

ZIM

2023 guidance cut: our updated estimates are at the low end of the new range

Reiterate Rating: UNDERPERFORM | PO: 11.00 USD | Price: 13.29 USD

Rate weakness to continue in 2H

ZIM has cut its 2023 EBITDA guidance to \$1.2-1.6bn, and no longer expects a recovery in demand and spot container rates in 2H. Our previous estimates were already near the mid-point of the new guidance range as we thought the company's outlook was too optimistic (see [ZIM note](#)). As per the release, the guidance cut is driven by continued weakness in freight rates particularly on the Transpacific, which is expected to persist in 2H. ZIM now expects lower volume growth than previously. We stay at Underperform.

Cutting estimates again, PO declines to \$11 from \$14

We reduce our 2023 EBITDA estimate by 10% to \$1.3bn, which puts us towards the low end of the new guidance and below consensus. Our PO declines to \$11 because of our lower estimates and as we roll to 2024e average P/B. The SCFI has been largely stable over the past 3 months (down -78% y-y) despite liners' attempts to raise rates with monthly GRI increases. We do not expect a rebound in spot rates in 2H (BofAe -63% y-y decline in ZIM's avg 2023 freight rate) even if demand picks up because the addition of new vessels to the global fleet could lead to oversupply (see [Freight Follower](#) note).

Lowering our 2023 volumes forecast to flat

We lower our 2023E volumes forecast to flat – above our Maersk forecast of -2.5% as ZIM has increased backhaul volumes. The company had previously guided to significantly higher volumes in 2023 as its fleet is growing with the delivery of new vessels and it is increasing backhaul volumes. As per industry reports, ZIM has withdrawn its ZNP service on the Transpacific. We expect charter costs to remain high in 2023, which, along with our forecast of falling rates, results in an EBIT loss of -\$363m in 2023, at the low end of the new guidance of a -\$500m to -\$100m loss.

No dividend likely in 2023

ZIM announced there was to be no 1Q dividend. Given our estimate of a net loss in 2023 and ZIM's dividend policy of a 30-50% payout of net income annually (quarterly payout is 30%), we forecast no dividend from this year's earnings. The company has low leverage (2x 2023E ND/EBITDA), which could support a special dividend, but we have limited visibility on this.

Estimates (Dec) (USD)	2021A	2022A	2023E	2024E	2025E
EPS (Adjusted Diluted)	39.1	38.5	(3.87)	(2.61)	(2.80)
EPS Change (YoY)	670.6%	-1.6%	-110.1%	32.6%	-7.3%
Dividend / Share	19.5	17.0	0	0	0
Valuation (Dec)					
P/E	0.34x	0.35x	NM	NM	NM
Dividend Yield	147%	128%	0%	0%	0%
EV / EBITDA*	1.00x	0.88x	5.12x	5.76x	5.78x
Free Cash Flow Yield*	264%	274%	-59.3%	-17.8%	-4.72%

* For full definitions of *IQmethod*SM measures, see page 8.

>> Employed by a non-US affiliate of BofAS and is not registered/qualified as a research analyst under the FINRA rules.

Refer to "Other Important Disclosures" for information on certain BofA Securities entities that take responsibility for the information herein in particular jurisdictions.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Refer to important disclosures on page 9 to 11. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.

12578515

Timestamp: 12 July 2023 11:58AM EDT

12 July 2023

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	14.00	11.00
2023E EPS	-2.98	-3.87
2024E EPS	-1.79	-2.61
2025E EPS	-1.89	-2.80

Muneeba Kayani >>

Research Analyst
MLI (UK)
+44 20 7996 5208
muneeba.kayani@bofa.com

Paul Kirjanovs >>

Research Analyst
MLI (UK)
+44 20 7996 1082
paul.kirjanovs@bofa.com

Stock Data

Price	13.29 USD
Price Objective	11.00 USD
Date Established	12-Jul-2023
Investment Opinion	C-3-9
52-Week Range	11.78 USD-53.59 USD
Mrkt Val / Shares Out (mn)	1,597 USD / 120.2
Average Daily Value (mn)	38.68 USD
Free Float	79.3%
BofA Ticker / Exchange	ZIM / NYS
Bloomberg / Reuters	ZIM US / ZIM.N
ROE (2023E)	-9.5%
Net Dbt to Eqty (Dec2022A)	56.4%
ESGMeter TM	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "[BofA ESGMeter Methodology](#)".

