Wireline & Wireless Telecom Services

Assessing rates exposure in telecom and communication infrastructure

Industry Overview

20 March 2023

Equity
United States
Telecommunications

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Telecommunications sector rate sensitivity analysis

As interest rate hikes have unfolded in an effort to battle post-pandemic inflation, we have screened our telecommunications and communications infrastructure coverage universe to ascertain the potential financial impact. We examine 1) floating rate debt exposure, 2) maturity schedules, and 3) free cash flow (FCF) generation expectations relative to forthcoming maturities. Specifically, assuming rates float higher and refinancing becomes more expensive, net of free cash flow in excess of dividends, which companies are best and worst positioned?

Best credit profiles: AT&T, TMUS, EQIX, SBAC

Generally, our large-cap telecom and communication infrastructure names in the US have the best credit profiles with the greatest financial flexibility. Standouts are AT&T (T) and T-Mobile (TMUS), both Buy rated. **T** is laser-focused on delivering its core mobility products in addition to providing fiber to the home. It continues to de-lever while pursuing its capital-intensive business goals. The company currently sports a well-covered ~6% dividend yield, among the top yielding large cap names in the S&P500. We believe T is on track to generate ample free cash flow with no risk to its dividend or credit profile. **TMUS** is delivering strong wireless subscriber growth in an unpredictable market, achieving merger-related synergies from its Sprint acquisition, and returning capital to shareholders through its $60bn share-buyback program. TMUS was upgraded to an investment-grade credit rating by all three rating agencies last year, supporting the company's strong credit outlook. The company is on track to generate healthy EBITDA and FCF growth. Among our communication infrastructure names, we highlight Equinix (EQIX) and SBC Communications (SBAC), both Buy rated. **EQIX** is our Data Center top pick largely due to its fortified balance sheet with relatively low floating rate debt (~4%) and relatively low leverage (3.0x). Management expects to raise debt in Japan at attractive rates to fuel organic growth. **SBAC** is the best equipped among towers to handle rising rates as it has just ~8% floating rate debt (versus American Tower at 22%/CCI at 15%) and has already refinanced its 1Q23 debt maturity.

Capital allocation priorities a key focus in '23

Across our coverage, companies generally share three goals, 1) invest in the core business, 2) pay dividends (if applicable), and 3) de-lever (either through EBITDA growth, repaying debt, or both). As carriers race to expand broadband footprints nationwide, they must balance available FCF within these capital allocation priorities. Some covered companies (e.g., Lumen and Dish) are more challenged than others and we expect them to address funding needs and competing capital allocation priorities in 2023.

Refer to important disclosures on page 13 to 17. Analyst Certification on page 12. Price Objective Basis/Risk on page 11.
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Assessing leverage & liquidity profiles

Rising rates + upcoming debt maturities = ?

Rising interest rates mean rising borrowing costs for all companies but not all companies will be impacted similarly. Net leverage is almost always the starting point for this conversation as a directional measure of potential risk exposure. It is not a particularly useful tool, however, as it merely measures *what* kind of exposure a company has, not *how* rising rates may impact a company. The how comes in the form of 1) fixed versus floating rate debt exposure, 2) maturity schedule, and 3) internal cash generation.

We draw the following conclusions from our analysis of the telecommunications and communications infrastructure sectors.

- Who has the most debt? Verizon has the largest quantum of debt as of 4Q22 at $160bn.
- Who is the most levered? SBAC is the most-levered stock in our coverage at 6.8x net debt to '23 EBITDA.
- Who has the most amount of debt coming due through 2025? AMT has the largest amount of debt as a percent of total debt (38.7%) coming due between 2023- 2025.
- Who has the most floating rate debt exposure? Lumen has the largest exposure at 37% variable-rate debt.
- Who is best positioned from a cash flow versus maturity perspective through 2025? T-mobile (TMUS) is best positioned in terms of '23E-'25E total excess FCF (after dividends) of $48bn versus debt maturities over the same period of $15bn.
- Who is worst positioned from a cash flow versus maturity perspective through 2025? American Tower (AMT) is worst positioned with $2.5bn of cumulative excess FCF between 2023-2025 and $15bn of maturing debt over the same period.

Analyzing leverage

We calculated net leverage ratios across our coverage (total net debt/2023E EBITDA). SBAC is the most levered company followed by Digital Realty (DLR) on this leverage measure. Leverage ratios are a barometer for assessing financial risk and profit potential. They can help estimate how many years of EBITDA are required to meet a target ratio or pay back total debt. It is a blunt instrument, however, because it disregards important elements like floating rate %, maturity schedule, and the free cash flow generation available to repay rather than refinance existing debt.

In telecom, we believe our stronger companies (i.e. AT&T, T-Mobile, and Verizon) have sufficient FCF growth, cash on hand, and revolving credit availability to pay down future debt maturities. VZ and T are the most levered large cap names within the telecom sector but are also the least at risk of negative cash burn or default. Verizon may face near-term profitability pressure due to rising interest rates (discussed below), however, it can sustain its current level of debt long-term due to stable free cash flow generation.

