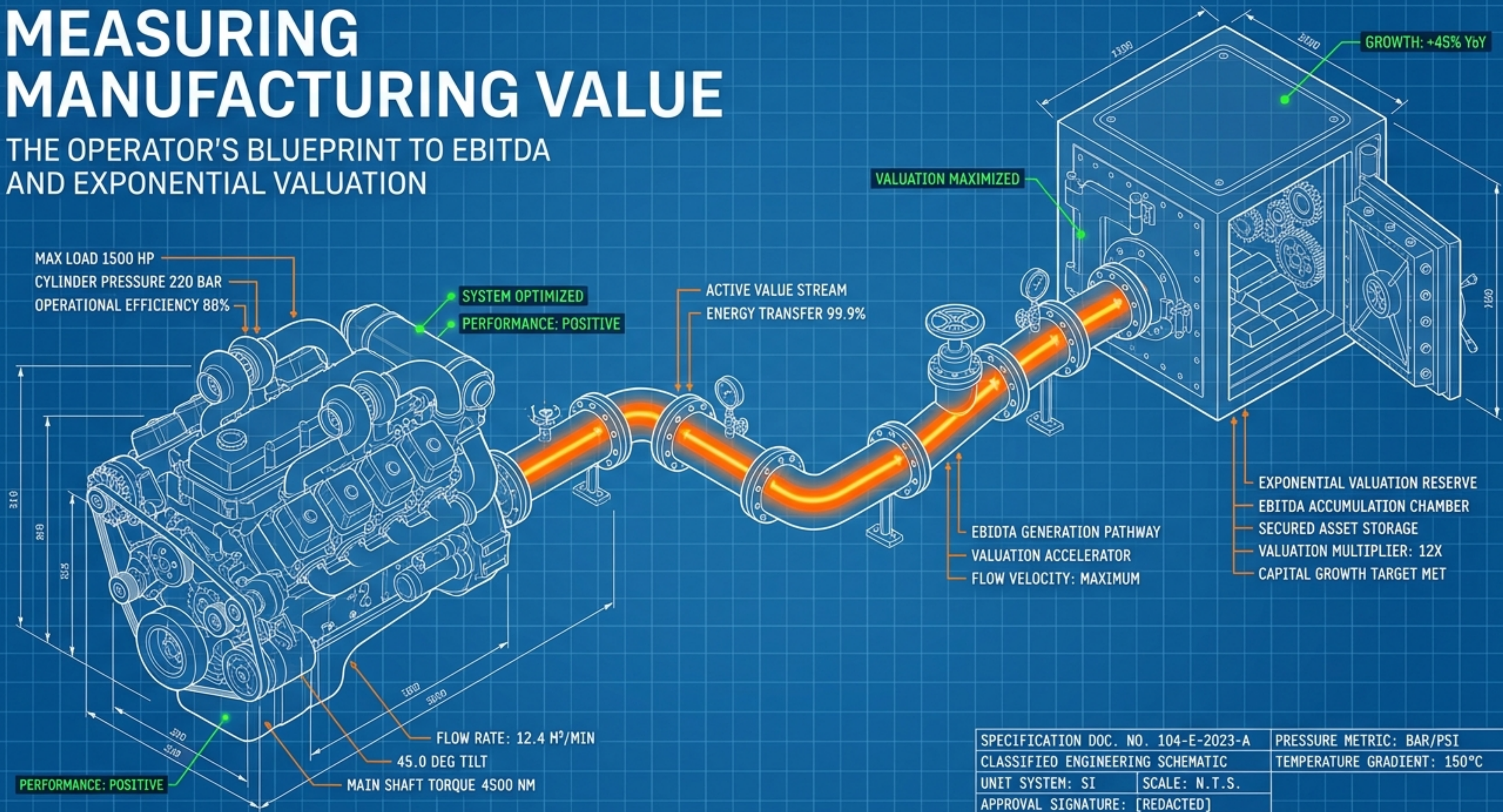


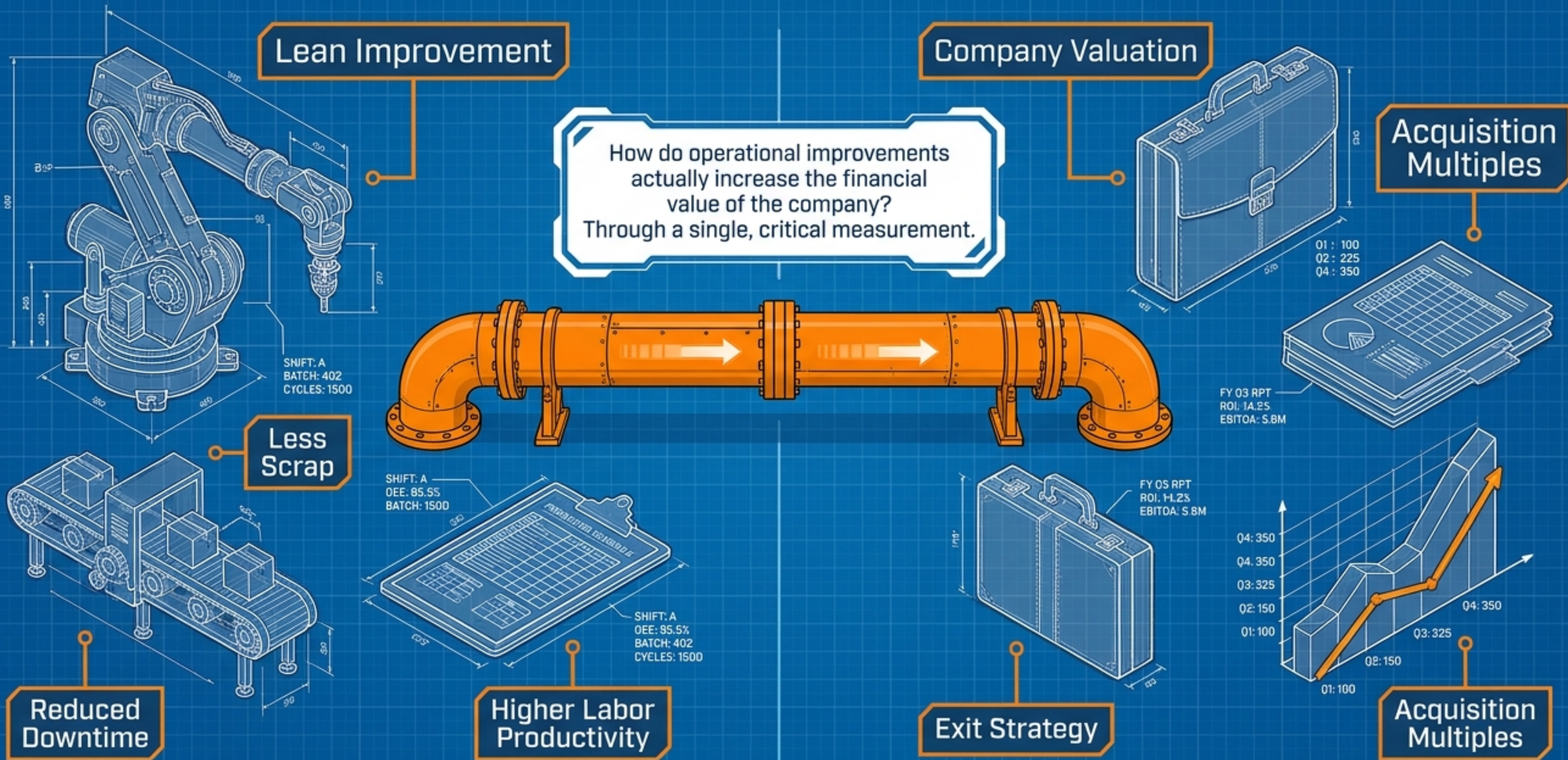
MEASURING MANUFACTURING VALUE

THE OPERATOR'S BLUEPRINT TO EBITDA AND EXPONENTIAL VALUATION



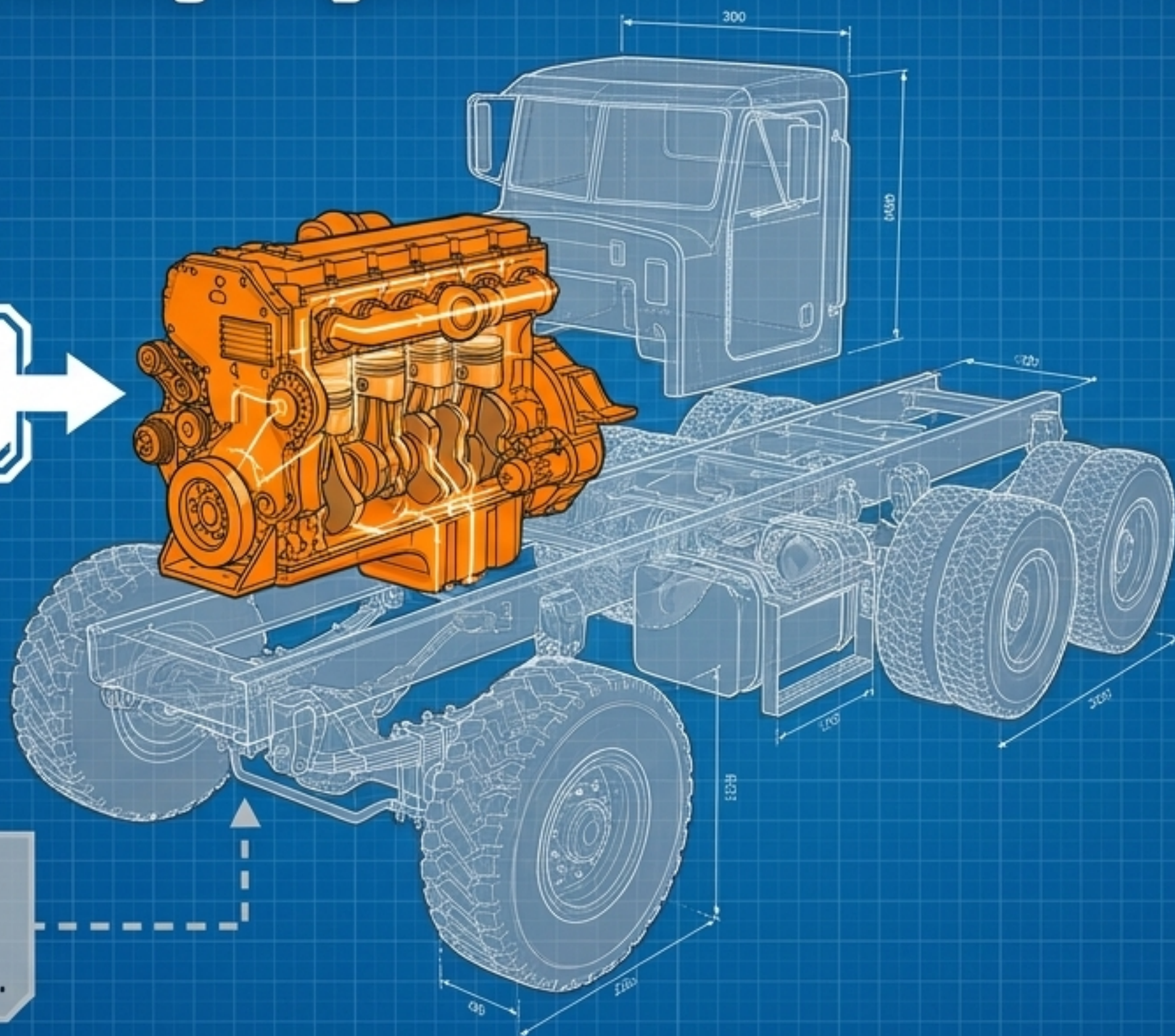
SPECIFICATION DOC. NO. 104-E-2023-A	PRESSURE METRIC: BAR/PSI
CLASSIFIED ENGINEERING SCHEMATIC	TEMPERATURE GRADIENT: 150°C
UNET SYSTEM: SI	SCALE: N.T.S.
APPROVAL SIGNATURE: [REDACTED]	

Bridging the gap between the factory floor and the boardroom



EBITDA measures the pure power of your operating engine

The Earning Power of the Business.



