27-Oct-2022

Tronox Holdings Plc (TROX)

Q3 2022 Earnings Call

Copyright © 2001-2022 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Jennifer Guenther
Vice President-Investor Relations, Tronox Holdings Plc

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc

Timothy Craig Carlson
Chief Financial Officer & Senior Vice President, Tronox Holdings Plc

OTHER PARTICIPANTS

Duffy Fischer
Analyst, Goldman Sachs & Co. LLC

Joshua Spector
Analyst, UBS Securities LLC

David Begleiter
Analyst, Deutsche Bank Securities, Inc.

Hassan I. Ahmed
Analyst, Alembic Global Advisors LLC

Frank J. Mitsch
Analyst, Fermium Research LLC

Matthew DeYoe
Analyst, BofA Securities, Inc.

John McNulty
Analyst, BMO Capital Markets Corp.

Jeffrey J. Zekauskas
Analyst, JPMorgan Securities LLC

William Tang
Analyst, Morgan Stanley & Co. LLC

Michael Leithead
Analyst, Barclays Capital, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Hello and welcome to the Tronox Holdings Q3 2022 Earnings Call. My name is Harry and I'll be your coordinator today. [Operator Instructions] I'd now like to hand you over to Jennifer Guenther, Vice President-Investor Relations, to begin. Jennifer?

Jennifer Guenther

Vice President-Investor Relations, Tronox Holdings Plc

Thank you and welcome to our third quarter 2022 conference call and webcast.

Turning to slide 2. On our call today are John Romano and Jean-François Turgeon, Co-Chief Executive Officers; and Tim Carlson, Chief Financial Officer. We will be using slides as we move through today's call. You can access presentation on our website at investor.tronox.com.

Moving to slide 3. A friendly reminder that comments made on this call and the information provided in our presentation and on our website include certain statements that are forward-looking and subject to various risks and uncertainties including, but not limited to, the specific factors summarized in our SEC filings. This information represents our best judgment based on what we know today. However, actual results may vary based on these risks and uncertainties. The company undertakes no obligation to update or revise any forward-looking statements.

Copyright © 2001-2022 FactSet CallStreet, LLC

During the conference call, we will refer to certain non-US GAAP financial terms that we use in the management of our business and believe are useful to investors in evaluating the company's performance. Reconciliations to their nearest US GAAP terms are provided in our earnings release and in the appendix of the accompanying presentation. Additionally, please note that all financial comparisons made during the call are on a year-over-year basis unless otherwise noted.

Moving to slide 4, it's now my pleasure to turn the call over to John Romano. John?

John D. Romano

Co-Chief Executive Officer & Director, Tronox Holdings Plc

Thanks, Jennifer, and good morning, everyone, and thank you for joining us today.

For those of you who have joined who may be a little less familiar with the Tronox story, we're the world's largest vertically integrated TiO2 producer with nine pigment plants, six mines and five upgrading facilities across six continents.

2021 revenue totaled $3.6 billion, which was fairly evenly distributed across the Americas, Europe, Middle East and Africa and Asia Pacific. Our 1.1 million tons of pigment capacity supports our well-balanced base of approximately 1,200 customers globally. Our vertically integrated business model supplies approximately 85% of our internal feedstock needs, and this ensures consistent and secure supply for our customers. In addition to TiO2, we also generate significant value as the world's second largest producer of zircon with approximately 300,000 tons of capacity.

I invite you to listen to a replay of our Investor Day webcast from June, if you haven't already done so, to learn more about our strategy, key initiatives and mid and long-term financial targets.

Now, turning to slide 5. Tronox's strong margin performance continued in the third quarter enabled by our vertically integrated portfolio, despite difficult market conditions. We achieved adjusted EBITDA of $247 million within our updated guidance range and adjusted EBITDA margins of 27.6% and this is now this 22nd quarter in a row that we've achieved adjusted EBITDA margins greater than 20% and the 8th consecutive quarter where margins were above 25%, evidence of the strength and resilience of our business through a variety of economic scenarios.

We invested $314 million in ongoing key capital projects that reinforce Tronox's commitment to strengthening our business model and we returned $110 million to shareholders year-to-date, including share repurchases and dividend payments. And finally, we are now realizing increasing value from Tronox's higher value co-product streams which include monazite, consisting of high value rare earth elements.

The monazite is a higher margin, because it carries very little cost as historically those co-product streams were stockpiled as waste. This demand for light rare earth elements found in monazite is increasing dramatically, given their use in many facets of the emerging green economy, including permanent magnets for electric vehicle motors and wind turbines.

While revenue for these co-product streams is less than $30 million year-to-date, the rising interest has driven a 74% increase in high-value co-product revenues year-over-year, enabling Tronox to realize greater value from what it was previously viewed as waste. This provides an interesting growth opportunity for Tronox to not only generate incremental earnings but also support growth in the renewable energy space.

Copyright © 2001-2022 FactSet CallStreet, LLC

Turning to slide 6, our third quarter revenue of $895 million represented a 3% increase driven by higher TiO2, zircon and pig iron prices and higher pig iron volumes. Income from operations was $163 million, and net income attributable to Tronox was $121 million. Our GAAP diluted earnings per share was $0.77, and our adjusted diluted earnings per share was $0.69, with the primary difference being due to a 10% share benefit we recorded in the quarter for an adjustment to a valuation allowance of an Australian deferred tax asset. Adjusted EBITDA of $247 million represented a 2% decrease, largely due to softer market conditions. Our margin decreased 140 basis points to 27.6%, driven by higher costs and unfavorable product mix from higher pig iron volumes that rolled from Q2 to Q3. And finally, we generated $25 million in free cash flow, which was impacted by the inventory build in the quarter from both Jazan feedstock purchases and the replenishment of safety stock as a result of softer demand. And we're taking action to address this in the fourth quarter as JF will review with you in a few minutes.

