

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): **May 1, 2023**



**VSE CORPORATION**

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or Other Jurisdiction of Incorporation)	<b>000-03676</b> (Commission File Number)	<b>54-0649263</b> (IRS Employer Identification Number)
<b>6348 Walker Lane</b> <b>Alexandria, Virginia</b> (Address of Principal Executive Offices)		<b>22310</b> (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
<b>Common Stock, par value \$.05 per share</b>	<b>VSEC</b>	<b>The NASDAQ Global Select Market</b>

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. ☐

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## VSE CORPORATION

### Item 2.02 Results of Operations and Financial Condition.

On May 1, 2023, the Company issued a press release reporting its financial results for the first quarter ended March 31, 2023. 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 May 1, 2023, entitled, "VSE Corporation Announces First Quarter 2023 Results."](#)

99.2 [VSE Corporation Earnings Presentation for the First Quarter 2023](#)

104 Cover Page Interactive Data File

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**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: May 1, 2023

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 2023 Results**

*Raises Full-Year Revenue and Adjusted EBITDA Margin Guidance for Aviation Segment*

**ALEXANDRIA, VIRGINIA, May 1, 2023** - VSE Corporation (NASDAQ: VSEC, "VSE", or the "Company"), a leading provider of aftermarket distribution and maintenance, repair and overhaul ("MRO") services for air, land and sea transportation assets for commercial and government markets, announced today results for the first quarter 2023.

### **FIRST QUARTER 2023 RESULTS**

*(As compared to the First Quarter 2022)*

- **Total Revenues** of \$255.4 million increased 10.5%
- **GAAP Net Income** of \$9.1 million increased 46.0%
- **GAAP EPS (Diluted)** of \$0.71 increased 44.9%
- **Adjusted EBITDA** of \$26.3 million increased 18.5%
- **Adjusted Net Income** of \$10.7 million increased 16.3%
- **Adjusted EPS (Diluted)** of \$0.83 increased 15.3%

### **RECENT DEVELOPMENTS**

The Company entered into a definitive agreement to sell its Federal and Defense segment to Bernhard Capital Partners for up to \$100 million. The sale of the Federal and Defense business segment transforms VSE's portfolio by simplifying its operations and focusing its resources on high-growth, high-margin business opportunities, while improving its growth and profitability profile.

### **MANAGEMENT COMMENTARY**

"VSE delivered strong results to start the year, with record revenue in our Aviation and Fleet segments," said John Cuomo, President and CEO of VSE Corporation. "Both segments continue to generate strong results, with double-digit year-over-year revenue growth. The demand in all commercial end markets remains strong, and our continued focus on program excellence drove robust results in both segments."

"We remain focused on establishing VSE as a leading aftermarket parts distributor and MRO services provider in high-growth fragmented aftermarket segments," Mr. Cuomo continued. "We executed well against that plan, completing the acquisition of Precision Fuel Components, a provider of MRO services for engine accessories and fuel systems and opening our new 450,000 square foot distribution and e-commerce fulfillment center in the greater Memphis, Tennessee area, supporting the growing demand for aftermarket products across our commercial fleet and e-commerce customers. As we look forward to the remainder of 2023, we are committed to balancing profitable growth with a modest increase in capital investments to support new and existing customer programs."

"Today we announced the sale of our Federal and Defense business segment. The sale of the business is a significant milestone for VSE and is intended to reshape and transform the Company's future by refocusing resources and advancing our strategy in our two core segments – Aviation and Fleet. Our refocused strategy creates a 100% pure-play aftermarket business focused on higher-margin commercial MRO and distribution services in fragmented and growing end markets, which will drive greater long-term shareholder value," concluded Cuomo.

"The strong first quarter results in Aviation and Fleet highlight the success of recent organic and inorganic investments in these segments," said Steve Griffin, CFO of VSE Corporation. "We anticipate closing on the sale of the Federal and Defense business segment in late 2023 or early 2024 and plan to utilize the net proceeds to reduce borrowings and pursue strategic, tuck-in acquisitions in the Aviation segment which represents over 60% of trailing twelve months revenue and profit following the sale of our Federal and Defense business segment. In the first quarter we used \$48.7 million of operating cash flow as we near the completion of investments for our recently

launched Aviation and Fleet expansions. We expect net leverage to improve in the second half of 2023 through stronger earnings and positive free cash flow."

