

| ATSG

ANNUAL STOCKHOLDERS MEETING

**MAY 24, 2023
11:00 A.M.
VIRTUAL**



**JOE
HETE**



**CHAIRMAN
ATSG BOARD OF DIRECTORS**

2023 ANNUAL MEETING OF STOCKHOLDERS

1. The election of the ten (10) director nominees named in proxy statement
2. To consider and vote on an advisory proposal to ratify the appointment of Deloitte & Touche as the Company's independent registered public accounting firm for 2023
3. To consider and hold an advisory vote on the compensation paid to the Company's named executive officers for 2022
4. To consider and hold an advisory vote concerning whether to hold future advisory votes on executive compensation every year, every two years, or every three years

RICH CORRADO



**PRESIDENT &
CHIEF EXECUTIVE OFFICER
ATSG**



**PHYLLIS J.
CAMPBELL**



**JEFFREY A.
DOMINICK**



**RAYMOND E.
JOHNS, JR.**



**RANDY D.
RADEMACHER**



**JEFFREY J.
VORHOLT**



**RICHARD F.
CORRADO**



**JOSEPH C.
HETE**



**LAURA J.
PETERSON**



**J. CHRISTOPHER
TEETS**



**PAUL S.
WILLIAMS**

ATSG BOARD OF DIRECTORS

**JOE
PAYNE**



**CHIEF LEGAL OFFICER
ATSG**

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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) 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, including inflation; (x) the impact of geographical events or health epidemics such as the COVID-19 pandemic; and (xi) 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, adjusted EBITDA by reportable segment 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 02/23/2023.

2022 **HIGHLIGHTS**



*Non-GAAP measure, please see the company's 8K and accompanying earnings release for GAAP reconciliation furnished and dated February 23, 2023
** Non-GAAP measure, please see enclosed GAAP reconciliation

Customer Revenues \$2.0 billion, up 18% over 2021

Consistently strong Operating Cash Flow of \$472 million and Adjusted Free Cash Flow of \$285 million**

2022 Adjusted EBITDA* \$641 million, up 18% vs \$541 million 2021



GAAP EPS (basic) from Continuing Operations \$2.67

Adjusted EPS* of \$2.28 vs. \$1.61 in 2021, up 42%

Feedstock secured for 2023 deliveries of twenty converted freighters

QUINT TURNER



**CHIEF FINANCIAL OFFICER
ATSG**

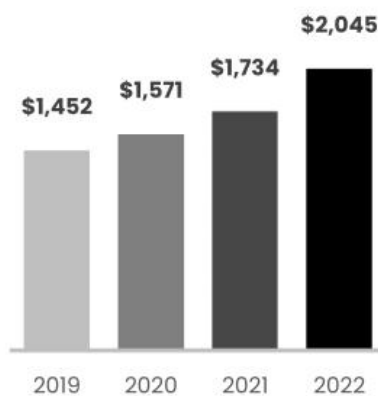
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FINANCIALS

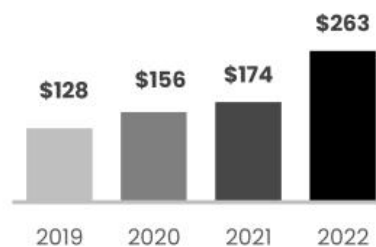


(\$ in millions)

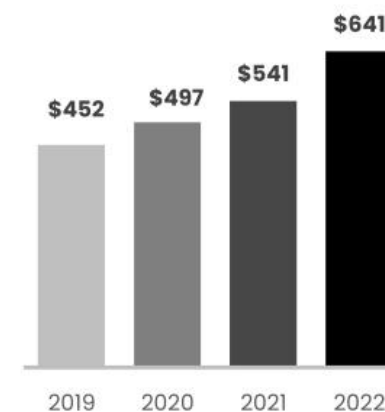
REVENUE



ADJUSTED PRE-TAX EARNINGS*



ADJUSTED EBITDA*



* Non-GAAP measure, please see enclosed GAAP reconciliation

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ADJUSTED EBITDA BY REPORTABLE SEGMENT

