



treasurytodayASIA

Adam Smith Awards ASIA 2018

Best Practice and Innovation



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I am honoured to introduce this yearbook which showcases 14 Citi clients recognised in the Adam Smith Awards Asia 2018.

Citi is delighted that the achievements of many of our clients have been recognised this year. It is also very pleasing to note the broad range of categories in which our clients have shone. They cover an array of best in class cash management, working capital management to liquidity management solutions, harnessing the power of technology and SWIFT, among other key areas of treasury and finance management that are represented.

The Adam Smith Awards Asia continue as the industry benchmark for excellence in corporate treasury across Asia Pacific. We are immensely proud to continue to be associated with the programme and of what our clients have achieved. These successes reinforce the importance we place on the relationships and excellent partnerships we have with our clients.

This yearbook includes case studies of the winning solutions of Valeo China, Electrolux, Vedanta, Hankook Tire Singapore PTE Ltd., General Electric, Alibaba Cloud, Google, Shandong Linglong Tire Co Ltd., TVS Asianics Supply Chain Solutions, Jiangsu Aland Nutrition Co Ltd., Alibaba and PT L'Oreal Indonesia, demonstrating innovative solutions across a mix of industries and geographies. I also wish to highlight Inner Mongolia Mengniu Dairy Co Ltd., which is recognised as Judges' Choice.

Finally, I would like to congratulate the outstanding team at Dell for winning the premier accolade of Asia's Top Treasury Team 2018 – a wonderful achievement.

On behalf of the Treasury and Trade Solutions team at Citi, congratulations to all our winning clients.

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Overall Winner

Treasury Today Asia's Top Treasury Team

Dell Technologies



Ng Cheng Chang, Dell Technologies, Saurabh Gupta (right) and N. Rajagopal (left), Citi



Dell Technologies is a unique family of businesses that provides the essential infrastructure for organisations to build their digital future, transform IT and protect their most important asset, information. The Company services customers of all sizes across 180 countries – ranging from 99% of the Fortune 500 to individual consumers – with the industry's most comprehensive and innovative portfolio from the edge to the core to the cloud. It is today one of the largest privately controlled technological corporations in the world, employing more than 145,000 with revenue across all its companies totalling US\$80.3bn, combined non-GAAP FY18 revenue (non-GAAP net revenue for the fiscal year ended February 2, 2018).

Delivering a global integrated treasury operations framework across one of the world’s largest tech corporations in record time

When, in 2016, Dell completed the flagship acquisition of full-suite technology business EMC, it signalled the firm’s transition into a global end-to-end technology leader. This brought new opportunities and challenges for its treasury operations organisation.

Today, Dell’s treasury organisation serves over 500 legal entities across 69 countries. Its global treasury operation is organised through regional concepts spread across three core hubs in the Americas, APJC and EMEA and a Treasury Shared Services Centre (TSS) in Bratislava, with its leadership based out of Singapore.

The three regional teams are responsible for cash and liquidity management, bank account management, governance and control, working capital, trade finance and bank relationship management. TSS manages global treasury technology infrastructure and integration, global liquidity management, treasury operations controls and business intelligence.

Relishing challenge

The rapid integration of EMC’s treasury activities whilst equipping the business to deliver on its dynamic change and innovation strategy, created particular challenges for Dell’s treasury team. Over the past 18 months, Dell’s treasury team has been working with key banking partners in transforming its activities, delivering a robust, secure and scalable treasury operation. Not only has the treasury team been ambitious in its objectives, but it has also delivered in a remarkably short time. One key to success was its culture for embracing change and collaborating with internal and external stakeholders.

The integration included creating efficiencies and harmonisation as a combined company, enhancing treasury decision-making by leveraging banking technology and big data analytics. It also accelerated transformation by using a build-learn-grow strategy more akin to start-ups than a mature multinational.

Innovative approach

Treasury transformation was structured around three pillars:

- Operational efficiency.
- Liquidity management.
- Operational controls.

Operational efficiency

In terms of operational efficiency, an objective view of banking infrastructure across both Dell and EMC was carried out using analytics on a country-by-country basis to determine the most appropriate banking model. This included account structures, payments, collections, FX and risk management and liquidity management. Dell then consolidated its activities with its primary banking partners, leading to significant cost savings and new liquidity management opportunities.

With Dell and EMC using different business models and ERPs making it difficult to standardise and create economies of scale in a shared services environment, the treasury team played an instrumental role in the group-wide initiative to align global deployment for payments, collections, bank account management and technology.

Liquidity management

For the liquidity management pillar, a global liquidity solution was established. With an increased debt burden, the treasury team found

innovative ways to service the debt. This included optimising cash mobility and centralisation, and unlocking trapped cash wherever possible.

A comprehensive, fully automated liquidity solution was implemented for convertible currencies, including country level pooling for all entities, a global physical pool for 20 currencies and a notional layer across 189 legal entities/accounts. In restricted markets, such as India, China and Brazil, Dell has implemented highly bespoke compliant solutions. Dell also used its global cash management banks to create a pool-volatility analysis tool to track and predict cash flow.

Dell implemented innovative solutions to achieve working capital metrics whilst increasing the resilience of its complex supply chain. It standardised trade terms with common global suppliers and its partnerships with strategic suppliers were strengthened, scaling up its supply chain financing programme more than five-fold over a period of nine months to more than US\$1bn.

“This is a testament to the **outstanding work the team has consistently** been doing over the years. We are humbled by the **recognition; a significant part** of our **achievements** can be attributed to the **excellent advisory and innovative support provided by our global banking partners** who taught us what we know.”

– Ng Cheng Chang, VP, Global Treasury Operations

Operational controls

When tackling operational controls, Dell evaluated and market-benchmarked treasury policy, based on extensive analysis of current requirements and the flexibility needed to support future business, market and regulatory change. This resulted in a unified platform for processes and controls, and the simplification of treasury activities, including the removal of legacy structures and processes and redundant bank accounts.

Both Dell and EMC had modern treasury management systems and had embraced XML ISO 20022 standards and BAI for bank reporting. An evaluation of existing technology and current and future needs saw Dell adopt one global standardised TMS – FIS’s Quantum system, together with its Trax payment processing solution for integration between its Oracle and SAP ERPs.

Leading with bold ambition

Mature treasury organisations often deal with change in a regimented way, resisting new ideas. Dell’s outlook was to embrace a start-up culture by encouraging teams to think differently, to leverage technology, to accept failure and be aggressive with the execution roadmap.

Overall Winner – Treasury Today Asia’s Top Treasury Team



Dell's treasury leadership welcomes change and sets clear goals. The team set a hectic pace both on the integration project and when building its '2020 future visions', the latter leveraging financial technology innovations to achieve best in-class global treasury operations and scalability for future growth. The strategic mind-set was such that only focusing on integration would not be good enough.

Dell treasury has deployed technology both for execution (TMS, ERP, Trax, ISO XML) and decision-making (using advanced data analytics and a big data pool). The fully digital treasury outlook, as planned in its 'future of treasury' notion, enables the evolution of treasury monitoring, control and deployment to next level. While it is important to focus on operation efficiency and effectiveness in the integration, deleveraging is firmly on the agenda. Indeed, debt servicing and repayment was given the highest priority by effective deployment of operating cash across the firm. The three-tier multi currency notional cash pool structure for free and semi-restricted market currencies, and bespoke liquidity extraction solutions in India, China and Brazil, have been instrumental in reducing interest cost for the firm, adding to bottom line in times of need.

