

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **April 27, 2022**

VSE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-03676
(Commission File Number)

54-0649263
(IRS Employer
Identification Number)

6348 Walker Lane
Alexandria, Virginia
(Address of Principal Executive Offices)

22310
(Zip Code)

(703) 960-4600
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.05 per share	VSEC	The NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

VSE CORPORATION

Item 2.02 Results of Operations and Financial Condition.

On April 27, 2022, the Company issued a press release reporting its financial results for the first quarter ended March 31, 2022. Additionally, the Company made available related materials to be discussed during the Company's webcast and conference call referred to in such press release. A copy of the press release and related conference call materials are being furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are hereby incorporated by reference.

The information in the preceding paragraph, as well as Exhibits 99.1 and 99.2, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. It may only be incorporated by reference into another filing under the Exchange Act or the Securities Act of 1933, as amended if such subsequent filing specifically references this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit

Number

99.1 [Press release dated April 27, 2022, entitled, "VSE Corporation Announces First Quarter 2022 Results."](#)

99.2 [VSE Corporation Earnings Presentation for the First Quarter 2022](#)

104 Cover Page Interactive Data File

VSE CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VSE CORPORATION

(Registrant)

Date: April 27, 2022

By: /s/ Stephen D. Griffin

Stephen D. Griffin

Senior Vice President and Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)



VSE Corporation Announces First Quarter 2022 Results
First Quarter Revenue Increased 40% Year-Over-Year Driven by Growth Across All Reporting Segments

ALEXANDRIA, VIRGINIA, April 27, 2022 - VSE Corporation (NASDAQ: VSEC, "VSE", or the "Company"), a leading provider of aftermarket distribution and maintenance, repair and overhaul ("MRO") services for land, sea and air transportation assets for government and commercial markets, today announced results for the first quarter 2022.

FIRST QUARTER 2022 RESULTS
(As compared to the First Quarter 2021)

- **Total Revenues** of \$231.2 million increased 40.2%
- **GAAP Net Income** of \$6.2 million increased 22.2%
- **Adjusted EBITDA** of \$22.2 million increased 42.9%
- **Adjusted Net Income** of \$9.2 million increased 72.8%
- **Adjusted EPS (Diluted)** of \$0.72 increased 64%

Aviation segment revenue increased 110% year-over-year to a record \$93.3 million in the first quarter 2022. The year-over-year revenue improvement was attributable to share gains within the Business and General Aviation (B&GA) market and continued commercial end-market recovery. Aviation distribution and repair revenue increased 172% and 22%, respectively, in the first quarter 2022 versus the prior-year period. The Aviation segment reported operating income of \$7.6 million in the first quarter, compared to a loss of \$0.3 million in the same period of 2021. Segment adjusted EBITDA increased by 389% in the first quarter to \$10.9 million, versus \$2.2 million in the prior-year period. Adjusted EBITDA margin was 11.6%, an increase of 664 basis points versus the prior-year period, driven by improved sales mix and end-market recovery.

Fleet segment revenue increased 22% year-over-year to \$67.0 million in the first quarter 2022. Revenues from commercial customers increased 93% on a year-over-year basis, driven by growth in commercial fleet demand and e-commerce fulfillment sales. Commercial revenue represented 42% of total Fleet segment revenue in the period. Segment adjusted EBITDA increased 9% year-over-year to \$8.8 million, while adjusted EBITDA margin declined 165 basis points to 13.1%, given a higher mix of commercial revenue and continued investment in commercial channel growth.

Federal & Defense segment revenue increased 8% year-over-year to \$70.9 million in the first quarter 2022, driven by the contributions from the acquisition of HAECO Special Services (HSS), growth in field programs within aircraft maintenance and modernization services, along with a steady increase in Defense Logistics Agency (DLA) distribution services. The segment continues to execute under its one-year, \$100 million Naval Sea Systems Command (NAVSEA) bridge award contract, which was announced in March 2022. The Federal & Defense segment reported an operating loss of \$(0.7) million in the first quarter 2022 due to a \$3.5 million provision for a contract loss recognized in the current quarter. The charge represents the expected loss driven by higher than anticipated supply chain material and labor costs related to a specific fixed-price, non-DoD contract with a foreign customer that is not considered indicative of ongoing business operations and strategy. Segment adjusted EBITDA declined 34.8% year-over-year to \$3.8 million in the period, given a higher mix of cost-plus contracts. Funded backlog increased 5% year-over-year to \$198 million, while bookings increased 46% on a year-over-year basis, given an increased focus on business development activities.

STRATEGIC UPDATE

During the first quarter, VSE continued to advance its business transformation of developing a leading aftermarket parts distribution and MRO services platform to support higher-growth end-markets. Building long-term sustainable revenue channels, growing adjusted EBITDA, and stabilizing legacy programs remain key focus areas that are expected to deliver value for shareholders. The Company's first quarter results demonstrate substantial progress across these strategic imperatives and the additional opportunities that exist as the business continues to scale.

Building Long-Term, Sustainable Revenue Channels:

- During the first quarter, **VSE Aviation** secured a renewal of a three-year, \$180 million distribution agreement with a global B&GA aircraft OEM. VSE Aviation will remain the global distributor of approximately 30,000 airframe parts serving approximately 1,000 B&GA aircraft through year-end 2025.
- During the first quarter, **VSE Aviation** reached an agreement with Honeywell Aerospace to provide repair services for various avionics products, including inertial reference units and cockpit display units across multiple air transport platforms. The agreement will establish OEM-authorized repair capabilities and contribute to commercial MRO revenue and growth beginning in 2023.
- **VSE Aviation** was recognized as Honeywell Aerospace's Regional Channel Partner of the Year (EMEA region) for its "unwavering commitment to supporting Honeywell products and services." This recognition further exemplifies VSE's dedication to excellence in service, and the value of the partnerships between VSE Aviation and global OEMs in support of mutual customers.
- During the first quarter, **Fleet** continued to execute on its revenue diversification strategy implemented in 2019 to expand its presence in commercial fleet, e-commerce, and e-commerce fulfillment markets. By leveraging Fleet's existing capabilities and operational infrastructure to serve a diverse set of new customers, Fleet's commercial revenue has grown to 42% of total segment revenue, up from 10% in 2019. VSE anticipates commercial revenue channels will continue to drive growth within the segment.
- **Federal & Defense** continues to achieve steady increases in awards for logistics and distribution services, resulting in \$4.2 million in bookings during the first quarter. This growing revenue channel builds on existing capabilities, while bringing more comprehensive solutions to our DoD customers.

