

## Weibo Corporation

# Down to Underperform from Buy on vulnerability to macro & competition risks

Rating Change: UNDERPERFORM | PO: 10.00 USD | Price: 9.55 USD

## Downgrade: structural and near-term potential risks

We downgrade Weibo to Underperform from Buy as we believe, compared with major ad platforms, it may be more vulnerable to macro and competition risks. 1) We estimate most of Weibo's ad is from consumption related verticals, especially FMCG, and has brand promotion purpose. We expect brand promotion ad spend to remain soft in 2024 due to macro and advertisers' shift towards performance-based ads. 2) We are concerned about competition from short video and other social channels, affecting traffic and ad revenue. While Weibo has been trying to ramp up video content, it remains as a mainly text & picture platform with limited ecommerce ecosystem. 3) We also see other potential risk factors including a) content risk, we watch for impact of influencer (>500k followers) real-name display, b) uncertainties regarding Alibaba's shareholding in Weibo, given recent news of Alibaba's stake sales in other investees, c) lagging behind peers with deeper pockets and stronger AI capabilities in Gen AI race.

## Ad revenue to underperform peers; cut estimates and PO

We expect Weibo's ad revenue to continue to underperform in 2024E: 5% YoY (RMB basis) for Weibo, vs. teens % growth for social media peers including Tencent, Kuaishou and Bilibili, and HSD % growth for ad peer – Baidu, and our 5-10% growth outlook for online ad market. We lower Weibo's 2024E topline to USD1.83bn (+5% YoY) from USD1.87bn (+7% YoY) and 2024E adjusted net profit is lowered to USD541mn (+5% YoY) from USD565mn (+10% YoY). We have a bigger cut in 2024E adjusted diluted EPS to USD2.05 (-4% YoY) from USD2.37, as we factor in potential share dilution from the recently issued USD330mn convertible senior note (refinance purpose). We cut PO from USD19.5/HKD153 to USD10/HKD79, based at 5x 2024E P/E (previously 9x 2023E P/E). 5x P/E is in line with our 5% profit growth outlook in 2024E and 2025E - equivalent to 1.0 PEG, and the historical trough of Weibo's multiple of 5x. Should company's financial outlook deteriorate, de-rating is likely. Upside risk is better macro and ad market. **Please contact us for upcoming ad channel check calls at 4pm Jan 16 and 9am Jan 18.**

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
Net Income (Adjusted - mn)	718.53	540.08	515.43	538.47	564.97
EPS	3.05	2.27	2.15	2.05	2.15
EPS Change (YoY)	28.6%	-25.8%	-5.2%	-4.5%	4.9%
Dividend / Share	0	0	0	0	0
Free Cash Flow / Share	3.40	2.22	1.25	1.55	1.62
Common EPS (US\$)	3.05	2.27	2.15	2.05	2.15
Common Dividend / Share (US\$)	0	0	0	0	0
<b>Valuation (Dec)</b>					
P/E	3.13x	4.22x	4.45x	4.66x	4.44x
EV / EBITDA*	1.35x	1.86x	1.95x	1.87x	1.75x
Free Cash Flow Yield*	52.69%	35.24%	19.88%	24.65%	25.91%

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

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**Refer to important disclosures on page 10 to 13. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.**

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Timestamp: 11 January 2024 04:20AM EST

11 January 2024

## Equity

### Key Changes

(US\$)	Previous	Current
Inv. Opinion	C-1-9	C-3-9
Inv. Rating	BUY	UNDERPERFORM
Price Obj.	19.50	10.00
2023E EPS	2.16	2.15
2024E EPS	2.37	2.05
2025E EPS	2.55	2.15

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## Stock Data

Price (ADR / Common)	9.55 USD / 75.10 HKD
Price Objective	10.00 USD / 79.00 HKD
Date Established	11-Jan-2024 / 11-Jan-2024
Investment Opinion	C-3-9 / C-3-9
52-Week Range	9.09 USD-24.04 USD
Market Value (mn)	1,478 USD
Shares Outstanding (mn)	154.8 / 154.8
Average Daily Value (mn)	26.71 USD
Free Float	0.6%
BofA Ticker / Exchange	WB / NAS
BofA Ticker / Exchange	WEIBF / HKG
Bloomberg / Reuters	WB US / WB.OQ
ROE (2023E)	14.4%
Net Dbt to Eqty (Dec-2022A)	-7.9%

