

THOMSON REUTERS STREETEVENETS

EDITED TRANSCRIPT

FCA.MI - Q1 2019 Fiat Chrysler Automobiles NV Earnings Call

EVENT DATE/TIME: MAY 03, 2019 / 12:00PM GMT



CORPORATE PARTICIPANTS

Joseph Veltri *Fiat Chrysler Automobiles N.V. - Vice-President of IR*

Michael M. Manley *Fiat Chrysler Automobiles N.V. - CEO & Executive Director*

Richard K. Palmer *Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development*

CONFERENCE CALL PARTICIPANTS

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

Aileen Elizabeth Smith *BofA Merrill Lynch, Research Division - Analyst*

Brian Arthur Johnson *Barclays Bank PLC, Research Division - MD & Senior Equity Analyst*

Demian Mizupho Flowers *Commerzbank AG, Research Division - Analyst*

Dominic Patrick O'Brien *Exane BNP Paribas, Research Division - Analyst of Automotive*

Giulio Arualdo Pescatore *HSBC, Research Division - Analyst*

José Maria Asumendi *JP Morgan Chase & Co, Research Division - Head of the European Automotive Team*

Martino De Ambroggi *Equita SIM S.p.A., Research Division - Analyst*

Patrick Hummel *UBS Investment Bank, Research Division - Executive Director and Lead Analyst of European Autos*

PRESENTATION

Operator

Good afternoon, or good morning, ladies and gentlemen, and welcome to today's Fiat Chrysler Automobiles 2019 First Quarter Results Webcast and Conference Call. For your information, today's conference is being recorded.

At this time, I would like to turn over to Mr. Joe Veltri, Head of FCA Global Investor Relations. Mr. Veltri, please go ahead, sir.

Joseph Veltri - *Fiat Chrysler Automobiles N.V. - Vice-President of IR*

Thank you, Simon, and welcome to everyone who's joining us today as we review FCA's first quarter 2019 financial results. You'll find today's presentation material, along with the related earnings press release that was issued earlier today, posted under the Investors section of FCA's Group website.

Our call today will be hosted by Mike Manley, the Group's Chief Executive Officer; and Mr. Richard Palmer, the Group's Chief Financial Officer. After their presentation, we'll be holding the customary question-and-answer session.

However, before we begin, I want to point out that any forward-looking statements that might be made during today's call are subject to the risks and uncertainties that are mentioned on Page 2 of today's presentation in the safe harbor statement and that this call will be governed by that language.

With that, I'm going to turn the call over to Mike.



Michael M. Manley - *Fiat Chrysler Automobiles N.V. - CEO & Executive Director*

Yes. Good morning, good afternoon, everyone. Thank you, Joe. Despite the large number of moving pieces in the first quarter, our group results were in line with our expectations and the previous guidance that we gave in February. I'm going to walk you through the operational elements of the business, and then Richard will take you through the financials.

Now as you know, yesterday, we closed the Magneti Marelli transaction, and I'd like to start by thanking the teams from Calsonic and Magneti for bringing the deal to a smooth conclusion. And those of you who've been involved in a transaction like this know just how much work goes into reaching this point. And this has now created one of the world's largest independent automotive suppliers, and I can tell you I'm excited for the new company.

Now FCA received current cash proceeds of EUR 5.8 billion. And including pension liabilities transferred, the overall transaction value to FCA was over EUR 6 billion, which was in line with Richard's estimates provided last year.

We concurrently announce the approval of an extraordinary dividend of EUR 1.30 per share, which represents a total distribution to our shareholders for just over EUR 2 billion, which will be paid on May 30.

So now let me turn to the business and have a quick look at some of the other highlights from the quarter. The launch of the all-new Ram heavy-duty pickup is underway, and production is ramping up as planned. In fact, it's actually slightly ahead of plan. We expect this vehicle to build on the positive momentum we have in the truck business in North America. We also announced the investments to facilitate the launch of the next-generation Grand Cherokee and 2 new to white space products for the Jeep brand. And these vehicles will enter high-margin segments and will start production late 2020, early 2021.

The Jeep Renegade and Compass plug-in hybrid vehicles were revealed at the Geneva Auto Show in March, and these will start production early 2020 and represent the initial ramp-up of high-voltage vehicles for our European fleet. And they will be followed by the all-new Fiat 500 BEV and 10 additional launches of heavy -- heavily electrified vehicles over the following 2 years.

Now in line with our previously announced compliance strategy for both the U.S. and EMEA, we also executed agreements to buy regulatory credits. These credit purchases are designed to minimize FCA's cost to compliance and provide us with a strong hedge against the potential for a lower price recovery in the market than the cost of the technology. Now this is a complementary action to our continued investment, development and deployment of our electrified fleet, which will reach 17 nameplates by 2022. And it will bridge the period until we see the combination of market acceptance, technology cost and infrastructure development reaching the point that makes sales of heavily electrified vehicles more financially rational. The cost of these combined actions was envisaged and embedded in our guidance and our business plan.

Now the development of our electrified fleet is well underway and we'll build on our proven capabilities because, as you know, we currently have the seventh highest selling BEV and the fourth highest selling plug-in hybrid in mainstream segments within North America.

So now I'd like to turn to the commercial performance of the business. Sales volume in North America was slightly down year-over-year driven in the main by reductions in our Chrysler and Dodge brands particularly in passenger car and minivan. Volume in our Jeep brand remained in line with the segment movements with the exception of Renegade, where we chose to improve price rather than chase share.

Ram continued its momentum in the quarter, increasing total volume by over 20,000 units, which enabled the brand to capture the #2 position in the coveted U.S. full-size truck segment. Ram heavy-duty gained 1.4 points of total share and a significant 4.8 points of retail share, so I don't think it's bad for a vehicle that's just about to be replaced. Ram 1500 is also performing particularly well, gaining 4.5 points of total share and 4 points of retail share, and transaction prices are up 10% year-over-year.

In Asia-Pacific, volume was down, reflecting continued challenges in China, where we experienced further industry contraction as well as significant competition in our segments.