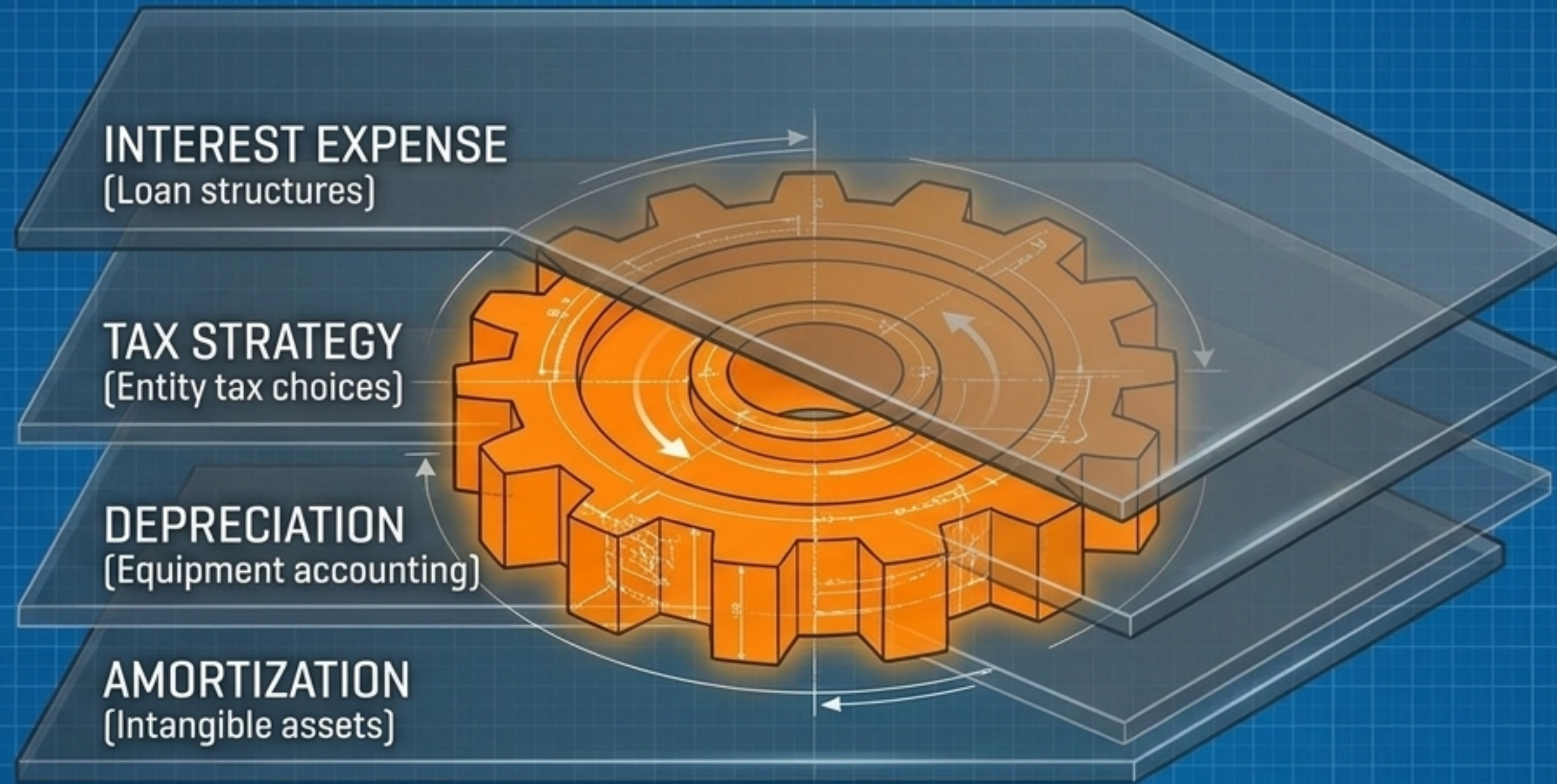
Financing Choices, Tax Structure, and Non-Cash Accounting.

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization.

In plain English, it is a rough measure of how much profit the business generates from its core operations before external financial factors are applied.

It answers one question: How well does the business perform before factoring in debt, taxes, and accounting treatments?

Net income obscures the true performance of the operation



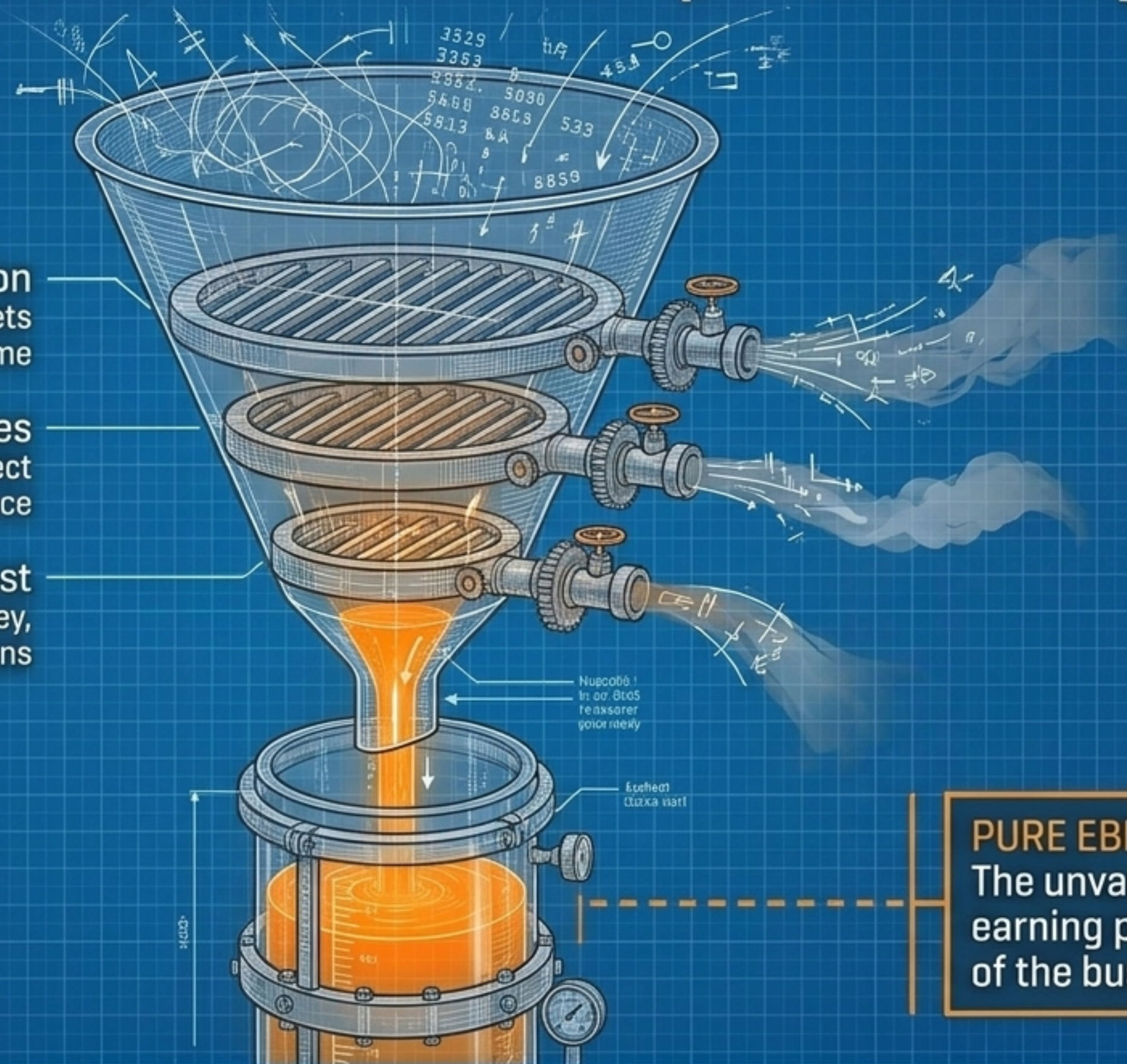
Net profit is heavily affected by financing and accounting choices. Because tax situations and debt loads vary wildly from company to company, Net Income fails to provide a clean view of how well the underlying manufacturing operation is actually running.

