

Constellation Brands

Crazy Eights

Reiterate Rating: BUY | PO: 290.00 USD | Price: 247.53 USD

Beer Beats, Wine and Spirits missed

On Friday, [STZ reported FY3Q24 adj. EPS \(X Canopy\)](#) of \$3.24 ahead of our estimate and Visible Alpha Consensus of \$3.07. STZ maintained its FY24 EPS as lower W&S outlook was offset by higher beer operating income outlook, lower interest expense forecast and less corporate expense. Beer volume depletions (a measure of consumption) grew +8.2% in the quarter, ahead ~+6.0% expectations, underscoring continued momentum against the back drop of sluggish US beer demand. This should instill confidence as STZ enters FY25. Wine & Spirits, while relatively small, could be a drag on growth in the first part of the year. We maintain our FY24 adj. EPS (X Canopy losses) of \$12.20. For FY25 and FY26 we raise our beer operating margin estimate and lower our W&S sales and operating profit. As a result, FY25 and FY26 adj. EPS increase to \$13.53 and \$15.23 from \$13.50 and \$15.20, respectively.

Thoughts and considerations for next fiscal year

1) Outlook for beer shipments next fiscal year given that this fiscal year STZ gained shelf space, benefitted from Modelo Oro and had better in stock availability. 2) Beer operating margins within algorithm next fiscal year (BofAe 38.8%)? Key drivers include favorable COGS inflation and FX. 3) Capital allocation. STZ's appetite for share buybacks? 4) W&S difficulties might prevent STZ from achieving its total company algorithm of mid to high single digit net sales growth, 33% to 35% operating margin and low double-digit earnings per share growth.

4Q24 modeling call outs

Beer – We expect depletions to grow +8% year over year. Gross and operating margins to decline from 3Q level. W&S – Sales down -7.5% y/y with volumes -9.5% and price/mix +2.0%. Gross margins 48.7% (-80bps y/y) and operating margins 27.2% (-49bps y/y).

Reiterate Buy & \$290 PO

We reiterate our Buy rating and \$290 PO that is based on 19.8x our CY25EPSe. At 19.8x we value shares of STZ near the upper end of its valuation range over the past five years given our outlook for strong sales and earnings growth and expectation for more consistent capital allocation going forward.

Estimates (Feb) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	10.20	10.64	11.89	13.27	15.05
GAAP EPS	(0.21)	10.64	11.89	13.27	15.05
EPS Change (YoY)	2.3%	4.3%	11.7%	11.6%	13.4%
Consensus EPS (Bloomberg)			11.95	13.46	15.10
DPS	3.04	3.20	3.55	3.84	4.14
Valuation (Feb)					
P/E	24.3x	23.3x	20.8x	18.7x	16.4x
GAAP P/E	NM	23.3x	20.8x	18.7x	16.4x
Dividend Yield	1.2%	1.3%	1.4%	1.5%	1.7%
EV / EBITDA*	19.3x	18.5x	17.3x	15.8x	14.5x
Free Cash Flow Yield*	3.5%	3.6%	3.3%	3.0%	3.1%

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

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Refer to important disclosures on page 7 to 9. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.

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Timestamp: 08 January 2024 07:00AM EST

08 January 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	10,048.1	9,917.4
2025E Rev (m)	10,771.5	10,610.0
2026E Rev (m)	11,554.7	11,387.6
2024E EPS	11.80	11.89
2025E EPS	13.24	13.27
2026E EPS	15.02	15.05

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Stock Data

Price	247.53 USD
Price Objective	290.00 USD
Date Established	19-Jul-2023
Investment Opinion	B-1-7
52-Week Range	210.15 USD - 273.65 USD
Mrkt Val (mn) / Shares Out (mn)	48,400 USD / 195.5
Free Float	87.5%
Average Daily Value (mn)	279.51 USD
BofA Ticker / Exchange	STZ / NYS
Bloomberg / Reuters	STZ US / STZN
ROE (2024E)	23.2%
Net Dbt to Eqty (Feb-2023A)	139.6%
ESGMeter™	Medium

