



# AAWW Investor Slides

AUGUST 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 20, May 7 and August 6, 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





# Operating an Essential Business

## SAFETY IS OUR TOP PRIORITY

- Taking every precaution to safeguard employees
- Ensuring we continue to transport goods the world needs

## CAPITALIZING ON MARKET DYNAMICS

- Leveraging the scale and scope of our enterprise
- Delivering safe and high-quality service for our customers

## 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

## WELL-POSITIONED FOR CONTINUED SUCCESS

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



# Shaping a Powerful Future

**Global leader** in  
outsourced aviation

**Long-standing,**  
strategic  
customers

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

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

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

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



# 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**



# 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





# 1H20 Summary

BLOCK HOURS

158,213

REVENUE

\$1.47B

ADJ. EBITDA\*

\$368.2M

DIRECT CONTRIBUTION

\$324.0M

ADJUSTED NET INCOME\*

**\$153.1 million**

REPORTED NET INCOME

**\$102.3 million**

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



# 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

# 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**

Operating  
**17 767-300Fs for Amazon**

Operating  
**five 737-800Fs for Amazon**

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 long-term charter business

Leading cargo carrier in **South America**

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 **21 767-300s**; 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**

# CARES Act Payroll Support Grant

- **Aggregate amount of \$406.8 million payable to AAWW (closed on June 1)**
  - \$364.9 million attributable to Atlas Air
  - \$41.9 million attributable to Southern Air
- **Comprised of:**
  - Cash grants in the aggregate amount of approximately \$207.0 million
  - \$199.8 million in the form of a 10-year unsecured non-amortizing low interest promissory note
  - Warrant for 625,452 shares of AAWW common stock (exercise price of \$31.95)
- **U.S. Treasury determined that American taxpayers will be repaid through direct benefits** (in the form of short and expected longer-term job retention and related economic activity, avoided unemployment, payroll and income taxes paid, etc.), **the warrant and the company's repayment of the promissory note**
- **Includes, among other things, restrictions on:**
  - Executive compensation
  - Reductions in employment levels and rates
  - Share repurchases and the payment of dividends

# 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: 117\*

OPERATING FLEET: 109

DRY LEASE: 8



## 53 Boeing 747s

- 10 747-8Fs
- 34 747-400Fs
- 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



## 14 Boeing 777s

- 2 A+CMI 777Fs
- 6 CMI 777Fs
- 1 Charter 777F
- 5 Titan 777Fs



## 9 Boeing 737s

- 5 737-800Fs
- 3 737-400Fs
- 1 737-300 Freighter Titan

\*As of 2Q20

# Global Presence



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



# 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

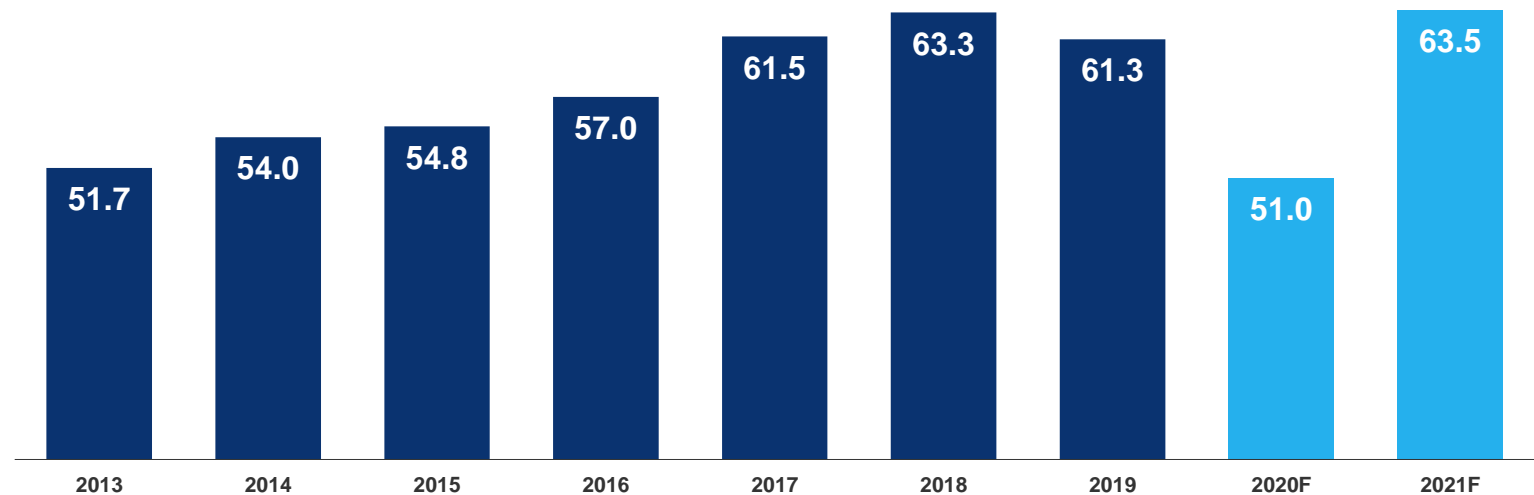
positioned to  
deliver value  
and growth

# International Global Airfreight – Annual Growth

IATA – **Demand** for airfreight  
expected to **rise sharply in 2021**

IATA – **COVID-19** disrupting  
global **supply chains**

IATA REPORTED AIRFREIGHT TONNAGE  
(In Millions)

