

Copa Holdings, S.A.  
Form 6-K  
May 17, 2006

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 6-K**

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**Report of Foreign Issuer**

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

**Report on Form 6-K dated For the month of May, 2006**

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**Copa Holdings, S.A.**

*(Translation of Registrant's Name Into English)*

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**Boulevard Costa del Este, Avenida Principal y Avenida de la Rotonda  
Urbanización Costa del Este  
Complejo Business Park, Torre Norte  
Parque Lefevre  
Panama City, Panama**  
*(Address of principal executive offices)*

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F            Form 40-F     

(Indicate by check whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes            No     

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b); 82-\_\_\_\_ )

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**Enclosure:      Earnings Release - Copa Holdings Reports Record Earnings of US\$32.2 Million and EPS of US\$0.75 for 1Q06**

**Copa Holdings Reports Record Earnings of US\$32.2 Million and EPS of US\$0.75 for 1Q06**

**Panama City, Panama** --- May 17, 2006. Copa Holdings S.A. (NYSE: CPA), parent company of Copa Airlines and AeroRepublica, today announced financial results for the first quarter of 2006 (1Q06). The term Copa Holdings or the Company makes reference to the consolidated entity, whose operating subsidiaries are Copa Airlines and AeroRepublica. All comparisons, unless otherwise stated, refer to the first quarter of 2005 (1Q05). The following financial and operating information, unless otherwise indicated, is presented pursuant to US GAAP.

*Note: Copa Holdings acquired AeroRepublica in April 22, 2005. As a result of the acquisition, our financial information at and for the three-months ended March 31, 2006 is not comparable to the information at and for the three-months ended March 31, 2005.*

**OPERATING AND FINANCIAL HIGHLIGHTS**

Copa Holdings net income for 1Q06 was a record US\$32.2 million, representing a 16.8% net margin. Diluted Earnings per share (EPS) increased by 42.8% to US\$0.75, above average estimates of US\$0.52. (Source: I/B/E/S consensus estimates).

Operating income for 1Q06 rose 60.6% to US\$41.7 million from US\$26.0 million in 1Q05. Operating margin stood at 21.8%, a 1.1 percentage point decrease over 1Q05, maintaining our place among the highest in the industry.

EBITDAR increased by 46.9% to US\$55.2 million in 1Q06 from US\$37.6 million in 1Q05, representing an EBITDAR margin of 28.8%.

Total revenues increased by 68.8% to US\$191.7 million. Yield rose 9.3% to 15.6 cents and operating revenue per available seat mile (RASM) increased 6.4% to 11.9 cents.

Revenue passenger miles (RPMs) increased 56.9% from 736 million in 1Q05 to 1.16 billion in 1Q06. Available seat miles (ASMs) increased 58.6% from 1.02 billion in 1Q05 to 1.62 billion in 1Q06. As a result, average load factor decreased 0.8 percentage points to 71.5%.

Operating cost per available seat mile (CASM) increased 7.9% from 8.6 cents in 1Q05 to 9.3 cents in 1Q06. However, CASM excluding fuel decreased 2.2% from 6.5 cents in 1Q05 to 6.4 cents in 1Q06.

For 1Q06, Copa Airlines reported an on-time performance of 92.3% and a flight-completion factor of 99.7%, among the best in the industry.

On March 1, 2006, AeroRepublica joined OnePass, Continental Airlines' award-winning frequent flyer program.

On March 15, AeroRepublica announced a fleet modernization and expansion plan that includes firm orders for five Embraer 190 aircraft, as well as options to buy an additional 20 Embraer 190 aircraft. The first two Embraer 190 aircraft are scheduled to be delivered to AeroRepublica in 4Q06.

On April 20, Copa Airlines announced the acquisition of one new Boeing 737-800 and three new Embraer 190 aircraft. Copa Airlines now has firm orders for 21 aircraft (8 Boeing 737NG's / 13 EMB-190's) and options to purchase an additional 24 aircraft (9 Boeing 737NG's / 15 EMB-190's). On a consolidated basis, Copa Airlines and AeroRepublica combined now have firm orders for 26 aircraft (8 Boeing 737 NG's / 18 EMB-190's) and options for 44 aircraft (9 Boeing 737 NG's / 35 EMB-190's).

