

Gaming

Sports betting and iGaming update: No sports, no casinos, no problem

Industry Overview

Sports betting and iGaming update: April and May

One of the few bright spots in our sector remains the excitement behind sports betting and online gaming (iGaming) which has been little hindered despite virtually no sports and significant casino closures since mid-March. [Since our January update](#), April was the best month yet for iGaming in New Jersey and Pennsylvania which saw +54% and +115% revenue growth since February. New Jersey iGaming revenues now equal ~40% of land-based casino gaming and ~20% in Pennsylvania, despite being open for less than a year. Enthusiasm is shared by both users (FanDuel/DraftKings app downloads +61% Y/Y since 3/15) and seemingly investors with Penn National (PENN) up 147% since March 31. DraftKings (DKNG; not covered) rose 234% over the same timeframe.

State of the States: 23 legal for sports; 6 legal for iGaming

23 states have legalized sports betting with an additional 6 considering legislation. 18 of the 23 states are live, with 11 offering full online and mobile sports wagering. ~20% of the US population should have access to legal online sports betting by 2021. Revenues grew +84% in Jan. and Feb., but contracted meaningfully in March/April as the COVID outbreak cancelled live sporting events. There are green shoots ahead, however, with the German Bundesliga reopen and several leagues targeting early summer resumptons.

iGaming expansion is considerably slower than sports betting with just New Jersey (NJ), Pennsylvania (PA) and Delaware (DE) live at this stage. West Virginia could go live in June/July while Michigan is the next big state to watch. The narrative for legalizing iGaming has shifted post-outbreak with many industry experts and participants noting it could be a potential solution for ballooning state budget deficits and an all-weather solution for taxes. Illinois is already being discussed as a new market, but it is a notoriously hard to predict state on Gaming legislation.

\$20B+ total addressable market (TAM)

In this update, we further refine our total addressable market (TAM) assumptions for sports betting and drill down further on iGaming. We estimate sports betting could be a ~\$15B market by 2030, with ~\$12B+ of that being online and mobile though it depends heavily on state-level developments. iGaming has a very broad range of outcomes. If it reaches 30% penetration (NJ is already 40%, PA is 20%) of 30% of the commercial gaming market – it would be a \$3B market, while 30% penetration of the entire commercial gaming market is \$10B+. The timing is much more uncertain on legislation and widespread adoption for iGaming, as we would expect it to act more like traditional gaming (more regulatory scrutiny, more political, slower adoption) whereas sports betting adoption has been meaningfully faster than our initial expectations.

See also: Our [companion note analyzing company-level valuation](#) impacts and exposures to the Sports Betting and iGaming themes. We continue to see Buy-rated [Penn National Gaming \(PENN\)](#), as the largest beneficiary in our current coverage.

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Refer to important disclosures on page 10 to 13. Analyst Certification on page 9. Price Objective Basis/Risk on page 9.

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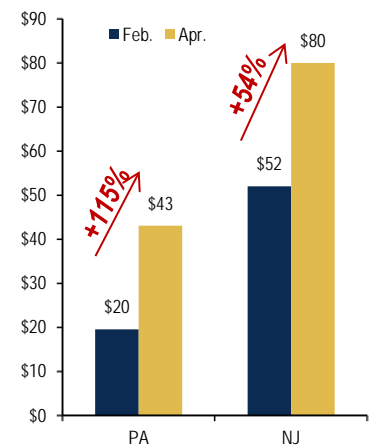
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Chart 1: 2020 iGaming revenue growth



Source: State Gaming commissions

[Gaming: Sports betting and iGaming implied values for casino operator stocks](#)

[Gaming: Sports betting: Worth taking the over?](#)

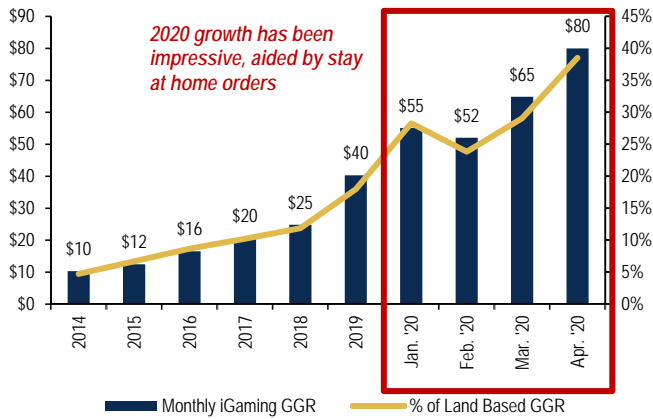
[Gaming: Supreme Court legalizes sports betting – Positive for regionals and gaming tech](#)

Market snapshot and recent trends

Momentum continues in legislation and play

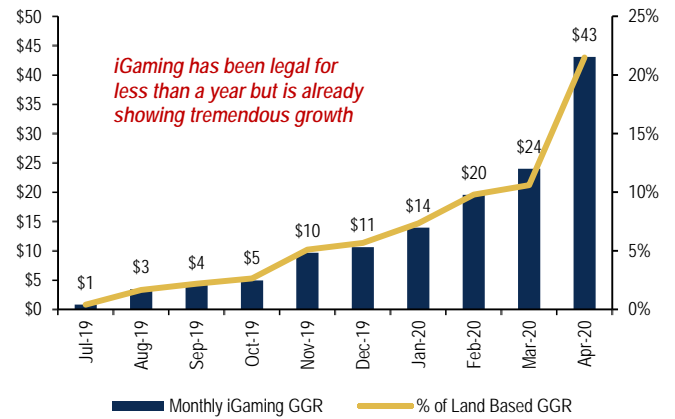
- March and April iGaming GGR showed impressive momentum in the two largest markets, New Jersey and Pennsylvania, with penetration rates reaching ~40% and ~20% of last April's land-based GGR for NJ and PA, respectively.
- Sports betting growth has been limited due to no sports but app downloads for FanDuel and DraftKings display continued momentum. Many industry observers see scope for a duopoly between these two players as we have seen in other disruptive industries such as ride hailing but parallels from the UK suggest a more diverse landscape.