SCFI = Shanghai Containerized Freight Index

GRI = Generate rate increase

iQprofileSM ZIM

Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(US\$ Millions)					
Sales	10,729	12,562	5,621	5,395	5,671
EBITDA Adjusted	6,597	7,541	1,293	1,148	1,145
Depreciation & Amortization	(756)	(1,370)	(1,656)	(1,255)	(1,251)
EBIT Adjusted	5,841	6,171	(363)	(107)	(107)
Net Interest & Other Income	(157)	(109)	(231)	(300)	(331)
Tax Expense / Benefit	(1,010)	(1,398)	128	93.7	101
Net Income (Adjusted)	4,652	4,636	(465)	(314)	(337)
Average Fully Diluted Shares Outstanding	119	120	120	120	120

Key Cash Flow Statement Data	2021A	2022A	2023E	2024E	2025E
Net Income (Reported)	4,640	4,619	(466)	(313)	(336)
Depreciation & Amortization	756	1,370	1,656	1,255	1,251
Change in Working Capital	(271)	115	(279)	(9.97)	32.8
Deferred Taxation Charge	0	0	0	0	0
Other CFO	845	530	54.4	391	404
Cash Flow from Operations	5,971	6,110	966	1,322	1,352
Capital Expenditure	(1,187)	(346)	(200)	(350)	(198)
(Acquisition) / Disposal of Investments	(1,177)	(297)	(188)	(350)	(198)
Other CFI	(979)	(1,002)	1,430	1,350	198
Cash Flow from Investing	(3,343)	(1,645)	1,042	650	(198)
Share Issue / (Repurchase)	205	0	0	0	0
Cost of Dividends Paid	(536)	(3,303)	(769)	0	0
Increase (decrease) debt	1,491	1,024	967	820	(440)
Other CFF	(2,813)	(2,697)	(2,890)	(2,303)	(1,032)
Cash Flow from Financing	(1,653)	(4,976)	(2,691)	(1,484)	(1,472)
Total Cash Flow (CFO + CFI + CFF)	975	(511)	(683)	488	(319)
FX and other changes to cash	(1.97)	(9.90)	0.40	0	0
Change in Cash	973	(521)	(683)	488	(319)
Change in Net Debt	518	1,545	1,650	331	(121)
Net Debt (Reported)	1,780	3,325	4,976	5,307	5,186
Net Debt (Adjusted)	(534)	(281)	2,571	3,902	3,781

Key Balance Sheet Data	2021A	2022A	2023E	2024E	2025E
Property, Plant & Equipment	4,393	5,751	6,844	7,842	7,417
Goodwill	NA	NA	NA	NA	NA
Other Intangibles	73.8	92.9	72.6	82.0	82.8
Other Non-Current Assets	291	1,510	1,484	1,484	1,484
Trade Receivables	1,278	826	634	621	653
Cash & Equivalents	1,543	1,022	339	827	508
Other Current Assets	2,263	2,424	1,127	125	129
Total Assets	9,842	11,625	10,500	10,981	10,273
Long-Term Debt	2,300	2,871	3,742	4,562	4,122
Other Non-Current Liabilities	186	197	188	188	188
Short-Term Debt	1,024	1,477	1,573	1,573	1,573
Other Current Liabilities	1,733	1,185	1,090	1,065	1,133
Total Liabilities	5,242	5,729	6,593	7,388	7,016
Total Equity	4,600	5,896	3,907	3,593	3,257
Total Equity & Liabilities	9,842	11,625	10,500	10,981	10,273

Business Performance*	2021A	2022A	2023E	2024E	2025E
Return On Capital Employed	93.6%	52.2%	-1.91%	-0.13%	-0.27%
Return On Equity	191%	88.5%	-9.50%	-8.37%	-9.83%
Operating Margin	54.2%	48.9%	-6.50%	-2.06%	-1.95%
Free Cash Flow (MM)	4,037	4,363	(947)	(285)	(75.4)

Quality of Earnings*	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	1.28x	1.32x	NM	NM	NM
Asset Replacement Ratio	1.57x	0.25x	0.12x	0.28x	0.16x
Tax Rate	17.9%	23.2%	21.6%	23.0%	23.0%
Net Debt/Equity	38.7%	56.4%	127%	148%	159%
Interest Cover	33.3x	25.8x	-1.03x	-0.27x	-0.26x

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Shipping

Company Description

ZIM is a global container shipping company based in Israel. The company operates an almost entirely chartered fleet and is concentrated on the transpacific trade lane. ZIM is a relatively small player with less than 2% of the global market share.

