

November 19, 2014

Copa Holdings Reports Net Income of US\$66.0 Million and EPS of US\$1.49 for the Third Quarter of 2014

Excluding special items, adjusted net income came in at \$99.8 million, or EPS of \$2.25 per share

PANAMA CITY, Nov. 19, 2014 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the third quarter of 2014 (3Q14). 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 2013 (3Q13).

OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported net income of US\$66.0 million for 3Q14, or diluted earnings per share (EPS) of US\$1.49. Excluding special items, Copa Holdings would have reported an adjusted net income of \$99.8 million, or \$2.25 per share, a 14.1% decrease from adjusted net income of US\$116.2 million and US\$2.62 per share for 3Q13.
- Operating income for 3Q14 came in at US\$111.1 million, a 24.7% decrease from operating income of US\$147.5 million in 3Q13. Operating margin for the period came in at 16.7% or 5.0 percentage points below 3Q13, as a result of lower unit revenues.
- Total revenues decreased 2.0% to US\$663.7 million. Yield per passenger mile decreased 7.7% to 15.9 cents and operating revenue per available seat mile (RASM) decreased 9.9% to 12.5 cents. Adjusting for a 10.2% increase in average length of haul, yields decreased 3.2% and RASM decreased 5.4%.
- For 3Q14, passenger traffic (RPMs) grew 6.3% on an 8.7% capacity expansion. As a result, consolidated load factor came in at 76.3%, or 1.7 percentage points below 3Q13.
- Operating cost per available seat mile (CASM) improved 4.1% to 10.4 cents. CASM, excluding fuel, decreased 5.7% to 6.4 cents.
- Cash, short term and long term investments ended 3Q14 at US\$1.13 billion, representing 41% of the last twelve months' revenues. Of this amount, 46% is in Venezuela pending repatriation due to government currency controls.
- During the third quarter, Copa Airlines took delivery of three Boeing 737-800 aircraft. As a result, Copa Holdings ended the quarter with a consolidated fleet of 96 aircraft.
- For 3Q14, Copa Holdings reported consolidated on-time performance of 90.9% and a flight-completion factor of 99.8%, maintaining its position among the best in the industry.

SUBSEQUENT EVENTS

- **Share Repurchase program** - On November 19, 2014, the board of directors of Copa Holdings approved a US\$250 million share repurchase program. Purchases will be made from time to time, subject to market and economic conditions, applicable legal requirements, and other relevant factors.
- **Loyalty Program** - On November 19, 2014, Copa Airlines and United announced to their MileagePlus members Copa's decision to launch its own loyalty program starting in July 2015. MileagePlus will remain the Company's frequent flyer program until end of June 2015.
- **4Q14 Dividend Payment** - Copa Holdings expects to pay its fourth quarter dividend of US\$0.96 per share on December 15, 2014, on all outstanding Class A and Class B shares, to stockholders of record as of December 4, 2014.

| Consolidated Financial & Operating Highlights | 3Q14 | 3Q13 | % Change | 2Q14 | % Change |
|---|-------|-------|-----------|-------|-----------|
| Revenue Passengers Carried ('000) | 1,937 | 2,007 | -3.5% | 1,890 | 2.4% |
| RPMs (mm) | 4,044 | 3,803 | 6.3% | 3,916 | 3.3% |
| ASMs (mm) | 5,298 | 4,872 | 8.7% | 5,067 | 4.6% |
| Load Factor | 76.3% | 78.1% | -1.7 p.p. | 77.3% | -1.0 p.p. |
| Yield | 15.9 | 17.2 | -7.7% | 16.6 | -4.3% |
| PRASM (US\$ Cents) | 12.2 | 13.5 | -9.8% | 12.8 | -5.4% |
| RASM (US\$ Cents) | 12.5 | 13.9 | -9.9% | 13.3 | -5.8% |
| CASM (US\$ Cents) | 10.4 | 10.9 | -4.1% | 10.7 | -2.6% |
| CASM Excl. Fuel (US\$ Cents) | 6.4 | 6.8 | -5.7% | 6.6 | -3.3% |
| Breakeven Load Factor ⁽¹⁾ | 62.2% | 61.4% | -0.8 p.p. | 60.8% | 1.4 p.p. |
| Fuel Gallons Consumed (Millions) | 68.2 | 63.6 | 7.2% | 65.9 | 3.5% |
| Avg. Price Per Fuel Gallon (US\$ Dollars) | 3.12 | 3.12 | 0.0% | 3.13 | -0.3% |

