

Fastly

A slight hiccup, but story still intact.

Reiterate Rating: BUY | PO: 28.00 USD | Price: 23.54 USD

Revenue miss, EPS beat; FY24 guide likely conservative

Fastly's 4Q revenues missed Street estimates by -2%, or \$3mn, yet the combination of +210bps gross margin outperformance and sequential operating margin expansion of +820bps drove a +3c EPS beat. FY24 guidance of +16% growth (flat YoY) was a touch below Street expectations, however management attributes the softness to conservatism around volatile traffic patterns that drove 4Q weakness. We reiterate our Buy and \$28 PO as we see no change to our positive long-term thesis. We update our estimates based on management guidance.

Quarter weakness: volatile traffic patterns

Management ascribes the 4Q miss to volatility in international traffic patterns after customers moved traffic out of an expensive region late in 4Q. While this was positive for gross margins, it created a headwind to revenues. Pricing differentials amongst geographies where traffic is sent is not new, however management noted that visibility into rerouting traffic to lower cost regions is low, and therefore the risk was not considered in prior guidance. On the other hand, these risks are accounted for in FY24 guidance, setting lower baselines for expensive regions and removing seasonal spikes, which in our view leaves healthy room for outperformance.

What we like: demand trends still strong, room for upside,

Key metrics trended in the right direction for Fastly, despite the traffic hiccup in 4Q. Customer acquisition trends are continuing to improve with total customer count up +6% YoY versus +2% quarter prior. Enterprise customers grew by +31 in 4Q after declining by -4 in 3Q, and average Enterprise spend increased +11% YoY to \$880k signaling healthy appetite for Fastly's broader platform. Lastly, management introduced a new compensation structure that requires sales reps to close net new customers in order to hit targets, which should drive further upside to topline growth as soon as 1H.

Not an easy short-term ride, but worth it

Though Fastly remains volatile, with the stock down 20% AH on the slight miss, after appreciating +32% YTD pre-earnings, we believe CY24 should be a catalyst for further rerating of the stock. We expect revenue to reaccelerate to +19% YoY growth by 4Q, FCF breakeven in CY24 and an additional +300bps of gross margin expansion. We also note that the conservative guide leaves room for outperformance and positive estimate revisions throughout the year.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	(0.59)	(0.17)	(0.01)	0.16	0.28
GAAP EPS	(1.57)	(1.01)	(1.16)	(0.99)	(0.87)
EPS Change (YoY)	-22.9%	71.2%	94.1%	NM	75.0%
Consensus EPS (Bloomberg)			(0.19)	0.20	0.82
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	NM	NM	147.1x	84.1x
EV / EBITDA*	NM	NM	NM	125.1x	24.1x
Free Cash Flow Yield*	-4.8%	-1.3%	0%	0.2%	0.3%

* For full definitions of *IQmethod*SM measures, see page 7.

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14 February 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	601.9	588.0
2025E Rev (m)	720.6	700.0
2026E Rev (m)	NA	839.6
2024E EPS	0.29	-0.01
2025E EPS	0.64	0.16
2026E EPS	NA	0.28

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Stock Data

Price	23.54 USD
Price Objective	28.00 USD
Date Established	17-Jan-2024
Investment Opinion	C-1-9
52-Week Range	11.61 USD - 25.87 USD
Mkt Val (mn) / Shares Out (mn)	2,950 USD / 125.3
Free Float	91.8%
Average Daily Value (mn)	72.39 USD
BofA Ticker / Exchange	FSLY / NYS
Bloomberg / Reuters	FSLY US / FSLY.N
ROE (2024E)	-0.1%
Net Dbt to Eqty (Dec-2023A)	6.8%
ESGMeter TM	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

AH: after hours

W

iQprofileSM Fastly

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	-3.4%	-1.2%	-0.1%	2.0%	3.3%
Return on Equity	-7.3%	-2.2%	-0.1%	2.4%	4.1%
Operating Margin	-17.7%	-7.2%	-2.4%	3.2%	5.2%
Free Cash Flow	(143)	(38)	1	5	9

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	NM	NM	NM	2.5x	1.6x
Asset Replacement Ratio	0.7x	0.5x	1.2x	1.3x	1.9x
Tax Rate	NM	NM	0.7%	NM	NM
Net Debt-to-Equity Ratio	19.6%	6.8%	6.8%	6.3%	5.3%
Interest Cover	NA	NA	NA	NA	NA

