TRANSCRIPT

CULTIBA

Third Quarter 2014

Earnings Conference Call

October 23, 2014

Company Participants

Mr. Juan Gallardo, Chairman & CEO

Mr. Carlos Orozco, CFO

Ms. Diana Gonzalez, Investor Relations

Operator: Good day and welcome to the Organización Cultiba Third Quarter 2014 Earnings Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Diana Gonzalez, Investor Relations Officer. Please go ahead.

Diana Gonzalez: Thank you and good afternoon everyone. Cultiba's third quarter 2014 financial results were released yesterday after market close. A copy of the earnings release can be found on the Company's website. As a matter of formality, I would like to remind participants that remarks made by Management during the course of this call may contain forward-looking statements about the Company's results and plans. Such statements are subject to risks and uncertainties that could cause the actual results and implementation of the Company's current plan to differ materially. The words belief, expect, plan, intend, estimate or anticipate or similar expressions, as well as future conditional verbs such as should, would and could, identify such forward-looking statements. In addition, any projections to the Company's future performance represent Management's estimate as of today October 23rd, 2014.

Presenting on the call today will be Cultiba's Chairman & CEO, Mr. Juan Gallardo and Cultiba's Chief Financial Officer, Carlos Orozco. Mr. Gallardo will begin with some opening remarks after which Carlos will present a discussion of the Company's third quarter and first nine-month financial results. Finally, Mr. Gallardo will share some closing remarks before opening to Q&A.

Now it's my pleasure to return the call over to Mr. Gallardo.

Juan Gallardo: Thank you, Diana. Good afternoon and thank you all for joining us for our third quarter earnings call. Two thousand fourteen continues to be a very challenging year for the industries in which we operate. Within these challenges, we have been able to stay the course of our business strategy as well as keep up with our modernization efforts in a sustained manner. We continue to invest in new technologies that will make our beverages division, infrastructure and processes more competitive for the future market conditions in which we envision our business operating.

Additionally, we continue to deploy our innovation plan diligently in order to bring additional growth revenues and respond to changing consumer needs. Keeping up with our plan has certainly been challenging especially through the hurdles of the present year but we remain committed to our goals and delivering on our plan. As 2014 has progressed and particularly through this third quarter, some macroeconomic indicators such as GDP growth, consumer confidence, business confidence are starting to show signs of improvement in Mexico. However, these improvements have not yet translated significantly into high consumption.

Weather conditions have also improved dramatically in this quarter. We certainly saw more favorable weather compared to last year, however we still had some weeks during August where precipitation in Mexico reached historic levels and in September the Pacific region had its strongest hurricane in 30 years. In this environment, our beverages divisions still has not been able to entirely pass inflation through prices. The excise tax that was implemented on sugary beverages at the beginning in 2014 has made it more challenging to keep up with competitive pricing at the pace of industries real inflation in sugary categories.

Within these challenges, our teams have made extraordinary efforts to stay in line with our original business goals. The cost efficiencies programs that we designed for the beverage business since the end of 2013 where we learned about the challenges to come this year continue to be implemented successfully and has resulted in operating—permanent operating improvement that allowed us to maintain a slight course of margin expansion. Certainly these efforts have come at a cost, both social and economic. We have made very difficult decisions that translated into important headcount reductions. And the costs associated with our savings plan have affected our margins.

Our sugar business has also transitioned through a difficult year with price challenges. But within such environment, it has maintained its timely investment plan and deployed process improvements that position the mills we operate as very competitive low cost producers in the market. In addition, the sugar division continues improving its financial ratios according to plan. By year-end, the sugar division expects its net debt to be around $50 million which implies a net debt to EBITDA ratio of 1.8 times, significantly better than last year. Considering the difficult environment of this present year, this sugar business has been able to maintain profitability at reasonable levels while strengthening its balance sheet.

Now back to our quarterly results. We continue consolidating our portfolio of winning brands and supporting it with an efficient price packaging structure. After launching Barrilitos in the multi-flavor CFDs category earlier this year, we launched Epura Bebe during the third quarter leveraging on the success of our water brand, to attend a market with strong potential. We also continue investing in solid marketing campaigns that are aligned to our portfolio strategy in order to consolidate consumer appeal for these innovations and line extensions. The Pepsi and the Epura campaigns have resonated with consumers resulting in incremental brand equity. Finally, our price packaging strategy continues to foster growth of smaller presentations which are contributing importantly to a higher margin and low cost while protecting volumes.

