



AIR TRANSPORT SERVICES GROUP 2022 PRESENTATION

FEBRUARY | 24 | 2023

RICH CORRADO | PRESIDENT & CEO
JOE PAYNE | CLO
QUINT TURNER | CFO
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WITH RESILIENCE, FLEXIBILITY AND INTEGRITY

A 360° set of top-quality capabilities and a tenacious approach that overcomes challenges and allows their opportunities to take flight



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, the matters discussed in this release contain forward-looking statements that involve risks and uncertainties. A number of important factors could cause Air Transport Services Group, Inc.'s ("ATSG's") actual results to differ materially from those indicated by such forward-looking statements.

Such factors include, but are not limited to: (i) the extent to which changes in market conditions impact the number, timing, and scheduled routes of aircraft deployments to new and existing customers; (ii) the cost and timing with respect to which we are able to purchase and modify aircraft to a cargo configuration, which may be impacted by global supply chain disruptions; (iii) our operating airlines' ability to maintain on-time service and control costs; (iv) our ability to remain in compliance with key agreements with customers, lenders and government agencies; (v) persistent elevated rates of inflation and changes in general economic and/or industry-specific conditions such as higher labor costs, increases in interest rates, an economic recession, and downturns in customer business cycles; (vi) the impact arising from COVID-19 outbreaks, including the emergence of COVID-19 variants; (vii) mark-to-market changes on certain financial instruments; and (viii) other 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. Except as may be required by applicable law, 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.

This presentation also refers to non-GAAP financial measures from continuing operations, including adjusted earnings, adjusted earnings per share, adjusted pretax earnings, adjusted EBITDA, and adjusted free cash flow. Management believes these metrics are useful to investors in assessing ATSG's financial position and results. These non-GAAP measures are not meant to be a substitute for ATSG's GAAP financials. We advise you to refer to the reconciliations to GAAP measures, which are included in the company's 8-K and accompanying earnings release furnished and dated 02/23/2023.

FOURTH QUARTER 2022

HIGHLIGHTS

*Non-GAAP measure, please see the company's 8K and accompanying earnings release for GAAP reconciliation furnished and dated Feb 23, 2023
** Non-GAAP measure, please see enclosed GAAP reconciliation

GAAP EPS (basic) from Continuing Operations
\$.58

Customer Revenues **\$533** million,
up **\$51 million or 11%** over 4Q 2021



Adjusted EPS* of **\$.53**,
vs. **\$.50** in 4Q 2021, up 6%,
\$2.28 for the year vs. \$1.61
in 2021, up 42%

2022 Adjusted EBITDA* **\$641** million, **up 18% vs \$541** million 2021; 4Q up 5% to \$163 million

Consistently strong
Adjusted Free
Cash Flow**
(\$285 million current
trailing twelve months)

