

AAWW Investor Slides

January 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.

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.

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 the appendix and our earnings releases dated February 22 and November 1, 2018, which are posted on our website at www.atlasairworldwide.com.



Shaping a Powerful Future

Global leader in outsourced aviation

Era of **significant business growth and development**

Expect **sharply higher adjusted net earnings** in 2018

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

Opportunities to grow with existing customers and with new ones

Strong foundation for **earnings and cash flow**

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





Strong Financial and Operating Performance

In 2018, we have continued to deliver record volumes, record revenue and robust earnings growth, reflecting key multiyear strategic initiatives that have transformed our company and created significant shareholder value

Performance Highlights

Strategic Initiatives

- ✓ Capitalizing on our **strong market position** and our focus on **express, e-commerce and fast-growing global markets**
- ✓ Our growth and development reflect **expansions with long-standing customers**, contributions and synergies from our **move into 777 and 737 operations** through Southern Air, and key **new customer agreements**

Business Growth

- ✓ In 2018, placed and began operating **eight additional 767 aircraft for Amazon**
- ✓ **Now have 20 Amazon aircraft**, in line with schedule announced in 2016
- ✓ Acquired **two 777 freighters** and added **five leased 747 freighters** to meet increased customer demand

9M 2018 Financial Highlights

Volumes increased 17% to 212,827 block hours

↑ 17%

Revenue grew 25% to \$1.912 billion

↑ 25%

Adjusted EBITDA* rose 29% to \$344.1 million

↑ 29%

Adjusted income from continuing operations, net of taxes* grew 75% to \$117.3 million, or \$4.17 per diluted share

↑ 75%



2018 Framework

4Q18

- **Expect Record**
 - Block Hours
 - Revenue
 - Adj. EBITDA
 - Adj. Net Income
- **New flying for Asiana Cargo, SF Express**
- **Two more 767s for Amazon**

Revenue/Adj. EBITDA

- **Revenue >\$2.6 billion**
- **Adj. EBITDA >\$525 million**

Adj. Net Income

- To grow **near or over 50%** compared with 2017

Block Hours

- **~17% increase to ~297,000**
- ~75% of total in ACMI
- Balance in Charter

Other 2018 Key Items

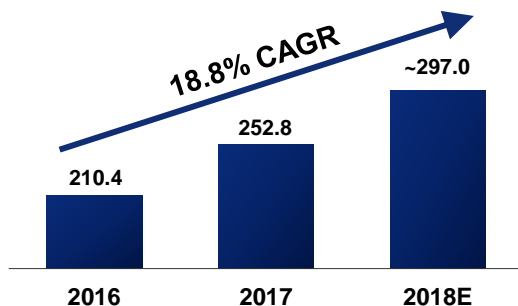
- **Maint Exp** ~\$335 million
- **Depr/Amort** ~\$215 million
- **Core Capex** ~\$105-115 million



Financial and Operating Trends

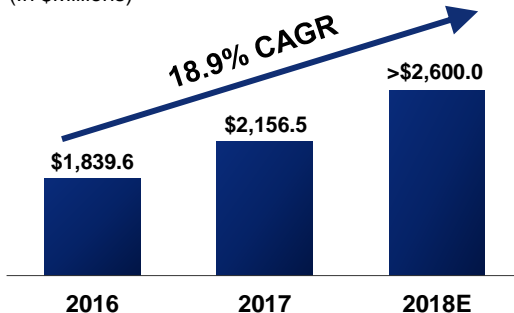
Block Hours

(In Thousands)



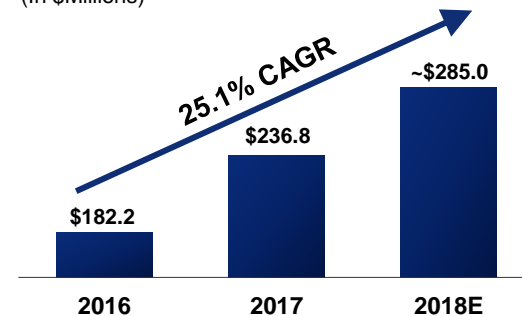
Revenue

(In \$Millions)



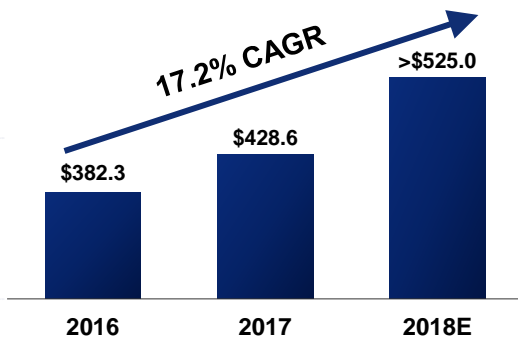
Free Cash Flow*

(In \$Millions)



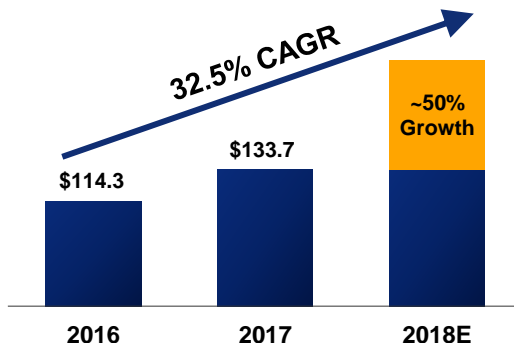
Adj. EBITDA*

(In \$Millions)



Adj. Net Income*

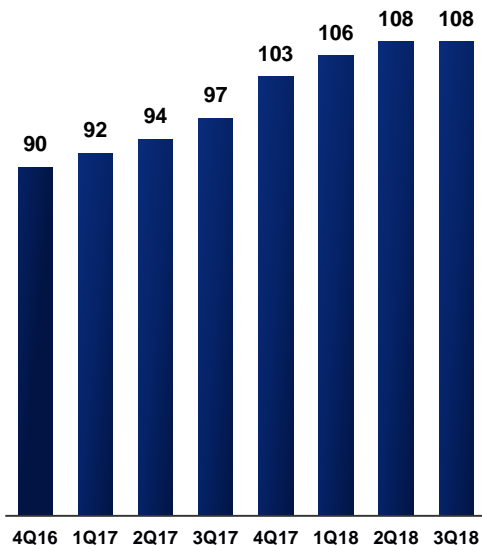
(In \$Millions)



