

## Grocery Outlet Holding Corp.

## Valuation near all-time lows despite unique model &amp; strong LT outlook; Reiterate Buy

Reiterate Rating: BUY | PO: 33.00 USD | Price: 26.47 USD

## 4Q EPS ahead, customer traffic continues tracking +HSD%

4Q adj. EPS of \$0.18 was above Street \$0.16. Net sales grew 6.3% y/y on 2.7% comps (vs. Street 2.1%) & 27 net new stores y/y. Comps incl. a 200bp headwind from systems integration & reflected cont'd strong traffic (+7.5%) partially offset by basket declines (-4.5%). Gross margin of 30.2% (vs. Street 30.1%) was flat y/y as healthy deal flow helped offset systems disruptions (130bp). SG&A ratio (incl. D&A & SBC) was +65bp y/y on higher IO commissions (on gross profit growth & support amidst systems transitions) and occupancy (from store growth), partially offset by lower incentive & SBC accruals.

## GO expanding to Southeast through acquisition of 40 stores

GO expects to open 55-60 new stores in 2024E, which reflects 15-20 organic new store openings (evenly spaced throughout the year) as well as GO's recently announced acquisition of United Grocery Outlet ("UGO"), an extreme value grocery retailer operating 40 stores and a distribution center in the southeastern US. The acquisition is expected to close at the beginning of 2Q24 (with no financial impact in 1Q) and add incremental sales of ~\$125mn, adj. EBITDA of \$7mn & a modest benefit to adj. EPS.

## Raising 2024E, expect strong traffic trends to continue

We raise 2024E adj. EPS +2c to \$1.16, which is in line with \$1.14-\$1.20 guide. In addition to expected benefits from the UGO acquisition, this reflects our 2024E outlook for +3% comps, 31.3% gross margin (flattish y/y) & investments in tech, supply chain, private label, personalization, marketing. While systems disruption is now expected to continue in 1Q (est. ~50bp comp headwind & ~100bp gross margin in 1Q), this should position the company better long term given improved functionality, scalability & data analytics. For 1Q, we forecast adj. EPS of \$0.16 and +2% comps on likely continued strong traffic.

## Continue to see GO well-positioned long-term

We see support for GO as its strong value proposition drives strong traffic meaningfully above conventional & specialty peers (Exhibit 1). We reiterate our Buy & \$33 PO, which, as we roll forward valuation, is now 26-27x our 25E adj. EPS of \$1.25 (was 29x 24E), with a lower multiple given systems-related disruption now expected to trickle into 1Q. We see upside to GO's valuation (currently 21x 2-yr fwd. P/E near all-time lows) given its differentiated model, extreme customer value prop. & long-term/low-risk growth horizon (with opp. for 4k+ US stores vs. just 468 today), see our [GO Bull/Bear analysis](#) for more.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	0.94	1.07	1.16	1.25	1.42
GAAP EPS	0.65	0.79	0.81	0.90	1.07
EPS Change (YoY)	19.0%	13.8%	8.4%	7.8%	13.6%
Consensus EPS (Bloomberg)			1.13	1.24	1.42
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	28.2x	24.7x	22.8x	21.2x	18.6x
GAAP P/E	40.7x	33.5x	32.7x	29.4x	24.7x
EV / EBITDA*	18.0x	16.1x	14.5x	13.2x	12.1x
Free Cash Flow Yield*	1.2%	1.0%	1.8%	2.1%	2.5%

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

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Timestamp: 27 February 2024 11:27PM EST

27 February 2024

## Equity

## Key Changes

(US\$)	Previous	Current
2024E Rev (m)	4,236.8	4,307.8
2025E Rev (m)	4,614.7	4,722.5
2026E Rev (m)	5,016.2	5,133.4
2024E EPS	1.14	1.16
2026E EPS	1.38	1.42

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## Stock Data

Price	26.47 USD
Price Objective	33.00 USD
Date Established	2-Feb-2024
Investment Opinion	B-1-9
52-Week Range	23.41 USD - 36.54 USD
Mkt Val (mn) / Shares Out (mn)	2,628 USD / 99.3
Free Float	91.7%
Average Daily Value (mn)	29.64 USD
BofA Ticker / Exchange	GO / NAS
Bloomberg / Reuters	GO US / GO.OQ
ROE (2024E)	9.2%
Net Dbt to Eqty (Dec-2023A)	105.0%
ESGMeter <sup>TM</sup>	Low

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](#)".

