

KPIs HANDBOOK



STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
Set KPIs Goals and objectives	Gather the data	Understand the meaning of the ratio	Apply formula for calculation	Result interpretation	Compare with last period and budget	Industry comparison	Risk assessment and action plan

PROFITABILITY KPIs

EBITDA MARGIN	Provides insights into a company's ability to generate operating profits from its core operations, excluding the impact of financing decisions, tax regulations, and non-cash expenses.	EBITDA / Revenues
GROSS PROFIT MARGIN	Measures the profitability of core operations by examining the proportion of revenue remaining after deducting the direct costs associated with producing or delivering goods or services.	Gross profit / Revenues
NET PROFIT MARGIN	Measures a company's overall operations by examining the proportion of revenue remaining after deducting all expenses, including COGS and indirect costs (operating expenses, taxes, etc).	Net profit / Revenues
RETURN ON EQUITY	Measures the profitability and efficiency of a company in generating profits from its shareholders' equity. It indicates the return earned by shareholders on their investment in the company.	Net profit / Equity
RETURN ON CAPITAL EMPLOYED	Measures the profitability and efficiency of a company in generating returns from both its equity and debt capital.	Net profit / (Equity + Long term debt)
RETURN ON ASSETS	Measures the profitability and efficiency of a company in generating profits from its total assets. It indicates how effectively a company utilizes its assets to generate earnings.	Net profit / Total assets
REVENUE PER EMPLOYEE	A higher revenue per employee indicates that employees are generating more revenue for the company, which suggests higher efficiency and effectiveness in utilizing human resources.	Revenues / Employee number
EBITDA PER EMPLOYEE	Indicates how effectively the company's employees contribute to generating operating profits before accounting for financing decisions, tax regulations, and non-cash expenses.	EBITDA / Employee number
NET PROFIT PER EMPLOYEE	Net profit per employee reflects the efficiency and productivity of a company's workforce in generating profits.	Net profit / Employee number

EFFICIENCY KPIs

DAYS SALES OUTSTANDING	Measures of how long it takes for a company to collect its accounts receivable (sales made on credit) from customers.	Average account receivables / Revenues * 365
DAYS INVENTORY OUTSTANDING	Evaluates the average number of days it takes for a company to sell its entire inventory. It is also known as "Days Sales of Inventory" (DSI). DIO is essential for assessing how efficiently a company manages its inventory.	Average inventories / COGS * 365
DAYS PAYABLE OUTSTANDING	Metric used to measure the average number of days it takes a company to pay its accounts payable (the amount the company owes to its suppliers and vendors for goods and services purchased on credit).	Average account payables / COGS * 365
CCC DAYS	Measure the time it takes for a company to convert its investments into cash inflows from sales. It helps assess the efficiency of a company's working capital.	DSO+DIO-DPO
ASSETS TURNOVER	Measures a company's efficiency in generating sales revenue relative to its total assets. It helps investors and analysts assess how effectively a company utilizes its assets to generate sales.	Revenues / Average assets
FIXED ASSETS TURNOVER	Measures the same as asset turnover just related to fixed assets.	Revenues / Average fixed assets
EBITDA TO INTEREST COVERAGE	Assess a company's ability to cover its interest expenses with EBITDA. It helps investors, creditors, and analysts evaluate a company's financial health and its capacity to meet its interest obligations.	EBITDA / Interest expenses
TOTAL COST PER EMPLOYEE	Measures the average cost incurred by a company for each of its employees over a specific period. It provides valuable insights into the company's workforce management and operational efficiency.	Total costs / Employee number
OVERHEAD COSTS PER EMPLOYEE	Measures the average overhead expenses incurred by a company for each of its employees. Overhead costs are indirect costs that are not directly attributable to a specific product but are necessary for the overall functioning of the business.	Overhead costs / Employee number

LIQUIDITY KPIs

NET WORKING CAPITAL	It represents the amount of capital available to fund a company's day-to-day operations. A positive NWC indicates that a company has sufficient current to cover its short-term obligations.	Account receivable + Inventories - Account payable
CURRENT ASSETS - CURRENT LIABILITIES	Measures the absolute amount of surplus of liquid assets that can be used for payment of coming liabilities. Still high amount means the company does not apply right investment policy.	Current assets - current liabilities
CURRENT RATIO	The current ratio measures a company's ability to cover its short-term liabilities with its short-term assets. Benchmark: 1 up to 3.	Current assets / current liabilities
QUICK RATIO	The quick ratio (also known as the acid-test ratio) evaluates a company's ability to meet short-term obligations using its most liquid assets. Benchmark: at least 1	(Current assets - inventories) / current liabilities
CASH RATIO	Measures how much current liabilities can be paid by cash at the moment of consideration, without need to convert receivables or inventories to cash firstly.	Cash / current liabilities
WORKING CAPITAL TURNOVER	Measures the relationship between a company's net working capital and its total assets.	(Current assets - current liabilities) / Total assets

