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Cash Flow Trends and Their Fundamental Drivers: Comprehensive Review (Quarter 2, 2018)

Free Cash Margin Index:

0.99%, 3.45%	4.04%	6.88%
Recession Lows	**Current**	**Recent High**
(Dec. 2000, Dec. 2008)	**(Jun. 2018)**	**(Dec. 2009)**

Median free cash margin declined to 4.04% for the twelve months ending June 2018, compared with 4.17% for the twelve months ending March 2018 and 4.90% in June 2017. Median free cash margin has continued its downward trend, as the metric has declined in each of the last six reporting periods, but remains within pre-and-post-recession norms. Median revenues have fallen slightly to $1,268.80 million in the twelve months ending June 2018, and median cash and short-term investments have fallen to $145.83 million during this time as well. This marks the second consecutive period of falling revenues and cash balances. While these trends are disconcerting, revenues and free cash flow remain high relative to historical standards.

One factor driving the decline in free cash margin is an increase in the cash cycle, which ticked up to 52.78 revenue days in the twelve months ending June 2018, compared to 50.01 days from the previous reporting period. This increase in the cash cycle was driven primarily by an increase in median inventory days, which rose from 23.06 days for the March 2018 reporting period to 25.62 days in June 2018. Both days receivables and days payables increased slightly during this time. A modest reduction in median operating cushion also contributed to the decline in free cash margin. Median operating cushion for the June 2018 reporting period fell to 14.35% from 14.54% in the previous reporting period. This was driven by a reduction in median gross margin, which fell from 37.65% to 37.08% during this time.

A particularly concerning trend that may be emerging is a continued stagnation of capital expenditures. Median CapEx as a percentage of revenue fell to 3.68% in the June 2018 reporting period, down from 3.71% in March 2018. This metric has fall consistently since a post-recession peak of 4.02% in March 2016 and is currently at its lowest point since December 2011. For last year's tax reform legislation to produce economic growth, increased corporate cash flows will need to be invested in capital projects.

Dividends and stock repurchases as a percentage of revenue rose to 1.90% in the June 2018 reporting period, up from 1.65% in March and up from 1.45% from June 2017. Median taxes paid as a percentage of revenue continued to fall, reaching a record low of 0.68% in June 2018, compared to 0.72% in March 2018 and 1.32% in June 2017. At this stage, it appears corporations are using their increased cash flows from lower taxes to pay dividends and repurchase stock rather than investing in capital expenditures that are more likely to generate economic growth.

Data for this research were provided by S&P's Capital IQ's Compustat database. **November 2018**

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Georgia Tech Financial Analysis Lab

The Georgia Tech Financial Analysis Lab conducts research on issues of financial reporting and analysis. Unbiased information is vital to effective investment decision-making. Accordingly, the Lab thinks that independent research organizations, such as this Lab, have an important role to play in providing information to market participants.

Because the Lab is housed within a university, all of its research reports have an educational quality, as they are designed to impart knowledge and understanding to those who read them. Its focus is on issues that it believes will be of interest to a large segment of stock market participants. Depending on the issue, it may focus its attention on individual companies, groups of companies, or on large segments of the market at large.

A recurring theme in the work is the identification of reporting practices that give investors a misleading signal, whether positive or negative, of corporate earning power. The Labs defines earning power as the ability to generate a sustainable stream of earnings that is backed by cash flow. Accordingly, its research may look into reporting practices that affect either earnings or cash flow, or both. At times, its research may look at stock prices generally, though from a fundamental and not technical point of view.

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Cash Flow Trends and Their Fundamental Drivers: Comprehensive Industry Review (Quarter 3, 2017)

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Cash Flow Trends and Their Fundamental Drivers: Comprehensive Industry Review (Quarter 4, 2017)

Free Cash Margin Index*:

0.99%, 3.45%	4.04%	6.88%
Recession Lows	**Current**	**Recent High**
(Dec. 2000, Dec. 2008)	**(Jun. 2018)**	**(Dec. 2009)**

The ***Free Cash Margin Index** is free cash flow measured as a percentage of revenue for the trailing twelve month period.

Introduction

This research report is part of a continuing series that examines cash flow trends and the underlying drivers that are causing changes in those trends. The current study contains a review of the cash flow performance of all non-financial companies for a series of rolling twelve-month periods from the first quarter of 2000 through the second quarter of 2018. Additionally, it looks at individual industry results and focuses its attention on the drivers that pushed free cash margin higher or lower in those industries. All companies with total assets of $100 million or more are included, resulting in a total sample of 2,469 companies. Please see page 6 for a list of industries included. That list is followed by a summary of the findings.

Measured as free cash flow divided by revenue, free cash margin is a cash flow profit margin. It indicates what percent of revenue is left for shareholders in the form of free and discretionary cash flow. If the company sells its products or services for a dollar, free cash margin tells how many cents the shareholders can take home without reducing the company's ability to generate more. Thus, as the report looks at cash flow trends and their underlying drivers, its particular interest is on how those factors impact free cash margin.

Continuous Focus on Cash Flow

Corporate financial success is dependent not only on a company's ability to generate revenues and earnings, but also cash flow, especially free cash flow. It is free cash flow and growth in free cash flow, that discretionary stream of cash that a company can put to use for acquisitions, debt retirement, dividends and stock buybacks that works with growing earnings to drive firm value

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higher. Because it is "free," free cash flow comes with no strings attached. It is truly discretionary. Spending it does not impact the company's ability to generate more. A company with revenue growth will eventually lose the favor of investors if it never finds a way to generate earnings. In a similar way, a company with profits that is unable to generate cash will also experience waning investor enthusiasm. It may take a while. Investors are patient with profitable, growing companies. Ultimately, however, a company must show an ability to generate free cash flow.

Companies that consume cash must continually seek new sources of capital – whether debt or equity. At some point, those sources of capital will dry up or become prohibitively expensive if the firm does not show at least some progress toward getting closer to positive cash generation. Worse, if cash flow does not back a company's earnings, ultimately those earnings themselves may become suspect, necessitating write-downs of the resulting non-cash assets. Net losses will likely accompany those write-downs.

When free cash margin is positive, a firm is covering all ongoing claims and is able to pay dividends, reduce debt or simply add to its cash coffers. When free cash margin turns negative, ongoing claims are not being met. Cash and short-term investments can be used to meet the shortfall. However, on-hand cash and short-term investments are not an unlimited source of funds. Firms can borrow money to meet their needs. However, even if this were an option, increasing debt levels add new, unwanted risks. Equity issues provide another avenue, but capital markets can be painfully dilutive when share prices are depressed for firms that are seemingly unable to generate cash.

