

Free Cash Flow = FCF (Finance)

@wikipedia

Adjustment in [OCF](#) for the changes in [Fixed Assets](#):

FCF = **OCF** + Changes in [Fixed Assets](#) = **OCF** + (Income from [Fixed Assets](#) sold - [CAPEX](#))

or

FCF = [Net Income](#) + [Non-Cash Expenses](#) - Increase in [Working Capital](#) + Changes in [Fixed Assets](#)

or

FCF = [Total Revenue](#) - [COGS](#) - [OPEX](#) - [Non-Operating Expenses](#) - [Interest](#) - [Income Tax](#) + [Non-Cash Expenses](#) - Increase in [Working Capital](#) + Changes in [Fixed Assets](#)

It is one of the most important measures of the [Business](#) profitability.

Positive [FCF](#) shows a clear profitability of the [Business](#).

The early investment periods can face negative [FCF](#) but as soon as [Net Income](#) is positive with a growing [FCF](#) trend then [Business](#) can be considered as future-promising.

See also

[Economics](#) / [Money](#) / [Currency](#) / [Cash](#) / [Cash Flow](#)

[Business](#) / [Business Administration](#) / [Financial Management](#) / [Financial Accounting](#)

[[Operating Cash Flow \(OCF\)](#)][[Profit and Loss](#)]