

# Copa Holdings Reports Financial Results for the Second Quarter of 2023

August 9, 2023

PANAMA CITY, Aug. 9, 2023 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the second quarter of 2023 (2Q23). 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 included in the financial tables section of this earnings release. Unless otherwise stated, all comparisons with prior periods refer to the second quarter of 2022 (2Q22).

#### **OPERATING AND FINANCIAL HIGHLIGHTS**

- Copa Holdings reported a net profit of US\$17.5 million for 2Q23 or US\$0.44 per share. Excluding special items comprised of the unrealized mark-to-market net loss of US\$137.0 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\$154.5 million or US\$3.92 per share.
- Copa Holdings reported an operating profit of US\$194.7 million and a 24.1% operating margin for the quarter, as compared to an operating profit of US\$42.3 million and an operating margin of 6.1% in 2Q22.
- Passenger traffic, measured in terms of revenue passenger miles (RPMs), increased by 15.4% year over year, while capacity (available seat miles or ASMs) increased by 13.6%. As a result, the load factor for the quarter increased by 1.3 percentage points to 86.1%, as compared to 2Q22.
- Total revenues for 2Q23 increased 16.7% to US\$809.2 million, mainly driven by higher capacity, while yields increased 2.0% to 13.3 cents. Revenue per available seat mile (RASM) increased 2.7% to 12.0 cents, as compared to 2Q22.
- Operating cost per available seat mile (CASM) decreased 17.0% from 10.9 cents in 2Q22 to 9.1 cents in 2Q23, mainly driven by a decrease of 35.9% in the price of jet fuel per gallon. CASM excluding fuel (Ex-fuel CASM) decreased by 0.8% in the quarter to 5.9 cents, when compared to 2Q22.
- The Company ended the quarter with approximately US\$1.3 billion in cash, short-term and long-term investments, which represent 39.6% of the last twelve months' revenues.
- The Company closed the quarter with total debt, including lease liabilities, of US\$1.8 billion, while our Adjusted Net Debt to EBITDA ratio ended at 0.5 times.
- During the quarter, the Company announced that it will start service to Barquisimeto, Venezuela, bringing the total number of destinations in its network to 81. This new route is scheduled to start in October of 2023.
- During the quarter, the Company took delivery of two Boeing 737 MAX 9 aircraft, ending the quarter with a consolidated fleet of 101 aircraft 67 Boeing 737-800s, 24 Boeing 737 MAX 9s, 9 Boeing 737-700s, and 1 Boeing 737-800 freighter.
- Copa Airlines had an on-time performance for the quarter of 91.6% and a flight completion factor of 99.8%, once again positioning itself among the very best in the industry.

#### Subsequent Events

- In July, the Company took delivery of one Boeing 737 MAX 9 and expects to receive five additional aircraft during the remainder of 2023. The Company expects to end the year with 107 aircraft.
- On July 14, 2023, Copa Holdings publicly announced the redemption of all its outstanding 4.50% Convertible Senior Notes due in 2025, which will be completed on September 18, 2023. Notes surrendered for conversion will be settled through a combination of cash (up to the principal amount of US\$350 million) and shares of Copa common stock, the latter to cover the remainder of the conversion obligation.
- In July, Copa Airlines was recognized by Skytrax for the eighth consecutive year as the "Best Airline in Central America and the Caribbean".
- Copa Holdings will make its third dividend payment of the year of US\$0.82 per share on October 13, 2023, to all Class A and Class B shareholders on record as of September 29, 2023.

