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| --- | --- |
|  | To calculate base-case cash flow and NPV:   1. OCF (base) 2. NPV (base) 3. Sensitivity if asked [OCF (new) and NPV (new)] 4. Change in NPV / Change in sales |
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|  | \*last bit not always in equation🡪E.g. Base cash flow q’s |
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1. Calculate operating cash flow (When not VC and FC etc.)

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| --- | --- |
| Net Revenue | $ 170 000 |
| Dep | -$ 112 000 |
| EBIT | $ 58 000 |
| Tax @ 30% | -$ 17 400 |
| Net Income | $ 40 600 |
| Add Back Dep | $ 112 000 |
| OCF | $ 152 600 |
|  |  |

1. Determine project cash flows for project / draw timeline version

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| --- | --- | --- | --- | --- | --- | --- |
|  | Yr 0 | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| OCF |  | 152 600 | 152 600 | 152 600 | 152 600 | 152 600 |
| Cap Ex | -560 000 |  |  |  |  |  |
| ΔNWC | - 17 500 |  |  |  |  | 17 500 |
| Resale |  |  |  |  |  | 50 000 |
| Tc on gain |  |  |  |  |  | - 15 000 |
| FCF | -577 500 | 152 600 | 152 600 | 152 600 | 152 600 | 205 100 |