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Speakers

Gerry Gallagher, Deutsche Bank

Zoran Bogdanovic, Chief Executive Officer

Michalis Imellos, Chief Financial Officer

Introduction

Gerry Gallagher, Deutsche Bank

Good morning. Thank you all for joining Deutsche Bank's Global Consumer Conference, virtually in Paris this year and today's call with Coca-Cola Hellenic Bottling Company.

My name is Gerry Gallagher and I'm a member of Deutsche Bank's consumer team in Europe.

It's my very great pleasure to introduce Zoran Bogdanovic, Chief Executive Officer of Coca-Cola Hellenic and Michalis Imellos, the Group's Chief Financial Officer.

In terms of the format of today, our call with Coca-Cola Hellenic is going to take the form of a fireside chat. I have a series of questions to ask Zoran and Michalis, but I would like you guys to interject with your questions from the floor. You can ask your questions via the webpage you are all linked into.

I will ask your questions on an non-attributable, anonymous basis, so please don't be shy in putting your questions forward and I will do my best to interject those as we go through today's fireside chat.

We will aim to be ending around 11.45, Paris time, so about 45 minutes from now.

So with that, welcome Zoran, welcome Michalis, thank you for joining us today.

I am going to start with COVID as you would expect, or maybe by no surprise, we know April was challenging, as it was for many other companies, but at Q1 you did say that you expected April to be the trough; with lockdowns starting to ease, albeit gradually, have you seen any improvement in recent weeks and has this been driven by any countries in particular?

Zoran Bogdanovic, Chief Executive Officer

Thank you Gerry. Thank you for having us and good morning everyone and thank you for joining this chat.

So exactly as you said Gerry, April was the most difficult month and a low point, as we expected, with volume decline of 27% and FX neutral revenue decline by 37%.

And then, as gradual reopening has started in May and since then we do see that also in line with that our business has started a path of recovery. Markets that have started with gradual reopening and by now are open are Switzerland, Austria, also Italy has almost fully opened, except for discos; Hungary, Czech, Croatia, Bulgaria, Serbia, so these are the countries that have already opened up. The red thread everywhere is that everyone needs to provide for physical distancing, social distancing measures that out-of-home outlets need to provide for.

And with that gradual reopening we have also seen a slowdown in declines, both in our volumes, as well as in the price mix as single-serve packages that we serve and sell in those channels started to be ordered again.

Regarding channel performance, we have seen improved performance in the at-home channel, as it is expected. But we also see that even now, after the lockdowns this trend of let's say more of consumption at-home will remain, as we have seen that a number of drinking moments that happen at-home are now amplified and are happening more often.

So we have seen also that in March when there was pantry loading, in April things have eased down, people migrated to proximity neighbourhood shopping with more conscious shopping list. And just a reminder that also in April we have cycled Easter, which this year really was not an Easter as it should be, without really being able to socialise with family and friends.

So in a nutshell, yes we do see gradual reopening everywhere. By end of June all markets should have finished with their lockdowns, including Russia, which has a last wave on June 23rd. Nigeria is already pretty much 80/90% reopened, except for a few states.

And in line with that our business is also having slow but sure recovery step by step.

I'll pause here and back to you Gerry.

Gerry Gallagher, Deutsche Bank

Just following on from that, can you talk about how you're adapting your out-of-home strategy given the current environment and what you're doing to prepare for further relaxation and moving on hopefully to some sort of recovery?

Zoran Bogdanovic, Chief Executive Officer

Yes sure. The out-of-home strategy is absolutely central to our overall business strategy. Out-of-home ranges between, you know, around 30 to 40% - it depends on the market, so it's a very important part and we care about it a lot.

During the COVID period, our teams have kept continuous communication with our out-of-home customers, either with those who have in some form been open with probably home deliveries, but even those that had to close - our teams have remained in a continuous contact to stay in touch and to even help them during this very hard period and prepare them for the opening.

