February 10, 2010

Copa Holdings Reports Net Income of US$70.4 Million for the Fourth Quarter of 2009 and US$240.4 Million for Full Year 2009

PANAMA CITY, Feb 10, 2010 /PRNewswire via COMTEX News Network/ -- Copa Holdings, S.A. (NYSE: CPA), parent company of Copa Airlines and Aero Republica, today announced financial results for the fourth quarter of 2009 (4Q09) and full year 2009. 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. See the accompanying reconciliation of non-GAAP financial information to GAAP 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 2008 (4Q08).

OPERATING AND FINANCIAL HIGHLIGHTS

Copa Holdings reported net income of US$70.4 million for 4Q09 or diluted earnings per share (EPS) of US$1.61, as compared to net income of US$25.8 million or diluted EPS of US$0.59 in 4Q08. Excluding special items, which for 4Q09 include a special charge of US$4.8 million related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica's transition to an all Embraer-190 fleet and a US$9.6 million non-cash gain associated with the mark-to-market of fuel hedge contracts, Copa Holdings would have reported an adjusted net income of US$65.7 million, compared to an adjusted net income of US$65.2 million in 4Q08.

Net income for full year 2009 reached US$240.4 million or diluted EPS of US$5.50, compared to US$118.7 million or diluted EPS of US$2.73 for full year 2008. Excluding special items, which for 2009 include a special charge of US$19.4 million related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica's transition to an all Embraer-190 fleet and a US$58.0 million non-cash gain associated with the mark-to-market of fuel hedge contracts, Copa Holdings would have reported an adjusted net income of US$201.7 million compared to an adjusted net income of US$173.5 for full year 2008, representing an increase of 16.3%.

Operating income for 4Q09 came in at US$71.8 million, representing an operating margin of 20.9%, as compared to operating income for 4Q08 of US$84.0 million. Excluding special fleet charges of US$4.8 million, operating income would have been US$76.6 million, which would have represented an operating margin of 22.3% for the quarter, down from 24.3% in 4Q08.

The Company reported operating income of US$223.3 million for full year 2009, representing an operating margin of 17.8%, as compared to 17.4% in 2008. However, excluding special fleet charges of US$19.4 million recorded in 2009, the adjusted operating margin for 2009 stood at 19.4%.

Total revenues for 4Q09 decreased 0.9% to US$343.0 million. Yield per passenger mile decreased 11.7% to 16.4 cents and operating revenue per available seat mile (RASM) decreased 5.8% to 13.7 cents.

For 4Q09 consolidated passenger traffic grew 12.7% while capacity increased 5.2%. As a result, consolidated load factor for the quarter increased 5.3 percentage points to 79.4%. For full year 2009 consolidated capacity increased 12%.

Operating cost per available seat mile (CASM) decreased 1.6%, from 11.0 cents in 4Q08 to 10.9 cents in 4Q09. CASM, excluding fuel costs and special items, increased 5.2% from 7.2 cents in 4Q08 to 7.6 cents in 4Q09, mainly due to higher salaries and benefits and passenger related costs.

Cash, short term and long term investments ended 2009 at US$358.5 million, representing 29% of the last twelve months' revenues. During 2009 the Company funded from cash US$120 million in pre-delivery payments related to aircraft to be delivered between 2010 and 2011.

During the fourth quarter, Copa Airlines took delivery of one Boeing 737-800, ending the year with a consolidated fleet of 56 aircraft.

For 2009, Copa Airlines reported on-time performance of 87.6% and a flight-completion factor of 99.4%, maintaining its position among the best in the industry. Additionally, Aero Republica's on-time performance came in at 90.1%, leading the Colombian market both in domestic and international on-time performance.

Subsequent Events

On January 8, 2010, the Venezuelan government announced its decision to implement new fixed exchange rates effective January 11, 2010, which resulted in a significant devaluation of the Bolivar against the U.S. dollar. The new regime applies two distinct official rates depending on the applicable sector of the economy. The first exchange rate, applicable to imported goods characterized as essential, will be VEB 2.60 per U.S. dollar, and the rate applicable to all other imported goods and services, including the aviation sector, will be VEB 4.30 per U.S. dollar. The Venezuelan government, however, has announced that it will apply the exchange rate of VEB 2.60 per U.S. dollar to all authorization requests pending approval by the Venezuela Central Bank through January 8, 2010. We estimate that the Company will incur losses related to the devaluation of these funds of approximately US$21 million, which will be recorded in the first quarter of 2010 in accordance with US GAAP.

