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# Benchmarking COPA

Prepared by José N. Abbo  
December 5th, 2005

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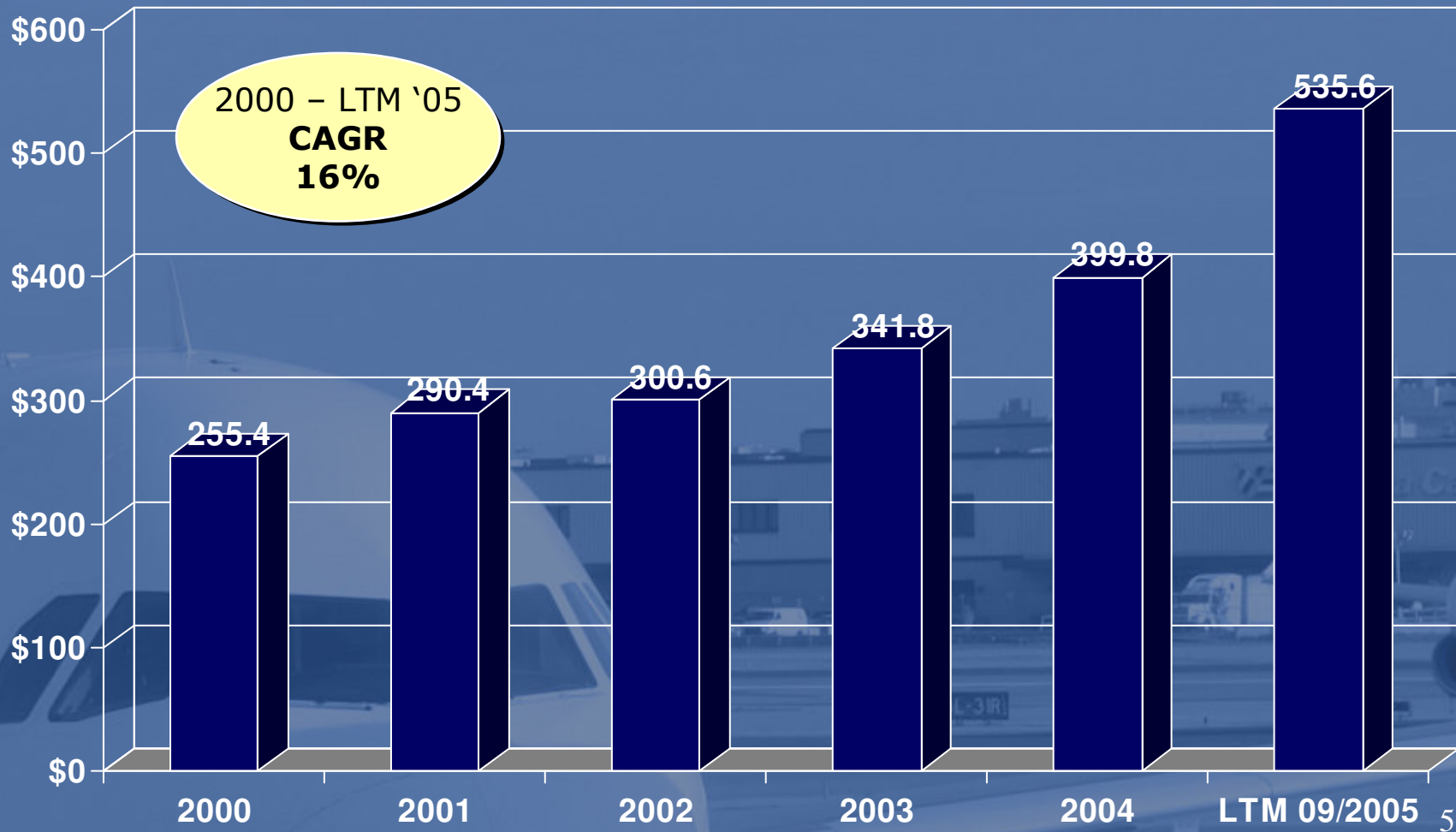
# In this report

- A look at the numbers
- Benchmarking COPA
  - Companies selected
  - Profitability margins
  - Financial efficiency
- Peer valuation an estimated fair price

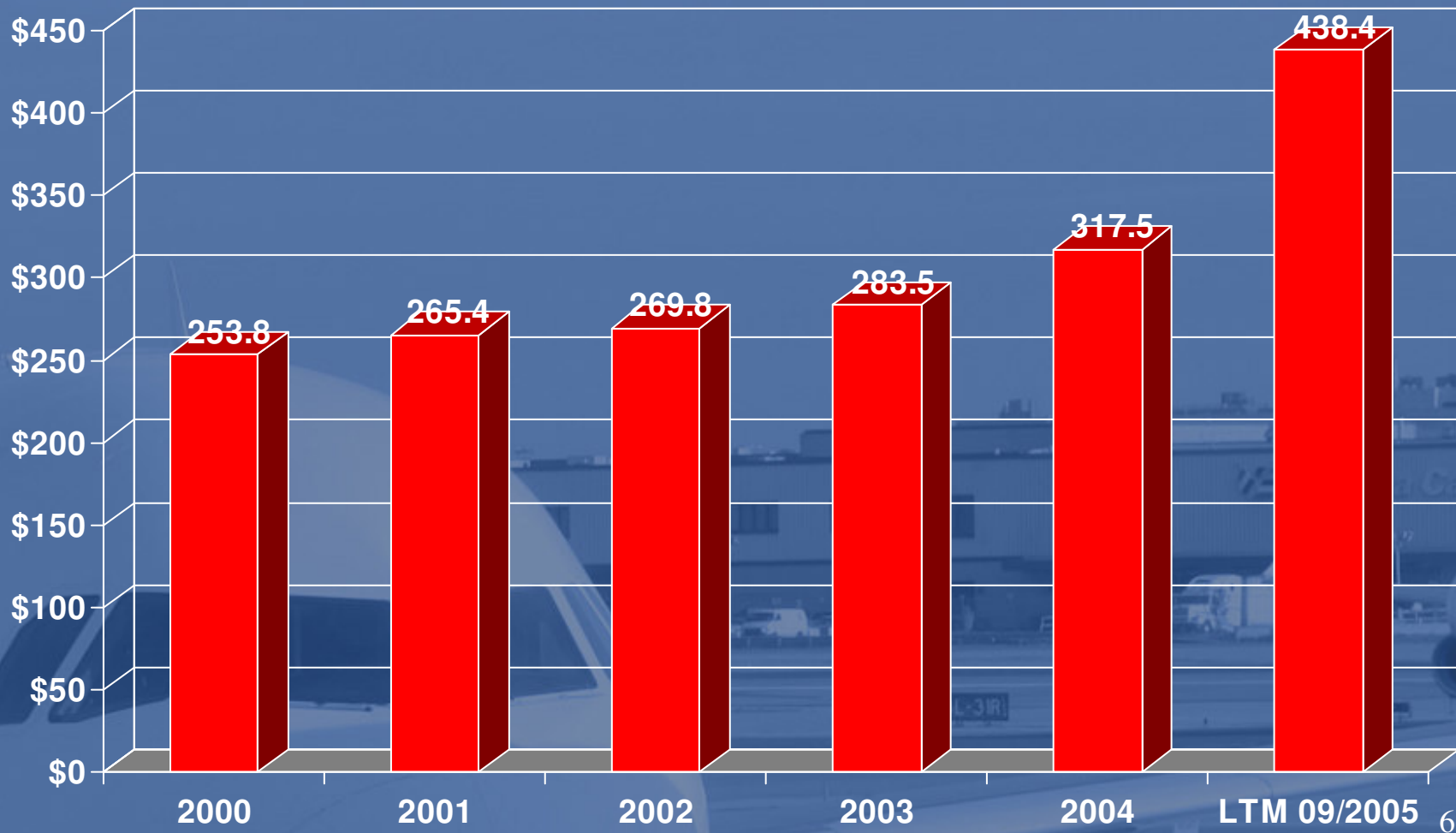


A look at the numbers

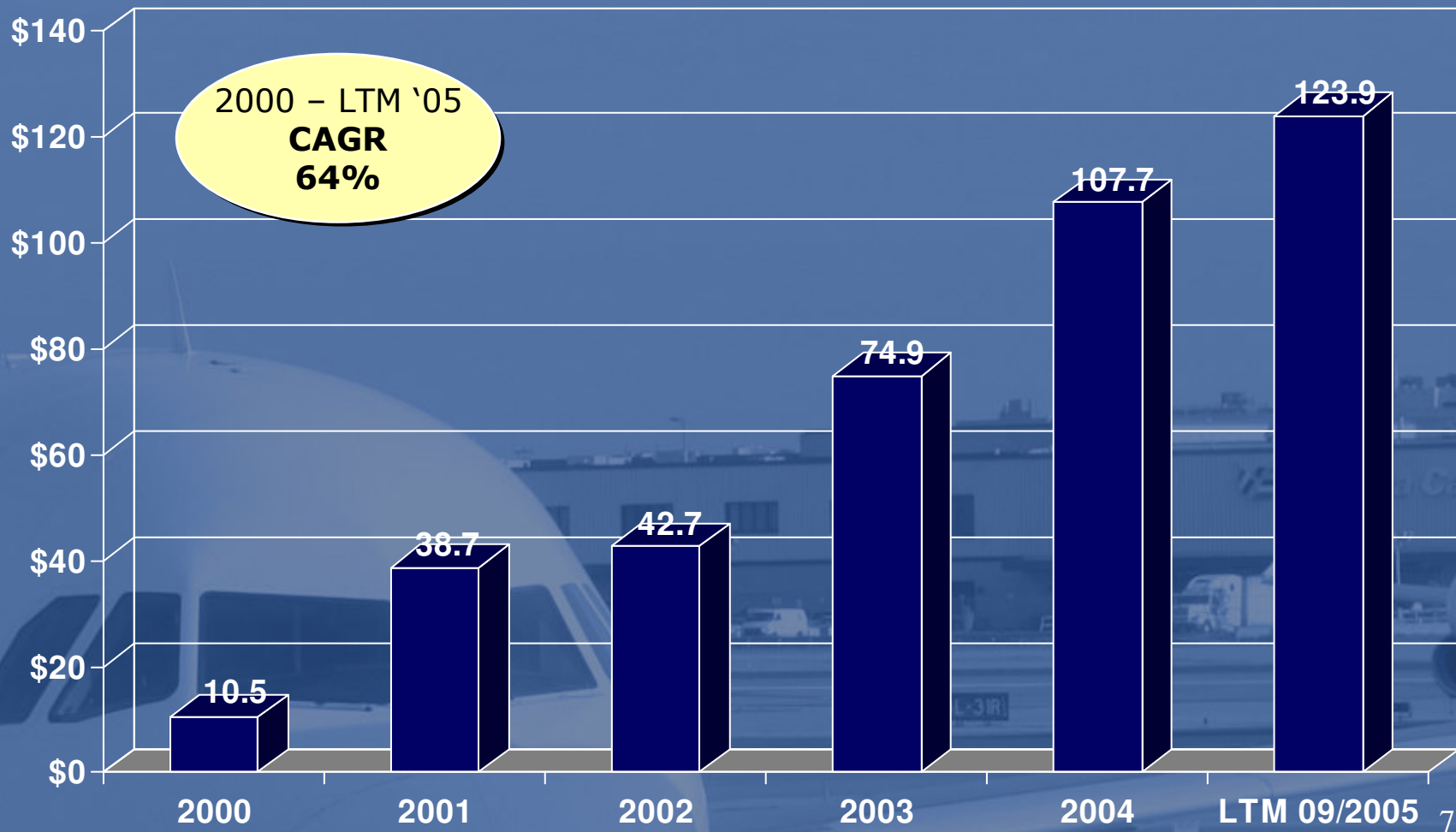
# Operating Revenues (In millions)



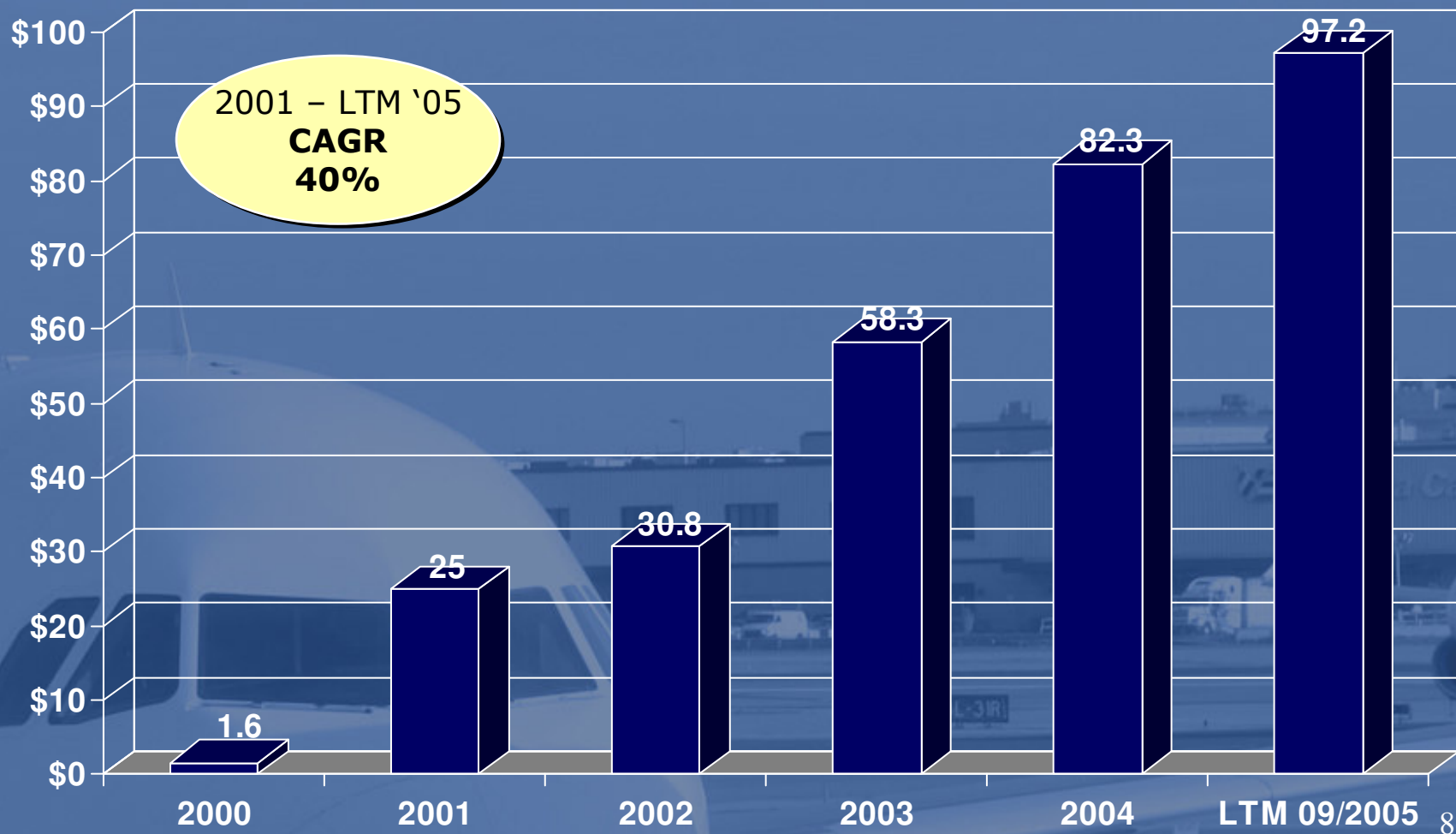
# Operating Expenses (In millions)