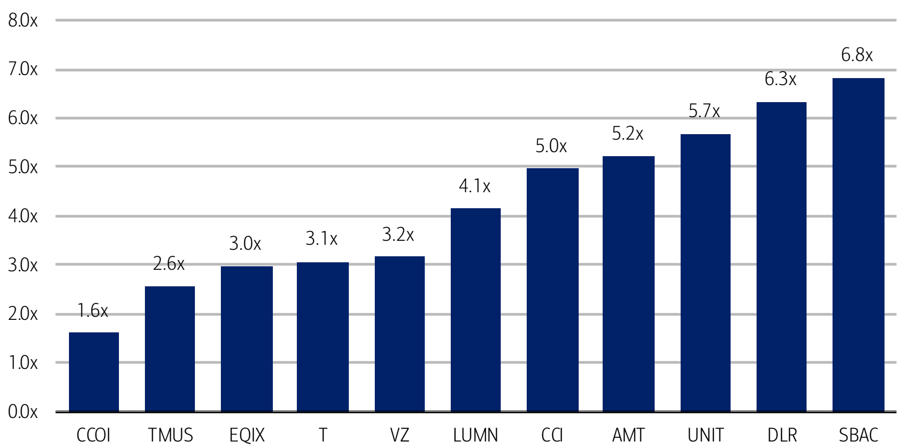
Communications infrastructure companies are comfortable running at higher leverage ratios versus traditional telecom companies in part due to the capital-intensive nature of the businesses (data centers) combined with the predictability of cash flows (towers). At 4Q, AMT and SBAC had the highest amount of debt due through 2025, yet management teams feel comfortable with the ability to service their debt profiles. In the near-term, we believe mgmt. teams will continue to focus on weathering the impacts of increased interest rates on floating rate debt (AMT and DLR have most exposure to variable rates). Communication infrastructure names, however, are not immune to the impact of tightening credit markets. DLR recently issued 2028 notes at 5.5% in 4Q22 versus its weighted average. coupon of 2.7% as of 4Q22. SBAC also issued a 6.599% secured tower securities note to pay down a 3.448% note that was maturing in March 2023.

On the leverage front, AMT is currently above its 3-5x net leverage ratio at 5.2x, but down from highs of 6.8x from the CoreSite acquisition in 4Q21. Management is pleased with its pace of de-levering in the past year and will weigh additional debt paydown, potential share buybacks, and M&A this year. SBAC has the highest leverage ratio for our Tower coverage at 6.8x (as of 4Q22), with a target range of 7-7.5x. Management does not want to stay below the target and feels comfortable in levering back up into the target range given core business growth stability.

DLR carries leverage of 6.3x (above its target of 5.5x) and management feels comfortable with its funding for 2023. It expects leverage to decline towards its target over time from dispositions, retention of FCF, joint ventures on core assets, and other initiatives. EQIX has the lowest leverage within the comm infra group at 3.0x (below its 4-5x target range) and the company intends on levering back up to this range as it organically grows the business.

Exhibit 1: 2023 net leverage ratio calculations

2023E net leverage ratios calculated as total net debt at 4Q22 over our YE2023 EBITDA estimates



Source: Company Filings; BofA Global Research Estimates

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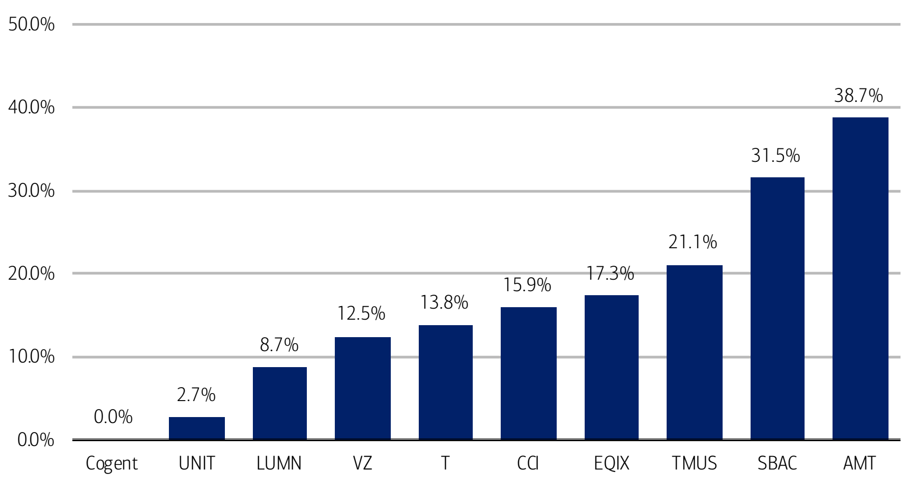
Exhibit 2: Total debt obligations maturing between 2023-2025 as a percent of total debt

Cogent has no debt maturities through 2025.



Source: Company Filings; BofA Global Research

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Floating vs fixed rate debt exposure

Analyzing the mix of fixed vs floating rate debt during times of rising interest rates is important to assess the impact of future interest expense changes, both up and down. Sometimes, companies will swap higher coupon fixed rate debt for lower cost variable rate debt in low interest rate environments to boost income. In a rising rate environment, if floating rate debt isn't termed out, it can become a profit headwind as it is now.

Verizon and Lumen feel the brunt of interest expense pressure

Verizon has 26% floating-rate debt making it more exposed to interest rate risk compared to peers. On its 4Q earnings call, mgmt. quantified $0.25 to $0.30 EPS pressure due to higher interest rates and higher securitization costs. We expect a $1bn increase in interest expense from FY22 to FY23 at ~$4.7bn.

At the end of 4Q22, Lumen had $7.8bn of floating rate debt, representing 37% of total debt. A 100bps increase in rates cuts annual pre-tax earnings by ~$78mn. Although Lumen doesn't have refinancing risk in the near-term as it has paid down its debt maturing through 2024 and has immaterial '25 maturities, it does face EPS pressure due to its floating-rate debt exposure.

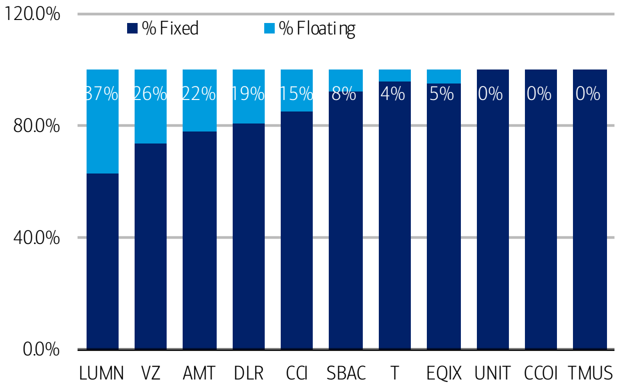
During the 3Q22 earnings season, CCI was the only company to share official 2023 guidance and, notably, there was an incremental 2023 interest rate expense of $130mn y/y on its 15% floating rate debt. In 4Q22, AMT released guidance forecasting an incremental $321mn in interest expense at the midpoint, and SBAC expects +$35.9mn in incremental net cash interest expense. DLR and EQIX do not guide to interest expense, but we forecast '23 incremental interest expense of $112mn and $33mm, respectively.

