

**3Q
2023**

| ATSG

**QUARTERLY
PRESENTATION**



JOE HETE | CEO
JOE PAYNE | CLO
MIKE BERGER | PRESIDENT
QUINT TURNER | CFO

SAFE HARBOR STATEMENT

Except for historical information contained herein, the matters discussed in this presentation 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. These factors include, but are not limited to, unplanned changes in the market demand for our assets and services, our operating airline's 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; the impact of current supply chain constraints, both within and outside the U.S., which may be more severe or persist longer than we currently expect; the impact of the current competitive labor market; changes in general economic and/or industry-specific conditions, including inflation; and other factors as contained from time to time in our filings with the SEC, including ATSG's 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 11/06/2023.

2023

THIRD QUARTER

HIGHLIGHTS

**Customer
Revenues \$523M**

**Up \$6M or 1% over
3Q22**

**Adjusted
Free Cash Flow****

**Up 7% to \$400M,
trailing twelve
months**

**3Q23 Adjusted
EBITDA* \$137M**

**Down 15% vs
3Q22**



**GAAP EPS (basic)
from Continuing
Operations
\$0.26**

**vs. \$0.68 in
3Q22**

**Adjusted
diluted EPS* of
\$0.32**

**vs. \$0.60 in
3Q22**

**2023 Capex
Guidance of
\$785M**

* Non-GAAP measure, please see the company's 8K and accompanying earnings release for GAAP reconciliation furnished and dated November 6, 2023

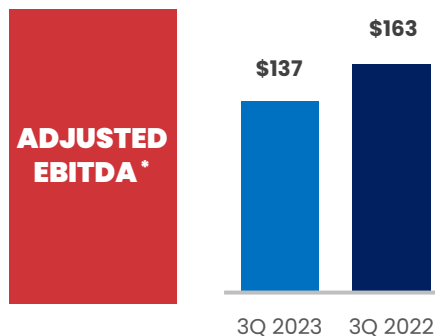
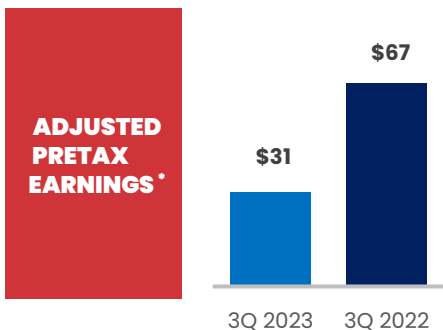
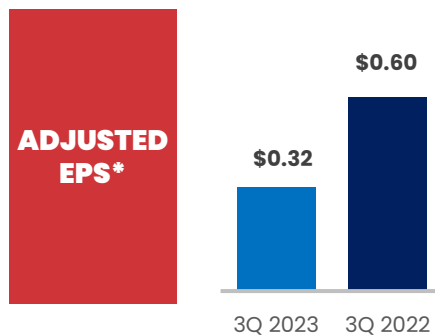
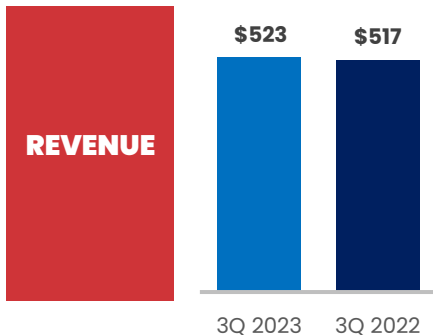
**Non-GAAP measure, please see enclosed GAAP reconciliation

3Q 2023

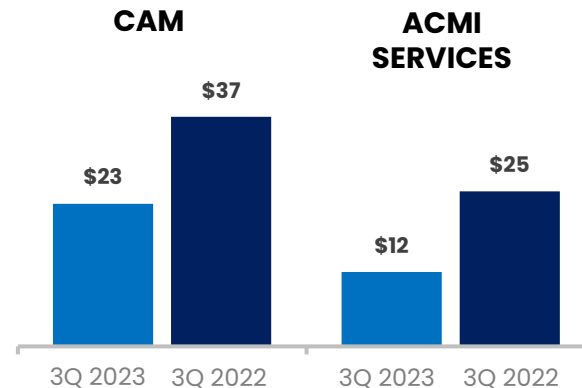
FINANCIALS



(\$ in millions except per share data)



