THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

TRVG.OQ - Trivago NV at Morgan Stanley Technology, Media & Telecom Conference

EVENT DATE/TIME: FEBRUARY 26, 2019 / 10:05PM GMT

CORPORATE PARTICIPANTS

Axel Hefer *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

CONFERENCE CALL PARTICIPANTS

Brian Thomas Nowak *Morgan Stanley, Research Division - Research Analyst*

PRESENTATION

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

All right. Good afternoon, everyone. We're here with Axel Hefer from trivago. Start with the disclosures. Please note that all important disclosures, including personal holdings disclosures and Morgan Stanley disclosures appear on the Morgan Stanley public website at www.morganstanley.com/researchdisclosures, and they're also available at the registration desk. So Axel, a Managing Director and the CFO of trivago, you've been at trivago since 2016. Prior to being at trivago, you were at Home 24 AG. And you were also at One Equity Partners before, which is, I think, a part of JPMorgan?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

That's correct.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Then it's with JPMorgan now. So thanks for joining us.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. Thanks for having me.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Yes, thanks. It's -- I mean, travel is always incredibly dynamic, and we were talking with Expedia and TripAdvisor yesterday about how complicated this space is, so I'm really glad you're here. I just really want to talk high-level about just how complicated this space is, and 2018 had a series of challenges and changes that you went through as a company. And so I guess for everyone in the room, talk us through some of those biggest challenges and changes you went through whether it is the new attribution model or anything else that you've really changed in the platform. And how do you think about those now impacting 2019 and those results?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. So I think across the big changes really happened in '17 and then our reaction to those changes started in 2018. Really, the big change was that when the relevance assessment scores of some advertisers, all of a sudden went up and end of the second quarter of 2017 that we pulled back pretty drastically our spend across multiple marketing channels, and that might have triggered some more extreme test by, particularly one of our advertisers to testing probably incrementality across different channels. And that was really the start of a phase where overall, our commercialization came down, and the volatility in the overall business went up through quite dramatic tests, full countries being offline from some large relevant advertisers, which then led to a situation now coming through 2018 where we entered 2018 with a clear objective to stabilize. So we said, for Q1, our main objective is stability. We are operating in an industry where algorithms control a huge amount of the spend in and out, and volatility is not good for algorithms, they make the incoming spend and also the outcoming spend less efficient, and that was the main objective. So we were successful in doing that in the first quarter, but incurred a significant loss, and as a company, we have not piled up losses when we built the business. We were basically running a breakeven and funded the whole growth organically, so that's not something that we really enjoyed and liked.

And then in end of Q1, beginning of Q2, we saw some further optimization by our large advertisers or an increase of their profitability targets. And at that point in time, we said okay, now that we stabilized the business, now we need to recalibrate and adapt to the current market dynamic, so that is now the main objective for the second quarter, so end of March and in the second quarter, we started to implement these measures. And what was interesting is that there was actually -- and that is obvious, but it's quite a dramatic change in the organization that has, for 10 years, focused on 1 metric which was, okay, breakeven and reinvest everything that we are making into growth, to, through an optimization metric, there's a lot more balance, so that's really balanced our spend with our revenue to maximize the profit. And we were very successful in implementing that new metric philosophy or whatever you want to call it, so we saw significant positive impact in third quarter and in the fourth quarter as well. And we feel that, that will probably take us 2 more quarters to find exactly the right balance, and then in the second half when we are lapping this step change in our spend and having found a good baseline to grow from, we will focus on growing the business again, so that's roughly our view there. If you look at the comp effect there, we expect revenue decline in the first half and particularly in the first quarter because there's a very tough comp on the first quarter, so there -- we think that there will be high teens revenue contraction in the first quarter, less so in the second. And then in the second half, return to our growth trajectory.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Okay. Yes. There's a lot there I want to sort of drill into. I guess, you know, I think it's interesting you talked about throughout 2018. I guess mostly in the second quarter, there is almost a pivot away from the quantity of referrals and the quantity of leads kind of focusing more on quality and you guys achieving profitability. And so as that happened, how does your view about sort of the addressable market for travelers or referrals, how has that changed versus what it was say, 2 years ago at the IPO? And what are the examples of referrals that you're just not targeting anymore?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. So there are too main effects that puts some -- other than the reduced marketing spend, puts some pressure on the QRs and has a positive impact on the RPQRs. One is a mix effect resulting from the marketing optimization, so by reducing our marketing spend, we lost below average quality users, which intuitively makes sense, with a significantly more positive impact on the mix in Europe where our user base is stronger, the brand is stronger and we've been active for the longest time, to a lesser extent in the other regions. That is an effect that we expect to see until Q2. And then at some point in time, that should lap, but that's more a mix effect.

