



Copa Holdings Reports Financial Results for the Fourth Quarter and Full-Year 2022

February 15, 2023

PANAMA CITY, Panama, Feb. 15, 2023 /PRNewswire/ -- February 15, 2023. Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the fourth quarter of 2022 (4Q22) and the full year of 2022. 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) (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\$88.3 million for 4Q22 or US\$2.23 per share, mainly driven by the continued effect of high fuel prices as well as the negative mark-to-market effect of the Company's convertible notes.
- Excluding special items, comprised of the unrealized mark-to-market net loss of US\$89.4 million mentioned above 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\$177.7 million or US\$4.49 per share.
- For the full-year 2022, the Company reported a net profit of US\$348.1 million or US\$8.58 per share. Excluding special items, comprised of an unrealized mark-to-market net gain of US\$12.7 million related to the Company's convertible notes as well as changes in the value of financial investments, Copa Holdings would have reported an adjusted net profit of US\$335.4 million or US\$8.26 per share, compared to a net profit of US\$336.3 million or earnings per share of US\$7.92 in 2019.
- In 4Q22, Copa Holdings reported an operating profit of US\$219.7 million and a 24.7% operating margin.
- For the full-year 2022, the Company reported an operating profit of US\$450.4 million and an operating margin of 15.2%, compared to an adjusted operating profit of US\$435.5 million and an operating margin of 16.1% in 2019.
- Total revenues for 4Q22 increased 30.6% to US\$890.6 million, as compared to 4Q19 revenues. Yields increased 20.4% to 15.1 cents and revenue per available seat mile (RASM) increased 23.4% to 13.7 cents.
- Adjusted operating cost per available seat mile (Adjusted CASM) increased 10.3% from 9.3 cents in 4Q19 to 10.3 cents in 4Q22, driven by an increase of 63.1% in the price of fuel per gallon. Adjusted CASM excluding fuel (Adjusted Ex-fuel CASM) decreased 7.0% in the quarter to 6.1 cents, as compared to 4Q19.
- Passenger traffic, measured in terms of revenue passenger mile (RPMs), increased by 7.5% compared to 4Q19, while capacity (ASMs) increased by 5.9%. As a result, load factors for the quarter increased by 1.4 percentage points to 86.6%.
- The Company ended the quarter with approximately US\$1.1 billion in cash, short-term and long-term investments, which represent 38.3% of the last twelve months' revenues, compared to US\$1.2 billion held at the end of 2021.
- The Company closed the quarter with total debt, including lease liabilities, of US\$1.7 billion, compared to US\$1.6 billion at the end of 2021.
- During the quarter, the Company took delivery of two Boeing 737 MAX 9 aircraft, ending the year with a consolidated fleet of 97 aircraft – 67 Boeing 737-800s, 20 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 86.1% and a flight completion factor of 99.6%.

Subsequent Events

- In January, the Company took delivery of one Boeing 737 MAX 9 and expects to receive one additional aircraft by the end of the first quarter.
- In January, Copa Airlines was recognized by OAG as the most on-time airline in Latin America in 2022. Copa Airlines' on-time performance of 87.5% for the year was the highest of any carrier in the Americas.
- In February, the Company announced the commencement of services to Manta, Ecuador, Baltimore-Washington International Airport, and Austin, Texas, bringing the total number of destinations in our network to 80. All new services are scheduled to start between June and July of 2023.

Consolidated Financial & Operating Highlights	4Q19		Variance vs. 3Q19	Variance vs. 2Q22		FY19		Variance vs. YTD19
	4Q22	(2)		3Q22	2Q22	FY22	(2)	
Revenue Passengers Carried (000s)	2,813	2,633	6.9 %	2,755	2.1 %	10,334	10,474	-1.3 %

