

BofA IG and HY Healthcare Research

Day 1 and 2 Healthcare Conference Takeaways

Industry Overview

2024 Healthcare Conference highlights

In this report, we summarize key takeaways from the IG and HY presenters at the healthcare conference this week.

Investment Grade Healthcare Companies

Abbott (ABT), Agilent (A), Amgen (AMGN), AstraZeneca (AZN), Baxter (BAX), Becton Dickinson (BDX), Bristol Myers (BMY), Cardinal Health (CAH), Cencora (COR), Cigna (CI), CVS Health (CVS), Danaher (DHR), Eli Lilly (LLY), GE Healthcare (GEHC), Gilead (GILD), GSK (GSK), Johnson & Johnson (JNJ), Labcorp (LH), McKesson (MCK), Merck (MRK), Novartis (NOVNSW), Pfizer (PFE), Quest Diagnostics (DGX), Sandoz (SDZ), Sanofi (SANFP), Thermo Fisher (TMO), Zimmer Biomet (ZBH), Zoetis (ZTS).

High Yield Healthcare Companies

Acadia Healthcare Company, Inc. (ACHC), AMN Healthcare Services, Inc. (AMN), Avantor, Inc. (AVTR), Bausch + Lomb Corporation (BLCOCN), Catalent, Inc. (CTLT), Centene Corporation (CNC), Charles River Laboratories International, Inc. (CRL), Fresenius Medical Care AG & Co. KGaA (FMEGR), HealthEquity, Inc. (HQY), Hologic, Inc. (HOLX), ICON plc (ICLR), Jazz Pharmaceuticals plc (JAZZ), MultiPlan Corporation (MLTPLN), Option Care Health, Inc. (OPCH), Organon & Co. (OGN), Surgery Partners, Inc. (SURCEN), Teleflex Incorporated (TFX), Teva Pharmaceutical Industries Ltd. (TEVA).

09 January 2024

High Grade Credit
United States
Healthcare

Larry Bland
Research Analyst
BofAS
larry.bland@bofa.com

Andrew Kaplan
Research Analyst
BofAS
andrew.kaplan@bofa.com

Ryan Shuman
Research Analyst
BofAS
ryan.shuman@bofa.com

Vritika Patni
Research Analyst
BofAS
vritika.patni@bofa.com

Jakub Gorzko
Research Analyst
BofAS
jakub.gorzko@bofa.com

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 29 to 31.

12643384

Timestamp: 10 January 2024 12:26AM EST

IG Healthcare Conference Takeaways

Abbott (ABT)

- **M&A:** There is not a need to execute M&A to sustain the growth rate. Can be selective in looking for deals. There is plenty of fire power for M&A.
 - **Focus areas:** Diagnostics and devices.
- **Libre:** Annualized sales exceed \$5 bn. Expects to achieve \$10 bn sales by 2028.
 - **Diabetes:** There are 500 mn people with diabetes worldwide.
- **Infant formula:** Market share that was lost during the recall was almost fully recaptured in Q3.
- **Adult nutrition:** ABT products can be used to offset some of the muscle loss effects from taking GLP-1s.
- **Inflation:** Commodity, freight, and distribution costs have come down from the peaks.
- **Pricing:** In med devices, pricing has moved closer to neutral.

Agilent (A)

- **M&A:** Actively looking for M&A opportunities. Can do deals as high as \$4-\$5 bn.
- **China:** Saw some early signs of stabilization. Expects 2024 to decline and a return to growth in 2025. Continues to view China as a long term growth market.
- **Pharma:** Expecting the pharma end market to return to modest growth in 2024.
- **IRA:** Could see an accelerated shift from small molecule drugs to biologics.
- **Emerging biotech:** Funding challenges are transitory as good science will find capital to support development.
- **Portfolio:** 60% of revenue is recurring.
- **End markets:** \$65 bn market growing 4%-6%.
 - **Pharma and Biotech:** \$21 bn market growing 5%-7%. 36% of sales.
 - **Chemicals and Advanced Materials:** \$5 bn market growing 3%-5%. 22% of sales.
 - **Dx and Clinical:** \$15 bn market growing 5%-7%. 14% of sales.
 - **Environment and Forensics:** \$6 bn market growing 2%-4%. 10% of sales.
 - **Food:** \$5 bn market growing 2%-4%. 9% of sales.
 - **Academic and Government:** \$13 bn market growing 3%-5%. 9% of sales.
- **2024 guidance:** Adj EPS of \$5.44-\$5.55, net revenues of \$6.71-\$6.81 bn (-0.5%-1% growth).

- Expectation is 1H'24 will look very similar to 2H'23. The trough will be Q1 and then progressively getting better and exiting the year in a period of growth.
- Assuming China will be down mid single-digits.

Amgen (AMGN)

- **M&A:** Continues to look for internal and external innovation.
- **Tarlatamab:** PDUFA date on June 12, 2024.
- **Biosimilars:** Next three expected launches: Stelara, Soliris, Eylea.
- **Obesity:** AMG 786 Phase 1 data readout in 1H'2024.
- **Horizon:** 91 days into the close, integration is going well so far.
- **Guidance:** On track to meet or beat long term guidance.

AstraZeneca (AZN)

- **M&A:** Continues to explore opportunities for additional M&A.
- **Disease focus areas:** Oncology, cardiovascular, renal & metabolism, respiratory & Immunology, vaccines & immune therapies, rare diseases.
- **Oncology:** Global IO market is expected to be \$92 bn by 2028. Global ADC market is expected to be \$37 bn by 2028.

Baxter (BAX)

- **Capital allocation:** First priority for capital deployment is debt pay down.
- **M&A:** Once deleveraging targets are met, the focus will be on tuck-in M&A in front line care and care communications.
- **Pricing:** Previous contracts were not designed to account for the level of inflation seen in 2021 and 2022. New contracts have been structured to incorporate price increases should inflation rise again.
- **Capital environment:** In the U.S., large hospital systems have a stable to slight positive purchasing environment.
- **Kidney care:** Making progress toward target of July 2024 for proposed spinoff.
- **BioPharma Solutions:** \$3.7 bn of proceeds were used for debt repayment.
- **Novum IQ:** Cautiously optimistic Novum can launch in 2024.

Becton Dickinson (BDX)

- **M&A:** Continues to focus on tuck-in M&A. Not looking to enter spaces the company isn't in today.
- **Leverage:** Long term net leverage target is 2.5x.
- **Portfolio:** 85% of revenue is recurring.
 - ~90% of hospital patients interact with a BDX product.
- **Ratings:** Focused on maintaining full investment grade ratings.



- **Alaris:** Expects floor sales of ~\$200 mn for 2024.
- **Flu:** \$30 mn of flu testing revenue was shifted from Q1 to the remainder of the year.
- **GLP-1:** BDx is the leader in the prefilled syringe market with five to six times the capacity of the number two player.
- **2025 financial targets:** 5.5% base revenue CAGR, ~540 bps base adj operating margin expansion, double-digit base adj EPS CAGR.

Bristol Myers (BMY)

- **Ratings:** Committed to strong IG ratings.
- **M&A:** Focused on licensing, partnerships, and bolt-on acquisitions.
 - Has capacity to do additional business development deals.
- **Share repurchase:** Will be opportunistic in executing buybacks.
- **Mid-term guidance:** New product sales guidance of >\$10 bn in 2026. Expects sales of \$25 bn from 9 new products by 2030.
 - Low to mid single digit revenue CAGR from 2020-2025.
 - Low double digit revenue CAGR ex Revlimid and Pomalyst from 2020-2025.
 - \$8-\$10 bn growth from in line brands from 2020-2025.
 - Operating margin target of >37% through 2025.
- **Opdivo:** Subcutaneous nivolumab has the potential to address 65%-75% of Opdivo U.S. indications.

