Copa Holdings Reports Financial Results for the Third Quarter of 2022

November 16, 2022

PANAMA CITY, Panama, Nov. 16, 2022 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the third quarter of 2022 (3Q22). 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 2019 (3Q19) (which the Company believes are more relevant than year-over-year comparisons due to the significant impact of the COVID-19 pandemic in 2020 and 2021).

OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported a net profit of US$115.9 million for the quarter or US$2.93 per share, as compared to a net profit of US$104.0 million or earnings per share of US$2.45 in 3Q19. Excluding special items, comprised of an unrealized mark-to-market net gain of US$0.9 million related to the Company's convertible notes as well as changes in the value of financial investments, the Company would have reported a net profit of US$115.1 million or US$2.91 per share.
- Copa Holdings reported an operating profit of US$143.7 million for the quarter and a 17.8% operating margin, compared to an operating profit of US$132.9 million and an operating margin of 18.8% in 3Q19.
- Total revenues for 3Q22 increased 14.3% to US$809.4 million, as compared to 3Q19 revenues. Yields increased 12.1% to 14.1 cents and revenue per available seat mile (RASM) increased 15.0% to 12.8 cents.
- Operating cost per available seat mile (CASM) increased 16.4% from 9.0 cents in 3Q19 to 10.5 cents in 3Q22, driven by higher fuel prices. CASM excluding fuel (Ex-fuel CASM) decreased 5.3% in the quarter to 5.9 cents, as compared to 3Q19.
- Passenger traffic, measured in terms of revenue passenger mile (RPMs), increased by 0.8% compared to 3Q19, while capacity (ASMs) decreased by 0.6%. As a result, load factors for the quarter increased by 1.2 percentage points to 86.8%.
- During the quarter, the Company started operations in one new route —Felipe Angeles International Airport in Mexico City.
- The Company ended the quarter with approximately US$1.1 billion in cash, short-term and long-term investments, which represents 42% of the last twelve months' revenues.
- The Company closed the quarter with total debt, including lease liabilities, of US$1.7 billion.
- During the quarter, the Company took delivery of one Boeing 737 MAX 9 aircraft, ending the quarter with a consolidated fleet of 95 aircraft – 67 Boeing 737-800s, 18 Boeing 737 MAX 9s, 9 Boeing 737-700s, and 1 Boeing 737-800 freighter, compared to a fleet of 102 aircraft prior to the COVID-19 pandemic.
- Copa Airlines had an on-time performance for the quarter of 86.6% and a flight completion factor of 99.5%.

Subsequent Events

- In October, the Company took delivery of one Boeing 737 MAX 9 and expects to receive one additional aircraft in November, to end the year with a total fleet of 97 aircraft.
- In October, Copa Airlines was recognized by Skytrax – for the seventh consecutive year – as the "Best Airline in Central America and the Caribbean" and as the "Best Airline Staff in Central America and the Caribbean."

Consolidated Financial & Operating Highlights	3Q22	3Q19 (3)	Variance vs. 3Q19	2Q22	Variance vs. 2Q22
Revenue Passengers Carried (000s)	2,755	2,703	1.9 %	2,481	11.1 %
Revenue Passengers OnBoard (000s)	4,190	3,946	6.2 %	3,796	10.4 %
RPMs (millions)	5,508	5,466	0.8 %	5,047	9.1 %
ASMs (millions)	6,344	6,383	-0.6 %	5,955	6.5 %
Load Factor	86.8 %	85.6 %	1.2 p.p.	84.8 %	2.1 p.p.
Yield (US$ Cents)	14.1	12.5	12.1 %	13.0	8.0 %
PRASM (US$ Cents)	12.2	10.7	13.7 %	11.0	10.6 %
RASM (US$ Cents)	12.8	11.1	15.0 %	11.6	9.6 %
CASM (US$ Cents)	10.5	9.0	16.4 %	10.9	-4.0 %
CASM Excl. Fuel (US$ Cents)	5.9	6.2	-5.3 %	6.0	-1.1 %
Fuel Gallons Consumed (millions)	75.7	82.0	-7.7 %	71.5	5.9 %
Avg. Price Per Fuel Gallon (US$)	3.81	2.16	76.6 %	4.14	-8.0 %
Average Length of Haul (miles)	1,999	2,022	-1.1 %	2,034	-1.7 %
Average Stage Length (miles)	1,265	1,295	-2.3 %	1,273	-0.7 %
Departures	31,484	33,373	-5.7 %	29,369	7.2 %

