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Operator: Welcome to the Air New Zealand 2023 Annual Results call. During the presentation your phone lines will be placed on listen-only until the question and answer session. Please refrain from asking questions until that time and with that I will turn thee call over to Air New Zealand's General Manager of Corporate Finance, Leila Peters.

Leila Peters: Thank you and good morning, everyone. Today's call is being recorded and will be accessible for future playback on our Investor Centre website, which you can find at www.airnewzealand.co.nz/investorcentre.

Also on the website you can find our annual results presentation, the annual report and media release, as well as other relevant disclosures. This year we have also released our 2023 sustainability report alongside the annual results and I would encourage investors to review these materials too.

Speaking on the call today will be Chief Executive Officer, Greg Foran, and Chief Financial Officer, Richard Thomson. I would like to take a moment to remind you our comments today will include certain forward-looking statements regarding our future expectations, which may differ from actual results. We ask you read through the disclaimer and, in particular, the forward-looking cautionary statement provided on slide 2 of the presentation.

I will now hand the call over to Greg.

Greg Foran: Thank you, Leila. Kia ora and good morning, everyone, and thanks for joining us on today's call. I think it's safe to say that the aviation industry continues to keep us on our toes. Reflecting back over the past year it's remarkable to think that we've gone from reporting one of our worst financial performances ever in 2022 and today we are announcing the second highest profit in our history.

In between times we have ramped up our international network at pace, hired and trained over 3,000 staff, launched direct flights to New York and developed a roadmap to guide our progress on decarbonisation through to the end of the decade.

We have announced a new cabin layout for our wide body aircraft coming in late 2024, including the world's first Skynest, and dealt with two of New Zealand's most severe weather events this century with the Auckland floods which caused extensive damage to our head office and our hub at Auckland International Airport and Cyclone Gabrielle, which upended entire communities across some of the regions we serve. To say it has been a busy 12 months would, frankly, be an understatement.

The financial result announced today, earnings before other significant items and taxation, of $585 million was delivered in the context of what can only be described as an ordinary operating environment. If we look first at the demand side of things, demand rebounded far quicker and stronger than anticipated and we welcomed almost 16 million customers on our network compared to just eight million in the prior year. It has been incredibly rewarding to get back to doing what we love to do, but it has certainly stretched us operationally at times.

The surge in demand coincided with market-wide supply constraints, and I'm talking here about supply of aircrafts, supply of labour, supply of spare parts and supply of all the infrastructure that supports our operations. We are only now starting to see more capacity come online but it has taken everyone, ourselves included, time to ramp back up to scale.

Significant delays with OEMs remain difficult to navigate with long and uncertain lead times in some cases as well as significant pricing increases. This is making it even more difficult for us to add much needed supply back into parts of the network. From an operational perspective these bottlenecks are frustrating but they also mean that global aviation is less likely to return to the levels of oversupply seen in pre-pandemic days any time soon.

These dynamics and constraints have driven the environment you see today both here in New Zealand and globally across the aviation sector, tight supply and high inflation driving higher prices for customers and a higher yield environment for operators.

A real focus has been on controlling what we can and delivering brilliant basics for our customers. That means getting our customers to and from their destinations on time and we've lifted on-time performance back to pre-Covid levels from 68% in July 2022 when the first international ports reopened to 84% in June and 82% in July this year.

It means increasing employee levels in key areas, such as refunds and in the contact centre to work through backlogs and it means investing in digital tools that have seen us embed greater self-service capabilities for customers, helping us remove five weeks' worth of call volumes out of the contact centre.

Richard will take you through more details of the financial performance in a few minutes but I did want to note that the Board is pleased to declare special dividend of just over $200 million, or $0.06 cents per share, an acknowledgment of the extraordinary performance achieved this year.

We've also revised our capital management framework, which is effective from FY24 onwards, and Richard will touch on that as well, including how we are thinking of future shareholder distributions.

At the interim results we spoke candidly about the challenges we faced with the contact centre wait times, the on-time arrival and departure of our flights, mishandled baggage and the wait time taken to process refunds. Alleviating these constraints has been our key focus for the second half of the financial year.

I have already touched on most of these points in my earlier remarks but these charts show you the very real progress that has been made in each of these areas. We did see a small uptick in baggage in July with the school holiday volumes, but performance is much improved compared to December 2022 and better than the industry averages.

Despite all the change and operational challenges as the second half of FY23 came to a close a month or so ago there was a real sense that we've started to get our groove back and we are working hard to keep that momentum going.

