

## Informatica Inc.

**Strong finish to 2023, attractive outlook for 2024; Reiterate Buy, Raise PO to \$39**

Reiterate Rating: BUY | PO: 39.00 USD | Price: 30.13 USD

**Cont' execution trend could drive 35% cloud growth in '24**

Reiterate Buy and raise PO to \$39 (from \$33). Consistent with our [4Q preview](#), 4Q23 results were strong, demonstrating good G2M execution, and initial 2024 guidance is above Street. Healthy Cloud ARR growth of 37% y/y at an impressive scale of \$617mn (38% of total ARR, grown 37-44% since IPO), is a testament that the IDMC platform is viewed as strategic. Furthermore, its 2024 Cloud ARR growth outlook of +35% y/y suggests healthy pipeline activity and high visibility, and is a top tier growth profile among its infra software peers. Bottom line: With its strategic position in the next-gen data management opportunity, we expect beat-and-raises to continue. Our \$39 PO is based on a SOTP, increase our subs revenue multiple to 11.5x (9.8x prior) for strong execution, and implies a consolidated EV/C24E rev multiple of 8.0x. Update forecast for results and guide.

**Three-pronged approach to driving durable growth**

Drivers include: 1) enterprise consolidation of legacy tooling and workflows to a single unified AI powered platform, like IDMC, should drive healthy demand; 2) attractive pricing model, specifically with IPU, that removes adoption friction and enables customers to try out many different use cases with the ability to scale easily; and 3) expanding partner network, particularly around next-gen data warehouse and lakehouse vendors that can drive increased workloads on IDMC.

**Positives: Transactions grow nicely at large scale**

1) Cloud transactions grew +62% y/y to 86 trillion, accelerating from +60% y/y in 3Q, impressive growth at an already impressive scale; 2) won a new Fortune 100 company, bringing the total to 86; 3) CLAIRE GPT has 300 beta customers and is expected to become generally available in 2Q24, which could drive increased usage and higher monetization; 4) a new metric, GAAP revenue from cloud subscriptions, grew +39% y/y in 4Q to \$140mn, and improves model visibility; and 5) new strategic partnership with MongoDB, and expanded relationships with Microsoft, AWS, Snowflake, among others.

**Negatives: self-managed not as big a growth driver**

1) Self-managed ARR declined 5% y/y to \$515.9mn, a faster rate of deceleration compared to last quarter at 1.6%, though we note that self-managed is not a focus growth area, and migrations to cloud are picking up which is a positive; 2) added 10 net-new \$100k+ ARR customers (1,988 total, +4% y/y), lower than 28 added in 3Q; 3) gross margin expanded 70bps q/q to 83.1%, less than the 200bps q/q expansion in 3Q.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	0.78	0.92	1.08	1.12	1.17
EPS Change (YoY)	13.0%	17.9%	17.4%	3.7%	4.5%
Consensus EPS (Bloomberg)			1.07	1.23	1.29
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	38.6x	32.8x	27.9x	26.9x	25.8x
EV / EBITDA*	22.3x	17.3x	14.7x	13.6x	12.7x
Free Cash Flow Yield*	2.7%	3.6%	5.4%	5.9%	6.5%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 7.

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15 February 2024

## Equity

**Key Changes**

(US\$)	Previous	Current
Price Obj.	33.00	39.00
2024E Rev (m)	1,626.9	1,696.3
2025E Rev (m)	1,751.6	1,798.4
2026E Rev (m)	NA	1,898.1
2024E EPS	0.90	1.08
2025E EPS	0.96	1.12
2026E EPS	NA	1.17

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**Stock Data**

Price	30.13 USD
Price Objective	39.00 USD
Date Established	15-Feb-2024
Investment Opinion	B-1-9
52-Week Range	13.29 USD - 31.90 USD
Mrkt Val (mn) / Shares Out (mn)	7,444 USD / 247.1
Free Float	20.2%
Average Daily Value (mn)	32.88 USD
BofA Ticker / Exchange	INFA / NYS
Bloomberg / Reuters	INFA US / INFAN
ROE (2024E)	14.6%
Net Dbt to Eqty (Dec-2023A)	49.4%
ESGMeter <sup>TM</sup>	NLA

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"](#).

