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ATSG
Air Transport Services Group, Inc.

The global leader in midsize wide-body leasing and operating solutions

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Except for historical information contained herein, the matters discussed in this presentation contain forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties that are inherently difficult to predict. Words such as “projects,” “believes,” “anticipates,” “will,” “estimates,” “plans,” “expects,” “intends” and similar words and expressions are intended to identify forward-looking statements. These forward-looking statements are based on expectations, estimates and projections as of the date of this presentation and address activities events or developments that we expect, believe or anticipate will or may occur in the future. Although we believe our estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management’s assumptions about future events may prove to be inaccurate. We caution all readers that the forward-looking statements contained in this presentation are not guarantees of future performance, and we cannot assure any reader that those statements will be realized or the forward-looking events and circumstances will occur.

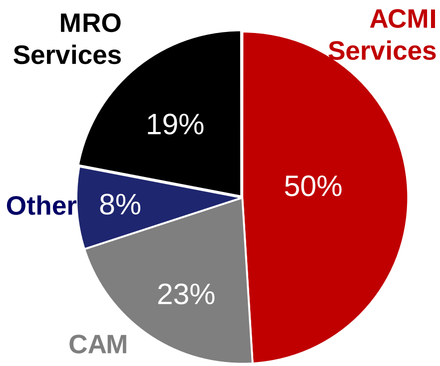
There are a number of important factors that could cause Air Transport Services Group's ("ATSG's") actual results to differ materially from those indicated by such forward-looking statements. These factors include, but are not limited to, changes in market demand for our assets and services; our operating airlines' ability to maintain on-time service and control costs; the cost and timing with respect to which we are able to purchase and modify aircraft to a cargo configuration; fluctuations in ATSG's traded share price, which may result in mark-to-market charges on certain financial instruments; the number, timing and scheduled routes of our aircraft deployments to customers, the non-renewal and time required to transition US Postal facilities currently managed by the Company, and other factors (including those listed under the heading “Risk Factors”) that are contained from time to time in ATSG's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Readers should carefully review this presentation and should not place undue reliance on ATSG's forward-looking statements. These forward-looking statements were based on information, plans and estimates as of the date of this presentation. ATSG undertakes no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

ATSG at a Glance

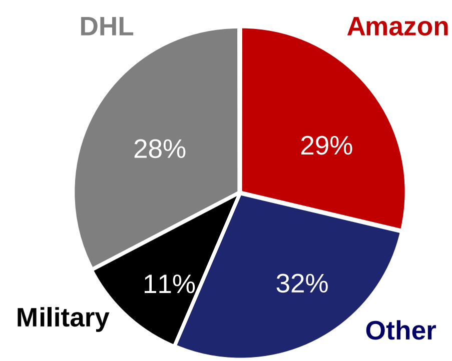
Business Overview

- ATSG is a leading provider of aircraft leasing and air cargo transportation and related services to domestic and foreign air carriers and other companies that outsource their air cargo lift requirements
- In-service fleet of 73 at 2Q2018: 767s, 757s and 737s
- Key Business Segments:
  - Cargo Aircraft Management (CAM): dry-leasing cargo aircraft
  - ACMI (Aircraft, Crew, Maintenance & Insurance) Services: CMI and ACMI services agreements
  - MRO (Maintenance, Repair & Overhaul) Services: aircraft maintenance and freighter conversion services
- Business segments work in collaboration to deliver holistic operational solutions to customers
- End markets include air cargo transportation and package delivery industries (for both commercial and government entities)
- Founded in 1980 and headquartered in Wilmington, OH, with 3,300 employees

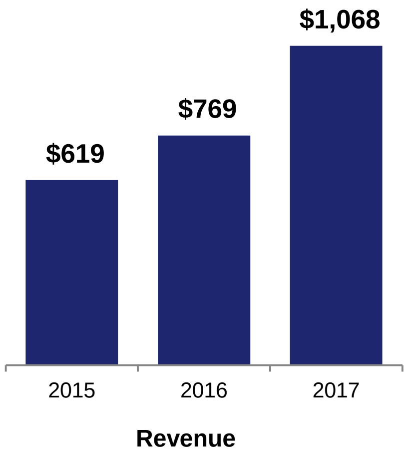
Revenue By Segment[1]

