

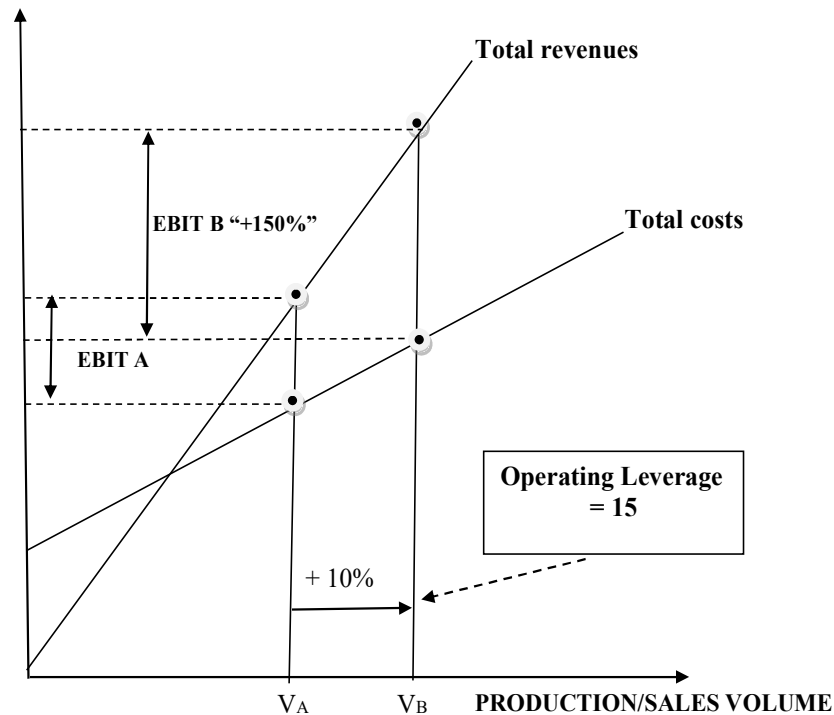
2.a COHERENCE OF THE FINANCIAL STRUCTURE

Business English Dictionary

Operating Leverage

[ˈɑːpəˌrɑːtɪŋ ˈleɪvərɪdʒ]

A cost-accounting formula that measures the degree to which a firm or project can increase operating income by increasing revenue.



$$\frac{\Delta \text{EBIT} / \text{EBIT}}{\Delta V / V} \uparrow \frac{E}{FA + EA + FA + L} \uparrow$$



Teaching material taken from the handout "Il bilancio e l'analisi della dinamica finanziaria" by Andrea Quintiliani

AF

E



MLTL

EA

CL

FA

L

AF: Assets Fixed
 EA: Economic Availability (Inventory);
 FA: Financial Availability (Short-term credits);
 L: Liquidity;
 E: Equity;
 MLTL: Medium Long-Term Liabilities;
 CL: Current Liabilities (short term debts).