



COPA HOLDINGS, S.A.

INVESTOR DAY

June 1, 2017

Safe Harbor Statement

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Agenda

Business and Strategic Overview

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Business and Strategic Overview

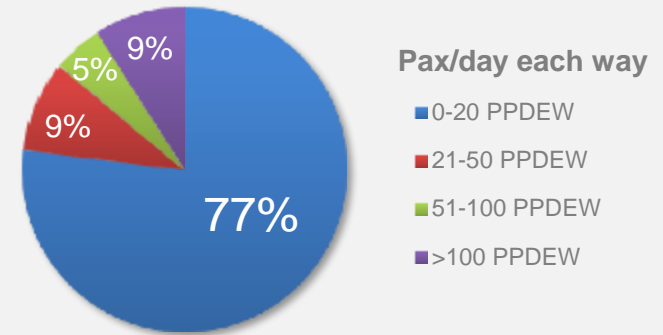
PEDRO HEILBRON
CHIEF EXECUTIVE OFFICER

Business Model – 4 Fundamental Strengths

Best Geographic Location



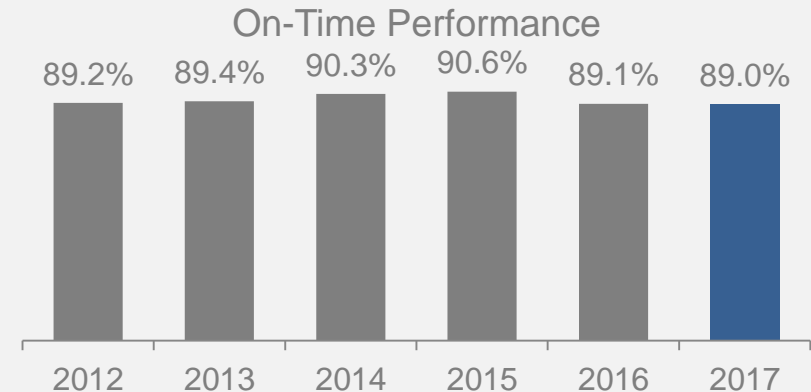
Markets that need a hub



Right Infrastructure



World Class Product



Best Geographic Position

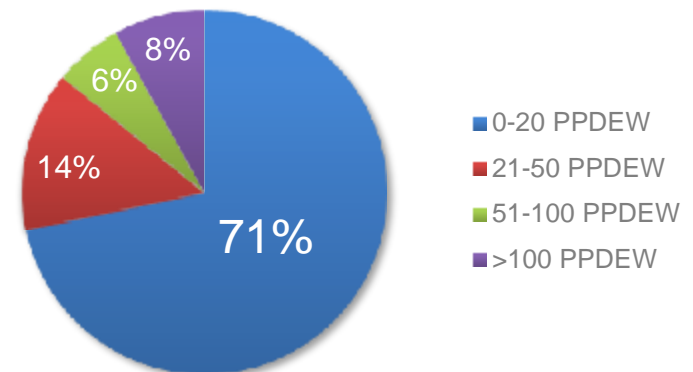


75 destinations in
31 countries

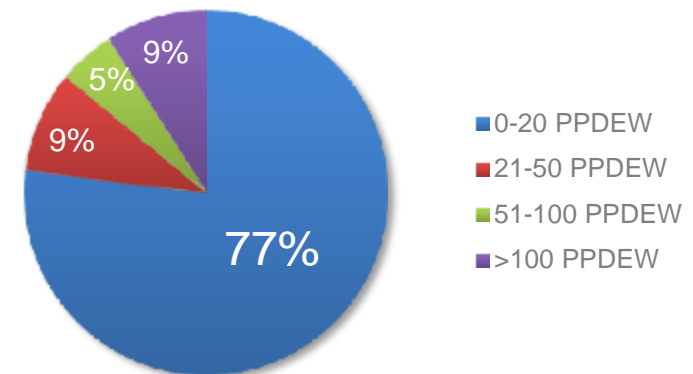
Markets that need a Hub

- Network focused on underserved, thin markets
 - Opened 3 new destinations in 2016
 - 2 new destinations announced in 2017
- 20+ potential underserved new destinations that could complement our network
- Most Latin American International O&D's cannot sustain point-to-point service
- Copa's Extensive Intra-Latin American network is in many cases the most convenient option
 - Have at least 50% market share in 45% of our markets
 - 65% of our passengers come from these markets

Markets - 2009

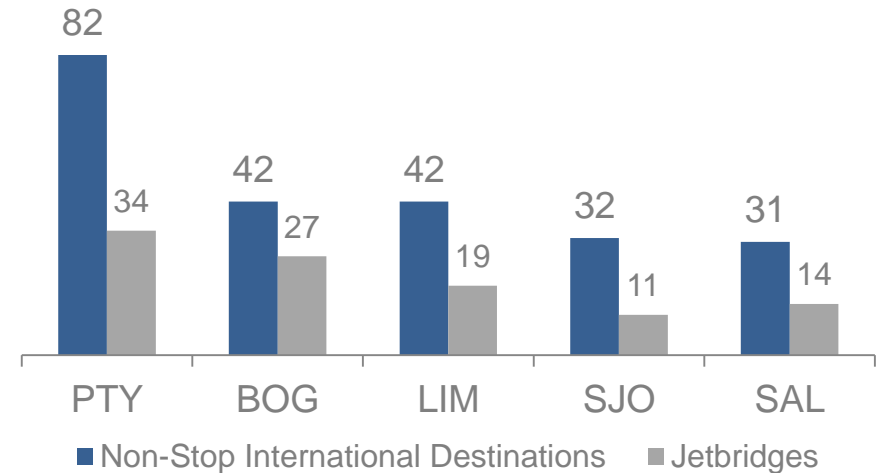


Markets - 2016



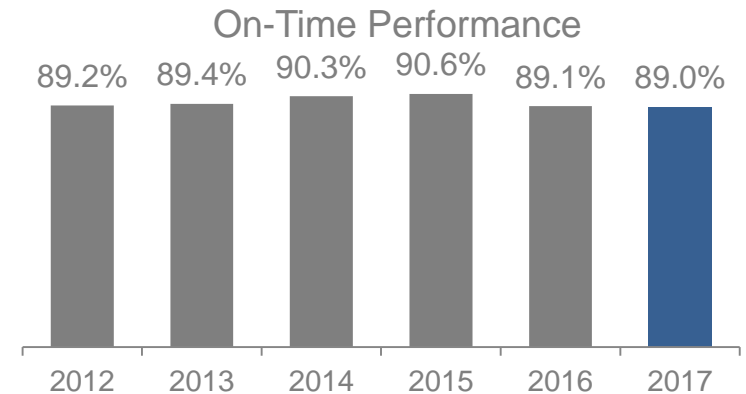
Right Infrastructure – Hub of the Americas

- 2 sea-level runways
- More jetbridges than competing hubs
- Copa represents >80% of the Tocumen Airport daily operations
- South Terminal expansion accommodates long-term growth needs
 - 20 additional jetbridges
 - Currently ~65% complete
 - 8 remote positions added in 2016
 - Partial opening expected 2Q 2018
- Duty free stores are attractive for passengers and an important generator of revenues for the airport



World Class Product

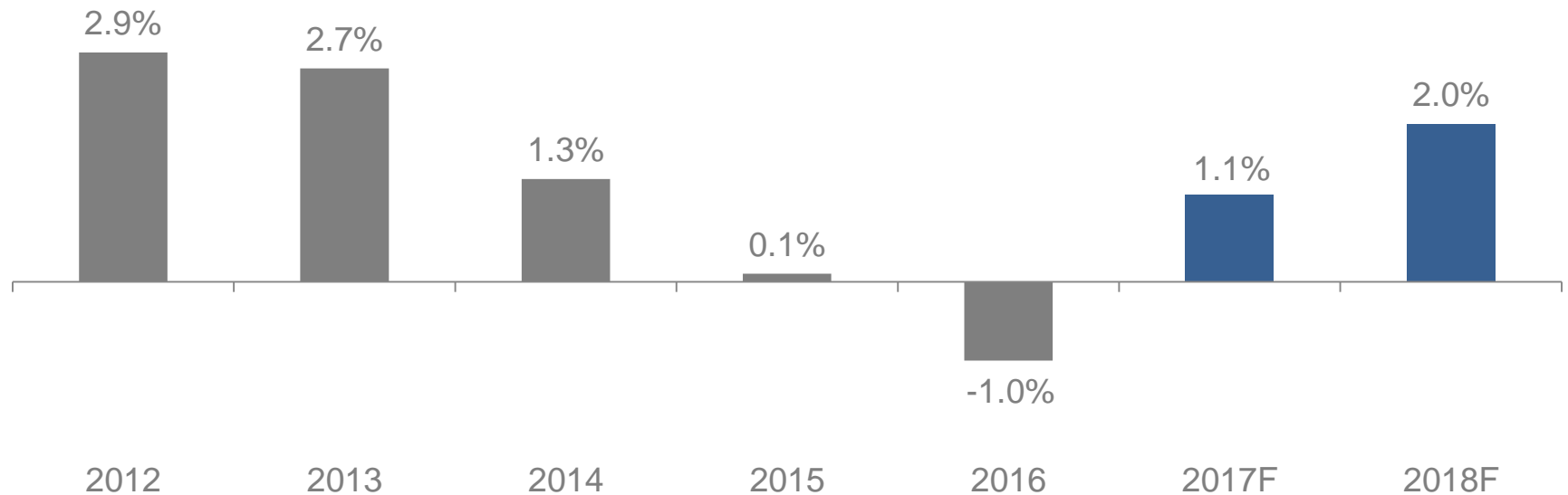
- World Class Service
 - Skytrax World Airline Awards 2016 winner:
 - Best Airline in region
 - Best Staff in region
 - Best Regional Airline in region
 - World Travel Awards' 2015 Leading Airline for Mexico and Central America
- Leading on-time performance
 - FlightStats 2016 Award for “Most on-time Airline in LatAm”, 4th consecutive year
 - OAG 2016 award for 2nd most on-time airline in the world, 2nd consecutive year
- Average fleet age of ~7 years
- Premium configuration for longer flights
- Star Alliance – Premier Global Alliance
- Copa Club – VIP Lounges



PANAMA & LATIN AMERICAN OUTLOOK

Latin America: Recovery underway...

