



DataPartner Oy

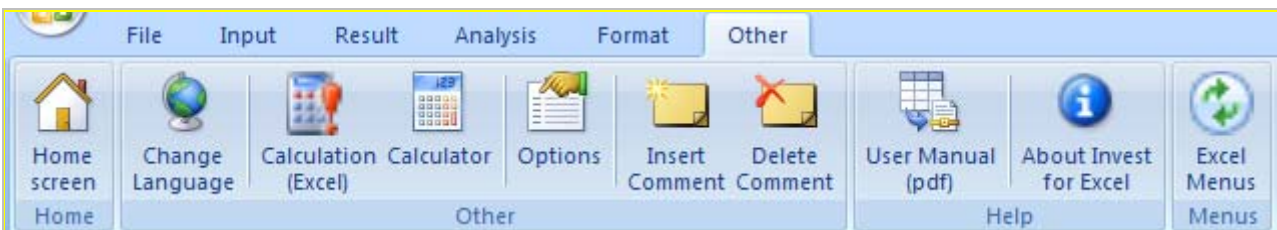
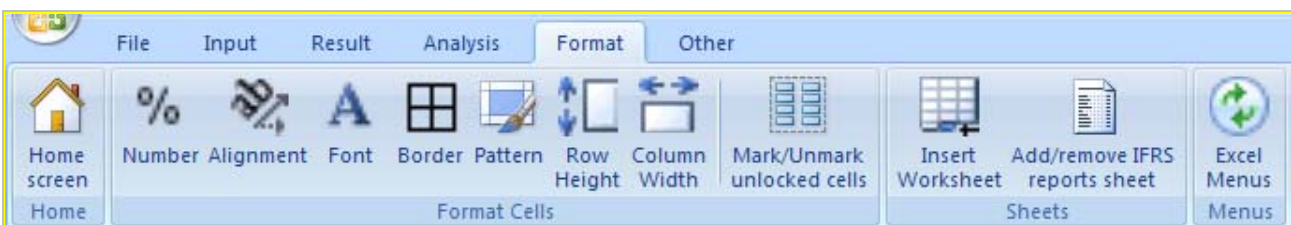
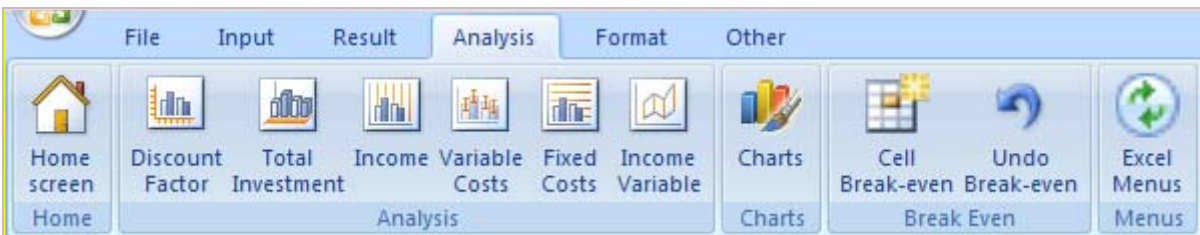
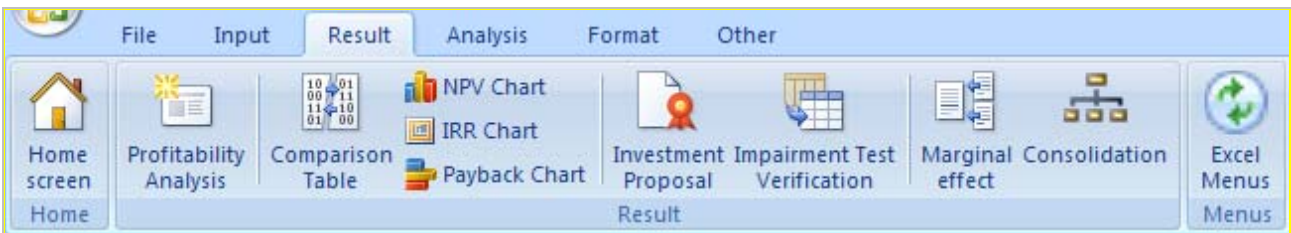
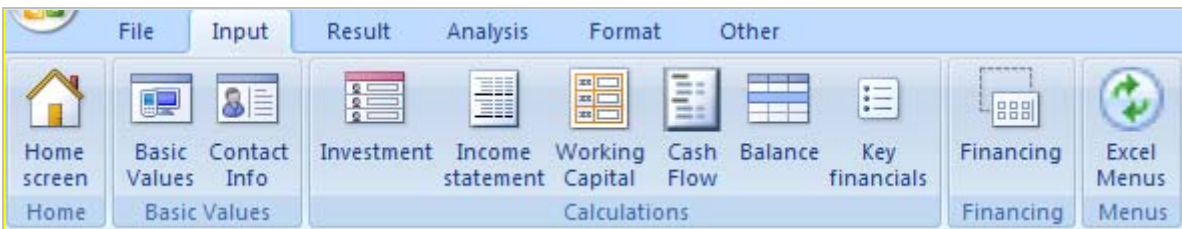
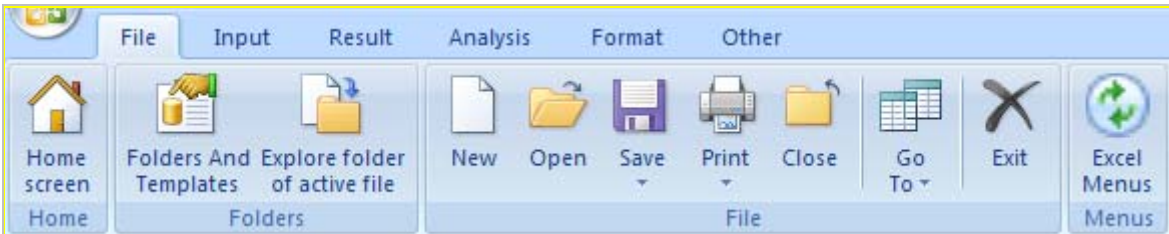
What's new in Invest for Excel 3.5

