Copa Holdings Reports Financial Results for the Fourth Quarter of 2020

February 10, 2021

PANAMA CITY, Panama, Feb. 10, 2021 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the fourth quarter of 2020 (4Q20). 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 2019 (4Q19).

The financial information included in this press release is preliminary, as the Company has not yet issued its audited financial statements. This information presented herein 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.

Due to the continued effects of the Covid-19 pandemic on the aviation industry, the Company operated on average, at approximately 27% of the capacity for the same period in 2019. Therefore, this earnings release will focus on the financial results and metrics that are relevant in these circumstances and will omit certain financial ratios, unit metrics and operational indicators that are usually provided, since they are either not measurable, not meaningful or not material on such a limited operational base.

OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported a net loss of US$168.8 million for the quarter, or US$3.97 per share. Excluding special items, the Company would have reported a net loss of US$85.2 million, or US$2.00 per share. Special items for the quarter include an US$80.1 million unrealized mark-to-market loss related to the Company's convertible notes, a US$4.4 million asset impairment charge on the Boeing 737-700 fleet, and a US$0.9 million gain on the Embraer assets held for sale.
- Copa Holdings reported an operating loss of US$95.1 million for the quarter. Excluding special items, the Company would have reported an operating loss of US$91.5 million.
- For the full year 2020, Copa Holdings reported a net loss of US$598.6 million, or US$14.08 per share. Excluding special items, the Company would have reported a net loss of US$259.5 million, or US$6.11 per share. Special items for the full year include a US$191.2 million in total impairment charges related to the Boeing 737-700 fleet, a US$98.7 million unrealized mark-to-market loss on to the Company's convertible notes, and a US$49.2 million expected loss on the Embraer assets held for sale.
- For the full year 2020, Copa Holdings reported an operating loss of US$460.9 million. Excluding special items, the Company would have reported an operating loss of US$220.6 million for 2020.
- Cash consumption, defined as cash disbursements less proceeds, excluding extraordinary financing activities and asset sales, averaged approximately US$6 million per month during the quarter. Cash consumption for the quarter benefited from changes in working capital, as cash proceeds increased ahead of capacity growth, while cash outflows lagged given the timing of certain accounts payable.
- The Company ended the quarter with US$1.3 billion of available liquidity, consisting of approximately US$1.0 billion in cash, short-term and long-term investments, and committed and undrawn credit facilities of US$305 million.
- The Company closed the quarter with total debt, including lease liabilities, of US$1.4 billion.
- The Company's flight operations, measured in terms of available seat miles (ASMs), represented 15% in October, 28% in November, and 39% in December, as compared to the same periods in 2019. For the quarter, the Company's ASMs were approximately 27% of ASMs in the same period in 2019.
- During the quarter, the Company completed the delivery of 5 Embraer 190 aircraft that were previously sold to a third party. As of December 31, 2020, there were 8 Embraer 190 aircraft sold and pending to be delivered.
- In December, The Export-Import Bank of the United States authorized a final commitment for a guaranteed loan in an amount up to US$327.9 million, related to 7 737 MAX 9 aircraft to be delivered to the Company during 2020 and 2021.
- In December, the Company took delivery of 1 Boeing 737 MAX 9. Excluding the aircraft classified as assets held for sale, Copa Holdings ended the year with a consolidated fleet of 75 aircraft – 68 Boeing 737-800s and 7 Boeing 737 MAX 9s, compared to a total fleet of 102 aircraft by year end 2019.

Subsequent Events

- In January, the Company delivered 1 Embraer 190 aircraft, out of 14 that were sold to a third party.
- In January and the first week of February, the Company took delivery of 3 Boeing 737 MAX 9s and expects to receive 3 additional Boeing 737 MAX 9s by the end of the first quarter.
- During the month of February, the company added new credit facility commitments for an aggregate amount of US$40

million, bringing the total of undrawn committed credit facilities to US$345 million.

- The Company has reached an agreement with Boeing regarding compensation related to the Boeing 737 MAX grounding. Terms remain confidential.

