



## Compound Annual Growth Rate (CAGR)

$$\left\{ \frac{\text{Ending Revenue}}{\text{Beginning Revenue}} \right\}^{\frac{1}{\text{number of years} - 1}} - 1 = \text{CAGR}$$

### Example:

If Company X was founded on January 30, 2010 and the revenue numbers for Company X are:

2013: \$100,000

2014: \$200,000

2015: \$450,000

Company X's Compound Annual Growth Rate:

$$\left\{ \frac{\$450,000}{\$100,000} \right\}^{\left\{ \frac{1}{2} \right\}} - 1 = \{4.5\}^{.5} = 1.1213203$$

Company X has a  $(1.1213203)(100) = 112.132\%$

Compound Annual Growth Rate for years 2013-2015



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