Growing Adjusted EBITDA:

- **Aviation** segment adjusted EBITDA grew to \$10.9 million, up 389% versus the prior-year period. The execution of new business wins and commercial MRO activity continued to drive margin expansion in the quarter. Commercial airline end-market activity, anticipated to recover in 2024, will support higher-margin repair revenue, which we anticipate will contribute to incremental margin expansion in 2023 and beyond.
- **Fleet** segment adjusted EBITDA grew to \$8.8 million, up 9% versus the prior-year period. Fleet segment leadership successfully mitigated industry-wide supply chain disruptions and cost inflation during the period, as it continues to leverage existing supply chain excellence, supplier relationships, and product knowledge to reach new commercial customers. Fleet commercial growth, underpinned by higher class 4-8 and heavy-duty vehicle aftermarket activity, is anticipated to deliver an improved outlook for adjusted EBITDA, despite margin headwinds from revenue diversification.

Stabilizing Legacy Programs:

- **Fleet** segment's USPS revenue was flat in the first quarter versus the prior-year period. In support of this long-term customer relationship, Fleet continued to add product offerings in support of the 230,000 vehicles in the USPS fleet. Amid a challenging supply chain environment, the Fleet segment remains essential in USPS maintenance operations and seeks to further develop comprehensive parts solutions for older long-lived vehicles (LLV), commercial off-the-shelf vehicles (COTS), and next generation delivery vehicles (NGDV).
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- **Federal & Defense** segment revenue grew 8% in the first quarter, supported by contributions from the HAECO Special Services (HSS) acquisition and growth in NAVSEA services. Segment backlog grew 5% in the period versus the prior-year period, in part from awards under the recently announced NAVSEA \$100 million contract, as well as contributions from new aircraft maintenance and DLA distribution awards.

MANAGEMENT COMMENTARY

"During the first quarter, we delivered strong revenue growth in our Aviation and Fleet segments as both businesses capitalized on recent investments, new program wins, and market share gains with new and existing customers in our end-markets. The robust first quarter results included revenue growth in all segments, the highest ever revenue quarter for our Aviation segment, and the highest revenue quarter for VSE in the last ten years," stated John Cuomo, President and CEO of VSE Corporation. "This quarter's results demonstrate the opportunities that exist for our businesses to capitalize on end-market demand through focused product and service strategies and our industry-leading customer service."

"Building long-term, sustainable revenue growth remains critical to scaling our businesses," continued Cuomo. "Our first quarter results highlight the potential for both Aviation and Fleet segments in 2023 and beyond. VSE Aviation's \$180 million B&GA-focused airframe renewal is a testament to the 'tip-to-tail' initiative launched in 2021 that supports multi-year revenue confidence through 2025. VSE Aviation is also poised to benefit from new commercial repair capabilities with the recently announced Honeywell agreement, which will expand service offerings into newer next generation aircraft and increase our technical avionics repair capabilities as an authorized OEM repair station. Additionally, Fleet commercial growth, up 93% versus the first quarter of 2021, showcases the strong end-market demand for the products and services that Fleet provides, and illustrates our customer-centric value proposition to fleet owners, specifically in times of global supply chain uncertainty."

"Our first quarter adjusted EBITDA of \$22.2 million, up \$6.7 million, demonstrates our focus on margin and operational excellence as our businesses scale. Aviation segment adjusted EBITDA of \$10.9 million grew \$8.6 million, driven by strong results from the recent B&GA-focused Global Parts acquisition, contributions from 2021 distribution awards, and higher repair revenues, which were up 22% year-over-year. Although commercial MRO market recovery in 2022 will be slightly slower than initially anticipated, we expect higher-margin Aviation commercial repair recovery, driven by improved air traffic levels and our MRO capability additions, to further support margin expansion for the Aviation segment as we look to 2023 and beyond."

"Fleet adjusted EBITDA was \$8.8 million in the quarter, up \$0.7 million year-over-year, as the segment drives scale and successfully manages through a challenging supply chain environment. Key to our transformation is the stabilization of legacy programs, and in the first quarter Fleet delivered solid results with USPS revenue flat year-over-year. Fleet continues to support this long-term customer by adding products to support both legacy LLV and newer Commercial Off the Shelf vehicles. Over time, we plan to stabilize Fleet segment profit through commercial revenue diversification and additional support of non-LLV vehicle fleets."

"Federal and Defense growth in the quarter was driven by the HSS acquisition and growth of our NAVSEA services. Margins were impacted as our contract mix of cost plus versus fixed price awards created headwinds in the quarter. The segment focused on delivering exceptional service to customers and continuing to grow profitable backlog."

"We remain disciplined in our capital allocation in 2022," stated Stephen Griffin, CFO of VSE Corporation. "In addition to improving net leverage this year, we will continue to invest in our higher return business through organic investments and bolt-on acquisitions of complementary assets that expand our product and service capabilities. At the conclusion of the first quarter, we had \$100 million in cash and available liquidity to support the ongoing growth of our business."

FINANCIAL RESOURCES AND LIQUIDITY

As of March 31, 2022, the Company had \$100 million in cash and unused commitment availability under its \$350 million revolving credit facility maturing in 2024. As of March 31, 2022, VSE had total net debt outstanding of \$303 million and \$80.3 million of trailing-twelve months adjusted EBITDA.

FIRST QUARTER RESULTS

<i>(in thousands, except per share data)</i>	Three months ended March 31,		
	2022	2021	% Change
Revenues	\$ 231,239	\$ 164,981	40.2 %
Operating income	\$ 11,914	\$ 9,603	24.1 %
Net income	\$ 6,244	\$ 5,111	22.2 %
EPS (Diluted)	\$ 0.49	\$ 0.42	16.7 %

FIRST QUARTER SEGMENT RESULTS

The following is a summary of revenues and operating income (loss) for the three months ended March 31, 2022 and March 31, 2021:

<i>(in thousands)</i>	Three months ended March 31,		
	2022	2021	% Change
Revenues:			
Aviation	\$ 93,290	\$ 44,371	110.2 %
Fleet	67,030	54,747	22.4 %
Federal & Defense	70,919	65,863	7.7 %
Total revenues	\$ 231,239	\$ 164,981	40.2 %
Operating income (loss):			
Aviation	\$ 7,622	\$ (332)	(2,395.8)%
Fleet	6,381	5,741	11.1 %
Federal & Defense	(688)	5,025	(113.7)%
Corporate/unallocated expenses	(1,401)	(831)	68.6 %
Operating income	\$ 11,914	\$ 9,603	24.1 %

The Company reported \$1.3 million of total capital expenditures for three months ended March 31, 2022.

NON-GAAP MEASURES

In addition to the financial measures prepared in accordance with generally accepted accounting principles ("GAAP"), this earnings release also contains Non-GAAP financial measures. These measures provide useful information to investors, and a reconciliation of these measures to the most directly comparable GAAP measures and other information relating to these Non-GAAP measures is included in the supplemental schedules attached.