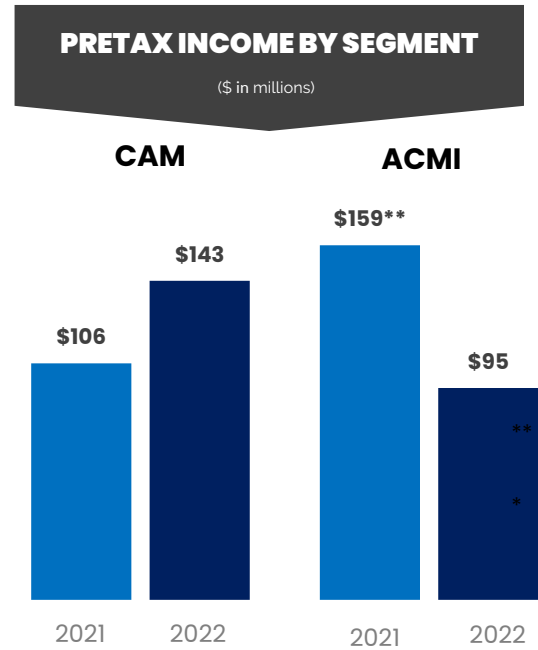
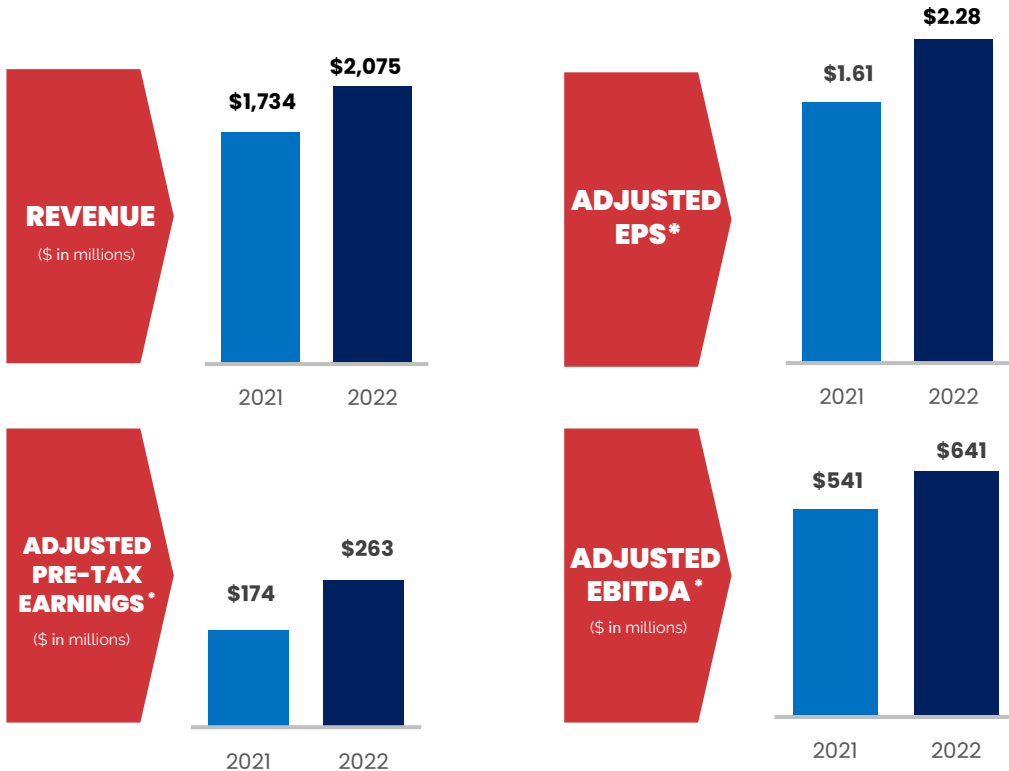


Completed delivery of six Boeing 767-300 freighters, added seven customer provided 767s for CMI service



2022 FINANCIALS

*Non-GAAP measure, please see the company's 8K and accompanying earnings release for GAAP reconciliation furnished and dated 2/23/2023



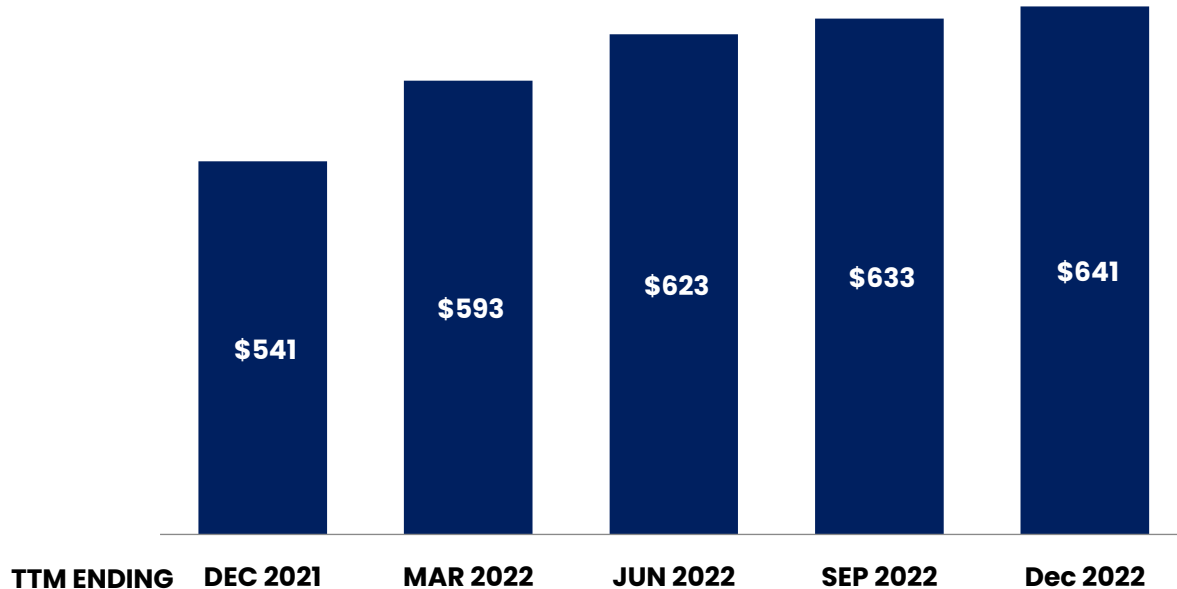
** ACMI 2021 included \$112M from government grants. No government grants were recognized in 2022.