Filtering the noise to reveal the operational signal

Extracting Amortization & Depreciation
Non-cash expenses tied to assets
losing value over time

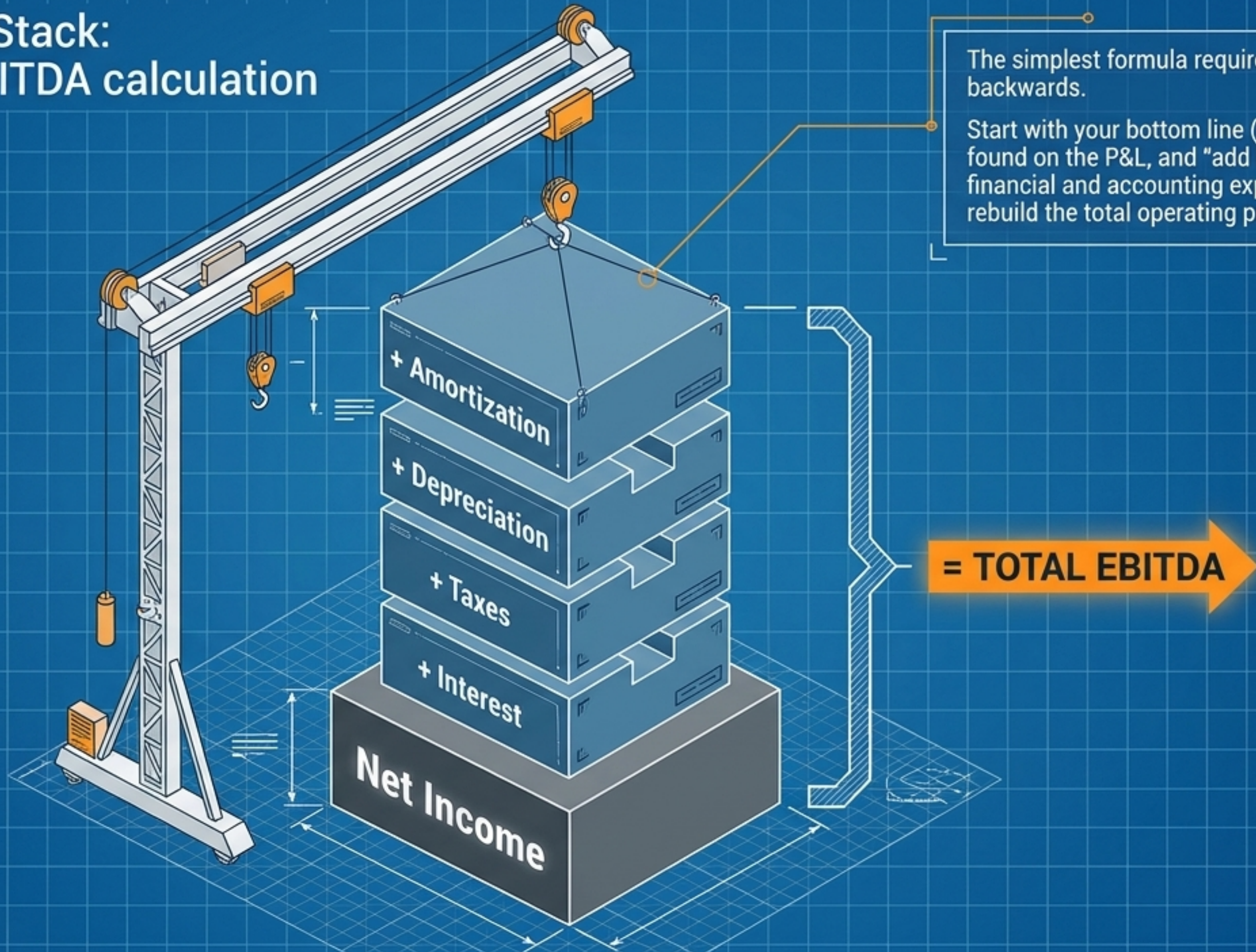
Extracting Taxes
Situational choices that do not reflect
operating performance

