Working Capital Basics

DSO

2024	2025
47.5	45.4

Change (2.1) ↓

Measures the length of time it takes to collect from customers.

The number of days of sales represented by outstanding debtors at the relevant calculation date.

An increase indicates that a company is taking longer to collect payment from its customers. A decrease indicates that a company is collecting payment from its customers more quickly.

Tips to reduce DSO:

- Clear credit policy
- Calls made to customers at billing time and before invoice due date
- Visible DSO and debtor aging dashboards
- Incentives tied to collection targets

DIO

2024	2025
51.2	49.4

Change (1.8) ↓

Measures the length of time inventory is held.

The number of days of purchases represented by inventory balances at the relevant calculation date.

An increase indicates an increase in inventory holdings. The increase may be planned (in anticipation of growth) or it may represent a build-up of unsold inventory due to challenging market conditions. A decrease indicates a reduction in inventory holdings.

Tips to reduce DIO:

- Supply chain risks understood and managed
- Clear reporting by business unit and SKU
- Alignment of customer buying patterns with inventory holdings
- Regular review of re-order volumes and timing

DPO

2024	2025
56.3	57.0

Change 0.7 ↑

Measures the length of time it takes to pay suppliers.

The number of days of purchases represented by outstanding creditors at the relevant calculation date.

An increase indicates a company is taking longer to pay its suppliers. This is positive from a cash flow perspective in that it preserves cash, but can cause strained supplier relationships. A decrease indicates a company is paying its creditors more quickly. This may be planned, but it could also indicate a company is unable to negotiate longer terms with its suppliers.

Tips to optimise DPO:

- Regular review and negotiation of payment terms
- Purchasing, ordering and accounts payable teams working closely together
- Link to DSO where possible to remove / reduce 'funding gap'

DWC

2024	2025
46.5	43.5

Change (3.0) ↓

Measures the length of the net working capital or 'cash conversion' cycle.

The measure of total working capital tied up in a company relative to its sale. It measures how long a business takes to build, hold and sell inventory, plus how long it takes to collect those sales, less how long it takes to pay its suppliers.

An increase indicates that cash has been tied up for longer because more working capital has been required to operate a business, and may result from an increase in DSO or DIO, or a decrease in DPO. A decrease indicates that a lower level of working capital has been required to operate a business, and may result from a decrease in DSO or DIO, or an increase in DPO.

Summary

How have working capital cycles changed in 2025?

3.0 days
average decrease in DWC

$8.2bn
additional cash released by reducing working capital balances

11 of 13
sectors recorded a decrease in average DWC

41%
of companies increased revenue and decreased DWC

How have the working capital metrics changed in 2025?

DSO ↓
Average DSO decreased in **12 of 13** sectors and in 53% of sampled companies

DIO ↓
Average DIO decreased in **11 of 13** sectors but only 36% of sampled companies decreased DIO, indicating a wide mix of results at a company level

DPO ↑
Average DPO increased in **8 of 13** sectors, with a movement of more than a week in 44% of sampled companies

DWC ↓
Average DWC decreased in **11 of 13** sectors and in 53% of sampled companies

What are the sector insights?

Agriculture, Food & Beverages had the largest DWC improvement of 18.3 days. One of only two sectors (with Health & Aged Care) where DWC was reduced by a week or more

Communication Services had the largest DWC deterioration of 2.5 days, driven by decreased DPO for close to two-thirds of sampled companies

DWC spread of >80 days between "best and worst" operators in all 13 sectors covered, with five sectors showing a spread of >200 days

How do our 'deep dive' sectors in this report compare globally?