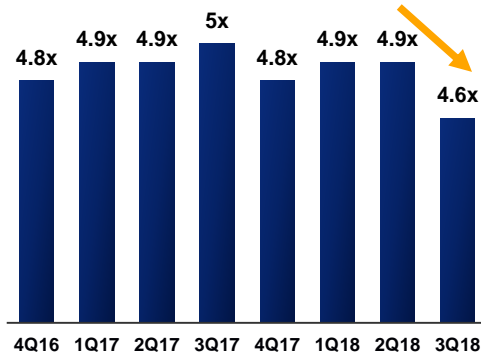


Growing/Diversifying Fleet/Managing Leverage

Number of Aircraft

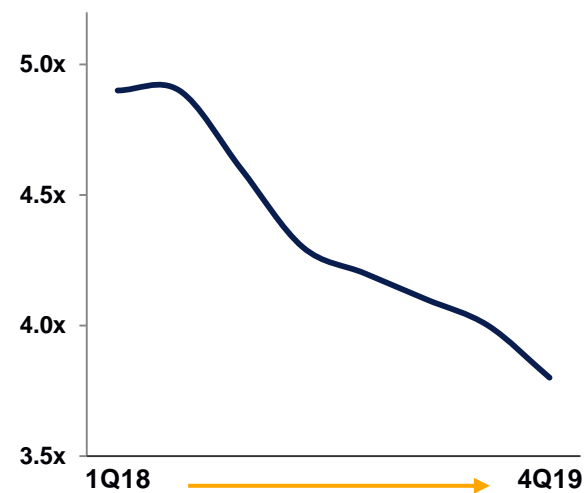


Net Leverage Ratio*



Estimated Net Leverage Ratio

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





Business Developments

ACMI/CMI

Strong record of placements and expanded service for existing customers

Added several **new customers**: e.g., Asiana, Cathay Pacific, NCA, DGF, SFE

Leasing & Charter Operator of the Year (4th consecutive year)

Now leasing/operating **20 767-300Fs for Amazon**

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

ASIANA CARGO 





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 3rd largest freighter lessor by value

Added 20 767-300s for conversion; acquired two additional 777-200Fs

AeroLogic

amazon

中国邮政航空公司
China Postal Airlines

DHL

FedEx



Diversified Customer Base

Long-term, profitable relationships

Shippers



Forwarders



Airlines



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

Total Fleet: 112

Operating Fleet: 103

Dry Lease: 9

747



51 Boeing 747s

- 10 747-8Fs
- 33 747-400Fs
- 4 747-400 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



12 Boeing 777s

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

737



7 Boeing 737s

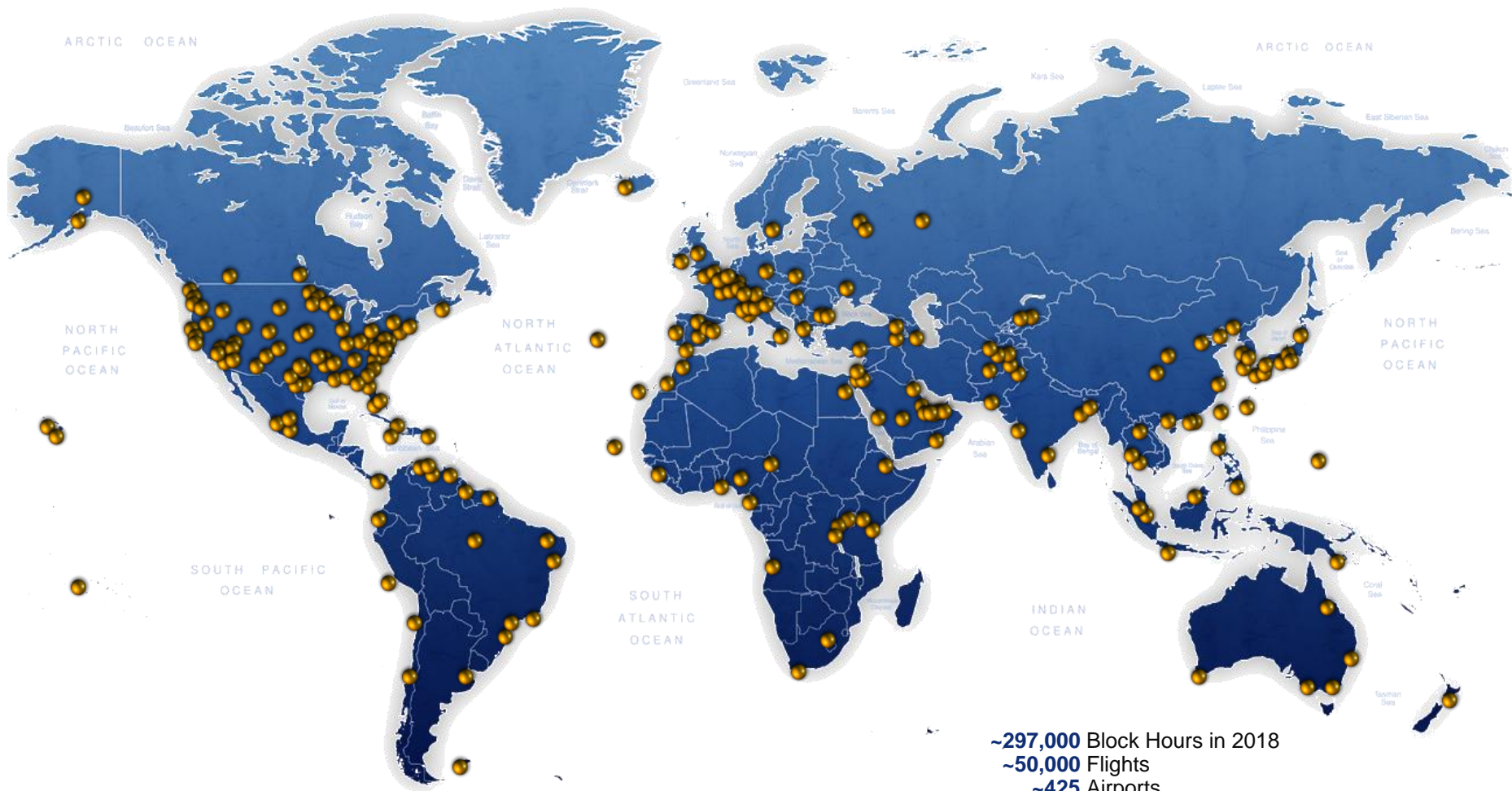
- 5 737-400Fs
- 1 737-300 Freighter Titan
- 1 737-800 Passenger Titan