# iQprofile<sup>SM</sup> Weibo Corporation

Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(US\$ Millions)					
Sales	2,257	1,836	1,754	1,835	1,916
Gross Profit	1,853	1,436	1,377	1,440	1,516
Sell General & Admin Expense	(689)	(483)	(513)	(543)	(569)
Operating Profit	697	491	468	487	520
Net Interest & Other Income	(147)	(352)	(12)	0	0
Associates	NA	NA	NA	NA	NA
Pretax Income	551	138	456	487	520
Tax (expense) / Benefit	(139)	(30)	(98)	(105)	(112)
Net Income (Adjusted)	719	540	515	538	565
Average Fully Diluted Shares Outstanding	235	238	240	263	263

## Key Cash Flow Statement Data

Net Income	428	96	346	371	398
Depreciation & Amortization	55	55	52	55	57
Change in Working Capital	42	(97)	(75)	(19)	(24)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	288	510	19	11	11
Cash Flow from Operations	814	564	342	418	441
Capital Expenditure	(35)	(43)	(48)	(53)	(58)
(Acquisition) / Disposal of Investments	(222)	177	0	0	0
Other Cash Inflow / (Outflow)	(167)	(167)	0	0	0
Cash Flow from Investing	(424)	(33)	(48)	(53)	(58)
Shares Issue / (Repurchase)	188	(8)	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Cash Flow from Financing	189	(91)	330	(800)	0
Free Cash Flow	779	521	294	364	383
Net Debt	11	(269)	(563)	(127)	(510)
Change in Net Debt	(609)	(267)	(294)	(364)	(383)

## Key Balance Sheet Data

Property, Plant & Equipment	68	250	245	244	245
Other Non-Current Assets	2,648	2,328	2,321	2,321	2,321
Trade Receivables	723	502	585	612	639
Cash & Equivalents	2,424	2,691	3,315	2,879	3,262
Other Current Assets	1,656	1,359	1,383	1,407	1,431
Total Assets	7,520	7,129	7,849	7,463	7,898
Long-Term Debt	1,538	2,422	2,752	2,752	2,752
Other Non-Current Liabilities	134	97	97	97	97
Short-Term Debt	897	0	0	0	0
Other Current Liabilities	1,262	1,220	1,228	435	438
Total Liabilities	3,832	3,739	4,077	3,284	3,287
Total Equity	3,688	3,391	3,772	4,178	4,611
Total Equity & Liabilities	7,520	7,129	7,849	7,463	7,898

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

Return On Capital Employed	9.7%	6.8%	6.3%	5.8%	5.9%
Return On Equity	21.9%	15.3%	14.4%	13.5%	12.9%
Operating Margin	30.9%	26.7%	26.7%	26.5%	27.2%
EBITDA Margin	33.3%	29.7%	29.7%	29.5%	30.1%

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

Cash Realization Ratio	1.1x	1.0x	0.7x	0.8x	0.8x
Asset Replacement Ratio	1.0x	1.2x	1.4x	1.4x	1.4x
Tax Rate (Reported)	25.2%	21.9%	21.5%	21.5%	21.5%
Net Debt-to-Equity Ratio	0.3%	-7.9%	-14.9%	-3.0%	-11.1%
Interest Cover	NM	9.1x	24.0x	NA	NA

## Key Metrics

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

## Company Sector

Internet/e-Commerce

## Company Description

Launched in 2009, Weibo has become the leading open social media platform in China. In Weibo, users can express themselves, discover interesting content and trending news/topics, and socialize with others. In Weibo, content creators can distribute content in various formats and verticals and engage with their followers. Weibo predominantly monetizes through advertising.

## Investment Rationale

We rate Weibo Underperform as we believe, compared with major ad platforms, Weibo may be more vulnerable to macro and competition. We expect Weibo's ad revenue to underperform social media peers and ad peers in China.