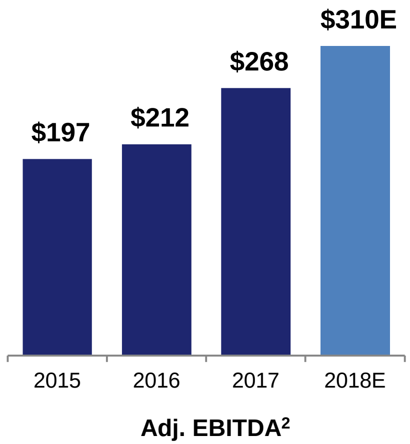


Revenue By Customer[1]



Strong Financial Performance ($M)





(1) Segment revenue & revenue by customer percentages are calculated based on results for the first half of 2018 before elimination of internal revenues.
(2) Non-GAAP metric. See table at end of this presentation for reconciliation to nearest GAAP results for Adjusted EBITDA. All references in the presentation to “Adjusted EBITDA” refer to Adjusted EBITDA from Continuing Operations.

ATSG Operating Entities

Strong array of capabilities to complement leases of core aircraft assets

CAM CARGO AIRCRAFT MANAGEMENT | ABX AIR | ATI AIR TRANSPORT INTERNATIONAL | AIRBORNE MAINTENANCE & ENGINEERING SERVICES | PEMCO WORLD AIR SERVICES | LGSTX Services, Inc.

Leasing	CMI & ACMI Services	Aircraft Maintenance	Other
▪ Dry Leasing ▪ Engine Leasing ▪ Engine PBC Services	▪ CMI Services ▪ ACMI Services ▪ Wet2Dry transitioning ▪ On-Demand Charter	▪ Heavy and Line Maintenance ▪ Component Services ▪ Engineering Services ▪ Passenger to Freighter Conversions ▪ Boeing and Airbus Capability	▪ Sort & Gateway Operations ▪ GSE Leasing ▪ Facility Support Services ▪ MHE Service

AIRBORNE GLOBAL SOLUTIONS

Airborne Global Solutions is the marketing entity supporting all of the business units

Cargo Aircraft Deployments at June 30

Portfolio of leased and operated assets offer customer flexibility, incremental returns

Boeing 767-300F – 29 in service

- Twenty-five dry-leased to DHL, Amazon, NAC, Amerijet, Air Incheon, Cargojet, 6-8 yr. terms
- In-service fleet projected at 34 by YE2018

Boeing 757s – 8 in service

- Four 757-200Fs under ACMI agreements with DHL
- Four 757-200 combis under ACMI agreements with U.S. Military

Boeing 767-200F – 34 in service

- Twenty-seven dry-leased to Amazon, DHL, Amerijet, Cargojet, Raya, West Atlantic, 3-5 year terms

Boeing 737-400Fs – 2 in service

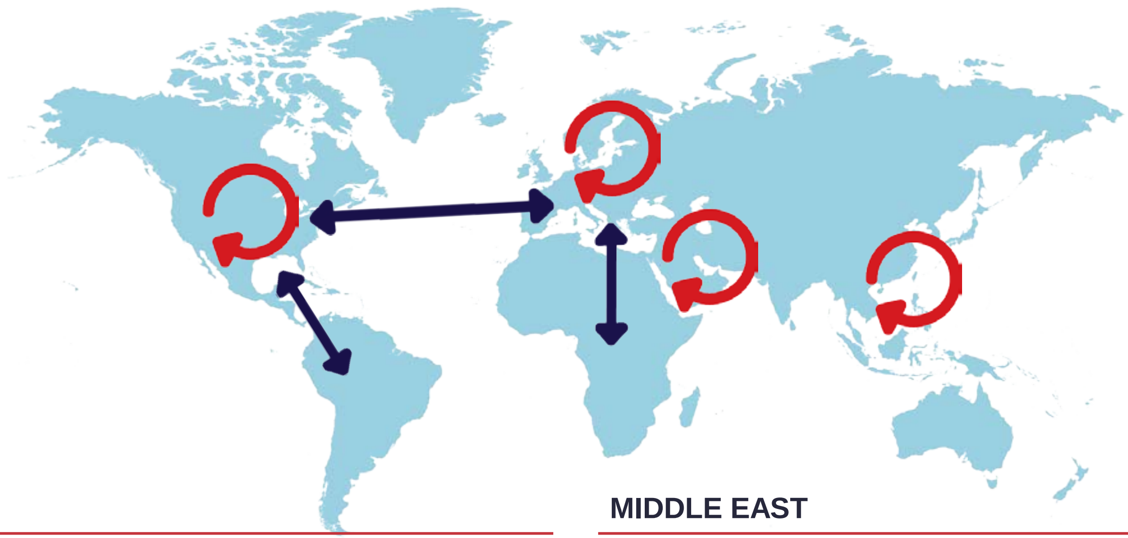
- Two dry leased to West Atlantic, 5-year term

To date, five of ten 767-300s projected to be converted and dry-leased to external customers in 2018 have been leased and delivered.

