

6 key financial indicators you need to follow

Here are the KPIs you should follow on a regular basis to monitor your company's financial performance.



Earnings before interest, taxes, depreciation and amortisation (EBITDA)

EBITDA is a measure of a company's overall business performance, showing earnings before accounting and financial deductions.



Working capital

Working capital is a measure of the financial resources needed by a company to ensure its production cycle and its repayment of both debts and operational expenses.



Debt ratio

It's the proportion of a business' assets that are financed by debt. This ratio measures the extent of your business' leverage.



Free cash flow

It shows how much money a company is able to generate after paying for operations (salaries, supplies, etc...) but also its capital investments.



Profit margin

It represents what percentage of sales has turned into profits.

- **The Gross profit margin** is the difference between the revenue linked to product sales and the cost of goods sold (COGS).
- **Operating profit margin** is the percentage of profit produces by a business from its total revenue and after paying variable cost but before paying tax or interest.
- **The Net profit margin** is the ratio showing how much of each euro in revenue collected by a company translates into profit.



Self-financing ratio

It indicates the company's ability to finance planed investments from its own resources.

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