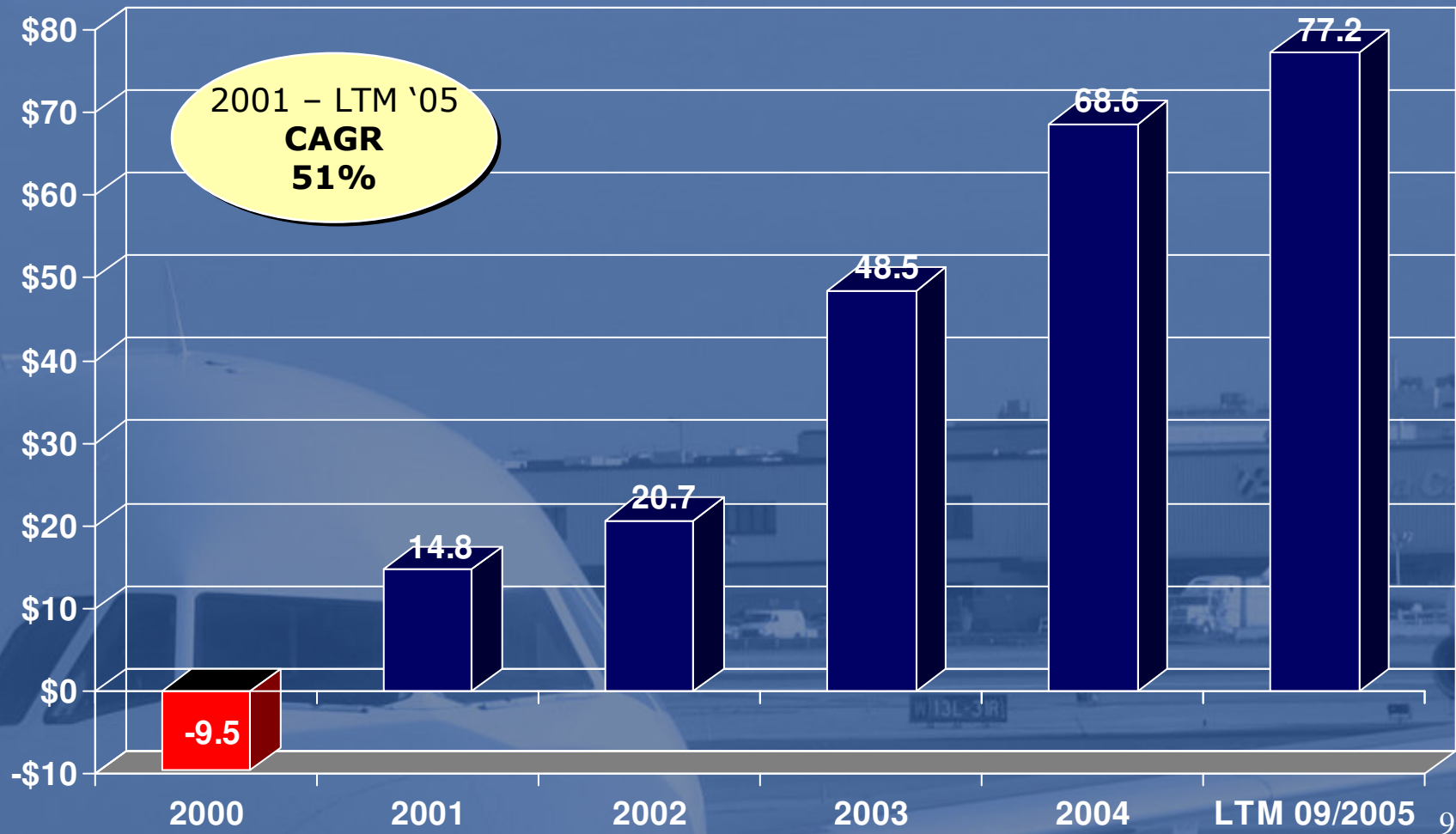
# EBITDA - In millions



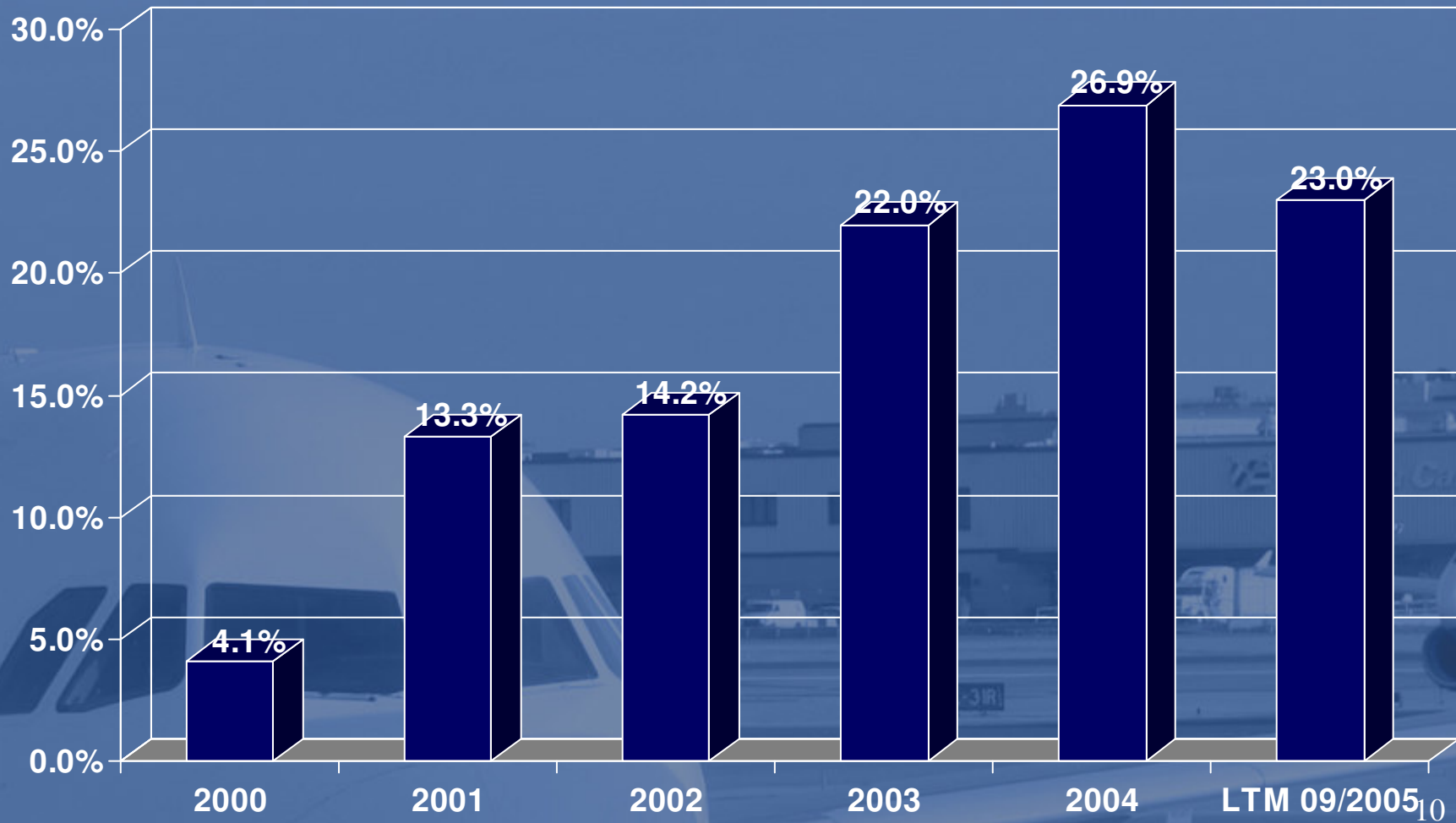
# Operating Income - In millions



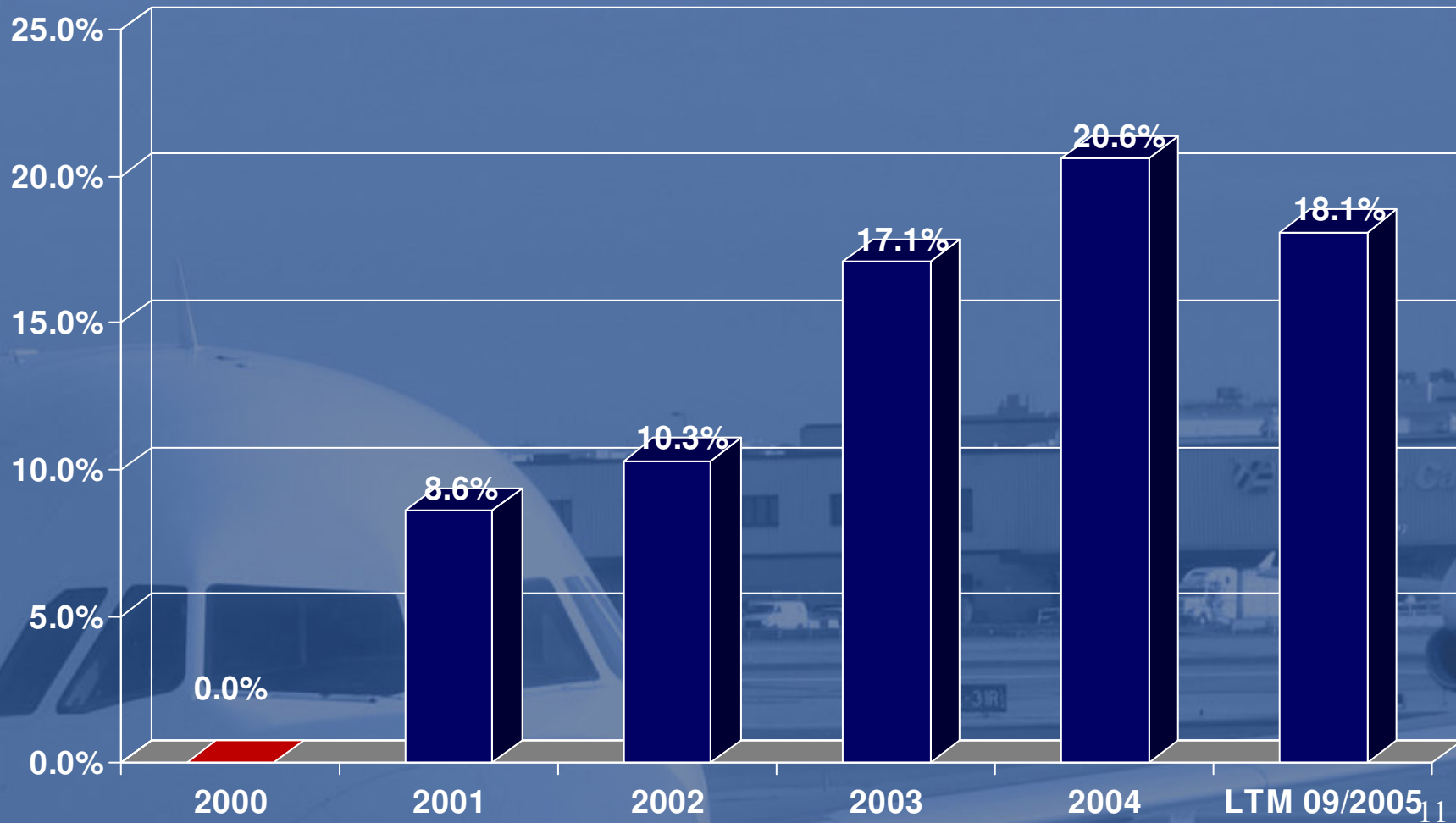
# Net Income (loss) - In millions



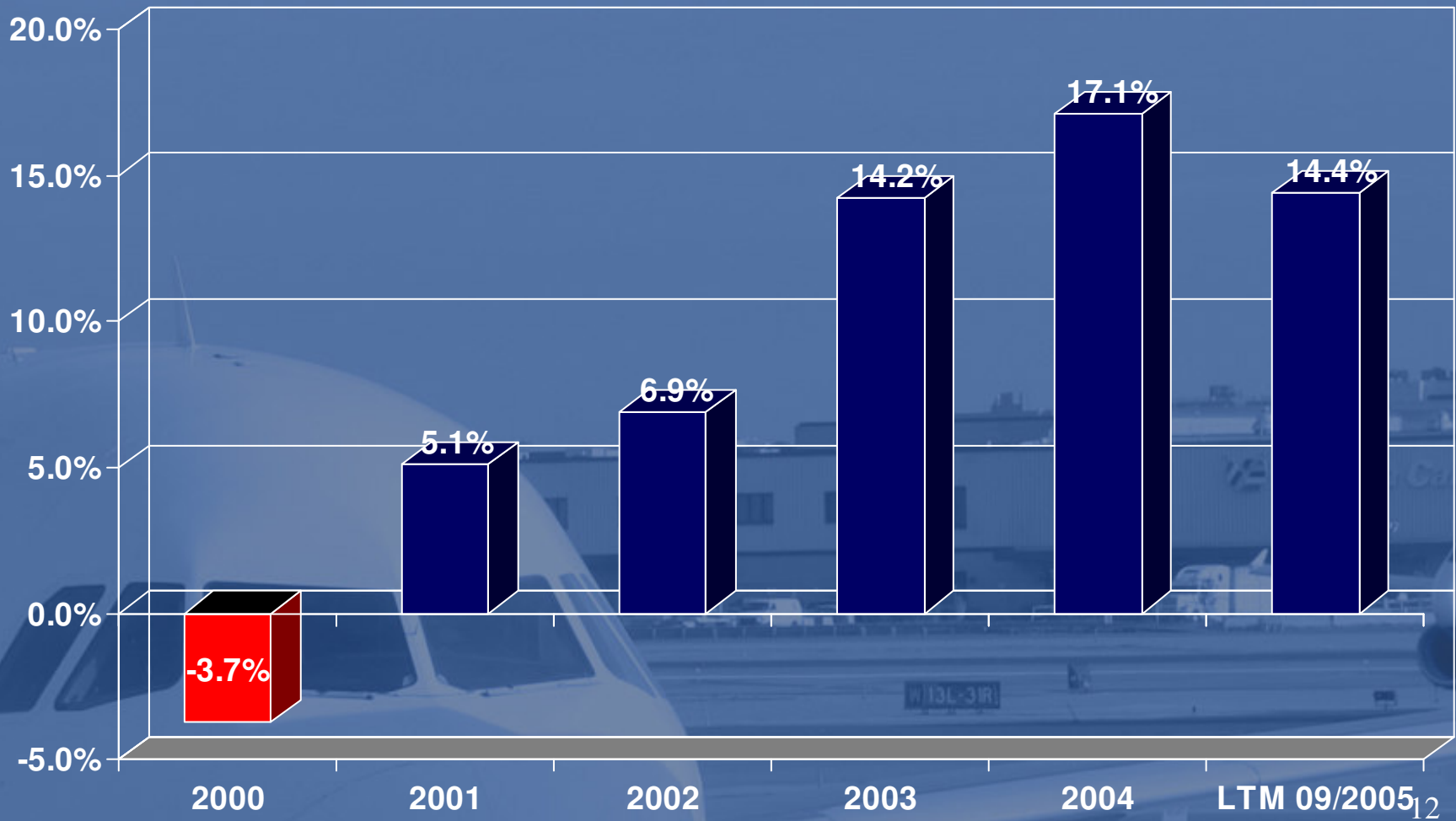
# EBITDA Margin



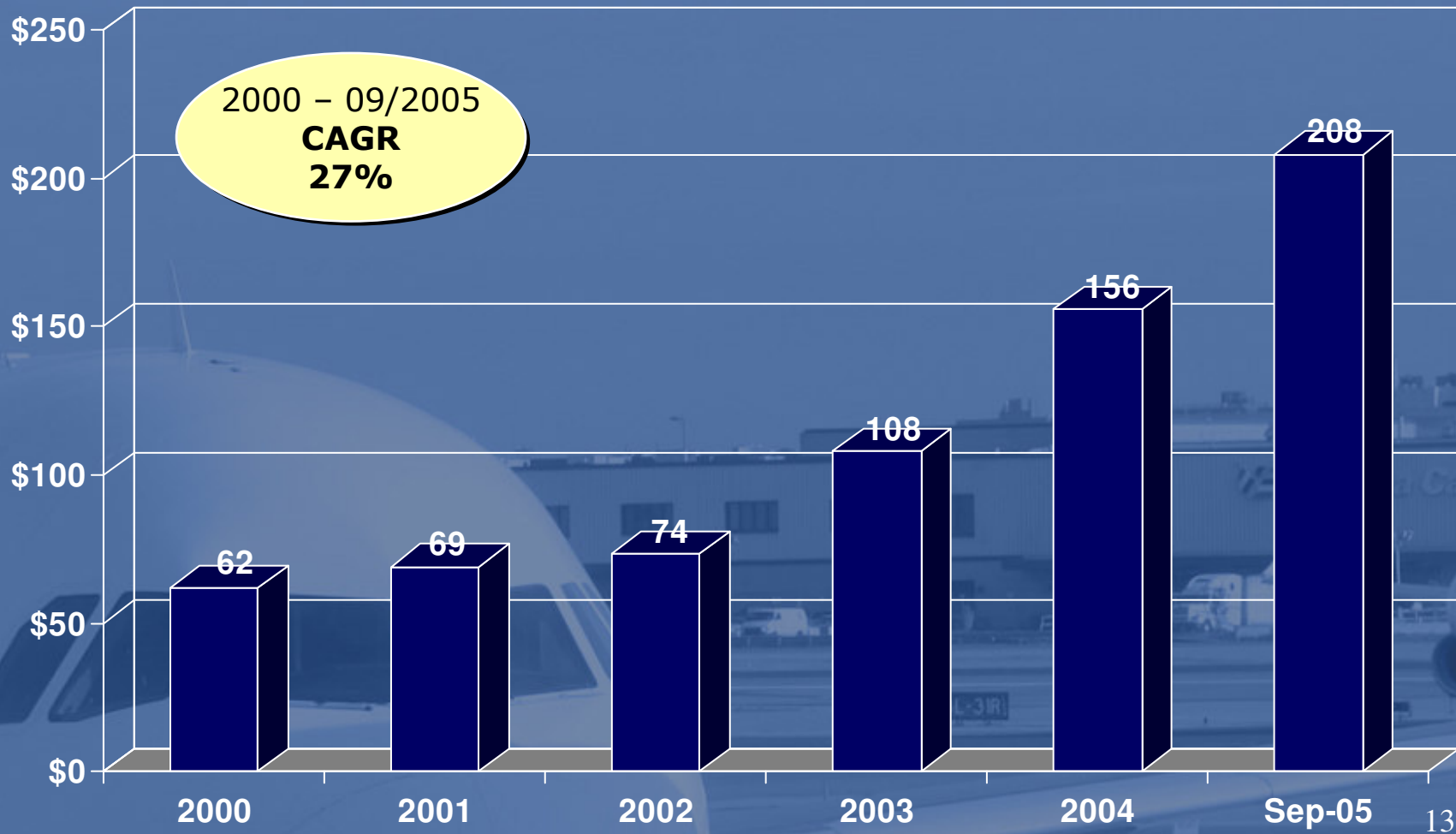
# Operating Income Margin



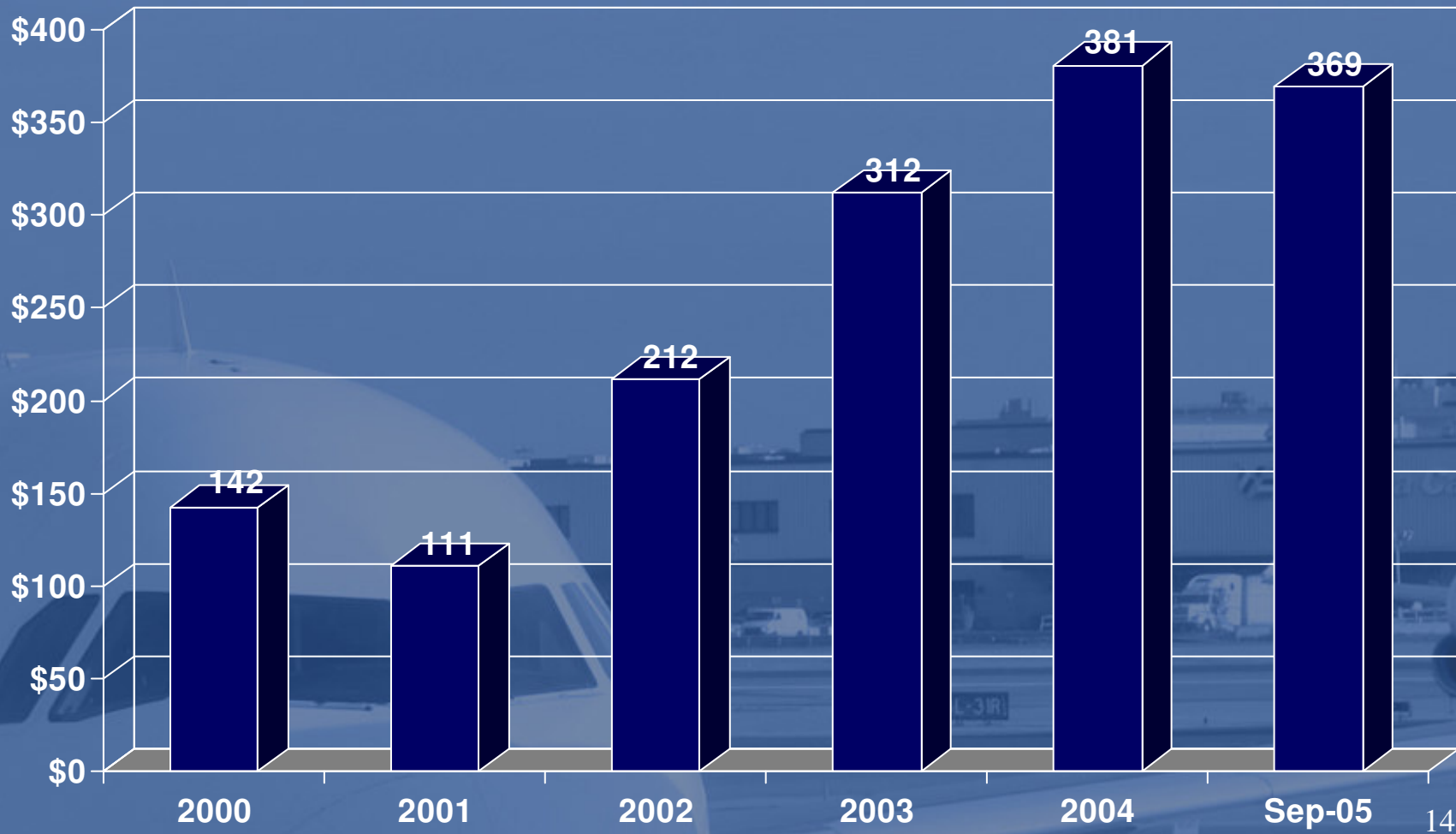
# Net Income Margin



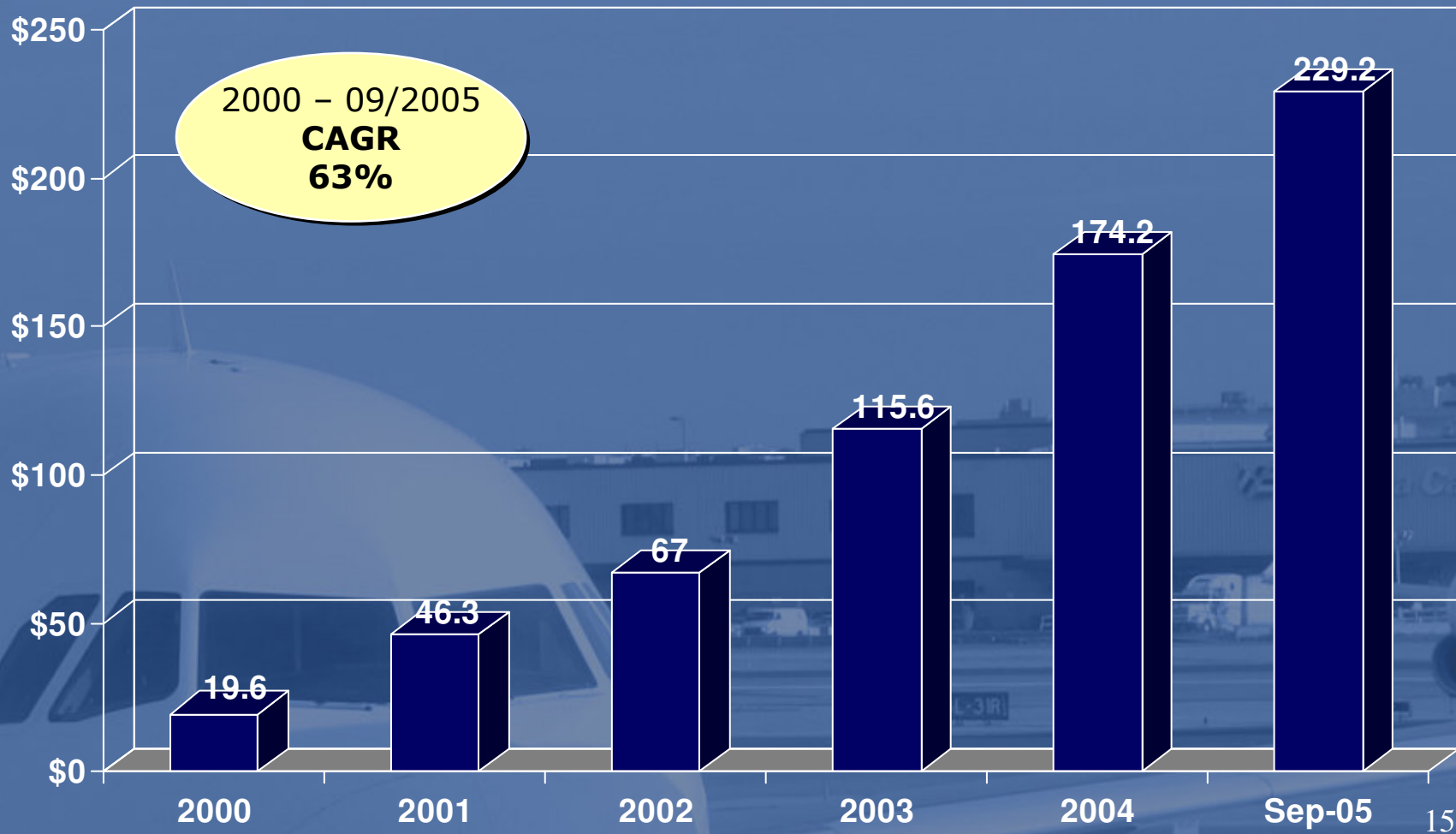
# Current Assets - In millions



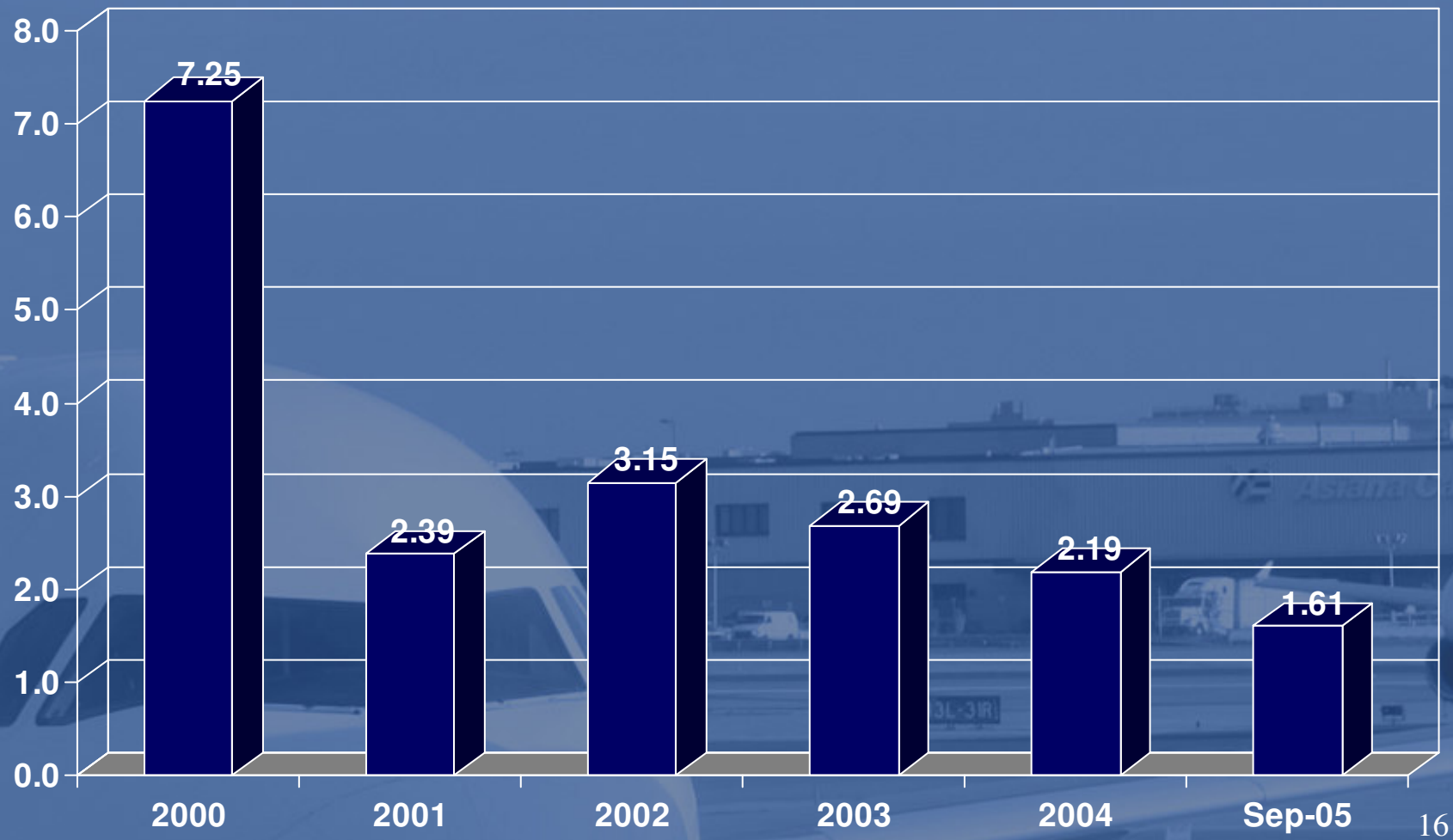
# Long Term Debt - In millions



# Stockholders Equity - In millions

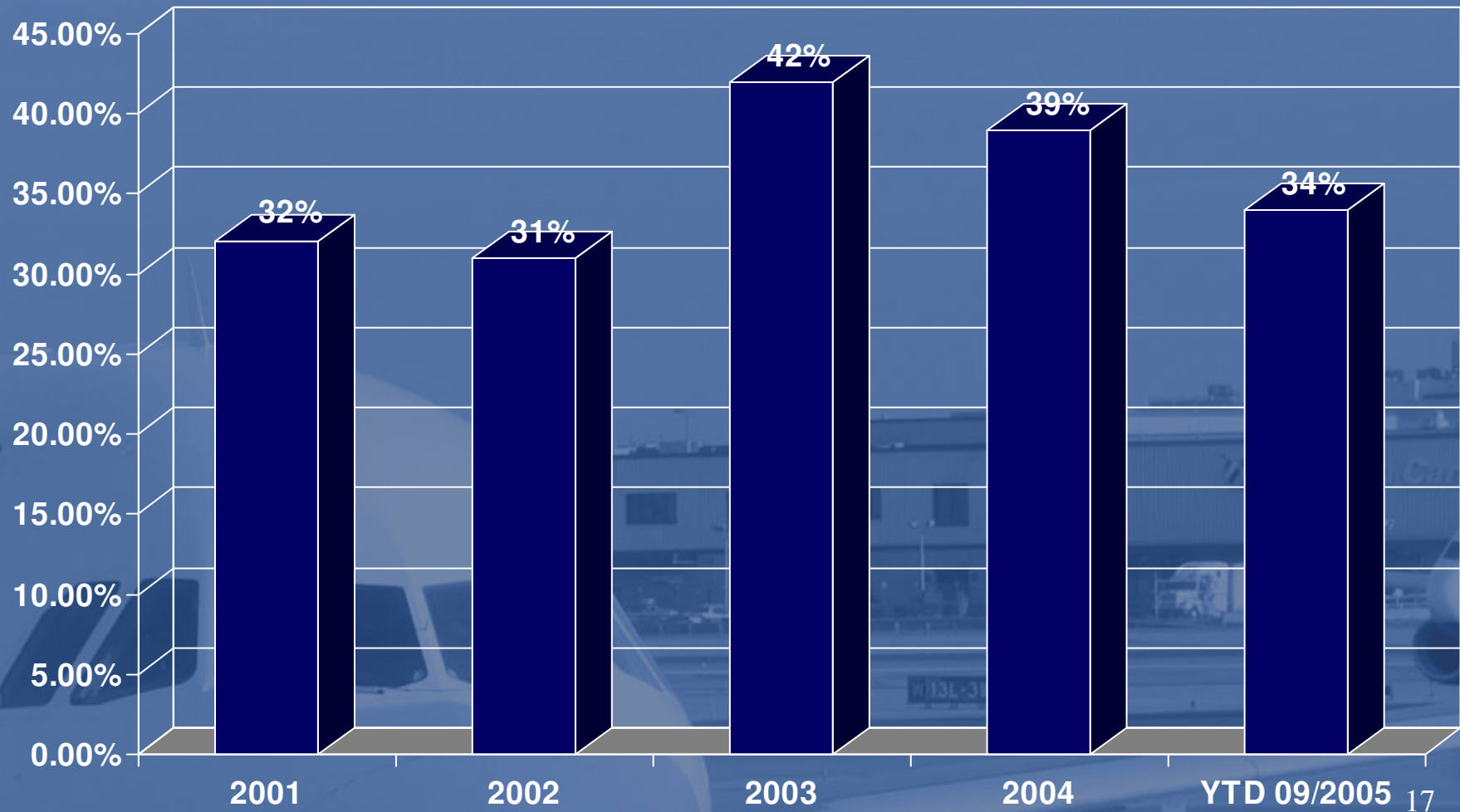


# Debt / Equity Ratio



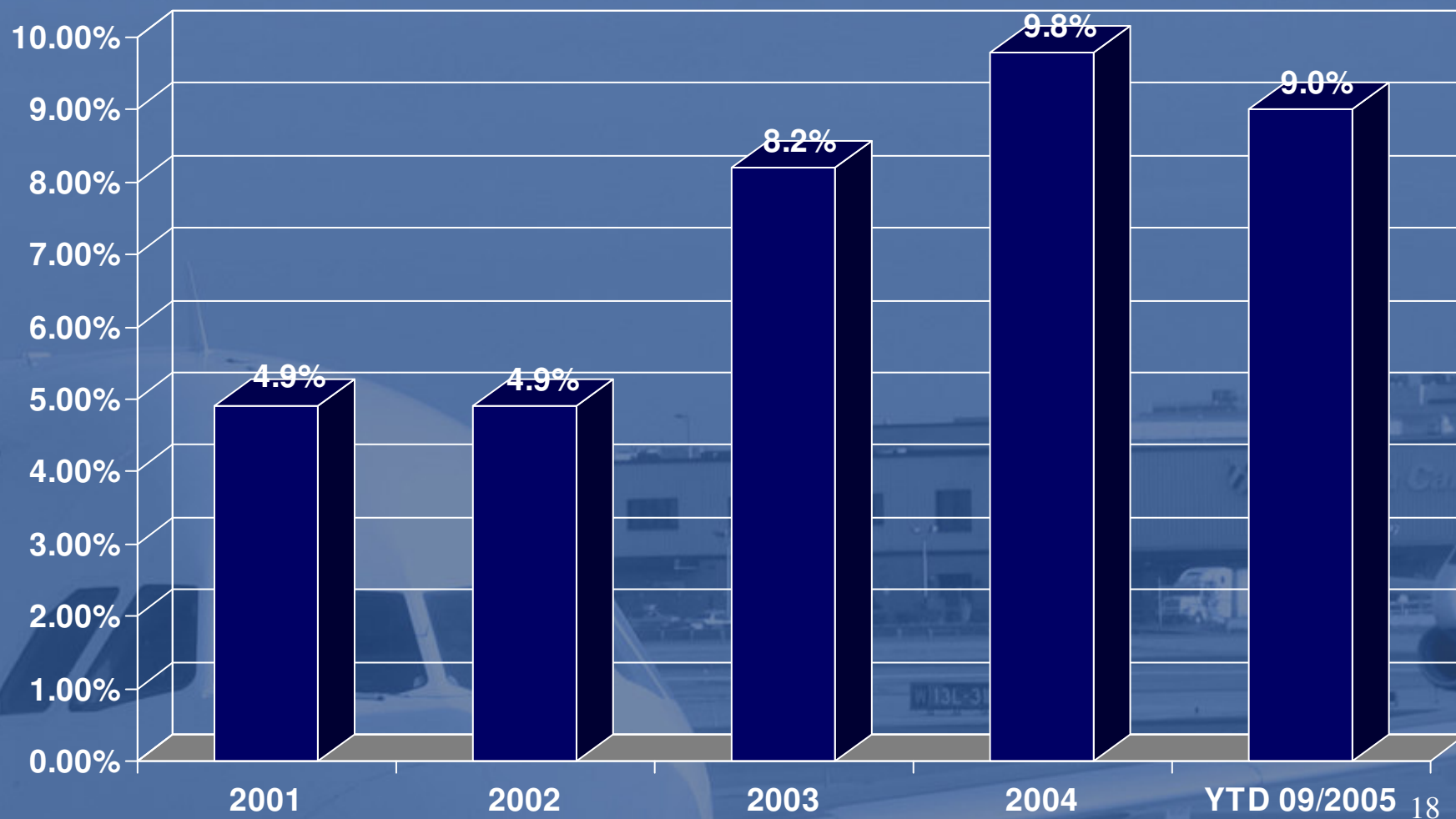
# Return on Equity

FY 2000 has been excluded since the company reported a net income loss of \$9.5M

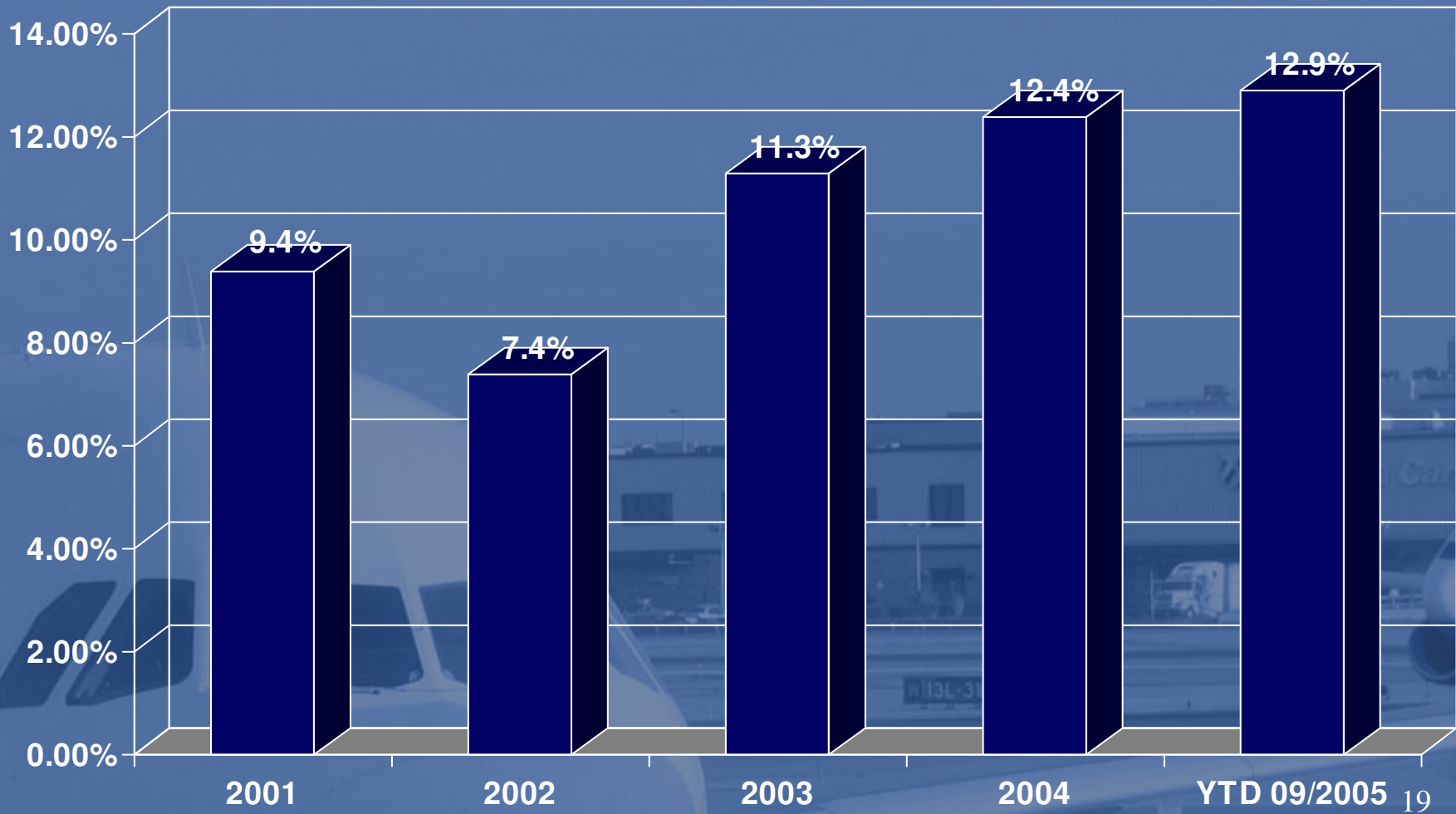


# Return on Assets

FY 2000 has been excluded since the company reported a net income loss of \$9.5M



# Return on Invested Capital





# Benchmarking COPA

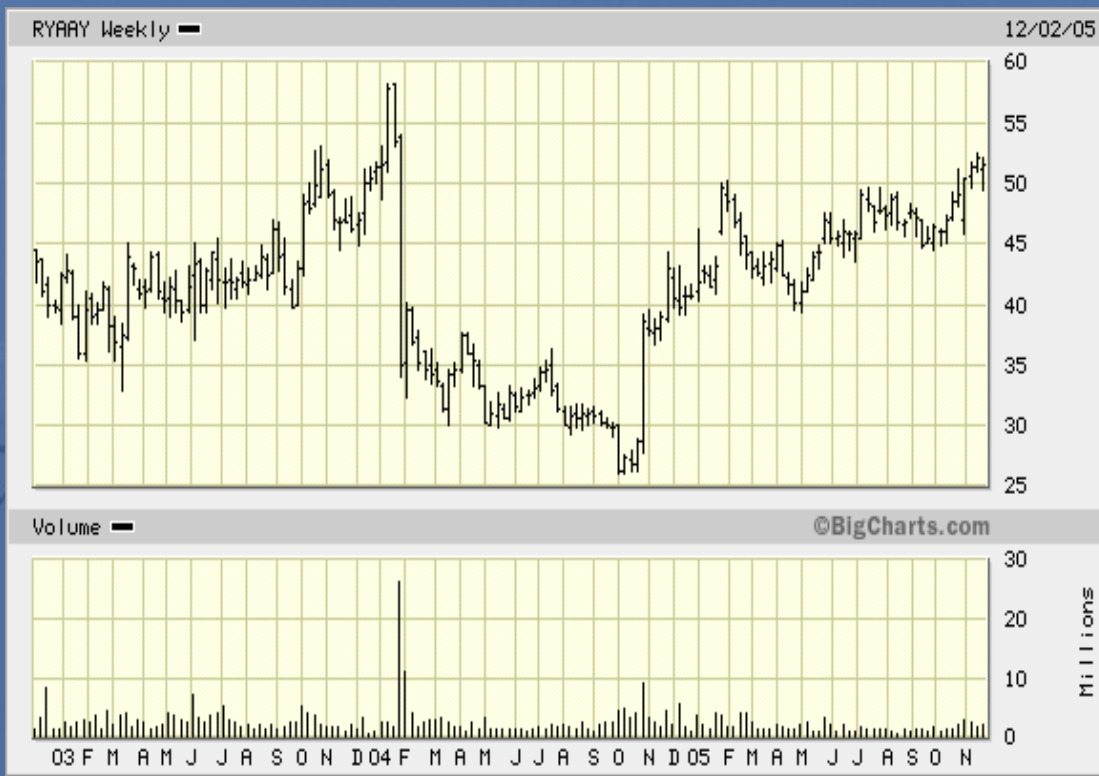
Companies Selected

