

Copa Holdings Reports Net Income of \$136.5 million and EPS of \$3.22 for the First Quarter of 2018

May 9, 2018

PANAMA CITY, May 9, 2018 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the first quarter of 2018 (1Q18). The terms "Copa Holdings" and "the Company" refer to the consolidated entity. The following financial information, unless otherwise indicated, is presented in accordance with International Financial Reporting Standards (IFRS). See the accompanying reconciliation of non-IFRS financial information to IFRS financial information included in the financial tables section of this earnings release. Unless otherwise stated, all comparisons with prior periods refer to the first quarter of 2017 (1Q17).

OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported net income of US\$136.5 million for 1Q18 or earnings per share (EPS) of US\$3.22, as compared to net income of US\$101.0 million or earnings per share of US\$2.38 in 1Q17.
- Operating income for 1Q18 came in at US\$143.4 million, representing a 23.4% increase over operating income of US\$116.2 million in 1Q17, as a result of a 7.2% increase in unit revenues (RASM), which outpaced the 5.6% oil-driven increase in unit costs (CASM). Operating margin for 1Q18 came in at a strong 20.1%, compared to an operating margin of 18.9% in 1Q17.
- For 1Q18, consolidated passenger traffic grew 10.4% while consolidated capacity grew 8.4%. As a result, consolidated load factor for the quarter increased 1.5 percentage points to 83.0%.
- Total revenues for 1Q18 increased 16.2% to US\$715.0 million. Yield per passenger mile increased 5.3% to 13.3 cents and RASM came in at 11.4 cents, or 7.2% above 1Q17.
- Operating cost per available seat mile (CASM) increased 5.6%, from 8.6 cents in 1Q17 to 9.1 cents in 1Q18. CASM excluding fuel costs increased 1.1% from 6.2 cents in 1Q17 to 6.3 cents in 1Q18, mainly as a result of maintenance events related to an aircraft lease return.
- Cash, short-term and long-term investments ended the quarter slightly over US\$1.0 billion, representing 38% of the last twelve months' revenues.
- Copa Holdings ended the quarter with a consolidated fleet of 100 aircraft – 67 Boeing 737-800s, 14 Boeing 737-700s, and 19 Embraer-190s.
- For 1Q18, Copa Airlines had an on-time performance of 91.3% and a flight-completion factor of 99.8%, maintaining its position among the best in the industry.

Subsequent Events

- In April 2018, the company took delivery of one Boeing 737-800, increasing the consolidated fleet to 101 aircraft.
- Copa Holdings will pay its second quarterly dividend of \$0.87 per share on June 15, to all Class A and Class B shareholders on record as of May 31, 2018.

Consolidated Financial & Operating Highlights	1Q18	1Q17*	Variance vs. 1Q17	4Q17*	Variance vs. 4Q17
Revenue Passengers Carried ('000)	2,465	2,264	8.9%	2,460	0.2%
RPMS (mm)	5,223	4,732	10.4%	5,086	2.7%
ASMs (mm)	6,297	5,808	8.4%	6,111	3.0%
Load Factor	83.0%	81.5%	1.5 p.p.	83.2%	-0.3 p.p.
Yield	13.3	12.6	5.3%	12.7	4.5%
PRASM (US\$ Cents)	11.0	10.3	7.2%	10.6	4.1%
RASM (US\$ Cents)	11.4	10.6	7.2%	11.0	3.7%
CASM (US\$ Cents)	9.1	8.6	5.6%	9.1	-0.1%
CASM Excl. Fuel (US\$ Cents)	6.3	6.2	1.1%	6.5	-2.4%
Fuel Gallons Consumed (Millions)	80.1	74.2	8.0%	78.7	1.8%
Avg. Price Per Fuel Gallon (US\$ Dollars)	2.16	1.84	17.6%	2.03	6.7%
Average Length of Haul (Miles)	2,119	2,090	1.4%	2,067	2.5%
Average Stage Length (Miles)	1,322	1,275	3.7%	1,292	2.3%
Departures	32,339	31,095	4.0%	32,183	0.5%
Block Hours	108,635	101,495	7.0%	106,750	1.8%
Average Aircraft Utilization (Hours)	12.0	11.3	6.1%	11.6	3.3%
Operating Revenues (US\$ mm)	715.0	615.3	16.2%	669.3	6.8%
Operating Income (US\$ mm)	143.4	116.2	23.4%	114.1	25.7%

Operating Margin	20.1%	18.9%	1.2 p.p.	17.1%	3.0 p.p.
Net Income (US\$ mm)	136.5	101.0	35.1%	94.6	44.3%
Adjusted Net Income (US\$ mm) ⁽¹⁾	136.5	101.9	34.0%	94.0	45.1%
EPS - Basic and Diluted (US\$)	3.22	2.38	35.0%	2.23	44.3%
Adjusted EPS - Basic and Diluted (US\$) ⁽¹⁾	3.22	2.40	33.8%	2.22	45.1%
# of Shares - Basic and Diluted ('000)	42,439	42,396	0.1%	42,430	0.0%

⁽¹⁾ Adjusted Net Income and Adjusted EPS for 1Q17, and 4Q17 exclude non-cash charges/gains associated with the mark-to-market of fuel hedges.

