

Squarespace, Inc.

# Google partnership providing a tailwind to sub growth; Reiterate Buy

Reiterate Rating: BUY | PO: 40.00 USD | Price: 33.40 USD

## SQSP beats across most metrics

Squarespace reported revenue/EBITDA of \$270.7mn/\$64.7mn vs. BofAe at \$264.0mn/\$71.1mn, with 227k net adds, a big jump vs. BofAe at 80k, driven by new Google referrals (legacy Google Domain customers not included in subs). There was also a jump in CoR due to domain registration fees associated with Google Domain assets (as legacy Google Domain customers renew, SQSP pays registry fees upfront). The 75% GM was well below our 80% projection, and we expect some incremental headwinds to last into 1H'24. Free Cash Flow at \$57mn was also above Street expectations at \$50mn.

## FY24 guidance mostly positive, especially on top line

Mgmt gave strong growth guidance, with FY24 revenue growth at 18% at the high end of the revenue range, guiding to accelerating growth (above the Street at 16% growth prior). Mgmt also gave strong CFO guidance of \$81mn at high end of the range, above the Street at \$76mn prior (implied \$282mn in FCF is above Street at \$267mn prior for FY24). Mgmt also announced a \$500mn share repurchase program (which would translate to 11% of FD shares assuming \$33 repurchase price).

## Estimate changes: Higher growth profile through 2025

We project further degradation in GM in Q1, partially offset by opex leverage and with GM normalization in Q2. Our EBITDA ests are largely unch'd through 2025 while FCF is higher, and we note LT margin expectations will likely be reset at the Investor Day in May. For 1Q, we are now at revenue/EBITDA of \$280.1mn/\$48mn vs. \$271.1mn/\$34mn prior; for FY24E, we are at revenue/EBITDA of \$1.18bn/\$264mn vs. \$1.13bn/\$264mn prior, and for FY25E (important for valuation), we are at revenue/EBITDA of \$1.34bn/\$281mn vs. \$1.25bn/\$283mn prior.

## Impressive sub growth outweighs N.T. GM margin impact

We were impressed with the magnitude of sub acceleration driven by the Google referral change, which should help improve the long-term growth profile. Mgmt also alluded to price increases in 2H'24, which could provide upside vs. FY24 guidance (especially in 4Q'24). We raise our PO to \$40 from \$35 based on a 5.5x 2025E gross profit multiple (vs. 5.5x 2024e gross profit prior), a slight discount to comps given the slightly below-median margin profile (21% EBITDA margin in our model vs. comps at 23% for 2025E). Our PO implies 18x 2025 FCF, a slight premium to Wix at 16x and GDDY (GoDaddy) at 12x. We reiterate our Buy rating.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	0.54	0.73	1.04	1.15	1.27
GAAP EPS	(1.81)	(0.05)	0.17	0.21	0.32
EPS Change (YoY)	-38.6%	35.2%	42.5%	10.6%	10.4%
Consensus EPS (Bloomberg)			0.82	1.01	0.95
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	61.9x	45.8x	32.1x	29.0x	26.3x
GAAP P/E	NM	NM	196.5x	159.0x	104.4x
EV / EBITDA*	32.9x	19.7x	17.6x	16.6x	15.4x
Free Cash Flow Yield*	3.4%	4.7%	6.2%	6.5%	7.0%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 6.

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Timestamp: 28 February 2024 05:12PM EST

28 February 2024

## Equity

### Key Changes

(US\$)	Previous	Current
Price Obj.	35.00	40.00
2024E Rev (m)	1,131.6	1,184.1
2025E Rev (m)	1,248.5	1,340.6
2026E Rev (m)	NA	1,488.0
2024E EPS	1.46	1.04
2025E EPS	1.54	1.15
2026E EPS	NA	1.27

