

Beigene

Establishing leadership in hematology globally; raise PO to US\$171.4

Reiterate Rating: NEUTRAL | PO: 171.40 USD | Price: 160.26 USD

Robust global sales of Brukinsa in 2023; reiterate Neutral

In 2023, Beigene booked total/product revenue of US\$2,459mn/2,190mn, representing a 73.7%/74.5% YoY increase, mainly driven by robust growth of Brukinsa in global markets. The topline growth is largely in line with our estimate of 72.1% YoY increase. In particular, its in-house developed products Brukinsa/Tislelizumab/Pamiparib booked total revenue of US\$1,290.4mn/536.6mn/6.7mn, a 128.5%/26.9%/22.1% YoY increase, respectively. In addition, US/China/Europe/RoW market contributed 45.9%/44.8%/ 8.2%/1.1% of its total revenue in 2023. Its gross margin of product sales improved to 82.7% (vs. 77.2% in 2022), due to rising contribution of Brukinsa compared with licensed-in products with a relatively lower margin. Also, Beigene booked R&D/SG&A expense of US\$1,778.6mn/1,504.5mn in 2023, implying a YoY growth of 8.4%/17.7%, respectively. Overall, the company's net loss narrowed to US\$881.7mn in 2023 from US\$2,003.8mn in 2022. Considering its strong product sales in global markets and pipeline progress, we raise POS and sales forecast for Brukinsa and Tislelizumab from 2024, and included revenue estimate for Sonrotocla. We also raise R&D and SG&A expense forecast for 2024-26E, considering pipeline development and rising marketing activities in global markets. Consequently, due to higher earnings estimates, we raise PO to US\$171.4/HK\$103.5 (from US\$163.0/HK\$98.43) and reiterate Neutral rating given its on-track business development amid intense competition and price-cut pressure in China market.

Positive progress in global markets

In Dec 2023, US FDA has approved a label update for Brukinsa to include superior PFS results from the Ph3 ALPINE trial comparing zanubrutinib vs. ibrutinib in previously treated R/R CLL patients. Tislelizumab witnessed positive progress in global markets, including the CHMP of EMA recommending approval for NSCLC across three indications, EMA acceptance of submission for the treatment of adult patients with 1L ESCC and regulatory reviews ongoing in 10 markets. Key catalysts include, Brukinsa: approval of R/R FL in US (Mar 2024 PDUFA); Tislelizumab: US approval of 2L/1L ESCC in 1H/2H24, EU approval of 1/2L NSCLC in 1H24 and EU submission of 1L G/GEJC in 1Q24.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
Net Income (Adjusted - mn)	(2,004)	(881.71)	(691.32)	31.21	561.76
EPS	(19.43)	(8.45)	(7.22)	0.326	5.87
EPS Change (YoY)	-23.7%	56.5%	14.5%	NM	NM
Dividend / Share	0	0	0	0	0
Free Cash Flow / Share	(17.67)	(16.47)	(3.73)	0.175	5.99
Common EPS (US\$)	(1.49)	(0.650)	(0.556)	0.025	0.451
Common Dividend / Share (US\$)	0	0	0	0	0
Valuation (Dec)					
P/E	NM	NM	NM	491.57x	27.31x
EV / EBITDA*	NM	NM	NM	59.10x	16.24x
Free Cash Flow Yield*	-11.88%	-11.21%	-2.33%	0.109%	3.74%

* For full definitions of *IQmethod*SM measures, see page 6.

27 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	163.00	171.40

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Stock Data

Price (ADR / Common)	160.26 USD / 99.10 HKD
Price Objective	171.40 USD / 103.50 HKD
Date Established	27-Feb-2024 / 27-Feb-2024
Investment Opinion	C-2-9 / C-2-9
52-Week Range	132.95 USD-272.49 USD
Market Value (mn)	15,341 USD
Shares Outstanding (mn)	95.7 / 1,244.5
Average Daily Value (mn)	47.63 USD
Free Float	51.2%
BofA Ticker / Exchange	BGNE / NAS
BofA Ticker / Exchange	XBETF / HKG
Bloomberg / Reuters	BGNE US / BGNE.OQ
ROE (2024E)	-21.7%
Net Dbt to Eqty (Dec-2023A)	-65.0%

See abbreviations in page3.

