FACEBOOK, INC.

Moderator: Deborah Crawford
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Operator: This is Conference # 2482827

Operator: Good afternoon. My name is Jessa, and I will be your conference operator today. At this time, I would like to welcome everyone to Facebook's Fourth Quarter and Full Year 2018 Results Follow-Up Q&A call.

All lines have been placed on mute to prevent any background noise. To ask a question, please press star, then the number one on your telephone keypad. This call will be recorded. Thank you very much.

Ms. Deborah Crawford, Facebook's vice president of investor relations, you may begin.

Deborah Crawford: Thank you. Good afternoon, and welcome to the follow-up Q&A call. With me on today's call is Dave Wehner, CFO. Before we get started, I would like to take this opportunity to remind you that our remarks today will include forward-looking statements. Actual results may differ materially from those contemplated by these forward-looking statements.

Factors that could cause these results to differ materially are set forth in today's press release and in our quarterly report on Form 10-Q filed with the SEC. Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to update these statements as a result of new information or future events.

During this call, we may present both GAAP and certain non-GAAP financial measures. A reconciliation of GAAP to non-GAAP measures is included in today's earnings press release. The press release and an accompanying investor presentation are available on our website at investor.fb.com.

And now I would like to turn the call back over to the operator for the first question.

Operator: We will now open the lines for a question-and-answer session. To ask a question, please press star, followed by the number one on your touch-tone phone. Please pick up your handset before asking your question to ensure clarity. If you are streaming today's call, please mute your computer speakers.

Your first question comes from the line of Jason Helfstein from Oppenheimer. Please go ahead.

Jason Helfstein: Thanks. I'll ask two questions. One, any specific reason why U.S. DAU to MAU improved quarter to quarter? And then, secondly, we've noticed progress in Messenger as far as ads in the Messenger feed. Just any thoughts? Could that be -- just any thoughts about that? Could that be additive to the business by the end of the year? Thanks.

Dave Wehner: Hey, Jason, it's Dave. I don't think there's anything really new on the U.S. DAU front. I mean, I think there we had suggested in the past that we would expect it to bounce around, and so we've -- seen that trend play out as expected. So I don't think anything really kind of out of the ordinary on the U.S. DAU/MAU front. But -- good engagement overall in December, so that's obviously a positive.

In terms of Messenger ads, I mean, I think the thing I would focus on there is -- we're trying to build a business to consumer ecosystem around messaging and really focusing on things like click-to-messaging ads rather than focusing on math maximizing advertising in Messenger as a service. We're really trying to drive more engagement in the click-to-messaging format, so that's both in, like, the inbox as well as in Newsfeed driving click-to-messaging ads there.

We think if we can drive more behavior of consumers messaging businesses, that just creates more value for the messaging ecosystem that we're building. Over time, we think that's a business opportunity. But advertising in messaging is small today, and it's growing, but it's a relatively small part of the business.

Jason Helfstein: And just a quick follow-up. To the extent that there was talk about consolidating messaging platforms, and that you don't want to have ads in WhatsApp, just how do you reconcile that? Whereas Messenger has more ads, at least now, WhatsApp doesn't, like, how do you think about that?

Dave Wehner: Yes, I think the -- I don't think we've made a definitive statement about that. And we certainly looked at the opportunities for advertising in Status, which is the WhatsApp Stories product. You know, so I think that's an opportunity in the long run. So I wouldn't say that we're ruling that out.

Jason Helfstein: OK, thanks.

Dave Wehner: Thanks, Jason.

Operator: Your next question comes from the line of James Lee from Mizuho Securities. Please go ahead.

James Lee: Thanks for taking my questions. Two questions here. First, Dave, I think Mark mentioned the Watch MAU is at 400 million, daily time spent about 20 minutes. So I was wondering, is that incremental to the maybe 60 minutes or so time spent per day that you guys talked about in the past?

And also, secondly, did you confirm the guidance for CapEx for 2019? Because given the fact that technology prices -- for example, hardware, chip cost has come down very meaningfully -- I was wondering that would be beneficial as you are probably the biggest buyers out there, in terms of data center stuff. Thanks.

Dave Wehner: Sure, James. So in terms of Watch MAU at 400 million, I'd just note that it's also -- it's 75 million daily, so it's a relatively lower DAU to MAU ratio than Facebook as a whole, and that's the 20 minutes per daily time spent. And then

-- I don't know that I can compare it to some past stats on minutes per day. So I would just let that stand on its own.