Targeting Growing Global Network Demand

E-commerce, distributed manufacturing trends creating demand for new express networks

ACMI and Dry Lease Opportunities Driven By Double-Digit Global FTK Growth



AMERICAS

- DHL's Americas region leads all DHL regions in 1H 2018 with revenue growth of 17.4% excluding currency effects
- Amazon's expanded Cincinnati hub to include space for 100 aircraft
- 767 range/payload an ideal fit for north-south routes
- Boeing projects 290 more freighters in the Americas (N&S) by 2037

EUROPE

- Airfreight market up 4.1% in 1H 2018
- Investment in Sweden's West Atlantic had yielded 737 & 767 dry leases
- Boeing projects 130 more freighters by 2037

MIDDLE EAST

- 4.3% market growth in 1H 2018: IATA
- Aging network fleets due for replacement
- CAM has leased five 767s into DHL's Middle East network
- Boeing projects 130 more freighters by 2037

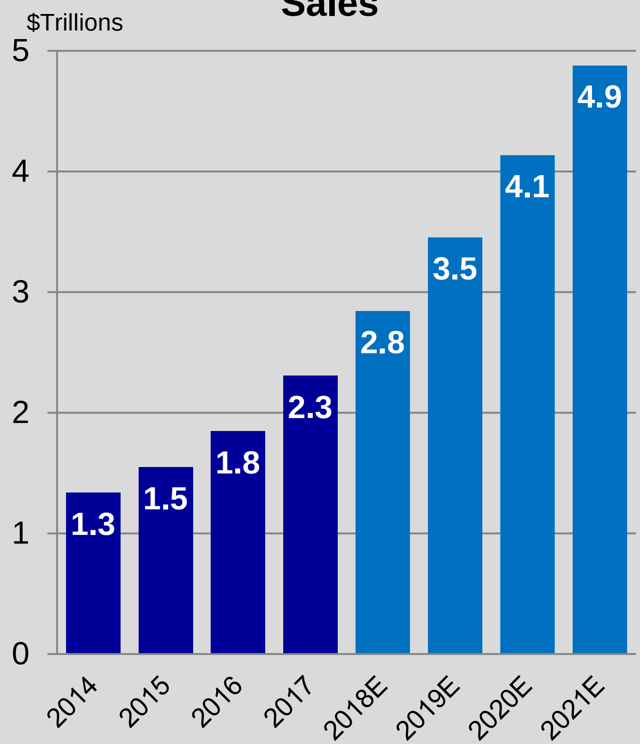
ASIA

- Rapid regional e-commerce, distributed manufacturing growth drove 4.6% FTK growth in 1H 2018
- PEMCO's strong position in 737 freighter conversions for China creates growth opportunities
- Boeing projects 770 more freighters by 2037

Focused on the Converted Freighter Growth Opportunity

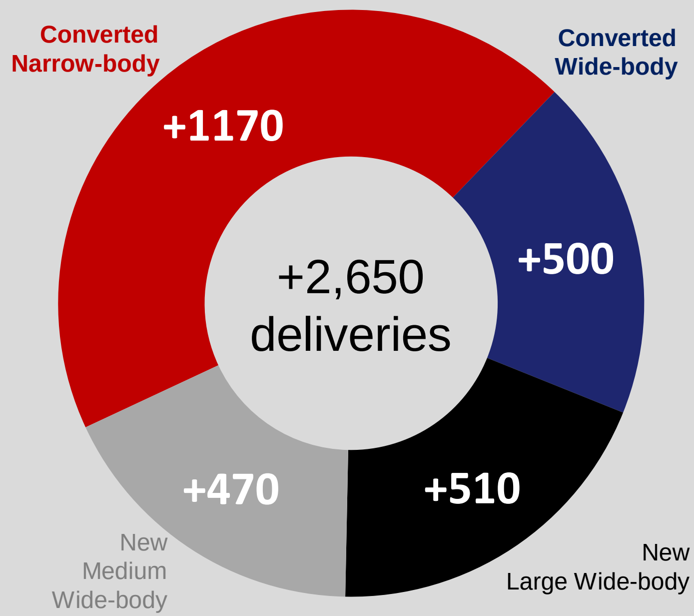
E-Commerce Market Demand Favors Lower-Investment Converted Midsize & Standard Freighters