Chart 2: New Jersey monthly iGaming GGR since 2014



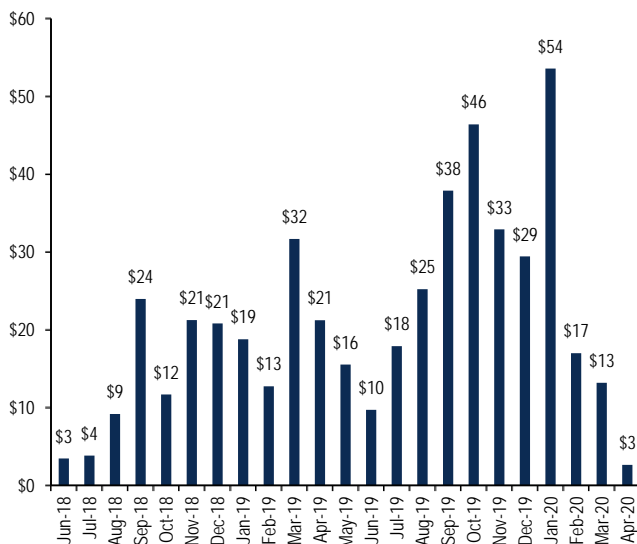
Note: March and April are shown as a % of 2019 land-based GGR numbers given casino shutdowns.
Source: State Gaming Commissions, BofA Global Research

Chart 3: Pennsylvania monthly iGaming GGR since launch



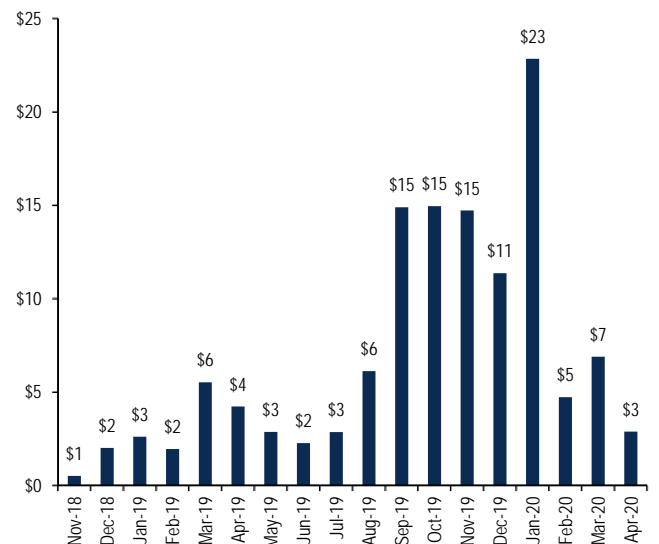
Note: March and April are shown as a % of 2019 land-based GGR numbers given casino shutdowns.
Source: State Gaming Commissions, BofA Global Research

Chart 4: New Jersey monthly Sports Betting GGR since legalization



Source: State Gaming Commissions, BofA Global Research

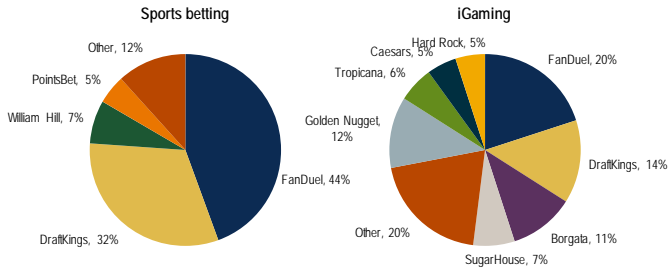
Chart 5: Pennsylvania monthly Sports Betting GGR since legalization



Source: State Gaming Commissions, BofA Global Research

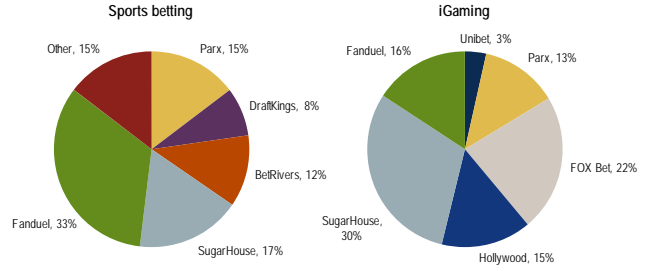


Exhibit 1: NJ Market share estimates



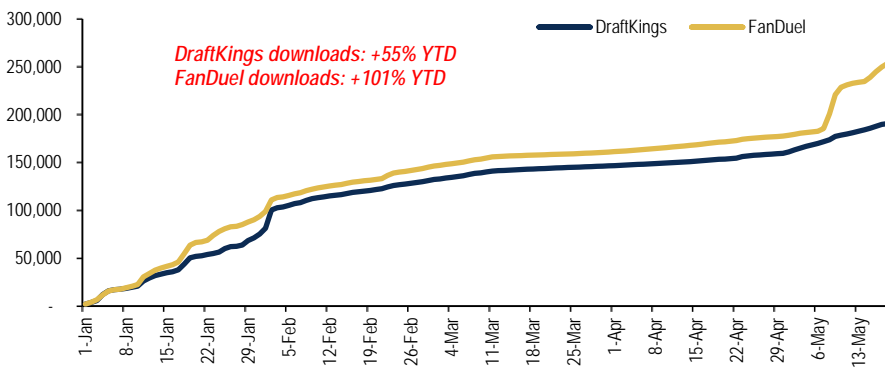
Note: Represents first 3 months of 2020, Eilers & Krejcik estimates by brand. Less than 5% market share included in "other."
Source: BofA Global Research, Eilers & Krejcik