In terms of CapEx guidance, yes, we confirmed $18 to $20 billion of CapEx spend for 2019. The biggest portion of that is data center build. There continues to be a fairly tight market for construction globally, and certainly in the areas where we're building data centers, so that has a bigger factor in our overall cost projections than chip costs. So that's something that we're maintaining the 2019 CapEx guidance for that reason.

James Lee: All right, great, thanks.

Dave Wehner: Sure, James.

Operator: Your next question comes from the line of Youssef Squali from SunTrust. Please go ahead.

Youssef Squali: Great, thank you. David, adding MAUs and DAUs sequentially in Europe in the face of GDPR is really impressive. One, did you do anything different to increase engagement this time around in the face of just what's going on there?

And if I look at European revenue growth, it looks like it continues to decelerate. I think it was up 28… 29 percent last quarter, was up 60 percent at the beginning of the year. So has -- just trying and understand what accounts for that. Is that also just the switch to Stories, which monetize less there, as well? Or has there been any push-back from some marketers just because of GDPR and the environment there? Thanks.

Dave Wehner: Sure, Youssef. In terms of European MAU and DAU, I would say -- similar to U.S. and Canada, we would expect that to bounce around. Now, in Q2 and Q3, we were bringing a lot of people through the GDPR flows, so that was a headwind to growth, and if it wouldn't have been for GDPR, we would have seen some growth. That tends to be driven more from areas like Eastern Europe, Turkey, those sorts of markets, rather than the Western European market.

In terms of revenue growth deceleration, we're obviously experiencing revenue deceleration in all regions. The European growth is also impacted by exchange rates, as well.

Youssef Squali: Yes. And on the -- on the guidance...

Dave Wehner: ...on a constant currency basis, it's really not well defined with… -- in terms of deceleration, just to be specific.

Youssef Squali: OK, OK, all right, that's helpful. And on the OpEx guidance of 40 percent to 50 percent, can you help us just maybe with linearity of that spend throughout the year? The assumption we have is that it'll start -- it'll decrease over time, maybe start potentially higher and then end up the year lower, just by looking at what happened this past year in 2018. Is that an appropriate way to look at it?

Dave Wehner: I mean, we're not giving specific guidance on how it plays out. In terms of quarters, we're sort of giving an overall guidance number. I would note that the 62 percent expense growth that we saw in Q4 we don't expect to continue. You know, there's the continuing underlying secular factors that are driving the expense growth rate. That's the investment in infrastructure, which is flowing through cost of revenue, the innovation investments in things like AR and VR. Some of that is in cost of revenue as well as we shift products, and then safety and security investments we're making in terms of ramping a lot of the operating expenses related to that.

So -- but in Q4, in addition to that sort of secular growth, we also saw a spike in seasonal spend, especially in marketing to support the efforts of Portal and Oculus Go. I think I called that out on the call. And that's -- so we would expect that to tick down in 2019, so I wouldn't expect that 62 percent growth rate into Q1.

And then, yes, so I'd sort of leave it at that.

Operator: Your next question comes from the line of Michael Nathanson from MoffettNathanson. Please go ahead.

Michael Nathanson: Thanks, Dave. I've got three. Let's do them one at a time. First is on Instagram Stories. I know Sheryl talked about it on the call, but does the composition of the current 2 million Stories advertisers look that different from maybe the Facebook composition? So anything you can tell me on geography, size, type of advertiser would be helpful.

Dave Wehner: I don't -- Michael, I just don't know the composition of those advertisers. So I couldn't speak to that.

Michael Nathanson: OK, and do you know anything -- like, talking about your first quarter look ahead, do you think there's any more seasonality in Stories advertisers? Is there anything you picked up on seasonality, maybe?

Dave Wehner: I'd expect, like, the -- the whole ad business, we would expect seasonality in general. We don't expect -- the strength in Q4 to play into Q1, which is why we've talked about the mid-single-digit deceleration in constant currency revenue growth going into Q1.

And then the overall -- deceleration we expect to continue sequentially throughout 2019. You know, some of the factors there are the fact that we're seeing increasing dependence on Stories impression growth in 2019 versus 2018, because we're at sort of levels of feed ad load in both Instagram and Facebook which are healthy, but we don't expect to provide it as much opportunity going forward. So we're going to be more dependent on Stories impression growth.

