



Working Capital Roundup

Unlocking capital efficiency: Unveiling 2024 working capital trends

Transcript

Presented by:

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Wanya du Preez: Greetings, I'm Wanya du Preez, Managing Director in the Cash and Working Capital team at Deloitte Transactions and Business Analytics LLP. Welcome to Deloitte's 2024 Working Capital Roundup.

This year we will be sharing insights and highlights from our analysis of the performance of over 2,400 US listed companies across four key industries: Consumer, Energy, Resources & Industrials, Life Sciences & Health Care, and Technology, Media & Telecom.

Our study focused on trends in accounts receivable, inventory, and accounts payable, along with metrics like free cash flow and cash from operations. These insights help us assess the financial health and stability of these companies.

In 2024, the economy showed strength with stabilized GDP growth and rebounding consumer spending. However, inflation, supply chain constraints, and rising commodity prices posed significant challenges. Tighter monetary policies and fluctuating interest rates impacted liquidity and operational efficiency. These factors underscored the need for agile financial strategies and robust risk management practices.

Revenue growth was notable, increasing from 1.6% in 2023 to 4.4% in 2024. Net income also grew, reaching 3.8% year-over-year. Free cash flow remained stable at 7.8% of revenue.

Looking at working capital metrics, Days Sales Outstanding, saw a slight increase of 0.3 days, indicating a minor delay in collecting receivables. Days Inventory Outstanding, improved by 1.1 days, reflecting better inventory management, whereas Days Payable Outstanding, saw a slight increase of 0.8 days, suggesting marginally slower payments to suppliers. The overall Cash Conversion Cycle, showed improvement of 1.5 days, highlighting enhanced efficiency in managing the cash cycle.

Overall, 2024 was a year of growth and improvement for the companies we analyzed, with major financial indicators showing positive trends, with strong EBITDA growth and minor changes in working capital measures, marking a successful year. Enjoy reading the 2024 Deloitte Working Capital Roundup!

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