

QBE Insurance Group Limited ABN 28 008 485 014  
Level 27, 8 Chifley Square, SYDNEY NSW 2000 Australia  
GPO Box 82, Sydney NSW 2001  
telephone + 612 9375 4444 • facsimile + 612 9231 6104  
[www.qbe.com](http://www.qbe.com)



19 August 2014

The Manager  
Market Announcements Office  
ASX Limited  
Level 4  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Market Release for the half year ended 30 June 2014**

Further to the announcement today of our results for the half year ended 30 June 2014, please find attached a market release in relation to those results.

Yours faithfully

A handwritten signature in blue ink that reads "Peter Smiles".

**Peter Smiles**  
**Deputy Company Secretary**

Encl.



## MARKET RELEASE

19 August 2014

### QBE GROUP 2014 INTERIM RESULTS ANNOUNCEMENT

*"Today's results are as foreshadowed in the update provided to the market on 29 July.*

*Other than in Latin America, the Group's divisional results are solid and in line with our internal plans. The necessary reserve strengthening in our Latin American Operations is frustrating; however, we acted decisively to put this issue behind us. Our results show tangible signs of returning to levels more consistent with shareholders' expectations absent the Latin American reserve development and the impact of lower risk-free rates. I look forward to continued improvement in performance across the remainder of 2014.*

*We are also announcing a range of capital initiatives, including non-core asset sales, intended to significantly improve our capital strength and balance sheet resilience and facilitate the accelerated implementation of the Group's revised investment strategy, with positive implications for profit growth and return on equity.*

*Furthermore, we have successfully reinsured the risk of any further adverse development with respect to the Group's Italian and Spanish medical malpractice claims reserves, thereby increasing the overall predictability of the Group's reserves.*

*Our operational transformation program is on track. This and the proposed capital initiatives will substantially improve the financial strength of the Group, supporting more predictable and sustainable earnings for shareholders."*

**John Neal, QBE Group Chief Executive Officer**

### 2014 INTERIM RESULT HIGHLIGHTS<sup>1</sup>

- Net profit after tax of \$392 million (1H13: \$477 million)
- Cash profit of \$416 million (1H13: \$590 million)
- Cash earnings per share of 33.2 US cents (1H13: 49.3 US cents)
- Fully franked interim dividend of 15.0 Australian cents per share, equating to a cash profit payout ratio of 42%
- Combined operating ratio of 96.5% (1H13: 92.8%)
- Underwriting profit of \$244 million (1H13: \$530 million)
- Insurance profit margin of 7.6% (1H13: 10.8%)
- Insurance profit of \$530 million (1H13: \$790 million)
- Return on equity of 7.3% (1H13: 8.5%)
- Net tangible assets up 14% to \$6,752 million (FY13: \$5,923 million)
- Debt to equity improved to 38.4% (FY13: 44.1%)
- Operational transformation progressing to plan and set to deliver \$250 million expense savings and \$90 million in procurement savings by the end of 2015

(1) All figures in US\$ unless otherwise stated



## MARKET RELEASE

### KEY INITIATIVES

In addition to its 2014 interim results, QBE today announced a number of key initiatives:

- Capital initiatives intended to significantly improve capital strength and balance sheet resilience
- Asset sales and partial IPO of QBE's Australian specialist lenders' mortgage insurer, QBE LMI
- Updated investment strategy to sensibly increase asset yields over the medium-term with positive implications for profit growth and return on equity
- Reinsurance of Italian and Spanish medical malpractice claims reserves

### Comprehensive capital plan

QBE is today announcing a number of capital initiatives as part of a comprehensive capital management plan. These measures are intended to remove any uncertainty regarding the Group's capital sufficiency by increasing the strength and flexibility of the balance sheet. At the same time, the initiatives enhance capital and financial transparency and redirect capital resources from non-core businesses into core businesses.

