



AAWW Investor Slides

APRIL 2020



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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, 2019 and February 20, 2020, which are posted at [www.atlasairworldwide.com](http://www.atlasairworldwide.com).

# Continuing Leadership

■ John Dietrich became President and CEO on January 1, 2020; joined Board of Directors as well

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■ Bill Flynn retired as CEO on December 31, 2019; remains Chairman of the Board

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■ Gen. Duncan McNabb, USAF, Ret. to continue as Lead Independent Director

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■ John Dietrich

- 30+ years in aviation; 13 with United Airlines; 20+ with Atlas
- Atlas COO for 13 years prior to becoming CEO
- 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

Focused on opportunities that **generate the best returns**

**Strong core** of long-term, **marquee customers**

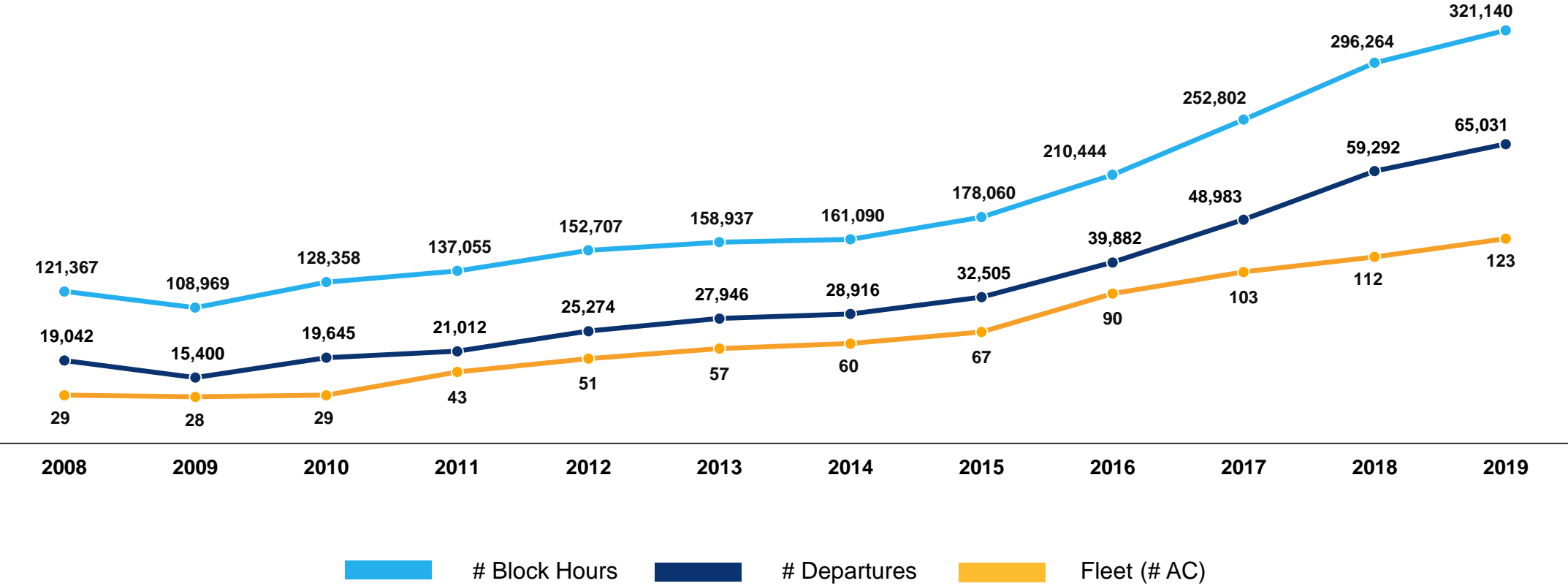
Adjusting our business **managing costs, aligning resources** with **strategic priorities**

Committed to **express, e-commerce, U.S. military** and **fast-growing markets**

**Capitalizing on initiatives** to drive value and benefit for customers, employees and shareholders

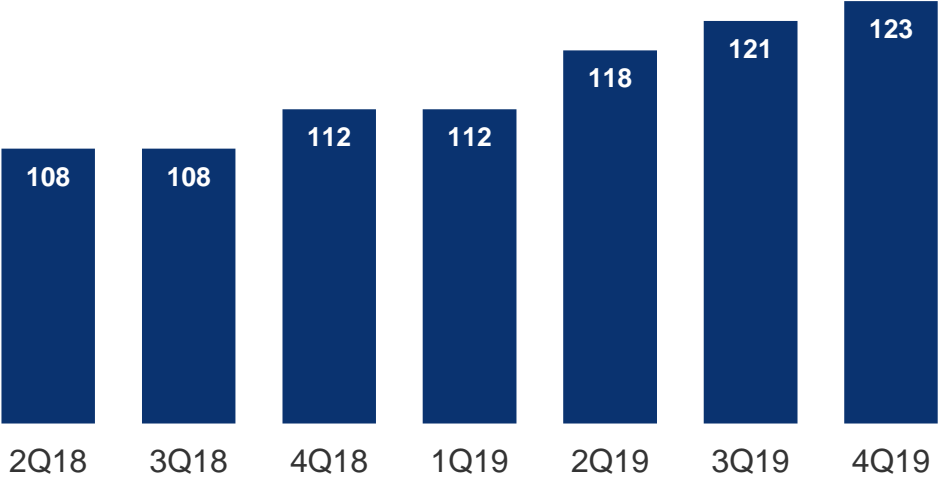


# Growth by Year

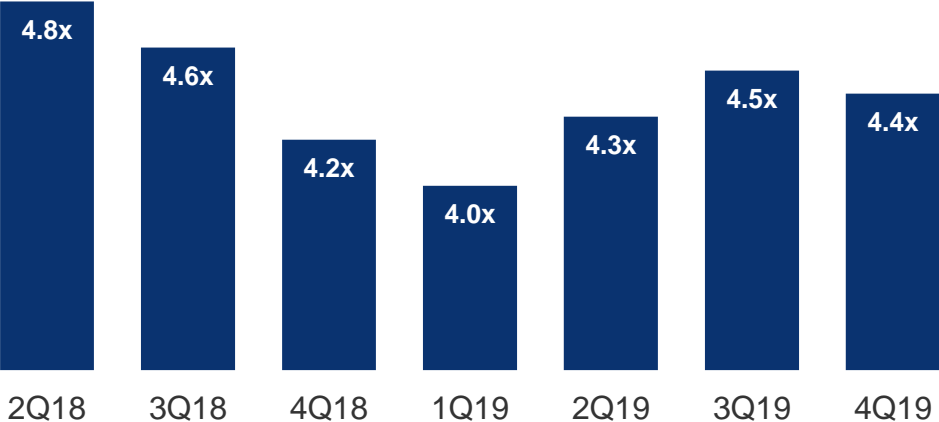


# Fleet Count and Net Leverage Ratio

NUMBER OF AIRCRAFT



NET LEVERAGE RATIO\*



Maintaining debt repayments of ~\$70 million per quarter

\*See Appendix for Non-GAAP reconciliation

# 2019 Summary

BLOCK HOURS <b>321,140</b>	REVENUE <b>\$2.7B</b>
ADJ. EBITDA* <b>\$504.8M</b>	DIRECT CONTRIBUTION <b>\$438.2M</b>

ADJUSTED INCOME  
FROM CONTINUING OPS\*

**\$139.6 million**

REPORTED LOSS  
FROM CONTINUING OPS

**\$293.1 million**

- \$503.1 million after-tax noncash special charge
- \$75.1 million noncash unrealized gain on outstanding warrants

