



QUARTERLY REVIEW

3Q 2018

William J. Flynn
President and CEO

Spencer Schwartz
Executive Vice President and CFO

November 1, 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 November 1, 2018, which is posted at www.atlasair.com.



Key Takeaways

Strong 3Q18 earnings growth

Raised FY18 outlook

Results and outlook driven by market strength, customer demand and business development

Expecting a record peak season

Leveraging the scale and scope of our enterprise

Aircraft and services that customers want

Executing on growth strategies





Third-Quarter Earnings

Block Hours

14%

increase

Adj. EBITDA*

25%

increase

Revenue

23%

increase

Adj. Net Income*

48%

increase

Business Growth

Delivered

- Three 767-300s for Amazon
 - 18 now in service

New/Incremental

- Asiana Cargo
- DHL
- Fashion Logistics Forwarder – Inditex
- Titan Singapore tax incentive
- Southern Air interim labor agreement



2018 Framework

4Q18

- **Expect Record**
 - Block Hours
 - Revenue
 - Adj. EBITDA
 - Adj. Net Income
- **New flying for Asiana Cargo, SF Express**
- **Two more 767s for Amazon**

Revenue/Adj. EBITDA

- **Revenue >\$2.6 billion**
- **Adj. EBITDA >\$525 million**

Block Hours

- **~17% increase to ~297,000**
- **~75% of total in ACMI**
- **Balance in Charter**

Adj. Net Income

- **To grow near or over 50% compared with 2017**

Other 2018 Key Items

- **Maint Exp** ~\$335 million
- **Depr/Amort** ~\$215 million
- **Core Capex** ~\$105-115 million



3Q18 Summary

Adjusted income
from continuing ops*

\$43.8 million,
up 48%

Reported income
from continuing ops

\$71.1 million, including
\$46.1 million noncash unrealized
gain on outstanding warrants

Benefited from...

14%
increase
in block hours

23%
increase
in revenue

25%
increase
in adj. EBITDA*

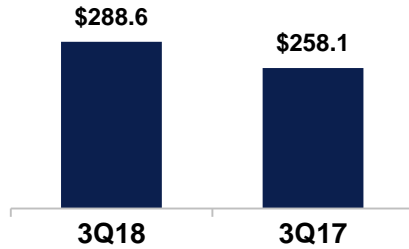
Substantially higher total direct contribution



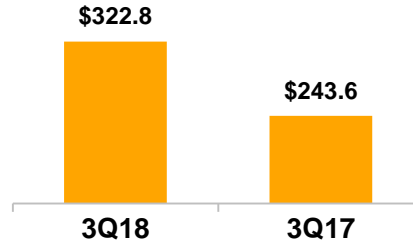
3Q18 vs. 3Q17 Segment Revenue

(Revenue in \$Millions)

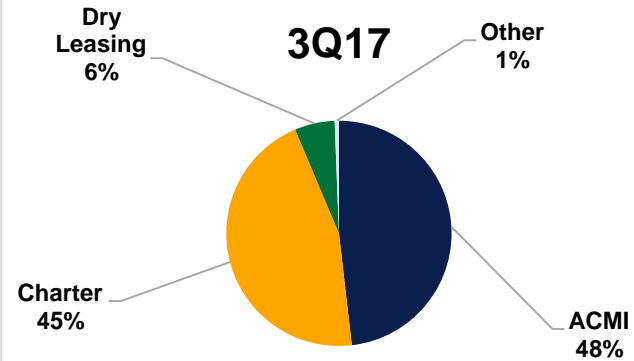
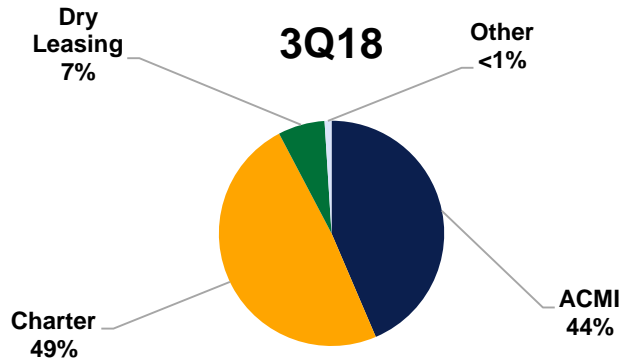
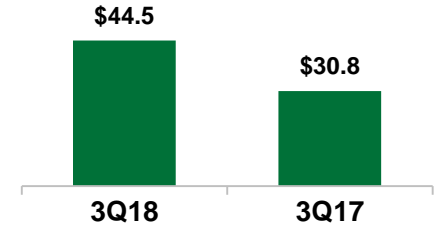
ACMI



Charter



Dry Leasing



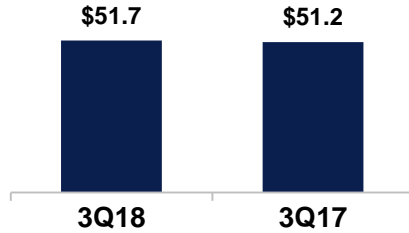
Note: Percentages subject to rounding.