Cardinal Health (CAH)

- **Branded pricing:** Branded inflation has been in line with expectations of mid single digits.
- **Generic pricing:** Generic deflationary market has been stable and consistent.
- **GLP-1:** Expects the growth rate in GLP-1s to normalize over time.
- **2024 outlook:** Adj EPS at high end of \$6.75-\$7.00.
- **Capital allocation:** Investing back into the business to drive organic growth, maintain IG balance sheet, baseline return of capital to shareholders (continue to grow the dividend, baseline share repurchases).
- **M&A:** Active, disciplined and targeted M&A as an opportunistic lever.
- **Portfolio review:** Announced plans to invest and further develop at-Home Solutions and OptiFreight Logistics.
- **Medical Segment:** Now expects 2Q segment profit to be generally consistent with 1Q (prior slightly higher than 1Q).
 - Utilization trends are in line with expectations.

- **Pharma:** Demand remains strong particularly in vaccines.
- **Long-term targets 2024-2026:**
 - **Pharmaceutical and Specialty Solutions:** 4-6% segment profit CAGR.
 - **GMPD:** ~\$300 mn in segment profit by FY26.
 - **Other:** 8%-10% segment profit CAGR.
 - **Share repurchases:** At least \$2.25 bn.
 - **Non-GAAP diluted EPS growth:** 12-14% CAGR.
- **2023 actuals:**
 - **Pharmaceutical and Specialty Solutions** (former Pharmaceutical Segment, excluding Nuclear and Precision Health Solutions): Revenue of ~\$188.8 bn, segment profit of ~\$1.87 bn.
 - **GMPD** (Former Medical Segment, excluding at-Home Solutions and OptiFreight Logistics): Revenue of ~\$12.1 bn, segment profit of \$(165) mn.
 - **Other** (at-Home Solutions, Nuclear and Precision Health Solutions and OptiFreight Logistics): Revenue of \$4.1 bn, segment profit of \$410 mn.

Cencora (COR)

- **Branded pricing:** Expects branded inflation to be inline with the last couple years.
- **Generic pricing:** Has seen a moderation of generic deflation over the last several months.
- **GLP-1s:** The drug class contributed 3% to revenue growth in the most recent quarter. GLP-1s are profitable, although not as profitable as other products due to margin and handling costs.
- **Biosimilars:** The sweet spot for COR is when there are two or three manufacturers. There isn't value once there are five or six competitors. Margin earned on biosimilars is between generic and branded.
- **M&A:** Continues to be active in looking for additional M&A.
- **Long-term targets:** Adj diluted EPS of 8-12%, adj operating income of 5%-8%.
- **2023 financial highlights:** \$11.99 adj EPS, \$262.2 bn sales, \$3.1 bn adj FCF, \$3.3 bn adj operating income.
- **2024 guidance:** Adj diluted EPS of 9-12%, adj operating income of 8-10% (excluding COVID products).

Cigna (CI)

- **Utilization:** 4Q medical costs are in line with expectations.
- **Government:** Interested in growing in both government benefits and services. Over the last few years, has grown the services side of the government business.



- **Care delivery:** Prefers to partner rather than owning care delivery. Willing to own in key MSAs if there is no other way to generate value.
 - Owned care: Home care, behavioral health, virtual care.
- **Commercial:** Expected the employment landscape to soften in 2H'23. That did not play out as expected in 2023. Expects some softening in the market in 2024.
- **2024 guidance:** Adj EPS at least \$28.00.

CVS Health (CVS)

- **MBR:** Could see 2023 MBR exceed 86% given where utilization ended the year.
- **Medicare Advantage:** Expects total MA membership to grow by at least 800k members in 2024 with approximately 1/3 in duals. Growth will be neutral to earnings in 2024 with opportunity for profit growth in 2025.
- **Capital deployment:** Executed an ASR that started in January of \$3 bn, with \$3.5-\$4.0 bn planned in repurchases for the year.
- **2023 guidance:** Reaffirmed sales of upper-half of \$351.5-\$357.3 bn, adj op income of upper-half of \$17.21-\$17.57, adj EPS upper-half of \$8.50-\$8.70, CFO upper-end of \$12.5-\$13.5 bn, medical benefit ratio of ~86.0%
- **2024 guidance:** Reaffirmed sales of at least \$366 bn, adj op income at least \$17.2 bn, adj EPS at least \$8.50, CFO at least \$12.5 bn, medical benefit ratio of ~87.2%
- **Long-term guidance:** Adj EPS growth floor of 6%, growth increasing overtime.

Danaher (DHR)

- **M&A:** There is significant capacity for M&A.
 - Pipeline for deals is robust and active.
- **Bioprocessing:** The first half of 2024 will be challenged with improvement in the second half of 2024. Total 2024 will be stronger than 2023.
 - **Q4:** Some customers came back to more regular buying patterns. Book to bill was similar to Q3. Did not see an inflection point for orders in Q4.
 - High single digit long term growth rate.
- **Testing:** \$1.2 bn of sales is the floor for the endemic testing run rate. Mix shifted toward 4-in-1 vs. covid only.
 - 70% 4-in-1, 30% covid only testing.
- **China:** 12% of total DHR sales. Has not seen further deterioration but the segment has not improved.
- **Pricing:** Took 500 bps of price in bioprocessing in 2023. Expects pricing to remain elevated above historical averages of 75-100 bps per year but not at recent highs of 400-500 bps.
- **Abcam:** Closed the acquisition of Abcam in December 2023.
- **Portfolio:** ~80% of revenue is recurring.

- **Leverage:** Net leverage is <2x today.
- **Life Sciences:** Growth will be challenged in 2024 mainly due to the Chinese market.
- **Q4'23 guidance:** Base business core revenue declined mid-single digits, respiratory revenue of >\$600 mn at Cepheid.

Eli Lilly (LLY)

- **M&A:** Actively looking for external innovation. Focused on smaller bolt-on deals.
- **Pipeline:** 50% of the NME pipeline is from acquisition, licensing, or partnership.
- **Mounjaro:** Diabetes access is over 80% in commercial and 80% in Part D.
- **Zepbound:** 15%-20% growth in employer coverage in 2023. Additional readouts will help grow employer coverage.
- **Duration of therapy:** Unlikely that patients will stay on therapy for their whole lives but its too early to tell how long average duration will be.
- **Supply:** RTP was announced in 2020 and came on line this year. That is about the quickest additional production can be brought on line.
- **Donanemab:** The bigger opportunity will be in prevention.

GE Healthcare (GEHC)

- **M&A:** Focused on tuck-in deals that are accretive to the top line on day one and accretive to the bottom line by year two.
- **Capital purchasing:** The capital purchasing environment has improved from 2023. Hospitals are benefitting from improved staffing situations, lower interest rates, and hospital economics have improved.
- **Margins:** Expansion opportunity to high-teens to 20% in the midterm driven by pricing and commercial execution, new products, and cost improvement.
- **Total market:** Estimated total addressable market of \$87 bn in 2022, growing to \$100 bn by 2025.
- **Backlog:** Current backlog is \$18.4 bn, which is \$1 bn higher than pre-pandemic.
- **Capital allocation priorities:** 1) Investing in internal innovation, 2) M&A, 3) minority investments and strategic collaborations, 4) shareholder returns.
- **Portfolio:** On track for >45% of recurring sales in 2023.
- **Medium term targets:** Mid-single-digit sales growth, high-teens to 20% adj EBIT margin, 85%+ FCF conversion.

