parameters that work for you or your organisation are more important than flair or verbal jousting.

Do your homework

All practised negotiators start with and recognise the value of preparation. Apart from the sense of assurance it provides at the negotiating table when you can confidently call up facts and figures or swiftly map out desired outcomes, detailed preparation will help you recognise whether the discussions, once they get under way, are taking you in the right direction or heading you well and truly off the rails.

Model outcomes

A concrete way to establish those limits is through scenario planning. Before you get anywhere near the negotiating table, you should work out the BATNA – or Best Alternative to a Negotiated Agreement, or what you would do if the deal falls through. It is helpful to list all your variables. These are the aspects of a deal that you can do without or trade mid-discussion without doing too much damage to the outcome. Negotiations, after all, involve making concessions. Modelling different scenarios in advance – such as a salary that is towards the upper limit of the market rate, but with the next review 18 months off rather than 12 – will give you a sense of where your minimum lies and what elements of a deal you can live without.

Ask for what you want

As part of your preparation, you should have identified your ideal outcome. The negotiating table is the place to set that out clearly and ask for it just as clearly. Be prepared to steer the conversation towards your desired outcomes as much as possible.

Depersonalise discussions

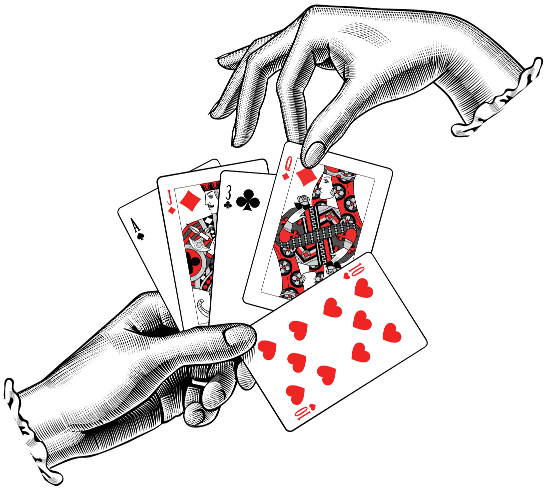
The best negotiators leave their egos to one side and base discussions on a principle known as being soft on people, but hard on the issue. An example might be stating: "We understand the market value of these services to be x. Do you think you might be able to better that?"

Be prepared to ignore any table thumping or other bad behaviour, and don't indulge in any of your own. The virtue of this approach is that it avoids a combative, confrontational tone and encourages the other side to open up about what they can realistically achieve or offer.

Listen to the other side

There is a lot to be said for letting others have the floor and keeping quiet while they make their case. Author and speaker Mike Clayton advocates cultivating the skill of 'ferocious listening', waiting before you speak and keeping quiet once you have spoken. "The last most of all," he says.

Liz Loxton is editor of *The Treasurer*



TOP DECK

ACT MEMBER FRANCES HINDEN EXPLAINS THE APPEAL OF THE WORLD OF COMPETITIVE BRIDGE

My parents were very keen bridge players and I started to play seriously at university. I was reading Maths at Cambridge and found myself in a very small minority of women. That's true of the bridge world, too; it's a very male-dominated sport.

I met my husband playing bridge. In fact, many women who play meet their partners playing bridge. We are often on the same team, but we play with each other rather less as bridge partners. In my experience, it's often a bad idea to play with your life partner!

PHOTO COURTESY OF THE LONDON METROPOLITAN BRIDGE ASSOCIATION

The first major tournament I won was the British Championship (the 'Gold Cup') in 2003. In 2011, I started playing more regularly with a new partner and we won the British Championship again. In England, bridge also has its own premier league, where teams play each other competitively and can be relegated or promoted. The top two teams get to play for England. I've won once and been second three times, including in 2017. Bridge also has a five-nations equivalent – the Home Bridge Internationals. Winners take the coveted Camrose Trophy. Earlier this year, teams from England, Scotland, Wales, Northern Ireland and the Republic of Ireland met in Belfast.

On the world stage there are European and World Championships, including the World Bridge Games. In 2016, I went to Wrocław in Poland for the games and England reached the quarter-finals.

This month, I will be playing on the England team in the 2018 Commonwealth Nations Bridge Championship in Brisbane. Bridge playing, walking and skiing tend to dominate my leave and travel plans. As I've become more senior in my job, it has become a little easier to manage my schedule.

You can play bridge for money, and there are some notable professional players who operate much like golf pros, but you need a very different attitude to risk to earn your living that way. Many professional players come from the world of finance, some of them former traders. My bridge partner is a former bond trader who now sometimes plays professionally. Investment banker Jimmy Cayne, who was CEO of Bear Stearns, is famously an avid player; and Stuart Wheeler, who founded IG Index, and Warren Buffett are also keen bridge players.

There are a lot of parallels between bridge and my professional life, particularly around assessing risk. I'm slightly unusual in the bridge-playing world in that, as a treasurer, I'm in the business of mitigating risk rather than speculating. In bridge, you must think about expected value. You think rationally about what you might get from playing certain cards and taking certain risks. If you read behavioural economics, you understand that people in general are more risk-averse than a mathematical assessment of a situation says they should be: both bridge and corporate treasury train you out of this.

The intellectual challenge appeals to me as a numbers person. Bridge has a good balance of intellectual analysis, risk taking and skilled reading of your partner – understanding what they mean by the cards they play. You do a lot of work ahead of tournaments on your partnership agreements – learning the detail of how your partner plays.

I love that combination of partnership, brain power, probability and risk. I've spent some time recently helping junior players, and you can learn the rules very quickly. You can then spend years learning to play better and working on your partnership. A lot of what's satisfying though is that it's a team sport. You compete, eat and drink together, and that social element brings a lot of enjoyment. It never gets boring.

Fun facts about: BRIDGE

- Last year, the European Court of Justice ruled bridge is not a sport, ending a long-running legal saga between the UK tax authorities and the English Bridge Union, which had been pursuing VAT-exempt status.
- Bridge is said to be excellent for wellbeing, enhancing the memory and promoting an alert brain. According to a study carried out at the University of California at Berkeley, there is strong evidence that an area in the brain used in bridge playing also stimulates the immune system.
- Other famous bridge players include Bill Gates (who plays Warren Buffett, among others), Martina Navratilova and Radiohead frontman Thom Yorke. Omar Sharif was a long-time expert player and bridge columnist.
- Warren Buffett has said: "Bridge is such a sensational game that I wouldn't mind being in jail if I had three cellmates who were decent players and who were willing to keep the game going 24 hours a day."

Frances Hinden FCT is vice president of treasury operations at Shell International Ltd, where she is responsible for liquidity, FX, cash management, intragroup financing and treasury advice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