

Q2 2014 Earnings Call

Company Participants

- Milton Romeu Franke, Chief Executive Officer
- Ricardo Bottas Dourado, Chief Financial Officer

Other Participants

- Andre Sobreira, Analyst
- Caio Carvalhal, Analyst
- Gustavo Gattass, Analyst
- Unidentified Participant

Presentation

Operator

Good morning, ladies and gentlemen. Welcome to HRT's second quarter 2014 earnings conference call. Thank you for standing by. At this time all participants are in a listen-only mode. Later we will conduct a question-and-answer session for analysts and investors when further instructions to participate will be provided. (Operator Instructions) This event is also being broadcasted simultaneously over the Internet by a webcast and may be accessed through HRT's Investor Relations website at www.hrt.com.br/ir by clicking on the banner Webcast 2Q14. As a reminder, this conference is being recorded and the presentation is available for download also at HRT's Investor Relations website.

Before proceeding, let me mention that forward-looking statements that might be made during this conference call relative to HRT's business perspective, projections and financial and operational goals are based on the beliefs and assumptions of HRT's management and on information currently available to the company. They involve risks, uncertainties and assumptions as they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of HRT and could cause results to differ materially from those expressed in such forward-looking statements.

This conference call is attended by Mr. Milton Franke, Mr. Ricardo Bottas and Mr. Eduardo Larangeira Jacome. I would now like to turn the conference over to Mr. Milton Franke, CEO of HRT. Please go ahead, sir.

Milton Romeu Franke {BIO 17311636 <GO>}

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Ladies and gentlemen, good morning and thank you for joining us today. It is with great pleasure that on behalf of HRT and with this meaningful picture of our Polvo platform at dawn in one more production day, I am here with the company officers to start the second quarter 2014 earnings conference call.

Please go to slide 2. Please be mindful of slide number 2 which contains a disclaimer to investors regarding forward-looking statements. Let us move to slide 3 now. On this slide, we give you the highlights of the second Q'14 and subsequent period. As you can see in this period, we had one good quarter for HRT, we continue to be debt-free. We continue to build a more and more solid cash position as a result of Polvo revenue and a stronger cost reduction. On the revenue side, this quarter, we had a very good oil production at Polvo and I would like to inform you that we are already preparing for a well workover and to increase output. Worth highlighting in this quarter is the signing of an agreement with Maersk for the acquisition of Maersk's 30% interest in Polvo field, when approved by ANP we will hold a 100% stake of Polvo plus the management of HRT, gaining operational experience in offshore production is of paramount importance.

Another important event in this quarter was ANP's approval of the assignment of a 6% working interest of the Solimoes Basin asset towards Rosneft Brasil as well as the transfer of operatorship of the block. A negotiation which also included HRT's four Chinese onshore rigs as previously informed.

Changing from operator to a non-operator partner in Solimoes is another very important step in HRT's diversification strategy. To complete this quoted event, it is worth highlighting the signing of a memorandum of understanding in Brasilia with Rosneft and Petrobras. This is a very significant event, the signing ceremony was attended by Brazil's President, Rousseff and Russia's President, Putin.

The project aims at setting the alternative to Solimoes gas monetization. The focus now is to detail alternatives considered to be more viable notably LNG, Liquefied Natural Gas and possibly the generation of thermal energy.

Slide four now. We see two charts, one on the left is, we can see the volume produced in the field Polvo and on the right, an indication of operating efficiencies achieved by HRT in the first and second quarters of 2014. We can also see the highlights for the second quarter of 2014. As you can see in the chart of volume produced in the field, even with the natural output decline in the second quarter of 2014, our production was 4.4% higher quarter-on-quarter. 941,000 barrels of oil and approximately 30,000 cubic meters of gas per day in the second quarter. All of the gas was consumed to produce energy, while in the first quarter we produced 901,000 barrels of oil. This improvement stems from a higher operating efficiency in the period, as shown in the chart on the right which increased to almost 100%. We practically produced all hours of all days that we could in Polvo field in this quarter. We also advanced our educational project at the municipalities surrounding the field, as well as in power generation for the field using the natural gas produced. So, as you know, we have been using all this natural gas, we have to acquire any additional gas for energy generation and diesel for gas generation.

