



Risk Management
Commodities Trading
Physical Logistics
Regulatory Compliance

Net Valuation 8.0

Easily calculates, reports and manages inventory valuation and accruals

Understanding and monitoring inventory is essential for optimizing a company's supply chain, improving workflow and increasing company profitability. Companies need to accurately calculate, report and track inventory to optimize supply and market at the unit cost level to ensure effective planning decisions.

Many companies need integrated valuation tools to accurately calculate and produce net back prices for appropriate revenue distribution to interest owners as well as meet financial reporting requirements. Other companies need to capture all costs associated with commodity storage and physical movements to manage inventory valuation and accruals. Coupled with the fact that companies, now more than ever, need to integrate risk management strategies in their business to protect against inherent price volatility, Allegro's inventory valuation tools are an increasingly valuable asset.

Product Overview

Allegro's Net Valuation 8.0 component supports companies with the ability to easily calculate the net valuation of inventory and complete net forward, net back and profit margin calculations across multiple commodities including crude oil, natural gas and NGLs. This powerful yet flexible solution provides a streamlined approach to capture valuations which may include commodity value, transactional costs and transportations costs. With the Net Valuation component, companies can accurately calculate, report and manage inventory valuation and accruals within the Allegro 8 ETRM solution.

Features	Benefits
Inventory Valuation and Accruals	<ul style="list-style-type: none"> Flexible solution to easily manage complex valuations and inventory accruals Effortlessly supports inventory valuation methods such as LIFO, FIFO, WACOG and Storage for accurate and streamlined accruals
Net Forward Valuation and Sales Margin	<ul style="list-style-type: none"> Automated generation of net forward calculations including sales margins to analyze profitability User-defined Net Class to easily group costs/fees to ensure streamlined Net Forward Calculations
Net Back Valuation and Supply Margin	<ul style="list-style-type: none"> Automated generation of net back calculations including supply margins to analyze profitability User-defined Net Class to easily group costs/fees to ensure streamlined Net Back Calculations
Automated Journal Entry	Automatically generate journal entries for production revenue and opening inventory revaluations
Full Audit Capability	Built in audit capability to provide accuracy and compliance of valuations Provides flexible reporting of weighted average sales price(WASP) and
Reporting	weighted average cost of goods (WACOG) net back and net forward providing users with the ability to easily query, sort and select key data for reporting

Business Case

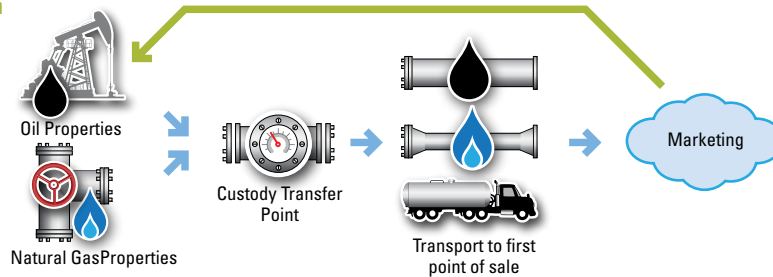
The Allegro Net Valuation component calculates Net Forward using the weighted average supply price and adding any costs associated with taking the product to market. Sales margins can be calculated comparing the sales price against net forward costs. Alternately, Allegro's Net Back calculation determines the net back and supply margins allowing determination of profitability along the supply chain. Allegro uses the weighted average sales prices and deducts any costs to calculate net back. Supply margins can be calculated comparing the supply price against the net back price. Due to its flexible nature, the solution supports a user-defined net class allowing users to group costs into categories that may be included or excluded from the valuation.

Allegro's Net Valuation component's Weighted Average Sales Price (WASP) and Weighted Average Cost of Goods (WACOG) calculation process allows the user to calculate and report weighted average calculations across various parameters such as region, location, product, or component.

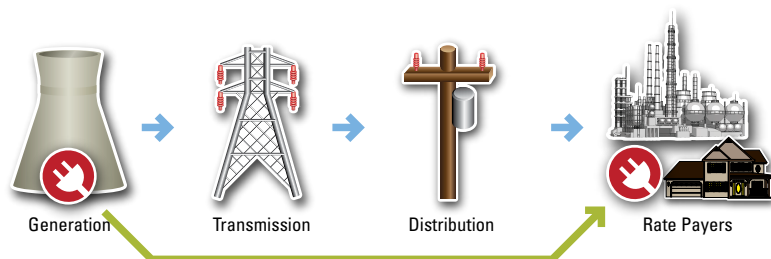
With the ability to handle the conversion of multiple units of measure, multiple currencies, and multiple commodities including crude oil, natural gas and natural gas liquids (NGLs), the component is both a powerful and flexible solution.

The component's screens provide users with customizable views of the data and the ability to rapidly drill down and isolate key information. With Allegro's comprehensive reporting capabilities, users can easily sort and view net valuation information, and users can also create, maintain and use their own report formats and templates in the system.

Net Back Calculation and Supply Margin Example



Net Forward and Sales Margin Example



For more information go to www.allegrodev.com or call us at +1.888.239.6850

North America +1.214.237.8000
 Europe +44(0)20.7382.4310
 Asia Pacific +65.6236.5730



Allegro is a global leader in commodity trading and risk management solutions for power and gas utilities, refiners, producers, commodity traders, and commodity consumers. With more than 26 years of deep industry expertise, our enterprise platform drives profitability and efficiency across front, middle, and back offices, while managing the complex logistics associated with physical commodities. Allegro provides customers with agile solutions to manage risk across gas, power, coal, crude, petroleum, agricultural, emissions, and other commodity markets, allowing decision makers to hedge and execute with confidence. Allegro has recently been recognized as the Energy Risk Software House of the Year and received The Energy Business Awards Gold Award for Excellence. Headquartered in Dallas, Texas, Allegro has offices in Calgary, Houston, London, Singapore and Zurich, along with a global network of partners.