

## Regeneron Pharmaceuticals Inc.

## Latest 4Q23 and 2023 Consensus as of TODAY

Reiterate Rating: UNDERPERFORM | PO: 710.00 USD | Price: 962.07 USD

## Latest Consensus Estimates

Ahead of Regeneron reporting 4Q23 results tomorrow (2/2) before the market opens, we have assessed the latest consensus estimates (for 4Q23 and 2023) as of TODAY. Sanofi (covered by Sachin/Parry) reported 4Q23 results yesterday (see our [Sanofi 4Q23 read-through note](#)); we've adjusted Dupixent and Kevzara sales based on Sanofi's results and FX impact. Maintain Underperform and \$710 PO given our conservative view of US Eylea, despite solid Sanofi collaboration revenue performance.

Table 1: Latest 4Q23 and 2023 estimates

Latest consensus expectations as of today

| 4Q23E estimates / growth       |          |          |        |                               |         |        |
|--------------------------------|----------|----------|--------|-------------------------------|---------|--------|
| (\$ in mil)                    | Cons     | BofA     | y/y    | Change                        |         |        |
| Total Revenue                  | \$3,266  | \$3,249  | -4%    | Cons -\$29M in the past week  |         |        |
| Adjusted EPS                   | \$10.62  | \$10.28  | -15%   | Cons -\$0.29 in the past week |         |        |
| Key products / growth          |          |          |        |                               |         |        |
|                                | 4Q23     | 4Q23     | Growth | 2023E                         | 2023E   | Growth |
| (\$ in mil)                    | Cons     | BofA     | y/y    | Cons                          | BofA    | y/y    |
| US Eylea                       | \$1,478  | \$1,340  | -1%    | \$5,920                       | \$5,722 | -5%    |
| US Eylea HD                    | 128      | 123      | N/A    | 126                           | 166     | N/A    |
| WW Libtayo                     | 243      | 217      | 60%    | 841                           | 845     | 88%    |
| WW Dupixent (Booked by Sanofi) | 41       | 39       | 16%    | 162                           | 161     | -98%   |
| Net product sales              | 1,784    | 1,743    | 5%     | 7,013                         | 6,970   | 2%     |
| 2023E estimates / growth       |          |          |        |                               |         |        |
| (\$ in mil)                    | Cons     | BofA     | y/y    | Change                        |         |        |
| Total Revenue                  | \$12,931 | \$12,932 | 6%     | Cons -\$29M in the past week  |         |        |
| Adjusted EPS                   | \$42.16  | \$42.20  | -6%    | Cons -\$0.58 in the past week |         |        |
| Margin Analysis                |          |          |        |                               |         |        |
|                                | 4Q23     | 4Q23     | 2023E  | 2023E                         |         |        |
|                                | Cons     | BofA     | Cons   | BofA                          |         |        |
| Gross Margin                   | 89%      | 87%      | 88%    | 89%                           |         |        |
| Operating Margin               | 39%      | 38%      | 40%    | 39%                           |         |        |
| Net income Margin              | 37%      | 36%      | 38%    | 38%                           |         |        |

Source: BofA Global Research, Visible Alpha consensus, Bloomberg

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## Conference Call Details

We think major topics include: 1) 2024 US Eylea and Eylea HD outlook and impact from competition (see [our Roche 4Q23 read-through note](#)), 2) Eylea patent litigation updates, and 3) 2H24 commercial launch plans. Regeneron will host a call tomorrow 2/2 at 8:30 AM ET. Dial in: (844) 543-0451 (U.S.); registration required to retrieve a PIN.

