



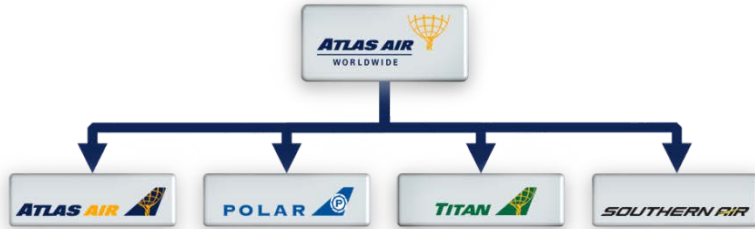
eCommerce - A paradigm shift for Air Cargo

Michael Steen
EVP & Chief Commercial Officer
Atlas Air Worldwide Inc.



Atlas Air Worldwide at a Glance

Structure



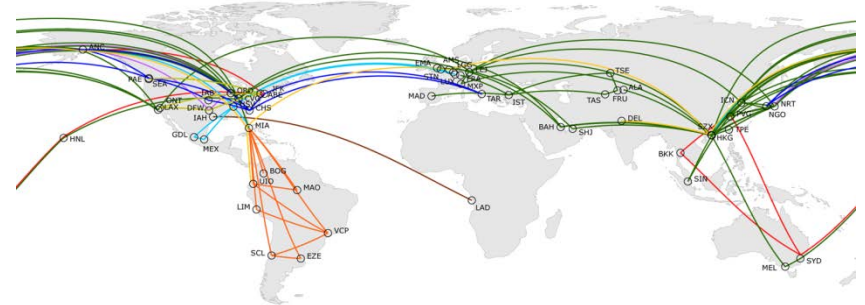
Headquarters:
Purchase, NY

Employees:
2,870

2017 Operating Rev:
\$2.16 Billion

NASDAQ Listed:
AAWW

2017 Global Operating Network



252,802 Total Block Hours
48,983 Flights

422 Airports in **103** Countries
790 Charters Completed
80+ Unique Customers

Fleet (105 aircraft)

Cargo

10 (747-8F)



12 (777-200LRF)



35 (767-200/300F)



28 (747-400F)



1 (757-200F)



4 (747-LCF)



6 (737-400F)



Passenger

4 (747-400)



4 (767-200/300ER)



1 (737-800)



Valued Customers

Shippers



INDITEX



Forwarders/ Brokers

AIR CHARTER SERVICE



DB SCHENKER

KUEHNE+NAGEL



Airlines

AeroLogic

ASIANA CARGO

CATHAY PACIFIC CARGO



NCA
Nippon Cargo Airlines

QANTAS FREIGHT

Integrators

中国邮政航空公司
China Postal Airlines



FedEx
Express



Our Value Proposition – Integrated Solutions

 ACMI	 CMI	 Charter	 Dry Leasing	 Services
<ul style="list-style-type: none">• Turnkey solution• Large fleet - various platforms• Global footprint - scalable network• Performance, reliability & expertise	<ul style="list-style-type: none">• Crew & technical expertise• Economy of scale• Flexible network solutions• Commercial collaboration	<ul style="list-style-type: none">• Ad-hoc & program charters• Custom cargo & PAX service• Leader in South American freight• Leader in US DOD passenger & cargo service	<ul style="list-style-type: none">• Asset financing & management• Dry leasing, sales & sale / leaseback• Fleet planning• Conversion management	<ul style="list-style-type: none">• Network analysis & design• Pilot training• Spare parts management• Transportation visibility solution