The other effect is a bit different. On the product side, we are currently focusing on eliminating unnecessary click outs. And so, what that means is that if you are in your search process and you are looking for information or you are misled by some of the information, click out and realize okay, I actually shouldn't have clicked out and return, that is not good from a user flow perspective, and it inflates the QRs and deflates the RPQRs, so if you take these clickouts out, you actually do the opposite, so QRs are coming down, RPQRs are coming up. But, overall, fundamentally, you improve the product so your booking value, your revenue is not impacted. And so that is something that has also contributed, particularly in the fourth quarter to this negative QR, positive RPQR effect, and we will continue to run tests to try to improve the user flow, so there could be an effect going forward as well. Having said that, product tests are very difficult to predict. Some tests you think will have a huge impact and they have very little impact or vice versa, so that is difficult to give very clear guidance on. If we find pockets where we can optimize the flow we will do so, but from a revenue perspective, that should be positive. But you have then the mix impact on the 2 other metrics.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

In the referrals, I think qualified referrals were down by high single digits in 2018 down 8%-ish. Because we -- I know the comps are something that we talk a lot about throughout 2019, but just sort of, bigger picture as we get through the comps since we're already moving to 2020. What do you see is being the biggest driver of qualified referral growth over the long term for trivago?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. So over the long term, it's -- you've got -- from a high-level, you've got a market growth and you've got market share development. So the market growth, you know that probably better than me, the market is still fundamentally growing, so that is something we could benefit from. Market share growth is all about improving your value proposition and the perception of your value proposition in your core and then potentially finding new segments that you can address within -- with a complementary value proposition and communicating that value proposition. And in our core value proposition, which is finding the best deals out there or in just comparing different rates, there are quite a few levers on -- of incremental improvement that we can pull, and we will pull on the communication side but also on the product as such. But what is even more exciting is that through our approach into alternative accommodation, which really started only in November 2017, we have the opportunity to target a different segment that we're currently targeting to a lesser extent. And the value proposition is also very simple, and we are not 100% there yet, but we're working on it and it's very simple to communicate, which is very, very important to get it out there and to have an impact on your overall user base. While on the existing value proposition, the simple message is "okay, if you want to find a good hotel, just get it on trivago for a better rate" whereas, on the alternative accommodation side, "no matter where you to stay, you will find everything on trivago". Both are very simple and very easy to communicate and therefore very effective, particularly on brand marketing. And so that, as I said, will increase the relevant part of the market that we're addressing, and that should allow us to outgrow the market, gain market share. And on a very high level, I'm thinking conceptual level, but that's where I think fundamentally, our growth is coming from.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Yes. Yesterday, Expedia was here, I think you know Expedia well. Expedia was here and they talked about the -- actually the value of meta and the importance of meta and the way in which meta traffic -- actually it's more refined, it's actually -- it is further down the funnel. You know the city, your service is choosing and in some cases, the hotel. You might even have a more refined view of the number of hotels that you want to look at. But as you look at your traffic, help us understand any visibility of the -- how you segment your traffic between top of funnel to further down the funnel. And how can you innovate the product or the platform to kind of move more people down that funnel to kind of hit that target for Expedia and the other partners?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. Our product starts where you have a clear idea what you want to do already, so it's not exploratory like some other players where you can really -- do a lot of research, that's probably the better term, and try to find out what you really want to do and when you want to do it. So as you know, roughly what you want to do and when you want to do it, that's where we basically start with our product. And the prequalification is the better, the better the results are that we are showing to you, the more relevant the results are and the more you are comfortable that you've seen that is relevant. If you feel that you have seen the complete picture that's relevant for your next trip and you have access to all the information that's relevant to make a decision, there is no reason why you shouldn't book in the same session. If you feel that the information is incomplete, you will not book. And so, again, that's a very generic answer to your question, but everything that helps to get to that stage is actually positive. And there are quite some optimizations possible in the content that is on the site in the digestion of the intent signals that we get through your search which impacts more the quality of the selection in the whole flow of -- in how many searches, how many signals you are actively giving. And that should lead to an improved conversion over time and a higher qualification of the intent.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Is there a difference in your global footprint? Is there a difference in the consumer behavior on the platform in Europe and some of your oldest markets as opposed to what you see in the U.S. or what you see in Asia and the rest of the world?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Generally speaking, somebody who has used the site many, many times is more likely to use the full functionality. If somebody is coming on the site for the first time and if perhaps not fully decided yet what you want to do or when you want to do something, you might not even select the dates and will get a lot less qualified results, so I think that's conceptually true. And the market where we are growing very rapidly, you will have less experience on average with the product and less users getting less benefit from the full functionality.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

