



# QUARTERLY REVIEW

4Q 2018

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February 19, 2019



# Safe Harbor Statement

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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 release dated February 19, 2019, which is posted at [www.atlasairworldwide.com](http://www.atlasairworldwide.com).

# Key Takeaways

**2018 was another great year...**

- Record volumes, revenue, earnings
- Grew business scale, diversity, profitability

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

**Capitalizing on the scale, scope of our domestic and worldwide operations**

**Building on growth in business mix, customer base, fleet, operational capabilities**

**Expect to generate record volumes, revenue, adjusted EBITDA, adjusted net income in 2019**



# Record Fourth Quarter

Block Hours

**17%** ↑

Revenue

**22%** ↑

Adj. EBITDA\*

**21%** ↑

Adj. Net Income\*

**31%** ↑

## Business Growth

Delivered

- Two 767-300s for Amazon
  - 20 now in service

Began Flying for

- SF Express
  - China's leading express operator

# Record Volumes/Earnings Expected in 2019

## Revenue/Earnings

- **Revenue**  
~\$3 billion
- **Adj. EBITDA**  
~\$600 million
- **Adj. Net Income**  
to grow by a mid- to upper-single-digit percentage compared with 2018

## Block Hours

- ~340,000
- Over 75% of total in ACMI
- Balance in Charter

## Other 2019 Key Items

- Maint Exp ~\$420 million
- Depr/Amort ~\$260 million
- Core Capex ~\$135-145 million

## 1Q19 Outlook

- **Block hours**  
~75,000
- **Revenue**  
~\$680 million
- **Adj. EBITDA**  
~\$110 million
- **Adj. net income**  
similar to 1Q18

# 4Q18 Summary

Adjusted income  
from continuing ops\*  
**\$87.0 million,**  
up **31%**

Reported income  
from continuing ops  
**\$211.0 million,** including  
\$134.8 million noncash unrealized  
gain on outstanding warrants

Benefited from...

**17%**   
in block hours

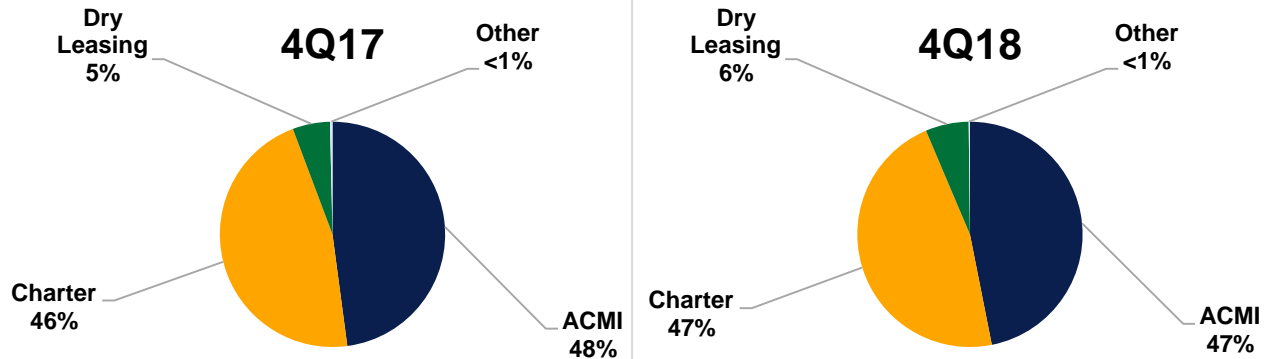
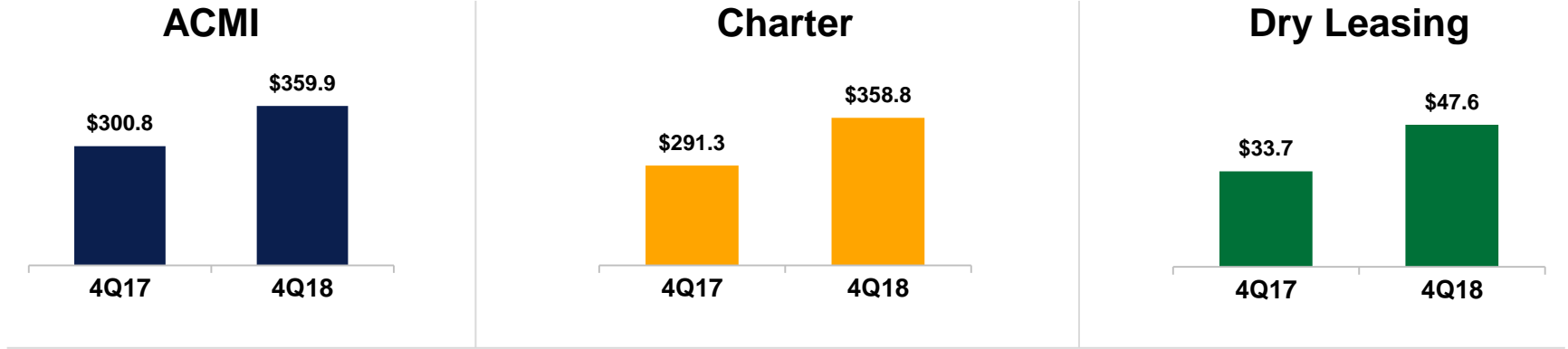
**22%**   
in revenue

