REFINITIV STREETEVENTS

EDITED TRANSCRIPT

Q4 2021 Fossil Group Inc Earnings Call

EVENT DATE/TIME: MARCH 09, 2022 / 10:00PM GMT

CORPORATE PARTICIPANTS

Gregory A. McKelvey *Fossil Group, Inc. - Executive VP & Chief Commercial Officer*
Jeffrey N. Boyer *Fossil Group, Inc. - COO*
Kosta N. Kartsotis *Fossil Group, Inc. - Chairman & CEO*
Sunil M. Doshi *Fossil Group, Inc. - Senior VP, CFO & Treasurer*

CONFERENCE CALL PARTICIPANTS

Christine Greany *The Blueshirt Group, LLC - MD*

PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the Fossil Group Fourth Quarter and Full Year 2021 Earnings Call. (Operator Instructions) Now I'll turn the call over to Christine Greany of The Blueshirt Group. You may begin.

Christine Greany ***The Blueshirt Group, LLC - MD***

Hello, everyone, and thank you for joining us. With us today on the call are Kosta Kartsotis, Chairman and CEO; and Jeff Boyer, Chief Operating Officer; Sunil Doshi, Chief Financial Officer; and Greg McKelvey, EVP and Chief Commercial Officer. I would like to remind you that information made available during this conference call contains forward-looking information, and actual results could differ materially from those that will be discussed during this call.

Fossil Group's policy on forward-looking statements and additional information concerning a number of factors that could cause actual results to differ materially from such statements is readily available in the company's Form 8-K and 10-Q reports filed with the SEC.

In addition, Fossil assumes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law. During today's call, we will refer to constant currency results.

Please note that you can find a reconciliation of actual results to constant currency results and other information regarding non-GAAP financial measures discussed on this call in Fossil's earnings release, which was filed today on Form 8-K and is available in the Investors section of fossilgroup.com.

With that, I'll now turn the call over to Kosta to begin.

Kosta N. Kartsotis ***Fossil Group, Inc. - Chairman & CEO***

Thanks, Christine. Good afternoon, everyone, and thanks for joining us today. Before we begin, we would like to acknowledge the unfortunate circumstances in Ukraine as well as the pandemic that is still affecting a significant number of people around the world. During these challenging times, we are grateful to our teams for their unwavering focus and commitment, agility and strong execution. As a global company with associates around the world, we must all strive to make the world a safer and healthier place to live and grow.

Despite various global and macro challenges over the past year, we are pleased to report a significant improvement in our results for 2021 reflecting strength across key categories and regions as well as excellent execution by our teams globally. We delivered double-digit top line growth of 16%, expanded adjusted EBITDA margins to 8.5% and achieved adjusted diluted earnings per share of $1.12.

Early in 2021, we achieved our $250 million New World Fossil cost savings target. With a more streamlined organizational structure and a stronger balance sheet, we were able to accelerate investments in our growth initiatives and also to increase our marketing spend to capitalize on improving consumer demand particularly for traditional watches. These initiatives contributed to growing sales and expanding margins, which was particularly helpful as we navigated a number of macro headwinds and including ongoing pandemic impacts and a challenging supply chain environment.

Investments in our growth initiatives, primarily our digital strategy, marketing and analytics and brand building are paying off. We are deepening our customer engagement with our brands, improving customer lifetime value and creating a strong pathway for sustained revenue growth. It is gratifying to see that our digitally-led mindset drove meaningful results in 2021.

We increased our customer file size by 40% and grew our digital sales by 20%. And with increased marketing investment and product newness, we created stronger brand heat in our core brands product offerings.

And now turning to the fourth quarter. We achieved net sales growth of 14% and 16% on a constant currency basis, grew adjusted EBITDA by 15% versus the prior year and achieved adjusted EBITDA margins of 9.5% in the quarter. In the Americas, sales were up 26% in constant currency. Growth in our traditional watch category was a robust 39% as we capitalize on consumer demand across digital and nondigital channels, in our largest brands. Traffic and sales in our own stores was better than planned and key performance indicators like our sellout and wholesale channels was strong.

