

Zai Lab

Monthly drug sales update - Nov 2023

Maintain Rating: BUY | PO: 37.00 USD | Price: 26.56 USD

Drug sales performance in Nov 2023

The company's niraparib/ripretinib/omadacycline/efgartigimod alfa recorded sales of RMB67.4mn/4.2mn/9.0mn/4.2mn in Nov 2023, implying YoY change of 24.2%/206.4%/979.4%/na and MoM change of 22.8%/2.5%/22.8%/45.5%, respectively. Owing to the in-line sales performance, we maintain Buy rating with a PO of US\$37.0.

Exhibit 1: Drug sales of Zai Lab for last 6 months

Efgartigimod booked monthly sales of RMB4.2mn in Nov

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RMB mn	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23
NIRAPARIB	67.4	54.8	76.0	59.8	62.7	56.2
RIPRETINIB	4.2	4.1	4.6	6.1	3.2	3.3
OMADACYCLINE	9.0	7.3	9.4	8.7	11.1	7.9
EFGARTIGIMOD ALFA	4.2	2.9	1.0	0.0	0.0	0.0

Source: BofA Global Research, IQVIA

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Competitive landscape of PARP inhibitors in China

Exhibit 2: Monthly sales of PARP inhibitors in China for last 6 months

Olaparib saw monthly sales of RMB75.2mn in Nov

RMB mn	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23
OLAPARIB	75.2	65.8	87.5	73.5	72.3	69.8
NIRAPARIB	67.4	54.8	76.0	59.8	62.7	56.2
FLUZOPARIB	7.1	11.0	7.3	10.0	6.0	4.7
PAMIPARIB	1.2	1.3	1.0	1.5	1.0	1.5

Source: BofA Global Research, IQVIA

BofA GLOBAL RESEARCH

For the PARP inhibitor market in China in Nov-2023, olaparib/niraparib/fluzoparib/pamiparib observed monthly sales of RMB75.2mn/67.4mn/7.1mn/1.2mn, implying YoY change of -4.6%/24.2%/97.1%/74.2% and MoM change of 14.3%/22.8%/-35.7%/-12.9%, implying 49.9%/44.7%/4.7%/0.8% of the overall market in terms of sales, respectively.

The data in this report are provided by IQVIA from sample hospitals and retail channel.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
Net Income (Adjusted - mn)	(704.47)	(443.29)	(334.45)	(279.82)	(131.58)
EPS	(7.58)	(4.63)	(3.53)	(2.95)	(1.39)
EPS Change (YoY)	-118.8%	38.9%	23.7%	16.3%	53.0%
Dividend / Share	0	0	0	0	0
Free Cash Flow / Share	(6.11)	(4.10)	(3.19)	(2.65)	(1.11)
Common EPS (US\$)	(0.758)	(0.463)	(0.353)	(0.295)	(0.139)
Common Dividend / Share (US\$)	0	0	0	0	0
Valuation (Dec)					
Free Cash Flow Yield*	-21.64%	-14.96%	-11.51%	-9.56%	-3.99%
* For full definitions of \emph{IQ} method $^{\text{SM}}$ measures, see page 7.					

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Refer to important disclosures on page 8 to 11. Analyst Certification on page 5. Price
Objective Basis/Risk on page 5.

Timestamp: 10 January 2024 03:42AM EST

10 January 2024

Equity

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Stock Data

Price (ADR / Common)	26.56 USD / 20.90 HKD
Price Objective	37.00 USD / 28.67 HKD
Date Established	8-Nov-2023 / 8-Nov-2023
Investment Opinion	C-1-9 / C-1-9
52-Week Range	22.35 USD-47.77 USD
Market Value (mn)	2,625 USD
Shares Outstanding (mn)	98.8 / 988.4
Average Daily Value (mn)	14.07 USD
Free Float	NA
BofA Ticker / Exchange	ZLAB / NAS
BofA Ticker / Exchange	XCDZF / HKG
Bloomberg / Reuters	ZLAB US / ZLAB.OQ
ROE (2023E)	-37.5%
Net Dbt to Eqty (Dec-2022A)	-96.4%

