



AIR TRANSPORT SERVICES GROUP 3Q 2022 PRESENTATION

NOVEMBER | 04 | 2022

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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 11/3/2022.

THIRD QUARTER 2022 HIGHLIGHTS

*Non-GAAP measure, please see the company's 8K and accompanying earnings release for GAAP reconciliation furnished and dated 11/3/2022

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

GAAP EPS (basic) from
Continuing Operations
\$.68

Customer Revenues **\$517** million,
up **\$51 million or 11%** over 3Q 2021



Adjusted EPS* of **\$.60**,
vs. **\$.57** in 3Q 2021, up **5%**

TTM Adjusted EBITDA* **\$633** million,
up **25% vs \$508** million TTM 3Q 2021

Consistently strong
Adjusted Free
Cash Flow**
(**\$373 million** current
trailing twelve months)



2022 Adjusted EBITDA Guidance of
\$640 million, up nearly **\$100 million** vs
2021



3Q 2022 FINANCIALS

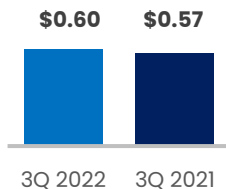
*Non-GAAP measure, please see the company's 8K and accompanying earnings release for GAAP reconciliation furnished and dated 11/3/2022

REVENUE

(\$ in millions)

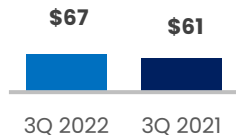


ADJUSTED EPS*



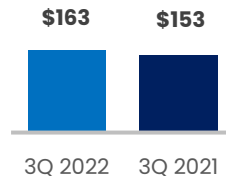
ADJUSTED PRE-TAX EARNINGS*

(\$ in millions)



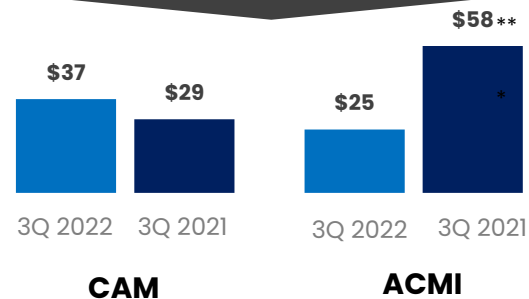
ADJUSTED EBITDA*

(\$ in millions)



PRETAX INCOME BY SEGMENT

(\$ in millions)



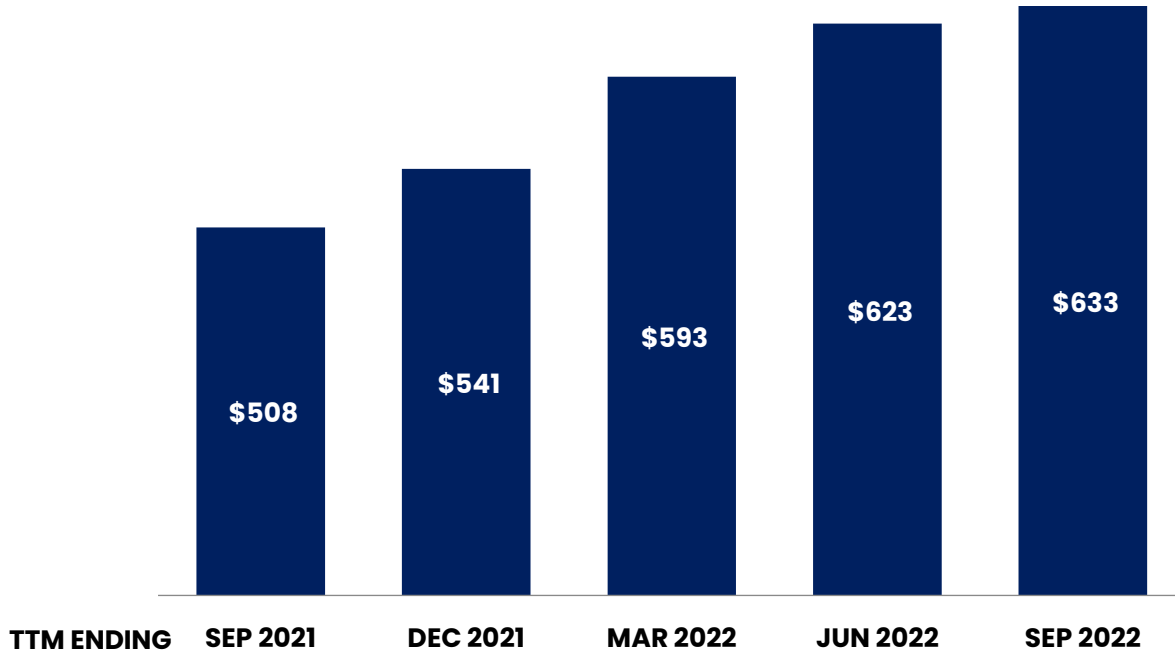
** ACMI 3Q 2021 included \$30M from government grants. No government grants will be recognized in 2022.

