

## Grocery Outlet Holding Corp.

# Bull/Bear: Valuation near all-time lows despite unique model & strong LT outlook

Reiterate Rating: BUY | PO: 33.00 USD | Price: 24.86 USD

## Same-store sales & traffic trends continue to outperform

GO's comp sales & traffic are significantly outperforming Food Retail peers (see Exhibit 6 & Exhibit 7) as its strong value proposition continues resonating across income levels. Even as inflation wanes on a y/y basis, we think the shift to value grocers like GO could continue as consumers are still adjusting to grocery prices up 25%+ vs. pre-pandemic & facing other macro pressures (incl. SNAP reductions & student loan repayments). Bears may argue that GO faces tougher comparisons in 2024 as a result, esp. if the macro environment improves meaningfully & drives a reversal in the shift to value grocers.

## Return to 10% annual unit growth is a positive ...

After COVID-related construction delays limited store growth for retailers like GO (& SFM) in recent years, GO's unit growth has returned to a 10% run-rate as of 2H23. We expect 2024 and beyond to be on track for 10% unit growth annually, which should benefit GO from a top line perspective and help in terms of growing GO's brand visibility (esp. as it opens stores outside of core West Coast markets).

## ... but implies higher SG&A (among other cost pressures)

We see potential cost pressure for GO into 2024 from reaccelerating store growth and investments in tech and marketing. Moreover, disruption from GO's new systems rollout and resulting margin headwinds (incl. from temporary higher IO commission support) are expected to continue in 4Q23. If disruption persists longer than expected, GO could see margin pressure into 1H24. We lower our 24E adj. EPS -4c to \$1.14 & our 25E EPS -9c to \$1.25 to better reflect cost pressures related to store growth and Capex (D&A).

## Premium valuation justified by differentiated model

We reiterate our Buy on GO but lower our PO to \$33 (was \$40) to reflect ~29x our lowered 24E EPS (was 34x our prior est.) given potential cost headwinds in 2024. This compares to GO's current ~20x multiple, which is near all-time lows, and a high of ~56x and ~31x, on average, since GO went public nearly five years ago. We believe GO's higher valuation vs. other Food Retailers is supported by the company's differentiated model, extreme customer value proposition, and potentially very long-term & low-risk growth horizon (with opportunity for 4k+ US stores vs. just 455 today). See Exhibit 1 for more on our detailed Bull/Bear case analysis.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	0.79	0.94	1.05	1.14	1.25
GAAP EPS	0.63	0.65	0.75	0.80	0.90
EPS Change (YoY)	-25.5%	19.0%	11.7%	8.6%	9.6%
Consensus EPS (Bloomberg)			1.06	1.14	1.25
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	31.5x	26.4x	23.7x	21.8x	19.9x
GAAP P/E	39.5x	38.2x	33.1x	31.1x	27.6x
EV / EBITDA*	19.7x	17.3x	15.7x	14.3x	13.4x
Free Cash Flow Yield*	0.5%	1.3%	1.6%	1.7%	1.9%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 9.

**BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 10 to 12. Analyst Certification on page 8. Price Objective Basis/Risk on page 8.**

12654364

Timestamp: 02 February 2024 05:00AM EST

02 February 2024

### Equity

#### Key Changes

(US\$)	Previous	Current
Price Obj.	40.00	33.00
2024E Rev (m)	4,367.4	4,236.8
2025E Rev (m)	4,817.3	4,614.7
2024E EPS	1.18	1.14
2025E EPS	1.34	1.25

#### Robert F. Ohmes, CFA

Research Analyst  
BofAS  
+1 646 855 0078  
robert.ohmes@bofa.com

#### Kendall Toscano

Research Analyst  
BofAS  
+1 646 855 1704  
kendall.toscano@bofa.com

### Stock Data

Price	24.86 USD
Price Objective	33.00 USD
Date Established	1-Feb-2024
Investment Opinion	B-1-9
52-Week Range	24.45 USD - 36.54 USD
Mkt Val (mn) / Shares Out (mn)	2,468 USD / 99.3
Free Float	91.7%
Average Daily Value (mn)	28.94 USD
BofA Ticker / Exchange	GO / NAS
Bloomberg / Reuters	GO US / GO.OQ
ROE (2023E)	9.1%
Net Dbt to Eqty (Dec-2022A)	118.2%
ESGMeter <sup>TM</sup>	Low

**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](#)".

### Key terms

IO = Independent Operator

LDD = low double digit

LSD = low single digit

MSD = mid single digit

HSD = high single digit

GO = Grocery Outlet

KR = Kroger

W

# iQprofile<sup>SM</sup> Grocery Outlet Holding Corp.

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

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	2.7%	2.7%	3.3%	3.4%	3.5%
Return on Equity	8.1%	8.9%	9.1%	9.1%	9.1%
Operating Margin	2.9%	2.7%	3.2%	3.3%	3.2%
Free Cash Flow	13	32	39	41	46

