

THOMSON REUTERS STREETEVENETS

EDITED TRANSCRIPT

CDK - Q1 2018 CDK Global Inc Earnings Call

EVENT DATE/TIME: OCTOBER 31, 2017 / 12:30PM GMT



OCTOBER 31, 2017 / 12:30PM, CDK - Q1 2018 CDK Global Inc Earnings Call

CORPORATE PARTICIPANTS

Brian Patrick MacDonald *CDK Global, Inc. - President, CEO & Director*

Joseph A. Tautges *CDK Global, Inc. - Executive VP & CFO*

Katie Coleman

CONFERENCE CALL PARTICIPANTS

Gary Frank Prestopino *Barrington Research Associates, Inc., Research Division - MD*

Joshua Phillip Baer *Morgan Stanley, Research Division - Research Associate*

Matthew Charles Pfau *William Blair & Company L.L.C., Research Division - Analyst*

Neeraj Srinivasan Chandra *Tiger Global Management LLC - Partner*

Rayna Kumar *Evercore ISI, Research Division - Research Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the CDK Global's First Quarter 2018 Earnings Conference Call. (Operator Instructions) As a reminder, today's conference may be recorded.

I'd now like to introduce your host for today's conference, Ms. Katie Coleman, Senior Director, Investor Relations. Ma'am, please go ahead.

Katie Coleman

Thank you. Good morning, and thank you for joining us for our first quarter fiscal 2018 earnings call and webcast. Presenting on today's call will be Brian MacDonald, CDK's CEO; and Joe Tautges, CFO. Brian will begin today's call with an overview of our results, followed by some highlights for the quarter. Joe will then take you through the details of the first quarter results and our guidance for the remainder of fiscal 2018.

A few items before we get started. Throughout today's call, references to financial amounts are on an adjusted basis unless otherwise noted. Reconciliations of the adjusted amounts to the most directly comparable GAAP amounts are included in this morning's press release and are available in the Investor Relations section of our website. I would also like to remind everyone that remarks made during this conference call will contain forward-looking statements. These statements involve risks and uncertainties, including the risks detailed in our filings with the SEC, which could cause actual results to differ materially from those set forth in the forward-looking statements. And finally, we anticipate filing our Form 10-Q later today.

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

Brian Patrick MacDonald - CDK Global, Inc. - President, CEO & Director

Thank you, Katie. Good morning, everyone, and thank you for joining us this morning. Today, I will discuss our first quarter results and provide a business update.

We had a sound quarter and overall, I am pleased with our earnings results and progress despite lower revenue growth. First quarter revenue grew 3% or 2% on a constant-currency basis. EBITDA margin for the quarter increased 320 basis points to 34.1%, and EBITDA dollars grew 13%. Diluted EPS increased 13% to \$0.68 per share. Joe will provide more details on our financials in a few minutes, but first, I'd like to provide some business updates.



OCTOBER 31, 2017 / 12:30PM, CDK - Q1 2018 CDK Global Inc Earnings Call

As we've discussed on prior calls, we continue to see a decline in auto sites. Auto sites were down 61 from June, driven by a reduction in smaller dealers with 1 to 2 sites. We continue to have success growing revenue in 3 plus dealer site groups. For example, we recently completed the install at a 12 store group in Florida, and we've signed an advertising agreement with one of our largest enterprise customers. We are laser-focused on addressing site losses via a three-prong approach. First, we have enhanced visibility on keylock drivers. We continue our renewal efforts and are directing our customer service experience initiatives towards customer advocacy and customer success programs. Second, we reorganized our competitive deal pursuit team focused on bringing CDK's value proposition for key offerings to new DMS customer sites. Third, we're actively working on addressing product needs for the 1 to 2-site dealers, and we anticipate a successful closing of the Auto/Mate acquisition in the coming months. Auto/Mate will provide us with a top tier solution focused on smaller lot dealerships. These actions are intended to improve retention and stabilize our state count overtime. However, based on current trends, we now expect a modest auto site decline for the year.