Global Retail E-commerce Sales



Source: Statista.com

Global Freighter Deliveries 2018-2037



Source: Boeing Commercial Market Outlook-2018

ATSG Fleet

In Service

Converted Wide-body

Boeing 767-300F
Boeing 767-200F

Converted Narrow-body

Boeing 737-400F
(PEMCO conversions)

Boeing 757F & Combi

Under Development

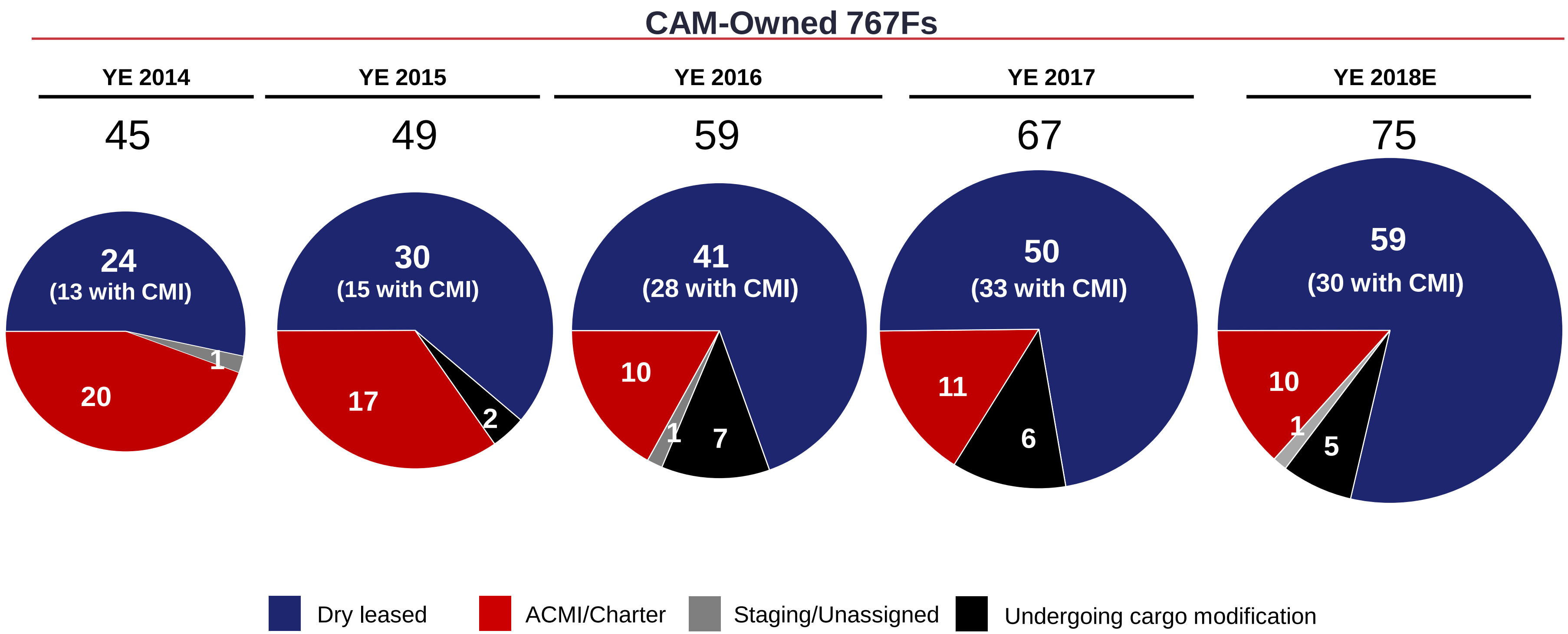
Converted Narrow-body

Boeing 737-700
(PEMCO under development)

Airbus A321-200
(ATSG/Precision JV under development)

767F Fleet Projected to be 86% Dry Leased at YE2018

Demand from regional air networks drives doubling of our dry-leased midsize 767 freighter fleet since 2014, longer-term leases, and more CMI, maintenance and logistics support.



