



AIR TRANSPORT SERVICES GROUP 2021 PRESENTATION

MARCH | 01 | 2022



RICH CORRADO | PRESIDENT & CEO
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 presentation contain forward-looking statements that involve risks and uncertainties. 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.

A number of important factors 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 the following, which relate to the current COVID-19 pandemic. The pandemic may (i) continue for a longer period, or its effect on commercial and military passenger flying may be more substantial than we currently expect; (ii) cause disruptions to our workforce and staffing capability, including through our compliance with federally mandated COVID-19 vaccination and testing requirements; (iii) cause disruptions in our ability to access airports and maintenance facilities; and (iv) adversely impact our customers' creditworthiness or the ability of our vendors and third-party service providers to maintain customary service levels.

Other factors that could cause ATSG's actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to: (i) unplanned changes in the market demand for our assets and services, including the loss of customers or a reduction in the level of services we perform for customers; (ii) our operating airlines' ability to maintain on-time service and control costs; (iii) the cost and timing with respect to which we are able to purchase and modify aircraft to a cargo configuration; (iv) fluctuations in ATSG's traded share price and in interest rates, which may result in mark-to-market charges on certain financial instruments; (v) the number, timing, and scheduled routes of our aircraft deployments to customers; (vi) our ability to remain in compliance with key agreements with customers, lenders and government agencies; (vii) the impact of current supply chain constraints both within and outside the United States, which may be more severe or persist longer than we currently expect; (viii) the impact of a competitive labor market, which could restrict our ability to fill key positions; (ix) changes in general economic and/or industry-specific conditions; and (x) 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 and we advise you to refer to the reconciliations to GAAP measures, which are included in the company's 8K and accompanying earnings release furnished and dated 2/24/2022.

2021 HIGHLIGHTS

* Non-GAAP measure, please see enclosed GAAP reconciliation

GAAP EPS (basic) from Continuing Operations **\$3.33**, up **\$2.91** from 2020

Customer Revenues **\$1.73** billion, up **10%** over 2020



Adjusted EPS* of **\$1.66**, up **\$0.06** vs 2020

Record Adjusted EBITDA* **\$541** million, up **\$9%** over 2020

Consistently strong Adjusted Free Cash Flow* (\$400 million current trailing twelve months)



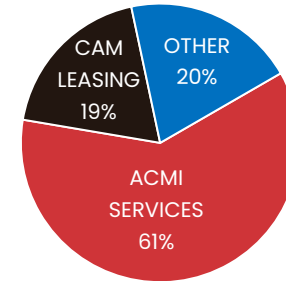
2022 Adjusted EBITDA Outlook of **\$640** million, up **18%** vs. 2021



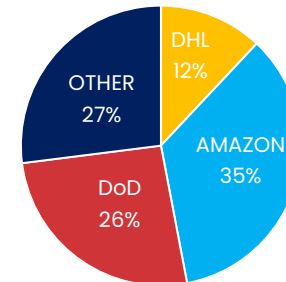
ATSG AT A GLANCE

- In-service fleet of 117 at 12/31/21: 777s, 767s, and 757s
- Key Business Segments:
 - CAM Leasing: (Cargo Aircraft Management) Dry-leasing cargo aircraft, engine leasing and leasing of cargo/passenger aircraft for DoD
 - ACMI Services: (Aircraft, Crew, Maintenance & Insurance) CMI and ACMI agreements
 - Other: Businesses include MRO services, passenger-to-freighter conversion services, ground operations and material handling equipment services
- Acquired passenger airline Omni Air International in November 2018
- Founded in 1980 as a wholly owned subsidiary of Airborne Express; first public offering in August 2003
- Headquarters located at the Wilmington Air Park in Ohio, which also serves as a regional air hub for Amazon
- 5,500+ employees worldwide

