

Q2 2017 Earnings Call

Company Participants

- Henrique Manuel Marques Faria Lima Feire, Vice President of Finance
- Miguel Nuno Simoes Nunes Ferreira Setas, Chief Executive Officer

Other Participants

- Lilyanna Yang, Analyst
- Thiago Silva, Analyst

Presentation

Operator

Good morning and welcome to the Conference Call of EDP Energias do Brasil to release the earnings of the Second Quarter '17. All participants are in listen-only mode. Later on, we are going to start our Q&A session when further instructions will be provided.
(Operator Instructions)

This presentation, as well as the slides will be simultaneously webcast on www.edp.com.br/ri. In there, you will also find the company's earnings release. Before moving on, EDP Energias do Brasil would like to let you know that any statements made during this conference call relative to the company's business outlook as well as projections, operating and financial goals relative to its potential growth are based on assumptions based on the management's expectations with regard of the future of EDP Energias do Brasil.

Forward-looking statements depend on the country's economic scenario, the performance and regulation of the electric segment in addition to other variables, and therefore are subject to changes.

Now, we will turn the call to Mr. Miguel Setas, CEO and Investor Relations Officer of EDP Energias do Brasil to start the call. Please, Mr. Setas, you may go on.

Miguel Nuno Simoes Nunes Ferreira Setas {BIO 15901389 <GO>}

Good morning, everyone. I would like to start by thanking your presence, your attendance in this conference call to release the earnings of the second quarter 2017. I'll tell you [ph] that we have our Finance Vice President [ph] , Henrique Feire here with me and other company officers to be able to clarify any questions you may have with regard to the second quarter '17.

FINAL

I would tell [ph] that this is generic and brief, I believe that, that was a solid quarter with regards to operating and financial results, we are going to show that throughout this presentation, and with this regard, we are going to start now with page three, with the highlights of five to six points that in our belief is the summary of the operating results this quarter.

So first is that we have 91.4% of physical evolution of the construction of Sao Manoel plant which enables us obviously to continue to estimate a possible extent of the startup of the first machine of this plant.

You know, it's the partnership with our partners CTG, Furnas and therefore the indications that we have from the project team [ph] is that, we will probably be by the end of the year, the last quarter of 2017 with the first machine operating and we are working for that to reach this goal and this result should [ph] -- says that it is possible.

Second is the decontracted the MCSD in the three plants, minus 120 average megawatt in Sao Manoel, they have 409, so we are talking about approximately 30% of the volume of this plant. And the decontracting in the total concession period between 2018 and 2047.

So, it is a strategic decision of removing 30% of the volume that were in the regulated market and trade to them in the three markets. Part of this volume should hedge the risk of GSF and others should be recontracted in the three environment as we are going to see further, and Henrique is going to explain that in a few slides.

Jari and Cachoeira, the decontracting already started, but here, it's for a shorter period for the coming months of 2017 but again with the same objective, being able to reduce the exposure to lower prices in the regulated market and have them traded in the three markets which has more optimistic view in terms of prices.

And now the highlight is the same for the first time in the history of the plant, we have approved availability above 90%. We closed the quarter with 91.6% which for us is a clear sign of the maturity of those assets, but it's now within the regulatory norm, that you know, 90% is the minimum requirement that we have for the operation of this plant.

And the fourth point is, distribution investments. I'm not going to be very thorough [ph] here, but just to tell you that we kept our strategy of continuing, engaging our most relevant efforts in distribution, not only to optimize our operation, avoid losses, increase productivity but also to add to more value to our BR [ph] that in 2019 we are going to have a serious review that we will incorporate those investments.

A consequence of this investment is the reduction of total losses. Just we are talking about total losses just not to have any confusion between technical losses and commercial losses. So in total losses, we had a decrease of 0.43 percentage points in Sao Paulo compared to last year and 0.50 percentage points in Espirito Santo compared to 2016 and we are going to see very briefly what that means economically speaking, Henrique is going to brief the information.

As a consequence, an increase in 23.3% of traded volume, which is no surprise when we have the migration from the regulated markets to the free markets, and we see that this is clearly a positive highlight of this quarter with the performance much above what we expected in the beginning of the year.

So in addition to volumes, we are adding margins, risk management, so we believe that our performance has been really positive in the first half of 2017. Well, now we are going to go to page four, I'm sure you have seen this data in the release before.

