S&P Global
Market Intelligence

Hallador Energy Company

NasdaqCM:HNRG

Earnings Call

Tuesday, May 7, 2024 7:00 PM GMT

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	6

Call Participants

EXECUTIVES

Brent K. Bilsland
President, CEO & Chairman

Marjorie A. Hargrave
Chief Financial Officer

Rebecca Palumbo
Director of Investor Relations

ANALYSTS

Jeffrey Bronchick
Cove Street Capital, LLC

Lucas Nathaniel Pipes
B. Riley Securities, Inc., Research Division

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

Presentation

Operator

Good afternoon. Thank you for attending today's Hallador Energy First Quarter 2024 Earnings Call. My name is Megan, and I'll be your moderator for today's call.

[Operator Instructions]

I would now like to pass the conference over to Becky Palumbo, Investor Relations with Hallador Energy. Please go ahead.

Rebecca Palumbo
Director of Investor Relations

Thank you, Megan. Thank you, everybody, for taking the time today to join our discussion on our first quarter 2024 earnings. With me today are Brent Bilsland, our President and CEO; and our newly appointed CFO, Marjorie Hargrave. Yesterday afternoon, we released our first quarter 2024 financial and operating results in a press release that is now on our website.

Today, we will discuss those results as well as our perspective on current market conditions and outlook for 2024. Following our prepared remarks, we will open the call to answer your questions. Before beginning, a reminder that some of our remarks today may include forward-looking statements, subject to a variety of risks, uncertainties and assumptions contained in our filings from time to time with the SEC and are also reflected in yesterday's press release.

While these forward-looking statements are based on information currently available to us, if one or more of these risks or uncertainties materialize or if our underlying assumptions prove incorrect, actual results may vary materially from those we projected or expected.

In providing these remarks, Hallador has no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law to do so. We plan on filing our Form 10-Q later this afternoon.

And with the preliminaries out of the way, I will now turn the call over to Marjorie.

Marjorie A. Hargrave
Chief Financial Officer

Thank you, Becky, and good afternoon, everyone. First off, I'd like to personally thank Larry Martin for all of his hard work at Hallador, and for making this transition so smooth and enjoyable. Larry will be on the call to assist in answering questions for this quarter.

Before we get started, I'd like to define adjusted EBITDA to refresh everyone's memory. Adjusted EBITDA is the sum of operating cash flow less the effects of certain subsidiary and equity method investment activity, plus bank interest, less the effects of working capital, period changes plus cash paid on asset retirement obligation reclamations plus other operations.

For the first quarter of 2024, Hallador incurred a net loss of $1.7 million, which equates to a loss of $0.05 per share for both basic and diluted earnings. Our adjusted EBITDA for the quarter was $6.8 million and our operating cash flow for the quarter was $16.4 million.

Of the $16.4 million, we used $14.5 million to reduce our debt and at quarter-end, our funded debt balance was $77 million and our net debt balance was $75.4 million. We also had $18.6 million of LCs outstanding as of March 31, 2024. Our liquidity at quarter end was $39.5 million and our debt to adjusted EBITDA or leverage ratio was 1.58, well within our covenant of 2.25.

With that, I'll turn the call over to our CEO, Brent Bilsland.

Brent K. Bilsland

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

President, CEO & Chairman

Thank you, Marjorie. Throughout the first quarter, we continued our progress on transitioning the focus of Hallador from a coal production company to an independent power producer. During the first 3 months of 2024, our Electric Operations revenue exceeded that of our Coal Operations revenue. Additionally, we were successful in adding approximately $138 million in forward energy and capacity sales, growing our Electric Operations forward sales book to approximately $657 million as of March 31, 2024. This represents approximately 44% of Hallador's total contracted forward energy capacity and coal sales through 2029 and roughly -- of roughly $1.5 billion.

However, we believe future forward sales from our Electric Operations will soon eclipse our forward sales from our Coal Operations. Since January, we have evaluated and continued to evaluate several major power and capacity sales opportunities, including one proposal made to us that if contracted, will result in a more than $1 billion worth of potential forward power sales.

