



# Fortress Transportation and Infrastructure Investors LLC

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## Barclays Industrial Select Conference

February 23, 2022



FORTRESS  
TRANSPORTATION  
& INFRASTRUCTURE

# Disclaimers

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**NON-GAAP FINANCIAL INFORMATION.** This Presentation includes information based on financial measures that are not recognized under generally accepted accounting principles (GAAP), such as Adjusted EBITDA, FAD, and EBITDA. You should use Non-GAAP information in addition to, and not as an alternative to, financial information prepared in accordance with GAAP. For Adjusted EBITDA and FAD, see Reconciliation and Glossary in the Appendix the Company’s Q1 Earnings Supplement posted on the Company’s website for reconciliations to the most comparable GAAP measures and an explanation of each of our non-GAAP measures. Our Non-GAAP measures may not be identical or comparable to measures with the same name presented by other companies. United States Steel Corporation provides a definition of EBITDA, and reconciliations of its segment EBITDA to the most comparable GAAP measure, in its most recent earnings call presentation, which can be accessed at <https://investors.ussteel.com>; the Transtar EBITDA figures presented in this Presentation have been prepared on the same basis based on unaudited financial information of Transtar and its subsidiaries. Transtar’s Non-GAAP measures may not be identical or comparable to measures with the same name presented by other companies. Reconciliations of forward-looking Non-GAAP financial measures to their most directly comparable GAAP financial measures are not included in this Presentation because the most directly comparable GAAP financial measures are not available on a forward-looking basis without unreasonable effort.

# 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>

\$1.9 billion  
book equity

#### Industry-leading aviation leasing platform

- Own and lease 294 aircraft and engines
  - Q3 2021 annualized Adj. EBITDA of ~\$333.3mm<sup>(2)</sup>
- Significant contracted cash flows
- Differentiated Aviation leasing product



### Growth

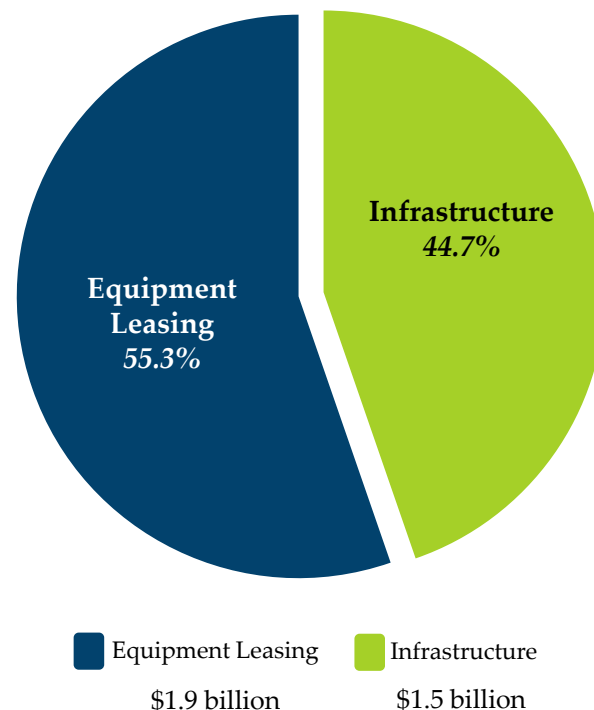
#### Infra-structure<sup>(4)</sup>

\$1.5 billion  
book equity

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

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

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



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, 2021.