And from a pricing perspective, -- that's going to be at a lower price point. And so that will be a headwind on growth, that mix shift. And then in addition, we've got other headwinds in terms of privacy, where the privacy landscape I think does create some risk to 2019 revenue growth. And there's a few factors there. You've got the regulatory landscape evolving. You know, we don't know exactly how that will play out, but there's obviously more scrutiny from the regulatory front.

There's the platforms, like iOS and Android, and what they decide to do, which could impact it. And then it's the decisions that we make about our own product, putting privacy first. So I think that all of those create potential headwinds for revenue growth in 2019, and so I think that's another reason that we're calling out the deceleration of revenue growth.

And then -- I think it came up on the call. There's macroeconomic risk, as well -- to the extent that we would see any softening in growth on the macroeconomic front as 2019 plays out. That could play through to risk on the advertising side.

Michael Nathanson: OK. Let me -- so I have two more following on that. You also have FX headwinds in the first quarter, right? So if you look at what fourth quarter did, you spelled it out. Are we right to think it's in the same range, if rates stay where they are today should we be thinking that's like the normal FX headwind for Q1?

Dave Wehner: You know, we're giving -- the guidance of the deceleration that we're giving is on a constant currency basis. So FX is going to play out in different ways over the course of the year, depending on the compare. I mean, a good proxy is looking at sort of euro versus dollar, but that's our largest non-U.S. currency. But obviously we've got other currency impacts, as well.

So it'll probably depend, again -- that will be a big factor will be macroeconomics there and how the U.S. versus the rest of the world either sustains in growth or erodes in growth. That'll obviously play through under the currency impacts.

Michael Nathanson: OK, cool, Dave. I'm going to ask you one last on costs. Given the commentary about in 2020 one of the -- hopes is that you'll unify all the messaging infrastructure. Do you think that gives you maybe a cost opportunity and a CapEx opportunity as you unify three distinct platforms into one? Does that help to think about long term to maybe help you on the cost growth?

Dave Wehner: I don't think that will be a big factor on the cost side. I'm not aware of that providing an opportunity. I think we would expect CapEx growth to moderate, and that's primarily because of the fact that we're doing large data center builds now. Those have a long lifetime, and so we are sort of in the midst of a big cycle of data center build. So that would be the bigger factor in being able to moderate CapEx growth than a specific issue with messaging integration.

Operator: Your next question comes from the line of Laura Martin from Needham. Please go ahead.

Laura Martin: Hi, guys. Thanks for taking the question, Dave. A couple housekeeping things. On users, I wanted to make sure that the 2.7 billion users you put in the press release are unique. I get that Facebook is 2.3 billion, but then I thought Mark said something about people use more than one of our services. So I wanted to make sure that 2.7 billion is unique MAUs across the four family apps, right?

Dave Wehner: Correct, that's a measure of people, so it's unique people. We de-duplicate on that one. So it's a little bit different from a metric point of view than the 2.3 billion, because the 2.3 billion for Facebook is a MAU number. That does include a certain percentage of duplicate accounts, so that's 11 percent approximately on Facebook.

So the Facebook family number, we actually de-dupe it before providing it, so a little bit different there. We're trying to get at actual people de-duplicated across all of our services.

Laura Martin: Hugely helpful. I want to follow up on an earlier question. You said 400 million MAUs and then 75 million DAUs, so it was a lower ratio, but then you said they spend 20 minutes per daily time spent. So is that 20 minutes for only the 75 million DAUs? Is that what you were saying to him? Or is it 20 minutes for each of the 400 million MAUs?

Dave Wehner: No, it's for the 75 million.

Operator: Your next question comes from the line of Stephen Ju from Credit Suisse. Please go ahead.

Stephen Ju: Hi, Dave. I think it was almost a year ago when you talked about the use of AI to spot, I guess, objectionable content. I think it was mainly used for pornographic content at the time. But it sounds like you guys have made a pretty significant amount of progress in terms of spotting the content that shouldn't be there.

So do you guys feel like you guys have kind of put a fence around all that activity? Or is this going to be sort of an ongoing arms race with people that want to put that kind of content on there?