The advertising market within travel as I mentioned is complicated, and it's been an evolving animal, I would say. So as you sort of sit here heading into 2019, talk to us about sort of the investment priorities within your own marketing budget between performance and branded spend. And how do you sort of walk that fine line in wanting to grow the brand, grow the overall presence but still make sure that you're walking the fine line with your -- with some of your larger customers in those areas?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. So broadly speaking, we believe in a 50-50 traffic mix, of branded versus non-branded traffic, and our profitability target on the branded side are clearly higher, so the spend is less than 50% on the branded side. We have raised the targets everywhere, which from our perspective makes sense. If you lose some -- not really some margin, by your customers reducing the price for the product in a way, that impacts the whole business and not only certain channels, so we change the targets everywhere, and as a result, optimize to a different point everywhere and I don't think it would be wise to lean too much into a performance marketing or too much into brand because the combination really of having time to communicate the value provision through brand advertisement and showing the benefit through a performance marketing has, from our perspective, been a key part of our success in the past, so that fundamentally will not change. Within the different pockets, there are obviously changes. Online video is becoming more and more important. We have linear TV slowly declining, and particularly in the younger audiences. On the performance marketing side, Google is clearly a very, very relevant player there, but also there everybody tries to diversify to a certain extent, so we are experimenting with smaller channels with content marketing, online video in particular, across a multitude of different platforms, but it takes time to build the new channels up and to build up the expertise. But over time, there will be some shift within the buckets.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

The online video, I guess you mentioned some smaller channels. I imagine, I loved hearing you share the YouTube including your experiment with that and all. But what about social? Where are we in sort of the social platform, the ability to build up effective ad channels through travel?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

The challenge in social is -- the usage is clearly amazing, but the challenge of social is that you are using it all the time, and it is for an infrequent purchase like travel, you need to have some kind of intent signal. And there, Google has clearly an advantage because you're giving an active information, what you're searching for, whereas social is bit more passive. And at a point in time where it becomes active, you tend to travel, so that then is too late. So that is really the key challenge, how you can use social data or the providers of social advertisement to use the data that they are having to predict. At one point in time, travel is relevant before it is actually booked and not only when you travel. And it is difficult, and I'm sure at some point in time, somebody will come up with a solution there. But so far, it is still a challenge.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Has there ever been moments where you have your 2 larger advertisers, but there has been some efforts over the last couple of years to sort of empower more smaller advertisers, bringing them into the fold and effectively increase the bidding liquidity. How has your progress been there? And what do you see as sort of still being the biggest 1 or 2 hurdles to bring on more advertisers into your auction market?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. So we have got a very large number of advertisers overall, a lot of very small advertisers, regional advertisers, specialized advertisers. I think when you look at the overall market, there is a reason why some companies are big and others are smaller, and that's like in any market because they are very successful at what they're doing. And -- so their brand is strong, conversion is strong, their product offering is very comprehensive, and that is obviously something that we can't control. So overall, I think the impact on the auction is greater by the second tier. If you would say first tier is just two, but the second tier of advisers by the long tail. They tend to be very competitive in certain regions, certain part of the inventory, and from that starting point, it is easier to improve competitiveness than from being further behind. And that is an area where, I think we can do more and focus on more and help those advertisers to build their business more successfully.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