| | | | | | |
|--|--------|--------|-----------|--------|-----------|
| Average Length of Haul (Miles) | 2,088 | 1,895 | 10.2% | 2,072 | 0.8% |
| Average Stage Length (Miles) | 1,234 | 1,160 | 6.4% | 1,210 | 2.0% |
| Departures | 30,362 | 30,126 | 0.8% | 29,726 | 2.1% |
| Block Hours | 95,819 | 89,623 | 6.9% | 92,115 | 4.0% |
| Average Aircraft Utilization (Hours) | 11.0 | 11.2 | -2.0% | 11.0 | 0.0% |
| Operating Revenues (US\$ mm) | 663.7 | 677.3 | -2.0% | 673.6 | -1.5% |
| Operating Income (US\$ mm) | 111.1 | 147.5 | -24.7% | 131.2 | -15.3% |
| Operating Margin | 16.7% | 21.8% | -5.0 p.p. | 19.5% | -2.7 p.p. |
| Net Income (US\$ mm) | 66.0 | 126.0 | -47.6% | 118.2 | -44.2% |
| Adjusted Net Income (US\$ mm) ⁽¹⁾ | 99.8 | 116.2 | -14.1% | 115.9 | -13.9% |
| EPS - Basic and Diluted (US\$) | 1.49 | 2.84 | -47.7% | 2.66 | -44.2% |
| Adjusted EPS - Basic and Diluted (US\$) ⁽¹⁾ | 2.25 | 2.62 | -14.2% | 2.61 | -13.9% |
| # of Shares - Basic and Diluted ('000) | 44,404 | 44,380 | 0.1% | 44,409 | 0.0% |

⁽¹⁾ Breakeven Load Factor, Adjusted Net Income and Adjusted EPS for 3Q14, 3Q13, and 2Q14 exclude non-cash charges/gains associated with the mark-to-market of fuel hedges. Additionally, 3Q14 and 2Q14 exclude charges/gains related to the Venezuelan currency. **Note:** Attached to this press release is a reconciliation of non-IFRS financial measures to the comparable IFRS measures.

FULL 3Q14 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT: <http://investor.shareholder.com/copa/results.cfm>

3Q14 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date: November 20, 2014
Time: 11:00 AM US ET (11:00 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 69 destinations in 30 countries in North, Central and South America and the Caribbean with one of the youngest and most modern fleets in the industry, consisting of 98 aircraft: 72 Boeing 737NG aircraft and 26 EMBRAER-190s. For more information visit: www.copa.com.

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Investor Relations:

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www.copaair.com (IR section)

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 3Q14 | Unaudited 3Q13 | % Change | Unaudited 2Q14 | % Change |
|--------------------------------|-------------------|-------------------|--------------|-------------------|--------------|
| Operating Revenues | | | | | |
| Passenger Revenue | 643,719 | 655,991 | -1.9% | 651,081 | -1.1% |
| Cargo, mail and other | 19,974 | 21,288 | -6.2% | 22,480 | -11.1% |
| Total Operating Revenue | 663,693 | 677,279 | -2.0% | 673,560 | -1.5% |
| Operating Expenses | | | | | |

| | | | | | |
|---|-----------------|----------------|---------------|----------------|---------------|
| Aircraft fuel | 212,591 | 198,163 | 7.3% | 205,942 | 3.2% |
| Salaries and benefits | 74,016 | 69,941 | 5.8% | 69,584 | 6.4% |
| Passenger servicing | 68,791 | 64,913 | 6.0% | 65,533 | 5.0% |
| Commissions | 22,934 | 27,717 | -17.3% | 24,467 | -6.3% |
| Reservations and sales | 22,122 | 27,588 | -19.8% | 23,978 | -7.7% |
| Maintenance, material and repairs | 24,186 | 25,035 | -3.4% | 29,301 | -17.5% |
| Depreciation | 28,070 | 26,576 | 5.6% | 27,744 | 1.2% |
| Flight operations | 34,014 | 30,829 | 10.3% | 32,547 | 4.5% |
| Aircraft rentals | 28,082 | 23,540 | 19.3% | 28,534 | -1.6% |
| Landing fees and other rentals | 13,498 | 12,607 | 7.1% | 13,250 | 1.9% |
| Other | 24,327 | 22,878 | 6.3% | 21,490 | 13.2% |
| Total Operating Expense | 552,632 | 529,787 | 4.3% | 542,369 | 1.9% |
| Operating Income | 111,060 | 147,492 | -24.7% | 131,192 | -15.3% |
| Non-operating Income (Expense): | | | | | |
| Interest expense | (7,603) | (7,513) | 1.2% | (6,876) | 10.6% |
| Interest income | 4,348 | 3,127 | 39.1% | 3,586 | 21.3% |
| Other, net | (36,157) | 10,700 | n/a | 4,107 | n/a |
| Total Non-Operating Income/(Expense) | (39,412) | 6,314 | n/a | 817 | n/a |
| Income before Income Taxes | 71,648 | 153,807 | -53.4% | 132,008 | -45.7% |
| Provision for Income Taxes | 5,667 | 27,798 | -79.6% | 13,836 | -59.0% |
| Net Income | 65,980 | 126,008 | -47.6% | 118,172 | -44.2% |

| | | | | | |
|-----------------------------------|-------------|-------------|---------------|-------------|---------------|
| EPS - Basic and Diluted | 1.49 | 2.84 | -47.7% | 2.66 | -44.2% |
| Shares - Basic and Diluted | 44,403,578 | 44,379,507 | 0.1% | 44,408,515 | 0.0% |

