



# Fourth-Quarter 2016 Review

February 23, 2017

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President and CEO

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Executive Vice President  
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# Safe Harbor Statement

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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 our earnings release dated February 23, 2017, which is posted at [www.atlasair.com](http://www.atlasair.com).



# AAWW Key Takeaways

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## 2016 was historic year

- Acquired **Southern Air**
- Long-term agreements with **Amazon**
- **FedEx, NCA** and now **Asiana** agreements

## Strong finish

- **Record quarterly revenues, significant increase in reported earnings, record adjusted earnings**

## Well-positioned to grow earnings in 2017

- **New customer agreements**
- **Initial accretion from Amazon operations**
- **First full year of Southern Air**
- **Partially offset by higher maintenance, lower cost-based rates paid by the military**



# 2017 Framework

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**Stronger company**  
**Solid demand for our aircraft and services**

**Adjusted income from continuing operations, net of taxes, to grow by**

- **Mid-single-digit to**
- **Low-double-digit percentage**

**1Q17 adjusted income from continuing operations, net of taxes, to be**

- **Consistent with, or slightly better than, 1Q16**

**Seasonal business, ~70% of earnings generated in second half of the year**

**Block Hours including Amazon, Southern Air to increase ~20% over 2016**

- **More than 75% of total in ACMI**
- **Balance in Charter**

**Maintenance expense: ~\$240 million**

**Depreciation/amort.: ~\$170 million**

**Core capex: ~\$55 to \$65 million**



See February 23, 2017 press release for Non-GAAP reconciliations

# 2017 Guidance Framework

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- **Focusing on adjusted income from continuing operations, net of taxes**
- **Most useful information**
  - **Due to unique accounting for outstanding warrants**
  - **Changes in the market price of our shares could have a significant impact**
- **Use treasury stock method to calculate diluted shares for EPS**



# 4Q16 Summary

**Adjusted income from continuing ops\* \$59.0 million, adjusted diluted EPS of \$2.24**

- Record adjusted 4Q income

**Reported income from continuing ops \$28.7 million, or \$1.12 per diluted share**

- Reflects unrealized loss on financial instruments of \$27.9 million related to outstanding warrants

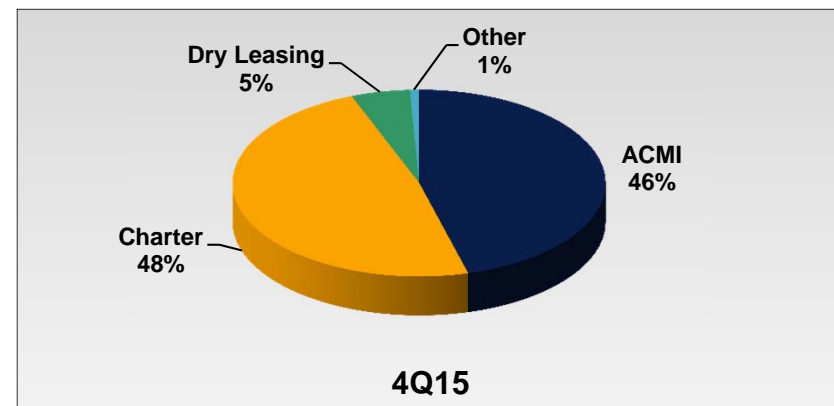
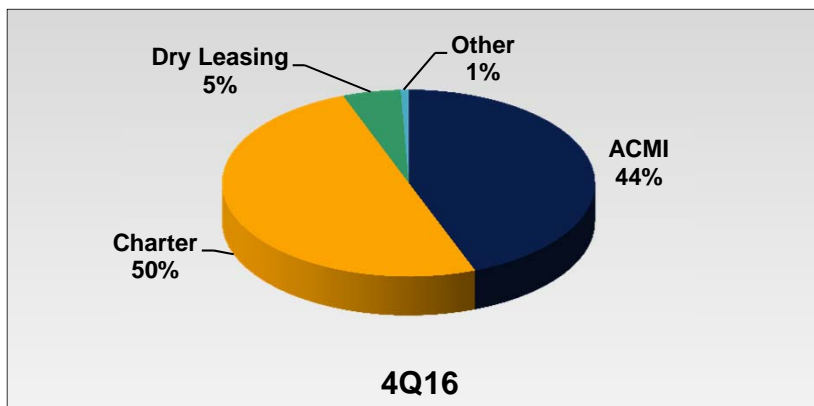
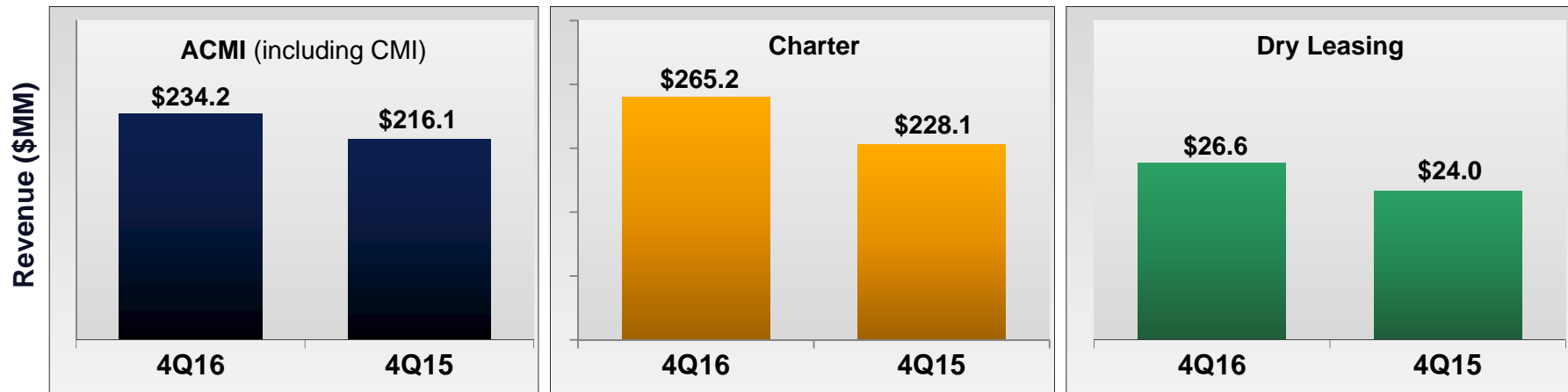
**Benefited from:**