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Refer to important disclosures on page 7 to 10. Analyst Certification on page 4. Price Objective Basis/Risk on page 4.

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Timestamp: 27 February 2024 05:06AM EST

iQprofileSM Beigene

Key Income Statement Data (Dec)	2022A	2023A	2024E	2025E	2026E
(US\$ Millions)					
Sales	1,416	2,459	3,080	3,929	4,618
Gross Profit	1,129	2,079	2,624	3,388	4,008
Sell General & Admin Expense	(1,278)	(1,505)	(1,520)	(1,535)	(1,504)
Operating Profit	(1,790)	(1,208)	(624)	116	732
Net Interest & Other Income	(171)	382	(68)	(79)	(70)
Associates	NA	NA	NA	NA	NA
Pretax Income	(1,961)	(826)	(692)	37	662
Tax (expense) / Benefit	(43)	(56)	0	(6)	(99)
Net Income (Adjusted)	(2,004)	(882)	(691)	31	562
Average Fully Diluted Shares Outstanding	103	104	96	96	96

Key Cash Flow Statement Data

Net Income	(2,004)	(882)	(691)	31	562
Depreciation & Amortization	66	98	121	115	109
Change in Working Capital	150	(298)	259	(82)	(48)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	291	(76)	(26)	(27)	(29)
Cash Flow from Operations	(1,497)	(1,157)	(337)	37	594
Capital Expenditure	(325)	(562)	(20)	(20)	(20)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	NA
Other Cash Inflow / (Outflow)	1,403	622	0	0	0
Cash Flow from Investing	1,077	60	(20)	(20)	(20)
Shares Issue / (Repurchase)	0	0	0	0	0
Cost of Dividends Paid	NA	NA	NA	NA	NA
Cash Flow from Financing	(19)	416	(290)	0	0
Free Cash Flow	(1,822)	(1,719)	(357)	17	574
Net Debt	(4,002)	(2,300)	(2,000)	(2,017)	(2,591)
Change in Net Debt	419	1,097	647	(17)	(574)

Key Balance Sheet Data

Property, Plant & Equipment	846	1,324	1,224	1,129	1,039
Other Non-Current Assets	321	278	303	330	360
Trade Receivables	173	358	338	431	506
Cash & Equivalents	4,540	3,186	2,539	2,555	3,129
Other Current Assets	499	660	506	569	619
Total Assets	6,379	5,805	4,908	5,014	5,653
Long-Term Debt	209	198	538	538	538
Other Non-Current Liabilities	318	318	318	318	318
Short-Term Debt	329	688	0	0	0
Other Current Liabilities	1,140	1,122	1,206	1,281	1,358
Total Liabilities	1,996	2,326	2,063	2,137	2,214
Total Equity	4,383	3,537	2,845	2,877	3,439
Total Equity & Liabilities	6,379	5,863	4,908	5,014	5,653

iQmethodSM - Bus Performance*

Return On Capital Employed	-25.5%	-20.6%	-13.0%	3.3%	16.6%
Return On Equity	-37.7%	-22.3%	-21.7%	1.1%	17.8%
Operating Margin	-126.4%	-49.1%	-20.3%	3.0%	15.8%
EBITDA Margin	-121.7%	-45.1%	-16.3%	5.9%	18.2%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	NM	NM	NM	1.2x	1.1x
Asset Replacement Ratio	4.9x	5.7x	0.2x	0.2x	0.2x
Tax Rate (Reported)	NM	NM	NM	15.0%	15.0%
Net Debt-to-Equity Ratio	-91.3%	-65.0%	-70.3%	-70.1%	-75.3%
Interest Cover	NA	NA	NA	NA	NA

Key Metrics

* For full definitions of iQmethodSM measures, see page 6.

Company Sector

Biotechnology

Company Description

Established in 2010, BeiGene is a globally focused biotech company dedicated to the development and commercialization of innovative drugs. BeiGene is the only China biotech to own a BTK inhibitor, a PD-1 antibody and a PARP inhibitor. The company has built a strong internal R&D team, a sales force selling three commercial drugs from Celgene, and manufacturing facilities in Suzhou and Guangzhou.