iQprofile[™]Zai Lab

Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(US\$ Millions)					
Sales	144	215	268	404	597
Gross Profit	92	141	175	265	406
Sell General & Admin Expense	(219)	(259)	(264)	(277)	(291)
Operating Profit	(700)	(404)	(333)	(266)	(126)
Net Interest & Other Income	(3)	(39)	(2)	(14)	(25)
Associates	NA	NA	NA	NA	NA
Pretax Income	(703)	(443)	(334)	(280)	(151)
Tax (expense) / Benefit	0	0	0	0	20
Net Income (Adjusted)	(704)	(443)	(334)	(280)	(132)
Average Fully Diluted Shares Outstanding	93	96	95	95	95
Key Cash Flow Statement Data					
Net Income	(704)	(443)	(334)	(280)	(132)
Depreciation & Amortization	0	0	4	4	4
Change in Working Capital	23	(66)	12	5	1
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	132	142	25	28	28
Cash Flow from Operations	(549)	(368)	(294)	(243)	(99)
Capital Expenditure	(19)	(25)	(8)	(8)	(6)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	ŇÁ
Other Cash Inflow / (Outflow)	269	445	0	0	0
Cash Flow from Investing	250	420	(8)	(8)	(6)
Shares Issue / (Repurchase)	826	6	0	0	C
Cost of Dividends Paid	NA	NA	NA	NA	NA
Cash Flow from Financing	820	(2)	0	200	200
Free Cash Flow	(568)	(393)	(302)	(251)	(105)
Net Debt	(964)	(1,008)	(706)	(455)	(350)
Change in Net Debt	(522)	(44)	303	251	105
Key Balance Sheet Data					
Property, Plant & Equipment	57	77	82	85	87
Other Non-Current Assets	52	18	18	18	18
Trade Receivables	47	40	27	28	39
Cash & Equivalents	964	1,008	706	655	750
Other Current Assets	489	76	93	105	114
Total Assets	1,610	1,220	926	892	1,009
Long-Term Debt	0	0	0	200	400
Other Non-Current Liabilities	NA	NA	NA	NA	NA
Short-Term Debt	0	0	0	0	C
Other Current Liabilities	230	175	188	204	223
Total Liabilities	230	175	188	404	623
Total Equity	1,380	1,046	738	488	387
Total Equity & Liabilities	1,610	1,220	926	892	1,009
iQmethod [™] - Bus Performance*					
Return On Capital Employed	-49.0%	-28.9%	-30.5%	-30.9%	-13.3%
Return On Equity	-55.3%	-36.6%	-37.5%	-45.6%	-30.1%
Operating Margin	-485.1%	-188.0%	-124.2%	-65.8%	-21.1%
EBITDA Margin	-485.1%	-188.0%	-122.8%	-64.8%	-20.4%
iQmethod [™] - Quality of Earnings*					
Cash Realization Ratio	NM	NM	NM	NM	NM
Asset Replacement Ratio	NA	NA	2.1x	2.0x	1.4x
Tax Rate (Reported)	NM	NM	NM	NM	13.0%
Net Debt-to-Equity Ratio	-69.9%	-96.4%	-95.7%	-93.2%	-90.6%
Interest Cover	NA	NA	NA	NA	NA
Key Metrics					

Company Sector

Biotechnology

Company Description

Incorporated in the Cayman Islands in 2013, Zai Lab (ZLAB) is a Shanghai-based Chinese biotech company that focuses on oncology, and infectious and autoimmune diseases. As a biotech pioneer in advancing in-licensing model in China, ZLAB has in-licensed more than 10 clinical assets, including niraparib, Optune/TTF, margetuximab and repotrectinib. The company is also actively developing its own internal R&D capability.

Investment Rationale

Our Buy rating is based on: (1) Strong pipeline with potential to generate multiple blockbuster drugs. Zai Lab has successfully in-licensed numerous clinical assets. (2) Business development (BD) capability demonstrated with emerging in-house discovery. Its BD team has established a solid track record and we expect its BD team to continue to bring in valuable assets to complement the current pipeline. (3) Commercial story and clinical catalysts to drive upside.

Stock Data

Shares / Common	0.10
Price to Book Value	3.6x

Key Metrics

^{*} For full definitions of *IQ* method SM measures, see page 7.