## Stock Data

Shares / Common	1.00
Price to Book Value	0.4x

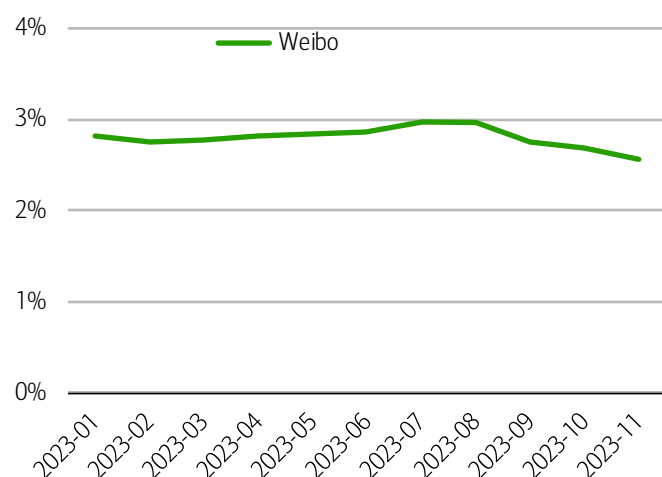
## Key Changes

(US\$)	Previous	Current
Inv. Opinion	C-1-9	C-3-9
Inv. Rating	BUY	UNDERPERFOR
		M
Price Obj.	HK\$153.00	HK\$79.00
2023E EPS	2.16	2.15
2024E EPS	2.37	2.05
2025E EPS	2.55	2.15

# Key charts

## Exhibit 1: Weibo app user time spent as % of top 308 mobile

Weibo's user time spent market share trended lower

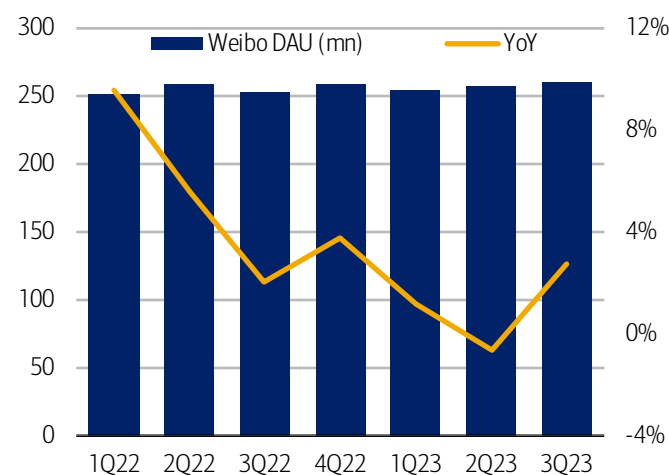


Source: QuestMobile

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## Exhibit 2: Weibo DAU already entered stable stage

A mature social platform

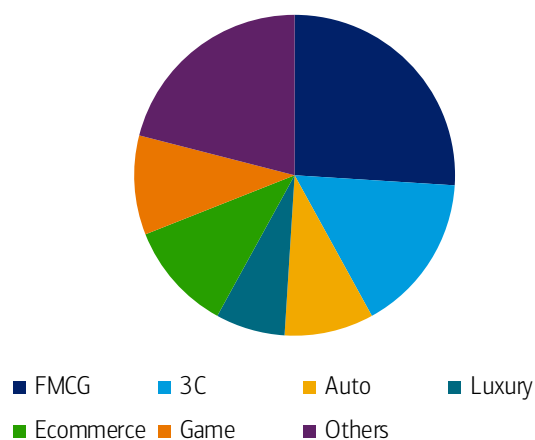


Source: Company data

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## Exhibit 3: Weibo ad revenue mix by advertiser vertical

We estimate most of Weibo's ad is from consumption related verticals

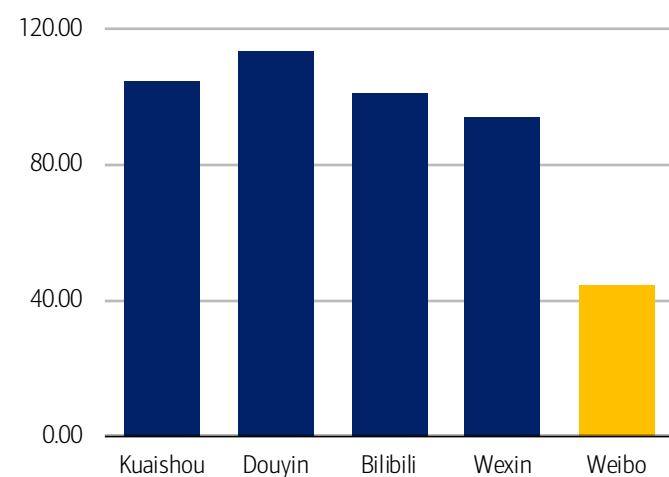


Source: BofA Global Research estimates

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## Exhibit 4: Mobile app daily user time spend (mins) – Nov 23

