

S&P Global
Market Intelligence

Bowman Consulting Group Ltd. NasdaqGM:BWMN

Earnings Call

Tuesday, November 7, 2023 2:00 PM GMT

| | |
|---------------------|---|
| CALL PARTICIPANTS | 2 |
| PRESENTATION | 3 |
| QUESTION AND ANSWER | 8 |

Call Participants

EXECUTIVES

Bruce J. Labovitz

Executive VP & Chief Financial Officer

Gary P. Bowman

President, CEO & Chairman

ANALYSTS

Aaron Spychalla

Craig-Hallum Capital Group, LLC, Senior Research Analyst

Alexander John Rygiel

B. Riley Securities, Inc., Research Division

Oliver Chornous

D.A. Davidson, Research Associate

Presentation

Operator

Good morning. My name is Alyssa, and I will be your conference operator today. At this time, I would like to welcome everyone to the Bowman Consulting Group Third Quarter 2023 Conference Call. [Operator Instructions] Please note that many of the comments made today are considered forward-looking statements under federal securities laws.

As described in the company's filings with the SEC, these statements are subject to numerous risks and uncertainties that could cause future results to differ from those expressed, and the company is not obligated to publicly update or revise these forward-looking statements.

In addition, on today's call, the company will discuss certain non-GAAP financial information, such as adjusted EBITDA, adjusted net income and net service billing. You can find this information together with the reconciliations to the most directly comparable GAAP information in the company's earnings press release and 8-K filed with the SEC and on the company's investor website at investors.bowman.com.

Management will deliver prepared remarks, after which they will be taking live questions from published research analysts. Throughout the call, attendees on the webcast may post questions for management to answer on the call or in subsequent communications, but there will be no live Q&A from the webcast attendees.

Replays of the call will be available on the company's investor website. Mr. Bowman, you may begin your prepared remarks.

Gary P. Bowman

President, CEO & Chairman

As usual, I'm joined here today by Bruce Labovitz, our Chief Financial Officer. This past quarter is a solid indicator of what we are able to produce over the long term. Gross revenue approached \$100 million, and our adjusted EBITDA margin on net revenue exceeded 18%.

At the time of our IPO, just about 2.5 years ago, our 5-year strategic growth objectives were to reach a \$500 million gross revenue run rate and high-teen adjusted EBITDA margin, while maintaining a 10% to 15% net to gross spread. Our results this quarter and year-to-date clearly demonstrate that we're on a trajectory to achieve those goals.

While we did not close any acquisitions during the third quarter, we have closed two acquisitions here in the fourth quarter. Accordingly, I'd like to take a moment to formally welcome all our new employees from Excellence Engineering and Dennis Corporation to their first earnings call, along with all other employees who recently joined the Bowman team.

As we continue to grow, our enduring ability to attract, develop and retain talent is a testament to the culture and values that we're all committed to embracing and advancing.

We continue to make good progress on our revenue diversification initiatives as evidenced by the ongoing increase in the contribution of non-building infrastructure revenue, which reached 45% of our total revenue, up meaningfully from 30% in the year of our IPO.

We continue to experience strong, and what we believe to be, sustainable long-term demand for our services from both existing and new customers, including new-to-Bowman customers added through acquisitions. We're experiencing significant tailwinds related to the funding for transportation, energy and re-shoring initiatives, which are propelling us forward. We believe the recent Fed signals regarding monetary policy will further stimulate our industry in the near term.

According to recently published government announcements around \$200 billion of Infrastructure Investment and Jobs Act funded public transportation and infrastructure projects have been

announced to date. This spending represents less than 20% of the more than \$1.2 trillion of funding secured under the IIJA. We're clearly still in the early stages of this spending.

Another roughly \$60 billion in grants, incentives and initiatives for clean energy, clean water and community resiliency projects have been announced under the Inflation Reduction Act. This likewise represents just a small percentage of the committed funding available into this program. As various deadlines for long-term IRA qualification approach, the rush to start projects and secure standing for benefits is underway.

