

**S&P Global**  
Market Intelligence

**PriceSmart, Inc.** NasdaqGS:PSMT

*Earnings Call*

*Tuesday, July 11, 2023 12:00 PM EST*

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	9

# Call Participants

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## EXECUTIVES

**Michael L. McCleary**

*Executive VP, CFO & Principal  
Accounting Officer*

**Robert E. Price**

*Founder, Interim CEO & Chairman*

## ANALYSTS

**Jonathan Paul Braatz**

*Kansas City Capital Associates*

**Victor Cárdenas**

*Scotiabank Global Banking and  
Markets, Research Division*

# Presentation

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## Operator

Good afternoon, everyone, and welcome to PriceSmart, Inc.'s Earnings Release Conference Call for the Third Quarter of Fiscal Year 2023, which ended on May 31, 2023. After remarks from our company's representatives, Robert Price, Interim Chief Executive Officer; and Michael McCleary, Chief Financial Officer, you will be given an opportunity to ask questions as time permits.

As a reminder, this conference call is limited to 1 hour and is being recorded today, Tuesday, July 11, 2023. A digital replay will be available following the conclusion of today's conference call through July 18, 2023, by dialing 1 (877) 674-7070 for domestic callers or 1 (416) 764-8692 for international callers and by entering the replay access code 780477#.

For opening remarks, I would like to turn the call over to PriceSmart's Chief Financial Officer, Michael McCleary. Please go ahead, sir.

## Michael L. McCleary

*Executive VP, CFO & Principal Accounting Officer*

Thank you, operator, and welcome to PriceSmart Inc.'s earnings call for the third quarter of fiscal year 2023, which ended on May 31, 2023. We will be discussing the information that we provided in our earnings press release and our 10-Q, which were both released yesterday afternoon, July 10, 2023. Also in these remarks, we refer to non-GAAP financial measures. You can find a reconciliation of our non-GAAP measurement of adjusted earnings in our earnings press release and our 10-Q. These documents are available on our Investor Relations website at [investors.pricemart.com](https://investors.pricemart.com), where you can also sign up for e-mail alerts. As a reminder, all statements made on this conference call other than statements of historical fact are forward-looking statements concerning the company's anticipated plans, revenues and related matters. Forward-looking statements include, but are not limited to, statements containing the words expect, believe, plan, will, may, should, estimate and some other expressions.

All forward-looking statements are based on current expectations and assumptions as of today, July 11, 2023. These statements are subject to risks and uncertainties that could cause actual results to differ materially, including the risks detailed in the company's most recent annual report on Form 10-K, the quarterly report on Form 10-Q filed yesterday and other filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](https://www.sec.gov). These risks may be updated from time to time. The company undertakes no obligation to update forward-looking statements made during this call.

Now I will turn the call over to Robert Price, PriceSmart's Interim Chief Executive Officer.

## Robert E. Price

*Founder, Interim CEO & Chairman*

My sincere thanks and appreciation to our employees here in the United States and in our 12 countries and 1 U.S. territory for their amazing dedication and hard work. Congratulations for a job well done during the third quarter. Our Chief Financial Officer, Michael McCleary, will soon provide a detailed narrative for our third quarter results. In advance of his remarks, I would like to offer some comments.

Our year-over-year increased sales performance was supported by significant strengthening of the Costa Rica currency, the Colon, along with the strong opening of our new location in San Miguel, El Salvador by improvements in buying and operations and by growth in online sales. The third quarter results are definitely encouraging. However, I want to remind our investors that PriceSmart markets, the countries in which we operate are impacted by challenging economic and political events outside of our control.

After operating in the region for 26 years, we have the experience and skills required to successfully operate the club business in the region to U.S. standards, but we are often faced with country-specific events that result in risk to our financial results. We continue to address these risk factors with improved risk prevention systems, along with meeting with government officials as needed.

One final comment relates to the announcement of the company's plan to repurchase stock. We believe that the decision to repurchase stock is in the best interest of our shareholders. We also want to assure our investors that our company's balance sheet and cash flow support both the stock repurchase and our plans to continue to grow PriceSmart.

Now Michael will continue with his presentation.

