

Research Solutions, Inc. OTCPK:RSSS

FQ1 2020 Earnings Call Transcripts

Thursday, November 14, 2019 10:00 PM GMT
S&P Global Market Intelligence Estimates**

**Estimates Data not available.

Table of Contents

Call Participants	3
Presentation	4
Question and Answer	8

Call Participants

EXECUTIVES

Alan Louis Urban

CFO & Secretary

Peter Victor Derycz

Founder, CEO, President & Director

ANALYSTS

George Melas-Kyriazi

MKH Management Company, LLC

Greg Silvershein

Peter Rabover

Presentation

Operator

Good afternoon, everyone, and thank you for participating in today's conference call to discuss Research Solutions' financial and operating results for its fiscal first quarter 2020, ended September 30, 2019.

Earlier today, the company issued a press release discussing these results, and a copy of the release is available for viewing and can be downloaded from the Investor Relations section of the company's website.

Joining us today are Research Solutions' President and CEO, Peter Derycz; and the company's CFO, Alan Urban. Following their remarks, we will open the call for your questions. Then before we conclude today's call, I will provide the necessary cautions regarding any forward-looking statements made by management. I will also provide information regarding the company's use of non-GAAP financial information.

Finally, I'd like to remind everyone that this call will be recorded and made available for replay via link in the Investors section of the company's website.

I'll now turn the call over to Peter Derycz, Research Solutions' President and CEO. Please go ahead.

Peter Victor Derycz

Founder, CEO, President & Director

Thank you, operator, and good afternoon, everyone. We got off to a strong start in fiscal 2020 with record gross margin due to both continued progress in our high-margin, SaaS-based platform business and a return to growth in our transaction business.

As we continue to expand the percentage of enterprise customers within our platform client base, we are cautiously optimistic that this trend in transaction revenue growth will continue.

In fact, during our first quarter, we shifted all marketing resources to focus on growing our enterprise customer base through business-to-business campaigns. As we talked about on our last earnings call, we gained valuable knowledge on a daily basis regarding best sales and marketing practices to drive platform sales, and believe targeting specific organizations for our enterprise offering to be the most effective strategy at generating new paying customers.

We also implemented several new strategies to better optimize our lead nurturing practices, which have already been successful in driving conversion. Given that we have an innovative and state-of-the-art research platform, a fully optimized sales team and a customer happiness group with an exceptional track record in retaining customers through best-in-class service, we remain confident in our foundation and believe our enhanced ability to get more leads in the door with our sales team will accelerate platform revenue growth going forward.

I will provide updates on various platform enhancements, expand on upcoming initiatives and walk you through what we believe will lead to a better conversion rates. But first, I'd like to pass it over to Alan to walk through our fiscal first quarter 2020 financial results in detail. Alan?

Alan Louis Urban

CFO & Secretary

Thanks, Peter, and good afternoon, everyone. Jumping right into our fiscal first quarter 2020 results compared to the prior year. Our platform subscription revenue increased 45% to \$856,000 in Q1, which was driven by continued upselling of current platform customers along with a 34% year-over-year increase in total platform deployments from 239 to 320. This translates into 19 net incremental deployments in Q1. The quarter ended with \$3.5 million in annual recurring revenue, up 8% sequentially

and 43% year-over-year. Please see today's press release for how we define and use annual recurring revenue and other non-GAAP terms.

Our transaction revenue increased by 6% to \$6.7 million compared to \$6.4 million in the same year-ago quarter. Transaction count increased from approximately 202,000 to 216,000 and total active customer count grew from 1,084 to 1,134. Within the total active customer count, the number of corporate customers was up slightly to 853, while academic customers were up 18% to 281. The improvement in transaction revenue was primarily a result of continued growth from new customers and the stabilization of historic decreases from large existing customers.

While one quarter does not make a trend, as Peter said, we are cautiously optimistic that the stabilization of historic decreases from large existing customers will continue, resulting in continued transaction revenue growth.

Together, these businesses delivered consolidated revenue of \$7.6 million, an increase of 9% compared to \$7 million in the same year-ago quarter.

Moving on to gross margin. Our platform business saw a gross margin increase by 80 basis points to 82.4% compared to the same year-ago quarter. This increase was driven by continued proportional decreases in third-party data costs. Our target gross margin in the platform segment remains in the high 70% to low 80% range.

