How do I use the Excel NPV function?

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The Excel NPV function is a tool used to calculate the net present value of a series of cash flows. It is commonly used in financial analysis to determine the profitability of an investment or project. To use the Excel NPV function, first enter the cash flows in a column or row within the Excel spreadsheet. Then, select the cell where you want the result to be displayed and enter the formula "=NPV(rate, values)", where "rate" represents the discount rate and "values" refers to the range of cash flows. The function will then calculate the net present value and display it in the selected cell. It is important to note that the discount rate must be entered as a percentage and the first cash flow should not include the initial investment. By using the Excel NPV function, individuals can efficiently analyze the financial feasibility of potential investments and make informed decisions.

Excel NPV Function

NPV Function

The **NPV** function is used to calculate the **N**et **P**resent **V**alue (NPV)

It is typed `=NPV`

=NPV(**rate**, **value1**, **value2**, ...)

rate: The Discount rate.

value: The cells where the cash flows are.

How to Use NPV Excel Function

To calculate and find out whether an investment is positive in the future, use **NPV**.

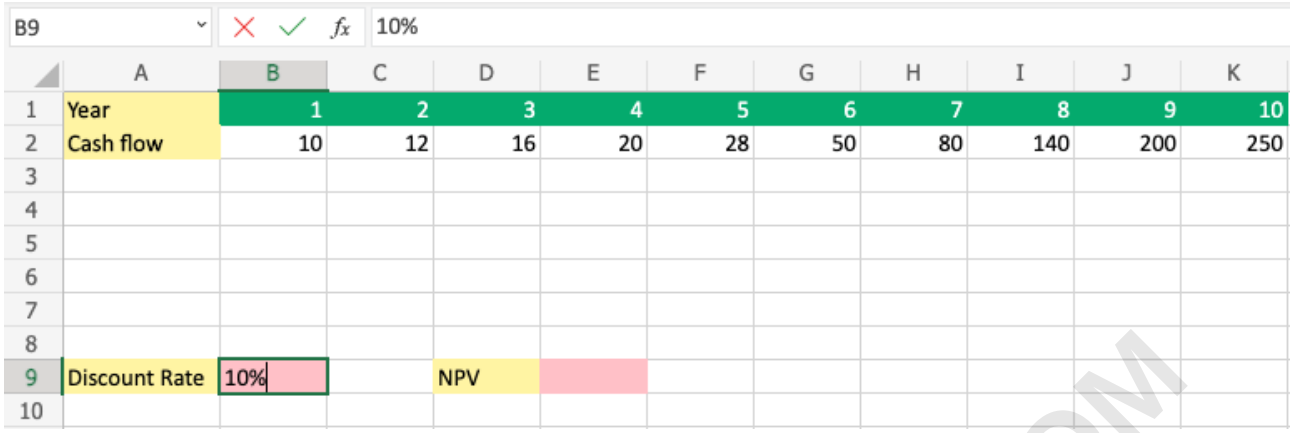
Step 1) Type the rate value

The rate is the required Discount Rate that you want to use.

We will use `10%` in this example.

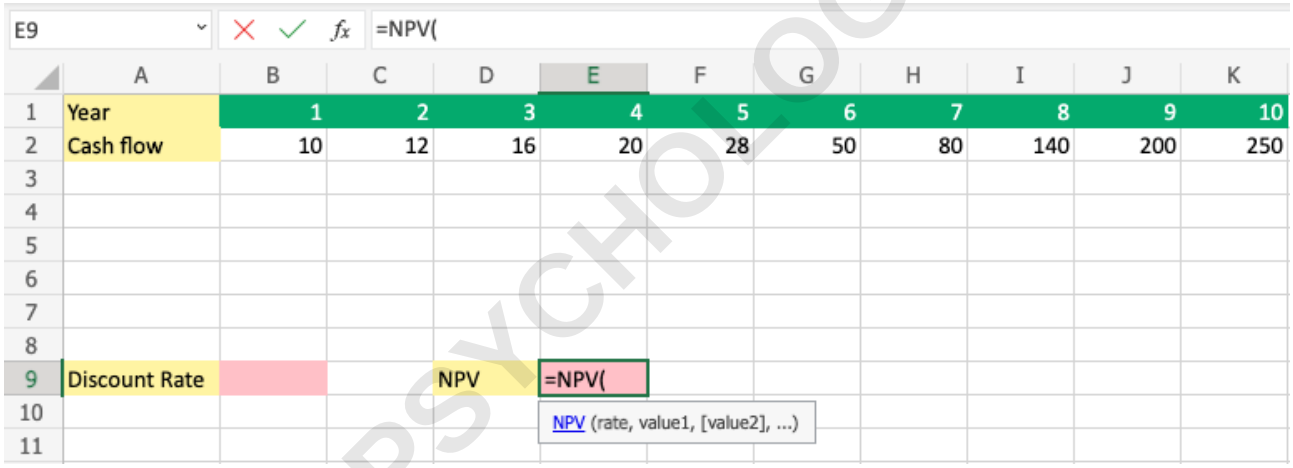
Select cell (`B9`)Type `10%`Hit enter

Ensure that you enter the value as percentage(%).



