Q3 2010 Earnings Call

Company Participants

- Constantino Oliveira, CEO, President, Director
- Leonardo Porciuncula Gomes Pereira, CFO, Director
- Rodrigo Alves, Capital Markets Officer

Other Participants

- Caio Dias, Analyst
- James Parker, Analyst
- Michael Linenberg, Analyst
- Nicolai Sebrell, Analyst
- Rodrigo Goes, Analyst
- Stephen Trent, Analyst
- Victor Mizusaki, Analyst

Presentation

Operator

Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to GOL Airlines Third Quarter 2010 Results conference call. Today with us, we have Mr. Constantino De Oliveira Jr., CEO, Mr. Leonardo Pereira, CFO and IR Director. And Mr. Rodrigo Alves, Capital Markets Officer. We would like to inform you that this event is recorded and all participants will be in a listen-only mode during the company's presentation. After GOL's remarks, there will be a question and answer session for analysts. At that time, further instructions will be given.

(Operator Instructions)

Today's live webcast, including both audio and slide show maybe accessed through GOL's website at www.voegol.com.br/ir. Before proceeding, let me mention that forward-looking statements will be made under the safe harbor of the Securities Litigation Reform Act of 1996. Forward looking statements are based on the beliefs and assumptions of GOL management and on information currently available to the company.

They involve risks, uncertainties and assumptions, because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of GOL and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to the CEO and founder, Mr. Constantino Oliveira, who will begin the presentation. Mr. Oliveira, you may begin your conference.

Constantino Oliveira {BIO 3888521 <GO>}

Hello everyone. And thank you for joining our Third Quarter 2010 Results Conference Call. Let's begin the presentation by going to slide number five, which shows the quarter's highlights. 2010 was a whole -- is presenting higher than expected growth. And the Third Quarter 2010 was another quarter with a positive scenario.

That said, October's truck figures, which we disclosed at the beginning of this week, showed that the industry is continuing to grow in the Fourth Quarter, in line with what we have already seen this year. As for routes, GOL continues to believe they will remain stable in year-over-year terms. The main factors that have led to increased demand are these; a strong GDP growth, the emerging middle class higher share of population. This group is growing every year and has leisure and travel in third place on its consumption wish list. And the simplification and expression of access to travel by the airline, allowing more people to fly for the first time or increase their number of flights per year.

This factors together with GOL's strategic positioning, which you can see on slide seven leads to increasing both operation, thanks to the company low cost, low fare philosophy. Focusing on Brazil domestic market and undergoing consistent growth while encouraging demand and improving profitability and debt indicators. We believe that that means of achieving even greater profitability is to maintain our constant pursuit of innovation, higher productivity and lower cost.

GOL aims to become increasingly recognized, competitive and be the best airline to fly with, work for and invest in. The company believes that its focus on the domestic market will play a crucial role in helping it reach these objectives in the coming years. Given the upturn in demand, it is worth mentioning, a frequent question from investors regarding Brazil's airport infrastructure, considering that the country will be hosting two major events, the World Cup in 2014. And the Olympic Games in 2016. This is an extremely important issue and has led to a great deal of discussion in the industry.

On slide number nine, we show the information released by Infraero concerning the airport sector's main scale investments. The aim of this slide is to add a bit more color to the discussion, which we regard as highly positive. And which will certainly help to develop the issue. The scale investments described on this slide show that there is ongoing expansion program, which (emphasize) the expansion of the country's leading airport, which is absolutely vital for the industry.

We know that the industry has been recording higher than forecast demand growth indicators over the last 20 years. And we therefore believe that there will always be a need for new projects, new airports. On the other hand, we also believe there is now less risk of a systemic collapse due to the lack of investments.

Finally, before handing you over to Leonardo, our CFO, I would like to say something about the organizational risk (tutoring) we concluded in October when Captain Adalberto Bogsan took over as a technical vice president of GOL. This was a natural succession process, in which Captain Fernando Rockert played an active part. And I would like to take this opportunity of thanking Fernando Rockert for his commitment, professionalism and dedication over the years.

