IF YOU THINK THE BEST, YOU WILL NOT BE FAR WRONG

(INVESTMENT SELECTION CRITERIA - NPV)

MASCAFÉ13 is having a great success with their coffee pods, so they are thinking about building a new plant to grind and pack coffee. Investment data are:

Investment	45.000€
Loan	10.000€
Grant	5.000€
CF1	21.187,50€
CF2	13.062,50€
CF 3	30.562,50€
Market interest rate	6%

Calculate NPV:

1º) Calculate initial outlay (fill in the formula and calculate)

$$Initial\ outlay = Investment\ value - Loan - Grant$$

$$Initial\ Outlay = \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_$$

$$Initial\ Outlay = \_\_\_\_\_$$

2º) Calculate NPV (fill in the formula and calculate)

$$\boldsymbol{NPV = -Cf0 + \frac{Cf1}{(1+i)} + \frac{Cf2}{(1+i)^2} + \ldots + \frac{Cfn}{(1+i)^n}}$$

$$\boldsymbol{NPV = -\_\_\_\_\_ + \frac{\_\_\_\_\_}{(1+\_\_\_\_)} + \frac{\_\_\_\_\_}{(1+\_\_\_\_)-} + \frac{\_\_\_\_\_}{(1+\_\_\_\_)-}}$$

$$NPV = \_\_\_\_\_$$