PRETAX INCOME BY SEGMENT



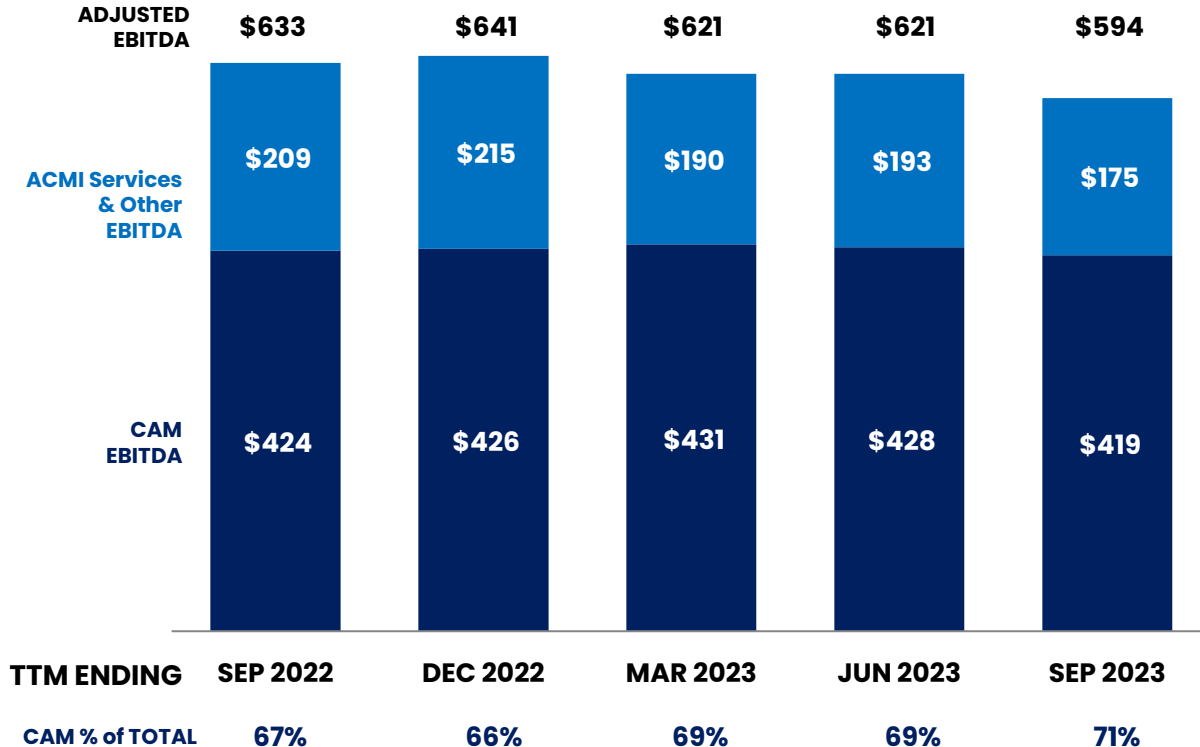
* Non-GAAP measure, see GAAP reconciliation attached. For more information about non-GAAP adjustments, see the company's 8K and accompanying earnings release.

-TRAILING TWELVE MONTH TREND

ADJUSTED EBITDA*



(\$ in millions)



- **3Q 2023 Adjusted EBITDA of \$137M, down 16% vs 3Q 2022**
- **3Q 2023 CAM Adjusted EBITDA of \$100M, down \$9M vs 3Q 2022**
- **In-service fleet increased by six aircraft since September 2022**
- **Five customer provided aircraft added to ACMI Services freighter fleet since September 2022**

