

## General Electric Company

# GE Vernova investor day: raising PO to \$175 on better trajectory

Reiterate Rating: BUY | PO: 175.00 USD | Price: 159.50 USD

## GE Vernova '25 guidance above our estimates

We attended GE Vernova's Investor Day in New York on 3/6. Inside we present a full income statement, cash flow statement, and balance sheet for GE Vernova. Management introduced 2025 adjusted EBITDA & FCF guidance that were above our prior estimates. GE Vernova's positioning to capture rising Electrification demand (2.1x book-to-bill in 2023) was the highlight of the day, in our view. The key challenge remains Offshore Wind losses (~\$1.1bn in 2023), but management expects these to narrow in 2024 and 2025. GE plans to spin off GE Vernova on April 2nd. We reiterate our Buy rating and raise our price objective by \$13 to \$175. Our price objective is based on a 17x (previously 16x) EV/EBITDA on '25E, a modest premium to 16x peer average on '24E to reflect GE Vernova's better FCF trajectory and GE Aerospace's revenue growth visibility.

## Revenue guidance seems conservative, high visibility

2024 revenue guidance of \$34-35bn represents 2-5% y/y growth, and 2025 guidance is for mid-single digit organic growth. The key difference is lapping the exit of selected international Onshore Wind markets. This results in acceleration from "flat" growth for the Wind segment in 2024 to high-single digit growth in 2025, by our estimate. GE Vernova's backlog provides a high degree of visibility, with ~50% of 2025 revenue already in the backlog. This is particularly true for the Electrification segment, which saw backlog more than double in 2023.

## Pricing in backlog drives '24 margins, cost-out aids '25

Pro forma 2023 adj. EBITDA of \$570mn (including \$200mn standalone costs) represents a 2.3% margin. 2024 guidance is for a 5-6% margin (i.e., the higher end of mid-single digit). Margins in equipment backlog were 10pts higher for Onshore Wind and 4pts higher at Electrification (year-end 2023 vs 2022). 2025 guidance is for 7-8% margin (i.e., the lower end of high-single digit). The "new news" was a target to drive \$500mn of overhead costs out of the business by 2028. Combined with lower Offshore Wind losses, growth in higher-margin Services & Software revenue, this helps support the ~200bp of y/y margin expansion embedded in 2025 guidance.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	2.60	2.81	4.36	5.35	6.00
GAAP EPS	0.53	7.99	4.85	5.97	6.76
EPS Change (YoY)	23.2%	8.1%	55.2%	22.7%	12.1%
Consensus EPS (Bloomberg)			4.58	5.95	7.18
DPS	0.32	0.32	0.32	0.32	0.32
Valuation (Dec)					
P/E	61.3x	56.8x	36.6x	29.8x	26.6x
GAAP P/E	300.9x	20.0x	32.9x	26.7x	23.6x
Dividend Yield	0.2%	0.2%	0.2%	0.2%	0.2%

07 March 2024

### Equity

#### Key Changes

(US\$)	Previous	Current
Price Obj.	162.00	175.00

**Andrew Obin**  
Research Analyst  
BofAS  
+1 646 855 1817  
[andrew.obin@bofa.com](mailto:andrew.obin@bofa.com)

**Ronald J. Epstein**  
Research Analyst  
BofAS  
+1 646 855 5695  
[r.epstein@bofa.com](mailto:r.epstein@bofa.com)

**David Ridley-Lane, CFA**  
Research Analyst  
BofAS  
+1 646 855 2907  
[david.ridleylane@bofa.com](mailto:david.ridleylane@bofa.com)

### Stock Data

Price	159.50 USD
Price Objective	175.00 USD
Date Established	7-Mar-2024
Investment Opinion	B-1-7
52-Week Range	86.07 USD - 162.15 USD
Mrkt Val (mn) / Shares Out (mn)	173,476 USD / 1,087.6
Free Float	94.6%
Average Daily Value (mn)	934.49 USD
BofA Ticker / Exchange	GE / NYS
Bloomberg / Reuters	GE US / GE.N
ROE (2024E)	16.0%
Net Dbt to Eqty (Dec-2023A)	14.0%
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"](#).

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a factor in making their investment decision. Refer to important disclosures on page 12 to 14. Analyst Certification on page 10. Price Objective Basis/Risk on page 10.