Consolidated Financial & Operating Highlights	2Q23	2Q22	Variance vs. 1Q19	1Q23	Variance vs. 1Q23	YTD23	YTD22	Variance vs. YTD22
Revenue Passengers Carried (000s)	2,980	2,481	20.1 %	2,881	3.4 %	5,860	4,765	23.0 %
Revenue Passengers OnBoard (000s)	4,469	3,796	17.7 %	4,295	4.0 %	8,764	7,272	20.5 %
RPMs (millions)	5,826	5,047	15.4 %	5,723	1.8 %	11,550	9,632	19.9 %

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ASMs (millions)	6,767	5,955	13.6 %	6,596	2.6 %	13,363	11,578	15.4 %
Load Factor	86.1 %	84.8 %	1.3 p.p.	86.8 %	-0.7 p.p.	86.4 %	83.2 %	3.2 p.p.
Yield (US\$ Cents)	13.3	13.0	2.0 %	14.6	-8.9 %	13.9	12.4	11.9 %
PRASM (US\$ Cents)	11.4	11.0	3.6 %	12.6	-9.6 %	12.0	10.3	16.3 %
RASM (US\$ Cents)	12.0	11.6	2.7 %	13.1	-9.1 %	12.5	10.9	14.8 %
CASM (US\$ Cents)	9.1	10.9	-17.0 %	10.2	-11.1 %	9.6	10.2	-5.2 %
CASM Excl. Fuel (US\$ Cents)	5.9	6.0	-0.8 %	6.2	-4.5 %	6.1	6.0	1.5 %
Fuel Gallons Consumed (millions)	79.9	71.5	11.8 %	78.2	2.2 %	158.1	138.0	14.5 %
Avg. Price Per Fuel Gallon (US\$)	2.65	4.14	-35.9 %	3.36	-21.1 %	3.00	3.52	-14.8 %
Average Length of Haul (miles)	1,955	2,034	-3.9 %	1,987	-1.6 %	1,971	2,021	-2.5 %
Average Stage Length (miles)	1,260	1,273	-1.1 %	1,281	-1.7 %	1,270	1,285	-1.2 %
Departures	33,385	29,369	13.7 %	31,984	4.4 %	65,369	56,559	15.6 %
Block Hours	107,055	95,315	12.3 %	104,626	2.3 %	211,681	183,790	15.2 %
Average Aircraft Utilization (hours)	11.8	11.2	5.4 %	11.9	-0.8 %	11.8	10.9	8.5 %
Operating Revenues (US\$ millions)	809.2	693.4	16.7 %	867.3	-6.7 %	1,676.5	1,265.0	32.5 %
Operating Profit (Loss) (US\$ millions)	194.7	42.3	360.6 %	193.2	0.8 %	387.9	87.0	345.7 %
Operating Margin	24.1 %	6.1 %	18.0 p.p.	22.3 %	1.8 p.p.	23.1 %	6.9 %	16.3 p.p.
Net Profit (Loss) (US\$ millions)	17.5	124.1	-85.9 %	121.5	-85.6 %	139.0	143.8	-3.3 %
Adjusted Net Profit (Loss) (US\$ millions) (1)	154.5	13.2	1073.1 %	157.8	-2.1 %	312.3	42.7	632.0 %
Basic EPS (US\$)	0.44	3.01	-85.3 %	3.07	-85.5 %	3.52	3.49	1.0 %
Adjusted Basic EPS (US\$) <sup>(1)</sup>	3.92	0.32	1125.7 %	3.99	-1.8 %	7.92	1.04	664.9 %
Shares for calculation of Basic EPS (000s)	39,442	41,212	-4.3 %	39,565	-0.3 %	39,442	41,212	-4.3 %

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

### FULL 2Q23 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT:

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

#### 2Q23 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date:	August 10, 2023
Time:	10:00 AM US ET (9:00 AM Local Time)
Join by phone:	https://register.vevent.com/register/BI4c91a9ca6f634c05bd431cabc09bb55d
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	Unaudited	%
	2Q23	2Q22	Change	1Q23	Change	YTD23	YTD22	Change
Operating Revenues								