With respect to manufacturing and other re-shoring initiatives, the private sector has responded to funding by announcing over \$600 million in new manufacturing infrastructure projects in the U.S., including over \$200 million in clean energy, EVs, batteries and storage, all sectors in which we are active.

Now I'm going to turn the call over to Bruce to review our financial results, after which I will take a few minutes to discuss our markets, our M&A pipeline and our 2024 outlook. Bruce.

Bruce J. Labovitz

Executive VP & Chief Financial Officer

The third quarter was a breakout quarter for us in terms of demonstrating our capacity for revenue growth and operational efficiency. As we continue to grow, not every quarter will be a reflection of the last one or predictive of the next one, but the trends we're demonstrating are representative of what we believe we can achieve over time.

Gross revenue for the third quarter increased to 33% to \$94.4 million as compared to the third quarter of last year. Year-over-year, organic growth of gross revenue for the quarter was 11%. Net service billing, a non-GAAP result for which we provide reconciliations in our press release and disclosures, increased 27% to \$82.1 million in the third quarter compared to the third quarter of last year.

Year-over-year organic growth of net service billing was just over 9% in the quarter.

During the third quarter, building infrastructure represented 55% of our gross revenue, with transportation at 21% and power and utilities representing 20%. Nonresidential revenue represented nearly 66% of building infrastructure or 36% of gross revenue. Residential revenue represented just under 19% of gross revenue with what we would characterize as for sale-related residential, accounting for just around 10% of gross revenue.

In 2021, building infrastructure represented nearly 70% of gross revenue. While we are pleased with the progress we're making towards our long-term revenue diversification goals, there is more to be achieved.

Year-to-date, gross revenue was up 36% to \$253.3 million for the first nine months of last year. Year-to-date, organic growth of gross revenue was just under 22%. Year-to-date, net service billing increased 32% to \$223 million 0.5% as compared to the first nine months of last year. Year-to-date organic growth of net service billing is just under 20%.

Gross margin for the second quarter was 51.6% on gross revenue, which was 70 basis points lower than gross margin in the third quarter last year. Year-to-date, gross margin was 51%, which is 40 basis points below the first nine months of last year. We consider these to be normal fluctuations in gross margin based on mix of business and utilization, which impacts the allocation of fringe cost to COGS. Included in cost of goods sold for the quarter and the year are \$2.1 million and \$5.3 million of noncash stock compensation, respectively.

Net of these noncash costs, gross margin would have been 54% and 53% for the quarter and year-to-date, respectively. While we continue to believe these margins are normal for our current business model, we're optimistic that evolutions in disruptive technologies for our industry will help expand these margins over time.

SG&A, which included \$5 million of noncash stock compensation for the quarter and \$13 million year-to-date was up 160 basis points as a percentage of net service billing in the third quarter compared to last

Copyright © 2023 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

year, but was down 120 basis points sequentially when compared to the second quarter of this year.

This sequential period reduction in SG&A as a percentage of net service billing is the predictable result of the combination of outsized labor investments made in the second quarter and increased revenue generated this quarter.

For the third quarter, we reported a net income of \$1.2 million, which brings year- to-date net income to \$1.1 million, inclusive of a \$1.8 million tax benefit in large part derived from R&D tax credits and windfalls related to stock vesting values higher than grant date fair value.

Adjusted EBITDA was up 57% in the second quarter to \$15.1 million as compared to third quarter last year. Adjusted EBITDA margin net increased 350 basis points to 18.3% in the quarter. Year-to-date adjusted EBITDA is up 45% to \$35.8 million and adjusted EBITDA margin net is up 140 basis points to 16%.

As we grow, intra-year margins can be uneven based on the timing of expenses and revenue mix. As such, we recommend investors focus on margin developed over multiple periods as a directional indicator. While this quarter's margin is a positive display of our potential, I don't believe it is the new baseline, at least not yet.

