

Order.co



www.fmworldcup.com



Financial KPIs Handbook



Follow Financial Modeling World Cup on LinkedIn



ACCOUNTING KPIS YOU SHOULD KNOW

Name	Description	Formula
Revenue Growth Rate	Measures the percentage increase or decrease in revenue over a specific period, indicating the company's ability to generate more sales.	$\frac{((\text{Current Period Revenue} - \text{Previous Period Revenue}) / \text{Previous Period Revenue})}{1} \times 100$
Net Profit Margin	Measures the percentage of revenue that remains as net profit after deducting all expenses, providing insights into the overall profitability of the company.	$(\text{Net Income} / \text{Revenue}) \times 100$
Return on Investment (ROI)	Evaluates the efficiency and profitability of an investment by measuring the return generated compared to the initial investment.	$(\text{Net Profit} / \text{Initial Investment}) \times 100$
Return on Assets (ROA)	Determines the profitability of a company's assets by measuring the net income generated per unit of total assets.	$(\text{Net Income} / \text{Total Assets}) \times 100$
Return on Equity (ROE)	Measures the profitability of shareholders' investments by assessing the net income generated per unit of shareholders' equity.	$(\text{Net Income} / \text{Shareholders' Equity}) \times 100$
Equity Ratio	Assesses the proportion of a company's total assets financed by shareholders' equity.	$\text{Shareholders' Equity} / \text{Total Assets}$
Current Ratio	Measures the company's ability to pay its short-term obligations with its current assets, indicating its short-term liquidity position.	$\text{Current Assets} / \text{Current Liabilities}$
Debt / EBITDA Ratio	Assesses a company's ability to manage its debt obligations, and measures how many times the company's earnings can cover its debt payments.	$\text{Total Debt} / \text{EBITDA}$
Debt Service Coverage Ratio (DSCR)	Assesses the company's cash flow available to cover its debt service, including interest and principal payments.	$\text{EBITDA} / \text{Total Debt Service}$
EBITDA Margin	Evaluates a company's profitability and operating efficiency by measuring the percentage of revenue represented by EBITDA.	$(\text{EBITDA} / \text{Total Revenue}) \times 100$



CASH KPIs YOU SHOULD KNOW

Name	Description	Formula
Cash Flow from Operations (CFO)	Measures the net cash generated or used in the business's regular operations.	Profit before Tax – Tax Paid + Non-cash Expenses (e.g. depreciation) - Changes in Working Capital
Current Ratio	Shows the proportion of current assets to current liabilities and indicates the company's ability to pay off short-term obligations.	Current Assets / Current Liabilities
Quick Ratio (Acid-Test Ratio)	Similar to the current ratio but excludes inventory, providing a more immediate measure of liquidity.	(Current Assets - Inventory) / Current Liabilities
Days Inventory Outstanding (DIO)	Measures the average number of days it takes for a company to sell its entire inventory.	(Average Inventory / Cost of Goods Sold) x Number of Days in the Period
Days Sales Outstanding (DSO)	Measures the average number of days it takes for the company to collect payments from customers.	(Accounts Receivable / Total Credit Sales) x Number of Days in Period
Days Payable Outstanding (DPO)	Measures the average number of days it takes for the company to pay its suppliers.	(Accounts Payable / Total Credit Purchases) x Number of Days in Period
Cash Conversion Cycle (CCC)	Calculates the time it takes for a company to convert its investment in inventory into cash from sales.	DIO + DSO – DPO
Cash Burn Rate	Indicates how quickly the company is using up its cash reserves over a specific period.	(Beginning Cash Balance - Ending Cash Balance) / Number of Months
Cash Runway	Measures the number of months until the cash runs out.	Current Cash Balance/ Cash Burn Rate
Free Cash Flow (FCF)	Represents the cash available to the company after all expenses, investments, and other cash flows have been accounted for.	Cash Flow from Operations - Capital Expenditures



INVESTORS KPIs YOU SHOULD KNOW

Name	Description	Formula
Earnings Per Share (EPS)	Shows the amount of profit generated for each outstanding share of stock.	$(\text{Net Income} - \text{Preferred Dividends}) / \text{Average Outstanding Shares}$
Price-to-Earnings Ratio (P/E Ratio)	Indicates how much investors are willing to pay for each dollar of earnings.	$\text{Stock Price} / \text{Earnings Per Share}$
Return on Equity (ROE)	Measures the profitability generated from shareholders' equity.	$\text{Net Income} / \text{Average shareholders' Equity}$
Debt-to-Equity Ratio	Evaluates the proportion of debt financing compared to equity financing.	$\text{Total Debt} / \text{Shareholders' Equity}$
Gross Margin	Assesses the percentage of sales revenue remaining after deducting the cost of goods sold.	$(\text{Gross Profit} / \text{Revenue}) \times 100$
Operating Margin	Shows the profitability of core business operations before interest and taxes.	$(\text{Operating Income} / \text{Revenue}) \times 100$
Current Ratio	Measures a company's short-term liquidity and ability to meet immediate obligations.	$\text{Current Assets} / \text{Current Liabilities}$
Quick Ratio (Acid-Test Ratio)	Assesses a company's ability to cover short-term obligations with its most liquid assets (such as cash, cash equivalents, account receivables and marketable securities).	$(\text{Cash} + \text{Accounts Receivables} + \text{Marketable Securities}) / \text{Current Liabilities}$
Return on Investment (ROI)	Evaluates the return earned from an investment relative to its cost.	$(\text{Net Profit from Investment} / \text{Cost of Investment}) \times 100$
Dividend Yield	Measures the annual dividend income relative to the stock price.	$(\text{Annual Dividend Per Share} / \text{Stock Price}) \times 100$