Refinancing comes at a much higher cost

Uniti Group issued a $306.5m 7.5% convertible senior secured note in 4Q maturing in 2027 and used the proceeds to partially pay down other debt. In January, UNIT issued a $2.6bn senior unsecured 2028 note priced at 10.5%. The company has used the proceeds to fully repay $2.25bn of debt maturing in 2025 as well as $275mn outstanding on its revolver. UNIT's ability to access capital markets and address its debt obligations has been an ongoing concern for investors. After these recent repayments, UNIT has its full $500mn revolver available and no meaningful debt maturities until 2027, easing near-term liquidity concerns. The increased cost of capital, however, will pressure AFFO in 2023. At 4Q results, UNIT guided to $367m-387m AFFO for FY-23, lower than Street expectations, primarily due to higher interest expenses on recent debt issuances.

Below we show two charts to further define interest rate risk specific to our coverage universe. In Exhibit 2, we present the mix of floating rate debt as a percent of total debt to show how exposed each company's debt structure is to a change in interest rates. (Note: TMUS, CCOI, and UNIT have 100% fixed rate debt). In Exhibit 3, we estimate the impact of a 100bps increase in rates to our current EPS and FCF estimates for 2023, which have rate implications currently embedded, to illustrate incremental risk and how sensitive each company is to a change in rates.

Exhibit 3: Fixed vs Floating rate debt exposure
Verizon and Lumen have the greatest % of variable-rate debt in their debt structure making them more sensitive to interest rate changes.



Source: Company Filings; Bloomberg; BofA Global Research
Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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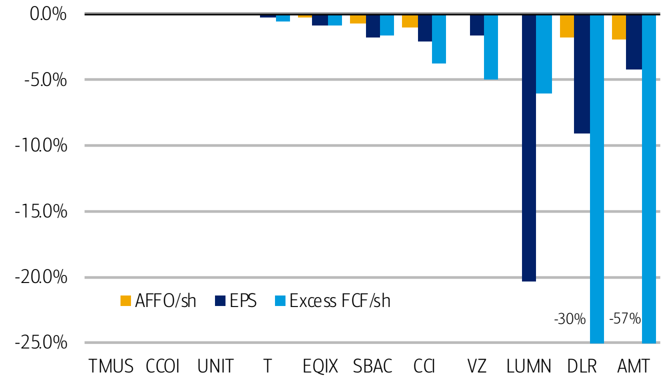
Exhibit 4: 100bps rate hike impact on per share metrics
Below is the estimated incremental impact to FCF, AFFO, and EPS based on our existing 2023E forecasts.



Source: Company Filings; Bloomberg; BofA Global Research
Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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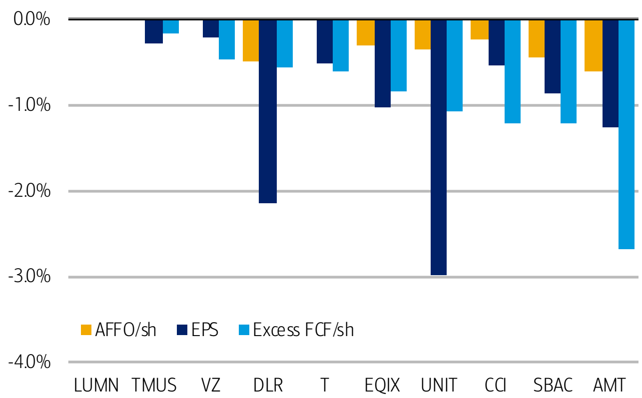
Exhibit 5: Refinancing risk in 2024
In the chart below we assume all debt maturing in 2024 is refinanced at 100bps more than our current assumptions embedded in EPS and AFFO. We illustrate how sensitive each company's earnings are to refinancing at incrementally higher rates.



Source: Company Filings; BofA Global Research
Note: Debt as of 4Q22

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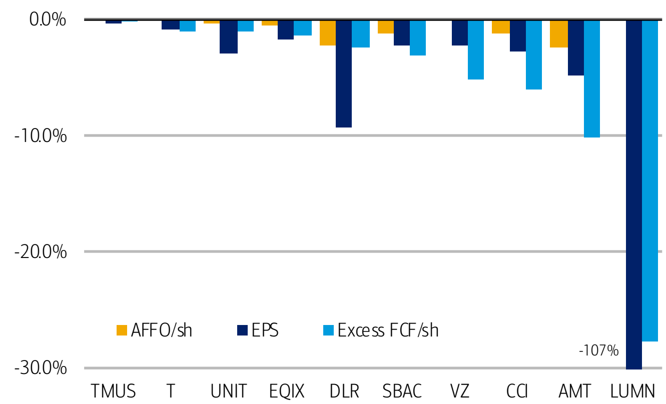
Exhibit 6: Refinancing + Interest Expense risk in 2024
In the chart below, we add the impact of refinancing at higher rates to higher floating rates assuming a 100bps increase in our current assumptions.



Source: Company Filings; BofA Global Research
Note: Debt as of 4Q22

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Safety in FCF numbers

Stick with AT&T and T-Mobile

Investors should expect higher borrowing costs for companies that have significant maturities over the next two years. Notable names in telecom with the largest quantum of debt maturing over the next 3 years are AT&T and T-Mobile. T has ~$20bn, including commercial paper, finance leases, and other short-term debt, maturing between 2022-2025, and TMUS has ~$15bn. Within telecom, both companies arguably have the *least* refinancing risk. While both companies may have the largest amount of debt maturing through 2025, they are also expected to generate substantial excess FCF.

