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TU-A1300 - Introduction to Industrial Engineering and Management, 07.09.2020-30.11.2020

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Week 9 Group Exercise Submission

Opened: Monday, 2 November 2020, 6:00 PM **Due:** Monday, 9 November 2020, 6:00 PM



Evaluating Return on Investment: Same Excel file you worked in last week, in the lower part of the sheet. Return just the Excel file.

Estimate your initial investment in euros

- Initial investment includes equipment, facilities and other procurements to start a business.
- You don't have to specify costs of specific items to get the max grade, but could if you want to, in separate cells.
- Depreciation does not need to be included.

Estimate your company's free cash flows for years 0-4

- Year 0 includes only the initial investment.
- In years 1-4, business is conducted normally.
- You don't have to calculate FCF for year 5.

Calculate the net present value of your investment using 10% average cost of capital (WACC = 10%)

- You can find details on NPV in the case study and in the formulas document in the Accounting Exercises section. Excel actually has a built in NPV formula.
- Now you can finally answer to yourself is the investment profitable?

■ Lecture 8 Recordings and Slides

Final Recap Recordings and Slides ►



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