

## Copa Holdings Reports Net Profit of \$104.0 million and EPS of \$2.45 for the Third Quarter of 2019

November 13, 2019

PANAMA CITY, Nov. 13, 2019 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the third quarter of 2019 (3Q19). 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 third quarter of 2018 (3Q18).

### OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported net profit of US\$104.0 million for 3Q19 or earnings per share (EPS) of US\$2.45, compared to net profit of US\$57.6 million or earnings per share of US\$1.36 in 3Q18.
- Operating profit for 3Q19 came in at US\$132.9 million, representing a 70.9% increase from an operating profit of US\$77.8 million in 3Q18.
- Total revenues for 3Q19 increased 5.3% to US\$708.2 million. Yield per passenger mile increased 7.9% to 12.5 cents and revenue per available seat mile (RASM) increased 9.4% to 11.1 cents.
- Operating cost per available seat mile (CASM) increased 0.5% to 9.0 cents in 3Q19. Excluding fuel costs, CASM increased 5.5% from 5.9 cents in 3Q18 to 6.2 cents in 3Q19, mainly due to the decrease in capacity related to the grounding of the Boeing MAX fleet.
- Operating margin for 3Q19 came in at 18.8%, 7.2 percentage points higher than the 11.6% generated in 3Q18.
- While capacity (measured in available seat miles, or ASMs) decreased by 3.7% in 3Q19 due to the grounding of the Boeing MAX fleet, consolidated passenger traffic (measured in revenue passenger miles, or RPMs) decreased by only 2.2%. As a result, consolidated load factor for the quarter increased 1.4 percentage points to 85.6%.
- The sum of cash, short-term and long-term investments was US\$885.5 million at the end of 3Q19, representing approximately 33% of the last twelve months' revenues.
- Despite the operational challenges presented by the grounding of its Boeing MAX fleet, Copa Airlines delivered an on-time performance of over 92% and a flight-completion factor of 99.8%, maintaining its position among the best in the industry.
- Copa Holdings ended the quarter with a consolidated fleet of 103 aircraft – 68 Boeing 737-800s, 14 Boeing 737-700s, 15 Embraer-190s and 6 Boeing MAX9s.
- The Company has not taken any aircraft deliveries since the world-wide grounding of the Boeing MAX fleet took effect in March 2019. According to its original growth plan for 2019, the Company should have received six additional Boeing MAX9s during the first three quarters of the year and would have received one more in the fourth quarter to end the year with 13 Boeing MAX9 aircraft.

### Subsequent Events

- Copa Holdings will pay its fourth quarterly dividend of \$0.65 per share on December 13, to all Class A and Class B shareholders on record as of November 29, 2019.
- As part of the world-wide grounding of the Boeing MAX fleet, the Company has removed all Boeing MAX operations from its schedule until mid-February 2020.
- As part of its plan to increase efficiencies, the Company has decided to accelerate the exit of its E190 fleet and is planning to sell the remaining 14 aircraft over the next 18 months, 3 years earlier than previously planned. This anticipated exit could result in a book loss in the range of US\$90 million related to the sale of the aircraft and spare parts inventory.

<b>Consolidated Financial &amp; Operating Highlights</b>	<b>3Q19</b>	<b>3Q18*</b>	<b>Variance vs. 3Q18*</b>	<b>2Q19</b>	<b>Variance vs. 2Q19</b>
Revenue Passengers Carried ('000)	2,703	2,591	4.3%	2,550	6.0%
RPMs (mm)	5,466	5,587	-2.2%	5,249	4.1%
ASMs (mm)	6,383	6,629	-3.7%	6,166	3.5%
Load Factor	85.6%	84.3%	1.4 p.p.	85.1%	0.5 p.p.
Yield	12.5	11.6	7.9%	11.8	6.0%
PRASM (US\$ Cents)	10.7	9.8	9.7%	10.1	6.7%
RASM (US\$ Cents)	11.1	10.1	9.4%	10.5	6.0%
CASM (US\$ Cents)	9.0	9.0	0.5%	9.1	-1.2%

CASM Excl. Fuel (US\$ Cents)	6.2	5.9	5.5%	6.2	-0.3%
Fuel Gallons Consumed (Millions)	82.0	84.2	-2.7%	79.3	3.3%
Avg. Price Per Fuel Gallon (US\$ Dollars)	2.16	2.40	-10.2%	2.22	-3.0%
Average Length of Haul (Miles)	2,022	2,156	-6.2%	2,058	-1.8%
Average Stage Length (Miles)	1,295	1,331	-2.7%	1,279	1.3%
Departures	33,373	33,775	-1.2%	32,676	2.1%
Block Hours	109,614	114,009	-3.9%	106,425	3.0%
Average Aircraft Utilization (Hours)	11.5	12.3	-6.2%	11.2	2.2%
Operating Revenues (US\$ mm)	708.2	672.4	5.3%	645.1	9.8%
Operating Profit (US\$ mm)	132.9	77.8	70.9%	82.6	60.9%
Operating Margin	18.8%	11.6%	7.2 p.p.	12.8%	6.0 p.p.
Net Profit (US\$ mm)	104.0	57.6	80.6%	50.9	104.4%
EPS - Basic and Diluted (US\$)	2.45	1.36	80.5%	1.20	104.4%
# of Shares - Basic and Diluted ('000)	42,487	42,469	0.0%	42,478	0.0%

\*Restated for the retrospective adoption of IFRS16.