Turning to slide 6 now, we continue to see resilient levels of customer demand across our network, which is encouraging. Domestic demand is largely at pre-Covid levels with our capacity back at around 94%. We have been pleased to see corporate bookings remain strong at around 85% of pre-Covid numbers with revenue at around 10% above pre-Covid levels. We know this is a little different to what some of our global peers are seeing and we think that it's largely due to the high volume of SME customers we have flying on our network.

Leisure and visiting friends and relatives continues to underpin demand, most recently supported by the FIFA Women's World Cup event hosted in a number of cities around the country. We have increased marketing activity in recent months and customers have been responding well to those sales campaigns, which has helped maintain our booking levels.

International bookings continued to strengthen in the past six months since interim results, increasing to around 85% of pre-Covid levels and we returned our remaining 777-300s to service.

All markets are performing well with North America continuing to show strong demand both inbound and outbound. Within Asia, Singapore remains extremely popular, serving as a great hub for onward travel to Europe, Southeast Asia and India. We have also seen good momentum on our Shanghai services in recent months as China slowly ramps up.

Short haul international markets also continued to see good levels of demand with leisure based destinations throughout the Pacific Islands performing very well.

Although you have heard me talk today about a trading environment that is as constructive as any of the aviation industry has seen, we do know that these conditions are unlikely to persist long term. Even if supply constraints remain as they do today, and it's likely they will for some time yet, there are some very real headwinds on the horizon.

Market capacity from New Zealand to the US will increase over 120% this summer with American carriers adding new services, as well as our competitor across the ditch. Turning to Asia, we're starting to see the Chinese carriers re-engage with New Zealand with additional services also planned from various ports and while greater levels of capacity are a good thing for markets that are currently undersupplied, the increasing cost of living may start to impact discretionary spend and with it, people's travel plans.

Fuel prices are currently elevated and may be for some time and we will see the annualisation of some costs across the business in the coming 12 months. At the same time, inflation continues to have a widespread impact. We also know this year that we have a significant increase in airport costs to factor into our plans, particularly at our airport hub in Auckland.

As we navigate our way through these challenges I'm confident we are well positioned as an airline. We have a core set of enduring competitive advantages that we have spent years cultivating and fortifying. These advantages will support us through both difficult periods and when times are good and they really help power up our performance.

I will now hand over to Richard to go through the financial results.

Richard Thomson: Thank you, Greg, and kia ora to everyone on the call. Turning to slide 9, I will touch on some of the key financial highlights for the year. Operating revenue was $6.3 billion, driven by continued strong levels of demand domestically and the restart of our international network, which resulted in passenger revenues of $5.3 billion. As Greg mentioned, we're very pleased to announce earnings before other significant items and taxation for the year of $585 million and statutory earnings before taxation of $574 million.

Liquidity has continued to strengthen since our interim result, ending the year $2.6 billion which includes the $400 million undrawn Crown Standby Facility. Free cashflow was very strong at $937 million, contributing to a significant reduction in net debt levels.

Net debt to EBITDA ended the year at 0.3 times which is substantially more conservative than what we would consider an appropriate long term position. Our pre-tax return on invested capital was just over 22%, a function of both the extraordinary financial performance in the year as well as low net debt.

Which is temporarily below lower target levels as we look to higher capital expenditure over the next few years. I'll touch more on this shortly. Finally, as Greg mentioned, the Board declared a fully imputed special dividend of $0.06 per share in recognition of the Company's performance in financial year '23. Which equates to approximately $200 million that we're very pleased to be returning to our shareholders.

Turning now to our profitability waterfall on slide 10. There's a lot of information here so I will only highlight a few points. Revenue, of course, is the key driver of improvement year on year, up by over $3.5 billion, with a fairly balanced mix of capacity growth in RASK performance.

Within that bar, cargo revenue is reduced by $390 million. The majority of which was driven by the reduction and the cessation of air cargo support schemes over the course of the year as passenger flying restarted.

Fuel costs were $1.5 billion for the year, increasing by over $800 million. Primarily due to increased flying activity as the network returned closer to pre-COVID levels. A detailed fuel cost waterfall can be found on slide 25 in the appendices.

Maintenance, aircraft operations, and passenger services were $1.4 billion, up $597 million or 81% on the prior year, mainly driven by increased flying, the recommencement of all remaining international routes, and price increases which grew on average by about 7%.

Labour cost increases reflect the significant rehiring effort that Greg discussed earlier, primarily of operational staff to support increased flying activity as we restarted much of the international passenger network.

