

## Agora

# 4Q23 results in-line with non-GAAP breakeven; 1Q24 guidance below; rev to recover in 2Q24

Reiterate Rating: BUY | PO: 4.00 USD | Price: 2.75 USD

## 4Q23 results in-line while 1Q24E revenue facing pressure

Agora Inc reported its 4Q23 results on 27 Feb (HKT). Revenue dropped 10% YoY while up 3% QoQ to US\$36mn in 4Q23, in line with company's guidance. Agora (International business) revenue was flat QoQ in 4Q23 at US\$15.3mn, while slightly down 3% YoY. Shengwang (domestic) revenue fell 15% YoY to US\$20.7mn in 4Q23, but improved 5% QoQ thanks to growing digital transformation projects. Mgmt. guided 1Q24E revenue of US\$32-34mn (down 7-12% YoY), due to seasonality and tightened internet regulation in China since 2Q23. In view of lower-than-expected 1Q24E revenue guidance, we cut our FY24-25E revenue forecast by 5-8%, but keep our PO of US\$4.0 unchanged due to reduced share outstanding (-7%) post share repurchase, based on 3x 12mths Fwd P/S (unchanged). We maintain our Buy rating given (1) attractive valuation supported by US\$3.8 net cash per share in FY24E, and (2) improving profitability.

## FY24E: sequential revenue recovery with market share gain

Despite 1Q24E revenue pressure (-9% YoY implied by guidance midpoint), mgmt. was confident on sequential revenue recovery in FY24E, likely achieving positive YoY growth from 2Q24E with further YoY growth acceleration in 2H24E. We expect revenue growth to be largely driven by international business, especially from U.S. and other developed market (with less pricing pressure). We think Shengwang business will benefit from overseas expansion of Chinese internet companies, and digital transformation / IoT, while partly offset by price cut offered at the beginning of 2024. Besides, mgmt. saw potential market share gain in international market as some competitors (e.g., Twilio) exited the market. Agora offers up to two months free usage for customers switching from Twilio.

## Non-GAAP breakeven in 4Q23; better profitability in FY24

4Q23 GPM expanded 2.1ppts YoY to 62.9% thanks to implementation of technical and infrastructural optimizations, while down 1.1ppts QoQ dragged by on-premises solutions rev of digital transformation projects, per mgmt. Non-GAAP opex further reduced 10% QoQ to US\$25.7mn in 4Q23. Adj. EBITDA was -US\$2mn in 4Q23, with adj. EBITDA margin up 45.2ppts YoY or 7.1ppts QoQ to -5.6% in 4Q23. Agora Inc achieved non-GAAP net profit of US\$1.4mn in 4Q23, compared to -US\$16mn in 4Q22 & 3Q23. We expect full-year non-GAAP breakeven in FY24E thanks to revenue recovery and largely stable quarterly cost base (slightly higher than 4Q23).

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
Net Income (Adjusted - mn)	(71)	(30)	1	10	11
EPS	(1.08)	(0.875)	(0.224)	(0.133)	(0.104)
EPS Change (YoY)	-65.4%	18.9%	74.4%	40.8%	21.6%
Dividend / Share	0	0	0	0	0
Free Cash Flow / Share	(0.435)	(0.146)	(0.008)	0.106	0.186
<b>Valuation (Dec)</b>					
Free Cash Flow Yield*	-21.24%	-6.37%	-0.308%	4.30%	7.51%

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

27 February 2024

### Equity

#### Key Changes

(US\$)	Previous	Current
2024E EPS	-0.27	-0.22
2025E EPS	-0.21	-0.13
2026E EPS	NA	-0.10
2024E EBITDA (m)	-31.6	-25.4
2025E EBITDA (m)	-23.4	-15.0
2026E EBITDA (m)	NA	-9.2

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### Stock Data

Price	2.75 USD
Price Objective	4.00 USD
Date Established	22-Nov-2023
Investment Opinion	C-1-9
52-Week Range	2.37 USD-4.22 USD
Mrkt Val / Shares Out (mn)	228 USD / 83.0
Average Daily Value (mn)	0.740 USD
Free Float	NA
BofA Ticker / Exchange	API / NAS
Bloomberg / Reuters	API US / APIQQ
ROE (2024E)	0.2%
Net Dbt to Eqty (Dec-2023A)	-6.10%

GAAP: generally accepted accounting principles

GPM: gross profit margin

IoT: Internet of things

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**Refer to important disclosures on page 7 to 9. Analyst Certification on page 4. Price Objective Basis/Risk on page 4.**

