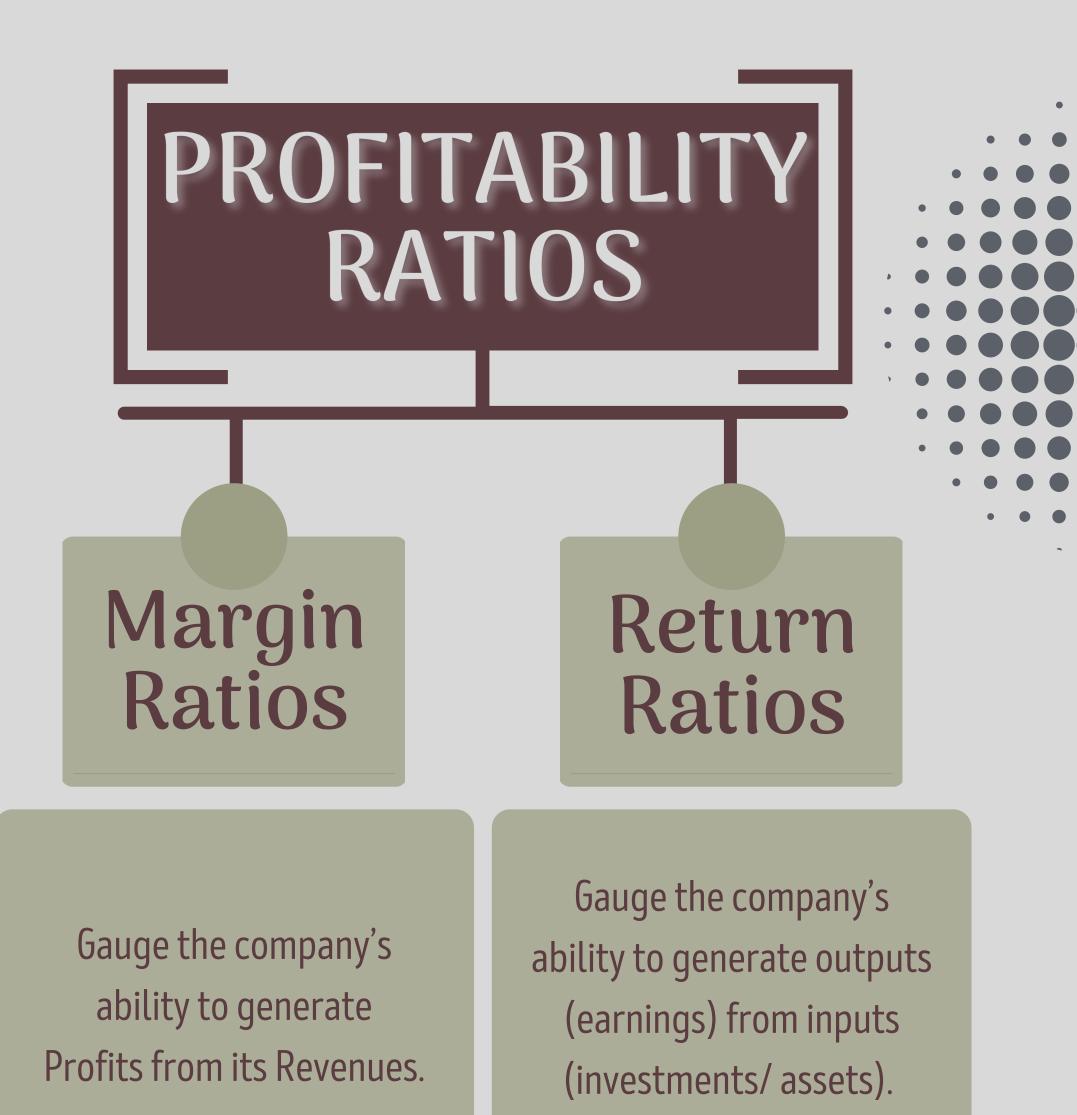
Flipside Finance

EDDEX INTO THE PROFITABILITY



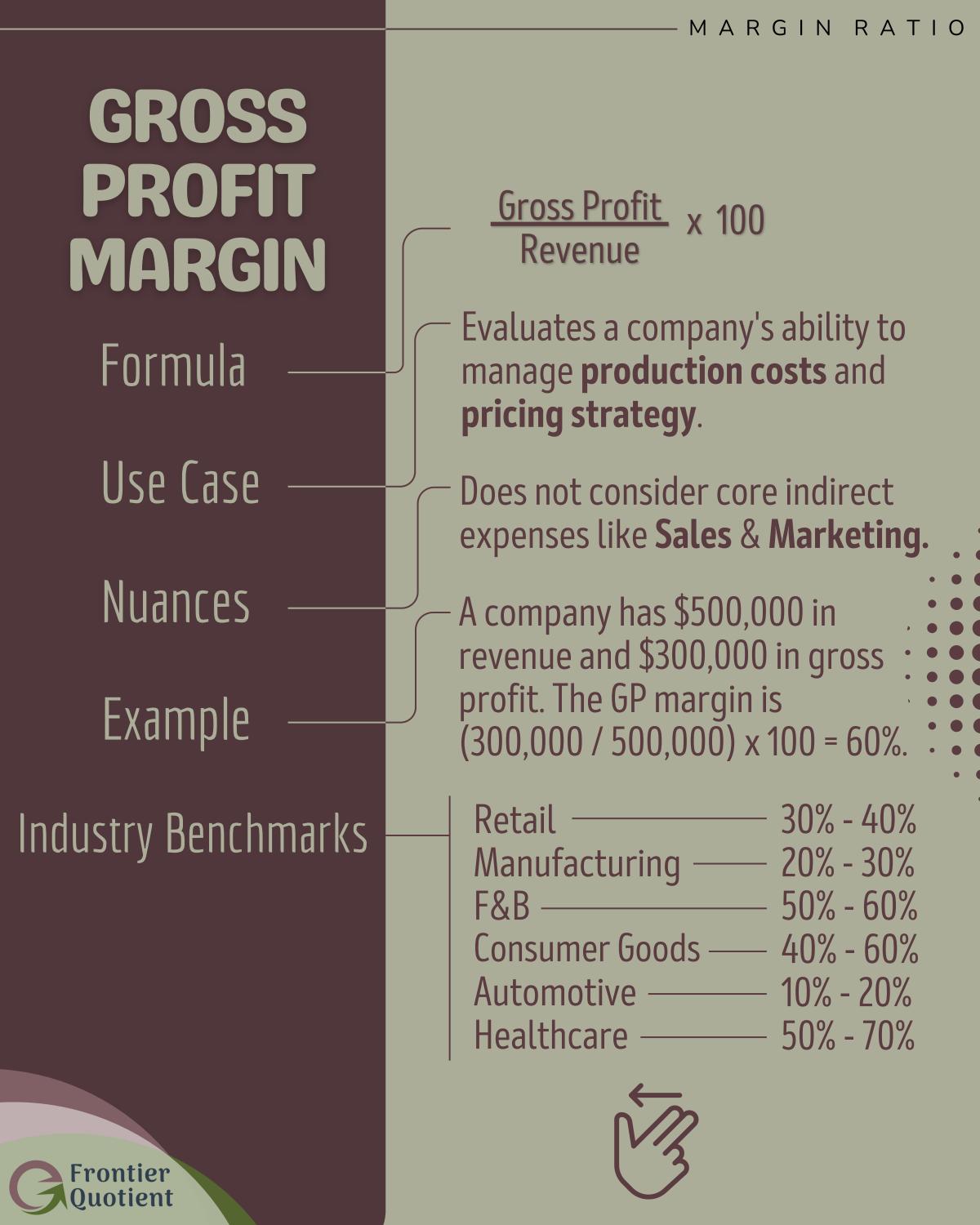
Swipe >>>





Frontier

uotient



MARGIN RATIO

OPERATING PROFIT (EBIT) MARGIN

Formula

Use Case

Nuances

Example

Industry Benchmarks

Frontier uotient <u>Operating Profit</u> x 100 Revenue

Assesses operational efficiency by accounting for all operating expenses.