**21%**   
in adj. EBITDA\*

## Substantially higher total direct contribution

# 4Q17 vs. 4Q18 Segment Revenue

(Revenue in \$Millions)

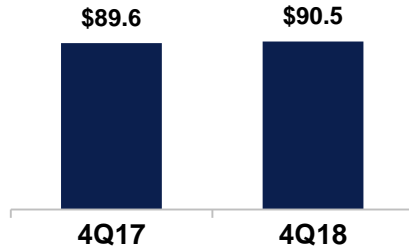


Note: Percentages subject to rounding.

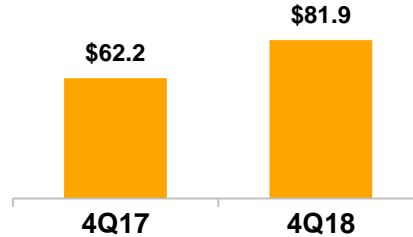
# 4Q17 vs. 4Q18 Segment Contribution

(Direct Contribution in \$Millions)

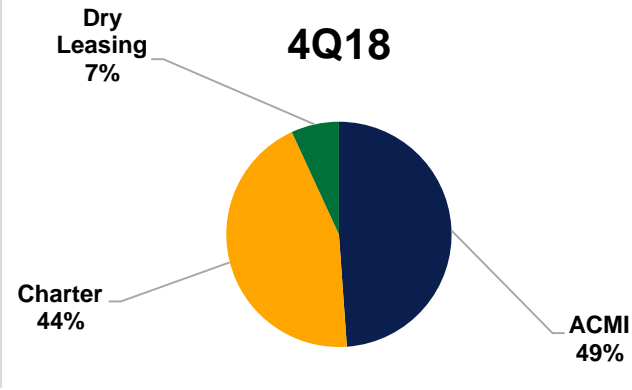
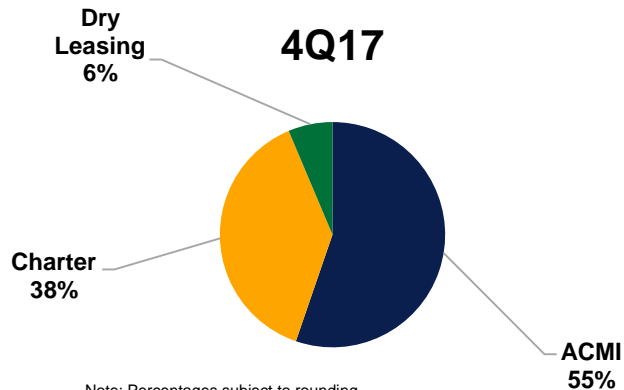
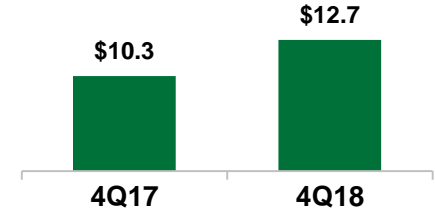
## ACMI



## Charter



## Dry Leasing



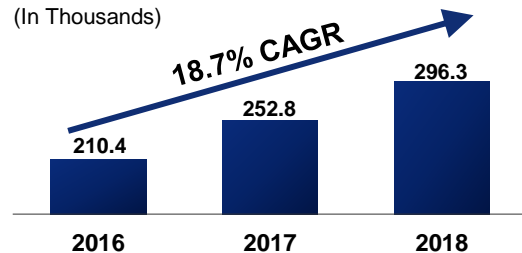
Note: Percentages subject to rounding.