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Practically, all of the gas produced is used and oftentimes we get the question here, in previous conference calls and we thought that we would not have -- people said that they thought there was no production in the field because they could not see flames in the flare of Polvo, but it is difficult to see flames in this flare because it's a very small volume burned, practically 100% of the gas is consumed at the field.

Please go to slide 5. On this slide, as you can see in yellow, we see the ring stands the outline of Polvo with around 140 square kilometers of acreage in this HRT asset. Inside the yellow area, you can see in blue, the outline of the limestone reservoirs, in the producing zone. In brown, Guarajuba sandstones, and in the shaded green on the left, pre-salt Coquina is not in production. The black dark calls for the central shelf allocation of Polvo A platform and we can see the producing wells.

As you know, we have 10 producing wells and one injection well in Polvo field. Processing units are all in the FPSO, and it is important to remind you that all of our wells have dry completion in the platform equipped with its own drilling rig. Today about 90% of Polvo production comes from sandstones and only 10% coming from the limestones on reservoir. What this map tries to show you is that there are number of upsides in the Polvo field which will be tapped into by HRT in the coming months and years hopefully. The technical group from HRT America is reprocessing the 3D seismic data of the field aiming to enhance the characteristics of the producing reservoirs and therefore select the best sites for new drilling in the fields.

At the same time, we have people, we have technical groups from headquarters in the United States setting the wells that have already been drilled to identify wells ready for workover so as to put new wells into production without needing to drill new wells but finishing the completion of the existing wells.

The first workover of this type is scheduled for the third quarter while the first drilling of new production development wells in Polvo is expected by year-end, beginning of 2015. I now turn the floor over to our CFO, Ricardo Bottas who will give you detail on the financials for the period.

Ricardo Bottas Dourado

Thank you, Milton and good morning. Going to slide 6, in the first half of 2014, HRT has three oil (inaudible) shipment, gradually increasing the volume of each shipment, seeking to optimize cost as well as finding new price opportunities resulting from increased scale from its shipment.

It's also important to highlight that revenue is only posted after shipments are concluded and the oil is then transferred from the FPSO Polvo to client cargo ships. And it is only that the invoices are issued. A higher Brent price coupled with a lower negotiated discount allowed for a 6.8% increase in prices in Q2 '14 when compared to Q1.

Therefore, even though the shipment completed in June 14 was 5% smaller when compared to the sum of the shipment in Q1, revenue in dollar terms was 1.2% higher. Next

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shipment from HRT is scheduled for the second half of September for an originally planned amount of 550,000 barrels. HRT has a commercialization agreement with Glencore which since the second shipment has been in charge of identifying and negotiating prices with consumers. Slide 7 now, now we see that net revenues in the second quarter totaled BRL138 million coming primarily from exports of 595,000 barrels of oil. Year-to-date, approximately 1 million barrels were exported generating revenues of 281 million. Gross income of 55 million in the second quarter and 78 million in the first half reflects the result of our production operations in Polvo field, net of allocation of corporate expenses, G&A and geology and G&G expenses. It's also important to highlight that the amortization of the Polvo concession preliminarily recognized was posted as a cost as well as a provision for abandonment representing amortization costs of 20 million and 43 million referring to within the period in terms of production costs, as I said, BRL20 million for the first and second quarters.

Excluding impact of amortization and depreciation and already considering operating expenses, including G&G and G&A, the company's EBITDA in the second quarter was 34 million with 25% EBITDA margin, in keeping with the accumulated margin in the half year. So the year-to-date for the past 6 months was 17 million. Personnel expenses were down 83% when compared to the second quarter of the year before. That was a significant reduction in the company's headcount amounting to 50.5%, when compared to the headcount we had in the second quarter of 2013.

I would also like to point out that in the second quarter of 2013, 100% of personnel expenses were allocated to HRT, as we carried all the cost to our partners in Solimoes as set forth in the 45% farm-in agreement Rosneft, previously Solimoes Basin[ph]. This agreement was concluded throughout the second half of 2013. And so by the second quarter, there was still a -- we were still carrying some of the costs. And still referring to personnel expenses in the second quarter, it's also important to say that during that period, we also posted non-recurring items in the second quarter of 2013.