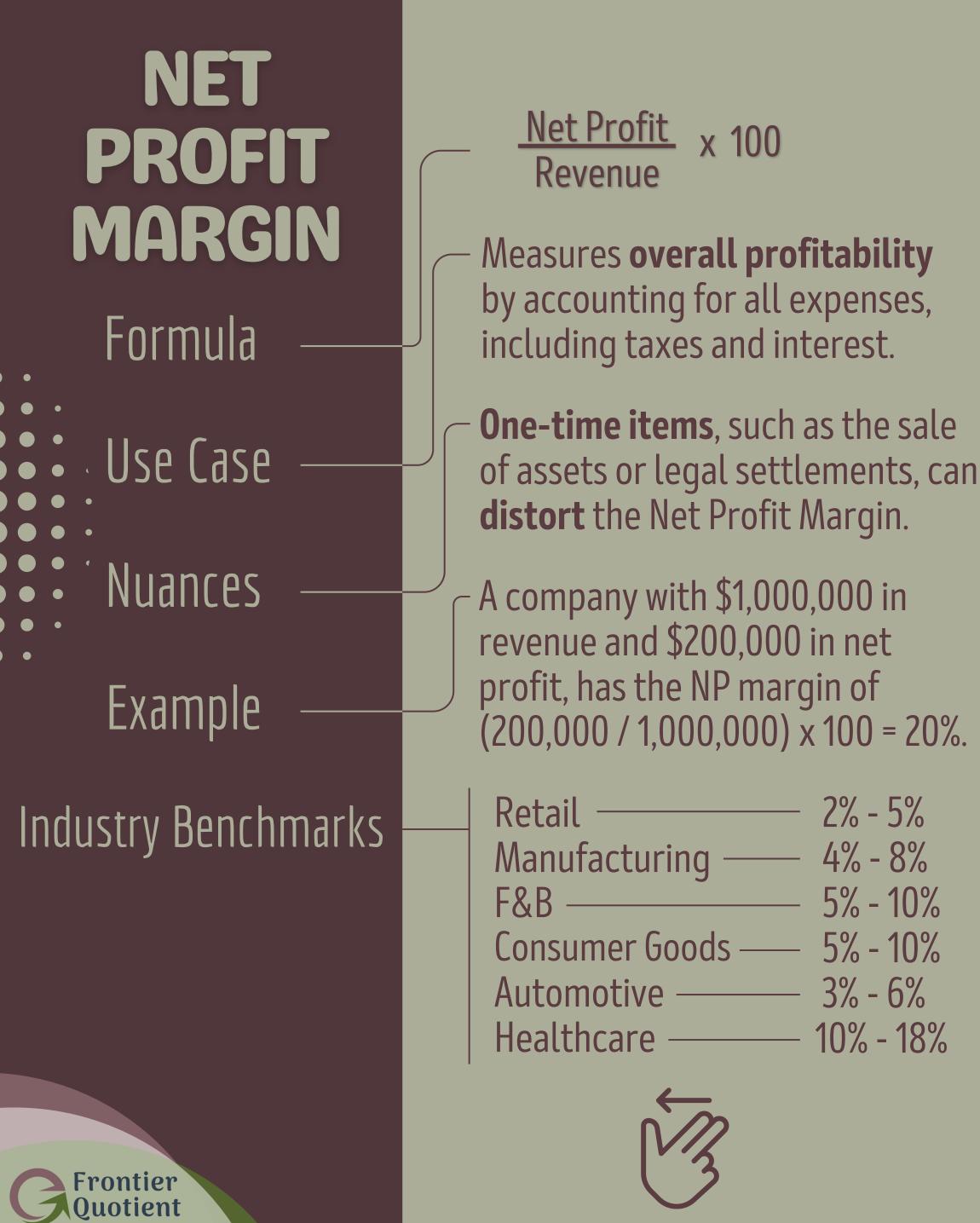
Excludes **interest** and **tax** expenses.

A company with \$600,000 in revenue and \$100,000 in operating profit has an OP margin of (100,000 / 600,000) x 100 = 16.67%.

Retail ———	5% - 10%
Manufacturing ——	8% - 15%
F&B	8% - 12%
Consumer Goods —	10% - 15%
Automotive ———	5% - 10%
Healthcare ———	15% - 25%



- MARGIN RATIO



- MARGIN RATIO

OPERATING CASH FLOW MARGIN

Formula

Use Case

Nuances

Example

Industry Benchmarks



<u>Operating Cash Flow</u> x 100 Revenue

Measures a company's ability to generate **cash** from **core operations**.

Companies **reinvesting** in acquisitions or growth may **intentionally** have lower OCF Margins.

A company with \$80,000 in operating cash flow and \$400,000 in revenue has an OCF margin of (80,000 / 400,000) x 100 = 20%.

- 15%

- 20%

- 15%

- 15%

15%

- 25%

Retail ———	5%
Manufacturing ——	5%
F&B	5%
Consumer Goods ——	10%
Automotive ———	5%
Healthcare ———	15%



MARGIN RATIO

2% - 8%

5% - 15%

5% - 15%

FREE **CASH FLOW** MARGIN

Formula

Use Case

Nuances

Example

Industry Benchmarks

Frontier uotient Free Cash Flow x 100 Revenue

Evaluates the **efficiency** of generating free cash flow after all expenses and capital investments.

Industries with high capital requirements often have lower FCF Margins due to significant capital expenditures.

If a company has \$70,000 in free cash flow and \$350,000 in revenue, the FCF margin is $(70,000 / 350,000) \times 100 = 20\%$.