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	433	506	588	700	840
% Change	22.1%	16.9%	16.2%	19.0%	19.9%
Gross Profit	232	288	360	435	523
% Change	13.3%	24.2%	25.0%	21.0%	20.1%
EBITDA	(39)	(12)	1	25	128
% Change	-50.9%	68.2%	NM	NM	419.8%
Net Interest & Other Income	4	15	12	12	12
Net Income (Adjusted)	(72)	(22)	(1)	23	40
% Change	-28.7%	69.9%	96.6%	NM	72.5%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(191)	(130)	(164)	(141)	(125)
Depreciation & Amortization	106	73	39	40	30
Change in Working Capital	(74)	(39)	(19)	(28)	(35)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	89	93	192	185	195
Capital Expenditure	(73)	(35)	(45)	(52)	(56)
Free Cash Flow	-143	-38	1	5	9
% Change	-64.5%	73.2%	NM	257.3%	92.4%
Share / Issue Repurchase	0	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	0	(197)	0	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	518	406	407	412	422
Trade Receivables	90	99	118	140	167
Other Current Assets	29	41	45	53	63
Property, Plant & Equipment	180	177	184	196	222
Other Non-Current Assets	1,079	917	917	917	917
Total Assets	1,896	1,641	1,671	1,718	1,791
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	152	129	171	205	245
Long-Term Debt	705	473	473	473	473
Other Non-Current Liabilities	84	60	72	85	102
Total Liabilities	941	662	715	763	819
Total Equity	955	979	956	955	971
Total Equity & Liabilities	1,896	1,641	1,671	1,718	1,791

* For full definitions of iQmethodSM measures, see page 7.

Company Sector

Data Networking

Company Description

Fastly is an emerging technology leader in the high-growth Content Delivery Networking (CDN) market. CDN vendors deliver content for Enterprises and media/content providers, charging per bandwidth delivered. Fastly's network architecture is a combination of best-of-breed hardware and a patented software stack based on open source protocols. This unique stack enables the company to immediately deliver content on a global basis, and provide differentiated edge compute services and programmability.

Investment Rationale

We have a Buy rating on Fastly as we believe Fastly is positioned to gain share in the CDN market as its differentiated architecture delivers low-latency content, which has become a necessity in a digital world. The company's open-source software stack and security solutions enable Fastly to move into the emerging Edge Compute market, which could provide further upside.

