



AAR CORP

Gabelli A&D Conference

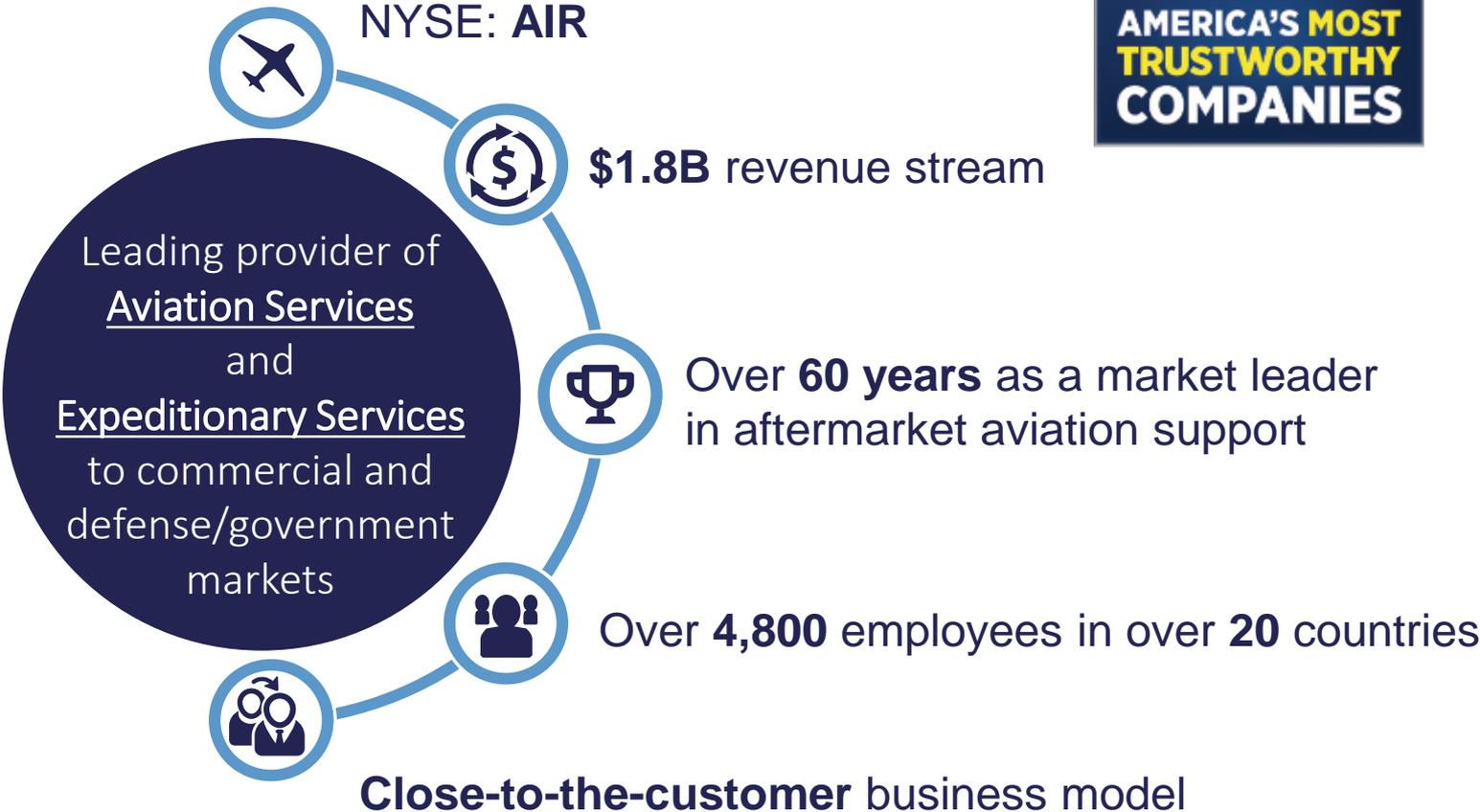
David Storch, Chairman and CEO
John Holmes, President and COO
Jason Secore, Vice President and Treasurer

New York City
September 7, 2017

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.

