



# AAWW Investor Slides

AUGUST 2019

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# Safe Harbor Statement

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect Atlas Air Worldwide Holdings Inc.’s (“AAWW”) current views with respect to certain current and future events and financial performance. Such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the operations and business environments of AAWW and its subsidiaries that may cause actual results to be materially different from any future results, express or implied, in such forward-looking statements.

For additional information, we refer you to the risk factors set forth in the documents filed by AAWW with the Securities and Exchange Commission. Other factors and assumptions not identified above are also involved in the preparation of forward-looking statements, and the failure of such other factors and assumptions to be realized may also cause actual results to differ materially from those discussed.

Such forward-looking statements speak only as of the date of this presentation. AAWW assumes no obligation to update the statements in this presentation to reflect actual results, changes in assumptions, or changes in other factors affecting such estimates, other than as required by law and expressly disclaims any obligation to revise or update publically any forward-looking statement to reflect future events or circumstances.

This presentation also includes some non-GAAP financial measures. You can find our presentations on the most directly comparable GAAP financial measures calculated in accordance with accounting principles generally accepted in the United States and our reconciliations in our earnings releases dated February 19 and August 1, 2019, which are posted at [www.atlasairworldwide.com](http://www.atlasairworldwide.com).

# Continuing Leadership

■ CEO Bill Flynn to become Chairman of the Board effective Jan. 1, 2020

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■ President and COO John Dietrich to become President and CEO

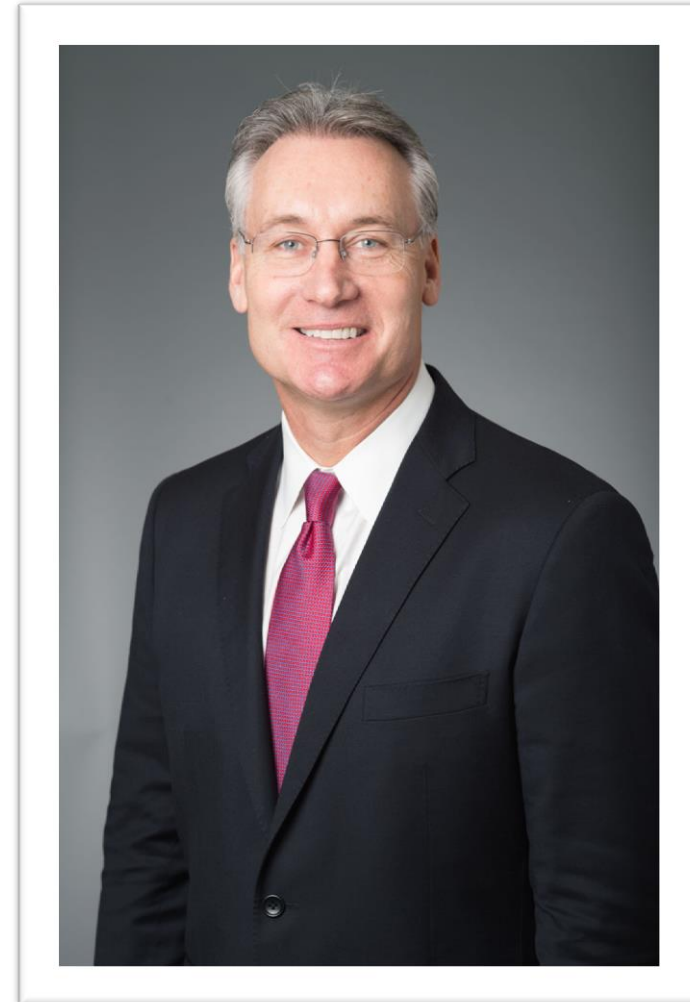
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■ Board Chairman Bob Agnew to become Lead Independent Director

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■ John Dietrich

- 30+ years in aviation; 13 with United Airlines; 20+ with Atlas
- Atlas COO for last 13 years
- Visionary leader with industry expertise
- Key member of senior leadership team
- Unparalleled commitment to company, customers and employees



# Shaping a Powerful Future

**Global leader** in outsourced aviation

**Significant business growth and development**

Focus on **express, e-commerce, fast-growing markets**

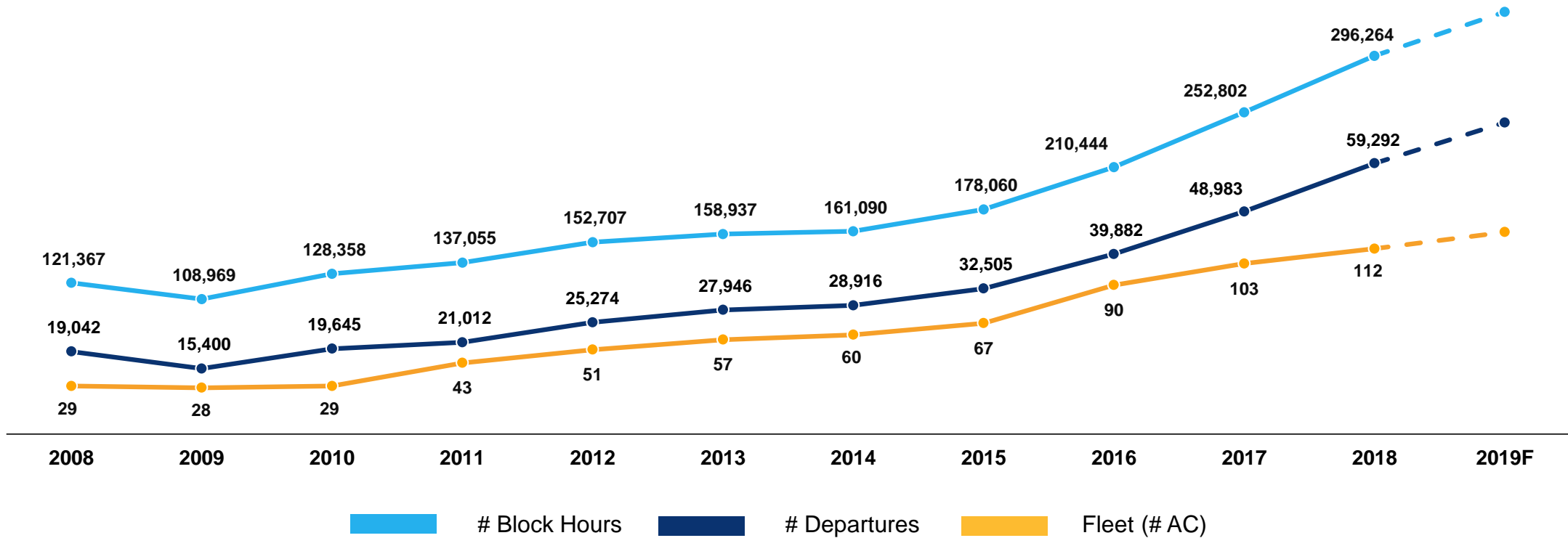
**Opportunities to grow** with existing customers and new ones

Strong foundation for **earnings and cash flow**


**Capitalizing on initiatives** to drive value and benefit for customers and investors






# Growth by Year



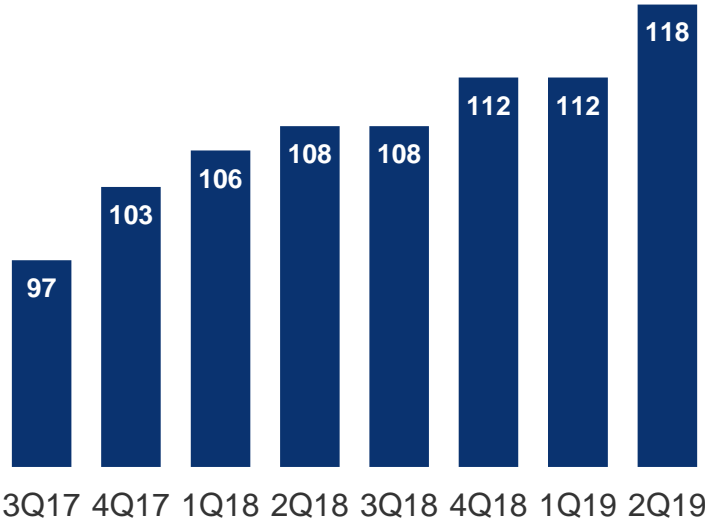
## FROM 2008 THROUGH 2018...

