

Restaurants Industry

2/13 4Q Earnings Recap: QSR, DNUT – Settling in for the long haul

Price Objective Change

QSR: Slower unit growth, continued investment

F24's unit growth rate of 4.5% (down from 5.5% previously) is at the midpoint of mature global Quick Service peers YUM (5%+) and MCD (4% in 2024 and 5% by 2027), suggesting it's not overly conservative, especially given challenges in the China market, previously an outsized driver of growth. In the same vein, we view the ongoing investments – including the ~\$300 mm in incremental spend to support BK franchisee remodels – as consistent with the reinvestment needs of a global system and reiterate our Underperform rating.

F24 EPS up slightly as lower opex offsets lower revenue

Our 1Q and F24 revenue estimates come down modestly (from \$8.76bb to \$8.32bb) to reflect softer international performance, including slower BK unit growth. The lower topline is, however, offset by lower G&A and advertising contributions (though we believe that if the operating environment grows more challenging, QSR may need to increase investment beyond the \$58 mm target). As a result, 1Q24 EPS moves from \$0.70 to \$0.78 and F24 moves from \$3.32 to \$3.37 (though we remain below pre-release consensus of \$3.42). Relative to the S&P 500, currently QSR's earnings multiple stands at 1.2x, above its 5-year average. We view the historical average as appropriate as lagging sales trends and greater investment needs drive lower estimate revisions. We apply a 1.1x multiple to our 12 months forward EPS estimate (F25: \$3.72) EPS to arrive at a price objective of \$78 /C\$105.83 (\$74/C\$100.09 prior). Our 1.1x relative multiple (vs the S&P 500) translates to an absolute P/E multiple of 20.9x.

DNUT: More consistent earnings growth ahead

While DNUT's 2024E guidance (6-8% organic revenue growth, 8-11% EBITDA growth) was lower than the algorithm it previously articulated (~9% revenue CAGR, 13% EBITDA growth), we continue to think it embeds some conservatism. But it also reflects the current management team's commitment to delivering more consistent operating profit growth over time predicated on systematic processes and longer term planning. We view this shift as part of the natural evolution of the business, and one that will prove welcome after recent years' volatility. Reiterate Buy.

F24 lower on slower topline growth

We lower F24 revenue from \$1.85bb to \$1.82bb to reflect a softer start to the year (January weather) as well as a slower pace of point of access (POA) additions. Our EBITDA estimate declines (\$273.7mm to \$233.9mm) on the slower topline and higher expenses due to persistent inflation (sugar, CA labor exposure among others). Higher interest expense further drags on EPS (we now model \$0.30 from \$0.46 prior). We apply a 13x multiple (similar to high growth peers) to our forward estimate 12 months from now (F25: \$255mm) to arrive at our \$16 price objective (\$19 prior).

14 February 2024

Equity
United States
Restaurants

Sara Senatore
Research Analyst
BofAS
+1 646 743 2110
sara.senatore@bofa.com

Jessica Owusu Afari
Research Analyst
BofAS
+1 646 617 9040
jessica.owusu-afari@bofa.com

Katherine Griffin
Research Analyst
BofAS
+1 646 855 2849
katherine.griffin@bofa.com

Stock symbol key:

QSR- Restaurant Brands Intl

DNUT- Krispy Kreme

YUM- Yum! Brands

MCD- McDonald's

Glossary:

SSSG – same-store sales growth, also known as comparable sales or “comps”

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 5 to 9. Analyst Certification on page 4. Price Objective Basis/Risk on page 4.