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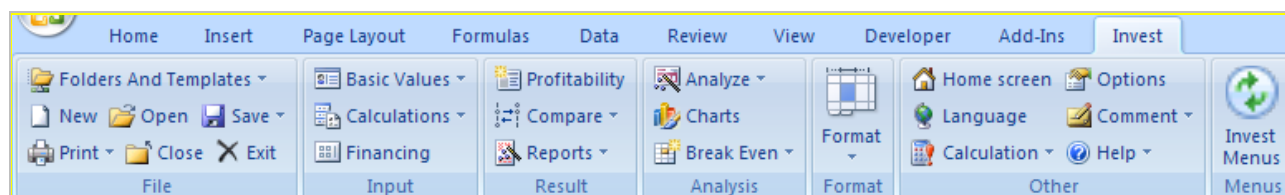
Excel 2007 ribbon

The Excel 2007 ribbon menu is modified to include Invest for Excel commands.

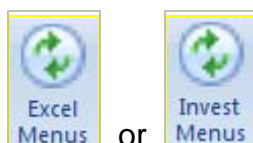
Invest for Excel menus



Excel menus



You can switch between Excel and Invest for Excel menus at any time by pressing:



Russian language

Russian language has been added to program files and version 3.5 templates.

More rows in Key financials table

15 rows have been added to Key financials table. The Key financials table now has a total of 40 rows.

Profitability Index (PI) definition changed

The definition of the Profitability Index has been changed so that only proposed investments are included in the investment part of the formula. Previously all investments (proposed investments and reinvestments) were included in the investment part of the formula.