Consolidated Financial & Operating Highlights	4Q20	4Q19	Variance vs. 4Q19	3Q20	Variance vs. 3Q20	2020	2019	Variance vs. 2019
Revenue Passengers Carried (000s)	696	2,633	-73.6%	30	2256.3%	2,852	10,474	-72.8%
RPMs (millions)	1,267	5,244	-75.8%	57	2130.0%	5,812	21,303	-72.7%
ASMs (millions)	1,684	6,149	-72.6%	95	1667.7%	7,301	25,113	-70.9%
Load Factor	75.3%	85.3%	-10.0 p.p.	59.7%	15.6 p.p.	79.6%	84.8%	-5.2 p.p.
Fuel Gallons Consumed (millions)	20.75	78.94	-73.7%	1.32	1469.1%	92.8	321.4	-71.1%
Avg. Price Per Fuel Gallon (US$)	1.41	2.16	-34.7%	1.41	-0.3%	1.81	2.16	-16.0%
Average Length of Haul (miles)	1,822	1,992	-8.5%	1,925	-5.4%	2,038	2,034	0.2%
Average Stage Length (miles)	1,211	1,279	-5.4%	1,081	12.0%	1,278	1,288	-0.8%
Departures	8,795	32,441	-72.9%	559	1473.3%	37,865	131,819	-71.3%
Block Hours	26,870	105,620	-74.6%	1,710	1471.8%	122,968	431,749	-71.5%
Average Aircraft Utilization (hours) (2)	5.2	11.3	-53.8%	0.9	477.8%	7.5	11.4	-70.8%
Operating Revenues (US$ millions)	158.6	681.9	-76.7%	32.4	389.9%	801.0	2,707.4	-70.4%
Operating Profit (Loss) (US$ millions)	-95.1	17.8	-633.9%	-107.0	-11.1%	-460.9	346.2	-233.2%
Adjusted Operating Profit (Loss) (US$ millions) (1)	-91.5	107.1	-185.4%	-107.0	-14.4%	-220.6	435.5	-150.6%
Net Profit (Loss) (US$ millions)	-168.8	2.7	n/m	-118.1	43.0%	-598.6	247.0	-342.3%
Adjusted Net Profit (Loss) (US$ millions) (1)	-85.2	92.1	n/m	-121.6	-30.0%	-259.5	336.3	-177.2%
Basic EPS (US$)	-3.97	0.06	n/m	-2.78	43.0%	-14.08	5.81	-342.2%
Adjusted Basic EPS (US$) (1)	-2.00	2.17	n/m	-2.86	-30.0%	-6.11	7.92	-177.1%
Shares for calculation of Basic EPS (000s)	42,511	42,487	0.1%	42,510	0.0%	42,508	42,483	0.1%

(1) *Excludes Special Items. This earnings release includes a reconciliation of non-IFRS* financial measures to the comparable IFRS measures.

(2) *Average Aircraft Utilization is calculated based on the Company's active fleet, excluding aircraft in storage as well as those classified as assets held for sale.*

FULL 4Q20 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT:
https://copa.gcs-web.com/financial-information/quarterly-results

4Q20 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date:	Feb 11, 2021
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. For more information visit: www.copa.com.

CONTACT: Copa Holdings S.A.
Investor Relations:
Ph: 011 507 304-2774
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.

CPA-G

Copa Holdings, S.A.
Income Statement - IFRS
(US$ Thousands)

	Unaudited 4Q20	Unaudited 4Q19	% Change	Unaudited 3Q20	% Change	Unaudited 2020	Audited 2019	% Change
Operating Revenues								
Passenger revenue	147,535	657,940	-77.6%	27,619	434.2%	760,594	2,612,605	-70.9%

