



MARCH 02, 2021

INVESTOR PRESENTATION



RICH CORRADO
PRESIDENT & CEO

QUINT TURNER
CFO

MIKE BERGER
CCO

SEAGAN ROBINSON
DIRECTOR OF TREASURY

www.ATSGinc.com

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, (i) the following, which relate to the current COVID-19 pandemic and related economic downturn: the pandemic may continue for a longer period, or its impact on commercial and military passenger flying, may be more substantial than what we currently expect; disruptions to our workforce and staffing capability or in our ability to access airports and maintenance facilities; the impact on our customers' creditworthiness; and the continuing ability of our vendors and third party service providers to maintain customary service levels; and (ii) other factors that could impact the market demand for our assets and services, including 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 and in interest rates, which may result in mark-to-market charges on certain financial instruments; the number, timing and scheduled routes of our aircraft deployments to customers; our ability to remain in compliance with key agreements with customers, lenders and government agencies; changes in general economic and/or industry specific conditions; and 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.



LEADERSHIP



Rich Corrado
President & CEO

Rich held executive roles at Airborne Express and DHL prior to joining ATSG in 2010. He was named Chief Operating Officer in 2017, President in 2019, and Chief Executive Officer in 2020.



Joe Payne
Secretary & CLO

Joe has been with the company since April 1995. He was named General Counsel in 2004 and Chief Legal Officer in 2016.



Quint Turner
CFO

Quint has been with the company since 1988. He has held the role of Chief Financial Officer since 2004.



Mike Berger
CCO

Mike held top sales leadership roles with TNT in Europe and DHL in the US before joining ATSG in his current role in 2018.



Ed Koharik
COO

Ed served 23 years in the U.S. Military and held senior leadership roles at Flight Safety International prior to joining ATSG in his current role in 2019.

- The Leadership Team has delivered growth by pioneering the Lease + CMI model employed today
- Their combined more than 100 years of experience as part of the ATSG business has provided a stable influence and necessary leadership to navigate periods of growth and change
- Leadership focuses extensively on the mid-size converted freighter market, which has successfully differentiated the Company from other leasing companies
- Experience in airline and air cargo operations provides the leadership team a unique insight and ability to meet customer demand

ATSG'S DIFFERENTIATED BUSINESS MODEL



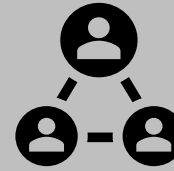
ASSET

- ✓ 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 conversion positions ATSG to capitalize on mid-range freighter demand



MARKET

- ✓ E-commerce enabler, providing critical service globally to customers such as 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 providing best-in-class reliable service to customers such as Amazon, DHL, and UPS



SERVICES

- ✓ Provider of bundled services differentiating ATSG from any other lessor and resulting in incremental returns
- ✓ Service offerings improve customer retention – most leasing customers use several services
- ✓ Best-in-class CMI services for integrator and e-commerce networks
 - ✓ Heavy maintenance, line maintenance, conversion, and engine PBC services
 - ✓ Aircraft and cargo handling, sort operations, material handling equipment and ground support equipment service



FINANCIAL

- ✓ Solid balance sheet and conservative financial policy
- ✓ Long-term leases and operating contracts with blue-chip customer base
- ✓ Strong sustainable cash flows through varying economic cycles
- ✓ Business model not subject to trade disruptions or cyclical GDP
- ✓ No payload or fuel risk

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

Strong 2020 Financial Results

Year end revenues highest in ATSG's history despite pandemic effects. Record year end levels of Adjusted EPS, Adjusted EBITDA.

Record Boeing 767-300F Deployments

Leased eleven 767-300 freighters to external customers during 2020, including five to Amazon, three to UPS, one each to MAS Air, Cargo Jet and Amerijet.

Even Stronger Balance Sheet

Eight-year, \$500 million unsecured bond offering in January, priced at 4.75% coupon. ATSG only the fifth first-time issuer to achieve a coupon below 5%

Ratified Labor Pact at ABX Air

Pilots represented by Teamsters Local 1224 ratified amendment of CBA with ABX Air, extending it for six years from Dec. 30, 2020.

New Aircraft Technology Investments

2020 focus on continuous improvement processes includes new software and systems to monitor more aircraft components in real time, plus track, compare and predict their performance over time.



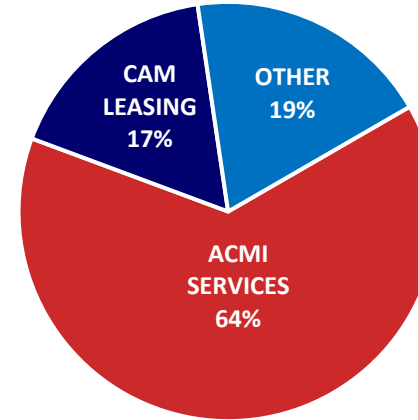
RECENT ACCOMPLISHMENTS



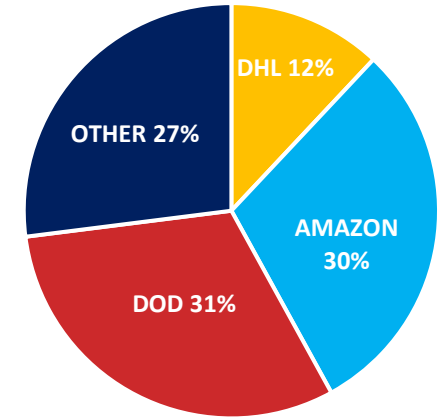
ATSG - AT A GLANCE

- **In-service fleet of 106 at 12/31/20: 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 Omni Air International on November 9, 2018**
- **Delivers integrated operational solutions to customers**
- **Markets include air cargo and air express (package) transport, and ACMI and charter passenger transport for commercial and government entities**
- **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**
- **5,300+ employees worldwide**

