Rev.
SMC 3-26-79

ESTIMATE # ____________

ESTIMATED SAVINGS & RETURN ON INVESTMENT

ENGINEER: E.L. Morris

DATE: Jan 13 1982

Heian Long Stock Machining (Shaping and Secondary Machining Only

	Current Process		Heian Machining		
Forecast Year & Dollars	1984				
Quantity Forecast	187000				
OPERATING COSTS					
Purchased Parts	$		$	$	$
Raw Material					
Standard Labor	132,420		38440		
Labor Variance @ Calc	27,010		14290		
Industrial Relations @ 47%	76,270		35260		
Supplies	2,200		720		
Tool Replacement	4,920		5220		
Cutter Grind	1,730		2130		
Tool Maintenance	2,360		3400		
Maintenance	3,390		13080		
Energy	Stand Off				
Equipment Depreciation @ 7.5%			16,350		
Supervision	17,470		2980		
Floor Space @ 4.25/□	10,510		3,190		
Sub Totals	$279,000	A	$ 126,720	$	A $
Gross Savings Before Admin. Exp.			$ 152,280		$
Admin. Exp. @4.3% Gross Savings		B	$ 6550		B $
Sub Totals	$279,000	A+B	$ 133,270	$	A+B $
SAVINGS IN OPERATING COST			$ 145730		$
Less: Income Tax @48.5 %			($ 70680)		($
Plus: Amortization of Investment Tax Credit			$ 2180		$
NET SAVINGS			$ 77230		$
INVESTMENT					
Project Expenditures			$ 218000		$
Manufacturing & Working Facilities			$		$
Net Change in Working Capital			($ 48,300)		$
Total Capital Required for this Project			$ 169,700		$
RETURN ON INVESTMENT - THIS PROJECT			46.0 %		
Net Savings - After Amortization of Operation Charges			$ 76680		$
Project Operation Charges			$ 15000		$
Less: Administration Expense @4.3 % & Income Taxes @48.5 % (Factor .5072)			($ 7610)		($
Total Capital Required Including Research & Development & Other Charges			$ 177090		$
RETURN ON TOTAL CAPITAL REQUIRED			43.0 %		
Equipment to be Released					
Increased Space Requirements (Decrease)					
Production Capacity					
Forecast Burdening			80 %		

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CPV 4/16

CASH FLOW SUMMARY WORKSHEET

2 Finict 65 jmill

CASH FLOW YEAR	INVESTMENT CASH FLOW: CAPITALIZABLE PROJECT EXPENDITURES (1)	PROJECT EXPENDITURES CHARGEABLE TO OPERATIONS (NET) (2)	NET CHANGE IN WORKING CAPITAL (3)	TOTAL INVESTMENT CASH FLOW (4) (1)+(2)+(3)	CASH FLOW FROM OPERATIONS: OPERATIVE EARNINGS (5)	FED. INCOME TAXES & ALL OTHER TAXES (6)	NET EARNINGS (7) (5)-(6)		DEPRECIATION ON PROJECT EXPENDITURES (TAX BASIS) (8)	TOTAL CASH FLOW FROM OPERATIONS (11) (7)+(8)	NET CASH FLOW (12) (4)+(11)
0	$ (218)	$ (7.4)		(225.4)							(225.4)
1	-0-	-0-	45.9	45.9	139.1	67.5	71.6	28	22.9 ~~46.0~~	116.3	162.2
2			3.8	3.8	148.6	72.1	76.5	0	46.0	117.5	121.3
3			14.0	141.0	193.5	93.9	99.6	0	34.2	133.8	147.8
4			9.6	9.6	222.3	107.8	114.5	0	29.9	144.4	154.0
5			10.2	10.2	262.9	127.5	135.4	0	25.7	161.1	171.3
6			11.2	11.2	286.5	139.0	147.5	0	21.4	168.9	180.1
7			11.6	11.6	322.6	156.5	166.1	0	17.2	183.3	194.9
8			13.0	13.0	361.9	175.5	186.4	0	12.9	199.3	212.3
9			14.9	14.9	407.7	197.7	210.0	0	8.5	218.5	233.4
10	↓	↓	16.2	16.2	456.4	221.4	235.0	0	4.4	239.4	255.6

I.M.R. - 67.3 %

67.3

Rev.
3-26-79

ESTIMATE # ____

ESTIMATED SAVINGS & RETURN ON INVESTMENT

ENGINEER: ____
DATE: ____

Compare
Savings Increments
on each proposal

Forecast Year				
Quantity Forecast				
OPERATING COSTS				
Purchased Parts	$	$	$	$
Raw Material	4.7			
Standard Labor	136.0	94.0		
Labor Variance @ calc	13.5	12.7		
Industrial Relations @ 47.9 %	66.1	51.1		
Supplies	3.3	2.1		
Tool Replacement	4.3	(1.0)		
Cutter Grind	19.3	(1.3)		
Tool Maintenance	1.6	—		
Maintenance	(29.6)	(9.7)		
Energy				
Equipment Depreciation @ 7.5 %	(56.3)	(16.4)		
Supervision	17.6	13.5		
	8.9	7.3		
Sub Totals	$ 189.6	A $ 152.3	$	A $
Gross Savings Before Admin. Exp.		$ 37.3		$
Admin. Exp. @4.3% Gross Savings		B $ 1.6		B $
Sub Totals	$ 189.6	A+B $ 153.9	$	A+B $
SAVINGS IN OPERATING COST		$ 35.7		$
Less: Income Tax @48.5 %		($ 17.3)		($)
Plus: Amortization of Investment Tax Credit		$ 5.3		$
NET SAVINGS		$ 23.7		$
INVESTMENT				
Project Expenditures		$ 532.0		$
Manufacturing & Working Facilities		$		$
Net Change in Working Capital		$ (12.4)		$
Total Capital Required for this Project		$ 519.6		$
RETURN ON INVESTMENT - THIS PROJECT		5.0 %		
Net Savings - After Amortization of Operation Charges		$		$
Project Operation Charges		$		$
Less: Administration Expense @4.3 % & Income Taxes @48.5 % (Factor .5072)		($)		($)
Total Capital Required Including Research & Development & Other Charges		$		$
RETURN ON TOTAL CAPITAL REQUIRED		%		
Equipment to be Released				—
Increased Space Requirements (Decrease)				—
Production Capacity				—
Forecast Explanation		%		

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