

International Business Machines Corp.

Setting up for multi-year revenue and FCF growth; PO to \$200

Reiterate Rating: BUY | PO: 200.00 USD | Price: 173.93 USD

Guiding F24 FCF much better than expected

IBM guided F24 better than our/Street expectations. The standout metric in F4Q and guide was FCF, where exit rate ending F23 was strong, and IBM guided F24 FCF to \$12bn on higher profitability, lower cash requirement given changes to retirement plans, offset by higher CapEx, cash taxes. This is much higher than our prior expectation of \$11.0-11.5bn. Given the strong trajectory of cash flow, we now expect IBM can deliver close to \$13bn FCF in F25. F24 rev growth in CC was guided to the low-end of the l-t mid-single-digit model (ex -1 point y/y from FX). This assumes Software revs grow above the high end of l-t mid-single-digit model, Consulting revs grow 6-8% y/y (accelerating throughout the year), while Infrastructure negatively impacts rev growth by over 1 point y/y. F24 guidance implies next mainframe launch in F25, which sets IBM up to see next two years of strong rev growth. Reiterate Buy as the turnaround at IBM (rev growth and FCF improvement) continues, with a defensive portfolio, attractive dividend yield and underappreciated AI portfolio.

Software - expect re-acceleration in F24

Software growth exiting F23 was impacted by weak macro and difficult y/y compares (F4Q22 was a strong ELA quarter). SW revenues reaccelerate in F24 (2% y/y from recurring rev stream, 2.5% from Red Hat, 2% from M&A and 0.5% from Transaction Processing). Guidance implies low double-digit rev growth for Red Hat in F24 driven by strong signings, and consumption based services not getting incrementally any worse.

Productivity improvements help margins and cash flow

Productivity improvements will come from workforce rebalancing, and optimization of back office processes, procurement, IT, supply chain and real estate. PTI margin in F24 improves 50bps y/y driven by 100bps improvement in both Software and Consulting, offset by lower PTI margin in Infrastructure.

Adjusting Estimates; PO moves to \$200 (from \$170)

Our PO moves to \$200 (from \$170) on 17x EV/F25 FCF. Our prior PO was \$170 on 17x C24 EPS. We roll-over to a C25 based valuation. We move to a FCF based valuation (guidance metrics are rev, FCF) where our multiple is at the high end of the long-term range of 11-19x for EV/FCF given improving topline growth.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	9.13	9.62	10.00	10.47	11.18
GAAP EPS	1.94	8.14	8.89	9.40	10.12
EPS Change (YoY)	15.1%	5.4%	4.0%	4.7%	6.8%
Consensus EPS (Bloomberg)			9.91	10.47	11.49
DPS	6.86	7.26	7.66	8.06	8.46
Valuation (Dec)					
P/E	19.1x	18.1x	17.4x	16.6x	15.6x
GAAP P/E	89.7x	21.4x	19.6x	18.5x	17.2x
Dividend Yield	3.9%	4.2%	4.4%	4.6%	4.9%
EV / EBITDA*	14.3x	13.6x	13.5x	13.4x	13.0x
Free Cash Flow Yield*	5.4%	7.8%	7.5%	8.2%	8.8%

* For full definitions of *IQmethod™* measures, see page 6.

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Timestamp: 24 January 2024 11:19PM EST

24 January 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	170.00	200.00
2024E Rev (m)	62,771.5	63,678.9
2025E Rev (m)	65,282.2	66,212.9
2026E Rev (m)	NA	69,929.9
2024E EPS	9.72	10.00
2025E EPS	9.91	10.47
2026E EPS	NA	11.18

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Stock Data

Price	173.93 USD
Price Objective	200.00 USD
Date Established	24-Jan-2024
Investment Opinion	B-1-7
52-Week Range	120.55 USD - 174.86 USD
Mrkt Val (mn) / Shares Out (mn)	158,819 USD / 913.1
Free Float	99.9%
Average Daily Value (mn)	763.45 USD
BofA Ticker / Exchange	IBM / NYS
Bloomberg / Reuters	IBM US / IBM.N
ROE (2024E)	43.1%
Net Dbt to Eqty (Dec-2023A)	192.9%
ESGMeter™	High

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".

CC: Constant Currency, FCF: Free Cash Flow

ELA: Enterprise License Agreement

iQprofileSM International Business Machines Corp.

