Y 2020 Earnings Call

Company Participants

- Abhi Manoj Shah, Chief Revenue Officer
- Alexandre Wagner Malfitani, Chief Financial Officer and Investor Relations Officer
- David Gary Neeleman, Chairman of the Board
- John Peter Rodgerson, Chief Executive Officer
- Thais Haberli, Investor Relations Manager

Other Participants

- Dan McKenzie
- Guilherme Mendes
- Josh Milberg
- Lucas Barbosa
- Michael Linenberg
- Murilo Freiberger
- Pablo Monsivais
- Rogerio Araujo
- Savanthi Syth
- Stefan Styk
- Stephen Trent

Presentation

Operator

Hello everyone, and welcome to Azul's Fourth Quarter 2020 Results Conference Call. My name is Beatrice and I'll be your operator for today. This event is being recorded and all participants will be in a listen-only mode until we conduct a question-and-answer session, following the company's presentation. (Operator Instructions)

I would like to turn the presentation over to Thais Haberli, Investor Relations Manager, please proceed.

Thais Haberli {BIO 22113735 <GO>}

Think you, Beatriz, and welcome all to Azul's fourth quarter earnings call. The results that we announced this morning, the audio of this call and the slides that you'll reference are available on our Investor Relations website. Presenting today will be David Neeleman, Azul's Founder and Chairman; and John Rodgerson, CEO. Alex Malfitani, our CFO; and Abhi Shah, our Chief Revenue Officer are also here for the Q&A session.

Before I turn the call over to David, I'd like to caution you regarding our forward-looking statements. Any matters discussed today that are not historical facts, particularly comments regarding the company's future plans, objectives and expected performance, constitute forward-looking statements. These statements are based on a range of assumptions that the company believes are reasonable but are subject to uncertainties and risks that are discussed in detail in our CVM and SEC filings. Also, during the course of the call, we will discuss non-IFRS performance measures, which should not be considered in isolation.

With that, I will turn the call over to David. David?

David Gary Neeleman {BIO 687871 <GO>}

Thanks Thais. Hi, everybody. Thanks for joining us for our fourth quarter 2020 earnings call. As always, I have to start by thanking our amazing crew members. It is not an exaggeration to say that it was due to their efforts and sacrifice that we were able to exit 2020 in a significantly strong position, that we could ever imagine when the crisis began. I am humbled by their love of our company. I know this is going to be a key to our success going forward.

When we started Azul, we always knew that our competitive advantages would lead to our sustainable growth. As you can see on Slide 3, it was these competitive advantages such as fleet flexibility, network connectivity, 70% exclusive routes, 80% today, and award-winning customer service that has allowed us to emerge from this crisis stronger. By the way, let me remind you one more time that in 2020, we were voted the best airline in the world by TripAdvisor.

As we turn to Slide 4, it is incredible to think that by December, we had the strongest recovery of any airline in the region and one of the fastest in the world, as we restarted service to an astounding 92 cities in our network since April of last year. I'm not sure there is any airline in the world that has brought back so many destinations so fast. What that means is that Brazil is more connected than ever. It means that we are able to meet the needs of the recovering demand in the market, in addition to transporting doctors and medical supplies and vaccines all of them.

As you can see on Slide 5, I'm so proud of our entire Azul team for how they supported and continue to support Brazil in this time of need. We were the first airline to commit to transporting vaccines for free throughout Brazil using our network and belly space. To date, we have transported 4 million doses.

In addition, we have delivered more than 100 tons of cargo, including oxygen cylinders, respirators, stretchers and hospital supplies to critical areas all over the country. We know that Brazil is currently in a difficult phase of the pandemic as it continues to impact too many lives, but we know that help is on the way. With a significant increase in vaccines for the March period and beyond, we are optimistic for a continued strong recovery.

Our fourth quarter numbers show that our business is resilient, and we are confident that we have put ourselves in a position to continuing to grow -- growing the best airline in the world. And I would be remiss if I didn't give a really hearty thanks to our management team. It's really unusual to have 12 years in, our senior management team all be founders of the Company, led by John Rodgerson and Flavio and Alex and Abhi and Jason. They -- I am -- I absolutely believe that having these founders have allowed us to do better and leave this crisis quicker.

So with that, I'll turn the time over to John, and thank you again, and give more details on the results.

John Peter Rodgerson {BIO 17734009 <GO>}

Thanks David. I would also like express my gratitude to our crew members, who have repeatedly shown us their dedication and passion for this company. Without their support, these results would simply not be possible.

As you can see on Slide 6, in the fourth quarter, we grew our top line revenue by 121% to BRL1.8 billion, while expanding our EBITDA margin to 10.8%, a 43 point improvement quarter-over-quarter. While recovering our network, we doubled our ASKs in the quarter. Even with the increase in capacity, our PRASK increased a strong 23% during the fourth quarter, while CASK decreased 34%. This PRASK improvement is a clear sign of the effectiveness of our network to access demand that nobody else can.

Turning to Slide 7, the management plan developed during the pandemic was essential to support us during the crisis. We actively managed our capacity, reduced fixed costs and engaged all stakeholders to increase our liquidity through the year. These agreements were critical in creating the conditions for us to implement our accelerated recovery and generate cash in the process. This is why the flying we are doing makes so much sense. It actually generated cash in the fourth quarter and allowed us to start repayments to our suppliers. We reduced our accounts payable balance by BRL362 million in the quarter and paid down over BRL400 million in aircraft debt and managed to not burn cash. We ended December with cash of over BRL4 billion, the highest cash balance since we founded Azul 12 years ago. With this robust cash balance, along with our total liquidity of BRL7.9 billion, we are now prepared to turn our attention to 2021.

Moving to Slide 8, you can see that our recovery trajectory is intact. Domestic capacity for the first quarter of this year will exceed that of 2019. Our network advantage, combined with our fleet flexibility, has stimulated demand throughout our network, enabling this rapid rate of recovery.

Slide 9 gives you a clear perspective on the competitive dynamics here in the domestic market. Since we started Azul, we have always said we wanted to build a different airline. 12 years later, as we emerge from the pandemic, our competitive advantage has never been stronger. We ended the year with more than 90% of our domestic capacity recovered, while remaining true to our network strategy by being the only carrier in 80% of the routes we serve.