# Companies Selected



GOL Linhas Aereas Inteligentes SA (GOL) is a low-cost, low-fare, worldwide airline. GOL operates a simplified fleet with a single class of service. The Company has a young and modern fleet that requires low maintenance, fuel and training costs, with high aircraft utilization and efficiency ratios. The Company offers over 410 daily flights to 45 major business and travel destinations in Brazil and Argentina, with substantial expansion opportunities. GOL's growth plans include increasing frequencies in existing markets and adding service to additional markets in both Brazil and other high-traffic South American travel destinations. (Source: CNBC.com)

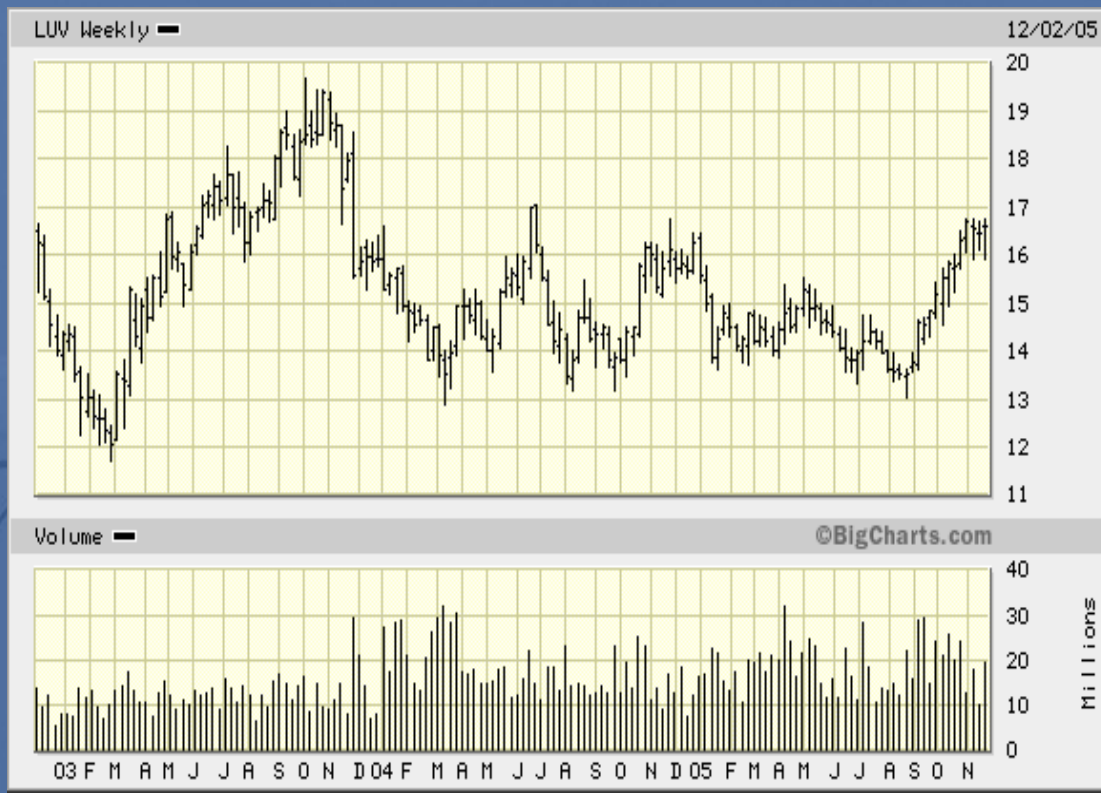
# Companies Selected



Ryanair Holdings plc operates a low-fare scheduled passenger airline serving short-haul, point-to-point routes in Europe from its bases at Dublin, London (Stansted), Shannon, London (Luton), Glasgow (Prestwick), Brussels (Charleroi), Frankfurt (Hahn), Milan (Bergamo), Stockholm (Skavsta), Barcelona (Girona), Rome (Ciampino), Liverpool and Pisa