Still a mainly text & picture platform, Weibo's user time spend is lower

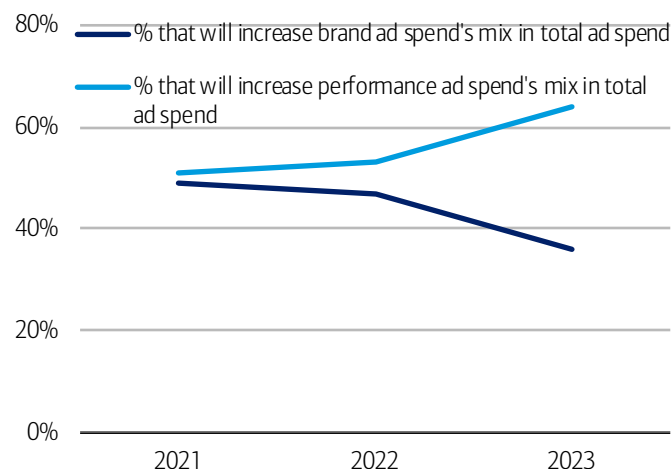


Source: QuestMobile

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**Exhibit 5: Advertisers to increase performance ad allocation**

...while lowering brand ad allocation

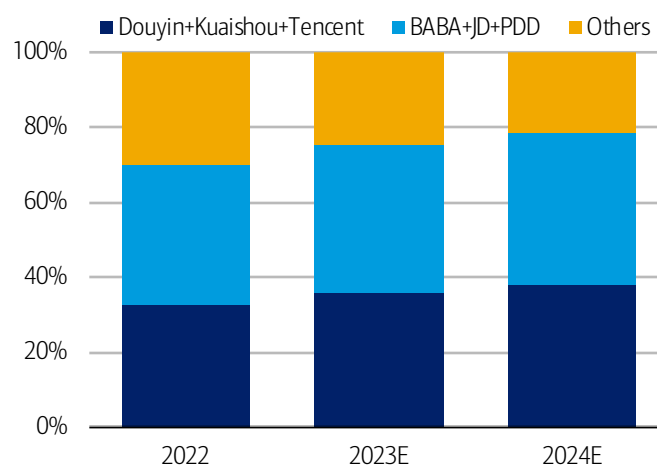


Source: Miaozen

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**Exhibit 6: Ad shift towards platforms that can close transaction loop**

Short videos to continue to gain share

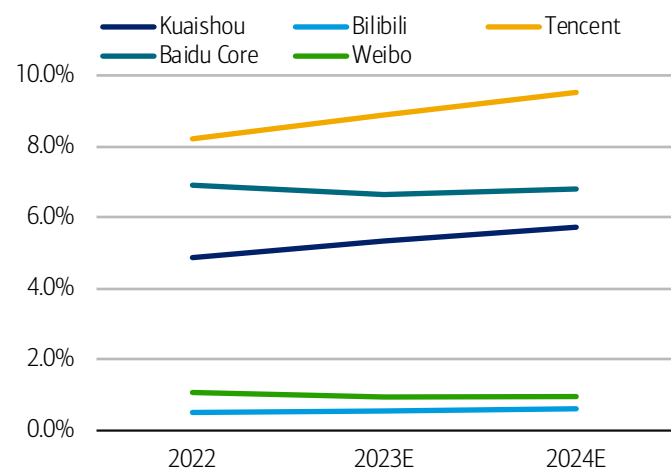


Source: BofA Global Research estimates

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**Exhibit 7: Online ad market share – listed social and ad platforms**

