

## Darden Restaurants

# 3QF24 EPS Preview: Expect traffic share gains, commodities to support margins

Reiterate Rating: BUY | PO: 198.00 USD | Price: 171.96 USD

## CDR improves in Feb; expect DRI traffic share gains

DRI reports 3QF24 EPS BMO on 3/21. According to aggregated BAC credit and debit card data, Casual Dining Restaurant (CDR) spend slowed its y/y decline m/m in Feb. (to -1.6% y/y vs -8.9% in Feb.). See [BofA on USA](#) for methodology, disclaimers, and limitations regarding BAC card data and commentary on broader retail trends from the Economics team. DRI's public CDR peers (EAT, BLMN, TXRH) reported better Feb. traffic as weather improved from Jan and we believe investors remain focused on the strength of underlying demand at the start of C24. We expect DRI's overall traffic (primarily driven by Olive Garden and LongHorn) to outpace the industry, as less free-spending consumers gravitate to concepts with consistent food quality, value, and service. Our 3QF24 estimates assume combined SSSG of 0.4%, as ~2.6ppts of price offsets negative traffic/mix (vs Black Box CDR Dec/Jan/Feb traffic -6 ppt).

## See cont'd emphasis on everyday value; margin expansion

While full-service restaurants report increased advertising (BLMN, EAT, CBRL), we believe messaging continues to emphasize quality-value and value-for-money, rather than deep discounting, especially outside of the highly competitive varied menu category. Though we forecast higher marketing spending for DRI in F24 (we model marketing as % of sales 20 bps higher y/y), we expect waning inflation to more than offset (see our report: [Will increased promotions mean decreased margins?](#)) and see EBIT margin +80 bps y/y (to 13.4%).

## Maintain F24 EPS estimates; we are above consensus

We are raising our 3QE EPS to reflect slightly lower restaurant expenses. Our F24E EPS is unchanged as higher interest expense in 4Q offsets. We maintain our above consensus F24E EPS of \$8.94 (consensus \$8.86) and our F25E EPS of \$10.08 (consensus \$9.73).

## Raise PO to \$198 on rolled forward estimates; reit. Buy

Relative to the S&P 500, DRI's P/E multiple of 1.1x is above its 10-yr historical average (0.9x). We believe a premium is justified by traffic share gains & strong execution. Applying a 1.0x target rel. P/E (implies 18.9x absolute, unchanged vs 18.9x prior) to our forward EPS (3QF25-2QF26E: \$10.45) results in a \$198 PO.

Estimates (May) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	7.40	8.00	8.94	10.08	10.99
GAAP EPS	7.40	8.00	8.68	10.08	10.99
EPS Change (YoY)	71.3%	8.1%	11.8%	12.8%	9.0%
Consensus EPS (Bloomberg)			8.83	9.75	10.72
DPS	4.37	4.80	5.24	5.55	5.89
Valuation (May)					
P/E	23.2x	21.5x	19.2x	17.1x	15.6x
Dividend Yield	2.5%	2.8%	3.0%	3.2%	3.4%
EV / EBITDA*	17.6x	17.0x	15.1x	13.6x	12.5x
Free Cash Flow Yield*	4.3%	4.8%	4.6%	4.3%	5.7%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 6.

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**Refer to important disclosures on page 7 to 9. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.**

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18 March 2024

### Equity

#### Key Changes

(US\$)	Previous	Current
Price Obj.	193.00	198.00
2024E Rev (m)	11,535.3	11,546.0
2025E Rev (m)	12,140.4	12,151.6
2026E Rev (m)	12,812.0	12,823.7
2025E EPS	9.87	10.08
2026E EPS	10.96	10.99

