

Copa Holdings Reports Financial Results for the Third Quarter of 2024

November 20, 2024

PANAMA CITY, Panama, Nov. 20, 2024 (GLOBE NEWSWIRE) -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the third quarter of 2024 (3Q24). 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 2023 (3Q23).

OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported a net profit of US\$146.0 million for 3Q24 or US\$3.50 per share, a US\$28.4 million decrease compared to 3Q23 on an adjusted basis. The Company reported an operating profit of US\$173.7 million and an operating margin of 20.3%, a decrease of US\$31.3 million and 3.3 percentage points respectively, compared to 3Q23.
- Consolidated capacity, measured in available seat miles (ASMs), increased by 9.5% in the quarter compared to 3Q23.
- Passenger traffic for the quarter, measured in terms of revenue passenger miles (RPMs), increased by 7.6% compared to 3Q23.
- The Company reported an 86.2% load factor in 3Q24, a 1.6 percentage-point decrease compared to 3Q23.
- Operating cost per available seat mile excluding fuel (Ex-fuel CASM) decreased by 1.6% in the quarter to 5.7 cents when compared to 3Q23.
- Revenue per available seat mile (RASM) decreased by 10.1% to 11.0 cents compared to 3Q23, driven by a decrease of 8.7% in passenger yields and 1.6 percentage points in load factor.
- The Company ended the quarter with approximately US\$1.3 billion in cash, short-term and long-term investments, which represent 36% of the last twelve months' revenues.
- The Company closed the quarter with total debt, including lease liabilities, of US\$1.9 billion, while the Adjusted Net Debt to EBITDA ratio ended at 0.6 times.
- During the quarter, the Company took delivery of one Boeing 737 MAX 8 aircraft, ending the quarter with a consolidated fleet of 110 aircraft – 67 Boeing 737-800s, 32 Boeing 737 MAX 9s, 9 Boeing 737-700s, 1 Boeing 737 MAX 8, and 1 Boeing 737-800 freighter.
- Copa Airlines had an on-time performance for the quarter of 87.3% and a flight completion factor of 99.6%, once again positioning itself among the best in the industry.

Subsequent Events

- Copa Holdings will make its third dividend payment of the year of US\$1.61 per share on December 13, 2024, to all Class A and Class B shareholders on record as of December 2, 2024.

Consolidated Financial & Operating Highlights	3Q24	3Q23	Variance Vs 3Q23	2Q24	Variance Vs 2Q24
Revenue Passengers Carried (000s)	3,449	3,272	5.4 %	3,303	4.4 %
Revenue Passengers OnBoard (000s)	5,187	4,873	6.4 %	4,970	4.4 %
RPMs (millions)	6,711	6,239	7.6 %	6,446	4.1 %
ASMs (millions)	7,785	7,109	9.5 %	7,424	4.9 %
Load Factor	86.2 %	87.8 %	-1.6 p.p	86.8 %	-0.6 p.p
Yield (US\$ Cents)	12.2	13.4	(8.7)%	12.1	0.6 %
PRASM (US\$ Cents)	10.5	11.7	(10.3)%	10.5	(0.1)%
RASM (US\$ Cents)	11.0	12.2	(10.1)%	11.0	(0.5)%
CASM (US\$ Cents)	8.7	9.3	(6.2)%	8.9	(1.6)%
CASM Excl. Fuel (US\$ Cents)	5.7	5.8	(1.6)%	5.6	1.9 %
Fuel Gallons Consumed (millions)	91.3	83.9	8.8 %	87.6	4.3 %
Avg. Price Per Fuel Gallon (US\$)	2.60	3.00	(13.3)%	2.79	(6.9)%
Average Length of Haul (miles)	1,946	1,907	2.0 %	1,952	(0.3)%
Average Stage Length (miles)	1,267	1,238	2.4 %	1,253	1.2 %
Departures	37,478	35,468	5.7 %	36,313	3.2 %
Block Hours	120,975	112,114	7.9 %	116,062	4.2 %

