Sensitivity Analysis

1. Objective

To assess the impact of varying key variables on the overall outcome of the **Project/Scenario**.

2. Key Assumptions

Variable	Base Case	Assumption Source
Revenue Growth Rate	6%	Market Research 2024
Cost Inflation Rate	3%	Historical Average
Discount Rate	8%	Finance Team

3. Variables Tested

Variable	Tested Range	Rationale
Revenue Growth Rate	4% - 8%	Plausible market fluctuation
Cost Inflation Rate	2% - 5%	Industry cost trends
Discount Rate	6% - 10%	Variation in borrowing costs

4. Results Summary

Scenario	NPV ($)	IRR (%)	Remarks
Base Case	1,200,000	11.2	-
Best Case	1,650,000	14.5	Max revenue, min costs
Worst Case	800,000	8.0	Min revenue, max costs

5. Graphical Representation

Variable	Impact on NPV ($)
Revenue Growth Rate	
Cost Inflation Rate	
Discount Rate	

6. Conclusion

The analysis shows that project results are most sensitive to changes in *Revenue Growth Rate*.

Important Notes

- Sensitivity analysis helps identify key risk factors affecting outcomes.
- Assumptions should be realistic and clearly documented.
- Results guide risk mitigation strategies and informed decision-making.
- The analysis is only as robust as the data and assumptions used.