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](#)".

iQprofileSM Constellation Brands

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	9.2%	10.0%	11.2%	12.0%	12.6%
Return on Equity	15.2%	19.1%	23.2%	22.6%	22.3%
Operating Margin	33.3%	32.1%	32.6%	33.4%	34.1%
Free Cash Flow	1,679	1,722	1,576	1,443	1,515

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.4x	1.4x	1.3x	1.3x	1.2x
Asset Replacement Ratio	3.0x	2.7x	2.9x	3.6x	3.5x
Tax Rate	17.7%	19.7%	19.0%	19.0%	19.0%
Net Debt-to-Equity Ratio	85.9%	139.6%	115.9%	97.9%	82.0%
Interest Cover	7.8x	7.3x	7.1x	7.5x	8.9x

Income Statement Data (Feb)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	8,821	9,453	9,917	10,610	11,388
% Change	2.4%	7.2%	4.9%	7.0%	7.3%
Gross Profit	4,625	4,865	5,063	5,487	5,950
% Change	2.4%	5.2%	4.1%	8.4%	8.4%
EBITDA	3,278	3,424	3,662	4,001	4,361
% Change	2.9%	4.4%	7.0%	9.3%	9.0%
Net Interest & Other Income	(356)	(399)	(450)	(470)	(436)
Net Income (Adjusted)	1,960	1,982	2,190	2,430	2,747
% Change	0.7%	1.1%	10.5%	10.9%	13.1%

Free Cash Flow Data (Feb)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	1,960	1,982	2,190	2,430	2,747
Depreciation & Amortization	337	384	431	455	477
Change in Working Capital	(186)	(275)	(96)	148	(120)
Deferred Taxation Charge	85	208	28	0	0
Other Adjustments, Net	509	458	273	60	60
Capital Expenditure	(1,027)	(1,035)	(1,250)	(1,650)	(1,650)
Free Cash Flow	1,679	1,722	1,576	1,443	1,515
% Change	-13.6%	2.6%	-8.5%	-8.4%	5.0%
Share / Issue Repurchase	NA	NA	NA	NA	NA
Cost of Dividends Paid	(573)	(588)	(641)	(646)	(697)
Change in Debt	87	2,023	(697)	(430)	(430)

Balance Sheet Data (Feb)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	199	134	70	37	24
Trade Receivables	899	902	1,032	1,163	1,248
Other Current Assets	2,081	2,557	2,491	2,482	2,599
Property, Plant & Equipment	6,060	6,865	7,942	9,137	10,310
Other Non-Current Assets	16,467	14,301	13,793	13,793	13,793
Total Assets	25,705	24,758	25,328	26,612	27,974
Short-Term Debt	928	1,175	1,416	1,416	1,416
Other Current Liabilities	1,771	1,794	1,999	2,268	2,350
Long-Term Debt	9,488	11,287	10,282	9,852	9,422
Other Non-Current Liabilities	1,621	1,674	1,597	1,597	1,597
Total Liabilities	13,808	15,928	15,294	15,134	14,786
Total Equity	11,897	8,830	10,034	11,478	13,188
Total Equity & Liabilities	25,705	24,758	25,328	26,612	27,974

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

Company Sector

Spirits, Wines & Ciders

Company Description

Constellation Brands (STZ) is a leading global producer and marketer of beverage alcohol. Its wide-ranging portfolio spans wine, spirits and imported beer. STZ is one the world's largest wine companies overall and is the largest global premium wine company. Key brands include Robert Mondavi, Clos du Bois, Blackstone, Arbor Mist, Black Velvet and SVEDKA vodka. It also owns 100 percent of the rights to brew, market and sell Modelo's Mexican beers in the US.

Investment Rationale

STZ is the world's largest wine producer, with 1.5 percent global market share and 13 percent of the US wine market and has enjoyed improving mix. It also sells spirits (4 percent US share) and has 100 percent of the rights to brew, market and sell Modelo's beer brands in the US. It also owns 38.6% of Canopy Growth, a Canadian cannabis company. This portfolio is positioned to grow faster than industry peers while having good prospects for margin expansion and increased free cash flow.