NON-GAAP FINANCIAL INFORMATION

Reconciliation of Adjusted Net Income and Adjusted EPS to Net Income

<i>(in thousands)</i>	Three months ended March 31,		
	2022	2021	% Change
Net income	\$ 6,244	\$ 5,111	22.2 %
Adjustments to net income:			
Acquisition, integration and restructuring costs	287	310	(7.4)%
Non-recurring professional fees	218	—	— %
Forward contract loss provision	3,482	—	— %
	10,231	5,421	88.7 %
Tax impact of adjusted items	(997)	(78)	1,178.2 %
Adjusted net income	\$ 9,234	\$ 5,343	72.8 %
Weighted average dilutive shares	12,803	12,172	5.2 %
Adjusted EPS (Diluted)	\$ 0.72	\$ 0.44	63.6 %

Reconciliation of Consolidated EBITDA and Adjusted EBITDA to Net Income

<i>(in thousands)</i>	Three months ended March 31,		
	2022	2021	% Change
Net income	\$ 6,244	\$ 5,111	22.2 %
Interest expense	3,609	3,030	19.1 %
Income taxes	2,061	1,462	41.0 %
Amortization of intangible assets	4,736	4,288	10.4 %
Depreciation and other amortization	1,600	1,360	17.6 %
EBITDA	18,250	15,251	19.7 %
Acquisition, integration and restructuring costs	287	310	(7.4)%
Non-recurring professional fees	218	—	— %
Forward contract loss provision	3,482	—	— %
Adjusted EBITDA	\$ 22,237	\$ 15,561	42.9 %

Adjusted EBITDA Summary

Aviation	\$ 10,863	\$ 2,222	388.9 %
Fleet	8,790	8,081	8.8 %
Federal and Defense	3,767	5,779	(34.8)%
Adjusted Corporate expenses ⁽¹⁾	(1,183)	(521)	127.1 %
Adjusted EBITDA	\$ 22,237	\$ 15,561	42.9 %

⁽¹⁾ Includes certain adjustments not directly attributable to any of our segments.

Reconciliation of Segment EBITDA and Adjusted EBITDA to Operating Income (Loss)

<i>(in thousands)</i>	Three months ended March 31,		
	2022	2021	% Change
Aviation			
Operating income (loss)	\$ 7,622	\$ (332)	(2,395.8)%
Depreciation and amortization	3,035	2,554	18.8 %
EBITDA	10,657	2,222	379.6 %
Acquisition, integration and restructuring costs	206	—	— %
Adjusted EBITDA	\$ 10,863	\$ 2,222	388.9 %
Fleet			
Operating income	\$ 6,381	\$ 5,741	11.1 %
Depreciation and amortization	2,328	2,340	(0.5)%
EBITDA	8,709	8,081	7.8 %
Acquisition, integration and restructuring costs	81	—	— %
Adjusted EBITDA	\$ 8,790	\$ 8,081	8.8 %
Federal & Defense			
Operating income	\$ (688)	\$ 5,025	(113.7)%
Depreciation and amortization	973	754	29.0 %
EBITDA	285	5,779	(95.1)%
Forward contract loss provision	3,482	—	— %
Adjusted EBITDA	\$ 3,767	\$ 5,779	(34.8)%

Reconciliation of Operating Cash to Free Cash Flow

<i>(in thousands)</i>	Three months ended March 31,	
	2022	2021
Net cash (used in) provided by operating activities	\$ (18,174)	\$ (36,367)
Capital expenditures	(1,269)	(2,109)
Free cash flow	\$ (19,443)	\$ (38,476)

Reconciliation of Debt to Net Debt

<i>(in thousands)</i>	March 31,	December 31,
	2022	2021
Principal amount of debt	\$ 305,800	\$ 286,734
Debt issuance costs	(1,955)	(2,165)
Cash and cash equivalents	(498)	(518)
Net debt	\$ 303,347	\$ 284,051

The non-GAAP Financial Information set forth in this document is not calculated in accordance with GAAP under SEC Regulation G. We consider Adjusted Net Income, Adjusted EPS (Diluted), EBITDA, Adjusted EBITDA, net debt and free cash flow as non-GAAP financial measures and important indicators of performance and useful metrics for management and investors to evaluate our business' ongoing operating performance on a consistent basis across reporting periods. These non-GAAP financial measures, however, should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP. Adjusted Net Income represents Net Income adjusted for acquisition-related costs, forward contract loss provision and other discrete items, and related tax impact. Adjusted EPS (Diluted) is computed by dividing net income, adjusted for the discrete items as identified above and the related tax impacts, by the diluted weighted average number of common shares outstanding. EBITDA represents net income before interest expense, income taxes, amortization of intangible assets and depreciation and other amortization. Adjusted EBITDA represents EBITDA (as defined above) adjusted for the discrete items as identified above. Net debt is defined as total debt less cash and cash equivalents. Free cash flow represents operating cash flow less capital expenditures.

CONFERENCE CALL

A conference call will be held Thursday, April 28, 2022 at 8:30 A.M. EST to review the Company's financial results, discuss recent events and conduct a question-and-answer session.

A webcast of the conference call and accompanying presentation materials will be available in the Investor Relations section of VSE's website at <https://ir.vsecorp.com>. To listen to the live broadcast, go to the site at least 15 minutes prior to the scheduled start time in order to register, download and install any necessary audio software.

To participate in the live teleconference:

Domestic Live:	(877) 407-0789
International Live:	(201) 689-8562
Audio Webcast:	https://viaavid.webcasts.com/starthere.jsp?ei=1542270&tp_key=f213d4d9e2

To listen to a replay of the teleconference through May 12, 2022:

Domestic Replay:	(844) 512-2921
International Replay:	(412) 317-6671
Replay PIN Number:	13728798

ABOUT VSE CORPORATION

VSE is a leading provider of aftermarket distribution and repair services for land, sea and air transportation assets for government and commercial markets. Core services include MRO services, parts distribution, supply chain management and logistics, engineering support, and consulting and training services for global commercial, federal, military and defense customers. VSE also provides information technology and energy consulting services. For additional information regarding VSE's services and products, visit www.vsecorp.com.

AVIATION

Distribution & MRO Services

VSE's **Aviation** segment provides aftermarket MRO and distribution services to commercial, business and general aviation, cargo, military/defense and rotorcraft customers globally. Core services include parts distribution, component and engine accessory MRO services, rotatable exchange and supply chain services.

FLEET

Distribution & Fleet Services

VSE's **Fleet** segment provides parts, inventory management, e-commerce fulfillment, logistics, supply chain support and other services to the commercial aftermarket medium- and heavy-duty truck market, the United States Postal Service (USPS), and the United States Department of Defense. Core services include parts distribution, sourcing, IT solutions, customized fleet logistics, warehousing, kitting, just-in-time supply chain management, alternative product sourcing, engineering and technical support.

FEDERAL & DEFENSE

Logistics & Sustainment Services

VSE's **Federal & Defense** segment provides aftermarket MRO and logistics services to improve operational readiness and extend the lifecycle of military vehicles, ships and aircraft for the U.S. Armed Forces, federal agencies and international defense customers. Core services include base operations support, procurement, supply chain management, vehicle, maritime and aircraft sustainment services, IT and data management services and energy consulting.