The new definition:

$$PI = (PV \text{ of Free cash flow} - PV \text{ of proposed investments}) / PV \text{ of proposed investments}$$

The old definition:

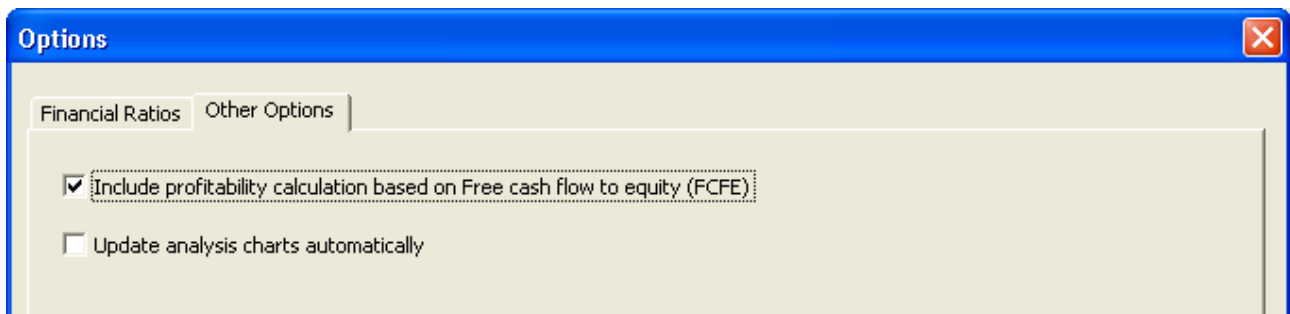
$$PI = (PV \text{ of Free cash flow} - PV \text{ of all investments}) / PV \text{ of all investments}$$

Profitability calculation based on Free cash flow to equity (FCFE)

Enterprise edition includes a break-down of free cash flow to Free cash flow to firm (FCFF) and Free cash flow to equity (FCFE).

Program options

You can include FCFE in the Invest for Excel program options:



Basic values

Cost of equity is added to the Basic values table, when FCFE calculation is included in the file.

BASIC VALUES						
Project description	<input type="text"/>					
Calculation term, years	...	10 years				
Interval length, months		12				
Number of intervals		10				
		(MM/YYYY)				
Calculation term begins		01/2008	(in the beginning of period)			
Calculation point		01/2008	(in the beginning of period)			
Calculation term ends		12/2017	(in the end of the period)			
Figures (1/1000/1000000)		<input type="text"/>				
Currency	↔	<input type="text"/>				
Discount rate (per annum)	...	10,00	% (required rate of return)			
Cost of equity (per annum)		14,00	%			
		2008	2009	2010	2011	2012 ->
Income tax %	⚖	26	26	26	26	26

Enter the required after-tax rate of return on equity. Note that Invest for Excel doesn't make a distinction between Preferred stock and common stock. Cost of equity should be return on all equity.

Cash flow statement

When FCFE is included, the Free cash flow (FCF) is renamed to Free cash flow to firm (FCFF) and three rows are added to the Cash flow statement: Free cash flow to equity (FCFE), Discounted free cash flow to equity (DFCFE) and Cumulative discounted free cash flow to equity.

CASH FLOW STATEMENT

	1/2008	12/2008	12/2009	12/2010	12/2011	12/2012
Months per interval		12	12	12	12	12
Cash flow from operations						
Income	0	150 000	300 000	315 000	330 750	347 288
Variable costs	0	0	0	0	0	0
Fixed costs	0	0	0	0	0	0
Extraordinary income & expenses	0	0	0	0	0	0
Income tax (adjusted)	0	-13 000	-52 000	-55 900	-59 995	-64 295
Change in working capital	0	0	0	0	0	0
Cash flow from operations	0	137 000	248 000	259 100	270 755	282 993
Asset investments and realizations	-1 000 000	0	0	0	0	0
Free cash flow to firm (FCFF)	-1 000 000	137 000	248 000	259 100	270 755	282 993
Discounted free cash flow to firm (DFCFE)	-1 000 000	124 545	204 959	194 666	184 929	175 716
Cumulative discounted free cash flow to firm	-1 000 000	-875 455	-670 496	-475 830	-290 901	-115 185
Information						
Financial cash flow						
Financial income and expenses	0	-36 400	-32 663	-28 925	-25 188	-21 450
Correction of income tax for financial items	0	9 464	8 492	7 521	6 549	5 577
Long-term debt, increase (+) / decrease (-)	650 000	-65 000	-65 000	-65 000	-65 000	-65 000
Changes in short-term borrowings						
Free cash flow to equity (FCFE)	-350 000	45 064	158 830	172 696	187 116	202 120
Discounted free cash flow to equity (DFCFE)	-350 000	39 530	122 214	116 565	110 788	104 975
Cumulative discounted free cash flow to equity	-350 000	-310 470	-188 256	-71 691	39 097	144 071
Equity, increase (+) / decrease (-)	350 000	0	0	0	0	0
Changes in share capital	350 000					
Changes in share issue premium						
Changes in other restricted equity						
Dividend payments						
Total cash flow	0	45 064	158 830	172 696	187 116	202 120
Cumulative total cash flow	0	45 064	203 894	376 589	563 706	765 825