Dave Wehner: Stephen, I think there's an element of this that -- there's always an ongoing arms race. I would say that we're getting better at using AI in certain circumstances. And you've got things like -- pornographic content, terrorist content, where you've got a lot of similar imagery or similar things shared, and that's where you can use AI to sort of intercept at the time of upload.

There's a lot of other, what we kind of broadly call our safety and security initiatives, that aren't as well suited for applying AI today. So it can be things like hate speech and bullying, where context is very important, and you have to have human reviewers do that work, and similarly things like our work on the political advertising side, where we're manually reviewing a lot of advertisements.

So I would say, yes, we've got the opportunity to make that more efficient with AI, but it's a big problem set, and so we're not going to get the benefits of that in terms of cost savings -- in the near term. We're just training those AI and getting better at that. And I think -- hopefully that will translate through into making a more secure and safe service. But it's not going to be playing through to the cost savings in the near term.

Stephen Ju: OK, thank you.

Operator: Your next question comes from the line of Ron Josey from JMP Securities. Please go ahead.

Ron Josey: Great, thanks for taking the question. I've got two, maybe three, and they'll go quickly. So, Dave, just following up on Stories a little bit more, I think you said the ad load is sort of at max for the feed on Instagram and Facebook. Wondering if you're thinking about the same sort of ad load, that 5 percent number, for Stories? That's the first question.

Dave Wehner: I think that, yes, I think we are at a place where we've got healthy ad loads on Instagram and Facebook, so I think we're not going to see growth there as much.

I don't know -- the 5 percent number is not anything we've cited in recent memory...

Ron Josey: OK, sure.

Dave Wehner: ... so I wouldn't go with that. And I think we're at a lower effective ad load on Stories. We'll have to see how that plays out over time as we introduce more ads into Stories. I think the main point that we were making and reiterating is that the mix shift towards Stories contributes to deceleration of revenue growth because of the pricing differential and the fact that we're going to be more reliant on Stories impression growth in 2019 than we were in 2018, where we got the benefit of both Feed impression growth, certainly on Instagram as well as Stories, and that's not going to be the case in 2019.

Ron Josey: And maybe a quick follow-up. And I do have one more I want to ask you on CapEx. Just on that and the decel you talked about, as an advertiser potentially moves up to Stories, with 7 million advertisers, doesn't that free up maybe space for others to fill in the blank, so to speak, in the feed? Or am I thinking about that wrong?

Dave Wehner: Well, I mean, I think as we get more advertisers to adopt Stories, I would expect that those advertisers will still be advertising in Feed. I think Feed is a -- is a more mature product, so you've got a pretty competitive auction for a Feed already. And the supply growth won't be as strong in Feed, so it's an auction, so I think you're going to probably continue to see competition for those spots.

Now, to the extent that advertisers -- and we're helping them do a better job of driving business outcomes from that inventory and -- our success in doing that will drive more demand for those feed slots, as well. And that feeds back into our effective -- our ability to continue to drive ROI improvements for advertisers through targeting. And -- there, I think we're -- continue to do a good job and we're seeing that play through with more and more direct response advertising growth.

But -- the risk factor there for 2019 is the privacy landscape risk that I cited -- potentially impacting targeting. So I think there are -- as we look out there, there's a few things that we're looking at from a risk perspective on 2019 revenue growth.

Ron Josey: Super helpful. And then last one, just on CapEx, $18 billion to $20 billion, assuming -- is it fair to think 2019, just that investment year because of real estate, or is this, like, the new normal? I'm just thinking -- when you think about building out data centers, maybe you don't need to build out as many in 2020, '21, et cetera, as you sort of build out as many in 2019? And I think you mentioned something similar on the call given (that impacts -- falls into anything else)...

Dave Wehner: Yes, I mean, we're not -- we're not -- yes, so we're not giving a specific -- a specific sort of target capital intensity, but we are signaling that certainly a component of the spend that we're in, in 2018 and 2019 is a data center build that -- won't be necessarily sustained at that level over time. So I think we'll get some ability to grow CapEx at a more moderate rate going forward.

But these plans are dynamic and -- depends on the different services that we offer and -- what opportunity we have for deploying server capacity and compute to improve those services. So -- I think it's a little premature to know exactly what 2020 will look like.

Operator: Your next question comes from the line of Aaron Kessler from Raymond James. Please go ahead.