## Key terms:

IO = Independent Operator

2H = second half

SBC = stock-based compensation

UGO = United Grocery Outlet

LT = long-term

# iQprofile<sup>SM</sup> Grocery Outlet Holding Corp.

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	2.7%	3.4%	3.5%	3.6%	3.8%
Return on Equity	8.9%	9.3%	9.2%	9.2%	9.6%
Operating Margin	2.7%	3.2%	3.2%	3.3%	3.4%
Free Cash Flow	32	26	48	54	66

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.8x	1.8x	1.9x	1.9x	1.8x
Asset Replacement Ratio	1.8x	1.9x	1.7x	1.7x	1.7x
Tax Rate	27.4%	29.8%	30.0%	30.0%	28.0%
Net Debt-to-Equity Ratio	118.2%	105.0%	104.0%	102.2%	99.4%
Interest Cover	5.3x	7.7x	8.3x	9.2x	11.7x

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	3,578	3,969	4,308	4,723	5,133
% Change	16.2%	10.9%	8.5%	9.6%	8.7%
Gross Profit	1,092	1,242	1,349	1,478	1,607
% Change	15.1%	13.7%	8.7%	9.5%	8.7%
EBITDA	226	253	282	309	338
% Change	13.8%	11.8%	11.5%	9.8%	9.1%
Net Interest & Other Income	34	28	29	29	31
<b>Net Income (Adjusted)</b>	<b>94</b>	<b>108</b>	<b>118</b>	<b>129</b>	<b>147</b>
<b>% Change</b>	<b>19.4%</b>	<b>15.2%</b>	<b>9.2%</b>	<b>9.2%</b>	<b>14.2%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	94	108	118	129	147
Depreciation & Amortization	75	88	102	114	124
Change in Working Capital	24	(46)	15	11	11
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(24)	46	(15)	(11)	(11)
Capital Expenditure	(137)	(170)	(172)	(189)	(205)
<b>Free Cash Flow</b>	<b>32</b>	<b>26</b>	<b>48</b>	<b>54</b>	<b>66</b>
<b>% Change</b>	<b>152.9%</b>	<b>-18.8%</b>	<b>80.6%</b>	<b>13.6%</b>	<b>21.8%</b>
Share / Issue Repurchase	7	1	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(49)	(20)	100	111	123

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	103	115	105	108	126
Trade Receivables	15	19	21	23	25
Other Current Assets	349	382	421	462	502
Property, Plant & Equipment	561	642	713	788	869
Other Non-Current Assets	1,744	1,811	1,954	2,105	2,265
<b>Total Assets</b>	<b>2,772</b>	<b>2,970</b>	<b>3,214</b>	<b>3,485</b>	<b>3,787</b>
Short-Term Debt	0	6	6	6	6
Other Current Liabilities	218	301	326	358	389
Long-Term Debt	1,415	1,389	1,489	1,601	1,724
Other Non-Current Liabilities	29	55	55	55	55
<b>Total Liabilities</b>	<b>1,662</b>	<b>1,750</b>	<b>1,876</b>	<b>2,019</b>	<b>2,173</b>
<b>Total Equity</b>	<b>1,110</b>	<b>1,219</b>	<b>1,337</b>	<b>1,466</b>	<b>1,614</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,772</b>	<b>2,970</b>	<b>3,214</b>	<b>3,485</b>	<b>3,787</b>

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

## Company Sector

Supermarkets/Food Retailers

## Company Description

Grocery Outlet Holding Corp. operates over 400 stores in 9 states, primarily along the West Coast. GO stores operate under a unique Independent Operator (IO) model and feature a rotating selection of roughly 5,000 items. GO sources roughly 50% of products at a deep discount through its "opportunistic sourcing" model to deliver extreme customer value in a treasure hunt format. GO is based in Emeryville, CA and was founded in 1946.