# Financial and Operating Trends

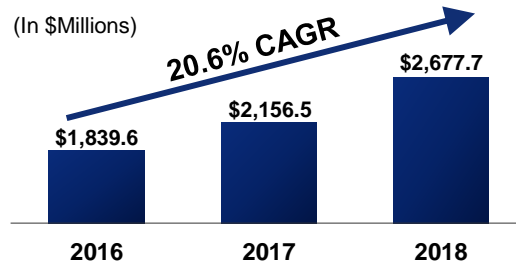
## Block Hours

(In Thousands)



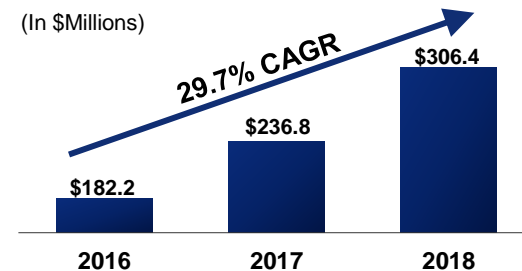
## Revenue

(In \$Millions)



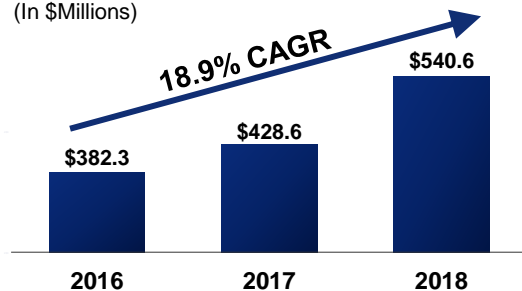
## Free Cash Flow\*

(In \$Millions)



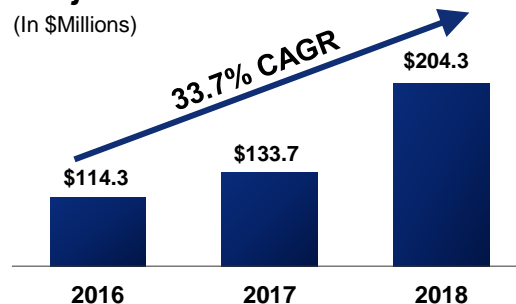
## Adj. EBITDA\*

(In \$Millions)



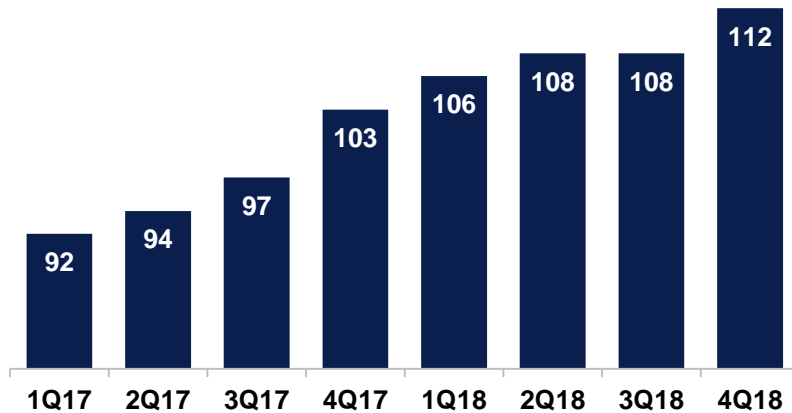
## Adj. Net Income\*

(In \$Millions)