Extracting Interest
The cost of borrowed money,
ignoring financing decisions

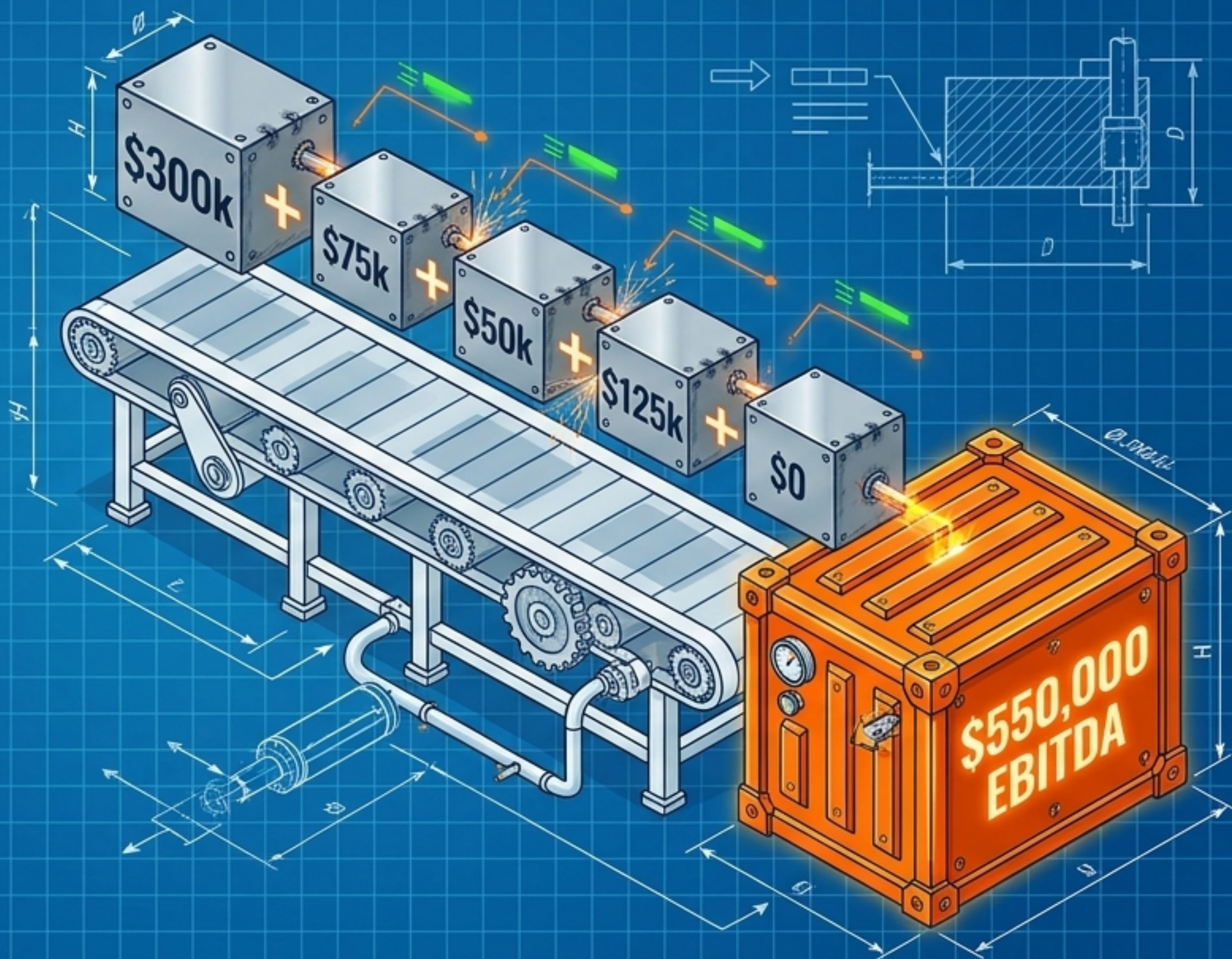


PURE EBITDA:
The unvarnished
earning power
of the business.

The Add-Back Stack: Building the EBITDA calculation



Blueprint of a \$10M manufacturing company



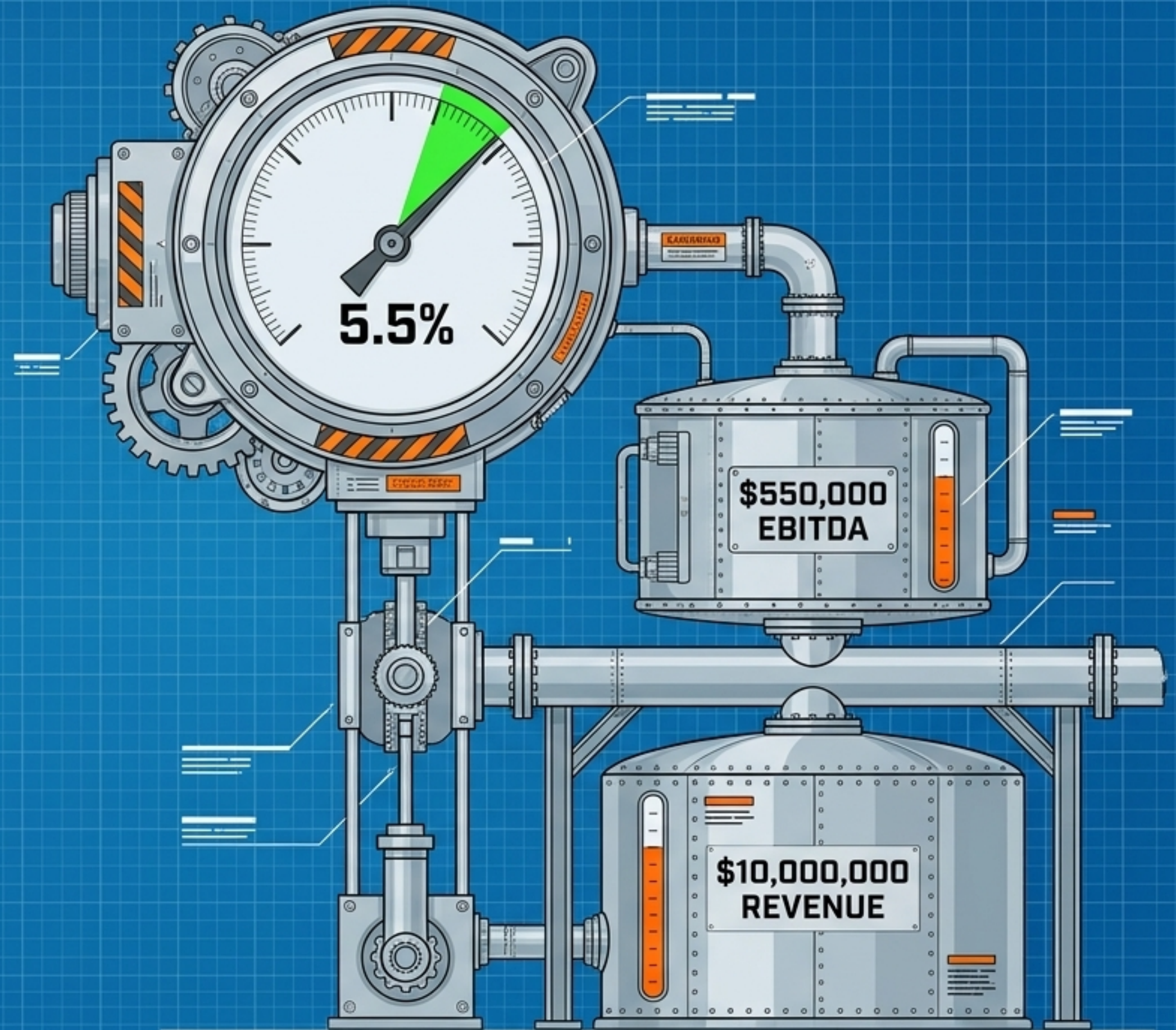
NET INCOME	\$300,000
INTEREST EXPENSE ..	\$ 75,000
TAXES	\$ 50,000
DEPRECIATION	\$125,000
AMORTIZATION	\$ 0