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Timestamp: 27 February 2024 05:21AM EST

# iQprofile<sup>SM</sup> Agora

Key Income Statement Data (Dec)	2022A	2023A	2024E	2025E	2026E
(US\$ Millions)					
Sales	161	142	146	166	180
Gross Profit	99	89	93	106	114
Sell General & Admin Expense	(92)	(69)	(62)	(63)	(63)
Operating Profit	(116)	(87)	(35)	(25)	(21)
Net Interest & Other Income	(4)	1	14	13	11
Associates	NA	NA	NA	NA	NA
Pretax Income	(120)	(87)	(21)	(12)	(10)
Tax (expense) / Benefit	(1)	0	0	0	0
Net Income (Adjusted)	(71)	(30)	1	10	11
Average Fully Diluted Shares Outstanding	112	100	92	92	92

## Key Cash Flow Statement Data

Net Income	(120)	(87)	(21)	(12)	(10)
Depreciation & Amortization	12	12	10	10	12
Change in Working Capital	3	(24)	(6)	(5)	(1)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	61	86	20	20	19
Cash Flow from Operations	(44)	(14)	3	13	21
Capital Expenditure	(4)	(1)	(4)	(3)	(4)
(Acquisition) / Disposal of Investments	83	234	0	0	0
Other Cash Inflow / (Outflow)	NA	NA	NA	NA	NA
Cash Flow from Investing	79	234	(4)	(3)	(4)
Shares Issue / (Repurchase)	(41)	(63)	0	0	0
Cost of Dividends Paid	NA	NA	NA	NA	NA
Cash Flow from Financing	(41)	(63)	0	0	0
Free Cash Flow	(49)	(15)	(1)	10	17
Net Debt	(46)	(37)	(35)	(45)	(62)
Change in Net Debt	7	(156)	1	(10)	(17)

## Key Balance Sheet Data

Property, Plant & Equipment	13	23	18	18	12
Other Non-Current Assets	302	390	390	390	390
Trade Receivables	33	35	40	48	49
Cash & Equivalents	46	37	35	45	62
Other Current Assets	407	190	191	194	196
Total Assets	801	675	675	695	709
Long-Term Debt	NA	NA	NA	NA	NA
Other Non-Current Liabilities	1	13	13	13	13
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	72	57	58	63	66
Total Liabilities	72	70	71	76	79
Total Equity	728	605	604	619	630
Total Equity & Liabilities	801	675	675	695	709

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

Return On Capital Employed	-11.9%	-9.2%	-3.0%	-1.8%	-1.4%
Return On Equity	-8.9%	-4.5%	0.2%	1.6%	1.8%
Operating Margin	-72.1%	-61.7%	-23.9%	-15.0%	-11.6%
EBITDA Margin	-64.7%	-53.5%	-17.4%	-9.0%	-5.1%

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

Cash Realization Ratio	NM	NM	2.7x	1.4x	1.9x
Asset Replacement Ratio	0.3x	0.1x	0.4x	0.3x	0.3x
Tax Rate (Reported)	NM	NM	NM	NM	NM
Net Debt-to-Equity Ratio	-6.3%	-6.1%	-5.7%	-7.2%	-9.8%
Interest Cover	NA	NA	NA	NA	NA

## Key Metrics

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

## Company Sector

Computer Services

## Company Description

Agora, Inc. is the holding company of two independent businesses, Agora and Shengwang. Agora is a global leader in Real-Time Engagement (RTE) Platform-as-a-Service (PaaS), providing developers with simple, flexible, and powerful application programming interfaces, or APIs, to embed real-time voice, video, interactive live-streaming, chat, whiteboard, and artificial intelligence capabilities into their applications. Shengwang is a leading RTE PaaS provider in the China market.

## Investment Rationale

We rate Agora at Buy given (1) attractive valuation supported by US\$3.8 net cash per share in FY24E, (2) likely profitability improvement on stringent cost control and (3) optimistic on medium-to-long term demand for RTE technology.

