

A large commercial airplane is shown from a low angle on a runway. The sun is setting in the background, creating a warm, golden glow that reflects off the sky and the fuselage of the plane. The runway has yellow lines, and the overall scene is captured in a cinematic style. The image is partially obscured by a white diagonal shape in the top right corner.

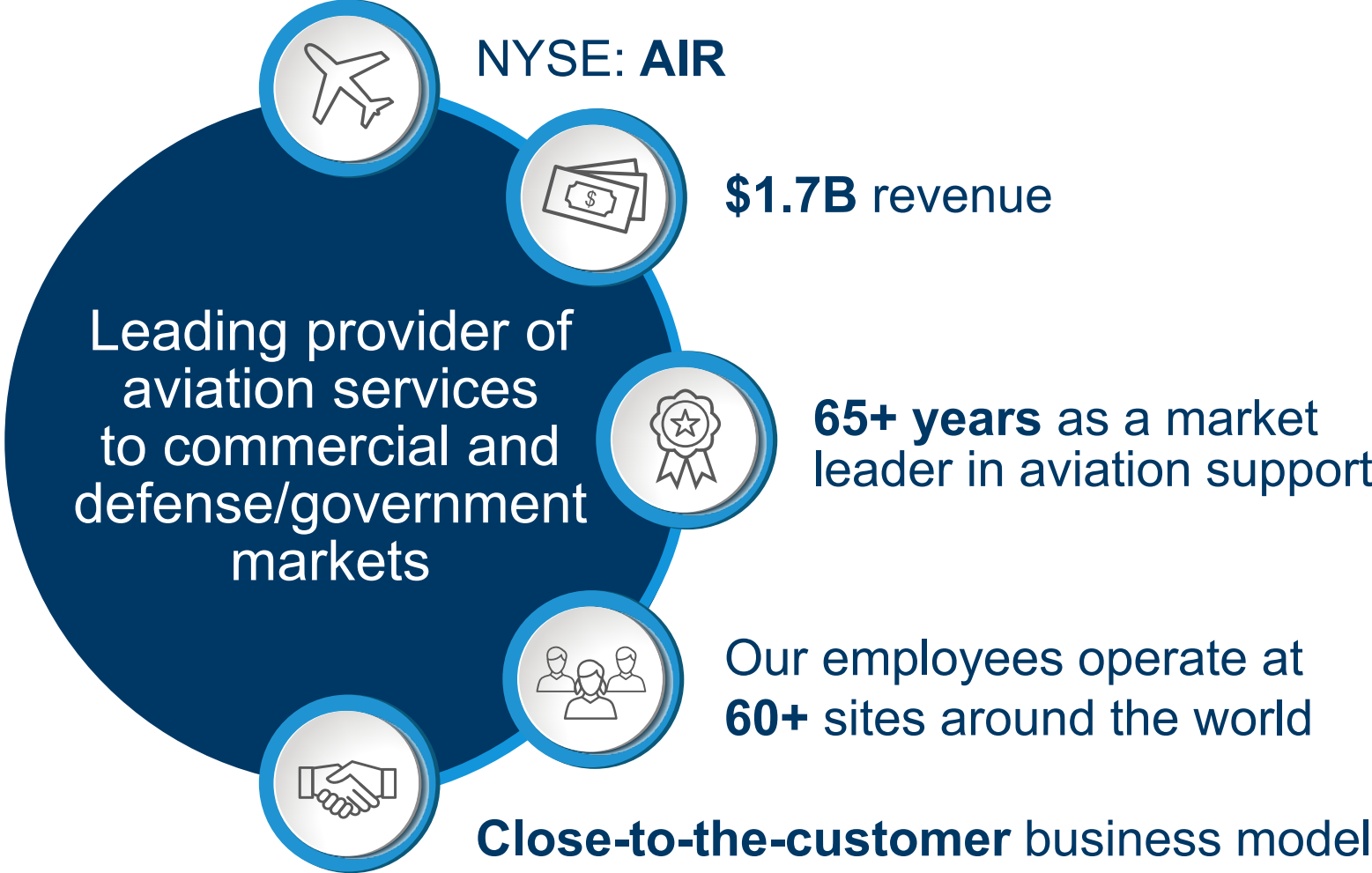
# Baird 2021 Global Industrial Conference

November 9, 2021

# Forward-looking statements

This presentation contains 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 which reflect management's expectations about future conditions. Forward-looking statements may also be identified because they contain words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or similar expressions and the negatives of those terms. 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. For a discussion of these and other risks and uncertainties, refer to "Risk Factors" in our most recent Annual Report on Form 10-K. 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.