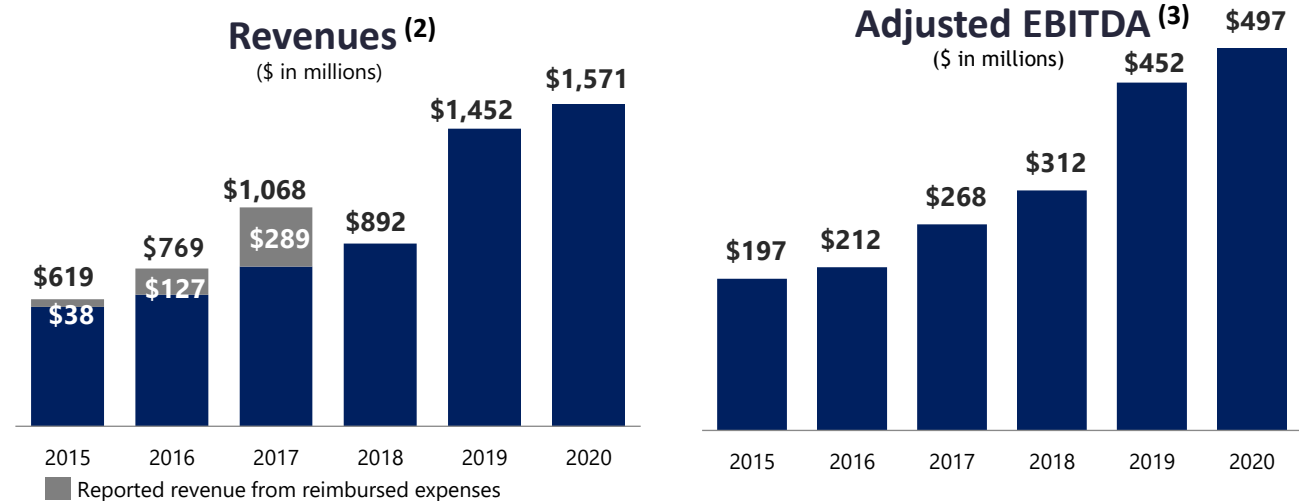
2020 Revenue By Segment⁽¹⁾



2020 Revenue By Customer⁽¹⁾



Historical Financial Performance



(1) Segment revenue before elimination of internal revenues and revenue by customer percentages are calculated based on 2020 results
 (2) Pro-forma adjustment to 2015-2017 revenues illustrate the effect of changes in revenue recognition rules effective 1/1/18 as if they were in effect on 1/1/15.
 (3) Adjusted EBITDA is a non-GAAP metric. See table at end of this presentation for reconciliation to nearest GAAP results.



52

Boeing 767-300 Freighter

Forty-five dry-leased to UPS, DHL, Amazon, NAC, Amerijet, Cargojet, MasAir up to 10-year terms
Two supplied by Amazon operated under CMI



33

Boeing 767-200 Freighter

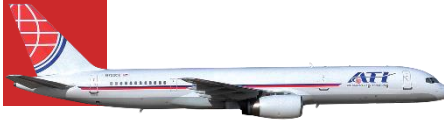
Twenty-eight dry-leased to Amazon, DHL, Amerijet, Cargojet, SkyTaxi, Raya, West Atlantic, MasAir, Astral up to 7-year terms



4

Boeing 757-200 Combi

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



1

Boeing 757-200 Freighter

Under ACMI agreement with DHL through 1Q2021



3

Boeing 777-200 Passenger

Commercial, DoD, and U.S. and allied Governments



10

Boeing 767-300 Passenger

Commercial, DoD, and U.S. and allied Governments



3

Boeing 767-200 Passenger

Commercial ACMI/Charter, DoD



Projected 767-300 Freighter Lease Deployments in 2021

Based on current order book, CAM a subsidiary of ATSG anticipates modifying and dry leasing at least fifteen additional Boeing 767-300 freighters during 2021.

