

SunPower Corp.

New lease on life: SPWR secures liquidity stopgap, but dilution costly with downside

Maintain Rating: UNDERPERFORM | PO: 2.50 USD | Price: 4.28 USD

A going concern, but we have ongoing concerns

We maintain our Underperform rating on shares of residential solar focused company SunPower (SPWR). Following SPWR's capital financing announcement and 4Q23 earnings, we remain concerned that potential dilution remains underappreciated in the stock's valuation. The first tranche of \$80Mn new financing with sponsor Sol Holding reduces near-term liquidity concerns, an incremental positive to the story albeit at a high cost of 41.8Mn warrants (19% dilutive). However, we now see negative cash flow generation in 2024 and nominally positive operating free cash flow in 2025 potentially creating a further liquidity issue that could require SPWR to tap the second \$50Mn tranche (30% combined dilution). We expect the pace of working capital unwind to support cash generation could be bumpy in 2024 and into 2025, considering the quantum of potential cash outflows relating to suppliers and dealers against modest cash generation and ~\$85Mn inventory normalization.

Forward guide reset with 4Q23; focus on the cash

We see management's shift of guidance focus toward gross margin and cash flow as tacit acknowledgement that difficult residential solar demand dynamics could persist, necessitating a lean mindset until broader macro headwinds soften. Lack of disclosure for customer additions and adjusted EBITDA a further indication of caution. We reduce estimates across the board, though we still see gross margin 2-4ppts above consensus through the planning period given visibility to equipment cost out. We layer in some conservatism in our higher opex assumptions for lower leverage given weaker customer demand, with our EBITDA estimates scaling down below consensus through 2027. Our free cash flow estimates of -\$15Mn in 2024 and \$37Mn in 2025 indicate potential need for further capital infusion in the event working capital unwind underwhelms.

PO to \$2.50/share, lower estimates and higher share count

With lower estimates and dilution for the first tranche of capital financing from sponsor Sol Holdings, we reduce our PO to \$2.50/sh from \$3.50/sh. We continue to use a SOTP comprised of DevCo cash flows discounted at 18% (in line with the average DevCo discount rates we apply to peers Sunrun and Sunnova), retained value in Sunstrong for PowerCo, and net cash. See investor attention shifting to 2025 FCF, where pace of resi solar demand recovery will be a key determinant to incremental liquidity needs and future dilution.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	(0.21)	0.29	(1.41)	(0.77)	(0.62)
GAAP EPS	(0.21)	0.30	(1.42)	(0.77)	(0.62)
EPS Change (YoY)	NM	NM	NM	45.4%	19.5%
Consensus EPS (Bloomberg)			(0.63)	(0.30)	0.06
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	14.8x	NM	NM	NM
GAAP P/E	NM	14.3x	NM	NM	NM
EV / EBITDA*	21.5x	10.0x	NM	78.2x	17.4x
Free Cash Flow Yield*	-2.2%	-30.6%	-26.9%	-1.1%	-10.9%

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

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Timestamp: 16 February 2024 06:45AM EST

16 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	3.50	2.50
2023E Rev (m)	1,682.6	1,685.2
2024E Rev (m)	1,258.6	1,248.5
2025E Rev (m)	1,422.8	1,404.0
2023E EPS	-0.71	-1.41
2024E EPS	-0.33	-0.77
2025E EPS	-0.12	-0.62

Julien Dumoulin-Smith

Research Analyst
BofAS
+1 646 855 5855
julien.dumoulin-smith@bofa.com

Paul Zimbardo

Research Analyst
BofAS
+1 646 855 1470

Tanner W. James, CFA

Research Analyst
BofAS
+1 646 855 2689
tanner.w.james@bofa.com

Stock Data

Price	4.28 USD
Price Objective	2.50 USD
Date Established	16-Feb-2024
Investment Opinion	C-3-9
52-Week Range	2.74 USD - 18.15 USD
Mrkt Val (mn) / Shares Out (mn)	751 USD / 175.4
Free Float	48.7%
Average Daily Value (mn)	37.48 USD
BofA Ticker / Exchange	SPWR / NAS
Bloomberg / Reuters	SPWR US / SPWR.OQ
ROE (2023E)	-57.4%
Net Dbt to Eqty (Dec-2022A)	6.7%
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"](#).

iQprofileSM SunPower Corp.

