



# Business modeling services in the infrastructure sector



## Business modeling services for infrastructure investors

The changing economic and regulatory environment presents opportunities and challenges for infrastructure investors. The KPMG Valuation and Business Modeling Services practice offers a wide range of business modeling services for investors in the infrastructure sector

Power and utilities	Transportation	Water and waste management	Telecom and logistics	Health and education infrastructure	Construction	Oil and gas
Energy generation, transmission, and distribution; renewable energy (solar, wind, hydro, and biofuels)	Urban mobility, rails, roads, bridges, airports and ports, parking	Water and sewage and solid waste management	Logistics, cell towers	Healthcare, education, housing, government accommodation, prison units, tourism and sports events	Concessions and Private Public Partnerships	Pipelines, downstream, gathering and processing petrochem

## How we can support you

- KPMG deploys its offerings to assist clients in enhancing decisions in deals, capital markets readiness, and capital allocation channels in the infrastructure sector. As a leader in business modeling services, with an established track record of working in the infrastructure sector, KPMG has the experience to deliver customized services for client assignments.
- Here are some example questions we can help answer through our business modeling services:
  - How can I incorporate industry insight and ensure all facts and circumstances were considered in the complicated transaction model?
  - How do I come up with business forecasts of which I can also sensitize?
  - What is the optimal capital structure of the project?
  - What should I do to maximize the return of the investment throughout the lifecycle of complex infrastructure projects?
  - Can I evaluate various infrastructure projects at the same time and compare the projects side by side?

## KPMG approach

### Model development and remediation approach

- **Model development:** Develop a new model based on the client’s requirements and specifications.
- **Model remediation:** Take an existing model, fix the errors, and add more functionality and flexibility to the model based on specified requirements.

## Model validation approach

- **Formula integrity review:** Read the model’s architecture, and logic and mechanical code; document instances identified where the model code has deviated from management’s understanding of the structure or contains computation errors.
- **Assumption accuracy check:** Document and comment on whether key assumptions/terms contained in term sheets, financing arrangements, and/or other relevant materials are appropriately captured in the model.
- **Forecast and value insights:** Assess the deal forecast and critical assumptions that are instrumental to driving growth, margin changes, and capital efficiency and objectively compare financial KPIs to relevant market data, historical company data, or relevant source documents.
- **Accounting and tax review:** Review and comment on significant accounting or tax assumptions/structures used in the model, including **Hypothetical Liquidation at Book Value (HLBV) modeling** to build and maintain the complex partnership capital account, and HLBV waterfall to analyze the overall impact on the GAAP P&L and statement of equity as well as review the tax and accounting related calculations, the structure of the waterfall, and the integrity of the formulas based on the specific provisions in the corresponding sections of the LLC agreement.

Potential benefits of the services we deliver	Industry specialization	Why KPMG?
<ul style="list-style-type: none"> <li>• Cross-functional professionals with in-depth understanding of the infrastructure sector work closely to provide accounting, tax, and modeling services, incorporating due diligence findings, synergy analysis, valuation analysis, and tax considerations</li> <li>• Our proprietary Model Review Tool can identify unique formulas, code changes in the different versions of a model, and formula inconsistencies and can assist the user in navigating through each cell in a given formula.</li> </ul>	<ul style="list-style-type: none"> <li>• We understand the issues, value drivers, leading practices, and trends that can help shape the future of the infrastructure sector. Our practice’s industry leaders have a good line of sight into a large number of transactions, which can bring additional perspective and insight.</li> <li>• Our cross-functional team has the deep industry experience gained in those sectors in a variety of settings and can provide wide-ranging strategic, accounting, tax, valuation, and transaction-related advice.</li> </ul>	<ul style="list-style-type: none"> <li>• Skilled provider of accounting, tax, and business modeling services</li> <li>• In-depth understanding of the infrastructure sector</li> <li>• Robust and standardized approach, model leading practices, and proprietary modeling tools</li> <li>• Commitment to continuously make improvements in the quality of the modeling deliverables based on the understanding of the client needs</li> </ul>

## Contact us

### Matt Jones

#### Principal

Business Modeling Services

T: 312-953-6004

E: mattjones@kpmg.com

### Nausheer Allibhoy

#### Managing Director

Business Modeling Services

T: 213-955-8998

E: nallibhoy@kpmg.com

### Jing Du

#### Senior Manager

Business Modeling Services

T: 212-954-3982

E: jingdu@kpmg.com

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