IN-SERVICE

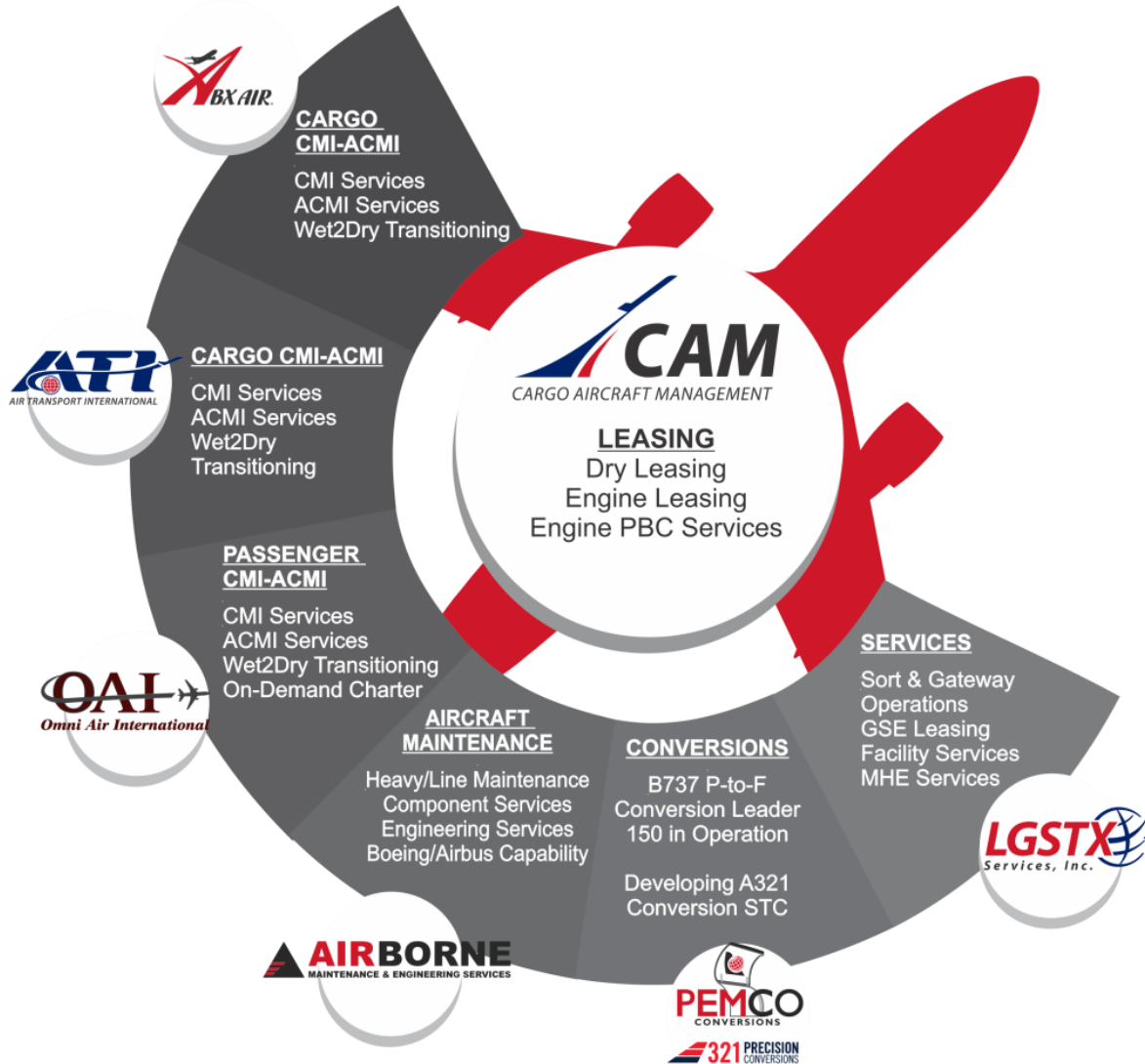
FLEET

DECEMBER 31, 2020

106 AIRCRAFT



BUNDLED SERVICES FOR TURNKEY SOLUTIONS



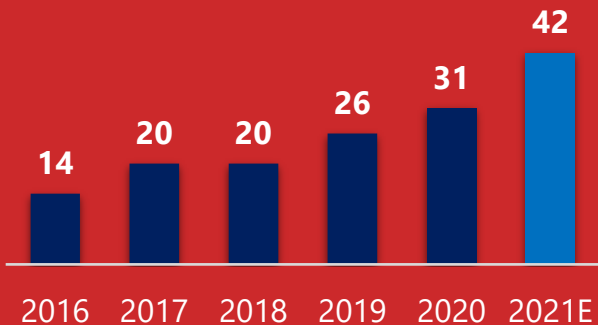
Customer	CAM	ABX Air	ATI	Airborne	LGSTX	Omni
Amazon	✈	✈	✈	✈	✈	
DHL	✈	✈	✈	✈	✈	
Amerijet	✈	✈		✈		
Cargojet	✈			✈		
UPS	✈	✈	✈	✈	✈	
Northern Aviation Services	✈	✈	✈	✈		
DoD		✈	✈			✈



INTEGRATED CUSTOMER RELATIONSHIP GROWTH



Boeing 767 Aircraft Leased by Amazon
(at year end)



CURRENT SERVICES – MARCH 02, 2021



- Currently leases thirty-three Boeing 767 aircraft
- Provides CMI service to thirty-five Boeing 767 aircraft
- ATSG's airlines expect to provide CMI service to up to forty-six 767s in Amazon's air network by the end of 2021, including the forty-two aircraft leased to Amazon by CAM
- Provides maintenance services
- Provides gateway services in Charlotte, Tampa, Wilmington
- Provides warehouse material handling solutions

CURRENT AGREEMENT

- **Amazon leasing thirty-one 767s at YE2020 and forty-two 767s at YE2021**
 - Twelve 767-200 leases through 2023, three-year extension option
 - Eight 767-300 leases through 2026-27, three-year extension option
 - Ten 767-300 ten-year leases through 2029-30, three-year extension option
 - Twelve 767-300 ten-year leases through 2030-31, three-year extension option
 - Warrant incentives available for leasing up to five additional freighters under mutually acceptable terms
- **CMI operating agreement through March 2026, three-year extension option**



LONG-TERM RELATIONSHIPS WITH 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, contracted through December 2021**



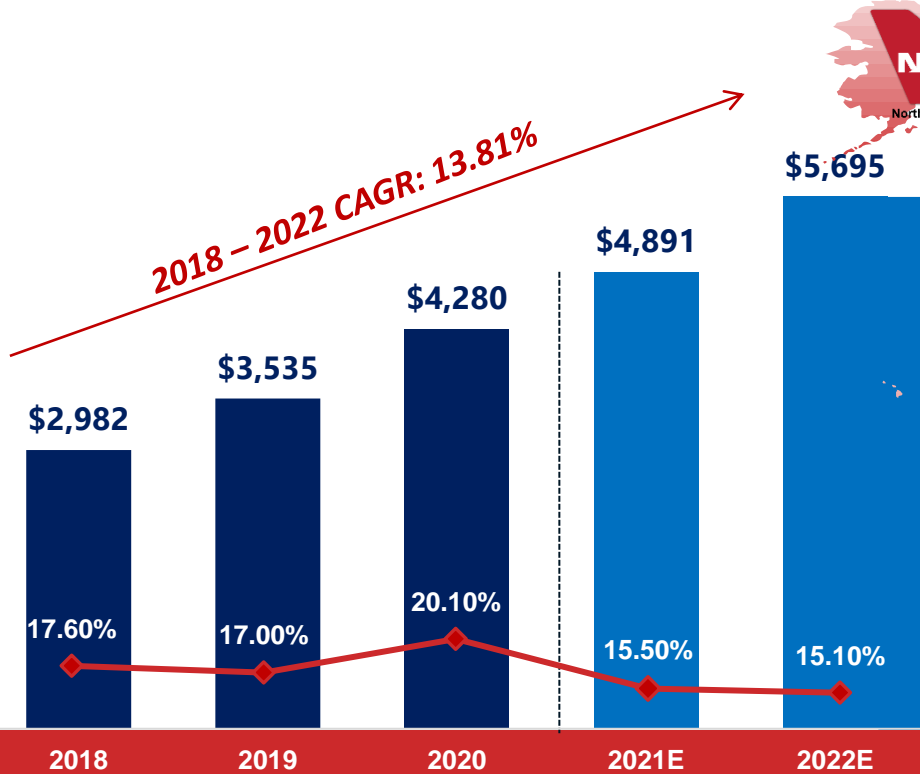
- **Support began in 2015 with an ACMI agreement covering five Boeing 767 aircraft by year end**
- **CAM leased 767 freighters to Amazon grew from twenty-six at YE2019 to thirty-one at YE2020 with eleven committed additional deliveries in 2021**
- **Amazon granted warrants which, under the cash purchase option, would give Amazon rights to purchase ~38% of ATSG Common shares for \$607 million; a cashless net share settle election would result in fewer shares and a lower equity stake.**



- **Long-term contracts since August 2003; three-year extensions signed through April 30, 2022**
- **Eleven 767 freighter aircraft leases extended to 2022 with three others leased into 2023/24**
- **ACMI and CMI agreements to operate 767 freighter aircraft**



