

InterDigital (IDCC): 13.1x EV/EBITDA and 12.0x EV/FCF on 8.1% FCF Yield Amid -4.0% Revenue Contraction

IDCC | InterDigital, Inc. | Technology | Software - Application | FY 2025 | 2026-06-12T09:30:56.069Z

At 13.1x EV/EBITDA and 12.0x EV/FCF with an 8.1% FCF yield, the market is pricing InterDigital as a durable royalty cash-flow compounder despite -4.0% revenue growth, relying on 33.4% ROE, 21.1% ROIC, and 98.9% FCF growth to offset licensing cyclicality.

SIGNALCORE VIEW

Mixed but researchable candidate

SIGNAL SCORE

62 / 100

FUNDAMENTAL QUALITY

70 / 100

EXPANSION POTENTIAL

0 / 100

THESIS RISK

0 / 100

Value / Quality Candidate

PRIMARY DEBATE — The debate is whether -4.0% revenue growth can coexist with sustained 98.9% free cash flow growth and 11.4% EPS growth in a licensing-driven model. Evidence: revenueGrowth -4.0%, freeCashFlowGrowth 98.9%, epsGrowth 11.4%. Interpretation: cash and earnings are expanding despite top-line contraction. Implication: investors must assess whether cash flow durability offsets licensing cyclicality at EV/FCF 12.0x.

INVESTMENT NARRATIVE

Archetype

Royalty cash-flow compounder with AI/video optionality

Company Type

Intellectual property licensor and R&D platform across wireless (2G-5G/B5G), video coding, and AI

Key Monitoring Metric

Spread between FCF/EPS growth and revenue growth (signal of sustainability of cash generation vs. top-line softness), alongside direction of earnings guidance and analyst revisions

Core Tension: High-quality, cash-rich earnings profile versus declining recent revenue and inherently lumpy licensing dynamics

Market Assumption: Earnings and FCF are durable and can keep growing despite choppy top-line, supported by a broad 5G/B5G IP base and new product/AI vectors; recent guidance/revisions and consistent beats reinforce confidence

Trajectory: Profitability and cash generation improving (EPS/FCF up) despite near-term revenue decline; supported beat cadence and net cash provide resilience; ongoing product strategy and AI/video initiatives offer incremental growth avenues

Mispricing Hypothesis: The market is over-fixated on recent revenue contraction and the perceived lumpiness of licensing, undervaluing the durability of cash flows and optionality from product/AI initiatives. At ~12x EV/FCF with 8% FCF yield and high ROE/ROIC, modest revenue stabilization or continued execution could drive valuation reassessment. Conversely, if revenue softness persists and EPS/FCF outperformance proves non-repeatable, the current multiples may be full.

EVIDENCE MAP

SUPPORTING EVIDENCE

- FCF Yield: 8.10%
- EV/FCF: 11.98 (implies reasonable pricing for cash generation)
- ROE: 33.37% and ROIC: 21.12% (high returns on capital)
- Net Debt/EBITDA: -0.41 (net cash balance sheet)
- Latest EPS Growth: 11.4%; 5Y EPS Growth: 68.3%
- FCF Growth: 98.9%
- EPS Beat Rate: 87.5% and Revenue Beat Rate: 87.5%

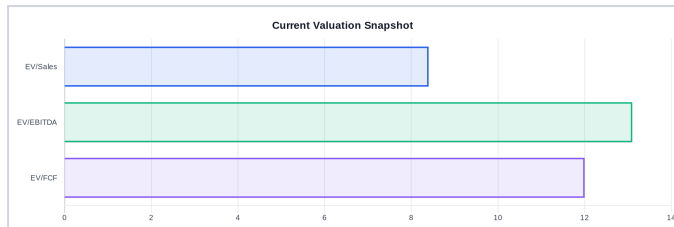
CONTRADICTING EVIDENCE

- Latest Revenue Growth: -4% (top-line contraction)
- EV/EBITDA: 13.15 (not distressed; market already prices in quality to a degree)
- Earnings Yield: 5.15% below FCF Yield (potential normalization risk if working capital/one-offs revert)

Narrative clusters: earnings_guidance, analyst_revision, product_strategy, ai_technology (suggests supportive forward-looking posture)