And the fact that we have direct access to these outlets and customers is helping us, you know, to partner probably in better ways than probably many others. And I can give you some examples of what we have been doing.

As I mentioned we supported and enabled our out-of-home customers to deliver, or even build online sales that some of them have done. We further intensified our partnerships with food aggregators to increase our beverage penetration in that food delivery.

And then further on leveraging our at-home channel we have also supported out-of-home through vouchers and coupons. Activated, even substitutional HoReCa outlets where we haven't been necessarily before, like some bakeries, or liquor stores, or drug stores.

We have updated also our customer segmentation, to be able to shift investments to those outlets that will have more relevance in this new situation.

And we also retrained our HoReCa customers, helping them with advices and even how to apply and implement all these new measures that everyone has to apply.

So by now, in all of our countries we have developed HoReCa plans, which have various shapes and forms depending on the country. It may even be sometimes credit extension in cases, how to support them with the well-known established customers. Of course this is on a case by case basis. Also maybe support on their initial ordering with some materials, etc.

So, this has been a critical part of our preparation for the reopening and how we support customers in out-of-home.

To conclude it's going to take a while till all these customers come back to pre-COVID levels. We should be realistic and know that this is going to take all of this year and probably a good chunk of next year. But we are committed to fully stand by and next to our customers and help them go through this for their own business and our joint business. Thank you.

Gerry Gallagher, Deutsche Bank

Zoran, could I just pick up on something you just said there in your answer. You mentioned in some instances providing credit extensions to customers. Is that something we should think about from a cash flow perspective, or is it at the Group level a relatively immaterial event?

Zoran Bogdanovic, Chief Executive Officer

I'll let Michalis go with this one.

Michalis Imellos, Chief Financial Officer

Hi Gerry, good morning from my side as well.

Gerry Gallagher, Deutsche Bank

Hi Michalis.

Michalis Imellos, Chief Financial Officer

Look, we don't expect that this will have overall a very material impact, either on the working capital or on potentially the bad debt exposures for the Group. So we are trying to help customers to really restart in this environment. And also to be able to put some new orders in for the coming months.

We have assessed the risk overall, we monitor very closely, in some cases we do have those instalment plans, in other places we have other kinds of support.

So overall we feel that it's not going to have a material impact overall.

Gerry Gallagher, Deutsche Bank

Okay, thanks Michalis. Just moving on to at-home, obviously there's an opportunity that arises there out of the situation the world finds itself in. Could you talk about what actions you're undertaking in the at-home opportunity?

Zoran Bogdanovic, Chief Executive Officer

Yeah, so we've seen that - I think I mentioned earlier there are so many things now that are happening at home, so we'll a little bit say that there is this whole out-of-home which moved at-home, with meals, with socialising, with gaming, with TV screen, even balcony barbeque if I can call it that way.

So we have adjusted our marketing spend so that together with the Coca-Cola Company we focus primarily on the shop floor promoting products that are more specific for all these occasions. And we also have done, during the period, and even now rerouting all our sales force from idle channels and low intensity channels these days, to outlets in the at-home channel.

Also our focus has been on our core fast rotating SKUs that maximise sales and profit, both for us and retailers, because we have seen also that retailers needed to make optimisation on their end. And we have also shifted our activities and promotions to more simple ones, full pallet activations, to grow our share of visible inventory.

We also supported and are supporting modern trade customers on e-commerce, with relevant line ups and promotions. We have stepped this up and are partnering with many of our customers to help them elevate this. And as I said we are also promoting either multi-serves, but also multipacks of single serves - that is anyway our strategy to develop to ensure that that penetration at home is increasing.

So all that has, I believe resulted with a good result because we see also based on the latest market shares that we have been increasing share in a number of - the majority of countries, which I think is a good checkpoint, proof point that all the activities that we have done have yielded with a good outcome. Thank you.