Please see pg. 3 for abbreviation definitions

# iQprofile<sup>SM</sup> Informatica Inc.

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	6.9%	9.4%	10.4%	10.4%	10.4%
Return on Equity	11.1%	12.7%	14.6%	14.1%	13.7%
Operating Margin	23.3%	29.0%	32.0%	32.5%	33.0%
Free Cash Flow	200	266	401	436	486

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	0.9x	1.0x	1.2x	1.2x	1.2x
Asset Replacement Ratio	0x	0x	0x	0x	0x
Tax Rate	23.0%	22.9%	23.0%	24.0%	24.0%
Net Debt-to-Equity Ratio	65.4%	49.4%	28.0%	9.4%	-7.0%
Interest Cover	4.5x	3.1x	3.8x	4.2x	4.5x

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	1,505	1,595	1,696	1,798	1,898
% Change	4.2%	6.0%	6.3%	6.0%	5.5%
Gross Profit	1,218	1,302	1,384	1,472	1,568
% Change	2.3%	7.0%	6.3%	6.3%	6.5%
EBITDA	372	478	562	607	651
% Change	-1.5%	28.6%	17.6%	7.9%	7.3%
Net Interest & Other Income	(60)	(111)	(98)	(94)	(94)
<b>Net Income (Adjusted)</b>	<b>224</b>	<b>271</b>	<b>343</b>	<b>373</b>	<b>405</b>
<b>% Change</b>	<b>28.1%</b>	<b>20.8%</b>	<b>26.6%</b>	<b>8.7%</b>	<b>8.7%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	224	272	343	373	405
Depreciation & Amortization	21	18	19	22	24
Change in Working Capital	(25)	(10)	27	46	60
Deferred Taxation Charge	(86)	1	(64)	(64)	(64)
Other Adjustments, Net	66	(15)	75	59	62
Capital Expenditure	0	0	0	0	0
<b>Free Cash Flow</b>	<b>200</b>	<b>266</b>	<b>401</b>	<b>436</b>	<b>486</b>
<b>% Change</b>	<b>-12.5%</b>	<b>33.1%</b>	<b>50.5%</b>	<b>8.8%</b>	<b>11.6%</b>
Share / Issue Repurchase	53	40	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(16)	(19)	(20)	(20)	(20)

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	498	732	1,113	1,529	1,995
Trade Receivables	455	500	483	529	645
Other Current Assets	446	520	615	624	631
Property, Plant & Equipment	161	149	130	107	84
Other Non-Current Assets	3,412	3,300	3,224	3,168	3,112
<b>Total Assets</b>	<b>4,971</b>	<b>5,202</b>	<b>5,566</b>	<b>5,957</b>	<b>6,467</b>
Short-Term Debt	19	19	19	17	17
Other Current Liabilities	945	1,035	1,132	1,230	1,408
Long-Term Debt	1,822	1,806	1,790	1,774	1,758
Other Non-Current Liabilities	131	130	138	142	148
<b>Total Liabilities</b>	<b>2,917</b>	<b>2,989</b>	<b>3,079</b>	<b>3,164</b>	<b>3,331</b>
<b>Total Equity</b>	<b>2,054</b>	<b>2,213</b>	<b>2,487</b>	<b>2,794</b>	<b>3,136</b>
<b>Total Equity &amp; Liabilities</b>	<b>4,971</b>	<b>5,202</b>	<b>5,566</b>	<b>5,957</b>	<b>6,467</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 7.

## Company Sector

Server & Enterprise Software

## Company Description

Informatica was founded in 1993 and is based in Redwood City, CA. The company provides data management solutions for enterprises. The company recently launched a new product, IDMC, which is powered by CLAIRE AI, to address new data workloads. Its legacy product, PowerCenter, is not a future growth vector, but is still widely used in the end market. Informatica was previously public between 1999-2015, when it was taken private. It became public again in October 2021.

