Ukrainian Telecommunication Companies’ Capital Investments in the Formation of EVA

Otlyvanska G.A.
Candidate of Economic Sciences,
Senior Lecturer at Department of Economics of Enterprise
and Corporate Management,
O.S. Popov Odessa National Academy of Telecommunications

The purpose of the article is to determine the Economic Value Added for Ukrainian telecommunication companies and to analyze it with the dynamic of capital investments in parallel.

The theoretical base is the research of Ukrainian and foreign scientists on an enterprise’s investment activity, calculation and application of Economic Value Added. Methods of research are based on the methods of generalization and systematization, analysis and synthesis, induction and deduction.

The article considers the features of the Economic Value Added calculation and the content of the capital equivalents. The procedure that uses a determination of the Economic Value Added with data of Ukrainian telecommunication company’s financial statements and the National Bank of Ukraine is defined. The adjustments of data that are used for the EVA calculation is given. The Economic Value Added and Return on Capital for three major Ukrainian telecommunication companies Public JSC “Ukrtelecom”, Private JSC “Kyivstar”, Private JSC “VF Ukraine” in 2011-2017 has been analyzed in parallel with indicators of capital investments.

The results of research, that is done, allow the consideration of the ability of Ukrainian telecommunication companies to generate Economic Value Added. It can be obtained by a sufficient and constant volume of capital investment, which exceeds at least 10% of Net Income; and an efficiency of an operating activity that is characterized by a Return on Capital of more than 13% with the less Weight Average Cost of Capital.