Dell's effort to date is even more admirable, given the complexity of the stakeholder network that spreads across the company. Dell treasury was a focal point internally across the business, controllership, finance,

compliance, procurement and a number of other functions. Externally, treasury worked with central banks and financial institutions to promulgate their overall business objectives and priorities.

Reaping rewards

One of the key outcomes of this journey has been the delivery of a consistent and global integrated framework across the organisation. In terms of operational efficiency, consolidation, standardisation and simplification across Dell, including the EMC acquisition, the project has delivered cost and liquidity advantages. But just as importantly, the integration has provided a scalable treasury and banking organisation that is able to support future growth and innovation.

The banking infrastructure review, which saw the consolidation of global cash bank relationships and the standardisation of banking fees and interest rates, has resulted in substantial annual cost savings and interest income across the combined company. Furthermore, this banking strategy is scalable to support future organic or M&A growth.

Dell has been able to unlock substantial amounts of liquidity through its global liquidity management strategy, enabling it to service its debt and fund future strategic investments. With 60% of operating liquidity now accessible through Dell's global multi currencies notional pool,

Overall Winner – Treasury Today Asia’s Top Treasury Team



Future vision

Although Dell already had highly effective liquidity and risk management structures, robust policies and processes, and sophisticated technology in place, the acquisition of EMC created a new set of functional and integration requirements, including the need to service large debt volumes.

Driven by major structural changes and armed with a fully mapped-out vision of how this will play out, Dell treasury formed a bold plan to deliver a fully frictionless operations model for the integrated company.

The team is highly growth oriented and focused on creating a sustainable platform from which the entire business could benefit. Dell treasury also knew it had to take a leadership position, both in the technology industry and in the wider treasury profession, to equip the company for future growth, change and innovation.

By employing a ‘build, learn and grow’ strategy, more usually associated with agile start-up operations than mature multinational corporations, the team has been able to realise its ambitions and dispense with legacy tools, processes and assumptions.

treasury has been able to unlock more than US\$2bn of surplus cash. In restricted markets, such as India, China and Brazil, where bespoke liquidity solutions have been put in place, Dell has also freed up more than US\$1bn in liquidity.

Working capital optimisation was always a key part of the plan and Dell has vastly expanded its supply chain financing programme, which has increased fivefold to over US\$1bn in only nine months. This is now providing considerable working capital benefits for the group’s strategic suppliers.

Treasury technology integration has played a major part in this transformation. Indeed, as a result of consolidating onto a single treasury management system and adopting industry standards to improve integration, Dell has streamlined resources for redeployment preparing for the treasury of the future.

The company has significantly reduced operational complexities in managing approximately 45 different payment file formats, and is embracing ISO20022 XML going forward. In addition, enhanced data analytics will be instrumental in improving the quality of decision-

making, achievable by the adoption of emerging treasury technologies such as artificial intelligence (AI).

Of course, Dell recognises that building for the future is not a one-off activity but a constant process of review and refinement. It must keep identifying new technologies and solutions to shape the digital treasury of the future.

Some of the future initiatives in which the treasury team are engaged include:

- Virtual banking.
- Automated cash application using robotic process automation and artificial intelligence.
- Cyber-security and controls using machine learning technology.
- Predictive cash forecasting using AI and machine learning.

The result is a highly sophisticated treasury organisation. Having established the groundwork, Dell’s treasury team is now delivering on its future-of-treasury vision, adding yet more value for the enterprise.

Key takeaways

- Always challenge the status quo to drive for operation excellence.
- Change is a constant, be prepared to adapt and adopt.
- Embrace a culture of technology innovation.
- Invest in human capital: cultivate employees, engage them in the vision for the future – and the journey required to achieve that future-state.

Overall Winner Judges' Choice

Inner Mongolia Mengniu Dairy Co., Ltd
Hohhot, Inner Mongolia
Fan Dong, Treasury Director



Chris Kwok, Inner Mongolia Mengniu Dairy Co., Ltd and Anna Chang, Citi

First of its kind solution in Inner Mongolia

The challenge

Mengniu was looking to upgrade its treasury operations and control mechanisms and practices. Specifically, Mengniu was looking to enhance its operational efficiency vis-à-vis an automated, host-to-host global accounts visibility, overseas expatriate travel and expense management, collections and payments solution to support its global business growth. It faced the following challenges:

1. The management of numerous bank accounts with multiple partners globally created a lack of visibility and concentration of cash balances, unharmonised connectivity and different file formats used globally, high volume of cross-border and cross-currency payments, time consuming reconciliation and cash forecasting exercises, and manual pooling of funds with sub-optimal returns.
2. Many manual processes such as payments handling, receipt reporting, cash position reporting, bank reconciliation and cash forecasting.
3. Relying on spreadsheets as a key reporting tool to evaluate cash positions, ascertain financial transactions and derivative reporting and cash forecasting which can be subject to errors.

Citi was mandated as the global core bank for Mengniu for its global account visibility, global payment and settlement project. It had to work with Mengniu's current ERP provider, Kingdee. The aims following the Kingdee ERP integration were:

1. To improve efficiency and internal controls (including rationalising the bank account structures, consolidating the banking platforms, improving connectivity between ERP and the banking platforms, straight through payments).
2. To enhance yield and reduce cost (improve visibility of cash, automate pooling of funds, reduce bank charges and transaction costs).
3. To rationalise internal funding structures.

The solution

After careful consideration, Mengniu Group decided to implement a customised solution suite which featured the following:

On the cash management front, Mengniu Group appointed Citi as its global banking partner to help it with its overall treasury and cash

management structure, to deliver optimisation, standardisation and efficiency to support its growth. The overall solution presented by Citi has enabled the following:

- Reduction of number of bank accounts globally by more than 20%.
- Consolidation of the majority of bank accounts in ASEAN countries (Hong Kong, Singapore and Indonesia) by a single banking partner, thus enabling centralisation of cash and bank accounts to improve cash visibility and operational efficiency.
- Optimising FX solution for cross currencies/cross border payments via the WorldLink functionality.
- Adopting a new global harmonised file format (XML).

Best practice and innovation

The success of the project implementation required collaboration between Citi and Mengniu's treasury, finance, IT and support from the external ERP team. Post-implementation, Mengniu aims to establish a world-class treasury function that delivers a high level of liquidity centralisation, standardisation, process automation and reconciliation. By integrating its ERP system with Citi, Mengniu is able to enjoy sizeable savings from global multi-currency payment costs, reduced error rates, enhanced internal controls and efficiency on global accounts and improved overseas employee administrative expense management.

Secondly, Citi had to co-develop with the ERP software company to apply state-of-the-art technology to improve its overall treasury operations and to build a new operational framework, systems and better services with which to optimise efficiencies with its eight overseas subsidiaries.

Key benefits

- Consolidated and normalised global cash positions.
- Improved security and accuracy.
- Automatic reconciliation.
- Enhanced efficiencies.

"This solution had the aim of setting best practice in the dairy industry around the globe. Currently in Mongolia, no similar cash management solution exists," concludes Fan Dong, Treasury Director.