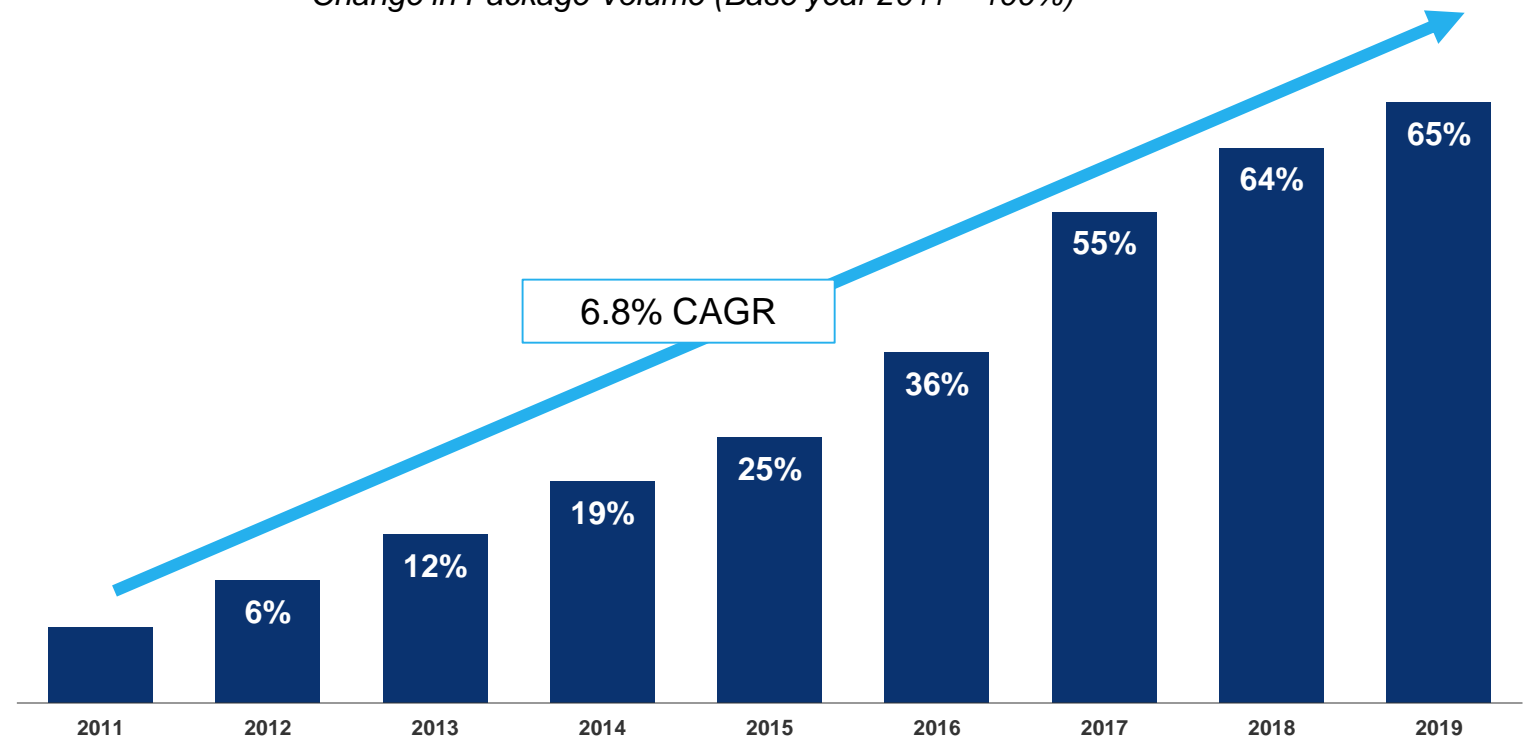


# The Key Underlying Express Market is Growing

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

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

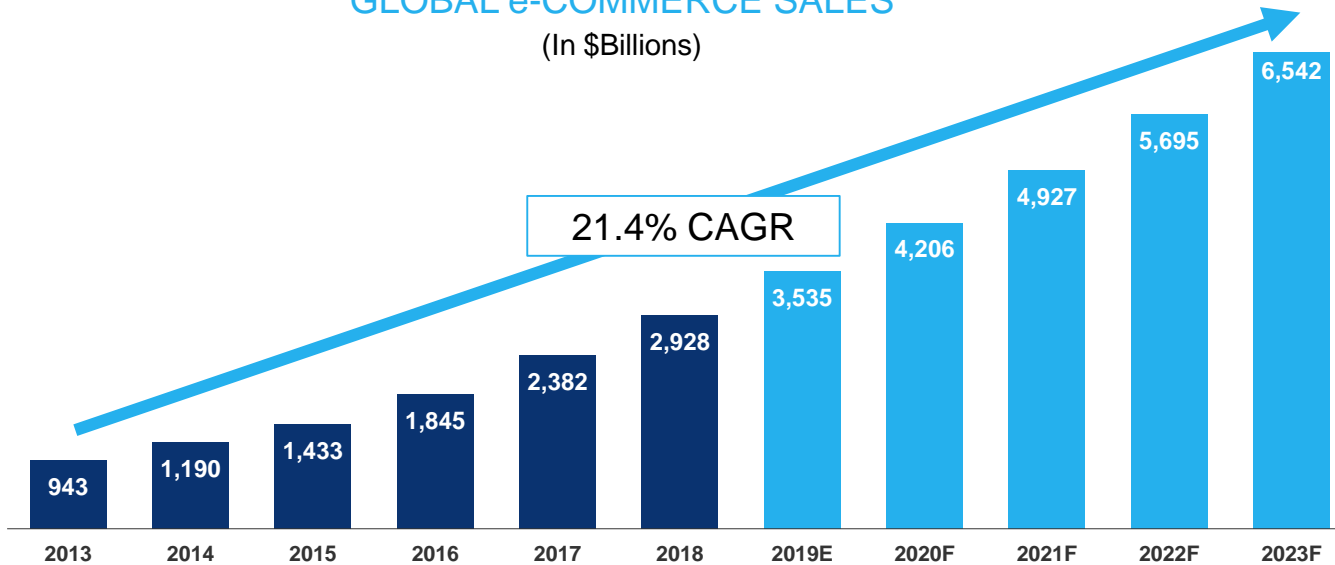
INTERNATIONAL EXPRESS MARKET – DHL, FedEx and UPS  
Change in Package Volume (Base year 2011 – 100%)