Stock Data

Average Daily Volume 3,075,340

Quarterly Earnings Estimates

	2023	2024
Q1	-0.09A	-0.07E
Q2	-0.04A	-0.01E
Q3	-0.06A	0.02E
Q4	0.01A	0.06E

Financial highlights

Exhibit 1: Actual versus estimates results

Fastly reported mixed 4Q results, missing revenue but beating EPS

A vs. E \$ mn, except EPS	1 Yr ago 4Q22 12/31/22	1Q23 3/31/23	2Q23 6/30/23	1Q ago 3Q23 9/30/23	Actuals 4Q23 12/31/23	BofA 4Q23E 12/31/23	Delta	QoQ	YoY
Total revenue	\$119.32	\$117.56	\$122.83	\$127.82	\$137.78	\$142.13	(\$4.35)	7.8%	15.5%
QoQ % Chg	10.0%	-1.5%	1.7%	4.7%	11.2%	11.2%			
YoY % Chg	22.1%	14.8%	19.8%	17.8%	15.5%	19.1%			
Cost of goods sold (Non-GAAP)	51.33	52.15	53.31	56.40	56.25	58.37	(2.12)	-0.3%	9.6%
Gross margin (Non-GAAP)	57.0%	55.6%	56.6%	55.9%	59.2%	58.9%	23.9 bps	329.5 bps	218.7 bps
S&M (Non-GAAP)	34.16	34.99	35.35	39.41	38.30	37.61	0.69	-2.8%	12.1%
R&D (Non-GAAP)	25.73	25.95	25.22	26.24	26.16	32.73	(6.57)	-0.3%	1.7%
G&A (Non-GAAP)	20.10	18.54	16.75	18.33	19.34	14.59	4.75	5.5%	-3.8%
Total operating expenses	79.99	79.48	77.31	83.97	83.80	84.92	(1.13)	-0.2%	4.8%
Operating Income / (Loss) (Non-GAAP)	(11.99)	(14.07)	(7.78)	(12.55)	(2.27)	(1.16)	(1.11)	-81.9%	-81.1%
Operating margin	-10.1%	-12.0%	-6.3%	-9.8%	-1.6%	-0.8%	-83.1 bps	817.4 bps	840.6 bps
Other Income/Expense (Non-GAAP)	2.30	3.44	3.04	4.53	4.46	6.00	(1.54)	-1.5%	93.9%
Earnings before taxes (EBT)	(9.69)	(10.64)	(4.74)	(8.02)	2.19	4.84	(2.65)	-127.4%	-122.6%
Tax benefit / (Expense)	0.22	(0.14)	0.12	0.00	(0.47)	0.04	(0.50)	-46600.0%	-308.5%
Net Income (Non-GAAP)	(9.47)	(10.77)	(4.62)	(8.02)	1.73	4.88	(3.15)	-121.6%	-118.3%
Non-GAAP EPS	(\$0.08)	(\$0.09)	(\$0.04)	(\$0.06)	\$0.01	\$0.04	(\$0.03)	-119.8%	-116.0%
Total share count	123.59	125.42	127.86	129.87	141.16	130.00	11.16	8.7%	14.2%
Margin Analysis									
Gross margins (Non-GAAP)	57.0%	55.6%	56.6%	55.9%	59.17%	58.9%	23.9 bps	329.5 bps	218.7 bps
S&M (Non-GAAP)	28.6%	29.8%	28.8%	30.8%	27.8%	26.5%	133.7 bps	-303.0 bps	-83.1 bps
R&D (Non-GAAP)	21.6%	22.1%	20.5%	20.5%	19.0%	23.0%	-404.1 bps	-154.1 bps	-257.7 bps
G&A (Non-GAAP)	16.8%	15.8%	13.6%	14.3%	14.0%	10.3%	377.3 bps	-30.7 bps	-281.0 bps
Total operating expenses (Non-GAAP)	67.0%	67.6%	62.9%	65.7%	60.8%	59.7%	106.9 bps	-487.9 bps	-621.8 bps
Operating margins	-10.1%	-12.0%	-6.3%	-9.8%	-1.65%	-0.8%	-83.1 bps	817.4 bps	840.6 bps
Tax rate (Non-GAAP)	-2.3%	1.3%	1.0%	0.0%	1.9%	-0.1%	205.0 bps	195.1 bps	425.0 bps

Source: BofA Global Research estimates, company report

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Exhibit 2: Summary of model changes

We tweak our estimates to reflect updated guidance

	Revenues			EPS		
	Old	New	Change	Old	New	Change
FY23						
1Q23	\$117.56	\$117.56	\$0.00	(\$0.09)	(\$0.09)	\$0.00
2Q23	\$122.83	\$122.83	\$0.00	(\$0.04)	(\$0.04)	\$0.00
3Q23	\$127.82	\$127.82	\$0.00	(\$0.06)	(\$0.06)	\$0.00
4Q23	\$142.13	\$137.78	-\$4.35	\$0.04	\$0.01	-\$0.03
Total	\$510.34	\$505.99	-\$4.35	(\$0.14)	(\$0.17)	-\$0.02
FY24E						
1Q24E	\$140.00	\$133.64	-\$6.36	\$0.03	(\$0.07)	-\$0.10
2Q24E	\$143.50	\$140.99	-\$2.51	\$0.04	(\$0.01)	-\$0.06
3Q24E	\$152.40	\$149.74	-\$2.66	\$0.08	\$0.02	-\$0.07
4Q24E	\$165.96	\$163.66	-\$2.30	\$0.13	\$0.06	-\$0.07
Total	\$601.85	\$588.03	-\$13.82	\$0.29	(\$0.01)	-\$0.29

Exhibit 2: Summary of model changes
We tweak our estimates to reflect updated guidance