Passenger revenue	773,781	656,943	17.8 %	834,018	-7.2 %	1,607,798	1,198,198	34.2 %
Cargo and mail revenue	23,888	26,734	-10.6 %	23,252	2.7 %	47,140	48,270	-2.3 %
Other operating revenue	11,521	9,718	18.6 %	9,995	15.3 %	21,516	18,508	16.3 %
Total Operating Revenue	809,190	693,394	16.7 %	867,264	-6.7 %	1,676,454	1,264,976	32.5 %
Operating Expenses								
Fuel	214,121	295,952	-27.7 %	265,498	-19.4 %	479,619	487,208	-1.6 %
Wages, salaries, benefits and other employees' expenses	105,788	88,995	18.9 %	102,652	3.1 %	208,441	178,754	16.6 %
Passenger servicing	21,460	16,074	33.5 %	20,391	5.2 %	41,852	31,681	32.1 %
Airport facilities and handling charges	54,146	47,280	14.5 %	50,479	7.3 %	104,625	93,067	12.4 %
Sales and distribution	56,596	56,222	0.7 %	61,406	-7.8 %	118,002	102,255	15.4 %
Maintenance, materials and repairs	31,430	28,311	11.0 %	40,296	-22.0 %	71,726	51,662	38.8 %
Depreciation and amortization	74,818	65,337	14.5 %	72,677	2.9 %	147,494	128,640	14.7 %
Flight operations	25,005	24,068	3.9 %	27,424	-8.8 %	52,429	46,106	13.7 %
Other operating and administrative expenses	31,158	28,894	7.8 %	33,228	-6.2 %	64,387	58,568	9.9 %
Total Operating Expense	614,523	651,133	-5.6 %	674,053	-8.8 %	1,288,576	1,177,942	9.4 %
Operating Profit/(Loss)	194,667	42,261	360.6 %	193,212	0.8 %	387,878	87,035	345.7 %
Non-operating Income (Expense):								
Finance cost	(30,517)	(21,270)	43.5 %	(24,365)	25.2 %	(54,882)	(41,715)	31.6 %
Finance income	11,970	3,526	239.5 %	8,842	35.4 %	20,812	6,071	242.8 %
Gain (loss) on foreign currency fluctuations	3,712	(6,834)	-154.3 %	1,201	209.0 %	4,914	(3,916)	-225.5 %
Net change in fair value of derivatives	(137,473)	113,670	-220.9 %	(37,933)	262.4 %	(175,406)	106,918	-264.1 %
Other non-operating income (expense)	925	(2,717)	-134.0 %	1,235	-25.1 %	2,160	(5,381)	-140.1 %
Total Non-Operating Income/(Expense)	(151,382)	86,375	-275.3 %	(51,020)	196.7 %	(202,402)	61,977	-426.6 %
Profit before taxes	43,284	128,636	-66.4 %	142,192	-69.6 %	185,476	149,012	24.5 %
Income tax expense	(25,775)	(4,560)	465.2 %	(20,671)	24.7 %	(46,447)	(5,177)	797.2 %
Net Profit/(Loss)	17,509	124,076	-85.9 %	121,521	-85.6 %	139,030	143,835	-3.3 %
EPS								
Basic	0.44	3.01	-85.3 %	3.07	-85.5 %	3.52	3.49	1.0 %
Shares used for calculation:								
Basic	39,442,367 4	1,211,540	-4.3 %	39,565,223	-0.3 %	39,442,367	41,211,540	-4.3 %

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

	June 2023	December 2022
ASSETS	(Unaudited)	(Audited)
Cash and cash equivalents	281,863	122,424
Short-term investments	833,576	812,323
Total cash, cash equivalents and short-term investments	1,115,439	934,747
Accounts receivable, net	162,333	135,415
Accounts receivable from related parties	2,388	2,168
Expendable parts and supplies, net	104,332	93,332
Prepaid expenses	46,025	52,322
Prepaid income tax	335	798
Other current assets	21,855	17,043
	337,268	301,078
TOTAL CURRENT ASSETS	1,452,707	1,235,825
Long-term investments	222,282	202,056
Long-term prepaid expenses	8,832	7,770