Gerry Gallagher, Deutsche Bank

Thanks, I was going to move to price mix, but you did mention e-commerce. Now clearly that's a relatively small channel at the moment, but clearly - likewise the situation we're all in has accelerated the opportunities there. Could you expand a little bit on what you're doing on the e-commerce side?

Zoran Bogdanovic, Chief Executive Officer

Yes, well exactly as you said Gerry, at the moment, even before COVID it has been on a relatively low level. However, there are two critical areas. First of all we already had our B2B customer digital selling platform, which we call Hybris and this has been quickly updated so that it could enable also more heavy order taking. And we have seen increases in literally all countries that now every one of our teams could leverage this platform. And that was very useful.

So in countries where it was on a low level, whether it was 1 or 2%, it was doubling, or even in some cases tripling during the last three months. There are a few countries where already ordering through this platform has been around 10% or so. But everywhere there has been the same trend of increases.

Now that pace is not going to continue after COVID with that momentum and level, but for sure this is going to keep increasing. And that is why we will continue developing our own B2B platform.

Just for those who may not know we also have our own B2C platform in Switzerland, which is called Qwell, with home deliveries, household deliveries. And that has been working extremely, extremely well.

But secondly also we have been partnering with our customers to further strengthen their own e-commerce platforms. For example, wholesalers who overnight, with out-of-home customers closing temporarily, they had a capacity to do things. So we work with them on their own D2C solutions to help them do deliveries to households and homes.

We have also shifted our resources to support more e-commerce. And I said also we increased the presence with the SKU line up, improving also how our products are presented in online shops and promotions in the way we do them.

So we have seen also that through this moment of truth situation we have better seen what we need to quickly change and improve, and our teams have been very fast in doing so. And I can only close by saying that our focus, investments, and resources going forward are going to be definitely bigger and we will keep developing this, irrespective of the COVID, but for the future anyway that is part of our strategy.

Gerry Gallagher, Deutsche Bank

Great thanks. So I said I was looking at price mix, so I'll move in now. Pack and channel mix is clearly a headwind, could you talk about any revenue growth initiatives you guys have to mitigate the impact of the negative pack and channel mix? And maybe you can give us a little bit of help as to how we should think about the margin difference between the various channels?

Michalis Imellos, Chief Financial Officer

Yes, I'll take this one Gerry. So first of all let me start with the margins. To your point the difference between the out-of-home margins and the at-home channel margins is relatively small, and I'm thinking at contribution margin level. So that's within a couple of percentage points, with out-of-home being higher than at-home. And that's because even though the out-of-home has got a higher revenue per case compared to the at-home channel, it also has higher cost of sales given the skew in this channel - the out-of-home, towards smaller packs.

And also the out-of-home has higher cost to serve because it involves more sales force per case that is being sold, it's more fragmented, more picking at the warehouse, given that we deliver primarily mixed pallets, more cooler placements per case that is being sold. So it has quite a lot more of, let's say, costs and overheads. And therefore at the end of the day all things being equal, as I said, margin wise not a big difference.

At the moment, the whole story that we see in terms of the margin impact of COVID is primarily and by far one of volume de-leverage. We've lost, as Zoran was mentioning earlier as well, we've lost a significant chunk of volume. And this leads to a significant under-absorption of fixed costs. So that's one.

If you look within the price mix, so putting the volume aside - the volume decline aside, if you look in the price mix by far the biggest negative impact is around pack mix. So, that is by far the biggest negative impact. And then, we have the channel shift, which is negative, but much smaller than pack.

Category is actually positive, if you look at the evolution of categories, excluding the impact of Coffee, because we discontinued Lavazza last year, we don't have Coffee this year, so that is by its own a negative development. But if you exclude Coffee, Sparkling and Energy have proven very resilient during the crisis. In the month of lockdown Sparkling was declining at less than half the rate of Water, Juice and Tea. And then going into May we see Sparkling really declining now high single digit, which is a very good improvement compared to the nearly minus 20% that we saw in April for Sparkling. And Energy is back to growth, so low single digit growth, but positive. Whereas Water, Juice and Tea have recovered a little bit but not that substantially.

