

Jamf

# 4Q results ok, but guide soft from demand headwinds; Reit. Neutral, lower PO to \$21

Reiterate Rating: NEUTRAL | PO: 21.00 USD | Price: 19.97 USD

## Tech and education verticals demand still soft

Reiterate Neutral, but lower PO to \$21 (from \$22) for a lower forecast due to ongoing demand headwinds resulting in soft 2024 revenue guidance. Positively, 4Q23 revenue and profitability results were above consensus. The soft outlook is driven by continued demand headwinds from its two largest verticals, technology and education, where layoffs and post-COVID normalization in buying patterns are impacting demand. There is potential for a 2024 PC refresh cycle, which could drive revenue upside, given no refresh is baked into guidance. While guidance is below consensus, we believe management has de-risked the model, which should create a beat-and-raise setup in 2024. However, the risk/reward appears balanced until there are multiple data points that estimates risks are behind. Our \$21 PO is based on 4.9x EV/CY24 revenue. We update our model for 4Q23 results and 2024 guidance.

## Upside levers: PC replacements, international, security

Levers to drive upside to guidance include: 1) Replacement opportunity comes in better than expected, 2) international expansion, where revenue grew 9pts faster than the US at +23.4% y/y, and 3) increasing security attach rate on devices. The company is hosting an investor day in two weeks on March 13. We look forward to hearing more details on the medium-term growth levers, potential medium-to-long term financial targets, and updated business strategy.

## Positives: Security attach expands, and should continue to

1) Security ARR increased 33% y/y to \$133.8mn and now comprises 23% of total ARR as compared to 21% last quarter; 2) 4Q23 total revenue growth was 15.6% y/y, an acceleration from 14.5% last quarter; 3) PF operating margin of 14.0% was higher than our 13.5% expectation due to expense management and revenue outperformance in the quarter; and 4) current RPO growth accelerated to 16.9% from 15.6% last quarter.

## Negatives: NRR expected to contract further

1) NRR finished the year at 108%, and it is anticipate to contract further to 104% in 2024, which can be a hurdle until it stabilizes and expands; 2) ARR growth decelerated to 14.8% y/y from +15.5% last quarter, 2) education ARR growth was flat sequentially; 3) customer count growth decelerated to +6.1%, the sixth straight quarter of decelerating growth; and 4) EMEA growth decelerated to +19% y/y from +28% last quarter.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	0.16	0.31	0.48	0.53	0.57
GAAP EPS	(1.17)	(0.88)	(0.85)	(0.80)	(0.76)
EPS Change (YoY)	6.7%	93.8%	54.8%	10.4%	7.5%
Consensus EPS (Bloomberg)			0.35	0.48	0.67
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	124.8x	64.4x	41.6x	37.7x	35.0x
EV / EBITDA*	54.6x	36.1x	23.9x	21.4x	40.9x
Free Cash Flow Yield*	3.2%	1.3%	2.2%	2.8%	4.0%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 7.

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Refer to important disclosures on page 8 to 10. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.

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Timestamp: 28 February 2024 01:30AM EST

28 February 2024

Equity

### Key Changes

(US\$)	Previous	Current
Price Obj.	22.00	21.00
2024E Rev (m)	631.1	617.1
2025E Rev (m)	713.0	670.8
2026E Rev (m)	NA	728.0
2024E EPS	0.37	0.48
2025E EPS	0.52	0.53
2026E EPS	NA	0.57

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### Stock Data

Price	19.97 USD
Price Objective	21.00 USD
Date Established	28-Feb-2024
Investment Opinion	C-2-9
52-Week Range	14.83 USD - 22.89 USD
Mkt Val (mn) / Shares Out	2,537 USD / 127.0 (mn)
Free Float	54.9%
Average Daily Value (mn)	7.54 USD
BofA Ticker / Exchange	JAMF / NYS
Bloomberg / Reuters	JAMF US / JAMF.OQ
ROE (2024E)	9.1%
Net Dbt to Eqty (Dec-2023A)	17.2%
ESGMeter <sup>TM</sup>	Medium

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".