On February 10, our Board of Directors approved the modification of the Company's dividend policy, which had provided for an annual payment of approximately 10% of our annual consolidated net income to our shareholders. Effective immediately, the new dividend policy provides for annual dividend payments in amounts up to 20% of our annual consolidated net income to be paid pro rata among all our shareholders. The determination of the annual dividend payment each year will remain subject to approval by our Board of Directors and compliance with applicable legal requirements.

Consolidated Financial & Operating Highlights	4Q09	Variance vs. 4Q08	Variance vs. 3Q09	FY 2009	Variance vs. 2008
RPMs (millions)	1,984	12.7%	2.8%	7,397	10.1%
ASMs (mm)	2,498	5.2%	-1.9%	9,911	12.1%
Load Factor	79.4%	5.3 p.p.	3.6 p.p.	74.6%	-1.3 p.p.
Yield	16.4	-11.7%	2.7%	16.0	-11.5%
PRASM (cents)	13.0	-5.3%	7.5%	12.0	-13.0%
RASM (cents)	13.7	-5.8%	8.0%	12.6	-13.2%
CASM (cents)	10.9	-1.6%	-0.5%	10.4	-13.7%
Adjusted CASM (cents) (1)	10.7	-3.3%	3.1%	10.2	-15.3%
CASM Excl. Fuel (cents)	7.7	7.9%	0.1%	7.4	-1.5%
Adjusted CASM Excl. Fuel (cents) (1)	7.6	5.2%	5.4%	7.2	-4.1%
Breakeven Load Factor (3)	60.0%	-1.0 p.p.	-4.5 p.p.	59.2%	-3.8 p.p.
Operating Revenues (US$ mm)	343.0	-0.9%	5.9%	1,253.1	-2.8%
EBITDAR (US$ mm) (2)	109.6	64.5%	37.6%	391.8	47.1%
Adjusted EBITDAR (US$ mm) (2)(3)	104.9	-1.2%	17.8%	353.2	10.0%
EBITDAR Margin (2)	32.0%	12.7 p.p.	7.4 p.p.	31.3%	10.6 p.p.
Adjusted EBITDAR Margin (2)(3)	30.6%	-0.1 p.p.	3.0 p.p.	28.2%	3.3 p.p.
Operating Income (US$ mm)	71.8	-14.6%	56.3%	223.3	-0.3%
Adjusted Operating Income (US$ mm) (1)	76.6	-8.8%	26.6%	242.7	8.4%
Operating Margin	20.9%	-3.4 p.p.	6.7 p.p.	17.8%	0.4 p.p.
Adjusted Operating Margin (1)	22.3%	-1.9 p.p.	3.6 p.p.	19.4%	2.0 p.p.
Net Income (US$ mm)	70.4	173.5%	63.3%	240.4	102.6%
Adjusted Net Income (US$ mm) (3)	65.7	0.7%	25.0%	201.7	16.3%
EPS - Basic (US$)	1.63	171.2%	63.3%	5.55	101.8%
Adjusted EPS - Basic (US$) (3)	1.52	0.3%	24.7%	4.66	15.8%
EPS - Diluted (US$)	1.61	171.8%	63.3%	5.50	101.5%
Adjusted EPS - Diluted (US$) (3)	1.50	-0.1%	24.6%	4.62	15.7%
Weighted Avg. # of					

Shares - Basic (000)	43,344	0.3%	0.0%	43,308	0.4%
Weighted Avg. # of Shares - Diluted (000)	43,763	0.8%	0.1%	43,672	0.5%

(1) Adjusted Operating Income, Adjusted Operating Margin and Adjusted CASM for 4Q09, 3Q09 and 2009 exclude special charges related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica's transition to an all Embraer-190 fleet.

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

(3) Adjusted EBITDAR, Adjusted EBITDAR Margin, Breakeven Load Factor, Adjusted Net Income and Adjusted EPS (Basic and Diluted) exclude: a) For 4Q09, 3Q09 and 2009 exclude special charges related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica's transition to an all Embraer-190 fleet and b) For 4Q09, 4Q08, 3Q09, 2009 and 2008 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-GAAP financial measures to the comparable US GAAP measures.

