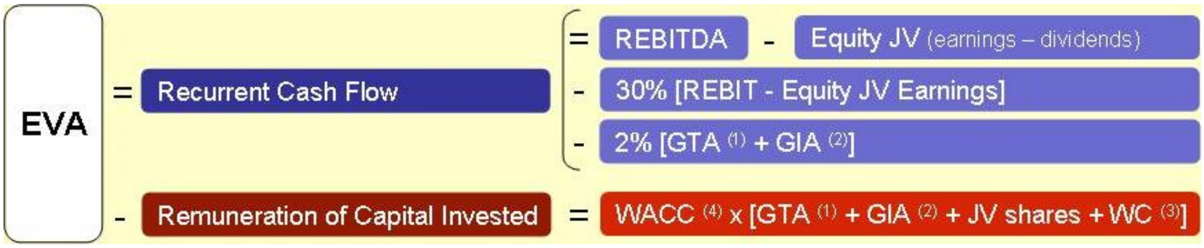
S07.05-EVA

Economic Value Added (EVA) ***... or Economic Value Creation***

EVA is a concept consistent with CFROI: It is the translation of CFROI from % to MEUR.

See the Financial Dimensions of Value Creation.



Formula

(1) **GTA** = **G**ross **T**angible **A**ssets

(2) **GIA** = **G**ross **I**ntangible **A**ssets

(3) **WC** = **W**orking **C**apital

(4) **WACC** = **W**eighted **A**verage **C**ost of **C**apital

CFROI versus EVA

- CFROI and EVA are indicators combining both
  - P&L (Recurrent EBITDA) performance
  - Assets Management performance
- CFROI provides good guidance for resources allocations: priority given to "Value Creating Business".
- In a context of growth, EVA is a more relevant indicator than CFROI. When a business is in a "Value Creation Zone", priority is to grow EVA rather than increase CFROI. The best option is to do both.