Forward-Looking Statements

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, 2017. 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.
Agenda

Company Overview
David P. Storch – Chairman & Chief Executive Officer

Operations Review
John M. Holmes – President & Chief Operating Officer
Sal Marino – Senior Vice President, Parts Supply
Eric Young – Senior Vice President, OEM Aftermarket Solutions
Nicholas Gross – Senior Vice President, Government Programs

Financial Overview
Michael D. Milligan – Chief Financial Officer

Q&A
Jason B. Secore - Treasurer

Closing Comments
David P. Storch – Chairman & Chief Executive Officer
DAVID P. STORCH
Chairman & Chief Executive Officer

- Chairman of AAR (2005-Current)
- Chief Executive Officer (1996-Current)
- President & Chief Operating Officer (1989-1996)
- President of AAR Trading Group (1987-1989)
- Education: BA from Ithaca College
Established Player Serving the Global Aviation Services Market

Leading provider of Aviation Services to commercial and defense/government markets

- NYSE: AIR
- ~$2B revenue
- Over 60 years as a market leader in aviation support
- Over 5,500 employees in over 20 countries
- Close-to-the-customer business model
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.
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

Our Values

QUALITY FIRST. SAFETY ALWAYS.

FIND A WAY. EVERY DAY.

MAKE MONEY. HAVE FUN.

IDEAS MATTER. THINK NEW. THINK AHEAD.

DO IT FAST. DO IT WELL.

BE HONEST. INSPIRE TRUST.

WORK AS ONE. BE INCLUSIVE.

OWN IT.
Commitment to Strong Shareholder Returns

- Continued growth projected in revenue and earnings
- Leadership position in value-added Aviation Services markets
- Long-term favorable aftermarket growth trends
- Diverse global base of commercial and government customers
- Strong balance sheet with substantial available liquidity
- Strong growth in commercial and government programs
- Focus: Cash Flow Generation, Margin Improvement and ROIC
Navigated Through Five Major Industry Cycles

After Each Down Cycle, AAR Has Emerged as a Stronger Company
AAR Transformation – Two years in the making

Focus on being an industry-leading Aviation Services company

- Industry-leading parts distribution and trading in aftermarket
- Growth in Government Programs: secured $4.1B ($3B for INL/A-WASS) in new contracts over the last two years
- Growth in Commercial Programs: secured $1.3B across 20 contracts over the last two years
- Further MRO facility expansion; strengthening our position as the largest operator in North America and 3rd largest globally

Shift in Expeditionary Services segment

- COCO (Contractor Owned, Contractor Operated) to GOCO (Government Owned, Contractor Operated)

Strong financial position

- Net Debt to Adjusted EBITDA remains less than 1.5x
- $300+ million of liquidity
- BB+ rating from S&P
Company Overview

Aviation Services (~84% of sales)
- MRO SERVICES
  - Airframe
  - Landing gear systems
  - Components
  - Engineering
- PARTS SUPPLY
  - Trading
  - OEM aftermarket solutions
- INTEGRATED SOLUTIONS
  - Commercial & government
  - Flight hour programs
  - Performance-based logistics (PBL)
  - Total fleet services

Expeditionary Services (~16% of sales)
- AIRLIFT
  - Aerial Transport
  - Passengers & cargo
  - Fleet management & operations
- MOBILITY
  - Mobile tactical shelter systems
  - Pallets & containers
  - Integrated command & control centers
- COMPOSITES
  - Interior structures
  - Flat panels
  - Aerostructures

Commercial 75% | Government 25%

Government 80% | Commercial 20%
AAR Global Presence

Strategically Located in Close Proximity to Key Customers

Customers in over 100 Countries

Over 60 Locations around the world
Commercial Market Perspective

**Fleet Size and Growth by Region**

- Fleet growth largest in Asia, especially China and India
- Opportunity for more robust maintenance infrastructure
- Consolidation has created more structurally strong carriers
- Growth in commercial markets
- International majors are under pressure from Middle East
- New opportunities for outsourcing
- Aircraft deliveries driving accelerated retirements and younger fleet
- Growth in used serviceable materials
- Increased data generation from newer aircraft is changing competitive dynamics
- Opportunity to forecast demand more accurately

