

MVA = Market value added

Difference between total value of firm and total capital to finance it

Increases if ROIC is greater than Cost of capital (or NPV is positive)

Relates to EVA = Is the present value of future EVA's

EVA = Economic value added

Formula $\left(\frac{\text{Operating_Profit}}{\text{Capital_Invested}} - WACC \right) \times \text{Capital_Invested}$

Netsales	30
- Operating expenses	<u>15</u>
= Operating profit	15
- Capital charges	<u>10</u>
= EVA	5

Economic Added Value Driver Tree



Legende: (Konstante) (Subtraktion) (Addition) (Multiplikation)