

Etsy, Inc.

4Q beat overshadowed by soft margin guide; Reiterate Neutral

Reiterate Rating: NEUTRAL | PO: 82.00 USD | Price: 77.13 USD

4Q rev/EBITDA beat driven by improving MoM trends

Reported 4Q'23 GMS/rev/EBTIDA of \$4.0bn/\$842mn/\$236mn, +0.8/+1.7/+3.7% above Street. GMS declined 0.7% YoY (-1.6% on an FXN basis), with macro headwinds slightly improving MoM in 4Q. Total active buyers grew 1% YoY while Etsy active buyers grew 3% YoY to an all-time high. Strength in Etsy Ads continued to fuel take rate expansion, reaching 21.0% in 4Q (100bps YoY). EBITDA margin came in at the high-end of guidance at 28%, but declined about 10bps YoY from 4Q'22.

Guides Q1 GMS down LSD, margins at least in line with 23

Guides GMS down LSD for Q1, reflecting recovery in the back-half of the quarter after a soft January (down MSD), helped by incremental benefits from the launch of Gift Mode. Revenue is expected to be 21-21.5% of GMS, flat to +50bps QoQ (slightly lower than the 70bps QoQ increase in 1Q'23) with the FY'24 take rate expected to be in line with Q1. EBITDA margin in Q1 is expected to be ~26% vs. 26.6% LY. Etsy plans to reinvest \$90mn in savings from headcount cuts in Dec. and non-Etsy brands remain a ~300bp margin drag (Reverb is modestly profitable, while Depop's loss is improving). Etsy guided FY'24 margins to "at least similar to 2023" also suggesting limited flow through.

Lowering GMS slightly on weaker outlook

We adjust 1Q GMS/rev/EBITDA to \$3.05bn/\$652mn/\$169mn vs. \$3.10bn/\$651mn/\$175mn prior to reflect soft QTD GMS trends. We lower FY24 GMS slightly to \$13.23bn but raise revenue 1% to \$2.83bn to reflect a slightly higher take rate.

Familiar GMS story for now, soft margin guide; Neutral

While Etsy expects some GMS improvement through 2024, trends continue to be weighed down by a challenging and persistent macro environment. Based on investor conversations, softer GMS trends were likely already priced in for Q1. However, investors were also likely anticipating more margin expansion for FY'24 than implied by the guide. Etsy has several initiatives in the works that could reaccelerate GMS and drive multiple expansion including a new Gift Mode feature supported by marketing, the potential launch of a loyalty program, and efforts to cleanup the seller base but we await progress before factoring into estimates. We reiterate Neutral and lower our PO to \$82 (from \$90) based on 12x 2025E EV/EBITDA (from 14x prior) on lower GMS estimates.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	4.08	4.03	4.30	4.57	5.07
GAAP EPS	(4.94)	2.20	2.57	2.75	3.12
EPS Change (YoY)	-10.5%	-1.2%	6.7%	6.3%	10.9%
Consensus EPS (Bloomberg)			3.76	4.19	4.87
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	18.9x	19.1x	17.9x	16.9x	15.2x
GAAP P/E	NM	35.1x	30.0x	28.0x	24.7x
EV / EBITDA*	15.1x	14.3x	14.0x	13.1x	12.0x
Free Cash Flow Yield*	7.3%	7.5%	6.2%	8.0%	8.3%

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

21 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	90.00	82.00
2024E Rev (m)	2,799.3	2,828.7
2025E Rev (m)	2,988.4	2,970.9
2026E Rev (m)	3,197.5	3,185.6
2024E EPS	4.04	4.30
2025E EPS	4.42	4.57
2026E EPS	4.87	5.07

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Stock Data

Price	77.13 USD
Price Objective	82.00 USD
Date Established	21-Feb-2024
Investment Opinion	C-2-9
52-Week Range	58.20 USD - 133.49 USD
Mrkt Val (mn) / Shares Out (mn)	9,236 USD / 119.7
Free Float	99.2%
Average Daily Value (mn)	299.45 USD
BofA Ticker / Exchange	ETSY / NAS
Bloomberg / Reuters	ETSY US / ETSY.QQ
ROE (2024E)	NA
Net Dbt to Eqty (Dec-2023A)	NA
ESGMeter TM	High

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"](#).