12659239

Timestamp: 14 February 2024 05:00AM EST

Exhibit 1: We forecast EPS of \$3.37 in F24 and \$3.72 in F25

QSR Income Statement F23-F25E

(\$ millions; FYE Dec)	2023	1Q24E	2Q24E	3Q24E	4Q24E	2024E	1Q25E	2Q25E	3Q25E	4Q25E	2025E
Company sales	2,950	695	963	1,196	1,202	4,055	979	964	1,199	1,205	4,347
Franchise and property revenues	2,903	719	775	771	751	3,016	731	818	812	795	3,156
Advertising revenues	1,171	292	313	326	320	1,250	307	335	347	347	1,337
Total revenues	7,024	1,705	2,050	2,293	2,272	8,321	2,018	2,117	2,359	2,348	8,841
		7%	16%	25%	25%						
Cost of sales	2,435	573	813	1,032	1,040	3,458	843	819	1,029	1,043	3,734
Franchise and property expenses	513	136	134	129	141	541	137	143	143	139	562
Advertising expenses	1,273	304	355	339	361	1,359	320	348	361	360	1,389
General and administrative expenses	704	154	163	167	187	671	151	160	164	180	655
SG&A	1,977	458	518	506	548	2,030	471	508	525	540	2,044
(Income) loss from equity method investments	(8)	-	-	-	-	-	-	-	-	-	-
Other operating expenses (income), net	55	-	-	-	-	-	-	-	-	-	-
	12%										
EBIT	2,052	538	586	625	543	2,292	567	647	662	625	2,501
EBIT margin	29%	32%	29%	27%	24%	28%	28%	31%	28%	27%	28%
Interest expense, net	582	140	140	140	140	560	147	147	147	147	590
(Gain) loss on early debt extinguishment	16	-	-	-	-	-	-	-	-	-	-
EBT	1,454	398	446	485	403	1,732	420	499	515	477	1,911
Income tax expense	(265)	64	71	78	64	277	67	80	82	76	306
Tax rate (%)	-18.2%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Net income	1,719	334	375	408	338	1,455	352	419	432	401	1,605
Net income (loss) attributable to non-controlling	531	107	120	131	110	468	115	136	141	132	524
Net income to common shareholders	1,188	227	255	277	228	987	238	283	292	269	1,081
GAAP EPS to common	\$3.81	\$0.73	\$0.81	\$0.88	\$0.74	\$3.17	\$0.77	\$0.92	\$0.95	\$0.89	\$3.53
Basic sharecount - common	312	313	314	314	307	312	307	308	308	301	306
Partnership exchangeable units at EOP	146	145	145	146	146	145	146	146	146	146	146
Total sharecount (incl PEUs) - diluted	456	453	454	455	448	452	448	449	449	442	447
Adjusted net income (ex. preferred div.)	1,481	353	392	426	355	1,527	368	434	448	415	1,663
Adjusted EPS - company method	\$3.24	\$0.78	\$0.86	\$0.94	\$0.79	\$3.37	\$0.82	\$0.97	\$1.00	\$0.94	\$3.72
%growth	3.3%	4.4%	2.2%	3.9%	5.7%	4.0%	5.3%	11.9%	6.4%	18.2%	10.3%
Adjusted EBITDA - company method (ex SBC)	2,555	642	712	754	678	2,786	684	769	787	756	2,996
Adjusted EBITDA (includes SBC)	2,361	596	664	703	623	2,586	638	721	736	701	2,796
%growth	7.3%	9.8%	7.5%	8.2%	13.3%	9.6%	7.1%	8.5%	4.7%	12.5%	8.1%
Margin	33.6%	34.9%	32.4%	30.7%	27.4%	31.1%					31.6%

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 2: Our F24 EPS estimate is up from \$3.32 to \$3.37

Restaurant Brands Int'l BofA Estimates - Prior vs New

	Prior 1Q24E	New 1Q24E	% Change	Prior 2024E	New 2024E	% Change	Prior 2025E	New 2025E	% Change
Total revenues	\$1,723.9	\$1,705.4	-1%	\$8,755.7	\$8,321.4	-5%	\$9,489.3	\$8,840.8	-7%
Adjusted EBITDA (includes SBC)	\$568.0	\$595.9	5%	\$2,622.6	\$2,586.1	-1%	\$2,827.8	\$2,795.7	-1%
Adjusted EPS - company method	\$0.70	\$0.78	11%	\$3.32	\$3.37	2%	\$3.65	\$3.72	2%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH



Exhibit 3: We forecast EBITDA of \$233.9mm in F24 and \$255 in F25

DNUT Income Statement F23-F25E

(\$ in mm except per share amounts; YE December)