On May 11, the Board of Directors of Copa Holdings declared an annual dividend of 0.19 cents per share. The dividend is payable June 15, 2006, to stockholders of record as of May 31, 2006.

Copa Airlines has announced six new destinations for 2006, to which it will begin service during the second half of 2006, namely Maracaibo, Venezuela; Manaus, Brazil; San Pedro Sula, Honduras; Montevideo, Uruguay; Santiago, Dominican Republic; and Port of Spain, Trinidad and Tobago. With these Copa Airlines increases the total number of destinations served to 36 cities in North, South, Central America and the Caribbean.

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| Consolidated Financial & Operating Highlights        | 1Q06   | 1Q05   | % Change | 4Q05   | % Change |
|--|--------|--------|----------|--------|----------|
| Revenue Passenger Miles (RPM) (mm)                   | 1,155  | 736    | 56.9%    | 1,088  | 6.1%     |
| Available Seat Miles (ASM) (mm)                      | 1,615  | 1,018  | 58.6%    | 1,549  | 4.2%     |
| Load Factor  | 71.5%  | 72.3%  | -0.8p.p. | 70.2%  | +1.3p.p. |
| Passenger Revenue per ASM (US\$ cents) ( PRASM )     | 11.17  | 10.33  | 8.1%     | 10.75  | 3.9%     |
| Operating Revenue per ASM (US\$ cents) ( RASM )      | 11.87  | 11.16  | 6.4%     | 11.59  | 2.4%     |
| Operating Cost per ASM (US\$ cents) ( CASM )         | 9.29   | 8.61   | 7.9%     | 9.86   | -5.8%    |
| Operating Cost (excluding fuel) per ASM (US\$ cents) | 6.37   | 6.51   | -2.2%    | 6.54   | -2.5%    |
| Breakeven Load Factor                                | 55.8%  | 52.1%  | 3.7p.p.  | 61.1%  | -5.3p.p. |
| Operating Revenues (US\$ mm)                         | 191.7  | 113.6  | 68.8%    | 179.6  | 6.7%     |
| EBITDAR (US\$ mm) *                                  | 55.2   | 37.6   | 46.9%    | 36.4   | 51.6%    |
| EBITDAR Margin *                                     | 28.8%  | 33.1%  | -4.3p.p. | 20.3%  | +8.5p.p. |
| Operating Income (US\$ mm)                           | 41.7   | 26.0   | 60.6%    | 26.8   | 55.6%    |
| Operating Margin                                     | 21.8%  | 22.9%  | -1.1p.p. | 14.9%  | +6.8p.p. |
| Net Income (US\$ mm)                                 | 32.2   | 22.6   | 42.9%    | 17.7   | 82.6%    |
| Earnings per Share - Basic (US\$)                    | 0.75   | 0.53   | 42.9%    | 0.41   | 82.6%    |
| Earnings per Share - Diluted (US\$)                  | 0.75   | 0.53   | 42.8%    | 0.41   | 82.4%    |
| Weighted Average Number of Shares - Basic (000)      | 42,813 | 42,813 | 0.0%     | 42,813 | 0.0%     |
| Weighted Average Number of Shares - Diluted (000)    | 42,854 | 42,813 | 0.1%     | 42,813 | 0.1%     |

\***EBITDAR** (earnings before interest, taxes, depreciation, amortization and rent) is presented as supplemental information 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. However, EBITDAR should not be considered in isolation, as a substitute for net income prepared in accordance with US GAAP or as a measure of a company's profitability. In addition, our calculations may not be comparable to other similarly titled measures of other companies.

**MANAGEMENT'S COMMENTS ON 1Q06 RESULTS**

During the first quarter of 2006 Copa Holdings reported another strong quarter delivering record earnings in a period marked by high fuel prices. Copa Holdings reported net income of US\$32.2 million for the first quarter of 2006, a 42.9% increase over 1Q05. These results were achieved despite US\$7.1 million in additional expenses directly related to higher fuel prices. However, these additional costs were offset by strong revenue growth, driven by increased capacity, healthy load factors and yields, as well as the continuation of strict cost controls.