Property and equipment, net	3,025,624	2,883,524
Right of use assets	258,268	234,380
Intangible, net	82,919	78,555
Net defined benefit assets	1,732	504
Deferred tax assets	29,499	30,743
Other Non-Current Assets	16,796	17,005
TOTAL NON-CURRENT ASSETS	3,645,952	3,454,537
TOTAL ASSETS	5,098,659	4,690,362
LIABILITIES		
Loans and borrowings	445,083	142,484
Derivative financial instruments	426,555	-
Current portion of lease liability	71,940	80,084
Accounts payable	161,880	166,660
Accounts payable to related parties	2,340	1,004
Air traffic liability	649,054	651,805
Frequent flyer deferred revenue	114,570	111,526
Taxes Payable	49,178	43,878
Employee benefits obligations	39,537	44,913
Income tax payable	14,814	6,276
Other Current Liabilities	757	1,175
TOTAL CURRENT LIABILITIES	1,975,708	1,249,805
Leans and horrowings long term	1 107 027	1 201 910
Loans and borrowings long-term Lease Liability	1,107,037 186,558	1,301,819 158,289
Derivative financial instruments	100,000	251,150
Deferred tax Liabilities	- 34,710	16,571
Other long - term liabilities	239,763	220,618
TOTAL NON-CURRENT LIABILITIES		
TOTAL NON-CORRENT LIABILITIES	1,568,068	1,948,447
TOTAL LIABILITIES	3,543,776	3,198,252
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EQUITY		
Class A - 34,064,142 issued and 28,367,386 outstanding	21,366	21,327
Class B - 10,938,125	7,466	7,466
Additional Paid-In Capital	105,551	103,465
Treasury Stock	(360,001)	(344,541)
Retained Earnings	1,652,916	1,367,784
Net profit	139,030	348,054
Other comprehensive loss	(11,445)	(11,445)
TOTAL EQUITY	1,554,883	1,492,110
TOTAL EQUITY LIABILITIES	5,098,659	4,690,362

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

	2023	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)
Cash flow from operating activities	420,171	327,833	149,669
Cash flow used in investing activities	(293,193)	(262,743)	(119,776)
Cash flow from (used in) from financing activities	32,461	(142,046)	107,806
Net increase in cash and cash equivalents	159,439	(76,956)	137,699
Cash and cash equivalents at January 1	122,424	211,081	119,065
Cash and cash equivalents at June 30	\$ 281,863	\$ 134,125 \$	256,764

Short-term investments	833,576	801,132	925,680
Long-term investments	222,282	140,374	99,235
Total cash and cash equivalents and investments at June 30 <u></u>	1,337,721 \$	1,075,631 \$	1,281,679

Copa Holdings, S.A.

## NON-IFRS FINANCIAL MEASURE RECONCILIATION

This press release includes the following non-IFRS financial measures: 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 Net Profit		2Q23		2Q22	1Q23
Net Profit as Reported	\$	17,509	\$	124,076	\$ 121,521
Add: Net change in fair value of derivatives	\$	137,473	\$ (	(113,670)	\$ 37,933
Add: Net change in fair value of financial investments	\$	(512)	\$	2,761	\$ (1,655)
Adjusted Net Profit	\$	154,469	\$	13,168	\$ 157,798
Reconciliation of Adjusted Basic EPS		2Q23		2Q22	1Q23
Adjusted Net Profit	\$	154,469	\$	13,168	\$ 157,798
Shares used for calculation of Basic EPS		39,442		41,212	39,565
Adjusted Basic Earnings per share (Adjusted Basic EPS	) \$	3.92	\$	0.32	\$ 3.99
Reconciliation of Operating Costs per ASM					
Excluding Fuel (CASM Excl. Fuel)		2Q23		2Q22	1Q23
Operating Costs per ASM as Reported (in US\$ Cents)		9.1		10.9	10.2
Aircraft Fuel Cost per ASM (in US\$ Cents)		3.2		5.0	4.0
Operating Costs per ASM excluding fuel (in US\$ Cents)		5.9		6.0	6.2

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