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

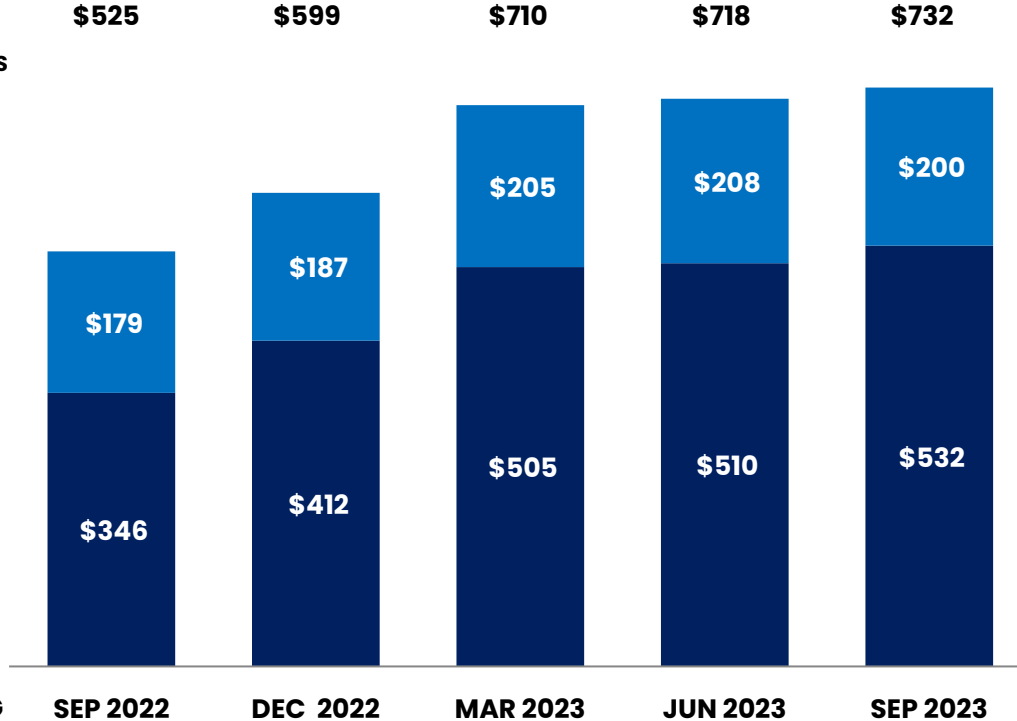
-TRAILING TWELVE MONTH TREND

CAPITAL EXPENDITURES



(\$ in millions)

TOTAL
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.

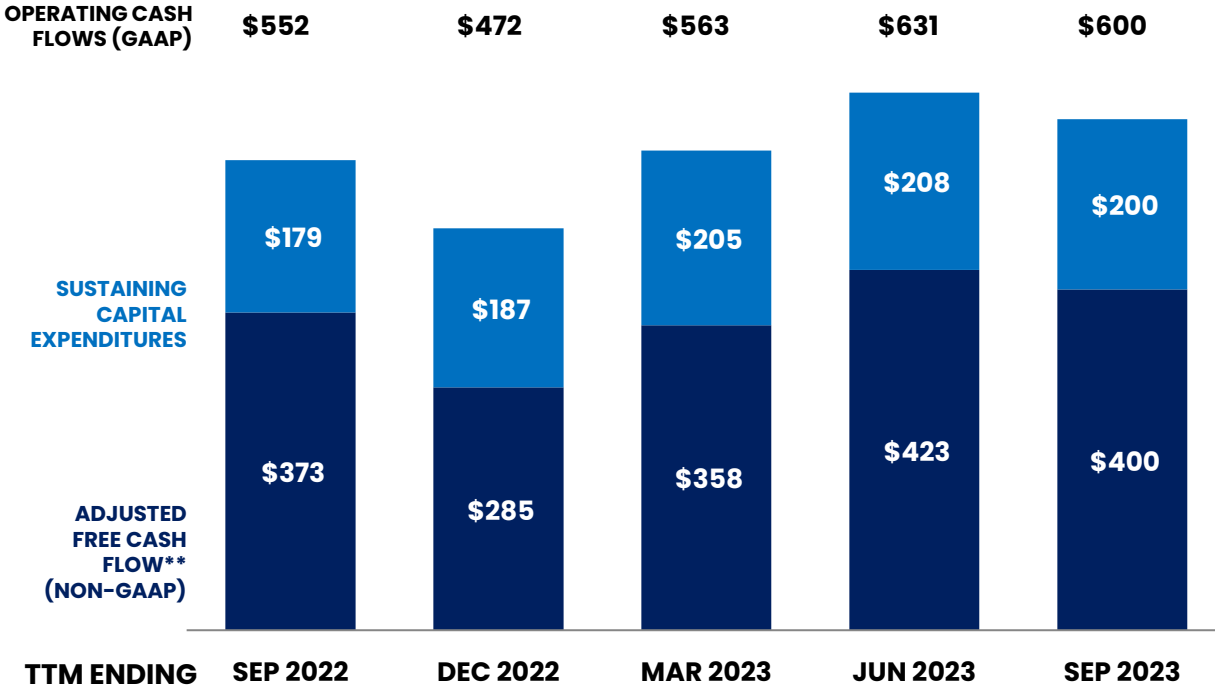
- **Twenty aircraft in or awaiting conversion on September 30, 2023: thirteen 767-300s and seven A321s. One 767-200 is currently staging for lease.**
- **Maintain projected 2023 Total Capital spend of \$785M - \$240M for Sustaining and \$545M for Growth.**

