

Interest Cost Projection Service

The Interest Cost Projection (ICP) system assists clients to improve debt management and project costing estimation by providing robust forecasts of future interest costs.

Overview

This service is designed to help clients with budgeting, project evaluation, managing and reporting of future debt levels and associated interest costs, and to support informed decision making when considering debt finance options. Utilising sophisticated financial modelling and incorporating financial markets expertise, the ICP system is able to model your debt portfolio and future borrowing requirements and determine your future expected interest costs.

Applications

- **Budget Forecasts** – Inputs to profit and loss projections, Treasury submissions and Committee or Board reporting.
- **Decision Support** – Inputs to project evaluation and business case development.
- **Financial Models** – Interest rate forecasts for different products as cost of debt inputs.
- **Portfolio Evaluation** – Measuring impact over time of changes in weighted average interest cost for alternative debt portfolios.
- **Weighted Average Cost of Capital** – Cost of debt inputs.
- **Cash Flow** – Projects timing of expected interest payments.
- **Sensitivity Analysis** – Impact of changes in interest rates on borrowing / project costs.

Features

- **Efficient** – No need to engage external consultants or to tie up internal resources.
- **Integrated** – Apply to existing debt portfolio(s) or to proposed project borrowings.
- **Independent and Defensible** – Sophisticated, transparent and consistent forecasting methodology.
- **Encompassing** – Incorporates all WATC debt products including derivatives (interest rate swaps).
- **Customisable** – To suit individual debt allocation, timing of drawdowns, repayments, interest rate resets and other parameters as required.
- **Dynamic** – Animated graphical representation of portfolio evolution by product over time available with detailed report.

Sample Report

Budget Year Forecasting

Interest Cost Projection Report					
Client	Serving the People of WA Authority			Projected From:	18-Feb-16
Report Date	18-Feb-16			Projected To:	30-Jun-20
Debt Outstanding	\$227,459,600			Gfee rate:	0.70%
Scenario: Expected					
Financial Year Start	01/07/2015	01/07/2016	01/07/2017	01/07/2018	01/07/2019
Financial Year End	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020
Year	2015/16	2016/17	2017/18	2018/19	2019/20
Annual Borrowings (Repayment)	\$15,200,000	\$60,525,605	-\$11,700,000	\$13,900,000	\$3,000,000
EOFY Debt Outstanding	\$245,840,590	\$306,366,195	\$294,666,195	\$308,566,195	\$311,566,195
Interest expense	\$6,509,500	\$7,392,750	\$8,180,764	\$8,983,419	\$9,977,380
Weighted average interest rate	2.77%	2.67%	2.76%	3.01%	3.23%
Guarantee Fee	\$1,627,375	\$1,964,064	\$2,097,555	\$2,118,511	\$2,177,978

Sample Summary Interest Cost Projection Report

Sample Report

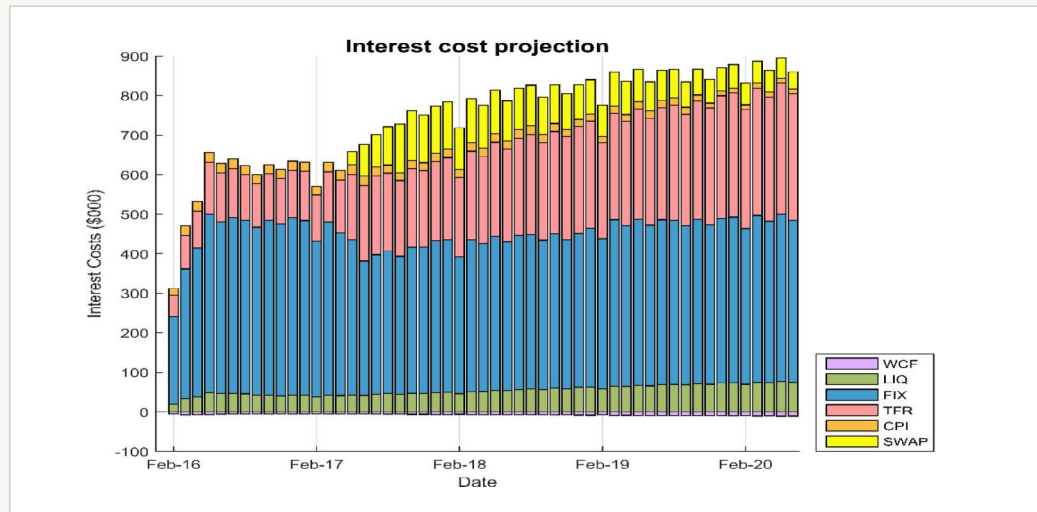
Interest Rate Projection

Client lending Interest rate forecasting						
State Government			Current forecasts at		02/02/2016	
Forecast for:	WCF	Liquidity	TFR	3-yr fixed	5-yr fixed	10-yr fixed
Mar-2016	2.16%	2.60%	2.65%	2.30%	2.67%	3.38%
Apr-2016	1.91%	2.15%	2.30%	2.30%	2.65%	3.33%
May-2016	1.83%	2.08%	2.22%	2.35%	2.68%	3.30%
Jun-2016	1.74%	2.02%	2.13%	2.40%	2.71%	3.26%
Jul-2016	1.66%	1.95%	2.05%	2.45%	2.73%	3.23%
Aug-2016	1.66%	1.95%	2.05%	2.45%	2.73%	3.23%
Sep-2016	1.66%	1.95%	2.05%	2.45%	2.73%	3.23%
Oct-2016	1.66%	1.95%	2.05%	2.45%	2.73%	3.23%
Nov-2016	1.66%	1.95%	2.05%	2.53%	2.82%	3.31%
Dec-2016	1.66%	1.95%	2.05%	2.62%	2.90%	3.40%

Sample Interest Rate Forecasting Report

Sample Graphic

ICP by Product Over Time



Sample Interest Cost Projection taking into account future refinancing, interest rate resets, drawdowns, repayments and changes in debt portfolio composition.

DISCLAIMER

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