

SunPower Corp.

4Q23 preview: challenging 2024 complicated by liquidity resolution

Reiterate Rating: UNDERPERFORM | PO: 3.50 USD | Price: 3.88 USD

2024 cost improvement and cash generation bias to 2H

We maintain our Underperform rating on shares of residential solar focused company SunPower (SPWR). We see 2024 revenues -22% below consensus with MW deployments declining -20% YoY and pricing down -20% on weaker market demand and sharing lower-cost panel supply with customers. Immediate liquidity needs to normalize leverage necessitate a quicker rebound in residential solar installations in 2024 than consensus expectations for perhaps a -20% decline YoY for the broader market. We layer in 100bps higher gross margin than previously from lower COGS on less premium panels and fixed cost out from headcount reduction, but benefits to cost structure and cash generation are 2H24-weighted. Investors see greater urgency to correct liquidity issues as January 19th credit waiver deadline looms with near-term operational solutions not currently evident. Dilution risk a key concern given our estimate for a multi-hundred \$m equity need to normalize debt and cash balances in 2024 vs current \$700Mn market cap.

Liquidity fix needed from incremental capital by Jan 19

We view investment restructuring or equity issuance from majority owner TotalEnergies as the most likely source of incremental capital given limited access to public markets. Even with significant inventory unwind in 2024 that could provide \$150-175Mn of cash generation, we see need to normalize elevated leverage considering recovery of TTM EBITDA in denominator on credit metric ratios will not meaningfully recover for several quarters. Reducing leverage by half and returning cash balances to normalized ~\$300Mn levels requires \$200Mn+ cash inflows plus inventory unwind with ~\$100Mn cash on hand and ~\$275Mn recourse debt. Potentially see TPI Composites restructuring with Oaktree as precedent for private agreement to supplement liquidity ([description here](#)). Conversely, could mgmt consider monetizing its 51% stake in SunStrong?

PO down to \$3.50/share; lower MWs, higher margins

Despite being down -20% YTD and over -75% since January 2023, we still see -10% downside based on our SOTP analysis and identify binary insolvency risk depending on resolution of credit agreement breaches and subsequent access to capital. We move our 2024-2026 FCF and EBITDA/customer before platform investment estimates lower, attributable to a slightly weaker residential market outlook, though conforming to new accounting following restatements pushes gross margin higher.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	(0.21)	0.29	(0.71)	(0.33)	(0.12)
GAAP EPS	(0.21)	0.30	(0.63)	(0.33)	(0.12)
EPS Change (YoY)	NM	NM	NM	53.5%	63.6%
Consensus EPS (Bloomberg)			(0.62)	(0.26)	0.10
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	13.4x	NM	NM	NM
GAAP P/E	NM	12.9x	NM	NM	NM
EV / EBITDA*	20.5x	9.6x	377.5x	21.1x	12.4x
Free Cash Flow Yield*	-2.4%	-33.8%	-20.4%	18.5%	3.3%

* For full definitions of *IQmethod*SM measures, see page 8.

09 January 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	4.25	3.50
2024E Rev (m)	1,331.0	1,258.6
2025E Rev (m)	1,704.6	1,422.8
2023E EPS	-0.93	-0.71
2024E EPS	-0.40	-0.33
2025E EPS	-0.06	-0.12

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Stock Data

Price	3.88 USD
Price Objective	3.50 USD
Date Established	8-Jan-2024
Investment Opinion	C-3-9
52-Week Range	3.62 USD - 19.32 USD
Mrkt Val (mn) / Shares Out (mn)	680 USD / 175.4
Free Float	48.7%
Average Daily Value (mn)	33.70 USD
BofA Ticker / Exchange	SPWR / NAS
Bloomberg / Reuters	SPWR US / SPWR.OQ
ROE (2023E)	-25.5%
Net Dbt to Eqty (Dec-2022A)	6.7%
ESGMeter TM	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

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Timestamp: 09 January 2024 05:00AM EST

iQprofileSM SunPower Corp.

