

Your company has an investment opportunity that will cost \$120 million upfront. Based on your company's cost of capital (WACC, $ch12$), you need to use $I = 12\%$ as the interest rate. The cash flows expected from this investment are shown below. Should you invest?

$$CF_1 = 25 \text{ million}$$

$$CF_2 = 37 \text{ million}$$

$$CF_3 = 49 \text{ million}$$

$$CF_4 = 67 \text{ million}$$

CF $CF_0 = -120$ **ENTER** **↓** All Frequencies = 1

$$CF_1 = 25$$

$$CF_2 = 37$$

$$CF_3 = 49$$

$$CF_4 = 67$$

NPV See $I = 12$ **ENTER** **↓** **CPT**

$$NPV = 9.27 \text{ million (IRR} = 15.08\%)$$