**MRO Market ($B)**

- Source: Oliver Wyman

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>'17-'22 CAGR</th>
<th>2022</th>
<th>'22-'27 CAGR</th>
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<td>$18</td>
<td></td>
<td>$17</td>
<td></td>
<td>$20</td>
</tr>
</tbody>
</table>

Source: Oliver Wyman
Defense Market Perspective

**U.S. Defense Budget ($B)**

- **FY12**
  - U.S. Defense Budget: $530
  - Enacted: $530
- **FY13**
  - U.S. Defense Budget: $495
  - Enacted: $495
- **FY14**
  - U.S. Defense Budget: $496
  - Enacted: $496
- **FY15**
  - U.S. Defense Budget: $497
  - Enacted: $497
- **FY16**
  - U.S. Defense Budget: $522
  - Enacted: $522
- **FY17**
  - U.S. Defense Budget: $551
  - Enacted: $551
- **FY18**
  - U.S. Defense Budget: $634
  - NDAA: $634

- **Base**
- **OCO**

**Defense Market Perspective**

- High global geopolitical tensions
  - Emphasis on readiness
- U.S. defense spending expected to increase despite budget pressures; Budget Control Act cap relief likely to continue
  - Spend on new equipment modernization and recapitalization
- Increased opportunities in Foreign Military Sales (FMS)
# Strong Industry Relationships

<table>
<thead>
<tr>
<th>Airlines</th>
<th>Cargo Airlines</th>
<th>OEMs</th>
<th>Governments</th>
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<td>Atlas Air</td>
<td>Airbus</td>
<td>Ministry of Defense</td>
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<tr>
<td>Southwest</td>
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</tbody>
</table>

**AAR Corp. All rights reserved worldwide. Confidential and proprietary document.**
JOHN M. HOLMES
President and Chief Operating Officer AAR

(16 years with AAR CORP)

• President and Chief Operating Officer (2017-Current)
• Chief Operating Officer, Aviation Service (2015-2017)
• Group Vice President, Aviation Supply Chain (2012-2015)
• General Manager AAR Allen Asset Management (2003-2012)
• Director of Mergers and Acquisitions (2001-2003)
• Prior to AAR, investment banking and private equity
• Education:
  – MBA from University of Chicago
  – BS, Finance from University of Illinois
Aviation Services | Parts Trading and Distribution

**PARTS SUPPLY (TRADING)**

Largest trading company providing airframe and engine assets to airlines, MROs, component repair facilities, leasing companies and other parts providers

- 1 MILLION PARTS
- 10,000 SHIPMENTS
- 1,000 CUSTOMERS
- 80+ COUNTRIES

**PARTS SUPPLY (DISTRIBUTION)**

Largest independent aviation distributor, serving as a commercial and government aftermarket channel multiplier under long-term agreements with component OEMs

- 200,000 PARTS
- 7 STOCKING LOCATIONS
- 15 OEMs
- 1,500 CUSTOMERS
Aviation Services | Integrated Solutions (IS)

**IS - COMMERCIAL**
Largest independent and third largest power-by-the-hour (PBH) component repair, inventory pool access and logistics management provider in the world.

- 1,500 AIRCRAFT
- 41 AIRLINES
- 250,000 REPAIR TRANSACTIONS
- 24 COUNTRIES

**IS - GOVERNMENT**
Provide third party logistics, supply chain performance-based logistics (PBL) and contractor logistics support (CLS) to US Armed Services, Foreign Governments and OEMs.

- 28 CONTRACTS
- 24 LOCATIONS
- 24 FLEETS
- $3B ASSETS MANAGED
Aviation Services | MRO

#1 MRO of the Americas

3,000 Aircraft Maintenance Technicians

>5.5M Man Hours

950+ Aircraft per year

600+ Landing gears per year

24,000+ Components repaired annually

Airframe Maintenance Facilities

OKLAHOMA CITY
- Regional & narrow body
- 300,000 SF

INDIANAPOLIS
- Narrow & wide body
- 1.1 Million SF

MIAMI
- Narrow & wide body
- 200,000 SF in three hangars

DULUTH
- Regional & narrow body
- 80,000 SF

ROCKFORD
- Narrow body
- 200,000 SF hangar
- 150,000 SF in three hangars

TROIS-RIVIERES
- Narrow & Wide body
- 143,000 SF hangar

WINDSOR
Expeditionary Services | Airlift, Mobility & Composites

**Airlift**
Provider of both contractor and government owned (COCO & GOCO) aviation services

**Mobility**
Total Solution Provider; designs, manufactures, integrates and services a variety of products to support military and disaster relief operations

