23-Jul-2015

Marriott Vacations Worldwide Corp. (VAC)

Q2 2015 Earnings Call

Copyright © 2001-2015 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Jeff Hansen
Vice President-Investor Relations

Stephen P. Weisz
President, Chief Executive Officer & Director

John E. Geller
Chief Financial Officer & Executive Vice President

OTHER PARTICIPANTS

Steven E. Kent
Goldman Sachs & Co.

Christopher Agnew
MKM Partners LLC

Robert A. LaFleur
JMP Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Greetings, and welcome to the Marriott Vacations Worldwide Second Quarter 2015 Earnings Call.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the presentation. [Operator Instructions] As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Mr. Jeff Hansen, Vice President of Investor Relations. Thank you. You may begin.

Jeff Hansen
Vice President-Investor Relations

Thank you, Diego, and welcome to the Marriott Vacations Worldwide second quarter 2015 earnings conference call. I'm joined today by Steve Weisz, President and CEO; and John Geller, Executive Vice President and CFO.

I do need to remind everyone that many of our comments today are not historical facts and are considered forward-looking statements under federal securities laws. These statements are subject to numerous risks and uncertainties as described in our SEC filings, which could cause future results to differ materially from those expressed in or implied by our comments.

Forward-looking statements in the press release that we issued this morning, along with our comments on this call, are effective only today, July 23, 2015 and will not be updated as actual events unfold. Throughout the call, we will make references to non-GAAP financial information. You can find a reconciliation of non-GAAP financial measures referred to in our remarks in the schedules attached to our press release, as well as the Investor Relations page on our website at ir.mvwc.com.

I will now turn the call over to Steve Weisz, President and CEO of Marriott Vacations Worldwide.

Copyright © 2001-2015 FactSet CallStreet, LLC

Stephen P. Weisz
President, Chief Executive Officer & Director

Thanks, Jeff. Good morning everyone, and thank you for joining our second quarter earnings call.

Our second quarter performance was a continuation of what you have come to expect from us over the past several years. Our key metrics have continued to improve and our portfolio continues to expand with new destinations fueling our longer-term growth strategy.

So let me spend a few minutes providing color on how we achieved our results, then I'm going to hand the call over to John to provide more details around those results and other areas of our financials.

Adjusted EBITDA in the second quarter was $58 million, an increase of $1 million over the second quarter of 2014. Total company contract sales, excluding residential, increased $1.3 million, a 1% increase over prior year to $166 million.

This was driven by our key growth segments of North America and Asia Pacific, which together grew contract sales in the quarter by almost $6 million or roughly 4% offset by $4 million of lower contract sales in our Europe segment.

VPG improved slightly to $3,404 and tours again maintained their string of year-over-year improvement, up 1.2% over the second quarter of 2014 as we continue to drive tour flow through programs designed to increase first-time buyer tours as well as to encourage our owners to increase their point levels.

One of those programs, which we've talked about before, is the call transfer program with Marriott International. To date, we have seen very positive sales metrics from these transfers, and our work now revolves around expanding this program to increase our sales opportunities going forward.

Additionally, we have had success building our future tour growth with our Encore Program, which allows someone who is not ready to purchase at the time of the tour to buy a future vacation at one of our resorts. If they choose to purchase when they return for a vacation, that pre-spending is applied towards their purchase. This is a very successful program with a higher than average VPG. Remember, however, that as these programs continue to ramp up, the tours themselves may not happen for another six to 12 months.

I would think the important takeaway this quarter is that our top line metrics continue to improve and our strategy remains on track to drive our top line for improved same-store tour flow and eventually new sales distributions.

Shifting to our resort management and other services business, results were nearly $29 million, a $2 million or 8% improvement over the second quarter of last year. These results reflect improved ancillary operations and higher fees earned from our exchange company and from managing our portfolio of resorts.