| Estimates (Dec) (US\$)    | 2021A  | 2022A  | 2023E | 2024E | 2025E |
|---------------------------|--------|--------|-------|-------|-------|
| EPS                       | 78.06  | 44.98  | 42.20 | 41.85 | 43.60 |
| GAAP EPS                  | 75.42  | 38.22  | 31.84 | 30.84 | 32.26 |
| EPS Change (YoY)          | 148.0% | -42.4% | -6.2% | -0.8% | 4.2%  |
| Consensus EPS (Bloomberg) |        |        | 42.16 | 44.13 | 47.43 |
| DPS                       | 0      | 0      | 0     | 0     | 0     |
| Valuation (Dec)           |        |        |       |       |       |
| P/E                       | 12.3x  | 21.4x  | 22.8x | 23.0x | 22.1x |
| GAAP P/E                  | 12.8x  | 25.2x  | 30.2x | 31.2x | 29.8x |
| EV / EBITDA*              | 10.1x  | 17.4x  | 19.0x | 18.9x | 17.6x |
| Free Cash Flow Yield*     | 5.8%   | 2.8%   | 3.9%  | 3.3%  | 3.4%  |

\* For full definitions of *IQmethod™* measures, see page 4.

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01 February 2024

## Equity

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## Stock Data

|                                |                         |
|--------------------------------|-------------------------|
| Price                          | 962.07 USD              |
| Price Objective                | 710.00 USD              |
| Date Established               | 26-Jan-2024             |
| Investment Opinion             | B-3-9                   |
| 52-Week Range                  | 684.81 USD - 965.66 USD |
| Mkt Val (mn) / Shares Out (mn) | 111,794 USD / 116.2     |
| Free Float                     | 97.4%                   |
| Average Daily Value (mn)       | 566.80 USD              |
| BofA Ticker / Exchange         | REGN / NAS              |
| Bloomberg / Reuters            | REGN US / REGN.OQ       |
| ROE (2023E)                    | 19.4%                   |
| Net Dbt to Eqty (Dec-2022A)    | -34.2%                  |
| ESGMeter™                      | 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"](#).

**Abbreviations:**  
FX: foreign exchange

# iQprofile<sup>SM</sup> Regeneron Pharmaceuticals Inc.

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

| (US\$ Millions)            | 2021A | 2022A | 2023E | 2024E | 2025E |
|----------------------------|-------|-------|-------|-------|-------|
| Return on Capital Employed | 51.4% | 21.3% | 15.4% | 13.4% | 12.5% |
| Return on Equity           | 59.6% | 24.9% | 19.4% | 16.6% | 15.4% |
| Operating Margin           | 63.6% | 47.0% | 39.2% | 38.1% | 39.2% |
| Free Cash Flow             | 6,529 | 3,168 | 4,375 | 3,701 | 3,824 |

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

| (US\$ Millions)          | 2021A  | 2022A  | 2023E  | 2024E  | 2025E  |
|--------------------------|--------|--------|--------|--------|--------|
| Cash Realization Ratio   | 0.8x   | 1.0x   | 1.1x   | 1.0x   | 1.0x   |
| Asset Replacement Ratio  | 1.9x   | 5.4x   | 1.9x   | 1.9x   | 1.9x   |
| Tax Rate                 | 13.1%  | 12.8%  | 12.7%  | 11.6%  | 13.2%  |
| Net Debt-to-Equity Ratio | -30.3% | -34.2% | -38.4% | -41.7% | -44.1% |
| Interest Cover           | NM     | NM     | NM     | 43.0x  | NM     |

## Income Statement Data (Dec)

| (US\$ Millions)              | 2021A         | 2022A         | 2023E        | 2024E        | 2025E        |
|------------------------------|---------------|---------------|--------------|--------------|--------------|
| Sales                        | 16,072        | 12,173        | 12,932       | 13,198       | 13,764       |
| % Change                     | 89.1%         | -24.3%        | 6.2%         | 2.1%         | 4.3%         |
| Gross Profit                 | 13,938        | 10,906        | 11,321       | 11,534       | 12,007       |
| % Change                     | 87.9%         | -21.8%        | 3.8%         | 1.9%         | 4.1%         |
| EBITDA                       | 10,503        | 6,060         | 5,552        | 5,580        | 5,995        |
| % Change                     | 160.3%        | -42.3%        | -8.4%        | 0.5%         | 7.4%         |
| Net Interest & Other Income  | (61)          | (149)         | (95)         | (129)        | (113)        |
| <b>Net Income (Adjusted)</b> | <b>8,876</b>  | <b>5,164</b>  | <b>4,830</b> | <b>4,829</b> | <b>5,095</b> |
| <b>% Change</b>              | <b>142.1%</b> | <b>-41.8%</b> | <b>-6.5%</b> | <b>0%</b>    | <b>5.5%</b>  |