T-Mobile is a well-positioned, resilient name in this industry set to generate revenue and profitability despite challenging macroeconomic conditions. We expect FCF to grow to $13.4bn in '23E, rising to ~$17bn in '25, as the company executes on subscriber and ARPU growth, realizes merger synergies, and capex moderates.

AT&T has a clear path to growth this year as it reaps the benefits of its wireless and broadband investments. In the near term, capex will remain elevated as the company invests in spectrum deployment and fiber expansion. Beyond 2024E, capex will likely moderate and contribute to incremental free cash flow growth. We forecast '23 FCF at $16.1bn and '24 FCF at $18.0bn.

Negative outlook for Lumen

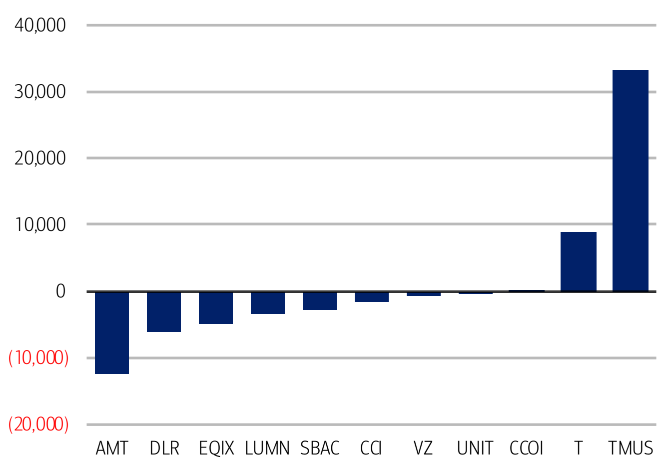
With 2023E now labelled a 'reset' year, leverage climbing to 4.3x, negative free cash flow, and further declines expected in '24E before hoped-for stability emerges by year end, we see no positive catalysts on the horizon. As capex rises and adjusted EBITDA declines, we see little room for positive free cash flow in the near term.

Crunching the numbers

Below we illustrate three different scenarios for total debt maturing through 2025: 1) each company pays down all its debt obligations, 2) each company must refinance its debt (we use a comparable 5-year yield to estimate refinancing cost), and 3) cumulative impact of refinancing floating-rate debt on excess FCF. We show which companies are more susceptible to larger changes in FCF than others and illustrate what each company's excess FCF after refinancing or redemption looks like. These scenarios provide deeper analysis of interest rate risk taking into account our free cash flow expectations for each company.

Exhibit 7: Net excess FCF after long-term debt paydown cumulative '23-'25

We calculate the amount of FCF leftover if each company paid its dividend and total debt obligations through 2025.



Source: BofA Global Research; Company Filings

Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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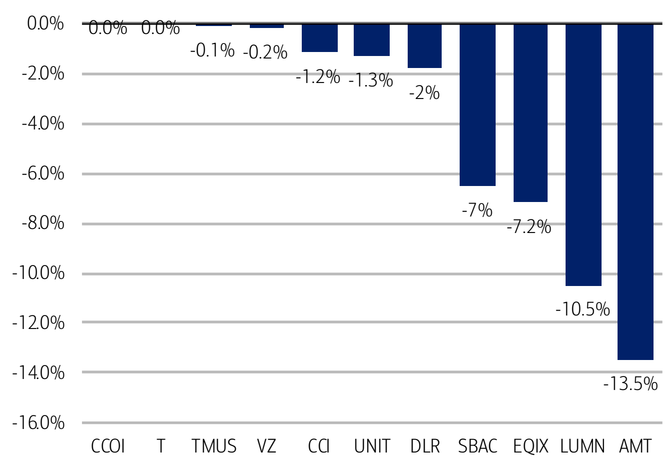
Exhibit 8: 2025 cumulative refinancing impact on excess FCF/sh

We calculate the incremental refinancing impact in 2025E using 5-year comparable yields for each of our companies. T and CCOI have no refinancing risk.



Source: BofA Global Research; Company Filings

Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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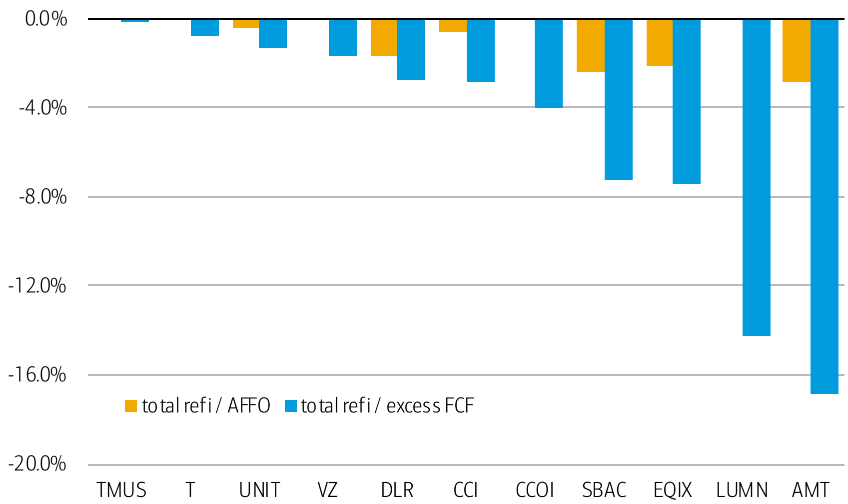
Exhibit 9: Estimated 2025 debt/excess FCF with refinancing + interest expense impact
We calculate the combined impact of refinancing and interest expenses incurred at higher rates. We 1) assume each company must refinance its debt maturing through 2025 at 5-yr yields vs. current coupon rates. 2) We add the impact of a 100bps hike in interest rates on % of floating rate debt.



