

Mohawk Industries

Earnings at a floor but not an inflection

Reiterate Rating: UNDERPERFORM | PO: 110.00 USD | Price: 115.28 USD

4Q23 adjusted EPS beat; reiterate Underperform

Last week Mohawk reported adjusted 4Q23 EPS above our/Street estimates and guided 1Q24 adjusted EPS of \$1.60-\$1.70 (slightly above our previous \$1.53 forecast, but below consensus of \$1.86). Margin headwinds have peaked, but we expect flooring demand to remain weak in 1H24. We raise our 2024E/2025E adj. EPS by 9%/7% and raise our PO to \$110 (from \$95), now based on 5.2x 2025E EV/EBITDA (vs. previous 5.0x) to reflect a better margin outlook. We reiterate our Underperform rating.

Demand/pricing under pressure, but potentially at trough

4Q23 revenue (-1% YoY; -4% on a legacy & constant basis) was better than expected, across each segment. In Global Ceramics (-5% YoY comparable), MHK price/mix was a headwind across all geographies driven by lower demand and the pass-through of lower energy costs. In Flooring North America (-4% YoY comparable), elevated interest rates and low existing home turnover remain headwinds for residential revenues. Flooring ROW revenue (-4% YoY comparable) was negatively impacted by a limited remodeling environment and increased competition, partially offset by stronger insulation volume. Mohawk management believes the flooring industry has reached a cyclical low and volumes could begin to recover in 2H24, led by Global Ceramics and Flooring NA (residential). Rest of World outlook is still weak and Commercial trends are expected to moderate. We expect volume to improve through the year, but see a gradual recovery given weak consumer demand for high-ticket discretionary home improvement projects.

Pricing a headwind, but better volume could drive margins

Price-cost was slightly positive in 4Q as cost deflation offset lower pricing/mix. Price-cost is expected to remain flattish QoQ but will be a tailwind YoY in 1H24. Mohawk also has additional tailwinds from cost savings initiatives in 1H24 (50% of ~\$150M remaining), but utilization rates (currently 70%-80%) will remain a drag until volume improves. If demand improves, we would expect utilization rates to increase and management expects 25-35% incremental margins as volumes improve. We expect pricing to remain a headwind until industry demand improves.

4Q beats on top-line, but misses operating margin

Mohawk reported 4Q23 adjusted EPS of \$1.96, above our \$1.77 forecast, driven by a revenue beat, partially offset by worse-than-expected gross margin.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	12.86	9.19	9.31	11.14	11.94
GAAP EPS	0.39	(6.88)	9.31	11.14	11.94
EPS Change (YoY)	-13.5%	-28.6%	1.3%	19.7%	7.2%
Consensus EPS (Bloomberg)			9.55	11.17	13.66
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	9.0x	12.6x	12.4x	10.3x	9.7x
GAAP P/E	292.3x	NM	12.4x	10.3x	9.7x
EV / EBITDA*	6.2x	7.3x	7.3x	6.6x	6.4x
Free Cash Flow Yield*	1.1%	7.8%	10.6%	9.5%	9.1%

* For full definitions of *IQmethod*SM measures, see page 6.

13 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	95.00	110.00
2024E EPS	8.56	9.31
2025E EPS	10.39	11.14
2026E EPS	11.08	11.94

Rafe Jadrosich
Research Analyst
BofAS
+1 646 855 5815
rafe.jadrosich@bofa.com

Shaun Calnan, CFA
Research Analyst
BofAS
shaun.calnan@bofa.com

Victoria Piskarev
Research Analyst
BofAS
victoria.piskarev@bofa.com

Stock Data

Price	115.28 USD
Price Objective	110.00 USD
Date Established	13-Feb-2024
Investment Opinion	B-3-9
52-Week Range	76.02 USD - 119.00 USD
Mrkt Val (mn) / Shares Out (mn)	7,972 USD / 69.2
Free Float	83.4%
Average Daily Value (mn)	99.54 USD
BofA Ticker / Exchange	MHK / NYS
Bloomberg / Reuters	MHK US / MHK.N
ROE (2024E)	7.4%
Net Dbt to Eqty (Dec-2023A)	27.0%
ESGMeter TM	Medium

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

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Refer to important disclosures on page 7 to 9. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.