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	-2.1%	-0.4%	-17.5%	-11.8%	-6.6%
Return on Equity	-9.5%	10.7%	-57.4%	-52.7%	-48.5%
Operating Margin	-2.1%	-2.0%	-11.4%	-9.5%	-5.4%
Free Cash Flow	(16)	(230)	(202)	(8)	(82)

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	NM	-3.6x	NM	NM	NM
Asset Replacement Ratio	1.3x	1.4x	0.9x	0.5x	0.5x
Tax Rate	NM	NM	NM	8.8%	8.8%
Net Debt-to-Equity Ratio	-18.7%	6.7%	83.7%	90.9%	103.7%
Interest Cover	-0.9x	-0.4x	-6.6x	-3.6x	-1.5x

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	1,323	1,714	1,685	1,249	1,404
% Change	17.7%	29.5%	-1.7%	-25.9%	12.4%
Gross Profit	222	367	238	240	298
% Change	32.6%	65.4%	-35.0%	0.9%	23.9%
EBITDA	54	116	(84)	15	67
% Change	33.9%	113.8%	NM	NM	348.4%
Net Interest & Other Income	(5)	97	(38)	(33)	(51)
Net Income (Adjusted)	(37)	50	(247)	(139)	(115)
% Change	NM	NM	NM	43.9%	16.7%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	(38)	99	(228)	(139)	(115)
Depreciation & Amortization	12	35	58	60	63
Change in Working Capital	0	(175)	(17)	74	(26)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	25	(139)	35	26	26
Capital Expenditure	(15)	(49)	(50)	(30)	(30)
Free Cash Flow	-16	-230	-202	-8	-82
% Change	91.9%	NM	12.0%	96.0%	-913.1%
Share / Issue Repurchase	3	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(29)	(36)	263	106	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	497	388	88	196	114
Trade Receivables	127	170	170	178	192
Other Current Assets	450	695	571	476	462
Property, Plant & Equipment	35	76	108	285	378
Other Non-Current Assets	446	435	410	401	401
Total Assets	1,555	1,764	1,347	1,536	1,547
Short-Term Debt	0	425	344	0	0
Other Current Liabilities	506	627	540	526	501
Long-Term Debt	424	0	0	509	509
Other Non-Current Liabilities	235	156	156	156	156
Total Liabilities	1,165	1,208	1,040	1,191	1,166
Total Equity	390	556	307	344	381
Total Equity & Liabilities	1,555	1,764	1,347	1,536	1,547

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

Company Sector

Alternative Energy

Company Description

SunPower Corporation (NASDAQ: SPWR) sells and installs solar panels for residential customers. Total SA, one of the largest integrated oil and gas companies in the world, owns 57% of SunPower.

Investment Rationale

Our Underperform rating is hinged to significant dilution expected with recent financing announced to restore liquidity. See continued liquidity issues through 2026 and could expect incremental dilution. We stress that SPWR is seeing headwinds on both a gross margin and volumetric basis that, despite modest improvement to cost structure, could face structural headwinds for the foreseeable future.

Stock Data

Average Daily Volume

8,757,977

Quarterly Earnings Estimates

	2022	2023
Q1	-0.19A	-0.31A
Q2	-0.36A	-0.18A
Q3	0.72A	-0.20A
Q4	0.04A	-0.71E

Financing agreement an expensive lifeline

On Thursday morning, SunPower announced it had raised \$175Mn in capital financing via term loan and revolving credit with sponsor Sol Holding, though the agreement features heavy potential dilution through issuance of 42mn penny warrants with a trigger for 33mn incremental if a second tranche of borrowing is required (warrants highly dilutive given 175Mn shares outstanding). Additionally, the second lien bears a 13% interest rate if paid in cash or 15% if paid in kind. SPWR also obtained new long-term waivers from its financial partners, resolving immediate insolvency concerns, though new credit covenants effective March 31, 2025 pose a meaningful obstacle in the event EBITDA does not improve in the back half of 2024. This announcement preceded the company's 4Q23 earnings print and conference call, in which SPWR withdrew guidance for customer growth and adjusted EBITDA in 2024 and delayed FCF breakeven to 2025.

