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Grand Evening Event at Palais Niederoesterreich

No Better Neighbourhood

The fourth CFO Summit Emerging Europe & CIS had Vienna humming with vivid Hofburg, where more than 200 financial executives from 20 countries discussed

By Armin Haerberle and Anne-Kathrin Meves

Though the incident was unquestionably lamentable, the timing could not have been better. In the evening of 11 October, the Slovak parliament voted against supporting the enlarged European Financial Stability Facility (EFSF), toppling over the government of Iveta Radicova with a single stroke. On the morning of 12 October, the second day of the CFO Summit Emerging Europe & CIS opened with a panel discussion about the

“Eurozone – Land of Dreams or Nightmares?”

Consequently, Bastian Frien, editor-in-chief of FINANCE magazine, opened the discussion by remarking that when the summit’s programme had been designed, “we expected that the eurozone troubles would still be on the agenda, but we wouldn’t have thought that it would be this imminent.” In the discussion, Willy Van Riet, CFO of Wienerberger, stressed that despite all the uncertainties, his company still saw emerging Europe as their

most important growth market. In terms of eurozone membership, however, he emphasised that “we can see a lot of countries that have stretched themselves too far to be allowed to join the eurozone and now suffer from anaemic economic activity afterwards.” He was seconded by Mjmir Hampl, vice-president of the Czech National Bank, who made a fervent appeal to the audience to do their homework and keep their countries on a growth path rather than thinking of eurozone membership as the Holy Grail. Francesco Gior-



Top left: Simon Quijano-Evans (ING), Bastian Frien (FINANCE), Willy Van Riet (Wienerberger), Mojmir Hampl (Czech National Bank), Francesco Giordano (Uni-Credit Bank Austria) Top right: Juerg Fedier, CFO, Oerlikon. Lower left: Indermit Gill, Chief Economist EMEA, World Bank Lower right: Baris Oran (Sabanci), Indermit Gill, Bastian Frien, Reinhard Bauer (Daiichi Sankyo Europe), Armin Haeberle (FINANCE), Peter David (SAP Deutschland), Dr. Andre Carls (Commerzbank), John C. Kornblum (NoerrLLP)



debates and confident CFOs. The event brought an international flair to the how to steer their companies through these troubled times.

dano, CFO of Bank Austria, argued that in many cases, banks were stronger today than they were before the crisis in 2008. And Simon Quijano-Evans, head of research and chief economist EMEA of ING, extended this moderately positive outlook even further to most countries in emerging Europe in general.

While there were many more heated debates during the two-day conference, there was no discussion about the keynote speech by Indermit Gill, chief economist for EMEA at the World Bank, that started

the event on 11 October. It received unanimous praise instead. Presenting previously unpublished results of an upcoming World Bank report on European growth, Mr Gill told the more than 200 financial executives: "If you are based in a middle-income country, like most of emerging Europe is, then there is no better neighbourhood to be in than Europe." No other region in the world, he said, had done better in bringing middle-income economies into the high-income bracket, while at the same time promoting political and civil

liberties. While Europe experienced some shortcomings in terms of efficient government and innovation, it was second to none in terms of financial integration and flourishing trade relations. Mr Gill also asked all participants to give him feedback on how the reality they experienced every day related to his macro-economic analysis and many obliged him during the lunch break.

A following panel discussion addressed the ramifications unexpected events like the Japanese earthquake >>



Lunch and discussion in the grand exhibition area.



Marek Jelinek, CFO of New World Resources, explained his company's reincorporation in London.

and the uprisings in North Africa could have on the strategic risk management in companies. "You need to understand that network risk is a totally different game that cannot be mitigated with traditional risk-management measures," said John C. Kornblum, former US Ambassador to Germany and NATO and now senior counselor at Noerr. Andre Carls, CEO of Commerzbank CEE Holding, pointed out the importance of a trusting relationship between banks and clients in such testing times. "Companies also need to learn how important it is to build long-lasting partnerships with their core banks and not change them at the slightest difference in funding costs." Other participants in this discussion were Peter David, CFO for EMEA Emerging Markets at SAP, Reinhard Bauer, CEO of Daiichi Sankyo Europe, and Baris Oran, director for budgeting, consolidation and investor relations at Sabanci Holding. Each related their personal experiences with natural disasters and political unrest and underlined the importance of having risk management embedded in all levels of an organisation rather than just focused on the centre. Mr Oran asserted that "in order to guarantee a company's survival, you must not focus solely on cost efficiency." The speakers also agreed that financial instruments such as catastrophe bonds were still far from being effective tools to shield their companies from trouble.

In an on-stage interview, Marek Jelinek, CFO of New World Resources (NWR), explained the company's recent

reincorporation in London and its experiences with being publicly listed. Jürg Fedier, CFO of Oerlikon, recounted the biggest challenge of his career in his keynote speech on "The Art of Restructuring Debt Under Pressure." And in the last, but by no means least valuable, presentation of the conference, Peter Oswald, CEO Europe and International of Mondi, the packaging giant with EUR 8 billion in turnover, explained the strategy behind his company's rapid growth in emerging Europe.

Lively exchange everywhere

The central parts of the conference, however, were thirteen intense workshops. The topics ranged from compliance issues in emerging markets to banking relations and from how to decide between strategic and private equity-investors to cross-border acquisition finance solutions. With such a wide range of topics, the workshops offered a wealth of guidance and plenty of food for thought for the financial executives to digest over the two day summit. In a workshop centred on whether getting a rating is really worth the hassle, for example, a debate on differing perceptions erupted between corporations, rating agencies and banks. The former traditionally feel misunderstood while the latter replied that the self-perception of a company needs to be cross-checked against the industries and markets in which it operates. In another work-

shop, hedging strategies were discussed that went far beyond traditional currency hedging to include both interest rate and resource price hedging.

As a main feature of the summit, Giacomo Baizini, CFO of Russian steel company Evraz, received this year's "CFO of the Year" award from FINANCE Emerging Europe for his outstanding refinancing and deleveraging work over the past 18 months. "Giacomo Baizini took over the role of CFO at Evraz in July 2009 when the company faced a need to refinance large parts of its debt in a very difficult credit environment. He managed this impressively," said the jury in their substantiation.

In brief, the defining characteristic of the CFO Summit Emerging Europe & CIS was once again the combination of high-level strategic discussions with down-to-earth operational issues. As always, the event provided ample networking opportunities ranging from the wildly popular espresso bar to the after-hours lounge following the "CFO of the Year" Gala Dinner. With this, the CFO Summit Emerging Europe & CIS once again proved itself as the most important meeting place for lively exchange between financial executives from across the entire region. Like John Kornblum said in retrospect: "I very much enjoyed participating in the summit and had very stimulating discussions not only on the panel, but with many of the other participants afterwards as well." ||

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