

# EBITDA Scrub & Addback Restatement

VIP SOLUTIONS CASE STUDY





VIP

## 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.

VIP 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

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## STATUS DOCUMENTATION