- Southern Air contribution
- Increased commercial demand
- Steady Dry Leasing performance

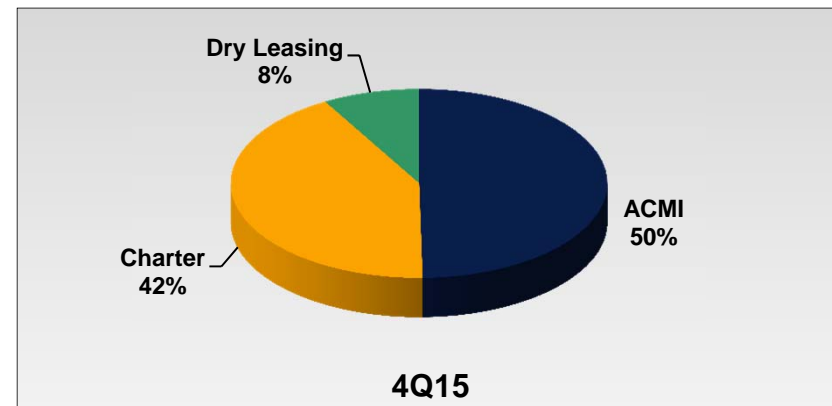
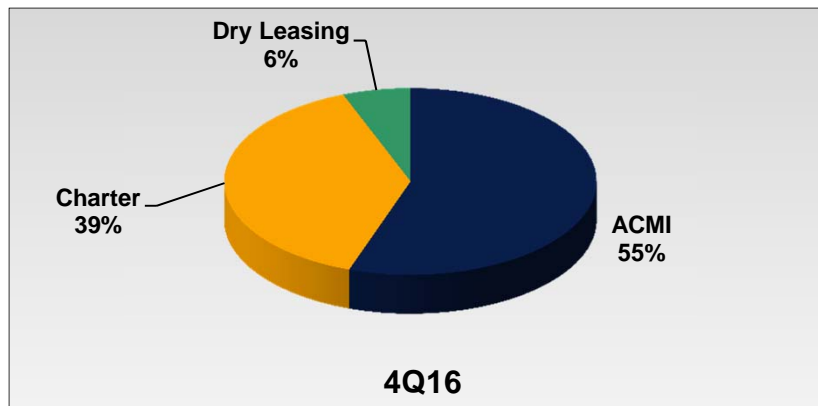
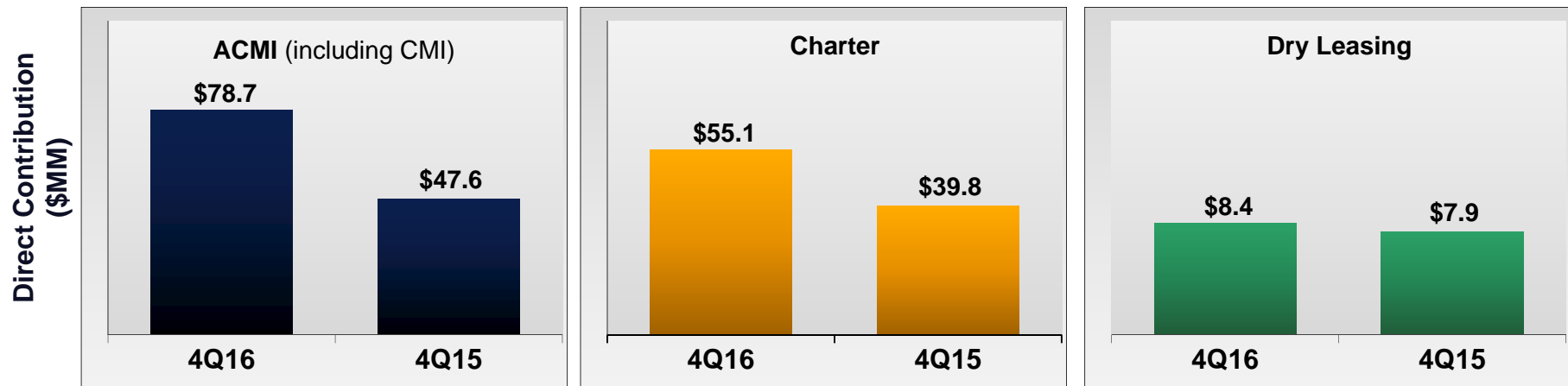




