



Revenue to Earnings Before Interest, Taxes, Depreciation and Amortization (Cash Flow) (EBITDA) Reconciliation

This backtest data set contains the data we use to calculate [EBITDA](#). This data set contains point-in-time data. See below.

This data is available through our [API](#) in the [Revenue to EBITDA Reconciliation endpoint](#). Historical data provided through the API is best-available data as of today, not the point-in-time data presented in this backtest data set.

Backtest Dataset General Information

See our [detailed documentation](#) explaining the fields in a backtest dataset file.

Economic Rationale for EBITDA value - Why EBITDA Matters

Our [Robo Analyst technology](#) allows us to scale the most accurate calculation of EBITDA across thousands of companies.

EBITDA Calculation

In general, we make 6 types of adjustment to calculate EBITDA:

Total Operating Revenue

- + Total Operating Income
- Total Operating Expense
- Total Net Non-Operating Expense Hidden in Operating Earnings
- ESO Expense (Employee Stock Options)
- + Goodwill Amortization
- + Depreciation and Amortization (Cash Flow)
- = **EBITDA/EBTDA**

Total Operating Revenue is the Total Operating Revenue reported by the company on the income statement. An example of revenue is product sales revenue.

Total Operating Income is the total operating income derived outside of revenues, including items such as income from unconsolidated subsidiaries and discontinued operations for REITs.

Total Operating Expense is all the operating charges that appear on the income statement. An example of a Total Operating Expense is selling, general, and administrative expense.

Total Net Hidden Non-Operating Expense Hidden In Operating Earnings is the net of losses and gains that do not directly appear on the income statement. These items are buried inside other items that appear on the income statement. Hidden items appear only in the Management Discussion & Analysis (MD&A) or in the footnotes to the financial statements. An example of a Hidden Non-Operating

Expense is a non-recurring acquisition integration charge that is bundled into selling, general, and administrative (SGA) expense on the income statement and is disclosed only in a footnote detailing the acquisition. More [details](#).

ESO Expense (Employee Stock Options) is the cost of issuing (at-the-money) employee stock options (ESOs) to employees before companies were required to expense ESOs. Prior to 2006, businesses were not required to record any cost for issuing ESOs. Using data provided only in footnotes, we charge companies for the cost of all ESO issuances long before FASB required companies to report the expense. This charge only appears in historical filings prior to adoption of the new accounting standards. More [details](#).

Goodwill Amortization is a gradual, formulaic reduction in goodwill asset value using any of the several GAAP amortization methods. In 2002, FASB did away with Goodwill amortization and replaced it with the practice of goodwill impairment. This adjustment only appears in historical filings prior to adoption of the new accounting standards. More [details](#).

Depreciation and Amortization (Cash Flow) Expense is the depreciation and amortization reported on the cash flow statement.

Data Value Data Fields - The following data fields are columns in the data set. All values are reported in ones units.

Datapoints that are impacted by stock price changes are marked with an asterisk (*) in the table below.

EBITDA Calculation

Name	Datapoint	Example (SABR 2017)
Total Operating Revenue	REVENUE	\$3,598,484,000
Total Operating Income	INCOME_OPERATING	\$2,580,000
Total Operating Expense	EXPENSES_OPERATING	\$3,023,932,000
Total Net Non-Operating Expense Hidden in Operating Earnings	EXPENSES_PRE_TAX_HIDDEN_TOTAL	-\$24,650,000
ESO Expense (Employee Stock Options)	ESO_EXPENSE	\$0
Goodwill Amortization	GOODWILL_AMORTIZATION_ADJUSTED	\$0
Depreciation and Amortization (Cash Flow)	DEPRECIATION_AND_AMORTIZATION_CASH_FLOW	\$400,871,000
EBITDA/EBTDA	EBITDA	\$953,353,000



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4. **Relevant** - Empirical evidence must provide [tangible, quantifiable correlation](#) to stock, ETF or mutual fund performance.

Value Investing 2.0: Diligence Matters: Technology is Key to Value Investing With Scale

Accounting data is only the beginning of fundamental research. It must be translated into economic earnings to truly understand profitability and valuation. This translation requires deep analysis of footnotes and the MD&A, a process that our [robo-analyst technology](#) empowers us to perform for thousands of stocks, ETFs and mutual funds.



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