

ExxonMobil Corp.

4Q23 earnings recap: inflection in free cashflow to accelerate in 2024

Reiterate Rating: BUY | PO: 140.00 USD | Price: 101.97 USD

2024 to see step change in project contribution to FcF

Contrasting the earnings calls between ExxonMobil (XOM) and Chevron (CVX), at the simplest level, we see the difference in the tone of the Q&A underlining what has been a strong execution story. XOM has now doubled its earnings capacity vs a 2019 baseline, and we expect the project contribution to FcF to accelerate in 2024 led by Guyana at a pace that should position XOM to beat its target to double cashflow by 2027 vs a 2019 baseline. Over the next 18 months, our estimates suggest XOM will add the equivalent of ~80% of its pro-forma dividend burden, including the presumed closure of its pending Permian acquisition, which management expects in 2Q23. With a sector outlook we have characterized as rangebound, with a backward forward curve a headwind to absolute value, we see the timing of XOM's inflection in FcF as a critical differentiator vs the broader sector, and European peers in particular. Our rating is Buy, PO \$140/sh.

Upwards reset in dividend capacity accelerates in 2024

By our analysis, the combination of organic growth and timing of strategic acquisitions pulls XOM's post dividend breakeven towards \$40 Brent, addressing CFO Kathy Mickell's overriding philosophy when joining XOM in 2021 that its dividend burden vs cashflow capacity needed to be reset. We expect XOM to get there in 2024, setting up the balance of the period through 2027 for a similar reset in the rate of dividend growth, that we see as the primary mechanism for market recognition of value. With share buybacks also expected to be reset post close to an annual rate of \$20bn, we believe XOM's per share growth has the potential to be best in class amongst major oil peers.

EPS beat on strong E&P vols; Guyana hits record prod

ExxonMobil adj EPS of \$2.48/sh beat street estimates / BofAe of \$2.23 & 2.22 on strong upstream and downstream (product solutions) results. Upstream earnings of \$6.3bn beat BofAe of \$5.7bn on strong oil and gas production (3.8mm boepd vs 3.67mm boepd), mainly on the Permian & Canada. Product solution result of \$3.1bn handily beat our \$2.1bn estimate, repeating the strength of refiner earnings so far. C/flow from operations (ex w/c of -\$2.2bn & asset sales \$1.0bn) of \$15.9bn beat consensus at \$14bn. Free cashflow \$8.0bn after cash capex of \$6.7bn, fully covered dividends of \$3.8bn and buybacks of \$4.4bn.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	5.46	14.05	9.27	8.15	9.93
GAAP EPS	5.52	13.69	9.53	8.15	9.93
EPS Change (YoY)	NM	157.3%	-34.0%	-12.1%	21.8%
Consensus EPS (Bloomberg)			9.28	9.01	9.54
DPS	3.49	3.55	3.64	3.53	3.50
Valuation (Dec)					
P/E	18.7x	7.3x	11.0x	12.5x	10.3x
GAAP P/E	18.5x	7.4x	10.7x	12.5x	10.3x
Dividend Yield	3.4%	3.5%	3.6%	3.5%	3.4%
EV / EBITDA*	8.2x	4.3x	6.1x	7.3x	6.2x
Free Cash Flow Yield*	7.3%	13.5%	8.0%	7.2%	9.8%

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

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Stock Data

Price	101.97 USD
Price Objective	140.00 USD
Date Established	5-Jan-2024
Investment Opinion	B-1-7
52-Week Range	95.77 USD - 120.70 USD
Mkt Val (mn) / Shares Out (mn)	425,011 USD / 4,168.0
Free Float	99.6%
Average Daily Value (mn)	1947.78 USD
BofA Ticker / Exchange	XOM / NYS
Bloomberg / Reuters	XOM US / XOM.N
ROE (2023E)	18.6%
Net Dbt to Eqty (Dec-2022A)	5.5%
ESGMeter™	High

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

FcF – free cashflow

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Timestamp: 05 February 2024 12:46AM EST

iQprofileSM ExxonMobil Corp.