ADJUSTED EBITDA*

-TRAILING TWELVE MONTH TREND

*Non-GAAP measure, see GAAP reconciliation attached. For additional information about non-GAAP adjustments, see company's 8K and accompanying earnings release issued 2/23/2023

(\$ in millions)

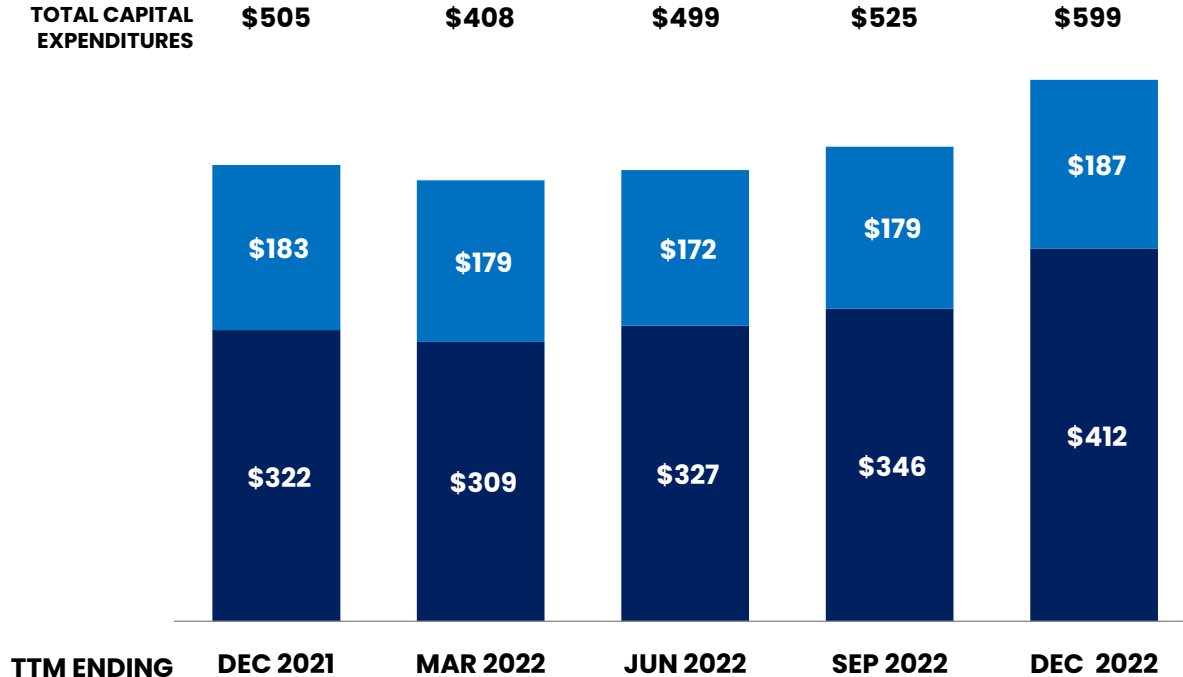


- **2022 Adjusted EBITDA up 18% vs 2021**
- **Leased 21 CAM-owned freighters during 2021/22.**
- **In-service fleet increased by eleven aircraft since December 2021, including four CAM-owned and seven customer-provided aircraft**