Established Player Serving the Global Aviation Services Market



Key Investment Highlights

- ⦿ Leadership positions in value-added services markets
- ⦿ Long-term favorable aftermarket growth trends
- ⦿ Diversified, global base of commercial and government customers
- ⦿ Fortress balance sheet with substantial available liquidity
- ⦿ Focus on cash flow generation and operational efficiencies
- ⦿ September 2016 award of INL/A Department of State contract
 - Award upheld by GAO (protest resolved)
 - Incumbent suing US Government with decision expected October 31, 2017

Commitment to Strong Shareholder Returns

Company Overview

Aviation Services (~84% of sales)

Commercial 75% | Defense 25%

Supply Chain
~67% of segment

Programs – PBH,
Rotables, and C&E

Distribution

Trading

MRO
~33% of segment

Aircraft maintenance and
modifications

Component repair

Landing gear and wheels
and brakes repair

Engineering services



Expeditionary Services (~16% of sales)

Defense 80% | Commercial 20%

Airlift
~63% of segment

Fixed and Rotary Wing in
Austere Environments

Flight Operations,
Maintenance, Logistics for
COCO and GOCO

Search and Rescue

Mobility
~37% of segment

Pallets, containers,
shelter systems, and
accessories

Support services

Special mission projects



Projected Increase in Sales and Earnings for FY2018

Programs

Comprehensive and innovative contracted solutions for supply chain management

- ▶ Over 1,400 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

OEM Parts Distribution

Sales and marketing partner to extend OEM reach into the aftermarket

- ▶ 10+ exclusive OEM relationships covering 50+ product lines
- ▶ 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

