



ROLL of HONOUR

The ACT is delighted to recognise the outstanding achievements of some of the most talented treasurers in the Middle East, says Matthew Hurn

The rapid pace of change in the Middle East – along with its entrepreneurial culture – mark it out as a land of opportunity. For treasurers, the region offers the chance to take the lead in developing cutting-edge processes and technology as well as finding clever funding solutions.

As the drive for professionalism within treasury continues in the Middle East, organisations are seeing the benefits of centralised treasury functions with state-of-the-art systems, in-house banks and payment factories. Therefore, treasurers who are involved in putting this infrastructure in place can gain valuable skills and experience that are harder to come by in more developed markets where advanced treasury functions already widely exist.

This has certainly been the case for the winners of the team categories in this year's ACTME Deals of the Year Awards, both of which have undertaken

far-reaching treasury transformation programmes. Their achievements in terms of overhauling processes and integrating new treasury management systems with other IT infrastructure within their organisations are quite remarkable, especially as the teams in question were simultaneously juggling their business-as-usual activities with these projects.

If you like scale, you'll want to find out more about our corporate finance award-winner, which only managed to pull off the biggest ever initial public offering in Iraqi history. Meanwhile, a Dubai-based airline, one of two runners-up in the corporate finance category, proved that treasurers in the Middle East are becoming increasingly confident as innovators. Its international sukuk was the first-ever amortising sukuk executed in the international debt capital markets.

To read about all our winners and the talented treasury teams that were also

highly commended by the judges, see pages 6 to 10.

I would like to take this opportunity to thank my fellow judges, who are treasurers or advisers working in the Middle East, for their help with evaluating the award entries. You can see who they are on page 7.

I hope you enjoy reading about the feats of treasurers working in the Middle East in 2013. No doubt we can look forward to even greater treasury excellence in 2014.



Matthew Hurn is chairman, ACT Middle East, and executive director, group treasury, at Mubadala, the Abu Dhabi government's development company

HOW THE AWARDS WERE JUDGED

THIS IS THE FIFTH YEAR OF THE ACT MIDDLE EAST DEALS OF THE YEAR AWARDS AND THERE WERE FOUR AWARD CATEGORIES IN 2013:

- ◆ Corporate finance (all methods of capital raising and funding);
- ◆ Treasury funding (cash management, trade finance, supply chain finance, etc);
- ◆ Team of the year, large enterprise; and
- ◆ Team of the year, small-to-medium enterprise.

THE TREASURY FUNDING AND CORPORATE FINANCE CATEGORIES WERE JUDGED ACCORDING TO THE CRITERIA OF 'EXCELLENCE IN TREASURY':

- ◆ sound treasury management;
- ◆ efficient pricing;
- ◆ optimal or innovative structure; and
- ◆ relative success in prevailing market conditions.

THE TEAMS OF THE YEAR WERE JUDGED ON:

- ◆ sound treasury management;
- ◆ strong technical knowledge and ability;
- ◆ innovation in technology and systems; and
- ◆ ability to build strong relationships with the company's bankers and advisers.

Note: In the event a conflict of interest arose during the judging process, the relevant judge withdrew from the process and decision making.

Citi is proud to support the ACTME Deals of the Year Awards





the number of countries in which
Kuehne + Nagel operates

1890

the year that Kuehne + Nagel was founded



CHF 20.75bn Kuehne + Nagel's turnover in 2012

CHF 6bn Kuehne + Nagel's gross profit in 2012



63,000+ the number of employees who work for Kuehne + Nagel worldwide

{ CATEGORY **TREASURY FUNDING** – WINNER **KUEHNE + NAGEL** }

A FORCE IN FUNDING

Logistics giant Kuehne + Nagel triumphed in this category

International logistics giant Kuehne + Nagel was named the winner of the treasury funding category in the ACTME Deals of the Year Awards. The team is headed by Sarah Sabra, regional head of treasury and working capital, Middle East and Africa.

Unfortunately, Kuehne + Nagel did not grant the *Middle East Treasurer* permission to reproduce detailed information on the treasury initiative that resulted in the company winning the award, but we can assure you that the award was well deserved.



