

EOG Resources

4Q23 earnings recap: Consistent delivery, but on targets out of step with investors

Reiterate Rating: NEUTRAL | PO: 140.00 USD | Price: 116.40 USD

In line quarter puts the emphasis on 2024: Growth in gas

With a solid, if uneventful quarter, we see year-end investor focus on an outlook for 2024, that we view at risk of being out of step with investors. Spending is up slightly on a bigger share of infrastructure; however, the output is growth in oil production of ~3% but of 7% total, which implies natural gas remains the primary driver of EOG's growth in 2024. While management has cut rigs at its Dorado dry gas play in half, the completion count is only slightly lower (25 vs 28) while at the Utica combo play, completions quadruple from 6 to 20. By our estimates the output is exit / exit growth in US natural gas of ~10%, adding 200mmcf/d onto the worst domestic natural gas price in a decade.

By our estimates EOG's mix shift to gas over 5yrs

EOG's focus remains on wellhead returns, what it used to refer to as a 'Double Premium' drilling locations which has been supplanted by a reference to >10bn boe of onshore resource (ex the Utica). At 2024 production guidance of 1.01mm-1.09mm boepd, this simplistically implies a theoretical backlog of >25 years of resource. But a glance at the portfolio mix shows mature oil weighted basins back-filled by gas weighted assets in the Texas Dorado & Ohio Utica plays. By our estimates this drives a shift in EOG's mix from 27% gas in 2023 to 32% within 5 years and dilutes incremental free cash margins / boe.

Neutral: at risk of being overshadowed by consolidation

New this quarter is a 'soft' outlook for cum FcF for 2024-26 that expands from \$18bn between 2021-23 by an incremental \$17bn at \$75 WTI / \$3.25 HH gas. But a cadence that has \$6bn / \$5.5bn / \$5.5bn in each of the next 3 years means absolute growth in production does not translate to FcF growth but likely a higher sustaining capital beyond the \$4.2bn - \$4.8bn offered previously at exit 2023 levels. Combining EOG's deep inventory with FcF capacity, we suggest a simple annuity analysis to calibrate value that puts the shares near fair value; if sustaining capital drops back to stabilize production at some point, we get to our \$140/sh PO. But the rate of change in FcF growth and capital efficiency that previously differentiated EOG's investment case looks less compelling vs oil weighted peers and particularly those peers that have reloaded oil depth. On the margin we wonder if EOG is the biggest casualty of the potential combination of FANG and Endeavor. Our rating is Neutral, we review an in-line quarterly results in this note.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	8.60	13.39	11.96	11.81	11.95
GAAP EPS	7.99	13.21	12.71	11.81	11.95
EPS Change (YoY)	866.3%	55.7%	-10.7%	-1.3%	1.2%
Consensus EPS (Bloomberg)			11.91	11.87	12.30
DPS	4.95	8.88	10.14	9.33	9.39
Valuation (Dec)					
P/E	13.5x	8.7x	9.7x	9.9x	9.7x
GAAP P/E	14.6x	8.8x	9.2x	9.9x	9.7x
Dividend Yield	4.3%	7.6%	8.7%	8.0%	8.1%
EV / EBITDA*	6.1x	4.5x	4.7x	4.8x	4.7x
Free Cash Flow Yield*	7.1%	8.3%	8.7%	7.9%	8.4%

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

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.

12663123

Timestamp: 23 February 2024 04:50AM EST

23 February 2024

Equity

Doug Leggate
Research Analyst
BofAS
+1 713 247 6013
doug.leggate@bofa.com

John H. Abbott
Research Analyst
BofAS
john.h.abbott@bofa.com

Kalei Akamine
Research Analyst
BofAS
kalei.akamine@bofa.com

Carlos Escalante
Research Analyst
BofAS
carlos.escalante@bofa.com

Noah Hungness
Research Analyst
BofAS
noah.hungness@bofa.com

Stock Data

Price	116.40 USD
Price Objective	140.00 USD
Date Established	5-Jan-2024
Investment Opinion	C-2-7
52-Week Range	97.27 USD - 135.06 USD
Mkt Val (mn) / Shares Out (mn)	67,978 USD / 584.0
Free Float	92.0%
Average Daily Value (mn)	357.59 USD
BofA Ticker / Exchange	EOG / NYS
Bloomberg / Reuters	EOG US / EOG.N
ROE (2023E)	26.3%
Net Dbt to Eqty (Dec-2022A)	-7.9%
ESGMeter TM	High

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".