Industry Leading IT Solutions

Airframe Maintenance Facilities



Indianapolis



Miami



Oklahoma City



Duluth



Rockford

#1 MRO
of the Americas

> 5 million
Man hours

850
aircraft maintained,
repaired or
overhauled

Close to the Customer

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

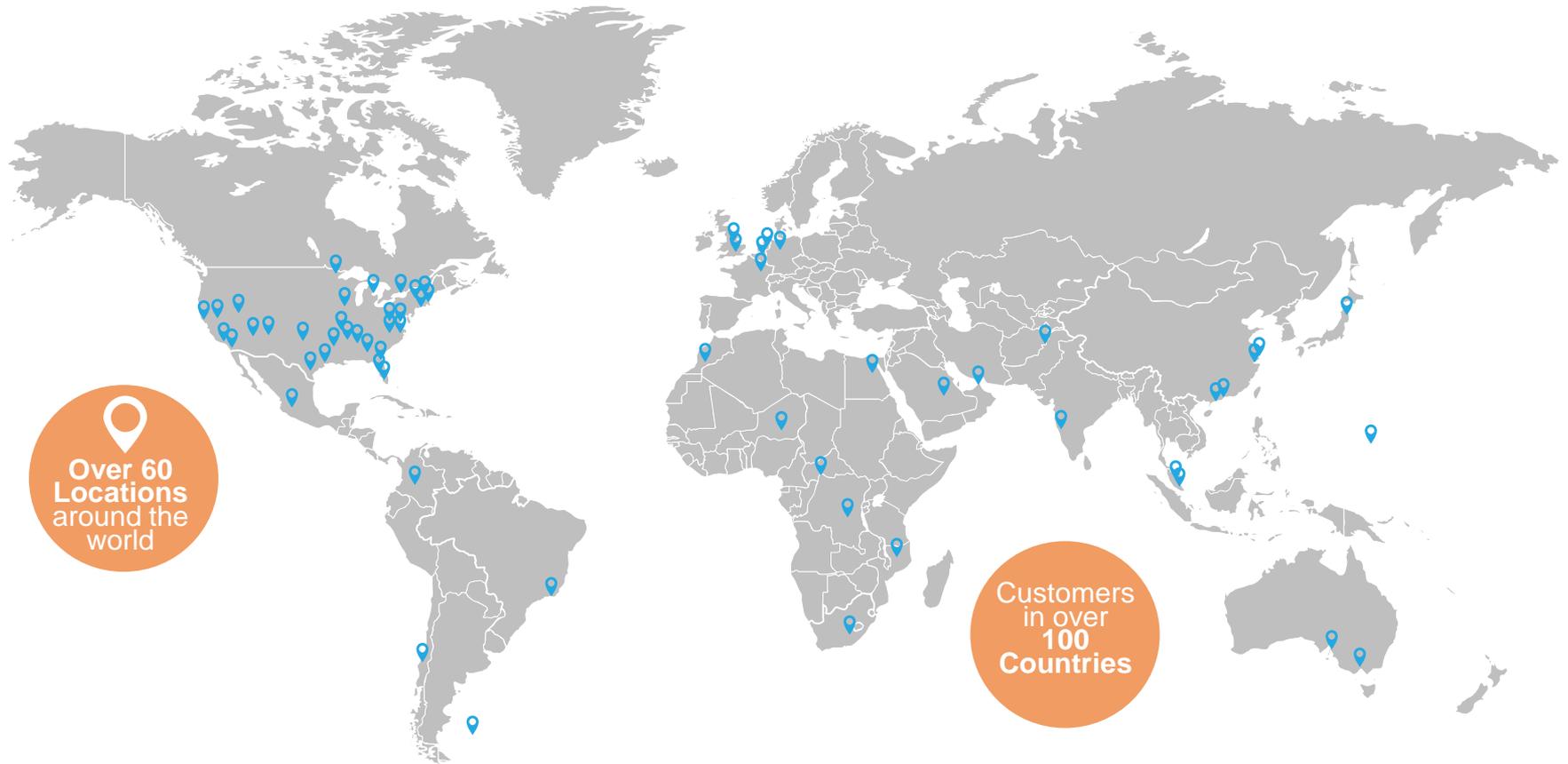


Reshaping Airlift in FY2018

- Transition from COCO (Contractor Owned, Contractor Operated) model to GOCO (Government Owned, Contractor Operated) model and focus on long-term contracts
- Build a more robust asset management platform for rotary-wing aircraft that complements our existing strength in fixed-wing assets

INL Decision Expected by October 31, 2017

AAR Global Presence



Strategically Located in Close Proximity to Key Customers

Strong Industry Relationships (Representative List)

