

# Treasury Optimisation – Case Study

**A rapidly growing oil company was aggressively ramping up production, yet they had no official, documented treasury or risk management policy in place. They were facing several challenges, including:**

- Funding conditions, which included pre-requisite hedging of commodity price risk
- The majority of income was in USD, but the majority of costs were in AUD
- A balance sheet risk on a USD denominated bond
- Their decision making had been ad-hoc and often 'knee jerk' reactions to the market.

**Rochford advised and implemented the following strategies:**

- Constructed a treasury policy covering the multifaceted nature of the company's financial risks
- Developed management reporting process and templates
- Provided training to upskill their internal resources on treasury risk management
- Provided independent market to market (MTM) reports of derivative positions
- Supported the finance function to develop a cash management policy and maximise returns of AUD and USD deposits, while maintaining sufficient liquidity
- Supported the finance function to also develop an FX risk management strategy aligned with the company's pricing mechanism and invoice process
- Advised on the execution and structure of medium-term strategic hedges
- Provided monthly policy compliance board reporting on-going

With Rochford's expertise and support, the oil company management could focus on growing the business, confident in the knowledge that strategic objectives would not be compromised by market risks. The business went from having no official treasury function to a team equipped with the skills, resources, policies, and processes to manage all the financial risks and deliver a tangible result to the bottom line.