Source: Company Filings; BofA Global Research; Bloomberg
Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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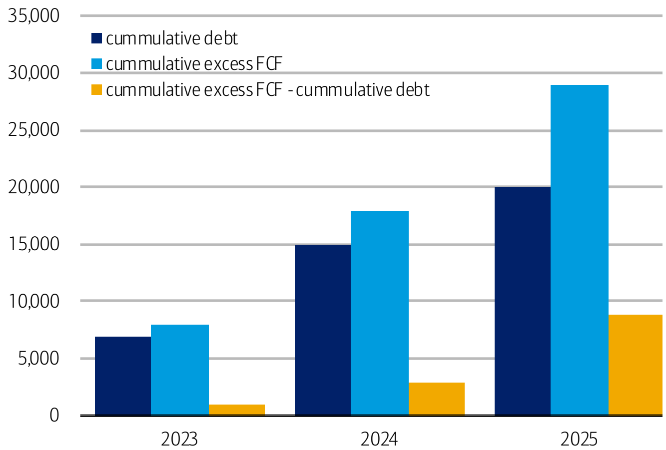
Debt Maturity Profiles

Exhibit 10: AT&T

AT&T has no refinancing risk going out to 2025E due to substantial free cash flow generation.



Source: Company Filings; BofA Global Research

Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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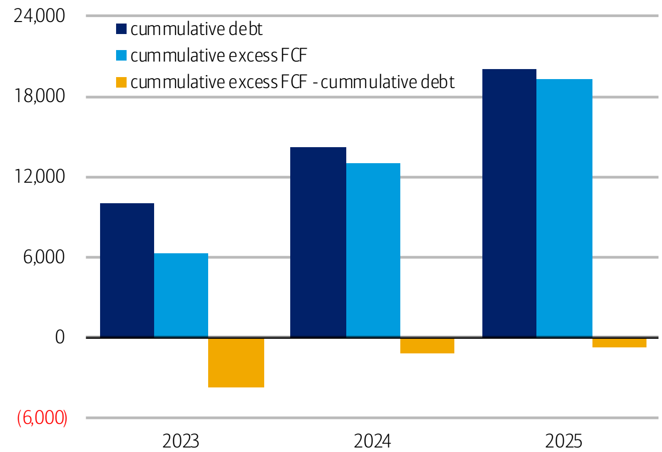
Exhibit 11: Verizon

Debt maturities include private placements, financial leases, and commercial paper.



Source: Company Filings; BofA Global Research

Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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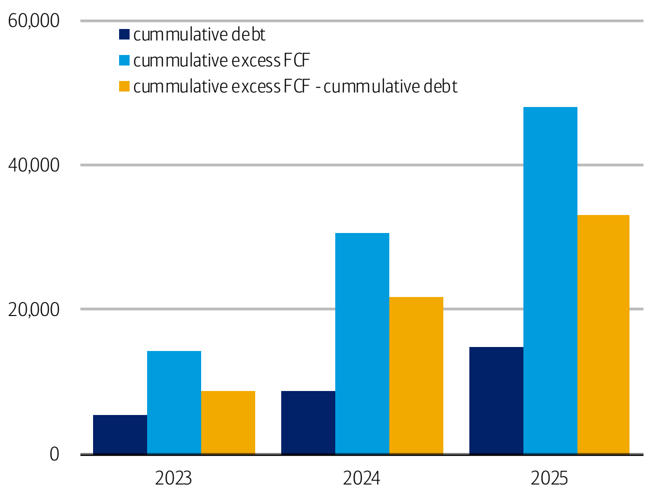
Exhibit 12: T-Mobile

We expect TMUS to generate $13.4bn of FCF at a 65% 3-yr CAGR in 2023.



Source: Company Filings; BofA Global Research

Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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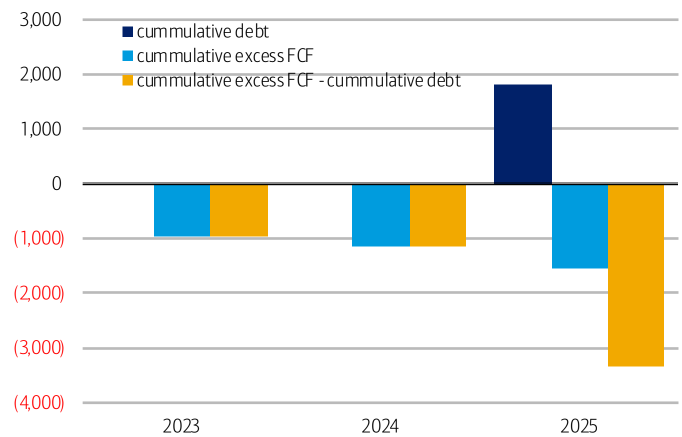
Exhibit 13: Lumen Technologies

Although Lumen does not have any significant debt maturities in the near-term, we forecast negative FCF for 2023 and believe the company has significant future refinancing risk.



Source: Company Filings; BofA Global Research

Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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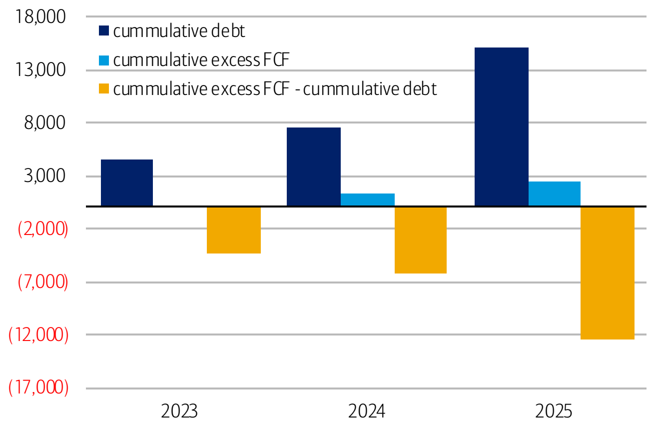
Exhibit 14: American Tower

AMT has elevated floating rate debt compared to its peers at 22%, in part due to its financing of the 4Q21 $10.1bn acquisition of data center operator, CoreSite (COR).