In Europe, constant currency sales were up 21%. The Omicron surge created some headwind in December, resulting in a loss of momentum in brick-and-mortar traffic, and international tourism has remained below pre-pandemic levels in certain markets. Traditional watch and jewelry growth was very strong in the quarter, up 24% and 48%, respectively, as effective marketing investment and a healthy inventory position drove category growth in our largest brands in key markets. Offsetting the strong double-digit growth in Americas and Europe, sales declined modestly in Asia, resulting in total company sales growth below the expectations we provided in November.

Performance in Asia was mostly impacted by quarterly results in Mainland China, which were down significantly in constant currency versus last year, primarily reflecting COVID policies and travel restrictions. Other select markets in our Asia region saw a modest improvement versus Q3 but continue to see tourist sales well below pre-pandemic levels.

From a category perspective, worldwide traditional watch sales grew 18%. Growth rates in the Americas and Europe are 39% and 24%, respectively, offset a decline in Asia. Growth was highlighted by global demand in key brands like Fossil, Kors, and Armani Exchange. In smartwatches, we showed growth in key markets and channels and our largest brand, Fossil, while we are reporting an overall decline in sales due to the closure of some less desirable distribution.

Our investments in capabilities and digital channels continue to drive growth even though our traffic rebounded in brick-and-mortar. Our digital channels grew 7% in the quarter and are up 37% versus 2019. The combination of digital sales growth and traffic rebound in our own stores helped fuel incremental growth in our customer file size an important asset as we execute our longer-term growth strategy to deepen customer engagement in our brands and categories.

Looking forward, we have a fundamentally more robust business model and are encouraged by the global opportunity in our core categories. We see a healthier watch market where category demand signals for both traditional and smartwatches are positive and even larger overall addressable markets like jewelry and leathers continue to reflect strong global demand.

More specifically, into 2022, while we recognize the challenges in the macro environment, we'll certainly have some impact on consumer spending, tourism and confidence in the near term, we anticipate that discretionary spending will continue to rebound in many markets and improve throughout the year.

With that context, we remain focused on our 4 strategic growth pillars that we outlined in 2021; accelerating our digital platform, building brand heat through product innovation and marketing, driving operating efficiency and pursuing our long-term growth objectives in China and India. These 4 pillars have driven our return to profitable growth and provide a pathway for sustainable growth into the future.

On the digital front, some of our key action plans for 2022 will be centered around our DTC capabilities, including investing in our consumer data platform. In addition to growing our customer file size on top of last year's 40% growth, we are also investing in better tools and analytics to more effectively communicate our brand stories to new and existing customers.

In the smartwatch category, we will also launch our own smartwatch app later this year, which will bring existing and new customers on to our consumer data platform, enabling new pathways for communication and engagement. We are also investing in our largest brands, leveraging our creativity and supply chain to bring exciting products to market with both iconic designs and platforms and limited edition products and collaborations.

In 2022, we plan to increase our marketing spend in key brands like Fossil, Kors and Armani to drive higher customer engagement in key markets. Reflecting back on the past several years, we have executed a successful transformation and navigated an unprecedented pandemic environment, all while building a digitally-led model that positions us for the long term.

Our digital foundation and streamlined cost structure, combined with our global reach and scale provides us with a path forward to sustainable growth and a return to double-digit operating margins in the coming years. We are grateful to our teams and associates throughout the organization for their energy and dedication they bring to work every day. We are all committed to driving excellence in building shareholder value over the long term.

And now I'll turn the call over to Sunil to review the financials and discuss our 2022 outlook.

Sunil M. Doshi ***Fossil Group, Inc. - Senior VP, CFO & Treasurer***

Thanks, Kosta, and good afternoon, everyone. We finished the year with a solid quarter which saw us achieve double-digit sales growth despite the COVID surge in December, maintained strong gross margins and delivered adjusted EBITDA margins of 9.5%.

First, let me walk you through net sales. Q4 net sales came in at $604 million, up 14% year-over-year, up 16% on a constant currency basis and a sequential improvement from Q3's 11% constant currency growth. From a regional perspective, net sales in the Americas were up 26% in constant currency. Strong consumer demand in traditional watches and jewelry, traffic growth in brick-and-mortar and ongoing growth in digital channels fueled the results.

During the quarter, we did experience some delays in deliveries that impacted our ability to maximize sales in our leathers category. In Europe, Q4 net sales were up 21% in constant currency, reflecting strong digital execution and easing pandemic restrictions. The consumer responded well to our offerings across all channels.