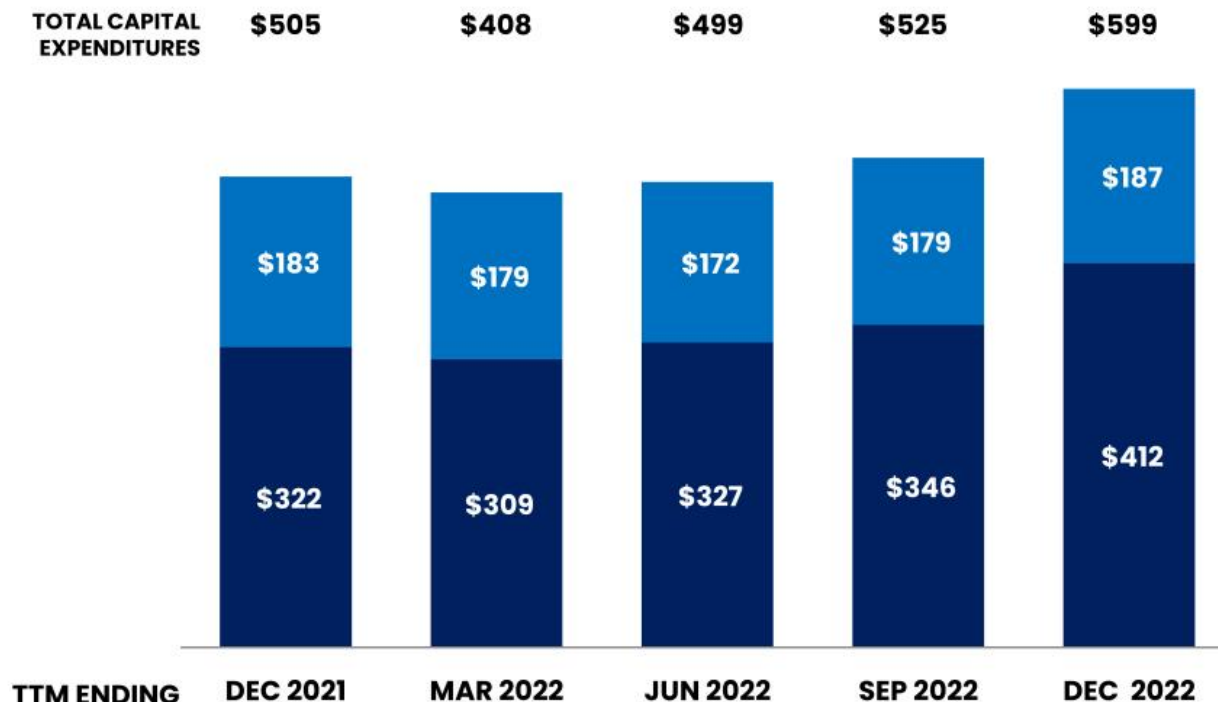


* ACMI 2020 and 2021 excludes the benefit of \$47M and \$112M respectively from government grants

