

2020

Executive Summary XXX



Piter-Consult

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1. General information

Investment climate in YYY

International companies in YYY are guaranteed equal legal treatment as local ones. They are allowed to invest in any industry and freely transfer all financial and other assets, including profits and dividends.

Investment projects in the country are insured against non-commercial risks by all major national and international investment and export insurance agencies. Protection of foreign capital is further safeguarded by Bilateral Investment Treaties signed between YYY and 32 other countries.

YYY is a member of CEFTA — a free trade area in South East Europe with 25 million people.

With the population of 7.5 million people, YYYn market itself is the second largest in the region. Furthermore, YYY is the only country outside the Commonwealth of Independent States that enjoys a Free Trade Agreement with Russia. Moreover, there are Free Trade Agreements with several more countries like Belarus, Turkey and Iran that equals the number of 320 million consumers in total. Apart from this YYY enjoys duty-free exports to the European Union and the United States for most products and services.

YYY has grown into one of the premier investment locations in Central and Eastern Europe. A list of leading foreign investors is topped by world-class companies and banks such as Fiat, Telenor, Stada, Coca-Cola, Microsoft, Michelin, Gazprom, Intesa Sanpaolo, etc.

YYY offers highly capable intellectual capital and customs free access to the 15% of the world market.

The Economist Intelligence Unit: “Out of 16 countries included in the research, YYY will be leading the region in terms of business reforms by a wide margin”.

Vice Chairman of the Forbes Publishing company Christopher Forbes has said that YYY has good development potential for attracting foreign investments, especially in the field of agriculture, energy, telecommunications and the automotive industry.

The Forbes Publishing company Vice Chairman also said that he will share his impressions of YYY with interested investors and other businessmen.

Asked what sectors of the economy are most attractive to foreign investors, Forbes said that YYY has a wide range of economic possibilities and, after visiting Telekom Srbija, noted that this company has a large number of users and great development potentials, so as the entire telecommunications sector.

The energy sector also has good development possibilities, he said after touring the Electric Power Industry of YYY. Following the visit to the Fiat Automobiles YYY factory in Kragujevac, central YYY, where he saw many young and educated workers, Forbes voiced belief that the plant's location and the automotive industry itself are attractive to investors.

About XXX

.....

The main and central offices are located in building 1 with an area of 181 m², accommodating 4 offices, fully equipped with office furniture and the necessary technics.

There is also an office space located in building 2, composed of two new buildings with total area of 498 m². It is equipped with a large number of office furniture, as well as digital resources needed for the work of employees. This building is intended for the IT sector.

The Cypriot company office with an area of 70 m² is located in the center of Limassol city. The office is equipped with telephony and internet.

The company owns both land and facilities. Eleven of them have different purposes: some of them are residential, others are industrial, still others are warehouses and auxiliary buildings. All of them are grouped in one production-related location.

.....

The company includes following sectors:

1. IT sector with professional staff in charge of:
 -
2. Technology sector with staff responsible for application of electronics and information technology in order to achieve innovation.
3. Administrative sector with staff in charge of:
 -
4. Maintenance sector with staff responsible for:
 -

The company has its own sales representatives in Syria, Iraq, Kuwait, Montenegro, Macedonia, Cyprus, Ukraine, Slovenia. All the sale representatives are provided with catalogs, brochures and technical specification.

Our products are also presented on social networks, as well as on our web site.

In order to increase sales, we also run email marketing campaign.

We have created a strategy to increase the base of contacts and clients, and we are running automatic and personalized campaigns, and our database is compliant with the Law on Personal Data Protection.

Two times per year we organize presentations of our work.

We participate at

In the technology fair in

The weaknesses of XXX are

The necessary costs for the company's development are determined by the Group's development strategy. Large funds have already been invested in the real estate and infrastructure as defined in Table 1. Further development requires additional working assets, additional equipment and components to increase production in accordance with the market demand.