ATSG GLOBAL GROWTH SUPPORTED BY E-COMMERCE AND EXPRESS NETWORKS



(SALES IN BILLION US DOLLARS)

GLOBAL RETAIL E-COMMERCE SALES WITH U.S. E-COMMERCE AS % OF TOTAL

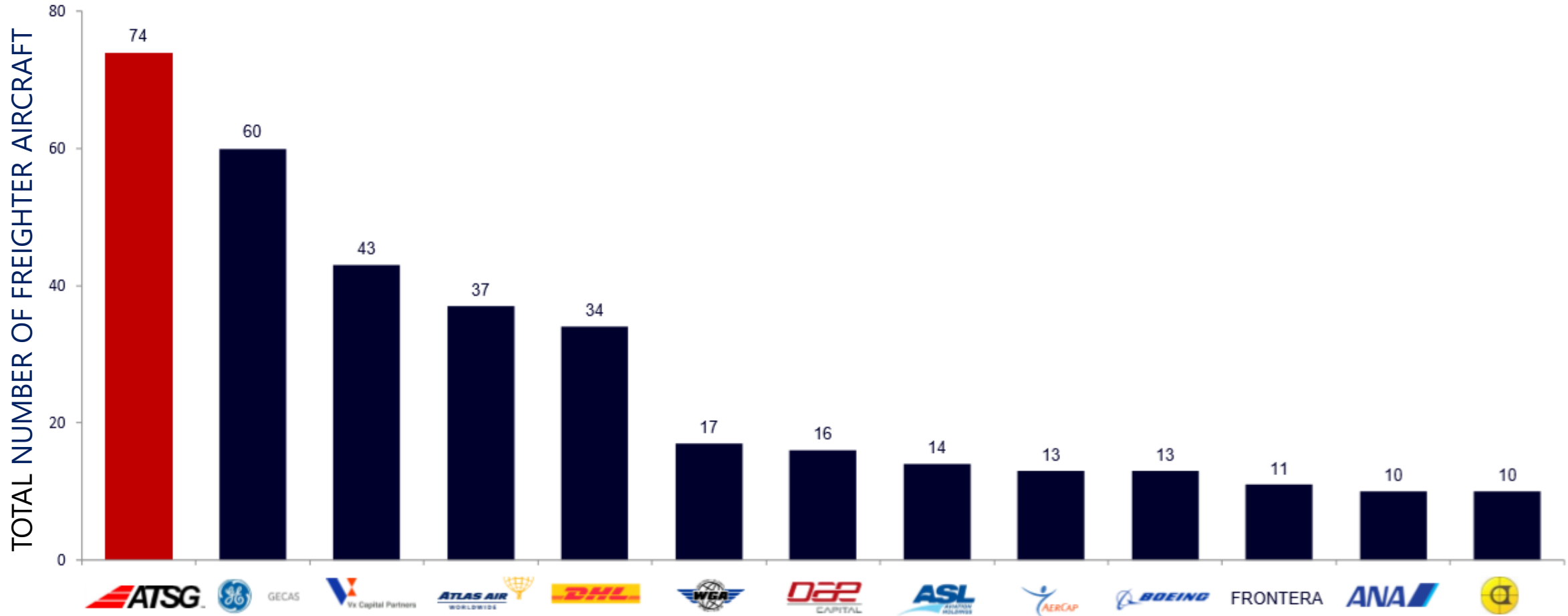
More than 90% of midsize freighters worldwide deployed in time-definite regional express networks

The pandemic has accelerated the shift to e-commerce by 5 years according to the IBM U.S. retail index (8/20)

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

Source: Statista , eMarketer May, Dec 2020

2019 FREIGHTER LESSOR MARKET RANKING

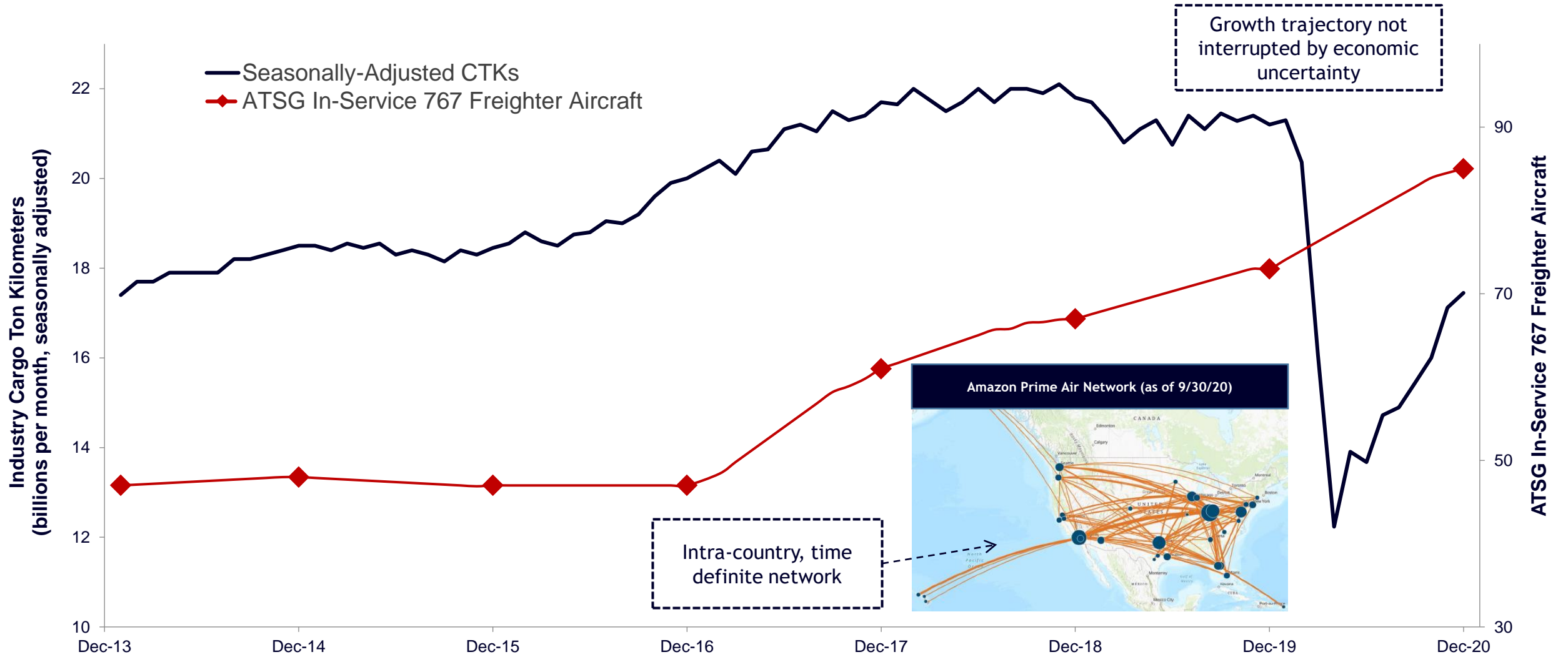


Source: Cargo Facts, June 2019

ATSG's market share of the Boeing 767 freighter leasing market is 64%



Domestic, Time Definite Focused Business Model Provides Stability



Sources: International Air Transport Association, Cargo Facts, Company press releases