## FIRST QUARTER SEGMENT RESULTS

**Aviation** segment revenue increased 21% year-over-year to a record \$113.2 million in the first quarter 2023. The year-over-year revenue improvement was attributable to share gains within the Business and General Aviation (B&GA) market and strength in the commercial aftermarket, supported by global air traffic recovery. Aviation distribution and repair revenue increased 14% and 43%, respectively, in the first quarter 2023 versus the prior-year period. The Aviation segment reported operating income of \$15.7 million in the first quarter, compared to \$7.6 million in the same period of 2022. Segment Adjusted EBITDA increased by 75% in the first quarter to \$19.0 million, versus \$10.9 million in the prior-year period. Adjusted EBITDA margin was 16.8%, an increase of approximately 5.1 points versus the prior-year period, driven primarily by new program wins, strong MRO revenue growth, and favorable product mix and price.

**Fleet** segment revenue increased 12% year-over-year to \$75.4 million in the first quarter 2023. Revenue from commercial customers increased 17% on a year-over-year basis, driven by growth in commercial fleet and e-commerce customers. Commercial revenue represented 43% of total Fleet segment revenue in the period, a 1.6-point increase year-over-year. Revenue from the United States Postal Service (USPS) increased approximately 14% on a year-over-year basis, driven by increased support of legacy vehicle fleets. The Fleet segment reported operating income of \$5.9 million in the first quarter, compared to \$6.4 million in the same period of 2022. Segment Adjusted EBITDA decreased 7% year-over-year to \$8.2 million, while Adjusted EBITDA margin declined approximately 2.2 points to 10.9%, driven primarily by start-up costs at the newly launched distribution and e-commerce fulfillment facility, and customer mix.

**Federal and Defense** segment revenue decreased 6% year-over-year to \$66.8 million in the first quarter 2023, driven by program completions. The Federal and Defense segment reported an operating loss of \$0.6 million in the first quarter of 2023. Segment Adjusted EBITDA declined \$3.2 million year-over-year to \$0.6 million in the first quarter 2023, driven by a higher mix of cost-plus contracts and program completions.

## FINANCIAL RESOURCES AND LIQUIDITY

As of March 31, 2023, the Company had \$93 million in cash and unused commitment availability under its \$350 million revolving credit facility maturing in 2025. As of March 31, 2023, VSE had total net debt outstanding of \$351 million and \$96.2 million of trailing-twelve months Adjusted EBITDA.

## GUIDANCE

VSE is narrowing its full year 2023 revenue guidance and increasing its Adjusted EBITDA margin guidance for its Aviation segment. The new guidance is as follows:

- Aviation segment is narrowing its full year 2023 Aviation revenue guidance from 7 to 15% growth to 10 to 15% growth, as compared to the prior year, to reflect an improvement in commercial and business and general aviation markets
- Aviation Adjusted EBITDA margin is expected to increase from a range of 12 to 14% to 13 to 15%, driven by an increase in MRO activity and commercial customer demand

The Company is reaffirming its full year 2023 revenue and Adjusted EBITDA guidance for its Fleet segment.

- Fleet segment revenue is expected to grow by 12 to 20%
  - Fleet segment Adjusted EBITDA margin range is 11 to 13%
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## FIRST QUARTER RESULTS

<i>(in thousands, except per share data)</i>	Three months ended March 31,		
	2023	2022	% Change
Revenues	\$ 255,433	\$ 231,239	10.5 %
Operating income	\$ 17,933	\$ 11,914	50.5 %
Net income	\$ 9,117	\$ 6,244	46.0 %
EPS (Diluted)	\$ 0.71	\$ 0.49	44.9 %

## FIRST QUARTER SEGMENT RESULTS

The following is a summary of revenues and operating income (loss) for the three months ended March 31, 2023 and March 31, 2022:

<i>(in thousands)</i>	Three months ended March 31,		
	2023	2022	% Change
Revenues:			
Aviation	\$ 113,235	\$ 93,290	21.4 %
Fleet	75,352	67,030	12.4 %
Federal & Defense	66,846	70,919	(5.7)%
Total revenues	<u>\$ 255,433</u>	<u>\$ 231,239</u>	<u>10.5 %</u>
Operating income (loss):			
Aviation	\$ 15,663	\$ 7,622	105.5 %
Fleet	5,899	6,381	(7.6)%
Federal & Defense	(580)	(688)	(15.7)%
Corporate/unallocated expenses	(3,049)	(1,401)	117.6 %
Operating income	<u>\$ 17,933</u>	<u>\$ 11,914</u>	<u>50.5 %</u>

The Company reported \$2.8 million of total capital expenditures for three months ended March 31, 2023.

