

February 12, 2014

## Copa Holdings Reports Net Income of US\$113.9 Million for the Fourth Quarter of 2013

PANAMA CITY, Feb. 12, 2014 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the fourth quarter of 2013 (4Q13) and full year 2013. The terms "Copa Holdings" or "the Company" refers 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 2012 (4Q12).

### OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported net income of US\$113.9 million for 4Q13 or earnings per share (EPS) of US\$2.57, as compared to net income of US\$86.6 million or EPS of US\$1.95 in 4Q12. Excluding special items, which for 4Q13 includes a non-cash impairment charge of US\$31.2 million on Intangible Assets booked in 2005 related to the acquisition of AeroRepublica (now Copa Colombia) and a non-cash gain of US\$2.6 million associated with the mark-to-market of fuel hedge contracts, Copa Holdings would have reported adjusted net income of US\$142.5 million or adjusted EPS of US\$3.21, compared to adjusted net income of US\$89.3 million or adjusted EPS of US\$2.01 in 4Q12.
- Net income for full year 2013 reached US\$428.2 million or EPS of US\$9.64, compared to US\$326.5 million or EPS of US\$7.35 for full year 2012. Excluding special items, which for 2013 includes a non-cash impairment charge of US\$31.2 million on Intangible Assets booked in 2005 related to the acquisition of AeroRepublica (now Copa Colombia), a US\$13.9 million loss related to the Venezuelan devaluation of February 2013, and a non-cash gain of US\$5.2 million associated with the mark-to-market of fuel hedge contracts, Copa Holdings would have reported an adjusted net income of US\$468.1 million or EPS of US\$10.54, compared to adjusted net income of US\$336.1 or adjusted EPS of US\$7.57 for full year 2012.
- Operating income for 4Q13 came in at US\$130.7 million, representing a 25% increase over operating income of US\$104.3 million in 4Q12, mainly as a result of a 6.2% increase in unit operating revenue per available seat mile (RASM) and a 6.5% drop in the all-in price of jet fuel. As a result, operating margin for 4Q13 came in at 18.7%, or 1.3 percentage points higher than 4Q12. Excluding special items, operating income would have been US\$161.8 million, which would have represented an operating margin of 23.2%, or 5.8 percentage points higher than 4Q12.
- The Company reported operating income of US\$518.5 million for full year 2013, representing an increase of 28.8% over operating income of US\$402.5 million in 2012. Operating margin for full year 2013 came in at 19.9%, as compared to an operating margin of 17.9% in 2012. However, excluding the intangible impairment charge of US\$31.2 million recorded in 4Q13, the adjusted operating margin for 2013 would have been 21.1%.
- Total revenues for 4Q13 increased 16.3% to US\$697.8 million. Yield per passenger mile increased 5.8% to 18.1 cents and RASM came in at 14.3 cents, or 6.2% above 4Q12. On a quarter-over-quarter basis, both yields and RASM increased over our third quarter high season, rising 4.9% and 3.1%, respectively.
- For 4Q13 consolidated passenger traffic grew 10.7%, led by international traffic growth which expanded a robust 12.2%. At the same time, consolidated capacity grew 9.5%, led by a 10.9% increase in international capacity. As a result, consolidated load factor for the quarter increased 0.8 percentage points to 76.5%. For full year 2013, consolidated load factor came in at 76.7%, up 1.2 percentage points from 2012, on 14.4% capacity growth.
- Operating cost per available seat mile (CASM) increased 4.5%, from 11.1 cents in 4Q12 to 11.7 cents in 4Q13 as a result of the non-cash intangible impairment charge partly offset by a decrease in the all-in price of jet fuel. However, CASM excluding special items decreased 1.2% to 11.0 cents. CASM excluding fuel cost and special items increased 2.1% from 6.8 cents in 4Q12 to 6.9 cents in 4Q13, as a result of higher distribution unit costs related to the higher revenues, and aircraft rentals, which were partly offset mainly by lower maintenance costs and other rentals.
- Cash, short term and long term investments ended 2013 at US\$1,169.4 million, representing 45% of the last twelve months' revenues.
- During the fourth quarter, Copa Airlines took delivery of one Boeing 737-800 aircraft. As a result, Copa Holdings ended the year with a consolidated fleet of 90 aircraft, composed of 18 Boeing 737-700s, 46 Boeing 737-800s and 26 Embraer-190s.
- For 2013, Copa Holdings reported international on-time performance of 88.6%, 80.8% for domestic and 87.7% overall, as well as a flight-completion factor of 99.6%, maintaining its position among the best in the industry.