We continue to see strong indicators that demand and pricing remain on an upward trend. According to the Indiana Business Journal, in the last 12 months, there have been 8 new data centers and/or Bitcoin mining facility projects announced in the state of Indiana, where our Merom Power Plant is located.

We have also seen a major utility amend their integrated resource plan and publicly state that it previously underestimated new electricity demand growth by as much as 17 times. MISO has released information arguing that their capacity reserve margin, meaning the amount of excess generating capacity in their system could go negative by as soon as next year. Monitoring the equity markets further strengthens our belief that investors and other IPPs are also anticipating similar increases in power demand, demonstrated most clearly through the more than doubling of market capitalizations of at least 2 of those IPPs across the previous 12 months.

In support of our expectation that Hallador Power sales will continue to exceed our traditional Sunrise Coal subsidiary. We anticipate changing Hallador's SIC code to 4911 electric services from 1220 bituminous coal producer in the future. On the electric side of the business, indicators for future power pricing appear much healthier than we have seen in recent months. We believe these indicators are supported by both our forward power sales book pricing and third-party future power curves.

Additionally, natural gas future prices are in contango, meaning future gas prices exceed spot gas prices that have been depressing overall power prices for the last several quarters. As we discussed last quarter, the dynamics of the natural gas market paired with the nonstandard mild weather throughout the Midwest impacted pricing and our power plant dispatch rates thus far in 2024. Future prices seem to indicate improvement on both these fronts, which we view as a positive for our go-forward operations.

In April, we also launched a targeted request for proposals for power demand supporting new development at our Merom Power Plant. Responses are due in mid-May, but early indications point to a high level of interest. The RFP is available on our website for any interested parties that did not already receive the information.

Our goal is for Hallador Power to generate approximately 1.5 million-megawatt hours on a quarterly basis, which equates to approximately 6 million-megawatt hours annually. During the first quarter, Hallador Power generated 816,000 megawatt hours or 54% of our target despite an average price of $41.90.

The favorable pricing is a result of experiencing sales prices as high as $250 per megawatt hour for limited times during the quarter, balanced against several days of pricing below our variable cost to produce.

In forward selling capacity, we target annual sales of around $65 million to help offset our fixed annual cost at the plant, which are currently approximated at around $60 million annually. We have already sold a large portion of our future capacity, which we believe makes us -- our forward capacity sales goal readily attainable for the next several years. As a condition of acquiring the Merom Power Plant, we agreed to sell 1.66 million megawatt hours of energy in 2024 and 1.6 million megawatt hours in 2025 at $34 per megawatt hour to the plant seller, representing 27% of our annual 6 million-megawatt hour goal.

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

Since this original transaction, we have been successful in selling over 5 million-megawatt hours of energy to third parties at an average price of approximately $54 per megawatt hour over the years 2024 through 2029. This roughly $20 per megawatt hour jump and average pricing has us very excited about future sales.

During the first quarter, our variable costs at the plant were $31.88 per megawatt hour. While we believe that we can typically achieve lower per megawatt hour cost, the low energy prices during the quarter necessitated that we run our plant at slower speeds and resulted in more frequent-than-normal starts and stops to avoid selling below our cost structure. Running in this manner is less fuel-efficient than if we were able to consistently generate a 6 million-megawatt hour pace, which we think could lower variable costs by as much as 10%.

Shifting to the coal side of the business. As previously discussed, in late February, our Coal Operations segment undertook an initiative designed to strengthen our financial and operational efficiency and create significant operational savings and higher margins in our Coal segment. This step helps to advance our transition from a company primarily focused on coal production to a more resilient and diversified IPP.

As part of this initiative, we idled production at our higher-cost Prosperity mine and substantially idle production at the Freelandville mine with minimal production until current reclamation projects are completed in late May or in early June of this year. As we have previously said, we expect this initiative to reduce our capital investment for coal production in 2024 by approximately $10 million. We also focused our 7 units of underground equipment on 4 units of our lowest cost production at our Oaktown mine. We also reduced our workforce by approximately 110 employees. Mining costs for the quarter were $53.38 per ton.