Exhibit 2: PA market share



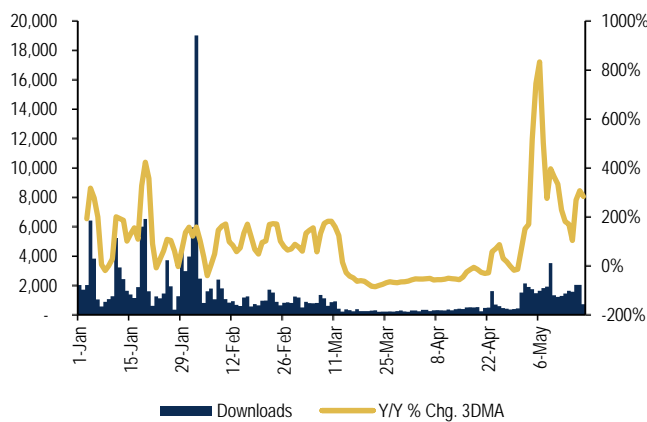
Note: Represents TTM. Less than 5% market share included in "other."
Source: BofA Global Research, State Gaming commission

Chart 6: Year to date cumulative iOS app downloads for DraftKings and FanDuel



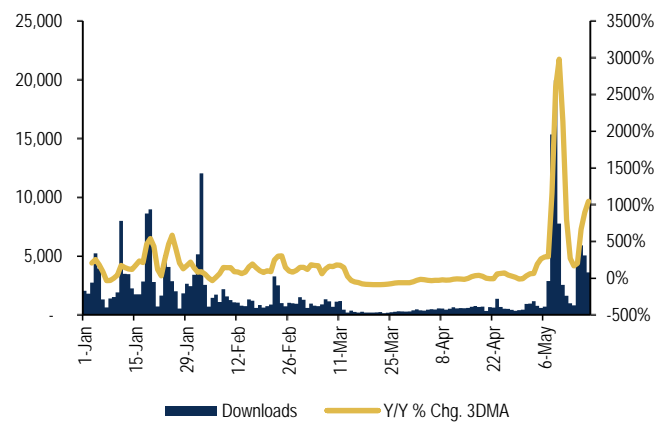
Note: represents iPhone and iPad downloads of "FanDuel Sportsbook & Casino" and "DraftKings Sportsbook & Casino"
Source: BofA Global Research, Sensor Tower

Chart 7: DraftKings daily iOS app downloads



Note: represents iPhone and iPad downloads of "FanDuel Sportsbook & Casino" and "DraftKings Sportsbook & Casino"
Source: BofA Global Research, Sensor Tower

Chart 8: FanDuel daily iOS app downloads

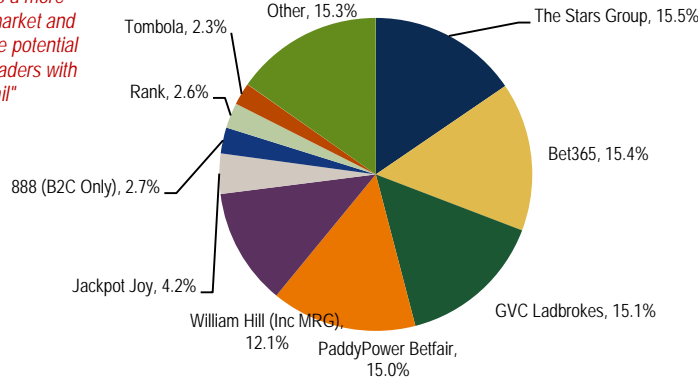


Note: represents iPhone and iPad downloads of "FanDuel Sportsbook & Casino" and "DraftKings Sportsbook & Casino"
Source: BofA Global Research, Sensor Tower



Chart 9: UK market share – online

The UK is a more mature market and shows the potential for 4-5 leaders with a "long tail"



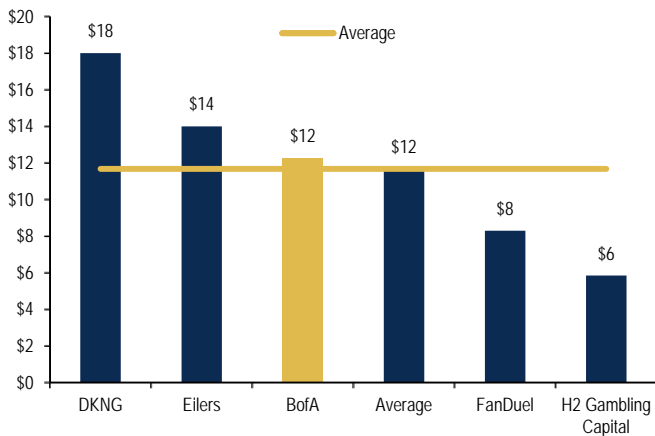
Note: Represents 2018.
Source: H2 Gambling Capital