Backlog at the end of the quarter was just under \$300 million and is made up of approximately 54% building infrastructure, 25% transportation, 19% power and utility and 2% other emerging revenue areas. We're pleased with our ability to generate backlog growth that continues to outpace revenue recognition.

Backlog is work that's contracted to be performed and is capped at 18 months in the case of long-term programmatic assignments. We generally expect roughly 75% of our backlog to turn in any 12-month period, but that number varies based on the composition of backlog.

Cash flow from operations was \$12.3 million through nine months, which represents a little over \$10 million in the quarter. Cash flow from operations before changes in working capital for the nine months was nearly \$21.8 million. We're pleased with our progress on cash flow generation.

Net debt at the end of the quarter was just under \$53 million, down from \$61 million on June 30th. This net debt represents a leverage ratio of around 1.2x trailing four quarters adjusted EBITDA. With over \$14 million in cash on hand and over \$45 million of capacity under the line, we're pleased with the state of our balance sheet.

On the tax front, we continue to monitor guidance issued with respect to changes to research and development expense capitalization. Based on recent IRS guidance, we continue to proceed with a belief that the characteristics of our business practices afford us the ability to expense our R&D costs currently as opposed to capitalizing them.

Because this is evolving tax law, we continue to maintain an uncertain tax position, also referred to as a UTP, relating to the possibility that in the future, our position will change. The uncertain tax liability is reflected on our statement of cash flows before changes in working capital as deferred tax as if it were spent, but it is later added back to cash from operations through accrued expenses since we're not actually expending the cash. This neutralizes its impact on cash from operations. On our balance sheet, the UTP is included in other noncurrent liabilities along with accruals for contingent consideration.

On September 30, and as of today, we have 14.6 million shares outstanding, including all shares issued in connection with the restricted stock awards.

During the third quarter, based on what we believe was an undervaluation of our equity relative to the performance of the business, the multiples of our peer group and comparable transaction valuations, we established a limit-order-based buying program under our \$10 million stock repurchase authorization.

During and subsequent to the quarter, we have purchased nearly 29,000 shares at an average price of \$25.94 per share. While these numbers aren't big, they should communicate our commitment to flexible deployment of capital to protect and advance shareholder value.

This quarter, we introduced a new non-GAAP metric of adjusted EPS for which we provide a reconciliation

Copyright © 2023 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

to GAAP EPS in our press release. I want to reiterate that adjusted EPS should be evaluated as a non-GAAP measure that may not be calculated consistently with others in our peer group who likewise present this metric.

In calculating this metric, consistent with our peers, we add back costs associated with acquisitions and pre-IPO stock compensation expense, along with other nonrecurring noncore expenses. We do not add back noncash stock compensation in the normal course. When computing the tax effect of these add-backs, we first recalculate our tax expense exclusive of any periodic windfall or shortfall tax impact of noncash stock compensation vesting, then apply an average marginal effective tax rate to other add-backs.

While it may not necessarily be the most advantageous to us way to present the tax benefit, we feel it is the most accurate and reflective approach. We believe this is useful information for investors to use to evaluate us against our peers. As such, we will continue to include it in our press releases going forward.

As we near the end of the year, we're tightening our 2023 guidance and introducing our outlook for 2024 based on current backlog, a preliminary understanding of our clients' intentions for next year and our forecast for business development. For 2023, we're narrowing our forecast to net service billing to be in the range of \$306 million to \$312 million, with adjusted EBITDA in the range of \$48 million to \$52 million.

For 2024, we are initiating guidance of \$345 million to \$360 million, with adjusted EBITDA in the range of \$56 million to \$62 million. As always, these do not contemplate future acquisitions. With that, I'm going to turn the call back over to Gary for concluding remarks.

Gary P. Bowman
President, CEO & Chairman

I'm going to take a moment here to discuss our markets, our M&A pipeline and our strategic planning before turning the call back over to the operator for our questions.

Since we last reported our results, there hasn't been much change in terms of the general profile of demand for services in the market for infrastructure planning and engineering, which remains strong.