Gross margin in our transactions business was up 80 basis points to 23.9%, primarily due to proportionately lower personnel and copyright costs. As a result, consolidated gross margin increased 250 basis points to a quarterly record of 30.5% compared to the same year-ago quarter. The increase was primarily driven by a continued revenue mix shift to our higher-margin platforms business, and we expect this number to continue improving as our platform business becomes a higher percentage of our total revenue.

Our total operating expenses were \$2.4 million compared to \$2.2 million in the same year-ago quarter. The increase was primarily a result of our commitment to investing in sales and marketing as we expand our platform business and greater professional service fees.

Net loss from continuing operations totaled \$108,000 or 0 per share compared to a net loss of \$220,000 or negative \$0.01 per share in the year-ago quarter. Adjusted EBITDA totaled negative \$36,000 compared to negative \$102,000 in the year-ago quarter.

Now moving on to the balance sheet. Cash and equivalents at September 30, 2019, increased to \$5.6 million versus \$5.4 million at June 30, 2019. There were no outstanding borrowings under our revolving line of credit and our balance sheet continues to remain clean with cash and receivables comprising nearly all of our assets and accounts payable, accrued expenses and deferred revenue representing nearly all of our liabilities.

This completes our financial summary. I'll now turn the call back to Peter. Peter?

Peter Victor Derycz

Founder, CEO, President & Director

Thanks, Alan. First, I'd like to talk about the various updates we made to our platform during the quarter and our upcoming plans for fiscal 2020. We pride ourselves on providing our customers with an incredibly useful and innovative research platform that cannot be found anywhere else on the market. We also take pride in being heavily focused on listening to current and prospective customers regarding the type of tools they are looking for to make their research processes more efficient.

As a result, our platform is consistently evolving with enhancements being made on a daily basis. But as we do every quarter, I would like to highlight some of the more notable initiatives that we completed during the quarter or are in progress for fiscal 2020 to show tangible examples of our commitment to providing a best-in-class product for our customers.

With that being said, during the quarter, in addition to various improvements to existing gadgets, we also increased the connectivity between many gadgets to our Reference Manager gadget. We remain super excited about our Reference Manager gadget, which is being upgraded this month in both functionality and robustness.

In conjunction with this, we completed all coding and quality assurance checks on our new Microsoft Word plug-in, compatible with both Microsoft and Apple Operating System. This MS Word plug-in will be available to our customers as soon as it's added to the Microsoft App Store, which we expect to happen this quarter.

Going into Q2, we have a lot more updates coming, including security upgrades, UX/UI improvements and a host of gadget improvements and the launching of our search and discovery gadget, which will be fully integrated with Reference Manager gadget as well as our overall gadget ecosystem.

We are also in full development mode on Article Galaxy Scholar, which is basically a dimension of Article Galaxy, particularly tailored to the university and academic markets, where we are seeing increased demand for our solutions.

With regard to our product development strategy and road map, we have big ears for what our enterprise customers and prospects want from us. So we will continue to be very market-focused in terms of prioritization and development. But we'll also do some unique experiments of our own in order to highlight the tremendous flexibility and capabilities of our platform, Article Galaxy.

In addition to consistently upgrading our platform, we continue to explore various partnerships to expand our presence within the research community. Last fiscal year, we entered into agreements with several notable companies and academic institutions, including LEAN Library, OCLC and the Big Ten Academic Alliance. Not only is our technology valuable to these companies, institutions, but it presents an opportunity to grow our brand awareness within their respective user bases.

Most recently, a couple of weeks ago, we also announced our partnership with Evidence Partners. We're very excited about this as their product DistillerSR and Article Galaxy are highly complementary. Continuing to pursue these mutually beneficial partnerships with other research focused organizations is an increasingly important part of our growth strategy.

Next, I wanted to touch on the improvements in conversion rates and what we believe will accelerate revenue growth for our platform business going forward.

As I mentioned earlier in the call, we have narrowed our platform marketing focus to the enterprise level and are confident based on the various sales and marketing strategies we tested last fiscal year that this is the best use of our resources to substantially grow our platform revenue. We have implemented a new system that has proven to be already much better and more efficient at nurturing cold leads to a point where they are willing to have a conversation with our sales team. Once a lead is warm enough to speak with our sales team, we find our conversion rate to improve significantly. This tells us that our sales team is very good at showcasing our platform and all the benefits that it can provide a research-focused organization. We certainly look forward to this momentum continuing to gain traction.

