

November 7, 2012

Copa Holdings Reports Net Income of US\$111.9 Million and EPS of US\$2.52 for the Third Quarter of 2012

Excluding special items, adjusted net income came in at \$97.6 million, or EPS of \$2.20 per share

PANAMA CITY, Nov. 7, 2012 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the third quarter of 2012 (3Q12). 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 third quarter of 2011 (3Q11).

OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported net income of US\$111.9 million for 3Q12, or diluted earnings per share (EPS) of US\$2.52. Excluding special items, Copa Holdings would have reported adjusted net income of US\$97.6 million, or US\$2.20 per share, an 8.3% increase over adjusted net income of US\$90.2 million and US\$2.03 per share for 3Q11.
- Operating income for 3Q12 came in at US\$114.1 million, a 14.9% increase over operating income of US\$99.3 million in 3Q11. Operating margin for the period came in at 19.3%, compared to 20.9% in 3Q11, as a result of a 1.7% decline in unit revenues and a 0.4% increase in unit cost as a result of increased fuel costs.
- Total revenues increased 24.5% to US\$590.4 million. Yield per passenger mile increased 1.1% to 17.3 cents, while operating revenue per available seat mile (RASM) decreased 1.7% to 13.5 cents. However, adjusting for a 2.7% increase in average length of haul, adjusted yields increased 2.5% and adjusted RASM remained flat year over year.
- For 3Q12, passenger traffic (RPMs) grew 23.8% on a 26.6% capacity expansion, resulting in a consolidated load factor of 75.4% compared to 77.1% in 3Q11.
- Operating cost per available seat mile (CASM) came in at 10.9 cents, an increase of 0.4% over 3Q11, but 3.4% lower than 2Q12. CASM excluding fuel costs came in at 6.6 cents for a decrease of 0.2% over 3Q11 and 3.6% over 2Q12.
- Cash, short term and long term investments ended 3Q12 at US\$795.5 million, representing 37% of the last twelve months' revenues.
- During the third quarter, Copa Airlines took delivery of two Boeing 737-800 aircraft. As a result, Copa Holdings ended the quarter with a consolidated fleet of 82 aircraft.
- For 3Q12, Copa Holdings reported consolidated on-time performance of 87.2% and a flight-completion factor of 99.6%.

Consolidated Financial & Operating Highlights	3Q12	3Q11	% Change	2Q12	% Change
Revenue Passengers Carried ('000)	1,869	1,551	20.5%	1,658	12.7%
RPMs (mm)	3,294	2,660	23.8%	2,886	14.1%
ASMs (mm)	4,367	3,450	26.6%	3,923	11.3%
Load Factor	75.4%	77.1%	-1.7 p.p.	73.5%	1.9 p.p.
Yield	17.3	17.1	1.1%	17.2	0.6%
PRASM (US\$ Cents)	13.0	13.2	-1.1%	12.6	3.2%
RASM (US\$ Cents)	13.5	13.7	-1.7%	13.1	2.8%
CASM (US\$ Cents)	10.9	10.9	0.4%	11.3	-3.4%
CASM Excl. Fuel (US\$ Cents)	6.6	6.6	-0.2%	6.9	-3.6%
Breakeven Load Factor (1)	59.8%	58.6%	1.2 p.p.	63.0%	-3.2 p.p.
Fuel Gallons Consumed (Millions)	57.7	45.3	27.2%	52.1	10.6%
Avg. Price Per Fuel Gallon (US\$ Dollars)	3.24	3.22	0.7%	3.32	-2.5%
Average Length of Haul (Miles)	1,763	1,716	2.7%	1,740	1.3%
Average Stage Length (Miles)	1,083	1,058	2.3%	1,063	1.9%
Departures	29,344	24,728	18.7%	27,005	8.7%
Block Hours	82,103	65,159	26.0%	74,841	9.7%
Average Aircraft Utilization (Hours)	11.2	10.6	5.5%	10.6	5.5%
Operating Revenues (US\$ mm)	590.4	474.3	24.5%	515.8	14.5%
Operating Income (US\$ mm)	114.1	99.3	14.9%	72.6	57.1%
Operating Margin	19.3%	20.9%	-1.6 p.p.	14.1%	5.2 p.p.
Net Income (US\$ mm)	111.9	70.3	59.1%	32.0	249.7%
Adjusted Net Income (US\$ mm) (1)	97.6	90.2	8.3%	58.6	66.6%
EPS - Basic and Diluted (US\$)	2.52	1.59	58.8%	0.72	249.3%
Adjusted EPS - Basic and Diluted (US\$) (1)	2.20	2.03	8.1%	1.32	66.4%
# of Shares - Basic and Diluted ('000)	44,407	44,319	0.2%	44,354	0.1%

