

Nutanix Inc

Changes to pricing at VMW could end up positive for NTNX

Reiterate Rating: BUY | PO: 55.00 USD | Price: 45.85 USD

VMware changes pricing, bundling, shift to subscription

VMW informed customers that it intends to no longer sell perpetual licenses and support/subscription for perpetual offerings and will transition to subscription licenses. Further, the company announced consolidation of offerings to VMware Cloud Foundation (VCF) and VMware vSphere Foundation including new bundling of previously standalone products. The company also noted a 50% list price reduction to VCF offerings. In our opinion, these changes will likely accelerate the evaluation of alternatives by customers, where we see NTNX as particularly well positioned. Reiterate Buy on higher growth and profitability and improving FCF.

Is a list price decrease of VCF at VMW a concern?

Investors have largely expected VMW to raise prices under Broadcom mgmt. inline with prior M&A focus. A reduction in price at VMW seems counterintuitive especially given focus on improving profitability. We note that software deals can sometimes get up to 70% off list pricing and hence it would not necessarily translate to any incremental savings. Further customers that previously purchased standalone Aria suite or NSX security suite will now have to pay on a per core basis for the VCF bundle vs. the individual products historically. Similarly, vSphere Ent+ is no longer offered as a standalone product and customers using distributed resource scheduling and similar features will need to buy a bundled product at potentially higher prices.

Nutanix could benefit from VMW customer re-evaluations

As the shift to a subscription model is now definitive for VMW, we expect a flurry of activity around accessing alternatives. Our conversations with channel partners indicate that the pace of activity has increased. Further, the prior VMware resellers and service provider agreements are being discontinued and Broadcom will tell partners in 1Q24 if they can still participate under the Broadcom Advantage Partner program. This will likely impact the smaller service provider partners. We expect Nutanix to further capitalize on this new development. Partners that bring in new logos to Nutanix will see increased benefits at least in the near term.

| Estimates (Jul) (US\$) | 2022A | 2023A | 2024E | 2025E | 2026E |
|---------------------------|--------|--------|--------|--------|-------|
| EPS | (0.46) | 0.57 | 0.89 | 1.19 | 1.59 |
| GAAP EPS | (3.62) | (1.14) | (0.36) | 0.09 | 0.52 |
| EPS Change (YoY) | 68.9% | NM | 56.1% | 33.7% | 33.6% |
| Consensus EPS (Bloomberg) | | | 0.90 | 1.23 | 1.81 |
| DPS | 0 | 0 | 0 | 0 | 0 |
| Valuation (Jul) | | | | | |
| P/E | NM | 80.4x | 51.5x | 38.5x | 28.8x |
| GAAP P/E | NM | NM | NM | 509.4x | 88.2x |
| EV / EBITDA* | NM | 48.8x | 33.5x | 23.8x | 17.4x |
| Free Cash Flow Yield* | 0.2% | 1.9% | 3.2% | 3.8% | 5.3% |

* For full definitions of *IQmethod*SM measures, see page 5.

03 January 2024

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Stock Data

| | |
|--------------------------------|-----------------------|
| Price | 45.85 USD |
| Price Objective | 55.00 USD |
| Date Established | 30-Nov-2023 |
| Investment Opinion | C-1-9 |
| 52-Week Range | 23.35 USD - 47.83 USD |
| Mkt Val (mn) / Shares Out (mn) | 10,986 USD / 239.6 |
| Free Float | 99.6% |
| Average Daily Value (mn) | 92.45 USD |
| BofA Ticker / Exchange | NTNX / NAS |
| Bloomberg / Reuters | NTNX US / NTNX.OQ |
| ROE (2024E) | NA |
| Net Dbt to Eqty (Jul-2023A) | NA |
| ESGMeter™ | High |