\*See February 20, 2020 press release for Non-GAAP reconciliations



# Business Developments

## ACMI/CMI

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

**Added customers include:**  
Asiana, EL AL, Inditex,  
Nippon Cargo Airlines, SF Express

Customer interest for both  
**777F and 747F CMI solutions**

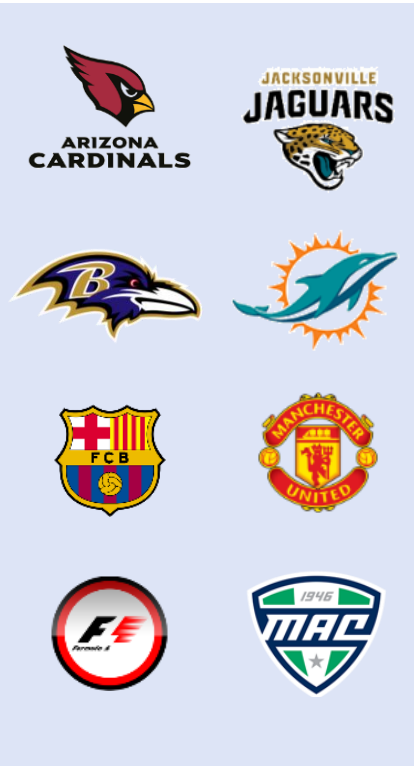
Placed and began operating  
**20 767-300Fs for Amazon**

Began operating **five 737-800Fs**  
**for Amazon 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**

Formed **joint venture with Bain Capital Credit to develop separate freighter aircraft leasing portfolio** with anticipated value of ~\$1 billion

**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 on lease;  
17 in CMI

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

**Five 737-800BCFs** in 2019;  
Potential for additional aircraft

7- to 10-year **CMI**

Strategic **long-term** relationship

Amazon granted **rights to acquire AAWW equity**

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

Agreements provide for **future growth opportunities**



# 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

Broad array of aircraft for domestic, regional, international cargo and passenger operations

World's largest fleet of 747 freighters

TOTAL FLEET: 115\*

OPERATING FLEET: 107

DRY LEASE: 8



## 50 Boeing 747s

- 10 747-8Fs
- 31 747-400Fs
- 5 747-400 Passenger
- 4 Boeing Large Cargo Freighters (LCFs)



## 41 Boeing 767s

- 33 767-200/300Fs
- 6 767-200/300 Passenger
- 2 767-300 Freighters Titan



## 13 Boeing 777s

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



## 11 Boeing 737s

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

\*As of 1Q20

# Global Presence



**321,140** Block Hours in 2019  
**65,031** Flights  
**400** Airports  
**90** Countries

# Executing Strategic Plan



# Capital Allocation Strategy

■ Committed to **creating, enhancing, delivering value** for our shareholders

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■ **Cash Prioritization:**

- Balance Sheet Maintenance
- Business Investment
- Share Repurchases





# 2020 Objectives

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



**Continued Growth and Innovation**

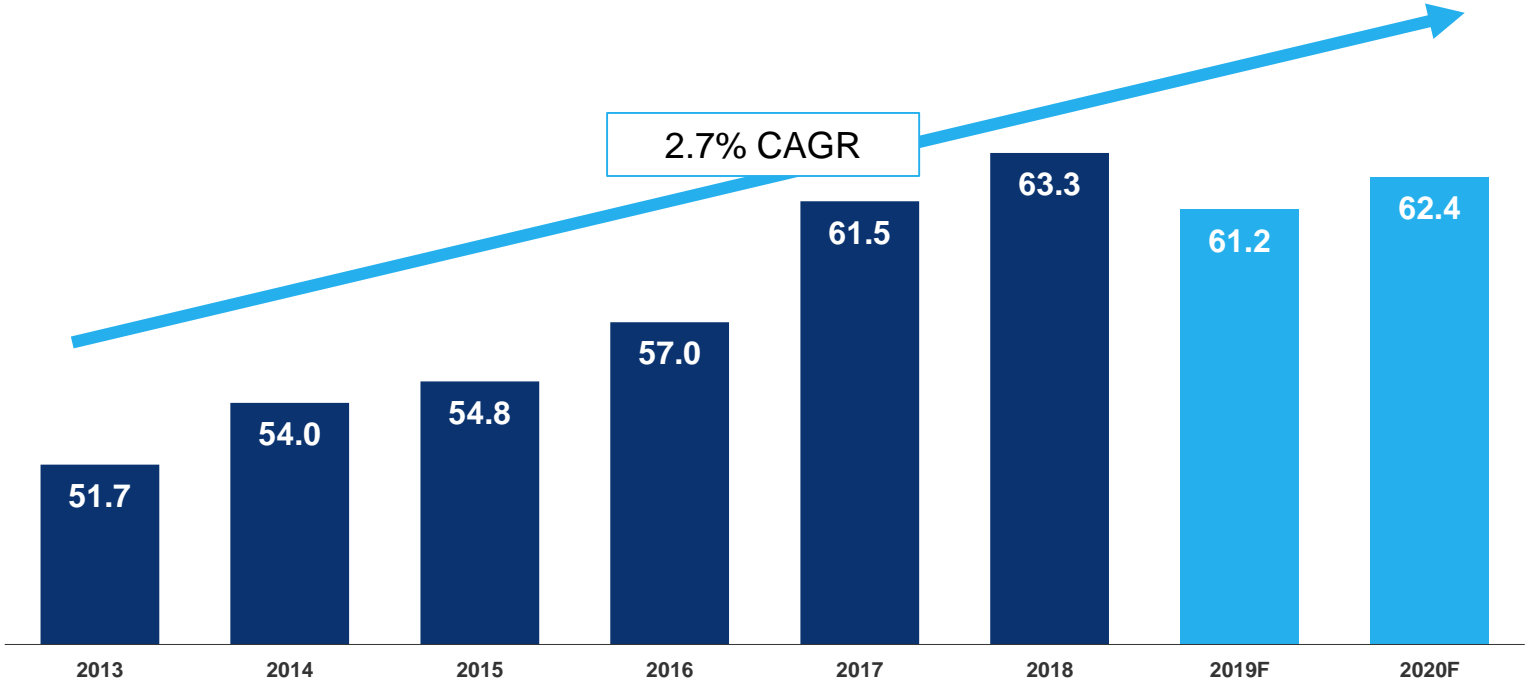
# International Global Airfreight – Annual Growth