* Restated for retrospective adoption of IFRS15.

Note: Attached to this press release is a reconciliation of non-IFRS financial measures to the comparable IFRS measures.

FULL 1Q18 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT: <http://investor.shareholder.com/copa/results.cfm>

1Q18 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date: May 10, 2018
Time: 11:00 AM US ET (10:00 AM Local Time)
Conference telephone number: 877-293-5456 (US Domestic Callers)
707-287-9357 (International Callers)
Webcast: <http://investor.shareholder.com/copa/events.cfm>
Speakers: Pedro Heilbron, Chief Executive Officer
José Montero, Chief Financial Officer

About Copa Holdings

Copa Holdings is a leading Latin American provider of passenger and cargo services. The Company, through its operating subsidiaries, provides service to 78 destinations in 32 countries in North, Central and South America and the Caribbean with one of the youngest and most modern fleets in the industry, consisting of 101 aircraft: 82 Boeing 737NG aircraft and 19 EMBRAER-190s. For more information visit: www.copa.com.

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www.copa.com (IR section)

This release includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations, and are not guarantees of future performance. They are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statement. The risks and uncertainties relating to the forward-looking statements in this release are among those disclosed in Copa Holdings' filed disclosure documents and are, therefore, subject to change without prior notice.

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Copa Holdings, S.A.

Income Statement - IFRS (US\$ Thousands)

	Unaudited 1Q18	Unaudited 1Q17*	% Change	Unaudited 4Q17*	% Change
Operating Revenues					
Passenger revenue	694,912	597,736	16.3%	647,776	7.3%
Cargo and mail revenue	14,337	12,856	11.5%	14,841	-3.4%
Other operating revenue	5,775	4,665	23.8%	6,665	-13.4%
Total Operating Revenue	715,024	615,257	16.2%	669,282	6.8%
Operating Expenses					
Fuel	173,957	136,343	27.6%	159,556	9.0%
Wages, salaries, benefits and other employees' expenses	110,630	100,817	9.7%	110,952	-0.3%
Passenger servicing	25,462	23,074	10.3%	26,481	-3.8%
Airport facilities and handling charges	44,547	40,966	8.7%	42,238	5.5%
Sales and distribution	53,779	49,760	8.1%	51,452	4.5%
Maintenance, materials and repairs	31,724	25,596	23.9%	31,932	-0.7%
Depreciation and amortization	41,909	39,775	5.4%	42,151	-0.6%
Flight operations	27,664	24,031	15.1%	25,082	10.3%
Aircraft rentals and other rentals	33,330	34,231	-2.6%	33,313	0.1%
Cargo and courier expenses	2,047	1,464	39.8%	2,218	-7.7%
Other operating and administrative expenses	26,579	23,001	15.6%	29,790	-10.8%
Total Operating Expense	571,628	499,059	14.5%	555,165	3.0%
Operating Profit	143,396	116,198	23.4%	114,117	25.7%
Non-operating Income (Expense):					
Finance cost	(8,564)	(8,921)	-4.0%	(8,725)	-1.8%
Finance income	5,248	3,446	52.3%	5,443	-3.6%
Gain (loss) on foreign currency fluctuations	7,723	2,723	183.7%	(5,676)	n/m

Net change in fair value of derivatives	-	(860)	n/m	540	n/m
Other non-operating income (expense)	496	(615)	n/m	(916)	n/m
Total Non-Operating Income/(Expense)	4,902	(4,227)	n/m	(9,334)	n/m
Profit before taxes	148,298	111,971	32.4%	104,783	41.5%
Income tax expense	11,825	10,971	7.8%	10,212	15.8%
Net Profit	136,473	101,000	35.1%	94,571	44.3%

EPS - Basic and Diluted	3.22	2.38	35.0%	2.23	44.3%
Shares - Basic and Diluted	42,438,748	42,395,784	0.1%	42,429,821	0.0%

* Restated for retrospective adoption of IFRS 15

Copa Holdings, S. A. and subsidiaries
Balance Sheet - IFRS
(US\$ Thousands)