Moving to slide 7. As we communicated in our release last month, TiO2 volumes were softer in the quarter due to significant reduction in demand in Europe, Middle East and Africa and Asia Pacific. Pricing across both TiO2 and zircon was in line with our expectation driven by our continued execution on our commercial pricing strategy. TiO2 volumes declined 13% sequentially, while average selling prices increased 3% on a local currency basis or 1% on a US dollar basis. Zircon volumes improved 8% compared to the quarter owing to the orders that rolled from the second quarter and into the third quarter and positive pricing momentum continued in Zircon, resulting in a 7% price increase versus the prior quarter. Revenue from other products was $94 million, an increase of 31% driven by higher pig iron and rare earth revenues. The strengthening US dollar in the quarter was a headwind to revenue due to the unfavorable translation impacts, primarily from the weakening of the euro.

So looking to the remainder of the year, we expect fourth quarter pigment demand to decline 25% to 30% sequentially driven by customer destocking, continued weakness in Europe, Middle East and Africa and Asia Pacific and seasonal weakness in the Americas. Customer inventory levels remain low relative to previous periods of economic weakness, so we do not believe we will see similar levels of destocking as we move into 2023. Based on this and direct customer feedback we have received, we are confident Q4 will be the trough for TiO2 volumes. We continue to see the benefits of our vertical integration and margin stability initiatives in our financial results. And as we communicated previously, we do not expect pricing to move as it has in previous economic transitions, owing to the differentiated landscape and the commercial approach that we've implemented over the last several years. I'll now turn the call over to JF for a review of our operational performance. JF?

Jean-François Turgeon

Co-Chief Executive Officer & Director, Tronox Holdings Plc

Thank you, John, and good morning.

Turning to slide 8, our adjusted EBITDA sequential decline was driven by higher cost to serve our customer, including increased commodity costs, in addition to lower volume, partially offset by higher pricing across all product and favorable exchange rate on our operation. We saw a headwind to margin from product mix, have higher sales of pig iron in the third quarter add an unfavorable impact to margin. Freight rate remained level from the prior quarter as increase abate. Costs have been a significant headwind in the year, no different to other player in our space.

Our major material increase, 12% sequentially or 58% year-over-year on a constant currency and volume basis, primarily driven by coke, chlorine, sulfur, sulfuric acid and energy costs. The 58% increase on our major material equate to a $95 million headwind versus the prior year. In total, $29 million of the $50 million sequential headwind to EBITDA from production costs was driven by higher cost unsold in the quarter and lower fixed cost absorption. We also incurred a $17 million lower cost or market charge due to lower pig iron pricing. The weakening Australian dollar and South African rand add a favorable impact on production costs and more than offset

Copyright © 2001-2022 FactSet CallStreet, LLC

unfavorable FX translation impact to revenue. This result in a net positive $14 million FX impact on EBITDA compared to the prior year.

Turning to slide 9, as a result of the macroeconomic backdrop, we are taking action to navigate the current landscape and position Tronox for success. We employ a robust process as a part of our forecasting review that enable us to plan for a variety of economic scenario. Combine with our enterprise optimization model, we are able to react swiftly and optimize our portfolio. We continue to be laser focused on cost reduction and have a number of lever to optimize performance across a variety of scenario that we are executing on. We have already begun executing on our cost reduction playbook. We have implemented the hiring freeze. We are reducing professional fee, travel and other discretionary costs. We are also optimizing our fixed costs and driving additional supply chain initiatives.

Softening demand drove increased TiO2 inventory level in the third quarter and allowed us to replenish our safety stock, which has been below seasonable norm level for the last several quarter. Additionally, the contracted purchase of Jazan slag drove increased feedstock level. As a result, we have taken action to reduce production level due to lower customer demand.

As we have highlighted previously, the vertical integration investment in newTRON are key project to support our medium and long-term profitable growth initiatives. However, we have implemented plans to significantly reduce our annual capital spend to below $275 million in 2023 to adapt to the macroeconomic environment as it is on foiled. While this will delay our ability to realize benefit from these projects, we do believe this is the appropriate decision for the business at this time and it is consistent with our ability to flex our capital spend. We anticipate these actions will enable Tronox to generate positive free cash flow across a variety of scenario, including our recession case.

We will continue to balance cash generation while ensuring we have the product necessary to meet our customer needs and are effectively positioning Tronox for future success.

I would now like to turn the call over to Tim for a review of our outlook. Tim?

Timothy Craig Carlson

Chief Financial Officer & Senior Vice President, Tronox Holdings Plc

Thank you, JF.

Turning to slide 10. We continue to monitor developments through a monthly bottoms-up view of market trends. Our process involves a robust discussion to thoroughly evaluate identifiable risks and opportunities to our forecast. Based upon our current review, we expect adjusted EBITDA in the range of $140 million to $170 million for Q4. This assumes TiO2 volumes decline 25% to 30% sequentially. The range also includes approximately $10 million in total onetime charges from lower production levels.

As a result, our expectation for our full-year 2022 adjusted EBITDA is to be in the range of $902 million to $932 million. Our updated cash use assumptions are as follows: we expect working capital to be a use of $200 million to $230 million as a result of increased inventories across feedstock and TiO2, which we are proactively managing in Q4; net cash interest expense of approximately $115 million; cash taxes of approximately $60 million; capital expenditures of approximately $425 million. We also anticipate completing a securitization facility and a portion of our accounts receivable that has been in the process since Q2, which will generate a one-time benefit of approximately $125 million in free cash in Q4. Based upon these assumptions, we expect our free cash flow for the year to be greater than $150 million.

