

Good morning, and welcome to PepsiCo's First Quarter Earnings Question-and-Answer Session. Your lines have been placed on listen-only until it is your turn to ask a question. [Operator Instructions] Today's call is being recorded and will be archived at www.pepsico.com.

It is now my pleasure to introduce, Mr. Ravi Pamnani, Senior Vice President of Investor Relations. Mr. Pamnani, you may begin.

Ravi Pamnani

Thank you operator. I hope everyone has had the chance this morning to read our press release and listen to our prepared comments, both of which are available on our website.

Before we begin, please take note of our cautionary statement. We may make forward-looking statements on today's call, including about our business plans and 2020 guidance and the potential impact of the COVID-19 pandemic on our business. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, and we are under no obligation to update. When discussing our results, we refer to non-GAAP measures, which exclude certain items from reported results. Please refer to today's earnings release and 10-Q available on pepsico.com for definitions and reconciliations of non-GAAP measures and additional information regarding our results, including a discussion of factors that could cause actual results to materially differ from forward-looking statements.

Joining me today are PepsiCo's Chairman and CEO, Ramon Laguarta; and PepsiCo's Vice Chairman and CFO, Hugh Johnston. We ask that you please limit yourself to one question.

And with that, I will turn it over to the operator for the first question.

Question-and-Answer Session

Operator

Thank you. [Operator Instructions] Our first question comes from the line of Dara Mohsenian of Morgan Stanley.

Dara Mohsenian

Hi, gentlemen, hope you're well in this environment. So Ramon I just wanted to touch on the market share opportunity in snacks and beverages going forward. It sounded like the momentum was pretty strong through February pre-COVID and in the COVID environment.

But I was hoping you could discuss if there's opportunity for improved share structurally longer term as you look coming out of the COVID crisis. Theoretically in snacks there's a shift to larger trusted brands, which is in your wheelhouse and you've got the DSD distribution advantage. So from a retailer and consumer standpoint there could potentially be a shift there.

And then in beverages, theoretically less exposure to the away-from-home channel than some of your competitors should enable you to invest behind the business. So just, sort of, curious if you could run through how you're positioning yourselves for market share advantages coming out of this COVID crisis and if you think there could be some structural improvement longer term beyond what you've already seen over the last year or so.

Ramon Laguarta

Yeah, good morning, Dara. Yeah, it's a good question. Obviously in a moment when it's hard to predict where the category will go right in the coming months then share of market becomes clearly the number one priority for the organization. And as you were saying the investments we made in the business last year both in our structural capabilities but also the strength of our brands and in particular markets gave us a lot of momentum. And as you saw in Q1, it was our fastest growing quarter in a long time even if you deduct the last couple of weeks where we had a positive impact from the stockpiling in the U.S.

So you would -- even though -- if you were to ask our people on the ground share of market is the key variable. We see ourselves as you were saying, it's a moment where large brands that people trust, strong supply chains and go-to-markets like we have. Very importantly the talented people that we have in the marketplace, experienced and very talented I think superior teams probably in the marketplace should give us an edge in terms of competing in these few months ahead of us where there's going to be a lot of volatility and being agile and strong. I think it's going to be a very positive opportunity for ourselves.

Operator

Your next question comes from the line of Bryan Spillane of Bank of America Merrill Lynch.

Bryan Spillane

Hey, good morning, everyone. And maybe just a follow-up on Dara's question. As I was listening to the recorded message, I guess what I took away from it was there is going to be still some investment in SG&A this year some of it in response to the environment, some of it maybe be

opportunistic in terms of market share gains. So I guess is that a correct characterization of it as we're thinking about as the year unfolds and the pressure points or the stresses in the P&L? You're looking to spend in SG&A this year because you want the business to exit stronger and also there's going to be some investments to adapt to the environment?

Ramon Laguarta

Hi, Bryan. Good morning. Yes. Of course, I mean, we were in an investment position, and we were very selective, obviously, where we're putting the investments and trying to look for the highest ROI investments everywhere around the world in the different categories. We're not planning to change that position even we might have opportunities ahead of us that tell us that probably the best decision would be to even double down on some of those market opportunities where we can take maybe a short-term advantage now, which will be structural gains for long term. On the other hand, we're looking at all our discretionary costs with a lot of intensity.