airports. The Company offers approximately 600 scheduled short-haul flights per day serving 24 locations in United Kingdom and Ireland, and 107 locations in continental Europe with an operating fleet of 92 aircraft flying a total 266 routes.

(Source: CNBC.com)

# Companies Selected



Southwest Airlines Co. (Southwest) is a domestic airline that provides shorthaul, longhaul, high-frequency, point-to-point, low-fare service. During the year ended December 31, 2004, the Company operated 417 Boeing 737 aircraft and provided service to 60 airports in 59 cities in 31 states throughout the United States. Southwest began service to Philadelphia in May 2004, and announced the starting of the service in Pittsburgh in May 2005. During 2004, the Company closed its Dallas, Salt Lake City and Little Rock reservations centers. At December 31, 2004, the Company operated six reservation centers. (Source: CNBC.com)

# Companies Selected



JetBlue Airways Corporation is a low-cost passenger airline that provides customer service at low fares primarily on point-to-point routes. As of February 10, 2005, the Company operated a total of 280 daily flights. The Company focuses on serving markets that previously were underserved and large metropolitan areas that have had high average fares. The Company serves 30 destinations in 12 states, Puerto Rico, the Dominican Republic and The Bahamas.

(Source: CNBC.com)

# Companies Selected



AirTran Holdings, Inc. is involved in the airline business in the United States through its principal wholly owned subsidiary, AirTran Airways, Inc. (Airways). Airways is a low-fare scheduled airline, which operates scheduled airline service primarily in short-haul markets, predominantly in the eastern United States.

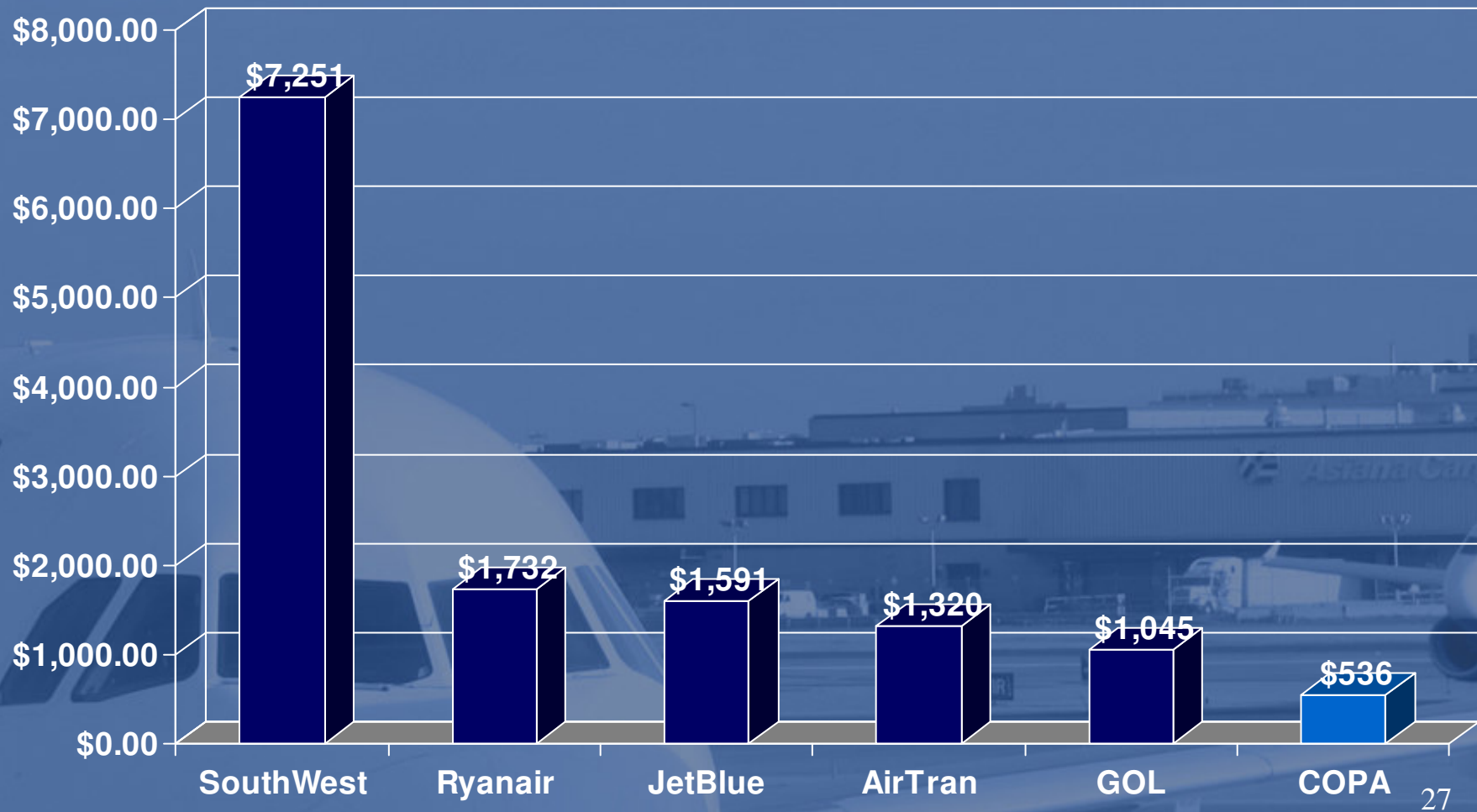
The Company serves more than 60 communities in 23 states, the District of Columbia and the Bahamas. It primarily serves leisure and business travelers, and offers advanced seat assignment, business class, consumer-driven automation, such as online check in and Bye-Pass airport self-service kiosks, as well as its customer loyalty program, A-Plus Rewards. (Source: CNBC.com)



