REFINITIV STREETEVENTS

EDITED TRANSCRIPT

HTZ.OQ - Q3 2022 Hertz Global Holdings Inc Earnings Call

EVENT DATE/TIME: OCTOBER 27, 2022 / 12:30PM GMT

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

CORPORATE PARTICIPANTS

Johann Rawlinson *Hertz Global Holdings, Inc. - VP of IR*

Kenny K. Cheung *Hertz Global Holdings, Inc. - CFO & Executive VP*

Stephen M. Scherr *Hertz Global Holdings, Inc. - CEO & Director*

CONFERENCE CALL PARTICIPANTS

Adam Michael Jonas *Morgan Stanley, Research Division - MD*

Chris Jon Woronka *Deutsche Bank AG, Research Division - Research Analyst*

Ian Alton Zaffino *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

John Michael Healy *Northcoast Research Partners, LLC - MD & Equity Research Analyst*

Ryan J. Brinkman *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

PRESENTATION

Operator

Welcome to Hertz Global Holdings Third Quarter 2022 Earnings Call. (Operator Instructions) I would like to remind you that this morning's call is being recorded by the company. I would now like to turn the call over to our host, Johann Rawlinson, Vice President of Investor Relations. Please go ahead.

Johann Rawlinson - *Hertz Global Holdings, Inc. - VP of IR*

Good morning, everyone, and thank you for joining us. By now, you should have our earnings press release and associated financial information. We've also provided slides to accompany our conference call, which can be accessed on our website.

I want to remind you that certain statements made on this call contain forward-looking information. Forward-looking statements are not a guarantee of performance and, by their nature, are subject to inherent uncertainties. Actual results may differ materially.

Any forward-looking information relayed on this call speaks only as of today's date, and the company undertakes no obligation to update that information to reflect changed circumstances. Additional information concerning these statements is contained in our earnings press release and in the Risk Factors and Forward-Looking Statements section of our 2021 Form 10-K and our third quarter 2022 Form 10-Q filed with the SEC. All these documents are available on the Investor Relations section of the Hertz website.

Today, we'll use certain non-GAAP financial measures, which are reconciled with GAAP numbers in our earnings press release. We believe that our profitability and performance is better demonstrated using these non-GAAP measures.

On the call this morning, we have Stephen Scherr, our Chief Executive Officer; and Kenny Cheung, our Chief Financial Officer. I'll now turn the call over to Stephen.

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Thank you, Johann. Good morning, and welcome to our third quarter earnings call. Before we begin our earnings discussion, I want to focus for a moment on Hurricane Ian, which brought considerable devastation to Southwest Florida just weeks ago, including to our hometown of Estero.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Having been in Florida with our employees, customers, local officials and relief organizations, I have been struck by the resilience and perseverance of Hertz employees to be in the service of our neighbors and customers. Fortunately, all our employees in the affected areas were safe, and our physical assets suffered little to no direct damage. The Hertz team is engaged with our community on its path to recovery.

Let me now turn to our financial results for Q3. Hertz posted another quarter of solid performance. Our results were the product of strong demand across leisure, corporate and rideshare; high utilization; a stable rate environment; and actions intended to further our stated strategy of managing fleet to suit demand. We remained focused on operational excellence and attractive financial returns.

Third quarter revenue was $2.5 billion, up 12% year-over-year and up 6% quarter-over-quarter. We generated $618 million of adjusted corporate EBITDA, resulting in a healthy 25% margin. Adjusted free cash flow of $505 million reflects a conversion rate of over 80% for the quarter. This significant free cash flow generation enabled us to invest across our business as well as reduce our capital base in the quarter by 7% through share repurchases.

The third quarter was characterized by continued strength in rate across all customer segments, with increased contribution of revenue from value-added services and particularly strong pull-through of corporate demand. Through the quarter, we experienced better-than-expected movement in revenue per day and revenue per unit, with each up 3% and 5%, respectively, versus Q2.

Beyond positive volume trends, we also experienced improved operating performance as the quarter progressed, including a lower direct operating expense base, fewer out-of-service vehicles and more active fleet rotation. Our focus on fleet, consistent with the strategy around active fleet management discussed on our last earnings call, enabled us to capture healthier gain on sales earlier in the quarter against a declining residual price environment.

RPD in Q3 was $68.57 and RPU was a record $1,685. Our results reflected stronger performance than seasonal expectations would typically yield. This should continue into Q4 as OEM production remains constrained and as we continue to manage fleet inside demand. On rate, we expect to remain at elevated levels this quarter relative to historical norms, with normal seasonal adjustment versus Q3.

Finally, as strong as our unit revenues were in Q3, RPD as a metric may be less telling as we grow our TNC or rideshare business, where length of rental is longer relative to the conventional RAC business. Lower RPD in that customer segment should not mask TNC's impressive economic contribution to margin.

Lower implied RPD over a multi-week rental, alongside lower associated transactional expense, produce attractive EBITDA margins, being the primary metric to which we manage our business. In Q3, TNC rental volumes more than doubled year-over-year, and our expectation is that this customer segment will continue to grow.

With respect to the business overall during the quarter, across all geographies, we maintained our focus on customer service. Despite the peak summer season, limited availability of vehicles, high fleet utilization and elevated pricing, we improved our NPS score sequentially from Q1 through Q3. This is a terrific achievement and a testament to our employee focus on putting the customer first.