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	8.3%	19.3%	12.6%	11.3%	13.9%
Return on Equity	14.4%	31.7%	18.6%	17.0%	20.7%
Operating Margin	11.3%	19.0%	15.4%	12.0%	12.4%
Free Cash Flow	31,098	57,348	33,977	30,579	41,661

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	2.0x	1.4x	1.5x	1.6x	1.6x
Asset Replacement Ratio	0.8x	0.9x	1.2x	1.3x	1.3x
Tax Rate	24.4%	25.9%	28.3%	15.5%	14.0%
Net Debt-to-Equity Ratio	23.5%	5.5%	3.8%	6.2%	3.9%
Interest Cover	34.0x	NM	NM	49.5x	NM

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	285,640	413,680	353,937	346,004	406,945
% Change	57.4%	44.8%	-14.4%	-2.2%	17.6%
Gross Profit	130,476	184,721	207,260	346,004	406,945
% Change	49.1%	41.6%	12.2%	66.9%	17.6%
EBITDA	53,842	103,616	72,915	60,337	70,963
% Change	175.1%	92.4%	-29.6%	-17.3%	17.6%
Net Interest & Other Income	(947)	(798)	(763)	(838)	(918)
Net Income (Adjusted)	23,343	59,101	37,574	34,303	42,788
% Change	NM	153.2%	-36.4%	-8.7%	24.7%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	23,598	57,577	38,635	34,303	42,788
Depreciation & Amortization	20,607	24,040	17,540	18,355	19,727
Change in Working Capital	4,162	(194)	(2,064)	0	0
Deferred Taxation Charge	45	(3,082)	935	1,267	1,281
Other Adjustments, Net	(719)	1,711	376	1,239	3,283
Capital Expenditure	(16,595)	(22,704)	(21,445)	(24,584)	(25,418)
Free Cash Flow	31,098	57,348	33,977	30,579	41,661
% Change	NM	84.4%	-40.8%	-10.0%	36.2%
Share / Issue Repurchase	0	(15,000)	(17,467)	(18,750)	(20,000)
Cost of Dividends Paid	(14,924)	(14,938)	(14,765)	(14,799)	(15,094)
Change in Debt	(20,532)	(2,257)	60	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	6,050	29,665	32,973	32,973	32,973
Trade Receivables	24,755	48,063	41,814	41,814	41,814
Other Current Assets	19,925	26,432	26,355	26,355	26,355
Property, Plant & Equipment	219,742	217,861	205,979	212,142	215,487
Other Non-Current Assets	60,934	65,452	65,255	65,255	65,255
Total Assets	331,406	387,473	372,376	378,539	381,884
Short-Term Debt	14,922	634	4,743	4,743	4,743
Other Current Liabilities	41,965	72,743	66,185	66,185	66,185
Long-Term Debt	32,778	40,559	36,110	41,331	36,820
Other Non-Current Liabilities	64,392	63,640	57,030	55,951	54,833
Total Liabilities	154,057	177,576	164,068	168,210	162,581
Total Equity	177,349	209,897	208,308	210,328	219,302
Total Equity & Liabilities	331,406	387,473	372,376	378,539	381,884

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

Company Sector

Oils

Company Description

ExxonMobil (XOM) is the world's largest international integrated oil and gas company with average 2021 production of 3.71 mmbopd, the world's largest refining system with 4.57 kbpd of crude capacity, and one of the largest and most profitable chemical manufacturers. XOM consistently demonstrates disciplined investing, operational excellence and technological innovation.

Investment Rationale

We believe ExxonMobil is poised for a relative recovery after several years of lagging performance. The starting point is a step change in upstream portfolio leverage that we believe has been masked by the collapse in oil prices. Since 2013, XOM has started over 30 major projects with improved cash margins versus the legacy base business, and enabled by higher oil leverage that was masked by the coincident drop in oil prices.