FINANCIAL STRUCTURE KPIs

EQUITY RATIO	Equity ratio compares the company's total equity to its total assets, expressing the proportion of assets funded by equity and indicating the company's financial leverage and stability.	Equity / (Total Equity and Liabilities)
DEBT RATIO	Debt ratio assesses the proportion of a company's total debt relative to its total assets, providing insight into the company's financial risk and dependency on debt financing.	Debt / (Total Equity and Liabilities)
INTEREST EXPENSE IN LOANS	Measures the cost of borrowing funds from lenders or financial institutions. It represents the interest that a borrower pays on the principal amount of a loan over a specific period.	Interest expense / Loan amount
TOTAL COGS IN REVENUE	Measures structure of gross profit. Higher share of COGS in Revenue means the gross profit is lower.	COGS / Revenue
VARIABLE COGS IN REVENUE	Measures structure of gross profit. Higher share of variable COGS in Revenue means the gross profit is lower, but breakeven point is lower too.	Variable COGS / Revenue x 100
FIXED COGS IN REVENUE	Measures structure of gross profit. Higher fixed costs indicate higher breakeven point.	Fixed COGS / Revenue x 100

CASH KPIs

OPERATING CASH FLOW	Cash generated/spent in company's core business activities, excluding financing and investing activities.	(Net Income + D&A - NWC increase)
FREE CASH FLOW	Cash you can use for new investments, dividends or debt repayments. To be more precise, this is cash available after operating expenses and investments are covered.	FCF = OCF + CFI
CASH CONVERSION CYCLE	Average number of days between moment of paying for liabilities and moment of collecting receivables.	DSO + DIO + DPO
FREE CASH FLOW RATE	Percentage of sales available for new investments, dividend or debt repayments, after covering operating expenses and investments.	FCF/Sales
FREE CASH FLOW REALIZATION	Ratio which shows you how well you are capable of converting profit into cash flow.	FCF/Net Income
CASH RATIO	With how many dollars of cash you cover each dollar of liabilities?	Cash/Total

INVESTOR / VALUATION KPIs

PRICE-TO-EARNINGS (P/E)	Measures the relationship between a company's stock price and its earnings per share (EPS).	Market price per share / Earnings per share
PRICE-TO-SALES (P/S) RATIO	Measure the relationship between a company's value and its revenues.	Market capitalization or Valuation / Total revenue
PRICE-TO-BOOK (P/B) RATIO	Measure the relationship between a company's stock price and its book value per share.	Market capitalization / Book value
ENTERPRISE VALUE-TO-EBITDA	Measure the relationship between a company's enterprise value and its EBITDA.	EV/EBITDA ratio = Enterprise value / EBITDA
PRICE-TO-CASH FLOW (P/CF) RATIO	It is a measure of how much investors are willing to pay for each dollar of cash flow generated by the company.	Market capitalization / Cash flow from operations
DIVIDEND YIELD	Dividend yield is a financial ratio that represents the percentage of a company's stock price that is paid out in the form of	Annual dividend per share / Price per share



