



767 FREIGHTER LEASES DRIVE ATSG REVENUE GROWTH

News / Finance



Air Transport Services Group, Inc. (Nasdaq: **ATSG**), the leading provider of medium wide-body aircraft leasing, air cargo transportation and related services, today reported consolidated financial results for the quarter ended September 30, 2015.

Results for the third quarter of 2015, compared with the third quarter of 2014, are as follows:

Revenues increased three percent to \$142.3 million, including a six percent increase in freighter aircraft leasing revenues. Excluding revenues from reimbursements, third-quarter 2015 revenues increased 6 percent.

Both pre-tax and net earnings from continuing operations decreased 34 percent, reflecting the revenue and expense effects of aircraft transitioning between contracts and scheduled maintenance activities during the third quarter. Net earnings from continuing operations were \$6.3 million, or \$0.10 per share for the quarter, down from \$9.6 million, or \$0.15 per share in the third

quarter of 2014.

Operating loss carryforwards for U.S. federal income tax purposes offset much of the company's federal tax liabilities. ATSG does not expect to pay significant federal income taxes until 2017 or later.

Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, also adjusted for the effect of derivative transactions) was \$43.7 million, down two percent from a year ago. Adjusted EBITDA is a non-GAAP financial measure, defined and reconciled to comparable GAAP results in separate tables at the end of this release.

Joe Hete, President and Chief Executive Officer of ATSG, said, "We advised you in August that the third quarter would be a transitional time for us, with intensive preparations to ready aircraft and services for new assignments in the fourth quarter. We deployed three Boeing 767 cargo aircraft under new arrangements during the third quarter, and will deploy eight others, five of those under dry lease arrangements, in the fourth quarter.

"We also signed commitments during the third quarter to invest in a new joint venture that will provide air express services in China and other points in Asia, starting in mid-2016 after pending regulatory approvals. That airline, United Star Express, will serve rapidly growing e-commerce markets from an operating base in Tianjin. We expect to be a source of leased aircraft to United Star Express as it expands over the next several years."

Through nine months, ATSG earned \$25.8 million, or \$0.40 per share diluted from continuing operations in 2015, up two percent from the same period in 2014. Revenues increased 1 percent to \$437.7 million, and increased 4 percent excluding revenues from reimbursements. Adjusted EBITDA for the first nine months of 2015 was \$141.4 million, up 10 percent.

Capital spending for the first nine months of 2015 was \$111.0 million, compared with \$90.9 million in the same 2014 period. ATSG purchased three 767-300 aircraft this year, one more than in 2014. ATSG plans to purchase one more 767-300 in November to modify and deploy with an existing customer in 2016 under an eight-year dry lease. ATSG projects capital expenditures for 2015 of approximately \$165 million.

Share repurchases, which began in May, have totaled \$8.4 million to date. That includes \$4.3 million during the third quarter.

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