



# Quarterly Review 2Q 2020

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*SOUTHERN AIR*



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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 August 6, 2020, which is posted at [www.atlasairworldwide.com](http://www.atlasairworldwide.com).



# Key Takeaways

## SAFETY IS OUR TOP PRIORITY

- Taking every precaution to safeguard employees
  - Customers and vendors share commitment to safety
  - Delivered safe and high-quality service for our customers
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## NAVIGATING CHALLENGING ENVIRONMENT

- Managing evolving regulatory and operating hurdles
  - Made possible by committed crew members and ground staff
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## ESSENTIAL ROLE IN THE GLOBAL SUPPLY CHAIN

- Key role in customers' operating networks
- Help businesses and communities manage through COVID-19
- Carry goods that save lives, fuel economic activity and support jobs
- Provide customers unmatched fleet choices and operating capabilities



# 2Q20 Highlights

## RESULTS EXCEEDED OUR EXPECTATIONS

- Higher commercial charter yields
- Reduction of available cargo capacity in the market
- Significant demand for airfreight

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## LEVERAGING FLEET AND BUSINESS MODEL

- Serving increased demand
- Executing on very favorable business opportunities
- Reactivated three 747-400s and operationalized a 777
- Entered numerous new long-term charter agreements

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## RESULTS ALSO INCLUDED

- Higher heavy maintenance expense
- Lower AMC passenger demand
- Lower 747 Dreamlifter flying for Boeing
- Higher pilot costs



# 2020 Framework

## REVENUE/EARNINGS

### Revenue

~\$3 billion

### Adj. EBITDA

~\$750 million

### Adj. Net Income

~50% of FY20 adj. net income to occur in 2H20

## OTHER 2020 KEY ITEMS

### Block Hours

>330,000

~70% of total in ACMI  
Balance in Charter

### Maintenance Expense

~\$480 million

### Depreciation/Amortization

~\$255 million

### Core Capex

~\$80 to \$90 million

## 3Q20 OUTLOOK

### Block Hours

>85,000

### Revenue

~\$800 million

### Adj. EBITDA

~\$170 million

### Adj. Net Income

Will represent ~20% of  
FY20 adj. net income

# 2Q20 Summary

BLOCK HOURS

84,966

REVENUE

\$825.3M

ADJ. EBITDA\*

\$247.0M

DIRECT CONTRIBUTION

\$210.2M

ADJUSTED NET INCOME\*

**\$123.2 million**

REPORTED NET INCOME

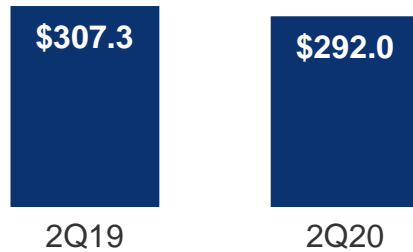
**\$78.9 million**

\*See August 6, 2020 press release for Non-GAAP reconciliations.