Copyright © 2001-2022 FactSet CallStreet, LLC

These continue to represent our best estimates based upon our current market outlook. We have ample levers to ensure sufficient liquidity under any conceivable scenario. JF reviewed the actions we're currently taking. We remain focused on executing the strategy we detailed at Investor Day and delivering on our commitments. Given what we know today, we remain confident in achieving a recession case in 2023.

That concludes our prepared remarks. With that, I'd like to turn the call over for questions. Harry?

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question of the day – so for our first today, we are going to Duffy Fischer from Goldman Sachs. Duffy, your line will be open now, if you'd like to proceed with your question.

Duffy Fischer
Analyst, Goldman Sachs & Co. LLC

Q

Good morning, guys. First question, we've had a number of the coding guys go which is kind of three quarters of your volume, their volumes don't appear to be anywhere near as bad as a down 25% to 30%. So, can you talk about where you're seeing that destocking is at? Is it at trader level, is that a large customer? Is that your inventory that needs to be destocked? Kind of walk through how big of a chunk that 2025 is, destocking versus what you think real demand or consumption is in the fourth quarter, please.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Thanks, Duffy. This is John. So, look, it's a combination of a variety of things. We made reference that we were building some inventory. We recovered some of our safety stock in the third quarter. So, part of the destocking will be for us to slow a bit, slow further down as a result of demand. But to your specific point, and we referenced it in the prepared comments, based on what we're seeing from our customers and what we're hearing from them and what some have reported, we believe the destocking event is going to basically be finished by the end of the quarter. The 25% to 30% number that we referenced is based on what we're seeing with regards to order patterns.

We have a lot of customers that are obviously using this ability to negotiate to try to get better prices. That's absolutely something that happens. And any time you walk into the first, I'd say real quarter of a downturn, we believe that those numbers are significantly lower and you can't take that number and then kind of multiply it by 4 to get what we think is going to happen in the coming year in 2023. So short answer is we believe the destocking will be complete by the end of the quarter and that's why we're confident that we said that we believe it's the trough for TiO2 volumes is the fourth quarter.

Duffy Fischer
Analyst, Goldman Sachs & Co. LLC

Q

Fair. Thank you. And then, obviously, you're integrated, so ore costs don't matter as much for you directly, but your competitors buy market-based ore. What do you see in the ore market going into next year? Will they get cost relief on that side meaningfully and therefore maybe allow them to bring down pigment prices and compete with you more on the pigment side? Or do you think or will hang in there and it is tighter structurally than pigment itself is?

Copyright © 2001-2022 FactSet CallStreet, LLC

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Duffy, thank you for this question. And look, we continue to believe in the strength of our vertical integration. As you know, at the beginning of the year, I mean, we were talking about a shortage of raw material to feed the pigment demand. Look, it's clear that with a 25% and 30% drop in one quarter that changed the dynamic. But one quarter cannot make an adjustment for price on project that takes 5 to 10 year to realize. And the reality is the world GDP and we always said TiO2 is in line with the word GDP is not dropping by 25% to 30%. So, I think the point you made, we agree with your comment. It's not sustaining what is happening in Q4 in TiO2 and it, obviously, not going to be sustaining for the feedstock part of the business either.

Look, we have seen in China that the ilmenite price that is imported continue to grow and the price of that ilmenite continue to increase. There was absolutely no price going down for imported ilmenite to China even with a weak demand and weak production of pigment in China and even the local ilmenite in China has been very stable and they have stopped and slowed their production instead of lowering price. So – and that's true for all of the feedstock at the moment. So, we feel very confident with our vertical position related to that situation.

Duffy Fischer
Analyst, Goldman Sachs & Co. LLC

Q

Great. Very helpful. Thank you, guys.

Operator: Thank you. And our next question for the day is from the line Josh Spector of UBS. Josh, your line is now open.

Joshua Spector
Analyst, UBS Securities LLC

Q

Yeah. Hey, guys. Thanks for taking my question. I just wanted to ask on the fourth quarter guide, you talk about the onetime cost impact [ph] due to (00:20:00) reduced production of incremental cost in Q4 associated with costs that we flow through immediately and we don't allocate the inventory. And there's probably another $15 million to $20 million of cost as a result of the lower production that will flow into the inventory costs that will flow through in the Q1.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Hey, Josh, just to make the one more comment on that. We have nine TiO2 plants on six continents at different levels of inventory. So, that flow through that we talk about moving into the first quarter of next year, some of that's going to hit us this year because we don't have the amount of inventory that we had historically. So that is going to actually impact us a little bit in the fourth quarter.

Joshua Spector
Analyst, UBS Securities LLC

Q

Thanks. That's helpful. And just on the mining side of it, maybe related to the prior question to an extent, I mean, I know, Tim, you're kind of loath to reduce operating rates there where you don't have to. That's been part of the benefit of the back integration. Would you consider – are you going to build inventory there or would you consider selling any of that into the market to keep your inventories more lean and take advantage of some still semi-tight market conditions on the ore side.

Copyright © 2001-2022 FactSet CallStreet, LLC

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

Another great question, Josh. We look at all opportunities as it relates to our mining operations in terms of managing costs and optimizing them from profit. We look at maintenance schedules in terms of how we can do maintenance schedules cheaper without overtime [indiscernible] (00:21:28) outside services. We look at opportunities to sell excess feedstock. The one item that is hurting us a bit in Q3 and Q4 that we had talked about is we are building a bit of CP swag as a result of the production coming out of design.