Block Hours	102,027	109,614	-6.9 %	95,315	7.0 %
Average Aircraft Utilization (hours) (2)	11.8	11.5	3.0 %	11.5	2.9 %
Operating Revenues (US$ millions)	809.4	708.2	14.3 %	693.4	16.7 %
Operating Profit (Loss) (US$ millions)	143.7	132.9	8.1 %	42.3	240.0 %
Operating Margin	17.8 %	18.8 %	-1.0 p.p.	6.1 %	11.7 p.p.
Net Profit (Loss) (US$ millions)	115.9	104.0	11.5 %	124.1	-6.6 %
Adjusted Net Profit (Loss) (US$ millions) (1)	115.1	104.0	10.7 %	13.2	773.8 %
Basic EPS (US$)	2.93	2.45	19.7 %	3.01	-2.7 %
Adjusted Basic EPS (US$) (1)	2.91	2.45	18.8 %	0.32	809.6 %
Shares for calculation of Basic EPS (000s)	39,589	42,487	-6.8 %	41,212	-3.9 %

(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.
(3) The Company believes that comparisons with 2019 are more relevant than year-over-year comparisons due to the significant impacts in 2020 and 2021 of the COVID-19 pandemic.

FULL 3Q22 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT:
https://copa.gcs-web.com/financial-information/quarterly-results

3Q22 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date:	November 17, 2022
Time:	11:00 AM US ET (11:00 AM Local Time)
Join by phone:	https://register.vevent.com/register/BI09fdd12e99dd439db610429d1901849a
Webcast (listen-only):	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 countries in North, Central, and South America and the Caribbean. For more information visit: www.copaair.com.

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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 several 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 3Q22	Unaudited 3Q19	% Change	Unaudited 2Q22	% Change
Operating Revenues					
Passenger revenue	774,230	685,337	13.0 %	656,943	17.9 %
Cargo and mail revenue	26,400	14,647	80.2 %	26,734	-1.2 %
Other operating revenue	8,815	8,226	7.2 %	9,718	-9.3 %
Total Operating Revenue	**809,445**	**708,210**	**14.3 %**	**693,394**	**16.7 %**
Operating Expenses					
Fuel	291,528	177,603	64.1 %	295,952	-1.5 %
Wages, salaries, benefits and other employees' expenses	96,612	113,398	-14.8 %	88,995	8.6 %
Passenger servicing	18,881	26,204	-27.9 %	16,074	17.5 %
Airport facilities and handling charges	49,783	47,022	5.9 %	47,280	5.3 %
Sales and distribution	60,712	52,980	14.6 %	56,222	8.0 %
Maintenance, materials and repairs	23,577	30,632	-23.0 %	28,311	-16.7 %
Depreciation and amortization	68,813	72,876	-5.6 %	65,337	5.3 %
Flight operations	25,483	26,572	-4.1 %	24,068	5.9 %
Other operating and administrative expenses	30,363	28,047	8.3 %	28,894	5.1 %
Total Operating Expense	**665,752**	**575,334**	**15.7 %**	**651,133**	**2.2 %**
Operating Profit/(Loss)	**143,692**	**132,876**	**8.1 %**	**42,261**	**240.0 %**
Non-operating Income (Expense):					

Finance cost	(22,528)	(12,696)	77.4 %	(21,270)	5.9 %
Finance income	4,546	6,121	-25.7 %	3,526	28.9 %
Gain (loss) on foreign currency fluctuations	(3,335)	(9,641)	-65.4 %	(6,834)	-51.2 %
Net change in fair value of derivatives	1,575	-	-100.0 %	113,670	-98.6 %
Other non-operating income (expense)	4,230	(350)	-1307.8 %	(2,717)	-255.7 %
Total Non-Operating Income/(Expense)	**(15,513)**	**(16,567)**	**-6.4 %**	**86,375**	**-118.0 %**
Profit before taxes	**128,179**	**116,309**	**10.2 %**	**128,636**	**-0.4 %**
Income tax expense	(12,241)	(12,332)	-0.7 %	(4,560)	168.4 %
Net Profit/(Loss)	**115,939**	**103,978**	**11.5 %**	**124,076**	**-6.6 %**
EPS					
Basic	**2.93**	**2.45**	**19.7 %**	**3.01**	**-2.7 %**
Shares used for calculation:					
Basic	39,588,984	42,487,355	-6.8 %	41,211,540	-3.9 %

