

# Highly Commended Winner

## Best in Class Treasury Solution in Africa

International Breweries plc  
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### Raise a glass for this bridging loan solution to company rights issue

#### The challenge

International Breweries plc's (IBP) rights issue of up to N165bn (~US\$450m) which opened in December 2019 provided a unique opportunity for investors to invest alongside IBP's majority shareholder – AB InBev, the world's largest brewer.

The proceeds from the rights issue were used to deleverage its balance sheet, optimise the company's capital structure, decrease the interest burden and consequently provide more flexibility for the company to take advantage of opportunities in Nigeria in line with its growth strategy, having invested approximately N90bn (~US\$250m) in the greenfield Gateway Plant in Sagamu, Ogun State in 2018.

Prior to the implementation of the rights issue, IBP executed a bridging loan in order to further reduce funding costs for the business.

#### The solution

AB InBev Africa Zone Treasury worked with Citi on a solution that allowed IBP to:

1. Accelerate the repayment of expensive local currency debt ahead of the rights issue completion via the bridging loan. The attractive USD pricing of the bridging loan on an all-in hedged basis provided cost saving opportunities for the company.
2. Mitigate FX exposure throughout the process by building a foreign exchange hedge against the foreign currency exposure. The process ensured that FX from the rights issue was hedged to protect the company against any market volatility and to ensure that liquidity was available to repay the bridging loan once the net proceeds from the rights issue settled.
3. Execute within very tight timelines.

#### Best practice and innovation

For their rights issue the company achieved all their goals and mitigated the associated risks by utilising a comprehensive funding and hedging solution and partnered with

Chapel Hill Denham Advisory Limited as Issuing house for the rights issue. In addition to the use of a bridging loan as an alternative to more expensive local currency debt, the company introduced a FX strategy to mitigate transaction risk. It also executed a long-term hedge of AB InBev's increased equity investment in IBP from the rights issue. The transaction involved collaboration between teams in six countries, across three continents and amongst at least eight product groups.

#### Key benefits


- **Bridge loan:** Citi approved and funded a bridging loan in an accelerated timeframe, which allowed IBP to repay its expensive local currency debt prior to closing the rights issue and benefit from the attractive pricing of the bridge loan facility.
- **FX hedging strategy:** IBP implemented a comprehensive FX spot conversion and hedging strategy to mitigate its risk for every step of the transaction – from execution of the bridge loan (associated FX trades to convert the USD to Naira to repay local facilities), to ensuring the successful settlement of AB InBev's funding for its portion of the rights issue including FX trades and finally the repayment of its debt facilities from the net proceeds of the rights issue.
- **Long-term equity hedge:** Execution of a long-term hedge of AB InBev's increased equity investment in IBP as a result of the rights issue.

IBP partnered with Citi to ensure the successful execution of various trades associated with the ~US\$450m rights issue and the implementation of the bridging loan. Several product partners worked across regions to deliver a comprehensive solution that was awarded due to best price execution and the bank's credibility and ability to deliver in a complex market.



We set out to obtain a clear understanding of our client's needs and objectives and proposed a holistic, bespoke solution. We provided an attractively priced foreign currency bridge loan which reduced the company's interest cost, plus a comprehensive hedging programme. We also leveraged our sound understanding of the local market and our global connectivity. There was strong collaboration between our respective teams across several countries and Citi is delighted to have partnered with International Breweries on this truly remarkable award-winning project.

Nneka Enwereji, Executive Director, Citi, Nigeria

in partnership with 



International Breweries plc is a Nigeria-based company listed on the Nigeria Stock Exchange and its core business activities include the brewing, packaging, and marketing of alcoholic and non-alcoholic beverages in Nigeria.