On Slide 10, we further show how resilient our revenue base is and how the network advantage directly drives results. Publicly reported data from the association of corporate travel agencies shows that in January, we had a market-leading 38% revenue share for corporate travel agencies. On the right side of the chart, average ticket prices show Azul is down only 2% in January 2021 compared to last year, further evidence that we do not need to lower fares as we continue on our recovery trajectory. It's our network that brings the demand.

Moving to Slide 11, we are very excited about the opportunities in logistics. Azul Cargo increased revenues in the fourth quarter by 64% year-over-year. The business set new revenue records in each of the months during the quarter. This growth was driven by broad expansions in all segments of the logistics market, especially e-commerce.

Our logistics business provides a unique and vast array of logistics solutions for our customers. The combination of the largest domestic passenger network, together with the most flexible fleet is able to provide unmatched fast and reliable service to almost 4,000 cities and communities throughout Brazil. Going forward, logistics will be a key area of focus and investment as we have the opportunity to transform logistics in Brazil.

As David said in his opening remarks, Brazil is in a challenging phase of the pandemic. Our business has been resilient so far this year, but we will have to actively manage this recent peak. The good news is that vaccination efforts are underway with more than 9 million doses already applied with dramatic increases in the forecast for March and beyond.

As you can see on Slide 12, the Brazilian Ministry of Health's latest forecast shows more than 220 million vaccine doses available by July. This forecast also indicates that by May, Brazil will have sufficient doses to vaccinate all priority groups. As we've seen from recent trends in the U.S. and the UK, this will have a significant impact in bringing down the impact of COVID. And as a result, we continue to be optimistic in a strong recovery.

Finally, turning to Slide 13, it's important to remind you that Azul begins 2021 in a strong position. It's been exactly one year since the onset of the pandemic. One year ago today, we had BRL2.2 billion in cash, no vaccines on the horizon, and flew nearly 70 flights a day at the end of March. One year later, we have BRL4 billion in cash, 220 million vaccines arriving just in the next four months, and more than 700 flights a day. Of course, we will have some bumps in the road ahead, but we certainly feel confident in our competitive position. At Azul, we are proud of what we've built so far. Our crew members are more passionate than ever and excited to continue to build and grow the best airline in the world.

With that David, Alex and I are here to answer any of your questions. I just want to highlight my buddy, Alex, has COVID, so he is at home. So he may be a little slower on our response time today, but he is doing well and he has been helping us get the release and everything out. So with that, we'll turn it over to questions.

Questions And Answers

Operator

(Question And Answer)

Ladies and gentlemen, thank you. We will now begin the question-and-answer session. (Operator Instructions) Our first question comes from Mike Linenberg, Deutsche Bank.

Q - Michael Linenberg {BIO 1504009 <GO>}

Hey, good morning, everybody. And Alex, hopefully, you feel better very quickly. Just a couple here. And I guess this is to Alex and John. John, you called out the fact that you were maybe breakeven or better on cash burn in the December quarter. When all the dust had settled, what was the burn or generation rate for the quarter? And how are things shaping up for the March quarter? Thanks.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Yes. Thanks, Mike. As I said, we paid down our accounts payable, BRL360 million to BRL400 million of debt repayments on the aircraft, and I think we've burned less than BRL100,000 throughout the entire quarter. And so we gave guidance that we would burn BRL1.5 million. And so a lot of people thought we were just postponing payments, but we -- the flying that Abhi did in the quarter, you take a look at that 23% PRASK improvement when he threw 100% more ASKs into the system and the management plan that we set forth that allows us to pay less for our aircraft, have more time, has actually allowed for us to generate the cash, which we use. As for the March quarter, seasonally changes. But we're no longer giving a cash forecast, because companies that give cash forecast, Mike, people worry about their viability. We've never been in a stronger cash position since the start of Azul. We've proven that we went through the toughest of times. And so we've got investments that we'll make in 2021, and we're moving forward. I don't know, Alex, if you want to comment any further.

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

No. I think that's it. Thanks for the well wishes, Mike. And yes, I think John covered it. And that's exactly right. I think we feel that we're in a very strong cash position, and we were able to access the capital markets at a much worse situation than we are. So I think cash is no longer -- obviously, cash is going to be important for valuation purposes, but nobody should worry about Azul having enough cash to get through the crisis.

Q - Michael Linenberg {BIO 1504009 <GO>}

Okay. Great. And then just one quick follow-up on the slides, John. Just Slide 9. There're circles there for you and presumably GOL and LatAm Brazil. Is that -- are you -- just looking at that slide, are you going to have the most capacity of any carrier in the month of March? You have the biggest circle. Is that what that's saying? I didn't know --

A - Abhi Manoj Shah {BIO 18968426 <GO>}

Hey, Mike, Abhi here. So those circles are to scale for the number of routes, okay, not the ASKs. And they are really meant to show the competitive dynamics in terms of overlap. And what's really, really clear is exactly what both John and David said is that we're building a completely different airline. We've built a different airline. And the advantages that we've had, that we've built, they've really been so critical to help us get through this phase and help us recover. So the idea there is to show how different we are as a network, and how that's really helping us be resilient as we get through.

Q - Michael Linenberg {BIO 1504009 <GO>}

Great. Thanks, and good quarter. Thanks everyone.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Thanks, Mike.

Operator

Our next question comes from Savi Syth, Raymond James.

Q - Savanthi Syth {BIO 17476219 <GO>}

Hey, good morning, everyone. Hope you feel better, Alex. And maybe, Abhi, could you provide a little bit more color about what you saw in the fourth quarter and so far in 1Q? And just on that, with leisure, I think, is still recovered back to kind of over 100% of what it was before. And so the mix leg up is likely business demand. So is it realistic to think that 2Q could be stronger than 1Q assuming vaccine progress continues?

A - Abhi Manoj Shah {BIO 18968426 <GO>}

Hey, Savi, thanks. Yes, as John mentioned, some of the metrics from 4Q, average fare up 17%, load factor up 2.5 points, PRASK up, RASK up and sequential year-over-year RASK improvement as well. So certainly -- and it sort of makes sense because as we were talking last year, we knew that bookings were getting better. And we know that those translate into flown results per quarter given a little bit of time. And so it reflects the bookings momentum that we had in October -- in September, October, November, and that showed up nicely.

