

Roblox Corp. Class A

4Q23 Preview: my baby's all grown up!

RBLX to initiate guidance, reduce volatility

Reiterate Rating: BUY | PO: 54.00 USD | Price: 39.33 USD

New guidance to dampen volatility, broaden participation

RBLX plans to initiate quarterly and full year guidance on 7 February for the first time, a very positive development. In the past, many investors pointed to high-post print stock price volatility as a deterrent to RBLX's invest-ability; we think the initiation of guidance will broaden participation and reduce reliance on (frequently inaccurate) 3P data vendors to set quarterly expectations. EBITDA margin guidance should give investors a benchmark against which measure progress towards a highly profitable end state, and management can establish credibility for its LT growth outlook (>20% Y/Y CY25, CY26, CY27) by guiding the quarters accurately or conservatively. We reiterate our Buy Rating.

Street too low on CY24; we trim model, await guidance

At Investor Day on 15 Nov 2023, indications that management was "comfortable with CY24 the Factset Bookings consensus of \$4.03bn" were likely mistaken by many to imply Y/Y a deceleration in CY24. As a result, almost all Street estimates on Factset are now below +20% Y/Y and Consensus is +17% Y/Y. We think most of buy-side is above consensus, but below 20%. We are more bullish on the core gaming business and expect guidance +20% Y/Y. We model CY24 & 1Q24 a tad lower than our old estimates (which are Street high and not updated since March '23) as we await guidance but expect some upward bias to our model as 2024 unfolds. We expect advertising to play an insignificant role in 2024; our bullish growth forecast for the core business is based on continuous improvements in the tech platform, strong adoption trends, and supply side tailwinds driven by a reshuffling of talent from the Video Game industry (see Newzoo expert call).

Q4 comps favorable; 1Q24 guide to focus cost leverage

We model +20% Y/Y Bookings in Q4. Management began calling out Japan growth in Feb '23, referring to a Y/Y 2X of hours & DAUs through Jan '23. Post 3Q23 results, management was confident that several bullish trends would continue: (1) local content was improving, (2) search & discovery, a key driver of strong 3Q performance would continue improving, (3) monetization ex-US was trending upwards. For 1Q24, we expect investors to focus on commentary that revenues will outgrow headcount costs starting 1Q24, and its implications for CY24 and beyond EBITDA margins.

Reiterate Buy & PO, out-grower deserves higher multiple

Our \$54 PO is based on a DCF that assumes a 22x terminal FCF multiple. The current stock price implies a 5-6x EV/CY25 Sales multiple. We believe RBLX deserves a premium valuation because [it continues to outgrow social media peers](#) (see report).

| Estimates (Dec) (US\$) | 2021A | 2022A | 2023E | 2024E | 2025E |
|---------------------------|--------|--------|--------|--------|--------|
| EPS | (0.88) | (1.57) | (2.00) | (2.06) | (1.94) |
| EPS Change (YoY) | 37.6% | -78.4% | -27.4% | -3.0% | 5.8% |
| Consensus EPS (Bloomberg) | | | (1.88) | (1.44) | (1.21) |
| DPS | 0 | 0 | 0 | 0 | 0 |
| Valuation (Dec) | | | | | |
| EV / EBITDA* | 42.5x | 80.4x | 77.5x | 51.3x | 35.6x |
| Free Cash Flow Yield* | 2.1% | -0.2% | 0.6% | 1.7% | 2.7% |

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

01 February 2024

Equity

Key Changes

| (US\$) | Previous | Current |
|---------------|----------|---------|
| 2024E Rev (m) | 4,248.2 | 4,179.5 |
| 2025E Rev (m) | 5,140.3 | 5,057.2 |
| 2024E EPS | -2.02 | -2.06 |
| 2025E EPS | -1.99 | -1.94 |

