Finance Simulation: **Capital Budgeting**

	Current	Future Projections									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
VALUATION ANALYSIS											
Debt Free Cash Flow	15.55	24.10	25.80	27.91	28.67	30.97	33.16	35.72	38.39	41.41	44.53
Perpetuity Based Terminal Value											790.34
Reduction in Terminal Value if Project life is finite											-199.74
Discount Factor	1.00	1.08	1.16	1.25	1.35	1.46	1.57	1.70	1.83	1.97	2.13
Discounted Cash Flow	15.55	22.36	22.18	22.24	21.21	21.21	21.05	21.01	20.93	20.93	298.26
Debt-Free Enterprise Value	506.93										
Interest Tax Shields	2.78	2.90	2.97	3.09	3.23	3.38	3.54	3.71	3.91	4.12	4.36
Terminal Value, Interest Tax Shields											40.03
Present Value, Interest Tax Shields	2.78	2.67	2.53	2.42	2.33	28.97	2.17	2.10	2.04	1.98	1.94
Levered Enterprise Value	558.86										
5-Year Cumulative EBITDA	264.67										

© **2010 Harvard Business School Publishing**.
Harvard Business Publishing is an affiliate of Harvard Business School.
Developed in Partnership with **Forio Business Simulations**.