Gilead (GILD)

- **M&A:** Continues to focus on the late research/early development phase. Will look at late stage assets but will be more selective there.
- **Oncology:** On track to generate 1/3 of revenue from oncology by the end of 2030. Oncology makes up roughly 12% (\$3 bn) of the business today.
- **Trodelvy:** Three approved indications across three tumor types. Three phase 3 readouts in 2024.



- **Yescarta:** Number 1 cell therapy in 2L + LBCL.
- **Biktarvy:** Sales annualizing at ~\$12 bn. U.S. market share is over 47%. Projected U.S and EU LOE in 2033.
- **Lenacapavir:** Expecting launch in the U.S. for PrEP as early as 2025.
- **Descovy:** Sees market growth and demand share to be maintained despite generics and new entrants. Still holding over 43% market share.
- **HIV Pricing:** Tailwinds from pricing favorability seen in 2H'22 and 1H'23 due to inflation dynamics post-covid have normalized through 2H'23. Growth will be driven by market and demand trends in treatment and prevention.
- **R&D:** Expects a substantial reduction in R&D expense growth going forward.

GSK (GSK)

- **M&A:** Looking for acquisitions that will drive growth at the end of the decade in the core therapeutic areas. Focused on vaccines and specialty medicines, and in technology platforms that can add to the flywheel of development.
- **Capital allocation:** First priority remains to invest in pipeline delivery, both organically and with continued targeted BD.
- **2021-26 Outlook:**
 - **Sales:** >5% CAGR.
 - **Adj operating profit:** >10% CAGR.
 - **Vaccines:** High single-digit % CAGR.
 - **Specialty Medicines:** Double-digit % CAGR.
 - **General Medicines:** Broadly stable.
 - **Adj operating margin:** >30% by 2026.
 - **CFO:** >£10 bn by 2026.
- **Core therapy areas:** 1) infectious diseases 2) HIV 3) respiratory/immunology 4) oncology.
- **Infectious diseases:** £105 bn market.
 - **Arexy:** >£3 bn peak sales.
 - **Shingrix:** >£4 bn peak sales.
 - **Influenza:** >£3 bn peak sales.
 - **Meningococcal disease:** £1-2 bn peak sales.
 - **Pneumococcal disease:** >£4 bn peak sales.
 - **Bepirovirsen (Hepatitis B):** >£2 bn peak sales.
 - **Anti-infectives:** ~£2 bn peak sales.
- **HIV:** ~£7 bn sales in 2026.

- 6-8% sales CAGR in 2021-26.
- Dovato and cabotegravir drive growth via competitive execution.
- Cabotegravir replaces dolutegravir as foundational medicine.
- **Respiratory:**
 - **Nucala (COPD):** ~£0.5-1 bn in peak sales.
 - **Depemokimab:** >£3 bn in peak sales.
 - **Camlipixant:** >£2.5 bn in peak sales.
- **Oncology:** Initial focus on hematologic malignancies and gynecologic cancers.

Johnson & Johnson (JNJ)

- **M&A:**
 - **Pharma focus areas:** Oncology (both in hematology and solid tumors), immunology, and neuroscience.
 - **Medtech focus areas:** Cardiovascular, surgical robotics, vision, and faster growing segments of orthopedics.
- **Stelara:** Does not expect Stelara biosimilar entry in the U.S. until 2025. Could see European entry in 2H'24.
- **2024 guidance:** 5%-6% adj operational revenue growth, 3% EPS growth.
- **Consensus estimates:**
 - **Carvykti:** Sees street estimates 25% lower than internal estimates.
 - **Taris:** Sees street estimates 50% lower than internal estimates.
 - **Spravato:** Sees street estimates 50% lower than internal estimates.

Labcorp (LH)

- **Base business:** Both Biopharma Laboratory Services and Diagnostics have returned to pre-covid levels.
- **Oncology:** 40% of clinical trials are in oncology.
 - **Opportunities:** Screening (blood test to diagnose cancer), therapy selection, MRD (monitoring a patients blood to determine if cancer has returned).
- **Women's health:** Sees opportunities in prenatal testing.
- **Pricing:** Expects 2024 pricing to be flat to slightly positive.
- **Early biotech:** Cancellations were due to NHP supply constraints and macro environment for smaller biotechs. Business is not yet back to pre-covid levels.
- **PAMA cuts:** Remains supportive of passage of SALSA. There has support from both Democrats and Republicans.

- Had PAMA been reinstated in 2024 it would have been an \$80 mn impact to revenue.
- **Labor:** Turnover rates in biopharma have returned to pre-Covid levels. Turnover rates in diagnostics have not returned back to pre-Covid levels.
- **M&A:** Pipeline for additional outreach lab deals remains robust.

McKesson (MCK)

- **Share repurchase:** Expects to buy back \$3.5 bn of stock in FY'24.
- **Long-term guidance:** 12%-14% baseline adj EPS growth.
- **GLP-1s:**
 - **Distribution:** GLP-1s are lower margin vs other products due to the higher distribution costs.
 - **Prescription Technology Solutions:** The growth in the class has led to increased demand for access solutions such as prior authorization services.
- **Branded pricing:** Branded inflation is in line with prior years and in line with expectations.
- **Biosimilars:** There are currently 45 biosimilar approvals and 37 products on the market.
- **2024 guidance:** Adj EPS \$26.80-\$27.40.

Merck (MRK)

- **M&A:** Has capacity to pursue additional business development deals.
 - **Size:** \$10-\$15 bn is the outer bound of the focus for the company in terms of size.
- **Sotatercept:** PDUFA date March 26th.
 - Expects multibillion dollar peak revenue opportunity.
- **V116:** Potential to be the first approved PCV protecting against 83% of adult invasive pneumococcal disease.
 - PDUFA date June 17th.
 - Expects multibillion dollar peak revenue opportunity.
- **Long term guidance:**
 - **Oncology:** >\$20 bn sales
 - **Cardiometabolic:** ~\$15 bn sales.
 - **Immunology:** Multibillion sales.

Novartis (NOVNSW)

- **M&A:** Continues to look at deals sub \$2 bn to build out the portfolio.
- **Core therapeutic areas:** Cardiovascular-Renal-Metabolic, Immunology, Neuroscience, Oncology.
- **Priority geographies:** U.S., China, Germany, Japan.
- **Marketed portfolio:**
 - **Entresto:** Current sales \$5.9 bn. Peak sales \$7 bn. Assumes U.S. LoE in 2025.
 - **Cosentyx:** Current sales \$5.3 bn. Peak sales \$7 bn.
 - **Kesimpta:** Current sales \$2.6 bn. Peak sales \$4 bn.
 - **Kisqali:** Current sales \$2.2 bn. Peak sales \$4 bn.
 - **Pluvicto:** Current sales \$1.0 bn. Peak sales multi billion.
 - **Leqvio:** Current sales \$0.4 bn. Peak sales multi billion.

Pfizer (PFE)

- **Capital allocation priorities:** 1) Growing dividend, 2) delevering over the next 1-2 years, 3) M&A and share repurchase.
- **M&A:** Does not expect any major acquisitions or licensing deals in 2024.
 - Spent \$72 bn to acquire ~\$20 bn of 2030 revenues.
- **LOE:** Expects LOEs from 2025-2030 to impact sales by \$17 bn.
- **Restructuring:** Cost realignment program expected to achieve \$4 bn in combined OpEx reductions by the end of 2024.
 - 70% of cost cuts come from R&D.
- **Obesity:** Still focused on developing assets to treat obesity.
- **RSV:** Currently has 35% market share in RSV.