## 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

(in thousands)	Three months ended March 31,		
	2023	2022	% Change
Net income	\$ 9,117	\$ 6,244	46.0 %
Adjustments to net income:			
Acquisition, integration and restructuring costs	2,163	287	653.7 %
Non-recurring professional fees	—	218	(100.0)%
Contract loss	—	3,482	(100.0)%
	11,280	10,231	10.3 %
Tax impact of adjusted items	(540)	(997)	(45.8)%
Adjusted net income	\$ 10,740	\$ 9,234	16.3 %
Weighted average dilutive shares	12,926	12,803	1.0 %
Adjusted EPS (Diluted)	\$ 0.83	\$ 0.72	15.3 %

### Reconciliation of Consolidated EBITDA and Adjusted EBITDA to Net Income

(in thousands)	Three months ended March 31,		
	2023	2022	% Change
Net income	\$ 9,117	\$ 6,244	46.0 %
Interest expense	5,977	3,609	65.6 %
Income taxes	2,839	2,061	37.7 %
Amortization of intangible assets	4,360	4,736	(7.9)%
Depreciation and other amortization	1,887	1,600	17.9 %
EBITDA	24,180	18,250	32.5 %
Acquisition, integration and restructuring costs	2,163	287	653.7 %
Non-recurring professional fees	—	218	(100.0)%
Contract loss	—	3,482	(100.0)%
Adjusted EBITDA	\$ 26,343	\$ 22,237	18.5 %

### Adjusted EBITDA Summary

Aviation	\$ 18,985	\$ 10,863	74.8 %
Fleet	8,187	8,790	(6.9)%
Federal and Defense	649	3,767	(82.8)%
Adjusted Corporate expenses <sup>(1)</sup>	(1,478)	(1,183)	24.9 %
Adjusted EBITDA	\$ 26,343	\$ 22,237	18.5 %

<sup>(1)</sup> Includes certain adjustments not directly attributable to any of our segments.

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

(in thousands)	Three months ended March 31,		
	2023	2022	% Change
<b>Aviation</b>			
Operating income	\$ 15,663	\$ 7,622	105.5 %
Depreciation and amortization	3,322	3,035	9.5 %
EBITDA	18,985	10,657	78.1 %
Acquisition, integration and restructuring costs	—	206	(100.0)%
Adjusted EBITDA	\$ 18,985	\$ 10,863	74.8 %
<b>Fleet</b>			
Operating income	\$ 5,899	\$ 6,381	(7.6)%
Depreciation and amortization	2,130	2,328	(8.5)%
EBITDA	8,029	8,709	(7.8)%
Acquisition, integration and restructuring costs	158	81	95.1 %
Adjusted EBITDA	\$ 8,187	\$ 8,790	(6.9)%
<b>Federal &amp; Defense</b>			
Operating loss	\$ (580)	\$ (688)	(15.7)%
Depreciation and amortization	794	973	(18.4)%
EBITDA	214	285	(24.9)%
Acquisition, integration and restructuring costs	435	—	
Contract loss	—	3,482	(100.0)%
Adjusted EBITDA	\$ 649	\$ 3,767	(82.8)%

## Reconciliation of Operating Cash to Free Cash Flow

(in thousands)	Three months ended March 31,	
	2023	2022
Net cash used in operating activities	\$ (48,674)	\$ (18,174)
Capital expenditures	(2,840)	(1,269)
Free cash flow	\$ (51,514)	\$ (19,443)

## Reconciliation of Debt to Net Debt

(in thousands)	March 31, 2023	December 31, 2022
Principal amount of debt	\$ 353,998	\$ 288,610
Debt issuance costs	(2,143)	(2,310)
Cash and cash equivalents	(532)	(478)
Net debt	\$ 351,323	\$ 285,822



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 including any earn-out adjustments, loss on sale of a business entity and certain assets, gain on sale of property, 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 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.

The Company has presented forward-looking statements regarding Adjusted EBITDA margin. This non-GAAP financial measure is derived by excluding certain amounts, expenses or income, from the corresponding financial measure determined in accordance with GAAP. The determination of the amounts that are excluded from this non-GAAP financial measure is a matter of management judgement and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period in reliance on the exception provided by item 10(e)(1)(i)(B) of Regulation S-K. We are unable to present a quantitative reconciliation of forward-looking Adjusted EBITDA margin to its most directly comparable forward-looking GAAP financial measure because such information is not available, and management cannot reliably predict all of the necessary components of such GAAP measure without unreasonable effort or expense. In addition, we believe such reconciliation would imply a degree of precision that would be confusing or misleading to investors. The unavailable information could have a significant impact on the company's future financial results. This non-GAAP financial measure is a preliminary estimate and is subject to risks and uncertainties, including, among others, changes in connection with quarter-end and year-end adjustments. Any variation between the company's actual results and preliminary financial data set forth above may be material.

