

IT Hardware Industry

APH, TEL, & ST December quarter earnings preview

Estimate Change

Thoughts heading into December quarter earnings

In the December quarter we expect APH revenue & EPS to be inline with guidance or better with some downside risk to guidance for March qtr. For TEL, we expect an inline qtr followed by a slightly weaker guide as we believe consensus' March estimates are too high. We expect ST rev & EPS at the midpoint of guidance in the Dec qtr (due to already announced headwind from UAW strike) followed by better than seasonal march qtr. Despite concerns of a macroeconomic slowdown and a slower than expected adoption of Electric Vehicles (EVs), we see earnings for the connector industry remaining strong in the Dec qtr earnings reports. In this report, we take a deeper look into each of these companies and our expectations for their Dec qtrs and March qtr guidance. We reiterate Buy on APH, TEL, & ST as they continue to deliver solid overall growth, profitability despite macro pressures, and as the electrification trend accelerates.

APH: Expect rev and EPS at high-end of guide in Dec qtr

For F4Q23 we model rev at \$3.2bn, inline with consensus and company guidance. This results in FY23 down 2% y/y due to organic moderations, but partially offset by acquisitions. We model F4Q23 OM slightly higher than consensus at 21.1% vs 20.9%, an increase of 20bps y/y. We model F4Q23 EPS at the high-end of the guide and inline with consensus at \$0.77. Given the recent move in share price, we expect fully diluted shares to be marginally higher. We see F1Q24 rev at \$3bn (slightly below consensus). We model \$3bn for F1Q but could see \$2.9bn to \$2.96bn in the guide following historical seasonality (-10% q/q). However, APH typically beats the F1Q guide.

TEL: Inline Dec qtr but see March rev guide below Street

For F1Q24 we model rev at \$3.9bn inline with company guidance and consensus (down 5% q/q but +10bps y/y). We expect y/y growth only in the transportation segment in F1Q24. In Communications, TEL has seen market weakness across all regions for appliances as well as destocking in the data & devices. Comms is typically down q/q in F1Q for TEL. We see productivity initiatives in the company as a tailwind to OM and model F1Q OM inline with the Street at 17.4% (+120bps y/y). We model F1Q24 EPS inline with guidance at \$1.70 and slightly below consensus at \$1.71. For F2Q24 we model rev \$100mn below the Street at \$3.9bn. Typical seasonality in F2Q is +2% organic growth q/q but due to destocking and weakness in several end-markets we have lowered our estimate to \$3.9bn from \$4.1bn.

ST: Expect rev & EPS near midpoint of guidance in Dec qtr

For F4Q we model rev at \$975mn and mid-point of company guide. We model F4Q OM inline with guide at 19%. We see F4Q EPS near the midpoint of guidance and inline with the Street at \$0.85. For F1Q24, we model rev at \$1bn inline with consensus but slightly above seasonality (driven by content increases).

19 January 2024

Equity

United States

IT Hardware

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Figure 1: APH, TEL, & ST est changes

We revised our Rev & EPS estimates for APH, TEL, & ST

	Before		After	
APH	FY23	FY24	FY23	FY24
Rev	12,377	13,196	12,377	13,296
EPS	2.96	3.24	2.96	3.27
PO	105		105	
TEL	FY24	FY25	FY24	FY25
Rev	16,287	16,912	16,149	16,770
EPS	7.25	7.89	7.19	7.82
PO	145		145	
ST	FY24	FY25	FY24	FY25
Rev	4,040	4,083	4,036	4,079
EPS	3.67	3.84	3.65	3.82
PO	46		46	

Source: BofA Global Research estimates

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Refer to important disclosures on page 9 to 13. Analyst Certification on page 8. Price Objective Basis/Risk on page 7.

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Timestamp: 19 January 2024 05:00AM EST

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Thoughts heading into Dec Qtr earnings

Amphenol: We expect rev and EPS at high-end of guidance in Dec qtr

- For F4Q23 we model rev at \$3.2bn inline with consensus and company guidance resulting in FY23 rev down 2% y/y due to organic moderations partially offset by acquisitions.
- We model F4Q23 OM slightly higher than consensus at 21.1% vs 20.9%, an increase of 20bps y/y.
- We model FCF at \$613mn in the qtr, above consensus at \$581 on strong execution.
 - Our estimate is an increase of 60bps y/y in FCF 4Q conversion despite weaker revenue.
- We model F4Q23 EPS at the high-end of guidance and inline with consensus at \$0.77.
 - We believe there is incremental room to the upside as FX rates have moved favorably since the guide in October and could result to revenue closer to \$3.2bn.
- Given the recent move in share price, we expect fully diluted shares to be marginally higher.