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Stock Data

| | |
|---------------------------------|-----------------------|
| Price | 39.33 USD |
| Price Objective | 54.00 USD |
| Date Established | 10-Aug-2022 |
| Investment Opinion | C-1-9 |
| 52-Week Range | 24.88 USD - 47.65 USD |
| Mrkt Val (mn) / Shares Out (mn) | 26,508 USD / 674.0 |
| Free Float | 85.7% |
| Average Daily Value (mn) | 258.37 USD |
| BofA Ticker / Exchange | RBLX / NYS |
| Bloomberg / Reuters | RBLX US / RBLX.N |
| ROE (2023E) | -984.1% |
| Net Dbt to Eqty (Dec-2022A) | -976.1% |
| 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: 01 February 2024 06:45PM EST

iQprofileSM Roblox Corp. Class A

iQmethodSM – Bus Performance*

| (US\$ Millions) | 2021A | 2022A | 2023E | 2024E | 2025E |
|----------------------------|---------|---------|---------|-------|-------|
| Return on Capital Employed | 29.2% | 7.2% | 6.9% | 11.9% | 23.2% |
| Return on Equity | -315.3% | -210.1% | -984.1% | NM | NM |
| Operating Margin | 17.9% | 7.4% | 4.2% | 8.2% | 11.6% |
| Free Cash Flow | 566 | (57) | 164 | 440 | 704 |

iQmethodSM – Quality of Earnings*

| (US\$ Millions) | 2021A | 2022A | 2023E | 2024E | 2025E |
|--------------------------|---------|---------|-------|-------|-------|
| Cash Realization Ratio | NM | NM | NM | NM | NM |
| Asset Replacement Ratio | 1.2x | 3.3x | 1.6x | 0.8x | 1.1x |
| Tax Rate | 0.1% | NM | 0.3% | 1.0% | 1.0% |
| Net Debt-to-Equity Ratio | -506.7% | -976.1% | NM | NM | NM |
| Interest Cover | NM | NM | NA | NA | NA |

Income Statement Data (Dec)

| (US\$ Millions) | 2021A | 2022A | 2023E | 2024E | 2025E |
|------------------------------|----------------|---------------|----------------|----------------|----------------|
| Sales | 2,726 | 2,872 | 3,474 | 4,180 | 5,057 |
| % Change | 44.8% | 5.4% | 20.9% | 20.3% | 21.0% |
| Gross Profit | 1,525 | 1,599 | 1,948 | 2,299 | 2,792 |
| % Change | 40.6% | 4.8% | 21.8% | 18.1% | 21.4% |
| EBITDA | 674 | 356 | 370 | 558 | 805 |
| % Change | 12.3% | -47.1% | 3.8% | 50.9% | 44.2% |
| Net Interest & Other Income | (9) | (7) | 72 | 6 | 6 |
| Net Income (Adjusted) | (524) | (935) | (1,233) | (1,324) | (1,309) |
| % Change | -103.9% | -78.4% | -31.8% | -7.4% | 1.1% |

Free Cash Flow Data (Dec)

| (US\$ Millions) | 2021A | 2022A | 2023E | 2024E | 2025E |
|--|--------------|------------|------------|---------------|--------------|
| Net Income from Cont Operations (GAAP) | (503) | (934) | (1,236) | (1,322) | (1,312) |
| Depreciation & Amortization | 76 | 130 | 203 | 216 | 221 |
| Change in Working Capital | 700 | 513 | 661 | 799 | 1,017 |
| Deferred Taxation Charge | NA | NA | NA | NA | NA |
| Other Adjustments, Net | 387 | 660 | 867 | 914 | 1,031 |
| Capital Expenditure | (93) | (426) | (331) | (167) | (253) |
| Free Cash Flow | 566 | -57 | 164 | 440 | 704 |
| % Change | 42.2% | NM | NM | 168.2% | 60.0% |
| Share / Issue Repurchase | 610 | 46 | 42 | 0 | 0 |
| Cost of Dividends Paid | 0 | 0 | 0 | 0 | 0 |
| Change in Debt | 990 | 0 | 6 | 0 | 0 |

