

## Copa Holdings Reports Financial Results for the Fourth Quarter of 2015

### Excluding special items, adjusted net income came in at \$31.7 million, or EPS of \$0.73 per share

PANAMA CITY, Feb. 17, 2016 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the fourth quarter of 2015 (4Q15) and full year 2015. The terms "Copa Holdings" and "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 fourth quarter of 2014 (4Q14).

The financial information included in this press release is preliminary as the Company has not yet issued its audited financial statements and may differ from those results. During the course of the preparation of the financial statements and related notes and our year-end audit, additional items that would require material adjustments to the preliminary financial information included in this press release may be identified.

### OPERATING AND FINANCIAL HIGHLIGHTS

- | Copa Holdings reported net income of US\$1.9 million for 4Q15 or earnings per share (EPS) of US\$0.04, as compared to net income of US\$26.2 million or EPS of US\$0.59 in 4Q14. Excluding special items, which for 4Q15 includes a non-cash loss of US\$25.3 million associated with the mark-to-market of fuel hedge contracts, a US\$2.3 million gain associated with the mark-to-market of shares repurchased, and a US\$6.9 million loss related to the devaluation of the Argentinean Peso, Copa Holdings would have reported adjusted net income of US\$31.7 million or adjusted EPS of US\$0.73, compared to adjusted net income of US\$115.6 million or adjusted EPS of US\$2.61 in 4Q14.
- | Net income for full year 2015 reached US\$185.4 million or EPS of US\$4.23, compared to US\$361.7 million or EPS of US\$8.15 for full year 2014. Excluding special items, which for 2015 includes a non-cash loss of US\$21.6 million associated with the mark-to-market of fuel hedge contracts, a US\$6.9 million loss related to the devaluation of the Argentinean Peso, and a US\$2.3 million loss related to the devaluation of the Venezuelan Bolivar, Copa Holdings would have reported an adjusted net income of US\$216.2 million or EPS of US\$4.93, compared to adjusted net income of US\$484.8 million or adjusted EPS of US\$10.92 for full year 2014.
- | Operating income for 4Q15 came in at US\$39.1 million, representing a 61.6% decrease over operating income of US\$101.8 million in 4Q14, mainly as a result of a 20.2% decrease in unit operating revenue per available seat mile (RASM) and partly offset by a 30.8% drop in the all-in price of jet fuel. As a result, operating margin for 4Q15 came in at 7.3%, compared to an operating margin of 15.6% in 4Q14.
- | The Company reported operating income of US\$266.1 million for full year 2015, representing a decrease of 48.9% over operating income of US\$521.1 million in 2014. Operating margin for full year 2015 came in at 11.8%, compared to an operating margin of 19.3% in 2014.
- | Total revenues for 4Q15 decreased 18.6% to US\$532.6 million. Yield per passenger mile decreased 20.4% to 12.5 cents and RASM came in at 9.7 cents, or 20.2% below 4Q14.
- | For 4Q15, consolidated passenger traffic grew 1.7% while consolidated capacity grew 2.0%. As a result, consolidated load factor for the quarter decreased 0.3 percentage points to 74.8%. For full year 2015, consolidated load factor came in at 75.2%, 1.4 percentage points lower than 2014 on 4.4% capacity growth.
- | Operating cost per available seat mile (CASM) decreased 12.4%, from 10.3 cents in 4Q14 to 9.0 cents in 4Q15, mostly as a result of a 30.8% decrease in the all-in price of jet fuel. CASM excluding fuel costs decreased 2.4% from 6.7 cents in 4Q14 to 6.5 cents in 4Q15.
- | Cash, short-term and long-term investments ended 2015 at US\$1.1 billion, representing 49% of the last twelve months' revenues. Of this amount, 38% or US\$422.6 million is in Venezuela the repatriation of which is subject to government currency controls.
- | During the fourth quarter, Copa Airlines took delivery of four Boeing 737-800 aircraft, and returned 3 leased Embraer 190s. As a result, Copa Holdings ended the year with a consolidated fleet of 100 aircraft - 63 Boeing 737-800s, 14 Boeing 737-700s, and 23 Embraer-190s.
- | For 2015, Copa Holdings reported consolidated on-time performance of 90.6% and a flight-completion factor of 99.7%, maintaining its position among the best in the industry.

### Subsequent Events

- | On February 17, 2016, the Board of Directors of Copa Holdings approved a change to the Company's dividend policy from a current payout of 40% of previous years' reported net income to 40% of previous years' adjusted net income. The Board of Directors also approved a 2016 dividend payment of US\$0.51 cents per share per quarter, corresponding to 40% of Copa Holdings' adjusted consolidated net income for 2015. Dividends will be distributed quarterly during the months of March, June, September and December. The first quarterly dividend of US\$0.51 cents per share will be paid on March 16 to shareholders on record as of March 3rd, 2016.