Charts of drug sales - Nov 2023

Exhibit 3: Monthly sales of Zai Lab for last 12 months

Niraparib delivered monthly sales of RMB67.4mn in Nov

RMB mn	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23	Dec-22	Nov-22
NIRAPARIB	67.4	54.8	76.0	59.8	62.7	56.2	60.3	54.7	68.7	47.6	57.3	65.2	54.2
RIPRETINIB	4.2	4.1	4.6	6.1	3.2	3.3	3.6	3.3	2.7	0.9	2.2	2.0	1.4
OMADACYCLINE	9.0	7.3	9.4	8.7	11.1	7.9	5.7	4.7	3.4	1.5	4.6	0.8	0.8
EFGARTIGIMOD ALFA	4.2	2.9	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: BofA Global Research, IQVIA

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Exhibit 4: Monthly sales of PARP inhibitors in China for last 12 months

Olaparib holds a market leading position in Nov

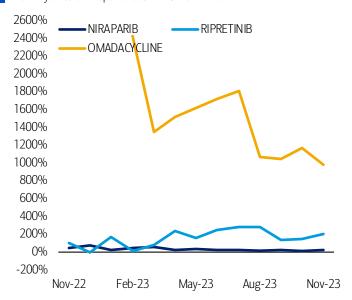
RMB mn	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23	Dec-22	Nov-22
OLAPARIB	75.2	65.8	87.5	73.5	72.3	69.8	79.4	71.2	92.7	66.5	107.8	71.9	78.8
NIRAPARIB	67.4	54.8	76.0	59.8	62.7	56.2	60.3	54.7	68.7	47.6	57.3	65.2	54.2
FLUZOPARIB	7.1	11.0	7.3	10.0	6.0	4.7	5.7	5.0	4.7	3.6	5.7	5.3	3.6
PAMIPARIB	1.2	1.3	1.0	1.5	1.0	1.5	1.5	1.3	1.4	0.8	0.8	0.9	0.7

Source: BofA Global Research, IQVIA

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Exhibit 5: YoY sales changes of Zai Lab's products

Monthly sales of niraparib rose 24.2% YoY in Nov

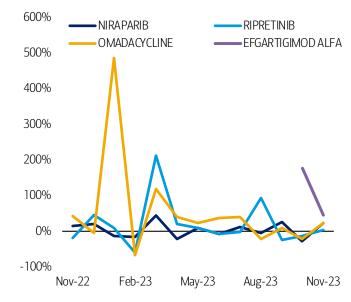


Source: BofA Global Research, IQVIA

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Exhibit 6: MoM sales changes of Zai Lab's products

Efgartigimod's monthly sales grew 45.5% MoM in Nov

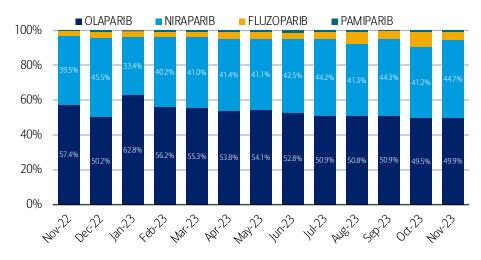


Source: BofA Global Research, IQVIA

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Exhibit 7: Competitive landscape of PAPR inhibitors in China

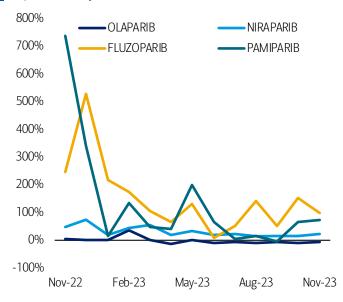
Niraparib's market share expanded to 44.7% in Nov



Source: BofA Global Research, IQVIA

Exhibit 8: YoY sales changes of PARP inhibitors in China

Olaparib's monthly sales declined 4.6% YoY in Nov



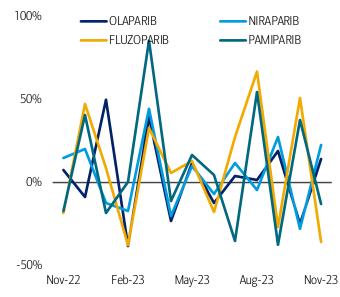
Source: BofA Global Research, IQVIA

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Exhibit 9: MoM sales changes of PARP inhibitors in China