And as we said in the note, we're looking holistically and very intentionally at unnecessary costs in our P&L at this point both, obviously, to things that are unnecessary, we're going to stop them, but also to have the flexibility to reallocate into areas of the business where we see acceleration. For example, we're seeing, obviously, as you're hearing from everybody else e-commerce being a high-growth channel at this point. So we're reallocating resources from other parts of the P&L into e-commerce and capturing consumers in that particular channel, and then obviously, we'll be -- keep investing to retain those consumers as they probably stay in the e-commerce. There are some brands that are benefiting from this more consumption at home like Quaker.

Well, I think we want to invest in some of those brands that are getting consumer tailwinds now because we want to retain those consumers with the brands as we exit the crisis situation. So, yes, our mentality was -- going into the crisis was a mentality of attack. I think we continue to be on the attack, same mentality, obviously put in some strong criteria of ROI to those investments and being very, very kind of tough with every single line of our P&L to make sure that whatever is unnecessary is not there anymore.

Operator

Your next question comes from the line of Bonnie Herzog of Goldman Sachs.

Bonnie Herzog

Thank you. Good morning. I have few questions for you guys on energy drinks. You're certainly stepping up your game here with the announcement

you made this morning to distribute Bang. So hoping you could give us a little more color on how you're going to manage the energy category with the different brands. Now you've got Rockstar and now distributing Bang and eventually Mountain Dew. So curious to hear how you're going to prioritize these different brands and how you see the different positioning of them. And then could you guys give us a sense as to how you're going to hit the ground running now that the Rockstar deal is closed? I'm just curious if your plans have changed given everything going on with COVID also as it relates to Mountain Dew. Thank you.

Ramon Laguarta

Good morning. Yes, let me give you a -- I mean, this is consistent with what we have been saying in the past that we see the energy need state as a very large need state that will stay for many years. I think consumers will need energy during the day in developing markets, developed markets all over the world and that we're going after that consumer occasion with multiple vectors. We're playing with the coffee category, and we continue to think that the coffee category is a great opportunity to capture a lot of occasions there. So with our partnership with Starbucks and some of the innovation we had there, we've been very successful to play in energy need state. Obviously, we have our own innovation with GameFuel and some other innovations we had in the past. The Rockstar deal gives us the opportunity to play with more of these spaces in -- that energy provides.

So yes, we'll have the Rockstar portfolio, which I think has been underinvested in the past. So now there are more incentives for our people to drive that business, and we're going to invest in Rockstar. So that's going to be a good segment for us. Obviously, Bang has been a beautiful addition to our portfolio in terms of a differentiated brand that has a lot of momentum in the US in particular channels.

A lot of opportunities still in terms of additional distribution and some channels that are not available. So I think our distribution muscle will give Bang an additional push, and there's clearly a lot of consumer positive reception to that brand, so we'll benefit from that. And then as we said in the past, we have a brand in our portfolio, Mountain Dew, that I think has a lot of opportunities in that space as well, and it's kind of natural for Mountain Dew to play in the energy boost category. So you will see some more innovation of our Mountain Dew brand to play more intentionally in that space. And that's how we think about the multiple tools that we can use to play into what is a huge need state. And I think we'll continue with people moving to mega cities and people having very hectic lifestyles.

Operator

Your next question comes from the line of Nik Modi of RBC Capital Markets.

Nik Modi

Hi, good morning, everyone. Ramon I was hoping you can talk about go-to-market and I'm thinking more on the Gatorade side. I mean clearly having availability in a time like this has been critical. And so when you think about warehouse versus DSD of Gatorade between the channels small format, large format and some of the tests that you're running in the Midwest, then I was hoping you could just kind of opine on how you think this should evolve in the future given that this could potentially happen again at some point in the future?

Ramon Laguarta

Yes, that's a great question. I think probably the difficult logistic situation that we've seen in the marketplace in the last few weeks in the U.S. but across the world has probably brought more light to the opportunity that we have in finding better ways to move our Gatorade products into the stores.

And although, we have been with great collaboration with all our customers and our partners to find solutions to get that brand quickly into the store because there is a lot of demand for it we've seen some bottlenecks.

So as you say we're considering multiple options. Obviously the final decision is always a combination of top line growth and additional cost and complexity to the organization. So it's a complex decision given the size of the brand and the complexities from the logistics point of view. It's a very seasonal brand that has a lot of volume between say May to September, right? So it's a huge spike to our logistics system.