As a result of the reorganization, the supply area now reports to the customer and employees' vice president. And the aviation asset area, the fleets area, reports to the finance strategy and information technology vice president, which is Leonardo, who will talk with you later.

Thank you very much. And I will now hand you over to Leo, who will comment on our results and strategy in more details. Please Leo.

Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

Thank you, Junior. Good morning, everyone. Let's move to slide 11. And where I would like to make some remarks about our fleet plan. We are maintaining the original fleet planning. But in order to maintain the original fleet plan, we have signed an agreement to acquire up to 30 aircraft, 737-800 NG to be delivered between 2014 and 2017. This is part of our strategy to keep our fleet new (technical difficulty).

Operator

Please continue to hold. We are reestablishing the connection with the GOL speaker. Thank you. (inaudible) Thank you for your patience. Please continue to hold. The GOL call will resume shortly. (inaudible) Please continue to hold, GOL is experiencing a technical problem. And they are expected to return shortly. (inaudible) The speaker line is reconnected, please proceed with your call sir.

Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

Okay. Thank you. I'm sorry, we had a technical problem here. I don't know when I was disconnected. I'm going to assume that the slide 11 was covered. And that based what's shown here. And of course we'll take questions on the fleet as I wrap up. So going -- starting again on slide 13, our revenue year -- we can see looking at the last five quarters that if you consider the seasonality, our revenues have been increasing gradually as the RASK. If you're looking at the CASK and the CASK ex-fuel, it's coming down.

The CASK ex-fuel in the Third Quarter of '10 was slightly higher because of maintenance. But other than that it's inline with what we have indicated. As a consequence, our EBIT margins are back to where we want them to be. And in line with what we have been indicating, which is to gradually increase the EBIT margins over the last few quarters and in the quarters ahead. And consequently our EBITDA in the Third Quarter was BRL381 million, which was 21.3% margin.

Moving to slide 14, I just would like to highlight a couple of things. In order not to repeat, the income -- on the operating side, I have already commented, the income taxes were -- show us a significant number, because there are temporary differences due to the impact of the exchange valuation from the finance leases. But most of this BRL57 million number is not -- does not have a cash impact. The current income tax was only BRL1 million. Also because of a positive exchange variation, our net income in the quarter was BRL110 million up from BRL78 million in the Third Quarter of '09.

Because we have higher EBIT, our ability to generate net income on a consistent basis is stronger as we had anticipated in the past. On page 15, we have concluded the process of stretching out our debt. If you look at the debt amortization schedule, we have basically no refinancing risk for the next few years. Our goal was to have no refinancing risk for the next three years. Now we have basically no refinancing risk throughout 2014.

Also, we have issued debentures and 10-year notes to stretch out our debt without compromising our commitment to deleverage the company over the next few quarters. If we move to slide 16, we'll see very clear financial indicators that demonstrate that. If you look at our total cash to net revenues, they are up to 26.3% of net -- of last 12 months net revenues, up from 11% a year ago.

We continue to feel confident that by year end we will have close to BRL2 billion in cash. Our EBITA to interest expenses are 4.2 times, up from 4 times a year ago. And our gross adjusted debt to EBITDA is 5.6 times. If we look at our net debt to EBITDA, it's less than 4.5 times, down from 6.1 times a year ago. And our short term -- our total cash to short term debt now covers 5.2 times of our obligations in the next 12 months.

So those are my remarks. We are very focused. We continue with a very simple strategy. And we feel confident that we will continue delivering the results in the next quarters as we have been delivering results for the last 2.5 years. Thank you.

Operator

Are you ready for questions now sir? Thank you. The floor is now open for questions.

Questions And Answers

Operator

(Operator Instructions) The first question is from Jim Parker, Raymond James. Please go ahead sir.

Q - James Parker {BIO 1506864 <GO>}

Hi. Good afternoon Junior and Leo. I have a couple of questions. One, the tax rate, I'd like to know the book tax rate. You mentioned that taxes are BRL57 million. I'm not interested so much in the cash. But the book tax rate in calculating earnings per share. So it's BRL57 million, is that correct?