Stock Data

Average Daily Volume 19,101,486

Quarterly Earnings Estimates

	2022	2023
Q1	2.07A	2.83A
Q2	4.15A	1.94A
Q3	4.46A	2.27A
Q4	3.39A	2.23E

XOM 4Q23 Earnings

Inflection in free cashflow to accelerate in 2024

Contrasting the earnings calls between XOM and CVX at the simplest level, we see the difference in the tone of the Q&A underlining what has been a strong execution story, ex the impact of COVID. XOM has now doubled its earnings capacity versus its 2019 baseline: but the contribution to free cashflow should accelerate in 2024 led by Guyana with the pace ahead of schedule. In our view XOM can more than deliver on its target to double cashflow by 2027. 4Q23 earnings handily beat street estimates: but it is capex slightly ahead of guidance and associated commentary of being 'slightly ahead' of plan that reinforces our belief that the 18-month window between Nov 23 & Apr-25 will see XOM add the equivalent of ~80% of its pro-forma dividend burden, including closure of its Permian acquisition which management expects in 2Q23.

Payara reached full capacity of 220,000 bpd, 8 weeks after start-up on Nov 14th. At \$75 WTI, XOM's share of c/flow is \$2.3bn. In our view, capex ahead of plan in 4Q23, including the acquisition of the Lisa 2 FPSO keeps the pace of project delivery in Guyana ahead of target with the 250,000 bpd Yellowtail (Phase 4) and Uaru (Phase 5) developments due on-line in 2025 & 2026 respectively. In our view, a first quarter 2025 start for Phase 4 looks increasingly likely, adding \$2.7bn net to XOM's share of cashflow. With momentum building from multiple project starts across its product solutions business, followed by Goldenpass, Bacalhau and continued growth in the Permian, we see XOM's organic free cashflow growth approaching \$8bn on annualized basis over the next 18 months.

Then there is the contribution from its pending Permian acquisition, which by our estimates lifts incremental annualized free cashflow above \$13bn versus its pro-forma dividend of \$16.5bn. Viewed differently, we see XOM's combination of organic growth and timing of strategic acquisitions, pulling its post dividend break even towards \$40 Brent, and addressing CFO's Kathy Mickell's overriding philosophy when joining XOM in August 2022 that its dividend burden versus cashflow capacity needed to be reset. In our view, XOM gets there in 2024, setting up the balance of the period through 2027 for a similar reset in the rate of dividend growth, that we see as the primary mechanism for market recognition of value. With share buy backs also expected to be reset post close, to an annual rate of \$20bn, we believe XOM's per share growth has the potential to be best in class amongst major oil peers. With a sector outlook we have characterized as rangebound, with a backward forward curve a headwind to absolute value, we see the timing of XOM's inflection in free cashflow as a critical differentiator vs the broader sector, and European peers in particular. Our rating on XOM remains at Buy, PO \$140/sh.

Exhibit 1: DCF valuation summary

Curtailed through 2034 for simplicity

7.4%	6/30/2024	9/30/2024	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/30/2032	12/30/2033	12/30/2034
	2Q24E	3Q24E	4Q24E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Brent	82.5	82.5	77.5	77.5	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
OCF	13,417	16,152	14,255	67,367	70,931	76,027	77,465	78,492	79,341	79,999	79,477	78,478	78,478
Interest	199	239	235	1,014	927	927	927	927	927	827	546	297	297
Interest * Tax	(42)	(50)	(49)	(213)	(195)	(195)	(195)	(195)	(195)	(174)	(115)	(62)	(62)
DACF	13,574	16,341	14,441	68,168	71,663	76,759	78,198	79,224	80,073	80,653	79,909	78,713	78,713
Gross capex	6,159	6,270	6,520	25,939	25,208	26,477	26,892	27,030	25,765	25,671	25,537	25,131	25,131
M&A- Permian Capex	-	1,260	1,260	5,868	6,300	7,020	5,517	5,868	5,868	5,868	5,868	5,868	5,868
Affiliate	(924)	(941)	(978)	(3,891)	(2,521)	(2,648)	(2,689)	(2,703)	(2,416)	(2,406)	(2,394)	(2,354)	(2,354)
Cash capex	5,235	6,590	6,802	27,916	28,988	30,850	29,720	30,195	29,217	29,133	29,011	28,645	28,645
FCF	8,339	9,751	7,638	40,252	42,676	45,910	48,478	49,029	50,856	51,520	50,898	50,068	50,068
Disc FCF	638,512												
Net Debt	13,924												
Equity Value	624,588												
Shares	4,456												
Valuation	\$140												

