

Metro Nashville

DES Program Options - EGF Expansion

Pricing Model Version 1.0

August-18

Financial Advisor



Run date 15-Aug-18

General Descriptive Data

Subject company Metro Nashville
Name of scheme DES Program Options - EGF Expansion
Currency USD
Currency heading (USD in 000's)
First fiscal year ended on 6/30/2017
First year of projection 2017
General note 1 Model run for
General note 2 Capacity charge (USD/ton/month) = 24.31, Consumption charge (USD/ton-hr) = 0.11, Connection fee (USD/ton) = 000
General note 3 Contracted minimum EFLH = 0,000, Actual EFLH = 2,119
General note 4 Project IRR for this option: 3.0% Equity IRR for this option: 2.5%

Metro Nashville: DES Program Options - EGF Expansion

Exhibit: Free Cash Flows, IRR's and Financial Ratios

(USD in 000's)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
IRR																										
EBITDA	-	-	218	446	698	961	1,231	1,513	1,812	2,125	2,451	2,792	2,856	2,923	2,990	3,060	3,130	3,203	3,277	3,353	3,431	3,510	3,591	3,674	3,759	3,846
Less: Increase in Wkg Cap	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: Adjustment for connection charge collected	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Capex	-	(13,980)	(13,980)	(131)	(131)	(13,446)	(13,446)	(141)	(172)	(178)	(179)	(34)	(69)	(71)	(73)	(74)	(76)	(78)	(80)	(81)	(83)	(85)	(87)	(89)	(91)	(93)
Free Cash Flows before Debt Servicing	-	(13,980)	(13,762)	315	567	(12,485)	(12,216)	1,372	1,640	1,947	2,273	2,758	2,787	2,851	2,918	2,985	3,054	3,125	3,197	3,271	3,347	3,425	3,504	3,585	3,668	3,753
Add: Terminal Value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,797
Free Cash Flow to Firm (incl. Terminal Value)	-	(13,980)	(13,762)	315	567	(12,485)	(12,216)	1,372	1,640	1,947	2,273	2,758	2,787	2,851	2,918	2,985	3,054	3,125	3,197	3,271	3,347	3,425	3,504	3,585	3,668	30,530
Project IRR	3.0%																									
Add: Financing cash flows	-	13,980	13,526	(1,080)	(2,178)	11,179	10,780	(3,205)	(4,213)	(4,120)	(4,040)	(4,098)	(4,013)	(3,917)	(3,820)	(3,724)	(3,628)	(3,531)	(3,435)	(3,338)	(3,242)	(3,145)	(3,049)	(2,952)	(2,856)	(2,759)
Free Cash Flows after Debt Servicing	-	-	(236)	(765)	(1,611)	(1,307)	(1,435)	(1,833)	(2,573)	(2,173)	(1,768)	(1,340)	(1,227)	(1,066)	(903)	(739)	(573)	(408)	(237)	(67)	106	279	455	633	812	27,791
Equity IRR	2.5%																									
Ratios																										
Annual DSCR (times)			0.48	0.37	0.30	0.42	0.46	0.45	0.42	0.50	0.59	0.68	0.71	0.75	0.78	0.82	0.86	0.91	0.95	1.00	1.06	1.12	1.18	1.24	1.32	1.39
Minimum DSCR (times)	0.30																									
Overall DSCR (times)	0.73																									
Interest Coverage (times)			0.48	0.37	0.59	0.84	0.80	0.68	0.84	1.03	1.24	1.48	1.60	1.73	1.88	2.04	2.24	2.46	2.72	3.02	3.38	3.83	4.37	5.07	5.99	7.24
EBITDA / Revenue (%)			55%	55%	56%	56%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%
Net Profit / Revenue (%)																	3%	6%	9%	12%	14%	17%	19%	22%	24%	28%
Current Ratio (times)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt / Tangible Net Worth (times)									102.91	35.22	20.42	13.94	10.19	7.83	6.21	5.03	4.14	3.43	2.86	2.39	1.98	1.62	1.29	1.02	0.79	0.59
Total Outside Liabilities / Tangible Net Worth (times)									102.91	35.22	20.42	13.94	10.19	7.83	6.21	5.03	4.14	3.43	2.86	2.39	1.98	1.62	1.29	1.02	0.79	0.59

Model run for
 Capacity charge (USD/ton/month) = 24.31, Consumption charge (USD/ton-hr) = 0.11, Connection fee (USD/ton) = 000
 Contracted minimum EFLH = 0,000, Actual EFLH = 2,119
 Project IRR for this option: 3.0%. Equity IRR for this option: 2.5%