	March 2018	December 31 2017
	(Unaudited)	(Restated) *
ASSETS		
<u>Current Assets</u>		
Cash and cash equivalents	196,584	238,792
Restricted cash and cash equivalents	-	-
Short-term investments	650,110	705,108
Total cash, cash equivalents and short-term investments	846,694	943,900
Accounts receivable, net	148,900	115,323
Accounts receivable from related parties	1,499	318
Expendable parts and supplies, net	84,849	81,825
Prepaid expenses	51,538	45,421
Other current assets	11,843	11,701
TOTAL CURRENT ASSETS	1,145,323	1,198,488
Long-term investments	155,313	65,953
Long-term accounts receivable	2,365	2,444
Long-term prepaid expenses	25,714	26,130
Property and equipment, net	2,863,901	2,825,904
Intangible, net	84,951	81,115
Net pension asset	3,561	3,185
Deferred tax assets	17,592	18,572
Other Non-Current Assets	31,285	31,140
TOTAL NON-CURRENT ASSETS	3,184,682	3,054,443
TOTAL ASSETS	4,330,005	4,252,931

LIABILITIES AND EQUITY

<u>Current Liabilities:</u>		
Current maturities of long-term debt	253,944	298,462
Accounts payable	118,200	116,554
Accounts payable to related parties	14,405	12,880
Air traffic liability	485,199	477,168
Frequent flyer deferred revenue	54,959	50,312
Taxes and interest payable	89,058	81,440
Accrued expenses payable	38,616	60,321
Income tax payable	6,522	3,700
Other Current Liabilities	1,444	1,156
TOTAL CURRENT LIABILITIES	1,062,347	1,101,993
Long-term debt	889,011	876,119
Other long - term liabilities	130,834	123,182
Deferred tax Liabilities	45,268	50,628
TOTAL NON-CURRENT LIABILITIES	1,065,113	1,049,929

TOTAL LIABILITIES	2,127,460	2,151,922
EQUITY		
Issued Capital		
Class A - 33,796,272 issued and 31,243,732 outstanding	21,078	21,038
Class B - 10,938,125 shares issued and outstanding	7,466	7,466
Additional Paid-In Capital	74,871	72,945
Treasury Stock	(136,388)	(136,388)
Retained Earnings	2,102,933	1,775,426
Net Income	136,473	364,410
Other Comprehensive Income	(3,888)	(3,888)
TOTAL EQUITY	2,202,545	2,101,009
TOTAL LIABILITIES AND EQUITY	4,330,005	4,252,931

* Restated for retrospective adoption of IFRS 15

Copa Holdings, S. A. and subsidiaries
Consolidated Statement of Cash Flows
For the three months ended March 31,
(In US\$ thousands)

	2018	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)
Cash flow from operating activities	145,019	132,752	118,934
Cash flow used in investing activities	(74,198)	(74,800)	(42,044)
Cash flow used in financing activities	(113,029)	(119,743)	(71,652)
Net (decrease) increase in cash and cash equivalents	(42,208)	(61,791)	5,238
Cash and cash equivalents at January 1	238,792	331,687	204,715
Cash and cash equivalents at March 31	\$ 196,584	\$ 269,896	\$ 209,953
Short-term investments	650,110	570,497	457,505
Long-term investments	155,313	954	864
Restricted cash and cash equivalents	-	-	55,611
Total cash and cash equivalents and investments at March 31	\$ 1,002,007	\$ 841,347	\$ 723,933

* Restricted cash corresponds to margin calls to secure derivative financial instruments transactions.

Copa Holdings, S.A.

NON-IFRS FINANCIAL MEASURE RECONCILIATION

This press release includes the following non IFRS financial measures: CASM Excluding Fuel, Adjusted Net Income and Adjusted EPS. This supplemental information is presented because we believe it is a useful indicator of our operating performance and is useful in comparing our performance with other companies in the airline industry. These measures should not be considered in isolation, and should be considered together with comparable IFRS measures, in particular operating income and net income. The following is a reconciliation of these non-IFRS financial measures to the comparable IFRS measures:

Reconciliation of Adjusted Net Income and Adjusted EPS	1Q18	1Q17*	4Q17*
Net profit as Reported	\$ 136,473	\$ 101,000	\$ 94,571
Special Items (adjustments):			
Net change in fair value of derivatives		\$ 860	\$ (540)
Adjusted Net Income	<u>\$ 136,473</u>	<u>\$ 101,860</u>	<u>\$ 94,031</u>
Shares used for Computation (in thousands)			
Basic and Diluted	<u>\$ 42,439</u>	<u>\$ 42,396</u>	<u>\$ 42,430</u>
Adjusted earnings per share - Basic and Diluted	<u>\$ 3.22</u>	<u>\$ 2.40</u>	<u>\$ 2.22</u>
Reconciliation of Operating Costs per ASM Excluding Fuel (CASM Excl. Fuel)	1Q18	1Q17*	4Q17*
Operating Costs per ASM as Reported (in US\$ Cents)	9.1	8.6	9.1
Aircraft fuel per ASM (in US\$ Cents)	<u>(2.8)</u>	<u>(2.3)</u>	<u>(2.6)</u>

Operating Costs per ASM excluding fuel (in US\$ Cents) 6.3 6.2 6.5

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