



Second-Quarter 2016 Review

August 3, 2016

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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 3, 2016, which is posted at www.atlasair.com.



AAWW Key Takeaways

2Q16 – one of most important quarters in Atlas history

- Southern Air acquisition
- Strategic long-term relationship with Amazon

Executing strategic plan for long-term growth

Ongoing development of strategic platform is:

- Expanding business base
- Moving company more deeply into faster-growing express and e-commerce markets



Impact of Amazon Warrant Accounting

- 2Q16 results reflected warrant accounting
- Warrant liability needs to be remeasured at fair value each period
 - Until warrants are exercised or expire in May 2021
- Any mark-to-market adjustments shown as unrealized gains or losses
- During 2Q16, reported an unrealized gain of \$26.5 million and recorded a tax expense of \$8.7 million
- For diluted EPS under U.S. GAAP, the vested warrants are treated as if they were exercised upon their issuance
- Accordingly, the unrealized gain was disregarded in calculating reported diluted EPS while the tax expense remained in the calculation
- This generated a reported loss of \$0.26 per diluted share on income from continuing operations of \$20.9 million

2Q16 Summary

**Income from continuing ops
\$20.9 million, diluted EPS of
\$(0.26)**

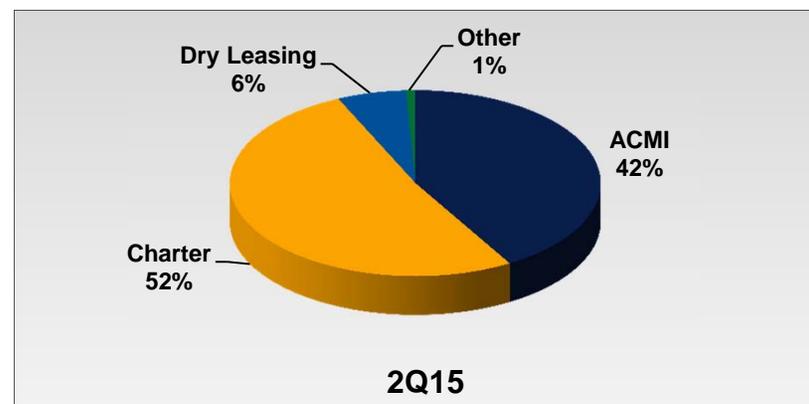
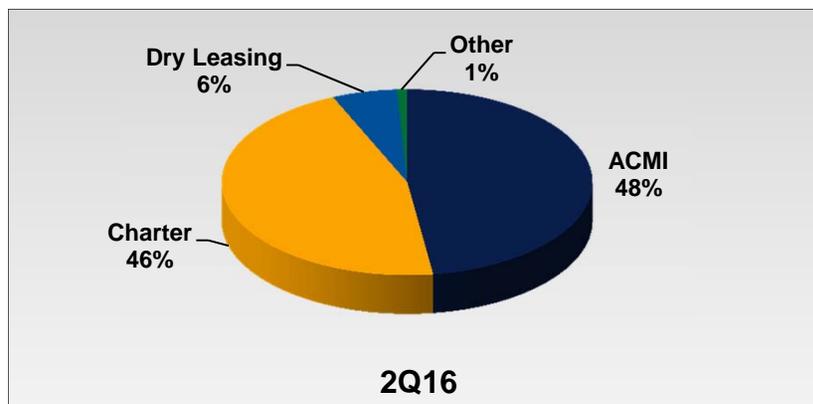
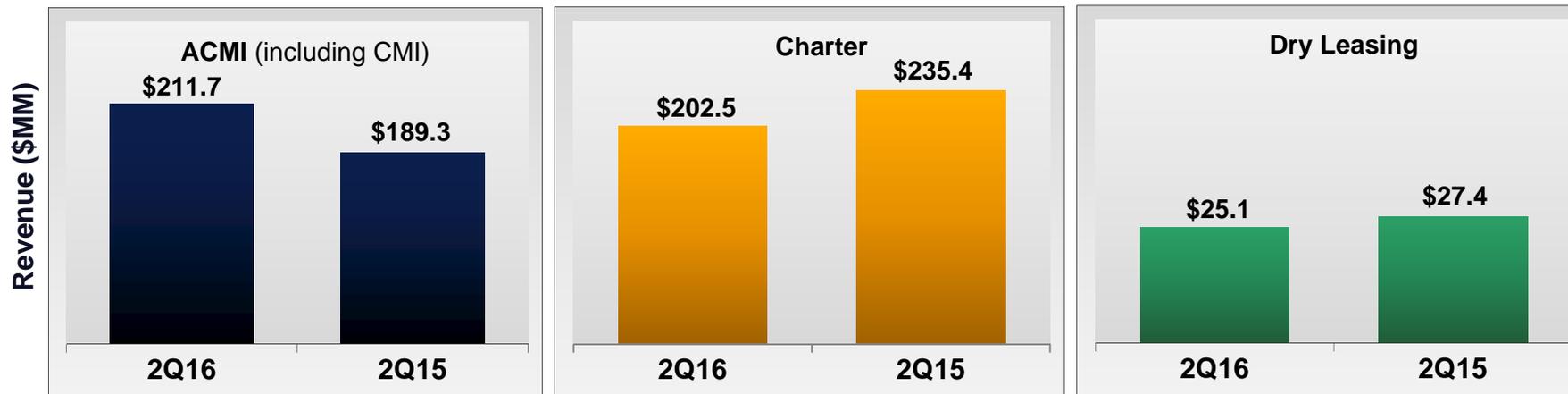
- Reflects impact of warrant accounting and transaction-related expenses