ARR = annual recurring revenue

;

W

NRR = net revenue retention

# iQprofile<sup>SM</sup> Jamf

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	2.0%	4.0%	6.9%	7.5%	8.0%
Return on Equity	3.0%	5.9%	9.1%	9.8%	10.3%
Operating Margin	5.3%	8.0%	14.7%	15.5%	16.0%
Free Cash Flow	82	33	55	71	101

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	4.2x	0.9x	1.0x	1.1x	1.3x
Asset Replacement Ratio	0.1x	0x	0.2x	0.2x	0.2x
Tax Rate	0.6%	NM	5.0%	5.0%	5.0%
Net Debt-to-Equity Ratio	20.0%	17.2%	8.0%	-1.2%	-12.6%
Interest Cover	48.2x	NA	45.5x	NM	NM

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	479	561	617	671	728
% Change	30.7%	17.1%	10.1%	8.7%	8.5%
Gross Profit	390	460	506	550	597
% Change	31.5%	18.0%	10.1%	8.7%	8.5%
EBITDA	49	74	112	125	66
% Change	26.8%	51.2%	51.2%	11.6%	-47.7%
Net Interest & Other Income	(3)	7	(2)	(2)	(2)
<b>Net Income (Adjusted)</b>	<b>21</b>	<b>42</b>	<b>68</b>	<b>78</b>	<b>87</b>
<b>% Change</b>	<b>13.9%</b>	<b>94.4%</b>	<b>62.7%</b>	<b>14.7%</b>	<b>12.3%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(141)	(110)	(110)	(108)	(107)
Depreciation & Amortization	71	72	61	68	72
Change in Working Capital	41	(35)	5	4	27
Deferred Taxation Charge	(3)	(2)	(5)	0	0
Other Adjustments, Net	122	111	117	120	122
Capital Expenditure	(8)	(3)	(12)	(13)	(15)
<b>Free Cash Flow</b>	<b>82</b>	<b>33</b>	<b>55</b>	<b>71</b>	<b>101</b>
<b>% Change</b>	<b>48.5%</b>	<b>-59.9%</b>	<b>67.3%</b>	<b>27.7%</b>	<b>42.5%</b>
Share / Issue Repurchase	0	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	5	6	0	0	0

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	224	244	306	377	477
Trade Receivables	88	108	129	149	152
Other Current Assets	39	51	42	46	49
Property, Plant & Equipment	19	15	15	15	15
Other Non-Current Assets	1,159	1,172	1,164	1,148	1,122
<b>Total Assets</b>	<b>1,530</b>	<b>1,590</b>	<b>1,657</b>	<b>1,735</b>	<b>1,816</b>
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	361	422	440	462	482
Long-Term Debt	365	367	367	367	367
Other Non-Current Liabilities	103	83	84	88	92
<b>Total Liabilities</b>	<b>828</b>	<b>872</b>	<b>891</b>	<b>918</b>	<b>942</b>
<b>Total Equity</b>	<b>701</b>	<b>718</b>	<b>766</b>	<b>817</b>	<b>875</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,530</b>	<b>1,590</b>	<b>1,657</b>	<b>1,735</b>	<b>1,816</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 7.

## Company Sector

Server & Enterprise Software

## Company Description

Jamf, headquartered in Minneapolis, MN, is a cloud provider of device management applications for Apple devices (Macs, iPhones, iPads, Apple TV) in the enterprise and education sector. Jamf's offering includes the core unified endpoint management software for Apple devices which enables zero touch and efficient device management, as well as two add on modules, Jamf Connect for account authentication, and Jamf Protect for endpoint compliance and monitoring.

## Investment Rationale

We believe that Jamf is well positioned to continue capturing share of the \$18 billion Apple device mgmt market, given key advantages such as 1) special relationship with Apple, 2) best in class device provision and security, 3) installed base of 20mn+ devices and 4) community of over 100,000 developers porting Ent apps to the Jamf environment. Our Neutral rating is valuation based. With the stock trading at premium to the group, we believe much of the NT upside is priced in at this level.

