



EBITDA Defined

CONSULTING ASSISTANCE IN:

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EBITDA before recast numbers is your earnings, before interest expense, taxes, depreciation, and amortization.

Recast adjustments may include the following:

- Rents that are paid to you at rates above market
- Salaries that are paid to you or others that are above market levels
- Payroll taxes that relate to the above salary adjustments
- Sales that are anticipated from locations, including routes, that have not yet been opened for a full year
- Price increases that have not yet been implemented for a full year
- Professional fees that will not be continued by a new owner
- Office staff and related expenses that will not be needed by a new owner
- Non-recurring expenses (one time, unusual items)
- Major expenses that would normally have been depreciated over longer periods

EBITDA after adjustments is EBITDA before recast plus/minus all recast adjustments





Valuation Multipliers

Historically, in this industry, a multiplier of 3 to 5 times EBITDA is used to determine a business' value. At times a multiplier of less than 2, or 6 or more (as when national IPOs are attempted) may be available. The range is dependent on a number of variables including:

- Sales growth strength of operating management, strength of locations,
- Type of solvent in use
- Age of equipment
- Length of leases
- Contamination issues
- Equipment and building capacity
- Wholesale volume
- Pricing
- Valuation Formulas

Everyone uses something different, but a good starting point is EBITDA recast X Multiplier = Value

If you'd like more detail about your specific business, contact us and someone will be able to work with you on a private and very confidential basis.

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Call Us at: **253-851-6327**

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