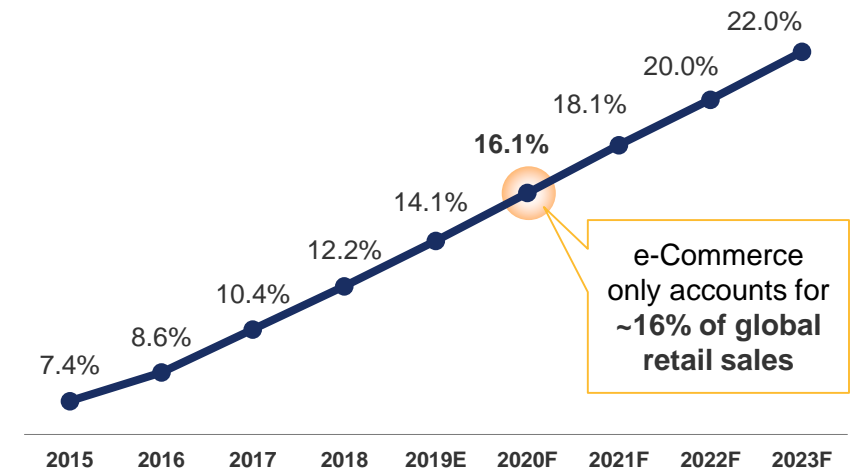
Notes: Weighted average of growth rates in international express package volume reported by these express operators  
Weighting is 50% DHL, 25% UPS and 25% FedEx. 2016-2017 FedEx reported data reflects beneficial impact of TNT acquisition

# 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

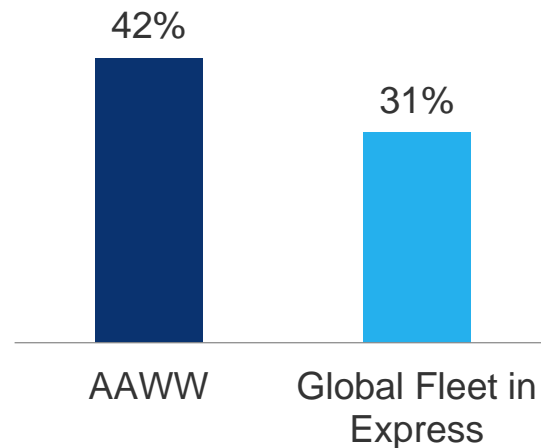
300M internet users  
25% mobile penetration  
2% e-Commerce penetration



# Fleet Aligned with Express and e-Commerce

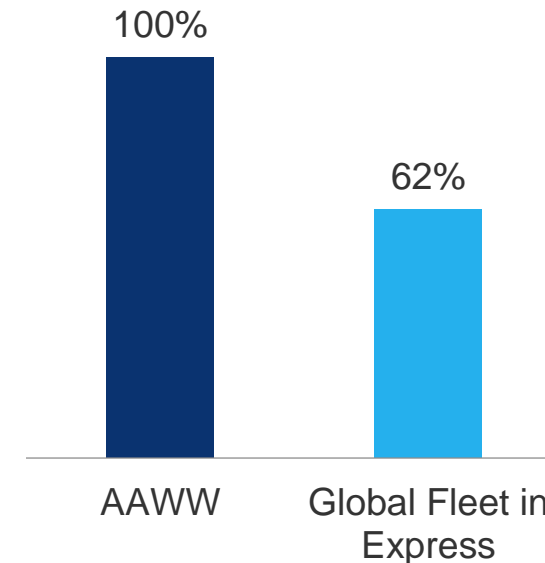
Atlas Fleet  
in Express/  
e-Commerce  
Compared with  
Global Fleet