A - Rodrigo Alves {BIO 16461207 <GO>}

Yes. It is correct if it happens because in Brazil, the fiscal account in (fiscal) can -- they don't consider our finance leases and other positions we have in dollars under IFRS. So we generate a temporary difference between IFRS and the Brazilian law. And the rate is a straightforward 34%.

Q - James Parker {BIO 1506864 <GO>}

Okay. So the real -- the rate is 34%?

A - Rodrigo Alves {BIO 16461207 <GO>}

When we have the temporary difference.

Q - James Parker {BIO 1506864 <GO>}

Yes, okay Rodrigo, that's good. Just going further here, if you look at your net financial result on page 10 of your earnings release, items there one --

A - Rodrigo Alves {BIO 16461207 <GO>}

This is (35 year) -- we have no cash impact on -- when we have what we call these temporary differences or when we have the deferred income tax --

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

Yes, because this is a deferred income tax.

Q - James Parker {BIO 1506864 <GO>}

Okay. Again, I'm interested in your book tax rate there. Okay, looking at your net financial result there, two items here. One is the exchange variation. I understand that BRL90.5 million, I'm excluding that. And then also the hedge results at BRL47 million. Would you explain is that mark-to-market, is all of that mark-to-market. And how much of it is in period, current -- hedge losses in the current quarter?

A - Rodrigo Alves {BIO 16461207 <GO>}

Cash losses in our hedge results are BRL12 million. The balance is only mark-to-market.

Q - James Parker {BIO 1506864 <GO>}

Okay. So essentially out of the BRL47 million, your BRL12 million in the current quarter. And then you're talking about BRL35 million from mark-to-market of future hedges?

A - Rodrigo Alves {BIO 16461207 <GO>}

Mark-to-market, yes.

Q - James Parker {BIO 1506864 <GO>}

Okay, that's good. All right, that will catch me up on my questions. Thank you.

Operator

The next question is from Nick Sebrell, Morgan Stanley. Please go ahead.

Q - Nicolai Sebrell {BIO 7321622 <GO>}

Hi Junior and Leonardo, gentlemen. Looking at your fleet plan, the expansion you have planned going forward seems somewhat conservative relative to what we might expect in an average growth market. Does this reflect the decision to increase load factors or do you think growth might slow in future years, or is it conservatism or something else? It's my first question.

Then could you comment maybe on the competitive environment? We've obviously seen some M&A in Brazil and in Latin America in general. And I was wondering where you feel GOL fits into that. And maybe if you can comment whether you'd be open to M&A or you feel it's better to keep GOL the way it is? Thank you.

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

Okay, the first question, Nick. We are not anticipating at this stage a slowdown in the economy, however when we are talking about decisions of fleet, we rather want to be prudent, because we know that it's relatively easier to bring planes in than send planes out. So our fleet plan assumes first that we still have room to improve efficiency in terms of block hours. Secondly, we are bringing planes, the 800s that have more seats. Third, as the demographics in Brazil are better balanced, we can increase load factors.

So what we feel that we can deal with this fleet plan. And we rather have to, if needed, to bring planes on a operating lease basis if needed, then make a commitment at this stage that for something that we know, that could jeopardize the results of the company in the long run, okay. So we continue to feel -- to be optimistic about Brazil. We feel that there is demand. We'll be -- we want to be a major player in the domestic markets. But we just don't want to make a decision that can lead us to mistakes. As we said, we want this company to be a long term player. And to create value in the short, medium and long term for the shareholders.

Q - Nicolai Sebrell {BIO 7321622 <GO>}

Okay, that --

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

And the second point regarding the M&A, we believe, we understand the change that are happening in the world and in Latin America. And we are not close to that. But we also believe that our model is sustainable on a standalone basis. Having said that, of course we'll look at things if they come up. But we have nothing at this stage that we should disclose. So if on one hand we can understand that we can be successful on a standalone basis, we are not ignoring what's happening around us.

If you look at what we have done in the last 12 months in terms of building bilateral agreements, in terms of alliance, it has been also a change vis-a-vis what we had done before. So we are reacting. And also we are being proactive in a way, because we are doing things -- we want the GOL shares to be in place, we want the frequent flyer programs to be in place. And we are assessing with the partners what else can we do together. And we are looking at, with our partners, what we can do in terms of maintenance together and the other things together.

