

PROJECT APPRAISAL

07.05.2018

Exercices Chapter 07

Q1) Compute the certainty equivalent value of the project with the following Cash Flow (global and not discounted) from year zero to year 5:

-1500	547.5	547.5	547.5	547.5	547.5
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The risk free rate (7%) and the WACC (15%). Attribute values for the e.c. vector.

Compute also the NPV without considering the e.c. vector.

Q2) Consider the base scenario (see excel file) and compute the new values for the IRR and the NPV after the decrease of the market and the decrease of the market share of the project.

Q3) Present an example of a scenario analysis.