## Investment Rationale

Our Buy rating is based on our view that GO deserves a premium valuation vs. Food Retail peers given its unique and hard to replicate IO model, opportunistic sourcing model that delivers deep value and consistent margins, and long-term/low risk sustainable growth horizon (with opportunity for around 4,000 stores in the US).

## Stock Data

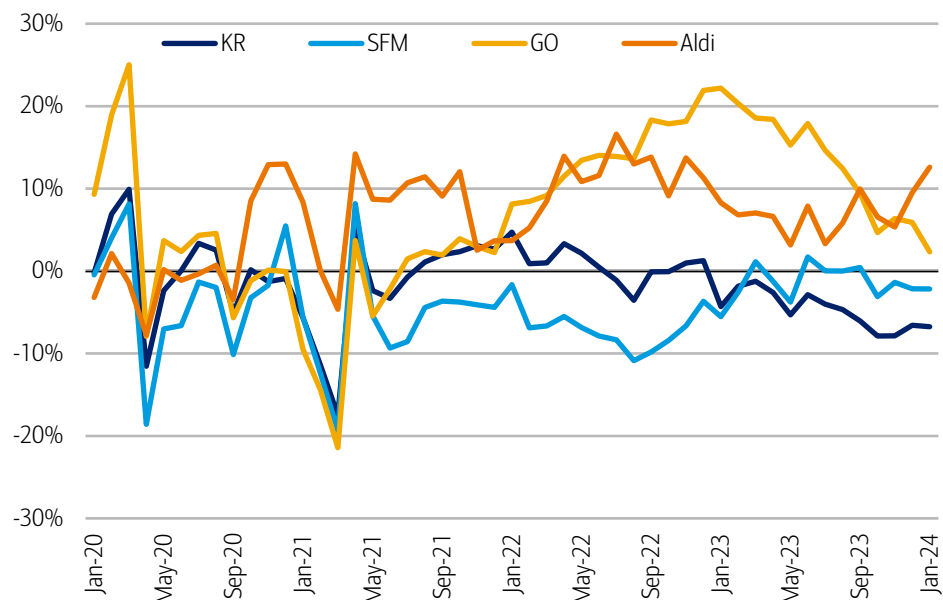
Average Daily Volume 1,119,793

## Quarterly Earnings Estimates

	2023	2024
Q1	0.27A	0.16E
Q2	0.32A	0.30E
Q3	0.31A	0.36E
Q4	0.18A	0.33E

**Exhibit 1: Placer store foot traffic in January was +13% y/y for Aldi, +2% for GO, -2% for SFM & -7% for KR**

Placer Store Foot Traffic: Food Retailers

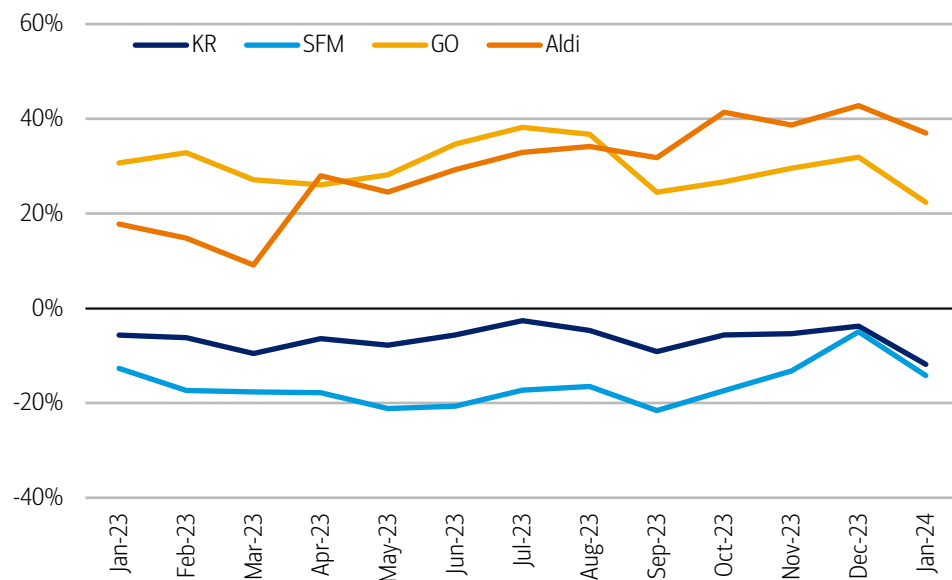


Source: Placer.ai, BofA Global Research

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**Exhibit 2: On a 4-year basis, Placer foot traffic for SFM -14% in January, now tracking much closer to conventional grocery peer KR (-12% in Jan.)**

Placer foot traffic 4-year trends: KR, SFM, GO & Aldi



Source: Placer.ai, BofA Global Research

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**Exhibit 3: GO quarterly earnings analysis**