# AAR: Aviation aftermarket expert since 1955



# AAR's solutions

Aviation Services (\$1.6B FY21 Sales)			Expeditionary Services (\$99M FY21 Sales)
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## Parts Supply

- Serviceable and OEM factory-new parts
- Engine solutions, management, sales, leasing and exchange
- Aircraft sales and leasing
- Online PAARTS<sup>SM</sup> Store
- 24/7 worldwide AOG service



## MRO Services

- Airframe
- Landing gear
- Component repair
- Wheels & brakes
- Engineering services



## Integrated Solutions

- Total fleet services
- Flight-hour support
- Contractor Logistics Support
- Performance-Based Logistics
- Third-Party Logistics
- Consumables and expendables aggregator



## Mobility Systems

- Air cargo containers (ISU<sup>®</sup>) and pallets
- Rapidly deployable mobile tactical shelters
- SPACEMAX<sup>®</sup> shelters
- Integrated Command Control (C4) centers

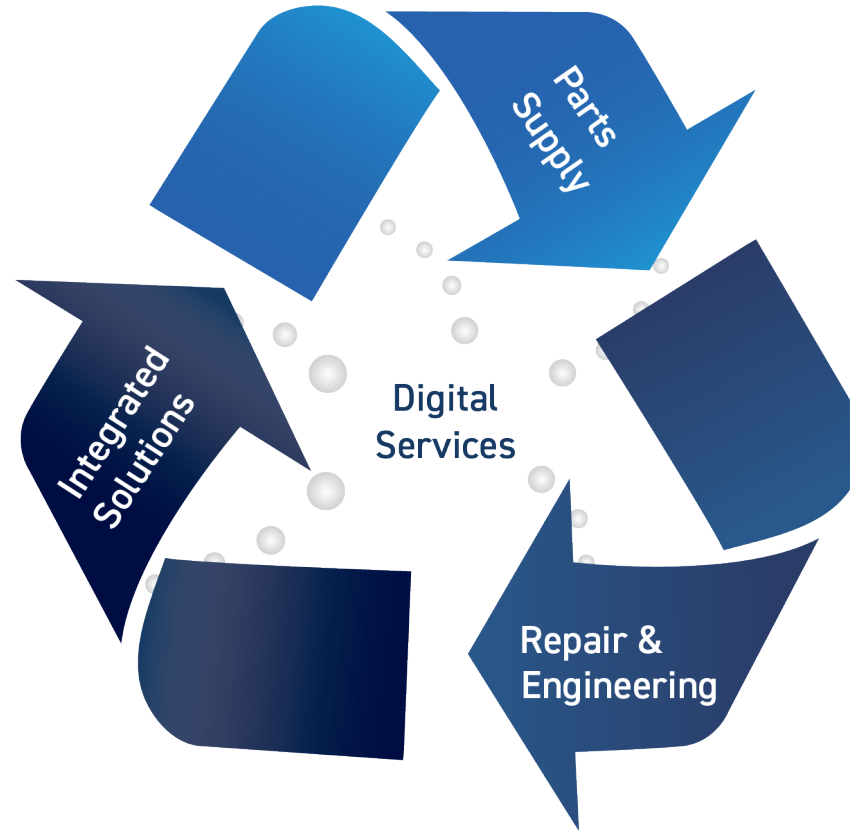
Note: fiscal year ends May 31

# 51% government and 49% commercial in FY21

# Connected businesses approach

## Integrated Solutions

- Strategic relationships with airlines, MROs, OEMs, and repair vendors
- Fuel parts supply business
- Fund component repair capability development
- Long-term contracts / predictable revenue



## Parts Supply: OEM and used material

- Transactional data collection
- Exclusive relationships with OEMs and customers
- Inventory pooling with programs