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	8.2%	9.1%	9.6%	10.2%	10.5%
Return on Equity	40.8%	39.9%	43.1%	42.2%	36.2%
Operating Margin	16.4%	17.9%	18.4%	19.0%	19.2%
Free Cash Flow	8,574	12,442	11,916	13,052	13,999

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.3x	1.6x	1.5x	1.6x	1.6x
Asset Replacement Ratio	0.4x	0.3x	0.5x	0.8x	0.9x
Tax Rate	15.2%	14.0%	14.0%	16.0%	16.0%
Net Debt-to-Equity Ratio	195.8%	192.9%	182.3%	116.4%	70.0%
Interest Cover	8.2x	6.9x	9.0x	10.5x	12.1x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	60,529	61,861	63,679	66,213	69,930
% Change	5.5%	2.2%	2.9%	4.0%	5.6%
Gross Profit	33,369	34,932	35,160	37,103	39,296
% Change	3.6%	4.7%	0.7%	5.5%	5.9%
EBITDA	14,739	15,445	15,630	15,708	16,166
% Change	-2.8%	4.8%	1.2%	0.5%	2.9%
Net Interest & Other Income	(116)	(741)	(947)	(901)	(805)
Net Income (Adjusted)	8,326	8,870	9,262	9,799	10,574
% Change	16.0%	6.5%	4.4%	5.8%	7.9%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	1,773	7,508	8,237	8,797	9,572
Depreciation & Amortization	4,802	4,393	3,913	3,142	2,774
Change in Working Capital	(2,887)	900	536	2,160	2,817
Deferred Taxation Charge	0	0	0	0	0
Other Adjustments, Net	6,747	1,130	1,333	1,333	1,333
Capital Expenditure	(1,861)	(1,489)	(2,103)	(2,380)	(2,496)
Free Cash Flow	8,574	12,442	11,916	13,052	13,999
% Change	-17.7%	45.1%	-4.2%	9.5%	7.3%
Share / Issue Repurchase	0	0	1,329	1,359	1,389
Cost of Dividends Paid	(5,948)	(6,040)	(6,997)	(7,441)	(7,892)
Change in Debt	991	4,271	(4,000)	(4,000)	(4,000)

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	7,989	13,089	15,337	18,307	21,802
Trade Receivables	15,148	14,647	14,329	13,776	13,194
Other Current Assets	5,981	5,171	6,376	6,539	6,820
Property, Plant & Equipment	5,334	5,501	431	404	1,036
Other Non-Current Assets	92,791	96,832	94,210	95,311	96,938
Total Assets	127,243	135,240	130,683	134,337	139,791
Short-Term Debt	4,760	6,426	6,426	6,426	6,426
Other Current Liabilities	26,745	27,695	28,608	29,668	31,141
Long-Term Debt	46,189	50,121	46,121	42,121	38,121
Other Non-Current Liabilities	27,528	28,384	29,114	30,132	31,625
Total Liabilities	105,222	112,626	110,269	108,347	107,314
Total Equity	21,944	22,534	20,414	25,990	32,478
Total Equity & Liabilities	127,166	135,160	130,683	134,337	139,791

* For full definitions of iQmethodSM measures, see page 6.

Company Sector

IT Hardware

Company Description

International Business Machines (IBM) is a leading provider of enterprise solutions, offering a broad portfolio of IT hardware, business and IT services, and a full suite of software solutions. The company integrates its hardware products with its software and services offerings in order to provide high value solutions. IBM is comprised of four major segments: (1) Infrastructure, (2) Consulting, (3) Software, and (4) Financing.

Investment Rationale

We view IBM as a defensive investment given its high exposure to recurring sales, cost cutting levers, solid balance sheet, potential share gains, and relatively stable margins. We believe IBM will embark on further cost cutting, and enhance its services and software offerings through acquisitions. Longer term, we expect IBM to take share in IT spending with its Cloud and AI initiatives.

Stock Data

Average Daily Volume 4,389,405

Quarterly Earnings Estimates

	2023	2024
Q1	1.36A	1.63E
Q2	2.18A	2.36E
Q3	2.20A	2.37E
Q4	3.87A	3.63E

F4Q23 Performance by Segment

F4Q revenue/EPS beat expectations

IBM reported F4Q23 rev/EPS of \$17.4bn/\$3.87 vs. consensus at \$17.3bn/\$3.74. Revenue increased +4% y/y (+3% y/y CC). Non-GAAP PTI margin came in at 24.0% while gross margin came in at 60.1%. IBM's Hybrid Platform & Solutions ARR (Annual Recurring Revenue) was about \$14bn.

