

May 5, 2016

Copa Holdings Reports Financial Results for the First Quarter of 2016

Excluding special items, adjusted net income came in at US\$69.9 million, or EPS of US\$1.66 per share

PANAMA CITY, May 5, 2016 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the first quarter of 2016(1Q16). 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 first quarter of 2015 (1Q15).

OPERATING AND FINANCIAL HIGHLIGHTS

- ┆ Copa Holdings reported net income of US\$115.5 million for 1Q16, or diluted earnings per share (EPS) of US\$2.74. Excluding special items, Copa Holdings would have reported an adjusted net income of US\$69.9 million, or EPS of US\$1.66 per share, a 31.1% decrease over adjusted net income of US\$106.1 million and US\$2.41 per share for 1Q15.
- ┆ Operating income for 1Q16 came in at US\$94.1 million, a 26.1% decrease over operating income of US\$127.3 million in 1Q15. Operating margin for the period came in at 16.9%, compared to 20.1% in 1Q15, as a result of lower unit revenues partially offset by lower unit costs.
- ┆ Total revenues decreased 11.8% to US\$557.1 million. Yield per passenger mile decreased 15.4% to 12.5 cents and operating revenue per available seat mile (RASM) decreased 13.9% to 10.0 cents.
- ┆ For 1Q16, passenger traffic (RPMs) grew 3.6% on a 2.4% capacity expansion. Consolidated load factor came in at 77.4%, 0.9 percentage points above 1Q15.
- ┆ Operating cost per available seat mile (CASM) decreased 10.4%, from 9.3 cents in 1Q15 to 8.3 cents in 1Q16, mainly due to lower jet fuel costs, despite US\$29 million in realized fuel hedge losses. CASM, excluding fuel, decreased 2.8% to 6.2 cents mainly due to weaker regional currencies and contract renegotiations with various suppliers.
- ┆ Cash, short-term and long-term investments ended 1Q16 at US\$723.9 million, representing 33% of the last twelve months' revenues.
- ┆ For 1Q16, Copa Holdings reported consolidated on-time performance of 90.6% and a flight-completion factor of 99.8%, maintaining its position among the best in the industry.

Subsequent Events

- ┆ On May 2nd, 2016, Copa Holdings filed its 2015 20-F Annual Report. In its 2015 audited financial statements, the company recognized a \$430.2 million U.S. dollar foreign currency translation loss, on its bolivar cash balance, due to the migration to an exchange rate of 198.69 bolivars per U.S. dollar, instead of the previously used rate of 6.3 bolivars per U.S. dollar.
- ┆ On June 15th, 2016, Copa Holdings will pay its second quarter dividend of US\$0.51 per share, on all outstanding Class A and Class B shares, to stockholders of record as of May 31st, 2016.

Consolidated Financial & Operating Highlights	1Q16	1Q15	% Change	4Q15	% Change
Revenue Passengers Carried ('000)	2,120	1,965	7.9%	2,055	3.2%
RPMs (mm)	4,307	4,158	3.6%	4,103	5.0%
ASMs (mm)	5,566	5,433	2.4%	5,486	1.5%
Load Factor	77.4%	76.5%	0.9 p.p.	74.8%	2.6 p.p.
Yield	12.5	14.8	-15.4%	12.5	0.0%
PRASM (US\$ Cents)	9.7	11.3	-14.5%	9.3	3.5%
RASM (US\$ Cents)	10.0	11.6	-13.9%	9.7	3.1%
CASM (US\$ Cents)	8.3	9.3	-10.4%	9.0	-7.5%
CASM Excl. Fuel (US\$ Cents)	6.2	6.3	-2.8%	6.5	-5.4%
Breakeven Load Factor ⁽¹⁾	65.0%	60.2%	4.8 p.p.	67.1%	-2.1 p.p.
Fuel Gallons Consumed (Millions)	71.7	69.6	3.0%	70.5	1.7%
Avg. Price Per Fuel Gallon (US\$ Dollars)	1.68	2.31	-27.2%	1.94	-13.5%