We expect Weibo's market share trend to underperform in 2024E

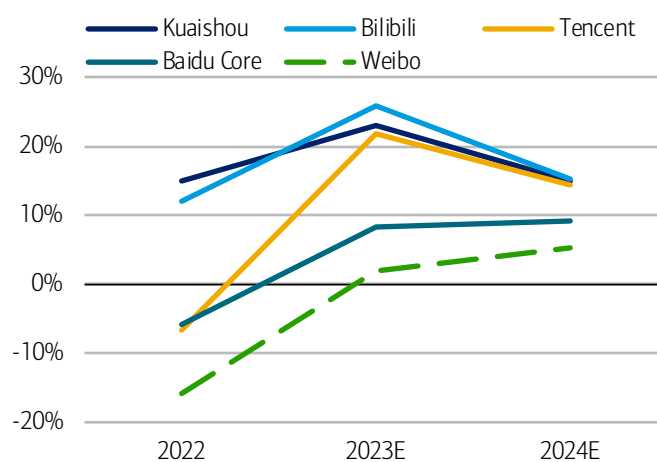


Source: BofA Global Research estimates

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**Exhibit 8: Ad revenue YoY growth of listed social and ad platforms**

We expect Weibo ad revenue growth to underperform



Source: BofA Global Research estimates

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**Other potential risk factors: content, shareholder, AI**

- Content risk. One of Weibo's differentiations (from other social media) is the content & discussion about society events and current affairs, which may be more sensitive than entertainment content. Recently In Dec 23, social media in China started to require self-media accounts with over 500k followers to display their real-name, otherwise their content distribution and monetization would be affected. We watch for the impact to Weibo's content and traffic.
- Risk to Alibaba's shareholding. Alibaba is the second largest shareholder with 29.9% shareholding and 16.5% voting right per 2022 annual report. Alibaba announced it will monetize non-core assets and enhance shareholder return. We see recent news in Dec 23, Alibaba reduced stake in investees including Xpeng and GoGoX. Weibo has a single digit % of revenue contribution from Alibaba.

- AI, disruption or opportunity? Weibo has been testing AIGC in areas including 1) AIGC tool to improve content creators' productivity, 2) virtual character - AI chatbot that can mimic "real" influencers. These initiatives are still in the early stage and meaningful positive impacts are yet to be seen. In the long-term race of AI, we see risk if Weibo runs behind other large social media platforms – like Tencent, Douyin and Kuaishou – which have deeper pockets and stronger AI capabilities.

### Lower forecasts and PO

Due to concern over ad growth, we lower Weibo's 2024E topline to USD1.83bn (+5% YoY) from USD1.87bn (+7% YoY) and 2024E adjusted net profit is lowered to USD541mn (+5% YoY) from USD565mn (+10% YoY). We have a bigger cut in 2024E adjusted diluted EPS to USD2.05 (-4% YoY) from USD2.37, as we factor in potential significant share dilution from the recently issued USD330mn convertible senior note due 2030 (conversion price of USD13.76).

We cut PO from USD19.5/HKD153 to USD10/HKD79, because 1) we roll forward the base to 2024E and we lower 2024E EPS, 2) we set target P/E multiple at 5x 2024E P/E (previously 9x 2023E P/E). We think 5x is reasonable because 1) we expect Weibo's profit growth to be 5% YoY in 2024E and 2025E, so that 5x equivalent to 1.0 PEG; 2) 5x is roughly 60% discount to peers' average P/E, justified by about 60% discount to peers' average revenue growth; 3) the historical trough of Weibo's P/E is close to 5x.

While Weibo is already trading at close to 5x P/E, we think 1) company lacks upside catalyst, 2) Weibo's net cash was USD0.34bn as of 3Q23 and would be USD0.67bn if adding the newly issued note, representing <30% of market cap, therefore we think downside support may not be strong, 3) should company's financial outlook deteriorate, there may still be risk of de-rating.

### Exhibit 9: Comp table

Our PO is based on 5x 2024E non-GAAP P/E

Company	Ticker	Non-GAAP P/E		Non-GAAP EPS growth		Total revenue growth		Non-GAAP PEG
		FY24e	FY25e	FY24e	FY25e	FY24e	FY25e	
Baidu	BIDU US Equity	11	10	0%	9%	9%	8%	1.2
Tencent	700 HK Equity	14	12	17%	13%	11%	10%	1.1
Kuaishou	1024 HK Equity	14	9	67%	52%	15%	12%	0.3
		13	10	28%	25%	11%	10%	0.8
Weibo (Our target valuation implied)		5	5	-4%	5%	5%	4%	1.0
Weibo's discount vs. peers' average		-61%	-56%	NA	-80%	-60%	-57%	

Source: Bloomberg consensus, BofA Global Research estimates

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**Exhibit 10: Weibo's P/E multiple has been derating**  
Trough is around 5x



Source: Bloomberg

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## Price objective basis & risk

### Weibo Corporation (WB / WEIBF)

Our PO is USD10/HKD79, based on 5x 2024E P/E. We think 5x is reasonable because it is in-line with Weibo's profit growth of 5% YoY in 2024E-2025E.

