

## Roblox Corp. Class A

## 4Q23 Result: impact of excellent execution underestimated by market, drives Q4 beat

Reiterate Rating: BUY | PO: 60.00 USD | Price: 44.83 USD

## Q4 bookings +25% YY surprises, due simply to execution

RBLX Y/Y bookings growth beat consensus estimates by a full 5pp, and was a full 2pp above the highest VA estimate. EBITDA margin was a 5pp higher than Street/BofA. The inclusion of Playstation, Quest VR, the Target gift card promo and 3D immersive advertising were minor factors in the beat, which was by-and-large driven by a continuation of the same trends in place in Q3. US/CAN DAUs grew an impressive 2.3mn Y/Y, while Europe grew 3.4mn. European monetization (bookings/hr) was a standout growing 13% Y/Y reflecting a continued trend of improving local content, search & discovery, and aging up. In short, RBLX is executing a game plan it drew up many quarters ago. We think the market has underestimated its ability to do so.

## CY24 top line guide &gt; buyside; EBITDA guide conservative

CY24 topline growth guidance of +18%-22% Y/Y is higher than anticipated by most investors we spoke with pre-print. We model +22% Y/Y, excluding significant impact from advertising, based on our confidence in RBLX's core business. Management's articulated forecasting approach appears sophisticated, and we expect to be accurate, with some conservatism built in to guard against downside risks to execution. CY24 EBITDA margin guidance of 13%-14% appears conservative, given management's new proficiency in execution, thus we model 14%. RBLX notably called out a surge in new brands engaged in Q4 bodes, which bodes well for 2H and CY25 advertising revenues.

## RBLX running a tight ship, a substantial shift in tone

Management described (1) a full implementation of dollar-based budgeting in 2023, (2) new operational measurement systems leading to faster reaction times, and (3) a more holistic approach to opportunity sizing and funding of new product initiatives, and (4) team ownership of cost metrics, such as cost to serve. Embedded in RBLX's EBITDA margin guidance is continued investment in talent and innovation to drive future waves of growth. Execution and guidance are indicators of a more seasoned management team, which should give new investors confidence, broadening participation.

## Reiterate Buy &amp; Raise PO to \$60, higher terminal multiple

Our PO is based on a DCF that assumes a 25x (vs 22x prior) terminal FCF multiple. We raise our terminal FCF multiple to reflect better execution in Q4 and going forward. The intraday price of \$45 implies RBLX trades at ~6x our CY25E sales estimates. We believe RBLX deserves a premium valuation because (see report) [it continues to outgrow social media peers](#).

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026
EPS	(1.57)	(1.88)	(2.08)	(1.89)	NA
EPS Change (YoY)	-78.4%	-19.7%	-10.6%	9.1%	NA
Consensus EPS (Bloomberg)			(1.43)	(1.20)	(1.03)
DPS	0	0	0	0	NA
<b>Valuation (Dec)</b>					
EV / EBITDA*	90.4x	74.6x	53.7x	36.9x	NA
Free Cash Flow Yield*	-0.2%	0.5%	1.3%	2.3%	NA

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 9.

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Timestamp: 07 February 2024 02:35PM EST

07 February 2024

## Equity

## Key Changes

(US\$)	Previous	Current
Price Obj.	54.00	60.00
2024E Rev (m)	4,179.5	4,280.0
2025E Rev (m)	5,057.2	5,178.8
2024E EPS	-2.06	-2.08
2025E EPS	-1.94	-1.89

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## Stock Data

Price	44.83 USD
Price Objective	60.00 USD
Date Established	7-Feb-2024
Investment Opinion	C-1-9
52-Week Range	24.88 USD - 47.65 USD
Mkt Val (mn) / Shares Out (mn)	30,215 USD / 674.0
Free Float	85.7%
Average Daily Value (mn)	299.68 USD
BofA Ticker / Exchange	RBLX / NYS
Bloomberg / Reuters	RBLX US / RBLX.N
ROE (2024E)	NA
Net Dbt to Eqty (Dec-2023A)	-988.4%
ESGMeter <sup>TM</sup>	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".