Lastly, I wanted to highlight our rebranding process that we announced via blog post last week. We have begun to transition our 3 existing brands into 1 company name, Research Solutions and 1 product name, Article Galaxy. In doing so, Reprints Desk or what we refer to as our transaction business, will fully integrate into Research Solutions over the coming months. The decision to rebrand was driven by the desire for simplification, and because the name Reprints Desk was causing confusion with new platform and transaction buyers that had never heard of us before. We will keep the Reprints Desk name in our updated logo for a transition period, so that customers familiar with that brand know it's still the same company.

Our sales force will now pitch a name that makes sense to both new platform users and transaction buyers while the updated logo will ensure our existing customers are not left in the dark and feeling confused. We are very excited to transition the company under a consolidated brand.

Overall, a strong start to fiscal 2020 gives us the confidence that we are making the right decisions, and our customers continue to find our platform valuable. As I mentioned earlier, we have a strong foundation that is fully equipped and ready to substantially increase our platform customer base. And we believe we have implemented the necessary sales, marketing and platform enhancement strategies to expand our presence and further accelerate revenue growth.

As these strategies continue to ramp and become fully integrated into our day-to-day processes, we anticipate these initiatives will generate a meaningful increase in new users to our platform and fully expect fiscal 2020 to be another pivotal year for us.

With that, I'd now like to turn the call back over to the operator for Q&A. Operator?

Question and Answer

Operator

[Operator Instructions] The first question comes from Peter Rabover, who's with Artko Capital.

Peter Rabover

Congratulations on a nice quarter. Wanted to ask about the recently announced partnership with Evidence Partners, if you guys can elaborate how you think that's going to benefit your business and what that means to, I guess, both segments and anything -- any color you can add would be great.

Peter Victor Derycz

Founder, CEO, President & Director

Yes. Thanks, Peter. Happy to talk about that. We sort of stumbled into each other because we had some shared customers, the platforms, what they do is very highly complementary to what we do and vice versa. So we're pretty excited about that partnership. The companies are very similar in size and in history, and so I just am getting to know them and meet with them and learn more about their product and them learning more about our product, just realized that synergy is really awesome. So pretty excited about that. But I think it falls into the context of partnerships in general. Over the last 10 to 12 years, we've announced all kinds of different partnerships and so on. But there's a difference to the way we're doing partnerships now. We're really trying to focus on highly complementary ones like Evidence Partners and do a bit of micro management, so not just have a partnership announced and see what happens, but rather really dive into each other's customer bases and figure out how we can really help each other out.

So we're being a little bit more selective. Evidence Partners is a great one. And -- but we're also doing a lot of follow-up and joint marketing and a whole bunch of other things with them and other partners that we decided to engage with. And so you'll probably see us doing fewer partnerships, but meaningful ones like this.

Peter Rabover

Do you have any data in terms of the size of their customer base that you could share with us that -- so we can have an idea of the potential, how big this partnership really is?

Peter Victor Derycz

Founder, CEO, President & Director

Yes, I think -- we don't have the exact numbers on their business, but I think the impression I have is that our platform customer base is very similar in size to their platform customer base. So I think, yes, if -- I assume we have a few hundred platform customers on their side, and that's sort of my understanding at this point.

Peter Rabover

Okay. And then maybe, I guess, if you could give a little bit more color, you've had your sales team for a few quarters now, and you guys are obviously growing the subscriptions. So maybe you could tell us what's working and what's not working and kind of as you're gathering more data and evidence? So...

Peter Victor Derycz

Founder, CEO, President & Director

Yes. I think we've -- we mentioned in the past that we're really emphasizing going after enterprises, specifically. We had a bit of a broader net in the past where we were trying to just deal [indiscernible] users on the Internet try to get them upsold. That part was not working that well. So we said, okay, well, what did work was there some free to enterprise conversions that were good. So we really just focused -- we focused on basically campaigns and marketing and so on to enterprise directly. So that's -- that, as I mentioned in the call, is sort of in full swing now. We have -- historically have been able to do what

I would consider a stellar job on retention and upselling, that's part of our revenue mix as well. I think we've got that process and those procedures and so on, pretty -- down pretty well. Though retention and upselling is going very strong, the new sales team, part of them are new, part of them are old, and we basically sort of kept good sales people over the years and then train up new ones. So we have some lead nurturing process in place that we've been fine-tuning. And I'd say the key thing in there for us is really effective appointment setting. So we know the companies that are out there that should be using our platform. We know that they don't know us. So we don't have, let's say, a brand recognition benefit with lot of companies that we're approaching. But if we can get them on to a demo on the phone with us, then our conversion goes way up. So the focus really now, I'd say, is sort of in that appointment setting arena, and that seems to be working for us.