IATA REPORTED AIRFREIGHT TONNAGE NEAR RECORD LEVELS

(In Millions)

IATA – Global airfreight tonnage near record levels

IATA – Expects improved 2.0% FTK growth in 2020



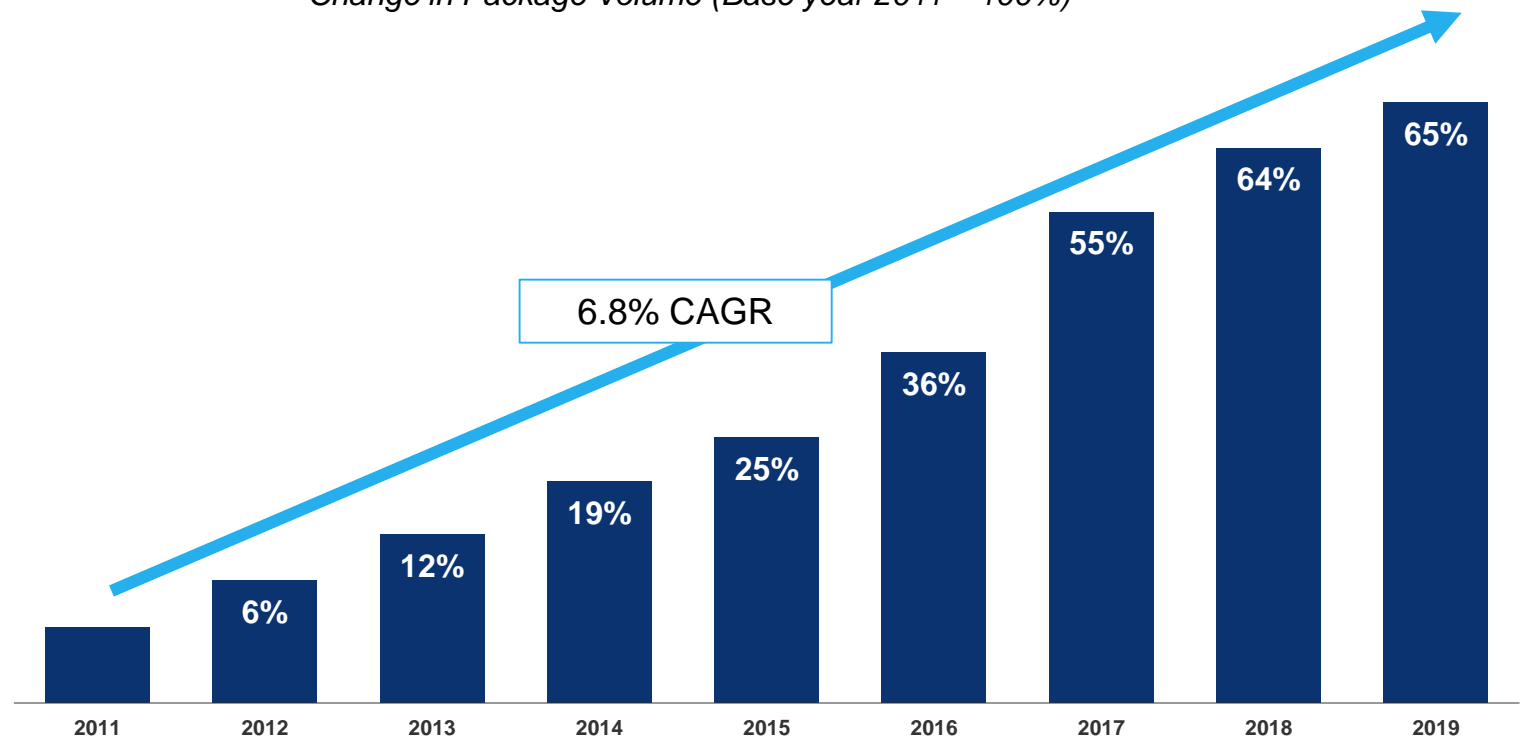
Total Global Airfreight Tonnage: IATA (December 2019)

# The Key Underlying Express Market is Growing

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

**6.8% CAGR** since 2011, well above the pace of general airfreight

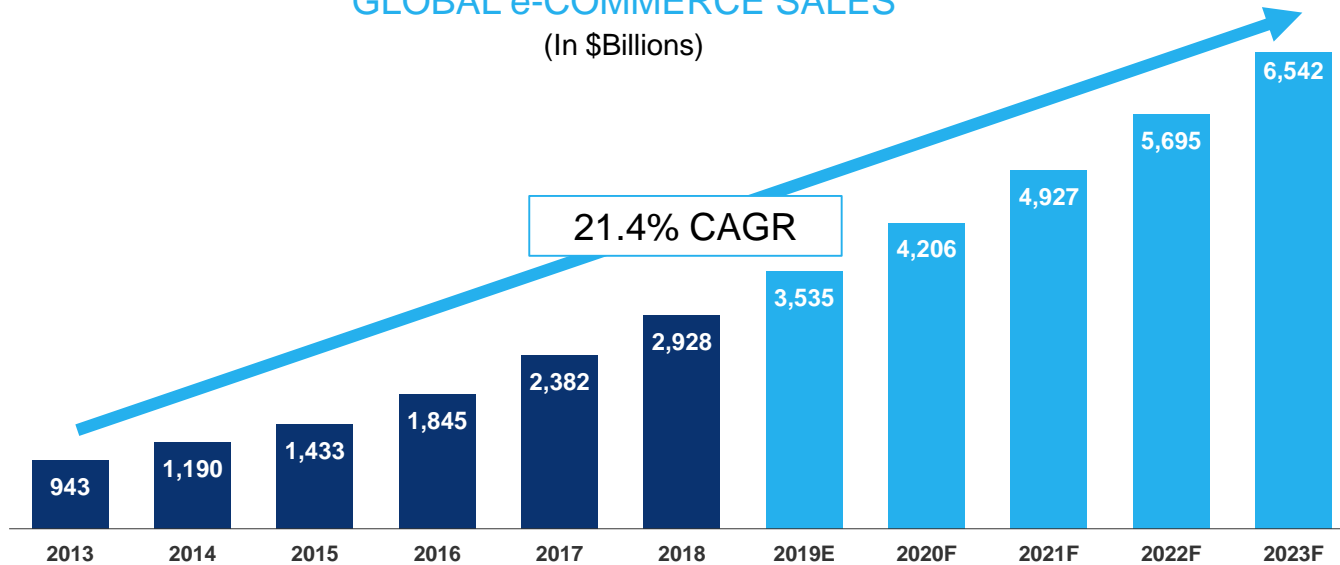
INTERNATIONAL EXPRESS MARKET – DHL, FedEx and UPS  
Change in Package Volume (Base year 2011 – 100%)