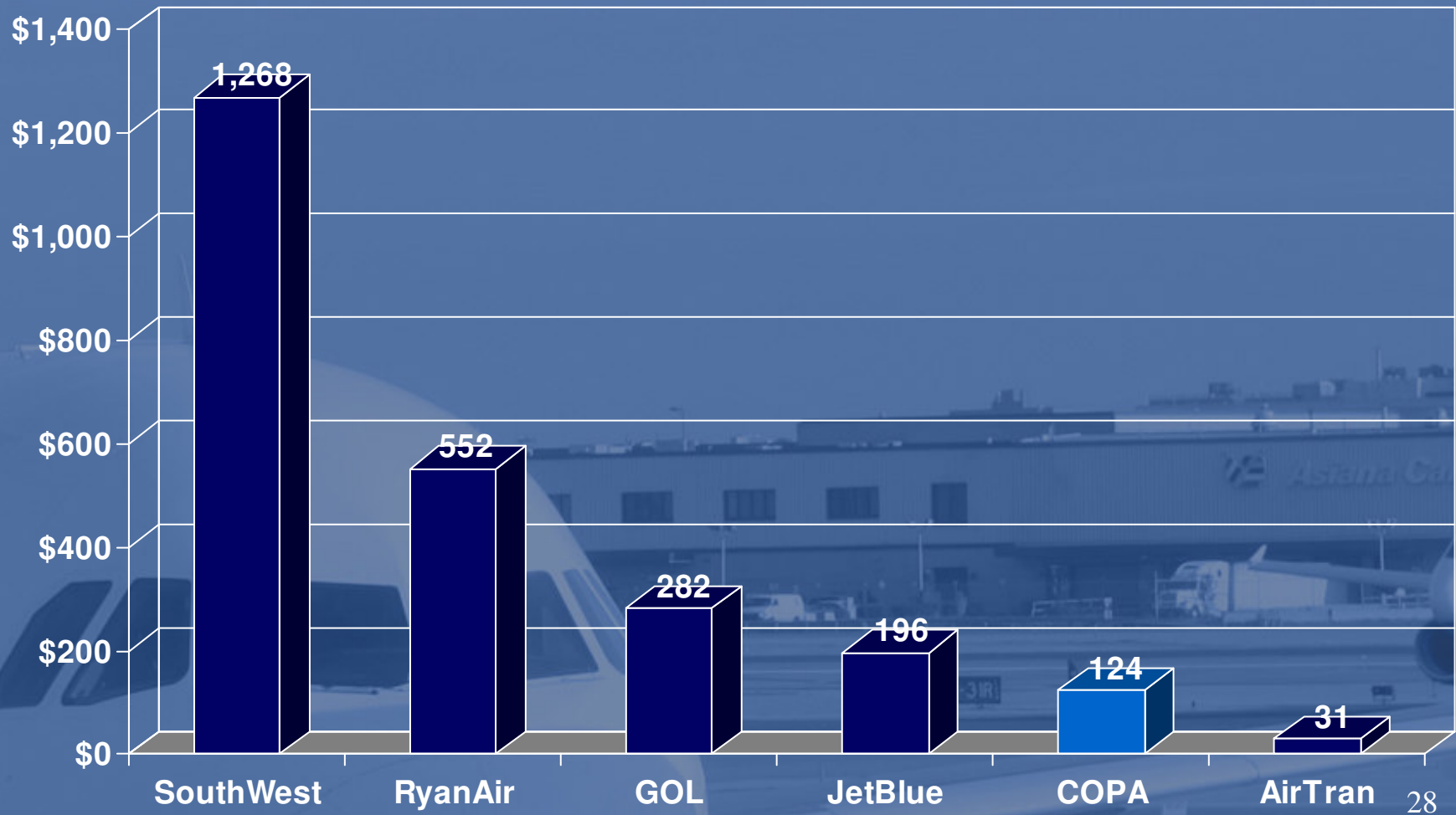
# Benchmarking COPA

## Financial Benchmarks

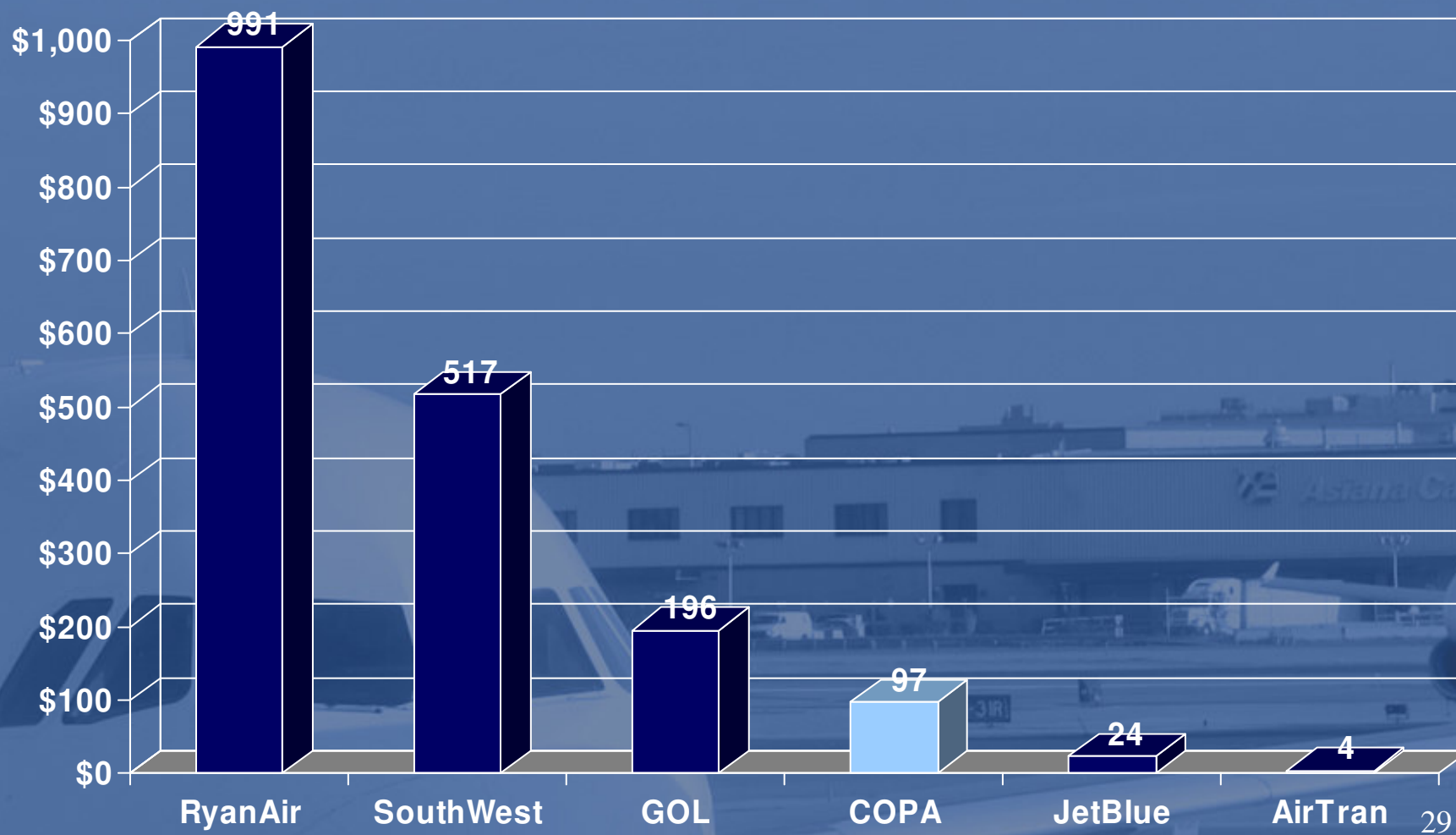
# Sales (in millions) LTM 9/2005



# EBITDA (in millions) LTM 9/2005



# Op. Income (in millions) LTM 9/2005

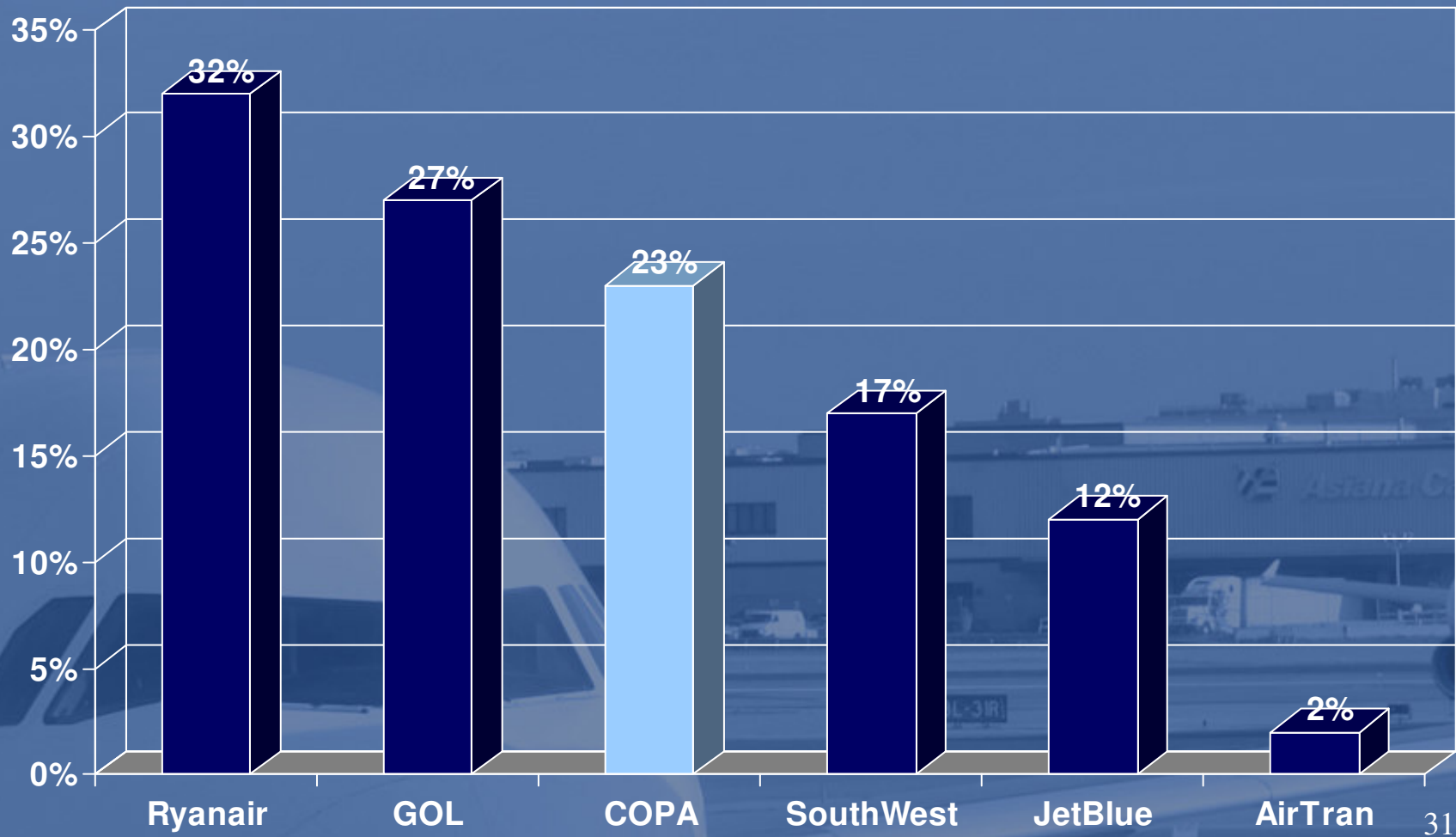




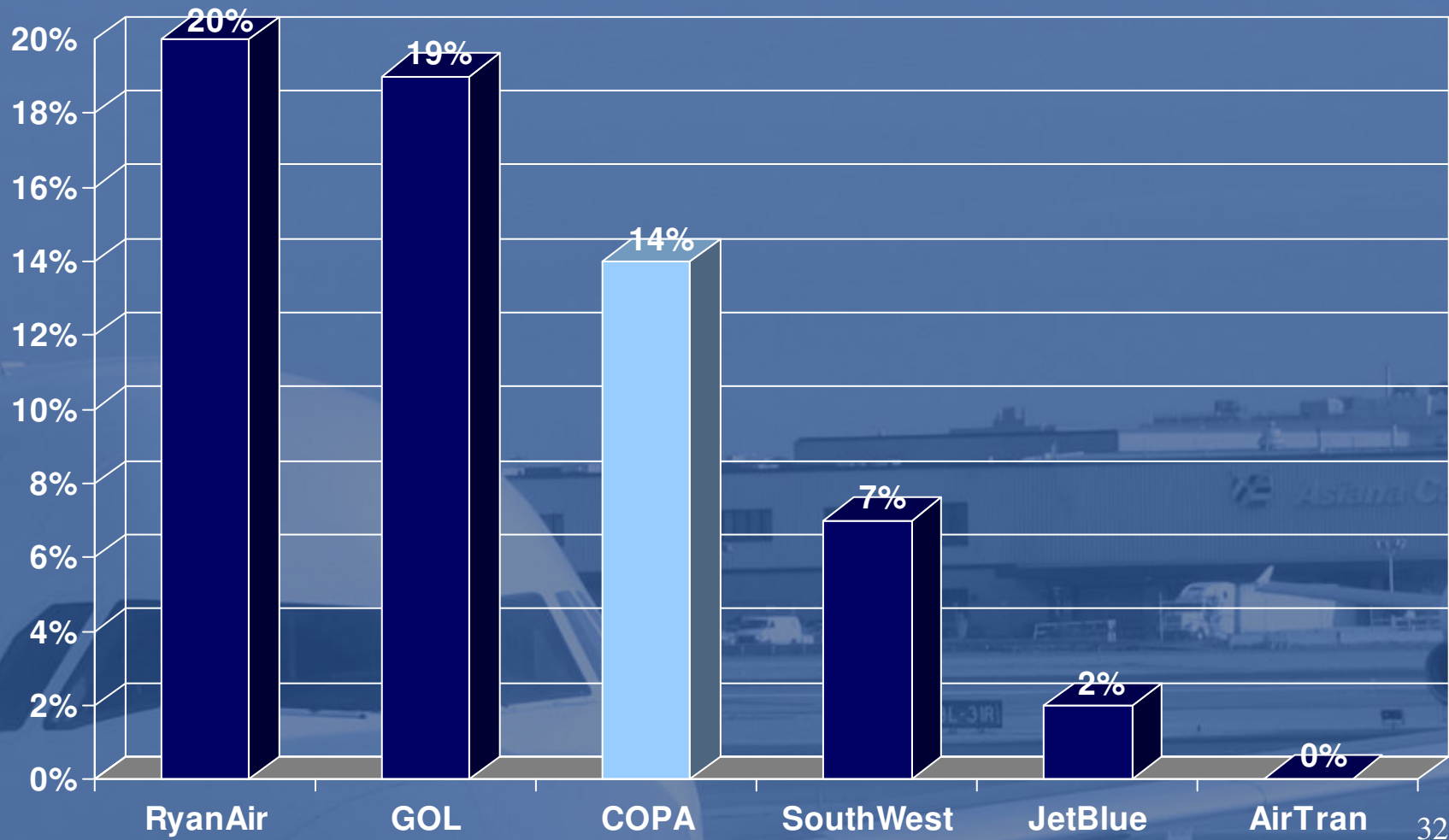
# Benchmarking COPA

Margins

