Operator

Thank you for standing by. Good day, everyone, and welcome to the Amazon.com First Quarter 2019 Financial Results Teleconference. At this time, all participants are in a listen-only mode. After the presentation, we will conduct a question-and-answer session. Today's call is being recorded.

For opening remarks, I will be turning the call over to the Director of Investor Relations, Shelly Kay Pfeiffer. Thank you. Please go ahead.

Shelly Kay Pfeiffer

Hello, and welcome to our Q1 2019 financial results conference call. Joining us today to answer your questions is Brian Olsavsky, our CFO; and Dave Fildes, Director of Investor Relations. As you listen to today's conference call, we encourage you to have our press release in front of you, which includes our financial results as well as metrics and commentary on the quarter. Please note, unless otherwise stated, all comparisons in this call will be against our results for the comparable period of 2018.

Our comments and responses to your questions reflect management's views as of today, April 25, 2019 only, and will include forward-looking statements. Actual results may differ materially. Additional information about factors that could potentially impact our financial results is included in today's press release and our filings with the SEC, including our most recent annual report on Form 10-K and subsequent filings.

During this call, we may discuss certain non-GAAP financial measures. In our press release, slides accompanying this webcast and our filings with the SEC, each of which is posted on our IR website, you will find additional disclosures regarding these non-GAAP measures, including reconciliations of these measures with comparable GAAP measures.

Our guidance incorporates the order trends that we've seen to date and what we believe today to be appropriate assumptions. Our results are inherently unpredictable and may be materially affected by many factors, including fluctuations in foreign exchange rates, changes in global economic conditions and customer spending, world events, the rate of growth of the Internet, online commerce and cloud services, and the various factors detailed in our filings with the SEC.

Our guidance also assumes, among other things, that we don't conclude any additional business acquisitions, investments, restructurings or legal settlements. It's not possible to accurately predict demand for our goods and services, and therefore, our actual results could differ materially from our guidance.

With that, we will move to Q&A. Operator, please remind our listeners how to initiate a question.

Question-and-Answer Session

Operator

At this time, we will now open the call up for questions. [Operator Instructions] Thank you. Our first question comes from the line of Mark Mahaney from RBC Capital Markets. You're now live.

Mark Mahaney

Okay. Hey, I'm going to ask two questions, because the first one is really simple. Unit growth of 10%, is this a meaningless metric, just talk through that number. I think it's the lowest unit growth I think we've ever seen, but just talk to us a little bit about that.

And then international sales growth decelerated 16%, I know last - ex-FX. I know last quarter you talked about some challenges in the India market. Just give us some color, please, around that growth rate, how do we think about the sustainability of that? Was that negatively impacted by developments in India? Thanks a lot.

Brian Olsavsky

Sure, Mark. Thanks for your questions. I'd start on unit growth. So unit growth was 10%. Again, as I mentioned last quarter, it is a measurement, excludes a lot of our fastest growing businesses, things like AWS, advertising, subscription services, which cannibalize the unit calculation, things like Kindle Unlimited and Amazon Music Unlimited. And then, also it doesn't include Whole Foods Market.

So while it is meaningful, it needs to be understood and caveated. So your question was on international growth. Yeah, talking more about specifically India, so India, for those of you on the call last quarter, we're just heading into an uncertain period with the PN2 ruling. We did make some changes to our structure to stay in compliance with all regulations. There were a few days of downtime for some of our selection. But for the full quarter the impact was minimal. And we're in compliance and very, very happy with the progress of the business in India.

So as far as the growth is concerned in international, we had some noise in Q3 and Q4, if you'll remember with the timing of the Diwali holiday. But we feel pretty good about the Q1 growth there, even despite some downtime in India.

Operator

Thank you. Our next question comes from the line of Doug Anmuth from J.P. Morgan. You are now live.

Doug Anmuth

Thanks for taking the questions. I'll also ask two, if I can. Just first, Brian, can you just talk about the outperformance in operating income in 1Q? Increased significantly there, it looks like cost of sales and the fulfillment, but hoping you can provide some more color. And then why would the margin be materially lower in 2Q as you're guiding? And then just second, on the outlook for revenue in the second quarter on an FX-neutral basis, the higher end implies a nice acceleration, so curious what gives you the confidence in that. Thank you.