Consolidated Financial & Operating Highlights	4Q13	Variance vs. 4Q12	Variance vs. 3Q13	FY 2013	Variance vs. 2012
Revenue Passengers Carried ('000)	2,013	6.0%	0.3%	7,779	8.9%
RPMs (mm)	3,725	10.7%	-2.1%	14,533	16.3%
ASMs (mm)	4,870	9.5%	-0.1%	18,950	14.4%
Load Factor	76.5%	0.8 p.p.	-1.6 p.p.	76.7%	1.2 p.p.
Yield	18.1	5.8%	4.9%	17.3	0.2%
PRASM (US\$ Cents)	13.8	6.9%	2.8%	13.3	1.8%

RASM (US\$ Cents)	14.3	6.2%	3.1%	13.8	1.4%
CASM (US\$ Cents)	11.6	4.5%	7.1%	11.0	-1.1%
Adjusted CASM (US\$ Cents) <sup>(1)</sup>	11.0	-1.2%	1.2%	10.9	-2.5%
CASM Excl. Fuel (US\$ Cents)	7.6	11.6%	10.9%	6.9	1.9%
Adjusted CASM Excl. Fuel (US\$ Cents) <sup>(1)</sup>	6.9	2.1%	1.5%	6.7	-0.5%
Breakeven Load Factor <sup>(2)</sup>	57.3%	-4.3 p.p.	-4.1 p.p.	59.7%	-1.6 p.p.
Fuel Gallons Consumed (Millions)	63.9	9.4%	0.5%	247.5	12.8%
Avg. Price Per Fuel Gallon (US\$ Dollars)	3.12	-6.5%	0.1%	3.16	-4.3%
Average Length of Haul (Miles)	1,850	4.4%	-2.4%	1,868	6.7%
Average Stage Length (Miles)	1,151	5.7%	-0.7%	1,140	6.0%
Departures	30,266	2.4%	0.5%	119,177	5.9%
Block Hours	89,783	8.0%	0.2%	348,882	11.3%
Average Aircraft Utilization (Hours)	10.9	-0.9%	-2.7%	11.1	1.2%
Operating Revenues (US\$ mm)	697.8	16.3%	3.0%	2,608.3	16.0%
Operating Income (US\$ mm)	130.7	25.3%	-11.4%	518.5	28.8%
Adjusted Operating Income (US\$ mm) <sup>(1)</sup>	161.8	55.2%	9.7%	549.6	36.5%
Operating Margin	18.7%	1.3 p.p.	-3.0 p.p.	19.9%	2.0 p.p.
Adjusted Operating Margin <sup>(1)</sup>	23.2%	5.8 p.p.	1.4 p.p.	21.1%	3.2 p.p.
Net Income (US\$ mm)	113.9	31.5%	-9.6%	428.2	31.2%
Adjusted Net Income (US\$ mm) <sup>(2)</sup>	142.5	59.6%	22.7%	468.1	39.3%
EPS - Basic and Diluted (US\$)	2.57	31.6%	-9.5%	9.64	31.1%
Adjusted EPS - Basic and Diluted (US\$) <sup>(2)</sup>	3.21	59.7%	22.7%	10.54	39.2%
# of Shares - Basic and Diluted ('000)	44,379	-0.1%	0.0%	44,424	0.1%

<sup>(1)</sup> Adjusted CASM, Adjusted Operating Income, Adjusted Operating Margin for 4Q13 and 2013 exclude non-cash impairment charge on Intangible Assets booked in 2005 related to the acquisition of AeroRepublica (now Copa Colombia).

<sup>(2)</sup> Breakeven Load Factor, Adjusted Net Income and Adjusted EPS for 4Q13, 4Q12, 3Q13, 2013 and 2012 exclude non-cash impairment charge on Intangible Assets booked in 2005 related to the acquisition of AeroRepublica (now Copa Colombia), non-cash charges/gains associated with the mark-to-market of fuel hedges, and the impact of the Venezuelan currency devaluation.

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

**FULL 4Q13 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT:** <http://investor.shareholder.com/copa/results.cfm>

#### 4Q13 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

**Date:** February 13, 2014  
**Time:** 10:00 AM US ET (10:00 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  
Jose 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 66 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 90 aircraft: 64 Boeing 737NG aircraft and 26 EMBRAER-190s.*

