



# QUARTERLY REVIEW 2Q 2019

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AUGUST 1, 2019



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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 1, 2019, which is posted at [www.atlasairworldwide.com](http://www.atlasairworldwide.com).

# Leadership Transition

■ CEO Bill Flynn to become Chairman of the Board effective Jan. 1, 2020

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■ President and COO John Dietrich to become President and CEO

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■ Board Chairman Bob Agnew to become Lead Independent Director

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■ John Dietrich

- 30+ years in aviation; 13 with United Airlines; 20+ with Atlas
- Atlas COO for last 13 years
- Visionary leader with industry expertise
- Key member of senior leadership team
- Unparalleled commitment to company, customers and employees



# Key Takeaways

2Q19 results impacted by

- Tariffs
- Trade tensions
- Labor-related service disruptions

Committed to negotiating competitive pilot labor agreement

Continuing to capitalize on long-term strategies and growth drivers

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

Leveraging the scale and scope of our enterprise, and leadership in global aviation outsourcing





# Second-Quarter Earnings

BLOCK HOURS

80,282

REVENUE

\$663.9M

ADJ. EBITDA\*

\$86.4M

ADJ. NET INCOME\*

\$4.5M

## FLEET GROWTH

### Began flying

Three CMI 737s for Amazon

- Two more by year-end 2019
- Opportunity for up to 15 more

Two CMI 777s for DHL

- Opportunity for additional flying as DHL awards its remaining deliveries

One CMI 747 for NCA

- Two more expected in 2019

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

# 2019 Framework

## REVENUE/EARNINGS

### Revenue

~\$2.9 billion

### Adj. EBITDA

~\$520 million

### Adj. Net Income

Will total ~80% of our 2018 adj. net income of \$204.3 million

## OTHER 2019 KEY ITEMS

### Block Hours

~330,000

~75% of total in ACMI  
Balance in Charter

### Maintenance Expense

~\$395 million

### Depreciation/Amortization

~\$260 million

### Core Capex

~\$140 million

## 3Q19 OUTLOOK

### Block Hours

~85,000

### Revenue

>\$700 million

### Adj. EBITDA

~\$125 million

### Adj. Net Income

Will represent a mid- to upper-teen percentage of FY19 adj. net income

# 2Q19 Summary

BLOCK HOURS

80,282

REVENUE

\$663.9M

ADJ. EBITDA\*

\$86.4M

DIRECT CONTRIBUTION

\$65.8M

ADJUSTED INCOME  
FROM CONTINUING OPS\*

**\$4.5 million**

REPORTED INCOME  
FROM CONTINUING OPS

**\$86.9 million**, including

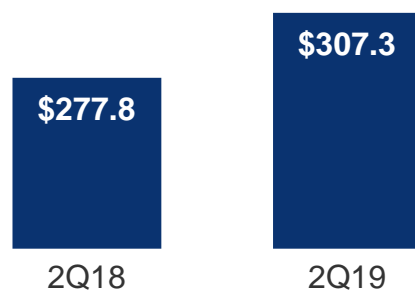
- \$59.8 million of tax benefits related to the favorable completion of a tax examination
- \$42.3 million noncash unrealized gain on outstanding warrants