## Acronyms:

VA: Visible Alpha

US/CAN: US &amp; Canada

DAU: Daily active users

# iQprofile<sup>SM</sup> Roblox Corp. Class A

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026
Return on Capital Employed	7.2%	8.7%	11.5%	21.8%	NA
Return on Equity	-210.1%	-633.2%	NM	NM	NA
Operating Margin	7.4%	5.4%	8.8%	12.8%	NA
Free Cash Flow	(57)	138	379	686	NA

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026
Cash Realization Ratio	NM	NM	NM	NM	NA
Asset Replacement Ratio	3.3x	1.5x	0.8x	1.0x	NA
Tax Rate	NM	NM	NM	NM	NA
Net Debt-to-Equity Ratio	-976.1%	-988.4%	NM	NM	NA
Interest Cover	NM	NA	NA	NA	NA

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026
Sales	2,872	3,521	4,280	5,179	NA
% Change	5.4%	22.6%	21.6%	21.0%	NA
Gross Profit	1,599	1,991	2,423	2,942	NA
% Change	4.8%	24.5%	21.7%	21.4%	NA
EBITDA	356	432	600	872	NA
% Change	-47.1%	21.1%	38.9%	45.4%	NA
Net Interest & Other Income	(7)	101	6	6	NA
<b>Net Income (Adjusted)</b>	<b>(935)</b>	<b>(1,159)</b>	<b>(1,337)</b>	<b>(1,275)</b>	<b>NA</b>
<b>% Change</b>	<b>-78.4%</b>	<b>-23.9%</b>	<b>-15.4%</b>	<b>4.6%</b>	<b>NA</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026
Net Income from Cont Operations (GAAP)	(934)	(1,159)	(1,339)	(1,277)	NA
Depreciation & Amortization	130	208	223	208	NA
Change in Working Capital	513	507	671	840	NA
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	660	902	1,004	1,122	NA
Capital Expenditure	(426)	(321)	(180)	(207)	NA
<b>Free Cash Flow</b>	<b>-57</b>	<b>138</b>	<b>379</b>	<b>686</b>	<b>NA</b>
<b>% Change</b>	<b>NM</b>	<b>NM</b>	<b>175.8%</b>	<b>80.9%</b>	<b>NA</b>
Share / Issue Repurchase	46	48	0	0	NA
Cost of Dividends Paid	0	0	0	0	NA
Change in Debt	0	6	0	0	NA

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026
Cash & Equivalents	2,977	678	1,058	1,744	NA
Trade Receivables	379	506	629	780	NA
Other Current Assets	482	2,091	2,305	2,581	NA
Property, Plant & Equipment	592	695	675	695	NA
Other Non-Current Assets	945	2,197	2,200	2,200	NA
<b>Total Assets</b>	<b>5,375</b>	<b>6,168</b>	<b>6,867</b>	<b>8,000</b>	<b>NA</b>
Short-Term Debt	0	0	0	0	NA
Other Current Liabilities	2,481	3,052	4,064	5,331	NA
Long-Term Debt	0	0	0	0	NA
Other Non-Current Liabilities	2,590	3,047	3,047	3,047	NA
<b>Total Liabilities</b>	<b>5,070</b>	<b>6,099</b>	<b>7,111</b>	<b>8,378</b>	<b>NA</b>
<b>Total Equity</b>	<b>305</b>	<b>69</b>	<b>(244)</b>	<b>(378)</b>	<b>NA</b>
<b>Total Equity &amp; Liabilities</b>	<b>5,375</b>	<b>6,168</b>	<b>6,867</b>	<b>8,000</b>	<b>NA</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 9.

## Company Sector

PC Software

## Company Description

Roblox is one of the largest, fastest-growing platforms for co-experiences across console, PC, and mobile. The consumer app enables users to communicate or explore a growing catalog of >20mn experiences. The Studio includes an editor and cloud services for any user to build content without any coding knowledge. All content on the RBLX platform is user-generated and RBLX generates revenue through the sale of virtual currency. RBLX is headquartered in San Mateo, California with 1600 employees.

## Investment Rationale

RBLX is the "Metaverse" category leader. We see an extended runway for mid-20% growth as users worldwide adopt Roblox's Metaverse, in a virtuous cycle that will draw developers, brands, and merchants to the platform. Roblox is not saddled with legacy media businesses that require transition to a Metaverse, and can thus allocate 100% of its resources toward maintaining Metaverse product leadership. Rapid productization of innovations could result in consistent upside to growth estimates.