Note that Invest for Excel doesn't make a distinction between preferred stock and common stock so there's no separation of preferred dividends.

Profitability analysis

The Profitability analysis is divided in two parts when FCFE-based indicators are included:

PROFITABILITY ANALYSIS			
Project description			
To Firm			
Nominal value of all investments	1 000 000	Discounted investments	1 000 000
Required rate of return	10,00 %		
Calculation term	10,0	years	→ 1/2008 - 12/2017
Calculation point	1/2008		(In the beginning of period)
Present value of business cash flows		Notes	
± PV of operative cash flow	1 641 449		
± PV of residual value	1 364 804		
Present value of business cash flows	3 006 253		
- Present value of reinvestments (maintenance etc.)	0		
Total Present Value (PV)	3 006 253		
<u>Investment proposal</u>	<u>Nominal</u>	<u>PV</u>	
- Proposed investments in assets	-1 000 000	-1 000 000	
+ Investment subventions	0	0	
Investment proposal	-1 000 000	-1 000 000	
Net Present Value (NPV)	2 006 253	>= 0	→ Invest!
↳ NPV as a monthly annuity	26 036		
Internal Rate of Return (IRR)	30,13 %	>= 10 %	→ Invest!
Modified Internal Rate of Return (MIRR)	22,80 %	>= 10 %	→ Invest!
Profitability Index (PI)	3,01	>= 1	→ Invest!
Payback time, years	5,7	From discounted free cash flow	
Return on net assets (RONA), %	130,0 %	Average 10 years	
Economic Value Added (EVA)	136 981	Average 10 years	
Discounted Value Added (DCVA)	2 036 976		
To Equity			
Cost of Equity	14,00 %		
Discounted FCFE without residual value	584 734		
± PV of residual value to equity	552 880		
Net Present Value to equity (NPVe)	1 137 615	>= 0	→ Invest!
↳ NPVe as a monthly annuity	17 103		
Internal Rate of Return to equity (IRR _e)	23,84 %	>= 14 %	→ Invest!
Modified Internal Rate of Return to equity (MIRR _e)	19,97 %	>= 14 %	→ Invest!
Payback time to equity, years	3,6	Based on discounted FCFE	
Calculation is made by	Stefan Westerblad	30.6.2008	
Calculation file	C:\Documents and Settings\stefanw21\My Documents\IDev\Invest\Ver3501\Calc\Invfile35001documentation001.xls		

FCFE-based indicators are shown in the "To Equity" part of the table.

DCVA-based profitability indicators

DCVA-based IRR (IRRd), MIRR (MIRRd) and Payback have been added to Profitability analysis.

WACC = discount rate entered in Basic values.






DCVA = sum of discounted yearly EVAs with capital cost based on WACC. The yearly EVAs are also discounted using WACC.

IRRd = the discount rate that gives DCVA = 0. Goal seek is applied for finding IRRd.


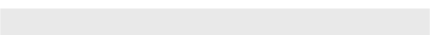



The cash flow used for calculating MIRRd is yearly EVAs with capital cost based on IRRd. MIRRd is calculated using the MIRR function using the WACC for both positive and negative EVAs.

Payback time, years, based on DCVA returns number of years from Calculation point, Payback until the time cumulative DCVA is and stays positive. Calculation point, Payback is by default the beginning of the calculation term.

IRRd and MIRRd are not calculated automatically but require manual refreshing.