Average Length of Haul (Miles)	2,031	2,116	-4.0%	1,997	1.7%
Average Stage Length (Miles)	1,223	1,247	-1.9%	1,222	0.1%
Departures	31,518	30,691	2.7%	31,184	1.1%
Block Hours	97,632	97,820	-0.2%	97,788	-0.2%
Average Aircraft Utilization (Hours)	10.7	11.1	-3.3%	10.7	0.6%
Operating Revenues (US\$ mm)	557.1	631.9	-11.8%	532.6	4.6%
Operating Income (US\$ mm)	94.1	127.3	-26.1%	39.1	140.8%
Operating Margin	16.9%	20.1%	-3.3 p.p.	7.3%	9.6 p.p.
Net Income (US\$ mm)	115.5	113.2	2.0%	-408.5	n/m
Adjusted Net Income (US\$ mm) ⁽¹⁾	69.9	106.1	-34.1%	41.5	68.4%
EPS - Basic and Diluted (US\$)	2.74	2.57	6.8%	-9.44	n/m
Adjusted EPS - Basic and Diluted (US\$) ⁽¹⁾	1.66	2.41	-31.1%	0.96	73.1%
# of Shares - Basic and Diluted ('000)	42,109	44,077	-4.5%	43,286	-2.7%

⁽¹⁾ Breakeven Load Factor, Adjusted Net Income and Adjusted EPS for 1Q16, 1Q15, and 4Q15 exclude non-cash charges/gains associated with the mark-to-market of fuel hedges and shares repurchased, and the impact of Venezuelan and Argentinean currency devaluations.

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

FULL 1Q16 EARNINGS RELEASE AVAILABLE FOR DOWNLOAD AT: <http://investor.shareholder.com/copa/results.cfm>

1Q16 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date: May 6, 2016
Time: 11:00 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
José 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 76 destinations in 31 countries in North, Central and South America and the Caribbean with one of the youngest and most modern fleets in the industry, consisting of 100 aircraft: 77 Boeing 737NG aircraft and 23 EMBRAER-190s. For more information visit: www.copa.com.

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www.copa.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 1Q16	Unaudited 1Q15	% Change	Unaudited 4Q15	% Change
Operating Revenues					
Passenger Revenue	537,695	613,538	-12.4%	512,150	5.0%
Cargo, mail and other	19,376	18,323	5.7%	20,451	-5.3%
Total Operating Revenue	557,072	631,861	-11.8%	532,601	4.6%
Operating Expenses					

Aircraft fuel	120,549	160,791	-25.0%	136,881	-11.9%
Salaries and benefits	73,683	77,999	-5.5%	70,407	4.7%
Passenger servicing	60,498	66,123	-8.5%	63,689	-5.0%
Commissions	20,980	25,988	-19.3%	19,556	7.3%
Reservations and sales	26,037	21,500	21.1%	24,882	4.6%
Maintenance, material and repairs	29,412	25,708	14.4%	31,528	-6.7%
Depreciation	34,388	31,464	9.3%	34,083	0.9%
Flight operations	31,932	33,369	-4.3%	34,028	-6.2%
Aircraft rentals	30,809	30,244	1.9%	31,530	-2.3%
Landing fees and other rentals	13,302	13,748	-3.2%	13,481	-1.3%
Other	21,390	17,629	21.3%	33,458	-36.1%
Total Operating Expense	462,980	504,562	-8.2%	493,523	-6.2%
Operating Income	94,091	127,299	-26.1%	39,077	140.8%
Non-operating Income (Expense):					
Interest expense	(9,301)	(7,590)	22.5%	(8,922)	4.2%
Interest income	2,777	6,275	-55.7%	8,155	-65.9%
Other, net	39,362	2,130	n/m	(440,284)	n/m
Total Non-Operating Income/(Expense)	32,838	815	n/m	(441,051)	n/m
Income before Income Taxes	126,929	128,114	-0.9%	(401,973)	n/m
Provision for Income Taxes	11,474	14,926	-23.1%	6,499	76.6%
Net Income	115,456	113,188	2.0%	(408,472)	n/m

EPS - Basic and Diluted	2.74	2.57	6.8%	-9.44	-129.1%
Shares - Basic and Diluted	42,109,094	44,077,111	-4.5%	43,285,727	-2.7%

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

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 209,953	\$ 204,715
Restricted cash and cash equivalents	55,611	64,228
Short-term investments	457,505	416,005
Total cash, cash equivalents and short-term investments	723,069	684,948
Accounts receivable, net of allowance for doubtful accounts	116,319	105,135
Accounts receivable from related parties	557	642
Expendable parts and supplies, net of allowance for obsolescence	62,984	62,247
Prepaid expenses	53,988	48,667
Other current assets	5,624	5,946
Total Current Assets	962,541	907,585
Long-term investments	864	861
Property and Equipment:		
Owned property and equipment:		
Flight equipment	3,019,901	3,030,361
Other equipment	118,760	121,205
	3,138,661	3,151,566
Less: Accumulated depreciation	(764,461)	(743,983)
	2,374,200	2,407,583
Purchase deposits for flight equipment	240,966	243,070
Total Property and Equipment	2,615,166	2,650,653