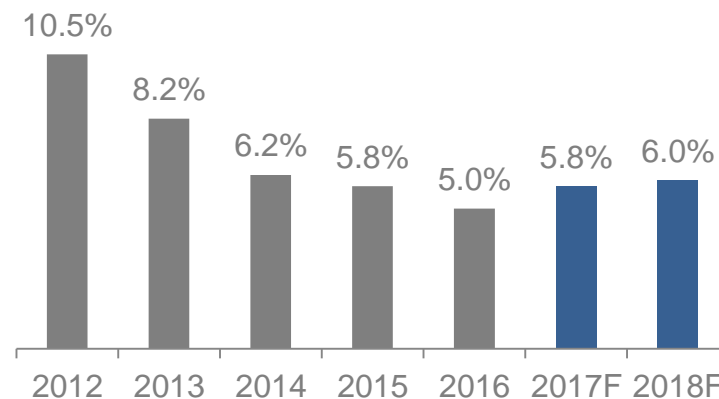
Latin America GDP Growth



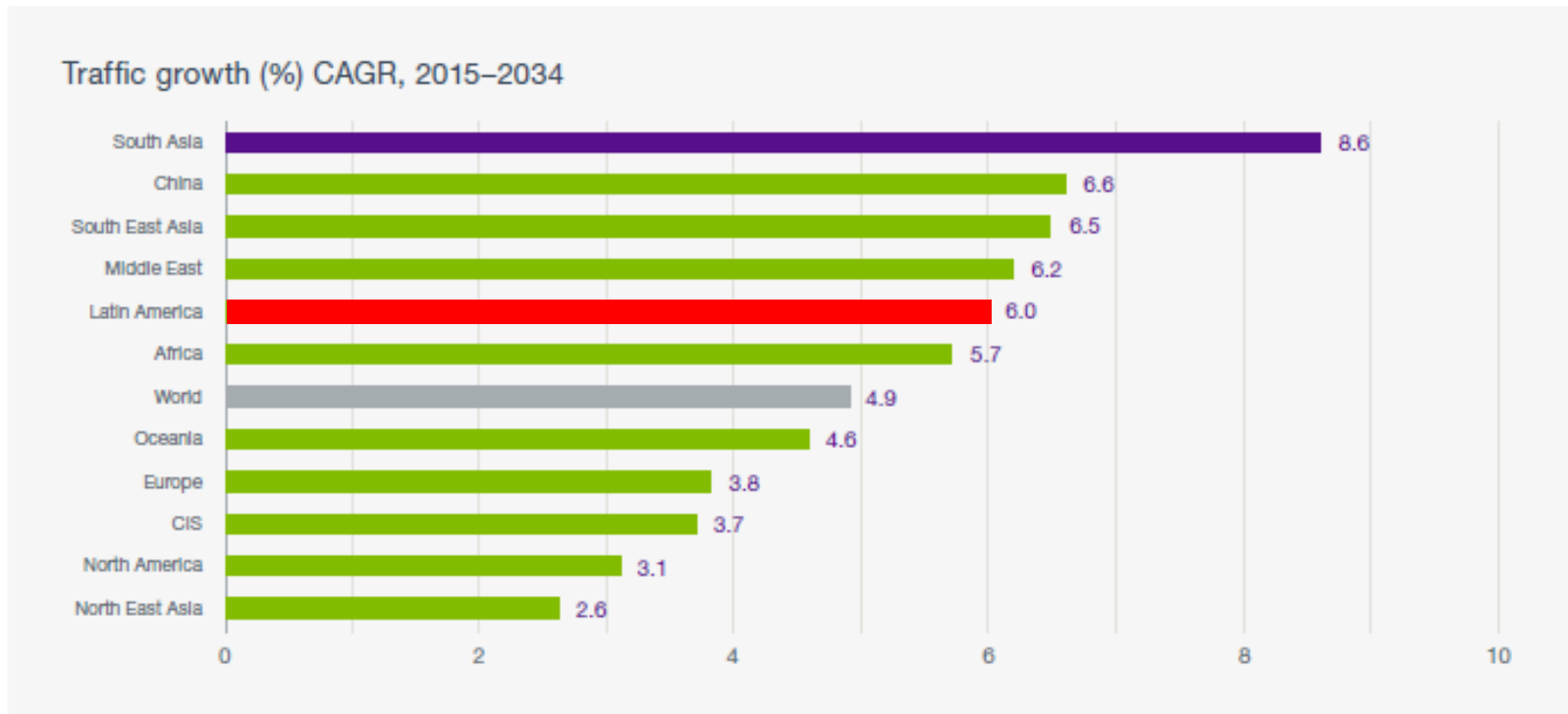
Panama: Fastest Growing Economy in LatAm

- Regional business and logistics hub
 - Largest container port in Latin America
- Strong public and private sector investment
 - Panama Canal Expansion (completed Jun 2016)
 - Metro Transportation System (2nd line under construction)
 - 3rd Bridge over the Canal on the Pacific
 - New Convention Center
- Investment grade credit rating
- Growing as regional headquarters base for multinational companies
- Strong tourism sector

Panama GDP Growth



Latin America: A bright future...



- Air Traffic in Latin America has historically expanded 2-3x GDP Growth
- Traffic within Latin America expected to grow ~6% per year for the next 20 years¹

Business and Strategic Overview

BEYOND 2017

Order Book Supports Growth Strategy

- Aircraft orders to fund future growth
 - All Boeing narrow body aircraft
 - 2 737 NGs & 71 737- MAX
- Deliveries between 2017–2024
 - First MAX deliveries in 2018
 - 31 Lease expirations and 15 owned aircraft of more than 20 years
- First airline in region with Scimitar Winglets
 - Approximately 1.5% fuel burn improvement on NG fleet



Emerging Stronger from a down-cycle

- **Proactive and Dynamic capacity deployment**
 - Added 8 markets and exited 5 markets in the 2015-2016 period
 - Best and largest network for intra-Latin America travel
- **Managing the business effectively**
 - Maximized Revenue through better commercial execution
 - Maintained competitive unit costs in a low growth environment
 - Maintained Operational Excellence
- **Strong Company Culture**
 - Team focused on Company's vision and objective

Path to Higher Margins

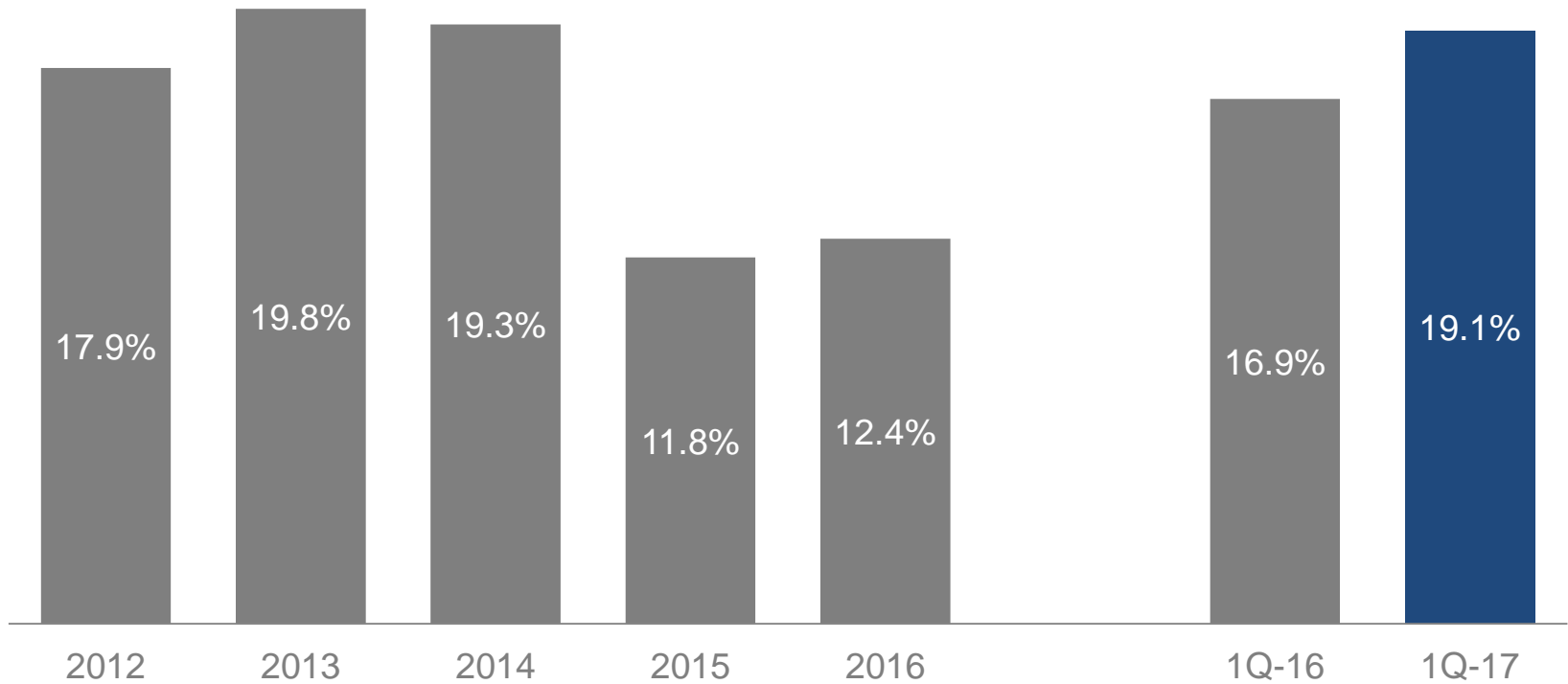
	Impact on EBIT Margins	Timing
Fuel Hedge Losses	+ 4 p.p.	2017
Cost Reduction Initiatives	+ 1 p.p.	2017
Recovering Economies	+ 1 to 2 p.p.	2017-2018
ConnectMiles	+ 1 p.p.	2018
Ancillary Revenues	+ 2 to 3 p.p.	2018-2019

