



Quarterly Review 1Q 2020

May 7, 2020

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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 7, 2020, which is posted at www.atlasairworldwide.com.



Key Takeaways

SAFETY IS OUR TOP PRIORITY

Focused on supporting our pilots and ground staff

PLAYING A VITAL ROLE BY KEEPING GOODS MOVING

Supporting our customers and the global economy

GRATEFUL TO PROVIDE RELIEF TO FIGHT COVID-19

- Donated services to transport personal protective equipment
 - Made charitable contributions to help those in need
-

AIRFREIGHT PROVIDES UNRIVALED DELIVERY SPEED

Particularly important in times of need

CLOSE CONTACT WITH CUSTOMERS AND GOVERNMENTS

To ensure airfreight continues operating to deliver goods globally



1Q20 Highlights

SLOW START

- Traditionally slow part of the year for airfreight
 - COVID-19 extended Lunar New Year holiday in China
 - Customers cancelled flights in January and February
-

ENDED ABOVE OUR EXPECTATIONS

- Cargo charter demand and yields improved significantly in March
 - Benefiting from flying CMI aircraft added in 2019
 - Lower aircraft rent and depreciation
-

RESULTS IMPACTED BY

- Higher costs related to COVID-19
 - Premium pay for crews
 - Additional cleaning and protection measures
- Lower AMC passenger demand
- Lower 747 Dreamlifter flying for Boeing



Updating Outlook

2Q20 OUTLOOK

Block Hours

~80,000

Revenue

~\$770 million

Adj. EBITDA

~\$165 million

Adj. Net Income

- To grow ~40% to 50% compared with 1Q20 adj. net income of \$29.9 million
 - Excluding ~\$25 million (after tax) benefit from refund of excess aircraft rent
- To more than double compared with 1Q20 adj. net income of \$29.9 million
 - Including ~\$25 million (after tax) benefit from refund of excess aircraft rent

2020 COMMENTARY

Expect positive trends to continue

Evolving and uncertain environment related to COVID-19

FY20 guidance provided on February 20, 2020 no longer applies

Expect majority of earnings to occur in 2H20

2020 KEY ITEMS

Maintenance Expense

~\$390 million

Depreciation/Amortization

~\$250 million

Core Capex

~\$85 to \$95 million

Adj. Effective Income Tax Rate

~22%

1Q20 Summary

BLOCK HOURS

73,247

REVENUE

\$643.5M

ADJ. EBITDA*

\$121.2M

DIRECT CONTRIBUTION

\$113.8M

ADJUSTED NET INCOME*

\$29.9 million

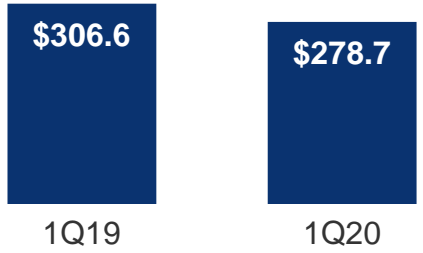
REPORTED NET INCOME

\$23.4 million

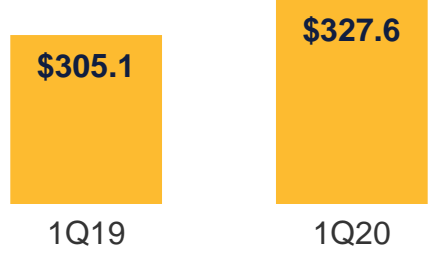
*See May 7, 2020 press release for Non-GAAP reconciliations.