Fluzoparib saw 35.7% MoM monthly sales decline in Nov



Source: BofA Global Research, IQVIA

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Price objective basis & risk

Zai Lab (ZLAB / XCDZF)

Our price objective is US\$37.00/HK\$28.67 for ADR/H-share. We use discounted cash flow (DCF) methodology to assess the equity value given the company just started to generate sales and the majority of its value comes from future drug sales. We assume 14.3% WACC, a terminal growth rate of 3.5%, 5% debt and 95% equity financing (we assume equity issuance would be the major financing approach), 4% risk free rate, 7% equity risk premium, 3.4% cost of debt, 15% long-term effective tax rate, and a derived cost of equity 14.9%. We assume a beta of 1.55.

Downside risks are (1) Zejula or Optune sales below expectation, (2) Late-stage pipeline product approval delay, (3) COVID-19 impact longer than thought.

Analyst Certification

I, David Li, 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.

APR - Healthcare Coverage Cluster

Investment rating	Company	Bof A Ticker	Bloomberg symbol	Analyst
BUY				
	Adicon Holdings	XADKF	9860 HK	David Li
	Aier Eye Hospital	XAEOF	300015 CH	David Li
	Amvis Holdings	XEPSF	7071 JP	Ritsuo Watanabe
	Angelalign Technology Inc	AGLFF	6699 HK	David Li
	APM Human Services	XBZXF	APM AU	Lyanne Harrison
	Apollo Hospital	XWQAF	APHS IN	Neha Manpuria
	Asahi Intecc	AHICF	7747 JP	Ritsuo Watanabe
	Aurobindo	XLZFF	ARBP IN	Neha Manpuria
	Australian Clinical Labs	XAUKF	ACL AU	Lyanne Harrison
	Autobio Diagnostics Co Ltd	XQDXF	603658 CH	Sandra Sun
	AVITA	AVHHL	AVHAU	Lyanne Harrison
	AVITA	RCEL	RCEL US	Lyanne Harrison
	Baiyunshan	GZPHF	874 HK	Sandra Sun
	Bangkok Chain Hospital	BKKFF	BCH TB	Charti Phrawphraikul
	Bangkok Dusit Medical Services	BDUFF	BDMS TB	Charti Phrawphraikul
	Beijing Tongrentang Co., Limited	BJTGF	600085 CH	David Li
	Biocon	XLOFF	BIOS IN	Neha Manpuria
	Bumrungrad Hospital	BUHHF	ВНТВ	Charti Phrawphraikul
	Cansino Bio	CASBF	6185 HK	David Li
	Chugai Pharm.	CHGCF	4519 JP	Koichi Mamegano
	Chularat Hospital Group	XOCOF	CHG TB	Charti Phrawphraikul
	CSL Limited	CMXHF	CSL AU	Lyanne Harrison
	Daiichi Sankyo	DSKYF	4568 JP	Koichi Mamegano
	Daiichi Sankyo	DSNKY	DSNKY US	Koichi Mamegano
	Dr. Reddy's	DRYBF	DRRD IN	Neha Manpuria
	Dr. Reddy's	RDY	RDY US	Neha Manpuria
	EBOS Group Limited	EBOSF	EBO NZ	Lyanne Harrison
	EBOS Group Limited	XEBOF	EBO AU	Lyanne Harrison
	Eisai	ESALF	4523 JP	Koichi Mamegano
	Everest Medicine	XMLKF	1952 HK	David Li
	Fisher & Paykel Healthcare	XPAXF	FPH AU	Lyanne Harrison
	Fisher & Paykel Healthcare	FSPKF	FPH NZ	Lyanne Harrison
	Fortis Health	XFFTF	FORH IN	Neha Manpuria
	Frontage	FGHQF	1521 HK	David Li
	Gland Pharma	XGLPF	GLAND IN	Neha Manpuria
	Glenmark Life Sciences	XWDPF	GLS IN	Neha Manpuria
	Gushengtang	GSHTF	2273 HK	David Li