## Free Cash Flow Data (Dec)

| (US\$ Millions)                        | 2021A         | 2022A         | 2023E        | 2024E         | 2025E        |
|--|---------------|---------------|--------------|---------------|--------------|
| Net Income from Cont Operations (GAAP) | 8,575         | 4,388         | 3,644        | 3,559         | 3,770        |
| Depreciation & Amortization            | 286           | 341           | 487          | 548           | 599          |
| Change in Working Capital              | (1,917)       | (243)         | 526          | (29)          | (61)         |
| Deferred Taxation Charge               | (147)         | (746)         | 0            | 0             | 0            |
| Other Adjustments, Net                 | 284           | 1,275         | 666          | 662           | 652          |
| Capital Expenditure                    | (552)         | (1,847)       | (949)        | (1,038)       | (1,136)      |
| <b>Free Cash Flow</b>                  | <b>6,529</b>  | <b>3,168</b>  | <b>4,375</b> | <b>3,701</b>  | <b>3,824</b> |
| <b>% Change</b>                        | <b>225.9%</b> | <b>-51.5%</b> | <b>38.1%</b> | <b>-15.4%</b> | <b>3.3%</b>  |
| Share / Issue Repurchase               | 1,672         | 1,520         | 2,545        | 2,272         | 2,317        |
| Cost of Dividends Paid                 | 0             | 0             | 0            | 0             | 0            |
| Change in Debt                         | (1,645)       | (2,083)       | (2,000)      | (2,000)       | (2,000)      |

## Balance Sheet Data (Dec)

| (US\$ Millions)                       | 2021A         | 2022A         | 2023E         | 2024E         | 2025E         |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash & Equivalents                    | 5,695         | 7,742         | 10,385        | 12,919        | 15,476        |
| Trade Receivables                     | 6,037         | 5,329         | 5,661         | 5,778         | 6,025         |
| Other Current Assets                  | 2,284         | 2,813         | 2,988         | 3,050         | 3,181         |
| Property, Plant & Equipment           | 3,482         | 3,763         | 4,211         | 4,702         | 5,239         |
| Other Non-Current Assets              | 7,938         | 9,567         | 11,388        | 12,296        | 13,301        |
| <b>Total Assets</b>                   | <b>25,435</b> | <b>29,215</b> | <b>34,634</b> | <b>38,744</b> | <b>43,223</b> |
| Short-Term Debt                       | 0             | 0             | 0             | 0             | 0             |
| Other Current Liabilities             | 3,933         | 3,141         | 3,337         | 3,406         | 3,552         |
| Long-Term Debt                        | 0             | 0             | 0             | 0             | 0             |
| Other Non-Current Liabilities         | 2,734         | 3,409         | 4,268         | 4,356         | 4,543         |
| <b>Total Liabilities</b>              | <b>6,666</b>  | <b>6,551</b>  | <b>7,605</b>  | <b>7,762</b>  | <b>8,095</b>  |
| <b>Total Equity</b>                   | <b>18,769</b> | <b>22,664</b> | <b>27,029</b> | <b>30,982</b> | <b>35,128</b> |
| <b>Total Equity &amp; Liabilities</b> | <b>25,435</b> | <b>29,215</b> | <b>34,634</b> | <b>38,744</b> | <b>43,223</b> |

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 4.

## Company Sector

Biotechnology

## Company Description

Regeneron Pharmaceuticals is a biopharmaceutical company focused on the development of therapeutic human antibodies for the treatment of eye disorders, hypercholesterolemia, cancer, inflammation, and other diseases. Regeneron's product sales are driven principally by its VEGF inhibitor Eylea, which is approved for use in wet age-related macular degeneration (wet AMD) and diabetic macular edema (DME) and Dupixent for the treatment of atopic dermatitis and asthma.