What has evolved, however, is the breadth and scope of services we provide to meet that demand and the incremental wallet share and market share we can support. Our penetration of the traffic and transportation market is growing as we take on new clients, larger assignments and expanding scope of service covering roads, bridges and highways, railroad infrastructure, bus and light rail and aviation.

I'm particularly encouraged by recent wins in our East Coast transportation group that continues to expand our assignments throughout Florida and Rhode Island. We expect to continue to add several new Departments of Transportation to our client roster over the next 12 months.

In the power and utility market, we continue to grow our footprint and service offerings through acquisitions and strategic hiring. Our electric undergrounding practice continues to be a growing market for us as we expand our client base from Florida and the Mid-Atlantic to Southern California and several markets in between.

We recently announced expansion into Nevada as we grow our engagement with our largest gas utility client for whom we are working on a series of multi-year programs for pipeline replacement, new construction and high-pressure gas station design. We are actively engaged in efforts to build our gas pipeline revenue throughout both Nevada and California.

With the Excellence Engineering team now on board in Tulsa, we are experiencing increasing demand in our energy services practice for upstream and midstream pipeline projects throughout the Central and Midwest regions. On the renewables front, battery storage facilities and commercial solar are among our faster-growing revenue generators with EV-related infrastructure close behind.

We continue to experience growth in our building infrastructure group with much of that coming from nonresidential assignments. Data centers, quick-serve restaurants, municipal facilities and other non-urban commercial clients are keeping us very busy. On the residential front, homebuilders, multifamily

developers and build-for-rent owners appear optimistic about the mid- and long-term demand profiles in their markets. As evidenced by comments made on recent homebuilder earnings calls, there appears to be a renewed commitment to investing in the creation of finished lot inventory to meet stronger secular demand for years to come.

Within emerging markets, we've had several big wins in mining with top-tier mine operators in Arizona, including a large solvent extraction process design award and multiple surveying assignments.

In the water and wastewater market, we have been experiencing an uptick in design and engineering contracts for new sewage systems, elevated water storage tanks and transport lines. We recently completed a pilot program for an innovative rest area wastewater reclamation system with application for thousands of rest areas nationally.

While geospatial is technically a service line for us, I want to talk about the impact it is having in our industry. Our vision for its future at Bowman, and investments we are making in advanced surveying, mapping and high-resolution imaging technologies. Several of our acquisitions have been focused on developing a comprehensive end-to-end geospatial capability within Bowman.

As of today, our broadly defined geospatial group generates about 30% of our revenue across all markets. We currently operate at both ground level and at low altitudes utilizing traditional survey equipment and advanced geomatics technologies, including UAVs, UAS and LiDAR to develop both 2 and 3 dimensional visualizations for our clients in a manner they can utilize with their vendors and customers.

These skills create tremendous opportunity for us as the technologies advance and as our customers recognize the value proposition associated with virtual modeling, digital interaction and high-resolution imaging. Recent investments in mobile mapping technologies, for example, have enabled us to secure new assignments with interstate highway operators based on the requirements associated with the speed of travel in these settings.

Our balance sheet positions us to continue to grow this service aggressively, both through technology investment and acquisitions. Our industry is evolving at a rapid pace with respect to the introduction of technologies that help us satisfy demand and deliver better solutions in an efficient and timelier manner.

I am committed to Bowman being among the technological elites in the industry. We're investing in digital delivery of services and are early adopters of new technologies, which provide disruptive approaches to accelerating growth and enhancing margins over time.

We're actively engaging with solutions related to AI capabilities, GIS systems, high-resolution imaging equipment, mapping and modeling software, digital twin technologies, generative design and more. This commitment to digital technologies will, I believe, create a beneficial differentiation for Bowman in the short and long term.

Since going public, we have focused our M&A program on a theme of adjacency, whereby we identify and transact with businesses that complement our evolving core suite of services, geographies, client needs and skill sets.

I am pleased to report that our pipeline remains full of adjacency-focused opportunities within our target size and profile. We expect to continue to be active acquirers during the remainder of this year and into 2024.

