



## PRODUCTION OF BRIQUETTES

Investor: XXXXXXXXX

Project Location: Serbia

Currency: EUR

Date Activity: 21.03.2022

### Description and Goal of the Investment

Purchase of wood waste (sawdust) from sawmills in the area and processing into briquettes. Start of work 4 months after the closure of the financial structure, ie the provision of credit, construction and procurement of equipment. Due to the need to start production and conquer the market, and in the first year and due to the time needed to build the plant in the first year, the estimated production is 300 tons for well-known customers and 300 tons for heating warehouses. In the second year, 400 tons for known customers and 400 tons for heating warehouses, while in the third year, production is projected at 500 tons for known customers and 500 tons for heating warehouses.

The life of the project

15

Tax of profit

20

Discount Rate

4

Realization of Investment in 1st year

4

Realization of Investment in 2nd year

0

Estimation of Future Annual Inflation

3

Investment value and investment dynamics

! Items	Invested			Year 1			Year 2		
	Price	Durability	Amortization	Price	Durability	Amortization	Price	Durability	Amortization
	EUR	(Years)	Depreciation	EUR	(Years)	Depreciation	EUR	(Years)	Depreciation
Projects, permits, supervision	500	0	0	0	0	0	0	0	0
Land	0	0	0	4.000	0	0	0	0	0
Infrastructure	0	0	0	25.000	20	1.250	0	0	0
Objects	0	0	0	20.000	20	1.000	0	0	0
Technological equipment	0	0	0	65.000	15	4.333	0	0	0
Technological equipment	0	0	0	25.000	15	1.667	0	0	0
Transport vehicles	0	0	0	12.000	8	1.500	0	0	0
Other equiment	0	0	0	10.000	5	2.000	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Credit processing	0	0	0	0	0	0	0	0	0
Working capital	0	0	0	14.000	0	0	4.666,67	0	0
Total	500	0	0	175.000	0	11.750	4.666,67	0	0
Total Investment	180.166,67	Working capital turnover ratio		6					

Sources of financing for new investments

	Sources	Year 1	Year 2	Total
Loan	Own capital	75.000	4.667	79.667
	Amount	100.000	0	100.000
	Repayment	12	0	0
	Grace period	2	0	0
	Interest	4	0	0
	Shareholders	0	0	0
	Donations	0	0	0
	Total	175.000	4.667	179.667

### Loan repayment plan

[illegible]

Loan in Year 1

[illegible]

Loan in Year 2

[illegible]

Total loans

[illegible]

## Operating income and expenses

At current prices (excluding inflation)

Items	Unit of	Unit	Annual volume				Annual amount			
	measure	Price	Year 1	Year 2	Year 3	Next year	Year 1	Year 2	Year 3	Next year
INCOMES		0	0	0	0	0	84.000	112.000	140.000	140.000
Briquettes direct sale	tons	150	300	400	500	500	45.000	60.000	75.000	75.000
Briquettes are sold through warehouses	tons	130	300	400	500	500	39.000	52.000	65.000	65.000
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
EXPENSES		0	0	0	0	0	58.500	74.750	91.200	91.200
Wood waste (sawdust)	tons	20	620	830	1.050	1.050	12.400	16.600	21.000	21.000
Larger packing 50 kg	pics	3	200	250	300	300	600	750	900	900
Larger packing 100 kg	pics	5	200	250	300	300	1.000	1.250	1.500	1.500
Larger packing 200 kg	pics	7	200	300	400	400	1.400	2.100	2.800	2.800
Electricity	kWh	0,1	90.000	120.000	150.000	150.000	9.000	12.000	15.000	15.000
Fuel for transport	liter	1,5	2.000	2.500	3.000	3.000	3.000	3.750	4.500	4.500
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
Gross wages of workers	Number of employees	0	2	3	4	4	0	0	0	0
Average per month	Gross wages	0	600	600	600	600	14.400	21.600	28.800	28.800
Gross management salaries		0	0	0	0	0	12.000	12.000	12.000	12.000
Maintenance		0	0	0	0	0	4.000	4.000	4.000	4.000
Insurance		0	0	0	0	0	200	200	200	200
Marketing		0	0	0	0	0	300	300	300	300
Other		0	0	0	0	0	200	200	200	200
OPERATIONAL RESULT		0	0	0	0	0	25.500	37.250	48.800	48.800

## Income statement

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOMES	84.000	112.000	144.200	148.526	152.982	157.571	162.298	167.167	172.182	177.348	182.668	188.148	193.793	199.607	205.595
Operating expenses	58.500	74.750	93.936	96.754	99.657	102.646	105.726	108.898	112.164	115.529	118.995	122.565	126.242	130.029	133.930
EBITDA	25.500	37.250	50.264	51.772	53.325	54.925	56.573	58.270	60.018	61.818	63.673	65.583	67.551	69.577	71.664
Amortization	7.833	11.750	11.750	11.750	11.750	11.750	11.750	11.750	11.750	11.750	11.750	11.750	11.750	11.750	11.750
EBIT	17.667	25.500	38.514	40.022	41.575	43.175	44.823	46.520	48.268	50.068	51.923	53.833	55.801	57.827	59.914
Interest	0	0	4.326	3.937	3.532	3.111	2.673	2.217	1.744	1.251	739	206	0	0	0
EBT	17.667	25.500	34.188	36.085	38.043	40.064	42.150	44.303	46.524	48.817	51.184	53.627	55.801	57.827	59.914
Tax of profit	3.533	5.100	6.838	7.217	7.609	8.013	8.430	8.861	9.305	9.763	10.237	10.725	11.160	11.565	11.983
NET PROFIT	14.133	20.400	27.350	28.868	30.434	32.051	33.720	35.442	37.219	39.054	40.947	42.902	44.640	46.262	47.932

The years are not calendar, but are calculated from the day of providing financial resources.

