

Nextracker Inc

‘Up and to the right’ on all metrics: Maintain Buy post-F3Q results

Maintain Rating: BUY | PO: 53.00 USD | Price: 45.27 USD

The hits keep coming as NXT raises FY24 guide...again

We maintain Buy on Nextracker Inc (NXT) following yet another strong quarterly performance and guidance raise for the solar tracker manufacturer. NXT increased FY24 revenue guidance by 4% at the midpoint to a range of \$2.425-2.475Bn and backlog again expanded to record levels “significantly over” \$3Bn. Even more striking is the 17% increase in FY24 EBITDA guidance to a range of \$475-500Mn, representing 200bps of heightened margin expectations. Again, these metrics exclude expected 45X tax credit rebates which management for the first time announced at \$50-80Mn in F4Q24. Recall our estimates do not include any 45X credits for FY24. The margin expansion story for NXT remains among the most compelling in the space in our view. Mgmt. reiterated expectations for adj. gross margins in the mid-20s on a normalized basis on continued price-cost discipline. This will be critical as mgmt. seeks to potentially increase lower-margin RoW exposure above the ~33% levels expected for FY24. On balance, we expect a strong positive response for shares following the F3Q24 update.

F3Q marked by strong margin expansion, order trends

NXT reported F3Q23 revenue of \$710Mn which represents an increase of 38% YoY and compares to BofAe of \$624Mn and Consensus of \$618Mn. Quarterly revenue consisted of 78% from the US and 22% from RoW. This was higher than FY24 expectations for ~66% US/~33% RoW. The higher US revenue split in F3Q24 contributed in-part to adj. gross margin expansion of 300bps to 30% for the quarter, which is above mgmt.’s target range in the mid-20s. For EBITDA, NXT reported \$168Mn for F3Q24, which represents an increase of 168% YoY and compares to BofAe of \$133Mn and Consensus of \$105Mn. Again, these results exclude any potential future benefits from 45X tax credits. Importantly, NXT continued to drive backlog expansion to record levels even on strong order conversion. Mgmt. indicated backlog conversion continued to benefit as customer projects remain on schedule – a unique positive contrast to peers.

| Estimates (Mar) (US\$) | 2022A | 2023A | 2024E | 2025E | 2026E |
|---------------------------|--------|-------|--------|-------|-------|
| EPS | 0.55 | 1.09 | 2.45 | 3.68 | 3.91 |
| GAAP EPS | 0.35 | 0.83 | 1.99 | 3.26 | 3.49 |
| EPS Change (YoY) | -45.5% | 98.2% | 124.8% | 50.2% | 6.3% |
| Consensus EPS (Bloomberg) | | | 2.13 | 2.67 | 2.95 |
| DPS | 0 | 0 | 0 | 0 | 0 |
| Valuation (Mar) | | | | | |
| P/E | 82.3x | 41.5x | 18.5x | 12.3x | 11.6x |
| GAAP P/E | 129.3x | 54.5x | 22.7x | 13.9x | 13.0x |
| EV / EBITDA* | 72.6x | 32.0x | 15.4x | 10.3x | 9.7x |
| Free Cash Flow Yield* | -2.4% | 1.0% | 4.5% | 6.7% | 7.4% |

* For full definitions of *IQmethod*SM measures, see page 8.

01 February 2024

Equity

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Stock Data

| | |
|--------------------------------|-----------------------|
| Price | 45.27 USD |
| Price Objective | 53.00 USD |
| Date Established | 2-Jan-2024 |
| Investment Opinion | C-1-9 |
| 52-Week Range | 28.24 USD - 49.82 USD |
| Mkt Val (mn) / Shares Out (mn) | 6,575 USD / 145.2 |
| Free Float | 90.2% |
| Average Daily Value (mn) | 210.65 USD |
| BofA Ticker / Exchange | NXT / NAS |
| Bloomberg / Reuters | NXT US / NXT.OQ |
| ROE (2024E) | 54.3% |
| Net Dbt to Eqty (Mar-2023A) | -26.8% |