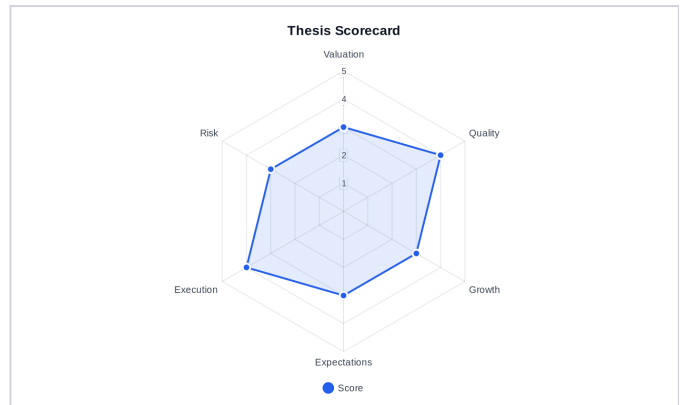
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
3	4	3	3	4	3	3
MIXED	SUPPORTED	MIXED	MIXED	SUPPORTED	MODERATE	MIXED



CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



THEESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
13.1x	12.0x	8.1%	21.1%	-4.0%	11.4%	98.9%	87.5%

EXECUTIVE SUMMARY

Core Tension	High-quality, cash-rich earnings profile versus declining recent revenue and inherently lumpy licensing dynamics
Market Assumption	Earnings and FCF are durable and can keep growing despite choppy top-line, supported by a broad 5G/B5G IP base and new product/AI vectors; recent guidance/revisions and consistent beats reinforce confidence
Current Pricing	At EV/Sales 8.4x, EV/EBITDA 13.1x, and EV/FCF 12.0x with freeCashFlowYield 8.1%, the market is pricing sustained cash generation rather than structural decline.
Valuation	Current EV/EBITDA of 13.1x versus a 3Y average of 10.4x, alongside ROIC of 21.1% versus a 3Y average of 19.8%, suggests valuation has increased in line with capital efficiency.
Quality	ROE of 33.4%, ROIC of 21.1%, netDebtToEbitda of -0.4x, and incomeQuality of 1.6 indicate capital-light royalty economics with cash earnings exceeding accounting earnings.
Growth	Latest EPS growth of 11.4% and revenue growth of -4.0% compare to 3Y average EPS growth of 81.8% and 3Y average revenue growth of 24.7%.
Cash Flow	Operating cash flow growth of 100.5% and free cash flow growth of 98.9% both exceed 3Y average free cash flow growth of 41.8%.
Execution	Across 8 quarters, EPS beat rate of 87.5% and revenue beat rate of 87.5%, with average EPS surprise of 175.8%, indicate consistent outperformance versus estimates.
Primary Monitor	Can freeCashFlowGrowth of 98.9% persist if revenueGrowth remains at -4.0%?

THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	FCF Growth	98.9%	1	EPS Dispersion	15.6%
2	EPS Beat Rate	87.5%	2	Revenue Growth	-4.0%
3	ROIC	21.1%			
4	EPS Growth	11.4%			
5	FCF Yield	8.1%			

COMPANY & BUSINESS MODEL

InterDigital, Inc., through its affiliated companies, specializes in the design and advancement of technologies that facilitate and improve wireless communications across major global regions, including the United States, China, South Korea, Japan, Taiwan, and Europe. The company furnishes technological solutions applicable to various digital cellular and general wireless products and networks, spanning generations from 2G through 5G, as well as those based on IEEE 802 standards. Its development efforts extend to foundational cellular technologies like CDMA, TDMA, OFDM/OFDMA, and MIMO, which are integral to wireless networks from 2G to 5G and to mobile terminal devices. Additionally, InterDigital's 3GPP technology portfolio addresses emerging areas such as 5G New Radio (NR), beyond 5G (B5G), extended reality (XR) over wireless, and cellular Internet of Things (IoT). The firm also engineers technologies for a wide array of connected consumer electronics, including vehicles, wearables, smart home systems, and drones. Beyond its wireless innovations, InterDigital provides

video coding and transmission solutions and actively conducts research and development in artificial intelligence. The company's patented inventions are integrated into numerous products, ranging from personal mobile devices like smartphones, tablets, and laptops, to wireless infrastructure equipment, including base stations. These proprietary technologies also power essential components, dongles, and modules for wireless devices, alongside various IoT devices and their accompanying software platforms. As of December 31, 2021, InterDigital boasted an intellectual property portfolio comprising approximately 27,500 granted patents and pending applications, covering crucial domains such as wireless communications, video coding, and display technology. Established in 1972, InterDigital, Inc. maintains its primary corporate office in Wilmington, Delaware.

