



QUARTERLY REVIEW 1Q 2019

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MAY 1, 2019



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 May 1, 2019, which is posted at www.atlasairworldwide.com.

Key Takeaways

1Q19 results exceeded our expectations

Benefitting from 16 aircraft added in 2018

Focused on express, e-commerce, fast-growing markets

Sound foundation to deliver continued business and earnings growth

Expanding our relationship with Amazon

Well-positioned to capitalize on our domestic and worldwide operations to deliver value for our customers and shareholders



First-Quarter Earnings

BLOCK HOURS

↑ 16%

REVENUE

↑ 15%

ADJ. EBITDA*

↑ 29%

ADJ. NET INCOME*

↑ 15%

BUSINESS GROWTH

Scheduled to begin flying

Three CMI 747s for NCA in 2019

Five CMI 737s for Amazon in 2019

- Including two starting in May
- Opportunity for up to 15 more by May 2021

*See May 1, 2019 press release for Non-GAAP reconciliations.

2019 Framework

REVENUE/EARNINGS

Revenue

~\$3.0 billion

Adj. EBITDA

~\$600 million

Adj. Net Income

To grow by a mid- to upper-single-digit percentage compared with 2018

OTHER 2019 KEY ITEMS

Block Hours

~340,000

Over 75% of total in ACMI
Balance in Charter

Maintenance Expense

~\$420 million

Depreciation/Amortization

~\$260 million

Core Capex

~\$135-145 million

2Q19 OUTLOOK

Block Hours

~80,000

Revenue

~\$710 million

Adj. EBITDA

~\$105 million

Adj. Net Income

Will represent slightly more than a mid-single-digit percentage of FY19 adj. net income

1Q19 Summary

BLOCK HOURS

↑ 16%

REVENUE

↑ 15%

ADJ. EBITDA*

↑ 29%

DIRECT CONTRIBUTION

↑ 21%

ADJ. NET INCOME*

↑ 15%

ADJUSTED INCOME
FROM CONTINUING OPS*

\$27.3 million,
up 15%

REPORTED LOSS
FROM CONTINUING OPS

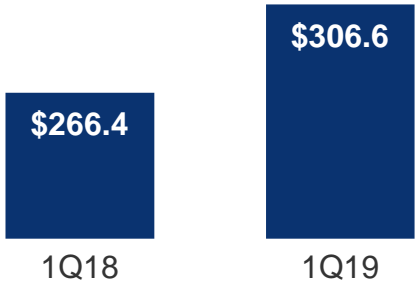
\$29.7 million, including

\$46.6 million noncash unrealized
loss on outstanding warrants

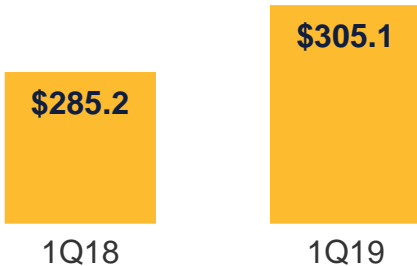
*See May 1, 2019 press release for Non-GAAP reconciliations.