Light commercial vehicle volume in EMEA reflected a return to normal seasonality in the RV business, which traditionally peaks in the second quarter and lower sales in Turkey, where, as you know, the market is down around 45%.

Passenger car volumes were down primarily as a result of discontinued models and the decision we've made to reduce dependence on low-margin channels in the main central 0 kilometers sales. We're already seeing the results of this move with improvements in our dealer retail channel, which will have increase in benefits during the year.

In Latin America, our sales volume and share was up, reflecting continued improvement in the Brazilian market, more than offsetting the weakness in Argentina.

And before Richard takes you through the financials, I want to give you a quick group overview. Our total shipments for the quarter were down by about 150,000 units. This was expected as we would not benefit from overlap in production of old and new Wrangler. In addition, we planned for our Toledo South plant to be down in preparation for the all-new Jeep Gladiator and the ramp-up of the new heavy-duty, and these are largely behind us.

Heavy-duty ramp-up is on schedule, and Gladiator production is underway and slightly ahead of our expectations. And you'll see significant focus on improving net price and reducing costs. These actions are being progressively embedded in our brands and operating units and will clearly benefit from these during the remainder of the year as shipment volume ramps up.

Now in China, we've made progress to address our operating performance. We've recently announced actions to streamline our joint venture structure and bring in new experienced leadership. Our cost reduction and quality efforts are making good progress. We now need to regain sales traction and continue to work on our product portfolio. So the market remains a work in progress, but I think we have a clear understanding of what needs to be done. When I think about China, though, we do expect the market to see significant pricing pressure in the second and third quarters as the industry transitions to China 6 standard, but our expectation is the region will show a significant improvement over last year.

In EMEA, we faced a number of headwinds due to negative market pricing, adverse exchange rates and higher compliance costs, including the incorporation of our new powertrain technologies. We've made progress to reduce our inventory with dealer stocks down 13,000 units, so more work to be done, but good progress so far. And the effects of improving our channel mix is more than offset by the volume of shipments increase. This will come through to the bottom line. We have our compliance cost contained, and other restructuring actions will progressively yield benefits throughout the year. And our expectation is subsequent quarters will see a return to profitability with the region recovering to around a 3% margin by the fourth quarter.

Now LATAM posted another solid quarter with Brazil and rest of LATAM offsetting the significant headwinds from Argentina. And our team there also continues to focus on net price and cost. And with Brazil expected to be strong for the remainder of the year, we think LATAM's strong performance will continue.

Now lastly, let me talk about Maserati. Maserati had a tough quarter. And for us, regaining sales momentum is our key focus. So we have now brought in additional marketing and sales resources to help the brand do that. What's clear is with the luxury brand rebuilding its sales pipeline takes longer than a mass market brand, but we are seeing positive signs that sales are recovering.

China will continue to be a drag, though, as we transition to China 6., during the second and third quarters, as I previously mentioned, but we're also making good progress on improvement of our vehicle margins in North America and in EMEA. The first half will be a low point in Maserati's performance, with improvements coming in the second half.

So when I stand back and look at the underlying strength in North America, the actions in EMEA to address performance and the continued strength in LATAM, we expect to see sequential quarters improving throughout the year. And as a result, we have confidence in our guidance and believe that 2019 will be another solid year for FCA.

So with that, I'm going to hand over to Richard. Richard?

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

Thank you, Mike. So focusing for a second on Page 6. As Mike mentioned, Q1 financials were in line with our expectations. Our shipments were down 14%, although our sales were only down 8%.

Our adjusted EBIT was EUR 1.1 billion and margin was down to 4.4% with positive North America performance, while APAC, EMEA and Maserati continue to be challenging.

Our adjusted net profit was down 41% to EUR 570 million with finance charges down 15% to around \$250 million as we continue to benefit from reductions in our gross debt levels. With that improvement in our finance charges more than offset by a higher tax rate for the quarter at about 31% and an adjusted tax level with a 10% -- 10 point increase compared to last year due to a non-repeat of some planning actions we have last year and also to the balance sheet remeasurement of a deferred tax liability that we have in our Mexico operations, which is remeasured at quarter end and was impacted by peso-dollar volatility. Frankly, we would expect that potentially to come back through the year. And we still expect the full year adjusted tax rate to be around the 25% we indicated on our last call.

Industrial free cash flow was negative, just short of EUR 300 million, which was a worse performance than prior year. But the prior year did benefit from positive working capital impacts of the ramp-up of our Toledo North facility for the new Wrangler and our new light-duty truck.

Sorry, I'm just changing microphones. Apologies. Hope this one is better.

So as I was saying, our industrial free cash flow was impacted from a year-over-year comparison point of view by the launches that we were ramping up last year.

Our seasonal cash flow in Q1 is normally negative, as you know, due to the ramp-up of the plans after the year-end shut down, particularly in the U.S. So from a cash flow point of view, a EUR 300 million negative was a good performance for the start of the year.

Our liquidity was down by EUR 0.3 billion of free cash flow from continuing operation. It was also impacted by a negative cash flow from discontinued operations from Marelli as the business itself had some negative cash flow performance. And we also had some working capital impacts as we work through the closing process. So for the quarter, that was nearly EUR 0.5 billion. We expect to come -- that to come back through the close to April to about EUR 400 million. And the final closing at the end of April will involve some level of equalization for working capital. So based on current numbers, we expect to get net proceeds to offset some of that negative working capital.

Moving to Page 7. We show the group adjusted EBIT by operational driver. As we mentioned, our volume was down 150,000 units due to the non-repeat of the Wrangler overlap in Q1 of last year and the Ram heavy-duty launch process in North America, together with other segments down due to continuing transition process for the commercial activities in EMEA and reduced sales performance in Maserati.

Price was positive in both North America and Latin America.

Our industrial cost performance improved significantly due to net direct material savings, reduced launch and logistics costs, particularly in America, offset by increased product cost for the new Ram heavy-duty and increased compliance costs mainly in North America and in EMEA.

