# Article information:

Adjusted EBITDA: Definition, Formula and How to Calculate  
<https://www.investopedia.com/terms/a/adjusted-ebitda.asp>

# Article summary:

1. Adjusted EBITDA is a measure used to assess and compare companies by removing non-recurring, irregular, and one-time items that may distort EBITDA.

2. The formula for calculating adjusted EBITDA is EBITDA + adjustments, where adjustments include interest expenses, taxes, depreciation, amortization, and other non-routine expenses.

3. Adjusted EBITDA is commonly used in valuation analysis for mergers, acquisitions, and raising capital, as it provides a normalized metric for comparing companies within the same industry.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article provides a clear definition of Adjusted EBITDA and explains its purpose in comparing companies within the same industry. It also includes a formula for calculating Adjusted EBITDA and provides an example of how it can be used in determining the value of a company.

However, there are several potential biases and missing points of consideration in the article.

Firstly, the article does not mention any potential drawbacks or criticisms of using Adjusted EBITDA as a metric. Critics argue that Adjusted EBITDA can be manipulated by companies to present a more favorable financial picture, as it allows for the exclusion of certain expenses. This can make it difficult for investors to accurately assess a company's financial health.

Additionally, the article does not address the fact that Adjusted EBITDA is not recognized as a standard accounting measure under Generally Accepted Accounting Principles (GAAP). While public companies may report standard EBITDA in their financial statements, Adjusted EBITDA is not required to be disclosed.

Furthermore, the article does not provide any evidence or sources to support its claims about the benefits of using Adjusted EBITDA. It states that Adjusted EBITDA provides valuation analysts with a normalized metric for comparisons, but does not provide any data or studies to back up this claim.

The article also lacks balance in its reporting by only presenting one side of the argument in favor of using Adjusted EBITDA. It does not explore any counterarguments or alternative metrics that could be used for valuation analysis.

Overall, while the article provides some useful information about Adjusted EBITDA, it is important for readers to consider its potential biases and limitations. It would have been beneficial for the article to include a more balanced discussion of both the advantages and disadvantages of using this metric.

# Topics for further research:

* Criticisms of using Adjusted EBITDA as a metric in financial analysis
* Manipulation of Adjusted EBITDA by companies to present a more favorable financial picture
* Lack of recognition of Adjusted EBITDA as a standard accounting measure under GAAP
* Alternatives to Adjusted EBITDA for valuation analysis
* Studies or evidence supporting the benefits of using Adjusted EBITDA in comparing companies
* Limitations and drawbacks of Adjusted EBITDA as a metric in financial analysis

# Report location:

<https://www.fullpicture.app/item/3730230738cf600e4b389c90a897fe7a>