Towards the end of December, early Jan, you kind of had this sort of second phase of COVID here in Brazil start to build that's currently peaking now. But what's really important for us is that how resilient our demand was in that period. And let me just give you some data points to highlight that. So our bookings in January, overall, were 4% higher than December. And even though we're sort of entering the second phase of COVID. If you look at January and February that just finished, we have 9th year-over-year RASK sequential improvement from 3Q to 4Q to 1Q.

Corporate, if you remember, I talked about last year ending about 40%. Well, that's actually continued to tick up in the first few months this year as well. So now we're sort of approaching 45%, 50% of corporate recovery. Our average fare that John showed, very, very resilient. And even though we are recovering second only to Volaris, one of the fastest in the world, we're not having to relatively sacrifice our average fares. And actually, I look at travel agency data all the time, and we have no evidence that our fares are suffering anymore. In fact, they're more resilient actually, which further reinforces the message that relates our network that's helped us, in 2019 when we grew 20%, and it's really bringing the demand right now, which we always think is more sustainable.

And just a final couple. Our loyalty business, our loyalty team has done a great job of keeping our customers engaged. Our loyalty redemptions today, in January and February, were higher than 2019. Our vacations business had more revenue this year than 2019. So -- and this is not to mention Azul Cargo, which, again, had a very, very strong first two months. So we were -- even though Brazil was sort of entering this phase, our business was very resilient. And so we had plenty of green shoots, if you will, that gave us confidence that our -- that we were on the right path. And so that kind of gives you a scenario of kind of where we've been the first two months. And again, as John said, we have -- we're confident that given the strength that we saw, the resiliency that we saw, that we were on the right recovery path.

A - John Peter Rodgerson {BIO 17734009 <GO>}

I think I would just add, Abhi, that when you look at the fourth quarter, we're flying 90% of the network. There was no vaccinations happening in Brazil in the fourth quarter, right? And so the cases were down, deaths were down. And so it actually had more people were felt comfortable traveling, pre-vaccine. And so as we look forward to a strong second quarter of vaccinations across the country, one thing Brazil does well, Brazil knows how to vaccine people. It's something that they produce vaccines in the country. It's a tropical climate. They've dealt with dengue. They've dealt with flu virus. They got several vaccination points all throughout the country. And so it gives us a lot of confidence. Yes, we will have a couple of rough months. Brazil, we don't want to be naive and say that Sao Paulo is not in the red phase right now, it is. But you're looking with a lot of optimism as you get more and more people vaccinated throughout the country, because Brazilians want to travel. Brazilians have proven that they want to travel.

Q - Savanthi Syth {BIO 17476219 <GO>}

So on that, John, I mean, 2Q could it -- could be stronger than 1Q, even though it's kind of historically a seasonally weak quarter or maybe parity? Or how should we think about that?

A - Abhi Manoj Shah {BIO 18968426 <GO>}

I think it depends, Savi, on kind of this peak phase that we are in. We're going to have to make adjustments sort of March and April, potentially. I think the second quarter is going to exit much stronger with the vaccine impact. As a whole, we'll kind of have to see how this sort of peak phase, how long it takes to come down. And then we will see how 2Q looks overall. But just given the data points that we saw in the first two months of the year, given the backdrop of COVID, given the fact that vaccines haven't really kicked in yet, it's really a very, very strong starting point. And then to have the vaccine impact, like you're seeing in the U.S. with the TSA numbers, like you're seeing in the UK, it's really, really a good position to be in.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Yes, and the government announced last night that they will be purchasing in the second quarter an additional 100 million doses of the Pfizer that was not in my 220 million number and 38 million of the Johnson & Johnson vaccine that will also arrive in the second. So you're really talking a lot of positive news on the vaccine front. Of course, cases are up and that's a concern in Brazil, but there's a lot of help on the way.

Q - Savanthi Syth {BIO 17476219 <GO>}

Okay. Appreciate all the color. Thank you.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Thanks, Abhi.

Operator

Our next question comes from Dan McKenzie, Seaport Global.

Q - Dan McKenzie {BIO 15071178 <GO>}

Hey, good morning. Thanks guys. A couple of questions here. I'm just following up on that last question. I'm wondering if you can just connect the dots on the recovery a little bit further. So looking at capacity in the first quarter, it looks like it's probably going to be up about 16% sequentially versus the fourth quarter. Is the expectation that the revenue recovery will continue to improve in line with that capacity? Or does it just simply take a -- kind of a near-term step backwards before we kind of move much stronger in the second quarter?

A - Abhi Manoj Shah {BIO 18968426 <GO>}

Yes. January and February were pretty strong. As I said, with our resilience, let me put it that way. We saw continued year-over-year RASK -- sequential RASK improvement, which is very positive. We are going to have an impact now in March because of the sort of quarantine phases that different cities are in around Brazil to handle this latest peak phase. So January and February definitely had that sequential improvement. We'll have to see a little bit how March shakes out and a little bit into April, and then we expect that recovery to come back. So I think there's going to be a little bit of a pause here in March and maybe the first part of April before we can get back on track. But as I mentioned, the data points, the demand environment that we were seeing was very resilient in the first two months of the year, even as the case counts were building. So that gives us great confidence that once the vaccine impact gets in, and we get this latest peak phase under control, that it will bounce back.

Q - Dan McKenzie {BIO 15071178 <GO>}

I see. And then with respect to the kind of the cost -- taking fuel out of the picture, looking at cost, excluding fuel, there was a 31% depreciation in the real. I'm wondering what that cost would have looked like if we were on sort of a constant currency versus a year ago? And I'm not sure if you have some perspective that you can share there, but I'm just wondering if some of this cost story is getting distorted by just some of the FX variations here.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Let's let Alex tackle that together with COVID. Alex?

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Yes. Hey Dan, so we could compare it to Q4. Certainly, there was a big depreciation of the real between then and now. But the CASK doesn't compare that well back to Q4 '20 -- Q4 '19 because of just the underutilization, right? We still have a lot of capacity that we can add. And you saw a little bit of this in Q1, right? You could see how much our revenues went up by more than 100%. And how much our expenses went up, it was a fraction of that, right? So there is that operational leverage still in the business. So I think we love comparing to things -- how things would be if the real had been constant and if fuel had been constant. But actually, I think a more realistic approach that we're looking at right now is that you will continue to see reductions in CASK going forward, even with the real where it is and even where oil is today, because we still have so much idle capacity, right?