Financial Overview

JOSE MONTERO
CHIEF FINANCIAL OFFICER

Profitability – Solid Track Record

OPERATING MARGIN



Guidance

2017 Guidance

YOY Capacity Growth	+/- 7%
Operating Margin	15-17%

2017 Guidance is based on the following assumptions:





- Load Factor of approximately 81%
- RASM of approximately 10.4 cents
- CASM of approximately 6.4 cents
- Jet fuel price (all-in & net of hedges) of \$1.75
- About 5% of the projected fuel consumption volume is hedged at US\$1.80 per gallon



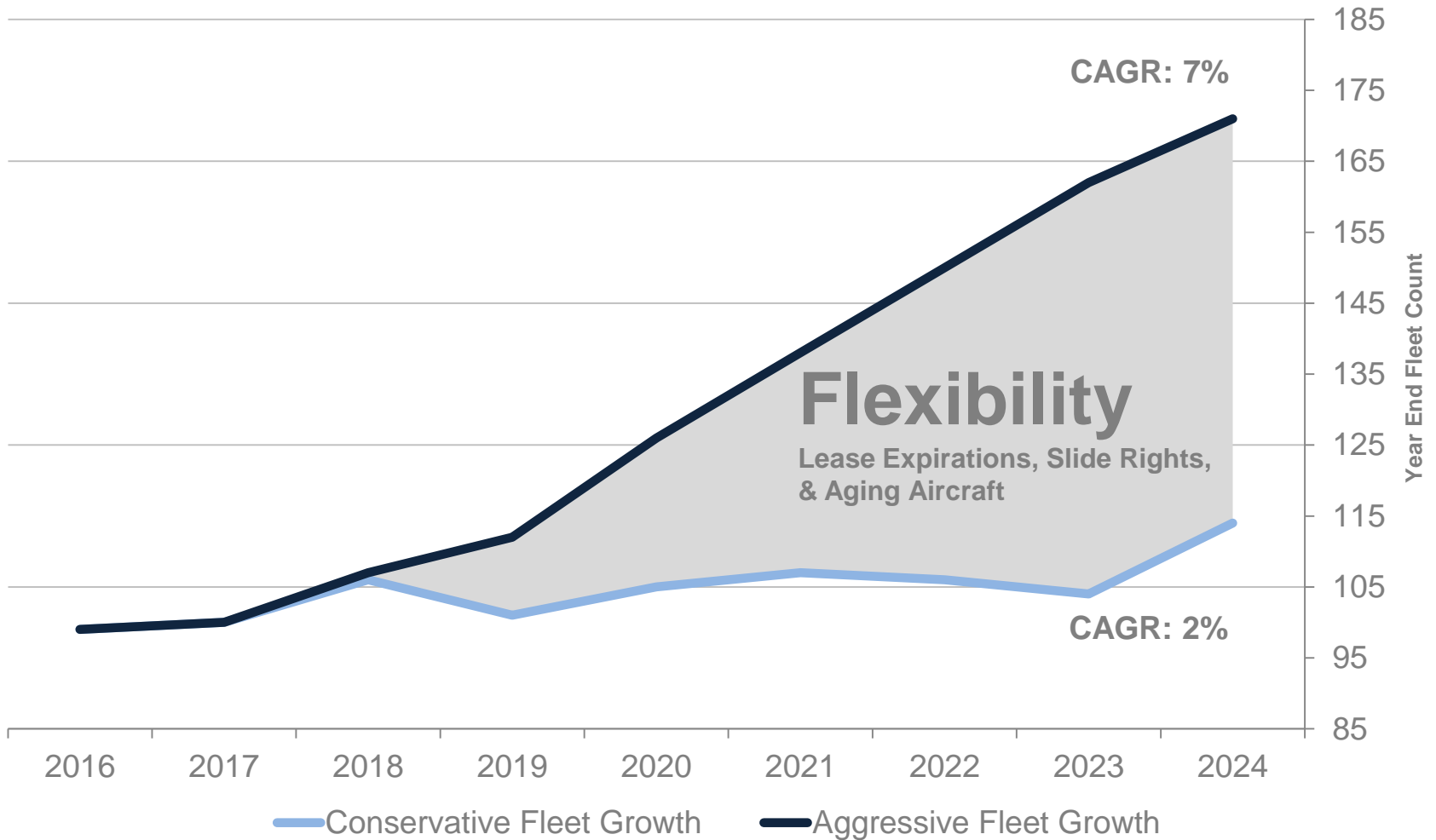
Cost Saving Initiatives

Area	Initiative	Impact (MM USD) 2016-2018
Fuel Management	APU, Flight Plans, GSI, SET, etc.	18
Suppliers	GDS, Admin, etc.	13
Maintenance	MRO, In-House Checks, etc.	6
On-Board Service	Efficiencies, Suppliers, etc.	3
Others	Airports, Contracts, etc.	10
Total Recurring Savings		50

Fleet Plan

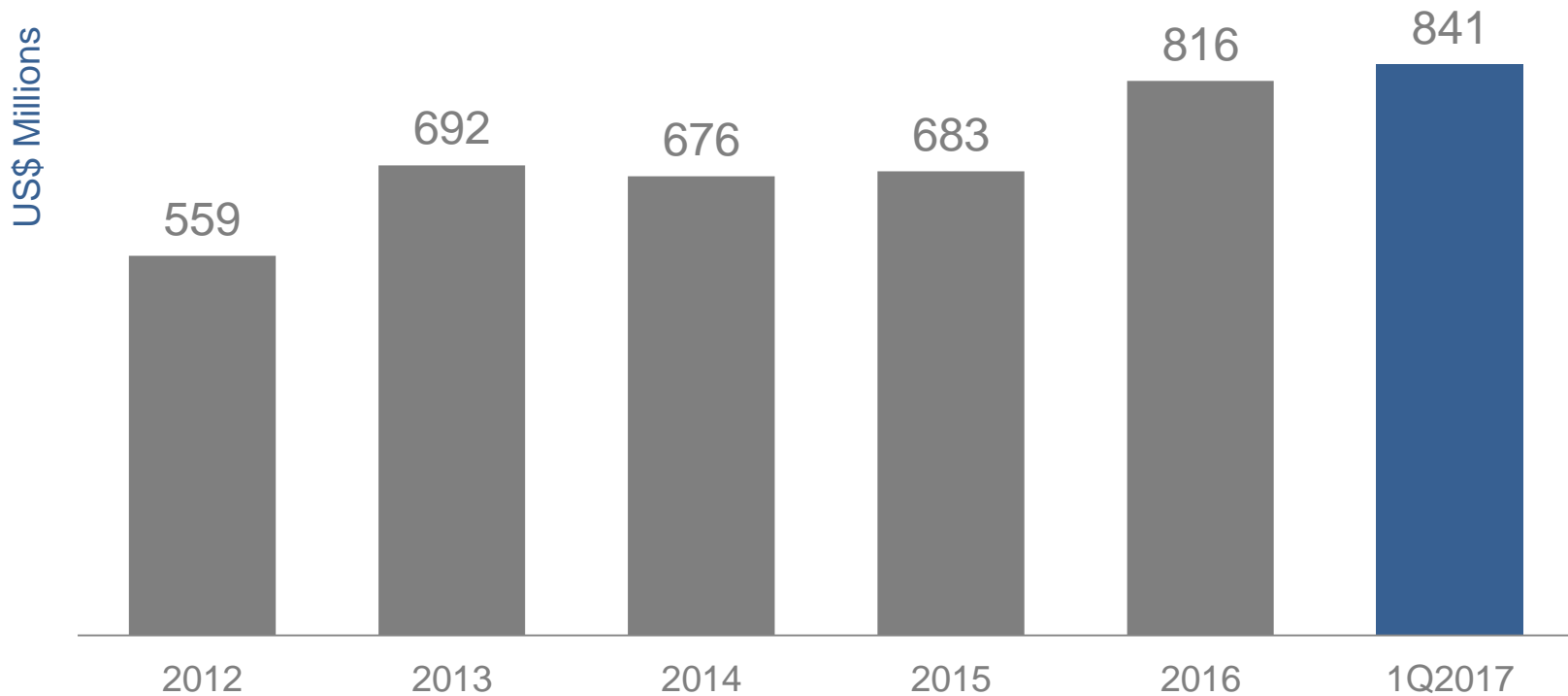
Aircraft Type		2015	2016	2017	2018	2019
	Capacity: 94 pax Range: 2,200nm Type: EMB-190	23	21	20	19	19
	Capacity: 124 pax Range: 3,000nm Type: 737-700	14	14	14	14	14
	Capacity: 160 pax Range: 3,000nm Type: 737-800	63	64	66	68	63
	Capacity: 170 pax Range: 3,390nm Type: MAX-9	0	0	0	5	15
		100	99	100	106	111