Table 1. Balance of the group

Item	Amount (thousand EUR)
Accounts receivable	
Raw materials, consumables and components	
Total current assets	
Capital assets	
Residual value of capital assets:	
Buildings and facilities	
Prepaid costs	
Other assets	
Investment in securities	
TOTAL ASSET	
Accounts payable	
Total current liabilities	
Long-term loans	
Over-par capital	
Reserve funds	
Additional paid-in capital	
Retained profit	
Total equity capital	
TOTAL LIABILITY	

2. “Smart City” system: production, sale, installation and maintenance of equipment, implementation of new technologies

2.1. About business idea

As part of the “Smart City” project, we plan to produce, sell, install, maintain equipment and introduce new system technologies. Water, electric and heat meters are assembled with the option of permanent access to data in a personal office through a specialized communication system.

Our services are united by “Smart city” technology, which also includes:

- Smart data reading system “Smart sensor”.
- Dispatch service.
- Invoicing system for used services “Smart invoicing”.
- Payment system “Smart Payment”.

The “Smart city” technology is designed for:

- Service users (public utilities, education and municipal services, etc.).
- Service providers (companies that supply resources).
- City administration (city managers, municipality, authorities).
- Company management (companies that manage institutions, regions, etc.).

The “Smart city” technology is applied in the following spheres:

- Housing and communal services.
- Cleaning of buildings, streets, yards, surrounding territories.
- Lighting, garbage collection.
- Cadaster.
- City authorities and institution.

The “Smart sensor” provides:

-

Benefits from the “Smart Sensor” system introduction are:

-

The dispatch service of the “Smart City” system provides:

-

Benefits that users get by introducing a dispatch service are the following:

-

The “Smart invoicing” system enables:

-

Benefits since the “Smart Invoicing” system introduction are the following:

-

Advantages of the “Smart Payment” payment system are the following:

-

Benefits from the “Smart Payment” system introduction are the following:

-

Benefits from the “Smart City” technologies introduction:

-

The project is being implemented by

2.2. Current state of the project

All necessary office equipment, computers, desks, advertising stands and billboards are available.

.....

2.3. Project goals

The main objective of the project is to make it easier to access metering devices for taking readings, calculating the cost of services and analyzing the cost of consumed services through specialized networks.

With easier access to measuring instruments, the end user will be able to see his or her expenditure online, make further analysis and make a decision on time, or take the actions necessary to achieve his or her goals at the moment. The service provider will no longer have to send employees to collect meter readings from the customer.

To substantiate the profitability of the business, we will provide a calculation of the project's revenue for its implementation in the small town

Taking into account ** cities where we are negotiating the introduction of our technology with respective city authorities, we can count

We expect to reach a market of

When we consider that we have expanded our market to other countries (Syria, Iraq, Lebanon), it will become obvious that our possibilities are limitless.

The project initiators plan to achieve the following sales rates — see Table 2.

Table 2. Sales plan for the “Smart City” product

Annual sales volume, thousand €	****	****	****	****	****
“Smart City”	***	****	****	****	****

Moreover, we plan to maintain a markup of ***% for the entire planning period.

2.4. Investment plan

Investments will be required for the following purposes:

.....

The implementation of the sales plan described in section *. * will therefore require ***,*** euros. The investment plan will be implemented within six months.

Indirect project costs are listed in Table 3.

Table 3. Indirect costs

.....

The project is to be financed by an investment loan at an annual rate of *. *%. Postponement of interest payment — until the start of production, repayment of the loan body — as free cash is generated. The share of the investor is **%. Pledge is **% of shares until the loan is repaid.

Table 4 shows the schedule of receipt, repayment and servicing of the loan taking into account the cost of investment plan implementation and the need to finance the working capital of the project in the first months of production.

Table 4. Loan receipt, repayment and service, thousand €

Funding for the period	****	****	****	****
Receipt of loan	***	***		
Repayment of loan			***	***
Loan servicing		**	**	**

2.5. Financial performance

Project revenue and expense budget is shown in Table 5.

