

Pure Storage

Many puts and takes for FY25 guide; Raising PO to \$42

Reiterate Rating: NEUTRAL | PO: 42.00 USD | Price: 39.23 USD

Wide range of outcomes for FY25

PSTG will report its F4Q24 earnings later this month on February 28th, 2024. While the spending backdrop for Enterprise storage is slowly recovering, we see the consensus rev growth projection of +11% in FY25 as discounting a somewhat optimistic scenario. We project a range from 8.5%-15.5% y/y rev growth based on various scenarios of market growth, PSTG outgrowth, and headwinds from transition to Evergreen//One. We model just under 10% assuming higher headwinds from a shift to subscription revs and expect FY guidance to reflect this. Reiterate Neutral on risk/reward balance as higher mix of SaaS revenue and next-generation Flash product is balanced by risk from weaker macro and near-term headwinds from higher ratable revenues.

Storage demand stabilizing in 2024 but remains muted

We forecast the market for external storage to recover from the 10% decline in 2023 and grow +2% y/y in 2024. Assuming consistent market outgrowth relative to history of 10%-15% on an annual basis, we expect the total baseline growth of the company to be from 12% to 17% in FY25. However, when factored in headwind of 3-5pts from Evergreen//One and Telco deal impact tailwind of 1.5pt, we conclude that the total adjusted revenue growth is within the range from 8.5% to 15.5% (See Exhibit 1). Given continued customers' adoptions of Evergreen//One, we model F25 support revenue to grow +20% y/y (vs. our prior estimate of 18%) to \$1.4bn and adjusted our estimate for F25 product revenue to grow +2% y/y (vs. our previous estimate of +4% y/y) to \$1.6bn.

Incremental demand from hyperscalers, META not in ests

Mgmt. expects to see a crossover point for hyperscalers once the company starts shipping 150 terabyte modules in FY25. We have not incorporated any potential upside to revs from Hyperscaler and similarly do not include any upside from META.

Adjusting estimates; PO moves to \$42

Our F25E rev/EPS move to \$3.1bn/\$1.47 vs. our prior estimate of \$3.1bn/\$1.54. Our PO moves to \$42 (from \$36) on 3x (unchanged) C25E EV/Sales. We roll-over to C25E based valuation.

| Estimates (Jan) (US\$) | 2022A | 2023A | 2024E | 2025E | 2026E |
|---------------------------|--------|--------|--------|--------|-------|
| EPS | 0.74 | 1.42 | 1.39 | 1.47 | 1.81 |
| GAAP EPS | (0.50) | 0.23 | 0.15 | 0.24 | 0.45 |
| EPS Change (YoY) | 289.5% | 91.9% | -2.1% | 5.8% | 23.1% |
| Consensus EPS (Bloomberg) | | | 1.36 | 1.52 | 1.69 |
| DPS | 0 | 0 | 0 | 0 | 0 |
| Valuation (Jan) | | | | | |
| P/E | 53.0x | 27.6x | 28.2x | 26.7x | 21.7x |
| GAAP P/E | NM | 170.6x | 261.5x | 163.5x | 87.2x |
| EV / EBITDA* | 34.9x | 20.0x | 19.4x | 18.3x | 15.1x |
| Free Cash Flow Yield* | 2.5% | 4.9% | 3.4% | 3.6% | 4.4% |

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

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Timestamp: 22 February 2024 05:00AM EST

22 February 2024

Equity

Key Changes

| (US\$) | Previous | Current |
|---------------|----------|---------|
| Price Obj. | 36.00 | 42.00 |
| 2024E Rev (m) | 2,821.5 | 2,822.8 |
| 2025E Rev (m) | 3,110.9 | 3,093.9 |
| 2026E Rev (m) | 3,437.9 | 3,604.5 |
| 2024E EPS | 1.38 | 1.39 |
| 2025E EPS | 1.54 | 1.47 |
| 2026E EPS | 1.72 | 1.81 |

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Stock Data

| | |
|--------------------------------|-----------------------|
| Price | 39.23 USD |
| Price Objective | 42.00 USD |
| Date Established | 22-Feb-2024 |
| Investment Opinion | C-2-9 |
| 52-Week Range | 22.14 USD - 45.34 USD |
| Mkt Val (mn) / Shares Out (mn) | 12,396 USD / 316.0 |
| Free Float | 93.7% |
| Average Daily Value (mn) | 139.45 USD |
| BofA Ticker / Exchange | PSTG / NYS |
| Bloomberg / Reuters | PSTG US / PSTG.N |
| ROE (2024E) | 40.5% |
| Net Dbt to Eqty (Jan-2023A) | -107.1% |
| 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".