Mmcfd - Million cubic feet of natural gas per day

Boepd - Barrels of oil equivalent per day

FcF - Free Cashflow

Cum - Cumulative

HH - Henry Hub

WTI - West Texas Intermediary

iQprofileSM EOG Resources

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	18.4%	21.6%	18.8%	16.5%	16.1%
Return on Equity	36.7%	33.5%	26.3%	23.6%	22.6%
Operating Margin	41.2%	43.7%	54.2%	48.8%	48.0%
Free Cash Flow	4,795	5,657	5,918	5,392	5,694

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	1.8x	1.4x	1.7x	1.6x	1.6x
Asset Replacement Ratio	1.1x	1.5x	1.7x	1.5x	1.4x
Tax Rate	21.4%	21.6%	22.0%	23.0%	23.0%
Net Debt-to-Equity Ratio	-0.5%	-7.9%	-6.1%	-5.6%	-6.0%
Interest Cover	34.3x	NM	NM	NM	NM

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	14,798	22,796	17,411	18,040	18,566
% Change	103.0%	54.0%	-23.6%	3.6%	2.9%
Gross Profit	NA	NA	NA	NA	NA
% Change	NA	NA	NA	NA	NA
EBITDA	9,962	13,666	13,087	12,731	13,040
% Change	231.8%	37.2%	-4.2%	-2.7%	2.4%
Net Interest & Other Income	(169)	(63)	86	133	134
Net Income (Adjusted)	5,022	7,864	6,989	6,888	6,966
% Change	874.3%	56.6%	-11.1%	-1.5%	1.1%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	4,664	7,760	7,423	6,888	6,966
Depreciation & Amortization	3,651	3,542	3,476	3,749	3,957
Change in Working Capital	0	(1,159)	0	0	0
Deferred Taxation Charge	(122)	(61)	511	103	104
Other Adjustments, Net	602	1,012	314	344	344
Capital Expenditure	(4,000)	(5,437)	(5,806)	(5,692)	(5,677)
Free Cash Flow	4,795	5,657	5,918	5,392	5,694
% Change	253.6%	18.0%	4.6%	-8.9%	5.6%
Share / Issue Repurchase	(41)	(118)	(728)	0	0
Cost of Dividends Paid	(2,684)	(5,148)	(3,234)	(5,438)	(5,474)
Change in Debt	(750)	0	(1,250)	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	5,209	5,972	5,534	5,488	5,707
Trade Receivables	2,335	2,425	2,927	2,927	2,927
Other Current Assets	1,040	1,040	2,005	2,005	2,005
Property, Plant & Equipment	28,426	30,897	32,220	33,959	35,474
Other Non-Current Assets	1,226	1,226	1,666	1,666	1,666
Total Assets	38,236	41,560	44,352	46,044	47,780
Short-Term Debt	37	223	34	34	34
Other Current Liabilities	4,005	3,344	4,191	4,191	4,191
Long-Term Debt	5,072	3,795	3,772	3,772	3,772
Other Non-Current Liabilities	6,942	9,419	7,919	8,022	8,126
Total Liabilities	16,056	16,781	15,916	16,019	16,123
Total Equity	22,180	24,779	28,436	30,025	31,657
Total Equity & Liabilities	38,236	41,560	44,352	46,044	47,780

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

Company Sector

Oil & Gas Producers

Company Description

EOG Resources, Inc. explores, develops, produces, and markets natural gas and crude oil. The Company operates in major producing basins in the United States, Canada, Trinidad, the United Kingdom North Sea, China, and from time to time select other international areas.

Investment Rationale

Our Neutral rating on EOG reflects limited upside risk of a production mix to more gas weighted

Stock Data

Average Daily Volume 3,129,082

Quarterly Earnings Estimates

	2022	2023
Q1	4.01A	2.69A
Q2	2.75A	2.49A
Q3	3.71A	3.44A
Q4	3.30A	3.12E

3Q23 earnings summary

Strategy may be out of step

With a solid, if uneventful quarter on headline earnings and cashflow, characterized by another quarter of solid operating performance, we see investor focus on year-end on an outlook for 2024, that may be out of step with investors.

- Spending is up slightly (from \$6bn on '23 to \$6.2bn in '24) but includes a bigger share of 'strategic infrastructure' spending, with direct drilling, completion & exploration spending down slightly.
- EOG's domestic rig count which drops 4 to 24 and is still dominated by the Permian and with a similar number of completions (~600) reflecting continued efficiency gains.