Table 5. Income and expense budget, thousand €

Item	****	****	****	****	****
Gross sales volume	***	* ***	* ***	* ***	* ***
Net sales volume	***	* ***	* ***	* ***	* ***
Materials and components	***	***	***	***	***
Total direct costs	***	***	***	***	***
Gross profit	***	* ***	* ***	* ***	* ***
Production costs	***	***	***	* ***	* ***
Total fixed costs	***	***	***	* ***	* ***
Depreciation	**	**	**	**	**
Interest on loans	**	**	*		
Total non-production costs	**	**	**	**	**
Losses of previous periods		*	*	*	*
Profit before tax	_*	***	***	***	***
Taxable profit		***	***	***	***
Net profit	_*	***	***	***	***

As can be seen from the calculation presented, operating profit is generated in the second year of production.

Table 6. Cash flow, thousand €

Item	**_	****	****	****	****	****
	**_					

Sales proceeds		***	* ***	* ***	* ***	* ***
Costs of materials and components		***	***	***	***	* ***
Total direct costs		***	***	***	***	* ***
Total costs		***	***	***	* ***	* ***

Total fixed costs		***	***	***	* ***	* ***
Cash flow from operating activities		_*	***	***	***	***
Acquisition costs of assets	***	***				
Cash flow from investing activities	_*	_*				
Loans	***	***				
Payments in repayment of loans			***	***		
Interest payments on loans		**	**	*		
Cash flow from financing activities	***	***	_*	_*		
Cash balance at the beginning of the period		**	**	**	***	***
Cash balance as of the end of the period	**	**	**	***	***	***

Thanks to the investment loan, the project has no cash deficit. By the end of the planning period, the free cash flow exceeds ***.*** euros.

Table 7. Balance, thousand €

Item	**_** **.*	****	****	****	****	****
Cash resources	**	**	**	***	***	***
Raw materials, consumables and components		**	***	***	***	***
Total current assets	**	***	***	***	***	* ***
Capital assets		***	***	***	***	***
Accumulated depreciation		**	***	***	***	***
Residual value of capital assets:		***	***	***	**	**
Equipment		***	***	***	**	**
Investments in fixed assets	***					
TOTAL ASSET	***	***	***	***	***	* ***
Short-term borrowings		***	***			
Total current liabilities		***	***			
Long-term borrowings	***	***				
Retained earnings		_*	***	***	***	* ***
Total equity		_*	***	***	***	* ***
TOTAL LIABILITY	***	***	***	***	***	* ***

As can be seen from the calculation presented, by the end of **** retained earnings will amount to *.***.*** euros.

Table 8. Financial indicators

Indicator	**_**.*	****	****	****	****	****
Net working capital (NWC), thousand €	**	_*	_*	***	***	***

Stock turnover ratio (ST)		*	*	*	*	*
Net profit margin (NPM), %		**	**	**	**	**
Return on investment (ROI), %		**	**	**	**	**

By the end of **** net working capital will amount to **.* euros and may be used for business development or dividend payments.

The project has a good inventory turnover.

The return on investment is high and the return on net profit is within normal limits.

Table 9. Performance indicators

Indicator	Value
Discount rate, %	*,**
Discounted payback period (DPB), months	**
Average rate of return (ARR), %	**,**
Net present value (NPV)	***
Profitability index (PI)	*,**
Internal rate of return (IRR), %	**,**
Modified Internal Rate of Return (MIRR), %	**,**

By analyzing the performance indicators, we can conclude that the proposed investment is effective. This is evidenced by the following:

- Achievement of a return on investment (including discounting) in ** months.
- A large positive value of net present income at the end of the calculation period.
- The profitability index value is significantly higher than *.
- The internal rate of return is significantly higher than the current market interest rate on long-term loans.

The break-even analysis shows that the planned business is well established. Projected sales volumes are higher than those at which production ceases to be profitable right from the start:

Table 10. Break-even point, thousand €

****	****	****	****	****
***	* **	* **	* **	* **

The margin of safety is large in absolute terms:

Table 11. Margin of safety, thousand €

****	****	****	****	****
**	***	***	***	***

as well as in relative terms (%):

Table 12. Margin of safety, %

****	****	****	****	****
**, **	**, **	**, **	**, **	**, **

Table 13. NPV sensitivity

No	Item	-**%	-**%	-%	%	%	**%	**%
	NPV							
*	Sales volume	_*	***	***	***	* ***	* ***	* ***
*	Sales price	_***	_**	***	***	* ***	* ***	* ***
*	Direct costs	* ***	* ***	***	***	***	***	***
*	Total costs	* ***	* ***	* ***	***	***	***	***

The sensitivity analysis by the net present value (NPV) shows that the business is well resilient to a decrease in sales volumes. Even if sales fall by **% of the plan, the company will remain profitable.

