



# Promoter - Project Finance Software

***Introducing a unique project finance management system.***

***For simple and complex projects in the oil, gas, petrochemical, power, paper, infrastructure and related industries.***

***An essential tool for financial analysts, commercial negotiators, project managers, financiers, and other stakeholders, helping them to appraise the cash flows, the benefits and the risks.***



Promoter predicts the cash flows, including the equity and loan draw down during the construction phase; and the revenues, operating costs, loan repayments, tax payments and dividend streams during the operating phase.

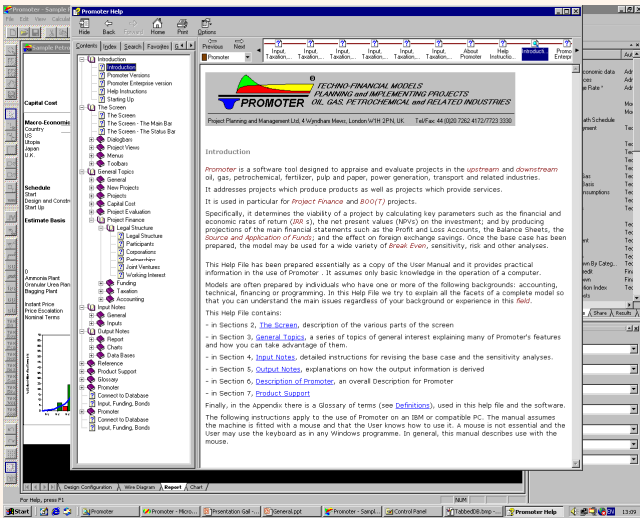
It is used to assess the viability of such projects by calculating the Internal Rate of Return (IRR), Net Present Value (NPV), payback, loan cover ratios and other key criteria

## **Why Use Promoter?**

Analysts normally use spreadsheets to make cash flow forecasts. Spreadsheets are perfectly adequate for simple models. However, such models are rarely adequate for evaluating the risk. A typical model for a major project will consist of many tens of thousand formulae, sometimes hundreds of thousands. The effort in developing an individual model for each project is high. In practice, such models usually have many errors and are poorly documented. Furthermore, by ignoring such factors as the accounting and loan currencies, the dividend policy and the sinking funds, most spreadsheet models overstate the returns to the investor, often by many percentage points.

Using a well-tested proprietary model allows the analyst to ignore the detailed formulae and to concentrate on the important factors which can affect the viability of the project. By examining the basis rather than the details, the analyst can make a much more valuable contribution to the success of a project.





## Main Modules

### Capital Cost Estimate

Promoter contains a parametric cost estimate module in which the user specifies key design and cost estimating figures and Promoter calculates the capital cost and the draw down of funds in local and foreign currencies.

### Project Evaluation

The user specifies the basis for the revenues (could be a market survey consisting of the price and demand projections), the basis for the operating costs and the basis for the working capital. Promoter calculates the key criteria for the project (eg NPV, IRR and payback).

### Project Finance

The user specifies the funding basis, the fiscal basis and the accounting basis. Promoter takes the cash flows from the project evaluation module and these bases to generate the draw down of funds during the construction phase, the repayment of the loans, the payment of tax and dividends. Promoter also calculates key criteria (such as the equity NPV and IRR and the loan cover ratios).

### Sensitivity Analysis

Promoter carries out systematic sensitivity analyses by determining the key parameters under varying capital costs, construction schedule, operating costs, product prices, plant utilization and project life.

### Risk Analysis Module

Whilst Promoter is normally used in a deterministic mode, it can also be used in a stochastic mode when it introduces random numbers into the input variables before calculation. In a Monte Carlo analysis, this calculation is repeated many times and the cash flows are summed to produce a risk weighted set of results.

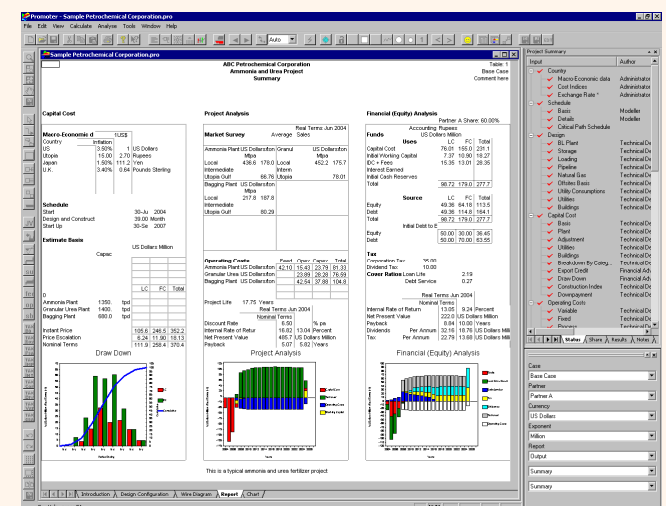
## Compliance

Promoter addresses a number of issues raised by recent compliance directives such as Sarbanes-Oxley and Basel II and by the obvious shortcomings of spreadsheets, as follows:

- Promoter is not a spreadsheet based model. It has no formulae which you can directly manipulate. But it does allow you to change the underlying formulae in a structured way and to see how the figures were generated. This procedure ensures that you do not compromise the integrity of the model in any way.
- Promoter has undergone a rigorous testing programme under extreme conditions. All input has upper and lower limits beyond which the user cannot go.
- Promoter contains an audit trail. The most recent changes to each set of input data are recorded and saved with the file for audit purposes. The file contains the name of the user and the date of the change together with any comments he made at the time to explain his choice of figures and data.
- In a corporate environment, the legislation has put strong pressure on companies to implement Enterprise Risk Management (ERM). The Enterprise version of Promoter supports ERM in the following way:

\* It can ensure that all users obtain key information, such as the predicted future price of a commodity (say crude oil) or the future exchange rates are obtained from a single managed source on a file server and that the user cannot change it. This procedure ensures the assessment of different projects on a more level playing field.

\* It contains a Monte Carlo simulation which inputs random numbers into the input figures (not the output figures as on some models) in a controlled manner to produce risk weighted cash flows and results.



## What differentiates a project finance model from an ordinary cash flow model?

Promoter incorporates the following features, all essential for a project finance model:

**The cash waterfall / waterfall of accounts** determines how the funds are disbursed from the escrow account. It is essential for carrying out the analyses when things do not go as planned (as is inevitably the case). See the diagram opposite.

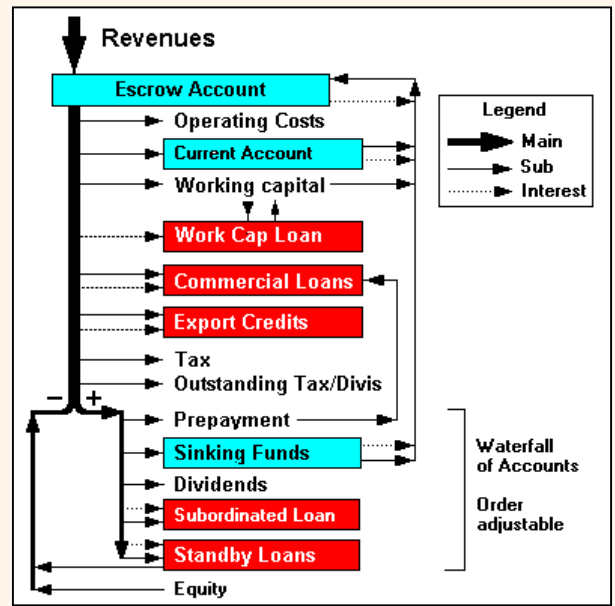
**The sinking funds** usually a precondition for any loan. Promoter will accept a number of sinking funds. The user sets the currency and the target balance which can be linked to a variety of different figures such as the loan amount and/or a maintenance figure.

**The dividend policy / cash traps** often set by the lenders. The policy may restrict the payment of dividends in a variety of different ways, such as a limitation on the balance sheet (e.g. debt to equity ratio) and/or by an annual or life loan cover ratio.

**The bank accounts** an escrow as well as an operating account. The user sets the currency and target balances. The account can earn interest which is credited to the project.

**The loans** The user has the flexibility to set both construction and operating phase loans with different draw downs and repayments. It can handle export credits (linked to the supply of equipment and materials), commercial loans and bonds.

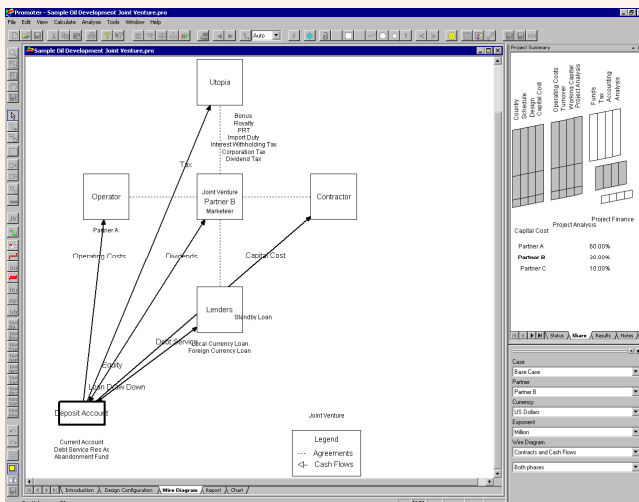
**The legal structure** A range of different legal configurations such as corporations, partnerships, joint ventures and service agreements.