Measuring efficiency with the EBITDA Margin

Total EBITDA is just a number.

To understand the efficiency of your operating engine relative to the size of your business, you calculate the EBITDA Margin.

This percentage tells investors exactly how many cents of pure operating profit you extract from every dollar of revenue.



How investors value the operating engine

Question: How much operating profit does this business reliably produce?

Action: Apply a Valuation Multiple

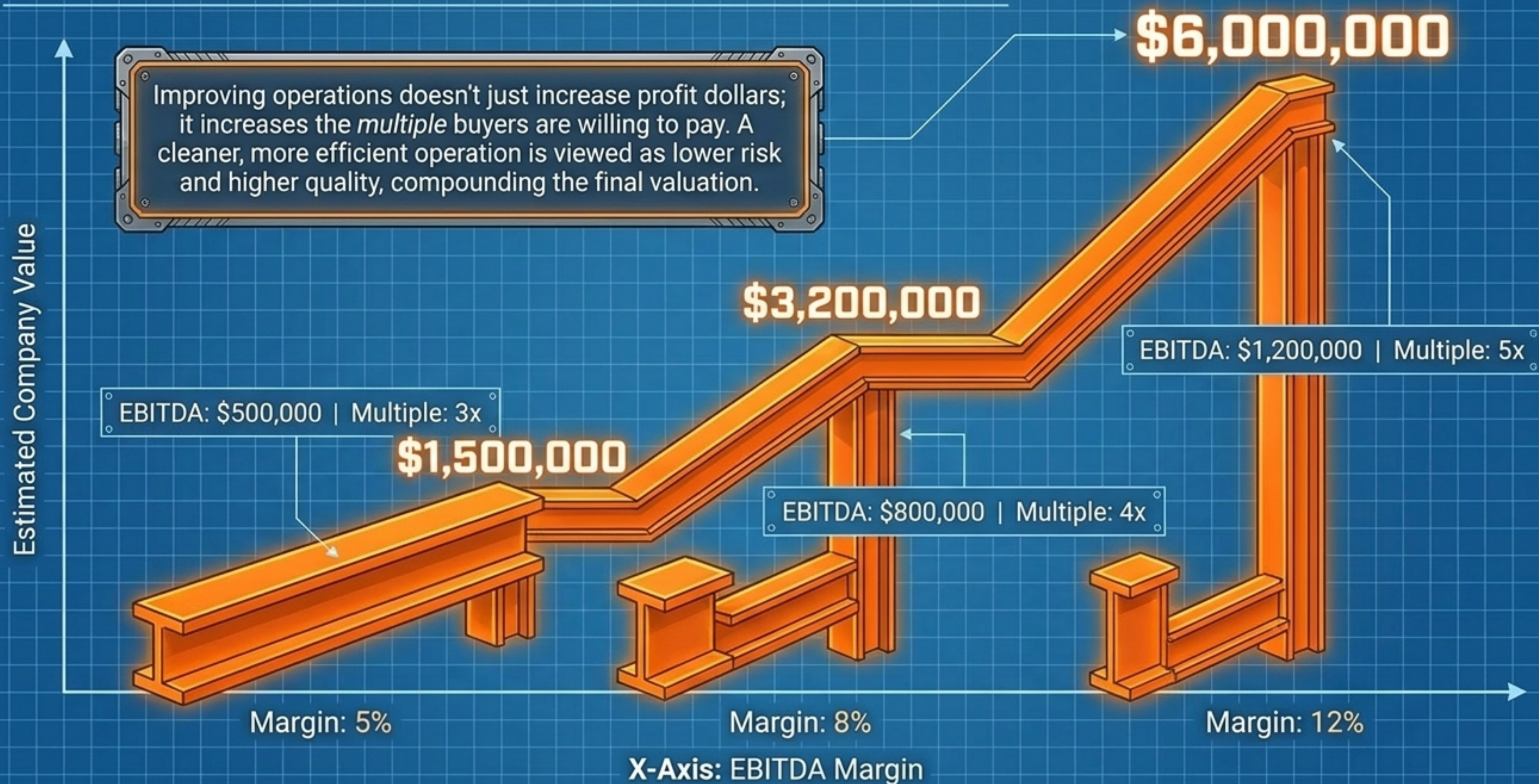