FY 2021 Revenue By Segment⁽¹⁾



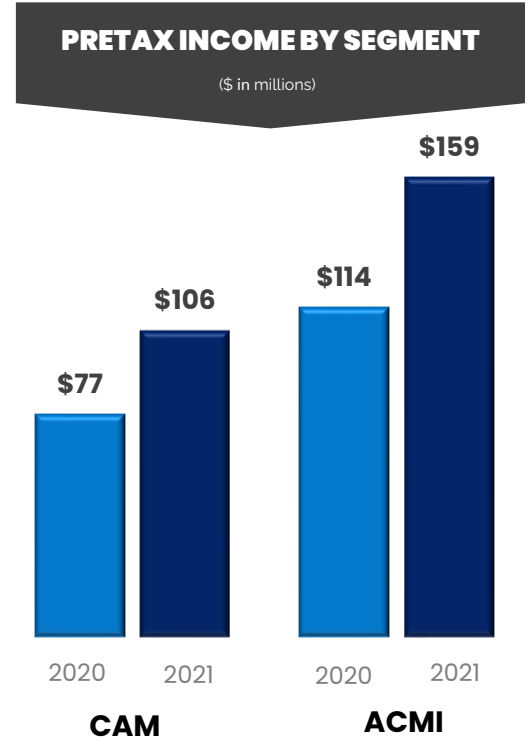
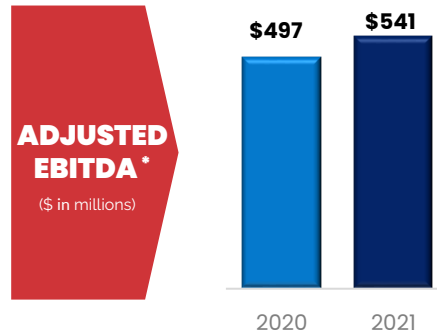
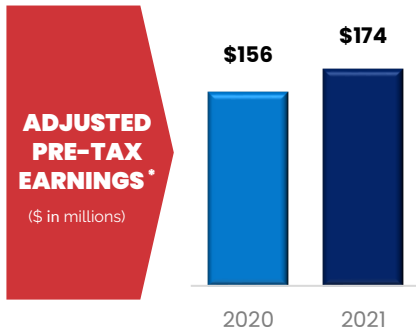
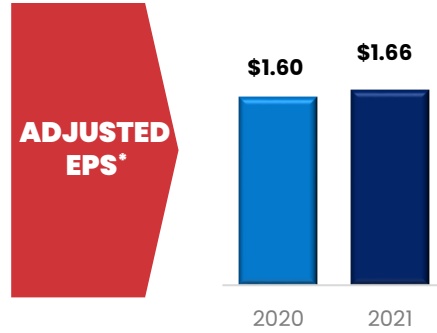
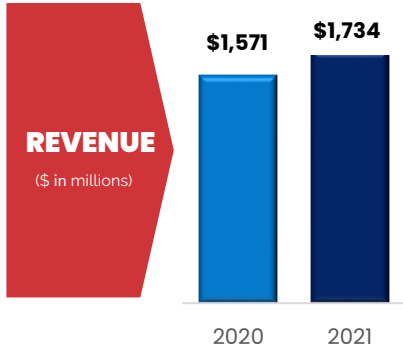
FY 2021 Revenue By Customer⁽¹⁾



(1) Segment revenue before elimination of internal revenues and revenue by customer percentages are calculated based on FY 2021 results.





2021 FINANCIALS

* Non-GAAP measure, please see enclosed GAAP reconciliation



ATSG'S DIFFERENTIATED BUSINESS MODEL

ATSG offers mid-size aircraft leasing solutions with an unmatched set of complementary cargo and passenger services

 ASSET	 MARKET	 SERVICES	 FINANCIALS
<ul style="list-style-type: none"> Owned aircraft portfolio focused on mid-size freighters - the asset of choice for express and e-commerce driven regional air networks Boeing 767 freighter is ideally suited to regional network flying due to high reliability, cubic capacity and durable performance 767 is the fastest growing freighter in regional air networks around the world Investment in next generation Airbus A321 and A330 conversion positions ATSG to capitalize on mid-range freighter demand 	<ul style="list-style-type: none"> E-commerce enabler, providing critical service globally to customers including Amazon, DHL, and UPS World's largest lessor of freighter aircraft Largest provider of passenger charter service to the DoD and other governmental agencies Differentiated package of value-added aviation services, building long-term customer partnerships Decades of experience with express network airline operations 	<ul style="list-style-type: none"> Differentiated value-added service offerings improve customer retention - most leasing customers use several services Best-in-class CMI airline operations for integrator and e-commerce networks Heavy maintenance, line maintenance, conversion, and engine PBC services Aircraft and cargo handling, sort operations, MHE and GSE service 	<ul style="list-style-type: none"> Solid balance sheet and conservative financial policy Significant revenue and cash flow visibility through long-term leases and operating contracts with blue-chip customer base Business significantly immunized against trade disruptions or GDP cycles No payload or fuel risk