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### Stock Data

Price	171.96 USD
Price Objective	198.00 USD
Date Established	17-Mar-2024
Investment Opinion	B-1-7
52-Week Range	133.36 USD - 176.84 USD
Mkt Val (mn) / Shares Out (mn)	20,534 USD / 119.4
Free Float	99.6%
Average Daily Value (mn)	181.97 USD
BofA Ticker / Exchange	DRI / NYS
Bloomberg / Reuters	DRI US / DRI.N
ROE (2024E)	47.4%
Net Dbt to Eqty (May-2023A)	23.5%

### Glossary:

BMO: before market open

DRI – Darden Restaurants

BLMN – Bloomin' Brands

EAT – Brinker International

TXRH: Texas Roadhouse

CBRL: Cracker Barrel

CDR – casual dining restaurants

SSSG – same-store sales growth, also known as comparable sales or “comps”

VA: Visible Alpha consensus

# iQprofile<sup>SM</sup> Darden Restaurants

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	11.9%	12.7%	13.5%	14.5%	15.0%
Return on Equity	38.1%	44.7%	47.4%	48.1%	46.0%
Operating Margin	7.3%	6.6%	2.4%	7.4%	8.1%
Free Cash Flow	888	988	942	886	1,166

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.3x	1.6x	1.4x	1.2x	1.3x
Asset Replacement Ratio	1.0x	1.5x	1.3x	1.3x	1.1x
Tax Rate	12.7%	12.2%	12.4%	12.3%	14.0%
Net Debt-to-Equity Ratio	21.9%	23.5%	52.1%	49.8%	38.2%
Interest Cover	16.9x	14.8x	9.5x	10.5x	11.8x

## Income Statement Data (May)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	9,630	10,488	11,546	12,152	12,824
% Change	33.8%	8.9%	10.1%	5.2%	5.5%
Gross Profit	NA	NA	NA	NA	NA
% Change	NA	NA	NA	NA	NA
EBITDA	1,531	1,590	1,786	1,988	2,150
% Change	53.2%	3.8%	12.3%	11.3%	8.1%
Net Interest & Other Income	(68)	(81)	(141)	(144)	(140)
<b>Net Income (Adjusted)</b>	<b>955</b>	<b>984</b>	<b>1,081</b>	<b>1,206</b>	<b>1,305</b>
<b>% Change</b>	<b>67.9%</b>	<b>3.0%</b>	<b>9.9%</b>	<b>11.6%</b>	<b>8.2%</b>

## Free Cash Flow Data (May)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	955	984	1,049	1,206	1,305
Depreciation & Amortization	368	388	447	469	493
Change in Working Capital	(97)	176	21	(199)	(107)
Deferred Taxation Charge	(24)	(60)	0	0	0
Other Adjustments, Net	62	65	25	25	25
Capital Expenditure	(377)	(565)	(600)	(615)	(550)
<b>Free Cash Flow</b>	<b>888</b>	<b>988</b>	<b>942</b>	<b>886</b>	<b>1,166</b>
<b>% Change</b>	<b>-5.4%</b>	<b>11.3%</b>	<b>-4.6%</b>	<b>-6.0%</b>	<b>31.6%</b>
Share / Issue Repurchase	(1,031)	(423)	(302)	(292)	(281)
Cost of Dividends Paid	(563)	(590)	(634)	(664)	(699)
Change in Debt	0	0	600	0	0

## Balance Sheet Data (May)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	421	368	254	164	329
Trade Receivables	72	80	88	93	98
Other Current Assets	687	550	598	628	662
Property, Plant & Equipment	NA	NA	NA	NA	NA
Other Non-Current Assets	8,956	9,244	10,117	10,282	10,360
<b>Total Assets</b>	<b>10,136</b>	<b>10,242</b>	<b>11,058</b>	<b>11,167</b>	<b>11,449</b>
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	1,848	1,937	2,015	1,850	1,783
Long-Term Debt	901	885	1,485	1,485	1,485
Other Non-Current Liabilities	5,189	5,218	5,198	5,178	5,158
<b>Total Liabilities</b>	<b>7,938</b>	<b>8,040</b>	<b>8,698</b>	<b>8,513</b>	<b>8,425</b>
<b>Total Equity</b>	<b>2,198</b>	<b>2,202</b>	<b>2,360</b>	<b>2,654</b>	<b>3,023</b>
<b>Total Equity &amp; Liabilities</b>	<b>10,136</b>	<b>10,242</b>	<b>11,058</b>	<b>11,167</b>	<b>11,449</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 6.