# 2Q19 vs. 2Q20 Segment Overview

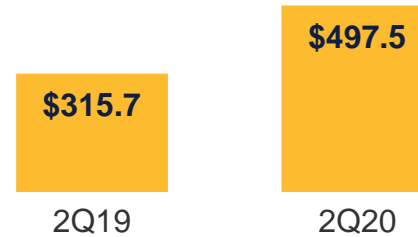
## ACMI REVENUE

In \$Millions



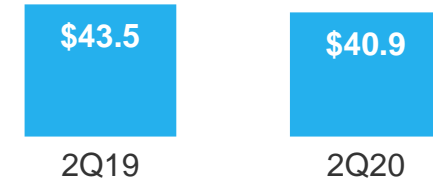
## CHARTER REVENUE

In \$Millions



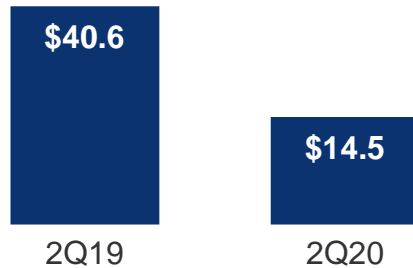
## DRY LEASING REVENUE

In \$Millions



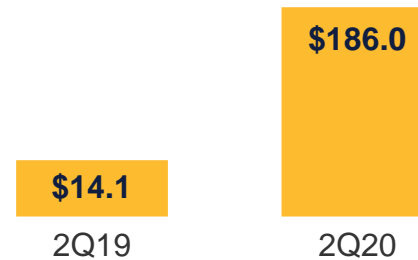
## ACMI CONTRIBUTION

In \$Millions



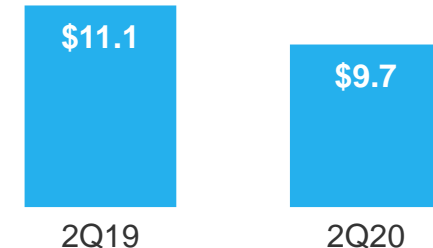
## CHARTER CONTRIBUTION

In \$Millions

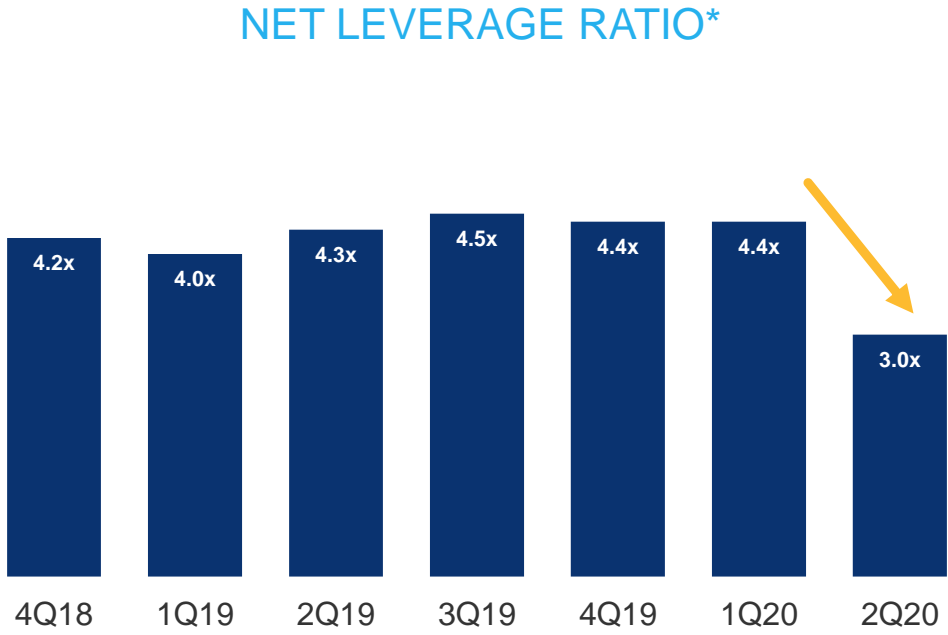
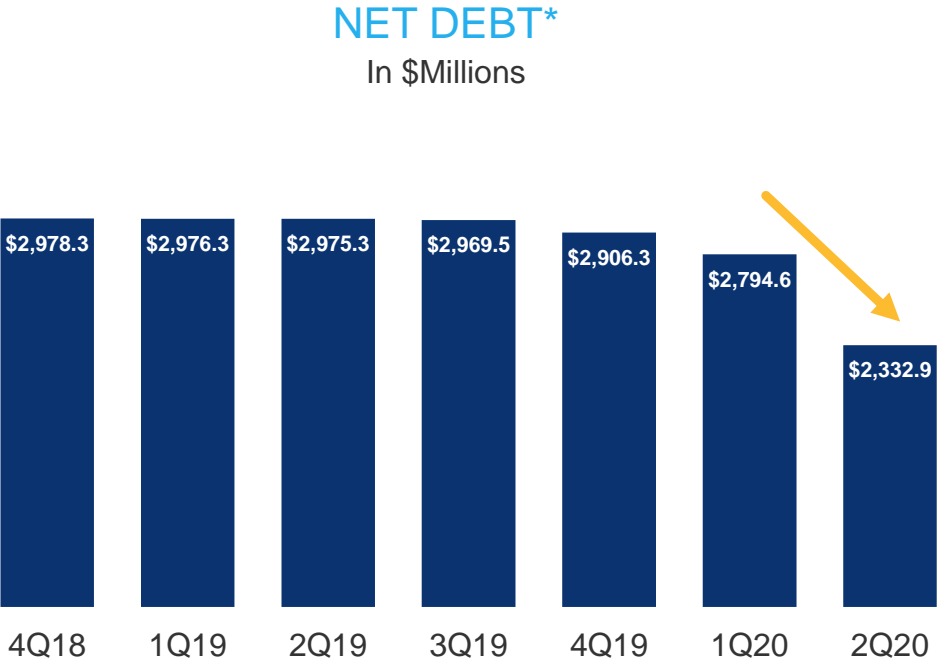


## DRY LEASING CONTRIBUTION

In \$Millions



# Net Debt and Net Leverage Ratio



**Maintaining debt payments of ~\$70 million per quarter**

\*See Appendix for Non-GAAP reconciliation.