2018 Fleet Growth: 16 Aircraft

+Nine 767s +Six 747s +One 777



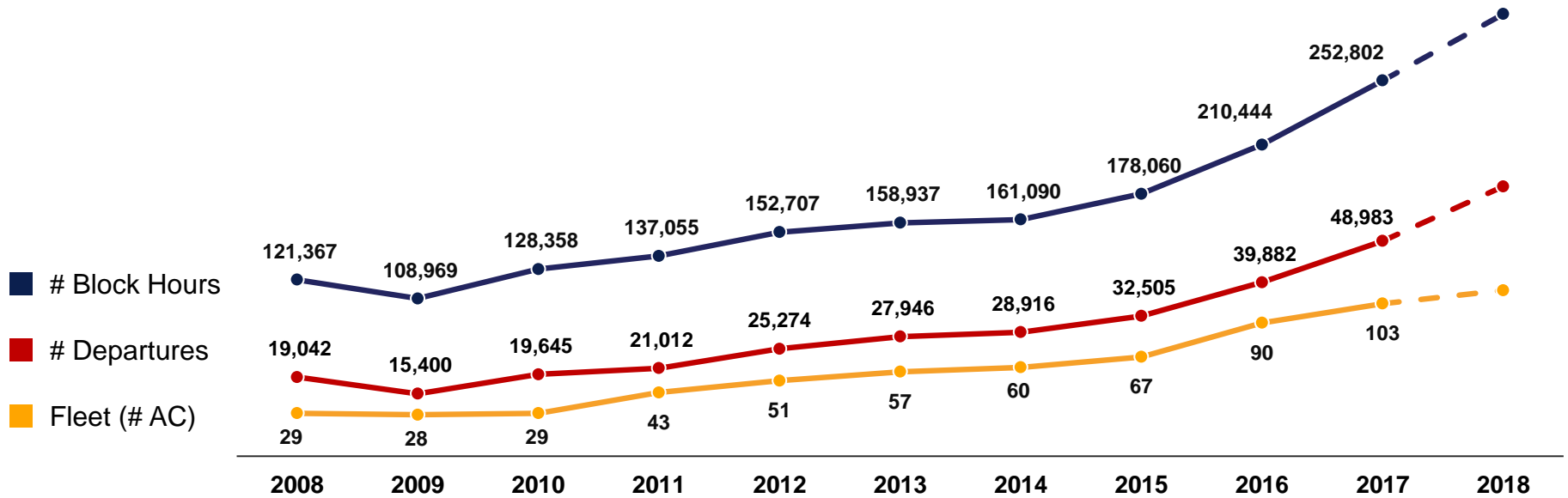
Global Presence



~297,000 Block Hours in 2018
~50,000 Flights
~425 Airports
~105 Countries



Growth by Year



Since 2008...

- +74 aircraft
- +106 airports
- +1,442 employees
- +939 pilots
- +\$550 million of revenue
- \$3.1 billion invested in aircraft purchases

Atlas Carries Approximately...

15 million pounds each day; 450 million pounds per month; and 5.5 billion pounds per year



Executing Strategic Plan





Capital Allocation Strategy

Balance Sheet Maintenance

Business Investment

Share Repurchases

- Acquired/converted 20 767-300s for Amazon
- Acquired Southern Air
- Refinanced high-cost 747-400 EETC debt and higher-cost 747-8F term loans
- Acquired 10th 747-8F
- Acquired two 777s and two 767s for Dry Leasing; also operating them in CMI
- Acquired 4th and 5th 767 for AMC passenger service
- Repurchased >10% of outstanding stock
- Focused on maintaining healthy cash position





In 2018



Amazon

Added 8 aircraft
Now 20 in operation



Holiday Flowers

Total Flights: 145
Weight: 26 million lbs
Block Hours: 554



Awards

Commercial Bank Financing of the Year
ISHKA
Innovative Financing of the Year
Airfinance Journal
Governance Team of the Year
Corporate Secretary
Best Legal Department
New York Law Journal



Atlas "On Tour"

Ozzy Osbourne Depeche Mode
Taylor Swift Pearl Jam
Britney Spears Lollapalooza
Katy Perry Bruno Mars



On the Road Again

Formula One
Moto GP
Parade Floats



Touchdown!



Social Responsibility

Champion Award
Junior Achievement of New York



2019 Objectives

- Deliver **superior service quality**
- Ensure **safe, secure, compliant operation**
- Achieve **earnings goals**
- Maximize **business opportunities**
- Implement full **Amazon** service
- Capitalize on **Southern Air** platform for growth
- Realize **continuous improvement**
- Maintain **solid balance sheet**



Continued Growth and Innovation



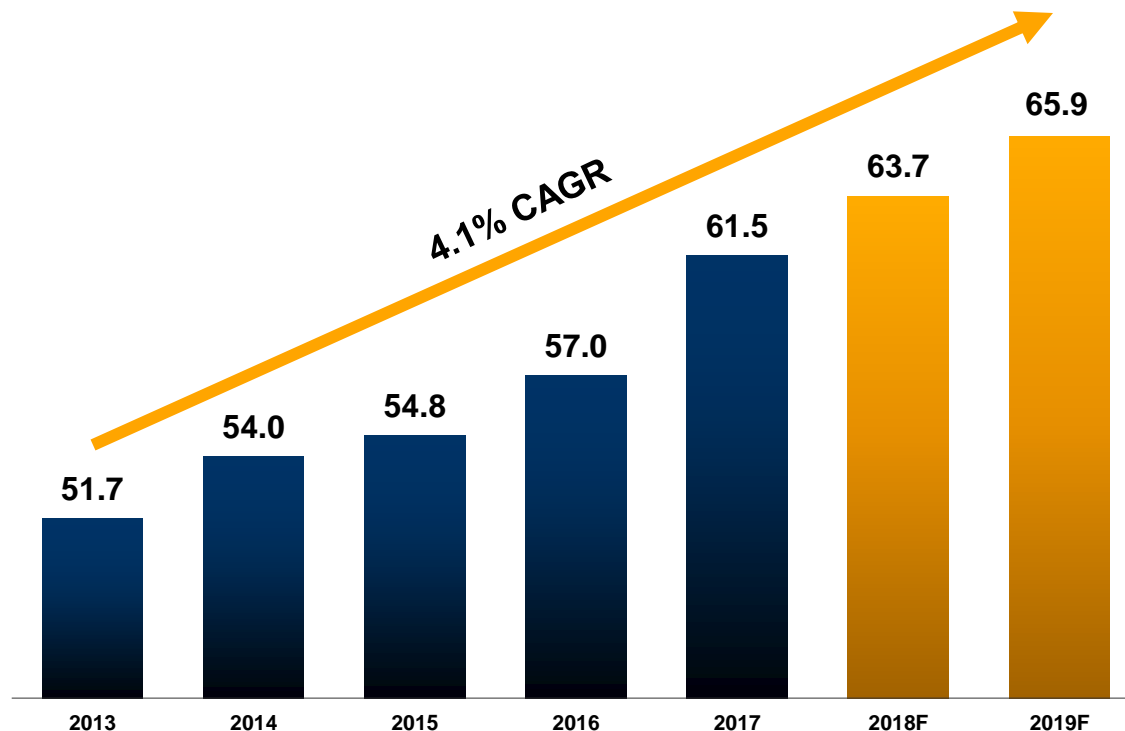
International Global Airfreight – Annual Growth

IATA – Global airfreight tonnage **growing from record levels**

IATA – International freight tonne kilometers (FTKs) flown **up 9.9% in 2017**

IATA – Expects very healthy **4.1% FTK growth in 2018** and **3.7% growth in 2019**

IATA Reported Airfreight Tonnage Growing from Record Levels
(In \$Millions)