RoW: Rest of World

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Timestamp: 01 February 2024 05:00AM EST

iQprofileSM Nextracker Inc

iQmethodSM – Bus Performance*

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|----------------------------|-------|-------|-------|-------|-------|
| Return on Capital Employed | 13.9% | 20.2% | 30.6% | 32.6% | 26.3% |
| Return on Equity | 16.6% | 32.3% | 54.3% | 49.1% | 35.0% |
| Operating Margin | 85.1% | 79.1% | 68.0% | 63.6% | 63.7% |
| Free Cash Flow | (157) | 67 | 295 | 440 | 486 |

iQmethodSM – Quality of Earnings*

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|--------------------------|-------|--------|--------|--------|--------|
| Cash Realization Ratio | -2.0x | 0.4x | 0.8x | 0.8x | 0.9x |
| Asset Replacement Ratio | 0x | 1.3x | 1.6x | 0.9x | 1.0x |
| Tax Rate | 21.8% | 28.2% | 19.3% | 16.2% | 16.1% |
| Net Debt-to-Equity Ratio | -5.8% | -26.8% | -54.2% | -68.4% | -75.8% |
| Interest Cover | NM | NA | 20.1x | 27.2x | 29.5x |

Income Statement Data (Mar)

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|------------------------------|---------------|---------------|---------------|--------------|-------------|
| Sales | 1,458 | 1,902 | 2,381 | 2,892 | 2,989 |
| % Change | 21.9% | 30.5% | 25.2% | 21.5% | 3.4% |
| Gross Profit | 154 | 301 | 601 | 851 | 887 |
| % Change | -36.3% | 95.4% | 99.4% | 41.6% | 4.3% |
| EBITDA | 92 | 209 | 435 | 652 | 691 |
| % Change | -48.4% | 126.6% | 108.3% | 49.8% | 6.0% |
| Net Interest & Other Income | (1) | 1 | (22) | (24) | (23) |
| Net Income (Adjusted) | 79 | 159 | 360 | 541 | 575 |
| % Change | -46.1% | 100.9% | 126.2% | 50.2% | 6.2% |

Free Cash Flow Data (Mar)

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|--|-------------|-----------|---------------|--------------|--------------|
| Net Income from Cont Operations (GAAP) | 51 | 121 | 292 | 479 | 514 |
| Depreciation & Amortization | 3 | 2 | 2 | 3 | 3 |
| Change in Working Capital | (210) | (53) | 4 | (39) | (28) |
| Deferred Taxation Charge | NA | NA | NA | NA | NA |
| Other Adjustments, Net | 0 | 0 | 0 | 0 | 0 |
| Capital Expenditure | 0 | (3) | (3) | (3) | (3) |
| Free Cash Flow | -157 | 67 | 295 | 440 | 486 |
| % Change | NM | NM | 337.6% | 49.2% | 10.4% |
| Share / Issue Repurchase | 0 | 0 | 0 | 0 | 0 |
| Cost of Dividends Paid | 0 | (175) | 0 | 0 | 0 |
| Change in Debt | 0 | 0 | 0 | 0 | 0 |

Balance Sheet Data (Mar)

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash & Equivalents | 29 | 130 | 456 | 934 | 1,456 |
| Trade Receivables | 168 | 271 | 394 | 370 | 406 |
| Other Current Assets | 517 | 471 | 790 | 691 | 759 |
| Property, Plant & Equipment | 7 | 7 | 7 | 7 | 7 |
| Other Non-Current Assets | 296 | 540 | 683 | 673 | 664 |
| Total Assets | 1,017 | 1,420 | 2,330 | 2,676 | 3,292 |
| Short-Term Debt | 0 | 0 | 0 | 0 | 0 |
| Other Current Liabilities | 473 | 507 | 915 | 753 | 828 |
| Long-Term Debt | 0 | 0 | 0 | 0 | 0 |
| Other Non-Current Liabilities | 43 | 427 | 574 | 559 | 543 |
| Total Liabilities | 516 | 935 | 1,490 | 1,311 | 1,371 |
| Total Equity | 501 | 485 | 842 | 1,365 | 1,922 |
| Total Equity & Liabilities | 1,017 | 1,420 | 2,331 | 2,676 | 3,293 |

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Alternative Energy

Company Description

Nextracker is the market leader in solar tracker solutions. The company has held a number one market share over the past decade and is known for innovative solutions with a total cost of ownership focus. Nextracker was purchased by Flex technologies in 2015 and subsequently spun out in an IPO process in February of 2023.