We saw notable strength in traditional watches and jewelry across our owned and licensed brands, including Fossil, Kors, Armani and Diesel. Digital sales were up double digits and traffic and sales comps in our owned stores were also strong. With the COVID surge in the later weeks of the quarter, we saw a slowdown in brick-and-mortar traffic and experienced temporary store closures in some markets, which impacted our December top line growth rate.

In our Asia region, Q4 net sales declined 11% in constant currency, primarily driven by ongoing pandemic lockdowns in Mainland China. Other markets, including India, Japan, Korea and Australia continue to see mixed results due to restrictions. While sales were down versus last year in Mainland China, sales versus 2019 were up 22% in the market. From a channel perspective, digital sales increased 7% versus a year ago and 37% compared to 2019. Additionally, we continue to see our digital sales mix at about 40%, up significantly from 2019 levels.

As a reminder, digital sales include sales on our owned e-commerce sites, global third-party platforms and wholesale.com.

Looking at our -- looking at sales in our DTC channels, which encompasses our own e-commerce sites and stores, comparable DTC sales were up 12% versus last year. Q4 store traffic growth sequentially improved versus Q3, and AURs continued its growth trend from Q3.

We ended the quarter with 370 company-owned stores, down 12% versus a year ago and down 18% from year-end 2019 as we continue our program to improve our overall store profitability.

Turning to category performance. Overall, global watch sales in Q4 increased 14% in constant currency, led by traditional watches, which grew 18%. Traditional watch sales were up in the Americas and Europe, with continued strength in Fossil and strong performance across our licensed brands. Partly offsetting that growth, our smartwatches were down slightly versus last year.

As Kosta mentioned, during 2020, we rationalized both the distribution and scope of our licensed offerings in order to drive a more focused and profitable smartwatch category in fiscal '22 and beyond. Q4 net sales growth in our jewelry category increased 69% in constant currency, with broad-based growth across brands, regions and channels.

Moving down the P&L. Fourth quarter gross margins came in at 50.1%, up 90 basis points to last year. The year-over-year increase was primarily driven by reduced promotional activity and favorable currency impact on our cost of goods sold. Additionally, recall that last year's Q4 included liquidation activity on prior generation smartwatch products. Partially offsetting these improvements were increased freight costs in the current year and a less favorable regional sales mix. Additionally, the prior year included minimum license or royalty cost reductions.

Turning to expenses. Costs were well controlled, and we delivered improved ratios on both SG&A and total operating expenses in the quarter. SG&A dollars in Q4 totaled $249 million, up 11% versus last year. It's worth noting that prior year's SG&A included a $12 million noncash gain related to early lease terminations.

As a percentage of sales, SG&A was 41.2%, an improvement of 120 basis points versus last year. While we are planning for additional marketing spend this year, as Kosta mentioned, we do expect SG&A as a percentage of sales to remain approximately flat on a full year basis in 2022.

Total operating expenses in the quarter, which in addition to SG&A includes impairments and restructuring costs, were $255 million, up 6% to last year. Both impairment and restructuring declined versus last year as we wound down costs incurred under the Fossil New World Transformation 2.0 program.

Operating expenses as a percent of sales improved by 350 basis points to 42.2%. Despite the COVID impact to our top line performance, the combination of gross margin gains and expense control allowed us to deliver a solid operating result in Q4 and for the full year.

Fourth quarter adjusted operating income was $53 million with an adjusted operating margin of 8.8%. Fourth quarter adjusted EBITDA totaled $58 million and adjusted EBITDA margin came in at 9.5%. On a full year basis, adjusted operating income was $124 million with an adjusted operating margin of 6.6%. And adjusted EBITDA grew to $160 million that reflects a margin of 8.5%, up nicely from pre-COVID levels of 7.6% in 2019. Our Q4 income tax provision was $7 million, for a quarterly effective tax rate of 26.8% of pretax income.

Diluted earnings per share was $0.37 compared to a diluted loss per share of $0.08 in the prior year period. On an adjusted basis, diluted earnings per share was $0.64 compared to $0.19 in the prior year period.

Looking at the balance sheet and cash flow. Year-end inventories totaled $347 million, up 17% versus last year, driven by timing of inventory receipts and higher levels of in-transit inventory, reflecting longer lead times for products shipped via ocean.