**Michael L. McCleary**

*Executive VP, CFO & Principal Accounting Officer*

Thank you, Robert. We had a strong third quarter with both revenues and net merchandise sales exceeding \$1 billion. Net merchandise sales increased by 7.1% or 5.6% in constant currency. Comparable net merchandise sales increased by 5.8% or 4.3% in constant currency. For the 9 months ended May 31, 2023, total net merchandise sales exceeded \$3.2 billion, and revenues reached almost \$3.3 billion. Net merchandise sales increased by 8.7% or 9% in constant currency and comparable net merchandise sales increased by 6.5% or 6.7% in constant currency for the 9-month period.

By segment, in Central America, where we had 28 clubs at quarter end, net merchandise sales increased 11.8% or 6.1% in constant currency, with an 11% increase in comparable net merchandise sales or 5.3% in constant currency. All of our markets in Central America had positive comparable net merchandise sales growth. Our Central American segment contributed approximately 650 basis points of positive impact to our total consolidated comparable net merchandise sales for the quarter.

The Costa Rica colon appreciated significantly against the dollar as compared to the same 3-month period a year ago and was the primary contributor to the favorable currency fluctuations in this segment.

In the Caribbean, where we had 14 clubs at quarter end, net merchandise sales increased 7.3% or 6.9% in constant currency and comparable net merchandise sales increased 4.2% [ or ] 3.8% in constant currency. All of our markets in this segment had positive comparable net merchandise sales growth. Our Caribbean region contributed approximately 120 basis points of positive impact to total consolidated comparable net merchandise sales for the quarter.

In Colombia, where we had 9 clubs open at quarter end, net merchandise sales decreased 15.7% or increased 0.6% in constant currency and comparable net merchandise sales decreased 15.2% or increased 0.7% in constant currency. The comparable net merchandise sales decreased in Colombia, driven by the significant devaluation of the Colombian peso, contributed approximately 190 basis points of negative impact to total consolidated comparable and net merchandise sales for the quarter.

In terms of merchandise categories, when comparing our third quarter sales for the same period in the prior year, our foods category grew approximately 9%, our nonfoods category decreased approximately 5% and our "other business" category grew 7%, primarily from our food service and bakery departments. The decrease in our nonfoods category was primarily because in the third quarter of fiscal year 2022, we had higher sales as we marked down certain categories of inventory combined with a deliberately more conservative position in similar categories of products this year and a smoother flow of merchandise through our supply chain.

Membership accounts grew 2.2% versus the prior year to 1.79 million accounts. Platinum membership accounts are 8.6% of our total membership base as of May 31, 2023, an increase from 7.1% as of May 31, 2022. We continued with a strong 12-month renewal rate of 87.1% and our membership income was \$16.7 million, an increase of 8.4% over the same period last year. Total gross margin for the third quarter of fiscal year 2023 as a percentage of net merchandise sales increased 110 basis points to 15.3% versus 14.2% in the third quarter of fiscal year 2022.

In total dollars, total gross margin increased \$21.5 million or approximately 15.1% versus the same quarter of the prior fiscal year. A 110 basis point increase was primarily due to significant markdowns we took in the third quarter of fiscal year 2022.

Total revenue margins increased 120 basis points to 16.8% of total revenue when compared to the same period last year, primarily due to the increase in total gross margin.

The total gross margin rate of 15.3% in the third quarter of fiscal year 2023 decreased compared to the 16.1% rate in the first half of fiscal 2023. This decrease is due to a variety of factors, including the elimination of our COVID premium, reduction in our Trinidad foreign currency exchange premium and a margin decrease in Colombia where we strategically decreased sales prices on select items across all of our imported merchandise categories in an effort to reduce the cost burden to our members during this period of exceptionally high inflation and significant devaluation of the Colombian peso. Beyond Colombia, we also took actions that resulted in a general blended margin decrease in response to increasingly challenging economic conditions to help alleviate the burden on our members.

The average price per item increased approximately 7.7% year-over-year, down from the high of approximately 10% in Q1 of this fiscal year. However, we still continue to see the price and FX pressures impact aggregate demand as the average items per basket decreased approximately 3.2% compared to the same period of the prior year. During the quarter, our average sales ticket increased 4.2% and transactions grew 2.8% versus the same prior year period. Freight rates continue to come down, and we adjust our merchandise pricing as dynamically as possible to ensure those cost reductions are passed on to our members. Freight rates decreased from approximately \$3,900 per container last quarter to \$2,900 during Q3 due to slowing transpacific demand from U.S. imports.