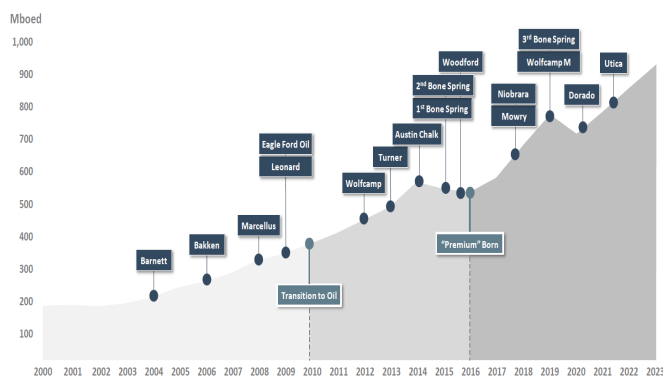
However, where it may be out of step is that the output is growth in oil production, of ~3% but of 7% total, which implies natural gas remains the primary driver of EOG's growth in 2024. While management has cut rigs at its Dorado dry gas play in half, the completion count is only slightly lower (25 vs 28) while at the Utica combo play, completion quadruple from 6 to 20.

By our estimates the output is exit / exit growth in US natural gas of ~10%, adding 200mmcf/d onto the worst domestic natural gas price in a decade.

Management's focus has been and remains on wellhead returns - what it used to refer to as a 'Double Premium' inventory of drilling locations, but which has been supplanted by a reference to >10bn boe of onshore resource (excludes the Utica). At 2024 production guidance of 1.01mm - 1.09mm boepd, this simplistically implies a theoretical backlog of >25 years of drilling inventory. But a glance at the underlying portfolio mix shows mature oil weighted basins that anchored its pivot from gas in 2015 being back filled by gas weighted assets in the Texas Dorado and Utica plays.

Exhibit 1: EOG plays benchmarked by daily production contribution

The premium born transition shifts to gassier assets in El Dorado and Utica combo play

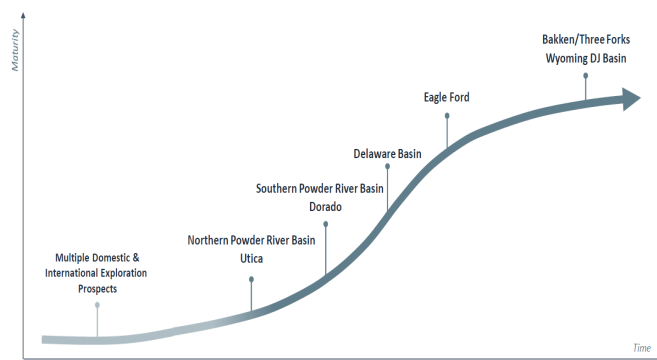


Source: Company Data

BofA GLOBAL RESEARCH

Exhibit 2: Life Cycle of EOGs self-described Premium portfolio

Exploration has defined EOGs organic growth; defines the shift to gassier assets



Source: Company Data

BofA GLOBAL RESEARCH

But our estimates this drives a shift in EOG's prospective production mix from 27% gas in 2023 to 32% within five years and dilutes incremental cash margins / boe.

3-year FcF outlook calibrates value

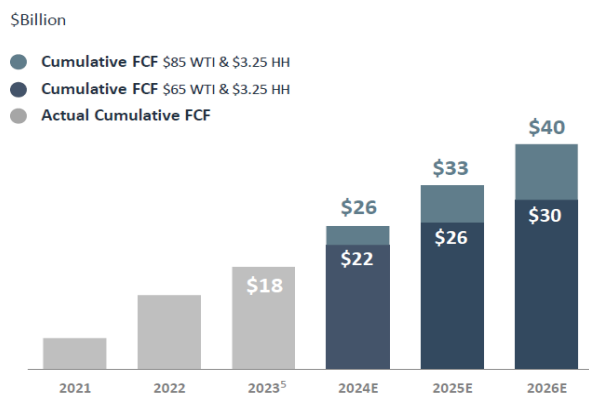
New this quarter is a 'soft' outlook for cum FcF for 2024-26 that expands from \$18bn between 2021-23 by an incremental \$17bn at an average \$75 WTI / \$3.25 HH gas. But from our standpoint, one takeaway is that a cadence that has \$6bn / \$5.5bn / \$5.5bn in each of the next 3 years means absolute growth in production does not translate to FcF growth, but likely a higher sustaining capital beyond the \$4.2bn - \$4.8bn offered



previously at exit 2023 levels.