Aaron Kessler: Great. Hey, Dave, a couple questions. First, maybe my usual SBC question. I think a couple years ago, you said it would be trailing off, end of '18, I think we started to probably see that this quarter. How should we think about that going forward here, what's made WhatsApp falling off a little bit?

Dave Wehner: Yes, so we've had the benefit of some of the -- the stock-based compensation related to -- to the deals that were done in 2014 -- roll off. So that's largely gone, so we'll continue to see stock-based compensation grow more -- more in line with ongoing headcount growth, would be our expectation. So we won't get that impact from the deal-related comp that we've had in the past.

Aaron Kessler: Got it. And second, partner categories, I think that was kind of discontinued in the fall, September, October timeframe. Has there been any material impact from that? And have you -- advertisers been able to work around that?

And, second, just -- a little bit of a challenge with -- on the Stories side with some advertisers. Is it more of a complex creative process? Are advertisers starting to overcome that? Or does that create a little bit more of a headwind on the Stories revenue growth, as well? Thank you.

Dave Wehner: Yes, on the partner category front, I think we've navigated that pretty well. It was certainly a potential headwind that we were expecting, and I think it's been a little bit better than we have expected there.

In terms of the complex creative for Stories, I do think that's -- one of the issues that you have to wrestle with Stories, getting more people to advertise on Stories. I think just the growth of the format and the fact that we've got a lot of impression opportunity there and the pricing is going to attract more advertisers to make that investment.

So -- I think it is an investment that they need to make, but we think the opportunity is there, and we're going to see the impression growth -- shift to there. So I think that will draw more advertisers in.

Operator: Your next question comes from the line of Dan Salmon from BMO Capital Markets. Please go ahead.

Dan Salmon: Good afternoon, everyone. Dave, you mentioned once again that the vast majority of CapEx goes to data center builds. What are maybe the three or -- two or three or four things that come after that on the list? I'd just love to hear a little bit more color on that.

And then kind of related, obviously, most of your operating cash flow right now is going through to CapEx, but for your free cash flow that remains, any just updates or thoughts? We always sort of assume small acqui-hires are in there and we know you've got a little bit of a buyback, but we just haven't talked a whole lot about that tonight and I'd love to hear a little bit more on your updated thoughts. Thanks.

Dave Wehner: Sure, Dan. I would just note that -- just to be specific, I don't think I used the term vast majority of CapEx going to data center build, but it is the largest category of CapEx. But in addition to that, on the infrastructure side, we have server and network, and servers are basically buying the compute that fills the data centers, buying those -- that equipment. That tends to be a lower -- a lower lifetime, more along three years versus -- more than a decade for the CapEx for data center builds. So it flows through differently in the P&L. And then network, as well. So interconnecting the data centers as well as network within the data centers.

And then, finally, we also have facilities that we're buying, given the headcount growth. We've got both -- tenant improvements at leased facilities, as well as buying certain buildings and facilities and real estate on the CapEx side. So I think all of those factors come into play, data centers the biggest, but those others are important, as well.

We've got, obviously, a lot of cash flow going to CapEx, but we do have free cash flow beyond that. I would say we look at acquisitions, of course, acqui-hires. We do -- expect to do -- some amount of tuck-in acquisitions and the like. There's always the potential to be doing something more strategic.

And then -- we are engaged in a buyback program. We've got a $9 billion authorization that we had in December. And we'll continue to look sort of at two things. One is to offset dilution for the stock issuances that we have for compensation purposes, and then we do look opportunistic beyond that, so we've obviously done that -- we did that in 2018. You saw we did that in Q4. But we've got both sort of a dilution offset, and then we do also look opportunistically beyond that.

Dan Salmon: If I could just ask one quick follow-up...

Dave Wehner: Yes. Yes.

Deborah Crawford: Oh, dear.

Dave Wehner: Oh, I guess -- I guess -- yes, OK. Just go to the next person, then. Sorry about that.

Operator: Your next question comes from the line of Brent Thill from Jefferies. Please go ahead.

Brent Thill: Thanks. Just one question on Instagram commerce. You know, given Mark's enthusiasm on the call, if you execute this product right, are there new monetization opportunities? Or should we just think of this as providing an additional tailwind to the advertising business?

Dave Wehner: I think that the most logical thing is that it is an incremental value to the advertising business. You know, already e-commerce and retail are two of our larger verticals, so we're already doing a lot with those advertisers. So having more people come to Facebook looking for -- looking for products and shopping for products is certainly something that's beneficial to that business and a logical way for us to think about sort of capitalizing on that behavior.