-TRAILING TWELVE MONTH TREND

ADJUSTED FREE CASH FLOW**



(\$ in millions)



- **Growing Adjusted Free Cash Flow, driven by higher operating cash flows, more than offsetting slightly higher sustaining capital expenditures.**

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

-CONSERVATIVE LEVERAGE

CAPITAL STRUCTURE

(\$ in thousands)

	December 31,		September 30,
	2021	2022	2023
Senior Secured Revolver	\$360	\$620	\$660
Unsecured Notes			
Convertible Notes, due 2024	259	259	54
Convertible Notes, due 2029	-	-	400
Unsecured Notes Payable	700	580	580
Total Debt Maturity Values	\$1,319	\$1,459	\$1,694
Leverage Ratio Bank Agreement	2.06X	2.22X	2.88X

- **Unused capacity of \$428M under senior revolver facility as of September 30, 2023**
- **Approximately 9.4 million shares repurchased since October 2022, including 5.4M shares in 3Q 2023**

Revolver is SOFR based, Debt-to EBITDA variable rate 6.51%, expires Oct 2027

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

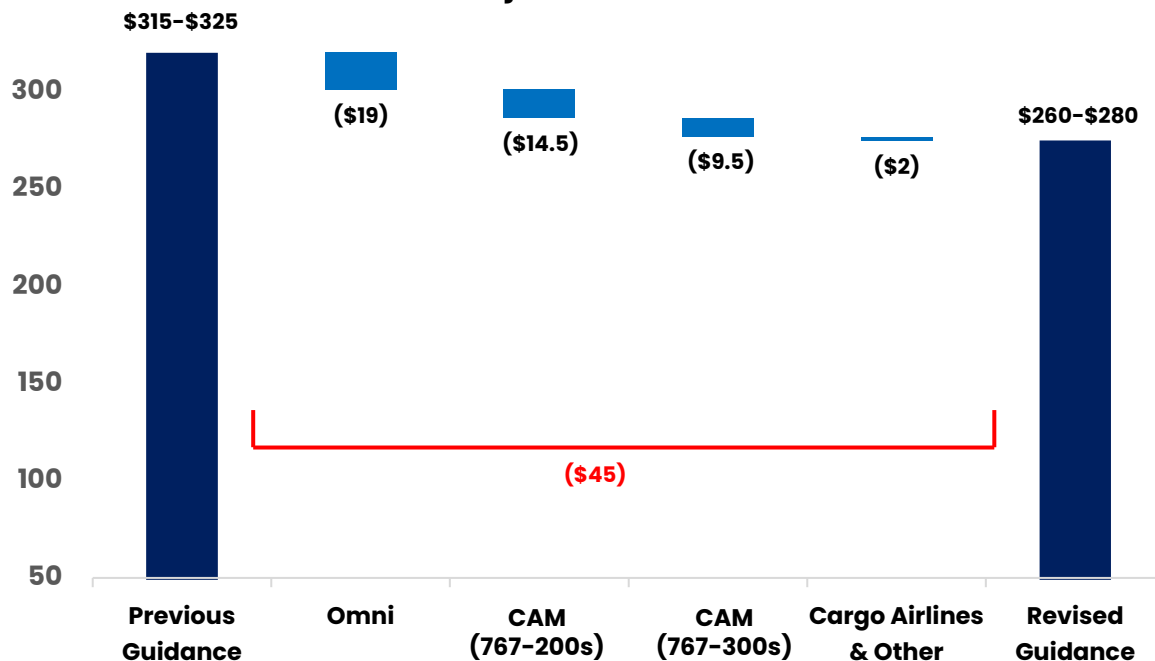
Convertible Notes, due 2029, fixed coupon rate of 3.875%

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

NEW 2023 2H GUIDANCE



Adjusted EBITDA



- **Omni:** Mideast conflict affects passenger requirements, service delays and higher operating costs
- **CAM (767-200s):** lower leasing, aircraft sales and engine activity
- **CAM (767-300s):** customer deployment delays and revenue deferrals
- **Cargo Airlines & Other:** lower external maintenance and ground services revenues

