

**1Q
2023**

| ATSG

QUARTERLY PRESENTATION



**RICH CORRADO | PRESIDENT & CEO
JOE PAYNE | CLO
MIKE BERGER | CSO
QUINT TURNER | CFO**



SAFE HARBOR STATEMENT

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 05/04/2023.

2023

FIRST QUARTER

HIGHLIGHTS

Customer
Revenues \$501
million,

up \$15 million or
3% over 1Q 2022

Adjusted Free
Cash Flow**

\$358 million
current trailing
twelve months

2023 Q1 Adjusted
EBITDA*

\$138 million,

down 12% vs 1Q
2022



GAAP EPS (basic)
from Continuing
Operations \$0.28,

vs. \$0.67 in 1Q
2022

Adjusted EPS*
of \$.36,

vs \$.56 in 1Q
2022, down 36%

2023 Adjusted
EBITDA Guidance
revised to \$610 –
\$620 million on
lower passenger
airline results

*Non-GAAP measure, please see the company's 8K and accompanying earnings release for GAAP reconciliation furnished and dated May 4, 2023

** Non-GAAP measure, please see enclosed GAAP reconciliation

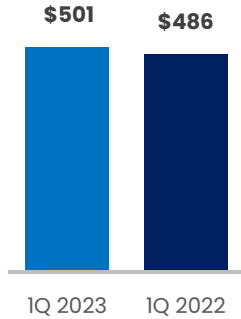
1Q 2023

FINANCIALS

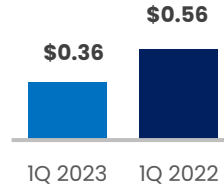
(\$ in millions except per share data)



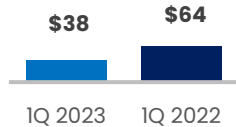
REVENUE



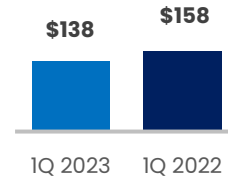
ADJUSTED EPS*



ADJUSTED PRE-TAX EARNINGS*



ADJUSTED EBITDA*



PRETAX INCOME BY SEGMENT



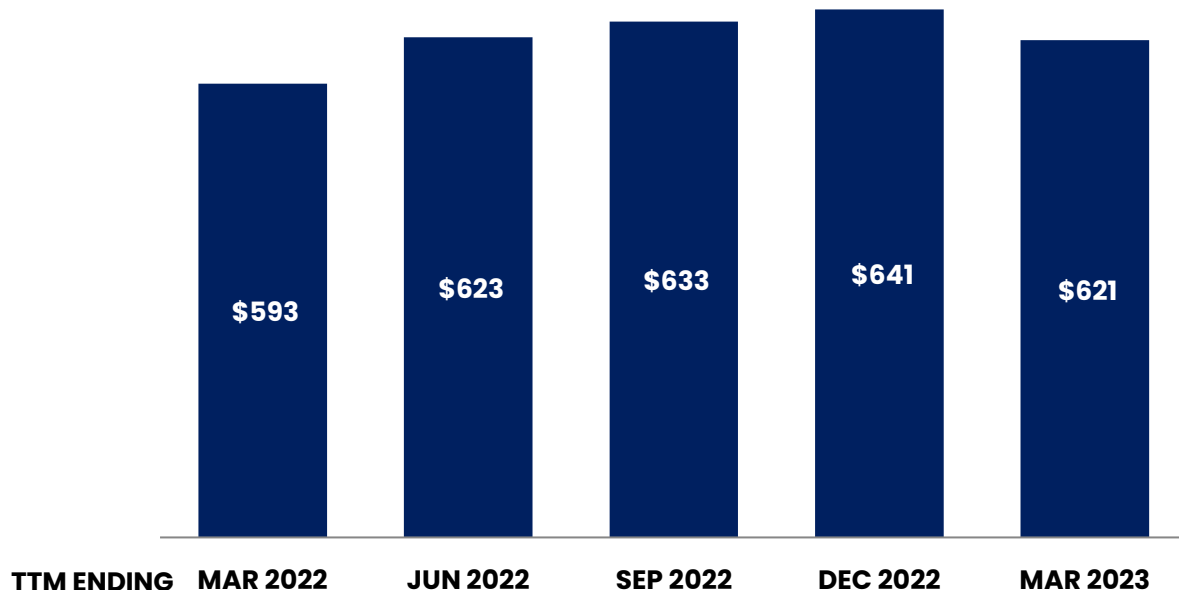
* Non-GAAP measure, see GAAP reconciliation attached. For more information about non-GAAP adjustments, see the company's 8K and accompanying earnings release.