## LARGE WIDEBODY



**565** Total global large widebody freighters (747s, 777s, MD-11s, DC-10-30s/40s)

## MEDIUM WIDEBODY



**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**

**~\$6.5 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

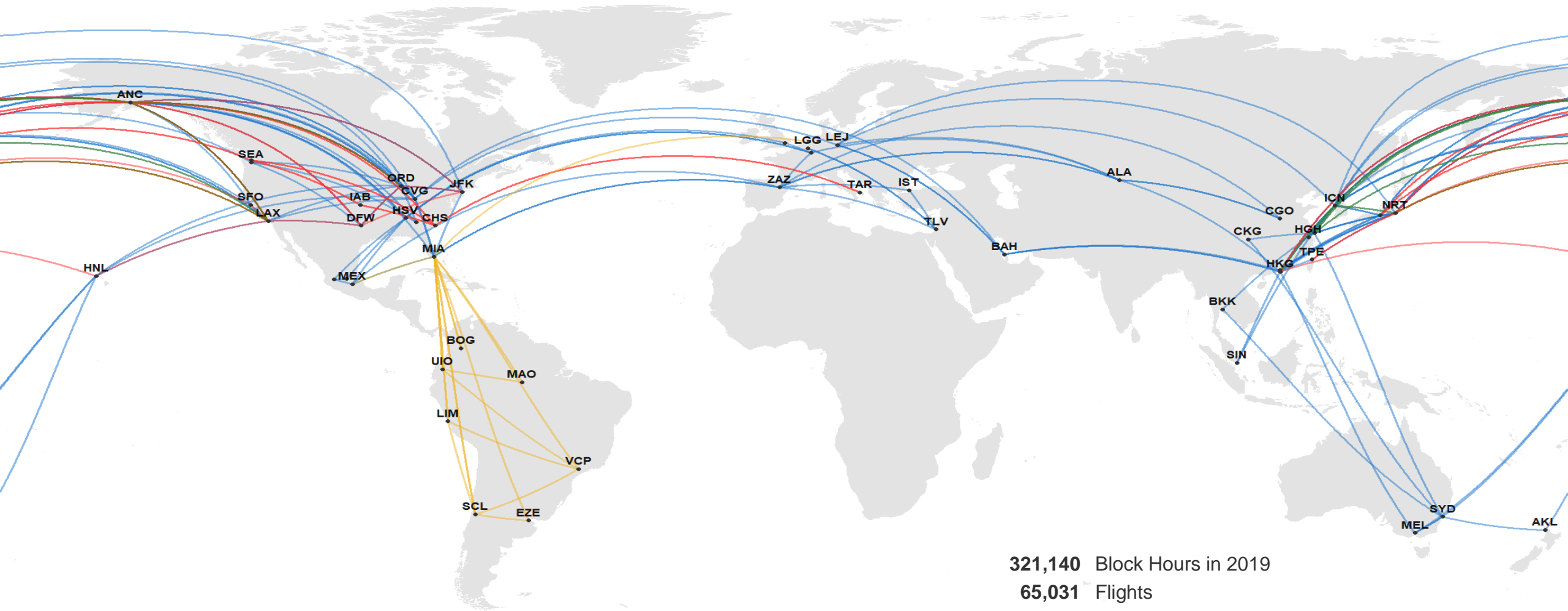


# Executing Strategic Plan





# Global Operating Network



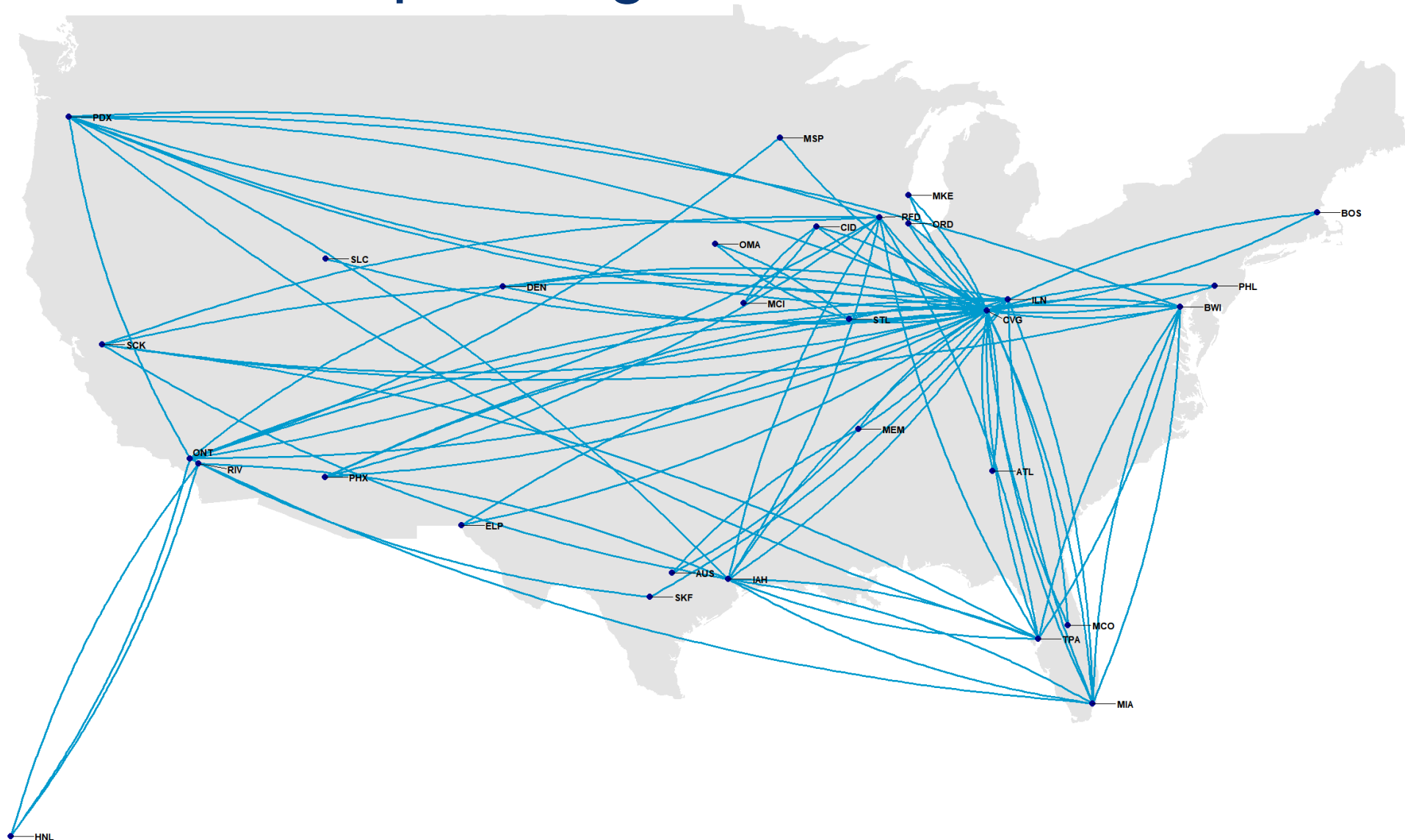
**321,140** Block Hours in 2019

**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% global trade  
volume; ~35%  
global trade value

## PRODUCTS

High-value,  
time-sensitive items;  
items with short  
shelf lives

## STRATEGIC CHOICE

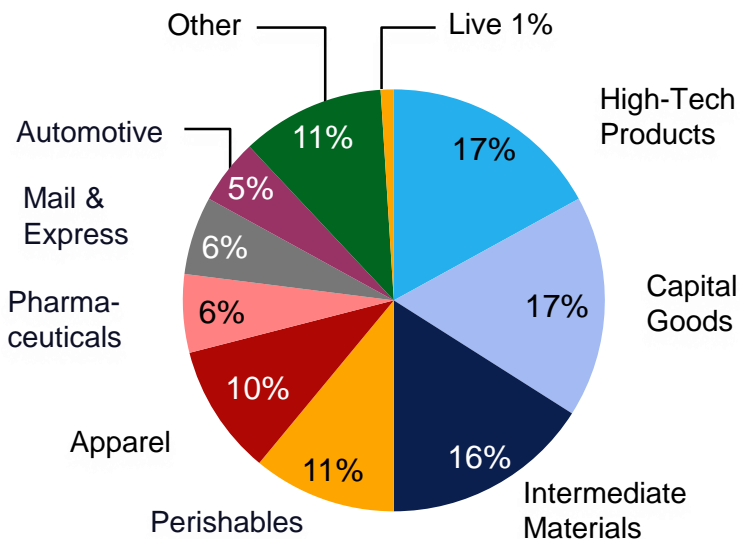
Products/supply  
chains with  
just-in-time delivery  
requirements