-  +83 aircraft
-  +66 airports
-  +1,847 employees

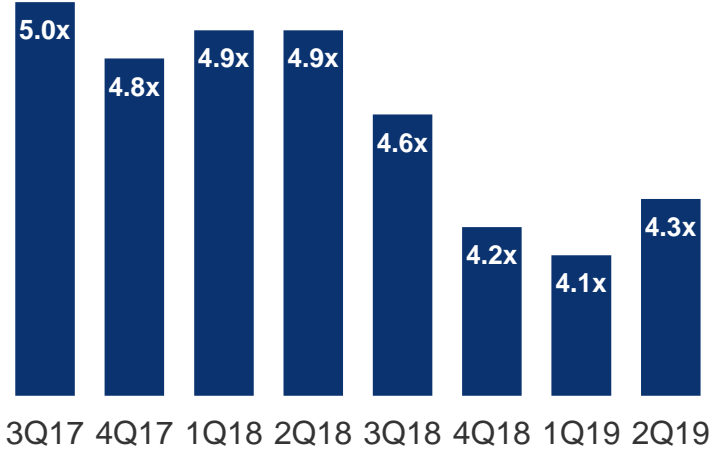
-  +1,081 pilots
-  +\$1.1 billion of revenue
-  \$3.1 billion invested in aircraft purchases

# Growing/Diversifying Fleet/Managing Leverage

NUMBER OF AIRCRAFT

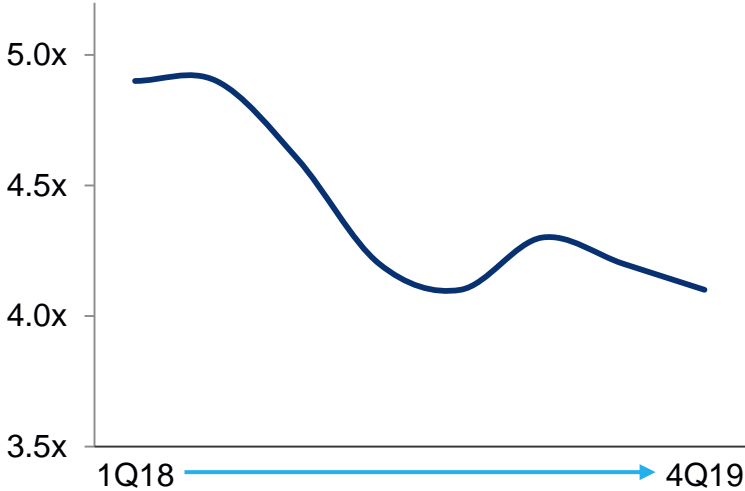


NET LEVERAGE RATIO\*



ESTIMATED NET LEVERAGE RATIO

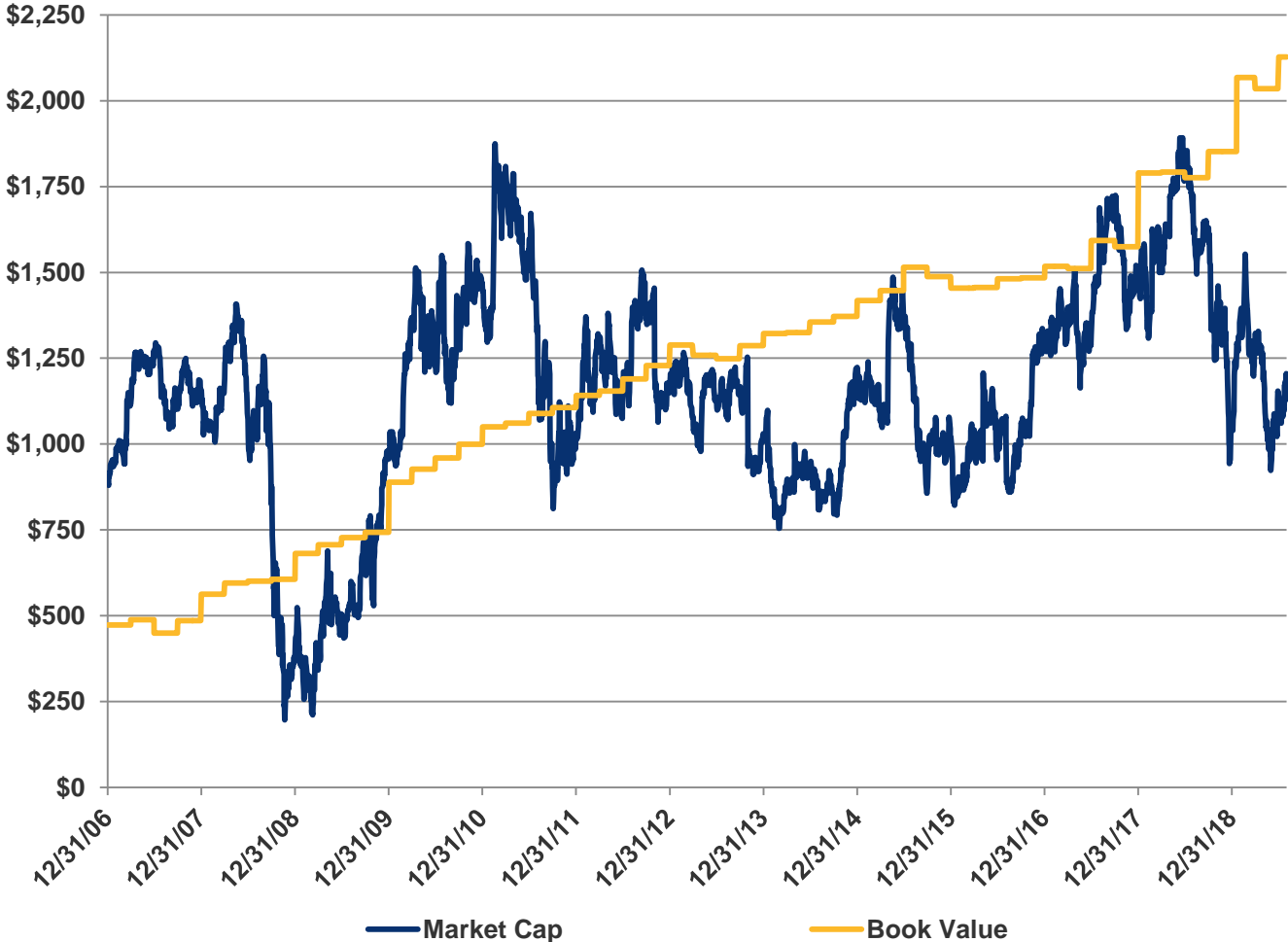
*Based on estimates of fleet growth, placement dates and financing plans*



\*See Appendix for Non-GAAP reconciliations

# Relationship Between Book Value and Market Cap

(In \$Millions)



- History of **consistently building book value**
  - 350% increase over ~12-year period
- Market capitalization is currently at a significant discount to book value
- Market capitalization varies above and below book value as it reacts to market factors



# 1H19 Summary

BLOCK HOURS

157,342

REVENUE

\$1.3B

ADJ. EBITDA\*

\$204.0M

DIRECT CONTRIBUTION

\$170.5M

ADJUSTED INCOME  
FROM CONTINUING OPS\*

**\$31.8 million**

REPORTED INCOME  
FROM CONTINUING OPS

**\$57.2 million**, including

- \$59.8 million of tax benefits related to the favorable completion of a tax examination
- \$4.3 million noncash unrealized loss on outstanding warrants

\*See August 1, 2019 press release for Non-GAAP reconciliations

# Business Developments

## ACMI/CMI

**Strong record of placements and expanded service** for existing customers

**Added customers include:**  
Asiana, Inditex, Nippon Cargo Airlines, DHL Global Forwarding, SF Express

**Leasing & Charter Operator of the Year** (4<sup>th</sup> consecutive year)

Placed and began operating **20 767-300Fs for Amazon**

Began operating **three 737-800Fs for Amazon**; scheduled to add **two more during 2019**

Significant additional **placements with express operators:**  
DHL, FedEx and UPS



# Business Developments

## CHARTER

World's leading 747 charter operator

High-profile sports, racing, entertainment charters: NFL, FC Barcelona, Manchester United, Formula One, Taylor Swift and more