## Company Sector

Restaurants

## Company Description

Headquartered in Orlando, FL, Darden Restaurants is a full service restaurant company that owns and operates over 1,800 restaurants in the US & Canada. Darden's largest reportable segments are Olive Garden and LongHorn Steakhouse. Darden's portfolio of restaurant brands also includes fine dining concepts The Capital Grille and Eddie V's, and casual dining concepts Bahama Breeze, Cheddar's, Seasons 52, and Yard House.

## Investment Rationale

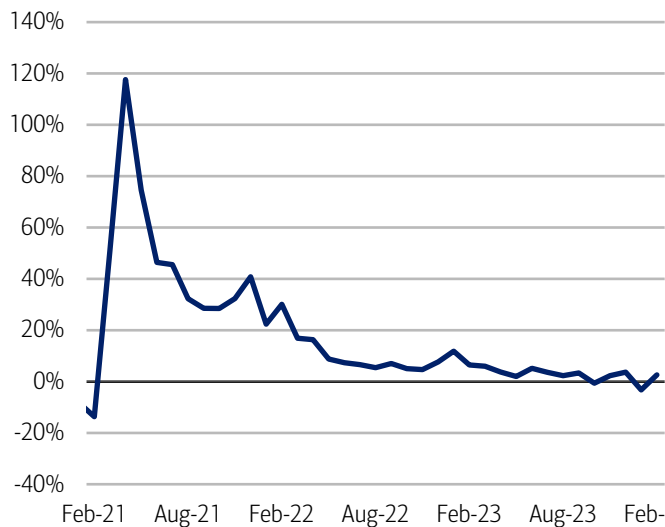
Darden is the largest full-service restaurant operator in the United States, with \$10bb in annual sales and significant share of the US full-service restaurant market. Scale is a meaningful competitive advantage for Darden that underpins the company's resilient (and growing) market share and attractive unit economics. Coupled with tailwinds from full-service demand recovery, latent pricing power and scale advantages should drive Darden's restaurant margins above pre-pandemic levels.

## Stock Data

Average Daily Volume 1,058,191

**Exhibit 1: All restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)**

Restaurant y/y spend growth accelerated m/m from -3.2% in January to 2.6% in February



Source: BAC internal data

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**Exhibit 2: Casual Dining restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)**

CDR spend accelerated from -8.9% in January to -1.6% in February



Source: BAC internal data

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**Exhibit 3: We raise our 3Q EPS and lower our 4Q while our full year EPS is unchanged**

DRI estimate changes summary

	Prior 3Q24E	New 3Q24E	% Change	Prior 4Q24E	New 4Q24E	% Change	Prior 2024E	New 2024E	% Change	Prior 2025E	New 2025E	% Change
Total Combined SSSG	0.0%	0.4%	0.3 ppts	3.8%	3.8%	0.0 ppts	2.8%	2.9%	0.1 ppts	2.4%	2.4%	0.0 ppts
Total Revenue	\$2,990.2	\$3,000.9	0%	\$3,087.2	\$3,087.2	0%	\$11,535.3	\$11,546.0	0%	\$12,140.4	\$12,151.6	0%
Adjusted EPS	\$2.62	\$2.67	2%	\$2.72	\$2.68	(1%)	\$8.94	\$8.94	(0%)	\$10.08	\$10.08	0%
EBITDA	\$506.4	\$515.2	2%	\$517.0	\$517.0	0%	\$1,777.1	\$1,785.9	0%	\$1,982.2	\$1,988.3	0%