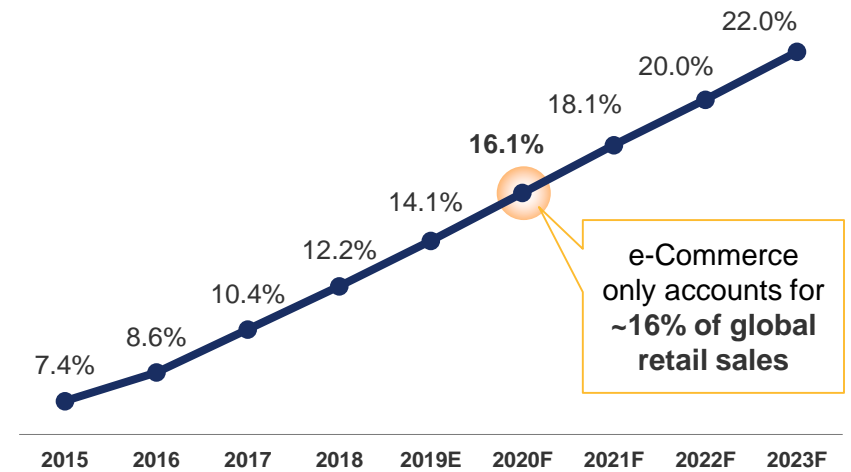
Notes: Weighted average of growth rates in international express package volume reported by these express operators  
Weighting is 50% DHL, 25% UPS and 25% FedEx. 2016-2017 FedEx reported data reflects beneficial impact of TNT acquisition

# 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

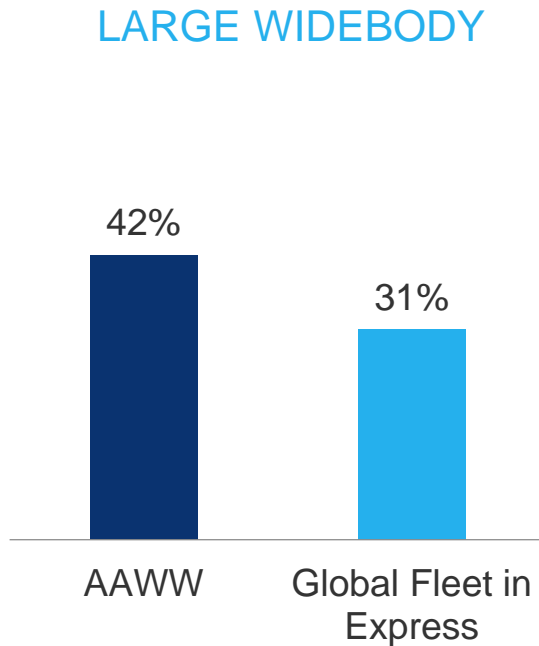


**INDIA** 300M internet users  
25% mobile penetration  
2% e-Commerce penetration

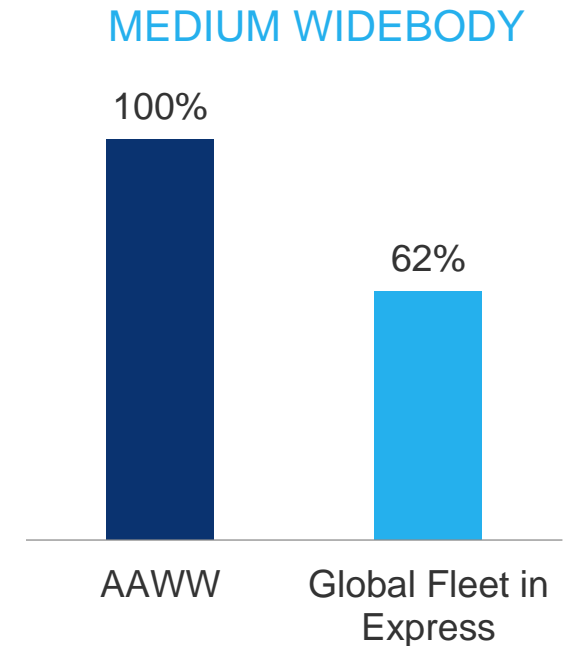


# Fleet Aligned with Express and e-Commerce

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

## ATLAS

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

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

## 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**





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 long-term growth market** and focused on 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

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

## EXPRESS

- Strong growth with **~7% 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**

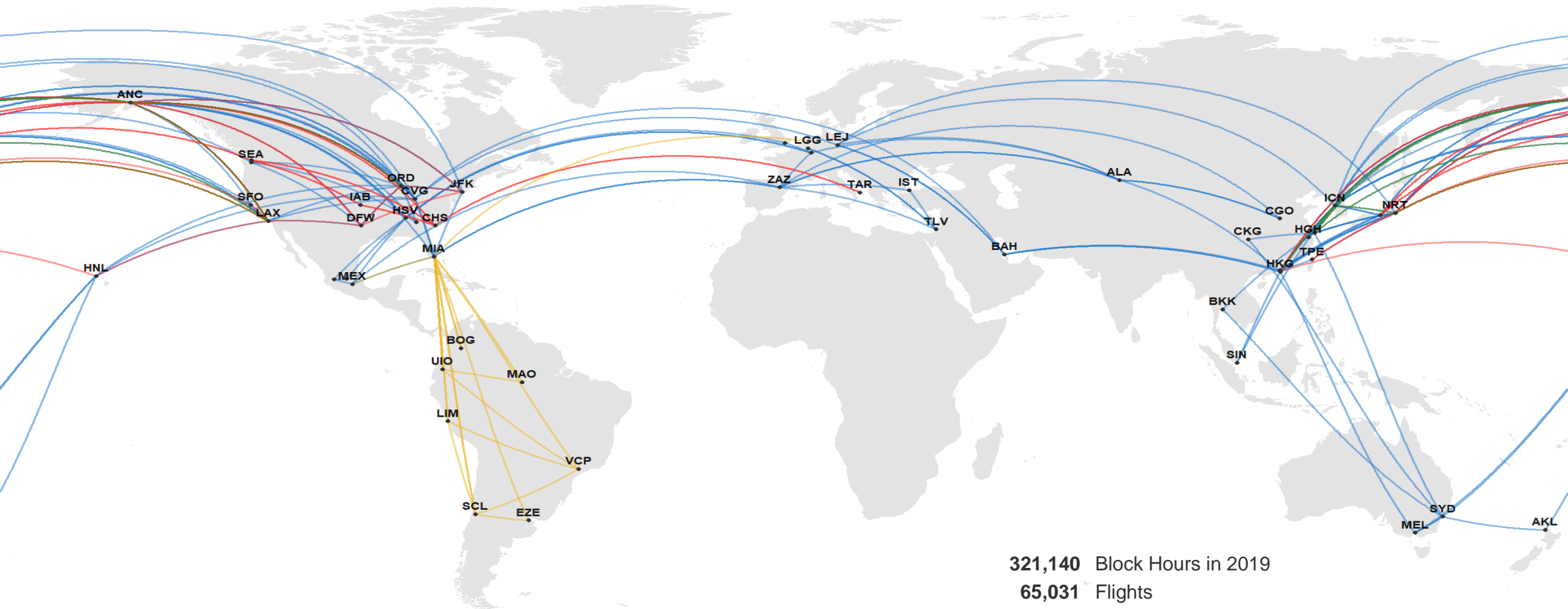
## MULTIPLE...