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KPIs FOR 10 INDUSTRIES



BY BOJAN RADOJICIC

RETAIL	<p>SALES PER SQUARE FOOT</p> <p>Efficiency of the retail space in generating revenue, indicating how well the retail space is utilized</p>	<p>INVENTORY TURNOVER</p> <p>Tracks how quickly inventory is sold and replaced over a specific period</p>	<p>GROSS MARGIN ON INVESTMENT</p> <p>Assesses the profit return on the money invested in inventory</p>	<p>RETURN ON EQUITY</p> <p>Return on investment for the shareholders, indicating how effectively the company uses equity investments to generate profit</p>	<p>CONVERSION RATE</p> <p>Percentage of visitors to a store or website who make a purchase</p>
SAAS SOFTWARE	<p>MONTHLY RECURRING REVENUE</p> <p>Tracks the total predictable revenue generated by the business every month</p>	<p>CHURN RATE</p> <p>Measures the rate at which customers cancel their subscriptions,</p>	<p>CUSTOMER ACQUISITION COST</p> <p>Calculates the average cost incurred to acquire a new customer</p>	<p>CUSTOMER LIFETIME VALUE</p> <p>Estimates the total revenue a business can expect from a single customer account throughout their relationship</p>	<p>LEAD-TO-CUSTOMER CR</p> <p>Efficiency of the sales funnel by tracking the percentage of leads that become paying customers</p>
MANUFACTURE	<p>OVERALL EQUIPMENT EFFECTIVENESS</p> <p>Effectiveness of manufacturing equipment by combining metrics for availability, performance, and capacity</p>	<p>CYCLE TIME</p> <p>Tracks the time required to complete a production process from start to finish</p>	<p>SCRAP RATE</p> <p>Measures the percentage of materials wasted or scrapped during the manufacturing process</p>	<p>ON-TIME DELIVERY</p> <p>Tracks the percentage of products delivered to customers on time</p>	<p>GROSS PROFIT</p> <p>Measures how much profit stays after subtracting cost of produced goods from revenue from sales</p>
CONSULTING	<p>BILLABLE UTILIZATION RATE</p> <p>Measures the percentage of time consultants spend on billable work versus non-billable activities,</p>	<p>CLIENT RETENTION RATE</p> <p>Tracks the percentage of clients who remain with the firm over a given period</p>	<p>AVERAGE REVENUE PER CLIENT</p> <p>Calculates the average revenue generated from each client</p>	<p>PROJECT MARGIN</p> <p>Assesses the profitability of individual projects by comparing revenue generated to the costs incurred</p>	<p>EMPLOYEE TURNOVER RATE</p> <p>Measures the rate at which employees leave the firm</p>
REAL ESTATE	<p>OCCUPANCY RATE</p> <p>Measures the percentage of properties or units that are rented out versus the total available</p>	<p>AVERAGE RENT PER SQUARE FOOT</p> <p>Calculates the average rental income received per square foot</p>	<p>CAPITALIZATION RATE</p> <p>Return on investment for a property by comparing the net operating income to the property's current market value.</p>	<p>GROSS RENT MULTIPLIER</p> <p>Evaluates the value of a property in relation to its gross rental income</p>	<p>CASH ON CASH RETURN</p> <p>Measures the cash income earned on the cash invested in a property</p>
HEALTHCARE	<p>PATIENT SATISFACTION SCORES</p> <p>Level of satisfaction reported by patients, reflecting the quality of care and patient experience</p>	<p>AVERAGE LENGTH OF STAY</p> <p>Calculates the average duration of a patient's stay in the hospital</p>	<p>STAFF-TO-PATIENT RATIO</p> <p>Measures the number of healthcare staff members available per patient</p>	<p>MEDICAL ERROR RATES</p> <p>Track the frequency of errors in medical treatment or medication</p>	<p>READMISSION RATES</p> <p>Track the percentage of patients who are readmitted to the hospital within a specific period after discharge</p>
CREATORS	<p>AUDIENCE GROWTH RATE</p> <p>Rate at which the creator's follower base is growing on various platforms</p>	<p>ENGAGEMENT RATE</p> <p>Calculates the level of audience interaction with the creator's content</p>	<p>CONTENT REACH</p> <p>Tracks the number of unique viewers or readers that the content reaches</p>	<p>CONVERSION RATE</p> <p>Measures the percentage of audience members who take a desired action</p>	<p>REVENUE PER CONTENT PIECE</p> <p>Calculates the earnings generated per content item</p>
AUTOMOTIVE	<p>PRODUCTION VOLUME</p> <p>Measures the total number of vehicles produced within a specific period</p>	<p>VEHICLE DEFECT RATE</p> <p>Calculates the percentage of vehicles with defects or requiring recalls</p>	<p>CUSTOMER SATISFACTION INDEX</p> <p>Assesses buyer satisfaction with their vehicle and the purchasing experience</p>	<p>AVERAGE TIME TO MARKET</p> <p>Measures the average duration from vehicle design to launch</p>	<p>EBITDA</p> <p>Measures a company's operating performance by calculating its revenue minus expenses</p>
WHOLESALE	<p>DAYS SALES OUTSTANDING</p> <p>Average number of days it takes for a company to collect payment after a sale</p>	<p>DAYS PAYABLE OUTSTANDING</p> <p>Average number of days a company takes to pay its bills and invoices</p>	<p>INVENTORY TURNOVER</p> <p>Tracks how frequently inventory is sold and replaced over a specific period</p>	<p>GROSS MARGIN</p> <p>Percentage of total sales revenue that the company retains after incurring the direct costs associated with producing the goods it sells</p>	<p>FREE CASH FLOW</p> <p>The amount a cash that company make after capital expenditures</p>
AGRICULTURE	<p>YIELD PER ACRE</p> <p>Measures the amount of crop produced per acre of farmland</p>	<p>CROP PROFITABILITY</p> <p>Calculates the profit generated from each type of crop</p>	<p>NET PROFIT MARGIN</p> <p>Assesses the percentage of revenue that remains as profit after deducting all costs and expenses</p>	<p>SOIL HEALTH</p> <p>Assesses the condition and fertility of soil</p>	<p>FARM LABOR PRODUCTIVITY</p> <p>Measures the output per labor hour or employee</p>



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INVESTMENT INDICATOR



PRICE-TO-EARNINGS RATIO

A measure of a company's current share price relative to its per-share earnings, indicating how much investors are willing to pay per dollar of earnings.