The proposed capital initiatives include:

- An equity raising of approximately \$750 million (approximately A\$810 million), the proceeds of which will primarily be used to repurchase and cancel the remaining \$500 million of convertible subordinated debt
- Asset sales including a joint venture structure for two of our Australian agency businesses, the sale of our US agency businesses and finalisation of the sale of our Central & Eastern European operations
- The partial IPO of QBE LMI, targeted to occur in 2015
- A \$700 million issue of qualifying Tier 2 borrowings, primarily to replace senior debt with positive implications for regulatory and rating agency capital metrics
- Removal of the 1% discount on the Group's dividend reinvestment plans

When executed, these initiatives deliver significant additional cash and capital resources that will substantially improve the Group's financial flexibility and ability to better withstand a reasonable range of downside scenarios.



## MARKET RELEASE

Debt to equity is expected to fall materially from its current level of 38.4% to comfortably within the Group's revised target debt to equity range of 25%-35%. The initiatives are likely to have an even more meaningful impact on both debt to tangible equity and tangible premium solvency as a result of the conversion of intangibles into tangible capital.

Similarly, the initiatives will have a meaningful impact on the Group's APRA PCA multiple which is expected to increase from its current level of 1.56x to comfortably within the Group's significantly more demanding revised benchmark PCA multiple range of 1.7x-1.9x.

### Equity raising

QBE is undertaking an equity raising of approximately \$750 million (approximately A\$810 million) comprising:

- a \$600 million (approximately A\$650 million) underwritten institutional share placement
- a share purchase plan (SPP) outside the United States to raise approximately \$150 million (A\$160 million)

Proceeds from the equity raising will primarily be used to repurchase and cancel the remaining \$500 million of convertible subordinated debt.

The new shares issued under the placement and SPP will not be entitled to QBE's fully franked interim dividend of 15.0 Australian cents per share.

The placement price will be determined via bookbuild. The SPP price will be the lower of the placement price and a 2% discount to the 5 day VWAP up to and including the SPP closing date.

The record date for participation in the SPP was 19:00 hours AEDT, 18 August 2014.

### Non-core asset sales

Following completion of the strategic asset review commenced in 2012, the Group has elected to divest the US agency businesses, finalise the sale of our Central & Eastern European operations and create a joint venture structure for two of our Australian agency businesses.

The decision to divest our US agency businesses and joint venture two of our Australian agency businesses reflects a strong belief that these high quality distribution businesses will have enhanced revenue growth prospects under specialist and more focused external distribution ownership.

In both instances, QBE will enter into long term agreements to retain the underwriting business provided by the agencies.

Subject to pricing, the sale of the agency businesses will have a beneficial impact on tangible capital with completion currently anticipated during 2H14.

John Neal said: "A prerequisite to the proposed agency transactions is that we retain the underwriting rights over the long term which will continue to positively contribute to both our results and our growth ambitions; however, it is evident that ownership of these agencies by specialist distribution partners will enhance their opportunity for growth and accordingly drive real benefits for our customers and our shareholders."

## MARKET RELEASE

With respect to the review of our North American portfolio more broadly, the middle markets business is to be retained following an in-depth review of its operations, market position and scalability. As a major contributor to our North American premium income, retaining this low volatility portfolio is core to our refocus on building a commercial and speciality P&C business in this critical market.

Moreover, we are satisfied that the middle markets business can achieve an appropriate return for our shareholders as we look to:

- improve relationships with our distribution partners and customers
- introduce smarter point of sale technology
- significantly reduce the cost of doing business

John Neal said: “Despite a high level of interest to acquire our North American middle markets business, we see real value in investing in this business to build on the improved client retention and claims performance we are experiencing in 2014.”

### Partial IPO of QBE LMI

In addition to non-core asset sales, we have decided to partially IPO our Australian lenders’ mortgage insurance business. While allowing QBE to retain a material exposure to this highly profitable and well-positioned mortgage insurer, the IPO will provide QBE LMI with a broader shareholder base and funding flexibility more suitable for a business with ongoing and strong growth ambitions.

As at 30 June 2014, the net tangible assets of QBE LMI were approximately \$1.2 billion.