1Q19 vs. 1Q20 Segment Revenue

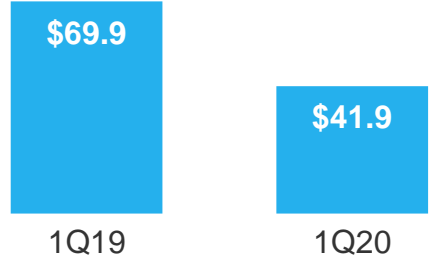
ACMI In \$Millions



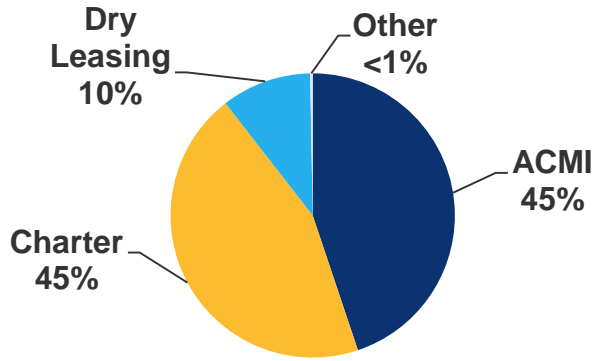
CHARTER In \$Millions



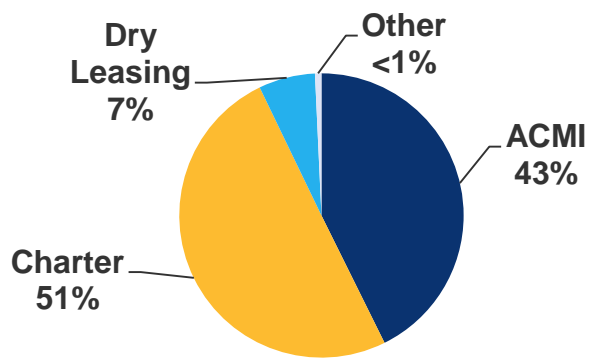
DRY LEASING In \$Millions



1Q19



1Q20



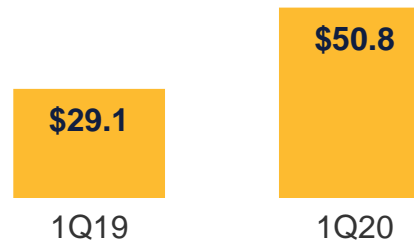
Note: Percentages subject to rounding.