Items related to the termination of agreements of some officers of the company, and when comparing the second half of that year in the first quarter, we also recognized BRL20 million in stock options of the company, both non-recurring in 2014 and together with a very severe reduction in our headcount of about 50% so this significant reduction in personnel costs occurred in the first and second quarter. As evidence that some actions have been taken to reduce operating expenses mainly related to costs arising from maintenance at the Solimoes structure, SG&A expenses showed a 49% reduction. The focus on cost and expense reductions had a positive effect on third-party services down by 15% year to date.

It's also important to emphasize that unlike 2013 when there were ongoing drilling campaigns and consequently exploratory expenses were allocated to intangible assets, maintenance expenses and expenses related to operating agreements of Namibia and mainly Solimoes, in 2014 they are directly allocated to that period. So in conclusion for that slide, the company posted net income of BRL10 million approximately in the second quarter, and BRL11 million in the first half of 2014. Now going to slide number 8 and now referring to more financial figures.

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The company ended the second quarter of 2014 with a consolidated cash position of BRL365 million, up 19% vis-a-vis the end of the first quarter of 2014. And comparing our -- comparing that to our position at the end of 2013, that decision only considering liquidity results posted an increase of 135%. It's also important to highlight our cash generation position amounting to and we have a small chart that shows the cash flow for the company.

Operating -- cash operating was 149 in the first quarter, which can be measured by the difference between inflow and disbursements. In addition to our inflows coming from divestment programs totaling 47 million this quarter basically stemming from a partial collection of sales to Rosneft and the conclusion of sales of one more helicopter during that period.

I would just like to remind you that in the first half or more specifically in the first quarter, we settled with BP the outstanding balance for the acquisition of Polvo included in disbursements amounting to 163 million in that summarized cash flow and we also settled in an anticipated fashion, the loan that we took with Credit Suisse for the acquisition of Polvo amounting to 96 million as disbursements. Now I turn the floor to Milton.

Milton Romeu Franke {BIO 17311636 <GO>}

In a nutshell, we tried in this conference call to be very brief in the presentation of our results because we want to leave more time for the Q&A but in a nutshell, we are quite aware of the challenges that we have ahead of us but are happy with the results achieved thus far. HRT had a step change in our growth with our cash positions, operating revenues and zero debt. This first half will also be remembered for adjustments in the company's organization with new board members and new executive officers. And as you could see, with a strong cost reduction, the implementation of initiatives to achieve the greater operating efficiency are already part of the company's daily routine.

So we have new goals that need to be achieved in the coming quarters. In the operation of Polvo for seven consecutive months now has shown that HRT has the know-how to operate an offshore field. But we are aware that we need to implement initiatives to not only increase production, but also to reduce unit costs in the field, so that Polvo may have a long-lasting future. I would like to thank you all for joining us in this conference call and together with HRT's management team, we remain available to answer questions that you might have. Again, thank you very much and let's move to the Q&A.

Questions And Answers

Operator

Ladies and gentlemen, we will now begin the question-and-answer session for analysts and investors. (Operator Instructions). Our first question comes from Gustavo Gattass with BTG Pactual.

Q - Gustavo Gattass {BIO 1702868 <GO>}

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Good morning. I have two questions. Perhaps you could help me here, my first question is, I'd like to get a sense of what has been defining this price discount against the Brent price that you managed to have. I just wanted to get a sense that if this is something quite hectic one-time thing, because it is difficult to call it a trend, we have just one or data points. But do you think that a narrower spread is something that could be considered viable for the future? And my second question is I think that you briefly mentioned at the very end, the purpose of selling assets in the divestment program that the company had adopted. Any news there? Any novelties coming along or is the process continuing at the same pace as before? Anything that we should expect in the future?

A - Ricardo Bottas Dourado

Good morning, Gustavo and thank you for the question. I will answer the first and also Franke will answer the question about the divestments. As for the price in this income statement that we included in the presentation, we posted the final price (inaudible) the type of oil sold in Polvo which has a 20 degree to 23 degree API. Heavy discount level, an average discount level that we have presented in the previous quarter that is somewhat volatile.

Historically, following the results of the last two years, when we have this average price determined by commercialization than directly by Maersk NBP, they would sell each shipment and that discount varied from 6% to 9% of the Brent price. So there is some volatility there and this is basically stemming from the windows for the oil shipment.