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

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	1.9x	1.8x	1.8x	1.8x	1.8x
Asset Replacement Ratio	2.0x	1.8x	1.8x	1.8x	1.8x
Tax Rate	27.3%	27.4%	29.7%	30.0%	28.0%
Net Debt-to-Equity Ratio	131.2%	118.2%	115.9%	114.9%	113.4%
Interest Cover	5.7x	5.3x	6.6x	7.7x	9.2x

## Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	3,080	3,578	3,952	4,237	4,615
% Change	-1.8%	16.2%	10.5%	7.2%	8.9%
Gross Profit	949	1,092	1,235	1,321	1,429
% Change	-2.5%	15.1%	13.1%	7.0%	8.1%
EBITDA	198	226	249	273	291
% Change	-11.0%	13.8%	10.2%	9.6%	6.5%
Net Interest & Other Income	19	34	24	25	27
<b>Net Income (Adjusted)</b>	<b>79</b>	<b>94</b>	<b>106</b>	<b>116</b>	<b>127</b>
<b>% Change</b>	<b>-24.2%</b>	<b>19.4%</b>	<b>12.5%</b>	<b>9.4%</b>	<b>9.8%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	79	94	106	116	127
Depreciation & Amortization	68	75	85	95	104
Change in Working Capital	23	24	(5)	16	14
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(23)	(24)	5	(16)	(14)
Capital Expenditure	(134)	(137)	(152)	(169)	(185)
<b>Free Cash Flow</b>	<b>13</b>	<b>32</b>	<b>39</b>	<b>41</b>	<b>46</b>
<b>% Change</b>	<b>-51.8%</b>	<b>152.9%</b>	<b>19.0%</b>	<b>6.4%</b>	<b>11.4%</b>
Share / Issue Repurchase	8	7	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	85	(49)	94	104	115

## Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	140	103	100	82	74
Trade Receivables	10	15	17	18	20
Other Current Assets	292	349	366	398	433
Property, Plant & Equipment	499	561	628	702	783
Other Non-Current Assets	1,728	1,744	1,884	2,031	2,186
<b>Total Assets</b>	<b>2,670</b>	<b>2,772</b>	<b>2,994</b>	<b>3,231</b>	<b>3,496</b>
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	180	218	241	258	281
Long-Term Debt	1,464	1,415	1,509	1,612	1,728
Other Non-Current Liabilities	17	29	29	29	29
<b>Total Liabilities</b>	<b>1,661</b>	<b>1,662</b>	<b>1,779</b>	<b>1,900</b>	<b>2,038</b>
<b>Total Equity</b>	<b>1,009</b>	<b>1,110</b>	<b>1,216</b>	<b>1,331</b>	<b>1,458</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,670</b>	<b>2,772</b>	<b>2,994</b>	<b>3,231</b>	<b>3,496</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 9.

## Company Sector

Supermarkets/Food Retailers

## Company Description

Grocery Outlet Holding Corp. operates over 400 stores in 6 states, primarily along the West Coast. GO stores operate under a unique Independent Operator (IO) model and feature a rotating selection of roughly 5,000 items. GO sources roughly 50% of products at a deep discount through its "opportunistic sourcing" model to deliver extreme customer value in a treasure hunt format. GO is based in Emeryville, CA and was founded in 1946.

## Investment Rationale

Our Buy rating is based on our view that GO deserves a premium valuation vs. Food Retail peers given its unique and hard to replicate IO model, opportunistic sourcing model that delivers deep value and consistent margins, and LT/low risk sustainable growth horizon (w/ opportunity for around 5,000 stores in the US). This also reflects our outlook for elevated Food at Home inflation to continue, supporting sales/eps upside in '22 and beyond.