Investments in temporary labour support were also made in the second half of the year to address operational challenges across the airports and contact centre in particular. Our FTE levels increased by approximately 30% to a bit under 11,500 compared to 8900 last year.

The rate increases across the labour force vary depending on various work groups, but on average, we saw a 5% increase in wage rates in financial year '23. Lastly on the slide, I'd like to remind you that we've been utilising a wet lease aircraft over majority of financial year '23 to support operational resilience.

This lease will conclude at the end of October and added approximately $30 million in costs over financial year '23 and is expected to add approximately $20 million in costs in the first half of financial year '24.

Turning to slide 11. The impact of inflation is being felt in business and is certainly not unique to New Zealand or the aviation sector. We've attempted to summarise in terms of broad averages, the differential between wage inflation across our operational workforces, or what we call our direct workforce, and then the price increases from the supply chain and third party service providers who we need to operate the network.

That's referred to as variable operating costs and excludes fuel prices. You can see that there has been a substantial increase in prices from pre-COVID across the cost base. The investments we are making in the digital and infrastructure spaces will help mitigate some of this pressure over time and help drive efficiencies in the cost base.

Turning now to slide 12 and our unit cost performance. We've shown 2023 performance compared to both financial year '19 and financial year '22 to provide greater insight into movements across each period.

Underlying CASK, that's cost per available seat kilometre, which excludes the impact of fuel prices, foreign exchange movements, third party maintenance activity, and wage subsidy support in prior periods, increased by almost 27% compared to 2019.

This reflects price inflation across much of the cost base over the half four years, as well as some inefficiencies as we've ramped up international operations throughout the year. CASK has also been impacted by the differences in the network mix being flown.

Whereby in 2023 we had lower levels of longer sector, lower CASK flying than we experienced in 2019. Compared to the prior year, underlying CASK has improved by 15%.

As we look forward to the current financial year, we expect underlying CASK to continue improving from 2023 levels, reflecting the ramp up in capacity growth year round. Particularly across long haul sectors. This will be more pronounced in the first half of the year than the second half.

Turning now to slide 13. There are a few comments I'd like to make regarding our forecast aircraft investment. Firstly, in financial year '23, we took delivery of three Airbus A321neos, configured for our domestic network.

We have four remaining domestic neos on order, with two of those aircraft expected to be delivered this financial year. One in the first half and one in the second half. These two aircraft will be paid from our existing cash balance and will become part of our growing unencumbered aircraft portfolio.

Secondly, we have discussed previously the retrofit program for our 14 existing Boeing 787 aircraft. This is a significant program of work which will take several years, putting the new interior product, including redesign the business class seats into our Dreamliner fleet.

We're now in a position to provide better insight into the timing and phasing of that investment which will total approximately NZD$450 million to NZD$500 million depending on the FX rate. So it has been included in the chart this year. The bulk of that spend is forecast to occur in the 2025 and 2026 financial years and will align our 787 product offering across both the new and existing aircraft fleets.

Thirdly, as we announced earlier today, we have entered into agreements for additional aircraft. Two additional owned ATR 72-600s for the New Zealand regional fleet which are expected to deliver in the 2025 financial year and will bring the ATR fleet up to 31 aircraft in total.

We have also entered into lease agreements for two A321 neos in international configurations which will be utilised on Tasman and Pacific Islands routes. This is an important complement to enable connectivity for these markets following the reduction in wide body aircraft when we retired our Boeing 777-200 fleet of 80 aircraft during the COVID pandemic.

The two additional ATR units are included in the CapEx chart on the upper part of the slide. But the two leased A321 neos are not. We've included their expected delivery dates in the table below for completeness.

You can see the expected phasing of the aircraft capital expenditures are showing through to 2028. Now, we do not have any committed capital beyond that time period. The total forecast spend to financial year '28 that you see reflected in the bars on the chart, is approximately NZD$3.6 billion, which also reflects a weaker New Zealand dollar FX rate assumption.

Finally, before moving on, we do have further captain investments that are not committed aircraft spends but are just as important to support long term resilience, customer innovations, as well as operating efficiencies.

These include engine overhauls, digital investments, and some property development out at Auckland Airport. We do have a slide in the appendix that touches on those areas for context. So please make sure to have a look at that.

Turning to slide 14 and looking at our fuel hedge position for the year. We are approximately 74% hedged for the first half of financial year '24 and 35% hedged for the second half.