Investment Rationale

We rate NXT as Buy, as we become confident in NXT's IRA positioning and see upside on near-term numbers from large-scale multi-year project exposures. We continue to see NXT as a market leader both in technology and share, and a best-in-class way to participate in a relatively low risk offensive story in 2023 offering compelling return from current levels

Stock Data

Average Daily Volume 4,750,349

Quarterly Earnings Estimates

| | 2023 | 2024 |
|----|-------|-------|
| Q1 | 0.18A | 0.49A |
| Q2 | 0.21A | 0.74A |
| Q3 | 0.31A | 0.57E |
| Q4 | 0.38A | 0.64E |

NXT mgmt continues to deliver

We remain uniquely constructive on shares of NXT as margin expansion and customer project timelines remain on track. Mgmt's latest successful print illustrates its ability to yet again raise the bar – this time more than any time since its listing given the magnitude of the beat both on a percentage (%) and nominally vs our expectations. Yes, US contribution was outsized this quarter explaining part of the beat, we see FY guide as eminently achievable at this point. More to the point mgmt's latest mid-20% gross margin guidance appears sustainable even thru the pivot into the 'Rest of World' market given commentary on focusing in on premium tracker segment. This too assuages ongoing concerns. Reiterate Buy. Absolutely remarkable considering sharp doubts on sector prospects heading into the quarter. Many investors are asking 'what is different' with this story? We stress management quality & commercial acumen are among the best in the sector and among the best we've encountered in our history covering the space.

International pivot remains impressive – watch split into FY25

At the same time, order conversion continued to benefit as customer projects remain on schedule, which is a unique positive as others in the space see the opposite. As we have before, we contrast the performance in NXT shares to the S&P 500 Industrials sector since its listing in early 2023. While the NXT share price has outperformed the sector, valuation has lagged even as Consensus EBITDA expectations have dwarfed the sector's. We continue to see this valuation angle as particularly compelling for NXT and see potential for a re-rate higher as margin expansion and order momentum continue.

The real comp for NXT shares remain quality industrials – supporting shares

Overall multiples for NXT remain well depressed vs Industrial peers despite offering a superior long-term trajectory. We perceive multiple upside to that above adjacent industrial peers, particularly given the remarkable consistency in execution NXT management has shown. Expect this to reinforce even more its defensive characteristics relative to peers and the wider clean energy space. We perceive NXT and AES will remain the 'goto' defensive renewable names.

More sector growth than we appreciated: positive to many solar peers

Finally, we see a clear positive read-thru to peers across the space. While mgmt. execution may yet appear to be taking marketshare on first blush, we perceive NXT as actually affirming expectations still for 20%+ growth across the wider end-market, above previous expectations. Given bearish commentary on delays in recent weeks, expect NXT's affirmation of 26% growth figures from EIA into '24 to bolster ARRY shares despite lingering fears of delay as well as reads to panel manufacturers such as FSLR. This should provide a much needed boost to the sector. There was simply no mention of any peer.

45X manufacturing credits: initial clarity with upside... excluded from core estimates

Many had been expecting this update on 45x credits, but affirmation of yet further upside to core margins was indeed a positive nonetheless. Look for run-rate of these credits from \$50-80 Mn initial range heading into FY25 to enable yet greater positive revisions. Continued exclusion of these contributions from core estimates does help emphasize their transient nature considering likely retention from customers through medium-term only (first few years of implementation).