services  
markets  
fleet types

## ATLAS AIR

positioned to  
deliver value  
and growth

# Global Operating Network



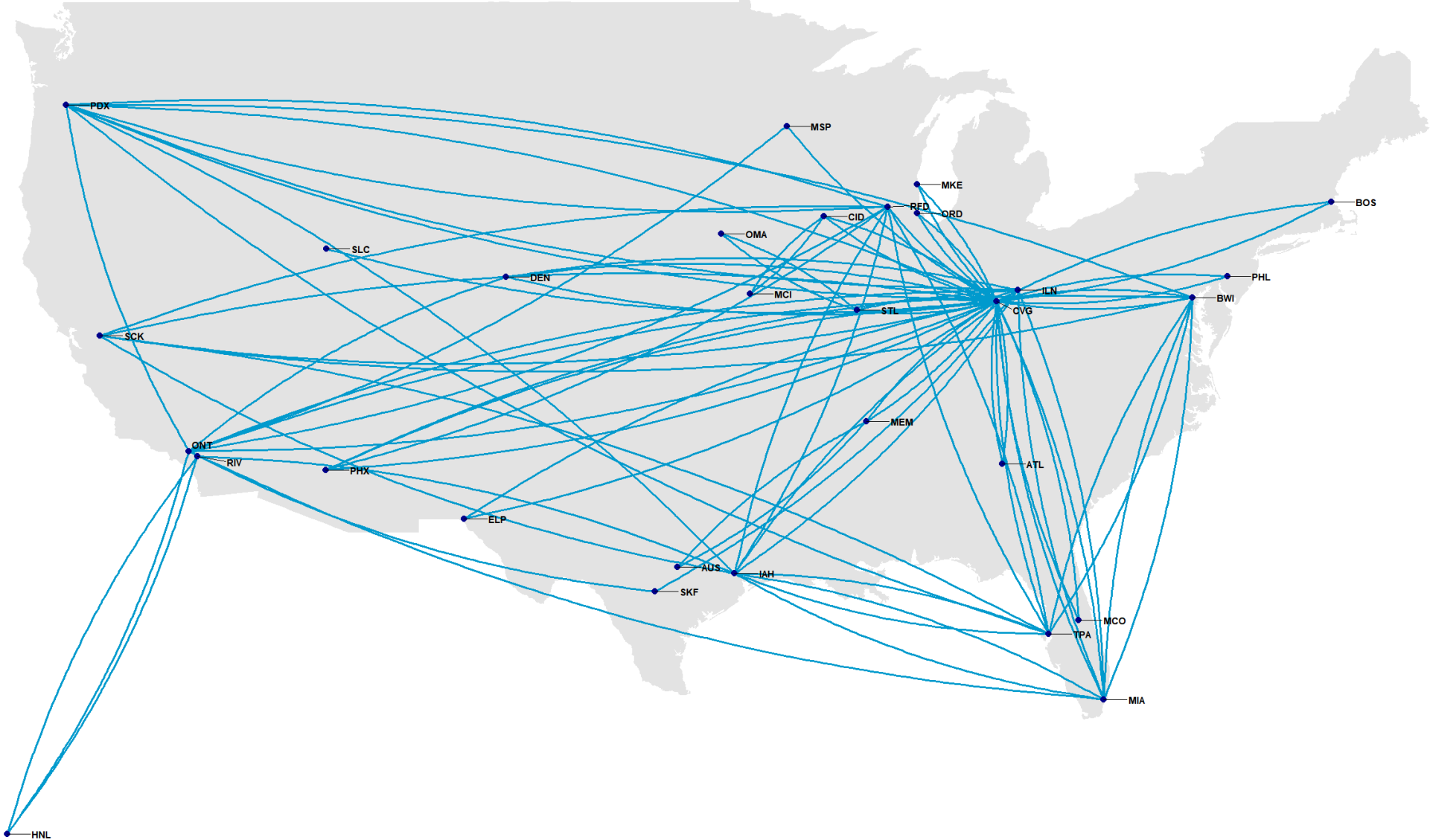
321,140 Block Hours in 2019

65,031 Flights

400 Airports

90 Countries

# North America Operating Network



# 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**



# 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

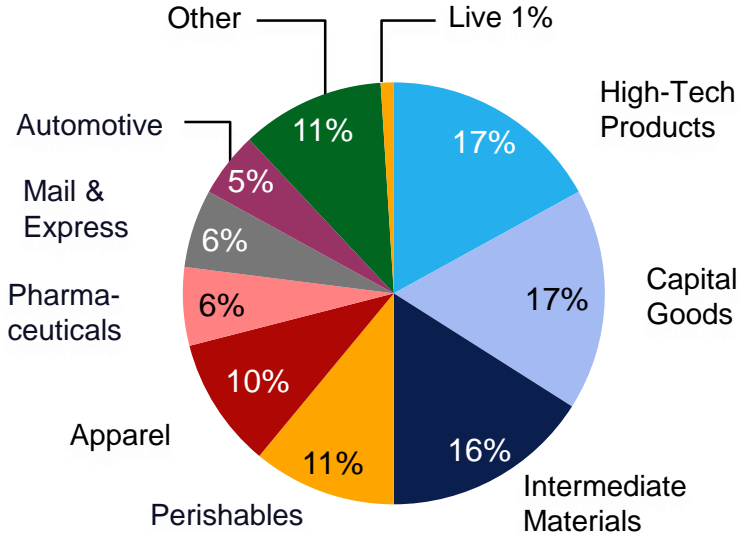
Products/supply  
chains with  
just-in-time delivery  
requirements

## SPECIALTY CONSIDERATION

Products with  
significant security  
considerations

### BY SECTOR

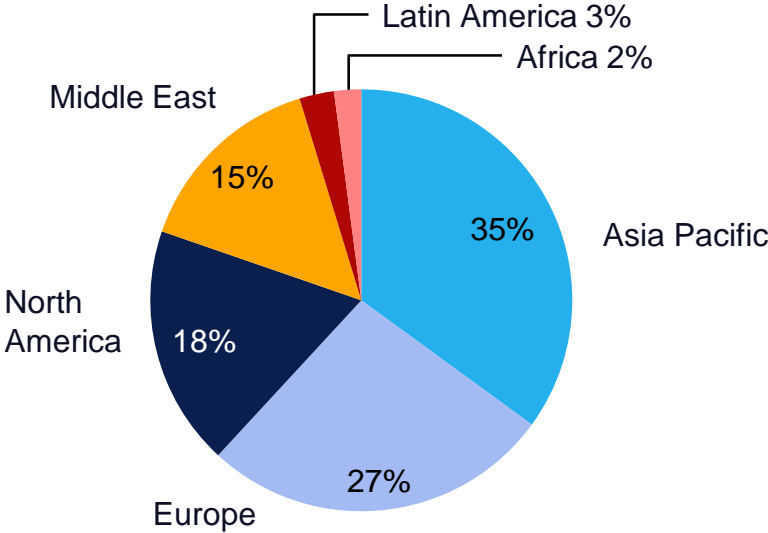
Industry Sectors Served by AAWW Customers