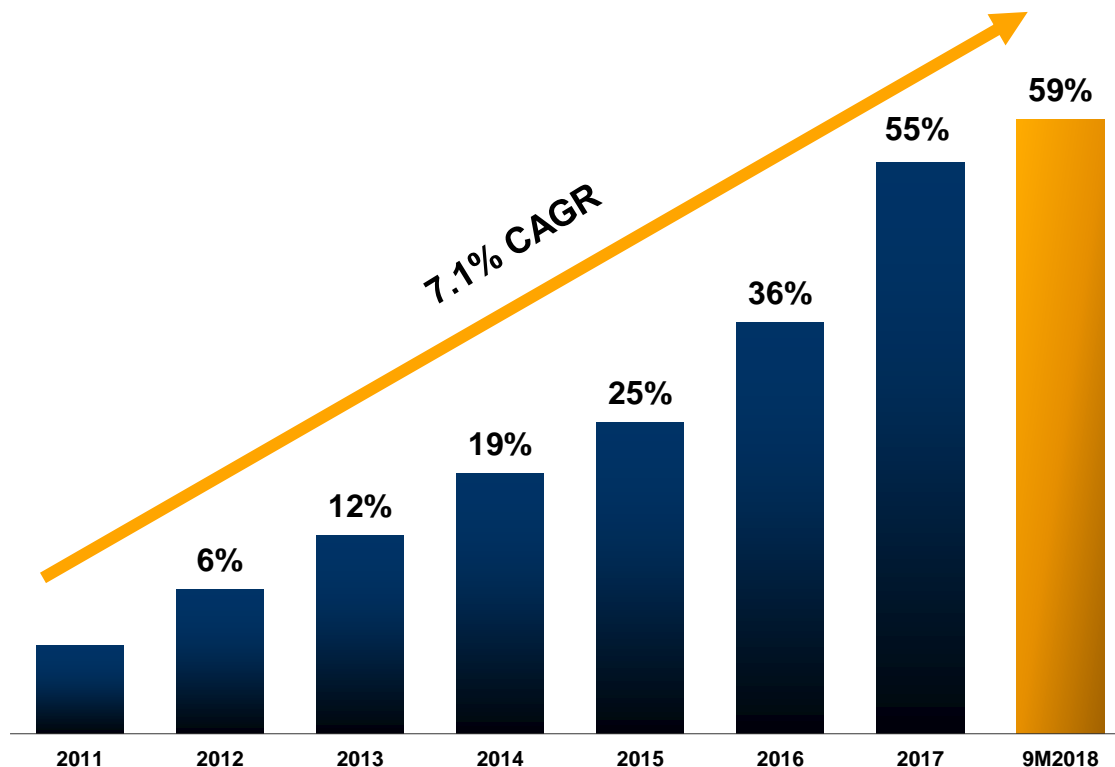


The Key Underlying Express Market Is Growing

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

7.1% CAGR since 2011, well above the pace of general airfreight

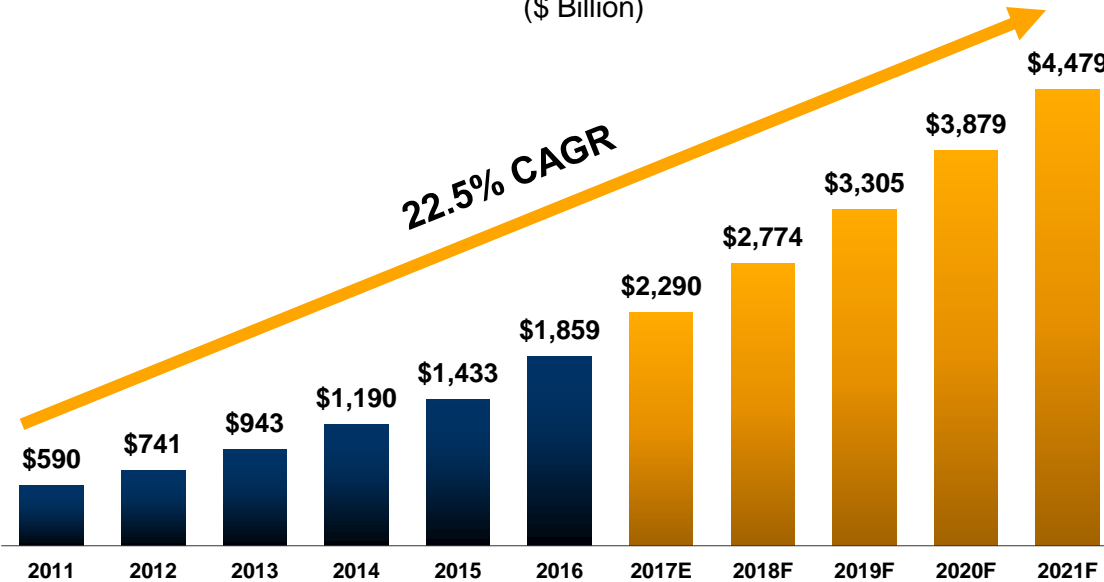
International Express Market – DHL, FedEx and UPS
Change in Package Volume (Base year 2011 - 100%)



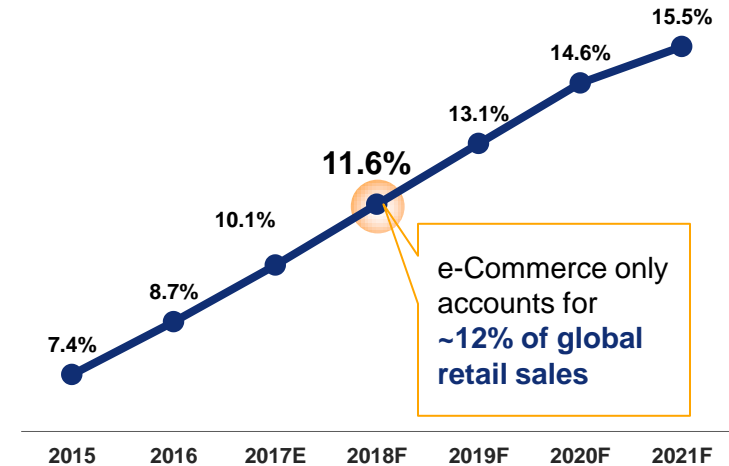


e-Commerce Growth

Global e-Commerce Sales
(\$ Billion)



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

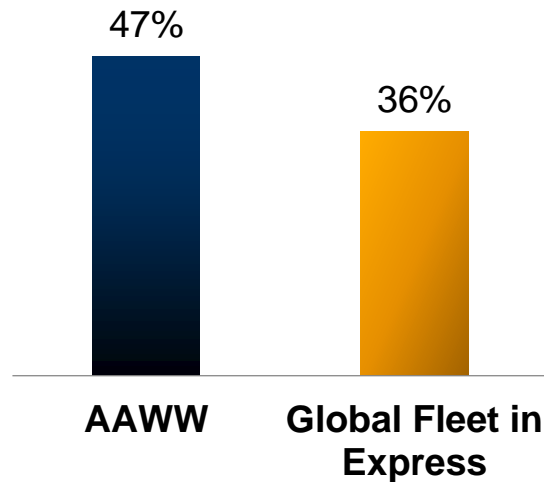




Fleet Aligned with Express and e-Commerce

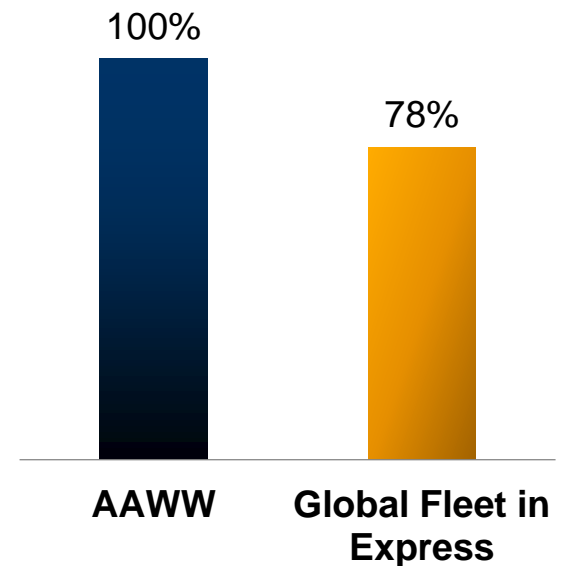
Atlas Fleet
in Express/
e-Commerce
Compared with
Global Fleet