While our Q3 results reflect overall strength in our business and continued demand for our services, there remains opportunity for further growth as we experience a return to volumes achieved prior to the pandemic. This is consistent with what has been reported across the travel industry.

Notwithstanding risk of economic slowdown, we see no evidence of softness based on current bookings. In fact, revenue metrics for the month of October, including RPD and transaction days, are up year-over-year. Likewise, domestic leisure travel remains elevated as we are now one month into Q4.

Corporate business reached 75% of pre-pandemic levels in Q3, with forward bookings reflecting a continuance of this trend into Q4. While corporate activity from small and midsized businesses demonstrated considerable growth across the first half of the year and into Q3, larger global accounts accelerated during Q3 as these customers have only begun to increase their travel volume. In Q3, we renewed 100% of contracted corporate accounts open for renewal, and 93% of these renewals contained a price increase.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Finally, international inbound activity is showing signs of return, particularly into the year-end holidays and despite a strong U.S. dollar. While early, and only by example, international inbound bookings for Florida and West Coast destinations are up over 50% in reservations for the Christmas holiday.

Before Kenny takes you through the details of our results, I want to address four key areas of focus for our team as we progress Q4 and look toward 2023. They are fleet management, cost structure, strategic priorities and capital deployment. Let me begin with fleet.

Last quarter, I spoke at some length about our strategy of managing fleet size to expected demand. Given market dynamics in Q3, with rental volume remaining elevated and residuals in decline, our fleet strategy had to take account of aggregate fleet size as well as the composition of the fleet.

In managing the fleet, we considered embedded equity value across the whole of the fleet as well as on a vehicle level basis as we sized for overall customer demand and made acquisition and disposition decisions. In Q3, we began with a fleet size of 532,000 and finished the quarter at 512,000, which included a refresh as we bought back approximately 75% of the volume that we sold.

The process enabled us to maximize the harvest of embedded equity against the declining residual value market, while, at the same time, rendering the fleet younger at lower price points and releasing capital to return to shareholders. Should residual price declines persist beyond Q3, we expect to continue monetizing the equity in our fleet and using that equity to subsidize the purchase of vehicles at reduced prices.

While residual price decline was anticipated in Q3, the pace proved more accelerated than expected. Beyond broad indices, our large used car retail footprint and partnership with Carvana provided us with real-time pricing information, enabling us to make swift decisions on vehicles most exposed to potential decline in value.

These platforms also enabled us to sell vehicles at a premium to the wholesale market. Our Q2 and Q3 fleet actions mitigated our exposure to the normalizing market and positioned us tight on fleet going into the fourth quarter exactly where we want to be, with the standing option to buy cars to meet Q4 demand at more attractive prices.

Let me turn to our cost structure. Our ambition is to take our unit costs down to render Hertz a more efficient operator in all markets. In Q3, however, we came into the quarter with elevated out-of-service levels, primarily because of higher recalls in the first half of the year and a reduced workforce, particularly among mechanics coming out of reorganization.

During the first two months of the quarter, with parts procured, we made the intentional decision to carry higher costs in our operations to effectively address the recalls, bringing out-of-service down and putting vehicles back into the usable fleet. As a result, our DOE in the quarter remained higher than desired.

But, our cost base in September displayed better operating leverage than the prior 2 months, and we are experiencing even lower unit costs in October as we open Q4. We expect improving operating leverage throughout Q4, and we look to further improvement in 2023.

We expect the Q4 cost reduction to be the product of several factors, including, most notably, a more pronounced reduction in expensive third-party labor and a continued pivot to Hertz badged employees, as well as the completion of our telematics installation across 100% of the Americas fleet. Our telematics investment is already contributing to superior recovery times on missing vehicles, more accurate fuel readings upon return and timely service alerts, bringing real value to the customer experience and efficiencies in the field.

Next, let me comment on our strategic initiatives. Our activity over the quarter reflects the strength of our commitment to the increasing electrification of our fleet, both in terms of growing a more diversified fleet of EVs and making progress on charging. As you know, we made two significant announcements in Q3 related to electrification.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

First, we announced our memorandum of understanding with GM to acquire up to 175,000 electric vehicles over the next five years. The agreement encompasses EV deliveries through 2027 and spans a wide range of vehicle categories and, importantly, across various price points, from compact and midsize SUVs to pickups, luxury vehicles and more.

The arrangement will dramatically expand our EV offering and diversify our source of EVs at ever more attractive price points. We will be able to drive increasing volumes and attractive margins with more electric vehicle choice at lower cap costs.

Of equal importance, we announced an infrastructure agreement with BP, which promises to increase the network of charging stations available to Hertz customers and to improve the charge management of our EV fleet. bp pulse, a unit of BP, will fund and install charging infrastructure across the Hertz location footprint. This partnership will enable us to expand the national charging network available to our customers at an accelerated pace and provide access to a growing number of charging networks to use at attractive pricing.

Likewise, bp pulse will also customize energy management software for Hertz to ensure our growing fleet of EVs are recharged quickly and on a cost-efficient basis in preparation for rental. bp pulse's platform will allow us to optimize timing and usage of energy, thereby containing cost and ensuring our customers are provided an EV at an appropriate charge level.

Beyond electrification, our technology initiatives are progressing well. Telematics, as I noted before, and the early introduction of a new analytics platform are 2 hallmarks of our progress in Q3. In the quarter, we went live on the introduction of an analytics model designed by Hertz and Palantir.

