SDE and adjusted EBITDA recast workbook

Build an earnings bridge from reported profit to owner-operator earnings and the cost of a replacement management team.

Shop / location

Review date

Prepared by

Prepare your inputs

☐ Set the period

Choose one full fiscal or trailing period. Use matching dates for payroll, financial statements and rent.

Evidence / next action

☐ Trace each adjustment

List only costs already charged to the starting profit. Document the ledger account, owner approval and amount accepted.

Evidence / next action

☐ Separate earnings and cash

Enter interest, entity income tax, depreciation and amortization only where expensed. Debt principal and equipment purchases are separate cash uses.

Evidence / next action

Open item, responsible person and due date

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Read the bridge

☐ One owner’s role

Add back one active owner’s charged compensation and eligible benefits. Include other workers at normal pay.

Evidence / next action

☐ Independent operation

Deduct fully loaded replacement payroll for the duties that have to continue. Use your shop’s actual job mix and get a written wage estimate.

Evidence / next action

☐ Occupancy change

Enter the annual expense change if rent will reset at closing. Treat a higher future rent as a positive expense increase that the model subtracts.

Evidence / next action

Open item, responsible person and due date

Earnings bridge

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Blank worksheet

Enter an annual figure for each line. Enter zero when you verified that the item does not apply. Enter a date or fiscal year on the first line.

Earnings bridge	Period A	Period B	Period C
Period end			
Reported net profit			
Interest expense			
Entity income tax expense			
Depreciation and amortization			
Reported EBITDA			
Active owner compensation			
Active owner benefits			
Supported personal items			
Supported one-time costs			
Nonrecurring income			
Increase in recurring rent			
Normalized SDE			
Replacement labor and burden			
Adjusted EBITDA			

Evidence reference and assumptions