Investment Rationale

We expect freight rates normalization to continue in 2023, driven by weaker global demand and a gradual easing of port congestion. ZIM's charter costs are likely to stay elevated in 2023 before declining in 2024 as charters are renewed. ZIM's largely chartered fleet and lower proportion of contracted volumes make it more exposed than other carriers to a normalization in the ocean market.

Stock Data

Price to Book Value

0.4x

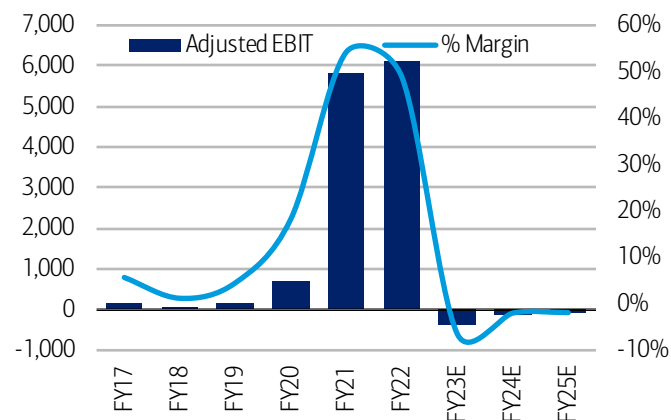
Quarterly Earnings Estimates

	2022	2023
Q1	14.21A	-0.48A
Q2	11.09A	-0.89E
Q3	9.74A	-1.13E
Q4	3.46A	-1.37E

Changes to estimates

Exhibit 1: Adj. EBIT (\$m) and margin (%)

We forecast negative EBIT in 2023E, at the low end of guidance

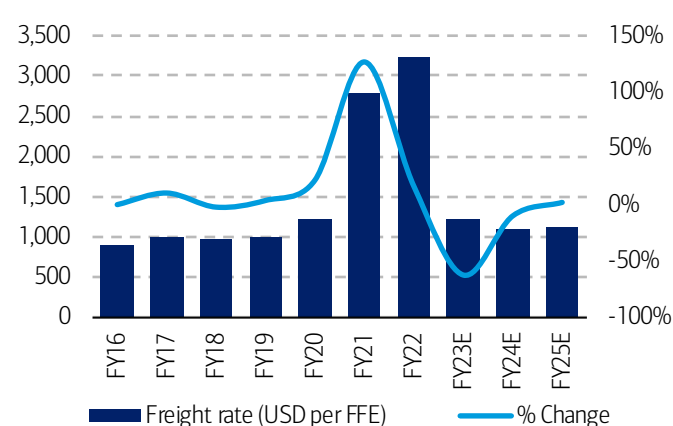


Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH

Exhibit 2: Average freight rate (USD per FFE) and change (%)

We do not expect a rebound in freight rates in 2H

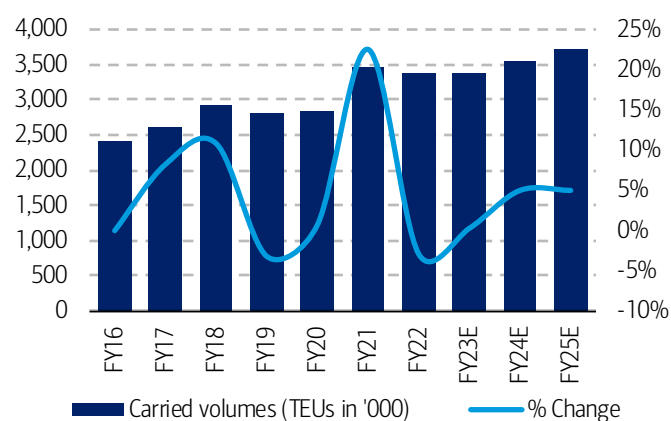


Source: BofA Global Research estimates, Company Reports

BofA GLOBAL RESEARCH

Exhibit 3: Carried volumes (TEU '000) and change (%)