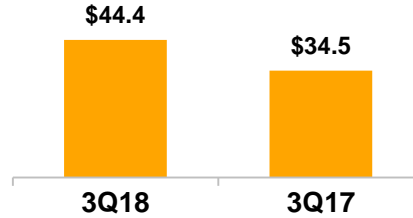
3Q18 vs. 3Q17 Segment Contribution

(Direct Contribution in \$Millions)

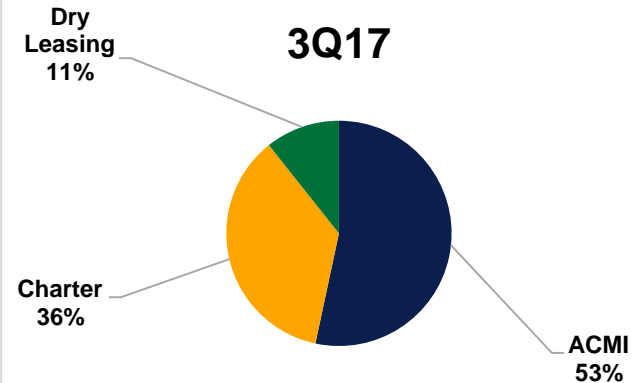
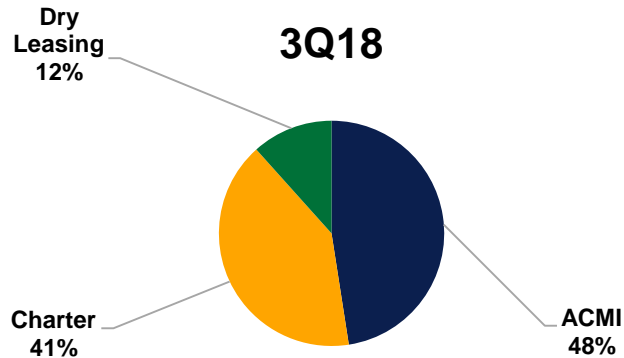
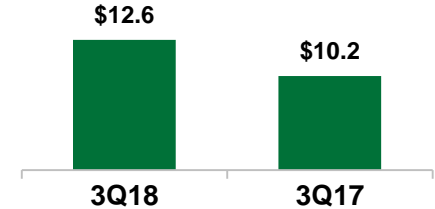
ACMI



Charter



Dry Leasing



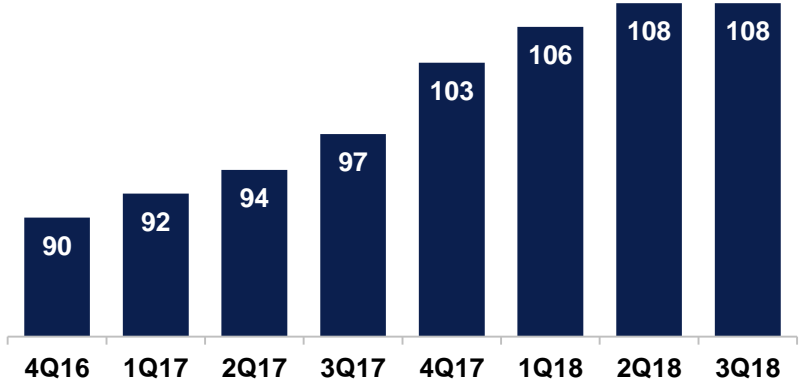
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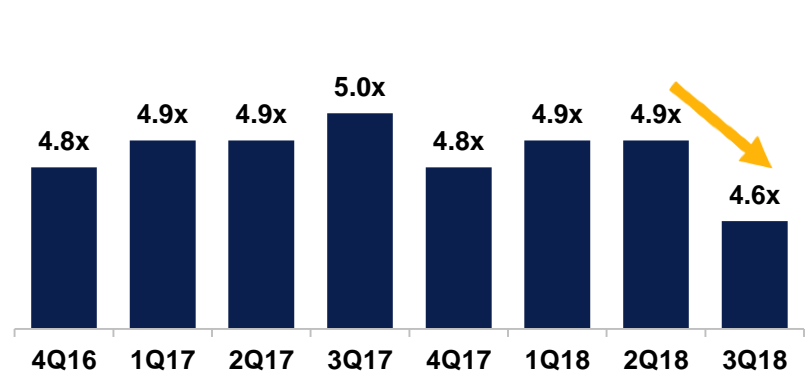
Growing Fleet / Stable Net Leverage Ratio

(In \$Millions)	September 30, 2018	December 31, 2017
Cash, Equivalents, S-T Investments & Restricted Cash	244.7	305.5
Total Balance Sheet Debt	2,537.0	2,227.0

Number of Aircraft



Net Leverage Ratio*



Expect to pay down ~\$65 to \$70 million
of debt per quarter



*See Appendix for Non-GAAP reconciliation.



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Appendix





2018 Maintenance Expense



- **Line maintenance** expense increases commensurate with additional block hour flying
- **Line maintenance** expense is approximately \$788 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)	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16
Face Value of Debt	\$ 2,674.2	\$ 2,644.1	\$ 2,416.6	\$ 2,378.8	\$ 2,259.8	\$ 2,307.2	\$ 2,068.1	\$ 1,943.4
Plus: Present Value of Operating Leases	656.4	684.2	709.7	656.6	681.9	661.0	678.6	749.9
Total Debt	3,330.6	3,328.3	3,126.2	3,035.4	2,941.8	2,968.2	2,746.7	2,693.2
Less: Cash and Equivalents	\$ 226.2	\$ 227.9	\$ 130.4	\$ 291.9	\$ 176.3	\$ 282.7	\$ 118.9	\$ 138.3
Less: EETC Asset	20.2	24.1	27.8	29.0	29.9	30.9	31.9	32.3
LTM EBITDAR	\$ 663.9	\$ 632.6	\$ 603.0	\$ 570.4	\$ 546.8	\$ 543.1	\$ 525.6	\$ 526.0
Net Leverage Ratio	4.6x	4.9x	4.9x	4.8x	5.0x	4.9x	4.9x	4.8x

Thank You

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