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## CONFERENCE CALL

A conference call will be held Tuesday, May 2, 2023 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://viaid.webcasts.com/starthere.jsp?ei=1608741&tp\\_key=a093c71321](https://viaid.webcasts.com/starthere.jsp?ei=1608741&tp_key=a093c71321)

To listen to a replay of the teleconference through May 16, 2023:

**Domestic Replay:** (844) 512-2921

**International Replay:** (412) 317-6671

**Replay PIN Number:** 13737947

## 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](http://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 May 2, 2023 for more details on our first quarter 2023 results. Also, refer to VSE's Annual Report on Form 10-K for

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the year ended December 31, 2022 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, 2022. 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**

Michael Perlman  
VP, Investor Relations & Communications  
T: (954) 547-0480  
[investors@vsecorp.com](mailto:investors@vsecorp.com)

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**VSE Corporation and Subsidiaries**
**Unaudited Consolidated Balance Sheets**

(in thousands except share and per share amounts)

	March 31, 2023	December 31, 2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 532	\$ 478
Receivables (net of allowance of \$2.4 million and \$2.1 million, respectively)	113,512	103,193
Unbilled receivables	35,884	38,307
Inventories	416,667	380,707
Other current assets	24,169	26,193
<b>Total current assets</b>	<b>590,764</b>	<b>548,878</b>
Property and equipment (net of accumulated depreciation of \$75.5 million and \$73.2 million, respectively)	49,533	47,969
Intangible assets (net of accumulated amortization of \$128.7 million and \$124.3 million, respectively)	90,064	90,624
Goodwill	253,580	248,837
Operating lease right-of-use asset	33,284	34,412
Other assets	27,178	29,069
<b>Total assets</b>	<b>\$ 1,044,403</b>	<b>\$ 999,789</b>
<b>Liabilities and Stockholders' equity</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 10,000	\$ 10,000
Accounts payable	141,851	159,600
Accrued expenses and other current liabilities	44,302	53,722
Dividends payable	1,289	1,282
<b>Total current liabilities</b>	<b>197,442</b>	<b>224,604</b>
Long-term debt, less current portion	341,855	276,300
Deferred compensation	7,551	7,398
Long-term lease obligations under operating leases	30,743	32,340
Deferred tax liabilities	9,497	9,621
<b>Total liabilities</b>	<b>587,088</b>	<b>550,263</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Common stock, par value \$0.05 per share, authorized 23,000,000 shares; issued and outstanding 12,885,937 and 12,816,613, respectively	644	641
Additional paid-in capital	94,577	92,620
Retained earnings	359,124	351,297
Accumulated other comprehensive loss	2,970	4,968
<b>Total stockholders' equity</b>	<b>457,315</b>	<b>449,526</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,044,403</b>	<b>\$ 999,789</b>

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

(in thousands except share and per share amounts)

	For the three months ended March 31,	
	2023	2022
Revenues:		
Products	\$ 159,066	\$ 137,231
Services	96,367	94,008
Total revenues	255,433	231,239
Costs and operating expenses:		
Products	139,011	122,455
Services	92,031	91,228
Selling, general and administrative expenses	2,098	906
Amortization of intangible assets	4,360	4,736
Total costs and operating expenses	237,500	219,325
Operating income	17,933	11,914
Interest expense, net	5,977	3,609
Income before income taxes	11,956	8,305
Provision for income taxes	2,839	2,061
Net income	\$ 9,117	\$ 6,244
Basic earnings per share	\$ 0.71	\$ 0.49
Basic weighted average shares outstanding	12,844,458	12,741,394
Diluted earnings per share	\$ 0.71	\$ 0.49
Diluted weighted average shares outstanding	12,926,424	12,803,279
Dividends declared per share	\$ 0.10	\$ 0.10

**VSE Corporation and Subsidiaries**
**Unaudited Consolidated Statements of Cash Flows**

(in thousands)

