

S&P Global

Market Intelligence

Granite Ridge Resources, Inc. NYSE:GRNT

Earnings Call

Friday, August 9, 2024 4:00 PM GMT

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	7

Call Participants

EXECUTIVES

Luke C. Brandenberg

President & CEO

Tyler S. Farquharson

Chief Financial Officer

Unknown Executive

ANALYSTS

Jeffrey Woolf Robertson

Water Tower Research LLC

John Marshall White

*ROTH MKM Partners, LLC,
Research Division*

John Phillips Little Johnston

*Capital One Securities, Inc.,
Research Division*

Michael Stephen Scialla

Stephens Inc., Research Division

Noah B. Hungness

BofA Securities, Research Division

Presentation

Operator

Good morning, and welcome, everyone to Granite Ridge Resources Second Quarter 2024 Earnings Conference Call. [Operator Instructions] I will now turn the call over to Wes Harris, Investor Relations representative for Granite Ridge. You may begin.

Unknown Executive

Thank you, operator, and good morning, everyone. We appreciate your interest in Granite Ridge Resources. We will begin our call with comments from Luke Brandenburg, our President and Chief Executive Officer, who will provide an overview of key matters for the second quarter and an outlook for 2024. We will then turn the call over to Tyler Farquharson, our Chief Financial Officer, who will review our financial results. Luke will then return to provide some closing comments before we open the call up for questions.

Today's conference call contains certain projections and other forward-looking statements within the meaning of federal securities laws. These statements are subject to risks and uncertainties that may cause actual results to differ from those expressed or implied in these statements. We would ask that you also review the cautionary statement in our earnings release. Granite Ridge disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Accordingly, you should not place undue reliance on forward-looking statements. These and other risks are described in yesterday's press release and our filings with the SEC. This conference call also includes references to certain non-GAAP financial measures. Information reconciling non-GAAP financial measures discussed to the most directly comparable GAAP financial measures is available in our earnings release that is posted on our website.

Finally, as a reminder, this conference call is being recorded. A replay and transcript will be made available on our website following today's call. So with that, I'll turn the call over to Luke. Luke?

Luke C. Brandenburg

President & CEO

Thank you, Wes. Good morning, and thank you to everyone for joining. We've been busy over the last few months, and I would like to begin by sharing my appreciation for our people here at Granite Ridge. It has been a bit of a deal frenzy as of late, which drives an increased workload across all functions in the organization. It has truly been a team effort as folks step in for one another to get the job done and provide space to spend time with families on summer vacation. I'm grateful to work with each and every one of you.

Let's start by discussing the deal side. From April to July, we closed acquisitions representing 95 gross or 25.1 net locations for a total entry inclusive of expected future drilling carries of \$48 million. In aggregate, we expect these locations to account for \$215 million of development capital, the vast majority of which we expect to occur over the next 2 years. These acquisitions were about 90% Permian weighted, and of that, about 75% fall into our controlled capital program, including the addition of a new Midland Basin-focused strategic partner.

Speaking of our controlled capital program, we now have 5.5 net wells producing and 40.5 net locations, including wells in process. For 2024, we expect controlled capital development CapEx will represent over 40% of our total development CapEx for the year. It is exciting to see this strategy materialize as we make concentrated investments in high conviction operated projects with compelling expected returns.

One of the qualities we value in non-op is the ability to adapt to whatever the market throws at you. A mentor of mine recently suggested that I look in the legendary investor, Henry Singleton. Many of you may know the name well, but I was not familiar. I'm on my way down the rabbit hole now, but one quote

stood out to me as we were comparing our current 2024 expectations to what we guided to back in March. Mr. Singleton shared, "I know a lot of people have very strong and definite plans that they've worked out on all kinds of things, but were subject to a tremendous number of outside influences and the vast majority of them cannot be predicted. So my idea is to stay flexible."

What outside influences have changed our industry over the past 5 months? The easiest to identify is hydrocarbon prices. Comparing the full year 2024 consensus pricing when we provided initial guidance in March versus full year 2024 consensus pricing now, gas is down about 22% and oil is down about 2%. So what does that mean for Granite Ridge? We can shift our capital allocation to the most economically advantaged projects to drive long-term value for shareholders. As a non-op, how do we do that?

