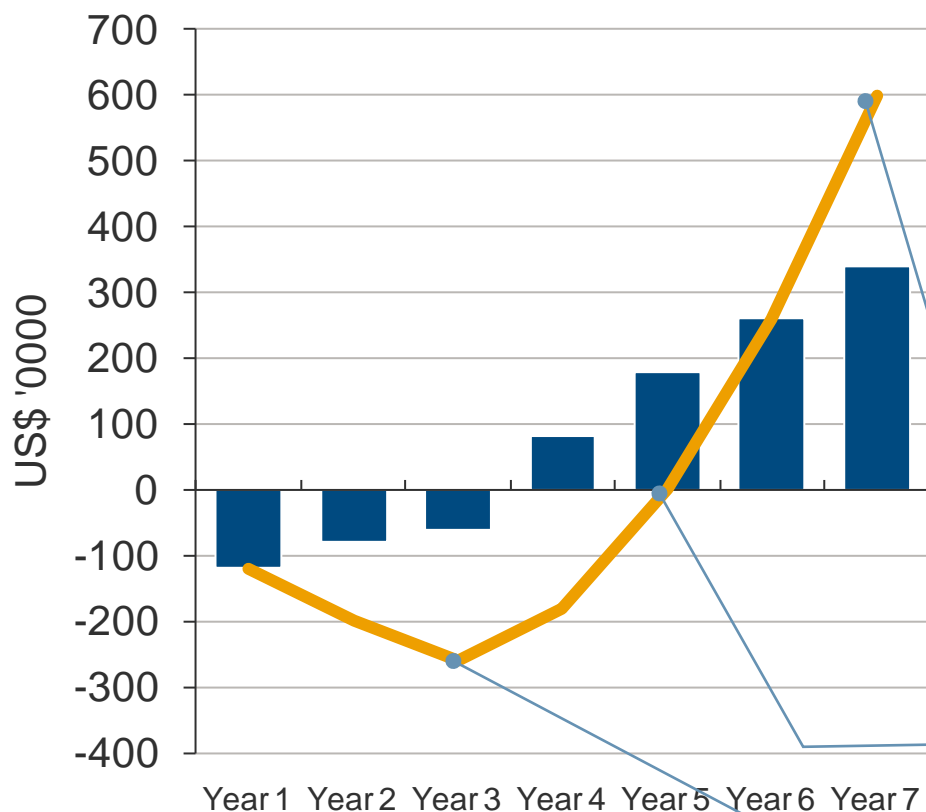


Free cash flow J-curve or hockey stick curve and its uses

Free Cash Flow



This chart shows the free cash flow for a project or new business on a year by year basis (blue bars) and the cumulative free cash flow (orange line).

The cumulative free cash flow is the cash flow for each year added year after year. The cumulative free cash flow line has the shape of the letter J and hence is referred to as the J-curve. Americans tend to call it the “hockey stick curve”

The J-curve

Pay-back in year 5

Peak funding in year 3

■ During Year

— Cumulative