**The accounting currency**  
The user sets the accounting currency (as well as the display currency).

## In addition, Promoter has the following features:

- It incorporates a parametric capital cost estimate. It can therefore carry out sensitivity analysis on the plant capacity and schedule. It has often been used to optimise the capacity of a project
- It accepts input and displays results in a variety of different weight, volumetric and other units
- It accepts inputs and displays the financial results in different currencies. Simply choose the display currency from a drop down box
- It is simple to use with a menu driven system with all inputs made through tabbed dialog boxes
- It can be used as a deterministic or a stochastic model
- It can be used through the planning, feasibility, development, negotiating and operating phases
- accepts any day of the year for the start date and for the accounting period
- displays results in different languages
- It incorporates a goal seeking facility
- It contains a context sensitive help file
- It displays much of the information in the form of charts and diagrams. In particular, it displays a technical layout of the main plant and a wire diagram showing the legal relationships and the cash flows during the construction and operating phases.
- It can be used to examine different cases / scenarios



## Promoter Editions

### Reader

The Reader version is capable of reading Promoter files. It is a useful tool for third parties to see the input and output data including all the reports and charts. It has the same Graphical User Interface as the Workstation version but lacks the calculation engine.

### Workstation

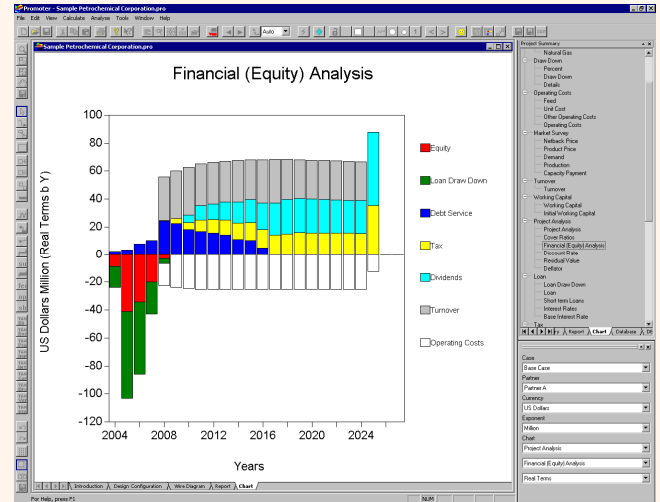
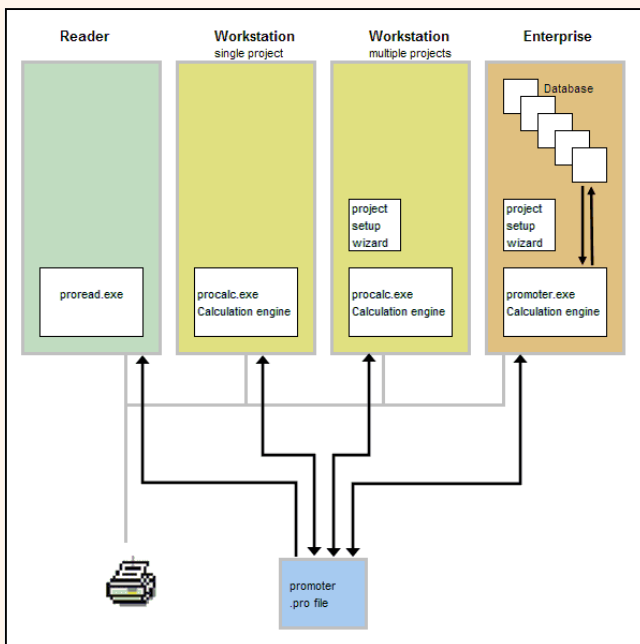
This version is installed on a single machine. The software reads Promoter files and the user can alter the inputs and carry out the what-if analyses, then save the project.

The multiple project version allows the user to invoke the project wizard and to set up new projects in those industries for which he has a licence.

The single project version only provides a limited option to re-configure the model supplied by the licensor. This version is more appropriate to a smaller corporation evaluating no more than a few projects in a year.

### Enterprise

The Enterprise version is suitable for use on client-server systems by companies who have many projects and several modellers. It is supplied with a data base for generating new projects. It can be set up to ensure consistency between models for different projects.



## Other variants

### Project Developer

This version is used during the planning and development phases of a project. The user sets:

- the design basis and the software produces a parametric capital cost estimate of the project.
- the ratio of the foreign to local currency and the software calculates the draw down of funds during the construction period.
- the funding basis and initial debt to equity ratio and the software produces the draw down of equity and loan funds over the construction period.

### Project Investor

This version is used during the negotiation, construction and operating phases of a project. The user sets

- the design configuration including all plant capacities.
- the draw down of funds during the construction phase. He typically obtains these figures from the bidders' proposals or from the contract.
- all annual macro-economic country figures
- all annual market survey figures
- The draw down of equity and loans during the construction phase.

## System Requirements

The Workstation version needs an IBM compatible PC running a 32 bit version of Windows (2000, XP, Vista or 7), 512 MB RAM and 150 MB of hard disk space.

For more information or the Reader Version of Promoter, please contact:

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