While uncertainty has crept into the broader cargo freight market due to global economic uncertainty, ATSG customers' time definite / express network routes are unaffected



- Largest new generation narrow-body freighter with economics like the smaller Boeing 737-800
- 31% increase in containerized volume compared to the 737-800 plus a 14.5% increase in payload weight
- 19% fuel burn savings compared to the Boeing 757 while still offering 95% of the cube space
- More than 1,600 A321 passenger aircraft in service

A321 FREIGHTER CONVERSION JOINT VENTURE

BACKGROUND

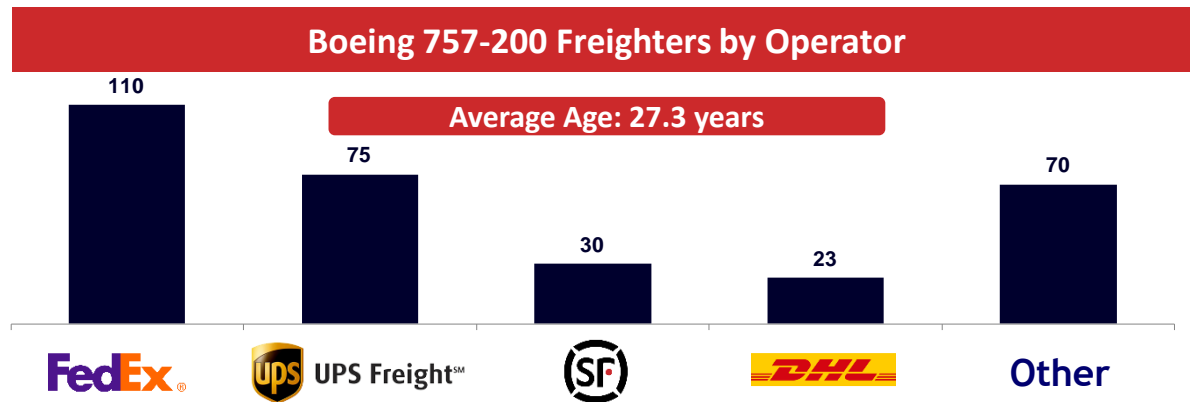
- CAM partnered with Precision Aircraft Solutions in 2017 to form a new joint venture, 321 Precision Conversions
- Precision is the market leader in converting 757 aircraft
- CAM is the world's largest freighter lessor

TIMELINE

- 321 Precision began work on the project in 2016
- Final FAA test flight completed February 2021
- Anticipated FAA approval of the STC (engineering design) during March 2021
- Anticipate deployments into CAM-leased ATSG fleet 2022

OPPORTUNITY

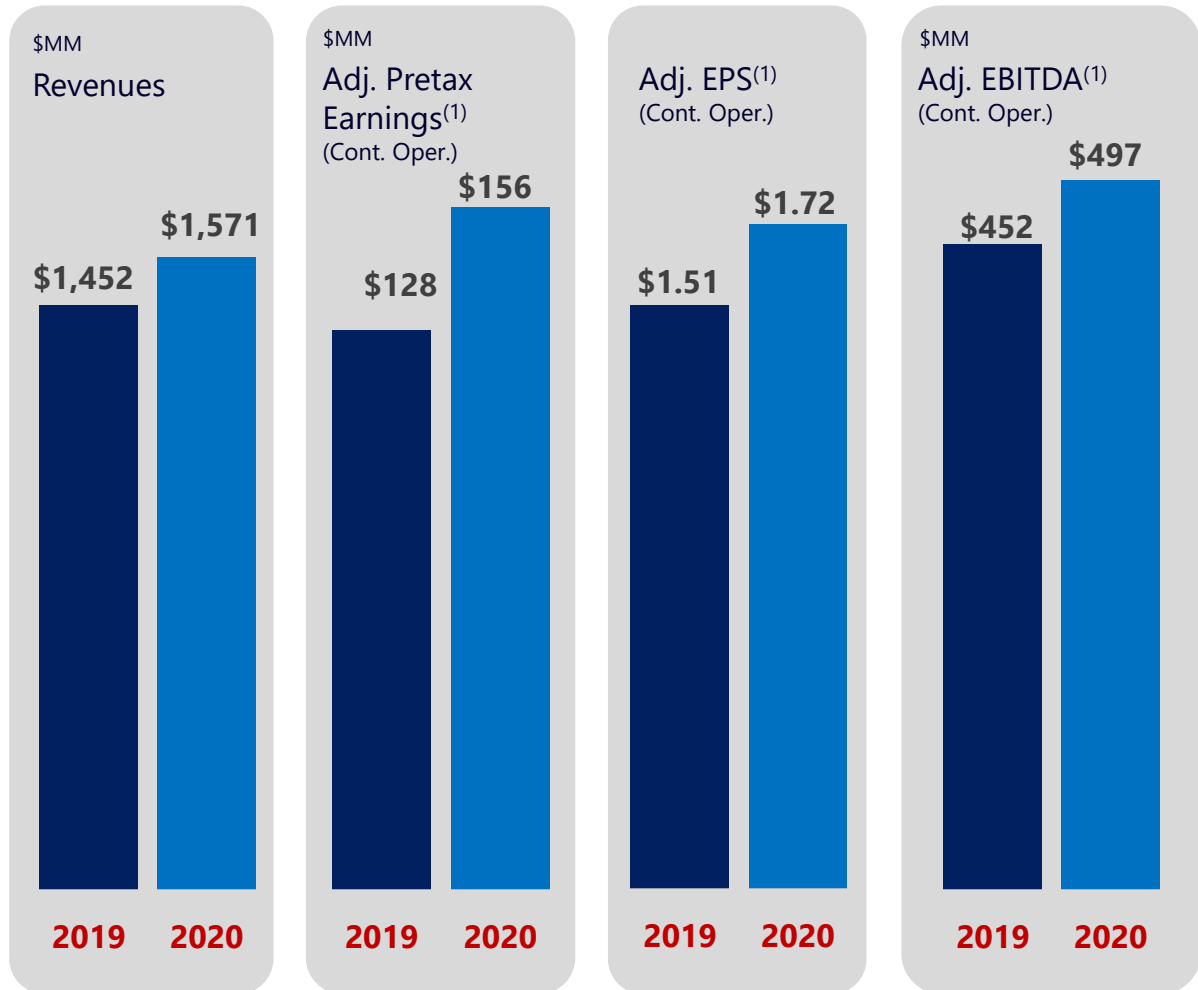
- Opportunity to replace aging fleet of Boeing 757s with A321s nearing ideal vintage window for conversion from passenger to freighter use