4Q23 earnings took the backseat, guidance cautious

Below we provide our updated estimates following 4Q23 earnings, which generally came in below consensus, though management ascribes the -\$48Mn delta between adjusted EBITDA and guidance to restatement impacts and one-time items. SPWR added 16,000 customers in 4Q23, and is not providing customer addition guidance for FY24 at this time given the uncertain market conditions and focus on profitability and cash generation. Management targets 17-19% gross margin in 2024, with the top end of the range meeting our prior estimate, with gross margin scaling to 20%+ in 2025. We still see a line of sight to gross margin reaching the mid-20% toward the back half of the decade. Our gross profit estimates generally lead that of consensus. Free cash flow is projected to be positive in 2H24 and for FY25, reflected in our estimates below. In exhibit 2, we detail our assumptions for the cash flow statement. Note the difference between free cash flow used in valuation and that measured from cash flow statement line items. Our valuation methodology attempts to strip out the volatility associated with working capital items.

Exhibit 1: SPWR updated guidance

Lower estimates yet again for weaker resi solar demand

	2023A	1Q24	2Q24	3Q24	4Q24	2024E	2025E	2026E	2027E	2028E
Key KPIs										
MW (All Residential)										
BofA	525	105	105	111	100	421	466	544	623	716
SPWR Guidance						Withheld	Withheld			
Memo: BofA Previous	529	109	108	110	98	424	466	547	629	724
% Change	-1%	-4%	-2%	1%	2%	-1%	0%	-1%	-1%	-1%
Revenue (\$mm)										
BofA	1,690	288	301	339	320	1,249	1,404	1,597	1,784	2,007
Consensus (BBG)	1,695	359	387	422	420	1,593	1,815	1,806	1,734	0
Memo: BofA Previous	1,683	309	315	336	299	1,259	1,423	1,634	1,833	2,061
% Change	0%	-7%	-5%	1%	7%	-1%	-1%	-2%	-3%	-3%
Gross Margins (%)										
BofA	15%	18%	18%	19%	22%	19%	21%	22%	23%	24%
SPWR Guidance						17-19%	>20%			
Consensus (BBG)	19%	15%	16%	17%	18%	16%	20%	20%	20%	20%
Memo: BofA Previous	16%	18%	18%	19%	21%	19%	22%	23%	24%	24%
% Change	-8%	-2%	-2%	0%	2%	0%	-4%	-4%	-4%	-4%
EBITDA (\$mm)										
BofA	(84)	(5)	4	7	10	15	67	105	132	167
Consensus (BBG)	(32)	(5)	3	13	17	24	91	126	137	159
Memo: BofA Previous	(39)	4	9	15	25	53	89	135	169	210
% Change	115%	-215%	-59%	-55%	-60%	-72%	-25%	-22%	-22%	-20%
Free Cash Flow (EBITDA - Capex)										
BofA	(144)	(13)	(4)	(1)	2	(15)	37	85	117	152
SPWR Guidance						Positive 2H24	Positive			
Memo: BofA Previous	(57)					18	59	115	154	195
% Change										

Exhibit 1: SPWR updated guidance

Lower estimates yet again for weaker resi solar demand

	2023A	1Q24	2Q24	3Q24	4Q24	2024E	2025E	2026E	2027E	2028E
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Source: BofA Global Research, Company filings, Bloomberg, Visible Alpha

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SunPower Financial had a strong quarter, with 73% lease mix of originated volume, nearly the inverse of 26% in the prior-year quarter, as demand for leases has fared comparatively better than that of loans in the higher interest rate environment. Lease and loan attach rate in 4Q23 was 65% for SunPower Financial in 4Q23; the company's ongoing target is 65-75% in 2025.

Exhibit 2: SPWR Cash Flow Statement

Cash flow generation not linear through planning period; valuation focus on FCF proxy (operating EBITDA – Capex)