This is in line with our fuel hedge policy whereby our hedging profile follows a declining wedge structure. We are only hedged for Brent Crude and therefore our fuel cost is exposed to volatility and the crack spread between crude and jet fuel, which has continued to fluctuate over the past year and especially in recent weeks.

In terms of structures, we primarily have call options in the near term with an average effective price of USD$80 per barrel. These options allow immediate participation in downside market movements, should they occur, and we did enjoy that benefit in the last few months of the 2023 financial year.

Estimating fuel costs for the coming year is challenging of course. But we have provided our current view of financial year '24 fuel costs which assume an average jet fuel price of USD$105 per barrel. This reflects the current average of the forward fuel curve.

Based on the makeup of our hedges, we have also provided an approximation of how an increase or decrease in fuel price would impact our fuel costs for the coming year. At USD$105 a barrel for jet fuel, our fuel costs for the year is currently assumed to be approximately NZD$1.8 billion.

Turning now to slide 15. We're very pleased that a fully imputed one-off special dividend of $0.06 per share has been declared by the Board in recognition of the strong financial result delivered in 2023.

This equates to approximately $200 million. The Board believes a special dividend is the best way to provide a return to shareholders at this time, given the unique market dynamics that have contributed to such a strong result this year.

Given the losses incurred by the Airline over the course of the pandemic, we don’t expect to have imputation credits to attach to any future dividends for the next several years.

Looking now at slide 16. We have announced a revised capital management framework today which our Board has approved and will be effective from the 2024 financial year. For context, following the recovery from COVID, the Board determined that it was appropriate to revisit the Airline's previous capital management settings around liquidity, leverage, investment targets, and distributions.

We have increased our target liquidity range, which was previously $700 million to $1 billion, to be $1.2 billion to $1.5 billion. This includes cash and is currently supplemented with the existing Crown Standby loan facility which is undrawn.

The revised target is more conservative than it has been historically and is proportionally in line with global airline peers. A key principle underpinning the capital management framework remains our commitment to maintaining an investment grade credit rating.

We are currently rated Baa2 by Moody's and it is the Board's intention to maintain this rating which provides the Airline with financial resilience and flexibility in terms of access to various funding markets and attractive pricing.

Given this importance, we are moving away from reporting a gearing target of 45% to 55% to implementing a net debt to EBITDA target metric of 1.5 to 2.5 times. This better reflects how our lenders, credit agencies, and investors assess our financial leverage.

Our distribution policy has been revised from a consistent and sustainable ordinary dividend to a payout ratio approach of 40% to 70% of net profit after tax. Again, this will be in place with effect from the 2024 financial year. With the distributions each period being ultimately determined by the Board, taking into consideration profitability, where we're at in the CapEx cycle, and other macroeconomic factors.

We will continue to target a return on invested capital on our investments above our cost of capital. As mentioned earlier, we have some significant capital expenditure programs over the next three to five years and will continue to maintain discipline on this spend to ensure it delivers the appropriate long term return for our shareholders.

We are committed to operating within our target credit metrics, noting when there is surplus capital available, the Board will weigh up potential growth investment opportunities, as well as additional distributions to shareholders over and above the ordinary dividend.

Before moving on, it's worth acknowledging that we are currently well outside our target liquidity and leverage ranges. There are a number of tools that can be utilised to prudently transition back into this range over time, including, but not limited to, funding additional aircraft with cash rather than debt, prepaying existing debt, making additional shareholder distributions, and/or carrying out a share buyback program or other form of capital return.

With that, I'll pass you back over to Greg who will discuss the outlook.

Greg Foran: Thanks, Richard. One of the bigger changes in FY24 is the increase in international carriers who will start flying to New Zealand. We have provided some high level comments of the competitive situation in each of our markets and I'm happy to take questions on this.

We believe we are well positioned to face into the increased competition. However, we acknowledge that this is likely to put pressure on yields from current levels.

I won't linger on slide 19, it's fairly self-explanatory. Clearly there is a significant increase year over year. Most notably in the first half of the year as we lacked the growth in our long haul markets.

We expect to be pretty close to our pre-COVID capacity by the end of this year. And as a reminder, that is with a wide body fleet, about a third smaller. But optimised more effectively around our network.

The Airline notes that the 2023 financial year was particularly unique, with significant customer demand, constrained market capacity, and lower overall fuel prices. And as such, we view the 2024 financial year to be more reflective of future financial performance.

Looking ahead to the first half of the 2024 financial year, customer demand remains strong across our markets. We are mindful of the uncertain economic environment however and acknowledge there are a number of factors that may impact future customer demand and profitability.