INVESTMENT THESIS

InterDigital operates an intellectual property licensing and R&D platform across 2G-5G/B5G wireless, video coding, and AI, monetizing approximately 27,500 patents through royalty and license agreements. The core tension is visible in the data: revenue growth was -4.0% in the latest fiscal year, yet free cash flow growth was 98.9% and EPS growth was 11.4%. Evidence: revenueGrowth -4.0%, freeCashFlowGrowth 98.9%, epsGrowth 11.4%. Interpretation: earnings and cash flow are expanding despite top-line contraction, consistent with lumpy licensing dynamics and operating leverage. Implication: the investment debate centers on whether cash generation durability can persist if revenue softness continues. Current valuation embeds confidence in durability. Evidence: EV/EBITDA 13.1x, EV/FCF 12.0x, freeCashFlowYield 8.1%, earningsYield 5.1%, marketCap \$7.2B, enterpriseValue \$6.9B. Interpretation: a 12.0x EV/FCF multiple and 8.1% FCF yield imply the market expects ongoing cash conversion, while the 5.1% earnings yield suggests less conservatism at the accounting earnings level. Implication: valuation is aligned with a high-return, cash-generative licensor rather than a declining IP portfolio. Quality metrics support the royalty compounder archetype. Evidence: ROE 33.4%, ROIC 21.1%, netDebtToEbitda -0.4x, currentRatio 1.9, incomeQuality 1.6, freeCashFlowToFirm \$547.2M. Interpretation: high returns on capital and a net cash balance sheet indicate capital-light economics typical of IP licensing, while incomeQuality above 1.0 suggests cash exceeds reported earnings. Implication: the balance sheet and return profile provide resilience against licensing volatility. However, growth is decelerating versus historical averages. Evidence: latestRevenueGrowth -4.0% versus avgRevenueGrowth3Y 24.7% and avgRevenueGrowth5Y 20.0%; latestEPSGrowth 11.4% versus avgEPSGrowth3Y 81.8% and avgEPSGrowth5Y 68.3%. Interpretation: growth has slowed sharply relative to prior cycles. Implication: sustaining current multiples requires stabilization rather than a return to historical growth rates. Cash flow trend is currently elevated. Evidence: latestOperatingCashFlowGrowth 100.5%, latestFreeCashFlowGrowth 98.9%, latestCapexGrowth -171.6%, latestStockBasedCompGrowth -6.1%. Interpretation: operating cash flow growth is converting into free cash flow growth, and capex contraction is not absorbing incremental cash. Implication: recent cash expansion appears supported by both operational and capital discipline factors. Historically, valuation versus quality shows mixed signals. Evidence: keyMetricsTrendContext latestEvEbitda 13.6x versus avgEvEbitda3Y 10.4x; latestEvFcf 15.1x versus avgEvFcf3Y 17.3x; latestROIC 22.5% versus avgROIC3Y 19.8%; latestFcfYield 6.4% versus avgFcfYield3Y 5.9%. Interpretation: EV/EBITDA is above its 3Y average while ROIC is also above its 3Y average, suggesting higher valuation aligns with improved capital efficiency; EV/FCF below its 3Y average alongside a higher FCF yield indicates cash generation is not priced more aggressively than history. Implication: the current multiple is broadly aligned with supplied return and cash metrics rather than detached from them. Analyst expectations appear contained but coverage is limited. Evidence: nextRevenueEstimate \$1.0B, nextEpsEstimate \$14.75, revenueDispersionPct 12.0%, epsDispersionPct 15.6%, analystCoverageRevenue 1, analystCoverageEps 1. Interpretation: dispersion is moderate, but single-analyst coverage limits supported by supplied metricsness of consensus. Implication: expectation risk is moderate, with limited external triangulation. Execution history supports estimate credibility. Evidence: epsBeatRate 87.5%, revenueBeatRate 87.5%, averageEpsSurprisePct 175.8%, averageRevenueSurprisePct 43.5%, quartersAnalysed 8. Interpretation: consistent beats at both EPS and revenue lines demonstrate management has outperformed stated expectations historically. Implication: while licensing remains lumpy, historical execution reduces near-term estimate skepticism. Classification: Compounder. Evidence: ROE 33.4%, ROIC 21.1%, freeCashFlowYield 8.1%, netDebtToEbitda -0.4x. Interpretation: high returns on capital, recurring royalty streams, and net cash balance sheet support a capital-light compounding model despite revenue volatility. Implication: the debate is about durability of compounding rather than solvency or turnaround dynamics.

INVESTABLE DEBATE

The debate is whether -4.0% revenue growth can coexist with sustained 98.9% free cash flow growth and 11.4% EPS growth in a licensing-driven model. Evidence: revenueGrowth -4.0%, freeCashFlowGrowth 98.9%, epsGrowth 11.4%. Interpretation: cash and earnings are expanding despite top-line contraction. Implication: investors must assess whether cash flow durability offsets licensing cyclicity at EV/FCF 12.0x.