-TRAILING TWELVE MONTH TREND

ADJUSTED EBITDA*



(\$ in millions)

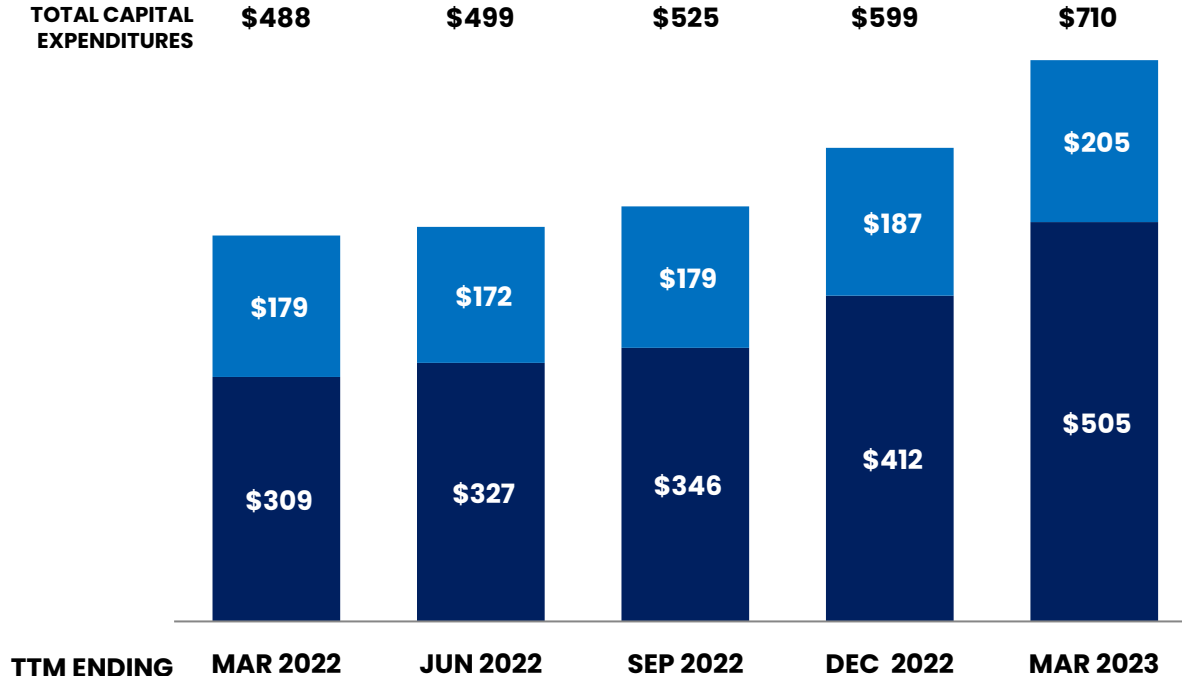


- **1Q 2023 Adjusted EBITDA of \$138M, down 12% vs 1Q 2022**
- **Larger fleet of Company owned Boeing 767s aircraft under lease**
- **Added nineteen CAM-owned converted aircraft into service since March 2021**
- **Added eleven customer provided aircraft to ACMI Services since March 2021**

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

-TRAILING TWELVE MONTH TREND

CAPITAL EXPENDITURES



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.