Other Assets:

Net pension asset	7,722	6,050
Goodwill	20,380	20,380
Intangible asset	50,085	49,046
Deferred tax Assets	16,351	12,708
Other assets	62,941	68,193
Total Other Assets	157,479	156,377
Total Assets	\$ 3,736,050	\$ 3,715,476

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:

Current maturities of long-term debt	\$ 229,347	\$ 245,514
Accounts payable	95,817	94,741
Accounts payable to related parties	9,265	5,605
Air traffic liability	321,034	352,110
Frequent flyer deferred revenue	26,810	18,884
Taxes and interest payable	87,305	67,242
Accrued expenses payable	67,135	82,948
Other current liabilities	91,363	118,623
Total Current Liabilities	928,076	985,667

Non-Current Liabilities:

Long-term debt	1,021,159	1,055,183
Other long-term liabilities	67,148	54,339
Deferred tax liabilities	37,224	32,865
Total Non-Current Liabilities	1,125,531	1,142,387

Total Liabilities

2,053,607	2,128,054
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Shareholders' Equity:

Class A - 33,478,724 issued and 31,106,084 outstanding	20,984	20,924
Class B - 10,938,125 shares issued and outstanding	7,466	7,466
Additional paid in capital	58,432	57,455
Treasury Stock	(136,388)	(136,388)
Retained earnings	1,732,725	1,638,733
Accumulated other comprehensive income (loss)	(776)	(768)
Total Shareholders' Equity	1,682,443	1,587,422
Total Liabilities and Shareholders' Equity	\$ 3,736,050	\$ 3,715,476

Copa Holdings, S. A. and subsidiaries Consolidated Statement of Cash Flows For the three months ended March 31, (In US\$ thousands)

	2016 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Cash flow from operating activities	118,934	83,361	74,364
Cash flow (used in) from investing activities	(42,044)	(16,479)	97,524
Cash flow used in financing activities	(71,652)	(67,916)	(73,677)
Net increase (decrease) in cash and cash equivalents	5,238	(1,034)	98,211
Cash and cash equivalents at January 1	204,715	221,443	139,110
Cash and cash equivalents at March 31	\$ 209,953	\$ 220,409	\$ 237,321
Short-term investments *	457,505	332,000	878,674
Long-term investments **	864	558,290	6,589
Restricted cash and cash equivalents ***	55,611	48,872	-
Total cash and cash equivalents and investments at March 31	\$ 723,933	\$ 1,159,571	\$ 1,122,584

* Short term - investments include \$417.1 million of cash in Venezuela at March 2014.

** Long term - investments include \$452.4 million at March 2015 of cash in Venezuela.

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

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>1Q16</u>	<u>1Q15</u>	<u>4Q15</u>
Net income as Reported	\$115,456	\$113,188	-\$408,472
Special Items (adjustments):			
Unrealized (gain) loss on fuel hedging instruments	27,432	7,115	(15,296)
(Loss) gain due to devaluation of Venezuelan Bolivar	18,134	(36)	(430,073)
(Loss) gain due to devaluation of Argentinian Pesos	0	0	(6,901)
Unrealized (gain) loss on Shares Repurchased	0	0	2,296
Adjusted Net Income	<u>\$69,890</u>	<u>\$106,110</u>	<u>\$41,501</u>
Shares used for Computation (in thousands)			
Basic and Diluted	<u>42,109</u>	<u>44,077</u>	<u>43,286</u>
Adjusted earnings per share - Basic and Diluted	<u>1.66</u>	<u>2.41</u>	<u>0.96</u>

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

	<u>1Q16</u>	<u>1Q15</u>	<u>4Q15</u>
Operating Costs per ASM as Reported	8.3	9.3	9.0
Aircraft fuel per ASM	<u>(2.2)</u>	<u>(3.0)</u>	<u>(2.5)</u>
Operating Costs per ASM excluding fuel	<u>6.2</u>	<u>6.3</u>	<u>6.5</u>

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/copa-holdings-reports-financial-results-for-the-first-quarter-of-2016-300264012.html>

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