Result:
Estimated Company Value

Answer:
EBITDA

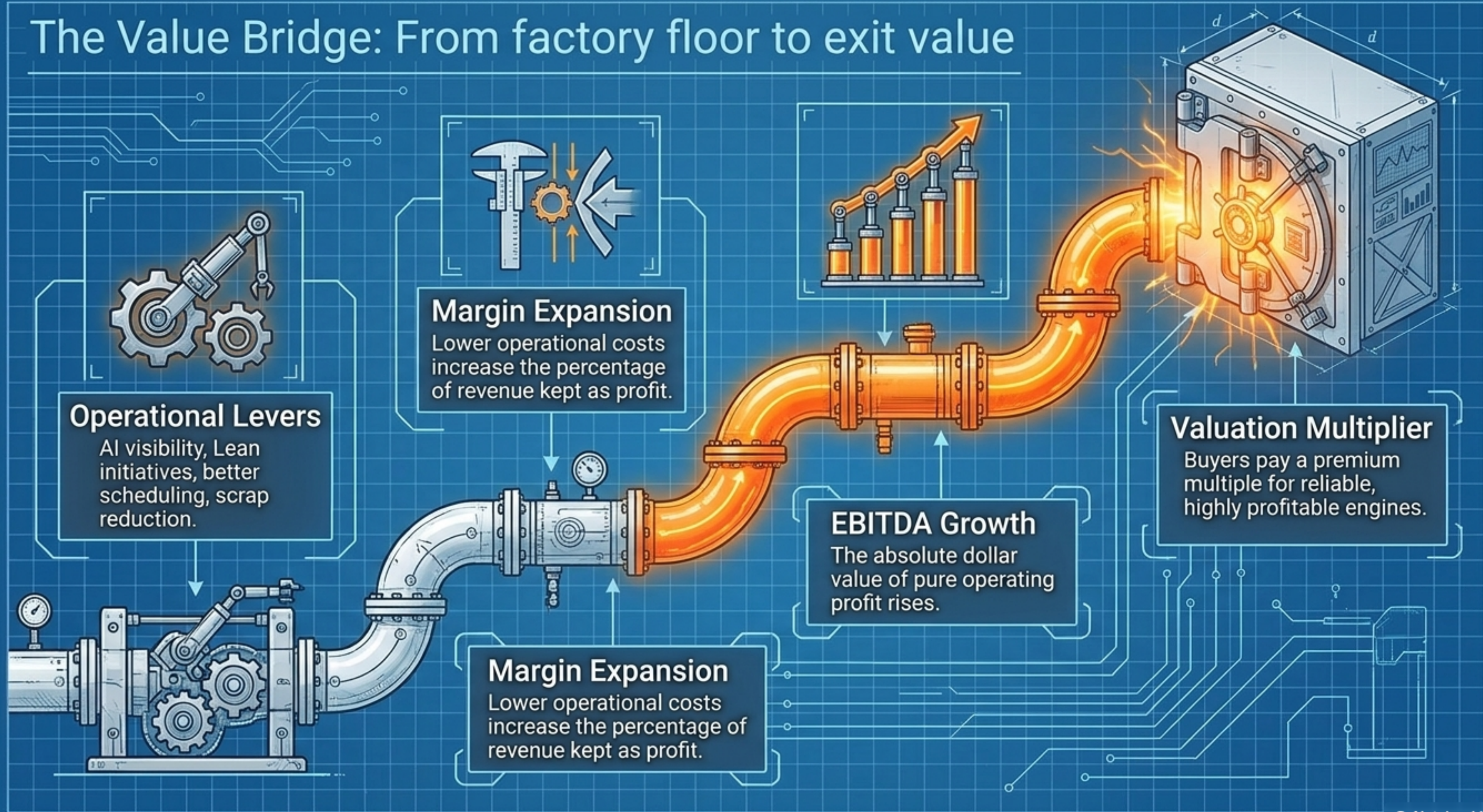
Based on industry, risk,
and growth potential.

Buyers do not buy equipment; they buy **earning power**. Because **EBITDA** is the cleanest metric of earning power, companies are typically bought and sold based on a multiple of their EBITDA. **Improve** this number, and you directly **manufacture wealth**.

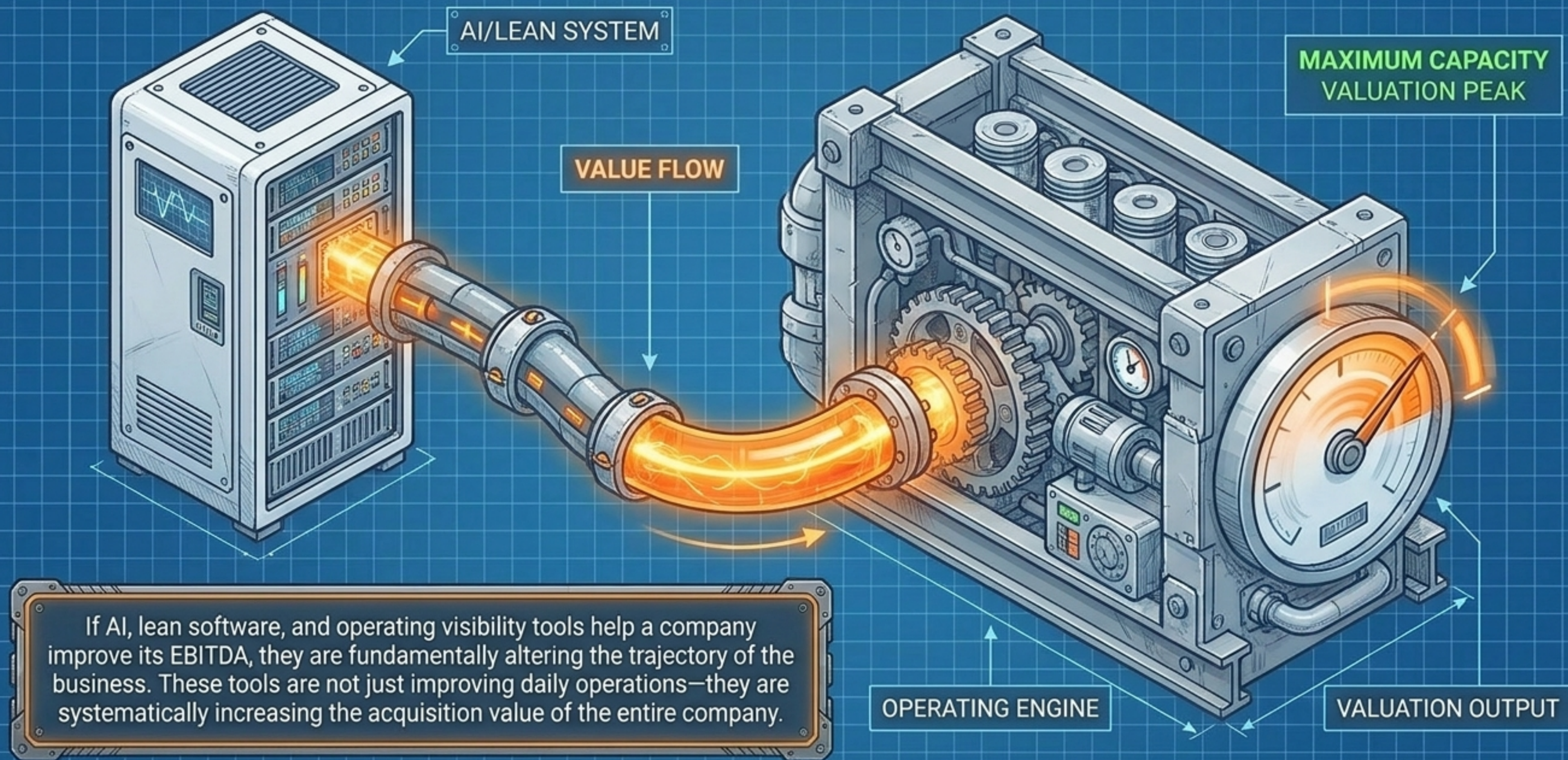
The multiplier effect creates exponential wealth