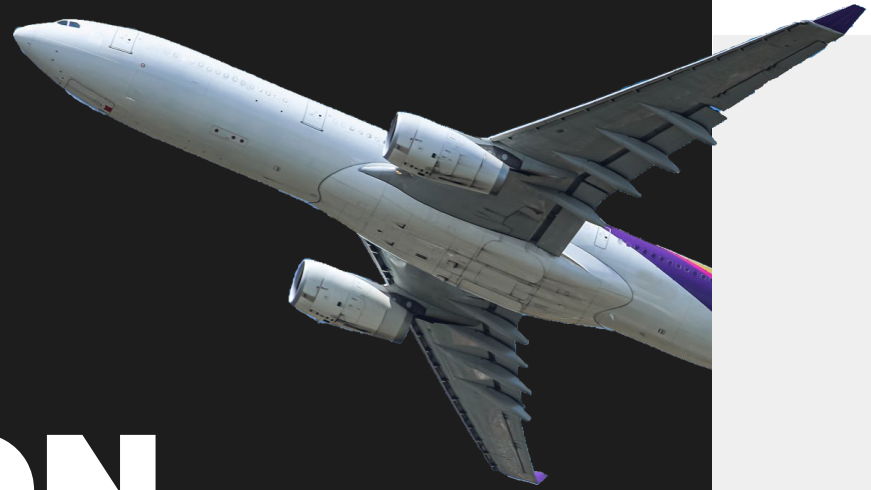
*Non-GAAP measure, see GAAP reconciliation attached. For additional information about non-GAAP adjustments, see the company's 8K and accompanying earnings release.

2023

OUTLOOK

- ▀ **Adjusted EBITDA for 2023 to be \$560– \$580 million**
- ▀ **Full year 2023 Adjusted EPS to be \$1.50 – \$1.70**
- ▀ **2023 capital spending \$785 million, including \$240 million in sustaining capex and \$545 million for growth**
- ▀ **2024 capital spending lowered to \$505 million, from \$605 million, including \$165 million in sustaining capex and \$340 million for growth**
- ▀ **ATSG remains midsize freighter market leader, with superior customer service record and strong balance sheet**

**3Q
2023**



| ATSG

QUESTION

AND

ANSWER

-ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

NON-GAAP RECONCILIATION



Consolidated ADJUSTED EBITDA

Trailing twelve months ended	3Q2022	4Q2022	1Q2023	2Q2023	3Q2023
GAAP Pre-Tax Earnings (Loss) from Cont Ops	\$ 260	\$ 260	\$ 222	\$ 202	\$ 161
Interest Income	\$ -	\$ -	\$ (1)	\$ (1)	\$ (1)
Interest Expense	\$ 48	\$ 47	\$ 51	\$ 59	\$ 65
Depreciation and Amortization	\$ 331	\$ 331	\$ 334	\$ 335	\$ 338
Add customer incentive amortization	\$ 23	\$ 23	\$ 23	\$ 22	\$ 21
Less government grants recognized	\$ (15)	\$ -	\$ -	\$ -	\$ -
Add non-service components of retiree benefit	\$ (20)	\$ (20)	\$ (11)	\$ (3)	\$ 5
Less net (gain) loss on financial instruments	\$ (2)	\$ (9)	\$ (5)	\$ -	\$ (1)
Add loss from non-consolidated affiliates	\$ 7	\$ 8	\$ 7	\$ 6	\$ 6
Add hangar foam incident	\$ 1	\$ 1	\$ 1	\$ 1	\$ -
Adjusted EBITDA (non-GAAP)	\$ 633	\$ 641	\$ 621	\$ 621	\$ 594

-ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

NON-GAAP RECONCILIATION



CAM ADJUSTED EBITDA

Trailing twelve months ended	3Q2022	4Q2022	1Q2023	2Q2023	3Q2023
Segment Earnings	\$ 145	\$ 143	\$ 142	\$ 134	\$ 120
Add: net interest expense	\$ 32	\$ 31	\$ 33	\$ 38	\$ 43
Add: Depreciation & amortization	\$ 227	\$ 232	\$ 236	\$ 237	\$ 239
Add: lease incentive amortization	\$ 20	\$ 20	\$ 20	\$ 19	\$ 17
CAM Adjusted EBITDA (non-GAAP)	\$ 424	\$ 426	\$ 431	\$ 428	\$ 419