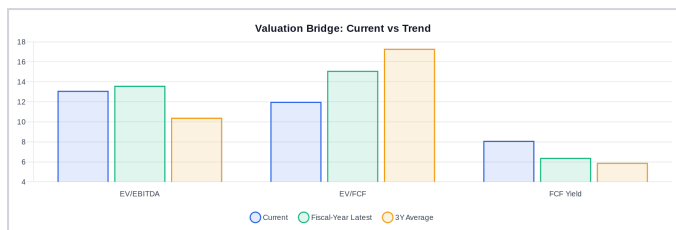
MARKET EXPECTATIONS

At EV/Sales 8.4x, EV/EBITDA 13.1x, and EV/FCF 12.0x with freeCashFlowYield 8.1%, the market is pricing sustained cash generation rather than structural decline. Evidence: evToSales 8.4x, evToEbitda 13.1x, evToFreeCashFlow 12.0x. Interpretation: multiples reflect a belief that 33.4% ROE and 21.1% ROIC can continue. Implication: the price assumes earnings durability despite -4.0% revenue growth.

CURRENT VALUATION VS HISTORICAL TREND

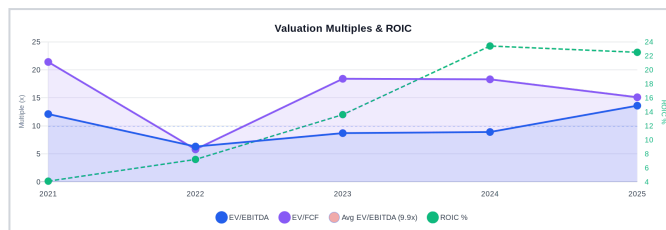
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	13.1x	13.6x	10.4x	9.9x
EV/FCF	12.0x	15.1x	17.3x	15.8x
FCF Yield	8.1%	6.4%	5.9%	7.6%

Current EV/EBITDA is 13.1x, while fiscal-year trend data shows latest EV/EBITDA of 13.6x versus a 3Y average of 10.4x. Current EV/FCF is 12.0x, while fiscal-year trend data shows latest EV/FCF of 15.1x versus a 3Y average of 17.3x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 13.1x, while fiscal-year trend data shows latest EV/EBITDA of 13.6x versus a 3Y average of 10.4x.



VALUATION MULTIPLES & ROIC OVERLAY

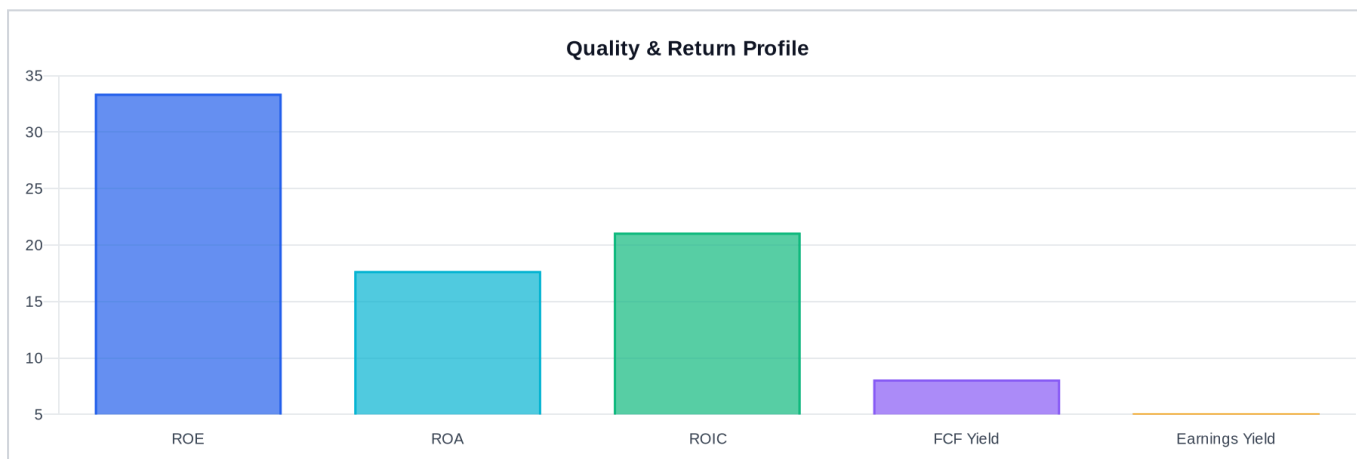
Current EV/EBITDA of 13.1x versus a 3Y average of 10.4x, alongside ROIC of 21.1% versus a 3Y average of 19.8%, suggests valuation has increased in line with capital efficiency.