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iQprofileSM Etsy, Inc.

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	-22.7%	13.3%	17.5%	17.5%	18.4%
Return on Equity	1,412.5%	NM	NM	NM	NM
Operating Margin	-25.7%	10.2%	13.9%	14.6%	15.4%
Free Cash Flow	673	693	576	740	770

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.2x	1.3x	1.0x	1.2x	1.2x
Asset Replacement Ratio	0.1x	0.1x	0.2x	0.2x	0.2x
Tax Rate	NM	NM	12.5%	14.0%	15.0%
Net Debt-to-Equity Ratio	NM	NM	NM	NM	NM
Interest Cover	NM	NA	NA	NA	NA

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	2,566	2,748	2,829	2,971	3,186
% Change	10.2%	7.1%	2.9%	5.0%	7.2%
Gross Profit	1,845	1,951	2,022	2,128	2,281
% Change	9.3%	5.7%	3.7%	5.3%	7.2%
EBITDA	717	754	773	823	904
% Change	0%	5.2%	2.4%	6.5%	9.8%
Net Interest & Other Income	(3)	13	12	4	4
Net Income (Adjusted)	574	564	595	625	683
% Change	-14.0%	-1.9%	5.7%	5.0%	9.2%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(694)	308	356	377	420
Depreciation & Amortization	97	91	92	96	100
Change in Working Capital	40	(24)	(103)	21	(15)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	1,241	330	246	260	280
Capital Expenditure	(10)	(13)	(14)	(15)	(16)
Free Cash Flow	673	693	576	740	770
% Change	5.2%	2.9%	-16.9%	28.4%	4.1%
Share / Issue Repurchase	(411)	(563)	(412)	(437)	(485)
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(6)	(8)	(6)	(6)	(6)

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	921	914	938	1,099	1,244
Trade Receivables	28	25	30	36	38
Other Current Assets	565	631	594	618	641
Property, Plant & Equipment	250	250	237	224	212
Other Non-Current Assets	871	865	953	929	943
Total Assets	2,635	2,685	2,752	2,905	3,078
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	632	711	668	692	725
Long-Term Debt	2,280	2,284	2,284	2,284	2,284
Other Non-Current Liabilities	271	235	231	233	224
Total Liabilities	3,182	3,229	3,182	3,208	3,233
Total Equity	(547)	(544)	(430)	(303)	(155)
Total Equity & Liabilities	2,635	2,685	2,752	2,905	3,078

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

Company Sector

Internet/e-Commerce

Company Description

Etsy, Inc. is a US-based ecommerce company that operates online marketplaces connecting nearly 100mn buyers and 8mn sellers globally. It specializes in handmade and/or vintage items, art, and craft supplies. As of 2022 Etsy generated \$13.3bn in gross merchandise sales and \$2.36bn in total revenues. Revenue is primarily generated from listing and transaction fees, seller services such as advertising, and shipping labels.

Investment Rationale

Etsy has built a high-margin and differentiated marketplace that, in our view, has strong competitive barriers given that it does not directly compete with larger retailers and marketplaces. We believe that Etsy can return to mid-single-digit GMS growth in 2024 on easy comparisons and low relative market share. However, in the near to medium term, we are cautious on revenues reaccelerating due to reopening and macro volatility, which could impair demand for Etsy's discretionary products.

