

Auto Loan

Once having a negative FCF one can bridge this gap by taking a loan .

The value of the loan is not FCF itself as it should account for the loan interest and tax on interest as in the formula below:

(1)
$$\text{Loan} = \frac{\text{FCF}}{1 + r_f \cdot (1 - r_{tax})}$$

where

FCF	Free Cash Flow
r_f	Financing Rate
r_{tax}	Corporate Tax Rate