Investment Rationale

Our proprietary analysis suggests BeiGene's BTK inhibitor zanubrutinib is potentially best-in-class with WW peak sales at RMB12bn. Its PD-1 antibody tislelizumab is well positioned in China's crowded but large PD-1 market with peak China sales at >RMB5bn. However, the pricing risk of upcoming NRDL negotiation should not be understated. Besides, its R&D efficiency is also less attractive compared with Innovent/Junshi/Hengrui/SBP.

Stock Data

Shares / Common	0.08
Price to Book Value	5.4x

Key Changes

(US\$)	Previous	Current
Price Obj.	HK\$98.43	HK\$103.50

Estimate change

Exhibit 1: Key estimate change

We raise total revenue estimate by 0.8%/1.5%/10.2% for 2024-26 and in the long term.

(USD mn)	New			Old			Change %		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Total Revenue	3,080	3,929	4,618	3,055	3,872	4,191	0.8%	1.5%	10.2%
COGS	-456	-541	-610	-417	-489	-539	9.3%	10.6%	13.2%
Gross profit	2,624	3,388	4,008	2,638	3,383	3,652	-0.5%	0.2%	9.7%
R&D expense	-1,729	-1,737	-1,772	-1,622	-1,613	-1,605	6.6%	7.7%	10.4%
General & administrative	-1,520	-1,535	-1,504	-1,438	-1,446	-1,330	5.6%	6.2%	13.1%
Operating income	-624	116	732	-422	324	717	48.0%	-64.1%	2.1%
Profit Before Tax	-692	37	662	-490	244	647	41.3%	-85.0%	2.3%
Tax expense	0	-6	-99	0	-37	-97	N/A	-85.0%	2.3%
Net Income to owner	-691	31	562	-489	207	549	41.3%	-85.0%	2.3%
Basic EPS	-7.22	0.33	5.87	-5.28	2.24	5.92	36.9%	-85.4%	-0.9%
Fully diluted EPS	-7.22	0.33	5.87	-5.28	2.24	5.92	36.9%	-85.4%	-0.9%
Gross margin (%)	85%	86%	87%	86%	87%	87%	-1.1%	-1.1%	-0.3%
R&D expense % of sales	-56%	-44%	-38%	-53%	-42%	-38%	-3.1%	-2.5%	-0.1%
SG&A % of sales	-49%	-39%	-33%	-47%	-37%	-32%	-2.3%	-1.7%	-0.8%
Operating margin (%)	-20%	3%	16%	-14%	8%	17%	-6.5%	-5.4%	-1.3%
Tax rate (%)	0%	-15%	-15%	0%	-15%	-15%	0.0%	0.0%	0.0%
Net margin (%)	-22%	1%	12%	-16%	5%	13%	-6.4%	-4.6%	-0.9%

Source: BofA Global Research

BofA GLOBAL RESEARCH

Abbreviations:

CHMP: Committee for Medicinal Products for Human Use

EMA: European Medicines Agency

NSCLC: non-small cell lung cancer

ESCC: esophageal squamous cell carcinoma

FDA: Food and Drug Administration

PFS: progression-free survival

R/R: relapsed or refractory

CLL: chronic lymphocytic leukemia

FL: follicular lymphoma

PDUFA: Prescription Drug User Fee Act

G/GEJC: gastric or gastroesophageal junction cancer

POS: probability of success

Price objective basis & risk

Beigene (BGNE / XBETF)

We derive our 12-month PO of USD171.4/HKD103.5 based on DCF valuation. We use a WACC of 12.0%, and a terminal growth rate of 4.5%.

Downside risks to our PO are (1) NRDL negotiation pricing pressure on BeiGene's upcoming market launch in large indications, (2) drug sales below our expectation, (3) setback in drug development and a delay in product approvals

Upside risks: (1) better-than-expected clinical data, and (2) faster-than-expected progress of pipeline candidates, (3) drug sales beat our estimates.