Please refer to the Form 10-Q that will be filed with the Securities and Exchange Commission (SEC) on or about April 28, 2022 for more details on our first quarter 2022 results. Also, refer to VSE's Annual Report on Form 10-K for the year ended December 31, 2021 for further information and analysis of VSE's financial condition and results of operations. VSE encourages investors and others to review the detailed reporting and disclosures contained in VSE's public filings for additional discussion about the status of customer programs and contract awards, risks, revenue sources and funding, dependence on material customers, and management's discussion of short- and long-term business challenges and opportunities.

FORWARD LOOKING STATEMENTS

This document contains certain forward-looking statements. These forward-looking statements, which are included in accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, may involve known and unknown risks, uncertainties and other factors that may cause VSE's actual results and performance in future periods to be materially different from any future results or performance suggested by the forward-looking statements in this document. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that actual results will not differ materially from these expectations. "Forward-looking" statements, as such term is defined by the SEC in its rules, regulations and releases, represent our expectations or beliefs, including, but not limited to, statements concerning our operations, economic performance, financial condition, the impact of widespread health developments, the health and economic impact thereof, and the governmental, commercial, consumer and other responses thereto, growth and acquisition strategies, investments and future operational plans. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "forecast," "seek," "plan," "predict," "project," "could," "estimate," "might," "continue," "seeking" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements, by their nature, involve substantial risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors, including, but not limited to, factors identified in our reports filed or expected to be filed with the SEC including our Annual Report on Form 10-K for the year ended December 31, 2021. All forward-looking statements made herein are qualified by these cautionary statements and risk factors and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized. Readers are cautioned not to place undue reliance on these forward looking-statements, which reflect management's analysis only as of the date hereof. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results.

INVESTOR CONTACT

Noel Ryan
(720) 778-2415
investors@vsecorp.com

VSE Corporation and Subsidiaries

Unaudited Consolidated Balance Sheets

(in thousands except share and per share amounts)

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 498	\$ 518
Receivables (net of allowance of \$1.6 million and \$1.7 million, respectively)	83,958	76,587
Unbilled receivables	31,211	31,882
Inventories	332,023	322,702
Other current assets	26,966	32,304
Total current assets	474,656	463,993
Property and equipment (net of accumulated depreciation of \$68 million and \$66 million, respectively)	44,478	42,486
Intangible assets (net of accumulated amortization of \$124 million and \$135 million, respectively)	103,527	108,263
Goodwill	248,837	248,753
Operating lease right-of-use asset	26,061	27,327
Other assets	23,413	27,736
Total assets	\$ 920,972	\$ 918,558
Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 14,162	\$ 14,162
Accounts payable	94,923	115,064
Accrued expenses and other current liabilities	46,684	49,465
Dividends payable	1,276	1,273
Total current liabilities	157,045	179,964
Long-term debt, less current portion	289,683	270,407
Deferred compensation	13,773	14,328
Long-term lease obligations under operating leases	26,336	27,168
Deferred tax liabilities	10,343	9,108
Other long-term liabilities	—	250
Total liabilities	497,180	501,225
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$0.05 per share, authorized 15,000,000 shares; issued and outstanding 12,768,983 and 12,726,659, respectively	638	636
Additional paid-in capital	89,830	88,515
Retained earnings	333,324	328,358
Accumulated other comprehensive loss	—	(176)
Total stockholders' equity	423,792	417,333
Total liabilities and stockholders' equity	\$ 920,972	\$ 918,558

VSE Corporation and Subsidiaries**Unaudited Consolidated Statements of Income**

(in thousands except share and per share amounts)

	For the three months ended March 31,	
	2022	2021
Revenues:		
Products	\$ 137,231	\$ 78,580
Services	94,008	86,401
Total revenues	<u>231,239</u>	<u>164,981</u>
Costs and operating expenses:		
Products	122,455	70,712
Services	91,228	80,340
Selling, general and administrative expenses	906	38
Amortization of intangible assets	4,736	4,288
Total costs and operating expenses	<u>219,325</u>	<u>155,378</u>
Operating income	11,914	9,603
Interest expense, net	<u>3,609</u>	<u>3,030</u>
Income before income taxes	8,305	6,573
Provision for income taxes	<u>2,061</u>	<u>1,462</u>
Net income	<u>\$ 6,244</u>	<u>\$ 5,111</u>
Basic earnings per share	<u>\$ 0.49</u>	<u>\$ 0.42</u>
Basic weighted average shares outstanding	<u>12,741,394</u>	<u>12,076,509</u>
Diluted earnings per share	<u>\$ 0.49</u>	<u>\$ 0.42</u>
Diluted weighted average shares outstanding	<u>12,803,279</u>	<u>12,171,828</u>
Dividends declared per share	<u>\$ 0.10</u>	<u>\$ 0.09</u>

VSE Corporation and Subsidiaries

Unaudited Consolidated Statements of Cash Flows
(in thousands)

	For the three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 6,244	\$ 5,111
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,547	5,944
Deferred taxes	1,177	1,457
Stock-based compensation	1,308	1,415
Changes in operating assets and liabilities, net of impact of acquisitions:		
Receivables	(7,371)	(2,787)
Unbilled receivables	671	(17,341)
Inventories	(9,321)	(28,910)
Other current assets and noncurrent assets	6,158	(10,306)
Accounts payable and deferred compensation	(20,997)	1,051
Accrued expenses and other current and noncurrent liabilities	(2,590)	7,999
Net cash used in operating activities	(18,174)	(36,367)
Cash flows from investing activities:		
Purchases of property and equipment	(1,269)	(2,109)
Proceeds from the sale of property and equipment	—	14
Proceeds from the payment on notes receivable	2,662	412
Cash paid for acquisitions, net of cash acquired	—	(14,785)
Net cash provided by (used in) investing activities	1,393	(16,468)
Cash flows from financing activities:		
Borrowings on loan agreement	112,071	146,431
Repayments on loan agreement	(93,005)	(144,257)
Proceeds from issuance of common stock, net of underwriters' discounts and issuance costs	—	52,017
Earn-out obligation payments	(500)	—
Payments of taxes for equity transactions	(530)	(390)
Dividends paid	(1,275)	(997)
Net cash provided by financing activities	16,761	52,804
Net decreases in cash and cash equivalents	(20)	(31)
Cash and cash equivalents at beginning of period	518	378
Cash and cash equivalents at end of period	\$ 498	\$ 347



First Quarter 2022 Results Conference Call

April 2022



Forward-Looking Statements

This presentation contains statements that, to the extent they are not recitations of historical fact, constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act. All such statements are intended to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of such safe harbor provisions. "Forward-looking" statements, as such term is defined by the SEC in its rules, regulations and releases, represent VSE Corporation's (the "Company") expectations or beliefs, including, but not limited to, statements concerning its operations, economic performance, financial condition, growth and acquisition strategies, investments and future operational plans. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "forecast," "seek," "plan," "predict," "project," "could," "estimate," "might," "continue," "seeking" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements.