However, at Oaktown, we saw mining costs in March decrease into the 30s on a per ton basis. While there are several factors that impacted this cost reduction, we continue to monitor operations and strategic initiatives to better understand the longevity of these favorable conditions. Historically, Sunrise Coal has generated approximately 6 million tons of coal annually. Following the restructuring, we expect Sunrise to produce roughly 3.5 million tons of coal on an annualized basis for 2024.

If market conditions warrant, our current operations are capable of producing at a 4.5 million ton annualized pace. This year, we have also secured supplemental coal from third-party suppliers at favorable prices. This allows us to diversify self-production supply risk and provides us with additional flexibility in our sales portfolio.

The optionality to obtain low-cost tons either internally or from third parties, while capturing upward swings in the commodity markets for coal should continue -- should further maximize margins while optimizing fuel costs at our Merom facility. We continued our build-out of what we consider to be a best-in-class independent power producer management team. And in April, we welcome Marjorie Hargrave as our new CFO. Marjorie comes to Hallador with broad-based experience in power production and capital markets.

Adding Marjorie is a continuation of the breadth and depth of the IPP talent we continue to add at Hallador. Over the last 2 years, we have been successful in hiring our President of Hallador Power, a Chief Legal Officer with data communications expertise, our Senior Vice President of Power Marketing, and a Manager of Environmental Engineering, all of whom are accelerating our continued development of Hallador's current operational and future power acquisition capabilities. These prospects and our strong future sales position make us at Hallador very excited about the future of our company.
I also want to thank Larry Martin for his 17 years of service at Hallador. Larry has been a trusted adviser and a friend, and we wish him success and retirement later this year. That concludes our prepared remarks. I'll now open up the call for any questions.

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

Question and Answer

Operator

[Operator Instructions]

Our first question comes from the line of Lucas Pipes with B. Riley Financials.

Lucas Nathaniel Pipes
B. Riley Securities, Inc., Research Division

First, I want to add my congratulations to Larry and my best wishes for his retirement. Brent, I want to touch on your kind of forward sales position on the power side. There is that nice jump in 2026 versus 2025 to $55.37 versus just the $36.06. And I wondered if you could remind us what drove that?

I have a suspicion, but would be curious to hear more about that. And could you maybe walk us through a pro forma revenue buildup of the Power segment, assuming kind of the forward power price market holds and also you sell the remaining capacity?

Brent K. Bilsland
President, CEO & Chairman

Yes. So as stated on the call, we sold a fair amount of 2024 and 2025 energy to the seller of the plant as a condition of selling the plan at $34 a megawatt hour. And what we're trying to -- what we stated on the call is that we essentially have sold over 5 million-megawatt hours since that time to other participants and including -- well, any of the market at $54. And so we continue to see fairly strong pricing in the forward sales curve.

And it's just a result of -- I mean, you can't pick up the paper any day and not read or hear about how all this new demand we're seeing from AI and EVs and onshoring. And we've got MISO expressing their concerns about could the reserve margin go negative next year, which I don't even know if that's possible, but it kind of speaks to the tightness of the market. And so as we continue to make forward sales, we're encouraged by the pricing that we see.

We also, as outlined, saw an offer made to us for over $1 billion worth of future energy and capacity sales. So the reason we don't have that contracted yet, and that deal may or may not happen. But there's a number of RFPs going on right now, plus our RFP associated with mostly data center-type customers, trying to get them to locate on or near the property. So we think there's a lot of competition and one of the things we just kind of wanted to state is that if you look back, I think in the third quarter, we had something like we added $300 million in sales in the fourth quarter, like $400 million in the Power division. This quarter, $138 million. But we feel that there's going to be the potential for some very large transactions this year is there. And so we just kind of wanted to signal that to the market that we're hopeful that we can transact sometime this year on some very profitable and large transaction.