Following 3Q earnings, we lower our 2023E adj. EPS -3c to \$1.05

	Addbacks:																			
	Debt											Stock comp,								
	Net	COGS	SG&A	Stock	Adj.				Ext. &	Pre-Tax	Acctg. Amort.	Adj.	Adj.	Adj.	GAAP	GAAP		Shs.		
	Sales	& Dist.	& Occ.	Based	EBITDA	EBITDA	D&A	EBIT	Int.	Other	Inc.	Non-cash	Pre-Tax	Inc.	Net	Inc.	Rep.	Out		
				Comp					Exp.	Exp.		rent & other	Inc.	Tax	Inc.	EPS	Tax	Inc.	(MM)	
Mar-Q1	831.4	580.5	207.4	5.8	37.7	\$49.3	18.2	19.4	3.7	0.0	\$15.7	\$10.8	\$26.5	\$7.3	\$19.2	\$0.19	\$4.2	11.6	\$0.12	99.4
Jun-Q2	897.7	618.2	224.2	9.5	45.7	\$60.1	18.8	26.9	3.9	1.3	\$21.8	\$15.3	\$37.1	\$10.2	\$26.9	\$0.27	\$1.7	20.1	\$0.20	100.1
Sep-Q3	918.2	637.6	227.5	9.1	44.1	\$59.1	19.4	24.7	4.8	0.0	\$19.9	\$15.0	\$34.9	\$9.8	\$25.1	\$0.25	\$2.4	17.5	\$0.17	100.5
Dec-Q4	930.8	649.7	230.2	8.2	42.7	\$57.4	18.8	24.0	5.6	0.0	\$18.4	\$12.5	\$30.8	\$8.2	\$22.6	\$0.22	\$2.5	15.9	\$0.16	100.6
2022	\$3,578.1	\$2,486.0	\$889.3	\$32.6	\$170.2	\$225.9	\$75.2	\$95.0	\$18.0	\$1.3	\$75.7	\$53.6	\$129.3	\$35.5	\$93.9	\$0.94	\$10.7	\$65.1	\$0.65	100.2
Mar-Q1	965.5	664.9	240.4	6.7	53.5	\$63.1	20.7	32.8	5.9	5.3	\$21.6	\$16.5	\$38.1	\$11.0	\$27.0	\$0.27	\$7.8	13.7	\$0.14	100.6
Jun-Q2	1,010.3	683.7	257.7	11.3	57.6	\$70.5	21.1	36.5	4.8	0.0	\$31.7	\$14.3	\$46.1	\$14.1	\$31.9	\$0.32	\$7.2	24.5	\$0.24	100.6
Sep-Q3	1,003.9	688.2	248.7	7.5	59.4	\$68.1	21.9	37.6	4.2	0.0	\$33.3	\$10.1	\$43.5	\$12.5	\$31.0	\$0.31	\$6.2	27.1	\$0.27	101.0
Dec-Q4	989.8	690.9	250.1	5.6	43.2	\$50.9	24.3	18.9	1.5	0.0	\$17.5	\$9.1	\$26.6	\$8.4	\$18.2	\$0.18	\$3.4	14.1	\$0.14	101.1
2023	\$3,969.5	\$2,727.8	\$996.8	\$31.1	\$213.8	\$252.6	\$88.0	\$125.8	\$16.4	\$5.3	\$104.1	\$50.0	\$154.1	\$46.0	\$108.1	\$1.07	\$24.6	\$79.4	\$0.79	100.8
Mar-Q1E	1,021.4	710.9	262.5	7.7	40.4	\$50.9	23.2	17.2	5.7	5.3	\$6.2	\$17.5	\$23.7	\$7.1	\$16.6	\$0.16	\$1.9	4.3	\$0.04	101.6
Jun-Q2E	1,086.5	744.0	271.8	11.3	59.4	\$72.4	24.7	34.7	5.0	0.0	\$29.7	\$14.3	\$44.1	\$13.2	\$30.8	\$0.30	\$8.9	20.8	\$0.20	102.1
Sep-Q3E	1,108.7	758.3	269.9	7.5	73.0	\$81.7	25.6	47.3	4.5	0.0	\$42.9	\$10.1	\$53.0	\$15.9	\$37.1	\$0.36	\$12.9	30.0	\$0.29	102.1
Dec-Q4E	1,091.2	745.3	271.3	5.6	69.0	\$76.7	28.4	40.6	1.7	0.0	\$38.9	\$9.1	\$47.9	\$14.4	\$33.6	\$0.33	\$11.7	27.2	\$0.27	102.1