Copa Holdings experienced a 68.8% increase in operating revenues, driven mainly by a 33.4% increase in Copa Airlines related operating revenues and the consolidation of US\$40.2 million in operating revenues related to the acquisition of AeroRepublica on April 22, 2005.

Capacity (measured in ASM's) increased by 58.6% to 1.6 billion ASMs, while revenue passenger miles increased by 56.9%, leading to a decrease in load factors of 0.8 percentage points. For the quarter, average load factors for Copa Airlines and AeroRepublica were 77.6% and 53.1% respectively.

Operating costs for the quarter increased 71.2% to US\$150.0 Million, driven by increased capacity and higher average fuel prices. Consequently, total unit cost, as measured by operating cost per available seat mile (CASM), increased 7.9% to 9.29 cents. However, excluding fuel expense, operating expenses rose 55.2%, below the 58.6% growth rate in capacity. For 1Q06, CASM excluding fuel reached 6.37 cents, a 2.2% decrease when compared to 1Q05 and a 2.5% decrease with regards to 4Q05.

1Q06 Earnings Release Copa Holdings

Consolidated earnings before interest, taxes, depreciation, amortization and rents ( EBITDAR ) rose 46.9% to US\$55.2 million from US\$37.6 million in 1Q05. EBITDAR margins decreased by 4.3 percentage points to 28.8%. Operating income rose 60.6% to US\$41.7 million in 1Q06 from US\$26.0 million in 1Q05. Operating margins declined 1.1 percentage points to 21.8% as a result of the consolidation of AeroRepublica.

Copa Holdings continues to maintain a strong financial position. The Company ended the quarter with US\$143.9 million in cash, cash equivalents, short-term and long-term investments, as well as approximately US\$35.5 million in committed credit lines. The Company ended the quarter with total debt in the amount of US\$464.2 million, which was used almost entirely to finance aircraft and equipment. A large portion of this debt (62%) is fixed rate with favorable financing terms. The total blended interest rate (fixed and variable) at period end was 5.50%.

Looking forward to the remainder of 2006, we will continue to focus on profitable growth and cost containment as well as the continued strengthening of our business model by having the most comprehensive and efficient intra-Latin America network. Copa Airlines' upcoming addition of 6 new aircraft and 6 new destinations will lead to greater market penetration, increased capacity and more choices for our growing customer base. AeroRepublica's fleet renewal program, along with many other initiatives designed to optimize its operations, will pave the way for sustained competitiveness and profitability.

## CONSOLIDATED FIRST QUARTER RESULTS

### Operating revenue

Consolidated revenue for 1Q06 totaled US\$191.7 million, a 68.8% increase over operating revenue of US\$113.6 million in the same period in 2005, mainly due to a 33.4% increase in Copa Airlines' operating revenues and the consolidation of US\$40.2 million in operating revenues from AeroRepublica.

#### *Copa Airlines operating revenue*

Copa Airlines operating revenues for 1Q06 totaled US\$151.6 million, a 33.4% increase over operating revenues of US\$113.6 million in the same period in 2005. This increase was primarily due to a 34.6% increase in passenger revenue.

**Passenger revenue.** For 1Q06 passenger revenue totaled US\$141.6 million a 34.6% increase over passenger revenue of US\$105.1 million in the same period in 2006. This increase resulted primarily from the addition of capacity (ASMs increased by 19.5% in 1Q06 as compared to 1Q05), higher overall load factor (load factor increased from 72.3% in 1Q05 to 77.6% in 1Q06), and an increase in passenger yield which rose by 5.1% to 15.01 cents.

**Cargo, mail and other.** Cargo, mail and other totaled US\$10.0 million in 1Q06, an 18.5% increase over cargo, mail and other of US\$8.5 million in 1Q05. This increase was primarily the result of higher cargo revenues resulting from higher rates.

#### *AeroRepublica operating revenue*

During 1Q06, AeroRepublica generated operating revenue of US\$40.2 million. This represented a decrease of 2.6% over 4Q05. Capacity increased by 3.7% compared to 4Q05, and traffic (RPMs) decreased by 5.4%, leading to a load factor of 53.1% for 1Q06.