Quest Diagnostics (DGX)

- **M&A:** Funnel for M&A has never been stronger. Focus is on accretive hospital outreach purchases as well as smaller independent labs.
- **Covid:** Expects 2023 Covid testing revenue of \$200 mn in 2023.
 - Expects \$50 mn in sales in 2024.
- **2024 Tailwinds:** Base volume growth, strength of M&A funnel, reimbursement outlook.
- **2024 Headwinds:** Covid testing decline, Haystack acquisition dilution, higher interest expense.
- **Price:** Expects pricing to be flat to slightly positive in 2024.
- **Alzheimer's:** Saw an incremental increase in Alzheimer's testing in 2023.



- **Labor:** Historical labor inflation was 2%. Recently, labor inflation has been at the high end of 3%-4%.
- **PAMA cuts:** Continues to work on the passage of SALSA.

Sandoz (SDZ)

- **Portfolio:** 79% Generics, 21% Biosimilars.
- **Pipeline:**
 - **Generics:** >400 products in the pipeline targeting \$170 bn of originator sales.
 - **Biosimilars:** 25 products in the pipeline targeting \$200 bn of originator sales.
- **2024-2028 launches:** Expects to launch 12 complex generics and 10 biosimilars from 2024 to 2028.
- **Hyrimoz:** Has the best coverage among adalimumab biosimilars in the US.
- **EBITDA margin:** Expects to take EBITDA margins from 18%-19% today to 24%-26% in 2028.
 - Bridge: Volume price 100 bps, product mix 100 bps, operational improvements 350 bps, organizational efficiency 150 bps.
- **Capital allocation priorities:** 1) Invest in the organic business, 2) Return capital to shareholders, 3) value generating bolt-on M&A and BD&L.
- **2028 guidance:** Mid single digit sales growth, 24%-26% core EBITDA margins.
- **GLP-1:** Pipeline includes many complex generic opportunities for GLP-1s.
- **Generic pricing:** Generic price erosion in 2023 came in below 2022.

Sanofi (SANFP)

- **Dupixent:** 9 approved indications. #1 U.S. NBRx share across all indications. Expects low double digit growth CAGR from 2023-2030.
- **Consumer health:** €5.2 bn of sales. Executing spin at the earliest in Q4'24.
- **Capital allocation priorities:** 1) Organic investment 2) M&A/business development 3) growing dividend 4) anti-dilutive share buybacks.
- **Cost restructuring:** Restructuring plan is expected to save up to €2 bn by the end of 2025.
- **Pipeline:** 12 new molecular entities with €3-€5 bn or €5 bn+ peak sales potential.
- **M&A:** Remains open-minded about M&A but will continue to make organic investments.

Thermo Fisher (TMO)

- **M&A:** The industry remains fragmented. There aren't that many large deals to execute on.
- **Pharma and biotech:** 2023 was impacted by a more muted funding environment, rising interest rates, and the pandemic unwind.

- **China:** Market will be one of the faster growing long term end markets.
 - Less likely that there will be additional near term stimulus.
 - **2024:** Will be a muted year in China.
- **CRO:** Number 2 industry participant. High single to low double digit growth opportunities.
- **End markets:** \$240 bn market growing 4%-6%. Pharma and Biotech 58%, Academic and Government 14%, Diagnostics and Healthcare 15%, Industrial and Applied 13%.
 - TMO expects to grow 3% higher than the market.
- **2024 guidance:** Expects core organic revenue growth similar to 2023 (1% core organic revenue growth). Assumes a more challenging first half with moderate growth in the second half.

Zimmer Biomet (ZBH)

- **M&A:** Looking for tuck-in deals up to \$2 bn in size.
 - **Focus areas:** 1) Segments in recon that are growing faster than ZBH WAMGR (data, technology solutions, navigation in hips and knees), 2) SET, CMFT, 3) ASC.
- **ASC:** Growing in the upper teens in the U.S. 10%-15% of sales are in the ASC.
 - One out of every three robots are placed in the ASC.
- **Capital allocation:** M&A continues to be the number one priority for capital allocation.
- **Leverage:** Net leverage today is 2.2x.
- **Sales break down:** \$6.9 bn sales in 2022. Knees 40%, Hips 27%, SET 24%, Other 8%.
- **Market size:**
 - **Large joint:** Market opportunity \$17 bn, ZBH market share #1, historic market growth rate low single digits.
 - **Sports:** Market opportunity \$9bn, ZBH market share #6, historic market growth rate mid single digits.
 - **Trauma and Extremities:** Market opportunity \$12 bn, ZBH market share #2 in extremities and #3 in Trauma, historic market growth rate mid single digits.
 - **SMFT:** Market opportunity \$5 bn, ZBH market share #1 in Sternal closure and #2 in rib trauma, historic market growth rate mid single digits.
- **Orthopedics:** 4% market growth rate.
- **Backlog:** Not counting on the backlog for growth in 2024. Expects the full backlog to be worked through by the end of 2024.



- **Inflation:** Starting to normalize. Not seeing input costs come down but they are not increasing.
- **Financial targets:**
 - Revenue growth 100-200 bps above the market (4%).
 - EPS growing faster than revenue.
 - FCF growing faster than EPS.
- **2024 guidance:** Committed to at least 5% growth in 2024.

Zoetis (ZTS)

- **Market growth:** Expects a 4%-6% CAGR. Market drivers: Increased medicalization, growing human-animal bond, innovation to treat chronic diseases, expanding global population and animal protein demand, advancing sustainable agriculture.
 - **2022:** \$45 bn.
 - **2027:** \$55-\$65 bn.
 - **2032:** \$70-\$85 bn.
- **Clinics:** U.S. Vet clinic revenue grew 7.5% over the last 4 years. U.S. Vet clinic visits grew 0.3% over the last 4 years.
- **Pain:** Expects peak annual revenue of \$1 bn+ from Librela and Solensia.
 - **Market:** Expects the global OA pain market to be \$2.0-\$3.0 bn by 2032.
 - **Librela:** Full launch in the U.S. began in October.

HY Healthcare Conference Takeaways

Acadia Healthcare Company, Inc. (ACHC)

- **Overview:** Leading pure behavioral health provider with 54 acute facilities, 33 specialty facilities, 157 opioid use disorder outpatient clinics and 9 child treatment center facilities.
- **Industry:** US serious mental illness and substance use disorder grew by 15% in 2022.
- **Modernizing Opioid Treatment Access Act:** Currently under discussion in Congress. If passed, the act is expected to increase access to a physician/psychiatrist that needs a prescription and a retail pharmacy willing to fill the prescription.
 - Not expected to increase competition due to the need of a pharmacy that can fill all the prescriptions and the number of prescriptions needed from a board certified physician/psychiatrist.
- **Opioid Settlement:** \$54 billion are expected to be distributed over the next 15 to 20 years. Only a few billion have been dispersed so far.
 - Viewed as a 2025 phenomenon with small opportunities in 2024.
- **Labor:** Over the last 12 months base wage inflation has been declining.

