

<b>Course Information</b>	
<b>Subject</b>	<b>Project Finance</b>
<b>Degree</b>	<b>Master in Finance</b>
<b>Course</b>	<b>First course E000004295</b>
<b>Term</b>	<b>Second Term</b>
<b>ECTS – Credits</b>	<b>2,0 ECTS</b>
<b>Type of Course</b>	<b>Mandatory</b>
<b>Department</b>	<b>ICADE Business School</b>
<b>Area</b>	<b>Finance</b>
<b>Professor</b>	
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<b>Area</b>	<b>Finance</b>
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<b>Attendance Hours</b>	<b>Available by e-mail</b>
<b>CV</b>	<a href="#">PhD</a>

## **COURSE SPECIFICS**

<b>Context of the Course</b>
<b>Contribution to the professional profile of the master degree.</b>
<p>The objective of the course of construction and modeling of analysis of financial projections within the context of finance corporations, is to help attendees the understanding the most relevant aspects of building models of planning, financial valuation, as well as the introduction in the construction of project financing models.</p> <p>The course provides an introduction to practical knowledge about project financing. Among the different types of financing structures or models, Project Finance (non-recourse project financing) is explained, this type of financing is very common in industrial sectors with significant financial needs, such as infrastructure construction, plants energy, transportation equipment and service concessions.</p> <p>The subject provides sufficient theoretical and practical knowledge to be able to structure valuation and financing models of Projects.</p>
<b>Class Aims</b>
<ol style="list-style-type: none"> <li>1. To learn the building blocks needed to understand the key ideas behind the theory of modeling</li> <li>2. To apply these ideas and use them when solving case studies</li> <li>3. To understand the relationship between financial drivers and value</li> <li>4. To learn how to perform a company valuation</li> <li>5. To be able to apply the principles of shareholder value creation when analysing any corporate decision</li> </ol>

## CONTENTS

<b>Contents</b>
<b>Lesson 1: Fundamentals of Excel for Modeling</b>
1.1. Design and Format. Tool Options. 1.2. Formulation: Text, date, logic, search and reference functions
<b>Lesson 2: Fundamentals for making financial projections and modeling cash flow discounts</b>
2.1. Analysis of the Balance Sheet and Income Statement focused on the generation of Cash Flow 2.2. Design of the financial model scorecard 2.3. Analysis of the most relevant profitability and business viability ratios Basic variables to project and balance the projected 2.4. Free Cash Flow, Equity Cash Flow and Debt
<b>Lesson 3: Topic 3. Modeling applied to the valuation of companies</b>
3.1. Fundamentals of the most used business valuation methods 3.2. Construction of a valuation model 3.3. Critical factors for value creation
<b>Lesson 4: Modeling applied to LBO operations</b>
4.1 Construction of a financial model for a leveraged buyout (LBO)
<b>Lesson 5: Debt modeling and construction applied to LBO and Project Finance financing</b>
5.1. Leverage Basics in LBO Trade 5.2. LBO how to finance a structured operation; the management model and risk allocation and mitigation

<b>Competences</b>
<b>General competences</b>
CGB 1. Capacity for analysis and synthesis: RA1 Describes, relates and interprets situations and theoretical and practical approaches in different contexts RA2 Select and analyze the most significant elements and their relationships in different contexts and identify the lack of information and its relevance, establishing relationships with external elements to the situation raised RA3 Performs analysis with the depth and consistency necessary to support decision-making business with impact.