## Stock Data

Average Daily Volume 1,163,965

## Quarterly Earnings Estimates

	2022	2023
Q1	0.19A	0.27A
Q2	0.27A	0.32A
Q3	0.25A	0.31A
Q4	0.22A	0.15E

**Exhibit 1: GO Bull/Bear Debate**

We reiterate our Buy rating on GO and outline key bull/bear case arguments below

	GO - BULL	GO - BEAR
<b>Traffic</b>	GO traffic trends are significantly outperforming Food Retail peers as its strong value proposition continues resonating across incomes. Even as inflation wanes on a y/y basis, the shift to value grocers like GO could continue as consumers are still adjusting to grocery prices that are up 25%+ vs. pre-pandemic & facing other macro pressures. GO has comped positively in past years where SNAP payments (LDD% of GO sales) were down. GO traffic should be further supported by increasing visibility as it continues to open new stores & marketing.	Strong traffic trends for GO in 2023 imply tough comparisons in 2024, and waning food inflation could eventually result in an easing (or even a reversal) in the consumer shift towards value grocers like GO. Lower units per transaction had a negative impact on 3Q ticket and continued to be a headwind into 4Q23.
<b>Inflation / Unit Sales</b>	Food at Home inflation remains positive, & inflation in non-perishables could prove to be persistent/stubborn, resulting in modest levels of food inflation continuing into 2024 (vs. flat or negative trends) & benefitting same-store sales for grocers. While units remain negative y/y, the cooling of food inflation to more normalized levels (with likelihood of continued moderation), should support further improvement in unit sales trends.	Food inflation that has helped partially offset unit sales declines (overall ticket comps for GO were -1.9% in 3Q23) should continue to slow, and potential for grocery deflation remains a risk into 2024 for GO.
<b>Gross Margin</b>	Disruption from GO's new systems rollout & resulting margin headwinds should not persist into F24. Disruption seen in 3Q & 4Q 2023 imply easier comparisons for GO in 2H24, and GO's system enhancements position the company better long-term given improved functionality, scalability & data analytics capabilities.	Disruption from GO's new systems rollout and resulting margin headwinds are expected to continue in 4Q23. If disruption persists longer than expected, GO could see margin pressure in 2024.
<b>SG&amp;A</b>	GO expects EBITDA margins to remain stable over time as it continues to invest in technology and marketing. GO's unique operating model insulates it from wage pressure as IOs pay store employee wages. New best-in-class systems should support decades of future growth for GO.	GO's unique model that requires sharing 1/2 of store gross profit \$s with IOs results in a lack of EPS upside vs. comp upside. Some argue that IOs get a better deal than shareholders as GO owns all inventory, pays store rent & holds lease obligations – we est. yr-5 store level pre-tax ROIC is 90%+ for the typical IO vs. only 35-40% for GO shareholders. GO could also see pressure from reaccelerating store growth, investments in tech & marketing, & support for IOs amidst systems disruptions (with a larger impact from incremental commission support expected in 4Q23).
<b>Ecommerce</b>	Ecommerce (through 3P providers like Instacart and Doordash) has driven incremental sales and new customer acquisition for GO, and online baskets for GO tend to be higher vs. in-store.	GO lacks a large/cohesive 1P ecommerce platform that enables monetization opportunities and superior customer data/insights to the extent of larger peers like WMT, KR and TGT. GO's treasure hunt model could also make ecommerce more difficult to execute (i.e. inventory accuracy) vs. Food Retailers with more consistent assortments.
<b>Valuation</b>	GO's valuation is attractive as it currently trades near all-time lows (~20x 2-year forward P/E). GO's differentiated model, extreme customer value proposition, long-term sustainable and arguably low-risk growth algorithm (+10% annual unit growth, which we expect a return to in 2024, +LSD% comps & stable EBIT margins supporting +mid-teens% EPS growth) and opportunity for 4k+ US stores (vs. just 445 today) support a premium valuation vs. Food Retailer peers.	Valuation remains a concern given GO trades at a significantly higher P/E than other Food Retailers and GO still looks relatively expensive on both a P/E and EV/EBITDA basis vs. its ROIC of ~9%
<b>Other</b>	GO's Mid-Atlantic stores are comping above chain avg., which implies the IO model works beyond the West Coast (where GO has more brand recognition) & supports GO's whitespace opportunity. GO also continues to see a healthy IO pipeline & opportunistic supply. Moreover, newly appointed COO Ramesh Chikkala has an impressive background (w/ 14 years at WMT incl. as Head of Global Supply Chain & Tech), which bodes well for GO's outlook.	CFO Charles Bracher is leaving GO (effective 3/1) for "another opportunity" (SVP of Accounting Lindsay Gray will serve as interim). Additional concerns include risks of the pipeline of new IOs to operate new stores drying up, potential for shortages in the grocery closeout market limiting GO's ability to offer deep values, and risk that GO's concept won't work as well outside of West Coast markets.

Source: BofA Global Research, Company reports

BofA GLOBAL RESEARCH



**Exhibit 2: GO 3Q22 BofA vs. Consensus - Delta Analysis**

Our F3Q24 adj. EPS estimate of \$0.15 is in line with Visible Alpha consensus of \$0.16. We think GO could see potential same-store sales upside given strong traffic and observed sales... trends

