

Free Cash Flow = FCF (Finance)

@wikipedia

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

$$\text{FCF} = \text{OCF} + \text{Changes in Fixed Assets} = \text{OCF} + (\text{Income from Fixed Assets sold} - \text{CAPEX})$$

or

$$\text{FCF} = \text{Net Income} + \text{Non-Cash Expenses} - \text{Increase in Working Capital} + \text{Changes in Fixed Assets}$$

or

$$\text{FCF} = \text{Total Revenue} - \text{COGS} - \text{OPEX} - \text{Non-Operating Expenses} - \text{Interest} - \text{Income Tax} + \text{Non-Cash Expenses} - \text{Increase in Working Capital} + \text{Changes in Fixed Assets}$$

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](#)]