Our rental business continued its strong performance this year as second quarter results improved $4 million to almost $11 million, nearly a 60% improvement quarter-over-quarter. This was due to a 4% improvement in transient rate combined with a higher number of keys available to rent primarily from the opening of two new phases of units in Palm Desert and in Las Vegas midway through 2014.

In Europe, segment results were $3 million, down $2 million from the second quarter of 2014. We have seen our performance decline in recent quarters, not unusual in a sell-out environment and especially when combined with

Copyright © 2001-2015 FactSet CallStreet, LLC

the current economic climate in this region. Our strategy in this segment remains, however, to sell through our remaining developer inventory while continuing to operate our world-class resorts in the UK, France, and Spain.

In our Asia-Pacific segment, adjusted results were just over $1 million, roughly flat to the prior year's second quarter. As I will discuss in a moment, we are continuing to pursue new destinations, which we expect will provide strong on-site sales distribution and growth potential for the region.

With that said, let me segue into an update on our planned new destinations. For those of you that have not yet listened to our Investor Day presentation, you may have missed the announcement of our planned purchase of the Marriott Surfers Paradise hotel on the Gold Coast of Australia. Our intent is to convert several floors of inventory to sell as vacation ownership and sell the remaining hotel and amenities within the next year. We believe this new location will be a wonderful addition to our portfolio in the Asia-Pacific region and expect it will provide top line growth as well as more opportunity for our owners to utilize their vacation ownership.

As it relates to Waikoloa on the Big Island of Hawaii, we are continuing to pursue a more capital efficient acquisition of the inventory after the units are renovated in early 2017. Likewise, in South Beach, we are also pursuing a more capital efficient acquisition of those units with the first takedown of inventory targeted for early 2016.

On Marco Island, a third party has begun construction on the remaining towers of our resort, which we will acquire beginning in 2017. And in San Diego, we expect to begin renovations toward the end of the year with the delivery of renovated units beginning in mid-2016.

As I'm sure most of you are aware from our press release earlier this month, we've announced another exciting new destination in our portfolio, having recently closed on 71 units in the iconic Mayflower Hotel in the heart of Washington D.C. Beginning next week, our owners will have access to this inventory through exchange we register the units for sale through our points program. We are excited to add this wonderful location as both the new destination for our owners as well as another important new sales distribution for us beginning next year.

We are at the halfway point of the year and I'm very pleased with the improvements we've achieved over 2014. Year-to-date, North American vacation ownership contract sales are up 7.3%, VPG and tours have improved 2.7% and 3.2% respectively, and total company adjusted EBITDA of $115 million is up 19%.

We've continued to improve in all of our key areas and are on course to deliver against our full year guidance. And looking ahead at the second half of the year, as we have mentioned before, we expect headwinds in the marketing and sales costs from our new sales centers and tour programs, which continue to ramp up. However, this is reflected in our guidance. I'm optimistic about our ability to continue to produce solid results including adjusted EBITDA and free cash flow as we lay the groundwork for the years of growth that lie ahead.

With that, I'll turn the call over to John to provide a more detailed look at our second quarter results and outlook for the remainder of the year.

John?

John E. Geller

Chief Financial Officer & Executive Vice President

Thank you Steve, and good morning, everyone.

Copyright © 2001-2015 FactSet CallStreet, LLC

The second quarter was another strong quarter of positive results, in line with our expectations with adjusted EBITDA coming in at nearly $58 million, an increase of $1 million year-over-year.

Adjusted development margin was 21% for the company, in line with our full year target of 21% to 22% and for North America, adjusted development margin was 23%. VPG continued to grow reaching $3,404 in the second quarter and rental margin continued to perform well, up $4 million year-over-year.

Contract sales in our North America segment increased $5 million or 3.4% to $151 million, driven by continued growth in both tour volume and VPG, which grew at 1.2% and six-tenths of a percent, respectively. VPG growth in the second quarter reflected improved closing efficiency and higher pricing, offset partially by a decline in the average number of points purchased.