Retail Industry -Energy -**Consumer Goods** -— <u>5%</u> - <u>10%</u> Technology – - 10% - 20% Healthcare — 10% - 20%



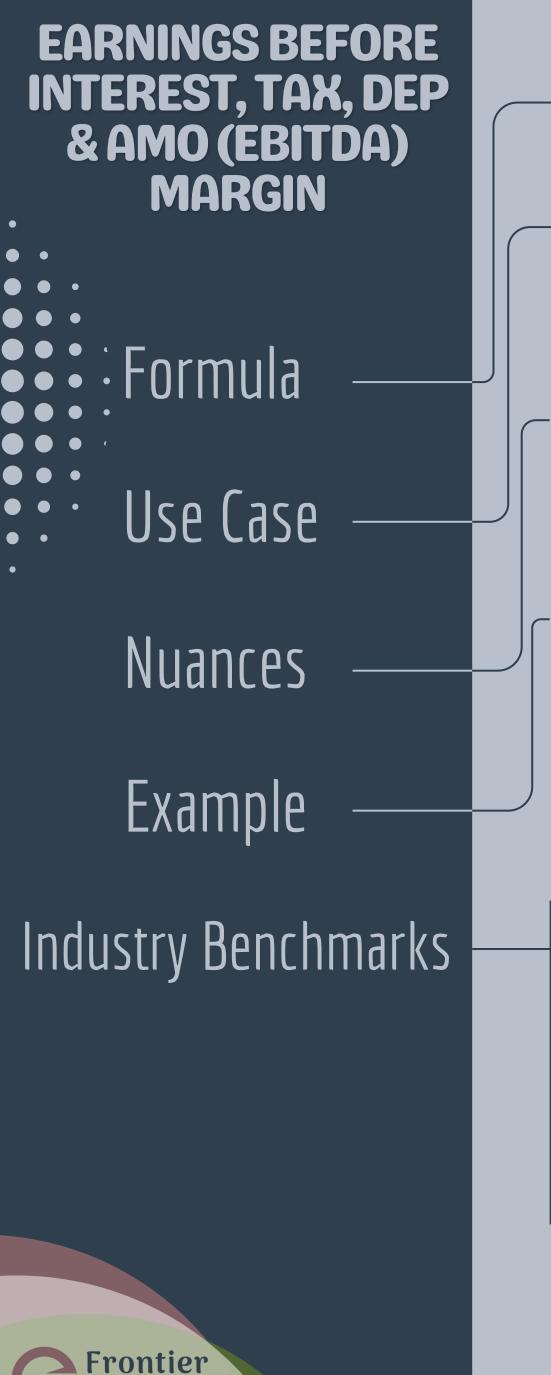
- 20%

- 30%

- 20%

- 40%

- 30%



uotient

EBIIDA x 100 Revenue

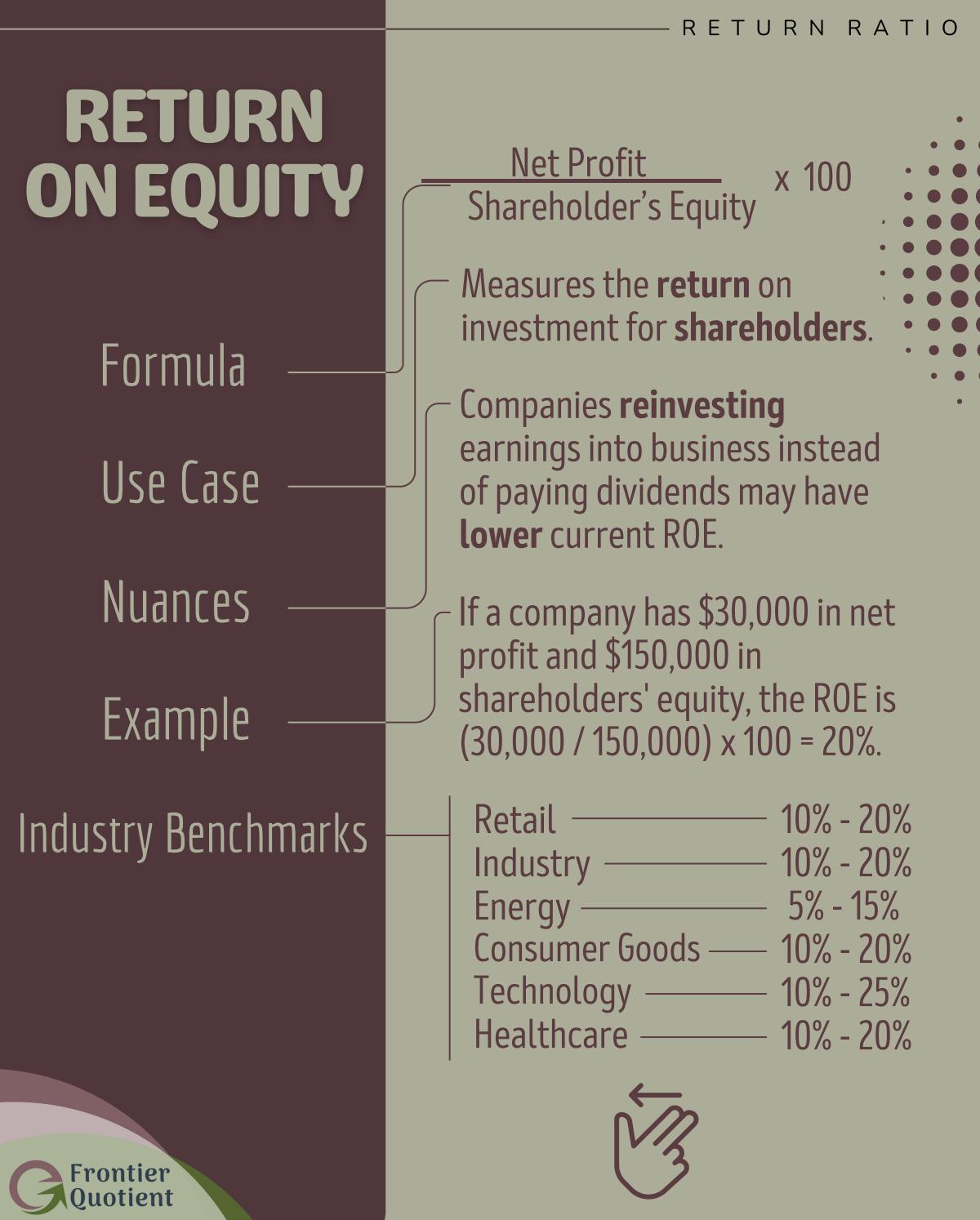
Focuses on operating profitability while excluding depreciation and amortization.

Not being standardized in **IFRS**/ **GAAP**, it can be **manipulated** by the management.

If a company has \$120,000 in EBITDA and \$600,000 in revenue, the EBITDA margin is $(120,000 / 600,000) \times 100 = 20\%$.

Retail ———	5% - 15%
Industry —	10% - 20%
Energy —	15% - 30%
Consumer Goods —	15% - 20%
Technology ———	20% - 40%
Healthcare ———	20% - 30%





RETURN ON INVESTMENT)

Formula

'Use Case

Nuances

Example

Industry Benchmarks



<u>Net Profit</u> x 100 Total Assets

Evaluates how efficiently a company uses its **assets** to generate **profits**.

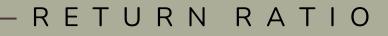
Organizations can **inflate** their ROA by going for **leasing** the asset instead of **owning** them.

A company has \$50,000 in net profit and \$500,000 in total assets, resulting in an ROA of (50,000 / 500,000) x 100 = 10%.

Retail ———	
Industrial ———	
Energy —	
Consumer Goods —	
Telecom ———	
Technology ———	