Now I'd like to highlight a few initiatives from our transformation plan. We continue to make progress in the enhanced customer service work stream. Service Connect, our online service utilization tool, continues to increase and our chat average wait time is down 57% versus last year. This quarter, we launched Service Connect to our websites and advertising customers. We're also using new scheduling tools to optimize staffing to meet fluctuating demand levels and have doubled down on our efforts to improve our case resolution time, reducing the average time to close a case by over 50% year-over-year.

Last quarter, we highlighted some early wins we were seeing in the streamlined implementation work stream. Cycle times, the time between sale and install, continued to improve. We also have deployed technology enhancements to improve our quoting and contracting process to make sure we have the right price, equipment and resources queued to deliver an on time and properly staffed install.

Lastly, our R&D team continues to make progress in the MoveUp! work stream. Our DMS environment was operating on 32-bit technology. We now have migrated 70% of our DMS boxes to the new 64-bit platform, which provides improved performance and scale, lower cost and support calls and improved resiliency. This upgrade will provide an improved experience for our customers.

Now let me turn to sales. As we alluded to last quarter, we've made progress in expanding our relationships with major OEMs and are pleased to announce that we have signed website endorsement deals with both Ford and Nissan. We're excited to bring our next-gen website technology to a new group of dealers. The rollout of these programs will ramp in the back half of fiscal 2018 and into the next fiscal year.

We are also enthusiastic about the conversations we are having with multiple OEMs. We continue to look for opportunities across a variety of product offerings to expand our relationships in the future. While we are seeing some near-term revenue weakness, we do have efforts under way to increase our revenue growth. The same discipline that was brought to the transformation plan will be used in a number of projects to improve our revenue growth and I am very confident we will see improvements in the coming quarters.

As you saw last week, we completed the acquisition of Dashboard Dealership Enterprises, a best-in-class executive reporting solution for dealers. This product provides dealership management with enhanced visibility and actionable business intelligence on a realtime basis through consolidated reporting and key performance indicators. We are delighted to welcome them into the CDK family and the opportunity we have to enhance the value of data in the DMS through this offering for our dealers. We believe DDE, which has approximately \$2 million of annual revenue today, will be a platform we can grow with our sales channel and relationships.

Lastly, I'd like to talk about our response to the recent hurricanes. More than 1,000 of our DMS customer sites were within the impact zones. First and foremost, our concern is for our employees, customers and those affected. Our crisis response team has been working over the last month to ensure our dealers were able to get back up and running as quickly as possible, including processing payroll, replacing hardware and reestablishing connectivity. I am proud of the way our employees have responded in support of our dealers as well as the communities impacted. All sites in the continental United States are fully functional. We expect the efforts in Puerto Rico to take more time given the level of devastation on the island. While the financial impact to the quarter was fairly immaterial, we see \$1 million to \$2 million of headwinds related to dealer downtime and transaction timing in the second quarter.

Before I turn it over to Joe to take you through the financials, I'd like to comment on our announcement this morning of Dan Flynn's appointment to President, North America, effective December 1. Since joining CDK, Dan has brought a level of rigor and discipline to our transformation plan



OCTOBER 31, 2017 / 12:30PM, CDK - Q1 2018 CDK Global Inc Earnings Call

that has been critical in the success of the program. That same approach and focus will be brought to our North America business to drive growth and to continue our service improvements for our dealer customers. On behalf of the entire CDK team, I'd like to thank Bob Karp for his more than 20 years of service and contribution to CDK and the auto industry. I'm appreciative of his support since I joined the company as CEO and of his role in our ongoing transformation efforts. We wish him all the best. With that, I'll now turn it over to Joe.