Expanded our network as the **leading operator in South America** market

**Largest provider** of cargo and passenger charters to **U.S. military**



## DRY LEASING

World's 3<sup>rd</sup> largest freighter lessor by value

Added/converted **22 767-300s**; acquired **two additional 777-200Fs**

**AeroLogic**

**amazon**

中国邮政航空公司  
China Postal Airlines

**DHL**

**FedEx**

# Amazon Service

## SUPPORTING FAST DELIVERIES FOR AMAZON'S CUSTOMERS

**19 B767-300**  
converted freighters in service

Strategic **long-term** relationship

**10-year dry leases;**  
7- to 10-year **CMI**

Amazon granted **rights to acquire AAWW equity**

- Inherent value creation
- Aligns interests, strengthens long-term relationship

**Five 737-800BCFs** in 2019;  
**Up to 20** by May 2021

Agreements provide for **future growth opportunities**

7- to 10-year **CMI**



# Diversified Customer Base

LONG-TERM, PROFITABLE RELATIONSHIPS

## SHIPPERS



INDITEX

## FORWARDERS



KUEHNE+NAGEL



## AIRLINES

AeroLogic

ASIANA CARGO



## EXPRESS



## SPORTS CHARTERS



## OUR STRENGTHS

- Diversified portfolio of growth-oriented market leaders
- Covering the entire air cargo supply chain
- High degree of customer integration
- Focused on continuous development and growth
- Long-term contractual commitments

# Our Fleet

2018 Fleet Growth: **16 Aircraft**

+ Six 747s

+ One 777

+ Nine 767s

2019 Fleet Growth: **12 Aircraft**

+ Four 747s

+ Two 777s

+ One 767

+ Five 737s

**TOTAL FLEET: 123\***    **OPERATING FLEET: 109**    **DRY LEASE: 9**    **IN PIPELINE: 5\***



## 747 55 Boeing 747s

- 10 747-8Fs
- 36 747-400Fs\*
- 5 747-400 Passenger\*
- 4 Boeing Large Cargo Freighters (LCFs)



## 767 42 Boeing 767/757s

- 35 767-200/300Fs
- 6 767-200/300 Passenger
- 1 757-200 Freighter Titan



## 777 14 Boeing 777s

- 2 A+CMI 777Fs
- 6 CMI 777Fs
- 6 Titan 777Fs



## 737 12 Boeing 737s

- 10 737-400/800Fs\*
- 1 737-300 Freighter Titan
- 1 737-800 Passenger Titan

\*118 aircraft at June 30, 2019 (includes one 767-300 in conversion); pipeline includes two 747-400Fs, one 747-400 Passenger and two 737-800Fs to be added in 2019

# Global Presence



296,264 Block Hours in 2018  
59,292 Flights  
382 Airports  
89 Countries



# Executing Strategic Plan





# Capital Allocation Strategy

## BALANCE SHEET MAINTENANCE

- Acquired/converted 23 767-300s

- Acquired 10<sup>th</sup> 747-8F

- Acquired two 777s and two 767s for Dry Leasing; also operating them in CMI

- Acquired two VIP-configured 747s for Charter passenger service

- Acquired 4<sup>th</sup> and 5<sup>th</sup> 767 for AMC passenger service

- Refinanced high-cost 747-400 EETC debt and higher-cost 747-8F term loans

- Repurchased >10% of outstanding stock

- Focused on maintaining healthy cash position

## BUSINESS INVESTMENT

## SHARE REPURCHASES



# 2019 Objectives

- Deliver **superior service quality**
- Committed to **safe, secure, compliant operation**
- Maximize **business opportunities**
- Capitalize on 2018 **fleet growth**
- Realize **continuous improvement**
- Maintain **solid balance sheet**



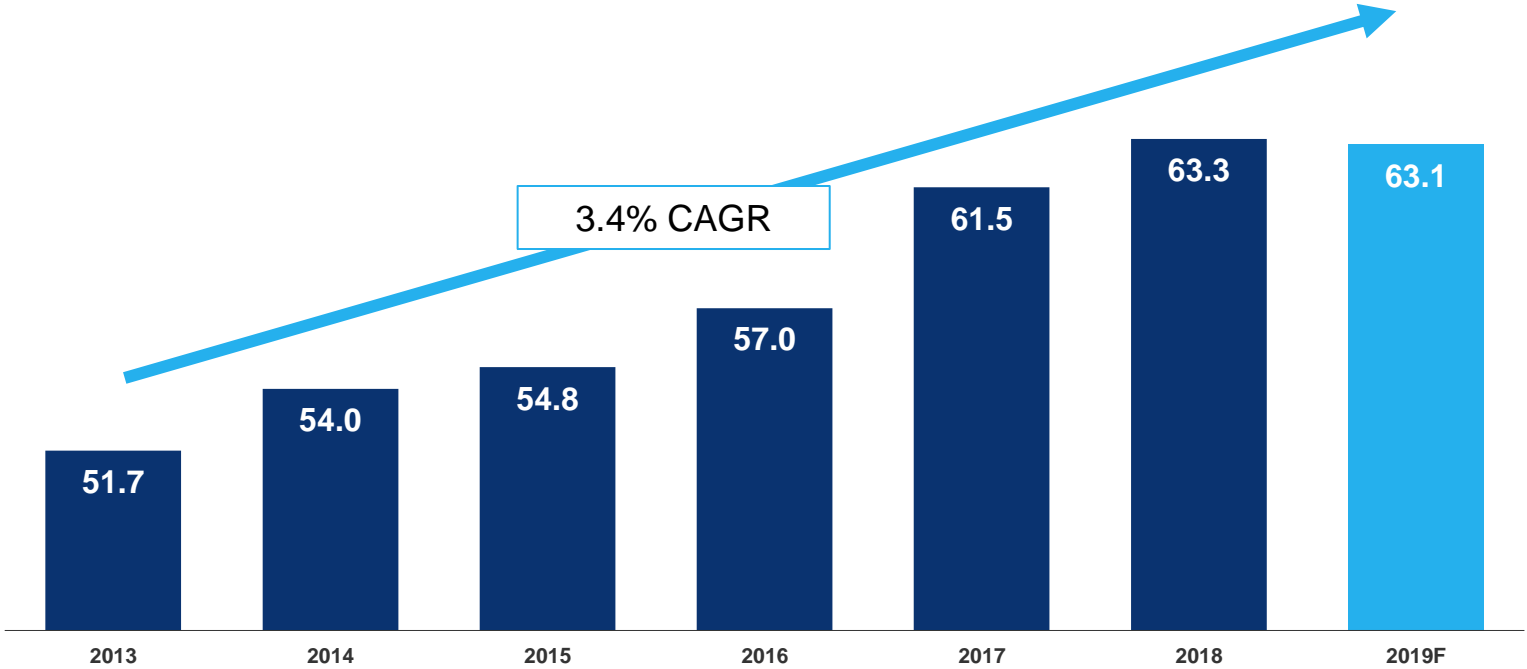
**Continued Growth and Innovation**

# International Global Airfreight – Annual Growth

IATA REPORTED AIRFREIGHT TONNAGE AT RECORD LEVELS  
(In Millions)