Consolidated Financial & Operating Highlights	4Q15	Variance vs. 4Q14	Variance vs. 3Q15	FY 2015	Variance vs. 2014



Aircraft fuel	136,881	194,147	-29.5%	149,197	-8.3%	602,776	820,694	-26.6%
Salaries and benefits	70,409	81,606	-13.7%	71,902	-2.1%	289,514	299,182	-3.2%
Passenger servicing	63,689	70,320	-9.4%	65,175	-2.3%	258,302	268,762	-3.9%
Commissions	19,556	25,582	-23.6%	22,632	-13.6%	88,557	99,115	-10.7%
Reservations and sales	24,882	23,813	4.5%	19,636	26.7%	88,051	93,766	-6.1%
Maintenance, material and repairs	31,528	23,188	36.0%	25,946	21.5%	111,181	101,421	9.6%
Depreciation	34,084	31,515	8.2%	35,485	-3.9%	134,888	115,147	17.1%
Flight operations	34,028	34,461	-1.3%	30,928	10.0%	130,930	132,156	-0.9%
Aircraft rentals	31,530	30,151	4.6%	30,409	3.7%	122,218	112,082	9.0%
Landing fees and other rentals	13,481	13,745	-1.9%	14,585	-7.6%	56,703	53,746	5.5%
Other	33,456	23,847	40.3%	30,796	8.6%	100,854	87,911	14.7%
<b>Total Operating Expense</b>	<b>493,524</b>	<b>552,375</b>	<b>-10.7%</b>	<b>496,691</b>	<b>-0.6%</b>	<b>1,983,975</b>	<b>2,183,981</b>	<b>-9.2%</b>
<b>Operating Income</b>	<b>39,077</b>	<b>101,833</b>	<b>-61.6%</b>	<b>50,556</b>	<b>-22.7%</b>	<b>266,089</b>	<b>521,086</b>	<b>-48.9%</b>
<b>Non-operating Income (Expense):</b>								
Interest expense	(8,922)	(7,957)	12.1%	(8,271)	7.9%	(33,155)	(29,529)	12.3%
Interest income	8,155	6,396	27.5%	5,728	42.4%	25,947	18,066	43.6%
Other, net	(25,414)	(79,331)	-68.0%	(37,600)	-32.4%	(36,227)	(111,316)	-67.5%
<b>Total Non-Operating Income/(Expense)</b>	<b>(26,181)</b>	<b>(80,892)</b>	<b>-67.6%</b>	<b>(40,143)</b>	<b>-34.8%</b>	<b>(43,435)</b>	<b>(122,780)</b>	<b>-64.6%</b>
<b>Income before Income Taxes</b>	<b>12,895</b>	<b>20,942</b>	<b>-38.4%</b>	<b>10,413</b>	<b>23.8%</b>	<b>222,653</b>	<b>398,306</b>	<b>-44.1%</b>
Provision for Income Taxes	10,970	(5,214)	n/a	4,200	n/a	37,230	36,639	1.6%
<b>Net Income</b>	<b>1,925</b>	<b>26,156</b>	<b>-92.6%</b>	<b>6,213</b>	<b>-69.0%</b>	<b>185,423</b>	<b>361,667</b>	<b>-48.7%</b>

<b>EPS - Basic and Diluted</b>	<b>0.04</b>	<b>0.59</b>	<b>-92.5%</b>	<b>0.14</b>	<b>-68.5%</b>	<b>4.23</b>	<b>8.15</b>	<b>-48.1%</b>
<b>Shares - Basic and Diluted</b>	43,285,727	44,354,963	-2.4%	44,030,111	-1.7%	43,861,084	44,395,453	-1.2%

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

	<b>December 31,</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 202,661	\$ 121,540	\$ 221,443
Restricted cash and cash equivalents	64,228	48,702	52,425
Short-term investments	416,005	484,242	492,735
Total cash, cash equivalents and short-term investments	<b>682,894</b>	<b>654,483</b>	<b>766,603</b>
Accounts receivable, net of allowance for doubtful accounts	108,802	123,096	121,258
Accounts receivable from related parties	642	1,826	892
Expendable parts and supplies, net of allowance for obsolescence	62,247	59,910	59,954
Prepaid expenses	48,894	52,565	56,793
Other current assets	6,681	81,243	5,949
Total Current Assets	<b>910,160</b>	<b>973,124</b>	<b>1,011,449</b>
<b>Long-term investments</b>	<b>423,474</b>	<b>428,259</b>	<b>396,802</b>
<b>Property and Equipment:</b>			
Owned property and equipment:			
Flight equipment	3,049,689	2,955,926	2,725,407
Other equipment	101,876	98,021	89,257
	3,151,565	3,053,947	2,814,664
Less: Accumulated depreciation	(743,982)	(720,511)	(630,503)
	2,407,583	2,333,436	2,184,161
Purchase deposits for flight equipment	243,070	276,504	321,175
Total Property and Equipment	<b>2,650,653</b>	<b>2,609,941</b>	<b>2,505,336</b>
<b>Other Assets:</b>			
Net pension asset	22,241	21,341	13,784
Goodwill	20,380	19,243	20,380
Intangible asset	49,046	45,335	36,915
Deferred tax Assets	21,918	22,594	17,235
Other assets	68,228	72,097	88,973
Total Other Assets	<b>181,813</b>	<b>180,611</b>	<b>177,287</b>
<b>Total Assets</b>	<b>\$ 4,166,100</b>	<b>\$ 4,191,935</b>	<b>\$ 4,090,874</b>