VALUATION ANALYSIS

Current EV/EBITDA of 13.1x versus a 3Y average of 10.4x, alongside ROIC of 21.1% versus a 3Y average of 19.8%, suggests valuation has increased in line with capital efficiency. Evidence: evToEbitda 13.1x, avgEvEbitda3Y 10.4x, roic 21.1%, avgROIC3Y 19.8%. Interpretation: higher multiple corresponds with higher returns. Implication: valuation is aligned with supplied return metrics rather than purely revenue growth.

QUALITY & CAPITAL EFFICIENCY

ROE of 33.4%, ROIC of 21.1%, netDebtToEbitda of -0.4x, and incomeQuality of 1.6 indicate capital-light royalty economics with cash earnings exceeding accounting earnings. Evidence: roe 33.4%, roic 21.1%, netDebtToEbitda -0.4x, incomeQuality 1.6. Interpretation: profitability and balance sheet strength support resilience. Implication: quality metrics justify mid-teens EV/EBITDA.

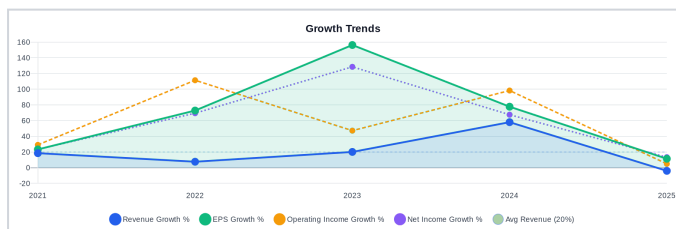


QUALITY & RETURN PROFILE

ROE of 33.4%, ROIC of 21.1%, netDebtToEbitda of -0.4x, and incomeQuality of 1.6 indicate capital-light royalty economics with cash earnings exceeding accounting earnings.

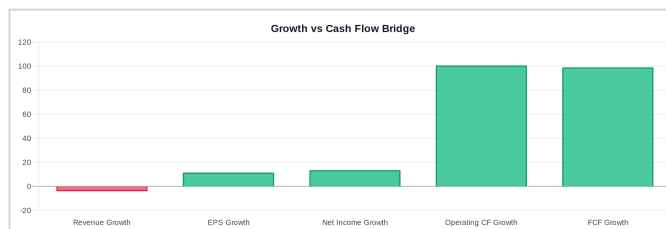
GROWTH TRAJECTORY

Latest EPS growth of 11.4% and revenue growth of -4.0% compare to 3Y average EPS growth of 81.8% and 3Y average revenue growth of 24.7%. Evidence: latestEPSGrowth 11.4%, avgEPSGrowth3Y 81.8%, latestRevenueGrowth -4.0%, avgRevenueGrowth3Y 24.7%. Interpretation: growth has decelerated from prior cycles. Implication: future valuation support depends on stabilization rather than acceleration.



HISTORICAL GROWTH TRENDS

Latest EPS growth of 11.4% and revenue growth of -4.0% compare to 3Y average EPS growth of 81.8% and 3Y average revenue growth of 24.7%.