** Results of non-reportable business segments and reconciling items; See appendix for non-GAAP reconciliation

-TRAILING TWELVE MONTH TREND

CAPITAL EXPENDITURES

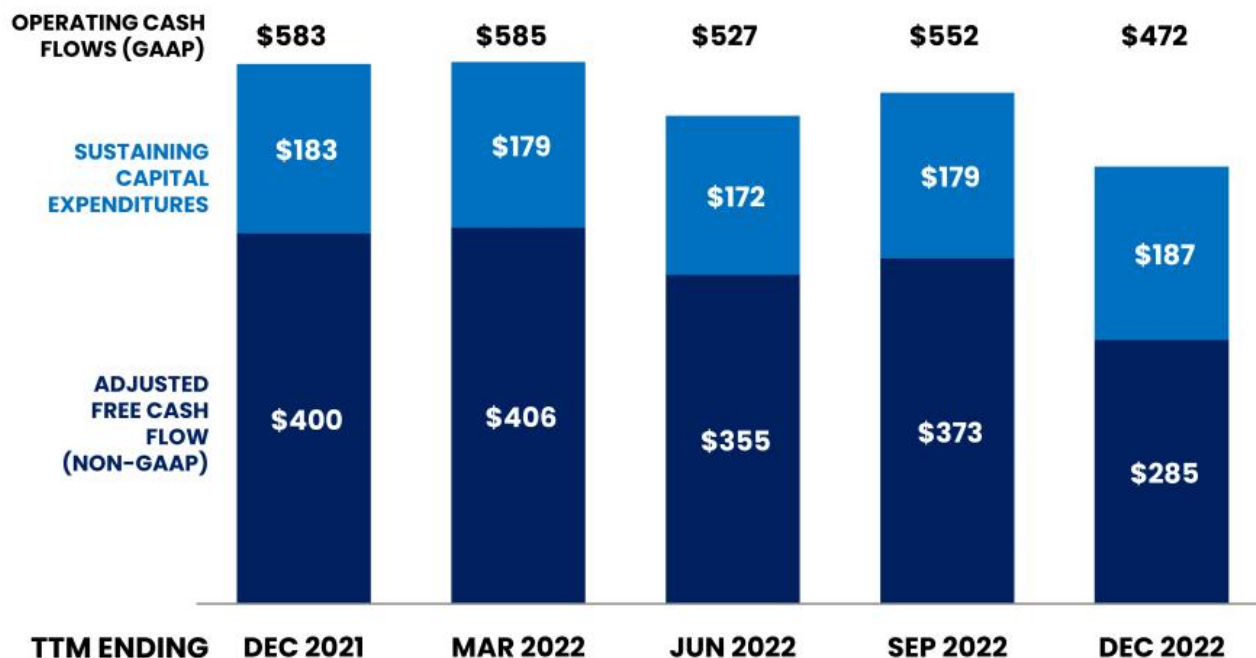


SUSTAINING CAPITAL EXPENDITURES	Cost of planned airframe maintenance, engine overhauls, technology, and other property and equipment.
GROWTH CAPITAL EXPENDITURES	Cost of aircraft acquisitions and freighter modifications.

- Projected 2023 total capital spend of \$850M - \$260M for Sustaining and \$590M for growth
- Fourteen 767-300s and six A321s to be leased in 2023
- Twenty-two aircraft in conversion on Dec. 31, 2022

-TRAILING TWELVE MONTH TREND

ADJUSTED FREE CASH FLOW**



- ATSG received \$83M in non repayable COVID PSP grants during the first half of 2021, not in 2022
- Q4 2022 spike in DoD receivables and lower customer prepayments temporarily reducing adjusted free cash flow
- Stable sustaining capital expenditures
- Adjusted Free Cash Flow for Capex and Stock Repurchases

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

-SUPPORTS GROWTH

CAPITAL STRUCTURE

	31-Dec 2022	Mar 31 2023
Senior Secured Revolver	\$620	\$700
Unsecured Notes		
Convertible Notes	259	259
Unsecured Notes Payable	580	580
Total Debt Maturity Values	\$1,459	\$1,539
Leverage Ratio Bank Agreement	2.22X	2.43X

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



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

2022

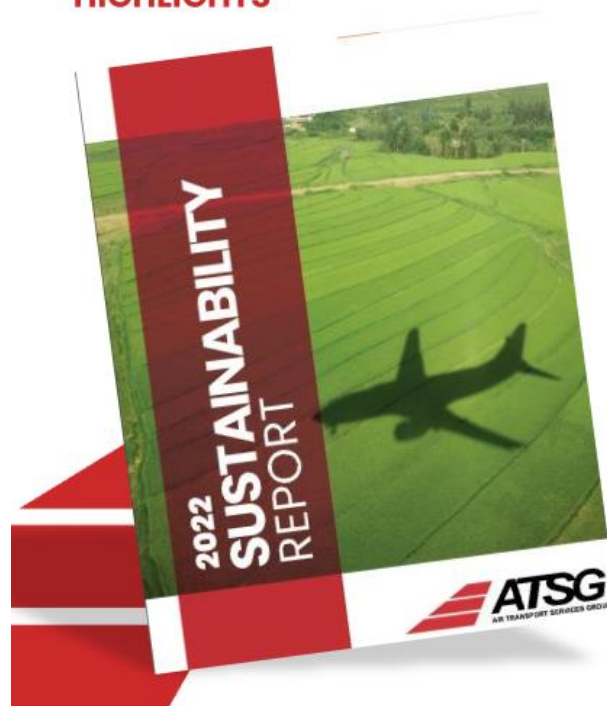
OVERVIEW

- 2022 revenue and earnings gains fueled by six more dry leases of Boeing aircraft plus one re-lease and four lease extensions
- ACMI customers assigned seven more 767 freighters to be operated by ATSG cargo airlines
- Feedstock aircraft secured for the twenty freighters to lease in 2023
- Awarded and completed a strong schedule of passenger airline mission for government customers
- Agreements to extend and expand ATSG's longstanding commercial relationship with DHL with six-year extension of agreement and three additional 767-300 freighter leases

2022

SUSTAINABILITY REPORT

HIGHLIGHTS



Operational improvements from 2021 to 2022 resulted in a relative reduction in jet fuel usage by 19.9 million gallons and CO2 emissions by 191,000 tons.