SG&A expenses increased to 12.9% of total revenues for the third quarter of fiscal year 2023 compared to 12.4% for the third quarter of fiscal year 2022. Warehouse club and other operations expenses made up about 40 basis points of this increase. The net effects of the appreciation of the colon in Costa Rica and devaluation of the peso in Colombia on expenses contributed approximately 20 basis points of this increase. Also, a tax receivable write-off impacted this line by approximately 20 basis points or \$0.08 per share.

General and administrative expenses increased to 3.1% of total revenues for the third quarter of fiscal year 2023 compared to 3.0% for the third quarter of fiscal year 2022. The 10 basis point increase is primarily due to increased compensation costs in travel, along with certain nonrecurring expenses related to severance and professional fees.

Operating income for the quarter increased 27.5% from the same period last year to \$43.1 million. Operating income for the first 9 months of fiscal year 2023 increased 19% from the same period last year to \$152.4 million.

In the third quarter of fiscal year 2023, we recorded a \$1.5 million net loss in total other expense net, which includes the net impact of interest expense, interest income and other expenses, which primarily consists of our foreign currency exchange losses. This compares to a \$4.7 million net loss and total other expense net in the same period last year. The primary contributor to this \$3.2 million decrease in other expense net is an increase in interest income of \$2.7 million comparatively because of significantly more investments of surplus cash at higher yields, while interest expense and foreign exchange losses were relatively stable when comparing the 2 periods.

Our effective tax rate for the third quarter of fiscal 2023 came in lower than last year at 28.9% versus 33.7% a year ago, primarily related to expected cost savings for CEO compensation. For the 9 months ended May 31, 2023, the effective tax rate was 32.2% compared to 32.8% for the prior year period. On a go-forward basis, we estimate an annualized effective tax rate of about 32% to 33%.

Net income for the third quarter of fiscal 2023 was \$29.6 million or \$0.94 per diluted share compared to \$19.3 million or \$0.62 per diluted share in the comparable prior year period. Net income for the first 9 months of fiscal 2023 was \$93.8 million or \$3.01 per diluted share compared to \$81.2 million or \$2.63 per diluted share in the comparable prior year period.

Adjusted net income for the third quarter of fiscal 2023 was \$31.9 million or an adjusted \$1.02 per diluted share. Adjusted EBITDA for the third quarter of fiscal year 2023 was \$63.2 million. Adjusted net income for the first 9 months of fiscal year 2023 was \$103.3 million, or an adjusted \$3.32 per diluted share, compared to adjusted net income of \$79.8 million, or an adjusted \$2.58 per diluted share in the comparable prior year period. Adjusted EBITDA for the first 9 months of fiscal 2023 was \$215.6 million compared to \$178.3 million in the same period last year.

Moving on to our strong balance sheet. We ended the quarter with cash, cash equivalents and restricted cash totaling \$236.4 million. From a cash flow perspective, net cash provided by operating activities totaled \$184.7 million for the 9 months ended May 31, 2023, compared to net cash provided by operating activities of \$64.3 million for the same prior year period. This in working capital generated from changes in our merchandise inventory and account payables positions for the 9 months ended May 31, 2023, contributed \$91.1 million of cash flow compared to the same prior year period.

Average inventory per club decreased by approximately \$0.5 million or 6% and inventory days on hand decreased by approximately 4 days or 9% for the third quarter of fiscal year 2023 versus the same period in 2022. The primary driver of the decrease of inventory year-over-year is falling through much of our overstock merchandise in our hardline segment that we took significant markdowns on in the prior year period.

Net cash used in investing activities increased by \$136.4 million for the 9 months ended May 31, 2023, compared to the prior year, primarily as a result of the net increase in purchases of short-term investments primarily in the U.S. compared to the same 9-month period a year ago. Net cash used by financing activities during the 9 months ended May 31, 2023, increased by \$24.4 million, primarily as a result of a net decrease or proceeds from short-term borrowings compared to the same 9-month period a year ago.

During the third quarter of fiscal year 2023, the Honduran Central Bank began limiting the availability and controlling the allocation of U.S. dollars for conversion from Honduran to U.S. dollars. As of May 31, 2023, our Honduran subsidiary had approximately \$15.9 million worth of cash and cash equivalents denominated and peers, which cannot be readily converted to U.S. dollars for general use within the company. We are actively working with our banking partners and government authorities to address this situation.