## Stock Data

Average Daily Volume 377,429

## Quarterly Earnings Estimates

	2023	2024
Q1	0.05A	0.10E
Q2	0.05A	0.07E
Q3	0.08A	0.14E
Q4	0.13A	0.17E

## 4Q23 Performance

- Total revenue of \$150.6mn was above our/Street \$148.5mn/\$148.5mn
- PF Operating income of \$21.1mn was below our/Street \$20.5mn/\$20.0mn

## FY23 Guidance

- Total revenue guidance is \$614.5-619.5mn, below our/Street \$631.1mn/\$640.5mn
- PF Operating income guidance is \$89-93mn, below our/Street \$70.5mn/\$66.6mn

### Exhibit 1: Variance

Recurring revenue was 1.9% higher than our prior estimate

	4Q23A		
	BofA Est.	Actual	Variance
Subscription - SaaS	137,028	140,315	2.4%
Y/Y change %	16.5%	19.3%	279bps
Subscription - On Prem	6,891	6,362	(7.7%)
Y/Y change %	(5.0%)	(12.3%)	(730bps)
Recurring Revenue	143,920	146,677	1.9%
Y/Y change %	15.3%	17.5%	221bps
Total Revenue	148,543	150,645	1.4%
Y/Y change %	14.0%	15.6%	161bps
Guidance	148,000-149,000		
ARR	587,536	588,600	0.2%
Y/Y change %	14.6%	14.8%	21bps
Device Count	32,436	32,300	(0.4%)
Y/Y change %	8.1%	7.7%	(45bps)
Billings	173,502	154,323	(11.1%)
Y/Y change %	28.3%	14.1%	(1418bps)
PF Operating Income	20,053	21,079	5.1%
PF Operating Margin	13.5%	14.0%	49bps
Guidance	19,500-20,500		
Adjusted EBITDA	25,904	28,838	11.3%
Adjusted EBITDA margin	17.4%	19.1%	170bps
PF EPS	\$0.12	\$0.13	9.5%
Cash from operations (CFO)	26,298	15,919	(65.2%)
OCF margin	17.7%	10.6%	(714bps)
Unlevered free cash flow	29,942	22,397	(33.7%)
uFCF Margin	20.2%	14.9%	(24bps)
Free cash flow	25,531	15,507	(64.6%)
FCF margin	17.2%	10.3%	(689bps)

Source: Company filings, BofA Global Research estimates

BofA GLOBAL RESEARCH

### Exhibit 2: Estimate revisions

We now forecast 10.1% revenue growth in 2024

	1Q24E			FY24E			FY25E			FY26E		
	New Estimate	Old Estimate	Change %	New Estimate	Old Estimate	Change %	New Estimate	Old Estimate	Change %	New Estimate	Old Estimate	Change %
Total Revenue	148,985	148,543	0.3%	617,123	631,070	(2.2%)	670,792	712,976	(5.9%)	727,968	N/A	N/A
Y/Y change %	12.7%	14.0%	(129bps)	10.1%	13.0%	(291bps)	8.7%	13.0%	(428bps)	8.5%	N/A	N/A
Guidance (mn)	148-150			614.5-619.5								
PF Operating Income	19,368	20,053	(3.4%)	90,927	70,540	28.9%	103,992	102,916	1.0%	116,529	N/A	N/A
PF Operating Margin	13.0%	13.5%	(50bps)	14.7%	11.2%	356bps	15.5%	14.4%	107bps	16.0%	N/A	N/A
Guidance (mn)	19-20			89-93								
PF EPS	\$0.10	\$0.12	(15.5%)	\$0.48	\$0.37	23.5%	\$0.53	\$0.52	1.8%	\$0.57	N/A	N/A
Free cash flow	13,937	25,531	(83.2%)	55,275	65,562	(18.6%)	70,595	102,783	(45.6%)	100,590	N/A	N/A
FCF margin	9.4%	17.2%	(783bps)	9.0%	10.4%	(143bps)	10.5%	14.4%	(389bps)	13.8%	N/A	N/A



## **Exhibit 2: Estimate revisions**

We now forecast 10.1% revenue growth in 2024

**Source:** Company filings, BofA Global Research estimates

BofA GLOBAL RESEARCH

## Price objective basis & risk

### Jamf (JAMF)

Our \$21 PO is based on an EV/sales multiple of 4.9x our C24E revenue estimate (0.5x EV/R/G), comparable to the small cap SaaS group at 4.7x (0.5x EV/R/G), given our expectations for Jamf to sustain high-single-digit percent or higher recurring revenue growth over the next two to three years (versus the small cap SaaS group expected to grow in the low double-digits) driven by ongoing share gains in the \$18 billion estimated addressable market for Apple device management software.