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

#### Investor Relations:

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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 4Q13	Unaudited 4Q12	% Change	Unaudited 3Q13	% Change	Unaudited 2013	Audited 2012	% Change
<b>Operating Revenues</b>								
Passenger Revenue	674,209	575,731	17.1%	655,991	2.8%	2,519,649	2,163,136	16.5%
Cargo, mail and other	23,562	24,109	-2.3%	21,288	10.7%	88,682	86,252	2.8%
<b>Total Operating Revenue</b>	<b>697,771</b>	<b>599,839</b>	<b>16.3%</b>	<b>677,279</b>	<b>3.0%</b>	<b>2,608,331</b>	<b>2,249,388</b>	<b>16.0%</b>
<b>Operating Expenses</b>								
Aircraft fuel	199,388	194,754	2.4%	198,163	0.6%	783,092	725,763	7.9%
Salaries and benefits	73,382	65,782	11.6%	69,941	4.9%	276,156	247,405	11.6%
Passenger servicing	64,986	59,788	8.7%	64,913	0.1%	250,604	217,137	15.4%
Commissions	27,428	22,382	22.5%	27,717	-1.0%	103,685	89,378	16.0%
Reservations and sales	26,013	22,112	17.6%	27,588	-5.7%	99,812	84,992	17.4%
Maintenance, material and repairs	22,866	24,311	-5.9%	25,035	-8.7%	92,993	92,166	0.9%
Depreciation	27,082	24,446	10.8%	26,576	1.9%	105,331	89,217	18.1%
Flight operations	31,451	27,747	13.3%	30,829	2.0%	121,786	104,993	16.0%
Aircraft rentals	24,617	19,472	26.4%	23,540	4.6%	90,233	72,468	24.5%
Landing fees and other rentals	12,813	12,266	4.5%	12,607	1.6%	50,405	46,233	9.0%
Other	25,907	22,510	15.1%	22,878	13.2%	84,589	77,101	9.7%
Intangible Impairment	31,162	0	n/m	0	n/m	31,162	0	n/m
<b>Total Operating Expense</b>	<b>567,097</b>	<b>495,570</b>	<b>14.4%</b>	<b>529,787</b>	<b>7.0%</b>	<b>2,089,848</b>	<b>1,846,852</b>	<b>13.2%</b>
<b>Operating Income</b>	<b>130,675</b>	<b>104,269</b>	<b>25.3%</b>	<b>147,492</b>	<b>-11.4%</b>	<b>518,483</b>	<b>402,535</b>	<b>28.8%</b>
<b>Non-operating Income (Expense):</b>								
Interest expense	(7,447)	(8,130)	-8.4%	(7,513)	-0.9%	(30,180)	(32,795)	-8.0%
Interest income	3,963	3,427	15.6%	3,127	26.7%	12,636	11,689	8.1%
Other, net	(4,081)	(2,721)	50.0%	10,700	-138.1%	(13,192)	(15,086)	-12.6%
<b>Total Non-Operating Income/ (Expense)</b>	<b>(7,565)</b>	<b>(7,424)</b>	<b>n/a</b>	<b>6,314</b>	<b>-219.8%</b>	<b>(30,736)</b>	<b>(36,192)</b>	<b>n/a</b>
<b>Income before Income Taxes</b>	<b>123,110</b>	<b>96,845</b>	<b>27.1%</b>	<b>153,807</b>	<b>-20.0%</b>	<b>487,747</b>	<b>366,343</b>	<b>33.1%</b>
Provision for Income Taxes	9,189	10,222	-10.1%	27,798	-66.9%	59,546	39,867	49.4%
<b>Net Income</b>	<b>113,921</b>	<b>86,623</b>	<b>31.5%</b>	<b>126,008</b>	<b>-9.6%</b>	<b>428,200</b>	<b>326,476</b>	<b>31.2%</b>

<b>EPS - Basic and Diluted</b>	<b>2.57</b>	<b>1.95</b>	<b>31.6%</b>	<b>2.84</b>	<b>-9.6%</b>	<b>9.64</b>	<b>7.35</b>	<b>31.1%</b>
<b>Shares - Basic and Diluted</b>	<b>44,379,289</b>	<b>44,409,211</b>	<b>-0.1%</b>	<b>44,379,507</b>	<b>0.0%</b>	<b>44,423,845</b>	<b>44,400,224</b>	<b>0.1%</b>

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

	December 31, 2013 (Unaudited)	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 139,240	\$ 475,181	\$ 76,094
Short-term investments	930,399	499,047	575,009
Total cash, cash equivalents and short-term investments	<b>1,069,640</b>	<b>974,228</b>	<b>651,103</b>
Accounts receivable, net of allowance for doubtful accounts	132,001	173,175	135,207
Accounts receivable from related parties	2,189	2,109	1,129
Expendable parts and supplies, net of allowance for obsolescence	56,814	56,314	50,603