Large Widebody



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

Medium Widebody



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



Amazon Service

Strategic **long-term** relationship

Supporting fast deliveries for Amazon's customers

20 B767-300 converted freighters

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



20 Aircraft
Currently in
Service for
Amazon

Amazon granted **rights to acquire AAWW equity**

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

Meaningfully accretive

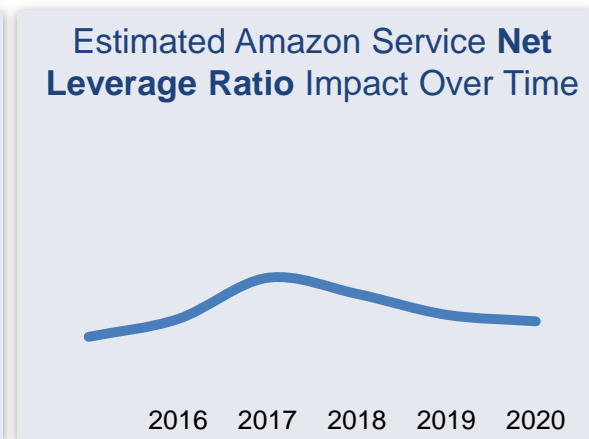
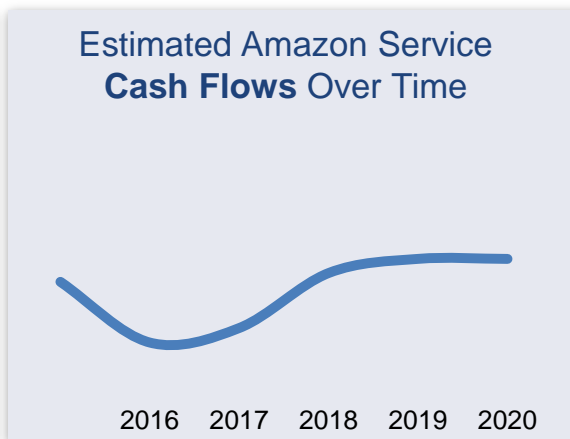
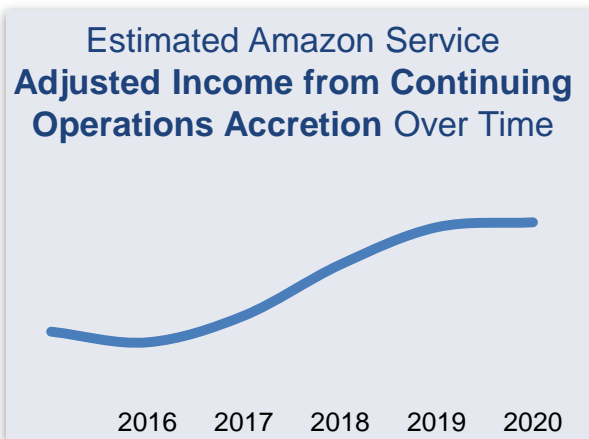
Agreement provides for **future growth opportunities**



Amazon Service – Financial Impact

Adjusted Income from Continuing Operations and Cash Flow contributions to ramp up as aircraft enter service for Amazon

Net Leverage Ratio to increase initially, then decrease over time





A Strong Leader in a Vital Industry

The Industry

Airfreight is **vital to global trade growth**

~\$7.0 trillion of goods airfreighted annually;
~35% of total world trade

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

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**

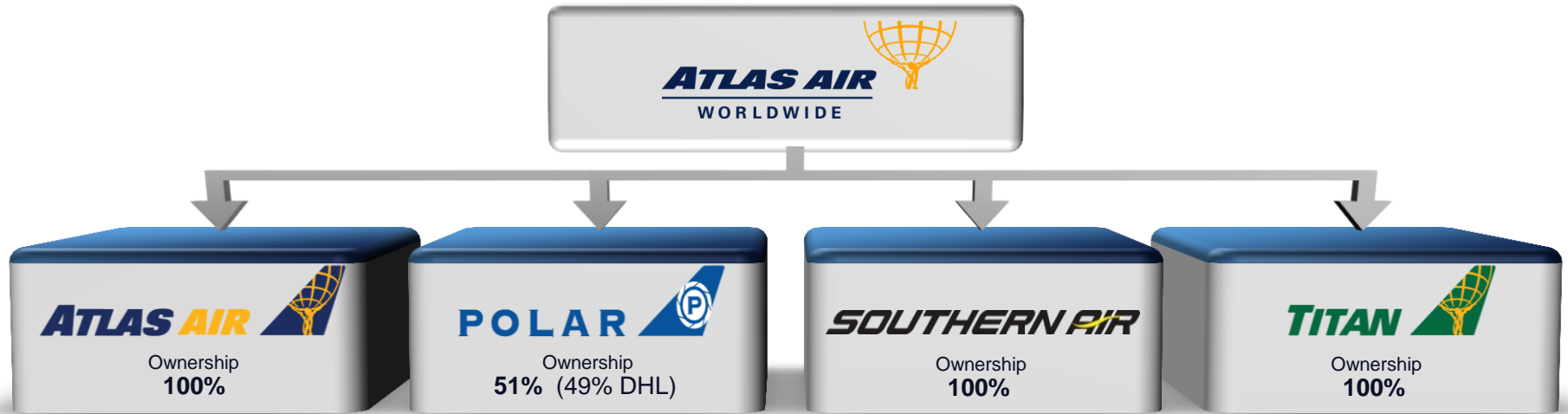
Focused on innovation and thought leadership



Appendix



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

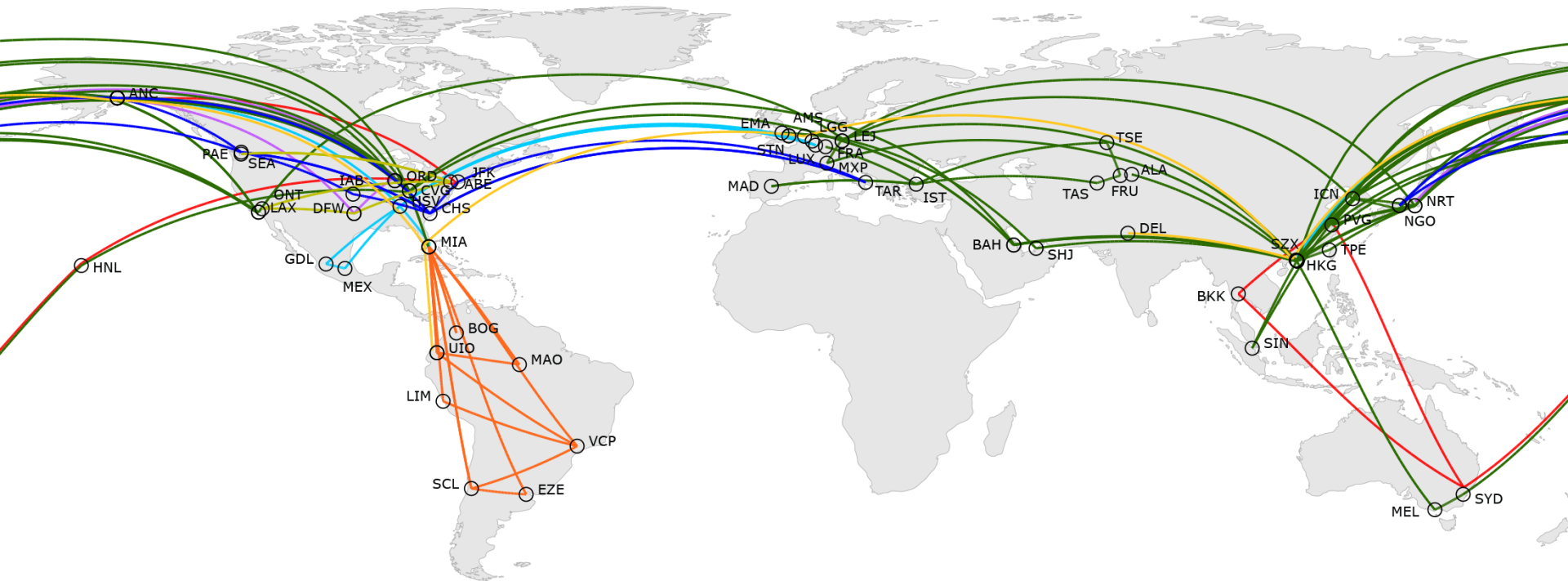
**To be our customers'
most trusted partner**

