Copa Holdings Reports Net Income of US$94.4 Million and EPS of US$2.14 for the First Quarter of 2011

Excluding special items, adjusted net income came in at $82.0 million, or $1.86 per share

PANAMA CITY, May 4, 2011 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the first quarter of 2011 (1Q11). 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 2010 (1Q10).

OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported net income of US$94.4 million for 1Q11, or diluted earnings per share (EPS) of US$2.14. Excluding special items, Copa Holdings would have reported an adjusted net income of $82.0 million, or $1.86 per share, a 30.9% increase over adjusted net income of US$62.7 million and US$1.42 per share for 1Q10.
- Operating income for 1Q11 came in at US$101.0 million, a 29.2% increase over operating income of US$78.1 million in 1Q10. Operating margin for the period came in at 23.9%, compared to 23.0% in 1Q10, despite a 24% increase in the effective price of jet fuel.
- Total revenues increased 24.7% to US$423.1 million, outpacing a strong capacity expansion. Yield per passenger mile increased 3.9% to 16.7 cents and operating revenue per available seat mile (RASM) increased 0.2% to 13.6 cents, despite a 7.6% increase in average length of haul.
- For 1Q11, strong demand trends resulted in passenger traffic (RPMs) growth of 20.5% and a consolidated load factor of 77.4%, or 2.6 percentage points below 1Q10, in light of a 24.5% capacity expansion.
- Operating cost per available seat mile (CASM) decreased 0.9%, from 10.4 cents in 1Q10 to 10.3 cents in 1Q11. Additionally, CASM excluding fuel costs, decreased 9.5% from 7.3 cents in 1Q10 to 6.6 cents in 1Q11, mainly as a result of the dilution of fixed costs resulting from increased capacity and a 7.8% increase in average stage length.
- Cash, short term and long term investments ended 1Q11 at US$460.3 million, representing 30% of the last twelve months' revenues.
- During the first quarter, Copa Airlines took delivery of two Boeing 737-800s. As a result, Copa Holdings ended the quarter with a consolidated fleet of 65 aircraft.
- For 1Q11, Copa Holdings reported consolidated on-time performance of 92.4% and a flight-completion factor of 99.8%, maintaining its position among the best in the industry.
- During 1Q11, the Company entered into agreements for the long-term lease of four new 737-800s to be operated by Copa Airlines. One of these aircraft is scheduled for delivery in the second half of 2012, while the other three aircraft are scheduled for delivery during 2013.

RECENT DEVELOPMENTS

- On May 4, 2011, the Board of Directors of Copa Holdings approved an increase in the Company's dividend policy, which previously provided for an annual dividend payment of up to 20% of annual consolidated net income. The new dividend policy now provides for annual dividend payment of up to 30% of annual consolidated net income, which will be paid on June 15, 2011 to shareholders of record as of May 31, 2011. The dividend will be paid based on audited 2010 IFRS results, which will be filed in the company's annual report (Form 20-F) to be filed with the SEC during the month of May 2011.

Consolidated Financial & Operating Highlights	1Q11	1Q10	% Change	4Q10	% Change
Revenue Passengers Carried ('000)	1,654	1,477	12.0%	1,702	-2.8%
RPMs (mm)	2,416	2,005	20.5%	2,354	2.6%
ASMs (mm)	3,122	2,507	24.5%	2,986	4.5%
Load Factor	77.4%	80.0%	-2.6 p.p.	78.8%	-1.4 p.p.
Yield	16.7	16.1	3.9%	16.6	0.7%
PRASM (US$ Cents)	13.0	12.9	0.6%	13.1	-1.1%
RASM (US$ Cents)	13.6	13.5	0.2%	13.9	-2.4%

