

A woman with dark hair, wearing a blue denim shirt, is leaning over a table, smiling as she looks at something. Two children, a girl with long dark hair and a boy, are also looking at the same thing. There are several clear plastic containers on the table, some containing red items. The background is slightly blurred, showing what appears to be a kitchen or a similar indoor setting.

All Roads (Should) Lead to Visibility

Amit Singh

SVP Treasurer, Newell Brands

SPEAKER



AMIT SINGH, SVP & Treasurer, Newell Brands

Singh heads the treasury function at Newell Brands, a \$15B fast-growing, Fortune 200 consumer products firm. His responsibilities include capital markets, risk management, cash management, treasury operations, international treasury, insurance and pensions. Previously as VP Assistant Treasurer at Pfizer, he and his team managed a \$45B+ cash investment portfolio for interest rate, credit and currency risk. He is a two-time *Alexander Hamilton* Award Winner for his work on Capital Structure Design and on Practical Approach to Managing the Liquidity Risk of a Defined Benefit Pension Plan. Amit's Pfizer Treasury team won Treasury Today's "Top Treasury Team" Adam Smith award in 2014.

Amit is a Petroleum engineer by background and has an MBA from University of Pennsylvania, Wharton School.

NEWELL BRANDS, INC.

- Newell Brands is a leading global consumer goods company with a history dating back to 1903.
- The company has approximately \$15 billion in annual sales and more than 57,000 employees worldwide.
- In 2016, the company acquired Jarden Corporation which vastly expanded the scope of its offerings



Newell Brands makes life better every day for hundreds of millions of consumers where they live, learn, work and play.



WHAT VISIBILITY DOES FOR NEWELL

Cash

Progresses our
deleveraging story

FX

Helps manage
margins

Allows efficient use
of cash on balance
sheet

Reduces P&L noise
due to FX

Helps drive earnings
repatriation planning

Helps drive supply
chain planning

WHERE WE WERE IN 2015 (FX Risk Management)

- No systematic balance sheet FX hedging program due to lack of exposure visibility, resulting in constant P&L noise
- FX trading done over the phone; entire FX process manual and spread-sheet driven
- Well functioning cash flow FX hedging program but across a handful of major currencies
- Hedge accounting for cash flow hedges managed out of a standalone software solution

...AND IN CASH VISIBILITY

- 100% monthly cash visibility
- <50% intra-month cash visibility
- Pooling arrangement existed in Europe
- Minimal cash pooling existed in Asia Pacific

WHERE WE WANTED TO BE (FX Risk Management)

- Have a systematic Balance Sheet hedging program that integrated with our cash flow hedges
- Reduce or eliminate all Excel work
- Automate data gathering, analysis and FX trade execution
- Expand the scope of our FX hedging (more coverage)
- Eliminate the stand-alone hedge accounting solution and integrate it with the TMS

...AND IN CASH VISIBILITY

- Intra month global cash visibility as close to 100% as possible
- Access to global cash in a central global cash pool
- Manage payment controls using corporate protocols and not controls that differed across Business Units
- Manage daily cash planning more efficiently

OPTIONS EVALUATED FOR FX RISK MANAGEMENT

- Gathering balance sheet exposures manually
- Using software solutions to manage exposure collection and analysis
- Using automated trading solutions
- Integrating FX solutions with TMS

OPTIONS EVALUATED FOR ENHANCING CASH VISIBILITY

- Consolidating banks and bank accounts
- Manually aggregating balances daily
- Increased participation in cash pooling
- Using Technology Solutions (TMS with SWIFT connectivity)

SOLUTIONS SELECTED

FX RISK MANAGEMENT



+



+



+



+



(FX Exposure Analysis)

(Automated FX Trading)

(ERP to Gather FX Exposure Data from)

(Market Data for Valuation)

(to House/Account for FX Trades)