These statements speak only as of the date of this presentation and the Company undertakes no ongoing obligation, other than that imposed by law, to update these statements. These statements appear in a number of places in this presentation, and relate to, among other things, the Company's intent, belief or current expectations with respect to: its future financial condition, results of operations or prospects; our business and growth strategies; and our financing plans and forecasts. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those contained in or implied by the forward-looking statements as a result of various factors, some of which are unknown, including, without limitation the factors identified in the Company's reports filed with the SEC including its Annual Report on Form 10-K for the year ended December 31, 2021.

Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), this document also contains Non-GAAP financial measures. We consider Adjusted Net Income, Adjusted EPS (Diluted), EBITDA, Adjusted EBITDA, trailing-twelve month Adjusted EBITDA, net debt and free cash flow (FCF) as non-GAAP financial measures and important indicators of performance and useful metrics for management and investors to evaluate our business's ongoing operating performance on a consistent basis across reporting periods. Adjusted Net Income represents Net Income adjusted for discrete items. Adjusted EPS (Diluted) is computed by dividing net income, adjusted for the discrete items and the related tax impacts, by the diluted weighted average number of common shares outstanding. EBITDA represents net income before interest expense, income taxes, amortization of intangible assets and depreciation and other amortization. Adjusted EBITDA represents EBITDA adjusted for discrete items. Net debt is defined as total debt less cash and cash equivalents. Free cash flow represents operating cash flow less capital expenditures. Net leverage ratio is calculated as net debt divided by trailing twelve month Adjusted EBITDA. The reasons why we believe these measures provide useful information to investors and a reconciliation of these measures to the most directly comparable GAAP measures and other information relating to these Non-GAAP measures are included in the supplemental schedules attached.

EXECUTIVE SUMMARY



Year-over-year Revenue Growth Across All Reporting Segments in 1Q22

Strategic Priorities

Transforming the Enterprise

- Continued progress in development of a high-performance culture to drive market differentiation and profitable and sustained growth
- Continued system integration progress of legacy and newly acquired businesses to leverage synergies and improve program excellence

Building Sustainable Revenue Channels

- Secured Aviation B&GA OEM distribution contract renewal (~\$180M over 3 years)
- New Aviation OEM-authorized repair agreement supporting Honeywell Avionics
- Continued revenue diversification strategy (Fleet commercial sales ~42% of segment)

Growing Adjusted EBITDA

- Accelerated margin expansion plans tied to driving scalable growth in new programs
- Effectively mitigating industry supply disruptions and inflation through supply chain and margin actions to drive profit improvement in Aviation and Fleet segments
- Near-term 2022 organic investments in Aviation Repair as overall market recovery delays into 2023-2024; expect long-term margin expansion from Repair recovery

Stabilizing Legacy Programs

- Driving key customer program improvements that support long-term financial performance
- Expanded backlog with existing customers (recently announced NAVSEA \$100M)

First Quarter 2022 Performance

Generated Y/Y Growth in Revenue and Adjusted Net Income

- Total revenue +40% y/y, revenue growth in all segments
- 73% y/y growth in adjusted net income

Aviation Supported by Strong Growth Across Distribution and Repair

- Revenue +110% y/y to a record \$93.3 million
- Distribution revenue +172% y/y, Repair revenue +22%
- Adjusted EBITDA +389% y/y

Fleet Driven by Strong Commercial Demand

- Revenue +22% y/y; Commercial growth offset a decline in DoD
- Commercial revenue +93% y/y, driven by e-commerce fulfillment

Federal & Defense (FDS) Driven by U.S Navy Growth

- Revenue +8% y/y; growth in U.S. Navy services
- Funded backlog +5% y/y, driven by the recently announced NAVSEA award

Revenue Growth Across All Segments

Margin Expansion in Aviation and Fleet Segments

Strong Legacy Program Performance and New Business Wins

VSE FINANCIAL SUMMARY



(\$ in millions except EPS)	1Q'22	vs. 1Q'21
Revenue	\$231.2	+40%
Adjusted EBITDA	\$22.2	+43%
Adjusted EBITDA %	9.6%	+0.2 pts
Operating Income	\$11.9	+24%
Net Income	\$6.2	+22%
Adjusted Net Income	\$9.2	+73%
Diluted EPS	\$0.49	+17%
Adjusted Diluted EPS	\$0.72	+64%

Y/Y comparisons:

- Revenue +40%, with growth in **all** business segments driven by strong demand and execution: Aviation +110%, Fleet +22%, Federal & Defense +8%
- Adjusted EBITDA increased +43% as both organic and inorganic revenue growth in Aviation and strong demand in Fleet Commercial sales were partially offset by Federal & Defense contract mix

Strongest revenue for VSE in 10+ years; Record revenue quarter for Aviation

CONSOLIDATED PERFORMANCE BRIDGE



	Revenue	Adj. EBITDA	Adj. EBITDA Margin %
1Q'21	\$165.0	\$15.6	9.4%
Aviation	48.9	8.7	+1.9 pts
Fleet	12.3	0.7	(0.3) pts
FDS	5.0	(2.0)	(1.1) pts
Corporate	—	(0.8)	(0.3) pts
1Q'22	\$231.2	\$22.2	9.6%

Y/Y comparisons:

- **Aviation** segment revenue and profit increased, segment revenue and adjusted EBITDA grew sequentially every quarter since 2Q'20
- **Fleet** segment revenue growth supported by higher sales in commercial fleet and e-commerce fulfillment, offset by decline in DoD related revenue
- **Federal & Defense** revenue growth driven by U.S. Navy programs and Aircraft Maintenance & Modernization; Profit headwinds driven by mix of cost plus / fixed price awards

Strong momentum on building long-term, sustainable revenue;
Aviation & Fleet execution contributing to EBITDA growth

AVIATION SEGMENT



(\$ in millions)	1Q'22	vs. 1Q'21
Revenue	\$93.3	+110%
Adjusted EBITDA	\$10.9	+389%
Adjusted EBITDA %	11.6%	+6.6 pts
Operating income (loss)	\$7.6	NM ⁽¹⁾
<u>Revenue by Type:</u>		
Distribution	\$70.9	+172%
Repair	\$22.4	+22%

⁽¹⁾ Not Meaningful as prior period was a net loss

Y/Y comparisons:

- Revenue +110% led by growth in distribution business channel and contributions by acquisition of Global Parts in July 2021
- Aviation distribution and repair revenue increased 172% and 22%, respectively, in the first quarter 2022 versus the prior-year period
- Adjusted EBITDA +389% driven by contributions from new program wins, positive impacts of continued commercial end-market recovery and Global Parts

2022 Assumptions:

- Growth in quarterly Revenue Y/Y
- Long-term mid-teen adjusted EBITDA% target; 2022 Adjusted EBITDA % of ~10-11% driven by slower Commercial MRO recovery and investments for 2023+ growth

Strong program and operational execution coupled with new awards will drive 2022 growth