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	-2.1%	-0.4%	-8.6%	-5.3%	-2.3%
Return on Equity	-9.5%	10.7%	-25.5%	-10.9%	-3.8%
Operating Margin	-2.1%	-2.1%	-6.3%	-4.9%	-2.1%
Free Cash Flow	(16)	(230)	(139)	126	22

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	NM	-3.6x	NM	NM	NM
Asset Replacement Ratio	1.3x	1.4x	1.0x	0.7x	0.6x
Tax Rate	NM	NM	8.8%	8.8%	8.8%
Net Debt-to-Equity Ratio	-18.7%	6.7%	27.2%	-21.8%	-26.7%
Interest Cover	-0.9x	-0.4x	-6.4x	-12.5x	-11.4x

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	1,323	1,713	1,683	1,259	1,423
% Change	17.7%	29.4%	-1.8%	-25.2%	13.0%
Gross Profit	222	366	287	242	314
% Change	32.6%	65.0%	-21.5%	-15.8%	29.8%
EBITDA	54	116	3	53	89
% Change	33.9%	113.8%	-97.5%	NM	69.8%
Net Interest & Other Income	(5)	97	(24)	(5)	(3)
Net Income (Adjusted)	(37)	50	(125)	(60)	(29)
% Change	NM	NM	NM	51.7%	51.7%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	(38)	99	(118)	(60)	(29)
Depreciation & Amortization	12	35	48	48	48
Change in Working Capital	0	(175)	(49)	145	5
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	25	(140)	30	28	28
Capital Expenditure	(15)	(49)	(50)	(35)	(30)
Free Cash Flow	-16	-230	-139	126	22
% Change	91.9%	NM	39.7%	NM	-82.3%
Share / Issue Repurchase	3	0	0	200	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(29)	(36)	251	(175)	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	497	388	148	299	321
Trade Receivables	127	170	231	173	195
Other Current Assets	450	695	600	457	441
Property, Plant & Equipment	35	76	185	268	346
Other Non-Current Assets	446	435	416	416	416
Total Assets	1,555	1,764	1,580	1,611	1,719
Short-Term Debt	0	425	0	58	0
Other Current Liabilities	506	627	580	523	535
Long-Term Debt	424	0	297	64	64
Other Non-Current Liabilities	235	156	156	156	156
Total Liabilities	1,165	1,208	1,033	800	755
Total Equity	390	556	547	811	964
Total Equity & Liabilities	1,555	1,764	1,580	1,611	1,719

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Alternative Energy

Company Description

SunPower Corporation (NASDAQ: SPWR) sells and installs solar panels for residential customers. Total SA, one of the largest integrated oil and gas companies in the world, owns 57% of SunPower.

Investment Rationale

Our Underperform rating is hinged to both a challenging liquidity position and significant negative revision potential on 2024 and 2025 estimates after a year of compression in 2023. We stress that SPWR is seeing headwinds on both a gross margin and volumetric basis that, despite modest improvement to cost structure, could face structural headwinds for the foreseeable future.

Stock Data

Average Daily Volume

8684,565

Quarterly Earnings Estimates

	2022	2023
Q1	-0.19A	-0.31A
Q2	-0.36A	-0.18A
Q3	0.72A	-0.20A
Q4	0.04A	-0.02E

Can shares go lower? Yes

Over 2023, shares of SunPower progressively declined from \$17 to less than \$4 as residential solar demand in California faced the Net Energy Metering (NEM) 3.0 cliff in May. Untimely repayment of \$425Mn convertible debt brought cash on hand to \$116Mn exiting the first quarter of 2023, approximately \$260Mn below year-end 2022. Without a significant recovery in volumes, building a normalized cash position in 2023 from operations has been significantly challenged, especially with resolution of the Maxeon supply agreement requiring a significant outflow for higher-than-market-price inventory late in the year. While cost-out efforts have been put in place to support higher gross margin and drive a volume-independent recovery in the business, true operational cash generation (excluding inventory unwind) is not expected to be meaningful until 2H24. SunPower's liquidity needs are immediate. Its short-term credit waiver agreement and \$50Mn supplemental liquidity provided by existing and new creditors expires January 19th, which sets a deadline for deliberation as to how to fix the capital structure of the business while promoting long-term growth. We see SPWR's trailing-twelve months EBITDA worsening after 4Q23, and as such believe that extension of currently suspended revolving credit facilities is unlikely without incremental capital. This fact pattern points to equity needs, for which public capital market access is hindered by disruption in timely financial statement filing that occurred after 3Q23. While SPWR's strategic ownership structure could provide a workaround for restructuring to provide access to capital, we expect equity dilution could be acute at current depressed stock levels, sizing a \$200Mn need versus SPWR's \$700Mn market cap.