## Repair & Engineering

- Strategic relationships with airlines
- Technical repair knowledge and data collection
- Develop parts for internal and external consumption

Unique value proposition remains intact

# Global expertise, emerging market reach

## Customers in over 120 countries

### North America

HQ & warehouse near O'Hare Airport; MRO Services network with Component Repair; Mobility Systems and Integrated Solutions – Government supporting WASS

### UK

Integrated Solutions – Commercial and Parts Supply team in Gatwick; Airinmar® Component Repair management services; Integrated Solutions – Government in Waddington and Parts Supply sales office in Heathrow

### Europe

Component Repair in Amsterdam; warehouse network includes Brussels & Hannover serving EMEA & supported by sales office in Paris

### Middle East

Warehouse and sales support in Dubai for EMEA; Integrated Solutions – Government supporting WASS and other defense contracts

### China

Sales support in Shanghai

### Japan

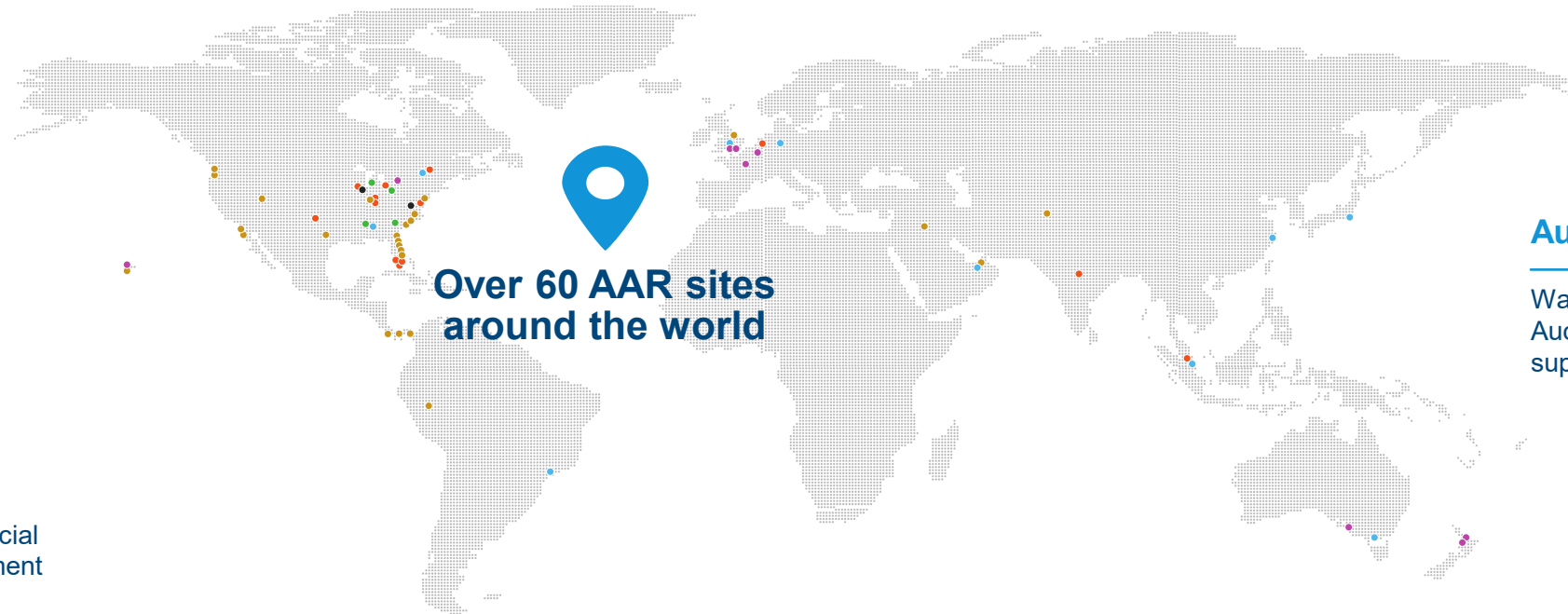
Regional sales support office

### Singapore

Regional sales office based in Singapore; warehouse and Engineering Services for interior modifications for Asian airlines