Brian Olsavsky

Sure, Doug. Yeah, let's start with Q1. So you remember last quarter, I made the point that 2018 saw lower growth in some of our key cost areas. Things like fulfillment capacity, which have been growing over 30% a year in 2016 and 2017, dropped to 15% last year. Headcount growth was 48% in 2016, 38% if you exclude Whole Foods and Souq acquisitions in 2017. That dropped to 14% last year. And then, financial leases for infrastructure, which are good proxy for capital investment and infrastructure, after growing 69% in 2017, grew 10%.

So all of those trailing 12-month metrics actually stayed the same or slightly declined in Q1. So we had continued efficiency. We didn't put a lot of new fulfillment center capacity or infrastructure into place at least compared to Q1 of last year. And hiring was moderate; we actually are down to 12% on a trailing 12-month basis.

So I would say that is a continuation of last year. But my point from the last call still holds in that, we do expect those growth rates to be higher for all of 2019. So most of that will happen in the next three quarters, and we have that built into the Q2 guidance. We also hit the high-end of the revenue range, which is always good from an efficiency standpoint and the drop-through on the higher end of the revenue.

So now turning into Q2, I would like to tell you a bit about why that's lower. So we have - we're currently working on evolving our Prime free Two-Day Shipping program to be a free One-Day Shipping program. We're able to do this, because we spent 20 plus years expanding our fulfillment and logistics network, but this is still a big investment and a lot of work to do ahead of us.

For Q2 guidance, we've included approximately $800 million of incremental spend related to this investment. And just to clarify, to give a little more information, we have been offering, obviously, faster than Two-Day Shipping for Prime members for years, one day, same day, even down to one to two hour delivery for Prime Now. So we're going to continue to offer same day and Prime Now selection in an accelerated basis.

But this is all about the core free Two-Day offer morphing into - or evolving into a free One-Day offer. We've already started down this path. We've in the past months significantly expanded our one-day eligible selection and also expanded the number of zip codes eligible for one-day shipping.

So we're taking a significant step. It wasn't showing up in Q1. It was minimal in Q1's results. It's a significant step and it will take us time to achieve. And we want to ensure that we have good delivery experience for our customers as we evolve this offer.

And lastly, I would say in Q2, as a reminder, each year, we - Q2 is a time when we grant RSUs to employees. And we traditionally see a step-up in stock-based compensation expense in Q2, and we're seeing the same thing this year.

Doug Anmuth

Thank you.

Brian Olsavsky

And that - sorry, and that's also tied in with your question about revenue acceleration. We do believe that, although there's not explicit lift built in for the faster shipping, we have seen good order trends month to date. And we expect - we built the Q2 range about - around what we've seen.

Operator

Our next question is from Justin Post from Merrill Lynch. You are now live.

Justin Post

Great. Thank you. As users consume more services and maybe get less boxes, although I guess you could see a pickup in Q2, what does that mean for customer stickiness? How are you thinking about getting more advertising and getting more subscription services? And maybe you could just give us a little insight into what you're seeing with Prime churn especially in the more mature U.S. market? Thank you.

Brian Olsavsky

Yeah. Sure. Justin, I would say, as I said, I believe, on the last call, we had more people sign up for Prime in 2018 than any other year before. So we are very happy with the - not only the absolute membership levels of the Prime program, but also the engagement. Our engagement in video benefit - excuse me, Prime benefits, shipping, hours watched on video, hours listened to on music, all of them are trending in the right direction and continue to get more and more sticky.

So while I can't share - I wouldn't share with you today the Prime - any Prime - specific Prime statistics about churn, it does remain a very compelling program. I think, the announcement I just made about morphing to a one-day free shipping offer will make it even more the best deal in retail, as we say.

Operator

Our next question comes from Eric Sheridan from UBS. You're now live.

Eric Sheridan

Thanks for taking the question. The advertising business saw what looks like a little bit of a step-down again in Q1 versus Q4. Q4 was a fairly big step-down, when you strip out the accounting benefit or the last quarter, the accounting benefit. Can you talk a little bit about the supply and demand dynamics in the advertising business? How much of that will you might be controlling to making decisions about ad load versus the demand to advertise among sellers on the platform?

And any color you could give us on what you might be seeing in the advertising business domestically versus internationally would be helpful. Thanks so much.