## SPECIALTY CONSIDERATION

Products with  
significant security  
considerations

## BY SECTOR

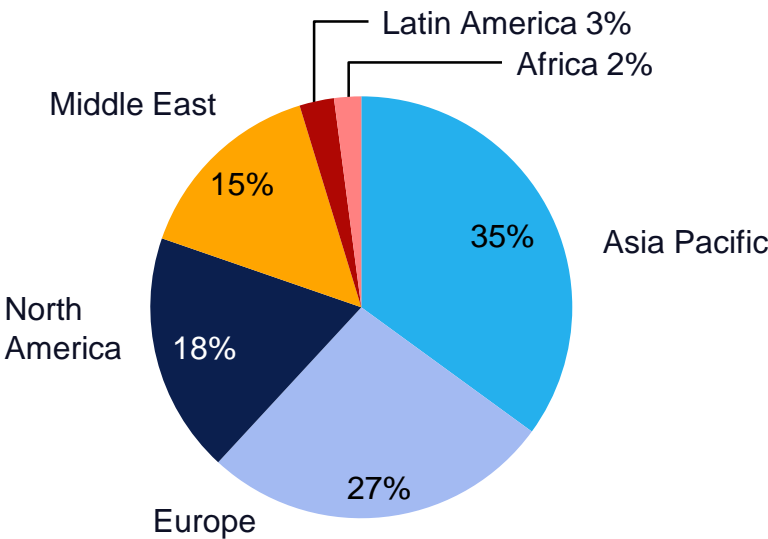
Industry Sectors Served by AAWW Customers



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

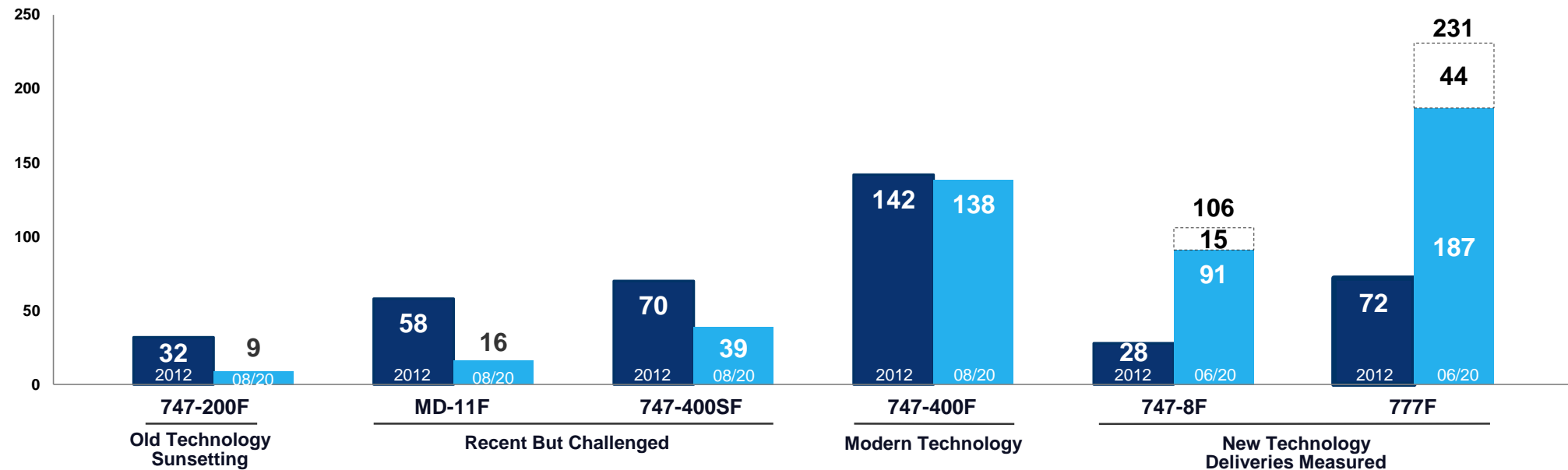
## BY REGION

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 (August 2020), Ascend (August 2020), Boeing (June 2020), company reports

Notes: Excludes parked aircraft, aircraft in Express operations, combis and tankers; 747-200F total includes -100s and -300s

