

Copa Holdings (CPA)

Price:	\$111.54	Net Tang. Bk Value Incl.	\$1,324,990,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$2,761,498,730.97
Market Cap:	\$4,944,568,200	Cash (NTBVIC):		Avg. Year FCF/Share:	\$244,864,214.36
Cash:	\$651,100,000	Market Price/NTBVIC:	3.73	Year 5 Disposition FCF Multiple:	5.0
Debt:	\$1,236,270,000	Op. Cash Flow:	\$334,256,600	Year 5 Disposition Price:	\$3,985,819,802.77
Net Cash:	-\$585,170,000	Implied Years to Fill Gap:	10.83		
Enterprise Value:	\$5,529,738,200	Today's Equity if 5x Op. CF:	\$2,996,273,000		
		Net Tang. Book+5 FCF+ Gain Disposition:			\$3,985,819,802.77
Shares Outstanding:	44,330,000	IRR:			-4.22%
		Price:			\$89.91
		Target Market Cap:			\$3,985,819,803
		Target Enterprise Value:			\$4,570,989,803

The co. is an airline carrier to Panama. We were impressed by the strong consistent cash flows, relatively low leverage, tangible assets on hand, and high return on equity. They mentioned hub and spoke setup at the Panama airport, which reminded us of Southwestern. If a co. like Southwestern were to expand into the international flight market, Copa Holdings would be shortlisted in our opinion.

The risk is the inherent weakness in the airline industry with competitive fares, exposure to oil price fluctuation, which can be hedged, but that also presents a new set of potential issues, geopolitical disturbance in Central/South America, labor disputes. Yet, our concerns are eased when considering it has weathered the 2008 financial crisis well and have grown revenues and operating cash flow during the past 4 years, although we take a dim view on the compressing margin.

We also would like to mention the seeming oligopoly in Panama's airline industry, namely controlled by the Co. and a rival. In light of national interest, we don't believe the Panamanian government would be delighted by a foreign takeover of a vital logistical line. So, we advise those who may consider an acquisition to look into partnering with a local entity.

It is definitely a niche play, but we don't understand why traffic to Panama would increase over the next 10, 20 years. They could be capturing market share from other airlines where the traffic is primarily vacationers, but we think there is a restrained market size. We definitely would be turned off if the co. wanted to grow their business by going away from their Panama hub. There is too much macro variables in this investment, so although the operating performance is attractive, we won't be able to rest well at night with this in our portfolio. Also, the pricing is too rich for our investment, but we feel current shareholders could ride this co.'s development for the long term.

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Company Name:	Copa Holdings
Ticker Symbol:	CPA
Last Price:	\$111.54
Net Cash/Share:	-\$13.20
Net Cash to Last Price:	-11.83%
Shares Outstanding:	44,330,000
Industry:	Airlines
Sector:	Industrials
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	#VALUE!
Insider Ownership:	#VALUE!
Retail Ownership:	#VALUE!
Float:	#VALUE!

Technicals	
52 week low:	Error
Today from 52 week low:	#VALUE!
52 week high:	Error
Today from 52 week high:	#VALUE!
50 day Moving Average:	Error
200 day Moving Average:	Error

Analyst/Consensus	
Analyst Sales Growth FY1:	15.00%
Analyst Sales Growth FY2:	11.60%
SN Valuation Estimate FY1:	5.00%
SN Valuation Estimate FY2:	5.00%

Analyst Earnings Estimate FY1:	\$9.43
Analyst Earnings Estimate FY2:	\$10.88
SN Valuation Earnings Est. FY1:	\$5.75
SN Valuation Earnings Est. FY2:	\$6.10

Multiples	
Market Value to Book:	3.22
EV to Book:	3.60
Market Value to Tangible Net Assets:	8.06
P/E Ratio:	15.15
Trailing P/E Ratio:	15.44
Forward P/E Ratio:	10.43
Beta:	Error
Dividend:	2.25
Dividend Yield:	1.98%
Dividend Date:	Dec 26, 2012
Ex-Dividend Date:	Dec 10, 2012