Q - Nicolai Sebrell {BIO 7321622 <GO>}

Okay, that makes a lot of sense. And a related question, is there flexibility within your plan going forward of maybe adding a different plane type? I mean you already had some 767s that you run charter. Would you consider maybe going to a smaller plane, the Embraer or maybe turboprops or is that -- that would be very different from your plan?

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

No. Yes. We don't have anything against other planes. But considering our model and what we want to be in a few years from now. And considering the change that we are going to -- that we expect to happen in infrastructure in Brazil, we think that at this stage the right plane for us, for our model is the 737-800. We'll see --

Q - Nicolai Sebrell {BIO 7321622 <GO>}

Thanks Leonardo. Thank you.

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

About 767-700. But in other words the new generation 737s are the right planes for us.

Q - Nicolai Sebrell {BIO 7321622 <GO>}

Okay, that makes a lot of sense. Thanks.

Operator

The next question is from Rodrigo Goes, BTG. Please go ahead.

Q - Rodrigo Goes {BIO 6232382 <GO>}

Hi guys, just a couple of questions. And you might have talked about this during your opening remarks. But if we look at your guidance, which you reaffirmed for this year, it would imply a fairly significant ramp-up in revenue generation I guess in the last quarter of the year. Given what you've seen so far in terms of yields and load factor trends over the past month and a half or so, would you say you are -- how comfortable are you with meeting that guidance? I guess you've reaffirmed it. So you're fairly comfortable. But I was wondering if you could give us some additional color on that.

And the other question regarding next year, as you look at what other players are doing in terms of capacity expansion, you sort of come to the conclusion that we're looking at another perhaps 15% plus ASK growth situation. I'm not sure if that's your understanding as well. But that's more or less where I get to. In that context, what do you think we're looking at RASKY expansion for next year? It doesn't seem like a very encouraging situation. But I was wondering if you could give us a little bit of color on that as well.

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

Rodrigo, your first question, we continue feeling comfortable that we will meet the targets. It's not an easy task. But we are working hard towards that and we are not feeling comfortable to do the opposite, which is to say that we are not meeting a minimum EBIT margin of 10% for the year. The second thing about the guidance. And we understand how important it is to give guidance for 2011. But we still need to have our budget approved by the board before we give this guidance, which we expect to be able to do in the next few weeks. Most likely we'll not wait, as we did last year, we will not wait until we release the Fourth Quarter numbers to give the guidance for 2011.

Q - Rodrigo Goes {BIO 6232382 <GO>}

Yes, I wasn't talking about guidance. I was wondering if you could talk about the market as a whole, right? Not necessarily (multiple speakers).

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

Yes. The market as a whole, we feel -- it's also a trick here, because if you -- let's go one year ago when everyone was thinking Brazil was growing at 4%, 5% this year, right? And we know that our -- the RASK is a function, right. And the growth is a function of the Brazilian GDP. And now we have a situation which is totally different than what it was a year ago. If we assume that Brazil will grow at (3%), yes, around 4.5%, we will be seeing that our demand will probably grow at between 2.5, 3 times that number.

Q - Rodrigo Goes {BIO 6232382 <GO>}

Okay. All right. Thank you, Leo.

Operator

The next question is from Michael Linenberg, Deutsche Bank. Please go ahead.

Q - Michael Linenberg {BIO 1504009 <GO>}

Oh yes, hi and good morning Junior, Leo and Rodrigo, two questions. I guess just to start off, when we look at the traffic data that's come out of the (inaudible) from yesterday October. And we look at September, August, July, you can see the share gains being made by some of the other smaller carriers such as Azul, Web, TRIP etcetera. How much of this is overlap in your markets or is this predominantly in markets that I would characterize as niche markets? Can you give us some color on that?

A - Constantino Oliveira {BIO 3888521 <GO>}

Yes, Mike, I think it's more on the niche markets. And we track our -- all of our routes. And we are not doing bad. And we are not losing market share in our routes. As the market expands, there will be more people flying out smaller airports, which is okay. Brazil is growing, the demographics is changing and will be changing.

