Training - Profitability Analysis of Downstream Investment Projects

PPA-EN-P

Face-to-face only

3 days

This course provides a better understanding of the concepts underpinning the capital budgeting theory, helping improving the economic analysis of investment projects. A number of exercises and computer case studies will be treated all along the course to apply the theoretical principles that are presented, which makes the course a very practical one

Level

Skilled

Public

Staff involved in capital investment decisions. Project managers, engineers, commercial staff and support functions. Decision makers wishing to better understand analyses carried out by project teams

Objectives

Attendees will be able to implement the following skills:

- Develop a computer model for the economic evaluation of downstream projects
- Compute and analyze the key economic evaluation criteria (NPV, IRR...) on an ungeared and geared basis
- Include the risks and uncertainties of Downstream projects in their economic evaluation

Pedagogical & technical resources

- Exercises and case studies on Microsoft Excel including
- Quiz

Assessment of achievements

- Trainees are assessed throughout the training through practical application phases and interactions with the trainer
- A final on-the-spot evaluation may also be carried out at the end of the course and/or at the end of each module using tests designed to verify the learners' understanding and assimilation of the knowledge linked to the training objectives

Prerequisites

No prerequisites are necessary to follow this course

Responsable

IFP Training instructors, with expertise in the field and trained in modern teaching methods adapted to the specific needs of learners from the professional world

Program

VALUE CREATION & DISCOUNTING CASH FLOW METHODOLOGY — 0.5 day

Introduction.
Discounting principles: time value of money.
Value creation and cost of capital (WACC).

INVESTMENT PROJECT GLOBAL PROFITABILITY ANALYSIS — 1.5 days

Constructing a project's cash flow schedule: profit and loss account vs. cash flows, dealing with taxes, working capital impact, and economic life.
Calculating and understating the key economic analysis criteria: Net Present Value (NPV), Internal Rate of Return (IRR), payback time, financial exposure, profitability index.
Considering monetary erosion: nominal and real term values concepts. Impact on projects' profitability.
Economic cost/breakeven.
Working with several currencies.
Economic indicators interpretation pitfalls.

INTRODUCTION TO RISK ANALYSIS — 0.3 day

Identifying risks and taking them into account in the economic analysis: Pestle analysis, risk premium, contingencies.
Sensitivities (Tornado chart, Spider diagram), scenarios, decision trees.

GEARED CASH FLOW ANALYSIS — 0.7 day

Project financing and equity returns: bankability criteria, leverage effect
Participants will be asked to work on various exercises and case studies along the course including:

- Calculating the WACC of a company
- Calculating the Impact of working capital on a polypropylene plant project.
- Profitability analysis of a Petrochemicals plant.
- Profitability analysis of a Bio refinery (ungeared and geared).

The list of exercises and case studies above may be adapted by IFP Training at the time of the course to best suit the participants' profile and learning objectives.

To French entities : IFP Training is referenced to DataDock ; you may contact your OPCO about potential funding.
Please contact our disabled persons referent to check the accessibility of this training program : referent.handicap@ifptraining.com