## Stock Data

Average Daily Volume 6,684,889

## Quarterly Earnings Estimates

	2023	2024
Q1	-0.44A	-0.54E
Q2	-0.46A	-0.51E
Q3	-0.45A	-0.50E
Q4	-0.52A	-0.54E

# Review of Results – Actual vs Expected

## Exhibit 1: RBLX 23Q4 Results vs. BofA Estimates

Results vs. BofA estimates

(\$Mn)		4Q23A4Q23E			Y/Y Growth			Q/Q Growth		
					Variance (Abs.)	Variance %	Actual	Estimated	Variance %	Actual
Non-GAAP Income Statement										
Bookings	1,126.8	1,079.6	47.2	4.4%	25.3%	20.0%	5.2%	34.2%	28.6%	5.6%
COR	171.7	172.9	(1.2)	-0.7%	20.5%	21.4%	-0.8%	4.9%	5.7%	-0.7%
Developer Fees	221.8	237.5	(15.8)	-6.6%	21.8%	30.4%	-8.7%	29.9%	39.1%	-9.2%
Deferred COR	(77.8)	(57.1)	(20.7)	36.3%	48.1%	8.7%	39.4%	231.4%	143.2%	88.2%
Gross profit	655.6	612.2	43.4	7.1%	25.5%	17.2%	8.3%	36.1%	27.1%	9.0%
Infra, Trust & Safety	196.9	204.0	(7.1)	-3.5%	8.0%	11.9%	-3.9%	1.2%	4.9%	-3.7%
R&D	166.2	166.1	0.1	0.0%	28.4%	28.3%	0.1%	0.2%	0.1%	0.0%
G&A	64.9	65.3	(0.4)	-0.7%	24.3%	25.1%	-0.8%	-0.7%	0.0%	-0.7%
S&M	33.1	28.1	5.0	17.9%	44.1%	22.3%	21.8%	-0.3%	-15.4%	15.1%
Non-GAAP EBIT	194.6	148.6	45.9	30.9%	43.6%	9.7%	33.9%	755.8%	553.8%	202.0%
Adjusted EBITDA	259.6	198.0	61.7	31.2%	41.9%	8.2%	33.7%	220.3%	144.2%	76.1%
% of Bookings										
Cost of Revenue	22.1%	21.3%	84 bps	84 bps	0.5%	-0.4%	8 bps	-0.1%	-1.0%	8 bps
Developer Fees	19.7%	22.0%	-232 bps	-232 bps	-0.6%	1.8%	-23 bps	-0.7%	1.7%	-23 bps
Infra, Trust & Safety	17.5%	18.9%	-142 bps	-142 bps	-2.8%	-1.4%	-14 bps	-5.7%	-4.3%	-14 bps
R&D	14.8%	15.4%	-64 bps	-64 bps	0.4%	1.0%	-6 bps	-5.0%	-4.4%	-6 bps
G&A	5.8%	6.0%	-29 bps	-29 bps	0.0%	0.2%	-3 bps	-2.0%	-1.7%	-3 bps
S&M	2.9%	2.6%	34 bps	34 bps	0.4%	0.0%	3 bps	-1.0%	-1.4%	3 bps
Adj EBITDA margin	23.0%	18.3%	471 bps	471 bps	2.7%	-2.0%	47 bps	13.4%	8.7%	47 bps
Metrics										
DAUs										
Total	71.5	73.3	(1.8)	-2.4%	21.6%	24.6%	-3.0%	1.9%	4.4%	-2.5%
US & Canada	15.6	15.2	0.4	2.4%	17.3%	14.6%	2.7%	-0.6%	-3.0%	2.3%
Europe	20.0	21.4	(1.4)	-6.5%	20.5%	28.8%	-8.4%	5.8%	13.2%	-7.3%
APAC	17.2	15.9	1.3	8.3%	26.5%	16.7%	9.7%	6.2%	-2.0%	8.2%
ROW	18.7	20.8	(2.1)	-10.0%	22.2%	35.8%	-13.6%	-3.6%	7.1%	-10.7%
Hours per DAU (Daily Avg.)										
Total	2.36	2.32	0.04	1.6%	-0.5%	-2.0%	1.6%	-5.1%	-6.6%	1.5%
US & Canada	2.63	2.60	0.03	1.0%	-0.8%	-1.8%	1.0%	-7.9%	-8.8%	0.9%
Europe	2.30	2.25	0.05	2.3%	0.2%	-2.0%	2.3%	-5.8%	-8.0%	2.2%
APAC	2.34	2.30	0.04	1.6%	0.0%	-1.5%	1.5%	-1.7%	-3.2%	1.5%
ROW	2.21	2.20	0.01	0.3%	-1.0%	-1.3%	0.3%	-4.5%	-4.8%	0.3%
Avg. Bookings/Hour	\$0.073	\$0.069	\$0.004	5.3%	3.5%	-1.7%	5.2%	38.9%	31.9%	7.0%