 Discounted Value Added (DCVA)	572 813	
 Internal Rate of Return based on DCVA (IRRd)		
Modified Internal Rate of Return based on DCVA (MIRRd)		
Payback time, years, based on DCVA	3,0	

Press the  button to refresh IRRd and MIRRd.


 Discounted Value Added (DCVA)	572 813	
 Internal Rate of Return based on DCVA (IRRd)	20,78 %	>= 7 %  Invest!
Modified Internal Rate of Return based on DCVA (MIRRd)	48,60 %	>= 7 %  Invest!
Payback time, years, based on DCVA	3,0	

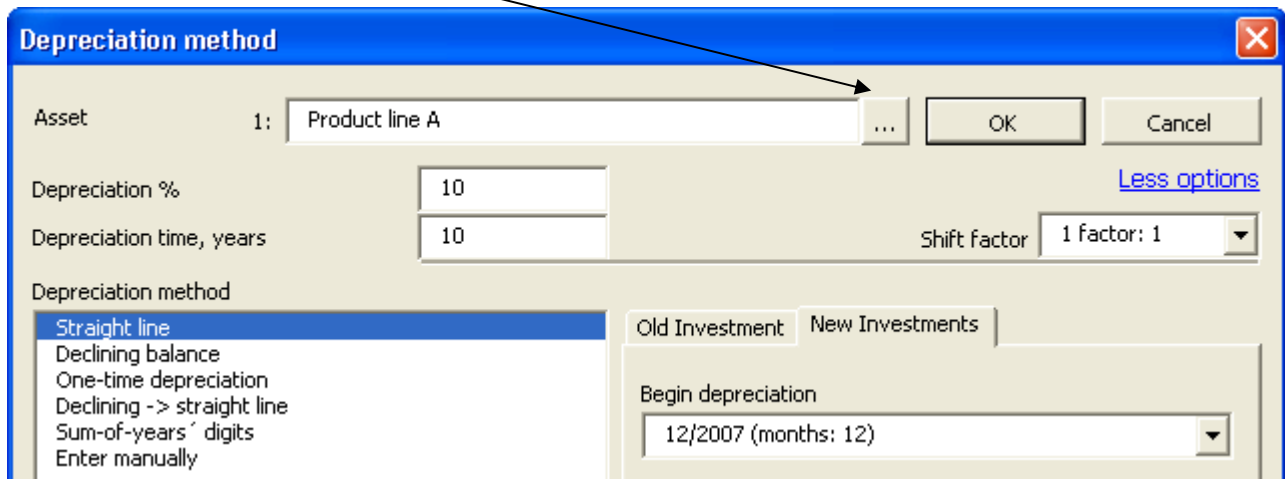
IRRd and MIRRd are refreshed automatically when:

- Profitability analysis is printed from the home screen
- Result sheet is activated and the program option "Update analysis charts automatically" is activated.

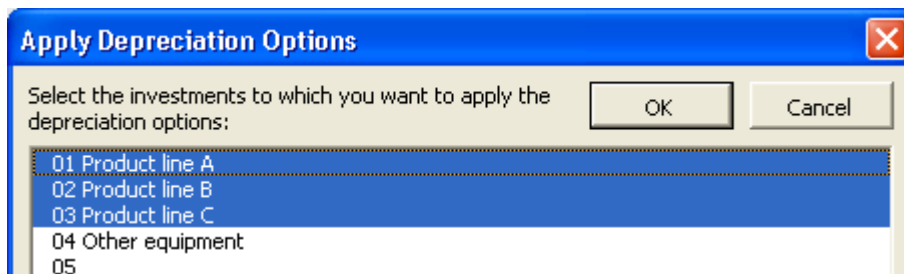
Apply depreciation options to multiple investments

Depreciation options defined for one asset can easily be applied to multiple investments. This will save time if you have many assets using the same or similar depreciation options.

Press the  button beside the asset name to open the "Apply Depreciation Options" dialog box.



Select the investment rows you want to apply the depreciation options to.



With the exception of old investment options, all depreciation options are applied to the selected assets.