Source: BofA Global Research

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Earnings highlights

ExxonMobil adj EPS of \$2.48/sh beat Street estimates / BofAe of \$2.23 & 2.22 with both upstream and downstream (product solutions) segments ahead of our estimates. Oil & gas production of 3.8mm boepd topped our estimate of 3.67mm boepd. C/flow from operations (ex w/c of -\$2.2bn & asset sales \$1.0bn) of \$15.9bn beat consensus at \$14bn. A working capital use of \$2.2bn, and disposals of \$1bn left free cashflow \$8.0bn after cash capex of \$6.7bn, fully covering dividends of \$3.84bn and buybacks of \$4.37bn. key takeaways from the quarter can otherwise be summarized as follows:

- **Upstream:** The E&P segment had a sizeable beat vs consensus and BofAe, mainly on corporate oil & gas production of 3,824 (BofAe 3,670 mboed), which implies a 4% sequential growth, and flat YoY net of disposals. With potential upside coming from the pending acquisition, 4Q23 volumes grew sequentially by 25 mboed (+5% QoQ) to 620,000 bpd (vs 600,000 bpd guidance), posting another record quarter for the asset, as it solidifies as a key cashflow generating asset for the company in its quest for 2027 FCF targets. The crown jewel of the company's growth outlook in Guyana continues to beat projected timing – with Payara at full nameplate capacity of 220,000 bpd in mid Jan. Gross 4Q23 production hit 440,000 bpd, but by our estimates throughout the year it could reach around 600,000 bpd. Looking forward, we read XOM's comment of 'opportunistic' acceleration of capex as an indication that progress on subsequent phases is moving quickly: we continue to expect phase 4 (Yellowtail, 250,000 bpd) start up at the turn of the year.
- **Refining & Chemicals:** Product solutions results of \$3.1bn handily beat our \$2.1bn estimate, repeating the strength refiners have shown in earning season so far, and as refining margins return to the 10-yr average – driven by a seasonal decline in demand. On the other hand, Chemical margins, which improved sequentially but are still well below the 10-yr average lifted earnings by an additional \$1.32bn, up sequentially ~\$500mm.
- **LCS:** Low Carbon Solution efforts by XOM keep on piling up with its recently announced Mobil™ Lithium business, which plans to use as market penetration into the EV battery business. Key strides have been made over the past year, as it begins operations in Arkansas, an area known to hold significant lithium deposits.

The table below summarizes XOMs 4Q23 actual results vs BofA and street expectations and prior period results:

Exhibit 1: XOM Earnings Variance

Y/Y and Q/Q Comparison (\$ in Millions, except in per share data)