The IPO is targeted to take place in 2015.

John Neal said: “QBE LMI’s results have been outstanding and are expected to remain so for the foreseeable future. The capital intensity of this business led us to purchase additional reinsurance protection to support the business’ growth plans, however, with the longer term in mind, the introduction of third party shareholders offers QBE LMI enhanced capital flexibility to support its growth ambition.”

### Investment strategy

Over the next few years, QBE has a significant opportunity to increase our investment yield and achieve an attractive return on incremental capital.

In this context, we intend to:

- extend our risk asset exposure from approximately 2.0% of the portfolio at 31 December 2013 up to around 15% over time
- at the appropriate time and with regard to global yield curves, extend the roughly six month duration of our fixed income portfolio closer to the three year duration of our claims liabilities
- broaden the range of fixed income securities that we hold

## MARKET RELEASE

Once fully implemented, the above strategy is expected to result in significant yield pick-up while reducing the extent of balance sheet volatility associated with historically significant asset liability mismatch risk.

The net beneficial impact of our capital management plans incorporates the significant capital charge associated with the proposed increase in exposure to risk assets.

John Neal said: "The capital plan will allow us over time to increase our risk asset allocation and, in so doing, enhance the returns on the Group's \$31.4 billion of investment assets."

### Reinsurance of Italian and Spanish medical malpractice claims reserves

We have successfully reinsured the risk of any further adverse development with respect to the Group's Italian and Spanish medical malpractice claims reserves, thereby increasing the overall predictability of the Group's reserves.

The reinsurance transaction has been completed at approximately the book value of the claims reserves and will have a one-off impact, reducing both net earned premium and net incurred claims by approximately \$390 million. The transaction overall is expected to be broadly underwriting result neutral.

Reflecting the positive impact on the overall predictability of the Group's reserves, the transaction is expected to have a beneficial impact on the Group's probability of adequacy of net outstanding claims.

John Neal said: "Medical malpractice is one of the most complex and long-tail classes of business to appropriately reserve for and we are delighted to have been able to reinsure these liabilities with clear benefits for our balance sheet. It is encouraging that professional reinsurers support the credibility of our claims reserves and we will explore other opportunities for similar transactions where we see benefits for shareholders."

### OTHER KEY ATTRIBUTES OF THE 2014 INTERIM RESULT

Net profit after tax for the half year was \$392 million, down 18% from \$477 million in the prior corresponding period, representing an annualised return on equity of 7.3% compared with 8.5% in the first half of 2013.

Excluding amortisation and impairment of goodwill and intangibles after tax, cash profit was \$416 million or 29% lower than \$590 million for the same period last year.

While the Group benefited from improved investment returns, underwriting profitability reduced primarily due to a material year on year reduction in risk-free rates used to discount our claims reserves and higher large individual risk and catastrophe claims experience, partially offset by reduced prior accident year development and a risk margin release.

The Group's combined commission and expense ratio was stable at 33.4% despite a 10% decline in gross written premium.

**MARKET RELEASE**

Other key attributes of the 2014 interim results include:

- Gross written premium down 10% to \$8,491 million (down 7% on a constant currency basis)
- Net earned premium down 5% to \$6,947 million (down 2% on a constant currency basis)
- Attritional claims ratio improved to 46.6% (1H13 47.9%) excluding US crop insurance, US lender placed insurance and Argentina<sup>(1)</sup>
- Large individual risk and catastrophe claims of 9.9% of net earned premium (1H13: 8.3%)
- Adverse prior accident year central estimate claims development of \$131 million (1H13 \$178 million), including \$169 million relating to QBE's Latin American Operations
- Adverse discount rate impact of \$118 million excluding Argentina<sup>(2)</sup> (1H13 \$150 million benefit)
- Combined commission and expense ratio stable at 33.4% despite a 10% decline in gross written premium
- Annualised net investment yield of 2.8% (1H13 2.6%)
- Net investment income of \$427 million (1H13 \$394 million)
- APRA PCA multiple of 1.56x (1H13 1.59x)