So it is a big strategic decision. It's one that we're as you say we're testing different options. We're giving it a lot of thinking time. And the decision will be made together with our partners in the retail space and obviously internally looking at all the different variables. It's a potentially big outlook for Gatorade but also a difficult decision from many points of view.

Operator

Your next question comes from the line of Andrea Teixeira of JPMorgan.

Andrea Teixeira

Hi, good morning and thank you for taking my question. I hope all is well with all of you. So I was hoping if you can talk about the strength in at-home consumption. So I'm assuming your shipping is still below your

demand and you are not worried about any stock destocking in the second quarter.

So I was just thinking in your outlook of the low single-digit decline for the second quarter. Are you just assuming as we cycle through the immediate consumption channels, they're still going to be very much impaired through most of the second quarter? And if you can give us an idea what happened in some of the places where the restrictions were lifted. Thank you.

Ramon Laguarta

Andrea, good morning. Listen we're seeing a lot of uncertainties on how the economies will go back to normal, right? And we have – obviously, as you can imagine, we have multiple scenarios in what could happen.

There are a lot of scenarios that say that it's not going to be so linear as you – well you're saying that economies will go back to opening right away and that's going to be it, right? I think there might be some scenarios where there will be ups and downs in the way the virus spreads and there will be some particular local areas that could be more exposed in particular moments of time and so on.

It might require some additional lockdown decisions or other sort of decisions by the government. So our – the fact that we're saying that we see uncertainties on geography channels and categories is because we're – many of our scenarios done are not as linear as you're saying.

You're right in pointing out that most of the impact in our categories, especially beverages is related to lack of mobility of people and then there are particular channels that are very linked to mobility and transportation and obviously, some of the out-of-home food.

Obviously, if consumers are moving around, there will be more consumption, especially in convenience and gas channel and a bit more on workplaces where we have a good business as well. So that should improve assuming that the consumer will stay – will be able to continue to move around for the foreseeable months.

Now – but the reason why we're seeing more uncertainty is because we don't think it's going to be a straight line once people go back to moving around. It's going to be a restricted mobility I think and with potential second waves in some particular markets. That's why we're staying cautious and we prefer to have that kind of flexibility in our guidance at this point.

Operator

Your next question comes from the line of Kaumil Gajrawala of Credit Suisse.

Kaumil Gajrawala

Everybody, good morning. Can you talk a bit more about the Bang deal? It obviously makes sense and congratulations on becoming a lot more meaningful in the energy space in what seems like a fairly short period of time. But maybe just some more specifics. It looks like it's a distribution deal and historically distribution deals have favored the founder or supplier a bit more than they favored the distributor. Is there a path to ownership? I think, there's been some deals in the past where a lack of a path to ownership has been detrimental. And maybe just some other basics as in time horizon how long is this deal. Is it perpetual? Things like that. Thanks.

Ramon Laguarta

Hugh, you want to give it your perspective?

Hugh Johnston

Yes. Yes, happy, to do that Ramon. Good morning, Kaumil. A couple of things on it. Obviously, we're not going to disclose all of the details of the deal. The way I'd characterize it is, I think, it presents great upside for the Bang people. It gives them broader and deeper distribution than what they've had to date. It also -- it represents a nice win for us and it really helps us fill out the energy portfolio as we move to a more assertive posture on this category.

In terms of any forward deals or sort of M&A contemplated, none of that is in there. So we expect this to sustain for a good period of time. And the last comment I'd make is, unlike the Rockstar deal, we really don't have meaningful restrictions in terms of the way that we manage our portfolio. So we certainly feel, as we take a more assertive posture, we have the freedom to operate in the energy space a great deal.

Operator

Your next question comes from the line of Lauren Lieberman of Barclays.

Lauren Lieberman

Great. Thanks. Good morning.

Ramon Laguarta

Good morning.

Lauren Lieberman

In the prepared remarks, you guys have talked about developing in emerging markets, feeling pressure and that that was sort of thing you were thinking about, discretionary coming under pressure and how the macroeconomic could hurt categories. So I just wanted to get a little bit more on that your thoughts around, because I think category development of packaged snacks is a big part of the kind of long-term plan in international markets and the investments that you've been making, particularly, to promote and support some of your bigger brands, make them a bigger global footprint. So I know it's still pretty early days in all of this, but if you could just talk about D&E market development for snacks as you think about how this crisis unfolds.