So categories are in good shape, price also is in a good shape because we had already taken some pricing in a number of markets, including Russia before COVID. So all in all within price mix it's all about pack.

And as we also see from the May performance, pack mix is starting to recover, so from the lows of April where single serve by volume was around 30% compared to something like 45% before the outbreak, we see that in May the single serve volume is edging higher from that 30%. It's not yet at the pre-COVID levels, but it's getting better. And it's important to understand that as we recover gradually volume, we recover it primarily in single serves, because even if you look at April, 80% of the volume lost in April came from out-of-home, which is predominantly single serve volumes.

So as we see margins recovering we will see that by volume coming back, so the volume deleverage effect alleviating and within that the vast majority of that volume being single serve.

Within - comparing between channels to your question, not a huge concern right now, I would say it's number three, because - exactly to my point earlier, the profitability between out-of-home and at-home is very similar.

Now, you asked about some of the revenue growth management initiatives. So we are doing a lot of work right now to understand how COVID can affect in the mid-term, occasions, consumer habits, even the pack preferences. So we are looking also at what impact affordability is going to have on the choices that consumers will make.

So all this is now work in progress in order to really identify new occasions, potentially new packs, more premium offerings for at-home consumption, how e-commerce will increase its relevance, back to Zoran's point earlier. And this is what will be coming in the next two to three months and shaping how our strategy will be modified overall to capture those opportunities.

Gerry Gallagher, Deutsche Bank

Thanks Michalis, so there's - you know to state the obvious there's a huge amount of work and moving parts here in terms of product, pack mix, channel, volume, etc. But just to summarise and be far too simplistic, but in terms of the main driver of your margin recovery it is first volume and then the other variables behind that, would that be fair?

Michalis Imellos, Chief Financial Officer

Absolutely, volume is number one, pack mix is number two and then all the rest are much, much smaller in terms of impact.

Gerry Gallagher, Deutsche Bank

Great. Thanks very much. I've had a question come in from our audience and it's sort of related to this.

Based on your experience over the last few months is your B2C platform in Switzerland something you could replicate in other markets?

Zoran Bogdanovic, Chief Executive Officer

In short yes, in some form and fashion, it may not necessarily mean to be exactly that replication. However, we are very active in looking in other markets what are the ways - how we can position ourselves in the B2C area. Also in Austria we bought a stake in one start-up company, so we are part of that story now, which does household and D2C purchases and deliveries. And that has been very insightful.

So we are examining as we speak what could be the priority markets where we will develop it in some way. And I would be pretty sure that over the rest of the year and even more next year we will be seeing more of these examples also in other markets.

Gerry Gallagher, Deutsche Bank

Great thanks. I'm going to move on to a bigger picture question next and it's the relationship with the Coca-Cola Company. So how have you adapted, if at all, the way you collaborate with the Coca-Cola Company given the COVID environment? And how do you manage potential conflicts that may arise between short term cost savings and long term business opportunities?

Zoran Bogdanovic, Chief Executive Officer

Yes sure. Look, I would highlight that one of the strengths of the business for us and for the Coca-Cola Company I think it's the strength and quality of the relationship that we have, before COVID, but I have to really say that during COVID it passed a heavy test as that strength of the collaboration has been very visible at all possible levels.

I was very pleased to see how quickly together we have reprioritised. We have been fully aligned in our initiatives that we are doing across the markets. We have been fully aligned - the top three priorities have been number one cash, number two profit, and third competitiveness - meaning our share position in the markets.

And literally everything that we have done none of us has done alone, we've done it together. Everything is in full link and sync of interaction of our teams which happens on an informal and formal basis on a weekly / daily level.