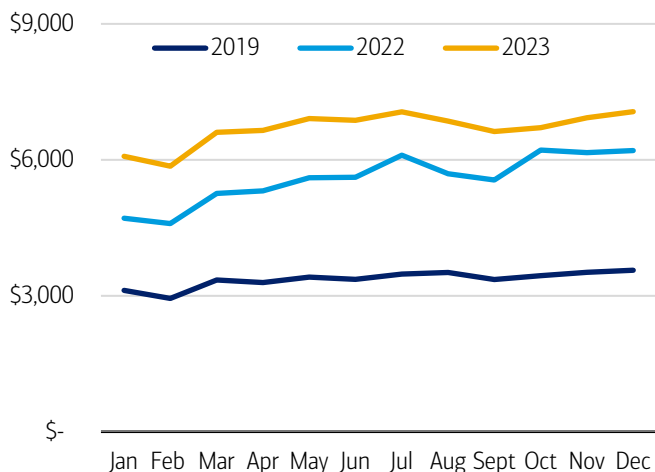
	BofA Est.	Consensus Est.	Delta	y/y % change (BofA)
<b>Net Sales</b>	\$973	\$980	-\$7	4.5%
<b>Same-store sales</b>	2.0%	2.1%	-11 bps	-1310 bp
<b>Adj. EBITDA</b>	\$47	\$50	-\$3	-13.0%
<b>Adj. EPS</b>	\$0.15	\$0.16	-\$0.01	-31.3%
<b>Gross Margin</b>	30.0%	30.1%	-7 bps	-21 bp
<b>Expense Ratio</b>	25.4%	25.1%	32 bps	67 bp
<b>EBIT margin</b>	2.0%	2.0%	-4 bps	-62 bp
<b>Adj. EBITDA Margin</b>	4.9%	5.1%	-24 bps	-98 bp

Source: Visible Alpha, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 3: GO observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)**

Observed sales track above 2022 levels

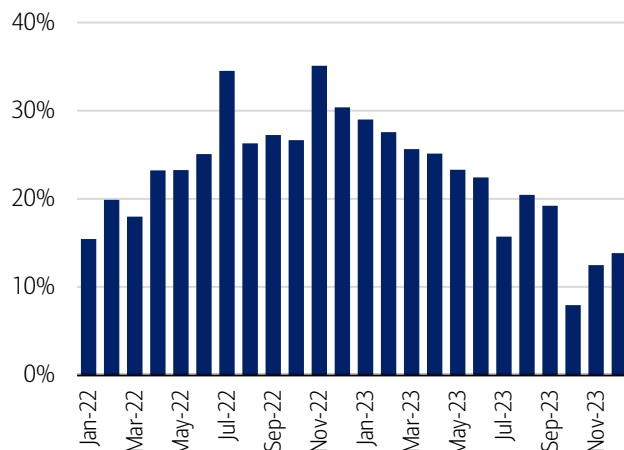


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

**Exhibit 4: Y/Y % change in GO observed sales according to Bloomberg Second Measure credit & debit card data**

GO observed sales were up +13.9% y/y in December vs. +12.5% in November

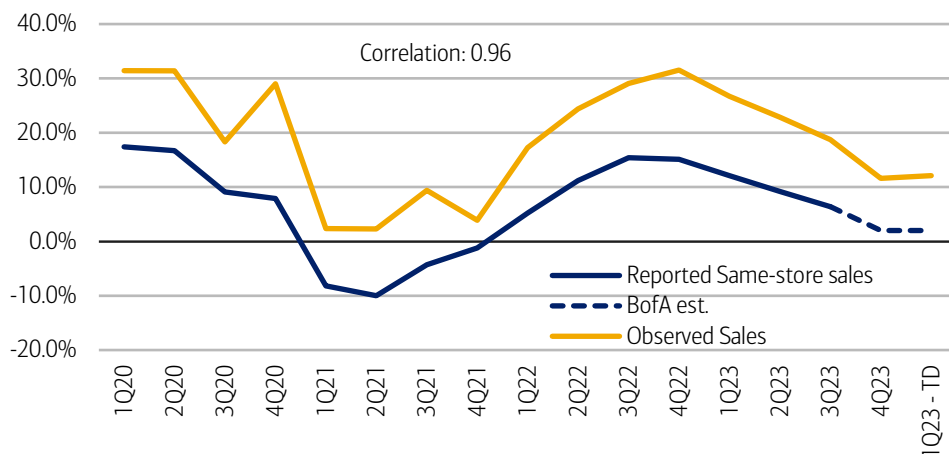


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

**Exhibit 5: Bloomberg Second Measure credit and debit card data – Observed Sales**

GO observed sales (based on Bloomberg Second Measure data) decelerated in 4Q in line with our same-store sales forecast. 1Q-to-date (based on data through 1/21) is tracking ~flat vs. 4Q