Ramon Laguarta

Yes, yes. Hi, Lauren. And just a bit of -- as you say, it's still very early, right, in -- if you think about Latin America or Middle East, Africa. Eastern Europe has been in the crisis for a bit longer parts of Asia.

What we're seeing in short term is two-fold. One is, there's a good part of the universe of outlets that we service that are shut down or partially shut down during the lockdown. And that impacts a numerical distribution, but also the initial channel sell-in and that impacts our sales.

Then the -- if you think about the consumer occasions in those markets, developing markets, there's a lot of on-the-go occasions in those markets, especially -- it tends to be a younger population that buys our products, snacks especially. And a lot of the occasion had to do with moving around or either from school to home or hanging out with friends on the streets. I mean, those kind of occasions are big. And those are somehow limited, right, in the current realities. So that is being impacted.

Structurally we don't see any challenge to date, right? What we see is actually probably the opposite. I think, we have, as I was saying at the beginning, very strong supply chains in most of these markets and the brands are quite established. And we're very good at managing the affordability levels in those markets. So where price points or pack price is very important, we have a lot of flexibility in our snack business to adapt the price points in the packs to whatever the currency impacts are in the cost and the price points.

So I think there is a lot of know-how. I think we see this as an opportunity for us to even go deeper in our distribution eventually and to double down to accelerate share of market in those -- in a lot of the geographies where we participate. So we see some short-term impact because of the distribution

challenges that I told you at the beginning. As soon as the retailers are back to business and we see that happening in many markets after a couple of weeks, obviously, they cannot be opened from the family income point of view, they go back to opening their stores and then life goes back to normal.

So we think that this could be actually a boost to our acceleration of the per cap development, our market share presence in a lot of the international markets. The relative size of our business versus competitors tends to be quite large in a lot of our snack businesses globally and we see that as an opportunity today.

Operator

Your next question comes from the line of Rob Ottenstein of Evercore.

Rob Ottenstein

Great. Thank you very much. Guys, at a time when a lot of companies are suspending or cutting their dividend, cutting or stopping share buybacks you guys have basically committed to your initial guidance on those \$2 billion of share buybacks, which is just a tremendous financial strength. My question is, is given how the world has changed, how you're thinking about capital allocation now and priorities. Does opportunistic M&A make more sense? How are you weighing all these things in terms of priority also including perhaps even stepping up marketing which was increased a lot last year? And in Q4 you said, it may or may not be increased ahead of sales this year. That was something you were considering, so, just kind of big picture how you're reevaluating capital allocation. Thank you.

Ramon Laguarta

Hugh, do you want to take that one?

Hugh Johnston

Yeah. Happy to. Rob, a lot of ways there really isn't much change in the way that we think about capital allocation relative to what we've talked about in the past. You're right we do have terrific financial strength. We've actually been in the debt markets both short term and long term and are able to get money at extended maturities at quite attractive rates. So we do have the financial flexibility to continue with the share repurchase as well as obviously pay the dividend.

In terms of the capital allocation priorities, it's really number one invest in the business and we'll do that as we see opportunity to do that. Number two, we'll pay the dividend. Number three, we'll continue to look at M&A, but

as always we're very selective in the past and as in very selective as in the past and for the number of things that we look at we execute against very, very few.

And then last share repurchase, so no real change in that regard. And thankfully, because of the way that we've put together the balance sheet, and because of the strength of the cash flows of the company, we're in a position to continue to execute cash return to shareholders.

Operator

Your next question comes from the line of Vivien Azer of Cowen.

Vivien Azer

Hi. Good morning. Thank you for the question. I was hoping to dive a little bit deeper on your commentary around increased at-home per capital consumption during your prepared remarks around consumers eating more breakfast and snacking more at home. That seems to be apparent in the Nielsen data that's come out today, where salty snacks continues to grow though it did decelerate. But I think, it does kind of raise the bigger question that it seems like some categories are seeing a pantry load and a de-load like with sports drinks down in the current four-week period and some still stronger. So as you're thinking about the second quarter, which categories do you think can sustain higher levels of per capita consumption in the at-home occasion? And where do you expect to see some pantry destocking? Thank you.

Ramon Laguarta

Good. Yeah, let me try that. We're seeing, yeah, as you're saying both obviously our Quaker range increasing penetration massively. So the number of families that have bought Quaker in the last six weeks has gone up a lot.