2020 FINANCIAL RESULTS

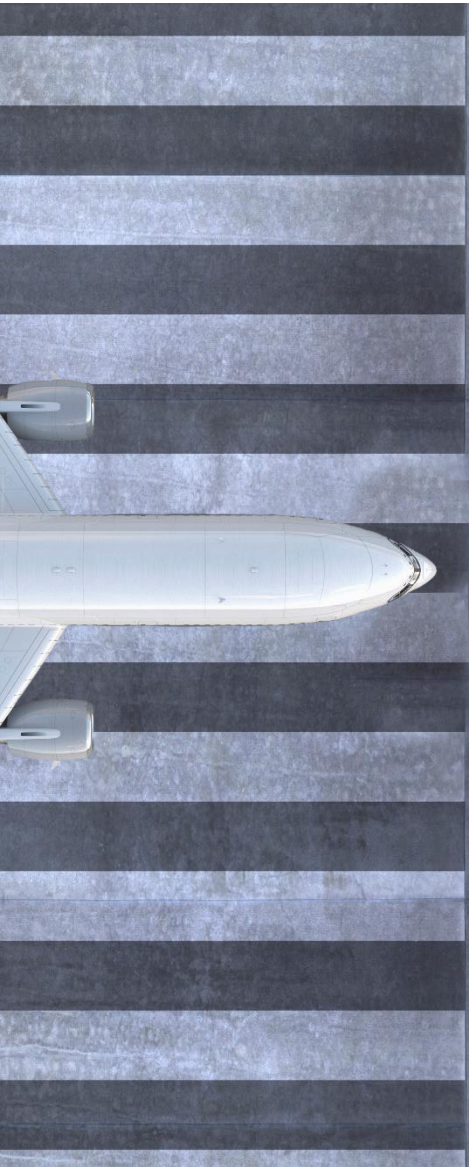


- Customer revenues rose \$118.4 million to \$1.57 billion for 2020
- Delivered record number of Boeing 767 aircraft
- Adjusted EBIDTA from Continuing operations (non-GAAP) increased \$44.9 million to \$497.0 million
- Adjusted Earnings Per Share for 2020 were \$1.72 up \$0.21 from 2019
- 2020 ended with a larger impact from Covid-19 due to losses in contracted passenger opportunities and limited access to military combi destinations



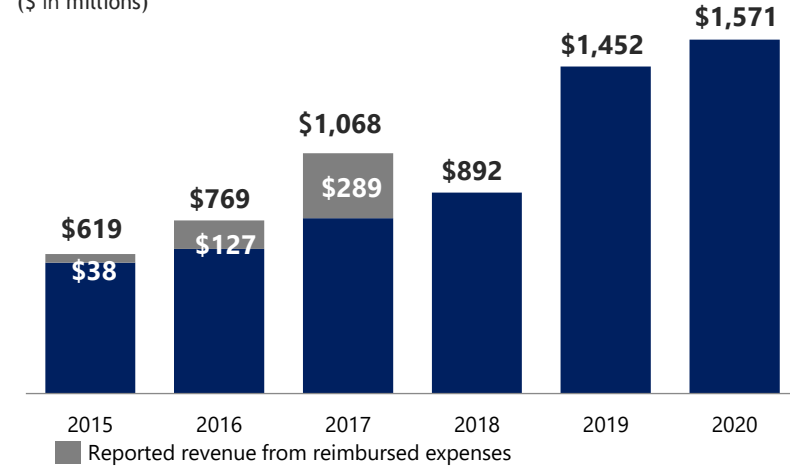
(1) Non-GAAP metrics. See reconciliations included in the earnings 8-K filed 02/25/21. Adjusted EBIDTA and Adjusted Pretax Earnings from Continuing Operations also excludes impairment charges for aircraft valuations and related assets and the effects of government grants received through the CARES Act.

HISTORICAL FINANCIAL PERFORMANCE



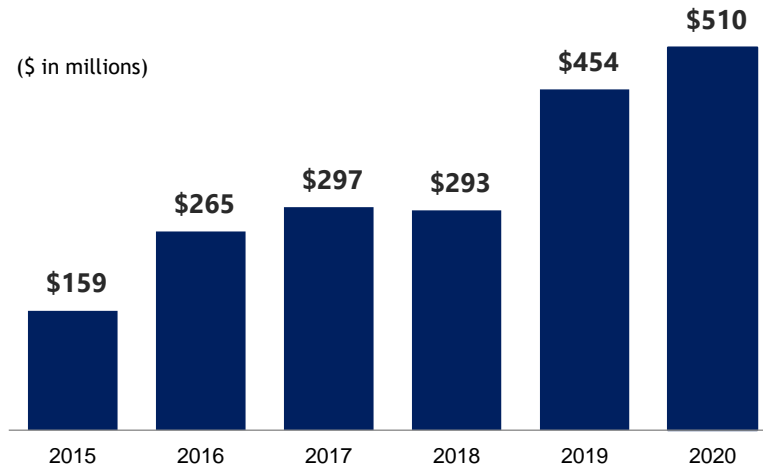
Revenues*

(\$ in millions)