- CGB 2. Problem solving and decision making.  
RA1 Solve and make decisions in practical cases based on real situations autonomously between alternatives and concrete situations.
- CGB 3. Capacity for organization and planning Problem  
RA1 Plan your personal work in a viable and systematic way, taking into account a work plan organized in time and quality.
- CGB 4. Ability to manage information from different sources.  
RA1 The student is capable of managing information and data obtaining the key elements for decision making in the process of identifying, formulating and solving business problems.
- CGB 5. Advanced computer skills related to field of study
- CGB 8. Critical and self-criticism capacity:  
RA1 Identify, establish and contrast hypotheses, variables and results in a logical and critical way
- CGB 11. Ability to learn and work independently:  
RA1 Guides study and learning autonomously, developing initiative and establishing priorities in your work  
RA2 Manage your time distinguishing the urgent from the important and planning a work plan
- CGB 13. Action and quality orientation.  
RA1 It is motivated by improving the quality of work and the achievement of achievements, being the search for excellence part of his work  
RA2 Has method in its performance and reviews it systematically
- CGB 14. Ability to process and transmit ideas, projects, reports, problems and solutions  
RA1 Generate ideas and solutions by correctly identifying the knowledge applicable to each situation

### Specific competences

CE 9 Understanding how global credit institutions are managed, the different sources of financing and the way in which a Financial Project is managed, giving a response to the questions of where and how to obtain the money, and how to ask for it from a credit institution.

RA 1 Knows how to negotiate and manage credit and liquidity needs with a bank, understanding the keys to the bank's internal mechanisms to be successful in the operation.

RA2: Understand the concept of Project Finance, its advantages and disadvantages as a means of financing Financial Projects, the contractual structure of a Project Finance, the areas of application of this type of financing, how a Project finance is financed, the risks inherent in a Project Finance and the basic project ratios

RA3: Learn about the functioning and operations of the large business areas in credit institutions and in that of the bank, as well as the operations of treasury management, risks and management systems commercial

RA4: Be familiar with the international strategies of financial institutions and knows the prevention money laundering and other liabilities due to credit institutions.

RA5: Know and differentiate products with a wholesale and retail focus, as well as those focused on banking private and investment banking

## TEACHING AND LEARNING

General methodology characteristics of the course	
Classroom methodology: Activities	Competences
<p>It combines lectures with case presentations and readings by students. During the course of each session will review basic concepts contained in the documentation that students have available before each class, and that they must read in depth to ask the arising doubts during the class session.</p> <p>These concepts should be applied by resolving case studies by the students. During the class session the case studies solutions will be debated, allowing delve into the nature of the problem.</p> <p>It is mandatory active participation of students in both the normal development of the class, and in the discussion of the case study, or the exercises if there to be.</p> <p>The driver shaft of the methodology to be used is the practicality of the concepts and skills covered in the sessions.</p> <p>The usual methodological sequence is as follows:</p> <ol style="list-style-type: none"> <li>1. Statement of the general framework of the subject by the monitor / teacher.</li> <li>2. Discussion of the conceptual doubts that students have about the subject, and resolving them</li> <li>3. Practical use of concepts through the analysis of real or fictitious case studies, and / or exercises.</li> <li>4. Summary of worked concepts and summary of the main conclusions</li> </ol>	
Methodology - Not in the class: Activities	Competences
<p>The previous study of the documentation for each session, which will be made available to students with sufficient time is required.</p> <p>Analysis and resolution of practical cases, when assigned, which allow the student to make a decision-making exercise like a professional at a financial department of a company.</p> <p>The resolution of the case studies is mandatory and prior to the corresponding session and must be delivered in writing. The resolution of the exercises proposed by the teacher shall be delivered in writing.</p>	

## EVALUATION AND GRADING CRITERIA

Types of Evaluation	Criteria	Weight
<b>Exam, public defence, practical cases and Final Presentation (SE1). FINAL EXAM</b>	<b><u>To pass the subject, the final exam mark must be at least 4,90.</u></b> Right answers; Organization of information; Synthesis.	30%
<b>Individual Test (SE2). TWO INDIVIDUAL MIDTERM EXAMS</b>	Right answers	15%
<b>Public, individual or group presentations (SE3) FINAL CASE PRESENTATION</b>	Apply instructions and criteria.; Organization of information; Clarity in presentation; Means of support used; Synthesis.	15%
<b>Individual Assignments/Practices/Works (SE4) INDIVIDUAL ASSIGNMENTS/PRACTICES/WORKS, SAME WEIGHT EACH</b>	Apply instructions and criteria; Appropriateness in the statement of the questions; Right answers; Organization of information; Clarity in presentation; Means of support used; Synthesis.	10%
<b>Group Assignments/Practices/Works (SE5) GROUP ASSIGNMENTS/PRACTICES/WORKS SAME WEIGHT PER EACH</b>	Apply instructions and criteria; Appropriateness to the statement of the questions; Right answers; Organization of information; Clarity in presentation; Means of support used; Synthesis <b><u>Distribution and organization of work.</u></b> <b><u>Everyone must participate</u></b>	15%