During periods of growth, firms may have problems generating cash as profits are consumed with growth-related investments in working capital and property, plant and equipment needed to support that growth. During recessions, cash generation can be particularly problematic as revenues and profits decline, draining the economic engine that supports cash generation. Regardless of the economic environment, however, free cash margin serves as an important measure of long-term financial health for individual companies, industries and the economy as a whole. The Lab thinks that by periodically examining their cash generating ability, readers will gain insight into the overall financial health of important segments of U.S. firms. With all "nonfinancial firm industry" data dating back to 2000, it is possible to see how the cash-generating performance of these firms presently compares with their performance during previous periods of economic contraction (e.g., 2001 and 2008-2009) and economic expansion.

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Cash Flow Definitions

Free cash flow is the cash flow equivalent of the income statement "bottom line". Like net income, free cash flow is available for shareholders after all prior claims have been satisfied. However, also like net income, which, to facilitate analysis, can be divided into certain sub-measures of performance, like gross profit and operating profit, free cash flow can be similarly divided. Thus, while the primary focus of the report is on free cash flow and free cash margin, or free cash flow as a percentage of revenue, it analyzes the fundamental drivers underlying two distinct, but also closely related, measures of cash flow:

1) Operating cash flow and operating cash margin - cash flow from operations after interest charges and income taxes. Operating cash margin is operating cash flow divided by revenue.

2) Free cash flow and free cash margin - cash flow available for common shareholders that can be used for such discretionary purposes as stock buybacks and dividends without affecting the firm's ability to grow and generate more. This measure is calculated as operating cash flow less preferred dividends and net capital expenditures. Free cash margin is free cash flow divided by revenue.

Data and Methodology

The data is provided by Compustat through a license with the Wharton Research Data Services. As noted, each data amount is for a rolling twelve-month period ending with the quarter end in question. For example, cash flow amounts for June 30, 2018 represent amounts for the twelve months (four quarters) ended June 30, 2018.

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The 20 analyzed industry groups are as follows:

GICS	Industry Group
1010	Energy
1510	Materials
2010	Capital Goods
2020	Commercial & Professional Services
2030	Transportation
2510	Automobiles & Components
2520	Consumer Durables & Apparel
2530	Consumer Services
2540	Media
2550	Retailing
3010	Food & Staples Retailing
3020	Food, Beverage, & Tobacco
3030	Household & Personal Products
3510	Health Care Equipment & Services
3520	Pharmaceuticals, Biotech, & Life Sciences
4510	Software & Services
4520	Technology Hardware & Equipment
4530	Semiconductors & Equipment
5010	Telecommunication Services
5510	Utilities

The 20 industry groups use the four-digit Global Industrial Classification System (GICS) and represent 10 overall sectors. The ten sectors with industry groups included in parentheses are: Energy (Energy), Materials (Materials), Industrials (Capital Goods, Commercial & Professional Services, and Transportation), Consumer Discretionary (Automobiles & Components, Consumer Durables & Apparel, Consumer Services, Media and Retailing), Consumer Stapes (Food & Staples Retailing, Food, Beverage & Tobacco and Household & Personal Products), Health Care (Health Care Equipment & Services and Pharmaceuticals, Biotech & Life Sciences), Information Technology (Software & Services, Technology Hardware & Equipment and Semiconductors & Equipment), Telecommunications (Telecommunication Services) and Utilities (Utilities).

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Summary of Results for All Non-Financial Companies

Median free cash margin decreased to 4.04% for the twelve months ending June 2018, compared with 4.17% for the twelve months ending March 2018 and 4.90% in June 2017.

Factors impacting free cash margin were operating cushion, or operating profit before depreciation, which decreased to 14.35% during the twelve months ending June 2018 from 14.54% in March 2018 and was down from 14.52% in June 2017. The decline in free cash margin can also be attributed to a rise in the cash cycle, which increased to 52.78 days in June 2018, up from 50.01 days in March 2018 and 50.68 days in June 2017. Accounts receivable days and accounts payable days both ticked up slightly during this time.

Median revenues declined slightly for the second consecutive quarter, falling to $1,268.80 million in the June 2018 reporting period, down from $1,284.30 from the previous reporting period. Revenues remain high relative to historical standards; despite this modest decline, median revenues were up 10.18% compared to the twelve months ending June 2017.

Drivers of Free Cash Margin

ALL NON-FINANCIAL INDUSTRIES	Q2 2018 (Jun 2018)	Q1 2018 (Mar 2018)	Q2 2017 (Jun 2017)	Effect on FCM (Q2 2018 vs. Q2 2017)
Revenue (millions)	**$1,268.80**	**$1,284.30**	**$1,151.55**	**UP 10.18%**
Free Cash Flow (millions)	**$45.69**	**$43.78**	**$49.20**	**DOWN 6.37%**
Free Cash Margin	**4.04%**	**4.17%**	**4.90%**	**DOWN 17.55%**
Operating Cushion %	14.35%	14.54%	14.52%	Driving **DOWN**
Gross Margin % (before depreciations)	37.08%	37.65%	37.50%	Driving **DOWN**
SGA% (before depreciation)	16.99%	17.17%	18.08%	Driving **UP**
Cash Cycle (rev days)	52.78	50.01	50.68	Driving **DOWN**
Accounts Receivable (rev days)	53.87	53.32	51.53	Driving **DOWN**
Inventory (rev days)	25.62	23.06	24.84	Driving **DOWN**
Accounts Payable (rev days)	26.70	26.37	25.70	Driving **UP**
Income tax to Rev %	0.68%	0.72%	1.32%	Driving **UP**
Cap Exp. to Rev %	3.68%	3.71%	3.74%	Driving **UP**

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In the exhibits below we present graphs of free cash margin and several of its underlying drivers. These exhibits were constructed with data from the complete sample of 2,469 non-financial companies. For more details on each of the 20 individual industry groups included, please refer to the individual industry spreadsheets and supporting charts that are available on our website