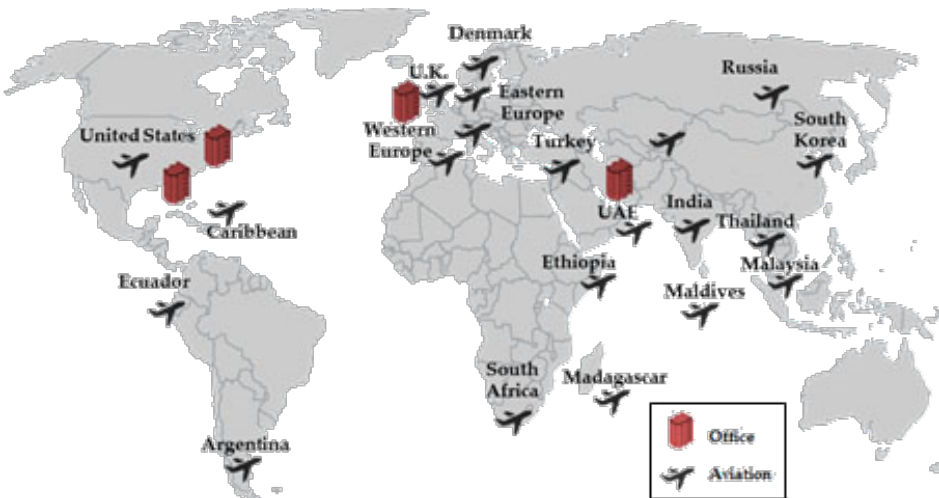
2) Excludes gain on sale of assets; Annualized Adjusted EBITDA is a non-GAAP measure. Please see "Disclaimers" at the beginning of the Presentation. Please refer to the appendix of the Company's Q3 2021 Earnings Supplement, posted on the Company's website for more detail.

3) Excludes non-controlling equity interest and Corporate.

4) Infrastructure business consists of Jefferson Terminal, Ports & Terminals, Transtar, 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, 2021.

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

## Engines and Aircraft for Dividend Coverage



### Aviation Leasing

- 90 passenger aircraft
- 204 commercial jet engines
- *Shareholders' equity of \$1.70 billion*

- Engine leasing core competency
- Annualized Adjusted EBITDA Return on Equity<sup>(2)</sup> of 20.3%
- No debt on portfolio
- Team, capital structure, focus = sustainable advantage – becoming a brand



1) As of September 30, 2021.

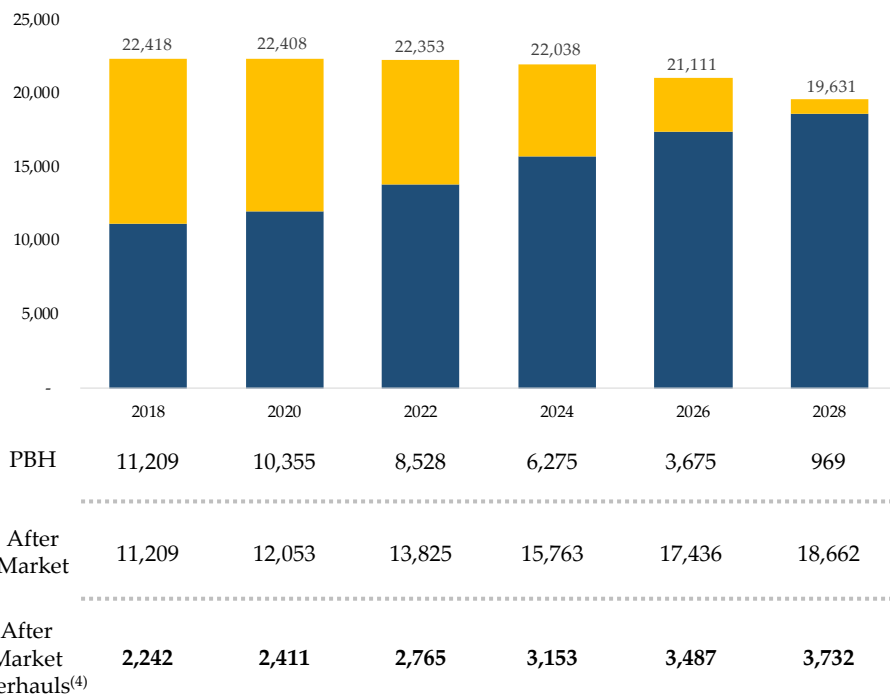
2) Adjusted EBITDA is a non-GAAP measure. Annualized Adjusted EBITDA is Annualized Adjusted EBITDA Return on Equity excluding gain on sale of assets, for Q 2021. Annualized data is presented for illustrative purposes only and should not be considered indicative of future performance or actual results 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 2021 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. See "Disclaimers" at the beginning of this presentation.

