

## Copa Holdings Reports Financial Results for the Fourth Quarter of 2019

February 12, 2020

**Reported net profit came in at \$2.7 million, or EPS \$0.06. Excluding Special Items, adjusted net profit came in at \$92.1 million, or Adjusted EPS of \$2.17**

PANAMA CITY, Feb. 12, 2020 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the fourth quarter of 2019 (4Q19) and full year 2019. 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 fourth quarter of 2018 (4Q18).

The financial information included in this press release is preliminary as the Company has not yet issued its audited financial statements and may differ from those results. During the preparation of the financial statements and related notes and our year-end audit, additional items that would require material adjustments to the preliminary financial information included in this press release may be identified.

### OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported a net profit of US\$2.7 million for 4Q19 or earnings per share (EPS) of US\$0.06, as compared to a net loss of US\$155.8 million or loss per share of US\$3.67 in 4Q18. Excluding Special Items, which for 4Q19 included a non-cash fleet impairment charge of US\$89.3 million, and for 4Q18 included a non-cash fleet impairment charge of US\$188.6 million and a non-cash US\$11.4 million-dollar foreign currency translation loss (Special Items), the Company would have reported a net profit of US\$92.1 million, or adjusted EPS of US\$2.17 in 4Q19, compared to an adjusted net profit of US\$44.1 million or adjusted EPS of US\$1.04 in 4Q18.
- For full year 2019, net profit came in at US\$247 million or EPS of US\$5.81, compared to a net profit of US\$88.1 million or earnings per share of US\$2.07 for full year 2018. Excluding Special Items, which for 2019 included a non-cash fleet impairment charge of US\$89.3 million, and for 2018 included a non-cash fleet impairment charge of US\$188.6 million and a non-cash US\$11.4 million-dollar foreign currency translation loss, Copa Holdings would have reported an adjusted net profit of US\$336.3 million or EPS of US\$7.92 in 2019, compared to an adjusted net profit of US\$276.7 million or adjusted EPS of US\$6.52 in 2018.
- In 4Q19, the Company had an operating profit of US\$17.8 million, compared to an operating loss of US\$126.4 million in 4Q18. Excluding Special Items, namely the fleet impairment charges in 4Q19 and 4Q18, The Company would have reported an Operating profit of US\$107.1 million in 4Q19, compared to an operating profit of US\$62.2 million in 4Q18. Excluding Special Items, operating margin for 4Q19 would have come in at 15.7%, compared to 9.5% in 4Q18.
- For full year 2019, the Company reported operating profit of US\$346.2 million. Excluding Special Items, the Company would have reported an operating profit of US\$435.5 million, representing an increase of 25.1% over adjusted operating profit of US\$348.1 million for full year 2018, mostly due to stronger unit revenues and lower jet fuel prices. Excluding Special Items, operating margin for full year 2019 would have come in at 16.1%.
- Total revenues for 4Q19 increased 3.9% to US\$681.9 million, despite a 4.6% capacity contraction. Yield per passenger mile increased 6.0% to 12.5 cents, and load factors improved 2.5 percentage points year over year to 85.3%. Revenue per available seat mile (RASM) came in at 11.1 cents, or 8.9% higher than 4Q18.
- For full year 2019, consolidated load factor was 84.8%, 1.4 percentage points higher than 2018 on a 2.7% capacity reduction.
- Operating cost per available seat mile (CASM), excluding Special Items (Adjusted CASM) increased 1.4%, from 9.2 cents in 4Q18 to 9.3 cents in 4Q19. Adjusted CASM excluding fuel costs increased 6.4% from 6.2 cents in 4Q18 to 6.6 cents in 4Q19, mainly as a result of lower capacity, as well as expenses, associated to the Boeing MAX fleet grounding.
- Cash, short-term and long-term investments ended 2019 at US\$985.5 million, representing 36% of the last twelve months' revenues.
- Copa Holdings ended the year with a consolidated fleet of 102 aircraft – 6 Boeing 737MAX9s, 68 Boeing 737-800s, 14 Boeing 737-700s, and 14 Embraer 190s.
- As was previously reported, during the fourth quarter the Company announced its intention to sell its remaining 14 Embraer 190s over the next two years duly classifying these assets as available for sale. As such, a US\$89.3 million impairment charge was booked in 4Q19.
- For 2019, Copa Airlines ended the year with a consolidated on-time performance of 91.9% and a flight-completion factor of 99.8%, maintaining its position among the best in the industry.