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	9.75
Average EV to EBIT:	N/A
Company EV to EBITA:	13.74

Market Capitalization:	\$4,944,568,200.00
Total Debt:	\$1,236,270,000.00
Total Cash:	\$651,100,000.00
Net Cash/(Debt):	-\$585,170,000.00
Enterprise Value:	\$5,529,738,200.00
Current EV/Share:	\$124.74
EBITDA:	\$567,220,000.00
EV/EBITDA Multiple:	9.75
EV/EBITDA Multiple Average Year 1-5:	9.07
EV/FCF Multiple (excluding acquisition):	15.05
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	22.58

Upper Range
DCF: EV/EBITDA Terminal Value

Implied TV from 3 X EV/EBITDA Multiple	\$1,722,512,990.32
Enterprise Value	\$1,722,512,990.32
Cash at Year 5:	\$1,875,421,071.80
Debt at Year 5:	\$1,236,270,000.00
Equity Value Year 5:	\$2,361,664,062.12
Equity/Share at Year 5:	\$53.27
Annualized Return:	-13.74%

Lower Range
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value

Year 5 Net Tangible Assets excluding cash and debt	\$1,819,960,000.00
Enterprise Value	\$1,819,960,000.00
Cash at Year 5:	\$1,875,421,071.80
Debt at Year 5:	\$1,236,270,000.00
Equity Value Year 5:	\$2,459,111,071.80
Equity/Share at Year 5:	\$55.47
Annualized Return:	-13.04%

EVA

EVA today:	\$1,706,767,183.45
EVA in 5 Years:	\$3,182,887,770.94
EVA/Share:	\$71.80
Cash at Year 5:	\$1,875,421,071.80
Debt at Year 5:	\$1,236,270,000.00
Equity Value Year 5:	\$3,822,038,842.74
Equity/Share at Year 5:	\$86.22
Annualized return	13.27%

Current Net Tangible Asset

Net Tangible Asset/Share:	\$28.55
Net Tangible Asset/Share in Year 5:	\$60.95
Annualized return	16.38%

Current Equity Price:	\$111.54
Selling at Discount?	Premium
Appreciation Potential:	-74.40%

Dividend Model

Next Year Dividend	\$114,460,774.77
WACC:	9.67%
Dividend:	\$99,742,500.00
Net Income:	\$326,480,000.00

Income Statement

Revenue:	\$2,250,000,000.00	100.0%
Cost of Goods Sold:	\$1,374,920,000.00	61.1%
Gross Profit:	\$875,080,000.00	38.9%
EBITDA:	\$478,880,000.00	21.3%
Net Income:	\$326,480,000.00	14.5%

Balance Sheet

Cash:	\$166,260,000.00
Short Term Investment:	\$484,840,000.00
A/R:	\$137,000,000.00
PP&E:	\$2,100,000,000.00
Assets:	\$3,299,480,000.00

A/P:	\$125,230,000.00
Deferred Tax:	\$38,330,000.00
Other Liabilities:	\$547,090,000.00
Short term Debt:	\$136,270,000.00
Long Term Debt:	\$1,100,000,000.00
Liabilities:	\$1,946,920,000.00

Retained Earnings:	\$1,458,260,000.00
Paid-In Capital:	\$70,720,000.00
Treasury Stock:	\$0.00
Stockholder's Equity:	\$1,536,550,000.00

Cash Flow

Net Income:	310,430,000.00
Depreciation/Amortization:	75,460,000.00
Change in Working capital:	38,940,000.00
Cash from Operating Activities:	498,290,000.00

Capital Expenditures:	-130,970,000.00
Cash from Investing Activities:	-468,250,000.00