By Sectors Chart Source: Atlas research  
By Region Chart Source: International Air Transport Association – February 2020

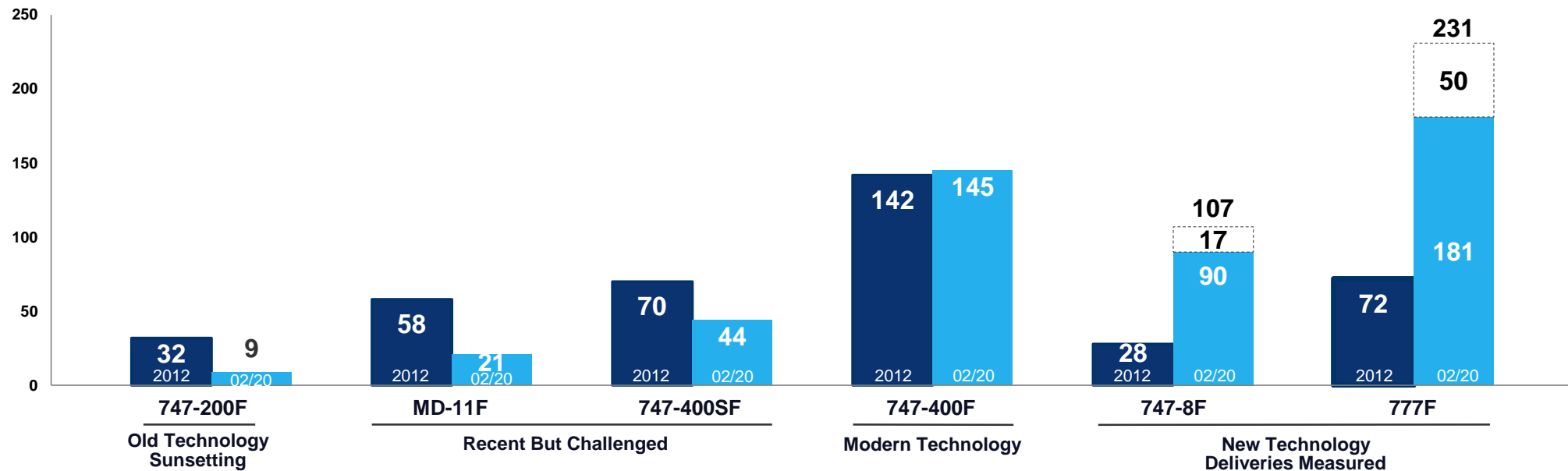
### BY REGION

Percent of International Freight Tonne Kilometers (FTKs)



# 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

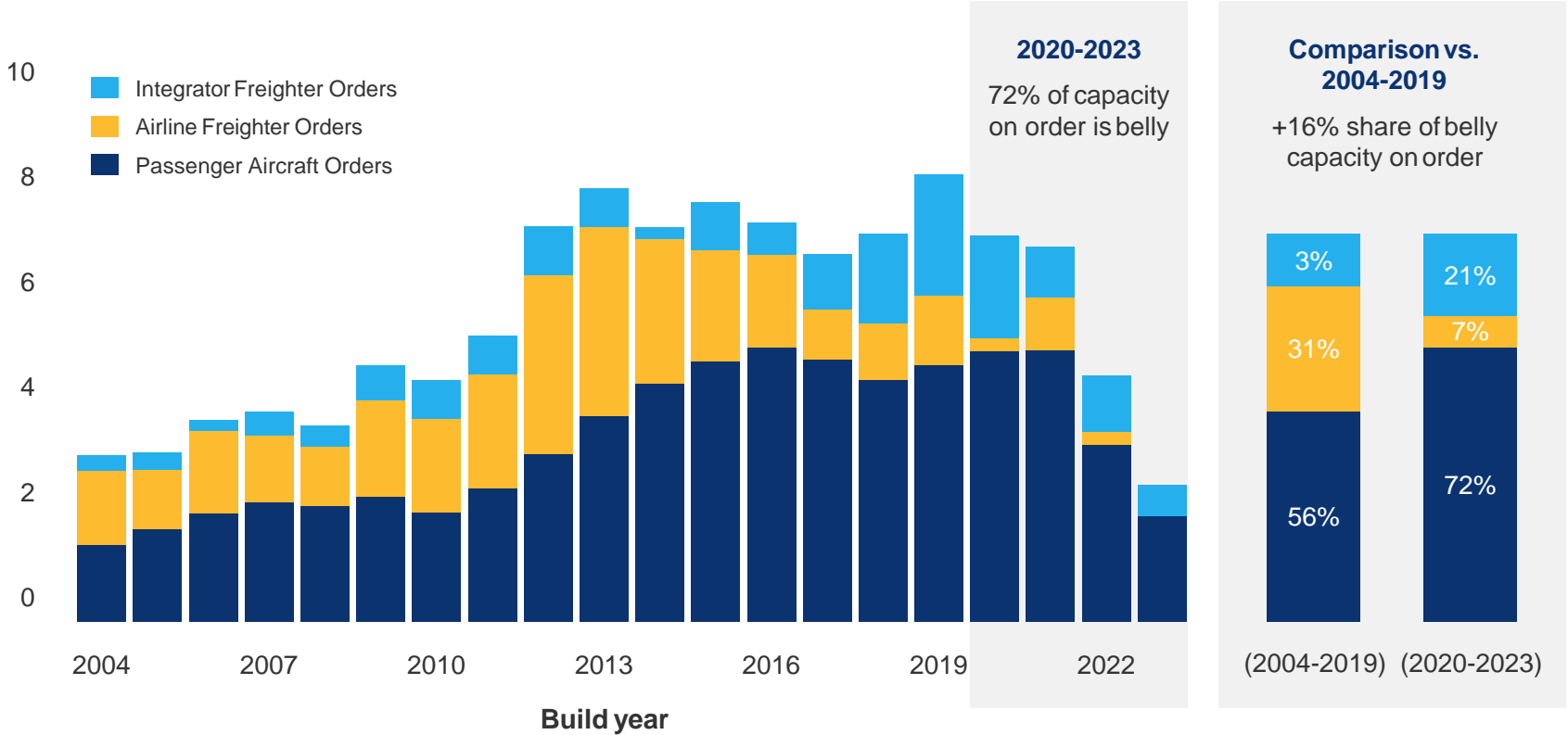


Sources: Atlas (February 2020), Ascend (February 2020), Boeing (February 2020), company reports. Excludes parked aircraft, aircraft in Express operations, combis and tankers; 747-200F total includes -100s and -300s. Boeing February 2020 777F total includes 66 with express operators (43 with FedEx, 14 AeroLogic/DHL, and 9 for DHL Express)