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Timestamp: 03 January 2024 05:00AM EST

iQprofileSM Nutanix Inc

iQmethodSM – Bus Performance*

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|----------------------------|-------|-------|-------|-------|--------|
| Return on Capital Employed | -5.7% | 9.8% | 15.1% | 18.1% | 20.6% |
| Return on Equity | NM | NM | NM | NM | 329.9% |
| Operating Margin | -5.4% | 8.1% | 12.0% | 14.3% | 16.2% |
| Free Cash Flow | 18 | 207 | 351 | 417 | 583 |

iQmethodSM – Quality of Earnings*

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|--------------------------|-------|-------|-------|-------|---------|
| Cash Realization Ratio | NM | 1.7x | 1.6x | 1.4x | 1.4x |
| Asset Replacement Ratio | 0.6x | 0.9x | 1.0x | 1.0x | 1.1x |
| Tax Rate | NM | 10.6% | 9.2% | 11.0% | 11.0% |
| Net Debt-to-Equity Ratio | NM | NM | NM | NM | -148.0% |
| Interest Cover | NA | NA | NA | NA | NA |

Income Statement Data (Jul)

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|------------------------------|--------------|------------|--------------|--------------|--------------|
| Sales | 1,581 | 1,863 | 2,119 | 2,603 | 3,226 |
| % Change | 13.4% | 17.8% | 13.8% | 22.8% | 23.9% |
| Gross Profit | 1,312 | 1,574 | 1,802 | 2,198 | 2,688 |
| % Change | 14.3% | 20.0% | 14.5% | 22.0% | 22.3% |
| EBITDA | 2 | 227 | 331 | 466 | 635 |
| % Change | NM | NM | 45.6% | 40.7% | 36.3% |
| Net Interest & Other Income | 3 | 27 | 37 | 36 | 36 |
| Net Income (Adjusted) | (101) | 159 | 265 | 364 | 498 |
| % Change | 66.7% | NM | 66.8% | 37.6% | 36.6% |

Free Cash Flow Data (Jul)

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|--|-----------|------------|--------------|--------------|--------------|
| Net Income from Cont Operations (GAAP) | (446) | (153) | (71) | 28 | 162 |
| Depreciation & Amortization | 88 | 76 | 76 | 92 | 112 |
| Change in Working Capital | 65 | 64 | 82 | 57 | 93 |
| Deferred Taxation Charge | 0 | 0 | 0 | 0 | 0 |
| Other Adjustments, Net | 361 | 285 | 339 | 336 | 336 |
| Capital Expenditure | (49) | (65) | (75) | (96) | (119) |
| Free Cash Flow | 18 | 207 | 351 | 417 | 583 |
| % Change | NM | NM | 69.7% | 18.8% | 39.7% |
| Share / Issue Repurchase | (59) | 0 | (18) | 0 | 0 |
| Cost of Dividends Paid | 0 | 0 | 0 | 0 | 0 |
| Change in Debt | 89 | (146) | 0 | 0 | 0 |

Balance Sheet Data (Jul)

| (US\$ Millions) | 2022A | 2023A | 2024E | 2025E | 2026E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash & Equivalents | 403 | 513 | 830 | 1,248 | 1,831 |
| Trade Receivables | 125 | 157 | 235 | 382 | 435 |
| Other Current Assets | 1,131 | 1,192 | 1,172 | 1,172 | 1,172 |
| Property, Plant & Equipment | 113 | 112 | 114 | 118 | 125 |
| Other Non-Current Assets | 594 | 553 | 542 | 542 | 542 |
| Total Assets | 2,366 | 2,527 | 2,894 | 3,461 | 4,105 |
| Short-Term Debt | 145 | 0 | 0 | 0 | 0 |
| Other Current Liabilities | 1,005 | 1,136 | 1,244 | 1,447 | 1,593 |
| Long-Term Debt | 1,156 | 1,218 | 1,239 | 1,239 | 1,239 |
| Other Non-Current Liabilities | 849 | 880 | 874 | 874 | 874 |
| Total Liabilities | 3,156 | 3,234 | 3,357 | 3,560 | 3,706 |
| Total Equity | (790) | (707) | (462) | (98) | 400 |
| Total Equity & Liabilities | 2,366 | 2,527 | 2,895 | 3,462 | 4,106 |

* For full definitions of iQmethodSM measures, see page 5.