Segment	4Q23A	4Q23E	4Q22A	YOY	3Q23A	QOQ
United States E&P	1,573	1,707	2,493	-37%	1,566	0%
International E&P	4,693	4,033	6,269	-25%	4,573	3%
Total E&P	6,266	5,740	8,762	-28%	6,139	2%
United States R&M	1,137	1,300	2,246	-49%	1,356	-16%
International R&M	1,881	875	2,508	-25%	1,119	68%
Total R&M	3,018	2,175	4,754	-37%	2,475	22%
United States Chem	820	890	704	16%	664	23%
International Chem	500	556	346	45%	204	145%
Total Chemicals	1,320	1,446	1,050	26%	868	52%
Corporate & Other	(641)	(397)	(531)	21%	(365)	76%
Net Income (Adj)	9,963	8,965	14,035	-29%	9,117	9%
Special Items	(2,333)	-	(1,285)	82%	(47)	4864%
Net Income (Rep)	7,630	8,965	12,750	-40%	9,070	-16%
Earnings (Adjusted)	2.48	2.23	3.39	-27%	2.27	10%
Earnings (Reported)	1.90	2.23	3.08	-38%	2.25	-16%
Dividend	0.91	0.91	0.91	0%	0.91	0%

Source: BofA global Research; Company data

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Including 4Q23 earnings our EPS estimates are updated as follows:

Exhibit 2: EPS Change Table

Changes reflect actuals for 4Q23, as well as BofA and consensus estimates through 2026

	Q1	Q2	Q3	Q4	FY	BBG Consensus
2023A	2.83	1.94	2.27	2.23	9.27	9.28
2024E	2.00	2.16	2.31	1.86	8.34	9.01
Previous	1.91	2.11	2.26	1.87	8.15	n/a
2025E	2.23	2.48	2.66	2.50	9.86	9.54
Previous	2.25	2.49	2.68	2.52	9.93	n/a
2026E	2.49	2.68	2.85	2.83	10.84	10.19
Previous						n/a

Source: BofA Global Research, Bloomberg

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Price objective basis & risk

ExxonMobil Corp. (XOM)

Our price objective of \$140/sh assumes \$75 Brent and \$70 WTI long-term. We assume long-term HH natural gas of \$4.00. We apply a long-term (post-tax) weighted average cost of capital (WACC) of 7.4%, which is based on the BofA strategy team's assumed risk premium and a five-year monthly beta.

The risks to our price objective are (1) the oil and gas price and margin environment, (2) significant delays to the new upstream projects critical to its growth targets, and (3) inability to capture the price environment due to cost pressures (opex, capex, and taxation). Upside risks to our price objective are higher oil & gas prices.

Analyst Certification

I, Doug Leggate, 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.

Special Disclosures

BofA Securities is currently acting as Financial Advisor to Pioneer Natural Resources Co in connection with its proposed sale to Exxon Mobil Corp, which was announced on October 11, 2023. The proposed transaction is subject to approval by shareholders of Pioneer Natural Resources Co. This research report is not intended to provide voting advice, serve as an endorsement of the proposed transaction, or result in the procurement, withholding or revocation of a proxy.

US - Large Cap Oils Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	APA Corporation	APA	APA US	Doug Leggate
	Canadian Natural Resources	YCNQ	CNQ CN	Doug Leggate
	Canadian Natural Resources	CNQ	CNQ US	Doug Leggate
	Chesapeake Energy	CHK	CHK US	Doug Leggate
	Chevron Corp.	CVX	CVX US	Doug Leggate
	ConocoPhillips	COP	COP US	Doug Leggate
	Coterra Energy Inc	CTRA	CTRA US	Doug Leggate
	EQT Corporation	EQT	EQT US	John H. Abbott
	ExxonMobil Corp.	XOM	XOM US	Doug Leggate
	Granite Ridge Resources, Inc	GRNT	GRNT US	John H. Abbott
	Imperial Oil	IMO	IMO US	Doug Leggate
	Imperial Oil	YIMO	IMO CN	Doug Leggate
	Kimbell Royalty Partners	KRP	KRP US	John H. Abbott
	Occidental Petroleum Corp.	OXY	OXY US	Doug Leggate
	Ovintiv Inc	YOVV	OVV CN	Doug Leggate
	Ovintiv Inc	OVV	OVV US	Doug Leggate
	Range Resources Corp	RRC	RRC US	Doug Leggate
	Suncor	YSU	SU CN	Doug Leggate
	Suncor	SU	SU US	Doug Leggate
NEUTRAL				
	California Resources Corporation	CRC	CRC US	Kalei Akamine
	CNX Resources	CNX	CNX US	John H. Abbott
	Delek US Holdings, Inc.	DK	DK US	Doug Leggate
	Devon Energy Corp.	DVN	DVN US	Doug Leggate
	EOG Resources	EOG	EOG US	Doug Leggate
	Gulfport Energy Corporation	GPOR	GPOR US	Doug Leggate
	HF Sinclair Corporation	DINO	DINO US	Doug Leggate
	Marathon Petroleum Company	MPC	MPC US	Doug Leggate
	PBF Energy	PBF	PBF US	Doug Leggate