1Q18 vs. 1Q19 Segment Revenue

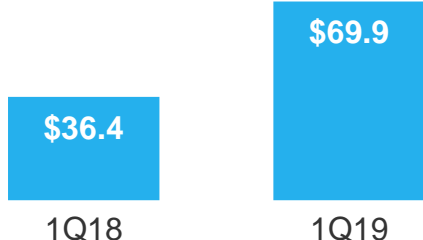
ACMI
In \$Millions



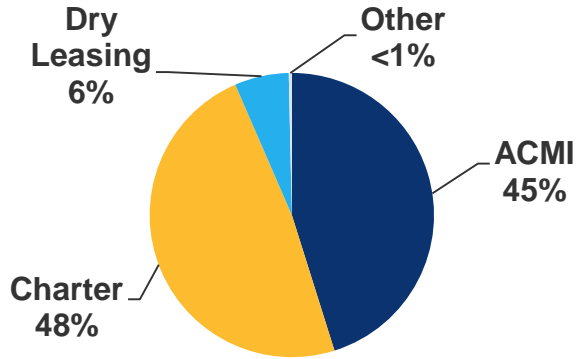
CHARTER
In \$Millions



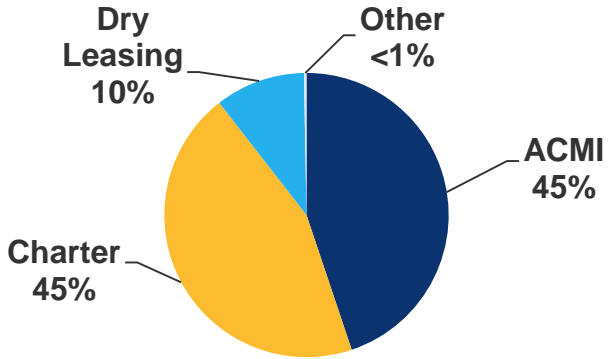
DRY LEASING
In \$Millions



1Q18



1Q19



Note: Percentages subject to rounding.