A History of Delivering Value to Our Customers

The Global Air Cargo Market & the impact of eCommerce



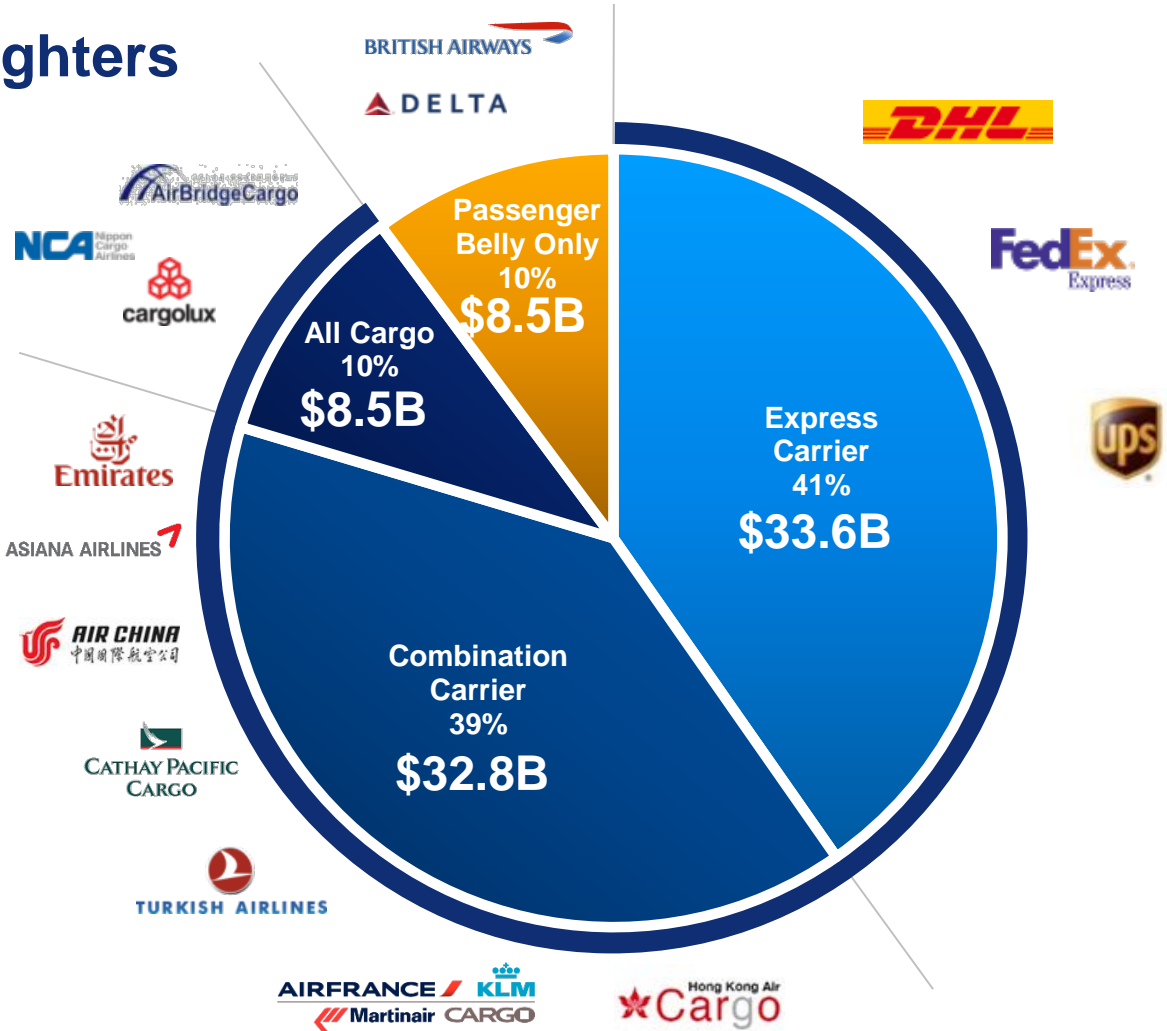
ATLAS AIR

WORLDWIDE

Global Air Freight is a Large and Growing Industry

Airlines operating freighters generate 90% of industry revenues

Total
\$85B



Sources: Flight Global, U.S. DOT F41, airline reports, and Boeing estimates (2017 data)

Air Cargo is essential to the Global Economy



Source: IATA

Note: Does not include trans-border tonnage that was transported by truck, rail or fixed installations such as pipelines or conveyors

eCommerce will increase the value

Megatrends Will Drive Opportunity in Airfreight



Economic Megatrends

- Increases in urban consumption by the **growing consuming class** – Increase by 1.8B by 2025
- **Global consumption to surpass \$30 trillion** – increase from \$12 trillion today



Digitization

- Technological breakthroughs at an **increasing pace**
- Adoption of **new technologies**
- Change in buying behaviors. **e-Commerce related airfreight demand** growing significantly



Globalization

- **Global flows** increasing – trade, finance, people and data
- Tourism and general travel increasing, **adding jobs**
- **Manufacturing moving away** from traditional passenger hubs