### **Subsequent Events**

- In January 2020, the company was recognized by FlightStats – for the seventh consecutive year – as the most on-time airline in Latin America, and by OAG as the second most on-time airline in the world.
- On February 12, 2020, the Board of Directors of Copa Holdings approved a 2020 quarterly dividend payment of 80 cents per share. Dividends will be distributed during the months of March, June, September and December. The first quarterly dividend of 80 cents per share will be paid on March 13 to shareholders on record as of February 28, 2020.
- As part of the world-wide grounding of the Boeing MAX fleet, the Company has removed all Boeing MAX operations from its schedule until the end of August of 2020.

Consolidated Financial & Operating Highlights	4Q19	4Q18*	Variance vs. 4Q18*	3Q19	Variance vs. 3Q19	FY19	FY18*	Variance vs. FY18*
Revenue Passengers Carried ('000)	2,633	2,554	3.1%	2,703	-2.6%	10,474	10,069	4.0%
RPMs (mm)	5,244	5,335	-1.7%	5,466	-4.1%	21,303	21,529	-1.0%
ASMs (mm)	6,149	6,445	-4.6%	6,383	-3.7%	25,113	25,817	-2.7%
Load Factor	85.3%	82.8%	2.5 p.p.	85.6%	-0.4 p.p.	84.8%	83.4%	1.4 p.p.
Yield	12.5	11.8	6.0%	12.5	0.1%	12.3	12.0	2.0%
PRASM (US\$ Cents)	10.7	9.8	9.2%	10.7	-0.3%	10.4	10.0	3.8%
RASM (US\$ Cents)	11.1	10.2	8.9%	11.1	0.0%	10.8	10.4	3.9%
CASM (US\$ Cents)	10.8	12.1	-11.0%	9.0	19.8%	9.4	9.8	3.6%
Adjusted CASM (US\$ Cents) (1)	9.3	9.2	1.4%	9.0	3.7%	9.0	9.0	-0.3%
CASM Excl. Fuel (US\$ Cents)	8.0	9.1	-11.9%	6.2	28.6%	6.6	6.8	2.3%
Adjusted CASM Excl. Fuel (US\$ Cents) (1)	6.6	6.2	6.4%	6.2	5.3%	6.3	6.1	-3.6%
Fuel Gallons Consumed (Millions)	78.9	82.1	-3.9%	82.0	-3.7%	321.4	328.1	2.0%
Avg. Price Per Fuel Gallon (US\$ Dollars)	2.16	2.38	-9.2%	2.16	0.1%	2.16	2.32	7.2%
Average Length of Haul (Miles)	1,992	2,089	-4.6%	2,022	-1.5%	2,034	2,138	-4.9%
Average Stage Length (Miles)	1,279	1,299	-1.5%	1,295	-1.2%	1,288	1,321	-2.5%
Departures	32,441	33,541	-3.3%	33,373	-2.8%	131,819	132,498	-0.5%
Block Hours	105,620	111,315	-5.1%	109,614	-3.6%	431,749	444,851	-2.9%
Average Aircraft Utilization (Hours)	11.3	11.7	-3.6%	11.5	-2.1%	45.8	12.0	281.8%
Operating Revenues (US\$ mm)	681.9	656.1	3.9%	708.2	-3.7%	2,707.4	2,677.6	1.1%
Operating Profit (US\$ mm)	17.8	-126.4	n/m	132.9	-86.6%	346.2	159.5	117.1%
Adjusted Operating Profit (US\$ mm) (1)	107.1	62.2	72.1%	132.9	-19.4%	435.5	348.1	25.1%
Operating Margin	2.6%	-19.3%	21.9 p.p.	18.8%	-16.2 p.p.	12.8%	6.0%	6.8 p.p.
Adjusted Operating Margin (1)	15.7%	9.5%	6.2 p.p.	18.8%	-3.0 p.p.	16.1%	13.0%	3.1 p.p.
Net Profit (US\$ mm)	2.7	-155.8	n/m	104.0	-97.4%	247.0	88.1	180.4%
Adjusted Net Profit (US\$ mm) (1)	92.1	44.1	108.6%	104.0	-11.5%	336.3	276.7	21.6%
EPS - Basic and Diluted (US\$)	0.06	-3.67	n/m	2.45	-97.4%	5.81	2.07	180.3%
Adjusted EPS - Basic and Diluted (US\$) (1)	2.17	1.04	108.5%	2.45	-11.5%	7.92	6.52	21.6%
# of Shares - Basic and Diluted ('000)	42,487	42,468	0.0%	42,487	0.0%	42,483	42,456	0.1%