So I'm not going to go into too much detail in those numbers. Just to let you know that in terms of volumes we are obviously in a scenario that still [ph] has compressed stable volumes in distribution in Sao Paulo, a margin of positive evolution, 0.4% in Espirito Santo minus 2.6, which shows a negative illusion of 0.9 percentage points.

So still a depressed demand that affects our distribution volume. Let's go to page 20, just to recap what the transmission was all about, I'm sorry to page six, that was a consequence of what we had last quarter, that we couldn't fail to mention this information in this call, the company's strategic bet [ph] of getting five lots in the first [ph] action with 3.1 billion in CapEx, you know we were the company that has the highest committed investment in the last auction and in the coming year, this will have a reflect in our recurring EBITDA.

As you know, our recurring EBITDA is close to BRL2.2 billion a year, with this new business unit, we can have BRL0.4 billion a year which really takes us to a new level of margin aggregation in our business portfolio. I'm not going to go into detail, we had an explanation the day after our participation in the auction.

In the Q&A if you want to answer questions about that, we are available, I just wanted to remind you that our growth agenda has this new pillar and we are very much focused on executing this project.

And once more, with the competencies that we developed in Generation and we showed with the advance of three plants, two already finished and the third one in the pipeline, we want to get to the same level of performance in transmission.

So in due time, we are going to bring information about this project, their development and our capacity to meet deadlines and execute contraction within time and budget that were planned.

And to that detail [ph] we want to bring absence [ph] of that so the market can be confident on our bet. All that said, I'm going to ask Henrique that after this generation about prospects of growth, could go into generation on page eight.

Henrique Manuel Marques Faria Lima Feire

FINAL

Well, good morning everyone, so we are going straight to page eight and talk about generation. Talk a bit about the energy risk. We increased our long position, so today we have decontracted energy, we increased by 9% from 96 megawatt in the first quarter '17 to 166 megawatt an increase of 73%, which gives us some production thinking of GSF that is going to be a bit more complicated in the second half, especially because of the fee regulation that can pressure GSF and therefore, we have a hedge that was increased and therefore we feel very much protected to a less favorable scenario in the second half of the year.

Going to slide number nine. You know that we were part [ph] in MCSD with Sao Manoel, Jari and Caldeirao. Miguel already mentioned that and here you just have a bit more detail.

Sao Manoel we had the decontracting for the whole period of the contract, 120 megawatt of which 90 megawatt were for trading in the spot market and 30 megawatt stayed in the company as a hedge for the future.

Remember that the updated price is BRL105 per megawatt hour. In Jari and Cachoeira, we were part of the MCSD for the second quarter of '17, so just limited to this period, but shown with a relevant impact.

In Jari we removed about 21 megawatts and we left 17.5 as hedged, and in Cachoeira Caldeirao 14 as hedged and 80.7 average megawatt contracted by shareholders.

Going to slide number 10, we talk a bit about Pecem, first we would like the availability of the plant that we reached 91.6%, year-to-date in 2017 with the highlight of the generating unit point 2 [ph] that had 96%.

And the first machine had 87 that we had a scheduled maintenance during 16 days. So we advanced that the second generating unit will have a scheduled maintenance in September this year, that we believe we are going to maintain availability above 90% along the year.

As you know in the past, we couldn't achieve this availability above the regulatory target. And therefore we were not able to hedge the average that was impossible, so we had to pay penalties, but in the year of 2017, you know that the calculation was into [ph] August, so in August last year there was an average that was closed for this year.

And at that time, we had 54% of ADOMP's hedges for 2017. Basically this is something that is calculated with the provision for bad debt, minus the availability of the plant and you have to take into consideration the core exchange rate as well. So all this impacts this amount.

So, basically you have a hedge for the next segment with that. But anyway as we understood the market, we thought that there was a possibility to work with that and

Bloomberg Transcript

today we are protected with this risk, both in terms of energy risk, with the bad debt and with the availability of the trends, we have again the coal cost and exchange rate.

So we limited our ADOMP in terms of cash for the second quarter. So if the average cost is 250, we would have a penalty of 30 million [ph] . But we protected the company and pro-actively, we covered for the possible risk.

As for water charges, you know that we had a reversal of the water charge in this period and therefore, we could pass that through to consumers and therefore we are going to have a positive result in our bottom line.