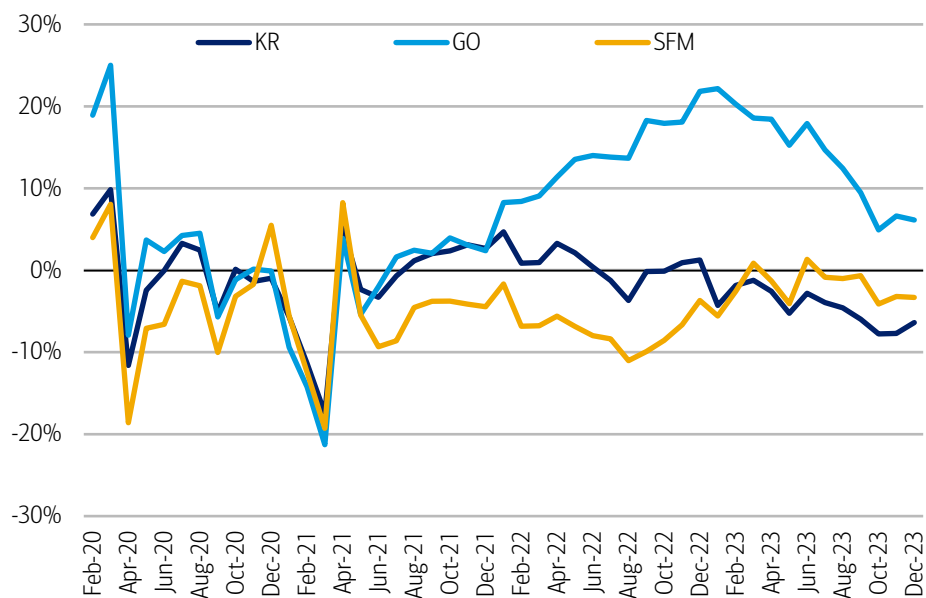


Source: Bloomberg Financial LP – ALTD <GO>, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 6: Placer Foot Traffic: GO, KR & SFM**

GO foot traffic trends are significantly outpacing peers

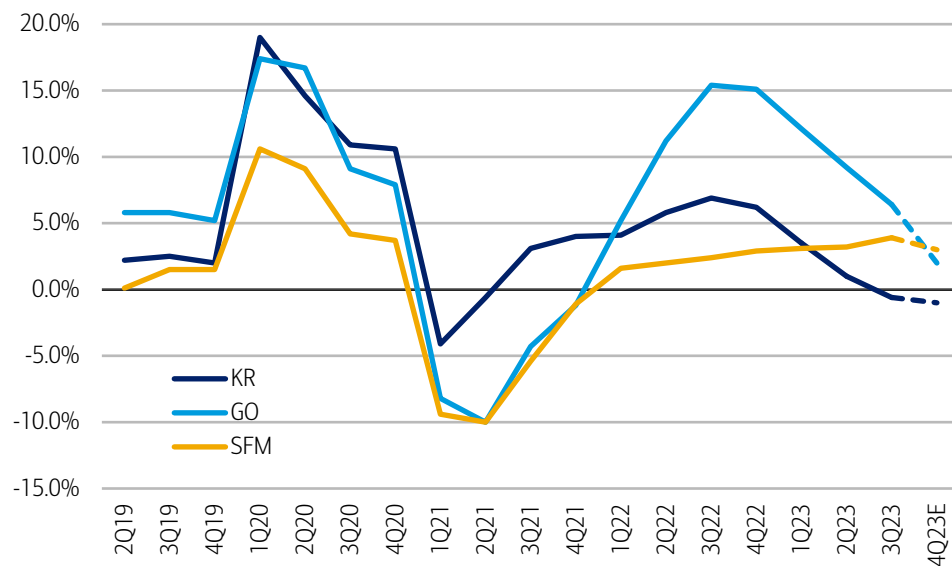


Source: Placer.ai, BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 7: Food Retailer same-store sales trends**

Same-store sales trends for GO have meaningfully outpaced peers supported by stronger traffic

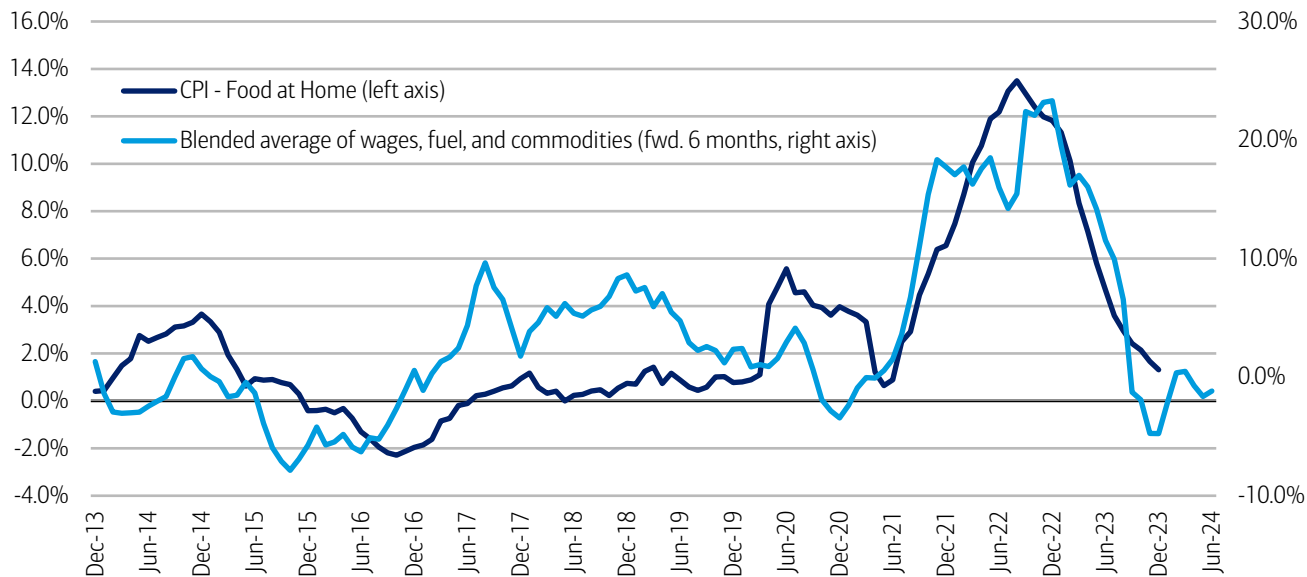


Source: Company filings, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 8: Food at Home CPI Forecast based on blended average of wages, fuel & commodities (forward 6 months) y/y % change**

