



# Fortress Transportation and Infrastructure Investors LLC

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## Stifel 2019 Transportation & Logistics Conference

February 12, 2019



FORTRESS  
TRANSPORTATION  
& INFRASTRUCTURE

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# FTAI Overview

*Fortress Transportation and Infrastructure Investors (NYSE: FTAI) owns and operates high quality transportation and infrastructure assets*

- Diversified portfolio across the aviation, energy, intermodal transport and rail sectors
- Key investment objectives<sup>(1)</sup>:
  - Combine *income & growth* through a mix of equipment & infrastructure
  - Pay a *stable & growing* dividend

## Equipment Leasing<sup>(2)</sup>

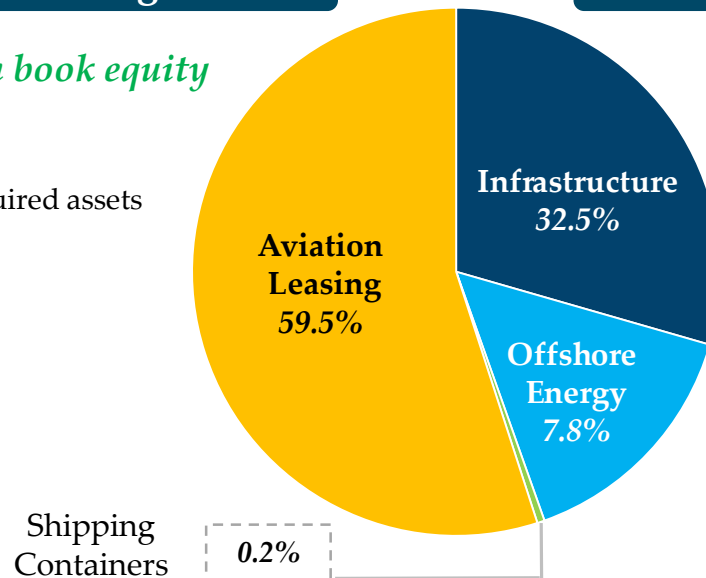
~\$1,151 million book equity

- ✓ Aviation Platform
- ✓ Opportunistically acquired assets in offshore energy and intermodal transport
- ✓ Contracted cash flows

## Infrastructure<sup>(3)</sup>

~\$554 million book equity

- ✓ Jefferson Terminal
- ✓ Central Maine & Quebec Railway (“CMQR”)
- ✓ Repauno Delaware Port
- ✓ Long Ridge Terminal



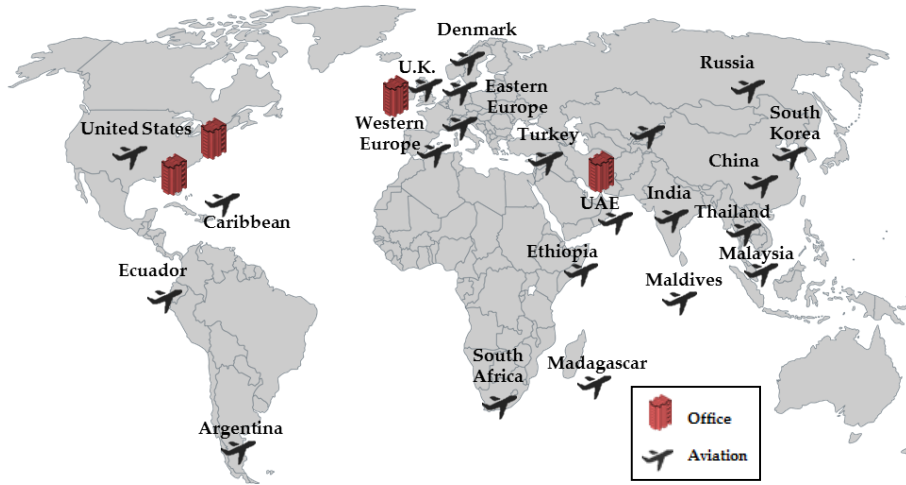
1) See “Disclaimers” at the beginning of the Presentation.

2) Equipment Leasing business is comprised of Aviation Leasing, Offshore Energy, and Shipping Containers segments. Book equity is calculated as total equity less non-controlling interest in equity of consolidated subsidiaries as of September 30, 2018.

3) Infrastructure business is comprised of Jefferson Terminal, Ports & Terminals, and Railroad segments. Book equity is calculated as total equity less non-controlling interest in equity of consolidated subsidiaries as of September 30, 2018.

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

## Engines and Aircraft for Dividend Coverage



### Aviation Leasing

- 62 passenger aircraft
- 135 commercial jet engines
- *Shareholders' equity of \$1.0 billion*



- Engine leasing core competency
- Annualized Adjusted EBITDA Return on Equity<sup>(2)</sup> of 29.6%
- No debt on portfolio
- Approximately \$235.0 million of LOIs as of November 1, 2018
- Team, capital structure, focus = sustainable advantage – becoming a brand



1) As of September 30, 2018.

