

Bloom Energy

A choppy start to the year – reiterate Underperform

Reiterate Rating: UNDERPERFORM | PO: 9.00 USD | Price: 11.97 USD

Backlog, sales guidance disappoint: now a “show me” story

We reiterate our Underperform rating on shares of Bloom Energy (BE) following the 4Q23 update. Results for the quarter came in below expectations and guidance, as orders failed to materialize in December. This was consistent with the thesis in our January report (see [Bloom Energy: Downgrade to Underperform](#)); however, there were new unfavorable developments with the earnings update that keep us cautious still. Critically, sales guidance for FY24 of \$1.4-1.6Bn represents low-single-digit growth YoY and is significantly below current consensus at \$1.7Bn but in line with our forecast at the low end. Orders from data center remains elusive, as do those for electrolyzers. Together, data centers and hydrogen mark the biggest source of expected growth for BE through the decade. We see acute risk to the long-term trajectory of sales as both of these demand drivers disappoint. On balance, we expect the shares to remain under pressure pending a clear sense of motivation from any range of end markets. We see a very real risk to management’s “long-term” 30-35% annual revenue CAGR: we expect meaningful estimate cuts.

Management exits, share sales add to caution on risk to targets

We note that several cautious data points emerged from BE’s 4Q update. First, CFO Greg Cameron has notified the company of his intention to depart from his role. This comes roughly a year after BE elevated Cameron to President and CFO of the company. In addition, CEO KR Sridhar adopted a trading arrangement under Rule 10b5-1(c). The plan, effective until December 31, 2024, involves selling up to 220,000 shares, subject to pricing conditions and covering taxes related to restricted stock units (RSUs) or performance share units (PSUs) vesting in 2024. This, in our view, sends a cautious outlook signal to the market. Recall that not too long ago BE’s top sales executive, “Billy” Brooks, left the company prior to Q3 earnings.

See further downside risk ahead: reduce PO to \$9

We reduce our estimates further to reflect the 4Q update while simultaneously lowering our price objective (PO) to \$9 from \$10. We see a challenged outlook ahead as key demand drivers fail to materialize. Further, we see considerable risk to management’s back end-loaded long-term revenue growth targets. We look for management to move to control costs in the near term in an effort to preserve the balance sheet and expect pressure on shares pending a clearer view into orders inflecting.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	(0.46)	(0.38)	0.01	0.14	0.44
GAAP EPS	(1.64)	(1.42)	(0.33)	(0.22)	0.13
EPS Change (YoY)	11.5%	17.4%	NM	NM	214.3%
Consensus EPS (Bloomberg)			0.09	0.58	0.84
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	NM	1,197.0x	85.5x	27.2x
GAAP P/E	NM	NM	NM	NM	92.1x
EV / EBITDA*	115.3x	38.2x	26.8x	20.1x	12.2x

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Timestamp: 16 February 2024 10:40AM EST

16 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	10.00	9.00
2024E Rev (m)	1,398.5	1,377.0
2025E Rev (m)	1,440.0	1,423.0
2026E Rev (m)	NA	1,731.5
2024E EPS	-0.13	0.01
2025E EPS	-0.16	0.14
2026E EPS	NA	0.44

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Stock Data

Price	11.97 USD
Price Objective	9.00 USD
Date Established	16-Feb-2024
Investment Opinion	C-3-9
52-Week Range	9.51 USD - 24.42 USD
Mkt Val (mn) / Shares Out (mn)	2,684 USD / 224.2
Free Float	87.9%
Average Daily Value (mn)	56.49 USD
BofA Ticker / Exchange	BE / NYS
Bloomberg / Reuters	BE US / BE.N
ROE (2024E)	1.1%
Net Dbt to Eqty (Dec-2023A)	459.8%
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”.