## Stock Data

Price to Book Value

0.4x

**Exhibit 1: Agora - quarterly results**

Agora revenue further recovered 3% QoQ to US\$36mn in 4Q23

US\$ mn	4Q22	QoQ %	YoY %	1Q23	QoQ %	YoY %	2Q23	QoQ %	YoY %	3Q23	QoQ %	YoY %	4Q23	QoQ %	YoY %
Agora	16	-6.0%	35.0%	15	-4.4%	10.2%	15	1.3%	-5.6%	15	0.0%	-8.9%	15	0.0%	-3.2%
Shengwang	24	0.5%	-15.2%	21	-12.2%	-14.2%	19	-12.2%	-24.4%	20	5.2%	-18.5%	21	5.2%	-14.7%
<b>Total revenue</b>	<b>40.1</b>	<b>-2.1%</b>	<b>-0.7%</b>	<b>36.4</b>	<b>-9.2%</b>	<b>-5.6%</b>	<b>34.0</b>	<b>-6.6%</b>	<b>-16.9%</b>	<b>35.0</b>	<b>2.9%</b>	<b>-14.6%</b>	<b>36.0</b>	<b>2.9%</b>	<b>-10.2%</b>
Cost of revenue	(16)	-5.5%	5.1%	(14)	-13.5%	-6.3%	(13)	-8.1%	-13.0%	(13)	0.7%	-24.3%	(13)	6.2%	-15.0%
<b>Gross profit</b>	<b>24</b>	<b>0.2%</b>	<b>-4.1%</b>	<b>23</b>	<b>-6.3%</b>	<b>-5.1%</b>	<b>22</b>	<b>-5.7%</b>	<b>-19.1%</b>	<b>22</b>	<b>4.1%</b>	<b>-7.9%</b>	<b>23</b>	<b>1.1%</b>	<b>-7.1%</b>
Gross margin (%)	60.8%	1.4ppt	-2.2ppt	62.7%	1.9ppt	0.3ppt	63.3%	0.6ppt	-1.7ppt	64.0%	0.8ppt	4.6ppt	62.9%	-1.1ppt	2.1ppt
Research and development expenses	(21)	-28.6%	-26.1%	(21)	-1.1%	-32.2%	(20)	-3.5%	-37.5%	(20)	-1.2%	-32.7%	(16)	-18.6%	-23.3%
% of revenue	53.0%	-19.7ppt	-18.3ppt	57.7%	4.7ppt	-22.7ppt	59.6%	1.9ppt	-19.6ppt	57.2%	-2.4ppt	-15.4ppt	45.3%	-12.0ppt	-7.7ppt
Selling and marketing expenses	(12)	-16.6%	-11.7%	(10)	-14.1%	-24.4%	(9)	-17.5%	-34.1%	(8)	-9.8%	-46.7%	(7)	-9.4%	-42.1%
% of revenue	30.4%	-5.3ppt	-3.8ppt	28.7%	-1.6ppt	-7.2ppt	25.4%	-3.4ppt	-6.6ppt	22.2%	-3.1ppt	-13.4ppt	19.6%	-2.7ppt	-10.8ppt
General and administrative expenses	(9)	-18.0%	-1.1%	(9)	-4.6%	-4.6%	(9)	4.7%	3.0%	(9)	-1.6%	-19.4%	(8)	-13.2%	-14.7%
% of revenue	23.0%	-4.5ppt	-0.1ppt	24.2%	1.2ppt	0.3ppt	27.1%	2.9ppt	5.2ppt	25.9%	-1.2ppt	-1.6ppt	21.9%	-4.0ppt	-1.2ppt
Other operating income (loss)	(12)	NM	NM	0	NM	-52.2%	(32)	NM	NM	1	NM	-73.8%	0	-65.5%	NM
<b>Operating profit / (loss)</b>	<b>(30)</b>	<b>4.2%</b>	<b>21.7%</b>	<b>(17)</b>	<b>-43.6%</b>	<b>-41.5%</b>	<b>(48)</b>	<b>183.6%</b>	<b>73.7%</b>	<b>(14)</b>	<b>-71.2%</b>	<b>-52.1%</b>	<b>(8)</b>	<b>-39.7%</b>	<b>-72.3%</b>
Operating margin (%)	-75.1%	-4.5ppt	-13.8ppt	-46.6%	28.5ppt	28.6ppt	-141.4%	-94.8ppt	-73.8ppt	-39.6%	101.8ppt	31.0ppt	-23.2%	16.4ppt	51.9ppt
<b>Net profit / (loss)</b>	<b>(35)</b>	<b>26.6%</b>	<b>65.6%</b>	<b>(17)</b>	<b>-52.1%</b>	<b>-37.6%</b>	<b>(45)</b>	<b>169.6%</b>	<b>47.6%</b>	<b>(23)</b>	<b>-50.3%</b>	<b>-18.7%</b>	<b>(3)</b>	<b>-88.4%</b>	<b>-92.6%</b>
Net margin (%)	-87.4%	-19.8ppt	-35.0ppt	-46.1%	41.3ppt	23.7ppt	-133.1%	-87.0ppt	-58.2ppt	-64.3%	68.8ppt	3.3ppt	-7.2%	57.0ppt	80.1ppt
<b>Non-GAAP net profit / (loss)</b>	<b>(16)</b>	<b>-10.5%</b>	<b>32.0%</b>	<b>(9)</b>	<b>-42.0%</b>	<b>-46.1%</b>	<b>(7)</b>	<b>-27.6%</b>	<b>-68.3%</b>	<b>(16)</b>	<b>135.6%</b>	<b>-11.5%</b>	<b>1</b>	<b>NM</b>	<b>NM</b>
Non-GAAP net margin (%)	-39.3%	3.7ppt	-9.7ppt	-25.1%	14.2ppt	18.8ppt	-19.4%	5.6ppt	31.4ppt	-44.5%	-25.0ppt	-1.5ppt	3.9%	48.3ppt	43.1ppt