Exhibit 1: NXT vs. the S&P 500 Industrials Sector

Shares of NXT have outperformed the broader sector on consistent margin expansion and strong order trends



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BofA Global Research Reports**Title: Subtitle**

[US Clean Tech: Intersolar conference takes: Buckle up for turbulence to start the year](#)

[US Utilities & Clean Tech: Our Clean Energy Year Ahead: Top 10 Trends in '24: Progress in Shadow of IRA](#)

[Nextracker Inc: Don't get lost in the broader shuffle – Flagging further upside](#)

[Nextracker Inc: A Bright Spot in Renewables: F2Q24 Exceeds Already High Expectations](#)

[Nextracker Inc: Upgrade to Buy: Leading indicators suggest CY23 is due for an upward reset](#)

[Nextracker Inc: Initiate at Neutral: Best in breed but NXT looks fairly valued post IPO](#)

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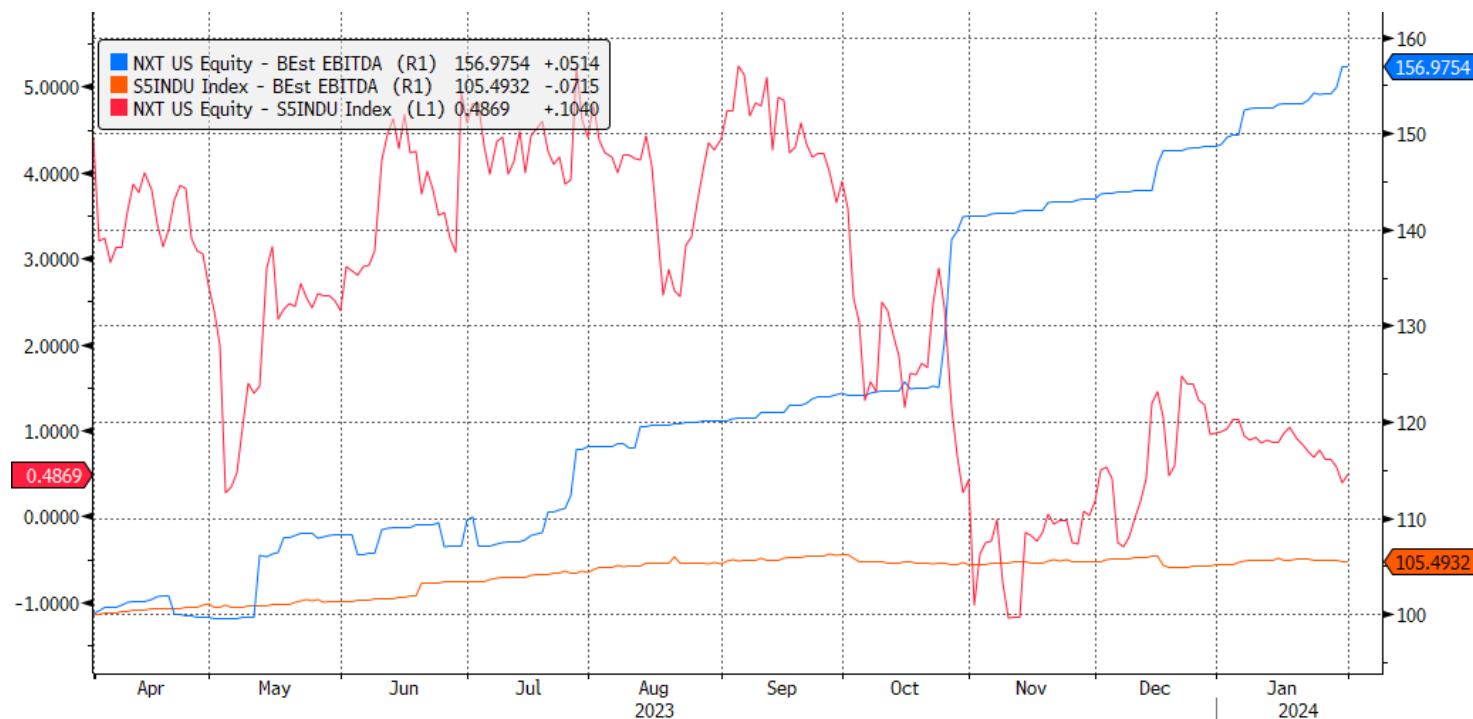
26 October 2023

29 March 2023

06 March 2023

Exhibit 2: NXT vs. the S&P 500 Industrials Sector FY2 Consensus EBITDA & relative valuation spread

Despite outsized positive revisions, NXT relative valuation spread to the broader sector has compressed of late on renewables sub-sector concerns