BUNDLED SERVICES FOR TURNKEY SOLUTIONS



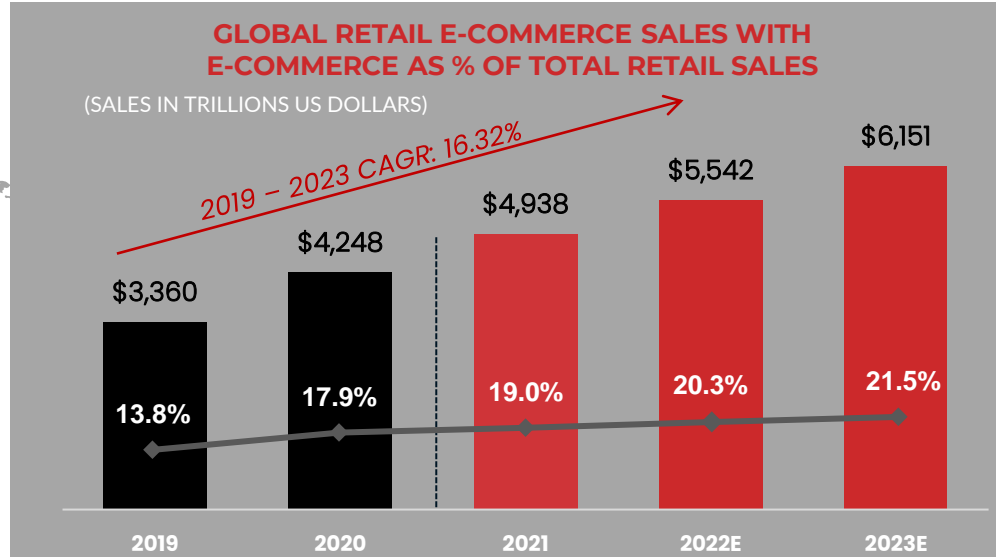
Amazon	+	+	+	+	+		
DHL	+	+	+	+	+		
Amerijet	+	+			+		
Cargojet	+				+		
UPS	+	+	+	+	+		
Northern Aviation Services	+	+	+	+	+		
DoD			+	+			+

ATSG GLOBAL GROWTH SUPPORTED BY E-COMMERCE AND EXPRESS NETWORKS



We Are Worldwide

ATSG fleet expansion through 2025 is focused on the growing regional global markets with continued growth in Canada, Mexico, Africa, and Malaysia.



Global E-commerce Growth

The pandemic has accelerated the shift to e-commerce by 5 years.

(Source: IBM U.S. Retail Index, 8/20, emarketer 12/21)

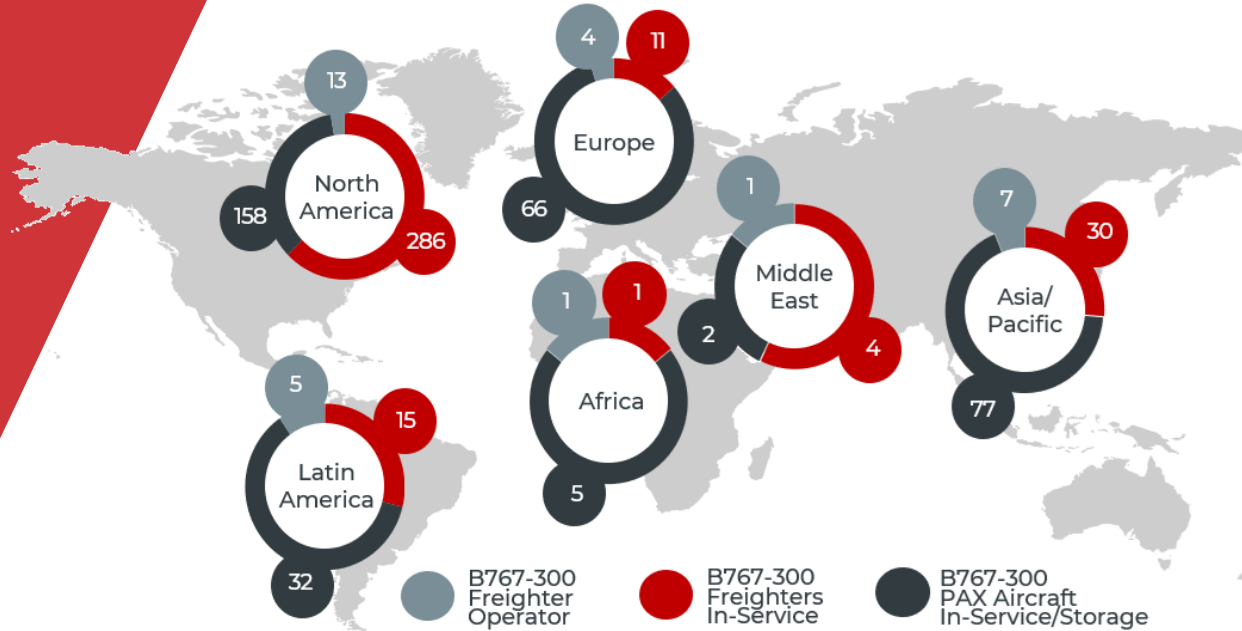
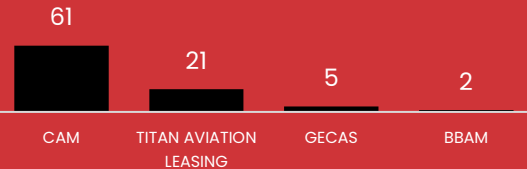
BOEING 767-300 FREIGHTER MARKET