Prepaid expenses	59,160	62,163	63,120
Other current assets	22,783	19,073	16,328
Total Current Assets	<u>1,342,586</u>	<u>1,287,062</u>	<u>917,490</u>
<b>Long-term investments</b>	<b>99,770</b>	<b>46,590</b>	<b>69,445</b>
<b>Property and Equipment:</b>			
Owned property and equipment:			
Flight equipment	2,477,830	2,462,278	2,405,346
Other equipment	73,487	71,570	66,330
	<u>2,551,317</u>	<u>2,533,848</u>	<u>2,471,676</u>
Less: Accumulated depreciation	(530,347)	(505,147)	(432,589)
	<u>2,020,970</u>	<u>2,028,701</u>	<u>2,039,087</u>
Purchase deposits for flight equipment	327,544	302,371	245,544
Total Property and Equipment	<u>2,348,514</u>	<u>2,331,072</u>	<u>2,284,631</u>
<b>Other Assets:</b>			
Net pension asset	11,114	10,826	10,009
Goodwill	25,305	25,466	27,575
Intangible asset	28,214	57,767	59,382
Other assets	96,949	110,889	110,968
Total Other Assets	<u>161,583</u>	<u>204,948</u>	<u>207,934</u>
<b>Total Assets</b>	<b>\$ 3,952,454</b>	<b>\$ 3,869,672</b>	<b>\$ 3,479,500</b>

#### LIABILITIES AND SHAREHOLDER'S EQUITY

##### Current Liabilities:

Current maturities of long-term debt	\$ 156,460	\$ 140,114	\$ 136,268
Accounts payable	95,046	101,128	104,975
Accounts payable to related parties	14,460	15,380	20,255
Air traffic liability	578,439	549,721	382,807
Taxes and interest payable	113,517	121,647	85,436
Accrued expenses payable	74,963	65,993	48,047
Other current liabilities	8,133	7,835	10,902
Total Current Liabilities	<u>1,041,019</u>	<u>1,001,818</u>	<u>788,690</u>

##### Non-Current Liabilities:

Long-term debt	913,507	960,462	1,069,836
Post employment benefits liability	6,223	6,309	6,340
Other long-term liabilities	51,223	49,912	43,726
Deferred tax liabilities	38,743	32,274	34,364
Total Non-Current Liabilities	<u>1,009,696</u>	<u>1,048,957</u>	<u>1,154,266</u>
<b>Total Liabilities</b>	<b>2,050,715</b>	<b>2,050,775</b>	<b>1,942,956</b>

##### Shareholders' Equity:

Class A - 33,407,876 shares issued and outstanding	22,626	22,626	22,591
Class B - 10,938,125 shares issued and outstanding	7,466	7,466	7,466
Additional paid in capital	47,031	45,594	40,660
Retained earnings	1,821,243	1,739,740	1,458,258
Accumulated other comprehensive income (loss)	3,372	3,470	7,569
Total Shareholders' Equity	<u>1,901,738</u>	<u>1,818,896</u>	<u>1,536,544</u>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,952,454</b>	<b>\$ 3,869,672</b>	<b>\$ 3,479,500</b>

## 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

	4Q13	4Q12	3Q13	2013	2012
Net income as Reported	\$113,921	\$86,623	\$126,008	\$428,200	\$326,476

Special Items (adjustments):					
Intangible Impairment	\$31,162	\$0	\$0	\$31,162	\$0
Unrealized (gain) loss on fuel hedging instruments	-\$2,553	\$2,673	-\$9,820	-\$5,167	\$9,577
Venezuela Devaluation	\$0	\$0	\$0	\$13,927	\$0
Adjusted Net Income	<u>\$142,530</u>	<u>\$89,296</u>	<u>\$116,188</u>	<u>\$468,123</u>	<u>\$336,053</u>

Shares used for Computation (in thousands)					
Basic and Diluted	<u>44,379</u>	<u>44,409</u>	<u>44,380</u>	<u>44,424</u>	<u>44,400</u>

Adjusted earnings per share - Basic and Diluted	<u>3.21</u>	<u>2.01</u>	<u>2.62</u>	<u>10.54</u>	<u>7.57</u>
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**Reconciliation Operating Costs per ASM  
Excluding Fuel and Special Items**

	<u>4Q13</u>	<u>4Q12</u>	<u>3Q13</u>	<u>2013</u>	<u>2012</u>
Operating Costs per ASM as Reported	11.6	11.1	10.9	11.0	11.1
Intangible Impairment	(0.6)	-	-	(0.2)	-
Aircraft fuel per ASM	<u>(4.1)</u>	<u>(4.4)</u>	<u>(4.1)</u>	<u>(4.1)</u>	<u>(4.4)</u>
Adjusted Operating Costs per ASM excluding fuel	<u>6.9</u>	<u>6.8</u>	<u>6.8</u>	<u>6.7</u>	<u>6.8</u>

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