

Winner

Action stations

QinetiQ

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

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

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

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WHY THEY WON

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

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

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

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

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