And it depends on the expectations and on the refineries' expectations of receiving the oil and it also depends on market movements and market demand. They have no correlation -- direct correlation with the brands but the contract that we have with Glencore support that in each uptake we have a priced sale. So we are subject to this kind of volatility within this range, so I cannot say that it is a fabulous discount that we're going to enjoy. I hope that this is clear.

Q - Gustavo Gattass {BIO 1702868 <GO>}

Yeah, thank you very much.

A - Milton Romeu Franke {BIO 17311636 <GO>}

Still, what I can add, that we had three shipments and the first shipment was a sale of HRT, since we had a closing with BP. This shipment in January was negotiated according to the previous structure, BP and Maersk. The second shipment was sold as per the agreement with Glencore and we saw a better discount and hopefully we will continue following that line. Historically we will be able to see how this goes, we will start creating a base for this kind of oil sales, but a good benchmarking that you can use is this type of oil and the price that is so far. Gustavo, it is a pleasure to have you on board this conference call. As for the sale of assets, we continue with a strong activity of divesting. One is, (inaudible), we are receiving proposals from companies interested in acquiring that asset and also our blocks and licensings in Namibia. We are in a very strong discussion with a number of international players that are trying to get into the African business and we are hopeful that we will be successful in this front down in Namibia.

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Our main goal in Namibia while we are entertaining some discussions with the local government, if you extend the period with no compulsory investments specifically in drilling because any drilling today in the current environment while the preparations in a country like Namibia can take over two years.

I believe we have three helicopters, one Embraer plane for sale. And we were able to rent one aircraft temporarily for a company that is operating in Brazil and this was a very good inflow of capital. So, (inaudible) and Namibia are the two major assets that are closer to be divested in our divestment program. Thank you very much.

Operator

Our next question comes from Mr. (inaudible), Bank of America.

Q - Unidentified Participant

Good morning, everyone. I have two questions. Firstly, when can we expect novelties in this gas monetization feasibility study? Any sense when this will be completed? And my second question is just a confirmation one. You're trying to have a firm down in the media, right? So you're seeking a 100% carry, so you're not willing to have drilling CapEx in the media, is that so? I just want a confirmation, please.

A - Milton Romeu Franke {BIO 17311636 <GO>}

(inaudible), good morning. Solimoes Gas monetization project the memorandum of understanding that we signed with Rosneft and Petrobras has narrowed down quite a lot, the alternatives in this feasibility study. We're basically now analyzing two alternatives. One, is the gas in Solimoes LNG and we have included a number of alternatives there. In including LNG, they come close to the production site. And the second one is thermal energy for the production of electricity and this would be injected in the national system, SIN.

We have some companies talking with us that are interested in gas. At this point, we have no clear visibility, are they short-term results. But I can tell you that our feeling is that even before Solimoes gas, particularly given the national scenario in Brazil of lack of energy, a lot of gas is being valued and there are a number of companies trying to get to know more Solimoes, and trying to find an alternative to put this gas in the market.

As for Namibia, the current situation is at Namibia we have practically 18% in our core exploratory licenses. Our feeling is that the company should have a lower exposure to the risk in Namibia although we are convinced that we should continue in Namibia because we have a high discovery potential in these licenses. This year it is not new, a number of international events are taking place in Namibia in South Africa. And the oil industry is looking at these countries. And the fact that we have so many companies in this event is good for us because we are taking this opportunity to announce our data. We are participating in these meetings. We're making presentations and a lot of companies are showing interest in eventually investing in Namibia.

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Our goal is to reduce our stake at the same time, we are negotiating within the Namibian state-owned company to have them participating in the assets and expanding that ones that we have with the government of Namibia. At present, things seem to be unfolding quite well and the Namibian government seems to be interested in partnering with us and big oil companies internationally are also diverting their eyes to Namibia.

Q - Unidentified Participant

Thank you, Milton. Thank you very much.

Operator

Our next question is from Andre Sobreira from Credit Suisse.

Q - Andre Sobreira {BIO 16337358 <GO>}

Hello, and thank you very much for this call. I have three questions, Milton and Ricardo. First regarding Polvo, today you have visibility for one recompletion of a well and a new well or -- is that right or you could still do more CapEx with that which is like, tell me about the cost of a new well or recompletion and what is the life span of the field? So that's my first question.

My second question is whether the discussion with the adjacent fields is something relevant that we should look into and the third question is just a refresh on the exploratory period of Namibia, when that ends and what is the current negotiation status with the government?

