



# Fortress Transportation and Infrastructure Investors LLC

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## Citi's 2021 Global Industrials Virtual Conference

February 18, 2021



FORTRESS  
TRANSPORTATION  
& INFRASTRUCTURE

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# FTAI Overview

- Owns and acquires *high quality* transportation equipment and infrastructure assets
- Diversified portfolio across the aviation, energy, port and rail sectors
- Combine *income & growth* through a mix of *equipment & infrastructure*

## Two Primary Business Units

### Income

#### Equipment Leasing<sup>(1)</sup>

\$1,662mm  
book equity

#### Industry-leading aviation leasing platform

- Own and lease 272 aircraft and engines
  - Q3 2020 annualized Adj. EBITDA of ~\$286.7mm<sup>(2)</sup>
- Significant contracted cash flows
- Differentiated Aviation leasing product



### Growth

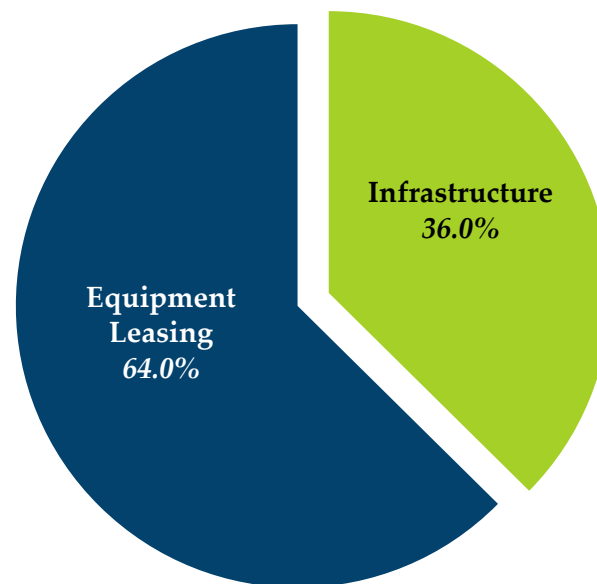
#### Infra-structure<sup>(4)</sup>

\$933mm  
book equity

#### Substantial asset value across geographies and asset types with significant scarcity value

- Jefferson Terminal
- Repauno Port & Rail Terminal
- Long Ridge Energy Terminal

## Book Equity Contribution<sup>(3)</sup>



Equipment Leasing \$1,662mm  
Infrastructure \$933mm

1) Equipment Leasing business consists of Aviation Leasing, and Offshore Energy and Shipping Containers (which are included in Corporate and other). Book equity is calculated as total equity less non-controlling equity interest in equity of consolidated subsidiaries as of September 30, 2020.

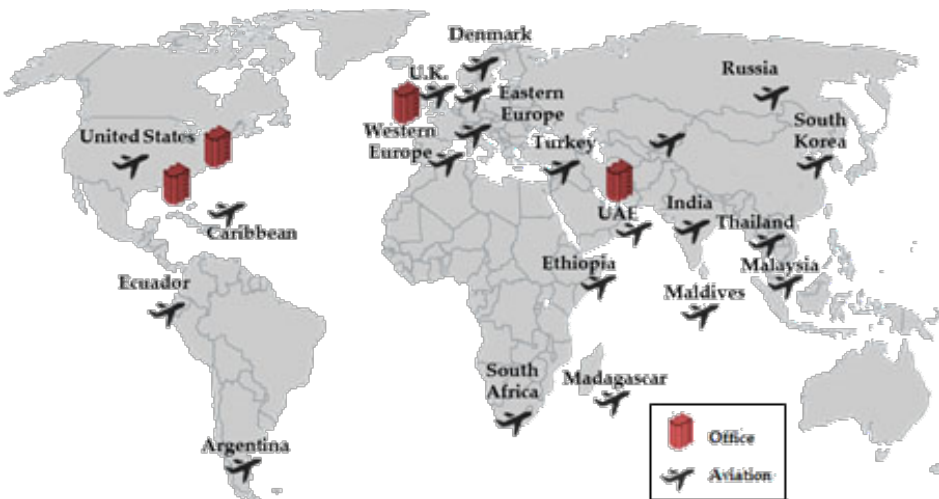
2) Excludes gain on sale of assets; Annualized Adjusted EBITDA is a non-GAAP measure. Please see "Disclaimers" at the beginning of the Presentation. Please refer to appendix slide "Aviation Annualized Adj. EBITDA and Net Income Reconciliation" included in the Company's Q3 2020 Earnings Supplement, posted on the Company's website for more detail.