# EBITDA Margins



# Net Income Margins

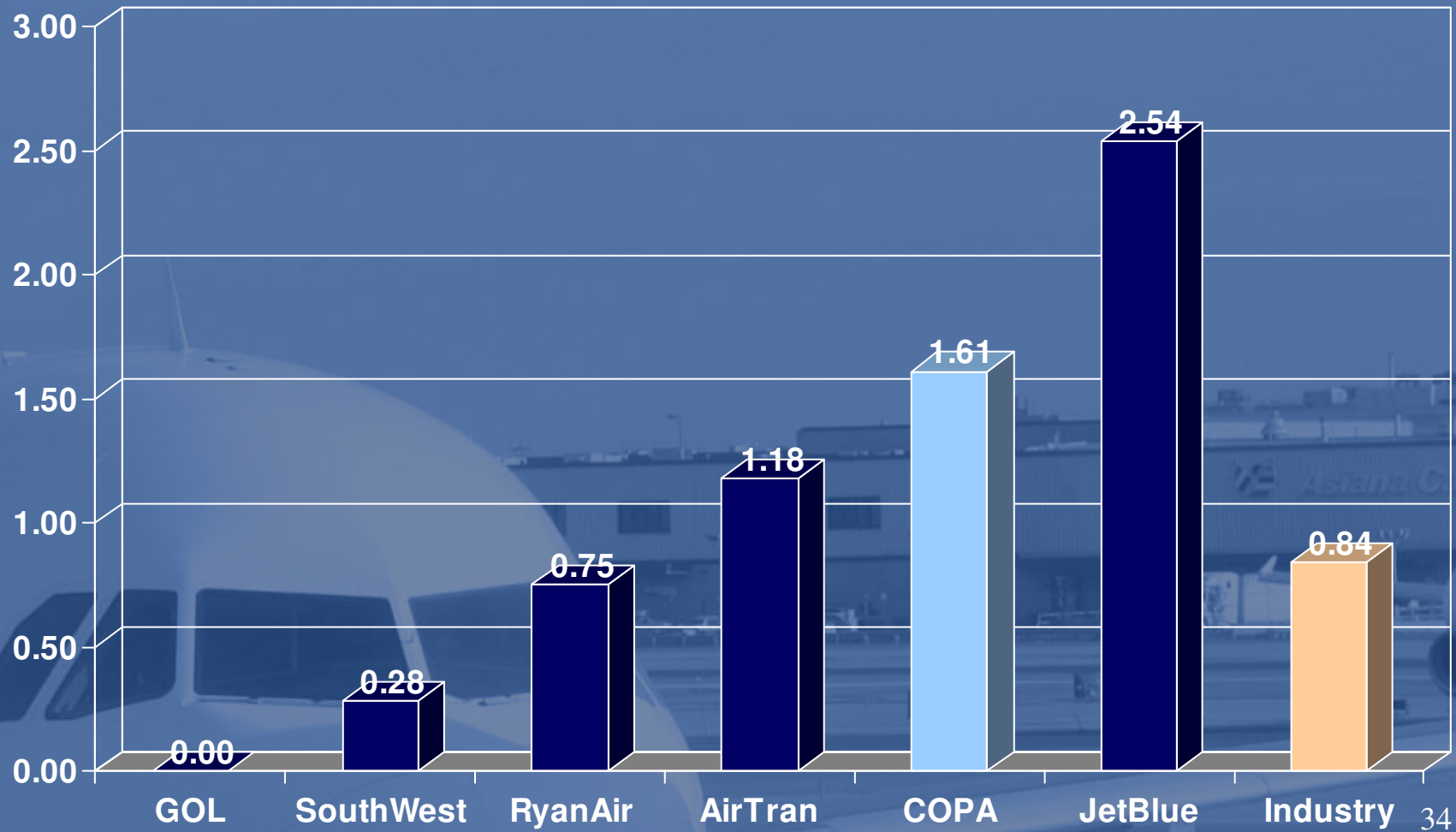




# Benchmarking COPA

Financial Efficiency

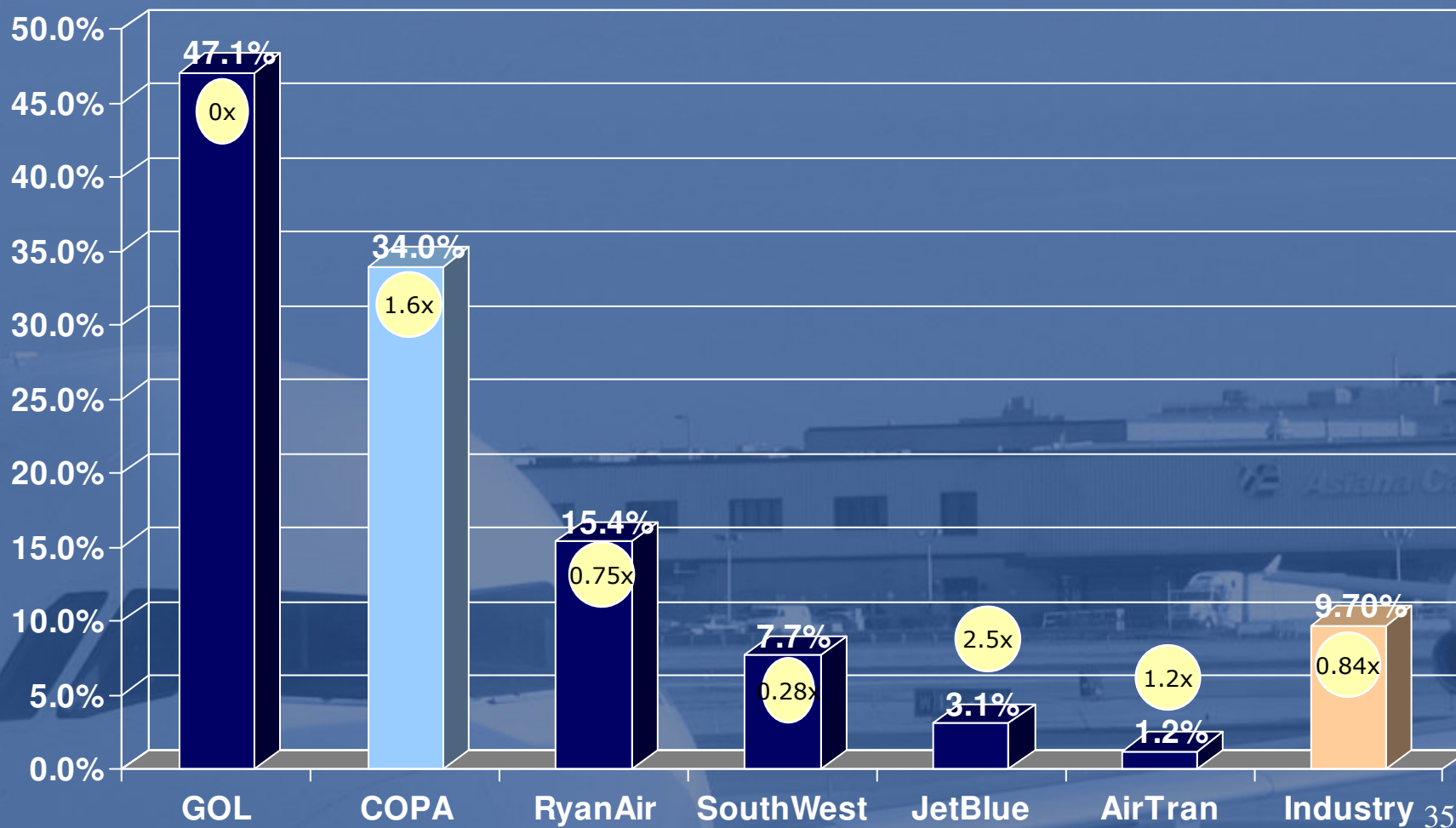
# Debt / Equity



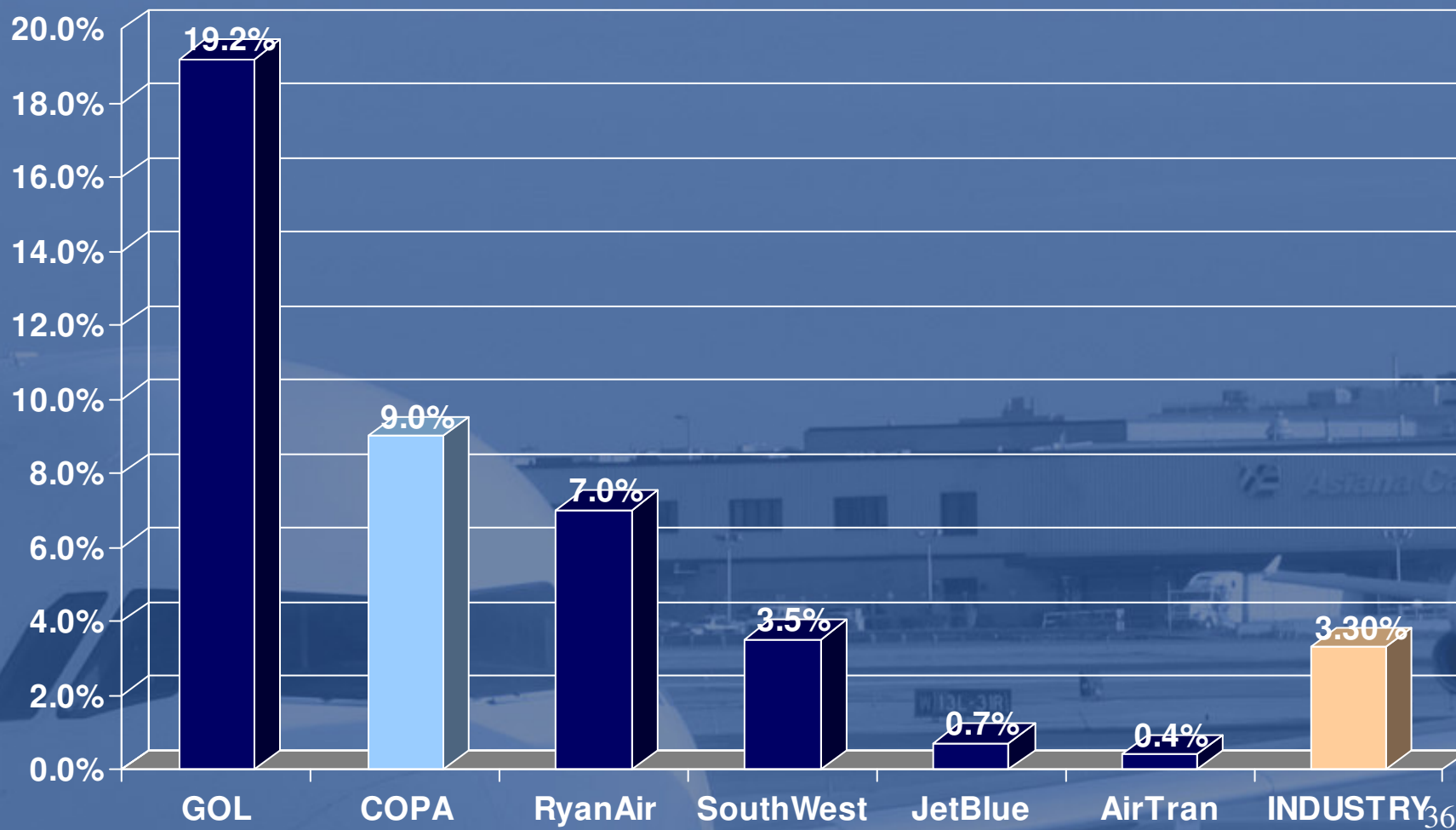
# Return on Equity

D/E

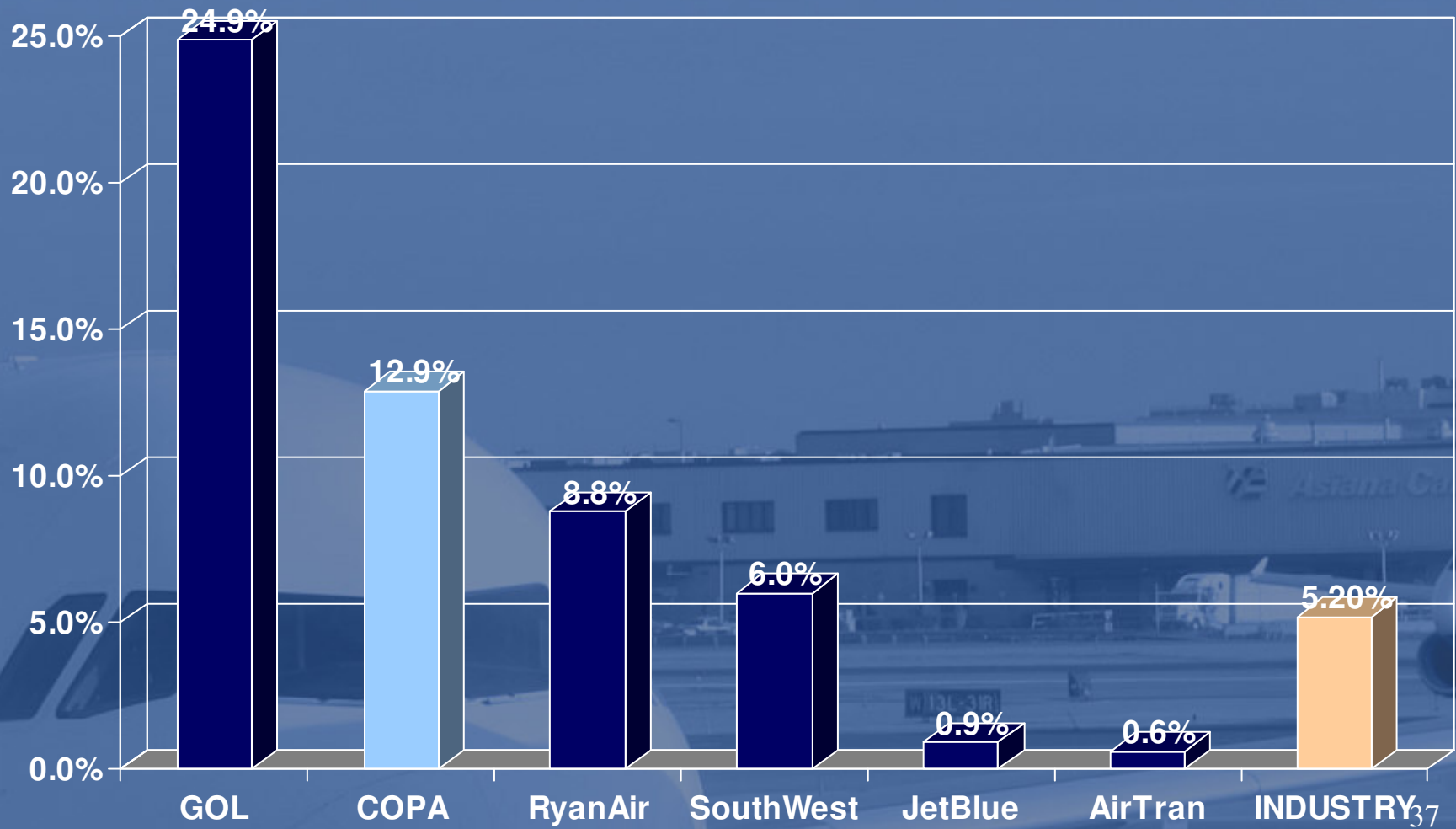
By comparing ROE along with the D/E ratio, we obtain a better measure of effective use of debt towards the benefit of shareholders.