Source: BofA Global Research, Company Reports

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# BofA Forecasts vs Street

## Exhibit 2: BofA Forecasts vs Street

We raise our FY24 estimates, now assuming ~22% Y/Y topline growth and 14% EBITDA margin, at the high end of management guidance

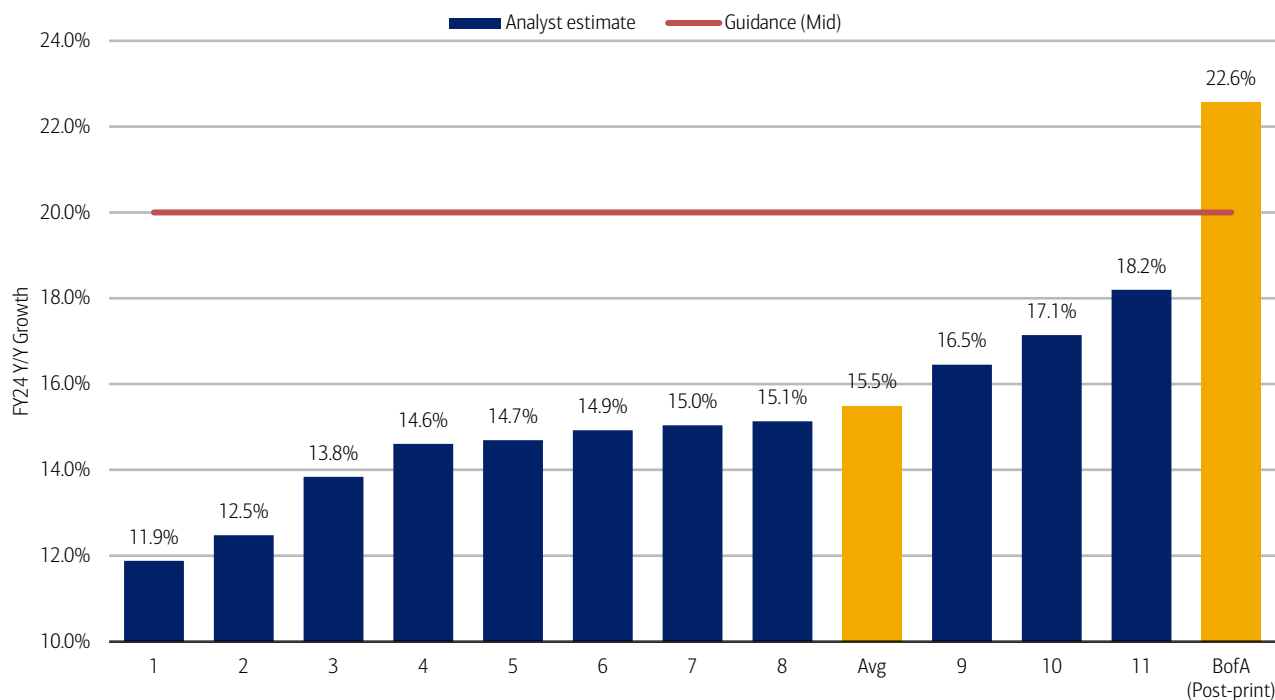
	2022	23Q1	23Q2	23Q3	23Q4	2023	24Q1E	24Q2E	24Q3E	24Q4E	2024E	2025E
<b>Bookings</b>												
B of A (After)	2,872	774	781	839	1,127	3,521	938	945	1,019	1,377	4,280	5,179
B of A (Before)					1,080	3,474	929	935	1,009	1,306	4,180	5,057
STREET					1,077	3,470	905	919	989	1,268	4,070	4,806
Delta vs. STREET					4.6%	1.5%	3.7%	2.9%	3.1%	8.7%	5.2%	7.8%
GUIDE (Midpoint)					-	-	925	-	-	-	4,210	-
<b>Bookings YoY Growth %</b>												
B of A (After)	5.4%	22.6%	22.0%	19.6%	25.3%	22.6%	21.3%	21.0%	21.4%	22.2%	21.6%	21.0%
B of A (Before)					20.0%	20.9%	20.0%	19.8%	20.2%	21.0%	20.3%	21.0%
STREET					19.8%	20.8%	17.0%	17.7%	17.8%	17.7%	17.3%	18.1%
Delta vs. STREET					5.5%	1.8%	4.3%	3.4%	3.6%	4.6%	4.3%	2.9%
GUIDE (Midpoint)							19.5%				19.6%	
<b>EBITDA Non-GAAP</b>												
B of A (After)	356	53	38	81	260	432	78	80	114	327	600	872
B of A (Before)					198	370	82	86	117	273	558	805
STREET					188	357	70	77	112	255	516	731
Delta vs. STREET					38.1%	20.8%	11.4%	3.5%	2.1%	28.3%	16.2%	19.2%
GUIDE (Midpoint)					-	-	74	-	-	-	565	-
<b>EBITDA Margin %</b>												
B of A (After)	12.4%	6.9%	4.9%	9.7%	23.0%	12.3%	8.3%	8.5%	11.2%	23.8%	14.0%	16.8%
B of A (Before)					18.3%	10.7%	8.9%	9.2%	11.6%	20.9%	13.4%	15.9%
STREET					17.5%	10.3%	7.7%	8.4%	11.3%	20.1%	12.7%	15.2%
Delta vs. STREET					5.6%	2.0%	0.6%	0.0%	-0.1%	3.6%	1.3%	1.6%
GUIDE (Midpoint)							8.0%				13.4%	