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

ASSETS	**September 2022 (Unaudited)**	**December 2021**
Cash and cash equivalents	198,744	211,081
Short-term investments	752,812	806,340
Total cash, cash equivalents and short-term investments	**951,557**	**1,017,421**
		-
Accounts receivable, net	155,571	90,618
Accounts receivable from related parties	2,159	1,832
Expendable parts and supplies, net	91,986	74,778
Prepaid expenses	45,418	31,148
Prepaid income tax	19,573	16,938
Other current assets	9,533	6,054
	324,240	**221,368**
TOTAL CURRENT ASSETS	**1,275,797**	**1,238,789**
Long-term investments	168,114	199,670
Long-term prepaid expenses	11,987	6,727
Property and equipment, net	2,855,422	2,512,704
Right of use assets	186,887	166,328
Intangible, net	77,061	81,749
Deferred tax assets	30,941	28,196
Other Non-Current Assets	16,319	14,098
TOTAL NON-CURRENT ASSETS	**3,346,731**	**3,009,472**
TOTAL ASSETS	**4,622,529**	**4,248,261**
LIABILITIES		
Loans and borrowings	199,437	196,602
Current portion of lease liability	77,418	73,917
Accounts payable	148,469	112,596
Accounts payable to related parties	10,667	7,948
Air traffic liability	736,581	557,331
Frequent flyer deferred revenue	105,914	95,114
Taxes Payable	46,124	32,600
Employee benefits obligations	34,883	32,767
Income tax payable	14,569	3,835
Other Current Liabilities	819	786
TOTAL CURRENT LIABILITIES	**1,374,881**	**1,113,496**
Loans and borrowings long-term	1,323,182	1,229,031
Lease Liability	117,213	104,734
Net Defined Benefit Liability	7,043	7,670
Derivative financial instruments	159,845	268,338
Deferred tax Liabilities	23,853	18,782
Other long - term liabilities	220,941	206,813
TOTAL NON-CURRENT LIABILITIES	**1,852,077**	**1,835,368**

TOTAL LIABILITIES	**3,226,958**	**2,948,864**
EQUITY		-
Class A - 34,033,575 issued and 28,477,704 outstanding	21,327	21,289
Class B - 10,938,125	7,466	7,466
Additional Paid-In Capital	102,208	98,348
Treasury Stock	(344,541)	(176,902)
Retained Earnings	1,367,868	1,324,022
Net profit	259,773	43,844
Other comprehensive loss	(18,531)	(18,670)
TOTAL EQUITY	**1,395,570**	**1,299,397**
TOTAL EQUITY LIABILITIES	**4,622,529**	**4,248,261**

Copa Holdings, S. A. and subsidiaries
Consolidated Statement of Cash Flows
For the nine months ended September 30,
(In US$ thousands)

	2022 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Cash flow from (used in) operating activities	543,471	263,252	(75,298)
Cash flow used in investing activities	(387,334)	(140,844)	(2,333)
Cash flow (used in) from financing activities	(168,474)	48,758	141,162
Net (decrease) increase in cash and cash equivalents	**(12,337)**	**171,166**	**63,531**
Cash and cash equivalents at January 1	211,081	119,065	158,732
Cash and cash equivalents at September 30	**$ 198,744**	**$ 290,231**	**$ 222,263**
Short-term investments	752,812	901,645	644,137
Long-term investments	168,114	96,956	139,503
Total cash and cash equivalents and investments at September 30	**$ 1,119,670**	**$ 1,288,832**	**$ 1,005,903**

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 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, 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	**3Q22**	**3Q21**	**2Q22**	**3Q19**
Operating Profit as Reported	$ 143,692	$ 59,010	$ 42,261	$ 132,876
Subtract: Unredeemed Ticket Revenue provision reversal		$ 10,395		
Adjusted Operating Profit	**$ 143,692**	**$ 48,615**	**$ 42,261**	**$ 132,876**
Net Profit as Reported	$ 115,939	$ 8,242	$ 124,076	$ 103,978
Subtract: Unredeemed Ticket Revenue provision reversal		$ 10,395		
Add: Net change in fair value of derivatives	$ (1,575)	$ 32,092	$ (113,670)	
Add: Net change in fair value of financial investments	$ 699		$ 2,761	
Adjusted Net Profit	**$ 115,062**	**$ 29,939**	**$ 13,168**	**$ 103,978**

Reconciliation of Adjusted Basic EPS	**3Q22**	**3Q21**	**2Q22**	**3Q19**
Adjusted Net Profit	$ 115,062	$ (16,220)	$ 13,168	$ 103,978
Shares used for calculation of Basic EPS	39,589	42,651	41,212	42,487
Adjusted Basic Earnings per share (Adjusted Basic EPS)	**$ 2.91**	**$ 0.70**	**$ 0.32**	**$ 2.45**

Reconciliation of Operating Costs per ASM Excluding Fuel (CASM Excl. Fuel)	**3Q22**	**3Q21**	**2Q22**	**3Q19**
Operating Costs per ASM as Reported (in US$ Cents)	10.5	8.8	10.9	9.0
Aircraft Fuel Cost per ASM (in US$ Cents)	4.6	2.6	5.0	2.8

Operating Costs per ASM excluding fuel (in US$ Cents)	**5.9**	**6.2**	**6.0**	**6.2**

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