**Composites**
Leader in the design, fabrication and assembly of aero structures and interiors for commercial and government customers

**COCO & GOCO**
- 4 Locations
- 5 Product Categories
- 6 IDIQ Contracts
- 3 Foreign Military Contracts
- 13,600 Panels Sold Yearly
- 8 Defense Programs

**Airlift**
- Right Sizing Contractor Owned Fleet

**Mobility**
- Aereostuctures & Interiors Solutions

**Composites**
- 10 Platforms Supported
Drive growth through best-in-class services within each discipline and leverage each to reinforce and grow the whole

**Integrated Solutions**
- Increase strategic relationships with OEMs and repair vendors through aggregated spend
- Provide parts for trading business
- Fund component repair capability development
- Proprietary demand for parts supply
- Long-term contractual revenue

**MRO Services**
- Strategic relationship with airlines
- Build technical repair knowledge and collect data
- Support integrated solutions with component repair
- Generates parts requirements

**Parts Supply**
- Inventory pooling with programs
- Transactional data collection for more effective purchasing and program pricing
- Strategic relationship with OEMs

Digital will drive a more competitive offering for all services
AAR’s Strategic Imperatives

• Pursue connected businesses that reinforce collective growth prospects

• Expand margins through differentiated capabilities

• Increase our global footprint

• Leverage data and digital solutions to increase our competiveness

• Establish positioning on new generation aircraft platforms

• Attract, empower and deploy exceptional, entrepreneurial talent

Deliver consistent sales growth, increase operating margins, drive ROIC and cash conversion
Sal Marino
Senior Vice President Aircraft & Engine Part Sales and Corporate Officer
(23 years with AAR CORP)

• Senior Vice President Aircraft & Engine Part Sales and Corporate Officer (2017-Present)
• Vice President of Airframe and Engine Trading group (2014-2017)
• Vice President of AAR Aircraft Turbine Center (2005-2014)
• Vice President of GE and Rolls Royce Engine Products (1999-2005)
• Manager of GE & Rolls Royce Engine Products (1996-1999)
• Product Line Specialist of GE & Rolls Royce Engine Products (1994-1996)
• Education:
  – AAS in Aviation Flight and a BS in Aviation Management from Southern Illinois University
  – Holds a commercial instrument and multi-pilot instrument rating
STRATEGY & FOCUS

- **Opportunistic purchasing**: Utilize market reach to make inventory buys from OEMs, airlines and other brokers
- **Inventory alignment**: Synchronize airframe stocking positions with PBH programs portfolio
- **Exchange program expansion**: Leverage Trading and Program rotatable asset pools through enhanced exchange program
- **Adjacent market expansion**: Expand into Regional, Rotorcraft and Business Aviation markets

RECENT WINS

10 OPPORTUNITIES | $1.2 BILLION | 5-10 YEAR TERMS
Parts Supply | New product offerings

- Introduced four new product lines
  - Example: ATR parts support offering with ACLAS acquisition
  - Example: Acquired multiple rotorcraft to trade assets and part out

- Establishing 24/7 AOG desk aligned with PBH Programs

- Expanded loan, lease, exchange on airframe components — new digital tools coming soon

- Expanded Engine lease pool offerings for time continued and build up engines
Parts Supply | Contractual support

- Exclusive engine parts supplier for 12 years for 20+ annual engine shop visits with a large MRO of wide body engines

- Exclusive support with an operator for 5 years on multiple narrow body engine shop visits with set pricing

- Exclusive multi year to acquire, repair, and redeliver narrow body engines with a major engine lessor
Bio | Eric Young

ERIC J. YOUNG
Senior Vice President, OEM Aftermarket Solutions (Distribution)
(5 years with AAR)