	Revenues			EPS		
FY25E						
1Q25E	\$164.30	\$161.21	-\$3.09	\$0.13	\$0.02	-\$0.11
2Q25E	\$170.05	\$166.85	-\$3.20	\$0.14	\$0.04	-\$0.11
3Q25E	\$182.29	\$177.19	-\$5.10	\$0.16	\$0.03	-\$0.13
4Q25E	\$203.99	\$194.74	-\$9.25	\$0.21	\$0.07	-\$0.14
Total	\$720.63	\$699.98	-\$20.65	\$0.64	\$0.16	-\$0.48

Source: BofA Global Research estimates, company report

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**Exhibit 3: Income statement**

Summary of updated key financials

	1Q23	2Q23	3Q23	4Q23	1Q24E	2Q24E	3Q24E	4Q24E	1Q25E	2Q25E	3Q25E	4Q25E	FY23	FY24E	FY25E
Total revenue (mn's)	\$117.56	\$122.83	\$127.82	\$137.78	\$133.64	\$140.99	\$149.74	\$163.66	\$161.21	\$166.85	\$177.19	\$194.74	\$505.99	\$588.03	\$699.98
YoY%Chg	14.8%	19.8%	17.8%	15.5%	13.7%	14.8%	17.1%	18.8%	20.6%	18.3%	18.3%	19.0%	16.9%	16.2%	19.0%
Cost of goods sold	52.15	53.31	56.40	56.25	55.01	55.79	57.12	60.36	61.95	63.66	66.31	72.83	218	228	265
Total gross profit	\$65.41	\$69.53	\$71.42	\$81.53	\$78.64	\$85.21	\$92.61	\$103.30	\$99.25	\$103.19	\$110.89	\$121.91	\$288	\$360	\$435
Gross margin	55.6%	56.6%	55.9%	59.2%	58.8%	60.4%	61.9%	63.1%	61.6%	61.8%	62.6%	62.6%	56.9%	61.2%	62.2%
Sales & Marketing	34.99	35.35	39.41	38.30	39.07	37.00	36.31	38.92	40.36	41.29	44.38	49.72	148.04	151.31	175.75
Research & Development	25.95	25.22	26.24	26.16	33.92	34.21	35.76	35.46	34.87	36.10	37.70	38.14	103.56	139.35	146.81
General & Administrative	18.54	16.75	18.33	19.34	19.32	19.63	20.98	23.09	21.97	21.72	22.62	24.32	72.96	83.02	90.63
Operating Income / (Loss)	(14.07)	(7.78)	(12.55)	(2.27)	(13.68)	(5.64)	(0.44)	5.83	2.06	4.07	6.20	9.72	(36.68)	(13.92)	22.05
Operating margin	-12.0%	-6.3%	-9.8%	-1.6%	-10.2%	-4.0%	-0.3%	3.6%	1.3%	2.4%	3.5%	5.0%	-7.2%	-2.4%	3.2%
Interest income (expense)	3.44	3.04	4.53	4.46	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	15.48	12.00	12.00
Taxes	(0.14)	0.12	0.00	(0.47)	1.01	0.88	(0.39)	(0.32)	(1.74)	(1.72)	(4.84)	(2.83)	(0.48)	1.18	(11.13)
Net Income	(10.77)	(4.62)	(8.02)	1.73	(9.67)	(1.76)	2.18	8.51	3.32	5.36	4.35	9.89	(21.68)	(0.74)	22.92
Non-GAAP EPS	(\$0.09)	(\$0.04)	(\$0.06)	\$0.01	(\$0.07)	(\$0.01)	\$0.02	\$0.06	\$0.02	\$0.04	\$0.03	\$0.07	(\$0.17)	(\$0.01)	\$0.16