And there's a lot of operational leverage that we can add -- maybe Abhi can talk a little bit to the fleet utilization. We mentioned those numbers in the Azul Day, right? And I think that's a good way, especially now, we're already kind of ramping down the utilization a little bit because of seasonality and because of the second wave. But a lot of that cost is already in the structure, right? And so you'll certainly see a reduction in CASK going forward. If you compare -- so there is about a 20% and 30% CASK increase if you go back a year ago, even with constant dollar because there's so much idle capacity that we're paying for and not utilizing, but that's temporary, right? Certainly, in the second half of the year, we will be utilizing that capacity, and you'll be seeing the kick in of that operational leverage of all that revenue coming in with a very small portion of costs coming together with it.

Q - Dan McKenzie {BIO 15071178 <GO>}

Very good, and Alex, I sure hope you feel better soon. Hang in there.

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Thanks. Thanks a lot.

Operator

Our next question comes from Stephen Trent, Citi.

Q - Stephen Trent {BIO 5581382 <GO>}

Good morning guys. And thanks very much for taking my call. Alex, once again, hang in there and get better soon. Just very quickly for me, guys. Great color on the -- on your route market share and I know lack of competition, especially on the -- some of the low-density routes. Could you give us some color on what sort of cargo competition you see? I mean I remember you'd kind of take a look at maybe doing a partnership with the government on the cargo side.

A - Abhi Manoj Shah {BIO 18968426 <GO>}

Hey Steven, Abhi here. In terms of cargo, what we've really built out is a very unique capability in terms of handling individual packages door to door. And I actually don't even like the word cargo anymore. We're using logistics a lot more because that's really what it is. And so, for example, in February, we handled over a million packages door to door, buyer to seller. And so that's where we're seeing a lot of growth. It's a great offer that we have for e-commerce companies, marketplaces because we can take care of the entire end-to-end solution.

And so in that space, we actually don't have much competition, especially when you include the 115 domestic destinations that we have, and our ability to -- with marginal cost, same-day, next-day service, utilize our existing network to get stuff to remote places all over Brazil for e-commerce customers. So that's a very, very unique capability that we have, and that's something that's grown. We also have great stem with our industrial customers, big technology manufacturers, automakers as well. And we've thrown some assets at the problem that are also unique. We have two 737 freighters, we're flying the A330 domestically. We've converted E1s. We have ATR click change. So we really have a unique offering that's unmatched. And really, again, it's the same philosophy. It's putting the right aircraft in the right market. So if you have a medium-sized city with a burgeoning e-commerce client base, but not yet ready for a dedicated freighter, you can use an E1, a dedicated E1, a medium-sized aircraft.

And we're really creating demand, and we're creating new routes just like we did with the passenger business a long time ago. So -- but we're -- it's sort of unique in terms of the assets that we have. And it's unique also on the capabilities that we have. And as John said, we are changing our philosophy away from cargo more to logistics, including more technology in the process, tracking performance on a minute-by-minute basis. And I'm really excited about how that process and where it can take us.

A - John Peter Rodgerson {BIO 17734009 <GO>}

And Steve, I think there's also an arms race in the e-commerce world, right? So you take a look at the huge e-commerce players in Brazil. And Amazon is just starting -- getting started here. And so that arms race requires logistics solutions. And so Abhi's network is the only network that can get packages to all these destinations.

Q - Stephen Trent {BIO 5581382 <GO>}

Okay, John and Abhi Ji, great color. And just one other for me quickly, and then I'll let someone else ask a question. When we think about other parts of kind of the ancillary revenue world, some of your -- the U.S. counterparts have done a great deal with generating more loyalty program revenue, co-branded credit card revenue and what have you. Do you see additional opportunities to optimize what you guys are doing with TudoAzul?

A - Abhi Manoj Shah {BIO 18968426 <GO>}

Yes. Yes, absolutely. As I said, shout out to our loyalty business because they've really done a great job of keeping customers engaged. And I'll give you the example of our credit card. We actually invested last year in a bunch of technology to enable us to relaunch our credit card. We relaunched it in September. And it's absolutely -- it's going to double this year compared to what we had, and record number of customers are signing up in the pandemic, right? And it actually has a pretty expensive yearly fee. So -- but it has great benefits. It's been rated the best airline co-branded card, one of the best co-branded cards at all. So that population is going to double this year compared to last year. So we're very, very excited about that. And the product overall is unbundled. But cargo, logistics, it's going to double in 2021 compared to 2019 as well. Our vacations business is already above 2019 levels. So absolutely, we are using all of the additional tools that we have to help our recovery -- speed up our recovery and make sure we're capturing as much demand as possible.

A - John Peter Rodgerson {BIO 17734009 <GO>}

And my expectation is that every Brazilian shareholder has an Azul credit card. So when we meet at one-on-ones, I'm going to ask you. And I want -- it's really important. We're building the brand. And so our expectation is you have a credit card. You're supporting our business as we grow. And it's the best credit card out there, as Alex -- as Abhi said.

Q - Stephen Trent {BIO 5581382 <GO>}

Well, awesome. Please sign me up. Thank you. Thank you again guys.

Operator

Our next question comes from Josh Milberg, Morgan Stanley.

Q - Josh Milberg {BIO 19336060 <GO>}

Hey, everyone. Thank you for the call and for the question. I wanted to ask if you could revisit your fleet plans in light of higher oil prices and also the question of your fleet flexibility. I know your strategy had been to play it pretty cautious on that front. And -- but I think that Alex, in the past, have talked about the potential to already be short aircraft in 2022. And I imagine that if you were to eventually bring forward delivery of some of the Airbus or Embraer's that would require a lead time. That's my first question. Thank you.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Josh, obviously, that's available to us. I think Airbus, Embraer would love to advance aircraft to us. But we're being quiet because we want to get a better deal, right? And I think that taking aircraft after we've already deferred, there's an expectation that we get better pricing, or we get better financing. And so that's what we're in the process of negotiating. So we have nothing to announce on this call today.