Inner Mongolia Mengniu Dairy Group is a manufacturing and distribution company of dairy products and ice cream. Now its business is expanding, there is a new manufacturing facility in Indonesia and a new regional sales centre where Mengniu will sell into new markets: Indonesia, The Philippines, Singapore and Vietnam.

Overall Winner Best Cash Management Solution

Valeo China
Shanghai, China

Emilie Ha, Finance Director



Emilie Ha, Valeo China and Tracy Ge, Citi

Taking the holistic approach to FX and cash management

The challenge

Valeo China deals with a lot of imports and exports, with more than 700 overseas clients and suppliers in over 30 countries globally. Entities of Valeo in China manage over 12,000 transactions annually, constituting USD, EUR and JPY. This includes currency conversion, cross-border payments and collections, with the bulk of the work executed by the local team to prepare and present supporting documents for these transactions. With high volumes and a large number of counterparties, Valeo was looking for an all-inclusive FX and cash management solution.

The solution

Partnering with Citi, Valeo was able to successfully obtain the green light, which was an uncommon approval, from State Administration of Foreign Exchange (SAFE) in 2017 for FCY cross-border POBO ROBO netting. The company then implemented a holistic FX cash management solution with the seamless cooperation of its treasury and shared service centre (SSC). This included:

An FCY POBO/ROBO programme between Valeo's 25 affiliates in China and over 700 overseas counterparties, with Valeo Auto Parts Trading Co. (the entity located in the Shanghai Free Trade Zone) serving as the leading company for the China group.

The leading company centrally managed the FX conversion, cross-border payments and collection processes on behalf of local subsidiaries:

- Leading SWIFTNet host-to-host (H2H) infrastructure between Valeo's payment system and Citi's processing hub, for instructions and reporting exchange.
- Paperless solution for FCY cross-border payments and collections, with seamless remote support by Valeo's SSC in Nanjing.
- FCY Virtual Account solution applied on ROBO flows for Valeo to perform immediate AR identification and reconciliation.

With high volumes and a large number of counterparties, Valeo found an all-inclusive solution that meets its treasury objectives. Right from the beginning, the entire solution package offered by Citi encompassed both FX and cash management by leveraging transformative and leading banking technologies, with digitisation a core element of the packaged solution.

The large number of domestic and overseas counterparties and high transaction volumes involved had intensified the difficulty in implementation and daily transaction processing. This was simplified via the seamless cooperation between Valeo China, Citi China, Valeo France and Citi France which resulted in a successful implementation.

Best practice and innovation

The unique three-layered structure with both FCY and RMB accounts allows Valeo China to centralise all of its FX conversions at leading-company level, for both FX buying and selling. China subsidiaries now settle funds in RMB with the leading company.

SWIFTNet H2H for FCY transaction is not commonly used, as regulations requiring additional documents makes the process difficult to automate. Citi's unique paperless solution means FX reporting and documentation can seamlessly integrate with Valeo's H2H structure.

Valeo faced difficulties in identifying actual payees, given incomings are typically centralised into a single account in the beginning. Citi's Virtual Account solution means Valeo's system can easily identify payees, achieving funds settlement automatically.

To ensure the success of the project, Valeo assigned dedicated experts from HQ to work in China, guiding local treasury and SSC teams on detailed flows, in harmonising solutions, and implementing tailor-made solutions with the banks.

Key benefits

- Manage FX conversion and related processes in a consolidated manner.
- Lowered FX transaction costs and reduced manual intervention.
- Other cost savings from aspects such as:
 - FCY payment and collection charges.
 - FX conversion costs.
 - Labour costs for FCY document printing and delivery.
- Improved SSC's operational efficiency.
- Package completed within months after the regulator's approval.
- Encouraged seamless collaboration between Citi and Valeo, in China and France.



Headquartered in France and operating in 32 countries, Valeo is an automotive supplier and partner to automakers worldwide. In China, Valeo has more than 30 affiliates, located in different provinces and cities across the country.

Overall Winner Best Working Capital Management Solution

Electrolux S.E.A Pte Ltd
Singapore

Vipul Gupta, Head of Tax & Treasury APAC



Thomas Aubry, Citi, Vipul Gupta, Chi May Koong, Yee Ling Choo and Enrique Patrikson, Electrolux S.E.A Pte Ltd and Swee Sun Tay, HSBC

Concerted group focus on working capital triggered drastic action to drive overall improvement

The challenge

Electrolux was over-reliant on local banks for collection in countries where international banks lacked branch presence for over-the-counter transactions throughout the Asia Pacific region. Bank balances in the local bank account needed to be monitored and transferred to Citi regularly. Poor references in bank statements created difficulty in identifying who had paid and posting in the customer ledger was a manually intensive process. In addition, there were fragmented processes and uneven payment terms across the region. Overall, this had an impact on Electrolux's working capital management and reconciliation processes.

The solution

All elements of net operating working capital such as accounts payable (AP), accounts receivable (AR) and inventory were of prime focus. Key efficiency gains were achieved after a portion of the transactional handling and operations work was assigned to the shared services centre (SSC) in Malaysia.

To drive digital productivity, a review of accounting processes was actioned across in AR, AP and general ledger (GL). Further productivity improvements were also observed through the application of six sigma techniques (Electrolux Continuous Improvement Programme).

There was a collaborative approach where treasury, finance, working capital and the procurement teams joined forces to overcome various challenges including standardising payment terms and payment cycles. The focus on indirect purchasing spend led to increased transparency of spend and setting of minimum payment terms with suppliers. Electrolux also carried out a direct material inventory consignment programme (VMI) in factories, and had a robust inventory planning process for reducing multiple stock keeping units (SKUs).

Technical solutions in the following areas were implemented:

- Supply chain financing.
- Robotics – currently Electrolux has a total of six virtual bots in a SSC in Kuala Lumpur.
- Banking solutions like virtual accounts and lockbox required collaboration with partner banks and integrated bank reporting tools.

- Automatic identification of the payer of Electrolux invoices and postings in the ERP (JD Edwards) to offset against customer ledgers.
- A Philippines "For account of" solution: leveraging Citi's partner bank (BDO) branch network for cheque deposits through a virtual account opened by Citi on behalf of Electrolux with BDO.
- Malaysia Wholesale lockbox with Virtual Account.

Best practice and innovation

Initially Electrolux experienced teething challenges, both operational and technical in nature, but increasingly the solutions described were normalised within the group. Robust improvements are still being made to processes so that, for example, RPA projects, can yield maximum benefits.

Electrolux incorporated multiple solutions, solicited a large variety of providers, and was able to bring together multiple teams and stakeholders internally, each of which had different KPIs, in achieving the goal of improving working capital and reconciliation. Many companies are not able to fulfil clear alignment and improvement in such a short time because of differences in objectives internally.

Key benefits

- Improved reconciliations.
- From 2014 to 2018, a 68% reduction in absolute amount tied up in working capital was recorded, while net sales have gone up by 18%.
- Where automation is concerned, significant financial efficiencies are projected:
 - For FY 2018, US\$401,000 of cost savings projected from Procure to Pay, Order to Cash, Record to Report and Master Data.
 - The savings projected for FY 2021 is US\$1.52m from Procure to Pay, Order to Cash, Record to Report, Management Reporting and Master Data.
 - Cash flow impact resulting from this projected to be US\$1.17m in FY 2021.