Joseph A. Tautges - CDK Global, Inc. - Executive VP & CFO

Thanks, Brian, and good morning, everyone. Before I begin, I want to share with you what I've been focusing on since joining CDK 3 months ago. I've spent many hours getting up to speed on our processes and analyzing both our financial results and operations. I'm impressed by the data availability and the opportunities we have to leverage the data and analytics as we continue our transformation plan and look forward. Based on my review, I'm confident we're on track to meet our long-term exit margin target of 40% in fiscal 2019. I'm excited to meet and interact with our shareholders this quarter.

Now on to the results. As usual, our financial comments for the quarter will be on an adjusted non-GAAP basis. Reconciliations between these adjusted results and the most directly comparable GAAP results can be found in the schedules accompanying our earnings release. Q1 revenues grew 3% or 2% on a constant-currency basis. Revenue growth was driven by increased revenue per site in RSNA and International and growth on local marketing association and new dealer advertising spend. This was offset by a decline in transaction revenue and lower OEM advertising and website services spend. We saw currency tailwinds from foreign exchange rate fluctuations, primarily in the euro and Canadian dollar. Our Retail Solutions North America segment revenues grew 2% or 1% on a constant-currency basis. Average revenue per DMS customer site was up 6% in the Automotive business, offset by a reduction in revenue from 1 to 2-site group losses and a 7% decline in transaction revenue.

Although North America DMS sites were down slightly year-over-year driven by a 2% decline in auto sites, primarily in the 1 to 2-site dealer group space. The number of customer websites grew 4% year-over-year. Advertising North America revenues grew 3%, led by higher local marketing association and new dealer advertising spend offset with reductions in certain OEM funded programs. International revenues were up 8% or 6% on a constant-currency basis, primarily from increased revenue per site due to additional users. Site counts continue to increase on a year-over-year basis.

Pretax margins were up slightly versus the prior year as transformation benefits were partially offset by higher interest expense and approximately \$4 million of implementation cost associated with the new revenue recognition accounting standards. Whereas RSNA expanded 250 basis points and it was down 150 basis points due to a shift in revenue mix and International delivered 370 basis points of margin expansion. Total CDK EBITDA margin expanded 320 basis points year-over-year to 34.1%. Diluted EPS grew 13% to \$0.68 per share, reflecting earnings loss, the benefit of the lower average share accounts driven by our capital returns program. Our cash balance was \$788.6 million, of which approximately \$315 million is held outside of the United States.

Our most recent accelerated share repurchase transaction was completed in the first quarter and we made additional open market repurchases that bring total shareholder returns, including dividends to \$424 million for the calendar year. In the second quarter, we expect approximately \$310 million of buybacks and remain on track to meet our target of returning \$750 million to \$1 billion to shareholders in calendar 2017.

Moving on to the guidance for fiscal 2018. The year-over-year comparisons are again on an adjusted basis. We are revising our full year revenue growth guidance to 3% to 4% for the year, which excludes any impact from the Auto/Mate acquisition, but includes a revenue tailwind from foreign exchange rates of approximately 1 point. As Brian stated, we expect a modest auto site decline for the year and, while we expect local marketing association and dealer advertising spend to grow, OEM advertising growth will be lower. As we highlighted last quarter, revenue growth is weighted towards the second half of the year. We face tougher comparisons related to the OEM advertising spend in the first 2 quarters. Growth is also impacted by the anniversary of prior year price increases and higher loss activity. For the same reasons, revenue in the second quarter will be similar to the first quarter.

Second half revenue growth will accelerate to 4% to 5%, including foreign exchange as we see stronger advertising growth, aided by the ramp of new dealer spend and easier OEM advertising comparisons. From a margin perspective, we remain on track to meet the EBITDA margin guidance



OCTOBER 31, 2017 / 12:30PM, CDK - Q1 2018 CDK Global Inc Earnings Call

of 35% to 36% for this fiscal year. We now expect EPS to be \$2.95 to \$3 versus the previously communicated \$2.90 to \$3 as we've seen favorable impacts from cost reductions, foreign exchange rates and tax, which have offset revenue weakness.