The decline in points purchased was a result of an increase in tours and sales to existing owners in the current period, which typically have lower average points per contract. This increase was driven by enhancements to our owner recognition levels that we introduced earlier this year that carried over into the second quarter.

Adjusted development margin in the quarter was $32 million, down $3 million year-over-year. Second quarter adjusted development margin percentage was once again strong at 23%, however, this quarter's margin percentage was down roughly 330 basis points from the second quarter of 2014 with roughly 90 basis points driven by higher product costs true-ups in last year's second quarter.

The remaining 240 basis points of decline related to sales and marketing expenses. As you know, in the latter part of 2014, we began ramping up our investment in new programs to help generate future incremental tour volumes, particularly as it related to new buyer tours.

In the second quarter of 2015, roughly half of the increase in marketing and sales spend related to this investment, which we believe will drive incremental tours later this year and into 2016. The remaining variance was due to the timing of certain marketing and sales-related program costs as compared to the timing of that spend in the prior year. For the full year, we expect total company development margin to be between 21% and 22%.

In our financing business, revenue net of related expenses was $17 million, down $1.7 million from the second quarter of 2014. As we said before, our notes receivable balance continues to decline faster than we are originating new notes. However, we do expect this trend to stabilize and our notes receivable balance to begin growing towards the end of the year.

I mentioned during our Investor Day in May that given the long-term profitability of this business, we continue to identify and implement programs to help drive financing propensity higher than the roughly 40% that we have been averaging in recent years. In fact, in the second quarter, financing propensity increased 3 percentage points from the second quarter of the prior year.

Staying in our financing business, we anticipate executing our traditional notes receivable securitization during the third quarter. Given the current strength of the ABS market and the quality of our vacation ownership notes receivable portfolio, we anticipate excess spreads similar to our recent deals.

Pivoting to our outlook, we are reaffirming our previous guidance with the exception of adjusted free cash flow, which we are increasing by $30 million to a new range of $175 million to $200 million. This increase relates mainly to a combination of development capital spending deferrals and reductions that we have been able to achieve.

Copyright © 2001-2015 FactSet CallStreet, LLC

Looking to the remainder of the year, we do have approximately $25 million of additional pipeline spending assumed in our guidance. However, depending on the timing of executing any of these potential new deals, it may be deferred into 2016. We will update you further on this spend next quarter.

One last item as it relates to our adjusted free cash flow guidance is the impact of the operating hotel we committed to acquire in Surfers Paradise, Australia. As Steve mentioned, our intent is to convert several floors of inventory to sell as vacation ownership and sell the remaining downsized hotel and amenities within the next six months to 12 months.

While the portion of the purchase price related to the vacation ownership inventory is included in our adjusted free cash flow assumptions for 2015, we have excluded the portion related to the downsized hotel given our intent to dispose of this asset in the near future.

Shifting now to our return of capital to our shareholders, we paid our second quarterly dividend on July 2 totaling roughly $8 million. We also repurchased roughly $15 million of our shares. This brings our year-to-date cumulative share repurchases through the end of the second quarter to $66 million for a total of nearly 818,000 shares.

Our repurchase activity in the quarter was impacted by the timing of the accelerated repurchase program that we entered into late in the first quarter that did not close out until well into the second quarter.

Turning to our balance sheet, from the beginning of 2015, real estate inventory balances declined $60 million to $699 million. Keep in mind this does not include the first quarter purchase of the hotel in San Diego as it is included in property and equipment until it is converted to inventory. However, even if this were included, real estate inventory balances would still have declined more than $20 million from the beginning of the year. The $699 million balance includes $335 million of finished inventory, which represents less than two years of contract sales based on our current growth projections.

The company's total gross debt outstanding decreased $143 million from the end of 2014 to $568 million, all but $3 million of which is non-recourse debt associated with securitized notes. In addition, $40 million of mandatorily redeemable preferred stock remains outstanding.

At the end of the quarter, cash and cash equivalents totaled $251 million. We also had $207 million of notes receivable available for securitization in our warehouse credit facility and $197 million in available capacity under a revolving credit facility.