SSINDU Index (S&P 500 Industrials Sector GICS Level 1 Index) NXT v SPINDU Val&Rev Daily 31MAR2023-31JAN2024

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Price objective basis & risk

Nextracker Inc (NXT)

Our \$53/share PO is based on a 50/50 weighted discounted cash flow (DCF) and EV/EBITDA multiple methodology plus the NPV of tax credits. Our DCF valuation is \$33.50/share, and our EV/EBITDA valuation is \$63/share based on a 5.0x premium over the average of tracker comps at 10.5x / 9.5x CY24E / CY25E EBITDA. We use an average given uncertainty about the ramp in utility scale solar which may normalize more fully in 2025. We estimate the NPV of tax credits represents \$4.00/sh.

DCF approach:

- We derive FCFF and net off stock-based compensation and contribution to margins from Inflation Reduction Act Credits which are valued separately.
- FCFF discounted at a 11% cost of capital given risk associated with the execution of the growth strategy but noting NXT holds a clean balance sheet.
- Terminal multiple of 13.0x akin to where NXT's leading public peer has traded on an average 2 year forward basis.
- Tax credits are discounted back at 11% with no terminal value applied.

Upside risks to our PO are (1) a stronger-than-anticipated outlook for solar projects in the US, (2) higher cost deflation on key inputs, including steel and freight, and accretion to margins (3) policy clarity in the US, which would give more long-term certainty for ARRY's buyers

Downside risks to our PO are (1) a slower recovery in US solar projects, (2) lack of execution on margin advancement and cost-cutting initiatives, and (3) an increasingly inflationary backdrop on supply chain

Analyst Certification

I, Julien Dumoulin-Smith, 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.

North America - Utilities and Alt Energy Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|-------------------|--------------------------------------|-------------|------------------|-----------------------|
| BUY | | | | |
| | Alliant Energy Corporation | LNT | LNT US | Julien Dumoulin-Smith |
| | Array Technologies | ARRY | ARRY US | Julien Dumoulin-Smith |
| | Atlantica Sustainable Infrastructure | AY | AY US | Julien Dumoulin-Smith |
| | Atmos Energy Corporation | ATO | ATO US | Julien Dumoulin-Smith |
| | CenterPoint Energy | CNP | CNP US | Julien Dumoulin-Smith |
| | Cheniere Energy Inc | LNG | LNG US | Julien Dumoulin-Smith |
| | Clearway Energy | CWENA | CWEN/A US | Julien Dumoulin-Smith |
| | Clearway Energy | CWEN | CWEN US | Julien Dumoulin-Smith |
| | CMS Energy | CMS | CMS US | Julien Dumoulin-Smith |
| | Consolidated Edison | ED | ED US | Julien Dumoulin-Smith |
| | DTE Energy | DTE | DTE US | Julien Dumoulin-Smith |
| | Duke Energy | DUK | DUK US | Julien Dumoulin-Smith |
| | Enlight Renewable Energy Ltd | ENLT | ENLT US | Julien Dumoulin-Smith |
| | Enlight Renewable Energy Ltd | XENLF | ENLT IT | Julien Dumoulin-Smith |
| | Entergy | ETR | ETR US | Paul Zimbardo |
| | First Solar, Inc. | FSLR | FSLR US | Julien Dumoulin-Smith |
| | Fluence Energy | FLNC | FLNC US | Julien Dumoulin-Smith |
| | Hannon Armstrong | HASI | HASI US | Julien Dumoulin-Smith |
| | Hydro One | YH | H CN | Julien Dumoulin-Smith |
| | MDU Resources Group, Inc. | MDU | MDU US | Julien Dumoulin-Smith |