In our traditional non-op business, we make it a point to partner with like-minded operators that maintain conservative leverage profiles, which enables them to maintain a focus on shareholder value. In challenging gas environments such as this, we see our operating partners taking steps, including deferring or DUCing gas wells in the Haynesville and dry gas Eagle Ford and restricting production to maximize long-term value. While we continue to see deal flow in these areas, we have largely not engaged on projects with near-term gas development as they do not currently compete for capital.

Further, in our controlled capital business, we've allocated additional capital to oil-weighted projects as we continue to capture opportunities that meet or exceed our target returns. We are not changing production guidance at this time, but I will say that while there are still 5 months left in the year, I can see a scenario where oil production beats current guidance and gas comes in low, both of which are prudent as we adapt to the current hydrocarbon price environment. With gas to oil equivalent at 6:1, despite trading at closer to 30:1, this could push us towards the low end of the barrel equivalent production guidance. We anticipate that our oil production will continue to rise over the next 2 quarters, particularly in the third quarter where we may see a 10% quarter-over-quarter increase.

On the gas side, we expect a 5% to 10% decrease over each of the next 2 quarters. Looking at wells turned to sales, we are not changing our guidance range at this time, but we do expect to have a good number of wells in process towards the end of the year that may come online in late 2024 or early 2025 that will not contribute much to 2024 reduction. More near term, we expect about 4 net wells to turn to sales in the third quarter.

On the CapEx side, we are taking inventory acquisitions guidance up from \$35 million to \$60 million based on identified opportunities that either closed or are expected to close post June 30. Additionally, we are raising development CapEx guidance by \$60 million at the midpoint for a total CapEx range of \$355 million to \$365 million. About half of the \$60 million increase is driven by a shuffling in our controlled capital drilling schedule and the other half is development tied to the acquisition CapEx increase.

We do not anticipate a 2024 production impact from the \$60 million increase in development CapEx, but we are excited about how it will position us going into 2025.

Looking at remaining CapEx allocation over the next couple of quarters, we expect the vast majority of identified acquisitions to close in the third quarter and the development CapEx will be split roughly 40-60 across the third and fourth quarters. With that, I will turn it over to Tyler to discuss our results for the quarter.

Tyler S. Farquharson
Chief Financial Officer

Thanks, Luke, and good morning, everyone. Average daily total production for the quarter was 23.1000 BOE per day, up 7% compared to the prior year quarter. Oil production as a percentage of total production increased to 47% for the second quarter. Our oil mix should continue to drift higher throughout the remainder of the year as some of our natural gas-focused operators continue to defer development projects. As a result, we are increasing our 2024 oil production mix guidance to 48% for the year and look to exit 2024 around 50%.

While we expect our total production to remain relatively flat, we anticipate our oil production to increase by 10% headed into the third quarter. Our annual production guidance range of 23,250 to 25,250 BOE per day remains unchanged. However, we now expect more oil production for the year than originally guided.

Our adjusted EBITDA was \$68.3 million and adjusted EPS was \$0.13 per diluted share for the second quarter. Adjusted EBITDA was flat from the prior year due to lower natural gas prices and the impact of divested assets, offset by our increase in production from the prior year period. Per unit lease operating costs were \$6.50 per BOE and production and ad valorem taxes were 7.6% of sales for this year's quarter, both of which were within our guidance range for the full year of 2024.

G&A expense, excluding noncash stock-based compensation, was \$2.87 per BOE for the quarter. Our annual guidance range of \$23 million to \$26 million is unchanged. During the quarter, our operating partners completed and placed on production a total of 62 gross or 9.1 net wells with nearly all the activity occurring in the Permian Basin. At quarter end, we had an additional 9.6 net wells in process and expect about 4 of those to be placed on production during the third quarter. In total, we continue to expect 22 to 24 net wells to be placed online during 2024 with nearly 80% of those wells being in the Permian Basin.

During the second quarter, we closed multiple transactions that added 16.4 net future drilling locations, primarily in the Permian Basin. Total acquisition costs, including \$6 million of expected future drilling carries was \$22 million. In addition, subsequent to quarter end, we closed or are in the process of closing additional transactions, acquiring 8.7 net future drilling locations.