(1) Argentina's attritional claims ratio is distorted by the heightened level of claims inflation

(2) From 1 January 2014, the benefit of higher discount rates in Argentina is now explicitly offset by a higher claims inflation assumption

**PREMIUM**

Gross written premium was \$8,491 million, down 10% from \$9,446 million in the prior corresponding period. On a constant currency basis, gross written premium declined 7% mainly due to Europe and North America. The lower premium writings in Europe largely reflect our previously advised intention to exit a number of non-core and poorly performing businesses as well as in response to market conditions. The premium contraction in North America was primarily due to a further significant reduction in the lender-placed portfolio coupled with a reduction in program premium due to the termination of poorly performing program relationships.

Indicative of the currently more competitive landscape, premium rate increases on renewed business averaged 0.7% overall compared with an increase of around 5% a year earlier and our original full year 2014 expectation for a 2.5% increase overall.

John Neal said: "On a local currency basis, the 7% decline in our gross written premium largely reflects our previously advised intention to exit a number of non-core and underperforming businesses as well as market conditions that are proving to be more competitive than previously anticipated. QBE's commitment to underwriting discipline and high technical underwriting standards is unwavering."



## MARKET RELEASE

### UNDERWRITING AND INSURANCE PROFIT

The Group's combined operating ratio deteriorated to 96.5% from 92.8% a year earlier, reflecting an increase in the net claims ratio to 63.1% from 59.4% while the combined commission and expense ratio was stable at 33.4%, notwithstanding the 10% year on year decline in written premium.

The net claims ratio increased relative to the first half of 2013 primarily as a result of lower risk-free rates and higher large and individual risk and catastrophe claims, partially offset by a reduction in prior accident year claims development and risk margin releases.

The Group's attritional claims ratio deteriorated slightly to 49.8% from 49.4% in the previous corresponding period. Excluding the distorting impact of the US crop and lender placed portfolios as well as our Argentine business, the adjusted attritional claims ratio improved to 46.6%, from 47.9% a year earlier, largely reflecting the earning of past premium rate increases and the significant portfolio remediation efforts undertaken over the past 24 months.

Prior accident year claims development reduced to \$131 million from \$178 million in the first half of 2013. Absent the disappointing reserve strengthening in Latin America as explained in detail in our market release of 29 July 2014, it was pleasing to record favourable prior accident year claims development across the rest of the Group in aggregate.

Insurance profit fell 33% to \$530 million compared with \$790 million in 2013. The insurance profit margin for the half was 7.6% compared with 10.8% a year earlier, reflecting the weaker underwriting result partially offset by stronger investment returns.

John Neal said: "We are pleased that for a third consecutive half year our underlying attritional claims ratio has improved, reflecting the significant improvements we have made in our global underwriting businesses. An obvious impact of these decisions has been a reduction in premium volume. Against this backdrop it is particularly encouraging that we have been able to reduce or control our business expenses, thereby maintaining cost ratios, through the successful implementation of our operational transformation program."

### SIGNIFICANT ITEMS IN PROFIT BEFORE TAX

QBE reported a profit before tax of \$487 million, down 17% from \$585 million in the prior corresponding period. Profit before tax was impacted by the following significant items:

For the half year ended 30 June	2014 \$M	2013 \$M
Realised and unrealised gains on investments	91	21
Cost of large individual risk and catastrophe claims (current accident year)	(690)	(609)
Discount rate (cost) benefit, excluding Argentina	(118)	150
Prior accident year central estimate claims development <sup>(1)</sup>	(131)	(178)
Risk margin release (strengthening)	56	(63)
Amortisation and impairment of intangibles	(35)	(171)
Foreign exchange gain	-	35

(1) Net of \$472 million of discount movement (1H 2013 \$44 million) due to long tail classes (dust disease in Australia and workers' compensation in Argentina) where there is an explicit link between the significant movements in inflation and discount rates.



