

# ARNOUS Forms

## Virtual Business

### Risk Management & Capital Restructuring

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 Dated A-21

Amounts in USD Unless Other Stated

## Executive Summary

ARNOUS Forms is a SME that projecting to launch business in Beirut Lebanon, it is specialized in food paper box forming. The Company will invest in improved technology machines that eligible it to provide high quality products with less fixed costs and competitive prices.

Target Clients are restaurants and snacks from all different sizes and franchises.

In this Plan we depend on several researches, especially in determining COGS and revenues by product, by client, by region, by machines productivity, by sensitivity to price change. For simplicity we did not plot them in this study, in order to ease the complexity of the file.

## Assumptions & Drivers

## Projected Profit&Loss By Year

## Projected Balance Sheet By Year

## Projected Cash Flow By Year

## Financial Statements Analysis

### Note

To better understand the Financials analysis , and open above files, we encourage you to visit previous files in the Library.

## Risk Management & Capital Restructuring

### Breakeven Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Revenue	343,055	411,666	490,079	490,079	490,079
Cost Of Goods Sold (COGS)	137,222	164,667	196,032	220,536	220,536
Gross Profit	205,833	247,000	294,047	269,543	269,543
Gross Profit Ratio	60%	60%	60%	55%	55%
Fixed Costs	85,025	88,397	93,110	90,102	92,733
Sales Amount Needed to Breakeven	141,708	147,328	155,183	163,822	168,605
Average Return Per Unit (ARPU)	0.08	0.08	0.08	0.07	0.07
Sales by Pieces to Breakevent (QTY)	1,874,439	1,948,782	2,052,690	2,363,947	2,432,975
Full Machines Productivity Yearly (QTY)	6,480,000	6,480,000	6,480,000	6,480,000	6,480,000

### Risk Measurement Approach

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Degree Of Operating Leverage</b>					
Sales Revenue	343,055	411,666	490,079	490,079	490,079
Total Variable Costs	137,222	164,667	196,032	220,536	220,536
Total OPEX	79,601	82,973	87,687	90,102	92,733
DOL or Business Risk	1.63	1.51	1.42	1.50	1.52
Average Business Risk	1.52	<b>Unlevered Beta</b>			

This means that if ARNOUS Forms has a 5% increase in sales , its EBIT will increase by 5% X 1.52=7.6% as an average.

### Degree Of Financial Leverage

EBIT	126,232	164,026	206,361	179,442	176,811
Interest	5,423	5,423	5,423	-	-
Degree Of Financial Leverage	1.04	1.03	1.03	1.00	1.00
Average DFL or Financial Risk	1.02	<b>Financial Risk</b>			

This means that if Arnous Forms has a 5% increase in EBIT , its EBT will increase by 5% X 1.02=5.1% as an average.

### Degree Of Total Leverage

DTL	1.70	1.56	1.46	1.50	1.52
Average DTL	1.55				

This means that EBT increase by 1.55 X 5% = 7.75% for every 5% increase in sales.

### Beta Levered = $BU(1+D/E*(1-t))$

	2.17	1.83	1.42	1.50	1.52
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Average levered Beta-Equity Beta

### Capital Structure and WACC Determination

Bank Interest Rate-Virtual-in Lebanon	Debt/Equity	Debt/Assets	Tax Rate	Average Levered Beta	Cost Of Debt After Tax	Cost Of Equity	WACC
2021							
8%	0.4	28%	17%	2.02	6.64%	39.31%	30.00%
9.0%	1	50%	17%	2.78	7.47%	51.44%	29.45%
10.00%	2	67%	17%	4.04	8.30%	71.59%	29.40%
10.50%	3	75%	17%	5.30	8.72%	91.74%	29.47%
11.00%	4	80%	17%	6.56	9.13%	111.90%	29.68%
11.50%	5	83%	17%	7.82	9.55%	132.05%	29.96%

Risk Free Rate in Lebanon in USD Virtual 7% Check Source links for accurate Figures, in this Plan we use near by -Virtual amounts

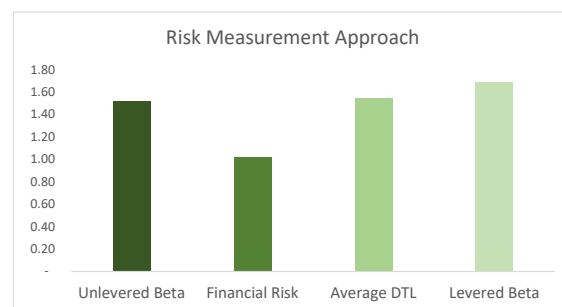
Market Risk Premium in Lebanon-2021 MRP 23% Check Source links for accurate Figures, in this Plan we use near by -Virtual amounts

### Source

<https://www.ceicdata.com/en/indicator/lebanon/bank-lending-rate>

<https://www.bankaudi.com.lb/private-banking/capital-markets/fixed-income>

[http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/ctryprem.html](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html)



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