# 4Q16 vs. 4Q15 Segment Revenue



# 4Q16 vs. 4Q15 Segment Contribution





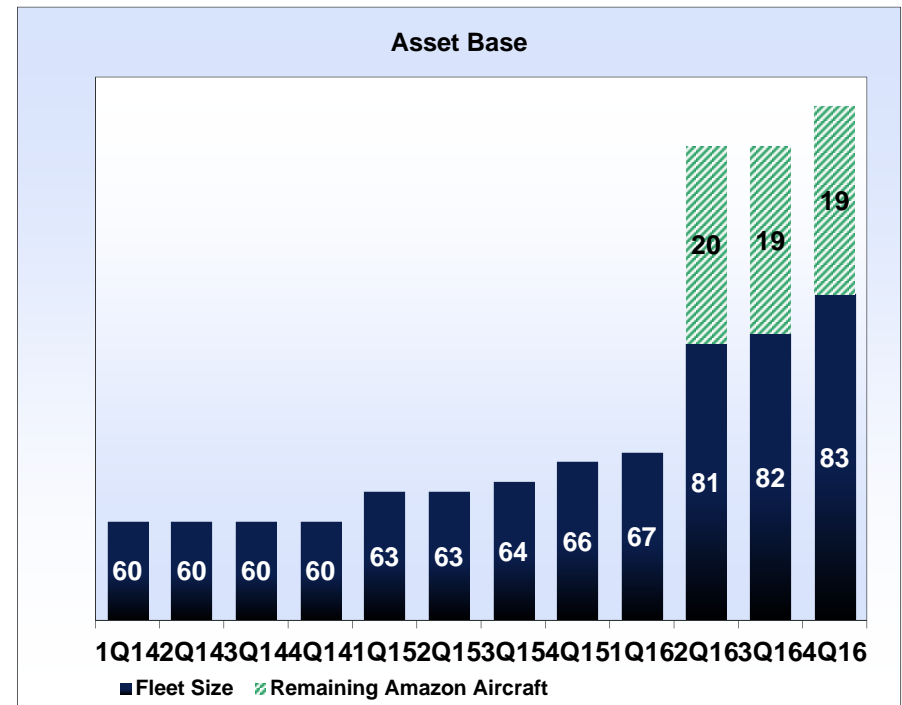
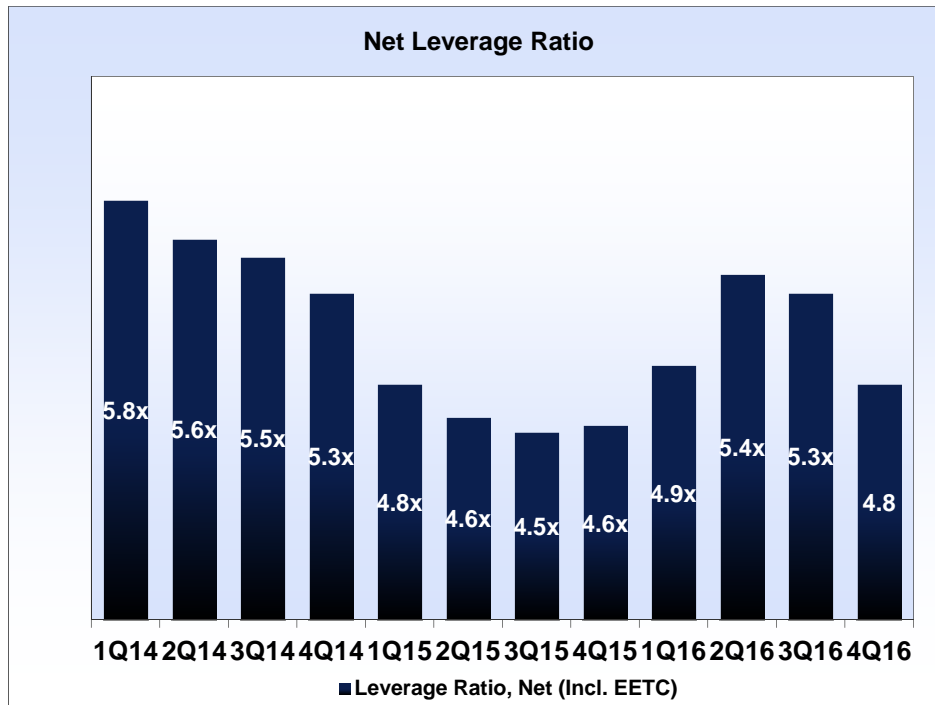
# Balance Sheet & Financial Ratios

In \$Millions	12/31/2016	12/31/2015
<b>Cash, Equivs, S-T Invsts &amp; Rstr Cash</b>	<b>142.6</b>	<b>444.0</b>
<b>Total Balance Sheet Debt</b>	<b>1,851.4</b>	<b>1,901.3</b>
<b>Net Leverage Ratio (Incl. operating leases and EETC Investments)*</b>	<b>4.8</b>	<b>4.6</b>



\*See Appendix for Non-GAAP reconciliation.

# Leverage Ratio and Asset Base



**Expect to pay down ~\$45 to \$50 million of debt per quarter in 2017**



\*See Appendix for Non-GAAP reconciliation.