Our Mission

**To leverage our core
competencies and
organizational capabilities**



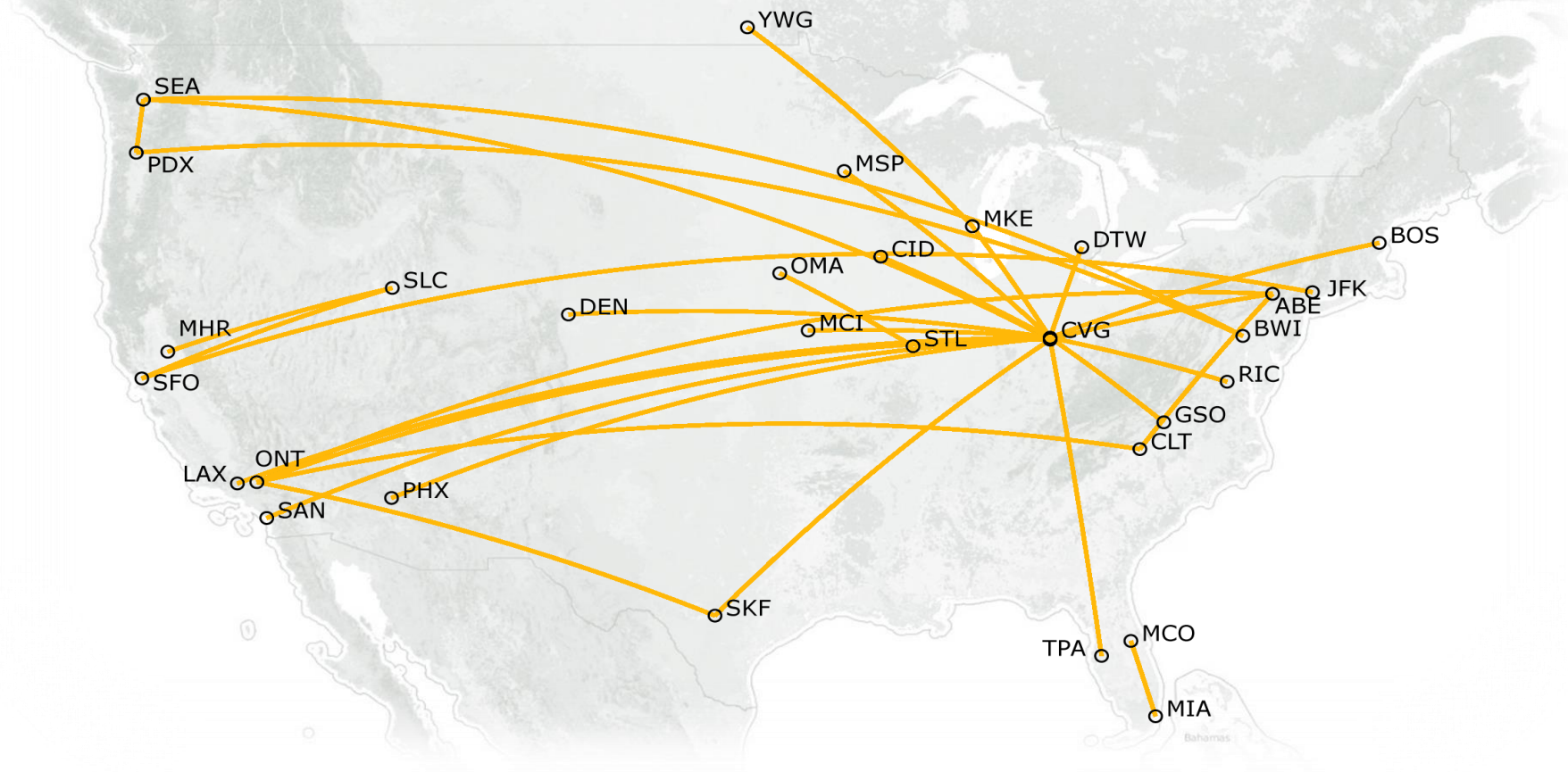
Global Operating Network



~297,000 Block Hours in 2018
~50,000 Flights
~425 Airports
~105 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

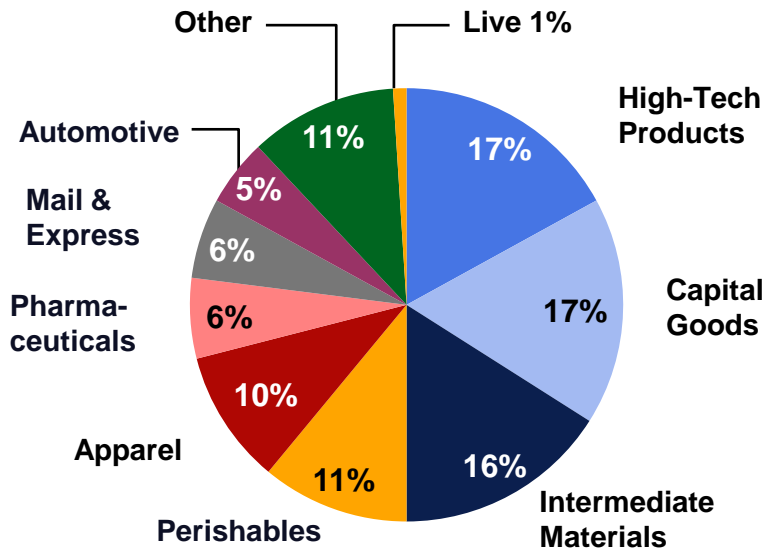
Products/supply
chains with
just-in-time delivery
requirements