But I think we're in a strategic position. As Abhi brings the network back online, certainly, we see a lot of potential in the E2 and the A320neo. I flew in the cockpit of the E2 just last week. It's unbelievable to fuel burn with that aircraft, right? And so I think that's certainly very strategic for us moving forward, but it's got to be under the right conditions. And as Alex noted, there's no business taking new aircraft when you're not fully utilizing all the aircraft you have, right? And so what we want to do is to make sure we get back to 100% utilization of the aircraft that we have before we start to think about kind of bringing in new metal.

Q - Josh Milberg {BIO 19336060 <GO>}

No, fair enough, John. It's just that -- I mean, if you are kind of reasonably optimistic about the lion's share of the population being vaccinated, one could have a pretty upbeat outlook for the level of demand recovery in 2022. And let me ask that very question. I mean has there been any evolution in your thinking about where the market could be in 2022? And related to that, do you think there's a case for really expecting that some meaningful portion of the share gains that you guys had at the end of last year could carry forward to this point, whether it's '22 and '22 or already in the second half of this year, a very large percentage of the population will have been vaccinated?

A - John Peter Rodgerson {BIO 17734009 <GO>}

Hey, Josh, I'll take your first part and then get it over to Abhi. There are plenty of aircraft available to the market, right? And there's plenty of leasing companies, there's plenty of OEMs that would love to -- and I understand your time line issue as you look into 2022, but trust me, there's plenty of metal available. And I think it's important for us. I think the support we receive from our lessors shows that they have confidence in us and that they will want to play future aircraft with us when the time comes. But again, we're managing, we need to get this airline back to where we were pre crisis. When you go back to margins where we were pre crisis, if not better, and then we'll kind of think about more getting back to the fleet transformation. As for market share, we don't really talk about it. So I'm actually curious to hear what Abhi says.

A - Abhi Manoj Shah {BIO 18968426 <GO>}

We will talk about market share where we're number one. No, I'm kidding. No, look, I mean, it's not a target. It's sort of a result of our inputs. And we just are looking at the network actually and what's unique is that every airline in the world has had an opportunity to relook at their network. Some are doing things different. Many are focusing where they are strong. Many are retrenching into their hubs and into really their core strategies. And it's great. I actually think, at the end of all this, you're going to end up with an industry that's more disciplined, and an industry that's focused more on what works for them. And that's what we're doing.

We're focusing on our hubs, which are pretty much over 100%, or close to 100%, Campinas, Belo and Recife. We're using the A320s in Santos Dumont, which is in downtown Rio, which is great for us. And so we're -- and like the data shows, we're well within our strategy of building and growing a different airline with 80% sort of a lack of overlap. So I would say that share, as a result, we're just focused on putting capacity where it works, where it makes sense and where it builds our network just to make it stronger.

Q - Josh Milberg {BIO 19336060 <GO>}

Okay. That's great, Abhi, John. Just one quick out on the point you just made, Abhi. That 80% is based on routes. If you were to measure that in terms of capacity, what would that number be?

A - Abhi Manoj Shah {BIO 18968426 <GO>}

Yes. I mean you can use departures and ASKs. It will be pretty close because we've hired the A320s kind of everywhere now, downtown Rio, we have them. So I don't remember the numbers exactly. We can get it for you. But my suspicion is that 75% to 80%. The numbers are very close.

Q - Josh Milberg {BIO 19336060 <GO>}

Okay. Thank you very much.

A - John Peter Rodgerson {BIO 17734009 <GO>}

I think principally because we're dedicating the 320s and 321s in our network, right, and where we're strong.

Q - Josh Milberg {BIO 19336060 <GO>}

That makes sense. Appreciate it guys.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Thanks Josh.

Operator

Our next question comes from Stefan Styk, Bank of America.

Q - Stefan Styk {BIO 21493652 <GO>}

Hi everyone. Thank you for taking my questions. I was just wondering if your outlook for international travel in this upcoming year has changed at all since your Investor Day. And then my second question is just on CapEx in the next year. 2020 was much lower than 2019 levels. So how quickly are you thinking of ramping up CapEx again? And will you have to catch up for 2020's lower CapEx in this next year? Thanks.

A - Abhi Manoj Shah {BIO 18968426 <GO>}

Yes, hi Stefan, I'll take the first part, then probably Alex take second part. International is sort of wait and see on how the border reopenings go and that's really the pacing item. In March, for example, we aren't even flying to Portugal because of the restrictions there. Our target was to reenter Orlando in May. We'll have to see if that's still possible if the border is open. So it's not something that we're artificially pushing. We will take it as the boarders reopen. We'll take it as sort of as it comes, if you will. We are utilizing our wide-body aircraft domestically to drive more connectivity, to drive cargo and that's working well for us. So we're not going to force it. We're not going to rush into it when the market is right, and it will be because we do have strong markets that we serve with lots and lots of connectivity. We will bring back our international network, but it's going to be very, very disciplined, and we'll sort of take it as it comes based on the border's restrictions and things like that.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Yes, Abhi, I just want to highlight before we kick it over to Alex, is that the borders being closed has actually been a blessing for domestic travel, right? You've seen a lot of Brazilians that typically will go to Paris, typically go to New York, typically go to Florida, are now spending time in Brazil in leisure destinations. And so they've spent a lot of their money here locally over the last year, and that's actually helped drive the domestic demand. So the international kind of being closed hasn't impacted us nearly as much as we thought because those people are arriving and traveling to other destinations. Alex, do you want to take the CapEx?

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Yes. CapEx is interesting because we have flexibility there as well. We have maintenance events that we have to do on -- especially some of the grounded aircraft. But we'll do it if we need the capacity, right? And if we don't need the capacity, we can save the cash and wait to have that maintenance event later. So there's sort of a baseline of probably something in the BRL700 million to BRL800 million a year would probably be our best guess given how much demand, we believe, there will be this year, and given how much capacity we believe Abhi will require. But if we need to do more and spend more CapEx, it means we need capacity, and it means that demand is stronger, right?

And then if the demand is weaker, then we can probably throttle back on some of that CapEx as well. So fortunately, that's one of the things that we learned also to kind of ratchet up and down, depending on how much capacity we need to offer in the market. So yes, you can use kind of that figure as sort of a baseline, but know that there is flexibility up or down based on -- it's just sort of a natural cash protection. But if we need to spend more, it's only because demand is very strong.