Source: Company Filings; BofA Global Research
Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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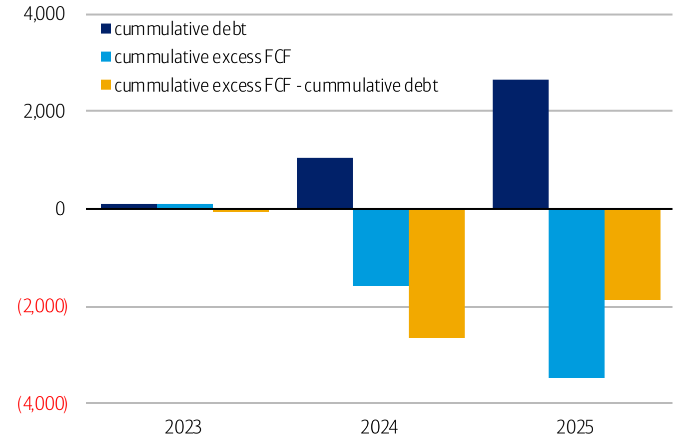
Exhibit 15: Digital Realty Trust

As of 4Q22, DLR had total debt of $16.7bn, including 16% maturing by 2025. The company has $1.7bn available under its revolving credit facility.



Source: Company Filings; BofA Global Research
Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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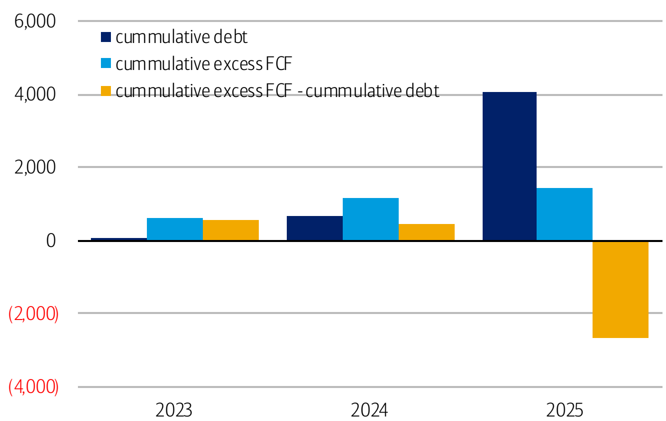
Exhibit 16: SBA Corporation

Post recent refinancing, SBAC's next large debt maturity is in October 2024, giving it some stability as it weighs capital allocation plans. Mgmt. is comfortable in levering back up into target net leverage range given its core business growth stability.



Source: Company Filings; BofA Global Research
Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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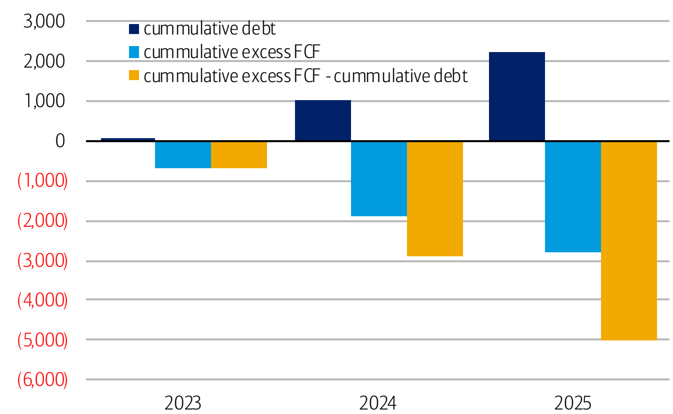
Exhibit 17: Equinix

CFO Keith Taylor noted at 4Q22 results that the firm will raise debt over the coming quarters despite economic volatility. EQIX is seeking to take advantage of favorable borrowing costs in international markets, particularly in Japan.



Source: Company Filings; BofA Global Research
Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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Exhibit 18: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
T	T US	AT&T	US$ 18.13	B-1-7
EQIX	EQIX US	Equinix	US$ 690.85	B-1-7
SBAC	SBAC US	SBA Comm. Corp.	US$ 255.98	B-1-7
TMUS	TMUS US	T-Mobile US	US$ 142.45	B-1-9

Source: BofA Global Research

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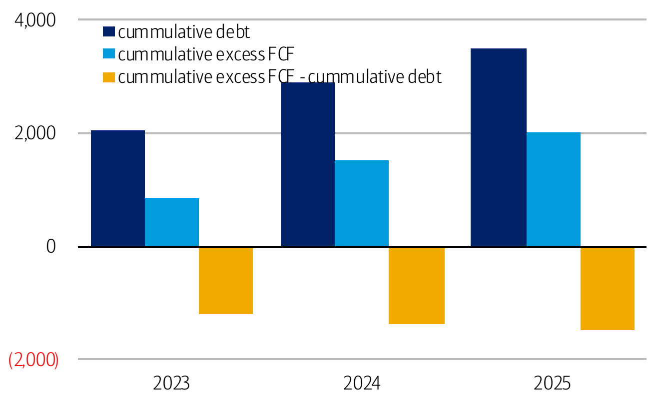
Exhibit 19: Crown Castle

CCI has total debt of $22bn, including 16% maturing by 2025. Mgmt. expects its leverage ratio to stay in the 5.0x neighborhood throughout the year.