Total Cash Dividends Paid:	-72,410,000.00
Issuance (Retirement) of Stock:	0.00
Issuance (Retirement) of Debt:	78,190,000.00
Cash from Financing Activities:	5,780,000.00

Profitability Margins

Debt to Equity:	80.46%
Return on Assets:	9.89%
Return on Capital:	11.77%
Return on Equity:	21.25%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Copa Holdings

Ticker:

CPA

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	1,256.08	1,414.81	1,830.92	2,248.39	2,361.86	2,479.95	2,603.95	2,734.15	2,870.85
COGS	300.82	354.43	547.22	725.76	779.41	818.38	859.30	902.27	947.38
Gross margin	955.26	1,060.38	1,283.70	1,523.63	1,582.45	1,661.57	1,744.65	1,831.88	1,923.47
SG&A	442.58	475.39	568.39	711.38	779.41	818.38	859.30	902.27	947.38
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	19.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	202.30	232.38	254.87	320.49	330.66	347.19	364.55	382.78	401.92
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	290.96	352.61	460.44	491.76	472.37	495.99	520.79	546.83	574.17
Interest income/(expense)	35.18	-34.13	-35.53	-21.11	-80.03	-80.03	-80.03	-80.03	-80.03
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.71	4.50	-3.45	-15.09	0.00	0.00	0.00	0.00	0.00
Income before tax	275.98	260.02	346.01	366.34	392.34	415.96	440.76	466.80	494.14
Tax	26.89	18.96	35.59	39.86	137.32	145.59	154.27	163.38	172.95
Income after tax	249.09	241.06	310.43	326.48	255.02	270.38	286.50	303.42	321.19
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	249.09	241.06	310.43	326.48	255.02	270.38	286.50	303.42	321.19
*Figures are in millions (\$)									
EPS (based off today's share count)	\$5.62	\$5.44	\$7.00	\$7.36	\$5.75	\$6.10	\$6.46	\$6.84	\$7.25
P/E (historical today's price; forecasted intrinsic price)	19.85	20.51	15.93	15.15	17.59	15.05	12.89	11.04	9.46
Revenue Growth	N/A	12.64%	29.41%	22.86%	5.00%	5.00%	5.00%	5.00%	5.00%
Tax Rate	9.74%	7.29%	10.28%	10.88%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	4.16%	-3.45%	-3.33%	-1.75%	-7.28%	-7.28%	-7.28%	-7.28%	-7.28%
Margins									
COGS	23.95%	25.05%	29.89%	32.26%	33.00%	33.00%	33.00%	33.00%	33.00%
Gross margin	76.05%	74.95%	70.11%	67.74%	67.00%	67.00%	67.00%	67.00%	67.00%
SG&A	35.24%	33.60%	31.04%	31.63%	33.00%	33.00%	33.00%	33.00%	33.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	1.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	16.11%	16.42%	13.92%	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	23.16%	24.92%	25.18%	21.88%	20.00%	20.00%	20.00%	20.00%	20.00%
Interest income/(expense)	2.80%	-2.41%	-1.94%	-0.94%	-3.39%	-3.23%	-3.07%	-2.93%	-2.79%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.06%	0.32%	-0.19%	-0.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	21.97%	18.38%	18.90%	16.29%	16.61%	16.77%	16.93%	17.07%	17.21%
Tax	2.14%	1.34%	1.94%	1.77%	5.81%	5.87%	5.92%	5.98%	6.02%
Income after tax	19.83%	17.04%	16.95%	14.51%	10.80%	11.45%	12.13%	12.85%	13.60%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	19.83%	17.04%	16.95%	14.51%	10.80%	10.90%	11.00%	11.10%	11.19%

