

6 KEY FINANCIAL INDICATORS YOU NEED TO FOLLOW

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

1 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.

2 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.



3 Debt ratio



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

4 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.

5

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.

6

Self-financing ratio



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

Want to learn more about these KPIs and how to use them as part of your business strategy? Download our ebook "[Boost your financial performance analysis](#)"