APR - Healthcare Coverage Cluster

Investment rating	Company	Bof A Ticker	Bloomberg symbol	Analyst
, and the second	Huadong Medicine	XCPDF	000963 CH	Ethan Cui
	Hualan Biological	XCBEF	002007 CH	Ethan Cui
	Hygeia Healthcare	HYHHF	6078 HK	Ethan Cui
	IHH Healthcare Berhad	IHHHF	IHH MK	Paul Dewberry
	IHH Healthcare Bhd	XFAHF	IHH SP	Paul Dewberry
	lmeik	ZMITF	300896 CH	Ethan Cui
	Innovent	IVBXF	1801 HK	David Li
	Integral Diagnostics	ITGDF	IDX AU	Lyanne Harrison
	Jinxin Fertility	JXFGF	1951 HK	Ethan Cui
	Jinyu Bio-Tech	XMTDF	600201 CH	David Li
	Kangji Medical	KMHLF	9997 HK	David Li
	Medley	XEQNF	4480 JP	Ritsuo Watanabe
	MicroPort	MCRPF	853 HK	Sandra Sun
	Mindray	XDVVF	300760 CH	Sandra Sun
	Nanosonics Limited	NNCSF	NAN AU	Lyanne Harrison
				,
	Olympus Corp.	OCPNF	7733 JP	Ritsuo Watanabe
	Ovctek	XOCKF	300595 CH	David Li
	Pharmaron	PHBBF	3759 HK	David Li
	Polynovo	CALZF	PNV AU	Lyanne Harrison
	Praram 9 Hospital	XPNHF	PR9 TB	Charti Phrawphraikul
	ResMed Inc	RSMDF	RMD AU	Lyanne Harrison
	ResMed Inc.	RMD	RMD US	Lyanne Harrison
	Sawai Group Holdings	SWGHF	4887 JP	Ritsuo Watanabe
	Shanghai Pharmaceuticals	SHPMF	2607 HK	David Li
	Shanghai United Imaging	XCAOF	688271 CH	Sandra Sun
	Shionogi	SGIOF	4507 JP	Koichi Mamegano
	Shionogi	SGIOY	SGIOY US	Koichi Mamegano
	Sino Biopharm	SBMFF	1177 HK	David Li
	Sinopharm	SHTDF	1099 HK	David Li
	SMS	SMSZF	2175 JP	Ritsuo Watanabe
	Sonic Healthcare Limited	SKHCF	SHL AU	Lyanne Harrison
	Sosei	SOLTF	4565 JP	Koichi Mamegano
	Takeda Pharm.	TKPHF	4502 JP	Koichi Mamegano
	Takeda Pharm.	TAK	TAK US	Koichi Mamegano
	Terumo	TRUMF	4543 JP	Ritsuo Watanabe
	TigerMed	HTMDF	3347 HK	David Li
	TRYT	XHXTF	9164 JP	Ritsuo Watanabe
	Wuxi Apptec	WUXIF	2359 HK	David Li
	Wuxi Apptec	XLUHF	603259 CH	David Li
	Yifeng Pharmacy	XYHCF	603939 CH	Ethan Cui
	Yunnan Baiyao	YBAIF	000538 CH	Sandra Sun
	Zai Lab	ZLAB	ZLAB US	David Li
	Zai Lab	XCDZF	9688 HK	David Li
	Zhifei	XCHOF	300122 CH	David Li
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NEUTRAL				
	Ansell Limited	ANSLF	ANN AU	Lyanne Harrison
	Astellas Pharma	ALPMF	4503 JP	Koichi Mamegano
	Astellas Pharma	ALPMY	ALPMY US	Koichi Mamegano
	Beigene	XBETF	6160 HK	David Li
	Beigene	BGNE	BGNE US	David Li
	Healius Limited	PHCRF	HLS AU	Lyanne Harrison
	JMDC	JMDCF	4483 JP	Ritsuo Watanabe
	Joinn Lab	XQTSF	6127 HK	David Li
	Kyowa Kirin	KYKOF	4151 JP	Koichi Mamegano
	Max Healthcare	XMHLF	MAXHEALT IN	Neha Manpuria
	PHC Holdings	PHCCF	6523 JP	Ritsuo Watanabe
	Pien Tze Huang	XUVHF	600436 CH	Sandra Sun
	Ramsay Health Care Limited	RMSYF	RHC AU	Lyanne Harrison
	Sigma Healthcare Limited	SIGGF	SIG AU	Lyanne Harrison
	Sun Pharma	XPUCF	SUNP IN	Neha Manpuria
	Topchoice Medical	XZDXF	600763 CH	Ethan Cui
	Torrent Pharma	TOPHF	TRP IN	Neha Manpuria
	WuXi Biologics	WXIBF	2269 HK	David Li
	Zydus Lifesciences	XMQLF	ZYDUSLIF IN	Neha Manpuria
	Lyddo Elicociclicco	MINIQLI	ZI DOJEH IIV	. sara manpana