Our second quarter performance has kept us on track to achieve our 2015 guidance. Adjusted EBITDA was equal to that of our record first quarter, and our free cash flow generation continues to produce solid results. I am pleased with where we stand at the midpoint of the year and I look forward to updating you on our performance going forward. As always, we appreciate your interest in Marriott Vacations Worldwide.

And with that, we will open the call up for Q&A. Diego?

Copyright © 2001-2015 FactSet CallStreet, LLC

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will be conducting a question-and-answer session. [Operator Instructions] . Our first question comes from Steven Kent with Goldman Sachs. Please state your question.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Good morning, Steve.

Steven E. Kent
Goldman Sachs & Co.

Q

Good morning. A couple of questions for you. First off, the VPG number which gets a lot of focus from us and investors always shows some amount of volatility, and I just wanted to know – just review again: it sounded like there was a mix issue. Can you talk a little bit more about that and what drove the trends there? I know you've talked to it, but I still don't understand it.

And then maybe most importantly, how do you measure yourself, your management team and your executives? Do you measure yourself on tour flow, on sales, on VPG? How are you compensated and how should we start to think about so many of these variables that are going to be moving around?

And then one other thing which I don't think you talked to today, but I know you've talked to us in the past about is the ability to recycle or capture inventory from some of your existing owners, and what initiatives do you have on that front?

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Okay. Let me – kind of in reverse – and this is Steve. Let me kind of address two things. First of all, how do we measure performance, compensate people within the organization, et cetera? Clearly, within the sales and marketing organization, which is obviously where the question is centered around, they are based on several different things. They're based on total volume and they are based on costs.

At the end of the day, VPG is a quick way of looking at how you manage costs going forward. Obviously, if your VPG or the amount of volume that we get per tour goes up given the fixed cost nature of many of these tours, then as a result, you get better gearing effect and better leverage and therefore your costs go down. So that's a way in which they're looked at.

More broadly, the entire management organization is looked at from a development margin standpoint as one of the metrics that we focus on as a way of judging the annual performance targets, et cetera. As far as the question about what's going on in terms of what's driving VPG, keep in mind that there's several different ways you think about this.

Most importantly, it's probably the mix of tours that you get between existing owners and first-time buyers. As I think we said before, first-time buyers have a tendency to have a higher volume per contract but a lower VPG and existing owners have the converse. They have a lower average contract but a higher VPG. And the determinant factor in both of those things is closing efficiency or the rate of the percentage of which you close. It's just how it all mixes together to be honest, Steve, in this particular period.

Copyright © 2001-2015 FactSet CallStreet, LLC

The other thing I point out is that while the VPG of only six-tenths of a percent growth in the quarter, it's on top of 5% growth last year in the second quarter and 8% growth in the second quarter 2013. And year-to-date, our VPG is up 2.7%. When we started the year, we said we thought VPG growth would roughly be in line with inflation. I think we're right on target where we thought it would be. There will be some ebbs and flows on a quarter-to-quarter basis, but I don't think it's of a material nature that one quarter is up or down. You may recall it in the first quarter, it was up rather substantially.

John E. Geller
Chief Financial Officer & Executive Vice President

A

And then I think on the last question, Steve, you had just on recycling inventory, we'll probably buy back whether that's through COA defaults, which is a pretty low percentage of the inventory we buy back, but more opportunistically in terms of owners that are looking to sell their time share. We'll spend $50 million to $60 million this year, and that will be at a product cost when we resell it significantly less than, call it, the 29%, 30% product cost that you see in our P&L from a system-wide perspective.

So, I think that pace probably seems about right. Obviously, as we continue to grow and the system continues to grow, I mean it might increase, but not necessarily greater than a percentage of the growth in the system, if you will. So, I mean that's how we think about recycling that inventory.

Steven E. Kent
Goldman Sachs & Co.

Q

Okay. Thank you.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Thank you.