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

Maybe, Josh, I could add that we have some time in our mind what we call satellite deposit, that in time of high demand, I mean, you incur more costs to get more product out of those remote areas. And, obviously, in time, where you see a drop of 25% to 30%, I mean, we stop those side operation and save costs by doing that. So, we're actually doing this.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

And some of the projects that we would do historically with contract workers, we're doing those with our own workers to reduce cost as well.

Joshua Spector
Analyst, UBS Securities LLC
Q

Okay. Thank you.

Operator: Thank you. And our next question is from the line of David Begleiter of Deutsche Bank. David, your line is now open.

David Begleiter
Analyst, Deutsche Bank Securities, Inc.
Q

Thank you. Good morning. In respect to your European footprint, are you considering making any permanent changes given the higher energy environment you're looking at going forward?

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

No, we are just [indiscernible] (00:22:53) sorry, David. We are not looking at making any permanent changes to our footprint in Europe. And quite frankly, if we think about our biggest impact on energy actually was in the UK and we have gotten some relief. We had some more risks in our fourth quarter numbers prior to the UK coming in with a cap on what natural gas prices are going to be. So what was a significant headwind moving into the fourth quarter, some of that has been abated based on what you could call a hedge, which was put in place by the UK government putting a cap on energy.

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

And, David, we have strategy to reduce our dependence on natural gas in our facility and that's part of our five-year plan to continuously improve our cost position. So, that's why we feel confident with our foot print there.

Copyright © 2001-2022 FactSet CallStreet, LLC

David Begleiter
Analyst, Deutsche Bank Securities, Inc.

Q

Understood. And just n project newTRON, you mentioned that there were some delays in realizing the savings given the reduced CapEx. Could you quantify those delays and time the future benefits going forward. Thank you.

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Yeah. David, its JF. Look, we all we've mentioned that newTRON was a project that gave us flexibility to adjust to the market condition. And, obviously, we want to reduce our capital expenditure in 2023 and we don't need the additional volume that newTRON was about to give us. We want the benefits of the cost reduction of newTRON and we continue to work on newTRON. We don't stop it, we just slow it down.

And the impact of that decision will mean that the benefit will probably come more in 2024, well, the remaining benefit, because I mean, the benefit that we already have achieve, which is around $75 million for this year, we will still have those benefits in 2023 and we will continue to get some, but at the slower pace. And we're still very confident in the $150 million to $200 per ton, but it's going to be probably mid-2024 and 2024 instead of what we had originally anticipate.

David Begleiter
Analyst, Deutsche Bank Securities, Inc.

Q

Thank you very much.

Operator: Thank you. And our next question is from the line of Hassan Ahmed of Alembic Global. Hassan, over to you.

Hassan I. Ahmed
Analyst, Alembic Global Advisors LLC

Q

Good morning, John and JF. You know, question on volumes. While, I'm obviously cognizant that you can't talk about competitors, but as I take a look at Q3 TiO2 volumes, Chemours sequentially down 8%, you guys sequentially down 13%, Venator guiding to declines of 25%. So, I mean, just any color around these sort of fairly large variances across the TiO2 majors in terms of sequential volumes.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Thanks, Hassan. This is John. So, look, you're right, we can't speak specific to competitors, but we'll talk generally. For us, Tronox, one of the first areas that we obviously saw the slowdown in was China. We have an operation over there. It's not a huge one, but that was one of the first plants that we actually slowed down. So, our impacts – I do believe we have a little bit more exposure in the APAC market.

So, when we think about those three competitors, quarter-over-quarter is one thing. I think you also have to look at it may be a bit further than just one quarter. Everybody has a different customer profile. Some customers are different than others. Some are driving, working capital adjustments. So I'm not reading into that variance to be too significant between at least two of those people that you referenced. But, we're focused on what we can control and influence.

Copyright © 2001-2022 FactSet CallStreet, LLC

And with regards to what we're seeing moving forward, even what we're hearing from our customers, a lot of what's happening is clearly demand driven. But there's a big portion of this that is destocking. We've referenced the – and the landscape's different, the landscape is separate because we still do not believe there's anywhere near the amount of inventory in the system that there was during the last downturn. And we've already got customers that we're pulling back, that we're getting random last minute orders on.

So, all the signs are out there, which would indicate and support the comment that we made in the prepared comments, that we believe the fourth quarter is, in fact, going to be the trough; and as we move into 2023, our volumes are going to pick back up.

Hassan I. Ahmed
Analyst, Alembic Global Advisors LLC

Q

Fair enough, fair enough. And as a follow up, just on the Q4 guide, a $140 million to $170 million, obviously, understand the fact that Q4 seasonally is a weak quarter, but on an annualized basis, that's $560 million to $680 million in EBITDA, which obviously is below the trough guide of $800 million to $1 billion that you guys have given. So, my question really is, with the market sort of shaping out to be the way it is and you guys reiterating that sort of trough guidance number, what gives you comfort around that?

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Tim, do you want to start?

Timothy Craig Carlson
Chief Financial Officer & Senior Vice President, Tronox Holdings Plc

A

Yes. So, from my perspective, Hassan, the cost saving activities that JF talked about are in process now. So, we haven't yet realized the true benefits and the full benefits of those cost saving activities. I talked about some unfavorable absorption rolling into next year. The cost saving activities that we have in place more than offset that unfavorable absorption and also will further support and increase our EBITDA. And on top of that, the recession case that we outlined was for a 10% volume decline. We don't expect 25% to 30% volume declines going forward because of the destocking that's happened; so as a result, with that incremental volume coming back much lower than 2019 levels, that volume alone will also support our recession case.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

And I guess just to go back to the point you made, the reference between the range on EBITDA, a lot of that will be dependent upon volume. What we're seeing in the month of October was a significant reduction. And we even have expectations that within that range, we might see higher numbers on volume pick-up, as I mentioned, where customers are starting to place orders a little bit at the last minute. So, there is a volume element of that, that's factored into that range for the fourth quarter.

