

Canada Goose Holdings Inc

APAC strength helps offset softness in N. America & Europe

Reiterate Rating: UNDERPERFORM | PO: 14.00 CAD | Price: 15.73 CAD

F3Q: Stronger DTC helps offset wholesale softness

Canada Goose (GOOS) reported F3Q adjusted EPS of C\$1.37 (vs. our C\$1.45) as revenue increased +5.8% (vs. our +12.8%). Wholesale revenue declined 28.5% (vs. our -14.0%) given lower orders from existing partners, the ongoing consolidation of wholesale accounts, and higher returns from wholesale partners. DTC revenue increased +14.2% (vs. our +20.0%) with same-store sales down -1.6% y/y primarily on a decline in e-commerce sales on softer conversion given competitor promos, warmer weather in N. America in Europe (less urgency to buy) and impact from China shutdowns last year (which helped support positive in-store comps this year). Gross margin of 73.7% was up 150bps vs. LY primarily driven by pricing benefits.

APAC strength led by reopening and weather tailwinds

APAC revenue increased 61.5% which was led by: (1) doubling of store traffic in Mainland China as GOOS lapped COVID shutdowns last year; (2) cold weather tailwinds in December; & (3) the return of tourism in Hong Kong & Macau. N. America declined 13.6% given warmer weather and a softer macro environment, while EMEA declined 25.9% given outsized impact of wholesale softness.

See changing regional trends in January

By region, GOOS has seen a return to positive DTC growth in N. America & EMEA given the onset of cold weather. However, we believe APAC DTC comps have gone negative in January given the impact of pent-up spending last year post COVID lockdowns as well as a challenging calendar comparison given a shorter period between F3Q and the beginning of Lunar New Year (3 weeks vs. 6 weeks this year). We raise our F4Q EPS to C\$0.11 (from C\$0.10) to reflect improvement in N. America & EMEA QTD trends.

Expect wholesale editing & slower unit growth in F25

We remain Underperform as we see revenue headwinds in F25 incl: (1) our outlook for wholesale declines as we believe GOOS may continue to edit down its overall wholesale footprint; & (2) an outlook for slower DTC unit growth as GOOS focuses on improving the productivity of existing stores that opened in a more challenging environment. Our PO remains C\$14/ US\$10.08 (from C\$17/US\$12.58) based on 10-11x our F26E EPS of C\$1.30 (was 11x F25 EPS of C\$1.25) as we roll forward our valuation base.

Estimates (Mar) (C\$)	2022A	2023A	2024E	2025E	2026E
EPS	0.91	1.07	0.90	1.00	1.30
GAAP EPS	0.86	0.89	0.66	1.12	1.42
EPS Change (YoY)	18.2%	17.6%	-15.9%	11.1%	30.0%
Consensus EPS (Bloomberg)			0.86	1.09	1.31
DPS	0	0	0	0	0
EPS (GOOS - C\$)	0.91	1.07	0.90	1.00	1.30
DPS (GOOS - C\$)	0	0	0	0	0
Valuation (Mar)					
P/E	17.3x	14.7x	17.5x	15.7x	12.1x
GAAP P/E	18.3x	17.7x	23.8x	14.0x	11.1x
EV / EBITDA*	8.2x	7.2x	6.9x	5.4x	4.9x
Free Cash Flow Yield*	2.5%	2.2%	7.6%	11.5%	10.1%

* For full definitions of *IQmethod*SM measures, see page 5.

01 February 2024

Equity

Key Changes

(C\$)	Previous	Current
2024E Rev (m)	1,322.6	1,296.9
2025E Rev (m)	1,494.2	1,428.5
2026E Rev (m)	1,679.2	1,576.8
2024E EPS	1.00	0.90
2025E EPS	1.25	1.00
2026E EPS	1.56	1.30

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Stock Data

Price (TOR / NYS)	15.73 CAD / 11.99 USD
Price Objective	14.00 CAD / 10.08 USD
Date Established	1-Nov-2023 / 1-Nov-2023
Investment Opinion	C-3-9 / C-3-9
52-Week Range	13.60 CAD - 32.81 CAD
Market Value (mn)	1,735 CAD
Free Float	99.5%
Average Daily Value	7.46 USD
Shares Outstanding (mn)	110.3 / 110.3
BofA Ticker / Exchange	YGOOS / TOR
BofA Ticker / Exchange	GOOS / NYS
Bloomberg / Reuters	GOOS CN / GOOS.TO
ROE (2024E)	16.6%
Net Dbt to Eqty (Mar-2023A)	7.6%
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".

