

07-May-2019

American Vanguard Corp. (AVD)

Q1 2019 Earnings Call

CORPORATE PARTICIPANTS

William A. Kuser

Director-Investor Relations & Corporate Communications, American Vanguard Corp.

Eric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

David T. Johnson

Chief Financial Officer, American Vanguard Corp.

OTHER PARTICIPANTS

Peter Osterland

Analyst, SunTrust Robinson Humphrey, Inc.

Chris Kapsch

Analyst, Loop Capital Markets LLC

Joseph Reagor

Analyst, ROTH Capital Partners LLC

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, greetings and welcome to the American Vanguard First Quarter 2019 Earnings Conference Call. At this time, all participants are on a listen-only mode. A brief question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this program is being recorded.

It is now my pleasure to introduce your host, Bill Kuser, Director of Investor Relations. Thank you. You may begin.

William A. Kuser

Director-Investor Relations & Corporate Communications, American Vanguard Corp.

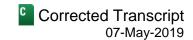
Well, thank you very much, Adam, and welcome, everyone, to American Vanguard's first quarter 2019 earnings review. Our speakers today will be Mr. Eric Wintemute, the Chairman and CEO of American Vanguard; Mr. David Johnson, the company's Chief Financial Officer; and also assisting in answering your questions, Mr. Bob Trogele, the company's Chief Operating Officer. American Vanguard will file our Form 10-Q with the SEC tomorrow, May 8, providing additional detail on the results that we will be discussing in this call.

Now before we begin, let's take our usual cautionary reminder. In today's call, the company may discuss forward-looking information such information and statements are based on estimates and assumptions by the company's management and are subject to various risks and uncertainties that may cause actual results to differ from management's current expectations.

Such factors can include weather conditions, changes in regulatory policy, competitive pressures and various other risks that are then detailed in the company's SEC reports and filings. All forward-looking statements represent the company's best judgment as of the date of this call. Such information will not necessarily be updated by the company.

That said we turn the call over to Eric.

Q1 2019 Earnings Call



Fric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

Thank you, Bill. Hello, everyone and welcome to our first quarter earnings call. As always, we thank you for your continued interest in American Vanguard. As a housekeeping note, we have a hard stop at 2:15 but I doubt that we will go that long.

They say that you never know how good a ship is until it hits heavy weather. Good captain maintains the ship, trains the crew and stores provisions for good times and for bad. The same is true of a business. What we have been doing over the past few years namely diversifying through international acquisitions and managing operational efficiencies has enabled us to weather the storms that plagued many regions of the United States during the first quarter. Despite a modest drop in overall net sales, we were able to improve gross margins. As I explained further, we expect that we will not only make up lost ground over the balance of the year, but actually exceed our original yearly forecast for net sales.

Allow me to give some color on the first quarter including analysis of the top line sales, gross margins and inventory. And then I'll turn to David for a more detailed analysis of our overall performance. I'll then return to give comments on technology development as well as our 2019 forecast.

As will be reported in our Form 10-Q, quarterly net sales, as a whole we were down 4%. This was due entirely to a decline in domestic sales due to rain, flooding and in some cases, snow in multiple areas. For example, wet conditions in the southeast delayed planting and subsequently use of our granular soil insecticides. Similarly, fumigant use in the Pacific Northwest was pushed back, while burndown herbicide use was forestalled in the south. As you may recall, ever since 2014 when industry had filled the distribution channel beyond capacity, our customers have been far more conservative in their procurement practices.

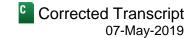
Over the course of the first quarter, in the face of adverse weather conditions, distribution warehouses began to accumulate seed, fertilizer and other inputs. The normal flow of products from factory to field slowed considerably. By the end of the quarter, our customers were reporting net sales down by 15% to 30%.

Like our customers, we are also mindful of maintaining brand value and optimizing channel inventory. Consequently, for the past several years, we've been following what we call our natural flow program in which we meet with customers to map out their needs during changing conditions and to move supply with actual demand. The alternative approach would be to create a transitory demand by discounting prices, thereby eroding brand value.