Software: Continued high single-digit growth in Red Hat

IBM reported Software revenue of \$7.5bn (+3.1% y/y, +2.0% y/y CC). The growth was driven by both Transaction Processing (+5% y/y, +4% y/y CC) and Hybrid Platform & solutions (+2% y/y, +1% y/y CC). Within Hybrid Platform & Solutions, Red Hat grew +8% y/y (+7% y/y CC). Data & AI grew +1% y/y, and Automation grew +1% y/y (+0% y/y CC). However, Security revenues declined -5% y/y (+4% y/y CC). The growth in F24 needs to accelerate off the lower exit rates in 2023. Given the higher transaction component and tougher compares, we see the possibility of reacceleration of growth in 2024 in Software (Q1 driven by annuity business).

Consulting: Growth across all segments

Consulting (incl. Business Transformation, Tech Consulting & Application Operations) reported revenue of \$5.0bn, growing +5.8% y/y (+5.5% y/y CC), slightly below street est. of \$5.1bn. Within Consulting, Business Transformation grew +6.0% y/y (+5.0% y/y CC). Technology Consulting increased by +5.0% y/y (+4.0% y/y CC), and Application Operations was up +7.0% y/y (+6.0% y/y CC).

Infrastructure: Overall growth y/y despite support decline

Infrastructure revenues came in at \$4.6bn, up +2.7% y/y (+2.0% y/y CC). Within Infrastructure, Hybrid Infrastructure was up +8% y/y (+7% y/y CC), with IBM Z increased +8% y/y and distributed Infrastructure increased +8% y/y (+7% y/y CC). However, Infrastructure support declined -9% y/y.

Balance sheet and cash flow

IBM returned \$1.5bn to shareholders in dividends during F4Q23. IBM had approx. \$13.5bn in cash plus marketable securities and total debt of about \$56.5bn at end of the qtr. Net cash from operating activities excluding IBM Financing receivables was \$6.3bn. Free cash flow came in at \$6.1bn for F4Q23 and \$11.2bn for FY23. IBM guided \$12bn for its FY24 FCF.



