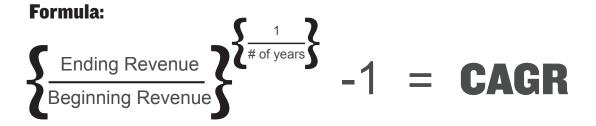


## **Compound Annual Growth Rate (CAGR)**

The year over year growth rate of a company's revenue over a specified period of time.



## **Example of Compound Annual Growth Rate:**

Company X was founded June 30, 2019, by a Longhorn leader.

## The revenue numbers for Company X are as follows:

2019: \$300,000 2020: \$250,000 2021: \$550,000

## **Company X Compound Annual Growth Rate:**

$$\left\{\frac{\$550,000}{\$300,000}\right\}^{\left\{\frac{1}{2}\right\}} - 1 = \{1.8333\}^{\{.5\}} - 1 = 0.354006$$

Company X has a (0.354006)(100) = 35.4006% Compound Annual Growth Rate for years 2019–2021.