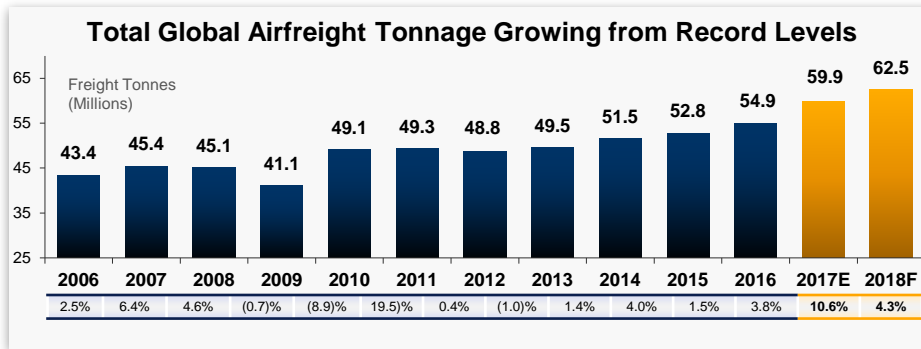
eCommerce

- New consumer focused retail model will drive **significant demand growth**
- Trends will require efficient **air networks** to serve effectively
- **Freighters** will play a more important role in the future

Global Airfreight Industry Performance Trends

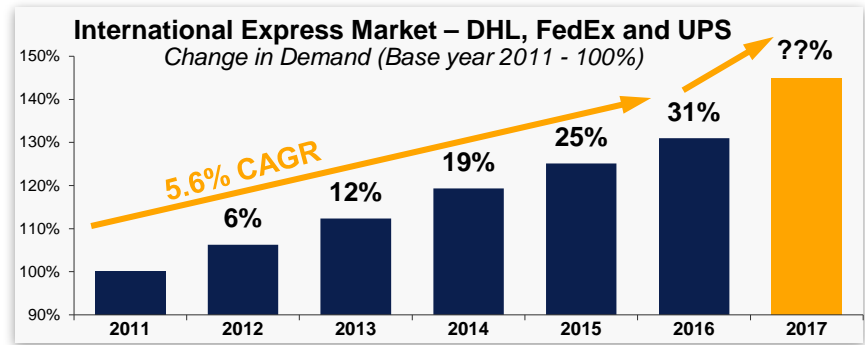
Global Airfreight Market

- International freight tonne kilometers (FTKs) flown up **10.6% in 2017**
- FTK growth expected to exceed 4.3% in 2018
- PMI Index at 55 for 2017 and semi-conductor sales +18% for 2017**