1Q18 vs. 1Q19 Segment Contribution

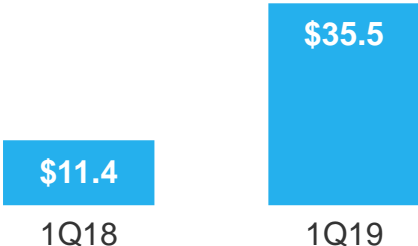
ACMI
In \$Millions



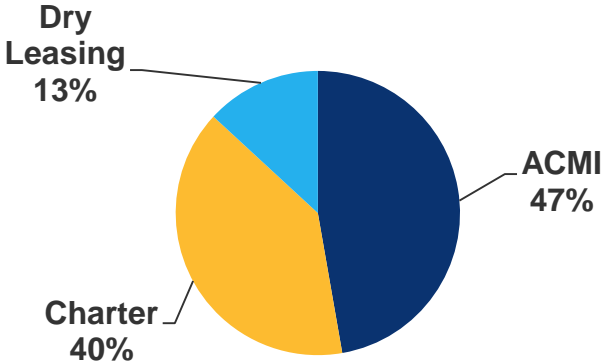
CHARTER
In \$Millions



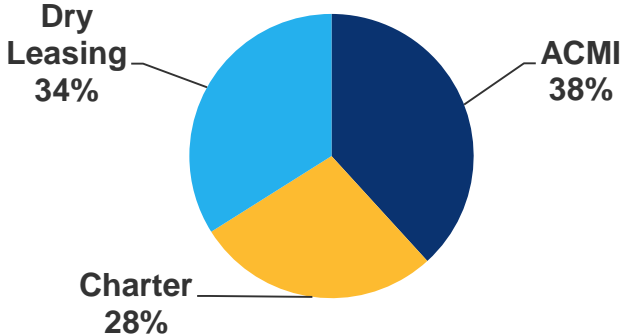
DRY LEASING
In \$Millions



1Q18

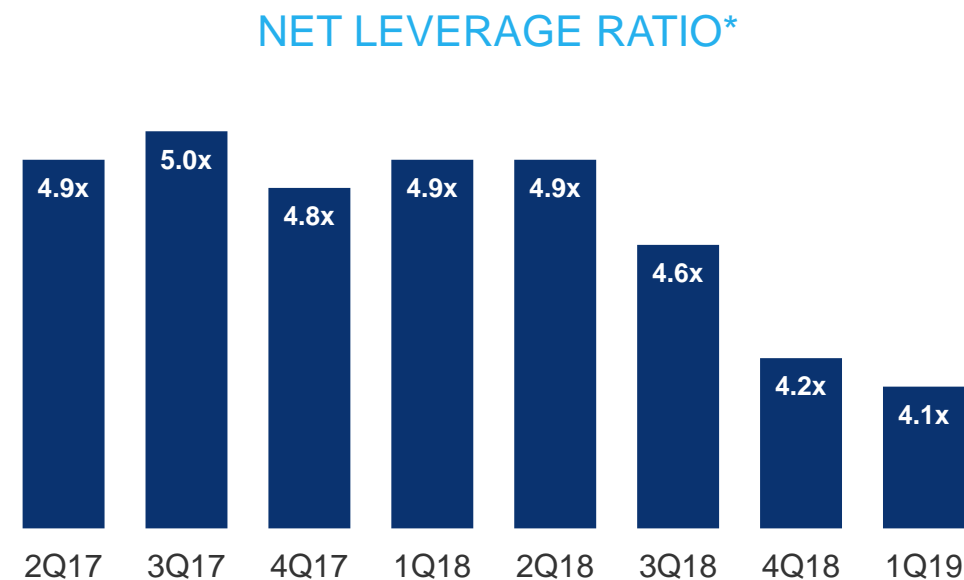
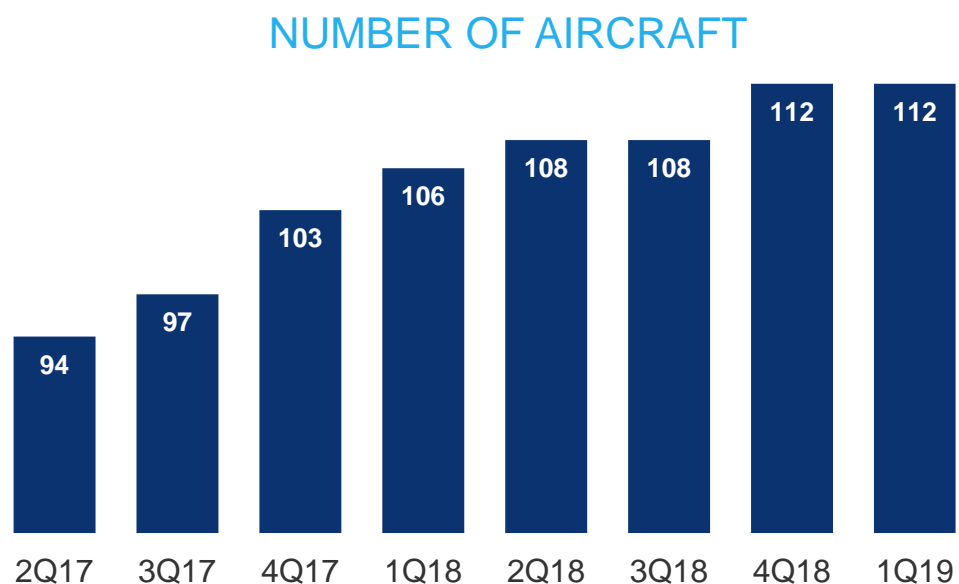


1Q19



Note: Percentages subject to rounding.

Growing Fleet/Reducing Net Leverage Ratio



Expect to pay down ~\$70 million
of debt per quarter in 2019

*See Appendix for Non-GAAP reconciliation.