There will also be an opportunity for us as we can fly to more cities in Brazil. We are open to have code-share with those airlines, as we announced the code-share with (Noara) in the northeast of Brazil. So I think what we are seeing here is a movement that's not because of us. It's because other players are going to niche markets.

Q - Michael Linenberg {BIO 1504009 <GO>}

Okay. Then just my second question, in this quarter we did have traffic up a lot, we also had yields up several %. So it was a nice development given the strong demand. As we move into the Fourth Quarter. In June, already you've provided some guidance on October. But as we look through the quarter, how should we think about yields on a year-over-year basis? And I do realize that last year there was the impact of some of the heightened fare -- low fare activity. There was some stimulated fare actions that may have artificially brought down yields. I mean how -- as we move to the quarter, what --?

A - Constantino Oliveira {BIO 3888521 <GO>}

Look. First of all we just want to -- we confirm that we feel that the market is much more in equilibrium this year. But on the other hand, let's not forget that we have the ability to offer lower fares if people plan in advance. So I rather at this stage stick to what we said, that year-on-year we should not expect an increase in yields. We should expect good performance of load factor. And we should expect higher margins compared to last year.

So what happened last year? Of course we showed and we discussed that a lot. We showed positive margins. This year we are showing higher margins. But we want to have the ability to be able to offer lower fares.

Q - Michael Linenberg {BIO 1504009 <GO>}

Okay, very good.

Operator

And next question is from Stephen Trent from Citi. Please go ahead sir.

Q - Stephen Trent {BIO 5581382 <GO>}

Hi. Good afternoon gentlemen. One or two of my questions have already been answered. But I kind of wanted to get a little bit of your take as to the global environment, let's say. We have probably some pending M&A involving one of your main competitors. We're seeing two other Latin airlines announcing that they're joining the Star Alliance in the next two years or so. I'm wondering what's your thought as to how you see yourselves fitting in here. On one level, I see you doing code-shares with a smaller airline you mentioned, forgive me, I don't remember the name.

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

(Noara).

Q - Stephen Trent {BIO 5581382 <GO>}

Exactly and thank you. And you seem to be going towards cash preservation on the balance sheet as opposed to buying one of these smaller airlines. As we look down the road. And probably we get somewhat relaxed foreign ownership restrictions in Brazil, do you see yourselves in that picture kind of steady state, or do you believe that telephone is going to start ringing more frequently from global airlines looking to buy?

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

Look Steve, that's a good question. I want to reaffirm that we are looking, not only as managers. But the board looks at that very cautiously. We have and we have always had strategic advisors who help us reflect about this. So it's not from the last three months that we have been thinking about this situation. We assess how the alliances are moving. And I think what we have done in the last 12 months in terms of building individual alliances is clearly a response to that. It's very much a decision. In fact the (comp) that we have to be part of the trend, that doesn't necessarily mean that we have to do a cross ownership movement.

We have to be open. We have to understand the movements. We have to be proactive, because there is also another thing that's very important. And these two points I would like to highlight. First of all, we have a clear mandate from the shareholders, that this, the low cost model needs to be preserved. So independently of what may happen, we need to preserve the low cost model, because that's how the demographics of Latin America are. So if the low cost mode in another places is successful, here in Latin America it has all the reasons to be even more successful, it needs to be preserved.

And second of all, the shareholders who want to be in this business in the long run. So in the premise of what we do, the shareholders want to be active operators in this environment. So having these two anchors ahead of us, that's how we're going to be navigating in the next few years, okay. So we have a -- we have a reflection. We want to be proactive. If the opportunity come up, we will be looking at them. But we want to make sure that we preserve the low cost model. And we don't go into a situation that we go and have a situation that can put the company at risk. That can have a negative impact in the company's performance. So we are also going to be prudent in anything that we do.

Q - Stephen Trent {BIO 5581382 <GO>}

Okay, that's very clear. That's all for me. Thanks Leonardo.

Operator

The next question is from Victor Mizusaki from UBS Brazil. Please go ahead.