Market size analysis

Big potential and bigger uncertainty

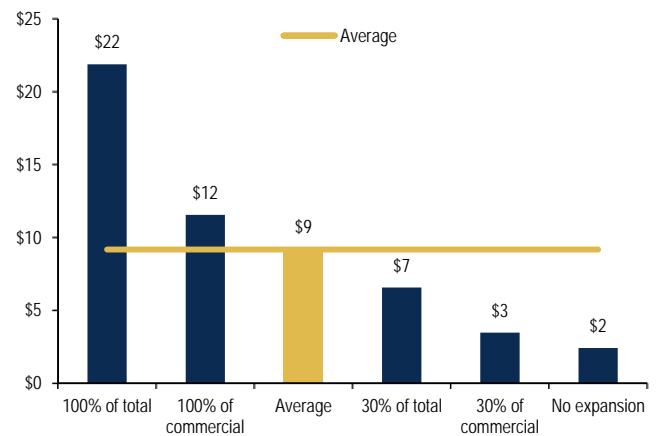
- By our estimates, sports betting could be a \$15B market by 2030 with approximately \$12B of this coming from online activity. This assumes all states legalize except for UT, WY, AK and HI with an annual win/adult of \$~20/year after starting at a ~50% discount and growing at 30% CAGR for 5 years before reaching a “steady state” CAGR of 5% until 2030. We note this figure is dependent on a number of variables – and we note that simply assuming no passage in CA, TX, FL and NY (online) could take away ~\$3B in market size.
- iGaming is more difficult to predict given the opacity around a legislative path forward, in Chart 11/15 we explore a number scenarios where expansion involves no new states, 30% and 100% of commercial Gaming and the same for commercial and Tribal Gaming. We use a 30% penetration rate based on figures from our internet team on e-commerce penetration of brick and mortar retail, this compares to 18% pre-COVID (January/February 2020) in NJ/PA and 39% for NJ in April.

Chart 10: Online sports betting TAM estimates (\$B)



Note: DKNG applies NJ win/adult to US population (Mar. 2020). FanDuel assumes 15 states legalized at NJ win/adult (Mar. 2019). BofA assumes 90% of play is online for states that legalize both based on estimates in Chart 13.
Source: BofA Global Research, Company presentations

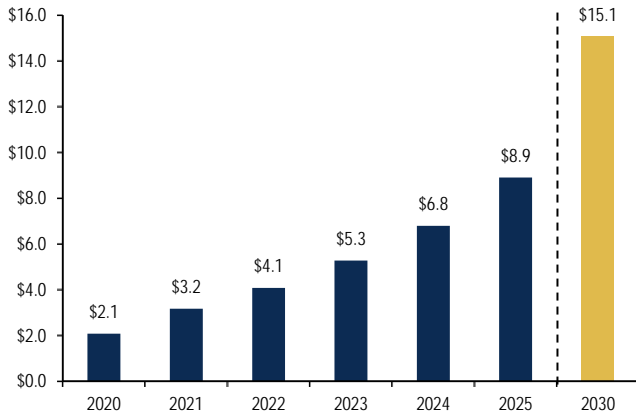
Chart 11: iGaming TAM estimates (\$B)



Note: Assumes 30% penetration rate on available GGR.
Source: BofA Global Research

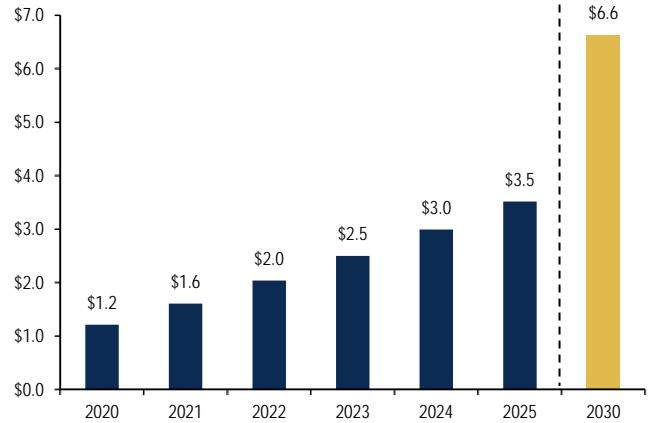


Chart 12: Sports betting TAM progression



Note: Assumes states with both retail and online sports betting begin with annual win/adult of \$10 (50% of 2019 Annual) and grow at a 30% CAGR. Does not assume legalization in CA, TX, FL or NY (online) in 2020-2025. 2020 estimates do not account for shutdown of sports activity.
Source: BofA Global Research, Eilers & Krejcik

Chart 13: iGaming TAM progression



Note: Assumes 30% of Regional Gaming market allows iGaming by 2030 and 30% of current GGR is online. Penetration starts at 20% in 2020 and grows by 1% annually to 30% by 2030. Legalization begins at 7% in 2020 and grows at 2.2% to 30% in 2030.
Source: BofA Global Research, Eilers & Krejcik