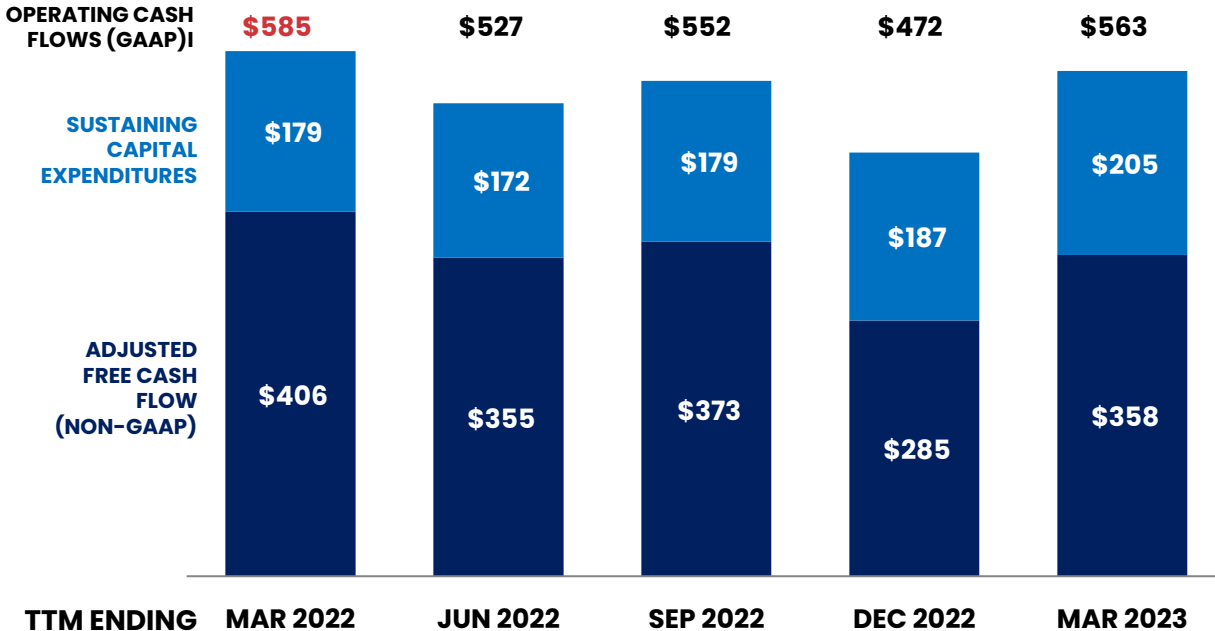
- **Feedstock purchases and conversion costs up, to support fourteen B767-300 and six A321 deliveries in 2023**
- **Projected 2023 total capital spend of \$850M – \$260M for Sustaining and \$590M for Growth**

-TRAILING TWELVE MONTH TREND

ADJUSTED FREE CASH FLOW**



(\$ in millions)



- Dec 2022 TTM reflects 4Q 2022 increase in working capital, including a \$67M increase in DoD receivables paid down in 1Q 2023

Includes \$46M pandemic-related grant funds

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

CAPITAL STRUCTURE

(\$ in thousands)



	December 31,		March 31,
	2021	2022	2023
Senior Secured Revolver	\$360	\$620	\$700
Unsecured Notes			
Convertible Notes	259	259	259
Unsecured Notes Payable	700	580	580
Total Debt Maturity Values	\$1,319	\$1,459	\$1,539
Leverage Ratio Bank Agreement	2.06X	2.22X	2.43X

- **\$388M of unused capacity under senior revolver facility as of 3/31/2023**
- **Added \$100M revolver facility in Ireland in 2023**
- **Accommodates share repurchases; two million shares repurchased in 4Q 2022, one million shares repurchased in 1Q 2023**