DTC = Direct to Consumer

EMEA = Europe, Middle East, & Africa

APAC = Asia Pacific

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Timestamp: 01 February 2024 04:34PM EST

iQprofileSM Canada Goose Holdings Inc

iQmethodSM – Bus Performance*

(C\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	10.2%	11.8%	11.5%	12.5%	13.8%
Return on Equity	19.7%	23.8%	16.6%	15.2%	16.0%
Operating Margin	14.0%	14.4%	13.3%	16.6%	16.6%
Free Cash Flow	44	37	131	200	175

iQmethodSM – Quality of Earnings*

(C\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.3x	1.2x	2.5x	3.2x	2.5x
Asset Replacement Ratio	1.0x	1.0x	0.9x	0.9x	0.9x
Tax Rate	21.2%	21.4%	15.9%	29.0%	22.5%
Net Debt-to-Equity Ratio	18.1%	7.6%	-15.1%	-40.1%	-53.7%
Interest Cover	5.4x	7.0x	3.2x	3.0x	3.0x

Income Statement Data (Mar)

(C\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	1,098	1,217	1,297	1,429	1,577
% Change	21.5%	10.8%	6.6%	10.1%	10.4%
Gross Profit	734	815	900	1,010	1,128
% Change	32.4%	11.1%	10.5%	12.1%	11.7%
EBITDA	241	274	286	367	402
% Change	19.0%	13.7%	4.4%	28.4%	9.7%
Net Interest & Other Income	(28)	(25)	(53)	(80)	(87)
Net Income (Adjusted)	99	113	92	98	122
% Change	15.4%	14.4%	-18.2%	5.7%	25.1%

Free Cash Flow Data (Mar)

(C\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	94	99	75	123	148
Depreciation & Amortization	87	99	114	130	140
Change in Working Capital	(53)	(63)	46	62	14
Deferred Taxation Charge	0	0	0	0	0
Other Adjustments, Net	1	0	0	0	0
Capital Expenditure	(85)	(97)	(104)	(114)	(126)
Free Cash Flow	44	37	131	200	175
% Change	-75.6%	-14.4%	249.9%	52.7%	-12.7%
Share / Issue Repurchase	(243)	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(2)	0	0	0	0

Balance Sheet Data (Mar)

(C\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	289	326	455	647	813
Trade Receivables	43	51	51	52	57
Other Current Assets	431	510	496	473	508
Property, Plant & Equipment	114	113	103	87	74
Other Non-Current Assets	464	464	464	464	464
Total Assets	1,341	1,464	1,569	1,723	1,916
Short-Term Debt	366	366	366	366	366
Other Current Liabilities	223	247	280	320	373
Long-Term Debt	0	0	0	0	0
Other Non-Current Liabilities	324	329	334	339	344
Total Liabilities	913	942	980	1,024	1,083
Total Equity	428	522	589	699	833
Total Equity & Liabilities	1,341	1,464	1,569	1,723	1,916

* For full definitions of iQmethodSM measures, see page 5.

Company Sector

Leisure

Company Description

Canada Goose develops, markets, manufactures, and distributes branded luxury, premium outdoor lifestyle products. Founded in 1957 in Toronto, Canada, Canada Goose produces parkas, lightweight jackets, outerwear, knitwear, shells, and accessories. Canada Goose manufactures nearly all products in Canada in its own and third-party facilities.

Investment Rationale

We rate Canada Goose shares Underperform given our outlook for significant headwinds in North America and Europe on restrained international tourism.

Stock Data

Average Daily Volume	636,283
Shares / Common - Dual Listed	1.00

Quarterly Earnings Estimates

	2023	2024
Q1	-0.57A	-0.70A
Q2	0.22A	0.16A
Q3	1.28A	1.37A
Q4	0.14A	0.11E

Key Changes

(C\$)	Previous	Current
2024E EPS	1.00	0.90
2025E EPS	1.25	1.00
2026E EPS	1.56	1.30