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## Stock Data

Price	33.40 USD
Price Objective	40.00 USD
Date Established	28-Feb-2024
Investment Opinion	C-1-9
52-Week Range	22.73 USD - 34.62 USD
Mkt Val (mn) / Shares Out (mn)	4,542 USD / 136.0
Free Float	66.5%
Average Daily Value (mn)	22.84 USD
BofA Ticker / Exchange	SQSP / NYS
Bloomberg / Reuters	SQSP US / SQSP.N
ROE (2024E)	NA
Net Dbt to Eqty (Dec-2023A)	NA
ESGMeter <sup>TM</sup>	Medium

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

## Abbreviations:

NT – Near Term

GM – Gross Margin

CoR – Cost of Revenue

# iQprofile<sup>SM</sup> Squarespace, Inc.

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	23.7%	25.4%	27.0%	20.1%	16.7%
Return on Equity	NM	NM	NM	147.5%	48.0%
Operating Margin	13.4%	18.9%	15.8%	14.9%	14.8%
Free Cash Flow	153	214	282	297	317

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	2.2x	2.3x	2.1x	2.0x	1.9x
Asset Replacement Ratio	0.4x	0.4x	0.1x	0.1x	0.1x
Tax Rate	NM	114.1%	21.0%	21.0%	21.0%
Net Debt-to-Equity Ratio	NM	NM	NM	-139.0%	-126.6%
Interest Cover	6.4x	5.2x	4.7x	5.5x	6.1x

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	867	1,012	1,184	1,341	1,488
% Change	10.6%	16.8%	17.0%	13.2%	11.0%
Gross Profit	718	810	907	1,041	1,156
% Change	8.9%	12.9%	11.9%	14.8%	11.0%
EBITDA	141	235	264	281	301
% Change	12.9%	66.6%	12.3%	6.2%	7.2%
Net Interest & Other Income	(13)	(33)	(40)	(38)	(38)
<b>Net Income (Adjusted)</b>	<b>75</b>	<b>101</b>	<b>140</b>	<b>154</b>	<b>170</b>
<b>% Change</b>	<b>28.4%</b>	<b>33.4%</b>	<b>39.5%</b>	<b>10.0%</b>	<b>10.3%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(252)	(7)	23	28	43
Depreciation & Amortization	32	44	78	81	81
Change in Working Capital	53	88	70	70	76
Deferred Taxation Charge	1	0	0	0	0
Other Adjustments, Net	331	106	117	127	128
Capital Expenditure	(12)	(17)	(6)	(8)	(10)
<b>Free Cash Flow</b>	<b>153</b>	<b>214</b>	<b>282</b>	<b>297</b>	<b>317</b>
<b>% Change</b>	<b>36.2%</b>	<b>40.2%</b>	<b>31.8%</b>	<b>5.3%</b>	<b>6.8%</b>
Share / Issue Repurchase	(139)	(62)	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(14)	54	0	0	0

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	197	258	576	874	1,191
Trade Receivables	11	25	29	32	114
Other Current Assets	120	92	86	92	117
Property, Plant & Equipment	52	58	58	58	58
Other Non-Current Assets	351	489	491	493	523
<b>Total Assets</b>	<b>731</b>	<b>922</b>	<b>1,241</b>	<b>1,548</b>	<b>2,003</b>
Short-Term Debt	41	49	49	49	49
Other Current Liabilities	397	501	569	648	831
Long-Term Debt	473	520	520	520	520
Other Non-Current Liabilities	122	113	113	113	113
<b>Total Liabilities</b>	<b>1,034</b>	<b>1,182</b>	<b>1,251</b>	<b>1,329</b>	<b>1,512</b>
<b>Total Equity</b>	<b>(303)</b>	<b>(260)</b>	<b>(10)</b>	<b>219</b>	<b>491</b>
<b>Total Equity &amp; Liabilities</b>	<b>731</b>	<b>922</b>	<b>1,241</b>	<b>1,548</b>	<b>2,003</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 6.

## Company Sector

Internet/e-Commerce

## Company Description

Squarespace is a website building and hosting company that provides a platform for businesses and independent creators to build an online presence, grow their brands and manage their online businesses. Squarespace is differentiated from competitors by focusing on design first, as the company believes that beautiful and high-impact designs enable their clients' creative ideas to stand out. Squarespace was founded in 2003 and the company is headquartered in New York.