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Timestamp: 13 February 2024 11:25PM EST

iQprofileSM Mohawk Industries

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	7.1%	5.3%	5.6%	6.4%	6.4%
Return on Equity	10.0%	7.5%	7.4%	8.1%	8.0%
Operating Margin	9.2%	7.3%	7.8%	9.0%	9.3%
Free Cash Flow	88	619	846	756	728

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	0.8x	2.1x	2.2x	1.9x	1.7x
Asset Replacement Ratio	1.0x	1.0x	0.8x	1.0x	1.0x
Tax Rate	20.2%	20.9%	20.3%	20.0%	20.0%
Net Debt-to-Equity Ratio	28.8%	27.0%	11.6%	2.4%	-5.0%
Interest Cover	20.3x	10.1x	11.5x	13.5x	14.4x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	11,737	11,135	10,403	10,715	11,036
% Change	4.8%	-5.1%	-6.6%	3.0%	3.0%
Gross Profit	3,017	2,819	2,640	2,819	2,937
% Change	NA	NA	NA	NA	NA
EBITDA	1,650	1,416	1,404	1,548	1,612
% Change	-15.3%	-14.1%	-0.9%	10.2%	4.2%
Net Interest & Other Income	(51)	(73)	(70)	(70)	(70)
Net Income (Adjusted)	823	587	595	712	764
% Change	-19.9%	-28.7%	1.4%	19.7%	7.2%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	823	587	595	712	764
Depreciation & Amortization	595	630	608	608	608
Change in Working Capital	(668)	199	103	15	(63)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(82)	(184)	20	20	20
Capital Expenditure	(581)	(613)	(480)	(600)	(600)
Free Cash Flow	88	619	846	756	728
% Change	NA	NA	NA	NA	NA
Share / Issue Repurchase	0	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	218	(838)	400	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	510	643	823	1,579	2,307
Trade Receivables	1,905	1,875	1,710	1,761	1,814
Other Current Assets	3,481	3,087	2,961	2,928	2,989
Property, Plant & Equipment	4,661	4,993	4,865	4,857	4,849
Other Non-Current Assets	3,564	2,962	2,962	2,962	2,962
Total Assets	14,120	13,560	13,322	14,088	14,923
Short-Term Debt	841	1,002	1,002	1,002	1,002
Other Current Liabilities	2,230	2,144	1,957	1,990	2,041
Long-Term Debt	1,979	1,702	802	802	802
Other Non-Current Liabilities	1,054	1,083	1,083	1,083	1,083
Total Liabilities	6,103	5,931	4,843	4,877	4,928
Total Equity	8,018	7,629	8,479	9,211	9,995
Total Equity & Liabilities	14,120	13,560	13,322	14,088	14,923

* For full definitions of iQmethodSM measures, see page 6.

Company Sector

Building Products

Company Description

MHK is a leading building products company, manufacturing and selling flooring products including carpets, rugs, ceramic tile, wood, stone, luxury vinyl tile (LVT) and vinyl flooring. Roughly 58% of sales come from the US, 27% from Europe and 18% from the remaining markets. Mohawk also has balanced exposure across end-markets with 50% of revenue from residential repair & remodel, 25% from residential new construction, and 25% from commercial.

Investment Rationale

We rate MHK shares at Underperform. Our rating reflects our views that Europe will remain a significant headwind to earnings into 2023 due cost of goods exposure to European natural gas and end markets (28% of sales), US destocking in carpeting, and the risk of import competition returning with lower shipping rates and the strong USD.

Stock Data

Average Daily Volume 863,441

Quarterly Earnings Estimates

	2023	2024
Q1	1.75A	1.68E
Q2	2.76A	2.32E
Q3	2.72A	2.72E
Q4	1.96A	2.59E

Exhibit 1: MHK 4Q23 variance table

4Q23 adjusted EPS beat on revenue in all three segments, but missed on global ceramic operating margin

Income Statement	YoY Change			Variance vs BofAe		
	4Q22	4Q23	YoY	BofAe	4Q23A	Δ
Sales (\$ mm)	\$2,651	\$2,612	(1.4%)	\$2,291	\$2,612	14%
Gross Margin	22.4%	24.7%	226 bps	25.4%	24.7%	-70 bps
SG&A % of Sales	17.9%	18.0%	4 bps	18.5%	18.0%	-52 bps
Operating Margin	4.5%	6.7%	222 bps	6.9%	6.7%	-18 bps
EBITDA Margin	9.6%	12.6%	297 bps	13.2%	12.6%	-67 bps
Pre-tax Margin	3.6%	6.1%	245 bps	6.0%	6.1%	7 bps
Operating EPS	\$1.32	\$1.96	48%	\$1.77	\$1.96	11%
GAAP EPS	\$0.52	\$2.18	316%	\$1.77	\$2.18	23%
Segment Results	4Q22	4Q23	YoY	BofAe	4Q23A	Δ
Sales						
Global Ceramic	\$988	\$994	0.6%	\$899	\$994	11%
Flooring NA	\$946	\$912	(3.6%)	\$776	\$912	18%
Flooring ROW	\$717	\$706	(1.5%)	\$617	\$706	15%
Operating Profit						
Global Ceramic	\$70	\$48	(31.4%)	\$63	\$48	(24%)
Flooring NA	(\$1)	\$63	(8249.7%)	\$50	\$63	25%
Flooring ROW	\$56	\$75	34.5%	\$52	\$75	42%
Operating Margin						
Global Ceramic	7.1%	4.8%	-226 bps	7.0%	4.8%	-216 bps
Flooring NA	(0.1%)	6.9%	702 bps	6.5%	6.9%	43 bps
Flooring ROW	7.7%	10.6%	283 bps	8.5%	10.6%	207 bps