INVESTMENTS (-) / REALIZATIONS (+)	
Months per interval	Depr.-%
1 Product line A	
... Depreciation (straight line)	10,00%
2 Product line B	
... Depreciation (straight line)	10,00%
3 Product line C	
... Depreciation (straight line)	10,00%
4 Other equipment	
... Depreciation (declining balance)	20,00%

Any investments depreciation options can be altered separately afterwards if there are some options that are not the same for each asset.

Extrapolation period

Perpetuity can be restricted to an extrapolation period of 1-100 years in addition to a perpetual period.

The standard way of calculating Perpetuity is discounting a perpetual cash flow.

PV of residual value		1 364 804	
<u>Perpetuity is based on</u>			
<input checked="" type="radio"/> Net cash flow for year	12/2017	353 995	Extrapolation period
<input type="radio"/> Enter annual value			Perpetual
<u>Type of perpetuity</u>			
<input checked="" type="radio"/> Standard (no growth)			Base value (12/2017)
<input type="radio"/> Growing by annual percent			353 995
			Discount rate
			10,00 %
			Perpetuity (12/2017)
			3 539 951
			Present value (1/2008)
			1 364 804

You can also limit the discounted cash flow to a number of years (1-100) by using the Extrapolation term dropdown list.

Perpetual	▼
Perpetual	▲
1 year	
2 years	
3 years	
4 years	
5 years	
6 years	
7 years	
8 years	
9 years	
10 years	

The discounted cash flow is limited to the selected number of years.

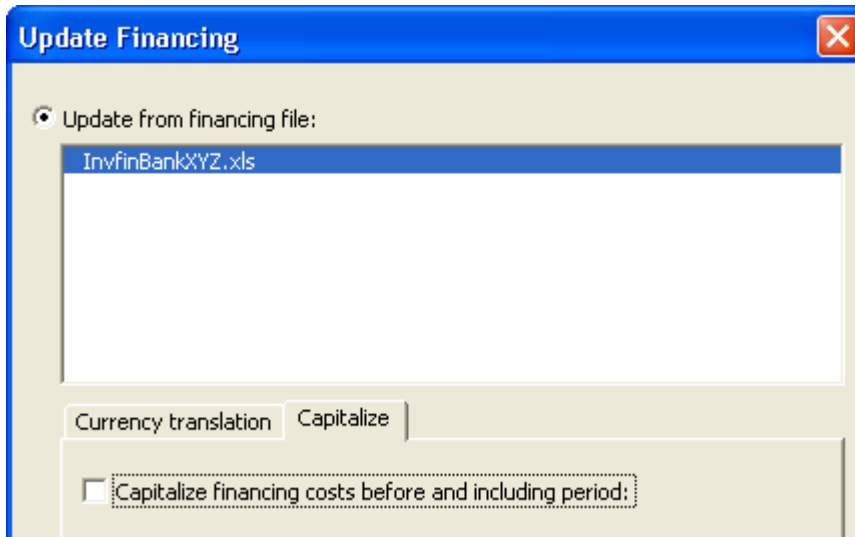
PV of residual value		728 113	
<u>Perpetuity is based on</u>			
<input checked="" type="radio"/> Net cash flow for year	12/2017	353 995	Extrapolation period
<input type="radio"/> Enter annual value			8 years
<u>Type of perpetuity</u>			
<input checked="" type="radio"/> Standard (no growth)			Base value (12/2017)
<input type="radio"/> Growing by annual percent			353 995
			Discount rate
			10,00 %
			Perpetuity (12/2017)
			1 888 538
			Present value (1/2008)
			728 113

This is useful if the expected economic lifetime of the primary asset is known but you don't want to create a full cash flow forecast for that long a period. Also, in impairment testing, reporting standards can stipulate that the a full forecast model should be created for a fixed number of years and the last years cash flow should be used as base for discounted cash flows for another number of years.

