

# QUARTERLY REVIEW

# 2Q 2018

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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 2, 2018, which is posted at [www.atlasair.com](http://www.atlasair.com).



# Key Takeaways

**Strong 2Q18 business growth**

**Increasing FY18 outlook**

**Record volumes and revenue**

**Adjusted income, adjusted EBITDA sharply higher**

**Expect strong 2H18**

**Multiyear strategic initiatives have:**

- **Grown and diversified our fleet**
- **Expanded our customer base**
- **Enhanced our business mix**
- **Driven our results**
- **Extended our leadership in aviation outsourcing**

# Second-Quarter Earnings

## Record Block Hours

**19%**  
increase

## Record Revenue

**29%**  
increase

## Strong Earnings Growth

2Q18 earnings strength enhanced by beneficial items

- Refund of aircraft rent paid in prior years – \$6.8 million after tax
- Timing of non-heavy maintenance – \$3.1 million after tax

## Adjusted EBITDA\*

**23%**  
increase

## Adjusted Net Income\*

**71%**  
increase

## Amazon Growth on Track

**15**

- Placed three 767-300 aircraft during the quarter
- Ramping up to 20 aircraft by year-end

# 2018 Framework

## Business

- **Strong** market
- **Solid demand** for our services

## Revenue and Adj. EBITDA

- **Revenue >\$2.6 billion**
- **Adj. EBITDA >\$520 million**

## 3Q18 Outlook

- **Adj. EBITDA >\$120 million**
- **Adj. net income to increase by upper-30% to lower-40% level from 3Q17**

## Block Hours

- **~19% increase to ~300,000**
- ~75% of total in ACMI
- Balance in Charter

## Adj. Net Income

**Will grow by 45% to 50%**  
over 2017

## Other 2018 Key Items

- **Maint Exp** ~\$330 million
- **Depr/Amort** ~\$220 million
- **Core Capex** ~\$105-115 million



# 2Q18 Summary

Adjusted income from continuing ops\*  
**\$49.7 million, up 71%**

Reported loss from continuing ops  
**\$21.1 million**, including

**\$50.0 million noncash unrealized  
loss on outstanding warrants**

Benefited from...