3) Life Limited Parts.

4) Estimated annual after market overhauls; assumes 5 year mean time between removal ("MTBR") of after market engines. See "Disclaimers" at the beginning of this presentation.

# CFM56 Partners and Programs

**LOCKHEED MARTIN**



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



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

***A truly differentiated model***

**CHROMALLOY**

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

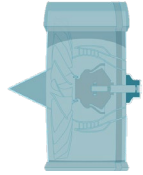


- One of the Largest Aftermarket Parts Providers
- Core Competency: Used Serviceable Material
- Structure: Exclusive
- Term: 7-Year

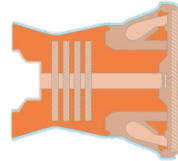
# The Module Store is Now Open

## Interchangeable CFM56 Modules

Fan



Core



LPT



Module Benefits

Savings Range <sup>(1)</sup>

Visit the Store

1 Significant Cost Savings

\$250k to \$1,000k

2 Reduce Engine Downtime

Reduce downtime by  
3 months to 6 months

3 Eliminate Surprise Overages

\$150k to \$500k



<https://www.ftaiaviation.com/p/3>

## FTAI Aviation Disrupting Engine Maintenance

*40+ Modules Available Anytime and Anywhere*

# Existing Infrastructure Investments

## *Assets with multiple growth avenues*



## *Jefferson Terminal*

- Located in Beaumont, Texas, one of North America's largest crude oil refining regions with over 2.2 million barrels per day of refining capacity
- Terminal currently consists of 4.3 million barrels of storage, 25 miles of rail track, OC-1 ship dock, and OC-3 barge dock
- Terminal storage capacity to increase to 6.2 million barrels of storage by early 2023<sup>(1)</sup>
- Additional ship dock to be in service by mid-2023<sup>(1)</sup>
- Direct pipeline connectivity from Cushing, Oklahoma and to the largest refineries in North America
- Triple served rail access provided by BNSF, KCS, and Union Pacific
- Multi-year customer contracts supported by minimum revenue commitments
- Well-positioned to participate in energy transition opportunities for renewable diesel, sustainable aviation fuel, and other clean fuels



# Additional Infrastructure Opportunities

## *Assets with multiple growth avenues*

### *Repauno Port*

- 1,630 acre deep-water seaport and logistics hub
- Situated along the Delaware River in Greenwich Township, New Jersey
- Active industrial market
  - Liquid storage logistics and warehouse facility
  - State-of-the-art transloading system and deep-water dock
  - Served by Conrail with access to CSX and Norfolk Southern
  - Easy truck access to I-295 and I-95