Specialty Consideration

Products with
significant security
considerations

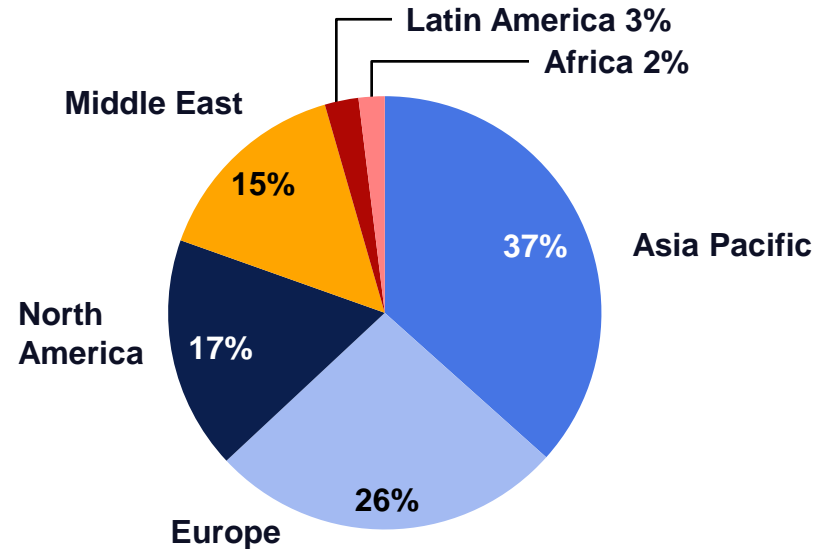
By Sectors

Industry Sectors Served by AAWW Customers



By Region

Percent of International Freight Tonne Kilometers (FTKs)





Delivering a Strong Value Proposition

Traditional Airfreight

- **Growing ~4%** through 2035
- Airfreight: **35% of the value** of world trade
- Airlines seeking **more efficient and flexible freighter solutions**

Express

- Strong growth with **~7.1% 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



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**

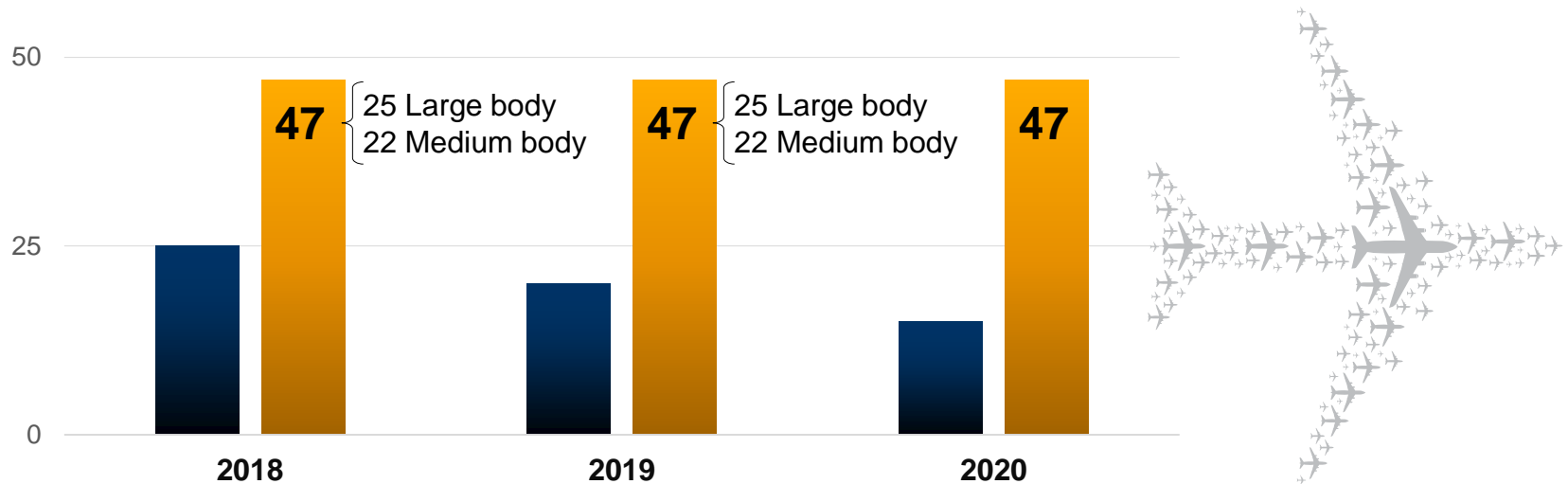




Demand Exceeding Current Orders

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

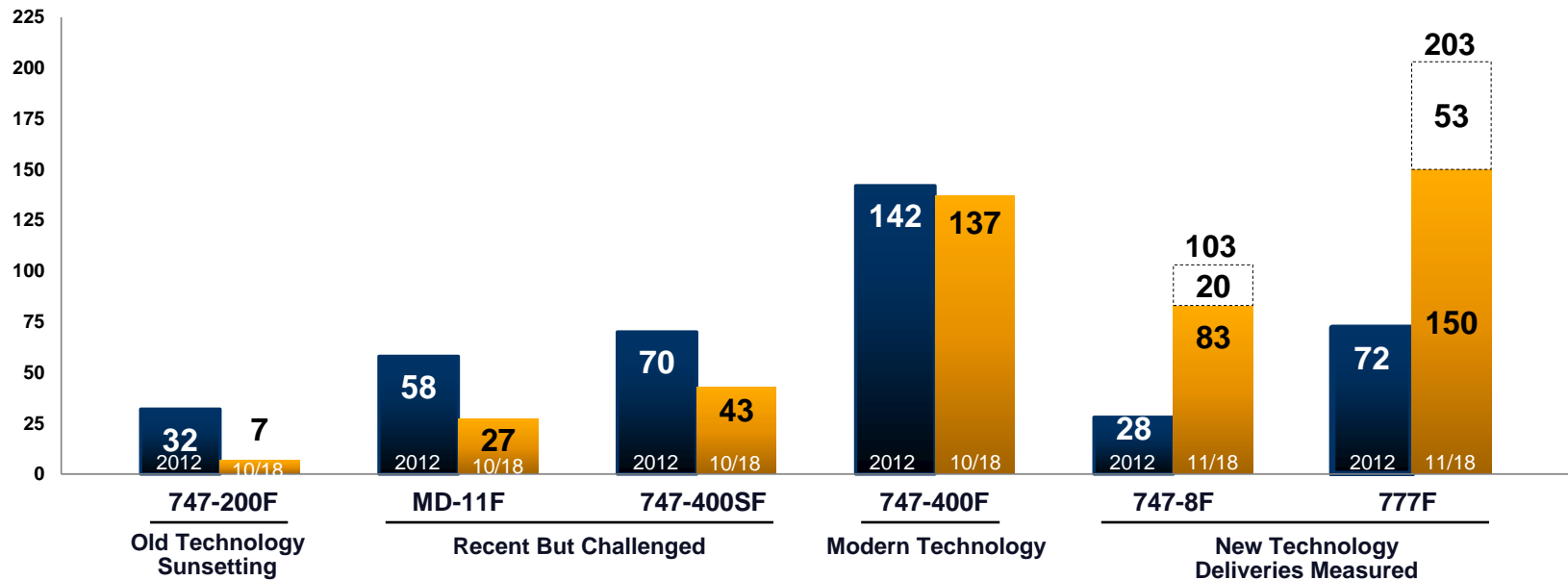
980 new production freighters needed over next 19 years (2018 – 2037)