Fleet Plan



Solid Balance Sheet: Liquidity

CASH AND CASH EQUIVALENTS

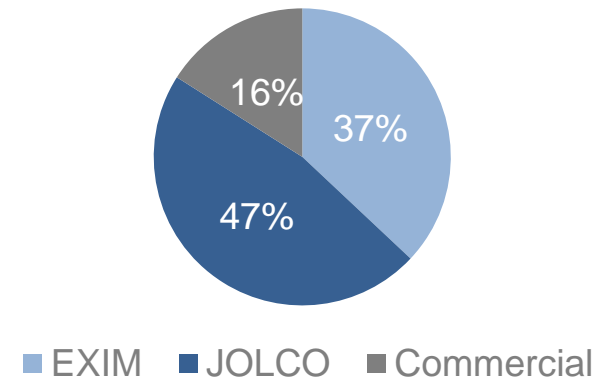


% LTM Revs.	28%	25%	27%	25%	30%	37%

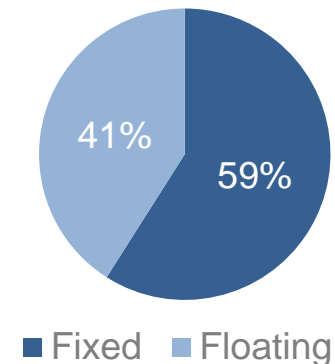
Debt Profile

- 100% of debt is asset based
- Competitive cost of debt
 - ~2.7% blended cost of debt
 - 37% of debt is US Exim based
 - 47% of debt is from the Japanese Market (JOLCOs)
- ~ 60% of total debt fixed
- Received the two B737-800s scheduled for delivery in 2017