Source: BofA Global Research, Company Reports

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**Exhibit 3: 12 Sell Side Analyst Estimates of FY24E Bookings Y/Y Growth, Pre-4Q23 Print**

Sell-side analyst forecasts are due for a reset as almost every Street analyst modeled FY24 topline Y/Y growth below Guide

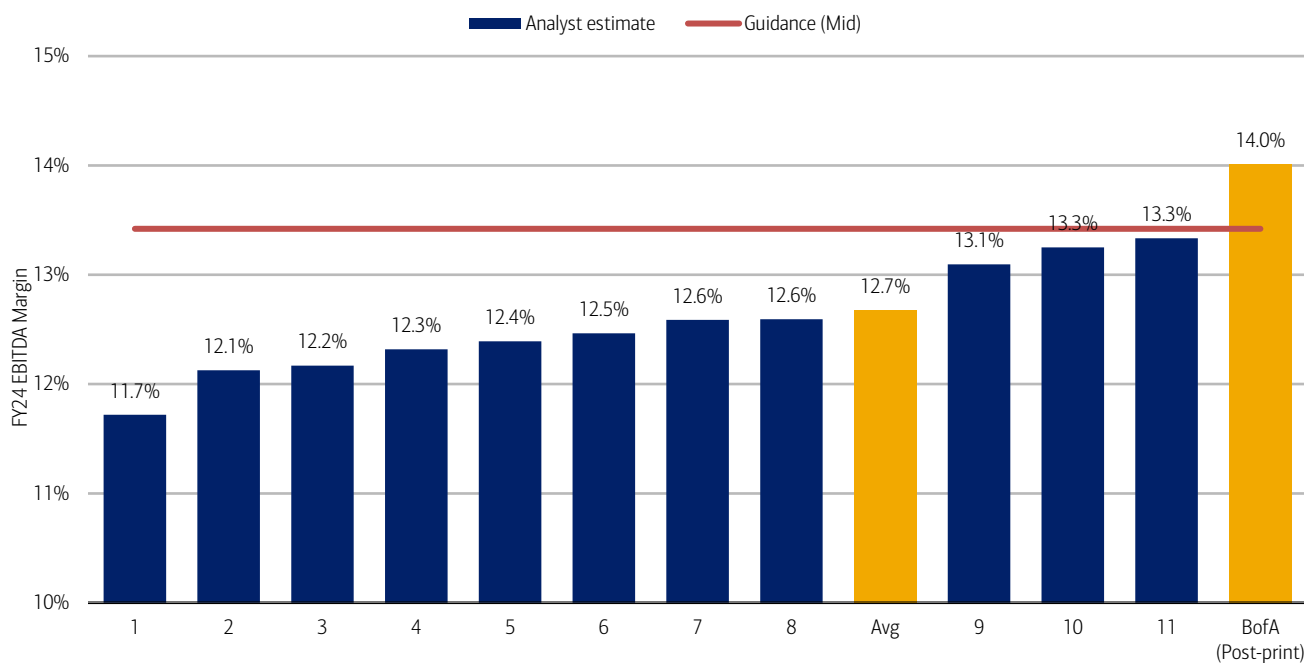


Source: FactSet, BofA Global Research

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**Exhibit 4: 12 Sell Side Analyst Estimates of FY24E Covenant Adj. EBITDA Margin, Pre-4Q23 Print**

The majority of sell-side analysts that we track modeled FY24 EBITDA margin below Guidance before the 4Q23 print



Source: FactSet, BofA Global Research

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**Exhibit 5: Roblox DCF Valuation**

We value Roblox at \$60/share based on 9% equity cost of capital and 25x terminal FCF multiple

Share Price Objective		\$60		Equity Cost of Capital		9%		Cash Flow Multiple		18x		20x		22x		24x		26x		28x	
Net Cash/Diluted Share		\$3																			
Total DCF value/share		\$57		Terminal FCF Multiple		25x		WACC		6%		\$57		\$62		\$67		\$72		\$77	
Cumulative cash flow		\$9						7%		\$54		\$58		\$63		\$67		\$72		\$77	
Terminal Value/Share		\$48						8%		\$51		\$55		\$59		\$64		\$68		\$72	
Fully Diluted Shares Outs.		713						9%		\$48		\$52		\$56		\$60		\$64		\$68	
Market Value		\$42,814						10%		\$45		\$49		\$53		\$57		\$61		\$64	