ADJUSTED EBITDA*

- TRAILING TWELVE MONTH TREND

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

(\$ in millions)

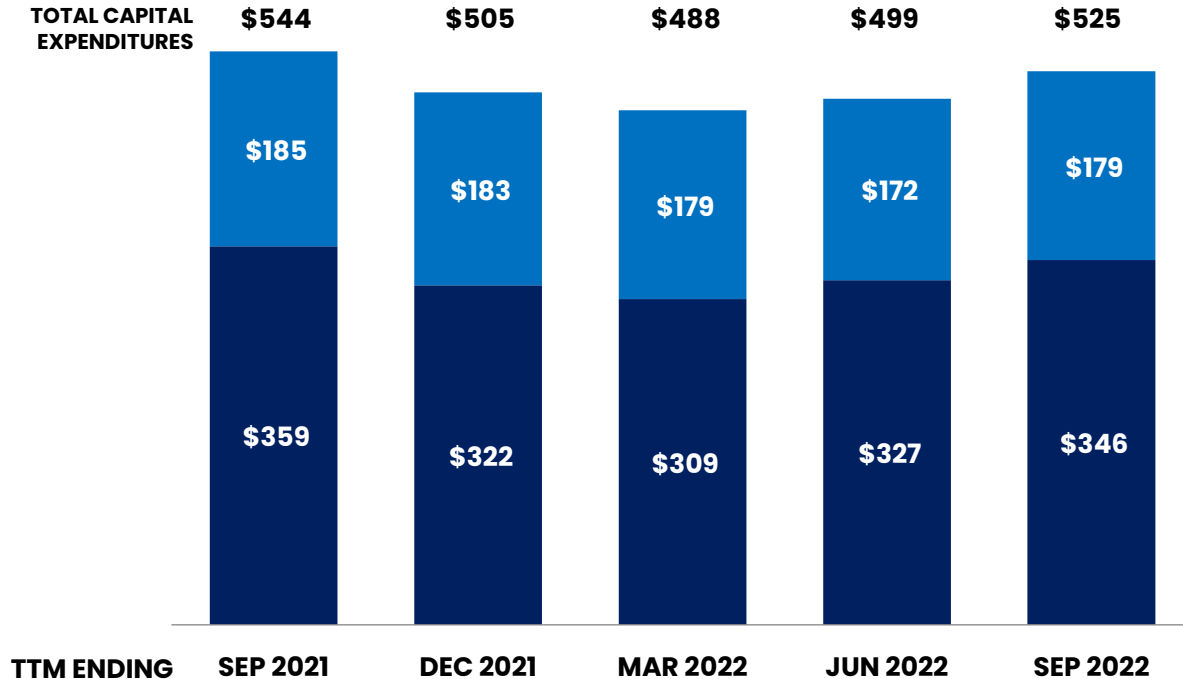


- **3Q 2022 Adjusted EBITDA up 6% vs 3Q 2021; up 24% for first nine months of 2022 vs 2021**
- **Larger fleet of Company owned Boeing 767s aircraft under lease**
- **In-service fleet increased by twelve aircraft since September 2021; six CAM-owned and six customer-provided aircraft**

CAPITAL EXPENDITURES

-TRAILING TWELVE MONTH TREND

(\$ in millions)



