

Zai Lab

High sales expectation for VYVGART in 2024; reiterate Buy with a PO of US\$31

Reiterate Rating: BUY | PO: 31.00 USD | Price: 22.49 USD

New sales contribution from VYVGART; reiterate Buy

In 2023, Zai Lab booked total revenue of US\$266.7mn, representing YoY growth of 25% (31% YoY at constant exchange rate), in line with our US\$260.3mn forecast. Specifically, ZEJULA/OPTUNE/QINLOCK/NUZYRA/VYVGART booked revenue of US\$168.8mn/47.0mn/19.2mn/21.7mn/10.0mn in 2023, implying YoY change of 16%/-1%/29%/316%/na, respectively. Gross margin was 64% in 2023 (vs 66% in 2022), mainly due to the price cut on key products and the launch of VYVGART. R&D expenses decreased by 7% YoY to US\$266mn but SG&A expenses increased by 9% YoY to US\$282mn in 2023. Attributable net losses narrowed to US\$335mn in 2023, vs. US\$443mn in 2022. Due to the strong performance of VYVGART after its launch, we raise its sales forecast from 2024. However, we lower our revenue forecast on ZEJULA and OPTUNE, due to the intense competition and impact from ACC. Overall, we change our 2024/25/26 revenue forecast by 1%/3%/-2%, respectively. We reiterate Buy rating with a PO of US\$31.0/HK\$24.02, due to on-track development and sales ramp-up of new products.

Stable progress in 2023 with key catalysts ahead

VYVGART (efgartigimod) was launched in Sep 2023 and it has been included in the NRDL in Dec 2023. Around 1,000 new patients were treated with VYVGART in Jan 2024 and the company expects the products' sales to exceed US\$70.0mn in 2024. In Dec 2023, ZEJULA's NRDL listing was renewed for the maintenance treatment of adult patients with 1L and recurrent OC. Looking forward, SUL-DUR in infections caused by susceptible isolates of *Acinetobacter baumannii-calcoaceticus* complex, efgartigimod SC in gMG and repotrectinib in ROS1-positive NSCLC are under NMPA review and the company expects the products to be approved in 2024. Moreover, it expects to file sBLA on efgartigimod in CIDP in 1H24, NDA on adagrasib in 2L+ NSCLC in 2024, NDA on tisotumab vedotin in 2L+ CC in 2024, and MAA on OPTUNE in 2L+ NSCLC in 2024. Regarding other potential milestones, Zai Lab will initiate global phase-II study for ZL-1102 in mild-to-moderate chronic plaque psoriasis in mid-2024; the company will complete patient enrollment in the China bridging study of KarXT in schizophrenia in 4Q24.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
Net Income (Adjusted - mn)	(443.29)	(334.62)	(305.80)	(172.90)	8.06
EPS	(4.63)	(3.37)	(3.08)	(1.74)	0.081
EPS Change (YoY)	38.9%	27.1%	8.6%	43.5%	NM
Dividend / Share	0	0	0	0	0
Free Cash Flow / Share	(4.10)	(2.08)	(2.40)	(1.39)	(0.268)
Common EPS (US\$)	(0.463)	(0.337)	(0.308)	(0.174)	0.008
Common Dividend / Share (US\$)	0	0	0	0	0
Valuation (Dec)					
P/E	NM	NM	NM	NM	276.97x
EV / EBITDA*	NM	NM	NM	NM	151.74x
Free Cash Flow Yield*	-17.60%	-9.26%	-10.66%	-6.18%	-1.19%

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

28 February 2024

Equity

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Stock Data

Price (ADR / Common)	22.49 USD / 17.76 HKD
Price Objective	31.00 USD / 24.02 HKD
Date Established	21-Feb-2024 / 21-Feb-2024
Investment Opinion	C-1-9 / C-1-9
52-Week Range	17.69 USD-41.79 USD
Market Value (mn)	2,231 USD
Shares Outstanding (mn)	99.2 / 992.1
Average Daily Value (mn)	17.51 USD
Free Float	NA
BofA Ticker / Exchange	ZLAB / NAS
BofA Ticker / Exchange	XCDZF / HKG
Bloomberg / Reuters	ZLAB US / ZLAB.OQ
ROE (2024E)	-46.5%
Net Dbt to Eqty (Dec-2023A)	-99.3%

Abbreviations on page 3.