SG&A was also down due to actions in all regions, particularly in North America.

And as mentioned by Mike, we're talking about or compliance strategy. We did enter into various agreements in the quarter to ensure that we have access to regulatory credits to complement our vehicle launch strategy towards meeting emissions compliance in EMEA and NAFTA going forward. So the total commitment under those contracts is about EUR 1.8 billion, which will be spent over the next 3 years. Last year, we had cash outlays between credits and compliance payments of about EUR 600 million included in our cash flow. We expect 2019 number to be moderately up from that. And we think it's important that we have managed to secure these credits, which we believe to be a very economic way of complementing our compliance strategy through the launch of the electric vehicles that Mike mentioned.

Moving to Page 8. We look at our industrial free cash flow. As I mentioned, we had a good performance minimizing the outflows to EUR 270 million in a seasonally negative quarter. The EBITDA was down due to the impact we already discussed on the income statement.

CapEx was EUR 1.4 billion, slightly up year-over-year and consistent with our full year forecast of around EUR 8.5 billion.

Working capital was negative EUR 700 million driven by increased inventory as plants ramped up after the year-end shut down. And negative impacts on working capital and provisions compared to last year were driven by lower volumes, mainly in NAFTA, which we would expect to recover as we start to launch the Gladiator and heavy-duty going into second quarter.

As I mentioned, we reduced our financial charges by EUR 50 million. And cash taxes were also lower in this quarter by about EUR 120 million due to the timing of payments, particularly in North America.

Our full year cash taxes are expected to be in line with last year at about EUR 700 million.

From a balance sheet point of view, we closed the quarter with a net industrial debt position of EUR 0.3 billion, including Marelli. If we exclude Marelli, that actually is an industrial cash position of EUR 0.4 billion, and that clearly includes the impacts I mentioned in terms of industrial free cash flow and cash flow from discontinued operations, but also includes the impact of IFRS 16, which, on our continuing operations, was EUR 1.1 billion and on Marelli was EUR 0.2 billion.

Page 9 just shows the year-over-year comparison of adjusted EBIT by region, and I'll go through the following pages to review each segment's performance.

Page 10 shows North America. Shipments were down 14% or 90,000 units due to the nonrepeat of the overlapping Wrangler versions for 45,000 units and the Ram heavy-duty launch for 13,000 units. Chrysler and Dodge brands were down 19,000 and 12,000 units, respectively, with Ram up 13,000 units. Our total North American dealer stock was down around 10,000 units from year-end compared to an increase last year in Q1 of about 50,000.

U.S. retail day sales of dealer inventory were 91 days, in line with our year-end number.

Revenues were down 2% with positive FX impact and some positive pricing, offsetting most of this shipment decrease.

Our adjusted EBIT was heavily impacted by lower volumes and also more fleet mix, which impacted our income statement for the quarter, which we would expect to improve going into Q2. However, we did have a very strong performance on price and on cost, in industrial cost and in SG&A, which allowed us to offset a large part of the volume impact.

If we look at the industrial cost in performance, positive EUR 176 million. We had positive performance in terms of reduction in launch costs and logistics costs, positive contribution from purchasing savings, offsetting higher compliance costs and the cost of the new Ram heavy-duty.

On Page 11, we show Asia-Pacific performance. Combined shipments were down 30% or 19,000 units due mainly to the China JV, where shipments were down 40%. Consolidated shipments were down 11%, and the revenues were flat due to positive mix and FX.

Adjusted EBIT was down EUR 19 million versus prior year due mainly to a loss in the China JV, driving EUR 20 million of lower equity pickup for FCA. The loss improved substantially from recent quarters due to reduced warranty and stock adjustments that we had at the back end of last year and more stable incentive levels in Q1.

Industrial costs also improved due to some lower cost allocations as import volumes were down year-over-year.

SG&A was reduced due to cost reduction actions in the regional office in China and lower marketing spend.



Page 12 shows our EMEA results. Combined shipments were down 12% or 43,000 units. Alpha and Fiat brands accounted for nearly all of the reduction, a large part of which was due to the continued discipline in reducing the 0-kilometer channel. Fiat Professional was also down 10,000 units due mainly to the timing of RV business and the Turkish market reduction. Dealer inventory levels were reduced by about 10,000 units compared to year-end. And Jeep was up slightly as was the Lancia brand.

Net revenues were down 10% driven by the volume I mentioned earlier.

Important also to note that our industrial costs were negative in the quarter due mainly to negative FX on euro-dollar impacting imported vehicles and emissions compliance costs. Industrial efficiencies were positive, and there was also a positive impact of some warranty and stock accrual rate changes due to lower costs, partially offset by some higher fixed cost allocation.

On Page 13, we see the Latin America results. Shipments were down due to the slowdown in Argentina, where the market was down nearly 50%. And our shipments were down 60% as we manage the inventory position carefully. These reductions were offset partially by an improvement in Brazil.

Revenues were flat year-over-year at constant FX, excluding some indirect tax credits recognized in the quarter in the revenue line, EUR 60 million of which are included in this adjusted EBIT.

Adjusted EBIT was EUR 105 million for the quarter. Price was positive, nearly EUR 40 million, excluding the tax impact I mentioned. Industrial costs were negative due to lower tax benefits on export units from Argentina and Brazil and negative FX due to the real being weaker against the euro and the dollar.

Maserati on Page 14. As Mike mentioned, we continue to have challenges on the sales lines. We very carefully managed our inventory position, taking down shipments to 5,500 for the quarter. Notwithstanding this reduction in volumes, we managed to maintain a slightly positive position in terms of adjusted EBIT at EUR 11 million for the quarter.

And moving on to our outlook on Page 15. In terms of the industry outlook, there were no changes in our -- on our view of the regions. We still project the U.S. market down around 3% compared to a down 1% in the first quarter.

For EMEA, we forecast the flat year, despite a slower start in Q1.

Latin America stable with increases in Brazil, offsetting the reduction in Argentina.

And Asia-Pacific, also stable, expecting an improving China in the second half.