Electrolux S.E.A. was founded in 1970. The company's line of business includes trading a wide range of whitegoods and household appliances. It is part of Electrolux AB, the Swedish multinational. The group is consistently ranked the world's second largest appliance maker. The company is the regional headquarters for Asia-Pacific.



“This is a testament to the outstanding work the team has consistently been doing over the years. We are humbled by the recognition; a significant part of our achievements can be attributed to the excellent advisory and innovative support provided by our global banking partners who taught us what we know.”

— Ng Cheng Chang, VP, Global Treasury Operations, Dell Technologies



Overall Winner Best Funding Solution

Vedanta Resources Plc
Gurgaon, India

Rashmi Mohanty, Head – Group Treasury



Ajay Jain, Standard Chartered, Dabopama Sen, Citi and Mark Troutman, DBS collect the award on behalf of Vedanta Resources Plc

US\$3bn multi-step liability management transforms credit profile of Vedanta Resources Plc

The challenge

Emerging from a bleak macro-economic backdrop and a global cyclical downturn in commodities in 2016, and a year where it also saw rating downgrades from both its rating agencies, Vedanta Resources Plc undertook a comprehensive sequence of proactive liability management measures in 2017.

The solution

In 2017, Vedanta Resources Plc conducted a comprehensive suite of multi-step liability management transactions, aggregating approximately US\$3bn. This comprised a combination of Reg S/144A new bond issuance, synchronised with tender offers and make-whole redemption of near-term maturing outstanding bonds as well as new bilateral and syndicated term loans from a group of banks.

1. In January 2017, Vedanta Resources Plc issued a US\$1bn five and a half year 6.375% bond, in sync with two 'any-and-all' tender offers for its outstanding 2018 and 2019 bonds, with an aggregate outstanding amount of US\$1.95bn.
2. In May 2017, it redeemed all outstanding US\$379m 9.5% notes due in 2018 with cash by exercising the make-whole option.
3. In August 2017, a second US\$1bn bond was issued with seven-year maturity and 6.125% coupon. This was concurrent with two 'any-and-all' tender offers for 2019 and 2021 bonds, aggregate outstanding US\$1.675bn.
4. In parallel, US\$840m bank refinancing was launched comprising a new US\$575m syndicated term loan and US\$265m bilateral loans, all with final maturity of five years. Subsequently, a further US\$100m bilateral loan was put in place.

The said liability management transactions were for Vedanta Resources Plc's debt of approximately US\$6bn. All new and refinanced debt facilities were senior unsecured obligations.

As Arun Kumar, Group CFO recalls, "Our objective was to materially transform the credit profile of the company through a combination of deleveraging, extending average maturity and optimising the blended cost of borrowings. The timing and the steps were chosen to benefit from positive momentum in the natural resources sector, the

company's good operating results and credit rating upgrades, at the same time create value for our bond holders who benefit from the strong India linkages the company has."

Best practice and innovation

The January 2017 bond deal was the first tender offer by an Indian issuer in accordance with amended guidelines permitting shortened offer periods. This transaction marks the return to capital markets for Vedanta Resources Plc after a gap of more than three and a half years and is the first bond offering for Vedanta Resources Plc since May 2013.

The final order book of January 2017 bond issue closed at over US\$2.3bn across over 200 accounts with an over subscription of ~2.3x. On the back of robust investor demand, Vedanta Resources Plc was able to print the bond at 6.375%.

The final order book of August 2017 bond issue closed at over US\$1.7bn across over 290 accounts with an over subscription of ~1.7x. In both these bond deals, the bookrunners were able to garner strong interest of high quality Asian, American and European accounts.

The careful sequencing, being issuance-ready, timing the transactions with good market conditions and company's results delivery, were the key success factors for Vedanta Resources Plc.

The success of these transactions has also helped communicate Vedanta Resources Plc's credit story to existing and new investors.

Key benefits

- Extended average debt maturity.
- Reduced blended cost of debt.
- Tightened yield curve from 7.1% in December 2016 to 4.7% in September 2017.
- Unique structure delivered.
- Credit rating upgraded by both S&P and Moody's.

As Kumar concludes, "It was all about being proactive and we have emerged stronger."



Vedanta Resources Plc is a London listed and sixth largest diversified resources company in the world. Vedanta produces aluminium, copper, zinc, lead, silver, iron ore, oil and gas and commercial energy. It has operations in India, Zambia, Namibia, South Africa, Ireland and Australia.

Overall Winner Best Trade Solution

Hankook Tire Singapore Pte Ltd
Singapore

Kim Kwang Hyun, Managing Director



Kim Kwang Hyun and Soo See Tan, Hankook Tire Singapore Pte Ltd, Ivone Hodiny, DBS and Thomas Aubry, Citi

The power of centralisation discovered

The challenge

Prior to Hankook Tire Singapore's establishment, China and Indonesia factories procured raw materials directly from third-party suppliers in US dollars with a usance period of 180 days. Using usance as a payment method was costly due to the high interest rate in China and Indonesia compared to Singapore. Sales were made in currencies other than USD. This execution led to the mismatch between factories' purchase and sales currency, creating risk. The payment method of issuing letters of credit (LCs) to suppliers incurred high expenses for the companies. Working capital and cash flow was far from optimal.

The solution

Hankook Tire Singapore is now positioned as a regional procurement hub for factories in China and Indonesia, replacing the former practice of contacting over 80 suppliers. It also acts as an intermediary for the sales of tyres, controlling payment terms to improve cash flow and working capital, procuring from Indonesian factories and selling to Malaysia, Thailand and India sales entities.

Singapore took over FX management, tackling currency issues between the China factories and the regional sales entities, reducing the short FX position of China factories while transacting forward contracts.

The payment method was changed from LC to open account to curb high costs. Negotiations with entities also extended days payable outstanding (DPO). Hankook Tire Singapore deployed a supply chain finance programme to enhance working capital management and standardise payment methods. Other measures include Singapore becoming a centralised payment factory for other entities globally, specifically as a centralised FX control centre.

Best practice and innovation

To reduce the high cost arising from LC opening, Hankook Tire encouraged suppliers to adopt the OA payments. Cooperation enabled clear improvement results.

Where factories and sales entities faced a mismatch in their purchase and sales currency, it created FX exposures in each of the entities. With Singapore as the re-invoicing party to purchases, invoicing in functional currency, FX exposures were more easily and effectively hedged, using forward hedging.

As re-invoicing agent, Singapore also took control of payment terms to sister entities by analysing each of their cash positions and determining optimal payment terms.

Through the supply chain finance programme, working capital and cash flow was improved by enabling the extension in payment terms from suppliers. Also, widespread standardisation has improved efficiency in several work processes. Initiatives include creating a processing centre for inter-company balance settlements; setting up an APAC host-to-host banking platform to improve visibility on cash position; and introducing supply chain financing that allows payments to be processed directly by the bank to suppliers. A standard loan application form, generated from the ERP, is now reducing human error and improving efficiency.

Key benefits

- Workflow improvements.
- Improved bargaining power and economies of scale.
- Enhanced standardisation and automation of finance/procurement finance.
- Reduced human error, increased efficiency and lowered business risks.
- Good partnership maintained with bankers, suppliers and government.
- Procuring through Singapore gives cumulative savings of US\$8.3m from 2012 to 2018.
- Working capital improved by US\$99m (at December 2017).
- Average payment terms reduced by 29 days.
- Managed FX exposure in various local currencies (RMB, THB, MYR and INR) equivalent to US\$80.7m through billing in local currency.