In the third quarter, our soft drinks and bottled water volume increased 3.9% year-over-year while our jug volume increased 2.6% year-over-year. On a combined basis, our soft drinks volume in the third quarter of 2014 was 3.2% higher than the same quarter of the previous year. During the first nine months, our total volume grew 0.6% year-over-year with soft drinks increasing 0.5% and jug water increasing 0.7%.

The difficulties that we have faced to pass inflation through prices in sugary categories have prevented our revenue base to reach the desired levels. But even with slow price increases, we have been able to improve marginal contribution by means of an enhanced volume mix and more profitable presentations leveraging what I already mentioned which are very strong cost savings in raw materials and operation. As a result, we continue to see sustained improvements in gross profit per unit case through the third quarter.

On the operating front, we are still implementing efficiencies that have resulted in a leaner cost structure to compensate for low volume and price challenges. This quarter, we continue deploying our state of the art shared service office in Guadalajara in order to centralize overhead requirements, further optimize our back office capabilities and accelerate our speed of response to markets. We are on plan to have this center fully operational by next February.

The costs associated to our savings program have temporarily impacted profitability. This quarter, our beverages division incurred Ps. 153 million of non-recurring expenses related to severance and reallocation costs associated with our shared service site. As a result, EBITDA for the quarter decreased 18% and EBITDA margins contracted to 7.7%. During the first nine months of 2014, non-recurring expenses related to all of these savings initiatives totaled Ps. 307 million. We expect additional non-recurring expenses to come during 2014 and early 2015 while our transformational program becomes fully deployed. We are confident that the operating structure resulting from such changes will allow us to keep up the sustained margin expansion as originally planned and once volumes have recovered from macroeconomic adversities.

Adjusted for non-recurring expenses, we did see margins expand in our beverage division when compared to last year. When we adjust for non-recurring expenses, our operating income for the third quarter saw an important increase year-over-year and our margins expanded quarter-over-quarter thus validating the fundamentals of our original strategy which we plan to keep pursuing. Lack of operating leverage might be offsetting savings but efficiency should translate into margin recovery as volume growth improves through the end of this year and going forward.

Finally, we continue strengthening our balance sheet and improving financial ratios to support our sustained capital expenditures plan targeted to modern infrastructure technology and innovation. At the end of this quarter Cultiba's, net debt to EBITDA ratio had improved to 1.8 times from 2.2 times at the end of 2013.

I'll now turn the call over to Carlos to go through our financial result and return to discuss our plans and outlook. Thank you very much. Thank you. Carlos?

Carlos Orozco: Thank you, Mr. Gallardo. Good afternoon and thank you all for joining us today.

The quarter continued to show slight signs of recovery in response to macroeconomic drivers and somewhat improved weather conditions that Mr. Gallardo just mentioned. Our total beverage volume in the third quarter of this year was 422 million unit cases, 3.2% above the same period in the prior year. Soft drinks and bottled water increased 3.9% year-over-year to 214 million unit cases while jug water increased 2.6% year-over-year to reach 208 million unit cases.

The average revenue per 8-ounce case, excluding the excise tax, was Ps. 19.4 in the quarter, up 0.4%. Our beverage prices have fully reflected the new excise tax on impacted categories since the beginning of the year as well as inflation on non-affected categories like water and non-caloric drinks. However, on sugary beverages, our price increases still lag inflation due to slower consumption recovery.

Going to our P&L,

Total net sales in the third quarter of 2014 were Ps. 10 billion, 18% higher than the comparable period of 2013. Excluding revenue generated from the excise tax, total revenue was Ps. 9 billion, a 6.1% increase when compared to the same period of 2013, reflecting a slight volume recovery and high revenue in both the beverages and sugar divisions.

Moving on to cost and expenses,

Consolidated cost of goods sold was 24% higher in the third quarter of this year compared to the same period of 2013. Excluding the impact of the excise tax, consolidated cost of goods sold was 4.5% above the same period in the prior year, mainly reflecting higher sales volume in our sugar division for this quarter. Our gross margin in the quarter increased to 40.8%, up from 39.9% in the same period of 2013.