### Central & South America

Sales office supporting customers in Latin America and Integrated Solutions – Government supporting WASS and other defense contracts



- Corporate
- MRO Services
- Parts Supply
- Integrated Solutions – Commercial
- Integrated Solutions – Government
- Mobility Systems

### Australasia

Warehouse support in Auckland and sales support based in Melbourne

# Highly diversified customer base with longstanding relationships

## Airlines



## Cargo airlines



## Regional airlines



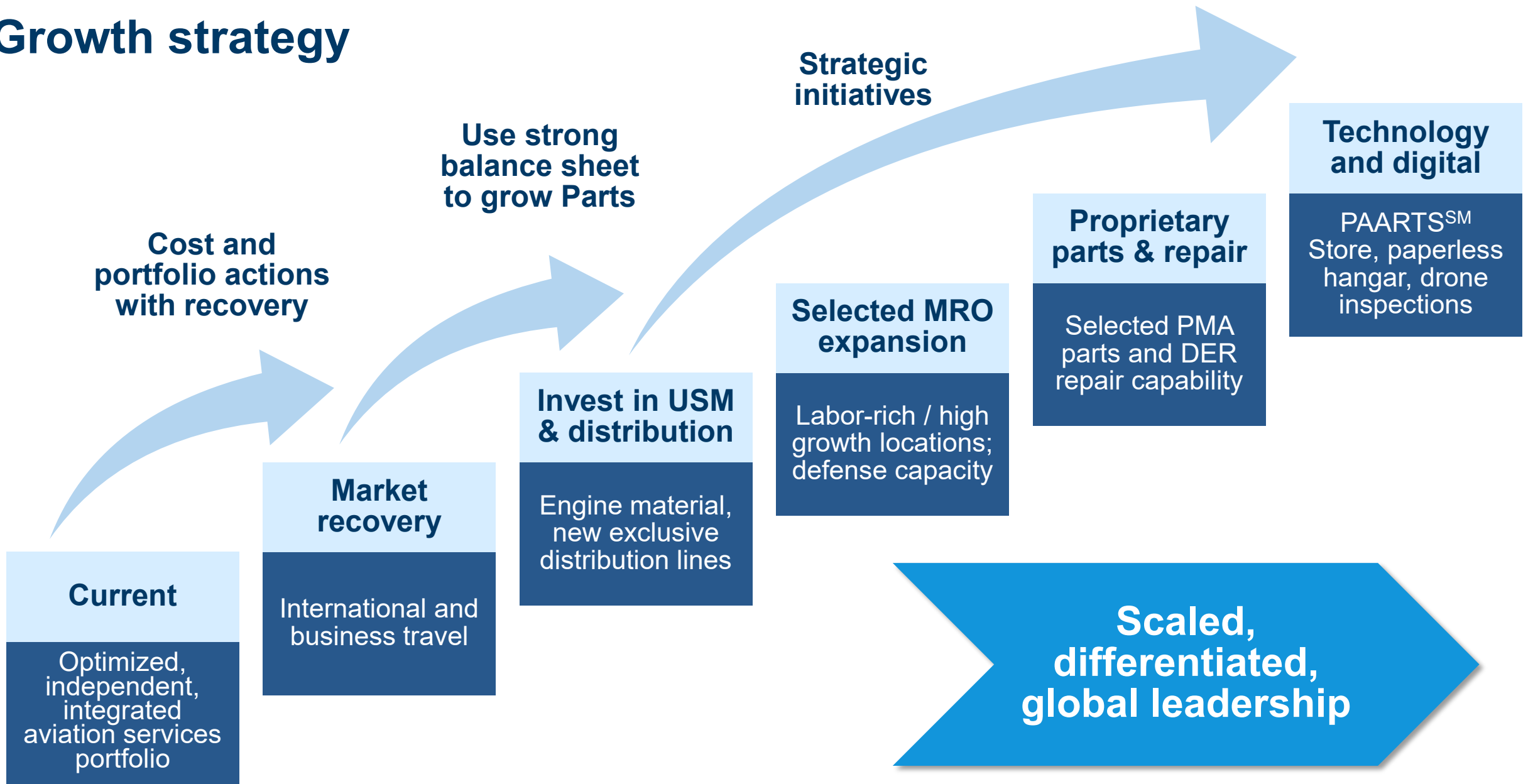
## OEMs



## Government



# Growth strategy





# Update on recovery

## Actions taken

- Consolidated footprint to optimize cost base and preferred customer support
- Exited underperforming product lines and contracts
- Reduced headcount
- Eliminated non-essential spend
- Focused on government and cargo markets