Stock Data

Average Daily Volume 1,129,196

Quarterly Earnings Estimates

	2023	2024
Q1	2.66A	2.91A
Q2	-6.20A	3.70A
Q3	2.52A	3.19A
Q4	1.21A	2.09E

Income statement

Exhibit 1: STZ Income Statement

BoFA forecasting FY24 EPS (X Canopy) \$12.20

	Feb-21	Feb-22	Feb-23	May-23	Aug-23	Nov-23	Feb-24	Feb-24	Feb-25	Feb-26
	FY21	FY22	FY23	1Q24	2Q24	3Q24	4Q24e	FY24e	FY25e	FY26e
Consolidated income statement										
Consolidated net sales	\$8,614.9	\$8,820.7	\$9,452.6	\$2,514.9	\$2,836.8	\$2,470.9	\$2,094.8	\$9,917.4	\$10,610.0	\$11,387.6
Cost of goods sold	4097.3	4195.8	4587.6	1222.3	1410.8	1188.1	1033.4	4854.6	5122.8	5437.9
Non GAAP gross profit	\$4,517.6	\$4,624.9	\$4,865.0	\$1,292.6	\$1,426.0	\$1,282.8	\$1,061.4	\$5,062.8	\$5,487.2	\$5,949.7
Selling, general & admin costs	1629.5	1689.1	1828.3	465.4	458.2	463.0	446.5	1833.1	1941.5	2066.0
Non GAAP operating income	\$2,888.1	\$2,935.8	\$3,036.7	\$827.2	\$967.8	\$819.8	\$614.9	\$3,229.7	\$3,545.7	\$3,883.8
Inc (loss) from Canopy Growth inv	-146.2	-178.2	-158.1	-30.8	-19.5	-6.5	-6.5	-63.3	-60.0	-40.0
Inc (loss) from unconsolidated investments	31.3	30.9	29.4	-0.2	6.7	25.7	2.80	35.0	32.0	32.0
EBIT	\$2,773.2	\$2,788.5	\$2,908.0	\$796.2	\$955.0	\$839.0	\$611.2	\$3,201.4	\$3,517.7	\$3,875.8
Interest expense	385.7	356.4	398.7	118.2	110.6	104.2	117.0	450.0	470.0	436.0
Pretax income	\$2,387.5	\$2,432.1	\$2,509.3	\$678.0	\$844.4	\$734.8	\$494.2	\$2,751.4	\$3,047.7	\$3,439.8
Income tax expense	407.2	430.9	494.5	140.2	151.9	134.6	94.7	521.4	577.9	652.4
Net income	\$1,980.3	\$2,001.2	\$2,014.8	\$537.8	\$692.5	\$600.2	\$399.5	\$2,230.0	\$2,469.8	\$2,787.4
Less income attrib to CBL...glass Joint Venture (income)	33.8	41.4	32.5	3.3	10.7	11.8	14.2	40.0	40.0	40.0
Non GAAP STZ net income	\$1,946.5	\$1,959.8	\$1,982.3	\$534.5	\$681.8	\$588.4	\$385.3	\$2,190.0	\$2,429.8	\$2,747.4
GAAP adjustments	51.5	-2000.2	-2053.3	-398.6	8.2	-79.3	0.0	-469.7	0.0	0.0
GAAP STZ net income	\$1,998.0	-\$40.4	-\$71.0	\$135.9	\$690.0	\$509.1	\$385.3	\$1,720.3	\$2,429.8	\$2,747.4
Adjusted EPS (including Canopy)										
GAAP EPS	\$10.23	-\$0.21	-\$0.38	\$0.74	\$3.74	\$2.76	\$2.09	\$9.34	\$13.27	\$15.05
Consensus EPS	\$8.55	\$10.02	\$10.02							
After tax impact of Canopy	-\$93.4	-\$152.9	-\$139.8	-\$24.3	-\$17.8	-\$8.8	-\$5.3	-\$56.2	-\$48.6	-\$32.4
Canopy EPS	-\$0.48	-\$0.80	-\$0.75	-\$0.13	-\$0.10	-\$0.05	-\$0.03	-\$0.31	-\$0.27	-\$0.18