Company Sector

IT Hardware

Company Description

Nutanix is the largest name in the nascent HyperConverged infrastructure market with 35% share, and was the first company to gain widespread acceptance among large enterprises. While the company uses a channel-only strategy, a large proportion of lead generation is currently provided internally. Nutanix ships both an "appliance" and "software-only" models, and has functionality for all three major hypervisors VMware's vSphere, Microsoft's Hyper-V, and its own open source KVM "Acropolis".

Investment Rationale

Our Buy rating is based on improving fundamentals including ACV billings, revenue, operating margin and FCF growth, competitive strength in the HyperConverged storage market, brand recognition, systems being server agnostic, and ability to move data workloads across cloud platforms.

Stock Data

Average Daily Volume 2016,452

Quarterly Earnings Estimates

| | 2023 | 2024 |
|----|-------|-------|
| Q1 | 0.03A | 0.29A |
| Q2 | 0.26A | 0.28E |
| Q3 | 0.04A | 0.17E |
| Q4 | 0.24A | 0.16E |

Model

Exhibit 1: NTN Income Statement

We model F24 revenue/EPS of \$2.12bn/\$0.89

| | F2023A | | | | | F2024E | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|---------|--|
| (\$ in millions except per share data) | 1Q23A | 2Q23A | 3Q23A | 4Q23A | 1Q24A | 2Q24E | 3Q24E | 4Q24E | F2022A | F2023A | F2024E | F2025E | F2026E | |
| Sales | 433.6 | 486.5 | 448.6 | 494.2 | 511.1 | 550.5 | 507.9 | 549.9 | 1,580.8 | 1,862.9 | 2,119.5 | 2,603.4 | 3,226.0 | |
| Product | 208.6 | 250.5 | 212.5 | 240.5 | 246.9 | 248.4 | 228.6 | 248.2 | 757.6 | 912.1 | 972.1 | 1,181.4 | 1,472.6 | |
| Support and Other services | 225.0 | 236.0 | 236.1 | 253.7 | 264.1 | 302.2 | 279.3 | 301.8 | 823.2 | 950.8 | 1,147.3 | 1,422.0 | 1,753.4 | |
| Cost of Sales | 71.9 | 74.0 | 72.5 | 70.0 | 71.8 | 80.5 | 80.4 | 84.6 | 269.1 | 288.4 | 317.3 | 404.9 | 538.1 | |
| Product | 7.3 | 8.3 | 8.6 | 6.7 | 7.2 | 7.9 | 9.1 | 9.2 | 34.4 | 30.8 | 33.5 | 37.8 | 47.1 | |
| Support and Other services | 64.6 | 65.8 | 63.9 | 63.3 | 64.6 | 72.5 | 71.2 | 75.4 | 234.7 | 257.6 | 283.8 | 367.1 | 491.0 | |
| Gross Profit | 361.7 | 412.5 | 376.1 | 424.2 | 439.3 | 470.1 | 427.6 | 465.3 | 1,311.7 | 1,574.5 | 1,802.2 | 2,198.4 | 2,687.9 | |
| Product | 201.3 | 242.3 | 203.9 | 233.8 | 239.7 | 240.4 | 219.5 | 239.0 | 723.2 | 881.3 | 938.6 | 1,143.6 | 1,425.5 | |
| Support and Other services | 160.4 | 170.2 | 172.1 | 190.4 | 199.5 | 229.6 | 208.1 | 226.3 | 588.5 | 693.2 | 863.6 | 1,054.9 | 1,262.5 | |
| R&D | 109.0 | 106.0 | 115.8 | 114.2 | 113.6 | 119.6 | 119.4 | 133.6 | 427.6 | 445.0 | 486.2 | 572.7 | 643.8 | |