## MARKET RELEASE

### INVESTMENTS AND INVESTMENT INCOME

Our in-house managed investment portfolio increased 2% to \$31.4 billion from \$30.6 billion.

Net investment income for the half year to 30 June 2014 was \$427 million, up 8% compared with \$394 million for the same period last year. This increase reflects strong returns on fixed income securities as credit spreads narrowed significantly as well as higher returns in newly invested asset classes such as property and emerging markets.

Excluding non-recurring foreign exchange gains in the prior period, net investment income for the half increased 19% compared with the same period last year.

The net investment yield on technical reserves improved to 2.8% from 2.5% last year, contributing 4.1% to the insurance profit margin compared with 3.6% in the first half of 2013.

The net investment yield on total investments was 2.8% compared with 2.6% in the first half of last year or 2.3% excluding non-recurring foreign exchange gains.

Equity exposure was 1.0% of the portfolio at 30 June 2014, with our allocation varying over the past six months in response to geopolitical concerns and associated market volatility. We continue to pursue opportunities to diversify the portfolio and, in this regard, have increased our allocation to infrastructure debt and property trusts to 0.7% and 2.2% respectively. We have also added modest allocations to high yield debt, emerging market debt and emerging market equities, which together comprise around 2% of total investments and cash with allocations expected to increase modestly, subject to market opportunities.

### 2014 INTERIM DIVIDEND AND DIVIDEND POLICY

Excluding amortisation and impairment of goodwill and intangibles after tax, the Group's cash profit was \$416 million, down 29% compared with \$590 million for the same period last year.

The Group's dividend policy is to pay out up to 50% of the annual cash profit by way of dividends to shareholders. With a significantly greater exposure to catastrophes in the second half coinciding with the Northern Hemisphere summer hurricane season, the Board adopts a conservative position and elects to retain more profit and capital at the interim result. Assuming consistent profitability across the year, this is expected to result in a seasonally adjusted payout ratio of approximately 40% with respect to the interim dividend and 60% with respect to the final dividend.

The 2014 interim dividend will be a fully franked 15.0 Australian cents per share representing a payout ratio of 42% of the half year cash profit, which compares with a 2013 interim dividend of Australian 20.0 cents per share and follows the 2013 final dividend of Australian 12.0 cents per share.

Shares will begin trading ex-dividend on 27 August 2014, the record date is 29 August 2014 and the dividend will be paid on 23 September 2014.

In recognition of the capital initiatives announced today, the Board has elected to remove the 1% discount on the Group's dividend reinvestment programs.

## MARKET RELEASE

### OUTLOOK FOR FY14

While we expect market conditions to remain challenging, we will not compromise our focus on underwriting excellence and, accordingly, are targeting a stable claims ratio for the balance of this year, inclusive of a prudent large individual risk and catastrophe allowance of 12.5% for the second half.

Our global claims reserves of \$18.6 billion have been stable through the half year and, with the exception of the \$169 million action to strengthen our claims reserves in Latin America. We anticipate continued stability throughout the balance of 2014.

Our work to transform the North American business is on track and will remain a key focus in the second half as we look to introduce further improvements, notably in respect of our lender placed insurer and in the management of our cost base. The creation of an Emerging Markets division across Asia Pacific and Latin America will allow us to apply the proven disciplines that have driven profitable growth in Asia Pacific to the enlarged division.

Accordingly, we are targeting a FY14 insurance profit margin of 8% - 9%.

The capital management initiatives announced today will provide a step change to the quality and flexibility of our balance sheet and significantly improve our key capital metrics and gearing ratio by the end of 2014, with further improvements planned into 2015.