iQprofileSM Pure Storage

iQmethodSM – Bus Performance*

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|----------------------------|-------|-------|-------|-------|-------|
| Return on Capital Employed | 10.1% | 16.0% | 11.3% | 12.8% | 14.6% |
| Return on Equity | 29.6% | 52.9% | 40.5% | 32.1% | 29.7% |
| Operating Margin | 10.9% | 16.6% | 16.0% | 15.6% | 17.0% |
| Free Cash Flow | 308 | 609 | 420 | 448 | 542 |

iQmethodSM – Quality of Earnings*

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|--------------------------|--------|---------|---------|---------|---------|
| Cash Realization Ratio | 1.8x | 1.7x | 1.3x | 1.3x | 1.2x |
| Asset Replacement Ratio | 1.2x | 1.6x | 1.6x | 1.4x | 1.6x |
| Tax Rate | NM | 20.4% | 41.3% | 31.2% | 23.3% |
| Net Debt-to-Equity Ratio | -83.1% | -107.1% | -107.3% | -104.2% | -101.3% |
| Interest Cover | NA | NA | NA | NA | NA |

Income Statement Data (Jan)

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|------------------------------|---------------|---------------|-------------|-------------|--------------|
| Sales | 2,181 | 2,753 | 2,823 | 3,094 | 3,605 |
| % Change | 29.5% | 26.3% | 2.5% | 9.6% | 16.5% |
| Gross Profit | 1,514 | 1,946 | 2,060 | 2,242 | 2,607 |
| % Change | 28.5% | 28.5% | 5.8% | 8.8% | 16.3% |
| EBITDA | 320 | 558 | 575 | 611 | 739 |
| % Change | 176.5% | 74.2% | 3.2% | 6.1% | 20.9% |
| Net Interest & Other Income | 1 | 10 | 36 | 45 | 45 |
| Net Income (Adjusted) | 223 | 448 | 453 | 491 | 611 |
| % Change | 315.8% | 101.3% | 1.1% | 8.2% | 24.6% |

Free Cash Flow Data (Jan)

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|--|---------------|--------------|---------------|-------------|--------------|
| Net Income from Cont Operations (GAAP) | (143) | 73 | 50 | 82 | 151 |
| Depreciation & Amortization | 83 | 100 | 123 | 127 | 127 |
| Change in Working Capital | 138 | 259 | 81 | 33 | 29 |
| Deferred Taxation Charge | NA | NA | NA | NA | NA |
| Other Adjustments, Net | 332 | 335 | 357 | 386 | 436 |
| Capital Expenditure | (102) | (158) | (192) | (180) | (200) |
| Free Cash Flow | 308 | 609 | 420 | 448 | 542 |
| % Change | 232.2% | 97.8% | -31.1% | 6.7% | 21.2% |
| Share / Issue Repurchase | (115) | (154) | (33) | 0 | 0 |
| Cost of Dividends Paid | 0 | 0 | 0 | 0 | 0 |
| Change in Debt | (13) | (277) | (594) | 0 | 0 |

Balance Sheet Data (Jan)

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash & Equivalents | 1,413 | 1,582 | 1,492 | 1,939 | 2,482 |
| Trade Receivables | 542 | 612 | 721 | 806 | 935 |
| Other Current Assets | 237 | 282 | 303 | 341 | 371 |
| Property, Plant & Equipment | 195 | 272 | 346 | 399 | 473 |
| Other Non-Current Assets | 748 | 796 | 771 | 771 | 771 |
| Total Assets | 3,135 | 3,545 | 3,634 | 4,257 | 5,031 |
| Short-Term Debt | 0 | 575 | 0 | 0 | 0 |
| Other Current Liabilities | 952 | 1,177 | 1,298 | 1,383 | 1,493 |
| Long-Term Debt | 787 | 0 | 100 | 100 | 100 |
| Other Non-Current Liabilities | 642 | 852 | 939 | 1,009 | 1,086 |
| Total Liabilities | 2,381 | 2,604 | 2,337 | 2,492 | 2,680 |
| Total Equity | 754 | 941 | 1,297 | 1,765 | 2,351 |
| Total Equity & Liabilities | 3,135 | 3,545 | 3,634 | 4,257 | 5,031 |