North America - Utilities and Alt Energy Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|-------------------|-----------------------------------|-------------|------------------|-----------------------|
| | Nextracker Inc | NXT | NXT US | Julien Dumoulin-Smith |
| | NiSource Inc | NI | NI US | Julien Dumoulin-Smith |
| | NorthWestern Energy Group | NWE | NWE US | Julien Dumoulin-Smith |
| | NRG Energy | NRG | NRG US | Julien Dumoulin-Smith |
| | PG&E Corporation | PCG | PCG US | Julien Dumoulin-Smith |
| | PNM Resources Inc. | PNM | PNM US | Julien Dumoulin-Smith |
| | Portland General Electric Company | POR | POR US | Julien Dumoulin-Smith |
| | PPL Corporation | PPL | PPL US | Paul Zimbardo |
| | Public Service Enterprise Group | PEG | PEG US | Julien Dumoulin-Smith |
| | Sempra | SRE | SRE US | Julien Dumoulin-Smith |
| | Sunnova Energy | NOVA | NOVA US | Julien Dumoulin-Smith |
| | SunRun | RUN | RUN US | Julien Dumoulin-Smith |
| | TPI Composites | TPIC | TPIC US | Julien Dumoulin-Smith |
| | Vistra Corp | VST | VST US | Julien Dumoulin-Smith |
| | Xcel Energy Inc | XEL | XEL US | Julien Dumoulin-Smith |

| | | | | |
|----------------|----------------------------------|-------|----------|-----------------------|
| NEUTRAL | | | | |
| | AES | AES | AES US | Julien Dumoulin-Smith |
| | Algonquin Power & Utilities Corp | AQN | AQN US | Paul Zimbardo |
| | Algonquin Power & Utilities Corp | YAQN | AQN CN | Paul Zimbardo |
| | AltaGas | YALA | ALA CN | Cameron Lochridge |
| | Ameren Corporation | AEE | AEE US | Julien Dumoulin-Smith |
| | Ameresco | AMRC | AMRC US | Julien Dumoulin-Smith |
| | American Electric Power | AEP | AEP US | Julien Dumoulin-Smith |
| | ChargePoint Holdings | CHPT | CHPT US | Cameron Lochridge |
| | Constellation Energy Corp | CEG | CEG US | Paul Zimbardo |
| | Emera Inc | YEMA | EMA CN | Julien Dumoulin-Smith |
| | Essential Utilities | WTRG | WTRG US | Julien Dumoulin-Smith |
| | Evergy, Inc | EVERG | EVERG US | Julien Dumoulin-Smith |
| | Exelon | EXC | EXC US | Paul Zimbardo |
| | Generac Holdings Inc. | GNRC | GNRC US | Julien Dumoulin-Smith |
| | Idacorp | IDA | IDA US | Paul Zimbardo |
| | Maxon Solar Technologies | MAXN | MAXN US | Julien Dumoulin-Smith |
| | New Fortress Energy | NFE | NFE US | Cameron Lochridge |
| | NextEra Energy | NEE | NEE US | Julien Dumoulin-Smith |
| | NextEra Energy Partners | NEP | NEP US | Julien Dumoulin-Smith |
| | OGE Energy Corp | OGE | OGE US | Julien Dumoulin-Smith |
| | Ormat Technologies | ORA | ORA US | Julien Dumoulin-Smith |
| | Pinnacle West | PNW | PNW US | Julien Dumoulin-Smith |
| | Southern Company | SO | SO US | Julien Dumoulin-Smith |
| | Southwest Gas Holdings | SWX | SWX US | Julien Dumoulin-Smith |
| | TransAlta Corp | TAC | TAC US | Julien Dumoulin-Smith |
| | TransAlta Corporation | YTA | TA CN | Julien Dumoulin-Smith |