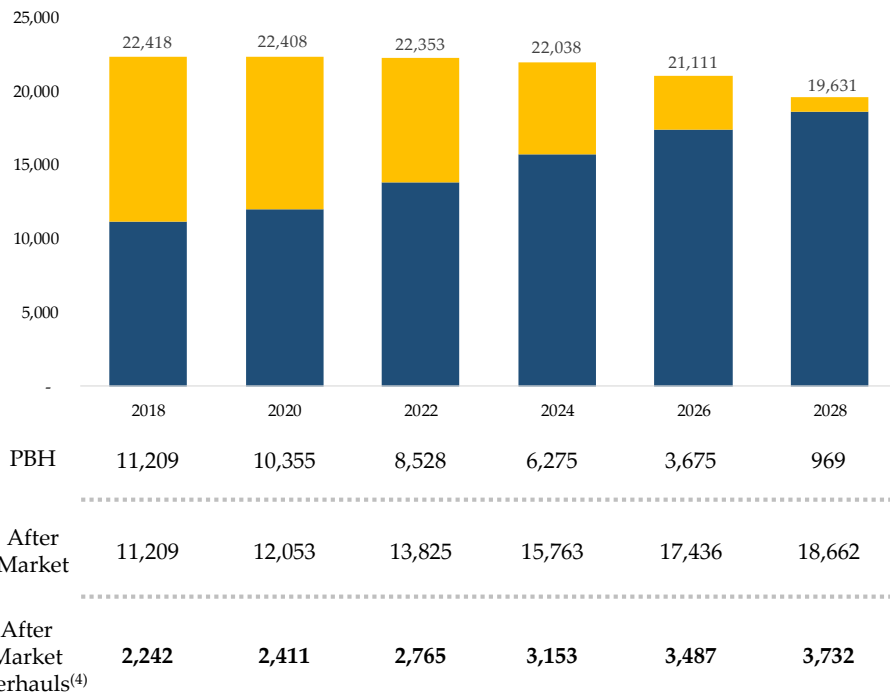
2) Adjusted EBITDA is a non-GAAP measure. Annualized Adjusted EBITDA is Annualized Adjusted EBITDA Return on Equity excluding gain on sale of assets, for Q3 2018. Annualized data is presented for illustrative purposes only, and should not be considered indicative of future performance or actual results 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 2018 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>
  - By 2020 aftermarket engines will surpass those under Power By Hour (“PBH”) contracts
  - 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.

# 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, ethanol and refined products destined for Mexico
  - Located near 6 major refineries with 2.2 mm b/d capacity
- Strategically located to serve the Gulf coast with international export capabilities
  - Rare Class I rail connectivity (UP, BNSF, KC)
- Sole handler of liquid hydrocarbons in Beaumont



*CMQR*

- Short line railroad from Montreal to Maine
- Acquired out of bankruptcy
  - 480 miles of owned track
  - ~25,000 annual carloads
- Improving undermanaged assets
- Experienced management team driving organic growth
- Evaluating industrial development opportunities along the railroad

# 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
- Heart of the Marcellus and Utica
  - Currently dry bulk storage and logistics facility
- Existing site infrastructure, connectivity, and access to low-price gas
- Permitting 485 MW gas-fired power plant
- Potential for NGL logistical facility and integration with Repauno

# Capital Structure & Financing Strategy

- Conservative approach to leverage
  - Leverage of approximately 51.7%<sup>(1)</sup> of total capital
- Total book value attributable to FTAI shareholders is approximately \$1.0 billion, or \$12.13 per share<sup>(2)</sup>

(\$s in millions)	September 30, 2018
Cash & Cash Equivalents	<u>\$163.1</u>
Total Debt <sup>(3)</sup>	<u>\$1,137.9</u>
Shareholders' Equity	\$1,004.5
Non-controlling Interest	<u>57.8</u>
Total Equity	<u>\$1,062.3</u>
Total Capitalization	<u>\$2,200.2</u>
Debt/Total Capital	<u>51.7%</u>





# 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

	2019 Dividend Yield Sensitivity		
	10.0%	7.5%	5.0%
Implied Stock Price	\$13.20	\$17.60	\$26.40
% Change <sup>(3)</sup>	-11%	19%	79%

	Book Value Multiple Sensitivity		
	2.0x	1.5x	1.0x
Implied Stock Price	\$23.90	\$17.93	\$11.95
% Change <sup>(3)</sup>	62%	22%	-19%



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- Compared against February 5, 2019 stock price of \$14.75.