Source: BofA Global Research estimates, Company data

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Exhibit 2: Mohawk Industries Income Statement

We expect 2024 adj. EPS to improve on higher margins

YE 12/31

(\$ 000s)	2024E				2023	2024E	2025E
	3/31/2024	6/30/2024	9/30/2024	12/31/2024	12/31/2023	12/31/2024	12/31/2025
Net Sales	\$2,367,322	\$2,533,054	\$2,829,927	\$2,672,405	\$11,135,115	\$10,402,708	\$10,714,790
Cost of sales	1,787,328	1,887,125	2,108,296	1,980,252	8,315,998	7,763,001	7,895,427
Gross Profit	\$579,994	\$645,929	\$721,631	\$692,153	2,819,117	2,639,707	2,819,363
Selling, general & administrative	426,118	443,285	486,747	467,671	2,004,678	1,823,821	1,859,661
Operating income	\$153,876	\$202,644	\$234,884	\$224,482	\$814,439	\$815,886	\$959,702
Interest expense	17,376	17,376	17,376	17,376	77,514	69,504	69,504
Other expense (income), net	-	-	-	-	(4,975)	-	-
Earnings before income taxes	\$136,500	\$185,268	\$217,508	\$207,106	\$741,900	\$746,382	\$890,198
Income tax expense	29,347	37,054	43,502	41,421	154,780	151,324	178,040
Earnings from continuing operations	\$107,152	\$148,215	\$174,006	\$165,685	\$587,120	\$595,058	\$712,159
Net income attributable to noncontrolling interest	-	-	-	-	145	-	-
Net income attributable to Mohawk	\$107,152	\$148,215	\$174,006	\$165,685	\$586,975	\$595,058	\$712,159
Diluted EPS (Adjusted Shares, Cont. Ops.)	\$1.68	\$2.32	\$2.72	\$2.59	\$9.19	\$9.31	\$11.14
Adjusted Common Shares Outstanding:							
Diluted	63,938	63,938	63,938	63,938	63,905	63,938	63,938
EBITDA Calculation							
Adjusted operating Profit	\$153,876	\$202,644	\$234,884	\$224,482	\$814,439	\$815,886	\$959,702
(+) Other Income (expense)	-	-	-	-	4,975	-	-
(-) Net (earnings) loss attributable to non-controlling interest	-	-	-	-	(145)	-	-
(-) other	(5,000)	(5,000)	(5,000)	(5,000)	(33,104)	(20,000)	(20,000)
(=) Adjusted EBIT	\$148,876	\$197,644	\$229,884	\$219,482	\$786,165	\$795,886	\$939,702
(+) D&A	152,000	152,000	152,000	152,000	630,327	608,000	608,000
(=) Adjusted EBITDA (Traditional)	\$300,876	\$349,644	\$381,884	\$371,482	\$1,416,492	\$1,403,886	\$1,547,702
(+) Acquisitions EBITDA	-	-	-	-	-	-	-
(=) Pro-forma Adjusted EBITDA (MHK definition)	\$300,876	\$349,644	\$381,884	\$371,482	\$1,416,492	\$1,403,886	\$1,547,702
Margins							
Gross Margin	24.5%	25.5%	25.5%	25.9%	25.3%	25.4%	26.3%
SG&A % Sales	18.0%	17.5%	17.2%	17.5%	18.0%	17.5%	17.4%
Operating Margin	6.5%	8.0%	8.3%	8.4%	7.3%	7.8%	9.0%
EBIT Margin	6.3%	7.8%	8.1%	8.2%	7.1%	7.7%	8.8%
EBITDA Margin (Traditional)	12.7%	13.8%	13.5%	13.9%	12.7%	13.5%	14.4%
EBITDA Margin (Pro-forma Adjusted)	12.7%	13.8%	13.5%	13.9%	12.7%	13.5%	14.4%
Pre-tax Margin	5.8%	7.3%	7.7%	7.7%	6.7%	7.2%	8.3%
Net Margin post-noncontrolling interest (continuing ops)	4.5%	5.9%	6.1%	6.2%	5.3%	5.7%	6.6%
Net Margin (attributable to MHK)	4.5%	5.9%	6.1%	6.2%	5.3%	5.7%	6.6%