Hassan I. Ahmed
Analyst, Alembic Global Advisors LLC

Q

Very helpful. Thank you so much.

Operator: Thank you. And our next question is from the line of Frank Mitsch of Fermium Research. Frank, your line is now open.

Copyright © 2001-2022 FactSet CallStreet, LLC

Frank J. Mitsch
Analyst, Fermium Research LLC

Q

Thank you and good morning. Yeah, typically, I think a fourth quarter as the time to build inventories. You're, obviously, it appears comfortable that you've rebuilt your safety stock and you're lowering production and obviously others in the industry are lowering production. I'm curious as to what your target inventory level is at year end. Is it where you ended the third quarter? Is it lower, is it higher? And how do you think about inventory levels for the TiO2 producers, given that others in the industry have announced production cuts?

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

So, Frank, it's JF. Look, we are taking action to reduce production in Q4, but as you can imagine, a drop in sales of 25% to 30% is more than what we had anticipate and we're not going to reduce capacity as fast as the sales has turned down. So, we will continue to build inventory in Q4. And, look, we'll probably built a little bit above what we consider normal, and that's why some of our free cash flow is ending up in working capital. But we are working hard on 2023 to adjust that and go back to our normal inventory level. And, look, we'll be very well positioned if something happened and the demand is more than what we expect and see at the moment.

Frank J. Mitsch
Analyst, Fermium Research LLC

Q

Understood. Understood. You were able to realize a modest increase in price sequentially. I'm curious as to what your pricing outlook is for the fourth quarter and if you could offer any comments with respect to 2023?

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Yeah. Frank, this is John Romano. So, we don't provide specifics on price forecasts moving forward, but generically, we did recognize price improvement in the third quarter. And it's very well known, there was some movement in the Chinese pricing during the third quarter, which had an impact on our pricing even in the third quarter in some regions. So, moving into the fourth quarter, as I mentioned earlier, our pricing in this downturn, which we're in right now, will not be reflective of what we've seen historically. And when we think about our numbers moving into the fourth quarter, our pricing in the fourth quarter is not going to be significantly different than what we had in the third quarter.

Obviously, the negotiations are a little bit different, but we still have the ability to negotiate. We still have our margin stability agreements and a variety of other agreements that we have in place that are helping us manage our margin throughout this economic transition. You've also got the other impacts when we say the landscape's change. Ilmenite prices haven't moved down, sulfur prices are starting to move back up. So, there's a lot of things, along with all the other costs in the system, which are going to make it very difficult for pricing to move down significantly. And that's why when we think about that recession case that we referred to during Investor Day, those elements of that to get to that recession number are still in place and we're still confident in that.

Frank J. Mitsch
Analyst, Fermium Research LLC

Q

That's very helpful. You referenced Asian price and there was a thought that Chinese pricing, which had declined precipitously was at or near a bottom. I'm wondering if you had any comments with respect to that being the case or not?

Copyright © 2001-2022 FactSet CallStreet, LLC

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

Yeah. Look, that's a great question.

Frank J. Mitsch
Analyst, Fermium Research LLC
Q

And when you think about the export set up...

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

Go ahead, did you have another question to follow-up on that?

Frank J. Mitsch
Analyst, Fermium Research LLC
Q

No, I was just because, you know, some producers were operating at or below their variable cost of production. So, I was just curious as to what your comment was there?

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

Yeah. No, I mean, when you think about the exports out of China in the last 3 to 4 months, those have actually gone down, while pricing was moving down significantly, which would I think it gave some visibility to that pricing, not dissimilar to what we saw in the second quarter of 2020 when COVID hit, and we saw this massive drop in TiO2 consumption, our inventories went up, we slowed down production, but pricing remained flat. And what we've seen as recently as in the last 48 hours is confirmation from 8 to 10 small to medium-sized Chinese TiO2 producers that have actually announced price increases. So, we do believe that where we are now, there is a significant gap, but costs aren't going to allow that to continue. We've already seen them start to move in the other direction.

Frank J. Mitsch
Analyst, Fermium Research LLC
Q

Thank you so much.

Operator: Our next question of the day comes from Matthew DeYoe of Bank of America. Matthew, your line is now open.

Matthew DeYoe
Analyst, BofA Securities, Inc.
Q

Good morning, everyone. How sustainable are these monazite earnings that you're going to be selling from stockpiled waste? I mean, is this – can this continue for a while? And then, given it's transacted from waste, should we think about these revenues as nearly pure margin?

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

That's a great question. So, look, it all depends on – selling these materials is not brand new to us. We've been selling monazite for several years, but what we've seen is that the margin from those sales has increased

Copyright © 2001-2022 FactSet CallStreet, LLC

significantly over the course of the last 12 months. So, we are spending money that's coming from that additional revenue to reinvest in development opportunities on rare earth opportunities. So, it all depends on how quickly we sell that. We produce out of Australia and South Africa. If we sold it for over the 10-year period, that would be somewhere in the range of 6,000 tons to 7,000 tons a year, that doesn't include what we're continuing to – we get to our tailings. So, that is one stream that we believe we'll continue to look at also looking possibly downstream in future. As we move into a longer term strategy, we will also be looking at opportunities to move downstream.