1Q06 Earnings Release    Copa Holdings

## Operating expenses

For 1Q06, growth in Copa Airlines operations, higher fuel prices, and the consolidation of US\$39.5 million in operating expenses from AeroRepublica resulted in consolidated operating expenses totaling US\$150.0 million, a 71.2% increase over operating expenses of US\$87.6 million for 1Q05. Excluding the consolidation of the AeroRepublica, operating expenses increased by US\$23.0 Million or 26.2% when compared to 1Q05. An overview of the major variances on a consolidated basis follows:

**Aircraft fuel.** For 1Q06, aircraft fuel totaled US\$47.1 million, a 120.8% increase over aircraft fuel of US\$21.3 million in 1Q05. This was primarily a result of higher average fuel costs, higher fuel consumption as a result of increased capacity and the consolidation of US\$14.6 million in AeroRepublica's aircraft fuel expenses.

**Salaries and benefits.** For 1Q06, salaries and benefits totaled US\$19.4 million, a 45.3% increase over salaries and benefits of US\$13.4 million in 1Q05. This increase was primarily a result of an overall increase in operating headcount due to the increased capacity of Copa Airlines and the consolidation of US\$4.0 million in AeroRepublica's salaries and benefits expenses.

**Passenger servicing.** For 1Q06, passenger servicing totaled US\$14.6 million, a 40.3% increase over passenger servicing of US\$10.4 million in 1Q05. This increase was primarily a result of an increase in Copa Airlines capacity and traffic, and the consolidation of US\$2.7 million in AeroRepublica's passenger servicing expenses.

**Commissions.** For 1Q06, commissions totaled US\$13.1 million, a 75.1% increase over commissions of US\$7.5 million in 1Q05. This increase was primarily a result of higher passenger revenue in Copa Airlines and the consolidation of US\$3.9 million in AeroRepublica's commission expenses.

**Maintenance, material and repairs.** For 1Q06, maintenance, material and repairs totaled US\$10.2 million, a 116.2% increase over maintenance, material and repairs of US\$4.7 million in 1Q05. This increase was primarily a result of an increase in Copa Airlines capacity and the consolidation of US\$4.5 million in AeroRepublica's maintenance expenses.

**Aircraft rentals.** For 1Q06, aircraft rentals totaled US\$9.0 million, a 92.3% increase over aircraft rentals of US\$4.7 million in 1Q05. This increase was primarily a result of two additional leased Boeing 737-Next Generation aircraft at Copa Airlines and the consolidation of US\$3.1 million in AeroRepublica's leasing expenses.

The remaining operating expenses totaled US\$36.5 million in 1Q06, an increase of US\$10.9 million over US\$25.6 million in 1Q05, of which US\$6.6 million resulted from the consolidation of AeroRepublica.

### *Copa Airlines operating expenses*

Copa Airlines operating expenses per available seat mile increased 5.7% to 9.09 cents in 1Q06, when compared to 1Q05. Excluding fuel, operating expenses per available seat mile decreased 1.3% from 6.51 cents in 1Q05 to 6.43 in 1Q06.

**Aircraft fuel.** For 1Q06 aircraft fuel totaled US\$32.5 million, a 52.2% increase over aircraft fuel expense of US\$21.3 million in the same period in 2005. This increase was primarily a result of a 27.7% increase in the average price per gallon of jet fuel (US\$1.95 in 1Q06 as compared to US\$1.52 in 1Q05) and the consumption of 18.9% more fuel due to a 19.5% increase in capacity.

**Salaries and benefits.** For 1Q06, salaries and benefits totaled US\$15.4 million, a 15.4% increase over salaries and benefits of US\$13.4 million in the same period in 2005. This increase was primarily a result of an overall increase in headcount at period end in 1Q06 versus the same period end in 1Q05, mainly to cover increased operations.

**Passenger servicing.** Passenger servicing totaled US\$12.0 million for 1Q06, a 15.1% increase over passenger servicing of US\$10.4 million in 1Q05. This increase was primarily a result of Copa Airlines 19.5% increase in capacity and 28.1% increase in traffic.