Stock Data

Average Daily Volume 3,965,040

Quarterly Earnings Estimates

	2023	2024
Q1	0.96A	0.94E
Q2	0.99A	0.93E
Q3	1.09A	1.07E
Q4	0.99A	1.49E

Actuals vs. Estimates

Exhibit 1: 4Q23 Actual results vs. estimates

Etsy generated 4Q23 GMS of \$4.01bn vs. Street's estimate of \$3.97bn

Etsy, Inc.	4Q23A As of 12/31/23			
	Actual	Estimate	Consensus	Difference
Key Metrics				
Active Buyers	96,483	96,502	97,743	(19)
% YoY Growth	1%	1%		0.0%
Active Sellers	9,035.00	8,814.60	8,774.31	220.4
% YoY Growth	21%	18%		3.0%
Gross merchandise sales (GMS)	4,007,404	3,973,275	3,973,766	34,129
% YoY Growth	-1%	-2%		
Income Statement				
Net Revenue (\$ M)	842,322	828,428	827,979	13,894
% Sales Growth YoY	4%	3%		1.7%
% QoQ	32%	30%		2.2%
Total COGS	248,033	229,889	227,677	18,144
Gross Profit	594,289	598,539	600,301	-4,250
Gross Margin	70.6%	72.3%	72.5%	-1.7%
Operating Expenses				
Research and Development	84,242	82,843	82,742.8	1,399
% of Revenue	10%	10%	10%	0.0%
Sales and Marketing	255,424	252,671	249,190	2,753
% of Revenue	30%	31%	30%	-0.2%
General and Administrative	70,689	89,470	68,650	-18,781
% of Revenue	8%	11%	8%	-2.4%
Stock-based Compensation	68,476	74,559	74,161	-6,083
% of Revenue	8%	9%	9%	-0.9%
Total Operating Expenses	478,831	499,542	474,744	(20,711)
% of Revenue	57%	60%	57%	-3.5%
Operating Income	115,458	98,997	125,557	16,461
% Margin	14%	12%	15%	1.8%
Interest expense (income), net	0	0		0
Earnings Before Tax	109,168	106,997		2,171
Income Tax Expense (Benefit)	25,902	10,700		15,202
Effective Tax Rate (GAAP)	24%	10%		13.7%
Net Income (GAAP)	83,266	96,297	107,509	-13,031
% Margin	10%	12%	13%	-1.7%
Diluted GAAP EPS	\$0.61	\$0.69	0.78	(\$0.08)
Adjusted EBITDA	235,514	230,252	227,078.4	5,262
% Margin	28%	28%	27%	0.2%
Non-GAAP Net Income	135,495	163,400	183,519.3	-27,905
% Margin	16.1%	19.7%	22%	-3.6%
Diluted EPS Non-GAAP	\$0.99	\$1.18	\$1.32	(\$0.19)
Cash Flow				
Free Cash Flow	282,543	85,775	280,303.3	196,768

Source: BofA Global Research Estimates, Company Materials, Visible Alpha

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Estimate changes

Exhibit 2: Etsy (ETSY) revised estimates

We adjust 1Q GMS/rev/EBITDA to \$3.05bn/\$652mn/\$169mn vs. \$3.10bn/\$651mn/\$175mn prior