Going to distribution, we have on slide 12, some quality indicators of EDP Sao Paulo and Espirito Santo. Basically (inaudible) in both cases you can see that we are below regulatory target, in EDP Sao Paulo we have a size of 8.13 against the target of 8.41 and size 5.06 against 6.59.

In Espirito Santo, we have a gap of about 1 hour, 8.83 to 9.81 which gives us some comfort compared to regulatory targets and 5.24 against 7.65. So we are below target, we are doing fine.

On slide 13, we have the evolution of total losses in both distributors as in quantified numbers in EDP Sao Paulo we see that in June 2016, one year ago, we had total losses of 9.16%, and this year, in this quarter we closed at 8.73%.

Therefore, we have a drop that is quite relevant of 0.43 percentage points and that translates it to 11.6 million a year. In Espirito Santo also with a decreasing trend, a drop of 0.50 percentage points which accounts for 10.5 million a year.

We still have a regulatory gap in the case of EDP Sao Paulo, we are 0.85 percentage points and in EDP 1.75 points. And remember that, that was reviewed in 2016 to 11.55 for total losses.

Going to slide number 14, and here have an analysis of -- a comparison between our EBITDA, quarter's EBITDA reached end of quarter and the regulatory EBITDA. And here we try to find focus for EBITDA [ph] .

So we start with the regulatory EBITDA of 379 and we got to the period's EBITDA of 386, what made the difference between the regulatory EBITDA and the quarter's EBITDA. We have certain losses as we had some gaps accounting for 48 million, 16 million relative to Sao Paulo and 32 million, Espirito Santo.

Then we have a market value that is affecting the line positively then over contracting in the first half of '17 that had a positive impact in our account by BRL33 million.

FINAL

Bloomberg Transcript

FINAL

OpEx we are below OpEx by 21 million, in Sao Paulo 12 and Espirito Santo 9, PDDs continues to be a variable that is pressured by the economy despite our actions and we do have a gap to the regulatory target and this gap accounts for 31 million and others an impact of 24 million and we get to 386 for our current EBITDA.

We are focusing on the main actions to combat loss. We have extension of BT Zero that is the concentrated metering system, public illumination inspection, that you know that has to do with the registration and so re-registering consumers and checking public elimination is very important.

Illegal customers, remove and regularization of illegal customers as that really fights the expenses with energy, we are investing technology for that. And then to combat PDD, we are using some analytics, so we are starting to create parameters and cutting rulers that are dynamic.

So we are using lots of information and our analytics area is generating dynamic rules for us to have intelligent cut, and we are controlling this variable, also it is very pressured now-a-days.

So that is a summary of the gap between the regulatory EBITDA and the actual EBITDA and we understand the origin of this businesses [ph] .

Now we are going to slide number 15, where we have an analysis of our CapEx, we increased in 2016 quite significantly the amount of our investment and in this chart, we can see that we increased from '14 to '16 by 58%.

In 2017 we are keeping the level of investment even increasing it a little, and we see CapEx against the QRI -- and -- QRR sorry, and we were at 1.2, 1.3 times and now we are 1.7 times in '17 and that's what we want to increase are slightly (inaudible) slightly increased for 2017.

Now, more specifically about financial growth. On slide 17, we have some highlights. First, we had a growth in our gross margin of approximately 8%, EBITDA as we mentioned had growth of 16% and net income growth of 45%. Lower financial cost as well, a relevant highlight is PMTO below inflation rates.

It is important because this is a variable that has to do with the (inaudible) we have been developing and our leverage level that is captured at the level of '16, 1.7 times.

Going to slide 18, we have an explanation per business of the evolution of our gross margin as comparing to second quarter of '17 to the second quarter of '16. So last year we had 800 million in the second quarter and this year 862, growth of 8%.

If you take a look at the business, the most positive contribution comes from commercialization and grid that have an impact of 63 million. Energy availability advanced the reaching of the market that enabled us to reach this result.

FINAL

Distribution went positive 45 million, we had the tariff review, we had the issue of over contracting and last year we had a non-recurrent gain that has been reversed approximately BRL15 million, BRL14 million and if it were for this effect, we would still have an increase of 60 million comparing quarter-on-quarter.

