



Are you Investor - ready?



FINANCIAL MODELING FOR C&I 101



Ruth Muthoni
Investment Associate



Andrew Githaiga
Investment Manager



21st November



10.00 AM CAT



C&I Financing 101

Become investor-ready today

September 20, 2023



Meet the team



Ruth Muthoni

Investment Associate, Odyssey Energy Solutions

Prior to Odyssey, Ruth worked as an analyst at Mirova SunFunder where she helped deploy two renewable energy private debt funds. She has also covered three private equity funds in the real estate sector. Ruth has a Bachelor's degree in Economics and Finance and is a CPA finalist and a CFA Level 3 candidate.



Andrew Githaiga

Investment Manager, Odyssey Energy Solutions

Prior to Odyssey, Andrew held a number of roles focused on deal origination, structuring and advisory in renewable energy. He was an Investment Manager at Trine, Head of East African Investing at Mirova SunFunder and Head of Medium Enterprise at Jamii Bora Bank.

GLOBAL SCALE



Over 2,400 renewable energy companies use Odyssey to finance, procure equipment for, and operate their projects. The Odyssey platform houses the world's largest ecosystem of DRE stakeholders:



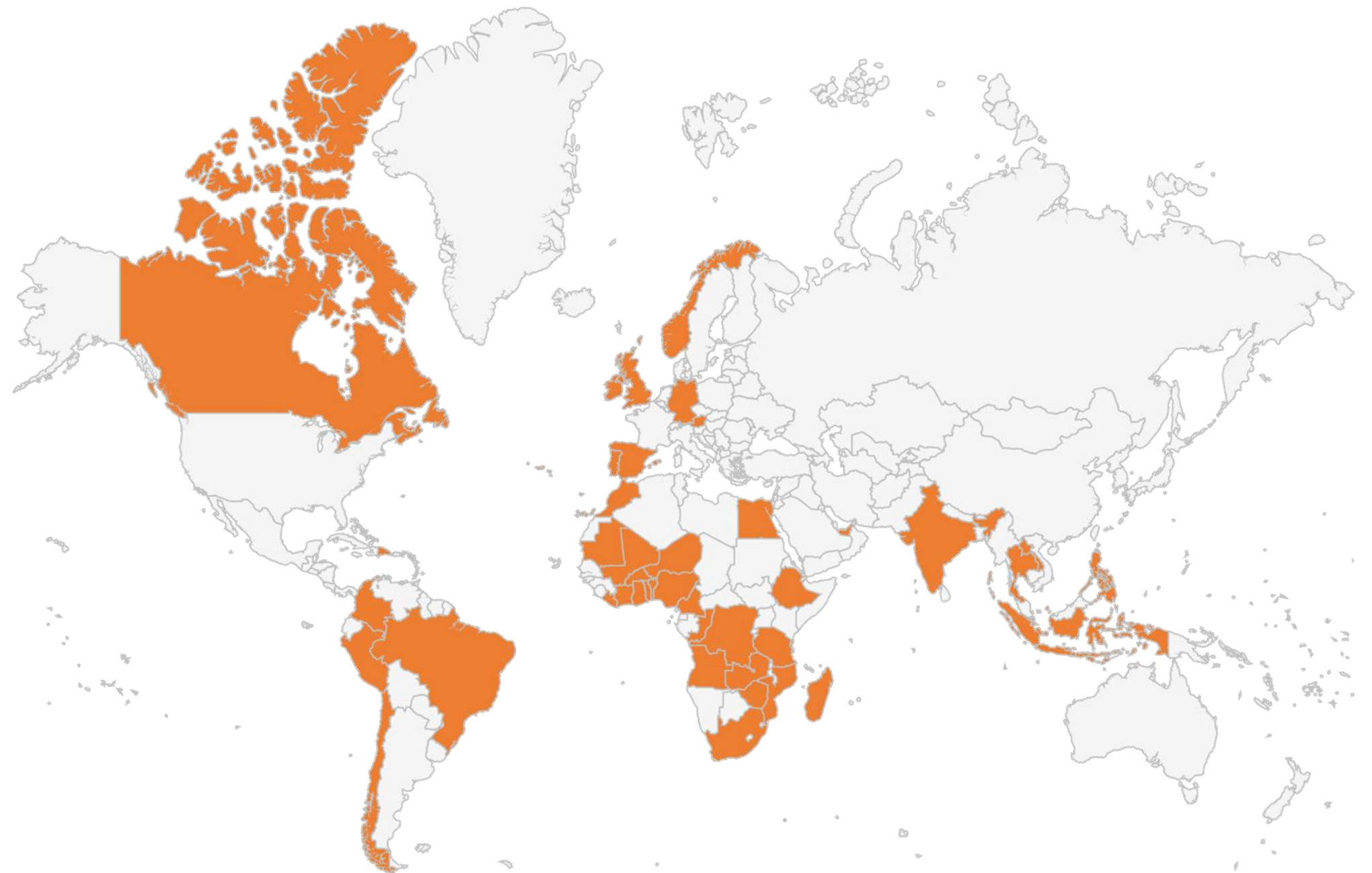
\$1.3B
of available financing



40
financing programs



2,400+
renewable energy companies

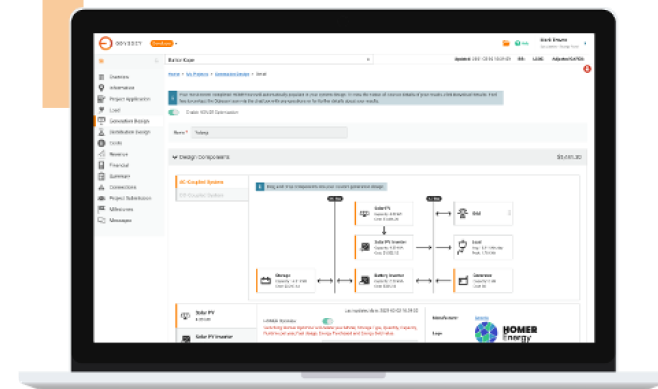


WHO WE ARE



Odyssey supports DRE companies at every step of project development

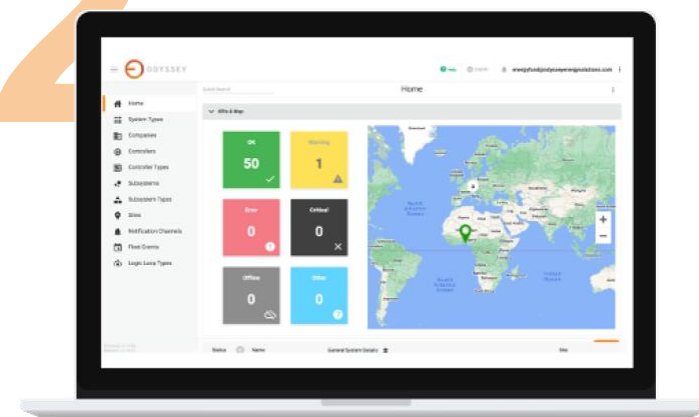
1



Plan & Forecast

Odyssey's **free** software allows you to estimate load, design & size systems, submit proposals to funders and monitor your assets.

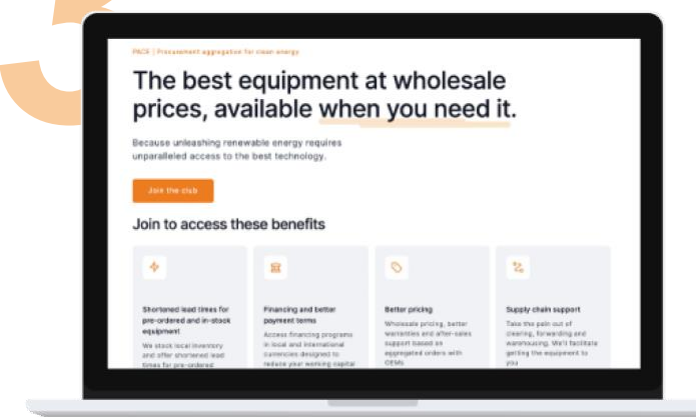
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Finance

Use the Odyssey platform to access over **\$1.3B** of available capital from diverse sources for all types of distributed assets.