So I think that was the first part of your question. When we look at what's the revenue line of the power plant, it's basically made up of energy and capacity sales. And so we have not been as has as we would like to be in the fourth quarter of last year and first quarter of this year, which has meant we've been selling in the spot a large percentage of our Power division in the spot market, which at times can be very high prices. We saw prices as high as $250 a megawatt hour in January.

But we also see times where it's below our cost structure and we're turning our plant off or we're slowing it down at night or something like that. So the goal is to contract a higher percentage of our forward sales so that we can get the plants up and operating and leave them on, right? And so we've stated that our goal of 6 million-megawatt hours a year, that's something that we think is attainable and something that we are working towards. So look for more on that front out of us in the future.

Lucas Nathaniel Pipes
B. Riley Securities, Inc., Research Division

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

So should we assume that you would be kind of more hedged in the future?

Brent K. Bilsland
President, CEO & Chairman

Yes. That's our goal. We've been trying to do that in a very low-risk way, right? We've talked in the past about unit contingent, plant contingent-type transactions in that if we can't produce, we don't have to cover. So those have been slower to put together, but we've been successful in putting those together. And so we will hopefully continue to do more of that. None of that is ever guarantee. We're just seeing a very large level of interest from a lot of different players. And so that's got us encouraged.

Lucas Nathaniel Pipes
B. Riley Securities, Inc., Research Division

Very helpful. If you were to do something kind of behind the meter with the data center at the site, what would be a good benchmark for the power pricing? Would it be based on kind of MISO pricing in the curve? Or would this be a bilateral agreement where prices could deviate from those benchmarks?

Brent K. Bilsland
President, CEO & Chairman

Well, we'll see. I mean, we're -- we don't have the results back from the RFP. We're expecting those data points later this month. But certainly, those type of transactions will have to compete with what we can do in the more traditional markets. And we feel that competition is good for us.

Lucas Nathaniel Pipes
B. Riley Securities, Inc., Research Division

And can you speak a little bit to the connectivity at the site? Would your site qualify for any data center? Or could there be limitations due to constraints on the bandwidth of your connectivity?

Brent K. Bilsland
President, CEO & Chairman

So we have a 1-gigawatt interconnection at Merom. I believe the transmission line is flowing in and out of that substation there are around 1.6 gigawatts and so it offers an interesting situation where we can potentially supply a customer directly from the plant or those electrons can be purchased from the grid.

Lucas Nathaniel Pipes
B. Riley Securities, Inc., Research Division

But in terms of the kind of fiber access no constraints you're aware of?

Brent K. Bilsland
President, CEO & Chairman

Well, pretty much every location has to do some level of fiber build into the location, right? Because these are very -- potentially, I guess, the first question is what will the size of the facility be and whatnot. So those are all questions that we've yet to answer, but again, we kind of mentioned earlier that our Chief Legal Officer kind of comes from the data communications world. So we've been able to tap into that network of people and get really good advice. So we think that and talking to the customers and talking to our advisers that this is very feasible and there seems to be a high level of interest.

Operator

[Operator Instructions]

Our next question will go to the line of Jeff Bronchick with Cove Street Capital.

Jeffrey Bronchick
Cove Street Capital, LLC

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

Brent, maybe just go over the cash flow implications of what we have today and the current structure is in place, and sort of an expectation for cash needs over the balance of the year as far as you can see? And then help us walk through what the model looks like under you get rid of the contractual low sales, and you're signing these conceptual big contracts. How does the cash flow model look going forward?

Brent K. Bilsland
President, CEO & Chairman

Well, we get a lot of questions wrapped up in one there. So I think we're clear that we don't give out forward-looking guidance. I think we can talk at a high level of what our cost structure looks like and what our revenue looks like.