Free Cash Flow Yield*	-11.5%	-7.4%	-0.1%	1.6%	3.2%
* For full definitions of <i>IQmethod</i> SM measures, see page 9.					



iQprofileSM Bloom Energy

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	-16.9%	-12.1%	-2.5%	-0.7%	5.0%
Return on Equity	-34.1%	-34.8%	1.1%	5.7%	16.2%
Operating Margin	-23.5%	-17.0%	-5.2%	-2.6%	4.6%
Free Cash Flow	(309)	(197)	(4)	43	87

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	NM	NM	12.3x	2.6x	1.1x
Asset Replacement Ratio	1.9x	1.5x	0.8x	0.8x	0.7x
Tax Rate	0.4%	NM	15.0%	15.0%	15.0%
Net Debt-to-Equity Ratio	126.5%	459.8%	29.4%	22.0%	26.3%
Interest Cover	-5.3x	-2.4x	-0.9x	-0.2x	1.8x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	1,198	1,333	1,377	1,423	1,732
% Change	23.2%	11.3%	3.3%	3.3%	21.7%
Gross Profit	147	198	360	399	520
% Change	-25.5%	34.3%	82.2%	10.7%	30.3%
EBITDA	27	81	116	155	255
% Change	NM	201.9%	42.5%	33.3%	65.3%
Net Interest & Other Income	(44)	(91)	(58)	(58)	(58)
Net Income (Adjusted)	(86)	(80)	4	38	122
% Change	16.7%	6.8%	NM	817.1%	220.4%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(305)	(302)	(91)	(61)	36
Depreciation & Amortization	62	63	70	69	70
Change in Working Capital	(49)	52	(7)	3	(59)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	101	83	79	88	92
Capital Expenditure	(117)	(93)	(55)	(57)	(52)
Free Cash Flow	-309	-197	-4	43	87
% Change	-322.3%	36.1%	98.0%	NM	101.5%
Share / Issue Repurchase	387	0	527	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(159)	507	(547)	(20)	(20)

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	348	609	585	608	524
Trade Receivables	251	200	205	211	255
Other Current Assets	456	486	493	490	576
Property, Plant & Equipment	600	681	666	654	786
Other Non-Current Assets	290	290	290	290	290
Total Assets	1,947	2,266	2,239	2,252	2,431
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	542	572	578	583	655
Long-Term Debt	828	1,335	788	768	748
Other Non-Current Liabilities	198	200	184	173	180
Total Liabilities	1,568	2,108	1,549	1,524	1,582
Total Equity	379	158	690	728	849
Total Equity & Liabilities	1,947	2,266	2,239	2,252	2,431

* For full definitions of iQmethodSM measures, see page 9.

Company Sector

Alternative Energy

Company Description

Founded in 2001, Bloom Energy manufactures, installs, and operates solid-oxide fuel cell generators, primarily to commercial-scale customers. The company operates primarily through a financing partnership model where it conducts a direct sale with a partner, who then holds a lease PPA with the end-customer. The majority of the company's deployments have been in the US with a small portion in Korea, Japan, and India.

Investment Rationale

We are Underperform rated on BE. We see near-term growth expectations to be too high and assess BE to be trading above approximate fair value relative to intrinsic valuation. We still view the long-term opportunity set to be attractive, though the ultimate upside available in the hydrogen, CCUS, and marine businesses remains opaque.

Stock Data

Average Daily Volume 4,719,111

Quarterly Earnings Estimates

	2023	2024
Q1	-0.22A	-0.14E
Q2	-0.19A	-0.10E
Q3	-0.06A	0.07E
Q4	0.07A	0.18E



Lot's to unpack...we summarize below

This quarter's update brought with it a flurry of material data points. We summarize the main points below. On balance, we remain cautious on the shares as the outlook for shipments of its energy servers appears acutely challenged into 2024. We see reasons for concern in the lack of follow-through on any substantive data center wins or hydrogen awards. This had previously been key for the shares' success, particularly in this market. The lack of any real recent wins despite substantive marketing efforts is striking. We still expect further wins, but the lack of any public relations confirms to us that this is really non-existent in the backlog. Fully half of it is tied to Korea, where competitive trends with Doosan remain quite real. Finally, without clarity on just where the source of remaining backlog is derived (appears quite mixed across various industrial and commercial-end markets), we are less confident about any specific acceleration, as implied by guidance. We hold flattish our revenue outlook for 2024 and 2025 – we admit that the size of the backlog posted at +6% y/y was slightly better than we had expected.

If the quarterly update had ended at just \$1.4-1.6 bn of revenue for 2024 and muted other updates, this could have sufficed for a “quieter” quarter than expected and the shares could well have proven only slightly negatively impacted. However, it is the meaningful updates on management that are really the most concerning when juxtaposed with our growing concerns on end markets. CFO Greg Cameron has been a centerpiece of creating confidence in the shares over his 4-year stint. His early departure after taking the title of President last year is particularly unfortunate to confidence on follow-through (despite not formally removing the long-term targets). The timing, when put alongside possible growing frustration in recent quarters on the ability to muster up a range of end-market prospects, is notable. We continue to watch carefully for awards around earnings.