Exhibit 3: Cumulative cashflow sensitivity through 2026

Exit cum '23 FCF sees incremental growth of \$6bn / \$5.5bn / \$5.5bn through 2026



Source: Company Report

BofA GLOBAL RESEARCH

Combining EOG's deep inventory with offered FcF capacity, we suggest a simple annuity analysis net of zero net debt (\$1.5bn net cash) would put the shares near fair value (simplistically, \$5.6bn / 8.0% WACC = \$70bn). Assuming sustaining capital drops back to stabilize production at some point, we get to our \$140/sh PO. But the rate of change in FcF growth and capital efficiency that has previously differentiated EOG's investment case looks less compelling versus oil weighted peers and particularly those peers that have reloaded oil depth.

On the margin we wonder if in the eyes of investors, EOG is the biggest casualty of the potential combination of Diamondback and Endeavor, noting M&A as a strategy has been largely dismissed in favor of organic exploration, that has delivered the Utica and Dorada as EOG's next area of focus. Our rating is Neutral, we review an in-line quarterly results in this note.

Earnings recap

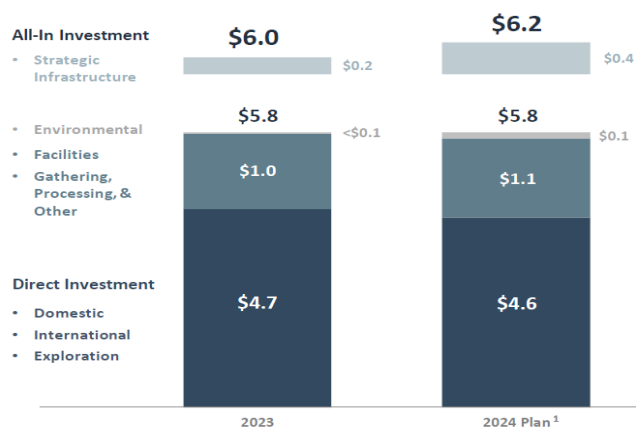
By our assessment EOG's adjusted earnings of \$3.07/sh and cash flow were effectively in line with expectations (BofA \$3.12 / Street \$3.02). Cashflow before w/c of \$2.99bn compares with consensus of Street \$3.05bn).

At the operating level oil production of 485.2mm boepd was ahead of the midpoint of guidance (483.5mm boepd); total production 1.03mm boepd also beat guidance on higher natural gas production. Capex also matched guidance (\$1.51bn vs \$1.5bn), leaving free cashflow of \$1,480mm. Notable is that FcF of \$1.5bn before working capital covered dividends of \$479mm an \$866mm 'special' dividend and \$300mm share buybacks. Note that FY buy backs of ~\$971mm compares with a special dividend paid of \$1.5bn, but a step in the right direction in our view to recognizing the enduring benefit of reducing its share count versus the negative impact of non-recurring special dividend payments, in our view (higher net debt, lower forward FcF for a finite inventory business).

2024 spending guidance screens high with \$6.0 - \$6.4bn ahead of Street consensus of \$6.06bn and FY23 (\$6.0bn), despite lower 40 fewer wells (600 vs 640), as 'strategic infrastructure' ramps up to accommodate South Texas and Delaware Gas production (Verde pipeline, Janus gas plant). While 2024's oil guide is a slightly below street expectations (485-491 vs Street 499mbd) it is the strong gas growth (10% 4Q23 to 4Q24) that we expect will be disliked by the market given the current gas price outlook. EOG has continued to lock in premium (export) market exposure, via prospective LNG demand - but much of this is longer dated.

Exhibit 4: 2024 budget grows to \$6.2bn, driven by strategic infrastructure investments

All other spending remains relatively in line Y/Y

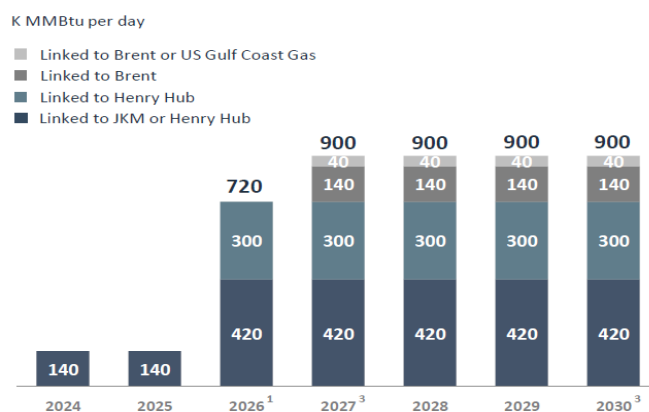


Source: Company Data

BofA GLOBAL RESEARCH

Exhibit 5: Gas sales agreements show a well diversified marketing portfolio

Largely controlled by Henry Hub and JKM



Source: Company Data

BofA GLOBAL RESEARCH

4Q23 Earnings summary

Table below reflects actual earnings versus BofA estimates as well as how it compares q/q and y/y/:

Exhibit 1: EOG Earnings Variance

Y/Y and Q/Q Comparison (\$ in Millions, except in per share data)

Segment Earnings	4Q23E	4Q23E	4Q22A	YOY	3Q23A	QOQ
Total Rev & Non-Op Inc	6,357	4,622	6,719	-31%	6,212	-26%
Production Expenses	(378)	(376)	(354)	6%	(369)	2%
DD&A	(930)	(914)	(878)	4%	(898)	2%
Income Tax Expense	(547)	(543)	(582)	-7%	(543)	0%
Other Income / Expenses	(2,309)	(972)	(2,292)	-58%	(2,349)	-59%
Net Income (Adjusted)	1,783	1,817	1,941	-6%	2,007	-9%
Special Items	(205)	-	(336)	-100%	(23)	-100%
Net Income (Reported)	1,988	1,817	2,277	-20%	2,030	-10%
Earnings (Adjusted)	3.07	3.12	3.30	-6%	3.44	-9%
Earnings (Reported)	3.42	3.12	3.87	-19%	3.48	-10%
Dividend	2.05	2.05	2.33	-12%	2.33	-12%

Source: BofA Global Research; Company data

BofA GLOBAL RESEARCH

Earnings estimates updated for 4Q23 actual results & consensus:

Exhibit 2: EOG Earnings Estimates

Estimates updated for 4Q23 actual results & consensus estimates

	Q1	Q2	Q3	Q4	FY	BBG Consensus
2022A	4.01	2.75	3.71	3.30	13.39	13.81
2023E	2.69	2.49	3.44	3.07	11.99	11.91
Previous	2.69	2.49	3.44	3.12	11.96	n/a
2024E	2.34	2.71	2.79	2.57	10.42	11.87
Previous	2.73	3.09	3.14	2.86	11.81	n/a
2025E	2.57	2.68	2.77	2.66	10.68	12.30
Previous	2.87	2.99	3.10	2.99	11.95	n/a

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Price objective basis & risk

EOG Resources (EOG)

Our price objective of \$140/sh assumes ex growth discounted cash flow value, which assumes \$75 Brent and \$70 West Texas Intermediate (WTI) long term. We also assume long-term Henry Hub natural gas as \$4.00. We apply a long-term (post-tax) weighted average cost of capital (WACC) of 8.2%, which is based on the BofA strategy team's assumed risk premium and a five-year monthly beta.

The risks to our price objective are (1) the oil and gas price and margin environment, (2) significant delays to the new upstream projects critical to its production targets, and (3) inability to capture the price environment due to cost pressures (opex, capex, and taxation). Upside risks to our price objective are higher oil & gas prices.