12667967

Timestamp: 07 March 2024 06:00AM EST

# iQprofile<sup>SM</sup> General Electric Company

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	3.0%	3.3%	4.8%	5.5%	5.8%
Return on Equity	7.5%	9.7%	16.0%	16.6%	15.7%
Operating Margin	7.9%	8.8%	10.9%	12.0%	12.6%
Free Cash Flow	4,432	3,584	6,100	6,300	6,600

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	2.1x	1.7x	1.6x	1.4x	1.3x
Asset Replacement Ratio	0.8x	1.1x	1.1x	1.2x	1.3x
Tax Rate	25.1%	26.0%	26.5%	26.0%	26.0%
Net Debt-to-Equity Ratio	40.1%	14.0%	-10.5%	-24.0%	-33.9%
Interest Cover	2.9x	3.8x	6.5x	7.9x	9.0x

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	73,601	64,565	70,366	75,475	79,628
% Change	-0.7%	-12.3%	9.0%	7.3%	5.5%
Gross Profit	NA	NA	NA	NA	NA
% Change	NA	NA	NA	NA	NA
EBITDA	8,612	7,740	9,748	0	0
% Change	9.6%	-10.1%	25.9%	NM	NA
Net Interest & Other Income	(2,006)	(1,495)	(1,180)	(1,145)	(1,110)
<b>Net Income (Adjusted)</b>	<b>2,868</b>	<b>3,083</b>	<b>4,791</b>	<b>5,881</b>	<b>6,596</b>
<b>% Change</b>	<b>23.6%</b>	<b>7.5%</b>	<b>55.4%</b>	<b>22.8%</b>	<b>12.2%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	2,868	3,083	4,791	5,881	6,596
Depreciation & Amortization	1,776	1,473	1,423	1,423	1,423
Change in Working Capital	(67)	355	259	(739)	(681)
Deferred Taxation Charge	(651)	14	0	0	0
Other Adjustments, Net	1,990	254	1,227	1,435	1,062
Capital Expenditure	(1,484)	(1,595)	(1,600)	(1,700)	(1,800)
<b>Free Cash Flow</b>	<b>4,432</b>	<b>3,584</b>	<b>6,100</b>	<b>6,300</b>	<b>6,600</b>
<b>% Change</b>	<b>124.8%</b>	<b>-19.1%</b>	<b>70.2%</b>	<b>3.3%</b>	<b>4.7%</b>
Share / Issue Repurchase	(1,048)	(1,233)	0	0	0
Cost of Dividends Paid	(639)	(589)	(352)	(352)	(352)
Change in Debt	(2,935)	(3,405)	(700)	(1,700)	(1,100)

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	17,262	16,967	23,803	28,124	33,329
Trade Receivables	17,976	15,466	16,856	17,873	19,074
Other Current Assets	61,060	60,234	59,773	60,833	61,749
Property, Plant & Equipment	14,478	12,494	12,584	12,788	13,108
Other Non-Current Assets	77,012	57,884	57,782	57,750	58,750
<b>Total Assets</b>	<b>187,788</b>	<b>163,045</b>	<b>170,797</b>	<b>177,368</b>	<b>186,011</b>
Short-Term Debt	3,757	1,253	1,253	1,253	1,253
Other Current Liabilities	51,247	47,797	50,982	52,912	54,939
Long-Term Debt	28,593	19,711	19,011	17,311	16,211
Other Non-Current Liabilities	66,609	65,704	65,994	66,121	66,756
<b>Total Liabilities</b>	<b>150,206</b>	<b>134,465</b>	<b>137,241</b>	<b>137,597</b>	<b>139,159</b>
<b>Total Equity</b>	<b>37,582</b>	<b>28,580</b>	<b>33,556</b>	<b>39,771</b>	<b>46,852</b>
<b>Total Equity &amp; Liabilities</b>	<b>187,788</b>	<b>163,045</b>	<b>170,797</b>	<b>177,368</b>	<b>186,011</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 11.

## Company Sector

Industrials/Multi-Industry

## Company Description

GE is a highly diversified, global industrial company with Aerospace, Power, and Renewable Energy segments. The company's products and services include power generation equipment, aircraft engines, wind turbines, and others. Over half of the business is tied to service and aftermarket support.

## Investment Rationale

We believe GE is making operational improvements and lowering structural costs. The pending spin-off of Vernova (Renewable Energy & Power) creates a catalyst for re-rating over time. Over the medium term, improving FCF should support share price appreciation.

## Stock Data

Average Daily Volume

5,858,852

## Quarterly Earnings Estimates

	2023	2024
Q1	0.27A	0.65E
Q2	0.68A	1.01E
Q3	0.82A	1.21E
Q4	1.03A	1.50E

# Valuing GE Vernova

Our comp group includes a mix of Power (Siemens Energy), Wind (Vestas, Nordex), and Electrification (Hubbell, Schneider) competitors. We focus on 2025 valuation metrics.