Source: BofA Global Research estimates

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**Exhibit 4: Our F24-F25 EPS estimates are above consensus**

Darden BofAE vs Visible Alpha consensus

	3Q24E 3QFY-2024			4Q24E 4QFY-2024			2024E FY-2024			2025E FY-2025		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
\$ in millions (except per share amounts)												
Total Restaurants - End of Period	2,025	2,023	0%	2,046	2,041	0%	2,048	2,042	0%	2,098	2,099	0%
Restaurants - EOP by Segment:												
Olive Garden	917	916	0%	924	923	0%	924	923	0%	938	940	0%
LongHorn	570	570	0%	576	576	0%	576	576	0%	592	592	0%
Fine Dining	178	177	1%	180	179	0%	180	180	0%	187	187	0%
Other Businesses	360	360	0%	366	363	1%	368	363	1%	381	379	1%
Same Store Sales												
Olive Garden	1.4%	1.7%	0 ppts	5.1%	2.3%	3 ppts	4.1%	3.5%	1 ppts	2.5%	2.6%	0 ppts
LongHorn	2.2%	2.9%	-1 ppts	4.1%	2.9%	1 ppts	4.7%	4.6%	0 ppts	3.0%	2.8%	0 ppts
Fine Dining	-2.9%	-1.1%	-2 ppts	1.2%	0.8%	0 ppts	-1.6%	-1.1%	0 ppts	1.0%	1.9%	-1 ppts
Other Businesses	-3.0%	-1.1%	-2 ppts	1.5%	0.5%	1 ppts	-0.2%	0.0%	0 ppts	2.0%	1.8%	0 ppts
Total Combined SSS	0.4%	1.3%	-1 ppts	3.8%	2.0%	2 ppts	2.9%	2.7%	0 ppts	2.4%	2.4%	0 ppts