1 767 is currently the preferred in-service freighter
This is an established airframe for the regional express and e-commerce operator

2 CAM dominates the leasing market for the 767

3 Five of the top ten 767-300 leased freighter operators are CAM customers

767-300 FREIGHTER LESSORS



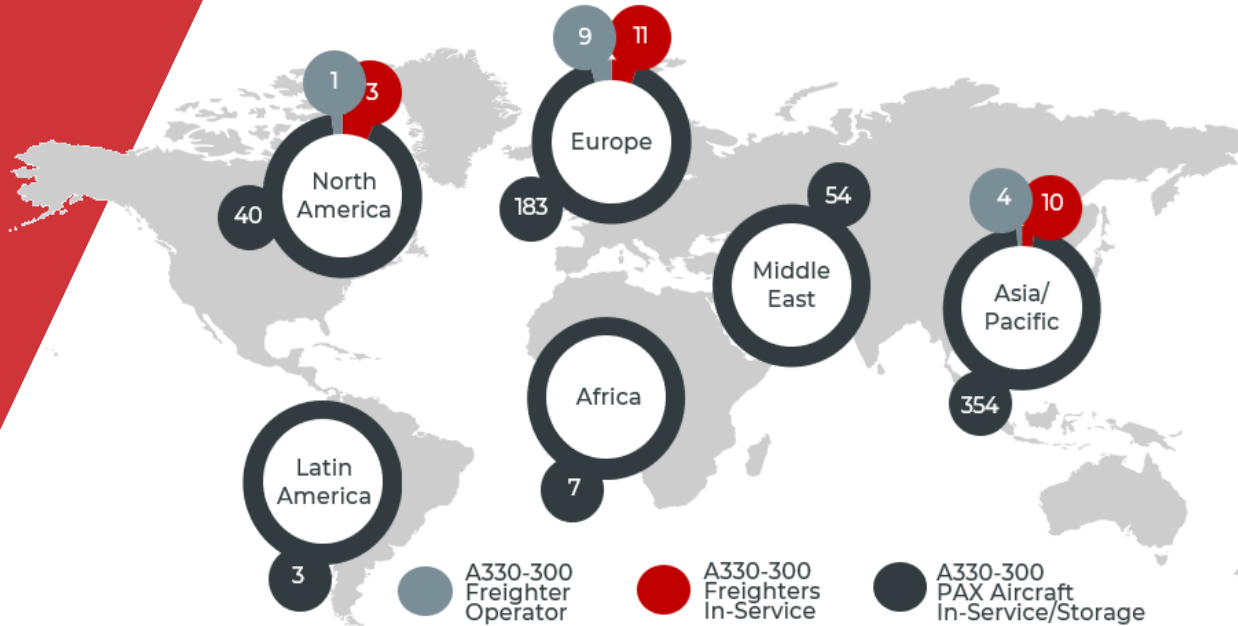
Sources: CIRIUM, Cargo Facts

AIRBUS A330-300 FREIGHTER MARKET

CAM will enter the A330 leasing market in 2024 with the first of at least twenty converted freighters to be leased between 2024 and 2026

- 1** Currently 641 aircraft in PAX configuration for feedstock with an average age of 10.3 years
- 2** Provides flexibility with 141" clear width & 101" clear height, hydraulically operated and range up to 3,600 nm
- 3** Target Operators – 767, 777 operators, European and Pacific markets for medium range air cargo delivery
- 4** Currently twenty-four A330-300 Freighter Aircraft in service with an average age of 13 years

Sources: CIRIUM, Cargo Facts



AIRBUS A321-200 FREIGHTER MARKET

CAM will enter the A321 leasing market in 2022 with up to three aircraft.

1

Affordable and available feedstock allowing ATSG to enter the narrowbody freighter leasing market