Our expectations with respect to the FY14 outlook are summarised as follows:

- GWP in the range of \$16.6 - \$17.0 billion
- NEP in the range of \$13.9 - \$14.2 billion (includes \$390 million one-off impact of medical malpractice reinsurance)
- Net claims ratio of 62.0% - 63.0%
- 2H14 large individual risk and catastrophe allowance of 13.2%<sup>(1)</sup>
- Commission and expense ratio of around 33%<sup>(2)</sup>
- COR of 95.0% - 96.0%
- Net investment yield of 2.4% - 2.7%
- Net investment contribution of 3.5% - 4.0%
- Insurance profit margin of 8.0% - 9.0%
- Dividend payout of up to 50% of annual cash profit

(1) Around 12.5% based on 2H14 net earned premium before \$390 million one-off medical malpractice reinsurance charge

(2) Slightly in excess of 32% based on FY14 net earned premium before \$390 million one-off medical malpractice reinsurance charge

John Neal said: "We are pleased that our underlying business is demonstrating the solid progress QBE is making towards delivering improved performance. When combined with the capital measures announced today, we are confident that we have turned the corner on performance consistency with enhanced financial transparency and flexibility. Our unwavering commitment to underwriting excellence remains a priority, as does our operational transformation program which will help us build a sustainable business platform for the future."



## MARKET RELEASE

### TELECONFERENCE

QBE Group CEO, John Neal and Group CFO, Pat Regan, will hold a teleconference today from 10.30am to 11.30am AEST.

The operator will give instructions on how to ask a question at the commencement of the Q&A session.

### **DIAL IN DETAILS:**

Australia Access: 1800 268 560  
International Access: +61 2 8047 9300  
Participant PIN Code: 330861#

To participate in the teleconference, you will need a touchtone phone - 10 minutes prior to the briefing, please dial your call-in number and follow the prompts - calls from mobile phones will be charged at the applicable mobile rate

### **ATTENDING IN PERSON**

The Sofitel Sydney Wentworth Hotel  
"Brisbane Room"  
61 - 101 Phillip Street , Sydney

### **TIME**

Tuesday 19 August 2014  
10:15am for 10:30am start (AEST)

### **WEBCAST**

The results briefing will be available for viewing as a live video webcast. To access the webcast, please follow the link on the home page [www.qbe.com](http://www.qbe.com). Testing of the webcast facility is available via this link.

For further information, please contact:

### **Investor Relations**

Group Head of Investor Relations  
Tony Jackson  
Tel: +61 (2) 9375 4364  
[investor.relations@qbe.com](mailto:investor.relations@qbe.com)

### **QBE Insurance Group Limited**

ABN 28 008 485 014  
8 Chifley Square  
SYDNEY NSW 2000  
Australia

### **Media Enquiries**

David Symons  
Tel: +61 (2) 8306 4244  
Cell: +61 (0) 410 559 184  
Email: [david@catocounsel.com.au](mailto:david@catocounsel.com.au)

[www.qbe.com](http://www.qbe.com)

QBE Insurance Group Limited is listed on the Australian Securities Exchange, is recognised as one of the top 20 global insurance and reinsurance companies as measured by net earned premium and has operations in 43 countries.

### **IMPORTANT DISCLAIMER**

This release contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, performance, and our pro forma capital plan are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of QBE that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Such forward-looking statements only speak as of the date of this release and QBE assumes no obligation to update such information. Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no overall reduction in premium rates; no significant fall in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our strong reinsurance panel; and no substantial change in regulation. Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this market release. All figures are in US\$ unless stated otherwise.

This presentation has not been approved for the purposes of section 21 of the UK Financial Services and Markets Act 2000 and is directed only at and may only be communicated to persons who (i) fall within Article 49(2)(a) to (d) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO"); or (ii) have professional experience in matters relating to investments, being investment professionals as defined in Article 19(5) of the FPO; or (iii) overseas recipients as defined in Article 12 of the FPO (all such persons together defined as "relevant persons"). The information contained in this presentation must not be acted on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.



## MARKET RELEASE

This release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities referenced herein have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States absent registration except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

Certain financial data included in this release are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. The disclosure of such non-GAAP financial measures in the manner included in this presentation would not be permissible in a registration statement under the Securities Act. These non-GAAP financial measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. Although QBE believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, readers are cautioned not to place undue reliance on any non-GAAP financial measures and ratios included in this presentation.

- ENDS -