	As of					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	2009-12-31	2010-12-31	2011-12-31	2012-12-31	2012-12-31	+	-						
Cash	262.66	207.69	243.80	166.26	166.26			166.26	370.52	594.09	837.94	1,103.08	1,390.58
Short term investment	89.41	194.91	262.35	484.84	484.84			484.84	484.84	484.84	484.84	484.84	484.84
Cash and Short term	352.07	402.60	506.15	651.10	651.10			651.10	855.36	1,078.93	1,322.78	1,587.92	1,875.42
Accounts Receivable	69.42	74.15	126.50	136.34	137.00			137.00	137.00	137.00	137.00	137.00	137.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	69.42	74.15	126.50	136.34	137.00			137.00	137.00	137.00	137.00	137.00	137.00
Total Inventory	27.10	45.98	42.38	50.60	50.60			50.60	50.60	50.60	50.60	50.60	50.60
Prepaid Expenses	30.46	31.79	40.06	63.12	63.12			63.12	63.12	63.12	63.12	63.12	63.12
Other Current Assets	12.61	24.62	22.66	16.33	16.33			16.33	16.33	16.33	16.33	16.33	16.33
Current Assets	491.66	579.14	737.75	917.49	918.15	0.00	0.00	918.15	1,122.41	1,345.98	1,589.83	1,854.97	2,142.47
PP&E, Gross	1,695.13	2,047.47	2,574.09	2,600.00	2,600.00			2,600.00	2,730.00	2,860.00	2,990.00	3,120.00	3,250.00
Change in Depreciation		50.88	62.96	75.46	75.46			75.46	79.23	83.19	87.35	91.72	96.31
Accumulated Depreciation	214.96	274.94	408.96	500.00	500.00			500.00	579.23	662.43	749.78	841.50	937.81
PP&E, Net	1,480.17	1,772.53	2,165.13	2,100.00	2,100.00			2,100.00	2,150.77	2,197.57	2,240.22	2,278.50	2,312.19
Goodwill	23.85	25.48	25.10	27.57	27.57	0.00		27.57	27.57	27.57	27.57	27.57	27.57
Intangibles	42.59	43.47	47.05	59.38	59.38			59.38	59.38	59.38	59.38	59.38	59.38
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	111.57	120.15	239.22	194.39	124.94			124.94	124.94	124.94	124.94	124.94	124.94
Long Term Assets	1,658.18	1,961.63	2,476.50	2,381.34	2,381.33			2,381.33	2,432.10	2,478.90	2,521.55	2,559.83	2,593.52
Total Assets	2,149.84	2,540.77	3,214.25	3,298.83	3,299.48	0.00	0.00	3,299.48	3,554.50	3,824.88	4,111.37	4,414.80	4,735.99
Accounts Payable	64.99	79.90	114.92	125.23	125.23			125.23	125.23	125.23	125.23	125.23	125.23
Accrued Expense	49.06	47.61	30.47	48.05	48.05			48.05	48.05	48.05	48.05	48.05	48.05
Other current Liabilities	235.02	232.20	382.20	479.14	479.14			479.14	479.14	479.14	479.14	479.14	479.14
Total Current Liabilities	349.07	359.71	527.59	652.42	652.42	0.00	0.00	652.42	652.42	652.42	652.42	652.42	652.42
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	94.55	100.86	131.07	136.27	136.27			136.27	136.27	136.27	136.27	136.27	136.27
Long term Debt	750.97	888.68	936.66	1,069.84	1,100.00	0.00	0.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	845.52	989.54	1,067.73	1,206.11	1,236.27	0.00	0.00	1,236.27	1,236.27	1,236.27	1,236.27	1,236.27	1,236.27
Deferred Income tax	23.92	22.65	30.44	38.33	38.33			38.33	38.33	38.33	38.33	38.33	38.33
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	31.57	39.44	50.50	19.90	19.90			19.90	19.90	19.90	19.90	19.90	19.90
Total Liabilities	1,250.08	1,411.34	1,676.26	1,946.93	1,946.92	0.00	0.00	1,946.92	1,946.92	1,946.92	1,946.92	1,946.92	1,946.92
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	29.59	29.76	29.96	30.06	30.06		0.00	30.06	30.06	30.06	30.06	30.06	30.06
Additional Paid-in capital	22.20	26.11	33.57	40.66	40.66	0.00	0.00	40.66	40.66	40.66	40.66	40.66	40.66
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	858.54	1,086.38	1,324.39	1,458.26	1,458.26		0.00	1,458.26	1,713.28	1,983.66	2,270.15	2,573.58	2,894.77
Treasury Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	0.81	2.41	1.61	7.57	7.57		0.00	7.57	7.57	7.57	7.57	7.57	7.57
Total Equity	911.14	1,144.66	1,389.53	1,536.55	1,536.55	0.00	0.00	1,536.55	1,791.57	2,061.95	2,348.44	2,651.87	2,973.06
Liability + Equity	2,161.22	2,556.00	3,065.79	3,483.48	3,483.47	0.00	0.00	3,483.47	3,738.49	4,008.87	4,295.36	4,598.79	4,919.98
Variance	-11.38	-15.23	148.46	-184.65	-183.99			-183.99	-183.99	-183.99	-183.99	-183.99	-183.99
Debt/Equity	0.93	0.86	0.77	0.78	0.80			0.80	0.69	0.60	0.53	0.47	0.42
Inventory Turnover	46.35	30.77	43.20	44.45	46.68			44.45	46.68	49.01	51.46	54.03	56.74
Inventory Turnover Days	7.87	11.86	8.45	8.21	7.82			8.21	7.82	7.45	7.09	6.75	6.43
Days Inventory Outstanding	32.88	47.35	28.27	25.45	23.70			25.45	23.70	22.57	21.49	20.47	19.49
Accounts Receivable Turnover	18.09	19.08	14.47	16.50	17.24			16.42	17.24	18.10	19.01	19.96	20.96
Accounts Receivable Turnover Days	20.17	19.13	25.22	22.12	21.17			22.23	21.17	20.16	19.20	18.29	17.42
Days Payable Outstanding	78.86	82.28	76.65	62.98	58.65			62.98	58.65	55.85	53.19	50.66	48.25
Days Sales Outstanding	20.17	19.13	25.22	22.12	21.17			22.12	22.23	21.17	20.16	19.20	18.29
Cash Conversion Cycle	-25.80	-15.80	-23.17	-15.41	-13.78			-15.41	-12.72	-12.11	-11.54	-10.99	-10.46
Net tangible assets/share	\$19.76	\$24.90	\$34.13	\$29.87	\$29.89			\$35.64	\$41.74	\$48.20	\$55.05	\$62.29	\$62.29