The project is more sensitive to the sales price, and it remains profitable only when the price deviates from the plan by *%.

The project is also not sensitive to the level of indirect and direct costs.

3. Mechanical complexes: development and management

3.1. About business idea

With the help of the technology developed, it is possible to check the status, fulfil maintenance schedules and, if necessary, exercise state control of machinery and equipment condition. This project does not imply any change in the existing price of such services on the market, but it does improve the quality of services and monitoring capabilities via the Internet with permanent access. The final customer of the project is all citizens, companies and other organizations owning vehicles (cars, boats, river ships and other technological equipment that have the right to travel to roads and rivers).

Competitive advantages of the project are the following:

.....
 The project initiator is

3.2. Current state of the project

All necessary office equipment, computers, desks, advertising stands and billboards are available.

.....

3.3. Project goals

The main objective of this project is to streamline service of transport maintenance through a personal office for vehicle owners, and to introduce a new technology for passing technical inspection of vehicles with subsequent registration in the government agencies.

The following calculations form the basis of the project performance. Since the launch of the pilot project in May this year, we have already received ** orders for this equipment. The profitability of each complex is *.*** euros. The sale price of the complex is **.*** euros.

In the future,

Taking into consideration the lack of competition at the moment, the project initiators aim to achieve the next sales rates — see Table 14.

Table 14. Sales plan for “Mechanical complexes”

Annual sales volume, thousand €	****	****	****	****	****
Technical complexes	***	* ****	* ****	* ****	* ****

Moreover, we plan to maintain a markup of ***% for the entire planning period.

3.4. Investment plan

Investments will be required for the following purposes:

.....

The implementation of the sales plan described in section *.* will therefore require ***,*** euros. The investment plan will be implemented within three months.

Indirect project costs are listed in Table 3.

Table 15. Indirect costs

.....

The project is to be financed by an investment loan at an annual rate of *.*%. Postponement of interest payment — until the start of production, repayment of the loan body — as free cash is generated. The share of the investor is **%. Pledge is **% of shares until the loan is repaid.

Table 16 shows the schedule of receipt, repayment and servicing of the loan taking into account the cost of investment plan implementation and the need to finance the working capital of the project in the first months of production.

Table 16. Loan receipt, repayment and service, thousand €

.....

3.5. Financial performance

Project revenue and expense budget is shown in Table 17.

Table 17. Income and expense budget, thousand €

.....

As can be seen from the calculation presented, operating profit is generated in the second year of production.

Table 18. Cash flow, thousand €

.....

Thanks to the investment loan, the project has no cash deficit. By the end of the planning period, the free cash flow exceeds ***.*** euros.

Table 19. Balance, thousand €

.....

As can be seen from the calculation presented, by the end of **** retained earnings will amount to ***.*** euros.

Table 20. Financial indicators

.....

By the end of **** net working capital will amount to ***.*** euros and may be used for business development or dividend payments.

The project has a good inventory turnover.

The return on investment is high and the return on net profit is acceptable.

Table 21. Performance indicators

.....

By analyzing the performance indicators, we can conclude that the proposed investment is effective. This is evidenced by the following:

- Achievement of a return on investment (including discounting) in ** months.
- A large positive value of net present income at the end of the calculation period.

- The profitability index value is higher than *.
- The internal rate of return is significantly higher than the current market interest rate on long-term loans.