Sarah Sabra, Kuehne + Nagel's regional head of treasury and working capital, Middle East and Africa



Highly commended: **Alghanim Industries**

Kuwaiti-based conglomerate Alghanim Industries was praised by judges for its KD 12.5m sukuk, issued in April 2013 for its electronics and home furnishings business. The sukuk, which were issued in two tranches of KD 10m and KD 2.5m, with coupons of 6% and 8% respectively, marked the first time that an Islamic securitisation in the form of sukuk had been issued in Kuwait. The issuance had been two years in the making and Alghanim's corporate treasurer, Rob Farrow, described it as "an excellent means for us to diversify our funding base and access new markets".

MEET THE JUDGES

THE 2013 ACT MIDDLE EAST DEALS OF THE YEAR WERE JUDGED BY:

Matthew Hurn, executive director, group treasury, Mubadala Development Company (chairman)

Andrew McMichael, group treasurer, Agility Logistics (Kuwait)
Gary Slawther, treasurer, Octal Petrochemicals (Oman)
Peter Matza, engagement director, ACT



Paul Reynolds

Debashis Dey, banking and finance partner, Clifford Chance (Dubai)
Ricky Thirion, vice president treasury, Etihad Airways (UAE)
Paul Reynolds, managing director and head of debt and equity advisory, Rothschild (UAE)





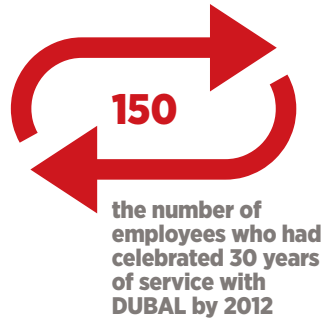
"DUBAL manages its resources well and puts a lot of effort into developing treasury people. Toby Shore runs a tight and substantial ship"



1 million tonnes the annual output of DUBAL's primary aluminium smelter at Jebel Ali

1979 the year in which DUBAL was officially launched

57 the number of countries that buy DUBAL's products



{ CATEGORY LARGE TEAM OF THE YEAR – WINNER DUBAL }

PROVING ITS METTLE



The treasury team of aluminium producer Dubai Aluminium is a heavy hitter

When the judges came to assess the achievements of aluminium producer Dubai Aluminium (DUBAL's treasury team, it was less a question of what it had done and more a question of what it *hadn't* done. Implement a new treasury management system (TMS)? Check. Rationalise bank accounts? Check. Establish a cross-border pooling arrangement with a US subsidiary? Check. Develop a web portal for the company's global customers to fix the purchase price of metal online at real-time prices and real-time FX rates? Check. The list of accomplishments goes on. Without doubt, DUBAL has built up a world-class treasury function under the stewardship of its Australian corporate treasurer and chief risk officer, Toby Shore MCT.

DUBAL corporate treasurer Toby Shore: "We have some very bright people in the treasury team"



But let's focus on what is perhaps the greatest achievement of the DUBAL treasury team over the past couple of years. To say that it has put in place a new TMS is something of an understatement. DUBAL's SunGard AvantGard Quantum TMS is about as all-singing, all-dancing as treasury technology goes. Not only does it fully integrate with DUBAL's SAP enterprise resource planning (ERP) system, but it also links two ways to its 360T FX trading system as well as to Reuters and an SAP exposure management system, which captures FX and commodity exposures across the company on a real-time basis. The system has risk analytics capability and it also enables real-time treasury reporting, hedge relationship matching and posting into the company's general ledger.

"We have state-of-the-art technological solutions by anyone's standard," observes Shore. "We're doing things no one has ever done before. We've taken the core Quantum system and fully integrated it with the SAP enterprise resource planning system and we've put in an SAP exposure management module."



But it's not just technology that DUBAL invests in; it also invests in its people. Out of the core treasury team of 11 (the wider team, which encompasses credit and risk management as well as insurance specialists, stretches to 28), two members are already ACT-qualified and four more are studying for the AMCT or various certificates. DUBAL also became an ACT CPD-approved employer when the ACT obtained its Royal Charter. In addition, DUBAL has trained its treasury staff in areas such as financial markets and commodity hedging.

Highly commended: TAQA



The treasury team of Abu Dhabi energy group TAQA won praise from the judges for its transformation story. It has moved to a centralised approach to treasury management and focused on upskilling its people through professional training. It has also put in place robust treasury and risk management policies, which are updated on an annual basis. It has strong banking relationships and conducts half-yearly reviews on the services and support that its banking partners provide. TAQA has implemented a secure host-to-host connection with Citi that is integrated into its Oracle ERP system.