Adjusted income from continuing ops* \$20.2 million, adjusted diluted EPS of \$0.80

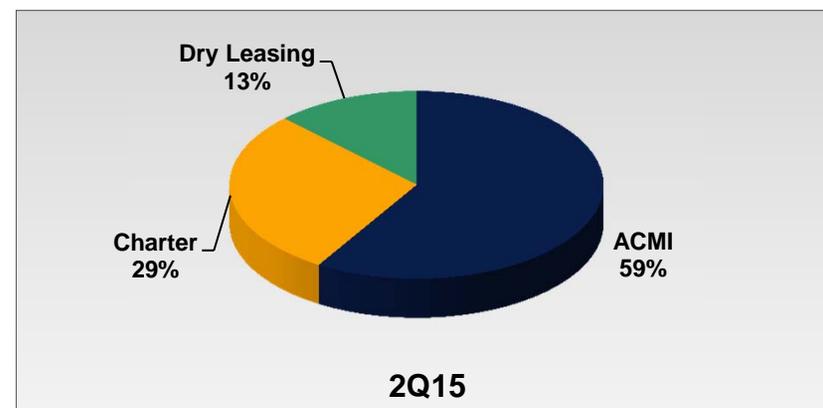
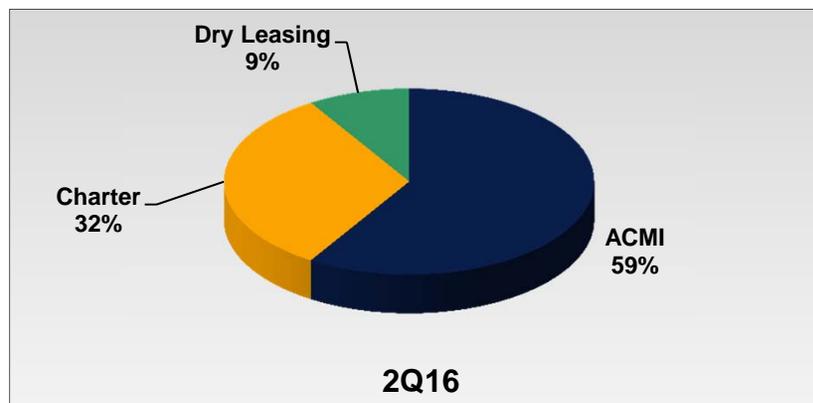
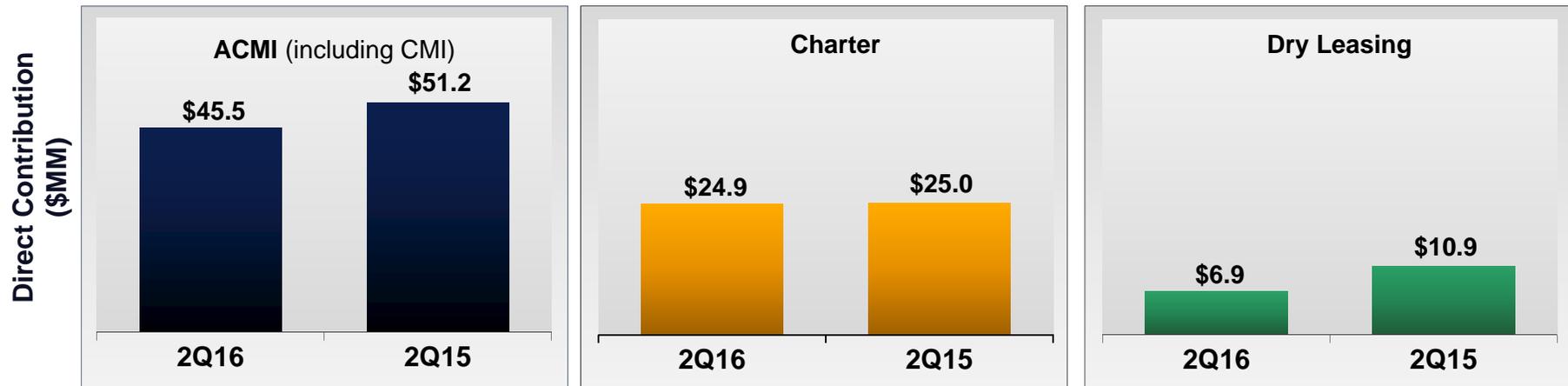
- Southern Air contribution
- Increased military cargo/pax demand
- Slower general commercial cargo
- Crew costs related to fleet growth initiatives
- Initial startup expenses for Amazon 767 service