2024E	\$4,307.8	\$2,958.5	\$1,075.5	\$32.1	\$241.7	\$281.6	\$101.9	\$139.8	\$16.9	\$5.3	\$117.6	\$51.0	\$168.7	\$50.6	\$118.1	\$1.16	\$35.3	\$82.3	\$0.81	102.0
2025E	\$4,722.5	\$3,244.4	\$1,176.6	\$32.1	\$269.4	\$309.3	\$114.1	\$155.3	\$16.9	\$5.3	\$133.1	\$51.0	\$184.1	\$55.2	\$128.9	\$1.25	\$39.9	\$93.2	\$0.90	103.0
PERCENTAGE CHANGE %																				
MARGIN ANALYSIS (% OF SALES)																				
	Same-Store Sales	Total Op Exp.	Op Profit	Pre-Tax Inc.	Adj. Net Inc.	Adj. EPS	Gross Margin	Exp. Ratio	EBITDA Margin	EBIT Margin	Int. Exp.	Adj. Tax Rate	Adj. Pretax Margin	Adj. Net Margin	GAAP Net Margin	# of Stores	% Chg.			
Mar-Q1	10.5%	5.2%	11.2%	-18.5%	-4.8%	-5.6%	-5.4%	30.2%	27.8%	5.9%	2.3%	0.44%	27.6%	3.2%	2.3%	1.4%	418	7.5%		
Jun-Q2	15.7%	11.2%	17.9%	13.7%	33.5%	32.8%	31.1%	28.1%	6.7%	3.0%	0.43%	27.4%	4.1%	3.0%	2.2%	425	6.3%			
Sep-Q3	19.4%	15.4%	21.3%	-5.6%	22.3%	20.5%	30.6%	27.9%	6.4%	2.7%	0.52%	28.0%	3.8%	2.7%	1.9%	431	5.9%			
Dec-Q4	18.9%	15.1%	13.5%	55.3%	29.3%	31.1%	29.2%	30.2%	27.6%	6.2%	2.6%	0.60%	26.7%	3.3%	2.4%	1.7%	441	6.3%		
2022	16.2%	11.9%	16.0%	6.6%	19.7%	19.4%	30.5%	27.9%	6.3%	2.7%	0.50%	27.4%	3.6%	2.6%	1.8%	441	6.3%			
Mar-Q1	16.1%	12.1%	15.7%	68.9%	43.5%	40.7%	31.1%	27.7%	6.5%	3.4%	0.61%	29.0%	3.9%	2.8%	1.4%	444	6.2%			
Jun-Q2	12.5%	9.2%	14.9%	35.6%	24.1%	18.5%	32.3%	28.7%	7.0%	3.6%	0.47%	30.7%	4.6%	3.2%	2.4%	447	5.2%			
Sep-Q3	9.3%	6.4%	8.7%	52.1%	24.6%	23.4%	31.4%	27.7%	6.8%	3.7%	0.42%	28.7%	4.3%	3.1%	2.7%	455	5.6%			
Dec-Q4	6.3%	2.7%	8.8%	-21.0%	-13.9%	-19.6%	30.2%	28.3%	5.1%	1.9%	0.15%	31.5%	2.7%	1.8%	1.4%	468	6.1%			
2023	10.9%	7.5%	11.9%	32.4%	19.2%	15.2%	31.3%	28.1%	6.4%	3.2%	0.41%	29.8%	3.9%	2.7%	2.0%	468	6.1%			
Mar-Q1E	5.8%	2.0%	9.6%	-47.6%	-37.8%	-38.7%	30.4%	28.7%	5.0%	1.7%	0.56%	30.0%	2.3%	1.6%	0.4%	473	6.5%			
Jun-Q2E	7.6%	2.5%	6.1%	-4.8%	-4.3%	-3.4%	31.5%	28.3%	6.7%	3.2%	0.46%	30.0%	4.1%	2.8%	1.9%	518	15.9%			
Sep-Q3E	10.4%	3.5%	8.9%	26.1%	21.9%	19.7%	31.6%	27.3%	7.4%	4.3%	0.40%	30.0%	4.8%	3.3%	2.7%	523	14.9%			
Dec-Q4E	10.2%	4.0%	9.1%	114.3%	80.6%	84.6%	31.7%	28.0%	7.0%	3.7%	0.16%	30.0%	4.4%	3.1%	2.5%	528	12.8%			
2024E	8.5%	3.0%	8.4%	11.2%	9.4%	9.2%	31.3%	28.1%	6.5%	3.2%	0.39%	30.0%	3.9%	2.7%	1.9%	528	12.8%			
2025E	9.6%	3.0%	9.4%	11.1%	9.2%	8.1%	31.3%	28.0%	6.5%	3.3%	0.36%	30.0%	3.9%	2.7%	2.0%	578	9.5%			