APR - Healthcare Coverage Cluster

Investment rating	Company	Bof A Ticker	Bloomberg symbol	Analyst
UNDERPERFORM				
	Ain Holdings	AINPF	9627 JP	Ritsuo Watanabe
	Alkem	XAMLF	ALKEM IN	Neha Manpuria
	Asymchem Laboratories	XALPF	002821 CH	David Li
	Baiyunshan	XOUFF	600332 CH	Sandra Sun
	Beijing Wantai Biological Pharmacy	XBHIF	603392 CH	David Li
	Cipla	XCLAF	CIPLA IN	Neha Manpuria
	Cochlear Limited	CHEOF	COHAU	Lyanne Harrison
	CSPC Pharmaceutical	CHJTF	1093 HK	Ethan Cui
	Divis Laboratories	XXQPF	DIVI IN	Neha Manpuria
	Hansoh	HNSPF	3692 HK	David Li
	Hengrui Medicine	XMOKF	600276 CH	David Li
	Joinn Lab	JOLCF	603127 CH	David Li
	Lupin	XEFSF	LPC IN	Neha Manpuria
	M3	MTHRF	2413 JP	Ritsuo Watanabe
	Mankind Pharma	XDXZF	MANKIND IN	Neha Manpuria
	Medipal Holdings	MEPDF	7459 JP	Ritsuo Watanabe
	Ono Pharm.	OPHLF	4528 JP	Koichi Mamegano
	Otsuka HD	OTSKF	4578 JP	Koichi Mamegano
	Otsuka HD	OTSKY	OTSKY US	Koichi Mamegano
	Pharmaron	XLYGF	300759 CH	David Li
	Shanghai Pharmaceuticals	XKCRF	601607 CH	David Li
	Sysmex	SSMXF	6869 JP	Ritsuo Watanabe
	TigerMed	XHTHF	300347 CH	David Li

Qmethod [™] Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) \times (1 – Tax Rate) + Goodwill Amortization	Total Assets — Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin Earnings Growth	Operating Profit Expected 5 Year CAGR From Latest Actual	Sales N/A
Free Cash Flow	Cash Flow From Operations — Total Capex	N/A
Quality of Earnings	Numerator	Denominator
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt - Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit	Numerator	Denominator
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

Momethod ^{sw} 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.

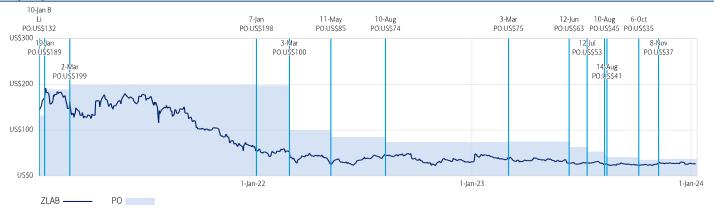
Modatabase is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash



Disclosures

Important Disclosures

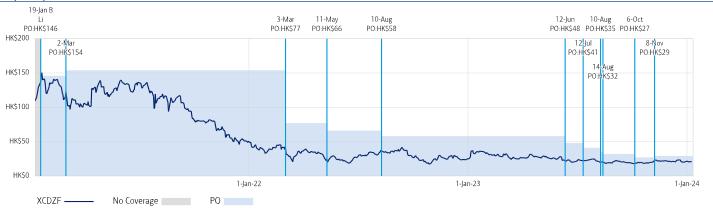
Zai Lab (ZLAB) Price Chart



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.

Zai Lab (XCDZF) Price Chart



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

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

Coverage Universe	Count	Percent	Inv. Banking Relationships R1	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

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%

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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%

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