

## Latham Group, Inc.

# Downgrade to Underperform on weak new pool construction and higher decrementals

Rating Change: UNDERPERFORM | PO: 2.60 USD | Price: 3.28 USD

## Downgrade to Underperform on weak 2024 outlook

SWIM initiated 2024E guidance with the midpoint of revenue (\$490M to \$520M) and adjusted EBITDA (\$60M to \$70M), roughly 8% and 35% below our previous expectations. We are downgrading to Underperform given: 1) a softer than expected start to 2024, 2) lower expectations for new pool construction in 2024, 3) operating deleverage, and 4) limited free cash flow generation. We lower our 2024E/2025E adjusted EBITDA by 36%/31%. We also lower our PO to \$2.60 (from \$4.50), now based on 6.0X 2025E EV/EBITDA (vs. 7.0X 2024E EV/EBITDA), as we roll forward our multiple and take into account the weaker growth outlook.

## Top line guide lower than expected on new pool outlook

Management expects new pool construction to decline ~15% YoY in 2024, which is lower than other peers, but in line with comments that the higher end (concrete pools) is holding up better than the middle/lower end (fiberglass/vinyl). 1Q24 revenue guidance of \$98M to \$104M implies a 27% YoY decline at the midpoint. We previously expected 1Q to benefit from lapping a destocking headwind for packaged pool products, but distributors and dealers continue to reduce inventory. Full year revenue guidance of \$490M to \$520M implies a ~6% YoY decline post 1Q24.

## Decrementals worse than expected, despite tailwinds

The midpoint of adjusted EBITDA guidance implies a 12.9% adjusted EBITDA margin or ~37% decremental margins. Operating deleverage outlook is worse than we anticipated given recent cost takeouts (\$4M benefit in 2024) and input cost deflation. We expect decremental margins to worsen through the year as investments increase to support 2025 growth and the impact of higher YoY incentive comp flows through.

## Limited free cash flow generation in 2024

We expect weaker free cash flow generation driven by our lower estimates and limited opportunity to reduce working capital following the significant reduction in 2023. While SWIM repaid \$18M in debt in 1Q24, we don't expect an additional reduction this year. We believe that interest expense will offset operating income, leading to negative EPS (-\$0.14 in 2024E).

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	0.46	0.17	(0.06)	0.04	0.11
GAAP EPS	(0.05)	(0.02)	(0.14)	(0.04)	0.04
EPS Change (YoY)	23.7%	-64.1%	NM	NM	207.7%
Consensus EPS (Bloomberg)			0.09	0.17	NA
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	7.1x	19.8x	NM	89.2x	29.0x
GAAP P/E	NM	NM	NM	NM	81.5x
EV / EBITDA*	4.3x	7.0x	9.6x	7.7x	6.6x
Free Cash Flow Yield*	-2.0%	22.1%	6.2%	5.5%	6.5%

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

13 March 2024

## Equity

## Key Changes

(US\$)	Previous	Current
Inv. Opinion	C-1-9	C-3-9
Inv. Rating	BUY UNDERPERFORM	
Price Obj.	4.50	2.60
2024E EPS	0.20	-0.06
2025E EPS	0.29	0.04
2026E EPS	NA	0.11

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## Stock Data

Price	3.28 USD
Price Objective	2.60 USD
Date Established	13-Mar-2024
Investment Opinion	C-3-9
52-Week Range	2.04 USD - 4.77 USD
Mkt Val (mn) / Shares Out (mn)	376 USD / 114.8
Free Float	31.3%
Average Daily Value (mn)	0.67 USD
BofA Ticker / Exchange	SWIM / NAS
Bloomberg / Reuters	SWIM US / SWIM.OQ
ROE (2024E)	-1.8%
Net Dbt to Eqty (Dec-2023A)	49.7%
ESGMeter <sup>TM</sup>	Low

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Timestamp: 13 March 2024 06:00AM EDT

# iQprofile<sup>SM</sup> Latham Group, Inc.

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	5.2%	1.3%	-0.6%	1.1%	1.7%
Return on Equity	14.3%	4.8%	-1.8%	1.1%	3.3%
Operating Margin	4.3%	2.8%	0.8%	3.5%	5.3%
Free Cash Flow	(7)	83	23	21	25

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	0.6x	6.2x	NM	10.4x	3.9x
Asset Replacement Ratio	1.0x	0.8x	0.5x	0.5x	0.6x
Tax Rate	141.5%	76.3%	21.2%	NM	42.8%
Net Debt-to-Equity Ratio	73.2%	49.7%	44.3%	38.3%	30.9%
Interest Cover	4.0x	0.7x	-0.2x	0.3x	0.8x

