This presentation includes certain statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on beliefs of Company management, as well as assumptions and estimates based on information currently available to the Company, and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated, including those factors discussed under Item 1A, entitled “Risk Factors,” included in the Company’s Form 10-K for the fiscal year ended May 31, 2015. Should one or more of these risks or uncertainties materialize adversely, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described. These events and uncertainties are difficult or impossible to predict accurately and many are beyond the Company’s control. The Company assumes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. For additional information, see the comments included in AAR’s filings with the Securities and Exchange Commission.
Company Overview
Established Player Serving the Global Aviation Services Market

NYSE: AIR

Leading provider of Aviation Services and Expeditionary Services to commercial and defense/govt. markets

Diversified $1.7B revenue stream

Over 60 years as a market leader in aftermarket aviation support

Over 4,500 employees in over 20 countries

Close-to-the-customer business
## Company Overview

### Aviation Services ~$1.4B

**Supply Chain**
- Programs
- Distribution
- Trading

**MRO**
- Aircraft maintenance and modifications
- Component repair
- Landing gear and wheels and brakes repair
- Engineering services

### Expeditionary Services ~$0.3B

**Airlift**
- Fixed- and rotary-wing expeditionary airlift services
  - Passenger
  - Cargo
  - Combi
- Mission support, logistics resupply and training

**Mobility**
- Pallets, containers, shelter systems, and accessories
- Support services
- Special mission projects
## Programs

**Comprehensive and innovative contracted solutions for supply chain management**

- Over 1,100 aircraft under long-term Power-by-the-Hour (PBH) support
- Inventory owned by customer or part of AAR pool
- Reduce maintenance spend; improve turn times

## Distribution

**Supplier of factory-new aftermarket OEM parts to commercial and defense customers**

- 50+ OEM distributorships
- 20,000+ line items available
- Stocking locations around the world
- Independent – no OEM or Airline affiliation

## Parts Trading

**Buying, selling, exchanging, and leasing overhauled airframe and engine parts**

- > 1 million parts stocked
- Aircraft and engine end-of-life solutions
- Inventory consignments
- Technical services including inspections and work scoping for repairs
Aviation Services | MRO

Airframe Maintenance Facilities

Oklahoma City
- Regional & Narrow body
- Full airframe paint capabilities

Indianapolis
- Narrow & Wide body
- Full airframe paint capabilities

Miami
- Narrow & Wide body
- Full airframe paint capabilities

Duluth
- Regional & Narrow body
- Full airframe paint capabilities

Lake Charles
- Narrow and Wide body
- Capable of handling aircraft as large as A380

Miami
- Narrow & Wide body
- 226,000 sf in three hangars
- Full airframe paint capabilities

Duluth
- Regional & Narrow body
- 80,000 sf open hangar floor space

Lake Charles
- Narrow and Wide body
- 520,000 sf facility in six hangars

MRO
- #1 MRO of the Americas
- 5 million Man hours

Landing Gear & Component Services
- 120,000sf Landing Gear facility
- >300 Landing Gear Customers

Rockford
- 6th Facility Under Construction
- 250,000sf Component Services facilities
- >10,000 High-value serviced components

Note: AAR announced closure of Hot Springs facility in July 2015.
Expeditionary Services

**Airlift**
- Rotary & fixed wing flight operations
- Austere environments
- Search & rescue
- Personnel, cargo, combi, and external cargo capable
- Day, night, & all-weather operations

**Mobility**
- **Shelter systems** – transportable by air, land and sea and patented for rapid on- and off-loading
- **ISU containers** – customizable shipping and storage of equipment, spare parts, high value cargo
- **Expeditionary systems** – mobile power, water purification, maintenance & calibration shops
- **Palletized systems** - custom pallets & platforms for short-term storage and quick movement of cargo
Serving Niche and Growing Aviation Markets

Global MRO Market

- 2015: ~$64
- 2025: ~$96

Macro Trend

- Continued MRO outsourcing
- OEM push into certain MRO markets
- Overseas wide-body aircraft maintenance

AAR Impact/Response

- AAR growth
- Margin pressure
- Lake Charles low-cost facility; Rockford under construction

Parts Distribution & Surplus Parts Market

- 2015: ~$13
- 2025: ~$20

Macro Trend

- Single-digit growth
- Deferred aircraft retirement in response to lower oil prices
- Next-generation aircraft

AAR Impact/Response

- AAR taking market share
- Pipeline of opportunities
- Plans to build capabilities

*B & GA = Business and General Aviation
Source: ICF International

Denotes AAR market presence
Strong Industry Relationships

Airlines

- AeroMexico
- Air Canada
- Air France
- Alaska Airlines
- British Airways
- Cathay Pacific
- China Airlines
- Delta
- Expressjet
- Kenya Airways
- Lufthansa
- Singapore Airlines
- Southwest Airlines
- United

OEMs

- Airbus
- Bombardier
- Boeing
- Eaton
- Gulfstream
- Honeywell
- Liebherr
- Lockheed Martin
- Northrop Grumman
- Raytheon
- Sikorsky
- Unison

Cargo & Leasing

- FedEx
- UPS
- DHL
- ILFC

Government

- U.S. DoD
- U.S. Marshals Service
- U.K. MoD
- Colombian Air Force
Financial Performance
Navigated Through Five Major Industry Cycles

After Each Down Cycle, AAR Has Emerged as a Stronger Company
3Q FY2016 Highlights

- Sales of $402.8 million, up 6.0% from prior year
  - $30.8 million growth (+9.7%) in Aviation Services
  - $8.1 million decline (-13.1%) in Expeditionary Services