We ended the quarter with over $450 million of liquidity. That includes cash and cash equivalents of $251 million and $200 million of revolver availability. Total debt was $142 million at year-end and reflects the repayment of borrowings under our term loan subsequent to the completion of our $150 million unsecured senior notes offering in November.

And now turning to our outlook for fiscal 2022. For the full year, we expect worldwide net sales growth in the range of 2% to 6% and adjusted operating margin of 6% to 7%. This revenue guidance assumes prevailing currency rates and reflects approximately 250 basis points of anticipated currency-driven headwinds. Additionally, as we look at the cadence of 2022, our revenue guidance assumes stronger growth in the second half of the year. While we're operating in a challenging macro environment right now, we believe that strong watch category dynamics, our strengthened operating model and our growth initiatives position us to deliver sustainable top line growth over the long term.

Equally important, with our improving gross margin profile and rightsized cost structure, we believe we are on a measured path to double-digit operating margins in the coming years.

Now I'll turn the call back to Christine to take us through some questions.

QUESTIONS AND ANSWERS

Christine Greany ***The Blueshirt Group, LLC - MD***

Thanks, Sunil. Team, there are several macro factors on investors' minds right now. First and foremost is the situation in Ukraine. Perhaps Greg and Jeff can talk about what impact that may have on Fossil?

Gregory A. McKelvey ***Fossil Group, Inc. - Executive VP & Chief Commercial Officer***

Thanks, Christine. First, I want to say that our thoughts are with those being impacted by the humanitarian crisis in Ukraine and the ongoing pandemic around the world. We are certainly living in challenging times, and we just couldn't be more appreciative of our teams around the world that are staying focused on growth and delivering results.

With regards to the specific impact of the Ukraine crisis on our business, I would make 2 points. First is that we have historically had very minimal sales in Ukraine and Russia through distributors and have excluded those sales from our guidance for the year. Second is that there is, of course, no way to accurately assess the range of potential outcomes and impact at this point. As a result, we will remain conservative in our planning, but aggressive in our execution of the business and agile and taking necessary actions to address headwinds as they occur.

Jeffrey N. Boyer ***Fossil Group, Inc. - COO***

Christine, on the supply chain front, we're not seeing major business impacts from the crisis in Ukraine at this time as our supply chain doesn't include routes through the impacted areas. That said, we are watching oil prices as freight operators can pass fuel surcharges along and there could be some freight expense, or pressure if the conflict continues and oil prices remain elevated.

Christine Greany ***The Blueshirt Group, LLC - MD***

Thanks, Jeff. Zooming out a bit on that, can you talk more broadly about supply chain headwinds and another key topic on investors' minds as we know. And how are you navigating those in 2022?

Jeffrey N. Boyer ***Fossil Group, Inc. - COO***

Unfortunately, the outlook for the supply chain headwinds that we and many other companies have faced over the past year are not forecast to turn around very quickly. Most forecasts indicate that the ocean freight, port and trucking issues will remain with us for most of this year.

For us, the most important issue is managing our product flow and ensuring product delivery for seasonal peaks and promotions. We've added time to our delivery schedules for both air and ocean deliveries for the longer lead times. Our teams around the world have done an outstanding job of ensuring timely product flow despite the longer lead times and unforeseen disruptions that can happen.

Shipping costs do remain structurally higher than what we saw pre-pandemic. For us, we have absorbed about 200 basis points of higher shipping and freight costs as a percent of sales. Despite that, as Sunil mentioned in his remarks, we've been able to expand our gross margins during this time period.

With these structurally higher shipping costs, though, we are looking at all elements of our supply chain end-to-end to identify efficiencies and improve our supply chain resiliency from better forecasting demand standing inventory management to production planning and logistics.

We see improvements in these areas of the supply chain as providing sales opportunities with enhanced inventory availability, while at the same time providing offsets to the supply chain cost pressures. However, the most recent wildcard we are facing currently is the fuel increase driven by the increase in the price of oil globally that I mentioned a bit earlier. If fuel and other raw material prices continue to increase, we will consider additional pricing actions similar to what we executed this past year.

Christine Greany ***The Blueshirt Group, LLC - MD***

That's great color, Jeff. Thank you. Let's move to Kosta. Traditional watches had strong performance in 2021, Kosta. How do you keep the momentum going? And what can we expect in terms of innovation and brand heat going forward?