Exhibit 1: GOOS quarterly earnings analysis

\$CAD millions, except per share data

	Wholesale	D-to-C	Other	Total		Adjusted		Adjusted	Interest	Inc	Income	Income	Extra	IFRS		IFRS	
	Revenue	Revenue	Revenue	Revenues	COGS	SG&A	EBITDA	D&A	Expense	P'tx	Tax	bef.	Gain	Net	Operating	Reported	Diluted
									(Income)	Inc	(benefit)	Extra	(Loss)	Inc.	EPS	EPS	Sh O/S
Jun-Q1	\$33.2	\$34.8	\$1.9	\$69.9	\$27.2	\$95.2	(\$52.5)	\$23.4	(\$75.9)	\$7.4	(\$83.3)	(\$23.1)	(\$60.2)	(\$2.2)	(\$62.4)	(\$0.57)	105.2
Sep-Q2	\$180.7	\$94.8	\$1.7	\$277.2	\$111.4	\$114.1	\$51.7	\$23.4	\$28.3	\$6.8	\$21.5	(\$3.5)	\$23.0	\$1.3	\$24.3	\$0.22	105.9
Dec-Q3	\$114.4	\$450.2	\$12.1	\$576.7	\$160.3	\$196.8	\$219.6	\$24.7	\$194.9	\$6.0	\$188.9	\$51.1	\$135.2	\$0.7	\$135.9	\$1.28	105.7
Mar-Q4	\$45.5	\$227.5	\$20.2	\$293.2	\$102.9	\$135.4	\$54.9	\$27.3	\$27.6	\$4.7	\$22.9	\$7.6	\$15.0	(\$18.6)	(\$3.6)	\$0.14	104.5
F2023	\$373.8	\$807.3	\$35.9	\$1,217.0	\$401.8	\$541.5	\$273.7	\$98.8	\$174.9	\$24.9	\$150.0	\$32.1	\$113.0	(\$18.8)	\$94.2	\$1.07	105.3
Jun-Q1	\$27.1	\$55.8	\$1.9	\$84.8	\$29.6	\$119.7	(\$64.5)	\$26.6	(\$91.1)	\$10.1	(\$101.2)	(\$28.4)	(\$73.1)	(\$8.0)	(\$81.1)	(\$0.70)	103.7
Sep-Q2	\$162.0	\$109.4	\$9.7	\$281.1	\$101.6	\$135.7	\$43.8	\$27.5	\$16.3	\$11.9	\$4.4	(\$12.3)	\$16.2	(\$12.1)	\$4.1	\$0.16	103.6
Dec-Q3	\$81.8	\$514.0	\$14.1	\$609.9	\$160.2	\$209.7	\$240.0	\$29.3	\$210.7	\$14.8	\$195.9	\$53.9	\$138.6	(\$7.2)	\$131.4	\$1.37	101.3
Mar-Q4E	\$35.5	\$259.4	\$26.3	\$321.1	\$105.0	\$149.7	\$66.4	\$30.2	\$36.2	\$16.3	\$19.9	\$5.8	\$10.7	\$2.2	\$12.9	\$0.11	100.3
F2024E	\$306.4	\$938.6	\$52.0	\$1,296.9	\$396.4	\$614.8	\$285.7	\$113.6	\$172.1	\$53.1	\$119.0	\$19.0	\$92.4	(\$25.1)	\$67.3	\$0.90	102.2
Jun-Q1E	\$25.7	\$70.3	\$1.9	\$98.0	\$30.4	\$125.7	(\$58.1)	\$31.1	(\$89.2)	\$17.8	(\$107.0)	(\$31.0)	(\$79.4)	\$4.2	(\$75.2)	(\$0.80)	99.3
Sep-Q2E	\$153.9	\$125.8	\$9.7	\$289.4	\$101.9	\$139.8	\$47.7	\$32.0	\$15.7	\$19.3	(\$3.6)	(\$1.0)	(\$5.9)	\$3.2	(\$2.7)	(\$0.06)	98.3
Dec-Q3E	\$77.7	\$591.1	\$14.1	\$682.9	\$173.7	\$220.2	\$289.0	\$32.9	\$256.1	\$20.8	\$235.3	\$68.2	\$163.7	\$2.2	\$165.9	\$1.68	97.3
Mar-Q4E	\$33.7	\$298.3	\$26.3	\$358.2	\$112.9	\$157.2	\$88.2	\$33.8	\$54.4	\$22.3	\$32.1	\$9.3	\$19.4	\$2.2	\$21.6	\$0.20	96.3