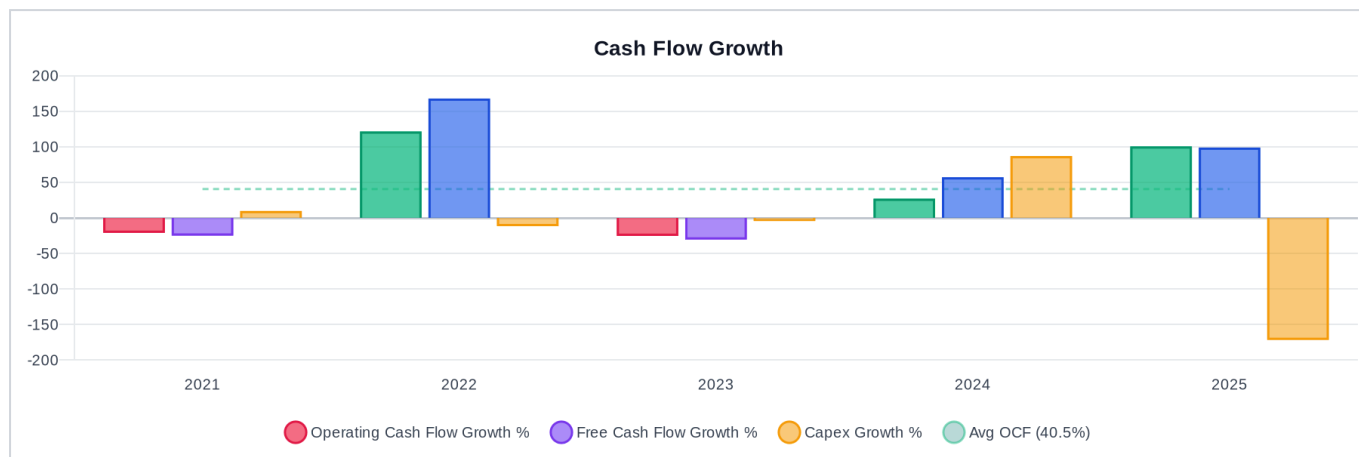
GROWTH VS CASH FLOW BRIDGE

Latest EPS growth of 11.4% and revenue growth of -4.0% compare to 3Y average EPS growth of 81.8% and 3Y average revenue growth of 24.7%.

CASH FLOW GROWTH & CONVERSION

Operating cash flow growth of 100.5% and free cash flow growth of 98.9% both exceed 3Y average free cash flow growth of 41.8%. Evidence: latestOperatingCashFlowGrowth 100.5%, latestFreeCashFlowGrowth 98.9%, avgFreeCashFlowGrowth3Y 41.8%. Interpretation: recent cash expansion is above historical norms. Implication: current FCF yield of 8.1% reflects elevated recent trend.

With capex growth of -171.6% and stock-based compensation growth of -6.1% alongside operating cash flow growth of 100.5%, incremental operating cash is converting to free cash. Evidence: latestCapexGrowth -171.6%, latestStockBasedCompGrowth -6.1%, latestOperatingCashFlowGrowth 100.5%. Interpretation: capex is not absorbing cash flow gains. Implication: freeCashFlowToFirm of \$547.2M is supported by conversion dynamics.



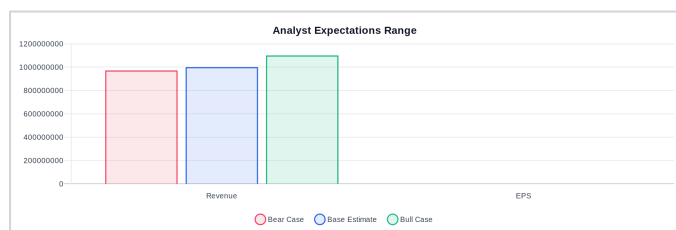
CASH FLOW GROWTH — OCF, FCF & CAPEX

Operating cash flow growth of 100.5% and free cash flow growth of 98.9% both exceed 3Y average free cash flow growth of 41.8%.

ANALYST EXPECTATIONS

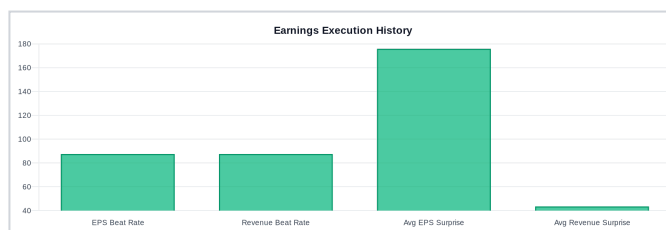
Next Revenue Estimate	\$1.0B
Revenue Bull Case	\$1.1B
Revenue Bear Case	\$971.6M
Next EPS Estimate	14.75
EPS Bull Case	15.84
EPS Bear Case	13.54
Revenue Dispersion	12.02%
EPS Dispersion	15.63%
Revenue Coverage	1
EPS Coverage	1

Next revenue estimate of \$1.0B and next EPS estimate of \$14.75, with revenue dispersion of 12.0% and EPS dispersion of 15.6%, indicate contained but limited consensus due to analystCoverageRevenue of 1. Interpretation: dispersion is moderate but coverage is thin. Implication: expectations are Reasonable but less diversified.



ANALYST EXPECTATIONS RANGE

Next revenue estimate of \$1.0B and next EPS estimate of \$14.75, with revenue dispersion of 12.0% and EPS dispersion of 15.6%, indicate contained but limited consensus due to analystCoverageRevenue of 1.



EXECUTION HISTORY

Across 8 quarters, EPS beat rate of 87.5% and revenue beat rate of 87.5%, with average EPS surprise of 175.8%, indicate consistent outperformance versus estimates.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	87.5%
Revenue Beat Rate	87.5%
Avg EPS Surprise	175.8%
Avg Revenue Surprise	43.5%
EPS Beats / Misses	7 / 1

Across 8 quarters, EPS beat rate of 87.5% and revenue beat rate of 87.5%, with average EPS surprise of 175.8%, indicate consistent outperformance versus estimates. Evidence: epsBeatRate 87.5%, revenueBeatRate 87.5%, averageEpsSurprisePct 175.8%. Interpretation: management has exceeded expectations frequently. Implication: historical execution supports estimate credibility.