2

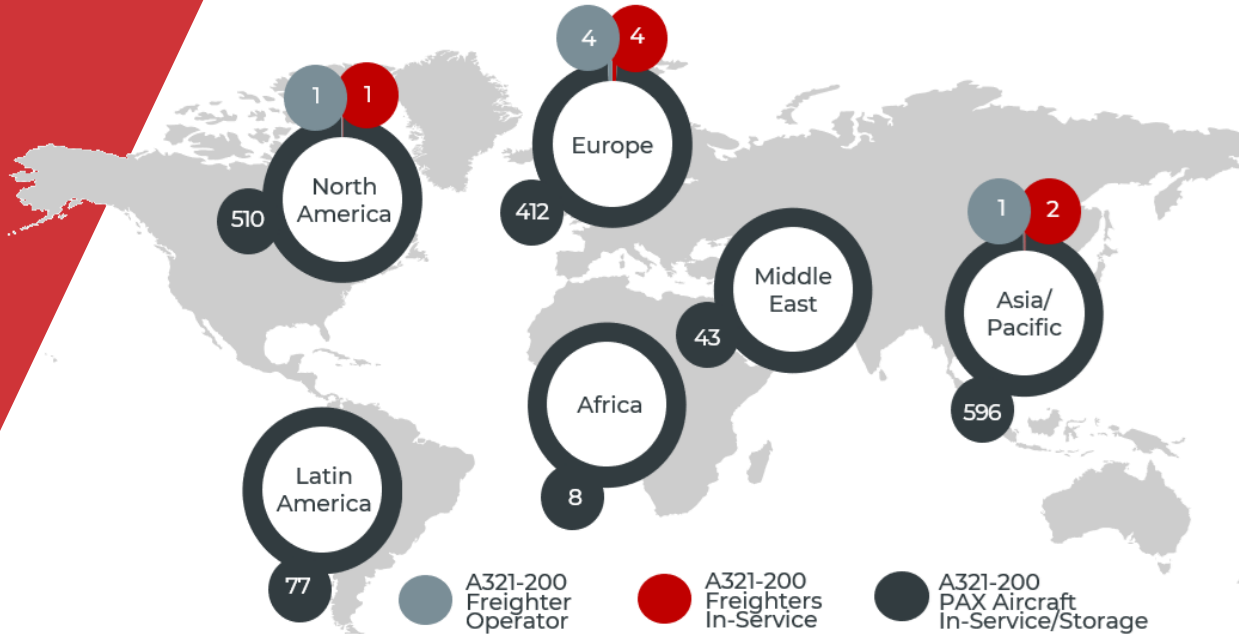
Alternative for 737F conversion, provides higher volume and similar efficiencies

3

Target operators – B737F, B757F and Airbus PAX carriers

4

Through JV, ATSG earns income on the conversion, MRO touch labor, component and kit development



Sources: CIRIUM, Cargo Facts

LONG-TERM RELATIONSHIPS

KEY CUSTOMERS



- Leading CRAF provider of passenger airlift services to the U.S. DoD
- Leader of CRAF Patriot team
- Charter passenger service to other government agencies, including Dept. of Homeland Security, Immigration & Customs Enforcement
- B757 Combi service to military for 20+ years



- Began with ACMI agreement for five Boeing 767 aircraft in 2015
- Through May 7, 2021, Amazon exercised 14.9 million warrants for 14.4 million shares of ATSG representing 19.5% ownership. ATSG received \$132M for the warrants exercised for cash in May 2021
- Amazon additionally holds 21.8 million warrants with an expiration in December 2025; if all 21.8M are exercised for cash of ~\$462M, Amazon's equity stake could total ~38%
- For all unexercised warrants, Amazon may elect a cashless option resulting in fewer shares and a lower equity stake



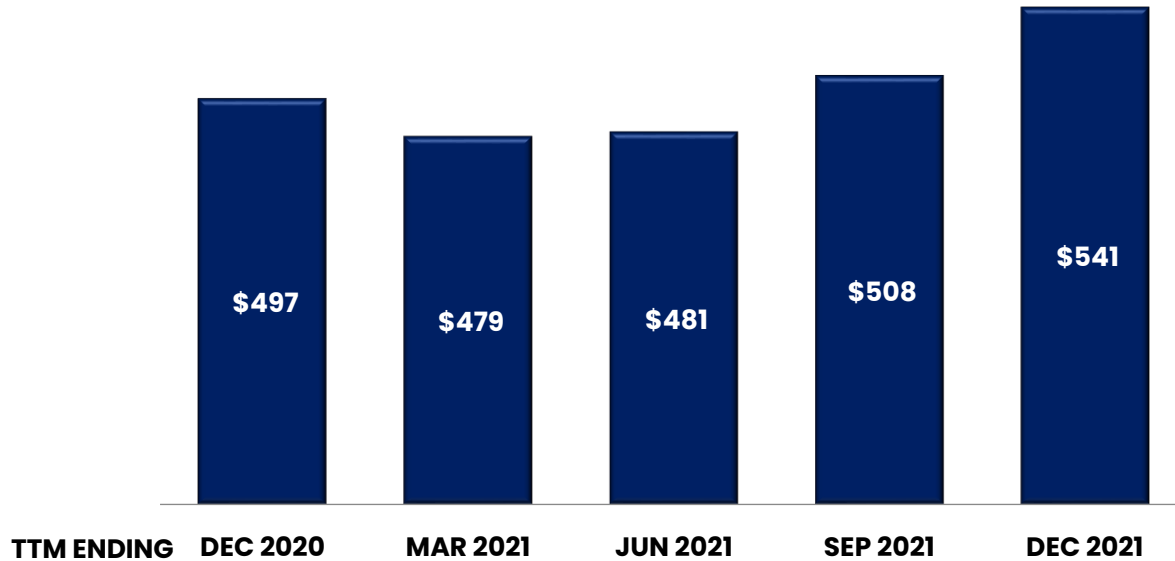
- Long-term contracts since August 2003
- In February 2022, announced six-year extensions of the CMI agreement and five dry leases for Boeing 767 freighters
- Adds two more 767 freighters to CMI agreement bringing the total operated to twelve
- In May 2021, DHL committed to lease four additional 767-300 freighters with one delivered in 2021 and three to deliver in 2022