EARNINGS PER SHARE

The portion of a company's profit allocated to each outstanding share of common stock, indicating profitability on a per-share basis.

RETURN ON EQUITY

Measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

DIVIDEND YIELD

A financial ratio that shows how much a company pays out in dividends each year relative to its stock price, indicating the income generated from an investment.

BETA

Measures the volatility of an investment relative to the market, with a beta above 1 indicating more volatility than the market and below 1 indicating less.

MARKET CAPITALIZATION

The total market value of a company's outstanding shares of stock, used to determine the company's size.

DEBT-TO-EQUITY RATIO

Indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, assessing financial leverage.

PRICE-TO-BOOK RATIO

Compares a company's market value to its book value, indicating if a stock is undervalued or overvalued.

OPERATING MARGIN

A margin ratio used to measure a company's pricing strategy and operating efficiency.

FREE CASH FLOW

A measure of financial performance calculated as operating cash flow minus capital expenditures, indicating the cash a company generates after accounting for cash outflows.

QUICK RATIO

Measures a company's ability to meet its short-term obligations with its most liquid assets.

ASSET TURNOVER RATIO

The ratio of the value of a company's sales or revenues generated relative to the value of its assets.

GROSS PROFIT MARGIN

The proportion of money left over from revenues after accounting for the cost of goods sold.

INTEREST COVERAGE RATIO

A measure of a company's ability to meet its interest payments.

ROA

An indicator of how profitable a company is relative to its total assets, measuring how efficient management is at using its assets to generate earnings.

VOLATILITY

Indicates the price variability of an asset over time, with higher volatility indicating greater risk.

ALPHA

A measure of an investment's performance on a risk-adjusted basis relative to a benchmark index

PRICE-TO-SALES RATIO

A valuation ratio that compares a company's stock price to its revenues.

CASH FLOW PER SHARE

The amount of cash a company generates and distributes to shareholders on a per-share basis.

BOOK VALUE PER SHARE

The equity available to common shareholders divided by the number of outstanding shares.

PEG RATIO

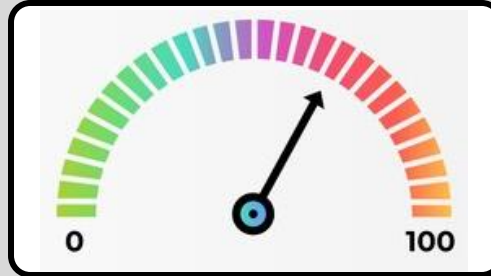
A stock's P/E ratio divided by the growth rate of its earnings, providing a more complete picture than the P/E ratio alone.





HEALTH SCORECARD

Total Score
69%



CAPITAL EFFICIENCY

Return on Invested Capital	10%	
	< 8%	
	8% to 12%	2
	> 12%	
Return on Assets	7%	
	< 5%	1
	5% to 9%	
	> 9%	
Return on Equity	15%	
	< 12%	
	12% to 17%	3
	> 17%	
Return on Capital Employed	12%	
	< 10%	
	10% to 14%	2
	> 14%	

OPERATIONAL EFFICIENCY

OPERATIONAL EFFICIENCY	BENCHMARK	SCORE
Days Sales Outstanding	60	
	< 50	
	50 to 70	2
	> 70	
Days Payables Outstanding	40	
	< 35	1
	35 to 45	
	> 45	
Days Inventory Outstanding	50	
	< 40	1
	40 to 60	
	> 60	
Asset Turnover	2	
	< 1.7	
	1.7 to 2.3	2
	> 2.3	
Fixed Asset Turnover	4	
	< 2.5	
	2.5 to 5.5	2
	> 5.5	
CapEx to OCF	15%	
	> 18%	
	12% to 18%	2
	< 12%	
CapEx to Revenue	10%	
	> 12%	
	8% to 12%	
	< 8%	3

LIQUIDITY

Current Ratio	2	
	< 1.5	
	1.5 to 2.5	2
	> 2.5	
Quick Ratio	1	
	< 0.8	1
	0.8 to 1.2	
	> 1.2	
Cash Ratio	0.25	
	< 0.2	1
	0.2 to 0.3	
	> 0.3	