Source: Company, BofA Global Research

BofA GLOBAL RESEARCH

In view of lower-than-expected 1Q24E revenue guidance, we cut our FY24-25E rev forecast by 5-8%, while we raise our non-GAAP net profit estimates to factor in lower opex given better-than-expected cost control.

**Exhibit 2: Agora: Estimates revision**

We cut our FY24-25E revenue forecast by 5-8%

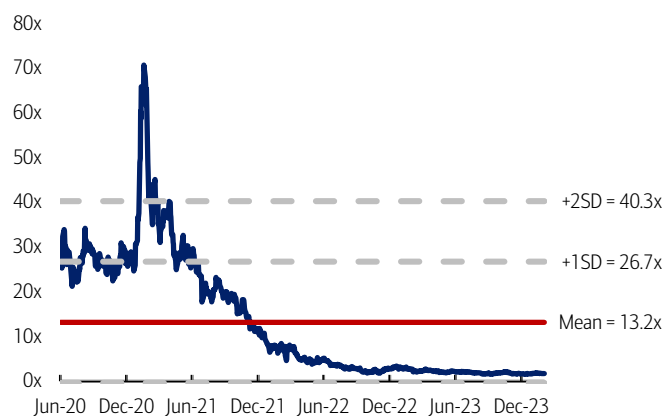
(US\$mn)	FY24E			FY25E			FY26E		
	New	Old	Diff (%)	New	Old	Diff (%)	New	Old	Diff (%)
Revenue	146	155	-5.4	166	180	-8.1	180	N.A.	N.A.
Net profit (Non-GAAP)	1	0	911.2	10	7	33.8	11	N.A.	N.A.

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 3: Agora - P/S chart**

Agora is currently trading at 1.7x 12-month forward P/S



Source: Bloomberg, BofA Global Research estimates

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**Exhibit 4: Agora - P/B chart**

Agora is currently trading at 0.4x 12-month forward P/B



Source: Bloomberg, BofA Global Research estimates

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## Price objective basis & risk

### Agora (API)

Our PO of US\$4.0 is based on 3x 12mths Fwd P/S, 40% discount to China SaaS peers due to lower revenue CAGR in FY23-25E.

Upside risks: (1) stronger than expected revenue growth, (2) elevated demand post COVID boosting more RTE adoptions and usage, and (3) faster proliferation of 5G driving more RTE use cases across verticals.

Downside risks: (1) regulations including but not limited to listing status, anti-trust and data and network security, political tension, and intensified competition, (2) customers doing in-house and potential loss of key customers, and (3) macro headwinds which lead to soft customer demand.

## Analyst Certification

I, Daley Li, 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.