Our customers greatly procure our natural flow program. Free markets have a way of working themselves out and returning to historical norms. We believe that is what's happening here. While our seasonal domestic sales were down \$16 million from our internal first quarter forecasts, we expect that most of or all of those sales will materialize over the course of 2019. Interestingly, as of April 15, our EDI sales for domestic regions had caught up with 2% – within 3% of 2018 sales through the same date.

During the first quarter, we experienced stronger sales performance in our international businesses. This was largely due to increased Central American sales through AgriCenter including mineral oil products for fungicidal control in bananas, chlorothalonil for use on black Sigatoka, special nutritional products from green plants, and a number of soil amendments and bio-rational fungicides.

Q1 2019 Earnings Call



Also during the period, we added sales of our newly acquired Brazilian subsidiary Agrovant/Defensive (sic) [Defensive/Agrovant] (00:06:32) led by [indiscernible] (00:06:34) fruit, a mineral oil insecticide used on citrus and [ph] Red Shield (00:06:40) a copper-based [indiscernible] (00:06:40) product used on multiple crops.

The decreased U.S. sales and increased international sales one might have expected an adverse effect upon overall gross margin. However, this was not the case. Overall gross margins actually improved to 42% versus 39% for the same quarter last year. This arose from two factors. First, our manufacturing efficiency was strong. We continue to focus on enhancing factory activity while reducing factory expense and this discipline is benefiting our bottom line.

Second, our mix of products was optimal in all regions with gross margins up to 48% from 45% domestically and up to 32% from 29% internationally. This speaks well of the manner in which we are positioning products in our markets throughout the globe.

Before turning the presentation over to David, I also want to discuss inventory. We finished the quarter at \$190 million versus \$160 million at the end of 2018. There are several drivers for this increase. First, we shifted the manufacturing campaign for a few products in order to ensure adequate supply during periods of high demand. This is true of Folex, Thimet, and VAPAM, which are at levels about \$13 million higher than year-end.

Second, this year's level includes \$11 million of incremental inventories associated with new product and businesses recently acquired, including the Assure II herbicide, and new businesses in both Australia and Brazil. Third, in light of supply interruptions from China due to tariffs and plant closures, we've expedited the procurement of Parazone, AbbA and chlorothalonil from Chinese sources and they're carrying about \$5 million of inventory earlier in the calendar year. The balance consists of higher level of inventories from our expanding LatAm businesses. We expect to bring inventories down to about \$145 million by year-end. In doing so, we will convert these inventories into cash over the remainder of the year.

For the balance of 2019 we expect to see solid demand for our products both domestically and internationally. In fact, we are raising our guidance for full-year revenue from our previous forecast of \$490 million to \$510 million for a revised range of \$510 million to \$530 million. If we're able to make additional product or business acquisitions, we'll adjust that target range appropriately.

We believe that our product mix and manufacturing performance should allow us to deliver gross profit margins in the 38% to 40% range. With disciplined management of operating expenses, we are targeting \$150 million to \$160 million which would yield an OpEx-to-sales ratio of 30% to 31%. Our tax rate should remain consistent in the 24% to 26% range across all jurisdictions.

With that overview, I will ask David to give you his analysis of our financial performance. I will then return to talk about other initiatives that we are pursuing to deliver long-term sustainable growth. David?

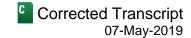
David T. Johnson

Chief Financial Officer, American Vanguard Corp.

Thank you, Eric. Good afternoon everybody. As Bill mentioned, we expect to file our Form 10-Q for the three months ended March 31, 2019 tomorrow. Everything I'm covering here is included in more detail in that document. With regards to the financial results as Eric just detailed, the company sales for the first quarter of 2019 were down about 4%, ending at \$100 million as compared to \$104 million this time last year.



