

February 15, 2017

Copa Holdings Reports Net Income of \$95.8 million and EPS of \$2.26 for the Fourth Quarter of 2016

Excluding special items, adjusted net income came in at \$60.0 million, or EPS of \$1.42 per share

PANAMA CITY, Feb. 15, 2017 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the fourth quarter of 2016 (4Q16) and full year 2016. 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 financial tables section of this earnings release. Unless otherwise stated, all comparisons with prior periods refer to the fourth quarter of 2015 (4Q15).

The financial information included in this press release is preliminary as the Company has not yet issued its audited financial statements and may differ from those results. During the course of the preparation of the financial statements and related notes and our year-end audit, additional items that would require material adjustments to the preliminary financial information included in this press release may be identified.

OPERATING AND FINANCIAL HIGHLIGHTS

- | Copa Holdings reported net income of US\$95.8 million for 4Q16 or earnings per share (EPS) of US\$2.26, as compared to net loss of US\$408.5 million or loss per share of US\$9.44 in 4Q15. Excluding special items, which for 4Q16 include a non-cash gain of US\$24.3 million associated with the mark-to-market of fuel hedge contracts, and a US\$11.5 million gain related to a non-cash currency translation of Venezuelan Bolivars, the Company would have reported a net income of US\$60.0 million, or adjusted EPS of US\$1.42, compared to an adjusted net income of US\$41.5 million or adjusted EPS of US\$0.96 in 4Q15.
- | For full year 2016, net income reached US\$339.8 million or EPS of US\$8.02, compared to a loss of US\$225.0 million or loss per share of US\$5.13 for full year 2015. Excluding special items, which for 2016 include a non-cash gain of US\$111.6 million associated with the mark-to-market of fuel hedge contracts and a US\$21.5 million non-cash gain related to currency translation of Venezuelan Bolivars, Copa Holdings would have reported an adjusted net income of US\$206.7 million or EPS of US\$4.88, compared to adjusted net income of US\$226.0 million or adjusted EPS of US\$5.15 for full year 2015.
- | Operating income for 4Q16 came in at US\$71.1 million, representing an 82.1% increase over operating income of US\$39.1 million in 4Q15, as a result of a 10.7% increase in unit revenue per available seat mile (RASM), partly offset by a 5.3% increase in unit costs. Operating margin for 4Q16 came in at 11.8%, compared to an operating margin of 7.3% in 4Q15.
- | Operating results for the quarter were significantly affected by a US\$21.3 million realized fuel hedge loss, compared to US\$24.1 million in 4Q15. Excluding these fuel hedge losses, operating margin for the quarter would have been 15.4% for 4Q16 compared to 11.9% for 4Q15.
- | For full year 2016, the Company reported operating income of US\$276.6 million, representing an increase of 4.0% over operating income of US\$266.1 million for full year 2015. Operating margin for full year 2016 came in at 12.4%, compared to an operating margin of 11.8% in 2015.
- | Operating results for the year 2016 were significantly affected by a US\$93.7 million realized fuel hedge loss, compared to US\$95.2 million in 2015. Excluding these fuel hedge losses, operating margin for 2016 would have been 16.7%, compared to 16.1% for 2015.
- | Total revenues for 4Q16 increased 12.9% to US\$601.3 million. Yield per passenger mile increased 1.3% to 12.6 cents and RASM came in at 10.7 cents, or 10.7% above 4Q15.
- | For 4Q16, consolidated passenger traffic grew 11.3% while consolidated capacity grew 2.0%. As a result, consolidated load factor for the quarter increased 6.8 percentage points to 81.6%. For full year 2016, consolidated load factor came in at 80.4%, 5.1 percentage points higher than 2015 on 1.5% capacity growth.
- | Operating cost per available seat mile (CASM) increased 5.3%, from 9.0 cents in 4Q15 to 9.5 cents in 4Q16, mostly as a result of a non-cash increase in depreciation expense related to an adjustment in our aircraft useful life assumption from 30 to 27 years, for which the full year 2016 impact was recorded in 4Q16. CASM excluding fuel costs increased 6.7% from 6.5 cents in 4Q15 to 6.9 cents in 4Q16, mainly as a result of this non-cash adjustment in our aircraft useful life assumptions.
- | Cash, short-term and long-term investments ended 2016 at US\$815.6 million, representing 37% of the last twelve months' revenues.
- | Copa Holdings ended the year with a consolidated fleet of 99 aircraft - 64 Boeing 737-800s, 14 Boeing 737-700s, and 21 Embraer-190s.
- | For 2016, Copa Holdings reported consolidated on-time performance of 88.4% and a flight-completion factor of 99.8%, maintaining its position among the best in the industry.

Subsequent Events

- | In January 2017, the company took delivery of one Boeing 737-800, increasing the consolidated fleet to 100 aircraft.
- | Also in January 2017, the company was recognized by FlightStats - for the fourth consecutive year - as the most on-time airline in Latin America, and by OAG - for the second consecutive year - as the second most on-time airline in the world.

- 1 On February 15th, 2017, the Board of Directors of Copa Holdings approved a 2017 dividend payment of 51 cents per share per quarter. Dividends will be distributed quarterly during the months of March, June, September and December. The first quarterly dividend of 51 cents per share will be paid on March 15 to shareholders on record as of February 28th, 2017.

Consolidated Financial & Operating Highlights	4Q16	4Q15	Variance vs. 4Q15	3Q16	Variance vs. 3Q16	FY 2016	FY 2015	Variance vs. 2015
Revenue Passengers Carried ('000)	2,148	2,055	4.5%	2,231	-3.7%	8,508	7,875	8.0%
RPMs (mm)	4,568	4,103	11.3%	4,637	-1.5%	17,690	16,310	8.5%
ASMs (mm)	5,597	5,486	2.0%	5,506	1.7%	22,004	21,675	1.5%
Load Factor	81.6%	74.8%	6.8 p.p.	84.2%	-2.6 p.p.	80.4%	75.2%	5.1 p.p.
Yield	12.6	12.5	1.3%	11.8	7.5%	12.1	13.3	-9.2%
PRASM (US\$ Cents)	10.3	9.3	10.5%	9.9	4.2%	9.7	10.0	-3.0%
RASM (US\$ Cents)	10.7	9.7	10.7%	10.3	4.1%	10.1	10.4	-2.7%
CASM (US\$ Cents)	9.5	9.0	5.3%	8.9	6.0%	8.8	9.2	-3.4%
CASM Excl. Fuel (US\$ Cents)	6.9	6.5	6.7%	6.4	8.7%	6.4	6.4	1.1%
Breakeven Load Factor	64.8%	150.9%	-86.1 p.p.	70.2%	-5.4 p.p.	64.4%	85.1%	-20.7 p.p.
Adjusted Breakeven Load Factor ⁽¹⁾	71.1%	67.1%	4.0 p.p.	73.7%	-2.6 p.p.	70.7%	65.4%	5.3 p.p.
Fuel Gallons Consumed (Millions)	72.4	70.5	2.6%	70.9	2.1%	284.3	277.2	2.6%
Avg. Price Per Fuel Gallon (US\$ Dollars)	1.96	1.94	0.7%	1.98	-1.2%	1.86	2.17	-14.6%
Average Length of Haul (Miles)	2,127	1,997	6.5%	2,079	2.3%	2,079	2,071	0.4%
Average Stage Length (Miles)	1,244	1,222	1.8%	1,192	4.4%	1,213	1,236	-1.9%
Departures	30,499	31,184	-2.2%	30,737	-0.8%	123,098	122,588	0.4%
Block Hours	98,150	97,788	0.4%	97,077	1.1%	388,058	388,355	-0.1%
Average Aircraft Utilization (Hours)	10.8	10.7	1.0%	10.5	2.5%	10.6	10.8	-2.0%
Operating Revenues (US\$ mm)	601.3	532.6	12.9%	569.0	5.7%	2,221.8	2,250.1	-1.3%
Operating Income (US\$ mm)	71.1	39.1	82.1%	77.2	-7.8%	276.6	266.1	4.0%
Operating Margin	11.8%	7.3%	4.5 p.p.	13.6%	-1.7 p.p.	12.4%	11.8%	0.6 p.p.
Net Income (US\$ mm)	95.8	-408.5	n/m	74.0	29.5%	339.8	-225.0	n/m
Adjusted Net Income (US\$ mm) ⁽¹⁾	60.0	41.5	44.6%	55.3	8.5%	206.7	226.0	-8.6%
EPS - Basic and Diluted (US\$)	2.26	-9.44	n/m	1.75	29.5%	8.02	-5.13	n/m
Adjusted EPS - Basic and Diluted (US\$) ⁽¹⁾	1.42	0.96	47.7%	1.30	8.5%	4.88	5.15	-5.3%
# of Shares - Basic and Diluted ('000)	42,383	43,286	-2.1%	42,372	0.0%	42,358	43,861	-3.4%

⁽¹⁾ Adjusted Breakeven Load Factor, Adjusted Net Income and Adjusted EPS for 4Q16, 4Q15, 3Q16, 2016 and 2015 exclude non-cash charges/gains associated with the mark-to-market of fuel hedges and shares repurchased, and the impact of the Argentinean and Venezuelan currency devaluations.

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

FULL 4Q16 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT: <http://investor.shareholder.com/copa/results.cfm>

4Q16 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date: Feb 16, 2017
Time: 11:00 AM US ET (11:00 AM 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
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 73 destinations in 31 countries in North, Central and South America and the Caribbean with one of the youngest and most modern fleets in the industry, consisting of 100 aircraft: 79 Boeing 737NG aircraft and 21 EMBRAER-190s. For more information visit: www.copa.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 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.

Copa Holdings, S.A.
Income Statement - IFRS
(US\$ Thousands)

	Unaudited 4Q16	Unaudited 4Q15	% Change	Unaudited 3Q16	% Change	Unaudited 2016	Audited 2015	% Change
Operating Revenues								
Passenger Revenue	577,493	512,150	12.8%	545,066	5.9%	2,133,186	2,166,727	-1.5%
Cargo, mail and other	23,810	20,451	16.4%	23,959	-0.6%	88,663	83,336	6.4%
Total Operating Revenue	601,303	532,601	12.9%	569,025	5.7%	2,221,849	2,250,063	-1.3%
Operating Expenses								
Aircraft fuel	141,743	136,881	3.6%	140,366	1.0%	527,918	602,776	-12.4%
Salaries and benefits	77,102	70,407	9.5%	73,194	5.3%	293,044	289,512	1.2%
Passenger servicing	69,854	63,689	9.7%	65,612	6.5%	259,524	258,303	0.5%
Commissions	21,496	19,556	9.9%	20,862	3.0%	83,981	88,557	-5.2%
Reservations and sales	26,029	24,882	4.6%	23,970	8.6%	99,918	88,051	13.5%
Maintenance, material and repairs	34,861	31,528	10.6%	32,410	7.6%	122,873	111,181	10.5%
Depreciation	54,548	34,083	60.0%	35,525	53.5%	159,277	134,887	18.1%
Flight operations	32,413	34,028	-4.7%	32,893	-1.5%	127,777	130,930	-2.4%
Aircraft rentals	28,917	31,530	-8.3%	30,282	-4.5%	120,842	122,218	-1.1%
Landing fees and other rentals	14,322	13,481	6.2%	13,828	3.6%	55,498	56,703	-2.1%
Other	28,869	33,458	-13.7%	22,893	26.1%	94,585	100,855	-6.2%
Total Operating Expense	530,154	493,523	7.4%	491,835	7.8%	1,945,235	1,983,974	-2.0%
Operating Income	71,150	39,077	82.1%	77,191	-7.8%	276,614	266,089	4.0%
Non-operating Income (Expense):								
Interest expense	(8,894)	(8,922)	-0.3%	(9,683)	-8.1%	(37,024)	(33,155)	11.7%
Interest income	3,479	8,155	-57.3%	3,506	-0.8%	13,000	25,947	-49.9%
Other, net	33,181	(440,284)	n/m	15,658	111.9%	120,226	(451,096)	n/m
Total Non-Operating Income/(Expense)	27,766	(441,051)	n/m	9,481	192.8%	96,202	(458,305)	n/m
Income before Income Taxes	98,915	(401,973)	n/m	86,672	14.1%	372,816	(192,215)	n/m
Provision for Income Taxes	3,071	6,499	-52.7%	12,654	-75.7%	32,971	32,759	0.6%
Net Income	95,844	(408,472)	n/m	74,018	29.5%	339,845	(224,974)	n/m

EPS - Basic and Diluted	2.26	-9.44	-124.0%	1.75	29.5%	8.02	-5.13	n/m
Shares - Basic and Diluted	42,382,757	43,285,727	-2.1%	42,371,617	0.0%	42,358,091	43,861,084	-3.4%

Copa Holdings, S. A.
Balance Sheet - IFRS
(US\$ Thousands)

	December 31 2016 (Unaudited)	December 31 2015 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 331,687	\$ 204,715
Restricted cash and cash equivalents	-	64,228
Short-term investments	483,002	416,005
Total cash, cash equivalents and short-term investments	814,689	684,948
Accounts receivable, net of allowance for doubtful accounts	113,664	105,135
Accounts receivable from related parties	479	642
Expendable parts and supplies, net of allowance for obsolescence	74,502	62,247
Prepaid expenses	58,407	48,667
Other current assets	7,650	5,946
Total Current Assets	1,069,391	907,585
Long-term investments	953	861
Property and Equipment:		
Owned property and equipment:		
Flight equipment	3,118,316	3,030,361
Other equipment	129,577	121,205
	3,247,893	3,151,565
Less: Accumulated depreciation	(874,377)	(743,982)
	2,373,516	2,407,583
Purchase deposits for flight equipment	250,166	243,070
Total Property and Equipment	2,623,682	2,650,653

Other Assets:

Long term account receivable	1,957	-
Net pension asset	8,826	6,050
Goodwill	20,380	20,380
Intangible asset	49,122	49,046
Deferred tax Assets	18,339	12,708
Other assets	53,463	68,193
Total Other Assets	<u>152,087</u>	<u>156,377</u>
Total Assets	\$ 3,846,113	\$ 3,715,476

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:

Current maturities of long-term debt	\$ 222,718	\$ 245,514
Accounts payable	104,174	94,741
Accounts payable to related parties	8,683	5,605
Air traffic liability	396,237	352,110
Frequent flyer deferred revenue	35,368	18,884
Taxes and interest payable	69,884	67,242
Accrued expenses payable	77,796	82,948
Other current liabilities	7,580	118,623
Total Current Liabilities	<u>922,440</u>	<u>985,667</u>

Non-Current Liabilities:

Long-term debt	961,414	1,055,183
Other long-term liabilities	75,014	54,339
Deferred tax liabilities	39,674	32,865
Total Non-Current Liabilities	<u>1,076,102</u>	<u>1,142,387</u>

Total Liabilities

1,998,542 2,128,054

Shareholders' Equity:

Class A - 33,731,823 issued and 31,111,310 outstanding	20,988	20,924
Class B - 10,938,125 shares issued and outstanding	7,466	7,466
Additional paid in capital	64,986	57,455
Treasury Stock	(136,388)	(136,388)
Retained earnings	1,892,391	1,638,733
Accumulated other comprehensive income (loss)	(1,872)	(768)
Total Shareholders' Equity	<u>1,847,571</u>	<u>1,587,422</u>
Total Liabilities and Shareholders' Equity	\$ 3,846,113	\$ 3,715,476

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

	2016 (Unaudited)	2015 (Audited)	2014 (Audited)
Cash flow from operating activities	586,590	316,863	384,892
Cash flow (used in) from investing activities	(171,909)	32,384	21,147
Cash flow used in financing activities	(248,625)	(357,466)	(316,420)
Net increase (decrease) in cash and cash equivalents	166,056	(8,219)	89,619
Cash and cash equivalents at January 1	204,715	221,443	139,110
Cash and cash equivalents at December 31	\$ 331,687	\$ 204,715	\$ 221,443
Short-term investments *	483,002	416,005	492,735
Long-term investments **	953	861	396,802
Restricted cash and cash equivalents ***	-	64,228	52,425
Total cash and cash equivalents and investments at December 31	\$ 815,642	\$ 685,809	\$ 1,163,405

* Short-term investments include \$135.7 million of cash in Venezuela at December 2014.

** Long-term investments include \$322.9 million of cash in Venezuela at December 2014.

*** Restricted cash correspond to a margin calls to secure derivative financial instruments transactions.

Copa Holdings, S.A.

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	4Q16	4Q15	3Q16
Net income as Reported	\$95,844	-\$408,472	\$74,018
Special Items (adjustments):			
Unrealized gain (loss) on fuel hedging instruments	24,341	(15,296)	19,225
(Loss) gain due to devaluation of Venezuelan Bolivar	11,501	(430,073)	(484)
(Loss) gain due to devaluation of Argentinian Pesos	0	(6,901)	0
Unrealized gain (loss) on Shares Repurchased	0	2,296	0
Adjusted Net Income	<u>\$60,002</u>	<u>\$41,501</u>	<u>\$55,278</u>
Shares used for Computation (in thousands)			
Basic and Diluted	<u>42,383</u>	<u>43,286</u>	<u>42,372</u>
Adjusted earnings per share - Basic and Diluted	<u>1.42</u>	<u>0.96</u>	<u>1.30</u>
Reconciliation of Operating Costs per ASM			
Excluding Fuel and Special Items	4Q16	4Q15	3Q16
Operating Costs per ASM as Reported	9.5	9.0	8.9
Aircraft fuel per ASM	<u>(2.5)</u>	<u>(2.5)</u>	<u>(2.5)</u>
Operating Costs per ASM excluding fuel	<u>6.9</u>	<u>6.5</u>	<u>6.4</u>
Reconciliation of Breakeven Load Factor			
Excluding Special Items	4Q16	4Q15	3Q16
Total Operating Expenses, Non-Operating Results and Provision for Income Taxes	<u>505,459</u>	<u>941,073</u>	<u>495,007</u>
Breakeven Load Factor	<u>64.8%</u>	<u>150.9%</u>	<u>70.2%</u>
Special Items (adjustments):			
Unrealized gain (loss) on fuel hedging instruments	24,341	(15,296)	19,225
(Loss) gain due to devaluation of Venezuelan Bolivar	11,501	(430,073)	(484)
(Loss) gain due to devaluation of Argentinian Pesos	0	(6,901)	0
Unrealized (gain) loss on Shares Repurchased	0	2,296	0
Total Operating Expenses, Non-Operating Results and Provision for Income Taxes excluding special items	<u>\$541,302</u>	<u>\$491,100</u>	<u>\$513,748</u>
Adjusted Breakeven Load Factor (Excluding Special items)	<u>71.1%</u>	<u>67.1%</u>	<u>73.7%</u>

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/copa-holdings-reports-net-income-of-958-million-and-eps-of-226-for-the-fourth-quarter-of-2016-300408148.html>

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