Revenue Passengers OnBoard (000s)	4,262	3,838	11.1 %	4,190	1.7 %	15,724	15,424	1.9 %
RPMs (millions)	5,639	5,244	7.5 %	5,508	2.4 %	20,779	21,303	-2.5 %
ASMs (millions)	6,509	6,149	5.9 %	6,344	2.6 %	24,430	25,113	-2.7 %
Load Factor	86.6 %	85.3 %	1.4 p.p.	86.8 %	-0.2 p.p.	85.1 %	84.8 %	0.2 p.p.
Yield (US\$ Cents)	15.1	12.5	20.4 %	14.1	7.5 %	13.6	12.3	10.8 %
PRASM (US\$ Cents)	13.1	10.7	22.4 %	12.2	7.3 %	11.6	10.4	11.1 %
RASM (US\$ Cents)	13.7	11.1	23.4 %	12.8	7.2 %	12.1	10.8	12.6 %
CASM (US\$ Cents)	10.3	10.8	-4.6 %	10.5	-1.8 %	10.3	9.4	9.5 %
Adjusted CASM (US\$ Cents) ⁽¹⁾	10.3	9.3	10.3 %	10.5	-1.8 %	10.3	9.0	13.8 %
CASM Excl. Fuel (US\$ Cents)	6.1	8.0	-23.9 %	5.9	3.4 %	6.0	6.6	-9.7 %
Adjusted CASM Excl. Fuel (US\$ Cents) ⁽¹⁾	6.1	6.6	-7.0 %	5.9	3.4 %	6.0	6.3	-4.6 %
Fuel Gallons Consumed (millions)	77.7	78.9	-1.6 %	75.7	2.7 %	291.4	321.4	-9.4 %
Avg. Price Per Fuel Gallon (US\$)	3.52	2.16	63.1 %	3.81	-7.5 %	3.60	2.16	66.9 %
Average Length of Haul (miles)	2,005	1,992	0.7 %	1,999	0.3 %	2,011	2,034	-1.1 %
Average Stage Length (miles)	1,266	1,279	-1.0 %	1,265	0.1 %	1,275	1,288	-1.0 %
Departures	32,112	32,441	-1.0 %	31,484	2.0 %	120,155	131,819	-8.8 %
Block Hours	104,822	105,620	-0.8 %	102,027	2.7 %	390,639	431,749	-9.5 %
Average Aircraft Utilization (hours)	11.8	11.3	4.7 %	11.7	0.6 %	11.3	11.4	-0.7 %
Operating Revenues (US\$ millions)	890.6	681.9	30.6 %	809.4	10.0 %	2,965.0	2,707.4	9.5 %
Operating Profit (Loss) (US\$ millions)	219.7	17.8	1133.7 %	143.7	52.9 %	450.4	346.2	30.1 %
Adjusted Operating Profit (Loss) (US\$ millions) ⁽¹⁾	219.7	107.1	105.0 %	143.7	52.9 %	450.4	435.5	3.4 %
Operating Margin	24.7 %	2.6 %	22.1 p.p.	17.8 %	6.9 p.p.	15.2 %	12.8 %	2.4 p.p.
Adjusted Operating Margin ⁽¹⁾	24.7 %	15.7 %	9.0 p.p.	17.8 %	6.9 p.p.	15.2 %	16.1 %	-0.9 p.p.
Net Profit (Loss) (US\$ millions)	88.3	2.7	3136.5 %	115.9	-23.9 %	348.1	247.0	40.9 %
Adjusted Net Profit (Loss) (US\$ millions) ⁽¹⁾	177.7	92.1	93.0 %	115.1	54.4 %	335.4	336.3	-0.3 %
Basic EPS (US\$)	2.23	0.06	3376.5 %	2.93	-23.8 %	8.58	5.81	47.5 %
Adjusted Basic EPS (US\$) ⁽¹⁾	4.49	2.17	107.3 %	2.91	54.5 %	8.26	7.92	4.4 %
Shares for calculation of Basic EPS (000s)	39,554	42,487	-6.9 %	39,589	-0.1 %	40,582	42,483	-4.5 %

1. Excludes Special Items. This earnings release includes a reconciliation of non-IFRS financial measures to the comparable IFRS measures.
2. 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 4Q22 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT:

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

4Q22 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date: February 16, 2023
Time: 11:00 AM US ET (11:00 AM Local Time)
Join by phone: <https://register.vevent.com/register/B18567059673b04e0e952de6002edc9803>
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.

CONTACT: Copa Holdings S.A.

Investor Relations:

Ph: 011 507 304-2774
www.copaair.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 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	Unaudited %	Unaudited	Unaudited %	Audited	Audited %
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	4Q22	4Q19	Change	3Q22	Change	FY22	FY19	Change
Operating Revenues								
Passenger revenue	852,291	657,940	29.5 %	774,230	10.1 %	2,824,719	2,612,605	8.1 %
Cargo and mail revenue	27,095	16,033	69.0 %	26,400	2.6 %	101,765	62,460	62.9 %
Other operating revenue	11,226	7,955	41.1 %	8,815	27.4 %	38,549	32,343	19.2 %
Total Operating Revenue	890,612	681,927	30.6 %	809,445	10.0 %	2,965,033	2,707,409	9.5 %
Operating Expenses								
Fuel	273,901	171,314	59.9 %	291,528	-6.0 %	1,052,637	696,249	51.2 %
Wages, salaries, benefits and other employees' expenses	105,019	115,036	-8.7 %	96,612	8.7 %	380,385	450,438	-15.6 %
Passenger servicing	19,518	24,798	-21.3 %	18,881	3.4 %	70,080	102,103	-31.4 %
Airport facilities and handling charges	49,734	44,877	10.8 %	49,783	-0.1 %	192,584	181,959	5.8 %
Sales and distribution	61,498	53,222	15.5 %	60,712	1.3 %	224,465	210,623	6.6 %
Maintenance, materials and repairs	28,875	37,648	-23.3 %	23,577	22.5 %	104,114	127,562	-18.4 %
Depreciation and amortization	70,251	159,812	-56.0 %	68,813	2.1 %	267,704	371,424	-27.9 %
Flight operations	25,667	24,908	3.0 %	25,483	0.7 %	97,256	102,806	-5.4 %
Other operating and administrative expenses	36,492	32,506	12.3 %	30,363	20.2 %	125,424	118,090	6.2 %
Total Operating Expense	670,954	664,123	1.0 %	665,752	0.8 %	2,514,648	2,361,255	6.5 %
Operating Profit/(Loss)	219,657	17,804	1133.7 %	143,692	52.9 %	450,384	346,154	30.1 %
Non-operating Income (Expense):								
Finance cost	(23,388)	(17,154)	36.3 %	(22,528)	3.8 %	(87,631)	(57,432)	52.6 %
Finance income	7,413	6,289	17.9 %	4,546	63.1 %	18,030	24,405	-26.1 %
Gain (loss) on foreign currency fluctuations	(2,560)	2,406	-206.4 %	(3,335)	-23.2 %	(9,812)	(15,408)	-36.3 %
Net change in fair value of derivatives	(91,305)	-	-100.0 %	1,575	-5897.1 %	17,189	-	-100.0 %
Other non-operating income (expense)	1,221	(989)	-223.4 %	4,230	-71.1 %	70	(4,279)	-101.6 %
Total Non-Operating Income/(Expense)	(108,619)	(9,448)	1049.7 %	(15,513)	600.2 %	(62,155)	(52,715)	17.9 %
Profit before taxes	111,039	8,356	1228.8 %	128,179	-13.4 %	388,229	293,439	32.3 %
Income tax expense	(22,758)	(5,629)	304.3 %	(12,241)	85.9 %	(40,176)	(46,437)	-13.5 %
Net Profit/(Loss)	88,280	2,728	3136.5 %	115,939	-23.9 %	348,054	247,002	40.9 %

EPS

Basic	2.23	0.06	3376.5 %	2.93	-23.8 %	8.58	5.81	47.5 %
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Shares used for calculation:

Basic	39,554,071	42,486,717	-6.9 %	39,588,984	-0.1 %	40,581,616	42,483,048	-4.5 %
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Copa Holdings, S. A. and subsidiaries

Consolidated statement of financial position (US\$ Thousands)

	December 2022 (Unaudited)	December 2021 (Audited)	December 2019 (Audited)
ASSETS			
Cash and cash equivalents	122,424	211,081	158,732
Short-term investments	812,323	806,340	692,403
Total cash, cash equivalents and short-term investments	934,747	1,017,421	851,135
Accounts receivable, net	135,354	90,618	129,634
Accounts receivable from related parties	2,229	1,832	147
Expendable parts and supplies, net	93,332	74,778	69,100
Prepaid expenses	43,933	31,148	49,034
Prepaid income tax	798	16,938	1,181
Other current assets	17,044	6,054	14,206
	292,689	221,368	263,302
Asset held for sale			120,006
TOTAL CURRENT ASSETS	1,227,436	1,238,789	1,234,443
Long-term investments	202,056	199,670	134,347
Long-term accounts receivable			2,139
Long-term prepaid expenses	7,770	6,727	17,743
Property and equipment, net	2,883,524	2,512,704	2,532,402
Right of use assets	234,380	166,328	290,843
Intangible, net	78,555	81,749	108,116
Net defined benefit assets	504	-	249