Flat volumes in 2023E despite fleet growth

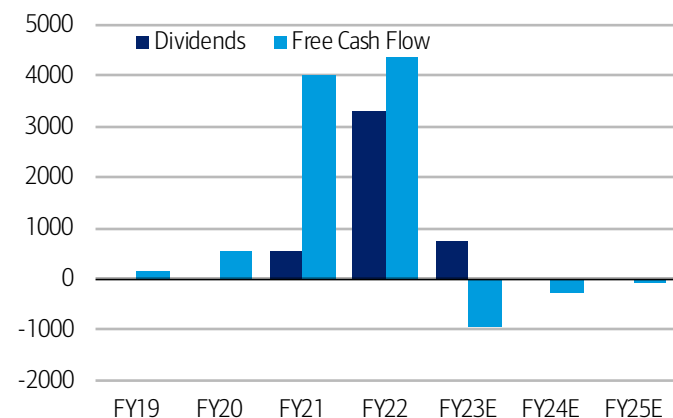


Source: BofA Global Research estimates, Company Reports

BofA GLOBAL RESEARCH

Exhibit 4: Dividends and Free Cash Flow (\$m)

We forecast negative FCF and no dividends in 2023E

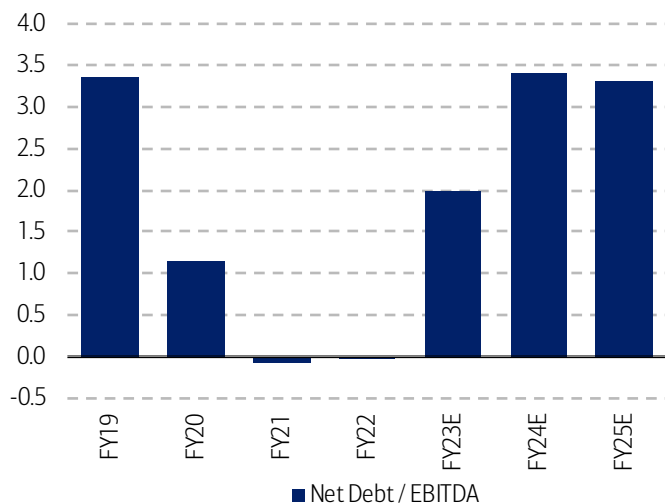


Source: BofA Global Research estimates, Company Reports

BofA GLOBAL RESEARCH

Exhibit 5: Net debt / EBITDA

ND/EBITDA remains under 3.5x on our estimates



Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH

Exhibit 6: Changes to estimates

We lower our 2023E adj. EBITDA by 10% following the guidance cut

(US\$ m)	New			Old			Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	5,621	5,395	5,671	5,841	5,602	5,893	-4%	-4%	-4%
Adj. EBITDA	1,293	1,148	1,145	1,432	1,274	1,281	-10%	-10%	-11%
% margin	23.0	21.3	20.2	24.5	22.7	21.7			
Adj. EBIT	-363	-107	-107	-225	19	29	-62%	NM	NM
% margin	-6.5	-2.0	-1.9	-3.8	0.3	0.5			
Adj. Net Income	-465	-314	-337	-359	-215	-227	-30%	NM	NM
% margin	-8.3	-5.8	-5.9	-6.1	-3.8	-3.9			
Adj. Diluted EPS (US\$)	-3.9	-2.6	-2.8	-3.0	-1.8	-1.9	-30%	NM	NM

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 7: BofA estimates vs consensus

We are 27% below consensus on 2023E EBIT

	BofA			Consensus			Difference		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY22E	FY23E	FY24E
Revenue	5,621	5,395	5,671	5,578	5,470	5,973	1%	-1%	-5%
EBITDA	1,293	1,148	1,145	1,339	1,200	1,472	-3%	-4%	-22%
% margin	23.0	21.3	20.2	24.0	21.9	24.7			
EBIT	-363	-107	-107	-287	-328	-39	-27%	67%	NM
% margin	-6.5	-2	-2	-5.1	-6.0	-0.7			
Net Income	-465	-314	-337	-429	-473	-253	-8%	34%	-33%
% margin	-8.3	-6	-5.9	-7.7	-8.7	-4.2			
EPS, reported	-3.9	-2.6	-2.8	-3.6	-3.9	-2.1	-9%	34%	-33%

Source: Bloomberg, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 8: ZIM valuation summary

