

Financial Projections Template Instructions for Excel Versions 97-2003
Effective Date: April 1, 2011

General Information:

- This model is designed to allow applicants and OPIC personnel to create basic financial projections quickly and efficiently. It is an annual model and may not capture all nuances of a project's operations (prepaid expenses, deferred income, etc.) If items not captured in the model are critical to understanding the financial operation of a particular project or if it is important to show non-annual (e.g. quarterly or monthly) cash flows, the applicants should provide a more complex projections model that accurately captures their information.
- The model is generally applicable for new/greenfield projects. It can be adapted to accommodate existing/expansion projects, but there is another version of the model that is more applicable to such projects. If your project is an expansion of an existing operation, please ask your OPIC contact for that version of the model.
- Users may fill in data on the "Assumptions" Worksheet. Cells where data may be entered are highlighted in blue. Entering data in other cells or changing formulas in non-highlighted cells could result in a malfunction of the model. If the user is an experienced modeler and is comfortable with re-programming certain formulas, it is ok to do that. However, if the user is not comfortable doing that and needs assistance with tailoring the model to meet the needs of the project, OPIC can provide assistance.
- **Some of the formulas in this template will not work if the "Analysis Toolpak" Add-Ins of Excel are not functioning. To check this, go to the "Tools" menu, click "Add-Ins" and make sure that the "Analysis Toolpak" and/or "Analysis Toolpak – VBA" boxes are checked. If your version of Excel does not include these add-ins (this should be rare), clear all formulas in rows 85 through 91 on the Assumptions tab and manually enter the repayment schedule in row 96 of the Assumptions tab.**
- The model is denominated in thousands of U.S. dollars.

Detail Instructions (at a row or cell level) for entering data on the Assumptions worksheet:

DATE and COMPANY/PROJECT NAME

1. Cell D1: Enter the calendar year in which the loan is expected to close, usually the current calendar year.
2. Cell D2: Enter the name of the Company/Project for which the projections are being made.

REVENUES

1. Cells A5, A11, A17 and A23: Enter the names of your products/lines of business/revenue categories.
2. Rows 6, 12, 18 and 24: Enter projected units of product sold.

3. Rows 7, 13, 19 and 25: Enter the average price per unit in the currency in which it is sold (either local currency or USD).
4. Cells D8, E8 and F8: Enter 3 years of projected local currency/USD conversion rates. If your sales are in USD, enter 1.00.

NOTE: Many lines of business may not have a consistent price/unit basis. For example, a company that provides customized services to clients may have very different prices on each individual contract. For the purposes of this model, please provide an *average* unit price that results in the proper projected revenue. If individual units vary significantly from the average, please note that in any explanatory information that you provide with your model.

OPERATING COSTS

1. Row 33: Enter the percentage of revenues required to cover the direct cost of products sold.
2. Cells A38 to A42: Enter the names of local currency operating expenses.
3. Rows 38 to 42: Enter estimated local currency operating expenses in thousands of local currency units. The model will convert them to USD using the exchange rates you provided in row 8.
4. Cells A48 to A52: Enter the names of USD operating expenses. Note: some of the names may be the same as those in cells A38 to A42. For instance, you may pay some salaries in local currency and some in USD.
5. Rows 48 to 52: Enter estimated USD operating expenses denominated in thousands of USD.

NOTE: If there are certain operating expenses that are being incurred in the pre-operating (i.e. construction/startup period), and those expenses are being counted as part of the project cost, do not enter them in this section. Those “development” expenses should be entered into the CAPITAL COSTS section described below.

CAPITAL COSTS

1. Cells A59 to A68: Enter project capital cost line items. May include hard asset costs (i.e. building, equipment, furniture, computers) and soft asset costs (i.e. licenses, development costs, legal expenses) incurred in construction/establishment of the project.
2. Rows 59 to 68: Enter capital cost amounts in thousands of USD.

NOTE: If you are capitalizing OPIC interest/fees during construction and start-up working capital as project costs, do not enter them in this section. Interest/fees and working capital are calculated in later sections.

OPIC DEBT

1. Cell D75: Enter the amount of the OPIC loan denominated in thousands of USD.
2. Cell D76: Enter the base interest rate (i.e. the cost of funds). The U.S. Treasury Department gives OPIC base annual interest rates for specified loan terms (i.e. 5

years, etc.) These rates are updated monthly. Please discuss with your OPIC contact to get the appropriate rate.