Our financial guidance is confirmed. Importantly, the North America launches of Ram heavy-duty and Jeep Gladiator are on track. And also the improvements that we expected in industrial efficiencies saw a good progress in the first quarter with also launch and logistics costs reduced, principally in NAFTA, which are offsetting the year-over-year changes in commodities, product costs on the Ram heavy-duty and the compliance costs I mentioned earlier.

In terms of the guidance on cash flow, confirming our guidance with CapEx still at EUR 8.5 billion and feeling good about the cash flow given the first quarter performance we just saw.

With that, I'll hand the call back to Joe for the Q&A.

Joseph Veltri - Fiat Chrysler Automobiles N.V. - Vice-President of IR

Thank you, Richard. Simon, you can start the Q&A session with the queue that we have, please. Thanks.



QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We will now take our first question from Patrick Hummel from UBS.

Patrick Hummel - UBS Investment Bank, Research Division - Executive Director and Lead Analyst of European Autos

Three questions, please, if I may. First one, very simple. For the full year guidance, you would need about EUR 1.9 billion EBIT per quarter for the remaining 9 months. I'm just curious if you can give us a bit of color how you expect that to shape up sequentially. Is the second quarter already going to be close to the EUR 1.9 billion? Or is it going to be very much H2 queued with north of EUR 2 billion quarterly EBIT in the second half of the year? My second question would be on Europe and the profitability outlook. Taking into account the steep step-down in CO2 emissions that's required to comply, plus the money you have to pay to Tesla, I'm just wondering if from today's perspective you would expect EMEA to be profitable in 2020. And very lastly, can you just give us an update on the remaining supplier businesses in your portfolio? Any update on the strategic plans for those 2 assets?

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

Patrick, so the -- to the first question, we see a progression into Q2 of an improvement. But as we mentioned in terms of adjusted EBIT in our initial discussion of guidance on the last call, there is a clear weighting into the second half in terms of profitability because of the ramp-up of both the Ram heavy-duty and the Jeep Gladiator in NAFTA and the actions that we're taking on industrial costs also, plus the actions we're taking on the other businesses that we've talked about in terms of performance. So whilst we do expect a progression into Q2 and an improvement, particularly in NAFTA, it is second half-weighted. In terms of your last -- well, in terms of the second question, the compliance costs for EMEA for this year, we're target -- we're expecting at around EUR 120 million. Going into the next year, we would expect that to increase. However, the fact that we bought -- we've entered into the pooling agreement with Tesla will significantly mitigate the increase. So we think -- I think it's a bit early to give you a number on that given as we are working on this. And we'll obviously keep you updated as we work through the launches of the vehicles for the heavy electrification strategy, which we have launching the Renegade, the Compass and the Fiat BEV next year. And obviously, our focus is on launching vehicles and being compliant through selling those EVs, but it's also true to say that I think we believe the strategy to augment that with the use of the pooling agreement will help us to be more flexible as we launch those vehicles and wait for the market acceptance more generally of EV vehicles and the volumes that we all need to hit.

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

Let me just add something on top of that, Richard. In terms of EMEA, obviously, what we saw, even though it was masked really by the volume as we saw the effect of reducing our central 0-kilometer vehicles and other low-margin channels. But we did see the increase now in our dealer retail channel, which is positive. And obviously, that's going to continue as we get through the year. And that, in addition to a series of restructuring actions, that will begin to give us traction, I think, second half -- or second quarter and through the balance of this year. With increased shipments, we are positive that by the time we get to the end of the year, you're going to see EMEA return to margins in the order of in around 3%. I think from a global perspective, if you look at our consolidated shipments and sales, we shipped something in the order 70,000 units less than our sales in the quarter. That was done for the reasons that Richard and I have already talked about. Obviously, that's not going to be repeated going forward. And this is going to be complemented by the launch of Gladiator and the ramp-up of heavy-duty, as Richard said. The other businesses, you're, I think, referring to Comau and Teksid. Our objective really is to grow value in those businesses. And we are working with our internal teams to see what that would look like. But we are also looking externally to see if there are options that would give the business and us a better result. That is work in progress. And obviously, as we progress with that, we'll give you information on subsequent calls.



Operator

Our next question comes from John Murphy from Bank of America.

Aileen Elizabeth Smith - *BofA Merrill Lynch, Research Division - Analyst*

This is Aileen Smith on for John. Thanks for the commentary on the net industrial cash flow at the end of the quarter. I appreciate you're now focusing on that metric for the full year as we think about forecasting. But when we look at all the moving pieces outside of that measure, like the

Magneti sale, the dividends and the agreement of the Tesla, is there an approximation you have for where 2018 ends in terms of net industrial cash? And as you think about the balance sheet and capital allocation going forward, is there a comfort net cash level you would operate with? Or is it more of a focus on growth cash and liquidity?

Richard K. Palmer - *Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development*

I think, frankly, the focus is growth cash and liquidity. And as you saw, we closed the quarter with about EUR 20 billion of growth cash and liquidity. I think post the Marelli closing, post the dividends and adding back the industrial free cash flow we expect to generate through the year, plus we have some debt maturities, and I think we'll probably be looking at refinancing some of our debt this year, we should be at about EUR 24 billion of liquidity, post all of those things looking at our year-end number.

Aileen Elizabeth Smith - *BofA Merrill Lynch, Research Division - Analyst*

Great. That's helpful. And can you talk a bit about your broader macro assumptions, particularly flattish in APAC and EMEA for the full year that incorporates an inflection and improvement in the back half? If alternatively, the macro environment remains volatile and weak in those regions, what types of the actions can you take from a price or cost perspective to offset potential volume pressure?