A - Ricardo Bottas Dourado

Andre, thank you for your questions. I just want to make sure I understood your question. So you asked me whether the planning of Polvo in terms of the wells is still underway because we also have announced the possibility of our workover. So I don't think -- maybe you didn't understand whether it's a workover or any well. So you just want me to give you an update on the well development.

And the second question relates to monetization of Polvo. Yeah, still about Polvo, I remember that back then there was a debate concerning the possibility of a reservoir that would be split between two (inaudible) I don't know whether that is something relevant or not. I just wanted to hear something (inaudible). And the third question refers to Namibia. Okay, so let me just give the floor to Milton.

A - Milton Romeu Franke {BIO 17311636 <GO>}

Andre, I'm happy to see you in this call. Regarding Polvo's development the plans are still the same but the more we study Polvo, the more upside we find and therefore we are not -- I wouldn't say re-doing it but we are improving the initial plan. During my presentation, I said that Polvo we drilled almost 50 wells, exploratory wells and then 36 development wells and today there are only 10 producing wells and one water injection well. And once we analyze the 36 wells in the field, we were able to identify some possibilities of simple

workovers that may result in an output increase in the field because these are lower cost workovers, we are putting priority into study of these potential workovers.

The second point is that when it comes to drilling the development wells that it was estimated and also to use the non-development deposits, these reservoirs are about six kilometers away from the platform and in order to drill these wells with the rig that we have already in place in the platform, we would need to make some reviews in adaptation. We have to replace some basic equipment like top drive and floating devices which takes about six months until the set-up is concluded.

So drilling process will only be initiated by November or December of this year. So our temp plan is that in the short run, we will make one or two workovers aiming at increasing oil production and by the end of the year, we would start the drilling process because by then the rig will be totally prepared and we will have all of the necessary licenses to conduct the drilling. I would just like to add one more thing to Milton's answer and then I will go back to your second question, that if you remember when we posted a report of our reserves by the end of December, we talked about the three possible landscapes or until the development of 2P and CapEx, 2P and also the reserves, one, for a proved reserve and not yet developed and one, for a 2P even though it doesn't cover the resources for the 3P, but the original plan is that what we're doing now, we are currently updating the model to verify possible results that may stem from these workovers coming from wells that were abandoned or had been previously derailed.

So in terms of the two initial wells, so that decision is still maintained, yes, it is. Well, regarding Polvo's utilization, this is still a subject under consideration and there isn't much I can say, because ANP is still looking into the matter. But I can say that part of the producing reservoirs and the adjacent fields to Polvo and the (inaudible) is an issue that is capable of being analyzed. We are looking at all the technical and legal aspects but at the moment I cannot volunteer any additional information.

Now referring to the exploratory period of the blocks or licenses in Namibia, there are different periods here because each license is a different case. One of the licenses which the term was for August or June, we already informed the Namibian government that we wanted to renew the licenses and look for an extension to the license, and we already met with delegates from the Namibian government and the President of Glencore which is a state-owned company and we are now preparing all the necessary documentation required to renew all the licenses in Namibia in an attempt to avoid delay.

So we hope that we should have 2 or 3 years without the commitment for the foundation. Now adding to that answer and also to give you a more objective information on item 21 of quarterly information, you will have more details regarding licenses and everything that has been done up to now for Solimoes and Namibia as well. Thank you very much.

Q - Andre Sobreira {BIO 16337358 <GO>}

The idea of the farm-out in Namibia is still very feasible, right? If you could, would you like to operate it or you could do a 100% farm out or have a lower stake?

A - Milton Romeu Franke {BIO 17311636 <GO>}

Andre, as part of our objectives, and I do not want to drill down into our strategy but what we want at HRT is to seek for alternatives that are positive that generate positive results and concrete results in our account. And so we are open to talk about that operation.

We do not want to be operators at Solimoes or in Namibia, but if it is important, we will have operators. But if we see any opportunity without being the sole operators, we will certainly be on the other side of the discussion table and we will do the best we can. But we concluded that Namibia in order for all of the several basins of the country to have a good and more aggressive exploratory program with greater continuity is important that it attracts companies with a stronger investment breadth and we are now talking to several large international oil companies and this debate has been so far very successful, and so we hope to give investors good news very soon.

So thank you very much.