Matthew DeYoe
Analyst, BofA Securities, Inc.
Q

Okay. And I guess on the inventory, right, we're talking about this replenish and you're going to build more days of sales inventory like 150 days now. I mean, I know there's inflation feeding through that, but theoretically that should be feeding through the sales number as well. So, why did days sales inventories have to be as high? It seems like that should be...

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

[indiscernible] (00:36:45) I'm not sure where you get 150 days, but our...

Timothy Craig Carlson
Chief Financial Officer & Senior Vice President, Tronox Holdings Plc
A

[indiscernible] (00:36:50) feedstock.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

So, he's talking about total inventory. Okay. So, go ahead, Tim.

Timothy Craig Carlson
Chief Financial Officer & Senior Vice President, Tronox Holdings Plc
A

No. So, that day sales inventory, as you mentioned, includes all of our feedstock throughout our vertical integration channel. As you look at our each of those different components, which we manage as part of our global enterprise optimization, we're a bit high on feedstocks right now, as I mentioned earlier. And as JF mentioned, from a day's sales on finished goods, we're pretty much where we'd like to be from a seasonal norm standpoint. But by the end of the year as JF mentioned, we're going to build a little bit of inventory.

We'll continue to manage that with our production in Q1 and Q2 to make sure that our production is consistent with demand. And while it's been a burn, we do not anticipate inventory to be a burn next year.

Matthew DeYoe
Analyst, BofA Securities, Inc.
Q

I guess, Tim, if I can slide in then, so what do we think for working capital unlock next year? I guess that's – if you can comment on that.

Timothy Craig Carlson
Chief Financial Officer & Senior Vice President, Tronox Holdings Plc
A

Yes. So, we'll be providing specific guidance and thoughts on 2023 as part of our call in February. At this point in time, we're not going to be providing any specifics on 2023.

Copyright © 2001-2022 FactSet CallStreet, LLC

Matthew DeYoe
Analyst, BofA Securities, Inc.

Q

Understood.

Operator: Thank you. And our next question today comes from John McNulty of BMO Capital Markets. John, your line is now open.

John McNulty
Analyst, BMO Capital Markets Corp.

Q

Yeah. Thanks for taking my question. So, I guess, one thing that seems a little bit confusing is that the zircon markets tend to feed into the construction markets just like TiO2. They're obviously different products, but are tied into the same end markets to some degree and yet the pricing – in zircon seems to be hanging in really well. Can you help us to understand why that is and if that's a sustainable level or if there may be some potential weakness going forward?

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Hey, John. I'll start. It's JF and I'll let John had it if he wants to, but it's really a supply-demand situation in the case of zircon and you have to remember that last year, the supply came and it was very strong demand. And the supply came from inventory. But this year, this inventory has completely disappear and the demand – even if the demand is much lower this year than it was last year, the supply is still short of that demand. And as I mentioned earlier in this call, building a new mine takes 5 to 10 years. And in the case of zircon, there is no new mine that were handed. And that's why we haven't such an impact on zircon as we have on TiO2.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Just one more maybe add on that, John. We had an event that happened in South Africa here recently where the port went on strike. We ship a lot of material out of that port in containers to our customers. So, you get a real good idea of what inventories are when something like that happens, when we start delaying. Percentage of sales in China is not reflective of what the market is. We've spent a fair amount of time during that period where we destock significantly, optimizing our supply chain and our customer base to de-emphasize China and focus more on other regions of the world. So, although China has moved down, when we see a volume impact where we're maybe losing some sales in the China market, we had plenty of opportunities to displace those in other regions and other markets.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

The only thing I would add, John, is the inventory build that I had spoken about does not include zircon. We've actually depleted zircon inventory every quarter for the last four or five quarters. And in fact, our zircon inventory levels are at the lowest levels that I've seen in the six years I've been here.

John McNulty
Analyst, BMO Capital Markets Corp.

Q

Oh! Okay. Okay. That's helpful. And then I guess the other question is just – and I guess a lot of the questions have kind of gotten to this. But when we look back earlier this year, the story was inventories in TiO2 were tight across the board at the consumer level, the producer level, you name it. And then, fast forward a quarter to a

Copyright © 2001-2022 FactSet CallStreet, LLC

quarter and a half and we have two of the biggest producers saying we have to cut production by 25% to 30% in the quarter. I guess where, like where was the inventory essentially hidden if you will like, was on the TiO2 front. Was it on the end product whether its paint or plastics front. I guess where would you say the surprise is coming from for all of you? Because it seems like this was something that kind of snuck up on it and yet the magnitude is pretty big.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

And so, just maybe a quick comment on that from the standpoint of – I don't think it snuck up on us, but there was a lot of it caught up in the supply chain right? So you had we've been talking about supply chain issues for the last 12 months with regards to shipments being delayed. So, there could have been some buildup from inventory moving across the water. I know we had that issue specifically, but more specific to our customers, it's our opinion that a lot of what is happening, costs have gone up, so people are seeing demand drop, but the reason we're confident that this downturn is a short lived event is because there isn't as much inventory in the system as there was before. So, what I think caught up with us a bit sooner was the speed with which the demand would slow down. It did drop significantly. That's been significantly exacerbated by destocking which we don't think will last beyond the end of the year any significant amount.

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

Yeah, John, to us it's absolutely unsustainable what's happening in Q4 at the moment.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

Again, we're seeing the impacts of that based on order patterns already and that's why when we mentioned – I think Hassan made the reference to the $140 million to $170 million range in EBITDA, it depends, if we see a pickup between now and then.

John McNulty
Analyst, BMO Capital Markets Corp.
Q

Got it. Fair enough. Appreciate the color.

Operator: Our next question is from the line of Jeff Zekauskas of JPMorgan. Jeff, your line is now open.