What has been the latest stats you shared if you want to share new ones, here is the shot to do it on your app users as opposed to the mobile web users in your app -- within your overall mobile traffic?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. The app usage is growing as percentage of the overall business. We never disclose the exact percentage, and it is the minority of the overall mobile traffic. Again, the same challenge, travel is not very frequent, so it's not like groceries or whatever fashion that you basically can buy any day and the purchase is just one click away. Travel is more expensive, you think about it for a longer time period, and you just tend to do it a few times in the year if you are not a business traveler. So it is much tougher to convince somebody to install an app that is only relevant to him twice a year. Having said that, we have markets that are very app-centric, and particularly in Asia where the app share is very high, which also has a benefit from a data perspective. And it's clearly -- we're clearly pushing the app and trying to increase the share, but it is not as straightforward as in some other verticals where the frequency is significantly higher.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Yes. So within the mobile web, or even the desktop environment. Maybe talk to us about some of the data and some of intent intense signals that you still do have access to, to sort of provide a more curated experience for me to hopefully improve my conversion.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. One data point that you have on performance marketing is obviously what you are looking for. And then you've got interaction on the site which is, where do you want to go, which specific keyword filters you have actually given us, what the dates are, what is the duration, how big is the party that you travel with, all these things have certain patterns. They make you more likely to go in one direction or the other. And then it is obviously the interaction in your flow. What is attractive to you? What are you clicking on? What aren't you clicking on? Where do you click out? Where don't you click out? And -- I mean, that's, broadly speaking, what is available without a login signal, which doesn't mean that all of that is used by us or by anybody else, but that is the data pool that you can use to improve the sorting of the list. And over time, more and more of those signals will be used by us and also by other players. If you have a full login, you obviously have more data because you have the repeat usage, you know what you have been booked, I have what you looked at last time, so the starting point is more personalized. But -- yes, that's basically the data that you can leverage.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Got it. And is it growing the app users and growing the login app users, is that a front burner initiative or is that more sort of back burner just given the infrequency of the travel purchase?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Overall, one of the challenges that we've had, I mean, for years, but now -- I think we've been talking about it since the IPOs that our login rate is very low, and that is definitely something that we are focused on and that we are working on. It's not that straightforward. Again, frequency is low, and there is obviously friction if you would force somebody to log in on a site that is giving transparency and where you really only mean to log in or register and give you payment details of the time of the booking. But there are quite a few things that we're currently working on, and we are hopeful that we can improve overall our login ratio. And that clearly has benefits in steering the business.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

You mentioned alternative accommodations earlier. Maybe talk to us about the early successes you've had in starting to test and sort of push in these alternative accommodation space. And what are the -- what are some of the biggest challenges you have to overcome to sort of really scale the listings on the platform?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

So the first challenge that we had was that we needed inventory to play with without disappointing any advertiser. And what the path that we decided to go down was to sign up Homeaway first -- or it's one of the first where we clearly have a good relationship and where we have the opportunity to gradually scale and have an understanding of the customer that allowed us to gradually scale. And why is it important to gradually scale? Because we need to understand when you actually want me to show what. So what is the search content where alternative accommodation is relevant and does convert well, and what is the search content where it doesn't convert well. We obviously can throw in 5 million apartments and see what happens, slightly risky approach. The better approach is to show 1 and then 2 and then 3 and use the data that is coming out of it on a very small scale, frame your logic and the -- with the improving logic that you are having improve the overall visibility of alternative accommodation because you are more certain that you are doing the right thing. And that is really the key thing that is controlling our pace of rolling it out. We're now at more than 1.5 million apartments. It's been less than 1.5 years, so we are very happy with the point where we are right now, but this process will continue, so we'll give more visibility to more apartments, improve our algorithms and then use that improved algorithm again to increase the visibility further. And at some point in time, we will -- as we have done for hotels, try to sign up everybody. But I would say, we are getting closer to that point, but we are still in a phase where we are gradually increasing and very selectively adding advertisers to there. With normal advertising, you need to do a bit of a volume to that when you take them on the platform. They have to invest into the infrastructure, into a bidding team et cetera, and they obviously want to have a return for that.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Got it. Gradual -- that looks like a more safer way to use this sort of space. Yes, the space, it continues to evolve. And the -- one of the trends we hear a lot about is sort of the idea of the -- some of the OTAs adding more products. They're trying to get more flights, more experiences, more cars, rail, more loyalty, really, sort of push more into modern product categories. Do you need more product categories? Or do you see trivago down the road that has rail, that has air, that has sort of a broader offering of travel products?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