Figure 2: APH Fourth Quarter Fiscal 2023 Results Preview

We model C4Q rev at \$3.2bn, the high-end of guidance

December Quarter Results

(\$ in millions except EPS)	BofA Est (Dec 23)	Consensus	Management Guide for FY Q4 23	Prior Q (Sep 23)	Q/Q Growth	Prior Y (Dec 22)	Y/Y Growth
Revenue	3,150	\$3,157	\$3,090mn - \$3,150mn (-3% to -5% y/y)	3,199	(1.6%)	3,239	(2.8%)
Gross Margin	32.8%	32.6%		32.8%		32.0%	
Opex	368	370		382	(3.5%)	362	1.8%
Operating Margin	21.1%	20.9%		20.8%		20.9%	
Interest/Other Exp	(34)	(34)		(34)	0.0%	(37)	(9.4%)
Tax Rate	24.0%	24.2%		24.0%		24.5%	
EPS, GAAP (incl. SBC)	\$0.77	\$0.77	\$0.75 - \$0.77 (-1% to -4% y/y)	\$0.78	(0.6%)	\$0.78	(0.4%)
Diluted Shares	623	622		622	0.2%	620	0.6%
Free Cash Flow	613	581		544	12.8%	613	0.1%
Revenues of Segments:							
Communications	1,173	1,187		1,202	(2.4%)	1,320	(11.1%)
Wireless telecom and Datacom	1,030	1,030		1,063	(3.1%)	1,142	(9.8%)
Mobile Devices	305	295		330	(7.3%)	373	(18.0%)
Mobile networks/wireless infrastructure	103	98		110	(6.5%)	141	(27.0%)
IT & data communication	622	637		624	(0.3%)	628	(1.0%)
Broadband (Cable)	143	154		138	3.1%	178	(20.0%)
Commercial & Military Aerospace	468	481		472	(0.8%)	409	14.5%
Commercial	102	112		106	(3.5%)	85	20.0%
Military	366	371		366	(0.1%)	324	13.0%
Industrial, Transportation & Other	1,508	1,492		1,526	(1.2%)	1,510	(0.1%)
Industrial	758	747		774	(2.1%)	815	(7.0%)
Auto	750	745		752	(0.2%)	694	8.0%

Source: BofA Global Research, Visible Alpha, Company Data

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- For F1Q24 we model rev at \$3bn, below consensus at \$3.1bn.
 - The typical F1Q is down 10% sequentially from dec qtr which could put the March qtr rev guide between \$2.9bn & \$2.96bn. However, APH normally beats the F1Q guide
- We model F1Q24 OM slightly higher than consensus at 20.5% vs 20.4%, and increase of 40bps y/y but decline of 60bps q/q.
- We model F1Q24 EPS at \$0.72 which is below consensus at \$0.74 but we feel consensus' share count for F1Q is too low at 621.