Exhibit 1: SPWR share price performance since January 2023

Steady decline continues into 2024



Source: Bloomberg

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New estimates lower on resi solar weakness

We are updating our estimates to conform to SPWR's updated accounting methodology following 3Q23 restatements. In general, the restatements reflect higher gross margin and higher opex, resulting in roughly similar EBITDA. We have also reduced our estimates for MW deployments and sales to reflect still weaker residential solar market conditions, exacerbated by SPWR's heavy concentration in California, which is still underperforming most other geographies due to NEM 3.0. We expect gross margin to progress higher throughout the planning period, with significant cost-out from lower cost panels and fixed cost management driving gross margin past the 20% target threshold in 2025. However, we still see EBITDA/customer before platform investment over 15% below the low-end target 2025 guidance of \$3,000-\$4,000. We expect this guidance to be reassessed on SunPower's 4Q23 conference call on February 15, 2024.



Exhibit 2: Updated SPWR estimates

Lower MWs and revenues on weaker residential solar demand; gross margins higher on cost structure optimization efforts

	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Key KPIs								
MW (All Residential)								
BofA	558	529	424	466	547	629	724	832
Memo: BofA Previous	558	529	453	549	644	734	833	940
% Change	0%	0%	-6%	-15%	-15%	-14%	-13%	-11%
Revenue (\$mm)								
BofA	1,713	1,683	1,259	1,423	1,634	1,833	2,061	2,317
Consensus (BBG)	1,708	1,698	1,620	1,871	1,835	1,750	0	0
Memo: BofA Previous	1,713	1,683	1,331	1,705	1,953	2,174	2,414	2,664
% Change	0%	0%	-5%	-17%				
Gross Margins (%)								
BofA	23%	16%	19%	22%	23%	24%	24%	25%
Consensus (BBG)	22%	19%	16%	20%	21%	20%	0%	0%
Memo: BofA Previous	22%	16%	18%	20%	21%	21%	22%	23%
% Change	6%	1%	5%	12%				
EBITDA (\$mm)								
BofA	103	(39)	53	89	135	169	210	257
Consensus (BBG)	99	(29)	39	104	128	132	159	0
Memo: BofA Previous	95	(41)	55	114	166	205	248	296
% Change	9%	-5%	-5%	-22%				
Implied EBITDA per Customer (net of P&D) \$/customer								
Customers								
BofA	83	77	62	69	81	93	107	123
Memo: BofA Previous	83	89	90	106	83	108	123	138
% Change	0%	-14%	-30%	-35%	-3%	-14%	-13%	-11%
Restatement		(42.00)						
BofA (\$s/Customer)								
	2,126	702	2,122	2,522	2,802	2,877	2,953	3,022
Guidance	\$2,000-2,400							
Baseline (including cost improvements)	1,993	273	1,224	1,399	1,622	1,677	1,730	1,780
Financing attachment	66	129	223	302	328	321	315	310
Storage Attachment	26	51	344	485	512	539	569	595
CaC Reduction	42	248	331	336	341	340	339	338

Source: BofA Global Research, Company filings, Bloomberg

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Valuation: PO to \$3.50/share; insolvency risk

We reduce our PO to \$3.50/share from \$4.25/share prior, reflecting lower discounted future cash flows from weaker residential solar volumes, partially offset by improved cost structure driving incrementally higher gross margins through the planning period. On balance, we still view unfavorable risk/reward given necessary repair to the balance sheet to rectify SPWR's challenged near-term liquidity. We assess there to be real insolvency risk given the immediacy of the January 19 temporary credit agreement deadline and very few options to rectify SPWR's low cash position. We see most roads pointing to some restructuring or liquidity-driving transaction with Total, given criticality to improving near-term liquidity and lack of access to public capital markets. Additionally, we expect there to be significant potential for long-term target metric revisions when SunPower provides 2024 financial guidance in February.



Exhibit 3: SPWR Valuation

PO lower on lower discounted future cash flows

SPWR Valuation

Discount Rate	18%						
SPWR DevCo Valuation	2023	2024	2025	2026	2027	2028	2029
FCF Estimates	11	18	59	115	154	195	242
Stock Based Compensation	28	28	28	28	28	28	28
Adjusted FcF	(17)	(10)	31	87	126	167	214
NPV at 18% Discount Rate	(17)	(9)	23	53	65	73	79
Terminal Value at 6.0x Post-ITC '29	404						
SPWR DevCo Value	671						

SPWR PowerCo Valuation	Value
SPWR Share of Net Retained Value in HASI Sunstrong JV	270 ^a
Contracted Value Portion - 30%	81 b = 30% x a
Renewal Value Portion - 70%	189 c = 70% x a
Renewal Credit (20%)	38 d = 20% x c
SPWR PowerCo Value	119 e = b + d