ADJUSTED EBITDA*

-TRAILING TWELVE MONTH TREND

* Non-GAAP measure, please see enclosed GAAP reconciliation

(\$ in millions)

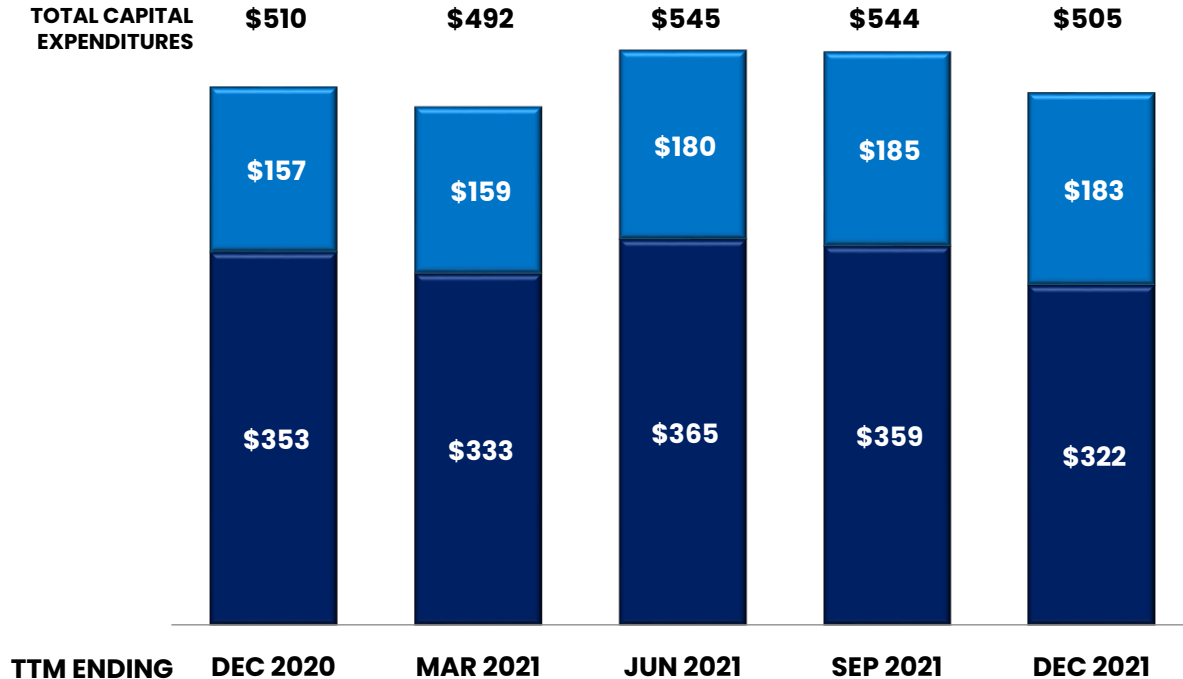


- **Adjusted EBITDA up 9% vs 2020 driven by a record fifteen additional Boeing 767 customer leases delivered in 2021**
- **ATSG airlines operated fourteen additional 767 CMI freighters since YE2020**
- **4Q 2021 revenue growth up 21% vs prior year**

CAPITAL EXPENDITURES

- TRAILING TWELVE MONTH TREND

(\$ in millions)