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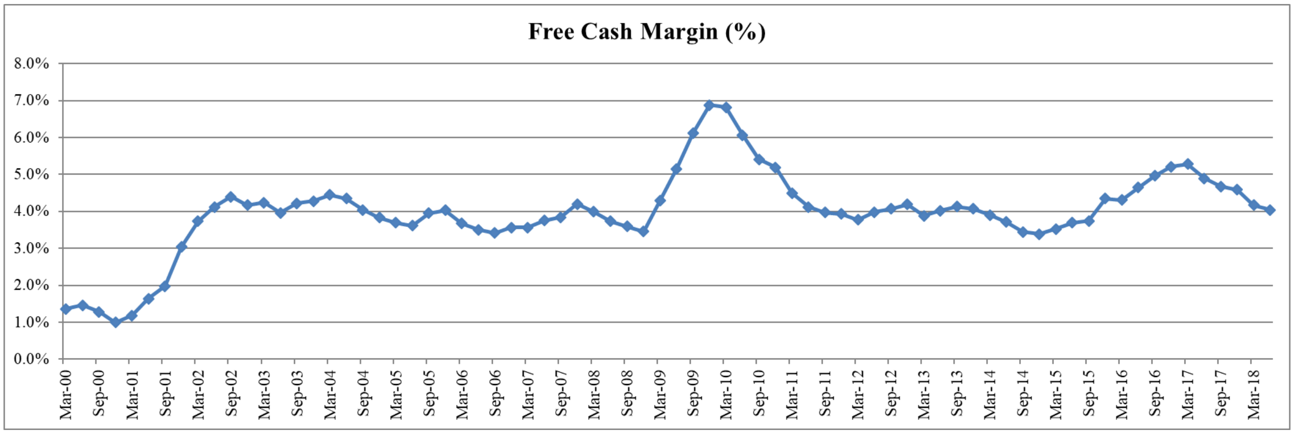
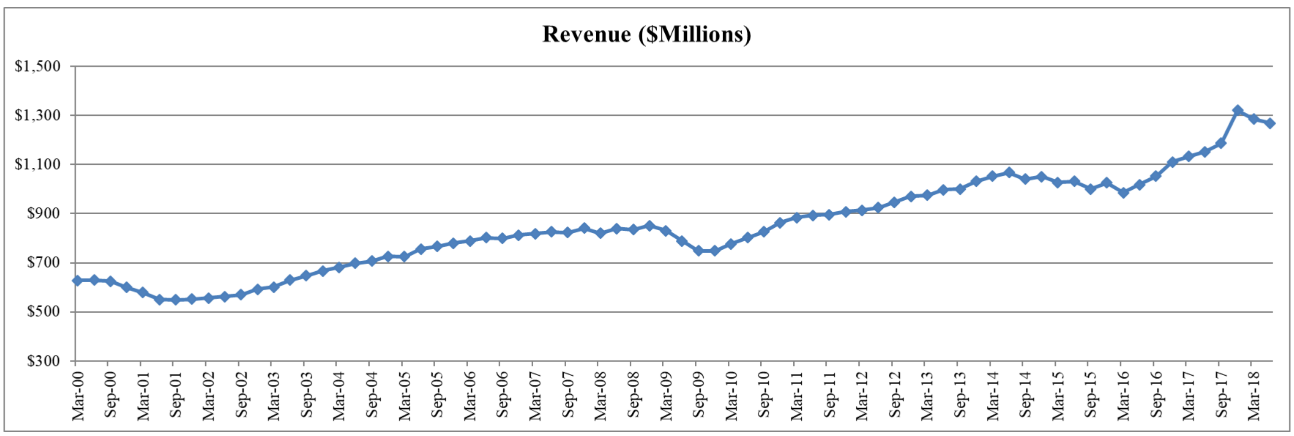
All Non-financials, Q1 2000 – Q2 2018



Free cash margin has declined for six consecutive quarters, but it continues to be in line with historical norms.

All Non-financials, Q1 2000 – Q2 2018



Median revenues fell for a second consecutive reporting period, but is still up 10.18% year-over-year.

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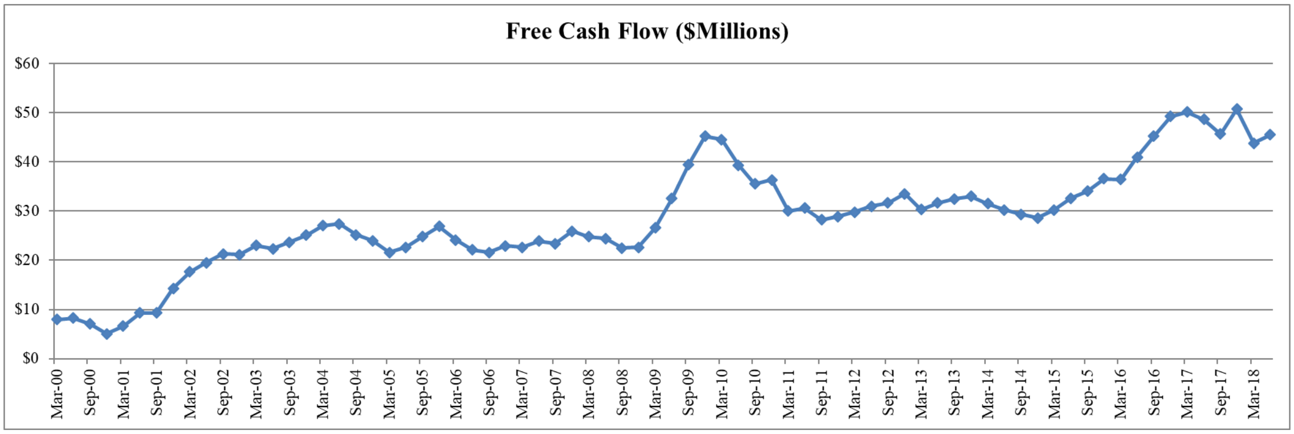
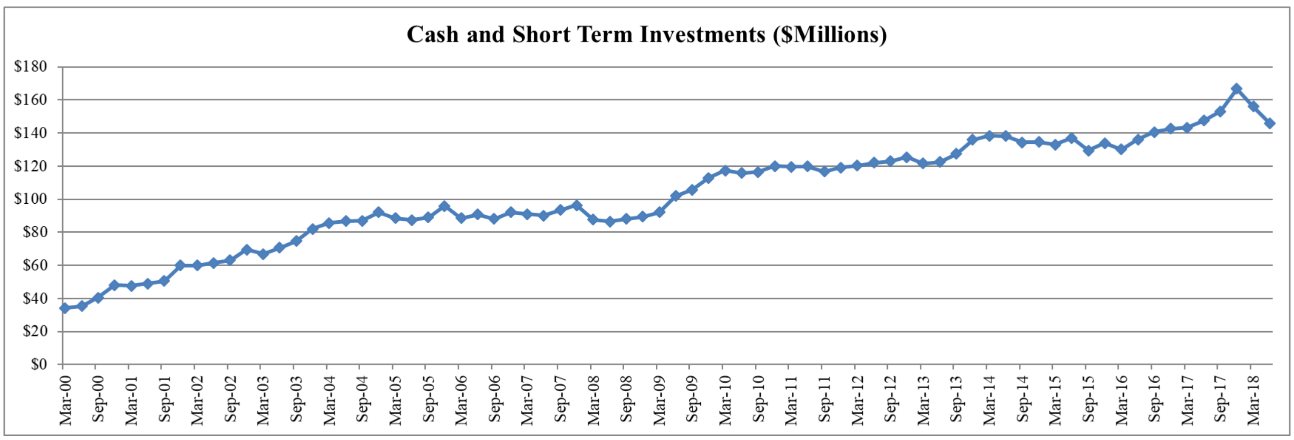
All Non-financials, Q1 2000 – Q2 2018



Lower taxes and lower capital expenditures pushed median free cash flow to $45.49 million for the twelve months ended June 2018.

All Non-financials, Q1 2000 – Q2 2018



Median cash and short-term investments fell to $145.83 million in June 2018, down from the 156.00 million reported in March 2018.

