



# EBITDA Scrub + Addback Restatement

## Case Study

### Background

Our client experienced an extraordinary disruption to the business stemming from an ERP implementation across the organization. Following a period of cleaning up and restating 9 months of activity, it became clear that the impacts to the business far exceeded forecasts.

S+H was asked to conduct a scrub of financial performance to identify non-recurring impacts and report these as addbacks for an adjusted EBITDA. This "EBITDA Scrub" included an evaluation of the circumstances that impaired decisions during the period of system instability.

### Objectives

- + Conduct detail analysis to identify monthly performance deficiencies
- + Evaluate business impacts for recurring and non-recurring nature, including the sources of the impacts
- + Prepare pro-forma normalized performance after carving out non-recurring activities
- + Prepare report of normalized financial performance

### Solutions

- + Prepared analysis of contribution margins, labor efficiency, and contract pricing efficiency, isolating \$40M of losses for non-recurring evaluation
- + Deep dive analysis on the cause of losses incurred by the business
- + Prepared carve out financials for an additional \$36M of addbacks
- + Worked with functional leaders to inform operational changes to address deficiencies
- + Delivered report on normalized financial performance for distribution to investors

**Manufacturing**  
INDUSTRY

**4,500**  
EMPLOYEES

**\$750M**  
ANNUAL  
REVENUE

**IDENTIFIED  
ADDITIONAL \$36M OF  
ADDBACKS  
including pricing  
forecast gaps that  
utilized inaccurate  
data, discontinued ops  
for a distressed  
business unit, and  
vendor contract pricing  
deficiencies**