• Senior Vice President, OEM Aftermarket Solutions (2015-Current)
• Vice President and General Manager, Nordisk Aviation Products (2013-2015)
• Senior Director, Office of the President (2012-2013)
• Prior to AAR, investment banking and private equity
• Education:
  – MBA from Harvard Business School
  – BS, Industrial Engineering from Northwestern University
STRATEGY & FOCUS

AAR OAS is positioned to benefit from trends facing component OEMs:

- Pricing pressures from Airframe OEM customers
- Competitive market pressures from surplus, PMA and third party repair shops
- Competing overhead priorities and stringent service requirements with new platforms

Leverage major AAR OAS differentiators:

- World-class scale in both commercial and defense capabilities
- Synergies with AAR’s broader OEM-centric business model

Maximizing component OEM’s margins by serving as a strategic and tactical aftermarket channel magnifier

RECENT WINS

10+ OPPORTUNITIES | $500 MILLION | 5-10 YEAR TERMS
Leading OEM of electrical and mechanical components for aircraft engines and airframes.

- Exciters, ignitor plugs, harnesses, PMGs across all major platforms (e.g., CFM56, GENx, V2500, CF34, LEAP)
- 10-year commercial and defense agreement (signed 2011)
- Exclusive distribution partner; previous channel consisted of multiple non-exclusive brokers
- China market a major portion of coverage
- Double-digit sales CAGR since contract inception

Leading OEM of technologies for hydraulic systems, fuel systems, motion control and engine solutions.

- Multiple agreements in place covering commercial and government markets, first signed in 2013
- AAR as exclusive distribution partner; Replaced incumbent on commercial side, new defense channel established
- Commercial sales run-rating materially above that of incumbent
- Green across all KPIs to Defense Logistics Agency (e.g., OTD, response time, etc.)
**OEM Aftermarket Solutions | Case studies**

**Integrated power generation and distribution systems, a subsidiary of AMETEK, Inc.**

- Exclusive agreement signed in 2017 covering U.S. and foreign governments
- Formerly taking the channel direct; Seeking expanded bandwidth in growing aftermarket sales
- Starter generators, generator control units, solid-state power controllers and relays, remote control circuit breakers, arc fault protection and engine monitoring systems across all major platforms (e.g., F-15, F-16, F/A-18, C130)

**Sumitomo Precision Products Co. Ltd’s Aerospace Products division, is a major OEM of propellers, landing gears, and heat exchangers.**

- Agreement executed in 2017 covers V2500 starter LRU and piece parts
- AAR serving as customer service magnifier as engine platform enters a mature stage of life and piece parts face PMA competition
- Synergistic with existing Defense / JMOD relationship with Sumitomo Corporation, SPP’s largest shareholder
STRATEGY & FOCUS

1MRO approach: World-class quality, performance and safety throughout our facility network and across our portfolio of services

Anchor tenants: Major-base load, long-term customers in each site
- Indianapolis occupied by Southwest and Republic
- Miami completely sold with Air Canada and one major U.S. airline
- Duluth: dedicated facility to one U.S. airline
- Trois-Rivieres occupied by Air Canada

Global expansion: Drive growth from new customers in new markets
- Joint venture to be announced soon

Capability enhancements: Invest in wide-body aircraft and other new platforms

15 OPPORTUNITIES | $250 MILLION | 2-10 YEAR TERMS
Aviation Services | Integrated Solutions - Commercial

STRATEGY & FOCUS

- **Successful International Expansion**: Position assets and talent to increase international market share
- **Enhance Customer Experience**: Digital solutions to enhance customer experience and connect to customer operations
- **Data**: Utilize data collected from growing supported fleet to improve cost and develop more competitive proposals

RECENT WINS

19 OPPORTUNITIES | $1.7 BILLION | 5-10 YEAR TERMS
AAR MOVES TO TOP THREE PROVIDER

*All estimates based on publicly available data
Flight Hour (PBH) Program Overview