MARGINS

MARGINS	BENCHMARK	SCORE
Gross Profit Margin	45%	
	< 40%	
	40% to 50%	3
	> 50%	
EBITDA Margin	20%	
	< 17%	
	17% to 23%	3
	> 23%	
Operating Margin	15%	
	< 13%	
	13% to 17%	3
	> 17%	
Pre-Tax Profit Margin	12%	
	< 10%	
	10% to 14%	2
	> 14%	
Net Profit Margin	10%	
	< 8%	
	8% to 12%	2
	> 12%	
Free Cash Flow Margin	9%	
	< 7%	
	7% to 11%	3
	> 11%	
OCF / Sales	14%	
	< 10%	
	10% to 16%	2
	> 16%	
OCF / Net Income	150%	
	< 120%	
	120% to 180%	3
	> 180%	
FCF / Net Income	120%	
	< 100%	
	100% to 140%	2
	> 140%	
FCF / EBIT	130%	
	< 110%	
	110% to 140%	2
	> 140%	

SOLVENCY

FINANCIAL HEALTH	BENCHMARK	SCORE
Debt Ratio	45%	
	> 55%	
	35% to 55%	2
	< 35%	
Assets to Equity	5	
	> 6.5	
	3.5 to 6.5	2
	< 3.5	
Long-term Debt to Assets	25%	
	> 30%	1
	20% to 30%	
	< 20%	
Intangibles to Total Assets	15%	
	> 20%	
	10% to 20%	2
	< 10%	
Goodwill / Assets	10%	
	> 15%	
	5% to 15%	2
	< 5%	
Debt / Equity	100%	
	> 120%	
	80% to 120%	2
	< 80%	
Long-Term Debt / Equity	30%	
	> 40%	
	20% to 40%	2
	< 40%	
Net Debt / EBITDA	120%	
	> 140%	
	100% to 140%	2
	< 100%	
EBITDA / Interest Expense	10	
	< 5	1
	5 to 15	
	> 15	

EBITDA

VS

NET INCOME

VS

FREE CASH FLOW

DEFINITION & PURPOSE

A measure of a company's overall financial performance and is used as an alternative to simple earnings or net income. The purpose is to provide a clear view of the operational profitability of a company, excluding the effects of financial and accounting decisions

The total profit of a company after all expenses, including taxes and interest, have been deducted from revenue. The purpose is to gauge the overall profitability of a company, including all its expenses.

The cash a company generates after accounting for cash outflows to support operations and maintain capital assets. The purpose is to understand how much cash is available for reinvestment in the business, debt reduction, dividend payments, or other uses.

CALCULATION

$$\begin{aligned} & \text{NET INCOME} + \text{DEPRECIATION} + \\ & \text{AMORTIZATION} + \text{INTEREST} + \\ & \text{TAX} \end{aligned}$$

$$\text{TOTAL REVENUES} - \text{TOTAL EXPENSES}$$

$$\begin{aligned} & \text{NET INCOME} + \text{DEPRECIATION} + \\ & \text{AMORTIZATION} + \text{CHANGES IN NWC} - \\ & \text{CAPEX} \end{aligned}$$

KEY RATIOS

EBITDA margin - insights into a company's ability to generate operating profits from its core operations, excluding the impact of financing decisions, tax regulations, and non-cash expenses.

Net margin - Measures a company's overall operations by examining the proportion of revenue remaining after deducting all expenses, including COGS and indirect costs

Return on Equity - Measures the profitability and efficiency of a company in generating profits from its shareholders' equity

FCF rate - Percentage of sales available for new investments, dividend or debt repayments, after covering operating expenses and investments.

FCF Realization - shows you how well you are capable of converting profit into cash flow

APPLICABILITY

Useful for comparing companies within the same industry and for companies with significant debts or tax structures.

Applicable for overall profitability analysis and is crucial for investors and stakeholders.

Vital for assessing the liquidity and financial flexibility of a company, especially for investors and creditors.

ADVENTAGES

- ✓ Get a sense of a company's operational profitability without the impact of financing, taxes, and non-cash items.
- ✓ Provides a way to compare the operational profitability of companies across different tax jurisdictions and capital structures.

- ✓ Incorporates all expenses, including operational, financial, and tax-related costs
- ✓ Give a complete picture of profitability, Widely used in earnings reports and is a key determinant of a company's share price.

- ✓ Measures how effectively a company converts its sales into actual free cash.
- ✓ Helpful in evaluating a company's ability to generate cash and manage its capital structure.
- ✓ Indicates the cash available for dividends, debt repayment, and reinvestment

DISADVANTAGES

- ✗ By ignoring interest, taxes, depreciation, it can paint an overly optimistic picture, especially for capital-intensive businesses.
- ✗ Companies with a lot of debt or significant capital expenditures might appear healthier than they really are.
- ✗ Not under GAAP so it can be subject of speculations

- ✗ Items like one-off gains or losses, changes in tax laws, or restructuring costs can distort the net profit margin.
- ✗ Different financing structures and tax jurisdictions can make comparisons between companies trickier.
- ✗ May not accurately reflect the cash position of a company.