## Exhibit 1: GE Vernova comparable companies

Selected valuation metrics

Company	Ticker	Stock Price 3/6/2024	P/E		EV/EBITDA		EBITDA Margin		P/FCF		Revenue	
			2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Siemens Energy	ENR GY	€ 13.94	11 x	19 x	3.1 x	3.6 x	9.6%	7.4%	-19 x	16 x	6%	8%
Hubbell	HUBB	\$387.38	24 x	22 x	16.8 x	15.4 x	22.5%	22.9%	26 x	24 x	10%	5%
Schneider	SU FP	€ 227.05	31 x	28 x	18.7 x	16.8 x	19.6%	20.1%	28 x	28 x	3%	6%
Vestas	VWS DC	DKK 26.06	52 x	22 x	15.8 x	9.9 x	10.0%	13.4%	60 x	25 x	8%	17%
Nordex	NDX1 GR	€ 11.66	77 x	19 x	8.7 x	5.3 x	3.5%	5.1%	-44 x	14 x	9%	8%
<b>Average</b>			<b>N/A</b>	<b>22 x</b>	<b>12.6 x</b>	<b>10.2 x</b>	<b>13.0%</b>	<b>13.8%</b>	<b>N/A</b>	<b>21 x</b>	<b>8%</b>	<b>8%</b>

Source: BofA Global Research, Bloomberg

Note: Siemens Energy and Schneider covered by Alex Virgo, Vestas and Nordex covered by Ben Heelan, Bloomberg consensus estimates for Hubbell

BofA GLOBAL RESEARCH

Applying these peer multiples to our 2025 estimates for GE Vernova implies a \$31-34bn market cap. Note that we use forward net debt in our EV/EBITDA calculation. We also follow GE Vernova's adjusted net income definition which excludes non-operating pension income. This suggests GE Vernova represents ~\$29 per GE share.

## Exhibit 2: Valuing GE Vernova using EV/EBITDA, P/FCF, and P/E

Peer average 2025 multiples imply a \$31-34bn market cap for GE Vernova

(\$bn)	2025E	(\$bn)	2025E
Adjusted EBITDA	2.7	Adj. net income	1.4
Peer avg. EV/EBITDA	10.2 x	Peer average P/E	22 x
Implied EV	27.7	<b>Implied market cap</b>	<b>30.6</b>
Net debt 2025E	-6.1		
<b>Implied market cap</b>	<b>33.8</b>		
FCF	1.5	Average of valuation methodologies	32.2
Peer average P/FCF	21 x	GE diluted shares	1,099
<b>Implied market cap</b>	<b>32.0</b>	<b>Value per GE share</b>	<b>\$29</b>

Source: BofA Global Research, Bloomberg, company filings

BofA GLOBAL RESEARCH

# Guidance versus BofA prior estimates

Guidance for the 10% adjusted EBITDA margin target by at least 2028 is supported by:

- Targets for \$(0.5)bn in adjusted G&A expense reductions over 2023-28E. We estimate this alone drives ~250bp of margin expansion over 2024-28E.
- Offshore Wind losses (~\$1.1bn in 2023) are expected to narrow in 2024-25 with the existing \$4bn backlog being "largely complete" over this period. Assuming offshore reaches breakeven drives ~250bp of margin expansion.

## Exhibit 3: GE Vernova guidance

Guidance implies >\$4bn of EBITDA by 2028, or >20% CAGR (2024-28)

	2023 PF	2024	2025	"by 2028"
Revenue	\$33.2bn	\$34-35bn	Mid-single digit organic	Mid-single digit organic CAGR (2025-28)
Adj. EBITDA margin	1.7%	High-end of mid-single digit	Low-end of high-single digit	10%
FCF	\$0.1bn	\$0.7-1.1bn	\$1.2-1.8bn	90-110% conversion of adj. net income

Source: Company filings, BofA Global Research

BofA GLOBAL RESEARCH



We show the midpoints of GE Vernova's guidance versus our prior estimates below. The \$2.7bn midpoint for 2025 adjusted EBITDA is ~11% above our prior \$2.5bn estimate. 2025 FCF guidance of \$1.2-1.8bn is also above our prior \$1.1bn estimate.

**Exhibit 4: GE Vernova guidance versus BofA prior estimates**

2025 FCF of \$1.2-1.8bn is above our prior \$1.1bn estimate

(\$mn)	Guidance (at midpoints)			BofA prior estimates	
	2023 PF	2024E	2025E	2024E	2025E
Revenue	33,239	34,500	36,225	34,444	35,782
y/y % change		3.8%	5.0%	3.6%	3.9%
Adj. EBITDA	570	1,898	2,717	2,087	2,451
Adj. EBITDA margin	1.7%	5.5%	7.5%	6.1%	6.9%
FCF	74	900	1,500	955	1,053
FCF as % of revenue	0.2%	2.6%	4.1%	2.8%	2.9%