### APR - Internet, Media and Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Agora	API	API US	Daley Li, CFA
	AiHuiShou	RERE	RERE US	Joyce Ju
	Alibaba Group	BABA	BABA US	Joyce Ju
	Alibaba Group	BABAF	9988 HK	Joyce Ju
	Alibaba Health	ALBHF	241 HK	Miranda Zhuang, CFA
	Baidu.com	BIDU	BIDU US	Miranda Zhuang, CFA
	Baidu.com	BAIDF	9888 HK	Miranda Zhuang, CFA
	Bilibili	BILI	BILI US	Lei Zhang
	Bilibili	BLBLF	9626 HK	Lei Zhang
	CAR Group	CRSLF	CAR AU	Sriharsh Singh
	Chinasoft International	CFTLF	354 HK	Daley Li, CFA
	Cloud Music	XWJF	9899 HK	Lei Zhang
	Com2uS Corp	XOYAF	078340 KS	Jeehoon Jeong, CFA
	DBAPPSecurity	XDBAF	688023 CH	Daley Li, CFA
	Delhivery	XDVL	DELHIVER IN	Sachin Salgaonkar
	Dingdong	DDL	DDL US	Joyce Ju
	East Money	XEQTF	300059 CH	Michael Li
	Grab Holdings	GRAB	GRAB US	Sachin Salgaonkar
	Hello Group	MOMO	MOMO US	Lei Zhang
	Hundsun Technologies	XYTGF	600570 CH	Daley Li, CFA
	iQIYI	IQ	IQ US	Lei Zhang
	JD Health	JDHIF	6618 HK	Miranda Zhuang, CFA
	JD.com	JD	JD US	Joyce Ju
	JD.com	JDCMF	9618 HK	Joyce Ju
	Kingdee International Software	KGDEF	268 HK	Daley Li, CFA
	Kingsoft Corporation	KSFTF	3888 HK	Daley Li, CFA
	Kuaishou	KUASF	1024 HK	Lei Zhang
	Makemytrip Limited	MMYT	MMYT US	Sachin Salgaonkar
	Meituan	MPNGF	3690 HK	Lei Zhang
	NetEase	NETTF	9999 HK	Lei Zhang
	NetEase, Inc	NTES	NTES US	Lei Zhang
	Nine Entertainment Company	NNMTF	NEC AU	Alice Lei, CFA
	Pinduoduo Inc.	PDD	PDD US	Joyce Ju
	Plan B Media PCL	XMKTF	PLANB TB	Thititthep Nophaket
	PT Bukalapak.com	BKLPF	BUKA IJ	Sachin Salgaonkar
	PVR-Inox Ltd	PVRLF	PVRINOX IN	Sachin Salgaonkar
	REA Group	RPGRF	REA AU	Sriharsh Singh

**APR - Internet, Media and Software Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Tencent Holdings	TCTZF	700 HK	Miranda Zhuang, CFA
	Tencent Music	TME	TME US	Lei Zhang
	Tencent Music	XWFWF	1698 HK	Lei Zhang
	Tongcheng Travel	TNGCF	780 HK	Janet Yang
	Trip.com Group	TCOM	TCOM US	Joyce Ju
	Trip.com Group	TRPCF	9961 HK	Joyce Ju
	TUHU Car	XTCRF	9690 HK	Miranda Zhuang, CFA
	Venustech	XVCGF	002439 CH	Daley Li, CFA
	Vipshop Holdings	VIPS	VIPS US	Joyce Ju
	Xero Limited	XROLF	XRO AU	Sriharsh Singh
	YY	YY	YY US	Lei Zhang
	Zomato Limited	XMWRF	ZOMATO IN	Sachin Salgaonkar

**NEUTRAL**

	Autohome	ATHM	ATHM US	Miranda Zhuang, CFA
	Autohome	XXYZF	2518 HK	Miranda Zhuang, CFA
	Baozun	BZUN	BZUN US	Joyce Ju
	Glodon Company	XGCOF	002410 CH	Daley Li, CFA
	GoTo Group	GTOFF	GOTO IJ	Sachin Salgaonkar
	Huya	HUYA	HUYA US	Lei Zhang
	KE Holdings	BEKE	BEKE US	Miranda Zhuang, CFA
	KE Holdings	XSQRF	2423 HK	Miranda Zhuang, CFA
	Kingsoft Cloud	KC	KC US	Daley Li, CFA
	Kingsoft Cloud	KCLHF	3896 HK	Daley Li, CFA
	Nykaa	XQQGF	NYKAA IN	Sachin Salgaonkar
	PB Fintech	XPFXF	POLICYBZ IN	Sachin Salgaonkar
	Sea Limited	SE	SE US	Sachin Salgaonkar
	Seek Limited	SKLTF	SEK AU	Sriharsh Singh
	Seven West Media	WANHF	SWM AU	Alice Lei, CFA
	The ONE Enterprise	XUFCF	ONEE TB	Thititthep Nophaket
	VGI Public Company Limited	XZQHF	VGI TB	Thititthep Nophaket
	Weimob	WEMXF	2013 HK	Daley Li, CFA
	WiseTech Global Limited	WTCHF	WTC AU	Ware Kuo
	XD Inc.	XDNCF	2400 HK	Lei Zhang
	Yonyou Network	XYNIF	600588 CH	Daley Li, CFA