Thermal generation in Pecem, we have a negative 63 million quarter-on-quarter. The impact of the water charges that were paid in the quarter is BRL22 million, a positive, but here we have variables that has to do with coal logistics and also coal cost in the plant.

And you know that, when it is with a dispatch below 100%, we have a lower efficiency and we do have the possibility of passing on prices, but still we have some expenses when this happen.

There is also an inversion compared to last year in 2016. We were in a period that our PLD was very low about BRL70 per megawatt hours and the perspective for ADOMP was communicated, we had the fees, so at the energy review, we thought we would have a reversal of BRL30 million, and so all this effects gave us this margin in thermal of minus 63.

And for water generation, we had a positive 14 million, despite GSF and spot prices and were worst [ph] . Last year was 60 as I mentioned and this year is 300. So an increase of 84% and that has a negative impact of almost 60 million.

That because we pro-actively worked on that, we could offset this amount and we ended up having a positive result at 14 million. From now, we are going to slide number 19. And here we have an analysis of our EBITDA, first talking to the right chart, our PMTO. As I mentioned, we had a decrease of 3% and the most relevant effects are increased here.

We had an increase of 2 million because of the collective bargaining, October, November last year, not reflecting the inflation of almost 3%, but anyway, it was an agreement of almost 18%, also extra hours that last year were much more relevant and in this year were decreased. So this is one of the factors that should be highlighted.

And then in services, we see an increase that reflects the increase of activity in distribution. So in the business of distribution, we increased our activity to combat losses and delinquency, especially with the cutting of consumers. So that was more than offset by other factors [ph] .

And then provisions, although we had a high amount, we had a contingency of 5 million between one year and the other, and in a way that favors our numbers. So in terms of variables, we had to increase whenever we had to increase and we arranged our structure to decrease costs, and that reflects margins, an increase of 64 in our EBITDA, and that reflects an increase of 44 million in our net profit. That again is because of an improvement in our results and the financial results that was lower in this period, but our net debt is also lower.

On slide 20, we have the evolution of our indebtedness, and in this period, we had the two issuances in distribution as it is Sao Paulo and in the Espirito Santo at a price of 108.65 [ph] offered to the market a 112. And the offer showed the good credit of both distributors in the market.

We continue with 3.6 in terms of covenants, our indexed debt is basically CDI, we do have -- in some in dollar but our -- most of it is in CDI, and basically this is the debt that we have investing [ph] together with the NDFs.

So with that, I close our financial presentation, and I turn to Miguel.

Miguel Nuno Simoes Nunes Ferreira Setas {BIO 15901389 <GO>}

Thank you, Henrique. Just to close, I have a final message to talk about what is going to be our focus in the coming months. Nothing new really but on page 21, you see per business units our focus in transmission, we are engaged to naturally in executing the five lots that were awarded to us, and also keep in our rated [ph] new opportunities because that's our focus in this new business segment.

In generation, as we already said today, we are going to continue to pressure as much as possible to be able to have the anticipation of Sao Manoel for the end of 2017. Today, we also saw that we were quiet diligent and proactive in the management of our energy risk and extension of our hedge from 9% to 16%, protecting ourselves from a negative evolution in the area of energy and prices.

So risk management to us have been really critical to create value and we are going to continue to focus on that, and the logistics of coal in Pecem.

You know that we still have a situation that is not completely efficient especially with sharing the treadmill with CFT [ph] and we are working very hard, so that the maintenance that we have on this treadmill enable us in the next year to have optimized logistics. We are going to work that in the second half of 2017.

In distribution, Henrique was quite clear, all the efforts that we had to reduce losses, delinquency and also to add value to our regulatory asset base, and also to improve our operational efficiency, this is going to be the focus in distribution, and finally in commercialization, you saw that in this quarter, basically commercialization was the highlight for the aggregation of margins to our business, we are going to continue this prospect.

Obviously, always matching with our efforts, with the mitigation of risks and now, working very hard to -- in our area of services, Energy Efficiency and also Solar Distributed Services.

This is a segment that is growing a demand, exponentially in the Brazilian market. We are trying to meet the demand that is coming to us, and therefore, we believe that in the

coming months and in the coming quarters, this is going to be the focus of our business unit.

You know that the group culture is very strong. We are changing our culture. We will have a new management model implemented in the company, and we are trying to optimize our efficiency control costs, especially because our base zero budget that now is in the third year of implementation.