Brent Thill: OK, great, thanks.

Operator: Your next question comes from the line of Mark Kelley from Nomura. Please go ahead.

Mark Kelley: Great, thank you very much. I have a quick one, as well. Your numbers don't suggest this, but curious if you had any impact from ITP 2.0 that came into effect in Q4? Thank you.

Dave Wehner: Sure. I mean, I think kind of beyond specifically Q4, it is certainly one of the factors that -- what the platforms do, both iOS and Android from a privacy perspective, and also browsers – that is something that we think -- is a -- is an ongoing risk that we're monitoring for 2019 and we think a potential headwind that -- people need to factor in as they think about 2019 revenue growth. So it's something that we do think is a risk factor out there.

Mark Kelley: OK, thanks, Dave.

Deborah Crawford: Operator, we're going to take one last question.

Dave Wehner: Yes, thanks.

Operator: Thank you. Your next question comes from the line of Craig Huber from Huber Research Partners. Please go ahead.

Craig Huber: Yes, I have a couple questions. My first one, please. You've obviously talked a lot on this call and prior calls about the costs related to health and safety for the network. Can you just update us on what cost segments that's hitting at the most, please?

Dave Wehner: Sure. You know, that flows through into two places depending on what we're -- what activities are being supported. So the two areas are in cost of revenue. It is one of the contributing factors to growth of the cost of revenue line, because anything we're doing related to supporting quality and safety and security in the advertising space is flowing through to that, so there I would say the program that we're supporting and investing in are things like the political ads transparency work that we're doing. That's flowing through in cost of revenue.

Now, the big contributors to cost of revenue growth are the flow-through of depreciation, and then we're also picking up -- cost of revenue related to things like the hardware products and Portal and Oculus Go, and some stuff on the content side. So you've got a few factors falling in there, but some of the integrity and security safety efforts are falling in there on the advertising side.

And then on the sales and marketing line, that's where we're picking up stuff related to overall community safety. So not related to the advertising business, but more related to -- programs we've got to -- remove terrorist content, programs that we've got to -- monitor hate speech and bullying, all of the community operations, representatives, and the large contractor workforces we have are flowing into that line.

Again, in Q4, the big driver of growth there was actually -- product and growth marketing. And some of the spend growth that we saw there supporting things like the Oculus Go launch, so if you look at the sequential growth from Q3 to Q4, that was a bigger factor there. But that is where those two lines where you're seeing those efforts flow in.

And I think you had one other one, Craig?

Craig Huber: Yes, I do. Yes, just using reasonable estimates here -- and I'll take into account what you said about revenues this year -- the deceleration and all that and cost growth and all that -- and assuming they're somewhat matched in terms of growth in 2020 -- as I think you hinted at earlier in the prior call in 2020 -- it doesn't seem unreasonable, just looking at the numbers from the outside here, that your total cost for 2020 versus 2018 is up roughly $20 billion on a full-year basis, $20 billion over two years on an annualized basis.

Can you give us a sense, how much of that is -- this is -- that's a huge bloody jump. Obviously, your top line is growing very nicely, but what else besides health and safety and just general growing of the business to support the -- all the infrastructure and everything and the advertising, et cetera, what you're doing? What else is -- should we think about the -- kind of new there that's helping to jump that number up so much? Is there added content fees...

Dave Wehner: Yes.

Craig Huber: ... and then that's helping out the Watch area? I mean, what else is in there, please?

Dave Wehner: Yes, no, it's a good question. We've been -- there's a couple factors there. One is you've got the -- on the cost of revenue side, this is a total cost number, so you've got -- on the cost of revenue side, you've got depreciation flowing through some of the big CapEx builds that we've had. So that's a factor, driving that delta.

You also have innovation investment, so this is efforts related to building up things like our hardware programs, our AR/VR program, our AI program, so you've got a substantial amount of investment in that category, as well.

And then you've got the -- safety and security investments that we're making that also contribute to that growth. You also have some content -- expected content-related spend. We're not guiding on 2020, but the content also does play a factor on the Watch side, as well.

Deborah Crawford: Great. Thank you, everybody, for joining us today. We appreciate your time. And we look forward to speaking with you again.

Dave Wehner: Thanks, everybody.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for joining us. You may now disconnect your lines.

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