	2023	1Q24E	2Q24E	3Q24E	4Q24E	2024E	1Q25E	2Q25E	3Q25E	4Q25E	2025E
Total Net Revenues	\$1,686.1	\$453.0	\$450.1	\$441.2	\$476.7	\$1,821.1	\$508.6	\$502.3	\$494.9	\$532.4	\$2,038.1
% Growth	10%	8%	10%	8%	6%	8.0%	12%	12%	12%	12%	12%
Product and distribution costs	\$443.2	\$126.1	\$122.3	\$113.1	\$123.0	\$484.5	\$144.4	\$136.7	\$129.4	\$135.6	\$546.0
Operating expenses	776.6	197.2	194.8	201.2	206.7	799.9	220.8	218.2	225.4	231.5	895.9
Selling, general and administrative expense	266.9	65.8	67.0	73.1	79.7	285.5	70.4	71.7	78.2	85.3	305.5
Marketing expenses	45.9	10.7	13.5	10.6	9.5	44.3	12.0	15.1	11.9	10.6	49.6
Preopening costs	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other expenses, net	10.4	0.0	0.0	-1.3	-4.8	-6.1	2.5	2.5	2.5	2.7	10.2
Depreciation and amortization	125.9	29.8	31.7	34.2	38.4	134.1	30.4	32.3	35.4	39.7	137.8
Operating Income	\$13.1	\$23.5	\$20.8	\$10.3	\$24.2	\$78.9	\$28.1	\$25.8	\$12.2	\$27.1	\$93.2
Interest expense, net	50.3	13.8	13.8	13.8	13.8	55.2	12.0	12.0	12.0	12.0	48.1
Interest expense - related party											
Other non-operating expense/(income), net	3.8	0.8	0.8	0.8	0.8	3.1	0.0	0.0	0.0	0.0	0.0
Pre-tax income	(41.0)	8.9	6.2	(4.2)	9.6	20.6	16.0	13.7	0.2	15.1	45.1
Income tax expense / (Benefit)	(4.3)	2.4	1.7	(1.1)	2.6	5.6	4.0	3.4	0.0	3.8	11.3
Net income	(36.6)	6.5	4.5	(3.1)	7.0	15.0	12.0	10.3	0.1	11.4	33.8
Net Income attributable to noncontrolling interest	1.3	1.9	(0.1)	0.2	(0.7)	1.3	2.5	2.5	2.0	2.0	9.0
Net Income attributable to Krispy Kreme, Inc.	(37.9)	4.6	4.7	(3.3)	7.8	13.7	9.5	7.8	(1.9)	9.4	24.8
GAAP EPS	(\$0.22)	\$0.03	\$0.03	(\$0.02)	\$0.05	\$0.08	\$0.06	\$0.05	(\$0.01)	\$0.06	\$0.15
Adjusted EPS	\$0.27	\$0.08	\$0.08	\$0.04	\$0.10	\$0.30	\$0.12	\$0.11	\$0.05	\$0.12	\$0.39
Shares Outstanding											
Basic	169	169	169	169	169	169	169	169	169	169	169
Diluted	171	170	170	170	170	170	170	170	170	170	170
EBITDA	135	53	52	44	62	210	58	58	48	67	231
Adjusted EBITDA	211.6	58.5	57.7	49.8	67.8	233.9	64.5	64.1	53.6	72.8	255.0
% Margin	12.6%	12.9%	12.8%	11.3%	14.2%	12.8%	12.7%	12.8%	10.8%	13.7%	12.5%
% Growth	11%	7%	18%	14%	6%	10.5%	10%	11%	8%	7%	9.0%

Source: Company report, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 4: We lower our F24 EBITDA and EPS estimates

Krispy Kreme BofA Estimates - Prior vs New

	Prior 1Q24E	New 1Q24E	% Change	Prior 2024E	New 2024E	% Change	Prior 2025E	New 2025E	% Change
Total Net Revenue	\$471.5	\$453.0	(4%)	\$1,851.8	\$1,821.1	(2%)	\$2,074.4	\$2,038.1	(2%)
Adjusted EBITDA	\$76.0	\$58.5	(23%)	\$273.7	\$233.9	(15%)	\$315.4	\$255.0	(19%)
Adjusted EPS	\$0.15	\$0.08	(45%)	\$0.46	\$0.30	(34%)	\$0.68	\$0.39	(43%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 5: Stocks mentioned

Prices and ratings for stocks mentioned

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
DNUT	DNUT US	Krispy Kreme	US\$ 13.16	C-1-7
QSR	QSR US	Restaurant Brands In	US\$ 74.76	B-3-7
YQSR	QSR CN	Restaurant Brands In	C\$ 101.46	B-3-7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk**Krispy Kreme (DNUT)**

We believe a premium valuation is justified owing to DNUT's robust double digit topline growth, extended growth runway, and higher incremental returns. We apply a 13x multiple (similar to high growth peers) to our forward estimate 12 months from now (F25: \$255mm) to arrive at our \$16 price objective.

Downside risks: potential industry headwinds from higher-than-expected wages, logistics, and commodity cost inflation, competition from other indulgence and foodservice businesses, and failure to achieve targeted unit growth due to higher than expected costs or other factors.

Upside risks: faster-than-expected growth in global access points, organic growth above the company's stated long-term growth targets, higher-than-expected share gains in the global indulgence and foodservice markets.

Restaurant Brands International Inc. (QSR / YQSR)

We view QSR's 5-yr historical average multiple of 1.1x as appropriate as lagging sales trends and greater investment needs drive lower estimate revisions. We apply this multiple to our 12 months forward EPS estimate (F25) EPS to arrive at a price objective of \$78 (C\$105.83). Our 1.1x relative multiple (vs the S&P 500) translates to an absolute P/E multiple of 20.9x.

Upside risks: better-than-expected results on sales trends and market share gains as a result of investments in stores, technology, and marketing spend. Faster-than-expected turnaround in the Burger King brand. Faster-than-expected growth of the Tim Horton's brand.

