

May 9, 2012

## Copa Holdings Reports Net Income of US\$95.9 Million and EPS of US\$2.16 for the First Quarter of 2012

**Excluding special items, adjusted net income came in at \$90.6 million, or EPS of \$2.04 per share**

PANAMA CITY, May 9, 2012 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the first quarter of 2012(1Q12). The terms "Copa Holdings" or "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 financial tables section of this earnings release. Unless otherwise stated, all comparisons with prior periods refer to the first quarter of 2011 (1Q11).

### OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported net income of US\$95.9 million for 1Q12, or diluted earnings per share (EPS) of US\$2.16. Excluding special items, Copa Holdings would have reported an adjusted net income of \$90.6 million, or \$2.04 per share, a 10.5% increase over adjusted net income of US\$82.0 million and US\$1.86 per share for 1Q11.
- Operating income for 1Q12 came in at US\$111.6 million, a 12.0% increase over operating income of US\$99.6 million in 1Q11. Operating margin for the period came in at 20.5%, compared to 23.7% in 1Q11, mostly as a result of a 19.5% increase in the effective price of jet fuel.
- Total revenues increased 29.5% to US\$543.3 million, outpacing a strong capacity expansion. Yield per passenger mile increased 6.8% to 17.7 cents and operating revenue per available seat mile (RASM) increased 5.5% to 14.2 cents, despite a 15.6% increase in average length of haul.
- For 1Q12, robust demand trends resulted in passenger traffic (RPMs) growth of 22.4% on a 22.8% capacity expansion. Consolidated load factor came in at 77.2%, or 0.2 percentage point below 1Q11.
- Operating cost per available seat mile (CASM) increased 9.9%, from 10.3 cents in 1Q11 to 11.3 cents in 1Q12. CASM, excluding fuel costs, increased 4.2% to 6.8 cents, mainly due to increased passenger servicing and aircraft rental costs.
- Cash, short term and long term investments ended 1Q12 at US\$647.8 million, representing 33% of the last twelve months' revenues.
- During the first quarter, Copa Airlines took delivery of four Boeing 737-800 aircraft. As a result, Copa Holdings ended the quarter with a consolidated fleet of 77 aircraft.
- For 1Q12, Copa Holdings reported consolidated on-time performance of 85.9% and a flight-completion factor of 99.6%, maintaining its position among the best in the industry.

### RECENT DEVELOPMENTS

- The Board of Directors of Copa Holdings S.A. (NYSE: CPA) at its regular meeting held on May 9, 2012, declared an annual dividend of US\$2.10 per share on all outstanding Class A and Class B shares. This dividend, which is in accordance with the Company's dividend policy, represents 30% of 2011 consolidated net income. The dividend will be paid on June 15, 2012 to stockholders of record as of May 31, 2012.

Consolidated Financial & Operating Highlights	1Q12	1Q11	% Change	4Q11	% Change
Revenue Passengers Carried ('000)	1,714	1,619	5.8%	1,737	-1.3%
RPMs (mm)	2,954	2,414	22.4%	2,722	8.5%
ASMs (mm)	3,829	3,119	22.8%	3,635	5.3%
Load Factor	77.2%	77.4%	-0.2 p.p.	74.9%	2.3 p.p.
Yield	17.7	16.6	6.8%	17.8	-0.6%
PRASM (US\$ Cents)	13.7	12.9	6.4%	13.4	2.5%
RASM (US\$ Cents)	14.2	13.4	5.5%	14.0	1.2%
CASM (US\$ Cents)	11.3	10.3	9.9%	10.9	3.0%
CASM Excl. Fuel (US\$ Cents)	6.8	6.5	4.2%	6.9	-0.7%
Breakeven Load Factor (1)	61.2%	58.3%	2.9 p.p.	59.0%	2.2 p.p.
Fuel Gallons Consumed (Millions)	51.3	41.6	23.2%	47.3	8.3%
Avg. Price Per Fuel Gallon (US\$ Dollars)	3.33	2.79	19.5%	3.14	6.1%
Average Length of Haul (Miles)	1,724	1,492	15.6%	1,567	10.0%
Average Stage Length (Miles)	1,066	968	10.1%	1,066	0.0%
Departures	26,647	24,943	6.8%	25,499	4.5%

Block Hours	73,480	60,760	20.9%	68,479	7.3%
Average Aircraft Utilization (Hours)	11.0	10.6	3.5%	10.4	5.3%
Operating Revenues (US\$ mm)	543.3	419.5	29.5%	509.4	6.6%
Operating Income (US\$ mm)	111.6	99.6	12.0%	111.5	0.0%
Operating Margin	20.5%	23.7%	-3.2 p.p.	21.9%	-1.4 p.p.
Net Income (US\$ mm)	95.9	94.4	1.6%	104.4	-8.1%
Adjusted Net Income (US\$ mm) (1)	90.6	82.0	10.5%	85.3	6.2%
EPS - Basic and Diluted (US\$)	2.16	2.14	1.1%	2.36	-8.2%
Adjusted EPS - Basic and Diluted (US\$) (1)	2.04	1.86	10.0%	1.93	6.1%
# of Shares - Basic and Diluted ('000)	44,341	44,139	0.5%	44,315	0.1%

(1) Breakeven Load Factor, Adjusted Net Income and Adjusted EPS for 1Q12, 1Q11, and 4Q11 exclude non-cash charges/gains associated with the mark-to-market of fuel hedges.

**Note:** Attached to this press release is a reconciliation of non-IFRS financial measures to the comparable IFRS measures.

**FULL 1Q12 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT:** <http://investor.shareholder.com/copa/results.cfm>

### 1Q12 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

**Date:** May 10, 2012  
**Time:** 11:00 a.m. US EDT (10:00 a.m. Local Time)  
**Conference telephone number:** 877-293-5456 (US Domestic Callers)  
707-287-9357 (International Callers)  
**Webcast:** <http://investor.shareholder.com/copa/events.cfm>  
**Speakers:** Pedro Heilbron, Chief Executive Officer  
Victor Vial, Chief Financial Officer

**CONTACT:** Copa Holdings S.A.

**Investor Relations:**

Ph: (507) 304-2677

[www.copaair.com](http://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 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 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 1Q12	Unaudited 1Q11	% Change	Unaudited 4Q11	% Change
<b>Operating Revenues</b>					
Passenger Revenue	523,812	400,887	30.7%	485,324	7.9%
Cargo, mail and other	19,444	18,661	4.2%	24,125	-19.4%
<b>Total Operating Revenue</b>	<b>543,257</b>	<b>419,548</b>	<b>29.5%</b>	<b>509,449</b>	<b>6.6%</b>
<b>Operating Expenses</b>					
Aircraft fuel	170,875	116,141	47.1%	148,678	14.9%
Salaries and benefits	57,536	48,345	19.0%	57,854	-0.5%
Passenger servicing	49,433	34,983	41.3%	45,903	7.7%
Commissions	22,223	18,072	23.0%	19,750	12.5%
Reservations and sales	20,090	15,472	29.8%	18,813	6.8%
Maintenance, material and repairs	20,530	15,344	33.8%	22,323	-8.0%

Depreciation	20,526	17,817	15.2%	19,727	4.1%
Flight operations	25,039	19,869	26.0%	22,251	12.5%
Aircraft rentals	17,300	11,227	54.1%	15,573	11.1%
Landing fees and other rentals	10,846	9,717	11.6%	10,388	4.4%
Other	17,300	12,975	33.3%	16,684	3.7%
<b>Total Operating Expense</b>	<b>431,699</b>	<b>319,963</b>	<b>34.9%</b>	<b>397,943</b>	<b>8.5%</b>
<b>Operating Income</b>	<b>111,558</b>	<b>99,585</b>	<b>12.0%</b>	<b>111,506</b>	<b>0.0%</b>
<b>Non-operating Income (Expense):</b>					
Interest expense	-7,959	-7,926	0.4%	-8,808	-9.6%
Interest capitalized	0	0	nm	0	nm
Interest income	2,286	1,252	82.7%	2,152	6.2%
Other, net	4,866	10,876	-55.3%	11,605	-58.1%
<b>Total Non-Operating Income/(Expense)</b>	<b>-806</b>	<b>4,202</b>	<b>n/a</b>	<b>4,950</b>	<b>-116.3%</b>
<b>Income before Income Taxes</b>	<b>110,751</b>	<b>103,787</b>	<b>6.7%</b>	<b>116,456</b>	<b>-4.9%</b>
Provision for Income Taxes	14,822	9,341	58.7%	12,073	22.8%
<b>Net Income</b>	<b>95,930</b>	<b>94,446</b>	<b>1.6%</b>	<b>104,383</b>	<b>-8.1%</b>

<b>EPS - Basic and Diluted</b>	<b>2.16</b>	<b>2.14</b>	<b>1.1%</b>	<b>2.36</b>	<b>-8.2%</b>
<b>Shares - Basic and Diluted</b>	44,340,562	44,139,277	0.5%	44,314,505	0.1%

#### Copa Holdings, S.A.

#### Balance Sheet - IFRS

(US\$ Thousands)

	March 31, 2011	December 31, 2011
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 218,665	\$ 243,801
Short-term investments	254,303	262,345
Total cash, cash equivalents and short-term investments	<b>472,969</b>	<b>506,146</b>
Accounts receivable, net of allowance for doubtful accounts	150,173	142,297
Accounts receivable from related parties	273	704
Expendable parts and supplies, net of allowance for obsolescence	46,688	42,382
Prepaid expenses	45,748	40,058
Other current assets	27,317	22,655
Total Current Assets	<b>743,167</b>	<b>754,242</b>
<b>Long-term investments</b>	<b>174,852</b>	<b>104,834</b>
<b>Property and Equipment:</b>		
Owned property and equipment:		
Flight equipment	2,128,532	2,036,983
Other equipment	69,777	67,577
	2,198,309	2,104,560
Less: Accumulated depreciation	(366,983)	(346,656)
	1,831,326	1,757,904
Purchase deposits for flight equipment	235,183	242,287
Total Property and Equipment	<b>2,066,508</b>	<b>2,000,191</b>
<b>Other Assets:</b>		
Net pension asset	9,120	8,974
Goodwill	27,208	25,099
Intangible asset	51,186	47,047
Other assets	133,234	125,409
Total Other Assets	<b>220,748</b>	<b>206,529</b>
<b>Total Assets</b>	<b>\$ 3,205,278</b>	<b>\$ 3,065,796</b>

#### LIABILITIES AND SHAREHOLDER'S EQUITY

#### Current Liabilities:

Current maturities of long-term debt	\$ 113,932	\$ 131,069
Accounts payable	89,709	92,842

Accounts payable to related parties	20,813	22,074
Air traffic liability	282,988	297,135
Taxes and interest payable	86,495	71,223
Accrued expenses payable	34,550	30,472
Other current liabilities	10,362	13,845
<b>Total Current Liabilities</b>	<b>638,849</b>	<b>658,660</b>

**Non-Current Liabilities:**

Long-term debt	987,375	936,657
Post employment benefits liability	5,895	5,847
Other long-term liabilities	48,951	44,657
Deferred tax liabilities	32,386	30,444
<b>Total Non-Current Liabilities</b>	<b>1,074,606</b>	<b>1,017,605</b>

**Total Liabilities**

**1,713,455      1,676,265**

**Shareholders' Equity:**

Class A - 33,341,822 shares issued and outstanding	22,496	22,495
Class B - 10,938,125 shares issued and outstanding	7,466	7,466
Additional paid in capital	35,575	33,567
Retained earnings	1,420,324	1,324,394
Accumulated other comprehensive income (loss)	5,962	1,609
<b>Total Shareholders' Equity</b>	<b>1,491,823</b>	<b>1,389,531</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,205,278</b>	<b>\$ 3,065,796</b>

**NON-IFRS FINANCIAL MEASURE RECONCILIATION**

*This press release includes the following non IFRS financial measures: CASM Excluding Fuel, Adjusted Net Income and Adjusted EPS. 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 income and net income. The following is a reconciliation of these non-IFRS financial measures to the comparable IFRS measures:*

**Reconciliation of Net Income  
Excluding Special Items**

	<b>1Q12</b>	<b>1Q11</b>	<b>4Q11</b>
Net income as Reported	\$95,930	\$94,446	\$104,383
Special Items (adjustments):			
Unrealized (gain) loss on fuel hedging instruments (1)	-5,328	-12,457	-19,069
<b>Adjusted Net Income</b>	<b>\$90,602</b>	<b>\$81,989</b>	<b>\$85,314</b>
Shares used for Computation (in thousands)			
Basic and Diluted	44,341	44,139	44,315
<b>Adjusted earnings per share - Basic and Diluted</b>	<b>2.04</b>	<b>1.86</b>	<b>1.93</b>

**Reconciliation Operating Costs per ASM  
Excluding Fuel and Special Items**

	<b>1Q12</b>	<b>1Q11</b>	<b>4Q11</b>
Operating Costs per ASM as Reported	11.3	10.3	10.9
Aircraft fuel per ASM	(4.5)	(3.7)	(4.1)
<b>Operating Costs per ASM excluding fuel</b>	<b>6.8</b>	<b>6.5</b>	<b>6.9</b>

**FOOTNOTES:**

(1) Includes unrealized (gains) losses resulting from the mark-to-market accounting for changes in the fair value of fuel hedging instruments. For 1Q12, 1Q11 and 4Q11, the Company recorded unrealized fuel hedge gains of US\$5.3 million, US\$12.5 million and US\$19.1 million, respectively.

SOURCE Copa Holdings, S.A.

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