

EBITDA Addbacks in M&A: What Buyers Need to Know Before Closing



By [John J. Koepfel](#)

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In the average sale process, EBITDA addbacks now account for 29% of adjusted EBITDA. Latest S&P Global survey (a recommended read for private equity and independent sponsors) highlights:

- Only 8% of companies ultimately have actual EBITDA that exceeds pre-close management projected EBITDA in the first year post-close.
- Aggressive adjusted EBITDA assumptions typically result in a material miss on EBITDA to leverage ratio (in some cases, missing by over 2.3x).
- 26% of addbacks fall into “synergies and projected cost savings” category (which are often difficult to fully realize and/or may come with additional restructuring/implementation costs).
- Take-away: include in your Letter of Intent your specific valuation multiple assumptions and standard language around verifying EBITDA addbacks in diligence.

[John Koepfel's commentary on "EBITDA Addback Study Shows Increased Debt Projection and Leverage Misses,"](#)

S&P Global, February 25, 2026.

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