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2011	2012	2013	2014	2015
Net Income	118.66	249.09	241.06	310.43	255.02	270.38	286.50	303.42	321.19
Depreciation	42.89	50.88	62.96	75.46	79.23	83.19	87.35	91.72	96.31
Net Income + Depreciation	161.55	299.97	304.02	385.89	334.26	353.57	373.85	395.14	417.50
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	4.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	9.04	5.33	35.70	73.47	0.00	0.00	0.00	0.00	0.00
Change in Working capital	22.86	-13.99	-46.92	-38.94	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-4.73	-52.35	-9.84	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-18.88	3.60	-8.22	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-1.33	-8.27	-23.06	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	14.91	35.02	10.31	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	198.10	291.31	292.80	498.30	334.26	353.57	373.85	395.14	417.50
Capital Expenditures Expenditures	-162.48	-59.86	-191.44	-130.97	-130.00	-130.00	-130.00	-130.00	-130.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-160.30	-100.46	-254.00	-337.28	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-322.78	-160.32	-445.44	-468.25	-130.00	-130.00	-130.00	-130.00	-130.00
Financing Cash flow items	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-16.21	-16.25	-47.91	-72.41	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	75.73	-71.59	143.38	78.19	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	59.52	-87.84	95.52	5.78	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.11	-1.29	2.15	0.30	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	327.71	262.66	117.80	150.67	166.26	370.52	594.09	837.94	1,103.08
Net Change in Cash	-65.05	41.85	-54.97	36.11	204.26	223.57	243.85	265.14	287.50
Ending Cash Balance	262.66	117.80	62.83	186.78	370.52	594.09	837.94	1,103.08	1,390.58
Capex to Revenue	12.94%	4.23%	10.46%	5.82%	5.50%	5.24%	4.99%	4.75%	4.53%
Depreciation to Sales	3.41%	3.60%	3.44%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	5.53%	5.24%	6.91%	6.06%	5.77%	5.50%	5.24%	4.99%	4.75%
Distributable FCF Yield	-2.25%	2.37%	-2.76%	0.54%	3.69%	4.04%	4.41%	4.79%	5.20%
Dividend Yield	-0.33%	-0.33%	-0.97%	-1.46%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	51.83	247.70	149.27	439.74	204.26	223.57	243.85	265.14	287.50