Balance Sheet Data (Dec)

| (US\$ Millions) | 2021A | 2022A | 2023E | 2024E | 2025E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash & Equivalents | 3,004 | 2,977 | 685 | 1,125 | 1,829 |
| Trade Receivables | 307 | 379 | 340 | 412 | 513 |
| Other Current Assets | 438 | 482 | 2,167 | 2,314 | 2,521 |
| Property, Plant & Equipment | 271 | 592 | 741 | 714 | 768 |
| Other Non-Current Assets | 539 | 945 | 2,076 | 2,079 | 2,079 |
| Total Assets | 4,561 | 5,375 | 6,009 | 6,644 | 7,709 |
| Short-Term Debt | 0 | 0 | 0 | 0 | 0 |
| Other Current Liabilities | 2,167 | 2,481 | 3,224 | 4,245 | 5,569 |
| Long-Term Debt | 0 | 0 | 0 | 0 | 0 |
| Other Non-Current Liabilities | 1,801 | 2,590 | 2,839 | 2,839 | 2,839 |
| Total Liabilities | 3,968 | 5,070 | 6,063 | 7,084 | 8,408 |
| Total Equity | 593 | 305 | (54) | (440) | (699) |
| Total Equity & Liabilities | 4,561 | 5,375 | 6,009 | 6,644 | 7,709 |

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

Company Sector

PC Software

Company Description

Roblox is one of the largest, fastest-growing platforms for co-experiences across console, PC, and mobile. The consumer app enables users to communicate or explore a growing catalog of >20mn experiences. The Studio includes an editor and cloud services for any user to build content without any coding knowledge. All content on the RBLX platform is user-generated and RBLX generates revenue through the sale of virtual currency. RBLX is headquartered in San Mateo, California with 1600 employees.

Investment Rationale

RBLX is the "Metaverse" category leader. We see an extended runway for mid-20% growth as users worldwide adopt Roblox's Metaverse, in a virtuous cycle that will draw developers, brands, and merchants to the platform. Roblox is not saddled with legacy media businesses that require transition to a Metaverse, and can thus allocate 100% of its resources toward maintaining Metaverse product leadership. Rapid productization of innovations could result in consistent upside to growth estimates.

Stock Data

Average Daily Volume 6,569,389

Quarterly Earnings Estimates

| | 2022 | 2023 |
|----|--------|--------|
| Q1 | -0.28A | -0.44A |
| Q2 | -0.30A | -0.46A |
| Q3 | -0.51A | -0.45A |
| Q4 | -0.48A | -0.64E |

BofA Financial Forecasts vs Street

Exhibit 1: BofA Forecasts vs Street

We slightly trim FY24 forecasts, now assuming +20% Y/Y topline growth and +270bps EBITDA margin expansion