ZIM trades on a 0.43x P/B on our 2024E estimates

Valuation Summary

Year End 31st December (USD m)	FY21	FY22	FY23E	FY24E	FY25E
Share price (USD) (period end)	58.9	17.2	13.4	13.4	13.4
Total Shares Outstanding	119	120	120	120	120
Market Cap	6,980	2,065	1,608	1,608	1,608
Plus: Net debt	-534	-281	2,571	3,902	3,781
Less: Associates	12	22	23	23	23
Plus: Minorities	8	6	1	0	0
Enterprise Value	6,442	1,769	4,157	5,488	5,367
Plus: Net Pension Benefits	66	45	43	43	43
Plus: Provisions	28	50	52	52	52
Enterprise Value inc. pensions and provisions	6,536	1,864	4,251	5,582	5,461
Adj. EBITDA	6,597	7,541	1,293	1,148	1,145
EV/EBITDA	1.0	0.2	3.2	4.8	4.7
Adj. EBIT	5,820	6,145	-363	-107	-107
EV/EBIT	1.1	0.3	-11.5	-51.3	-50.4
EPS	39.1	38.5	-3.9	-2.6	-2.8
P/E	1.5	0.4	-3.5	-5.1	-4.8
Dividend per share	19.5	17.0	0.0	0.0	0.0
Dividend yield	33%	99%	0%	0%	0%
FCF	4,037	4,363	-947	-285	-75
FCF yield	58%	211%	-59%	-18%	-5%
Equity	4,592	5,890	3,906	3,593	3,257
Average BV/share	22.2	43.9	40.8	31.2	28.5
P/BV	2.65	0.39	0.33	0.43	0.47
Invested Capital	4,820	8,975	10,034	9,766	9,563
EV/ IC	1.34	0.20	0.41	0.56	0.56
ROIC Pre-Tax	120.7	68.5	-3.6	-1.1	-1.1
ROIC Post-Tax	99.2	52.6	-2.8	-0.8	-0.9
ROIC/WACC	11.92	6.32	-0.34	-0.10	-0.10
ROE	190.9	88.4	-9.5	-8.4	-9.8
ROE / CoE	22.31	10.33	-1.11	-0.98	-1.15

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH



Price objective basis & risk

ZIM (ZIM)

Our PO of \$11 is based on a target P/B valuation. We apply a 0.35x P/B on our 2024 average book value estimate given our 2023-25E return on equity estimate is below the cost of equity.

Downside risks to our price objective are weaker freight rates due to lower demand, end of shipping liner capacity discipline, government restrictions on freight rates, increasing container shipping order book, higher-than-expected charter rate costs, collapse of operational agreements.

Upside risks are contract rates are reset higher than expected, stronger-than-expected demand puts more upward pressure on freight rates, new supply is less than expected resulting in better-than-expected spot rates and special dividend from cash on balance sheet.

Analyst Certification

I, Muneeba Kayani, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

EMEA - Business, Leisure & Transport Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Bureau Veritas	BVRDF	BVI FP	Simona Sarli
	DHL Group	DPSTF	DHL GY	Muneeba Kayani
	DHL Group	DHLGY	DHLGY US	Muneeba Kayani
	DSV	DSDVF	DSV DC	Muneeba Kayani
	DSV	DSDVY	DSDVY US	Muneeba Kayani
	Elis	ELSSF	ELIS FP	Simona Sarli
	Experian	EXPGF	EXP LN	Simona Sarli
	Experian	EXPGY	EXPGY US	Simona Sarli
	IAG	XACDF	IAG LN	Muneeba Kayani
	IAG	BABWF	IAG SM	Muneeba Kayani
	IAG	ICAGY	ICAGY US	Muneeba Kayani
	Intertek Group	IKTSF	ITRK LN	Simona Sarli
	Intertek Group	IKTSY	IKTSY US	Simona Sarli
	ISS	ISFFF	ISS DC	Simona Sarli
	Mobico Group Plc	NXPFG	MCG LN	Muneeba Kayani
	Rentokil Initial	RKLIF	RTO LN	Simona Sarli
	Rentokil Initial Plc	RTO	RTO US	Simona Sarli
	Ryanair	RYAAY	RYAAY US	Muneeba Kayani
	Ryanair	RYAOF	RYA ID	Muneeba Kayani
	SPIE SA	SPIWF	SPIE FP	Simona Sarli
	Teleperformance	TLPFF	TEP FP	Simona Sarli
	Teleperformance	TLPFY	TLPFY US	Simona Sarli
	TUI AG	TUIFD	TUI LN	Kiranjot Grewal
	Wizz Air	WZZAF	WIZZ LN	Muneeba Kayani
NEUTRAL				
	APM Maersk	AMKBF	MAERSKB DC	Muneeba Kayani
	APM Maersk	AMKBY	AMKBY US	Muneeba Kayani
	bpost	BPOSF	BPOST BB	Muneeba Kayani
	Brenntag	BNTGF	BNR GY	Simona Sarli
	InPost	INPOF	INPST NA	Muneeba Kayani
	International Distributions Services PLC	ROYMF	IDS LN	Muneeba Kayani
	Lufthansa	DLAKY	DLAKY US	Muneeba Kayani
	Lufthansa	DLAKF	LHA GY	Muneeba Kayani