Jeffrey J. Zekauskas
Analyst, JPMorgan Securities LLC
Q

Thanks very much. If your volumes are down sequentially, 20% to 25%, I think year-over-year, maybe they in the fourth quarter would be down 30% or 35%. So, when you look at that kind of volume decrease by geography, you know, how does it look? How are the – how is Europe different from Asia, different from North America on that basis?

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

Hey, Jeff. That's a good – thanks for the question. This is John. So, as we mentioned – I'll start with North America. North America, we've seen some slowdown. We think that's more – obviously, there is some destocking there. We do believe that there's some seasonal adjustments. But you have to remember in that particular market,

Copyright © 2001-2022 FactSet CallStreet, LLC

a lot of what we sell goes in the form of pre-dispersed TiO2 or slurry. So, we have a bit more visibility on what those inventories are. So, we don't think it's been that significant in the US.

As I mentioned earlier, the APAC market was where we saw it first. And then you saw a lot of the exports moving out of Asia Pacific into the European market. So, I'd say Europe, Middle East and the Asia Pacific is where we saw the most significant downturn. You had Korea as a really good market for us. We had some months where exports, our sales into Korea almost went to nothing. So, there's a variety of things that I think are impacting that. But it's Asia Pacific, Europe, Middle East and Africa is where we saw it most significantly. I'd say next would be Latin America, and North America still remains, I'd say, reasonably firm.

Jeffrey J. Zekauskas
Analyst, JPMorgan Securities LLC

Q

So, just to take a step back, I mean, my recollection is that Chinese TiO2 exports this year are up, I don't know, 160,000 tons or 170,000 tons. So, is it the case that you guys are getting displaced by the excess Chinese shipments in a soft market?

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Well, they are definitely up year to date. If you compare it 12 trailing months, as I mentioned, previously, they're down the last three to four quarters. And look, there is – we compete with the Chinese and the Chinese have a model around raising prices extremely high when the market's tight and they come in and lower pricing when the volumes go the other direction. So, there is an element of – and we talk about margin's stability agreements, not every one of our customers has those. Not every one of our customers. Some of them like volatility. So, is there some customers out there right now that are displacing higher priced TiO2 with lower priced Chinese TiO2, the answer to that is yes.

We don't think that's a significant amount of our volume. We have good relationships and understand our contracts that aren't only margin stability, but they're volume based. And as we mentioned previously, loyalty rebate based. So there's some of that going on. But we also believe it's sustainable. I mean, at the end of the day, this is of – that what you just described is a normal process when you get into some sort of economic transition.

Jeffrey J. Zekauskas
Analyst, JPMorgan Securities LLC

Q

Okay. Just for my last question, what you said was, the fourth quarter would be some kind of trough. I get that. But what about the first quarter of 2023? Like instead of being down 35%, are we going to be down 20%? Or like, what's your read on the volatility of demand? I understand that the fourth quarter is a trough, but do we go back to flat volumes year-over-year in the first quarter or down 10% or down 20%? Like, I'm not asking you for a forecast. I just want to know, like, what's your general feel for where the demand is going to be?

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

Yeah, and Jeff, this is a great question. And what we're doing at the moment is we're using our playbook for a recession case. And we feel confident that it's not going to be – well, we'd like it to be a great year from a volume point of view, but that's not what we're anticipating at the moment. And we're adjusting our production globally from our mine to our pigment plant for a recession case scenario. And I guess that what we have shared at Investor Day and with the different scenario that we had is – is probably our best view of 2023 at the moment.

Copyright © 2001-2022 FactSet CallStreet, LLC

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

And when we think about that, you know, specific to your question of what do we expect in the first quarter, we do expect the first quarter numbers to be up because it was, as we defined, a significant destocking event. You know, we got a variety of different models, so when we were going through the COVID process, we had a V-shaped, U-shaped, there was all kinds of different scenarios that were factoring into what we would see as demand recovers.

When we look into where we are today, this was a very – fourth quarter is a very significant move on the downside. And we gave you a number of 25% to 30%. We don't expect it to be down that same range moving into the first quarter. And I'd say it's just – everything is moving relatively quickly. So, it's a bit hard for us to actually give you a firm estimate on what we think the first quarter is going to be at this particular stage. But we definitely think it's going to start moving up.

And it won't move up, I think at the rate of COVID, because COVID was kind of a start and stop. But we do think it'll factor its way up and I don't think we're going to get back to the early COVID days either, because there was a tremendous amount of stimulus money that went into the economy and people weren't traveling, they weren't going out to eat, they were staying home and reinvesting in their homes. So, we believe we'll return to more of a normalized basis. But it's hard to give you a specific on what we think first quarter is going to be at this particular time.

Timothy Craig Carlson
Chief Financial Officer & Senior Vice President, Tronox Holdings Plc
A

And Jeff, when we talked at our Investor Day, you know, we talked about our recession case with demand down approximately 10%. So, that's what we would anticipate. The 25% to 30% is not going to repeat; that's a Q4 item. So, by definition, Q1's got to be better.

Jeffrey J. Zekauskas
Analyst, JPMorgan Securities LLC
Q

Okay, great. Thanks very much.

Operator: Our next question comes from Vincent Andrews of Morgan Stanley. Vincent, please go ahead.

William Tang
Analyst, Morgan Stanley & Co. LLC
Q

Hey, guys. This is Will Tang on Vincent. Thanks for taking my question. So, you guys are taking off 25%v to 30% of your capacity in the fourth quarter. And you've talked about being 85% vertically integrated on the feedstocks side. So, I'm wondering how much wiggle room you have left before you might look at reducing some of those ore utilization rates. If things recover even 5% to 10% in the first quarter, it sounds like you might still be long feedstock at that point?