Source: Company Filings; BofA Global Research

Note: Debt as of 4Q22; includes commercial paper, finance leases, or private placements

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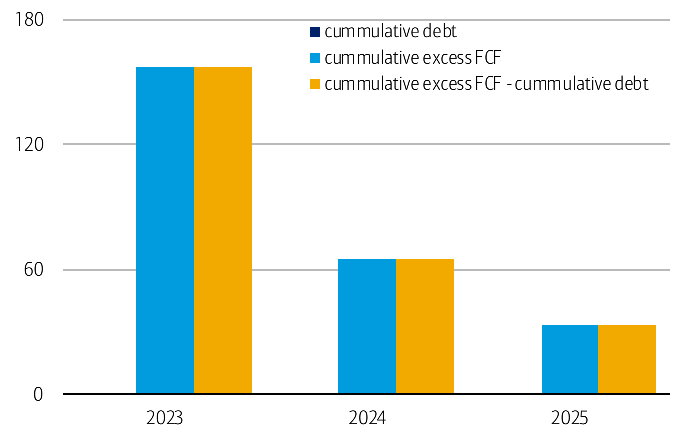
Exhibit 20: Cogent

CCOI has no debt maturities through 2025.



Source: Company Filings; BofA Global Research

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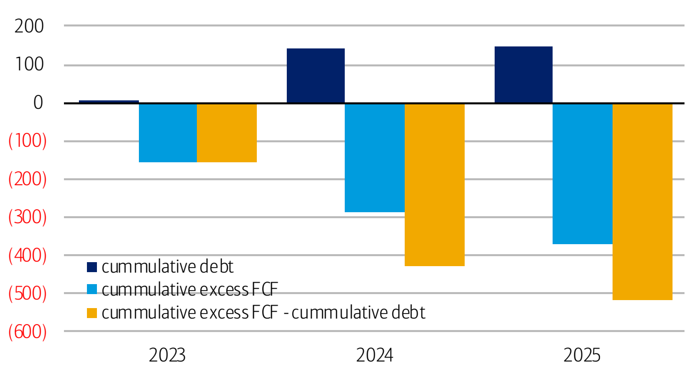
Exhibit 21: Uniti Group

UNIT's recent refinancing activity has given the company liquidity and funding runway for the next couple of years. The company now has no significant debt maturities until 2027 and has zero floating-rate debt in its debt structure.



Source: Company Filings; BofA Global Research

Note: includes commercial paper, finance leases, or private placements

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Exhibit 22: Average Interest Rate Assumptions

Our current average interest rate assumptions in our relative models.

Ticker	2023	2024	2025
T	4.6%	4.6%	4.6%
VZ	3.1%	3.1%	3.1%
TMUS	4.7%	4.5%	4.8%
LUMN	5.6%	5.6%	5.7%

Exhibit 22: Average Interest Rate Assumptions
Our current average interest rate assumptions in our relative models.

Ticker	2023	2024	2025
UNIT	10.3%	10.5%	10.4%
AMT	3.5%	3.4%	3.4%
DLR	2.4%	2.4%	2.4%
SBAC	3.2%	3.1%	3.2%
CCI	3.7%	3.6%	3.5%
CCOI	5.5%	5.5%	5.5%

Source: BofA Global Research

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Price objective basis & risk

AT&T Inc. (T)

Our $25 price objective is based on a P/E multiple of 9.8x the mid-point of AT&T's FY23 EPS guidance, which is in the middle of AT&T's historical relative multiple range vs the S&P 500. We think this is warranted based on AT&T's focused investing in its core wireless and wireline connectivity businesses to drive subscriber growth.

Downside risks to our price objective are lower-than-projected growth, greater wireless competition, and integration issues.

Equinix, Inc. (EQIX)

Our $750 price objective is based on a target multiple of 24x 2023E AFFO/share. Our target multiple is a premium to the broader average REIT multiple of 16x as we believe EQIX's superior AFFO/sh growth, pricing power tailwinds, and competitive moat still merit a similar relative valuation premium to other REITs.

The risks to our price objective are 1) a prolonged downturn in Enterprise IT spending, 2) meaningful exposure to the financial industry, and 3) fluctuating FX rates.

SBA Communications Corporation (SBAC)

Our $325 price objective is based on a 26x 2023 AFFO/sh multiple. We still believe SBAC's 1) domestic macro tower focus and anticipated organic growth in 2023 and 2) specific exposure to international markets (ie Brazil) merits a superior multiple to other REITs due to its growth runway.

Risks: With contractually based pricing and margins a function of fixed tower economics, the biggest moving part to the tower story is future lease demand. Weaker-than-expected wireless subscriber growth could engender concern regarding the rate of future tower lease growth and negatively affect the stock. Delayed network upgrades among national carriers or slower market launches from new carriers could have a negative impact on the growth trajectory of wireless towers. SBAC has historically relied heavily on the use of higher-than-average leverage to magnify its growth. If SBAC is unable to raise additional funds at attractive rates, higher interest costs could slow FCF growth and affect shares.

T-Mobile US (TMUS)

Our PO of $175 applies a 10x EV/EBITDA multiple to our '23 EBITDA estimate, a premium to other wireless companies. Our 10x multiple is a discount to Charter due to integration risk and less FCF generation and capital returns but a premium to AT&T/Verizon due to faster growth.

Downside risks to our price objective are greater-than-expected competition, Sprint/T-Mobile integration issues, and potential threat of new competition from DISH.