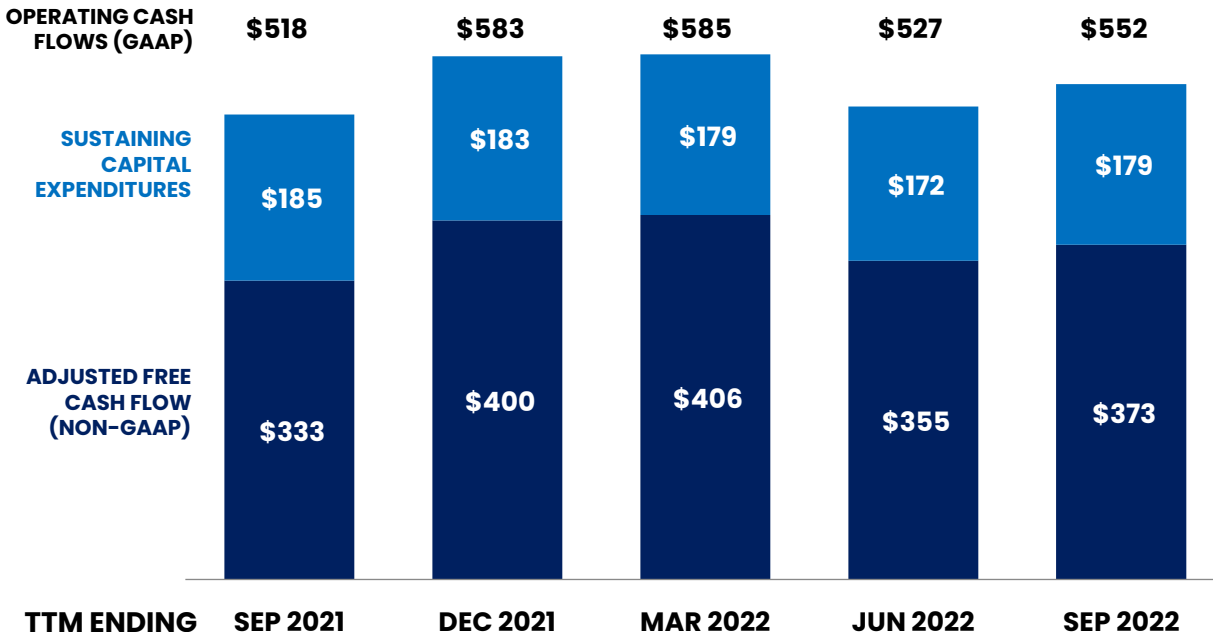
SUSTAINING CAPITAL EXPENDITURES	Cost of planned airframe maintenance, engine overhauls, technology, and other property and equipment.
GROWTH CAPITAL EXPENDITURES	Cost of aircraft acquisitions and freighter modifications.

- **Twenty-one aircraft in conversion on September 30, 2022 with three to be leased in Q4 22.**
- **Projected 2022 Total Capital spend of \$625M - \$195M for Sustaining and \$430M for Growth.**

ADJUSTED FREE CASH FLOW**

-TRAILING TWELVE MONTH TREND

(\$ in millions)