We believe in focus. And when you look at a category that we focused on, accommodation, we are not at a stage where we're saying, okay, we are done with the work. Contrary, if you look at alternative accommodation, there's a lot of work to be done because there, our belief is that it has to be an integrated search and not just a different tab. And so, that's why that is currently our focus, and whenever we are happy with what we have achieved, then obviously you could consider adding other businesses. If you think that there is a significant synergy by operating both businesses together rather than separately -- out of the examples that you mentioned, I would say many of those probably wouldn't qualify and wouldn't -- yes, it wouldn't meet the test there, but there might be some. But for now, we've got plenty of work to do in accommodation, and it would be not the right thing to do to now defocus and sacrifice the opportunity that we are looking at to perhaps get somebody else.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Yes. We are going to open up to audience for Q&A. So if you have a question, there's a mic right there.

Unidentified Participant

Just on the app question. It looks like you're competitors are trying to buy a lot of different content that would likely add more relevance on a daily usage case. And I guess I'd probably point the Priceline behind a bunch of different travel things and tools to enable people to travel. So is that really important? Just thinking about how to make the effort more relevant.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

So the higher the frequency of use of the app is and used -- with the use, I mean a use that is perceived to be positive, so you can't just send a push notification everyday. That's not necessarily positive, but it has to be seen -- it has to be something that is creating value for the user. The easy way will be to convince somebody to install the app and keep it installed and continue to use it. Content is one -- I think one avenue that some are going down. There are also others by having more touch points overall in the app. Yes, I think that you're right. I mean, there are various ideas how to increase the frequency, but higher frequency is helping the app business. That's for sure.

Unidentified Participant

In mobile first economy where a lot of the usage is coming directly on an app, and that's really where the content is also getting originated. Now, how relevant is meta in those kind of markets? And what is trivago doing for them?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

It is relevant. I said, in particularly in Asia, we obviously have a very, very high mobile usage, and the app share there in our business is significantly higher than in quite a few markets than in the rest of the business. I would argue that if you would only use your phone, meta could even be more relevant than a desktop because it's actually more difficult to navigate between different efforts. So if you want to make sure that you get the right offer, you even more so need a tool that helps you to compare across different sites. It's more burdensome to jump from one site to the other. Is our product today fully where it would need to be in that more extreme scenario? No. I mean, there are definitely -- there are many, many things that we can do to make it more convenient and make it easier to compare across all the different offers on a more limited screen size, but I don't think it is something that is negative for the concept of meta. I think overall, over time, it will become even accretive.

Unidentified Participant

You talked about the drivers of revenue for qualified referral between the conversions, the booking conversion, the device mix, so I think even the geographic mix is involved. All is going to go into that number.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes.

Unidentified Participant

So as we go throughout 2019, if you think about the comps and then the expectations for growth acceleration in the back half, which of those 3 are both the biggest risk and the opportunity in kind of that revenue outlook?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

So in terms of growth trajectory, I would expect rest of the world to have a steeper growth trajectory than developed Europe and Americas. On developed Europe and Americas once those markets have lapped the advertising spend reduction. They -- I mean, I would expect us to grow with the market and outgrow the market at some point in time, so there should be higher growth in Americas at some point in time. How quickly we will hit that trajectory? I think that's something to be seen, so we'll not be outgrowing the market straight in the third quarter. But over time, that has to be our ambition.

Unidentified Participant

The long-term profitability of the business. I know you've talked about some mid-20s EBITDA margin on it. The landscape's changed, the business focus is sort of -- it evolves over time. Talk to us about sort of how you think about the revenue CAGR or the revenue growth you need to sort of get to the long term targets. And what are the biggest investments you need to make sure that you can get that scale?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Yes. The -- when I look back to the profitability guidance that we've given at the IPO, I think we were at 25% plus adjusted EBITDA margin, and that's still what we think is realistic. Having said that, we will probably need a bit more overhead than the 8% to 10% if I remember correctly that we used in the calculation there. On the other hand, we have already shown that we can get close and even exceed in some regions the ROAS target that we use for that math, and so there, I think we are more optimistic. But that's still coming to the same number, 25% plus.

Unidentified Participant

All right. Axel, thank you so much.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal & International and Member of Management Board*

Thank you very much.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Thank you, Axel.

DISCLAIMER

Thomson Reuters 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 Transcripts 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 TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS 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 TRANSCRIPT. 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.