The model enables us to harness our data in innovative new ways that will get our customers on the road more quickly, improve our cost structure, appropriately calibrate pricing against demand and reduce the complexities of operating a large diverse fleet. While early, we believe the rollout across the U.S. will bring significant benefits to our business, both from a revenue and operating cost perspective.

I'll wrap up with a few comments on capital deployment. We continued to invest in fleet and nonfleet CapEx in the quarter and to repurchase our common stock. Our Q3 investment brought our net fleet CapEx for the first nine months of the year to $672 million and our nonfleet CapEx to just under $100 million.

On share repurchases, through nine months, we have repurchased $2.1 billion of stock. As of October 20, we had $1.4 billion remaining under our $2 billion authorization. Our strategy around capital allocation continues to be one of investing on our business then using free cash flow to repurchase shares.

As I turn the call to Kenny, I want to put our results and our forward view of the business in the context of what others across the travel industry have communicated over the last 2 weeks. Like the airlines and hotels, we are experiencing undeniably strong demand for our services as we begin Q4. As I noted earlier, demand is up across leisure and corporate, utilization remains elevated and neither is being driven by price concession. That is not a forecast. That is current reality.

It is true that residuals on used cars declined precipitously as Q3 progressed, but I would distinguish supply-driven factors that drive used car pricing from demand-driven factors that underlie the fundamental expression of activity being shown by our customers. As a matter of risk management, we are prepared for a slowdown should one materialize.

But for now, the nature of demand we are experiencing stands in contrast to the more negative tone underlying the economy and may well be fueled by changing travel patterns emerging out of the pandemic. Whether this is specific to the travel industry or a signal for the broader economy remains to be seen. Regardless, we remain focused on maintaining the right fleet, the right cost base and the right strategic deployment of capital to generate attractive returns for our shareholders over time.

I'll now turn it over to Kenny to walk you through our results in more detail.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Kenny K. Cheung - *Hertz Global Holdings, Inc. - CFO & Executive VP*

Thank you, Stephen, and good morning, everyone. As Stephen mentioned, demand for rentals was strong in the third quarter, and our focus on profitability resulted in a high-margin business.

Our third quarter adjusted EPS was $1.08 and adjusted corporate EBITDA was $618 million, reflecting a margin of 25%. Revenue was $2.5 billion in the quarter, a 12% increase compared to the prior year period and a 15% increase on a constant currency basis. Revenue and EBITDA were negatively impacted by approximately $70 million and $20 million, respectively, due to currency changes.

About 2/3 of revenue growth was attributable to volume and 1/3 to rate. This RPD growth was driven by disciplined fleet management and accretive ROA mindset. RPD was $68.57, and monthly RPU was a record $1,685 for the third quarter, exceeding the second quarter RPD and slightly ahead of the expectation laid out on our previous call. This constitutes a 5% increase over second quarter RPU, driven by continued quarter-over-quarter and year-over-year improvements in rate and volume, and higher utilization versus Q2.

July is typically the strongest month of the year for our business, and we achieved RPU for the company of $1,777. A key driver of the post-pandemic RPD growth has been the growth in revenue from value-added services. These ancillary customer services provide high-margin revenue. And with international inbound returning, we see room for further growth.

Volume in the quarter grew 11% year-over-year and 5% quarter-over-quarter, in line with our expectations. The 5% volume growth was achieved despite fleet increasing less than 4%, aided by tighter utilization. It should be noted that transaction days for the quarter at about 37 million represents a post-pandemic record. Most of the volume came from leisure rentals, which increased versus the previous quarter.

Our corporate and international inbound volumes continued their recovery in the quarter, and increase from Q2 to 75% and 45% of 2019 levels, respectively. Utilization improved quarter-over-quarter to 80% and was enabled by our investment in preventative maintenance and fixing recalls to drive down out-of-service levels, as we noted earlier.

Through our determined efforts, the number of vehicles classified as out-of-service was materially reduced. As a result, we were able to achieve a September exit rate of 81.4% on utilization, which is an impressive operational achievement. To put this exit rate into perspective, this is a 220 basis point improvement in utilization for the month versus 2021 and a 50 basis point improvement versus 2019.

Moving to fleet carrying costs. We recorded gross depreciation per unit per month of $324 in the third quarter, offset by net gains on sale of $137. Net DPU for Q3 was $187, which was $22 more than the high end of the range we estimated on our last call, primarily resulting from industry-wide declining residual values in August and September.

While we anticipated a reduction in used car prices in the second half of the year, as Stephen noted, the decline was steeper than we expected. The excess in the Q3 depreciation expense over our guidance broadly amounts to about $50 million or a reduction of $1,000 per vehicle across 50,000 cars sold during the back half of the quarter.

Based on our recent review, we expect DPU in Q4 of $240 to $260, which will result in the full year DPU of $110 to $130. We expect to continue to rotate out high mileage and fully depreciated vehicles to reduce the average age of our fleet. Doing so will untrap some of the unrealized gains in the fleet and manifest as an offset to gross depreciation.

We benefited in Q3 as a seller of cars and, likewise, benefited due to actions taken earlier in the year, which placed our fleet on the short side of demand. We sold vehicles in the third quarter, both as part of seasonal de-fleeting, and as part of proactive rotation discussed earlier, and with the month-over-month declines in residual values, we were able to capture prices that were higher than they are today.

