



## EBIT & EBITDA

**E - earnings**

**B - before**

**I - interest**

**T - taxes**

**E - Earnings**

**B - Before**

**I - Interest**

**T - Taxes**

**D- Depreciation**

**A- Amortization**

**EBIT= Operating Income+ Non Operating income**

**Operating Income = Operating Revenue- Operating Expenses**

Sometimes Operating Income could be used as a synonym (equal) of EBIT, if this company has no Non Operating Income.

### Example of EBIT

#### Operating Revenues

Net Sales 20,438 \$

#### Operating Expenses

Cost of goods (service) sold 7,943 \$

Selling, general & administrative exp. 8,172 \$

Depreciation & amortization 960 \$

Other Expenses 138 \$

**Total Operating Expenses 17, 213 \$ (20,438 \$ - 17,213 \$ = 3,225 \$)**

**Operating Income 3, 225 \$**

**Non Operating Income 130 \$ (3,225 \$ + 130 \$ = 3,355 \$)**

**EBIT 3,355 \$**

Net Interest Expense 145 \$ (3,355 \$- 145 \$= 3,210 \$)

**Earnings before income taxes 3,210 \$**

Income taxes 1,027 \$ (3,210 \$- 1,027 \$= 2,183 \$)

**NET INCOME 2,183 \$**