UNLOCKING BUSINESS PERFORMANCE WITH EBITDA

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Understanding ?!

EBITDA, or Earnings Before Interest, Taxes, Depreciation, and Amortization, is a financial metric used to evaluate a company's operating performance.

Lets decode each of this component with me in the next slides>

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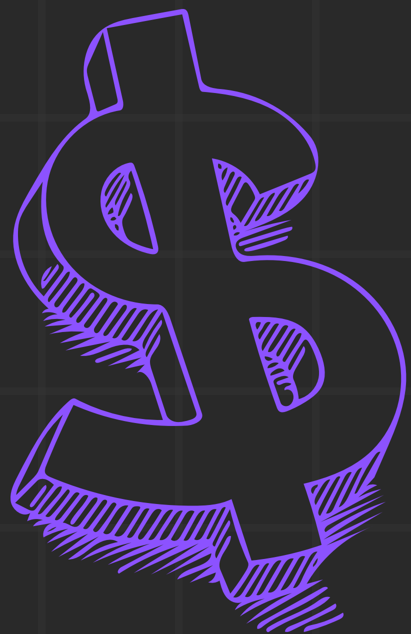
E - Earnings!



EBITDA starts with E which indicates **a company's earnings,** *representing* its **revenue minus all expenses.**

B - Before!

EBITDA measures a company's **profitability "BEFORE"** accounting for *interest, taxes, depreciation, and amortization expenses.*

So, as many of us used to think **B is just an Adverb**, well we were all wrong!!

I - interest!

EBITDA excludes **interest expenses,** providing a clear view of a company's operational profitability.

T - Taxes!

EBITDA **removes tax expenses,** allowing investors *to focus on a company's core operations* without the impact of tax obligations.

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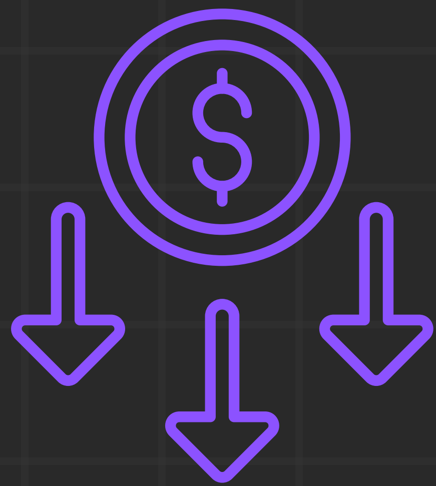
D - Depreciation!



EBITDA ***excludes*** **depreciation expenses**, which *provides insights* into a company's **ability to generate cash flow** before accounting for asset depreciation.

A - Amortization!

EBITDA ***does not include*** **amortization expenses,** allowing investors *to focus on the company's operational performance* without the impact of intangible asset amortization.

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Significance!

EBITDA ***provides*** **a clearer picture** of a company's operational performance by focusing on its core earnings before non-operating factors.

Importance!!

It ***helps*** investors and analysts **assess a company's ability to generate profits from its operations,** irrespective of financing decisions, tax rates, and non-cash expenses.

Misleading!

As discussed, EBITDA **does not account** for certain expenses like *interest, taxes, depreciation, and amortization*, which **can be significant factors** impacting a company's overall financial health.

Context Matters:

EBITDA should be used in conjunction with other financial metrics to obtain a comprehensive view of a company's financial performance and to avoid potential distortions.

KEEP LEARNING & SUCCEEDING!

Follow your buddy- Mandar!

SAVE IT
FOR LATER