Q - Victor Mizusaki {BIO 4087162 <GO>}

All right. Good morning. I was taking a look on your guidance for 2010. And in this Third Quarter. You are basically at similar higher GDP growth. And consequently you're moving towards your estimate for the Brazilian RPK growth. But at the same time you did not change your -- GOL's guidance for RPK load factor and yields. So my question is, your guidance of 10% off a big operating margin for 2010, can we assume that this is a little bit conservative?

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

Look Victor, if you look at -- on a standalone basis, you are right. However, we made -- we did some expenses this year, that at the beginning of the year were not contemplated. Let me give you an example. We spent close to BRL30 million in getting back to 767s to fly. And now of course we have seen some results.

But we had to -- we are anticipating some maintenance in this quarter. So we in order to prepare the company for the long run, maybe we get slightly more than what we were expecting. So although we are sticking to our guidance, we'd rather be prudent at this stage and stable. So we are going to be in the interval. But we are not revising it up.

Q - Victor Mizusaki {BIO 4087162 <GO>}

Okay. Thank you.

Operator

The next question is from Caio Dias, Santander. Please go ahead.

Q - Caio Dias {BIO 21849043 <GO>}

Good morning, gentlemen. I have a couple of questions, sorry if they have already been answered, because I got cut from the call twice. But anyway, my first question is specifically on the maintenance cost line you just mentioned. In the press release, you said that this cost line increased significantly this quarter, because of the increase in aircraft utilization. How is going to be the dynamics of the maintenance cost line going forward? Can we assume this is the new level or given you just mentioned, you have anticipated some maintenance this quarter, we should assume it's going down going forward?

And my second question is related to your balance sheet. Now that you have reached the 26% of last 12 months revenues in gross cash, what is the strategy? Is GOL planning to keep increasing gross cash in order to strength even further balance sheet, or do you feel this is already a comfortable level?

A - Rodrigo Alves {BIO 16461207 <GO>}

Caio, let me answer on the maintenance side first. Just to begin here, we have a strong commitment with safety. When we started increasing our fleet utilization rate, we understood that we had to have some more maintenance because we had achieved some levels of cycles in our engine. It is in our view something that happened in the moment that you increase your fleet utilization rate all of a sudden. So you bring some engines to be overhauled because you are using your fleet a little bit more. And if our view is that that maintenance line should be a little bit increased for the next couple of quarters, if we are not mistaken here.

A - Leonardo Porciuncula Gomes Pereira {BIO 1960081 <GO>}

Yes. And going to the cash Caio, let me tell you one thing. We have nothing against having cash in the balance sheet. We feel that in good times we have to get stronger in order to sell very comfortable when bad times eventually come. But what we feel that this level of cash between 25% and 30% is okay. We -- of course we are looking at -- we have plans to grow. So we have a combination of buttons that we have to press here.

The first button is the cash levels. The second button is the leverage, the gross debt to EBITDA. Then the third button is our cash flow from -- operating cash flow from our operations. So we have -- we are monitoring those three points and we'll be dealing with that. And what we are making is very clear to follow. We do not feel it's healthy to leverage the company again. And the market is giving value to that.

We don't want cash levels to go down below 25% and we need to grow. And we'll be growing. So those are the three things that we will be managing over the last few quarters. And we will be talking to the market about those three points.

Q - Caio Dias {BIO 21849043 <GO>}

Okay, very good. Thank you very much.

(Operator Instructions)

Operator

Having no further questions, this concludes the question and answer section. At this time, I would like to turn the floor back to Mr. Constantino De Oliveira Junior for any closing remarks.

A - Constantino Oliveira {BIO 3888521 <GO>}

Once again, I would like to thank you for joining us during this conference call. And reiterate that as well we are very focused on our deliveries in terms of leveraging operation, improving the margins to leverage the company and deliver the right quality of service to our customers. With that, I'd like to see you on the next quarter conference call. Thank you very much.

Operator

Thank you. This concludes today's GOL LINHAS AEREAS INTELIGENTES Third Quarter 2010 Results Conference Call. You may disconnect your lines at this time.