- Diluted EPS of $0.31 per share from continuing operations, inclusive of a $0.05 per diluted share income tax benefit

- Gross profit % increased from 13.2% to 14.5% year-over-year due primarily to improvement in supply chain programs and higher sales in MRO

- SG&A at 10.6% of sales, versus 11.0% last year
  - Further improvement will come from increasing sales
## 3Q FY2016 Income Statement Highlights

<table>
<thead>
<tr>
<th></th>
<th>3Q 16</th>
<th>Prior Year</th>
<th>Prior Quarter</th>
<th>Variance Better / (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3Q 16</td>
<td>3Q 15</td>
<td>2Q 16</td>
<td>PY</td>
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<tr>
<td>Sales</td>
<td>$402.8</td>
<td>$380.1</td>
<td>$423.8</td>
<td>$22.7</td>
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<tr>
<td>Gross Profit</td>
<td>$58.3</td>
<td>$50.1</td>
<td>$59.9</td>
<td>$8.2</td>
</tr>
<tr>
<td><strong>% Margin</strong></td>
<td>14.5%</td>
<td>13.2%</td>
<td>14.1%</td>
<td>1.3%</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>$42.6</td>
<td>$41.7</td>
<td>$42.5</td>
<td>($0.9)</td>
</tr>
<tr>
<td><strong>% Margin</strong></td>
<td>10.6%</td>
<td>11.0%</td>
<td>10.0%</td>
<td>0.4%</td>
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<tr>
<td>Operating Income</td>
<td>$15.7</td>
<td>$9.0</td>
<td>$17.3</td>
<td>$6.7</td>
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<tr>
<td><strong>% Margin</strong></td>
<td>3.9%</td>
<td>2.4%</td>
<td>4.1%</td>
<td>1.5%</td>
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<tr>
<td>Net Interest Expense</td>
<td>$1.6</td>
<td>$6.4</td>
<td>$1.5</td>
<td>$4.8</td>
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<tr>
<td>Income Tax</td>
<td>$3.4</td>
<td>$0.7</td>
<td>$5.3</td>
<td>($2.7)</td>
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<tr>
<td>Income from Continuing Ops.</td>
<td>$10.7</td>
<td>$1.9</td>
<td>$10.4</td>
<td>$8.8</td>
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<tr>
<td>Avg. Dil Shares</td>
<td>34.4</td>
<td>39.2</td>
<td>34.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Diluted EPS - Continuing Ops</td>
<td>$0.31</td>
<td>$0.05</td>
<td>$0.30</td>
<td>$0.26</td>
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<tr>
<td><strong>Total Net Income</strong></td>
<td>$4.8</td>
<td>($34.5)</td>
<td>$8.0</td>
<td>$39.3</td>
</tr>
<tr>
<td><strong>Total EPS - Diluted</strong></td>
<td>$0.14</td>
<td>($0.89)</td>
<td>$0.23</td>
<td>$1.03</td>
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</table>

Significant Top-Line Growth over Prior Year
3Q FY2016 Leverage & Liquidity Levels

Net Debt Evolution

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<tbody>
<tr>
<td>Total Debt</td>
<td>$611</td>
<td>$582</td>
<td>$600</td>
<td>$545</td>
<td>$545</td>
<td>$543</td>
<td>$576</td>
<td>$98</td>
<td>$151</td>
<td>$108</td>
<td>$431</td>
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<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Available Liquidity</td>
<td></td>
<td></td>
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</tbody>
</table>

($ in million) Q1’14 Q2’14 Q3’14 Q4’14 Q1’15 Q2’15 Q3’15 Q4’15 Q1’16 Q2’16 Q3’16
Total Debt    702.2  680.8  714.4  634.0  627.1  635.3  643.3  154.0  179.5  170.3  195.7
Cash          90.9   98.5   114.7   89.2   81.8   92.6   67.0   54.7   28.7   62.8   50.4
Available Liquidity 435.9  463.9  439.9  424.5  417.0  387.4  346.5  491.4  414.0  447.9  405.5

Strong Delevering Trend
### 3Q FY2016 Debt Composition

#### Maturity Tower

<table>
<thead>
<tr>
<th>Year</th>
<th>Revolver</th>
<th>DBJ</th>
<th>Convert 2.25%</th>
<th>IRB</th>
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<td>2016</td>
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</tr>
<tr>
<td>2017</td>
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<td>2019</td>
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<td>2020</td>
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<tr>
<td>2022</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>($) in Million</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<tbody>
<tr>
<td>Revolver</td>
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<td></td>
<td></td>
<td></td>
<td>135</td>
<td></td>
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</tr>
<tr>
<td>DBJ</td>
<td></td>
<td></td>
<td></td>
<td>10.0</td>
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<td></td>
</tr>
<tr>
<td>Convert 2.25%</td>
<td>25.7</td>
<td></td>
<td></td>
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<tr>
<td>IRB</td>
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<td></td>
<td></td>
<td>25.0</td>
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</tbody>
</table>

#### Modest Debt Retirement Profile

* $25.7 million remaining balance of converts was retired on March 1, 2016, with available cash and liquidity
Key Investment Highlights

- Sharper focus on services businesses following recent transformation
- Long-term aftermarket growth
- Strong and deep relationships with key industry players
- Time-proven, value-added service provider
- Strong balance sheet with substantial available liquidity

Commitment to Strong Shareholder Returns
OUR MISSION

To be the best at designing and delivering technical, operational and financial solutions to enhance the efficiency and competitiveness of our commercial aviation and government customers.