Michael M. Manley - *Fiat Chrysler Automobiles N.V. - CEO & Executive Director*

This is Mike. Let's start with APAC. The -- as you know, the first quarter was down 10%, which I think was largely expected. I think that China, as I told before, second and third quarter, you will see pricing in the marketplaces, people make the transition. But I believe that, partly because where they were second half of last year, you're going to see better industry conditions at the back half of the second quarter and into the fourth quarter and, certainly, from the segments that we play in, I think they're broadly going to be flat for the year. We're going to continue the work we've done on our variable cost and our quality. And the team that we have in place now will, I think, take advantage of the joint venture restructuring. But getting that traction back in sales, for us, is obviously important part of this equation. And that's why we chose the people that we chose to send into the business. I think in EMEA, you're going to progressively see the benefits of the strategy that we've got in place. And part of reducing those central 0-kilometer sales is that they tend -- they always ended up back in the dealer channel clogging up and replacing new vehicle sales. So the growth that we're seeing in dealer retail is encouraging. They need to keep it going. It's a big focus for them. And I think that will be complemented by some of the restructuring actions that will begin to take more effect from, really, the end of H2 -- end of Q2, all the way through to the balance of the year.

Aileen Elizabeth Smith - *BofA Merrill Lynch, Research Division - Analyst*

Great. That's helpful. And one last one, if I may. I realize it's very early days on the Jeep Gladiator launch, but can you talk about some of the traction you're seeing at the dealer and consumer level? And in terms of the consumers you're pulling in on Gladiator, are they primarily coming through trade-ins on Wrangler? Or are you pulling in more traditional pickup buyers?

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

I can tell you -- I can't answer the second question, yet. What I can tell you is when we opened the vehicle for orders, we now sit, and it's a very short space of time, something like 25,000 orders from our dealers for the vehicle, which is probably one of the quickest order ramp-ups that I can remember. And obviously, as it gets into the market and we are able to profile where customers are coming from, we, in subsequent quarters, will be able to give you more information. But our online demand, hand raisers, the feedback that we have had has all been very, very positive. And I think that's just been reflected in the magnitude of the dealer orders that we've received.

Operator

We will now take our next question from Brian Johnson from Barclays.

Brian Arthur Johnson - Barclays Bank PLC, Research Division - MD & Senior Equity Analyst

Just following up on the last set of questions. One thing concerning to some observers over here is the high levels of Ram inventory and the high levels of Wrangler inventory. What does that mean for 2Q -- how did it get there? What does that mean for 2Q production levels? And are you comfortable you're running the operations with kind of a tight eye that dealer stock (inaudible)?

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

Yes. Brian, this is Mike. I'm going to answer that question. We ended our dealer inventory in December around 680,000. By the end of April, that was down to under 640,000, so about 45,000 units out. The inventory came out across basically all model lines, except Ram light duty, which was broadly flat. With Wrangler, what -- remember, what's happening with Wrangler is the plant is going to go down for a period of time now in preparation for the plug-in hybrid. So that was with an eye for that, obviously, was embedded in our forecast in our plans for the second quarter. And on light duty, our sales were up 18%. We're coming into traditional part of the season where we see a pickup in terms of truck sales, no pun intended. So I actually feel comfortable with our light-duty inventory given the gains that we've had in share that I mentioned in my opening. So I think the 45,000 units out was gone -- has really done the job that it needs. The planned PHEV Wrangler preparation will normalize Wrangler inventory. And I'm sure the Ram guys have got their eye on trying to keep their position as #2. And so long as they maintain my pricing, I'll be okay with that as well.

Brian Arthur Johnson - Barclays Bank PLC, Research Division - MD & Senior Equity Analyst

Okay. And any kind of thoughts, following up on that on continued 2-truck strategy legacy Ram, new Ram? How long you might continue to follow that? And what kind of volume mix you might be thinking about because it's hard to tell outside in between the 2 platforms?

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

I think the strategy has worked well for us. We have really thought about which models. As you know, the classic really is the, what I would call, real traditional workmen's truck in our express and our tradesmen's side. That's where we intend to keep it, which means we can focus on new truck with all of its technology on the mid- to high-price bands. I see no reason at this moment in time in the foreseeable future to change that strategy. We saw a big swing, of course, from classic to the new truck. As we continue to work to develop our fleet sales, you're going to see DS volumes, which is our internal code for classic, to increase. We made very big gains in total shares and very big gains in retail share. But where we still sit with a big opportunity is in government and commercial sales. To some extent, last year, our fleet and business teams were not able really to address that because all of the supply was dedicated to other channels. We think there's an opportunity for us to grow. And I think that the classic truck will be one of the areas that enables us to do that.



Operator

We will now take our next question from Dominic O'Brien from Exane.

Dominic Patrick O'Brien - *Exane BNP Paribas, Research Division - Analyst of Automotive*

Yes, 3 for me. The first one was just a follow-up on the inventory comment you just made. At this level now, should we still expect shipments to underperform sales for the next couple of quarters? Or was the actions that you took in April do you think enough to rightsize your inventory levels? And my second question was on NAFTA. The Q4 results, you said that you're expecting NAFTA to be down year-on-year in the first half of the year. So now we've got Q1 out of the way, how do we think about Q2 on this metric? Could -- should NAFTA EBIT in Q2 still be down year-on-year? Or could we even get flat to growth there? And then my third question was just on R&D capitalization. It seems that cash spend in the quarter went up by EUR 100 million, but the P&L charge actually came down by EUR 100 million. So can you just explain why R&D capitalization rate was so high this quarter? And should we expect this to continue for the full year?

Michael M. Manley - *Fiat Chrysler Automobiles N.V. - CEO & Executive Director*

Yes, it's Mike. I'll do the inventory question. You're not going to see the discrepancy in terms of sales on wholesales to the extent that you saw in the first quarter. What we are going to do, though, is continue to make sure that our inventory is balanced. I think the 45,000 out, as I mentioned before, really came out across the range with the exception of light duty. We'll watch the sales, how they develop on light-duty in the coming months. And what we're able to do with our share, what I want to be able to achieve is to maintain the price discipline that we have had in the first quarter, in particular because I think that it yields a better business for us. So difficult for me to say absolutely, we're going to match sales with inventory, I think that's probably wrong. We'll pick up the flexibilities in the marketplace with some discipline on cost that we've shown in the first quarter.