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

So, Will, it's JF. When we talk about the 25% to 30%, it's sales. It's not production. Look, we did mention that we will continue to build inventory in Q4. So, we have and we will continue to reduce our production. But we haven't reduced it at the 25% to 30% level and we don't plan to do it either, because we don't believe that 25% and 30%

Copyright © 2001-2022 FactSet CallStreet, LLC

will stay. As Tim and John mentioned, we expect Q1 to move up in volume and obviously we're going to adjust 2023 and not to build inventory and even probably reduce inventory in Q3. But I hope that clarifies the situation.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc
A

Yeah, look, just maybe a little bit more color on that. When you think – wind back the clock 60 days ago. We mentioned we had different levels of inventory at the nine different facilities we have globally. We were still having issues, getting orders placed and filled 60 days ago. So, what's happening is happening very quickly. To JF's point, we're reacting to that, but we also want to be prepared for what we believe to be, as we've talked about extensively on this call, a rebound as we move into the beginning of the year.

Are we going to be back to 2021, 2022 peak volumes quickly? No, but we're going to migrate up moving into the first quarter. So, we want to be ready to make sure we've had the ability to continue to service our customer needs.

William Tang
Analyst, Morgan Stanley & Co. LLC
Q

Got you. Okay. And then you mentioned sulfur and ilmenite kind of priced trajectories earlier. Could you remind us of some of the cost assumptions in the recession case scenario you gave back in June? And then how do you see all the different inputs tracking as we exit 2022 versus kind of what you have factored into your model?

Timothy Craig Carlson
Chief Financial Officer & Senior Vice President, Tronox Holdings Plc
A

Will, what we assumed in our recession case was a 2.5% drop in ore and a 10% drop in energy. We've not yet seen either one of those in our overall assumptions, which is one of the reasons, from our perspective, prices in the industry continue to be firm. But we'll see how that goes as next year unfolds.

William Tang
Analyst, Morgan Stanley & Co. LLC
Q

Got it. Thank you.

Operator: [Operator Instructions] And our next question is from the line of Mike Leithead of Barclays. Mike, your line is now open.

Michael Leithead
Analyst, Barclays Capital, Inc.
Q

Great. Thanks. Good morning, guys. First, I just want to get back to an earlier question, and I fully appreciate it's too early to talk 2023, but usually working capital is, I don't know, plus or minus $100 million, give or take; and this year, it's over $200 million use, which is like 10% of your current market cap today. So, is it fair to roughly assume you get at least half of that back next year or no?

Timothy Craig Carlson
Chief Financial Officer & Senior Vice President, Tronox Holdings Plc
A

Working capital should be a source of cash for us next year. The absolute amounts, we'll be more specific about this as part of our year-end call.

Copyright © 2001-2022 FactSet CallStreet, LLC

Michael Leithead
Analyst, Barclays Capital, Inc.

Q

Okay. And then just two on the rare earth side. First is where primarily is your monazite supply geographically? Is that in South Africa? And then two, as you mentioned, kind of increased commercial value or interest in these products, can you supply your customers from your existing by-product streams as it is or do you need to invest in some sort of upgrading or separation process to kind of ramp that up from here?

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

So, Mike, two things. First, it comes from South Africa and Australia, that's where our mines are; so, we have two sources. And we're not doing a significant amount of upgrading at this particular stage. So, what we're doing is selling what was historically a tailing. What we're doing now, though, is looking at how we can actually move downstream to look at opportunities to even significantly improve the revenue and the margin that we're getting through that.

And I mentioned earlier in the call that we had some development opportunities that we were looking at to move downstream. We're using the revenue and the margin that we're getting from those streams to invest in those opportunities. And right now, they're development opportunities. So, we're early, I would say, in the development of what we think can be a long-term solid business for Tronox and the value of those streams, to answer your question specifically, we don't have to really do much to them right now other than determine how we might change or step up in the value chain.

Jean-François Turgeon
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

And just, Mike, to be a bit specific, for example, the tailing that John's talk about is sand that is a waste from cleaning the ilmenite and the zircons and the rutile; so that's how we sell it today, as a tailing. But separating that tailing to extract the monazite is exactly the same type of process that what we're doing to separate the zircon from the sand at the moment. So, it's an expertise that we have. And we're not doing it at the moment, but that would be very easy for us to move to clean that and obviously, increase significantly the revenue from a very small step for us. And as John said, we'll continue to explore and see if there's more that we can do and ramp up with the demand of the electrification of the world.

John D. Romano
Co-Chief Executive Officer & Director, Tronox Holdings Plc

A

And it's not just our mining expertise, it's also our expertise in chemical producing. So, the separation is one thing, but there's other steps that we can take as we continue to expand and develop the strategy on rare earths, which quite frankly, could be a real upside for us.

Michael Leithead
Analyst, Barclays Capital, Inc.

Q

Great. Super helpful. Thanks, guys.

Operator: And we have no further questions registered today. So it'll be my pleasure to hand back to Mr. Turgeon for any closing remarks.

Copyright © 2001-2022 FactSet CallStreet, LLC

Jean-François Turgeon

Co-Chief Executive Officer & Director, Tronox Holdings Plc

Thank you, Harry, and thank you for joining the call today.

In summary, we remain focused on the lever within our control, prudently managing cash, executing against our strategy, driving operational excellence, and delivering on our key capital project to enhance our vertical integrated portfolio. Tronox remain well-positioned to continue delivering on our commitment. That's conclude the call. Have a great day. Thank you.

Operator: Thank you for joining everyone. This concludes the Tronox Holdings Q3 2022 earnings call and you may now disconnect your lines.

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

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

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2022 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.