The break-even analysis shows that the planned business is well established. Projected sales volumes are higher than those at which production ceases to be profitable starting from ****:

Table 22. Break-even point, thousand €

****	****	****	****
***	* **	* **	* **

The margin of safety is large in absolute terms:

Table 23. Margin of safety, thousand €

****	****	****	****
**	***	***	***

as well as in relative terms (%):

Table 24. Margin of safety, %

****	****	****	****
* ** , **	** ** , **	** ** , **	** ** , **

Table 25. NPV sensitivity

No	Item	-**%	-**%	-%	%	%	**%	**%
	NPV							
*	Sales volume	_* **	_* **	**	***	***	***	***
*	Sales price	_* **	_* **	_**	***	***	***	* **
*	Direct costs	***	***	***	***	***	**	_**
*	Total costs	***	***	***	***	**	_**	_**

The sensitivity analysis by the net present value (NPV) shows that the business is well resilient to a decrease in sales volumes. With sales falling by % of the plan, the company remains profitable.

The project is very sensitive to the selling price, and already at % deviation from the planned price it becomes unprofitable.

The project is also sensitive to indirect costs and, to a lesser extent, to direct costs.

4. Energy-saving and waste-processing equipment: development and production

4.1. About business idea

Development and production of energy-saving and waste processing equipment: gasifiers, cavitators, pyrolysis units, container-type briquettes. Customers are small and medium-sized companies interested in recycling their own or third-party waste into heat and electricity.

This equipment is our in-house development and has an environmental and economic focus. The equipment provides the customer with additional profitability, and is developed according to the custom order.

Competitive advantages of the project are the following:

.....

The project initiator is

4.2. Current state of the project

This business unit is provided with the technological equipment necessary for production (metal cutting machines, welding machines, etc.).

.....

4.3. Project goals

The main objective of the project is to provide the market with technological equipment for processing of industrial waste under specific customer orders, with the release of a free sale product (electricity, workable fuel, improving the economy of production).

The calculation of project plans is based on the following data. On average, a set of such equipment is sold for *.* - *.* million euros, with cost of materials not exceeding ***.*** euros. It takes *-* months to produce such set. To date, competitive companies from France and Germany offer such equipment, but with lower efficiency and for around *.* million euros.

The project initiators plan to achieve the following sales rates — see Table 26.

Table 26. Sales plan for the “Energy-saving” product

Annual sales volume, thousand €	****	****	****	****	****
“Energy-saving”	* **	* **	* **	* **	* **

Moreover, we plan to maintain a markup of ****% for the entire planning period.

4.4. Investment plan

The following investment costs will be required to implement this project:

1.

The implementation of the sales plan described in section *.* will therefore require ***,*** euros. The investment plan will be implemented within three months.

Indirect project costs are listed in Table 27.

Table 27. Indirect costs

.....

The project is to be financed by an investment loan at an annual rate of *.*%. Postponement of interest payment — until the start of production, repayment of the loan body — as free cash is generated. The share of the investor is **%. Pledge is **% of shares until the loan is repaid.

Table 28 shows the schedule of receipt, repayment and servicing of the loan taking into account the cost of investment plan implementation and the need to finance the working capital of the project in the first months of production.

Table 28. Loan receipt, repayment and service, thousand €

Funding for the period	****	****
Receipt of loan	***	***
Repayment of loan		***
Loan servicing		*

4.5. Financial performance

Project revenue and expense budget is shown Table 29.

Table 29. Income and expense budget, thousand €

.....

As can be seen from the calculation presented, operating profit is generated already in the first year of production.

Table 30. Cash flow, thousand €

.....

Thanks to the investment loan, the project has no cash deficit. By the end of the planning period, the free cash flow amounts to *.*.***.*** euros.

Table 31. Balance, thousand €

.....

As can be seen from the calculation presented, retained earnings by the end of **** will amount to *.***.*** euros. *.***.*** euros.

Table 32. Financial indicators

.....

By the end of **** net working capital will amount to *.***.*** euros and may be used for business development or dividend payments.

The project has an accessible inventory turnover.

The return on investment and net profit margins are high.

Table 33. Performance indicators

.....

By analyzing the performance indicators, we can conclude that the proposed investment is effective. This is evidenced by the following:

- Achievement of a return on investment (including discounting) within * months.
- A large positive value of net present income at the end of the calculation period.
- The profitability index value is significantly higher than *.
- The internal rate of return is significantly higher than the current market interest rate on long-term loans.