And we're seeing obviously, I mean there's one clear reason, right? People are cooking at home and therefore they're using the product more. And we're seeing the cycle of repurchase also good. So I don't think there's much stocking in the house as long as people continue to have breakfast or continue to cook at home. And we're emphasizing in our marketing not only the breakfast opportunity, but also the cooking and the recipes where our oats can be part of that cooking opportunity. And this is here in the U.S., but it's also in Latin America where we've moved 100% to recipes on oats and some of our Quaker products.

The good news for us is, we've made a lot of positive changes to Quaker products, right? We reduced sugar. We reduced artificials. We improved the formulas. I think we have better-tasting products as well. So hopefully, this is an opportunity for the consumers to reassess the brand and to give it a structural boost. So we're dedicating our market investments to that particular trial and repurchase of the Quaker range of product, which I think are extremely good and great tasting.

Then, when you see the snack product, obviously, I mean there's many more occasions in the family now with the kids at home, and with – we're all taking breaks during the day between our busy days and then occasions watching TV together as a family or whatever. So, there are a lot of occasions at home now that they were not there six or seven weeks ago. So we're also emphasizing the – in our advertising the opportunities that the snacks category give consumers to have moments of enjoyment during this confinement. We're seeing our multipacks, our variety packs increasing massively. We're seeing our Tostitos brand, our dips going up a lot. I mean, obviously, every single brand, but those are where we're seeing the highest growth.

And the beauty to your point on stocking, the beauty of our snacks is that, it can only last for a certain period of time and they have expiry dates. So consumers will eat them. They will not stock them forever. So we see the cycles of repurchase also very clear on the snack business and those are products that people buy put in their pantry and they get consumed by the whole family.

Operator

Your next question comes from the line of Steve Powers of Deutsche Bank.

Steve Powers

Hey good morning guys. Hope you're well. Ramon looking out over the horizon and I guess building on some of the comments you made in response to Andrea's question. I was hoping you could elaborate a bit further on your early thoughts around an exit strategy from current lockdown conditions specifically in North America and Western Europe, maybe building on any lessons learned from China and commenting on whether that strategy and its timing is likely to vary at all snacks versus beverages in your view.

And I guess, I'd also love any thoughts you have as -- or expectations around how your approach and the timing may differ across markets whether based on consumer -- customer mentalities, your competitive

standing or just governmental policy. Just what does the exit strategy look like?

Ramon Laguarta

Yes. No I was -- my point was more about the fact that will it be very linear or not. And I think as we're obviously looking at all the different scenarios and as we imagine managing the company now is -- there's a lot of scenario planning and a lot of options and staying super agile. That's kind of the way, we're empowering the front line being super agile and just playing scenarios. I mean that's the way we're managing the company today.

So in our scenario planning, I mean the chances of every country opening up and every state opening up and not having second waves, I think are low. right? I mean you've seen the virus. The virus is still around. We don't have treatments and we don't have vaccines.

So until we have good treatments and good vaccine, we should be very cautious, right? And therefore it's going to be down to a lot of -- billion of people, individual behaviors whether we get contaminated or not. So that's what I meant, right, when I said we need to be careful that we don't project straight lines, the moment the state opens we're all free and that business will come back. I think there's going to be a lot of iterations.

Our approach to this is, I would say extremely aggressive on the commercial side in the sense that we want to be the first knocking at the door or every single store that opens with our mechanics and our salesmen trying to fix the equipment and refill the coolers and putting our racks in the first position and making sure that every consumer that walks into that store buys our products. So that's -- from the commercial mentality that's how we're approaching this opportunity of restarting a lot of points of sale.

From the safety of our employees, obviously we're being extremely cautious and want to make sure that our people are extremely well protected and that are -- we care for them in a way that is better than anybody else.

So, those are the tensions in the business: on the one hand protecting our people 100%; on the other hand being the most aggressive commercially, so that when a store opens in any state in any country around the world, we're the first company that knocks on the door to place our equipment. And that's the balance that we're trying to be the best at.

And that's why I was referring earlier at the beginning that having very good people on the ground extremely talented very experienced with a lot of -- having been through a lot of ups and downs in the marketplace, gives me a

lot of confidence that we can deliver in an advantage way. And that's how we're thinking about all this complexity ahead of us.

Operator

Your next question comes from the line of Laurent Grandet of Guggenheim.