And looking forward, it's important to keep in mind that residual values are still up over 30% from 2019 levels. We expect to continue managing our exposure to residuals in the following ways.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

First, we expect to keep the fleet tight so we are not long on cars. While we have a standing preference for acquiring new vehicles to the extent we need to infleet vehicles to meet demand, we can do so at reduced cap costs and through the used car market.

Second, we continue to identify vehicles in our fleet with the greatest exposure to falling residuals, as well as older vehicles with more trapped equity, and prioritize those for rotation. The equity cushion in our ABS facility remained at over $2 billion at the end of Q3. The equity cushion provides insulation from any potential need to inject equity collateral into the ABS. We do not foresee a need to make any such contribution.

The stability of this cushion, notwithstanding the accelerated decline of residuals, was the product of various factors. First, selective purchases of new vehicles in Q3 at below MSRP, providing a fair value cushion almost immediately. Second, the selling of vehicles considered to have elevated exposure to falling residual values based on granular model and trim level data. And third, the presence of EVs. Our EVs proved beneficial on a relative basis as their residual values were generally more resilient.

Turning now to our cost structure. During the first 2 months of the quarter, the company ran with intentionally elevated operating costs to address out-of-service levels, as Stephen mentioned earlier. As a result of these efforts, by the end of the quarter, out-of-service levels had decreased, thereby increasing utilization. Going forward, we are focused on improving our cost base, and will closely monitor DOE per transaction day as a metric to evaluate our progress.

In Q3, our DOE per transaction day was about $35. Within the quarter, we experienced month-over-month decline, as Stephen noted. October is showing further improvement. We have several initiatives in place to reduce overall DOE, some of which we mentioned earlier around labor and telematics. Additionally, as the TNC business grows and as we increase the number of EVs in our fleet with a lower maintenance profile, we expect transaction economics to improve with lower cost.

Let me now turn to our capital structure and liquidity. Our balance sheet remains healthy, and we ended the quarter with a leverage of 0.7x. At September 30, our available liquidity was $2.6 billion, comprised of $1 billion in unrestricted cash and the balance available under the revolving credit facility.

During the quarter, we increased our RCF capacity by $55 million to almost $2 billion, creating additional financial flexibility and enhancing our corporate liquidity. We also increased the commitments under our variable funding notes by $65 million to over $3.9 billion. Our balance sheet and ABS structures remain exceptionally well positioned for a changing residual environment.

Turning now to our cash flow and capital allocation for the quarter. Adjusted operating cash flow was $572 million for Q3, a 93% conversion from EBITDA. Nonfleet CapEx was $41 million for the quarter and net fleet CapEx was $26 million. The resulting adjusted free cash flow was a strong $505 million, a conversion of over 80% of EBITDA.

Our capital priorities of investing in our fleet, funding our strategic initiatives and returning excess cash to shareholders remain unchanged. During the quarter, we repurchased 27 million shares for $500 million. Overall, we allocated nearly $570 million towards capital investments and share repurchases during the quarter, all funded from operating cash flows.

Lastly, let me touch on what we are expecting for Q4. On demand, as Stephen mentioned, apart from expected seasonal adjustment, we see no lessening of volume through year-end. In fact, in Q4, we would ordinarily observe about a 15% seasonal volume reduction relative to a summer peak in Q3. Given current trends, we expect our Q4 reduction in transaction days to be closer to 10%.

On fleet, we expect it to remain tight and largely consistent with our fleet size as we began the year. We will selectively add vehicles as demand warrants, and will also continue the rotation of fleet. Rotation enables us to harvest residual equity, realized in the form of gain on sale, while simultaneously reducing the age of our fleet. Our current fleet plan in Q4 will render the fleet younger by over 2 months. In the context of that rotation, we now expect net fleet CapEx for the year to be at or about the lower end of the previously discussed range of $750 million and $1 billion.

And on rate, Q3 to Q4 typically reflects a seasonal softening of around 8% to 10%, and we expect this year to follow historical patterns. Our Q3 exit rates on utilization, costs and bookings position us well for Q4 and will permit us to continue operating with the momentum experienced to date.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

With that, let's open the call for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Chris Woronka with Deutsche Bank.

Chris Jon Woronka - *Deutsche Bank AG, Research Division - Research Analyst*

Stephen, I think you mentioned in the prepared comments some distinction between factors that are driving used car pricing and factors that kind of drive demand for rental cars. I mean could you maybe give us a little more color on the distinction between those factors?

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Sure, sure. Thanks for the question. So let's start with the used car side. So used car prices are largely driven by supply factors. So as OEMs produce more cars and increase the supply of those cars, that tends to soften demand for used cars and, therefore, softens pricing.

At the moment, the prospect of increased OEM volume maybe more than the reality, but the prospect of it is influencing used car residuals. And the reality is that demand for used cars falls as the prospect of a new car becomes more affordable and available. As an aside, I'd point out that rising interest rates also dampen demand for used cars and, therefore, the residual price falls, and that's obviously the reality at the moment.

By contrast, the increased supply of new cars as a driver of used car pricing doesn't dampen demand for rental cars. The demand for our product is driven by a whole range of different factors. For leisure travelers, there are post-COVID travel patterns, and an appetite for experiences over hard assets. Corporate travelers are largely expressing demand as a function of commercial activity. And the TNC drivers or the rideshare are driven -- demand is driven largely by the profitability associated with renting a car as opposed to owning it.

So it's a different set of factors. But perhaps to answer the more important kind of component of your question, new car supply will not put at risk the pricing of our product, okay, put aside demand. We control the size of the fleet and the supply of cars that are available to rent. And this runs, obviously, at the very core of the strategy that we articulated on the last call and executed this quarter.