Revolver is SOFR based, Debt-to EBITDA variable rate 5.765%, 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

1Q 2023

OVERVIEW

- 1Q 2023 results reflect lower passenger airline revenues and inflationary effects on all airlines
- Line maintenance cost and crewmember travel costs increased at double-digit rates per cycle vs 1Q 2022
- Omni Air revenues down on 25% fewer block hours of flying vs 1Q 2022
- Cargo airline block hours up 4% on larger CMI fleet

FLEET

INVESTMENTS & RETURNS

- **CAM scheduled to lease twenty newly converted freighters (14-767s, 6-A321-200s) in 2023 to generate double-digit returns on invested capital; \$70+M of annualized freighter lease revenue in 2024 and beyond**
- **767 conversion vendor pace improving; expect eight freighter deliveries in 1H 2023, twelve in 2H 2023**
- **Resolving regulatory reviews by International authorities for A321-200 dry lease deliveries**
- **Given strong global midsize freighter demand and scarce feedstock, a/c on hand will complete 2023 deliveries and several 2024 deliveries**
- **ATSG has flexibility to redirect some 2024 and beyond capex to debt reduction, buy back shares**

2023

OUTLOOK

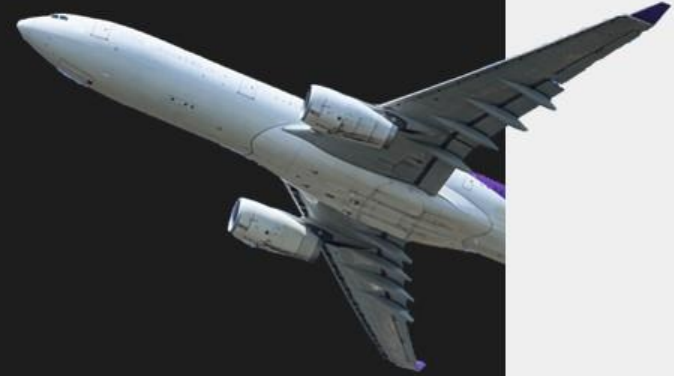
- Adjusted EBITDA for 2023 to be \$610 – \$620 million**
- Full year 2023 Adjusted EPS to be \$1.55 – \$1.70**
- 2023 capital spending \$850 million, including \$260 million in sustaining capex and \$590 million for growth**
- ATSG remains midsize freighter market leader, with superior customer service record and strong balance sheet**

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QUESTION

AND

ANSWER



**1Q
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APPENDIX



-ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

NON-GAAP RECONCILIATION



(\$ in millions)

Trailing twelve months ended	1Q2022	2Q2022	3Q2022	4Q2022	1Q2023
GAAP Pre-Tax Earnings (Loss) from Cont Ops	\$ 311	\$ 276	\$ 260	\$ 260	\$ 222
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ (1)
Interest Expense	\$ 56	\$ 50	\$ 48	\$ 47	\$ 51
Depreciation and Amortization	\$ 319	\$ 325	\$ 331	\$ 331	\$ 334
Add customer incentive amortization	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23
Less government grants recognized	\$ (84)	\$ (45)	\$ (15)	\$ -	\$ -
Add impairment of aircraft and related assets	\$ -	\$ -	\$ -	\$ -	\$ -
Add non-service components of retiree benefit	\$ (19)	\$ (20)	\$ (20)	\$ (20)	\$ (11)
Less debt issuance costs	\$ 7	\$ -	\$ -	\$ -	\$ -
Less net (gain) loss on financial instruments	\$ (23)	\$ 7	\$ (2)	\$ (9)	\$ (5)
Add loss from non-consolidated affiliates	\$ 3	\$ 7	\$ 7	\$ 8	\$ 7
Add hangar foam incident	\$ -	\$ -	\$ 1	\$ 1	\$ 1
Adjusted EBITDA (non-GAAP)	\$ 593	\$ 623	\$ 633	\$ 641	\$ 621