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH

## BofA segment forecasts for GE Vernova

### Segment revenue forecasts for GE Vernova

**Exhibit 5: BofA segment revenue forecasts, 2021-26E**

We forecast \$36bn of revenue in 2025E

(\$mn)	2021	2022	2023	2024E	2025E	2026E	'23-26E CAGR
Power	16,729	16,124	17,436	18,095	18,343	18,688	2.3%
Wind	11,539	8,905	9,826	9,790	10,617	10,970	3.7%
Electrification	5,292	5,076	6,378	7,046	7,751	8,442	9.8%
Other	0	0	13	0	0	0	
Less intersegment	-554	-451	-414	-430	-452	-469	
<b>Total revenue</b>	<b>33,006</b>	<b>29,654</b>	<b>33,239</b>	<b>34,500</b>	<b>36,258</b>	<b>37,631</b>	<b>4.2%</b>
<b>y/y % change</b>							
Power		-3.6%	8.1%	3.8%	1.4%	1.9%	
Wind		-22.8%	10.3%	-0.4%	8.4%	3.3%	
Electrification		-4.1%	25.7%	10.5%	10.0%	8.9%	
<b>Total</b>		<b>-10.2%</b>	<b>12.1%</b>	<b>3.8%</b>	<b>5.1%</b>	<b>3.8%</b>	

Source: BofA Global Research, company filings

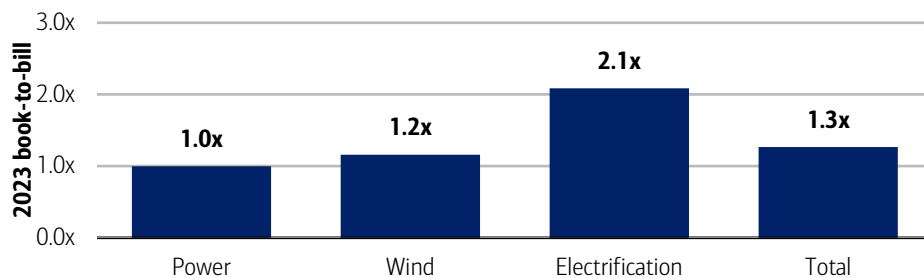
BofA GLOBAL RESEARCH

- **Power:** Management guided for mid-single digit growth in 2024, with revenue growth in Gas Power Services and Equipment. We forecast Gas Power to grow at a 5% CAGR (2023-26E). Declines in Hydro and Steam Power partially offset this, resulting in an 2% CAGR (2023-26E) for the overall segment.
- **Wind:** 2024 guidance calls for flat organic revenue growth. In 2024, Onshore Wind will have strong US revenue growth, offset by declining international revenue. In 2025 and 2026, we expected 10% revenue growth in Onshore Wind as the company completes its exit from selected international markets. Management expects offshore revenue to be flattish in 2024-25. Total Offshore revenue over 2024-26 approximates GE's current \$4.0bn offshore backlog (400+ Haliade-X turbines with 5.8 gigawatts capacity). LM Wind (which provides blades) revenue should track GE's volumes in Onshore and Offshore Wind, although we note that this segment does sell to other OEMs. In aggregate, this drives a 3.7% CAGR for the overall segment.
- **Electrification:** Management guided for low double-digit organic revenue growth in 2024. We see Grid Solutions' backlog supporting a 9% CAGR (2023-26E). Power Conversion should benefit from decarbonization efforts and demand for power quality products. Management guided for Electrification Software to grow at a 10% CAGR over 2023-25. Solar & Storage received \$0.7bn of orders in 2023, which we see converting to revenue in 2024. US tax incentives for solar and battery storage support continued growth in 2025-26. In total, these assumptions drive a 9.8% CAGR for the overall segment.

Book-to-bill was at or above 1.0x in all segments in 2023. We note Electrification had a EUR10bn award from TenneT in 2023 across five contracts in the Netherlands and Germany for high voltage direct current (HVDC) projects.

#### Exhibit 6: 2023 book-to-bill

Electrification had a spectacular 2.1x book-to-bill from high voltage direct current mega projects



Source: Company filings, BofA Global Research

BofA GLOBAL RESEARCH

## Segment adjusted EBITDA forecasts for GE Vernova

#### Exhibit 7: BofA segment adjusted EBITDA forecasts, 2021-26E

We forecast \$2.7bn of adjusted EBITDA in 2025E

Adjusted EBITDA	2021	2022	2023	2024E	2025E	2026E
Power	1,407	1,655	1,722	1,998	2,102	2,216
Wind	176	-1,710	-1,033	-133	403	757
Electrification	-461	-164	234	362	515	645
Corporate	-668	-409	-353	-330	-300	-270
<b>Total</b>	<b>454</b>	<b>-628</b>	<b>570</b>	<b>1,897</b>	<b>2,720</b>	<b>3,348</b>
Adjusted EBITDA margin						
Power	8.4%	10.3%	9.9%	11.0%	11.5%	11.9%
Wind	1.5%	-19.2%	-10.5%	-1.4%	3.8%	6.9%
Electrification	-8.7%	-3.2%	3.7%	5.1%	6.6%	7.6%
Corporate	-1.4%	-0.7%	-0.3%	-1.0%	-0.8%	-0.7%
<b>Total</b>	<b>2.0%</b>	<b>-1.4%</b>	<b>2.4%</b>	<b>5.5%</b>	<b>7.5%</b>	<b>8.9%</b>
Incremental margin						
Power		N/A	5%	42%	42%	33%
Wind		72%	74%	N/A	65%	100%
Electrification		N/A	31%	19%	22%	19%
<b>Total</b>		<b>32%</b>	<b>33%</b>	<b>105%</b>	<b>47%</b>	<b>46%</b>