## Investment Rationale

We believe that Squarespace's strong top-line growth, a highly predictable revenue base, international expansion opportunity, upmarket initiatives, margin expansion, and long-term penetration of a large market opportunity will drive upside to the current stock price.

## Stock Data

Average Daily Volume 683,871

## Quarterly Earnings Estimates

	2023	2024
Q1	0.16A	0.16E
Q2	0.24A	0.29E
Q3	0.09A	0.28E
Q4	0.24A	0.31E

**Exhibit 1: Actuals vs. Estimates**

Reported Revenue/EBITDA of \$270.7mn/\$64.7mn vs. BofAe at \$264.0mn/\$71.1mn

	4Q23A		
	Actual	Estimate	Diff
<b>Non-GAAP Income Statement</b>			
<b>Revenue</b>	<b>270,718</b>	<b>263,982</b>	<b>6,736</b>
Y/Y	18%	15%	3%
Q/Q	5%	3%	3%
<b>Cost of revenue</b>	<b>68,199</b>	<b>51,480</b>	<b>16,719</b>
As a % of revenue	25%	20%	6%
<b>Gross profit</b>	<b>202,519</b>	<b>212,502</b>	<b>(9,983)</b>
Gross margin	75%	80%	-6%
<b>Operating expenses:</b>			
Research and product development	47,847	45,915	1,932
As a % of revenue	18%	17%	0%
Marketing and sales	88,592	76,026	12,566
As a % of revenue	33%	29%	4%
General and administrative	20,335	30,184	(9,849)
As a % of revenue	8%	11%	-4%
<b>Total operating expenses</b>	<b>156,774</b>	<b>152,125</b>	<b>4,649</b>
As a % of revenue	58%	58%	0%
Operating income (loss)	45,745	60,377	(14,632)
Interest expense	(10,718)	(5,000)	(5,718)
Other income/(loss), net	(4,163)	6,327	(10,490)
Income before (provision for)/benefit	30,864	61,704	(30,840)
(Provision for)/benefit from income	2,219	(6,885)	9,104
Tax rate	-73%	21%	(1)
<b>Non-GAAP Net income</b>	<b>33,083</b>	<b>54,819</b>	<b>(21,736)</b>
<b>Shares outstanding</b>			
Shares Outstanding - Basic	136,153	135,937	216
Shares Outstanding - Diluted	139,387	136,137	3,251
<b>EPS adjusted</b>	<b>0.24</b>	<b>0.40</b>	<b>(0.17)</b>
<b>Adjusted EBITDA</b>	<b>64,697</b>	<b>71,075</b>	<b>(6,378)</b>
% Margin	24%	27%	(0.03)

Source: BofA Global Research estimates, company report

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**Exhibit 2: Estimate Changes**

For 1Q, we are now at Revenue/EBITDA of \$280.1mn/\$48mn vs. \$271.1mn/\$34mn prior, for FY24E, we are at Revenue/EBITDA of \$1.18bn/\$264mn vs. \$1.13bn/\$264mn prior

