

TEACHING GUIDE

Course Information	
Full Name	Project Financing
Code	E000004295
Degree	Master in Finance
Taught in	Advantere School of Management
Level	Postgraduate Official Master's Degree
Term	First Quarter
Credits	2,0 ECTS
Type	Mandatory
Person in charge	Jorge Aracil Jordá
Office hours	Continuous availability via email

Professor Information	
Professor	
Name	Jorge Aracil Jordá
Department / Area	Advantere School of Management
Office	https://web.comillas.edu/profesor/jaracil
CV	Continuous availability via email
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SPECIFIC COURSE INFORMATION

Course contextualization

Contribution to the professional profile of the degree

The objective of this course is to equip students with an overview of Project Finance, taking them through all the stages of a Project Finance transaction, so that they can apply the techniques themselves. Students will learn how to apply a structured and systematic approach to project finance using some of the Project Finance techniques, recognize the key characteristics of a sound project and identify the weakest links in the transaction, use qualitative and quantitative tools and measures to distinguish the key risks, interpret each of the risks to determine their severity and potential impact on the transaction structure, appreciate how the mechanisms in the transaction documents operate to protect creditors and evaluate the protection provided, and develop a credit rationale to make and support investment decisions.

The specific objectives of this course can be summarized as follows:

- Learn the building blocks necessary to understand the key ideas behind modeling theory
- Apply these ideas and use them when solving case studies
- Understand the relationship between financial drivers and value
- Learn how to perform a business valuation
- Be able to apply the principles of shareholder value creation when analyzing any corporate decisions

Competences – Objectives		
Competences		
GENERAL		
CG.9	Digital competence: Employ, take advantage of and use, in an efficient and safe manner, the technological and digital resources applied in the financial management of organizations.	
	RA1	Be able to critically, creatively and safely use information and communication technologies in financial management in organizations, using applications and taking advantage of Internet resources.
CG.10	Technical Capacity: Capacity of analysis, synthesis and projection, applied to situations, problems and models in the financial field.	
	RA1	Be able to deal with the analytical study of cases and scenarios, as well as to carry out information and data synthesis.
SPECIFIC		
CE8	Have an in-depth knowledge of the operation and management systems of credit institutions within the current financial paradigm, as well as other alternative sources of financing, the different bank and non-bank credit products and solutions offered by the financial markets to different financing projects.	
	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 fields of application of this type of financing, how a Project Finance is financed, the inherent risks of a Project Finance and the basic project ratios.

THEMES AND CONTENT

Contents-Themes
Project Financing
Topic 1: EXCEL FUNDAMENTALS FOR MODELING
<ul style="list-style-type: none"> 1.1. Design and formatting. Tool options. 1.2. Excel basics for modeling.
Topic 2: FUNDAMENTALS FOR FINANCIAL FORECASTING AND CASH FLOW DISCOUNT MODELING
<ul style="list-style-type: none"> 2.1. Analysis of the Balance Sheet and the Income Statement focused on cash flow generation 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
Topic 3: MODELING APPLIED TO COMPANY VALUATION
<ul style="list-style-type: none"> 3.1. Fundamentals of the most commonly used business valuation methods 3.2. Construction of a valuation model 3.3. Critical factors for value creation
Topic 4: MODELING LEVERAGE BUY OUT (LBO) TRANSACTIONS
<ul style="list-style-type: none"> 4.1 Building a financial model for a leveraged buyout (LBO)
Topic 5: MODELING AND CONSTRUCTION OF DEBT APPLIED TO PROJECT FINANCING
<ul style="list-style-type: none"> 5.1 Basic concepts of leverage in LBOs 5.2 LBO how to finance a structured transaction, the management model and risk allocation and mitigation 5.3 Introduction to the modeling of differential variables in the construction of a concession model. Project Finance.

TEACHING METHODOLOGY

General methodological COURSE aspects

Presential Methodology: Activities

This course is taught mainly through the case learning method. Analysis and resolution of practical cases, when assigned, that allow the student to perform a decision-making exercise as a professional in a company's financial department.