- Typically 5 to 15 year terms
- Fixed coverage list of parts
- Rate per flight hour, per aircraft, per month
- Repair only or with inventory support (leased in or sold)
- Growth lowers our marginal cost to support additional pool participants
- Ramp up based on fleet age and delivery schedule
- Typical economic profile:
  - Term: 15 years
  - Initial investment: $17M
  - Program Revenue: $180M
  - Contribution: $44M
  - ROIC / IRR: >20%
- For some contracts, years 1-4 may represent 15% of contract value based on platform and delivery schedule
**Integrated Solutions I Commercial Case Studies**

**Hawaiian Airlines**
- **Current program covers** Hawaiian’s new A321neo fleet
- **All AOG requirements** satisfied within 24 hours in Hawaii & 8 hours in the US
- **Support includes** Part number listed components plus form, fit & function

**Exclusive MBK located in Honolulu, Oakland & Portland**
- **Dedicated Program Director** on-site to support all contractual & operational activities
- **Implementation of EDI** between AAR & Hawaiian’s ERP

**Air New Zealand**
- **Contract to cover A320 fleet**; both NEO and CEO
- **Pool location in Auckland**

- **Contract Revenue of $180M**
- **10 Year Term**
- **Delivery of Continuous Improvement & Innovation** core to contract performance

**Fleet ramp up from 30 to 60 aircraft**
Nicholas P. Gross
Senior Vice President, Integrated Solutions - Government

- Senior Vice President, Integrated Solutions – Government, AAR CORP, (2016-Current)
- Chief Operating Officer, Michael Baker Global Services (2013-2016)
- Executive Vice President, DoD Programs, Sallyport Global Holdings (2006 – 2011)
- Education: BS in Business Administration from Troy University
STRATEGY & FOCUS

• Continue the shift from subcontractor to prime contractor but maintain a balanced portfolio comprised of both
• Focus on performance based logistics (PBL) and contractor logistics services (CLS) opportunities
• Leverage subcontract experience, cost structure and key relationships to develop competitive bids
• Apply commercial best practices where appropriate; utilize AAR’s extensive commercial supply chain experience
• Integrate AAR’s robust aviation services capabilities into comprehensive programmatic solutions for our Government customers

RECENT WINS

Department of State INL/A
Royal Netherlands Air Force
United States Air Force

23 OPPORTUNITIES | $2 BILLION | 2-10 YEAR TERMS
• **AAR Prime Contractor** - $909M Landing gear repair / overhaul and supply chain services for the E-3, KC-135 and C-130 aircraft

• 15 year performance based logistics (PBL) contract with US Air Force
  
  • First of its kind – USAF outsourcing “Item Management” role to AAR and introducing “repatriation” requirement wherein AAR must partner with Government depot to increase throughput

  • AAR to accommodate ALL requisitions for the 3 fleets anywhere in the world at any time

• Initial Operational Capability (IOC) December 1, 2017
  
  • Miami and Ogden warehouses operational, assets being received from the USG

• Fully operational April 1, 2018
• **AAR Prime Contractor** - Ten year performance based contract with Department of State (DOS) to globally operate and maintain DOS’s fleet of fixed and rotary wing aircraft

• Awarded to AAR on September 1, 2016

• Court of Federal Claims upheld the contract award on October 31, 2017

• Incumbent currently seeking injunction relief with the Court of Appeals

• Transition officially began November 1, 2017; fully operational by April 30, 2018

• Five current sites down from eight

• Estimated $50M of transition revenue

• For planning purposes: Estimated AAR FY19 Revenue is $200 - $225 Million (based on current scope although new requirements and sites could favorably impact this estimate)
Increase focus on asset light

**COCO**
(Contractor Owned, Contractor Operated)

- Part 135 Airline Operations
- Search and Rescue (SAR)
- Asset Heavy

**GOCO**
(Government Owned, Contractor Operated)

- Leverage Part 135 airline’s experience although no FAA certificate required
- Fleet Management and Operations (e.g. INL/A)
- Asset Light
Digital Services at AAR

- OEMs and others have solidly stated the value of data and technology

- Deploy key technology leadership and digital talent throughout the organization

- Overlay digital across the business, investing in our internal efficiencies

- Partner with customers to identify and co-develop digital applications that deliver enhanced market value

- Identify key technology and industry partnerships that will increase innovative velocity

AARive
- Portal for IS program customers
- Complete real-time visibility of supply chain
- AAR inventory network
- Gets AAR on the desktop of buyers

pAARts Store
- New and aftermarket parts
- Buy, bid, loan and exchange
- Third-party listings
- Anywhere, anytime

Quote Accelerator
- Internal enablement
- Speed and quality of quote
- Standardization
- Data collection

Digital will be embedded in company culture and position future growth
AAR is the leading independent Aviation Services provider serving global commercial and government markets.

