

1.1 Example of calculation of the EVA indicator

Input values:

- profit on 1,800 flowers sold in the online store in CZK (Z): Z = CZK 209,000,
- rate of tax on profit (d): d = 19%,
- long-term invested capital (C): C = CZK 40,000,
- Weighted Average Cost of Capital (WACC): WACC = 0,1429.

Economic Value Added (EVA) can be determined by the following procedure:

$$EVA = 109.000 * (1 - 0,19) - 40.000 * 0,1429 = 162.142$$

It was found by the calculation that based on the expected parameters, the economic value added would be CZK 162.142.

Another variant of the EVA indicator is EVA ROS (Return on Sales) – hereinafter, we will use only the ROS abbreviation.

First, let's state the method of its calculation, which we will then describe.

$$ROS = \frac{EVA}{Turnover}$$

As can be seen from the above formula, it is a relative indicator where the EVA value determined by us is related to turnover.

An observant reader certainly noticed the striking similarity to the rate of return indicator, where only the numerator differs. The difference in favour of the ROS indicator is that it works only with the operating result of the so-called NOPAT (Net Operating Profit After Taxes). NOPAT determination: $NOPAT = EBIT \times (1-t)$

The ascertained ROS value represents a profit margin, which due to the value in the numerator, should be preferably described as operating profit margin. (Mařík & Kol, 2007)

The VBM indicators combine the advantages and also disadvantages of the previously mentioned indicators, as is evident from the variables with which the calculation is performed.