	1Q24E			FY24E			FY25E		
	New	Old	Change	New	Old	Change	New	Old	Change
<b>Non-GAAP Income Statement</b>									
<b>Revenue</b>	<b>280,075</b>	<b>271,129</b>	<b>8,946</b>	<b>1,184,127</b>	<b>1,131,633</b>	<b>52,494</b>	<b>1,340,563</b>	<b>1,248,492</b>	<b>92,071</b>
Y/Y	18%	14%	4%	17%	13%	4%	13%	10%	3%
Q/Q	3%	3%	1%	0%	0%	0%	0%	0%	0%
<b>Cost of revenue</b>	<b>71,319</b>	<b>52,730</b>	<b>18,588</b>	<b>277,355</b>	<b>219,194</b>	<b>58,161</b>	<b>299,527</b>	<b>239,227</b>	<b>60,300</b>
As a % of revenue	25%	19%	6%	23%	19%	4%	22%	19%	3%
<b>Gross profit</b>	<b>208,757</b>	<b>218,399</b>	<b>(9,642)</b>	<b>906,772</b>	<b>912,439</b>	<b>(5,668)</b>	<b>1,041,036</b>	<b>1,009,265</b>	<b>31,770</b>
Gross margin	75%	81%	-6%	77%	81%	-4%	78%	81%	-3%
<b>Operating expenses:</b>									
Research and product development	55,951	52,781	3,169	226,389	213,004	13,385	247,376	225,777	21,600
As a % of revenue	20%	19%	1%	19%	19%	0%	18%	18%	0%
Marketing and sales	97,756	110,555	(12,799)	367,994	355,152	12,841	442,013	409,694	32,319
As a % of revenue	35%	41%	-6%	31%	31%	0%	33%	33%	0%
General and administrative	26,623	31,920	(5,297)	125,759	125,257	502	151,867	139,080	12,787
As a % of revenue	10%	12%	-2%	11%	11%	0%	11%	11%	0%
<b>Total operating expenses</b>	<b>180,330</b>	<b>195,256</b>	<b>(14,927)</b>	<b>720,142</b>	<b>693,413</b>	<b>26,728</b>	<b>841,256</b>	<b>774,550</b>	<b>66,706</b>
As a % of revenue	64%	72%	-8%	61%	61%	0%	63%	62%	1%
Operating income (loss)	28,427	23,143	5,284	186,630	219,026	(32,396)	199,779	234,715	(34,935)



**Exhibit 2: Estimate Changes**

For 1Q, we are now at Revenue/EBITDA of \$280.1mn/\$48mn vs. \$271.1mn/\$34mn prior, for FY24E, we are at Revenue/EBITDA of \$1.18bn/\$264mn vs. \$1.13bn/\$264mn prior

Interest expense	(10,000)	(6,000)	(4,000)	(40,000)	(24,000)	(16,000)	(36,000)	(24,000)	(12,000)
Other income/(loss), net	1,500	6,327	(4,827)	-	25,308	(25,308)	(2,000)	25,308	(27,308)
Income before (provision for)/benefit	19,927	23,470	(3,543)	146,630	220,334	(73,704)	161,779	236,023	(74,243)
(Provision for)/benefit from income	1,785	1,270	515	(6,158)	(20,720)	14,562	(7,323)	(21,999)	14,676
Tax rate	21%	21%	0%	21%	21%	0%	21%	21%	0%
<b>Net income</b>	<b>21,712</b>	<b>24,740</b>	<b>(3,028)</b>	<b>140,472</b>	<b>199,614</b>	<b>(59,142)</b>	<b>154,456</b>	<b>214,024</b>	<b>(59,568)</b>
<b>Shares outstanding</b>									
Shares Outstanding - Basic	135,099	136,137	(1,037)	132,897	136,437	(3,540)	131,194	137,237	(6,043)
Shares Outstanding - Diluted	137,599	136,537	1,063	135,397	137,137	(1,740)	134,194	138,737	(4,543)
<b>EPS adjusted</b>	<b>0.16</b>	<b>0.18</b>	<b>(0.02)</b>	<b>1.04</b>	<b>1.46</b>	<b>(0.42)</b>	<b>1.15</b>	<b>1.54</b>	<b>(0.39)</b>
<b>Adjusted EBITDA</b>	<b>47,579</b>	<b>34,041</b>	<b>13,538</b>	<b>264,438</b>	<b>263,818</b>	<b>620</b>	<b>280,787</b>	<b>282,707</b>	<b>(1,919)</b>
<b>% Margin</b>	<b>17%</b>	<b>13%</b>	<b>0.04</b>	<b>22%</b>	<b>23%</b>	<b>(0.01)</b>	<b>21%</b>	<b>23%</b>	<b>(0.02)</b>

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

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## Price objective basis & risk

### Squarespace, Inc. (SQSP)

Our PO of \$40 is based on a 5.5x 2025E Gross Profit multiple, a slight discount to comps at 6.4x 2025E Gross Profit given SQSP's slightly below-median margin profile (21% EBITDA margin in our model vs. comps at 23% for 2025E). Our PO implies 18x 2025 FCF, a slight premium to Wix at 16x and GDDY at 12x.