These include increased international competition, volatile fuel prices, a weaker New Zealand dollar, ongoing wage inflation, and increased airport charges. Given the uncertainty and volatility of some of these macroeconomic factors, the Airline will not be providing guidance at this time.

Finally, I'd like to end my remarks by simply saying thank you again to our amazing team of Air New Zealanders for all your efforts. And to thank our customers for choosing to fly Air New Zealand.

To those on the call, thank you for your time today and listening as we've shared our results. I know you will have questions, so operator, please open up the line.

Operator: Certainly. As a reminder, to ask a question, please press star 11 on your telephone and wait for your name to be announced. To withdraw your question, please press star 11 again. Please stand by while we compile the Q&A roster. One moment for our first question.

And our first question will be coming from Andy Bowley of Forsyth Barr. Your line is open.

Andy Bowley: (Forsyth Barr, Analyst) Thanks, operator, and good morning, guys. A couple of questions from me. The first of which is probably for Richard around the new ROIC target. It appears sensible given what's happened to the risk [re] rate in recent times and it's a pretty important KPI.

Can you give us a sense of what your pre-tax WACC currently is in terms of your estimate please?

Richard Thomson: Yes, hi, Andy. Good morning. Thanks for the question. I mean obviously it will move around from year to year but currently 12% to 13%.

Andy Bowley: (Forsyth Barr, Analyst) That's - and maybe just some of the key inputs in terms of how you think about the likes of asset beta and various other aspects of the model.

Richard Thomson: We might take that one offline, Andy, that's probably getting a bit technical.

Andy Bowley: (Forsyth Barr, Analyst) That's fair enough. All right. Let's move on. So the next one is around the yield backdrop, and I recognise it's only a snapshot in time and there's a fair few moving parts here. But what do your forward bookings tell you about the anticipated yield or RASK trends over the next six to 12 months across your key markets?

Richard Thomson: Yes, good question. As Greg sort of mentioned earlier today and in his comments, the yield environment continues to hold up and we're certainly going into the first six months of this year, we've got sort of ongoing confidence in that.

It's been relative to pre-COVID as opposed to relative to FY23. Up around the 30% plus mark. Sort of depending on the market, anywhere between 25% and 35%. And currently, it's holding for the first - well, certainly as far forward as we can see, it's sort of holding around that level.

Andy Bowley: (Forsyth Barr, Analyst) And I guess then translating that into the competitive pressures that - and the various other head winds that Greg alluded to. The expectation being is that those sort of trends will remain above - sufficiently above pre-

COVID levels to more than mitigate the inflationary cost pressures that are coming through in the business?

Richard Thomson: That's right. Look, I think looking forward to next year, Andy, probably the challenge, if anything, that we've got is that yield, as I say, since pre-COVID, moved 25%, 35% higher.

It's unlikely, given the increase in competition that we're seeing, that we're going to get much more on that going forward. But we are going to have on the cost side, sort of a year of increased aeronautical charges, sort of wage price inflation.

Which is why we think 2024 will be more moderate than sort of the profit or the operating environment we've experienced this year and more reflective of the environment we like to be trading in going forward.

Andy Bowley: (Forsyth Barr, Analyst) Yes, sure. Great. Thanks, Richard. That's it from me.

Richard Thomson: Thanks, Andy.

Operator: One moment for our next question. And our next question will be coming from Nick Mar of Macquarie. Your line is open.

Nick Mar: (Macquarie, Analyst) Morning guys. Just following on on the capital management side, I'm sure there's a lot of moving parts around sort of the profitability and the likes over the next five years. But where do you think the net debt's EBITDA gets to, taking into account this CapEx profile and sort of how you look at the business forecast from here.

Richard Thomson: Yes, hi Nick, Richard here, look, we expect that to get over the course of the next 18, 24 months, back into the mid-point of the range that we have described.

Nick Mar: (Macquarie, Analyst) Does that include [unclear]?

Richard Thomson: Yes.

Nick Mar: (Macquarie, Analyst) Okay, great, so when you look at the result, obviously, the second [PPT] number, but if you look at, I guess, a margin percentage is still some way off, even the third, fourth, fifth years, how do you think about the business in terms of a margin, is the particularly relevant to you guys and how you compare against other airlines? Or is it sort of metric that is supported rather than absolute [unclear]?

Leila Peters: Sorry, Nick, it is Leila. Your question was slightly muffled, can I just clarify? Is your question on what our view is related to, is it profit margin, or EBITDA margin versus other airlines? Was that the question? Would you mind repeating it?