Our total SG&A expense was Ps. 3.5 billion in the quarter, up from Ps. 3.2 billion in the same period of 2013. SG&A as a percent of revenue increased to 38.9% in the quarter compared to 37.6% in the same quarter of 2013, primarily due to strong marketing expenditures to maintain volume recovery. We also had non-recurring expenses of Ps. 153 million related to saving programs implemented in our beverage division - specifically, severance payments and relocation expenses related to moving non-core operations to our new shared services center.

Operating income in the quarter was Ps. 176 million compared to Ps. 200 million in the same period of the prior year. As described, material non-recurring expenses related to cost transformational programs in the beverages division negatively impacted operating income. However, adjusted for this one-time expenditure, operating margins in the third quarter of 2014 in fact expanded 130 basis points compared to the same period of last year and 35 basis points compared to the second quarter of this year. Consistent recovery of operating margins illustrates successful execution of the beverages division plan to establish a leaner cost structure that can be sustained in the long-term.

Our consolidated EBITDA was Ps. 699 million compared to Ps. 855 million in the same period of 2013. The decrease primarily reflects the fact that inflation has not yet been recovered as well as extraordinary expenses in the beverages division as previously described. As a result, our consolidated EBITDA margin in the quarter was 7.7%, down from 10% in the same period last year. However, on an adjusted basis, EBITDA was basically flat compared to the third quarter of 2013. We will continue to implement additional operational improvements in our beverages division in order to improve our cost structure. With the right cost structure in place, our operations and EBITDA margins have greater upside leverage as volumes in the beverage division continues to grow.

Moving down to P&L,

As we continue to pay down debt in both subsidiaries, our financing costs are improving when compared with the prior year. For the third quarter of 2014, our interest cash expense was 62% below the same period in 2013. As anticipated, both of our businesses have been amortizing financial obligations and de-leveraging working capital. Benefits of lower debt levels have been partially offset by Ps. 91 million in non-cash exchange rate losses registered during the third quarter of this year which was double the amount of non-cash losses from comparable period in the prior year.

Finally, in the third quarter of 2014, we had a net loss of Ps. 62 million compared to Ps. 189 million of net income in the comparable period of last year. Besides the impact of extraordinary expenses at the beverage division and normalized tax provisions, the decrease also reflects a Ps. 97 million charge associated with land expansion activity in Benito Juarez, a sugar mill where we own 49% interest without controlling operations.

Let me now briefly focus the discussion on our beverage business during this quarter.

Net of excise tax, revenue in the quarter was Ps 8.2 billion, a 3.6% increase over the same period in 2013, reflecting gradual volume recovery as well as improved volume mix, with lower than expected price increase in the sugar categories.

On the cost side, our unit cost per case was 3.1% lower than the previous quarter and we also reported a 5.2% year-over-year increase in gross profit per case. This improved performance reflects raw materials input efficiencies, favorable raw material prices and increased marginal contribution from more profitable products and packages in our volume mix.

We continue to make investments in marketing, portfolio innovations and infrastructure to increase brand awareness and distribution reach. Solid marketing campaigns, in addition to recent portfolio launches, have contributed to our top line growth and somewhat compensated for lower volumes and price. Additionally, we continued investing in our cost transformational program which resulted in non-recurring expenses of Ps. 153 million for the quarter. As a result, operating income in the beverages division was Ps. 152 million, which was 30% below the Ps. 217 million of the third quarter of 2013.

On the positive side, we continue to achieve sustainable cost efficiency including optimized processes and a more streamlined operating structure. After adjusting for extraordinary expenses, operating income in the beverages division increased 40% year-over-year with an almost 100 basis points margin expansion when compared to 2013.

EBITDA for the beverages division was Ps. 696 million for the quarter, 9% below EBITDA in the third quarter of 2013. As a result, EBITDA margin was 8.5%, compared to 9.6% in the third quarter of 2013. However, when adjusting for non-recurring expenses, the beverages division did show improved profitability of almost 70 basis points margin expansion when compared to the same period of last year. We expect further improvements to come as the year progresses, as well as some additional extraordinary charges strictly associated to cost and expense optimization initiatives.

Now, let me discuss accumulated results for the first nine months of 2014. This period was characterized by slow recovery in the beverages division and a deliberate lag in domestic sugar volumes during the first half of the year to manage inventories and improve average pricing.