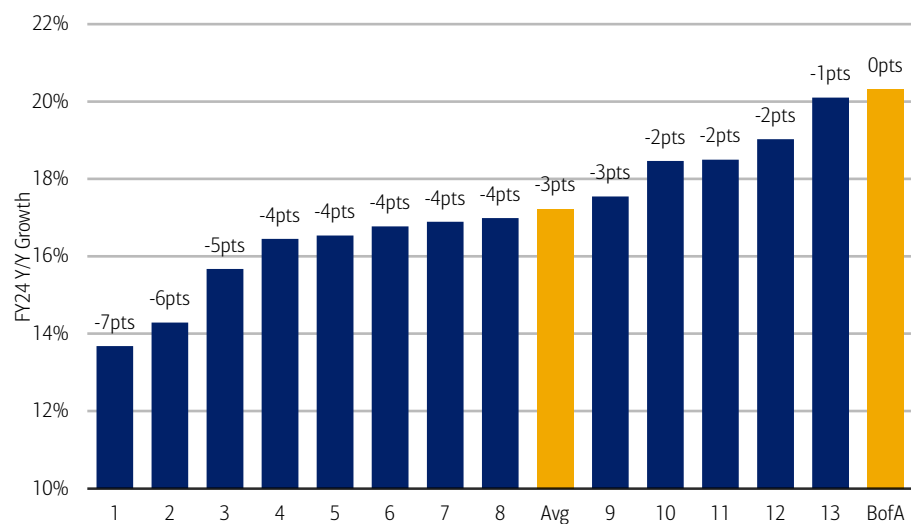
| | 2022 | 23Q1 | 23Q2 | 23Q3E | 23Q4E | 2023E | 2024E | 2025E |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Bookings | | | | | | | | |
| B of A (After) | 2,872 | 774 | 781 | 839 | 1,080 | 3,474 | 4,180 | 5,057 |
| B of A (Before) | | | | | 1,080 | 3,474 | 4,248 | 5,140 |
| STREET | | | | | 1,077 | 3,470 | 4,073 | 4,810 |
| Delta vs. STREET | | | | | 0.3% | 0.1% | 2.6% | 5.1% |
| Bookings YoY Growth % | | | | | | | | |
| B of A (After) | 5.4% | 22.6% | 22.0% | 19.6% | 20.0% | 20.9% | 20.3% | 21.0% |
| B of A (Before) | | | | | 20.0% | 20.9% | 22.3% | 21.0% |
| STREET | | | | | 19.7% | 20.8% | 17.4% | 18.1% |
| Delta vs. STREET | | | | | 0.3% | 0.1% | 3.0% | 2.9% |
| EBITDA Non-GAAP | | | | | | | | |
| B of A (After) | 356 | 53 | 38 | 81 | 198 | 370 | 558 | 805 |
| B of A (Before) | | | | | 204 | 376 | 646 | 1,003 |
| STREET | | | | | 188 | 358 | 521 | 742 |
| Delta vs. STREET | | | | | 5.2% | 3.5% | 7.2% | 8.5% |
| EBITDA Margin % | | | | | | | | |
| B of A (After) | 12.4% | 6.9% | 4.9% | 9.7% | 18.3% | 10.7% | 13.4% | 15.9% |
| B of A (Before) | | | | | 18.9% | 10.8% | 15.2% | 19.5% |
| STREET | | | | | 17.5% | 10.3% | 12.8% | 15.4% |
| Delta vs. STREET | | | | | 0.9% | 0.3% | 0.6% | 0.5% |

Source: BofA Global Research estimates, Company Reports

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Exhibit 2: FY24 Bookings Y/Y Growth Forecasts & Implied Deceleration in 14 Sell-side Analyst Models

Almost all sell-side analysts model a growth deceleration (-3pts average) in FY24 except BofA



Source: FactSet, BofA Global Research estimates

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Exhibit 3: Roblox DCF Valuation

We value Roblox at \$54/share based on 9% equity cost of capital and 22x terminal FCF multiple