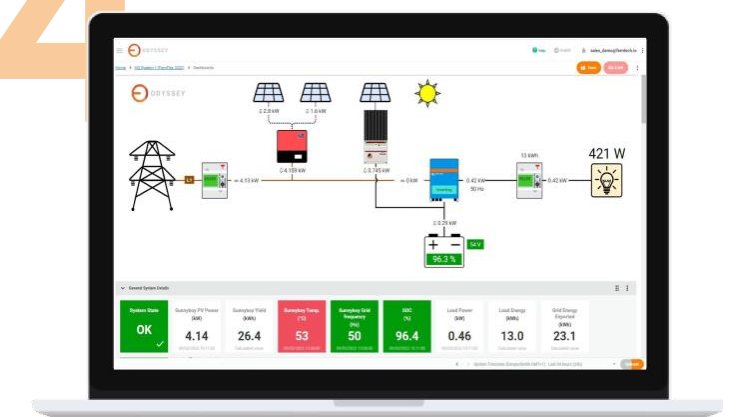
3



Procure

Odyssey Procure makes it easy for developers to find equipment **quickly and cost-effectively**, with the goal of making the sector more efficient.

4



Operate

Get real-time **performance data and impact metrics** with Odyssey's hardware and software that sits on top of distributed assets.



What is a FINANCIAL MODEL and why is it important?

Component s



Assumptions and
drivers



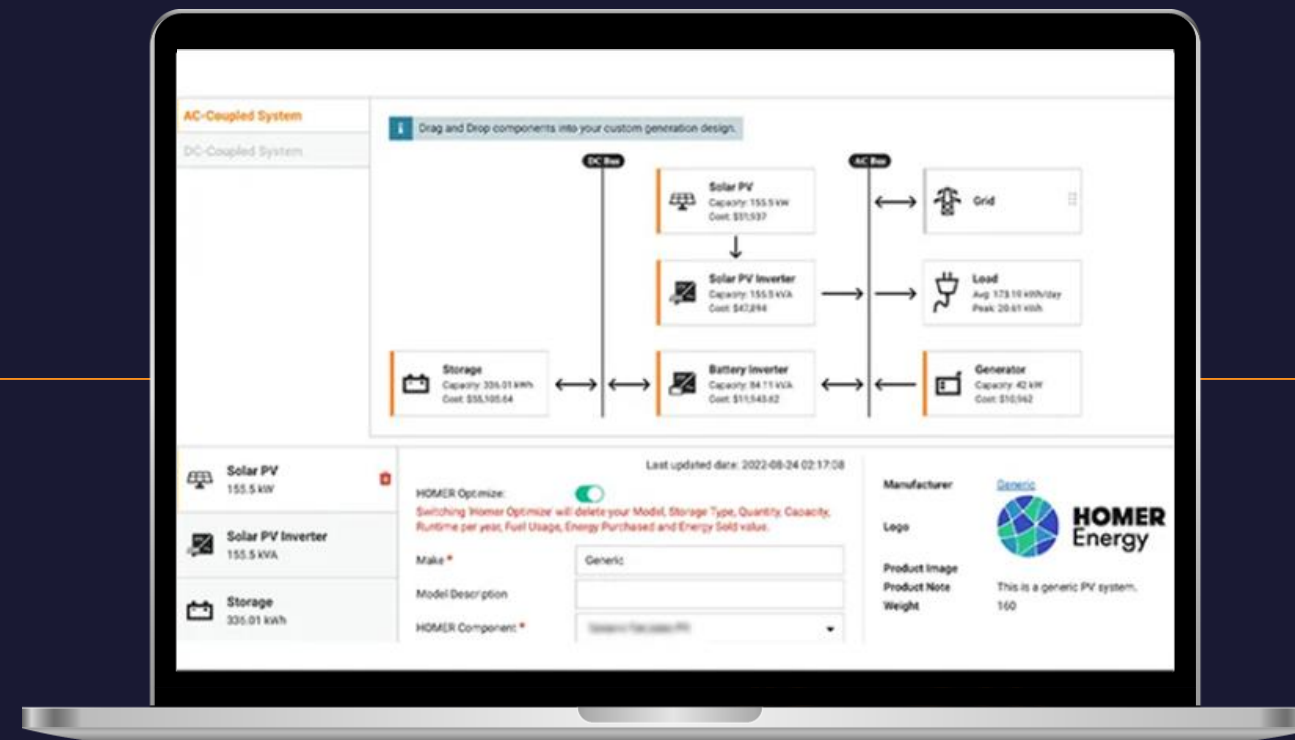
Financial statements



Sensitivity analysis



Charts and graphs



Uses

Valuation

Capital allocation

Budgeting

Forecasting

Monitoring

Capital raising

Mergers and acquisition



What are
THE KEY COMPONENTS
that go into a C&I financial model?