We reiterate our Underperform rating, as we see risk for shares to face further pressures without new commercial successes in coming months on data centers. We watch carefully for nuances on both Korea fuel cell deployments and/or ability to scale with any partners on data center customers (such as their inaugural customer, Amazon/AWS).

First, let's talk about quarterly results...

In Q4'24, Bloom Energy (BE) reported revenues of \$356.9mn, below BofA estimates (\$461mn) and consensus (\$472.6mn). Adjusted Ebitda was \$39.8mn, also missing consensus of \$58.7mn. 2023 was largely impacted by installation projects delays relating to permitting, utility delays, and access to customer facilities. That being said, gross margin improved to 25.8%, up 280bps from 2022 driven by a 13% reduction in unit product costs. BE sees improving adj. gross margin of ~28% (BofAe 26% and street 27.4%) as it expects to maintain double-digit cost reductions: this admittedly is not a surprise to us given recent quarterly trends on scaling up capacity. BE also has pointed to 25% margins in its service business by 2025: realization here remains a bit trickier to expect. BE also raised guidance for FY24 revenue from \$1.4 billion to \$1.6 billion, still falling short of consensus \$1.73 billion.

Challenged consumer demand; cautious electrolyzers and data centers...

In its 10K, BE highlighted challenges in the U.S., including slow pipeline development affecting power solution opportunities and a lack of zero-carbon fuel availability. The difficulty in decision-making for data center and industrial customers, pursuing greenfield opportunities, adds uncertainty to order activity and backlog conversion. Looking ahead to electrolyzer sales in 2025, delays in final investment decisions (FIDs) are expected due to regulatory dependencies on the production tax credit. To add, while we initially stressed a potential acceleration in data center wins remains the single biggest positive upside potential, there was no notable progress in 2023; we view this as a longer-term story. Many potential data center customers are pursuing greenfield opportunities where the development cycle is long and laden with permitting requirements and the uncertainty.

Lack of visibility on backlog is the #1 risk...

Bloom reported a backlog of \$12 billion, up 21% from year-end 2022, with a focus on natural gas fuel cell leases. The challenge lies in the sales cycle versus services cycle acceleration or deceleration and uncertainties in securing financing affecting backlog deployment. Bloom has historically had low visibility into orders and growth, and we have not seen evidence of the anticipated commercial successes during the pivotal period of the years. We see some caution on the volume uplift by 2026 contemplated in management's earlier guide as delayed. In Q4, BE signed a 500-megawatt agreement with SK ecoplant, extending a 2021 agreement and committing to an additional 250 megawatts. This agreement provides visibility for \$1.5 billion in product revenue over four years and \$3 billion in service revenue over 20 years. The agreement, though modestly favorable, may represent a slowdown in partnership development, in our view.

Elevated inventory but not overly concerned on cash...

Bloom reported ~ \$745 million in total cash, acknowledging unpredictable cash usage for inventory investments. Management alluded to BE's cash from operating activities (CFOA) usage being focused around investing in inventories, which grew significantly from 2022 to 2023. Importantly, it does not expect to change the view on the inventory levels year over year and does not necessarily expect a similar level of growth next year. Despite the pushback in positive free cash flow generation in our estimates out to 2027, we do not view there to be an excessively concerning depletion of cash balances.

Potential turnaround in Korea...but heavily back end loaded...

Despite a pause in Korean deployments in 2023 due to policy changes, BE expects strong business in Korea in the second half of 2024 and beyond. We acknowledge that longer-term regional activities could drive further market penetration in Asia, particularly Korea, which exhibits a stronger demand profile than the U.S.

Lower our estimates across the board: PO to \$9

See below for our updated forecasts for BE. We remain well below consensus for all metrics as we reflect our cautious outlook for order trends. Our updated forecast shows low-single-digit revenue growth in both 2024 and 2025 as we grow acceptances by 5% each year while reducing pricing by the same magnitude. While profitability appears poised to improve, we struggle to see upside potential for shares as BE remains a growth story fundamentally and as an inflection in orders fails to materialize. Data centers and electrolyzers remain the biggest potential sources of upside for orders, and both have been slow in developing much traction. The blend/extend agreement with SK ecoplant provides at least some degree of visibility to earnings but remains only a fraction of what is needed to reach even our muted sales forecast through 2026.