**Commissions.** Commissions totaled US\$9.2 million for 1Q06, a 22.5% increase over commissions of US\$7.5 million in 1Q05. This increase was primarily a result of a 34.6% increase in passenger revenue, partially offset by lower average commissions rate.

**Maintenance, materials and repairs.** Maintenance, materials and repairs totaled US\$5.7 million in 1Q06, a 20.7% increase over maintenance, materials and repairs of US\$4.7 million in 1Q05. This increase was primarily a result of a 20.6% increase in block hours.

**Reservations and sales.** Reservations and sales totaled US\$6.8 Million, an 18.2% increase over reservation and sales of US\$5.7 million in 1Q05. This increase was primarily a result of a 34.6% increase in passenger revenue and a 2.5% increase in average rates related to global distribution systems.

**Aircraft rentals.** Aircraft rentals totaled US\$5.9 million in 1Q06, a 25.2% increase over aircraft rentals of US\$4.7 million in 1Q05. This increase was a result of the addition of two leased Boeing 737-Next Generation aircraft with delivery months of February 2005 and May 2005.

**Depreciation.** Depreciation totaled US\$5.2 million in 1Q06, a 10.3% increase over depreciation of US\$4.7 million in 1Q05. This increase was primarily related to depreciation of two new Embraer 190 aircraft acquired in the 4Q05.

**Flight operations, landing fees and other rentals.** Combined, flight operations, landing fees and other rentals increased from US\$8.3 Million in 1Q05 to US\$10.6 million in the same period in 1Q06, primarily a result of Copa Airlines' 19.5% increase in capacity.

**Other.** Other expenses totaled US\$7.4 million in 1Q06, a 7.8% increase over other expenses of US\$6.8 million in 1Q05.

#### ***AeroRepublica operating expenses***

During 1Q06, AeroRepublica generated operating expenses of US\$39.5 million, a 3.8% decrease in operating expenses of US\$41.1 million in 4Q05.

#### **Non-operating income (expense)**

Consolidated non-operating expenses totaled US\$5.4 million in 1Q06, an increase of US\$3.9 Million over non-operating expenses of US\$1.5 million in 1Q05, primarily attributable to higher interest expenses and lower other non-operating income.

#### ***Copa Airlines non-operating income (expense)***

**Interest expense.** Interest expenses totaled US\$5.7 million in 1Q06, a 24.6% increase over interest expense of US\$4.6 million in 1Q05, resulting from a higher average debt balance carried and higher average interest rates. The average effective interest rates for Copa Airlines' debt also increased by 0.65% from 4.42% during the 1Q05 to 5.07% during the 1Q06. At the end of 1Q06 approximately 64% of Copa Airlines' outstanding debt was fixed at an average effective rate of 4.46%

**Other, net.** Other, net income totaled US\$0.1 million in 1Q06 versus other, net income of US\$2.2 million in 1Q05.

#### ***AeroRepublica non-operating income (expense)***

During 1Q06, AeroRepublica generated non-operating expenses of US\$1.5 million.

1Q06 Earnings Release - Copa Holdings

**OUTLOOK FOR 2006**

Based on 1Q06 results and our expectations for the remainder of the year we are revising our guidance for full year 2006:

| Financial Outlook (US GAAP) | 2006 - Full Year<br>Prior | 2006 - Full Year<br>Revised |
|-----------------------------|---------------------------|-----------------------------|
| ASM's (billion)             | +/- 7.0                   | +/- 7.0                     |
| Average Load Factor         | +/- 70%                   | +/- 71%                     |
| RASM (cents)                | +/- 11.1                  | +/- 11.4                    |
| CASM Ex-fuel (cents)        | +/- 6.4                   | +/- 6.4                     |
| Operating Margin            | 14.5% - 16.0%             | 15.5% - 17.0%               |

**About Copa Holdings**

Copa Holdings, through its Copa Airlines and AeroRepublica operating subsidiaries, is a leading Latin American provider of international airline passenger and cargo service. Copa Airlines currently offers approximately 92 daily scheduled flights to 30 destinations in 20 countries in North, Central and South America and the Caribbean. In addition, Copa Airlines provides passengers with access to flights to more than 120 other international destinations through codeshare agreements with Continental Airlines and other airlines. AeroRepublica, the second-largest domestic carrier in Colombia, provides service to 12 cities in Colombia as well as international connectivity with Copa Airlines Hub of the Americas through daily flights from Medellin and Cartagena.