Q - Stefan Styk {BIO 21493652 <GO>}

Okay. But would you say that what you're not spending then if capacity isn't strong, so you're just deferring to a future period?

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Correct. Yes. So especially on the wide-bodies, right? Because as we've been seeing, demand is very strong domestically, right? And we've been flying those aircraft. And we have a lot of next-generation aircraft that don't -- that there are maintenance honeymoon and are not going to trigger up maintenance events and require any big amounts of cash to continue flying, right? And where there has been weak demand is on the international side, we're able to mitigate a lot of that by just flying wide-bodies domestically, and we also have next-generation wide-bodies that are the ones that are being utilized most often and most frequently. And then the other aircraft that are very low ownership aircraft, they are the ones that may be hitting kind of big maintenance events, but we can defer those and preserve the cash unless we actually need the capacity, right? So there's a natural sort of protection embedded in our fleet structure.

Q - Stefan Styk {BIO 21493652 <GO>}

Great. Thank you so much.

Operator

Our next question comes from Murilo Freiberger, Bank of America.

Q - Murilo Freiberger {BIO 17385357 <GO>}

Thank you, guys. Good morning, good afternoon, depending on where you are. Thank you for picking up my question. And congrats on the balance sheet management you guys have done. Quite impressive. From our side here, we understand you have, today, probably the best cash position you had in a long time, and in a kind of base case scenario, it's relatively comfortable. But I just would like to understand from kind of, let's say, bear case scenario where the ramp-up on volumes and market recovery is not as good as expected, and we see further upward pressure on fuel. If you guys -- what kind of flexibility you guys still have? I understand that on the financing side, you guys already made a very good adjustment and the debt amortizations are now concentrated from '24 onwards. But you have BRL2.2 billion, I think, of short-term leasing, plus some relevant financial expenses probably around BRL2.2 billion and also of CapEx for 2021. So do you guys still have room here on leasing financial expenses or CapEx, if we see kind of a bear case scenario in front of us?

A - John Peter Rodgerson {BIO 17734009 <GO>}

Yes, I'll hand that over to Alex.

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Yes. So the way -- let's kind of take a step back. First, you saw on those charts that we've been showing. We can pay all of our fixed costs and all of our variable costs with the revenue that we're generating. And then for the full year, you'll actually -- we'll actually have money left over after we pay for all of our fixed costs, all of our variable costs and all of our rents, right? We're paying less rent than we would pay in a normal year, but that's part of the beauty of the lease negotiations that we've done, right?

So in this year, we're going to get the revenue; we're going to pay for all of our fixed cost, variable cost rent, we'll be able to pay for CapEx. And so we have enough cash and we even generally -- generate internally enough cash to pay for all of that, right? Now what we're going to need cash for is, over the next two to five years, I have all of that support and all of that working capital that we received from all of our stakeholders during the pandemic, right? We'll be paying -- we got a lot of support from our lessors. We've got a lot of support from our banks. We've got a lot of support from our suppliers. We're starting to pay back our suppliers, like you saw in Q4. We already paid a few hundred million reals to them. We're going to -- 2021 is really the year where we pay back suppliers. We're not going to pay back them in full because we have negotiated sort of permanent, better payment terms with all of our suppliers. So -- but we will kind of use some cash this year to pay back our suppliers for their support.

Then in 2022 is really when I start paying back my banks there's only, I think, BRL400 million or BRL500 million of debt repayments in 2021. So nothing significant. In 2022, start paying back the banks. And only in 2023, we start paying back the lessors, right? So our average leases which today are about BRL2.6 billion, next year, which will be the full amount, it will be about BRL3 billion, and then it will go to about BRL3.5 billion, BRL3.6 billion in 2023. That's all very easy and very manageable to pay using our own cash generation. And like, we've been saying, right, we have BRL4 billion in cash. A lot of that is insurance for the pandemic. I'm not going to need to carry all that cash forever, right? A good level of cash for Azul, very kind of healthy, very acceptable is something like BRL2 billion, BRL2.5 billion. And our minimum cash balance is only a few hundred million reals, right? So BRL4 billion is more than plenty.

And that number will gradually probably converge back down to a more standard level, but it will take a few years for us to consume that cash, and it will take a few years for us to pay back all of those stakeholders, right? And the capital markets are open, like they're open today. Even in a worse situation than we have today, we were able to raise BRL1.7 billion in convertible debentures. We have an option to raise another BRL550 million using that exact same structure. So we're very confident that we'll be able to pay all of those obligations because it's a very manageable, very long period to pay all of them back.

A - John Peter Rodgerson {BIO 17734009 <GO>}

And we've got great partners. I mean if you take a look at what we accomplished last year with our management plan, our leasing partners, our banking partners, our crew members, I mean, it's pretty phenomenal, the support that we have. Now you're talking about a scenario, a negative scenario that we simply don't see because we see a lot of help coming in the next four months as the vaccinations. But certainly, these are not -- these are all partners of ours. And so we'll continue to work with them if that scenario plays out. And because everybody wants to see Azul strong, everybody wants to see Azul back to where we were in 2019, and we're actively working to get there as soon as we can.

Q - Murilo Freiberger {BIO 17385357 <GO>}

No pretty clear. Thank you very much for the answer.

Operator

Our next question comes from Pablo Monsivais, Barclays.

Q - Pablo Monsivais {BIO 17389900 <GO>}

Hi, good morning. Thanks for taking my question. Most of my questions have been already answered, but I have a quick one on the kind of a long-term view on the unit cost ex fuel. When is your estimate that you will be able to get unit cost ex fuel back to pre-pandemic level? Do we -- should we expect that as you fly 100% of your capacity, you will be there? How do you see this variable evolving in the near future? Thank you.

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Pablo, yes. So right now, we are modeling -- the way we look at our models, it looks like, in 2022, when we fly our full capacity, our unit cost may be slightly lower than what it would have been -- than what it was in 2019, right? Now obviously, there's a big assumption in this, which is, what are you looking at for fuel. And what are you looking at for FX, right? If you assume any combination of fuel and FX, you can get any kind of result for unit costs, right? But then you have to think of the beauty of Azul's business model that we've been dealing with a devaluing currency for the last 12 years, right? And we -- that has not prevented us from increasing margins, generating more EBITDA, increasing equity value, right?