## Cash Flow

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. INFLOWS	259.000	116.667	144.200	148.526	152.982	157.571	162.298	167.167	172.182	177.348	182.668	188.148	193.793	199.607	205.595
Equity	75.000	4.667	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans	100.000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating income	84.000	112.000	144.200	148.526	152.982	157.571	162.298	167.167	172.182	177.348	182.668	188.148	193.793	199.607	205.595
2. OUTFLOWS	237.033	84.517	120.201	118.753	122.069	135.485	129.005	132.631	136.366	140.215	154.180	148.265	138.343	142.564	146.911
Investments	175.000	4.667	5.367	721	743	765	788	811	836	861	887	913	941	969	998
Payment of old obligations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement of fixed assets	0	0	0	0	0	10.000	0	0	0	0	10.000	0	0	0	0
Operating expenses	58.500	74.750	93.936	96.754	99.657	102.646	105.726	108.898	112.164	115.529	118.995	122.565	126.242	130.029	133.930
Loan annuities	0	0	14.061	14.061	14.061	14.061	14.061	14.061	14.061	14.061	14.061	14.061	0	0	0
Tax of profit	3.533	5.100	6.838	7.217	7.609	8.013	8.430	8.861	9.305	9.763	10.237	10.725	11.160	11.565	11.983
FINANCIAL FLOW (1-2)	21.967	32.150	23.999	29.773	30.913	22.086	33.294	34.537	35.816	37.133	28.488	39.883	55.450	57.043	58.684
Financial flow cumulative	21.967	54.117	78.115	107.888	138.801	160.887	194.181	228.718	264.534	301.667	330.155	370.039	425.489	482.531	541.215

## Note

From the future accumulation, the program automatically included in the projections the replacement of fixed assets with a shorter lifespan than the project life Residual (residual value of the project) after the project life is not calculated in the last year of the project life because the market value of fixed assets after the end of the project life cannot be realistically estimated, and can significantly affect the financial effects.



## Financial results of the investment

Parameter	Amount
Investment	180.167 EUR
Average Income	163.206 EUR
Average Net profit	34.757 EUR
$\Sigma$ Net profit / Investment	2,89
Liquidity in all years	Yes
Average Net profit / Average Income	21,3 %
NPV (net present value)	195.536 EUR
IRR (internal rate of return)	15,2 %
Return time discounted	7 Years

## SWOT Analysis

### Strength

Your strengths can be qualified staff, team, experience, available resources (technological equipment, raw material base), market position, innovative products, investment and creditworthiness.

### Weaknesses

Poor creditworthiness, lack of team, experience, qualified staff, creditworthiness, ie. financial resources (especially for beginners in business), inflexibility (poor adaptation to market changes), poor financial analysis to prove the profitability of the idea and attract co-investors...

### Opportunity

Innovative product, developed more advanced technology, profitability of the idea, favorable market situation, ie. favorable economic-socio-political environment,....

### Threats

Unfavorable economic, socio-political environment, lack of state incentives and favorable loans,especially for business start-ups, strong competition in the planned activity, strong competition that quickly develops more innovative products.

## Appendix

Agency	Standard and Poor's	Fitch Ratings	Moody's Service
Rating	BB+/stable appearance <a href="#">↗</a>	BB+/stable appearance <a href="#">↗</a>	Ba2/stable appearance <a href="#">↗</a>
Date Activity	6/11/2021 <a href="#">↗</a>	9/3/2021 <a href="#">↗</a>	3/12/2021 <a href="#">↗</a>
Activity	Rating confirmed <a href="#">↗</a>	Rating confirmed <a href="#">↗</a>	Increased rejting <a href="#">↗</a>

You can download the current Rating via the link [https://nbs.rs/sr/finansijsko\\_trziste/informacije-za-investitore-i-analiticare/rejting\\_RS/](https://nbs.rs/sr/finansijsko_trziste/informacije-za-investitore-i-analiticare/rejting_RS/). Attached is the latest rating rating from STANDARD & POOR'S, MOODY'S INVESTORS SERVICE and RATING FITCH. It is important if foreign investments or foreign investors are planned. More in the blog <https://investasistent.com/investiciona-i-kreditna-sposobnost-investitora/>

## Note

An investment is eligible for realization if all indicators in the Financial Result have recommended values, if the SWOT analysis is realistic (more in the blog [SWOT Analysis](#)) and if the investment and creditworthiness is realistically assessed and accepted by a potential lender or co-investor (more in the blog [Investment and Investor Creditworthiness](#)). The key parameters on the basis of which it is concluded whether the investment is financially justified are: NPV (Net present value), which must be positive, and shows how much the investor will earn in the project life at current prices, IRR (internal rate of return) which is an indicator of interest invested capital, which in the basic variant must be at least 2 times higher than the discount rate, Discounted return on investment, which must be shorter than the life of the project, Average annual Net profit min 15-20% of average income. If the budget shows a loss on the Income Statement and / or illiquidity in the Financial Flow (often occurs in the first years of the project life if production is gradually established and / or due to the need to conquer the market, due to employee salaries, depreciation and due loan installments), and other above parameters are good, does not mean that you should give up the investment, but indicate that in those years it is necessary to invest additional external funds to maintain liquidity.

## Disclaimer

We did not check the reliability of the input data (investment value, income and expenses, SWOT analysis), as well as investment and creditworthiness. Therefore, before starting the investment, all entered data should be checked again, especially the procurement and sales market.

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If you want our opinion on the investment in question, contact our consultants by [e-mail](#) with specific questions.