IATA – Global airfreight tonnage at record levels

IATA – International freight tonne kilometers (FTKs) flown up 3.6% in 2018



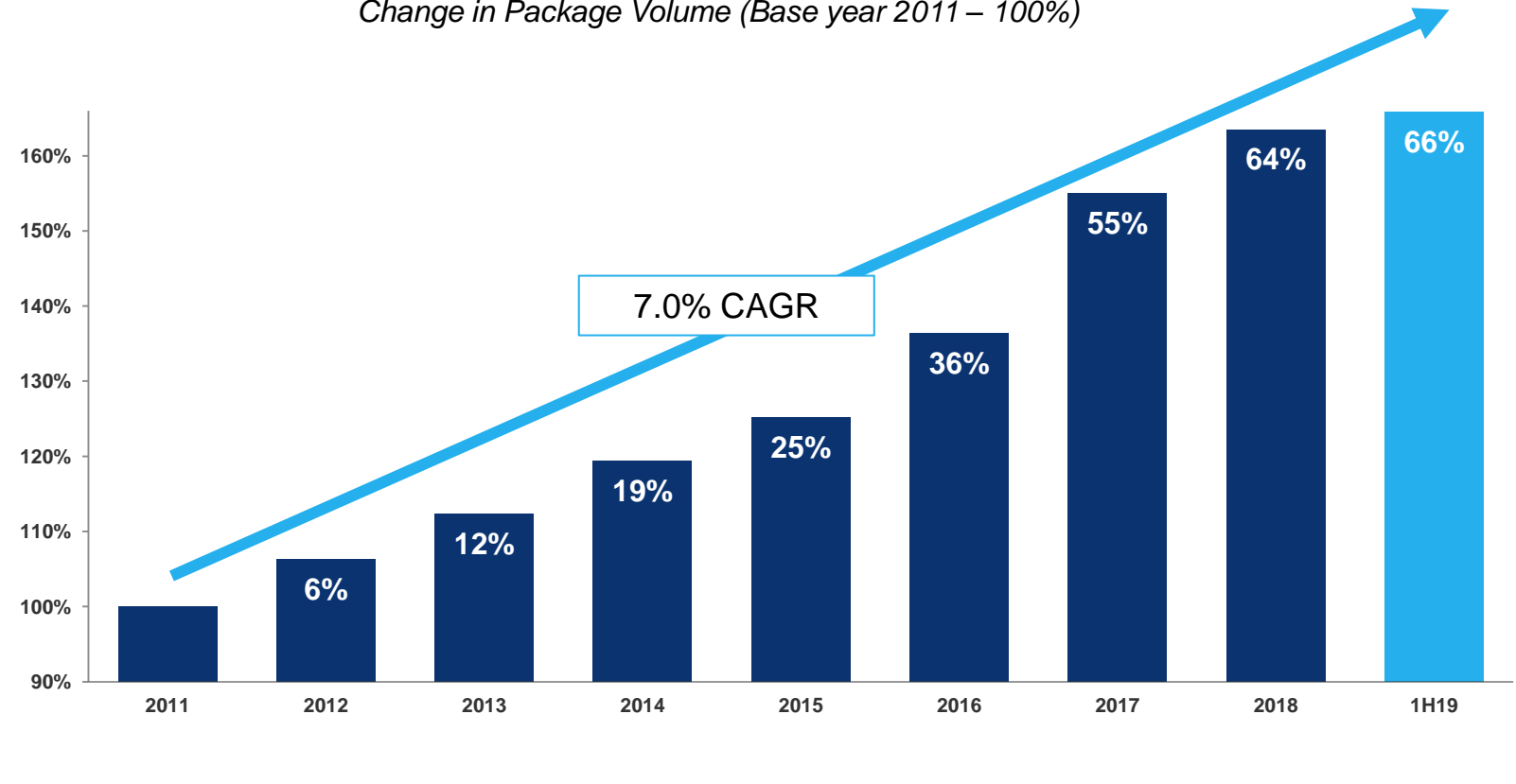
Total Global Airfreight Tonnage: IATA (June 2019)

# The Key Underlying Express Market is Growing

The International Express market is **showing robust growth**

**7.0% CAGR** since 2011, well above the pace of general airfreight

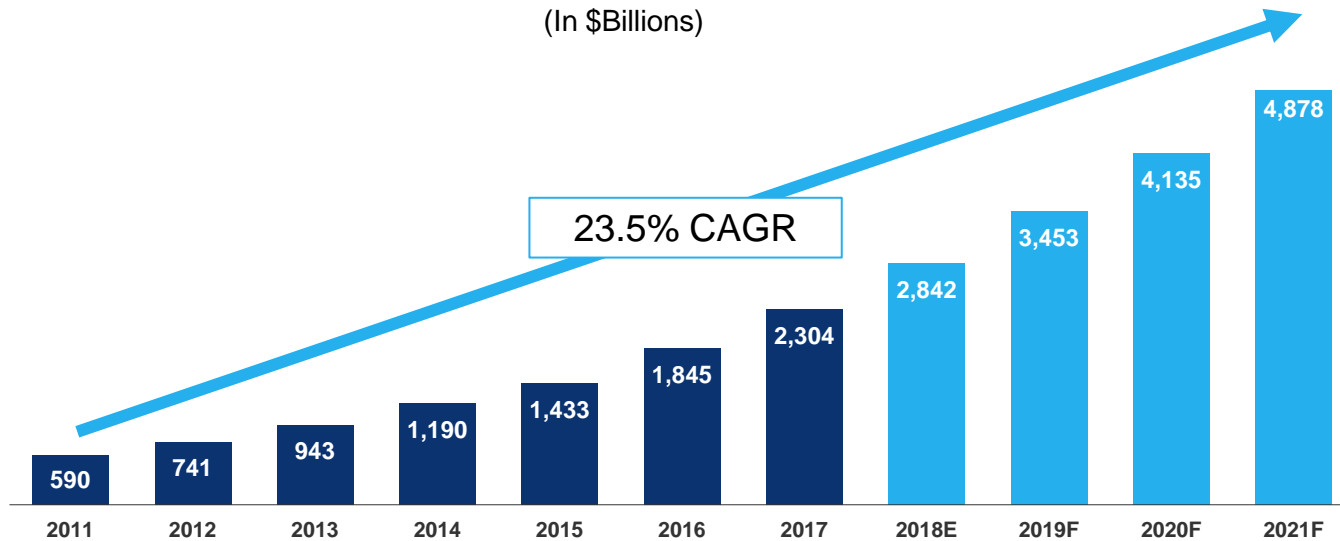
INTERNATIONAL EXPRESS MARKET – DHL, FedEx and UPS  
Change in Package Volume (Base year 2011 – 100%)



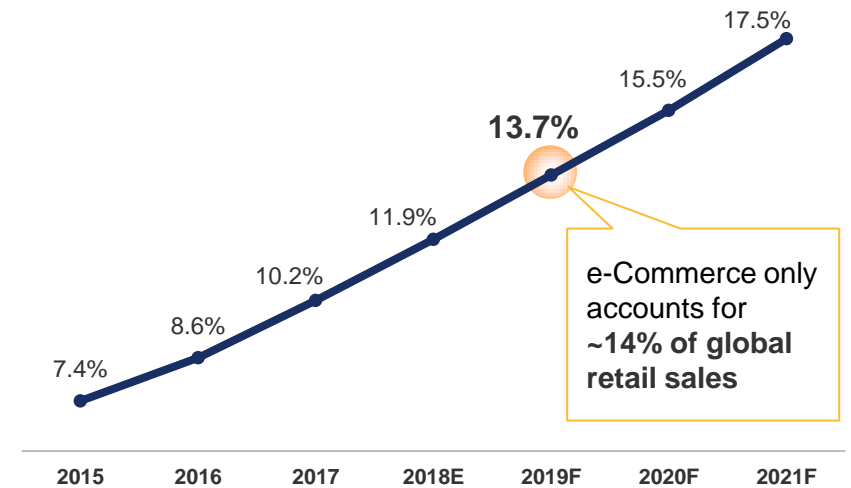
Notes: Weighted average of growth rates in international express package volume reported by these express operators  
Weighting is 50% DHL, 25% UPS and 25% FedEx. 2016-2017 FedEx reported data reflects beneficial impact of TNT acquisition

# e-Commerce Growth

GLOBAL e-COMMERCE SALES  
(In \$Billions)



e-COMMERCE PENETRATION  
(as percentage of global retail sales)



**USA** 237M internet users  
73% mobile penetration  
9% e-Commerce penetration



**CHINA** 700M internet users  
50% mobile penetration  
10% e-Commerce penetration

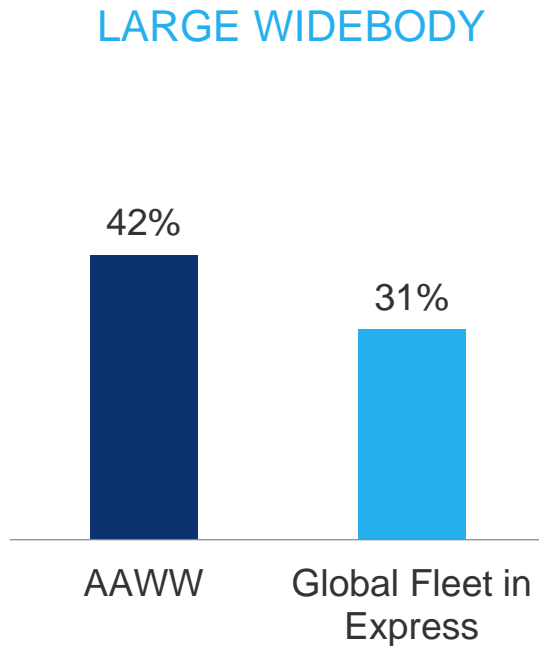


**INDIA** 300M internet users  
25% mobile penetration  
2% e-Commerce penetration

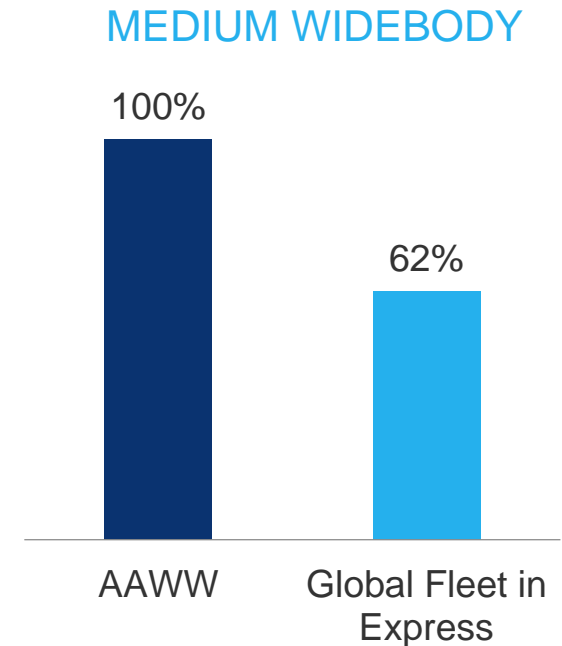


# Fleet Aligned with Express and e-Commerce

Atlas Fleet  
in Express/  
e-Commerce  
Compared with  
Global Fleet



**565** Total global large widebody freighters (747s, 777s, MD-11s, DC-10-30s/40s)



**544** Total global medium widebody freighters (767s, A300-600s/B4s, A330-200s, A310-200s/300s, DC-10-10s)

# A Strong Leader in a Vital Industry

## THE INDUSTRY

Airfreight is **vital to global trade growth**

~\$6.7 trillion of goods airfreighted annually;  
~35% of total world trade

Higher-growth e-Commerce and express markets **demand dedicated freighter services**