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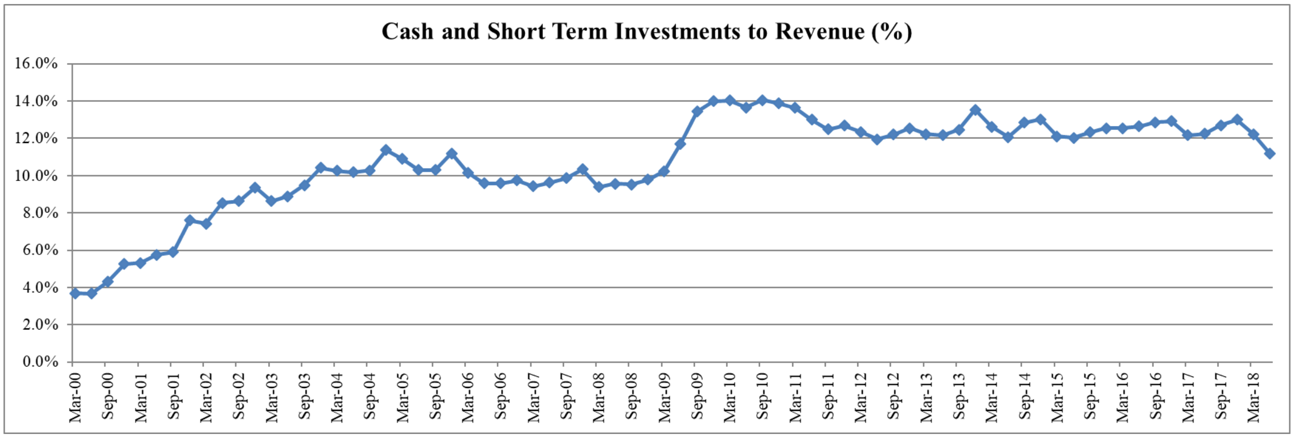
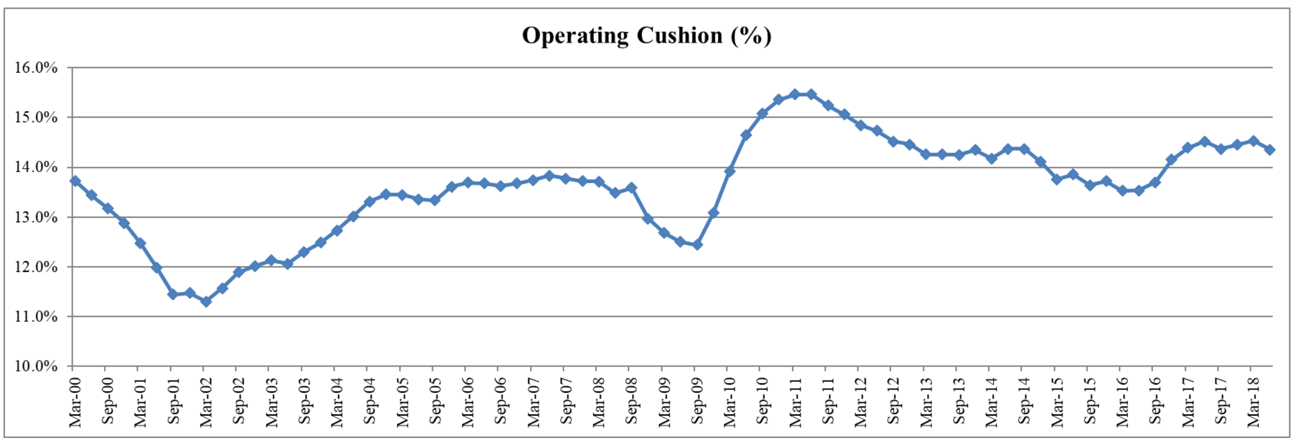
All Non-financials, Q1 2000 – Q2 2018



Cash and short-term investments to revenue fell to 11.18% in June 2018 and are down year-over-year from 12.25% in June 2017. Prior to the recession, cash and short-term investments were approximately 10% of revenue.

All Non-financials, Q1 2000 – Q2 2018



Median operating cushion decreased to 14.35% in the reporting period ending June 2018, up from 14.54% in March 2018 and 14.52% in June 2017.

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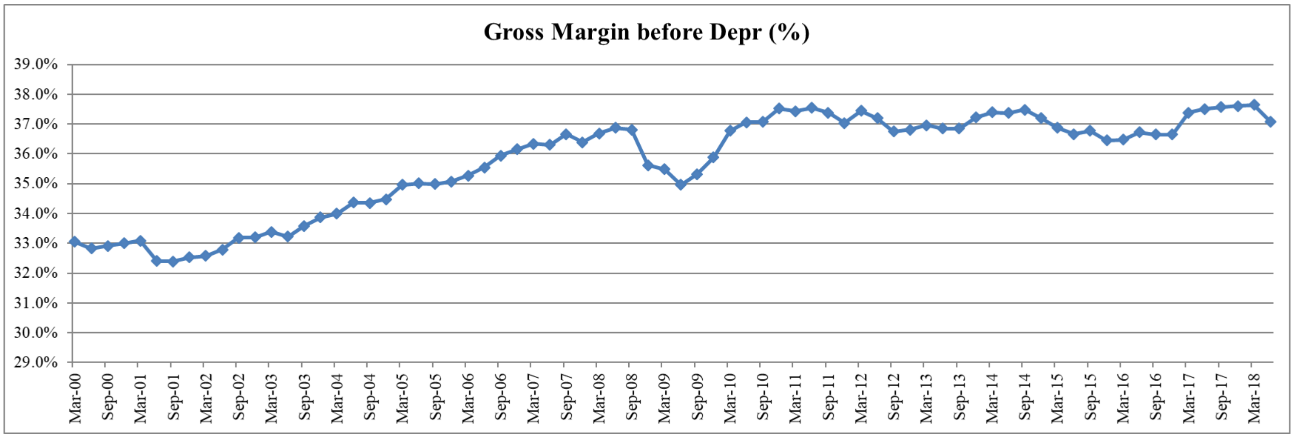
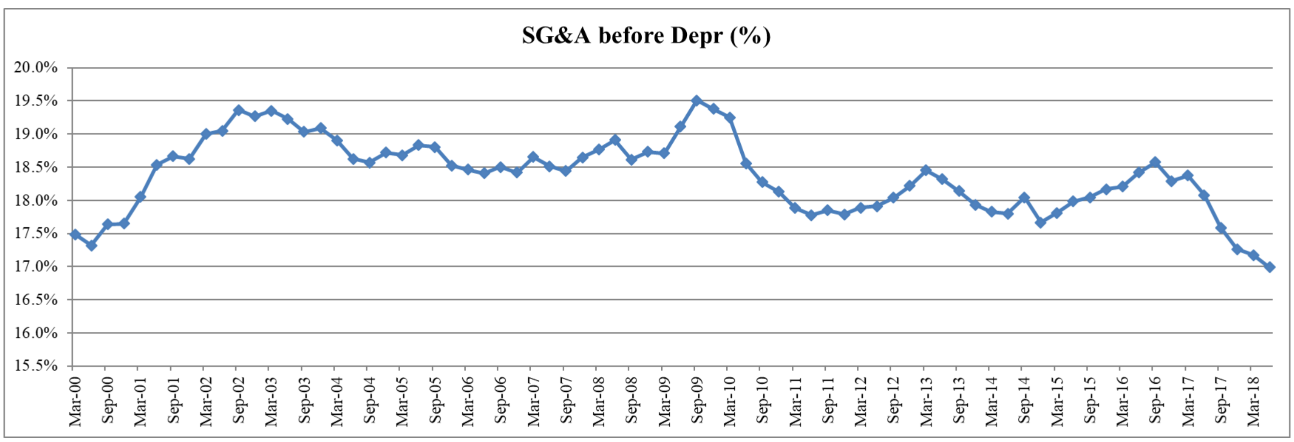
All Non-financials, Q1 2000 – Q2 2018