# Return on Assets



# Return on Invested Capital

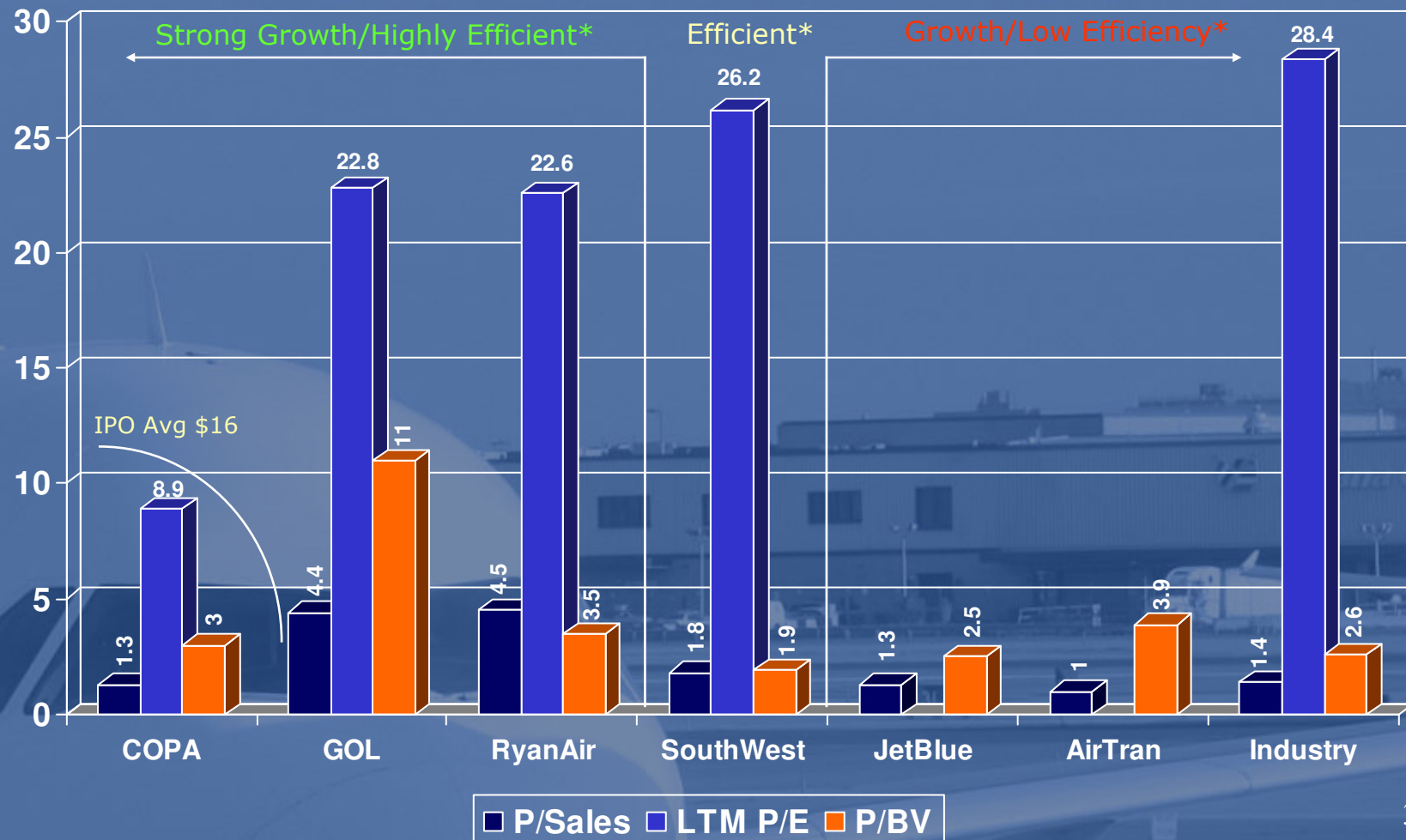




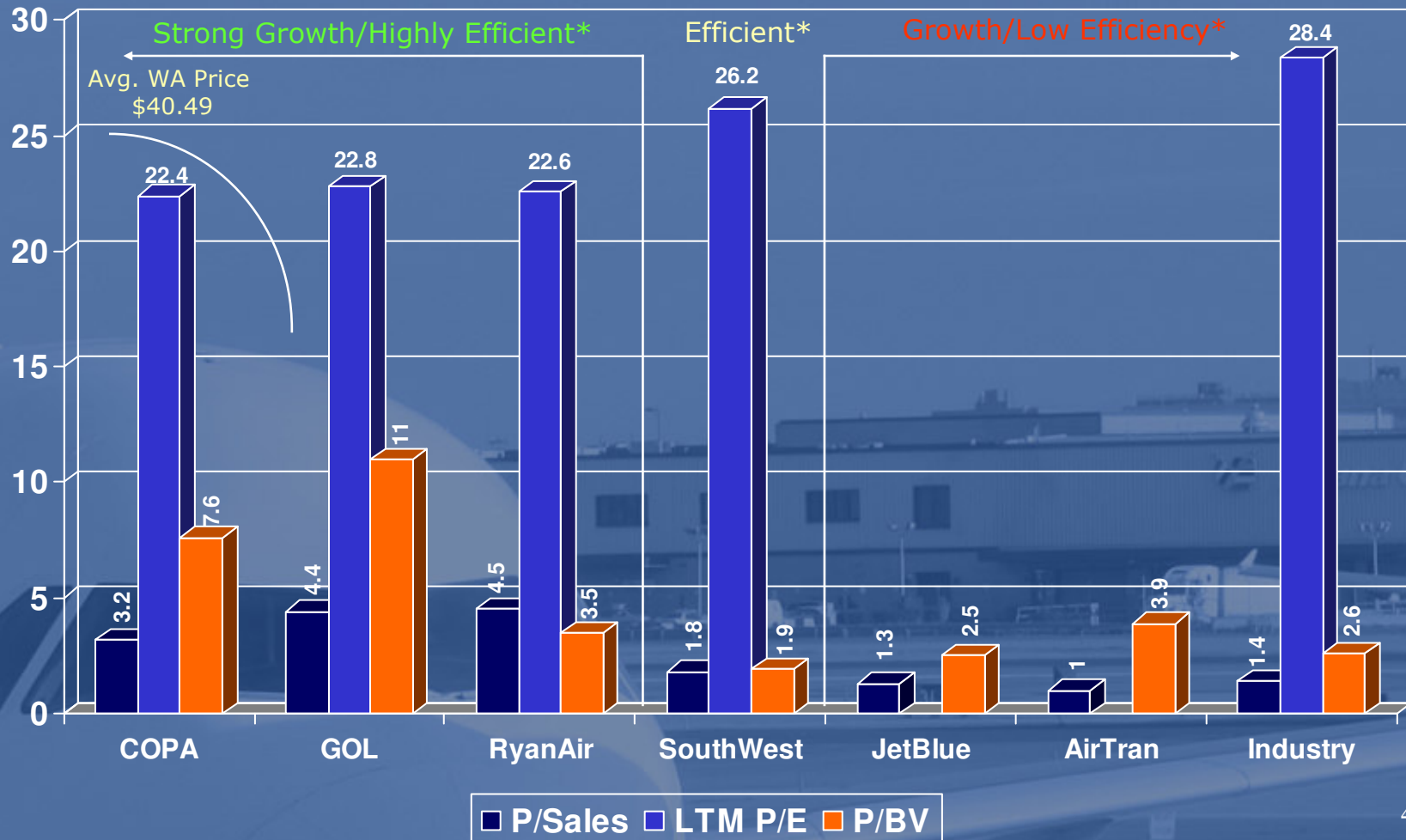
# Peer Valuation

Estimated Fair Value Based on Multiples

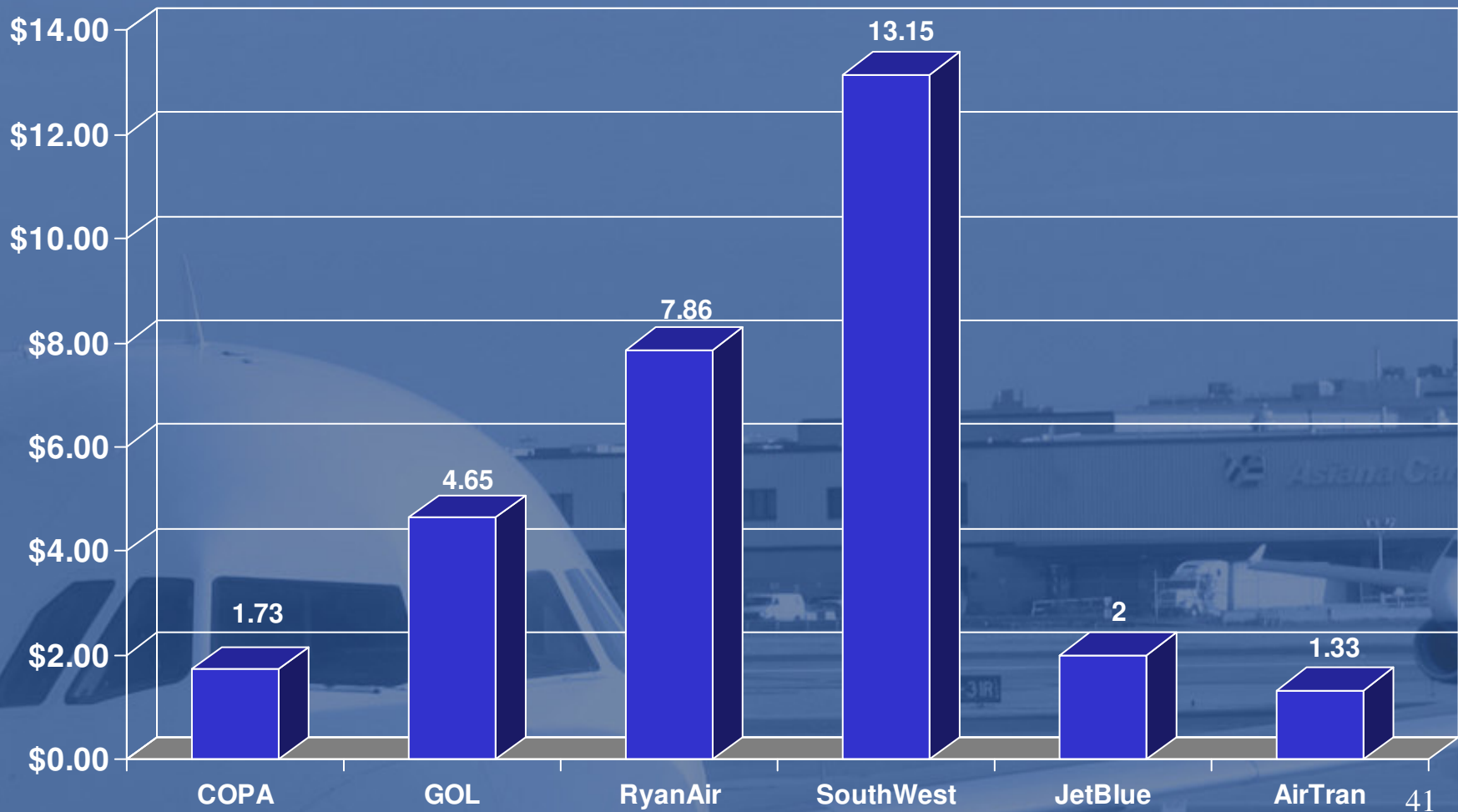
# Multiple Valuation – Per IPO price range



# Multiple Valuation – W. Avg Implied Estimated Price



# Market Capitalization (in Billions) Per Estimated Avg. WA Price



Excludes 2,100,000 Class A shares of underwriters over-allotment option

# Peer Valuation (Based on Multiples)

## COPA Implied Valuation based on peers multiples (in '000)

<b>Sales</b>	<b>WA Shares</b>	<b>S/Share</b>	<b>P/Sales</b>	<b>Est. Price</b>
\$535,600	42,812.50	\$12.51	3.2	\$40.03
<b>Net Income</b>	<b>WA Shares</b>	<b>EPS</b>	<b>P/EPS</b>	<b>Est. Price</b>
\$77,225	42,812.50	\$1.80	24.1	\$43.38
<b>Book Value</b>	<b>WA Shares</b>	<b>BV P/Share</b>	<b>P/BV</b>	<b>Est. Price</b>
\$229,223	42,812.50	\$5.35	5.61	\$30.01
<b>Weighted Average Estimated Fair Price:</b>				<b>\$40.49</b>

## COPA Peer Implied Valuation (WA Avg Price)

<b>Sales</b>	<b>WA Shares</b>	<b>S/Share</b>	<b>P/Sales</b>	<b>Est. Price</b>
\$535,600	42,812.50	\$12.51	3.2	\$40.49
<b>Net Income</b>	<b>WA Shares</b>	<b>EPS</b>	<b>P/EPS</b>	<b>Est. Price</b>
\$77,225	42,812.50	\$1.80	22.4	\$40.49
<b>Book Value</b>	<b>WA Shares</b>	<b>BV P/Share</b>	<b>P/BV</b>	<b>Est. Price</b>
\$229,223	42,812.50	\$5.35	7.56	\$40.49

\*Minor discrepancies due to rounding

The IPO price range of the offering is expected to be between \$15 - \$17 per share. However if we consider the current valuations of COPA's peers, (particularly GOL and RyanAir) based on multiples such as P/Sales, Current P/E, and P/Book Value the initial pricing maybe too low as an estimated fair price could be in the range of \$30 - \$43 per peer multiple valuation methodology. Interestingly using a DCF method (not included) gives an estimated price of \$38.00



End

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