- The company has been improving employee satisfaction through better engagement and driving a sense of purpose.
- **Beds:** The company expects to go from 670 incremental beds in 2023 to 1,150 in 2024/2025.
- **Joint-Ventures:** The company announced its 21st joint-venture with Ascension Seton (Austin, Tx).
 - This is the company's second joint-venture with Ascension Seton.
 - 11 joint-ventures are currently under development.
- **Capital Allocation:** Strategy focused on deciding what market to enter and how to enter the market.
 - The company decides what market to enter based off the regulatory environment, labor, payor behavior and competitors.
 - The company enters the market either through bed additions, JV partnerships or M&A (especially in certificate of need states).
- **Long-term Growth Drivers:** 1) Joint-Ventures; (2) Facility expansions; (3) De novo facilities; (4) M&A; and (5) Extending the continuum of care.

AMN Healthcare Services, Inc. (AMN)

- **Labor:** Management believes the physician shortage is equally as deep if not slightly worse than the nursing shortage.
 - The company is focused on: (1) offering flexible work environments; (2) aiding retired physicians to return to the work force; and (3) finding excess capacity even within individual employees.
 - Mid-level support (midwives, nurse practitioners, etc.) will be a significant growth opportunity.
- **MSDR:** The MSDR acquisition is expected to become accretive in 2024 and fill existing demand.
- **Capital Allocation:** M&A will be very important to supplement organic growth. Criteria for M&A is: (1) accretive to margins and revenue growth; (2) ROIC > Cost of capital; and (3) Adj. EPS accretion in the first full year.
 - The priority is investing back into the business (capex of 2%-3% of revenues) with a priority on digital/technology.
 - Acquisition strategy is focused around either adding additional size/scale or creating offerings that fit a new market need.
- **Guidance:** Long term growth is focused on investing in innovation, leveraging total talent solutions, and sustaining financial discipline.
 - As mix improves and higher margin business outpace over the next several years, management expects Adj. EBTIDA margins to sustain at 15%.
 - Management expects a total achievable market of \$43 billion, comprised of a \$36 billion US healthcare staffing market and \$7 billion in other addressable markets.



Avantor, Inc. (AVTR)

- **Laboratory Solutions:** Total addressable market of \$55 billion and is expected to grow in the low-single digit range.
 - No longer seeing China headwinds affecting laboratory solutions.
- **Bioscience Production:** Comprises one-third of revenue but roughly two-thirds of company profit.
 - Most of the revenue is recurring in nature.
- **Biopharma:** Seeing more new advanced antibodies and a growing pipeline of monoclonal antibodies.
- **Drug Approval:** 2024 viewed as a strong year for drug approvals due to advancements in monodonals, gene therapies and Crispr.
- **Semiconductors:** Semiconductor headwinds were similar to the overstocking headwinds experienced in life sciences.
- **Cost Savings:** Expect \$300 million of annual run rate gross cost savings by FYE26.
 - Expect to realize \$75M of savings in FY24 but it is not expected to fully offset inflation.
- **Capital Allocation:** Allocating all free cash flow towards debt paydown. Targeting under 3.0x net leverage.
- **M&A:** Viewed as a meaningful growth driver. Will engage in M&A again once balance sheet is in a better state.
- **1Q24 Margin:** Expected to be sequentially lower than 4Q23.
- **Normalized Outlook:** Anticipate profitability to stabilize as destocking and mix normalize over the next 12 to 24 months.
 - Target Adj EBITDA margins of over 20%.
- **Long-term Financial Targets:** Organic revenue growth in the mid-single digits with Adj EBITDA margin expansion of 50bps to 100bps

Bausch + Lomb Corporation (BLCOCN)

- **Margins:** Margin recovery will not be linear, view FY24 as an investment year and see larger margin improvement in FY25
- **Pharmaceuticals:** Very promotionally sensitive products with only 1.5M patients walking out with prescription compared to 30M patients diagnosed
 - Miebo (Evaporative dry eye treatment) will take ~1-2 years before achieving managed care access through demonstrating demand
- **Xiidra:** Inflammatory dry eye treatment with 97% of Novartis field force now fully integrated and expect growth in FY24
 - Has 70% managed care access
 - Will take 18-24 months to see the full benefit of the acquisition
- **Contact Lenses:** Several exciting programs in development

- Distribution issue has been fully resolved this quarter
- **Surgical:** Margins compressed due to (1) Covid supply chain disruption, (2) buying high priced componentry continuing into 2024, and (3) launching first premium IOL this year
 - Product launches supplemented with external science/innovation will make the segment competitive
 - Should have a full-price portfolio by FY25
- **OTC Consumer Business:** Believe growth will continue with investment in the team
- **China:** China is 9-10% of the portfolio primarily serving contact lenses; expect minimal impact from VBP and are optimistic in ability to execute in the market with investment in direct to consumer
 - Expect less than originally guided \$100M Fx headwind in FY24
- **Supply Chain:** Expect to see real improvements over the next 12-18 months
 - See an impact on free cash flow conversion in FY24 due to manufacturing/supply chain investments before returning to stable levels in FY25
- **Leverage:** Expect to return to 3.5x leverage by the end of FY25
 - Tuck-in acquisitions will continue but no larger deals (in the billions) until leverage target is hit
- **Spin:** Bausch's board is working through legal issues; hope for an outcome in the coming months but do not view the spin not happening as a possibility

Catalent, Inc. (CTLT)

- **Total Addressable Market:** Total Addressable Market is expected to grow from \$72 billion in FY23 to over \$90 billion in FY26.
- **Outsourcing:** Growth is driven by increased demand for prefilled syringe capacity through GLP-1s.
 - Largest CDMO in late-stage gene therapy; adeno-associated viral market has 65-70% outsourcing.
 - Larger players are expected to continue to win business away from smaller players.
- **Biotech:** Slow biotech funding muted near-term new modality early clinical progression.
 - Expect funding to return in 2H24 as cost of capital comes down and inflection points in markets/IPOs materialize.
- **PCH:** Cyclical depending on products phasing in vs phasing out. FY23 was lower than expected but FY24 is expected to grow above mid-single digits.
 - Will see growth in Consumer business due to share gain.

- **Biologics:** Margins suffered due to the COVID cliff/correction. The company built infrastructure and expects margins to normalize by the end of the year.
 - Signed with a large gene therapy customer contract on a 6-month rolling forecast; near-term is set in terms of guidance but the long-term depends on label expansion.
- **GLP-1:** Expected to grow from less than \$100 million in 2024 to over \$500 million in 2030.
 - Management believes the TAM for GLP-1 will grow to ~\$100 billion in 2030 from ~\$6 billion in 2023.
 - Management is devoting resources to bringing facilities online across the globe. The company expects almost all of prefilled syringes will eventually be GLP-1.
- **Gene Therapy:** Pipeline is growing and will reach an inflection point in the next couple of years. The share of late-stage programs is increasing, where the revenue per program is far greater than early-stage.
- **Brussels/Bloomington:** Brussels is better than the company expected. The Bloomington facility situation was more complex but management expects normalization by the end of the fiscal year.
- **Leverage:** The company is focused on: (1) increasing utilization; (2) returning to historical margins; (3) generating positive free cash flow; and (4) achieving a target leverage of 3.0x.
- **Outlook:** Management is focused on execution in manufacturing and generating FCF.
 - Concentrating production in the Midwest is expected to boost margins and improve productivity.
 - The company expects to at least hold current market share.