Operator: [Operator Instructions] Our next question comes from Christopher Agnew with MKM Partners. Please state your questions.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Hi, Chris.

Christopher Agnew
MKM Partners LLC

Q

Thanks very much. Good morning. I wanted to ask about rental income and you had a strong quarter and I think you talked about benefiting from opening two new phases. So can you just help me think through how those new phases impact the outlook for the rest of the year? And then is it fair to assume as you continue to add additional phases over the next couple of years that you'll likely get a similar benefit when those are opened? Thanks.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Yes. So the first part of your question is obviously we opened the third tower in Las Vegas and the ninth phase of our project in Shadow Ridge late in the second quarter, early third quarter of last year. So, as we start to get

Copyright © 2001-2015 FactSet CallStreet, LLC

towards the end of this year, there'll be more comparability between available inventory in the system than what there was in the first two quarters of the year, because that didn't exist in the first two quarters of 2014.

Having said all that, as we continue to add new projects, new phases, et cetera, there comes unsold developer inventory that we can put on the shelf and rent, and I think as you saw in our Investor Day, we saw that there was some very meaningful improvement in what we think the rental results will be on a going-forward basis.

But one caveat in all that is when you have unsold developer inventory, you do have an offset in the rental P&L which is for unsold maintenance fees. Those maintenance fees are attached to every single week, whether it's sold through an owner or to whether we own it. But on a net basis, we believe that there will be improvement in the rental margin going forward.

Christopher Agnew
MKM Partners LLC **Q**

Got it; thanks. And going back to VPG a little bit, I don't know how big the Encore Program is, but I know you called out that that has higher VPG. Is that something that's – I don't know if you can give us some sort of context on the size of that, but is that going to be a driver of improving mix going forward?

Stephen P. Weisz
President, Chief Executive Officer & Director **A**

Well, we're very pleased with the production of Encore packages, and what that really translates to, Chris, is that there is – when someone takes a tour today, for whatever reason, they choose not to purchase, we give them an opportunity to come back for another vacation with the notion, as I just mentioned in my remarks, that should they choose to buy when they return, then we take the cost of that package and we net it against their purchase price. That pipeline of potential tours coming from those Encore packages continues to grow.

The one downside is we don't know exactly when people will choose to plan their vacation, so we can't exactly say, well, we know that this person who bought today will tour in six weeks or whatever it is. But we're very encouraged by that. While we don't disclose the premium that we get in VPG of Encore packages, let me just say to you that it is materially higher than what we see on a general average basis, keeping in mind that some Encore package tours are included in our quarterly VPG announcement anyway.

Christopher Agnew
MKM Partners LLC **Q**

Okay; got it. Thanks. And then final question, and I apologize if I missed this, but John, can you recap just around the accelerated share repurchase program? I'm not sure – I missed your point there.

John E. Geller
Chief Financial Officer & Executive Vice President **A**

Sure. Right at the end of the first quarter, we did an accelerated share repurchase of about $30 million, and those programs have a tail on them, right, with the counterparty to buy those shares back. Typically, they don't take the full period of time. This one went out the full 60 days. So for all intents and purposes, we were really out of the open market buying even after the window opened up until late May. So, call it the $15 million that we bought back in the quarter was really the last month of the second quarter.

So I think you've got to look at it like the $30 million ASR that we did pull forward I think from a timing, that's why from a year-to-date, we're at call it $66 million. We've returned another $16 million in our two dividends. So

Copyright © 2001-2015 FactSet CallStreet, LLC

on a full year run-rate basis, you're looking at -- we're on track to return over $160 million, $170 million based on the current run rate. So I wouldn't over-read too much in was our point in the buyback activity in the quarter.

Christopher Agnew
MKM Partners LLC
Q

Okay; perfect. Thank you.

Stephen P. Weisz
President, Chief Executive Officer & Director
A

Thank you.

Operator: Our next question comes from Bob LaFleur with JMP Securities. Please state your questions.