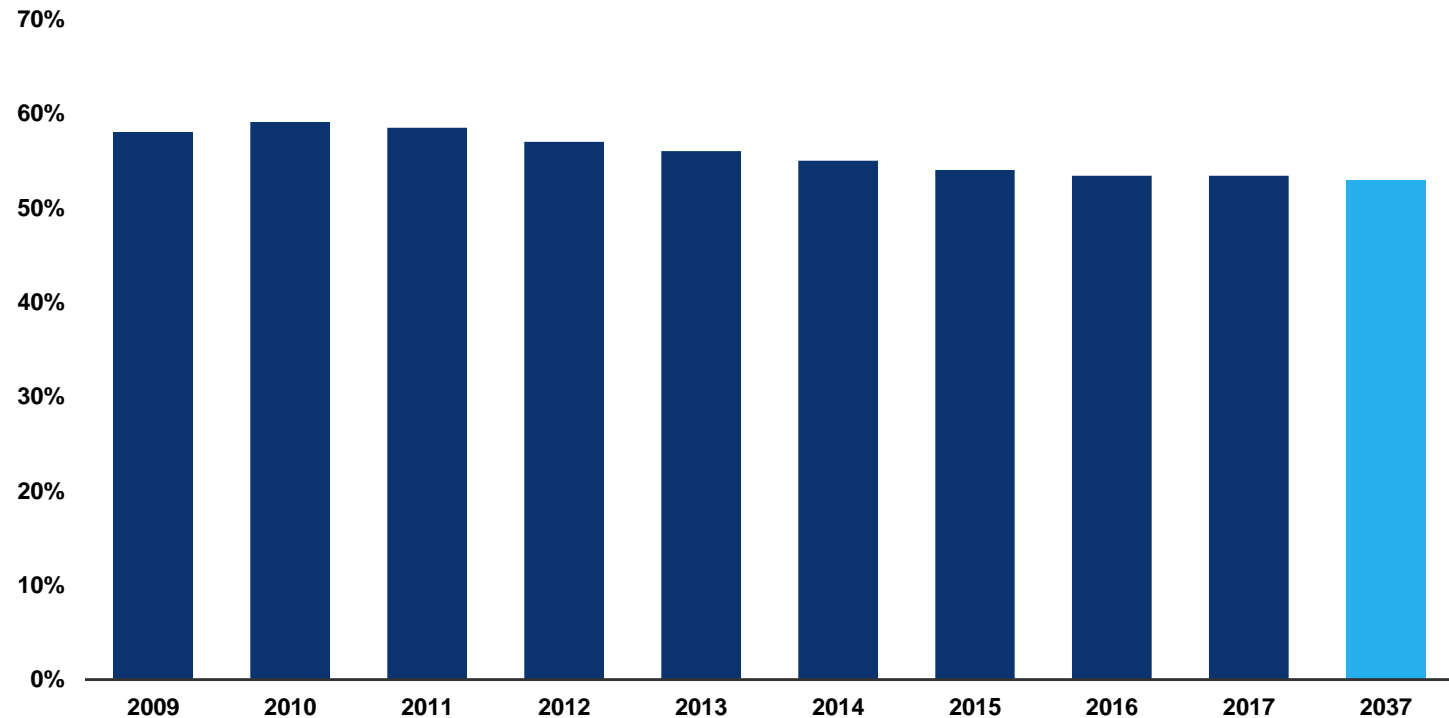


# Main Deck to Belly?

## 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

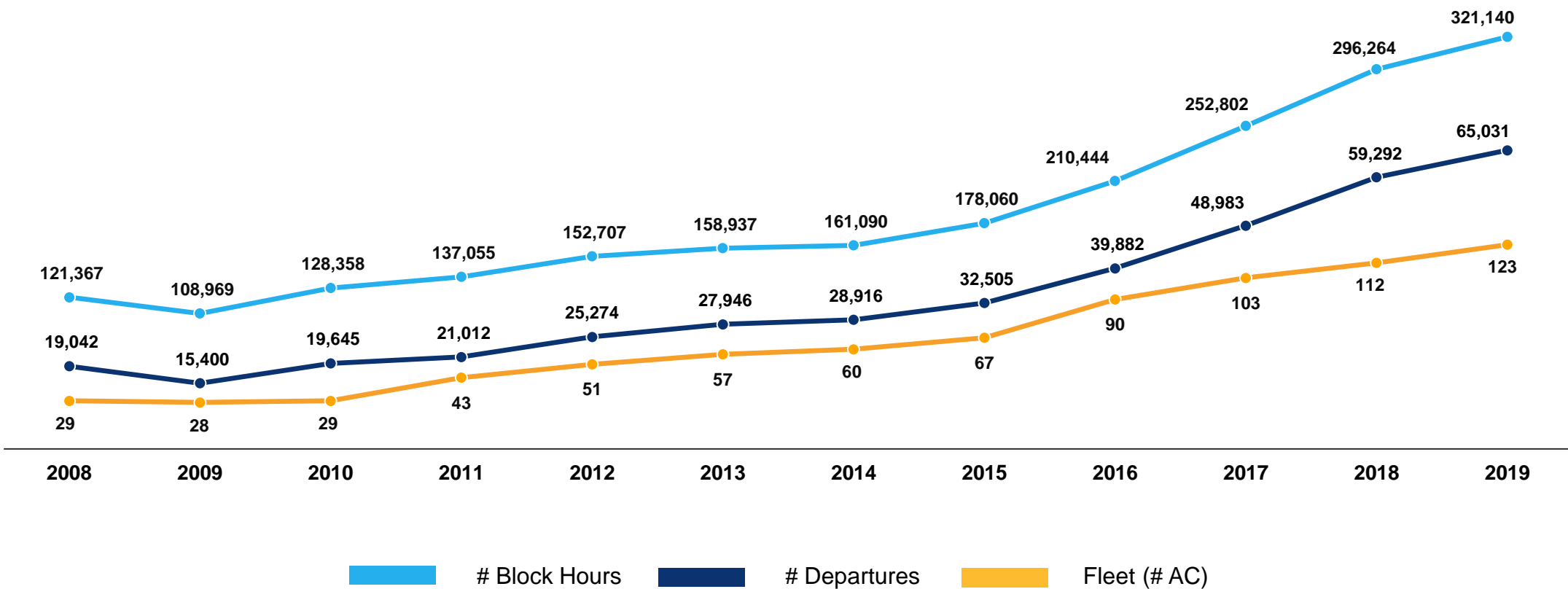
## PERCENTAGE OF WORLD RTKs CARRIED ON FREIGHTERS