2Q16 vs. 2Q15 Segment Revenue



2Q16 vs. 2Q15 Segment Contribution



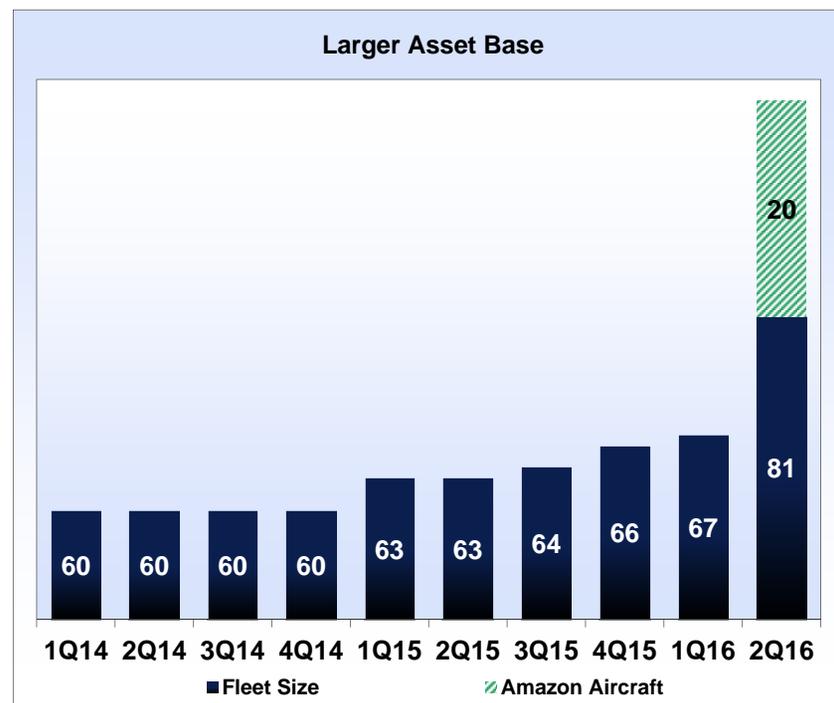
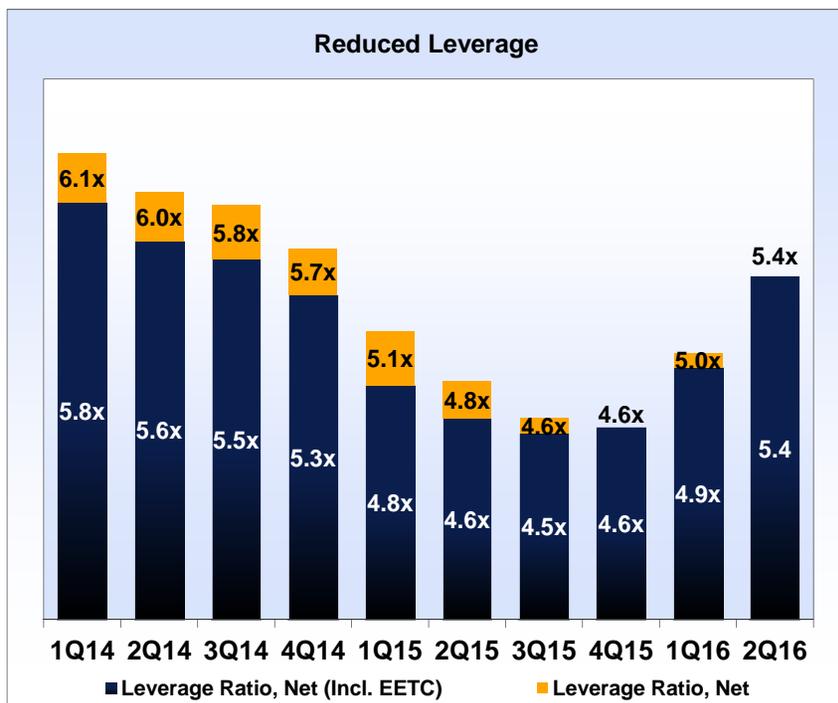
Balance Sheet & Financial Ratios