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	696	566	505	543	585
% Change	10.4%	-18.6%	-10.9%	7.5%	7.7%
Gross Profit	216	153	137	155	171
% Change	NA	NA	NA	NA	NA
EBITDA	143	88	64	80	92
% Change	-0.1%	-38.6%	-27.1%	24.1%	15.9%
Net Interest & Other Income	(16)	(26)	(24)	(23)	(22)
<b>Net Income (Adjusted)</b>	<b>53</b>	<b>19</b>	<b>(7)</b>	<b>4</b>	<b>14</b>
<b>% Change</b>	<b>-90.9%</b>	<b>-58.0%</b>	<b>566.7%</b>	<b>-72.6%</b>	<b>-209.9%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(6)	(2)	(16)	(4)	5
Depreciation & Amortization	66	67	70	70	70
Change in Working Capital	(74)	59	3	(15)	(8)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	45	(8)	(14)	(6)	(14)
Capital Expenditure	(40)	(33)	(20)	(24)	(28)
<b>Free Cash Flow</b>	<b>-7</b>	<b>83</b>	<b>23</b>	<b>21</b>	<b>25</b>
<b>% Change</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Share / Issue Repurchase	NA	NA	NA	NA	NA
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	34	(13)	(20)	(3)	(3)

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	33	103	106	123	145
Trade Receivables	49	30	41	45	48
Other Current Assets	174	105	94	99	105
Property, Plant & Equipment	98	113	89	69	53
Other Non-Current Assets	516	483	483	483	483
<b>Total Assets</b>	<b>870</b>	<b>835</b>	<b>814</b>	<b>819</b>	<b>834</b>
Short-Term Debt	3	21	21	21	21
Other Current Liabilities	84	65	68	69	70
Long-Term Debt	310	280	260	256	253
Other Non-Current Liabilities	90	70	70	70	70
<b>Total Liabilities</b>	<b>487</b>	<b>436</b>	<b>418</b>	<b>416</b>	<b>415</b>
<b>Total Equity</b>	<b>383</b>	<b>399</b>	<b>395</b>	<b>403</b>	<b>420</b>
<b>Total Equity &amp; Liabilities</b>	<b>870</b>	<b>835</b>	<b>814</b>	<b>819</b>	<b>834</b>

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

## Company Sector

Building Products

## Company Description

Latham Group, Inc. is a leading global manufacturer of residential in-ground pools and related pool products. Approximately 90% of Latham's revenue is attributable to repair and remodel and 10% to new construction. The company is headquartered in Latham, NY and became publicly listed on the NASDAQ under the ticker SWIM in April 2021.

## Investment Rationale

We rate SWIM shares Underperform. Our rating reflects weaker revenue growth from a slowdown in new pool construction, elevated decremental margins, and limited free cash flow generation.

## Stock Data

Average Daily Volume 205,470

## Quarterly Earnings Estimates

	2023	2024
Q1	-0.07A	-0.07E
Q2	0.09A	0.04E
Q3	0.11A	0.06E
Q4	0.04A	-0.09E

**Exhibit 1: SWIM 4Q23 variance table**

Adjusted EBITDA beat on lower SG&amp;A

Income Statement	YoY Change			Variance vs BofAe		
	4Q22	4Q23	YoY	BofAe	4Q23	Δ
Sales (\$ mm)	\$108	\$91	(16%)	\$86	\$91	5%
Adjusted EBITDA (\$ mm)	\$4	\$10	126%	\$7	\$10	41%
Gross Margin	17.9%	23.3%	541 bps	25.5%	23.3%	-217 bps
SG&A % of Sales	30.6%	26.0%	-467 bps	27.5%	26.0%	-153 bps
Operating Margin	(18.9%)	(9.9%)	898 bps	(9.7%)	(9.9%)	-24 bps
Adj. EBITDA Margin	4.1%	10.9%	684 bps	8.1%	10.9%	277 bps
Pre-tax Margin	(23.2%)	(17.8%)	535 bps	(14.4%)	(17.8%)	-340 bps
<b>GAAP EPS</b>	<b>(\$0.17)</b>	<b>\$0.00</b>	<b>(101%)</b>	<b>(\$0.08)</b>	<b>\$0.00</b>	<b>(101%)</b>
Segment Results	4Q22	4Q23	YoY	BofAe	4Q23	Δ
<b>Sales</b>						
In-ground swimming pools	\$59	\$46	(22.6%)	\$46	\$46	(1%)
Covers	\$36	\$32	(10.1%)	\$30	\$32	6%
Liners	\$13	\$13	(0.2%)	\$10	\$13	26%