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH



## Price objective basis & risk

### Grocery Outlet Holding Corp. (GO)

Our \$33 price objective is based on 26-27x our 2025E adj. EPS of \$1.25, a premium to the Food Retailers & Discount Stores group average (roughly 18-20x). We believe a premium valuation is warranted given our view of: 1) GO's unique and hard-to-replicate IO model aligns incentives while reducing costs and risks, 2) GO's opportunistic sourcing model delivers deep value and consistent margins, and 3) GO's low-risk/steady model supports stable/highly predictable margins and a sustainable LT growth horizon (with potential to establish over 4,000 stores in the US).

Downside risks to our PO are: 1) GO operates in a highly competitive food and discount retail industry, 2) treasure hunt model makes grocery ecommerce difficult 3) any disruptions or inability to source products could adversely impact sales, 4) store growth opportunity depends on attracting and maintaining Independent Operators, 5) IO concept still unproven outside of five core West Coast states, 6) IO model results in reduced fixed cost leverage for GO relative to traditional retail model, 7) the build out of East Coast talent, systems, real-estate, and infrastructure could pressure expenses more than expected, and 8) a less favorable inflationary environment.

## Analyst Certification

I, Robert F. Ohmes, 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.

## Special Disclosures

BofA Securities is currently acting as buy-side advisor to Grocery Outlet Holding Corp regarding the acquisition of United Grocery Outlet which was announced on 15 February 2024.