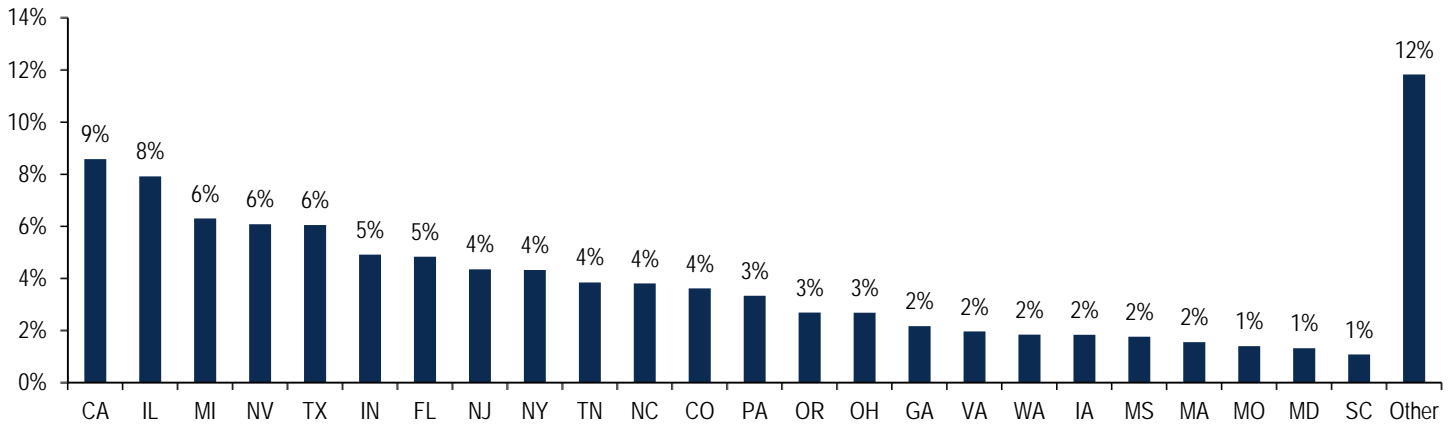
Table 1: Sports betting and iGaming TAM build

	2020	2021	2022	2023	2024	2025	2030
Sports betting							
Number of states	22	28	32	44	44	47	47
Key states added	IL, MI, WA	OH, VA, MO	MA, MD	GA, AZ, WI	N/A	N/A	CA, TX, FL, NY
% of population	39%	49%	54%	71%	71%	98%	98%
% of population online	26%	35%	40%	47%	47%	81%	81%
Win/Adult	\$21	\$25	\$30	\$29	\$37	\$35	\$60
Addressable Market (\$B)	\$2.1	\$3.2	\$4.1	\$5.3	\$6.8	\$8.9	\$15.1
iGaming							
% of Gaming states	8%	10%	13%	15%	17%	19%	30%
Land-based GGR (\$B)	\$6.0	\$7.6	\$9.2	\$10.9	\$12.5	\$14.1	\$22.1
Penetration rate	20%	21%	22%	23%	24%	25%	30%
Addressable Market (\$B)	\$1.2	\$1.6	\$2.0	\$2.5	\$3.0	\$3.5	\$6.6
Total Addressable Market (\$B)	\$3.3	\$4.8	\$6.1	\$7.8	\$9.8	\$12.4	\$21.7

Note: Assumes states with both retail and online sports betting begin with annual win/adult of \$10 (50% of 2019 Annual) and grow at a 30% CAGR. 2020 estimates do not account for shutdown of sports activity. Assumes 30% of Regional Gaming market allows iGaming by 2030 and 30% of current GGR is online. Penetration starts at 20% in 2020 and grows by 1% annually to 30% by 2030. Legalization begins at 7% in 2020 and grows at 2.2% to 30% in 2030.
Source: BofA Global Research estimates



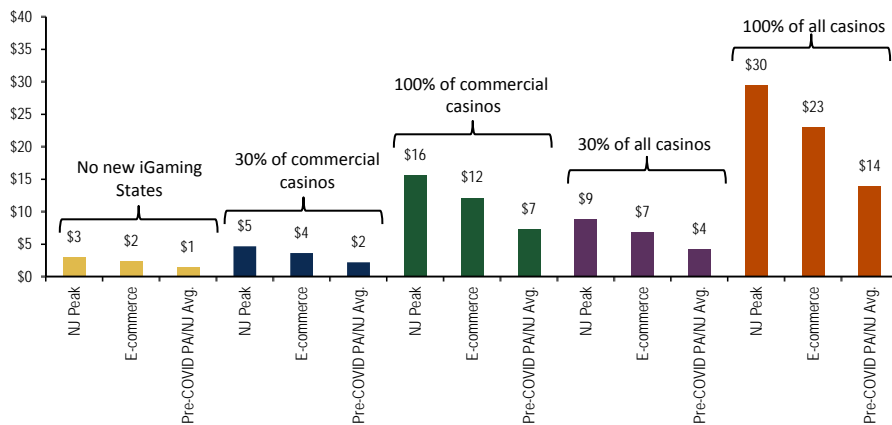
Chart 14: Geographic make up of 2030 Sports Betting TAM



Note: Assumes new markets begin at an 15% discount to average 2019 sports betting GGR per state (NJ discounted by additional 15%). Assumes 30% CAGR once markets active and 5% after active for 5 years post-2025. NJ CAGR of 10% and 2% for NV. State cadence can be found in Table 1. States with less than 1% of total included in "Other."

Source: BofA Global Research, Eilers & Krejcik

Chart 15: iGaming TAM estimates detail at different penetration rates (\$B)



Note: NJ Peak represents 39% of land-based GGR, E-commerce represents 30% and Pre-COVID PA/NJ represents 18%. Assumes land-based GGR grows at 1% CAGR. 30% penetration based on approximate % of states currently with sports betting that also allow iGaming.