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Refer to important disclosures on page 7 to 10. Analyst Certification on page 4. Price Objective Basis/Risk on page 4.

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Timestamp: 28 February 2024 04:47AM EST

iQprofileSM Zai Lab

Key Income Statement Data (Dec)

(US\$ Millions)

	2022A	2023A	2024E	2025E	2026E
Sales	215	267	379	550	834
Gross Profit	141	171	238	352	555
Sell General & Admin Expense	(259)	(282)	(293)	(305)	(320)
Operating Profit	(404)	(367)	(321)	(206)	7
Net Interest & Other Income	(39)	32	15	7	2
Associates	NA	NA	NA	NA	NA
Pretax Income	(443)	(335)	(306)	(199)	9
Tax (expense) / Benefit	0	0	0	26	(1)
Net Income (Adjusted)	(443)	(335)	(306)	(173)	8
Average Fully Diluted Shares Outstanding	96	99	99	99	99

Key Cash Flow Statement Data

Net Income	(443)	(335)	(306)	(173)	8
Depreciation & Amortization	0	0	3	4	4
Change in Working Capital	(66)	40	44	9	(61)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	142	97	29	28	28
Cash Flow from Operations	(368)	(198)	(230)	(132)	(21)
Capital Expenditure	(25)	(8)	(8)	(6)	(6)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	NA
Other Cash Inflow / (Outflow)	445	(2)	(2)	0	(2)
Cash Flow from Investing	420	(11)	(10)	(6)	(8)
Shares Issue / (Repurchase)	6	2	0	0	0
Cost of Dividends Paid	NA	NA	NA	NA	NA
Cash Flow from Financing	(2)	(6)	200	200	0
Free Cash Flow	(393)	(207)	(238)	(138)	(27)
Net Debt	(1,008)	(790)	(552)	(414)	(385)
Change in Net Debt	(44)	218	240	138	28

Key Balance Sheet Data

Property, Plant & Equipment	77	69	73	75	78
Other Non-Current Assets	18	28	28	28	28
Trade Receivables	40	59	27	36	58
Cash & Equivalents	1,008	790	752	814	785
Other Current Assets	76	90	105	116	165
Total Assets	1,220	1,036	984	1,068	1,115
Long-Term Debt	0	0	200	400	400
Other Non-Current Liabilities	NA	NA	NA	NA	NA
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	175	240	263	290	298
Total Liabilities	175	240	463	690	698
Total Equity	1,046	796	520	377	415
Total Equity & Liabilities	1,220	1,036	983	1,067	1,114

iQmethodSM - Bus Performance*

Return On Capital Employed	-28.9%	-31.9%	-35.2%	-22.0%	2.1%
Return On Equity	-36.6%	-36.3%	-46.5%	-38.5%	2.0%
Operating Margin	-188.0%	-137.4%	-84.8%	-37.4%	0.9%
EBITDA Margin	-188.0%	-137.4%	-83.8%	-36.8%	1.3%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	NM	NM	NM	NM	-2.6x
Asset Replacement Ratio	NA	NA	2.3x	1.6x	1.6x
Tax Rate (Reported)	NM	NM	NM	13.0%	13.0%
Net Debt-to-Equity Ratio	-96.4%	-99.3%	-106.0%	-109.6%	-92.7%
Interest Cover	NA	NA	NA	NA	NA

Key Metrics

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

Company Sector

Biotechnology

Company Description

Incorporated in the Cayman Islands in 2013, Zai Lab (ZLAB) is a Shanghai-based Chinese biotech company that focuses on oncology, and infectious and autoimmune diseases. As a biotech pioneer in advancing in-licensing model in China, ZLAB has in-licensed more than 10 clinical assets, including niraparib, Optune/TTF, margetuximab and repotrectinib. The company is also actively developing its own internal R&D capability.

Investment Rationale

Our Buy rating is based on: (1) Strong pipeline with potential to generate multiple blockbuster drugs. Zai Lab has successfully in-licensed numerous clinical assets. (2) Business development (BD) capability demonstrated with emerging in-house discovery. Its BD team has established a solid track record and we expect its BD team to continue to bring in valuable assets to complement the current pipeline. (3) Commercial story and clinical catalysts to drive upside.