Peter Rabover

Great. And I noticed your -- the average ticket keeps going up. And is that more of a result of your upselling? Or are you raising prices? And I mean -- and do you think that maybe you're underpricing the product a little bit, if you're able to get these sort of increases?

Peter Victor Derycz

Founder, CEO, President & Director

That's what we're still underpricing the product. I just believe in the product so strongly. I think, on the pricing, like I mentioned, the 1 big issue is we're not IBM or Google or Microsoft, right? So when we go talk to companies, you just don't have the brand recognition so that people if they like the products, buy it automatically. So pricing, yes, I think we're probably underpricing it. But the upward trend you're seeing, I'd say, is primarily driven and the sort of way to look at it going forward is primarily driven by upselling. So upon contract renewal, our retention rate is very high, companies that use the product tend to stick with it for a long time. So there is upselling going on in there with our customer happiness group.

And so that's 1 thing to keep in mind as you see that number continue to tick upwards, there will be an occasional larger deal that filters into the new-new sale that could partly played a role in there. But I think, overall, in terms of my mission is this product is just getting better and better every day as we go along, and we're delivering more features, more functionality and finding more and better ways to help customers save time and money and get their R&D done more efficiently. So as long as we continue to do that, I think we'll be able to move that average price up continuously.

Peter Rabover

Great. And I guess, I'll ask 1 more, but I guess, any plans to trying to get uplisted on NASDAQ or do more on the stocks or create more liquidity from the stock. Any thoughts on that?

Peter Victor Derycz

Founder, CEO, President & Director

Yes, we renewed our NASDAQ application, there are a couple of boxes that are still unticked. One of them, I believe, Alan could correct me if I'm wrong here, but 1 of my belief is that we need the bid price to be above \$2 continuously for 90 business days. We may have checked that -- ticked that box, but we had to -- we renewed our application there to ensure that we can have a continuous following of that trend.

The other piece is we're a little bit shy on the equity. So I think we need to probably get another \$1 million, \$1.5 million or \$2 million into our -- onto our balance sheet to tick off that sector -- I mean, box. So we're moving in that direction, probably not as fast as we could or should, but definitely, that is happening. And it's 1 of my objectives. Alan, do you want to add something to that?

Alan Louis Urban

CFO & Secretary

Yes, I was just going to say, we've already -- the only outstanding item is the second item you spoke about, the equity item. As far as the first, the bid price, we've satisfied that already. So really, there's only 1 item.

Operator

The next question comes from George Melas, who's with MKH Management.

George Melas-Kyriazi

MKH Management Company, LLC

Hello, good start to the year. Can you sort of help me understand a little bit how customers progress through your funnel? I mean, imagine you start -- you identify 100 customers that you think are really well suited to use your platform, how many sort of get to a demo stage? And then of those, how many convert to a deal? Just trying to understand what's the progression to the funnel.

Peter Victor Derycz

Founder, CEO, President & Director

Yes, I think on the nurturing side, there are -- the more you get into understanding marketing for this type of product, the more you realize how many touch points are really involved. So I think in the early discovery phase, there's a lot of touch points that customers do. They'll send our website around the company to each other, they'll send a text message, hey, check the solution out, somebody's just talking about it. There's a lot of touch points. They'll check out web pages, case study [if you look] doing with other customers. They'll read our blog posts, download white papers just across the spectrum between targeted ads and other sale of assets, there's a lot of, let's say, discovery that goes on in touch points. But after a certain point, they do reach a stage where we sort of identify that they -- we've touched them, and they're the right size of organization that we'd like to spend the resources just to go try to contact. And then we try to nurture them up into that phone call and demo. I think once we get there, that conversion, I'm not sure, Alan, if you want to quote a number there or give any guidance on that. I'm not sure if we've done that publicly, but we do keep track of that. Alan, do you have any comments on that?

Alan Louis Urban

CFO & Secretary

Yes. Obviously, it's something we track internally and keep a close eye on. But as of yet, I don't think we've disclosed any of that data publicly.