(1) Breakeven Load Factor, Adjusted Net Income and Adjusted EPS for 3Q12, 3Q11, and 2Q12 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 3Q12 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT: <http://investor.shareholder.com/copa/results.cfm>

3Q12 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date: November 8, 2012
Time: 4:00 PM US ET (4:00 PM 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

Copa Holdings is a leading Latin American provider of passenger and cargo services. The Company, through its operating subsidiaries, provides service to 64 destinations in 29 countries in North, Central and South America and the Caribbean with one of the youngest and most modern fleets in the industry, consisting of 83 aircraft: 57 Boeing 737NG aircraft and 26 EMBRAER-190s. For more information visit www.copaair.com.

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 3Q12	Unaudited 3Q11	% Change	Unaudited 2Q12	% Change
Operating Revenues					
Passenger Revenue	568,564	454,078	25.2%	495,029	14.9%
Cargo, mail and other	21,884	20,184	8.4%	20,814	5.1%
Total Operating Revenue	590,448	474,261	24.5%	515,843	14.5%
Operating Expenses					
Aircraft fuel	186,844	145,860	28.1%	173,289	7.8%
Salaries and benefits	62,964	54,199	16.2%	61,123	3.0%
Passenger servicing	56,973	41,095	38.6%	50,943	11.8%
Commissions	23,501	19,297	21.8%	21,272	10.5%
Reservations and sales	22,203	18,680	18.9%	20,586	7.9%
Maintenance, material and repairs	23,370	16,391	42.6%	23,954	-2.4%
Depreciation	23,031	19,350	19.0%	21,214	8.6%
Flight operations	27,217	22,111	23.1%	24,991	8.9%
Aircraft rentals	18,504	13,273	39.4%	17,191	7.6%
Landing fees and other rentals	12,190	11,069	10.1%	10,931	11.5%
Other	19,561	13,656	43.2%	17,730	10.3%
Total Operating Expense	476,359	374,979	27.0%	443,224	7.5%
Operating Income	114,089	99,282	14.9%	72,619	57.1%
Non-operating Income (Expense):					
Interest expense	(8,124)	(8,144)	-0.3%	(8,583)	-5.3%

Interest capitalized	0	0	nm	0	nm
Interest income	3,235	1,795	80.3%	2,741	18.0%
Other, net	13,750	(18,228)	nm	(30,981)	nm
Total Non-Operating Income/(Expense)	8,861	(24,578)	nm	(36,823)	nm
Income before Income Taxes	122,951	74,705	64.6%	35,796	243.5%
Provision for Income Taxes	11,033	4,374	152.3%	3,790	191.1%
Net Income	111,917	70,331	59.1%	32,006	249.7%

EPS - Basic and Diluted	2.52	1.59	58.8%	0.72	249.3%
Shares - Basic and Diluted	44,406,679	44,318,760	0.2%	44,353,845	0.1%