Brian Olsavsky

Sure. Yeah, we are seeing - as you can see in the operating margin, we're seeing a good advertising growth both in North America and also internationally. While I can't get into some of the questions about ad loads and inventory, I would say really what we're focused on right now is driving relevancy, ensuring that we service the most useful ad as possible. I think that's going to be the best experience for customers and also for advertisers.

So most of our focus has been on again adding more functionality, adding more products and adding - reporting for businesses and advertisers, so they can understand the incremental customers they're seeing on Amazon through advertising with Amazon. So it's more right now about tools and making better recommendations, making it easier to use our Amazon demand-side platform, things like that, operational improvements.

And then, I guess, we're very focused on serving brands as well. That's another theme that we have. These brand stores that we have are easy to create, customize, and we've had great pickup on that from brands, but they can show shoppers who they are and tell their story. So it builds a better engagement for the brand and the customer. It builds better customer loyalty both to that brand and also to Amazon.

And then on the brand side itself, we have new reporting - excuse me, where we're again looking to measure the new to the brand shoppers and what lift they're seeing. So I would say right now, it's more about efficiency and also performance of the advertisement themselves. The other revenue growth that you see does include some non-advertising things as well. So while other revenue grew 36%, and it is principally advertising, advertising grew a bit higher than that.

Operator

Our next question is from Stephen Ju from Credit Suisse. You're now live.

Stephen Ju

I'm sure you can share in regards to the Prime users' awareness of the availability of stuff from Whole Foods. Is the order flow coming in from a wide number of users? Or is the activity coming in from a small, but very dedicated number of customers? Thanks.

Brian Olsavsky

Yeah. Thanks, Stephen. I would say that we're very - it's widespread and more Prime members have adopted the Whole Foods benefit than almost any other benefit we've offered them, and they're saving, as a result, hundreds of millions of dollars. We continue to expand the coverage for delivery. We have delivery from 75 - into 75 U.S. metros through the Prime Now app, and we also have pickup in over 30 metros also through the Prime Now app.

So we're very - excuse me, the other point I'll make is just like last quarter, I'll remind you that the physical stores revenue is principally Whole Foods revenue, but it excludes the online ordering component where people order on the Prime Now app and it's delivered to them. That shows up in our online stores classification.

So last quarter, I told you that our growth in store sales, including both shopping and also online deliveries, was closer to 6% in Q4, and it's a similar number in Q1. So again, we're very happy with both the Prime adoption of the - or the recognition of the Prime benefits by - at Whole Foods, and also the purchases. And you may have also noticed that we lowered prices for the third major round of price cuts, since we joined forces with Whole Foods in the summer of 2017.

Operator

Thank you. Our next question is from Dan Salmon from BMO Capital Markets. You're now live.

Daniel Salmon

Great. Good afternoon, everyone. Maybe, Brian, just to return to the advertising business for a moment. It does sound like, as Eric noted, that there was a bit more of a slowdown again. I mean, I guess, I'll ask it this way. Do you believe that some of the improved relevance, some of the improved focus on brands as well as some of the new products can lead that business to reaccelerate at some point again? Or is it facing law of large numbers?

And then just a follow-up, just to return to the $800 million investment to improve one-day shipping, it sounds like that investment is underway already and that - in noting that it'll help contribute to the high-end of the guidance this quarter, it sounds like the timing of that is fairly quicker. I would imagine, it's just simply expanding availability and that $800 million is largely related to shipping cost. But I just want to make sure, we're understanding that quickly that - this investment rolled out relatively quickly and starts to take effect relatively quickly.

Brian Olsavsky

Yeah. I'm glad you asked that. I would say that while our 20-year head start in investments in logistics and fulfillment capacity and partner networks that we've built are helping us, we also do have a network that is tuned to two-day delivery right now, principally for two-day delivery.

So we do need to build out more one-day capacity along with our transportation partners, but we're moving quickly and we've got a good head start. There is a certain tranche that we can dial up quickly, and we've started to do that and you'll see that very quickly in Q2. And then stay tuned, because we'll be building this - most of this capacity through the year in 2019.

And then your question about advertising, I wouldn't comment on acceleration or deceleration of growth. I would just say, we're early on in this venture. There's a lot of - it's having a lot of pickup by both vendors, sellers and also authors. So again, we feel like if we work on the inputs on this business and continue to grow traffic to the site, we will have a good outcome in the advertising space.