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*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.*

1Q06 Earnings Release Copa Holdings

**Operating data**  
**US GAAP - Unaudited**

|  | <u>Unaudited<br/>1Q06</u> | <u>Unaudited<br/>1Q05</u> | <u>% Change</u> |
|--|---------------------------|---------------------------|-----------------|
| <b>Copa Holdings (Consolidated)</b>            |                           |                           |                 |
| Revenue passengers carried (thousands)         | 1,321                     | 636                       | 107.7%          |
| Revenue passengers miles (RPM) (mm)            | 1,155                     | 736                       | 56.9%           |
| Available seat miles (ASMs) (mm)               | 1,615                     | 1,018                     | 58.6%           |
| Load factor                                    | 71.5%                     | 72.3%                     | -0.8p.p.        |
| Break-even load factor                         | 55.8%                     | 52.1%                     | 3.7p.p.         |
| Yield (US\$ cents)                             | 15.61                     | 14.28                     | 9.3%            |
| Operating revenue per ASM (US\$ cents) (RASM)  | 11.87                     | 11.16                     | 6.4%            |
| Operating expenses per ASM (US\$ cents) (CASM) | 9.29                      | 8.61                      | 7.9%            |
| <b>Copa Segment</b>                            |                           |                           |                 |
| Revenue passengers miles (RPM) (mm)            | 943                       | 736                       | 28.1%           |
| Available seat miles (ASMs) (mm)               | 1,216                     | 1,018                     | 19.5%           |
| Load factor                                    | 77.6%                     | 72.3%                     | 5.2p.p.         |
| Break-even load factor                         | 55.3%                     | 52.1%                     | 3.2p.p.         |
| Operating revenue per ASM (US\$ cents) (RASM)  | 12.46                     | 11.16                     | 11.7%           |
| Operating expenses per ASM (US\$ cents) (CASM) | 9.09                      | 8.61                      | 5.7%            |
| <b>AeroRepublica Segment</b>                   |                           |                           |                 |
| Revenue passengers miles (RPM) (mm)            | 212                       |                           | n/a             |
| Available seat miles (ASMs) (mm)               | 399                       |                           | n/a             |
| Load factor                                    | 53.1%                     |                           | n/a             |
| Break-even load factor                         | 54.5%                     |                           | n/a             |
| Operating revenue per ASM (US\$ cents) (RASM)  | 10.10                     |                           | n/a             |
| Operating expenses per ASM (US\$ cents) (CASM) | 9.91                      |                           | n/a             |