We also had with the Senior Leadership of the Coca-Cola Company from James, Brian and John, system wide global meetings where we exchange and share best practices and learn fast from each other. We've learnt from China, many have learnt also from us from Italy. So that was on that high level.

And then in every single country our teams have been working very, very closely to focus on high velocity and high profitability products, reallocation of resources, whether that's marketing funds or people. Reconsidering also what we do with new launches, because in some cases we have already launched something before the crisis, but we have also aligned how do we face the things that were in the plan for this year, what happens and what will happen next year.

And I'm also pleased to say and I will conclude with that - that we are already - after we have sorted ourselves for now and pretty much for the rest of the year we are already putting our heads together for the initiatives - what we want to drive towards the end of the year and through the next year. And we are doing that together in full partnership. Thank you.

Gerry Gallagher, Deutsche Bank

Right, so you talked about - and we touched a little bit on the investment there, can you sort of expand that answer to capture Costa and what you're doing in terms of plans to rollout and whether you had to alter things a little bit there given where we're at?

Zoran Bogdanovic, Chief Executive Officer

Sorry, did you say on Costa?

Gerry Gallagher, Deutsche Bank

Costa, yes.

Zoran Bogdanovic, Chief Executive Officer

Yes. So Costa was right from the beginning in our original plan a critical launch for this year and that never came into question. We only were delayed three weeks, so instead of beginning of May we started end of May.

So we started in the first three markets, which is Bulgaria, Hungary and Poland. And already since then - we launched in Romania and by July we will be launching in another wave of countries like Greece, Switzerland, Ireland, Northern Ireland, Croatia and Slovenia. And by the end of the year we will have more markets, including Russia.

So relevance has been, I would argue even bigger, because right from the start our plan was to firstly focus on the at-home channel and this is where we started. And we will then gradually, by the end of the year start addressing and penetrating in at work, as well as out-of-home, as bars, restaurants, hotels are opening.

And just to say that in our case we will be looking into all channels and that is why the product portfolio will be all the way from whole beans, roast and ground, pods, ready to drink and also the famous Costa Express machines that we will be placing in well targeted locations.

So just for everyone to know when we talk Coffee that it is not only ready to drink, in our case it's actually a very small part, but everything else is a much bigger portion of consumption and we are going after all of that. Thank you.

Gerry Gallagher, Deutsche Bank

Thanks, so Zoran your answer there has made me think a little bit about innovation and you've had a strong pipeline over the last two or three years. Could you talk about what the current environment means for innovation, do you intensify it, do you drop it back? And also how do you think about the opposite one, how do you think about the alternative to innovation in terms of rationalising SKUs, given the current situation we're in?

Zoran Bogdanovic, Chief Executive Officer

Yes, well, innovation - even irrespective of COVID it remains an important driver of our growth algorithm. It has been so before, but it will stay in the future. However, together with Coca-Cola Company we have also gathered some learnings and we have evolved our thinking that it's not about the quantity of innovation, but going forward it is more about things that will be more prioritised that will have possibly bigger scale and impact across at least several markets for a given innovation.

Costa is a fabulous example of that, or Aquarius, or Coke Energy. But sometimes cases of a flavour which happens on one brand in one country, I don't think this is necessary and this is where we are fully aligned.

So I think it's going to be more - you will see going forward more prioritisation, more choices being made for bigger impact and also respecting even with more discipline the element of profitability.

What you asked about, the reverse side, this was happening also even before COVID, but now this also heightens the discipline even more when it comes to rationalising and killing those SKUs and parts of the business that don't perform. We always saw that adding SKUs and new products has to go hand in hand with eliminating also the lowest performing, lowest profitable SKUs. So that discipline and routine stays, I would just say with even more scrutiny going forward.

Gerry Gallagher, Deutsche Bank

Thanks. If we move on we've talked a little bit about trading down in terms of pack formats, could you talk a little bit about the consumer and trading down in the sense of trading out of your products into cheaper alternatives from the competition? And also whether competitor activity has intensified recently around your markets given COVID?