This carbon footprint reduction is in addition to fuel-efficiency improvements the company will realize from its ongoing fleet modernization.

The company began offering four weeks of paid parental leave to all eligible employees, regardless of gender, upon the birth, adoption, or foster placement of a child. The new benefit became effective in April 2023.



ATSG formed a Management Sustainability Committee to further integrate ESG matters into the strategy and operations of the company.



Support for charitable causes exceeded \$850,000 during 2022, an increase of more than 65 % over the prior year.



FLEET

INVESTMENTS & RETURNS

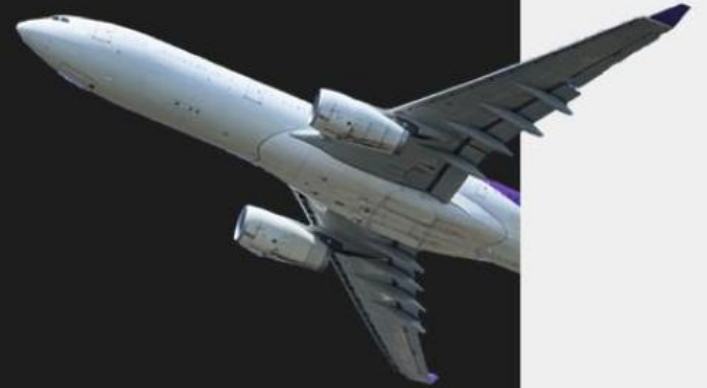
- CAM scheduled to lease twenty newly converted freighters (14-767s, 6-A321-200s) in 2023 to generate double-digit returns on invested capital; \$70+M of annualized freighter lease revenue in 2024 and beyond
- 767 conversion vendor pace improving; expect eight freighter deliveries in 1H 2023, twelve 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

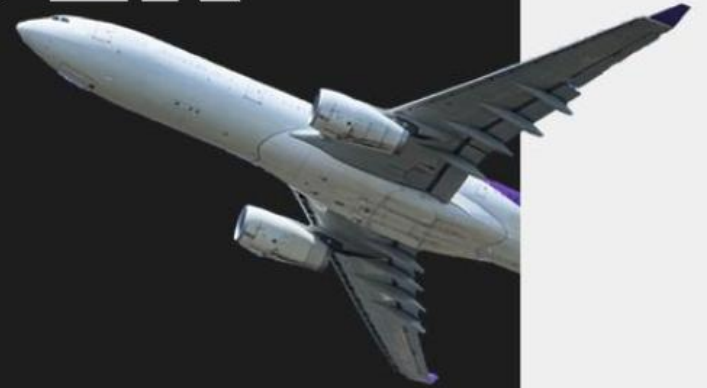
OUTLOOK

- ▀ **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**

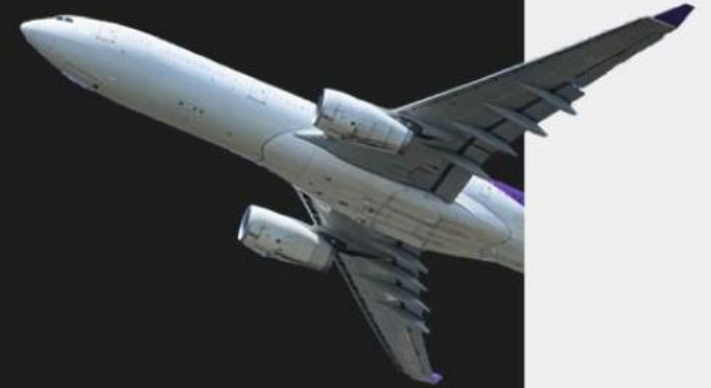
RESULTS OF BALLOTING



STOCKHOLDER Q & A

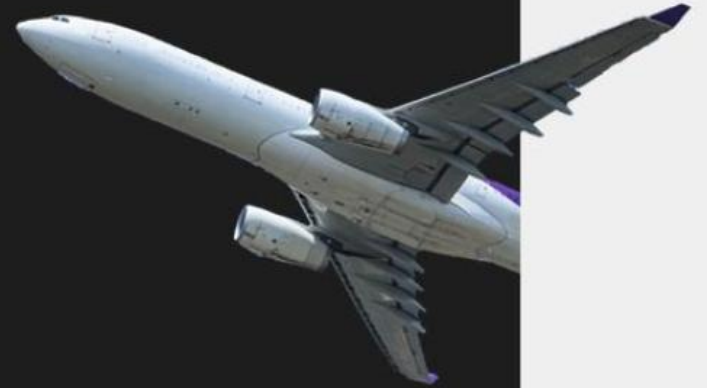


CLOSING REMARKS



**THANK YOU FOR JOINING
US TODAY!**

APPENDIX



-ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

NON-GAAP RECONCILIATION



(\$ in millions)