We are going to continue in our work front and also we have to consider our digital agenda that is going to be very disruptive in our sector and we are working with this agenda in several levels in the value chain, new tools to relate to the clients in support to decision making, Henrique talked about our analytics.

We have a very strong analytics teams with mathematician, statisticians with the possibility of supporting us and also something that is very dear to us and to EDP as you know that we are pioneer in listing [ph] in the Brazilian Electric sector which is the robotization of processes.

We have the first robotization excellence center with 20 people programming robots, we have three robots in operation and those programs enables us to have more focus on extracting efficiency and productivity from our operations and concentrating our team in higher value-added tasks.

This is a time that the company is growing, so what we want to do with the current headcount and company's structure is to be able to support our growth without having major reflexes in terms of the increase of people in our headcount.

So, this is a topic, it's certainly one strategic focus and I couldn't fail to mention this topic in this conference call. All that said, we close our presentation here and we are going to open for questions. Thank you very much.

Questions And Answers

Operator

Ladies and gentlemen, we will now start the Q&A session. (Operator Instructions). If you have any questions in English, the Company is going to answer them in Portuguese and they are going to be simultaneously translated into English. Thank you.

Our first question comes from Thiago Silva from Santander.

Q - Thiago Silva {BIO 17655676 <GO>}

Good morning, everyone. Thanks for your call. I have two questions. The first with regard to volumes. We noticed in the second quarter that you had quite a decrease of volume in

the Captive market for the distributors basically because of temperature issues and migration.

When do you think this is going to be stabilized for the next quarters? And also about PDD, we see that PDD went down, the provision for bad debt, decrease year-on-year.

But in the distributor in Espirito Santo, it went up slightly compared to the first quarter '17. So, I would just like to understand what happened and what we should expect further on in this line. Thank you very much.

A - Miguel Nuno Simoes Nunes Ferreira Setas {BIO 15901389 <GO>}

Hello, Thiago. Thanks very much for your question. I am going to answer the first and Henrique is going to answer the second. Well, with regard to volumes, the first month of the year continued to have the effect of the migration of customers from the regulated to the free market.

So when you see energies distributed globally in both operation -- we see plus 1, minus 1, you have 0.9 negative in terms of distributed energy. But in the captive market, we have a relevant drop. We expect to have a flat volume for the end of the year. We are not expecting major evolutions in terms of volumes.

In the case of Espirito Santo, this prospect may change and we have been reading news about that, we saw some news that diverge a bit on the topic about resuming margins in Espirito Santo.

As you know, first, we have a more optimistic prospect for 2017. Now people are saying that this is only going to happen in 2018, we know that the political issue in Espirito Santo is important and we are working with that, to try and improve this caliber.

But certainly in Espirito Santo where we have a high impact to collect for the future. But in the coming terms, I believe, we expect movements that are quite flat, minus 1, plus 1 per head, not more than that.

As for the provision for bad credit, I would like to explain something in terms of our strategy. There is something that has to do with positioning, we believe that in Espirito Santo we have been exerting some pressure on residential bill below a certain amount and we are trying to have a joint effort for the customer to come back, pay their debts in installments and then have a re-connection.

And we have seen that these actions were positive, some customers that wanted to come back to the market. So we reduced these actions now and with that, there was an increase in the PDD. If you don't pay your debt installments, you cannot renegotiate again, so we are being a bit more strict with customers.

And we believe that with strategy together with other strategies that we are taking, it will in the end bring a positive result, but it explains basically the difference between this quarter and the same quarter last year.

Q - Thiago Silva {BIO 17655676 <GO>}

Okay. Thank you very much.

Operator

(Operator Instructions) Our next question comes from Lilyanna Yang from HSBC.

Q - Lilyanna Yang {BIO 14003234 <GO>}

Hello. Thanks for taking my call. I would like you to comment on the proposal of the Ministry of Mines and Energy, the regulatory changes and also hear what would be the amount that you could be receiving with regard to GSF?

And the other question is about your appetite for new projects in transmission. And what do you have, how you see opportunities in terms of M&A?

A - Miguel Nuno Simoes Nunes Ferreira Setas {BIO 15901389 <GO>}

Okay. Thanks for your questions. I am going to try and be as objective as possible in my answer. With regards to the public hearing that is taking place now, we are organizing our proposals, our response to the Ministry you know [ph] until the 4th of August, we are going to have a position from the market, we believe that we still need a bit more time.