FLEET SEGMENT



(\$ in millions)	1Q'22	vs. 1Q'21
Revenue	\$67.0	+22%
Adjusted EBITDA	\$8.8	+9%
Adjusted EBITDA %	13.1%	(1.6)pts
Operating income (loss)	\$6.4	+11%
<u>Revenue by Type:</u>		
Other Government	\$37.4	1%
DoD	\$1.7	(44)%
Commercial	\$27.9	+93%

Y/Y comparisons:

- Revenue +22% driven by growth in commercial and e-commerce sales, offset by DoD declines.
- Continuing to diversify revenue as Commercial comprises 42% of total Fleet, vs. 26% 1Q'21
- Adjusted EBITDA increased +9% driven by commercial growth and stable contributions from the United States Postal Service (USPS)

2022 Assumptions:

- ~Flat to modest increases in quarterly Revenue Y/Y as revenue mix shifts
- 2022 Adjusted EBITDA % of ~12-13% and maintaining focus on growing segment Adjusted EBITDA \$ Y/Y

Continuing to successfully execute on multi-year revenue diversification strategy

FEDERAL & DEFENSE SEGMENT



(\$ in millions)	1Q'22	Vs.1Q'21
Revenue	\$70.9	+8%
Adjusted EBITDA	\$3.8	(35)%
Adjusted EBITDA %	5.3%	(3.5)pts
Operating income (loss)	\$(0.7)	(114)%
<u>Contract Backlog:</u>		
Bookings	\$92	+46%
Backlog	\$198	+5%

Y/Y comparisons:

- Revenue increased +8% driven by Aircraft Maintenance and Modernization program contributions, U.S. Navy growth, partially offset by U.S. Army contract expirations
- Adjusted EBITDA decline due to mix of fixed price vs cost plus contract mix and contract award delays
- Non-recurring forward loss recorded driven by anticipated supply chain material and labor costs on a specific non-DoD fixed-price award; No additional exposure to on-going business operations and strategy

2022 Assumptions:

- ~Flat quarterly Revenue Y/Y
- 2022 Adjusted EBITDA % of ~4-5% driven by contract mix of cost-plus and fixed price awards

Focus on stabilizing legacy programs, driving superior NAVSEA program execution, and growing profitable backlog

BALANCE SHEET OPTIONALITY



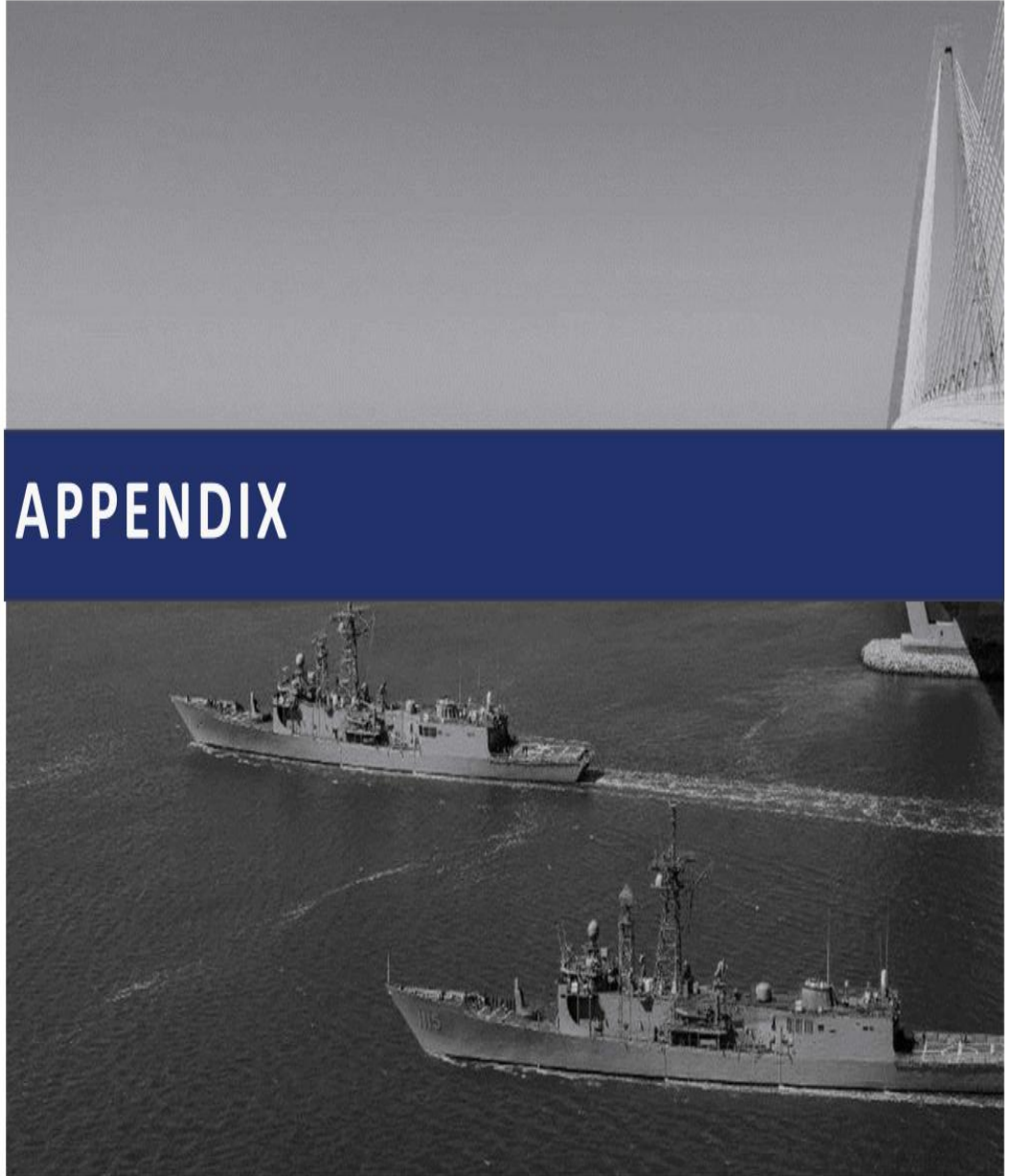
<i>(\$ in millions)</i>	1Q'22	4Q'21
Net Debt	\$303	\$284
Free Cash Flow	\$(19.4)	\$10.0
Net Leverage Ratio	3.8x	3.9x
Unused Commitments	\$100	\$122

- Sufficient liquidity of \$100M cash and unused commitment availability under \$350M revolving credit facility (due 2024) to support growth initiatives
- Net Debt increase in 1Q'22 with \$(19.4) free cash flow driven by completion of new Aviation Distribution Awards and timing of purchases to support 2022 sales
- Maintaining focus on improving net leverage in 2022 through positive free cash flow and growth in EBITDA

Expecting Free Cash Flow to improve sequentially and to drive positive Free Cash Flow for 2022



APPENDIX



GAAP TO NON-GAAP RECONCILIATIONS

Adjusted Net Income and Adjusted EPS (Diluted)



(in thousands, except per share data)

	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022
Net income (loss)	\$ 5,111	\$ (12,366)	\$ 9,021	\$ 6,200	\$ 6,244
Adjustments to net income (loss):					
Acquisition, integration and restructuring costs	310	236	876	387	287
Executive transition costs	—	905	—	25	—
Inventory reserve	—	24,420	84	—	—
Non-recurring professional fees	—	—	—	357	218
Forward contract loss provision	—	—	—	—	3,482
	5,421	13,195	9,981	6,969	10,231
Tax impact on adjusted items	(78)	(5,541)	(240)	(192)	(997)
Adjusted Net Income	\$ 5,343	\$ 7,654	\$ 9,741	\$ 6,777	\$ 9,234
Weighted Average Diluted Shares	12,172	12,702	12,775	12,810	12,803
Adjusted EPS (Diluted)	\$ 0.44	\$ 0.60	\$ 0.76	\$ 0.53	\$ 0.72

(1) Calculation uses an estimated statutory tax rate on non-GAAP tax deductible adjustments.