Source: BofA Global Research, Eilers & Krejcik

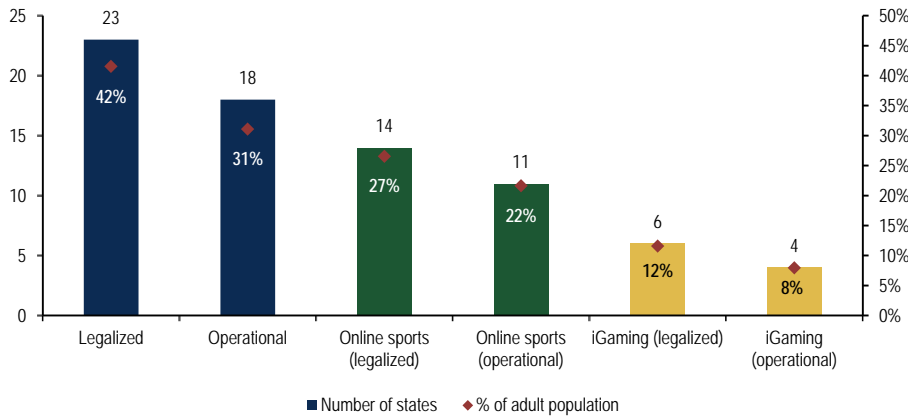


Legislative update

COVID as a possible legislative catalyst

- Much legislative progress has been on hold do to logistical hurdles presented by COVID-19 but as states look for more revenue sources as deficits increase, legalizing sports betting could be a logical solution.
- The iGaming path to legal expansion is much more opaque and more difficult to map but we note that it could benefit from the same tailwinds, particularly as states may consider introducing online sports betting given legalization of the two has been related historically.

Chart 16: Current states and near-term legalizations



Source: Eilers & Krejcik, BofA Global Research

Table 2: Sports betting legalization expectations

Wave 1 (Live in 2018)	Wave 2 (Live in 2019)	Wave 2 (Live in 2020)	Wave 3 (Live in 2021-2022)	Wave 4 (Live after 2022)	Wave 5 (Unlikely to Pass)
Delaware	Arkansas	Montana	Connecticut	Alabama	Alaska
Mississippi	New York	Colorado	Maine	California	Hawaii
Nevada	Oregon	Tennessee	Maryland	Georgia	Utah
New Jersey	Indiana	Michigan	Massachusetts	Idaho	Wyoming
New Mexico	Iowa	Washington DC	Missouri	Nebraska	
Pennsylvania	New Hampshire	Illinois	North Dakota	Texas	
Rhode Island		North Carolina	Ohio	Kentucky	
West Virginia		Washington	Vermont	Arizona	
			Virginia	South Carolina	
			Kansas	Oklahoma	
				Minnesota	
				Florida	
				Wisconsin	
				South Dakota	
				Louisiana	

Estimated Percentage of U.S. Adult Population

10%	12%	17%	15%	44%	2%
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Source: Eilers & Krejcik, BofA Global Research



Table 3: Currently operational sports betting states

# State	Commenced	Online			Land-Based			iGaming	Operators	Tax Rate	Operator License Fee
		Land-Based Sports Betting	Sports Betting	Online Casino	GGR (TTM)	Win (TTM)	% of GGR				
1 Nevada	1931 and 1975	Yes	Yes	Yes	\$11,712	\$306	2.6%	-	NV Sports Pools	6.75% GGR	\$500
2 Delaware	2009 and 2018	Yes	No	Yes	\$407	\$12	2.9%	\$4	DE Lottery	59.9% GGR	N/A
3 New Jersey	2018	Yes	Yes	Yes	\$2,588	\$320	12.4%	\$550	NJ Casinos; Racetracks	9.75% or 14.25% GGR*	\$100K
4 Mississippi	2018	Yes	No	No	\$2,120	\$44	2.1%	-	MS Casinos	11-12% GGR	\$5K
5 West Virginia	2018	Yes	Yes	Yes	\$575	\$19	3.3%	-	WV Casinos	10% GGR	\$100K
6 New Mexico	2018	Yes	No	No	\$232	N/A	N/A	-	Class III NM Tribal Casinos	2-10% Net Win	N/A
7 Pennsylvania	2018	Yes	Yes	Yes	\$3,100	\$109	3.5%	\$91	PA Casinos	36% GGR	\$10M
8 Rhode Island	2018	Yes	No	No	\$600	\$23	3.9%	-	RI Lottery via RI Casinos	51% GGR	N/A
9 Arkansas	2019	Yes	No	No	\$426	\$2	0.5%	-	AR Casinos	13 or 20% GGR	N/A
10 New York	2019	Yes	No	No	\$2,609	\$10	0.4%	-	NY Resort Casinos	10% GGR	N/A
11 Indiana	2019	Yes	Yes	No	\$2,133	\$71	3.3%	-	IN Casinos	9.5% GGR	\$100K
12 Iowa	2019	Yes	Yes	No	\$1,425	\$20	1.4%	-	IA Casinos	7.5% GGR	\$45K
13 Oregon	2019	Yes	Yes	No	N/A	N/A	N/A	-	OR Lottery; OR Tribal Casinos	N/A	N/A
14 New Hampshire	2019	Yes	Yes	No	N/A	N/A	N/A	-	NH Lottery via agents	50% GGR	N/A
15 Illinois	2020	Yes	Yes	No	\$1,248	N/A	N/A	-	IL Casinos; tracks; stadiums; online-only licenses	15% GGR	\$10M/\$20M***
16 Michigan	2020	Yes	Yes	Yes	\$1,386	N/A	N/A	N/A	MI Casinos	9.65% or 8.4% GGR**	\$150K
17 Montana	2020	Yes	No	No	N/A	N/A	N/A	-	MT lottery via retailers	N/A	N/A
18 Colorado	2020	Yes	Yes	No	\$799	N/A	N/A	-	CO Casinos	10% GGR	\$13.7K-\$56K
Total		18	11	6	\$31,360	\$936	36.3%	\$645			