So I believe -- given my assumption for fuel and FX, I believe our unit cost in 2022, because we're rebuilding the company with more efficiency, more technology, more automation, less headcount, I believe that our unit cost can be sort of at par and maybe slightly better than 2019. But if it isn't because the real doesn't strengthen the way I'm assuming that it will be -- that it will, then the adjustment will come on the revenue side, right? Abhi has always been able to pass through cost increases to fares as long as there is demand. Right now, he can't do it because there isn't demand, but we know there will be demand at some point, most likely the second half of this year. And that's when we're going to earn back that pricing power. And if my assumption on unit cost is incorrect, it's no problem because the adjustment will come on, on unit revenue. It's always -- we've -- it's all intrinsic with the network that we have built.

Q - Pablo Monsivais {BIO 17389900 <GO>}

Right. Just to be 100% sure, I get it. You said that probably by 2022, is this ex fuel? Or are you including fuel here in the calculation?

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Fuel. We don't like to look at ex fuel because a big part of the Azul upside is the fleet transformation that we're going to have, right? And at some point, John mentioned this a little bit, we're not saying when, but we are going to resume our fleet transformation, maybe in '23, '24, maybe earlier. And when that happens, our fuel burn is going to go down dramatically as it had been going down prior to COVID, right?

And so it's tricky for you to look at ex fuel for Azul. What we look at is constant fuel and FX, right? So with constant fuel and FX, our unit cost is certainly going to be lower than it was in 2019 because we're rebuilding the airline more efficiently. Now I don't think we're going to get back to FX levels that we had in 2019. So there will be some pressure from FX. But also, you have to assume what you're going to have to on the fuel side, right? There's always been a very strong negative correlation between fuel and FX in Brazil. That correlation has been lost temporarily over the last few weeks because of some uncertainty within Brazil. But we -- nobody thinks that BRL560, BRL570 is sort of the equilibrium point for the real if fuel stays where it is, right? So that's a big assumption.

We normally look at all those three things together, fuel, FX and demand. You kind of have to have a scenario for all three. And once you have a scenario for all three, you can define sort of what your unit revenue and your unit expense is going to be. But if you assume fuel, constant fuel and constant FX from 2019, our unit cost is certainly going to be down. And then you can just layer on whatever assumption you have for fuel and FX on top of that. But once you do, remember that there will probably be a pass-through of whatever net impact to cost, there still is, there will be a pass-through to revenue.

Q - Pablo Monsivais {BIO 17389900 <GO>}

Awesome. Thank you very much, Alex. And hope you feel better soon.

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Thanks a lot.

Operator

Our next question comes from Lucas Barbosa, Santander.

Q - Lucas Barbosa {BIO 20835372 <GO>}

Good afternoon, John, Alex and Abhi. Thanks for taking my question. Alex, I hope you feel better soon. So I have a follow-up question on the question made by Murilo, but a little bit more focused on working capital. Could you give us some color on what we could see in terms of movements in first half '21 in terms of supplier and ATL lines. I know that in the first -- in the fourth quarter, we saw BRL500 million reduction in the suppliers' line compared to the previous quarter. Should we expect a further reduction already in the first half or maybe closer to stable? And in the ATL line, if we include the tickets that need to be reimbursed, it increased around BRL400 million this quarter. Is this a sign that clients are booking flights on a more anticipated basis? And if so, when do you think that could normalize? Thanks very much.

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Sure. Yes. So on the supplier side, the way I like to look at it and the way we've been suggesting that people should model is look at the days of payables, right? So if you -- we had about 50 days of payables before the COVID pandemic. That number increased to more than 100, close to 150 at some point during the pandemic. It will not go back down to 50. It will probably level off somewhere around 100, right, give or take some days. But -

- so if you model it this way, you will see kind of how much cash you need to make the payments to the suppliers. What that probably means -- what it'll probably result for you is that you'll see sort of an accounts payable balance that's going to stay relatively stable, right? Even as we ramp up our expenses, right? I mean if we cap the same number of 150 days, obviously, as our expenses went back up, our days of payable -- our accounts payable balance would go up.

But you will see that the accounts payable balance is going to stay relatively stable, maybe go up a little bit, but not as much as expenses will go up as we ramp up utilization. But that should be able to give you kind of how much cash will be required for us to make those payments, right? And you'll see that it's very manageable.

In terms of ATL, yes, I think, it's natural that as we ramp the operation back up, and the booking curve starts to move a little bit further out, our ATL balance will go up, then the tickets that we actually need to reimburse our customers is not a relevant number, right? It's something in the BRL300 million kind of order of magnitude, between both people that have requested to be reimbursed already and are waiting in the queue as well as people that have credits for canceled flights. But we -- Abhi's team has been managing this very effectively, and we were able to reduce it by about 20% this quarter by just calling everybody and offering them some kind of incentive for them to exchange their request for reimbursement for a flight credit, right? Keep the cashier, cancel their reimbursement request and say that they're going to use that cash to fly on Azul. And I think I have every confidence that we'll be able to make even more progress in exchanging those reimbursement requests for flight credit. So we don't think there's any kind of big cash bad guy in the future for ticket reimbursements.

Q - Lucas Barbosa {BIO 20835372 <GO>}

Perfect, Alex. Thanks very much. It's very helpful.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Just for future well wishes for Alex, who would appreciate you buying the stock. That will make him feel better. (inaudible)

Operator

Our next question comes from Rogerio Araujo, UBS.

Q - Rogerio Araujo {BIO 17308156 <GO>}

Hi, Alex. Abhi, John thanks for the call. Couple here. A couple here. The first one, you've mentioned that February traffic is resilient, and we saw the other Brazilian player publishing at 38% capacity reduction month over month. So we would like to know your view if there was significant fair reduction to stimulate the traffic for Azul. Or if it's related to Azul's addressable market, which is different. That's my first one. Thank you.