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

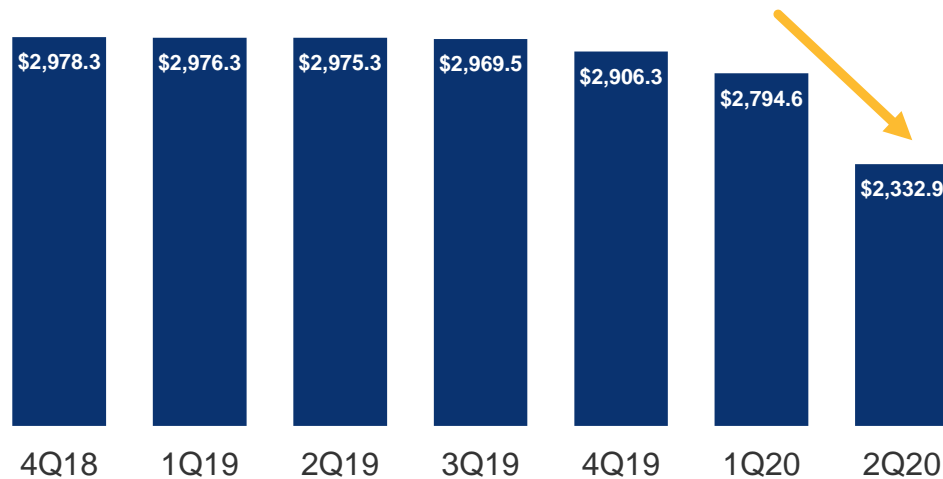
\*Considering 28 tonnes max structural cargo capacity available after allocating capacity to bags carried  
Sources: Atlas, Boeing

# Growth by Year

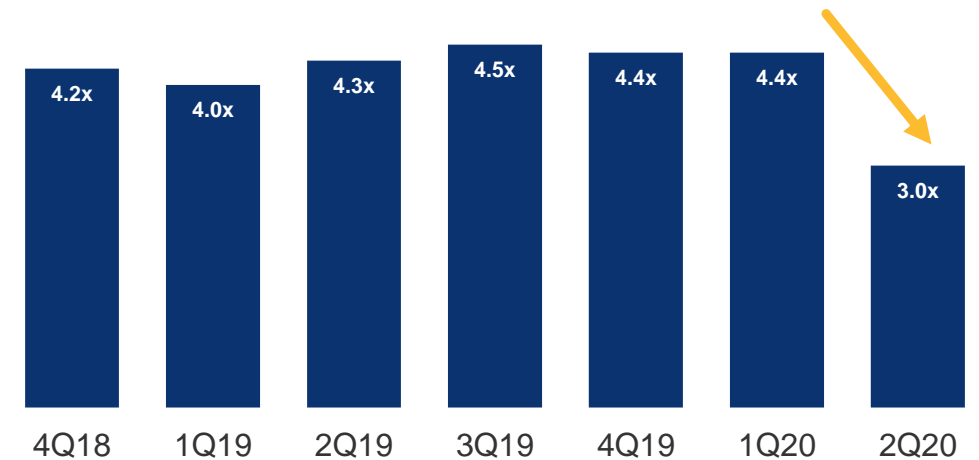


# Net Debt and Net Leverage Ratio

NET DEBT\*  
In \$Millions



NET LEVERAGE RATIO\*



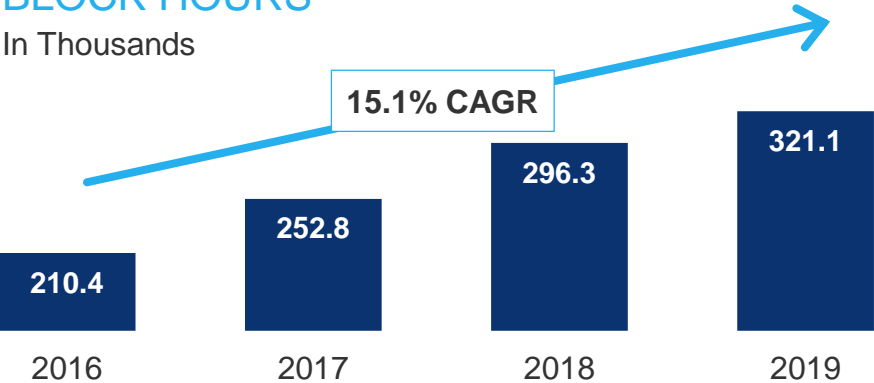
Maintaining debt payments of ~\$70 million per quarter

\*See Appendix for Non-GAAP reconciliation.