Richard K. Palmer - *Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development*

Dominic, so in terms of NAFTA Q2, I think the NAFTA team, as we mentioned, did a good job in Q1 offsetting the volume reduction with some good management of price and industrial costs. As we go into to Q2, obviously, there's some help there with the heavy-duty ramping up and also Gladiator. I think the target is to get as close as we can to the same numbers we did last year in terms of Q2 adjusted EBIT for NAFTA. I'm sure the team is very focused on that one. In terms of R&D cap, it was higher in Q1 to your point. It's really a question of mix of activities. We capitalized the R&D based on the engineers allocated to the types of projects, that means that capitalization is appropriate. So I think it's a mix of activity rather than anything else. I don't expect the number to be significantly different for the full year compared to our trend in the past.

Operator

We'll now take our next question from Adam Jonas from Morgan Stanley.

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

Just 3 questions. Quick -- most of my questions on the whole cadence and sequence of adjusted EBIT for the rest of the year has been answered. But clearly, it looks like remainder of the year, you've got to have your EBITDA up roughly 10% -- I mean, not quite 10%, remaining 3 quarters versus last year's remaining 3 quarters. And then we can kind of fine tune that given this range you've given us for 2Q. I'm just giving you a chance to highlight any other one-off or non-repeated items from last year that provided tailwinds because there's a lot of investors concerned around how you're able to make that target. You've been clearer on the non-destock repeat, the improved mix, the lower cost, the China comps getting easier. I'm just wondering if there's anything else or whether we've covered it all.

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

This is Mike. I think you've mentioned the work that we have done in terms of the efficiency of the business. So if you do the math of the shipments and look at the segments that we're going in, you'll see that we're expecting significant benefit from those things going forward. One of the things that we had that was a big headwind for us last year really was on our supply chain logistics inefficiencies and our industrial inefficiencies. So to a large extent that's going to be very beneficial for us as we get into this year. We saw some of that come through in Q1. Obviously, we still had launches to get ourselves ready for. But it was much, much better than prior year. And you'll remember, in prior year, we really battled with the launch of light-duty all the way through to September. It was a regular part of the call. We're not seeing any of that at all with heavy-duty. We learned a lot of lessons, and we're not seeing that with Gladiator. And that came with costs, as you noticed, so that sorted the problems out. So I would say that because of that and some of the other things that you mentioned, when we look at the way that we think the year will develop, it's very much still and remains in line with our expectation. And that's why we are confirming the guidance.

Adam Michael Jonas - Morgan Stanley, Research Division - MD

And thanks for bringing up that point. That's what I was kind of referring to these logistics and supply chain issues with the launch hiccups and the prelaunch hiccups last year. Am I wrong in thinking that, that number you're playing with is an order magnitude around EUR 1 billion of EBIT?

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

Yes, that number is just short of that basically in terms of overall save.

Adam Michael Jonas - Morgan Stanley, Research Division - MD

Just short of that.

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

Yes, it's about -- yes. We're just short of that, but it's EUR 100 million-or so shorter.

Adam Michael Jonas - Morgan Stanley, Research Division - MD

Okay. EUR 900 million. All right. Just a couple other questions. Has FCA made a decision to reintroduce a Dakota process there?

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

No, I'm -- well, not maybe -- the Ram team and the Fiat Professional team are very focused on solving a metric ton mid-size truck solution for us because it's a big part of the portfolio and the growth that we want to achieve. It's an interesting question and -- it's an interesting question dilemma for them because on the paper, they may look the same vehicles, but in reality, they're very, very different vehicles. So us being able to find a cost-effective platform in a region where we can build it with low cost and it's still being very applicable in the markets is what they're struggling within the moment. I want that problem solved, frankly, because it's a clear hole in our portfolio. It will not be filled with Gladiator because Gladiator is a very, very different mission. But trust me, Adam. They're focused on it. We need to get it fixed soon.

Adam Michael Jonas - Morgan Stanley, Research Division - MD

And my last one. You guys have been in the news and headlines on stories of consolidation throughout the quarter. A lot of it is focused on Europe. Mergers aside and speculation aside, is there -- can you give us any update on just kind of how your conversations with partners on the strategic level are going? Is 2019 too early to see some form of alliance, partnership? Again, I don't want to necessarily hurt the question by saying merger,



but just something you can really do at a high volume, cost reduction level instead of paying Tesla all this damn money. And I'm not just referring to EVs, but AVs, electrical architecture, reducing cost for things that consumer doesn't see. Is 2019 too early for some major development there?

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

Adam, this is Mike. Actually, I do think you want to ask me the question very specifically, despite the fact that you said [no] but...

Adam Michael Jonas - Morgan Stanley, Research Division - MD

You know me too well.

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

I'm learning, I'm learning. A lot to do still in that front. But obviously, I don't want to get in details. But I honestly believe that the next 2, 3 years are going to yield very significant opportunities in this area. And when I think about the development on our business around the world, from my point of view, FCA will be playing an active, constructive role in how that future is defined with -- we've made clear in the past that we want to be active and proactive to develop our business and improve the value for our shareholders. I think, as I said, we're going into an environment where there are going to be opportunities. Outside of that, I'm afraid I'm probably going to disappoint you by saying we just have to wait to subsequent calls for more details.

Operator

We will now take our next question from Demian Flowers from Commerzbank.

Demian Mizupho Flowers - Commerzbank AG, Research Division - Analyst

Yes. And my first question is on -- going back to EMEA CO2 compliance. So you've got to make up around 30 to 35 grams in order to hit your target. And on my math, the pooling agreement with Tesla will get you, let's say, a quarter of the way there. So -- well, my first question is does that sort of square roughly with the way that you think about the benefit that you get from that. And then secondly, of the remainder that you're going to make up, what's the split that comes from plug-ins and EV that you're going to launch versus the part that comes from improvements that you can make to the traditional parts of the rest of your fleet? So that's the first part. And then just one additional question on CapEx. So it seems like your CapEx was running at quite a low level in Q1, even relative to the normal backend loaded seasonality that you have. So is the EUR 8.5 billion that you talked about for the full year still the right assumption?