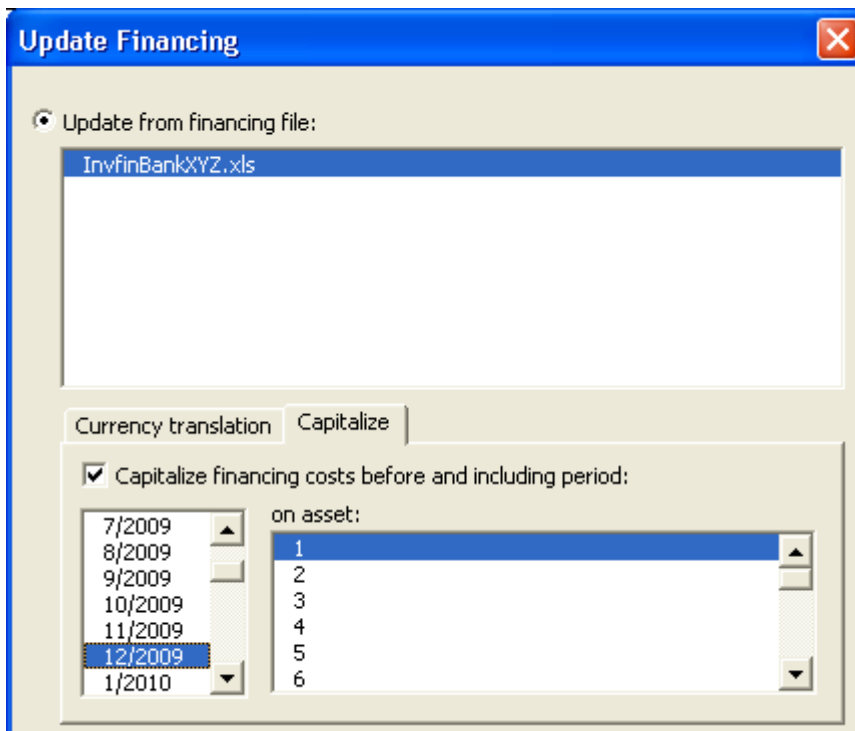
Capitalizing financing costs on assets

Part of the financing costs in a Financing file can be capitalized on an investment asset and depreciated in the Income statement according to the depreciation plan of the asset.

You can choose to capitalize financing costs when they are read to the Investment file. Check the "Capitalize financing costs before and including period:" option in the Update financing dialog box.



Select the last month of financing costs that you want to capitalize and the investment table asset you want to capitalize the financing costs on.



Without capitalization, all financing costs go to the Financing income and expense.

INCOME STATEMENT

	1/2008	12/2008	12/2009	12/2010	12/2011	12/2012
Months per interval		12	12	12	12	12
EBITDA; Operating income before depreciation		150 000	300 000	315 000	330 750	347 288
Depreciation	0	0	0	-100 000	-100 000	-100 000
EBIT; Operating income	0	150 000	300 000	215 000	230 750	247 288
Financing income and expenses						
Financing income and expenses						
Financing income and expenses Financing file		-36 400	-32 663	-28 925	-25 188	-21 450
EBT; Income after financing items	0	113 600	267 338	186 075	205 563	225 838

When capitalization is used, the capitalized part of the financing costs is included in the chosen assets book value and depreciated accordingly.

INVESTMENTS (-) / REALIZATIONS (+)


	1/2008	12/2008	12/2009	12/2010	12/2011	12/2012
Months per interval		12	12	12	12	12
1						
Depreciation (straight line)	10,00%			-106 906	-106 906	-106 906
Book value	1 000 000	1 036 400	1 069 063	962 156	855 250	748 344
Investments	-1 000 000	0	0	0	0	0

INCOME STATEMENT

	1/2008	12/2008	12/2009	12/2010	12/2011	12/2012
Months per interval		12	12	12	12	12
EBITDA; Operating income before depreciation		150 000	300 000	315 000	330 750	347 288
Depreciation	0	0	0	-106 906	-106 906	-106 906
EBIT; Operating income	0	150 000	300 000	208 094	223 844	240 381
Financing income and expenses						
Financing income and expenses						
Financing income and expenses Financing file				-28 925	-25 188	-21 450
EBT; Income after financing items	0	150 000	300 000	179 169	198 656	218 931

Edit Profitability comparison texts

Profitability comparison row texts can be edited in all available languages.

Press the  button in the top left corner of the Profitability comparison table. Select the Edit Row Texts tab to edit row texts.