Lastly, before turning to our growth drivers, our Board of Directors has authorized a share repurchase program of up to \$75 million of the company's common stock. This program underscores our confidence in the business and our expectations for growth while together with our dividend, also delivering returns for our shareholders. Subject to market conditions, we expect this program to begin toward the end of our fiscal fourth quarter.

Now on to our growth drivers, starting with real estate. We are truly excited to have opened our new San Miguel club in May, which is our third club in El Salvador. This club includes our new sales floor design, which we expect will allow for better space utilization through more efficient power and positioning on the sales floor. We are very pleased with the initial membership sign-ups and sales.

We also currently have 3 warehouse clubs under construction. We have now completed exterior construction of a warehouse club in the affluent El Poblado area of Medellín in Colombia. We are working hard to complete the interior to be ready for our expected opening of the warehouse club at the end of August. This club will be our second in Medellín and 10th in Colombia. In addition, we plan to open a warehouse club in Escuintla Guatemala in the fall of 2023 and a warehouse club in Santa Ana El Salvador in early 2024. Once these 3 new clubs are open, we'll be operating 54 warehouse clubs, and we're actively exploring additional locations as well.

Finally, we are currently remodeling and expanding 4 of our high-volume clubs. These clubs are located in San Salvador, El Salvador, San Pedro Sula Honduras, Santiago Dominican Republic and Port of Spain, Trinidad and Tobago.

We also remain focused on the important role of our distribution facilities for optimizing efficiencies and reducing supply chain risk and continue to actively seek new distribution center locations as part of our real estate strategy. An example of this is that we recently signed a new lease to move and expand our domestic distribution center in Panama.

Turning now to membership value. As we've highlighted in previous calls, our private label members selection brand continues to be a high-quality, good value alternative in these times of high inflation and foreign currency fluctuations. During the first 9 months of fiscal 2023, our private label sales represented

26% of our total merchandise sales. That's up 180 basis points from 24.2% in the comparable period of fiscal year 2022.

We expect to expand our suite of wellness services and we currently have 48 locations with optical centers and expect to have 50 open by the end of the fiscal year. Our optical program provides 4 free eye exams with every membership, and we performed over 35,000 eye exams during the quarter. Optical is also an important social responsibility contributor to our local communities and in partnership with Aprender y Crecer Vision program, eye exams are performed by PriceSmart optometrists and price philanthropies purchases the glasses from our optical centers and both the exam and glasses are given to children and their families free of charge. We have provided 40,000 screenings, 8,000 of exams and 7,000 eyeglasses to date through this program.

We currently have pharmacy centers in all 8 of our warehouse clubs in Costa Rica and 2 warehouse clubs in Panama and expect to open pharmacies in the remaining 5 clubs in Panama during fiscal year 2024. With respect to audiology centers, during the quarter, we opened 10 new audiology centers, with 24 centers open at the end of May 2023. We expect to open an additional 8 centers in fiscal 2024.

Our third growth driver is our omnichannel shopping options for our members, which reflects all sales in our digital channels, both in our app and on our desktop website. We currently utilize pricesmart.com and our app and third-party last mile delivery services to drive online sales. During the third quarter, total omnichannel sales increased 18% as a percentage of net merchandise sales versus the same period in the prior year and represented 4.9% of total net merchandise sales, a record for the company. Total orders increased 29.4% and the average transaction value increased 11.1% versus the prior year period.

In May, PriceSmart was recognized by Uber Eats as the Business of the Year and Best Supermarket for the 2023 edition of the "Delivering Excellence" Award in Costa Rica. These 2 awards recognize our efforts and commitment to provide the best shopping experience and demonstrate our commitment of providing value to our members.

As of May 31, 2023, approximately 58.6% of our members had created an online profile with pricesmart.com and 15% of our total membership base has made a purchase on pricesmart.com. We believe that there are significant growth opportunities in our digital channel, and we will continue to invest in this part of the business to provide an enhanced omnichannel experience and additional value to our members. It is also encouraging that 9.5% of our membership accounts are enrolled in our auto renewal option, which is up 150 basis points from 8% in the comparable prior year period as this brings added predictability to our membership income.