## Investment Rationale

Our Underperform rating on REGN is based on fading Eylea revenues offset by Sanofi joint venture profit growth driven by Dupixent. Libtayo adds marginally to our outlook, with REGN's early pipeline offering long-term upside potential, but is yet unproven.

## Stock Data

Average Daily Volume 589,149

## Quarterly Earnings Estimates

|    | 2022   | 2023   |
|----|--------|--------|
| Q1 | 11.99A | 10.09A |
| Q2 | 9.77A  | 10.24E |
| Q3 | 11.14A | 11.59E |
| Q4 | 12.56A | 10.28E |

## Price objective basis & risk

### Regeneron Pharmaceuticals Inc. (REGN)

Our \$710 price objective is based on a probability-adjusted net present value (NPV) analysis of Eylea, including outside of US (OUS) revenues from the Bayer collaboration (\$161/share), Sanofi collaboration revenue including Dupixent and other product revenues (\$334/share), Libtayo (\$59/share), early pipeline assets (\$65/share), and the rest from net cash. We use a weighted-average cost of capital (WACC) ranging from 7% for approved products to 10% for pipeline products and terminal growth ranging from -3 to 3%. Upside risks to our price objective are 1) better-than-expected Eylea growth trajectory, 2) a larger contribution of Dupixent to Regeneron's topline from commercial uptake in new indications, and 3) better-than-expected economics realized by Regeneron from joint ventures. Downside risks to our price objective are 1) slower-than-expected growth from product sales, particularly Eylea and Dupixent, 2) failure to obtain approval for additional indications for Dupixent, and 3) pipeline setbacks.

## Analyst Certification

I, Geoff Meacham, 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 - Biopharmaceuticals Coverage Cluster

| Investment rating | Company                       | BofA Ticker | Bloomberg symbol | Analyst            |
|-------------------|-------------------------------|-------------|------------------|--------------------|
| <b>BUY</b>        |                               |             |                  |                    |
|                   | 89bio, Inc                    | ETNB        | ETNB US          | Geoff Meacham      |
|                   | Acumen Pharma                 | ABOS        | ABOS US          | Geoff Meacham      |
|                   | Agios Pharmaceuticals         | AGIO        | AGIO US          | Greg Harrison, CFA |
|                   | Amylyx Pharmaceuticals        | AMLX        | AMLX US          | Geoff Meacham      |
|                   | BioMarin                      | BMRN        | BMRN US          | Geoff Meacham      |
|                   | BioXcel Therapeutics          | BTAI        | BTAI US          | Greg Harrison, CFA |
|                   | BridgeBio Pharma              | BBIO        | BBIO US          | Greg Harrison, CFA |
|                   | Caribou                       | CRBU        | CRBU US          | Geoff Meacham      |
|                   | CRISPR Therapeutics           | CRSP        | CRSP US          | Geoff Meacham      |
|                   | Eli Lilly and Company         | LLY         | LLY US           | Geoff Meacham      |
|                   | Gilead Sciences Inc.          | GILD        | GILD US          | Geoff Meacham      |
|                   | HUTCHMED                      | HCM         | HCM US           | Alec W. Stranahan  |
|                   | Immatics                      | IMTX        | IMTX US          | Alec W. Stranahan  |
|                   | Insmid Incorporated           | INSM        | INSM US          | Jason Zemansky     |
|                   | Intellia Therapeutics         | NTLA        | NTLA US          | Greg Harrison, CFA |
|                   | Janux Therapeutics            | JANX        | JANX US          | Geoff Meacham      |
|                   | Keros                         | KROS        | KROS US          | Greg Harrison, CFA |
|                   | Kiniksa Pharmaceuticals, Ltd. | KNSA        | KNSA US          | Geoff Meacham      |
|                   | Krystal Biotech               | KRYS        | KRYS US          | Alec W. Stranahan  |
|                   | Kura Oncology                 | KURA        | KURA US          | Jason Zemansky     |
|                   | Liquidia Corporation          | LQDA        | LQDA US          | Greg Harrison, CFA |
|                   | Lyell Immunopharma            | LYEL        | LYEL US          | Geoff Meacham      |
|                   | MeiraGTx                      | MGTX        | MGTX US          | Alec W. Stranahan  |
|                   | Merck & Co.                   | MRK         | MRK US           | Geoff Meacham      |
|                   | Mineralys Therapeutics        | MLYS        | MLYS US          | Greg Harrison, CFA |
|                   | Neumora Therapeutics          | NMRA        | NMRA US          | Geoff Meacham      |
|                   | Rani Therapeutics             | RANI        | RANI US          | Geoff Meacham      |
|                   | Regenxbio, Inc.               | RGNX        | RGNX US          | Alec W. Stranahan  |
|                   | Revolution Medicines          | RVMD        | RVMD US          | Alec W. Stranahan  |
|                   | Rocket Pharmaceuticals, Inc.  | RCKT        | RCKT US          | Greg Harrison, CFA |
|                   | Royalty Pharma                | RPRX        | RPRX US          | Geoff Meacham      |
|                   | Sana Biotechnology            | SANA        | SANA US          | Geoff Meacham      |
|                   | SpringWorks                   | SWTX        | SWTX US          | Alec W. Stranahan  |
|                   | Syndax Pharmaceuticals        | SNDX        | SNDX US          | Jason Zemansky     |
|                   | Traverse Therapeutics Inc     | TVTX        | TVTX US          | Greg Harrison, CFA |