Analyst Certification

I, Doug Leggate, 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 - Large Cap Oils Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	APA Corporation	APA	APA US	Doug Leggate
	Canadian Natural Resources	YCNQ	CNQ CN	Doug Leggate
	Canadian Natural Resources	CNQ	CNQ US	Doug Leggate
	Chesapeake Energy	CHK	CHK US	Doug Leggate
	Chevron Corp.	CVX	CVX US	Doug Leggate
	ConocoPhillips	COP	COP US	Doug Leggate
	Coterra Energy Inc	CTRA	CTRA US	Doug Leggate
	EQT Corporation	EQT	EQT US	John H. Abbott
	ExxonMobil Corp.	XOM	XOM US	Doug Leggate
	Granite Ridge Resources, Inc	GRNT	GRNT US	John H. Abbott
	Imperial Oil	IMO	IMO US	Doug Leggate
	Imperial Oil	YIMO	IMO CN	Doug Leggate
	Kimbell Royalty Partners	KRP	KRP US	John H. Abbott
	Occidental Petroleum Corp.	OXY	OXY US	Doug Leggate
	Ovintiv Inc	YOVV	OVV CN	Doug Leggate
	Ovintiv Inc	OVV	OVV US	Doug Leggate
	Range Resources Corp	RRC	RRC US	Doug Leggate
	Suncor	YSU	SU CN	Doug Leggate
	Suncor	SU	SU US	Doug Leggate
NEUTRAL				
	California Resources Corporation	CRC	CRC US	Kalei Akamine
	CNX Resources	CNX	CNX US	John H. Abbott
	Delek US Holdings, Inc.	DK	DK US	Doug Leggate
	Devon Energy Corp.	DVN	DVN US	Doug Leggate
	Diamondback Energy Inc.	FANG	FANG US	Doug Leggate
	EOG Resources	EOG	EOG US	Doug Leggate
	Gulfport Energy Corporation	GPOR	GPOR US	Doug Leggate
	HF Sinclair Corporation	DINO	DINO US	Doug Leggate
	Marathon Petroleum Company	MPC	MPC US	Doug Leggate
	PBF Energy	PBF	PBF US	Doug Leggate
	Permian Resources Corporation	PR	PR US	Doug Leggate
	Phillips 66	PSX	PSX US	Doug Leggate
	Valero Energy Corp.	VLO	VLO US	Doug Leggate
UNDERPERFORM				
	Chord Energy Corporation	CHRD	CHRD US	John H. Abbott
	Crescent Energy Company	CRGY	CRGY US	John H. Abbott
	Marathon Oil Corp.	MRO	MRO US	Doug Leggate



US - Large Cap Oils Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	National Fuel Gas Company	NFG	NFG US	John H. Abbott
	Northern Oil and Gas	NOG	NOG US	John H. Abbott
	Vital Energy Inc	VTLE	VTLE US	John H. Abbott
RSTR				
	Pioneer Natural Resources	PXD	PXD US	Doug Leggate

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 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.

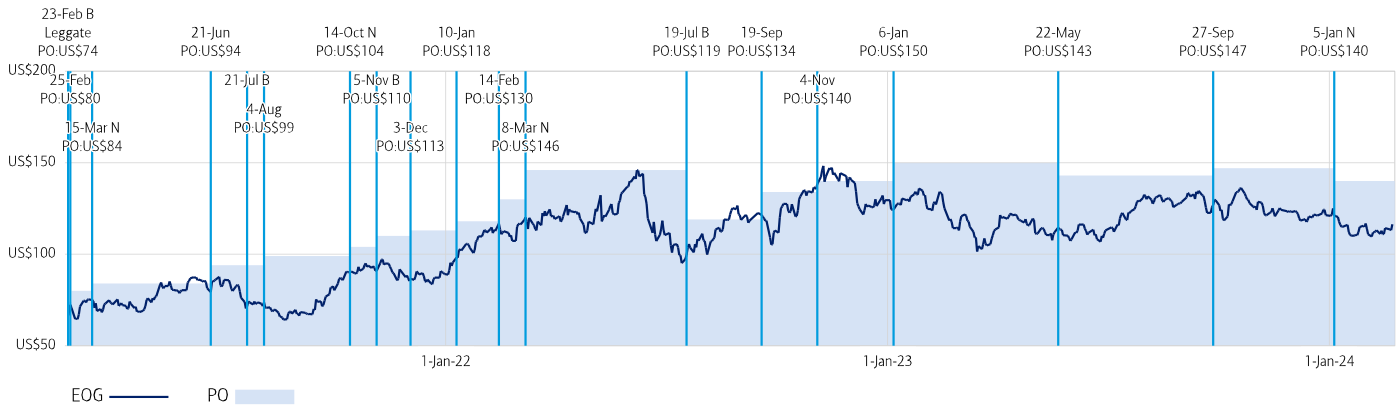
iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

iQprofileSM, iQmethodSM are service marks of Bank of America Corporation. iQdatabase[®] is a registered service mark of Bank of America Corporation.

Disclosures

Important Disclosures

EOG Resources (EOG) 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: Energy Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	83	61.48%	Buy	64	77.11%
Hold	28	20.74%	Hold	21	75.00%
Sell	24	17.78%	Sell	18	75.00%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	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%

^{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.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: EOG Resources.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: EOG Resources.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: EOG Resources.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: EOG Resources.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: EOG Resources.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: EOG Resources.

BofAS together with its affiliates beneficially owns one percent or more of the common stock of this issuer. If this report was issued on or after the 9th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 9th day of a month reflect the ownership position at the end of the second month preceding the date of



the report: EOG Resources.

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

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: EOG Resources.

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 BofAS 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 Canadian Investment Regulatory Organization; 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 2024 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 or 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.