Cargo and mail revenue	7,243	16,033	-54.8%	596	1114.3%	21,002	62,460	-66.4%
Other operating revenue	3,858	7,955	-51.5%	4,167	-7.4%	19,407	32,343	-40.0%
Total Operating Revenue	**158,636**	**681,927**	**-76.7%**	**32,382**	**389.9%**	**801,003**	**2,707,409**	**-70.4%**
Operating Expenses								
Fuel	28,346	171,314	-83.5%	1,287	2102.7%	166,723	696,249	-76.1%
Wages, salaries, benefits and other employees' expenses	63,599	115,036	-44.7%	44,241	43.8%	256,327	450,438	-43.1%
Passenger servicing	4,180	24,798	-83.1%	1,095	281.9%	27,567	102,103	-73.0%
Airport facilities and handling charges	16,914	44,877	-62.3%	1,752	865.2%	59,536	181,959	-67.3%
Sales and distribution	18,646	53,222	-65.0%	5,985	211.6%	70,395	210,623	-66.6%
Maintenance, materials and repairs	33,221	37,648	-11.8%	9,079	265.9%	76,948	127,562	-39.7%
Depreciation and amortization	67,850	159,812	-57.5%	63,022	7.7%	502,433	371,424	35.3%
Flight operations	5,925	24,908	-76.2%	454	1206.5%	30,028	102,806	-70.8%
Other operating and administrative expenses	15,011	32,506	-53.8%	12,435	20.7%	71,977	118,072	-39.0%
Total Operating Expense	**253,693**	**664,123**	**-61.8%**	**139,349**	**82.1%**	**1,261,934**	**2,361,238**	**-46.6%**
Operating Profit (Loss)	**(95,057)**	**17,804**	n/m	**(106,966)**	n/m	**(460,931)**	**346,171**	**-233.2%**
Non-operating Income (Expense):								
Finance cost	(18,360)	(17,154)	7.0%	(16,264)	12.9%	(73,045)	(57,450)	27.1%
Finance income	3,571	6,289	-43.2%	4,394	-18.7%	19,963	24,405	-18.2%
Net change in fair value of derivatives	(80,076)	2,406	n/m	3,591	n/m	(8,459)	(15,408)	-45.1%
Gain (loss) on foreign currency fluctuations	2,361	-	n/m	(370)	n/m	(98,683)	-	n/m
Other non-operating income (expense)	1,026	(989)	n/m	(2,631)	n/m	(1,169)	(4,279)	-72.7%
Total Non-Operating Income/(Expense)	**(91,478)**	**(9,448)**	**868.2%**	**(11,278)**	**711.1%**	**(161,392)**	**(52,732)**	**206.1%**
Profit (Loss) before taxes	**(186,535)**	**8,356**	n/m	**(118,245)**	n/m	**(622,323)**	**293,439**	**-312.1%**
Income tax expense	(17,731)	5,629	n/m	(188)	n/m	(23,717)	46,437	-151.1%
Net Profit (Loss)	**(168,805)**	**2,728**	n/m	**(118,057)**	n/m	**(598,606)**	**247,002**	**-342.3%**
EPS								
Basic	**-3.97**	**0.06**	**n/m**	**-2.78**	**n/m**	**-14.08**	**5.81**	**n/m**
Shares used for calculation:								
Basic	42,510,573	42,486,717		42,509,959		42,508,448	42,483,048	

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

	December 2020	**December 2019**
	(Unaudited)	**(Audited)**
ASSETS		
Current Assets		
Cash and cash equivalents	119,065	158,733
Short-term investments	770,816	692,403
Total cash, cash equivalents and short-term investments	**889,881**	**851,136**
Accounts receivable, net	63,206	129,634
Accounts receivable from related parties	1,429	147
Expendable parts and supplies, net	74,319	69,100
Prepaid expenses	30,473	49,034
Prepaid income tax	16,716	1,181
Other current assets	7,805	14,206
	193,948	263,301
Assets held for sale	135,542	120,006
TOTAL CURRENT ASSETS	**1,219,371**	**1,234,442**
Long-term investments	119,617	134,347
Long-term accounts receivable	1,054	2,139
Long-term prepaid expenses	6,066	17,743
Property and equipment, net	2,147,486	2,532,402
Right of use assets	214,279	290,843
Intangible, net	95,568	108,116
Net employee defined benefit assets	-	249

Deferred tax assets	35,595	19,216
Other Non-Current Assets	14,348	17,881
TOTAL NON-CURRENT ASSETS	**2,634,013**	**3,122,935**
TOTAL ASSETS	**3,853,384**	**4,357,377**
LIABILITIES		
Loans and borrowings	127,946	122,581
Current portion of lease liability	83,605	97,732
Accounts payable	63,461	119,332
Accounts payable to related parties	2,970	14,086
Air traffic liability	470,695	497,374
Frequent flyer deferred revenue	91,213	80,325
Taxes Payable	13,400	46,267
Employee benefits obligations	33,995	55,373
Income tax payable	1,023	9,683
Other Current Liabilities	252	83
TOTAL CURRENT LIABILITIES	**888,561**	**1,042,836**
Loans and borrowings long-term	1,035,954	938,182
Lease Liability	146,905	206,832
Derivative financial instruments	237,104	-
Net employee defined benefit liabilities	14,332	-
Other long - term liabilities	216,325	191,221
Deferred tax Liabilities	22,190	43,397
TOTAL NON-CURRENT LIABILITIES	**1,672,810**	**1,379,633**
TOTAL LIABILITIES	**2,561,371**	**2,422,469**
EQUITY		
Issued Capital		
Class A -33,861,872 issued and 31,421,265 outstanding	21,199	21,142
Class B common stock - 10,938,125	7,466	7,466
Additional Paid-In Capital	91,341	86,135
Treasury Stock	(136,388)	(136,388)
Retained Earnings	1,931,084	1,718,179
Net profit	(598,606)	247,002
Other comprehensive loss	(24,082)	(8,628)
TOTAL EQUITY	**1,292,014**	**1,934,908**
TOTAL EQUITY & LIABILITIES	**3,853,384**	**4,357,377**