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

Company Sector

IT Hardware

Company Description

Pure Storage is a leading vendor in the All-Flash Array market that addresses the larger \$12bn Tier-1 Storage Area Network market as well as the \$6bn NAS market. All-Flash Arrays are disrupting Hard Disk Drives given better performance, better durability, higher reliability, lower power consumption, and a smaller footprint. The company disrupts traditional selling models by allowing customers to use the same hardware for up to ten years, offering free upgrades every 3 years for a service fee.

Investment Rationale

Our Neutral rating is based on risk-reward balance where positives including improving subscription rev, and mix shift to high-margin software/aaS revs is balanced by risk from an economic slowdown, component shortages and higher flash pricing.

Stock Data

Average Daily Volume 3,554,705

Quarterly Earnings Estimates

| | 2023 | 2024 |
|----|-------|-------|
| Q1 | 0.25A | 0.08A |
| Q2 | 0.32A | 0.34A |
| Q3 | 0.31A | 0.50A |
| Q4 | 0.53A | 0.46E |

Exhibit

Exhibit 1: PSTG revenue trajectory

We expect PSTG F25E to grow in the range of 8.5% to 15.5% y/y. We currently model 9.6% y/y F25E rev growth.

| | F24E | F25E | F26E |
|--|----------------------|----------------------|-------------------|
| Overall external storage market growth | -10% | 2% | 7% |
| PSTG market outgrowth | 10 to 15% | 10% to 15% | 10% to 15% |
| Total growth baseline | 0% to 5% | 12% to 17% | 17% to 22% |
| Headwind from Evergreen//One | -3% to -5% | -3% to -5% | -3% to -5% |
| Growth net of Evergreen//one headwinds | -5% to 2% | 7% to 14% | 12% to 19% |
| Telco deal impact | -1.5% | 1.5% | 0.0% |
| Growth adj for Telco | -6.5% to 0.5% | 8.5% to 15.5% | 12% to 19% |