Centene Corporation (CNC)

- **Medi-Cal:** Will provide coverage to ~700,000 undocumented immigrants. The company has been staging in that population over the past couple of years.
- **Core Business:** The California commercial book is not part of the company's core business but it integrates well with its overall California business.
- **Acuity Adjusters:** Management noted that the company received acuity adjustments in 27 out of 30 states.
 - One of the three remaining states is notorious for taking its time.
- **Marketplace Membership:** Expect 200,000 to 300,000 Medicaid members to transition to Marketplace. The company expects to end the year with ~200,000 members transitioned and to have the number increase to 300,000 after redeterminations.
- **Medicaid Redeterminations:** Re-joiner rates have consistently been in the mid-20% range. The company is seeing the re-joiner rate tick up, but not significantly.
- **Medicare Utilization:** Has been coming in-line with expectations but has been elevated since May 2023.

- **Margin Opportunities:** Management views improving its STAR ratings as the best way to improve its margins.
- **Value-based Care:** Some states are working to create value-based arrangements and using RFPs to encourage it.

Charles River Laboratories International, Inc. (CRL)

- **DSA:** Comprises about 30% of the outsourced SA market. It grew mainly through M&A in addition to taking market share.
 - Management thinks that 50% of the market will eventually be outsourced.
- **Industry:** Speed is prioritized by most customers. Many customers seek to reduce the drug development timeline by 2 years.
- **Backlog:** Has elongated to 18-24 months. The company is targeting six to nine months overtime.
- **Non-human Primates:** Working on better vetting the supply of NHPs. The company increased its ownership stake in a majority-owned NHP supplier to 90%.
 - Pricing is driven heavily by supply and demand. Both are expected to normalize over time.
- **Cell & Gene Therapy:** Went back into the CDMO space due to customers wanting CRL to manufacture in addition to development and testing.
 - Believe the business can grow at a double-digit rate while having attractive margins.
- **M&A:** Focusing potential M&A on expanding the company's ability to service customers. The company feels comfortable about its current leverage.
 - Technology partnerships grant CRL exclusive first claims to acquire the partner.
 - A majority of its potential targets are private equity owned and are expected to come onto the market soon.
- **Outlook:** The company expects 150 bps of operating margin improvement between 2023 to 2026.

Fresenius Medical Care AG & Co. KGaA (FMEGR)

- **Overview:** The largest dialysis services network globally, treating over 50% of US home hemodialysis patients.
- **Dialysis Patient Population:** See growing incidents due to an ageing global population and hypertension.
 - Expect to return to pre-COVID population growth rate of 2%-3% by 2025.
 - 46% of patients "crash" into dialysis.
- **Pricing/Contracting:** Confident on getting better rates going forward and not afraid to walk away from unprofitable contracts.
 - Historically not a price taker, instead placing focus on volumes.



- **Labor:** US labor and wage inflation has mostly stabilized. There are still a few pockets in the US where staffing is challenged.
- **GLP-1 Effectiveness:** Proven to help control Type 2 diabetes and to be a positive for improving cardiovascular health.
 - Slows the progression of kidney disease and allows chronic kidney disease patients survive to end stage renal disease
- **GLP-1 Accessibility:** Price of GLP-1s has been slowing uptake and side effects will affect patient choice
 - Only 8% of patients have been prescribed a SGLT-2 in pre-chronic kidney disease
- **GLP-1 Impact:** Pricing is slowing GLP-1 uptake and side effects will effect patient choice
 - Not expecting any near-term impact. Think it will take at least a decade to see any impacts
- **CONVICE study:** 3-year trial performed across 61 dialysis centers in 8 European countries. It showed that high-volume hemodiafiltration had a 23% mortality rate reduction vs high-flux hemodialysis
 - The technology is not yet available in the US
- **Capital Allocation:** Continuing to focus on deleveraging
- **Ratings:** Committed to maintaining an investment grade rating.

HealthEquity, Inc. (HQY)

- **New Customer/Partner:** Have a partner hospital in Massachusetts that started offering HSAs with 80,000 employees.
- **Market:** Optum and FIDO comprise 50% of the HSA market. Management noted that the remaining 50% of the market has continued to consolidate.
 - Optum recently lost market share but has offset it through M&A.
- **Legislator:** Management noted that Congress is open to getting more people HSAs due to the tax advantage and savings benefits.
- **Employer Savings:** HSAs save employees an average of 8% per dollar on payroll taxes.
- **Enhanced Rate Products:** Return is benchmarked against the 5-year US Treasury yield.
- **Capital Allocation:** Priorities in order: (1) organic growth; (2) M&A; (3) dividends/share repurchases; and (4) debt reduction.
- **Leverage:** The company expects to increase leverage temporarily by returning capital to shareholders and M&A.
- **Margin Outlook:** Margins are expected to grow in 2024 due to yield and revenue growth outpacing technology and development cost growth.

Hologic, Inc. (HQY)

- **Diagnostics:** Total diagnostics revenue growth ex Covid was ~4-5% adjusting for selling days.
 - Cytology presented a headwind with a customer adjusting inventory levels.
 - Molecular diagnostics is projected to grow quicker than the total division driven by cytology and perinatal.
- **Breast Health:** Segment is seeing continued recovery from supply chain challenges in 2022 and management feels good about working through the backlog in 2024.
 - Management expects a steady evolution towards recurring revenues.
- **Panther System:** Doubled installed base from ~1,700 units in 2019 to ~3,260 in 2023.
 - Assays are contracted for ~5 years with contracts typically being extended.
- **Surgical: Acessa and Bolder systems are expected to continue to drive growth.**
 - BV CT/TV growth is better than expected, however there is take-up across the entire menu.
 - MyoSure and Fluent continue to be key points of strength within Surgical.
- **International:** Company has shifted from capital/dealer to a diverse/direct model accretive to growth.
 - Confident in international Breast Health adoption for 3D despite a lack of radiologists outside the US.
- **Capital Allocation:** Management continues to believe share repurchases are an effective use of capital.
 - Prefer acquisitions for adding additional growth drivers.
 - Management expects segments of larger corporations to be spun off in 2024-2025 while private company valuations have not matched public companies.
- **Ratings:** Ratings agencies have shown comfort with the company operating within 2-3x leverage under normal circumstances.
 - Management has shown confidence in a ratings upgrade.
- **Guidance:** Management is still confident in 5-7% organic revenue growth ex COVID.
 - Expect to exit 2024 with operating margins in the low 30% range after working through high-cost chips in the backlog.
 - Will likely update guide with higher interest income.

ICON plc (ICLR)

- **Industry Demand:** CRO market is growing at a 4% CAGR at the midpoint.
 - Expect global R&D budgets to grow at a 3% CAGR.



- **Central Lab:** Comprises about 5% of revenues. Management noted that clients are wanting alternatives in the marketplace, which include central lab offerings.
- **Backlog:** Backlog conversion rate has largely been driven by therapeutic mix.
 - Oncology and rare disease drug trials historically take longer than normal trials.
- **M&A:** Plan to continue M&A with a focus either in late phase, data and analytics or central lab.
 - M&A will be the company's top capital allocation priority.
- **Outlook:** Expect cost discipline around SG&A to drive improvements in profitability.
- **Long-Term Outlook:** Management noted that it expects to revenue growth at a CAGR midpoint of 6% to 2025.
 - Management expects EPS to grow at a CAGR midpoint of 17%.