A - Abhi Manoj Shah {BIO 18968426 <GO>}

Yes. Rogerio, thanks. Yes. So our traffic has a higher rate of recovery than what GOL posted this morning. We'll publish that in the next day or two. And it's the same theme. We feel that our network advantage, our connectivity, most of all, the fact that we were back to 115 destinations, that's driving demand. And our corporate revenue base is much more fragmented, less concentrated in Sao Paulo, for example, which is the big corporations are still taking time to come back. But it's our broad network strategy, our ability to access demand with our fleet type. And so you will see a higher rate of recovery in February, year-over-year, month-over-month and even compared to 2019. So we actually felt that demand for January and February was quite resilient for all of the examples that I talked about before. And it has to do with our network position and the fact that we sort of our -- control our own destiny when it comes to how we can bring back capacity.

Q - Rogerio Araujo {BIO 17308156 <GO>}

Very clear, Abhi. And my second question is on the E2. I think you have received, I think, four aircraft in the fourth Q. And if I remember well, the deliveries had been postponed to 2024 onwards. So did Azul anticipate on purpose those deliveries and maybe the rationale for that? If we should expect this to continue in 2021? Thank you.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Thanks, Rogerio. We had an agreement with Embraer that the aircraft that were built in San Jose that we would take. And so as part of our deferral to 2024, we had agreed to take these four aircraft at the end of the year. So no change to our plan on the deferral at this time. And now we're operating nine E2s in our network. We just got the kit to put Wi-Fi on the E2. So we're pretty excited about that, and we're rolling out Wi-Fi on A320neos right now as well. And we're doing that at our hanger. And so every 10 days, a new aircraft rolls out with Wi-Fi. And so we're looking forward. A lot of people are depressed because of the pandemic, but we're looking forward. This airline is strong, and we're investing in our future at this point.

Q - Rogerio Araujo {BIO 17308156 <GO>}

Very clearly. Thank you so much. Have a great day.

A - John Peter Rodgerson {BIO 17734009 <GO>}

Thanks, Rogerio.

Operator

Our next question comes from Guilherme Mendes, JPMorgan.

Q - Guilherme Mendes {BIO 20011867 <GO>}

Hey guys, good afternoon. Thanks for taking my question. Actually, a quick follow-up in terms of the leasing agreements. We understand that there have increase in the discount rate that you used to calculate your leasing contracts. Just wondering now that you're seeing a stronger recovery in February, if we could expect some kind of reduction on that discount rate going forward. Thank you.

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

No, this is pure sort of accounting technicality. IFRS 16 requires you to capitalize your leases, right and treat a lease -- an operating leased aircraft the same way as an owned aircraft or as a debt-financed aircraft. So when the aircraft comes in, you recognize an asset for the right of use, and you recognize the liability for the present value of the lease payments, right?

And then if you have a very significant lease modification, and there are kind of clear guidelines as to what a lease modification is, only then you adjust for the -- you recalculate that present value, right? You treat as if the plane were arriving again in your fleet for the first time. So we do not expect any changes in these -- in the accounting of these lease agreements because we negotiated all of the lease agreements. We finalized negotiating them in Q4, right? So assuming that we don't need to renegotiate those leases, which we hope we don't, but like John mentioned, if we need to, we will, and we know that we have the support of our lessors, right? But assuming that we won't, you will see no change in that discount rate, only for new aircraft, right? When a new aircraft comes in, call it, in 2023, when we bring in a new Airbus, the new Airbus will come in, and we'll calculate the present value of the lease payments using the cost of capital of Azul at the time that their airplane comes in, right? But it won't affect all of the aircraft that are already on the balance sheet.

Q - Guilherme Mendes {BIO 20011867 <GO>}

That's clear. Thanks, Alex. And hope you get better soon. Wish you all the best.

A - Alexandre Wagner Malfitani {BIO 2519089 <GO>}

Thanks.

Operator

Our next question comes from Savi Syth, Raymond James.

Q - Savanthi Syth {BIO 17476219 <GO>}

Hey, thanks for the follow-up. Just a quick question on the fleet, just to make sure I understand. Is the -- I saw there was one Airbus delivered last year, but not in service yet. Is that the only kind of additional aircraft this year? And then also on the Airbus side and then also, what's the plans on redelivery retirement for 2021?

A - John Peter Rodgerson {BIO 17734009 <GO>}

So Savi, we've got 4 more Airbus deliveries that we'll take throughout 2021. And we're -- as I said, we're actively kind of negotiating with some people on potential but nothing concrete to announce at this time. And so the Embraer order, we took four at the end of last year, deferred everything to 2024. Airbus, we deferred a major part of our order, but we still had to take a couple of aircraft a year in 2021 and 2022. But as for anything new to that, we're not making any announcement right now because we're in the process of negotiation.

Q - Savanthi Syth {BIO 17476219 <GO>}

And on the retirement or returns, any update there? Or is that just kind of paused here?

A - John Peter Rodgerson {BIO 17734009 <GO>}

No. I think we have our natural lease returns that will be taking place this year. We have two this year that are naturally returning. We have more conversions into cargo as Abhi has really grown the cargo business. He needs more dedicated aircraft to that. And so we're looking at putting the E1s into that as well. And so I think that really gives us the flexibility. And as you know, into 2022 and into 2023, we have more retirements coming, especially on the E1 fleet.

Q - Savanthi Syth {BIO 17476219 <GO>}

Make sense. All right, thanks.

Operator

Ladies and gentlemen, this concludes today's question-and-answer session. I would like to invite John to proceed with his closing statements. Please go ahead, sir.

A - John Peter Rodgerson {BIO 17734009 <GO>}

First of all, I'd like to thank everybody. I think this is the toughest test that any business can possibly experience is what we went through. And just three things I want to highlight. People matter, and we have the best people. Partners matter, and we have some great partners. The network advantage that we've built and been telling you about for years really played out over the last year. And so we're excited about what we have done over the last year. We've been tested very, very difficult test. The U.S. government did not help us, like it helped a lot of other airlines, and European government didn't help us like the other airlines, we had to do it ourselves. And so I couldn't be more proud of our team and our crew members and our partners for all their support. And you're going to see Azul stronger than ever. And I appreciate it and feel free to reach out to Thais, Alex, Abhi, and myself, if you have any further questions. Thanks, everybody.

Operator

Ladies and gentlemen, that does conclude the Azul's audio conference for today. Thank you very much for your participation, and have a good day.