Hankook Tire Singapore is a subsidiary of Hankook Tire Co Ltd, one of the world's largest tyre companies. Headquartered in South Korea, the group boasts a number of production facilities, R&D centres, subsidiaries and distributors globally. Hankook Tire Singapore was founded in 2012 to streamline the company's supply chain and tap into Singapore's lower finance costs.

Overall Winner

Best Liquidity Management Solution

General Electric
Singapore

Manu Taneja, Director,
Banking & Liquidity Leader, APAC



Manu Taneja, General Electric and Saurabh Gupta, Citi

Tax and 'regtech' liquidity solution for USD and KRW in South Korea

The challenge

Having previously addressed the liberal markets and currencies across the APAC region, General Electric's (GE) attention turned to the more restricted markets in 2017; its efforts focusing on Vietnam, India, Korea, Malaysia and the Philippines.

GE's Korean operations are one of the largest in the region, with a top line of US\$1.1bn. Its current liquidity solution was sub-optimal to support the growing needs of the business.

- **Legal entity level working capital** – though the overall country level position is long, there are working capital gaps between individual entities that lead to short positions and related cost inefficiencies.
- **Korean regulations** – on inter-company lending and borrowing are highly restricted and cost prohibitive, with a local rate of 4.6% for any intercompany transfers. Furthermore, local rules restrict overdrafts in onshore foreign currency accounts.
- **Cash flow forecasting and sub-optimal yield** – liquidity is spread across multiple legal entities and mostly untapped for internal working capital. This severely affects treasury's ability to forecast, leading to large buffers which discouraged short tenor investments.

The solution

GE and Citi collaborated on a first-ever tax efficient structure in Korea. The components resulted in a multi-tier liquidity structure for USD and KRW that enabled true end-of-day entity level cash concentration. This in turn delivered funding efficiency between multiple entities on pre-defined priorities and conditions. This bespoke structure caters to GE's operational needs in Korea. This redefined cash pooling possibilities in a market like Korea, compliant with local regulations and optimal liquidity efficiency.

KRW solution

- GE account structures enabled funding for negative positions only, to avoid any inter-company lending cost on positive positions when balances are co-mingled. Thus, sweeps are set up only on a needs basis from header to sub, funding only those sub-accounts that are in a negative position at end-of-day. If a sub-account is positive at end-of-day, funds are kept in its own account.

- If the header and the direct participant is net negative, then it triggers a sweep in an order of priority to be set up (as per the cash positions) with other participants in a pre-defined ranking order.
- This cycle repeats itself, until the header is net positive, to ensure funding for each subsidiary account.

USD solution

- Similar to the KRW solution, the structure is need-based from header to participants. (Note – overdraft is not allowed as per local regulations.)
- The solution involved an automated earmarking of funds across participant accounts on a real-time intraday basis for facilitating the fund flows. This was an innovative virtual solution, which allowed real-time liquidity sharing without creating inter-company positions.

Best practice and innovation

GE treasury has demonstrated market leadership by being the first MNC to deliver a solution of this nature and scale. The art in stitching multiple components of cash pools and layering it up with tax efficient sweeps compliant with local restrictions on intercompany lending and overdrafts, set a new paradigm in liquidity management. This has been a need for large MNCs operating in Korea.

Key benefits

- KRW pool covered nine entities. The pool consolidation resolved working capital mismatches, resulting in cost savings of KRW equivalent to US\$2.4m annually.
- USD pool covered seven entities. The pool consolidation resolved working capital mismatches, resulting in cost savings of US\$2m.
- Improved cash flow forecasting.
- Minimised intercompany positions.

"It was a great combination of managing regulations driven by technological innovation, akin to "regtech". Our structure allowed liquidity management of in-country cash and has ensured discipline in using funds by pre-defined borrowing limits and ranking order by entity, in accordance with our policies", concludes Manu Taneja, Director, Banking & Liquidity Leader, APAC.



Operating in approximately 175 countries, General Electric (GE) is a diversified American industrial company with businesses across power, healthcare, aviation and oil and gas.

Highly Commended Winner

Best Card Solution

Google
Dublin, Ireland

Andrew Miller, Global Cards Programme Owner



Rob Wegbrands, Google and Aman Singh Chadha, Citi

Innovative One Card solution streamlines more than just Google's expense management for new employees

The challenge

Where Google's card programmes were managed at a local level there was a lack of integration with the company's Oracle expense reporting platform. This created lags in reimbursement owing to cumbersome manual, paper-based expense reporting.

Cards were not being used for low-dollar, self-purchase spend, 'Googlers' relying instead on inefficient paper-based purchase order requisitions process. Without an enterprise-wide, global initiative to implement procure-to-pay automation, the finance team had minimal insight into employee and departmental spend, and no visibility into total spend at the merchant level, impeding the team's ability to negotiate effectively.

Google needed to address the issues and create a user-friendly card programme that would streamline expense management and provide better control of spend. This was especially important for the company as it often sends new employees to expensive locations like Singapore in their first week; this potentially creating a financial burden on the individual, as many are juniors without personal credit cards. The main objective here was for new employees to enjoy the best experience on their first day, with Google reducing the financial burden on them from the outset.

The solution

Google turned to Citi's One Card solution which offers the functionality of a traditional travel & expense and purchasing card, eliminating the need for 'Googlers' to carry multiple cards for varying functions. Citi provided Google with a global corporate liability structure, enabling a single, widely accepted card with uniform features and a standard credit limit for all employees.

Purchases made on the Google One Card integrate directly into Google's expense management system, reducing the need for time consuming, manual transaction entries, thus speeding up expense reporting and increasing reporting accuracy.

Google structured and standardised a global framework around their corporate cards operations, including privacy policies and card application process.

Citi then worked with Google to create numerous bespoke processes to support the uniqueness of the programme it required.

As a result, the GCard 1-Day application, for example, allows all new hires to receive corporate cards on their first day. This uses a file-to-file process for new card applications, allowing 'Nooglers' (new employees) to apply for a card through Google's own interface as opposed to Citi's systems. Also, Citi's Virtual Card Account is a customised implementation with API integration, allowing Google to make online purchases, get them shipped home and provide end-to-end review on the Google shopping experience.

The collaborative programme sees Google leverage a centralised programme administration model that uses big data analysis for fraud management and declines.

Best practice and innovation

By working with Citi, Google has achieved an innovative, efficient and scalable global solution that, in one take, overcomes some unique issues in a user-friendly manner.

The solution is very user-friendly. Google's online procurement portal only requires five mouse clicks to secure a card within two weeks. The One Card programme makes back-end processing easy, freeing up Googlers from time-consuming expense reporting, so they can be more productive.

Key benefits

- Over 70,000 Google One Cards in use worldwide.
- 65% plastic-in-wallet company-wide, with 80% penetration among employees who make expense purchases.
- 75% expense report spend penetration, 89% of cardholders' charges submitted within 30 days and 40% faster expense reporting.
- Streamlined expense management by simplifying purchase, reconciliation and reimbursement procedures.
- Provided greater visibility into global transactions and total spend.
- Improved merchant negotiations.
- Improved accuracy and timeliness of expense reporting.
- Solution integrates seamlessly with Concur, Google's expense reporting tool.
- Reduces receipt requirements, unauthorised charge reminders and automated dunning for unsubmitted charges.
- Rapid implementation (a recent rollout in Taiwan, Citi implemented in a new market and delivered over 2,300 cards within eight weeks).