Jazz Pharmaceuticals plc (JAZZ)

- **Xywav:** Currently the only approved treatment for the full condition of Idiopathic Hypersomnia (including sleep inertia).
 - Reduced sodium continues to resonate with patients and providers.
 - A survey conducted by the company indicates that 70% of sleep specialists anticipate increasing the prescribing of Xywav for Idiopathic Hypersomnia.
- **Zanidatamab:** The company has rapidly progressed its indications and data readouts since acquiring it.
 - Initiated a rolling biologics license application for Zanidatamab for HER2 biliary tract cancer (BTC).
 - Management believes that coming to market in BTC will allow for a fast "come to market" strategy for other indications.
 - The biologics license application is expected to be completed in 1H24.
 - Management sees opportunities in BTC, gastric and early-stage diseases.
 - The potential in early-stage diseases is driven by patient ability to tolerate the toxicity.
- **Epidiolex:** Providers are seeing beyond-seizure benefits based off data from the BECOME study.
- **Rylaze:** Seeing some first line use from prescribers because it can be used in the short-term.
 - Began a European launch in 2023 and will continue to launch on a rolling basis going forward.
- **Zepzelca:** Viewed as the second line lung cancer treatment of choice. Management is focused on moving from a smaller second line population to a larger first line population.

- **Suvecaltamide:** Expect top-line data from the Phase 2b essential tremor trial in late 1H24.
 - Essential tremor has a high unmet need as there has been no newly approved essential tremor pharmacotherapy in over 50 years.
- **Vision 2025:** Targeting \$5 billion of revenue in 2025.
 - \$2 billion of the Vision 2025 target revenue is expected to come from sleep franchise.
- **Corporate development:** Targeting opportunities in 2024-2025 to drive top line revenue growth and diversification.
 - The company will also layer in R&D assets to further build out its pipeline.
- **Oncology Outlook:** Oncology expected to be a \$1 billion portfolio in FY23 excluding Zanidatamab.
- **Oxybate Outlook:** Expect high-sodium AG royalty revenue to exceed \$200 million in 2024.

MultiPlan Corporation (MLTPLN)

- **CEO Transition:** New CEO comes with provider side experience across commercial/government and accelerating growth.
- **NSA:** Only a small portion of claims end up in arbitration where IDR process becomes clunky.
 - Management expects final regulations from CMS in 2024.
 - Revenue impact from NSA should be neutral.
- **BST:** Acquisition enables the company to target in-network claims (90-95% of claims) and go after Medicare Advantage and Medicaid populations.
 - Began developing a product with BST before acquiring them focusing on solving cost, utilization, and efficiency.
- **Growth Strategy:** Management believes growth will stem in 2024 from: (1) Pro Pricer; (2) Balance Bill Protection; (3) Itemized Bill Review; and (4) NSA.
 - Developing risk models to take a plan sponsors claim data and flag members that are candidates for procedures based on historical claims.
- **Capital Allocation:** Do not plan on doing sizable M&A in the future, however management is opening architecture for partnerships and smaller acquisitions.
 - Main focus remains on tilting free cash flow into debt retirement in preparation for a refinancing three years out.
- **Guidance:** Incremental \$200-\$275 million annual revenue is a mid-term view. Management expects core HST business to ramp quicker than Payment/BST.
 - Management believes margins will hold steady over time, balancing operational leverage and reinvesting back into the business.



Option Care Health, Inc. (OPCH)

- **Overview:** 27% of revenues come from acute therapies and 73% of revenues come from chronic therapies.
 - Have over 50 distribution therapies in the portfolio.
- **Payor Relationships:** Have over 800 payor relationships with 14,000 contracts.
 - The company has contracts with the all of the top 10 national payors.
 - Management sees partnering with payors for higher quality care at a lower cost as the largest opportunity in 2024.
- **Reimbursement:** There currently is limited access to home infusion for Medicare Fee for Service members.
 - Management noted that it has bipartisan support in the House and Senate for greater coverage. The company expects a Congressional Budget Office score in 2Q24.
- **Procurement Benefits:** The company had \$30 to \$35 million of procurement benefits in 2023. These benefits are not expected to continue into 2024.
- **Palantir Partnership:** Partnering on the deployment of Palantir's AI platform for administrative functions, procurement and patient outcomes.
- **M&A:** Management noted that it sees a number of attractive M&A opportunities.
- **Share Repurchase:** Repurchased \$75M of stock and fulfilled \$250M repurchase authorization in 4Q23.
 - Announced authorization for an additional \$250M of share repurchases.
- **Earnings Outlook:** Management reiterated its conviction around attaining its long-term double-digit earnings growth algorithm.

Organon & Co. (OGN)

- **Nexplanon:** The company is targeting low-single digit revenue growth for the product, with it reaching \$1 billion of steady state revenue by the end of 2025.
 - Didn't take pricing in 2023. Expecting to take price in 2024.
 - Planning on submitting for a 5-year formulary in 2025. Expected launch in 2026.
 - Will extend exclusivity until 2029
- **Jada:** 45,000 women have been treated with JADA since launch.
- **Humira/Hadlima:** Four to Five biosimilars launched in July 2023. Management sees Hadlima as the #1 biosimilar due to the value proposition.
 - 2024 is expected to be a year of market formation due to it being a pharmacy dispensed product. 2025 is expected to be a year where sales pick up.
 - Management sees there being three main Humira biosimilars based off formularies, usage and patient comfortability.

- **Hadlima Interchangeability:** Expected to help sales slightly due to specialty pharmacy patients getting sticker shock from the out of pocket cost of Humira.
- **Biosimilar Strategy:** Mainly focused on commercial partnerships. Due to partnerships generating high ROIC while keeping upfront costs low.
 - Management has a desire to further build its biosimilar portfolio. Will only partner if they will be the first or second to market with a biosimilar
- **Established Brands:** Expecting flat to slight revenue growth over time depending on international market performance. Due to a lot of international companies having issues around generic manufacturing.
 - Resulted in OGN having better volume and less price loss than expected.
- **Generic Pricing:** The US is viewed as the most aggressive in terms of taking pricing. Emerging markets and Japan are viewed as not as aggressive in terms of pricing.
- **China:** Expecting revenue growth in 2024. 55% of the business is in retail, which is seen growing over time due to public preference towards the efficiency of the retail channel vs the public channel.
- **VBP:** 25% of the company's portfolio is expected to go through the VBP process in the next two to three years. Fertility is not exposed to VPB due to it being in the retail channel and is expected to be a growth driver.
- **Cash Flow:** 2023 had \$350M of one-time IT costs related to the separation from Merck. These costs are expected to be 40% lower going forward.
- **Dividend:** Management reiterated its commitment towards its dividend.
- **Leverage:** The company expects to end FY23 at 4.4x leverage. In FY24, the company expects to lower leverage by 0.25x.
 - The company has a target leverage of 3.5x.
- **2024 Outlook:** Management expects low-single digit revenue growth and to stabilize or grow Adj EBITDA margins.
- **Long-term Outlook:** Management views the business as capable of growing revenues in a low-single digit to mid-single digit range.

Surgery Partners, Inc. (SURCEN)

- **Overview:** Independent pure play surgery operator, separate from a health system and health plan
- **Total Addressable Market:** Current \$90 billion addressable market with over \$60 billion of incremental market size entering in the coming years.
- **Industry Tailwinds:** Management sees growth opportunities through the aging population and the move to high value and higher quality settings of care.
- **Ophthalmology:** Since 2019 the specialty has been the lowest of the company's core growth specialties (3.7% case growth per year).
- **Cardiology:** Expansion in cardiology has two main headwinds: (1) most cardiologists are locked into three-year employment agreements and (2) 20 states have not followed CMS in making PCIs and higher acuity ASC procedures available (due to certificate of need laws).