Total acquisition costs, including \$3 million of expected future drilling carries is estimated to be \$25 million. As a result, we are increasing our 2024 acquisition capital guidance to \$60 million to reflect our recent success on this front. Development capital spending during the second quarter was in line at \$67 million. We are also raising our 2024 development CapEx guide by \$60 million at the midpoint.

As Luke outlined, about half of this increase results from new development on our recently acquired properties, with the balance being driven by a swap to a higher working interest unit in our controlled capital drilling schedule. While we do not anticipate a 2024 production impact from this increase, we're very excited about how it positions us for growth headed into 2025.

Finally, we also continued our ongoing quarterly cash dividend program. During the second quarter, we paid an \$0.11 per share quarterly cash dividend. Subsequent to quarter end, our Board declared an \$0.11 per share quarterly cash dividend payable on September 13, 2024, to shareholders of record as of August 30, 2024. On an annualized basis, this represents a 7.3% dividend yield measured against Wednesday's closing price. I will now hand it back to Luke for his closing comments. Luke?

Luke C. Brandenburg
President & CEO

I have concluded each quarter by stating that I believe Granite Ridge is undervalued. By making that statement, I'm inherently saying that I believe The Street is missing something. There are three primary ways to win with Granite Ridge: First, and over 7% dividend underpinned by conservative leverage and hedged cash flow; second, the value that is unlocked from increased trading volume as our shareholder base broadens; third is the value of our business, which is what I believe The Street is missing both strategically as we continue to allocate more capital to our higher return controlled capital model and from a capitalization standpoint, I have shared that we believe Granite Ridge can grow production mid- to high single digits annually out of cash flow. I've also shared that we started with an unlevered business and over the past 18 months, have been drawing down a conservative amount of debt to invest in growth. If you look at analyst models, most suggest that we will continue to grow production at mid- to high single digits annually. I do not believe The Street is giving us appropriate credit or arguably any credit for the impact this debt will have on our production growth in 2025 and beyond. While it is too early to share 2025 guidance, we are looking at double-digit production growth year-over-year.

Most of this debt has effectively funded our controlled capital program, which has a longer lead time as we spent a year building out inventory and do not bring on our first pad until this June, recognizing that we can only go from no debt to conservative debt once. What we have built at Granite Ridge is a powerful

compounding machine that will continue to recycle the cash flows generated from this new production to grow the business in a prudent, disciplined manner.

Thank you to everyone for sharing your time with Granite Ridge. We especially thank the investors that have been kind to have a call or host us in their office and our partners on the banking side that have set up roadshows. We are still a nascent public company with a differentiated story and believe it is incumbent on us to earn the right to be heard. So as I told Tyler, have investor deck, will travel. We have quite a conference schedule over the next several months as outlined in our earnings release. We would appreciate the opportunity to meet at the conference, to visit your office or to hop on the call to share the latest on the Granite Ridge story. Best wishes for the new school year and look forward to talking again in the fall.

With that, let's turn it over to questions. Operator?

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Phillips Johnston with Capital One.

John Phillips Little Johnston

Capital One Securities, Inc., Research Division

I appreciate the color on the quarterly trajectory of oil production here in the back half of the year. It sounds like you're expecting, I think, Luke, you said 10% sequential increase in oil here in Q3, and that's despite only about 4 net tills in the quarter. And if there's potential to exceed your oil guide for the year, that would imply, I guess, a decent amount of growth from Q3 into Q4. Can you maybe just talk about some of the drivers in terms of the growth from your various regions? I assume a lot of that is coming out of the Permian, but just looking for some color on that maybe.

Luke C. Brandenburg

President & CEO

Thanks for the question. So the first thing I'd point to, we brought on our first controlled capital pad in early June. That was 5.5 net wells, all on one pad in early June, cleanup time a little bit. And so we anticipate that will be a primary contributor to the oil increase from second quarter to third quarter. But really, as Tyler mentioned, the vast majority of what we're seeing is coming out of the Permian. So while you are getting a gas component certainly oil weighted, we expect that a pretty decent increase in oil from second to third quarter. I anticipate it will still continue to increase throughout the rest of the year, but at a less aggressive clip because we're really planning on end of the year with a lot of wells in process, and we hope to see the benefits of that early next year.

