



# Project Finance Modelling

*Radisson Blu Gautrain, Sandton, Johannesburg, South Africa*

## Course Overview

- The aim of the course is to enable participants to create, use and analyse a project finance model
- Using a case study approach and proven techniques for best practice modelling, participants will develop a structured, transparent and flexible project finance financial model
- Calculations cover revenues, operating costs, capital expenditure, depreciation, debt and equity financing leading to the development of integrated financial statements
- Participants will learn to work with the powerful and easy to follow FAST modelling practice methodology
- These skills can be used to support reviews by Lenders and to support organisations that develop projects
- Throughout the course, key aspects of project finance transactions are discussed and how these may be translated into a financial model

## Benefits of attending this course

- FAST best practice methodology rules and techniques
- Gain a deeper understanding of project finance transactions, the types of models used and their typical structure
- Practical experience developing a project finance model
- Ability to incorporate real inputs into model, tailor outputs of the model to end users and interpret the results
- Ability to review a financial model with a focus on key metrics
- Ability to run sensitivities and optimisation
- Ability to due diligence a model

## Who Should Attend?

- Project finance professionals
- Structured finance professionals
- Private equity professionals
- Business development managers
- Investment managers
- Financial analysts
- Public sector professionals

# Day One

# Day Two

## Introduction to the Project Finance Model

- Typical layout, structure and flow of a project finance model
- The financial model development process
- Introduction to the Flexible Appropriate Structured and Transparent (“FAST”) philosophy of good financial model design
- Overcoming bad financial modelling habits
- Introduction to best practice financial modelling
  - Keyboard shortcuts
  - Navigation and editing
  - Row totals and formula consistency
  - Timing flags
  - Calculation blocks
  - Corkscrews
  - Lookup functions
  - Charts
- Introduction to debt sizing
  - Indices (real vs nominal)
  - Debt sizing exercise
  - Data tables

## Financial Modelling Case Study

- Case study overview
- Populate input assumptions (project costs, O&M costs, revenue, debt assumptions from term sheet) based on case study
- Develop construction calculation sheet in model:
  - Capital expenditure profile (Spend curve)
  - Sources and uses of funds
  - Drawdown profile (pro-rata, debt first or equity first)
  - Interest during construction and understanding circularities
  - Asset schedule
- Develop revenue calculation sheet
- Develop operational calculation sheet

## Financing

- Review debt term sheet (key commercial terms)
- Develop debt repayment profile in debt calculation sheet
  - amortization
  - equal principle
  - debt sculpting
- Depreciation & tax
- Equity

## Financial statements, debt and equity metrics and sensitivities

- Integrated Financial Statements
  - Income statement
  - Balance sheet
  - Cash flow statement
  - Cash flow waterfall
- Debt coverage ratios (backward looking, forward looking and average)
  - Debt Service Coverage Ratio (“DSCR”)
  - Loan Life Coverage Ratio (“LLCR”)
  - Project Life Coverage Ratio (“PLCR”)
- Equity metrics
  - XIRR
  - XNPV
  - Payback period
- Equity valuation
  - Equity discount rate
  - Dividend discount method
- Sensitivities
- Introduction to VBA and macros

## Financial model integrity

- Summary page
- Model checks and alerts
- Auditing track record

## Course Format

- The course is interactive, comprising of a mix of theory, group discussions, instructor-led demonstrations and excel-based exercises for participants to undertake
- Participants are provided with a slide pack, an illustrations booklet covering key Excel formulae, instructions to modelling exercises and exercise solution files
- These will be used during the course and will serve as valuable reference material following the course should participants wish to refresh their skills at a later date

## Prerequisites

- The ability to navigate easily around Excel's menu options
- Working knowledge of financial statements
- Some experience of working on project finance models

## Our Expert Presenter



### **Andrew Shiaka**

*Vice President  
Resources and Project Finance  
Absa Capital*

- Andrew is a seasoned project finance transactor with over 10 years industry and deal experience
- As a Vice President within the Resources and Project Finance team at Absa Capital, Andrew is focussed on originating and executing project finance transactions in South Africa and the rest of Africa
- His primary focus is on the power and infrastructure sector and his deal experience extends across thermal energy, renewable energy (solar, wind, hydro) and transport infrastructure
- His experience has been in early stage greenfield project advisory, project finance lending and buy side and sell side M&A advisory
- Prior to joining Absa Capital, Andrew spent 5 years at Fieldstone, an international investment banking boutique focused on the power and infrastructure sector in Africa. At Fieldstone he gained valuable experience working with Sponsors, banks, funds and public sector entities