Inputs



Calculations



Output



INPUTS

These are basic numerical assumptions that drive the model. In a C&I developer model, some of the key inputs may include assumptions pertaining to:



Time



Development and
Operational costs



Revenue | Pricing



Energy generation



Financing



Others

CALCULATIONS



This is where the logic of the model is built when coming up with projections. Other than headings and row titles in the calculation sheet(s), all cells should be formulae built up from numbers entered in the inputs sheet.

Sample Calculation: Quarterly Revenue

Row Name	Cell Workings	Cell Answer
Capacity (kWp)	=Average size per project (kW) x No. of projects =200 x 60	12,000
Net energy generated (kWh)	=Capacity (kWp) x Quarterly P90 yield x (1- Quarterly Degradation Rate) =12,000 x 500 x (1-0.125%)	5,992,500
Tariff (USD/kWh)	=PPA tariff (USD/kWh) x (1 + Quarterly inflation rate) =0.15 x (1 + 0.75%)	0.1511
Revenue from customers (USD)	=PPA tariff (USD/kWh) x Net energy generated (kWh) =0.1511 x 5,992,500	905,617



OUTPUT

This is a conclusion of the model, which informs decision making. It gives an overview and summary of the numbers, and is customized to answer the fundamental business question of the end user/ decision maker.

Examples of output materials:



Financial Statements



Investment KPIs



Scenario and sensitivity analysis



Visual dashboard of financial performance



What are
THE MAIN OUTPUTS
financiers are looking for?



Financial Statements

Income Statement

Balance Sheet Statement

Cash flow Statement



What are
THE MAIN OUTPUTS
financiers are looking for?



Investment KPIs

Key Equity KPIs:

Project IRR and NPV, Equity IRR, Return on Equity (ROE) and Multiple on Invested Capital (MOIC)

Debt KPIs:

Debt Service Coverage Ratio (DSCR), Loan-to-value (LTV), Debt-to-equity ratio (D/E) and ability to service reserve accounts such as the Debt Service Reserve Account (DSRA) and Maintenance Reserve Account (MRA)



What are
THE MAIN OUTPUTS
financiers are looking for?



Scenario and
sensitivity analysis

This helps in evaluation of risks by showing the impact and magnitude of varying key risk inputs on key outputs



What are

COMMON MISTAKES

that developers make when putting together a financial model?