During the third quarter, we released our comprehensive environmental and social responsibility report for fiscal year 2022. The CSR report provides an overview of PriceSmart's commitment to employees, members, communities and the finance. The report also describes our approach to integrating sustainability and social responsibility into our decision-making and operations. The full ESR report is available on our Investor Relations website at [investors.pricemart.com](https://investors.pricemart.com), under the ESG tab.

Environmental and social responsibility continues to be an important component of how we approach our business and an important component of those efforts is our actions and practices that aim to responsibly use natural resources. For instance, we are currently operating 5 recycling centers, 3 in Honduras and 2 in Guatemala. On average, around 12,000 pounds of recycled material is being collected monthly in each location. You can find more information about PriceSmart's Philanthropic and corporate social responsibility efforts on [pricesmart.org](https://pricesmart.org).

In regards to social well-being, we are proud to announce that PriceSmart has been included in Newsweek's list of top 100 Most Bold Workplaces for 2023. This list recognizes companies that put respect carrying an appreciation for their employees at the center of their business model and in doing so, have earned the loyalty and respect of the people who work for them. We have continued to strengthen our commitment to "People First" and this achievement results from a joint effort of our leadership team, together with every one of our employees.

Looking forward a little into Q4, our comparable net merchandise sales for the 4 weeks ended July 2, 2023, were up 7.9% or 4.8% in constant currency. The tailwind from the strength of the Costa Rica colon continues to offset the drag from the weakness in the Colombian peso. We've also seen significant improvement in the Colombian peso exchange rate with the U.S. dollar the past couple of months, especially in June, which has meant that Colombia FX has had less of a negative impact on U.S. dollar sales during the month.

In closing, our people-first culture is what drives our efforts to succeed. We are continuously working on enhancing employee engagement and building a positive work environment and culture across all countries we operate in. This culture, combined with our commitment to the foundational 6 rights of merchandising, arms us with the tools and can do attitude to deliver on the value we promised to our members and has resulted in another successful quarter.

Thank you for joining our call today. I will now turn the call over to the operator to take your questions.

## Question and Answer

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### Operator

[Operator Instructions] First question comes from Jon Braatz at Kansas City Capital.

### Jonathan Paul Braatz

*Kansas City Capital Associates*

Michael, on the gross margins, obviously, I knew that the -- about the pricing actions that you were taking in Colombia, but you seem to have extended that throughout all your markets. And a couple of questions. Number one, were those pricing actions in place for the full quarter? And I guess, secondly, how long do you see these pricing actions actually remaining in place?

### Michael L. McCleary

*Executive VP, CFO & Principal Accounting Officer*

Yes. Well, yes, we kind of started that towards probably end of Q2, early Q3, just a variety of actions kind of sharpening our pencils a little bit on price points. And at this point, those -- that fine-tuning is continuing. I don't know, Robert, if you want to add anything on that?

### Robert E. Price

*Founder, Interim CEO & Chairman*

Not too much. I think the results in the third quarter indicated -- I mean gross mark pricing is somewhat of an art. And we're in so many different markets that we have to be very nimble in how we think about the pricing to maintain the membership value, weigh in -- factor in risk and constantly trying to improve our expense structure so that our bottom line is going to remain strong as we continue to offer better values to our members.

And it's a bit of a dance and particularly operating in small markets, this many small markets. So I wouldn't want to leave the impression that we're locked in to any particular number, but we are -- this is just a constant effort to make sure that we're delivering value, that we're doing it in a way that's going to increase volume and that we do it in a way that also brings the right profit to the bottom line. It's not quite as formulistic as you might think.

### Jonathan Paul Braatz

*Kansas City Capital Associates*

Okay. With the Colombian currency, showing relative strength here. Would that at all influence any new pricing actions in Colombia given the strength in the peso?

### Robert E. Price

*Founder, Interim CEO & Chairman*

Well, Colombia is, by far, the largest market we operate in. I mean Colombia as a GDP is probably close to the same as all our other markets combined. So for us, to be able to continue to gain market share in Colombia is extremely important, looking to the longer run.

The other -- so one thing I would say is that I think -- and the competition level, by the way, is much more intense in Colombia than any place else we operate because we are operating against major chains in South America that are very, very strong competitors. But the other thing, I don't know whether you're aware of this or not, but the largest retailer in Colombia, Exito has made an announcement recently that they're for sale. And not that -- we're not interested, obviously, in that, but what -- the reason that's relevant is because we think given the strengthening of the peso and some disruption in terms of Exito's situation, this is the time to really -- and also with the opening of El Dorado, this is the time to really be aggressive about solidifying and growing our position in Colombia because honestly, for our future at this time, the market that offers us the most expansion opportunity in terms of sales is Colombia.