3. Cell D77: Enter the interest risk spread. OPIC charges a spread above the base interest rate to cover credit risk. Please discuss the estimated potential spread with your OPIC contact to get the appropriate rate.
4. Cells D79 and D80: The standard OPIC commitment fee is 0.50% per annum on undrawn amounts. The standard OPIC facility fee (paid up front) is 1%. Under certain circumstances, these fees may be adjusted. Please discuss with your OPIC contact.
5. Cells D81 and D82: Enter the proposed term of the loan (in months) and any grace on principal repayment (in months). For instance, a five-year loan with a grace period of 1 year would be entered as 60 months and 12 months, respectively.
6. Cell D83: Enter the number of payments you will make per year -- enter the number 4 for quarterly or the number 2 for semi-annual.
7. Cell D84: Enter the estimated date of the first loan disbursement. This date must be in the same calendar year as the calendar year listed in Cell D73. **Do not use either January 1 or December 31 as a disbursement date.**
8. Row 93: Enter proposed loan disbursements (denominated in thousands of USD) on an annual basis (i.e. if you expect more than one disbursement in a particular year, add them together and put all in one year).

WARNING: There are complex formulas in rows 85 through 91 that will automatically calculate the number and timing of principal repayments. These formulas require that the “Tookpak” add-in be active in Excel. If you are unable to activate the Toolpak add-in (see directions at the beginning of these instructions), then the formulas in these rows should be erased, and the repayment schedule in row 96 should be entered manually.

EQUITY TRACKING and RECONCILIATION of RETAINED EARNINGS

1. Cell D103: Enter cumulative amount of equity already contributed to the project denominated in thousands of USD.
2. Row 104: Enter new cash equity or subordinated debt funding denominated in thousands of USD.
3. Row 109: Enter the percentage of net income that will be paid out in dividends. Be mindful of the fact that OPIC does not allow borrowers to pay dividends until the project is established (has reached “completion” in OPIC-speak) and that OPIC generally restricts dividend payments to 50% of net income (or requires payments over that amount to trigger an equal amount of loan pre-payment).

Note: This model is generally utilized by “start-up” projects that do not have a prior equity investment (i.e. “zero” is entered into cell D103). If you are modeling an expansion project with existing equity and assets, then the balance sheet will need to be adjusted to accommodate the assets (or the “expansion” version of the model should be used).

INCOME TAX

- Row 115: Enter estimated profit tax rate. This rate is applied to earnings after depreciation and interest.

DEPRECIATION/AMORTIZATION

1. Cell D120: Enter the year in which depreciation of project assets will begin. Usually assumed to be the current calendar year or the next calendar year.
2. Cells B122-131: Enter the number of years over which each asset will depreciate.

BALANCE SHEET ITEMS

1. Row 136: Enter the number of days of receivables that you estimate will be carried on the balance sheet at the end of each year. NOTE: The receivables account on the balance sheet is calculated by multiplying the number of days of receivables by the average daily revenue of the business. It represents the number of days of revenue that customers owe to the project company at any one time. If customers pay the project company cash at the time of the transaction, receivables may be very low or zero. If the project company allows customers to pay over time, receivables will be higher. Moreover, if the local market is such that many customers are likely to pay late, a higher amount of receivables days should be estimated.
2. Row 137: Enter the number of days of inventory that you estimate will be carried on the balance sheet at the end of each year. NOTE: The inventory account on the balance sheet is calculated by multiplying the number of days of inventory by the average daily cost of goods sold. It represents the number of days of product that you have in stock at any one time.

NOTE: Both receivables and inventories are considered “uses of cash” because they represent output that the project company has provided to customers or has stocked but for which it has not yet been paid. During the start-up period of the project, these costs may be considered project costs.

3. Row 138: Enter the number of days of payables that you estimate will be carried on the balance sheet at the end of each year. NOTE: The payables account on the balance sheet is calculated by multiplying the number of days of payables by the average daily costs (both direct and overhead) of the business. It represents the number of days of cost that the project company owes to its vendors, labor, etc. at any one time. If vendors have provided the company with relatively generous payment terms, the days of payables will be larger.

Note: Payables are considered a “source of cash” because they represent goods or services that the project company has received but not yet paid for. Payables are subtracted from the sum of receivables and inventory for the purpose of calculating the net project cost attributable to working capital requirements.

4. Row 139: Enter the number of months of debt service that OPIC requires the project company to place in a restricted cash account. In many cases, OPIC requires the

project company to keep a cash reserve that would cover debt service during temporary cash shortages. Please discuss the potential size of such a reserve with your OPIC contact.

GENERATION OF FINANCIAL PROJECTIONS

Once the user has entered all the assumptions on the Assumptions tab, the model will generate financial projections, including: balance sheet, income statement, direct (UCA) cash flow statement, sources and uses statement and various ratios. NOTE: The sources and uses statement is the hardest to program since the determination of what should be included in up-front “project” costs can be somewhat subjective. At present, this tab includes initial working capital, initial debt service and initial cash balance in the “uses” of funds, but this may not be appropriate for your particular project. Please check this tab carefully to determine if any adjustments need to be made.