Full 4Q09 earnings release available for download at: http://investor.shareholder.com/copa/results.cfm

4Q09 EARNINGS RESULTS	CONFERENCE CALL AND WEBCAST
Date:	February 11, 2019
Time:	11:00 a.m. EST (11:00 a.m. Panama Time)
Conference Call:	
Telephone Number:	888-208-1386 (U.S. Domestic Callers)
	913-312-0694 (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 passenger and cargo services. Copa Airlines currently offers approximately 152 daily scheduled flights to 45 destinations in 24 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 provides service to 12 cities in Colombia as well as international connectivity with Copa Airlines' Hub of the Americas through flights from Barranquilla, Bogota, Bucaramanga, Cali, Cartagena, Medellin and Pereira. Additionally, Aero Republica has international flights from Colombia to Caracas and Quito. 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.

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	4Q09	4Q08	3Q09	2009	2008
Net income as Reported	$70,442	$25,755	$43,139	$240,358	$118,659
Interest Expense	(7,392)	(10,891)	(8,090)	(32,938)	(42,071)
Capitalized Interest	1	525	141	693	1,921
Interest Income	2,194	2,863	2,217	9,185	11,130
Income Taxes	(7,686)	(8,113)	(3,168)	(19,610)	(17,469)
EBIT	83,325	41,371	52,039	283,029	165,148
Depreciation and Amortization	11,264	11,326	11,926	47,079	42,891
EBITDA	94,589	52,697	63,965	330,108	208,039
Aircraft Rent	10,774	10,078	11,911	46,538	43,008
Other Rentals	4,267	3,873	3,772	15,196	15,293
EBITDAR	$109,631	$66,648	$79,648	$391,841	$266,341
Special Items (adjustments):					
Unrealized (gain) loss on fuel hedging instruments (1)	(9,593)	39,462	(5,214)	(58,040)	54,846
Special Items (2)	4,818	-	14,599	19,417	-
Adjusted EBITDAR	$104,855	$106,111	$89,032	$353,218	$321,187

Reconciliation of Operating Income Excluding Special Items	4Q09	4Q08	3Q09	2009	2008
Operating Income as Reported	$71,757	$84,010	$45,900	$223,326	$223,991
Special Items (adjustments):					
Special Items, net (2)	4,818	-	14,599	19,417	-
Adjusted Operating Income	$76,575	$84,010	$60,499	$242,743	$223,991

Reconciliation of Net Income Excluding Special Items	4Q09	4Q08	3Q09	2009	2008
Net income as Reported	$70,442	$25,755	$43,139	$240,358	$118,659
Special Items (adjustments):					
Unrealized (gain) loss on fuel hedging instruments (1)	(9,593)	39,462	(5,214)	(58,040)	54,846
Special Items, net (2)	4,818	-	14,599	19,417	-
Adjusted Net Income	$65,667	$65,217	$52,523	$201,735	$173,505
Shares used for Computation (in thousands)					
Basic	43,344	43,195	43,344	43,308	43,143

Diluted	43,763	43,426	43,710	43,672	43,440
Adjusted earnings per share					
Basic	1.52	1.51	1.21	4.66	4.02
Diluted	1.50	1.50	1.20	4.62	3.99

Reconciliation Operating Costs per ASM Excluding Fuel and Special Items	4Q09	4Q08	3Q09	2009	2008
Operating Costs per ASM as Reported	10.9	11.0	10.9	10.4	12.0
Aircraft fuel per ASM	(3.1)	(3.8)	(3.2)	(3.0)	(4.6)
Operating Costs per ASM excluding fuel	7.7	7.2	7.7	7.4	7.5
Special Items (adjustments):					
Special Items per ASM, net (2)	(0.2)	-	(0.6)	(0.2)	-
Operating expenses excluding fuel and special items	7.6	7.2	7.2	7.2	7.5

FOOTNOTES:

(1) Include unrealized (gains) losses resulting from the mark-to-market accounting for changes in the fair value of fuel hedging instruments. For 4Q09, 3Q09 and full year 2009 the Company recorded unrealized fuel hedge gains of US$9.6 million, US$5.2 million and US$58.0 million, respectively. For 4Q08 and full year 2008 the Company recorded unrealized fuel hedge losses of US$39.5 million and US$54.8 million, respectively.

(2) Special items include for 4Q09, 3Q09 and 2009 exclude special charges related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica's transition to an all Embraer-190 fleet

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