

We operate in different and flexible ways to help you design, build and /or review financial models and to help you understand the impact of different financial or commercial assumptions on the cash position, profit, tax and financing structure.

Assumptions review

We analyse the business' key commercial and financial drivers. We comment on the reasonableness of the key assumptions, including the macroeconomics assumptions, level of profitability, working capital requirement, costs and feasibility indicators based on potential risks and our industry and market knowledge. We will also comment on whether the financial projections have incorporated other factors, which are considered material: such as commitments to other parties, other capital expenditure (capex) requirements, interest expenses and any repayment commitments to financiers.

Model Development

We will work with you to develop a financial model suitable for your needs. The model will be structured using Excel functions with defined names, purposes and in a logical flow that provides transparency in understanding the financial mechanics of the project. We will build a flexible structure, including a comprehensive sensitivity analysis module to allow you to quickly analyse the impact of different inputs and scenarios. We will build in necessary functions to make it useable for subsequent analyses and for future interaction with relevant stakeholders. Upon completion, we will provide supporting documentation (manual/data assumptions book) and train your staff to operate the model.

Independent Model review

We will review and give an independent opinion on the soundness of the financial model. Using our proprietary model review software, we assess the quality of the model, including the integrity of logic and calculation, review correctness of any macros, check that the model allows changes in assumptions for sensitivity analyses, review consistency of input data compared to the supporting documentation, and review whether the calculation and assumptions are in accordance with latest accounting standards and taxation regulations.

Our financial model can help you in the decision-making process and serves as a useful tool in various business situations. We assist and advise on:

CFO Office

- Budgeting and management forecasting
- Cash flow forecasting
- Management and board reporting
- Cash and working capital management
- Strategic planning and forecasting

Decision Support

- Investment appraisal
- Pricing
- Product and customer profitability
- Strategic options analysis
- Valuation

Deal Modelling

- Buy-side: improving positioning with finance providers
- Sell-side: adding credibility to the business growth story
- Restructuring: supporting creditor and bank negotiations

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Financial Modelling Services PwC Indonesia

***Helping you to make the right
decisions***



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Please see <http://www.pwc.com/structure> for further details.

PwC Provides End-to-end Financial Modelling Services

Financial models are typically built for, and relied upon, to support business decisions. Good financial models provide insightful information, allowing you to explore the financial impact of strategic decisions and support your business plan or investment decision. PwC Indonesia can add value to your project by maximising the impact of your Financial Model (“FM”) as a decision-making tool. Our FM is also supported by a proper assessment from an accounting and tax perspective.

Why you need us

Do you have reliable and robust tools to critically appraise the opportunity?

☐

Is your model easy to understand?

☐

Are your modelling forecasts built using the core value drivers of the business?

☐

Is your model quick to update and does it develop with the deal?

☐

Does your modelling enable analysis for key operational, commercial and financing sensitivities applicable to key stakeholders?

☐

Have your financing arrangements been fully integrated into your financial model to enable sufficient cash and covenant analysis?

☐

Does your model have good documentation so that someone else could operate it if your key modeller was unavailable?

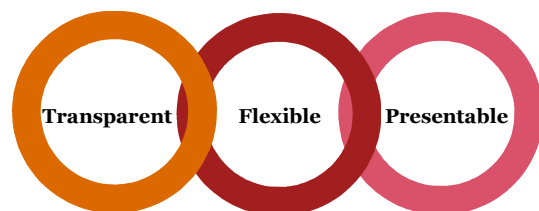
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Has your model appropriately incorporated the updated accounting standards and tax regulations to tell the impact on financial statement?

☐

If you are unable to confidently answer “yes” to the above, our financial modelling services may benefit you.

We recognise a good and bad financial model when we see one. We find common mistakes in spreadsheets and develop our models based on the following principles:



- Clear structure, separation between input, calculation and output
- Concise and simple formula/calculation with proper embedded logic and no sign errors
- No circular references, minimise use of macros

- No hard coding in formula; hardcoded input belongs to input assumptions only
- Use a well-laid out scenario manager to manage multiple scenarios
- Consistent use of formula per row, one unique formula assigned to each row

- State units clearly and concisely for assumptions and calculations
- Include integrity checks. Examples of common checks/alerts include: negative cash balance, total depreciation of fixed asset costs, breach of debt covenants and use conditional formatting to signal red flags
- Use data grouping and a clear heading hierarchy
- Use line summaries and summarise outputs using plots

Our capabilities in financial modelling have helped:

- A waste-to-energy power plant company to **optimise its financing options** so it can bid a competitive price for a PPP project.
- Lenders to **evaluate their financing risks** for IPPs in Indonesia. Using PwC in-house software, we performed detailed review and **gave independent opinions on the integrity of the model** including consistency with supporting documents, and compliance with the latest accounting standards and tax regulation.
- A geothermal IPP to **calculate alternative tariff scenarios to re-negotiate** with PLN. We assisted the client to analyse scenarios on their debt service capacity to inform debt-restructuring negotiations.
- An electricity geothermal company to **develop its five-year business plan**. We reviewed the existing financial model and assessed the reasonableness of the underlying assumptions so that the client can produce a robust business plan in line with the company's strategy.
- To **facilitate discussions** between two parties (a state regional water company and its water treatment investor (private) to **arrive at an agreed tariff mechanism**. Our comprehensive financial model helped them to structure their business model, rebase the tariff and successfully facilitate renewal of the concession agreement.
- An EPC Company to develop a **comprehensive business plan** for one of its toll road subsidiaries. This included helping the client in evaluating business model options, analysing the key factors in determining the proper business model, and reviewing the impact of each business model on the financial performance of the company. We **created a consolidated financial model for several alternatives and performed scenario analysis in order to determine the most suitable business model**. The financial model also helped the client to plan the right corporate action (e.g. IPO, capital injection, divestment) to be performed in the future in relation to the company's strategic expansion plan.
- A **debt restructuring scheme** for a steel company. We reviewed and further developed the client's financial model, including by provided inputs for the commercial and economic assumptions in the model, and gave insight on the investment feasibility of its capital/ funding strategy. Our review **has helped the company to develop the proper business plan as a basis for their negotiation to the lenders**.