I mean, it is true. If you look at history, the industry historically lacked discipline and around fleet sizing and often found itself in a position where we would size up fleet for a robust travel season. Demand would not materialize. That would lead to lower RPDs and lower residuals as rental car companies de-fleeted. So you had a kind of a double effect, lower RPD and lower residual.

That's not where we are running the business now. In contrast, we now source cars and grow fleet to sit inside where we perceive demand to sit. And because we control the supply of the cars, we can meet that demand and safeguard price. And so I think that's really the differential, if you will, supply side versus demand side on the 2 sides, if you will, of the equation.

Chris Jon Woronka - *Deutsche Bank AG, Research Division - Research Analyst*

Yes. That's very helpful, Stephen. And then as a follow-up, I guess, could we maybe get a little bit more color on kind of the EV plan for next year? Not looking for specific guidance, but all the moving parts in terms of how many you think you can in-fleet next year and what impact that's going to have on DOE depreciation and stuff like that?

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Sure. So a couple of things. One, as you know, we've targeted roughly 1/4 of the fleet to be EV by the end of 2024. Over the course of 2023, we will begin to take in GM electric vehicles, which will come in at very attractive price points and across a range of models. That, on one hand, will be a positive because it will give our customers a selection and a choice. It will enable us to operate an even higher margin in the context of renting those vehicles.

And obviously, the dep rate will fall and go lower as we're buying cars at a lower cap cost. And so I think the open of that valve, if you will, the supply of EVs to add to what we're doing around Tesla and Polestar, I think, will be a positive, both in terms of customer experience and in the overall economic picture around depreciation for our product set.

Kenny K. Cheung - *Hertz Global Holdings, Inc. - CFO & Executive VP*

Chris, it's Kenny. So let me just add a little bit of color to your last part of the question, right? So first and foremost, I'll say, we are excited that the EVs are coming in as expected and is validating our long-term view of the EV economics being accretive to the ICE vehicles and into our business.

In terms of the P&L impact itself, on the revenue side, we are seeing customers willing to pay a premium for these rentals. Right now, the RPD spread between an EV vehicle and ICE is roughly $30, right? So again, 85% flow through down to EBITDA.

As Stephen mentioned, we're seeing NPS scores literally 10 points higher than the average ICE vehicles right now for EVs. And the utilization, we are improving each and every single day. Stephen mentioned depreciation and, in my prepared remarks, EV is a bit more resilient right now given the changing residual landscape. And right now, the depreciation, as a percent of cap cost, is between 0.85% and 1%.

As you may remember, Chris, usually, you dep around 1.25%. So it's about 25% lower than ICE vehicle. So right now, all of the revenue side, depreciation side is coming in, in some cases, better than how we modeled it. On the expense side, we are seeing maintenance costs being 50% less than ICE vehicles, right? So we're seeing some of the productivity as well on the DOE side.

Operator

Our next question comes from Ian Zaffino with Oppenheimer.

Ian Alton Zaffino - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Very good quarter, and glad to hear all the strong commentary you guys are providing. I wanted to ask just maybe building on the last question as far as depreciation. Thank you for giving us the near-term depreciation outlook. But if we look longer term, in the context of like fluctuating residual values, also like the mix of the fleet going forward, how should we actually be thinking about some of the depreciation on a longer-term basis? And I have a follow-up.

Kenny K. Cheung - *Hertz Global Holdings, Inc. - CFO & Executive VP*

Ian, it's Kenny. Thanks for the question. So we have a few thoughts, right? First, I'd say, we don't think about depreciation in isolation because, frankly, that's not the way that Steve and I manage the business. We manage by driving margin and ROA. So depreciation is just one input or, said differently, it's just one knob on the dashboard, right? So as Steve and I manage the business, revenue, depreciation, EBITDA margin, all of that is directly linked and related. And all of that has to be considered when making fleet decisions.

So let me give you an example. As I just mentioned to Chris about EVs, yes, on face value, as of right now, the EV depreciation is relatively higher than ICE vehicle. Obviously, that may change as we diversify our fleet. But as of right now, they are higher depreciation. If you just look at that

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

metric, it would be misleading because an EV right now has the higher RPD attachment, has a lower maintenance cost profile, therefore, it's accretive to our business and into our margins.

So just to kind of wrap it up from my end, while I cannot tell you exactly what depreciation rate is going to be because it's a function of what vehicles we buy or keep, which will inform by what revenue and demand hence margins we expect to earn those vehicles. What I can tell you is this, right, if you bifurcate net depreciation, you have gross and gains. Over time, we expect gross and net to converge with a modest spread as we sell a significant numbers of vehicles through our retail channels, including Carvana, which, as you know, is accretive to wholesale.

Ian Alton Zaffino - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Okay. Great. And then also, I just wanted to go over the fourth quarter a little bit more. Maybe from an RPD standpoint, can you just remind us what the comps look like? And I know you provided commentary for October. But I do believe, as we got into later in the year, you probably have easier comps. Can you just remind us about what the cadence is for the quarter?

Kenny K. Cheung - *Hertz Global Holdings, Inc. - CFO & Executive VP*

Yes. So for third quarter, so let me back up a little bit. So during the last call, our guidance was RPD to be flat. Given the dynamics that Stephen mentioned, we saw a strong demand and strong pricing. So quarter-over-quarter, RPD was up 3%. Year-over-year, it was up closer to 4% year-over-year. As Stephen mentioned, right now for October, we are seeing that trend tick up even higher on a year-over-year basis.