Enterprise Value		\$40,583						11%		\$43		\$46		\$50		\$54		\$57		\$61	
(\$mns, except per share)		FY2020A		FY2021		FY2022		FY2023		FY2024E		FY2025E		FY2026E		FY2027E		FY2028E		FY2029E	
Bookings		\$1,883		\$2,726		\$2,872		\$3,521		\$4,280		\$5,179		\$6,266		\$7,582		\$9,023		\$10,557	
% Y/Y		171%		45%		5%		23%		22%		21%		21%		21%		19%		17%	
Adj. EBITDA		\$601		\$674		\$356		\$432		\$600		\$872		\$1,240		\$1,715		\$2,203		\$2,736	
% EBITDA Margin		31.9%		24.7%		12.4%		12.3%		14.0%		16.8%		19.8%		22.6%		24.4%		25.9%	
Interest expense		\$2		(\$7)		(\$1)		\$101		\$124		\$81		\$69		\$45		\$60		\$70	
Taxes		(\$7)		(\$0)		\$4		\$0		\$4		\$4		\$4		\$3		(\$17)		(\$21)	
CapEx		(\$127)		(\$93)		(\$426)		(\$321)		(\$180)		(\$207)		(\$313)		(\$379)		(\$496)		(\$528)	
Change in Working Capital		(\$79)		\$53		(\$47)		(\$96)		(\$42)		\$20		(\$8)		(\$10)		(\$12)		(\$14)	
Free Cash Flow		\$402		\$627		(\$122)		\$116		\$498		\$761		\$984		\$1,367		\$1,772		\$2,286	
Shares Outstanding		-		586		610		639		665		699		734		770		801		833	
Free Cash Flow/Share		\$1.07		(\$0.20)		\$0.18		\$0.75		\$1.09		\$1.34		\$1.78		\$2.21		\$2.74		\$3.25	
Discounted FCF/Share								\$0.68		\$0.91		\$1.02		\$1.24		\$1.41		\$1.60		\$1.73	
Capex as % of revenue		-3.4%		-14.8%		-9.1%		-4.2%		-4.0%		-6.5%		-6.0%		-5.5%		-5.0%		-4.5%	
D&A		2.8%		2.8%		4.5%		5.9%		5.2%		4.0%		4.0%		4.5%		5.0%		5.5%	
Working Capital as % of Sales		-4.2%		2.0%		-1.7%		-2.7%		-1.0%		0.4%		-0.1%		-0.1%		-0.1%		-0.1%	