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

	2020 (Unaudited)	2019 (Audited)	2018 (Audited)
Cash flow (used in) from operating activities	(39,515)	740,776	497,153
Cash flow used in investing activities	(93,761)	(192,868)	(149,596)
Cash flow from (used in) financing activities	93,609	(545,334)	(430,191)
Net (decrease) increase in cash and cash equivalents	**(39,667)**	**2,574**	**(82,634)**
Cash and cash equivalents at January 1	158,732	156,158	238,792
Cash and cash equivalents at December 31	**$ 119,065**	**$ 158,732**	**$ 156,158**
Short-term investments	770,816	692,403	566,200
Long-term investments	119,617	134,347	138,846
Total cash and cash equivalents and investments at December 31	**$ 1,009,498**	**$ 985,482**	**$ 861,204**

Copa Holdings, S.A.

NON-IFRS FINANCIAL MEASURE RECONCILIATION

This press release includes the following non-IFRS financial measures: Adjusted Operating Profit, Adjusted Net Profit, Adjusted Basic EPS and Monthly Cash Consumption. 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 and Adjusted Net Profit	**4Q20**	**4Q19**	**3Q20**	**FY20**	**FY19**
Operating Profit as Reported	$ (95,057)	$ 17,804	$ (106,966)	$ (460,931)	$ 346,171
Add: Fleet Impairment charges	$ 4,400	$ 89,344		$ 191,207	$ 89,344
Add: Expected loss (gain) on Embraer assets held for sale	$ (877)			$ 49,171	
Adjusted Operating Profit	**$ (91,533)**	**$ 107,148**	**$ (106,966)**	**$ (220,552)**	**$ 435,515**
Net Profit as Reported	$ (168,805)	$ 2,728	$ (118,057)	$ (598,606)	$ 247,002
Add: Fleet Impairment charges	$ 4,400	$ 89,344		$ 191,207	$ 89,344
Add: Expected loss (gain) on Embraer assets held for sale	$ (877)			$ 49,171	
Add: Net change in fair value of derivatives	$ 80,076		$ (3,591)	$ 98,683	
Adjusted Net Profit	**$ (85,205)**	**$ 92,071**	**$ (121,648)**	**$ (259,545)**	**$ 336,346**

Reconciliation of Adjusted Basic EPS	**4Q20**	**4Q19**	**3Q20**	**FY20**	**FY19**
Adjusted Net Profit	$ (85,205)	$ 92,071	$ (121,648)	$ (259,545)	$ 336,346
Shares used for calculation of Basic EPS	42,511	42,487	42,510	42,508	42,483
Adjusted Basic Earnings per share (Adjusted Basic EPS)	**$ (2.00)**	**$ 2.17**	**$ (2.86)**	**$ (6.11)**	**$ 7.92**

Reconciliation of Monthly Cash Consumption for 2020	**4Q20**	**3Q20**	**2Q20**
Beginning Cash balance	$ 1,006	$ 1,143	$ 1,127
Ending Cash balance	$ 1,009	$ 1,006	$ 1,143
Net cashflows in the quarter	$ 4	$ (137)	$ 16
Substract: Proceeds from Convertible Notes Offering	$ -	$ -	$ 343
Substract: Others proceeds (assets sold and other non-op proceeds)	$ 23	$ 22	
Add: Repayment of short term credit lines	$ -	$ 50	$ 95
Cash Consumption excluding extraordinary activities	$ (19)	$ (109)	$ (232)
Monthly Cash Consumption excluding extraordinary activities	**$ (6)**	**$ (36)**	**$ (77)**

View original content:http://www.prnewswire.com/news-releases/copa-holdings-reports-financial-results-for-the-fourth-quarter-of-2020-301226312.html

SOURCE Copa Holdings, S.A.