<b>Participation (SE6)</b> PARTICIPATION, ACHIEVEMENT OF OBJECTIVES, AND COMMITMENT THROUGHOUT THE CLASSES	To achieve the pass mark, the student is required to help/push into the dynamics of the classes, provide evidence of achievement of objectives, predisposition, commitment and initiative.	15%
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**Notes to the evaluation criteria:**

1. All students must meet a minimum of 75% attendance in the whole subject.
2. For the exercises, to be taken into account, they must be delivered through Moodle in time and format.
3. If, when combining the criteria, the final grade is equal to or higher than 5, but the minimum grade for the exams or final tests has not been achieved, the final grade will be reduced to a maximum of 4,0 points.
4. In case a student does not obtain a grade of 5,0, the student may take an extraordinary exam. In that case if the student pass the retake exam, his/her final grade in the subject must be a 5,00.
5. If the student does not comply with 70% of the evaluation activities, the weightings of the evaluation system table will not be applied, and the maximum final grade will be 4,0.

**Evaluation criteria to apply at second enrolment:**

<b>Types</b>	<b>Criteria</b>	<b>Weight</b>
<b>Individual assignments</b>	To pass the course, the student must deliver all the tasks assigned by the teacher	15%
<b>Taking written exams, multiple choice tests, concept tests and solving practical cases as an exam</b>	At least 5,00 points on the final exam, or at least an average of 5,00 on all examination activities.	70%
<b>Participation</b>	To achieve the pass mark, the student is required to help/push into the dynamics of the classes, provide evidence of the achievement of objectives, predisposition, commitment and initiative.	15%

**Evaluation criteria to be applied in the case of school waiver/exemption:**

In cases of exemption/dispensing from schooling, provided that the student duly justifies it, the grading criteria will be 70% for the exam (if the subject allows it, two exams will be taken, 35% each) and 30% for individual works. The individual works will serve to control the evolution of the student's learning. Only in cases in which the student is not able to answer in writing, and provide evidence that justifies it, the exam may be oral and the content of the student's answers will be transcribed.

**Criteria in health alert:**

The student must be permanently identified, with an identification in the classroom and with their full name remotely. Students should not change the spaces they occupy in the classroom, unless directed by a teacher or the program management.

Failure to comply with any of the health recommendations during the class sessions may imply failure in the subject.

SUMMARY OF STUDENT WORK HOURS							
ATTENDANCE HOURS							
Lectures (AF1)	Content presentation (AF2)	Homework presentation (AF3)	Exercises and assessment (AF4)	Class discussion (AF5)	Seminars, workshops, case studies (AF6)	Interdisciplinary activities (AF7)	Simulations (AF8)
3,00	1	6	2,50	1	3	1	2,50
NON-ATTENDANCE HOURS							
Study and analysis of documentation (AF9)		Performing assignment and case studies (AF10)		Tutorial sessions (AF11)		Conducting collaborative work (AF12)	
10		10		5		7,5	
<b>ECTS CREDITS: 2 ECTS (52,50) hours</b>							

## BIBLIOGRAPHY

Recommended Bibliography
<b>Textbooks</b>
<b>Principles of Project Finance. E.R. Yescombe Financial Modeling and Valuation (Wiley Finance) 2013</b>
<b>Additional Readings</b>
<a href="http://www.projectfinancecemagazine.com">www.projectfinancecemagazine.com</a>