Long-term Relationships with Key Customers

DHL

- Long-term contracts since August 2003
- CAM leases sixteen 767 freighter aircraft under long-term and short-term leases
- ACMI and CMI agreements to operate 757 and 767 aircraft
- Americas Region remains fastest growing region for DHL Express; 1H 2018 revenues up 17.4% in Americas ex currency effects

Amazon

- In March 2016, entered into contract with CAM to lease twenty B767 freighter aircraft
  - 12 B767-200 freighters under 5-year contracts
  - 8 B767-300 freighters under 7-year contracts
- Five-year CMI agreement to operate aircraft
- All 20 aircraft now leased; final lease started in August 2017
- LGSTX Services subsidiary provides gateway services

U.S. Military

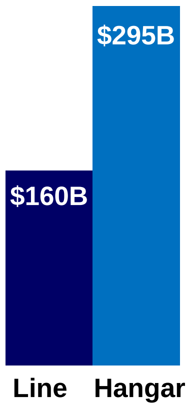
- Provide 757 Combi aircraft to serve passenger and freight requests
- Sole provider of combi service to military for 20+ years
- Contract renewed effective January 2018 through December 2021

Other Businesses

MRO Services

- 6 large hangars, 600,000+ sq. ft. in OH & FL
- Heavy maintenance
- Narrowbody / widebody support of Boeing, Airbus & regional aircraft types
- Established relationships with major carriers in U.S. and abroad
- Contracts with Delta, American & Frontier for fleet maintenance

Aircraft MRO Market
Total Spending 2018-2038



Source: Boeing Services Market Outlook 2018-2037

P-to-F Conversions

PEMCO

- Pax to Freighter 737 Conversions: -300s, -400s
- 70% China market share in B737s
- 737-700 Next Gen P-to-F under development

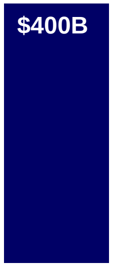
Precision Joint Venture

- Developing Airbus A321 Program:
- B757 capacity, B737 efficiency
- targeting 2019 deployment
- Prospects: CAM, other carriers

Other Activities

- Ongoing ground support for selected Amazon gateway facilities in U.S.
- Manages five regional sort facilities for US Postal Service
- Ground support equipment leasing
- Facility Support Services
- MHE Service

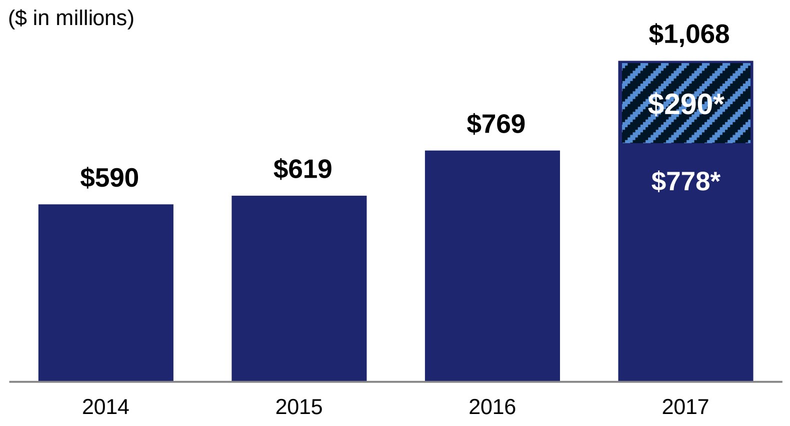
Cargo Operations Market
Total Spending 2018-2038



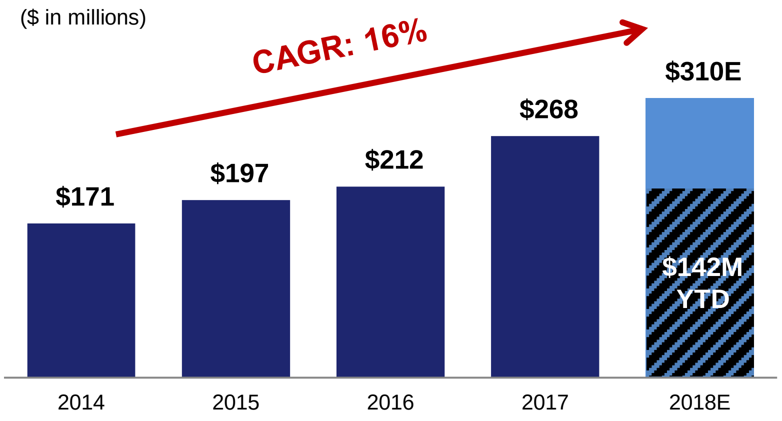
Source: Boeing Services Market Outlook 2018-2037