Q1 2019 Earnings Call



As Eric has just discussed, adverse weather conditions in our domestic ag market and to a lesser extent, our non-ag market resulted in lower overall sales as compared to the first quarter of 2018. Basically, wet weather prevented farmers from starting the annual growing season by planting seed and using crop inputs. The delay for farmers translates to low orders to retailers then to distribution and that immediately impacts our domestic sales. We expect to see those U.S. ag sales substantially catch up during the next one to two quarters.

While our domestic business suffered, our international business grew primarily because of the inclusion of our Brazilian business acquired at the start of the year. We considered that our sales performance for the quarter has benefited from the fact that we have succeeded in transitioning from a predominantly domestic U.S. business to a business with a strong international base. For the quarter, international sales represented 38% of net sales as compared to 33% last year.

Furthermore, we are pleased that including this regional change in mix our gross margin performance remained strong for the first quarter ending at 42% of sales as compared to 39% this time last year.

During the first quarter, our operating expenses ended at 35% of net sales compared to 32% this time last year. This included the addition of the activities of our newly acquired Brazilian business and the Assure II herbicide product line that we acquired in the final days of 2018.

Our expenses do include continual provision for potential bad debts of approximately \$1 million arising from our Central American distribution business. Offsetting those expense increases, we made adjustments to expect deferred consideration payments related to businesses acquired in 2017 and reduced overall incentive compensation accruals reflecting financial performance in the quarter. Finally, we recorded lower expenses for product defense and product development as compared to 2018. These costs depend on the timing of projects and will [ph] lightly (00:13:00) catch up somewhat later in the year.

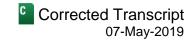
Our tax rate ended the quarter at 26%, which is consistent with the same period of the prior year. Overall, net income for the quarter decreased by 16% to \$3.9 million or \$0.13 per share as compared to \$4.7 million or \$0.16 per share this time last year.

Interest expense ended at \$1.6 million as compared to \$837,000 this time last year. The increased expense was driven mainly by increased average debt as a result of acquisitions in late 2018 and early 2019 and the period over period increase in LIBOR which impacted our borrowing rate.

In an effort to further support investors' understanding of the business and its financial performance in the earnings release, we have reported EBITDA, which reduced by 6% in the quarter to \$12.6 million whereas net income reduced by 16% as I just described. The relative difference in decrease between EBITDA and net income is largely due to higher interest payments and increased amortization both acquisition-related.

From my perspective, the key financial issues for the first quarter are as follows. First, factory performance, we continue to follow a disciplined approach to planning our factory activity, balancing overhead recovery with demand forecasts and inventory levels. In the three-months ended March 31, 2019 our under absorption of factory costs improved by approximately \$800,000 as compared to last year, making a strong start for manufacturing in 2019. Second, inventory, during the quarter our inventory increased by approximately \$30 million. This reflects the strong sales forecast we see for the balance of the year and actions we are taking to manage the risks we see in [ph] supplier (00:15:05) logistics and continued tariff battles with China. The increase also includes bringing on approximately \$11 million of inventory associated with recently acquired products and businesses.

Q1 2019 Earnings Call



As Eric mentioned, we are upbeat about our sales expectations for the balance of the year and we remain focused on getting inventory down to approximately \$145 million by December 31, 2019, plus the impact of any acquisitions that may be completed during the balance of the year.

Third, with regard to liquidity, at the end of the first quarter availability under our credit lines stood at \$57 million as compared to \$125 million this time last year. Indebtedness as of March 31, 2019 was \$149 million as compared to \$90 million at the end of the first quarter of 2018. The difference is driven by the \$43 million spent on acquisitions during the last nine months of 2018 and the first three months of 2019. We are monitoring our borrowings carefully as we continue to contemplate accretive acquisitions and as Eric mentioned are focused on driving the business to improve the balance sheet during the balance of the year.

In summary, when looking at the first quarter of 2019, we can say that we have recorded moderately lower sales in slower domestic market conditions and demonstrated the strength of our now more regionally diversified business. In addition, we have completed a key strategic acquisition giving us a [ph] first full tilt hold (00:16:42) in Brazil, which is the world's biggest agricultural market. Further, despite an increase in the importance of international sales to our business, we have achieved a strong manufacturing and gross margin performance.