1

Not adhering to best practices of building a model

2

Building large, complex, and over-granular models

3

Building oversimplified models with insufficient robustness

4

Using overly optimistic assumptions

5

Not including historical results (if available) as a baseline for projections

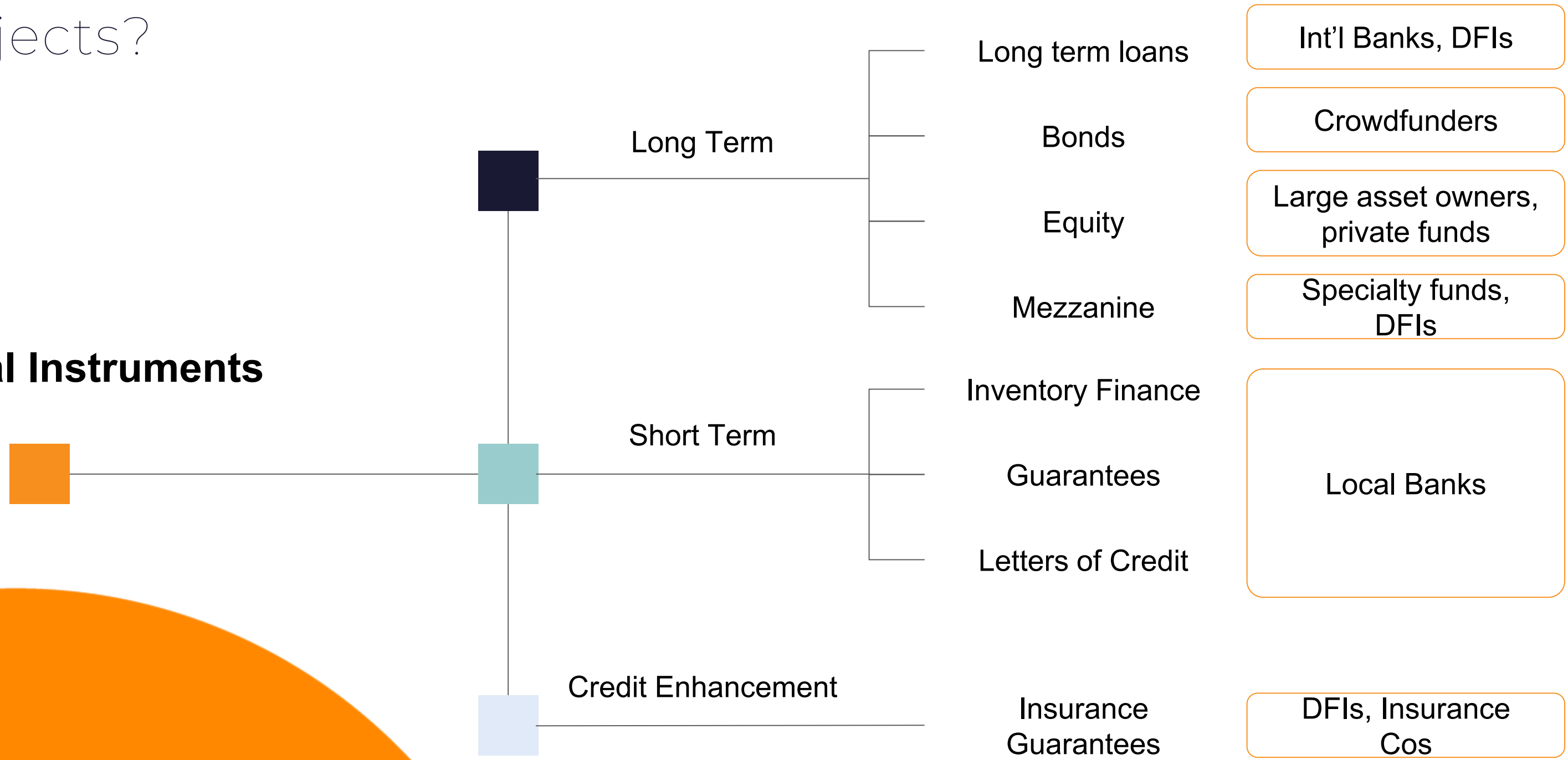
6

“Hard-coding” non-input cells, making it harder to sensitise results



What are the
DIFFERENT TYPES
of commercial capital that is available
for C&I projects?

Financial Instruments



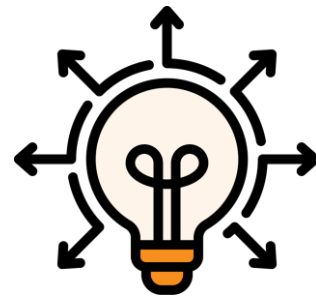
What can developers do to be INVESTOR READY?



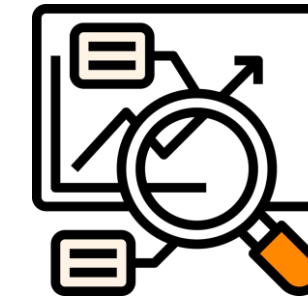
Investment readiness is the process an entrepreneur undertakes to seek external capital. Below are some tips to help you present a compelling case to potential investors:



Define the type of financiers most suited to your business



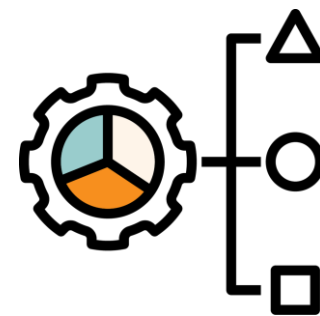
Develop a compelling narrative



Demonstrate the use of funds



Have an easy-to-share data-room



Funds set aside for specialist advice like lawyers, accountants and tax experts



A healthy dose of patience



Distributed Energy at Scale

United States | Europe | Africa | Asia

www.odysseyenergysolutions.com

[Link to sign up for the free modeling tools](#)