F2025E	\$291.1	\$1,085.5	\$52.0	\$1,428.5	\$418.9	\$642.8	\$366.7	\$129.8	\$236.9	\$80.2	\$156.7	\$45.5	\$97.7	\$11.8	\$109.5	\$1.00	97.8
F2026E	\$276.5	\$1,248.3	\$52.0	\$1,576.8	\$448.7	\$725.8	\$402.3	\$139.8	\$262.5	\$87.2	\$175.3	\$39.4	\$122.2	\$11.8	\$134.0	\$1.30	94.3
PERCENTAGE CHANGE																	
	Wholesale	D-to-C	Other	Total			Operating	Pre-tax	Net	Operating		MARGIN ANALYSIS (% of TOTAL REVENUES)					
	Revenue	Revenue	Revenue	Revenues	COGS	SG&A	EBITDA	Income	Income	Income	EPS	Gross	SG&A	EBITDA	Operating	Tax	Op Net
												Margin	Ratio	Margin	Margin	Rate	Margin
Jun-Q1	28.7%	18.4%	72.7%	24.2%	6.3%	33.9%	30.0%	26.1%	24.1%	6.8%	--	61.1%	136.2%	-75.1%	-108.6%	27.7%	-86.1%
Sep-Q2	21.2%	15.6%	-5.6%	19.0%	13.8%	-3.0%	197.1%	-743.2%	-274.8%	161.3%	-404.7%	59.8%	41.2%	18.7%	10.2%	-16.3%	8.3%
Dec-Q3	-16.3%	1.1%	202.5%	-1.6%	-7.0%	7.5%	-4.8%	-5.8%	-5.2%	-10.5%	-9.6%	72.2%	34.1%	38.1%	33.8%	27.1%	23.4%
Mar-Q4	29.6%	22.7%	676.9%	31.4%	49.1%	11.8%	66.4%	142.1%	316.4%	-60.4%	271.5%	64.9%	46.2%	18.7%	9.4%	33.2%	5.1%
F2023	7.8%	8.8%	277.9%	10.8%	10.1%	9.9%	13.7%	13.8%	19.6%	0.5%	18.2%	67.0%	44.5%	22.5%	14.4%	21.4%	9.3%
Jun-Q1	-18.4%	60.3%	0.0%	21.3%	8.8%	25.7%	22.9%	20.0%	21.5%	30.0%	--	65.1%	141.2%	-76.1%	-107.4%	28.1%	-86.2%
Sep-Q2	-10.3%	15.4%	470.6%	1.4%	-8.8%	18.9%	-15.3%	-42.4%	-79.5%	-83.1%	-28.0%	63.9%	48.3%	15.6%	5.8%	-279.5%	5.8%
Dec-Q3	-28.5%	14.2%	16.5%	5.8%	-0.1%	6.6%	9.3%	8.1%	3.7%	-3.3%	6.9%	73.7%	34.4%	39.4%	34.5%	27.5%	22.7%
Mar-Q4E	-22.0%	14.0%	30.0%	9.5%	2.0%	10.6%	20.9%	31.1%	-13.1%	-459.0%	-25.5%	67.3%	46.6%	20.7%	11.3%	29.0%	3.3%
F2024E	-18.0%	16.3%	44.7%	6.6%	-1.3%	13.5%	4.4%	-1.6%	-20.7%	-28.5%	-15.7%	69.4%	47.4%	22.0%	13.3%	15.9%	7.1%
Jun-Q1E	-5.0%	26.0%	0.0%	15.5%	2.7%	5.0%	-9.9%	-2.0%	5.8%	-7.3%	--	69.0%	128.3%	-59.4%	-91.1%	29.0%	-81.1%
Sep-Q2E	-5.0%	15.0%	0.0%	3.0%	0.3%	3.0%	8.9%	-3.6%	-181.5%	-167.0%	-138.7%	64.8%	48.3%	16.5%	5.4%	29.0%	-2.1%
Dec-Q3E	-5.0%	15.0%	0.0%	12.0%	8.4%	5.0%	20.4%	21.6%	20.1%	26.2%	22.9%	74.6%	32.2%	42.3%	37.5%	29.0%	24.0%
Mar-Q4E	-5.0%	15.0%	0.0%	11.6%	7.5%	5.0%	32.8%	50.2%	61.2%	66.9%	88.1%	68.5%	43.9%	24.6%	15.2%	29.0%	5.4%
F2025E	-5.0%	15.7%	0.0%	10.1%	5.7%	4.6%	28.4%	37.7%	31.7%	62.6%	10.5%	70.7%	45.0%	25.7%	16.6%	29.0%	6.8%
F2026E	-5.0%	15.0%	0.0%	10.4%	7.1%	12.9%	9.7%	10.8%	11.8%	22.4%	29.8%	71.5%	46.0%	25.5%	16.6%	22.5%	7.8%