	1Q24E			2Q24E			2024E			2025E		
	New	Old	Difference	New	Old	Difference	New	Old	Difference	New	Old	Difference
Key Metrics												
Active Buyers	96,481	97,198	(716)	97,453	97,453	0	98,171	98,191	(19)	102,098	102,119	(20)
% YoY Growth	1%	2%	-0.8%	1%	1%	0.0%	2%	2%	0.0%	4%	4%	0.0%
Active Sellers	9,133	8,895	238	9,143	8,977	166	9,125	9,167	-42	9,582	9,626	-44
% YoY Growth	15%	12%	3.0%	10%	8%	2.0%	1%	4%	-3.0%	5%	5%	0.0%
Gross merchandise sales (GMS)	3,054,838	3,101,358	-1.5%	3,012,504	3,042,629	-1.0%	13,225,223	13,267,057	-0.3%	13,754,232	14,063,081	-2.2%
Income Statement												
Net Revenue (\$ M)	652,208	651,285	923	644,676	643,516	1,160	2,828,670	2,799,304	29,366	2,970,914	2,988,405	(17,491)
% Sales Growth YoY	2%	2%	0.1%	3%	2%	0.2%	3%	2%	0.6%	5%	7%	-1.7%
% QoQ	-23%	-21%	-1.2%	-1%	-1%	0.0%	0%	0%	0.0%	0%	0%	0.0%
Total COGS	190,445	187,570	2,875	183,733	182,759	974	806,579	787,995	18,583	842,585	836,753	5,832
Gross Profit	461,763	463,715	-1,952	460,943	460,757	186	2,022,092	2,011,309	10,783	2,128,329	2,151,651	-23,322
Gross Margin	70.8%	71.2%	-0.4%	71.5%	71.6%	-0.1%	71.5%	71.9%	-0.4%	71.6%	72.0%	-0.4%
Operating Expenses												
Research and Development	73,373	83,365	(9,991)	73,493	83,657	(10,164)	293,934	336,304	(42,370)	303,810	352,632	(48,822)
% of Revenue	11%	13%	-1.6%	11%	13%	-1.6%	10%	12%	-1.6%	10%	12%	-1.6%
Sales and Marketing	183,923	172,591	11,332	182,121	178,254	3,867	793,825	771,864	21,961	827,307	815,834	11,473
% of Revenue	28%	27%	1.7%	28%	28%	0.5%	28%	28%	0.5%	28%	27%	0.5%
General and Administrative	66,525	70,990	-4,465	66,402	66,926	-524	265,769	273,861	-8,092	274,126	280,910	-6,784
% of Revenue	10%	11%	-0.7%	10%	10%	-0.1%	9%	10%	-0.4%	9%	9%	-0.2%
Stock-based Compensation	68,482	74,898	-6,416	68,336	74,970	-6,634	274,037	300,652	-26,615	288,990	313,782	-24,792
% of Revenue	11%	12%	-1.0%	11%	12%	-1.1%	10%	11%	-1.1%	10%	11%	-0.8%
Total Operating Expenses	392,303	401,843	-9,540	390,351	403,806	-13,455	1,627,565	1,682,681	-55,116	1,694,234	1,763,159	-68,925
% of Revenue	60%	62%	-1.6%	61%	63%	-2.2%	58%	60%	-2.6%	57%	59%	-2.0%
Operating Income	69,460	61,872	7,588	70,592	56,951	13,641	394,526	328,628	65,899	434,096	388,493	45,603
% Margin	11%	10%	1.2%	11%	9%	2.1%	14%	12%	2.2%	15%	13%	1.6%
Interest expense (income), net	0	0	0	0	0	0	0	0	0	0	0	0
Earnings Before Tax	77,460	69,872	7,588	74,592	60,951	13,641	406,526	340,628	65,899	438,096	392,493	45,603
Income Tax Expense (Benefit)	9,683	8,734	949	9,324	7,619	1,705	50,816	42,578	8,237	61,333	54,949	6,384
Effective Tax Rate (GAAP)	13%	13%	0.0%	13%	13%	0.0%	13%	13%	0.0%	14%	14%	0.0%
Net Income (GAAP)	67,778	61,138	6,640	65,268	53,332	11,936	355,711	298,049	57,661	376,762	337,544	39,219
% Margin	10%	9%	1.0%	10%	8%	1.8%	13%	11%	1.9%	13%	11%	1.4%
Diluted GAAP EPS	\$0.50	\$0.44	\$0.06	\$0.48	\$0.39	\$0.10	\$2.57	\$2.15	\$0.42	\$2.75	\$2.46	\$0.30
Adjusted EBITDA	168,942	174,846	-5,904	165,928	162,089	3,839	772,564	745,952	26,612	823,086	816,947	6,139
% Margin	26%	27%	-0.9%	26%	25%	0.6%	27%	27%	0.7%	28%	27%	0.4%
Non-GAAP Net Income	127,699	126,674	1,026	125,062	118,931	6,131	595,493	561,120	34,374	625,294	607,397	17,897
% Margin	19.6%	19.4%	0.1%	19.4%	18.5%	0.9%	21.1%	20.0%	1.0%	21.0%	20.3%	0.7%
Diluted EPS Non-GAAP	\$0.94	\$0.91	\$0.03	\$0.93	\$0.86	\$0.07	\$4.30	\$4.04	\$0.26	\$4.57	\$4.42	\$0.15

Source: BofA Global Research Estimates, Visible Alpha

BofA GLOBAL RESEARCH



Price objective basis & risk

Etsy, Inc. (ETSY)

Our \$82 price objective is based on 12x 2025E EV/EBITDA. This is a discount to Etsy's 5-year average of 25x (ranging from 11x to 50x). We believe a discount is warranted given lower gross merchandise sales and total revenue growth relative to Etsy's historic average and less potential upside for EBITDA margins. We believe that Etsy should trade at a slight discount to overall eCommerce and marketplaces due to lower revenue growth, offset partially by higher margins and competitive barriers.