## Opportunities

- Leveraging new cost structure to drive margins
- Using market dislocation and relative strength to expand
- Positioning to extend used serviceable material leadership
- Creating digital transformation separation
- Accelerating addition of differentiated capability

## Financial position

	Quarter Ended						
	Feb '20 Q3 '20	May '20 Q4 '20	Aug '20 Q1 '21	Nov '20 Q2 '21	Feb '21 Q3 '21	May '21 Q4 '21	Aug '21 Q1 '22
Adjusted Sales (\$M)	\$563	\$424	\$403	\$402	\$412	\$435	\$456
Adjusted EBITDA	\$47	\$22	\$22	\$27	\$32	\$34	\$37
Adjusted EBITDA Margin	8.4%	5.1%	5.4%	6.7%	7.7%	7.9%	8.1%
Net Debt / Adjusted EBITDA	0.9x	1.3x	1.1x	1.0x	1.1x	0.7x	0.6x

Note: fiscal year ends May 31; Net Debt / Adjusted EBITDA based on Adjusted EBITDA for 12 months ended at respective quarter; see Appendix for reconciliations of non-GAAP measures

**Actions expected to drive continued margin expansion**

# Summary

- **Unique combination of integrated aviation aftermarket offerings**
- **Environment presents opportunity to accelerate execution of strategy**
  - Be the Leading Independent Aviation Services Provider Globally
- **Using crisis as opportunity to take action that accelerates strategy execution**
  - Leveraging new cost structure to drive margins
  - Using market dislocation and relative strength to expand
  - Creating digital transformation separation
  - Accelerating addition of differentiated capability

**Opportunity to emerge even stronger and better**



# Appendix

# Non-GAAP financial measures

Adjusted diluted earnings per share from continuing operations, adjusted EBITDA 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 illustrate our actual operating performance unaffected by the impact of certain 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. These non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. Adjusted EBITDA is income from continuing operations before interest income (expense), other income (expense), income taxes, depreciation and amortization, stock-based compensation and other items of an unusual nature including but not limited to business divestitures, workforce actions, subsidies and costs, impairment charges, facility consolidation and repositioning costs, investigation and remediation compliance costs, significant income tax adjustments, gains on asset sales and significant customer events such as early terminations, contract restructurings, forward loss provisions, bankruptcies and credit charges.