Median gross margin before depreciation decreased to 37.08% for the twelve months ending June 2018 versus 37.65% in March 2018 and 37.50% in June 2017.

All Non-financials, Q1 2000 – Q2 2018



Median selling, general, and administrative expense (before depreciation) as a percent of revenue decreased to 16.99% in June 2018, down from 17.17% in March 2018 and 18.08% in June 2017.

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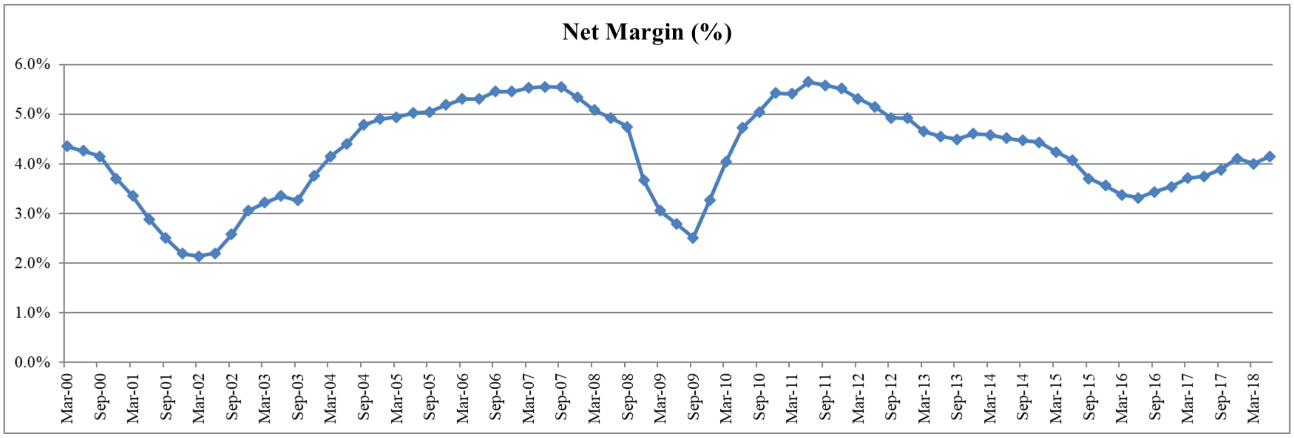
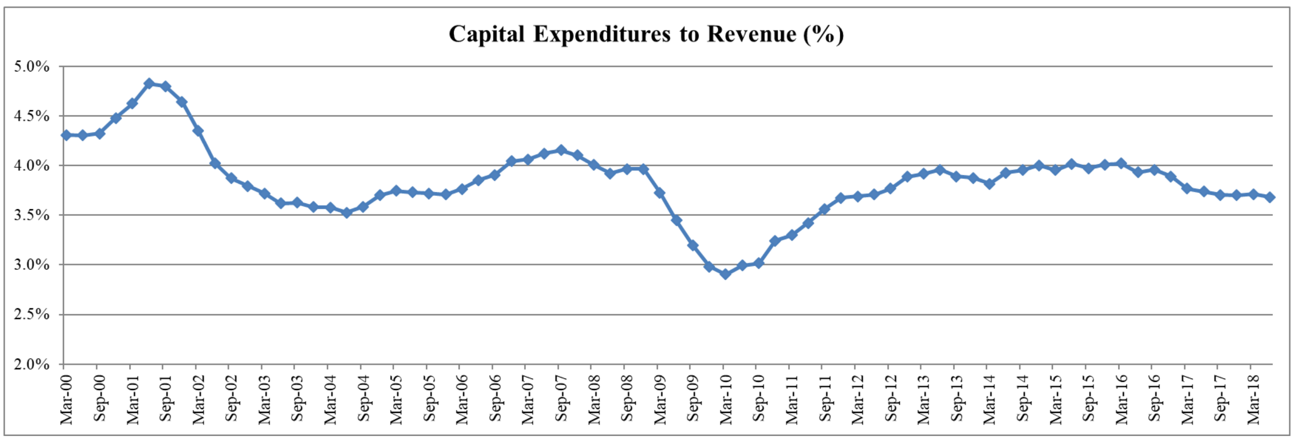
All Non-financials, Q1 2000 – Q2 2018



Median net margin increased to 4.15% for the June 2018 period, up from 4.00% for the March 2018 reporting period and from 3.75% for the June 2017 period.

All Non-financials, Q1 2000 – Q2 2018



Capital expenditures as a percentage of revenue declined to 3.68% in the June 2018 reporting period, down from 3.71% in March 2018 and down from 3.74 in June 2017. This softness in capital expenditures continues to be a trend worth monitoring, as spending remains well-below the level of investment needed to replace capital expenditures lost during the recession.