Upside risks to our PO are higher-than-expected order frequency and average order value due to improvements in search functionality, greater than expected shares gains across underpenetrated customer demographics, regions, and products and increase take rates from new services and higher fees.

Downside risks to our PO are that weakness in discretionary spending or a recession would likely have an outsized impact on the discretionary products sold on Etsy's marketplaces, continued pressure on GMS growth from lapping tough-COVID related comparisons over the next several quarters and softer-than-anticipated performance from non-Etsy marketplaces.

Analyst Certification

I, Curtis Nagle, 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 - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	DoubleVerify Holdings, Inc.	DV	DV US	Omar Dessouky, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Integral Ad Science Holding Corp.	IAS	IAS US	Omar Dessouky, CFA
	LegalZoom	LZ	LZ US	Michael McGovern
	Match Group	MTCH	MTCH US	Curtis Nagle, CFA
	Meta Platforms Inc	META	META US	Justin Post
	Pinterest	PINS	PINS US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Squarespace, Inc.	SQSP	SQSP US	Michael McGovern
	Uber	UBER	UBER US	Justin Post
	Udemy Inc	UDMY	UDMY US	Curtis Nagle, CFA
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Wix.com	WIX	WIX US	Michael McGovern
NEUTRAL				
	ACV Auctions	ACVA	ACVA US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Beyond Inc	BYON	BYON US	Curtis Nagle, CFA
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	Bumble	BMBL	BMBL US	Curtis Nagle, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	Duolingo	DUOL	DUOL US	Curtis Nagle, CFA
	eBay	EBAY	EBAY US	Justin Post



US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Expedia	EXPE	EXPE US	Justin Post
	Instacart	CART	CART US	Justin Post
	Magnite, Inc.	MGNI	MGNI US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
UNDERPERFORM				
	Chewy Inc	CHWY	CHWY US	Curtis Nagle, CFA
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Curtis Nagle, CFA
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA
	Shutterstock	SSTK	SSTK US	Curtis Nagle, CFA
RSTR				
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern

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

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.

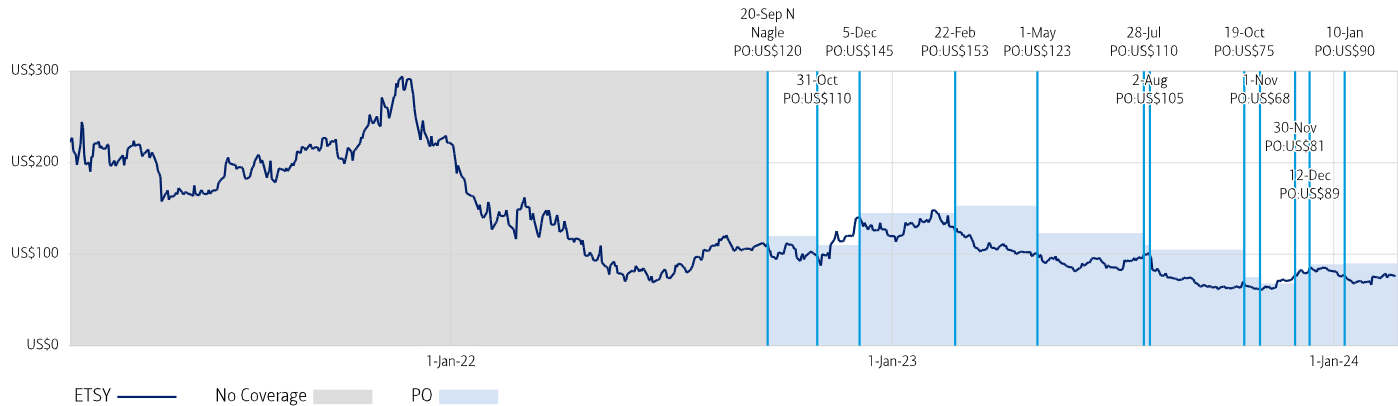
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Etsy, Inc. (ETSY) Price Chart



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: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

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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Underperform	N/A	≥ 20%

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