SN VALUATION

LBO Debt Schedule

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	36.11	204.26	223.57	243.85	265.14	287.50
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	1236.27	1236.27	1236.27	1236.27	1236.27	1236.27
Current Portion Debt Balance	136.27	136.27	136.27	136.27	136.27	136.27
Long Term Debt Balance	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Expense		86.54	86.54	86.54	86.54	86.54
Cash Balance		651.10				
Interest @ 1.0%		6.51	6.51	6.51	6.51	6.51
Net Interest Expense/(Income)		80.03	80.03	80.03	80.03	80.03
Net Interest Rate		7.28%	7.28%	7.28%	7.28%	7.28%
EBITDA		472.37	495.99	520.79	546.83	574.17
EBITDA/Interest Expense Coverage		5.46	5.73	6.02	6.32	6.63

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A			A	A	A
A-	A-	A-			
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Copa Holdings

Ticker:

CPA

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	142.59	219.43	210.16	265.73	469.99	693.56	937.41	1,202.55	1,490.05
Total Assets	2,149.84	2,540.77	3,214.25	3,299.48	3,554.50	3,824.88	4,111.37	4,414.80	4,735.99
X1	0.07	0.09	0.07	0.08	0.13	0.18	0.23	0.27	0.31
Retained Earnings	858.54	1,086.38	1,324.39	1,458.26	1,713.28	1,983.66	2,270.15	2,573.58	2,894.77
Total Assets	2,149.84	2,540.77	3,214.25	3,299.48	3,554.50	3,824.88	4,111.37	4,414.80	4,735.99
X2	0.40	0.43	0.41	0.44	0.48	0.52	0.55	0.58	0.61
EBITDA	290.96	352.61	460.44	491.76	472.37	495.99	520.79	546.83	574.17
Total Assets	2,149.84	2,540.77	3,214.25	3,299.48	3,554.50	3,824.88	4,111.37	4,414.80	4,735.99
X3	0.14	0.14	0.14	0.15	0.13	0.13	0.13	0.12	0.12
Market Value of Equity	4,944.57	4,944.57	4,944.57	4,944.57	4,485.66	4,069.34	3,691.66	3,349.03	3,038.21
Total Liabilities	1,250.08	1,411.34	1,676.26	1,946.92	1,946.92	1,946.92	1,946.92	1,946.92	1,946.92
X4	3.96	3.50	2.95	2.54	2.30	2.09	1.90	1.72	1.56
Net Sales	1,256.08	1,414.81	1,830.92	2,249.39	2,361.86	2,479.95	2,603.95	2,734.15	2,870.85
Total Assets	2,149.84	2,540.77	3,214.25	3,299.48	3,554.50	3,824.88	4,111.37	4,414.80	4,735.99
X5	0.58	0.56	0.57	0.68	0.66	0.65	0.63	0.62	0.61
Altman Z Score	4.04	3.82	3.47	3.41	3.32	3.27	3.24	3.20	3.18

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red