Financing Source

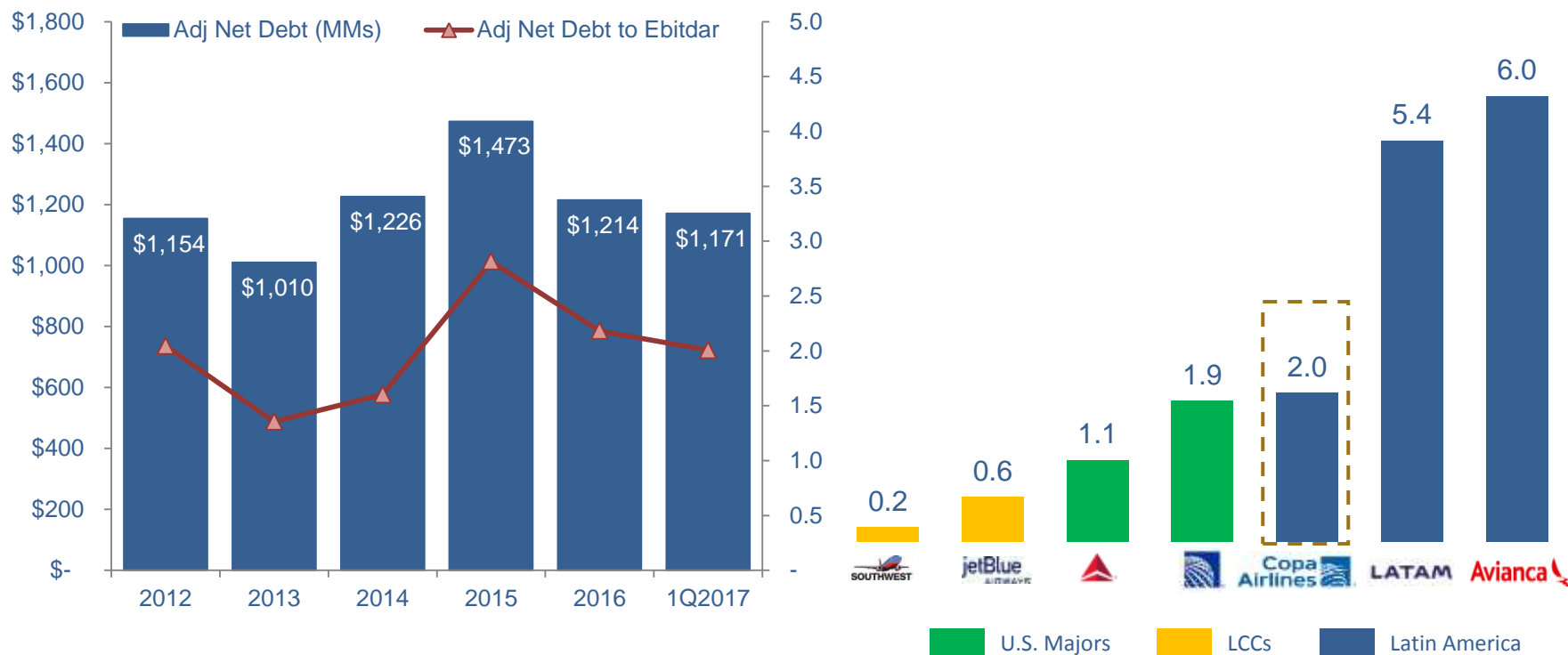


Fixed vs Variable Rate



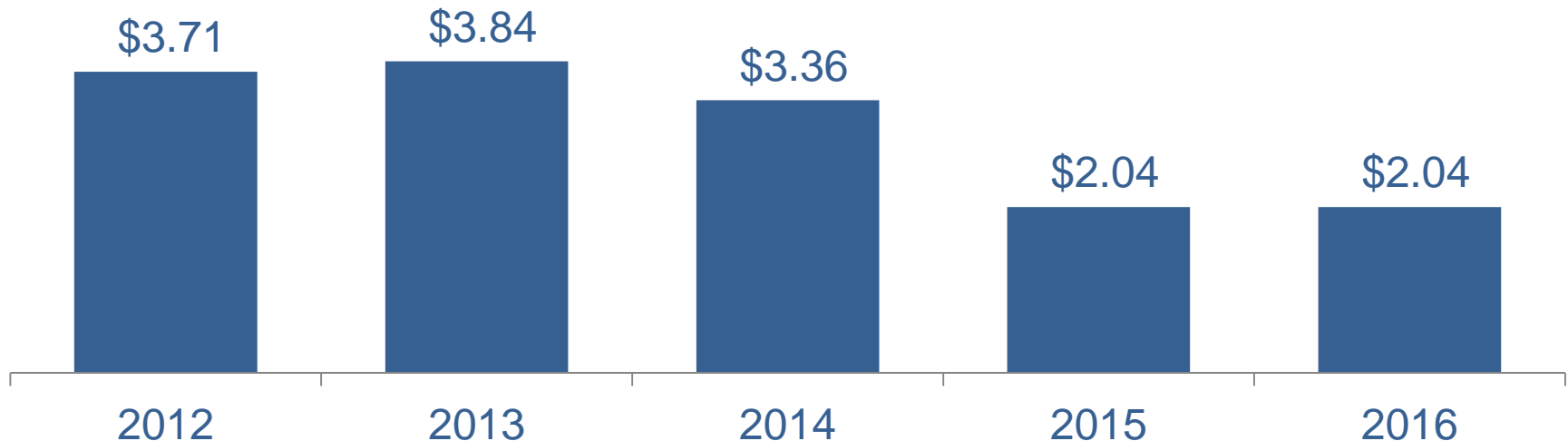
Solid Balance Sheet: Low Leverage

ADJUSTED NET DEBT/EBITDAR



Returning Value to Shareholders

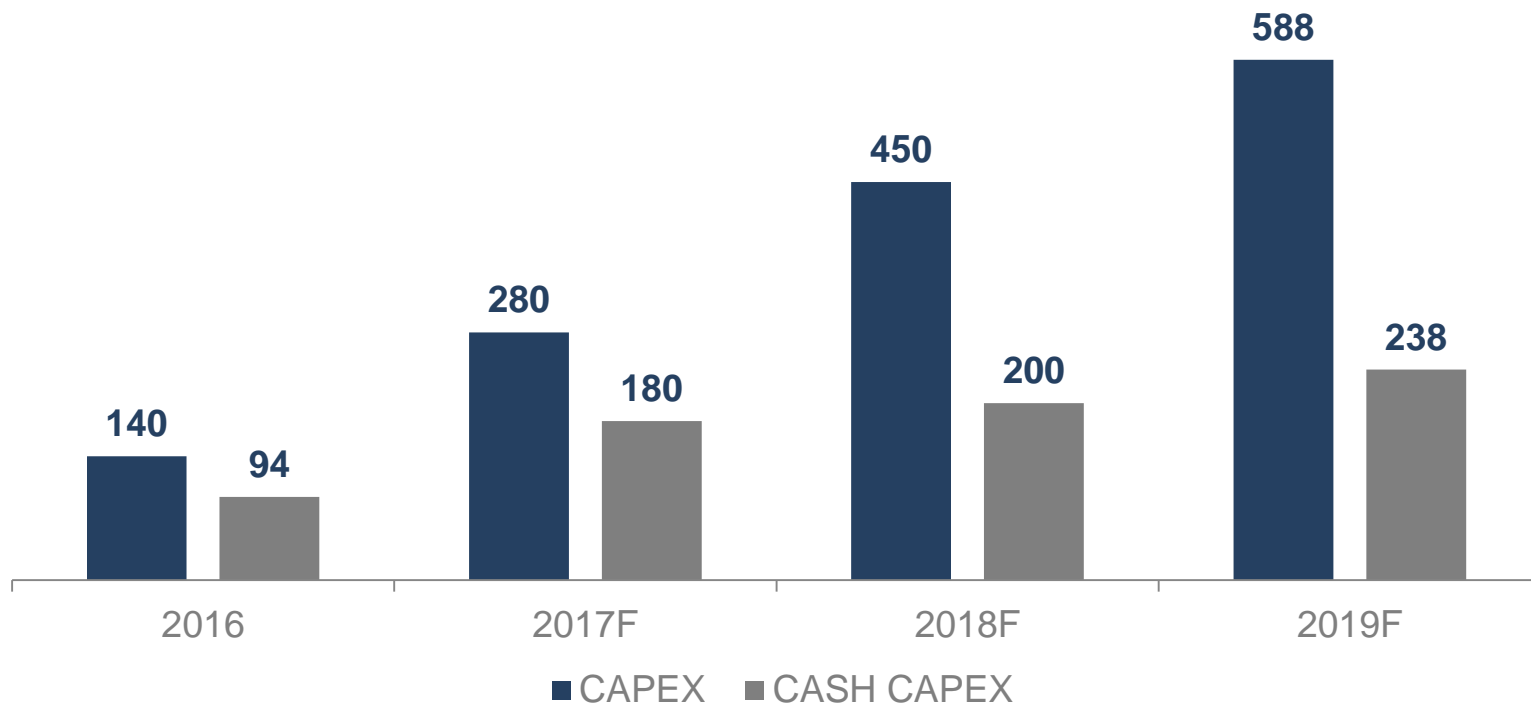
Dividend Payout



- Board decided to maintain the quarterly dividend payout of \$0.51, more than the corresponding payout as per our Dividend Policy of 40% of previous year's Adjusted Net Income
 - Second Quarterly Dividend payment in 2017 will be on June 15th

CAPEX Forecast

CAPEX AND CASH CAPEX ESTIMATES



Aircraft	2016	2017F	2018F	2019F
Owned/Leased:	1/0	2/0	5/2 [†]	7/3 [†]

*Leased aircraft are the product of sale-leasebacks.

**2017-2019 – assumes all aircraft financed at 100% LTV. †Owned/Leased fleet make-up for 2018 and 2019 is preliminary

Operational Overview

DAN GUNN SVP OPERATIONS

Operations Overview

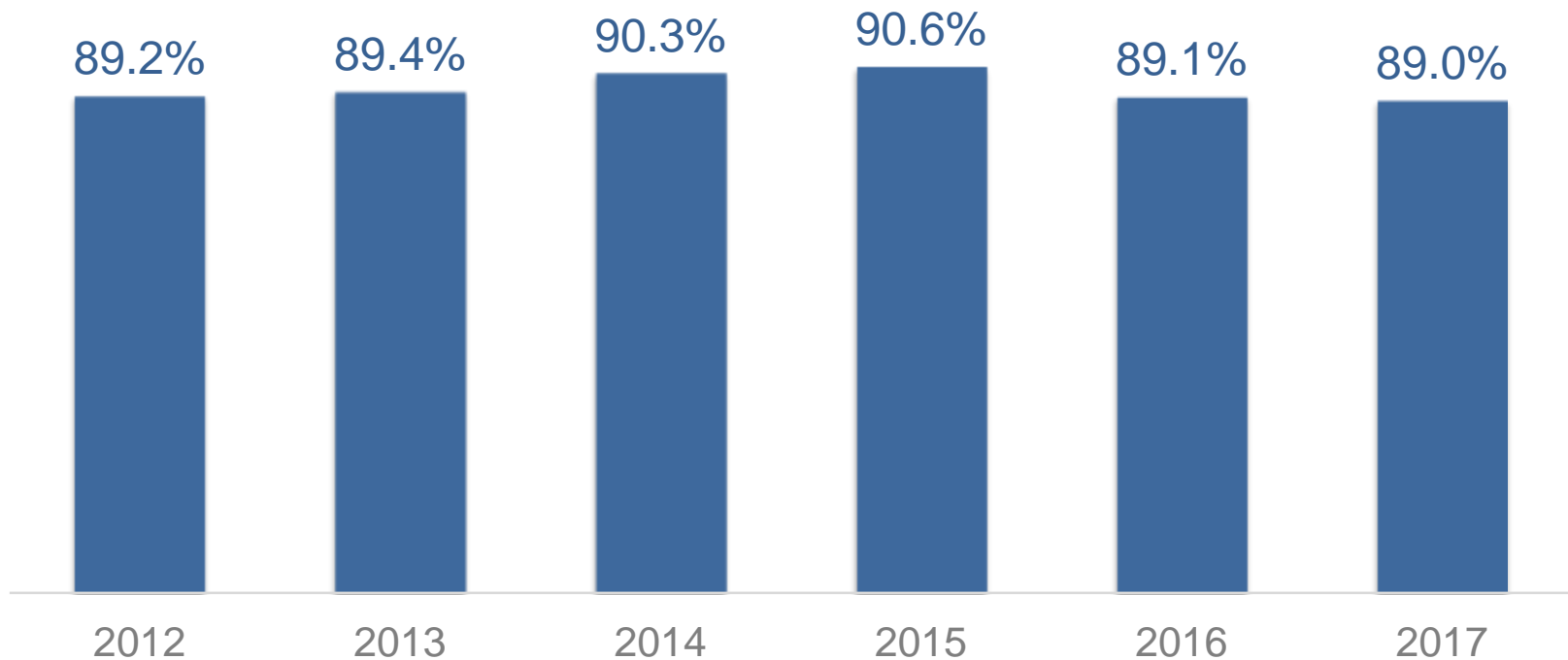
2016: Another great year:

- World-class operational metrics
- Continued focus on service and efficiency initiatives
- Continued expansion of Panama Hub
- Further enhancements in maintenance capabilities
- Recognized leader in on-time performance
- Leaders in service and quality