Cash Flow Statement	2023E	2024E	2025E	2026E	2027E	2028E
<u>Operating Activities</u>						
GAAP Net Income (Loss)	(247)	(139)	(115)	(57)	(37)	(12)
Adjustments:						
Depreciation and Amortization	58	60	63	65	67	69
Stock Based Comp	26	26	26	26	26	26
Other	28	0	0	0	0	0
Changes in WC:						
Accounts Receivable	(7)	(8)	(15)	(26)	(26)	(31)
Inventories	35	95	14	(19)	(18)	(22)
Accounts Payable And Other Accrued Liabilities	(23)	(13)	(25)	23	22	26
Other	(23)	0	0	0	0	0
Net Cash From Operating Activities	(152)	22	(52)	12	34	58
FFO	(135)	(52)	(26)	34	56	84
<u>Investing Activities</u>						
Acquisition Of Property And Equipment	(50)	(30)	(30)	(20)	(15)	(15)
Software development cost	(6)					
Guidance						
Cash paid for solar power systems						
Acquisitions/Disposals Of Investments	73	0	0	0	0	0
Proceeds From Sale Of Property And Equipment	0	0	0	0	0	0
Solar Systems Leased, To Be Leased						
Other	0	0	0	0	0	0
Sale of 8Point3 Interest	0	0	0	0	0	0
Net Cash From Investing Activities	16	(30)	(30)	(20)	(15)	(15)
<u>Financing Activities</u>						
Change In Debt	263	106				
Proceeds From Issuance Of Shares	0		0	0	0	0
Securitization	0	0	0	0	0	0
Net Proceeds From Residential Lease Financing						
Proceeds from issuance of non-recourse pp financing						
Cash Paid for repurchase of convert	-425					
Repayment Of Residential Lease Financing	-4	0	0	0	0	0
Contributions From Non-Controlling Interests	0	0	0	0	0	0
Distributions To Noncontrolling Interests	0	0	0	0	0	0
Proceeds From Sale-Leaseback Financing	0	0	0	0	0	0
Repayment Of Sale Lease-Back Financing	0	0	0	0	0	0
Other	-6	0	0	0	0	0
Net Cash From Financing Activities	-172	106	0	0	0	0
Effect Of Foreign Exchange Rate Change	0	0	0	0	0	0
Increase (Decrease) In Cash And Cash Equivalents	(308)	98	(82)	(8)	19	43
Cash And Cash Equivalent - Beginning	406	98	196	114	106	125
Cash And Cash Equivalent - Ending	98	196	114	106	125	168
Free Cash Flow (CFO - PP&E)	(202)	(8)	(82)	(8)	19	43

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

Exhibit 2: SPWR Cash Flow Statement

Cash flow generation not linear through planning period; valuation focus on FCF proxy (operating EBITDA – Capex)

Cash Flow Statement	2023E	2024E	2025E	2026E	2027E	2028E
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BofA GLOBAL RESEARCH

Valuation: method unchanged, lower estimates, lower PO

We reduce our PO to \$2.50/share from \$3.50/share prior, reflecting lower discounted future cash flows from weaker residential solar volumes and 41.8Mn incremental shares implied from 41.8Mn warrants exercisable by Sol Holdings. We discount DevCo cash flows at 18%, which remains unchanged from our prior assessments. While some may point to the abatement of bankruptcy as a factor in reducing the discount rate, we still see liquidity to be a potential ongoing issue in 2025 and 2026, as outlined in our cash flow statement above. We do not model a linear CAGR to free cash flow generation, and given negative free cash flow in 2024 and modest generation in 2025, we see potential risk when TTM EBITDA covenants begin coming effective starting March 2025.

We still see unfavorable risk/reward given the significant dilution and limited visibility to upside catalysts for residential solar through the first half of 2024. We had contemplated sponsor-sourced equity financing as a necessity given lack of access to capital markets, but stated terms were much more dilutive than we anticipated. This would be exacerbated if the second tranche outlined in the financing agreement were to be tapped.

Exhibit 3: SPWR Valuation

PO to \$2.50; higher share count, lower FCF estimates

SPWR Valuation

Discount Rate	18%						
SPWR DevCo Valuation	2024	2025	2026	2027	2028	2029	2030
FCF Estimates	(15)	37	85	117	152	194	234
Stock Based Compensation	26	26	26	26	26	26	26
Adjusted FcF	(41)	11	59	91	126	168	208
NPV at 18% Discount Rate	(35)	8	36	47	55	62	65
Terminal Value at 6.0x Post-ITC '29	392						
SPWR DevCo Value	630						

SPWR PowerCo Valuation

SPWR Share of Net Retained Value in HASI Sunstrong JV	270	a
Contracted Value Portion - 30%	81	b = 30% x a
Renewal Value Portion - 70%	189	c = 70% x a
Renewal Credit (20%)	38	d = 20% x c
SPWR PowerCo Value	119	e = b + d