| | | | | |
|---------------------|------------------------------|------|---------|-----------------------|
| UNDERPERFORM | | | | |
| | Allete Inc | ALE | ALE US | Julien Dumoulin-Smith |
| | American Water Works | AWK | AWK US | Julien Dumoulin-Smith |
| | Avangrid | AGR | AGR US | Paul Zimbardo |
| | Avista | AVA | AVA US | Julien Dumoulin-Smith |
| | Black Hills Corporation | BKH | BKH US | Julien Dumoulin-Smith |
| | Bloom Energy | BE | BE US | Julien Dumoulin-Smith |
| | Dominion Energy | D | D US | Paul Zimbardo |
| | Edison International | EIX | EIX US | Paul Zimbardo |
| | Enphase Energy | ENPH | ENPH US | Julien Dumoulin-Smith |
| | Eversource Energy | ES | ES US | Paul Zimbardo |
| | FirstEnergy | FE | FE US | Julien Dumoulin-Smith |
| | Fortis | YFTS | FTS CN | Julien Dumoulin-Smith |
| | Fortis Inc | FTS | FTS US | Julien Dumoulin-Smith |
| | FREYR Battery | FREY | FREY US | Julien Dumoulin-Smith |
| | FTC Solar | FTCI | FTCI US | Julien Dumoulin-Smith |
| | Hawaiian Electric Industries | HE | HE US | Julien Dumoulin-Smith |
| | MGE Energy | MGEE | MGEE US | Julien Dumoulin-Smith |
| | New Jersey Resources Corp | NJR | NJR US | Julien Dumoulin-Smith |
| | ONE Gas, Inc. | OGS | OGS US | Julien Dumoulin-Smith |
| | SolarEdge Technologies | SEDG | SEDG US | Julien Dumoulin-Smith |
| | Spire | SR | SR US | Julien Dumoulin-Smith |



North America - Utilities and Alt Energy Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|-------------------|----------------------|-------------|------------------|-----------------------|
| | Stem, Inc. | STEM | STEM US | Julien Dumoulin-Smith |
| | SunPower Corp. | SPWR | SPWR US | Julien Dumoulin-Smith |
| | UGI Corp. | UGI | UGI US | Julien Dumoulin-Smith |
| | WEC Energy Group Inc | WEC | WEC US | Julien Dumoulin-Smith |

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 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.

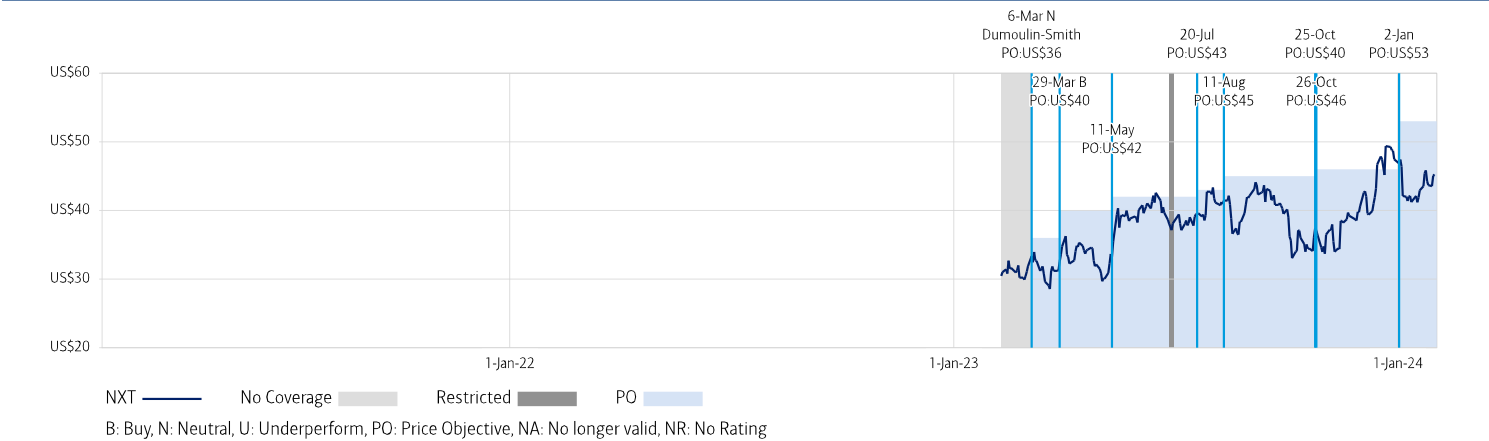
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Disclosures

Important Disclosures

Nextracker (NXT) 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: Alternative Energy Group (as of 31 Dec 2023)

| Coverage Universe | Count | Percent | Inv. Banking Relationships ^{R1} | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy | 8 | 47.06% | Buy | 8 | 100.00% |
| Hold | 5 | 29.41% | Hold | 3 | 60.00% |
| Sell | 4 | 23.53% | Sell | 1 | 25.00% |

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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