



es posible

COPA HOLDINGS, S.A. CPA
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Investor Day 2016

Sep 23, 2016

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CopaAirlines 

Safe Harbor Statement

Statements in this presentation that are not reported financial results or other historical information are “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 presentation include those described under the caption “Risk Factors” and “Forward-Looking Statements” in the Company’s Annual Report (20-F Form) filed with the U.S. Securities and Exchange Commission.

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Agenda

| | |
|---------------------------------|----------|
| Business and Strategic Overview | 1 |
| Financial Overview | 2 |
| Operations Overview | 3 |
| Commercial Overview | 4 |
| Q&A Session | 5 |
| Lunch | 6 |

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Business and Strategic Overview

PEDRO HEILBRON
CHIEF EXECUTIVE OFFICER

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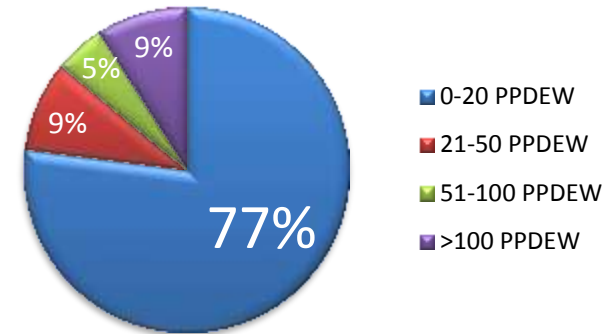


Business Model - 4 Fundamental Strengths

Best Geographic Location



Markets that Need a Hub

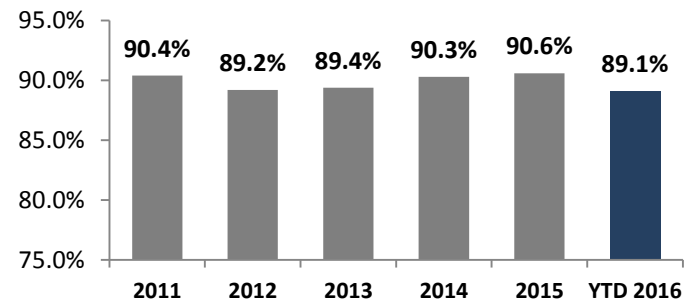


PPDEW: Pax per day each way

Right Infrastructure



World Class Product On-Time Performance



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Best Geographic Location



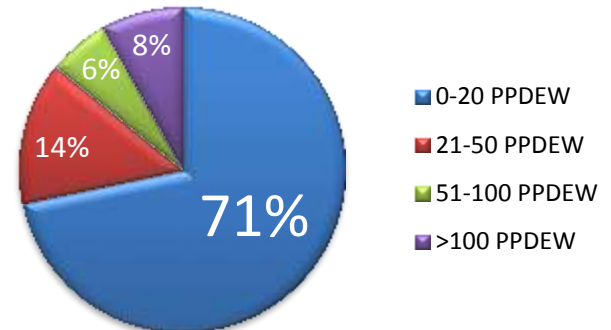
74 destinations
in 31 countries

posible

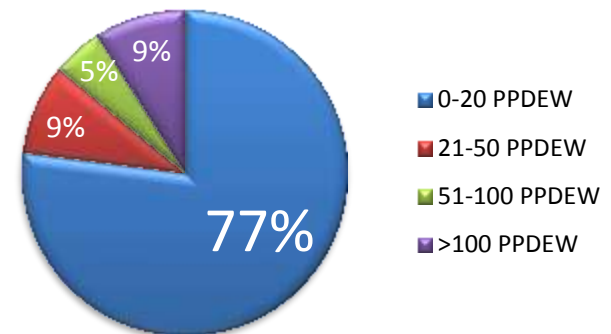
Markets that Need a Hub

- Network focused on underserved, thin markets
 - Opened 3 new destinations in 2016
- 25+ potential underserved new destinations that could complement our network
- Most Latin American International O&D's cannot sustain point-to-point service
- Copa's Extensive Intra-Latin American network is in many cases the most convenient option
 - Have at least 50% market share in 45% of our markets
 - 65% of our passengers come from these markets

Markets - 2009



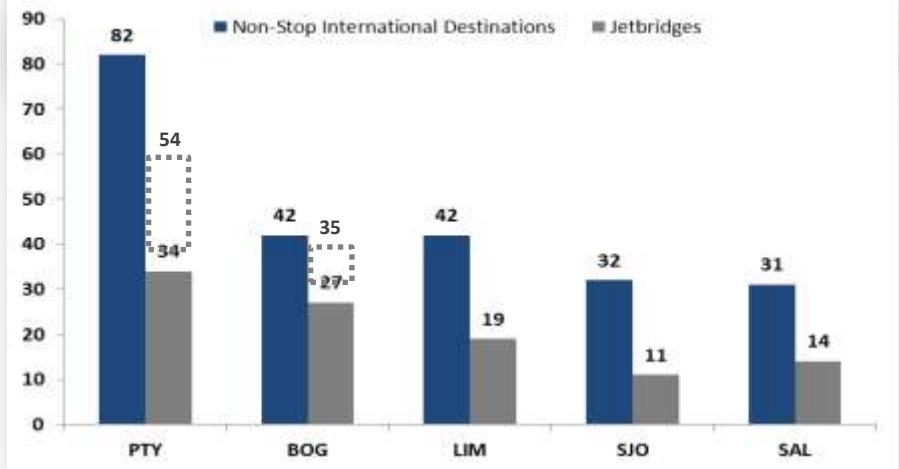
Markets - 2016



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Right Infrastructure – Hub of the Americas

- More jetbridges and international destinations than competing hubs
- Copa represents >80% of Tocumen Airport passenger operations
- South terminal expansion accommodates long-term growth needs
- Duty free stores are attractive for passengers and an important generator of revenues for the airport



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World Class Product

■ World Class Service

- Skytrax World Airline Awards 2016 winner of:
 - Best Airline in region
 - Best Staff in region
 - Best Regional Airline in region
- World Travel Awards' 2015 Leading Airline for Mexico and Central America

■ Average fleet age of ~7 years

- Premium configuration for longer segments

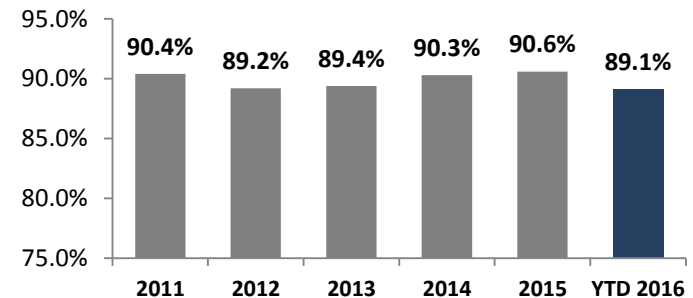
■ Leading on-time performance

- FlightStats 2015 Award for “Best Airline in Latin America”
- 2nd most on-time airline in the world in 2015 according to OAG

■ Star Alliance – Premier Global Alliance

■ Copa Club – VIP Lounges

On-Time Performance



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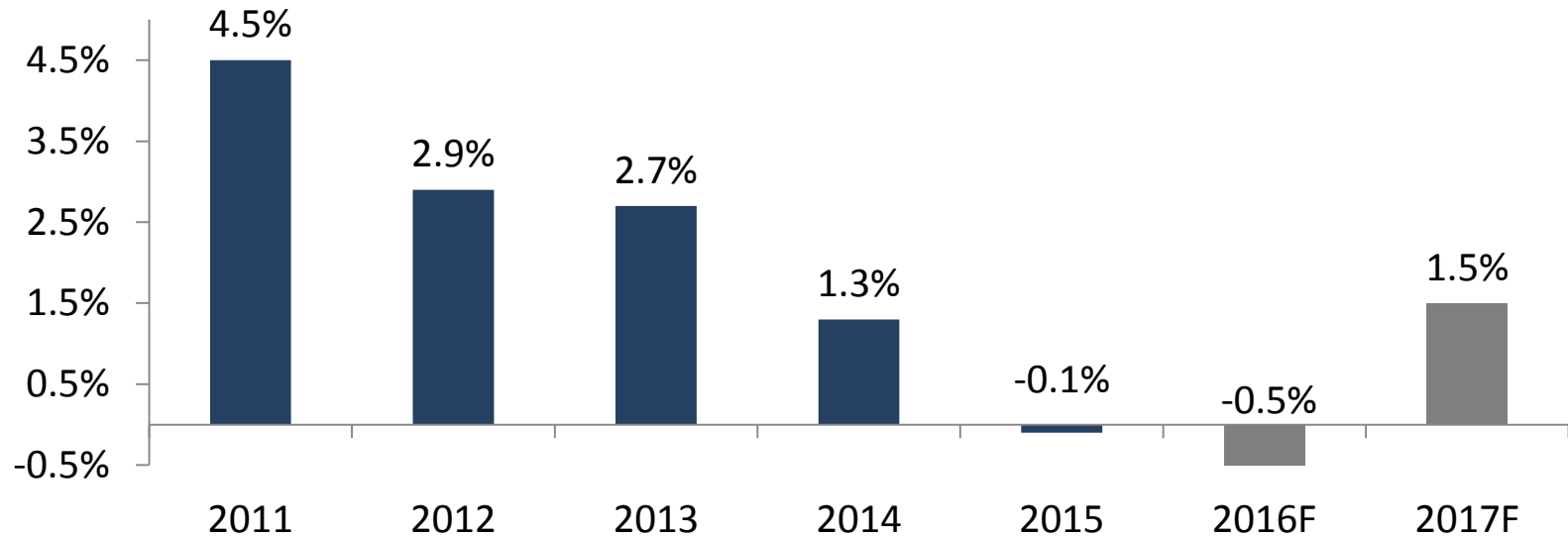
Panama & Latin American Outlook