**UNDERPERFORM**

	Appen Ltd	APPEF	APX AU	Ware Kuo
	BEC World	XBJHF	BEC TB	Thititthep Nophaket
	Douyu	DOYU	DOYU US	Lei Zhang
	Indiamart InterMesh Limited	XEITF	INMART IN	Sachin Salgaonkar
	Info Edge	IFOEF	INFOE IN	Sachin Salgaonkar
	Kingsoft Office	XBKOF	688111 CH	Daley Li, CFA
	Ming Yuan Cloud	XWTAF	909 HK	Daley Li, CFA
	NavInfo	XWLHF	002405 CH	Daley Li, CFA
	Ping An Healthcare and Technology	PANHF	1833 HK	Miranda Zhuang, CFA
	Qi An Xin	XQTDF	688561 CH	Daley Li, CFA
	Technology One Limited	THNOF	TNE AU	Ware Kuo
	ThunderSoft	XSTS F	300496 CH	Daley Li, CFA
	Weibo Corporation	WB	WB US	Miranda Zhuang, CFA
	Weibo Corporation	WEIBF	9898 HK	Miranda Zhuang, CFA
	Zee Entertainment Enterprises	XZETF	Z IN	Sachin Salgaonkar
	Zip Co Limited	ZIZTF	ZIP AU	Ware Kuo

**RVW**

	AfreecaTV	WNTHF	067160 KS	Susie Lee
	CJ ENM	CJHOF	035760 KS	Susie Lee
	Coupang	CPNG	CPNG US	Susie Lee
	Dada Nexus	DADA	DADA US	Lei Zhang
	HYBE	XBGOF	352820 KS	Susie Lee
	JYP Entertainment	ALNNF	035900 KS	Susie Lee
	Kakao Corp.	DAUCF	035720 KS	Susie Lee
	Kakao Games	XKKGF	293490 KS	Susie Lee
	Krafton	XKINF	259960 KS	Susie Lee
	Naver Corporation	NHNCF	035420 KS	Susie Lee
	NCSOFT	NCSCF	036570 KS	Susie Lee
	Netmarble	XLGHF	251270 KS	Susie Lee



**APR - Internet, Media and Software Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Paytm	XUXBF	PAYTM IN	Sachin Salgaonkar
	PearlAbyss Corp	XEPAF	263750 KS	Susie Lee
	YG Entertainment	XYEIF	122870 KS	Susie Lee

**iQ<sup>method</sup> SM 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

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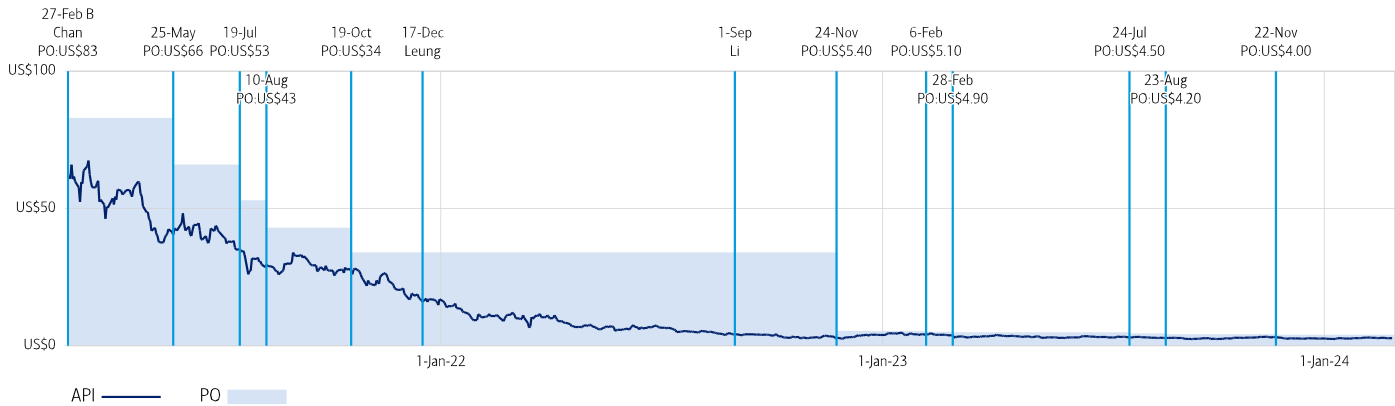
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B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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: 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%

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