

UK treasury team of the year (market cap above £2bn) category winner

SABMILLER

BREWING UP SUCCESS

SABMILLER STARTED 2012 WITH A HUGE, IN-DEMAND BOND ISSUE. IT THEN LEVERAGED 'SKILL AND SCALE' BY ROLLING OUT REGIONAL TREASURY CENTRES



SABMiller group treasurer David Mallac: The company is "in a great position for the next acquisition"



Brewing giant SABMiller won last year's Deal of the Year Award in the large loan category thanks to the \$12.5bn acquisition of Fosters.

But this company doesn't rest on its laurels. In January 2012, the company went into the bond market, looking to raise \$4bn to repay about half of the \$7.85bn of bridge finance. Markets had been quiet until then, and large issues by two other companies had struggled. But an order book worth \$25bn soon built up for SABMiller's issue. By the close

of the deal, it had raised \$7bn.

"We thought, if we get \$3bn, that will be a good day," says group treasurer David Mallac. "Seven billion dollars didn't even enter our minds. That puts us in a great position for the next acquisition that SABMiller might do."

The company's success in winning the large team award this year, however, doesn't rest solely on a big and successful bond issue. The team has also made treasury more relevant to the business by establishing regional treasury centres to cover Europe, Africa and South Africa, Asia-Pacific and the Americas. It is apparent that huge benefits, worth millions of dollars, will be had from better cash management and significantly

improved bank pricing and FX costs. 'Leveraging skill and scale' is the mantra that Mallac repeats.

One other critical benefit is that the in-country FDs are now in-house ambassadors for this 'culturally alien' change that's being rolled out worldwide. SABMiller is a very decentralised organisation: "It is not within our DNA to send missives from the board saying, 'You will do this,'" explains Mallac. "It does require influence and persuasion. Our biggest marketing tools right now are the finance directors who have been through the exercise and have seen the benefits."

Meanwhile, SABMiller is moving away from a 'one-size-fits-all' approach to funding its businesses. Now, more effort is going into making each business's balance sheet more appropriate for its circumstances (allowing for things such as strategic alliances), making the business more efficient with benefits to the profit and loss.

Add to that more attention to working capital – "Your own liquidity is your best liquidity," Mallac says – which is easy to overlook in a hugely cash-generative business. Treasury is now working more closely with procurement on supplier terms, as well as embedded currency or financing risks that buying teams may inadvertently have built into supplier contracts. "We feel we are making a difference in terms of it being a value-add to the business," says Mallac. "I think treasury has a lot of credibility because of what we're doing."

What the judges said

"SABMiller has carried off a lot of high-quality work, with a large and very successful bond issue and in building and developing a multi-location team around the world to better meet the company's needs."

Special recognition

TRANSPORT FOR LONDON

From a standing start, a new treasury team at Transport for London (TfL) has had a remarkable year, returning to the bond market for the first time since 2006, with two well-received sterling issues. This gave the transport authority its cheapest form of debt capital, including central government sources, with the tightest credit spread of any AA borrower in over a

year. But TfL has no explicit government guarantee – it has to persuade investors of its credit strengths – and is the only quasi-government body empowered to use derivatives. And, of course, the treasury team played a full part in TfL's success during the 2012 Olympic and Paralympic Games. A world-class business is being served by a world-class treasury.