Kosta N. Kartsotis ***Fossil Group, Inc. - Chairman & CEO***

Well, over the past few years, the overall traditional watch market has stabilized somewhat and our demand signals and some outside consumer research indicate that it will continue to grow for the foreseeable future. For us, we are seeing particular strength in our largest brands, Fossil, Kors and Armani, and we see major opportunities for them to continue to grow and gain share in the global marketplace.

As a group, we are increasing our focus on innovation, design and branding. We are ramping up our storytelling in the form of new watch ideas and materials, sustainability innovations and collaborations on limited editions.

In addition, our significant investments in digital capabilities are a game changer and enable us to engage in a more robust way with a global watch consumer. We are also increasing our marketing as a percentage of sales to build greater awareness and help us acquire new customers at a faster rate. And Asia, of course, is a very significant long-term opportunity for traditional watches as those consumer markets continue to develop.

Christine Greany ***The Blueshirt Group, LLC - MD***

Kosta, that's exciting. Back in December, you announced the appointment of a new Fossil brand leader. What are some of the initiatives she'll be focusing on? And how does that change your strategy and road map going forward?

Kosta N. Kartsotis ***Fossil Group, Inc. - Chairman & CEO***

Yes, a major component of our overall strategy is to build brand heat for the Fossil brand by investing in product design and brand-building talent, and this position was the first step. We have a new brand leader and a new CMO for the Fossil brand. And we are adding additional creatives in all areas of product design, visual presentation and communication and marketing. This new Fossil brand story will all be told through our increasing digital capabilities.

In mid-2021, our Chief Digital Officer joined the company, and we successfully expanded our digital team globally with additional talent. We are making significant progress, and we'll see substantial benefits over the next several months and years.

Christine Greany ***The Blueshirt Group, LLC - MD***

Great. Thank you. Let's move back to Greg. From a commercial lens, how did you think category and channel performance playing out in each region in Q4? And Greg, what are the trends you're seeing in 2022? Also, are customers responding similarly across regions?

Gregory A. McKelvey ***Fossil Group, Inc. - Executive VP & Chief Commercial Officer***

The single most important trend is the accelerating momentum in traditional watches, where we were up 18% in Q4 versus prior year with 39% growth in the Americas and 24% growth in Europe, partially offset by a decline in APAC, which is being disproportionately impacted by COVID closures.

Traditional watch performance was robust across both digital and brick-and-mortar channels despite those headwinds from COVID lockdowns in December, which caused some loss of momentum in the back half of December and brick-and-mortar traffic in key markets. We're also taking back share again in traditional watches in key markets and expect to continue to see solid growth across channels in 2022.

The second category trend to note is jewelry, which grew 48% in Q4 versus prior year, and we believe has a long runway of growth ahead of it. We are investing more into the category and accelerating the growth with our expanded e-commerce capabilities. The combination of a category with growth tailwinds, a broad range of owned and licensed brands are bringing in market, high margins and our ability to leverage our global infrastructure and existing channels of distribution makes us a profitable growth category for us.

One call out from a regional perspective is APAC. Asia is, of course, a very significant long-term opportunity as those consumer markets continue to develop, especially in China and India. Although our sales in China were down for the quarter, the fiscal year 2021 business is up 55% versus 2019 and is about 10% of our total sales, with significant upside.

Although we remain conservative in our guidance for APAC in 2022, our teams remain aggressively focused on growth, especially in digital channels in China and India and are positioned to capitalize when markets fully open back up.

To summarize, as Kosta mentioned earlier, following our category channel and infrastructure transformation over the last few years, we have a fundamentally healthier and more robust business model and are excited by the momentum and growth trajectory we're seeing in our core categories.

Along with strength in traditional watches and jewelry I mentioned above, in smartwatches, our initiatives to streamline distribution and focus our core brands and smartwatches is positioning us to return to growth. We have an exciting innovation road map ahead. In fact, we are back to innovating aggressively across all of our categories and have a pipeline of products we're bringing to market in 2022 that we think our customers and our consumers across the world are going to love.

Christine Greany ***The Blueshirt Group, LLC - MD***

That's helpful. Thank you, Greg. Now over to Sunil. Can you help us understand the dynamics around the 2022 outlook? And how we should think about the weighting between first half, second half? And then if you could share your thoughts on the longer-term outlook and path to getting to that double-digit operating margin that you and Kosta mentioned, that would be helpful. Thanks.