| Share Price Objective | \$54 | Equity Cost of Capital 9% | | | | | Cash Flow Multiple | | | | | | | |
|-------------------------------|----------|----------------------------------|----------|---------|---------|---------|--------------------|---------|---------|----------|----------|--------|------|------|
| Net Cash/Diluted Share | \$3 | | | | | | \$54 | 18x | 20x | 22x | 24x | 26x | 28x | |
| Total DCF value/share | \$51 | Terminal FCF Multiple 22x | | | | | WACC | 6% | \$52 | \$57 | \$61 | \$66 | \$70 | \$75 |
| Cumulative cash flow | \$8 | | | | | | | 7% | \$49 | \$54 | \$58 | \$62 | \$66 | \$70 |
| Terminal Value/Share | \$42 | | | | | | | 8% | \$47 | \$51 | \$55 | \$58 | \$62 | \$66 |
| Fully Diluted Shares Outs. | 711 | | | | | | | 9% | \$44 | \$48 | \$51 | \$55 | \$59 | \$63 |
| Market Value | \$38,135 | | | | | | | 10% | \$42 | \$45 | \$49 | \$52 | \$56 | \$59 |
| Enterprise Value | \$36,008 | | | | | | 11% | \$40 | \$43 | \$46 | \$49 | \$53 | \$56 | |
| (\$mns, except per share) | FY2020A | FY2021 | FY2022 | FY2023E | FY2024E | FY2025E | FY2026E | FY2027E | FY2028E | FY2029E | FY2030E | TV | | |
| Bookings | \$1,883 | \$2,726 | \$2,872 | \$3,474 | \$4,180 | \$5,057 | \$6,119 | \$7,404 | \$8,811 | \$10,309 | \$11,855 | | | |
| % Y/Y | 171% | 45% | 5% | 21% | 20% | 21% | 21% | 21% | 19% | 17% | 15% | | | |
| Adj. EBITDA | \$601 | \$674 | \$356 | \$370 | \$558 | \$805 | \$1,170 | \$1,659 | \$2,062 | \$2,516 | \$3,012 | | | |
| % EBITDA Margin | 31.9% | 24.7% | 12.4% | 10.7% | 13.4% | 15.9% | 19.1% | 22.4% | 23.4% | 24.4% | 25.4% | | | |
| Interest expense | \$2 | (\$7) | (\$1) | \$98 | \$105 | \$85 | \$72 | \$45 | \$60 | \$70 | \$80 | | | |
| Taxes | (\$7) | (\$0) | \$4 | (\$4) | (\$12) | (\$12) | (\$12) | (\$10) | (\$15) | (\$18) | (\$24) | | | |
| CapEx | (\$127) | (\$93) | (\$426) | (\$331) | (\$167) | (\$253) | (\$428) | (\$518) | (\$485) | (\$515) | (\$533) | | | |
| Change in Working Capital | (\$79) | \$53 | (\$47) | \$29 | \$30 | \$133 | \$52 | \$63 | \$31 | (\$15) | (\$17) | | | |
| Free Cash Flow | \$402 | \$627 | (\$122) | \$169 | \$538 | \$782 | \$878 | \$1,259 | \$1,684 | \$2,074 | \$2,565 | | | |
| Shares Outstanding | - | 586 | 610 | 639 | 665 | 699 | 734 | 770 | 801 | 833 | 867 | | | |
| Free Cash Flow/Share | | \$1.07 | (\$0.20) | \$0.26 | \$0.81 | \$1.12 | \$1.20 | \$1.63 | \$2.10 | \$2.49 | \$2.96 | \$3.37 | | |
| Discounted FCF/Share | | | | | \$0.74 | \$0.95 | \$0.93 | \$1.18 | \$1.39 | \$1.52 | \$1.66 | | | |
| Capex as % of revenue | | -3.4% | -14.8% | -9.5% | -4.0% | -5.0% | -6.5% | -6.0% | -5.5% | -5.0% | -4.5% | -4.0% | | |
| D&A | 2.8% | 2.8% | 4.5% | 5.8% | 5.2% | 4.4% | 4.4% | 4.9% | 5.4% | 5.9% | 4.5% | 4.5% | | |
| Working Capital as % of Sales | -4.2% | 2.0% | -1.7% | 0.8% | 0.7% | 2.6% | 0.9% | 0.9% | 0.4% | -0.1% | -0.1% | -0.1% | | |

Source: BofA Global Research estimates

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Exhibit 4: Comparable Company Analysis - Interactive Media Technology Ecosystems

Our comparator set includes mature & high growth Interactive Media Tech platforms