1Q19 vs. 1Q20 Segment Contribution

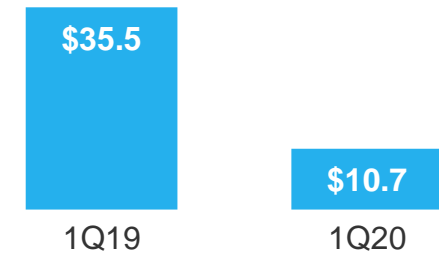
ACMI In \$Millions



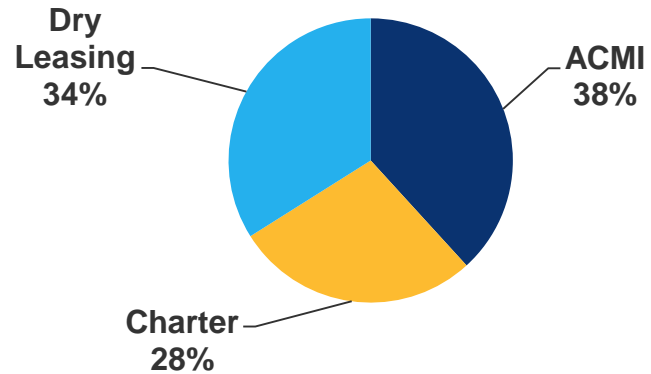
CHARTER In \$Millions



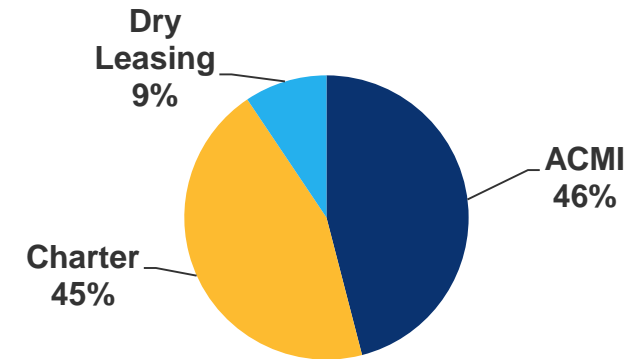
DRY LEASING In \$Millions



1Q19



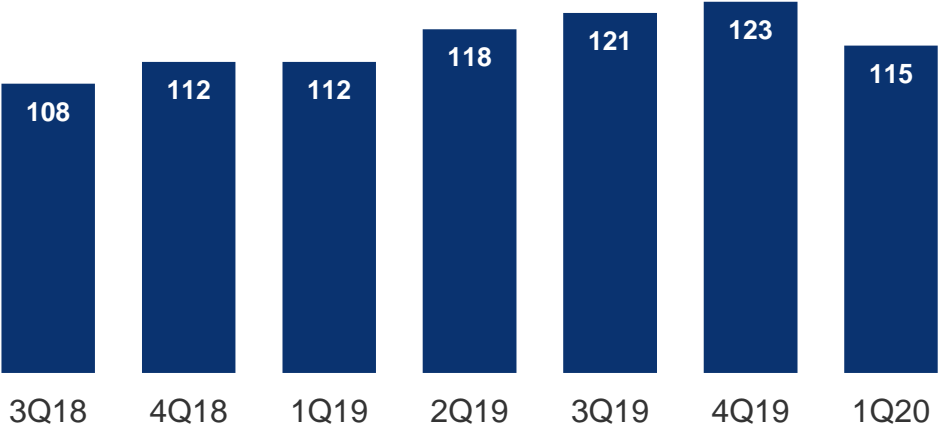
1Q20



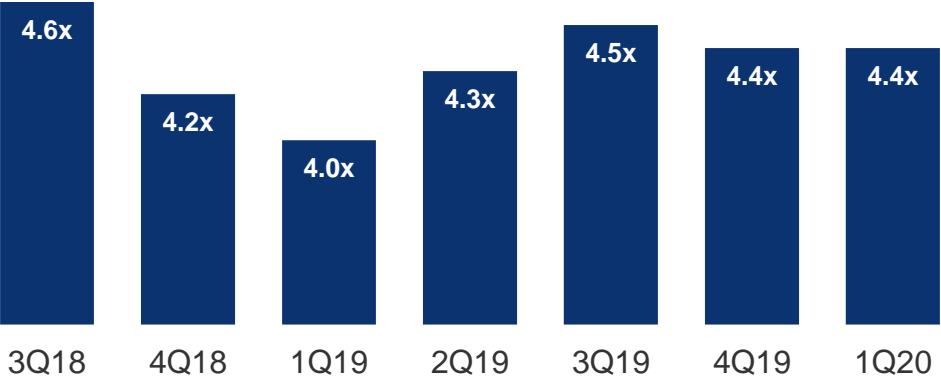
Note: Percentages subject to rounding.

Fleet Count and Net Leverage Ratio

NUMBER OF AIRCRAFT



NET LEVERAGE RATIO*



Maintaining debt payments of ~\$70 million per quarter

*See Appendix for Non-GAAP reconciliation.

Key Takeaways

SAFETY IS OUR TOP PRIORITY

Focused on supporting our pilots and ground staff

RESULTS EXCEEDED OUR EXPECTATIONS

Despite a slow start to the quarter

STRONG DEMAND FOR AIRFREIGHT

- Carrying into the second quarter
 - Mindful of uncertain environment; focused on cost management
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PLAYING A VITAL ROLE BY KEEPING GOODS MOVING

Supporting our customers and the global economy

WELL-POSITIONED FOR CONTINUED SUCCESS

- Exceptional team of employees
- Sound financial structure
- Diversified portfolio