Exhibit 1: BE earnings dashboard

We see further challenges ahead – inflection in orders from high-growth markets remains elusive

	2021A	2022A	2023A	2024E	2025E	2026E
Metrics						
Acceptances (MW)	187	228	268	282	296	333
Growth	41%	22%	18%	5%	5%	13%
ASPs (\$/kW)	\$3,548	\$3,861	\$3,636	\$3,454	\$3,282	\$3,118
Growth	-12%	9%	-6%	-5%	-5%	-5%
Revenue	\$972	\$1,198.1	\$1,333	\$1,377	\$1,423	\$1,732
Previous	\$972	\$1,198	\$1,438	\$1,399	\$1,440	\$1,825
Growth	22%	23%	11%	3%	3%	22%
Guidance (2023 Analyst Day Guidance)			\$1400-1500	\$1400-1600	30-35% CAGR through 2031	
Consensus - Visible Alpha	\$972	\$1,199	\$1,333	\$1,473	\$1,788	\$2,471
Non-GAAP Gross Profit	\$224	\$275	\$343	\$383	\$422	\$540
Previous	\$224	\$275	\$361	\$365	\$395	\$538
Consensus - Visible Alpha	\$211	\$277	\$334	\$406	\$536	\$821



Exhibit 1: BE earnings dashboard

We see further challenges ahead – inflection in orders from high-growth markets remains elusive

Non-GAAP Gross Margin	23%	23%	26%	28%	30%	31%
<i>Previous</i>	23%	23%	25%	26%	27%	29%
<i>Guidance (2023 Analyst Day Guidance)</i>	25%	24%	25%	28%	30% by 2025	
<i>Consensus - Visible Alpha</i>	22%	23%	25%	28%	30%	33%
Non-GAAP Operating Profit	(\$25)	(\$35)	\$19	\$46	\$85	\$186
<i>Previous</i>	(\$25)	(\$25)	\$23	(\$6)	(\$10)	\$95
<i>Guidance</i>				\$75-100		
<i>Consensus - Visible Alpha</i>	(\$40)	(\$44)	\$19	\$89	\$195	\$398
Non-GAAP Operating Margin	-3%	-3%	1%	3%	6%	11%
<i>Previous</i>	-3%	-2%	2%	0%	-1%	5%
<i>Guidance (2023 Analyst Day Guidance)</i>	3%	1%	Positive		15% by 2025	
<i>Consensus - Visible Alpha</i>	-4%	-4%	1%	6%	11%	16%

Source: Company filings, Visible Alpha, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 2: BE valuation

We arrive at a \$9 PO

	2024E	2025E	2026E	2027E	2028E	2029E	2030E
DCF							
Free Cash Flows (\$Mn)	(\$4)	\$43	(\$63)	\$138	\$154	\$471	\$672
Less: Stock Based Compensation	\$95	\$98	\$85	\$77	\$91	\$105	\$120
Adjusted Free Cash Flows (\$Mn)	(\$99)	(\$55)	(\$149)	\$60	\$63	\$366	\$552
Free Cash Flows to Equity (\$Mn)	(\$119)	(\$75)	(\$169)	\$40	\$55	\$366	\$552
<i>Discount Rate- Cost of Equity</i>	18%	18%	18%	18%	18%	18%	18%
<i>Discount Factor</i>	1.00	0.85	0.72	0.61	0.52	0.44	0.37
Discounted Free Cash Flows	(\$119)	(\$64)	(\$121)	\$25	\$28	\$160	\$205
<i>Cash Flows pre-SBC</i>	(\$24)	\$35	(\$36)	\$102	\$119	\$265	
DCF Value 2024 through 2030	\$113						
Exit Valuation							
<i>Exit Multiple off 2030</i>	12.0x						
<i>Terminal FCFE</i>	\$6,626						
<i>Discount Factor</i>	0.31						
PV of Terminal FCFE Value	\$2,080						
Less: Recourse Debt 4Q23	(842)						
More: Cash on Balance Sheet at 4Q23	665						
Net Debt balance	(\$177)						
Total FCFE	\$2,016						
DCF Value/Share	\$9.00						
<i>Shares O/S (Fully Diluted)</i>	224						
Price as of close 02/16/2024	\$11.97						
Total Potential Return	-25%						
Discount Rate	18%						

Source: Company filings, Bloomberg, BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

Bloom Energy (BE)

We arrive at our \$9 price objective as follows. We perform a Discounted Cash Flow (DCF) analysis of Free Cash Flow to Equity (FCFE). Our forecast through 2030 includes volumes from new opportunities without existing revenue today. We then discount FCFE by 18%, reflecting lower visibility in the fuel cell business relative to less risky renewable development businesses that, in our view, merit a mid-teens discount rate. Given the high-growth nature of the business, we assign a 12x exit multiple on terminal cash flows and discount it back. We then add net cash to arrive at our price objective (PO).