The break-even analysis shows that the planned business is well established. Projected sales volumes are higher than those at which production ceases to be profitable, right from the start:

Table 34. Break-even point, thousand €

****	****	****	****	****
***	***	***	* **	* **

The margin of safety is large in absolute terms:

Table 35. Margin of safety, thousand €

****	****	****	****	****
***	***	* **	* **	* **

as well as in relative terms (%):

Table 36. Margin of safety, %

****	****	****	****	****
** **	** **	** **	** **	** **

Table 37. NPV sensitivity

No	Item	-**%	-**%	-**%	***%	***%	***%	***%
	NPV							
*	Sales volume	***	* **	* **	* **	* **	* **	* **
*	Sales price	_* **	***	* **	* **	* **	* **	* **
*	Direct costs	* **	* **	* **	* **	* **	* **	* **
*	Total costs	* **	* **	* **	* **	* **	* **	* **

The sensitivity analysis by the net present value (NPV) shows that the business is well resilient to a decrease in sales volumes. Even if sales fall by **% of the plan, the company will remain profitable.

The project is more sensitive to the sales price, but it remains profitable even if the price deviates from the plan by **%.

The project is also not sensitive to the level of indirect and direct costs.

5. Solar-powered electric plant

5.1. About business ides

The * MW solar power plant is located in

Competitive advantages of the project are the following:

*

The project initiator is

5.2. Current state of the project

This business unit is provided with the technological equipment necessary for production (metal cutting machines, welding machines, etc.).

.....

5.3. Project goals

The main objective of the project is to produce solar electricity (an environmentally friendly product) for the needs of companies and people.

The production of solar electricity in

The project initiators aim to achieve the next sales rates — see Table 38.

Table 38. Sales plan for “Solar power plant”

Annual sales volume, thousand €	****	****	****	****	****
“Solar power plant”	***	***	***	***	***

Moreover, we plan to maintain a markup of ***% for the entire planning period.

5.4. Investment plan

Investments will be required for the following purposes:

.....

The implementation of the sales plan described in section *.* will therefore require ***.*** euros. The investment plan will be implemented within six months.

Indirect project costs are listed in Table 39.

Table 39. Indirect costs

.....

The project is to be financed by an investment loan at an annual rate of *.*%. Postponement of interest payment — until the start of production, repayment of the loan body — as free cash is generated. The share of the investor is **%. Pledge is **% of shares until the loan is repaid.

Table 40 shows the schedule of receipt, repayment and servicing of the loan taking into account the cost of investment plan implementation and the need to finance the working capital of the project in the first months of production.

Table 40. Loan receipt, repayment and service, thousand €

Funding for the period	****	****	****	****	****	****
Receipt of loan	***	***				
Repayment of loan		**	***	***	***	**
Loan servicing		**	**	**	**	*

5.5. Financial performance

Project revenue and expense budget is shown Table 41.

Table 41. Income and expense budget, thousand €

.....

As can be seen from the calculation presented, operating profit is generated in the second year of production.

Table 42. Cash flow, thousand €

.....

Thanks to the investment loan, the project has no cash deficit. By the end of the planning period, the free cash flow equals to ***.*** euros.

Table 43. Balance, thousand €

.....

As can be seen from the calculation presented, by the end of **** retained earnings will amount to ***.*** euros.

Table 44. Financial indicators

.....

By the end of **** net working capital will amount to ***.*** euros and may be used for business development or dividend payments.

The project has an accessible inventory turnover.

Profit and investment return margins are high.

Table 45. Performance indicators

.....

By analyzing the performance indicators, we can conclude that the proposed investment is effective. This is evidenced by the following:

- Achievement of a return on investment (including discounting) in ** months.
- A large positive value of net present income at the end of the calculation period.
- The profitability index value is higher than *.
- The internal rate of return is significantly higher than the current market interest rate on long-term loans.