We don't think that this -- we have time enough for -- to structure the proposal. But anyway, we have six teams that are addressing the 18 points rate by the ministry.

Basically we are focusing on the things that we consider most important for the market, the extension of the free market, the price determination, the structured element for invoicing in the market, contract processes, collaterals to solidify the market, supply and also the dejudicialization of GSF.

So each one of those topics is a whole world of information as you know, and we have six teams with 59 work streams -- different work fronts, international consultant, domestic consultant, our international colleagues from EDP helping us with benchmarks from models in other parts of world.

So we are very much focusing on having a very constructive proposal. We believe that what is in the market today is a virtual proposal. We think that it is as-a-whole quite correct. So we have some comments to make but the comments are interesting, we validate the concept as positive and we are going to make a concrete proposal for each one of the topics.

FINAL

It is still premature to tell you exactly what we are going to do but anyway, there are many positive things that -- to say, and we have to address each one of the solutions and that will -- in a way will lead to its impact. So, we want to be as competent as possible in our position.

The second question if I understood you is the dispatch -- should be used to reflect those operators that are in litigation. We have one plant that is in litigation and the reimbursement of this cost could translate in an extension of the construction of this plant.

Our assessment today is that the amount at stakes about BRL100 million. So right now we would be kind of neutral to either receive the cost with regard to the dispatch out of the other merit. But anyway, the discussion is itself at very high level. We have to discuss and analyze the impacts depending on the concrete proposal of the Ministry. And the third question that you asked, you've talked about opportunities of M&A and others -- in transmission.

Q - Lilyanna Yang {BIO 14003234 <GO>}

I'm sorry -- transmission?

A - Miguel Nuno Simoes Nunes Ferreira Setas {BIO 15901389 <GO>}

Yes, our focus in the coming months is really to put the projects that we acquired in the past auction in progress, we'll continue to look into auctions where we have one auction at least one more announced for this year.

We are going to take part in this auction with a slightly lesser appetite that we had in the previous year, but we want to look into synergies with projects that we have already acquired.

Also take a look at risk and our construction capacity, so we are going to size our debt based on these elements, so that we do not take a position that is too risky. So bring shields in transmission is something that interests us, something in terms of M&A can be relevant as well.

In terms of generation, we have been very vocal about our interest in minority stake of Eletrobras in our Generation SF, this is something that is in our radar. If so, have been translated into an agreement, but we are interested in it. Sao Manoel, Pecem, Matias [ph] these are three plants in which we have minority stake and we are interested in them and we continue with those assets in our radar.

Other assets can come up. As the Minister of Mines and Energy talked about the -- recently the plans of (inaudible) with 400 megawatt that could be our sweet spot between 100 megawatt and 1,000 megawatts very similar to Jari in terms capacity, it could be a greenfield, but we see that more to the midterm not as immediate.

Bloomberg Transcript

FINAL

In distribution, I believe that Rio [ph] are monitoring market movements. We have been very clear about what interest us and what doesn't. Electrobas asset, we have been talking about that, I think we were very clear with that, this is not part of our priority list. There is an opportunity today in between Rio and Sao Paulo.

We want to protect the interest of our shareholders and we have to look into opportunities but we believe that the opportunity for it to happen is low. But anyway, we keep active surveillance for opportunities outside the Rio-Sao Paulo area. But it is too premature to say anything about that, because we don't have anything concrete to communicate to the market.

Q - Lilyanna Yang {BIO 14003234 <GO>}

Okay. Thank you very much for the complete encompassing answers. Thank you.

Operator

(Operator Instructions) Since there are no further questions, we are going to turn the call back to Mr. Miguel, for his final considerations. Please Mr. Setas, you may go on.

A - Miguel Nuno Simoes Nunes Ferreira Setas {BIO 15901389 <GO>}

Well, thank you very much. I think that, all I have to say is to thank you for your time, for your attention, and to see you next quarter. Best regards.

Operator

The conference call to release the earnings of the second quarter '17 for EDP Energias do Brasil is now closed. Any questions in writing are going to be answered by the company's IR team. Thank you very much for joining us and have a good afternoon. Thank you.

This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.

Bloomberg Transcript