John Phillips Little Johnston

Capital One Securities, Inc., Research Division

Yes. And I guess just on that note, I think you guys -- the \$60 million increase in the development budget, I think you guys did a really good job of explaining that and how that most of the wells that won't be coming online until either very late this year or early next year. And I think Tyler mentioned that sort of sets you up in 2025 really well. Obviously, it's too early to sort of get into a discussion about next year. But I guess would you expect that activity to sort of set you up for directional growth in like in Q1 of next year versus kind of your fairly strong fourth quarter exit rate here?

Tyler S. Farquharson

Chief Financial Officer

Absolutely. Yes. We think that, that will really set us up for growth in the first quarter. We're anticipating double-digit growth next year, which is quite a bit higher than we're looking at for this year, if you're looking at '23 to '24. So absolutely, we plan to go into 25 with a bang. We're really excited about what that could represent. A big piece of that, too, is the controlled capital allocation. And I mentioned, we're -- roughly about 4% of our development dollar this year will be controlled capital. But next year, I think that will be about 50% and a decent amount is wells in progress right now. And so those are going to be a bit chunkier. So that's the big piece of the driver, I think that you'll see early next year is not only more wells, but chunkier wells.

Operator

Our next question comes from the line of Michael Scialla with Stephens.

Michael Stephen Scialla

Stephens Inc., Research Division

Luke just to follow up on that last point, with the double-digit growth next year given the trajectory on the wells in progress, would you anticipate most of that growth comes in the first half of the year? Would it be,

I guess, pretty significant double-digit growth first half before moderating in the second half? Is that the way you're looking at it right now?

Luke C. Brandenburg

President & CEO

That's a great question. I think there's a bit of a wait and see there. I think that you will have -- the largest quarter-over-quarter growth may be that fourth quarter to first quarter just due to the number of wells in progress we're going to have at the end of the year. But I anticipate that there won't just be a bump and then a decline that we'll just continue to bring on wells throughout the course of the year. But yes, I think you'll see real benefit to the WIPs that we're going to end the year with in the first quarter.

Michael Stephen Scialla

Stephens Inc., Research Division

Okay. Great. And the 8.7 locations that you acquired after the second quarter, were those in the controlled capital partnerships? And if so, how much of that was in the new Midland partnership versus your [indiscernible] partnership?

Luke C. Brandenburg

President & CEO

Yes, good question. A good chunk of that was with our new Midland Basin partner. So probably, gosh, over half was that it was an opportunity that they were able to capture, and we were able to partner with them on. So I think if you're looking at capital allocation, most of it is in the controlled capital bucket. And again, the big chunk is on the Midland Basin side, which we really fired up about.

Michael Stephen Scialla

Stephens Inc., Research Division

And can you give a little more color on what you're doing with the Midland Basin partnership, maybe where you're drilling, what you're planning to do there? It looked like at that particular 8.7 locations, you paid a little bit more for those some driver there on why that was a bit more expensive on a per location basis versus what you've done prior?

Luke C. Brandenburg

President & CEO

Yes. They're focused on the Northern Midland Basin, and this is a team that we've known for a long time that has a long track record of success up there. I'd say what they initially were able to pick up, it was all the inventory, didn't have any production with it, but it's an area that they know very well that they have high conviction of. There's a component of -- this is really their first asset in their current vehicle. And so there was a bit of, hey, let's get this opportunity. We're going to pay a little bit more for that to acquire a foothold. And there's a lot of say, low-hanging fruit around that. So I anticipate that you wouldn't see that above average dollar per location continued, but they'll continue to work that down as they bolt-on to their initial entry.

Operator

Next question comes from the line of John White with ROTH Capital.

John Marshall White

ROTH MKM Partners, LLC, Research Division

Congratulations on a solid quarter. Yes, you had mentioned most of the capital this year and next year is going into your controlled capital business model. As far as new drilling opportunities going forward, how has it decided to source those through your traditional non-op or through your controlled capital? Or is that based on an opportunistic basis?