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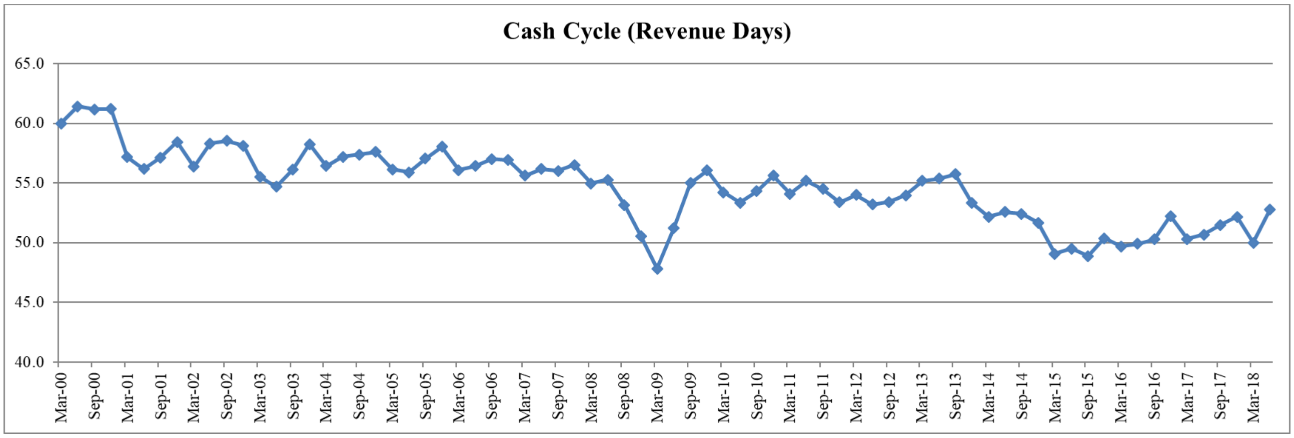
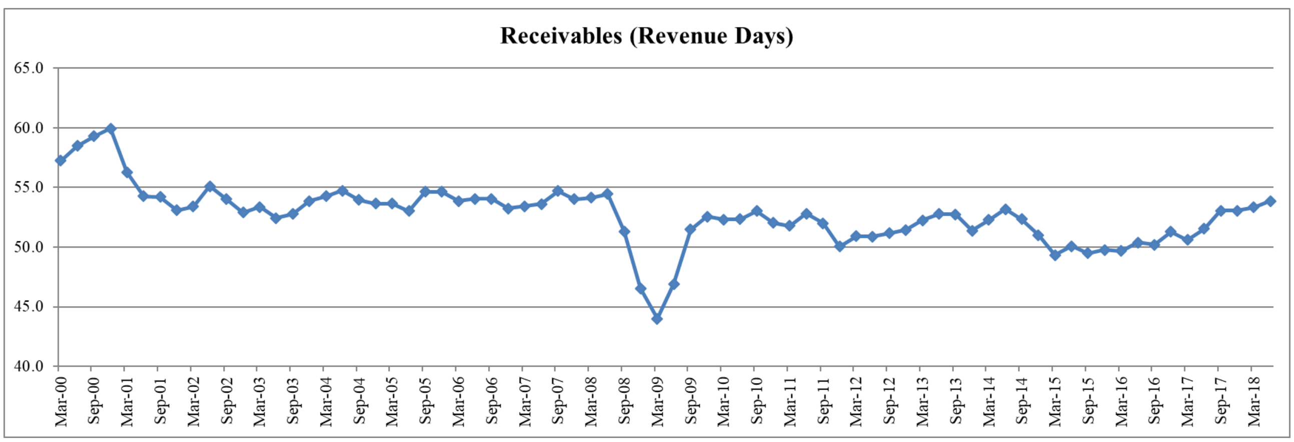
All Non-financials, Q1 2000 – Q2 2018



The cash cycle measures the proportion of operating cash flow carried in working capital and is measured by receivables days plus inventory days less payables days. The metric increased to 52.78 days for the period ending June 2018 from 50.01 days for the period ending March 2018, and is also above the 50.68 days recorded during the period ending June 2017.

All Non-financials, Q1 2000 – Q2 2018



Median accounts receivable days increased to 53.87 days in the June 2018 reporting period from 53.32 days in March 2018 and is also above the 51.53 days seen in June 2017.

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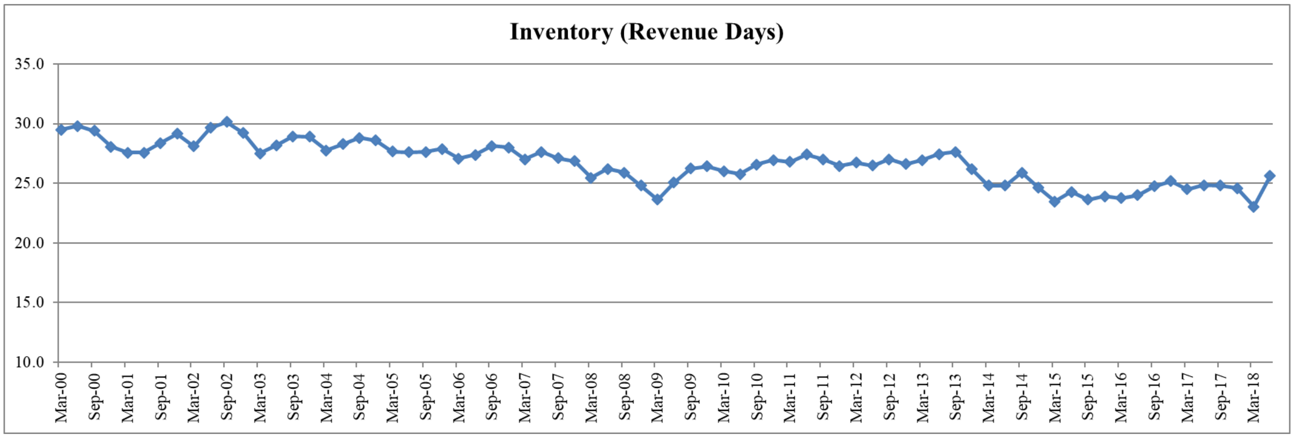
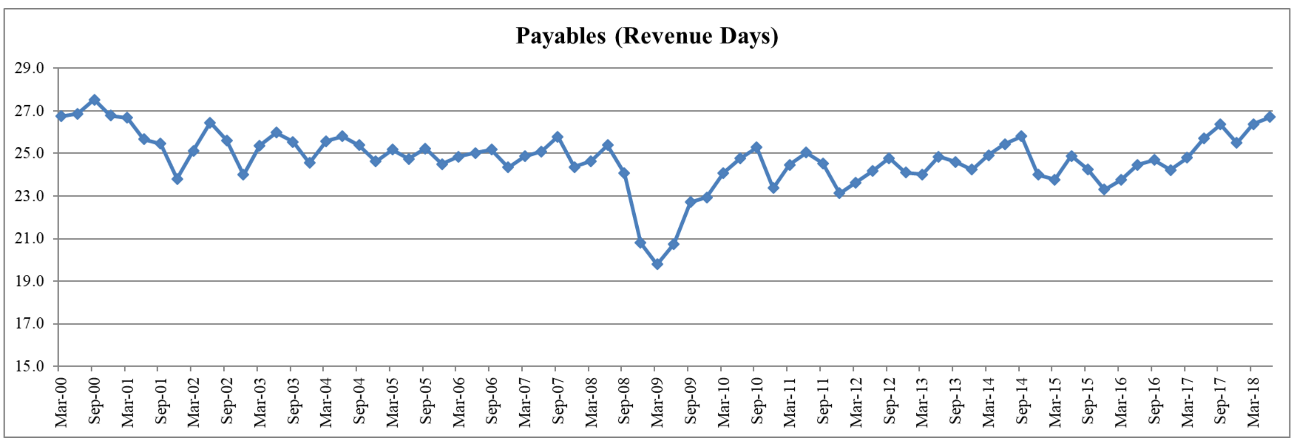
All Non-financials, Q1 2000 – Q2 2018



Median inventory days increased to 25.62 days in June 2018 from 23.06 days in March 2017, and is above the 24.84 days recorded in June 2017.