# Financial and Operating Trends

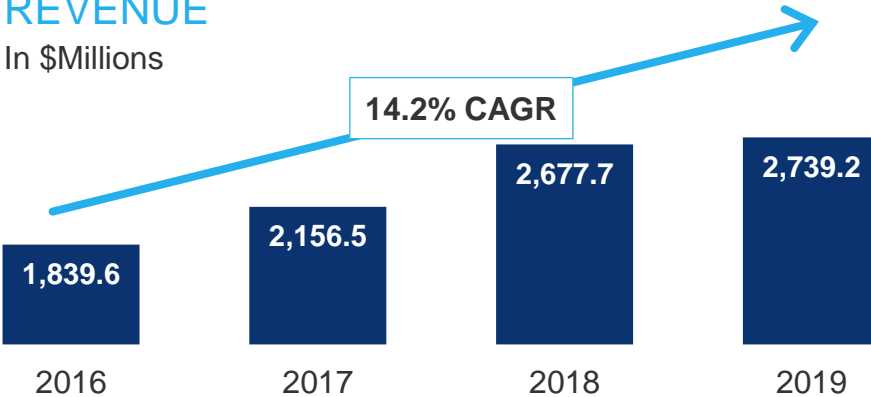
## BLOCK HOURS

In Thousands



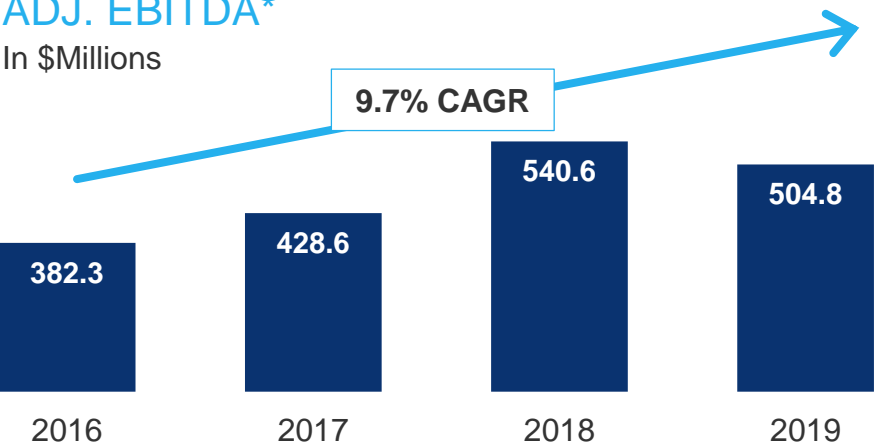
## REVENUE

In \$Millions



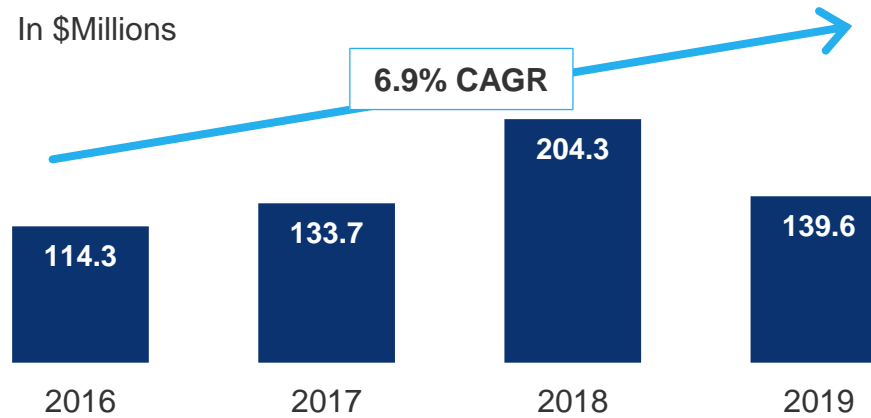
## ADJ. EBITDA\*

In \$Millions



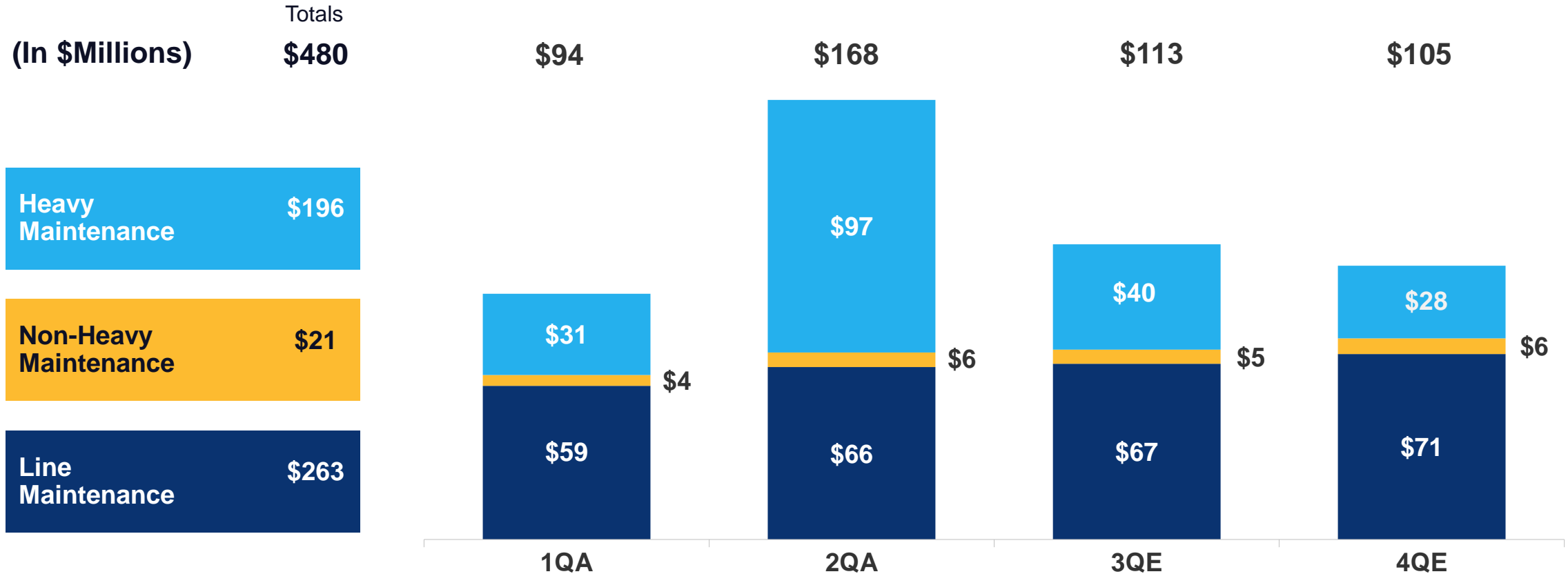
## ADJ. NET INCOME\*

In \$Millions



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

# 2020 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
NET DEBT	\$ 2,978.3	\$ 2,976.3	\$ 2,975.3	\$ 2,969.5	\$ 2,906.3	\$ 2,794.6	\$ 2,332.9

LTM EBITDAR	\$ 711.8	\$ 736.3	\$ 687.7	\$ 659.6	\$ 658.8	\$ 642.2	\$ 789.5
NET LEVERAGE RATIO	4.2x	4.0x	4.3x	4.5x	4.4x	4.4x	3.0x

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