عنوان مقاله:

Robust Net Present Value With Infinite Lifetime

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خلاصه مقاله:

In this study, Robust Net Present Value (RNPV) has been developed for evaluation of projects with infinite life. In this method, the changes of uncertain net incomes in a financial cash flow are postulated in a convex, continuous, and closed region. It has been indicated that RNPV, in the infinite life horizon, is calculable only when the net incomes are uncorrelated. Compared to traditional methods, this study considers the variance matrix of net incomes, takes uncertainty into account during the evaluation of investment projects with infinite life period. One important finding when using this method is that one does not need to calculate the covariance matrix in the evaluation of projects with infinite life. The only requirement is to estimate the value of maximum variance for the given financial cash flow. The proposed method is also easy to both calculate and understand in practice. MATLAB software is used for implementation. Lastly, the features of the developed method have been analyzed using some numerical examples for a project with infinite lifetime.

کلمات کلیدی:

Robust net present value, Robust approach, Project with infinite life, Economic evaluation of investment projects

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