Google is an American multinational technology company specialising in internet-related services and products including online advertising technologies, search engine, cloud computing, software and hardware.

Highly Commended Winner

Best Working Capital Management Solution

Alibaba Cloud
Hangzhou, China

Kenneth Ho, Finance Manager



An end-to-end collections process that is simple yet extremely effective

The challenge

The existing receivables flow used by Alibaba Cloud relied wholly on telegraphic transfers from third parties. With business growth, the incoming volume increased exponentially and account reconciliation was becoming a major challenge for the treasury team.

To address these challenges, Alibaba Cloud set out to find an end-to-end solution. Following a rigorous RFP process, its banking partner Citi was chosen to automate, simplify and streamline the collections processes of Alibaba Cloud.

The solution

After selection, Alibaba Cloud worked closely with Citi in Asia to implement the bank Payer ID and CitiConnect for File solutions.

Payer ID is an automated payer identification service that streamlines reconciliation for electronic receipts. Through this solution, each buyer is assigned a random and unique Virtual Account Number. CitiConnect for Files is a global gateway for file transmission and translation that effectively integrates payments, receivables and information with Alibaba Cloud's accounting, ERP and other financial systems.

Via a single delivery channel, Alibaba Cloud has access to Citi's global footprint that includes a wide range of payment instruments across all regions and covering over 100 different currencies. CitiConnect for Files was opted for by Alibaba Cloud as the most cost efficient and secure solution for transmission and receipt of files from anywhere in the world.

As a result, the business was able to manage its working capital more effectively to support its business growth by means of an automated solution to reconcile quickly and accurately.

Best practice and innovation

These two solutions perfectly complemented each other and matched Alibaba Cloud's needs. Alibaba Cloud now has faster and

automatic reconciliation, settlement times have shortened and operating costs have been optimised which enhanced the working capital objectives needed to expand the business.

Payer ID might be a simple solution, but it is key to whether the Alibaba Cloud international business can scale or not. Where previously back and forth communication and recording processes involved its accountants, business reps and customers, its processes were time consuming, non-value adding and extremely frustrating at times.

The new solution not only increases efficiency internally, but the customer experience is also drastically improved as they are no longer waiting for Alibaba Cloud's accountants to record incoming funds manually to unlock their accounts. Now customers can expect funds to go through the system within a far more reasonable timeframe.

Key benefits

Post-implementation of the solution, Alibaba Cloud has seen the following benefits:

- Improved reconciliation rates due to the fully automated payer identification service.
- Eliminated the need to extract data from statements manually, freeing up resources and minimising errors.
- Savings in time (at least ten to 15 days every month) and costs (about RMB1m per annum on employee time cost) as the overall transaction processing is reduced by automating the cash application process using the virtual account.
- Secure transmission via a wide variety of file connectivity and security options.
- Have global access to Citi TTS capabilities in over 90 countries and over 100 currencies.

Alibaba Cloud, a subsidiary of Alibaba Group, is a cloud computing company. Alibaba Cloud provides cloud computing services to online businesses and Alibaba Group's own e-commerce ecosystem. The business has a footprint in Singapore, Indonesia, Malaysia and US.

Highly Commended Winner

Best SWIFT Solution

Alibaba
Hangzhou, China

Chen Xi, Foreign Exchange Expert, International Settlement Dept., ICB



SWIFT gpi “greatly helps” to address Alibaba’s cash management problems

The challenge

As an important partner of SMEs, Alibaba has been providing online market services to SMEs in China since 1999 and helping them to sell to the world. Alibaba currently has nearly one million customers in 200 countries around the world.

In addition to online marketplaces, Alibaba.com also offers an “online trading platform” and a “one-stop service platform”. It enables Chinese firms to streamline their exporting process. From their Alibaba account, suppliers can access order financing, manage logistics and export. In return, Alibaba gains access to a wealth of trade information and can offer direct benefits to importers in other countries, such as shorter delivery times and detailed supplier exporting data for identification of qualified suppliers.

In order to help more SMEs around the world, Alibaba has exported its successful experience in China to other markets and continues to look to increasing its global footprint. Now, for instance, Malaysian SMEs can also easily complete global sales and global buys through Alibaba.

Collections is one of the major offerings of this “one-stop service platform”. It involves thousands of different industries, different trade patterns, different buyers and millions of transactions from different countries and different currencies. Alibaba needed to develop a set of cash management solutions that seamlessly met the demands of a non-traditional model of collections and payments service.

The solution

Working with Citi, Alibaba developed three solutions to address the overall challenge.

The issue of cross-border remittances is particularly challenging for Alibaba.com when dealing with SMEs. SWIFT gpi has helped greatly here, raising transactional certainty to new heights, with faster settlement also improving overall customer experience by creating predictable settlement times and clear statuses.

Alibaba also implemented a Virtual Account Solution that addresses the need for an automated payer identification service that streamlines

reconciliation for electronic receipts. Payer ID, implemented by Citi, can be customised by name and account. A single virtual account number can receive funds in several currencies.

For the third element of the solution, API connectivity and automated reconciliation provided a single-access to a global-connectivity API solution that uses MT942 and MT940 to facilitate intra-day and end-of-day reconciliations. This allowed Alibaba OneTouch to obtain real-time account activity and balance data to meet the customer notification and customer reconciliation needs.

Best practice and innovation

Prior to SWIFT gpi, the upgrade of a corporate bank’s cash management products from bank counter to online banking, from the online banking upgrade to an API connectivity, from the API connectivity to SWIFT.net, was a very complex undertaking. The integrated solution made the enterprise more efficient to deliver payment instructions and related information compared to the previous telegraphic transfer (TT) remittances that plagued companies.

With SWIFT.net and fintech evolving together, the gpi solution made the whole process of TT remittances traceable, the processing time controllable and the transparency of payments is now visible to the treasurer.

Key benefits

- On the payment process, the new payment tracking system can now track every payment from each bank account under Alibaba, and can accurately check the payment status, accurately determine source of funds, time involved and fees of each node in the remittance route.
- For collections through SWIFT gpi, Alibaba can accurately find out the status of each fund, the time taken and cost of each intermediary bank through the route. This eliminated the uncertainty of transactions and payments and enhanced the experience of the entire transaction process. Reverse tracking may be possible in the future to capture all the information once the inbound payment has been released.

Alibaba Group is a Chinese online and mobile commerce company. The company operates in four segments: core commerce, cloud computing, digital media and entertainment, and innovation initiatives. Its subsidiaries include Alibaba.com, an online wholesale marketplace and AliExpress, a retail marketplace.

Highly Commended Winner

Best Funding Solution

Shandong Linglong Tire Co., Ltd

Zhaoyuan/Shandong, China

Hong Meng, CFO & VP



Maggie Shi, Citi collects the award on behalf of Shandong Linlong Tire Co., Ltd

Tailored trade finance solution for China's number one tyre exporter

The challenge

Given tight RMB liquidity in 1H 2018, the financing cost was very high and each financial institution had very limited asset quotas to support their clients for working capital needs. Shandong Linglong Tire required the flexibility and stability of a funding solution to ensure financing could be rolled over within a reasonable and set period with a stable and low financing cost. It also required documentation simplification, coupled with high efficiency to secure timely payment.

