

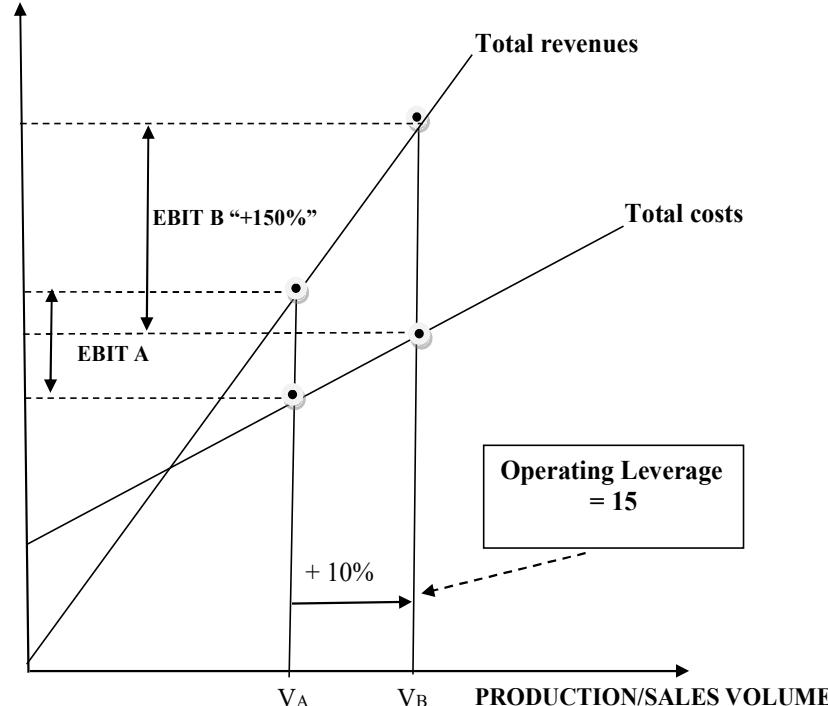
2.a COHERENCE OF THE FINANCIAL STRUCTURE

Business English Dictionary

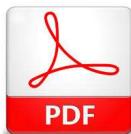
Operating Leverage

[ə-pə-rā-tiŋ 'le-və-rɪj]

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



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



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

AF

E



MLTL

CL

EA

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).