

Minor changes in presentation of financial statements

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During February 2017, Copa Holdings and its Subsidiaries (“the Company”) implemented a business, planning and financial consolidation system. The objective of the system is to improve and give greater uniformity to the structure and presentation of the financial statements through a new classification of the chart of accounts.

This new classification of the chart of accounts resulted in the reclassification of certain lines in the statement of financial position and the statement of profit or loss, which will be reflected in the Company’s financial statements issued for periods beginning with the first quarter of 2017.

In those financial statements, prior periods will be presented giving effect to the new classification. The Company does not believe these reclassifications significantly affect its previously reported financial analysis and interpretations.

The supplemental information set forth in the following pages is presented solely for the convenience of analysts and investors to facilitate an understanding of the effect of the reclassification on prior periods. The Company is not restating any of its previously issued financial statements for prior periods.

Quarterly figures disclosed in the following tables may differ from those previously reported. Any adjustments have been made to conform to our audited financial statements for the year ended December 31, 2016.

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The following charts presents the comparative information for the consolidated statement of profit or loss for the year ended at December 31, 2016 and its variance between the old and new structure:

(In US\$ thousands)	New					Old					Full Year Variance
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year *	
Total Operating Revenue	557,460	494,798	568,286	601,307	2,221,851	557,071	494,449	569,025	601,304	2,221,849	2 0%
Total Operating Expenses	462,971	460,224	491,866	530,691	1,945,752	462,980	460,266	491,835	530,155	1,945,236	516 0%
Operating profit	94,489	34,574	76,420	70,616	276,099	94,091	34,183	77,190	71,149	276,613	(514) 0%
Total non - operating income	32,440	25,725	10,251	28,300	96,716	32,838	26,116	9,481	27,767	96,202	514 1%
Profit before taxes	126,929	60,299	86,671	98,916	372,815	126,929	60,299	86,671	98,916	372,815	- 0%
Income tax expense	(11,474)	(5,772)	(12,654)	(8,371)	(38,271)	(11,474)	(5,772)	(12,654)	(8,371)	(38,271)	- 0%
Net profit	115,455	54,527	74,017	90,545	334,544	115,455	54,527	74,017	90,545	334,544	- 0%

* Audited financial statements.

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(In US\$ thousands)	New						Old				
	1Q	2Q	3Q	4Q	Full Year		1Q	2Q	3Q	4Q	Full Year *
Passenger revenue	542,499	477,894	550,524	584,250	2,155,167	Passenger Revenue	537,695	472,931	545,066	577,494	2,133,186
Cargo and mail revenue	12,511	14,025	13,390	14,063	53,989	Cargo, mail and other	19,376	21,518	23,959	23,810	88,663
Other operating revenue	2,450	2,879	4,372	2,994	12,695						
Total Operating Revenue	557,460	494,798	568,286	601,307	2,221,851	Total Operating Revenue	557,071	494,449	569,025	601,304	2,221,849
Operating Expenses						Operating Expenses					
Fuel	120,803	125,539	140,567	142,087	528,996	Aircraft fuel	120,549	125,260	140,366	141,743	527,918
Wages, salaries, benefits and other employees' expenses	93,155	87,542	92,039	97,454	370,190	Salaries and benefits	73,683	69,065	73,194	77,102	293,044
Passenger servicing	19,256	19,755	21,998	25,320	86,329	Passenger servicing	60,498	63,560	65,612	69,854	259,524
Airport facilities and handling charges	37,105	40,346	40,704	41,616	159,771	Commissions	20,980	20,642	20,862	21,497	83,981
Sales and distribution	49,458	46,087	47,813	50,626	193,984	Reservations and sales	26,037	23,881	23,970	26,030	99,918
Maintenance, materials and repairs	28,871	25,943	32,514	34,452	121,780	Maintenance, material and repairs	29,412	26,190	32,410	34,861	122,873
Depreciation and amortization	34,388	34,828	35,525	54,572	159,313	Depreciation, amortization and impairment	34,388	34,815	35,525	54,550	159,278
Flight operations	21,874	20,730	23,190	22,394	88,188	Flight operations	31,932	30,540	32,893	32,412	127,777
Aircraft rentals and other rentals	35,128	35,575	34,454	33,728	138,885	Aircraft rentals	30,809	30,833	30,282	28,917	120,841
Cargo and courier expenses	1,225	1,545	1,565	1,764	6,099	Landing fees and other rentals	13,302	14,046	13,828	14,322	55,498
Other Operating and administrative expenses	21,708	22,334	21,497	26,678	92,217	Other	21,390	21,434	22,893	28,867	94,584
Total Operating Expenses	462,971	460,224	491,866	530,691	1,945,752	Total Operating Expenses	462,980	460,266	491,835	530,155	1,945,236
Operating profit	94,489	34,574	76,420	70,616	276,099	Operating profit	94,091	34,183	77,190	71,149	276,613
Non - operating income (expense)						Non - operating income (expense)					
Finance Cost	(9,301)	(9,147)	(9,682)	(8,894)	(37,024)	Finance cost	(9,301)	(9,147)	(9,683)	(8,893)	(37,024)
Finance Income	2,777	3,238	3,505	3,480	13,000	Finance income	2,777	3,238	3,506	3,479	13,000
Gain (loss) on foreign currency fluctuations	12,312	(8,655)	(352)	9,738	13,043	Other, net	39,362	32,025	15,658	33,181	120,226
Net change in fair value of derivatives	27,432	40,644	19,225	24,341	111,642						
Other non operating (income) expense	(780)	(355)	(2,445)	(365)	(3,945)						
Total non - operating income	32,440	25,725	10,251	28,300	96,716	Total non - operating income	32,838	26,116	9,481	27,767	96,202
Profit before taxes	126,929	60,299	86,671	98,916	372,815	Profit before taxes	126,929	60,299	86,671	98,916	372,815
Income tax expense	(11,474)	(5,772)	(12,654)	(8,371)	(38,271)	Income tax expense	(11,474)	(5,772)	(12,654)	(8,371)	(38,271)
Net profit	115,455	54,527	74,017	90,545	334,544	Net profit	115,455	54,527	74,017	90,545	334,544

* Audited financial statements.

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The following chart presents the comparative information for the main stats and their variance between the old and the new structure for the consolidated statement of profit or loss for the year ended at December 31, 2016:

	New					Old					Full Year Variance
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year *	
PRASM	9.7	9.0	10.0	10.4	9.8	9.7	8.9	9.9	10.3	9.7	0.1
Yield	12.6	11.4	11.9	12.8	12.2	12.5	11.3	11.8	12.6	12.1	0.1
RASM	10.0	9.3	10.3	10.7	10.1	10.0	9.3	10.3	10.7	10.1	0.0
CASM	8.3	8.6	8.9	9.5	8.8	8.3	8.6	8.9	9.5	8.8	0.0
CASM Ex fuel	6.1	6.3	6.4	6.9	6.4	6.2	6.3	6.4	6.9	6.4	0.0
Operating Margin	16.9%	7.0%	13.4%	11.7%	12.4%	16.9%	6.9%	13.6%	11.8%	12.4%	0.0%
Adjusted EBITDA	-	-	-	-	556,153	-	-	-	-	556,117	36

* Calculation based on the audited financial statement.

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The following chart presents the comparative information for the consolidated statement of financial position at December 31, 2016 and its variance between the old and the new structure:

(In US\$ thousands)	New	Old*	Variance	
Current assets	1,069,118	1,069,391	(273)	0.0%
Non - current assets	2,776,723	2,776,722	1	0.0%
Total assets	3,845,841	3,846,113	(272)	0.0%
Current liabilities	862,410	898,436	(36,026)	-4.0%
Non - current liabilities	1,141,160	1,105,406	35,754	3.2%
Total liabilities	2,003,570	2,003,842	(272)	0.0%

* Audited financial statements.