GAAP TO NON-GAAP RECONCILIATIONS

EBITDA and Adjusted EBITDA



(in thousands, except per share data)

	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022
Net income (loss)	\$ 5,111	\$ (12,366)	\$ 9,021	\$ 6,200	\$ 6,244
Interest expense, net	3,030	2,666	2,780	3,593	3,609
Income taxes	1,462	(3,014)	2,091	946	2,061
Amortization of intangible assets	4,288	4,603	4,921	4,670	4,736
Depreciation and other amortization	1,360	1,424	1,599	1,635	1,600
EBITDA	15,251	(6,687)	20,412	17,044	18,250
Acquisition, integration and restructuring costs	310	236	876	387	287
Executive transition costs	—	905	—	25	—
Inventory reserve	—	24,420	84	—	—
Non-recurring professional fees	—	—	—	357	218
Forward contract loss provision	—	—	—	—	3,482
Adjusted EBITDA	\$ 15,561	\$ 18,874	\$ 21,372	\$ 17,813	\$ 22,237

GAAP TO NON-GAAP RECONCILIATIONS

Segment EBITDA and Adjusted EBITDA



<i>(in thousands)</i>	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022
Aviation					
Operating income (loss)	\$ (332)	\$ (22,272)	\$ 3,719	\$ 4,512	\$ 7,622
Depreciation and amortization	2,554	2,554	3,062	2,898	3,035
EBITDA	2,222	(19,718)	6,781	7,410	10,657
Acquisition, integration and restructuring costs	—	—	501	387	206
Inventory reserve	—	23,727	—	—	—
Adjusted EBITDA	\$ 2,222	\$ 4,009	\$ 7,282	\$ 7,797	\$ 10,863
Fleet					
Operating income	\$ 5,741	\$ 4,000	\$ 5,387	\$ 5,298	\$ 6,381
Depreciation and amortization	2,340	2,348	2,345	2,336	2,328
EBITDA	\$ 8,081	\$ 6,348	\$ 7,732	\$ 7,634	\$ 8,709
Acquisition, integration and restructuring costs	—	—	—	—	81
Inventory reserve	—	693	—	—	—
Adjusted EBITDA	\$ 8,081	\$ 7,041	\$ 7,732	\$ 7,634	\$ 8,790
Federal and Defense					
Operating income	\$ 5,025	\$ 6,999	\$ 5,386	\$ 2,487	\$ (688)
Depreciation and amortization	754	1,124	1,112	1,072	973
EBITDA	5,779	8,123	6,498	3,559	285
Forward contract loss provision	—	—	—	—	3,482
Adjusted EBITDA	\$ 5,779	\$ 8,123	\$ 6,498	\$ 3,559	\$ 3,767

GAAP TO NON-GAAP RECONCILIATIONS

Balance Sheet



Reconciliation of Operating Cash Flow to Free Cash Flows

<i>(in thousands)</i>	Three Months Ended				
	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22
Net cash (used in) provided by operating activities	\$ (36,367)	\$ (17,601)	\$ 23,445	\$ 12,921	\$ (18,174)
Capital expenditures	(2,109)	(3,049)	(2,448)	(2,914)	(1,269)
Free Cash Flow	\$ (38,476)	\$ (20,650)	\$ 20,997	\$ 10,007	\$ (19,443)

Reconciliation of Debt to Net Debt

<i>(in thousands)</i>	Three Months Ended				
	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22
Principal amount of debt	\$ 255,635	\$ 276,983	\$ 296,584	\$ 286,734	\$ 305,800
Debt issuance costs	(2,072)	(1,776)	(2,375)	(2,165)	(1,956)
Cash and cash equivalents	(347)	(337)	(383)	(518)	(498)
Net Debt	\$ 253,216	\$ 274,870	\$ 293,826	\$ 284,051	\$ 303,346

Net Leverage Ratio

<i>(in thousands)</i>	Three Months Ended				
	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22
Net Debt	\$ 253,216	\$ 274,870	296,584	286,734	303,346
TTM Adjusted EBITDA ⁽¹⁾	\$ 68,052	\$ 69,690	73,063	73,620	80,296
Net Leverage Ratio	3.7x	3.9x	4.0x	3.9x	3.8 x

⁽¹⁾ TTM Adjusted EBITDA is defined as Adjusted EBITDA for the most recent twelve (12) month period

INVESTMENT HIGHLIGHTS



Pure-play independent aftermarket service provider with strong organic & inorganic growth opportunities



-  Global provider of aftermarket distribution, maintenance, repair, and overhaul (“MRO”), and other services
-  Balanced commercial and defense customer base provides resilience through economic and market cycles
-  Strong customer/supplier relationships with embedded services enhance long-term opportunities and revenue stability
-  Fragmented end-markets provide for market share capture and high-return acquisition opportunities
-  Cultural transformation driving higher margin sustainable growth

Note: Figures above reflect TTM 3/31/22

VSE EXECUTIVE TEAM



John Cuomo
President and CEO

Background & Responsibilities

- 21+ years of aerospace distribution and services market industry experience
- Appointed Chief Executive Officer and President of VSE Corporation in 2019
- Previously served as Vice President and General Manager of Boeing Distribution Services and Group President, KLX Aerospace Solutions



Stephen Griffin
Chief Financial Officer

Background & Responsibilities

- 12+ years of senior finance leadership, most recently as CFO for GE Aviation Engine Services
- Appointed CFO of VSE Corporation in November 2020
- Manages the financial and accounting operations for the consolidated corporation

VSE Senior Leadership



Chad Wheeler
Group President,
Wheeler Fleet
Solutions



Robert Moore
Group President,
Federal & Defense
Services



Ben Thomas
Group President,
Aviation



Krista Stafford
Chief Human
Resources Officer



Farinaz Tehrani
Chief Legal
Officer

AVIATION SEGMENT OVERVIEW



Refocused Strategy: Higher growth, higher-margin commercial and B&GA distribution and MRO