Jeffrey Bronchick
Cove Street Capital, LLC

I'm not looking for guidance. What I'm saying is you guys have woken up and said, we're changing the model. And the model change clearly has cash flow implications, which are transitory -- at least transitorily not good, and therefore, you guys are tapping different versions of liquidity to kind of keep the engine rolling. And I'm just curious, I understand transition issues, but on a higher level, like an independent IPP that's publicly traded, we should look like what as far as a cash flow profile. I'm talking free cash flow. That's what I'm trying to get at.

Brent K. Bilsland
President, CEO & Chairman

Yes. I think what we're trying to say is, look, on the revenue side, we've got -- I mean we clearly state what our prices are, right, there are average prices are for the energy, somewhere between $36 a megawatt hour average in 2025 to as high as $55.37 in 2026. That's for the energy. Capacity, we're targeting $65 million in sales. Some years are better than that. Some years are worse. But if you divide that by 6 million-megawatt hours, that's going to be a little over somewhere between $10, $11 a megawatt hour, right? So total those 2 lines together and you have, depending on the year, somewhere between $47 and $56 -- or excuse me, $66 a megawatt hour. That's the revenue line.

On the expense side, we have a cost structure that's going to be in the variable costs that's this quarter was around $32 and a fixed cost that -- assuming a $60 million cost divided by 6 million-megawatt hours would be $10, right? So now $60 margins, $40 cost. That's a $20 margin, 6 million-megawatt hours, that's $120 million if we can hit all of our goals. We'll see if we're successful in hitting all of our goals.

Jeffrey Bronchick
Cove Street Capital, LLC

But isn't by definition, the IPP world, I mean, you're never going to sell -- you don't want to sell out 100% of your capacity at the prices that the buyers want and vice versa. So there's always a contracted versus spot. Hence, is not the IPP model highly variable in -- you'll gush cash in the next year, you'll be doing converts from the board? I mean, just help me out on how you're looking through this over multiple years. Let's assume you guys execute perfectly. That's what I'm trying to get at.

Brent K. Bilsland
President, CEO & Chairman

Well, I think on the capacity side, we clearly list out that we have a high percentage of our capacity sold. And so obtaining that goal, there's a high likelihood of doing that because we've already got a high percentage of it sold, right? I mean if you're looking at percent of capacity contracted, it's 100% this year, it's 82% next year, it's 77% the year beyond that, it's 64% in the year beyond that. So we don't have a lot of work to do to obtain that goal. Where we've got to do work is on the energy side of the business, which is why we think in the next handful of months that we have participated in RFPs of our customers, and we've launched an RFP to target data center or industrial uses the power through an agreement with Hoosier Energy that we announced last quarter.

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

So we'll see how successful we are, but we would like to get a decent percentage of our plant contracted out so that we can get both units up and running and at least have both units running at minimum load, which would be about 65% of our generated output to run at minimum load all the time.

So that's kind of the goal. And that's, I think, what we're looking at. And then the coal side of the business, our power plant is one of our largest customers. And so that kind of has an internal hedge on our cost structure, being able to produce coal at costs and deliver it to ourselves. We do purchase some coal from outside parties, just to kind of diversify that risk. And that seems to be working out as well.

Operator

[Operator Instructions]

The next question will go to the follow-up of Lucas Pipes with B. Riley Financials.

Lucas Nathaniel Pipes
B. Riley Securities, Inc., Research Division

Brent, I want to ask you about recently unveiled EPA Clean Power rule. At what point would you consider making investments? What do you think is the legal outlook for this rule? I appreciate your thoughts.

Brent K. Bilsland
President, CEO & Chairman

Well, look, I think the world is trying to balance a couple of different things. On one hand, we want to keep the lights on 24/7, and we seem to have, for the first time in 20, maybe 30 years, significant growth in demand for electrons. And at the same time, the world desires lower carbon emissions. So that's kind of the tug-of-war that I think goes on there. And the challenge that we're all being guided to. And the grid took 150 years or so to build and it's designed for a system of baseload power and spinning generation. And in many cases, it needs on-site fuel. And so we're trying to transition to something else in a short period of time, and that's going to be really, really challenging.