Downside risks: Higher-than-expected G&A spending, continued lag in topline growth trends relative to competitors, slower-than-expected recovery in supply chain and/or labor constraints associated with COVID-19.

Analyst Certification

I, Sara Senatore, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

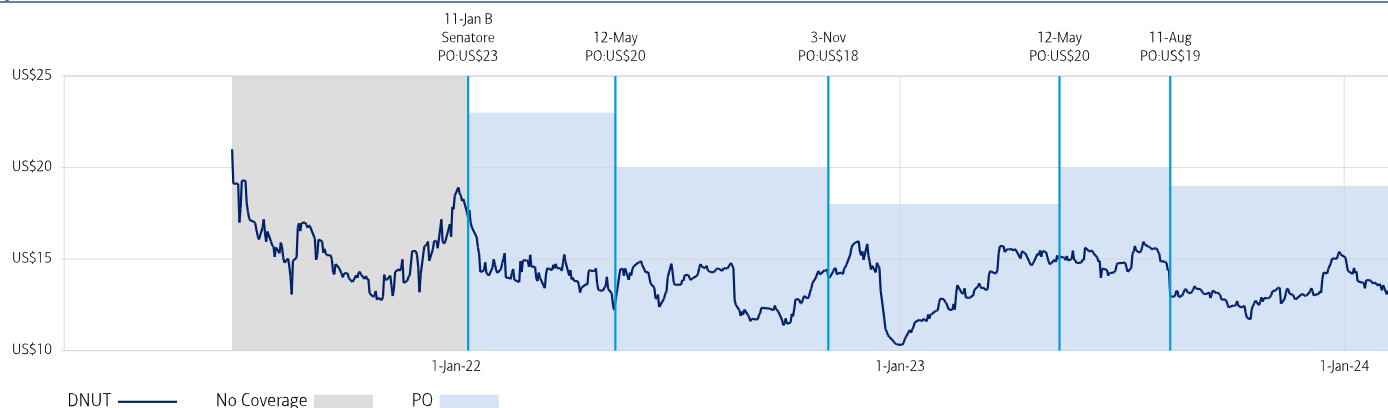
US - Restaurants Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Chipotle Mexican Grill	CMG	CMG US	Sara Senatore
	Darden Restaurants	DRI	DRI US	Sara Senatore
	Domino's Pizza	DPZ	DPZ US	Sara Senatore
	Dutch Bros	BROS	BROS US	Sara Senatore
	First Watch	FWRG	FWRG US	Sara Senatore
	Jack in the Box	JACK	JACK US	Sara Senatore
	Krispy Kreme	DNUT	DNUT US	Sara Senatore
	Papa John's International	PZZA	PZZA US	Sara Senatore
	Portillo's Inc.	PTLO	PTLO US	Sara Senatore
	Starbucks	SBUX	SBUX US	Sara Senatore
	Sweetgreen	SG	SG US	Katherine Griffin
	Texas Roadhouse	TXRH	TXRH US	Sara Senatore
	Wingstop Inc	WING	WING US	Sara Senatore
NEUTRAL				
	Bloomin Brands	BLMN	BLMN US	Sara Senatore
	McDonald's	MCD	MCD US	Sara Senatore
	Shake Shack	SHAK	SHAK US	Sara Senatore
	The Cheesecake Factory	CAKE	CAKE US	Katherine Griffin
	Yum Brands Inc	YUM	YUM US	Sara Senatore
UNDERPERFORM				
	Brinker International	EAT	EAT US	Katherine Griffin
	Cracker Barrel	CBRL	CBRL US	Katherine Griffin
	Restaurant Brands International	YQSR	QSR CN	Sara Senatore
	Restaurant Brands International Inc.	QSR	QSR US	Sara Senatore
	Wendy's Co	WEN	WEN US	Sara Senatore

Disclosures

Important Disclosures

Krispy Kreme (DNUT) 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.

Restaurant Brands In (QSR) 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.

Restaurant Brands In (YQSR) Price Chart

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

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

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	21	58.33%	Buy	10	47.62%
Hold	10	27.78%	Hold	3	30.00%
Sell	5	13.89%	Sell	4	80.00%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2}Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: Krispy Kreme, Restaurant Brands Inc.

BofAS or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: Restaurant Brands Inc.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Krispy Kreme, Restaurant Brands Inc.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Krispy Kreme, Restaurant Brands Inc.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Krispy Kreme, Restaurant Brands Inc.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Krispy Kreme, Restaurant Brands Inc.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: Krispy Kreme, Restaurant Brands Inc.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: Krispy Kreme, Restaurant Brands Inc.

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

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofamli.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 (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has

been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSCF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities. This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

Copyright and General Information:

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this

material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.