- ✗ Can be significantly affected by capital expenditure decisions, which can vary greatly year-to-year.
- ✗ Requires a deeper understanding of the company's cash flow statement, especially discerning between operational cash flows and capital expenditures.

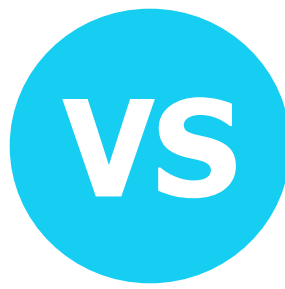
WINNER



FREE CASH FLOW



VERTICAL ANALYSIS



HORIZONTAL ANALYSIS

By Bojan Radojicic



Use in single period

DEFINITIONS

Used in multiple periods

Involves expressing each item on a particular financial statement as a percentage of a base figure.

For example, on an income statement, each line item (like Cost of Goods Sold or Operating Expenses) can be presented as a percentage of total revenue.

Evaluates changes in financial statement numbers across multiple periods or budget.

It looks at the amount and percentage change from one period to the next.

Salaries share in Revenue

EXAMPLES

Revenue growth vs LY

Vertical analysis	2024	2025	2026	2027	2028
Revenues	100%	100%	100%	100%	100%
COGS variable	60%	60%	60%	60%	60%
COGS fixed	2%	2%	2%	2%	2%
COGS	62%	62%	62%	62%	62%
Gross profit	38%	38%	38%	38%	38%
Overhead - variable	9%	12%	12%	12%	12%
Overhead - fixed	10%	10%	10%	10%	10%
Overhead costs	19%	22%	22%	22%	22%
EBITDA / Operating profit	18%	15%	14%	15%	16%
Depreciation and amortization	2%	3%	3%	3%	3%
Interest and financial expenses	0%	0%	0%	0%	0%
Financial income	0%	0%	0%	0%	0%
EBT	16%	12%	11%	12%	13%
Tax	2%	2%	2%	2%	2%
Net income	14%	10%	9%	10%	11%

Horizontal analysis	2024	2025	2026	2027	2028
Revenues	8%	11%	11%	11%	11%
COGS variable	8%	11%	11%	11%	11%
COGS fixed	8%	11%	11%	11%	11%
COGS	8%	11%	11%	11%	11%
Gross profit	8%	11%	11%	11%	11%
Overhead - variable	-2%	41%	13%	13%	10%
Overhead - fixed	9%	14%	10%	10%	10%
Overhead costs	4%	26%	12%	11%	10%
EBITDA / Operating profit	16%	-8%	5%	20%	15%
Depreciation and amortization	95%	92%	11%	12%	6%
Interest and financial expenses	-21%	18%	15%	13%	12%
Financial income	-50%	0%	0%	0%	0%
EBT	12%	-19%	4%	22%	18%
Tax	-8%	-19%	4%	22%	18%
Net income	16%	-19%	4%	22%	18%

More control

PURPOSE

Trends

Provides insights into the structure of assets, liabilities, and equity OR the composition of revenues and expenses. Helps in understanding the relative proportion of each component.

Based on results it helps management to make business decisions based on share one category into main category. For example, business policy is to keep costs of rent at at the level of 5% of revenues as maximum.

Helps to identify trends over time, by comparing historical of future results in a row.

Aids in determining if certain financial metrics are improving or deteriorating over the periods. For examples it can measure revenue growth rate, or salary growth rate in past of projected period. Also it could be useful to compare actual with budgeted or forecasted figures.

UTILITY

Useful for comparing companies of different sizes. Since percentages are used, it standardizes figures and makes comparative analysis more meaningful

Useful for analyzing a company's growth and predicting future performance. By spotting trends, management and analysts can make informed decisions.

HOW TO CREATE SIMPLE MANAGEMENT REPORT



Create management report layout (tables, lines, graphs, KPIS, actual, FCST, budget...)

