FCF Model

Below is the proxy-model of potential future FCF:

FCF = Total Revenue - COGS - SG&A - D&A - $NCE_{taxable}$ - Interest - WC - Income Tax - CAPEX + Fixed Assets Sold
WC = (COGS - SG&A - CAPEX - Interest) $\cdot K_{WC}$
D&A = CAPEX $\cdot K_{DA}$
Interest = $L \cdot r_L$
Income Tax = (Total Revenue - COGS - SG&A - D&A - $NCE_{non\text{-}taxable}$) $\cdot K_{TAX}$

where

L	Loan-in
r_L	Loan interest annual rate (usually around 5%)
K_{WC}	WC to the Cash Expenses ratio (usually around 25% which corresponds to the 3-months budget)
K_{DA}	D&A to CAPEX ratio (usually around 20% which corresponds to 5 years write-off)
K_{TAX}	Income Tax Rate (usually around 30%)
Fixed Assets Sold	Proceeds from selling Fixed Assets
$NC_{Etaxable}$	taxable NCE
$NCE_{non\text{-}taxable}$	non-taxable NCE, for example annual portion of the natural reserves depletion

See also

Business / Business Administration / Financial Management / Financial Planning

[Financial Accounting]