(1) Adjusted CASM Excl. Fuel, Adjusted Operating Profit, Adjusted Net Profit, Adjusted Operating Margin and Adjusted EPS for 4Q19, 4Q18, 3Q19, 2019 and 2018 exclude non-cash charges/gains associated with the Embraer 190 Fleet impairment and a currency translation effects.

\* Restated for the retrospective adoption of IFRS 16

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

**FULL 4Q19 AND FULL YEAR 2019 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT:**

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

**4Q19 AND FULL YEAR 2019 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST**

**Date:** February 13, 2020  
**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 737MAX9s, 82 Boeing 737NGs 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.

**Copa Holdings, S.A.**

**Income Statement - IFRS**

(US\$ Thousands)

	Unaudited 4Q19	Unaudited 4Q18*	% Change	Unaudited 3Q19	% Change	FY 2019	FY 2018*	% Change
<b>Operating Revenues</b>								
Passenger revenue	657,940	631,762	4.1%	685,337	-4.0%	2,612,605	2,587,389	1.0%
Cargo and mail revenue	16,033	16,224	-1.2%	14,647	9.5%	62,460	62,483	0.0%
Other operating revenue	7,955	8,077	-1.5%	8,226	-3.3%	32,343	27,755	16.5%
<b>Total Operating Revenue</b>	<b>681,927</b>	<b>656,063</b>	<b>3.9%</b>	<b>708,210</b>	<b>-3.7%</b>	<b>2,707,409</b>	<b>2,677,627</b>	<b>1.1%</b>
<b>Operating Expenses</b>								
Fuel	171,314	196,230	-12.7%	177,603	-3.5%	696,249	765,781	-9.1%
Wages, salaries, benefits and other employees' expenses	115,036	114,394	0.6%	113,398	1.4%	450,438	443,287	1.6%
Passenger servicing	24,798	26,284	-5.7%	26,204	-5.4%	102,103	104,346	-2.1%
Airport facilities and handling charges	44,877	48,514	-7.5%	47,022	-4.6%	181,959	186,422	-2.4%
Sales and distribution	53,222	51,787	2.8%	52,980	0.5%	210,623	210,158	0.2%
Maintenance, materials and repairs	37,648	27,486	37.0%	30,632	22.9%	127,562	110,710	15.2%
Depreciation and amortization	70,469	66,478	6.0%	72,876	-3.3%	282,081	276,563	2.0%
Flight operations	24,908	27,922	-10.8%	26,572	-6.3%	102,806	108,437	-5.2%
Other operating and administrative expenses	32,506	34,719	-6.4%	28,047	15.9%	118,090	123,835	-4.6%
Fleet Impairment	89,344	188,624	-52.6%	-	n/m	89,344	188,624	-52.6%
<b>Total Operating Expense</b>	<b>664,123</b>	<b>782,439</b>	<b>-15.1%</b>	<b>575,334</b>	<b>15.4%</b>	<b>2,361,255</b>	<b>2,518,163</b>	<b>-6.2%</b>
<b>Operating Profit</b>	<b>17,804</b>	<b>(126,376)</b>	<b>n/m</b>	<b>132,876</b>	<b>-86.6%</b>	<b>346,154</b>	<b>159,464</b>	<b>117.1%</b>
<b>Non-operating Income (Expense):</b>								
Finance cost	(17,154)	(12,791)	34.1%	(12,696)	35.1%	(57,432)	(50,826)	13.0%
Finance income	6,289	6,115	2.9%	6,121	2.7%	24,405	23,628	3.3%
Gain (loss) on foreign currency fluctuations	2,406	(18,210)	n/m	(9,641)	n/m	(15,408)	(9,398)	63.9%
Other non-operating income (expense)	(989)	(496)	99.5%	(350)	182.4%	(4,279)	(239)	1687.8%
<b>Total Non-Operating Income/(Expense)</b>	<b>(9,448)</b>	<b>(25,383)</b>	<b>-62.8%</b>	<b>(16,567)</b>	<b>-43.0%</b>	<b>(52,715)</b>	<b>(36,835)</b>	<b>43.1%</b>
<b>Profit before taxes</b>	<b>8,356</b>	<b>(151,759)</b>	<b>n/m</b>	<b>116,309</b>	<b>-92.8%</b>	<b>293,439</b>	<b>122,629</b>	<b>139.3%</b>
Income tax expense	5,629	4,087	37.7%	12,332	-54.4%	46,437	34,553	34.4%
<b>Net Profit</b>	<b>2,728</b>	<b>(155,846)</b>	<b>n/m</b>	<b>103,978</b>	<b>-97.4%</b>	<b>247,002</b>	<b>88,075</b>	<b>180.4%</b>