Source: BofA Global Research

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**Exhibit 6: Comparable Company Analysis - Interactive Media Technology Ecosystems**

Our comparator set includes mature &amp; high growth Interactive Media Tech platforms

Company	Ticker	2/6/24 Price	EV/Sales (Consensus)			Sales CAGR CY23-CY25	EV/EBITDA Consensus			EBITDA CAGR CY23-CY25	EBITDA Margin Consensus	
			2023E	2024E	2025E		2023E	2024E	2025E		2023E	2024E
Roblox Corp.	RBLX US	\$40.60	7.7x	6.6x	5.6x	18%	75.2x	52.1x	36.8x	43%	10%	13%
<b>Ecosystems - High Growth Phase</b>												
Shopify	SHOP US	\$81.56	19.5x	16.3x	13.6x	20%	169.7x	97.8x	70.5x	55%	11%	17%
Unity Software	U US	\$32.05	6.9x	6.4x	5.5x	12%	39.1x	23.6x	17.8x	48%	18%	27%
Snap	SNAP US	\$17.45	6.5x	5.7x	4.9x	15%	262.8x	89.7x	39.0x	160%	2%	6%
WeMade	112040 KS	<del>₩</del> 49,950	2.7x	1.6x	1.4x	37%	NA	19.5x	8.3x	NA	(11%)	8%
Com2us	078340 KS	<del>₩</del> 46,100	1.4x	1.2x	1.2x	9%	196.9x	22.0x	15.3x	259%	1%	6%
Median			6.5x	5.7x	4.9x	15%	183.3x	23.6x	17.8x	107%	2%	8%
Average			7.4x	6.2x	5.3x	19%	167.1x	50.5x	30.1x	131%	4%	13%
<b>Index</b>			<b>12.4x</b>	<b>10.5x</b>	<b>8.9x</b>	<b>18%</b>	<b>146.6x</b>	<b>74.6x</b>	<b>49.0x</b>	<b>73%</b>	<b>8%</b>	<b>14%</b>
<b>Ecosystems - Mature</b>												
NVIDIA	NVDA US	\$682	29.3x	17.9x	14.9x	40%	47.2x	28.1x	24.2x	40%	62%	64%
Adobe	ADBE US	\$607	14.7x	13.3x	11.9x	11%	29.2x	26.8x	24.2x	10%	50%	50%
Microsoft	MSFT US	\$405	12.5x	11.0x	9.6x	14%	23.7x	20.8x	17.8x	15%	53%	53%
Apple	AAPL US	\$189	7.5x	7.4x	6.9x	4%	22.8x	21.7x	20.3x	6%	33%	34%
Meta Platforms	META US	\$455	8.9x	7.6x	6.7x	15%	16.0x	13.1x	11.3x	19%	56%	58%
Alphabet	GOOGL US	\$144	5.7x	5.1x	4.6x	11%	14.5x	12.5x	11.0x	14%	39%	41%
Nintendo	7974 JP	\$8,376	4.7x	4.8x	4.4x	3%	13.9x	16.3x	15.4x	(5%)	34%	30%
Median			8.9x	7.6x	6.9x	11%	22.8x	20.8x	17.8x	14%	50%	50%
Average			11.9x	9.6x	8.4x	14%	23.9x	19.9x	17.8x	14%	47%	47%
<b>Index</b>			<b>9.4x</b>	<b>8.4x</b>	<b>7.6x</b>	<b>12%</b>	<b>21.9x</b>	<b>18.7x</b>	<b>16.5x</b>	<b>15%</b>	<b>43%</b>	<b>45%</b>

Source: Visible Alpha, Factset, Bloomberg

BofA GLOBAL RESEARCH

## Price objective basis & risk

### Roblox Corp. Class A (RBLX)

Our \$60 PO is based on a DCF that assumes a 25x FCF terminal value multiple in 2030, in line with mature tech platforms.