All Non-financials, Q1 2000 – Q2 2018



Accounts payable days increased to 26.70 days in the June 2018 reporting period from 26.37 in March 2018 and was also above the 25.70 days in the period ending June 2017.

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Individual Industry Results

During the twelve months ended December 2017, recent industry trends evidenced a moderate to substantial improvement in free cash margin in **8** industries, relatively stable free cash margin in **4** industries, and a declining free cash margin in **8** industries.

Please refer to the individual industry spreadsheets, available on our website, for charts and further details on each of the 20 industry groups outlined in the following tables.

Industry Trends in Free Cash Margin

GICS	Industry Group	Increasing	Stable	Declining
1010	Energy			X
1510	Materials			X
2010	Capital Goods	X		
2020	Commercial & Prof Services			X
2030	Transportation		X	
2510	Automobiles & Components		X	
2520	Consumer Durables & Apparel			X
2530	Consumer Services		X	
2540	Media	X		
2550	Retailing	X		
3010	Food & Staples Retailing	X		
3020	Food, Beverage, & Tobacco			X
3030	Household & Personal Products	X		
3510	Health Care Equipment & Services		X	
3520	Pharmaceuticals, Biotech, & Life Sciences			X
4510	Software & Services	X		
4520	Technology Hardware & Equipment			X
4530	Semiconductors & Equipment	X		
5010	Telecommunication Services	X		
5510	Utilities			X
	Total	**8**	**4**	**8**

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The following table compares Free Cash Margin for the 20 industry groups in the period ending June 2018 (Q2 2018) with the March 2018 and June 2017 reporting periods.

GICS	Sector/Industry Group	Q2 2018	Q1 2018	Q2 2017
1010	Energy	-1.17%	-0.63%	0.90%
1510	Materials	4.84%	5.13%	5.63%
2010	Capital Goods	3.75%	3.32%	4.20%
2020	Commercial & Prof Services	5.59%	6.08%	6.16%
2030	Transportation	1.39%	1.33%	1.14%
2510	Automobiles & Components	2.85%	2.91%	2.75%
2520	Consumer Durables & Apparel	4.88%	5.26%	5.34%
2530	Consumer Services	5.86%	5.80%	5.69%
2540	Media	10.43%	8.28%	9.02%
2550	Retailing	4.00%	2.92%	3.57%
3010	Food & Staples Retailing	1.50%	1.37%	1.43%
3020	Food, Beverage, & Tobacco	4.98%	6.57%	6.27%
3030	Household & Personal Products	12.01%	11.36%	9.71%
3510	Health Care Equipment & Services	6.21%	5.98%	6.50%
3520	Pharmaceuticals, Biotech, & Life Sciences	-47.67%	-34.75%	-20.57%
4510	Software & Services	9.77%	8.95%	9.65%
4520	Technology Hardware & Equipment	2.85%	4.37%	5.24%
4530	Semiconductors & Equipment	13.37%	12.49%	10.61%
5010	Telecommunication Services	5.71%	5.07%	3.94%
5510	Utilities	0.63%	0.67%	0.46%
	All Industries Median	**4.04%**	**4.17%**	**4.90%**

The Standouts: A Closer Look

The drivers of improvements or declines in free cash margin consist of factors that impact profitability and efficiency. On the profitability front, operating cushion measures operating profit, exclusive of the non-cash expenses, depreciation and amortization. Factors impacting operating cushion consist of gross margin (excluding depreciation and amortization), and SG&A% (excluding depreciation and amortization). Also impacting profitability and a firm’s ability to generate free cash flow, but excluded from operating cushion, is income taxes paid, which is measured as a percent of revenue. Capital expenditures do not impact profitability directly, but through depreciation on fixed asset additions. However, these expenditures are subtracted in computing free cash flow. It is also important to look at capital expenditures because these are investments in fixed assets that will likely improve a company’s ability to generate revenue, and

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subsequent profit, in the future. Like operating expenses and taxes, capital expenditures are measured as a percent of revenue.

On the efficiency front, increases in receivables and inventory consume free cash flow. Increases in accounts payable provide free cash flow. The combination of receivables days plus inventory days less payables days is a firm's cash cycle. Reductions in the cash cycle provide free cash flow, while increases in the cash cycle consume free cash flow. All of these factors are evaluated when analyzing changes in free cash margin for the standout firms discussed in this section.

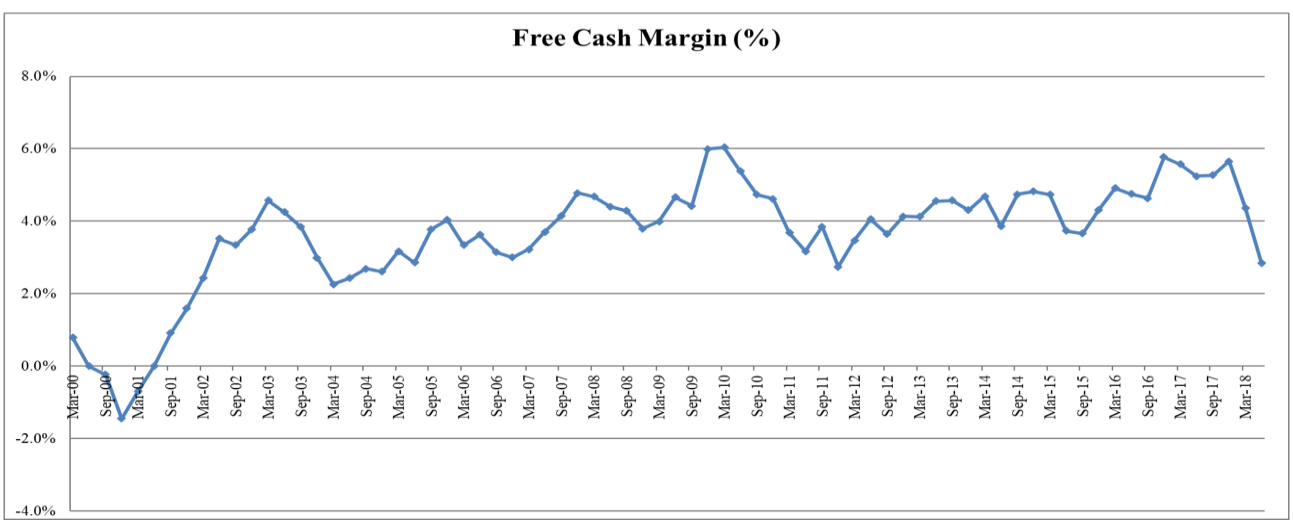
Graphs of free cash margin for select industries studied in the reporting period are provided below. With each graph we provide a short summary of the primary drivers or factors that are behind the observed changes in free cash margin for the selected industries. For more details regarding the industries, please refer to the separate industry spreadsheets found on our website.

Industries with Declining Free Cash Margin

In the twelve-month period ending June 2018, eight industries saw free cash margin decline: Energy; Materials; Commercial & Professional Services; Consumer Durables & Apparel; Food, Beverage, & Tobacco; Pharmaceuticals, Biotechnology, & Life Sciences; Technology Hardware & Equipment; and Utilities.