## US - Biopharmaceuticals Coverage Cluster

| Investment rating   | Company                         | BofA Ticker | Bloomberg symbol | Analyst            |
|---------------------|---------------------------------|-------------|------------------|--------------------|
|                     | Turnstone Biologics             | TSBX        | TSBX US          | Geoff Meacham      |
|                     | Vertex Pharmaceuticals Inc.     | VRTX        | VRTX US          | Geoff Meacham      |
|                     | Werewolf Therapeutics           | HOWL        | HOWL US          | Jason Zemansky     |
|                     | Xencor                          | XNCR        | XNCR US          | Alec W. Stranahan  |
| <b>NEUTRAL</b>      |                                 |             |                  |                    |
|                     | AbbVie                          | ABBV        | ABBV US          | Geoff Meacham      |
|                     | Alector, Inc                    | ALEC        | ALEC US          | Greg Harrison, CFA |
|                     | Amgen Inc.                      | AMGN        | AMGN US          | Geoff Meacham      |
|                     | Arcus Biosciences               | RCUS        | RCUS US          | Jason Zemansky     |
|                     | Beam Therapeutics               | BEAM        | BEAM US          | Greg Harrison, CFA |
|                     | Biogen Inc.                     | BIIB        | BIIB US          | Geoff Meacham      |
|                     | Bristol-Myers Squibb            | BMJ         | BMJ US           | Geoff Meacham      |
|                     | Cytokinetics, Incorporated      | CYTK        | CYTK US          | Jason Zemansky     |
|                     | Editas Medicine                 | EDIT        | EDIT US          | Greg Harrison, CFA |
|                     | Erasca                          | ERAS        | ERAS US          | Alec W. Stranahan  |
|                     | Esperion                        | ESPR        | ESPR US          | Jason Zemansky     |
|                     | Exscientia                      | EXAI        | EXAI US          | Alec W. Stranahan  |
|                     | IGM Biosciences                 | IGMS        | IGMS US          | Greg Harrison, CFA |
|                     | Johnson & Johnson               | JNJ         | JNJ US           | Geoff Meacham      |
|                     | Kymera Therapeutics             | KYMR        | KYMR US          | Geoff Meacham      |
|                     | Moderna                         | MRNA        | MRNA US          | Geoff Meacham      |
|                     | Pfizer                          | PFE         | PFE US           | Geoff Meacham      |
|                     | Recursion Pharmaceuticals, Inc. | RXRJ        | RXRJ US          | Alec W. Stranahan  |
|                     | Tyra Biosciences                | TYRA        | TYRA US          | Greg Harrison, CFA |
|                     | Vir                             | VIR         | VIR US           | Geoff Meacham      |
|                     | Y-mAbs Therapeutics, Inc        | YMAB        | YMAB US          | Alec W. Stranahan  |
| <b>UNDERPERFORM</b> |                                 |             |                  |                    |
|                     | AlloVir, Inc.                   | ALVR        | ALVR US          | Jason Zemansky     |
|                     | CureVac                         | CVAC        | CVAC US          | Geoff Meacham      |
|                     | Day One Biopharmaceuticals      | DAWN        | DAWN US          | Alec W. Stranahan  |
|                     | LianBio                         | LIAN        | LIAN US          | Geoff Meacham      |
|                     | Novavax                         | NVAX        | NVAX US          | Alec W. Stranahan  |
|                     | Regeneron Pharmaceuticals Inc.  | REGN        | REGN US          | Geoff Meacham      |
|                     | Reneo Pharmaceuticals           | RPHM        | RPHM US          | Jason Zemansky     |
|                     | TG Therapeutics                 | TGTX        | TGTX US          | Alec W. Stranahan  |
|                     | United Therapeutics Corporation | UTHR        | UTHR US          | Greg Harrison, CFA |