Deliver consistent sales growth, increase operating margins, drive ROIC and cash conversion.

- Pursue connected businesses that reinforce collective growth prospects
- Expand margins through differentiated capabilities
- Increase our global footprint
- Leverage data and digital solutions to deliver lower customer costs
- Establish positioning on new generation aircraft platforms
- Attract, empower and deploy exceptional, entrepreneurial talent
Financial Overview

Michael D. Milligan
Chief Financial Officer

- Chief Financial Officer of AAR CORP (2017-Current)
- Chief Financial Officer of Telenisus Corporation (2000-2001)
- Partner at PricewaterhouseCoopers (1986-2000)
- Education: BA from University of South Florida
AAR Strong Financial Position

- Robust business fundamentals in Aviation Services
- Continued growth projected in revenue and earnings
- Diverse global customer base
- INL/A award by Department of State
- Strong balance sheet to support internal and external opportunities
YTD18 Financial Highlights

• Sales of $888.9 million, up 7.3%
  • Aviation Services up $81.6M versus prior year

• Adjusted gross profit increased to $137.0 million, up 7.3% (before Q2 impairment charge of $51.6 million)
  • Aviation Services increased to $123.8M, up 13%

• Adjusted SG&A expenses were 11.3% of sales compared to 11.0% due to increased business development efforts and legal costs

• Q2 Impairment charge in Expeditionary Services of $54.2 million included write-downs for:
  • Aircraft $14.5M, inventory $21.2M, rotable assets $15.9M = $51.6M + other assets of $2.6M

• Adjusted diluted EPS from continuing operations of $0.66 compared to prior year EPS of $0.64
  • YTD results included Airlift operating losses, legal and deal related costs of $0.08

• Adjusted LTM ROIC* of 7.47% vs. 7.15% in previous period

* See Appendix for reconciliations of Non-GAAP Financial Measures
# 1H FY18 - Financial Results

## SIX MONTHS ENDED NOVEMBER 30,
in millions

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<th></th>
<th>2017</th>
<th>2016</th>
<th>$ Δ</th>
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<td>Sales</td>
<td>$ 762.9</td>
<td>$ 681.3</td>
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<td>Gross Profit</td>
<td>$ 123.8</td>
<td>$ 109.4</td>
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<td><strong>EXPEDITIONARY SERVICES</strong></td>
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<tr>
<td>Sales</td>
<td>$ 126.0</td>
<td>$ 147.3</td>
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<td>Gross Profit (Loss)</td>
<td>$ (38.4)</td>
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<tr>
<td>Adjusted Gross Profit*</td>
<td>$ 13.2</td>
<td>$ 18.3</td>
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<td>-27.9%</td>
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<td><strong>AAR</strong></td>
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<td>Sales</td>
<td>$ 888.9</td>
<td>$ 828.6</td>
<td>$ 60.3</td>
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<td>Adjusted Operating Income*</td>
<td>$ 36.8</td>
<td>$ 36.6</td>
<td>$ 0.2</td>
<td>0.5%</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>$ (12.0)</td>
<td>$ 21.6</td>
<td>(33.6)</td>
<td>nm</td>
</tr>
<tr>
<td>Adjusted Net Income*</td>
<td>$ 22.7</td>
<td>$ 21.6</td>
<td>1.10</td>
<td>5.1%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$ (0.35)</td>
<td>$ 0.64</td>
<td>(0.99)</td>
<td>nm</td>
</tr>
<tr>
<td>Adjusted Diluted EPS*</td>
<td>$ 0.66</td>
<td>$ 0.64</td>
<td>0.02</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

* See Appendix for reconciliations of Non-GAAP Financial Measures
## Financial Position

