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Andrea Pal, the new CFO of Northern Capital Gateway has a huge challenge. Her mission is to make St. Petersburg's airport profitable, and she has only given herself a short time in which to succeed.

By Irina Jaekel

Airports are not a place you would expect a woman to take the lead. But Andrea Pal is a tough woman: there is a firmness in every word she says, a quality which will come in handy in her new job. In April 2010 she was appointed chief financial officer (CFO) and member of the management board of Northern Capital Gateway, the operator of Pulkovo Airport in St. Petersburg. It is the peak of her career so far. The Northern Capital Gateway consortium, consisting of VTB Capital, Fraport, the German owner and operator of Frankfurt airport, and the Greek investment and business group Copelouzos won a tender in July 2009 for the development, reconstruction and operation of Pulkovo airport. With more than 7 million passengers and a turnover of RUB 3.2 billion (EUR 840m) in 2008, Pulkovo is one of the largest airports in Russia. It is also in urgent need of restructuring, and Ms Pal might be just the person for the job.

Andrea Pal, CFO of Pulkovo Airport in St. Petersburg, has a tough call: restructuring the entire airport within a short period of time.

Petersburg

Ms Pal has been working on the Pulkovo concession for years. But her path to the top included plenty of detours. As CFO she is now reaping the fruits of her labour, but she will have no time for sitting on her laurels: as Pulkovo's new CFO, she has to bring all of her restructuring skills into play immediately.

What brings a Romanian woman to one of the top seats of Russian infrastructure? The story begins in Bucharest, where the now 49-year old got her master's degree in power engineering at the Bucharest Polytechnic Institute. In 1987 she left Romania for Germany accompanied by her husband and young daughter, where she began working as a development engineer for a small subsidiary of the German energy giant RWE. "Over six years, I worked my way up to the position of head of division," Andrea Pal remembers. She excelled in the position and soon she found herself assisting Lahmeyer's management board. But not for very long: "With my energetic nature, it just wasn't enough of a challenge for me," she laughs. So, leaving her family in Frankfurt/Main she moved nearly 400km away to do her first restructuring job at Piller, another RWE subsidiary. She left no stone unturned, and within three years she had reorganised the plant, overhauled the production and quality control systems, customer services and material management. She then assisted in the sale of the subsidiary bringing a considerable return for the parent company.

With that test passed, new challenges followed in different affiliates of the group, the levels of complexity of each one were growing in line with her experience. Back in Frankfurt/Main Ms Pal became project manager for corporate development and was tasked with co-ordinating the merger of two RWE subsidiaries, Lahmeyer AG and Rheinelektra AG. "Here, the financial background I had built up during the Piller restructuring proved extremely valuable," she says.

The successful merger proved to be a springboard and Ms Pal became chief technology officer. At this point, in 2001, she had come to the attention of Fraport AG which enticed her away from RWE. At Fraport, she became senior vice-president of global investments and portfolio management. That meant responsibility for Fraport's international investment projects. In charge of strategic M&A activities of Fraport, Ms Pal led several airport acquisition projects and negotiated contract conditions. It was at this time that she first encountered the airport at which she is now CFO. Her "baby", as she now calls the project, was the contract to run Pulkovo airport, which Fraport applied for.



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But it was not yet meant to be. Impressive as Ms Pal's career had been up to this point, all did not go as planned. Although she had acquired a portfolio of twelve profitable airports with a turnover of about EUR 400 million, "I had also taken over a handful of measly loss-generating investments that we had to clean up," she remembers. And after eight years with Fraport, "it was time for me to go," she says.

The way back

What followed was something of a creative break. For one year she worked as chief operations officer in a consulting company. In the meantime, though, her former employer Fraport won the bid for St. Petersburg's airport – the "baby" Ms Pal had been working towards for years. And looking for top management for St. Petersburg, Fraport asked her to take over the position of CFO. "I had worked a lot on

this project and it still irked me that I had not been able to complete it," she says.

Ms Pal's work life has consequences for her family. "I couldn't do this without the full support of my husband and my daughter," she admits. And her husband tries to make the best of the situation, mocking her for the fact that "our holiday pictures always show me on the phone," says Ms Pal. This is not something likely to improve following her acceptance of the position as CFO of Northern Capital.

Pulkovo airport, like many others, has experienced a decline in passenger numbers of 10 percent in the last two years. And even though passenger traffic is returning to normal, it is still a far cry from the 10 million passengers the airport saw in 1990. It urgently needs restructuring and modernisation. The investment plans amount to EUR 1.4 billion but EUR 800 million of which will be financed through credits. A new terminal is to be constructed, airport service to be re-aligned and reporting according to IFRS standards to be introduced in June. "I cannot expect that the Russian team will have any IFRS knowledge, particularly since the concessions follow a special type of IFRS accounting regulation," Pal said. In parallel, she must also provide project finance, budgeting and controlling, and change the entire IT infrastructure for which she is also responsible. But Ms Pal is convinced: "I think we will close this first phase of restructuring at the end of the year and go for a deeper refinement next year."

Andrea Pal will no doubt be snowed under with work at Pulkovo airport, but that is exactly how she likes it. Restructuring a Russian airport in four or five years is a tough call, but Ms Pal brings the experience, know-how and assertiveness necessary to make it happen. And when she is finished with that, you can expect her to go and find new challenges – because life is too short to take a rest. ||

irina.jaekel@finance-ee.com