Analyst Certification

I, David Li, 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 - Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Adicon Holdings	ADCNF	9860 HK	David Li
	Aier Eye Hospital	XAEOF	300015 CH	David Li
	Amvis Holdings	XEPSF	7071 JP	Ritsuo Watanabe
	Angelalign Technology Inc	AGLFF	6699 HK	David Li
	Apollo Hospital	XWQAF	APHS IN	Neha Manpuria
	Asahi Intecc	AHICF	7747 JP	Ritsuo Watanabe
	Aurobindo	XLZFF	ARBP IN	Neha Manpuria
	Autobio Diagnostics Co Ltd	XQDXF	603658 CH	Sandra Sun
	AVITA	AVHHL	AVH AU	Lyanne Harrison
	AVITA	RCEL	RCEL US	Lyanne Harrison
	Baiyunshan	GZPHF	874 HK	Sandra Sun
	Bangkok Chain Hospital	BKKFF	BCH TB	Charti Phrawphraikul
	Bangkok Dusit Medical Services	BDUFF	BDMS TB	Charti Phrawphraikul
	Beijing Tongrentang Co., Limited	BJTGF	600085 CH	David Li
	Biocon	XLOFF	BIOS IN	Neha Manpuria
	Bumrungrad Hospital	BUHHF	BH TB	Charti Phrawphraikul
	Cansino Bio	CASBF	6185 HK	David Li
	Chugai Pharm.	CHGCF	4519 JP	Koichi Mamegano
	Chularat Hospital Group	XOCOF	CHG TB	Charti Phrawphraikul
	CSL Limited	CMXHF	CSL AU	Lyanne Harrison
	Daiichi Sankyo	DSKYF	4568 JP	Koichi Mamegano
	Daiichi Sankyo	DSNKY	DSNKY US	Koichi Mamegano
	Dr. Reddy's	DRYBF	DRRD IN	Neha Manpuria
	Dr. Reddy's	RDY	RDY US	Neha Manpuria
	Eisai	ESALF	4523 JP	Koichi Mamegano
	Everest Medicine	XMLKF	1952 HK	David Li
	Fisher & Paykel Healthcare	XPAXF	FPH AU	Lyanne Harrison
	Fisher & Paykel Healthcare	FSPKF	FPH NZ	Lyanne Harrison
	Fortis Health	XFFTf	FORH IN	Neha Manpuria
	Frontage	FGHQF	1521 HK	David Li
	Gland Pharma	XGLPF	GLAND IN	Neha Manpuria
	Glenmark Life Sciences	XWDPF	GLS IN	Neha Manpuria
	Gushengtang	GSHTF	2273 HK	David Li
	Huadong Medicine	XCPDF	000963 CH	Ethan Cui
	Hualan Biological	XCBEF	002007 CH	Ethan Cui
	Hygeia Healthcare	HYHHF	6078 HK	Ethan Cui
	IHH Healthcare Berhad	IHHHF	IHH MK	Paul Dewberry
	IHH Healthcare Bhd	XFAHF	IHH SP	Paul Dewberry
	Imeik	ZMITF	300896 CH	Ethan Cui
	Innovent	IVBXF	1801 HK	David Li
	Integral Diagnostics	ITGDF	IDX AU	Lyanne Harrison

APR - Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Jinxin Fertility	JXGF	1951 HK	Ethan Cui
	Jinyu Bio-Tech	XMTDF	600201 CH	David Li
	Kangji Medical	KMHF	9997 HK	David Li
	Medley	XEQNF	4480 JP	Ritsuo Watanabe
	MicroPort	MCRPF	853 HK	Sandra Sun
	Mindray	XDVVF	300760 CH	Sandra Sun
	Nanosonics Limited	NNCSF	NAN AU	Lianne Harrison
	Olympus Corp.	OCPNF	7733 JP	Ritsuo Watanabe
	Ovctek	XOCKF	300595 CH	David Li
	Pharmaron	PHBBF	3759 HK	David Li
	Polynovo	CALZF	PNV AU	Lianne Harrison
	Praram 9 Hospital	XPNHF	PR9 TB	Charti Phrawphraikul
	ResMed Inc	RSMDF	RMD AU	Lianne Harrison
	ResMed Inc.	RMD	RMD US	Lianne Harrison
	Sawai Group Holdings	SWGHE	4887 JP	Ritsuo Watanabe
	Shanghai Pharmaceuticals	SHPMF	2607 HK	David Li
	Shanghai United Imaging	XCAOF	688271 CH	Sandra Sun
	Shionogi	SGIOF	4507 JP	Koichi Mamegano
	Shionogi	SGIOY	SGIOY US	Koichi Mamegano
	Sino Biopharm	SBMFF	1177 HK	David Li
	Sinopharm	SHTDF	1099 HK	David Li
	SMS	SMSZF	2175 JP	Ritsuo Watanabe
	Sonic Healthcare Limited	SKHCF	SHL AU	Lianne Harrison
	Sosei	SOLTF	4565 JP	Koichi Mamegano
	Takeda Pharm.	TKPHF	4502 JP	Koichi Mamegano
	Takeda Pharm.	TAK	TAK US	Koichi Mamegano
	Terumo	TRUMF	4543 JP	Ritsuo Watanabe
	TigerMed	HTMDF	3347 HK	David Li
	TRYT	XHXTF	9164 JP	Ritsuo Watanabe
	Wuxi Apptec	WUXIF	2359 HK	David Li
	Wuxi Apptec	XLUHF	603259 CH	David Li
	Yifeng Pharmacy	XYHCF	603939 CH	Ethan Cui
	Yunnan Baiyao	YBAIF	000538 CH	Sandra Sun
	Zai Lab	ZLAB	ZLAB US	David Li
	Zai Lab	XCDZF	9688 HK	David Li
	Zhifei	XCHOF	300122 CH	David Li