INVENTORY KPIs YOU SHOULD KNOW

Name	Description	Formula
Inventory Turnover Ratio	Measures how many times inventory is sold and replaced within a specific period.	$\text{Cost of Goods Sold (COGS)} / \text{Average Inventory}$
Days Inventory Outstanding (DIO)	Indicates the average number of days it takes for inventory to be sold.	$365 \text{ days} / \text{Inventory Turnover Ratio}$
Inventory Carrying Cost	Represents the expenses associated with storing and maintaining inventory. Includes costs like storage, insurance, depreciation, and opportunity cost.	$(\text{Inventory Holding Cost} / \text{Total Inventory Value}) \times 100$
Stockout Rate	Measures the frequency of running out of stock on a specific item.	$(\text{Number of Stockouts} / \text{Total Demand}) \times 100$
Fill Rate	Measures the percentage of customer orders that can be fulfilled immediately from available inventory.	$(\text{Total Orders Fulfilled} / \text{Total Orders}) \times 100$
Lead Time	Measures the time it takes to receive inventory after placing an order.	$\text{Order Placed Date} - \text{Order Received Date}$
Inventory Accuracy	Measures the accuracy of recorded inventory levels compared to actual physical inventory.	$(\text{Total Actual Inventory} / \text{Total Recorded Inventory}) \times 100$
Stock-to-Sales Ratio	Measures the ratio of current inventory levels to average daily sales. Helps predict if excess inventory is being held.	$\text{Current Inventory} / \text{Average Daily Sales}$
Obsolete Inventory Ratio	Measures the percentage of inventory that is no longer saleable or usable.	$(\text{Value of Obsolete Inventory} / \text{Total Inventory Value}) \times 100$
Gross Margin Return on Inventory Investment	Measures the profitability of inventory investments relative to their cost.	$(\text{Gross Margin} / \text{Average Inventory}) \times 100$



GROWTH KPIs YOU SHOULD KNOW

Name	Description	Formula
Revenue Growth	Measures the increase in revenue over a specific period, typically expressed as a percentage.	$\frac{((\text{Current Revenue} - \text{Previous Revenue}) / \text{Previous Revenue}) \times 100}{}$
Customer Acquisition Cost (CAC)	Calculates how much it costs to acquire each new customer.	$\frac{\text{Total Cost of Sales and Marketing}}{\text{Number of New Customers Acquired}}$
Customer Lifetime Value (CLV)	Assesses the total value a customer brings to the company throughout their entire relationship.	$\text{Average Purchase Value} \times \text{Average Purchase Frequency} \times \text{Average Customer Lifespan}$
Churn Rate	Monitors the rate at which customers stop using or subscribing to your product or service.	$\frac{(\text{Number of Customers at the Start of the Period} - \text{Number of Customers at the End of the Period})}{\text{Number of Customers at the Start of the Period}}$
Monthly Recurring Revenue (MRR)	Tracks the predictable and recurring revenue generated.	$\text{Average Revenue Per User} \times \text{Number of Customers}$
Net Promoter Score (NPS)	Measures customer satisfaction and loyalty by asking how likely customers are to recommend your product or service to others.	$(\% \text{ of Promoters}) - (\% \text{ of Detractors})$
Customer Satisfaction Score (CSAT)	Measures the level of satisfaction that customers have with your product, service, or overall experience, typically measured through surveys.	$\frac{(\text{Number of Satisfied Responses} / \text{Total Responses}) \times 100}{}$
Market Share	Evaluates your company's portion of the total market in terms of revenue.	$\frac{(\text{Your Company's Sales} / \text{Total Market Sales}) \times 100}{}$
Customer Retention Rate	Determines the percentage of customers who continue to use your product or service over time.	$\frac{((\text{Number of Customers at the End of the Period} - \text{Number of New Customers Acquired}) / \text{Number of Customers at the Start of the Period}) \times 100}{}$
Gross Margin	Calculates the percentage of revenue remaining after deducting the cost of goods sold (COGS), which reflects your profitability.	$\frac{((\text{Revenue} - \text{Cost of Goods Sold}) / \text{Revenue}) \times 100}{}$

WANT TO LEARN MORE?

Sign up for the training camp in Las Vegas!



LEARN FROM CHAMPIONS!

- Excel Training Camp
- Financial Modeling Training Camp
- Microsoft Excel World Championship 2023 Finals

Las Vegas | December 7-9, 2023

[Learn more](#)



www.fmworldcup.com/the-active-cell/

 Follow **Financial Modeling World Cup** on **LinkedIn**