<table>
<thead>
<tr>
<th></th>
<th>Actual 11/30/17</th>
<th>Year End 5/31/17</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Accounts Receivable</td>
<td>$258.4</td>
<td>$251.4</td>
<td>$7.0</td>
</tr>
<tr>
<td>Net Inventory</td>
<td>$479.4</td>
<td>$483.1</td>
<td>($3.7)</td>
</tr>
<tr>
<td>Rotable Assets – Long Term</td>
<td>$180.4</td>
<td>$159.6</td>
<td>$20.8</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$1,544.3</td>
<td>$1,504.1</td>
<td>$40.2</td>
</tr>
<tr>
<td>Net Debt</td>
<td>$192.3</td>
<td>$149.0</td>
<td>$43.3</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$637.8</td>
<td>$589.9</td>
<td>$47.9</td>
</tr>
<tr>
<td>Total Equity</td>
<td>$906.5</td>
<td>$914.2</td>
<td>($7.7)</td>
</tr>
<tr>
<td>Availability Under Bank Lines</td>
<td>$325.3</td>
<td>$365.0</td>
<td>($39.7)</td>
</tr>
<tr>
<td>Net Debt/Capital</td>
<td>12.5%</td>
<td>9.9%</td>
<td>2.6 pts</td>
</tr>
<tr>
<td>Net Debt/Adjusted EBITDA</td>
<td>1.3x</td>
<td>1.1x</td>
<td>0.2 turns</td>
</tr>
</tbody>
</table>

### YTD FY2018 Significant Cash Sources & (Uses)

- LT Rotable equipment ($28.4M)
- Capex ($17.9M)
- Acquisition of Premier ($22.9M)
- Stock buyback ($5.2M)
- Paid dividends ($5.2M)
- Sale of aircraft JVs $7.3M
- Additional cash from operations $18.5M
- Other non-operating cash flows $10.5M
- Net debt increase ($43.3M)

---

**Positive cash from operations through year end**
Key Financial Goals

- Organic sales growth of 5%-10%
- Earnings per share growth of 10%-12%
- SG&A as % of sales to 10% or less
- 15% - 20% ROIC on capital on new deals
- Year-over-year improvement in ROIC
- Working capital turnover of 3.5x – 4x
- Max leverage of 3.5x EBITDA
FY 2019 - Financial Guidance*

Sales = $2.1B to $2.2B

Adjusted EBITDA = $180M to $190M

Diluted EPS = $2.50 to $2.80

* Assumes contribution from INL/A - WASS
• Strong leadership team
• Our end markets are healthy and growing
• Robust opportunity pipeline
• Strong Balance Sheet

AAR is well positioned
Q & A
Adjusted gross profit, adjusted SG&A expenses, adjusted operating income, adjusted net income, adjusted diluted earnings per share from continuing operations, adjusted EBITDA, adjusted return on invested capital and net debt are “non-GAAP financial measures” as defined in Regulation G of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We believe these non-GAAP financial measures are relevant and useful for investors as they provide a better understanding of our actual operating performance unaffected by the impact of impairments and other items. When reviewed in conjunction with our GAAP results and the accompanying reconciliations, we believe these non-GAAP financial measures provide additional information that is useful to gain an understanding of the factors and trends affecting our business and provide a means by which to compare our operating performance against that of other companies in the industries we compete.

Adjusted EBITDA represents income (loss) from continuing operations before interest expense, interest income, income taxes (benefit), depreciation and amortization, stock-based compensation and items of a non-recurring nature including asset impairments and gains on certain asset sales.

Adjusted return on invested capital (Adjusted ROIC) utilizes operating income (loss) excluding the impact of impairments and other items and we believe Adjusted ROIC provides useful supplemental information for management and investors by measuring the effectiveness of our use of invested capital to generate profits.

Net debt represents total debt less cash and cash equivalents and we believe that the presentation of net debt provides useful information for management and investors to evaluate overall liquidity, financial flexibility, capital structure and leverage.