CAPITAL EXPENDITURES

- TRAILING TWELVE MONTH TREND

(\$ in millions)



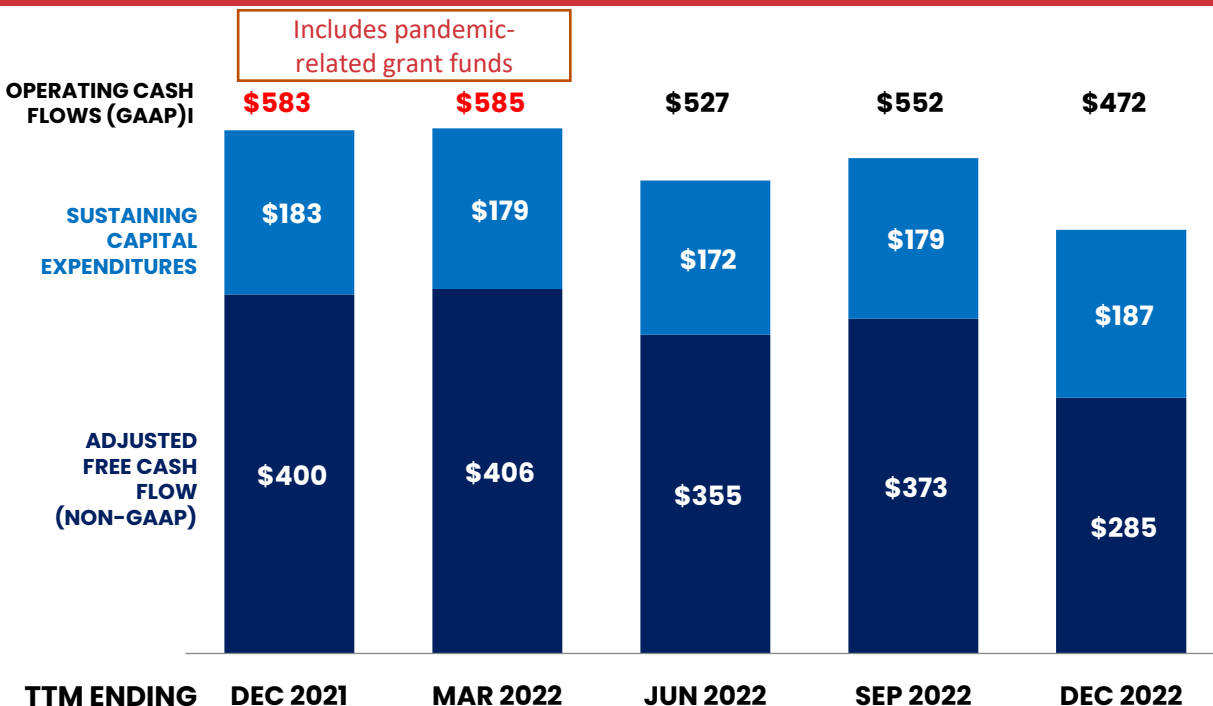
SUSTAINING CAPITAL EXPENDITURES	Cost of planned airframe maintenance, engine overhauls, technology, and other property and equipment.
GROWTH CAPITAL EXPENDITURES	Cost of aircraft acquisitions and freighter modifications.

- **Projected 2023 total capital spend of \$850M - \$260M for Sustaining and \$590M for growth.**
- **Fourteen 767-300s and six A321s be leased in 2023.**
- **Twenty-two aircraft in conversion on Dec. 31, 2022**

ADJUSTED FREE CASH FLOW**

-TRAILING TWELVE MONTH TREND

(\$ in millions)



- Pandemic related grants were \$83M in Dec. 2021 TTM, \$46M in Mar. 2022 TTM.
- Dec 2022 TTM reflects Q4 2022 spike in working capital, led by a \$67M increase in DoD receivables, lower customer prepayments and higher fuel reimbursements.