| Company | Ticker | 2/1/24 Price | EV/Sales (Consensus) | | | Sales CAGR CY23-CY25 | EV/EBITDA Consensus | | | EBITDA CAGR CY23-CY25 | EBITDA Margin Consensus | | | EV/FCF Multiple (Consensus) | | |
|---------------------------------------|-----------|-----------------|-------------------------|--------------|-------------|----------------------------|------------------------|--------------|--------------|-----------------------------|----------------------------|------------|------------|--------------------------------|--------------|--------------|
| | | | 2023E | 2024E | 2025E | | 2023E | 2024E | 2025E | | 2023E | 2024E | 2025E | 2023E | 2024E | 2025E |
| Roblox Corp. | RBLX US | \$39.33 | 7.6x | 6.5x | 5.5x | 18% | 74.1x | 50.9x | 35.7x | 44% | 10% | 13% | 15% | 232.5x | 60.5x | 41.5x |
| Ecosystems - High Growth Phase | | | | | | | | | | | | | | | | |
| Shopify | SHOP US | \$76.72 | 19.0x | 15.9x | 13.2x | 20% | 165.5x | 95.4x | 68.7x | 55% | 11% | 17% | 19% | 158.6x | 107.2x | 80.3x |
| Unity Software | U US | \$31.97 | 7.1x | 6.5x | 5.6x | 13% | 40.1x | 23.9x | 18.0x | 49% | 18% | 27% | 31% | 76.6x | 34.5x | 22.0x |
| Snap | SNAP US | \$15.87 | 6.2x | 5.4x | 4.6x | 15% | 251.6x | 88.3x | 37.5x | 159% | 2% | 6% | 12% | NA | 137.8x | 47.1x |
| WeMade | 112040 KS | ₩51,100 | 2.7x | 1.6x | 1.4x | 37% | NA | 19.7x | 8.3x | NA | (11%) | 8% | 17% | 31.9x | 12.7x | 9.6x |
| Com2us | 078340 KS | ₩47,300 | 1.4x | 1.2x | 1.2x | 9% | 197.4x | 22.1x | 15.3x | 259% | 1% | 6% | 8% | 87.7x | 121.7x | 50.3x |
| Median | | | 6.2x | 5.4x | 4.6x | 15% | 181.5x | 23.9x | 18.0x | 107% | 2% | 8% | 17% | 82.1x | 107.2x | 47.1x |
| Average | | | 7.3x | 6.1x | 5.2x | 19% | 163.7x | 49.9x | 29.6x | 131% | 4% | 13% | 18% | 88.7x | 82.8x | 41.9x |
| Index | | | 12.1x | 10.2x | 8.7x | 18% | 143.0x | 72.9x | 47.8x | 73% | 8% | 14% | 18% | 168.9x | 89.7x | 57.7x |
| Ecosystems - Mature | | | | | | | | | | | | | | | | |
| NVIDIA | NVDA US | \$630.27 | 26.0x | 16.0x | 13.4x | 39% | 41.8x | 24.9x | 21.4x | 40% | 62% | 64% | 62% | 58.8x | 34.1x | 29.6x |
| Adobe | ADBE US | \$627.91 | 14.4x | 13.1x | 11.7x | 11% | 28.6x | 26.3x | 23.7x | 10% | 50% | 50% | 49% | 40.4x | 31.7x | 28.1x |
| Microsoft | MSFT US | \$403.78 | 12.2x | 10.7x | 9.4x | 14% | 23.2x | 20.3x | 17.5x | 15% | 53% | 53% | 54% | 50.2x | 44.9x | 36.7x |
| Apple | AAPL US | \$186.86 | 7.4x | 7.1x | 6.7x | 5% | 22.5x | 21.2x | 20.0x | 6% | 33% | 34% | 34% | 28.5x | 26.6x | 24.7x |
| Meta Platforms | META US | \$394.78 | 7.7x | 6.8x | 6.1x | 12% | 13.8x | 12.1x | 10.8x | 13% | 55% | 56% | 56% | 25.3x | 23.9x | 21.8x |
| Alphabet | GOOGL US | \$141.16 | 5.6x | 5.0x | 4.5x | 11% | 14.3x | 12.3x | 10.9x | 14% | 39% | 41% | 42% | 24.8x | 20.8x | 18.3x |
| Nintendo | 7974 JP | ¥8,310.00 | 4.7x | 4.8x | 4.3x | 4% | 13.9x | 16.6x | 15.8x | (6%) | 34% | 29% | 28% | 17.5x | 23.1x | 21.5x |
| Median | | | 7.7x | 7.1x | 6.7x | 11% | 22.5x | 20.3x | 17.5x | 13% | 50% | 50% | 49% | 28.5x | 26.6x | 24.7x |
| Average | | | 11.1x | 9.1x | 8.0x | 14% | 22.6x | 19.1x | 17.2x | 13% | 47% | 47% | 46% | 35.1x | 29.3x | 25.8x |
| Index | | | 9.0x | 8.0x | 7.3x | 11% | 20.9x | 18.0x | 16.0x | 14% | 43% | 45% | 45% | 34.2x | 29.4x | 26.0x |

Source: Visible Alpha, Factset, Bloomberg

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Price objective basis & risk

Roblox Corp. Class A (RBLX)

Our \$54 PO is based on a DCF that assumes a 22x FCF terminal value multiple in 2030, in line with mature tech platforms.

Downside risks to our PO are inability to develop high production value content to appeal to a broader demographic, and an inability to continually improve the developer value proposition, thereby stagnating its developer base.