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



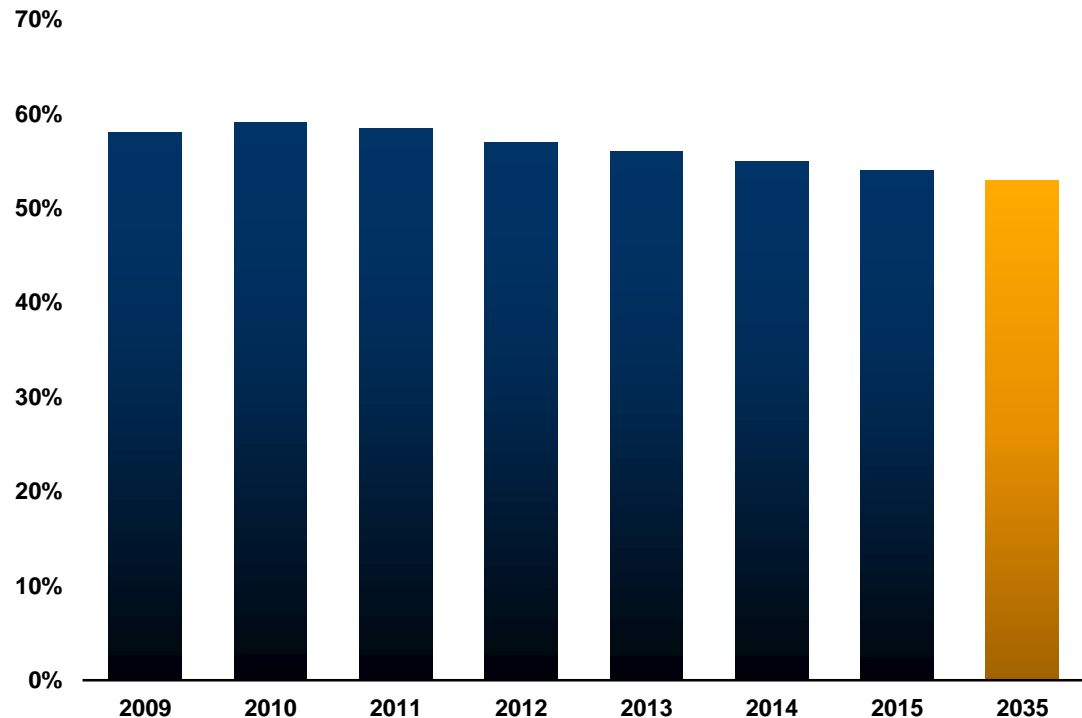


Main Deck to Belly?

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





2018 Maintenance Expense

(In \$Millions)

Totals

\$334

Heavy Maintenance

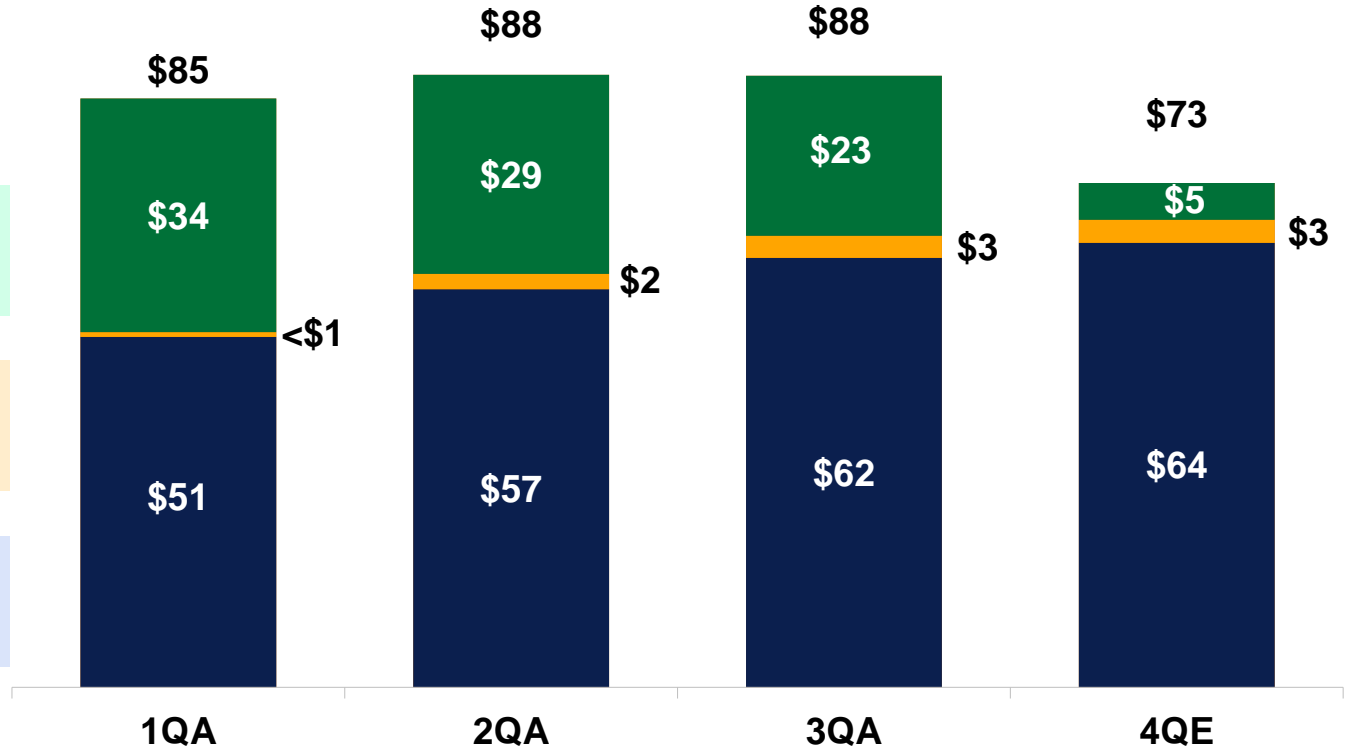
\$91

Non-Heavy Maintenance

\$9

Line Maintenance

\$234



- **Line maintenance** expense increases commensurate with additional block hour flying
- **Line maintenance** expense is approximately \$788 per block hour
- **Non-heavy maintenance** includes discrete events such as APU, thrust reverser, and landing gear overhauls



Reconciliation to Non-GAAP Measures

(In \$Millions)	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16
Face Value of Debt	\$ 2,674.2	\$ 2,644.1	\$ 2,416.6	\$ 2,378.8	\$ 2,259.8	\$ 2,307.2	\$ 2,068.1	\$ 1,943.4
Plus: Present Value of Operating Leases	656.4	684.2	709.7	656.6	681.9	661.0	678.6	749.9
Total Debt	3,330.6	3,328.3	3,126.2	3,035.4	2,941.8	2,968.2	2,746.7	2,693.2
Less: Cash and Equivalents	\$ 226.2	\$ 227.9	\$ 130.4	\$ 291.9	\$ 176.3	\$ 282.7	\$ 118.9	\$ 138.3
Less: EETC Asset	20.2	24.1	27.8	29.0	29.9	30.9	31.9	32.3
LTM EBITDAR	\$ 663.9	\$ 632.6	\$ 603.0	\$ 570.4	\$ 546.8	\$ 543.1	\$ 525.6	\$ 526.0
Net Leverage Ratio	4.6x	4.9x	4.9x	4.8x	5.0x	4.9x	4.9x	4.8x

Thank You

ATLAS AIR

WORLDWIDE