Source: Company report, BofA Global Research estimates

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**Exhibit 2: SWIM Income Statement**

We expect EBITDA to decline in 2024

(\$ mm) FYE 12/31	FY2024E				FY2023	FY2024E	FY2025E
	3/31/2024	6/30/2024	9/30/2024	12/31/2024	12/31/2023	12/31/2023	12/31/2025
	1QE	2QE	3QE	4QE			
<b>Net Sales</b>	\$101.3	\$166.5	\$151.1	\$85.9	\$566.5	\$504.7	\$542.8
Cost of goods sold	75.0	119.9	107.3	66.1	413.5	368.2	387.8
<b>Gross Profit</b>	<b>\$26.3</b>	<b>\$46.6</b>	<b>\$43.8</b>	<b>\$19.7</b>	<b>\$152.9</b>	<b>\$136.5</b>	<b>\$155.0</b>
Selling, general & administrative	26.3	30.0	25.7	24.0	110.3	106.0	109.8
Amortization	6.6	6.6	6.6	6.6	26.5	26.5	26.5
<b>Operating income</b>	<b>(\$6.6)</b>	<b>\$10.0</b>	<b>\$11.5</b>	<b>(\$10.9)</b>	<b>\$16.1</b>	<b>\$4.0</b>	<b>\$18.8</b>
Interest expense	7.5	7.0	7.0	7.0	30.9	28.5	28.0
Other expense (income), net	-	-	-	-	(1.0)	-	-
Earnings (losses) from equity method investment	(0.0)	(0.8)	(2.0)	(1.4)	(3.7)	(4.3)	(4.9)
<b>Earnings before income taxes</b>	<b>(\$14.1)</b>	<b>\$3.8</b>	<b>\$6.5</b>	<b>(\$16.5)</b>	<b>(\$10.1)</b>	<b>(\$20.2)</b>	<b>(\$4.3)</b>
Income tax expense	(3.6)	1.4	2.1	(4.2)	(7.7)	(4.3)	0.1
<b>Net income attributable to Latham</b>	<b>(\$10.5)</b>	<b>\$2.4</b>	<b>\$4.4</b>	<b>(\$12.3)</b>	<b>(\$2.4)</b>	<b>(\$15.9)</b>	<b>(\$4.4)</b>
<b>EPS (GAAP)</b>	<b>(\$0.09)</b>	<b>\$0.02</b>	<b>\$0.04</b>	<b>(\$0.11)</b>	<b>(\$0.02)</b>	<b>(\$0.14)</b>	<b>(\$0.04)</b>
<b>Adjusted Common Shares Outstanding:</b>							
Diluted shares	116.3	116.3	116.3	116.3	113.6	116.3	117.8
<b>Adjusted EBITDA calculation</b>							
<b>Net (loss) income</b>	<b>(\$10.5)</b>	<b>\$2.4</b>	<b>\$4.4</b>	<b>(\$12.3)</b>	<b>(\$2.4)</b>	<b>(\$15.9)</b>	<b>(\$4.4)</b>
(+) Depreciation & Amortization	11.0	11.0	11.0	11.0	40.8	43.9	43.9
(+) IPO Related Fees & Expenses	-	-	-	-	-	-	-
(+) Stock based compensation - legacy private	-	-	-	-	-	-	-
(+) Stock based compensation - public	3.0	3.0	3.0	3.0	18.8	12.0	12.0
(+) Other Adjustments	-	-	-	-	7.6	-	-
(+) Cash Interest	7.5	7.0	7.0	7.0	30.9	28.5	28.0
(+) Taxes	(3.6)	1.4	2.1	(4.2)	(7.7)	(4.3)	0.1
<b>(=) Adjusted EBITDA</b>	<b>\$7.4</b>	<b>\$24.8</b>	<b>\$27.5</b>	<b>\$4.5</b>	<b>\$88.0</b>	<b>\$64.2</b>	<b>\$79.6</b>
<b>Adjusted net income calculation</b>							
<b>GAAP net income</b>	<b>(\$10.5)</b>	<b>\$2.4</b>	<b>\$4.4</b>	<b>(\$12.3)</b>	<b>(\$2.4)</b>	<b>(\$15.9)</b>	<b>(\$4.4)</b>
(+) Stock based compensation - legacy private & public	3.0	3.0	3.0	3.0	18.8	12.0	12.0
(+) IPO Related Fees & Expenses	-	-	-	-	-	-	-
(+) Other Adjustments	(0.8)	(0.8)	(0.8)	(0.8)	2.4	(3.3)	(3.3)
<b>(=) Adjusted net income</b>	<b>(\$8.3)</b>	<b>\$4.6</b>	<b>\$6.6</b>	<b>(\$10.1)</b>	<b>\$18.9</b>	<b>(\$7.2)</b>	<b>\$4.3</b>
<b>GAAP taxes calculation</b>							
<b>GAAP pre-tax income</b>	<b>(\$14.1)</b>	<b>\$3.8</b>	<b>\$6.5</b>	<b>(\$16.5)</b>	<b>(\$10.1)</b>	<b>(\$20.2)</b>	<b>(\$4.3)</b>
(+) Stock based compensation - legacy private	-	-	-	-	-	-	-