With that, I will hand back to Eric.

Eric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

Thank you, David. Turning now to technology, development of our SIMPAS precision application system continues on schedule. During the planting season of 2019 we are working with some of our major customers both to demonstrate the prescriptive and simultaneous application of an insecticide, nematicide and micronutrient and to line up agronomists to create prescriptions for future use. These efforts will enable us to generate data to support the value proposition for SIMPAS.

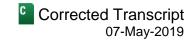
Additionally, we'll be beta testing the RFID tracking technology, liquid product delivery in combination with granular products and the [ph] smart field (00:17:43) prototypes for reloading smart cartridge containers. Further, we are working with peer companies to fill out the product portfolio for SIMPAS so that we can maximize our users' choice of at plant inputs.

In 2020, we will mark this proprietary technology through a limited retail distribution campaign. We will also be testing and refining the RFID tracking system and the prescriptive application for both granular and liquid products simultaneously. We expect to be installing the first regional SIMPAS cartridge refilling stations that will facilitate efficient, cost effective container usage.

Further, we continue our collaboration with Trimble on synchronizing SIMPAS software with their superior geopositioning system and the dashboards of the major planting system manufacturers. We are conducting market demand and pricing assessments of this technology with Trimble's vantage retail network to determine a detailed commercial plan for SIMPAS by retailers who are experts in precision ag.

In April, we presented SIMPAS development plans to the Environmental Protection Agency. This is just the sort of technology that the agency wants to see from industry as it improves grower's ability to account for use of crop protection inputs while optimizing the environmental footprint. In short, we are collaborating with regulators, channel partners and peers to advance this technology. We plan to report on our multi-year forecast for SIMPAS' financial performance at our Annual Meeting of Shareholders on June 5.

Q1 2019 Earnings Call



In conclusion, our business is showing resiliency in the midst of seasonal adverse marketing conditions in the United States. We expect to recoup most, if not all, of the net sales that we lost during the first quarter. Further, our international businesses are growing and should continue to do so over the balance of 2019. Thus, we are expecting overall top line sales to exceed our prior guidance.

In addition, we will maintain our focus on maximizing factory efficiency, while reducing inventory and in the process generate cash flow. This in turn will enable us to bring down debt, increase our borrowing capacity and strengthen our balance sheet by year-end. Beyond 2019, we're poised for further growth. I will tell you more about this when we speak again at our annual shareholders' meeting this June.

Now, we'd be happy to answer any questions you may have. Adam?

QUESTION AND ANSWER SECTION

Operator: Thank you. Ladies and gentlemen, we will now be conducting our Q&A session. [Operator Instructions] Our first question comes from the line of Jim Sheehan from SunTrust. You are now live.

Peter Osterland

Analyst, SunTrust Robinson Humphrey, Inc.

Good afternoon. This is Pete Osterland on for Jim. Just a couple of questions on China, with safety inspections increasing after the recent explosion at the chemicals plant in the Jiangsu Province, are you experiencing or do you expect to experience any difficulty with procuring raw materials from China? And then with the news that import tariffs could be increasing at the end of the week, what kind of impact do you expect that this could have?

Eric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

So with regard to experiencing difficulty with supply, again, we mentioned that we've three key products that we've picked up from Adama, we've brought in product, and we think we're in pretty good shape there. The one product that does concern us is Bromacil which is the product that we bought from DuPont and then later acquisition from there. And we are having – they are, I think about 90 kilometers away from the incident and are currently shut down. We have alternate sources that we're working on, but that's probably the one product that we could have impact on in the short term.

With regard to the tariffs, that's — it kind of goes two ways if they're enacted, our products that we currently have today are at a lower cost than potentially replacement costs would be. Longer term, most of us are in the same position and particularly we're not heavily dependent on China. I think it's maybe less than 20% but for what we do have, we're pretty much in the same boat with everybody else. So it would be expected to be able to pass those duties forward.

Peter Osterland

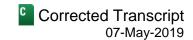
Analyst, SunTrust Robinson Humphrey, Inc.