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

# 2Q18 vs. 2Q19 Segment Revenue

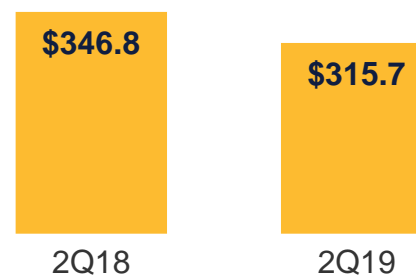
## ACMI

In \$Millions



## CHARTER

In \$Millions

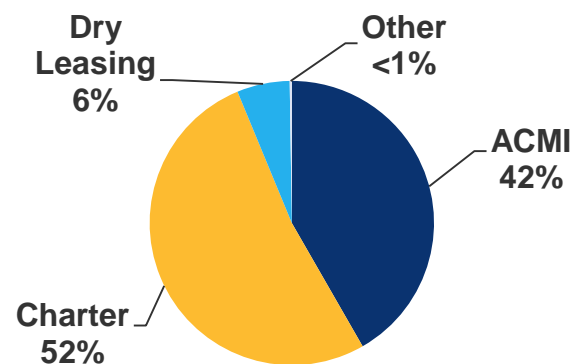


## DRY LEASING

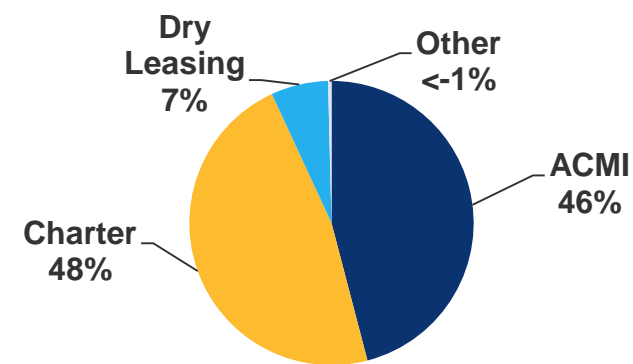
In \$Millions



## 2Q18



## 2Q19



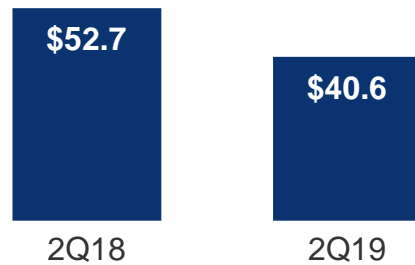
Note: Percentages subject to rounding.