A blended average of wage, fuel & commodity costs implies potential continued moderation (with some volatility) in the Food at Home CPI towards ~0% over the next 6 months



Source: Bureau of Labor Statistics, Atlanta Fed, EIA, BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 9: Grocery Outlet (GO) Estimated New Store Economics**

Year 5 store pre-tax ROIC is 35-40%+ for GO

Year	1	2	3	4	5	Avg. Mature Store
Sales (\$k)	\$5,460	\$6,006	\$6,486	\$6,875	\$7,150	\$8,000
Growth (%)		10%	8%	6%	4%	--
Gross Profit (\$k)	\$1,668	\$1,835	\$1,981	\$2,100	\$2,181	\$2,440
Margin (%)	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%
GO share	\$834	\$917	\$991	\$1,050	\$1,090	\$1,220
IO share	\$834	\$917	\$991	\$1,050	\$1,090	\$1,220
Occupancy	\$350	\$350	\$350	\$350	\$350	\$350
Insurance/taxes/other	\$64	\$49	\$35	\$20	\$20	\$20
GO Store Level Expenses (\$k)	\$414	\$399	\$385	\$370	\$370	\$370
GO Store-level/4-Wall EBITDA (\$k)	\$420	\$518	\$605	\$680	\$720	\$850
GO Store Level EBITDA Margin (%)	7.7%	8.6%	9.3%	9.9%	10.1%	10.6%
Initial GO Investment						
Store Build-out (\$k)	\$1,700					
Net Inventory (\$k)	\$180					
Preopening (\$k)	\$70					
Total	\$1,950					
GO Store Pre-tax ROI	22%	27%	31%	35%	37%	44%
GO Cumulative ROI	22%	48%	79%	114%	151%	
Sales (\$) per gross sq. ft.	\$295	\$325	\$351	\$372	\$386	\$432
Average store size: 18,000-20,000 gross sq. ft.						

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 10: Independent Store Operator (IO) Estimated Economics**

Year 5 store pre-tax ROIC is 90%+ for IOs

Year	1	2	3	4	5
Store Sales (\$k)	\$5,460	\$6,006	\$6,486	\$6,875	\$7,150
Growth (%)		10%	8%	6%	4%
Gross Profit (\$k)	\$1,668	\$1,835	\$1,981	\$2,100	\$2,181
Margin (%)	30.5%	30.5%	30.5%	30.5%	30.5%
IO share of Gross Profit	\$834	\$917	\$991	\$1,050	\$1,090
IO Store Wages	\$600	\$600	\$600	\$600	\$600
Utilities, bank, marketing & supplies	<u>\$250</u>	<u>\$250</u>	<u>\$250</u>	<u>\$250</u>	<u>\$250</u>
IO Total Store Expenses (\$k)	\$850	\$850	\$850	\$850	\$850
% of sales	15.6%	14.2%	13.1%	12.4%	11.9%
IO Store-level/4-Wall EBITDA (\$k)	(\$16)	\$67	\$141	\$200	\$240
IO Store Level EBITDA Margin (%)	-0.3%	1.1%	2.2%	2.9%	3.4%
Initial IO Investment					
Equipment (\$k)	\$180				
Net Inventory (\$k)	\$0				
Preopening (\$k)	\$70				
Total	\$250				
IO Store Pre-tax ROI	-6%	27%	56%	80%	96%
IO Cumulative ROI	-6%	20%	77%	157%	253%

Sales (\$) per gross sq. ft. \$295 \$325 \$351 \$372 \$386

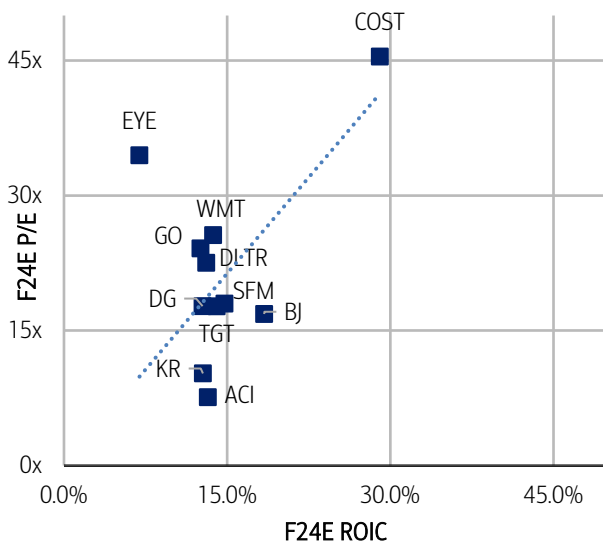
Average store size: 18,000-20,000 gross sq. ft.