I will conclude by reiterating that we maintain a positive outlook towards the remainder of this year and next year as we progress toward achieving our long-term strategic goals.

Thank you for participating in today's call, and thank you to all our employees for everything you do for Bowman, our clients, our shareholders and our communities. Operator, I'll now turn the call back to you for questions and answers.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Aaron Spychalla with Craig Hallum.

Aaron Spychalla, *Senior Research Analyst at Craig-Hallum Capital Group.*

Can you touch on transportation and power and utilities, just some of the drivers that you're seeing there and if you're starting to see some of the infrastructure dollars coming out and how you're expecting this to unfold as we move forward?

Gary P. Bowman
President, CEO & Chairman

Clearly, they're both driven currently by IIJA, IRA and similar programs. I know there's an underlying, a secular driver of just the need to improve these facilities. There are strong drivers for those programs.

We're still in the early innings, as I mentioned earlier, of the IIJA funding. We are starting to see some of that flow, but the outlook in the next year and ensuing years is going to be much stronger.

Aaron Spychalla, *Senior Research Analyst at Craig-Hallum Capital Group.*

Then just maybe second, can you talk about the extent that you're seeing higher rates and kind of macro impacting some of the bidding? I mean good to see the backlog expansion. Just can you talk about that a little bit, please?

Bruce J. Labovitz
Executive VP & Chief Financial Officer

Higher interest rates, you mean, I assume?

Aaron Spychalla

Yes, just interest rates and just some of the broader kind of macro uncertainty and any impact you're seeing there.

Bruce J. Labovitz
Executive VP & Chief Financial Officer

We're seeing very little impact that we feel is driven by interest rates, certainly some in the residential market that has slowed down.

We are seeing, I think, green shoots of that coming back to life as people redo their cap tables and so forth for some of the build-to-rent projects. Overall, as far as impending recession or adverse effects of interest rates, we're seeing that as having very little adverse effect on our business.

Operator

Your next question comes from the line of Alex Rygiel with B. Riley.

Alexander John Rygiel
B. Riley Securities, Inc., Research Division

A couple of quick questions here. First, Bruce, maybe could you break down the commercial slice of the pie a little bit greater? Just trying to understand commercial office buildings, data centers, that kind of thing?

Bruce J. Labovitz
Executive VP & Chief Financial Officer

Yes. I really don't get too granular about the composition of commercial. I would say that the biggest participant in that market is data centers today, followed by what we think of sort of as convenience commercial, which probably talked to as sort of a combination of small store convenience store, gas station, quick-serve restaurant and the category followed then by what we think of as big box structures. That could be a large commercial, a large warehouse store or an industrial facility.

Last in that list would be commercial office. We talk about this in the three concentric circle model of Downtown Urban, where we're not very active at all. The second circle of suburban is mostly transit-oriented, we're fairly active in that, and it is a healthy part of the commercial market.

Then that exurban, the third ring, we would say, is probably more active as redevelopment of commercial or reuse, a facility that's in its second or third generation of life being converted from old warehouse, flex to data center or converted to residential. That's about the makeup of that market.

Alexander John Rygiel

B. Riley Securities, Inc., Research Division

Then when we talk about gross margins, can you talk about -- obviously, it's hard for us to tell as you make acquisitions, whether or not your -- these acquisitions are accretive or dilutive to margins. Maybe from a macro standpoint, you could talk about sort of the headwinds or the tailwinds to gross margins on a go-forward basis?

Bruce J. Labovitz

Executive VP & Chief Financial Officer

Yes. I'll start with the strategy of our acquisitions has been high frequency, lower dollar and lower risk profile. As such, in the very short run, no one of them is really driving margin because size is so disparate between the incoming and the existing. We think that they are all, over time, accretive to margin by virtue of their existence in our portfolio, the scale that they create.