## Investment Rationale

We believe that the rapid evolution of technology, applications being deployed everywhere (cloud, on-prem, hybrid), and new architectures is driving an explosion of data volumes from disparate data sources. Organizations need to leverage next-gen data management tools, like Informatica's IDMC platform, to help make sense of it all. We believe end market demand for IDMC will be strong in the coming years, which should drive healthy growth and profitability trends for the business.

## Stock Data

Average Daily Volume 1,091,259

## Quarterly Earnings Estimates

	2023	2024
Q1	0.15A	0.20E
Q2	0.17A	0.24E
Q3	0.27A	0.28E
Q4	0.32A	0.36E

## Abbreviation definitions

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ARR = annual recurring revenue

FX = foreign exchange

uFCF = unlevered free cash flow

SOTP = sum of the parts

EV/R/G = enterprise value / revenue / growth

IDMC = Intelligent Data Management Cloud

## Key Metrics

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### 4Q23 Performance

- Total revenue of \$445.2mn, +11.6% was above our/Street \$430.5/\$32.5mn
- Cloud subs ARR of \$616.8mn, +36.7%, was above our/Street \$610.0/609.3mn
- Subscription ARR of \$1,133mn, +13.9%, was above our/Street \$1,109mn/\$1,111mn
- Total ARR of \$1,626mn, +7.2%, was above our/Street \$1,600mn/\$1,603mn
- PF operating income of \$161.9mn (36.4% margin) was above our/Street \$141.1mn (32.8% margin)/ \$142.4mn (32.9% margin)
- PF EPS of \$0.32 was above our/Street \$0.29/0.30

### Guidance

- Initial FY24 revenue guidance of \$1,685-1,705mn is above our/Street \$1,627/\$1,683mn
- Cloud subscription ARR guidance of \$826-840mn is above our/Street \$792.1/\$815.9mn
- Total ARR guidance of \$1,718-1,772mn is above our/Street \$1,687/\$1,714mn
- Operating income guidance of \$535-555mn is above our/Street \$455.0/\$524.4
- uFCF guidance of \$535-555mn is above our \$445.9mn



**Exhibit 1: Variance**

Total revenue exceeded our estimates by 1.1%

	4Q23A		
	BofA Est.	Actual	Variance
Cloud subscription ARR	609,953	<b>616,792</b>	1.1%
Y/Y change %	35.2%	<b>36.7%</b>	152bps
Guidance (mn)	<b>645-655</b>		
Self-managed subscription ARR	498,664	<b>515,874</b>	3.5%
Y/Y change %	(8.2%)	<b>(5.0%)</b>	317bps
Subscription ARR	1,108,617	<b>1,132,666</b>	2.2%
Y/Y change %	11.5%	<b>13.9%</b>	242bps
Guidance (mn)	<b>1,135-1,155</b>		
Maintenance ARR	491,217	<b>493,579</b>	0.5%
Y/Y change %	(1.4%)	<b>(5.6%)</b>	(418bps)
Total ARR	1,599,834	<b>1,626,245</b>	1.7%
Y/Y change %	5.5%	<b>7.2%</b>	174bps
Guidance (mn)			
Total revenue	430,461	<b>445,178</b>	3.4%
Y/Y change %	7.9%	<b>11.6%</b>	369bps
Guidance (mn)	<b>375-395</b>		
Billings	614,773	<b>617,533</b>	0.4%
Y/Y change %	10.6%	<b>11.1%</b>	50bps
PF Operating income	141,107	<b>161,881</b>	14.7%
PF operating margin	32.8%	<b>36.4%</b>	358bps
Guidance (mn)	<b>97-117</b>		
Adjusted EBITDA	146,488	<b>166,628</b>	13.7%
Adjusted EBITDA margin	34.0%	<b>37.4%</b>	340bps
PF EPS	\$0.29	<b>\$0.32</b>	8.6%
Unlevered Non-GAAP FCF (Incl. Tax)	116,446	<b>154,755</b>	24.8%
FCF margin	9.0%	<b>9.0%</b>	0bps
Guidance (mn)	<b>102-122</b>		

**Source:** BofA Global Research estimates, company filings

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**Exhibit 2: Estimate revisions**

We forecast total revenue of \$384.6mn in 1Q24.