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

## Adjusted EBITDA

(\$ in millions)	FY19	FY20	FY21								12 Months Ended				
				Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q3 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q1 FY22
Net income	\$7.5	\$4.4	\$35.8	\$2.3	(\$16.5)	(\$14.5)	\$8.2	\$28.1	\$14.0	\$11.5	\$43.7	(\$14.5)	(\$20.5)	\$5.3	\$61.8
(Income) loss from discontinued operations	76.6	20.4	10.5	0.3	1.5	0.6	6.2	3.0	0.7	(0.3)	22.7	8.3	8.6	11.3	9.6
Income tax expense (benefit)	4.9	5.6	18.2	0.2	(4.0)	(3.8)	5.2	12.0	4.8	3.9	9.8	(1.6)	(2.4)	9.4	25.9
Other (income) expense, net	0.8	2.1	(4.3)	0.2	1.5	(0.2)	0.7	(4.4)	(0.4)	(0.7)	1.0	1.7	2.2	(2.4)	(4.8)
Interest expense, net	8.5	8.8	4.8	2.3	2.6	1.6	1.3	1.0	0.9	0.7	8.3	8.3	7.8	6.5	3.9
Depreciation and intangible amortization	42.8	43.7	36.3	11.0	10.9	9.0	9.2	8.9	9.2	8.9	44.3	41.9	40.1	38.0	36.2
Investigation and remediation compliance costs	3.5	10.1	4.4	2.7	1.8	1.3	2.8	0.3	-	0.2	10.5	8.3	8.7	6.2	3.3
(Gain) loss on sale of business/asset	-	-	20.2	-	-	19.5	-	-	0.7	-	-	19.5	19.5	19.5	0.7
Asset impairment charges	-	11.0	7.0	-	11.0	5.8	1.2	-	-	2.3	-	16.8	18.0	18.0	3.5
Contract termination/restructuring & loss provision, net	-	31.3	9.3	24.7	6.6	2.2	4.5	4.0	(1.4)	6.7	24.7	33.5	38.0	17.3	13.8
Facility consolidation and repositioning costs	0.9	4.9	4.5	-	4.9	2.0	0.4	-	2.1	0.1	0.9	6.9	7.3	7.3	2.6
Severance and furlough costs	0.2	7.1	9.0	0.5	5.0	6.0	2.2	0.1	0.7	0.9	2.2	12.4	13.7	13.3	3.9
Customer bankruptcy and credit charges	12.4	1.6	4.9	-	1.6	0.2	1.3	1.0	2.4	-	-	1.8	3.1	4.1	4.7
Government workforce subsidies	-	(2.8)	(56.2)	-	(2.8)	(11.1)	(18.7)	(24.6)	(1.8)	(0.3)	-	(13.9)	(32.6)	(57.2)	(45.4)
Strategic financing evaluation costs	-	0.4	1.0	-	0.4	0.3	0.7	-	-	-	-	0.7	1.4	1.4	0.7
Stock-based compensation	13.5	7.3	9.2	3.2	(3.0)	2.7	1.8	2.3	2.4	3.1	15.0	5.7	4.7	3.8	9.6
<b>Adjusted EBITDA</b>	<b>\$171.6</b>	<b>\$155.9</b>	<b>\$114.6</b>	<b>\$47.4</b>	<b>\$21.5</b>	<b>\$21.6</b>	<b>\$27.0</b>	<b>\$31.7</b>	<b>\$34.3</b>	<b>\$37.0</b>	<b>\$183.1</b>	<b>\$135.8</b>	<b>\$117.6</b>	<b>\$101.8</b>	<b>\$130.0</b>

# Non-GAAP financial measures

Adjusted sales and adjusted EBITDA margin

<i>(\$ in millions)</i>	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22
Sales	\$553.1	\$416.5	\$400.8	\$403.6	\$410.3	\$437.6	\$455.1
Contract termination/restructuring & loss provision, net	9.8	7.5	1.9	(2.3)	1.5	(2.4)	1.0
Customer bankruptcy charge	-	-	-	0.4	-	-	-
<b>Adjusted Sales</b>	<b>\$562.9</b>	<b>\$424.0</b>	<b>\$402.7</b>	<b>\$401.7</b>	<b>\$411.8</b>	<b>\$435.2</b>	<b>\$456.1</b>
Adjusted EBITDA	\$47.4	\$21.5	\$21.6	\$27.0	\$31.7	\$34.3	\$37.0
<b>Adjusted EBITDA Margin</b>	<b>8.4%</b>	<b>5.1%</b>	<b>5.4%</b>	<b>6.7%</b>	<b>7.7%</b>	<b>7.9%</b>	<b>8.1%</b>

# Non-GAAP financial measures

## Net debt / adjusted EBITDA

<i>(\$ in millions)</i>	Q3 FY20	FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22
Total debt	\$208.1	\$602.0	\$257.0	\$222.1	\$207.6	\$135.2	\$129.0
Less: cash and cash equivalents	(37.0)	(404.7)	(107.7)	(110.0)	(99.2)	(51.8)	(48.8)
Net debt	\$171.1	\$197.3	\$149.3	\$112.1	\$108.4	\$83.4	\$80.2
Adjusted EBITDA	183.1	155.9	135.8	117.6	101.8	114.6	130.0
<b>Net debt to Adjusted EBITDA</b>	<b>0.9x</b>	<b>1.3x</b>	<b>1.1x</b>	<b>1.0x</b>	<b>1.1x</b>	<b>0.7x</b>	<b>0.6x</b>