4Q23 Cash and Restricted Cash	\$98
Net Cash (Debt) + Liabilities	(\$255)
PowerCo Value	\$119
Net Cash (Debt) + Liabilities	(\$255)
Equity Value	\$493
Shares Outstanding	217
Total SPWR Equity Value (\$/Sh)	2.50
Total Potential Return (as of 2/16/24)	(41%)
Current SPWR Share Price	4.27

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

BofA GLOBAL RESEARCH



Price objective basis & risk

SunPower Corp. (SPWR)

Our \$2.50/sh PO is based on a combination of SOTP and NPV. For future growth assets we use a DCF based on FCF to equity ests from '23 to '29. We apply a 6x terminal value multiple and a 18% discount rate, in-line with our approach for resi solar peers which reflects recent market volatility and higher execution risk on long term growth. We add back the net cash position, and value for contracted assets in SPWR's joint venture financing partnership, SunStrong. On SunStrong, we include 20% credit for renewal value stake.

Upside risks 1) better than expected pricing environment, 2) improving margins/cost structure, 3) declining input costs., 4) better than downstream planned sys biz expansion, and 5) reduced customer acquisition costs.

Downside risks 1) worse/declining price environment, 2) declining margins or worse than expected cost structure, 3) worsening liquidity position 4) worse Chinese/global demand environment, 5) worse execution on downstream systems biz, 6) tech fails to live up to expectations.

Analyst Certification

I, Julien Dumoulin-Smith, 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.

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	MDU Resources Group, Inc.	MDU	MDU US	Julien Dumoulin-Smith
	Nextracker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Energy Group	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Corp	VST	VST US	Julien Dumoulin-Smith

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
NEUTRAL				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Paul Zimbardo
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Paul Zimbardo
	AltaGas	YALA	ALA CN	Cameron Lochridge
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Emera Inc	YEMA	EMA CN	Julien Dumoulin-Smith
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Julien Dumoulin-Smith
	TransAlta Corporation	YTA	TA CN	Julien Dumoulin-Smith
UNDERPERFORM				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Julien Dumoulin-Smith
	Fortis Inc	FTS	FTS US	Julien Dumoulin-Smith
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith
RSTR				
	New Fortress Energy	NFE	NFE US	Cameron Lochridge



iQmethodSM 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 & 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

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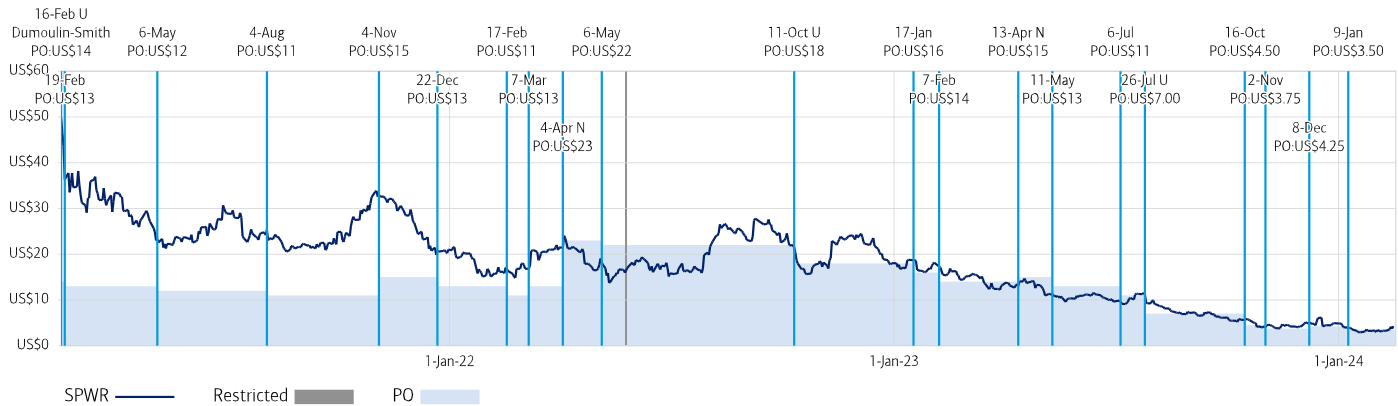
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SunPower Corp. (SPWR) Price Chart



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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	8	47.06%	Buy	8	100.00%
Hold	5	29.41%	Hold	3	60.00%
Sell	4	23.53%	Sell	1	25.00%

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.

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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.

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