**Exhibit 2: SWIM Income Statement**

We expect EBITDA to decline in 2024

(\$ mm)

(+ ) Stock based compensation - public not tax deductible

(+ ) IPO Related Fees &amp; Expenses not tax deductible

**Pre-tax income**

Assuming 27.5% effective tax rate

	1.2	1.2	1.2	1.2	7.3	4.7	4.7
	-	-	-	-	-	-	-
<b>Pre-tax income</b>	<b>(\$12.9)</b>	<b>\$5.0</b>	<b>\$7.7</b>	<b>(\$15.3)</b>	<b>(\$2.8)</b>	<b>(\$15.5)</b>	<b>\$0.4</b>
Assuming 27.5% effective tax rate	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%
<b>GAAP taxes</b>	<b>(\$3.6)</b>	<b>\$1.4</b>	<b>\$2.1</b>	<b>(\$4.2)</b>	<b>(\$0.8)</b>	<b>(\$4.3)</b>	<b>\$0.1</b>
<b>Margins</b>							
Gross Margin	26.0%	28.0%	29.0%	23.0%	27.0%	27.0%	28.6%
SG&A % Sales	26.0%	18.0%	17.0%	28.0%	19.5%	21.0%	20.2%
Adjusted SG&A % Sales	23.0%	16.2%	15.0%	24.5%	16.2%	18.6%	18.0%
Operating Margin	(6.5%)	6.0%	7.6%	(12.7%)	2.8%	0.8%	3.5%
Adjusted EBIT Margin	(3.5%)	8.3%	11.0%	(7.5%)	8.3%	4.0%	6.6%
<b>Adjusted EBITDA Margin</b>	<b>7.3%</b>	<b>14.9%</b>	<b>18.2%</b>	<b>5.2%</b>	<b>15.5%</b>	<b>12.7%</b>	<b>14.7%</b>
Incremental EBITDA margin	10.0%	58.5%	88.4%	108.0%	42.7%	38.6%	40.6%
Pre-tax Margin	(13.9%)	2.3%	4.3%	(19.2%)	(1.8%)	(4.0%)	(0.8%)
Net Margin (attributable to Latham)	(10.4%)	1.5%	2.9%	(14.3%)	(0.4%)	(3.2%)	(0.8%)
Tax rate	25.2%	36.0%	32.4%	25.6%	76.3%	21.2%	(2.6%)
<b>YoY % Change</b>							
Sales	(26.4%)	(6.0%)	(6.0%)	(5.5%)	(18.6%)	(10.9%)	7.5%
Gross Profit	(21.0%)	(7.2%)	(9.0%)	(6.8%)	(29.3%)	(10.7%)	13.6%
Operating Profit	4.7%	(25.1%)	(36.3%)	21.0%	(46.3%)	(75.1%)	368.7%
Adjusted EBITDA	(33.0%)	(20.1%)	(23.7%)	(54.6%)	(38.6%)	(27.1%)	24.1%
Pre-tax Profit	(18.6%)	(64.3%)	(49.0%)	1.6%	(173.3%)	100.8%	(78.9%)
Net Income (attributable to Latham)	(26.8%)	(57.5%)	(28.0%)	(11143.6%)	(58.0%)	566.7%	(72.6%)
EPS	(29.4%)	(58.9%)	(29.1%)	(11001.2%)	(58.0%)	551.0%	(72.9%)

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

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## Price objective basis & risk

### Latham Group, Inc. (SWIM)

Our \$2.60 PO is based on 6x 2025E EV/EBITDA, a discount to SWIM's pool peers to reflect Latham's higher new construction exposure. In determining the adjusted EV/EBITDA multiple underlying our PO on SWIM shares, we considered current valuation multiples from public companies within the pool and outdoor living related industries.

Upside risks are: 1) faster than expected price increases, 2) strong than expected demand for fiberglass pools, and 3) margins could benefit if raw material costs decline.