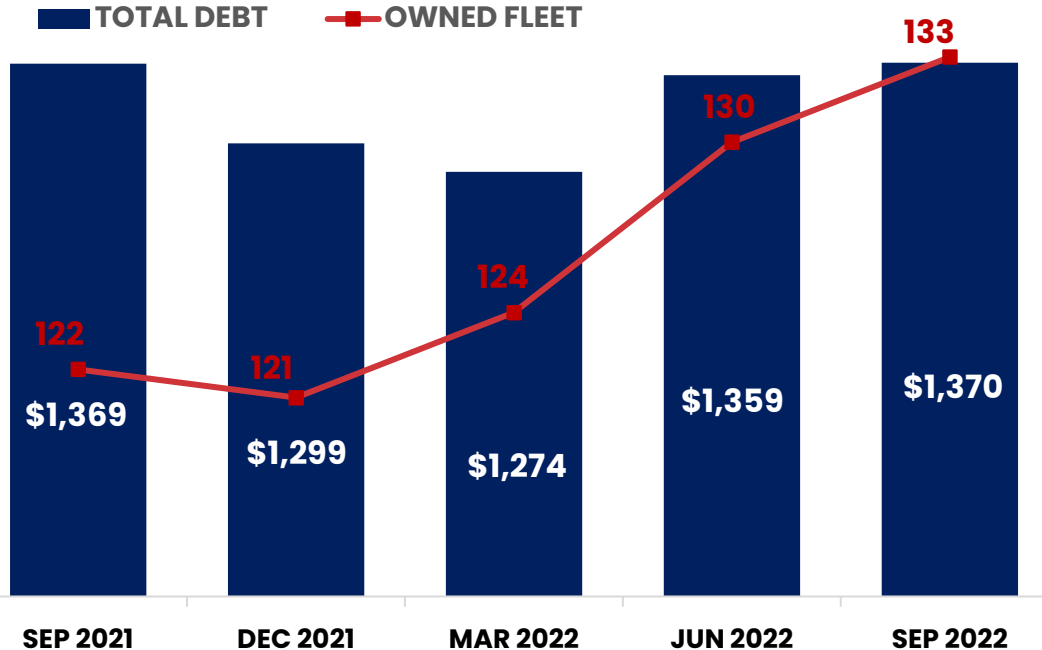


- **Stable sustaining capital expenditures**
- **ATSG received \$83M in non repayable COVID PSP grants between October 2020 through May 2021**
- **Adjusted Free Cash Flow funds Growth Capex**

**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)



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

- CAM owned 133 aircraft on September 30, 2022 including twenty-one being converted to freighters
- Debt leverage under bank agreement, which includes government grant proceeds, improved from 2.18x in September 2021 to 2.06x in September 2022

2022 PERFORMANCE DRIVERS



- **2022 revenue and earnings gains fueled by seven incremental externally leased aircraft since September of 2021**
- **ACMI customers assigned us six more 767 freighters they own or lease from others since September of 2021**
- **Strong international demand for midsize freighters; all but two of this year's new freighter leases will operate outside the U.S.**
- **E-commerce, strong driver of consumer shopping for convenience and price, supports increased flying in air cargo networks**

FREIGHTER DEMAND REMAINS STRONG



- **Long-term growth secured by conversion capacity**
- **2022 feedstock purchases to support at least twenty 2023 lease deployments, including fourteen 767s and six A321s**
- **More than 20 of the 29 A330s we intend to convert and deploy from 2024 through 2027 are committed to customers.**

2022 OUTLOOK



- **Projected Adjusted EBITDA for 2022 up 18% to \$640M**
- **Three new 767-300 freighter leases expected in Q4 2022. Plus 3 additional customer-provided aircraft for CMI in Q4**
- **Omni passenger and ATI combi flights continue to increase for 2022**
- **2022 capital spending projected at \$625M, including \$430M for growth plus \$195M for sustaining**
- **Long-term aircraft leases, network operating agreements and government flying mitigates economic risk from inflation and GDP slowdown**

QUESTION & ANSWER



APPENDIX



NON-GAAP RECONCILIATION

-ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

Trailing twelve months ended (\$ in 000s)	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022
GAAP Pre-Tax Earnings (Loss) from Cont Ops	\$ 242	\$ 301	\$ 311	\$ 276	\$ 260
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ 59	\$ 59	\$ 56	\$ 50	\$ 48
Depreciation and Amortization	\$ 297	\$ 308	\$ 319	\$ 325	\$ 331
Add customer incentive amortization	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23
Less government grants recognized	\$ (112)	\$ (112)	\$ (84)	\$ (45)	\$ (15)
Add impairment of aircraft and related assets	\$ -	\$ -	\$ -	\$ -	\$ -
Add non-service components of retiree benefit	\$ (17)	\$ (18)	\$ (19)	\$ (20)	\$ (20)
Less debt issuance costs	\$ 6	\$ 7	\$ 7	\$ -	\$ -
Less net (gain) loss on financial instruments	\$ 7	\$ (30)	\$ (23)	\$ 7	\$ (2)
Add loss from non-consolidated affiliates	\$ 3	\$ 3	\$ 3	\$ 7	\$ 7
Add hangar foam incident	\$ -	\$ -	\$ -	\$ -	\$ 1
Adjusted EBITDA (non-GAAP)	\$ 508	\$ 541	\$ 593	\$ 623	\$ 633