## LIABILITIES AND SHAREHOLDER'S EQUITY

### Current Liabilities:

Current maturities of long-term debt	\$ 245,514	\$ 258,990	\$ 187,646
Accounts payable	96,745	105,555	125,412
Accounts payable to related parties	5,605	10,712	6,749
Air traffic liability	370,994	352,283	408,012
Taxes and interest payable	60,241	59,809	63,110
Accrued expenses payable	71,808	63,432	81,291
Other current liabilities	128,643	105,901	109,277
<b>Total Current Liabilities</b>	<b>979,550</b>	<b>956,682</b>	<b>981,497</b>

### Non-Current Liabilities:

Long-term debt	1,055,184	997,657	928,964
Post employment benefits liability	17,154	16,588	11,262
Other long-term liabilities	65,479	66,006	57,747
Deferred tax liabilities	46,546	45,940	36,296
<b>Total Non-Current Liabilities</b>	<b>1,184,363</b>	<b>1,126,192</b>	<b>1,034,269</b>

### Total Liabilities

<b>2,163,913</b>	<b>2,082,874</b>	<b>2,015,766</b>
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### Shareholders' Equity:

Class A - 33,455,857 issued and 31,017,103 outstanding	20,924	20,924	20,859
Class B - 10,938,125 shares issued and outstanding	7,466	7,466	7,466
Additional paid in capital	57,455	56,390	53,486
Treasury Stock	(136,388)	(58,080)	(18,426)
Retained earnings	2,049,129	2,083,801	2,011,485
Accumulated other comprehensive (loss)	3,601	(1,439)	238
<b>Total Shareholders' Equity</b>	<b>2,002,186</b>	<b>2,109,061</b>	<b>2,075,108</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,166,100</b>	<b>\$ 4,191,935</b>	<b>\$ 4,090,874</b>

## Copa Holdings, S. A. and subsidiaries

### Consolidated Statement of Cash Flows

For the twelve months ended December 31,

(In US\$ thousands)

	2015 (Unaudited)	2014 (Audited)	2013 (Audited)
Cash flow from operating activities	329,928	384,892	830,265
Cash flow used in investing activities	(245,595)	(152,853)	(565,720)
Cash flow used in financing activities	(91,650)	(142,420)	(201,268)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(7,317)</b>	<b>89,619</b>	<b>63,277</b>
Cash and cash equivalents at January 1	221,443	139,110	76,094
Effect of exchange rate change on cash	(11,465)	(7,286)	(261)
<b>Cash and cash equivalents at December 31 *</b>	<b>\$ 202,661</b>	<b>\$ 221,443</b>	<b>\$ 139,110</b>
Short-term investments **	416,005	492,735	992,579
Long-term investments ***	423,474	396,802	37,590
Restricted cash and cash equivalents ****	64,228	52,425	-
<b>Total cash and cash equivalents and investments at December 31</b>	<b>\$ 1,106,368</b>	<b>\$ 1,163,405</b>	<b>\$ 1,169,279</b>

\* At December 2015 and 2014, cash and cash equivalents include \$11.3 million and \$26.1 million, respectively, of cash in Venezuela which the Company expects to use over the next quarter as part of the normal operations in that country.

\*\* Short term - investments include \$135.7 million of cash in Venezuela at December 2014.

\*\*\* Long term - investments include \$422.6 million and \$322.9 million at December 2015 and 2014 of cash in Venezuela, respectively.

\*\*\*\* Restricted cash correspond to a margin calls to secure derivative financial instruments transactions.

## 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:*

<b>Reconciliation of Net Income Excluding Special Items</b>	<b>4Q15</b>	<b>4Q14</b>	<b>3Q15</b>
Net income as Reported	\$1,925	\$26,156	\$6,213
Special Items (adjustments):			
Unrealized gain (loss) on fuel hedging instruments	(25,315)	(89,058)	(26,800)
(Loss) gain due to devaluation of Venezuelan Bolivar	146	(350)	(2,100)
(Loss) gain due to devaluation of Argentinean Peso	(6,901)	0	0
Unrealized gain (loss) on shares repurchase	2,296	0	(2,296)
Adjusted Net Income	<u>\$31,699</u>	<u>\$115,564</u>	<u>\$37,408</u>
Shares used for Computation (in thousands)			
Basic and Diluted	<u>43,286</u>	<u>44,355</u>	<u>44,030</u>
Adjusted earnings per share - Basic and Diluted	<u>0.73</u>	<u>2.61</u>	<u>0.85</u>
<b>Reconciliation Operating Costs per ASM Excluding Fuel and Special Items</b>	<b>4Q15</b>	<b>4Q14</b>	<b>3Q15</b>
Operating Costs per ASM as Reported	9.0	10.3	9.2
Aircraft fuel per ASM	2.5	3.6	2.8
Operating Costs per ASM excluding fuel	<u>6.5</u>	<u>6.7</u>	<u>6.4</u>

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