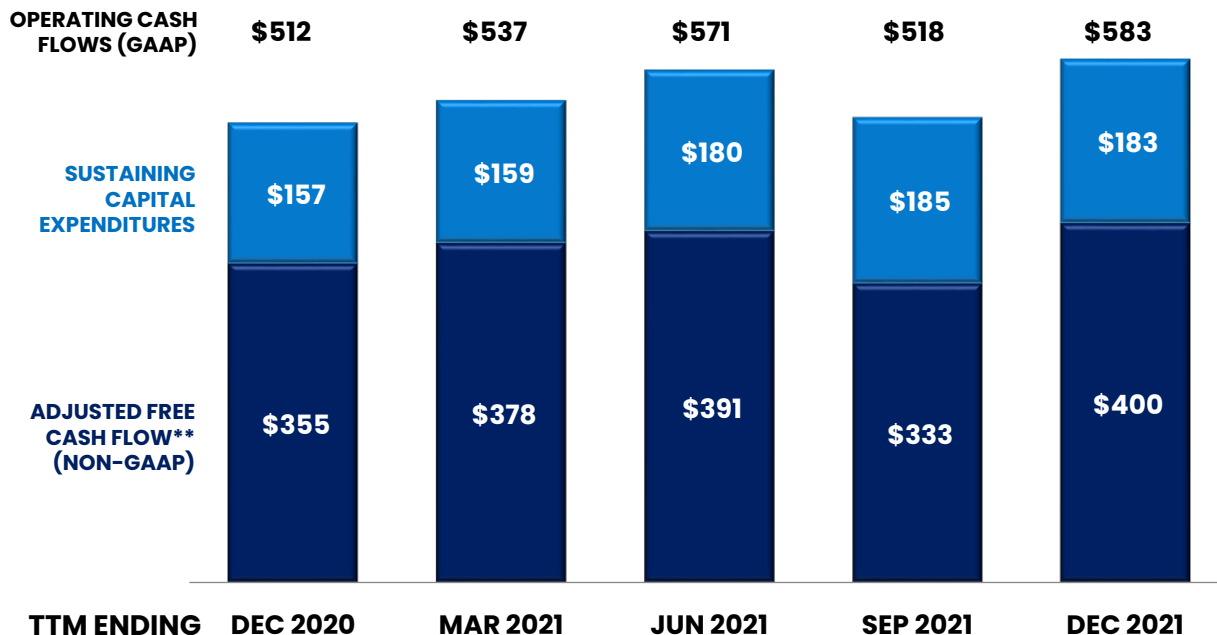
SUSTAINING CAPITAL EXPENDITURES	Cost of planned airframe maintenance, engine overhauls, technology, and other property and equipment.
GROWTH CAPITAL EXPENDITURES	Cost of aircraft acquisitions and freighter modifications.

- **Lower 2021 capex spend due in part to supply chain and pandemic effects on freighter conversion lines**

ADJUSTED FREE CASH FLOW**

-TRAILING TWELVE MONTH TREND

(\$ in millions)



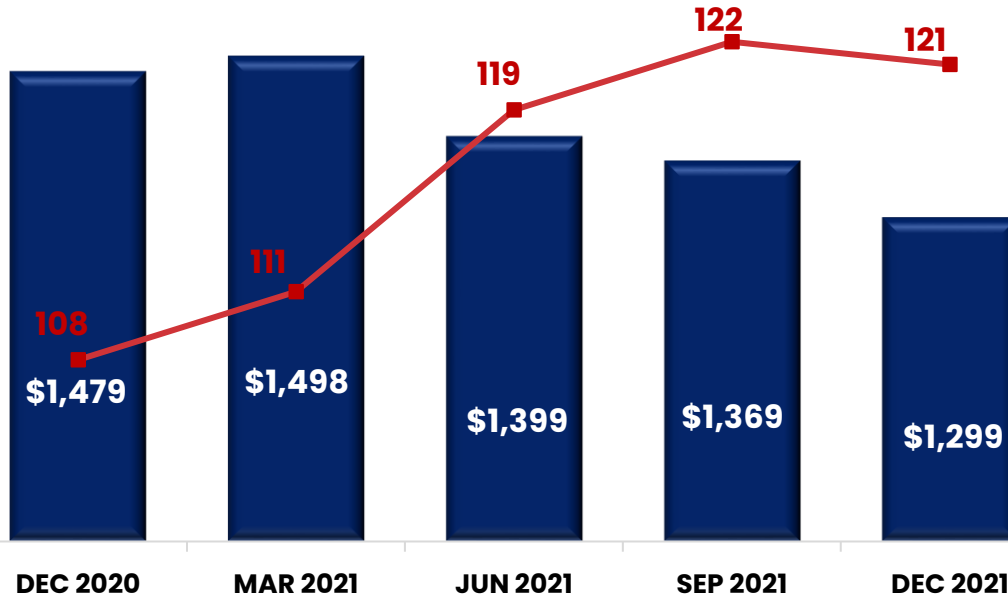
- No PSP cash receipts related to COVID in 2H 2021 compared to \$83 million in 1H 2021

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

FLEET GROWS WITHOUT ADDITIONAL DEBT

(\$ in millions)

TOTAL DEBT OWNED FLEET



Debt amounts shown reflect long term plus current portion of balance sheet debt at end of month shown.