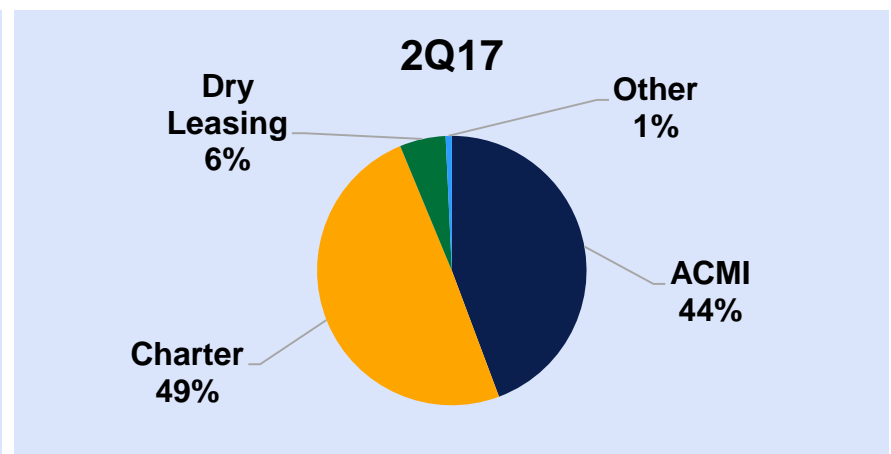
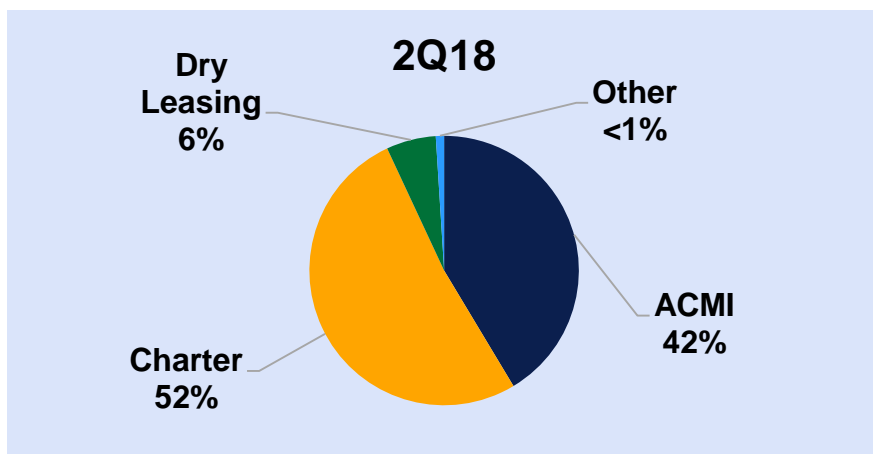
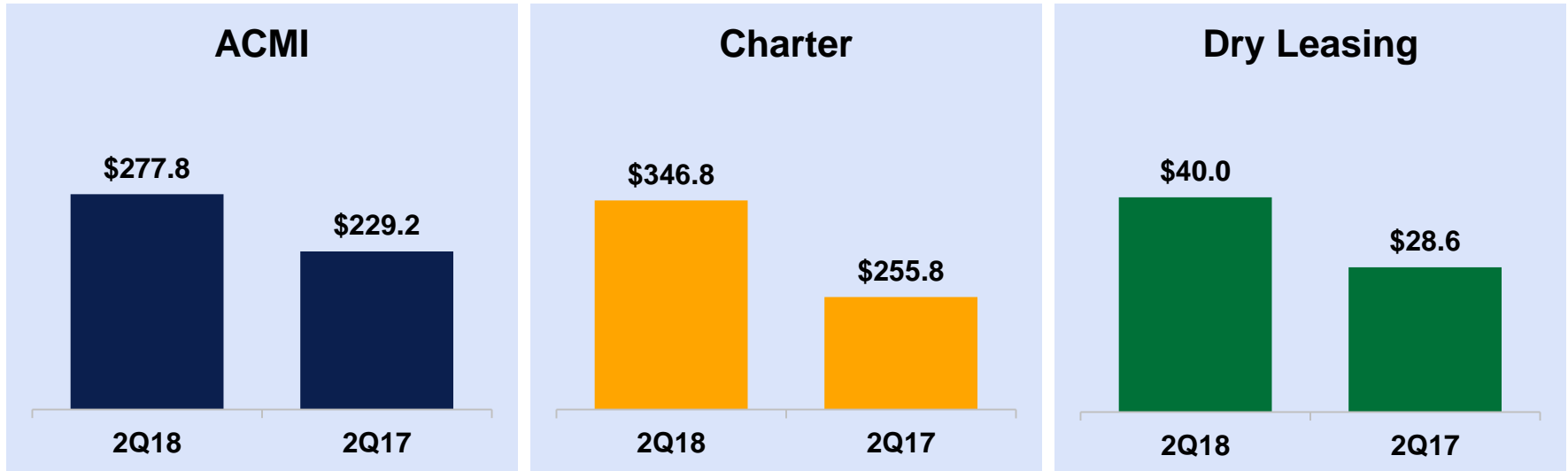
<b>19%</b>	<b>29%</b>	<b>23%</b>
<b>increase</b>	<b>increase</b>	<b>increase</b>
in block hours	in revenue	in adj. EBITDA*