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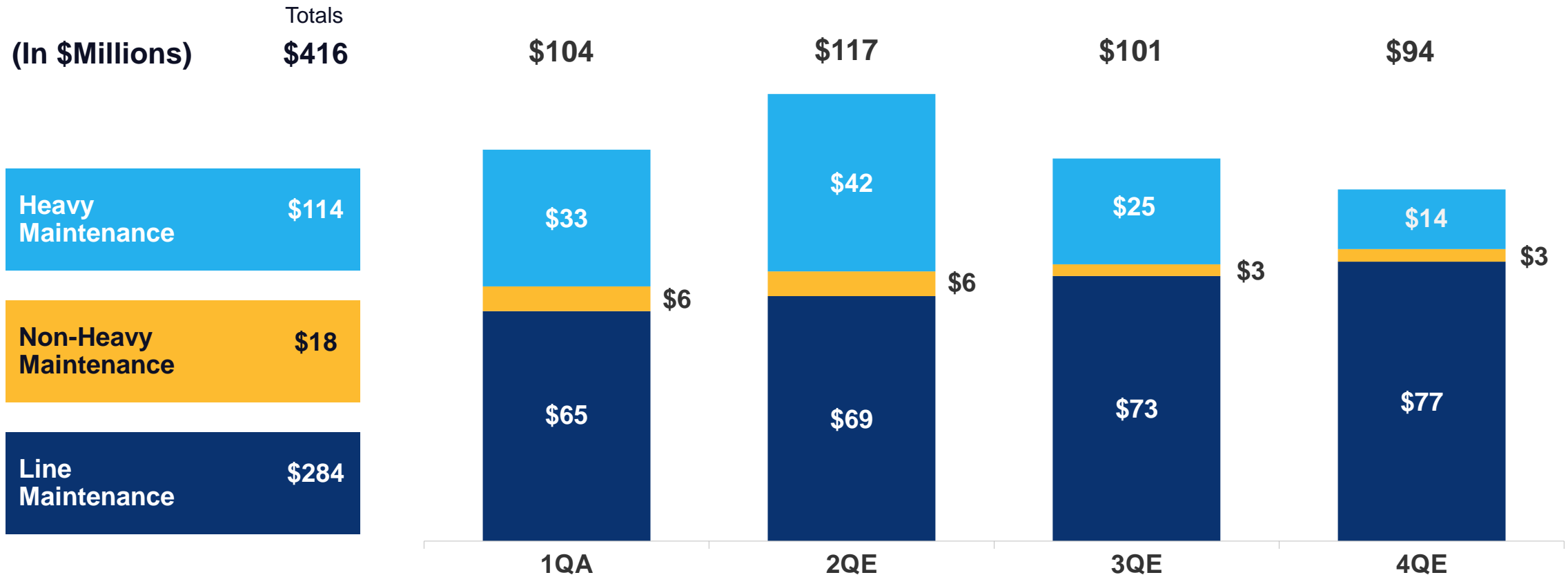
Well-positioned to capitalize on our domestic and worldwide operations to deliver value for our customers and shareholders





Appendix

2019 Maintenance Expense



- **Line maintenance** expense increases commensurate with additional block hour flying
- **Line maintenance** expense is approximately \$820 per block hour
- **Non-heavy maintenance** includes discrete events such as APU, thrust reverser, and landing gear overhauls

Reconciliation to Non-GAAP Measures

(In \$Millions)	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
FACE VALUE OF DEBT	\$ 2,307.2	\$ 2,259.8	\$ 2,378.8	\$ 2,416.6	\$ 2,644.1	\$ 2,674.2	\$ 2,601.3	\$ 2,530.4
PLUS: PRESENT VALUE OF OPERATING LEASES	661.0	681.9	656.6	709.7	684.2	656.4	626.0	621.8
TOTAL DEBT	\$ 2,968.2	\$ 2,941.8	\$ 3,035.4	\$ 3,126.2	\$ 3,328.3	\$ 3,330.6	\$ 3,227.3	\$ 3,152.2
LESS: CASH AND EQUIVALENTS	\$ 282.7	\$ 176.3	\$ 291.9	\$ 130.4	\$ 227.9	\$ 226.2	\$ 232.7	\$ 164.5
LESS: EETC ASSET	30.9	29.9	29.0	27.8	24.1	20.2	16.3	11.4
LTM EBITDAR	\$ 543.1	\$ 546.8	\$ 570.4	\$ 603.0	\$ 632.6	\$ 663.9	\$ 701.2	\$ 730.8
NET LEVERAGE RATIO	4.9x	5.0x	4.8x	4.9x	4.9x	4.6x	4.2x	4.1x

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, 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, and unrealized loss (gain) on financial instruments, as applicable



Thank You