1Q06 Earnings Release Copa Holdings



**Copa Holdings**  
**Income Statement - USGAAP**  
**(US\$ Thousands)**

|  | Unaudited<br>1Q06 | Unaudited<br>1Q05 | % Change      | Unaudited<br>4Q05 | % Change      |
|--|-------------------|-------------------|---------------|-------------------|---------------|
| <b>Operating Revenues</b>              |                   |                   |               |                   |               |
| Passenger Revenue                      | 180,358           | 105,141           | 71.5%         | 166,581           | 8.3%          |
| Cargo, mail and other                  | 11,368            | 8,467             | 34.3%         | 13,064            | -13.0%        |
| <b>Total Operating Revenue</b>         | <b>191,726</b>    | <b>113,608</b>    | <b>68.8%</b>  | <b>179,645</b>    | <b>6.7%</b>   |
| <b>Operating Expenses</b>              |                   |                   |               |                   |               |
| Aircraft fuel                          | 47,110            | 21,336            | 120.8%        | 51,570            | -8.6%         |
| Salaries and benefits                  | 19,446            | 13,385            | 45.3%         | 21,596            | -10.0%        |
| Passenger servicing                    | 14,634            | 10,431            | 40.3%         | 14,450            | 1.3%          |
| Commissions                            | 13,101            | 7,481             | 75.1%         | 13,631            | -3.9%         |
| Maintenance, material and repairs      | 10,193            | 4,714             | 116.2%        | 10,572            | -3.6%         |
| Reservations and sales                 | 8,265             | 5,725             | 44.4%         | 7,798             | 6.0%          |
| Aircraft rentals                       | 8,996             | 4,678             | 92.3%         | 8,280             | 8.6%          |
| Flight operations                      | 7,713             | 4,972             | 55.1%         | 7,039             | 9.6%          |
| Depreciation                           | 5,417             | 4,739             | 14.3%         | 5,013             | 8.1%          |
| Landing fees and other rentals         | 5,555             | 3,343             | 66.2%         | 5,627             | -1.3%         |
| Other                                  | 9,574             | 6,827             | 40.2%         | 7,258             | 31.9%         |
|  | <b>150,004</b>    | <b>87,631</b>     | <b>71.2%</b>  | <b>152,834</b>    | <b>-1.9%</b>  |
| <b>Operating Income</b>                | <b>41,722</b>     | <b>25,977</b>     | <b>60.6%</b>  | <b>26,811</b>     | <b>55.6%</b>  |
| <b>Non-operating Income (Expense):</b> |                   |                   |               |                   |               |
| Interest expense                       | -6,278            | -4,557            | 37.8%         | -5,874            | 6.9%          |
| Interest capitalized                   | 508               | 143               | 255.2%        | 432               | 17.6%         |
| Interest income                        | 1,262             | 687               | 83.7%         | 1,284             | -1.7%         |
| Other, net                             | -909              | 2,196             | -141.4%       | -3,666            | -75.2%        |
|  | <b>-5,417</b>     | <b>-1,531</b>     | <b>253.8%</b> | <b>-7,824</b>     | <b>-30.8%</b> |
| <b>Income before Income Taxes</b>      | <b>36,305</b>     | <b>24,446</b>     | <b>48.5%</b>  | <b>18,987</b>     | <b>91.2%</b>  |
| Provision for Income Taxes             | 4,066             | 1,886             | 115.6%        | 1,334             | 204.8%        |
| <b>Net Income</b>                      | <b>32,239</b>     | <b>22,560</b>     | <b>42.9%</b>  | <b>17,653</b>     | <b>82.6%</b>  |
| Basic EPS                              | 0.75              | 0.53              | 42.9%         | 0.41              | 82.6%         |
| Basic Shares                           | 42,812,500        | 42,812,500        | 0.0%          | 42,812,500        | 0.0%          |
| Diluted EPS                            | 0.75              | 0.53              | 42.8%         | 0.41              | 82.4%         |
| Diluted Shares                         | 42,854,167        | 42,812,500        | 0.1%          | 42,812,500        | 0.1%          |