Step 2) Start the NPV function

Select a cell (E9)Type =NPVDouble click the **NPV** command



Follow along the tutorial by trying it yourself!

Copy the values in the example above and try it on your own!

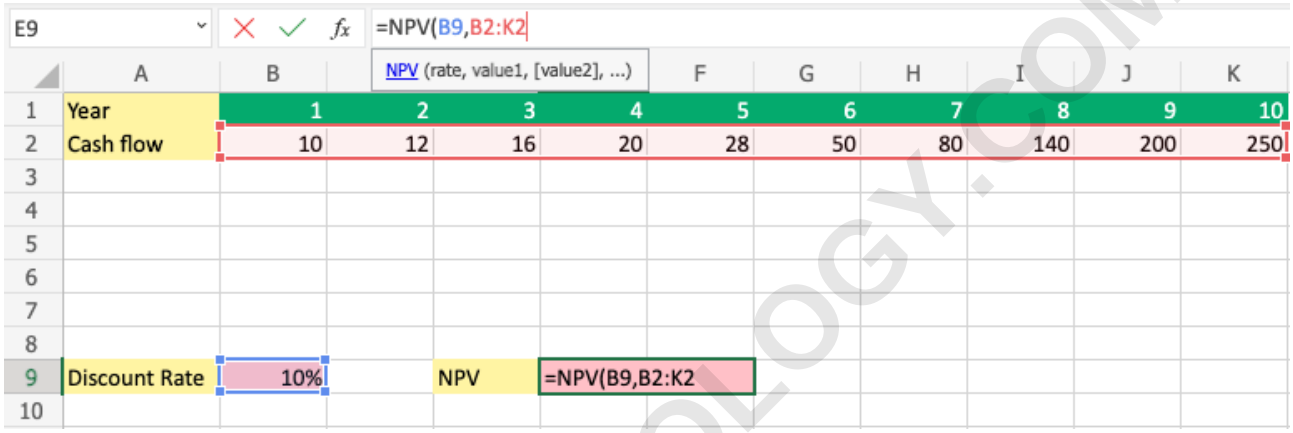
Step 3) Add values to the function

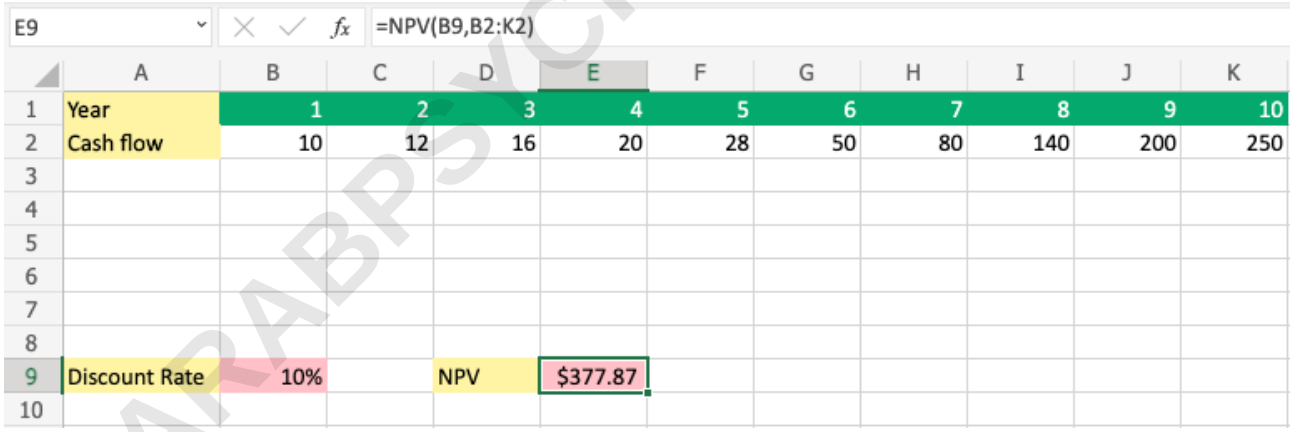
Let us add the **rate** and the **values** from 1 to 10 to the function.

Select cell (`B9`)Type `,` or `;`Select the range (`B2:K2`)Hit enter

Note: The different parts of the function are separated by a symbol, like comma `,` or semicolon `;`

The symbol depends on your Language Settings.





Did you calculate **377,87**?

Congratulations! you have just calculated the NPV for ten years using a discount rate of 10%

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