Analyst Certification

I, David W. Barden, CFA, 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 - Telecom Services Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	American Tower Corp.	AMT	AMT US	David W. Barden, CFA
	AT&T Inc.	T	T US	David W. Barden, CFA
	Crown Castle Inc	CCI	CCI US	David W. Barden, CFA
	Digital Realty Trust Inc	DLR	DLR US	David W. Barden, CFA
	Equinix, Inc.	EQIX	EQIX US	David W. Barden, CFA
	Quebecor Inc.	YQBRB	QBR/B CN	Matthew Griffiths, CFA
	Rogers Communications	RCI	RCI US	David W. Barden, CFA
	Rogers Communications	YRCIB	RCI/B CN	David W. Barden, CFA
	SBA Communications Corporation	SBAC	SBAC US	David W. Barden, CFA
	TELUS Corporation	YT	T CN	David W. Barden, CFA
	TELUS Corporation	TU	TU US	David W. Barden, CFA
	T-Mobile US	TMUS	TMUS US	David W. Barden, CFA
NEUTRAL				
	BCE Inc.	YBCE	BCE CN	David W. Barden, CFA
	BCE Inc.	BCE	BCE US	David W. Barden, CFA
	Uniti Group Inc	UNIT	UNIT US	David W. Barden, CFA
	Verizon Communications Inc.	VZ	VZ US	David W. Barden, CFA
UNDERPERFORM				
	Cogeco Communications Inc.	YCCA	CCA CN	Matthew Griffiths, CFA
	Cogent	CCOI	CCOI US	David W. Barden, CFA
	Dish Network Corporation	DISH	DISH US	David W. Barden, CFA
	Lumen Technologies Inc.	LUMN	LUMN US	David W. Barden, CFA
RSTR				
	Shaw Communications Inc	SJR	SJR US	David W. Barden, CFA
	Shaw Communications Inc	YSJRB	SJR/B CN	David W. Barden, CFA

Disclosures

Important Disclosures

AT&T (T) Price Chart

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

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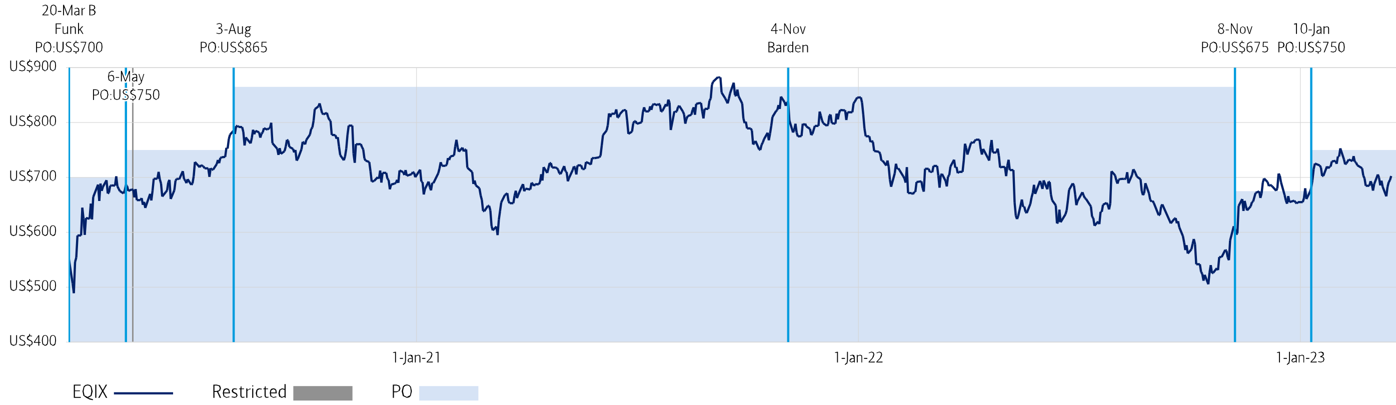
Equinix (EQIX) Price Chart



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

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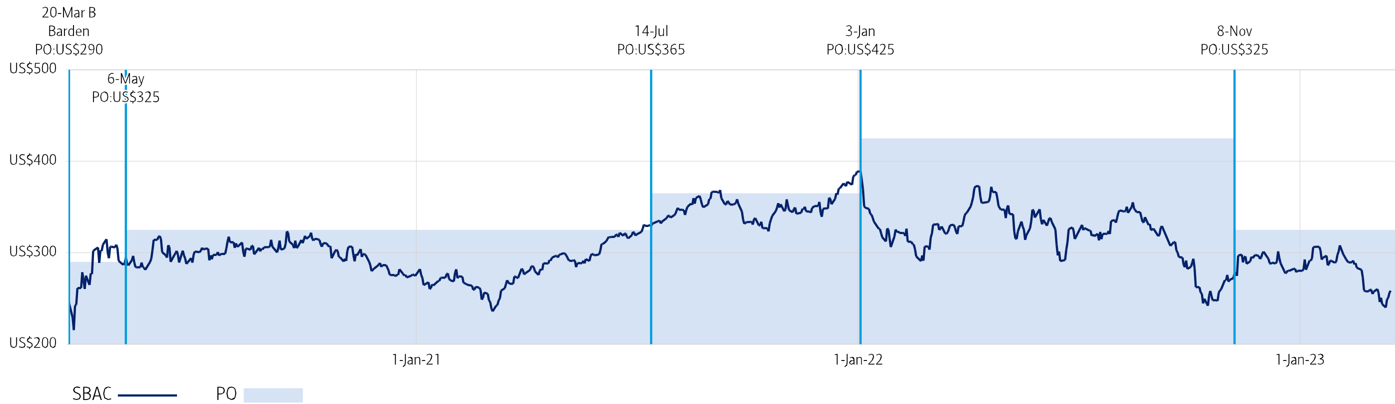
SBA Comm. Corp. (SBAC) Price Chart



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T-Mobile US (TMUS) Price Chart

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Equity Investment Rating Distribution: Telecommunications Group (as of 31 Dec 2022)

Coverage Universe	Count	Percent	Inv. Banking Relationships R1	Count	Percent
Buy	59	55.14%	Buy	39	66.10%
Hold	24	22.43%	Hold	17	70.83%
Sell	24	22.43%	Sell	14	58.33%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2022)

Coverage Universe	Count	Percent	Inv. Banking Relationships R1	Count	Percent
Buy	1853	52.58%	Buy	1040	56.13%
Hold	840	23.84%	Hold	493	58.69%
Sell	831	23.58%	Sell	404	48.62%

[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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