Stock Data

Shares / Common	0.10
Price to Book Value	4.3x

Estimate changes

Exhibit 1: Estimate changes

We raise revenue forecast for 2024-25

(USD mn)	New estimate			Old estimate			% difference		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Total Revenue	379	550	834	375	533	853	1%	3%	-2%
COGS	(141)	(198)	(279)	(132)	(176)	(271)	7%	13%	3%
Gross profit	238	352	555	243	358	582	-2%	-2%	-5%
R&D expense	(266)	(253)	(228)	(253)	(241)	(216)	5%	5%	5%
Sales, general & administrative	(293)	(305)	(320)	(277)	(291)	(320)	6%	5%	0%
Operating income	(321)	(206)	7	(288)	(174)	45	11%	18%	-84%
Net Interest income/(expense)	24	17	12	21	13	9	13%	28%	43%
Other non-operating income/expense	(9)	(9)	(10)	(35)	(39)	(43)	-75%	-75%	-75%
Profit Before Tax	(306)	(199)	9	(302)	(200)	11	1%	-1%	-15%
Tax expense	0	26	(1)	0	26	(1)		-1%	-15%
Net Income to owner	(306)	(173)	8	(302)	(174)	9	1%	-1%	-15%
Basic EPS	(3.08)	(1.74)	0.08	(3.19)	(1.84)	0.10	-3%	-5%	-19%
Fully diluted EPS	(3.08)	(1.74)	0.08	(3.19)	(1.84)	0.10	-3%	-5%	-19%
Gross margin (%)	63%	64%	67%	65%	67%	68%	-2%	-3%	-2%
R&D expense % of sales	-70%	-46%	-27%	-68%	-45%	-25%	-3%	-1%	-2%
SG&A % of sales	-77%	-55%	-38%	-74%	-55%	-38%	-3%	-1%	-1%
Operating margin (%)	-85%	-37%	1%	-77%	-33%	5%	-8%	-5%	-4%
Tax rate (%)	0%	-13%	-13%	0%	-13%	-13%	0%	0%	0%
Net margin (%)	-81%	-31%	1%	-81%	-33%	1%	0%	1%	0%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Abbreviations:

ACC: Anti-corruption campaign

NRDL: National Reimbursement Drug List

OC: Ovarian cancer

SUL-DUR: Sulbactam-Durlobactam

efgartigimod SC: efgartigimod alfa injection (subcutaneous injection)

gMG: generalized myasthenia gravis

NSCLC: non-small cell lung cancer

NMPA: National Medical Products Administration

NDA: New Drug Application

CC: Cervical cancer

MAA: Marketing Authorisation Application

sBLA: supplemental Biologics License Application

CIDP: Chronic inflammatory demyelinating polyneuropathy

Price objective basis & risk

Zai Lab (ZLAB / XCDZF)

Our price objective is US\$31.0/HK\$24.02 for ADR/H-share. We use discounted cash flow (DCF) methodology to assess the equity value given the company just started to generate sales and the majority of its value comes from future drug sales. We assume 15.9% WACC, a terminal growth rate of 3.5%, 5% debt and 95% equity financing (we assume equity issuance would be the major financing approach), 4% risk free rate, 7% equity risk premium, 3.4% cost of debt, 15% long-term effective tax rate, and a derived cost of equity 16.6%. We assume a beta of 1.8.

Downside risks are (1) Zejula or Optune sales below expectation, (2) Late-stage pipeline product approval delay, (3) COVID-19 impact longer than thought.

Analyst Certification

I, David Li, 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.