Upgrade your CoA – more simplicity and adding functional cost/revenue centers

Export trial balance of GL with defined cost/revenue centers

Lookup TB data with Management reports, so GL data to be imported in reports

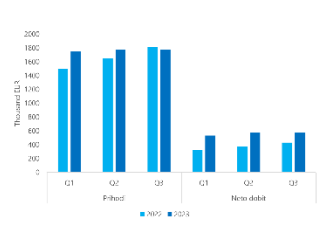
Align data if needed, Create graphs, and calculate KPIS based on pre-defined formulas, and ull PPT presentation

REPORT FOR MANAGEMENT - SUMMARY

INCOME STATEMENT

	2022	2023	Variance
Revenues	4,965	5,310	345
COGS	2,483	2,200	-282.5
Salaries	331	380	49
Other expenses	497	490	-6.5
EBITDA	1,655	2,240	585
Depreciation	150	155	5
Interest	150	164	14
Other revenues and expenses	150	155	5
Profit before tax	1,205	1,766	561
Tax expense	75	76	1
Net result	1,130	1,690	560

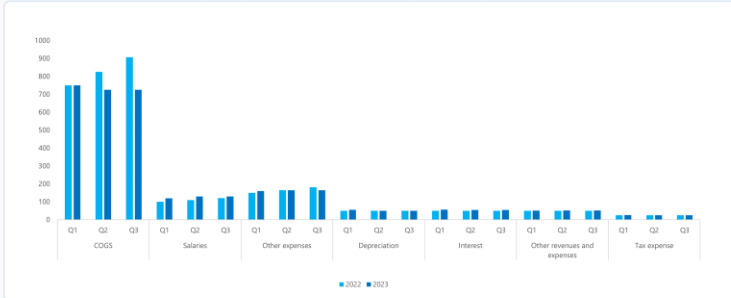
REVENUE AND PROFIT MOVEMENT



PERIODIC P&L

	Q1			Q2			Q3			Total		
	Q1 2022	Q1 2023	Variance	Q2 2022	Q2 2023	Variance	Q3 2022	Q3 2023	Variance	2022	2023	Variance
Revenues	1,500	1,750	250	1,650	1,780	130	1,815	1,780	-35	4,965	5,310	345
COGS	750	750	0	825	725	-100	908	725	-182.5	2,483	2,200	-282.5
Salaries	100	120	20	110	130	20	121	130	9	331	380	49
Other expenses	150	160	10	165	165	0	182	165	-16.5	497	490	-6.5
EBITDA	500	720	220	550	760	210	605	760	155	1,655	2,240	585
Depreciation	50	55	5	50	50	0	50	50	0	150	155	5
Interest	50	56	6	50	54	4	50	54	4	150	164	14
Other revenues and expenses	50	51	1	50	52	2	50	52	2	150	155	5
Profit before tax	350	518	168	400	604	204	455	604	149	1,205	1,766	561
Tax expense	25	26	1	25	25	0	25	25	0	75	76	1
Net result	325	532	207	375	579	204	430	579	149	1,130	1,690	560
Gross margin %	50%	57%	7%	50%	59%	9%	50%	59%	9%	50%	59%	9%
EBITDA margin %	33%	41%	8%	33%	43%	9%	33%	43%	9%	33%	42%	9%
Net margin %	22%	30%	8%	23%	33%	10%	24%	33%	9%	23%	32%	9%

OVERVIEW OF EXPENSES MOVEMENTS



KPI

GROSS MARGIN

59%

LY - DIFFERENCE	50%	(+12%)
BUDGET - DIFFERENCE	55%	(+7%)

EBITDA MARGIN

42%

LY - DIFFERENCE	33%	(+27%)
BUDGET - DIFFERENCE	40%	(+5%)

NET MARGIN

32%

LY - DIFFERENCE	23%	(+40%)
BUDGET - DIFFERENCE	20%	(+7%)

DSO

65

LY - DIFFERENCE	42	(+55%)
BUDGET - DIFFERENCE	69	(+6%)

KPI

DPO

55

LY - DIFFERENCE	42	(+31%)
BUDGET - DIFFERENCE	50	(+10%)

DIO

29

LY - DIFFERENCE	25	(+16%)
BUDGET - DIFFERENCE	30	(+3%)

CURRENT RATIO

1.4

LY - DIFFERENCE	1.2	(+17%)
BUDGET - DIFFERENCE	1.8	(+22%)

FIXED ASSETS

270

LY - DIFFERENCE	202	(+31%)
BUDGET - DIFFERENCE	250	(+48%)

ANNUAL ROLLING FORECAST

	Reported Q3 2023	Projected Q4 2023	Projected Q1 2024	Projected Q2 2024	Projected Q3 2024
Revenues	1,780	1,816	1,852	1,889	1,927
COGS	725	740	754	766	786
Salaries	130	133	135	136	141
Other expenses	162	168	172	175	179
EBITDA	760	775	791	807	823
Depreciation	50	51	52	53	54
Interest	54	55	56	57	58
Other revenues and expenses	52	53	54	55	56
Profit before tax	604	616	628	641	654
Tax expense	23	22	24	26	26
Net result	579	524	534	545	556
Gross margin %	59%	59%	59%	59%	59%
EBITDA margin %	43%	43%	43%	43%	43%
Net margin %	32%	29%	29%	29%	29%

STARTUP & SAAS METRICS IN EXCEL



BOJAN RADOJICIC

Show total unique visitors at website

Show structure of visitors, in this case - organic visitors.