George Melas-Kyriazi

MKH Management Company, LLC

Okay, okay. Maybe I can ask, does that conversion to sort of the middle of the funnel moving into the demo stage and then from the demo stage to a deal. First, how long does that -- I'm sure there's big ranges, but what would be the range of the average that it takes? And have the conversion sort of rates stayed roughly sort of within a fairly narrow range over the last couple of years? Or has it improved or does it fluctuate a lot?

Peter Victor Derycz

Founder, CEO, President & Director

Yes, there's a lot of numbers that played into that in the past. I think the number of what we call qualified leads, we've grown that quite a bit. And that -- if you close rates sort of -- you close the same number of deals and you just added a bunch of new deals to the pipeline that you didn't have before then that conversion rate fluctuates a lot. So it's hard to give you a number at this point. We haven't disclosed that publicly anyway. But I'd say in terms of time to close, we've seen ranges of anywhere from a couple of weeks, all the way to 6 months. Yes, so it falls around in that range. There have been larger deals that have taken longer just because the customer is going through some prolonged RFP process. But I'd say for the average size of the customers that we have, we've seen that go from 2 weeks to 6 months, sort of that type of range. And we are doing work -- and we are doing work to whatever the average is, which we haven't disclosed, we are doing work and actually reducing the number. And so I guess, at 1 point, we will disclose what it's looking like. But just, I guess, we can't disclose it, we're improving that number all the time at this point.

George Melas-Kyriazi

Copyright © 2019 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

spglobal.com/marketintelligence

MKH Management Company, LLC

Okay. Okay, great. And then maybe just 1 last quick question. Evidence Partners, what is really that they do and what is so complementary with your platform services?

Peter Victor Derycz

Founder, CEO, President & Director

Yes. So Evidence Partners, actually, I'm not an expert on their product, but basically, they help organizations review scientific literature in a systematic way. And the reason organizations do that is because regulatory bodies like European Medicines Agency and the Food and Drug Administration require companies that have products on the market to basically systematically review the scientific literature that mentions their product to look for things like adverse events and things like that. So these have to report up to these regulatory bodies if they've noticed anything in scientific literature that could -- that's negative about their product so that these regulatory bodies know about it before it becomes a major public issue. And so they do that, and to do that, they have to review a lot of scientific literature. And what do we provide in Article Galaxy, all the scientific literature. So Evidence Partners provides the tools to do the analysis, but they do not provide literature. We provide literature, we don't provide tools to do the analysis. So it's a perfect complement there, and we found just that we have some joint customers that -- and that use is pretty heavy when they're using -- when they're doing that kind of a process.

George Melas-Kyriazi

MKH Management Company, LLC

Great. And the idea is to do some joint marketing and to open up your customer base to them and vice versa? Is that the idea or..

Peter Victor Derycz

Founder, CEO, President & Director

Correct. So we -- they will be reaching out to their customer base to tell their customers, hey, your plug-in Article Galaxy and your whole process just got a lot more simpler in doing that work. So that's a great message, I think, for their customers. They don't have to step away from doing things and then go out and try to find literature at some place. So that message has been communicated to their customers. In addition to that, we run into customers that have products on the market that are regulated. And when we run into those -- our customers, we also mention the fact that Evidence Partners has a great tool to systematize that process.

George Melas-Kyriazi

MKH Management Company, LLC

Do they do that on a managed service basis? Or do they provide the tool to the customer and the customer does that analysis or that review of the literature?

Peter Victor Derycz

Founder, CEO, President & Director

Customer does the analysis. I believe they are heavily involved in the setup and training because that system has been configured for a number of products being followed and so on, but I believe they provide training and setup and then the customers doing the work on their own. So what we're going to be doing as well, just as an aside, is not just joint marketing, but over the next few months, we'll be -- they'll be integrating Article Galaxy buttons into their product. So that's the ultimate goal is to have direct Article Galaxy from within their product, that's definitely going to happen as well.

Operator

The next question comes from Greg Silvershein who is with Grand Equity Corp.

Greg Silvershein

Congratulations on a good quarter. I'm curious about your growth rates domestically versus internationally. And if you could just speak to that, that would be very helpful.