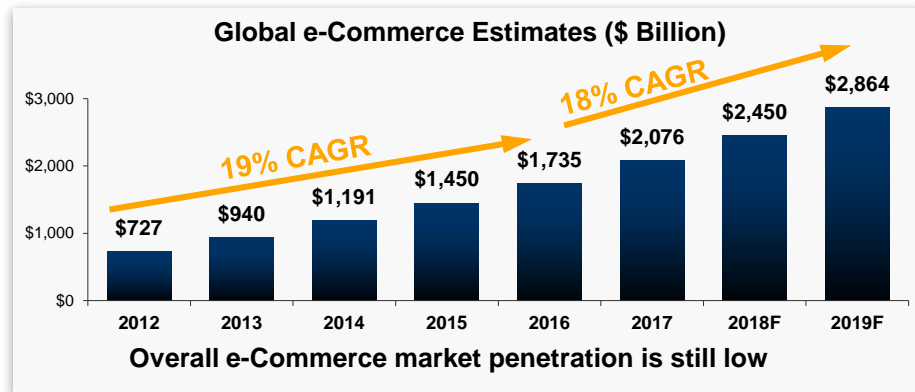


Global Express Market

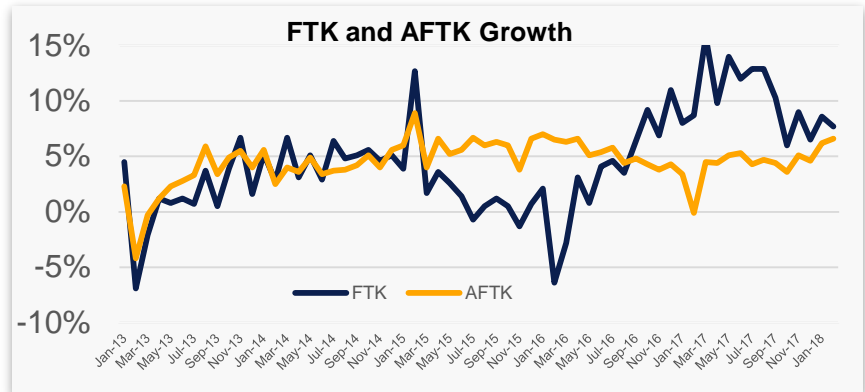
- The International Express market is showing **robust growth**
- 5.8% CAGR since 2011 vs. nominal CAGR for International FTK's
- The Express segment benefiting from the e-Commerce growth



Global e-Commerce Market



Supply vs. Demand



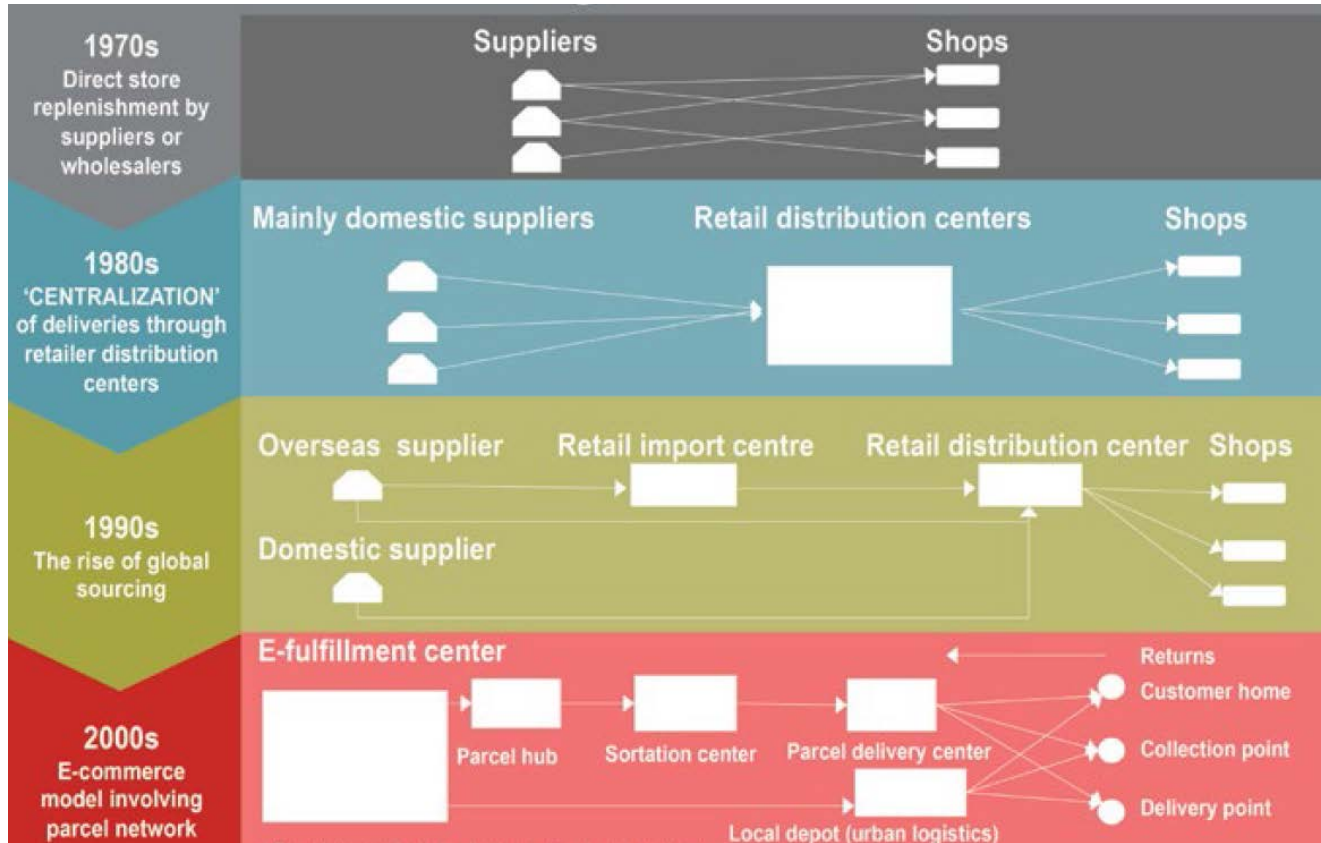
Sources: IATA, ICAO, Euromonitor, Forrester, eMarketer, BofA Merrill Lynch Global Research estimates