EMEA - Business, Leisure & Transport Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	SGS SA	SGSOF	SGSN SW	Simona Sarli
	SGS SA	SGSOY	SGSOY US	Simona Sarli
UNDERPERFORM				
	Adecco	AHEXF	ADEN SW	Simona Sarli
	Adecco	AHEXY	AHEXY US	Simona Sarli
	Air France-KLM	AFRAF	AF FP	Muneeba Kayani
	Air France-KLM	AFLYY	AFLYY US	Muneeba Kayani
	Austrian Post	OERCF	POST AV	Muneeba Kayani
	Bunzl	BZLFF	BNZL LN	Simona Sarli
	Bunzl	BZLFY	BZLFY US	Simona Sarli
	easyJet	EJTTF	EZJ LN	Muneeba Kayani
	Kuehne + Nagel	KHNGF	KNIN SW	Muneeba Kayani
	Kuehne + Nagel	KHNGY	KHNGY US	Muneeba Kayani
	PostNL	TNTFF	PNL NA	Muneeba Kayani
	Randstad	RANJF	RAND NA	Simona Sarli
	ZIM	ZIM	ZIM US	Muneeba Kayani
RVW				
	Cineworld	CNNWQ	CINE LN	Kiranjot Grewal

IQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities
Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

Basic EBIT + Depreciation + Amortization

IQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of *IQmethod* are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

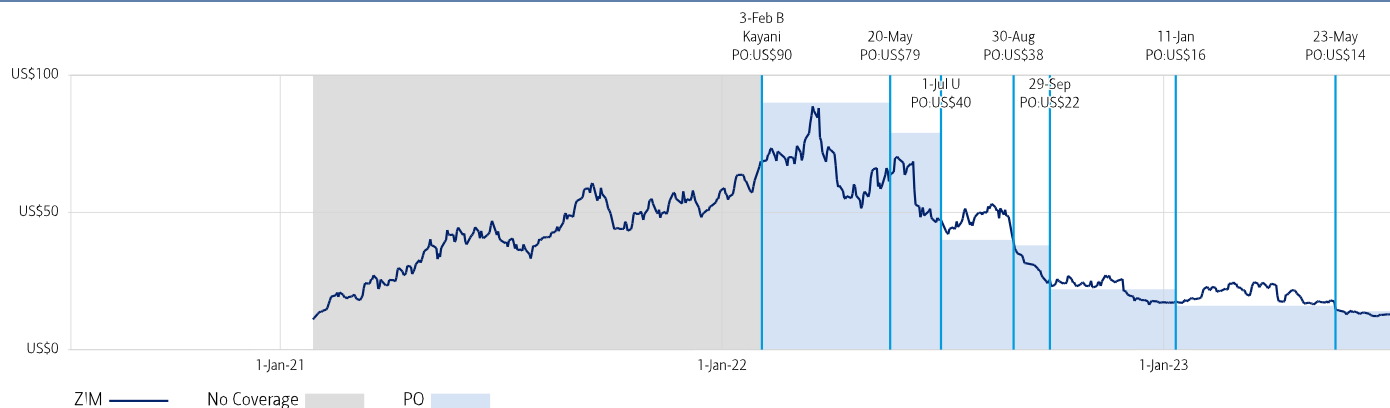
IQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

IQprofileSM, *IQmethodSM* are service marks of Bank of America Corporation. *IQdatabase[®]* is a registered service mark of Bank of America Corporation.

Disclosures

Important Disclosures

ZIM (ZIM) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Transport/Infrastructure Group (as of 30 Jun 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	72	52.94%	Buy	42	58.33%
Hold	29	21.32%	Hold	13	44.83%
Sell	35	25.74%	Sell	17	48.57%

Equity Investment Rating Distribution: Global Group (as of 30 Jun 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1877	53.28%	Buy	1040	55.41%
Hold	815	23.13%	Hold	464	56.93%
Sell	831	23.59%	Sell	385	46.33%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofA or one of its affiliates acts as a market maker for the equity securities recommended in the report: ZIM.

BofA or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: ZIM.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel



expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofA or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no. 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofam.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSCF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Investment Industry Regulatory Organization of Canada; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSCF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may

be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating.

ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

Copyright and General Information:

Copyright 2023 Bank of America Corporation. All rights reserved. iQdatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.