Zoran Bogdanovic, Chief Executive Officer

In general we've seen only a few markets where competition has maintained, I would say, the usual way of spending. But experience over three months has shown that it's not about the quantity of spend, it's more what is the content and what is really needed and what is relevant in this type of situation, where I think that out teams have responded quickly to focus on the shop floor, on various combinations, whether with food items, or with premium spirits for mixability at home, just to name some examples.

And as a result of that we see that in the majority of markets we are gaining share, in some markets quite significantly, which is a proof point that that quick reaction was very well done and has respected how consumers have been shopping, what they were looking for and what was relevant to communicate.

So in the majority of markets you know we haven't seen anything that was in any way worrying. We do see the in some markets competition has proceeded with some innovation and like always it happens, it does give some short term boost and in some cases where this has happened we have already further readjusted plans as a way of our response.

Gerry Gallagher, Deutsche Bank

Great thanks. I'm just going to ask a couple of questions on specific markets. Firstly on Nigeria, you know it's been competitive in the past, causing some rebasing of the market's pricing structure. Could you talk a little bit about the operating environment in Nigeria at the moment?

Zoran Bogdanovic, Chief Executive Officer

Yes, well I think the good thing was that Nigeria was not for too long in lockdown. Obviously the business has negative trading during the lockdown. However, with lockdown measures being lifted in almost the whole of Nigeria, not yet fully, but almost fully - also the positive trading has resumed.

Just as a reminder we had excellent and above expectations Q4 of last year, a very strong Q1 and I'm very pleased that at the end of May and now in June we are in a very good trading again.

This situation coupled with FX movements, driven also by the oil situation, all that also led to actions that competitors also followed what we have done from the beginning of the year, meaning some positive price adjustments in various shapes and forms. Whether that's through downsizing while keeping the same price, whether that's a reduction of their promo spend, or headline pricing increases in a number of regions.

So we read that as a very positive sign, because what the industry needs in Nigeria is it needs good balance, a healthy balance between volume and also price mix and that was good to see.

So in conclusion our trading has been quite pleasing and I'm happy that throughout this whole period we did not have any interruption of our business and product supply as our teams have secured a continuous supply of all raw materials. This may not be the case maybe for some other players in the market where there were some hiccups, that's why I'm really pleased and proud of what the team has done and how we were constantly present and available with our products for all of our customers.

Gerry Gallagher, Deutsche Bank

Great, so it sounds - based on your answer that the market is being relatively rational and it doesn't sound like the oil price has had too much of an influence on the Nigerian market. What would you say to the oil price and Russia?

Zoran Bogdanovic, Chief Executive Officer

Michalis maybe you want to take this?

Michalis Imellos, Chief Financial Officer

Yes, Gerry, just to say that as far as the oil price is concerned in Nigeria we feel it more on the FX front, because we have seen a depreciation of the naira and you know right now there are some challenges in terms of liquidity, hard currency liquidity in the official market. So I would say at this point in time that's the more evident, let's say impact.

Less so I would say in Russia, even though we did have a short term spell of the rouble being severely affected by the low oil prices, since the gradual recovery of the oil prices we have seen the rouble correcting quite significantly. So now it stands at some very good levels I would say. And it seems that in that way it can be conducive to the country weathering the crisis a little bit easier.

Now we need to see obviously from a macro perspective because also for Russia the outlook for this year for GDP is for contraction, somewhere in the mid single digit sort of level. And with that we need to see how this will affect consumer confidence and overall disposable income. However, you know as we were discussing, the process of recovery in Russia is a little bit slower even though not as deep of a contraction in terms of our volumes as we have seen in Established markets.

So I guess that in the second half of the year we will see some good meaningful recovery in Russia, supported also by the macros and as I said the good levels of the forex.