APR - Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Adicon Holdings	ADCNF	9860 HK	David Li
	Aier Eye Hospital	XAEOF	300015 CH	David Li
	Amvis Holdings	XEPSF	7071 JP	Ritsuo Watanabe
	Angelalign Technology Inc	AGLFF	6699 HK	David Li
	Apollo Hospital	XWQAF	APHS IN	Neha Manpuria
	Asahi Intecc	AHICF	7747 JP	Ritsuo Watanabe
	Aurobindo	XLZFF	ARBP IN	Neha Manpuria
	Autobio Diagnostics Co Ltd	XQDXF	603658 CH	Sandra Sun
	AVITA	AVHHL	AVH AU	Lyanne Harrison
	AVITA	RCEL	RCEL US	Lyanne Harrison
	Baiyunshan	GZPHF	874 HK	Sandra Sun
	Bangkok Chain Hospital	BKKFF	BCH TB	Charti Phrawphraikul
	Bangkok Dusit Medical Services	BDUFF	BDMS TB	Charti Phrawphraikul
	Beijing Tongrentang Co., Limited	BJTGF	600085 CH	David Li
	Biocon	XLOFF	BIOS IN	Neha Manpuria
	Bumrungrad Hospital	BUHHF	BH TB	Charti Phrawphraikul
	Cansino Bio	CASBF	6185 HK	David Li
	Chugai Pharm.	CHGCF	4519 JP	Koichi Mamegano
	Chularat Hospital Group	XOCOF	CHG TB	Charti Phrawphraikul
	CSL Limited	CMXHF	CSL AU	Lyanne Harrison
	Daiichi Sankyo	DSKYF	4568 JP	Koichi Mamegano
	Daiichi Sankyo	DSNKY	DSNKY US	Koichi Mamegano
	Dr. Reddy's	DRYBF	DRRD IN	Neha Manpuria
	Dr. Reddy's	RDY	RDY US	Neha Manpuria
	Eisai	ESALF	4523 JP	Koichi Mamegano
	Everest Medicine	XMLKF	1952 HK	David Li
	Fisher & Paykel Healthcare	XPAXF	FPH AU	Lyanne Harrison
	Fisher & Paykel Healthcare	FSPKF	FPH NZ	Lyanne Harrison
	Fortis Health	XFFTF	FORH IN	Neha Manpuria
	Frontage	FGHQF	1521 HK	David Li
	Gland Pharma	XGLPF	GLAND IN	Neha Manpuria
	Glenmark Life Sciences	XWDPF	GLS IN	Neha Manpuria
	Gushengtang	GSHTF	2273 HK	David Li
	Huadong Medicine	XCPDF	000963 CH	Ethan Cui
	Hualan Biological	XCBEF	002007 CH	Ethan Cui
	Hygeia Healthcare	HYHHF	6078 HK	Ethan Cui
	IHH Healthcare Berhad	IHHHF	IHH MK	Paul Dewberry
	IHH Healthcare Bhd	XFAHF	IHH SP	Paul Dewberry

APR - Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Imeik	ZMITF	300896 CH	Ethan Cui
	Innovent	IVBXF	1801 HK	David Li
	Integral Diagnostics	ITGDF	IDX AU	Lianne Harrison
	Jinxin Fertility	JXGFG	1951 HK	Ethan Cui
	Jinyu Bio-Tech	XMTDF	600201 CH	David Li
	Kangji Medical	KMHLE	9997 HK	David Li
	Medley	XEQNF	4480 JP	Ritsuo Watanabe
	MicroPort	MCRPF	853 HK	Sandra Sun
	Mindray	XDVVF	300760 CH	Sandra Sun
	Nanosonics Limited	NNCSF	NAN AU	Lianne Harrison
	Olympus Corp.	OCPNF	7733 JP	Ritsuo Watanabe
	Ovctek	XOCKF	300595 CH	David Li
	Pharmaron	PHBBF	3759 HK	David Li
	Polynovo	CALZF	PNV AU	Lianne Harrison
	Praram 9 Hospital	XPNHF	PR9 TB	Charti Phrawphraikul
	ResMed Inc	RSMDF	RMD AU	Lianne Harrison
	ResMed Inc.	RMD	RMD US	Lianne Harrison
	Sawai Group Holdings	SWGHE	4887 JP	Ritsuo Watanabe
	Shanghai Pharmaceuticals	SHPMF	2607 HK	David Li
	Shanghai United Imaging	XCAOF	688271 CH	Sandra Sun
	Shionogi	SGIOF	4507 JP	Koichi Mamegano
	Shionogi	SGIOY	SGIOY US	Koichi Mamegano
	Sino Biopharm	SBMFF	1177 HK	David Li
	Sinopharm	SHTDF	1099 HK	David Li
	SMS	SMSZF	2175 JP	Ritsuo Watanabe
	Sonic Healthcare Limited	SKHCF	SHL AU	Lianne Harrison
	Sosei	SOLTF	4565 JP	Koichi Mamegano
	Takeda Pharm.	TKPHF	4502 JP	Koichi Mamegano
	Takeda Pharm.	TAK	TAK US	Koichi Mamegano
	Terumo	TRUMF	4543 JP	Ritsuo Watanabe
	TigerMed	HTMDF	3347 HK	David Li
	TRYT	XHXTF	9164 JP	Ritsuo Watanabe
	Wuxi Apptec	WUXIF	2359 HK	David Li
	Wuxi Apptec	XLUHF	603259 CH	David Li
	Yifeng Pharmacy	XYHCF	603939 CH	Ethan Cui
	Yunnan Baiyao	YBAIF	000538 CH	Sandra Sun
	Zai Lab	ZLAB	ZLAB US	David Li
	Zai Lab	XCDZF	9688 HK	David Li
	Zhifei	XCHOF	300122 CH	David Li