	1Q24E			FY24E			FY25E			FY26E		
	New Estimate	Old Estimate	Change %	New Estimate	Old Estimate	Change %	New Estimate	Old Estimate	Change %	New Estimate	Old Estimate	Change %
Cloud subscription ARR	650,716	652,649	(0.3%)	832,690	792,069	5.1%	1,062,747	1,004,686	5.8%	1,328,684	N/A	N/A
Y/Y change %	34.6%	35.0%	(40bps)	35.0%	29.9%	515bps	27.6%	26.8%	78bps	25.0%	N/A	N/A
Guidance	645-655			826-840								
Self-managed subscription ARR	493,949	483,704	2.1%	445,029	441,464	0.8%	377,984	390,825	(3.3%)	321,039	N/A	N/A
Y/Y change %	(8.1%)	(10.0%)	191bps	(13.7%)	(11.5%)	(226bps)	(15.1%)	(11.5%)	(359bps)	(15.1%)	N/A	N/A
Subscription ARR	1,144,665	1,136,354	0.7%	1,277,719	1,233,533	3.6%	1,440,731	1,395,510	3.2%	1,649,723	N/A	N/A
Y/Y change %	12.1%	11.3%	81bps	12.8%	11.3%	154bps	12.8%	13.1%	(37bps)	14.5%	N/A	N/A
Guidance	1,135-1,155			1,261-1,295								
Maintenance ARR	487,409	481,392	1.2%	466,985	453,083	3.1%	413,419	417,909	(1.1%)	365,997	N/A	N/A
Y/Y change %	(4.9%)	(6.1%)	117bps	(5.4%)	(7.8%)	238bps	(11.5%)	(7.8%)	(371bps)	(11.5%)	N/A	N/A
Total ARR	1,632,074	1,617,746	0.9%	1,744,704	1,686,615	3.4%	1,854,150	1,813,419	2.2%	2,015,719	N/A	N/A
Y/Y change %	6.4%	5.5%	93bps	7.3%	5.4%	186bps	6.3%	7.5%	(125bps)	8.7%	N/A	N/A
Guidance				1,718-1,772								
Total revenue	384,566	368,006	4.5%	1,696,267	1,626,920	4.3%	1,798,365	1,751,642	2.7%	1,898,069	N/A	N/A
Y/Y change %	5.2%	0.7%	453bps	6.3%	2.9%	340bps	6.0%	7.7%	(165bps)	5.5%	N/A	N/A
Guidance	375-395			1,685-1,705								
Billings	345,230	328,072	5.2%	1,825,094	1,794,981	1.7%	1,937,525	1,919,847	0.9%	2,083,961	N/A	N/A
Y/Y change %	3.7%	(1.4%)	516bps	8.5%	6.9%	161bps	6.2%	7.0%	(80bps)	7.6%	N/A	N/A
PF Operating income	107,338	89,801	19.5%	542,981	455,467	19.2%	584,154	495,050	18.0%	627,010	N/A	N/A
PF operating margin	27.9%	24.4%	351bps	32.0%	28.0%	401bps	32.5%	28.3%	422bps	33.0%	N/A	N/A
Guidance	97-117			533-553								
Adjusted EBITDA	112,145	94,401	18.8%	562,315	475,804	18.2%	606,634	516,946	17.3%	650,736	N/A	N/A
Adjusted EBITDA margin	29.2%	25.7%	351bps	33.2%	29.2%	390bps	33.7%	29.5%	422bps	34.3%	N/A	N/A
PF EPS	\$0.20	\$0.17	15.3%	\$1.08	\$0.90	16.7%	\$1.12	\$0.96	14.4%	\$1.17	N/A	N/A
Unlevered Non-GAAP FCF (Incl. Tax)	111,186	89,174	19.8%	544,720	445,939	18.1%	575,820	499,192	13.3%	626,192	N/A	N/A
FCF margin	28.9%	24.2%	468bps	32.1%	27.4%	470bps	32.0%	28.5%	352bps	33.0%	N/A	N/A
Guidance	102-122			535-555								