Upside risks to our PO are: better ad budget on consumption recovery, AIGC.

Downside risks to our PO are macro weakness, intensified competition, content risk, potential share sell-down by major shareholders, disruption risk from AI.

## Analyst Certification

I, Miranda Zhuang, 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.

### APR - Internet, Media and Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY	Agora	API	API US	Daley Li, CFA
	AiHuiShou	RERE	RERE US	Joyce Ju
	Alibaba Group	BABA	BABA US	Joyce Ju
	Alibaba Group	BABAF	9988 HK	Joyce Ju
	Alibaba Health	ALBHF	241 HK	Miranda Zhuang, CFA
	Baidu.com	BIDU	BIDU US	Miranda Zhuang, CFA
	Baidu.com	BAIDF	9888 HK	Miranda Zhuang, CFA
	Bilibili	BILI	BILI US	Lei Zhang
	Bilibili	BLBLF	9626 HK	Lei Zhang
	CAR Group	CRSLF	CARAU	Sriharsh Singh
	Chinasoft International	CFTLF	354 HK	Daley Li, CFA
	Cloud Music	XWJF	9899 HK	Lei Zhang
	Com2uS Corp	XOYAF	078340 KS	Jeehoon Jeong, CFA
	DBAPPSecurity	XDBAF	688023 CH	Daley Li, CFA
	Delhivery	XDVL	DELHIVER IN	Sachin Salgaonkar
	Dingdong	DDL	DDL US	Joyce Ju
	East Money	XEQTF	300059 CH	Michael Li
	Grab Holdings	GRAB	GRAB US	Sachin Salgaonkar
	Hello Group	MOMO	MOMO US	Lei Zhang
	Hundsun Technologies	XYTGF	600570 CH	Daley Li, CFA
	HYBE	XBGOF	352820 KS	Susie Lee
	iQIYI	IQ	IQ US	Lei Zhang
	JD Health	JDHIF	6618 HK	Miranda Zhuang, CFA
	JD.com	JD	JD US	Joyce Ju
	JD.com	JDCMF	9618 HK	Joyce Ju
	JYP Entertainment	ALNNF	035900 KS	Susie Lee
	Kingdee International Software	KGDEF	268 HK	Daley Li, CFA
	Kingsoft Corporation	KSFTF	3888 HK	Daley Li, CFA
	Kuaishou	KUASF	1024 HK	Lei Zhang
	Makemytrip Limited	MMYT	MMYT US	Sachin Salgaonkar
	Meituan	MPNGF	3690 HK	Lei Zhang
	Naver Corporation	NHNCF	035420 KS	Susie Lee
	NetEase	NETTF	9999 HK	Lei Zhang
	NetEase, Inc	NTES	NTES US	Lei Zhang
	Nine Entertainment Company	NNMTF	NECAU	Alice Lei, CFA
	Paytm	XUXBF	PAYTM IN	Sachin Salgaonkar
	Pinduoduo Inc.	PDD	PDD US	Joyce Ju
	Plan B Media PCL	XMKTF	PLANB TB	Thititthep Nophaket
	PT Bukalapak.com	BKLPF	BUKA IJ	Sachin Salgaonkar
	PVR-Inox Ltd	PVRINF	PVRINOX IN	Sachin Salgaonkar
	REA Group	RPRGF	REA AU	Sriharsh Singh
	Tencent Holdings	TCTZF	700 HK	Miranda Zhuang, CFA