Downside risks to our price objective are 1) low R&D spending levels compared to peers, 2) highly competitive industry with low barriers to entry, 3) slower revenue growth despite being one of the smaller publicly-listed names, and 4) limited pricing power in the near term.

## Analyst Certification

I, Michael McGovern, 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 - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	DoubleVerify Holdings, Inc.	DV	DV US	Omar Dessouky, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Integral Ad Science Holding Corp.	IAS	IAS US	Omar Dessouky, CFA
	LegalZoom	LZ	LZ US	Michael McGovern
	Match Group	MTCH	MTCH US	Curtis Nagle, CFA
	Meta Platforms Inc	META	META US	Justin Post
	Pinterest	PINS	PINS US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Squarespace, Inc.	SQSP	SQSP US	Michael McGovern
	Uber	UBER	UBER US	Justin Post
	Udemy Inc	UDMY	UDMY US	Curtis Nagle, CFA
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Wix.com	WIX	WIX US	Michael McGovern
<b>NEUTRAL</b>				
	ACV Auctions	ACVA	ACVA US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Beyond Inc	BYON	BYON US	Curtis Nagle, CFA
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	Bumble	BMBL	BMBL US	Curtis Nagle, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	Duolingo	DUOL	DUOL US	Curtis Nagle, CFA
	eBay	EBAY	EBAY US	Justin Post
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Expedia	EXPE	EXPE US	Justin Post
	Instacart	CART	CART US	Justin Post
	Magnite, Inc.	MGNI	MGNI US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA



## US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
UNDERPERFORM	Chewy Inc	CHWY	CHWY US	Curtis Nagle, CFA
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Curtis Nagle, CFA
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA
	Shutterstock	SSTK	SSTK US	Curtis Nagle, CFA

**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 & 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 valuations. 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.

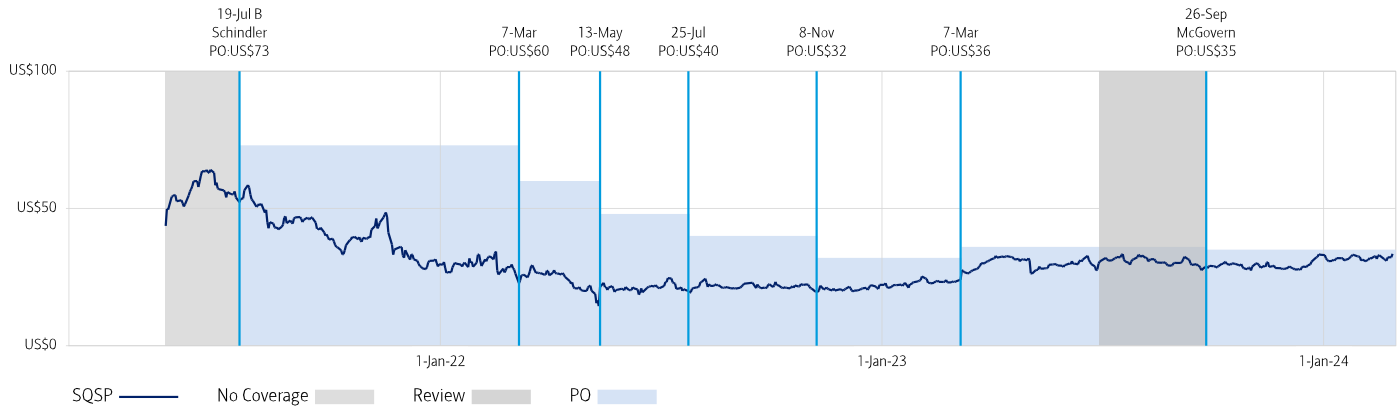
**iQdatabase<sup>®</sup>** is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

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# Disclosures

## Important Disclosures

### Squarespace (SQSP) Price Chart



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: 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>
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.

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