**Exhibit 4: Our F24-F25 EPS estimates are above consensus**

Darden BofAE vs Visible Alpha consensus

	3Q24E			4Q24E			2024E			2025E		
Total Revenues	\$3,000.9	\$3,030.5	-1%	\$3,087.2	\$3,024.7	2%	\$11,546.0	\$11,513.8	0%	\$12,151.6	\$12,145.7	0%
Revenue by Segment												
Olive Garden	\$1,351.6	\$1,354.3	0%	\$1,363.6	\$1,323.4	3%	\$5,194.5	\$5,156.8	1%	\$5,425.1	\$5,400.2	0%
LongHorn	\$727.7	\$733.5	-1%	\$758.5	\$750.2	1%	\$2,799.0	\$2,796.6	0%	\$2,972.8	\$2,962.6	0%
Fine Dining	\$375.5	\$376.0	0%	\$364.9	\$350.1	4%	\$1,331.8	\$1,317.0	1%	\$1,408.8	\$1,417.8	-1%
Other Businesses	\$546.1	\$567.2	-4%	\$600.2	\$602.6	0%	\$2,220.6	\$2,245.0	-1%	\$2,344.8	\$2,369.2	-1%
Expenses												
Food & Bevs	\$940.0	\$949.6	-1%	\$978.7	\$944.1	4%	\$3,615.6	\$3,590.4	1%	\$3,785.6	\$3,783.3	0%
Labor	\$940.0	\$953.1	-1%	\$954.5	\$955.2	0%	\$3,650.7	\$3,664.5	0%	\$3,813.4	\$3,870.9	-1%
Restaurant Expenses	\$467.5	\$478.2	-2%	\$493.0	\$481.4	2%	\$1,857.5	\$1,856.6	0%	\$1,942.3	\$1,949.8	0%
Marketing Expenses	\$36.4	\$36.3	0%	\$38.2	\$37.1	3%	\$150.0	\$148.9	1%	\$170.1	\$163.4	4%
G&A	\$101.7	\$104.4	-3%	\$105.8	\$100.5	5%	\$475.6	\$469.7	1%	\$451.9	\$450.3	0%
SG&A	\$138.1	\$140.7	-2%	\$143.9	\$137.7	5%	\$625.7	\$618.6	1%	\$622.0	\$613.7	1%
D&A	\$113.0	\$112.1	1%	\$111.7	\$112.3	-1%	\$447.0	\$446.7	0%	\$469.4	\$467.6	0%
Operating Income	\$402.1	\$398.6	1%	\$405.4	\$395.7	2%	\$1,338.9	\$1,333.6	0%	\$1,518.9	\$1,459.7	4%
Interest, Net	\$35.3	\$36.3	-3%	\$37.0	\$36.3	2%	\$141.1	\$139.4	1%	\$144.0	\$144.9	-1%
Pretax Earnings	\$366.9	\$362.3	1%	\$368.4	\$359.5	2%	\$1,197.8	\$1,194.3	0%	\$1,374.9	\$1,314.8	5%
Income Taxes	\$45.5	\$44.5	2%	\$45.7	\$43.8	4%	\$148.7	\$146.1	2%	\$169.1	\$162.4	4%
Tax Rate	12.4%	12.3%	11bps	12.4%	12.2%	23bps	12.4%	12.2%	18bps	12.3%	12.4%	-5bps
Net Income, reported	\$321.4	\$315.2	2%	\$322.7	\$315.4	2%	\$1,049.0	\$1,046.1	0%	\$1,205.8	\$1,153.0	5%
Adjusted EPS	\$2.67	\$2.63	2%	\$2.68	\$2.63	2%	\$8.94	\$8.86	1%	\$10.08	\$9.73	4%
Diluted Shares Outstanding	121	120	0%	120	120	0%	121	121	0%	120	119	1%
EBITDA	\$515.2	\$511.7	1%	\$517.0	\$509.0	2%	\$1,785.9	\$1,785.5	0%	\$1,988.3	\$1,929.7	3%

Source: BofA Global Research estimates, Company filings, Visible Alpha

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**Disclaimer and Methodology**

Selected Bank of America ("BAC") transaction data are used to inform the views expressed in this report and should be considered in the context of other publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used are not comprehensive; they are based on aggregated and anonymized selections of BAC data and may reflect a degree of selection bias and limitations on the data available.

Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data are limited to debit and credit cards and does not include other payment methods such as cash or checks. Spending data may also be classified by other proprietary methods not using MCCs.

Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS).

Our methodology for calculating the growth rates for daily data: we calculate the % yoy growth and the 4-yr % change by matching calendar days (Jan 1 '22 matched to Jan 1 '21 and Jan 1, 2019) instead of matching the day of the week, which we used previously (i.e., the first Monday in '22 matched to first Monday in each of '21 and '20, respectively).

Additional information about the methodology used to aggregate the data is available upon request.

## Price objective basis & risk

### Darden Restaurants (DRI)

Our 12-month \$198 price objective is based on a target relative P/E multiple (1.0x) on our forward estimates (\$10.45). Our target relative multiple (vs the S&P) is in-line with Darden's 10-year historical average multiple, and implies an 18.9x absolute P/E multiple. While investors remain cautious on restaurant spending, we believe fundamental outperformance by best-in-class operators like DRI will prove attractive.

Downside risks are 1) lower-than-expected customer acceptance of menu price increases, 2) inability to offset higher than expected food or labor costs with increased pricing, 3) macroeconomic pressures that slow consumer income growth, 4) slower-than-expected unit growth as a result of inflationary pressures (i.e., utilities costs) and supply-chain constraints.

## Analyst Certification

I, Sara Senatore, 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.