Our total beverages volume in the first nine months of 2014 was up a mere 0.6% reflecting a 0.5% increase in soft drinks and bottled water and a 0.7% increase in jug water volume case.

In our sugar division, domestic sales volumes have picked up from the lag in the first half of the year when compared to 2013. During the first nine months of 2014, domestic volumes were up 32% and exports decreased 13%, for a total volume increase of 13% when compared to the first nine months of 2013.

Excluding revenue from beverages excise tax, total Company revenue in the first nine months of 2014 increased 2.7% over the same period in the prior year. Average revenue per case increased 0.2% year-over-year, reflecting gradual volume recovery within lower than expected price increases in the sugary beverages category.

We continue to deliver improvements on the beverage cost front as a result of portfolio mix enhancements and ongoing cost efficiencies as already discussed. Gross profit per case in the first nine months of 2014 was 5.5% better than the same period of the prior year and the cost per case was down 2.6%.

We are also making improvements on the SG&A front, however, it is not yet palpable as the expenses we have deployed to improve operating efficiencies were not leveraged due to lower volume. During the first nine months of 2014, non-recurring expenses related to cost savings initiatives in the beverages division were Ps. 307 million. As a result, consolidated SG&A were Ps 10.4 billion up from Ps. 9.7 billion in the same period of 2013.

Operating income for the first nine months of the year was Ps. 197 million compared to Ps. 664 million in the first nine months of 2013. In the beverages division, operating income was Ps. 228 million compared to Ps. 496 million. Adjusting for material non-recurring expenses, the beverages division saw a margin expansion of 25 basis points year-over-year.

Consolidated EBITDA was 1.9 billion pesos in the first nine months of 2014 compared to 2.4 billion in the same period of 2013. As a result, EBITDA margin for the period was 7.5% compared to 9.6% in the first nine months of 2013.

In the beverages division, EBITDA decreased 10% in the first nine months of 2014 and EBITDA margin was 7.7% in the period. However, when adjusted for extraordinary charges, EBITDA in fact improved 4.8% year-over-year, expanding 35 basis points when compared to the first nine months of 2013. We expect to continue incurring extraordinary expenses during the rest of the year and part of 2015 which we will be discussing as incurred.

Finally, in the first nine months of 2014, we had a net loss of Ps. 217 million compared to Ps. 561 million of net income in the comparable period last year. Besides the impact of extraordinary expenses at the beverage division and normalized tax provisions, this result reflects a charge of Ps. 132 million associated to land expansion activities in Benito Juarez.

Moving on to the balance sheet and cash flow,

A strong balance sheet at both of our divisions continues to be a priority. Net debt at the end of the period was Ps. 4.5 billion compared to Ps. 6.3 billion at the year-end of 2013, primarily reflecting both subsidiaries' amortization of financial obligations. As of September 30, 2014, the sugar division had decreased its net debt by 30%, mainly as a result of the 33% year-over-year decrease in long-term obligations. By year-end, the sugar division expects its net debt to be around $50 million which implies a net debt to EBITDA ratio of 1.8 times. The beverages division is also on plan to fulfill its leverage goals by the end of 2014.

As of September 30, 2014, Cultiba's consolidated net debt to EBITDA ratio was 1.8 times compared to 2.2 times as of December.

Working capital continues showing improvements as a result of strong reduction in pre-payments incurred in December 2013 at the beverages division. Improved operating cash cycles also contributed to working capital enhanced performance. Finally, working capital also reflects the benefit of collecting tax and paying it by the end of the period. This extraordinary cash flow event will be offset in comparable terms by next year.

Capital expenditures through September 2014 totaled Ps. 1.2 billion. Funds were utilized to continue improving infrastructure and technology as part of our modernization plans to thrive in the beverages industry as a competitive bottler and distributor. Some funds were also deployed to support portfolio initiatives to drive top line growth and cost efficiency.

I will now turn the call back to Mr. Gallardo for some further comments before we open the line for your questions

Juan Gallardo: Thank you, Carlos. In a challenging year, I would say a very challenging year, we are clearly pleased to see an inflexion point towards recovery but recognize that that pace of recovery is slower than we would like. With the additional challenges that the beverages industry currently portrays to grow the top line, we will continue to deploy our transformational programs to consolidate operating efficiencies and improve profitability. We will sustain our investments on innovation and modernization to keep up with the competitive standards that the beverage industry requires. In sum, it has turned out to be—not to be a straight line to the goal, but we are, and will continue delivering on our original plan.