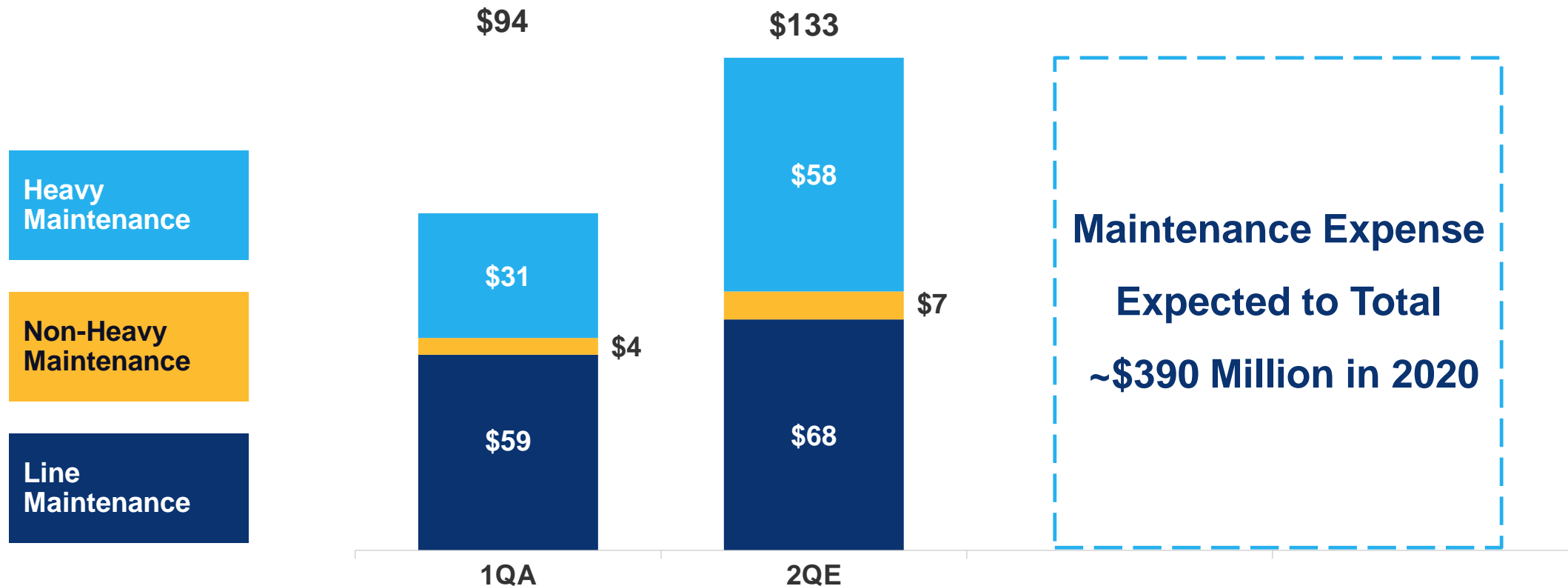


Appendix



2020 Maintenance Expense

(In \$Millions)



- **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)	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
FACE VALUE OF DEBT	\$ 2,674.2	\$ 2,601.3	\$ 2,530.4	\$ 2,511.4	\$ 2,483.4	\$ 2,484.4	\$ 2,530.0
PLUS: PRESENT VALUE OF OPERATING LEASES	656.4	626.0	621.8	591.9	568.8	536.2	500.2
TOTAL DEBT	\$ 3,330.6	\$ 3,227.3	\$ 3,152.2	\$ 3,103.3	\$ 3,052.3	\$ 3,020.6	\$ 3,030.2
LESS: CASH AND EQUIVALENTS	\$ 226.2	\$ 232.7	\$ 164.5	\$ 120.8	\$ 80.7	\$ 113.4	\$ 235.6
LESS: EETC ASSET	20.2	16.3	11.4	7.2	2.1	0.9	0.0
LTM EBITDAR	\$ 674.7	\$ 711.8	\$ 736.3	\$ 687.7	\$ 659.6	\$ 658.8	\$ 642.2
NET LEVERAGE RATIO	4.6x	4.2x	4.0x	4.3x	4.5x	4.4x	4.4x

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



SOUTHERN AIR