# AAWW Leading The Way Forward

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# Appendix

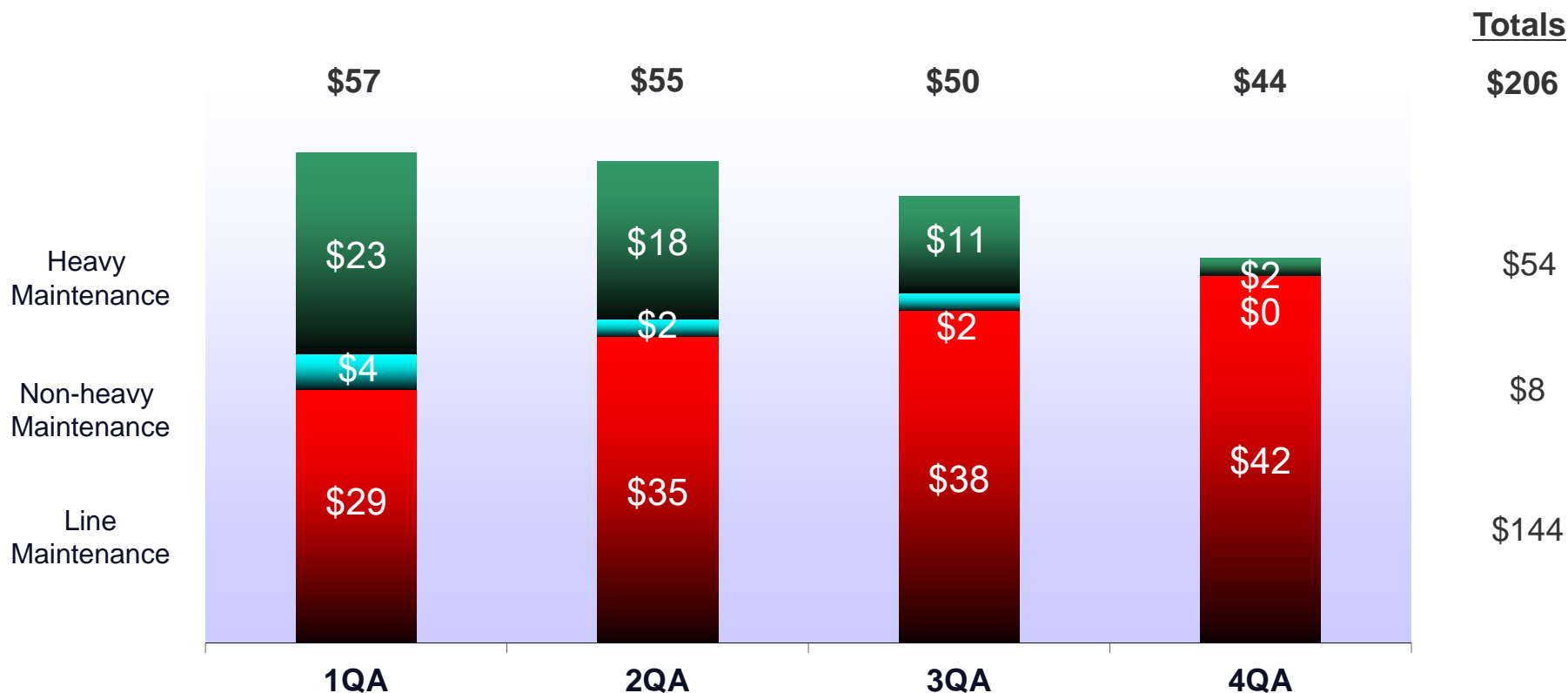
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# 2016 Maintenance Expense

In \$Millions



- Line maintenance expense increases commensurate with additional block hour flying
- Line maintenance expense is approximately \$682 per block hour
- Non-heavy maintenance includes discrete events such as APU, thrust reverser, and landing gear overhauls
- Includes impact of Southern Air acquisition as of 2Q16



Figures subject to rounding

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- Line maintenance expense is approximately \$668 per block hour
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Figures subject to rounding

# Reconciliation to Non-GAAP Measures

In \$Millions	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14
Face Value of Debt	\$ 1,943.4	\$ 1,967.7	\$ 2,001.7	\$ 1,972.2	\$ 2,008.1	\$ 1,899.0	\$ 2,134.4	\$ 1,958.2	\$ 2,009.0	\$ 2,058.0	\$ 2,109.5	\$ 2,158.9
Plus: Present Value of Operating Leases	749.9	774.7	799.4	823.7	848.0	872.2	891.0	914.8	939.7	964.3	988.7	1,012.8
Adjusted Debt	2,693.2	2,742.4	2,801.1	2,795.9	2,856.1	2,771.2	3,025.5	2,873.0	2,948.7	3,022.3	3,098.2	3,171.7
Less: Cash and Equivalents	\$ 138.3	\$ 115.6	\$ 168.3	\$ 331.9	\$ 438.9	\$ 387.8	\$ 530.5	\$ 351.4	\$ 312.9	\$ 275.8	\$ 289.6	\$ 292.2
Less: EETC Asset	32.3	34.8	35.8	38.1	42.7	45.9	131.3	138.1	138.3	137.9	138.7	140.0
LTM EBITDAR	\$ 526.0	\$ 485.9	\$ 484.7	\$ 496.4	\$ 521.2	\$ 517.5	\$ 514.6	\$ 492.4	\$ 468.3	\$ 476.5	\$ 473.6	\$ 473.4
<b>Net Leverage Ratio (Incl. EETC Invest)</b>	4.8	5.3	5.4	4.9	4.6	4.5	4.6	4.8	5.3	5.5	5.6	5.8





*Thank you.*