Downside risks are: 1) real/perceived COVID-beneficiaries could lag as economy re-opens, 2) significant near-term input cost pressures and material shortages, 3) demand for fiberglass pools could fail to materialize, 4) rising interest rates could make financing pools more expensive.

## Analyst Certification

I, Shaun Calnan, 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.

### US - Homebuilders and Building Products Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Armstrong World Industries, Inc.	AWI	AWI US	Rafe Jadrosich
	Builders FirstSource Inc	BLDR	BLDR US	Rafe Jadrosich
	D.R. Horton, Inc.	DHI	DHI US	Rafe Jadrosich
	Leslie's	LESL	LESL US	Shaun Calnan, CFA
	NVR, Inc.	NVR	NVR US	Rafe Jadrosich
	Owens Corning	OC	OC US	Rafe Jadrosich
	PulteGroup Inc.	PHM	PHM US	Rafe Jadrosich
	Tempur Sealy International Inc.	TPX	TPX US	Rafe Jadrosich
	The AZEK Company Inc.	AZEK	AZEK US	Rafe Jadrosich
	Toll Brothers, Inc.	TOL	TOL US	Rafe Jadrosich
	TopBuild Corp	BLD	BLD US	Rafe Jadrosich
	Trex Company, Inc.	TREX	TREX US	Rafe Jadrosich
<b>NEUTRAL</b>				
	Dream Finders Homes, Inc.	DFH	DFH US	Rafe Jadrosich
	KB Home	KBH	KBH US	Rafe Jadrosich
	Lennar Corporation	LEN	LEN US	Rafe Jadrosich
	Smith Douglas Homes Corp.	SDHC	SDHC US	Rafe Jadrosich
<b>UNDERPERFORM</b>				
	Fortune Brands Innovations Inc	FBIN	FBIN US	Rafe Jadrosich
	Hayward Holdings, Inc.	HAYW	HAYW US	Rafe Jadrosich
	Latham Group, Inc.	SWIM	SWIM US	Shaun Calnan, CFA
	Masco Corp	MAS	MAS US	Rafe Jadrosich
	Mohawk Industries	MHK	MHK US	Rafe Jadrosich
	Patrick Industries, Inc.	PATK	PATK US	Rafe Jadrosich
	Pool Corporation	POOL	POOL US	Shaun Calnan, CFA
	Whirlpool	WHR	WHR US	Rafe Jadrosich



## 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 &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

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 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.

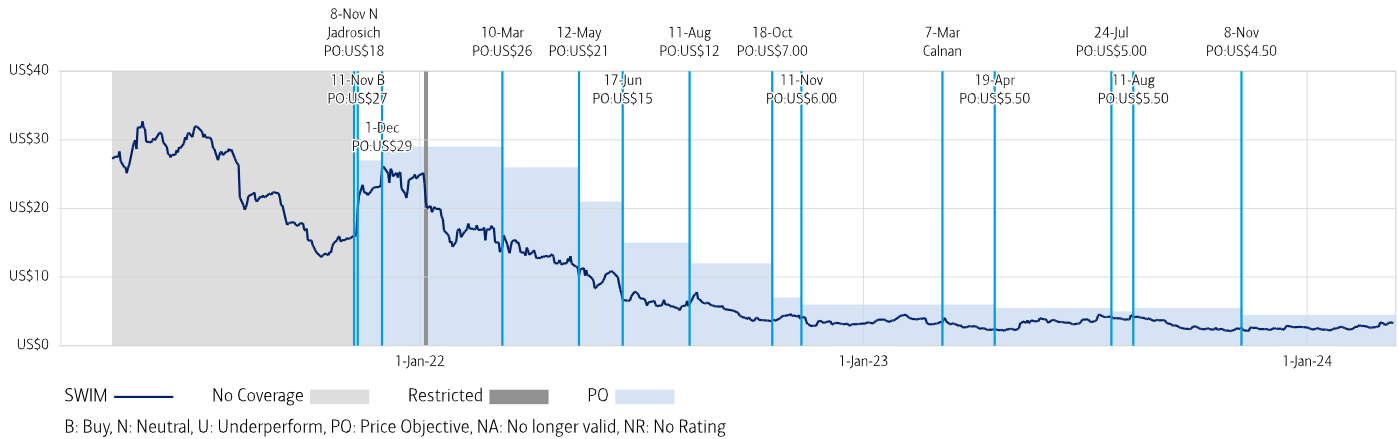
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### Equity Investment Rating Distribution: Building Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	39	44.83%	Buy	22	56.41%
Hold	18	20.69%	Hold	11	61.11%
Sell	30	34.48%	Sell	8	26.67%

### 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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