

The impact of free cash flow on profitability of listed diversified holding companies in the Colombo stock exchange.

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The purpose of this study is to identify the effect of free cash flow on the profitability on the Diversified Holding companies listed in the Colombo Stock Exchange. This study will facilitate individual and institutional investors with information to take appropriate decision, as this paper deliver whether the free cash flow actually influence on the profitability or not. The population consisted of nineteen (19) companies listed as Diversified Holdings on the CSE at June 2019. A Purposive sampling method was used to pick a sample of 17 companies listed at CSE (panel data). Secondary data was extracted from audited financial statements and annual reports of the firms, sourced from CSE for a period of five years (2014 –2019). Data analysis was done using a regression model since the nature of the data was quantitative. Free cash flows have significant impact on profitability of the listed diversified holdings companies in Sri Lanka. As per the given results through the analysis, it can be concluded that, free cash flows, firm size and the Lag value of ROCE have a significant impact on the firm profitability.

Keywords: *Diversified Holding companies, Free cash flow, Profitability*

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