# Key Takeaways

## SAFETY IS OUR TOP PRIORITY

- Taking every precaution to safeguard employees
  - Ensuring we continue to transport goods the world needs
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## CAPITALIZING ON MARKET DYNAMICS

- Leveraging the scale and scope of our enterprise
  - Delivering safe and high-quality service for our customers
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## ESSENTIAL ROLE IN THE GLOBAL SUPPLY CHAIN

- Key role in customers' operating networks
  - Carry goods that save lives, fuel economic activity and support jobs
  - Help businesses and communities manage through global pandemic
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## WELL-POSITIONED FOR CONTINUED SUCCESS

- Talented team of employees
- Strong balance sheet
- Unmatched fleet choices and operating capabilities

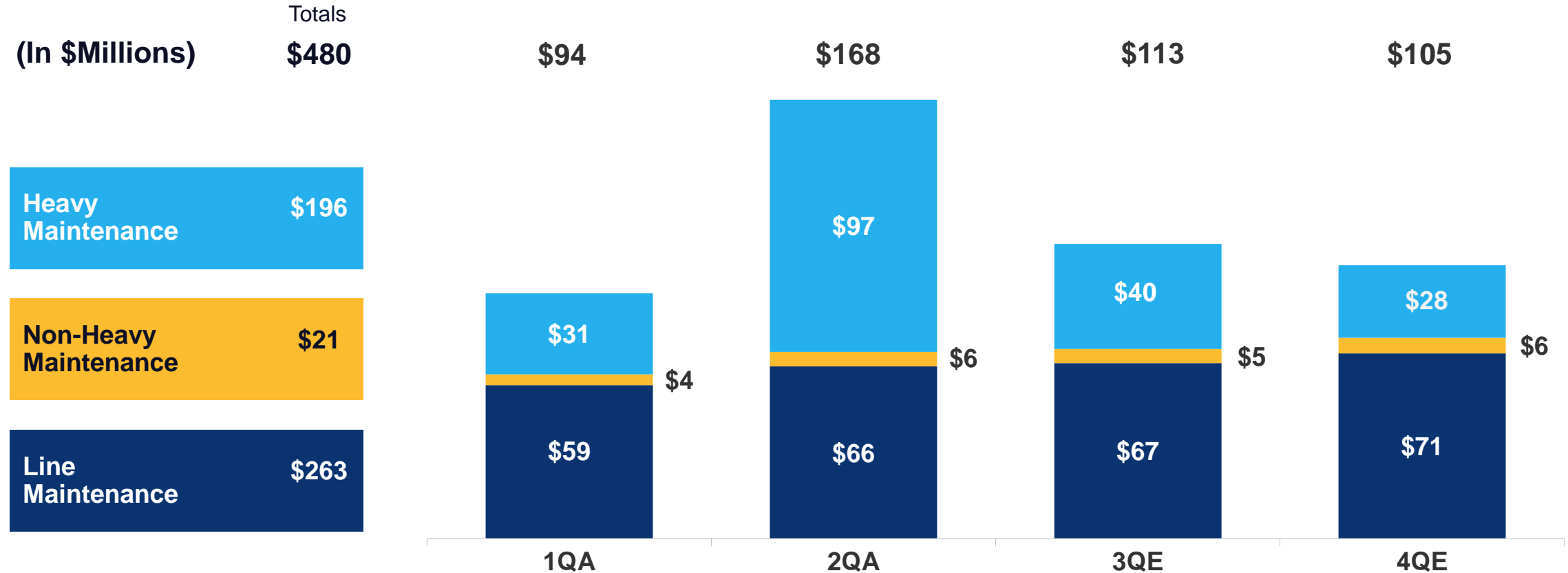




# Appendix



# 2020 Maintenance Expense



- **Line maintenance** expense increases commensurate with additional block hour flying
- **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)	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
FACE VALUE OF DEBT	\$ 2,601.3	\$ 2,530.4	\$ 2,511.4	\$ 2,483.4	\$ 2,484.4	\$ 2,530.0	\$ 2,606.4
PLUS: PRESENT VALUE OF OPERATING LEASES	626.0	621.8	591.9	568.8	536.2	500.2	465.7
TOTAL DEBT	\$ 3,227.3	\$ 3,152.2	\$ 3,103.3	\$ 3,052.3	\$ 3,020.6	\$ 3,030.2	\$ 3,072.1
LESS: CASH AND EQUIVALENTS	\$ 232.7	\$ 164.5	\$ 120.8	\$ 80.7	\$ 113.4	\$ 235.6	\$ 739.2
LESS: EETC ASSET	16.3	11.4	7.2	2.1	0.9	0.0	0.0
<b>NET DEBT</b>	<b>\$ 2,978.3</b>	<b>\$ 2,976.3</b>	<b>\$ 2,975.3</b>	<b>\$ 2,969.5</b>	<b>\$ 2,906.3</b>	<b>\$ 2,794.6</b>	<b>\$ 2,332.9</b>
LTM EBITDAR	\$ 711.8	\$ 736.3	\$ 687.7	\$ 659.6	\$ 658.8	\$ 642.2	\$ 789.5
<b>NET LEVERAGE RATIO</b>	<b>4.2x</b>	<b>4.0x</b>	<b>4.3x</b>	<b>4.5x</b>	<b>4.4x</b>	<b>4.4x</b>	<b>3.0x</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, CARES Act grant income, 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, leadership transition costs, certain contract start-up costs, net insurance recovery and unrealized loss (gain) on financial instruments, as applicable.



Thank You



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