Metro Nashville: DES Program Options - EGF Expansion

Exhibit: Income Statement

(USD in 000's)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Revenue																										
Capacity Charge	-	-	221	453	695	947	1,212	1,487	1,775	2,075	2,389	2,715	2,777	2,841	2,907	2,974	3,042	3,112	3,183	3,257	3,332	3,408	3,487	3,567	3,649	3,733
Consumption Charge	-	-	176	361	554	755	966	1,185	1,415	1,654	1,904	2,164	2,213	2,264	2,316	2,370	2,424	2,480	2,537	2,595	2,655	2,716	2,779	2,843	2,908	2,975
Connection Charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	-	-	398	813	1,248	1,703	2,177	2,673	3,190	3,729	4,292	4,879	4,991	5,106	5,223	5,343	5,466	5,592	5,720	5,852	5,987	6,124	6,265	6,409	6,557	6,707
Operating Cost																										
Variable costs	-	-	167	341	523	714	913	1,121	1,338	1,564	1,800	2,046	2,093	2,141	2,190	2,241	2,292	2,345	2,399	2,454	2,511	2,568	2,627	2,688	2,750	2,813
Fixed costs	-	-	13	27	27	27	33	39	40	40	41	41	42	42	43	43	44	44	45	45	46	46	47	47	48	48
Total operating cost	-	-	180	368	551	741	946	1,160	1,377	1,604	1,841	2,087	2,135	2,183	2,233	2,284	2,336	2,389	2,443	2,499	2,556	2,614	2,674	2,735	2,797	2,861
EBITDA	-	-	218	446	698	961	1,231	1,513	1,812	2,125	2,451	2,792	2,856	2,923	2,990	3,060	3,130	3,203	3,277	3,353	3,431	3,510	3,591	3,674	3,759	3,846
EBITDA %			55%	55%	56%	56%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%
Depreciation & Amortisation	-	-	349	699	702	706	1,042	1,378	1,382	1,386	1,391	1,395	1,396	1,398	1,400	1,402	1,404	1,406	1,407	1,409	1,412	1,414	1,416	1,418	1,420	1,423
EBIT	-	-	(132)	(253)	(5)	256	189	135	431	739	1,061	1,397	1,460	1,524	1,590	1,658	1,727	1,797	1,870	1,943	2,019	2,096	2,175	2,256	2,339	2,424
Interest cost	-	-	454	1,211	1,191	1,149	1,537	2,216	2,149	2,061	1,970	1,882	1,786	1,689	1,593	1,496	1,400	1,303	1,207	1,110	1,014	917	821	724	628	531
EBT	-	-	(586)	(1,464)	(1,195)	(894)	(1,348)	(2,082)	(1,718)	(1,322)	(909)	(485)	(326)	(165)	(2)	162	327	494	663	833	1,005	1,179	1,354	1,532	1,711	1,892
Net profit	-	-	(586)	(1,464)	(1,195)	(894)	(1,348)	(2,082)	(1,718)	(1,322)	(909)	(485)	(326)	(165)	(2)	162	327	494	663	833	1,005	1,179	1,354	1,532	1,711	1,892
Net profit %	0%	0%	-147%	-180%	-96%	-52%	-62%	-78%	-54%	-35%	-21%	-10%	-7%	-3%	0%	3%	6%	9%	12%	14%	17%	19%	22%	24%	26%	
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	(586)	(1,464)	(1,195)	(894)	(1,348)	(2,082)	(1,718)	(1,322)	(909)	(485)	(326)	(165)	(2)	162	327	494	663	833	1,005	1,179	1,354	1,532	1,711	1,892
Cash profit	-	-	(236)	(765)	(493)	(188)	(307)	(704)	(336)	64	482	910	1,071	1,233	1,398	1,563	1,731	1,900	2,070	2,243	2,417	2,593	2,770	2,950	3,131	3,315

Model run for

Capacity charge (USD/ton/month) = 24.31, Consumption charge (USD/ton-hr) = 0.11, Connection fee (USD/ton) = 000

Contracted minimum EFLH = 0,000, Actual EFLH = 2,119

Project IRR for this option: 3.0% Equity IRR for this option: 2.5%

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Exhibit: Cash Flow Statement

(USD in 000's)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Inflows																										
Cash profit	-	-	(236)	(765)	(493)	(188)	(307)	(704)	(336)	64	482	910	1,071	1,233	1,398	1,563	1,731	1,900	2,070	2,243	2,417	2,593	2,770	2,950	3,131	3,315
Equity drawdown	-	-	236	765	1,611	1,307	1,435	1,833	2,573	2,173	1,768	1,340	1,227	1,066	903	739	573	406	237	67	-	-	-	-	-	-
Debt drawdown	-	13,980	13,980	131	131	13,446	13,446	141	141	146	146	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total inflows	-	13,980	13,980	131	1,249	14,565	14,575	1,269	2,377	2,383	2,395	2,250	2,297	2,299	2,301	2,302	2,304	2,306	2,308	2,309	2,417	2,593	2,770	2,950	3,131	3,315
Outflows																										
Capital Expenditure	-	13,980	13,980	131	131	13,446	13,446	141	172	178	179	34	69	71	73	74	76	78	80	81	83	85	87	89	91	93
Increase(decrease) in working capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase(decrease) in connection charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt repayment	-	-	-	-	1,118	1,118	1,129	1,129	2,205	2,205	2,216	2,216	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total outflows	-	13,980	13,980	131	1,249	14,565	14,575	1,269	2,377	2,383	2,395	2,250	2,297	2,299	2,301	2,302	2,304	2,306	2,308	2,309	2,311	2,313	2,315	2,317	2,319	2,321
Surplus/(deficit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106	279	455	633	812	994
Opening cash balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106	385	840	1,473	2,285
Closing cash balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106	385	840	1,473	2,285	3,279

Model run for

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Project IRR for this option: 3.0% Equity IRR for this option: 2.5%