GAAP EPS	(\$0.36)	(\$0.08)	(\$0.42)	(\$0.18)	(\$0.35)	(\$0.31)	(\$0.28)	(\$0.23)	(\$0.26)	(\$0.25)	(\$0.26)	(\$0.22)	(\$1.01)	(\$1.16)	(\$0.99)
Total share count	125	128	130	141	141	141	142	142	142	142	142	142	131	142	142
Net Cash from Operating Activities	(8.86)	24.99	(8.39)	(10.60)	1.04	37.00	(6.43)	15.14	(6.80)	47.58	(3.17)	19.71	(2.86)	46.75	57.32
OCF Margin	-7.5%	20.3%	-6.6%	-7.7%	0.8%	26.2%	-4.3%	9.3%	-4.2%	28.5%	-1.8%	10.1%	-0.6%	7.9%	8.2%
Free cash flow	(16.56)	14.31	(13.65)	(22.31)	(10.32)	25.72	(16.91)	2.87	(19.70)	35.24	(15.22)	4.52	(38.22)	1.35	4.83
FCF Margin	-14.1%	11.7%	-10.7%	-16.2%	-7.7%	18.2%	-11.3%	1.8%	-12.2%	21.1%	-8.6%	2.3%	-7.6%	0.2%	0.7%
Cash & Cash Equivalents	517.97	546.58	397.35	428.36	406.04	395.72	421.44	404.53	407.39	387.69	422.93	407.71	406.04	407.39	412.23
Total debt	704.71	705.38	472.37	472.82	472.82	472.82	472.82	472.82	472.82	472.82	472.82	472.82	472.82	472.82	472.82
Net cash	(186.74)	(158.80)	(75.02)	(44.47)	(66.78)	(77.10)	(51.38)	(68.30)	(65.43)	(85.13)	(49.89)	(65.11)	(66.78)	(65.43)	(60.60)
Margin Analysis															
Gross margin	56%	57%	56%	59%	59%	60%	62%	63%	62%	62%	63%	63%	57%	61%	62%
Sales & Marketing	30%	29%	31%	28%	29%	26%	24%	24%	25%	25%	25%	26%	29%	26%	25%
Research & Development	22%	21%	21%	19%	25%	24%	24%	22%	22%	22%	21%	20%	20%	24%	21%
General & Administrative	16%	14%	14%	14%	14%	14%	14%	14%	14%	13%	13%	12%	14%	14%	13%
Operating Expenses	91%	93%	97%	86%	96%	91%	87%	82%	82%	82%	80%	76%	91%	88%	80%
Operating Income / (Loss)	-12%	-6%	-10%	-2%	-10%	-4%	0%	4%	1%	2%	3%	5%	-7%	-2%	3%
Tax rate	1%	1%	0%	2%	-2%	-2%	1%	1%	5%	5%	15%	10%			
Net Income	-9%	-4%	-6%	1%	-7%	-1%	1%	5%	2%	3%	2%	5%			
YoY Growth															
Total revenue	15%	20%	18%	15%	14%	15%	17%	19%	21%	18%	18%	19%	17%	16%	19%
Total Operating expenses	11%	-2%	8%	5%	16%	18%	11%	16%	5%	9%	13%	15%	1%	13%	8%
Non-GAAP EPS	43%	84%	55%	116%	20%	66%	125%	-390%	134%	403%	-99%	-16%	72%	97%	3173%
QoQ Growth															
Total revenue	-1%	2%	5%	11%	-3%	6%	6%	9%	-2%	4%	6%	10%			
Total Operating expenses	-1%	-3%	9%	0%	10%	-2%	2%	5%	0%	2%	6%	7%			

