Modelling / Presentation Task

Create a dynamic financial model and few slides about market for QuickLoans with the following components:

1. Income statement projections for 2017-2021
2. Capitalization table
3. Comparable company analysis
4. 2-3 slides on market and competitors analysis of P2P Lending platform in Europe

Assumptions for the model are detailed below. All other assumptions required by the model but not detailed below should be assumed as considered reasonable and made variable.

QuickLoans

QuickLoans is a [fictional] Europe P2P lending platform that was founded by Finn Arbor in January 2017. On the platform, European residents can invest in or borrow from their peers. Key information about the platform is below:

- Average loan size in 2017 is $150K and is expected to grow by 30% per year over the next 4 years.
- Loan tenure is 12 months for all loans.
- QuickLoans receives a 5% fee from the borrower on all loans at the time of issuance.
- Lenders pay no fees.
- QuickLoans will make 200 loans per month for each month in 2017, 400 loans per month in 2018, 600 loans per month in 2019, 800 loans per month in 2020 etc.
- QuickLoans has 3 senior executives, 5 engineers, 5 data scientists and 10 others. QuickLoans expects the headcount to increase in proportion to the scale of the platform.

Income Statement Projections

- A loss provision pool equal to 1% of outstanding loans must be maintained.
- European Operating Tax may be assumed to be 5% of Revenue.
- Operating expenses include salaries, marketing, G&A, payment company fees and Server fees.
- There is no non-operating revenue or non-operating expense.
- Income Tax may be assumed to be 20%.
- The projections should include year-end summaries for the years 2017-2021.

Capitalization Table

- Finn Arbor founded QuickLoans with US$100K in January 2017. He received 1,000,000 common shares.
- Melissa Guzy and Wei Hopeman invested $500K each in March 2017 through a convertible note that converts at the next round with a 20% discount and accrues 8% annual interest.

- QuickLoans will raise a $5M Series A in Jan 2018 at a $20M pre-money valuation. The lead investor will invest $3M. Two other investors will invest $1M each.

Comparable Company Analysis and Returns Analysis

- QuickLoans may pursue either an M&A or IPO exit in Dec 2021, so both scenarios need to be modelled.
- QuickLoans is likely to be valued as either a multiple of its revenue or earnings, based on comparable companies such as those in the US.
- Due to competition in the market, QuickLoans platform fees may be pushed down in 2020 and 2021. Create a sensitivity matrix that shows Melissa's IRR return for different valuation multiples and platform fees in 2020 and 2021.
- Create another sensitivity matrix for the Series A lead investor based on the valuation multiple and exit date, assuming that QuickLoans is being valued on its 2021 revenue.