Source: BofA Global Research, company filings

Note: Pro forma adjusted EBITDA for 2021-23 (e.g., including \$200mn/year of standalone costs)

BofA GLOBAL RESEARCH

- **Power:** Management guided for ~100bp of y/y organic margin expansion in 2024. The mix shift between declining lower-margin Steam revenue and growth in higher-margin Gas Power Services revenue should drive continued margin expansion in 2025-26.
- **Wind:** 2024 guidance calls for the segment to be “approaching profitability” as GE exits select loss-making international markets, grows in US Onshore Wind, and sees a “slight improvement” in Offshore losses. Management guided for the overall segment to be profitable in 2025, aided by “meaningfully lower losses” at Offshore. In 2026, Offshore revenue and losses should again be a tailwind.
- **Electrification:** Management guided for mid single-digit margins in 2024 and continue margin expansion in 2025. Guidance also includes a 20pt improvement in Software revenue over 2022-25.

## GE Vernova income statement

### Exhibit 8: GE Vernova adjusted income statement

Forecast \$2.7bn adjusted EBITDA by 2025

	GAAP	Pro forma	Pro forma			
(\$mn)	2023	GAAP	Adjusted	Adjusted	Adjusted	Adjusted
2023	2023	2023	2024E	2025E	2026E	
<b>Revenue</b>	<b>33,239</b>	<b>33,239</b>	<b>33,239</b>	<b>34,500</b>	<b>36,258</b>	<b>37,631</b>
Costs of goods	28,421	28,436	28,436	28,311	29,375	30,077
Gross profit	4,818	4,803	4,803	6,189	6,883	7,554
Gross margin	14.5%	14.4%	14.4%	17.9%	19.0%	20.1%
Selling, general and administrative expenses	4,845	4,928	4,463	4,327	4,225	4,292
Research and development expenses	896	896	896	1,001	1,033	1,054
<b>Adjusted operating income</b>	<b>-923</b>	<b>-1,021</b>	<b>-556</b>	<b>862</b>	<b>1,625</b>	<b>2,208</b>
Adj. operating margin	-2.8%	-3.1%	-1.7%	2.5%	4.5%	5.9%
Interest expense, net	-98	-71	-53	-35	-45	-55
Non-operating benefit income	567	567				
Other income (expense), net	324	476	324	234	316	379
<b>Adjusted pre-tax income</b>	<b>-130</b>	<b>-49</b>	<b>-285</b>	<b>1,061</b>	<b>1,895</b>	<b>2,532</b>
Income taxes	344	527	538	295	500	656
Tax rate	N/A	N/A	N/A	27.8%	26.4%	25.9%
<b>Adjusted net income</b>	<b>-474</b>	<b>-576</b>	<b>-823</b>	<b>765</b>	<b>1,395</b>	<b>1,877</b>
Net loss (income) attributable to noncontrolling interests	36	36	36	-57	-79	-99
<b>Adjusted net income to common</b>	<b>-438</b>	<b>-540</b>	<b>-787</b>	<b>708</b>	<b>1,316</b>	<b>1,777</b>
<b>Adjusted EBITDA</b>	<b>N/A</b>	<b>807</b>	<b>570</b>	<b>1,897</b>	<b>2,720</b>	<b>3,348</b>
Adj. EBITDA margin		2.4%	1.7%	5.5%	7.5%	8.9%

Source: BofA Global Research, company filings

Note: Pro forma includes \$200mn of stand-alone costs in 2023 and related income statement impacts from separation.

BofA GLOBAL RESEARCH

### Exhibit 9: GE Vernova adjusted EBITDA and adjusted net income reconciliations

GE Vernova's adjusted EBITDA and net income definitions exclude non-operating pension income

(\$mn)	2021	2022	2023	2024E	2025E	2026E
<b>GAAP net income to firm</b>	<b>-724</b>	<b>-2,722</b>	<b>-474</b>	<b>1,140</b>	<b>1,583</b>	<b>1,989</b>
Restructuring	299	288	433	0	0	0
Impairments and other 1x charges	0	1012	95	0	0	0
Gain/(loss) on sale of business interests	139	-55	-92	0	0	0
Non-operating benefit income	-159	-188	-567	-500	-250	-150
Adjusted D&A	1,150	893	847	841	815	791
Adjusted interest expense	109	97	53	35	45	55
Adjusted taxes	-160	247	512	380	528	663
Pro forma adjustments	-200	-200	-237	0	0	0
<b>Adjusted EBITDA</b>	<b>454</b>	<b>-628</b>	<b>570</b>	<b>1,897</b>	<b>2,720</b>	<b>3,348</b>
Adjusted EBITDA margin	1.4%	-2.1%	1.7%	5.5%	7.5%	8.9%
<b>GAAP net income to firm</b>	<b>-724</b>	<b>-2,722</b>	<b>-474</b>	<b>1,140</b>	<b>1,583</b>	<b>1,989</b>
Restructuring	299	288	433	0	0	0
Impairments and other 1x charges	0	1012	95	0	0	0
Gain/(loss) on sale of business interests	139	-55	-92	0	0	0
Non-operating benefit income	-159	-188	-567	-500	-250	-150
Tax effect of adjustments	23	-33	36	125	63	38
Pro forma adjustments	-200	-200	-254	0	0	0
<b>Adj. net income</b>	<b>-622</b>	<b>-1,898</b>	<b>-823</b>	<b>765</b>	<b>1,395</b>	<b>1,877</b>