Operator

Our next question is from Anthony DiClemente from Evercore. You're now live.

Anthony DiClemente

Thanks very much. A couple of questions. In the shareholder letter, Jeff wrote third-party sellers are kicking our first-party butt, and we read through that, but as we kind of look at the trending and the pacing of the 3P business, you can see a little bit of a deceleration in the 3P sellers services line and then 3P unit slowdown might suggest that the third-party GMV expansion may not be happening quite as fast. So maybe just talk a little bit about that. Is this just law of large numbers as time goes by? What is Amazon doing to sort of sustain that growth rate in the third-party marketplace business?

And then second question is maybe just quickly on media spend. Just update us on how you're thinking about the trajectory of video content spend. Any strategic changes there in terms of library versus originals versus films or TV content? Thanks.

Brian Olsavsky

Yeah. Let's step back on the third-party question. So again, let me reiterate our approach. So main goal here is that it will allow customers to have the broadest selection, the best available price and also the most convenient options on how they receive the item. If we're delivering on those three elements, we're indifferent as to whether it's sold by us or a third-party. We actively recruit sellers to sell on our platform, it's because it adds selection. It adds - if it's in the FBA program, it adds Prime eligible selection.

We spend billions of dollars a year, as Jeff said, on infrastructure, tools and services, not only to allow sellers to sell, but to help themselves more successfully. So we have a vested interest in the success of our sellers. Any growth acceleration or deceleration that you see can be very much tied to the total sales of the customer - that we have the customers in any country.

So you'll still see the percentage of third-party units increased and has been steadily over the last few years. So again, the sellers are as important to us as anything for servicing the customers' need for price selection and convenience. The elements I just talked about of investment, further investment in one-day shipping is directly going to be a cost that we bear and it's also going to be a direct benefit to sellers as well as the Prime eligible selection in our warehouses.

Dave Fildes

Yeah. And then, Anthony, just real quick, this is Dave, on your question around media and probably more particularly the video strategy and what we're investing in, I mean, we are continuing to invest meaningfully in digital video. It's an area where we're very excited about. Lots of very popular, critically acclaimed shows have obviously come out, things like Homecoming, Jack Ryan, more recently Hanna, Guava Island, and some great titles.

So I think look for us to continue to invest there. There was - on the accounting side, we did adopt an accounting standard in January that amended our accounting for how we cap for produced original video content.

And under that new guidance, we capitalize production cost for original video content. Previously, we only capitalized a portion of those costs. So the net impact for the first quarter to operating income wasn't material. It was - for Q1, the impact of a change was a decrease of about $130 million to cost of sales due to the capitalization change.

As we go through 2019, though, we would expect the impact to increase in the latter part of the second half of the year, in line with our production schedule as it grows throughout the year.

Operator

Our next question is from John Blackledge from Cowen and Company. You're now live.

John Blackledge

Great. Thanks. Just coming back to the Prime one-day delivery, will it be available to most of the U.S. by the holidays or by the end of the year? And I think you had about 100 million items available for two-day delivery, Prime delivery. As the one-day program starts, how many SKUs will be available? And would you expect to get the entire 100 million SKUs for one-day at some point?

And then second question, just on grocery, just curious the upside for further expansion outside of kind of all the enhancements you're doing with Whole Foods. Thank you.

Brian Olsavsky

Sure. So, yes, on the one-day free shipping versus the two-day free shipping, our goal is to evolve the two-day free shipping program into a one-day free shipping program and we're making strides on that. It got into a little bit about the capacity we have to add and changes we have to make to our supply chain in order to deliver on that. We expect to make steady progress quickly and through the year.

We'll have more for you at the end of Q2 obviously. There's a lot of error bars around this program, especially from the cost side. We feel we're doing something very important for the customer. And we have - again trying to take advantage of the fulfillment capacity and transportation capacity especially with third-party partners that we have. And we'll just have to see what changes have to be made to get more and more selection into that one-day category.

Dave Fildes

And then, this is Dave again. Just on the grocery side of it, as you mentioned, Brian talked a bit about the Whole Foods Market growth over 500 stores, 75 metros with delivery capability, so continuing to grow that out. We are also continuing to invest in our other grocery initiatives. Amazon Fresh, Prime Now, which offers grocery as one of the components of the selection there for the two-hour or even one-hour delivery capabilities.