Stephen P. Weisz
President, Chief Executive Officer & Director
A

Hey, Bob.

Robert A. LaFleur
JMP Securities LLC
Q

Hello. Question about the margins; John, you talked about the upward drift in sales and marketing as a percentage of revenues being related to ramping up your tour generation. I just wanted to kind of talk about that going forward, because it seems to me as you start adding these new properties to inventory and start building new sales centers, you're going to have some additional upward pressure on that before the sales sort of catch up with the costs. So I was just wondering if you could talk about the dynamics going forward of sales and marketing.

John E. Geller
Chief Financial Officer & Executive Vice President
A

Sure, and, Bob, this is something we've been talking about. We've been successful over the last years; we've been ramping up the tour flow. We've had good VPG growth and that's helped, as Steve described, how you're more cost effective in terms of marketing and sales with better VPG. But the guidance we gave for the full year, the 21% to 22%, assume not only this investment, but also there's going to be as we've talked about start-up costs related to the new sales centers. We'll articulate those.

That really wasn't a big impact here in the second quarter, but that is going to be some of the headwinds for the full year as we move to start to open those late this year, early next year. But to Steve's point in his comments, we've included that in that 21% to 22% guidance for the year. So, it's something we said we're going to continue to try and maximize, but on the flipside, if we start to grow the top line and drive top line sales growth, we'll drive the overall development margin in terms of growth, but it's always that balance.

Robert A. LaFleur
JMP Securities LLC
Q

Are those additional costs related to sort of ramping up the tour flow? Were they sort of one-time in nature and does that recede a little bit once you kind of hit a pace or is that something that's going to be consistently in that number going forward?

Copyright © 2001-2015 FactSet CallStreet, LLC

John E. Geller
Chief Financial Officer & Executive Vice President

A

Yes. Go ahead.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Clearly, as we have continued to ramp things up, Bob, yes, it's on a comparable basis to same time last year, yes, we're spending more energy, more effort and, ergo, more cost in trying to dial those things up, particularly as it relates to things like the call transfer program that we did with Marriott, which didn't really pick up enough steam until last summer and then it began to grow further as we got into this year, et cetera.

There will reach a point of equilibrium, I believe, where the cost going on and the cost coming off will kind of offset each other. So, I think it's more of a – we've gone from having limited new growth opportunity over the last several years of opening up new sales centers, et cetera, to kind of getting into the growth business once again. So there is some attendant related start-up activity goes along with that, but I think you'll start to see it level out.

John E. Geller
Chief Financial Officer & Executive Vice President

A

And you also get the tours start showing up and the sales associated, which once again allows us to leverage the fixed portion of our marketing and sales costs and drive margin.

Robert A. LaFleur
JMP Securities LLC

Q

Okay, thanks. And one quick follow up on COGS this quarter. You were up, looks like, 50 basis points company-wide and 90 basis points in North America. Was that the comp to the true-up last year or was there just a mix issue? What's going on with COGS this quarter?

John E. Geller
Chief Financial Officer & Executive Vice President

A

Yes, it was the product costs true-up. That was about 90 basis points in North America. So last year had a benefit, if you will, versus this year. So just timing.

Robert A. LaFleur
JMP Securities LLC

Q

Okay, that's all. Thanks, guys.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Thank you.

Operator: Ladies and gentlemen, there are no further questions at this time. I'll turn the conference call back to management for closing remarks. Thank you.

Stephen P. Weisz
President, Chief Executive Officer & Director

Copyright © 2001-2015 FactSet CallStreet, LLC

Thank you very much for your questions and for your attention. Let me just close by saying we've had a solid first half of the year. I look forward to reporting on our continued success as we progress through the remainder of 2015. Thank you for your participation on the call today and your continued interest in Marriott Vacations Worldwide. And finally to everyone on the call and your families, enjoy your next vacation. Thank you.

Operator: Thank you. This concludes today's conference call. All parties may disconnect. Have a good day.

Disclaimer

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

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

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2015 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.