| Sales & Marketing | 211.4 | 206.7 | 211.9 | 210.0 | 213.8 | 231.2 | 228.6 | 253.0 | 861.2 | 840.0 | 926.6 | 1,088.2 | 1,320.9 | |
| General & Administrative | 30.7 | 30.2 | 41.4 | 36.4 | 32.4 | 34.9 | 32.5 | 35.2 | 108.7 | 138.7 | 135.0 | 164.0 | 200.0 | |
| Operating Income | 10.6 | 69.6 | 7.0 | 63.6 | 79.5 | 84.4 | 47.1 | 43.5 | (85.8) | 150.8 | 254.5 | 373.5 | 523.2 | |
| Interest Expense and other, net | (2.3) | (5.9) | (9.0) | (9.6) | (10.2) | (9.0) | (9.0) | (9.0) | (2.9) | (26.8) | (37.2) | (36.0) | (36.0) | |
| Pretax Income | 12.9 | 75.5 | 16.0 | 73.2 | 89.6 | 93.4 | 56.1 | 52.5 | (83.0) | 177.6 | 291.6 | 409.5 | 559.2 | |
| Taxes | 4.9 | 3.7 | 4.5 | 5.7 | 4.6 | 10.3 | 6.2 | 5.8 | 18.5 | 18.9 | 26.8 | 45.0 | 61.5 | |
| Minority Interest | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Rate | 38.3% | 4.9% | 28.1% | 7.8% | 11.0% | 11.0% | 11.0% | 11.0% | -22.3% | 10.6% | 10.6% | 11.0% | 11.0% | |
| Non-GAAP Net income excluding FAS 123R | 8.0 | 71.7 | 11.5 | 67.5 | 85.0 | 83.1 | 49.9 | 46.7 | (101.4) | 158.7 | 264.8 | 364.4 | 497.7 | |
| Non GAAP EPS excl FAS123 | \$0.03 | \$0.26 | \$0.04 | \$0.24 | \$0.29 | \$0.28 | \$0.17 | \$0.16 | (\$0.46) | \$0.57 | \$0.89 | \$1.19 | \$1.59 | |
| Non-GAAP Net income including FAS 123R | (73.0) | (13.6) | (61.4) | (5.1) | 1.0 | (0.9) | (34.1) | (37.3) | (444.7) | (153.0) | (71.2) | 28.4 | 161.7 | |
| GAAP Diluted EPS including FAS123 | (\$0.43) | (\$0.31) | (\$0.35) | (\$0.06) | (\$0.07) | (\$0.00) | (\$0.14) | (\$0.15) | (\$3.62) | (\$1.14) | (\$0.36) | \$0.09 | \$0.52 | |
| Avg. Basic Shares (MM) | 229 | 231 | 235 | 238 | 241 | 243 | 245 | 247 | 221 | 233 | 244 | 252 | 260 | |
| Diluted Shares - NON GAAP EPS (MM) | 275 | 279 | 282 | 286 | 293 | 297 | 299 | 301 | 221 | 281 | 297 | 306 | 314 | |
| As % of Revenue | | | | | | | | | | | | | | |
| Product revenue | 48.1% | 51.5% | 47.4% | 48.7% | 48.3% | 45.1% | 45.0% | 45.1% | 47.9% | 49.0% | 45.9% | 45.4% | 45.6% | |
| Support revenue | 51.9% | 48.5% | 52.6% | 51.3% | 51.7% | 54.9% | 55.0% | 54.9% | 52.1% | 51.0% | 54.1% | 54.6% | 54.4% | |
| Cost of Goods Sold | 16.6% | 15.2% | 16.2% | 14.2% | 14.1% | 14.6% | 15.8% | 15.4% | 17.0% | 15.5% | 15.0% | 15.6% | 16.7% | |
| COGS Products | 3.5% | 3.3% | 4.0% | 2.8% | 2.9% | 3.2% | 4.0% | 3.7% | 4.5% | 3.4% | 3.4% | 3.2% | 3.2% | |
| COGS Support & Other Services | 28.7% | 27.9% | 27.1% | 24.9% | 24.5% | 24.0% | 25.5% | 25.0% | 28.5% | 27.1% | 24.7% | 25.8% | 28.0% | |
| Gross Profit | 83.4% | 84.8% | 83.8% | 85.8% | 85.9% | 85.4% | 84.2% | 84.6% | 83.0% | 84.5% | 85.0% | 84.4% | 83.3% | |
| Gross Profit Products | 96.5% | 96.7% | 96.0% | 97.2% | 97.1% | 96.8% | 96.0% | 96.3% | 95.5% | 96.6% | 96.6% | 96.8% | 96.8% | |