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

I'd also just point out, just as we look out at the fourth quarter, I think the expense profile, as we both indicated, is going to change dramatically. As I noted, we purposely incurred what I would describe as more onetime costs around elevated recalls and the like. And that probably amounted to kind of a $50 million to $60 million number in the context of what our run rate was.

We've obviously brought that down. So we look now in October at DOE per transaction day at being roughly 10% lower than where we were. And equally, that was in decline, right, sequentially month-to-month within the quarter.

Just to sort of frame this out, that cost probably is 2 points of EBITDA margin. And if you think about the revenue that we brought in, excluding that incremental $50 million or $60 million of expenses, we were probably experiencing 70% contribution margin on the incremental revenue. And the point to incurring that expense was really to bring 20,000 cars at a monthly RPU of $1,600 for the balance of the year. So call it 4 months, that's $130 million top line in exchange for the expense that we were incurring.

And so I just want to frame that as you think about to your question of looking forward to the fourth quarter. The pull-through in the business is improving and will improve relative to where we were in a onetime expense incurrence. And so I just think it's important to understand that in the context of thinking about expense as it was in Q3, why we incurred it on the exchange for incremental revenue and putting that fleet back into productive use, and then equally, our return to a much more significant sort of contribution margin on incremental revenue as we bring DOE per transaction day down.

Ian Alton Zaffino - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

That's great color. Congratulations on the quarter again.

Kenny K. Cheung - *Hertz Global Holdings, Inc. - CFO & Executive VP*

Thank you.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Thanks.

Operator

Our next question comes from Ryan Brinkman with JPM.

Ryan J. Brinkman - *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

It would be great to get your latest thoughts on the potential impact that to Hertz from the Inflation Reduction Act. I think there are a number of unknowns still here, including, at least, until the treasury issues is clarifying regs, whether the tax credits will be treated as a credit against tax owed, or whether it might instead be treated as a rebate, reducing the price of the vehicle.

I listened with interest as the CEO of Ford last night expressed his view that the electric commercial vehicle tax credit was being underappreciated because police fleets and local municipalities could take advantage of these credits. Of course, local governments don't pay income taxes.

So he seemed to believe that the credits would essentially be treated as a reduction in the price of the vehicle, which would be incredible for you, right, like if you received thousands of dollars back against the 100,000 Teslas and the 150,000 GM EVs you plan to buy. So maybe this thinking is premature, but is it at least one of the scenarios that you're looking at as possible? Or in what other ways do you think you could be impacted by the Inflation Reduction Act?

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Well, listen, it has certainly captured our attention in as much as it has yours, right? So the details around this, obviously, takes effect as of the first of the year and will get treated as a corporate different than individuals. So let me just focus on the corporate side. So you're right to say there's a tax credit of up to $7,500 per electric vehicle. Now there's some rule-making to come. So this is going to be determined extensively on the lesser of 30% of the vehicle price and the delta between an electric vehicle and a comparable ICE vehicle. Exactly the measure of comparability kind of not yet known, okay?

But in a positive vein, because this legislation removed the pre-existing cap -- vehicle production cap of 200,000 cars, it now renders Tesla and GM, of particular note to us, as being eligible, right, for this tax credit. So important to sort of take stock of that. There's some talk about recapture and the like. At the end of the day, I think this will be a credit that will offset corporate tax or corporate minimum tax.

It has a carryforward life of about 20 years and so it will be of considerable value to us. Exactly how you're meant to look at it as an offset to price and the like, hard to know, and the rule-making is hard to know. But this is a consequential piece of legislation as it relates to the attractiveness of the economics around the vehicles themselves.

Ryan J. Brinkman - *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

Okay. Great. And you addressed the decline in used car prices, which, while somewhat precipitous, is also maybe not that surprising given how precipitously they rose previously. I wanted to check in on the other big driver of your higher-than-historical results, which is revenue per day, which has also risen a lot. Just to what extent do you feel like the elevated trend in revenue per day is likely to maybe hold in better than used vehicles as they inevitably normalize lower?

I heard Kenny mention that ancillary services were a big, if not the biggest, driver of higher RPD. I had imagined that maybe the semiconductor chip shortage and resulting supply-and-demand imbalance for rental cars was the biggest driver, along with just the general increase in consumer

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

prices. It sounds like you think ancillary services could keep rising from here, still benefiting RPD. What is your outlook for the balance of supply and demand for rental cars?

We've been thinking maybe the supply of vehicles on the retail side, on dealer loss, that could normalize maybe by the end of '23 or so. But only then would the automakers look to sell more aggressively to the rental fleet, suggesting that there could still be imbalance for rental cars well into '24, with the implication RPD could still be abnormally high then. What are your thoughts along these lines? And what do you think the new normal of RPD might be once the dust settles from some of these unusual industry and macro factors?

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Sure. Well, there's a lot in your question. Let me try to address it. And maybe I'll just start with the following, which is a little bit of insight into the month of October, okay? So we're seeing plus 5% rate, plus 5% volume. So both volume and rate, transaction days and rate, are showing continued strength and promise, right, in the context of where we are.

