

IMPORTANCE OF CONSTRUCTION OF THE FORECAST MODEL OF THE MAIN FINANCIAL PERFORMANCES OF A VERTICALLY INTEGRATED OIL COMPANY - EV, EBITDA, DACF

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The Fuel and Energy Complex of the Russian Federation is the largest complex of the national economy which is the base of economy and a source of the country power at the international stage. The present day oil industry of the Russian Federation was formed by the Decree of the President of the Russian Federation about Privatization of the Russian Oil Industry No 1403 dated November 17, 1992. In fact a vertically integrated oil company is the only form of an oil company existence and functioning in Russia and its profile activity includes oil extraction, processing and sale.

Vertically integrated oil companies are the largest national corporations uniting the functions of search, exploration, extraction, processing, transportation and sale of oil and petroleum derivatives.

It is hard to underestimate the role of vertically integrated oil companies in the country economy.

1. Vertically integrated oil companies are an important source of the country financial resources. The stability of the state budget highly depends on vertically integrated oil companies – they account for at least 40% of tax proceeds from the industry.

2. Oil companies are an important source of money for development of a number of other sectors of economy, for example, machine building and services and also form the market infrastructure.

3. Vertically integrated oil companies define the rate and quality of economy development. The oil sector in many ways determines investment activity in economy.

4. Oil companies are attractive for investments.

5. Vertically integrated oil companies play an important social role, both as the largest employer and the source of the well-being of whole regions of Russia.

Taking into account the role of vertically integrated oil companies in the country economy the necessity to be able to forecast the activity of vertically integrated oil companies, in particular their financial activity, becomes evident.

We suggest studying the forecast model of a vertically integrated oil company financial activity built on the base of econometric forecast of the key indexes of a vertically integrated oil company financial statements.

Exogenous variables: oil price; main currencies' rates; vertically integrated oil company stock volume; vertically integrated oil company oil extraction volume; inflation; , acting taxation system (export duty, MET).

Exogenous variables: EV=Enterprise Value = Market Cap+ Debt = market capitalization + vertically integrated oil company debt; EBITDA – before-tax profit, percent and amortization; DACF – CF index, net cash flow after debt paying off.