We are reducing our anticipated effective tax rate for fiscal 2018 to 34% to 35%. We are committed to reaching the 36% to 38% FY '18 and 40% FY '19 exit margin targets we articulated in 2016. As a reminder, since 2015, we will grow EBITDA by more than \$400 million over the 2016 to 2019 period via productivity, pricing and operating leverage on revenue growth. We now expect total revenue and productivity benefits from our transformation plan to exceed the \$300 million target over the 2016 to 2019 period.

Going forward, we will no longer provide those discrete benefits as the program has matured and the impacts are integrated into normal business operations. In summary, while we are facing some near-term revenue softness, we remain committed to our 2018 and longer term earnings targets.

With that, I will turn the call back over to the operator and Brian and I will be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Matt Pfau with William Blair.

Matthew Charles Pfau - *William Blair & Company L.L.C., Research Division - Analyst*

First, Brian, I wanted to touch on the website agreements that you announced. Good to hear you signed those with Ford and Nissan. Maybe you could just give us an idea in terms of now that these endorsements are done, how do you go about targeting these 2 OEMs' dealership base? And then how long does it typically take you to convert some of these dealers to your website solution?

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

Yes, thanks, Matt, for the question. We'll be working later in this fiscal year to convert some of these dealers and there will be a ramp-up period that starts in the back half of this year and that extends into the next fiscal year.

Matthew Charles Pfau - *William Blair & Company L.L.C., Research Division - Analyst*

Okay. And then, I guess, in terms of most of these dealers probably already have a website. So, I guess, what does it sort of take to get them to switch from what they were previously using to CDK solution?

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

Yes. It takes, obviously, some sales effort and some time. We work with the manufacturers and the dealers in terms of how to transition dealers over in an orderly way. And so we expect some lift in the back half of this year for these 2 OEMs, then accelerating into our next fiscal year, which as you know, starts next July.

Matthew Charles Pfau - *William Blair & Company L.L.C., Research Division - Analyst*

Got it. And then, I wanted to ask about the transactional revenue down in the quarter. Was that related to perhaps softening of new car auto sales or was there something there with the hurricane or something else that impacted the transactional revenue for the quarter?



OCTOBER 31, 2017 / 12:30PM, CDK - Q1 2018 CDK Global Inc Earnings Call

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Yes. Good morning, Matt. It's Joe Tautges. And so when you look at our transaction revenues, part of it is due to lower volumes, only half of the decline. The other half is tied to some of the site losses we're experiencing. When you look at transaction revenues in total, I'll remind you that it's less than 10% of our overall revenue for the business.

Matthew Charles Pfau - *William Blair & Company L.L.C., Research Division - Analyst*

Got it. And then, last thing I wanted to ask about was on the advertising business. I saw a note in the press release that the margins were down in that business due to a decline or a mix shift in the revenue. Maybe you can just provide some more color on how that revenue shifted around and why that impacted the margins there.

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Sure. When you look at advertising revenue, it certainly comes in different chunks of business and when you look at the different types of advertising that we do, whether it's dealer direct or OEM based, based on that mix of how that business comes in, it impacts the margins, and we saw some nice revenue come in, in the first quarter, new business that came in at a lower margin. But it's definitely revenue that is good for us and that we see helping us as we go towards the second half of the year.

Operator

Our next question comes from the line of Gary Prestopino with Barrington Research.

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

Gary, we can't hear you very well.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

Can you hear me now?

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

We can hear you now.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

A couple of quick questions. First of all, are you still scheduled to close the Auto/Mate acquisition before year end, Brian?

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

Yes. That's our -- our hope is to close it towards the end of the fiscal year. We're still working with the FTC going through the process, but our hope would be that we would close the Auto/Mate transaction before the fiscal year, ideally in our third quarter, which would be first quarter calendar year.