**Source:** BofA Global Research estimates, company filings

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## Price objective basis & risk

### Informatica Inc. (INFA)

Our \$39 PO is based on a SOTP valuation analysis. On a consolidated basis, the SOTP implies a 8.0x EV/C24E revenue multiple. For our SOTP, we use a 11.5x EV/C24E subscription revenue multiple, that translates to an EV/R/G of 0.65x, a premium to infrastructure peers at 8.6x/0.5x, warranted for 35%+ growth vs. mid-teens% peers. We use a 2.0x EV/C24E multiple for the rest of the revenue, as its legacy maintenance revenue stream is not a strategic growth vector. This compares to 5.5x for legacy software peers.

Risks to our PO are: 1) competition, 2) transition takes time, 3) execution, 4) shifts in cloud and self-managed could affect recognized revenue, 5) pricing changes that elevate churn, and 6) macro related risks.

## Analyst Certification

I, Koji Ikeda, CFA, 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 - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>	8x8	EGHT	EGHT US	Michael J. Funk
	Adobe	ADBE	ADBE US	Brad Sills
	Alarm.com	ALRM	ALRM US	Michael J. Funk
	Amplitude, Inc.	AMPL	AMPL US	Koji Ikeda, CFA
	BILL	BILL	BILL US	Brad Sills
	CCC Intelligent Solutions	CCCS	CCCS US	Michael J. Funk
	Dropbox	DBX	DBX US	Michael J. Funk
	Dynatrace	DT	DT US	Koji Ikeda, CFA
	Elastic NV	ESTC	ESTC US	Koji Ikeda, CFA
	GitLab Inc.	GTLB	GTLB US	Koji Ikeda, CFA
	Global-e Online Ltd.	GLBE	GLBE US	Koji Ikeda, CFA
	HubSpot	HUBS	HUBS US	Brad Sills
	Informatica Inc.	INFA	INFA US	Koji Ikeda, CFA
	Intapp Inc.	INTA	INTA US	Koji Ikeda, CFA
	Intuit	INTU	INTU US	Brad Sills
	JFrog Ltd	FROG	FROG US	Koji Ikeda, CFA
	MeridianLink, Inc.	MLNK	MLNK US	Koji Ikeda, CFA
	Microsoft Corporation	MSFT	MSFT US	Brad Sills
	MongoDB Inc	MDB	MDB US	Brad Sills
	nCino, Inc.	NCNO	NCNO US	Adam Bergere
	NICE Ltd.	NICE	NICE US	Michael J. Funk
	NICE Ltd.	NCSYF	NICE IT	Michael J. Funk
	PagerDuty	PD	PD US	Koji Ikeda, CFA
	PowerSchool Holdings, Inc.	PWSC	PWSC US	Koji Ikeda, CFA
	RingCentral	RNG	RNG US	Michael J. Funk
	Salesforce.com	CRM	CRM US	Brad Sills
	ServiceNow	NOW	NOW US	Brad Sills
	UiPath	PATH	PATH US	Brad Sills
	Unity	U	U US	Michael J. Funk
	Weave	WEAV	WEAV US	Michael J. Funk
	Workday Inc.	WDAY	WDAY US	Brad Sills
	Zeta Global	ZETA	ZETA US	Koji Ikeda, CFA
	ZoomInfo	ZI	ZI US	Koji Ikeda, CFA
<b>NEUTRAL</b>	Autodesk	ADSK	ADSK US	Michael J. Funk