Note: All TTM numbers represent through March 2020. *NJ tax rates of 9.75% for retail and 14.25% for online. **MI tax rate of 9.65% for commercial casinos and 8.4% for tribal casinos. ***IL fee structure: Lesser of 5% track handle from preceding year or \$10mm (tracks); lesser of 5% casino GGR from preceding year or \$10mm (casinos); \$10mm (sports stadia); \$20mm (online-only licensees).

Source: Eilers & Krejci, BofA Global Research

Table 4: Soon-to-be operational sports betting states

# State	Expected launch	Land-Based			Online Sports		Land-Based Gaming	Operators	Tax Rate	Operator License Fee
		Sports Betting	Betting	Casino	Betting	Casino				
1 Washington DC	2Q-3Q20	Yes	Yes	No	No	No	DC lottery; Private operators	10% GGR	\$5K-\$500K	
2 Tennessee	3Q20	No	Yes	No	No	No	"All-comers"	20% GGR	\$750K	
3 North Carolina	2Q20	Yes	No	No	Tribal	Tribal	NC Tribal Casinos	N/A	N/A	
4 Washington	3Q20-4Q20	Yes	No	No	Tribal	Tribal	WA Tribal Casinos	N/A	N/A	
5 Virginia	4Q20-1Q21	Yes	Yes	TBD	Recently legalized	Recently legalized	VA Casinos	15-30% GGR	\$250K-\$1M	
Total		4	3	0						

Source: Eilers & Krejci, BofA Global Research



Table 5: Eilers & Krejcik legislative momentum ratings

State	Momentum	Notes and Color
Massachusetts	✓✓✓	Session is active and runs until July 31, 2020. The Governor supports sports betting legalization, and lawmakers coalesced behind a single bill just prior to the outbreak.
Ohio	✓✓✓	Session is active and runs until December 31, 2020. Additionally, both House and Senate were active and engaged on the topic in late 2019 and early 2020.
California	✓✓	Rating corresponds to the tribal sports betting ballot initiative, not the legislation. The initiative was reportedly close to its signature collection goal before the outbreak suspended signature-gathering efforts. If the Governor grants an extension to the signature collection deadline, there is a material chance that the effort succeeds
Louisiana	✓✓	Session is active and SB 130 and SB 378, authorizing a referendum, have passed the Senate. Although a majority of parishes approved Daily Fantasy sports via referendum (boding well for sports betting), the state has a mixed legislative track record for gaming expansion legislation.
Alabama	✓	Session is suspended. The state's decision to legalize DFS in 2019 suggests that the legislature may be amenable in future to legalizing online sports betting.
Alaska	✓	Session is suspended, but the lone sports betting bill was not seeing movement during the session.
Georgia	✓	Session is suspended (formerly canceled), but if lawmakers do reconvene and pick up sports betting, Senate leadership, who opposes gambling expansion, is likely to make passing even a referendum-only bill an uphill climb.
Hawaii	✓	Session is suspended, but the lone bill only proposed to study the feasibility of sports betting, and even that wasn't seeing much movement during the session.
Missouri	✓	Session is active, but key stakeholders terminated lobbying contracts in late April, indicating that the sports betting bills are not likely to be taken up again before adjournment.
Nebraska	✓	Session is suspended, but previous defeats of Daily Fantasy Sports bills, a lighter lift than sports betting, did not bode well for the bills.
New York	✓	Session is suspended, but Assembly Gaming Committee chair recently said pols could take up an online sports betting constitutional amendment this year. Governor has long held that such an amendment is necessary for online sports betting expansion.
Vermont	✓	Session is active, but lawmakers have thus far focused gaming attention on a sports betting study bill, rather than enabling legislation.
Arizona	✓	Session was canceled, but tribal opposition was expected to dampen legislative momentum
Connecticut	✓	Session was canceled, but tensions between tribes, Governor, and legislature over sports betting exclusivity were dampening legislative momentum even during the session.
Kansas	✓	Session was canceled, but tensions between the House and Senate over prospective regulatory structure chilled momentum during the session.
Kentucky	✓	Session was canceled, but Senate leadership opposition to gaming expansion had all but extinguished legislative momentum during the session
Minnesota	✓	Session adjourned on May 18. Tribal opposition dampened momentum prior to the outbreak.
South Carolina	✓	Session adjourned after an outbreak-related suspension, but all bills were carryover from 2019 and none had seen movement since introduction in spring 2019.