**Adjusted Free Cash Flow is a Non-GAAP measure and equals Operating Cash Flow less Sustaining Capital Expenditures

CAPITAL STRUCTURE SUPPORTS GROWTH

(\$ in millions)	December 31,	
	2021	2022
Senior Secured Revolver	\$360	\$620
Unsecured Notes		
Convertible Notes	259	259
Unsecured Notes Payable	700	580
Total Debt Maturity Values	\$1,319	\$1,459
Leverage Ratio (Bank Agreement)	2.06X	2.22X

Revolver is SOFR based, Debt-to EBITDA variable rate, currently 5.22%. Expires Oct 2027

Unsecured Notes, fixed coupon rate of 4.75%, due Feb 2028

Convertible Notes, fixed coupon rate of 1.125%, due Sept 2024

- **Unused capacity of \$365M under senior revolver facility as of year end 2022**
- **\$100M revolver facility in Ireland in 2023 to be added in next few days**
- **Unencumbered collateral availability of ~\$1.5B**
- **Accommodates share repurchases. 2M shares repurchased in 4Q 2022, 3% of shares outstanding**

2022 PERFORMANCE DRIVERS



- **2022 revenue and earnings gains fueled by six more dry leases of Boeing aircraft plus one re-lease and four lease extensions**
- **ACMI customers assigned seven more 767 freighters to be operated by ATSG cargo airlines**
- **Feedstock aircraft secured for the twenty freighters to lease in 2023**
- **Awarded and completed a strong schedule of passenger airline missions for government customers**
- **Agreements to extend and expand ATSG's longstanding commercial relationship with DHL with six-year extension of agreement and three additional 767-300 freighter leases**

ATSG GROWS GLOBAL LEASING PORTFOLIO



FREIGHTER DEMAND REMAINS STRONG



- **CAM will deliver twenty newly converted aircraft during 2023 to customers mostly in Europe, Asia and Africa**
- **CAM will begin the passenger to freighter conversions to two Airbus A330s for delivery in 2024**
- **CAM expects to convert and lease thirty A330s by 2028**
- **CAM will begin conversions of sixteen 767 aircraft that are planned to lease in 2024, virtually all with customer commitments**

2023 OUTLOOK

- **Projected Adjusted EBITDA for 2023 between \$650 - \$660 million**
- **Full year adjusted EPS to be between \$1.85 and \$2.00 on projections for higher 2023 interest expense and inflation**
- **2023 capital spending of \$850 million, including \$260 million in sustaining capex and \$590 million in growth**



QUESTION & ANSWER



APPENDIX



NON-GAAP RECONCILIATION

-ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

Trailing twelve months ended (\$ in 000s)	4Q2021	1Q2022	2Q2022	3Q2022	4Q2022
GAAP Pre-Tax Earnings (Loss) from Cont Ops	\$ 301	\$ 311	\$ 276	\$ 260	\$ 260
Interest Expense	\$ 59	\$ 56	\$ 50	\$ 48	\$ 47
Depreciation and Amortization	\$ 308	\$ 319	\$ 325	\$ 331	\$ 331
Add customer incentive amortization	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23
Less government grants recognized	\$ (112)	\$ (84)	\$ (45)	\$ (15)	\$ -
Add non-service components of retiree benefit	\$ (18)	\$ (19)	\$ (20)	\$ (20)	\$ (20)
Less debt issuance costs	\$ 7	\$ 7	\$ -	\$ -	\$ -
Less net (gain) loss on financial instruments	\$ (30)	\$ (23)	\$ 7	\$ (2)	\$ (9)
Add loss from non-consolidated affiliates	\$ 3	\$ 3	\$ 7	\$ 7	\$ 8
Add hangar foam incident	\$ -	\$ -	\$ -	\$ 1	\$ 1
Adjusted EBITDA (non-GAAP)	\$ 541	\$ 593	\$ 623	\$ 633	\$ 641