#### Notes:

- Attached to this press release is a reconciliation of non-IFRS financial measures to the comparable IFRS measures.
- The Company is taking into account the six grounded Boeing MAX9 aircraft currently in its fleet in the calculation of all its financial and operating statistics.

#### FULL 3Q19 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT:

<https://copa.gcs-web.com/financial-information/quarterly-results>

#### 3Q19 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

**Date:** November 14, 2019  
**Time:** 11:00 AM US ET (11:00 AM Local Time)  
**Conference telephone number:** 877-293-5456 (US Domestic Callers)  
707-287-9357 (International Callers)  
**Webcast:** <https://copa.gcs-web.com/events-and-presentations>  
**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 80 destinations in 33 countries in North, Central and South America and the Caribbean with one of the youngest and most modern fleets in the industry, consisting of 102 aircraft: 6 Boeing 737 MAX9s, 82 Boeing 737NG aircraft and 14 EMBRAER-190s. For more information visit: [www.copa.com](http://www.copa.com).

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#### Investor Relations:

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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 3Q19	Unaudited 3Q18*	% Change	Unaudited 2Q19	% Change
<b>Operating Revenues</b>					
Passenger revenue	685,337	649,110	5.6%	620,538	10.4%
Cargo and mail revenue	14,647	15,919	-8.0%	16,464	-11.0%
Other operating revenue	8,226	7,375	11.5%	8,100	1.6%
<b>Total Operating Revenue</b>	<b>708,210</b>	<b>672,405</b>	<b>5.3%</b>	<b>645,102</b>	<b>9.8%</b>
<b>Operating Expenses</b>					
Fuel	177,603	203,121	-12.6%	177,169	0.2%
Wages, salaries, benefits and other employees' expenses	113,398	109,814	3.3%	108,342	4.7%

Passenger servicing	26,204	26,487	-1.1%	25,530	2.6%
Airport facilities and handling charges	47,022	47,415	-0.8%	44,698	5.2%
Sales and distribution	52,980	51,832	2.2%	51,289	3.3%
Maintenance, materials and repairs	30,632	24,626	24.4%	31,235	-1.9%
Depreciation and amortization	72,876	71,149	2.4%	70,549	3.3%
Flight operations	26,572	27,434	-3.1%	25,450	4.4%
Other operating and administrative expenses	28,047	32,762	-14.4%	28,240	-0.7%
<b>Total Operating Expense</b>	<b>575,334</b>	<b>594,640</b>	<b>-3.2%</b>	<b>562,502</b>	<b>2.3%</b>
<b>Operating Profit</b>	<b>132,876</b>	<b>77,765</b>	<b>70.9%</b>	<b>82,601</b>	<b>60.9%</b>
<b>Non-operating Income (Expense):</b>					
Finance cost	(12,696)	(12,718)	-0.2%	(13,573)	-6.5%
Finance income	6,121	6,228	-1.7%	6,041	1.3%
Gain (loss) on foreign currency fluctuations	(9,641)	(2,446)	n/m	(2,213)	n/m
Other non-operating income (expense)	(350)	40	n/m	(2,115)	-83.4%
<b>Total Non-Operating Income/(Expense)</b>	<b>(16,567)</b>	<b>(8,897)</b>	<b>86.2%</b>	<b>(11,859)</b>	<b>39.7%</b>
<b>Profit before taxes</b>	<b>116,309</b>	<b>68,868</b>	<b>68.9%</b>	<b>70,742</b>	<b>64.4%</b>
Income tax expense	12,332	11,298	9.2%	19,876	-38.0%
<b>Net Profit</b>	<b>103,978</b>	<b>57,570</b>	<b>80.6%</b>	<b>50,866</b>	<b>104.4%</b>

<b>EPS - Basic and Diluted</b>	<b>2.45</b>	<b>1.36</b>	<b>80.5%</b>	<b>1.20</b>	<b>104.4%</b>
<b>Shares - Basic and Diluted</b>	<b>42,487,355</b>	<b>42,469,122</b>	<b>0.0%</b>	<b>42,478,415</b>	<b>0.0%</b>