And so I think, we'll keep investing in those areas. I mean– and in other initiatives as well, where we can get food through Pantry, Go, there's a number of initiatives there. So excited about what we'll be able to continue to bring to customers on that space.

Operator

Our next question is from Ben Schachter from Macquarie Group. You're now live.

Ben Schachter

So more on the one-day shipping. Should we expect that to rely mostly on USPS, UPS or other shipping services or you're really going to try to build out more your Amazon owned and operated shipping? And on the numbers, $800 million for the quarter, how should we think about that ramping into the back half of the year? Thanks.

Brian Olsavsky

Yeah. Sure, Ben. I would say, we're going to be using all of the available levers that we have right now, both AMZL and also third-party carriers, and we'll just see how it develops going forward. But we're going to need definitely continued support of our external transportation partners. So outside of the ramp, I would say that the $800 million is what I have for you today. We will see where we stand at the end of the quarter, and I'll give you insight as to what we just saw and what our outlook is for future quarters at that time.

I would like to - as I don't want to run out of time here. So I'm going to ask a question for myself about AWS, because I want to get some information to you. Most of the questions I can tell around one-day are topical and important. I do want to highlight the AWS performance in Q1. We're now over $30 billion annualized run rate, 42% FX-neutral growth and $2 billion more of revenue this Q1 versus last Q1.

The operating margin has also expanded in that time period by 320 basis points as a result of a lot of the good work on infrastructure and efficiencies that I talked about earlier in the call, because this is against a backdrop of a very large expansion of our tech teams and our sales teams that supports this business.

We're continuing to engage with many large customers globally. I'm particularly happy about the Volkswagen alliance that we've joined up with them to power their Volkswagen Industrial Cloud. That's going to integrate more than 30,000 facilities and 1,500 suppliers and partners in Volkswagen's global supply chain over time.

We have deals going with Ford on powering the cars of the future, Lyft, Gogo, a lot of really good customer wins in the quarter. And I think just more broadly, we're seeing continued momentum in enterprise migrations to AWS, and people are moving their workloads to AWS at a faster pace. Usage growth continues to be higher than revenue growth rates.

Operator

Our next question is from Mark May from Citi. You're now live.

Mark May

Thank you. And actually a follow-on to AWS, the growth clearly impressive, but we did see, I think sequentially, and I apologize I'm not in front of model, but I think the growth was somewhere at 3%, 4% sequentially. There was a little bit of a slowdown in the quarter. Just wondered if there's anything that you'd call out there, pricing or any other factors that you could call out, that may have contributed to that.

And apologize, but another one-day shipping question here. In terms of the $800 million, just curious where that gets you to, in terms of coverage of zip codes and SKUs? I assume right now this is a project that's in the US. And where that gets you from a coverage standpoint? And is this something that you expect to be a near- to medium-term priority in some of your other developed markets like the UK, Germany, et cetera? Thanks.

Brian Olsavsky

Yeah. So I'm glad you asked that. So, Mark, it's - let me start with that second question. The program will be global. Most of the spend that we are seeing in Q2 is starting in North America. But this is intended to be a global improvement in speed tied to our Prime program. So you will see more going forward.

I can't give you exact percentages of selection and all that, mainly because we are still again working through that. And while we have ratcheted up a significant - we turned the dial significantly in April. And so we'll see the cost impact almost immediately in the quarter. We're really going to have to see how it goes this quarter, both on our pace of selection addition and expansion of one-day, and let you know probably at the end of the quarter.

I would say in the short run, it's also expanding and increasing our speed on all of our orders quite frankly. On AWS revenue, let me just remind you that quarterly growth last year on an FX-neutral basis, so Q1 was 48%, then

49%, then 46% and 46%. So in the first half of the year, we have a tougher comp, if you will, versus some strong growth in the first-half of last year.

This is always going to be a lumpy business. It's not only dependent on us, it's also dependent on the companies that are adopting Amazon, so there's a - or excuse me, AWS. So there are differences in sales cycles. There are differences in adoption of the cloud. There are differences in migration patterns that will make any quarter-to-quarter movements lumpy, as I said. So we're happy with the growth, 42% on an FX-neutral basis and again a $30 billion - greater than $30 billion annualized run rate.