In \$Millions	6/30/2016	12/31/2015
Cash, Equivs, S-T Invsts & Rstr Cash	170.3	444.0
Total Balance Sheet Debt	1,902.4	1,901.3
Net Leverage Ratio (Incl. operating leases and EETC Investments)*	5.4	4.6



*See Appendix for Non-GAAP reconciliation.

Strengthening the Balance Sheet



Expect to pay down ~\$40 million of debt per quarter for the remainder of 2016

2016 Framework

Business momentum, 2015 initiatives provide **foundation for meaningful earnings and cash flow**

Consistent with prior outlook, expect base business growth versus 2015:

- Before expected 2016 impact from Amazon startup expenses/Southern operations and 2015 port-congestion-related earnings

Including startup expenses and warrant impact for Amazon service

- **2016 adjusted EPS expected to be lower than 2015 adjusted EPS of \$5.01 by a high-single-digit percentage**

Seasonal business, **slightly more than three-quarters of earnings generated in second half** of the year

Block Hours including Southern Air to increase ~20% over 2015

- About 75% of total in ACMI
- Balance in Charter

Including Southern Air:

- **Maintenance expense:** ~\$200 million
- **Depreciation/amortization:** ~\$145 million
- **Tax rate:** ~31%
- **Core capex:** ~\$62 to \$67 million

AAWW Leading The Way Forward

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- Strategic long-term relationship with Amazon

Executing strategic plan for long-term growth

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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 \$630 per block hour
- Non-heavy maintenance includes discrete events such as APU, thrust reverser, and landing gear overhauls
- Includes estimated impact of Southern acquisition as of 2Q16



Reconciliation to Non-GAAP Measures

In \$Millions	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14
Face Value of Debt	\$ 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	799.4	823.7	848.0	872.2	891.0	914.8	939.7	964.3	988.7	1,012.8
Adjusted Debt	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	\$ 168.3	\$ 331.9	\$ 438.9	\$ 387.8	\$ 530.5	\$ 351.4	\$ 312.9	\$ 275.8	\$ 289.6	\$ 292.2
Less: EETC Asset	35.8	38.1	42.7	45.9	131.3	138.1	138.3	137.9	138.7	140.0
LTM EBITDAR	\$ 484.7	\$ 496.4	\$ 521.2	\$ 517.5	\$ 514.6	\$ 492.4	\$ 468.3	\$ 476.5	\$ 473.6	\$ 473.4
Net Leverage Ratio	5.4	4.9	4.6	4.5	4.6	4.8	5.3	5.5	5.6	5.8
Adjusted Debt	\$ 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	(168.3)	(331.9)	(438.9)	(387.8)	(530.5)	(351.4)	(312.9)	(275.8)	(289.6)	(292.2)
Adjusted Net Debt	2,632.8	2,464.0	2,417.2	2,383.4	2,495.0	2,521.6	2,635.8	2,746.5	2,808.6	2,879.5
LTM EBITDAR	\$ 484.7	\$ 496.4	\$ 521.2	\$ 517.5	\$ 514.6	\$ 492.4	\$ 468.3	\$ 476.5	\$ 473.6	\$ 473.4
Net Leverage Ratio (Including EETC Investment)	5.4	5.0	4.6	4.6	4.8	5.1	5.6	5.8	5.9	6.1



Thank you.