Downside risks: (1) execution risks around cost reductions, deployment growth, margins, (2) risks around necessity of current subsidy schemes, including the fuel cell investment tax credit (ITC) as well as state incentives, (3) risk to margins as Bloom expands into new geographies with lower electricity rates to compete against as well as potentially less incentives, notably international markets where the company will need to expand to reach targets. (4) new opportunities do not meet expectations

Upside risks: allocation of future cash flow generated towards accretive purposes, further acceleration under ITC than contemplated, and further subsidies globally to encourage fuel cell adoption, including extension of ITC.

Analyst Certification

I, Julien Dumoulin-Smith, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	MDU Resources Group, Inc.	MDU	MDU US	Julien Dumoulin-Smith
	Nextracker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Energy Group	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith



North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Corp	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
NEUTRAL				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Paul Zimbardo
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Paul Zimbardo
	AltaGas	YALA	ALA CN	Cameron Lochridge
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Emera Inc	YEMA	EMA CN	Julien Dumoulin-Smith
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Julien Dumoulin-Smith
	TransAlta Corporation	YTA	TA CN	Julien Dumoulin-Smith
UNDERPERFORM				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Julien Dumoulin-Smith
	Fortis Inc	FTS	FTS US	Julien Dumoulin-Smith
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith
RSTR				
	New Fortress Energy	NFE	NFE US	Cameron Lochridge

iQmethodSM 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 & 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

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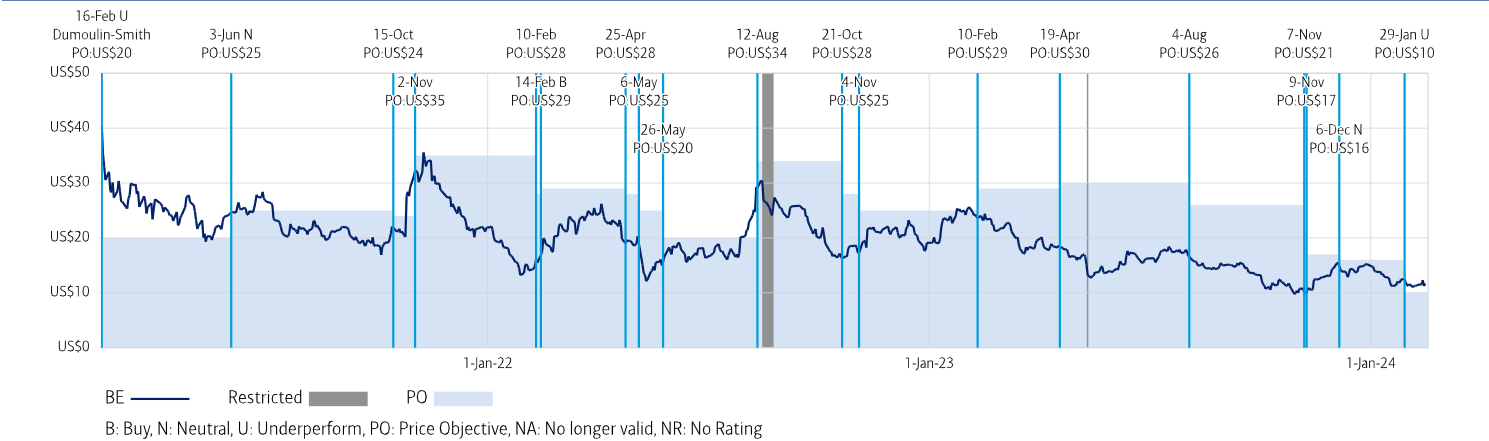
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Bloom Energy (BE) Price Chart



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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	8	47.06%	Buy	8	100.00%
Hold	5	29.41%	Hold	3	60.00%
Sell	4	23.53%	Sell	1	25.00%

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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