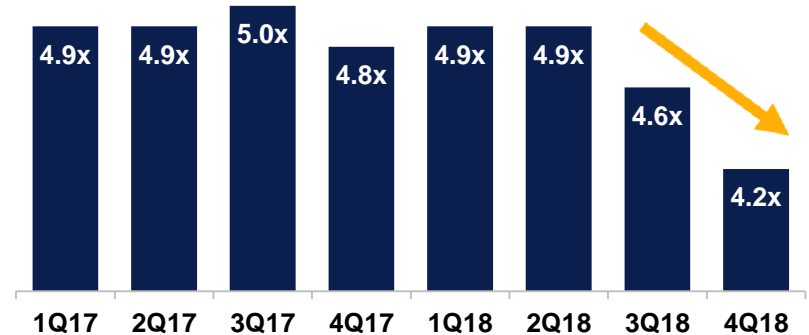


# Growing Fleet/Reducing Net Leverage Ratio

## Number of Aircraft



## Net Leverage Ratio\*



**Expect to pay down ~\$70 million**  
of debt per quarter in 2019

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# Appendix

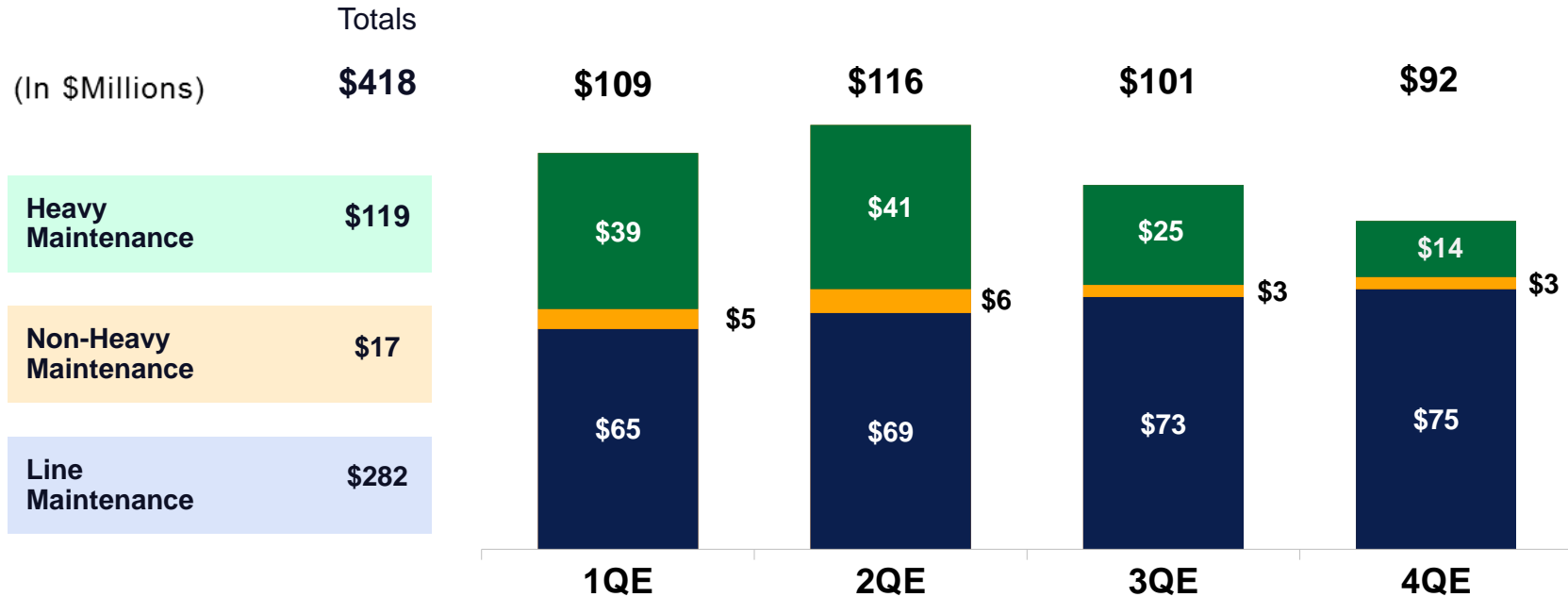


# 2018 Maintenance Expense



- **Line maintenance** expense increases commensurate with additional block hour flying
- **Line maintenance** expense is approximately \$793 per block hour
- **Non-heavy maintenance** includes discrete events such as APU, thrust reverser, and landing gear overhauls

# 2019 Maintenance Expense



- **Line maintenance** expense increases commensurate with additional block hour flying
- **Line maintenance** expense is approximately \$824 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)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Face Value of Debt	\$ 2,068.1	\$ 2,307.2	\$ 2,259.8	\$ 2,378.8	\$ 2,416.6	\$ 2,644.1	\$ 2,674.2	\$ 2,601.3
Plus: Present Value of Operating Leases	678.6	661.0	681.9	656.6	709.7	684.2	656.4	626.0
<b>Total Debt</b>	<b>\$ 2,746.7</b>	<b>\$ 2,968.2</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>
Less: Cash and Equivalents	\$ 118.9	\$ 282.7	\$ 176.3	\$ 291.9	\$ 130.4	\$ 227.9	\$ 226.2	\$ 232.7
Less: EETC Asset	31.9	30.9	29.9	29.0	27.8	24.1	20.2	16.3
LTM EBITDAR	\$ 525.6	\$ 543.1	\$ 546.8	\$ 570.4	\$ 603.0	\$ 632.6	\$ 663.9	\$ 701.2
<b>Net Leverage Ratio</b>	<b>4.9x</b>	<b>4.9x</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>

Thank You

**ATLAS AIR**  
WORLDWIDE