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

Demian, this is Mike. I'm going to answer your first question because I actually -- it's obviously on many people's minds, so I'm going to try and be as accurate and as explicit as I can on this area. If I think about 2019, as we came into the year with 2019, with the fleet that we had without making dramatic changes that would have impacted our profit, I estimate -- and I'm looking at Richard, I estimate, we probably would have picked up a fine of around EUR 350 million, EUR 375 million, something like.

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

EUR 390 million.



Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

EUR 390 million in the marketplace. The route that we've taken has dramatically, dramatically reduced that number, and we will achieve compliance. So in 2019, what you're going to see in terms of my split and, obviously, it's not going to be -- it is going to be close, but it's not going to be exact, I would say, we will achieve compliance roughly with 20% of conventional technology because we're in the process of now rolling out high-efficiency energy and other technologies to reduce vehicle demand. Now remember, most of our competitors have already done that. We chose to do it this year. That will bring us about 20% there. The rest 80% will be through credit pooling. But when I think then through 2021, for example, obviously, in 2020, we will have the 2 plug-in hybrids and the battery electric vehicle. In 2021, I think that conventional tech will give us about 40% of our compliance. Electrification by that time, we will then have 5 vehicles -- we'll have more than that. We'll have 3 from 2020, plus another 6 coming onstream in Europe. 45% of our compliance will probably come from electrification, about 15% from purchase credits. And then as we get into 2022, I think electrification, roughly 50% to 60%. Conventional tech 40%. And if there is a need for pooling, it will be very, very small. So I think we have a picture and a strategy that we'll do 2 things. One, I think it will be a good hedge for us in terms of -- if pricing is not available to fully recover the cost of that technology. And obviously, there is still some work to do to roll out infrastructure and drive consumer demand. And secondly, I would stress that we are continuing and have continued with the investment and development of our electric vehicles, so we have flexibility in terms of how we achieve it over that period of time. But that's how I'm thinking about it, that's how I'm thinking about the part of our compliance strategy that involves credit purchasing in Europe. Is that helpful?

Demian Mizupho Flowers - Commerzbank AG, Research Division - Analyst

Yes, that's very helpful, yes.

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

And Demian, CapEx is confirmed at EUR 8.5 billion for the year.

Operator

We will now take our next question from Martino Ambroggi from Equita.

Martino De Ambroggi - Equita SIM S.p.A., Research Division - Analyst

The first question is on the EMEA region. In your initial remarks, you indicated the 3% as the rate of non-sales in Q4, if I'm correct. Could you help us in figure out -- figuring out what are the main variables leading to 3% following the weak first quarter performance?

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

Yes. This is Mike. I said in the region of 3% by fourth quarter. And I think it's a number of factors that will drive the business to a better performance. The -- part of the movement in terms of our channel will obviously improve our mix. We saw Jeep volume up in Europe in the first quarter about 14%. So I think that, that work has shown -- albeit not in our EBIT performance, has shown that it continues, which I believe it will do, will bring progressive benefits throughout the year. They're also, as I mentioned, working on a number of restructuring activities that really begin to kick in late second quarter, but into the second half, which will add benefit, I think, for the business. The other thing that happened in the first quarter is they removed about 13,000 -- 11,000 to 13,000 units of dealer inventory, so we obviously sell more than we shipped. And that progressively gets better for us as we go through the year. So combination of those things, in my mind, and continued focus on the brand gives me a walk that, I think, that the team are not only focused on, but we'll deliver in subsequent quarters a progressively better result.

Martino De Ambroggi - *Equita SIM S.p.A., Research Division - Analyst*

Okay. Got it. The second question is on the guidance. If you could explain what are the underlying assumptions for raw materials in foreign exchange. And what's the change compared to the last time you provided the guidance? If something -- obviously, the ForEx significantly improved, so I expect the contribution in underlying assumption for ForEx is much higher than you expected at the beginning.

Richard K. Palmer - *Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development*

Yes. In terms of commodities, we don't have any significant change to what we guided last time. The negative impact I think we said it was about EUR 750 million for the year, and we're confirming that. In terms of exchange, no significant change there either. We're continuing to hold our guidance based on the exchange rates that we saw the last time we updated you, so basically the beginning of February. So nothing significant there either. And frankly, the movements in exchange are helping us in some places and hurting us in others. So I wouldn't get into -- too excited about exchange for a minute.

Martino De Ambroggi - *Equita SIM S.p.A., Research Division - Analyst*

Okay. Richard, if I may, in one of your previous answers, you mentioned the net cash position at year-end. Well, actually, you mentioned the liquidity at year-end around EUR 24 billion. If I ask you a rough range for the net cash position at year-end.

Richard K. Palmer - *Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development*

About EUR 4 billion.

Martino De Ambroggi - *Equita SIM S.p.A., Research Division - Analyst*

Okay. And very last, any news on the U.S. Finco option?

Michael M. Manley - *Fiat Chrysler Automobiles N.V. - CEO & Executive Director*

Yes. This is Mike. I think, for us, at this moment in time, both from a management resource and also from -- whether we're thinking about directing our capital, we're going to stay with the arrangements that we have working with Chrysler capital in the U.S. Obviously, if something changes, we'll let you know. But that's our current view.

Operator

Our next question comes from Giulio Pescatore from HSBC.

Giulio Arualdo Pescatore - *HSBC, Research Division - Analyst*

The first one is on NAFTA. Can you quantify maybe the negative impact of the ramp-up of the heavy-duty pickup in terms of content cost in the second part of the year and how much of that you can offset with efficiencies? That's the first question.

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

So yes, the full year number increased cost on the product is about EUR 0.5 billion. And we're obviously -- we're clearly offsetting that number with some of the actions we've already talked about on the call in terms of efficiencies, reduced launch costs, improved logistics costs and net savings on our purchasing area, not withstanding the commodity increase I mentioned earlier.