# Limited Production Freighter Capacity on Order

## FACTORY BUILT FREIGHTER & BELLY CAPACITY (ON ORDER)

Thousand tonnes



**2019-2037\***

980 NEW FREIGHTERS

1,670 CONVERTED

800+ TO BE RETIRED

Source: Ascend Fleet Database, Boeing World Air Cargo Forecast  
\*Based on 4.2% annual demand growth

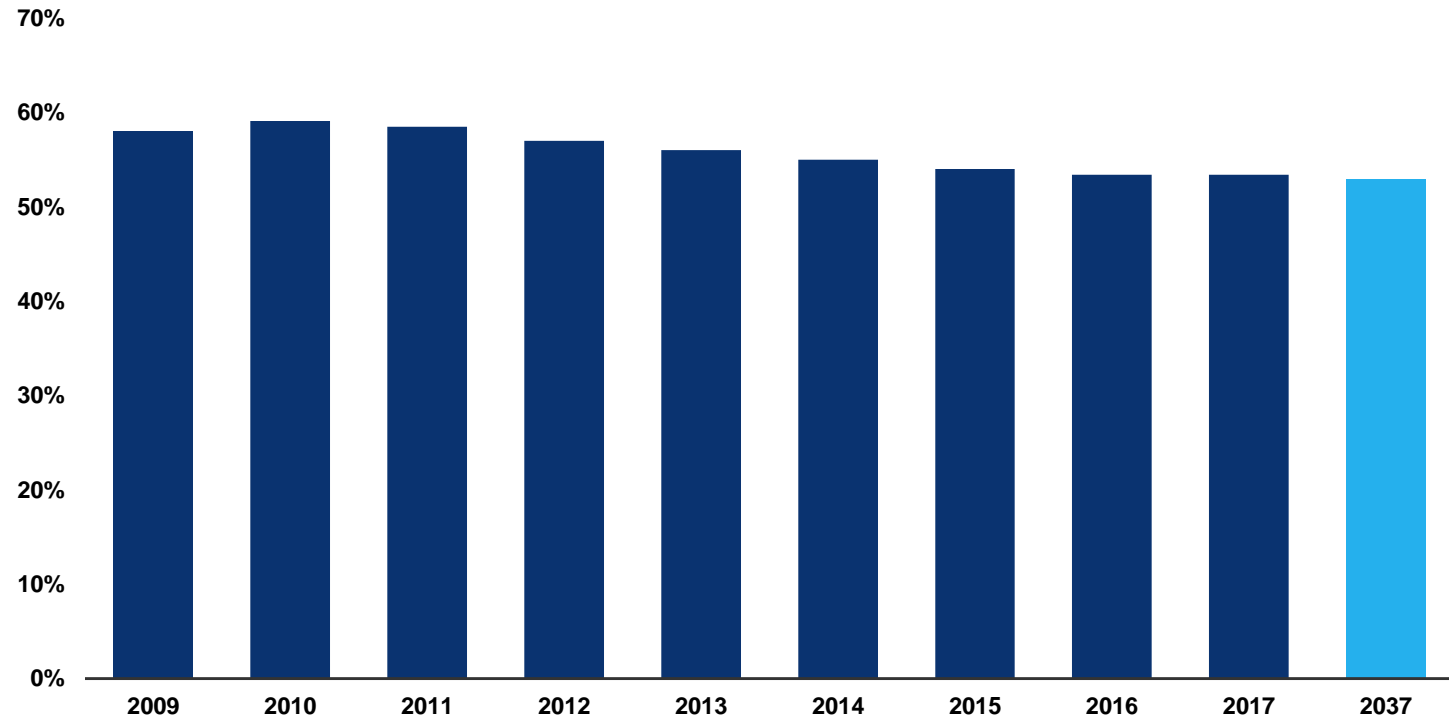


# Main Deck to Belly?

## 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



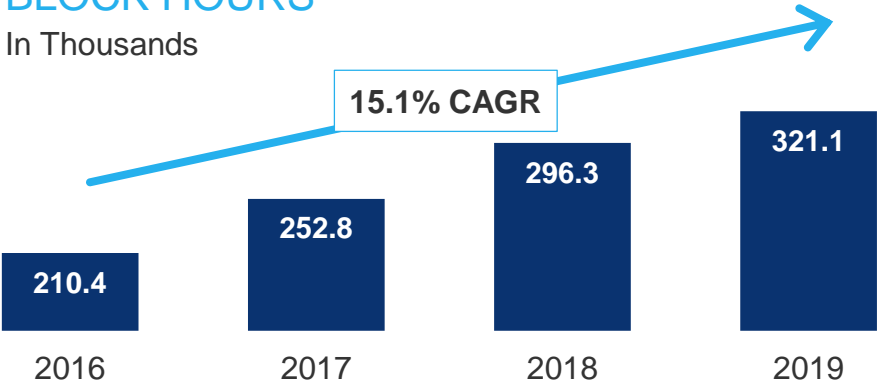
DEDICATED FREIGHTERS WILL CONTINUE TO CARRY MORE THAN HALF OF AIR CARGO TRAFFIC

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

# Financial and Operating Trends

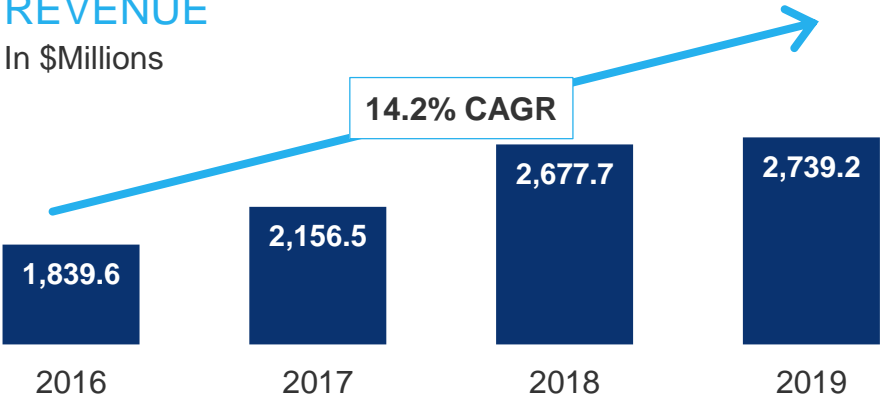
## BLOCK HOURS

In Thousands



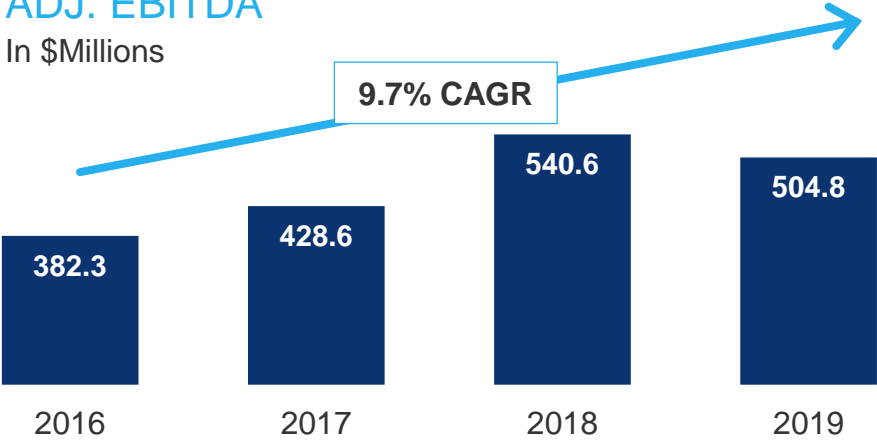
## REVENUE

In \$Millions



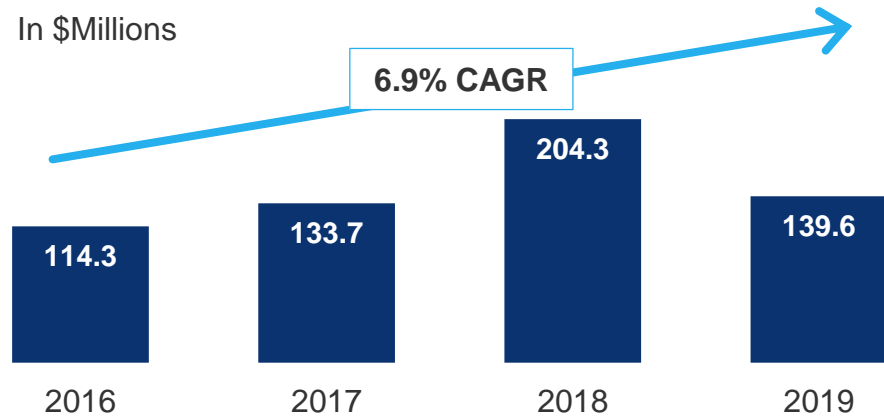
## ADJ. EBITDA\*

In \$Millions



## ADJ. NET INCOME\*

In \$Millions



\*See February 20, 2020 press release for Non-GAAP reconciliations

# 2020 Framework

## REVENUE/EARNINGS

### Revenue

~\$2.8 billion

### Adj. EBITDA

To grow by a mid-teens percentage compared with 2019

### Adj. Net Income

To increase by a high-30% to low-40% level compared with 2019

## OTHER 2020 KEY ITEMS

### Block Hours

~325,000

~75% of total in ACMI

Balance in Charter

### Maintenance Expense

~\$380 million

### Depreciation/Amortization

~\$250 million

### Core Capex

~\$90 to \$100 million