Operator

Our next question is from Felipe Santos from JPMorgan.

Q - Caio Carvalho {BIO 16605563 <GO>}

Here is Caio Carvalho. I have two questions, and in fact, it's just a continuation of some of the topics that have been mentioned here. Number one, Namibia. Milton, could you tell me a little bit about the development of Kudu, I think more recently I've heard that you were revealing that there will be another change in partners, and then you are reviewing that subject. So I just want to know whether the Kudu Gas Project is advancing or whether this would have any, I mean I know that will have a positive impact, whether there are some adjacent areas to the region that would probably have some gas. So how would that change your outlook for the blocks that you have close to Kudu. And the second question, on the tail of the webcast of last quarter, you said that one of the initiatives would be to look for opportunities similar to that of Polvo, more mature fields and with more careful work you could probably improve productivity. Certainly I do not expect you to give me a lot of detail, but I just want to know the current status of the situation, whether the company still sees good opportunities in these kinds of projects?

A - Milton Romeu Franke {BIO 17311636 <GO>}

Caio, I'm pleased to see that you are participating in this call and I remember once we participated in the same company. So starting with your first question, one important progress related to that subject is that as in Namibia the demand for energy is growing considerably.

South Africa seems to have a certain difficulty to supply power to Namibia and the Nigerian -- the Namibian government is trying hard to find a feasible solution to Namibia and in terms of the potential development of Kudu, currently, I don't have anything new to tell you. We are just adjusting the database of Kudu but I don't have any information of any large company that is determined to invest.

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At the same time, we noticed that many of the companies that approach us say that an area that is between Kudu and the Namibian coast is an area that is meriting more attention in the last few months. Then today, we see some apparent interest for Kudu for PL, PEL-22 that as what happens in South Africa and the world market, there is a scarcity of assets been offered to large companies. So Namibia seems to be now on the spotlight and also attracting many large companies and many of the large international companies. Now as to your second question that was on Polvo. As I said before, we are extremely pleased with the fact that we acquired 60% stake of BP and we are operating with operating efficiency showing that not only HRT was able to drill in deepwaters offshore, but also we are very eligible in offshore drilling and the third step is Maersk because we already signed an agreement between HRT and Maersk and we're just waiting for a transfer of the 30% stake at Polvo. With this second transaction, we would then hold a 100% stake of Polvo. And at the same time, we are now also identifying other opportunities.

We have received some offers of other production sales outside Brazil and that would be our second priority. The first priority is still Brazil and the top priority in Brazil is the compensation. Logistics for production has (inaudible) certainly, so if we can sort of work in two fields in logistic terms, this will represent a significant cost reduction. So, we are also looking for other assets in the compensation. Some of them have already been identified. We have started some (inaudible) and nothing is already firm or have been materialized. But there are also other Brazilian basins to be considered.

We have some assets on ocean and land basins that we are looking in Brazil, onshore and offshore. So to conclude that subject, I must say that HRT considers that its entry is very positive and we intend to move on in that direction. We intend to reduce our exposure to exploratory assets and increase our stake in production assets, particularly oil production in the next months and years to come. Thank you very much.

Operator

We are closing the question-and-answer session. I would like to give the floor to Mr. Milton Franke for his final remarks. Mr. Franke, go ahead.

A - Milton Romeu Franke {BIO 17311636 <GO>}

Well, I would like to thank all of you for joining us in this conference call. To us, the management, it is always important to talk with you, because you cover the industry and we have an opportunity to do so in the end of every quarter. I would like to thank those who participated with questions. Your questions were very pertinent. To us, it is always very relevant to know what kind of questions you have in mind. I would like to highlight that we are trying to be also more efficient in these presentations.

In the second quarter, our presentation had a very reduced number of slides. This was (Technical Difficulty), we're trying to optimize our conversation with you. So my take-home message here is a positive one. We, the management of HRT are extremely happy with the way our activities are unfolding. The HRT teams are a lot smaller today than they were in the past and still we have been able to cope with all the workload.

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We have introduced measures that are oftentimes not welcomed by people. We have to be very careful in introducing these measures and I think that we are dealing with this quite well. To end, we are convinced that this growth path for HRT can continue in the coming quarters. This is what we hope to have. I wish you all a great day. That does conclude HRT's conference call for today. Thank you very much for your participation and have a good day.

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