Operational Excellence – On Time

ON-TIME ARRIVAL PERFORMANCE⁽¹⁾

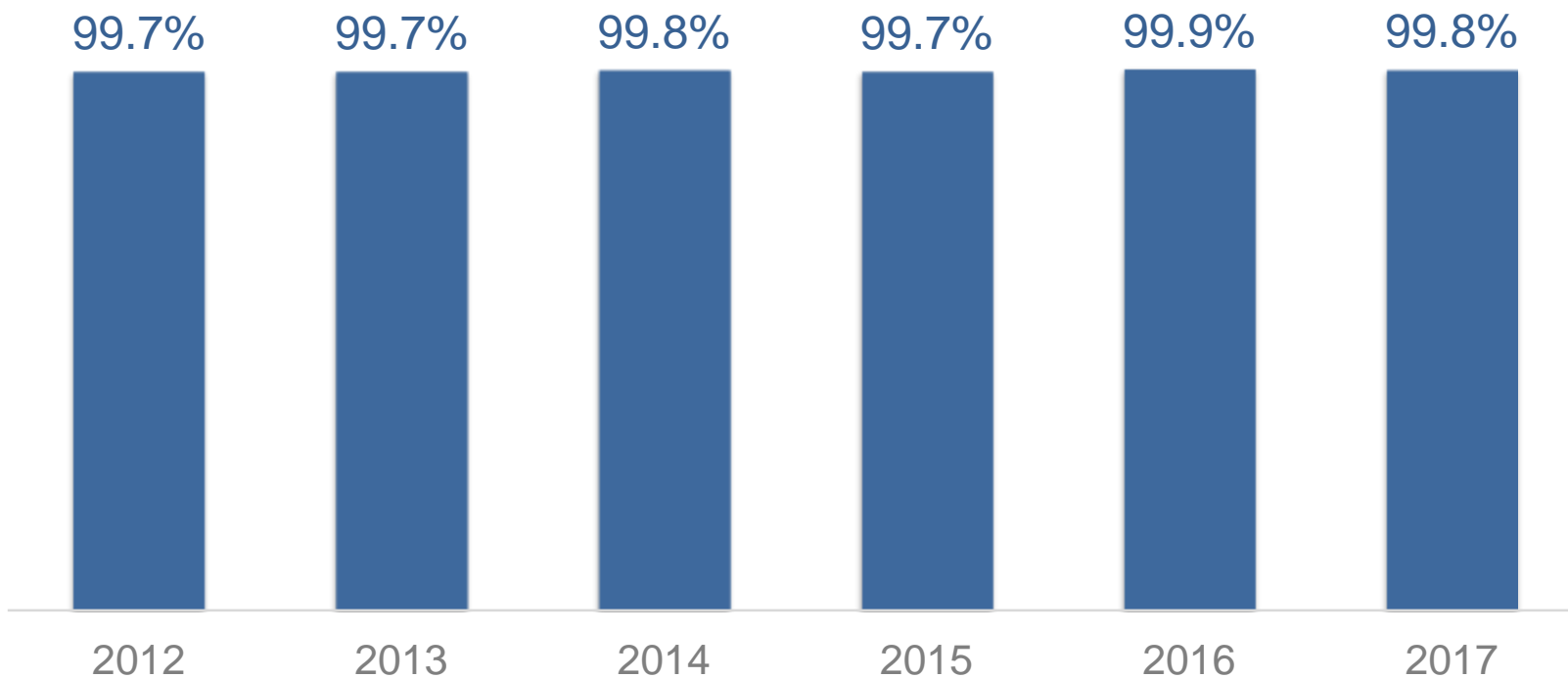


Copa Airlines' OTP is among the best in the industry

1. Measure: DOT Reporting Standard: within 15 minutes of Scheduled Arrival.
2. 2017 figures are YTD April.

Operational Excellence – Schedule Reliability

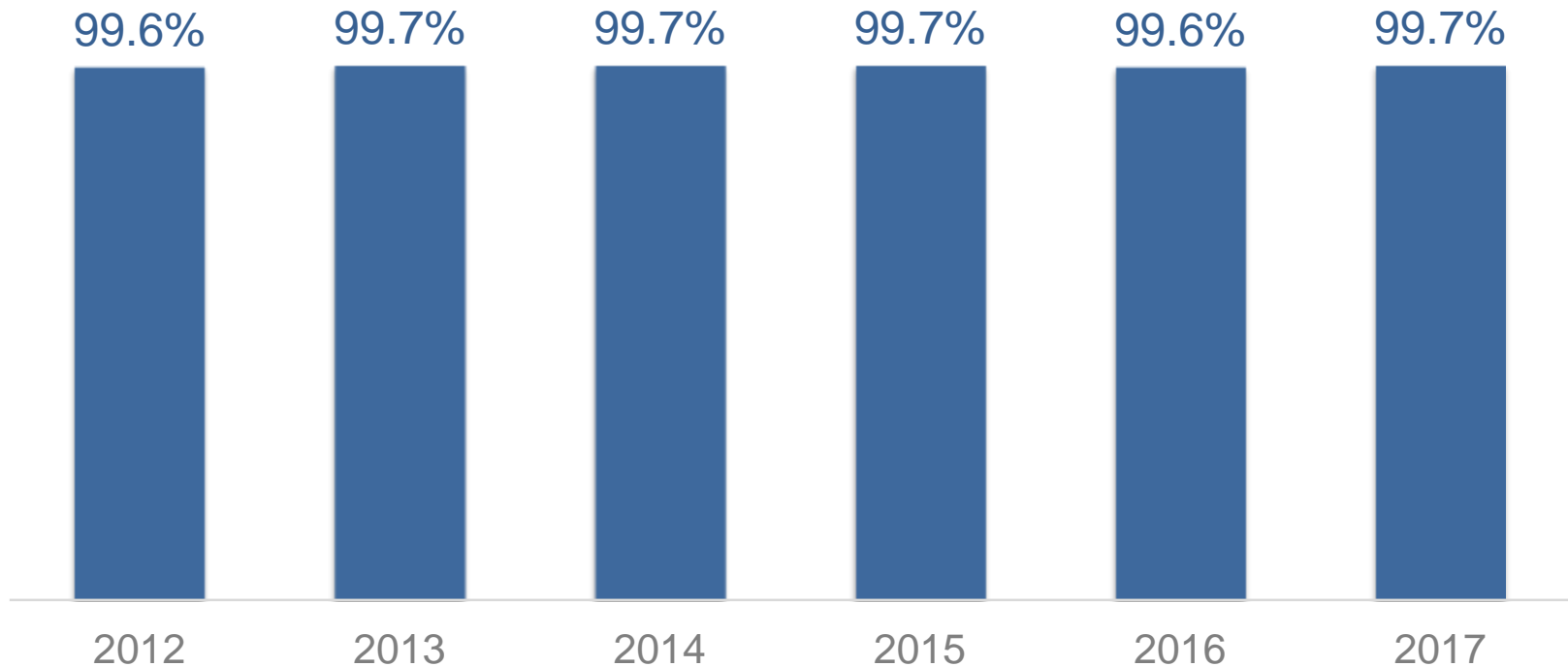
COMPLETION FACTOR



Copa Airlines' completion factor is among the best in the industry

Operational Excellence – Fleet Reliability

FLEET MAINTENANCE DISPATCH PERFORMANCE



Copa Airlines has world class maintenance dispatch performance

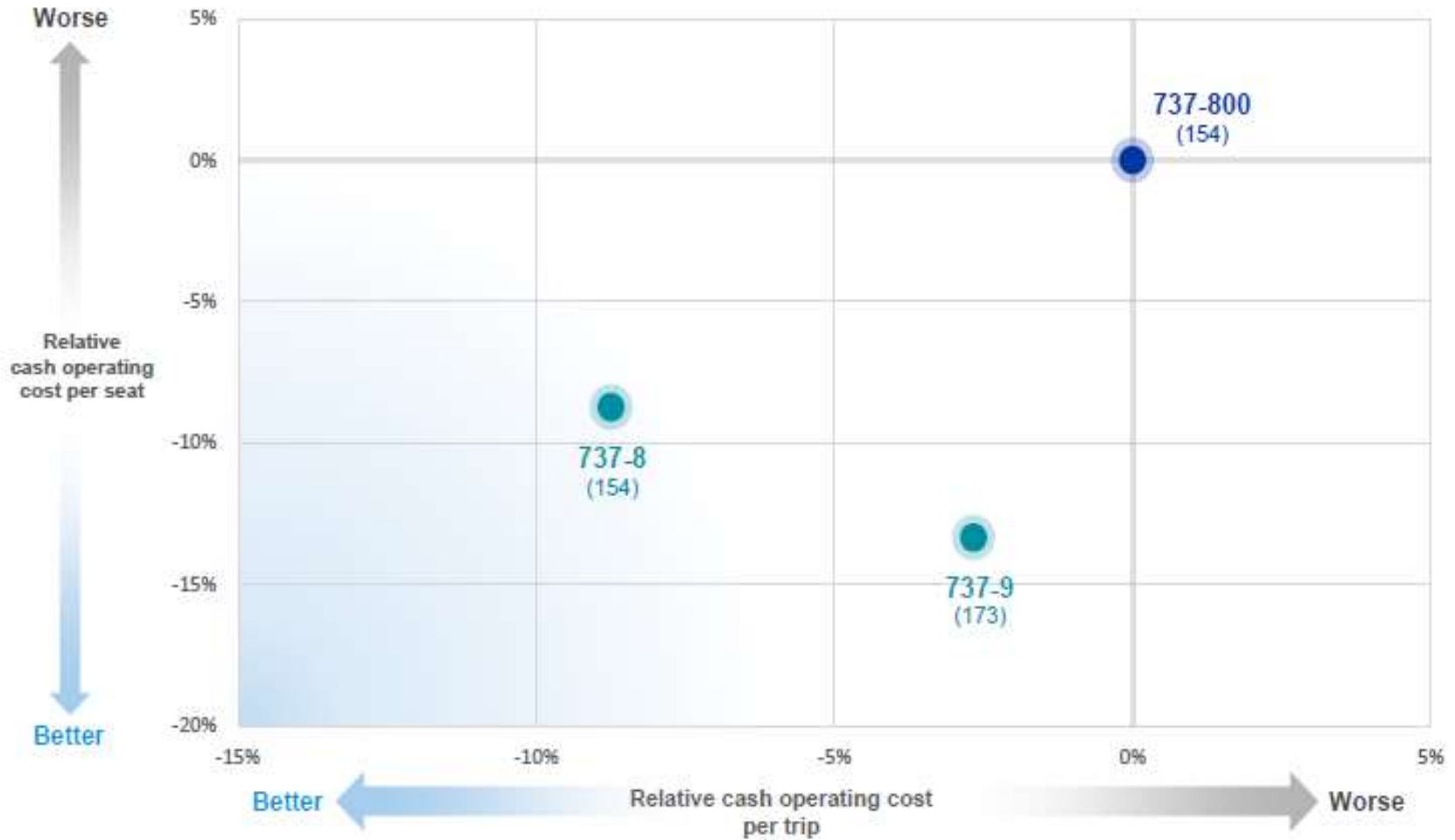
Efficiency Initiatives

Copa Airlines is a leader in the implementation of initiatives to improve efficiency:

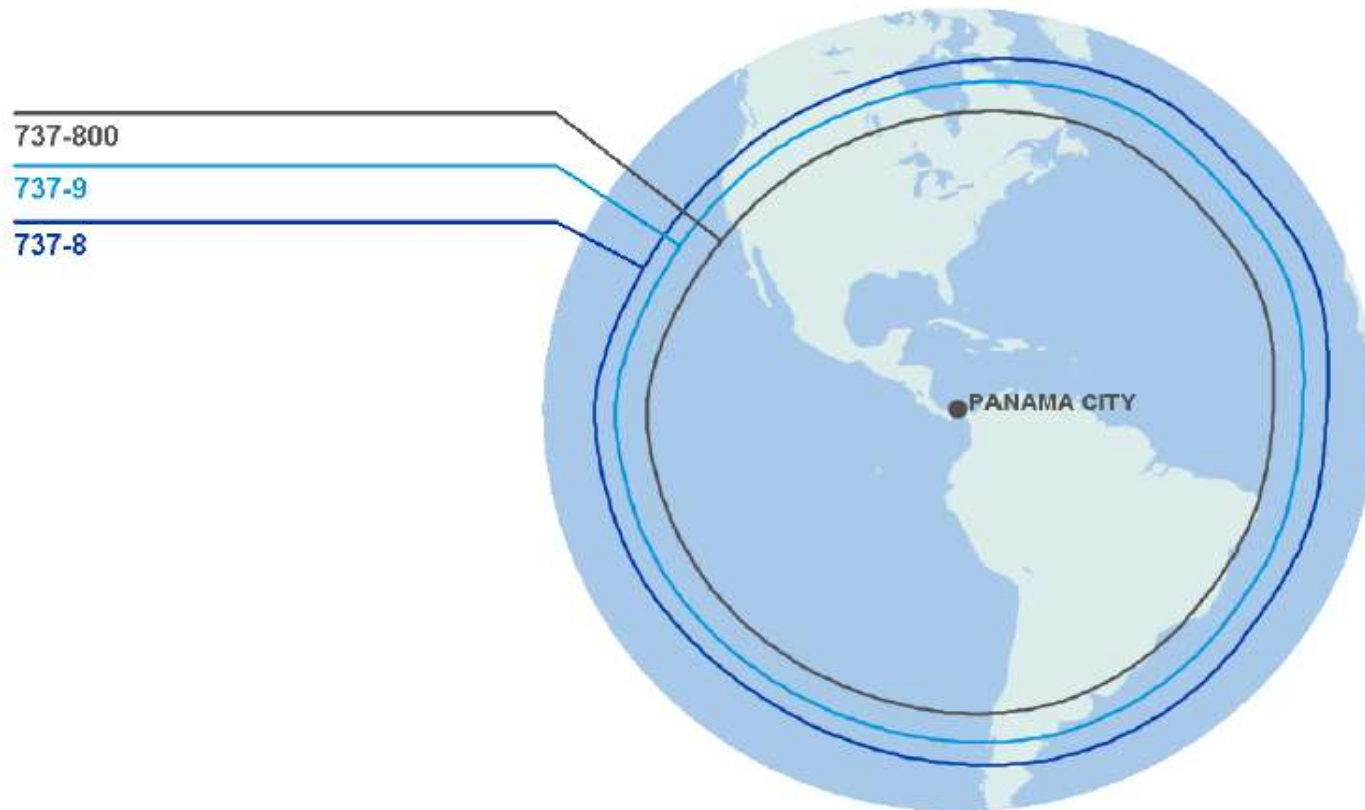
- 95% of our 737-800NG fleet has split scimitar winglets – Incremental fuel burn savings of 1.5%
- iPads in the cockpit
- Other Fuel savings initiatives have yielded nearly 1% reduction in fuel burn since 2015:
 - Optimization of APU usage
 - Single Engine taxi
 - More direct routing and use of optimal alternates
 - Efficiencies in Remaining fuel
 - Aircraft towing vs taxiing



B737-MAX Fleet will deliver cost advantages



B737-MAX will have better performance



- **More capacity**
- **Increased operating range**
- **Improved performance out of restrictive missions**

South Terminal Expansion

- Construction 65% complete
 - Began installation of windows
 - Baggage Handling system, Electrical & Fuel systems installation underway
- Operational readiness and airport transfer (ORAT) beginning in June
 - Expect soft opening of 3-4 gates in Q2 2018
 - Full terminal opening later in 2018
- South Terminal remote aircraft positions are being utilized for live operations



South Terminal



MRO System Replacement

Implementation of MXI Maintenix MRO software for 2017 on-track:

- Unifies and replaces two systems simplifying training, control and processes
- Improved functionality and reporting capabilities
- Will allow Copa to optimize maintenance program fully for our operation
- Simplifies into-service process for 737 MAX
- Total investment of approximately \$8.5M over 5 years. Net annual benefit of over \$2.5M in 2018 and beyond



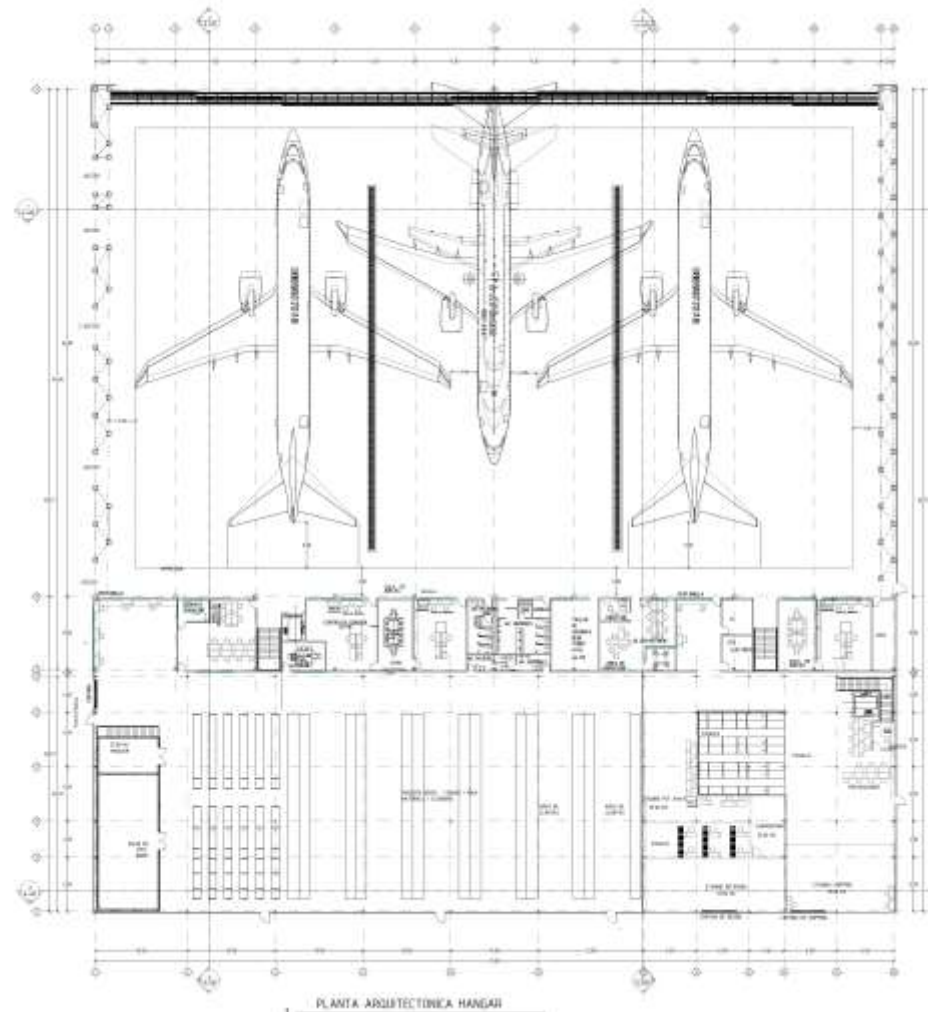
Maintenance Capabilities expansion

- **We continue to in-source more heavy maintenance work**
 - 70% of C-Checks done in-house in 2016
 - Continue to add supporting shops to drive efficiencies
- **We plan to add a second heavy check line in 4Q2018 with hangar expansion**
 - Investment of \$14MM in 2017 and 2018
 - Estimated completion date: August 2018
- **Incremental annual savings of approximately \$3MM by 2019**



Maintenance Capabilities expansion

- **5,150 m² of hangar space**
 - Three bays large enough to fit B737MAX9s
- **3,000 m² of stores space**
- **1,456 m² of office space**



Hangar Expansion



Recognized On-Time Performance Leaders

- FlightStats recognized Copa Airlines in 2016, for the fourth consecutive year, as the “Most on-time Airline in Latin America”
- OAG recognized Copa Airlines in 2016, for the second consecutive year, as the second most on-time airline in the world



Commercial Overview

DENNIS CARY
SVP COMMERCIAL & PLANNING

Commercial & Planning Overview

- Combine prudent growth with healthy RASM and profitability
- Adapt to changing market conditions
- Defensible business model and ideal hub dynamics
- Leverage United/Star and other tactical partnerships
- Manage future capacity to meet demand using fleet plan flexibility
- Up our game in all areas
 - RM & Pricing, Sales, Planning & Alliances, Marketing & Loyalty, Distribution, Technology



Solid first quarter revenue performance

Indicators	Q1	Var vs. LY
Passenger Revenue (MM)	\$602	10.9%
RASM (In U.S Cents)	10.6	6.0%
Load Factor	81.5%	4.1pts
Yield (In U.S Cents)	12.7	0.9%
RPM (MM)	4,732	9.9%
ASM's (MM)	5,808	4.3%