**Substantially higher  
total direct contribution**

\*See August 2, 2018 press release for Non-GAAP reconciliations

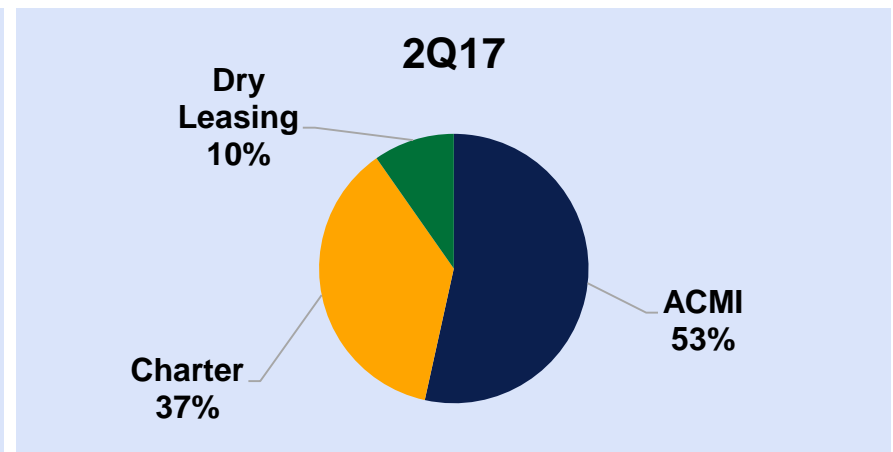
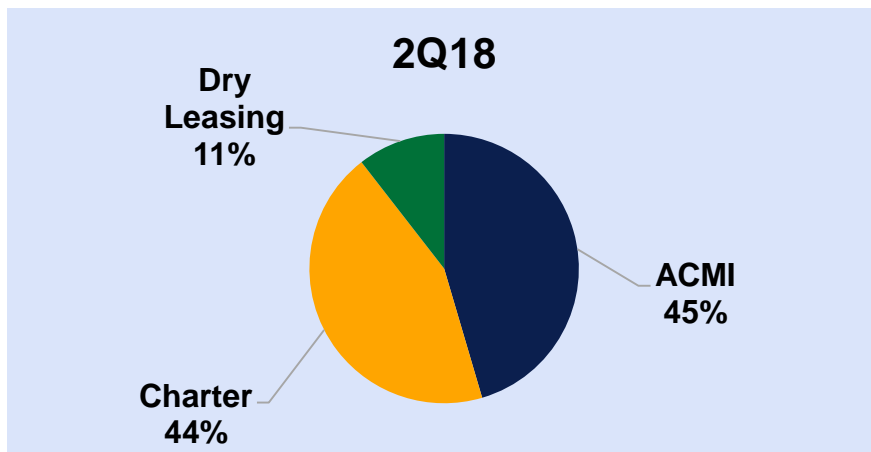
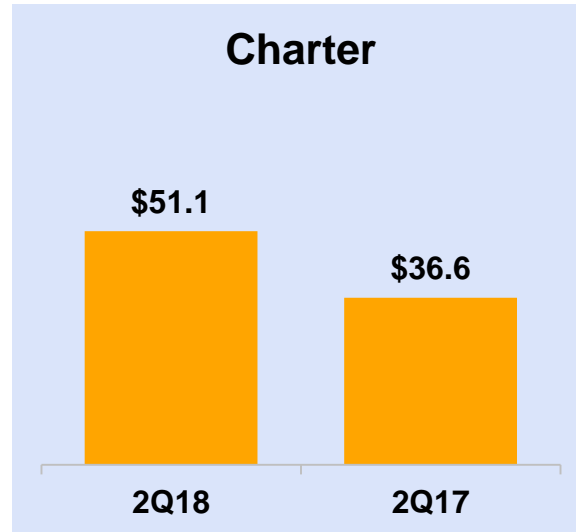
# 2Q18 vs. 2Q17 Segment Revenue

Revenue (In \$Millions)



