

Daily Boarding

Copa conference call highlights

Industry Overview

Copa conference-call highlights

After reporting strong 4Q23 results and 2024 guidance (see [Strong 4Q23 results: 2024 guidance is evidence of high margin sustainability](#)), Copa hosted its conference-call with investors. Highlights were: 1) competitive environment has not changed since 3Q23; although the company sees other names expanding capacity by around 15% in 2024 (vs Copa's 10%), it continues to see healthy fares in the market; 2) management would agree that the airline industry in Latin America is more profitable now than pre-COVID, although Copa's cost reduction also supported its recent record margins; 3) costs with aircraft grounding in 1Q24 were already included in Copa's 21-23% EBIT margin guidance for the year, although the company expects a full compensation from Boeing (still under negotiation and not included in the guidance); 4) it plans to receive 11 aircraft in 2024, finishing the year with a 117 fleet; and 5) management sees room for further share buybacks during the year.

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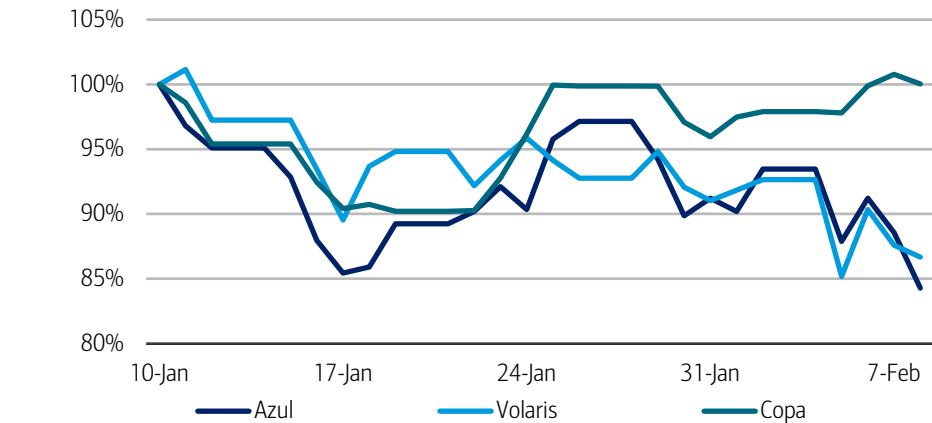
Exhibit 1: Summary table of our coverage
We rate as Buy: Copa, Volaris; Neutral as Azul

Company	Rating	Q-R-Q rating	Market cap (US\$mn)	Average daily traded value (US\$mn)	2024 P/E	2025 P/E	2024 EV/EBITDA	2025 EV/EBITDA	2024 Dividend Yield	2025 Dividend Yield
Azul	2 - Neutral	C-2-9	863	42.4	8.9x	7.5x	6.6x	6.1x	2.8%	3.4%
Azul (ADS)	2 - Neutral	C-2-9	862	12.4	8.9x	7.5x	6.6x	6.1x	2.8%	3.4%
Volaris (ADS)	1 - Buy	C-1-9	879	4.5	-5.6x	-128.4x	6.3x	6.1x	0.0%	0.0%
Volaris	1 - Buy	C-1-9	878	2.1	-5.6x	-128.4x	6.3x	6.1x	0.0%	0.0%
Copa	1 - Buy	C-1-7	4,277	31.2	6.7x	5.3x	5.0x	4.0x	6.1%	7.6%
Airlines			6,019	92.6	5.4x	-10.9x	5.4x	4.6x	4.9%	6.2%

Source: Bloomberg, BofA Global Research estimates. (*) For airlines, we use EV/EBITDAR

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Exhibit 2: Airlines companies' price evolution
Copa is outperforming Azul and Volaris



Source: BofA Global Research, Bloomberg

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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