

# Building a Financial Model

## Of an Infrastructure Portfolio Company

### Summary

This course reviews project economic concepts and focuses on the skills required to design and create a model to help finance professionals evaluate an investment in an infrastructure portfolio company using a holding company structure.

Participants will create a model of an electric utility, however, the course is relevant for an investment in any type of infrastructure portfolio company. The course material includes model design, logic, construction, and accounting treatment.

Various intermediate and advanced Excel tools along with helpful keyboard shortcuts will also be covered throughout the course.



#### Prerequisites

Participants should have a basic working knowledge of Excel and the infrastructure sector prior to taking this course.



#### Timing

This course requires 2 days.

### Learning Topics

#### 1. Power Generation Asset Modeling

- ✓ Incorporate key revenue and cost drivers for hydro and natural gas generation assets
  - Model contracted and merchant power prices
  - Apply heat rates to calculate fuel consumption
- ✓ Build up detailed assumptions sections for plant CAPEX and capacity calculations

#### 2. Design and Structure a Financial model

- ✓ Design a clear and logical financial model
- ✓ Create defined inputs and assumptions

#### 3. Incorporate Advanced Capital Structure Features

- ✓ Build a detailed Sources and Uses schedule to understand the acquisition and sources of investment funding
  - Examine holding company financing separate from operating company level financing
- ✓ Layer in Financing Structure for the transaction
  - Incorporate multiple forms of financing including a revolver
  - Add refinancing options for financings subsequent to the transaction

#### 4. Build Powerful Scenarios and Financial Statements

- ✓ Use switches to create effective scenarios and value drivers
- ✓ Forecast and build-up the generation assets' revenues and expenses
- ✓ Design and incorporate the infrastructure company's income statement, balance sheet and cash flow statement
  - Construct all necessary schedules, including:
    - Depreciation / CAPEX
    - Working Capital
    - Income Tax
    - Debt and Interest
    - Shareholders' Equity