Exhibit 2: Mohawk Industries Income Statement

We expect 2024 adj. EPS to improve on higher margins

YE 12/31	2024E				2023	2024E	2025E
Tax rate	21.5%	20.0%	20.0%	20.0%	20.9%	20.3%	20.0%
YoY % Change							
Sales	(15.6%)	(14.1%)	2.3%	2.3%	(5.1%)	(6.6%)	3.0%
Gross Profit	(14.2%)	(15.4%)	(1.8%)	7.3%	(6.6%)	(6.4%)	6.8%
Operating Profit	(5.1%)	(17.0%)	0.9%	28.0%	(24.8%)	0.2%	17.6%
EBIT	7.3%	(15.4%)	(4.1%)	26.2%	(25.4%)	1.2%	18.1%
EBITDA (Traditional)	(2.5%)	(10.4%)	(1.9%)	13.2%	(14.1%)	(0.9%)	10.2%
EBITDA (Pro-forma Adjusted)	(2.5%)	(10.4%)	(1.9%)	13.2%	(14.1%)	(0.9%)	10.2%
Pre-tax Profit	(5.6%)	(15.3%)	(0.8%)	30.2%	(28.1%)	0.6%	19.3%
Net Income post-noncontrolling interest (continuing ops)	(4.3%)	(15.8%)	0.2%	32.3%	(28.7%)	1.4%	19.7%
Net Income (attributable to MHK)	(4.3%)	(15.8%)	0.2%	32.3%	(28.7%)	1.4%	19.7%
EPS	(4.4%)	(15.9%)	0.2%	32.3%	(28.6%)	1.3%	19.7%
YoY BPS Change							
Gross Margin	42 bps	-38 bps	-106 bps	120 bps	-39 bps	6 bps	94 bps
SG&A % Sales	-30 bps	-11 bps	-94 bps	-48 bps	152 bps	-47 bps	-18 bps
Operating Margin	72 bps	-27 bps	-12 bps	168 bps	-191 bps	53 bps	111 bps
EBIT Margin	135 bps	-12 bps	-55 bps	156 bps	-192 bps	59 bps	112 bps
EBITDA Margin (Traditional)	171 bps	57 bps	-58 bps	134 bps	-133 bps	77 bps	95 bps
EBITDA Margin (Pro-forma Adjusted)	171 bps	57 bps	-58 bps	134 bps	-133 bps	77 bps	95 bps
Pre-tax Margin	61 bps	-10 bps	-24 bps	166 bps	-213 bps	51 bps	113 bps
Net Margin post-noncontrolling interest (continuing ops)	54 bps	-12 bps	-13 bps	140 bps	-174 bps	45 bps	93 bps
Net Margin (attributable to MHK)	54 bps	-12 bps	-13 bps	140 bps	-174 bps	45 bps	93 bps
Tax rate	-108 bps	48 bps	-74 bps	-131 bps	69 bps	-59 bps	-27 bps

Source: BofA Global Research estimates, Company data

BofA GLOBAL RESEARCH

Price objective basis & risk

Mohawk Industries (MHK)

Our \$110 PO for MHK shares is based on 5.2x 2025E EV/EBITDA. At 5.2x 2025E adjusted EV/EBITDA, MHK would trade below its 3-year historical average (5.5x), which we view as appropriate given a slowdown in near-term revenue growth due to capacity constraints, weakening demand and a recent surge in raw material costs.

Downside risks to our PO are: 1) accelerating execution challenges, 2) greater than expected negative impact from the industry mix-down to lower-value-add products, 3) slowdown in residential new construction, 4) economic slowdown in Europe, 5) political uncertainty in Mexico, 6) slowdown in the resi R&R market, 7) slowdown in commercial construction, 8) continued structural decline in carpeting, 9) capacity additions present risk, 10) rising interest rates increasing the cost of home equity loans, 11) additional loss of patent income, 12) slowdown in acquisitions, 13) slowing global economic growth.

