# Copa Holdings Reports Net Income of US$104.4 Million for the Fourth Quarter of 2011 and US$310.4 Million for Full Year 2011

PANAMA CITY, Feb. 8, 2012 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the fourth quarter of 2011 (4Q11) and full year 2011. The terms "Copa Holdings" or "the Company" refers 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 2010 (4Q10).

**OPERATING AND FINANCIAL HIGHLIGHTS**

- Copa Holdings reported net income of US$104.4 million for 4Q11 or earnings per share (EPS) of US$2.36, as compared to net income of US$94.4 million or EPS of US$2.15 in 4Q10. Excluding special items, Copa Holdings reported an adjusted net income of US$85.3 million, representing a 3.1% increase over adjusted net income of US$82.8 million in 4Q10.
- Net income for full year 2011 reached US$310.4 million or EPS of US$6.98 , compared to US$241.1 million or EPS of US$5.48 for full year 2010. Excluding special items, however, Copa Holdings would have reported an adjusted net income of US$314.1 million compared to US$248.2 for full year 2010, representing an increase of 26.5%.
- Operating income for 4Q11 came in at US$106.1 million, representing an increase of 13.0% over operating income of US$93.9 million in 4Q10. Operating margin for 4Q11 came in at 21.0%, or 1.8p.p. below 4Q10.
- The Company reported operating income of US$384.7 million for full year 2011, representing an increase of 32.8% over operating income of US$289.7 million in 2010. Operating margin for full year 2011 came in at 21.0%, as compared to an operating margin of 20.5% in 2010.
- Total revenues for 4Q11 increased 22.7% to US$504.6 million. Yield per passenger mile increased 7.4% to 17.7 cents and operating revenue per available seat mile (RASM) came in at 13.9 cents, or 0.8% over 4Q10.
- For 4Q11 consolidated passenger traffic grew 15.6%, led by international traffic growth which expanded a robust 21.0%. At the same time consolidated capacity grew 21.7%, led by a 28.3% increase in international capacity. As a result, consolidated load factor for the quarter decreased 3.9 percentage points to 74.9%. For full year 2011, consolidated load factor came in at 76.4%, down 0.5 percentage points over 2010, on 21.9% capacity growth.
- Operating cost per available seat mile (CASM) increased 3.2%, from 10.6 cents in 4Q10 to 11.0 cents in 4Q11. CASM, excluding fuel costs, decreased 4.6% from 7.2 cents in 4Q10 to 6.9 cents in 4Q11, mostly as a result of the dilution effect of additional capacity and a longer average length of haul.
- Cash, short term and long term investments ended 2011 at US$611.0 million, representing 33% of the last twelve months' revenues.
- During the fourth quarter, Copa Airlines took delivery of two Boeing 737-800s. As a result, Copa Holdings ended the year with a consolidated fleet of 73 aircraft, composed of 20 Boeing 737-700s, 27 Boeing 737-800s and 26 Embraer-190s.
- For 2011, Copa Holdings reported on-time performance of 89.5% and a flight-completion factor of 99.6%, maintaining its position among the best in the industry.

| Consolidated Financial & Operating Highlights | 4Q11 | Variance vs. 4Q10 | Variance vs. 3Q11 | FY 2011 | Variance vs. 2010 |
|---|---|---|---|---|---|
| Revenue Passengers Carried ('000) | 1,737 | 2.1% | 4.0% | 6,672 | 7.6% |
| RPMs (mm) | 2,722 | 15.6% | 2.3% | 10,198 | 21.2% |
| ASMs (mm) | 3,635 | 21.7% | 5.4% | 13,352 | 21.9% |
| Load Factor | 74.9% | -3.9p.p. | -2.2 p.p. | 76.4% | -0.5 p.p. |
| Yield | 17.7 | 7.4% | 3.1% | 17.1 | 7.8% |
| PRASM (US$ Cents) | 13.3 | 2.0% | 0.1% | 13.1 | 7.1% |
| RASM (US$ Cents) | 13.9 | 0.8% | 0.4% | 13.7 | 6.1% |
| CASM (US$ Cents) | 11.0 | 3.2% | 0.9% | 10.8 | 5.3% |
| CASM Excl. Fuel (US$ Cents) | 6.9 | -4.6% | 3.7% | 6.7 | -4.4% |
| Breakeven Load Factor (1) | 58.9% | -0.8p.p. | 0.5p.p. | 59.9% | -0.6p.p. |
| Fuel Gallons Consumed (Millions) | 47.3 | 17.7% | 5.2% | 176.5 | 18.8% |
| Avg. Price Per Fuel Gallon (US$ Dollars) | 3.13 | 24.7% | -3.4% | 3.09 | 30.5% |
| Average Length of Haul (Miles) | 1,567 | 13.3% | -1.6% | 1,528 | 12.6% |