Given epsBeatRate of 87.5% and revenueBeatRate of 87.5% against nextEpsEstimate of \$14.75, historical execution supports the credibility of current estimates despite revenueGrowth of -4.0%. Interpretation: beats reduce near-term skepticism. Implication: estimates appear Reasonable rather than Demanding.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
If revenue reaches the bull case of \$1.1B and EPS reaches \$15.84 while ROIC remains at 21.1%, then the 12.0x EV/FCF multiple would be supported by earnings durability and sustained capital efficiency.	If revenue aligns with the next estimate of \$1.0B and EPS reaches \$14.75 while free cash flow yield remains at 8.1%, then EV/FCF of 12.0x would remain aligned with current cash generation.	If revenue falls to the bear case of \$971.6M and EPS declines to \$13.54 while revenue growth remains at -4.0%, then EV/EBITDA of 13.1x would require sustained margins to justify current pricing.
Revenue Bull Case \$1.1B EPS Bull Case \$15.84 ROIC 21.1%	Revenue Estimate \$1.0B EPS Estimate \$14.75 FCF Yield 8.1%	Revenue Bear Case \$971.6M EPS Bear Case \$13.54 Revenue Growth -4.0%

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
27%	52%	21%	51 / 100

12-24 MONTH CONDITIONAL OUTLOOK

Revenue trajectory centers around nextRevenueEstimate of \$1.0B versus longTermRevenueEstimate of \$1.4B, implying stabilization is required after -4.0% growth.

Earnings outlook of \$14.75 next EPS versus 11.4% latest EPS growth suggests moderate expansion rather than historical 81.8% 3Y average growth.

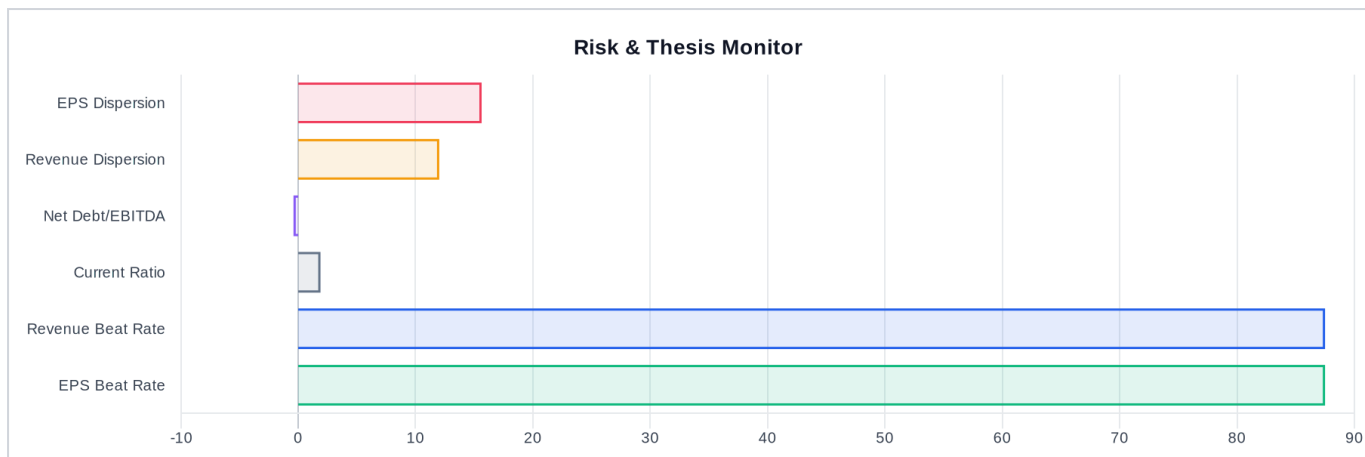
At EV/FCF 12.0x and freeCashFlowYield 8.1%, valuation assumes continuation of \$547.2M freeCashFlowToFirm.

Execution credibility is supported by epsBeatRate 87.5% across 8 quarters.