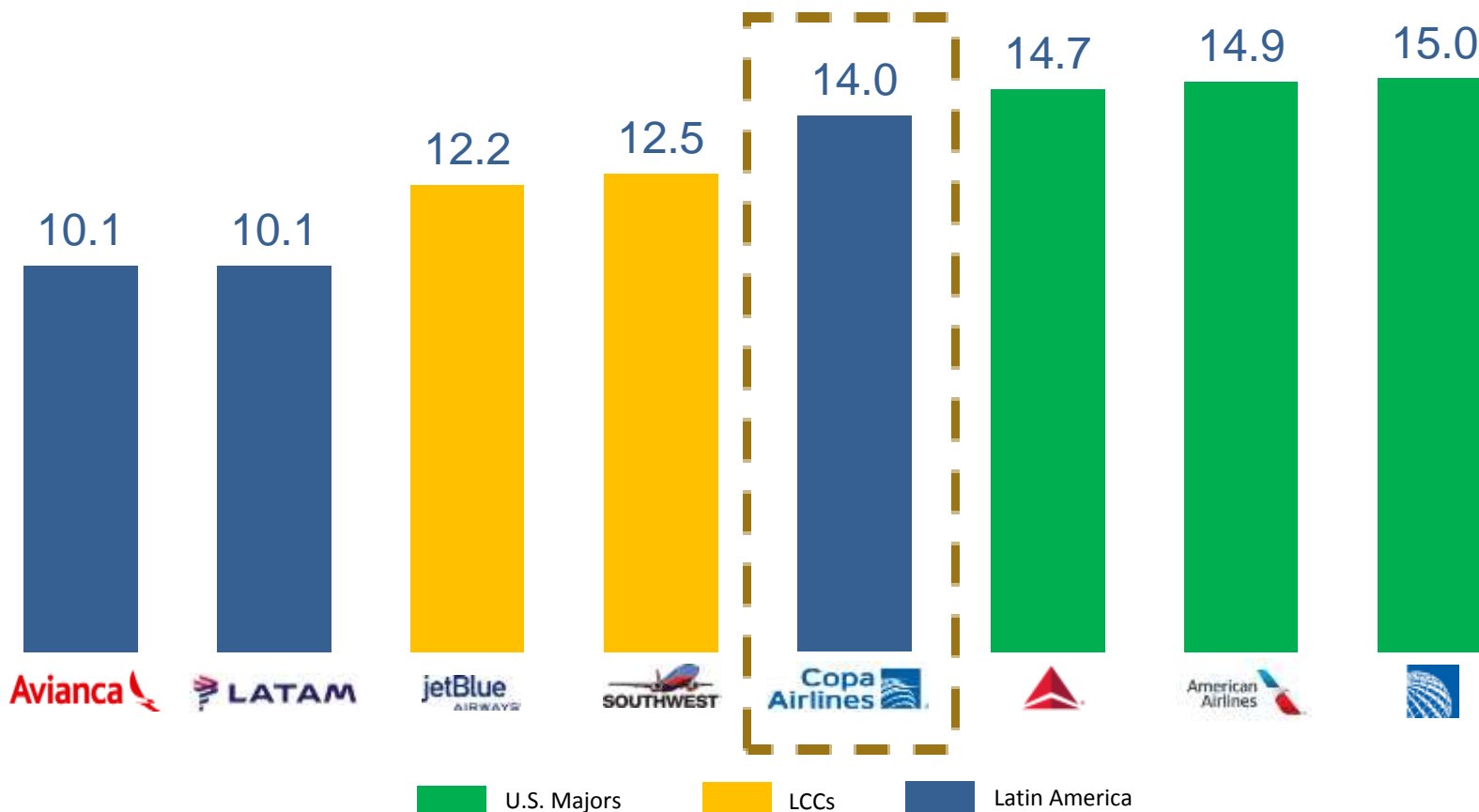


Strong unit revenues relative to peers

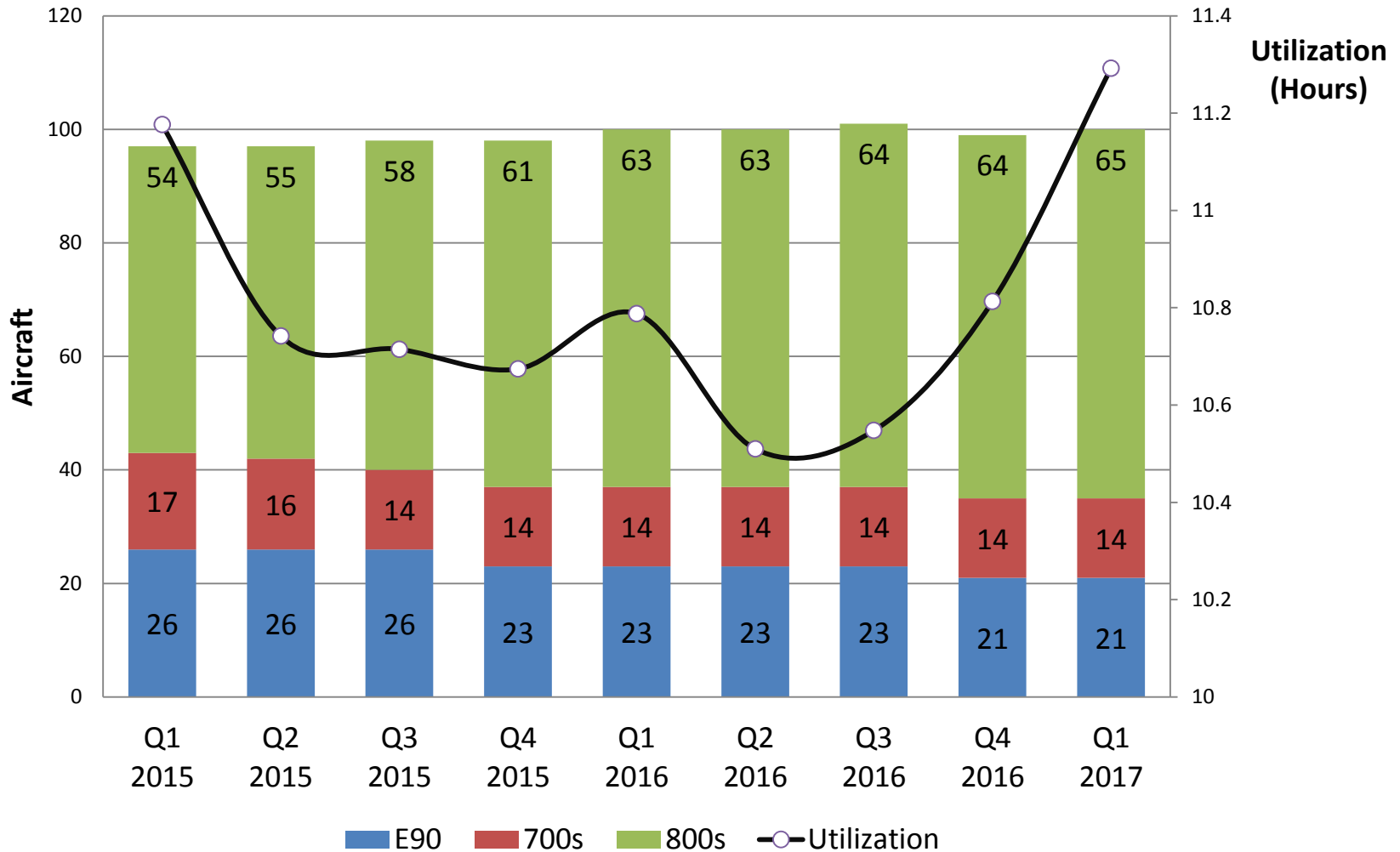
LENGTH OF HAUL ADJUSTED PRASM

LTM ended Dec 31, 2016

(All figures adjusted to a 1,000 Mile Length of Haul)



Flexing utilization to match market environment



Recent market activity

2016

NEW FREQUENCIES NEW DESTINATIONS

 San Francisco  Rosario

 Sao Paulo  Holguin

CANCELLATIONS

 Chiclayo

 Villahermosa

 Puebla

 Cucuta

2017

NEW FREQUENCIES NEW DESTINATIONS

 Miami  Denver

 Chicago

 Lima

 Asuncion

 Sao Paulo

 Brasilia

 Cordoba

 Buenos Aires

and...

Our newest destination...



Mendoza, Argentina

ConnectMiles Strong and Growing

Membership Growth



+90% Members in
2016YE vs. 2015YE



Forecasted membership
growth **+45%** 2017YE

Flight Engagement



2H15 vs. 2H16
+40% growth in flight
active members



Flight active rate
over **+50%**

Value to Copa



Non-Member vs. Prefer
Member Average Fare **+45%**

Redemption Fees initiated in
2017 worth \$2MM+ run rate

Strengthening Star Alliance Presence in PTY



While retaining other key partners



Pursue ancillary opportunities consistent with Copa brand



Bags



Upgrades



Premium Seats



Connect Miles



Hotels



Cars & Ground
Transportation



Insurance



Lounges



Fare Lock

[Revenue Potential](#)

Building out the Copa app



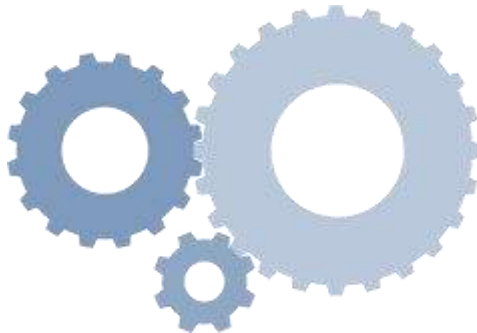
June new features:

- Bookings
- My Trips: hub of reservations
- ConnectMiles enhancements

September new features:

- Push notifications
- TSA Pre✓ verification and boarding pass delivery
- ConnectMiles enhancements

Transforming the Digital Customer Experience



Improve site performance

- Reliability
- Response times
- Simplification

Improve Customer Experience

- Modern User Interface
- Fully mobile responsive
- Accessibility for disabled

Deliver New Functionality

- Full ConnectMiles capabilities
- Additional ancillary products & channels
- Leverage new Res functions

Conclusion

PEDRO HEILBRON
CHIEF EXECUTIVE OFFICER

A large, stylized, light purple 'W' shape is centered in the background, set against a solid dark purple background. The 'W' is composed of three vertical strokes that curve at the top and bottom, creating a modern, rounded appearance. In the bottom right corner, a smaller, fainter version of the same 'W' shape is visible.

wingo

wingo



- **Copa Airlines'** Colombian **LCC** based in BOG
- 4 **single cabin B737-700s** (142 leather seats, 28 of those with extra pitch)
- Majorly **point-2-point** service
- 9 initial **ancillary products**, 2 free services (carry-on & water)
- Value proposition
The Way to Fly: **fly well, feel well, at low prices**
- In service since December 2016

Strategic Focus for 2017 and Beyond

- Continue strengthening our network and connectivity
- Take advantage of future growth opportunities while maintaining flexibility
- Maximize value through ConnectMiles and other commercial opportunities
- Use technology to improve customer experience and tap into ancillary revenue opportunities
- Continue improving our cost advantage while maintaining operational excellence and company culture
- Clear focus on path to return to historical high margins



Copa Holdings S.A. – Investor Day

Q&A SESSION

Copa Holdings S.A. – Investor Day

Thank you!