Market Growth 2017

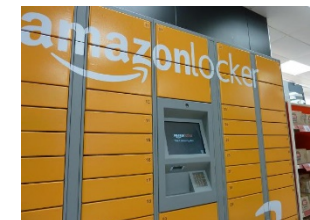
2017 exceeded market expectations, again...



Evolution of Distribution Models



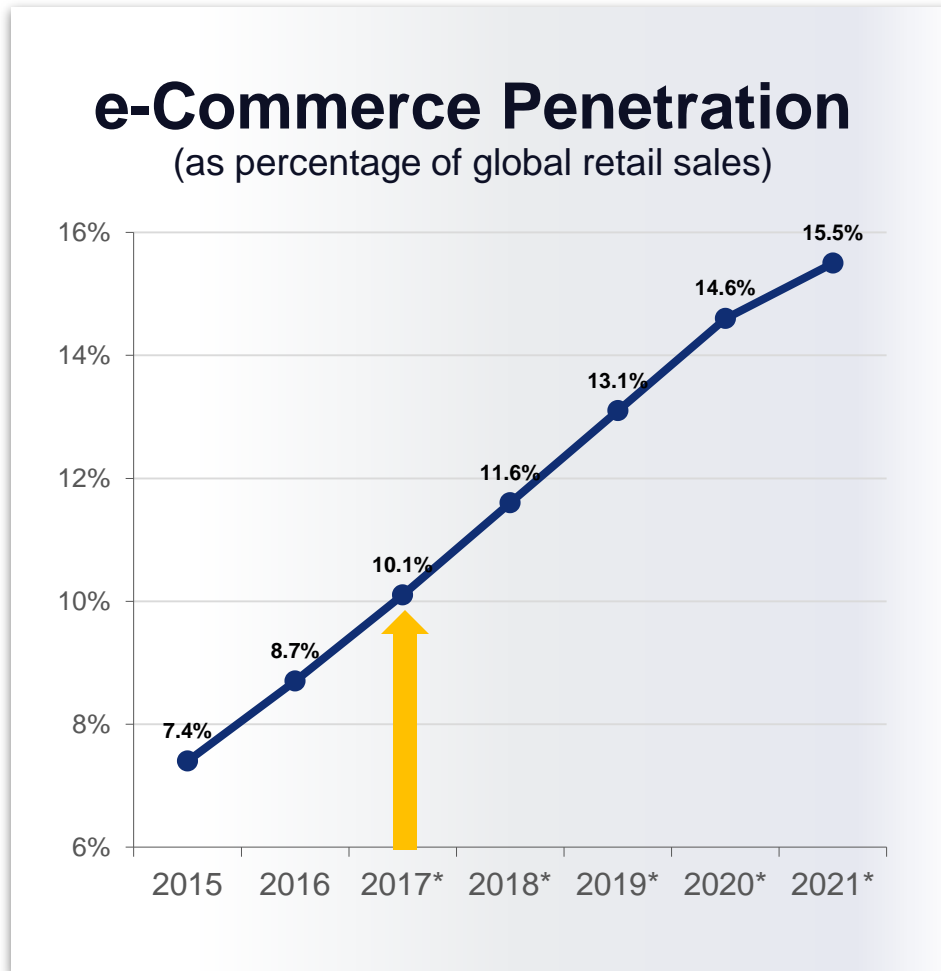
The Last Mile



B2C vs. B2B

	B2C	B2B
Number of Customers	Millions	Thousands
Geographical Density	Low	High
Shipment Unit	Package	Pallet
Value/Weight Ratio	High	Low
Delivery Frequency	On-demand	Scheduled
Delivery Speed	ASAP	Predictable
Shipper-Consignee Relationship	Transactional	Contractual
Payment	Credit card	Purchase order