| | | | | | |
|---|---|---|---|---|---|
| Average Stage Length (Miles) | 1,066 | 12.8% | 0.7% | 1,017 | 10.7% |
| Departures | 25,499 | 2.4% | 3.1% | 99,864 | 5.1% |
| Block Hours | 68,479 | 15.5% | 5.1% | 255,638 | 15.5% |
| Average Aircraft Utilization (Hours) | 10.4 | 0.6% | -1.6% | 10.5 | 2.6% |
| Operating Revenues (US$ mm) | 504.6 | 22.7% | 5.8% | 1,829.7 | 29.3% |
| Operating Income (US$ mm) | 106.1 | 13.0% | 3.8% | 384.7 | 32.8% |
| Operating Margin | 21.0% | -1.8p.p. | -0.4p.p. | 21.0% | 0.5p.p. |
| Net Income (US$ mm) | 104.4 | 10.6% | 48.4% | 310.4 | 28.8% |
| Adjusted Net Income (US$ mm) (1) | 85.3 | 3.1% | -5.3% | 314.1 | 26.5% |
| EPS - Basic and Diluted (US$) | 2.36 | 9.8% | 48.4% | 6.98 | 27.3% |
| Adjusted EPS - Basic and Diluted (US$) (1) | 1.93 | 2.4% | -5.3% | 7.06 | 25.1% |
| # of Shares - Basic and Diluted ('000) | 44,315 | 0.7% | 0.0% | 44,494 | 1.1% |

*(1) Breakeven Load Factor, Adjusted Net Income and Adjusted EPS for 4Q11, 4Q10, and 3Q11 exclude non-cash charges/gains associated with the mark-to-market of fuel hedges. Additionally, for 2010 includes a US$18.9 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 4Q11 earnings release available for download at:** http://investor.shareholder.com/copa/results.cfm

**4Q11 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST**

| | |
|---|---|
| **Date:** | **February 9, 2012** |
| **Time:** | **11:00 a.m. EST (11:00 a.m. Local 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 59 destinations in 27 countries in North, Central and South America and the Caribbean with one of the youngest and most modern fleets in the industry, consisting of 73 aircraft: 47 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** | **4Q11** | **4Q10** | **3Q11** | **2011** | **2010** |
|---|---|---|---|---|---|
| Net income as Reported | $104,383 | $94,380 | $70,331 | $310,425 | $241,059 |
| Special Items (adjustments): | | | | | |
| Unrealized (gain) loss on fuel hedging instruments (1) | (19,069) | (11,627) | 19,845 | 3,634 | (11,721) |

| | | | | | |
|---|---|---|---|---|---|
| Other Special Items, net (2) | - | - | - | - | 18,863 |
| Adjusted Net Income | $85,314 | $82,753 | $90,177 | $314,059 | $248,202 |
| | | | | | |
| Shares used for Computation (in thousands) | | | | | |
| Basic and Diluted | 44,315 | 43,996 | 44,319 | 44,494 | 43,996 |
| | | | | | |
| Adjusted earnings per share | | | | | |
| Basic and Diluted | 1.93 | 1.88 | 2.03 | 7.06 | 5.64 |

| **Reconciliation Operating Costs per ASM Excluding Fuel and Special Items** | **4Q11** | **4Q10** | **3Q11** | **2011** | **2010** |
|---|---|---|---|---|---|
| Operating Costs per ASM as Reported | 11.0 | 10.6 | 10.9 | 10.8 | 10.3 |
| Aircraft fuel per ASM | (4.1) | (3.4) | (4.2) | (4.1) | (3.2) |
| Operating Costs per ASM excluding fuel | 6.9 | 7.2 | 6.6 | 6.7 | 7.0 |

**FOOTNOTES:**

*(1) Include unrealized gains resulting from the mark-to-market accounting for changes in the fair value of fuel hedging instruments.*
*(2) Other Special Items, for 2010 includes a US$18.9 million charge related to the devaluation of the Venezuelan currency.*

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