Figure 3: APH First Quarter Fiscal 2024 Results Preview

We model F1Q24 rev at \$3bn

March Quarter Results						
(\$ in millions except EPS)	BofA Est (Mar 24)	Consensus	Prior Q (Dec 23)	Q/Q Growth	Prior Y (Mar 23)	Y/Y Growth
Revenue	3,018	\$3,067	3,150	(4.2%)	2,974	1.5%
Gross Margin	32.2%	32.2%	32.8%		31.7%	
Opex	351	362	368	(4.7%)	346	1.3%
Operating Margin	20.5%	20.4%	21.1%		20.1%	
Interest/Other Exp	(34)	(33)	(34)	0.0%	(36)	(6.4%)
Tax Rate	24.0%	24.3%	24.0%		24.0%	
EPS, Non-GAAP	\$0.72	\$0.74	\$0.77	(6.9%)	\$0.69	4.8%
Diluted Shares	623	621	623	0.0%	620	0.5%
Free Cash Flow	503	440	613	(18.1%)	436	15.4%
Revenues of Segments:						
Communications	1,055	1,099	1,173	(10.0%)	1,050	0.5%
Wireless telecom and Datacom	918	928	1,030	(10.9%)	888	3.4%
Mobile Devices	221	219	305	(27.6%)	260	(15.0%)
Mobile networks/wireless infrastructure	120	98	103	16.8%	122	(1.5%)
IT & data communication	576	610	622	(7.4%)	506	14.0%
Broadband (Cable)	138	155	143	(3.3%)	162	(15.0%)
Commercial & Military Aerospace	471	488	468	0.6%	431	9.3%
Commercial	111	122	102	8.9%	104	7.0%
Military	360	371	366	(1.7%)	327	10.0%
Industrial, Transportation & Other	1,491	1,486	1,508	(1.1%)	1,493	(0.1%)
Industrial	752	747	758	(0.8%)	833	(9.7%)
Auto	739	739	750	(1.4%)	660	12.0%

Source: BofA Global Research, Visible Alpha, Company Data

BofA GLOBAL RESEARCH

TE Connectivity: We expect rev and EPS inline with guidance in Dec qtr but we believe March revenue guidance will be below consensus expectations

- For F1Q24 we model rev at \$3.9bn inline with company guidance and consensus.
 - We model for a seq decline of 5% q/q but +10bps y/y.
 - We expect y/y growth only in the transportation segment in F1Q24.
 - In communications, TEL has seen market weakness across all regions for appliances as well as destocking in the data & devices.
 - Communications typically is down sequentially for TEL on seasonality in F1Q.
- We model F1Q24 OM inline with consensus at 17.4%, an increase of 120bps y/y.

- We see productivity initiatives in the company as a tailwind for OM.
- We model F1Q24 EPS inline with guidance at \$1.70 and slightly below consensus at \$1.71.
 - Both EPS (+11% y/y) & margins are expected to see tailwinds from increased productivity, cost management, and a weakening USD.

Figure 4: TEL First Quarter Fiscal 2024 Results Preview

We model F1Q24 inline with guidance at \$3.9bn

December Quarter (Q1 FY24) Results

(\$ in millions except EPS)	BofA Est (Dec 23)	Consensus	Management Guide for FY Q1 24	Prior Q (Sep 23)	Q/Q Growth	Prior Y (Dec 22)	Y/Y Growth
Sales	\$3,845	\$3,876	~\$3,850, flat y/y on both reported and organic basis	\$4,035	(4.7%)	\$3,841	0.1%
Gross Profit	32.1%	32.1%		31.8%		30.9%	
Opex	565	568		586	(3.6%)	565	0.0%
Operating Margin	17.4%	17.4%		17.3%		16.2%	
Interest/Other Exp	(20)	(20)		(19)	5.3%	(21)	(4.8%)
Tax Rate	20.0%	19.9%	~20%	19.2%		19.5%	
EPS, Non-GAAP	\$1.70	\$1.71	~\$1.70	\$1.78	(5.0%)	\$1.53	11.1%
Diluted Shares	313	314		316	(0.9%)	319	(1.9%)
Free Cash Flow	239	537		945	(74.7%)	399	(40.2%)
Revenues of Segments:							
Transportation Solutions	2,342	2,377		2,413	(2.9%)	2,259	3.7%
Communications Solutions	451	447		463	(2.7%)	522	(13.7%)
Industrial Solutions	1,052	1,052		1,159	(9.2%)	1,060	(0.8%)

Source: BofA Global Research, Visible Alpha, Company Data

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- For F2Q24 we model rev at \$3.9bn, ~\$100mn below consensus.
 - We model for a seq increase of +2% q/q which is typical organic sequential growth for TEL.
 - We expect ~1% of this growth to be driven by the Schaffner acquisition.
 - We model below consensus at only +1% q/q organic growth due to destocking in several lines of business for TEL.
- We model F2Q24 OM 10bps below consensus at 17.5%, an increase of 150bps y/y.
 - Despite a step up in opex q/q during Q2 (salary increases) we see sales on pace in F2Q.
- We model F2Q24 EPS below consensus at \$1.73 (vs \$1.80). The delta is driven by our belief that \$4bn rev estimate is too high for TEL in F2Q24.
 - Both EPS (+5% y/y) & margins are expected to see tailwinds from increased productivity, cost management, and a weakening USD despite the coming salary increases and continued weakness in sales during the quarter.