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

| | September 30, 2014 | December 31, 2013 |
|--|-------------------------------|------------------------------|
| | (Unaudited) | (Audited) |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 186,739 | \$ 139,108 |
| Short-term investments | 698,945 | 992,579 |
| Total cash, cash equivalents and short-term investments | 885,684 | 1,131,687 |
| Accounts receivable, net of allowance for doubtful accounts | 151,725 | 132,867 |
| Accounts receivable from related parties | 1,910 | 2,189 |
| Expendable parts and supplies, net of allowance for obsolescence | 62,093 | 56,814 |
| Prepaid expenses | 62,182 | 59,175 |
| Other current assets | 8,915 | 22,783 |
| Total Current Assets | 1,172,509 | 1,405,515 |
| Long-term investments | 240,097 | 37,590 |
| Property and Equipment: | | |
| Owned property and equipment: | | |
| Flight equipment | 2,701,440 | 2,477,830 |
| Other equipment | 85,400 | 73,487 |
| | 2,786,840 | 2,551,317 |
| Less: Accumulated depreciation | (604,455) | (530,347) |
| | 2,182,384 | 2,020,970 |
| Purchase deposits for flight equipment | 330,603 | 327,544 |
| Total Property and Equipment | 2,512,987 | 2,348,514 |
| Other Assets: | | |
| Net pension asset | 12,173 | 11,114 |
| Goodwill | 24,037 | 25,305 |

| | | |
|---------------------|----------------------------|----------------------------|
| Intangible asset | 34,103 | 28,214 |
| Other assets | 96,641 | 96,509 |
| Total Other Assets | <u>166,954</u> | <u>161,143</u> |
| Total Assets | <u>\$ 4,092,547</u> | <u>\$ 3,952,762</u> |

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:

| | | |
|--------------------------------------|----------------|------------------|
| Current maturities of long-term debt | \$ 152,298 | \$ 156,329 |
| Accounts payable | 117,319 | 95,046 |
| Accounts payable to related parties | 17,526 | 14,483 |
| Air traffic liability | 434,740 | 578,439 |
| Taxes and interest payable | 64,000 | 113,541 |
| Accrued expenses payable | 83,632 | 75,975 |
| Other current liabilities | 19,569 | 8,133 |
| Total Current Liabilities | <u>889,085</u> | <u>1,041,946</u> |

Non-Current Liabilities:

| | | |
|------------------------------------|------------------|------------------|
| Long-term debt | 982,160 | 913,507 |
| Post employment benefits liability | 6,139 | 6,223 |
| Other long-term liabilities | 64,354 | 51,223 |
| Deferred tax liabilities | 33,848 | 37,959 |
| Total Non-Current Liabilities | <u>1,086,500</u> | <u>1,008,912</u> |

Total Liabilities

| | |
|------------------|------------------|
| <u>1,975,585</u> | <u>2,050,858</u> |
|------------------|------------------|

Shareholders' Equity:

| | | |
|--|----------------------------|----------------------------|
| Class A common stock -33,420,977 shares authorized, issued and outstanding | 20,858 | 22,626 |
| Class B common stock - 10,938,125 shares authorized, issued, and outstanding | 7,466 | 7,466 |
| Additional paid in capital | 52,211 | 47,031 |
| Retained earnings | 2,027,914 | 1,820,580 |
| Accumulated other comprehensive (loss) | 8,513 | 4,200 |
| Total Shareholders' Equity | <u>2,116,962</u> | <u>1,901,903</u> |
| Total Liabilities and Shareholders' Equity | <u>\$ 4,092,547</u> | <u>\$ 3,952,762</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 | 3Q14 | 3Q13 | 2Q14 |
|--|-----------------|------------------|------------------|
| Net income as Reported | \$65,980 | \$126,008 | \$118,172 |
| Special Items (adjustments): | | | |
| Unrealized gain (loss) on fuel hedging instruments | 28,293 | (9,820) | (4,105) |
| (Loss) gain due to devaluation of Venezuelan Bolivar | 5,516 | 0 | 1,874 |
| Adjusted Net Income | <u>\$99,789</u> | <u>\$116,188</u> | <u>\$115,941</u> |
| Shares used for Computation (in thousands) | | | |
| Basic and Diluted | <u>44,404</u> | <u>44,380</u> | <u>44,409</u> |
| Adjusted earnings per share - Basic and Diluted | <u>2.25</u> | <u>2.62</u> | <u>2.61</u> |

Reconciliation Operating Costs per ASM

| Excluding Fuel and Special Items | 3Q14 | 3Q13 | 2Q14 |
|-------------------------------------|--------------|--------------|--------------|
| Operating Costs per ASM as Reported | 10.4 | 10.9 | 10.7 |
| Aircraft fuel per ASM | <u>(4.0)</u> | <u>(4.1)</u> | <u>(4.1)</u> |

Operating Costs per ASM excluding fuel

6.4 6.8 6.6

SOURCE Copa Holdings, S.A.

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