Thank you.





Q1 2019 Earnings Call



Operator: Thank you. Our next question comes from the line of Chris Kapsch from Loop Capital Markets. You are now live.

Chris Kapsch

Analyst, Loop Capital Markets LLC

Yeah. Good afternoon. Hey. So actually want to ask about SIMPAS and at one point Eric you had I think an expert or consultancy sort of [ph] you can (00:23:25) work and frame up a, what you viewed as, maybe an addressable market. I forget if it was – I think was more focused on acreage globally maybe revenues. I don't know if you're at a point where you can – I know you're going devote some of this in coming months, but if you're at a point where you can sort of talk about the appropriate [ph] time (00:23:47) that where you think your technology is applicable and where you might be targeting that product to commercialize over the next few years? And what sort of metrics are you planning to focus on in terms of measuring the progress and the success of that commercialization?

Eric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

Yeah. So the markets, I mean, we're initially focused on, I'll say, six crops but predominantly corn, soybeans and cotton in the U.S., but then there's potatoes and sugar cane, sugar beets to a lesser degree. And then we are utilizing the current SmartBox system we just started here in Brazil. We've been doing this now in Australia and also in Canada. So those would be markets that would kind of be kind of next in line so to speak for the SIMPAS usage. I'm trying to think what's your other question was. Can you repeat, Chris, if I missed it?

Chris Kapsch

Analyst, Loop Capital Markets LLC

Well, just – if there's any way you could frame up with the addressable market is not so much in the crops but just in terms of total acreage where you think the technology is applicable and what sort of metric like revenue, profitability might we expect to – that you can – would be interested in fair tracking and disclosing as far as that commercialization shows progress?

Eric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

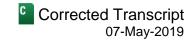
So, longer term I don't see there are too many acres that would not be – have a benefit from the use of SIMPAS. In smaller acreage, there is – we're talking with our team about the use of SIMPAS and drones where they can take a payload of up to two-and-a-half gallons of product. The idea of being able to [ph] turf golf courses I think so (00:26:11) the uses, I think our – and our total acreage is – it was pretty mind-boggling.

As far as metrics, yeah, I think we would talk about as we move forward they're kind of treatable or treated acres. And by treated acres, if we use the – if we were going on on a prescription that amounted for 30% of the acres for a nematicide and 40% for micronutrient and 70% for insecticide [indiscernible] (00:26:58) biologics and rest. But all of those will add up so an acre itself could be a higher number even though treatment for each individual input would be likely less than the full acre if the prescription is accurate the way we would look for it to be. So I think, as again, to answer your question on metrics, we would talk about treated acres through the SIMPAS system, and that's probably the measure of how well we're progressing.

Chris Kapsch

Analyst, Loop Capital Markets LLC

Q1 2019 Earnings Call



And then just one last one on SIMPAS, Eric, if the – obviously have some channel partners that are helping you in terms of the validation and the launch. But presumably, for adoption that you have – some peer insecticide, herbicide suppliers would have to – I don't know if there is some form of relationship – formal relationship, if it's licensing agreement or anything like that is just how do you intend to approach that. We had a point where you're starting to enlist [ph] sort of tier crop (00:28:18) chemical suppliers that would have a role in supplying materials that [ph] would go (00:28:24) the use in the SIMPAS system. Thanks.

Eric Glenn Wintemute

А

Chairman & Chief Executive Officer, American Vanguard Corp.

So, yes, you're correct. We are working with peers to line up products. I think from their standpoint, they look at it is as incremental sales. We originally position this as treating acres that wouldn't be treated for economic reasons if they had to treat 100% of the acre.

And so, it allows for incremental increase. There certainly will be you – there's a current sea treatment practice that can be expanded by as being able to apply product specifically in or around the seed at time of plant. So, I think we largely see this as kind of incremental increase for getting on treating crops in acres that maybe currently aren't being treated in a particular fashion.

