AAR CORP.
Credit Suisse Industrials Conference

Palm Beach
December 1, 2016

David P. Storch, Chairman & Chief Executive Officer
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, 2016. 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.
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
Established Player Serving the Global Aviation Services Market

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

- NYSE: AIR
- $1.7B revenue stream
- Over 60 years as a market leader in aftermarket aviation support
- Over 4,800 employees in over 20 countries
- Close-to-the-customer business model
## Company Overview

### Aviation Services (~85% of sales)

<table>
<thead>
<tr>
<th>Commercial 70%</th>
<th>Defense 30%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supply Chain</strong></td>
<td><strong>MRO</strong></td>
</tr>
<tr>
<td>~67% of segment</td>
<td>~33% of segment</td>
</tr>
<tr>
<td>Programs</td>
<td>Aircraft maintenance and modifications</td>
</tr>
<tr>
<td>Distribution</td>
<td>Component repair</td>
</tr>
<tr>
<td>Trading</td>
<td>Landing gear and wheels and brakes repair</td>
</tr>
<tr>
<td></td>
<td>Engineering services</td>
</tr>
</tbody>
</table>

### Expeditionary Services (~15% of sales)

<table>
<thead>
<tr>
<th>Defense 84%</th>
<th>Commercial 16%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Airlift</strong></td>
<td><strong>Mobility</strong></td>
</tr>
<tr>
<td>~67% of segment</td>
<td>~33% of segment</td>
</tr>
<tr>
<td>Fixed and Rotary Wing</td>
<td>Pallets, containers, shelter systems, and accessories</td>
</tr>
<tr>
<td>Flight Operations, Maintenance, Logistics</td>
<td>Support services</td>
</tr>
<tr>
<td>Passengers, Cargo, Combi</td>
<td>Special mission projects</td>
</tr>
<tr>
<td>Short Takeoff and Landing</td>
<td></td>
</tr>
<tr>
<td>Search and Rescue, NVG, Airdrop</td>
<td></td>
</tr>
</tbody>
</table>
## Aviation Services | Supply Chain

### Programs

**Comprehensive and innovative contracted solutions for supply chain management**
- Over 1,300 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

**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

- Oklahoma City
- Miami
- Lake Charles
- Indianapolis
- Duluth
- Rockford

#1 MRO of the Americas

> 5 million Man hours

850 aircraft maintained, repaired or overhauled
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
AAR Global Presence

Customers in over 100 Countries

Over 60 Locations around the world
Strong Industry Relationships (Representative List)

**Airlines**
- Aeromexico
- Air Canada
- Alaska Airlines
- Delta
- Southwest Airlines
- United
- British Airways
- China Airlines
- Flybe
- Kenya Airways
- Lufthansa
- Singapore Airlines
- South African Airways

**Cargo Airlines**
- DHL
- FedEx
- UPS

**OEMs**
- Airbus
- Bombardier
- Boeing
- Northrop Grumman
- Raytheon
- United Technologies
- Eaton
- Honeywell
- Unison

**Governments**
- United Nations
Navigated Through Five Major Industry Cycles

- Sales ($B)
- Arab Oil Embargo
- Fuel Crisis Conflicts in Iran
- Economic Downturn Gulf War
- September 11 Attacks
- "Great Recession"
- Sale of Telair Cargo Group

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 in Airlift
- Improved outlook in Expeditionary Services
- Strong balance sheet to support internal and external opportunities
Balanced Capital Allocation

- Organic growth through investment in new programs and opportunities
- Future growth through strategic acquisitions
- Committed to returning capital to shareholders ($214M in dividends and share purchases since March 1, 2014)
First Quarter FY2017 Highlights

- Sales and earnings per share for continuing operations exceeded expectations
- Sales were $404.8M, $18.1M increase from prior year (up 4.7%)
- Gross Profit increased over prior year in both segments (15.2% vs. 13.9% in Q1 FY16)
- Earnings from continuing operations of $9.9M, exceeding prior year by 34%
- Diluted EPS from continuing operations was $0.29, exceeding last year by 38%

Commitment to Strong Shareholder Returns
# 1Q FY2017 Segment Results

## Aviation Services

<table>
<thead>
<tr>
<th>in millions</th>
<th>1Q 2017</th>
<th>Prior Year 1Q 2016</th>
<th>Variance Better / (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$334.6</td>
<td>$315.8</td>
<td>$18.8</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$53.4</td>
<td>$49.9</td>
<td>$3.5</td>
</tr>
<tr>
<td>% Margin</td>
<td>16.0%</td>
<td>15.8%</td>
<td>0.2%</td>
</tr>
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</table>

## Expeditionary Services

<table>
<thead>
<tr>
<th>in millions</th>
<th>1Q 2017</th>
<th>Prior Year 1Q 2016</th>
<th>Variance Better / (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$70.2</td>
<td>$70.9</td>
<td>($0.7)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$8.1</td>
<td>$4.0</td>
<td>$4.1</td>
</tr>
<tr>
<td>% Margin</td>
<td>11.5%</td>
<td>5.6%</td>
<td>5.9%</td>
</tr>
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</table>

Both Aviation Services and Expeditionary Services 1Q Gross Profit Exceeds Prior Year
Summary

- Confirming FY17 guidance on sales and diluted EPS
- INL/A Award – Protest Resolution
- Continued strong momentum in Aviation Services, not withstanding loss of revenue with KC10
- Improving outlook in Expeditionary Services
- Continued focus on cash generation and operational efficiency
Total Share Price Appreciation of 43% Year to Date

<table>
<thead>
<tr>
<th>Date</th>
<th>AAR Stock Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2015</td>
<td>$26.29</td>
</tr>
<tr>
<td>May 31, 2016</td>
<td>$24.41</td>
</tr>
</tbody>
</table>

Share Price Appreciation

- $37.65
- +43% YTD
- +54% FYTD

Returned $214M to shareholders since March 1, 2014, through dividends and share repurchases

Notes:
Market data as of November 29, 2016
Share Price Outperformed Peers and S&P500

Share Performance

<table>
<thead>
<tr>
<th></th>
<th>LTM</th>
<th>Since FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAR</td>
<td>56%</td>
<td>54%</td>
</tr>
<tr>
<td>Peers(1)</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

- Recent announcements have resulted in positive share price performance
  - INL/A award on 9/1/2016
  - 1Q earnings higher than expectations
  - Announced new contracts including Air New Zealand

- AAR has outperformed its peer group and the S&P 500 over the last twelve months and fiscal year-to-date

Source: IR Insight.
(1) S&P Aerospace and Defense Select Industry Index
(2) Market data as of November 29, 2016