Average Aircraft Utilization (hours)	12.0	11.9	0.1 %	11.9	0.9 %
Operating Revenues (US\$ millions)	854.7	867.7	(1.5)%	819.4	4.3 %
Operating Profit (Loss) (US\$ millions)	173.7	205.0	(15.3)%	159.5	8.9 %
Operating Margin	20.3 %	23.6 %	-3.3 p.p	19.5 %	0.9 p.p
Net Profit (Loss) (US\$ millions)	146.0	187.4	(22.1)%	120.3	21.4 %
Adjusted Net Profit (Loss) (US\$ millions) (1)	146.0	174.4	(16.3)%	120.3	21.4 %
Basic EPS (US\$)	3.50	4.72	(25.8)%	2.88	21.4 %
Adjusted Basic EPS (US\$) (1)	3.50	4.39	(20.3)%	2.88	21.4 %
Shares for calculation of Basic EPS (000s)	41,728	39,730	5.0 %	41,715	—%

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

FULL 3Q24 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT:

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

3Q24 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date: November 21, 2024
Time: 11:00 AM US ET (11:00 AM Local Time)
Join by phone: <https://register.vevent.com/register/Bl3c5fad4759834cbf9ffe3519a9ec3128>
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. and Subsidiaries Consolidated statement of profit or loss (In US\$ thousands)

	Unaudited 3Q24	Unaudited 3Q23	% Change	Unaudited 2Q24	% Change
Operating Revenues					
Passenger revenue	818,381	833,306	(1.8 %)	781,497	4.7 %
Cargo and mail revenue	24,446	23,431	4.3 %	25,184	(2.9 %)
Other operating revenue	11,881	10,973	8.3 %	12,722	(6.6 %)
Total Operating Revenue	854,708	867,711	(1.5 %)	819,403	4.3 %
Operating Expenses					
Fuel	238,714	252,077	(5.3 %)	246,011	(3.0 %)
Wages, salaries, benefits and other employees' expenses	117,877	108,416	8.7 %	114,878	2.6 %
Passenger servicing	26,232	23,147	13.3 %	27,579	(4.9 %)
Airport facilities and handling charges	65,029	58,243	11.7 %	62,768	3.6 %
Sales and distribution	49,716	54,058	(8.0 %)	52,210	(4.8 %)

Maintenance, materials and repairs	34,860	29,528	18.1 %	10,883	220.3 %
Depreciation and amortization	82,797	78,359	5.7 %	79,462	4.2 %
Flight operations	31,901	29,476	8.2 %	31,914	—%
Other operating and administrative expenses	33,871	29,394	15.2 %	34,190	(0.9 %)
Total Operating Expense	680,998	662,697	2.8 %	659,896	3.2 %
Operating Profit/(Loss)	173,710	205,014	(15.3 %)	159,507	8.9 %
Non-operating Income (Expense):					
Finance cost	(23,523)	(82,926)	(71.6 %)	(20,632)	14.0 %
Finance income	15,565	15,108	3.0 %	13,537	15.0 %
Gain (loss) on foreign currency fluctuations	(2,491)	(1,566)	59.1 %	(16,097)	(84.5 %)
Net change in fair value of derivatives	(762)	77,058	(101.0 %)	2,533	(130.1 %)
Other non-operating income (expense)	6,787	1,867	263.6 %	1,766	284.4 %
Total Non-Operating Income/(Expense)	(4,425)	9,540	(146.4 %)	(18,892)	(76.6 %)
Profit before taxes	169,285	214,555	(21.1 %)	140,615	20.4 %
Income tax expense	(23,259)	(27,179)	(14.4 %)	(20,362)	14.2 %
Net Profit/(Loss)	146,026	187,375	(22.1 %)	120,253	21.4 %

Copa Holdings, S. A. and Subsidiaries
Consolidated statement of financial position
(In US\$ thousands)