Peter Victor Derycz

Founder, CEO, President & Director

Yes. In general, I would depend -- it depends how you look at it, but I'd say that our revenue -- these are gross numbers. Alan, correct me if I'm wrong. But I'd say the way you can look at us is we probably get 40% to 45% of our business out of the U.S. market and 40% to 45% of our business out of European market, with the remainder coming from rest of world with a bit of a heavier emphasis on Japan. And I'd say we tend to grow sort of equally across the board. We do find that selling into the U.S. market seems to be -- the sales cycles are faster in the U.S. and slower in Europe. But I think, overall, if you look at the growth, it's probably across the board.

Greg Silvershein

Okay. Do you have the sort of MD Andersons or Sloan Ketterings or other research hospitals as utilizers or users of the platform?

Peter Victor Derycz

Founder, CEO, President & Director

We're not that heavily involved in the hospital marketplace. I believe our tools -- our tools are useful to them. We are used more by -- in health care and life sciences by the companies that have, let's say, active R&D going on. That's sort of our sweet spot. The tool is, I think, useful for the hospital market, we just haven't focused a lot on it. And I think it's something to be explored on our side.

Greg Silvershein

Got you. Okay. And then lastly, when new gadgets are released, how do users become aware of them?

Peter Victor Derycz

Founder, CEO, President & Director

Yes. So we have -- if you go to researchsolutions.com, you'll end up at our Article Galaxy sort of website. And in there, there's a link called Resources. And in there, there is -- there's a section called Release Notes. So we'll typically put stuff in there. There are some other tools we have for existing customers that they can subscribe to some internal customer support channels to get notified of things. But Release Notes is something that we're increasingly focused on because we are making a lot of improvements. I think in the past, we haven't been too good at communicating what they are. So we created this Release Notes, and I'm particularly -- personally involved in trying to get the Release Notes to be a more accurate reflection of the improvements we're making. And so you will see -- if you want to keep track, you can subscribe to the Release Notes and be notified when they come out. You'll probably see more of them coming out over time, just because -- like I said, I'm personally focused to make sure the investor community as well as the customer community and even our own employees know what we're releasing. So you'll see a lot more activity there and you can feel free to subscribe to the Release Notes.

Operator

At this time, this concludes our question-and-answer session.

Before we conclude today's call, I would like to provide Research Solutions' safe harbor statement that include important cautions regarding forward-looking statements made during today's call as well as statements regarding the company's use of non-GAAP financial information.

Statements made by the management during today's call contain forward-looking statements that include information relating to future events and future financial and operating performance. Examples of such forward-looking statements in this presentation include, but are not limited to, statements regarding the expected continued improvement and market acceptance of the company's products and services, and the expected continued growth in transaction and platform deployments and revenue, that the company will

be successfully -- successful in executing its sales and marketing strategy, that the company will maintain and continue to develop its proprietary software and that the company faces few barriers in terms of achieving greater global expansion and revenue growth.

Such forward-looking statements should not be interpreted as a guarantee for future performance or results and will not necessarily be accurate indications of the times at or by which the performance of those results will be achieved. The forward-looking statements were based on information available at this time. They are made and our management's good faith, belief as at the time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed and/or suggested by the forward-looking statements.

Important factors that could cause differences include, but are not limited to, changes in economic conditions, general competitive factors, acceptance of company's products in the market, the company's success in obtaining new customers and new platform deployments, the company's success in technology and product development, the company's ability to execute its business model and strategic plans, and all the risks and related information described from time to time in the company's filings with the SEC, that is the Securities and Exchange Commission, including the financial statements and related information contained in the company's annual report on Form 10-K and interim quarterly report on Form 10-Q.

The company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise. The company also assumes no obligation to update the cautionary information provided in the presentation.

Today's presentation also included financial measures defined as non-GAAP financial measure by the SEC. The presentation of this financial information is not intended to be considered in isolation or a substitute for the financial information prepared or presented in accordance with the generally accepted accounting principles accepted in the U.S. otherwise referred to as GAAP.

Please refer to more detailed discussion about the company's use of non-GAAP measures and their reconciliation to the nearest GAAP measure in today's earnings press release.

Finally, I'd like to remind everyone that a recording of today's call will be available for replay after 8:00 p.m. Eastern today and through December 5, 2019. Please refer to today's press release for dial-in instructions.

Thank you for joining us for the presentation. You may now disconnect.

Copyright © 2019 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

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

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

© 2019 S&P Global Market Intelligence.