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Latin America: Softer Regional Economy

Latin America GDP Growth



- Latin America economic growth lowest since financial crisis
- Latin American economies expected to contract further in 2016
- Economic recovery expected to start in 2017

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Latin America: Recovering Currencies



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Panama: Fastest Growing Economy in Latam

■ Regional business and logistics hub

- Largest container ports in Latin America

■ Strong public and private sector investment

- Panama Canal Expansion (completed Jun 2016)
- Metro Transportation System (2nd line under construction)
- 3rd Bridge over the Canal on the Pacific (Bid process)
- New Convention Center (est. late 2017)
- Hotels: 3,000 new hotel rooms added in 2015 (20% growth)

■ Investment grade credit rating

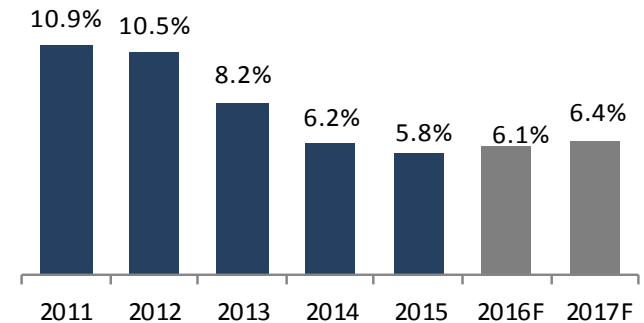
■ Growing as regional headquarters base for multinational companies

■ Dynamic tourism sector

■ Aviation represents 4.2% of Panama's GDP

- 12.6% when including catalytic benefits through tourism

Panama GDP Growth



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Looking Beyond 2016

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Order Book Supports Growth Strategy

- **Aircraft orders to fund future growth**
 - All Boeing narrow body aircraft
 - 4 737 NGs & 71 737- MAX
- **Deliveries between 2017–2025**
 - First MAX deliveries in 2018
 - 31 Lease expirations and 15 owned aircraft of more than 20 years
- **First airline in region with Boeing Sky Interior**
- **First airline in region with Scimitar Winglets**
 - Approximately 1.5% fuel burn improvement on NG fleet



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Emerging Stronger from a down-cycle

■ Proactive and Dynamic capacity deployment

- Less patient with underperforming markets
- More aggressive seasonal schedule adjustments

■ Managing the business effectively

- Implemented Costs Savings Plan
- Maintaining Operational Excellence
- Maximizing Revenue through better commercial execution
- Kept strong Balance Sheet

■ Strong Company Culture

- Team focused on company's vision and objectives

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Path to Higher Margins

| | Impact on EBIT Margins | Timing |
|----------------------------|------------------------|-----------|
| Fuel Hedge Losses | + 4 p.p. | 2017 |
| Cost Reduction Initiatives | + 1 p.p. | 2017 |
| Recovering Economies | + 1 to 2 p.p. | 2017-2018 |
| ConnectMiles | + 1 p.p. | 2018 |
| Ancillary Revenues | + 2 to 3 p.p. | 2018-2019 |

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Financial Overview

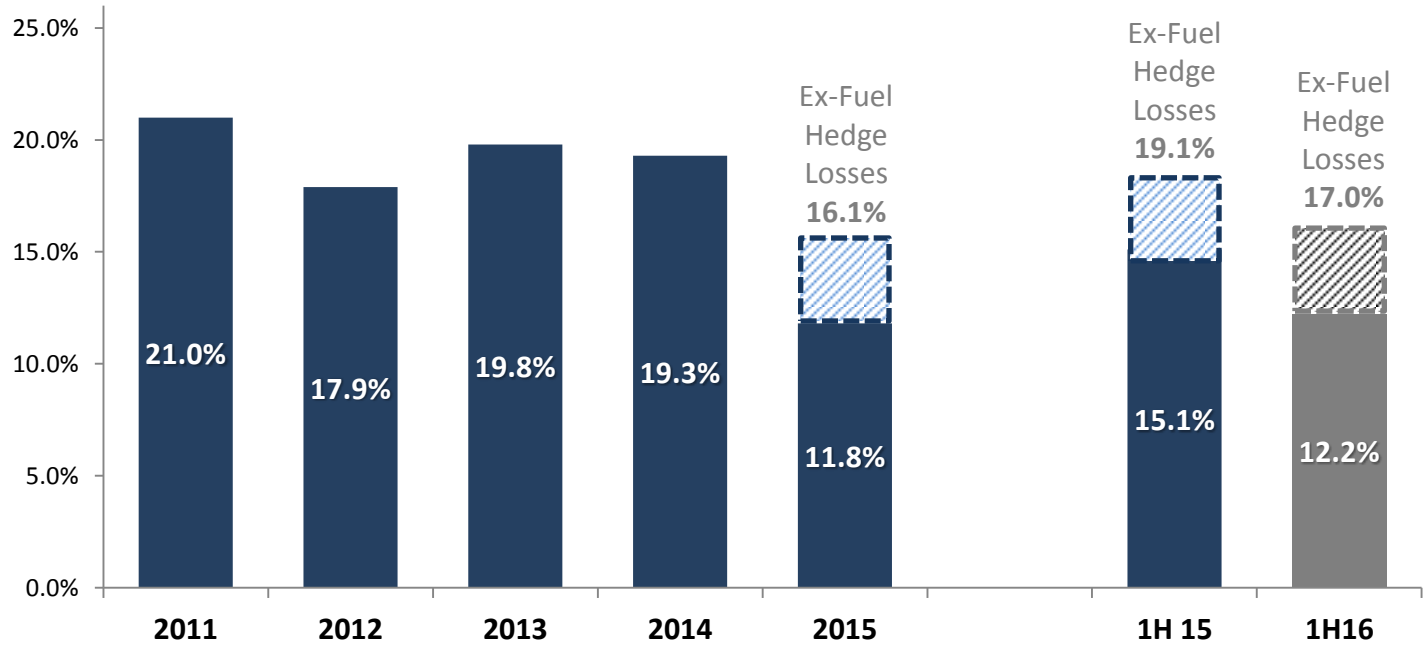
JOSÉ MONTERO
CHIEF FINANCIAL OFFICER

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Profitability – Solid Track Record

OPERATING MARGIN



| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------|-------------|--------------|-------------|-------------|-------------|
| RASM | 13.7 | 13.58 | 13.8 | 13.1 | 10.4 |
| Total CASM | 10.8 | 11.1 | 10.9 | 10.5 | 9.2 |
| <i>Fuel CASM</i> | <i>4.1</i> | <i>4.3</i> | <i>4.2</i> | <i>3.9</i> | <i>2.8</i> |
| <i>Ex Fuel CASM</i> | <i>6.7</i> | <i>6.8</i> | <i>6.7</i> | <i>6.6</i> | <i>6.4</i> |

| | 1H15 | 1H16 |
|---------------------|-------------|------------|
| RASM | 10.8 | 9.6 |
| Total CASM | 9.2 | 8.5 |
| <i>Fuel CASM</i> | <i>2.9</i> | <i>2.3</i> |
| <i>Ex Fuel CASM</i> | <i>6.3</i> | <i>6.2</i> |

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Full Year Guidance

| Financial Outlook | 2016 Guidance |
|---------------------------|------------------|
| Capacity - YOY ASM Growth | +/-2% |
| Average Load Factor | +/-79% |
| RASM (cents) | 9.8 |
| CASM Ex-fuel (cents) | +/- 6.4 |
| Operating Margin | 11-13% |

- Assumes 2016 jet fuel price (all-in, net of hedges) of \$1.75
- Realized Fuel Hedge loss for the year estimated at US\$100 million
- Without fuel hedge losses operating margin guidance would be 15-17%





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Cost Savings Initiatives

| Area | Initiatives | Impact (MM USD) 2016-2018 |
|--------------------------------|-----------------------------------|------------------------------|
| Fuel Management | APU, Flight Plans, GSI, SET, etc. | 18 |
| Suppliers | GDS, Admin, etc. | 13 |
| Maintenance | MRO, In-House Checks, etc. | 6 |
| On-Board Service | Efficiencies, Supplies, etc. | 3 |
| Others | Airports, Contracts, etc. | 10 |
| Total Recurring Savings | | 50 |