Downside risks are: 1) Systems management market is more mature relative to other software markets with a somewhat lacking innovation cycle driving growth, which could cap growth in the near/long term, 2) Need to drive awareness of Jamf brand to continue driving replacement deals in order to sustain growth which could be challenging given larger priorities are underway (cloud IaaS, cloud apps, digital transformation, etc.), and 3) Highly competitive market in device management, with offerings from platform vendors that sell broader suites that can manage multiple devices/infrastructure - the absence of ongoing feature enhancements for product differentiation could present the risk of slowing share gains or even share losses to platform vendors, which could curb growth.

## Analyst Certification

I, Koji Ikeda, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	8x8	EGHT	EGHT US	Michael J. Funk
	Adobe	ADBE	ADBE US	Brad Sills
	Alarm.com	ALRM	ALRM US	Michael J. Funk
	Amplitude, Inc.	AMPL	AMPL US	Koji Ikeda, CFA
	Asana	ASAN	ASAN US	Michael J. Funk
	BILL	BILL	BILL US	Brad Sills
	CCC Intelligent Solutions	CCCS	CCCS US	Michael J. Funk
	Dynatrace	DT	DT US	Koji Ikeda, CFA
	Elastic NV	ESTC	ESTC US	Koji Ikeda, CFA
	GitLab Inc.	GTLB	GTLB US	Koji Ikeda, CFA
	Global-e Online Ltd.	GLBE	GLBE US	Koji Ikeda, CFA
	HubSpot	HUBS	HUBS US	Brad Sills
	Informatica Inc.	INFA	INFA US	Koji Ikeda, CFA
	Intapp Inc.	INTA	INTA US	Koji Ikeda, CFA
	Intuit	INTU	INTU US	Brad Sills
	JFrog Ltd	FROG	FROG US	Koji Ikeda, CFA
	MeridianLink, Inc.	MLNK	MLNK US	Koji Ikeda, CFA
	Microsoft Corporation	MSFT	MSFT US	Brad Sills
	Monday.com	MNDY	MNDY US	Michael J. Funk
	MongoDB Inc	MDB	MDB US	Brad Sills
	nCino, Inc.	NCNO	NCNO US	Adam Bergere
	NICE Ltd.	NICE	NICE US	Michael J. Funk
	NICE Ltd.	NCSYF	NICE IT	Michael J. Funk
	PagerDuty	PD	PD US	Koji Ikeda, CFA
	PowerSchool Holdings, Inc.	PWSC	PWSC US	Koji Ikeda, CFA
	RingCentral	RNG	RNG US	Michael J. Funk
	Salesforce.com	CRM	CRM US	Brad Sills
	ServiceNow	NOW	NOW US	Brad Sills
	UiPath	PATH	PATH US	Brad Sills
	Unity	U	U US	Michael J. Funk