Source: Company reports, Gartner, BofA Global Research estimates

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Model

Exhibit 2: PSTG Income Statement

We model F25E rev/EPS of \$3.1bn/\$1.47

| (\$ millions, except per share amounts) | FY24E | | | | FY25E | | | | Fiscal Years | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| | Apr-23 Q1A | Jul-23 Q2A | Oct-23 Q3A | Jan-24 Q4E | Apr-24 Q1E | Jul-24 Q2E | Oct-24 Q3E | Jan-25 Q4E | FY22A | FY23A | FY24E | FY25E | FY26E |
| Non-GAAP | | | | | | | | | | | | | |
| Product Revenue | 309.0 | 399.7 | 453.3 | 457.8 | 343.4 | 384.6 | 423.0 | 494.9 | 1,442.3 | 1,792.2 | 1,619.8 | 1,645.9 | 1,921.8 |
| Support Revenue | 280.3 | 288.9 | 309.6 | 324.1 | 345.5 | 355.7 | 368.1 | 378.8 | 738.5 | 961.3 | 1,203.0 | 1,448.0 | 1,682.7 |
| Total Revenue | \$589.3 | \$688.7 | \$762.8 | \$781.9 | \$688.8 | \$740.2 | \$791.1 | \$873.7 | \$2,180.8 | \$2,753.4 | \$2,822.8 | \$3,093.9 | \$3,604.5 |
| Product COGS | 90.1 | 113.8 | 121.9 | 134.3 | 103.1 | 119.3 | 129.1 | 148.6 | 458.5 | 545.6 | 460.1 | 500.2 | 588.8 |
| Support COGS | 73.7 | 73.7 | 76.1 | 79.1 | 84.0 | 86.4 | 89.4 | 92.1 | 208.1 | 261.4 | 302.7 | 351.9 | 408.9 |
| Total COGS | 163.9 | 187.5 | 198.1 | 213.4 | 187.1 | 205.8 | 218.6 | 240.7 | 666.7 | 807.0 | 762.8 | 852.0 | 997.8 |
| Product Gross Profit | 218.9 | 285.9 | 331.3 | 323.5 | 240.3 | 265.2 | 293.9 | 346.3 | 983.8 | 1,246.5 | 1,159.7 | 1,145.7 | 1,333.0 |
| Support Gross Profit | 206.6 | 215.2 | 233.4 | 245.0 | 261.5 | 269.2 | 278.6 | 286.8 | 530.4 | 699.9 | 900.3 | 1,096.2 | 1,273.8 |
| Total Gross Profit | 425.5 | 501.1 | 564.7 | 568.6 | 501.8 | 534.5 | 572.5 | 633.1 | 1,514.2 | 1,946.5 | 2,059.9 | 2,241.8 | 2,606.8 |
| R&D | 147.1 | 138.4 | 138.2 | 146.5 | 147.9 | 147.2 | 163.2 | 171.2 | 439.7 | 530.8 | 570.2 | 629.5 | 704.5 |
| S&M | 215.3 | 213.2 | 212.5 | 225.2 | 223.0 | 223.0 | 228.7 | 270.0 | 727.6 | 811.1 | 866.2 | 944.7 | 1,083.3 |
| G&A | 43.5 | 37.7 | 44.8 | 45.3 | 43.0 | 43.0 | 47.9 | 49.6 | 109.9 | 147.3 | 171.2 | 183.5 | 207.0 |
| Total Operating Expense | 405.8 | 389.3 | 395.5 | 417.0 | 414.0 | 413.2 | 439.8 | 490.8 | 1,277.1 | 1,489.2 | 1,607.7 | 1,757.7 | 1,994.9 |
| Operating Profit (Loss) | \$19.6 | \$111.8 | \$169.2 | \$151.6 | \$87.8 | \$121.3 | \$132.7 | \$142.3 | \$237.1 | \$457.2 | \$452.3 | \$484.1 | \$611.9 |
| Financial Income (Expense) | 12.4 | 6.8 | 5.3 | 11.2 | 11.2 | 11.2 | 11.2 | 11.2 | 0.6 | 10.1 | 35.8 | 44.7 | 44.7 |
| Pretax Income | 32.0 | 118.7 | 174.6 | 162.8 | 99.0 | 132.5 | 143.9 | 153.4 | 237.6 | 467.3 | 488.0 | 528.8 | 656.7 |
| Taxes | 7.3 | 7.6 | 9.0 | 11.4 | 6.9 | 9.3 | 10.1 | 10.7 | 14.8 | 18.7 | 35.3 | 37.0 | 46.0 |
| Net Income | \$24.7 | \$111.1 | \$165.6 | \$151.4 | \$92.1 | \$123.2 | \$133.8 | \$142.7 | \$222.8 | \$448.6 | \$452.7 | \$491.8 | \$610.7 |