Nick Mar: (Macquarie, Analyst) Yes, absolutely. Just in terms of a profit margin, I think on my numbers it was sort of maybe the fifth best year that you have had, whereas the absolute profit was the second best, and obviously ticket prices are higher. Is sort of absolute profit margin something you look at for the business in how you gear that, or [unclear]?

Leila Peters: I will let Richard respond. But I think absolute profit margin is not necessarily what we look to versus – we prefer looking at EBITDA margin in terms of underlying trajectory and health of the business going forward. But I will hand it back to Richard for any additional thoughts.

Richard Thomson: The EBITDA margin is very much the focus. Once you get much below that, I would argue the EBITDA margin reflects fleet age as well. But certainly, once you get much below that what comes through the P&L is influenced then at that point by fleet age and capital structure. So, we tend to focus on EBITDA going forward. It is an important metric, Nick.

Nick Mar: (Macquarie, Analyst) Okay, no, that is great, thanks a lot.

Operator: As a reminder, if you would like to ask a question, please press Star 1 then 1 on your telephone, and our next question will be coming from Marcus Curley of UBS. Marcus, your line is open.

Marcus Curley: (UBS, Analyst) Good morning. Richard, I just want a couple of questions, if I can. I just wanted to clarify, I know you are not giving guidance, but as you think about the current year, you are thinking more in terms of yields holding relatively firm and costs growing, as opposed to yields fading and costs growing?

Richard Thomson: Yes. Certainly, in the first six months of the year.

Marcus Curley: (UBS, Analyst) Could you help us on what you think your range of potential unit cost growth is ex fuel, like in particular, I know you have talked to a wage cost rate, but where do you think staff costs go, aircraft operations, [unclear] or at a high level [unclear] ex fuel?

Richard Thomson: No, really good question. Yes, Marcus, I mean, obviously, as we go into the new year there is – and the first half of the year in Sydenham, in particular, more flying so that activity related cost increases. We think, from a labour perspective, you would have seen over the course of the last year, labour rates, rate only, has increased by around the 5% mark. We expect over the course of the next year, it will continue to increase around the 5% to 6% range. Much above 5% though, we are looking for productivity improvements amongst the work forces that get increases higher than that. But that is about where it sits.

As Greg, I think, mentioned in his comments, outside of labour, I think, probably we are seeing cost pressures over and above that 5% particularly in some of our third-party costs, aeronautical we have talked about, and you know a bit about Auckland Airport, but actually, internationally airport charges are going up and ground handling charges internationally are going up by a bit more than that in a rate sense.

Marcus Curley: (UBS, Analyst) Could I draw you on, if you pulled that all together, what it means for unit costs ex fuel?

Richard Thomson: Unit costs ex fuel and ex activity increases, so rate only, sort of between 5% and 7%, 5% and 6%.

Marcus Curley: (UBS, Analyst) Okay. No, thank you that was all from me. Thank you.

Leila Peters: Marcus, could I just – it is Leila, I just wanted to add the nuance which we covered off in Greg's remarks on the FY24 capacity plan. There will be quite a different skew in the costs per ASK and the underlying rate versus price for first half versus second half, as Gregg mentioned, because of such a significant upswing in long haul, which drives a mixed effect in the costs. It also drives a mixed effect in the revenue in terms of RASK as well, which I know you are well across, but I just wanted to draw your attention to that first half, second half, distinction.

Marcus Curley: (UBS, Analyst) Leila, could I ask, and I am not sure if you have worked this out, but if you kept underlying airfares stable, that you allowed for the mix change, what would be the overall RASK impact on the business next year?

Leila Peters: That is a good question, and I have not worked it out, but I will come back to you on that. It would – yes. It would be diluted to RASK given the long-haul mix, RASK's fund is significantly, of course, lower than short haul or domestic RASK. But I will come back to you with some calcs on that following this call.

Marcus Curley: (UBS, Analyst) Thank you.

Operator: Again, if you do have a question, please press Star 1 then 1 on your telephone. For any questions, or follow ups, please press Star 1 then 1, and I am showing no further questions. I would now like to turn the call back to Leila for closing remarks.

Leila Peters: Thank you, Operator, and thank you everyone for joining the call this morning, we know that there are many announcements going on today, and everyone is quite busy, so we very much appreciate your time. If there are any questions throughout the day, or following today, please direct them to Kim Cootes, or myself in investor relations. Thank you, and have a good day.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect

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