| Gross Profit Support & Other Services | 71.3% | 72.1% | 72.9% | 75.1% | 75.5% | 76.0% | 74.5% | 75.0% | 71.5% | 72.9% | 75.3% | 74.2% | 72.0% | |
| R&D | 25.1% | 21.8% | 25.8% | 23.1% | 22.2% | 21.7% | 23.5% | 24.3% | 27.0% | 23.9% | 22.9% | 22.0% | 20.0% | |
| Sales & Marketing | 48.8% | 42.5% | 47.2% | 42.5% | 41.8% | 42.0% | 45.0% | 46.0% | 54.5% | 45.1% | 43.7% | 41.8% | 40.9% | |
| General & Administrative | 7.1% | 6.2% | 9.2% | 7.4% | 6.3% | 6.3% | 6.4% | 6.4% | 6.9% | 7.4% | 6.4% | 6.3% | 6.2% | |
| Operating Earnings | 2.4% | 14.3% | 1.6% | 12.9% | 15.6% | 15.3% | 9.3% | 7.9% | -5.4% | 8.1% | 12.0% | 14.3% | 16.2% | |
| Interest & Other Expense | -0.5% | -1.2% | -2.0% | -1.9% | -2.0% | -1.6% | -1.8% | -1.6% | -0.2% | -1.4% | -1.8% | -1.4% | -1.1% | |
| Pretax Earnings | 3.0% | 15.5% | 3.6% | 14.8% | 17.5% | 17.0% | 11.0% | 9.5% | -5.2% | 9.5% | 13.8% | 15.7% | 17.3% | |
| Non-GAAP Net income excluding FAS 123R | 1.8% | 14.7% | 2.6% | 13.7% | 16.6% | 15.1% | 9.8% | 8.5% | -6.4% | 8.5% | 12.5% | 14.0% | 15.4% | |
| Year-Over-Year Growth | | | | | | | | | | | | | | |
| Sales | 15% | 18% | 11% | 28% | 18% | 13% | 13% | 11% | 13% | 18% | 14% | 23% | 24% | |
| Product revenue | 16% | 20% | 6% | 43% | 18% | -1% | 8% | 3% | 7% | 20% | 7% | 22% | 25% | |
| Support revenue | 13% | 16% | 16% | 17% | 17% | 28% | 18% | 19% | 20% | 16% | 21% | 24% | 23% | |
| Cost of Sales | 6% | 11% | 8% | 4% | 0% | 9% | 11% | 21% | 9% | 7% | 10% | 28% | 33% | |
| Gross Profit | 16% | 19% | 12% | 33% | 21% | 14% | 14% | 10% | 14% | 20% | 14% | 22% | 22% | |
| R&D | 3% | 0% | 9% | 4% | 4% | 13% | 3% | 17% | 6% | 4% | 9% | 18% | 12% | |
| Sales & Marketing | -4% | -4% | 2% | -4% | 1% | 12% | 8% | 20% | -7% | -2% | 10% | 17% | 21% | |
| General & Administrative | 15% | 12% | 55% | 27% | 5% | 16% | -22% | -3% | 12% | 28% | -3% | 22% | 22% | |
| Operating Earnings | -125% | -6721% | -229% | -270% | 650% | 21% | 575% | -32% | -69% | -276% | 69% | 47% | 40% | |
| Interest & Other Expense | -374% | -2951% | -2670% | 126% | 339% | 53% | 0% | -6% | -149% | 841% | 39% | -3% | 0% | |
| Pretax Earnings | -130% | -6104% | -378% | -320% | 594% | 24% | 251% | -28% | -71% | -314% | 64% | 40% | 37% | |
| Non-GAAP Net income excluding FAS 123R | -117% | -1269% | -212% | -275% | 967% | 16% | 334% | -31% | -67% | -256% | 67% | 38% | 37% | |
| Non GAAP EPS excl FAS123 | -113% | -1017% | -188% | -238% | 903% | 9% | 310% | -34% | -69% | -223% | 57% | 34% | 33% | |
| GAAP Diluted EPS including FAS123 | -78% | -41% | -31% | -92% | -85% | -99% | -60% | 169% | -28% | -69% | -68% | -126% | 454% | |
| Diluted Shares - NON GAAP EPS (MM) | 28% | 28% | 27% | 27% | 6% | 6% | 6% | 5% | 7% | 27% | 6% | 3% | 3% | |