Individual and small group work during the sessions through the development of practical models, receive a case to develop that requires information sharing and the study of the concepts used in order to achieve the common objective.

Theoretical and practical sessions to illustrate with examples the structuring of valuations and project finance operations. Each session begins with a theoretical explanation of the concepts corresponding to that day and is completed with practical examples, developed during the session, to illustrate the theory and allow students to assimilate the concepts more easily.

The model development method stimulates inductive learning. From the analysis of concrete examples, the different analysis tools are built and general rules of application to all types of companies and sectors are induced.

Therefore, it is essential to study the financial concepts that will be put into practice in the developed models.

Non-presential Methodology: Activities

It is necessary the development and study of the practices carried out during the classes, in order to strengthen the understanding and the necessary skills.

SUMMARY OF STUDENT WORK HOURS

PRESENTIAL HOURS					
Professor Exposition	Student exhibition. Debates and group dynamics	Exercises and problem solving. Elaboration of applied work	Analysis and documentation	Tutorial sessions	Development of real projects for organizations
5	6	8	0	0.5	0.5
NON-PRESENTIAL HOURS					
Professor Exposition	Student exhibition. Debates and group dynamics	Exercises and problem solving. Elaboration of applied work	Analysis and documentation	Tutorial sessions	Development of real projects for organizations
0	0	23.5	15.5	0.5	0.5

ECTS CREDITS: 2.0 (60.00 hours)

EVALUATION AND GRADING CRITERIA

Graded Activities	Evaluation Criteria	% of Total Grade
Assessment of individual or group work carried out by students, some of them presented in class	<ul style="list-style-type: none"> • Work adequacy to the objectives set • On-time delivery • Goal adequacy and focus • Results achieved • Compliance with deadlines • The participation of ALL members of each team in the presentations and elaborations is required 	50
Performance of oral and written examinations, public defenses and multiple-choice tests, concept tests and resolution of practical cases as exams	<ul style="list-style-type: none"> • Throughout the program, exams or written tests will be given to test the solidity of the concepts acquired. • In order to pass the course, the final exams and tests of each section of the course must be passed. If there are several exams in the same section or block of a course, the weighted average of them must be higher than 5.0 as a necessary condition to pass the course. 	30
Participation and utilization of the classes	<ul style="list-style-type: none"> • When we talk about participation, it is clear that both the positive and negative ones are counted and that the quality of participation is as important as the quantity. The students' participation in class, the quality and timeliness of their interventions, the quality in the preparation and presentation of their work, predisposition and commitment, initiative, attendance. 	20

Grades

The details of the evaluation of each of the evaluation activities will be found in the planning provided by each professor..

The evaluation criteria for the subject are governed by the following rules:

- 1-All students must comply with 100% attendance on the days established for this course. Any absence must be justified.
- 2-The final grade corresponds to the sum of the graded activities, the evaluation criteria and the % of the total grade described in the Evaluation and Grading Criteria section.
- 3-Individual and group work must be submitted on time and in the form specified by the subject's teacher.
- 4-A final grade lower than 5 implies the need to take an extraordinary exam. The final grade for this exam may not exceed the median of the passing grades at the time of the schedule exams.

The evaluation criteria for enrolling in a second year:

The student enrolled in the second-year course must fulfill the individual and group tasks established by the course professor. The same evaluation criteria described in the Evaluation and Grading Criteria section will be maintained.

In circumstances not covered by this Teaching Guide, the Advantere School of Management Regulation and the General Regulation of Comillas will apply.

Health alert criteria:

Students must be permanently identified, in class with an identification sign and remotely with their full name. Students should not change the spaces they occupy in the classroom, until a professor or the program management indicates they can do so.

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

BIBLIOGRAPHIES AND RESOURCES**Basic Bibliographies**

Text Books

- Financial Modeling and Valuation (Wiley Finance) 2013
- Financial Modeling and Valuation: A Practical Guide to Investment Banking and Private Equity (Wiley Finance) 2022
- Valuation: Measuring and Managing the Value of Companies (Wiley Finance)