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH

## GE Vernova balance sheet

### Exhibit 10: GE Vernova balance sheet (2022-26E)

Forecast \$6bn of net cash by 2025

(\$mn)	2022	2023	2024E	2025E	2026E
Cash & equivalents	2,067	1,551	4,557	6,117	8,177
Current receivables	6,614	7,489	7,864	8,316	8,589
Inventories	7,893	8,253	8,335	8,769	8,946
Current contract assets	8,183	8,339	8,690	9,133	9,478
All other current assets	324	352	400	420	436
Assets of business held for sale	820	1,444	1,444	1,444	1,444
<b>Current assets</b>	<b>25,901</b>	<b>27,428</b>	<b>31,290</b>	<b>34,199</b>	<b>37,071</b>
Property, plant and equipment, net	5,105	5,228	5,361	5,499	5,642
Goodwill	4,164	4,437	4,437	4,437	4,437
Intangible assets, net	1,174	1,042	808	600	416
Contract and other deferred assets	744	621	645	677	703
Equity method investments	3,685	3,555	2,341	2,341	2,341
Deferred income taxes	1,601	1,582	1,582	1,482	1,382
All other assets	2,097	2,228	2,382	2,503	2,598
<b>Total assets</b>	<b>44,471</b>	<b>46,121</b>	<b>48,846</b>	<b>51,739</b>	<b>54,590</b>
Accounts payable	8,928	8,432	8,359	8,707	8,952
Contract liabilities and deferred income	11,840	15,074	15,629	16,389	16,972
All other current liabilities	3,713	4,352	4,621	4,821	4,968
Liabilities of business held for sale	1,561	1,448	1,448	1,448	1,448
Short-term debt	0	0	0	0	0
<b>Current liabilities</b>	<b>26,042</b>	<b>29,306</b>	<b>30,056</b>	<b>31,365</b>	<b>32,339</b>
Deferred income taxes	449	382	382	382	382
Noncurrent compensation and benefits	1,247	3,273	3,397	3,570	3,705
Long-term debt	0	0	0	0	0
All other liabilities	5,126	4,780	5,065	5,323	5,524
<b>Total liabilities</b>	<b>32,864</b>	<b>37,741</b>	<b>38,900</b>	<b>40,640</b>	<b>41,951</b>
Net parent investment	12,106	8,051	9,616	10,770	12,310
Accumulated other comprehensive income (loss)	-1,456	-635	-635	-635	-635
Noncontrolling interests	957	964	964	964	964
<b>Total equity</b>	<b>11,607</b>	<b>8,380</b>	<b>9,945</b>	<b>11,099</b>	<b>12,639</b>
<b>Total liabilities and equity</b>	<b>44,471</b>	<b>46,121</b>	<b>48,846</b>	<b>51,739</b>	<b>54,590</b>