Source: BofA Global Research estimates, company report

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Price objective basis & risk

Fastly (FSLY)

Our PO of \$28 is based on 5.5x CY25E EV/Sales. This multiple is above that of other Content Delivery Networking (CDN) and Networking Services peers that trade at approximately 5x, as Fastly is expected to grow roughly 35% per annum (per mgmt's LT estimates), while Street consensus calls for 8-12% annual growth for CDN peers. We compare Fastly instead to SaaS peers that have a similar growth profile (trade at 23x), and to infrastructure software peers (trade at 5-11x) which also have similar growth expectations (by consensus estimates) and which, like Fastly, expect to grow revenues in-line with their customers' levels of activity.

Upside risks to our PO are: 1) higher growth rates on greater adoption of Fastly's platform, 2) broad adoption of Fastly's Security and Edge Compute offerings, and 3) margin uplift from bandwidth and colocation costs scaling sooner than expected.

Downside risks to our PO are: 1) lower margin ramp and push-outs in time to profitability, 2) more intense competition from Cloud titans like Google and Amazon, and 3) price erosion from the commoditization of basic CDN features, and 4) another risk is the potential that Fastly could default on their outstanding debt due in 2026, as they do not have the cash balance to cover the principal amount.

Analyst Certification

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

US - Telecom and Data Networking Equipment Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Akamai	AKAM	AKAM US	Madeline Brooks
	Amdocs	DOX	DOX US	Tal Liani
	Arista Networks	ANET	ANET US	Tal Liani
	Check Point Software Technologies	CHKP	CHKP US	Tal Liani
	Ciena	CIEN	CIEN US	Tal Liani
	CrowdStrike Holdings Inc.	CRWD	CRWD US	Tal Liani
	CyberArk	CYBR	CYBR US	Tal Liani
	Fastly	FSLY	FSLY US	Madeline Brooks
	Fortinet	FTNT	FTNT US	Tal Liani
	Gen Digital, Inc.	GEN	GEN US	Jonathan Eisenson
	InterDigital, Inc.	IDCC	IDCC US	Tal Liani
	Motorola Solutions	MSI	MSI US	Tomer Zilberman
	Qualcomm	QCOM	QCOM US	Tal Liani
	SentinelOne, Inc.	S	S US	Tal Liani
	Zscaler	ZS	ZS US	Tal Liani
NEUTRAL				
	Cellebrite	CLBT	CLBT US	Tomer Zilberman
	Cisco Systems	CSCO	CSCO US	Tal Liani
	Palo Alto Networks	PANW	PANW US	Tal Liani
UNDERPERFORM				
	Cloudflare	NET	NET US	Madeline Brooks
	CommScope	COMM	COMM US	Tal Liani
	F5 Inc	FFIV	FFIV US	Tal Liani
	Okta Inc	OKTA	OKTA US	Madeline Brooks
	SecureWorks	SCWX	SCWX US	Tal Liani

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) \times (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

$\text{EV} = \text{Current Share Price} \times \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} +$

Other LT Liabilities

Enterprise Value

Denominator

$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

$\text{Market Cap} = \text{Current Share Price} \times \text{Current Basic Shares}$

Sales

Basic EBIT + Depreciation + Amortization

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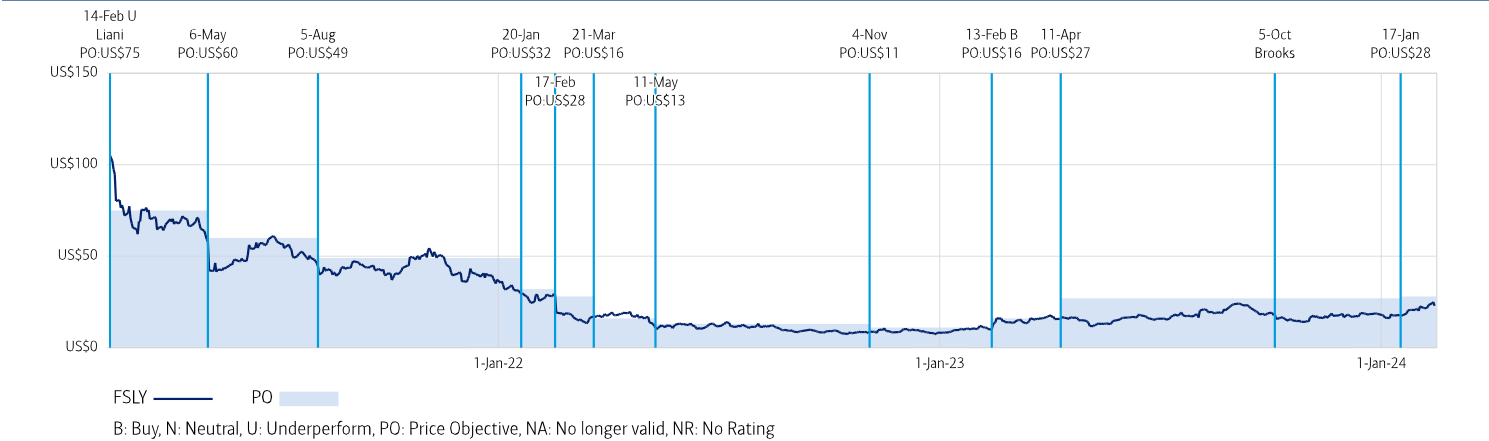
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Fastly (FSLY) Price Chart



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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	57	51.82%	Buy	43	75.44%
Hold	27	24.55%	Hold	17	62.96%
Sell	26	23.64%	Sell	12	46.15%

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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