Capital Expenditures*

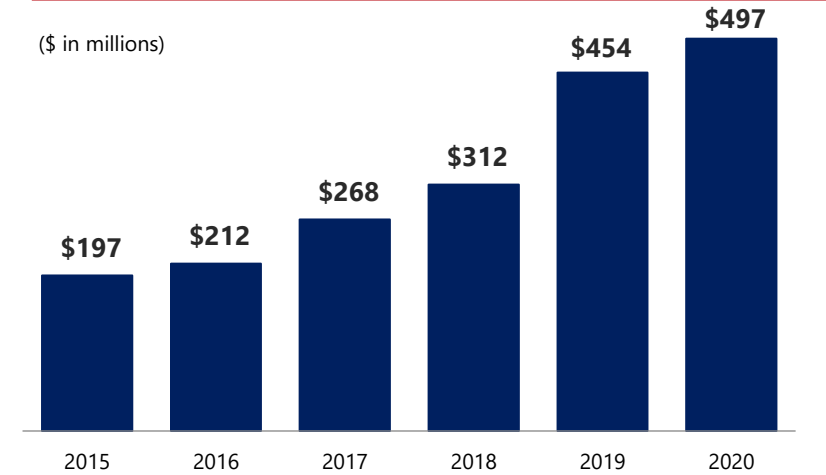
(\$ in millions)



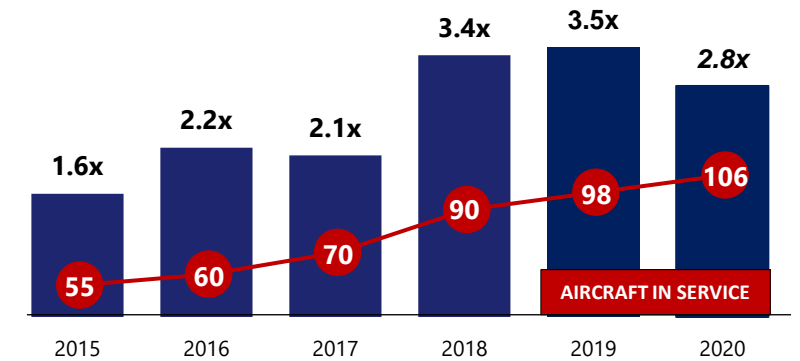
* Pro-forma adjustment to 2015-2017 revenues illustrate the effect of changes in revenue recognition rules effective 1/1/18 as if they were in effect on 1/1/14.

Adjusted EBITDA**

(\$ in millions)



Debt Obligations/Adjusted EBITDA**



** Adjusted EBITDA is a non-GAAP metric. See table at end of this presentation for reconciliation to nearest GAAP results. Ratios of Debt Obligations to Adjusted EBITDA and fleet totals are as of end of period shown and are calculated under formulas included in bank covenants.



DEBT CAPITAL COMPONENTS

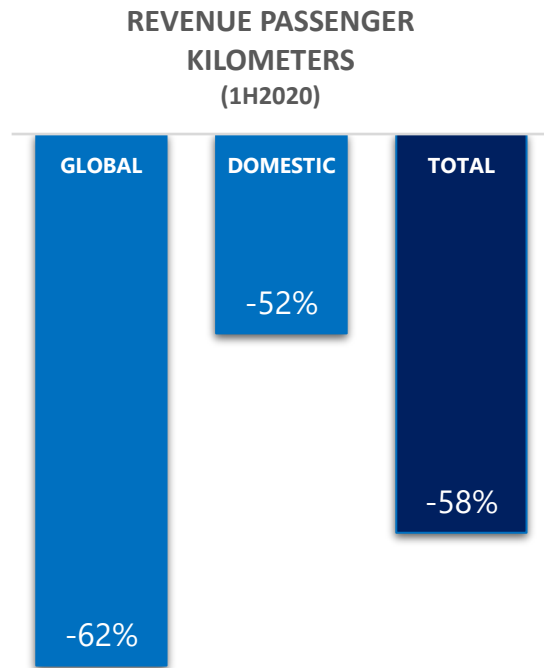
\$millions	Principal Balance @ 12/31/2019	Principal Balance @ 12/31/2020	Maturity
Secured:			
■ Term Loan	\$ 635.00	\$ 619.13	Nov 2024
■ Secured Revolver*	632.90	140.00	Nov 2024
Unsecured:			
■ 1.125% Convertible Notes	258.75	258.75	Oct 2024
■ 4.75% HY Bond	---	500.00	Feb 2028
Total Debt*	\$ 1,526.65	\$ 1,517.88	

* Revolver capacity \$600 million max capacity with leverage-based accordion feature, subject to lender consent



THE COVID-19 EFFECT

- Global air passenger traffic for 2021 demand to remain 50% below 2019 volume
- Gradual passenger traffic recovery continues but will not return to pre-pandemic levels until 2024



Source: Cargo Facts, IATA, SPD Global

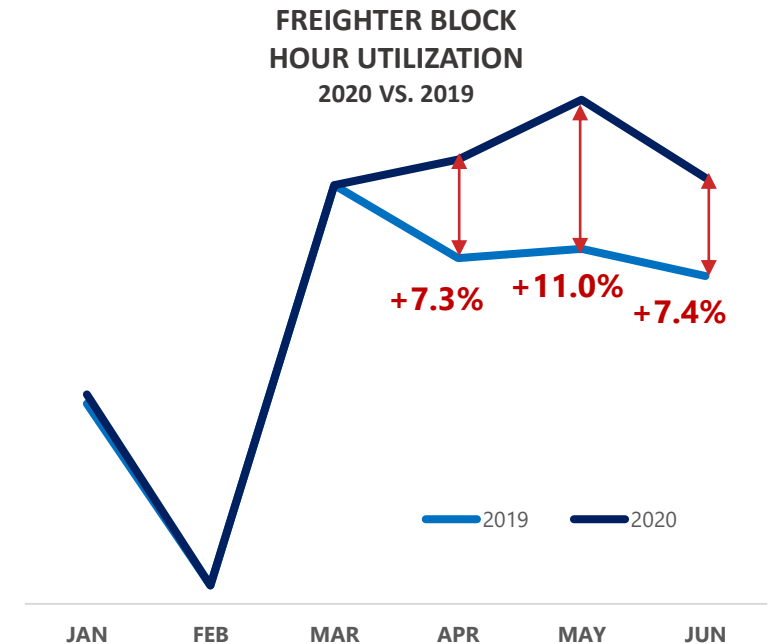


ATSG
Air Transport Services Group, Inc.