Australian sample companies had the lowest DSO (40.8 days) and DPO (59.5 days) of regions sampled

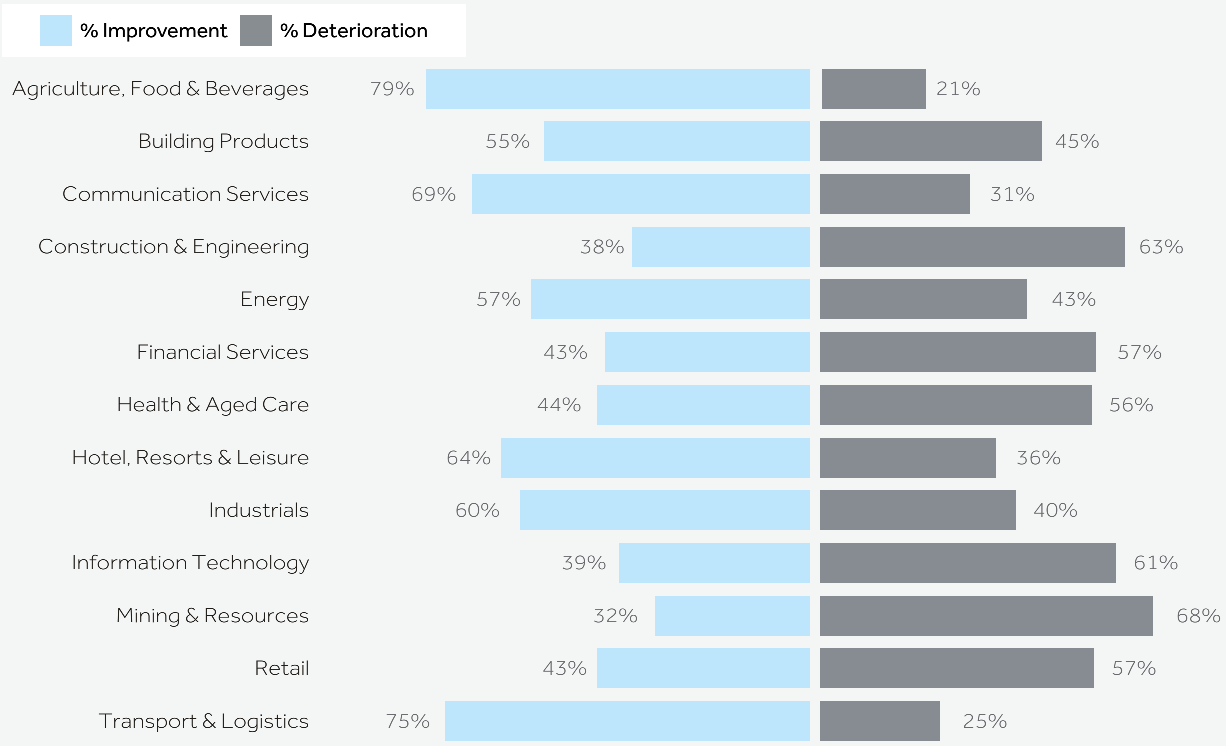
Australian inventory cycles (DIO) were longer than the US (1.2x), similar to Asia (1.0x) but shorter than Europe (0.7x)

Australian sample companies had the largest DWC improvement of all regions sampled

