

INTERNATIONAL FINANCE FINANCIAL MODEL Excercise

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Excercise (E)

A financial investor is considering the possibility to invest in a car park in France, thought an SPV named “Gamma”. The project is already operating and has a residual life of 20 years.

Asset Value is **25 M€**, with a D&A rate of 4% (plant amortization is fixed value during the plant life – *1/20 every year*)

The financial structure considers a leverage of 70% of the asset value, to be repaid in 15 years with a fixed repayment (capital repayment + financial interests = fixed value every year, use the excel formula “rata” or “pmt”). Financial interests are 4% every year.

As revenues, Gamma has signed a service agreement with a leading car park operator, “Delta”. Under this agreement, Delta is in charge of operate and maintain the car park, and can benefit from the sale of ticket to the final users. Delta will pay an annual fee of 2.8 M€ to Gamma, to be adjusted to inflation rate

Gamma expects around 0.4 M\$ of annual costs (whereof 0.1 M€ of concession fee, 0.1 M€ salaries, 0.1 M€ general & administrative and 0.1 M€ contingency).

Inflation rate can be considered 2.0% per year, starting from the first year of operation.

Tax rate is the 28% of EBT.



Excercise (E)

Please write or calculate:

- Some project risks and how they have been covered in the structure
- P&L, balance sheet and cash flow to identify IRR and NPV
- K_e and WACC based on market estimations
- Is the investment attractive for the sponsor?