Airlines



Cargo Airlines



Regional Airlines



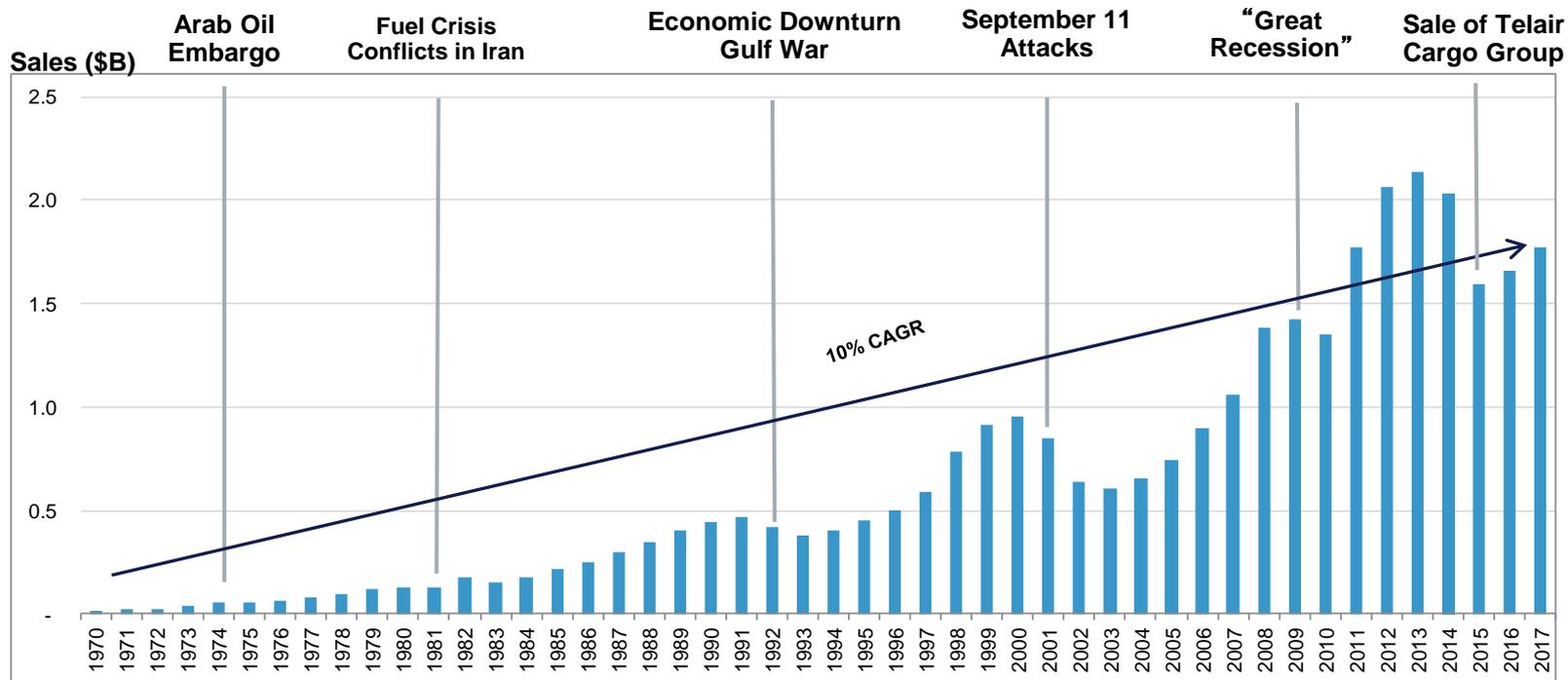
OEMs



Governments



Navigated Through Five Major Industry Cycles



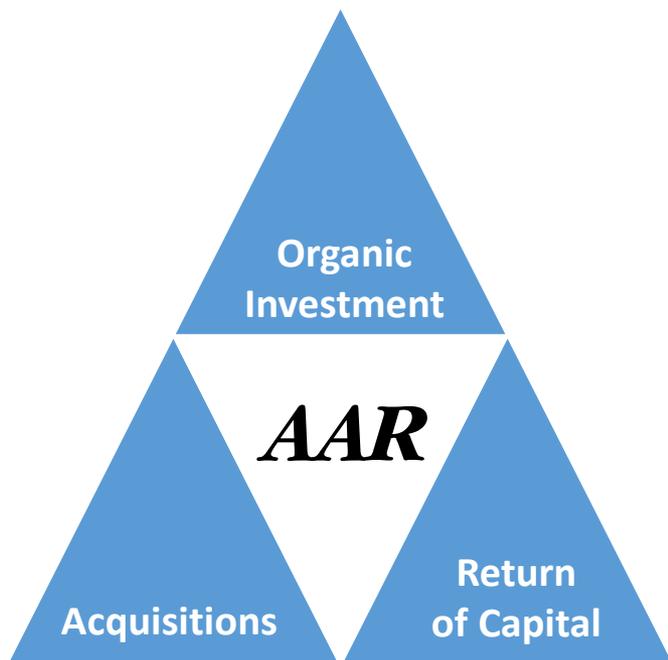
After Each Down Cycle, AAR Has Emerged as a Stronger Company

AAR Strong Financial Position



- ❖ Strong business fundamentals in Aviation Services
- ❖ INL/A award by Department of State
- ❖ Improved outlook for Expeditionary Services
- ❖ Strong balance sheet to support internal and external growth opportunities

Balanced Capital Allocation



- ❁ Organic growth through investment in new programs and opportunities
- ❁ Future growth through strategic acquisitions
- ❁ Committed to returning capital to shareholders (\$226M in dividends and share purchases since March 1, 2015)

FY2017 Highlights

- Revenues were \$1,767.6M in FY17 compared to \$1,698.9 in FY16, an increase of \$68.7M or 4.0% over the prior year
- Gross Profit increased by \$38.6M or 4.2% vs. prior year
- Diluted EPS from continuing operations was \$1.45, exceeding last year by 32%
- Balance Sheet Remains Solid with \$366M of Availability
- Significant contract awards include a 15-year \$909 million landing gear contract with U.S. Air Force, \$125M PBH award with South African Airways, and our first 777 long-term contract with Air New Zealand

31% YOY Increase in Income from Continuing Operations

FY2017 Segment Results

Aviation Services

<i>in millions</i>	FY 2017	<i>Prior Year</i> FY 2016	<i>Variance</i> Better / (Worse)
Sales	\$1,485.4	\$1,425.1	\$60.3
Gross Profit	\$246.2	\$229.8	\$16.4
<i>% Margin</i>	16.6%	16.1%	0.5%

Expeditionary Services

<i>in millions</i>	FY 2017	<i>Prior Year</i> FY 2016	<i>Variance</i> Better / (Worse)
Sales	\$282.2	\$273.8	\$8.4
Gross Profit	\$30.3	\$8.1	\$22.2
<i>% Margin</i>	10.7%	2.9%	7.8%

Key Financial Goals



- ❖ Organic sales growth of 5%-10%
- ❖ Earnings per share growth of 10%-12%
- ❖ SG&A as % of sales < 10%
- ❖ Year-over-year improvement in ROIC
- ❖ Working capital turnover of 3.5x – 4x

Share Price Outperformed Peers and S&P500

Share Performance

	LTM	FY17
AAR	38%	43%
Peers ⁽¹⁾	35%	29%
S&P 500	14%	15%

- Recent announcements have resulted in positive share price performance
- AAR has outperformed its peer group and the S&P 500 over the last twelve months and fiscal year

Source: IR Insight.
(1) S&P Aerospace and Defense Select Industry Index
(2) Market data as of September 1, 2017