Now as I talked about in the prior question, the supply of new vehicles, or perhaps the prospect of the supply of new vehicles, I think, was one of several contributing factors to a downdraft in the residual price of used cars. I don't think we foresee the supply of OEM production to sort of hit its stride much before 2024. So there will be new cars this year, but not to the extent that I think is being contemplated as it relates or plays into the used car market.

So we were a seller, as we said, in the management of our fleet. Earlier in the quarter, the objective, try to capture the gain that was most at risk, okay? And we did that more on the front end than on the back end, right, of the quarter to capture that gain. The decline in the residual value of used cars plays positively to us as and to the extent that we continue to look at the used car market as an area where we can meet marginal demand beyond that, which we in-fleet in terms of new cars. So the fact that, that pricing is coming down is a benefit. We get into new used cars or good-condition used cars at a lower price point than where we were, okay?

In the context of overall revenue and the strength, obviously, the primary factor is demand. And demand is out there across leisure, it's across corporate, and it's across the rideshare or Uber and Lyft driver, okay? On the leisure side, as we pointed out, very strong sort of Christmas holiday bookings from inbound travelers. We're seeing equally differing travel patterns among our leisure customers, right, where people are extending business trips into leisure trips.

So somebody goes for a meeting in a different city, Tuesday through Thursday. They decide to work remotely on Friday. They're taking our car for Friday, Saturday and Sunday. That's obviously a positive for us on the leisure side. On the corporate side, we're seeing, as I said, very strong demand among large corporates, and we're also seeing them look to put their employees in EVs to satisfy their own ESG footprint.

And then Uber and Lyft drivers are taking up in increasing numbers the available rental cars because it's proving to be more profitable for them, more profitable for Uber and quite profitable for us. And so I'm just pointing out to you kind of the breadth, right, of demand dynamics that are out there, the strength of those dynamics and the fact that, even through October, we're seeing strength in rate and volumes not falling off as might otherwise be anticipated.

Kenny K. Cheung - *Hertz Global Holdings, Inc. - CFO & Executive VP*

Ryan, it's Kenny. You mentioned value out of service in my prepared remarks. That is true. Right now, we are seeing record level of that RPD across my transaction days. And I think that's fairly impressive given the fact that international inbound, which is usually the biggest buyers of value-added services, has not fully returned. As I mentioned, it's 45% of 2019 in terms of that segment. And historically, that means, roughly, call it, 10% to 15% of my business. So that's not fully back yet. So I do think there's upside as inbound comes into play.

And remember, right, we are achieving this not by luck or accident. This is a structural improvement in our VAS structure, as I mentioned, earlier in the year in terms of what we did to incentivize our employees with the right comp plans, as well as we are embedding VAS into our digital assets

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

as well. I think the second thing I'll say is more general. I think RPD is a good proxy. But as Stephen mentioned in his prepared remarks, RPU margins could be more relevant down the road.

Let me give you an example. TNC may carry a low RPD by nature, right, than a RAC leisure business. However, given the low touch time and the fact that these drivers have them would mean high utilization, margin may be the better metric and RPU for us, which is what we track very closely.

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

I mean, I think, this combination of lower expense, lower capital costs, okay, are all going to be drivers of a sustainable, if not increasing margin, right, to sort of how we run our business over the longer term.

Operator

Our next question comes from John Healy with Northcoast Research.

John Michael Healy - *Northcoast Research Partners, LLC - MD & Equity Research Analyst*

I wanted to pivot a little bit more to the balance sheet. Obviously, rising rates are going to have an impact on all sorts of financing businesses next year. Is there a way, Kenny, to kind of think about how much the ABS market has changed on a year-to-date basis and what that might suggest kind of your longer-term fleet interest expense maybe over the next 3 to 5 years as those ABS maturities kind of roll? And what sort of headwind are we thinking about for next year, kind of on a rough math basis, if you could help us there?

Kenny K. Cheung - *Hertz Global Holdings, Inc. - CFO & Executive VP*

Yes. John, thanks for the question. So I think, as I mentioned earlier, our balance sheet right now is extremely strong from all aspects: liquidity, leverage, the cushion on the ABS. So if you look at our balance sheet, it's very, very strong right now.

On your question specifically around our debt profile or debt stack, right, if you take a step back, 70% to 75% of our debt is fixed. So we are largely insulated from any near-term interest rate hikes. If interest rate hikes, if every 1% for our business, the annual impact on our floating debt will be roughly $30 million. And let me remind you, right now, most of our ABS maturities is not -- so I'll call it, post '24, '25, right? So we are well-laddered at this stage, especially with the term notes.

In terms of the VFNs, right, they're the floating part of the ABS, so roughly 30%. We do have cash in place to limit exposure to rates as well. On the corporate debt side, I think I mentioned on the last call, we have no debt maturities until 2026. So again, we are well-laddered on that side as well.

John Michael Healy - *Northcoast Research Partners, LLC - MD & Equity Research Analyst*

Great. And Stephen, I want to ask a little bit about the Palantir development in terms of how you're thinking about technology usage across the enterprise. Can you maybe help us talk about how that product positions you differently, maybe the benefits and the skills gained with it? And then just from an implementation and the cost side of things, is there any kind of wildcards or unknowns as we should think about rollout into this -- into next year?

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Sure, sure. Maybe I'll start at the last part of your question. So part of the reason to partner, as opposed to build off our own, is that it's a much more cost-efficient means of putting this type of technology and engineering talent to work. Meaning we don't need to build and, in fact, what Palantir

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

offers by way of a foundry platform enables us to avoid the cost of harmonizing random aspects of data into a single point that can then produce output that guides decisions.