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 11: Fiscal 2024 (C23) P/E vs. ROIC comparison**

We believe lower-ROIC market share donors could face potential valuation compression

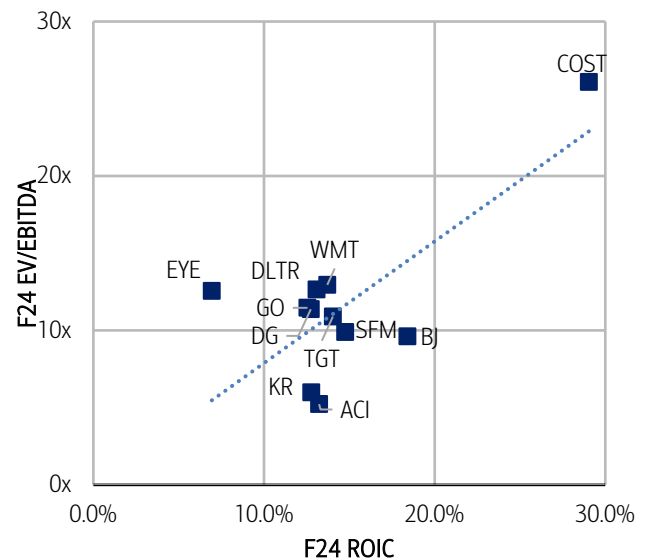


Source: Company filings, Bloomberg, BofA Global Research Estimates

BofA GLOBAL RESEARCH

**Exhibit 12: Fiscal 2024 (C23) EV/EBITDA vs. ROIC comparison**

We believe lower-ROIC market share donors could face potential valuation compression



Source: Company filings, Bloomberg, BofA Global Research Estimates

BofA GLOBAL RESEARCH

## Price objective basis & risk

### Grocery Outlet Holding Corp. (GO)

Our \$33 price objective is based on 29x our 2024E adj. EPS of \$1.14, a premium to the Food Retailers & Discount Stores group average (roughly 18-20x). We believe a premium valuation is warranted given our view of: 1) GO's unique and hard-to-replicate IO model aligns incentives while reducing costs and risks, 2) GO's opportunistic sourcing model delivers deep value and consistent margins, and 3) GO's low-risk/steady model supports stable/highly predictable margins and a sustainable LT growth horizon (with potential to establish over 5,000 stores in the US). We believe these factors support valuation upside, as does our outlook for elevated food inflation to continue (given likely sales and margin benefits).

Downside risks to our PO are: 1) GO operates in a highly competitive food and discount retail industry, 2) treasure hunt model makes grocery ecommerce difficult 3) any disruptions or inability to source products could adversely impact sales, 4) store growth opportunity depends on attracting and maintaining Independent Operators, 5) IO concept still unproven outside of five core West Coast states, 6) IO model results in reduced fixed cost leverage for GO relative to traditional retail model, 7) the build out of East Coast talent, systems, real-estate, and infrastructure could pressure expenses more than expected, and 8) a less favorable inflationary environment.

## Analyst Certification

I, Robert F. Ohmes, 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 - Broadlines, Hardlines, Food Retailers & Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Academy Sports + Outdoors	ASO	ASO US	Robert F. Ohmes, CFA
	BJ's Wholesale Club Holdings	BJ	BJ US	Robert F. Ohmes, CFA
	Costco Wholesale Corporation	COST	COST US	Robert F. Ohmes, CFA
	Fox Factory Holding Corp	FOXF	FOXF US	Alexander Perry
	Grocery Outlet Holding Corp.	GO	GO US	Robert F. Ohmes, CFA
	Harley-Davidson	HOG	HOG US	Alexander Perry
	Life Time	LTH	LTH US	Alexander Perry
	Planet Fitness, Inc.	PLNT	PLNT US	Alexander Perry
	Sysco Corporation	SY	SY US	Kendall Toscano
	Target Corp.	TGT	TGT US	Robert F. Ohmes, CFA
	The Kroger Co.	KR	KR US	Robert F. Ohmes, CFA
	Topgolf Callaway Brands Corp	MODG	MODG US	Alexander Perry
	Walmart Inc	WMT	WMT US	Robert F. Ohmes, CFA
<b>NEUTRAL</b>				
	Dick's Sporting Goods	DKS	DKS US	Robert F. Ohmes, CFA
	Xponential Fitness	XPOF	XPOF US	Alexander Perry
	YETI Holdings, Inc.	YETI	YETI US	Robert F. Ohmes, CFA
<b>UNDERPERFORM</b>				
	Canada Goose Holdings Inc	YGOOS	GOOS CN	Alexander Perry
	Canada Goose Holdings Inc	GOOS	GOOS US	Alexander Perry
	Columbia Sportswear	COLM	COLM US	Alexander Perry
	Dollar General Corporation	DG	DG US	Robert F. Ohmes, CFA
	Dollar Tree, Inc.	DLTR	DLTR US	Robert F. Ohmes, CFA
	Hibbett Sports, Inc.	HIBB	HIBB US	Alexander Perry
	National Vision	EYE	EYE US	Robert F. Ohmes, CFA
	Sprouts Farmers Market, Inc.	SFM	SFM US	Robert F. Ohmes, CFA