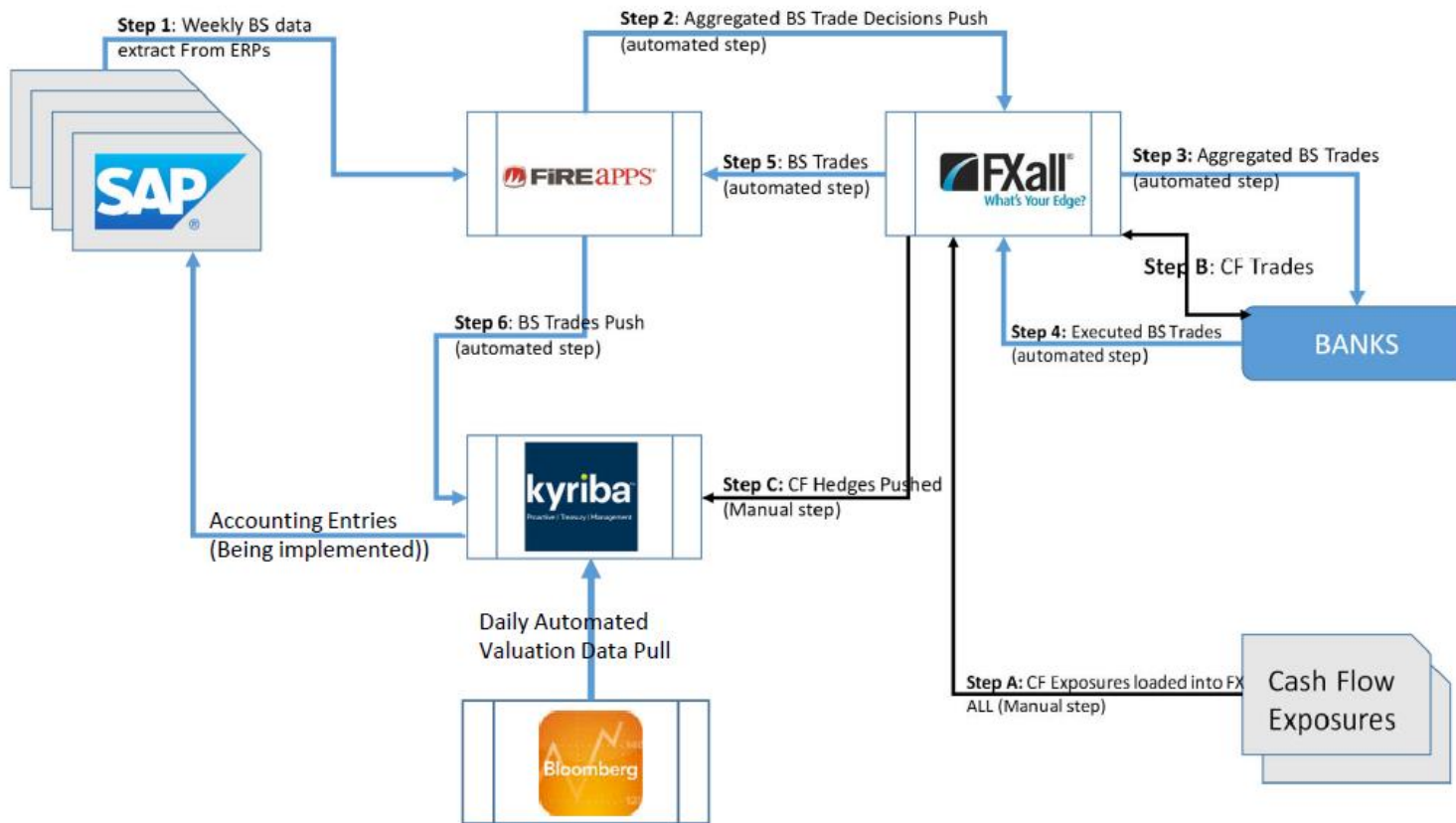
CASH VISIBILITY



+

CASH
POOLING

NEWELL FX WORKFLOW





NEW WORKFLOW

BALANCE SHEET HEDGING

- Team collects balance sheet exposures each week for its weekly hedging program
- FiREapps extracts SAP reports to collate and analyze data
- Notifies business units to research any flagged exposures; consolidated and netted hedges completed by FXall by afternoon
- Trades pulled into FiREapps automatically; then pushed to TMS
- FiREapps disaggregates netted trades into individual pieces and prepares reports for business units; reports sent out that afternoon
- Daily automated BB data pull helps run MtM in TMS
- Hedges “rolled” every 6 minutes; FiREapps calculates close-out trades and settlements
- Month-end reports now completed one day early