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

	September 30, 2012	December 31, 2011
	(Unaudited)	(Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 282,642	\$ 243,801
Short-term investments	441,349	262,345
Total cash, cash equivalents and short-term investments	<u>723,991</u>	<u>506,146</u>
Accounts receivable, net of allowance for doubtful accounts	143,057	142,297
Accounts receivable from related parties	505	704
Expendable parts and supplies, net of allowance for obsolescence	51,292	42,382
Prepaid expenses	49,745	40,058
Other current assets	17,964	22,655
Total Current Assets	<u>986,554</u>	<u>754,242</u>
Long-term investments	71,500	104,834
Property and Equipment:		
Owned property and equipment:		
Flight equipment	2,346,637	2,036,983
Other equipment	63,757	67,577
	<u>2,410,394</u>	<u>2,104,560</u>
Less: Accumulated depreciation	(408,965)	(346,656)
	<u>2,001,429</u>	<u>1,757,904</u>
Purchase deposits for flight equipment	163,696	242,287
Total Property and Equipment	<u>2,165,125</u>	<u>2,000,191</u>
Other Assets:		
Net pension asset	9,685	8,974
Goodwill	27,081	25,099
Intangible asset	57,537	47,047
Other assets	120,776	125,409
Total Other Assets	<u>215,079</u>	<u>206,529</u>
Total Assets	<u>\$ 3,438,258</u>	<u>\$ 3,065,796</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:

Current maturities of long-term debt	\$ 118,387	\$ 131,069
Accounts payable	105,609	92,842
Accounts payable to related parties	14,765	22,074
Air traffic liability	360,223	297,135
Taxes and interest payable	86,174	71,223
Accrued expenses payable	45,753	30,472
Other current liabilities	9,897	13,845
Total Current Liabilities	<u>740,808</u>	<u>658,660</u>

Non-Current Liabilities:

Long-term debt	1,067,549	936,657
Post employment benefits liability	6,286	5,847
Other long-term liabilities	44,635	44,657
Deferred tax liabilities	31,888	30,444
Total Non-Current Liabilities	<u>1,150,358</u>	<u>1,017,605</u>
Total Liabilities	<u>1,891,166</u>	<u>1,676,265</u>

Shareholders' Equity:

Class A - 33,391,400 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	38,977	33,567
Retained earnings	1,471,258	1,324,394
Accumulated other comprehensive income (loss)	6,895	1,609
Total Shareholders' Equity	<u>1,547,092</u>	<u>1,389,531</u>
Total Liabilities and Shareholders' Equity	<u>\$ 3,438,258</u>	<u>\$ 3,065,796</u>

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**

	<u>3Q12</u>	<u>3Q11</u>	<u>2Q12</u>
Net income as Reported	\$111,917	\$70,331	\$32,006
Special Items (adjustments):			
Unrealized (gain) loss on fuel hedging instruments (1)	<u>(14,277)</u>	<u>19,845</u>	<u>26,587</u>
Adjusted Net Income	<u>\$97,640</u>	<u>\$90,177</u>	<u>\$58,593</u>
Shares used for Computation (in thousands)			
Basic and Diluted	<u>44,407</u>	<u>44,319</u>	<u>44,354</u>
Adjusted earnings per share - Basic and Diluted	<u>2.20</u>	<u>2.03</u>	<u>1.32</u>

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

	<u>3Q12</u>	<u>3Q11</u>	<u>2Q12</u>
Operating Costs per ASM as Reported	10.9	10.9	11.3
Aircraft fuel per ASM	<u>(4.3)</u>	<u>(4.2)</u>	<u>(4.4)</u>
Operating Costs per ASM excluding fuel	<u>6.6</u>	<u>6.6</u>	<u>6.9</u>

FOOTNOTES:

(1) Includes unrealized (gains) losses resulting from the mark-to-market accounting for changes in the fair value of fuel hedging instruments. For 3Q12, the Company recorded an unrealized fuel hedge gain of US\$14.3 million, and for 3Q11 and 2Q12 it recorded fuel hedge losses of US\$19.8 million and 26.6 million, respectively..

SOURCE Copa Holdings, S.A.

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