## US - Broadlines, Hardlines, Food Retailers &amp; Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
-------------------	---------	-------------	------------------	---------

**iQmethod<sup>SM</sup> 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 &amp; 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

**iQmethod<sup>SM</sup>** 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.

**iQdatabase<sup>®</sup>** 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 flow statements for companies covered by BofA Global Research.

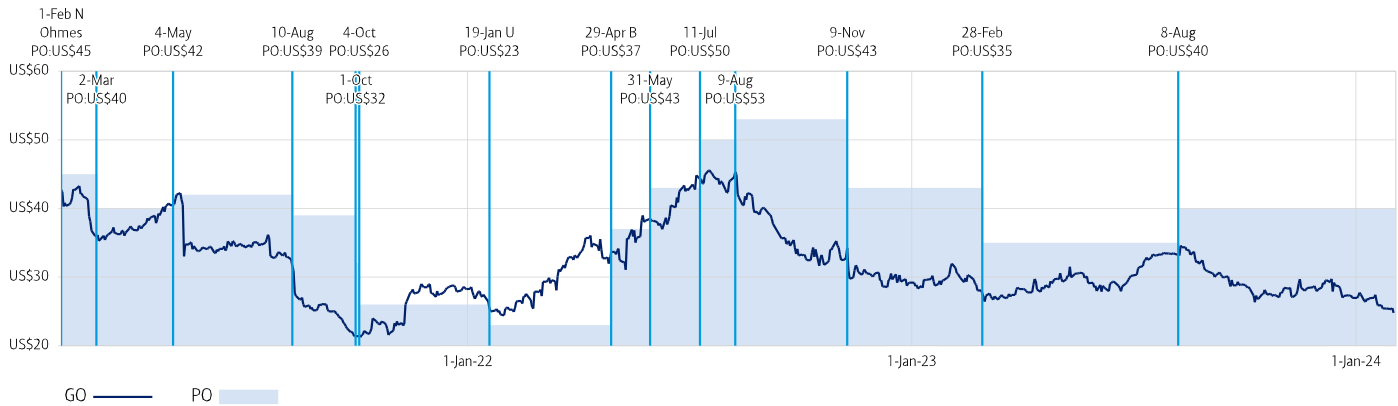
**iQprofile<sup>SM</sup>**, **iQmethod<sup>SM</sup>** are service marks of Bank of America Corporation. **iQdatabase<sup>®</sup>** is a registered service mark of Bank of America Corporation.



# Disclosures

## Important Disclosures

### Grocery Outlet (GO) 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: Retailing Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	96	57.83%	Buy	39	40.63%
Hold	32	19.28%	Hold	12	37.50%
Sell	38	22.89%	Sell	18	47.37%

### 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.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> 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.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: Grocery Outlet.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Grocery Outlet.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Grocery Outlet.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Grocery Outlet.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Grocery Outlet.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: Grocery Outlet.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: Grocery Outlet.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America



Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

## Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofA or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

**"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.**

### Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at [www.bofam.com/BofASEdisclaimer](http://www.bofam.com/BofASEdisclaimer); BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSCF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSCF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider.

Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

### General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile



and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BoFA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BoFAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BoFAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BoFA Securities, through business units other than BoFA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BoFA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BoFAS for the provision of research services for a separate fee, and in connection therewith BoFAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BoFAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BoFAS). If such recipient uses the services of BoFAS in connection with the sale or purchase of a security referred to herein, BoFAS may act as principal for its own account or as agent for another person. BoFAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

#### **BoFA ESGMeter Methodology:**

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BoFA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of the BoFA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

#### **Copyright and General Information:**

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BoFA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BoFA Securities. BoFA Global Research information is distributed simultaneously to internal and client websites and other portals by BoFA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BoFA Securities.

Materials prepared by BoFA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BoFA Securities, including investment banking personnel. BoFA Securities has established information barriers between BoFA Global Research and certain business groups. As a result, BoFA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BoFA Global Research personnel's knowledge of legal proceedings in which any BoFA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BoFA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BoFAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BoFA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BoFA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BoFA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BoFA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BoFA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BoFA Securities is under no obligation to update this information and BoFA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BoFA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BoFA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BoFAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BoFA Securities nor any officer or employee of BoFA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.