OCTOBER 31, 2017 / 12:30PM, CDK - Q1 2018 CDK Global Inc Earnings Call

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

And then as it relates to some of these 1 to 2-point site losses, is that really a function of that you really haven't refreshed your product on the lower end for a while and, therefore, that's what the Auto/Mate acquisition may help with that product? Or is there something competitively going on in the industry that's impacting you?

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

I think, Gary, that's part of it. I mean, the legacy of our company is in 3 plus rooftop and above dealerships. And historically, we've had less focus on the 1 to 2 store groups. So really, the legacy of our company is in these larger groups, 3 plus rooftops and above. So when we look at what's going on in our business, we're growing revenue quite nicely in the 3-plus store and above. We're growing, call it, mid-single digits or above in revenue in that group. And then, in the 1- to 2-store, which again historically hasn't been a part of our legacy or part of the way we focus as we do in the larger groups. We have low single-digit revenue decline, right? So we kind of have a tale of 2 cities in those 2 groups. Part of it is product, which we think will resolve with Auto/Mate. Part of it, some of the way we focused and went to market, the way our sales team was organized. So there's a lot of factors, but we're -- we continue to lose stores, primarily in that 1 to 2-group and while the rest of our business, 3-plus stores and above is growing very nicely. So that's why we're focused on the Auto/Mate acquisition and some other tactical things to get back to growth in that part of the market.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

And then the new endorsements, obviously, very positive. That's with Ford and Nissan, right?

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

Correct.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

The websites? So do the OEMs give any co-op money to try and assist on these transfers of the websites from the incumbent provider?

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

Each program is a little different, but co-op money is often involved in product transitions and helping dealers move over to a new product. So I don't want to talk about the details of either program, but it's quite normative for some co-op money to be involved for a limited period of time to encourage movement from one product to another that an O&M would like their dealers to make.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

So in the past when you've had these endorsements, do you see a big acceleration earlier in the transition or does it start to really accelerate as you go out 6 to 12 months from when you received the endorsements?



OCTOBER 31, 2017 / 12:30PM, CDK - Q1 2018 CDK Global Inc Earnings Call

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

Yes. What I would say, Gary is, it follows a typical product pattern. You have early adopters who want to come in and then you get the bulk of people moving over. Some of this is a function of what's going on in the dealerships, what time of year it is. And then -- so you get the bulk of people moving over and then there's always some laggards at the end.

Gary Frank Prestopino - *Barrington Research Associates, Inc., Research Division - MD*

But you still have to sell them, right? Even though there's an endorsement, you still have to go to the dealership and show a prototype and say, "Here's how we differ, here's how we're better." Right? The endorsement just doesn't carry the dealership over into your website.

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

No, we have to go and sell the value of our next-generation platform, which we think is an industry-leading platform. So we still have to go and sell it. We have to work with the dealer on a transition that's convenient with their business, but you're exactly right, we still have to go and sell the value of our next-generation platform.

Operator

Our next question comes from the line of Brian Essex with Morgan Stanley.

Joshua Phillip Baer - *Morgan Stanley, Research Division - Research Associate*

This is Josh Baer on for Brian. I'm wondering -- so M&A activity has picked up a bit. I'm just wondering if you could highlight how you think about assets that you might acquire as far as your philosophy, the size, and nature of the deals, and how might those potential deals transform CDK going forward?

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

Josh, yes, it's Brian here. I mean, I think we are active in the market at all times looking at different opportunities. We like tuck-in acquisitions that we can bring to market and scale. Our recent acquisition of Dealer Dashboard is a great example of that. It's a best-in-class reporting tool that we believe our sales team can take the value of that to our dealer base, first in the United States, then we're going to make some product modifications to bring the product to Canada, following that by International. So we like that kind of tuck-in very well because it allows our distribution and our product connectivity to integrate the product and grow pretty quickly. And the rest, we look -- we're not averse to doing something larger. Anything that's larger, obviously, is harder from lots of perspectives, but we have a pretty open mind and I think that there are some opportunities out there for us.