The break-even analysis shows that the planned business is well established. Projected sales volumes are higher than those at which production ceases to be profitable from the second year of production:

Table 46. Break-even point, thousand €

****	****	****	****
***	***	***	***

The margin of safety is large in absolute terms:

Table 47. Margin of safety, thousand €

****	****	****	****
***	***	***	***

as well as in relative terms (%):

Table 48. Margin of safety, %

****	****	****	****
**, **	**, **	**, **	**, **

Table 49. NPV sensitivity

No	Item	-**%	-***%	-***%	*%	**%	**%	**%
	NPV							
*	Sales volume	_-***	_**	***	***	***	* **	* **
*	Sales price	_-***	_***	***	***	***	* **	* **
*	Direct costs	* **	***	***	***	***	***	**
*	Total costs	***	***	***	***	***	***	***

The sensitivity analysis by the net present value (NPV) shows that the business is well resilient to a decrease in sales volumes. Even if sales fall by **% of the plan, the company will remain profitable.

The project is to the same extent not sensitive to the sales price and remains profitable when the price deviates from the plan by **%.

The project is not sensitive to the level of indirect and direct costs.

6. Consolidated financial indicators

The consolidated financial plan is set out below.

The project is to be financed by an investment loan at an annual rate of *.*%. Postponement of interest payment — until the start of production, repayment of the loan body — as free cash is generated. The share of the investor is **%. Pledge is **% of shares until the loan is repaid.

Table 50 shows the schedule of receipt, repayment and servicing of the loan taking into account the cost of investment plan implementation and the need to finance the working capital of the project in the first months of production.

Table 50. Loan receipt, repayment and service, thousand €

Funding for the period	****	****	****	****	****	****
Receipt of loan	***	***				
Repayment of loan		***	***	***	***	***
Loan servicing		**	**	**	**	*

Consolidated project revenue and expense budget is shown in Table 51.

Table 51. Income and expense budget, thousand €

.....

As can be seen from the calculation presented, consolidated project operating profit is generated in the first year of production

Table 52. Cash flow, thousand €

.....

Thanks to the investment loan, the consolidated project has no cash deficit. By the end of the planning period, the free cash flow exceeds *.***.*** euros.

Table 53. Balance, thousand €

.....

As can be seen from the calculation presented, retained earnings by the end of **** will amount to *.***.*** euros.

Table 54. Financial indicators

.....

By the end of **** net working capital is *.***.*** euros and may be used for business development or dividend payments.

The project has a good inventory turnover.

The return on investment is high and the return on net profit is within normal limits.

Table 55. Performance indicators

.....

By analyzing the performance indicators, we can conclude that the proposed investment is effective. This is evidenced by the following:

- Achievement of a return on investment (including discounting) in ** months.
- A large positive value of net present income at the end of the calculation period.
- The Index value is significantly higher than *.
- The internal rate of return is significantly higher than the current market interest rate on long-term loans.

The break-even analysis shows that the planned business is well established. Projected sales volumes are higher than those at which production ceases to be profitable right from the start:

Table 56. Break-even point, thousand €

****	****	****	****	****
* **	* **	* **	* **	* **

The margin of safety is large in absolute terms:

Table 57. Margin of safety, thousand €

****	****	****	****	****
***	* **	* **	* **	* **

as well as in relative terms (%):

Table 58. Margin of safety, %

****	****	****	****	****
*,**	**,**	**,**	**,**	**,**

Table 59. NPV sensitivity

No	Item	-**%	-**%	-**%	***%	***%	***%	***%
	NPV							
*	Sales volume	_* **	_**	* **	* **	* **	** **	** **
*	Sales price	_* **	_**	**	* **	* **	** **	** **
*	Direct costs	* **	* **	* **	* **	* **	* **	_**
*	Total costs	* **	* **	* **	* **	* **	* **	_**

The sensitivity analysis by the net present value (NPV) shows that the business is well resilient to a decrease in sales volumes. Even if sales fall by **% of the plan, the company will remain profitable.

The project is more sensitive to the sales price, but remains profitable at **% deviation from the plan.

Overall, the project is not sensitive to the level of indirect and direct costs.