	ASSETS	September 2024 (Unaudited)	December 2023 (Audited)
Cash and cash equivalents		275,245	206,375
Short-term investments		758,560	708,809
Total cash, cash equivalents and short-term investments		1,033,805	915,184
Accounts receivable, net		201,327	156,720
Accounts receivable from related parties		2,782	2,527
Expendable parts and supplies, net		123,571	116,604
Prepaid expenses		40,422	44,635
Prepaid income tax		5,802	66
Other current assets		23,708	32,227
		397,612	352,780
TOTAL CURRENT ASSETS		1,431,416	1,267,963
Long-term investments		219,731	258,934
Long-term prepaid expenses		8,849	9,633
Property and equipment, net		3,363,353	3,238,632
Right of use assets		337,684	281,146
Intangible, net		94,097	87,986
Net defined benefit assets		6,442	5,346
Deferred tax assets		22,729	30,148
Other Non-Current Assets		24,053	17,048
TOTAL NON-CURRENT ASSETS		4,076,938	3,928,872
TOTAL ASSETS		5,508,354	5,196,836
	LIABILITIES		
Loans and borrowings		205,144	222,430
Current portion of lease liability		59,779	68,304
Accounts payable		175,443	182,303
Accounts payable to related parties		1,312	1,228
Air traffic liability		639,211	611,856
Frequent flyer deferred revenue		136,520	124,815
Taxes Payable		41,535	44,210
Accrued expenses payable		50,085	64,940
Income tax payable		7,331	26,741
Other Current Liabilities		1,320	1,403

TOTAL CURRENT LIABILITIES	1,317,680	1,348,229
Loans and borrowings long-term	1,298,106	1,240,261
Lease Liability	295,777	215,353
Deferred tax Liabilities	57,297	36,369
Other long-term liabilities	223,541	234,474
TOTAL NON-CURRENT LIABILITIES	1,874,721	1,726,457
TOTAL LIABILITIES	3,192,400	3,074,685
EQUITY		
Class A - 34,195,954 issued and 30,654,831 outstanding	23,244	23,201
Class B - 10,938,125	7,466	7,466
Additional Paid-In Capital	212,877	209,102
Treasury Stock	(254,532)	(204,130)
Retained Earnings	1,893,880	1,581,739
Net profit	442,345	514,098
Other comprehensive loss	(9,326)	(9,326)
TOTAL EQUITY	2,315,953	2,122,150
TOTAL EQUITY LIABILITIES	5,508,354	5,196,836

Copa Holdings, S. A. and Subsidiaries
Consolidated statement of cash flows
For the nine months ended
(In US\$ thousands)

	2024	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)
Cash flow from operating activities	659,392	764,586	543,471
Cash flow (used in) investing activities	(322,575)	(274,166)	(387,334)
Cash flow (used in) financing activities	(267,947)	(375,966)	(168,474)
Net increase (decrease) in cash and cash equivalents	68,870	114,454	(12,337)
Cash and cash equivalents on January 1	206,375	122,424	211,081
Cash and cash equivalents at September 30	\$ 275,245	\$ 236,878	\$ 198,744
Short-term investments	758,560	754,799	752,812
Long-term investments	219,731	177,835	168,114
Total cash and cash equivalents and investments at September 30	\$ 1,253,536	\$ 1,169,512	\$ 1,119,670

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	3Q24	3Q23	2Q24
Net Profit as Reported	\$ 146,026	\$ 187,375	\$ 120,253
Interest expense related to the settlement of the convertible notes	\$ —	\$ 64,894	\$ —
Net change in fair value of derivatives	\$ —	\$ (77,058)	\$ —
Net change in fair value of financial investments	\$ —	\$ (810)	\$ —
Adjusted Net Profit	\$ 146,026	\$ 174,401	\$ 120,253

Reconciliation of Adjusted Basic EPS	3Q24	3Q23	2Q24
Adjusted Net Profit	\$ 146,026	\$ 174,401	\$ 120,253
Shares used for calculation of Basic EPS	41,728	39,730	41,715

Adjusted Basic Earnings per share (Adjusted Basic EPS)	\$ 3.50	\$ 4.39	\$ 2.88
Reconciliation of Operating Costs per ASM			
Excluding Fuel (CASM Excl. Fuel)	3Q24	3Q23	2Q24
Operating Costs per ASM as Reported (in US\$ Cents)	8.7	9.3	8.9
Aircraft Fuel Cost per ASM (in US\$ Cents)	3.1	3.5	3.3
Operating Costs per ASM excluding fuel (in US\$ Cents)	5.7	5.8	5.6



Source: Copa Holdings, S.A.