Figure 5: TEL Second Quarter Fiscal 2024 Results Preview

We model F2Q rev at \$3.9bn

March Quarter (Q2 FY24) Results

(\$ in millions except EPS)	BofA Est (Mar 24)	Consensus	Prior Q (Dec 23)	Q/Q Growth	Prior Y (Mar 23)	Y/Y Growth
Sales	\$3,931	\$4,032	\$3,845	2.2%	\$4,160	(5.5%)
Gross Profit	32.1%	32.1%	32.1%		30.9%	
Opex	574	587	565	1.5%	620	(7.4%)
Operating Margin	17.5%	17.6%	17.4%		16.0%	
Interest/Other Exp	(20)	(21)	(20)	0.0%	(20)	0.0%
Tax Rate	20.0%	20.0%	20.0%		19.5%	
EPS, Non-GAAP	\$1.73	\$1.80	\$1.70	2.2%	\$1.65	4.9%
Diluted Shares	312	312	313	(0.3%)	318	(1.9%)
Free Cash Flow	636	567	239	166.5%	446	42.7%
Revenues of Segments:						
Transportation Solutions	2,359	2,464	2,342	0.7%	2,483	(5.0%)
Communications Solutions	456	454	451	1.3%	486	(6.1%)
Industrial Solutions	1,116	1,114	1,052	6.1%	1,191	(6.3%)

Source: BofA Global Research, Visible Alpha, Company Data

BofA GLOBAL RESEARCH

Sensata: We expect rev & EPS near mid-point of guidance in Dec qtr

- For F4Q23 we model rev at \$975mn, inline with consensus and company guidance (\$950-1,000mn).
 - F4Q seasonality typically sees rev flat to down with boost from China auto sales but the company noted a headwind of \$35-40mn in F4Q due to the UAW strike.
- We model F4Q23 OM inline with guidance at 19% but higher than consensus at 18.8%, a decrease of 110bps y/y.
 - ST expects to see \$4-6mn in savings during the quarter from the restructuring plan announced in F3Q.
- We model F4Q23 EPS toward near mid-point of guidance at \$0.85.

Figure 6: ST Fourth Quarter Fiscal 2023 Results Preview

We model F4Q23 rev at \$975mn

December Quarter (Q4 FY23) Results

December Quarter (Q4 FY25) Results								
(\$ in millions except EPS)	BofA Est (Dec 23)	Consensus	Management Guide for FY Q4 23	Prior Q (Sep 23)	Q/Q Growth	Prior Y (Dec 22)	Y/Y Growth	Comments
Sales	\$975	\$978	\$950 - \$1,000 million	\$1,001	(2.7%)	\$1,015	(3.9%)	FX ~\$11 mn headwind to revenue. Fill rate of 91% at the mid-point \$176 - \$194mn adjusted operating income. FX ~60bps headwind to operating margin.
Gross Profit Margin	32.3%	32.1%		32.0%		33.5%		
Opex	(129)	(128)		(129)	0.1%	(135)	(4.6%)	
Operating Margin	19.0%	18.8%		19.1%		20.1%		
Interest/Other Exp, net	(41)	(36)		(41)	0.0%	(41)	0.0%	
Tax Rate	12.1%	12.1%		12.8%		13.3%		
EPS, Non-GAAP (incl. SBC)	\$0.85	\$0.86	\$0.79 - \$0.89	\$0.91	(6.8%)	\$0.96	(11.6%)	\$120 - \$136mn adjusted net income. FX ~\$0.09 headwind to EPS
Diluted Shares	152	152		152	0.0%	153	(0.5%)	
Free Cash Flow	93	163		87	6.1%	185	(49.9%)	
Revenues of Segments:								
Performance Sensing	716	727		754	(5.1%)	758	(5.5%)	
Sensing Solutions	259	250		247	4.7%	257	0.7%	

Source: BofA Global Research, Visible Alpha, Company Data

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- For F1Q24 we model rev at \$1bn inline with consensus.
 - We model Q1 q/q higher than typical seasonality (typically down q/q) as ST sees more content increases and disruptions from UAW strike abate.
- We model F1Q24 OM slightly above consensus at 20% v 19.4% (+70bps y/y).
 - ST aims to return to normal margins & margin trajectory in 2024 after a choppy 2023.
 - ST expects \$40-50mn in savings during FY24 from the restructuring plan announced in F3Q23.
 - The increase in compensation expense in FY24 should be offset by the restructuring savings.
 - ST plans to keep opex flat in 2024 despite the planned increase in revenue, another tailwind for margins.
- We model F1Q24 EPS at \$0.93, \$0.02 above consensus.