If freeCashFlowGrowth remains near 98.9% while revenue growth stabilizes from -4.0%, the valuation case would be supported by cash durability.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can freeCashFlowGrowth of 98.9% persist if revenueGrowth remains at -4.0%?	If revenueGrowth turns positive above 0.0% from -4.0%, then the durability debate shifts toward synchronized top-line and cash expansion.	If freeCashFlowGrowth falls below the 3Y average of 41.8% from 98.9%, then the cash acceleration thesis challenged.
Will ROIC remain above the 3Y average of 19.8%?	If freeCashFlowGrowth remains at 98.9% while revenueGrowth stays at -4.0%, then the model would demonstrate sustained cash resilience.	If ROIC falls below 19.8% from 21.1%, then capital efficiency would no longer exceed its 3Y average.
Does nextRevenueEstimate of \$1.0B adequately reflect licensing lumpiness?	If ROIC rises above the 3Y average of 19.8% from 21.1%, then capital efficiency would further support current EV/EBITDA of 13.1x.	If revenue declines below the bear case of \$971.6M, then earnings durability assumptions embedded in EV/FCF 12.0x would be pressured.



RISK & THESIS MONITOR

Can freeCashFlowGrowth of 98.9% persist if revenueGrowth remains at -4.0%?

RISK ASSESSMENT

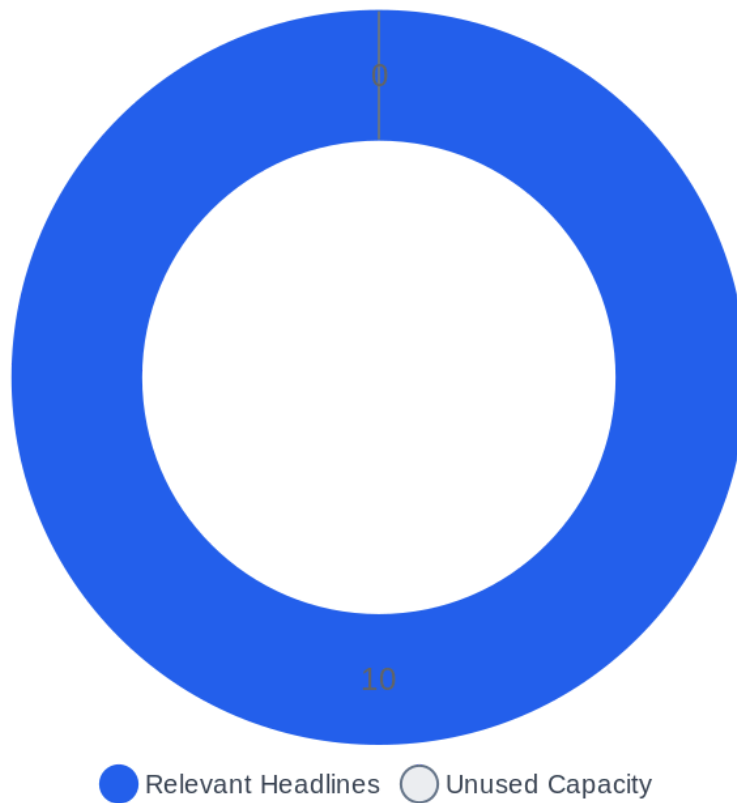
DIMENSION	SCORE	LEVEL
Valuation Risk	3 / 5	Moderate
Growth Risk	3 / 5	Moderate
Execution Risk	2 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	2 / 5	Low
Overall Risk	3 / 5	Moderate
Composite Risk Score	2.7 / 5	

- CashConversionCycle of 68.1 days introduces working capital variability.
- EPS dispersion of 15.6% indicates earnings estimate variability.
- EV/Sales of 8.4x embeds expectations of continued monetization of 27,500 patents.

NEWS NARRATIVE

The headline "InterDigital and Amazon enter into new video services and devices license agreement" is relevant to monitoring revenue stability around \$1.0B, but additional evidence is required to determine financial impact. The headline "InterDigital Declares Regular Quarterly Cash Dividend" relates to capital allocation alongside freeCashFlowToFirm of \$547.2M, but payout sustainability depends on future free cash flow. The headline "InterDigital Announces Financial Results for First Quarter 2026" aligns with epsBeatRate of 87.5%, reinforcing execution consistency.

News Context Coverage



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: earnings_guidance, analyst_revision, product_strategy, ai_technology.

INVESTMENT VIEW

EVIDENCE BALANCE

Mixed evidence balance

CONVICTION

Medium

RISK LEVEL

Moderate

CLASSIFICATION

Value / Quality Candidate

Core Thesis: At 13.1x EV/EBITDA and 12.0x EV/FCF with an 8.1% FCF yield, the market is pricing InterDigital as a durable royalty cash-flow compounder despite -4.0% revenue growth, relying on 33.4% ROE, 21.1% ROIC, and 98.9% FCF growth to offset licensing cyclicality.

Primary Risk: Revenue volatility evidenced by revenueGrowth of -4.0% in a licensing model.

Monitor: Can freeCashFlowGrowth of 98.9% persist if revenueGrowth remains at -4.0%?