Luke C. Brandenburg

President & CEO

Yes, that's a great question. Ultimately, we view capital allocation as our primary job. That's really what we do as a business. And so our position has always been that every opportunity has to compete for capital. And a neat part about this controlled capital program and these partnerships that we've developed, we're dramatically increasing the opportunity set available to us. And I think as a capital allocator, it needs to be in a spot where you have a very wide breadth of opportunities. But you need to be in a position to take concentrated investment risk where you have high conviction. And so that's really the spot that we're in.

So right now, we're talking about, gosh, 50% or more of next year's development maybe in that controlled capital bucket. And that's based on inventory that we have in hand now. That could change. If we continue to find more compelling opportunities on the traditional non-op side, maybe some more capital allocation there. But really, we're excited about what we're seeing. I don't think that will be the case. I think that these guys will continue to pick up attractive opportunities, and we'll continue to allocate capital there.

Operator

Our next question comes from the line of Noah Hungness with Bank of America.

Noah B. Hungness

BofA Securities, Research Division

I just wanted to ask you about the DUCs and the deferred DUCs and then the wells that might be choked back. How much net production is there? I'm just trying to quantify how much net production could be added with minimal CapEx if we do see an increase in commodity prices.

Luke C. Brandenburg

President & CEO

Your goodness, so you're thinking about on the gas side. It's really, if I had to guess on wells that have been either deferred or DUCed. We've got probably half well or so that's just been deferred if we think about what we were looking at, at the beginning of the year to the end of the year. And then we probably have, I'd say, at least 1.5 well and 2 net wells that are DUC across several operators.

Those DUCs are generally in the Haynesville. So gosh, thinking about the production impact of that, a couple of net wells, the Haynesville, pretty high rate early on. Real dollars associated with that, though, the completion side and the Haynesville is certainly an expensive hobby. So what would you say, Tyler, maybe -- if I was looking at an average well cost, it's going to be maybe 60%, 66% of that and if you've got the ability to bring on -- yes, you got the ability to bring on at least a couple, 2.5, maybe net wells in total? So I wouldn't say it's a tremendous amount, to be honest with you, Noah, but I think it could be impactful, especially as you do see our gas production declining a bit quarter-over-quarter as we've allocated less capital there.

Noah B. Hungness

BofA Securities, Research Division

Okay. That's really helpful. And then I just wanted to touch on LOE. You guys' LOE was at the bottom end of your guidance. Could you kind of talk about what drove that lower? And then how sticky that lower LOE is?

Luke C. Brandenburg

President & CEO

Yes, absolutely. So part of that actually ties to what we're just chatting about on the gas side. So with deferrals on the -- particularly in the Haynesville, we take some of that gas in kind. And so we're seeing pretty -- we're seeing quite a bit of decline on those assets. And as that -- those assets decline, our take-in-kind volumes are going down and there's a cost to move those take-in-kind volumes and gathering charge, and for us, that maps to LOE. So we're seeing that number go down more than expected this year when we originally put out guidance just because of those deferrals.

The other component was less workover expense, particularly in Bakken. So we had less activity up there, but the primary driver was our gathering costs are going down on wells that we taking kind in the Haynesville.

Operator

And we do have our last question comes from the line of Jeff Robertson with Water Tower Research.

Jeffrey Woolf Robertson
Water Tower Research LLC

Luke, to clarify on the guidance, when you're talking potentially double-digit production growth in 2025, are you talking BOEs or oils?

Luke C. Brandenburg
President & CEO

Great question. So we're talking BOEs, although I anticipate that, that will be oil weighted. And that's really a primary driver. We just haven't put a lot of capital into new dry gas projects as of late. And so at least given the current outlook for hydrocarbon prices, I would anticipate that. We're talking BOEs, but oil will be the majority of the driver there.

Jeffrey Woolf Robertson
Water Tower Research LLC

And if you end the year at around 50% weighting and with the projects you have teed up at least early into 2025, that would suggest a much higher than 10% year-on-year oil production growth, I think, wouldn't it?

Luke C. Brandenburg
President & CEO

Yes. I'd say we're in the double digits, but we're not in a spot where we want to share exactly what we think that will be yet. But yes, I do hope that it exceeds 10% based on, again, our current plans and the current pricing environment. We would hope that, that would exceed 10%.