In the following paragraphs we take a closer look at an industry with declining free cash margin: Technology Hardware & Equipment

Technology Hardware & Equipment, Q1 2000 – Q2 2018



Drivers of Free Cash Margin

Technology Hardware & Equipment	Q2 2018 (Jun 2018)	Q1 2018 (Mar 2018)	Q2 2017 (Jun 2017)	Effect on FCM (Q2 2018 vs. Q2 2017)
Revenue (millions)	**$1,072.06**	**$1,136.87**	**$1,001.60**	**UP 7.03%**
Free Cash Flow (millions)	**$27.14**	**$41.47**	**$50.10**	**DOWN 45.83%**
Free Cash Margin	**2.85%**	**4.37%**	**5.24%**	**DOWN 45.61%**
Operating Cushion %	10.09	10.44	11.56	Driving **DOWN**
Gross Margin % (before depreciations)	42.08	42.60	42.57	Driving **DOWN**
SGA% (before depreciation)	26.58	26.04	25.34	Driving **DOWN**
Cash Cycle (rev days)	79.00	76.01	75.60	Driving **DOWN**
Accounts Receivable (rev days)	67.44	65.52	64.08	Driving **DOWN**
Inventory (rev days)	48.57	46.91	46.14	Driving **DOWN**
Accounts Payable (rev days)	37.01	36.41	34.63	Driving **UP**
Income tax to Rev %	1.32	1.26	0.95	Driving **DOWN**
Cap Exp. to Rev %	2.38	2.59	2.40	Driving **UP**

Analysis

Free cash margin for the Technology Hardware & Equipment industry declined significantly in June 2018, due to a myriad of factors. Operating cushion declined, the cash cycle increased, and taxes paid increased.

Industries with Improving Free Cash Margin

In the twelve-month period ending June 2018, eight industries enjoyed improving free cash margin: Capital Goods; Media; Retailing; Food & Staples Retailing; Household & Personal Products; Software & Services; Semiconductors & Equipment; and Telecommunication Services. In the following paragraphs we take a closer look at an industry with improving free cash margin: Retailing.

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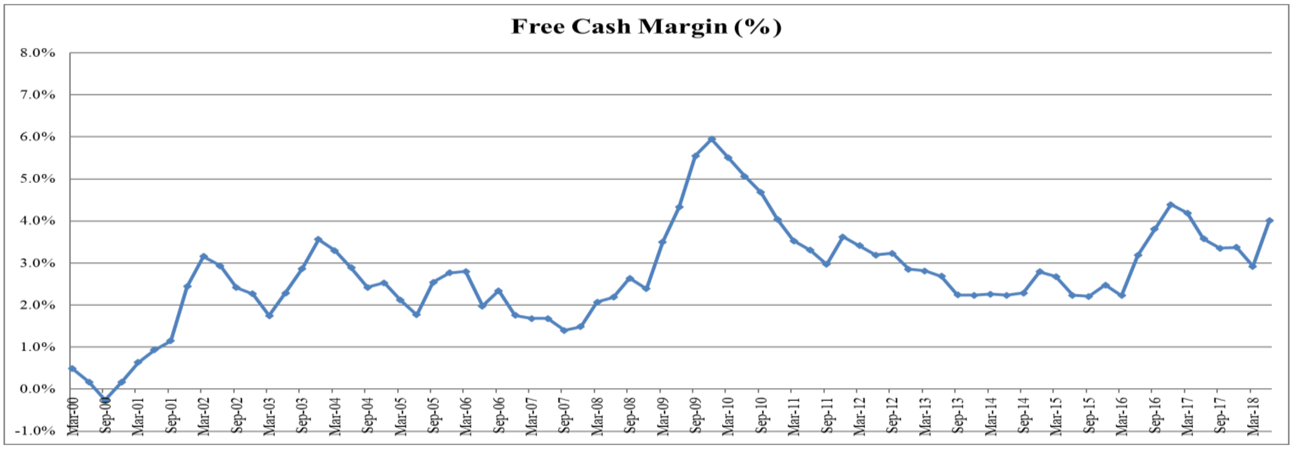
Retailing, Q1 2000 – Q2 2018



Drivers of Free Cash Margin

Retailing	Q2 2018 (Jun 2018)	Q1 2018 (Mar 2018)	Q2 2017 (Jun 2017)	Effect on FCM (Q2 2018 vs. Q2 2017)
Revenue (millions)	**$2,165.42**	**$2,415.73**	**$2,770.17**	**DOWN 21.83%**
Free Cash Flow (millions)	**$71.40**	**$50.06**	**$87.48**	**DOWN 18.37%**
Free Cash Margin	**4.00%**	**2.92%**	**3.57%**	**UP 12.00%**
Operating Cushion %	7.97	8.49	8.29	Driving **DOWN**
Gross Margin % (before depreciations)	36.87	36.29	35.93	Driving **UP**
SGA% (before depreciation)	29.85	28.16	27.66	Driving **DOWN**
Cash Cycle (rev days)	35.04	39.05	41.59	Driving **UP**
Accounts Receivable (rev days)	7.36	6.50	6.70	Driving **DOWN**
Inventory (rev days)	53.45	57.44	60.69	Driving **UP**
Accounts Payable (rev days)	25.77	24.88	25.80	Driving **DOWN**
Income tax to Rev %	0.80%	0.85%	1.45%	Driving **UP**
Cap Exp. to Rev %	2.26%	2.33%	2.42%	Driving **UP**

Analysis

Improving free cash margin for the Retailing industry is being driven by an improved cash cycle, as well as a decrease in capital expenditures and taxes paid as a percent of revenue. A lower operating cushion limited this free cash margin improvement, however.

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Conclusions

The cash flow data reported through the second quarter of 2018 provides us with new insight into the U.S. economy. The ratios suggest a generally healthy economy, but downward free cash margin trends and declining capital expenditures are a notable cause for concern.

Median free cash margin has now fallen for six consecutive quarters, but at 4.04% in June 2018, it is still in line with historical norms. Median revenues also ticked down to $1,268.80 million, but are up 10.18% year-over-year and is high relative to past reporting periods. Cash and short-term investments also fell in the June 2018 reporting period and are down year-over-year.

The tax reform legislation passed last year targeted increased capital spending and business investment to spur widescale economic growth. Unfortunately, this has not yet materialized, as median capital expenditures as a percentage of revenue fell to 3.68% in the June 2018 period, compared to 3.71% in March 2018 and 3.74% in June 2017. Firms appear to be eschewing capital investments in favor of repaying investors through dividends and stock repurchases, which jumped to 1.90% as a percentage of revenue in June 2018, up from 1.60% in March 2018 and 1.45% in June 2017.

Thus far, it is hard to find evidence that the recent tax reform legislation is producing capital investment rather than dividends and stock buybacks. We will continue to monitor this trend.

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