# 2Q18 vs. 2Q19 Segment Contribution

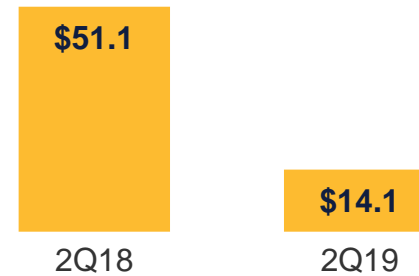
## ACMI

In \$Millions



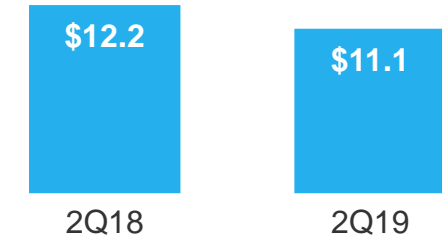
## CHARTER

In \$Millions

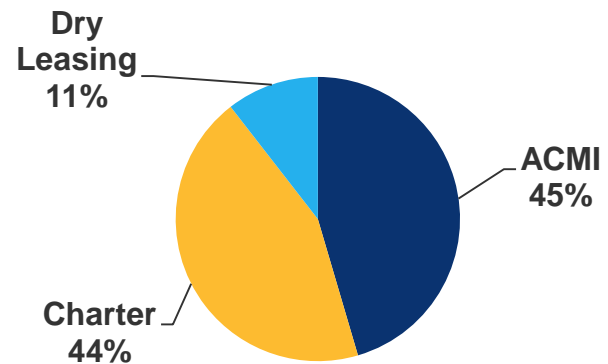


## DRY LEASING

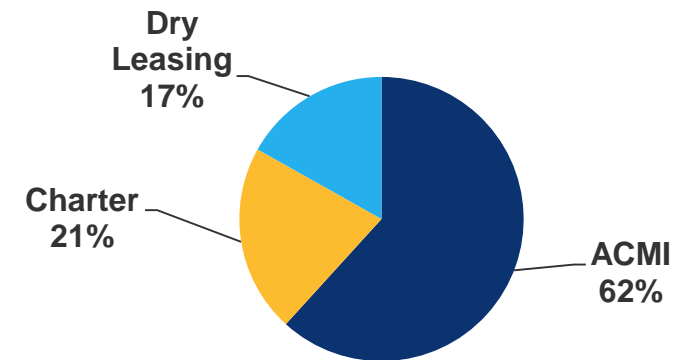
In \$Millions



## 2Q18

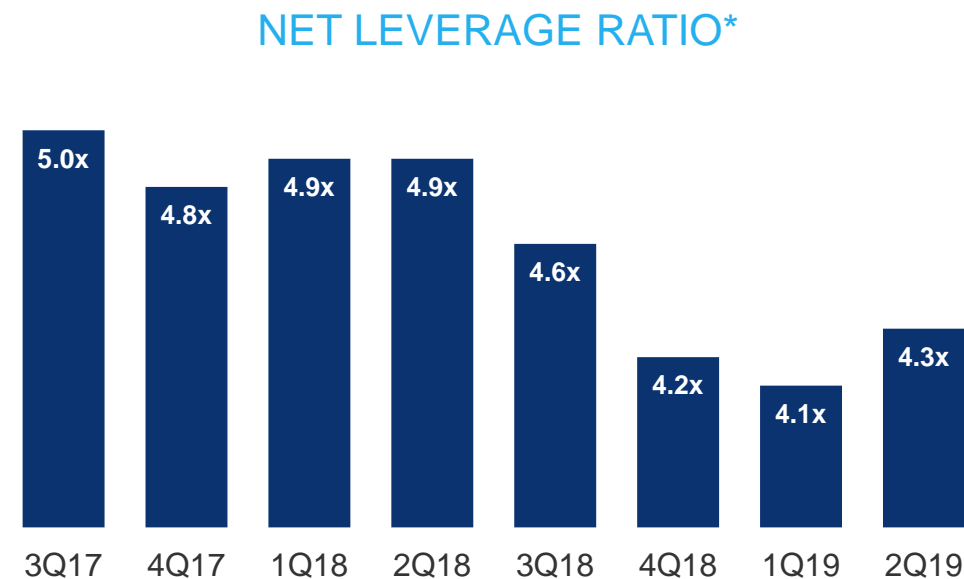
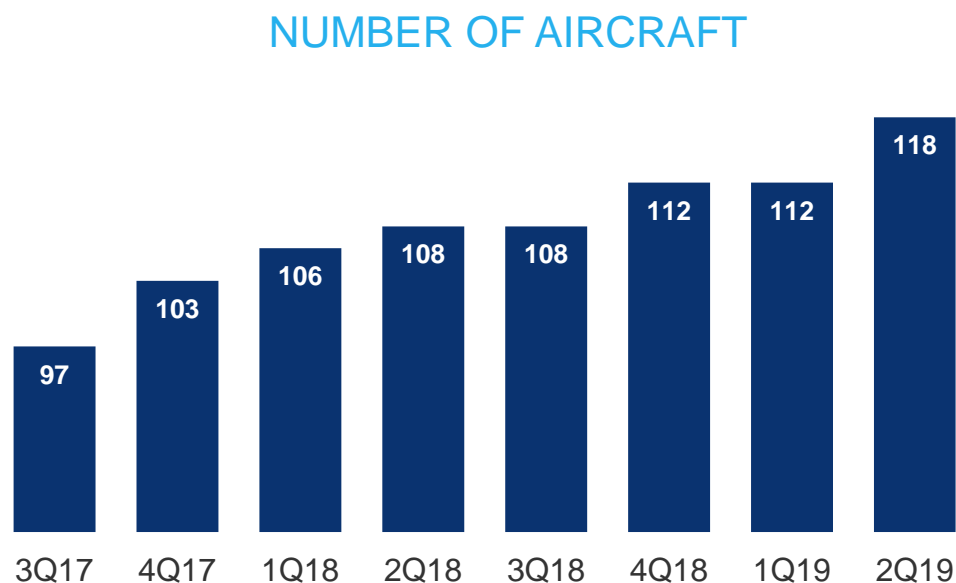