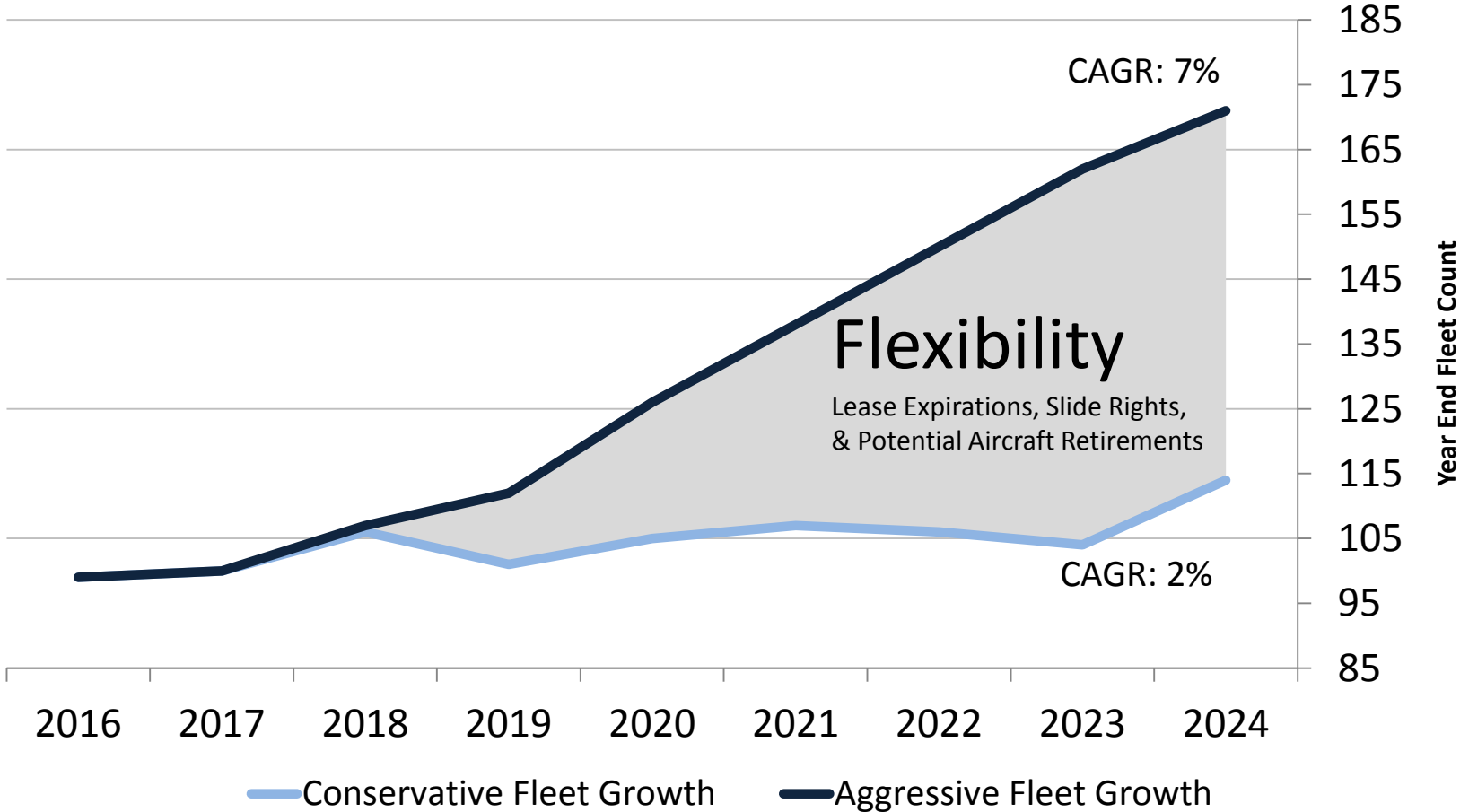
Conectados todo es posible

Fleet Plan

| Aircraft Type | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|------|
|  <p>Capacity: 94 pax Range: 2,200nm Type: EMB-190</p> | 26 | 23 | 21 | 20 | 19 |
|  <p>Capacity: 124 pax Range: 3,000nm Type: 737-700</p> | 18 | 14 | 14 | 14 | 14 |
|  <p>Capacity: 154/160 pax Range: 3,000nm Type: 737-800</p> | 54 | 63 | 64 | 66 | 68 |
|  <p>Capacity: 173 pax* Range: 3,390nm Type: MAX-9</p> | 0 | 0 | 0 | 0 | 5 |
| | 98 | 100 | 99 | 100 | 106 |

Conectados todo es posible

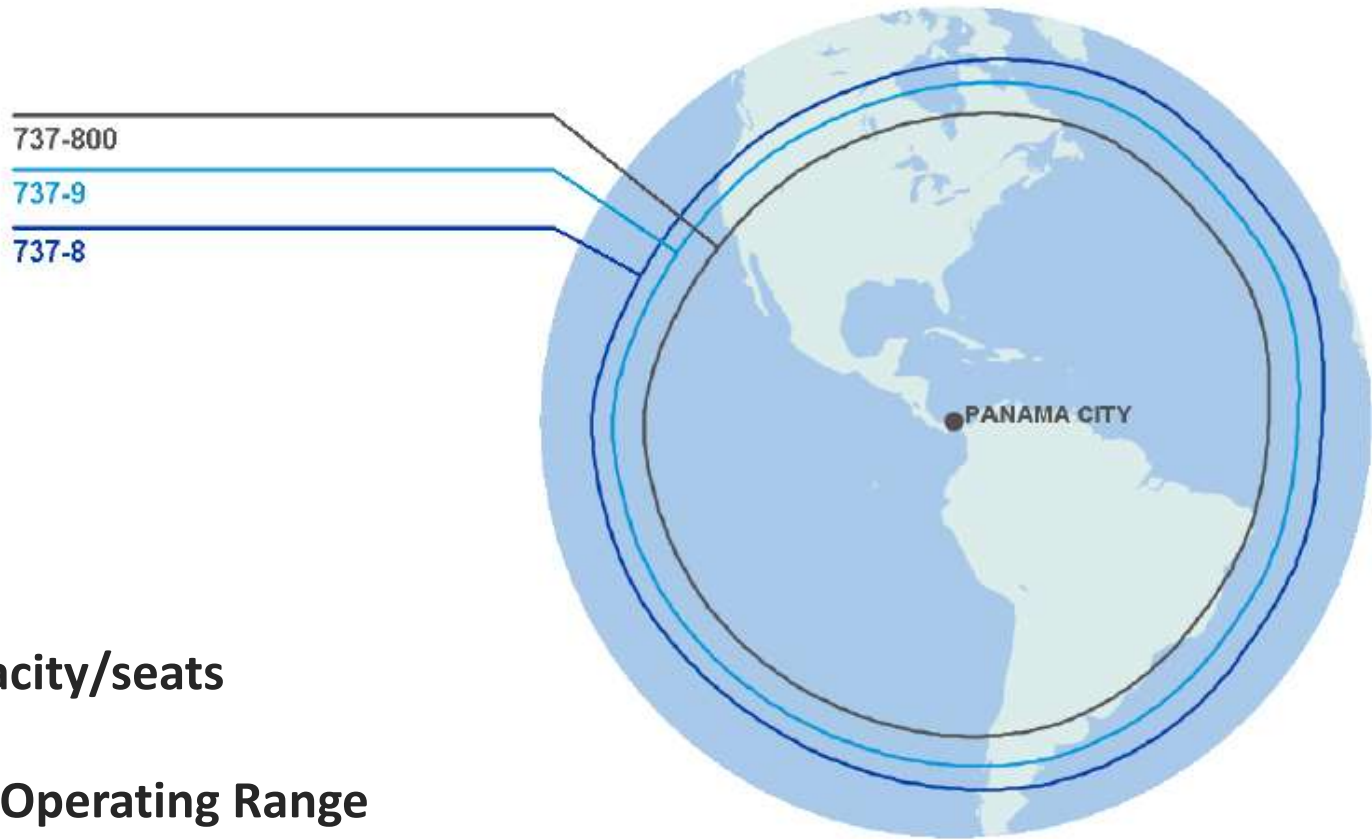
Fleet Plan Flexibility



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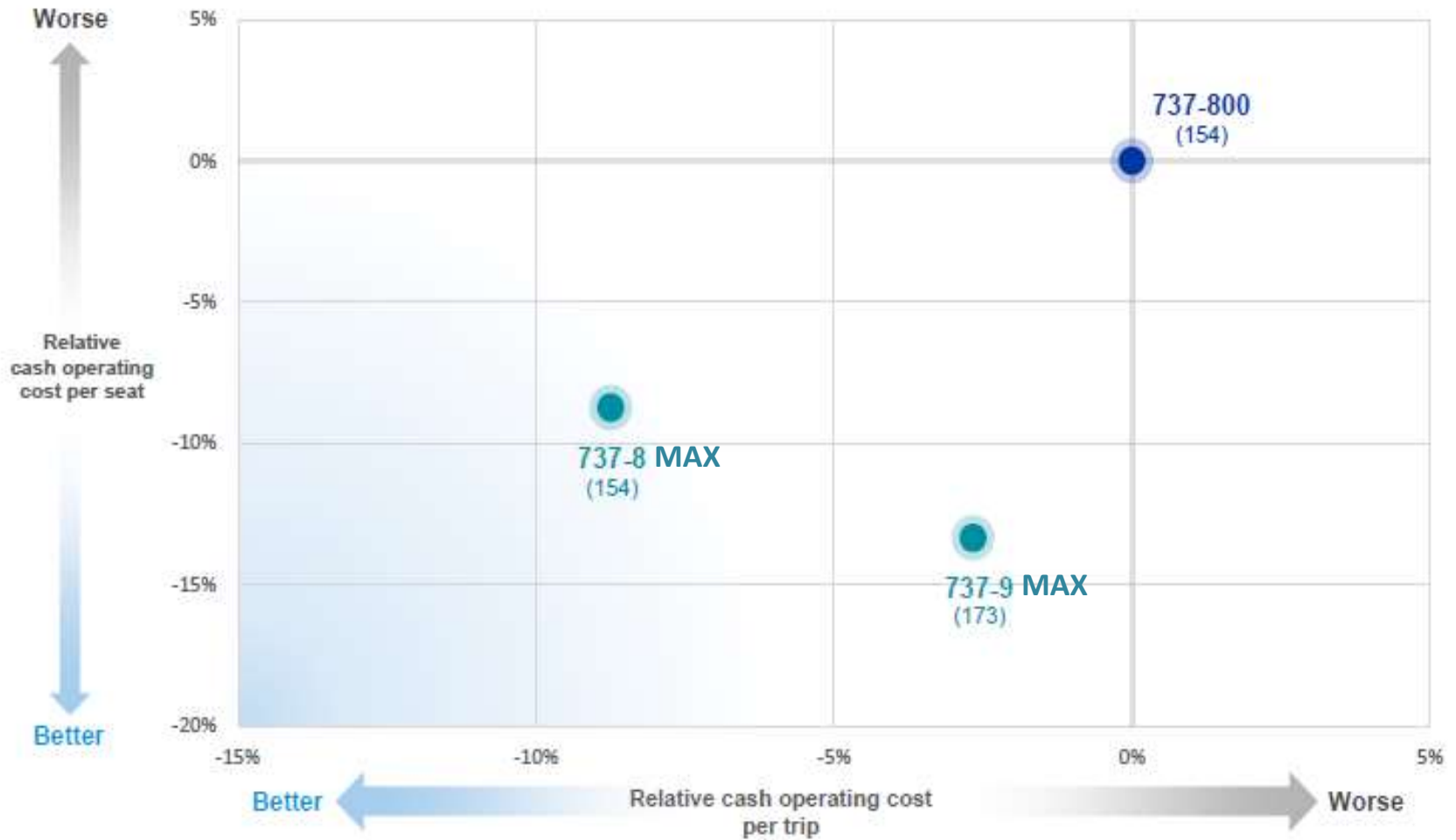
B737-MAX will have better performance