## APR - Internet, Media and Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Tencent Music	TME	TME US	Lei Zhang
	Tencent Music	XWFWF	1698 HK	Lei Zhang
	Tongcheng Travel	TNGCF	780 HK	Janet Yang
	Trip.com Group	TCOM	TCOM US	Joyce Ju
	Trip.com Group	TRPCF	9961 HK	Joyce Ju
	TUHU Car	XTCRF	9690 HK	Miranda Zhuang, CFA
	Venustech	XVCGF	002439 CH	Daley Li, CFA
	Vipshop Holdings	VIPS	VIPS US	Joyce Ju
	Xero Limited	XROLF	XRO AU	Sriharsh Singh
	YG Entertainment	XYEIF	122870 KS	Susie Lee
	Yonyou Network	XYNIF	600588 CH	Daley Li, CFA
	YY	YY	YY US	Lei Zhang
	Zee Entertainment Enterprises	XZETF	Z IN	Sachin Salgaonkar
	Zomato Limited	XMWRF	ZOMATO IN	Sachin Salgaonkar

<b>NEUTRAL</b>				
	AfreecaTV	WNTHF	067160 KS	Susie Lee
	Autohome	ATHM	ATHM US	Miranda Zhuang, CFA
	Autohome	XXYZF	2518 HK	Miranda Zhuang, CFA
	Baozun	BZUN	BZUN US	Joyce Ju
	Coupang	CPNG	CPNG US	Susie Lee
	Glodon Company	XGCOF	002410 CH	Daley Li, CFA
	GoTo Group	GTOFF	GOTO IJ	Sachin Salgaonkar
	Huya	HUYA	HUYA US	Lei Zhang
	Kakao Corp.	DAUCF	035720 KS	Susie Lee
	KE Holdings	BEKE	BEKE US	Miranda Zhuang, CFA
	KE Holdings	XSQRF	2423 HK	Miranda Zhuang, CFA
	Kingsoft Cloud	KC	KC US	Daley Li, CFA
	Kingsoft Cloud	KCLHF	3896 HK	Daley Li, CFA
	Krafton	XKINF	259960 KS	Susie Lee
	NCSOFT	NCSCF	036570 KS	Susie Lee
	Nykaa	XQQGF	NYKAA IN	Sachin Salgaonkar
	PB Fintech	XPEXF	POLICYBZ IN	Sachin Salgaonkar
	PropertyGuru	PGRU	PGRU US	Sachin Salgaonkar
	Sea Limited	SE	SE US	Sachin Salgaonkar
	Seek Limited	SKLTF	SEK AU	Sriharsh Singh
	Seven West Media	WANHF	SWM AU	Alice Lei, CFA
	The ONE Enterprise	XUFCF	ONEE TB	Thititthep Nophaket
	VGI Public Company Limited	XZQHF	VGI TB	Thititthep Nophaket
	Weimob	WEMXF	2013 HK	Daley Li, CFA
	WiseTech Global Limited	WTCHF	WTC AU	Ware Kuo
	XD Inc.	XDNCF	2400 HK	Lei Zhang

<b>UNDERPERFORM</b>				
	Altium Limited	ALMFF	ALU AU	Ware Kuo
	Appen Ltd	APPEF	APX AU	Ware Kuo
	BEC World	XBJHF	BEC TB	Thititthep Nophaket
	CJ ENM	CJHOF	035760 KS	Susie Lee
	Douyu	DOYU	DOYU US	Lei Zhang
	Indiamart Intermesh Limited	XEITF	INMART IN	Sachin Salgaonkar
	Info Edge	IFOEF	INFOE IN	Sachin Salgaonkar
	Kakao Games	XKKGf	293490 KS	Susie Lee
	Kingsoft Office	XBKOF	688111 CH	Daley Li, CFA
	Ming Yuan Cloud	XWTAF	909 HK	Daley Li, CFA
	NavInfo	XWLHF	002405 CH	Daley Li, CFA
	Netmarble	XLGHF	251270 KS	Susie Lee
	PearlAbyss Corp	XEPAF	263750 KS	Susie Lee
	Ping An Healthcare and Technology	PANHF	1833 HK	Miranda Zhuang, CFA
	Qi An Xin	XQTFD	688561 CH	Daley Li, CFA
	Technology One Limited	THNOF	TNE AU	Ware Kuo
	ThunderSoft	XSTSf	300496 CH	Daley Li, CFA
	Weibo Corporation	WB	WB US	Miranda Zhuang, CFA
	Weibo Corporation	WEIBF	9898 HK	Miranda Zhuang, CFA
	Zip Co Limited	ZIZTF	ZIP AU	Ware Kuo