3) Excludes non-controlling equity interest and Corporate.

4) Infrastructure business consists of Jefferson Terminal, Ports & Terminals, rail car cleaning assets and investment in FYX (which are included in Corporate and Other). Book equity is calculated as total equity less non-controlling equity interest in equity of consolidated subsidiaries as of September 30, 2020.

# Aviation: A Differentiated Model – Engines the Key!<sup>(1)</sup>

## Engines and Aircraft for Dividend Coverage



- Engine leasing core competency
- Annualized Adjusted EBITDA Return on Equity<sup>(2)</sup> of 19.3%
- No debt on portfolio
- Team, capital structure, focus = sustainable advantage – becoming a brand



### Aviation Leasing

- 79 passenger aircraft
- 193 commercial jet engines
- *Shareholders' equity of \$1.49 billion*

1) As of September 30, 2020.

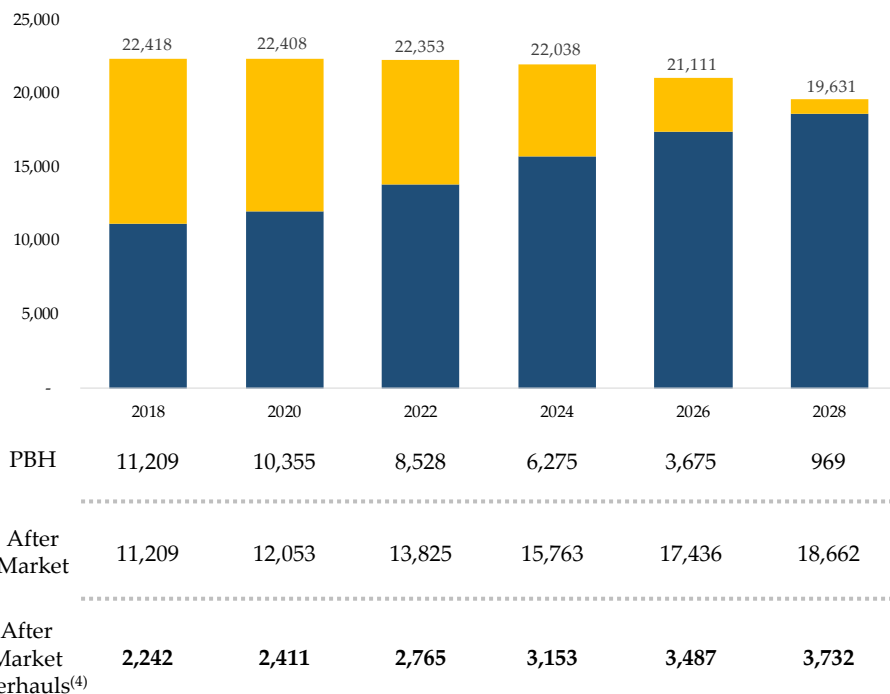
2) Adjusted EBITDA is a non-GAAP measure. Annualized Adjusted EBITDA is Annualized Adjusted EBITDA Return on Equity excluding gain on sale of assets, for Q3 2020. Annualized data is presented for illustrative purposes only, and should not be considered indicative of future performance or actual results for any period. Please refer to the Aviation Leasing Historical Returns and Reconciliation of Non-GAAP Measures sections, included in the Appendix of the Company's Q3 2020 Earnings Supplement posted on the Company's website, for a reconciliation to the most comparable GAAP measure.

# CFM56-5B/7B Engine Market Overview and Opportunity

- Largest engine market ever with ~22,000 engines<sup>(1)</sup>
  - In 10 years over 90% of current engines will exit their initial PBH contracts
  - Cost of CFM56-5B/7B engine shop visits expected to double in 10 years
- FTAI has the potential to generate *meaningful EBITDA contribution* per shop visit<sup>(2)</sup>

## 5B/7B Engine Market<sup>(1)</sup>

■ Aftermarket ■ PBH



## Average After Market Shop Visit Cost<sup>(1)</sup>

\$ in thousands

	2018	2020	2022	2024	2026	2028
LLPs <sup>(3)</sup>	\$1,814	\$2,065	\$2,350	\$2,676	\$3,047	\$3,469
Airfoils	\$2,646	\$3,001	\$3,404	\$3,861	\$4,379	\$4,967
Labor	\$445	\$467	\$490	\$514	\$539	\$565
<b>Total</b>	<b>\$4,905</b>	<b>\$5,533</b>	<b>\$6,244</b>	<b>\$7,051</b>	<b>\$7,965</b>	<b>\$9,001</b>

1) Per 2017 MBA aviation report.