Jeffrey Woolf Robertson
Water Tower Research LLC

Luke, on the controlled capital with that protection representing 40% of development capital in 2025, how do you think the controlled capital part of the business and growing that over the next several years impacts your visibility with respect to future production growth, future cash flows and therefore, supporting the dividend and ultimately, what investors would view as maybe more longevity in the cash flow profile of Granite Ridge?

Luke C. Brandenburg
President & CEO

Well, I appreciate that question, Jeff, because it really hits a key component of why we want to pursue that strategy. In fact, I think next year, controlled capital will be over 50%, primarily driven by the addition of a second strategic partner there. We think that, look, this will give us a lot more insight. It will give us a lot more ability both internally to predict what the world is going to look like over the next 12, 18 months, but also externally we hope that we can get even better at our guiding. So we're a big fan of what this could represent for the business.

To be totally transparent, there's a couple of things that we're going to have to work through. Just for example, the controlled capital is great because we really have the flexibility to move the rig schedule around to make sure that we're maximizing the NPV in any given project. But one driver is this \$60 million development capital increase for this year, right? Half of that was because we moved the schedule around.

So we'll certainly have more predictability. I think that we'll be able to paint a better picture of what our inventory is, to demonstrate that we can continue to defend that dividend and can continue to grow the business. It won't remove all of the lumpiness that's inherent in the model, at least at our scale, but I think it will continue to improve. And we're just really excited about what that's going to look like, especially going into 2025.

We really started this concept in early '23, picked up a rig at the end of '23. First wells came online in June. And so we're really starting to get the wheels turning there, and I hope that as that continues to perform, like we expect, we'll see that inflection point late this year to where next year it's really singing.

Operator

We have another question comes from the line of Michael Scialla with Stephens.

Michael Stephen Scialla

Stephens Inc., Research Division

I just wanted to follow up. Luke, I thought your comments were interesting on natural gas in the press. Obviously, wanting to weight the spending toward oil-driven project right now. Do you see from an acquisition standpoint, any more opportunities to pick up non-op interest in natural gas given the depressed prices? Or can you not really afford to sit and wait on locations that may not be drilled for a while?

Luke C. Brandenberg

President & CEO

Well, it's a good question, Mike. I'd say it's less of not being able to afford to sit and wait, but well, maybe that is the driver, but there's just a pretty big gap between buyers and sellers on the gas side right now. If you just look at what a seller wants you to embrace. And I understand it, if I was in their shoes, I would do the same thing. But we've really struggled to have a meeting of the minds there. Any gas deal that we've looked at, it's just -- it's hard. It's hard because even if you look out several years, you just have such a wide range in predictions of what gas price is going to be.

And so I think there are opportunities there. There are probably people that will be successful in getting gas deals done. To be honest with you, we looked at several, we struggled. And so we're not allocating much time to evaluating dry gas deals right now just for that reason. You may be able to look at 100 and a couple you're able to get that are really good, but that hit rate is just so low. We've had better success on the oil side where we are really focused on near-term development.

Michael Stephen Scialla

Stephens Inc., Research Division

Yes, that makes sense. I wanted to ask one more. As you're thinking about scaling the controlled capital part of the business. You said it's going to be greater than 50% of next year's capital plan most likely versus, I think, 40% this year. As you look at scaling that business up versus your traditional non-op side -- on the non-op side you said you could double production or more without really adding much, if any, G&A. How does that compare with the controlled capital business?

Luke C. Brandenberg

President & CEO

Yes, that's a great question. I would say it's pretty much the same, that it's actually another way, probably more accretive, if you will, because we're spending more dollars with each of these teams, and these teams are, again, fully developed teams of 20-plus people across all disciplines. So there -- it's neat because on the traditional non-op side, we are sourcing the deals and then doing a full evaluation from scratch.

On the controlled capital side, we're partnering with just very sophisticated folks that have been doing this a long time. They're capturing the opportunities and doing all the evaluation. And then we're also evaluating alongside them, but yes thank they effectively have a broader team doing that evaluation, and

so you can do it more quickly, and these are more capital-intensive projects. And so I think that's a point that I'm glad you made it. I probably should have because it's a big selling point for controlled capital is we can further decrease the overhead per barrel, if you will, because we can spend less time on higher working interest projects, which is great.

Operator

Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.

Copyright © 2024 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

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

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

© 2024 S&P Global Market Intelligence.