3Q23 Cash and Restricted Cash	\$131
Pro Forma Cash	116
ST + LT Debt	(307)
Total HoldCo Debt	(\$307)
Net Cash (Debt) + Liabilities	(\$191)
Equity Value	SPWR Post-Split
Implied DevCo Value	\$671
PowerCo Value	\$119
Net Cash (Debt) + Liabilities	(\$191)
Equity Value	\$599
Shares Outstanding	175
Total SPWR Equity Value (\$/Share)	3.50
Total Potential Return (as of 1/8/24)	(12%)

Source: BofA Global Research, Company filings, Bloomberg

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Price objective basis & risk

SunPower Corp. (SPWR)

Our \$3.50/sh PO is based on a combination of SOTP methodology. For future growth assets we use a DCF based on FCF to equity ests from '23 to '29. We apply a 6x terminal value multiple and a 18% discount rate, in-line with our approach for resi solar peers which reflects recent market volatility and higher execution risk on long term growth. We add back the net cash position, and value for contracted assets in SPWR's joint venture financing partnership, SunStrong. On SunStrong, we include 20% credit for renewal value stake.

Upside risks 1) better than expected pricing environment, 2) improving margins/cost structure, 3) declining input costs., 4) better than downstream planned sys biz expansion, and 5) reduced customer acquisition costs.

Downside risks 1) worse/declining price environment, 2) declining margins or worse than expected cost structure, 3) worsening liquidity position 4) worse Chinese/global demand environment, 5) worse execution on downstream systems biz, 6) tech fails to live up to expectations.

Analyst Certification

I, Julien Dumoulin-Smith, 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.

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Dariusz Lozny, CFA
	MDU Resources Group, Inc.	MDU	MDU US	Dariusz Lozny, CFA
	Nextracker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Corporation	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra Energy	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Energy	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
NEUTRAL				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Dariusz Lozny, CFA
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Dariusz Lozny, CFA
	AltaGas	YALA	ALA CN	Dariusz Lozny, CFA
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Emera Inc	YEMA	EMA CN	Dariusz Lozny, CFA
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxeon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	New Fortress Energy	NFE	NFE US	Cameron Lochridge
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Dariusz Lozny, CFA
	TransAlta Corporation	YTA	TA CN	Dariusz Lozny, CFA
UNDERPERFORM				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Dariusz Lozny, CFA
	Fortis Inc	FTS	FTS US	Dariusz Lozny, CFA
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith



IQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

EV / EBITDA

Numerator

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

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt +
Other LT Liabilities
Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

Basic EBIT + Depreciation + Amortization

IQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of *IQmethod* are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

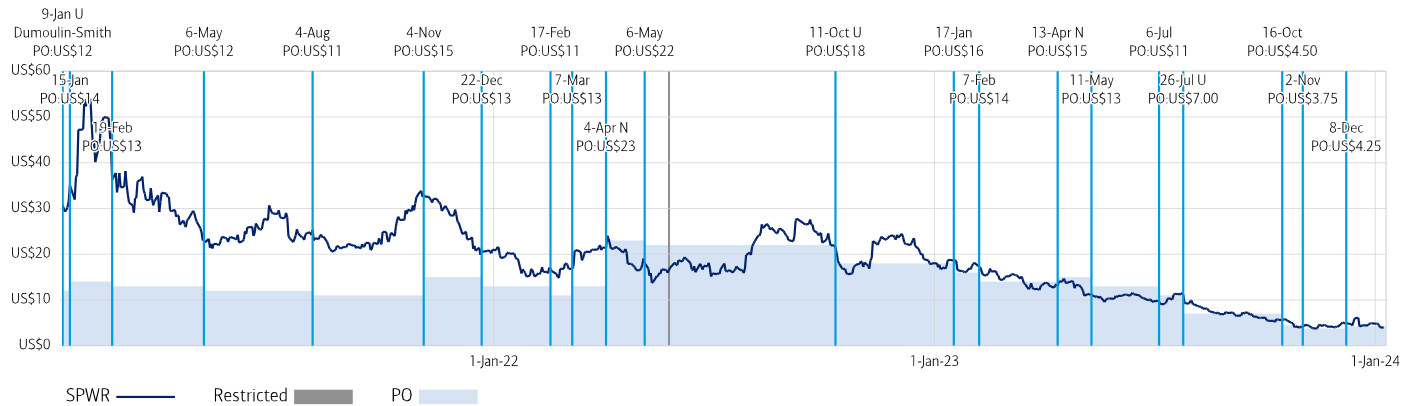
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Disclosures

Important Disclosures

SunPower Corp. (SPWR) 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: Alternative Energy Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	8	47.06%	Buy	8	100.00%
Hold	5	29.41%	Hold	3	60.00%
Sell	4	23.53%	Sell	1	25.00%

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.

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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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