Upside risks to our PO are: 1) more rapid than expected improvement in execution, 2) industry mix improvement, 3) stronger than expected new construction and R&R markets in the US, 4) stronger than expected economic growth in Europe, 5) stabilization in the Mexican political environment, 6) increased carpet demand, 7) smoother execution with capacity additions, 8) lower than expected interest rates, 9) resumption of accretive acquisitions.

Analyst Certification

I, Rafe Jadrosich, 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 - Homebuilders and Building Products Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Armstrong World Industries, Inc.	AWI	AWI US	Rafe Jadrosich
	Builders FirstSource Inc	BLDR	BLDR US	Rafe Jadrosich
	D.R. Horton, Inc.	DHI	DHI US	Rafe Jadrosich
	Latham Group, Inc.	SWIM	SWIM US	Shaun Calnan, CFA
	Leslie's	LESL	LESL US	Shaun Calnan, CFA
	NVR, Inc.	NVR	NVR US	Rafe Jadrosich
	Owens Corning	OC	OC US	Rafe Jadrosich
	PulteGroup Inc.	PHM	PHM US	Rafe Jadrosich
	The AZEK Company Inc.	AZEK	AZEK US	Rafe Jadrosich
	Toll Brothers, Inc.	TOL	TOL US	Rafe Jadrosich
	TopBuild Corp	BLD	BLD US	Rafe Jadrosich
	Trex Company, Inc.	TREX	TREX US	Rafe Jadrosich
NEUTRAL				
	Dream Finders Homes, Inc.	DFH	DFH US	Rafe Jadrosich
	KB Home	KBH	KBH US	Rafe Jadrosich
	Lennar Corporation	LEN	LEN US	Rafe Jadrosich
	Smith Douglas Homes Corp.	SDHC	SDHC US	Rafe Jadrosich
UNDERPERFORM				
	Fortune Brands Innovations Inc	FBIN	FBIN US	Rafe Jadrosich
	Hayward Holdings, Inc.	HAYW	HAYW US	Rafe Jadrosich
	Masco Corp	MAS	MAS US	Rafe Jadrosich
	Mohawk Industries	MHK	MHK US	Rafe Jadrosich
	Patrick Industries, Inc.	PATK	PATK US	Rafe Jadrosich
	Pool Corporation	POOL	POOL US	Shaun Calnan, CFA



US - Homebuilders and Building Products Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM 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.

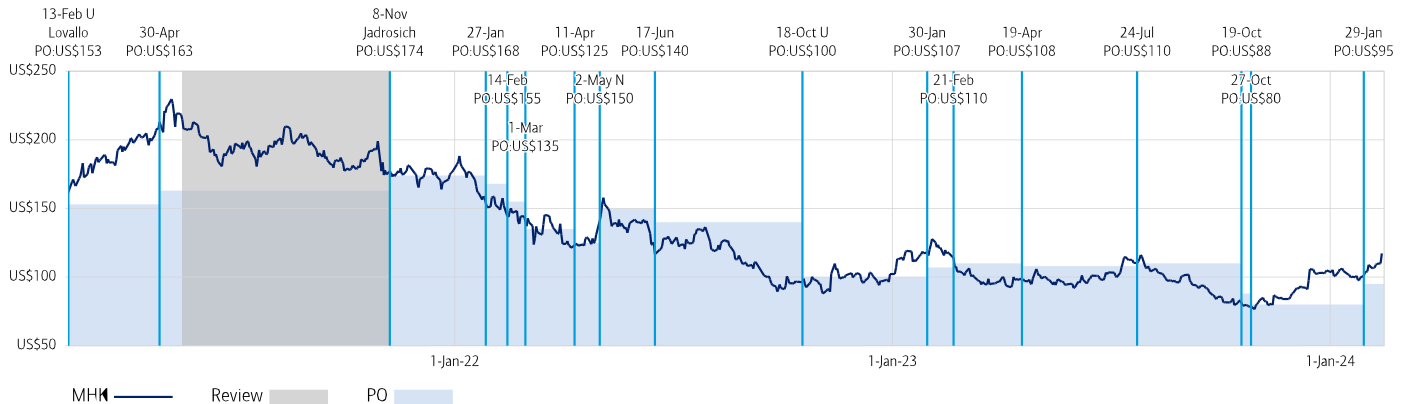
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Disclosures

Important Disclosures

Mohawk Industries (MHK) 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: Building Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	39	44.83%	Buy	22	56.41%
Hold	18	20.69%	Hold	11	61.11%
Sell	30	34.48%	Sell	8	26.67%

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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