Historical Financial Performance

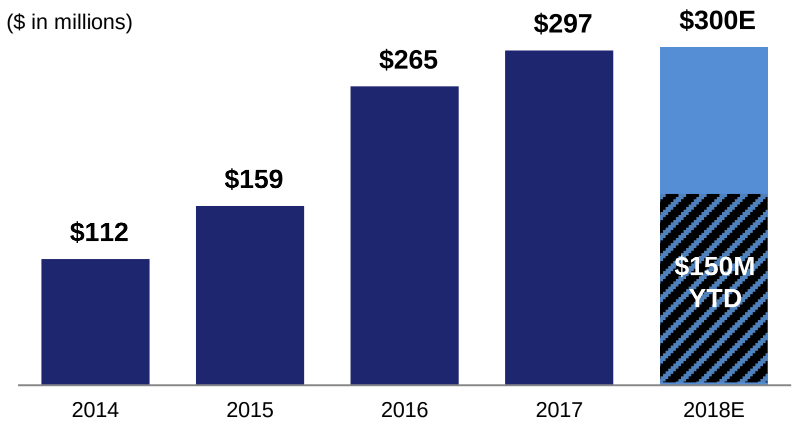
Revenues



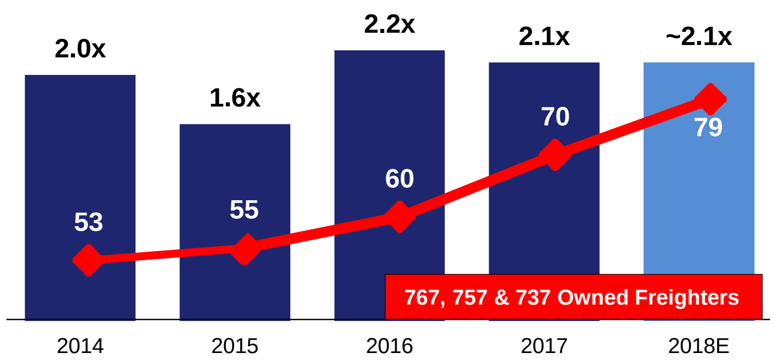
Adjusted EBITDA**



Capital Expenditures



Debt Obligations/Adjusted EBITDA**

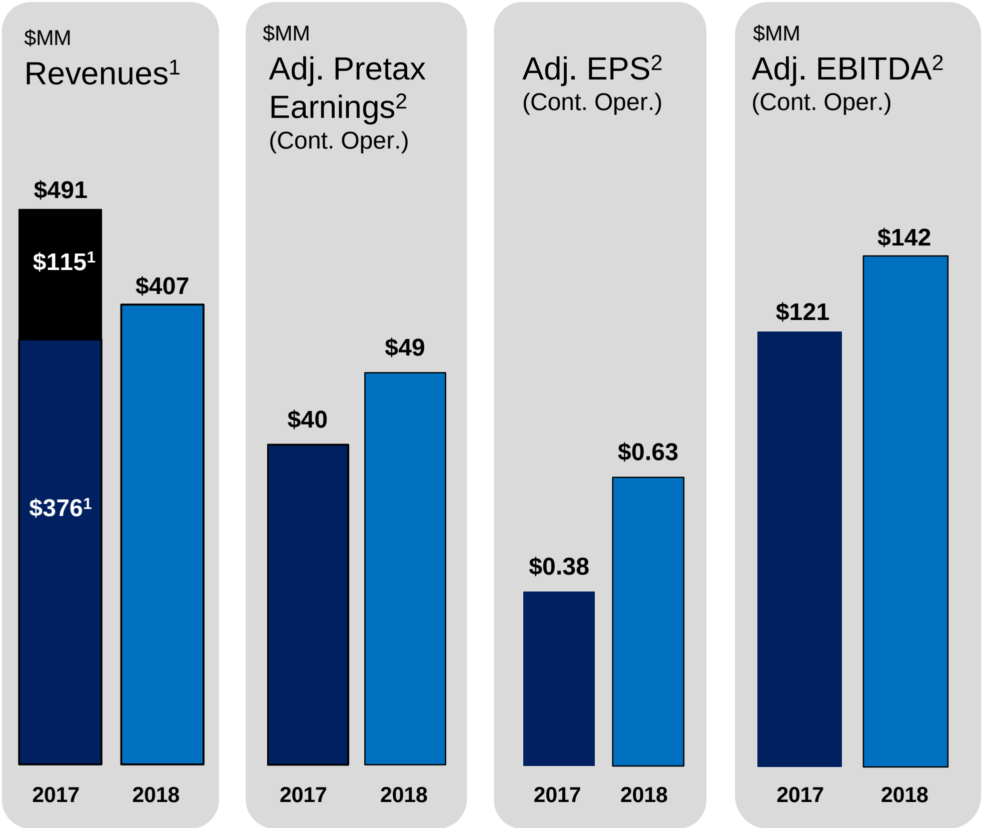


* Pro-forma adjustment to 2017 revenues to illustrate the effect of changes in revenue recognition rules effective 1/1/18 as if they were in effect on 1/1/17.