Analyst Certification

I, Omar Dessouky, 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.

US - Internet Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|---------------------|-----------------------------------|-------------|------------------|--------------------|
| BUY | | | | |
| | Alphabet | GOOGL | GOOGL US | Justin Post |
| | Alphabet | GOOG | GOOG US | Justin Post |
| | Amazon.com | AMZN | AMZN US | Justin Post |
| | AppLovin | APP | APP US | Omar Dessouky, CFA |
| | DoorDash | DASH | DASH US | Michael McGovern |
| | DoubleVerify Holdings, Inc. | DV | DV US | Omar Dessouky, CFA |
| | Electronic Arts | EA | EA US | Omar Dessouky, CFA |
| | Expedia | EXPE | EXPE US | Justin Post |
| | Integral Ad Science Holding Corp. | IAS | IAS US | Omar Dessouky, CFA |
| | LegalZoom | LZ | LZ US | Michael McGovern |
| | Match Group | MTCH | MTCH US | Curtis Nagle, CFA |
| | Meta Platforms Inc | META | META US | Justin Post |
| | Pinterest | PINS | PINS US | Justin Post |
| | RH | RH | RH US | Curtis Nagle, CFA |
| | Roblox Corp. Class A | RBLX | RBLX US | Omar Dessouky, CFA |
| | Squarespace, Inc. | SQSP | SQSP US | Michael McGovern |
| | Uber | UBER | UBER US | Justin Post |
| | Udemy Inc | UDMY | UDMY US | Curtis Nagle, CFA |
| | Vivid Seats | SEAT | SEAT US | Curtis Nagle, CFA |
| | Wayfair | W | W US | Curtis Nagle, CFA |
| | Wix.com | WIX | WIX US | Michael McGovern |
| NEUTRAL | | | | |
| | ACV Auctions | ACVA | ACVA US | Curtis Nagle, CFA |
| | Airbnb | ABNB | ABNB US | Justin Post |
| | Beyond Inc | BYON | BYON US | Curtis Nagle, CFA |
| | Booking Holdings Inc | BKNG | BKNG US | Justin Post |
| | Bumble | BMBL | BMBL US | Curtis Nagle, CFA |
| | Digital Turbine, Inc | APPS | APPS US | Omar Dessouky, CFA |
| | Duolingo | DUOL | DUOL US | Curtis Nagle, CFA |
| | eBay | EBAY | EBAY US | Justin Post |
| | Etsy, Inc. | ETSY | ETSY US | Curtis Nagle, CFA |
| | Instacart | CART | CART US | Justin Post |
| | Magnite, Inc. | MGNI | MGNI US | Omar Dessouky, CFA |
| | Snap | SNAP | SNAP US | Justin Post |
| | Take-Two Interactive | TTWO | TTWO US | Omar Dessouky, CFA |
| | Zillow | ZG | ZG US | Curtis Nagle, CFA |
| | Zillow | Z | Z US | Curtis Nagle, CFA |
| UNDERPERFORM | | | | |
| | Chewy Inc | CHWY | CHWY US | Curtis Nagle, CFA |
| | Lyft, Inc. | LYFT | LYFT US | Michael McGovern |
| | Opendoor Technologies | OPEN | OPEN US | Curtis Nagle, CFA |
| | Peloton | PTON | PTON US | Curtis Nagle, CFA |



US - Internet Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|-------------------|--------------|-------------|------------------|--------------------|
| | Playtika | PLTK | PLTK US | Omar Dessouky, CFA |
| | Redfin Corp | RDFN | RDFN US | Curtis Nagle, CFA |
| | Shutterstock | SSTK | SSTK US | Curtis Nagle, CFA |

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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Roblox Corp. Class A (RBLX) 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: Technology Group (as of 31 Dec 2023)

| Coverage Universe | Count | Percent | Inv. Banking Relationships ^{R1} | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy | 215 | 53.09% | Buy | 111 | 51.63% |
| Hold | 97 | 23.95% | Hold | 45 | 46.39% |
| Sell | 93 | 22.96% | Sell | 24 | 25.81% |

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

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

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

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

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

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