### Adj. Effective Tax Rate

~21.0%

## 1Q20 OUTLOOK

### Block Hours

~75,000

### Revenue

~\$640 million

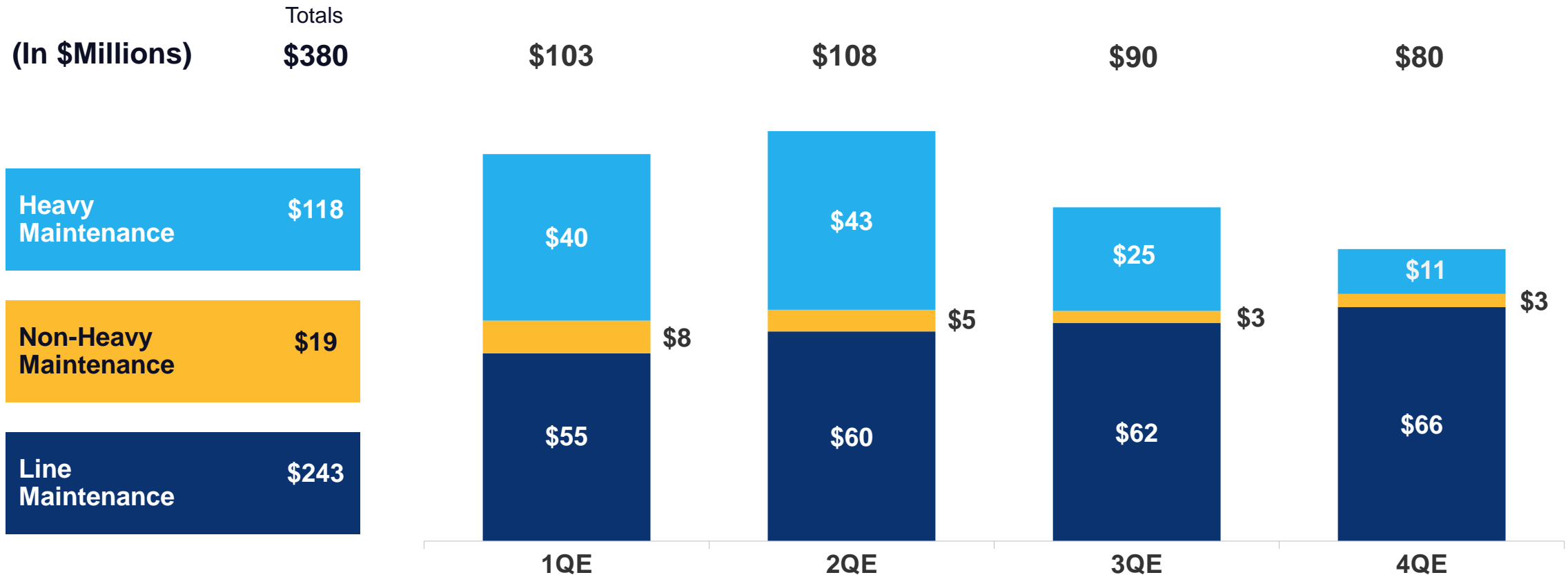
### Adj. EBITDA

~\$90 million

### Adj. Net Income

To range from approximately breakeven to a modest profit

# 2020 Maintenance Expense



- **Line maintenance** expense increases commensurate with additional block hour flying
- **Line maintenance** expense is approximately \$750 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)	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
FACE VALUE OF DEBT	\$ 2,644.1	\$ 2,674.2	\$ 2,601.3	\$ 2,530.4	\$ 2,511.4	\$ 2,483.4	\$ 2,484.4
PLUS: PRESENT VALUE OF OPERATING LEASES	684.2	656.4	626.0	621.8	591.9	568.8	536.2
<b>TOTAL DEBT</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>	<b>\$ 3,052.3</b>	<b>\$ 3,020.6</b>
LESS: CASH AND EQUIVALENTS	\$ 227.9	\$ 226.2	\$ 232.7	\$ 164.5	\$ 120.8	\$ 80.7	\$ 113.4
LESS: EETC ASSET	24.1	20.2	16.3	11.4	7.2	2.1	0.9
LTM EBITDAR	\$ 645.5	\$ 674.7	\$ 711.8	\$ 736.3	\$ 687.7	\$ 659.6	\$ 658.8
<b>NET LEVERAGE RATIO</b>	<b>4.8x</b>	<b>4.6x</b>	<b>4.2x</b>	<b>4.0x</b>	<b>4.3x</b>	<b>4.5x</b>	<b>4.4x</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, customer incentive asset amortization, special charge, costs associated with transactions, leadership transition costs, unrealized loss (gain) on financial instruments, other, net, as applicable.



Thank You