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH



Price objective basis & risk

Nutanix Inc (NTNX)

PO of \$55 is based on 7x EV/C24 sales estimate. This multiple is slightly above the high end of the long-term range 2-6x. In our opinion the multiple above the high end of the range is appropriate given the better growth and profitability metrics that Nutanix is delivering partially offset by weaker macro and constrained enterprise spending.

Downside risks to our PO are a more protracted downturn in the economy, delayed recovery in the supply chain, delays in hiring sales reps, increased competition from established vendors like Dell/EMC, HP Enterprise and NetApp making headway into the HyperConverged market, increasing DRAM and NAND cost hurting gross margins, sales reorganization resulting in slower billings growth or customer acquisition rate, and disruption with key partners or IT distribution channel.

Upside risks are faster than expected recovery in the macroeconomy and Enterprise IT spending, faster than expected recovery in sales rep count and higher than expected productivity, and unexpected share gains.

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 |
| | 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 |
| | Sensata Technologies Holdings Plc | ST | ST US | Wamsi Mohan |
| | TD Synnex Corp | SNX | SNX US | Ruplu Bhattacharya |
| | TE Connectivity Ltd. | TEL | TEL US | Wamsi Mohan |
| | Teradata Corporation | TDC | TDC US | Wamsi Mohan |
| | Western Digital Corporation | WDC | WDC US | Wamsi Mohan |
| NEUTRAL | | | | |
| | Apple Inc. | AAPL | AAPL US | Wamsi Mohan |
| | 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 |
| 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 |
| | Vizio | VZIO | VZIO US | Wamsi Mohan |

IQmethodSM 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

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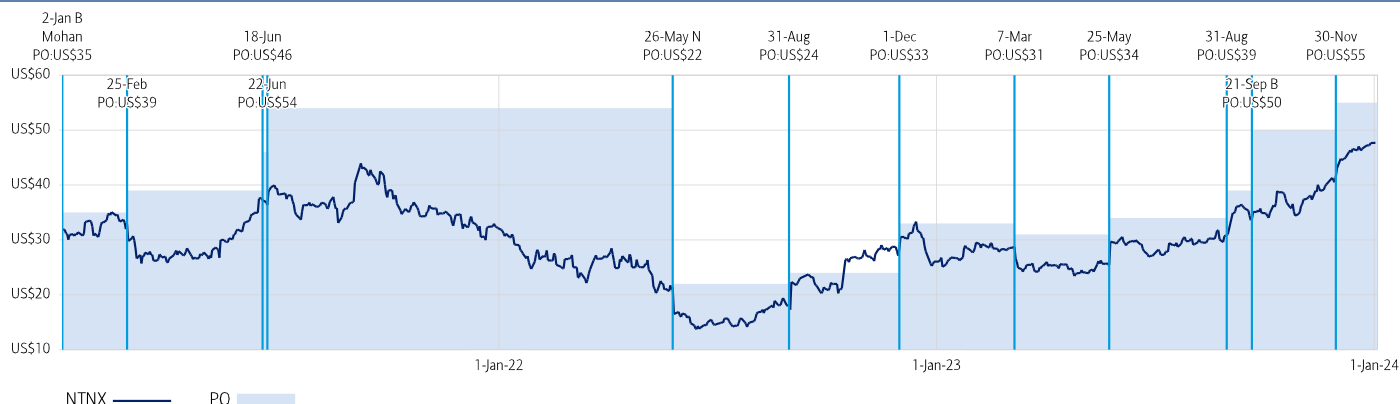
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Nutanix (NTNX) Price Chart



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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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