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH

## GE Vernova cash flow statement

### Exhibit 11: GE Vernova cash flow statement

Forecast \$1.5bn in FCF in 2025E

(\$mn)	2021	2022	2023	2024E	2025E	2026E
Net income (loss)	-724	-2,722	-474	1,083	1,503	1,890
Depreciation and amortization of PP&E	767	779	724	607	607	607
Amortization of intangible assets	409	1,018	240	234	208	184
Principal pension plans	0	0	-405	0	0	0
Other postretirement benefit plans	-500	-206	-313	-350	-350	-350
Provision/(benefit) for income taxes	-140	248	344	380	528	663
Cash recovered/(paid) for income taxes	-209	-91	-2	-380	-428	-563
Current receivables	-1,279	-874	-839	-375	-452	-272
Inventories	400	-949	-240	-82	-433	-177
Current contract assets	-162	353	113	-351	-443	-346
Accounts payables	264	767	-716	-73	348	245
Contract liabilities & current deferred income	-495	1,282	2,812	555	760	583
All other operating activities	9	281	-58	453	457	347
<b>Cash from (used for) operating activities</b>	<b>-1,660</b>	<b>-114</b>	<b>1,186</b>	<b>1,700</b>	<b>2,305</b>	<b>2,810</b>
Additions to property, plant and equipment and internal-use software	-577	-513	-744	-800	-805	-810
Dispositions of property, plant and equipment	69	53	60	60	60	60
Purchases of and contributions to equity method investments	-545	-393	-83	0	0	0
Sales of and distributions from equity method investments	176	340	232	0	0	0
All other investing activities	-264	191	-199	0	0	0
<b>Cash from (used for) investing activities</b>	<b>-1,141</b>	<b>-322</b>	<b>-734</b>	<b>-740</b>	<b>-745</b>	<b>-750</b>
Net increase (decrease) in debt	-104	15	16	0	0	0
Transfers from (to) Parent	2,157	947	-361	2,046	0	0
All other financing activities	-57	-151	-63	0	0	0
<b>Cash from (used for) financing activities</b>	<b>1,996</b>	<b>811</b>	<b>-408</b>	<b>2,046</b>	<b>0</b>	<b>0</b>
Effect of currency exchange rate changes	-66	-87	22	0	0	0
Increase (decrease) in cash	-871	288	66	3,006	1,560	2,060
Change from businesses held for sale	0	21	582	0	0	0
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>-871</b>	<b>267</b>	<b>-516</b>	<b>3,006</b>	<b>1,560</b>	<b>2,060</b>
Cash & equivalents, beginning of year	2,671	1,800	2,067	1,551	4,557	6,117
Cash & equivalents, year-end	1,800	2,067	1,551	4,557	6,117	8,177
FCF	-2,237	-627	442	900	1,500	2,000
Pro forma adjustments	-200	-200	-368	0	0	0
<b>Pro forma FCF</b>	<b>-2,437</b>	<b>-827</b>	<b>74</b>	<b>900</b>	<b>1,500</b>	<b>2,000</b>

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH



# Valuation

We base our \$175 price objective on a 17x EV/EBITDA multiple of our 2025 estimates (increased from 16x previously to reflect GE Vernova's better FCF trajectory and GE Aerospace's revenue growth visibility). Our target multiple is above the 16x peer average on 2024 estimates, which we argue is warranted given GE's above-peers earnings trajectory. We believe the pending spin-off of GE Vernova (Energy and Renewable segments) is likely to drive a re-rating of GE Aerospace.

## Exhibit 12: GE valuation versus peers

Our \$175 price objective is based on 17x EV/EBITDA multiple of our 2025 estimates

Company	Ticker	Stock Price 3/6/2024	P/E		EV/EBITDA		EBITDA Margin		EPS Growth	
			2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Eaton	ETN	\$296.74	32.3 x	30.3 x	24.2 x	22.6 x	20.7%	20.7%	5%	7%
Honeywell	HON	\$200.50	19.9 x	17.8 x	13.9 x	12.7 x	26.4%	27.4%	10%	12%
Siemens	SMAWF	€ 180.00	18.7 x	16.3 x	11.6 x	10.4 x	18.2%	18.6%	0%	15%
Raytheon Technologies	RTX	\$90.26	17.4 x	16.1 x	14.2 x	13.4 x	15.4%	15.5%	4%	8%
<b>Average</b>			<b>22.1 x</b>	<b>20.1 x</b>	<b>16.0 x</b>	<b>14.8 x</b>	<b>20.2%</b>	<b>20.5%</b>	<b>5%</b>	<b>10%</b>
<b>General Electric*</b>	<b>GE</b>	<b>\$159.50</b>	<b>36.6 x</b>	<b>29.8 x</b>	<b>18.2 x</b>	<b>15.4 x</b>	<b>13.8%</b>	<b>14.7%</b>	<b>55%</b>	<b>23%</b>
<b>General Electric at PO</b>		<b>\$175</b>	<b>NM</b>	<b>32.7 x</b>	<b>19.9 x</b>	<b>17.0 x</b>				

Source: BofA Global Research estimates, Bloomberg, company report

Note: Estimates calendarized for December 31st year end

BofA GLOBAL RESEARCH



## Price objective basis & risk

### General Electric Company (GE)

We base our \$175 price objective on a 17x EV/EBITDA multiple of our 2025 estimates. Our target multiple is above the 16x peer average on 2024 estimates, which we argue is warranted given GE's above-peers earnings trajectory.

Downside risks to our PO are 1) the pace of the recovery in Aerospace, 2) progress on Renewable's turnaround, and 3) transactional risks relating to pending spin-off of Vernova (Renewable Energy & Power).

## Analyst Certification

I, Andrew Obin, 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.

## Special Disclosures

BofA Securities is currently acting as a financial advisor to General Electric Co in connection with its proposed plan to form three public companies focused on Aviation, Healthcare, and Energy, which was announced on November 9, 2021.

