



OBJECTIVE

This is a two day intensive course that covers several aspects of project finance from complex valuations through to deal structuring. It will look at the fundamental approaches for measuring and pricing project risk as well as the industry best practice for reducing downside effects of project finance exposures. The course should be seen as an end-to-end program taking in different perspectives of project finance from the banker’s angle through to private equity. Practical examples will be given that show the various winning strategies of firms that have successfully utilized project finance capital effectively.

KEY AREAS

- Valuing various types of project investments
- How to select projects in a risk return manner
- How to measure beta and risk in a project
- How to hedge and cover project exposures
- Effects of leverage and gearing on projects
- Case studies on failed & winning projects
- Various industry models manufacturing, construction, retail, heavy industry, infrastructure
- Banks perspective on risky projects

FOCUS

VALUATION & FINANCE

The program will look at different perspectives of valuation, measuring risk how to benchmark performance and select optimum paths for finance. Gain insight into the key ratios for project performance.

PROJECT STRUCTURES

Gain insight into various SPV structures for running projects considering PPP, BOT, M&A’s. Understand processes around Syndication, guarantees and the various tranches of investment grade capital.

WHO SHOULD ATTEND

- Financial Analysts
- Investment Managers
- Project Financiers
- Credit Managers
- Valuation Analysts
- Portfolio Managers
- Commercial and Investment Bankers
- Planning departments considering participation in project finance

Receive spreadsheet models that can be taken away

About your trainer



Martin specializes in designing financial measurement systems with a particular focus on economic capital and treasury frameworks. He has more than 10 years experience developing risk measurement systems for financial institutions in the realm of credit and market risk and has worked across several sectors including investment banking, stock exchanges, brokerages, regulators and energy houses. He has a particular interest in lending products and in assisting businesses value and manage their strategic investment programs. Primarily he is banker with experience in both the markets and investment banking. In the capital markets arena Martin has worked closely with a stock exchange in the region assisting the exchange design a new energy instrument and futures contract. In addition to Martin’s work within the capital markets and banking sector he is a credited trainer for structured finance, project finance, cost modelling, credit and operational risk.



Day 1 Agenda

Valuation and Pricing Risk

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The course will begin with an introduction to various models used in project finance and brings all class members up to a base standard before moving into the more complex risk pricing and valuation. Each session will consist of an academic theory with a real life spreadsheet example.

“This course has extensive depth, is well documented, provides excellent workshop case studies and example spreadsheets” – Abu Dhabi Investment Council

KEY LEARNING

- Understand the various approaches of valuation and benchmarking, when should they be used?
- Gain insight into the effects of leverage and gearing where are the optimum paths?
- What are the key performance ratios to monitor.

Session 1

- 08:30 **Project Finance Foundations**
Understand the key concepts, various parties and their roles. Gain a complete oversight of the industry sector and its challenges.
- 09:30 **DCF, Benchmarking**
Look at the various methods used by potential investors to value projects. Understand the fundamentals of WACC, DCF and look at how to build up complex models in a straight forward way.
- 10:30 Coffee Break
- 10:45 **Valuation Engine**
Review the key aspects of project valuation and learn when to apply different modes to different cash flow and project types from income approach to market methods.
- 11:45 **Leverage and Debt Beta**
Gain full insight into how banks value the risk in projects, how leverage effects betas and the optimum design level for a project.
- 11:45 Coffee Break
- 12:00 **Costs Revenue Forecasting**
Look at various methods for dimensioning costs & revenues, considering seasonal adjustments, trends, stochastic methods, ABC costing etc. Excel models will show how to do such calculations.

Session 2

- 14:00 **BS, IS, CF**
Gain insight into the linkages between Balance Sheets, Income Statements and Cash Flows. What is the winning strategy across various industry types for constructing these models?
- 15:00 Coffee Break
- 15:15 **Sensitivity and Scenarios**
What the key approaches for carrying out a sensitivity analysis over a project model.
- 16:15 Coffee Break
- 16:30 **The Real Option**
Look at new methods for valuing the risk in opportunities using real options. Why are they so popular with analysts and how can these models be used to show break points and optimum levels of project utilisation will be discussed.
- 17:30 Day One Complete

This is an extensive day however examples will be given to the class that can be taken away on a spreadsheet. In addition all training material is made available in hard and soft copy.

Day 2 Agenda

Deal Structuring

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The second day takes a different angle and reviews risks that cause contractual cash flow expectations to fall, how can projects be structured to reduce such exposures will be discussed with various industry case studies.

“In two days were taken through some exciting examples of valuation of cash flow, highly useful to us” – CIMB

KEY LEARNING

- How to price credit risks and benchmark.
- What are the various project structures for different industries.
- Look at models from manufacturing, construction, transport.
- What are the key factors for success on different project structures?

Session 1

- 08:30 **The SPV Structure**
Look at various different SPV structures and how they can be used to protect the firm firms assets, reduce tax and attract investment.
- 09:30 **Ratios and Scoring**
Look at a model used by banks to score commercial projects, gain real insight into what the key project ratios are and how they need to be measured.
- 10:30 Coffee Break
- 10:45 **Guarantees & Collateral**
What are the various methods employed by projects to reduce the risk of default in debt finance, how do banks view these various forms of security?
- 11:45 **Case Study : Infrastructure**
Look at various models used by large and small firms to attract capital what are the main risks in PPP’s and what factors have driven their success and failure.
- 11:45 Coffee Break
- 12:00 **Project Finance ALM**
Gain insight into how to manage Assets and Liabilities from a project finance perspective. What type of treasury functions do project finance models need? What are the best practices for optimising yield, liquidity and risk?

Session 2

- 14:00 **Market Risk**
Learn how to dimension risk in commodities prices and currency, how should these be represented in the project finance domain and how can these exposures be reduced?
- 15:00 Coffee Break
- 15:15 **Case Study : Property**
Look at several property valuation models, projects. What methods worked best in scaling up and back large construction projects?
- 16:15 Coffee Break
- 16:30 **Key Challenges for Asia**
What the key challenges for different projects in Asia taking in the full perspective of micro finance through to large syndications. How can political / sovereignty risk be dimensioned and what are the key developments in Asia.
- 17:30 Day Two Complete