Downside risks to our PO are inability to develop high production value content to appeal to a broader demographic, and an inability to continually improve the developer value proposition, thereby stagnating its developer base.

## Analyst Certification

I, Omar Dessouky, CFA, 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 - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	DoubleVerify Holdings, Inc.	DV	DV US	Omar Dessouky, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Expedia	EXPE	EXPE US	Justin Post
	Integral Ad Science Holding Corp.	IAS	IAS US	Omar Dessouky, CFA
	LegalZoom	LZ	LZ US	Michael McGovern
	Match Group	MTCH	MTCH US	Curtis Nagle, CFA
	Meta Platforms Inc	META	META US	Justin Post
	Pinterest	PINS	PINS US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Squarespace, Inc.	SQSP	SQSP US	Michael McGovern
	Uber	UBER	UBER US	Justin Post
	Udemy Inc	UDMY	UDMY US	Curtis Nagle, CFA
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Wix.com	WIX	WIX US	Michael McGovern
<b>NEUTRAL</b>				
	ACV Auctions	ACVA	ACVA US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Beyond Inc	BYON	BYON US	Curtis Nagle, CFA
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	Bumble	BMBL	BMBL US	Curtis Nagle, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	Duolingo	DUOL	DUOL US	Curtis Nagle, CFA
	eBay	EBAY	EBAY US	Justin Post
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Instacart	CART	CART US	Justin Post
	Magnite, Inc.	MGNI	MGNI US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
<b>UNDERPERFORM</b>				
	Chewy Inc	CHWY	CHWY US	Curtis Nagle, CFA
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Curtis Nagle, CFA



## US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA
	Shutterstock	SSTK	SSTK US	Curtis Nagle, CFA

**iQmethod<sup>SM</sup> 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 &amp; 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

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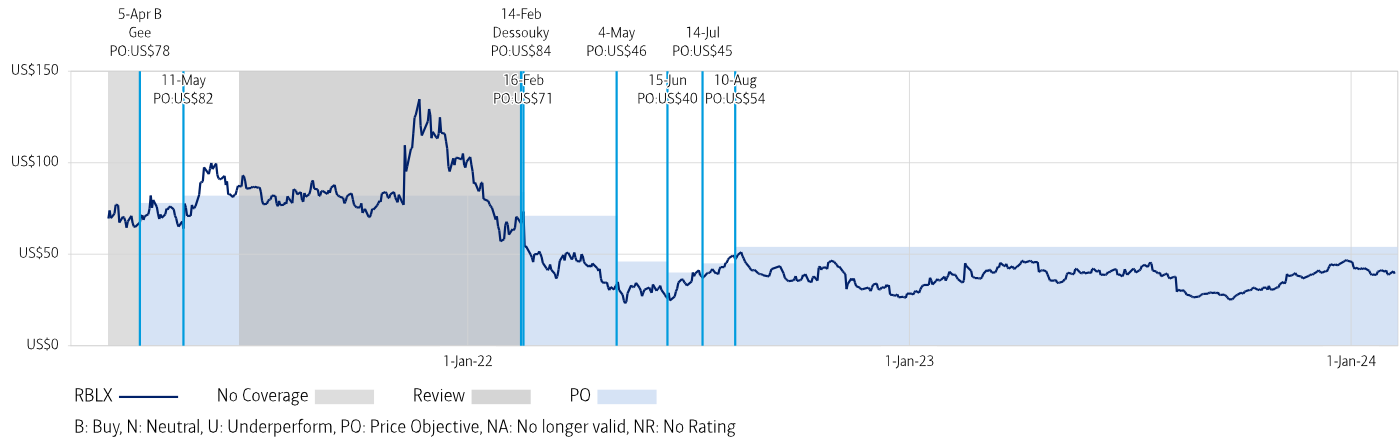
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### Roblox Corp. Class A (RBLX) Price Chart



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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

### 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%

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