NEUTRAL

	Ansell Limited	ANSLF	ANN AU	Lianne Harrison
	Astellas Pharma	ALPMF	4503 JP	Koichi Mamegano
	Astellas Pharma	ALPMY	ALPMY US	Koichi Mamegano
	Australian Clinical Labs	XAUKF	ACL AU	Lianne Harrison
	Beigene	XBETF	6160 HK	David Li
	Beigene	BGNE	BGNE US	David Li
	EBOS Group Limited	EBOSF	EBO NZ	Lianne Harrison
	EBOS Group Limited	XEBOF	EBO AU	Lianne Harrison
	Healius Limited	PHCRF	HLS AU	Lianne Harrison
	JMDC	JMDCF	4483 JP	Ritsuo Watanabe
	Joinn Lab	XQTSF	6127 HK	David Li
	Kyowa Kirin	KYKOF	4151 JP	Koichi Mamegano
	Max Healthcare	XMHLF	MAXHEALT IN	Neha Manpuria
	Pien Tze Huang	XUVHF	600436 CH	Sandra Sun
	Ramsay Health Care Limited	RMSYF	RHC AU	Lianne Harrison
	Sigma Healthcare Limited	SIGGF	SIG AU	Lianne Harrison
	Sun Pharma	XPUCF	SUNP IN	Neha Manpuria
	Sysmex	SSMXF	6869 JP	Ritsuo Watanabe
	Topchoice Medical	XZDXF	600763 CH	Ethan Cui
	Torrent Pharma	TOPHF	TRP IN	Neha Manpuria
	WuXi Biologics	WXIBF	2269 HK	David Li
	Zyds Lifesciences	XMQLF	ZYDUSLIF IN	Neha Manpuria

UNDERPERFORM

	Ain Holdings	AINPF	9627 JP	Ritsuo Watanabe
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APR - Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Alkem	XAMLF	ALKEM IN	Neha Manpuria
	Asymchem Laboratories	XALPF	002821 CH	David Li
	Baiyunshan	XOUFF	600332 CH	Sandra Sun
	Beijing Wantai Biological Pharmacy	XBHIF	603392 CH	David Li
	Cipla	XCLAF	CIPLA IN	Neha Manpuria
	Cochlear Limited	CHEOF	COH AU	Lyanne Harrison
	CSPC Pharmaceutical	CHJTF	1093 HK	Ethan Cui
	Divis Laboratories	XXQPF	DIVI IN	Neha Manpuria
	Hansoh	HNSPF	3692 HK	David Li
	Hengrui Medicine	XMOKF	600276 CH	David Li
	Joinn Lab	JOLCF	603127 CH	David Li
	Lupin	XEFSF	LPC IN	Neha Manpuria
	M3	MTHRF	2413 JP	Ritsuo Watanabe
	Mankind Pharma	XDXZF	MANKIND IN	Neha Manpuria
	Medipal Holdings	MEPDF	7459 JP	Ritsuo Watanabe
	Ono Pharm.	OPHLF	4528 JP	Koichi Mamegano
	Otsuka HD	OTSKF	4578 JP	Koichi Mamegano
	Otsuka HD	OTSKY	OTSKY US	Koichi Mamegano
	Pharmaron	XLYGF	300759 CH	David Li
	PHC Holdings	PHCCF	6523 JP	Ritsuo Watanabe
	Shanghai Pharmaceuticals	XKCRF	601607 CH	David Li
	TigerMed	XHTHF	300347 CH	David Li
RSTR	APM Human Services	APMHF	APM AU	Lyanne Harrison