1Q06 Earnings Release Copa Holdings

**Copa Holdings**  
**Balance Sheet - USGAAP**  
**(US\$ Thousands)**

|  | March 31,<br>2006 | December 31,<br>2005 | March 31,<br>2005 |
|--|-------------------|----------------------|-------------------|
|  | (Unaudited)       | (Audited)            | (Unaudited)       |
| <b>ASSETS</b>  |                   |                      |                   |
| <b>Current Assets:</b>   |                   |                      |                   |
| Cash and cash equivalents  | \$ 98,198         | \$ 94,106            | \$ 105,643        |
| Short-term investments   | 16,621            | 20,384               | 5,500             |
|  | <hr/>             | <hr/>                | <hr/>             |
| Total cash, cash equivalents and short-term investments          | 114,819           | 114,490              | 111,143           |
| Accounts receivable, net of allowance for doubtful accounts      | 57,223            | 49,044               | 32,226            |
| Accounts receivable from related parties                         | 738               | 448                  | 146               |
| Expendable parts and supplies, net of allowance for obsolescence | 4,914             | 4,070                | 2,510             |
| Prepaid expenses   | 17,517            | 13,502               | 12,145            |
| Other current assets   | 3,557             | 3,239                | 706               |
|  | <hr/>             | <hr/>                | <hr/>             |
| Total Current Assets   | 198,768           | 184,793              | 162,826           |
| <b>Long-term investments</b>                                     | 29,124            | 26,175               | 3,950             |
| <b>Property and Equipment:</b>                                   |                   |                      |                   |
| Owned property and equipment:                                    |                   |                      |                   |
| Flight equipment   | 631,129           | 628,876              | 586,858           |
| Other equipment  | 37,882            | 35,899               | 27,732            |
|  | <hr/>             | <hr/>                | <hr/>             |
|  | 669,011           | 664,775              | 614,590           |
| Less: Accumulated depreciation                                   | (85,376)          | (79,985)             | (84,636)          |
|  | <hr/>             | <hr/>                | <hr/>             |
|  | 583,635           | 584,790              | 529,954           |
| Purchase deposits for flight equipment                           | 59,673            | 52,753               | 23,163            |
|  | <hr/>             | <hr/>                | <hr/>             |
| Total Property and Equipment                                     | 643,308           | 637,543              | 553,117           |
| <b>Other Assets:</b>   |                   |                      |                   |
| Net pension asset  | 1,355             | 1,261                | 1,211             |
| Goodwill   | 20,461            | 20,512               |                   |
| Intangible asset   | 31,220            | 31,298               |                   |
| Other assets   | 12,042            | 15,330               | 4,708             |
|  | <hr/>             | <hr/>                | <hr/>             |
| Total Other Assets   | 65,078            | 68,401               | 5,919             |
|  | <hr/>             | <hr/>                | <hr/>             |
| <b>Total Assets</b>  | <b>\$ 936,278</b> | <b>\$ 916,912</b>    | <b>\$ 721,862</b> |
|  | <hr/>             | <hr/>                | <hr/>             |
| <b>LIABILITIES AND SHAREHOLDER S EQUITY</b>                      |                   |                      |                   |
| <b>Current Liabilities:</b>                                      |                   |                      |                   |
| Current maturities of long-term debt                             | \$ 70,678         | \$ 67,905            | \$ 29,851         |
| Accounts payable   | 36,243            | 44,848               | 23,332            |
| Accounts payable to related parties                              | 7,635             | 7,750                | 4,424             |
| Air traffic liability  | 85,796            | 85,673               | 49,224            |
| Taxes and interest payable                                       | 27,122            | 27,450               | 17,044            |
| Accrued expenses payable   | 18,842            | 14,780               | 10,863            |
| Other current liabilities  | 3,601             | 5,573                | 2,021             |
|  | <hr/>             | <hr/>                | <hr/>             |
| Total Current Liabilities  | 249,917           | 253,979              | 136,759           |
| <b>Non-Current Liabilities:</b>                                  |                   |                      |                   |
| Long-term debt   | 393,541           | 402,954              | 384,236           |
| Post employment benefits liability                               | 1,404             | 1,283                | 1,157             |
| Other long-term liabilities                                      | 8,059             | 8,790                | 1,433             |
| Deferred tax liabilities   | 5,309             | 4,039                | 1,562             |
|  | <hr/>             | <hr/>                | <hr/>             |

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|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Total Non-Current Liabilities                      | 408,313           | 417,066           | 388,388           |
| <b>Commitments and Contingencies</b>               |                   |                   |                   |
| Total Liabilities                                  | 658,230           | 671,045           | 525,147           |
| <b>Shareholders Equity:</b>                        |                   |                   |                   |
| Class A - 30,034,375 shares issued and outstanding | 19,813            | 19,813            | 19,813            |
| Class B - 12,778,125 shares issued and outstanding | 9,410             | 9,410             | 9,410             |
| Retained earnings                                  | 250,101           | 217,862           | 167,492           |
| Accumulated other comprehensive loss               | (1,276)           | (1,218)           |                   |
| Total Shareholders Equity                          | 278,048           | 245,867           | 196,715           |
| <b>Total Liabilities and Shareholders Equity</b>   | <b>\$ 936,278</b> | <b>\$ 916,912</b> | <b>\$ 721,862</b> |

1Q06 Earnings Release Copa Holdings

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Copa Holdings, S.A.

\_\_\_\_\_  
(Registrant)

By: /s/ Victor Vial

\_\_\_\_\_  
Name: Victor Vial

Title: CFO

Date: 05/17/2006

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