| EPS | \$0.08 | \$0.34 | \$0.50 | \$0.46 | \$0.28 | \$0.37 | \$0.40 | \$0.43 | \$0.74 | \$1.42 | \$1.39 | \$1.47 | \$1.81 |
| Sharecount | | | | | | | | | | | | | |
| Basic | 305.9 | 309.5 | 314.2 | 316.2 | 318.2 | 320.2 | 322.2 | 324.2 | 285.8 | 299.5 | 311.4 | 321.2 | 329.2 |
| Diluted | 317.0 | 326.6 | 330.3 | 330.8 | 332.8 | 333.3 | 334.3 | 334.8 | 300.9 | 315.7 | 326.1 | 333.8 | 337.8 |
| Analysis | | | | | | | | | | | | | |
| % of Revenue | | | | | | | | | | | | | |
| Product Margin | 70.8% | 71.5% | 73.1% | 70.7% | 70.0% | 69.0% | 69.5% | 70.0% | 68.2% | 69.6% | 71.6% | 69.6% | 69.4% |
| Service Margin | 73.7% | 74.5% | 75.4% | 75.6% | 75.7% | 75.7% | 75.7% | 75.7% | 71.8% | 72.8% | 74.8% | 75.7% | 75.7% |
| Gross Profit | 72.2% | 72.8% | 74.0% | 72.7% | 72.8% | 72.2% | 72.4% | 72.5% | 69.4% | 70.7% | 73.0% | 72.5% | 72.3% |
| R&D Rate | 25.0% | 20.1% | 18.1% | 18.7% | 21.5% | 19.9% | 20.6% | 19.6% | 20.2% | 19.3% | 20.2% | 20.3% | 19.5% |
| S&M Rate | 36.5% | 31.0% | 27.9% | 28.8% | 32.4% | 30.1% | 28.9% | 30.9% | 33.4% | 29.5% | 30.7% | 30.5% | 30.1% |
| G&A Rate | 7.4% | 5.5% | 5.9% | 5.8% | 6.2% | 5.8% | 6.1% | 5.7% | 5.0% | 5.3% | 6.1% | 5.9% | 5.7% |
| Operating Expense | 68.9% | 56.5% | 51.8% | 53.3% | 60.1% | 55.8% | 55.6% | 56.2% | 58.6% | 54.1% | 57.0% | 56.8% | 55.3% |
| Operating Margin | 3.3% | 16.2% | 22.2% | 19.4% | 12.7% | 16.4% | 16.8% | 16.3% | 10.9% | 16.6% | 16.0% | 15.6% | 17.0% |
| Tax Rate | 22.9% | 6.4% | 5.2% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 6.2% | 4.0% | 7.2% | 7.0% | 7.0% |
| Non-GAAP Net Income | 4.2% | 16.1% | 21.7% | 19.4% | 13.4% | 16.6% | 16.9% | 16.3% | 10.2% | 16.3% | 16.0% | 15.9% | 16.9% |
| YoY % Growth | | | | | | | | | | | | | |
| Total Revenue | -5.0% | 6.5% | 12.8% | -3.5% | 16.9% | 7.5% | 3.7% | 11.7% | 29.5% | 26.3% | 2.5% | 9.6% | 16.5% |
| R&D | 17.9% | 11.5% | 0.4% | 1.5% | 0.6% | 6.3% | 18.1% | 16.9% | 21.0% | 20.7% | 7.4% | 10.4% | 11.9% |
| S&M | 7.7% | 12.9% | 9.7% | -1.5% | 3.6% | 4.6% | 7.6% | 19.9% | 11.8% | 11.5% | 6.8% | 9.1% | 14.7% |
| G&A | 56.3% | 3.0% | 10.1% | 7.3% | -1.0% | 14.2% | 6.8% | 9.6% | -7.6% | 34.0% | 16.2% | 7.2% | 12.8% |
| Total Operating Expense | 15.2% | 11.4% | 6.3% | 0.4% | 2.0% | 6.1% | 11.2% | 17.7% | 12.7% | 16.6% | 8.0% | 9.3% | 13.5% |
| QoQ % Growth | | | | | | | | | | | | | |
| Total Revenue | -27.3% | 16.9% | 10.8% | 2.5% | -11.9% | 7.5% | 6.9% | 10.5% | | | | | |
| R&D | 1.9% | -5.9% | -0.2% | 6.0% | 1.0% | -0.5% | 10.9% | 4.9% | | | | | |
| S&M | -5.9% | -0.9% | -0.3% | 6.0% | -1.0% | 0.0% | 2.6% | 18.1% | | | | | |
| G&A | 3.0% | -13.3% | 19.0% | 1.0% | -5.0% | 0.0% | 11.3% | 3.7% | | | | | |
| Total Operating Expense | -2.3% | -4.1% | 1.6% | 5.4% | -0.7% | -0.2% | 6.4% | 11.6% | | | | | |