2) Based on management's estimates. Actuals may vary.

3) Life Limited Parts.

4) Estimated annual after market overhauls; assumes 5 year mean time between removal ("MTBR") of after market engines.

# CFM56 Partners and Programs

**LOCKHEED MARTIN**



- Leading Aerospace Manufacturer
- Core Competency: MRO<sup>(1)</sup>/Labor
- Structure: Guaranteed Shop Capacity
- Term: 7-Year



- Largest Independent Engine Lessor
- Core Competency: Leasing/Asset Management
- Most comprehensive products and services in the largest engine market

*A truly differentiated model*

**CHROMALLOY**

- Leader in Engine Hot-section PMAs<sup>(2)</sup>
- Core Competency: Airfoils
- Structure: Exclusive
- Term: Perpetual



- Largest Aftermarket Parts Provider
- Core Competency: Used Serviceable Material
- Structure: Exclusive
- Term: 7-Year

# Existing Infrastructure Investments

## *Assets with multiple growth avenues*



## *Jefferson Terminal*

- Terminal in Beaumont, Texas, one of North America's largest crude oil refining regions
  - Currently handles crude for local refiners and international markets as well as refined products for Mexico
  - Local refineries have 2.2 million BPD of refining capacity and are in the process of expanding to 2.5 million BPD.
- Connectivity to three Class I railroads
  - Union Pacific
  - BNSF Railway
  - Kansas City Southern Railway
- Sole handler of liquid hydrocarbons in Beaumont

# Additional Infrastructure Opportunities

## Assets under development



*Repauno Port*

- 1,630 acre deep-water seaport and logistics hub
- On the Delaware River near Philadelphia
- Active industrial market
  - Liquid storage logistics and warehouse facility
  - Water Depth: 40'
  - Rail connectivity to Conrail
  - Access to I-295 / I-95



*Long Ridge Energy Terminal*

- 1,660 acre industrial port and rail facility
- 485 MW combined-cycle power plant under construction (80% complete)
  - Will commence operations in August 2021, three months ahead of schedule
  - Run-rate EBITDA of \$120 million, 7 to 10 year fixed price contracts
  - Will start blending hydrogen into fuel mix by year-end, the first large gas turbine in the US to do so
- Currently dry bulk storage and logistics facility
- Potential for NGL logistical facility and integration with Repauno



# Capital Structure & Financing Strategy

- Conservative approach to leverage
  - Leverage of approximately 60.0%<sup>(1)</sup> of total capital
- Total book value attributable to FTAI common shareholders is approximately \$1.0 billion, or \$11.23 per common share<sup>(2)</sup>

(\$s in millions)	September 30, 2020
Cash & Cash Equivalents	<u>\$119.8</u>
<b>Total Debt<sup>(3)</sup></b>	<u><b>\$1,801.6</b></u>
Shareholders' Equity	\$961.6
Preferred Equity	\$213.7
Non-controlling Interest	<u>\$25.5</u>
<b>Total Equity</b>	<u><b>\$1,200.8</b></u>
<b>Total Capitalization</b>	<u><b>\$3,002.4</b></u>
<b>Debt/Total Capital</b>	<b>60.0%</b>



# FTAI: Summary<sup>(1)</sup>

- Aviation:** Growing portfolio generating significant contracted cash flow to cover dividend.
- Infrastructure:** Attractive, well located, North American port and railroad terminals with multiple opportunities to grow over many years.<sup>(2)</sup>

## Valuation

	2021 Dividend Yield Sensitivity		
	5.00%	4.50%	4.00%
Implied Stock Price	\$26.40	\$29.33	\$33.00
% Change <sup>(3)</sup>	-1%	10%	24%

	Book Value Multiple Sensitivity		
	2.50x	2.75x	3.00x
Implied Stock Price	\$28.08	\$30.89	\$33.70
% Change <sup>(3)</sup>	5%	16%	26%



- (1) As of February 17, 2021, using latest published numbers. For illustrative purposes only. This presentation does not constitute a recommendation or offer to purchase or sell shares of FTAI. Please see "Disclaimers" at the beginning of this presentation.
- (2) See "Disclaimers" at the beginning of the Presentation.
- (3) Compared against the February 16, 2021 stock price of \$26.71.