### US - Broadlines, Hardlines, Food Retailers & Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Academy Sports + Outdoors	ASO	ASO US	Robert F. Ohmes, CFA
	BJ's Wholesale Club Holdings	BJ	BJ US	Robert F. Ohmes, CFA
	Costco Wholesale Corporation	COST	COST US	Robert F. Ohmes, CFA
	Grocery Outlet Holding Corp.	GO	GO US	Robert F. Ohmes, CFA
	Harley-Davidson	HOG	HOG US	Alexander Perry
	Life Time	LTH	LTH US	Alexander Perry
	Planet Fitness, Inc.	PLNT	PLNT US	Alexander Perry
	Sprouts Farmers Market, Inc.	SFM	SFM US	Robert F. Ohmes, CFA
	Sysco Corporation	SY	SY US	Kendall Toscano
	Target Corp.	TGT	TGT US	Robert F. Ohmes, CFA
	The Kroger Co.	KR	KR US	Robert F. Ohmes, CFA
	Topgolf Callaway Brands Corp	MODG	MODG US	Alexander Perry
	Walmart Inc	WMT	WMT US	Robert F. Ohmes, CFA
<b>NEUTRAL</b>				
	Dick's Sporting Goods	DKS	DKS US	Robert F. Ohmes, CFA
	Fox Factory Holding Corp	FOXF	FOXF US	Alexander Perry
	Xponential Fitness	XPOF	XPOF US	Alexander Perry
	YETI Holdings, Inc.	YETI	YETI US	Robert F. Ohmes, CFA
<b>UNDERPERFORM</b>				
	Canada Goose Holdings Inc	YGOOS	GOOS CN	Alexander Perry
	Canada Goose Holdings Inc	GOOS	GOOS US	Alexander Perry
	Columbia Sportswear	COLM	COLM US	Alexander Perry
	Dollar General Corporation	DG	DG US	Robert F. Ohmes, CFA



**US - Broadlines, Hardlines, Food Retailers & Leisure Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Dollar Tree, Inc.	DLTR	DLTR US	Robert F. Ohmes, CFA
	Hibbett Sports, Inc.	HIBB	HIBB US	Alexander Perry
	National Vision	EYE	EYE US	Robert F. Ohmes, CFA

**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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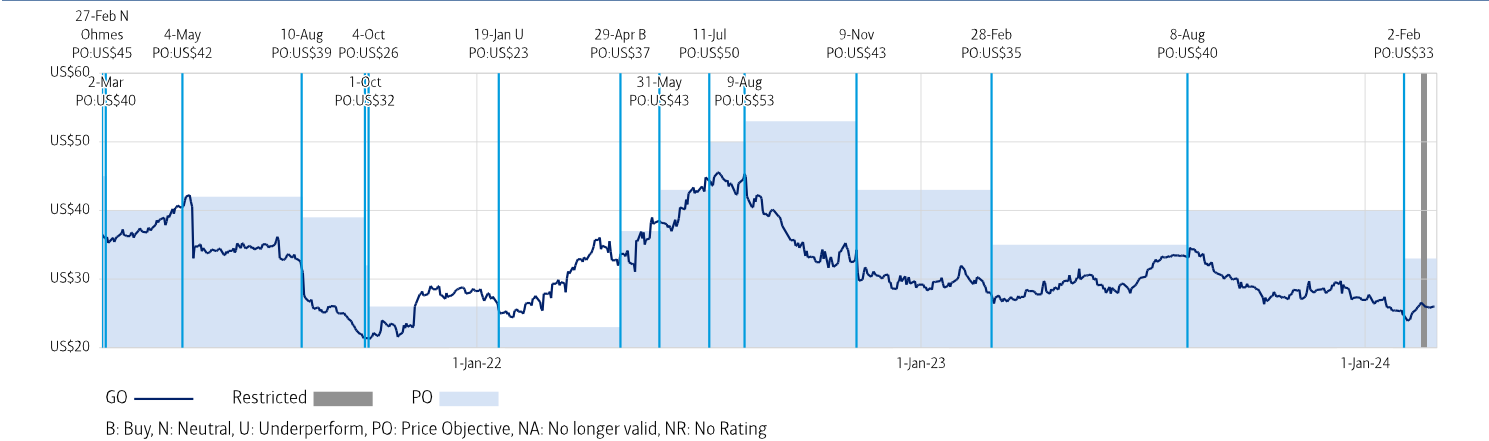
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### Equity Investment Rating Distribution: Retailing Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	96	57.83%	Buy	39	40.63%
Hold	32	19.28%	Hold	12	37.50%
Sell	38	22.89%	Sell	18	47.37%

### 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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