**US - Enterprise Software Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Bentley Systems	BSY	BSY US	Michael J. Funk
	BigCommerce Holdings, Inc.	BIGC	BIGC US	Koji Ikeda, CFA
	Coveo	YCVO	CVO CN	Koji Ikeda, CFA
	Datadog Inc	DDOG	DDOG US	Koji Ikeda, CFA
	DocuSign	DOCU	DOCU US	Brad Sills
	Freshworks, Inc.	FRSH	FRSH US	Adam Bergere
	HashiCorp	HCP	HCP US	Brad Sills
	Jamf	JAMF	JAMF US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	LSPD	LSPD US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	YLSPD	LSPD CN	Koji Ikeda, CFA
	Oracle Corporation	ORCL	ORCL US	Brad Sills
	Paycom	PAYC	PAYC US	Adam Bergere
	Paylocity	PCTY	PCTY US	Adam Bergere
	Shopify, Inc.	SHOP	SHOP US	Brad Sills
	Snowflake	SNOW	SNOW US	Brad Sills
	Veeva Systems, Inc.	VEEV	VEEV US	Brad Sills
	Zoom Video Communications	ZM	ZM US	Michael J. Funk

**UNDERPERFORM**

	AvidXchange, Inc.	AVDX	AVDX US	Brad Sills
	Blackbaud, Inc.	BLKB	BLKB US	Koji Ikeda, CFA
	BlackLine, Inc.	BL	BL US	Koji Ikeda, CFA
	C3.ai	AI	AI US	Brad Sills
	Confluent	CFLT	CFLT US	Brad Sills
	CS Disco, Inc.	LAW	LAW US	Koji Ikeda, CFA
	Enfusion, Inc.	ENFN	ENFN US	Koji Ikeda, CFA
	Five9	FIVN	FIVN US	Michael J. Funk
	Guidewire Software, Inc.	GWRE	GWRE US	Michael J. Funk
	Twilio	TWLO	TWLO US	Michael J. Funk
	Vertex, Inc.	VERX	VERX US	Brad Sills

**RSTR**

	Splunk	SPLK	SPLK US	Brad Sills
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**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

EV / EBITDA

Basic EBIT + Depreciation + Amortization

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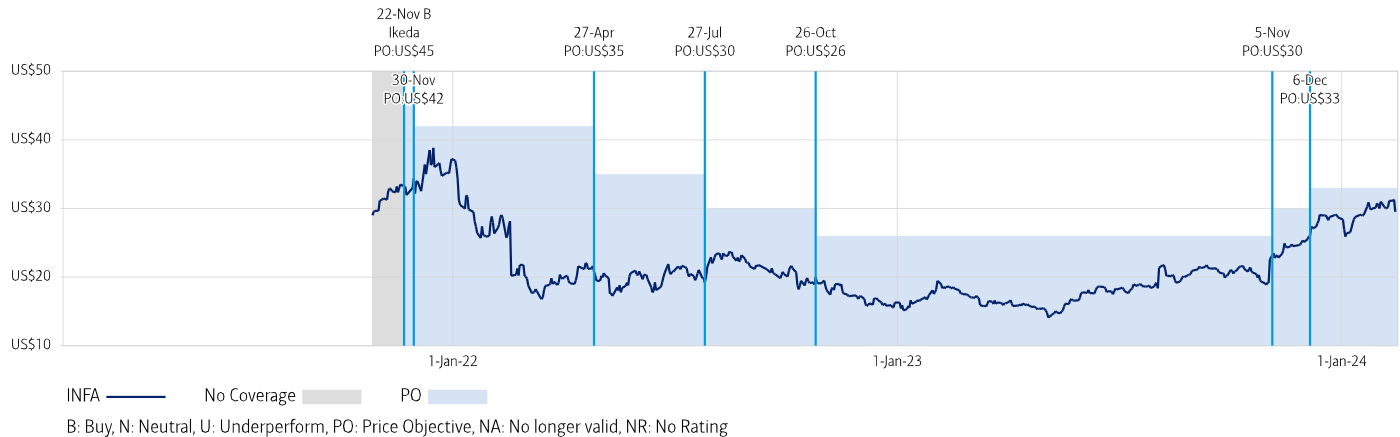
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### Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

### 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.

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

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