Gerry Gallagher, Deutsche Bank

Great, thanks very much and for touching on the macro consumer impacts as well as the oil price, that was very helpful Michalis. I've just probably got time for two more. The next one - could you just talk a little bit about the regulatory environment, sugar taxes, etc, pack sizes or whatever and what COVID has meant in terms of the topic of regulation, if indeed it has meant anything?

Zoran Bogdanovic, Chief Executive Officer

So that topic has been a big and relevant topic before COVID and I don't see that it got any more of an increase than what it already had, so it's going to stay there.

However, what we have seen is that some governments, namely Italy and Poland, which were supposed to introduce sugar and plastic taxation this year, it seems most likely that this is pretty sure that they will be moving this to 2021, which is a very good sign of their sensible thinking, understanding that this would be just unnecessary additional burden for an economy where we are all looking at how to revive it for everyone's interests.

So by the fact that this is moved to next year this gives us more time, you know, to find even alternative solutions of how to achieve government objectives with solutions that can even better work for all stakeholders.

This topic remains; we are actively investing time and resources in our part of the responsibility for which we are active partners in the industry and with governments and always trying to find solutions.

Even in cases - I just want to say when eventually taxation happens based on so many learnings within our territories, even within the broader Coca-Cola system we do adjust our approach with brands, with packs, and sizes and prices and eventually I don't see that this is any obstacle to the growth potential that we have across our territories. But I just want to assure that we are very actively working on that and finding our part of the solutions and finding solutions for any country which has this as a topic.

Gerry Gallagher, Deutsche Bank

Great thanks. I've got a number of other questions but we've probably only got time for one more. So I'm going to end with the dividend. Clearly a number of companies out there have cut the dividend or even in some instances abandoned the dividend. Could you guys just give us your latest thoughts as to how the Board thinks about your dividend moving forwards?

Michalis Imellos, Chief Financial Officer

Yes Gerry, let me take this one. The Board will propose the 62 cents dividend for the full year - related to the full year of 2019 at the Annual General Meeting next week. We see that we had strong overall performance in 2019, which is what obviously this dividend relates to. And given our solid balance sheet and good level of liquidity, which is more than adequate to fulfil all our obligations and also to cover any investment plans and potential bolt-on acquisitions that might come our way this year, we feel that we can comfortably afford to pay the dividend, so we will go ahead.

Gerry Gallagher, Deutsche Bank

I'm going to be cheeky, Michalis, on the back of your answer there and ask just one more on bolt-ons. Are current events providing opportunities, or is it too early and maybe the bid offers spread between potential sellers and potential buyers is too wide and we need a little time to settle down. What's your read of the latest M&A opportunities that are out there?

Michalis Imellos, Chief Financial Officer

Look I think Gerry the general impression out there is that this crisis will be very short lived and the impact will be recovered either very quickly or fairly quickly. And to some extent we see that also in the progress of the stock markets. So we don't see any potential seller having you know an inclination to try to sell at a discount compared to the pre-COVID levels, because exactly they feel that this whole crisis is temporary.

So unless a business is really in some kind of liquidity stress we don't see that anyone will be moving on the price. So this kind of classic view that this is a good sort of period to find opportunities from a price perspective, it's not something that we see out there.

So we continue to do our work on the merits of those target businesses that we have in our pipeline and as the right opportunity arises from a price and timing perspective we will move.

Gerry Gallagher, Deutsche Bank

Great, thanks Michalis, we're two minutes over time, I'd just like to thank you both from Deutsche Bank's perspective but more importantly from our clients' perspective, who are dialling in, for your answers to my questions. I thought they were very informative and very helpful for all of us who have dialled in. So thank you both again and I hope everybody stays well. Thank you very much.

Zoran Bogdanovic, Chief Executive Officer

Thank you very much, thank you all for joining, thank you.

Michalis Imellos, Chief Financial Officer

Thank you very much Gerry, thank you everyone, bye.

Gerry Gallagher, Deutsche Bank

Thank you guys, goodbye.

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