Let me make a comment on that original plan. You all recall from the very beginning we've mentioned that there were three perfectly established goals that we have to achieve in our path towards profitability. The first goal was strengthening of our portfolio and I think we have consistently demonstrated that, the most recent being this new Epura and the Barrilitos and more to come. We have consistently demonstrated our capability to bring to market innovative products that receive the kind of support and acceptance in the market that we want.

Second, in that same context of our original plan, we needed to improve on our goal to market capability. We have carried out a very significant modernization and rationalization of our distribution capability with this enormous investment in terms of systems and capabilities to be able to give our personnel and our people all the ingredients necessary to improve their execution. That adds significant improvements and will continue to show that.

Third, very importantly, the whole concept of our cost structure. As you recall, our origin comes from mixing very many different operations delivery capability and different cost structures. We were able to uniform that structure and to significantly complete our cost structure improvements as announced originally. At this point, I would say we probably have taken out of our cost structure in the course of this year close to Ps. 1,200 million, which is sustainable in the future. This is a very significant amount and obviously it has represented expenses and efforts within the structure but clearly it's part of the commitment that we've made to our shareholders. In that cost structure, it remains also to people, this year a very unique achievement was to finally be able to uniform benefits across the country the payments in terms of deployment of all of our 40,000 employees. This coming from many different structures in the past is no minor achievement and something that was done very, very efficiently and in a very I would say cordial, constructive and respectful relationship with the different unions involved.

Also is applied the big question of where you produce what for what market, so the whole rationalization of our 40 plants has been virtually completed and also great improvements in logistics and integration. As you can see on all three fronts, a sustained improvement basically along the lines of what we outlined on day one.

In the second part - the sugar side, our practice, our strategy is much easier—basically not so much to execute, but to comprehend and grasp basically the eighth low cost structure producer in the region. We just completed, having benchmarked with the 30 other mills in the whole of Latin America and we found that we were among the top five in terms of being the low cost producers in that area. A very valuable exchange of information between all producers; the one that validates the fact that what we have invested over the past few years and having a strong balance sheet, and a low cost capability are the ones that allow us to weather the different storms of commodity prices that we are seeing now.

This ends my remarks and I would be happy take your questions now.

Operator: Thank you. The question and answer session will be conducted electronically. If you'd like to ask a question, please do so by pressing the star key followed by the digit one on your touchtone telephone. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again ladies and gentlemen, to ask a question over the phone, press star, one on your telephone keypad. We will pause for just a moment.

We will take our first question from Andrea Teixeira with JP Morgan.

Andrea Teixeira: Hi, good afternoon everyone. Thanks for taking my question and for the call. We've seen kind of a recovery and I wanted to see if what you're seeing through the second half of the year, obviously the fourth quarter now and then if you are seeing your raw material cost environment continue to be benign and any thoughts into 2015? Thank you.

Carlos Orozco: Hello Andrea, well for the fourth quarter we are expecting this slight moderate growth trend to continue. Now on the cost front we will continue to see the efficiencies we've gained until now and then with respect to raw materials, we continue to see a stable environment. Now we will have to wait and see what happens on the sweetener front, but there should not be any material changes to our raw material input going into next year.

Andrea Teixeira: Okay. Then any—in terms of the resolutions in the US or any news there that could—the outlook for your sugar business and high fructose. I mean is there anything that you can comment on what you're seeing on the sugar markets?

Juan Gallardo: Sure. Well, first of all, I think it's very important to consider that Cultiba as a whole is fully protected from a sourcing standpoint in any of the scenarios that could come. What we've heard and read in the press is that we may see some resolutions in the next phase and in that sense we are ready under any scenario. If high fructose is still a source, we'll continue in that and if we should move on to sugar then we're fully sourced for the rest of the year and above it for all of 2015.

Operator: Next we'll go to Laura Pelaez with GBM.

Laura Pelaez: Thank you for taking my question. Can you give us some information about which are your plans to translate the tax to the consumer and my other question is that I can see that in a nine month basis you have an amount of 500 million in paid taxes. Can you give us more information about the components of that accounting are there for me to have a more accurate tax rate. Thank you.