CASM (US$ Cents)	10.3	10.4	-0.9%	10.7	-3.9%
CASM Excl. Fuel (US$ Cents)	6.6	7.3	-9.5%	7.3	-9.9%
Breakeven Load Factor (1)	54.0%	61.6%	-7.6 p.p.	58.2%	-4.2 p.p.
Fuel Gallons Consumed (Millions)	41.5	34.6	19.9%	40.2	3.3%
Avg. Price oer Fuel Gallon (US$ Dollars)	2.80	2.26	23.9%	2.51	11.5%
Average Length of Haul (Miles)	1,461	1,357	7.6%	1,383	5.6%
Average Stage Length (Miles)	967	898	7.8%	945	2.4%
Departures	24,943	22,669	10.0%	24,895	0.2%
Block Hours	60,712	51,696	17.4%	59,300	2.4%
Average Aircraft Utilization (Hours)	10.6	10.2	3.5%	10.4	2.1%
Operating Revenues (US$ mm)	423.1	339.2	24.7%	414.4	2.1%
Operating Income (US$ mm)	101.0	78.1	29.2%	93.9	7.6%
Operating Margin	23.9%	23.0%	0.8 p.p.	22.6%	1.2 p.p.
Net Income (US$ mm)	94.4	42.5	122.5%	102.4	-7.7%
Adjusted Net Income (US$ mm) (1)	82.0	62.7	30.9%	90.7	-9.6%
EPS - Basic and Diluted (US$)	2.14	0.97	121.6%	2.33	-8.0%
Adjusted EPS - Basic and Diluted (US$) (1)	1.86	1.42	30.4%	2.06	-9.9%
# of Shares - Basic and Diluted ('000)	44,139	43,978	0.4%	43,996	0.3%

(1) Breakeven Load Factor, Adjusted Net Income and Adjusted EPS for 1Q11, 1Q10, and 4Q10 exclude non-cash charges/gains associated with the mark-to-market of fuel hedges. Additionally, they exclude for 1Q10 a US$19.8 million charge related to the devaluation of the Venezuelan currency.

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

Full 1Q11 earnings release available for download at: http://investor.shareholder.com/copa/results.cfm

1Q11 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date:	**May 5, 2011**	
Time:	**11:00 a.m. EDT (10:00 a.m. Panama Time)**	
Conference Call:		
Telephone Number:	(877) 293-5456	(U.S. Domestic Callers)
	(707) 287-9357	(International Callers)
Webcast Link:	http://investor.shareholder.com/copa/events.cfm	

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 52 destinations in 25 countries in North, Central and South America and the Caribbean with one of the youngest and most modern fleets in the industry, consisting of 66 aircraft: 40 Boeing 737NG aircraft and 26 EMBRAER-190s.

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-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	**1Q11**	**1Q10**	**4Q10**
Net income as Reported	$94,448	$42,456	$102,368
Special Items (adjustments):			
Unrealized (gain) loss on fuel hedging instruments (1)	(12,457)	372	(11,627)
Other special items, net (2)	-	19,828	-
Adjusted Net Income	$81,991	$62,656	$90,740
Shares used for Computation (in thousands)			
Basic and Diluted	44,139	43,978	43,996
Adjusted earnings per share - Basic and Diluted	1.86	1.42	2.06

Reconciliation Operating Costs per ASM

Excluding Fuel and Special Items	**1Q11**	**1Q10**	**4Q10**
Operating Costs per ASM as Reported	10.3	10.4	10.7
Aircraft fuel per ASM	(3.7)	(3.1)	(3.4)
Operating Costs per ASM excluding fuel	6.6	7.3	7.3

FOOTNOTES:

(1) *Includes unrealized (gains) losses resulting from the mark-to-market accounting for changes in the fair value of fuel hedging instruments. For 1Q11 and 4Q10, the Company recorded unrealized fuel hedge gains of US$12.5 million and US$11.6 million, respectively. For 1Q10, the Company recorded unrealized fuel hedge losses of US$0.4 million.*

(2) *Other Special items include for 1Q09 a US$19.8 million charge related to the devaluation of the Venezuelan currency.*

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