Source: BofA Global Research Estimates, Company Filings

BofA GLOBAL RESEARCH

Price objective basis & risk

Canada Goose Holdings Inc (YGOOS / GOOS)

Our C\$14 PO (\$10.08 PO for GOOS US shares) is based on 10-11x our F2026E EPS of C\$1.30. This P/E is below GOOS' historical multiple of 30-70X given a potential outlook for slowing Canada momentum alongside COVID-19 headwinds, including an outlook for significant reductions in international tourism traffic.

Upside risks to our PO are 1) Direct to Consumer, which could significantly exceed revenue forecasts driven by successful expansion in China, 2) a material improvement in the global macroeconomic environment for luxury purchases, and 3) successful expansion into new categories including footwear.

Downside risks to our PO are 1) the very competitive outerwear/jackets/boots categories, 2) strengthening of CAD vs. foreign currencies (especially USD, EUR, and GBP), which would pressure reported revenue and margins, 3) risks associated with owned manufacturing, 4) current highly dependence on a narrow group of styles, 5) highly seasonal revenue and earnings, with some products weather dependent, 6) limited replacement cycle because of durability of products, 7) limited incremental wholesale door opportunity in North America, 8) execution risks associated with rapidly growing business, 9) challenging global apparel and luxury retail environment, and 10) fashion/knock-off risks.

Analyst Certification

I, Alexander Perry, 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 - Broadlines, Hardlines, Food Retailers & Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Academy Sports + Outdoors	ASO	ASO US	Robert F. Ohmes, CFA
	BJ's Wholesale Club Holdings	BJ	BJ US	Robert F. Ohmes, CFA
	Costco Wholesale Corporation	COST	COST US	Robert F. Ohmes, CFA
	Fox Factory Holding Corp	FOXF	FOXF US	Alexander Perry
	Grocery Outlet Holding Corp.	GO	GO US	Robert F. Ohmes, CFA
	Harley-Davidson	HOG	HOG US	Alexander Perry
	Life Time	LTH	LTH US	Alexander Perry
	Planet Fitness, Inc.	PLNT	PLNT US	Alexander Perry
	Sysco Corporation	SY	SY US	Kendall Toscano
	Target Corp.	TGT	TGT US	Robert F. Ohmes, CFA
	The Kroger Co.	KR	KR US	Robert F. Ohmes, CFA
	Topgolf Callaway Brands Corp	MODG	MODG US	Alexander Perry
	Walmart Inc	WMT	WMT US	Robert F. Ohmes, CFA
NEUTRAL				
	Dick's Sporting Goods	DKS	DKS US	Robert F. Ohmes, CFA
	Xponential Fitness	XPOF	XPOF US	Alexander Perry
	YETI Holdings, Inc.	YETI	YETI US	Robert F. Ohmes, CFA
UNDERPERFORM				
	Canada Goose Holdings Inc	YGOOS	GOOS CN	Alexander Perry
	Canada Goose Holdings Inc	GOOS	GOOS US	Alexander Perry
	Columbia Sportswear	COLM	COLM US	Alexander Perry
	Dollar General Corporation	DG	DG US	Robert F. Ohmes, CFA
	Dollar Tree, Inc.	DLTR	DLTR US	Robert F. Ohmes, CFA
	Hibbett Sports, Inc.	HIBB	HIBB US	Alexander Perry
	National Vision	EYE	EYE US	Robert F. Ohmes, CFA
	Sprouts Farmers Market, Inc.	SFM	SFM US	Robert F. Ohmes, CFA

US - Broadlines, Hardlines, Food Retailers & Leisure 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

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 validations. 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.

iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

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Disclosures

Important Disclosures

Canada Goose (YGOOS) 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.

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	16	55.17%	Buy	9	56.25%
Hold	7	24.14%	Hold	5	71.43%
Sell	6	20.69%	Sell	4	66.67%

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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