Trailing twelve months ended	4Q2019	4Q2020	4Q2021	1Q2022	2Q2022	3Q2022	4Q2022
GAAP Pre-Tax Earnings (Loss) from Cont Ops	\$ 72	\$ 41	\$ 301	\$ 311	\$ 276	\$ 260	\$ 260
Add impairment of aircraft and related assets	\$ -	\$ 39	\$ -	\$ -	\$ -	\$ -	\$ -
Add transaction fees	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Add customer incentive amortization	\$ 17	\$ 21	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23
Less government grants recognized	\$ -	\$ (47)	\$ (112)	\$ (84)	\$ (45)	\$ (15)	\$ -
Add non-service components of retiree benefit	\$ 9	\$ (12)	\$ (18)	\$ (19)	\$ (20)	\$ (20)	\$ (20)
Less debt issuance costs	\$ -	\$ -	\$ 7	\$ 7	\$ -	\$ -	\$ -
Less net (gain) loss on financial instruments	\$ 12	\$ 101	\$ (30)	\$ (23)	\$ 7	\$ (2)	\$ (9)
Add loss from non-consolidated affiliates	\$ 17	\$ 13	\$ 3	\$ 3	\$ 7	\$ 7	\$ 8
Add hangar foam incident	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
Adjusted Pre-Tax Earnings from Continuing Ops (non-GAAP)	\$ 128	\$ 156	\$ 174	\$ 218	\$ 248	\$ 254	\$ 263
Interest Expense	\$ 67	\$ 63	\$ 59	\$ 56	\$ 50	\$ 48	\$ 47
Depreciation and Amortization	\$ 257	\$ 278	\$ 308	\$ 319	\$ 325	\$ 331	\$ 331
Adjusted EBITDA (non-GAAP)	\$ 452	\$ 497	\$ 541	\$ 593	\$ 623	\$ 633	\$ 641

-SEGMENT ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

NON-GAAP RECONCILIATION



(\$ in millions)

	2019				2020				2021				2022			
	CAM	ACMI Svcs	All Other	Total	CAM	ACMI Svcs	All Other	Total	CAM	ACMI Svcs	All Other	Total	CAM	ACMI Svcs	All Other	Total
Segment Earnings (GAAP)	69	32	(29)	72	77	114	(150)	41	106	159	36	301	143	95	22	260
Add: net interest expense	38	25	4	67	39	21	3	63	38	18	3	59	31	14	2	47
Remove: Government grants	-	-	-	-	-	(47)	-	(47)	-	(112)	-	(112)	-	-	-	-
Add: Depreciation & amortization	158	97	3	258	172	102	4	278	204	102	2	308	232	97	2	331
Add: lease incentive amortization	17	0	-	17	19	2	-	21	20	3	-	23	20	3	-	23
Add: charges for non-consolidated affiliates	-	-	17	17	-	-	13	13	-	-	3	3	-	-	8	8
Add: net loss (gain) on financial instruments	-	-	12	12	-	-	101	101	-	-	(30)	(30)	-	-	(9)	(9)
Add: debt issuance costs	-	-	-	-	-	-	-	-	-	-	7	7	-	-	-	-
Add: transaction fees	-	-	0	0	-	-	-	-	-	-	-	-	-	-	-	-
Add: other non-service components of retiree benefit cost	-	-	9	9	-	-	(12)	(12)	-	-	(18)	(18)	-	-	(20)	(20)
Add: impairment of aircraft and related assets	-	-	-	-	-	-	39	39	-	-	-	-	-	-	-	-
Add: net charges for hangar foam incident	-	-	-	-	-	-	-	-	-	-	-	-	-	0	1	1
Adjusted EBITDA (Non-GAAP)	282	154	16	452	307	192	(2)	497	368	170	3	541	426	209	6	641