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TRAFFIC	Month 3	Month 4	Month 5
Total Traffic	13,033	14,015	12,460
Organic	9,797	9,103	9,674
Direct	2,087	1,723	1,356
Referred	180	180	180
Paid	755	2,709	1,000
LEADS AND CLIENTS	Month 3	Month 4	Month 5
New Leads (sign ups)	138	152	138
Existing Leads	3,826	3,964	4,116
Total Leads	3,964	4,116	4,254
New Customers	24	12	25
Existing Customers	53	75	86
Churn	2	1	3
Total Customers	75	86	108
ARPU	46	42	35
REVENUES AND MARGINS	Month 3	Month 4	Month 5
New MRR	566	194	197
Existing MRR	2,932	3,458	3,587
Churn MRR	40	65	31
Total MRR	3,458	3,587	3,753
CAC	3,816	3,816	3,816
Gross Margin	(358)	(229)	(63)
RATIOS AND RATES	Month 3	Month 4	Month 5
Traffic Growth Rate	11%	8%	-11%
Organic traffic growth rate	6%	-7%	6%
Revenue Growth Rate MoM	18%	3.7%	5%
Gross Margin Rate	-10%	-6%	-2%
CARG Revenue MTD	17%	12%	10%
Customer Acquisition Cost (CAC)	159	318	153
Lead Acquisition Cost (LAC)	28	25	28
CONVERSION FLOW	Month 3	Month 4	Month 5
Logged-in leads	126	140	126
1 task created	69	65	55
10 tasks created	37	28	100
2 users created	16	75	120
5 users created	1	2	1
Qualified leads (2u+ 10t or 20t)	48	49	50
New customers	24	12	25
CONVERSION RATES	Month 3	Month 4	Month 5
Leads/ Traffic	1.06%	1.08%	1.11%
Logged-in leads / New leads	91%	92%	91%
Qualified leads / Logged-in	38%	35%	40%
New customers / Logged-in leads	19.05%	8.57%	19.84%
New customers / Qualified leads	50%	24%	50%
Customers / Leads	19.05%	8.57%	19.84%
DEMOS	Month 3	Month 4	Month 5
DEMOS	8	5	9
DEMOS/Traffic	0.06%	0.04%	0.07%
DEMO customers	3	1	1
DEMO customer conversion rate	38%	20%	11%
DEMO customers / Total New Customers	13%	8%	4%
CHURN	Month 3	Month 4	Month 5
Churn Rate	3.75%	1.33%	3.48%
Churn revenue	1.36%	1.88%	0.86%
LTV	Month 3	Month 4	Month 5
Lifetime Value (LTV)	-349	-141	-67
LTV : CAC	-2.19	-0.44	-0.44

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CUSTOMER LIFETIME VALUE

EXPLAINED



WHAT IS CLV

CLV is a metric used to estimate the total revenue a business can expect from a single customer account throughout the business relationship. The concept of CLV is significant because it helps businesses focus on long-term customer engagement, rather than short-term sales.

Understanding CLV can guide businesses in deciding how much they should invest in retaining existing customers and acquiring new ones.

FORMULA

OR

$$\text{CLV} = \frac{\text{Average number of sales} \times \text{Number of repeat transactions}}{\text{Average retention time}}$$

$$\text{CLV} = \frac{\text{Average sales per customer (ARPU)}}{\text{Churn rate}}$$



EXAMPLE

Let's assume the following for a hypothetical coffee shop:

Average Value of a Sale: \$5 per order
Number of Repeat Transactions: 2 orders per week (approximately 8 per month)
Average Retention Time: 3 years
Using the basic formula:
 $\text{CLV} = \$5 \times 8 \times 12 \times 3$
 $\text{CLV} = \$5 \times 96 \times 3$
 $\text{CLV} = \$1,440$



Assume the following for a subscription-based service:

Average Monthly Revenue per User (ARPU): \$20
Churn Rate: 5% per month (0.05 as a decimal)

Using the formula:
 $\text{CLV} = \$20 \div 0.05$
 $\text{CLV} = \$400$

In this example, the CLV of a customer for this subscription-based service would be \$400. This means that, on average, each customer is expected to contribute \$400 in revenue before they churn.



KEY POINTS

1. Sensitivity to Churn Rate: This formula demonstrates how sensitive CLV is to the churn rate. A higher churn rate significantly reduces CLV.
2. Long-Term Focus: Businesses use this calculation to emphasize the importance of reducing customer churn for long-term profitability.
3. Applicability: This method is particularly useful for subscription-based businesses or industries where churn rates are a critical metric, such as telecom, SaaS, or streaming services.