That being said, with our current SmartBox system that people [indiscernible] (00:29:35) insecticides through that that we've been offering for the last 18 years, we'll probably shift this to this too. So there'll be some, I will call it, cannibalization, if you will. But it's going to be from ours vantage point a much bigger platform for us to be able to do multiple crops in a prescriptive manner with multiple inputs at time of plant.

Operator: Thank you. [Operator Instructions] Our next question comes from the line of Joseph Reagor from Roth Capital Partners. You are now live.

Joseph Reagor

Analyst, ROTH Capital Partners LLC

Yeah. That is in the Q.

Hi, guys. Thanks for taking the questions. Couple minor things, I guess, first one the reporting format appears to have changed a bit with your breakdown of sales. Will you get the normal break out in the Q or is this kind of the new format going forward?

Eric Glenn Wintemute
Chairman & Chief Executive Officer, American Vanguard Corp.

Are you talking about the domestic and international sales?

Joseph Reagor
Analyst, ROTH Capital Partners LLC

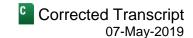
Yeah. Usually we get like herbicide and insecticides, [ph] beg your pardon (00:30:57).

Eric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

Joseph Reagor
Analyst, ROTH Capital Partners LLC

Q1 2019 Earnings Call



Okay. Great. I'll look for it there. Also some of your peers didn't had kind of suggested that product mix wasn't going to be as good as yours turned out to be from a margin standpoint. Is there any additional color you guys can give there of how you guys maintain the strong margins you did?

Eric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

Well, I kind of mentioned again, we're probably more driven by bottom line than top line. And this natural flow program that we've tried to do which recognize if our customers have full warehouses and planting season is delayed that we'll wait until they need the product to actually go out to the farm base.

So I think that's a big part of it. There were some sales like our Parazone, which in last year's first quarter happened and those are lower margin products. But again, the message that we send to all of our team is focus on gross margin dollars. Don't focus on the top line sales. So it doesn't mean as much if we sell more product at a lower margin as it does for us to have higher gross margin dollars to work with.

Joseph Reagor

Analyst, ROTH Capital Partners LLC

Okay. Fair enough. Switching gears a bit to the balance sheet, with the increase in debt during the guarter, do you guys feel comfortable that you still have enough bandwidth to make acquisitions or do you think that you need a quarter of repaying debt before you'd be out there looking again?

Eric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.



Well, we're always looking and always working on something. When we've looked in the past at some of the blockbuster acquisitions that we were participating in, we were fortunate that wound up not going to us, but we were certainly entertained in the process, and had they coming to the level that we felt they were worth us. So we would have had the backing that we needed from our bank syndicate and they have continued to assure us that if we have acquisitions that makes sense and again we tend to pay more in the five to six multiple of EBITDA than maybe 10 to 12 or some acquisitions will go. But at those ranges, I think we have – we feel we have longstanding relationship with these banks and credit unions that would be happy to step up and make more availability of borrowing available to us. So I don't know David you kind of...

David T. Johnson

Chief Financial Officer, American Vanguard Corp.



No, we have a great relationship with the banks and I keep them informed very closely at how things are going. They have always supported this, so I think that we continue to be in a good position to contemplate acquisitions as they arise.

Joseph Reagor

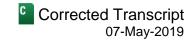
Analyst, ROTH Capital Partners LLC



Okay. Thanks, guys.

Operator: Thank you. Ladies and gentlemen, there are no further questions in queue at this time. I'd like to turn the floor back over to management for closing.

Q1 2019 Earnings Call



Fric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

Okay. Well, once again thank you very much for joining us for the call and we encourage you to an opportunity to join us in our next call which will be our shareholders' meeting on June 5th.

William A. Kuser

Director-Investor Relations & Corporate Communications, American Vanguard Corp.

Correct. Right.

Eric Glenn Wintemute

Chairman & Chief Executive Officer, American Vanguard Corp.

Okay. Thank you very much and good evening.

Operator: Thank you, ladies and gentlemen, this does conclude our teleconference for today. You may now disconnect your line at this time. Thank you for your participation and have a wonderful day.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2019 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.