\* Restated for retrospective adoption of IFRS 16

**Copa Holdings, S. A. and subsidiaries**  
**Consolidated statement of financial position**  
**(US\$ Thousands)**

	<b>September 30 2019</b>	<b>December 31 2018</b>
	<b>(Unaudited)</b>	<b>(Restated) *</b>
<b>ASSETS</b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	225,289	156,158
Short-term investments	536,084	566,200
<b>Total cash, cash equivalents and short-term investments</b>	<b>761,374</b>	<b>722,359</b>
Accounts receivable, net	138,249	115,831
Accounts receivable from related parties	2,850	223
Expendable parts and supplies, net	93,081	86,530
Prepaid expenses	53,430	74,384
Prepaid income tax	916	10,357
Other current assets	19,156	54,387
<b>TOTAL CURRENT ASSETS</b>	<b>1,069,057</b>	<b>1,064,071</b>
Long-term investments	124,169	138,846
Long-term accounts receivable	1,942	1,177
Long-term prepaid expenses	16,551	25,637
Property and equipment, net	2,738,111	2,701,322
Right of use assets	317,423	361,993
Intangible, net	108,474	101,168
Net pension asset	6,145	5,091
Deferred tax assets	17,617	16,041
Other Non-Current Assets	17,422	33,899
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,347,855</b>	<b>3,385,174</b>
<b>TOTAL ASSETS</b>	<b>4,416,912</b>	<b>4,449,245</b>
<b>LIABILITIES AND EQUITY</b>		
Current maturities of long-term debt	135,982	311,965
Current portion of lease liability	99,838	102,452
Accounts payable	101,108	129,851
Accounts payable to related parties	14,002	14,674
Air traffic liability	504,921	471,676
Frequent flyer deferred revenue	78,021	67,814
Taxes and interest payable	45,278	44,749
Employee benefits obligations	44,454	42,890

Income tax payable	4,683	-
Other Current Liabilities	203	604
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,028,490</b>	<b>1,186,674</b>
	-	
Long-term debt	965,500	975,283
Lease Liability	231,079	273,231
Other long - term liabilities	178,920	161,571
Deferred tax Liabilities	44,761	48,940
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,420,260</b>	<b>1,459,025</b>
<b>TOTAL LIABILITIES</b>	<b>2,448,750</b>	<b>2,645,700</b>

#### EQUITY

<b>Issued Capital</b>		
Class A -33,825,130 issued and 31,328,697 outstanding	21,139	21,087
Class B common stock - 10,938,125	7,466	7,466
Additional Paid-In Capital	84,338	80,041
Treasury Stock	(136,388)	(136,388)
Retained Earnings	1,752,710	1,835,566
Net profit	244,275	-
Other comprehensive loss	(5,378)	(4,227)
<b>TOTAL EQUITY</b>	<b>1,968,162</b>	<b>1,803,545</b>
<b>TOTAL EQUITY LIABILITIES</b>	<b>4,416,912</b>	<b>4,449,245</b>

\*Restated for the retrospective adoption of IFRS 16.

#### Consolidated Statement of Cash Flows For the nine months ended September 30, (In US\$ thousands)

	2019 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Cash flow from operating activities	548,947	377,941	603,995
Cash flow used in investing activities	(32,863)	(129,541)	(344,088)
Cash flow used in financing activities	(446,953)	(316,461)	(342,001)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>69,131</b>	<b>(68,061)</b>	<b>(82,094)</b>
Cash and cash equivalents at January 1	156,158	238,792	331,687
<b>Cash and cash equivalents at September 30</b>	<b>\$ 225,289\$</b>	<b>170,731\$</b>	<b>249,593</b>
Short-term investments	536,084	579,246	565,994
Long-term investments	124,169	165,865	155,953
<b>Total cash and cash equivalents and investments at September 30</b>	<b>\$ 885,542\$</b>	<b>915,842\$</b>	<b>971,540</b>

#### Copa Holdings, S.A.

#### NON-IFRS FINANCIAL MEASURE RECONCILIATION

This press release includes the following non IFRS financial measures: Operating CASM Excluding Fuel. 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. The following is a reconciliation of these non-IFRS financial measures to the comparable IFRS measures:

#### Reconciliation of Operating Costs per ASM

<b>Excluding Fuel (CASM Excl. Fuel)</b>	<b>3Q193Q18*2Q19</b>		
Operating Costs per ASM as Reported (in US\$ Cents)	9.0	9.0	9.1
Aircraft fuel per ASM (in US\$ Cents)	(2.8)	(3.1)	(2.9)
Operating Costs per ASM excluding fuel (in US\$ Cents)	<u>6.2</u>	<u>5.9</u>	<u>6.2</u>

\* Restated for retrospective adoption of IFRS 16

View original content: <http://www.prnewswire.com/news-releases/copa-holdings-reports-net-profit-of-104-0-million-and-eps-of-2-45-for-the-third-quarter-of-2019--300957802.html>

SOURCE Copa Holdings, S.A.