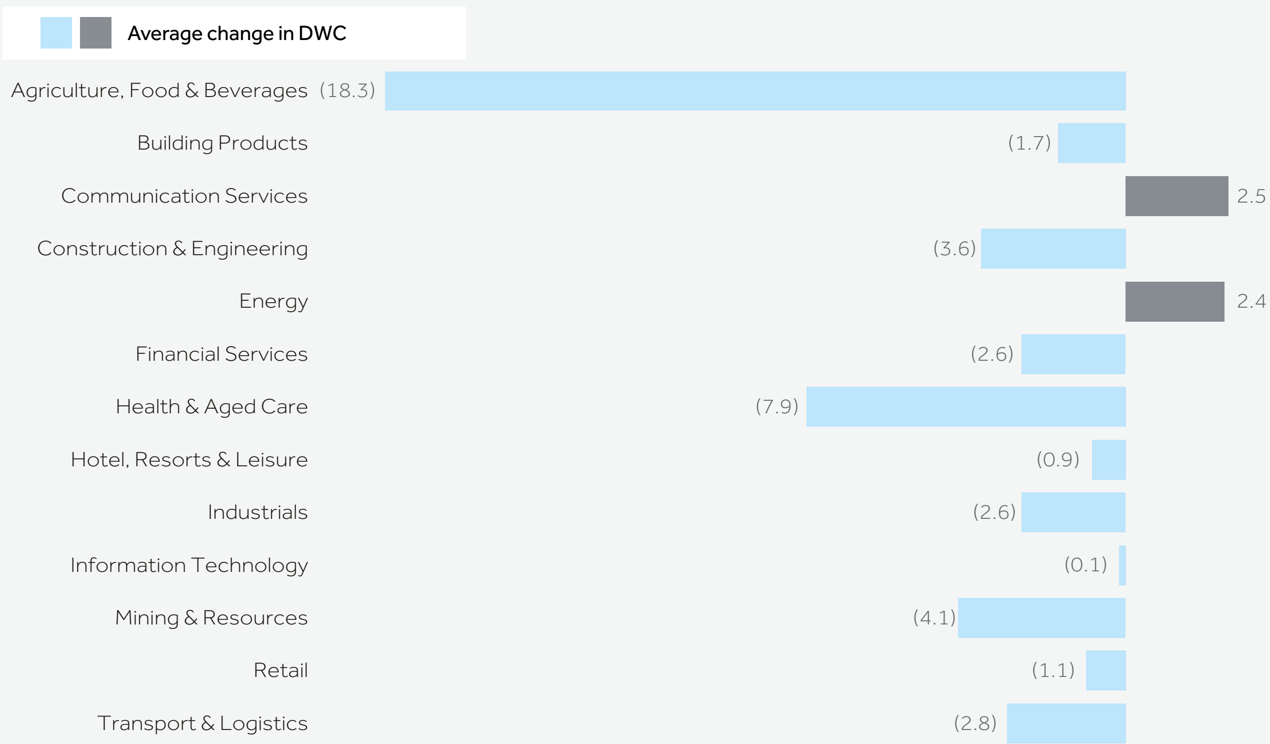
ASX 500 Sample Companies

In 2025, working capital performance across our ASX 500 sample companies was mixed, with 53% of companies reporting lower average DWC. At the sector level, 11 of 13 sectors reduced DWC, releasing $8.2 billion in cash. All sectors saw DSO decrease or stabilise relative to FY24, while 11 held less inventory (lower DIO). DPO was more variable, with five sectors reporting declines. Overall, management teams focused on shortening inventory and collection cycles to improve working capital efficiency in FY25.

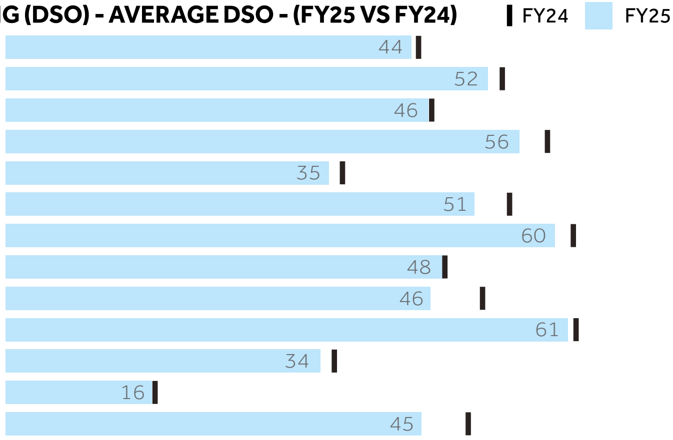
HOW MANY COMPANIES INCREASED AND DECREASED DAYS WORKING CAPITAL?



AVERAGE CHANGE IN DAYS WORKING CAPITAL

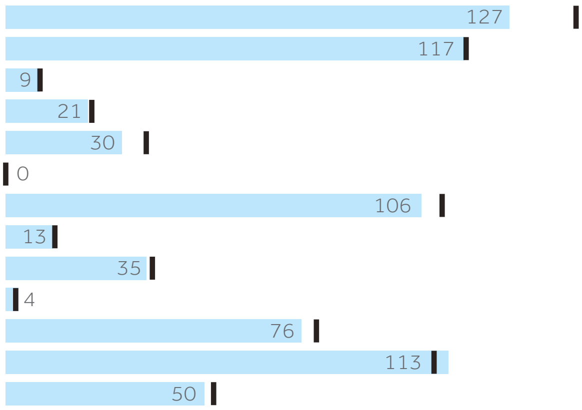


DAYS SALES OUTSTANDING (DSO) - AVERAGE DSO - (FY25 VS FY24)