Operator

Our next question is from Heath Terry from Goldman Sachs. You are now live.

Heath Terry

Great, thanks. I guess somewhat along those lines or at least along the lines of growth, we saw CapEx spending and investment in capital leases decelerate to the lowest rate that it's been in several years, maybe even the lowest rate ever. And you guys have said in the past that generally CapEx sort of tracks your - that you're investing at the level of growth that you expect.

I'm sure that's not representative of what you expect growth to look like. So just trying to understand sort of where the disconnect is there, and to the extent that your - the level of investment in physical infrastructures says anything about your expectations for future growth, what the right way to read that is?

Brian Olsavsky

Sure. Thanks for that question, Heath. No, I would say, A, we're not expecting diminished returns in any of our businesses or growth rates nor are we restraining the business or constraining the business in any way with our capital. I would point you back again to the investments that we made in 2016 and 2017. So we did front-load a lot of the investment both in fulfillment centers and also infrastructure.

But more than that, it's more than kind of leading through excess capacity. We have some really, really impressive gains and efficiencies in both the warehouses and also the data centers. We talk efficiency. And every percentage utilization in our data centers is worth tens and more millions of dollars. So again, that's a big part of our model. It is not only investing, but also working on efficiencies, adding new products and features for customers.

And as we lower costs, we pass those along to customers, either through new rates or new deals that we have. So I would say that I would look back on the performance in 2018 and say that that was great work with a - on a lot of efficiency as we also banked a lot of capacity that had been built previously.

Moving forward, that's why I say it will be increasing as we move through the year. And that will be a constant battle between, again, growth, geographic expansion in AWS and also efficiencies to limit how much we actually need. I think we're also getting much better at adding capacity faster, so there's less need to build it 6 to 12 months in advance, I would say.

Although, we did just launched our Hong Kong region today as well and I want to point that out. The business in China is going really well and we continue to see strong growth there. And, launching the Hong Kong region gets us to a footprint of 19 cities in China. So it continues to be a really good story for us.

Operator

Thank you. Our final question will come from Brian Nowak from Morgan Stanley. You are now live.

Brian Nowak

Thanks for taking my question. I'll go to a new topic, one-day shipping. So Amazon, the first principle is customer obsession. And, Brian, you talked about record Prime sub-growth last year. I guess the question is what are the signals or the key strategic rationale behind investing in one-day? Are there certain types of users, demographics of users, categories of products, countries you think this will help you attract and retain?

It seems like Prime is growing pretty well. Just talk us through what you see as the big opportunity to invest in one-day? And then the second one, just maybe talk to us a little bit about the early learnings on the healthcare industry side of potentially trying to move larger into healthcare? Thanks.

Brian Olsavsky

Great. Yeah, Brian, I would say it's as simple as price selection and convenience, which is the mantra that we talk about quite often. By going to one-day, it increases the convenience and it increases the available selection into the consideration set. Although, we have many items that are available in one to two hours, and also same day, the vast majority of our selection is available to you in two days.

If we get that to one-day, we literally cut it in half, that's tough math for you. I'm sorry to do that. But the - we think that that will open up a lot of potential purchases that - and it will open up convenience to those customers. So we've been experimenting on a lot of different formats as you know, two-day, one-day, same-day, two-hour, stores, there's all types of - points of being there for the customer, when they need us at different points in their consideration set.

So we really think it's going to be groundbreaking for Prime customers. And we're very excited to add this capability. And, again, part of this is we have the capability, because we've been at this for over 20 years and continue to invest in our fulfillment capacity, our logistics capacity and also fine-tune it. But I thank you for your question.

Dave Fildes

Yeah, Brian, and this is Dave. Just briefly on healthcare, I mean, that term can touch upon any number of different parts of our businesses. Of course, we've talked in the past about how Amazon Business serves many other companies, including the healthcare industry and providing them some great selection. And fast delivery is part of that - the business program there. So - and that continues to do well and it's a focus of Amazon Business amongst other verticals there that they serve.

PillPack, we're probably around 6 months or so in since that acquisition closed, and continuing to support them in their mission and learn from them certainly. So no real update on that, but excited about the potential there to be sure.

Thanks for joining us today on the call and for your questions. A replay will be available on our Investor Relations website at least through the end of the quarter. We appreciate your interest in Amazon and look forward to talking with you again next quarter.