EPS w/o Canopy	\$10.44	\$10.99	\$11.39	\$3.04	\$3.80	\$3.24	\$2.12	\$12.20	\$13.53	\$15.23
Weighted avg diluted shares	195.3	192.2	186.2	183.9	184.3	184.2	184.2	184.1	183.1	182.5
Dividends	28.7%	27.7%	28.1%					29.1%	28.4%	27.2%
Class A	\$3.00	\$3.04	\$3.20	\$0.89	\$0.89	\$0.89	\$0.89	\$3.55	\$3.84	\$4.14
Class B	\$2.72	\$2.76								
YoY growth Class A	0.0%	1.3%	5.3%	11.0%	11.0%	11.0%	11.0%	11.0%	8.0%	8.0%
YoY growth Class B	0.0%	1.5%								
Margin Analysis										
Gross Margin	52.4%	52.4%	51.5%	51.4%	50.3%	51.9%	50.7%	51.0%	51.7%	52.2%
SG&A % Sales	18.9%	19.1%	19.3%	18.5%	16.2%	18.7%	21.3%	18.5%	18.3%	18.1%
Operating income	33.5%	33.3%	32.1%	32.9%	34.1%	33.2%	29.4%	32.6%	33.4%	34.1%
Canopy Growth	-1.7%	-2.0%	-1.7%	-1.2%	-0.7%	-0.3%	-0.3%	-0.6%	-0.6%	-0.4%
Opus	0.4%	0.4%	0.3%	0.0%	0.2%	1.0%	0.1%	0.4%	0.3%	0.3%
EBIT	32.2%	31.6%	30.8%	31.7%	33.7%	34.0%	29.2%	32.3%	33.2%	34.0%
Interest expense	4.5%	4.0%	4.2%	4.7%	3.9%	4.2%	5.6%	4.5%	4.4%	3.8%
Tax rate	17.1%	17.7%	19.7%	20.7%	18.0%	18.3%	19.2%	19.0%	19.0%	19.0%
Glass JV % Sales	0.4%	0.5%	0.3%	0.1%	0.4%	0.5%	0.7%	0.4%	0.4%	0.4%
Incremental operating margin	102.1%	102.8%	109.0%	107.4%	105.5%	99.1%	105.3%	104.2%	105.6%	106.2%
YoY % Change										
Net Sales	3.3%	2.4%	7.2%	6.4%	6.8%	1.4%	4.9%	4.9%	7.0%	7.3%
Gross Profit	4.7%	2.4%	5.2%	5.0%	3.9%	2.5%	5.1%	4.1%	8.4%	8.4%
Operating Profit	5.7%	1.7%	3.4%	4.4%	9.6%	6.5%	3.9%	6.4%	9.8%	9.5%
Pre-tax Profit	12.9%	1.9%	3.2%	4.1%	11.9%	10.4%	12.9%	9.6%	10.8%	12.9%
Net Income (continuing ops)	-17032.2%	-102.0%	75.7%	-65.1%	-159.9%	8.9%	72.8%	-2522.9%	41.2%	13.1%
Adjusted EPS	9.3%	2.3%	4.4%	9.3%	16.7%	12.8%	5.7%	11.7%	11.6%	13.5%
EPS w/o Canopy	5.7%	5.2%	3.6%	4.9%	13.9%	7.7%	-1.3%	7.1%	10.9%	12.6%
YoY BPS Change										
Gross Margin	73 bps	-1 bps	-97 bps	-68 bps	-142 bps	53 bps	11 bps	-42 bps	67 bps	53 bps
SG&A % Sales	-4 bps	23 bps	19 bps	-3 bps	-229 bps	-106 bps	38 bps	-86 bps	-18 bps	-16 bps
Operating income	78 bps	-24 bps	-116 bps	-64 bps	87 bps	159 bps	-27 bps	44 bps	85 bps	69 bps
Canopy Growth	97 bps	-32 bps	35 bps	98 bps	62 bps	124 bps	143 bps	103 bps	7 bps	21 bps
Opus	-5 bps	-1 bps	-4 bps	1 bps	19 bps	-23 bps	24 bps	4 bps	-5 bps	-2 bps
EBIT	170 bps	-58 bps	-85 bps	35 bps	168 bps	260 bps	140 bps	152 bps	87 bps	88 bps
Interest expense	-66 bps	-44 bps	18 bps	96 bps	35 bps	17 bps	-28 bps	32 bps	-11 bps	-60 bps