Figure 7: ST First Quarter Fiscal 2024 Results Preview

We model F1Q24 sales at \$1bn

March Quarter (Q1 FY24) Results						
(\$ in millions except per share data)	BofA Est (Mar 24)	Consensus	Prior Q (Dec 23)	Q/Q Growth	Prior Y (Mar 23)	Y/Y Growth
Sales	\$1,003	\$999	\$975	2.9%	\$998	0.5%
Gross Profit Margin	32.8%	31.9%	32.3%		32.6%	
Opex	(127)	(128)	(129)	(1.3%)	(132)	(3.5%)
Operating Margin (incl. SBC)	20.0%	19.4%	19.0%		19.3%	
Interest/Other Exp, net	(41)	(35)	(41)	0.0%	(41)	0.0%
Tax Rate	11.4%	11.4%	12.1%		9.0%	
EPS, Non-GAAP (incl. SBC)	\$0.93	\$0.91	\$0.85	9.9%	\$0.92	1.4%
Diluted Shares	152	152	152	0.0%	153	(0.6%)
Free Cash Flow	28	119	93	(69.9%)	60	(53.5%)
Revenues of Segments:						
Performance Sensing	746	742	716	4.2%	738	1.0%
Sensing Solutions	257	254	259	(0.8%)	260	(1.2%)

Source: BofA Global Research, Visible Alpha, Company Data

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Acronyms

OM: Operating Margin

UAW: United Auto Workers

Qtr: Quarter

Rev: Revenue

Seq: Sequential

Exhibit 1: Stocks mentioned

Rating and price summary

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
APH	APH US	Amphenol	US\$ 96.7	B-1-7
ST	ST US	Sensata	US\$ 34.42	B-1-7
TEL	TEL US	TE Connectivity Ltd.	US\$ 130.46	B-1-7

Source: BofA Global Research

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Price objective basis & risk

Amphenol (APH)

Our \$105 PO for the shares of APH assumes the stock trades to 32x our C2024E EPS. A 32x multiple compares to the historical range of 17x to 29x, with the average being 21x. In our opinion, APH deserves a premium multiple relative to peers given its very conservative accounting. We think the company should continue to generate cash flow from operations (by targeting L/T incremental margins of 25% or more) on a consistent basis that it could use for further acquisitions, debt pay down, or to repurchase stock. Without completing any acquisitions, we believe debt would continue to decline as a percentage of capital.

Downside risks to achieving our PO are a slower recovery of end markets (although APH's diverse customer base and product set provides an offset), slower military spending, and slower recovery in the demand for high-end information technology. Raw materials also remain a risk as APH consumes a significant amount of gold, copper and resin.

Sensata Technologies Holdings Plc (ST)

Our price objective for Sensata is \$46, based on approx. 12x our FY24E EPS est. The historical trading range has been 7x-16x, with median 13x. We use a multiple slightly below the historical median to account for the weaker content growth in the near term. In our opinion, Sensata has various catalysts driving growth including adoption of Tire Pressure Monitoring System (TPMS) in various regions and increased content growth from EV, Hybrid, and autonomous car adoption.

Downside risks to achieving our price objective are a slower-than-anticipated economic recovery, especially in the automotive and industrials sectors, and litigation pushing out emission standards.

TE Connectivity Ltd. (TEL)

Our PO of \$145 is based on 20x our C24E EPS estimate. The 20x is within the historical range of 17x to 35x. We believe a target multiple of 20x is justified as it balances risks from high exposure to the cyclical auto market and current macro headwinds from inflationary pressures and supply chain constraints, versus benefits from market outperformance from content growth and secular trends in automotive and industrials.



Downside risks to our PO are a worse-than-expected slowdown in the automotive sector and high exposure to the sector (>40% of sales), a general slowdown in the global economy from impact of COVID-19, and supply chain disruptions.