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

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 valuations. 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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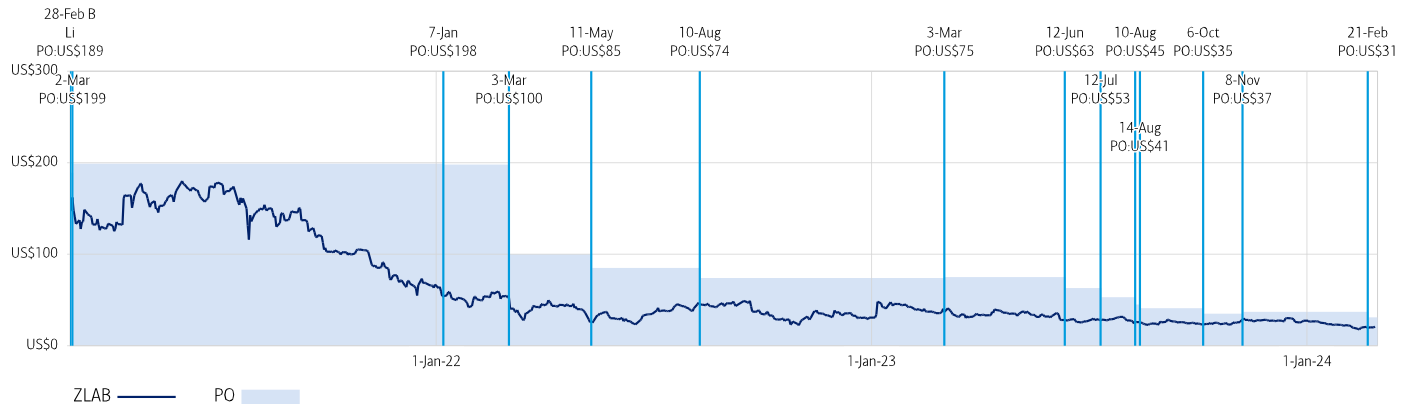
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Disclosures

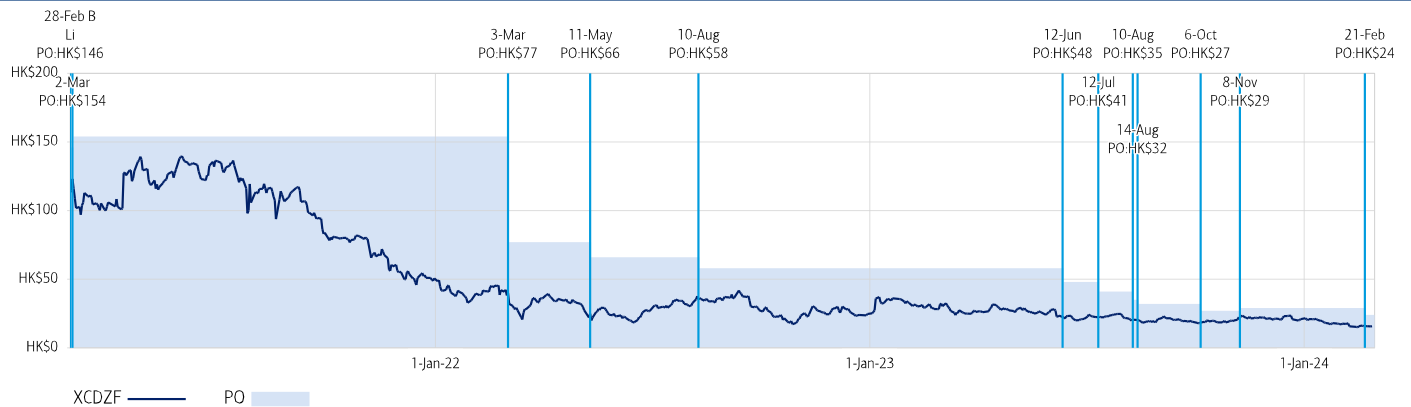
Important Disclosures

Zai Lab (ZLAB) 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.

Zai Lab (XCDZF) 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 ^{R1}	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 ^{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%

^{R2}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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