Significant growth in **U.S. domestic** air markets

High-value, time-sensitive inventories **demand airfreight-based supply chain**

Airfreight provides a **compelling value proposition**

## ATLAS

**Modern, reliable, fuel-efficient fleet**

**Differentiated fleet solutions:**  
747, 777, 767, 757, 737

Strong portfolio of long-term customers  
**committed to further expansion**

Operating on **five continents**

Serving the **entire air cargo supply chain**

**Unique integrated value proposition**

High degree of **customer collaboration**

**Focused on innovation and thought leadership**







# Atlas Air Worldwide



- We manage **diverse, complex and time-definite global networks**
- We **deliver superior performance and value-added solutions** across our business segments
- We manage a **world-class fleet** to service **multiple market segments**
- We are **strategically positioned in a strengthening market and focused on new opportunities to continue to deliver future growth**

## OUR VISION

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To be our customers'  
most trusted partner

## OUR MISSION

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To leverage our core  
competencies and  
organizational capabilities



# Delivering a Strong Value Proposition

## TRADITIONAL AIRFREIGHT

- **Growing ~4%** through 2038
- Airfreight: **35% of the value** of world trade
- Airlines seeking **more efficient and flexible freighter solutions**

## EXPRESS

- Strong growth with **~7.0% CAGR**
- Segment fueled by **strong e-Commerce growth**
- Express carriers require **incremental and flexible asset solutions**

## e-COMMERCE

- Market **growing by >20%**
- Very **low penetration** globally
- Requires **dedicated freighter networks**

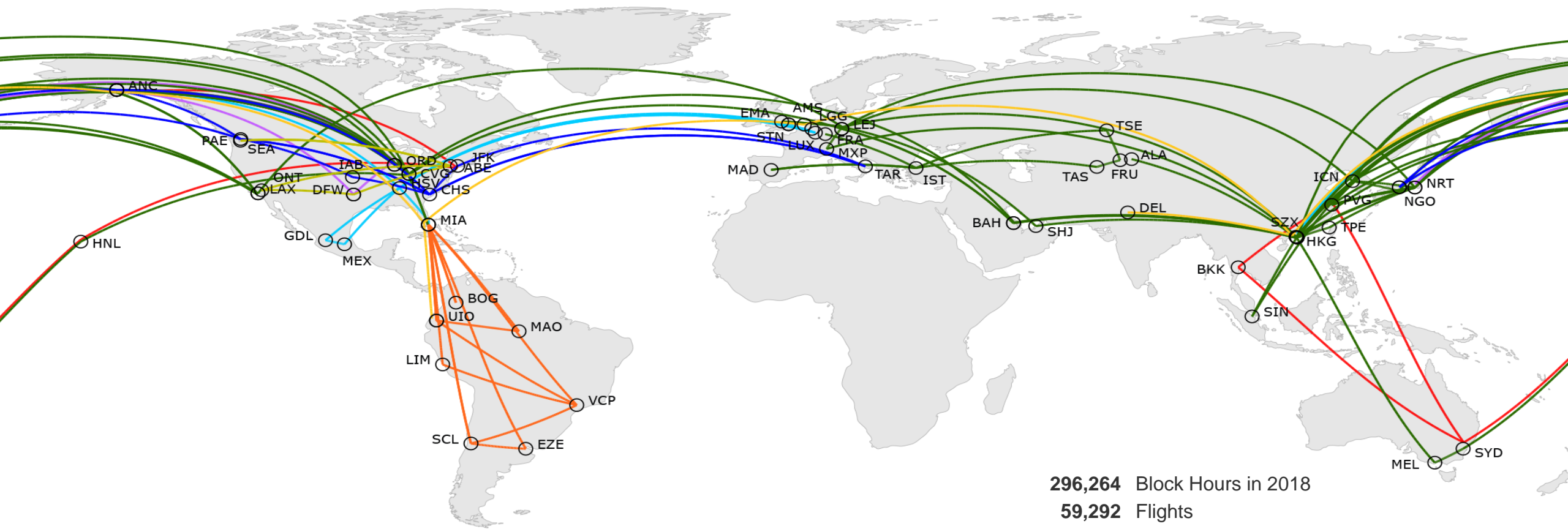
## MULTIPLE...