### US - Restaurants Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Chipotle Mexican Grill	CMG	CMG US	Sara Senatore
	Darden Restaurants	DRI	DRI US	Sara Senatore
	Domino's Pizza	DPZ	DPZ US	Sara Senatore
	Dutch Bros	BROS	BROS US	Sara Senatore
	First Watch	FWRG	FWRG US	Sara Senatore
	Jack in the Box	JACK	JACK US	Sara Senatore
	Krispy Kreme	DNUT	DNUT US	Sara Senatore
	Papa Johns International	PZZA	PZZA US	Sara Senatore
	Portillo's Inc.	PTLO	PTLO US	Sara Senatore
	Starbucks	SBUX	SBUX US	Sara Senatore
	Sweetgreen	SG	SG US	Katherine Griffin
	Texas Roadhouse	TXRH	TXRH US	Sara Senatore
	Wingstop Inc	WING	WING US	Sara Senatore
<b>NEUTRAL</b>				
	Bloomin Brands	BLMN	BLMN US	Sara Senatore
	McDonald's	MCD	MCD US	Sara Senatore
	Shake Shack	SHAK	SHAK.US	Sara Senatore
	The Cheesecake Factory	CAKE	CAKE US	Katherine Griffin
	Yum Brands Inc	YUM	YUM US	Sara Senatore
<b>UNDERPERFORM</b>				
	Brinker International	EAT	EAT US	Katherine Griffin
	Cracker Barrel	CBRL	CBRL US	Katherine Griffin
	Restaurant Brands International	YQSR	QSR CN	Sara Senatore
	Restaurant Brands International Inc.	QSR	QSR US	Sara Senatore
	Wendy's Co	WEN	WEN US	Sara Senatore



## iQmethod<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### 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

### Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

### Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

### Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

### 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

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

iQmethod<sup>SM</sup> 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 validations. 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.

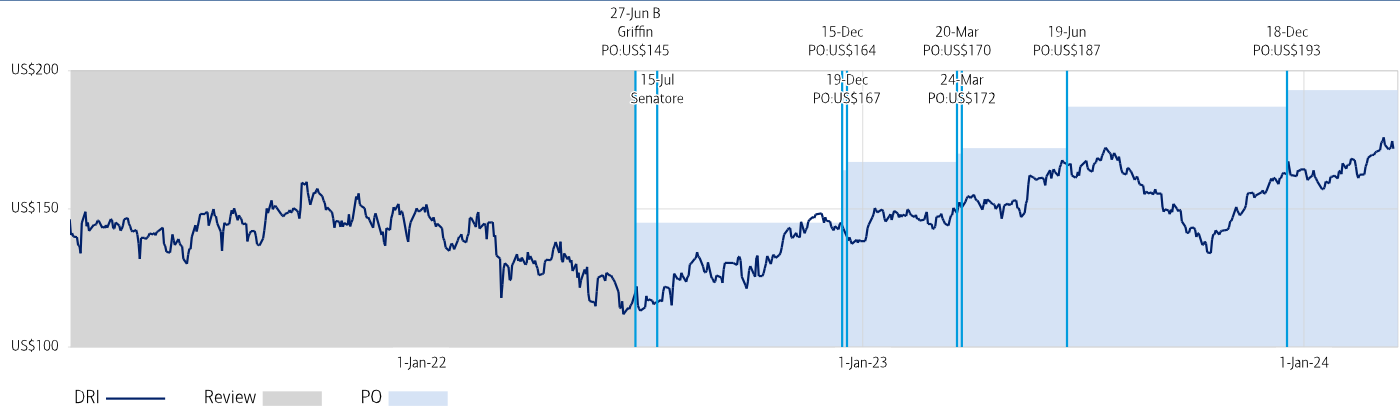
iQdatabase<sup>®</sup> is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

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# Disclosures

## Important Disclosures

### Darden Restaurants (DRI) 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: Restaurants Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	21	58.33%	Buy	10	47.62%
Hold	10	27.78%	Hold	3	30.00%
Sell	5	13.89%	Sell	4	80.00%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> 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.

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

<sup>R2</sup> 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.

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