Laurent Grandet

Hey good morning Ramon and Hugh, innovative format to read your results this morning. I like that. I have a follow-up question on energy actually. On Bang how much will you be able to distribute immediately? And how fast are you planning to exit from existing distribution agreements?

And then clearly upside in energy is primarily affecting the U.S., could you help us understand how internationally -- international could benefit from the Rockstar acquisition as in some countries like in the U.K., I mean the current distributor has been communicating that there was no change to its distribution agreement. And also why Bang distribution did it just for the U.S.? So what's the plan basically for international in energy?

Ramon Laguarta

Yes. Hey, Laurent, good morning. Listen, I won't give you a lot of details on the details of the movement from the existing distribution network of Bang to our network. But it will be progressive. It will start in some channels as early as, early May. And I would assume that by the beginning of Q4, it should pretty much be in our tracks. I mean that's how we're thinking about it. There will be exceptions but that should be -- that's our ongoing assumptions.

Internationally, we have very strong energy businesses in many countries with our own brands Sting or Ad Rush in Russia and all of Eastern Europe. Pretty strong brands.

Now, the Rockstar brand and formulations give us another tool to penetrate that market. It's going to be elevated as one of the priorities of the company internationally in our beverage business. And obviously, we will be applying the framework that we applied to any opportunity in our beverage market which is stronghold, battleground, or challenge your markets and make sure that we segment the way we operate our priorities commercially in those markets based on that framework. So, we'll do the same with Rockstar. But you should -- obviously, long-term you'll see more markets carrying our Rockstar brands internationally and being a bit more of an active player in the energy category.

Operator

Your next question comes from the line of Sean King of UBS.

Sean King

Thanks for the question. Mountain Dew I guess returned to growth. Is this the sustainable inflection we were looking for or is there an aspect of the pre-COVID pantry loading to help drive that?

Ramon Laguarta

Listen we've been investing a lot in Mountain Dew. And obviously, there's a return on that investment, right? The growth in Q1 there's been a very good innovation for us that has been Zero Mountain Dew and that seems to be getting a lot of good reception by consumers.

And we knew that we were losing some segment of consumers to other non-sugar brands. So, the fact of having a zero proposition in Mountain Dew I think it's getting some of those consumers back into the franchise.

Our marketing is also obviously helping us to get consumers into higher frequency levels. I think the fact that we now have more freedom to innovate in Mountain Dew and be a bit more intentional about energy would also give us another vector of opportunity for Mountain Dew.

So, I wouldn't say that we're 100% out of the woods in Mountain Dew, but I see a lot of bright spots in how the brand is performing in particular channels. It is now impacted a little bit more than others in convenience stores. I mean that brand has particular higher penetration in impulse channel and convenience stores.

So, the fact that convenience stores are down in traffic and obviously, given the current transportation limitations that impacts Mountain Dew a bit more than other brands.

But obviously as soon as people are driving around and moving around, we'll see that brand coming back and we'll be ready with our commercial programs when that circumstance occur.

Operator

Our final question today will come from the line of Bill Chappell of SunTrust.

Bill Chappell

Thanks for taking my question. Just a quick question on kind of commodity outlook and any changes you're doing or thinking about in terms of near or long-term hedges and how we should look at it in terms of is it largely -- the benefit largely offset by currency in terms of kind of your outlook. I realize you're not giving guidance, but just kind of how we should think about it. Or is there more we just have yet to see as it kind of flows through the supply chain over the next two three quarters? So, any color there would be great.

Ramon Laguarta

Hugh do you want to take that please?

Hugh Johnston

Yes. Yes, I've got it. Hey Bill. As you know we've been sort of systematically buying for a number of years now. We tend to be six to 18 months out. Right now we expect low single-digit commodity inflation both for Q2 and for the balance of the year and that includes transaction FX.

At this point, we're about 80% covered on market-traded commodities and about two-thirds over the entire basket. We haven't made any huge material changes. We did go a little bit longer on oil as the market went so far down as to be in in a lot of cases below the cost of production.

But other than that, I would expect us to continue to run our systematic forward-buying program because it has set us up well for predictability in cost as well as predictability in pricing in the marketplace. So, I think that strategy continues to serve us well.

Ramon Laguarta

Very good. So, thank you all for joining us today and for the confidence that you've placed in us with your investments. We hope that you all stay safe and healthy and we look forward to updating you on -- as the year progresses on our performance. Thank you very much. Stay safe please.