Model

Exhibit 1: IBM Income Statement

We model F24 revenue/EPS of \$63.7bn/\$10.00

IBM (<i>\$ Millions Except Per Share Data</i>)	2023A				2024E				2022A	2023A	2024E	2025E	2026E
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec					
Income Statement													
Total Revenue	\$14,252	\$15,475	\$14,752	\$17,381	\$14,664	\$15,812	\$15,220	\$17,983	\$60,529	\$61,861	\$63,679	\$66,213	\$69,930
Hybrid Platform & Solutions	\$4,203	\$4,707	\$4,500	\$5,315	\$4,473	\$5,005	\$4,801	\$5,617	\$17,846	\$18,725	\$19,897	\$20,872	\$21,923
Transaction Processing	\$1,718	\$1,901	\$1,765	\$2,199	\$1,718	\$1,920	\$1,782	\$2,243	\$7,190	\$7,583	\$7,663	\$7,663	\$7,663
Software	\$5,921	\$6,608	\$6,265	\$7,514	\$6,192	\$6,925	\$6,584	\$7,860	\$25,036	\$26,308	\$27,560	\$28,535	\$29,586
Business Transformation	\$2,324	\$2,227	\$2,312	\$2,265	\$2,440	\$2,339	\$2,435	\$2,384	\$9,017	\$9,128	\$9,598	\$10,028	\$10,480
Technology Consulting	\$939	\$1,022	\$955	\$998	\$1,007	\$1,095	\$1,024	\$1,070	\$3,764	\$3,914	\$4,196	\$4,310	\$4,430
Application Operations	\$1,699	\$1,764	\$1,696	\$1,786	\$1,869	\$1,940	\$1,865	\$1,965	\$6,327	\$6,944	\$7,639	\$7,639	\$7,639
Consulting	\$4,962	\$5,013	\$4,963	\$5,048	\$5,316	\$5,374	\$5,324	\$5,419	\$19,108	\$19,986	\$21,433	\$21,977	\$22,549
Hybrid Infrastructure	\$1,722	\$2,264	\$1,931	\$3,320	\$1,596	\$1,988	\$1,798	\$3,257	\$9,440	\$9,237	\$8,639	\$9,750	\$11,937
Infrastructure Support	\$1,376	\$1,354	\$1,341	\$1,284	\$1,307	\$1,286	\$1,274	\$1,219	\$5,850	\$5,355	\$5,087	\$4,985	\$4,886
Infrastructure	\$3,098	\$3,618	\$3,272	\$4,604	\$2,903	\$3,274	\$3,072	\$4,476	\$15,290	\$14,592	\$13,726	\$14,736	\$16,822
Financing	\$196	\$185	\$186	\$175	\$198	\$186	\$188	\$176	\$645	\$742	\$749	\$757	\$764
Other	\$74	\$52	\$67	\$41	\$54	\$53	\$52	\$52	\$452	\$234	\$211	\$209	\$208
Total Cost of Revenue	6,742	6,975	6,729	7,114	6,767	7,391	7,037	8,012	27,842	27,561	29,207	29,798	31,322
Cost of Software	1,214	1,368	1,284	1,375	1,269	1,433	1,350	1,423	5,096	5,241	5,475	5,669	5,879
Cost of Consulting	3,712	3,715	3,603	3,650	3,961	3,966	3,849	3,901	14,242	14,679	15,677	16,010	16,358
Cost of Infrastructure	1,497	1,599	1,521	1,814	1,262	1,695	1,567	2,362	7,221	6,431	6,887	6,955	7,919
Cost of Financing	110	94	94	87	111	95	94	88	398	385	388	391	394
Other	210	200	227	189	163	202	177	238	885	826	780	773	773
Operating Gross Profit	\$7,658	\$8,650	\$8,185	\$10,439	\$8,070	\$8,593	\$8,355	\$10,143	\$33,369	\$34,932	\$35,160	\$37,103	\$39,296
Total Operating Expense	6,262	6,342	5,866	6,268	6,179	6,037	5,778	6,251	24,095	24,738	24,245	25,199	26,602
R&D	1,655	1,687	1,685	1,748	1,659	1,676	1,693	1,755	6,567	6,775	6,782	7,052	7,450
SG&A	4,607	4,655	4,181	4,520	4,520	4,361	4,085	4,497	17,528	17,963	17,463	18,147	19,152
Intellectual Property Income	178	248	190	242	147	206	198	252	663	858	802	662	699
Operating Income (Cont. Ops)	1,574	2,556	2,509	4,413	2,037	2,761	2,775	4,144	9,937	11,052	11,716	12,566	13,393
Net Interest Expense	(367)	(423)	(412)	(405)	(339)	(327)	(315)	(315)	(1,216)	(1,607)	(1,297)	(1,201)	(1,105)
Other Income	242	262	203	159	50	100	100	100	1,100	866	350	300	300
Pretax Income (Cont. Ops)	1,449	2,395	2,300	4,167	1,748	2,534	2,559	3,929	9,821	10,311	10,769	11,665	12,588
Income Taxes	200	393	268	580	245	355	358	550	1,495	1,441	1,508	1,866	2,014
Net Inc. avail. To Shareholders	1,249	2,002	2,032	3,587	1,503	2,179	2,201	3,379	8,326	8,870	9,262	9,799	10,574
Preferred Dividend	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS (Cont. Ops)	\$1.36	\$2.18	\$2.20	\$3.87	\$1.63	\$2.36	\$2.37	\$3.63	\$9.13	\$9.62	\$10.00	\$10.47	\$11.18
Average Shares (MM Diluted)	918	920	924	927	923	925	927	930	912	922	926	936	945
Income Statement (Cont'd)													
Total Revenues (Y/Y)	0%	0%	5%	4%	3%	2%	3%	3%	6%	2%	3%	4%	6%
Operating Expense	5%	1%	2%	3%	-1%	-5%	-2%	0%	0%	3%	(2%)	4%	6%
R&D	-1%	1%	5%	9%	0%	-1%	0%	0%	1%	3%	0%	4%	6%
SG&A	7%	2%	1%	0%	-2%	-6%	-2%	-1%	(0%)	2%	(3%)	4%	6%
Operating Income	-4%	7%	28%	12%	29%	8%	11%	-6%	14%	11%	6%	7%	7%
Pretax Income	-4%	-5%	17%	9%	21%	6%	11%	-6%	25%	5%	4%	8%	8%
Net Income	-2%	-5%	23%	9%	20%	9%	8%	-6%	16%	7%	4%	6%	8%
EPS	-3%	-6%	22%	7%	20%	8%	8%	-6%	15%	5%	4%	5%	7%
Diluted Shares (Y/Y)	1%	1%	1%	1%	1%	1%	0%	0%	1%	1%	0%	1%	1%
% of Revenues													
Gross Profit	53.7%	55.9%	55.5%	60.1%	55.0%	54.3%	54.9%	56.4%	55.1%	56.5%	55.2%	56.0%	56.2%
Operating Expense	43.9%	41.0%	39.8%	36.1%	42.1%	38.2%	38.0%	34.8%	39.8%	40.0%	38.1%	38.1%	38.0%
R&D	11.6%	10.9%	11.4%	10.1%	11.3%	10.6%	11.1%	9.8%	10.8%	11.0%	10.7%	10.7%	10.7%
SG&A	32.3%	30.1%	28.3%	26.0%	30.8%	27.6%	26.8%	25.0%	29.0%	29.0%	27.4%	27.4%	27.4%
Operating Income	11.0%	16.5%	17.0%	25.4%	13.9%	17.5%	18.2%	23.0%	16.4%	17.9%	18.4%	19.0%	19.2%
Pretax Income	10.2%	15.5%	15.6%	24.0%	11.9%	16.0%	16.8%	21.8%	16.2%	16.7%	16.9%	17.6%	18.0%
Effective Tax Rate	13.8%	16.4%	11.7%	13.9%	14.0%	14.0%	14.0%	14.0%	15.2%	14.0%	14.0%	16.0%	16.0%
Net Income	8.8%	12.9%	13.8%	20.6%	10.3%	13.8%	14.5%	18.8%	13.8%	14.3%	14.5%	14.8%	15.1%