NEUTRAL

	Ansell Limited	ANSLF	ANN AU	Lianne Harrison
	Astellas Pharma	ALPMF	4503 JP	Koichi Mamegano
	Astellas Pharma	ALPMY	ALPMY US	Koichi Mamegano
	Australian Clinical Labs	XAUKF	ACL AU	Lianne Harrison
	Beigene	XBETF	6160 HK	David Li
	Beigene	BGNE	BGNE US	David Li
	EBOS Group Limited	EBOSF	EBO NZ	Lianne Harrison
	EBOS Group Limited	XEBOF	EBO AU	Lianne Harrison
	Healius Limited	PHCRF	HLS AU	Lianne Harrison
	JMDC	JMDCF	4483 JP	Ritsuo Watanabe
	Joinn Lab	XQTSF	6127 HK	David Li
	Kyowa Kirin	KYKOF	4151 JP	Koichi Mamegano
	Max Healthcare	XMHLF	MAXHEALT IN	Neha Manpuria
	Pien Tze Huang	XUVHF	600436 CH	Sandra Sun
	Ramsay Health Care Limited	RMSYF	RHC AU	Lianne Harrison
	Sigma Healthcare Limited	SIGGF	SIG AU	Lianne Harrison
	Sun Pharma	XPUCF	SUNP IN	Neha Manpuria
	Sysmex	SSMXF	6869 JP	Ritsuo Watanabe
	Topchoice Medical	XZDXF	600763 CH	Ethan Cui
	Torrent Pharma	TOPHF	TRP IN	Neha Manpuria
	WuXi Biologics	WXIBF	2269 HK	David Li
	Zydus Lifesciences	XMQLF	ZYDUSLIF IN	Neha Manpuria

UNDERPERFORM

	Ain Holdings	AINPF	9627 JP	Ritsuo Watanabe
	Alkem	XAMLF	ALKEM IN	Neha Manpuria
	Asymchem Laboratories	XALPF	002821 CH	David Li
	Baiyunshan	XOUFF	600332 CH	Sandra Sun



APR - Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Beijing Wantai Biological Pharmacy	XBHIF	603392 CH	David Li
	Cipla	XCCLAF	CIPLA IN	Neha Manpuria
	Cochlear Limited	CHEOF	COH AU	Lyanne Harrison
	CSPC Pharmaceutical	CHJTF	1093 HK	Ethan Cui
	Divis Laboratories	XXQPF	DIVI IN	Neha Manpuria
	Hansoh	HNSPF	3692 HK	David Li
	Hengrui Medicine	XMOKF	600276 CH	David Li
	Joinn Lab	JOLCF	603127 CH	David Li
	Lupin	XEFSF	LPC IN	Neha Manpuria
	M3	MTHRF	2413 JP	Ritsuo Watanabe
	Mankind Pharma	XDXZF	MANKIND IN	Neha Manpuria
	Medipal Holdings	MEPDF	7459 JP	Ritsuo Watanabe
	Ono Pharm.	OPHLF	4528 JP	Koichi Mamegano
	Otsuka HD	OTSKF	4578 JP	Koichi Mamegano
	Otsuka HD	OTSKY	OTSKY US	Koichi Mamegano
	Pharmaron	XLYGF	300759 CH	David Li
	PHC Holdings	PHCCF	6523 JP	Ritsuo Watanabe
	Shanghai Pharmaceuticals	XKCRF	601607 CH	David Li
	TigerMed	XHTHF	300347 CH	David Li
RSTR	APM Human Services	APMHF	APM AU	Lyanne Harrison

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

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

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

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

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

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.