Pursuant to the requirements of Regulation G of the Exchange Act, we are providing the following tables that reconcile the above mentioned non-GAAP financial measures to the most directly comparable GAAP financial measures:
Non-GAAP Financial Measures

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expeditionary Services gross profit (loss)</td>
<td>(38.4)</td>
<td>18.3</td>
</tr>
<tr>
<td>Impairment and other charges</td>
<td>51.6</td>
<td>-</td>
</tr>
<tr>
<td>Expeditionary Services adjusted gross profit</td>
<td>13.2</td>
<td>18.3</td>
</tr>
<tr>
<td>Consolidated gross profit (loss)</td>
<td>85.4</td>
<td>127.7</td>
</tr>
<tr>
<td>Impairment and other charges</td>
<td>51.6</td>
<td>-</td>
</tr>
<tr>
<td>Consolidated adjusted gross profit</td>
<td>137.0</td>
<td>127.7</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>102.8</td>
<td>91.1</td>
</tr>
<tr>
<td>Less: Impairment and other charges</td>
<td>2.6</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted selling, general and administrative expenses</td>
<td>100.2</td>
<td>91.1</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>(12.0)</td>
<td>21.6</td>
</tr>
<tr>
<td>Impairment and other charges, net of tax</td>
<td>34.7</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted net income</td>
<td>22.7</td>
<td>21.6</td>
</tr>
<tr>
<td>Diluted earnings per share from continuing operations</td>
<td>(0.35)</td>
<td>0.64</td>
</tr>
<tr>
<td>Impairment and other charges, net of tax</td>
<td>1.01</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted diluted earnings per share from continuing operations</td>
<td>0.66</td>
<td>0.64</td>
</tr>
<tr>
<td></td>
<td>TWELVE MONTHS</td>
<td>ENDED NOVEMBER 30,</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------</td>
<td>-------------------</td>
</tr>
<tr>
<td></td>
<td>$ in millions</td>
<td>2017</td>
</tr>
<tr>
<td>Operating income</td>
<td>$25.6</td>
<td>$71.5</td>
</tr>
<tr>
<td>Impairment and other charges</td>
<td>54.2</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>79.8</td>
<td>71.5</td>
</tr>
<tr>
<td>Average invested capital</td>
<td>1,068.9</td>
<td>999.9</td>
</tr>
<tr>
<td>Adjusted return on invested capital</td>
<td>7.47%</td>
<td>7.15%</td>
</tr>
</tbody>
</table>
## Non-GAAP Financial Measures

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$(17.4)</td>
<td>$36.6</td>
</tr>
<tr>
<td>Impairment and other charges</td>
<td>54.2</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>36.8</td>
<td>36.6</td>
</tr>
</tbody>
</table>

_SIX MONTHS ENDED NOVEMBER 30,_
## Non-GAAP Financial Measures

### SIX MONTHS ENDED NOVEMBER 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (Loss) from continuing operations</td>
<td>(11.9)</td>
<td>22.0</td>
<td>50.2</td>
</tr>
<tr>
<td>Impairment and other charges</td>
<td>54.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain on asset disposal</td>
<td>-</td>
<td>(2.6)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Depreciation and intangible amortization</td>
<td>28.5</td>
<td>24.3</td>
<td>52.9</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>5.4</td>
<td>4.9</td>
<td>11.0</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>3.6</td>
<td>2.4</td>
<td>5.3</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>(9.1)</td>
<td>12.2</td>
<td>24.1</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$70.7</td>
<td>$63.2</td>
<td>$140.9</td>
</tr>
</tbody>
</table>

### YEAR ENDED

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (Loss) from continuing operations</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Impairment and other charges</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Gain on asset disposal</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
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<td>$</td>
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</tr>
<tr>
<td>Interest expense, net</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### NOVEMBER 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt</td>
<td>$219.4</td>
<td>$159.3</td>
</tr>
<tr>
<td>Less: Cash and cash equivalents</td>
<td>(27.1)</td>
<td>(10.3)</td>
</tr>
<tr>
<td>Net debt</td>
<td>$192.3</td>
<td>$149.0</td>
</tr>
</tbody>
</table>

### MAY 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt</td>
<td>$219.4</td>
<td>$159.3</td>
</tr>
<tr>
<td>Less: Cash and cash equivalents</td>
<td>(27.1)</td>
<td>(10.3)</td>
</tr>
<tr>
<td>Net debt</td>
<td>$192.3</td>
<td>$149.0</td>
</tr>
</tbody>
</table>