method<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 & 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

Valuation Toolkit

Numerator

Denominator

*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.

*IQdatabase*<sup>®</sup> is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

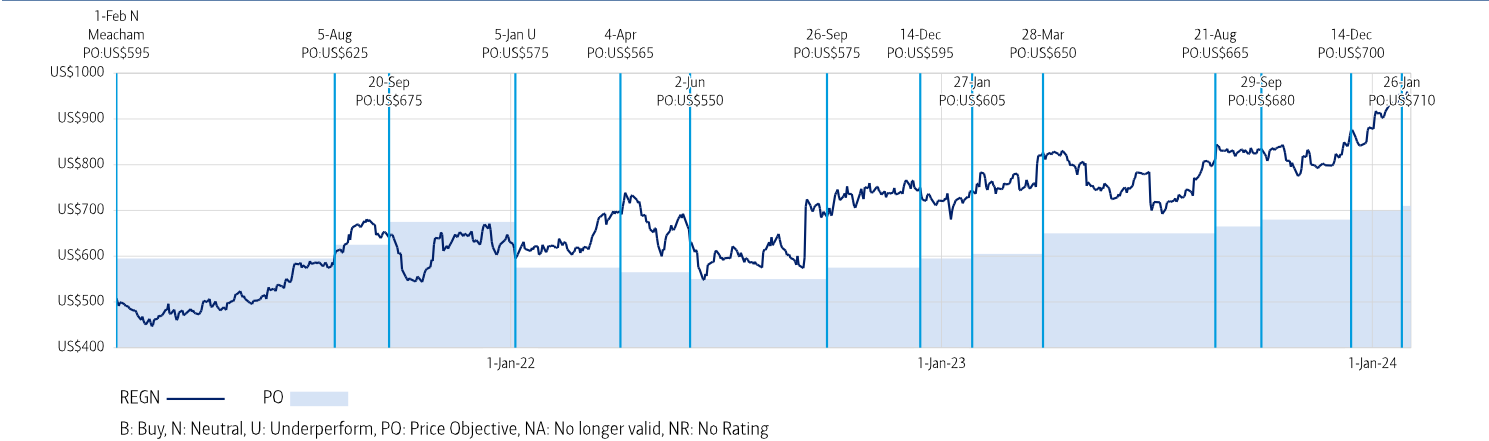
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# Disclosures

## Important Disclosures

Regeneron Pharmaceut (REGN) Price Chart



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 <sup>R1</sup> | 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 <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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