- CAM owned 121 aircraft at 12/31/2021 including thirteen being converted to freighters
- Eighty-five CAM owned freighters were leased to external customers, twelve more than a year ago
- Debt leverage under bank agreement, which includes government grant proceeds, declined from 2.76x in December 2020 to 1.97x in December 2021

2021 OPERATING HIGHLIGHTS



- **Record fifteen additional customer leases of 767-300 freighter aircraft**
- **FAA certification of joint venture for A321 conversion adding first A321 freighter in late 2022**
- **Commitment for twenty A330-300 freighter conversions beginning in 2023**
- **Acquired feedstock and conversion slots for eleven aircraft expected to lease in 2022**
- **Growing passenger operations with commercial and military customers**
- **Agreement reached with DHL included six-year extension of the operating agreement and five freighter leases**

2022 OUTLOOK



- **Projected Adjusted EBITDA for 2022 up 18% to \$640M**
- **Eleven new freighter leases, including nine 767-300s and two A321-200s. One returned 767-200 will be re-leased**
- **ATSG's cargo airlines expect to operate seven more freighters by YE 2022 for its principal customers**
- **2022 capital spending projected approximately \$590M including \$390M growth plus \$200M sustaining**

QUESTION & ANSWER



APPENDIX



EPS ADJUSTMENTS

-NON-GAAP RECONCILIATION

	YEAR ENDED			
	December 31, 2020		December 31, 2021	
	\$	\$/Share	\$	\$/Share
Earnings from Continuing Operations - basic (GAAP)	\$ 25,079		\$ 228,980	
Gain from warrant revaluation, net tax	\$ -		\$ (15,564)	
Earnings from Continuing Operations - diluted (GAAP)	\$ 25,079	\$ 0.42	\$ 213,416	\$ 2.80
Adjustments, net of tax				
Customer incentive amortization	\$ 15,953	\$ 0.27	\$ 17,823	\$ 0.23
Remove effects of government grants	\$ (36,451)	\$ (0.61)	\$ (86,187)	\$ (1.13)
Remove effects of aircraft impairments	\$ 30,157	\$ 0.50	\$ -	\$ -
Non-service component of retiree benefits	\$ (9,287)	\$ (0.15)	\$ (13,759)	\$ (0.18)
Debt issuance costs	\$ -	\$ -	\$ 5,020	\$ 0.07
Derivative and warrant revaluation	\$ 85,865	\$ 0.98	\$ (7,573)	\$ (0.16)
Loss from affiliates	\$ 11,337	\$ 0.19	\$ 1,988	\$ 0.03
Adjusted Earnings from Continuing Operations (non-GAAP)	\$ 122,653	\$ 1.60	\$ 130,728	\$ 1.66
	SHARES		SHARES	
Weighted Average Shares - diluted	59,931		76,216	
Additional weighted average shares	16,806		2,680	
Adjusted Shares (non-GAAP)	76,737		78,896	

Adjusted Earnings from Continuing Operations and Adjusted Earnings Per Share from Continuing Operations are non-GAAP financial measures and should not be considered as alternatives to Earnings from Continuing Operations, Weighted Average Shares – diluted, Earnings Per Share from Continuing Operations or any other performance measure derived in accordance with GAAP. Adjusted Earnings and Adjusted Earnings Per Share from Continuing Operations should not be considered in isolation or as a substitute for analysis of the company's results as reported under GAAP. Additional weighted shares includes 14.4 million shares as if Amazon's publicly announced warrant conversion plan was completed plus additional weighted shares assuming that Amazon net settled its remaining warrants during each period.

ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

-NON-GAAP RECONCILIATION

Trailing twelve months ended (\$ in 000's)	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021
GAAP Pre-Tax earnings (Loss) from Contg Ops	\$ 41	\$ (44)	\$ 166	\$ 242	\$ 301
Interest Expense	\$ 63	\$ 61	\$ 60	\$ 59	\$ 59
Depreciation and Amortization	\$ 278	\$ 280	\$ 287	\$ 297	\$ 308
Add customer incentive amortization	\$ 21	\$ 22	\$ 22	\$ 23	\$ 23
Less government grants recognized	\$ (47)	\$ (75)	\$ (104)	\$ (112)	\$ (112)
Add impairment of aircraft and related assets	\$ 39	\$ 39	\$ -	\$ -	\$ -
Add non-service components of retiree benefit	\$ (12)	\$ (14)	\$ (15)	\$ (17)	\$ (18)
Less debt issuance costs	\$ -	\$ -	\$ 7	\$ 6	\$ 7
Less net (gain) loss on financial instruments	\$ 101	\$ 198	\$ 53	\$ 7	\$ (30)
Add loss from non-consolidated affiliates	\$ 13	\$ 12	\$ 5	\$ 3	\$ 3
	-	-	-	-	-

Adjusted EBITDA is defined as Earnings from Continuing Operations Before Income Taxes plus net interest expense, depreciation and amortization expense, 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 also excludes impairment charges for aircraft valuations and related assets and the effects of government grants received under payroll support programs.

Adjusted EBITDA is non-GAAP financial measure and should not be considered alternative to net income or any other performance measure derived in accordance with GAAP. Management uses Adjusted EBITDA to assess the performance of its operating results among periods. This measure 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.