products  
markets  
fleet

## ATLAS AIR

positioned to  
deliver value  
and growth

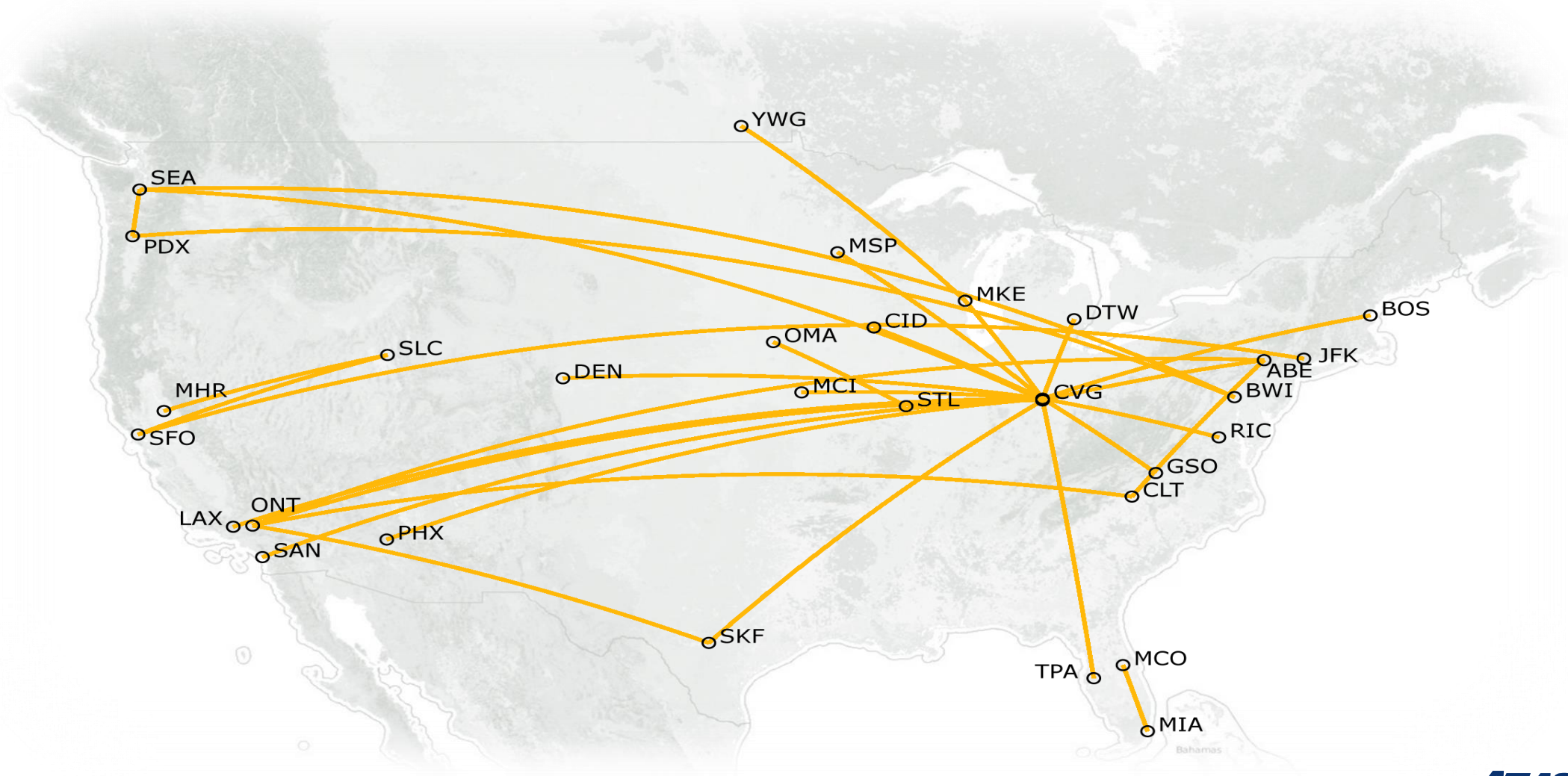
# Global Operating Network



**296,264** Block Hours in 2018  
**59,292** Flights  
**382** Airports  
**89** Countries



# North America Operating Network



# Global Airfreight Drivers

## MARKET SIZE

Airfreight share:  
1.5-2.5% global  
volume, 35%  
global value

## PRODUCTS

High-value,  
time-sensitive items;  
items with short  
shelf lives

## STRATEGIC CHOICE

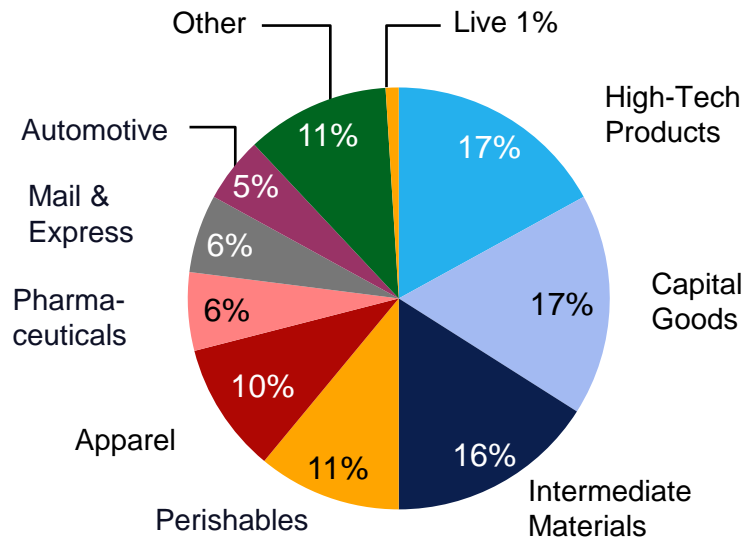
Products/supply  
chains with  
just-in-time delivery  
requirements

## SPECIALTY CONSIDERATION

Products with  
significant security  
considerations

## BY SECTOR

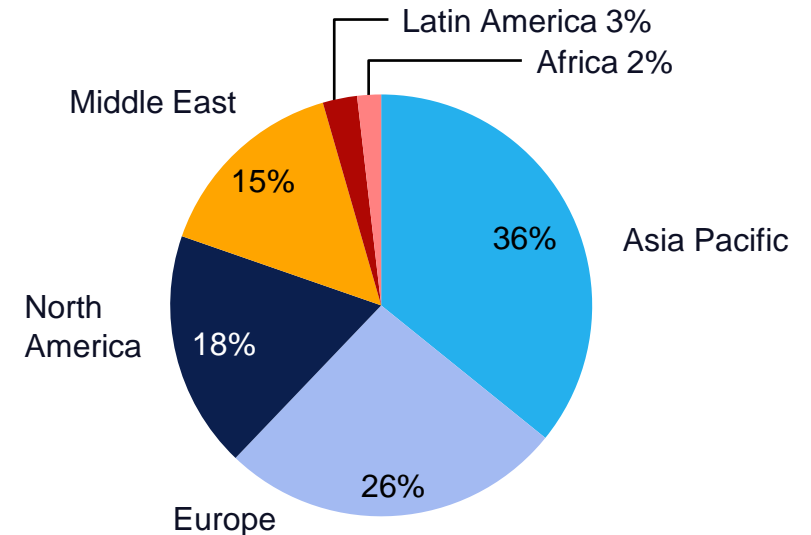
Industry Sectors Served by AAWW Customers



By Sectors Chart Source: Atlas research  
By Region Chart Source: International Air Transport Association – June 2019

## BY REGION

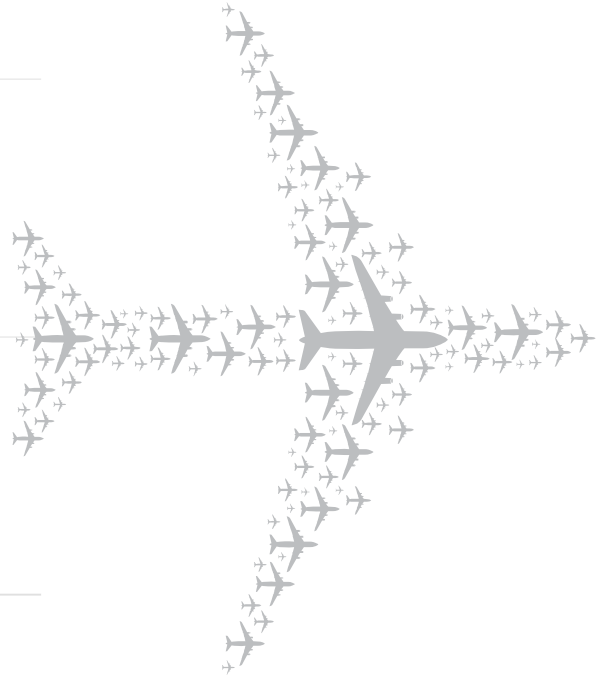
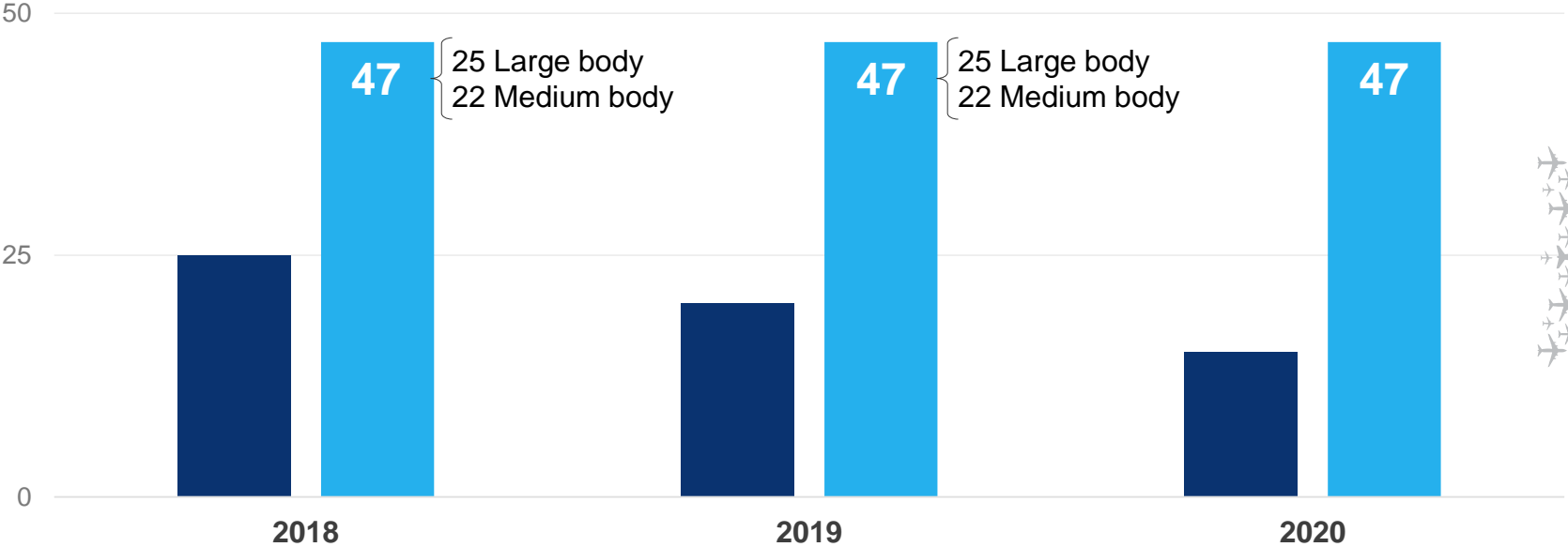
Percent of International Freight Tonne Kilometers (FTKs)



# Demand Exceeding Current Orders

- Current Orders
- New Large Freighters Needed (at ~4% growth)