Giulio Arualdo Pescatore - HSBC, Research Division - Analyst

Okay. Very clear. And the second one on EMEA. Do you now believe that you can go back to that -- the previous level of profitability without having to grow shipments to the previous levels? So have the actions that you've taken on cost allowed you to go back to that 3% to 5% operating profit without seeing significant -- or any increase in shipments?

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

I would say that the combination of mix that I've talked about, which will obviously include the Jeep brand, and the work that we're doing on restructuring, those will enable us, I think, to reach levels of profitability that we've been to in the past. But with lower shipments. How many lower shipments, I don't know. So I think they have a very clear plan. The restructuring is underway. I've already seen the channels move, as I said. And then as shipments improved through the year, you're going to see the benefit of that.

Giulio Arualdo Pescatore - HSBC, Research Division - Analyst

Okay. Perfect. Maybe just one last one on working capital. How much do you think the full year impact of negative working capital will be? Or should we expect like a positive -- strongly positive working capital offsetting negative working capital in the first part of the year coming by the end of '19?

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

Yes. The negative you see in the beginning of the year is seasonal. And we would expect that to flip as we go through the rest of the year, particularly because of the ramp-ups of the Gladiator and the heavy-duty in the U.S. business.

Operator

Our final question comes from José Asumendi from JPMorgan.

José Maria Asumendi - JP Morgan Chase & Co, Research Division - Head of the European Automotive Team

José, JPMorgan. Mike, can you come back again, please, to this kilometer 0 sales cleanup? How many more quarters do you think is going to take you to do that? Can you spend a bit more specifically which restructuring actions that you're taking, how much capacity you're taking out? I mean it sounds to me like a very encouraging signal of finally cleaning up the channels and also taking out capacity in the region. Second, Richard, can you help us a bit on this industrial cost bucket for North America? Can we think of about maybe more than EUR 500 million on a full year basis? And then third one, Mike, back to you. Can you talk a bit about the sale partnership with Peugeot? And would you consider using various LCV architecture, which has now been also electrified by, the way? Would you consider building LCVs using Peugeot's electric architecture?

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

So let's make sure -- the first question was on channel and the restructuring. Yes, historic -- let me just talk a bit about the channel. Historically, our European business has used -- what I did -- what I call central 0-kilometer sales, which are basically vehicles. They registered themselves and then

just sell them off as used cars into the network. There's 2 things in -- unless you're very lucky with residuals, it's going to hurt you. And secondly, it's substitutional. 0-k sales are legitimate channel if they're done by dealers and that's where they're happening not centrally anymore. So this movement in terms of channel, you get a cut-off on one side and then a building process on the other. One is immediate. The other one takes work. And it's on the second half that we're working on. In terms of the actions that they're taking, it covers headcount, both blue-collar and white-collar headcount, and also looks at markets outside where we have sales companies. Full effect of the work that they're doing will not be seen until we get into 2020. But in terms of this year, I think it will yield something in the order of EUR 80 million to EUR 100 million benefit -- run rate benefit by the time we get into the fourth quarter. So some of it takes longer than others. And it is done for 2 reasons, partly because we obviously want to streamline the commercial side of our business. But also, as you know, one of the areas where we have been weak compared to our peers in Europe is the utilization of our plants. Some of that gets fixed with the investments we're making in terms of electrification that we talked of in the fourth quarter. And some of it will be fixed in areas where we can working with our union make appropriate headcount reduction. So that's a little bit more detail on the work that they are doing.

Richard K. Palmer - Fiat Chrysler Automobiles N.V. - CFO & Head of Business Development

José, for the NAFTA industrial cost, we're targeting around EUR 0.5 billion number you mentioned for the year. Obviously, we had a good start in the quarter, but there was obviously a front-end weighting to the launch and logistics issue we had last year. So I think the way we started that number could potentially be stronger in the second half. And we're working through that at the moment.

José Maria Asumendi - JP Morgan Chase & Co, Research Division - Head of the European Automotive Team

Mike, back to you, final one, please, a followup on the electrification, electric cars. Yes, please. Yes.

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

Yes, on the vans? Yes, absolutely. As you know, we have a long relationship with Peugeot, and I've been vocal on the fact it's one of the best partnerships that we've had. And as you know, on Sauber, we've extended it now. I think that, that -- the way that Sauber has worked for both of us has been a good illustration. If you approach these things in the right way that they can be beneficial to both parties. And my view is when we find opportunities to do that, we're going to take advantage of it. So if you ask me would I consider, absolutely, under the right circumstances.

Operator

Ladies and gentlemen, that will conclude the question-and-answer session. I would now like to turn the call back to Mr. Manley for any additional or closing remarks.

Michael M. Manley - Fiat Chrysler Automobiles N.V. - CEO & Executive Director

So thank you. First, I'd like to say thank you for your time this morning and afternoon. Obviously, we will be active at the end of the second quarter. But I do just want to underscore a few points.

As we said, this quarter is in line with our expectations. And I think if you look at the work in North America, for example, in terms of our cost and our pricing, you can see that despite the fact our shipments were down and we knew they were down, we've continued to work to make sure that business remained strong going forward.

And I think LATAM's performance again is a credit to the team down there. Obviously, there are areas of business that need continued work. And I think we have started work quite aggressively in some of those areas. And for example, we talked a lot about EMEA. There's no doubt that the benefits in EMEA are going to be second half-focused. But as always, you can begin to track some of the early signs that you're gaining traction in those areas. So that's what we'll continue to do. And we look forward to the second half to see it coming through in better numbers.

But what we see, and as a result of the work that's been done and the things that we know we're going to do, we, as we've already said, are confirming our guidance for the year. And as we get through the year, we will obviously be able to demonstrate the fact that the first quarter will, in fact, be the lowest quarter that we have.

So with that, I would like to thank you all very much, and now close the call.

Operator

Ladies and gentlemen, that will conclude today's conference call. Thank you for your participation. You may now disconnect.

DISCLAIMER

Thomson Reuters 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 THOMSON REUTERS 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.

©2019, Thomson Reuters. All Rights Reserved.