- More capacity/seats
- Increased Operating Range
- Improved performance out of restrictive missions

Conectados todo es posible

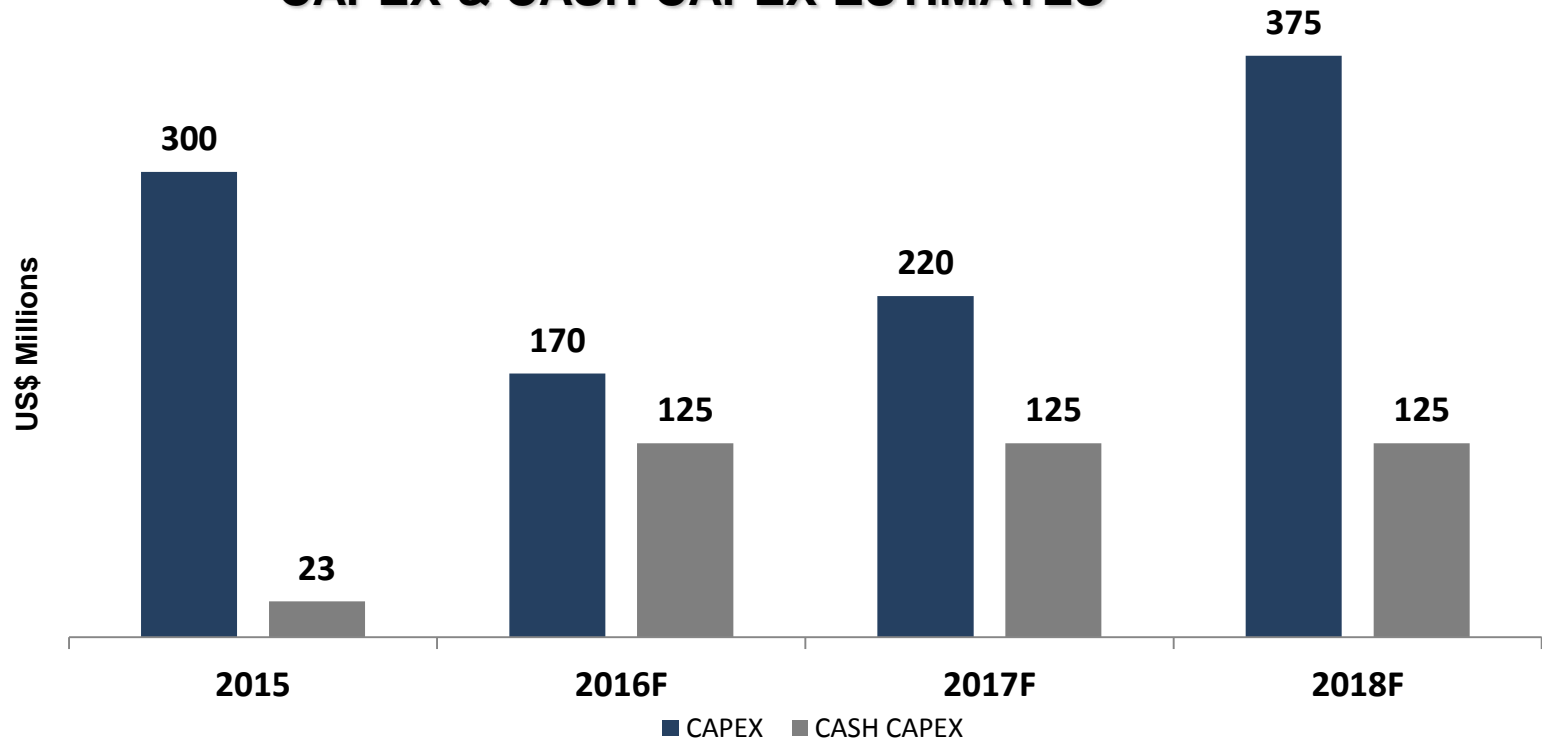
B737-MAX fleet will deliver cost advantages



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CAPEX Forecast

CAPEX & CASH CAPEX ESTIMATES



| Aircraft Owned/Leased: | 2015 | 2016F | 2017F | 2018F |
|------------------------|------|-------|-------|------------------|
| | 6/3 | 1/0 | 2/0 | 5/2 [†] |

Conectados todo es posible

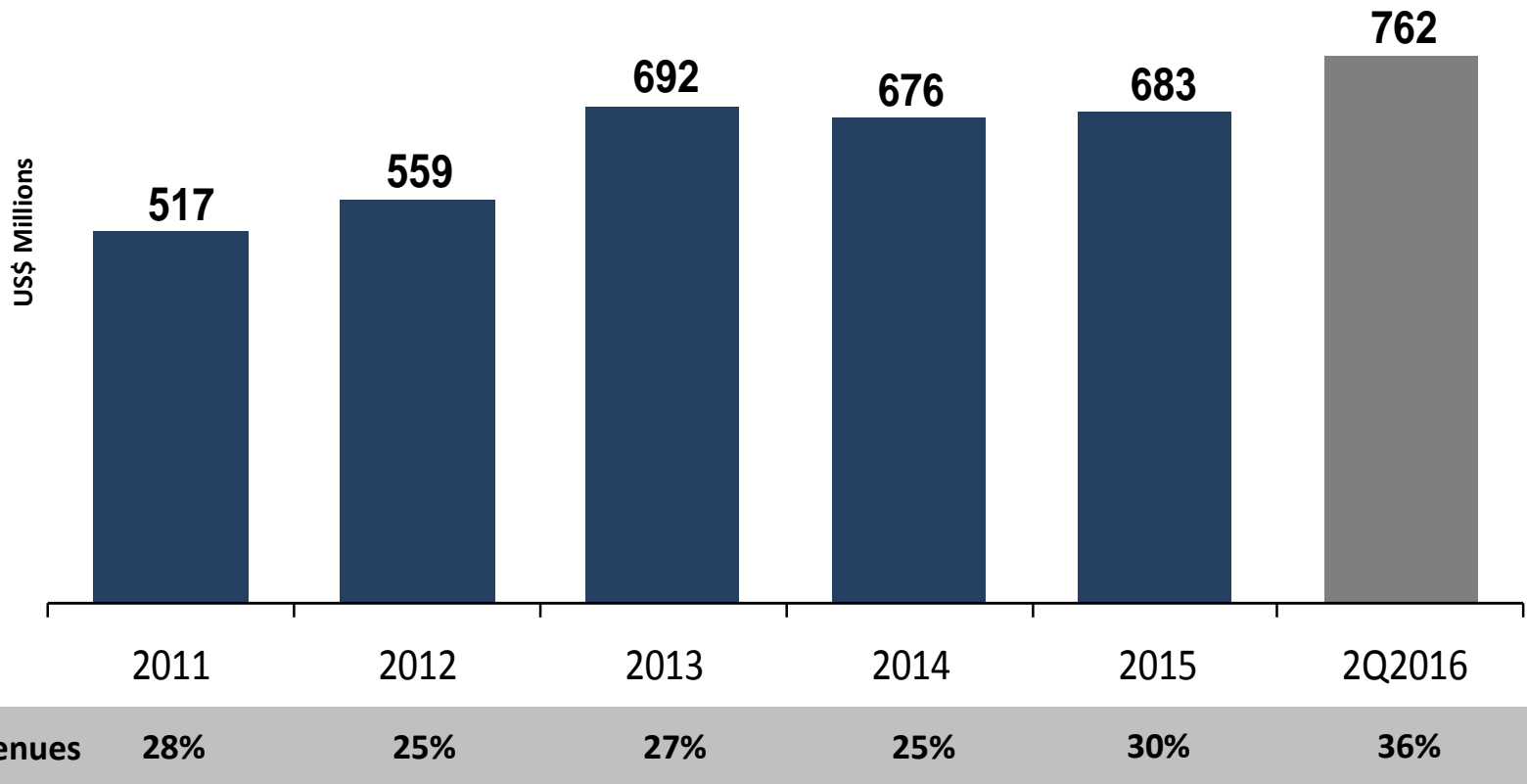


*Leased aircraft are the product of sale-leasebacks.

**2016-2018 – assumes all aircraft financed at 100% LTV. †Owned/Leased fleet make-up for 2018 preliminary

Solid Balance Sheet: Liquidity

CASH AND CASH EQUIVALENTS (Excluding Venezuela Cash)

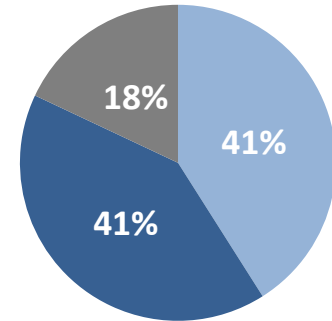


Conectados todo es posible

Debt Profile

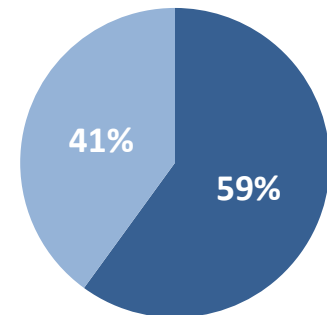
- **100% of debt is asset based**
- **Competitive cost of debt**
 - ~2.6% blended cost of debt
 - 40% of debt is US Exim based
 - 34% of debt is from the Japanese Market (JOLCO)
- **~ 60% of total debt fixed**
- **Have secured 2017 Financing**

Financing Source



EXIM JOLCO Comm

Fixed vs Variable Rate

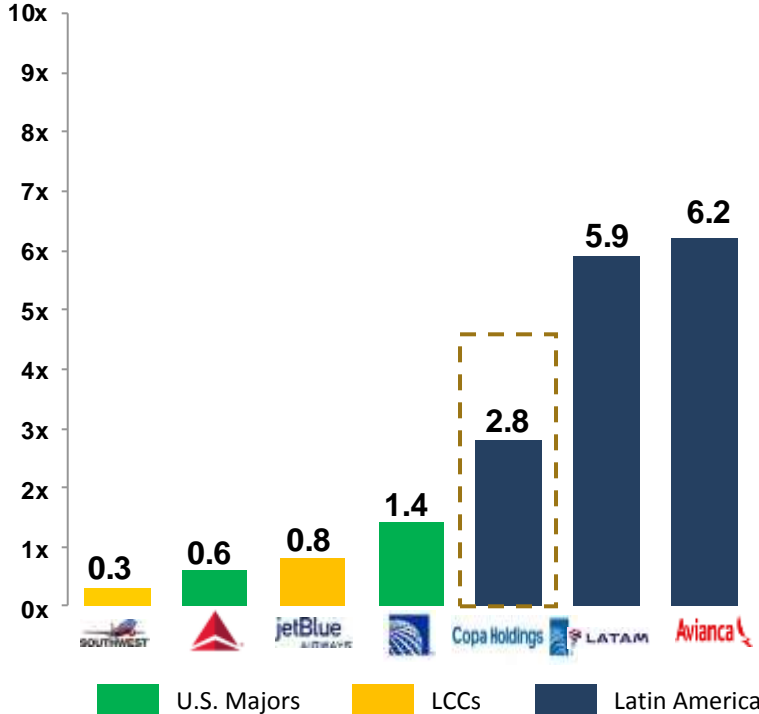
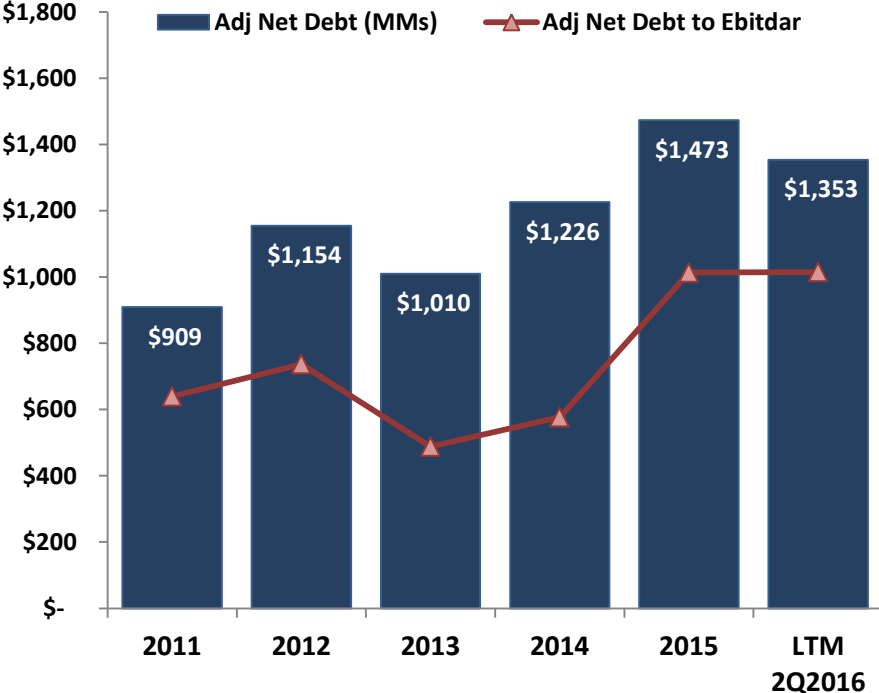


Fixed Floating

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Solid Balance Sheet: Low Leverage

Adjusted Net Debt/EBITDAR (Excluding Venezuela)



Conectados todo es posible

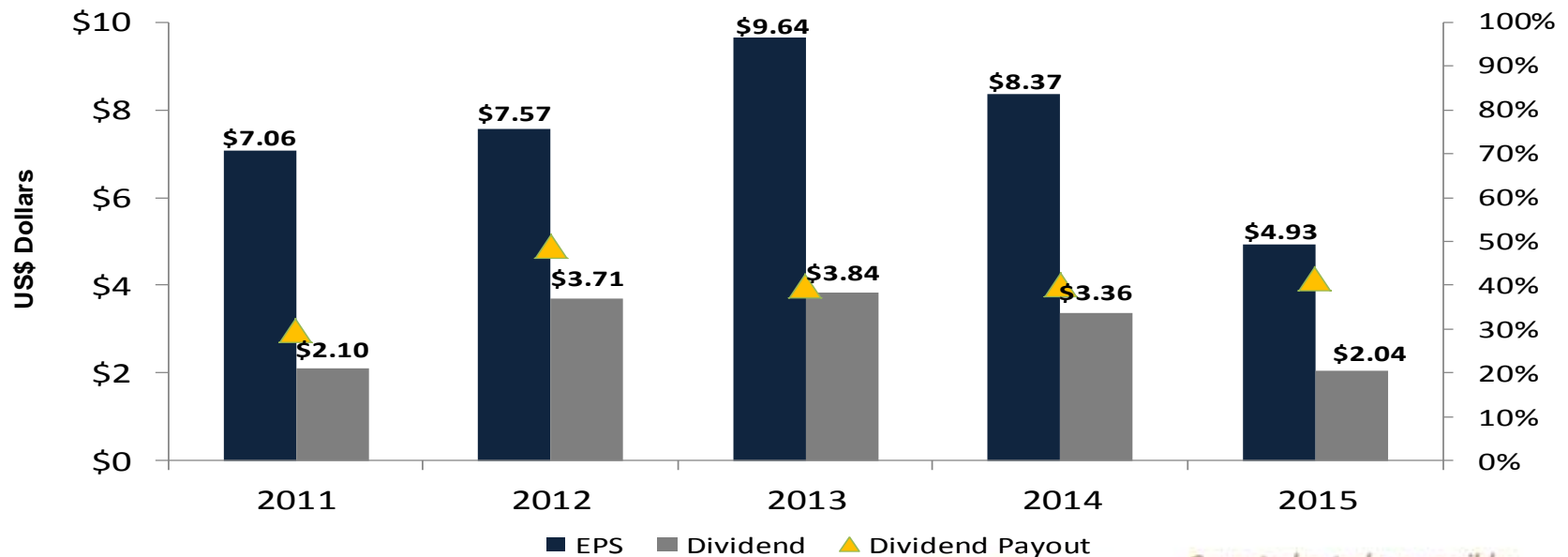


Note: Excludes special items.

Returning Value to Shareholders

- **Dividend Policy:** Board approved change in policy to 40% payout of Adjusted Net Income
 - Paying quarterly dividend of \$0.51 as of Mar 2016
- **Share Repurchase:** Board approved a \$250M share buyback program
 - Executed over half of the program by year end 2015

EARNINGS & DIVIDEND PER SHARE



Conectados todo es posible

Operations Overview

DAN GUNN
SVP OPERATIONS

Conectados todo es posible



Operations Overview

- **2015: Another great operational year**
 - **World-class operational metrics**
 - **Continued focus on service and efficiency initiatives**
 - **Continued expansion of Panama hub**
 - **Further enhancements in maintenance capabilities**
 - **Recognized leader in on-time performance**
 - **Leaders in service and quality**

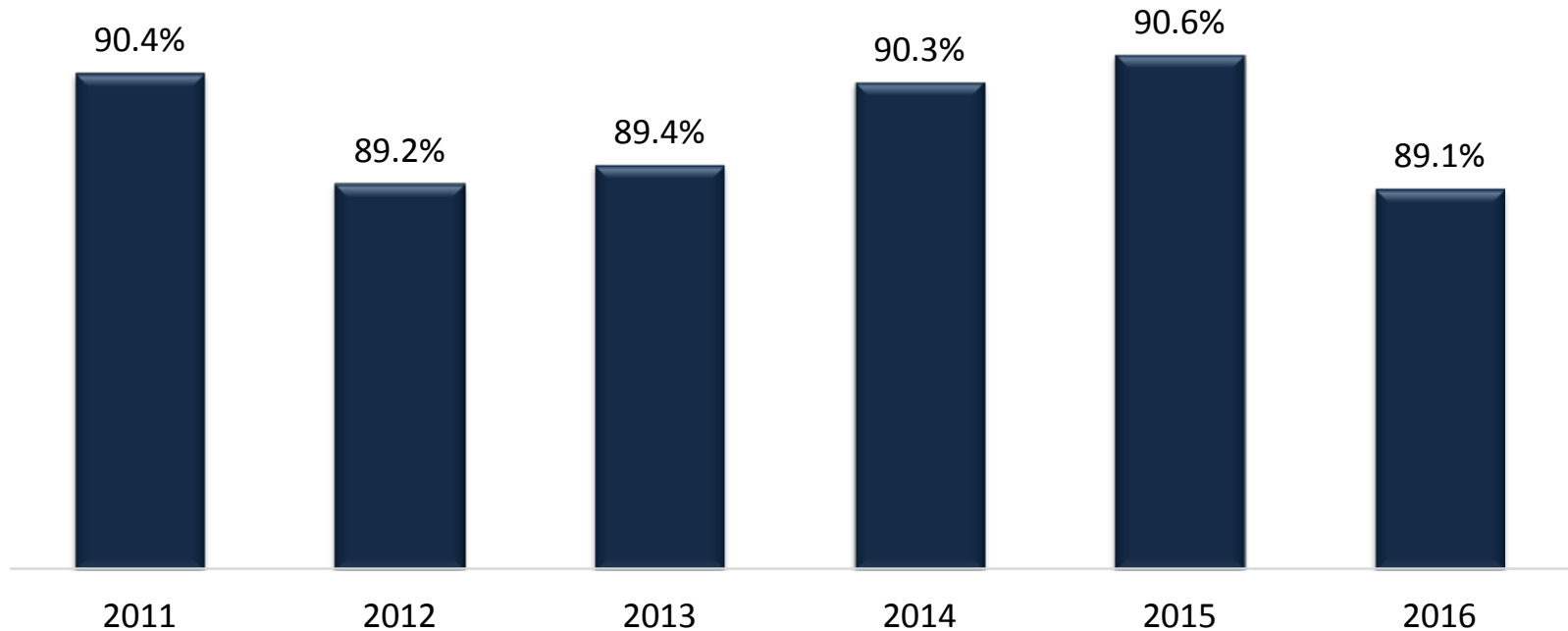


Conectados todo es posible

Operational Excellence – On Time

Copa Airlines' OTP is among the best in the industry

On-Time Arrival Performance ⁽¹⁾



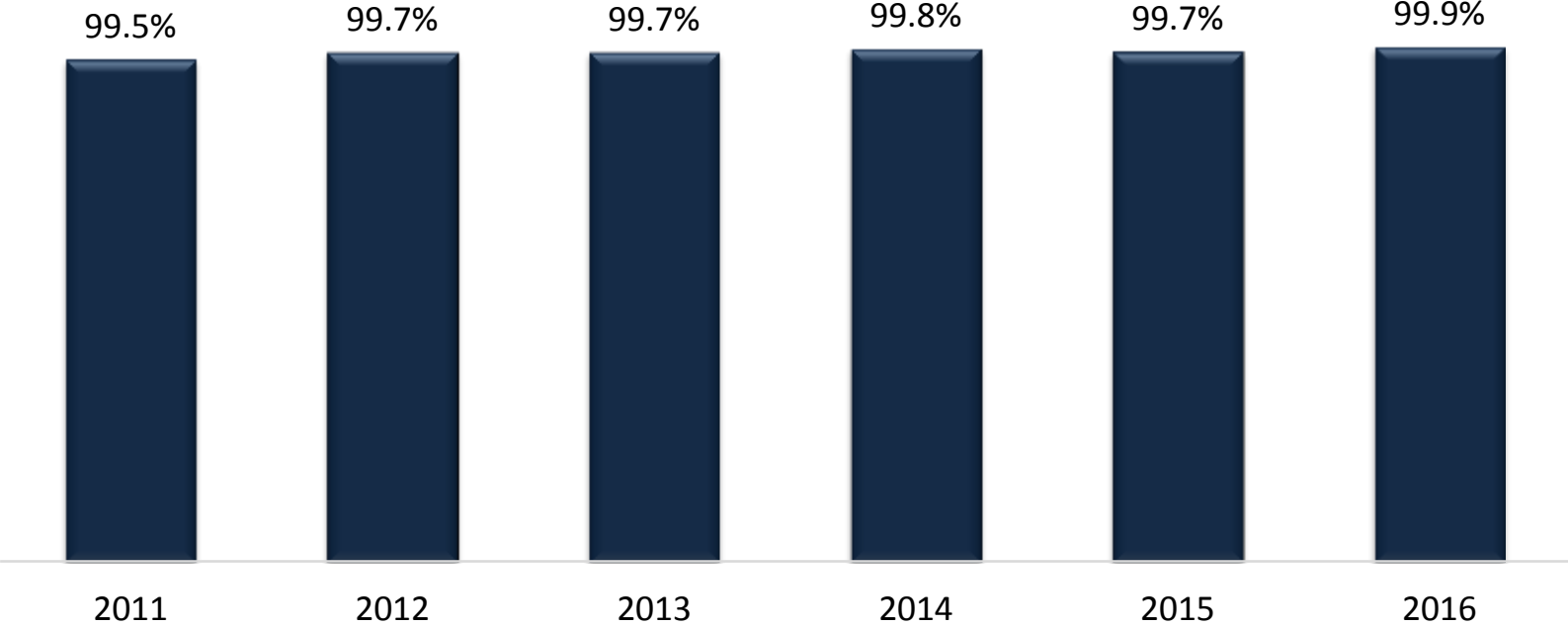
Conectados todo es posible

1. Measure: DOT Reporting Standard: within 15 minutes of Scheduled Arrival.
2. 2016 figures are YTD August.

Operational Excellence – Schedule Reliability

Copa Airlines' completion factor is among the best in the industry

Completion Factor



Conectados todo es posible

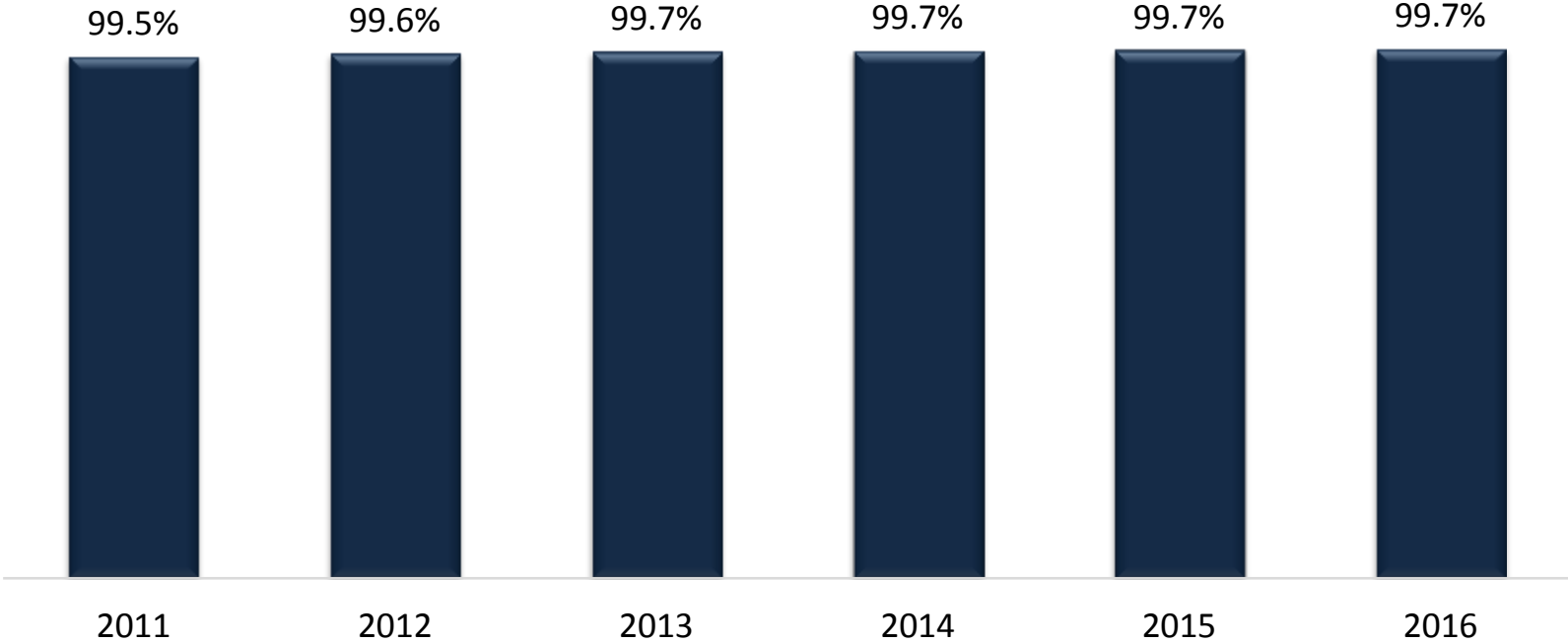


1. 2016 figures are YTD August.

Operational Excellence – Fleet Reliability

Copa Airlines has world class maintenance dispatch performance

Fleet Maintenance Dispatch Performance



Conectados todo es posible



1. 2016 figures are YTD August.

Efficiency Initiatives

Copa Airlines is a leader in the implementation of initiatives to improve efficiency

- **90% of our 737-800NG fleet has split scimitar winglets - Incremental savings of 1.5%**
 - Winglets, split scimitars and GE's Tech Insertion program have improved fuel efficiency by 7.5% since first NG deliveries
- **Implementing iPads in the cockpit**
 - Will allow removal of paper from the cockpit
 - Improved training and communication
 - Airport moving maps facilitate situational awareness while taxiing



Conectados todo es posible

Right Infrastructure – South Terminal Expansion

- Construction 62% complete (est. 2Q18)
- Construction was slowed to make significant design improvements
 - Improvements to passenger connectivity between terminals
 - Eliminated tropical garden to expand Customs, Immigration and passenger circulation areas
 - Improved Baggage Handling System (BHS) to fully integrate terminals
- South Terminal remote aircraft positions are being utilized for live operations



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South Terminal



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MRO System Replacement

- **We are implementing MXI Maintenix MRO software for 2017**
 - **Unifies and replaces two systems simplifying training, control and processes**
 - **Improved functionality and reporting capabilities**
 - **Will allow Copa to optimize maintenance program fully for our operation**
 - **Simplifies into-service process for 737 MAX**
 - **Total investment of approximately \$8.5M over 5 years. Net annual benefit of over \$4.5M in 2018 and beyond**



Conectados todo es posible

Maintenance Capabilities expansion

- **We continue to in-source more heavy maintenance work**
 - 57% of C checks done in house in 2016
 - Continue to add supporting shops to drive efficiencies
- **We plan to add a second heavy check line in 2018 - Hangar expansion in design phase**
 - Investment of \$14M over next two years
- **Incremental annual savings of approximately \$3M by 2019**



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Hangar Expansion



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2015: Recognized OTP Leaders

- Flight Stats recognized Copa as the most on-time Latin Major Carrier for the 3rd year in a row
- Copa Airlines Named Most On-Time Airline in Latin America by OAG, No. 2 Worldwide



Conectados todo es posible

Leaders in Service and Quality

- Skytrax World Airline Awards 2016 winner of Best Airline, Best Staff and Best Regional Airline in region
- Recognized by GE CFM International for operational excellence leading the Americas in CFM56 In-Flight Engine Shut-Down rate in the past five years
- World Travel Awards' 2015 Leading Airline for Mexico and Central America



Conectados todo es posible

Commercial & Planning Overview

DENNIS CARY
SVP COMMERCIAL & PLANNING

Conectados todo es posible



Commercial & Planning Overview

- **Combine prudent growth with healthy RASM and profitability**
- **Adapt to changing market conditions**
- **Defensible business model and ideal hub dynamics**
- **Leverage United/Star and other tactical partnerships**
- **Manage future capacity to meet demand using fleet plan flexibility**
- **Up our game in all areas**
 - **Planning & Alliances, RM & Pricing, Marketing & Loyalty, Distribution, Technology**



Conectados todo es posible

First half reflects challenging environment

| Indicators | 1H-16 | Var vs. 15 |
|------------------------|------------|------------|
| ASMs (MM) | 10,901 | 1.0% |
| RPMs (MM) | 8,484 | 5.4% |
| Load Factor | 77.8 | 3.2 |
| Yield (In U.S Cents) | 11.91 | -15.1% |
| RASM (In U.S Cents) | 9.65 | -11.1% |
| Passenger Revenue (MM) | \$1,010.63 | -10.6% |

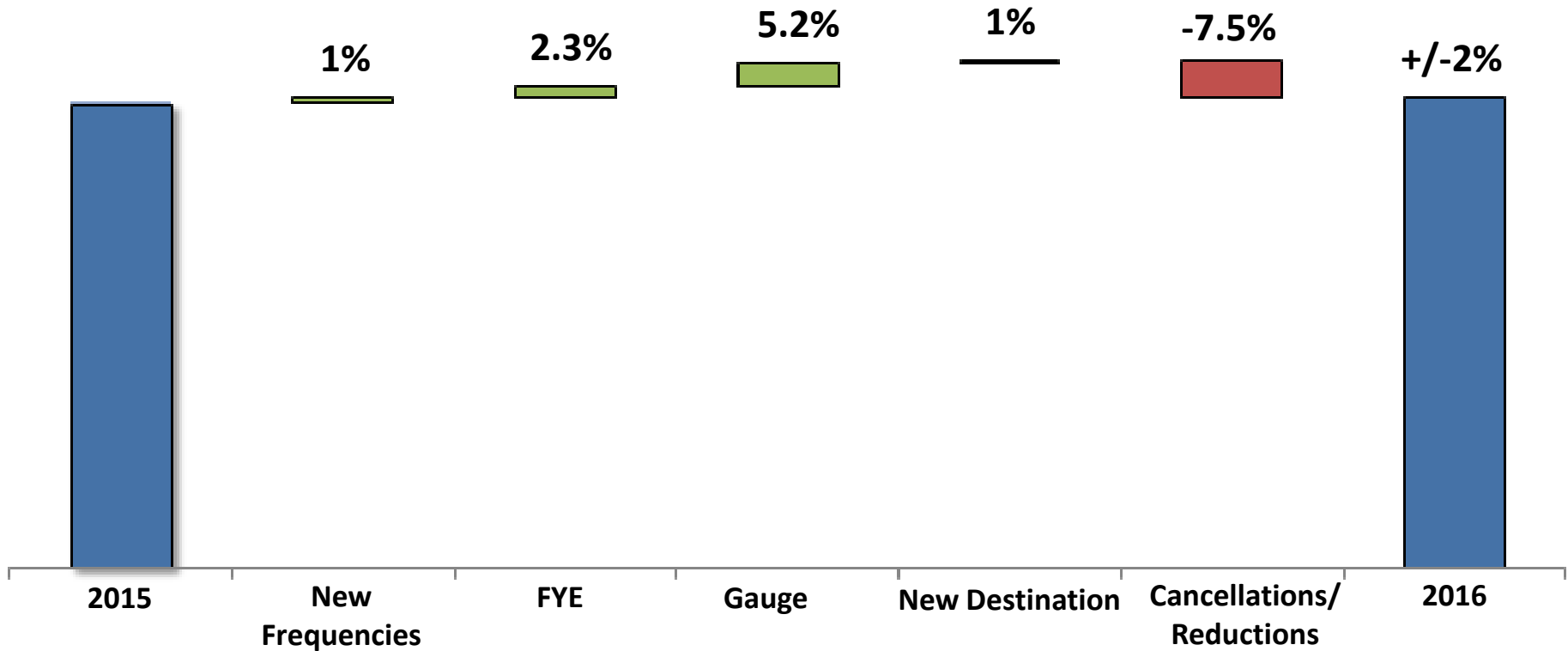
Focus: Adapt to different demand environments to maximize RASM



Conectados todo es posible

Strong capacity discipline in 2016

2016 ASM Growth



Conectados todo es posible

Managing capacity based on market dynamics

- **Copa grew rapidly and sustained strong profitability during 2010-2014**
 - In response to the economic and currency pressures of the past two years, Copa has ramped down capacity faster than competitors

| ASM Growth | “Boom Years” | “Slow-Down Years” | |
|---------------|----------------|-------------------|-------------------------|
| | 2010-2014 CAGR | 2015 vs. 2014 | 2016 vs. 2015 (Jan-Jul) |
| ALTA Carriers | 3% | 6% | 2% |
| Copa | 14% | 4% | 1% |






Recent Market Activity

2015

NEW FREQUENCIES

-  Havana
-  Guayaquil
-  Quito
-  Maracaibo
-  Caracas
-  David

NEW DESTINATIONS

-  New Orleans
-  San Francisco
-  Belize
-  Villahermosa
-  Puebla

CANCELLATIONS

-  Campinas
-  Iquitos

2016




NEW FREQUENCIES

-  San Francisco
-  Sao Paulo
-  New York*
-  Santiago*
-  Miami*
-  Asuncion*
-  Los Angeles*
-  Washington*

NEW DESTINATIONS

-  Rosario
-  Holguin
-  Chiclayo

CANCELLATIONS

-  Villahermosa
-  Puebla
-  Cucuta

Conectados todo es posible

2016 Revenue Outlook

- First Half revenue metrics lower than 2015 driven by soft yield environment
- Tactical capacity adjustments that meet demand in different markets
- Economies and currencies stabilizing
- Copa pushing load factors higher to offset some of the yield weakness
- Continued focus on improving our execution across the Commercial functions

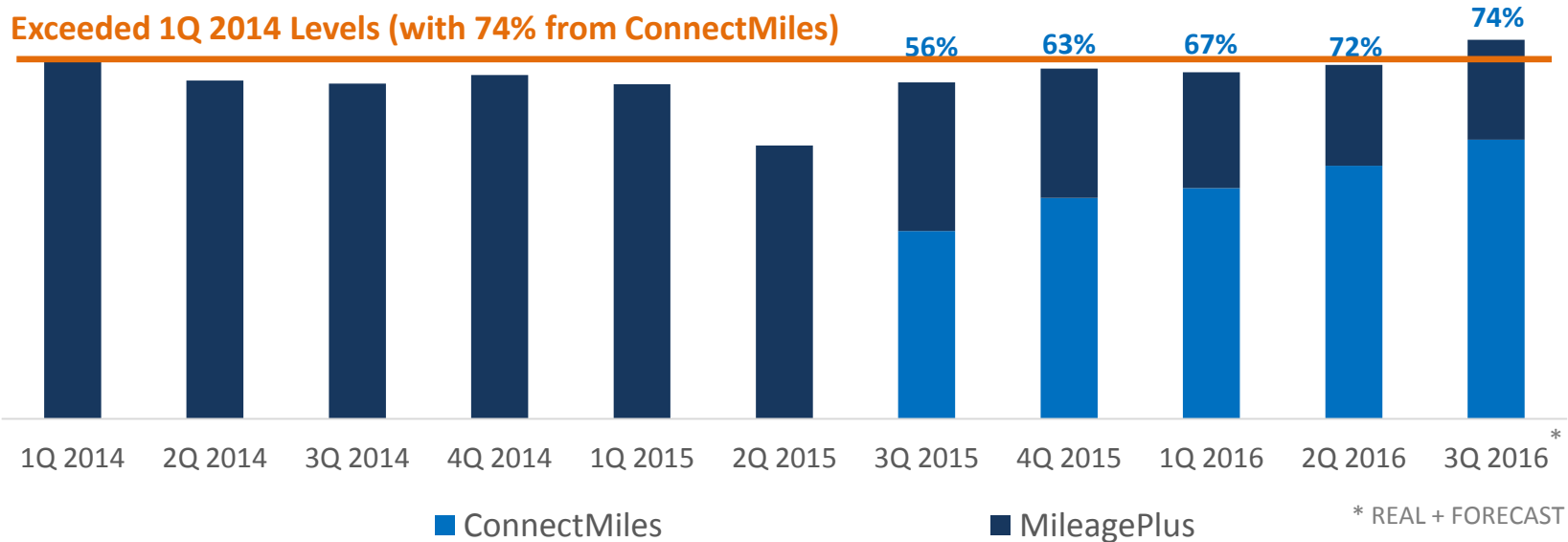


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ConnectMiles Development on Track

- ConnectMiles has grown rapidly since inception 15 months ago
- Regaining control of our most loyal customers – Conversion from Mileage Plus to ConnectMiles
- Developing profitable partnerships

2014 – 2016 Segments on Copa Airlines



Conectados todo es posible

Copa and United: An Enduring Alliance



- Copa and United have renewed their Alliance Agreement for another 5 years
- Extensive and expanding code sharing
- Anti Trust Immunity
- Technology cooperation
- Informal best practice sharing



Conectados todo es posible



Strengthening Star Alliance Presence in PTY

- Star Alliance partners increasing presence in Panama
- Lufthansa started Frankfurt-Panama, 5 times per week in March 2016
- Turkish Airlines started Istanbul-Panama, 3 times per week in May 2016 (via BOG westbound)
- Increasing opportunities for interline and codeshare connecting passengers



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Pursue ancillary opportunities consistent with Copa brand



Revenue Potential

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New Copa.com adapts to all devices

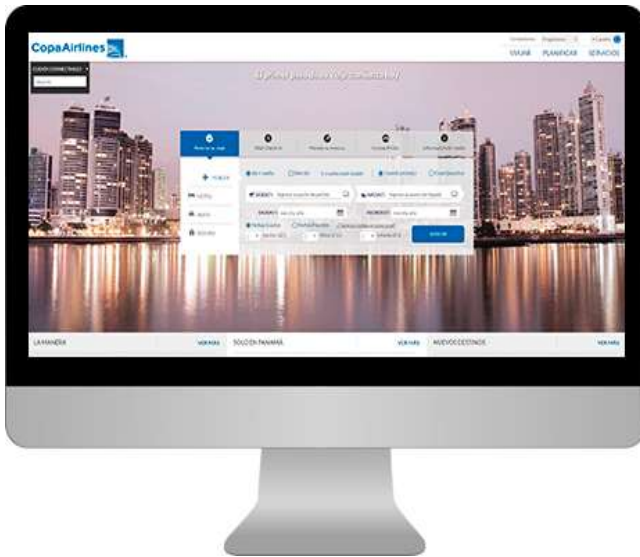
Old Copa.com



Old Mobile Site



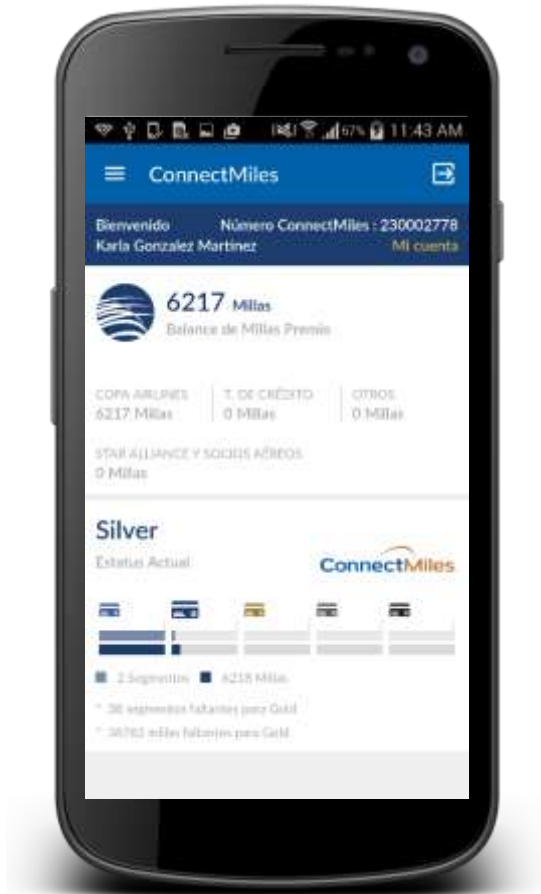
New Copa.com (Responsive & Adaptive)



- Released in July
- Mobile friendly design
- Accessible for customers with disabilities (DOT requirement)
- ~ 20% faster page loads
- ~15% visits increase

Conectados todo es posible

New Copa apps well received by customers



- iOS release: May
- Android release: June
 - First Android version
- 106K+ updates and 46K+ downloads for iOS
 - Rating ★★★★★
- 26K+ downloads for Android
 - Rating ★★★★★
- Q2 2017 release will include bookings capability among other enhancements and new features

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Strengthening the Commercial Team



Dennis Cary

*Sr. Vice President,
Commercial and Planning*

- 20+ Years AA, UA and Consulting
- RM, Sales, Marketing, Loyalty



Chris Amenechi

Vice President , Revenue Management

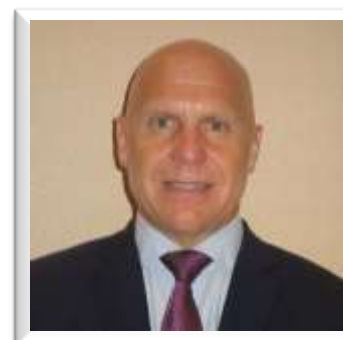
- 20+ Years CO/UA and Porter
- RM, Distribution, Merchandising



Christophe Didier

Vice President, Sales

- 25+ Years AF, DL and Etihad
- Sales (20+ years in Latin America)



Tim Manoles

Vice President, Loyalty

- 25+ Years Lacek Group, Carlson Marketing
- Loyalty Consulting to dozens of companies including Disney, AmEx, Starwood, SAS, Singapore Airlines, Copa

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GABRIEL VARELA

SR. DIRECTOR PLANNING

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Current State of Colombia Network

- **Copa Colombia's Domestic & Non-Panama International (Off-Hub) network is:**
 - Point-to-Point
 - Low Yield & Mostly Leisure (San Andrés, Punta Cana, Havana, Cancún...)
- **Current Business model is not well geared for this...**
 - Low seat density with 2-class configuration (mostly 100-seater EMB190)
 - Full Service (free meals, liquor) with no ancillary revenue (bag/seat fees)
 - High Distribution Costs (GDS)
- **Sustained financial losses for Off-Hub and Domestic Operation**

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Proposed Plan

- **Kicked-off project to better serve these markets by tweaking model**
 - Set of initiatives to lower costs and increase profits
 - Market and frequencies may be adjusted but capacity will be similar

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Scope

■ Initiatives and changes will be for Domestic and Off-hub network

- Flights To Panama hub will remain unchanged
- 33.7% of ASMs of Copa Colombia and 2.7% of ASMs of Copa Holdings
- 4 aircraft worth of flying out of a total operation of 13 aircraft at Copa Colombia

■ Next Steps:

- Finalize product, distribution and service standards
- Define timing

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JULIO TORO

VP TECHNOLOGY

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Passenger Service System

Short Term roadmap

- Suspend SabreSonic CSS implementation project for the next 18 months
- Enhance current HPE platform to implement ancillary products, revised fare families, and others
- Avoid the risk and effort of a disruptive migration

Scope

- Capabilities for ancillaries
- Sabre Intelligence Exchange: provide real time customer intelligence and analytics for ancillaries
- Full integration with our Web direct channels and agent GUI

Timeline

- Release by late Q2 2017, similar to revised Sabre timeline

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Conclusion

PEDRO HEILBRON
CHIEF EXECUTIVE OFFICER

Conectados todo es posible



Strategic Focus for 2016 and Beyond

- Continue strengthening our network and connectivity
- Take advantage of future growth opportunities while maintaining flexibility
- Maximize value through ConnectMiles and other commercial opportunities
- Use technology to improve customer experience and tap into ancillary revenue opportunities
- Continue improving our cost advantage while maintaining operational excellence and company culture
- Clear focus on path to return to historical high margins



Copa Holdings S.A. – Investor Day

Q&A SESSION

Conectados todo es posible