



# CASH FLOW KPI'S

Measure cash performance using easy to understand KPI's



20%

$$x / y = z$$



## UNDERSTAND TRUE BUSINESS PERFORMANCE

Cash flow based metrics and KPI's are increasingly being used by managers and investors to understand the underlying valuation, efficiency and profitability of their business.

The short guide outlines some of the most widely used cash flow ratios and KPI's which can provide a powerful and easy to understand insight into the true performance of a business.



## CHOOSING A METRIC

**Operating Free Cash Flow** and **Free Cash Flow** are two of the metrics most widely used when calculating cash ratios and KPI's. Choosing which metric to use is the first step when carrying out cash flow analysis. Either metric can be used when calculating the KPI's and ratios.



## FUNDAMENTAL

Cash Flow Per Share



= Free Cash Flow / number of outstanding shares

> Shows the amount of free cash flow per outstanding share of the company's stock.

## VALUATION

Cash Flow Yield



= Free Cash Flow / Market Capitalisation

> Shows the cash flow yield on a company's market valuation.

## EFFICIENCY

Cash Conversion Cycle



= Days of Sales Outstanding  
+ Day Inventory Outstanding  
– Days Payables Outstanding

> Shows how quickly cash on hand can be turned into cash sales.

## PROFITABILITY

Cash Flow Margin



= Free Cash Flow /  
Revenue %

> Shows a company's cash flow margin as a percentage of sales.

## RETURN

Cash Flow Return  
on Invested Capital



= Free Cash Flow /  
Total Capital %

> Shows the amount of cash flow generated as a percentage of total capital employed.

## LEVERAGE

Net Debt to Free Cash Flow



= Net Debt /  
Free Cash Flow

> Shows how many years of free cash flow would be required to repay current outstanding debt.

## About CashAnalytics

Our mission is to help companies understand the impact of business activities on future cash flow and available liquidity through the development of highly accurate cash forecasts.

In CashAnalytics we specialise in cash forecasting software and solutions for large companies. Using the latest web and data analytics technologies we help our customers gain a clear understanding of the future cash needs of their business, in the most efficient manner possible.

Our clients range from mid-tier private companies to stock market listed multinational enterprises, across a broad range of industries. [Contact us](#) today to find out more about CashAnalytics or to see a demo of our [cashflow forecasting software](#).

**CashAnalytics**  
12 Hume Street  
Dublin 2  
Ireland  
D02 XN44

Head Office +353 (0) 1 524 0552  
UK +44 (0) 203 773 9684  
US +1 (0) 646 358 3451  
info@cashanalytics.com  
www.cashanalytics.com