Deferred tax assets	30,743	28,196	19,215
Other Non-Current Assets	17,005	14,098	17,881
TOTAL NON-CURRENT ASSETS	3,454,539	3,009,472	3,122,935
TOTAL ASSETS	4,681,975	4,248,261	4,357,378
LIABILITIES			
Loans and borrowings	142,484	196,602	122,582
Current portion of lease liability	80,084	73,917	97,732
Accounts payable	155,378	112,596	119,332
Accounts payable to related parties	12,287	7,948	14,086
Air traffic liability	651,804	557,331	497,374
Frequent flyer deferred revenue	111,526	95,114	80,326
Taxes Payable	35,489	32,600	46,267
Employee benefits obligations	44,913	32,767	55,373
Income tax payable	6,276	3,835	9,683
Other Current Liabilities	1,176	786	84
TOTAL CURRENT LIABILITIES	1,241,416	1,113,496	1,042,839
Loans and borrowings long-term	1,301,819	1,229,031	938,183
Lease Liability	158,289	104,734	206,832
Net defined benefit liabilities	-	7,670	-
Derivative financial instruments	251,150	268,338	-
Deferred tax Liabilities	16,571	18,782	43,397
Other long - term liabilities	220,618	206,813	191,221
TOTAL NON-CURRENT LIABILITIES	1,948,446	1,835,368	1,379,633
TOTAL LIABILITIES	3,189,862	2,948,864	2,422,472
EQUITY			
Class A - 34,033,575 issued and 28,477,704 outstanding	21,327	21,289	21,142
Class B - 10,938,125	7,466	7,466	7,466
Additional Paid-In Capital	103,466	98,348	86,135
Treasury Stock	(344,541)	(176,902)	(136,388)
Retained Earnings	1,367,786	1,324,022	1,718,177
Net profit	348,054	43,844	247,002
Other comprehensive loss	(11,445)	(18,670)	(8,628)
TOTAL EQUITY	1,492,113	1,299,397	1,934,906
TOTAL EQUITY LIABILITIES	4,681,975	4,248,261	4,357,378

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

	2022	2021	2020
	(Unaudited)	(Audited)	(Audited)
Cash flow from (used in) operating activities	740,948	462,612	(39,515)
Cash flow used in investing activities	(555,911)	(459,135)	(93,761)
Cash flow (used in) from financing activities	(273,694)	88,539	93,609
Net (decrease) increase in cash and cash equivalents	(88,657)	92,016	(39,667)
Cash and cash equivalents at January 1	211,081	119,065	158,732
Cash and cash equivalents at December 31	\$ 122,424	\$ 211,081	\$ 119,065
Short-term investments	812,323	806,340	770,816
Long-term investments	202,056	199,670	119,617
Total cash and cash equivalents and investments at December 31	\$ 1,136,803	\$ 1,217,091	\$ 1,009,498

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**

	4Q22	4Q21	3Q22	4Q19	FY22	FY19
Operating Profit as Reported	\$ 219,657	\$ 154,989	\$ 143,692	\$ 17,804	\$ 450,384	\$ 346,154
Subtract: Leased Aircraft Return provision		\$ 39,217				
Add: Fleet Impairment loss				\$ 89,344		\$ 89,344
Adjusted Operating Profit	\$ 219,657	\$ 115,773	\$ 143,692	\$ 107,148	\$ 450,384	\$ 435,497
Net Profit as Reported	\$ 88,280	\$ 114,363	\$ 115,939	\$ 2,728	\$ 348,054	\$ 247,002
Subtract: Leased Aircraft Return provision		\$ 39,217				
Add: Fleet Impairment loss				\$ 89,344		\$ 89,344
Add: Net change in fair value of derivatives	\$ 91,305	\$ 8,922	\$ (1,575)		\$ (17,189)	
Add: Net change in fair value of financial investments	\$ (1,924)		\$ 699		\$ 4,516	
Adjusted Net Profit	\$ 177,661	\$ 84,068	\$ 115,062	\$ 92,072	\$ 335,381	\$ 336,346

Reconciliation of Adjusted Basic EPS

	4Q22	4Q21	3Q22	4Q19	FY22	FY19
Adjusted Net Profit	\$ 177,661	\$ 84,068	\$ 115,062	\$ 92,072	\$ 335,381	\$ 336,346
Shares used for calculation of Basic EPS	39,554	42,533	39,589	42,487	40,582	42,483
Adjusted Basic Earnings per share (Adjusted Basic EPS)	\$ 4.49	\$ 1.98	\$ 2.91	\$ 2.17	\$ 8.26	\$ 7.92

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

	4Q22	4Q21	3Q22	4Q19	FY22	FY19
Operating Costs per ASM as Reported (in US\$ Cents)	10.3	8.2	10.5	10.8	10.3	9.4
Return of leased aircraft provision per ASM (in US\$ Cents)		(0.8)				
Fleet Impairment per ASM (in US\$ Cents)				1.5		0.3
Aircraft Fuel Cost per ASM (in US\$ Cents)	4.2	2.9	4.6	2.8	4.3	2.8
Operating Costs per ASM excluding fuel (in US\$ Cents)	6.1	6.1	5.9	6.6	6.0	6.3

View original content: <https://www.prnewswire.com/news-releases/copa-holdings-reports-financial-results-for-the-fourth-quarter-and-full-year-2022-301748040.html>

SOURCE Copa Holdings, S.A.