US - Large Cap Oils Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Permian Resources Corporation	PR	PR US	Doug Leggate
	Phillips 66	PSX	PSX US	Doug Leggate
	Valero Energy Corp.	VLO	VLO US	Doug Leggate
UNDERPERFORM				
	Chord Energy Corporation	CHRD	CHRD US	John H. Abbott
	Crescent Energy Company	CRGY	CRGY US	John H. Abbott
	Diamondback Energy Inc.	FANG	FANG US	Doug Leggate
	Marathon Oil Corp.	MRO	MRO US	Doug Leggate
	National Fuel Gas Company	NFG	NFG US	John H. Abbott
	Northern Oil and Gas	NOG	NOG US	John H. Abbott
	Vital Energy Inc	VTLE	VTLE US	John H. Abbott
RSTR				
	Pioneer Natural Resources	PXD	PXD US	Doug Leggate

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.

iQdatabase[®] 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.

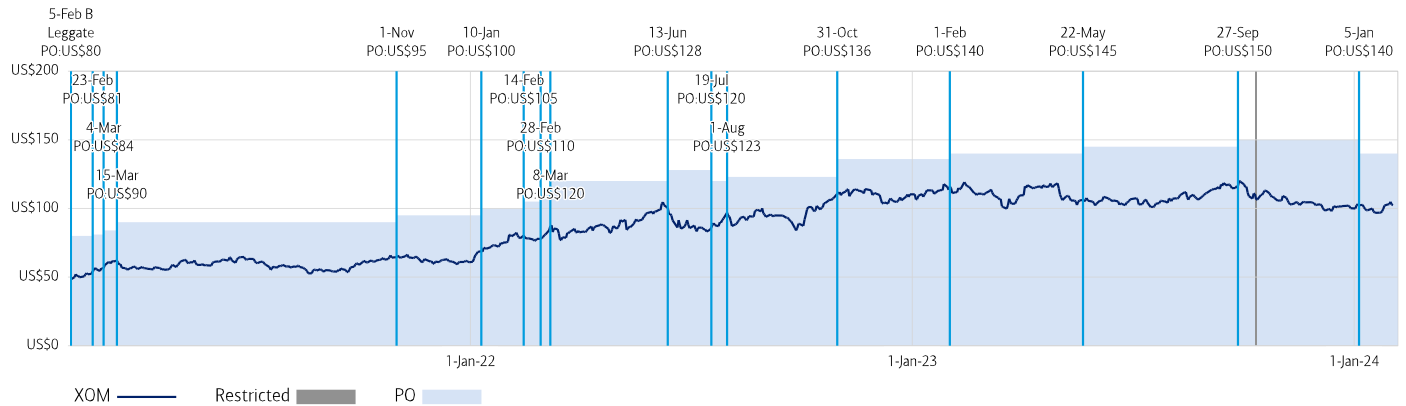
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Disclosures

Important Disclosures

ExxonMobil (XOM) 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: Energy Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	83	61.48%	Buy	64	77.11%
Hold	28	20.74%	Hold	21	75.00%
Sell	24	17.78%	Sell	18	75.00%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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