Analyst Certification

I, Wamsi Mohan, 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.

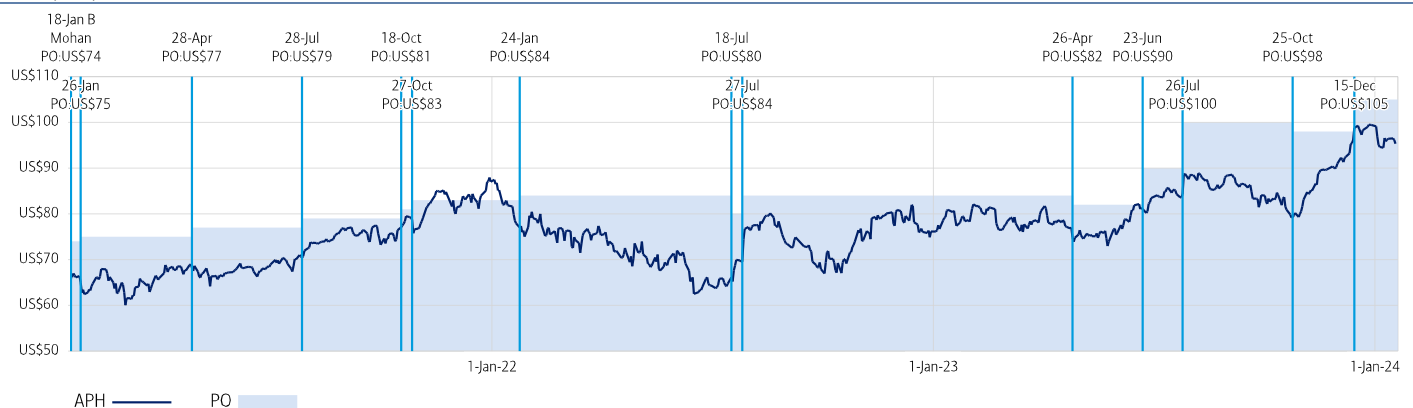
US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amphenol	APH	APH US	Wamsi Mohan
	Apple Inc.	AAPL	AAPL US	Wamsi Mohan
	Corning Inc.	GLW	GLW US	Wamsi Mohan
	Dell Technologies Inc.	DELL	DELL US	Wamsi Mohan
	Flex Ltd.	FLEX	FLEX US	Ruplu Bhattacharya
	HP Inc.	HPQ	HPQ US	Wamsi Mohan
	International Business Machines Corp.	IBM	IBM US	Wamsi Mohan
	Jabil Inc.	JBL	JBL US	Ruplu Bhattacharya
	Nutanix Inc	NTNX	NTNX US	Wamsi Mohan
	Roku, Inc.	ROKU	ROKU US	Ruplu Bhattacharya
	Seagate Technology	STX	STX US	Wamsi Mohan
	Sensata Technologies Holdings Plc	ST	ST US	Wamsi Mohan
	TD Synnex Corp	SNX	SNX US	Ruplu Bhattacharya
	TE Connectivity Ltd.	TEL	TEL US	Wamsi Mohan
	Teradata Corporation	TDC	TDC US	Wamsi Mohan
	Western Digital Corporation	WDC	WDC US	Wamsi Mohan
NEUTRAL				
	Arrow Electronics Inc.	ARW	ARW US	Ruplu Bhattacharya
	Avnet Inc.	AVT	AVT US	Ruplu Bhattacharya
	CDW Corp	CDW	CDW US	Ruplu Bhattacharya
	Concentrix Corporation	CNXC	CNXC US	Ruplu Bhattacharya
	Hewlett-Packard Enterprise	HPE	HPE US	Wamsi Mohan
	Pure Storage	PSTG	PSTG US	Wamsi Mohan
UNDERPERFORM				
	DigitalOcean	DOCN	DOCN US	Wamsi Mohan
	NetApp Inc.	NTAP	NTAP US	Wamsi Mohan
	Sanmina Corporation	SANM	SANM US	Ruplu Bhattacharya
	Vishay Intertechnology, Inc.	VSH	VSH US	Ruplu Bhattacharya
	Vizio	VZIO	VZIO US	Wamsi Mohan