Global commodity prices, particularly rubber, inventory levels and speculative news were combining to put pressure on the company's income and working capital management. As Hong Meng, CFO & VP explains, "We needed short-term financing to support our monthly suppliers' payments in China. We also required a low-cost and stable pricing finance solution to help us reduce our financial cost. Furthermore, we were reluctant to enter into any commodity hedging because of its high volatility."

The solution

The company worked with its bank to structure a tailored trade financing solution under open account trade terms. It was a domestic accounts payable financing solution with streamlined process.

Best practice and innovation

1. **Flexibility of the funding tenor** – The tenor is less than 180 days to ensure it falls under the trade background. The company can use this funding solution with two-month tenor or longer tenor up to six months, subject to the RMB cost of funds in the market and it can take advantage of the lowest cost of funds within 180 days. Alternatively, the company can also draw on this trade loan with two-month tenor if the rate is lowest and roll over twice within 180 days.
2. **Very competitive pricing** – Citi is the first foreign bank to provide this kind of funding solution with a flexible tenor. The financing rate was also the best among all banks, especially during Q1 2018 when RMB liquidity was very tight in the market.

3. **Simplification of the documentation and the process is streamlined** – The standard requirement is to submit the contract and invoices prior to the funds being released. Because thousands of invoices were being processed it was proving extremely difficult to verify their authenticity in a single day. Citi therefore provided the flexibility for Linglong to submit a copy of the invoice certification list issued by the tax authority via a tax e-platform.
4. **Efficiency of the solution execution** – Shandong Linglong has a very tight timeline to pay its suppliers each month and the date is fixed. Any delayed payment will result in a penalty. Once the company has submitted the required documents, Citi can execute the funding solution within the same day and also ensure the funds can be paid to suppliers that comply with Linglong's internal policy.

Key benefits

- Reduced finance costs.
- Improved working capital efficiency.
- Improved cash flow forecasting.
- Saved on labour, time and funding costs; 5% in funding cost when compared to other banks.
- Consolidated all the account payables that needed to be financed conveniently into one bank.
- Simplified procedures and documentation gave Linglong greater flexibility and internal efficiency to prepare for funding.

"The solution, executed in a short timeframe, resulted in reduced costs and increased efficiencies and helped us extend our account payable tenor and also its short-term financing needs as a bridge funding solution, especially during a time when liquidity was tight," concludes Meng.



Shandong Linglong, founded in 1975 and listed on SHSE since 2016, is amongst the top three tyre producers in China and has been consistently among the top 20 globally in terms of revenue for several years. It is also the number one tyre exporter in China. Shandong Linglong's products are sold to over 180 countries and regions and are recognised by nearly 60 OEMs, thanks to stable and reliable quality.

Highly Commended Winner

First Class Relationship Management

TVS Asianics Supply Chain Solutions
Singapore

Phillip Bottome, CFO



Vincent Couche, Citi, Phillip Bottome, TVS Asianics Supply Chain Solutions, Benny Koh, Deloitte and Mark Troutman, DBS

Exposure, diversity and commitment clearly visible in this solution

The challenge

After acquiring several businesses, TVS Asianics embarked on a project to improve its banking structure after recognising it currently has more than 20 different banking partners in 15 countries. The management and finance teams have to spend considerable time and resources managing the banks. They were looking to collaborate with banks that understood its business, operate in its countries of operation and, most importantly, partner with banks that will help the company in its journey to become one of the leading logistics operators in Asia.

Bank relations are not as simple as they used to be. Gone are the days when corporates will simply bank with the financial institutions that provide them with credit. With changes in regulation, banks are now more selective of their customers and are more stringent in how they allocate their balance sheet. The 'one-bank-fits-all' approach no longer meets all the requirements of a company in every country of its operations.

Banking services are rapidly becoming commoditised and the proliferation of treasury management systems and standardisation in payment formats allows corporates to leverage these technologies to use multiple banks. Bank fees and credit lines are no longer the only factors that corporates consider when selecting their bank(s). Long-term bank relationships are now becoming an increasingly important element for CFOs and treasurers when they select their banks.

The solution

TVS Asianics engaged Deloitte as an independent party to assist in selecting its banking partner(s) for cash and liquidity management. Deloitte reached out to a panel of banks, which included current banking partners and new banks. From this 'long list', TVS Asianics shortlisted four banks and finally selected three as its banking partners across its 15 countries. DBS is the lead partner bank, with ANZ and Citi supporting the company as well. This is the optimal number of banking partners to meet the requirements of the company. Each bank was chosen due to its strong long-term

relationship management, highly developed and connected IT platform, geographical presence, banking operations and services offered in each country.

As Phillip Bottome, CFO explains, "Having three core banking partners instead of one provides a strong flexible long-term solution that allows us access to different opinion and choices, whilst connecting to function in an efficient way. Most importantly, these banks are selected due to their keen interest to foster and maintain a strong working relationship with us and to collaborate with the company as we grow in Asia."

Best practice and innovation

Instead of following the 'best practice' of selecting a regional banking partner, TVS Asianics went into this banking selection exercise with a long-term view of selecting the bank(s) that could meet its current business requirements and support its future plans in each country of operations under a central co-ordinated relationship management and IT. Business always comes first, so the management of TVS Asianics was looking for banking partners that understand how it operates and who were willing and committed to accompany the company in its growth journey.

Key benefits

- **Exposure** – TVS Asianics was introduced to a panel of banks in this banking selection process, opening the doors to future collaboration with new banks and increasing the banking network of TVS Asianics.
- **Diversity** – sharing the growth of the business with a panel of banks who were willing to invest in TVS Asianics, created a win-win situation for both TVS-Asianics and the banks.
- **Commitment** – TVS Asianics has strengthened its relationship with existing banks who were invited to participate in this selection exercise. The incumbent banks also demonstrated their willingness to be long-term business partners to TVS Asianics.



TVS Asianics is an Asia-centric global supply chain solutions provider with its headquarters in Singapore. Its integrated logistics network is supported by 1,400 logistics professionals based in over 45 owned operating locations in 15 countries across Asia, Oceania and Europe. The company combines leading technologies with operational excellence to help its customers effectively manage their regional and cross-continental supply chains through a full service offering across all key geographies and industry sectors. Operating companies in the network comprise Nadal Forwarding, Pan Asia Logistics, TLM Logistics Management, Transtar International Freight, TVS Dynamic Global Freight Services and TVS Logistics Siam.

Highly Commended Winner Best Liquidity Management Solution

Aland Group
Shanghai, China
Ma Bing, CFO



Ma Bing, Aland Group and Tracy Ge, Citi

Non-resident free trade account in Shanghai Free Trade Zone key to this pooling solution

The challenge

IVC Nutrition Corporation (Aland Group) was looking to implement a global treasury structure which would help it consolidate funds from its global entities to support the company's rapid development in China and Europe. With its main treasury team located in Shanghai, it was a challenge to select a suitable cross-border pooling solution either in RMB or in foreign currency, due to the currency mismatch between different markets.

