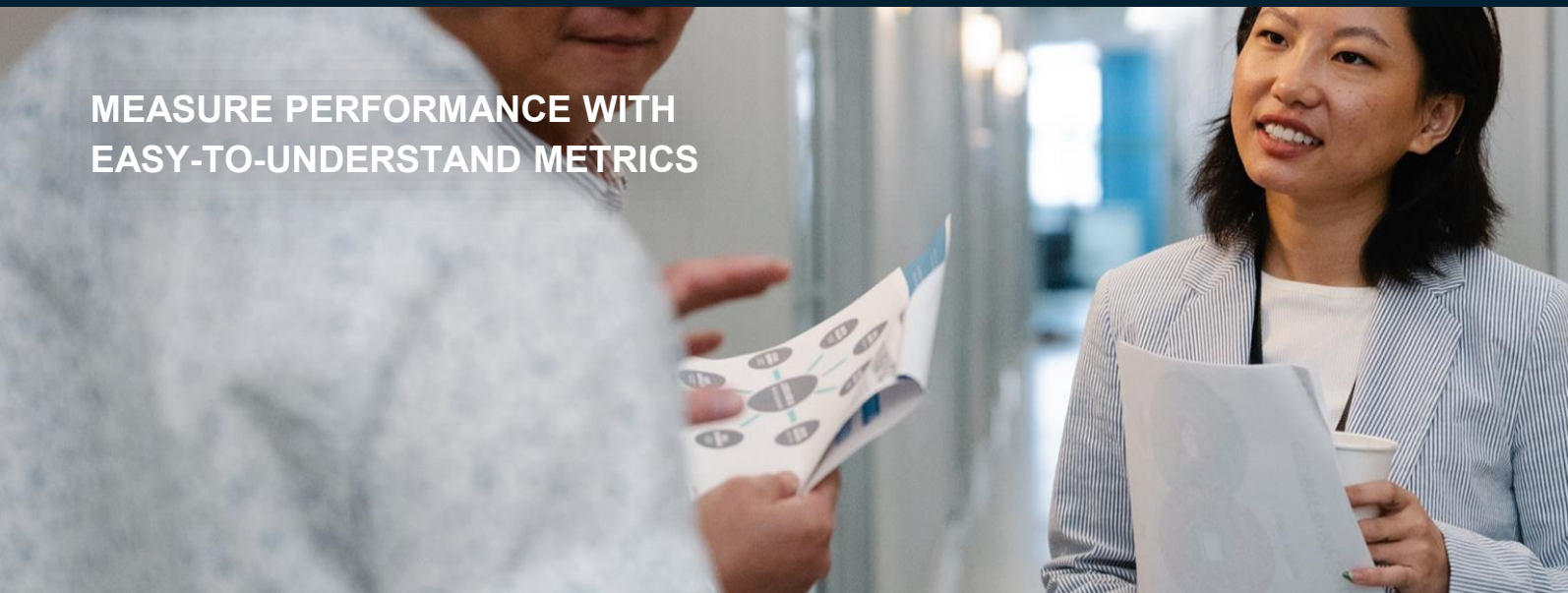




# Cash Flow KPIs

MEASURE PERFORMANCE WITH  
EASY-TO-UNDERSTAND METRICS



# Contents

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Introduction	3
Choosing a cash flow metric	4
Ratios & KPIs in detail	5
About CashAnalytics	6

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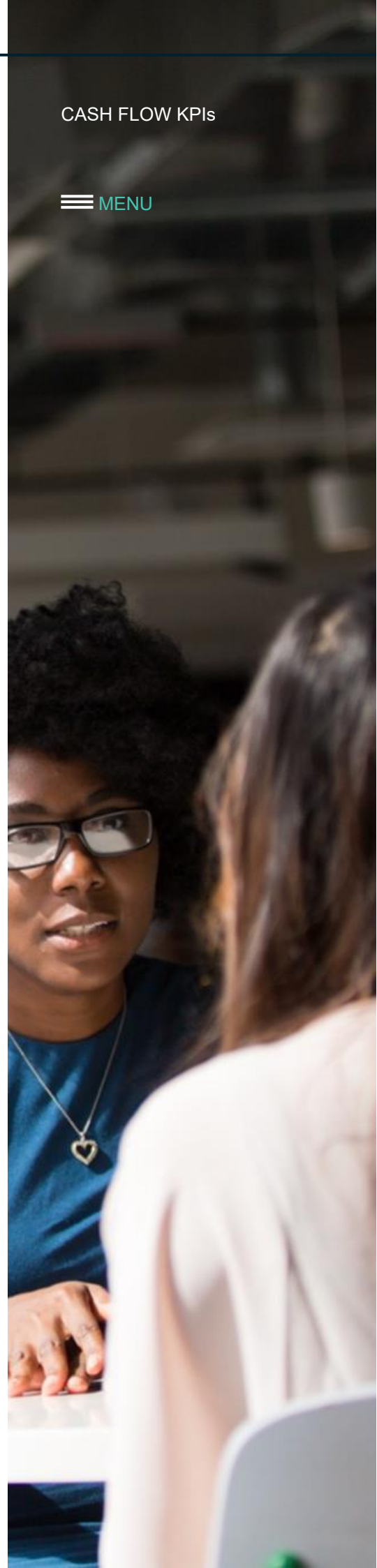
# Introduction

CASH FLOW KPIs

≡ MENU

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 cash flow metric

CASH FLOW KPIs

≡ MENU

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.

## Operating Cash Flow

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Operating Cash Flow is the cash flow generated by a business's operations, excluding investing and financing activity.

## Free Cash Flow

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Free Cash Flow is a business's Operating Cash Flow minus the capital expenditure required to maintain and expand its capital base.

# Ratios & KPIs

CASH FLOW KPIs

≡ MENU

## 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.

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## VALUATION

### Cash Flow Yield

= Free Cash Flow ÷ Market Capitalisation

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

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## 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.

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## PROFITABILITY

### Cash Flow Margin

= Free Cash Flow ÷ Revenue %

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

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## 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.

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## 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 GTreasury

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GTreasury provides CFOs and Treasurers with **The Clarity to Act** on strategic financial decisions with the world's most adaptable treasury platform, empowering them to face the challenges of today and tomorrow. Because each company faces different points of complexity and needs, our industry-leading solutions are purposefully designed to support every stage of treasury complexity, from Cash Visibility and Forecasting to Payments, Risk, Debt, and Investments.

With GTreasury, financial leaders gain comprehensive connectivity across all banks and ERPs to build an orchestrated data environment, enabling rapid value realization with implementations up and running in weeks. Plus, our unmatched industry expertise ensures your continued success through dedicated guidance and top-tier support.

Trusted by over 1,000 customers across 160 countries, GTreasury provides treasury and finance teams with the ability to connect, compile, and manage mission-critical data to optimize cash flows and capital structures. To learn more, visit [GTreasury.com](https://GTreasury.com).

GTreasury is headquartered in **Chicago**, with locations serving EMEA (**London**, **Geneva** and **Dublin**) and APAC (**Sydney**, and **Singapore**).

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