Key Capabilities

- ✓ Commercial and business & general aviation proprietary product distribution
- ✓ Supply chain & logistics services
- ✓ Landing gear market specialist
- ✓ Component & engine MRO services
- ✓ Rotable exchanges and sales

Growth Drivers

MRO Capability Development

- New MRO offerings to support range of components and engine accessory repairs including: fuel and hydraulics, engine components and accessories, interiors, auxiliary power units, and avionics

Distribution Product Expansion

- New proprietary OEM product additions to support aftermarket landing gear, airframes, engine accessories, avionics, and interiors

International Expansion

- Expansion in core aerospace markets for MRO and distribution

Business and General Aviation (B&GA)

- Ability to support underserved B&GA market niche with proprietary part distribution and component and accessory MRO

Representative Customers



FLEET SEGMENT OVERVIEW

Refocused Strategy: High growth Class 4-8 commercial distribution and e-commerce

Key Capabilities

- ✓ High-duty cycle, Class 4-8 (medium to heavy) vehicle parts distribution
- ✓ Just-in-time supply chain management
- ✓ E-commerce & e-commerce fulfillment
- ✓ Customized fleet logistics & IT solutions
- ✓ Technical support, engineering, sourcing, warehousing & kitting
- ✓ Private label products

Growth Drivers

Commercial Customer Diversification

- Expansion of commercial customer base to support new medium to large, high-duty cycle fleet customers

Wallet Share Expansion

- Product expansion to existing just-in-time clients

E-commerce

- Customized technology platform to support class 4-8 vehicle parts

E-commerce Fulfillment

- Inventory sales through 3rd-party channels

Product Expansion

- Addition of both new product offerings and growth in private label product

Representative Customers



FEDERAL & DEFENSE SEGMENT OVERVIEW



Refocused Strategy: Higher margin, differentiated supply chain, MRO and technical services

Key Capabilities

- ✓ Transportation asset MRO services
- ✓ Base operations support
- ✓ Transportation & freight services
- ✓ Logistics, procurement & supply chain support
- ✓ Engineering & technical solutions
- ✓ IT & Clean Energy consulting services

Growth Drivers

Market Expansion

- Increase military aviation services with products, supply chain and repair services

Capability Development

- Broaden DoD logistics and supply chain offering to support underserved market demand

International Growth

- Utilize success in foreign markets to support foreign military sales opportunities

Consulting/Technical Expansion

- IT and Clean Energy consulting services

Leverage Core Competency

- Expand base operations support for U.S. Air Force, U.S. Army and U.S. Navy

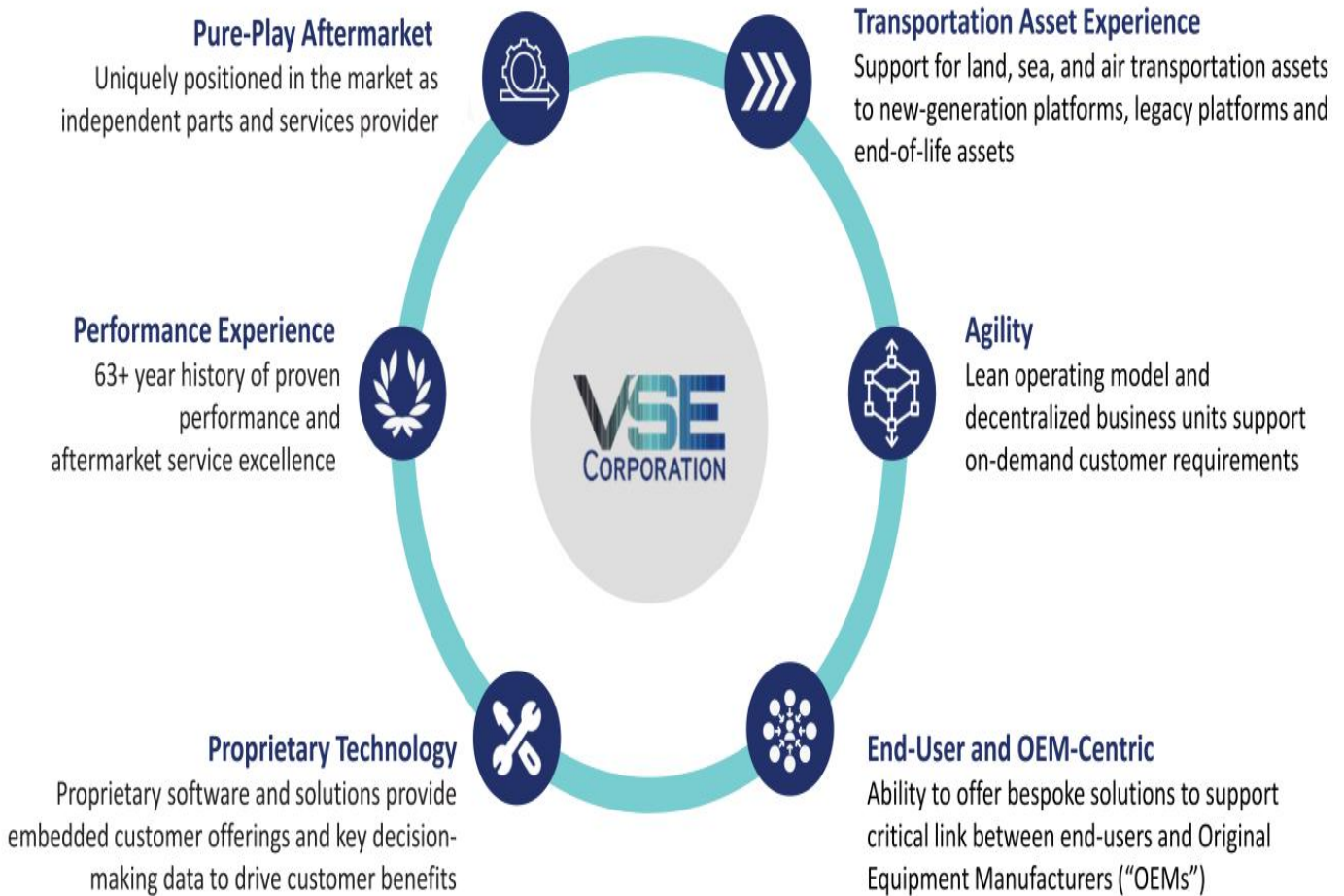
Representative Customers



UNIQUE VALUE PROPOSITION



Differentiation drives market share gains, long-term sustainable revenue & margin expansion



INVESTMENT OPPORTUNITY

Unique pure-play independent aftermarket services company poised for growth



**MISSION-CRITICAL
AFTERMARKET SERVICES**

**WELL-BALANCED
BUSINESS SEGMENTS**

**STRONG CUSTOMER
RELATIONSHIPS**

**FRAGMENTED
END-MARKETS**

**NEW EXPERIENCED
MANAGEMENT TEAM**

**CULTURAL TRANSFORMATION
DRIVING GROWTH**

Strategic Market Positioning, Strong Growth Strategy, Proven Execution Experience