**Adjusted EBITDA is a non-GAAP metric. Debt Obligations, fleet totals are as of end of period. See table at end of this presentation for reconciliation to nearest GAAP results.

First Half 2018 Results

Higher fleet utilization, maintenance and logistics services, drove revenue and cash flow growth



- 8% revenue gain excl. 2017 reimbursables driven by additional 767 leases, Amazon CMI support.
- ACMI Services $4.9M pretax, up $8.2M vs. 1H17 loss.
- CAM pretax $30.9M, up $4.7M. Increase due to more leased freighters, offset by higher depreciation and interest.
- Adjusted Pre-tax Earnings exclude non-cash effects of Amazon warrants, pension charge, non-consolidating affiliate charge, gain/loss in other financial instruments.
- Adjusted EPS excludes effects of the Amazon warrants and the company's share of the A321 joint venture development costs.

1. 2018 revenues related to costs that are directly reimbursed to ATSG and controlled by the customer are reported net of the corresponding expenses. Corresponding 1H 2017 revenues included $115M of such reimbursements.
2. Non-GAAP metrics. See tables at end of this presentation for reconciliation to nearest GAAP results for Adjusted Pretax Earnings, Adjusted EBITDA, and Adjusted EPS.

Key Components of Capital Structure

Nearly 80% of outstanding debt is fixed-rate with coupon rates averaging < 3%

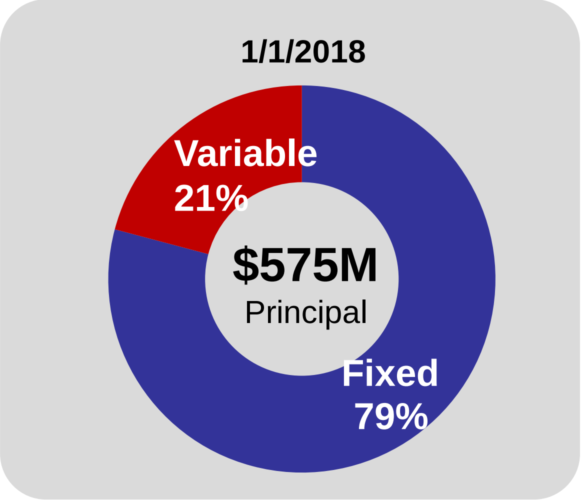
Total Debt

Term Loan / Revolver

- Fixed-rate hedged term loan with balance of $63.8 million @ 2.9%, plus hedged revolver of $125 million @ 3.4%
- Variable-rate revolver with balance of $132 million @ 3.6%
- $545 million revolver capacity

Convertible

- $258.75 million, 1.125% coupon, effective Sept. 2017 with Oct. 2024 maturity
- Bond hedge, with warrant transaction up 75% to $41.35 per share



Amazon Warrants

- 14.4M warrants vested; commitment for warrants equal to 19.9% of ATSG common @ Sept. 2020
- Exercise price $9.73
- Expire March 2021 unless exercised
- ~$140M potential additional capital if all warrants exercised for cash
- Amazon may elect cashless exercise for a number of shares equivalent in value to the appreciation above the exercise price of $9.73, based on then-current market price.