Joshua Phillip Baer - *Morgan Stanley, Research Division - Research Associate*

Great. And in your commentary on the sites in hurricane zones, I believe you mentioned \$1 million to \$2 million impact. Was that expected for Q2 or is that for Q1?

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

No, that's expected for Q2. The -- while we did spend and saw some impact in Q1, it was largely immaterial.



OCTOBER 31, 2017 / 12:30PM, CDK - Q1 2018 CDK Global Inc Earnings Call

Operator

(Operator Instructions) Our next question comes from the line of Rayna Kumar with Evercore ISI.

Rayna Kumar - *Evercore ISI, Research Division - Research Analyst*

Can you please discuss what factors need to be put in place for you to get to the high end of your top line guidance versus the low end for '17?

Brian Patrick MacDonald - *CDK Global, Inc. - President, CEO & Director*

Yes. So I think we have a number of initiatives under way to get our growth moving upward. We have what we call a revenue task force being led by Dan Flynn and bringing the same rigor and discipline that we brought to fueling for growth. So we have a number of initiatives that are under way to improve our revenue growth. Our comparables are a little easier in the second half than the first half, so we have a number of things in advertising that we are, I think, will help us in the second half in our fiscal third quarter. In the back half, we do financial statements for manufacturers, so that provides a revenue lift from the first half. So we have a number of actions under way that we think will improve our revenue growth in the second half versus the first half.

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

This is Joe, Rayna. I just have a couple of things to add to that. So we've seen nice growth out of our International business. And so when you look at some of the momentum there, continuing to see some of the strength in International. And then secondly, just continuing to convert on the advertising. And when you look at the lead time to bring advertising into revenue in the year, it's much more quickly than the rest of the business. And so I think we see opportunities there and like Brian said, just continued improvements as we work the initiatives and the losses in small dealerships.

Rayna Kumar - *Evercore ISI, Research Division - Research Analyst*

Great. That's helpful. Could you also discuss the pricing trends you saw in the quarter for the North America and International business and your expectations for the remainder of the year?

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

I'm sorry. Can you repeat the question?

Rayna Kumar - *Evercore ISI, Research Division - Research Analyst*

Can you please discuss the pricing trends you saw both in the North America and the International business? And your expectations for the remainder of the year?

Joseph A. Tautges - *CDK Global, Inc. - Executive VP & CFO*

Sure, sure. So from a pricing environment perspective, what we see is quite stable. I don't think--there's nothing new that we've seen, I think it sort of a normal competitive marketplace, both in terms of the North America business as well as the International business.



OCTOBER 31, 2017 / 12:30PM, CDK - Q1 2018 CDK Global Inc Earnings Call

Neeraj Srinivasan Chandra - Tiger Global Management LLC - Partner

Got it. And just if I can get another question in there. If you can discuss the progress on the FTC case in the next year.

Brian Patrick MacDonald - CDK Global, Inc. - President, CEO & Director

Yes. It's Brian here. We continue to work with the FTC, supplying them data and continuing to work with them, and we're optimistic that we'll be able to close to the Auto/Mate transaction, as I mentioned, before to Gary in Q3, our Q3 or Q4. So we continue to work through the process and are cooperating with the FTC to get them the data they need so we can move forward.

Operator

I'm showing no further questions at this time. I'd like to turn the call back to Mr. MacDonald for any closing remarks.

Brian Patrick MacDonald - CDK Global, Inc. - President, CEO & Director

Thank you, everyone, for joining us this morning. We continue to make operational and financial improvements at CDK. I'm confident we have the right revenue initiatives in motion to help us deliver our revised 2018 revenue guidance as we ramp revenue in the second half of the year. Our ongoing focus on productivity, coupled with our revenue growth opportunities, will allow us to generate additional earnings in 2018 and deliver on our 2019 40% exit margin target. Thank you, and have a great day.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program, and you may now disconnect. Everyone, have a great day.

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.

©2017, Thomson Reuters. All Rights Reserved.