# Additional Infrastructure Opportunities

## *Assets with multiple growth avenues*



## *Long Ridge Energy Terminal*

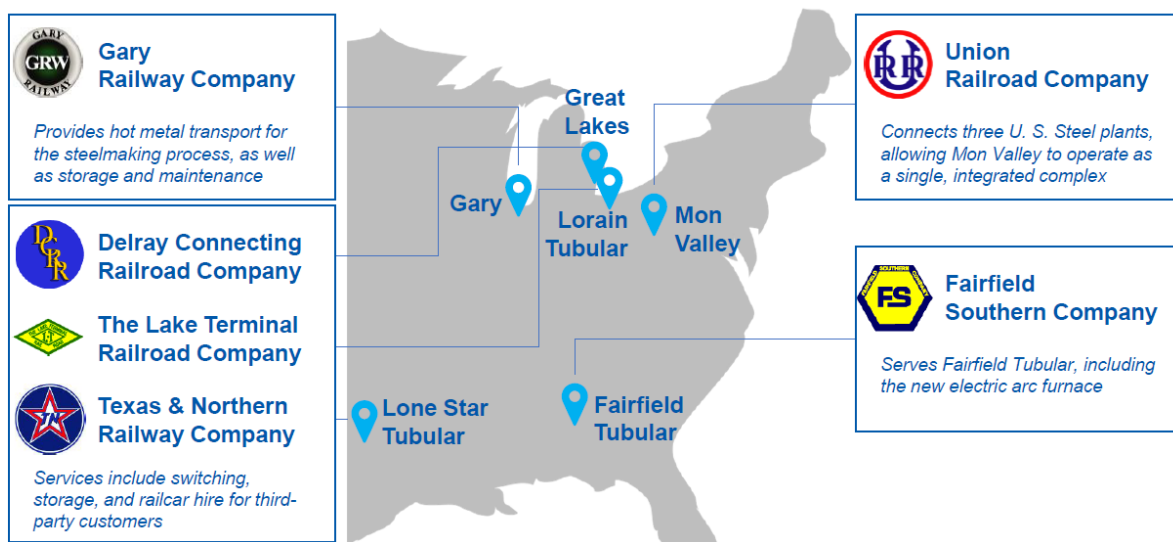
- 1,660 acre industrial port and rail facility
- 485 MW combined-cycle power plant
- Commenced operations in October 2021, one month ahead of schedule
  - Run-rate EBITDA of \$120 million, 7 to 10-year fixed price contracts
  - Will start blending hydrogen into fuel mix by year-end<sup>(1)</sup>, the 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<sup>(1)</sup>

# Recent Infrastructure Acquisition – Transtar, LLC

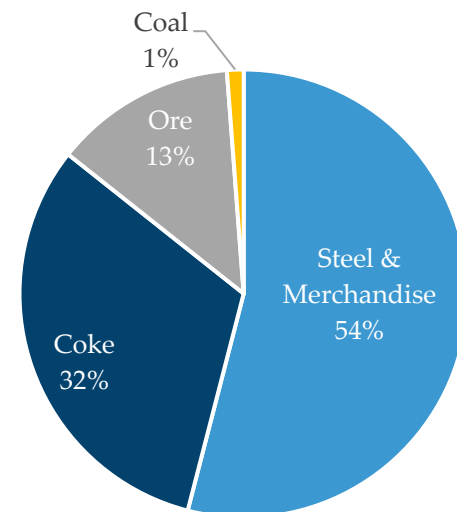
## Acquired Transtar from U.S. Steel Corporation in July 2021

- Transtar is a wholly-owned, independently operated subsidiary of FTAI, providing transportation and logistics services to U.S. Steel and third-party customers via a portfolio of short-line railroads and a switching company
- Transtar operates a total of five freight rail properties and one switching company of which two railroads are connected to U.S. Steel’s largest production facilities
- Connectivity with all seven Class I railroads in North America: BNSF, CN, CP, CSX, NS, UP, KCS

### Transtar’s Railroads



### Carload Mix by Product<sup>(1)</sup>



# Transtar Highlights

## Long-term, stable cash flow

- Generated EBITDA of \$11.5 million in Q3'21<sup>(1)</sup>
- Based upon recent operating momentum (post-COVID) and the implementation of multiple new initiatives, expect Transtar to generate approximately \$80 million of EBITDA<sup>(2)</sup> in the first year following closing of the acquisition<sup>(3)</sup>
- Low capex, high cash flow conversion, given high quality and “short distance” nature of Transtar’s rail lines

## Partnership with U.S. Steel<sup>(3)</sup>

- Provide essential service to U.S. Steel’s largest, lowest cost production facilities
- Executed 15-year contract with U.S. Steel to provide exclusive service at each facility
- Work with USS to develop and implement new practices and approaches which would improve the ESG profile of all operations

## Potential growth opportunities<sup>(3)</sup>

- Freight revenue growth with third parties
- Non-freight revenue opportunities: additional services; car storage, repair and cleaning; right-of-way income
- Operating efficiencies

1) Represents the unaudited quarter ending September 30, 2021. EBITDA is a Non-GAAP measure. See “Disclaimers” at the beginning of this presentation.