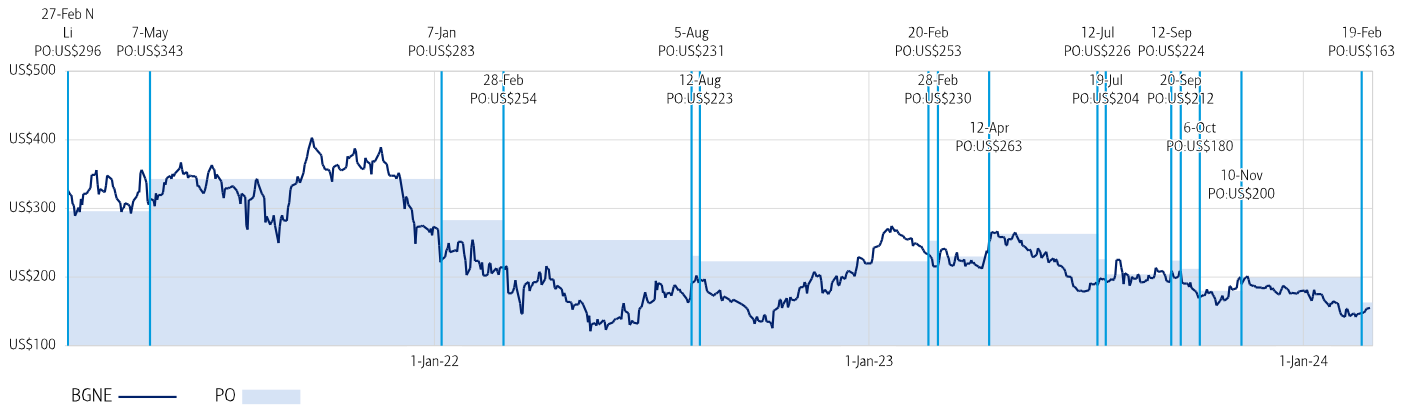
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Disclosures

Important Disclosures

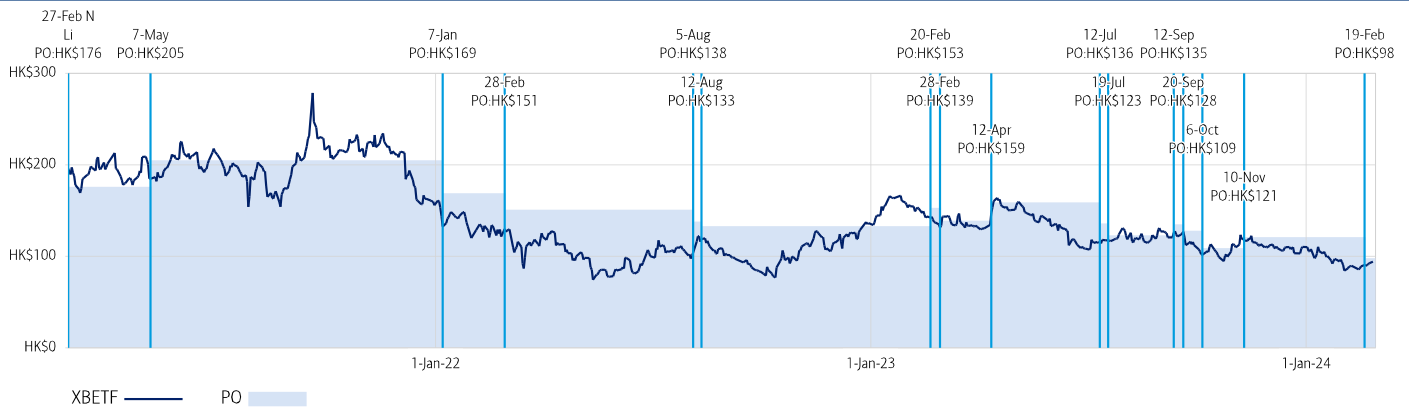
Beigene (BGNE) Price Chart



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.

Beigene (XBETF) 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: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

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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