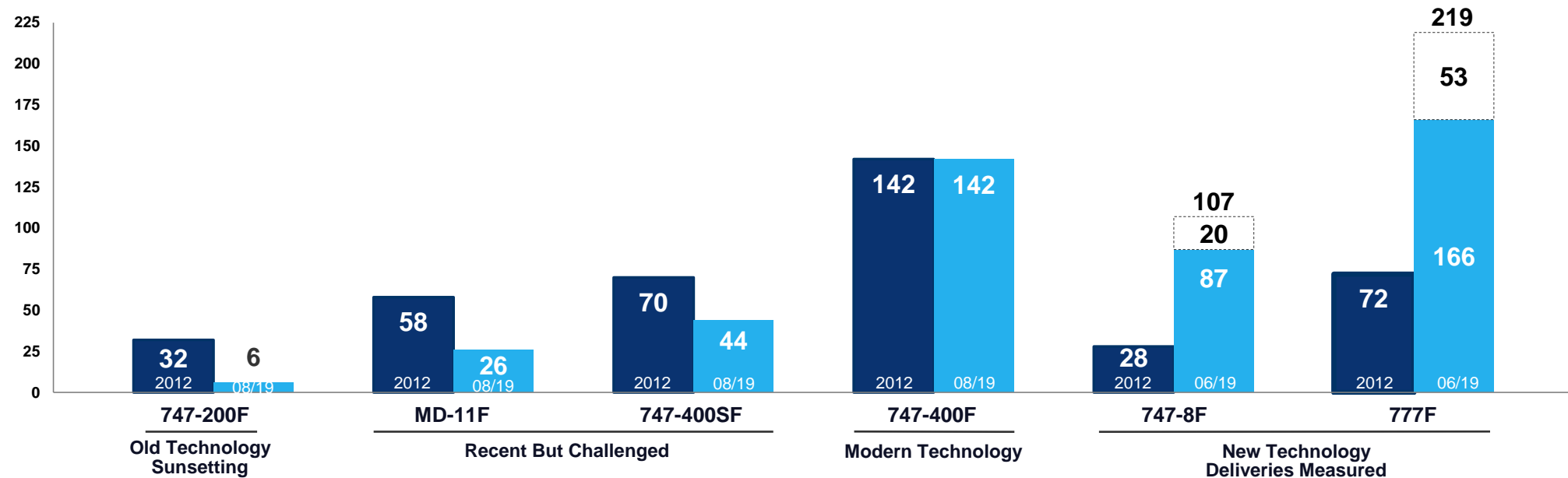
**980** new production freighters needed over next 19 years (2018 – 2037)



Sources: Boeing, Airbus, Cargo Facts, 2018

# Large Freighter Supply Trends

- Fleet expected to grow <1% annually; forecast long-term demand growth of ~4%
- Older technology is nearly gone
- MD-11F and 747-400 converted freighter fleets are shrinking
- Large wide-body freighters will continue to dominate the major trade lanes
- Belly capacity cannot displace freighters



Sources: Atlas (August 2019), Ascend (August 2019), Boeing (June 2019), company reports. Excludes parked aircraft, aircraft in Express operations, combis and tankers; 747-200F total includes -100s and -300s. Boeing June 2019 777F total includes 57 with express operators (39 with FedEx, 10 with AeroLogic/DHL, and 8 for DHL Express)



# Tailoring Airfreight Networks for e-Commerce

CUSTOMERS REQUIRE TAILORED SOLUTIONS,  
AND ATLAS PROVIDES:

- Customized air networks supported by an unparalleled range of freighters
- Global scale to operate domestic, regional and international networks

We match each customer with the **right assets**, the **most efficient networks** and **value-adding solutions**

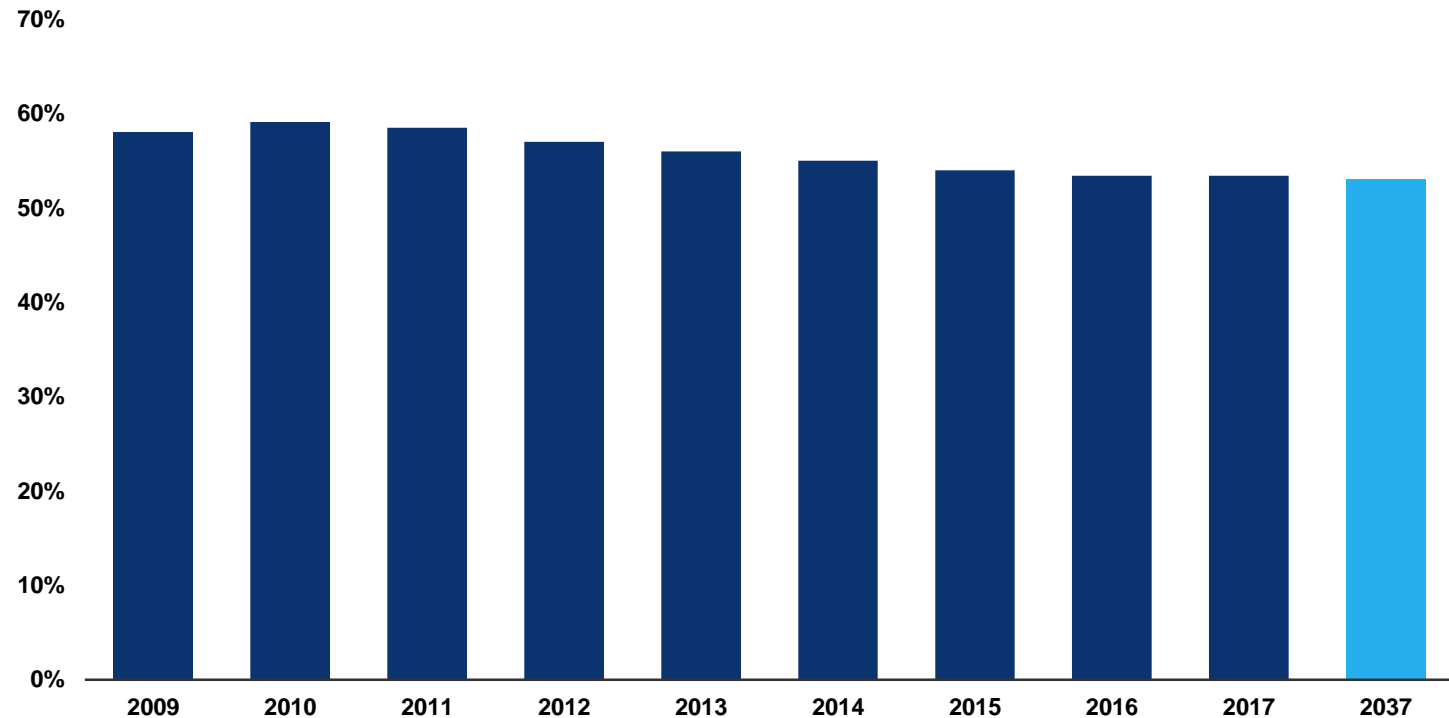


# Main Deck to Belly?

## KEY CONSIDERATIONS

- 10% shift of Trans-Pac market from main deck to Pax belly requires 50 incremental aircraft
- Limitations on slot and route availability; not enough passenger demand; limited access to aircraft
- Global average capacity availability on a 777-300ER is 18-20 tonnes\*
- New Pax 787s fly point-to-point, e.g., London to Phoenix; good for passengers, not cargo

## PERCENTAGE OF WORLD RTKs CARRIED ON FREIGHTERS



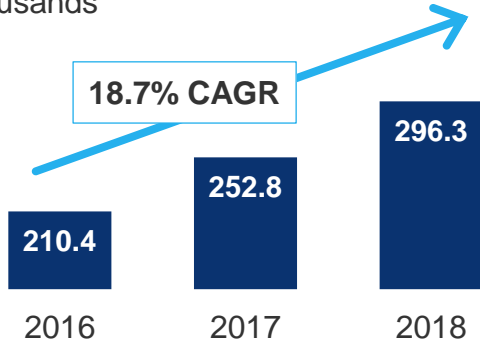
DEDICATED FREIGHTERS WILL CONTINUE TO CARRY MORE THAN HALF OF AIR CARGO TRAFFIC

\*Considering 28 tonnes max structural cargo capacity available after allocating capacity to bags carried  
Sources: Atlas, Boeing