Source: Eilers & Krejcik, BofA Global Research

Stocks mentioned

BofA Ticker	Ticker	Company name	Price	Rating
PENN	PENN US	Penn Natl Gaming	US\$ 31.24	C-1-9

Source: BofA Global Research

Price objective basis & risk**Penn National Gaming (PENN)**

Our \$41 PO is based on approximately 8x normalized EBITDAR multiple for the core business, in line with our midcycle framework, leading to \$17/share and \$24 for sports betting/iGaming based on a 6x Revenue multiple of 10-15% 2021E TAM. Drivers include 1) best-in-class execution, 2) potential near-term casino reopenings and 3) sports betting/iGaming upside

Risks to the downside on our PO are a slower than expected recovery, continued geographic competition, meaningful consumer weakness, continued COVID-19 related headwinds and that the sports opportunity is less than we anticipate. Upside risks to our PO are a function of PENN winning additional casino licenses not in our estimates, sports betting ahead of expectations and improving consumer trends beyond current expectations.

Analyst Certification

I, Shaun C. Kelley, 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.



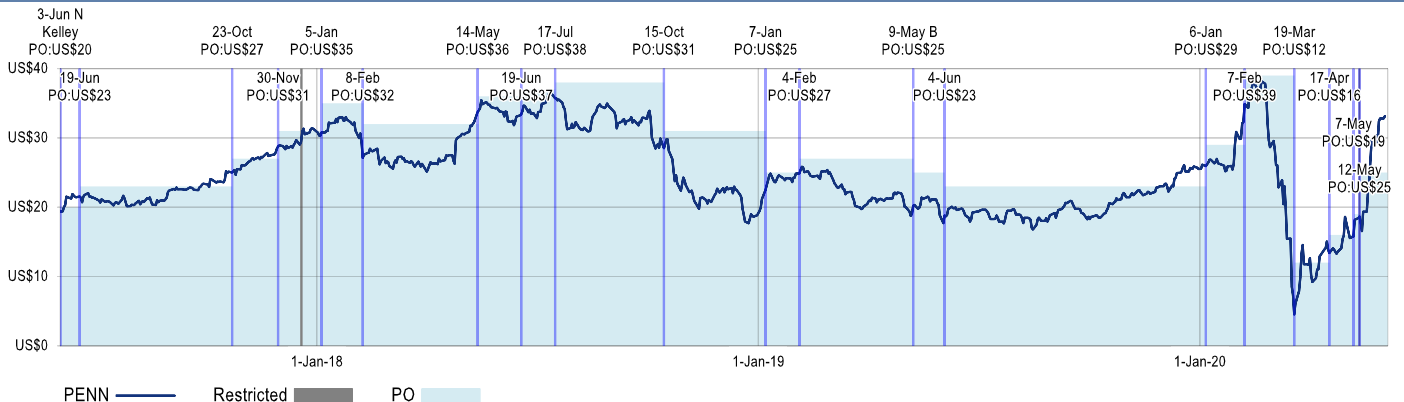
US - Gaming, Lodging and Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Apple Hospitality REIT Inc.	APLE	APLE US	Dany Asad
	Boyd Gaming Corp	BYD	BYD US	Shaun C. Kelley
	Gaming & Leisure Properties, Inc.	GLPI	GLPI US	Shaun C. Kelley
	Hilton Worldwide	HLT	HLT US	Shaun C. Kelley
	Las Vegas Sands	LVS	LVS US	Shaun C. Kelley
	Marriott International Inc.	MAR	MAR US	Shaun C. Kelley
	MGM Growth Properties LLC	MGP	MGP US	Shaun C. Kelley
	Penn National Gaming	PENN	PENN US	Shaun C. Kelley
	Ryman Hospitality Properties	RHP	RHP US	Shaun C. Kelley
	Summit Hotel Properties	INN	INN US	Shaun C. Kelley
	VICI Properties	VICI	VICI US	Shaun C. Kelley
	Wyndham Hotels & Resorts, Inc.	WH	WH US	Shaun C. Kelley
	Wynn Resorts Ltd	WYNN	WYNN US	Shaun C. Kelley
NEUTRAL				
	Choice Hotels International	CHH	CHH US	Shaun C. Kelley
	Eldorado Resorts, Inc.	ERI	ERI US	Shaun C. Kelley
	Extended Stay America	STAY	STAY US	Shaun C. Kelley
	Host Hotels & Resorts Inc.	HST	HST US	Shaun C. Kelley
	Hyatt Hotels	H	H US	Shaun C. Kelley
	Pebblebrook Hotel Trust	PEB	PEB US	Shaun C. Kelley
	Red Rock Resorts, Inc.	RRR	RRR US	Shaun C. Kelley
	RLJ Lodging Trust	RLJ	RLJ US	Shaun C. Kelley
	Sunstone Hotel Investors	SHO	SHO US	Shaun C. Kelley
	Vail Resorts, Inc	MTN	MTN US	Shaun C. Kelley
UNDERPERFORM				
	DiamondRock Hospitality	DRH	DRH US	Shaun C. Kelley
	Hersha Hospitality	HT	HT US	Shaun C. Kelley
	MGM Resorts International	MGM	MGM US	Shaun C. Kelley
	Park Hotels & Resorts Inc.	PK	PK US	Shaun C. Kelley

Disclosures

Important Disclosures

Penn Natl Gaming (PENN) 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: Gaming Group (as of 31 Mar 2020)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	25	69.44%	Buy	13	52.00%
Hold	7	19.44%	Hold	5	71.43%
Sell	4	11.11%	Sell	1	25.00%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2020)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1602	52.15%	Buy	1005	62.73%
Hold	713	23.21%	Hold	463	64.94%
Sell	757	24.64%	Sell	382	50.46%

* 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*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* 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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