RETURN **ON DEBT**

Formula

Use Case

Nuances

Example

·Industry Benchmarks



<u>Net Profit</u> x 100 **Total Debt**

Measures the **profitability** generated from the total debt the company holds.

Upcoming **debt maturities** impact ROD assessments due to refinancing risks.

If a company has \$100,000 in net profit and \$1,000,000 in total debt, the ROD is (100,000 / 1,000,000) x 100 = 10%.

Retail ———	5% - 15%
Manufacturing ——	5% - 15%
Energy —	3% - 10%
Real-Estate ———	3% - 6%
Technology ———	5% - 10%
Financial Services ——	1% - 5%



RETURN ON CAPITAL EMPLOYED

Formula

Use Case

Nuances

Example

Industry Benchmarks

Frontier

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Net Profit x 100 Non-Current Liabilities + Equity

Assesses how efficiently a company utilizes its capital to generate operating profits.

High ROCE shows capital efficiency but it may not reflect long-term growth or sustainability.

If a company has \$50,000 in operating profit and \$500,000 in capital employed, the ROCE is $(50,000 / 500,000) \times 100 = 10\%$.

10% - 20%

5% - 15%

12% - 18%

15% - 25%

Retail Manufacturing -Telecom -- 10% - 15% Consumer Goods — 10% - 20% Healthcare — Technology -



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