Carlos Orozco: Thank you, Laura. With respect to price, I would just emphasize since day one of this year, we have fully transferred the excise tax to consumers. What we have not been able to transfer yet is inflation. So in that sense, that's what you should be considering in your numbers; that the excise tax has been fully implemented and we will wait and see the fourth quarter to see if we can start passing along inflation.

Now with respect to your tax question, I think it's very important for me to explain because it’s a little bit complicated the way the taxes are being paid at the Company. The components of the roughly Ps. 575 million that you see as cash taxes paid throughout the year are basically the de-consolidation tax that we are paying since 2010. You know, there‘s two reforms that have addressed consolidation issues, so approximately 60% of the outflow comes from that concept. Number two is the normal monthly provisional payment that we make as a result of the tax profits that we have last year applied to the revenues that we're having this year. So in that sense, that figure may be a little bit big according to the results that we're having this year and thus we will be recollecting part of that in the year to come; and finally, the third element is the complement that we had to make in 2014 for those taxes that were not covered in provisional payments in 2013 and we can see all of the three concepts, we’re talking about direct.

Laura Pelaez: Thank you, thank you very much.

Operator: Next, we will go to Isabella Simonato with Bank of America Merrill Lynch

Isabella Simonato: Good afternoon, everyone, thanks for the question. I have two. Well, first of them is regarding sugar. If you would be able to give us more color on the sugar business this quarter because we estimate that the margins contracted by a lot, so if you give us more color on what's happened there and secondly is a follow-up on the cost question. I would like to understand how is the mix between sugars and high fructose in your beverage division and what is the price differential between the two? Thank you.

Juan Gallardo: Let me, Isabella talk on the sugar first of all in terms of the year-end. I believe that in the sugar division, we will end our year-end with somewhere between 300 to Ps. 340 million EBITDA, so consistently in line with what we said. The reason for this has to do with the fact that a large portion of our client base are long-term contracts with clients with whom we’ve operated. One obviously is the beverage side, but others are large corporations, Gamesa among others, with whom we have yearly contracts and have done so for more than 10 years or so. So there is a permanence in the staying power there that it is extremely important and which we do very strongly about. In terms of the mix of the sugar and the high fructose, there has traditionally been a differential that has been between 10 and 15% between one and the other.

This obviously—this goes back historically—been almost tracked it over the last 10 years easily and the mix is roughly the half-and-half that has been done for many, many years. What will occur within the next 48 hours in terms of the deadlines for the anti-dumping and so on which I am sure must be in the minds of many of you who follow the industry is yet to be seen. Because of these relationships and because of its structure, I think it's a very important asset that we have many times mentioned and this comes to mind again in these circumstance. Thank you.

Isabella Simonato: Thank you very much.

Operator: That concludes today's question and answer session. I would now like to turn the call back over to Juan Gallardo for any closing remarks.

Juan Gallardo: Well, just I would like to emphasize once again, I think that we mentioned it that I—the fact that this team has been able to perform in the way it has performed, it has been able to achieve the kind of transformational deadlines that we have set forth and it has done so with enormous consistency and enormous strength and every day strengthening its own balance sheet and capability means very simply that we know where we're going. We have the staying power to do it and we continue and will continue to move along the strategy which is being so well discussed over the last few years.

We want to thank you, to take this opportunity to thank you once again for your sustained support and trust. Thank you very much.

ABOUT CULTIBA

Organización Cultiba, S.A.B. de C.V. is a holding company with a majority interest in one of Mexico's largest bottlers of soft drinks and jug water, and the exclusive bottler of PepsiCo beverage products in Mexico. Carbonated, non-carbonated soft drinks and jug water are marketed under its beverages division's own brands as well as third-party brands. Its beverages division has 44 bottling facilities in Mexico and is the only bottler with nationwide distribution. As a holding company, Cultiba also owns and operates 3 sugar mills and has a 49% interest in a first one in the western region of Mexico. The Company is listed on the Bolsa Mexicana de Valores, where it trades under the symbol CULTIBA. For more information, please visit www.cultiba.mx.

FORWARD LOOKING STATEMENTS

This press release may contain forward-looking statements. All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding our prospective financial position, business strategy, management plans and objectives, future operations and synergies are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future business operations and strategies and the environment in which the Company expects to operate in the future. Forward-looking statements speak only as of the date of this press release and the Company expressly disclaims any obligation or undertaking to release any update of or revisions to any forward-looking statements in this press release, any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.

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