<b>EPS - Basic and Diluted</b>	<b>0.06</b>	<b>-3.67</b>	<b>-101.7%</b>	<b>2.45</b>	<b>-97.4%</b>	<b>5.81</b>	<b>2.07</b>	<b>180.3%</b>
<b>Shares - Basic and Diluted</b>	42,486,717	42,468,402	0.0%	42,487,355	0.0%	42,483,048	42,456,032	0.1%

\* Restated for retrospective adoption of IFRS 16

**Consolidated Statement of Cash Flows**  
For the twelve months ended December 31  
(In US\$ thousands)

	2019 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Cash flow from operating activities	782,979	497,153	798,194
Cash flow used in investing activities	(235,071)	(149,596)	(578,159)
Cash flow used in financing activities	(545,334)	(430,191)	(312,930)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,574</b>	<b>(82,634)</b>	<b>(92,895)</b>

Cash and cash equivalents at January 1	156,158	238,792	331,687
<b>Cash and cash equivalents at December 31</b>	<b>\$ 158,732</b>	<b>\$ 156,158</b>	<b>\$ 238,792</b>
Short-term investments	692,403	566,200	705,108
Long-term investments	134,347	138,846	65,953
<b>Total cash and cash equivalents and investments at December 31</b>	<b>\$ 985,482</b>	<b>\$ 861,204</b>	<b>\$ 1,009,853</b>

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

	December 2019	December 31 2018
	(Unaudited)	(Restated) *
<b>ASSETS</b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	158,732	156,158
Short-term investments	692,403	566,200
<b>Total cash, cash equivalents and short-term investments</b>	<b>851,135</b>	<b>722,358</b>
Accounts receivable, net	129,634	115,831
Accounts receivable from related parties	147	223
Expendable parts and supplies, net	69,100	86,530
Prepaid expenses	38,953	70,237
Prepaid income tax	1,181	10,357
Other current assets	14,206	14,056
	253,221	297,234
Assets held for sale	120,006	40,330
<b>TOTAL CURRENT ASSETS</b>	<b>1,224,362</b>	<b>1,059,922</b>
Long-term investments	134,347	138,846
Long-term accounts receivable	2,139	1,177
Long-term prepaid expenses	17,743	25,637
Property and equipment, net	2,532,402	2,698,131
Right of use assets	290,843	361,993
Intangible, net	108,116	101,168
Net pension asset	248	5,091
Deferred tax assets	19,216	16,041
Other Non-Current Assets	17,881	33,899
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,122,934</b>	<b>3,381,983</b>
<b>TOTAL ASSETS</b>	<b>4,347,296</b>	<b>4,441,905</b>
Current maturities of long-term debt	117,238	311,965
Current portion of lease liability	97,732	102,452
Accounts payable	109,252	124,962
Accounts payable to related parties	14,086	14,673
Air traffic liability	497,374	471,676
Frequent flyer deferred revenue	80,326	67,815
Taxes and interest payable	51,611	44,749
Employee benefits obligations	55,373	47,390
Income tax payable	9,683	-
Other Current Liabilities	83	604
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,032,758</b>	<b>1,186,287</b>
Long-term debt	938,182	975,283
Lease Liability	206,832	273,231
Other long - term liabilities	191,221	161,571
Deferred tax Liabilities	43,397	48,940
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,379,633</b>	<b>1,459,025</b>
<b>TOTAL LIABILITIES</b>	<b>2,412,391</b>	<b>2,645,312</b>
<b>EQUITY</b>		
<b>Issued Capital</b>		
Class A -33,835,747 issued and 31,337,856 outstanding	21,142	21,087