Conclusion - Investment Highlights

Leadership in Midsized Freighters for Regional Express Networks

Highly Experienced Management Team

Growth Closely Linked to Global E-Commerce Trends

Lease-Driven Sustained Cash Flow Backs Strong Balance Sheet

Long-Term Relationships with Key Customers

EPS Adjustments Reflect Warrant Valuation

	Three Months Ended				Six Months Ended			
	June 30, 2018		June 30, 2017		June 30, 2018		June 30, 2017	
	$	$ Per Share	$	$ Per Share	$	$ Per Share	$	$ Per Share
Earnings (loss) from Continuing Operations - basic (GAAP)	$ 24,464		$ (53,918)		$ 40,146		$ (44,122)	
Gain from warrant revaluation, net tax	(10,448)		—		(7,473)		—	
Earnings (loss) from Continuing Operations - diluted (GAAP)	14,016	$ 0.21	(53,918)	$ (0.91)	32,673	$ 0.48	(44,122)	$ (0.75)
Adjustments, net of tax								
Loss from warrant revaluation	—	—	63,396	1.05	—	—	61,857	1.01
Lease incentive amortization	3,272	0.05	4,378	0.07	6,544	0.09	7,340	0.12
Loss from joint venture	1,871	0.02	—	—	3,834	0.06	—	—
Adjusted Earnings from Continuing Operations (non-GAAP)	$ 19,159	**$ 0.28**	$ 13,856	**$ 0.21**	$ 43,051	**$ 0.63**	$ 25,075	**$ 0.38**
	Shares		**Shares**		**Shares**		**Shares**	
Weighted Average Shares - diluted	68,363		59,035		68,784		59,084	
Additional weighted average shares	—		8,474		—		7,152	
Adjusted Shares (non-GAAP)	**68,363**		**67,509**		**68,784**		**66,236**	

- ATSG's GAAP Earnings from Continuing Operations for 2017 and future periods reflect:
  - Incremental gain or loss in financial instruments each quarter, net of tax, based on effect of mark-to-market changes in ATSG stock price on value of warrant liability
  - Non-cash lease revenue reduction associated with the amortization of value for warrants
- Items above are excluded from Adjusted EPS from Continuing Operations. Adjusted EPS includes additional shares related to warrant dilution

Non-GAAP Reconciliation Statement

Reconciliation Stmt. ($ in 000s except Ratios)	2013	2014	2015	2016	2017	1H 2017	1H 2018
GAAP Pre-Tax Earnings (Loss) from Cont. Oper.	**$ (359)**	**$ 51,776**	**$ 62,563**	**$ 34,454**	**$ (6,536)**	**$ (32,338)**	**$ 50,839**
Impairment Charges	52,585	-	-	-	-	-	-
Non-service components retiree benefit costs, net	(2,716)	(1,452)	(1,040)	6,815	6,105	354	(4,090)
Non-consolidating affiliate charges	-	-	-	1,229	3,135	-	4,953
Lease Incentive Amortization	-	-	-	4,506	13,986	5,874	8,452
Financial Instruments Loss (Gain)	(631)	(1,096)	(920)	18,107	79,789	65,780	(10,812)
Adjusted Pre-tax Earnings from Cont. Operations	48,879	49,228	60,603	65,111	96,479	39,670	49,342
Interest Income	(74)	(92)	(85)	(131)	(116)	(48)	(77)
Interest Expense	14,249	13,937	11,232	11,318	17,023	7,307	10,728
Depreciation and amortization	91,749	108,254	125,443	135,496	154,556	74,223	81,624
Adjusted EBITDA from Cont. Oper.	**$ 154,803**	**$ 171,327**	**$ 197,193**	**$ 211,794**	**$ 267,942**	**$ 121,152**	**$ 141,617**
Debt Obligations - end of period	$ 384,515	$ 344,094	$ 317,658	$ 458,721	$ 570,117		
Debt Obligations/Adjusted EBITDA Ratio	**2.48**	**2.01**	**1.61**	**2.17**	**2.13**		

- Adjusted Pre-Tax Earnings from Continuing Operations is defined as Earnings from Continuing Operations Before Income Taxes plus pension settlement costs, certain charges from non-consolidating affiliates, and lease incentive amortization. It excludes the net effect of financial instrument gains and losses, and of non-service components of retiree benefit costs
- Adjusted EBITDA from Continuing Operations is defined as Earnings from Continuing Operations Before Income Taxes plus net interest expense, depreciation and amortization expense, pension settlement costs, charges from non-consolidating affiliates, and lease incentive amortization. It excludes the net effect of financial instrument gains and losses, and of non-service components of retiree benefit costs
- Debt Obligations / Adjusted EBITDA Ratio is defined as Debt Obligations (Long-term Debt Obligations plus Current Portion of Debt Obligations plus Convertible Note Obligations at end of period) divided by Adjusted EBITDA from Continuing Operations, rolling four quarters.
- Adjusted EBITDA from Continuing Operations, Debt Obligations / Adjusted EBITDA Ratio, and Adjusted Pre-Tax Earnings from Continuing Operations are non-GAAP financial measures and should not be considered alternatives to net income or any other performance measure derived in accordance with GAAP. Management uses Adjusted EBITDA from Continuing Operations, Debt Obligations/Adjusted EBITDA Ratio, and Adjusted Pre-Tax Earnings from Continuing Operations to assess the performance of its operating results among periods. These measures should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, or as an alternative measure of liquidity