## 2Q19



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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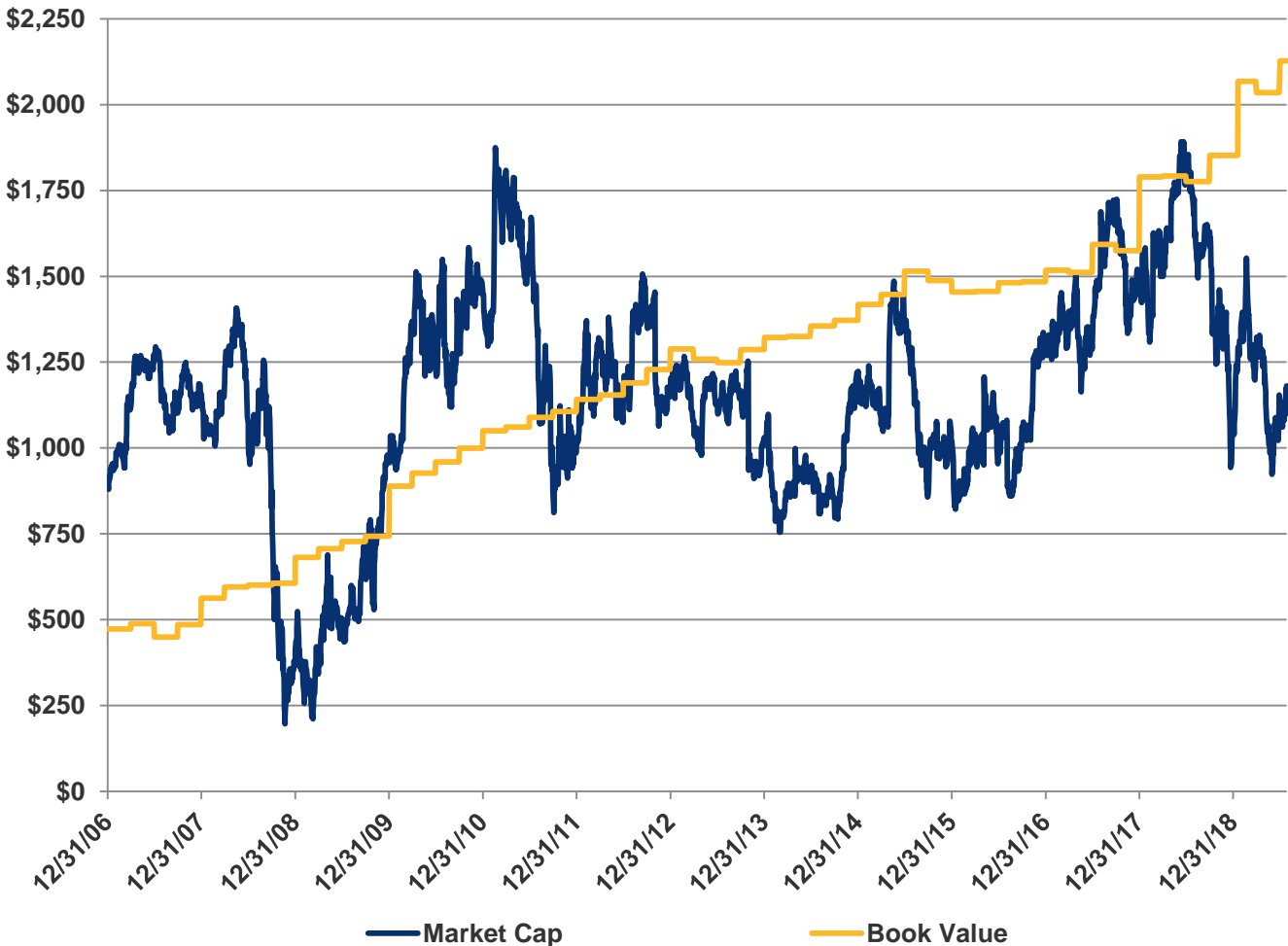