Class B common stock - 10,938,125	7,466	7,466
Additional Paid-In Capital	86,135	80,041
Treasury Stock	(136,388)	(136,388)
Retained Earnings	1,718,176	1,828,615
Net profit	247,002	-
Other comprehensive loss	(8,628)	(4,227)
<b>TOTAL EQUITY</b>	<b>1,934,905</b>	<b>1,796,594</b>
<b>TOTAL EQUITY LIABILITIES</b>	<b>4,347,296</b>	<b>4,441,905</b>

\*Restated for the retrospective adoption of IFRS16.

## Copa Holdings, S.A.

### NON-IFRS FINANCIAL MEASURE RECONCILIATION

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

#### Reconciliation of Adjusted Operating Profit, Adjusted Net Profit and Adjusted EPS

	4Q19	4Q18*	3Q19	FY19	FY18*
Operating Profit as Reported	\$ 17,804	\$ (126,376)	\$ 132,876	\$ 346,154	\$ 159,464
Special Items (adjustments):					
Fleet Impairment	\$ 89,344	\$ 188,624		\$ 89,344	\$ 188,624
Adjusted Operating Profit	<u>\$ 107,148</u>	<u>\$ 62,248</u>	<u>\$ 132,876</u>	<u>\$ 435,497</u>	<u>\$ 348,088</u>
Net profit as Reported	\$ 2,728	\$ (155,846)	\$ 103,978	\$ 247,002	\$ 88,075
Special Items (adjustments):					
Fleet Impairment	\$ 89,344	\$ 188,624	\$ -	\$ 89,344	\$ 188,624
Loss on foreign currency fluctuations		\$ 11,364			
Adjusted Net Profit	<u>\$ 92,071</u>	<u>\$ 44,143</u>	<u>\$ 103,978</u>	<u>\$ 336,346</u>	<u>\$ 276,699</u>
Shares used for Computation (in thousands)					
Basic and Diluted	<u>42,487</u>	<u>42,468</u>	<u>42,487</u>	<u>42,483</u>	<u>42,456</u>
Adjusted earnings per share - Basic and Diluted	<u>\$ 2.17</u>	<u>\$ 1.04</u>	<u>\$ 2.45</u>	<u>\$ 7.92</u>	<u>\$ 6.52</u>

#### Reconciliation of Adjusted Operating Costs per ASM Excluding Fuel (Adjusted CASM Excl. Fuel)

	4Q19	4Q18*	3Q19	FY19	FY18*
Operating Costs per ASM as Reported (in US\$ Cents)	10.8	12.1	9.0	9.4	9.8
Fleet Impairment per ASM (in US\$ Cents)	(1.5)	(2.9)	-	(0.3)	(0.7)
Aircraft fuel per ASM (in US\$ Cents)	(2.8)	(3.0)	(2.8)	(2.8)	(3.0)
Adjusted Operating Costs per ASM excluding fuel (in US\$ Cents)	<u>6.6</u>	<u>6.2</u>	<u>6.2</u>	<u>6.3</u>	<u>6.1</u>

\* Restated for retrospective adoption of IFRS 16

View original content: <http://www.prnewswire.com/news-releases/copa-holdings-reports-financial-results-for-the-fourth-quarter-of-2019-301003973.html>

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