Based on current Chinese regulations, the primary company of a cross-border pooling structure would ordinarily be required to open a special account in Jiangsu in order to implement the pooling arrangement. As Ma Bing, CFO recalls, "As our China HQ is located in Jiangsu province, we may have been subject to complicated regulatory approvals should we apply for cross-border pooling through our pool header account entity."

The solution

Aland worked in partnership with Citi China to implement an advanced cross-border pooling programme through Aland Hong Kong as a global treasury centre.

This solution is the first case of its kind in which an overseas multinational launched an international treasury management centre by opening a free-trade non-resident account (FTN) in the Shanghai Free Trade Zone (SFTZ). The solution not only supports the group to achieve centralised global capital management in Hong Kong, but also concentrates domestic capital in the headquarters while at the same time ensuring the group can benefit from preferential policies in Shanghai and Hong Kong; two major financial centres.

The free trade account features free convertibility and the integration of domestic and foreign currencies, which makes it easier for the company to choose which foreign currency to utilise. The company in Hong Kong has the flexibility to collect cash denominated in major currencies to the free-trade non-resident account and allocate and convert it between domestic and foreign currencies; while the group's domestic HQ can perform cross-border funding in RMB and open channels for internal cash allocation. Compared to the traditional cross-border RMB cash pool, this fully-featured pool is much more

flexible. Firstly, it uses sufficient onshore RMB capital to broaden cross-border financing channels. Secondly, with more flexibility and convenience, the treasury centre can achieve improved all-round currency management, reduce the remittance costs through the use of intensive management of domestic and foreign currencies, and therefore help the group achieve higher cash utilisation efficiency and far greater benefits of centralised management.

Best practice and innovation

This new structure is an expansion of the FTN initiative to implement the People's Bank of China's (PBOC) policy to expand the financial service function and support technological innovation and economic progress in the SFTZ. By encouraging multinational corporations' global treasury centres to open an FTN, non-FTZ registered entities, including overseas entities, will receive the benefits and convenience from the free trade policy.

Aland, as the pilot of this innovative solution, has benefited from the multicurrency efficiency and concentration flexibility. This solution has become a model for international companies that have similar requirements; it has become a preferred solution for clients who want to enjoy the benefits of cross-border pooling with China and leverage global treasury funding.

"The solution is honoured to be recognised as a Shanghai Free Trade Zone pilot case by Free Trade Zone government," commented Bing.

Key benefits

- Improved use of intercompany funds greatly reduced the need for third-party borrowing.
- Processing efficiency.
- Reduced number of accounts and related account maintenance.
- Mitigated costs of entrusted loans.

"With this programme, multinational treasury centres are able to centralise global funds in their original currency into FTN, then freely conduct FX conversion based on the business need," concludes Bing.

aland 艾兰得®

Headquartered in Jiangsu, China – Aland Group was established in 2010 from a world-renowned manufacturer of API (active pharmaceutical ingredient). The company has production bases across China, America and Europe.

Highly Commended Winner Harnessing the Power of Technology

PT L'Oréal Indonesia
Jakarta, Indonesia
Jaehyeok Shin, CFO



Esra Martiliany, PT L'Oréal Indonesia and Debopama Sen, Citi

L'Oréal Indonesia embarking on its digital transformation

The challenge

PT L'Oréal Indonesia is currently operating in a highly digitised world where online sales are beginning to make a real impact in terms of revenue generation for the company globally.

In Indonesia, to reflect this growing importance of online sales, it was decided the company would transform their offline company shop into a web-based digital platform. Citi Indonesia referred payment gateway partner (and also L'Oréal client), Doku, to help build this platform, with all collections sent to Citi.

The solution

The company understands the need to digitise, not just in response to the growing demand for digital retailing solutions from the general public, but also the needs of its internal staff and business vendors. It is convinced that addressing these digital demand drivers will help with the company's broader objective of generating greater efficiency across the entire organisation and supply chain.

As well as digitising for its customers, the company has also built an accounting portal for its over 400 suppliers to upload their invoices instead of sending through emails. This enables the company to digitally archive them with ease. By putting an approval matrix inside the system, it can be easily checked whether the tax invoices are also included alongside the commercial invoices. This helps to neatly mitigate problems that frequently arise when the supplier does not input VAT details and the company is unable to reconcile during tax audits.

The company is also building a legal digital platform by importing a solution from a USA vendor. It will allow users who want to engage a vendor to easily generate a standard L'Oréal contract via the system. This will greatly improve communications internally in relation to back and forth emails between vendors and the legal team and so help shorten the long lead times for contracts to be signed.

Best practice and innovation

The company has developed a novel solution that uses its employees as a pilot customer base to test the collectivity and payment module

of the new website portal in real-time, with Citi as the collections bank. Aside from that, the company is achieving improved efficiencies across all measures relating to customers and internal 'clients' with the help of the digital solution.

More broadly, the solution is expected to become increasingly popular with users overall and help increase company revenues. It will achieve cost efficiencies in the process and void the need for manual support in both payments and legal advice.

Key benefits

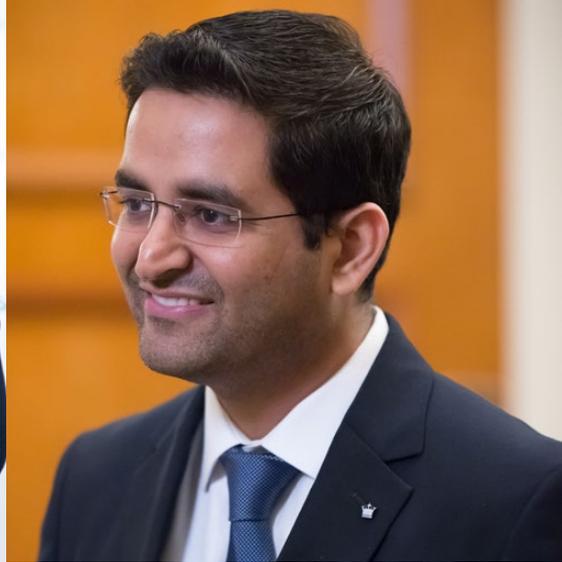
- The resulting website portal solution will be PT L'Oréal's primary gateway for supporting expansion of its digital footprint in the Indonesian market and its reach more generally across the region.
- With regards to its accounting and legal initiatives, they amount to one of the first instances of a company using such solutions in a country where cheap labour means using large headcounts instead.
- By undertaking these initiatives, the company is demonstrating it is very keen to be ahead of the curve with the application of new technology in its industry. Digitising internal procedures is expected to achieve cost and general human resource efficiencies generally, as well as support external suppliers and internal clients in areas such as legal, tax and audit.

"Being recognised for our effort to digitalise the way we work drives us to even further accelerate into the world of digital."

– Jaehyeok Shin, CFO, PT L'Oréal Indonesia

L'ORÉAL

PT L'Oréal Indonesia operates as a subsidiary of L'Oréal SA, a French personal care company headquartered in Clichy, Hauts-de-Seine with a registered office in Paris. It is the world's largest cosmetics company with products ranging from skincare, sun protection, make-up, perfume and hair care. L'Oréal SA employs 82,600 staff in 150 countries.









AS THE WORLD GROWS
MORE CONNECTED,
OPPORTUNITIES EXPAND.

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