The Value Bridge: From factory floor to exit value



Technology is not a cost center, it is a valuation lever



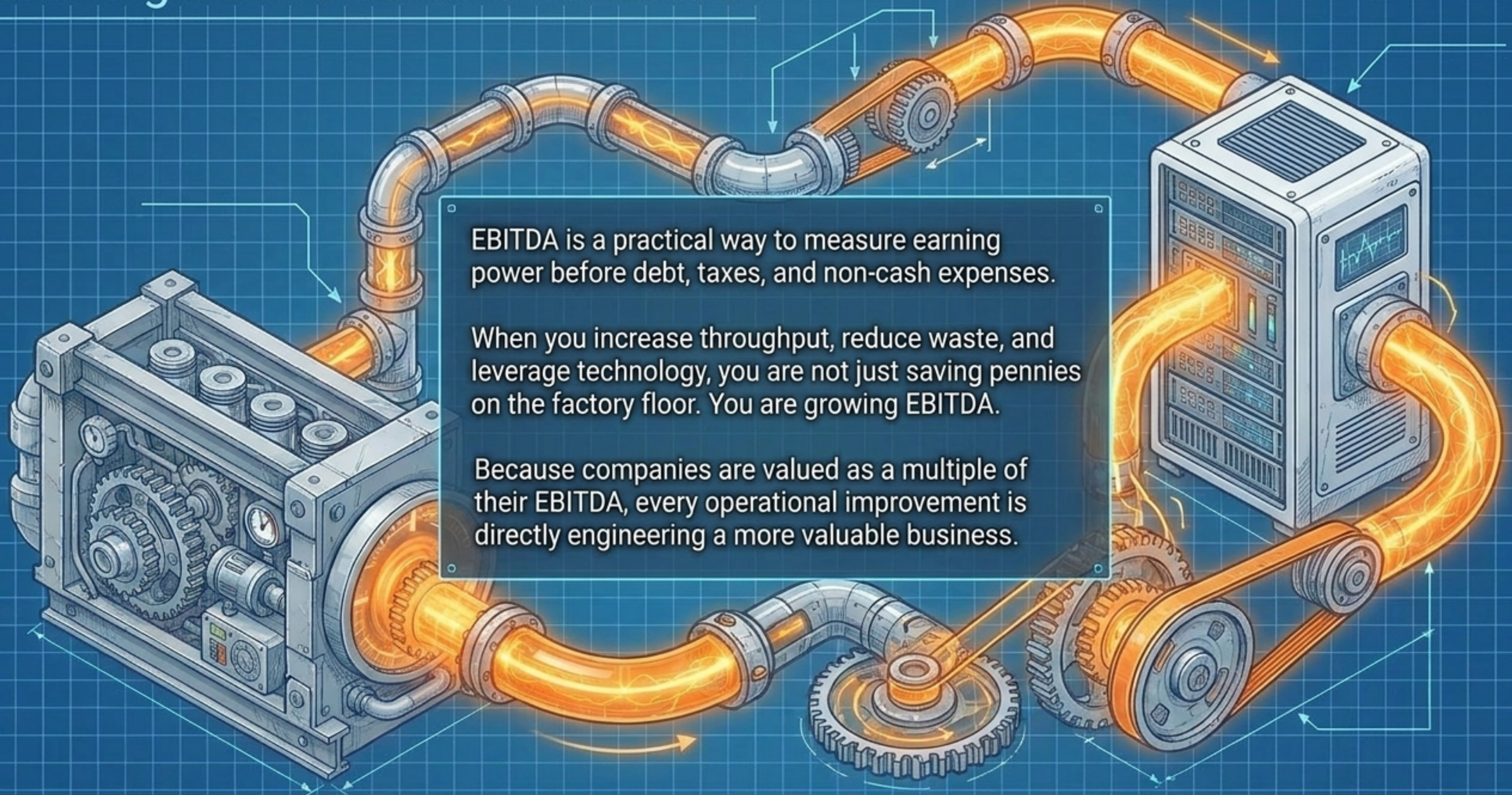
The reality check: EBITDA is not Cash Flow

Diagnostic Matrix

EBITDA (The Earning Power)		CASH FLOW (The Survival Oxygen)	
What it measures:	The core operational engine's profitability.	What it measures:	The actual dollars moving in and out of the bank account today.
What it ignores:	Debt payments, equipment purchases (CapEx), inventory cash lockups.	What it includes:	Every single cash movement, including working capital and debt service.
Primary Use:	Investors, M&A valuation, long-term operational trends.	Primary Use:	Daily operators, payroll, keeping the lights on.

A company can have a massive, positive EBITDA and **still go bankrupt** if cash is trapped in poor inventory management or heavy debt payments. **Never watch EBITDA alone.**

Building a more valuable machine



EBITDA is a practical way to measure earning power before debt, taxes, and non-cash expenses.

When you increase throughput, reduce waste, and leverage technology, you are not just saving pennies on the factory floor. You are growing EBITDA.

Because companies are valued as a multiple of their EBITDA, every operational improvement is directly engineering a more valuable business.