CARGO DEMAND REMAINS STRONG

- E-commerce demand remains strong
- Time definite deliveries continue
- Balanced customer approach
- Dedicated resources to a safe work environment
- Responded with increases in service
- Non-essential DoD/Governmental passenger lift impacted; trips considered essential continued
- Affected ATSG airlines, Omni Air International and Air Transport International, received CARES Act grant funding totaling \$75.7 million

- Belly freight volume shrank by 53.1% (YOY) leading to air cargo only realizing a 0.5% decline (YOY) in December 2020
- Passenger airline capacity reductions, increase demand for air cargo lift





FORWARD LOOKING 2021

On February 25th, 2021, ATSG provided the following views of market guidance during the investor call.

Full year 2021 Adjusted EBITDA at least \$525M this excludes PSP2 Agreement grants but includes the higher costs of maintaining Omni Air's staffing levels, rates of pay, and benefits as required under the PSP2 Agreement

CAPEX for 2021 projected at \$500M slightly below 2020 actual

Projected debt to EBITDA ratio to decline to 2.5x by Y/E 2021

Currently have access to additional liquidity level at \$446M via secure revolving credit facility, plus an additional \$400M liquidity available via accordion feature with lender consent

We anticipate at least fifteen 767-300 freighter lease deliveries during 2021, including eleven to Amazon and are in discussion with customers for at least nine additional deliveries through 2022





Unmatched Mix of Services for Cargo and Passenger Markets



Strong sustainable cash flows through economic cycles as approximately 90% of Adjusted EBITDA is derived from:



Solid Balance Sheet and Cash Flows Back Value-Accretive Capital Allocation Options



Increased Revenue Diversification with Blue-Chip Customers and growth of global aircraft demand

- CAM long-term lease portfolios
- Government Revenues not subject to trade disruption or cyclical GDP
- Multi-year Airline Operating Services Contracts in customer-owned express and e-commerce driven regional air networks



Established Feedstock Supply and Diversity of Aircraft to Support Operations




THANK YOU


FOR PARTICIPATING IN TODAY'S MEETING



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EPS ADJUSTMENTS REFLECT WARRANT VALUATION

	YEAR ENDED			
	December 31, 2020		December 31, 2019	
	\$	\$/Share	\$	\$/Share
Earnings from Continuing Operations - basic (GAAP)	\$ 25,079		\$ 59,983	
Gain from warrant revaluation, net tax	\$ -		\$ (6,219)	
Earnings from Continuing Operations - diluted (GAAP)	\$ 25,079	\$ 0.42	\$ 53,764	\$ 0.78
Adjustments, net of tax				
Loss from warrant revaluation	\$ 81,784	\$ 1.04	\$ 6,594	\$ 0.10
Customer incentive amortization	\$ 15,953	\$ 0.27	\$ 13,258	\$ 0.19
Remove effects of government grants	\$ (36,451)	\$ (0.61)	\$ -	\$ -
Remove effects of aircraft impairments	\$ 30,157	\$ 0.50	\$ -	\$ -
Non-service component of retiree benefits	\$ (9,287)	\$ (0.16)	\$ 7,258	\$ 0.10
Loss from affiliates	\$ 11,337	\$ 0.19	\$ 16,176	\$ 0.23
Omni acquisition fees	\$ -	\$ -	\$ 285	\$ -
Derivative revaluation	\$ 4,081	\$ 0.07	\$ 7,687	\$ 0.11
Adjusted Earnings from Continuing Operations (non-GAAP)	\$ 122,653	\$ 1.72	\$ 105,022	\$ 1.51
	SHARES		SHARES	
Weighted Average Shares - diluted	59,931		69,348	
Additional weighted average shares	11,299	*	-	*
Adjusted Shares (non-GAAP)	71,230		69,348	

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.



NON-GAAP RECONCILIATION STATEMENT

Reconciliation Stmt. (\$ in 000s)	2015	2016	2017	2018	2019	2020
GAAP Pre-Tax Earnings (Loss) from Cont. Oper.	\$ 62,563	\$ 34,454	\$ (6,536)	\$ 87,478	\$ 71,572	\$ 41,393
Non-service components retiree benefit costs, net	(1,040)	6,815	6,105	(8,180)	9,404	(12,032)
Non-consolidating affiliate losses	-	1,229	3,135	10,468	17,445	13,587
Customer Incentive Amortization	-	4,506	13,986	16,904	17,178	20,671
Less government grants	-	-	-	-	-	(47,231)
Add impairment of aircraft	-	-	-	-	-	39,075
Transaction fees	-	-	-	5,264	373	-
Financial Instruments Loss (Gain)	(920)	18,107	79,789	(7,296)	12,302	100,771
Adjusted Pre-tax Earnings from Cont. Oper.	60,603	65,111	96,479	104,638	128,274	156,234
Interest Income	(85)	(131)	(116)	(251)	(370)	(222)
Interest Expense	11,232	11,318	17,023	28,799	66,644	62,893
Depreciation and Amortization	125,443	135,496	154,556	178,895	257,532	278,067
Adjusted EBITDA from Cont. Oper.	\$ 197,193	\$ 211,794	\$ 267,942	\$ 312,081	\$ 452,080	\$ 496,972

Adjusted Pre-Tax Earnings from Continuing Operations is defined as Earnings from Continuing Operations Before Income Taxes plus certain charges from non-consolidating affiliates, and lease incentive amortization. It excludes the net effect of transaction fees, financial instrument gains and losses, and of non-service components of retiree benefit costs. Adjusted Pre-Tax Earnings from Continuing Operations also excludes impairment charges for aircraft valuations and related assets and the effects of government grants received through the CARES Act.

Adjusted EBITDA from Continuing Operations 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 transaction fees, financial instrument gains and losses, and of non-service components of retiree benefit costs. Adjusted EBITDA from Continuing Operations also excludes impairment charges for aircraft valuations and related assets and the effects of government grants received through the CARES Act.

Adjusted EBITDA from Continuing Operations 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 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.

The Company does not provide a reconciliation of projected Adjusted EBITDA because it is unable to predict with reasonable accuracy the value of certain adjustments. Certain adjustments can be significantly impacted by the period-end re-measurements of financial instruments including stock warrants issued to customers. The Company's earnings on a GAAP basis and the non-GAAP adjustments for gain and losses resulting from the re-measurement of stock warrants, will depend on the future prices of ATSG stock, interest rates and other assumptions which are highly uncertain.