Source: Company Reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

Price objective basis & risk

International Business Machines Corp. (IBM)

Our PO of \$200 is based on 17x EV/C25 FCF. Our target multiple for IBM is at the high end of the historical range 11-19x. We believe a multiple at the high end of the historical range is justified given the company's improving growth and FCF trajectory with Red Hat.

Downside risks to our price objective are: (1) failure to execute on the company's growth roadmap, (2) inability to realize expected cost savings from restructuring, (3) technology/competitor risk in hardware, software, and services, (4) unforeseen currency impacts on revenue and profits, (5) acquisition integration, given IBM's acquisitive nature, and (6) increased concern of economic uncertainty and tightening corporate IT budgets.

Upside risks to our price objective are: (1) faster reacceleration of topline, (2) faster improvement in margins, (3) better-than-expected accretion from M&A, and (4) delivery of upside to FCF.

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



US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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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

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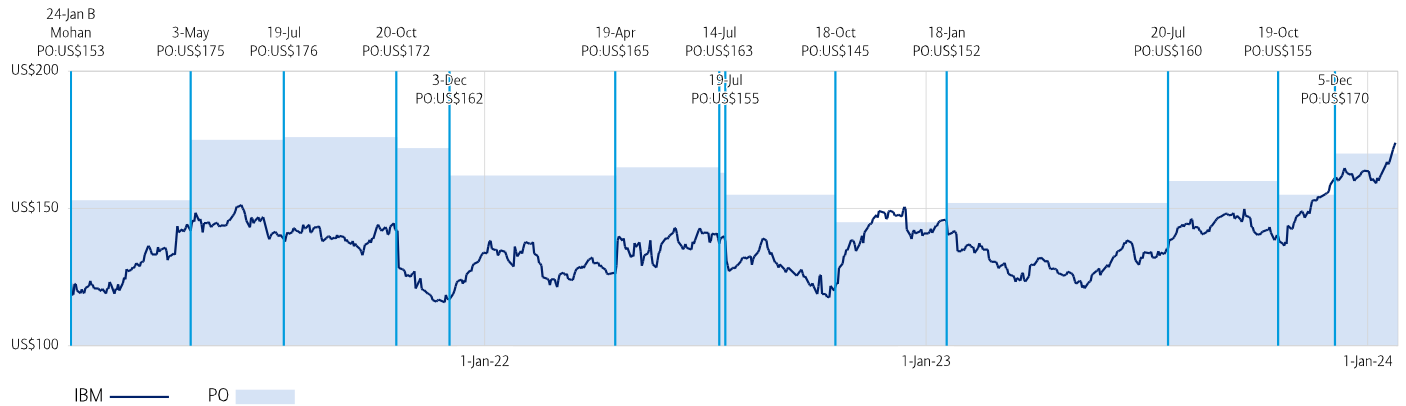
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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

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%
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^{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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