# Appendix

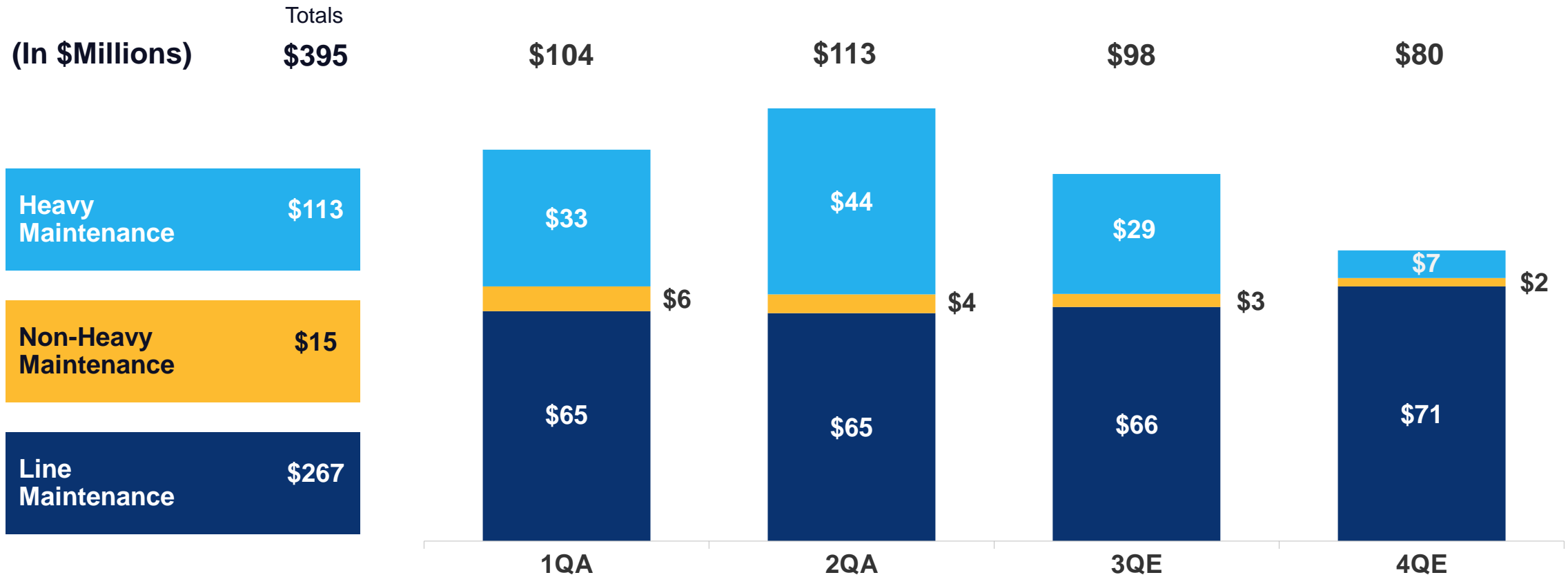
# Relationship Between Book Value and Market Cap

(In \$Millions)



- History of **consistently building book value**
  - 350% increase over ~12-year period
- Market capitalization is currently at a significant discount to book value
- Market capitalization varies above and below book value as it reacts to market factors

# 2019 Maintenance Expense



- **Line maintenance** expense increases commensurate with additional block hour flying
- **Line maintenance** expense is approximately \$810 per block hour
- **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)	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
FACE VALUE OF DEBT	\$ 2,259.8	\$ 2,378.8	\$ 2,416.6	\$ 2,644.1	\$ 2,674.2	\$ 2,601.3	\$ 2,530.4	\$ 2,511.4
PLUS: PRESENT VALUE OF OPERATING LEASES	681.9	656.6	709.7	684.2	656.4	626.0	621.8	591.9
TOTAL DEBT	<b>\$ 2,941.8</b>	<b>\$ 3,035.4</b>	<b>\$ 3,126.2</b>	<b>\$ 3,328.3</b>	<b>\$ 3,330.6</b>	<b>\$ 3,227.3</b>	<b>\$ 3,152.2</b>	<b>\$ 3,103.3</b>
LESS: CASH AND EQUIVALENTS	\$ 176.3	\$ 291.9	\$ 130.4	\$ 227.9	\$ 226.2	\$ 232.7	\$ 164.5	\$ 120.8
LESS: EETC ASSET	29.9	29.0	27.8	24.1	20.2	16.3	11.4	7.2
LTM EBITDAR	\$ 546.8	\$ 570.4	\$ 603.0	\$ 632.6	\$ 663.9	\$ 701.2	\$ 730.8	\$ 691.8
NET LEVERAGE RATIO	<b>5.0x</b>	<b>4.8x</b>	<b>4.9x</b>	<b>4.9x</b>	<b>4.6x</b>	<b>4.2x</b>	<b>4.1x</b>	<b>4.3x</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, 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