Source: Company reports, BofA Global Research estimates

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Price objective basis & risk

Pure Storage (PSTG)

Our PO of \$42 is based on 3x C2025E EV/Sales. This multiple compares to median 2x of historical range 1x-4x. Given Pure's strong revenue growth relative to other storage peers, we view 3x as appropriate (premium based on faster growth relative to peers).

Upside risks to our PO are faster recovery in the commercial segment, lower flash costs, sooner than expected recovery in the supply chain, and unexpected share gains.

Downside risks to our PO are an extended economic slowdown, rising costs, competition from well-established vendors like NetApp, Dell-EMC and HP that control vast distribution networks and have the ability to deeply discount products for certain customers, competition from private companies, enterprise movement to the public cloud, execution-related issues due to the high-growth nature of the company, and erosion of its competitive advantage in operating software over time.

Analyst Certification

I, Wamsi Mohan, 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 - IT Hardware and Technology Supply Chain Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|---------------------|---------------------------------------|-------------|------------------|--------------------|
| BUY | | | | |
| | Amphenol | APH | APH US | Wamsi Mohan |
| | Apple Inc. | AAPL | AAPL US | Wamsi Mohan |
| | Corning Inc. | GLW | GLW US | Wamsi Mohan |
| | Dell Technologies Inc. | DELL | DELL US | Wamsi Mohan |
| | Flex Ltd. | FLEX | FLEX US | Ruplu Bhattacharya |
| | HP Inc. | HPQ | HPQ US | Wamsi Mohan |
| | International Business Machines Corp. | IBM | IBM US | Wamsi Mohan |
| | Jabil Inc. | JBL | JBL US | Ruplu Bhattacharya |
| | Nutanix Inc | NTNX | NTNX US | Wamsi Mohan |
| | Roku, Inc. | ROKU | ROKU US | Ruplu Bhattacharya |
| | Seagate Technology | STX | STX US | Wamsi Mohan |
| | TD Synnex Corp | SNX | SNX US | Ruplu Bhattacharya |
| | TE Connectivity Ltd. | TEL | TEL US | Wamsi Mohan |
| | Western Digital Corporation | WDC | WDC US | Wamsi Mohan |
| NEUTRAL | | | | |
| | Arrow Electronics Inc. | ARW | ARW US | Ruplu Bhattacharya |
| | Avnet Inc. | AVT | AVT US | Ruplu Bhattacharya |
| | CDW Corp | CDW | CDW US | Ruplu Bhattacharya |
| | Concentrix Corporation | CNXC | CNXC US | Ruplu Bhattacharya |
| | Hewlett-Packard Enterprise | HPE | HPE US | Wamsi Mohan |
| | Pure Storage | PSTG | PSTG US | Wamsi Mohan |
| | Sensata Technologies Holdings Plc | ST | ST US | Wamsi Mohan |
| | Teradata Corporation | TDC | TDC US | Wamsi Mohan |
| UNDERPERFORM | | | | |
| | DigitalOcean | DOCN | DOCN US | Wamsi Mohan |
| | NetApp Inc. | NTAP | NTAP US | Wamsi Mohan |
| | Sanmina Corporation | SANM | SANM US | Ruplu Bhattacharya |
| | Vishay Intertechnology, Inc. | VSH | VSH US | Ruplu Bhattacharya |
| RSTR | | | | |
| | Super Micro Computer Inc. | SMCI | SMCI US | Ruplu Bhattacharya |



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

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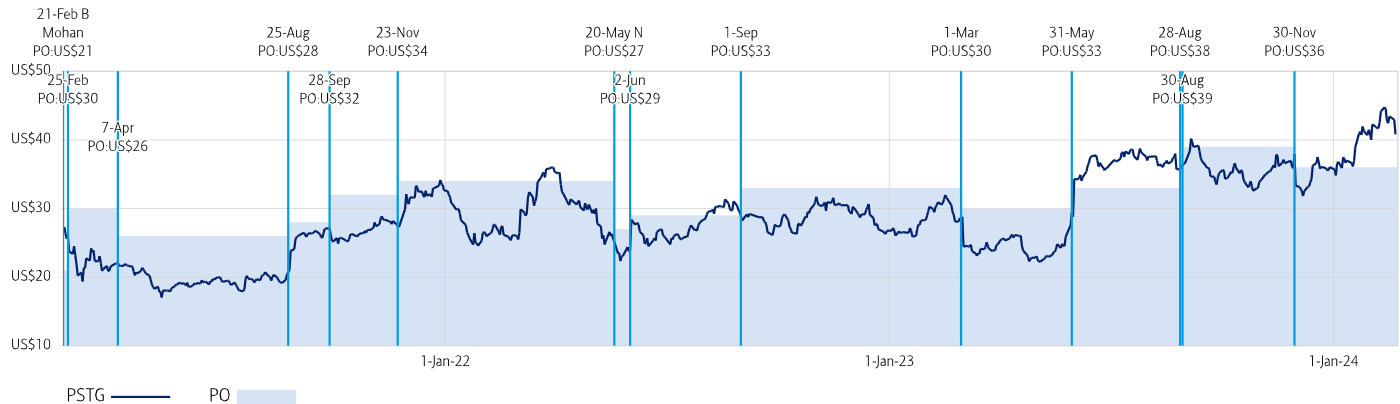
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Pure Storage (PSTG) Price Chart



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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| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster ^{R2} |
|-------------------|---|--|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

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