# Financial and Operating Trends

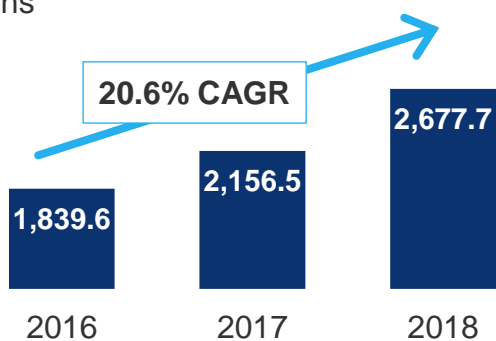
## BLOCK HOURS

In Thousands



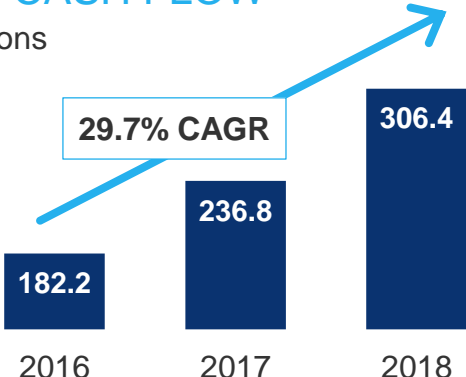
## REVENUE

In \$Millions



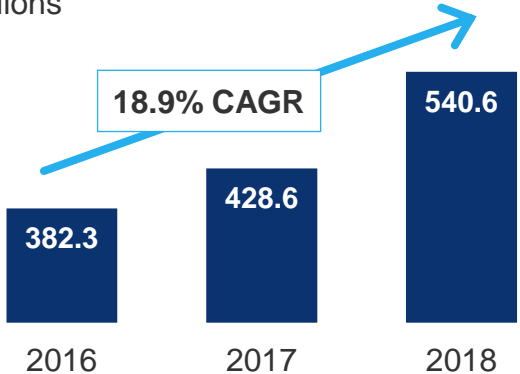
## FREE CASH FLOW

In \$Millions



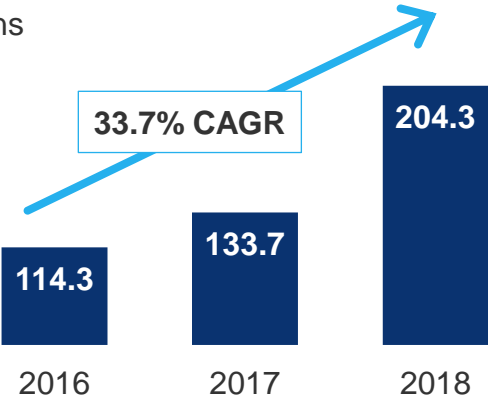
## ADJ. EBITDA\*

In \$Millions



## ADJ. NET INCOME\*

In \$Millions



\*See February 19, 2019 press release for Non-GAAP reconciliations

# 2019 Framework

## REVENUE/EARNINGS

### Revenue

~\$2.9 billion

### Adj. EBITDA

~\$520 million

### Adj. Net Income

Will total ~80% of our 2018 adj. net income of \$204.3 million

## OTHER 2019 KEY ITEMS

### Block Hours

~330,000

~75% of total in ACMI  
Balance in Charter

### Maintenance Expense

~\$395 million

### Depreciation/Amortization

~\$260 million

### Core Capex

~\$140 million

## 3Q19 OUTLOOK

### Block Hours

~85,000

### Revenue

>\$700 million

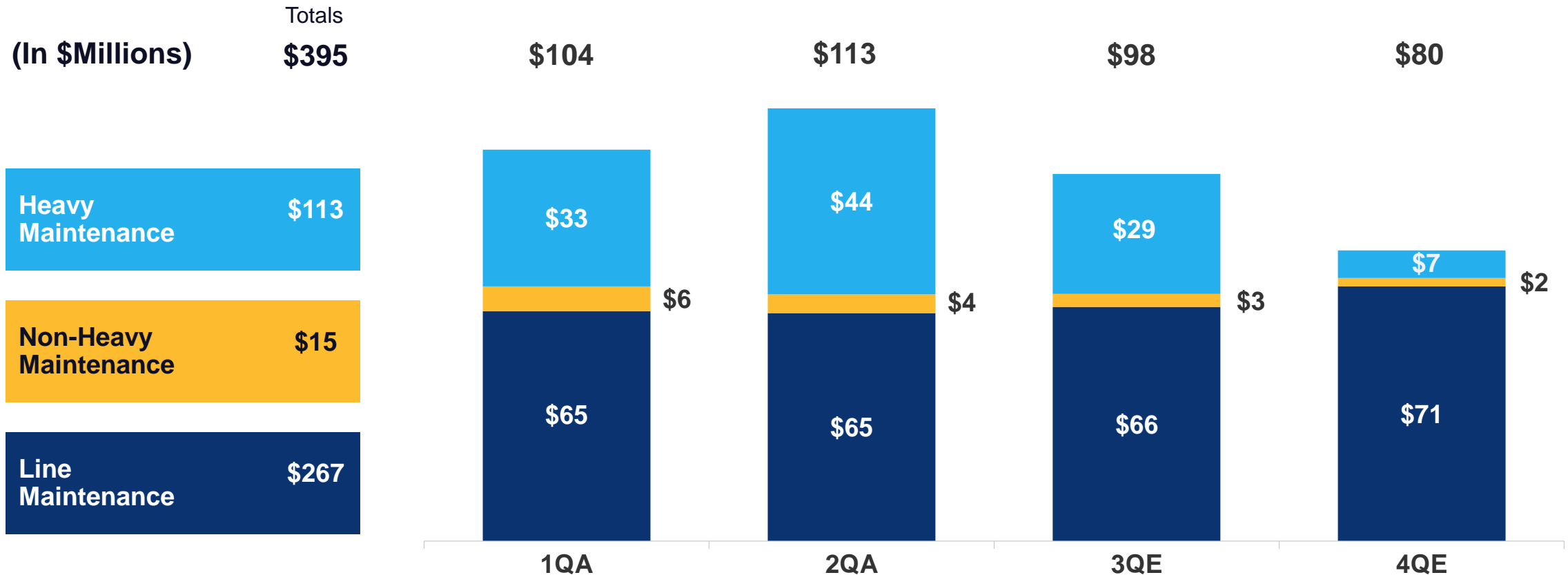
### Adj. EBITDA

~\$125 million

### Adj. Net Income

Will represent a mid- to upper-teen percentage of FY19 adj. net income

# 2019 Maintenance Expense



- **Line maintenance** expense increases commensurate with additional block hour flying
- **Line maintenance** expense is approximately \$810 per block hour
- **Non-heavy maintenance** includes discrete events such as APU, thrust reverser, and landing gear overhauls

Note: Figures subject to rounding

# Reconciliation to Non-GAAP Measures

(In \$Millions)	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
FACE VALUE OF DEBT	\$ 2,259.8	\$ 2,378.8	\$ 2,416.6	\$ 2,644.1	\$ 2,674.2	\$ 2,601.3	\$ 2,530.4	\$ 2,511.4
PLUS: PRESENT VALUE OF OPERATING LEASES	681.9	656.6	709.7	684.2	656.4	626.0	621.8	591.9
<b>TOTAL DEBT</b>	<b>\$ 2,941.8</b>	<b>\$ 3,035.4</b>	<b>\$ 3,126.2</b>	<b>\$ 3,328.3</b>	<b>\$ 3,330.6</b>	<b>\$ 3,227.3</b>	<b>\$ 3,152.2</b>	<b>\$ 3,103.3</b>
LESS: CASH AND EQUIVALENTS	\$ 176.3	\$ 291.9	\$ 130.4	\$ 227.9	\$ 226.2	\$ 232.7	\$ 164.5	\$ 120.8
LESS: EETC ASSET	29.9	29.0	27.8	24.1	20.2	16.3	11.4	7.2
LTM EBITDAR	\$ 546.8	\$ 570.4	\$ 603.0	\$ 632.6	\$ 663.9	\$ 701.2	\$ 730.8	\$ 691.8
<b>NET LEVERAGE RATIO</b>	<b>5.0x</b>	<b>4.8x</b>	<b>4.9x</b>	<b>4.9x</b>	<b>4.6x</b>	<b>4.2x</b>	<b>4.1x</b>	<b>4.3x</b>

Present Value of Operating Leases: As of January 1, 2019, operating leases are recognized on the consolidated balance sheet.

EBITDAR: Earnings before interest, taxes, depreciation, amortization, aircraft rent expense, U.S. Tax Cuts and Jobs Act special bonus, noncash interest expenses and income, net, loss (gain) on disposal of aircraft, special charge, costs associated with transactions, accrual for legal matters and professional fees, charges associated with refinancing debt, and unrealized loss (gain) on financial instruments, as applicable



Thank You