- Expect cardiology to be a leading growth engine over time and greater than its orthopedic opportunity
- **De-novos:** Have 17 de-novos in the pipeline and expect to double-digit de novos per year for the foreseeable future.
 - Pipeline includes catheterization lab-based ASCs and opportunities for catheterization lab additions to ASCs.
 - Takes about 18 months for a de novo to be syndicated.
 - It takes roughly three months to get licensed and three to six months to get it to breakeven.
- **4Q23 Performance:** The company noted that it saw no unusual events during the quarter.
- **Labor:** Recruit 600 new physicians a year to their facilities.
- **Interest Expense:** The company's prior hedges that it had on its previous term loan remain in effect and fix the rate for another year and a half.
- **Leverage:** Target credit agreement leverage of 3.5x by 2025. Management noted that it has no concern in refinancing its 2025 Senior Notes and is looking opportunistically to refinance its 2027 Senior Notes.
- **Long-Term Revenue Growth:** Target 4%-6% topline growth (2%-3% case growth and 2%-3% volume growth).
 - Historically outpaced the 4%-6% due to acuity. The 4%-6% reflect a more normalized environment.
- **Long-Term Adj EBITDA Growth:** Target 11%-17% (mid-teens% at midpoint) Adj EBITDA growth. The company expects to increase its capital deployment towards this goal as free cash flow grows.

Teleflex Incorporated (TFX)

- **Prostate Cancer:** The American Cancer Society estimates 288,000 new cases of prostate cancer in the US each year with incidents growing at a 3% CAGR.
 - Over 95% of urologists who treat BPH also treat prostate cancer. Of those urologists: (1) 20% use Barrigel; (2) 20% use another technology; and (3) 60% require further education.
- **Hospitals:** Management views the acute hospital space as attractive due to procedural volumes returning to pre-COVID levels and improvements in staffing levels.
 - The company expects the acute hospital environment to continue to improve going forward.
- **ASCs:** Management attributes the increase in ASC utilization to hospitals acquiring ASCs and believes that the most successful hospitals are integrated via inpatient, ASCs and insurance/health plans.
 - ASC utilization frees up space in inpatient and higher acuity areas, supporting Teleflex's growth

- **GLP-1:** Management estimates that only 1% of its total revenues are at risk from GLP-1s.
- **Strategic Priorities:** (1) Drive sustainable revenue growth; (2) achieve earnings and margin expansion; and (3) optimize its product portfolio.
- **Recession:** Management noted that it expects a mild recession in the US and Europe.
 - The company caters to older patients that are historically more resilient during recessions
- **China:** Focus on expanding UroLift into China. The company plans to begin ramping in 2024 and continue to accelerate in 2025.
- **M&A:** Management noted that the M&A environment was encouraging and it plans on being active in the marketplace.

Teva Pharmaceutical Industries Ltd. (TEVA)

- **Austedo:** Confident on ability to achieve \$2.5 billion of revenue. Reallocated resources in the business to better focus on Austedo.
- **Uzedly:** 2023 was focused on expanding reach by getting set up in the market via Medicaid and hospital formulary approvals.
 - Product profile has created traction with the physician for its ability to be administered quickly in the case of a relapse.
- **TL1A:** Had one of the first TL1As on the market, but the company didn't invest in it.
 - Now placing on emphasis on being first to market in the third and fourth indications.
 - Phase 2 data will come out in 1H25 at the earliest.
- **Humira:** Humira biosimilars mostly came into the market during the middle of the year when PBMs were already locked in a rebate/contract for the full year with Humira.
 - 2024 is expected to reflect a more normalized competitive environment and the impact Humira biosimilars have
- **Biosimilar:** Want to grow the pipeline via partnerships.
 - Have 5 biosimilars expected to launch by 2027.
 - Expanded Alvotech partnership to further expand biosimilar pipeline.
- **Olanzapine:** Completed Phase 3 recruitment and now waiting for data read out.
 - Phase 3 has progressed quickly due to overarching eagerness to get Olanzapine on the market.
- **ICS/SABA:** The need for a combination product is high. It is viewed as a \$2.5 billion market. This assumes if only 30% of the total addressable patient population is being treated.
- **Generics:** Saw that only 60% of covered loss of exclusivities were profitable.

- **Teva API:** Business has been constrained due to its historical focus on serving the generics business.
 - Business is high margin and operates in an \$85 billion market.
- **Operating expenses:** Operating expenses are expected to increase, but the company will remain disciplined on maintaining it as a % of revenue.

Disclosures

Important Disclosures

BofA Global Research Credit Opinion Key

BofA Global Research provides recommendations on an issuer's bonds (including corporate and sovereign external debt securities), loans, capital securities, equity preferreds and CDS as described below. Convertible securities are not rated. An issuer level recommendation may also be provided for an issuer as explained below. BofA Global Research credit recommendations are assigned using a three-month time horizon.

Issuer Recommendations: If an issuer credit recommendation is provided, it is applicable to bonds and capital securities of the issuer except bonds and capital securities specifically referenced in the report with a different credit recommendation. Where there is no issuer credit recommendation, only individual bonds and capital securities with specific recommendations are covered. Loans, CDS and equity preferreds are rated separately and issuer recommendations do not apply to them.

BofA Global Research credit recommendations are assigned using a three-month time horizon:

Overweight: Spreads and/or excess returns are likely to outperform the relevant and comparable market over the next three months.

Marketweight: Spreads and/or excess returns are likely to perform in-line with the relevant and comparable market over the next three months.

Underweight: Spreads and/or excess returns are likely to underperform the relevant and comparable market over the next three months.

BofA Global Research uses the following rating system with respect to **Credit Default Swaps (CDS):**

Buy Protection: Buy CDS, therefore going short credit risk.

Neutral: No purchase or sale of CDS is recommended.

Sell Protection: Sell CDS, therefore going long credit risk.

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. BofA Securities fixed income analysts regularly interact with sales and trading desk personnel in connection with their research, including to ascertain pricing and liquidity in the fixed income markets.

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.

This report may refer to fixed income securities or other financial instruments that may not be offered or sold in one or more states or jurisdictions, or to certain categories of investors, including retail investors. Readers of this report are advised that any discussion, recommendation or other mention of such instruments is not a solicitation or offer to transact in such instruments. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor for information relating to such instruments.

Rule 144A securities may be offered or sold only to persons in the U.S. who are Qualified Institutional Buyers within the meaning of Rule 144A under the Securities Act of 1933, as amended. SECURITIES OR OTHER FINANCIAL INSTRUMENTS DISCUSSED HEREIN MAY BE RATED BELOW INVESTMENT GRADE AND SHOULD THEREFORE ONLY BE CONSIDERED FOR INCLUSION IN ACCOUNTS QUALIFIED FOR SPECULATIVE INVESTMENT.

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.

The securities or other financial instruments discussed in this report may be traded over-the-counter. Retail sales and/or distribution of this report may be made only in states where these instruments are exempt from registration or have been qualified for sale.

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.

This report, and the securities or other financial instruments discussed herein, may not be eligible for distribution or sale in all countries or to certain categories of investors, including retail investors.

Information relating to Affiliates of BofAS, MLPF&S and Distribution of Affiliate Research Reports:

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.

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.

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.

This report may contain a trading idea or recommendation which highlights a specific identified near-term catalyst or event impacting a security, issuer, industry sector or the market generally that presents a transaction opportunity, but does not have any impact on the analyst's particular "Overweight" or "Underweight" rating (which is based on a three month trade horizon). Trading ideas and recommendations may differ directionally from the analyst's rating on a security or issuer because they reflect the impact of a near-term catalyst or event.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments 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.

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 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.

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.