Sunil M. Doshi ***Fossil Group, Inc. - Senior VP, CFO & Treasurer***

Sure. So first, I'll take the current year outlook. When we think about the full year, our revenue guidance assumes that the front half of the year will be at the lower end of the range with stronger growth in the back half of the year.

From a top line perspective, it's important to note that we expect currency to be a larger headwind in the first half of the year, given prevailing currency rates, particularly when we compare the euro -- the current euro rate to last year. While we estimate the full year impact to be around 250 basis points, prevailing rates would suggest that to be closer to 300 basis points in the first half of the year.

Second, we also recognize that the recent geopolitical factors have not fully played out in the 0 COVID policies in many Asian markets, which impacted our Q4 trends will carry into this year.

Taking these issues into account, it's also important to note, as Greg and Kosta mentioned, that the fundamentals in our categories are positive. Coming out of 2021, we were pleased with the performance in traditional watches, particularly in Americas, Europe and in India. In 2021, the jewelry category grew nicely versus 2020 and 2019. And in both categories, we are continuing to lean into design and inventory to continue this momentum.

Also in 2021, we missed some top line growth in our leathers category, given some of the supply chain challenges that emerged last year and impact of the timing of deliveries. As we have adjusted our transit lead times, we have better opportunity to recapture that volume in 2022.

And also it's worth noting, our digital distribution is growing nicely, and our brick-and-mortar distribution is much more rightsized than a few years ago. Our investments in 2021 should support digital growth objectives throughout the year with some stronger gains in the second half as we implement these initiatives.

So taken together, our guidance assumes these near-term issues to be more of a headwind on sales growth in 1H with stronger growth rates expected in the back half of the year.

On gross margins, as Jeff mentioned, we've expanded gross margins while absorbing increased freight costs in 2021. For full year 2022, we expect gross margins to be approximately in line with last year, with gains in the second half of the year as we lap the increased freight cost that we incurred in the back half of '21.

To help mitigate freight cost -- the increased freight costs and other inflationary pressures, we have rolled out pricing actions earlier this year and have not seen any pushback from the consumer.

SG&A expenses, which excludes restructuring impairments, is expected to be relatively flat as a percent of sales on a full year basis versus '21, but still down over 300 basis points versus 2019. We expect some deleverage in 1H with modest leverage in the back half.

And that leads to adjusted operating margin guidance for the full year, which we said was 6% to 7%, and with the midpoint that's approximately in line with 2021 and stronger margin rate growth in the second half of the year.

And I think the second part of your question was on the longer-term outlook. I think there are a few things that stand out as to why we get back to double-digit margin rates in a measured path. First, having executed our transformation program and rationalizing brick-and-mortar distribution, we've brought down our cost structure. This has created capacity to reaccelerate our digital and brand-building efforts to put the company in a better position for growth.

Second, our categories are growing and remain attractive. The traditional watch market is much healthier and growing. We have strong positions in key markets in Mainland China and India are vibrant markets where we built strong bases with much bigger opportunities into the future.

Looking forward, we also like our growth potential in smartwatches, where our road map for product, brand and distribution is clear and strong. Jewelry and leathers are significantly larger markets with higher purchase frequency, where we have ample room to grow in our price points and margin profiles.

Third, our digital and brand initiatives are expected to drive margin friendly growth and create better opportunities to expand our customer engagement and improve customer lifetime value.

Finally, with an asset-light model and a leverageable cost structure, we expect that expenses will grow slower than sales creating some expense leverage in the model over the long term. So with a focused set of brand, digital and operational strategies, we believe that we have a balanced road map to create revenue growth, gross margin expansion and expense leverage that gets us to double-digit operating margins.

Christine Greany ***The Blueshirt Group, LLC - MD***

Terrific. Thanks, Sunil. Thanks team for the Q&A, and I'll turn it back to Kosta for any closing comments.

Kosta N. Kartsotis ***Fossil Group, Inc. - Chairman & CEO***

Thanks, everyone, for joining us, and we look forward to talking to you on our next call. Thank you.

Operator

Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Briefs are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT BRIEFS REFLECTS REFINITIV'S SUBJECTIVE CONDENSED PARAPHRASE OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT BRIEF. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.