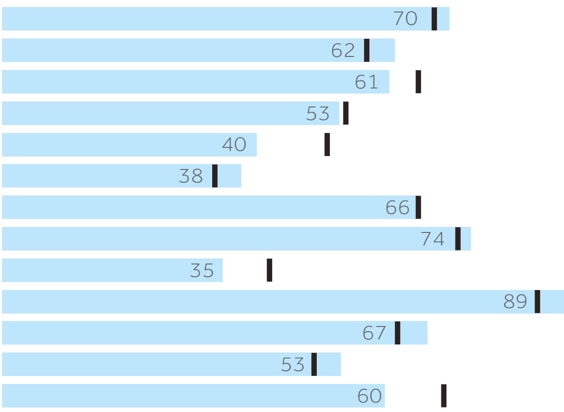
	2024	2025	DSO Var
Agriculture, Food & Beverages	45	44	(1)
Building Products	54	52	(1)
Communication Services	46	46	(0)
Construction & Engineering	59	56	(3)
Energy	36	35	(1)
Financial Services	55	51	(4)
Health & Aged Care	62	60	(2)
Hotel, Resorts & Leisure	48	48	-
Industrials	52	46	(6)
Information Technology	62	61	(1)
Mining & Resources	36	34	(1)
Retail	16	16	(0)
Transport & Logistics	50	45	(5)

DAYS INVENTORY OUTSTANDING (DIO) - AVERAGE DIO - (FY25 VS FY24)



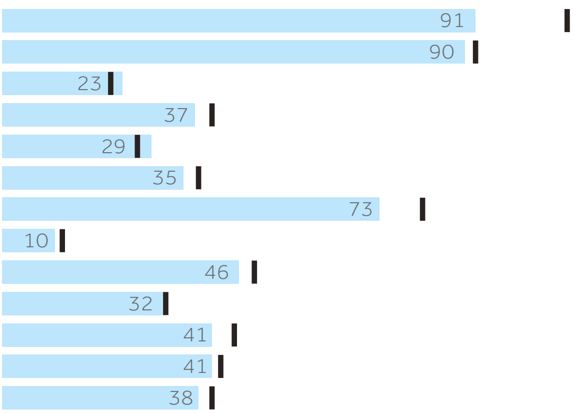
	2024	2025	DIO Var
Agriculture, Food & Beverages	145	127	(17)
Building Products	117	117	(1)
Communication Services	10	9	(0)
Construction & Engineering	22	21	(1)
Energy	36	30	(6)
Financial Services	0	0	(0)
Health & Aged Care	111	106	(5)
Hotel, Resorts & Leisure	13	13	(0)
Industrials	38	35	(3)
Information Technology	3	4	1
Mining & Resources	79	76	(3)
Retail	109	113	4
Transport & Logistics	53	50	(3)

DAYS PAYABLES OUTSTANDING (DPO) - AVERAGE DPO - (FY25 VS FY24)



	2024	2025	DPO Var
Agriculture, Food & Beverages	68	70	2
Building Products	57	62	5
Communication Services	66	61	(5)
Construction & Engineering	54	53	(1)
Energy	51	40	(11)
Financial Services	33	38	4
Health & Aged Care	65	66	0
Hotel, Resorts & Leisure	71	74	3
Industrials	42	35	(7)
Information Technology	84	89	4
Mining & Resources	62	67	4
Retail	49	53	4
Transport & Logistics	70	60	(9)

DAYS WORKING CAPITAL (DWC) - AVERAGE DWC - (FY25 VS FY24)



	2024	2025	DWC Var
Agriculture, Food & Beverages	110	91	(18)
Building Products	91	90	(2)
Communication Services	21	23	3
Construction & Engineering	41	37	(4)
Energy	26	29	2
Financial Services	38	35	(3)
Health & Aged Care	81	73	(8)
Hotel, Resorts & Leisure	11	10	(1)
Industrials	49	46	(3)
Information Technology	32	32	(0)
Mining & Resources	45	41	(4)
Retail	42	41	(1)
Transport & Logistics	41	38	(3)