# 2Q18 vs. 2Q17 Segment Contribution

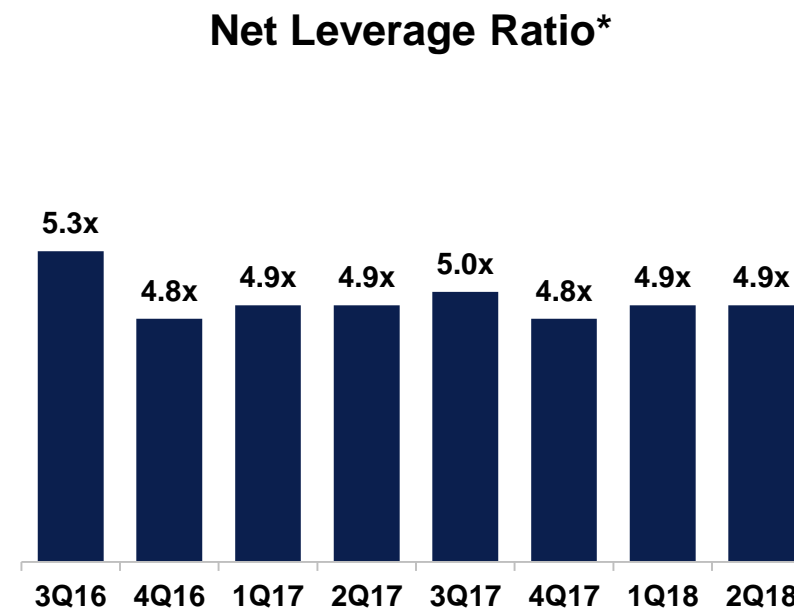
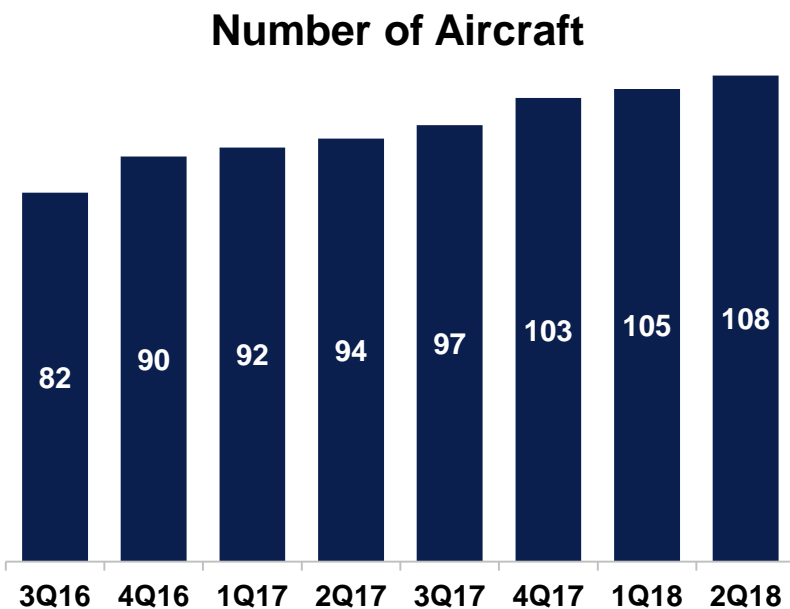
Direct Contribution (In \$Millions)





# Growing Fleet/Stable Net Leverage Ratio

(In \$Millions)	June 30, 2018	December 31, 2017
Cash, Equivalents, S-T Investments & Restricted Cash	245.4	305.5
Total Balance Sheet Debt	2,501.5	2,227.0



**Expect to pay down ~\$60 to \$65 million  
of debt per quarter**



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# Appendix

# 2018 Maintenance Expense

(In \$Millions)



- Line maintenance expense increases commensurate with additional block hour flying
- Line maintenance expense is approximately \$790 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)	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16
Face Value of Debt	\$ 2,644.1	\$ 2,416.6	\$ 2,378.8	\$ 2,259.8	\$ 2,307.2	\$ 2,068.1	\$ 1,943.4	\$ 1,967.7
Plus: Present Value of Operating Leases	684.2	709.7	656.6	681.9	661.0	678.6	749.9	774.7
<b>Total Debt</b>	<b>3,328.3</b>	<b>3,126.2</b>	<b>3,035.4</b>	<b>2,941.8</b>	<b>2,968.2</b>	<b>2,746.7</b>	<b>2,693.2</b>	<b>2,742.4</b>
Less: Cash and Equivalents	\$ 227.9	\$ 130.4	\$ 291.9	\$ 176.3	\$ 282.7	\$ 118.9	\$ 138.3	\$ 115.6
Less: EETC Asset	24.1	27.8	29.0	29.9	30.9	31.9	32.3	34.8
LTM EBITDAR	\$ 632.6	\$ 603.0	\$ 570.4	\$ 546.8	\$ 543.1	\$ 525.6	\$ 526.0	\$ 485.9
<b>Net Leverage Ratio</b>	<b>4.9x</b>	<b>4.9x</b>	<b>4.8x</b>	<b>5.0x</b>	<b>4.9x</b>	<b>4.9x</b>	<b>4.8x</b>	<b>5.3x</b>



**Thank You**