So I think we -- our mentality is that we want to be strong in Colombia. And also the imports that we bring in from around the world distinguish us from other competitors in the market. And I think now that the peso is stronger, we have an opportunity to even become a bigger factor with our imported merchandise.

**Jonathan Paul Braatz**

*Kansas City Capital Associates*

Okay. That's good. Michael, on the Honduras situation, do you see that potentially morphing into something like we saw in Trinidad where you begin to restrict the imports there and raise prices to offset the currency issue?

**Michael L. McCleary**

*Executive VP, CFO & Principal Accounting Officer*

Well, this is kind of new to this quarter, so we're monitoring it actively. Obviously, you can see about the numbers that we disclosed about the cash on hand is not near as extreme as it got to at one point in Trinidad, but we did think it was important to call it out. So I think it was somewhere around \$15 million versus a peak of about \$100 million in Trinidad. But at this point, we're monitoring it. We haven't taken any actions to restrict flow of merchandise at this point, and we're just working with the banks and the local officials to continue to monitor this, and we'll see as we go forward.

**Jonathan Paul Braatz**

*Kansas City Capital Associates*

Okay. One last question on the repurchase program, \$75 million. I think domestically, you hold \$42 million in cash. I think that was in the 10-Q. Let us, for the sake of convenience, let's say you were looking to complete this repurchase over the next year, would that mean you would most likely have to repatriate some money from your markets down south? Or would you borrow money? Or would there be enough domestic cash flow to, let's say, pay the dividend to make any CapEx spending and do the complete repurchase?

**Michael L. McCleary**

*Executive VP, CFO & Principal Accounting Officer*

Let me put it this way. We're not expecting to enter into any debt or to fund the buyback and/or any tax package from little funds around between the countries, anything significant, so I think we can fund it with the existing cash flows.

**Operator**

Next question comes from Victor Cárdenas at Scotiabank.

**Victor Cárdenas**

*Scotiabank Global Banking and Markets, Research Division*

Congratulations on the result, Robert and Michael. I only have a question in regards to the repurchase program and in particular, with the -- just to understand a little bit about the rationale and as opposed to using other alternatives like a special dividend. And any other sort of guidance regarding the timing and the size of the repurchase. I think that you mentioned that in Q4, the program may be starting to make the first repurchases, but looking into understanding the rationale as to other alternatives and also some soft guidance on the sizes of the repurchases, if I may.

**Robert E. Price**

*Founder, Interim CEO & Chairman*

As I think I mentioned, we've never, in the history of PriceSmart, entered into a repurchase program. This is the first time. And I think partly, it's going to be a learning experience for us because what we're hoping to accomplish by this is to provide some opportunity for certain stockholders who might want to go beyond the dividend in terms of cash benefits and sell some of their stock.

But the other thing in my mind is it is certainly a learning experience because we really don't know how this is going to work until it's out there. But the other thing is we're a very thinly traded stock. And what's been the pattern is that we release earnings. And then when it's good, the stock jumps up for a few days. And then it goes back down and then we're back in this kind of pattern where there isn't much going on. And I think that by having the stock repurchase program in place, I think we can provide a little more stability and put some kind of a little more -- well, I guess it would be stability into the pricing in the stock because we are an unusual company. I mean we don't trade very much, and we're not a U.S. company in terms of nobody can go in and actually see what we're doing unless you live in one of our countries.

And so I think we're going to learn. I mean, we don't know what's going to happen. I think the most important thing, though, we have the cash to do this, number one. And number 2 is that looking beyond the repurchase, the real focus has to be on running this company well. And if we run the company well, we will have good results for the shareholders in terms of the stock price. And I think that's where we're -- that's our bottom line. But we're in a learning phase really here. And I don't know how to predict exactly how this all plays out, but we will see.

Is that it?

**Operator**

Thank you. There are no further questions at this time. I will now turn the call back over for closing comments.

**Michael L. McCleary**

*Executive VP, CFO & Principal Accounting Officer*

Okay. Thank you, everybody. We hope you all have a good day. Thank you for joining us today. Bye-bye.

**Operator**

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating, and we ask that you please disconnect your lines.

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