DUBAL's treasury team undertakes a wide range of business-as-usual activities for the company's global operations. These include financing; cash and liquidity risk management; FX, interest rate, commodity and credit risk management; and bank relationship management. So it is a heavy workload.

"How do we do it?" ponders Shore. "It's a testament to the team. We have some very bright people. They like coming to work every day and if they need to put in extra hours, they are happy to do so."

"DUBAL has embarked on a breakthrough journey of treasury management with a vision of transforming its treasury into best in class," concludes Aly Ajani, DUBAL's relationship manager at Citi.



“To achieve what they have done, a full TMS implementation and centralising accounts payable with a modern solution, is impressive work”



1960 the year in which ESAG was founded in Dubai

3,000 the number of employees within the group

300 the international brands represented by ESAG in the United Arab Emirates



{ CATEGORY SMALL/MEDIUM TEAM OF THE YEAR – WINNER EASA SALEH AL GURG GROUP }

TRANSFORMATION TIME

The treasury team of ESAG pulled out all the stops when it came to consolidating cash management and trade finance across the company



EASA SALEH AL GURG GROUP

The seven-strong treasury team of Dubai-based retail and manufacturing conglomerate Easa Saleh Al Gurg Group (ESAG) has pulled off an impressive transformation in what CFO Werner Flaig describes as a ‘paradigm shift’.

Over a 12-month period, it created a centralised treasury department – complete with an in-house bank – to consolidate the cash management responsibilities that had previously been dispersed among the 23 different companies within the group. In addition, it rationalised the group’s banking arrangements by closing more than 60 accounts and set up a centralised trade finance processing centre as well as a payment factory that now makes payments on behalf of all the group’s entities.

Inevitably, the overhaul was underpinned by a substantial investment in technology. In October 2011, ESAG’s treasury team went live with a SunGard AvantGard Quantum treasury management system (TMS), which enables it to carry out netting across all its bank accounts on a daily basis. Previously, getting consolidated daily cash balances across the group used to entail major time and effort, but now it is a smooth, automated process that has effectively eradicated debit balances. As a result, the group has saved about AED 3m in interest payments over a year. It is also reaping the benefits of a uniform fee structure for trade finance activities. The TMS is integrated with ESAG’s SAP enterprise resource planning system. In the past, the group had no central database for



Easa Saleh Al Gurg Group’s treasury team from left to right: **Top row:** Abdul Kader, Mohammad Basiruddin; **Middle row:** Rony Dominic, Mohammed Laiqueuddin; **Bottom row:** Arlene Acla, Werner Flaig, Robina Bukhari

the changes were about redefining the responsibilities and authority of our business units,” Flaig points out.

When asked what makes ESAG’s treasury team successful, Flaig responds: “It is about having the right mix of expertise. A capable team must have members who are knowledgeable about the company and have the business acumen to analyse what needs to be changed. You also need fresh input through the hiring of new talent as well as professional experience.”

Thanks to the transformation programme, the profile of ESAG’s treasury team is prominent within the company. The individual operating companies appreciate the assistance they get from treasury on trade finance and other matters. “We act on their behalf in so many financial activities,” says Acla. “People working in treasury have an important standing within the group,” confirms Flaig. “We’ve received positive feedback from the group entities because they are satisfied with what has been accomplished.”

its FX transactions, bank guarantees and letters of credit. Now its database records all of these transactions as well as money market short-term deposits and borrowings.

Effecting a change of this scale is not without its challenges. “In order to establish one system that would work for all, we had to identify the different procedures followed by our group entities in different industries,” says Arlene Acla, senior treasury analyst at ESAG. “Finance bundling always comes with a cultural challenge in any enterprise. In a manner of speaking,

■ For more on ESAG’s treasury transformation and TMS implementation, see page 33

Highly commended: Alpha

The judges commended in-flight catering company Alpha for implementing a multi-entity, multi-currency cash pool to offset any funding requirements against the cash balances of the group. Alpha used Bank of America Merrill Lynch’s Cashpro Online system to provide group visibility and payment initiation for each entity, which reduced the need for manual intervention in everyday treasury tasks and simplified workflows. It has also brought financial benefits for the group.