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3) Based on management’s current expectations and beliefs. Actual results may vary materially. See “Disclaimers” at the beginning of this presentation.

# FTAI ESG Initiatives

- FTAI is committed to a sustainable future by building a portfolio focused on decarbonizing the transportation sector, and growing our renewable footprint through various ESG initiatives

Aviation	Infrastructure			
Used Serviceable Material (USM)	Waste Plastic to Renewable Fuel	Lithium-Ion Battery Recycling	Hydrogen Fueled Power Plant	Other
<ul style="list-style-type: none"> <li>An exclusive seven-year partnership w/ AAR to build CMF56 USM inventory for the global aviation aftermarket and for FTAI's own consumption at The Module Factory™</li> <li>Per KPMG study, projected to achieve an 84% reduction in carbon emissions when compared to a standard CFM56 shop visit through the use of USM, re-using modules, and recycling of scrap material</li> <li>FTAI and AAR will jointly contribute on avg. 1% of all USM sales from the partnership to purchase verified carbon offsets (meet standards set by CORSIA<sup>(1)</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>A joint venture w/ Clean Planet Energy (a UK green-tech) to develop Clean Planet Energy USA ecoPlants in key North American markets</li> <li>The ecoPlant will convert non-recyclable waste plastics (which are typically destined for landfill) into ultra-clean fuels and oils to support the manufacture of new plastics</li> <li>The first facility is under development at Repauno in Gibbstown, New Jersey. The plant is planned to initially process <b>20,000 tons</b> of waste plastics each year</li> </ul>	<ul style="list-style-type: none"> <li>A 50% ownership in Aleon Renewable Metals to develop a lithium-ion battery recycling business across the U.S.</li> <li>The recycling business will break down, process, and convert spent lithium-ion batteries to extract high purity metals to be re-used in lithium-ion battery production</li> <li>The initial battery recycling plant will be build-out at the Freeport site owned by Gladieux Metals Recycling Company, leveraging their existing assets and infrastructure</li> <li>At full ramp, expected to process <b>110,000 tons</b> of spent lithium-ion batteries each year</li> </ul>	<ul style="list-style-type: none"> <li>485MW gas fueled power plant located in Hannibal, Ohio; commenced operations in October 2021</li> <li>Partnered w/ General Electric, Kiewit, Black &amp; Veatch and NAES<sup>(2)</sup> to transition to a <b>hydrogen fueled power plant</b>; first in the U.S.               <ul style="list-style-type: none"> <li>First hydrogen blending expected to start in April 2022</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Invested in Carbonfree which captures carbon from industrial emitters and converts it to beneficial products that also sequester the carbon permanently</li> <li>Evaluating potential solar and wind power generation opportunities at Repauno</li> <li>Evaluating an opportunity to invest in a biodegradable plastic manufacturer at Repauno &amp; Long Ridge</li> <li>In advanced discussions w/ various offshore wind component manufacturers regarding opportunities to host their manufacturing at Repauno</li> </ul>



# Capital Structure & Financing Strategy

- Conservative approach to leverage
  - Leverage of approximately 71.3%<sup>(1)</sup> of total capital
- Total book value attributable to FTAI common shareholders is approximately \$0.9 billion, or \$9.01 per common share<sup>(2)</sup>

(\$s in millions)	September 30, 2021
Cash & Cash Equivalents	<u>\$176.1</u>
<b>Total Debt<sup>(3)</sup></b>	<u><b>\$2,984.0</b></u>
Shareholders' Equity	\$882.5
Preferred Equity	\$314.9
Non-controlling Interest	<u>\$6.6</u>
<b>Total Equity</b>	<u><b>\$1,204.0</b></u>
<b>Total Capitalization</b>	<u><b>\$4,188.0</b></u>
<b>Debt/Total Capital</b>	<b>71.3%</b>