### US - Multi-Industrials/Engineering and Construction Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	AspenTech	AZPN	AZPN US	Andrew Obin
	Atmus Filtration	ATMU	ATMU US	Andrew Obin
	Dover Corp	DOV	DOV US	Andrew Obin
	Eaton Corp PLC	ETN	ETN US	Andrew Obin
	Emerson Electric Co	EMR	EMR US	Andrew Obin
	Flowserve	FLS	FLS US	Andrew Obin
	General Electric Company	GE	GE US	Andrew Obin
	Honeywell International Inc.	HON	HON US	Andrew Obin
	ITT Inc.	ITT	ITT US	Andrew Obin
	Montrose Environmental Group, Inc.	MEG	MEG US	Andrew Obin
	Parker Hannifin Corporation	PH	PH US	Andrew Obin
	PTC Inc.	PTC	PTC US	Andrew Obin
	Rush	RUSHA	RUSHA US	Andrew Obin
	Vertiv	VRT	VRT US	Andrew Obin
	Vontier	VNT	VNT US	Andrew Obin
<b>NEUTRAL</b>				
	3M Company	MMM	MMM US	Andrew Obin
	AMETEK Inc	AME	AME US	Andrew Obin
	Fortive Corporation	FTV	FTV US	Andrew Obin
	Johnson Controls International PLC	JCI	JCI US	Andrew Obin
	Pentair plc	PNR	PNR US	Andrew Obin
	Rockwell	ROK	ROK US	Andrew Obin
	Trane Technologies PLC	TT	TT US	Andrew Obin
<b>UNDERPERFORM</b>				
	Allegion	ALLE	ALLE US	Andrew Obin
	Carrier Global Corp.	CARR	CARR US	Andrew Obin
	Core & Main	CNM	CNM US	Andrew Obin
	Illinois Tool Works	ITW	ITW US	Andrew Obin
	John Bean Technologies	JBT	JBT US	Andrew Obin
	Keysight	KEYS	KEYS US	David Ridley-Lane, CFA

## iQmethod<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### 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

### Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

### Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

### Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

### 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

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

iQmethod<sup>SM</sup> 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.

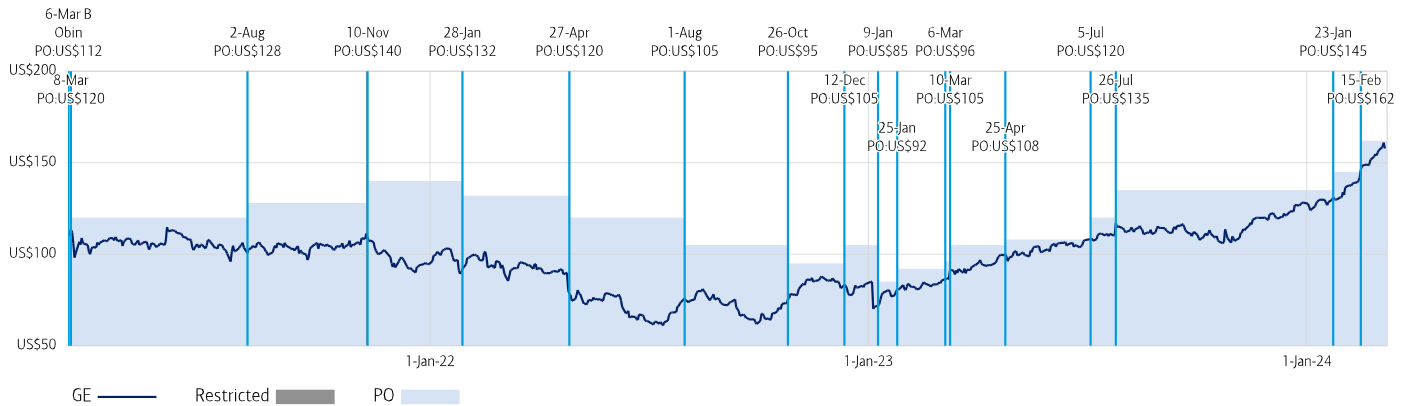
iQdatabase<sup>®</sup> is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

iQprofile<sup>SM</sup>, iQmethod<sup>SM</sup> are service marks of Bank of America Corporation. iQdatabase<sup>®</sup> is a registered service mark of Bank of America Corporation.

# Disclosures

## Important Disclosures

### General Electric (GE) 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: Industrials/Multi-Industry Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	45	50.56%	Buy	25	55.56%
Hold	26	29.21%	Hold	13	50.00%
Sell	18	20.22%	Sell	7	38.89%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	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%

<sup>R1</sup> 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.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

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

<sup>R2</sup> 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.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: General Electric.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: General Electric Co.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: General Electric Co.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: General Electric Co.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: General Electric Co.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: General Electric Co.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: General Electric.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: General Electric Co.



BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

## Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofA or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

**"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.**

### Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at [www.bofam.com/BofASEdisclaimer](http://www.bofam.com/BofASEdisclaimer); BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

### General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including,



among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

#### **BofA ESGMeter Methodology:**

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating.

ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

#### **Copyright and General Information:**

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.