<b>RVW</b>				
	Dada Nexus	DADA	DADA US	Lei Zhang



## APR - Internet, Media and Software Coverage Cluster

Investment rating

Company

BofA Ticker

Bloomberg symbol

Analyst

**IQmethod<sup>SM</sup> Measures Definitions****Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

**Denominator**

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

**Quality of Earnings**

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

**Numerator**

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

**Denominator**

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

**Valuation Toolkit**

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

**Numerator**

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

**Denominator**

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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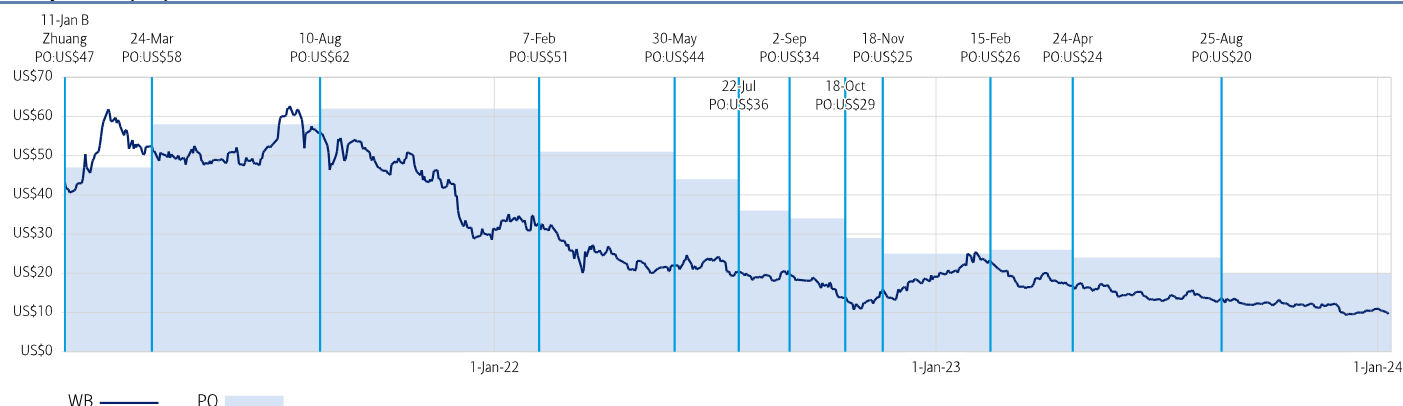
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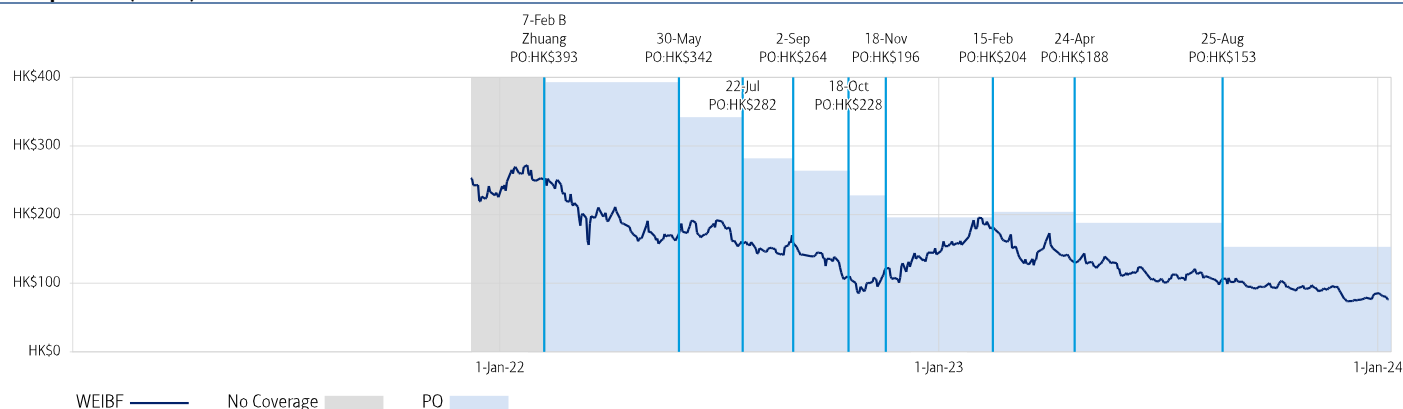
### Weibo Corporation (WB) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Weibo Corporation (WEIBF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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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%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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