I wouldn't suggest at this point that any one of them has such a such a disparate profile in margin that it's going to drive gross margin. Gross margin over time for us with a consistent set of product offerings, we think we'll stay in this sort of low 50% range. It does depend a little bit on utilization from period to period because we allocate fringe along with direct costs.

That said, there's higher utilization, we get a little more fringe going into gross margin. At some point, we think that technologies can be introduced that will either periodically or in the long-term positively impact gross margin. Did I answer the question?

Alexander John Rygiel

B. Riley Securities, Inc., Research Division

Sure did. Then just one last question. Coming back to multifamily and single-family residential construction. There seems to be maybe a little bit of concern that multifamily residential might start to slow down going into 2024. What are your views on that?

Bruce J. Labovitz

Executive VP & Chief Financial Officer

We are seeing some slowdown. Multifamily is a fairly small part of our overall portfolio. A large part over the past couple of years has been the build-to-rent, which some could maybe characterize as horizontal multifamily. We are really starting to see, and frankly, it's more anecdotal, maybe the feedback that we're hearing from our clients. We feel very optimistic that that market is getting ready to heat back up.

The elements of the residential market are generally countercyclical to each other in that housing demand remains, although the distribution of it may change. At some point, people don't want to buy a house, they want to rent until they decide to buy a house. We're agnostic to which component of residential is working at any given time because the overall market is what we're serving.

Operator

Your next question comes from the line of Oliver Chornous with D.A. Davidson.

Oliver Chornous, *Research Associate at D.A. Davidson*

I was wondering, you guys had real strong cash generation in 3Q. Do we think that, that's going to continue in 4Q?

Bruce J. Labovitz

Executive VP & Chief Financial Officer

We think that we're on a good path for positive cash generation, whether it continues at the exact pace, fourth quarter is always a little bit tougher of a quarter for us. Just the calendar can interrupt a business that is human-driven and with the holidays. I think it will still continue to be strong in the fourth quarter. The third quarter isn't exactly predictive. The fourth might be a little lighter, but I don't think it's meaningfully different.

Oliver Chornous, *Research Associate at D.A. Davidson*

What organic growth rate is embedded in the guidance for 2024? Which areas do you anticipate seeing some contraction in '24, if any?

Gary P. Bowman

President, CEO & Chairman

10% to 12% is currently inferred in that guidance. Areas of contraction? We're really not programming areas of contraction per se. We feel like the interest rate sensitive areas of our business, say, the residential has, we've seen the contraction and are on the rebound there. We haven't programmed necessarily a strong rebound, but no contraction.

Bruce J. Labovitz

Executive VP & Chief Financial Officer

Yes. I think it's important to characterize the way we look forward as you ask about organic. At some point, we take the mix of everything that's in the stew and grow it year-over-year. We don't really break it out like what's acquisitive, there's no new acquisitions in the forecast, obviously. We say, okay, the base of business we have, based on when we bought it and how it annualizes and what we think it can grow in to.

Oliver Chornous, *Research Associate at D.A. Davidson*

You guys indicated earlier, I guess there's no plan for some huge pending M&A that would then separate the overall growth from the organic numbers pretty significantly.

Bruce J. Labovitz

Executive VP & Chief Financial Officer

Well, I think we would say that there is always upcoming acquisitions in our pipeline. We don't include any acquisitions that haven't closed in the guidance at the time that we issued the guidance. I would not suggest that there won't be meaningful acquisitions in the future that will impact the guidance when it occurs, but it is not contemplated and included in it today.

Operator

There are no further questions at this time. Mr. Bowman, I turn the call back over to you.

Gary P. Bowman

President, CEO & Chairman

I want to just wrap up by thanking everybody at Bowman for their hard work and dedication which turned in a good quarter. Looking forward to the same coming up in this quarter and next year. Thanks all of our owners for the faith you show in us and looking forward to seeing everybody at upcoming conferences, and we're about that time of year. Everybody, have a good holiday till we talk to you again.

Operator

This concludes today's conference call. You may now disconnect.

Copyright © 2023 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

© 2023 S&P Global Market Intelligence.