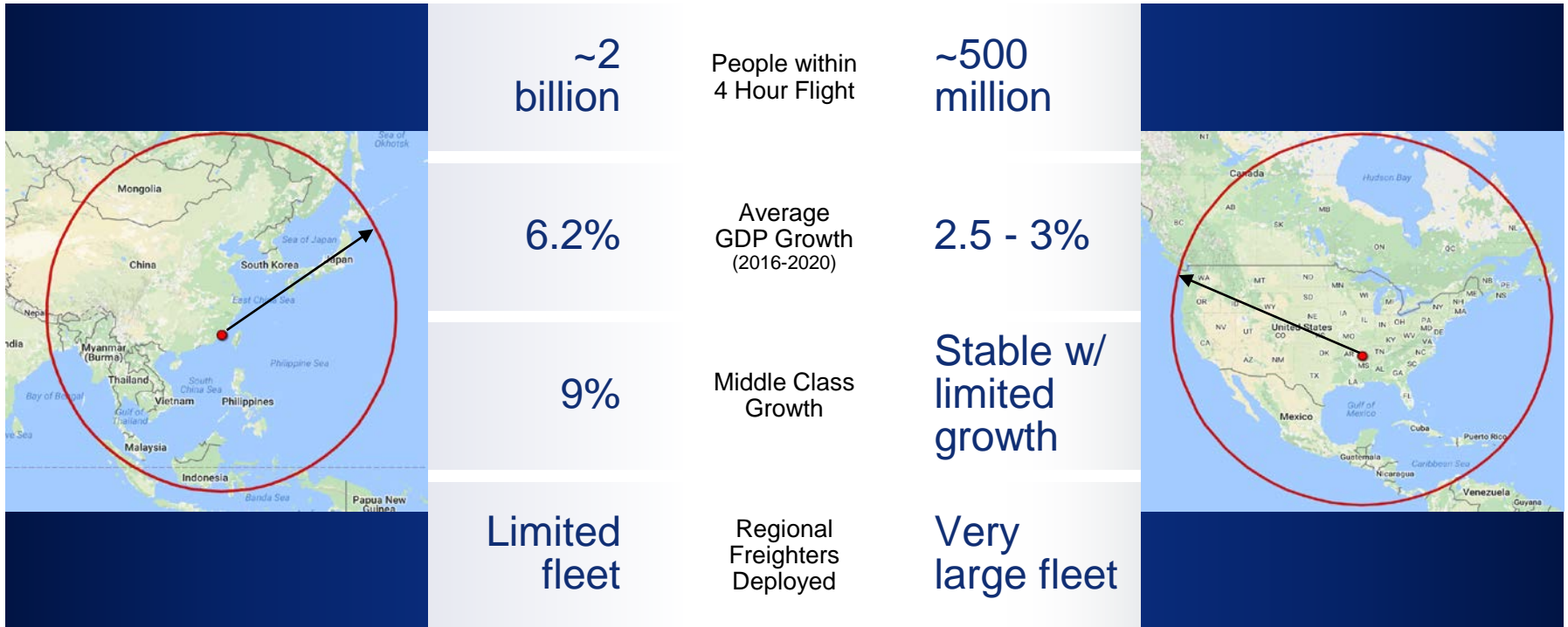
e-Commerce – A real Paradigm Shift



- e-Commerce only accounts for **~10% of global retail sales**
- **US e-Commerce spend** \$385B in 2016 – forecasted to grow to \$600B by 2020
- **USA:** 237M internet users – 73% mobile penetration – 9% e-Commerce penetration
- **China:** 700M internet users – 50% mobile penetration – 10% e-Commerce penetration
- **India:** 300M internet users – 25% mobile penetration – 2% e-Commerce penetration

Source: Forrester, Statista, eMarketer

Asia Express & e-Commerce has Great Potential



Source: Worldbank.org / Brookings Institution / OECD.org

Summary

Global Macro Outlook

Growth of global “consuming class” will fuel the economy

Airfreight Outlook

Continued growth driven by e-Commerce and Express

Supply Outlook

Demand is expected to outpace Supply

eCommerce will change the Supply Chain

Continued globalization driven by consumer demand

Positive Disruption

Participate with expertise, digitization and continued investment

