

Highly Commended Winner

Best Cash Management Solution

Alcon
Brice Zimmermann, Global Head Treasury



Big Bang spin-off in just nine months

The challenge

In 2018, Novartis – then Alcon’s parent company – announced the spinoff of its eye care division into an independently traded standalone company. The deadline for the separation and listing of Alcon on the SIX Swiss Exchange and the New York Stock Exchange was set for just nine months.

Alcon needed to create a treasury function from scratch, covering operations in 70 countries, with hundreds of bank accounts, local debt of around US\$300m and central group debt of US\$3.2bn. Full supporting technical infrastructure and credit rating facilities and solutions had to be put in place, with a new ERP and TMS solution set up for monthly intercompany netting and an in-house bank supporting flows in 12 currencies.

The solution

Having established a small team of highly experienced treasury professionals, the next stage was to implement a ‘lift and shift’ of Alcon’s existing operational structure, bank account and insurance arrangements. Global banks and insurance partners supported the company, with Citi taking responsibility for half of Alcon’s global operations, totalling 70 countries and almost 400 bank accounts.

Alcon undertook a broad sweep of tasks. These included the removal of Alcon accounts from Novartis’s POBO structures, the creation of a new parent for US entities, and the reassessment of Novartis’s negotiated agreements for Alcon. It set about constructing and implementing a liquidity structure with two agents and agreements (for US business and non-US flows and Singapore dollars). The team also established an investment-grade credit rating with two agencies, and negotiated and executed standalone local credit lines in approximately 15 countries, to ensure funding of operations locally with two banks from its newly created pool.

Having created a new financing vehicle in the US, the team then structured, negotiated and executed a brand new capital structure, with two financing turns in six months. Along with various other banks, Citi underwrote a US\$4.2bn credit facility line to secure the capital structure at spin-off, with syndication of the loan to 11 core banks. It also achieved US\$2bn refinancing of the loan via a very successful USD 144A debt inaugural offering.

Best practice and innovation

To achieve its many objectives (notably around FX and risk management) in just nine months, Alcon adopted a single platform, a single file format and a single communications channel. The company put in place a streamlined implementation structure focused around project managers.

Although each team member had clearly delineated responsibilities, all were committed to the entirety of the project. In cross-functional teams and integrating external specialists, they had to be willing to take on tasks outside their core responsibilities, work long or unusual hours and ‘roll up their sleeves’ in order to get the job done.

It was essential for Alcon’s banks and insurance partners to have a similar ‘can-do’ attitude and be equally ambitious in their goals. To align Alcon and Citi’s activities, a steering committee call was held every two weeks to check the status of each work stream and identify key stakeholders for forthcoming tasks.

Alcon’s attention to detail during the planning and implementation process – as well as the detailed knowledge of business operations and complete oversight of debt obligations – ensured that the budget it drew up for 2019/2020 was very close to the original projection.

Key benefits

- Cash pools with c.40 affiliates activated two weeks ahead of spinoff.
- Hedged all balance sheet exposures (US\$900m at that time) initiated ten days before spinoff.
- Central funding (US\$3.2bn) secured a week before spinoff.
- Restructured borrowing to lower interest rate charges.
- Rationalised bank account structure, closing 10% of accounts
- Central visibility of 97% of all cash.



I was responsible for senior engagement across our client’s globally integrated cash and liquidity management infrastructure spanning 70 countries and 40 bank accounts. What we managed to achieve is remarkable given the extremely tight timeline of this project. This was only possible due to the supreme efforts of the treasury team at Alcon.

Melanie Girouard, Switzerland Head of Sales for Corporate and Public Sector, Treasury and Trade Solutions, Citi, Switzerland



I am responsible for Citi’s global relationship with Alcon and what impressed me most was the great pragmatism and sheer “can do” mentality demonstrated by the Alcon team on this project.

Pieter Medema, Vice President Banking, Capital Markets & Advisory, Citi, Switzerland

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Alcon has a heritage of more than 70 years and is the largest eye care device company in the world, with complementary businesses in surgical and vision care. It has 20,000 employees operating in over 70 countries in EMEA, APAC, North America and Latin America, serving patients in more than 140 countries.