CASH FLOW HEDGING

- Monthly new trades now housed / accounted for in TMS
- Cash flow program seamlessly “hands-off” to balance sheet program
- Moving cash flow hedging into FiREapps

CASH VISIBILITY

- Previous day global cash visibility in Kyriba
- Global cash much more accessible via global and regional pools
- Daily cash planning done 3 hours sooner
- Payment controls much tighter



CHALLENGES IN NEWELL AUTOMATION

- Building the business case quantitatively was hard
- Designing a new work-flow that is scalable was difficult
- TMS selection was multifactor exercise and RFP process was tedious
- Automation exercise was a long process
- Testing the solution required a lot of patience
- Things often went wrong during the launch process

RESULTS OF NEWELL AUTOMATION

- Balance sheet program grew from **\$800M in 2015 to \$2B today**
- Newell now manages **14 additional currency pairs**
- FX transaction net losses dropped from **\$90M (cumulated) in 2013-2015 to ~\$2M in 2016**
- **Saved \$1.3M in FX trading costs** in the last year by use of FXall
- **FX process is now nearly fully automated** and is responsive to additional acquisitions as Newell Brands continues to grow
- Intra-month global cash visibility is **>95%**
- **APAC Regional cash-pool created** in HK and tied to global pool in Netherlands
- Daily cash planning process **sped up by 3-4 hours**
- Payment process controls solidified; cash forecasting improved
- Opens the doors for IHB, netting, POBO/ROBO and other sophistications



KEY LEARNINGS

- **TAKE CONTROL OF YOUR DESTINY**
Seek out vendors that enable you to design your own workflow prior to implementing the solution. Our vendors identified industry best practices at the outset!
- **SELECT PARTNERS WITH A TRACK RECORD OF SUCCESSFUL COLLABORATION**
Automating interfaces between solutions is time-consuming and resource-draining.
- **GET IT RIGHT THE FIRST TIME**
Be diligent when building your initial system set up (e.g., entity code and hierarchy set up). We kept future scalability top of mind.
- **“THE MORE YOU SWEAT IN PEACE, THE LESS YOU BLEED IN WAR”**
Rigorous testing prior to launch will pay dividends during launch.
- **PLAN FOR UNFORESEEN TESTING**
Removing the existing hedge accounting solution and replacing it with the new Kyriba module required unforeseen planning and testing time.
- **PROACTIVELY LINE UP SUPPORT**
Because transitions usually reveal untested scenarios (requiring real-time support) from solution providers, we had support lined up.



KEY LEARNINGS CONT.

- **MANAGE EXPECTATIONS**
Large scale implementations will be time-consuming and it is best to manage everyone's expectations accordingly.
- **EXPECT DELAYS**
There will be additional findings along the way that delay progress. It pays to expect occasional interruptions.
- **THE BENEFITS OF COLLABORATING**
When implementing, outside expertise can be invaluable. Select vendors that encourage a collaborative approach.
- **BABY STEPS**
Big bang launches can be difficult; best to finalize and launch solutions in smaller chunks.
- **TEAM BUILDING**
Automating FX is a major undertaking. It will help you recognize the abilities of your team to learn new technologies (while gauging their enthusiasm). Building something new together reinforces team dynamics.
- **LONG-TERM REWARDS**
New solutions will add to the team's immediate work-load, but in the end all stakeholders will be more knowledgeable and productivity will increase.

NEXT STEPS FOR NEWELL BRANDS

FX RISK MANAGEMENT

- Newell will expand exposure coverage to include smaller exposures and additional currency pairs.
- Newell will begin managing its cash flow using FiREapps, to include cash flow hedging in FiREapps for Cash Flow, further enhancing how it implements complex FX strategies and manages additional currency risk.

CASH VISIBILITY

- Newell will expand cash pooling to smaller markets in APAC
- Newell will harmonize banking relationships and bank accounts globally
- Newell Treasury team will expand other uses for TMS