

Project Finance Modeling Boot Camp

DURATION

3 days

PREREQUISITES

This seminar presumes knowledge of financial accounting (at least 1 semester or equivalent) and Microsoft Excel. Participants without this background should complete Wall Street Prep's online Accounting and Excel Crash Courses before the seminar.

TARGET AUDIENCE

- Investment banking analysts and associates
- Private equity, asset management and infrastructure fund associates
- Financial, technical, and legal professionals working in the infrastructure sector
- MBA students and business undergraduates
- Anyone seeking to improve their financial modeling skill set

AGENDA

Introduction to Project Finance

This section provides a conceptual overview of project finance and is intended to provide students with the basic understanding of the financial structure of the Project Finance Model Case Study.

- What is project finance
- Difference between project finance and corporate finance
- Project finance structure
- Project finance risks and risk changes over time
- Constraints to project finance investment
- Sources of project finance
- Project revenues and costs
- Debt financing instruments and characteristics
- Equity financing and characteristics
- Introduction to key project finance metrics
- Types of project documentation

Project Finance Modeling Best Practices

This section discusses and provides practical excel exercises for formats, functions, and formulas which will be used in the Project Finance Model Case Study

- Features of the financial model
- Importance of financial models
- Modeling best practices (12 rules)

Project Finance Model Case Study, Phase 1 phase

This section is a step by step hands on excel exercise which will build upon the previous exercise to arrive at a final project finance model for a single project. Each part is intended to be additive where answers to each part will be provided in the proceeding part.

- **Project Finance Model Part 1: Introduction to the Project Finance Model Case Study**
 - Overview of case study project
 - Baseline financial structure of case study (eg: revenue, cost, capital structure)
- **Project Finance Model Part 2: Setting Up A Template Worksheet**
 - Formatting a template sheet for easy viewing
 - Introduce model headings, output messages, units, and timelines
- **Project Finance Model Part 3: Setting Up the Timing Sheet**
 - Set up the proper model periodicity using key excel functions
- **Project Finance Model Part 4: Setting Up Inputs Sheets**
 - Categorically set up input sheets which can run multiple scenarios
 - Create flexibility for revenues, expenses, leverage, and financing assumptions
 - Set up static and time-based inputs for model calculations

Project Finance Model Case Study, Phase 2

This section is the continuation of a step by step hands on excel exercise which will build upon the previous exercise to arrive at a final project finance model for a single project. Each part is intended to be additive where answers to each part will be provided in the proceeding part.

- **Project Finance Model Part 5: Creating Timing Flags**
 - Code flexible timing flags for triggers, construction, and operational periods
 - Calculate flexible percent completion flags
- **Project Finance Model Part 6: Integrating Financial Statements**
 - Set up an integrated Cashflow Statement, Balance Sheet, and Income Statement
 - Understand dependences between the 3 financial statements and calculations

- **Project Finance Model Part 7: Capital Costs Calculations**
 - Code control accounts for project expenditures
 - Calculate fixed assets during construction
 - Develop depreciation calculations and integrate into financial statements
- **Project Finance Model Part 8: Implementing a Checks Sheet**
 - Build a project checks sheet with a tolerance level
- **Project Finance Model Part 9: Reserve Accounts**
 - Develop working capital accounts to account for timing differences of cash received and expended
 - Code operational period calculations including routine operations and major maintenance expenditures
 - Link operational period calculations to financial statements
- **Project Finance Model Part 10: Debt Financing Calculations**
 - Code senior debt and subordinated debt calculations
 - Understand the impact of cashflow available or debt service to repayment of debt financing
 - Calculate debt drawdown, debt principal, and debt interest
- **Project Finance Model Part 11: Equity and Dividend Calculations**
 - Calculate equity injections and redemptions
 - Create a dividends control account and constraints to equity distributions

Project Finance Model Case Study, Phase 3

This section is the continuation of a step by step hands on excel exercise which will build upon the previous exercise to arrive at a final project finance model for a single project. Each part is intended to be additive where answers to each part will be provided in the proceeding part.

- **Project Finance Model Part 12: Project Taxation**
 - Calculate profit chargeable to corporation tax
 - Set up a corporation tax control account to link to financial statements
- **Project Finance Model Part 13: Ratios and Returns**
 - Develop a debt service coverage ratio calculation, NPV Calculation, Project and Equity IRR Calculation
 - Create project outputs and management overviews including a sources and uses table and management dashboard
- **Project Finance Model Part 14: Final Project Finance Model Review**
 - Code in VBA to analyze project and equity IRRs of multiple scenarios simultaneously
 - Learn summary and perform sensitivity analysis

Shesi Xie, Wall Street Prep Instructor



She has over a decade of experience in the developing infrastructure projects in the social and transportation sectors. She has extensive experience in project finance, asset privatizations, infrastructure commercial strategy, and public private partnerships. Prior to joining Wall Street Prep, she was a Vice President in KPMG's Infrastructure Advisory Practice and was the financial and commercial advisor to various public agencies for their alternative delivery programs. Her work consisted of project screening, financial analysis, financial modeling, term sheet negotiation, and commercial structuring advice for public and private sector clients. She is also the founder and managing partner of SXM Strategies, a boutique infrastructure financial advisory firm.