## US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Weave	WEAV	WEAV US	Michael J. Funk
	Workday Inc.	WDAY	WDAY US	Brad Sills
	Zeta Global	ZETA	ZETA US	Koji Ikeda, CFA
	ZoomInfo	ZI	ZI US	Koji Ikeda, CFA
<b>NEUTRAL</b>				
	Autodesk	ADSK	ADSK US	Michael J. Funk
	Bentley Systems	BSY	BSY US	Michael J. Funk
	BigCommerce Holdings, Inc.	BIGC	BIGC US	Koji Ikeda, CFA
	Coveo	YCVO	CVO CN	Koji Ikeda, CFA
	Datadog Inc	DDOG	DDOG US	Koji Ikeda, CFA
	DocuSign	DOCU	DOCU US	Brad Sills
	Freshworks, Inc.	FRSH	FRSH US	Adam Bergere
	HashiCorp	HCP	HCP US	Brad Sills
	Jamf	JAMF	JAMF US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	LSPD	LSPD US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	YLSPD	LSPD CN	Koji Ikeda, CFA
	Oracle Corporation	ORCL	ORCL US	Brad Sills
	Paycom	PAYC	PAYC US	Adam Bergere
	Paylocity	PCTY	PCTY US	Adam Bergere
	Shopify, Inc.	SHOP	SHOP US	Brad Sills
	Snowflake	SNOW	SNOW US	Brad Sills
	Veeva Systems, Inc.	VEEV	VEEV US	Brad Sills
	Zoom Video Communications	ZM	ZM US	Michael J. Funk
<b>UNDERPERFORM</b>				
	AvidXchange, Inc.	AVDX	AVDX US	Brad Sills
	Blackbaud, Inc.	BLKB	BLKB US	Koji Ikeda, CFA
	BlackLine, Inc.	BL	BL US	Koji Ikeda, CFA
	C3.ai	AI	AI US	Brad Sills
	Confluent	CFLT	CFLT US	Brad Sills
	CS Disco, Inc.	LAW	LAW US	Koji Ikeda, CFA
	Dropbox	DBX	DBX US	Michael J. Funk
	Enfusion, Inc.	ENFN	ENFN US	Koji Ikeda, CFA
	Five9	FIVN	FIVN US	Michael J. Funk
	Guidewire Software, Inc.	GWRE	GWRE US	Michael J. Funk
	Smartsheet	SMAR	SMAR US	Michael J. Funk
	Twilio	TWLO	TWLO US	Michael J. Funk
	Vertex, Inc.	VERX	VERX US	Brad Sills
<b>RSTR</b>				
	Splunk	SPLK	SPLK US	Brad Sills

## iQmethod<sup>SM</sup> 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 &amp; 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

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.

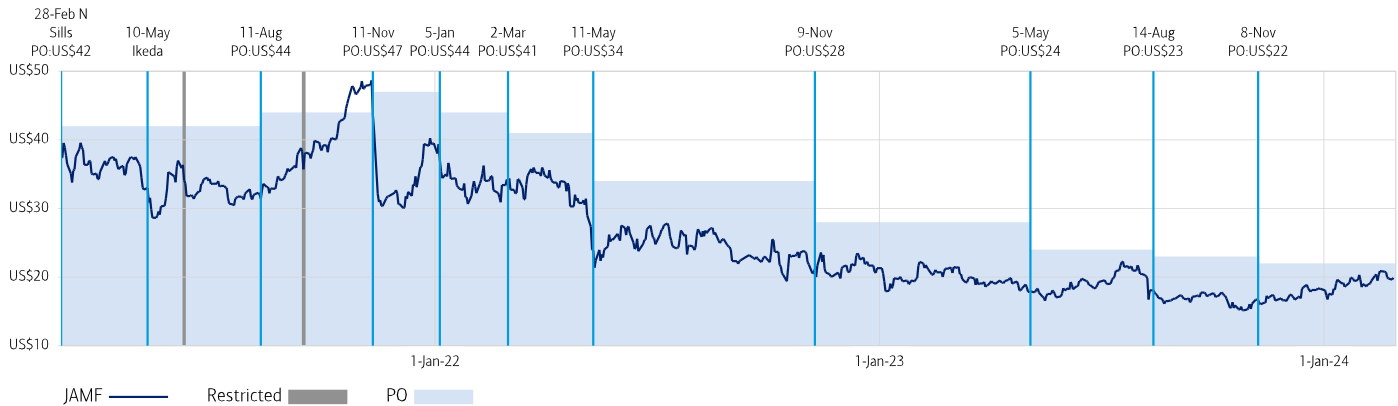
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# Disclosures

## Important Disclosures

### Jamf (JAMF) 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 <sup>R1</sup>	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 <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.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

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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