Exhibit 1: STZ Income Statement
BofA forecasting FY24 EPS (X Canopy) \$12.20

	Feb-21	Feb-22	Feb-23	May-23	Aug-23	Nov-23	Feb-24	Feb-24	Feb-25	Feb-26
Tax rate	268 bps	66 bps	199 bps	-49 bps	-263 bps	-101 bps	263 bps	-75 bps	1 bps	0 bps
Glass JV % Sales	-1 bps	8 bps	-13 bps	-28 bps	-2 bps	-1 bps	67 bps	6 bps	-3 bps	-3 bps

Source: BofA Global Research

BofA GLOBAL RESEARCH



Price objective basis & risk

Constellation Brands (STZ)

Our \$290 price objective is based on 19.8x our CY25e EPS that excludes Canopy. At 19.8x we value shares of STZ at the upper end of its valuation range over the past five years given our outlook for strong sales and earnings growth and expectation for more consistent capital allocation going forward.

Upside risks to our PO: 1) Modelo's beer brands continue to grow above current trends. 2) Corona's new products resonate with consumers and drives sales growth. 3) Investment behind certain wine & spirit brands accelerates sales growth and operating margins.

Downside risks to our PO: 1) Hard seltzers cannibalize growth from STZ's beer portfolio. 2) STZ's investment in Canopy takes longer than anticipated to be accretive to EPS than we forecast. 3) Remaining wine & spirits business does not achieve investors' expectations.

Analyst Certification

I, Bryan D. Spillane, 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 - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	BellRing Brands Inc	BRBR	BRBR US	Bryan D. Spillane
	Celsius Holdings Inc	CELH	CELH US	Jonathan Keypour
	Coca-Cola Europacific Partners plc	CCEP	CCEP US	Bryan D. Spillane
	Colgate-Palmolive Company	CL	CL US	Bryan D. Spillane
	Constellation Brands	STZ	STZ US	Bryan D. Spillane
	Coty Inc.	COTY	COTY US	Anna Lizzul
	e.l.f. Beauty	ELF	ELF US	Anna Lizzul
	Freshpet, Inc.	FRPT	FRPT US	Bryan D. Spillane
	Kenvue Inc.	KVUE	KVUE US	Anna Lizzul
	Keurig Dr Pepper	KDP	KDP US	Bryan D. Spillane
	Kraft Heinz Company	KHC	KHC US	Bryan D. Spillane
	Lamb Weston Holdings Inc	LW	LW US	Peter T. Galbo, CFA
	McCormick & Co.	MKC	MKC US	Peter T. Galbo, CFA
	Mondelez International	MDLZ	MDLZ US	Bryan D. Spillane
	Monster Beverage Corporation	MNST	MNST US	Peter T. Galbo, CFA
	PepsiCo	PEP	PEP US	Bryan D. Spillane
	Philip Morris International	PM	PM US	Lisa K. Lewandowski
	Pilgrim's Pride Corp.	PPC	PPC US	Peter T. Galbo, CFA
	The Coca Cola Company	KO	KO US	Bryan D. Spillane
	The Procter & Gamble Company	PG	PG US	Bryan D. Spillane
NEUTRAL				
	Altria Group	MO	MO US	Lisa K. Lewandowski
	Church & Dwight	CHD	CHD US	Anna Lizzul
	Clorox	CLX	CLX US	Anna Lizzul
	Conagra Brands, Inc.	CAG	CAG US	Peter T. Galbo, CFA
	Estee Lauder Companies Inc.	EL	EL US	Bryan D. Spillane
	General Mills	GIS	GIS US	Bryan D. Spillane
	JM Smucker Company	SJM	SJM US	Peter T. Galbo, CFA
	Kellanova	K	K US	Peter T. Galbo, CFA
	Molson Coors Beverage Company	TAP	TAP US	Bryan D. Spillane
	The Duckhorn Portfolio, Inc.	NAPA	NAPA US	Peter T. Galbo, CFA
	The Hershey Company	HSY	HSY US	Bryan D. Spillane



US - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Utz Brands	UTZ	UTZ US	Peter T. Galbo, CFA
	WK Kellogg Co	KLG	KLG US	Peter T. Galbo, CFA

UNDERPERFORM

	Brown-Forman Corporation	BFB	BF/B US	Bryan D. Spillane
	Campbell Soup Company	CPB	CPB US	Peter T. Galbo, CFA
	Canopy Growth	YWEED	WEED CN	Lisa K. Lewandowski
	Canopy Growth	CGC	CGC US	Lisa K. Lewandowski
	Cronos Group	YCRON	CRON CN	Lisa K. Lewandowski
	Cronos Group	CRON	CRON US	Lisa K. Lewandowski
	Dole plc	DOLE	DOLE US	Bryan D. Spillane
	Herbalife Nutrition Ltd	HLF	HLF US	Anna Lizzul
	Hormel Foods Corp.	HRL	HRL US	Peter T. Galbo, CFA
	Kimberly-Clark	KMB	KMB US	Anna Lizzul
	Tyson Foods, Inc.	TSN	TSN US	Peter T. Galbo, CFA

RSTR

	The Vita Coco Company, Inc.	COCO	COCO US	Bryan D. Spillane
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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

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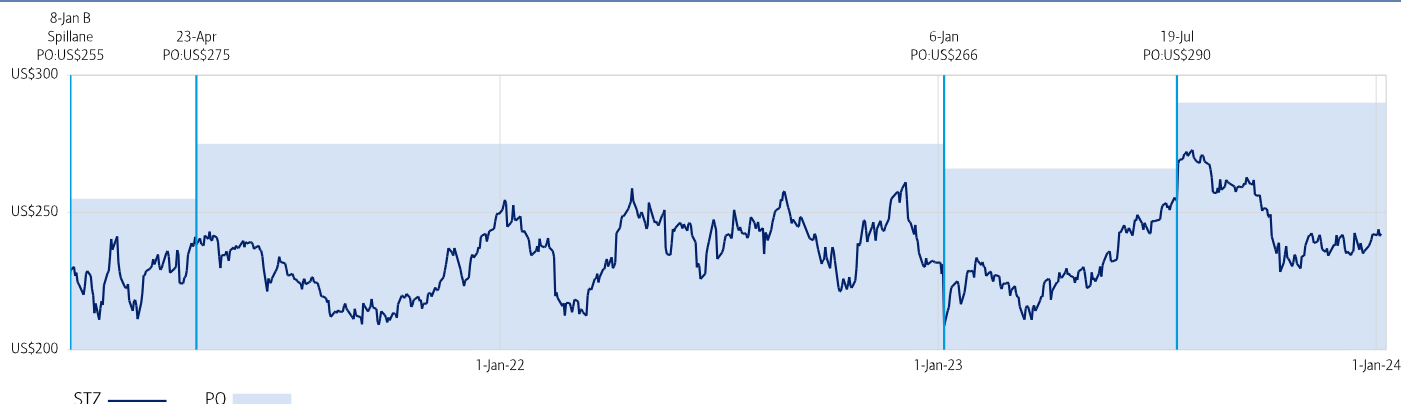
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Constellation (STZ) Price Chart



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

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Equity Investment Rating Distribution: Beverages - Alcoholic Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	22	61.11%	Buy	15	68.18%
Hold	6	16.67%	Hold	4	66.67%
Sell	8	22.22%	Sell	2	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}
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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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