And so we've seen this new carbon plant come out. I suspect it will be stayed. And we've read different legal series and the like that it's probably headed to the U.S. Supreme Court. And if I had to bet, I would bet they'll probably say it was unlawful. But regardless of that, to me, it does give a path for our business to run through 2039 and that would be with co-firing with gas, which we have for the last 9 months been studying to see if that is an alternative that a lever that makes sense for us to pull. So we're continuing to evaluate that, and we're continuing to evaluate these new rules.

There's going to be a lot of changes. But I think at the end of the day, the fact that we'll always went out is the lights must always stay on. And if they don't, there'll be new leaders, right, because people just aren't going to accept rolling blackouts in this country. And so I think physics prevails. That doesn't mean that the desire isn't there. We're not working towards that path. I just think we have to do so in a very responsible way. And so all of this is probably going to take much longer than what politicians and headlines would have you believe. I mean it wasn't that long ago, 3, 4 years ago, they were saying that we were going to be carbon-free by 2030 and then it was 2035.

And now we have a pathway for the existing fleet to stay until 2039. And if this rule stays around, it essentially means that any new gas plant builds have to have carbon capture and storage which, to me, makes it extremely challenging for anyone to build a new gas plant. So it kind of means that we're probably going to rely on the existing fleet and some capacity for much, much longer, but there'll certainly be a lot of lawyers that spend time analyzing these bills. I mean these rules were 1,400 pages long. So they're very detailed and specific.

And I think the industry is still trying to figure out exactly what the exact interpretation is because it gets very specific for each fuel source. But to me, it's a near-death flow to a new gas plant build, which further makes -- all right, so how do you expand the grid? You can't build new gas, nobody is building new coal. Everyone who's tried to build a new nuclear plant had huge, huge cost overruns by 2x or more. So -- and the capacity accreditation that we're seeing MISO hand out to wind and solar is 5% of nameplate,

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

right? So you got to build 20x of whatever wind and solar is to get -- you got 20 gigawatts of solar to get 1 gigawatt of capacity. I mean that's -- that math is very problematic.

So I don't think there's any easy answers or solutions here, but we are becoming more and more convinced about the longevity of our business, the profitability of our business and mostly because we are kind of transitioning the company from a business that had a shrinking demand to a business that has a growing demand, and I think that has great benefit to the long-term shareholders of Hallador.

Lucas Nathaniel Pipes
B. Riley Securities, Inc., Research Division

Very helpful. Two follow-ups on this. First, co-firing with natural gas, how much would that cost to make a plant change for that? How long would it take? And then on the back of your thesis that you just articulated, are you looking at acquisitions of other coal-fired power plants, be it in MISO or across the nation?

Brent K. Bilsland
President, CEO & Chairman

Yes. So we're still -- like I said, we're still evaluating what co-firing the plant would look like. And there's different ways of doing that. So we're not really ready to come out with a cost estimate, though it is feasible. And then secondly, excuse me, I got interrupted. The second part of your question again, Lucas was what? Acquisitions?

Lucas Nathaniel Pipes
B. Riley Securities, Inc., Research Division

Yes.

Brent K. Bilsland
President, CEO & Chairman

Yes. I think we're always in the market, and we're always having some level of conversation with someone about acquisitions and what that might look like. It's definitely something that as we talked about on the call, we continue to build out our team of experts and kind of bolster our capabilities to acquire plants, operate plants and increase the overall value of those assets. And I think that's what we're trying to do. And that's part of the reason of the RFP with the different data center groups to see if that's another way that we can add value to the platform that we have.

Operator

[Operator Instructions]

There are no additional questions waiting at this time. So I'll pass the conference back over to Brent Bilsland for closing remarks.

Brent K. Bilsland
President, CEO & Chairman

Well, I just want to thank everyone for their time today and their continued interest in Hallador. Thank you.

Operator
That concludes the Hallador Energy First Quarter 2024 Earnings Call. Thank you for your participation. I hope you have a wonderful rest of your day.

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

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.