So as an example, and this goes to the first part of your question, as we build a pricing tool, okay, a pricing tool can look at anomalous circumstances in a given market, and it can help guide price up or down, right, to meet certain circumstances. It can read weather data. It can read airline cancellations. It can read sudden surge in hotel bookings. All of that can be rather disparate. It comes together in kind of a coherent form through Palantir and then produces output to us that we can then action on an automated basis.

It takes the whole process of managing the fleet, pricing the fleet, et cetera, to sort of a new level. So the more akin to what you know to be the case for airlines and otherwise, and it elevates a level of sophistication for us that I think has very meaningful consequence, just in terms of not just how we run the business but at what price point and what the economics are of how we run the business.

On the operational side, it takes seemingly random and somewhat mundane sort of actions and makes them infinitely more efficient. Just take registration of new vehicles. It's a very cumbersome process, okay? It requires that a registration comes in, you identify the car. Often, that car is out of service, right, for a day or a week until that registration is a fix. They can help us sort of track cars and locations and meet delivery of registration, put it on the car and the like. This all sounds rather mundane.

But over a fleet as large as ours, days and weeks matter, and that, too, will improve the operating efficiency and the return on the asset base that we have. And so I think doing this in partnership is a cost-effective means of doing it. It doesn't require we build. And our time to market, so to speak, on putting this technology in place is much faster, right, when partnering with someone like Palantir than it would be for us.

Operator

Our final question today comes from Adam Jonas with Morgan Stanley.

Adam Michael Jonas - *Morgan Stanley, Research Division - MD*

Guys, it's very impressive what you are what you're executing here. I just want to start by saying that.

Kenny K. Cheung - *Hertz Global Holdings, Inc. - CFO & Executive VP*

Thanks.

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Thank you, Adam.

Adam Michael Jonas - *Morgan Stanley, Research Division - MD*

Stephen, we've heard Hertz sold approximately 17,000 vehicles to enterprise at the end of September. It's an interesting move going into the -- coming out of the third quarter. Can you confirm this? And what drove that decision?

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Well, I'm going to refrain from kind of confirming or denying kind of particular transactions. Suffice it to say that, consistent with the fleet strategy that we have, okay, you can't just look at aggregate fleet number into demand, which we do. But in a market that expressed the kind of price

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

volatility on residuals that we saw, we needed to be really fast on our fleet -- our feet to look at the composition of the fleet itself, which is to say, we looked early on in the quarter at where embedded equity was highest and, therefore, most at risk in the context of a decline -- an expected decline in the residual value of used car prices.

And in doing that and in identifying that component of the fleet, we engaged in fleet rotation, where we sold high and had opportunity later to bring cars back in at lower prices. Whether we sell those cars in the wholesale market, retail to another rental car company or through Carvana, we're just simply looking to optimize the price that we get. And that's what we did. And we did it through all channels that we could, obviously, pacing well north of what the wholesale market would avail us.

So what we saw through Carvana and retail was plus 5%, 6% what the wholesale market was. And any other buyers that were there that wanted to offer premium pricing in the context of the way we run our business, you can be assured that we look and entertain those kinds of opportunities as well.

Adam Michael Jonas - *Morgan Stanley, Research Division - MD*

Stephen, I appreciate it. I know it's not the first time that you would have, again, not mentioning enterprise specifically, but selling vehicles to competitor. But kind of feeding a competitor that's known for reducing prices when they do have sufficient vehicles is just something I'm sure your team has taken into consideration amongst the other channels.

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Well, look, I look out over the industry, Adam, and I'll say to you that, across enterprise and Avis, the number of markets in which the various rental car companies were out of market, okay, meaning they had rented all vehicles they had, okay, is a pretty important consideration in the context of how I think about what the pricing dynamics look like. And there is stability at very elevated levels in part because of that.

And then each rental car company has its own forte, including some like enterprise who have a very strong insurance replacement market, different than what dominates our business. And so you need to think about that in the context of competitive dynamics as well.

Adam Michael Jonas - *Morgan Stanley, Research Division - MD*

Just a final follow-up for me. Would you take on debt to fund the buyback?

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

I mean, right now, I kind of like where our balance sheet is. Do I think we have the capacity to take on modest incremental leverage? I do. I don't find this market to be particularly attractive, and I'm certainly not with my back against the wall to do it given the ample liquidity that I have.

But depending upon what return profiles look like in terms of fleet and equally nonfleet CapEx, there's an opportunity to take on incremental leverage. I wouldn't say it's designated exclusively for the purpose of share repurchase, but there's modest leverage we could put on this business. But again, we're in the luxury of being in a position to be more judicious about the market in which we issue debt than just being compelled to issue.

Operator

This concludes today's Q&A session. I would now like to hand the call over to Stephen Scherr, Chief Executive Officer. Please go ahead.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Stephen M. Scherr - *Hertz Global Holdings, Inc. - CEO & Director*

Thank you all for your participation today. I'm pleased with the progress we are making on strategic and operational advancements and encouraged by how adaptable our business and management team and employee base has been, and will continue to be, to fluctuations in demand and other circumstances in the industry. I look forward to sharing further updates with you on our next call.

And operator, I'll turn it back to you.

Operator

This concludes the Hertz Global Holdings Third Quarter 2022 Earnings Conference Call. Thank you for your participation.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2022, Refinitiv. All Rights Reserved.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV