

November 13, 2008

Copa Holdings Reports Earnings of US\$30.3 Million and EPS of US\$0.70 for 3Q08

PANAMA CITY, Panama, Nov 13, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Copa Holdings, S.A. (NYSE: CPA), parent company of Copa Airlines and Aero Republica, today announced financial results for the third quarter of 2008 (3Q08). The terms "Copa Holdings" or "the Company" refers to the consolidated entity, whose operating subsidiaries are Copa Airlines and Aero Republica. The following financial and operating information, unless otherwise indicated, is presented in accordance with US GAAP. Unless otherwise stated, all comparisons with prior periods refer to the third quarter of 2007 (3Q07).

OPERATING AND FINANCIAL HIGHLIGHTS

-- Copa Holdings reported net income of US\$30.3 million for 3Q08, or diluted earnings per share (EPS) of US\$0.70, as compared to net income of US\$46.8 million or diluted EPS of US\$1.08 in 3Q07.

-- Excluding special items, which for 3Q08 include a US\$15.5 million non-cash charge associated with the mark-to-market of fuel hedge contracts, Copa Holdings would have reported an adjusted net income of \$45.8 million, or \$1.05 per share, compared to an adjusted net income of US\$39.1 million or US\$0.90 per share for 3Q07. See the accompanying reconciliation of non-GAAP financial information to GAAP financial information included in financial tables section of this earnings release.

-- Operating income for 3Q08, came in at US\$57.1 million, as compared to operating income of US\$54.7 million for 3Q07. Excluding the special items recorded in 3Q07, operating income increased 19.6%, from US\$47.7 million to US\$57.1 million.

-- Operating margin decreased 4.3 percentage points, from 20.7% in 3Q07 to 16.4% in 3Q08, mainly due to higher fuel prices. Excluding special items recorded in 3Q07, operating margin decreased 1.7 percentage points.

-- In 3Q08, total revenues increased to US\$348.9 million, representing growth of 31.8%, on a 9.3% capacity expansion. Yield per passenger mile increased 16.5% to 18.6 cents and operating revenue per available seat mile (RASM) increased 20.6% to 15.2 cents.

-- Revenue passenger miles (RPMs) increased 13.7% from 1.56 billion in 3Q07 to 1.78 billion in 3Q08, and available seat miles (ASMs) increased 9.3% from 2.10 billion in 3Q07 to 2.30 billion in 3Q08, with the Copa Airlines segment increasing 14.2% year-over-year and Aero Republica decreasing 9.8%, mainly as a result of its down-gauge to an Embraer-190 fleet.

-- Consolidated load factor increased 3.0 percentage points to 77.3%, driven by a year-over-year load factor improvement at both Copa Airlines and Aero Republica. Copa Airlines' load factor averaged 80.3% for 3Q08.

-- Operating cost per available seat mile (CASM) increased 27.2%, from 10.0 cents in 3Q07 to 12.7 cents in 3Q08. CASM, excluding fuel costs and special items, increased 5.1% from 6.9 cents in 3Q07 to 7.3 cents in 3Q08, mainly due to a 37.4% increase in Aero Republica's unit costs driven a stronger Colombian currency, the effect of the down-gauge to an Embraer-190 fleet, as well as additional aircraft and engine maintenance events related to the MD-80 fleet.

-- Liquidity including cash, short term and long term investments, plus committed credit lines of US\$19.5 million, ended the quarter at US\$395.8 million, representing 32% of last twelve months revenues.

-- In August, Copa Airlines announced new service to three additional destinations: Oranjestad (Aruba), Valencia (Venezuela) and Santa Cruz (Bolivia). By year-end, Copa Airlines' network is expected to serve 45 destinations in 24 countries in the Americas -- by far, the most extensive network for intra-Latin American travel.

-- On August 21, Copa Airlines began service from Panama and connecting cities to Belo Horizonte, Brazil, becoming the Airlines' fourth Brazilian destination.

-- Copa Airlines ended the quarter with a fleet of 40 aircraft, consisting of 27 Boeing 737 Next Generation aircraft and 13 Embraer-190 aircraft. During the fourth quarter, Copa Airlines expects to take delivery of two additional Embraer-190 aircraft to end the year with 42 aircraft. Copa Airlines currently has a contractual commitment for the delivery of a Boeing 737-800 aircraft in the month of November. This delivery will be delayed until 1Q09 as a result of Boeing's Machinist Union strike. Aero Republica received two Embraer-190 aircraft and ended the quarter with a fleet of 13 aircraft, consisting of nine Embraer-190 and four MD-80 aircraft. Copa Holdings ended the quarter with a consolidated fleet of 53 aircraft.

-- For 3Q08, Copa Airlines reported on-time performance of 86.3% and a flight-completion factor of 99.3%, maintaining its position among the best in the industry. Additionally, Aero Republica's on-time performance came in at 89.8%, leading the Colombian market both in domestic and international on-time performance.

-- In September, Copa Airlines was named "Best Airline" in Central America and the Caribbean for the fifth consecutive year by the independent aviation industry research company Skytrax.

Consolidated Financial & Operating Highlights	3Q08	3Q07	% Change	2Q08	% Change
RPMs (millions)	1,779	1,565	13.7%	1,559	14.1%
ASMs (mm)	2,300	2,104	9.3%	2,093	9.9%
Load Factor	77.3%	74.4%	3.0 p.p.	74.5%	2.9 p.p.
Yield	18.6	15.9	16.5%	18.0	3.1%
PRASM (cents)	14.4	11.8	21.2%	13.4	7.0%
RASM (cents)	15.2	12.6	20.6%	14.2	6.6%
CASM (cents)	12.7	10.0	27.2%	12.7	-0.4%
Adjusted CASM (cents)(1)	12.7	10.3	23.1%	12.7	-0.4%
Adjusted CASM Excl. Fuel (cents) (1)	7.3	6.9	5.1%	7.8	-6.4%
Breakeven Load Factor	64.5%	59.7%	4.8 p.p.	66.4%	-1.9 p.p.
Operating Revenues (US\$ mm)	348.9	264.6	31.8%	297.9	17.1%
EBITDAR (US\$ mm) (2)	63.9	80.6	-20.7%	66.7	-4.2%
Adjusted EBITDAR (US\$ mm) (2)(3)	79.4	72.9	8.9%	61.1	30.0%
EBITDAR Margin (2)	18.3%	30.4%	-12.1 p.p.	22.4%	-4.1 p.p.
Adjusted EBITDAR Margin (2)(3)	22.7%	27.5%	-4.8 p.p.	20.5%	2.3 p.p.
Operating Income (US\$ mm)	57.1	54.7	4.3%	31.2	83.0%
Adjusted Operating Income (US\$ mm)(1)	57.1	47.7	19.6%	31.2	83.0%
Operating Margin	16.4%	20.7%	-4.3 p.p.	10.5%	5.9 p.p.
Adjusted Operating Margin (1)	16.4%	18.0%	-1.7 p.p.	10.5%	5.9 p.p.
Net Income (US\$ mm)	30.3	46.8	-35.2%	30.4	-0.3%
Adjusted Net Income (US\$ mm) (3)	45.8	39.1	17.1%	24.8	85.1%
EPS - Basic (US\$)	0.70	1.09	-35.6%	0.70	-0.3%
Adjusted EPS - Basic (US\$) (3)	1.06	0.91	16.4%	0.57	85.1%
EPS - Diluted (US\$)	0.70	1.08	-35.2%	0.70	-0.3%
Adjusted EPS - Diluted (US\$) (3)	1.05	0.90	17.1%	0.57	85.0%
Weighted Avg. # of Shares - Basic (000)	43,195	42,938	0.6%	43,195	0.0%
Weighted Avg. # of Shares - Diluted (000)	43,491	43,479	0.0%	43,465	0.1%

(1) Adjusted Operating Income and Adjusted CASM exclude for 3Q07 a US\$8.0 million pre-tax non-recurring gain related to insurance proceeds in excess of aircraft book value and a US\$1.0 million special charge related to the early termination of MD-80 aircraft leases, as a result of Aero Republica's ongoing transition to an all EMBRAER-190 fleet.

(2) EBITDAR means earnings before interest, taxes, depreciation, amortization and rent.

(3) Adjusted EBITDAR, Adjusted Net Income and Adjusted EPS (Basic and

Diluted): a) Excludes for 3Q07 a US\$8.0 million pre-tax non-recurring gain related to insurance proceeds in excess of aircraft book value and a US\$1.0 million special charge related to the early termination of MD-80 aircraft leases, as a result of Aero Republica's ongoing transition to an all EMBRAER-190 fleet.
b) Excludes for 3Q08 a non-cash charge of US\$15.5 million, for 3Q07 a non-cash gain of US\$0.7 million and for 2Q07 a non-cash gain of US\$5.7 million associated with the mark-to-market of fuel hedges.

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

Full 3Q08 earnings release available to download on: <http://investor.shareholder.com/copa/results.cfm>

3Q08 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date: November 13, 2008
Time: 11:00 a.m. US EST (11:00 a.m. Panama Time)
Conference Call:
Telephone Number: 877-675-4749 (U.S. Domestic Callers)
719-325-4930 (International Callers)
Webcast Link: <http://investor.shareholder.com/copa/events.cfm>

About Copa Holdings

Copa Holdings, through its Copa Airlines and Aero Republica operating subsidiaries, is a leading Latin American provider of international airline passenger and cargo service. Copa Airlines currently offers approximately 136 daily scheduled flights to 42 destinations in 22 countries in North, Central and South America and the Caribbean. In addition, Copa Airlines provides passengers with access to flights to more than 120 other international destinations through code share agreements with Continental Airlines and other airlines. Aero Republica, the second-largest domestic carrier in Colombia, provides service to 12 cities in Colombia as well as international connectivity with Copa Airlines' Hub of the Americas through flights from Bogota, Bucaramanga, Cali, Cartagena and Medellin.

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.

NON-GAAP FINANCIAL MEASURE RECONCILIATION

This press release includes the following non GAAP financial measures: Adjusted CASM, Adjusted CASM Excluding Fuel, Adjusted EBITDAR, Adjusted Operating Income, Adjusted Net Income and Adjusted EPS. This supplemental information is presented because we believe they are useful indicators of our operating performance and are 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 US GAAP measures, in particular operating income and net income. The following is a reconciliation of these non-GAAP financial measures to the comparable US GAAP measures:

Reconciliation of EBITDAR Excluding Special Items	3Q08	3Q07	2Q08
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Net income as Reported	\$30,343	\$46,822	\$30,431
Interest Expense	(10,385)	(11,524)	(9,815)
Capitalized Interest	391	719	484
Interest Income	2,903	3,259	2,596
Income Taxes	(1,745)	(3,848)	(3,507)
EBIT	39,179	58,216	40,674
Depreciation and Amortization	11,132	9,056	10,433
EBITDA	50,311	67,272	51,107
Aircraft Rent	10,245	10,478	12,012
Other Rentals	3,341	2,814	3,610
EBITDAR	\$63,897	\$80,564	\$66,729
Special Items (adjustments):			
Unrealized (gain) loss on fuel hedging instruments (1)	15,479	(677)	(5,679)
Special Items (2)	-	(7,010)	-
Adjusted EBITDAR	\$79,376	\$72,878	\$61,050
Reconciliation of Operating Income Excluding Special Items	3Q08	3Q07	2Q08
Operating Income as Reported	\$57,073	\$54,721	\$31,195
Special Items (adjustments):			
Special Items, net (2)	-	(7,010)	-
Adjusted Operating Income	\$57,073	\$47,711	\$31,195
Reconciliation of Net Income Excluding Special Items	3Q08	3Q07	2Q08
Net income as Reported	\$30,343	\$46,822	\$30,431
Special Items (adjustments):			
Unrealized gain (loss) on fuel hedging instruments (1)	15,479	(677)	(5,679)
Special Items, net (2)	-	(7,010)	-
Adjusted Net Income	\$45,822	\$39,136	\$24,752
Shares used for Computation (in thousands)			
Basic	43,195	42,938	43,195
Diluted	43,491	43,479	43,465
Adjusted earnings per share			
Basic	1.06	0.91	0.57
Diluted	1.05	0.90	0.57
Reconciliation Operating Costs per ASM Excluding Fuel and Special Items	3Q08	3Q07	2Q08
Operating Costs per ASM as Reported	12.7	10.0	12.7
Aircraft fuel per ASM	5.4	3.4	5.0

Operating Costs per ASM excluding fuel	7.3	6.6	7.8
Special Items (adjustments):			
Special Items per ASM, net (2)	-	0.3	-
Operating expenses excluding fuel and special items	7.3	6.9	7.8

FOOTNOTES:

- (1) The 3Q08 period included a non-cash charge of US\$15.5 million, the 3Q07 and 2Q07 periods included non-cash gains of US\$0.7 million and US\$5.7 million, respectively, resulting from the mark-to-market accounting for changes in the fair value of fuel hedging instruments.
- (2) Special items for the 3Q07 period include a US\$8.0 million pre-tax non-recurring gain related to insurance proceeds in excess of aircraft book value and a US\$1.0 million special charge related to the early termination of MD-80 aircraft leases, as a result of Aero Republica's ongoing transition to an all EMBRAER-190 fleet.

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