Disclosures

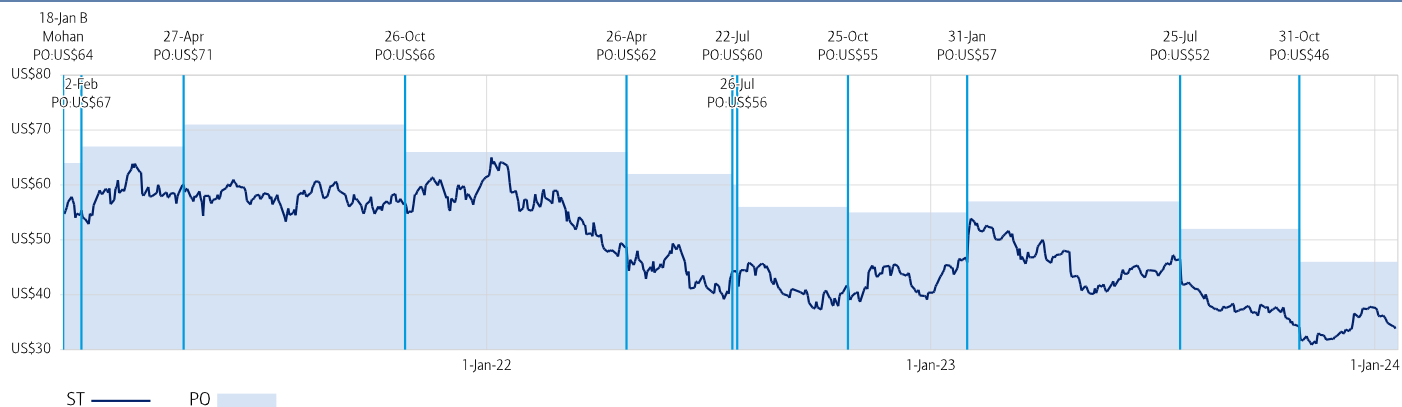
Important Disclosures

Amphenol (APH) Price Chart

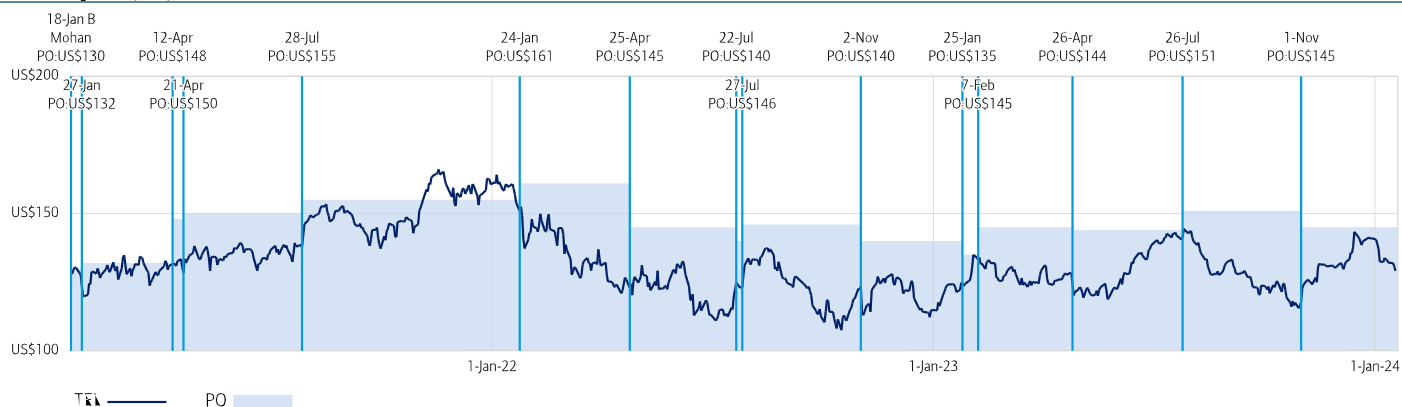


B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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.

Sensata (ST) Price Chart

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.

TE Connectivity Ltd. (TEL) Price Chart

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: Electronics Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	32	54.24%	Buy	13	40.63%
Hold	11	18.64%	Hold	3	27.27%
Sell	16	27.12%	Sell	4	25.00%

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

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

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

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

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

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