	For the three months ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 9,117	\$ 6,244
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,247	6,337
Amortization of debt issuance cost	213	210
Deferred taxes	540	1,177
Stock-based compensation	2,081	1,308
Changes in operating assets and liabilities, net of impact of acquisitions:		
Receivables, net	(9,801)	(7,371)
Unbilled Receivables, net	2,423	671
Inventories, net	(33,230)	(9,321)
Other current assets and other assets	1,409	4,892
Operating lease assets and liabilities, net	68	(178)
Accounts payable and deferred compensation	(18,257)	(20,997)
Accrued expenses and other current and noncurrent liabilities	(9,484)	(1,146)
Net cash used in operating activities	(48,674)	(18,174)
Cash flows from investing activities:		
Purchases of property and equipment	(2,840)	(1,269)
Proceeds from the payment on notes receivable	—	2,662
Cash paid for acquisitions, net of cash acquired	(11,754)	—
Net cash (used in) provided by investing activities	(14,594)	1,393
Cash flows from financing activities:		
Borrowings on loan agreement	176,751	112,071
Repayments on loan agreement	(111,363)	(93,005)
Proceeds from issuance of common stock	248	—
Earn-out obligation payments	—	(500)
Payment of taxes for equity transactions	(1,031)	(530)
Dividends paid	(1,283)	(1,275)
Net cash provided by financing activities	63,322	16,761
Net increase (decrease) in cash and cash equivalents	54	(20)
Cash and cash equivalents at beginning of year	478	518
Cash and cash equivalents at end of year	\$ 532	\$ 498



## FIRST QUARTER 2023 RESULTS CONFERENCE CALL

May 2023

## 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, 2022.

## 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.

The Company has presented forward-looking statements regarding Adjusted EBITDA margin. This non-GAAP financial measure is derived by excluding certain amounts, expenses or income, from the corresponding financial measure determined in accordance with GAAP. The determination of the amounts that are excluded from this non-GAAP financial measure is a matter of management judgement and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period in reliance on the exception provided by item 10(e)(1)(i)(B) of Regulation S-K. We are unable to present a quantitative reconciliation of forward-looking Adjusted EBITDA margin to its most directly comparable forward-looking GAAP financial measure because such information is not available, and management cannot reliably predict all of the necessary components of such GAAP measure without unreasonable effort or expense. In addition, we believe such reconciliation would imply a degree of precision that would be confusing or misleading to investors. The unavailable information could have a significant impact on the company's future financial results. This non-GAAP financial measure is a preliminary estimate and is subject to risks and uncertainties, including, among others, changes in connection with quarter-end and year-end adjustments. Any variation between the company's actual results and preliminary financial data set forth above may be material.



## RECENT DEVELOPMENT

Strategic Repositioning and Sale of Federal & Defense business segment

### Transaction Overview:

- VSE entered into a definitive agreement to sell its Federal & Defense business segment to Bernhard Capital Partners
- Total cash consideration of up to \$100 million, including a \$50 million cash payment and up to \$50 million in an earn-out, subject to the achievement of certain milestones
- Transaction is expected to close late 2023 or early 2024, subject to customary closing conditions and approvals

### Transaction Rationale:

- Form a 100% pure play aftermarket business
- Simplify VSE to a two-segment business supporting Aviation and Fleet distribution and MRO capabilities
- Tailor capital allocation strategies to high-growth Aviation and Fleet segments, increasing long-term shareholder value
- Deepen operational focus, accountability, and agility to meet customer needs
- Create a distinct and compelling aftermarket services investment profile, appealing to broader and deeper investor base

**Portfolio Transformation To Enhance Growth & Profitability**

## Q1 BUSINESS UPDATE

Strong Macro Tailwinds Combined with Steady Program Execution Driving Robust Financial Performance

### Aviation

- MRO market share gains and support from both commercial and business and general aviation flight activity, resulting in double-digit revenue growth
- Acquired Precision Fuel Components, provider of MRO services for engine accessory and fuel systems supporting the rotorcraft and B&GA market
- Experienced strong growth in previously announced distribution programs, including Pratt & Whitney Canada in the Asia Pacific region

### Fleet

- Launched e-commerce fulfillment and distribution center in the Memphis. The facility is expected to contribute ~\$50M revenue in 2023
- Commercial fleet market share continues to grow as a percentage of total Fleet sales
- Solid performance in the USPS program, driven by a delay in the retirements of legacy vehicles and increase in total USPS vehicle installed base
- Upgraded IT systems to support scalability for future growth

**Operational Excellence, Favorable Market Tailwinds and Market Share Gains  
Driving Record Revenue Quarters for Aviation and Fleet Segments**

# Q1 2023 OVERVIEW

## TOTAL VSE

- > Total Revenue: \$255.4M, +10% Y/Y
- > Net Income: \$9.1M, +46% Y/Y
- > Adjusted EBITDA: \$26.3M, +18% Y/Y

## AVIATION

- > Revenue: \$113.2M +21% Y/Y; **record quarter**
- > Operating Income: \$15.7M, +105% Y/Y
- > Adjusted EBITDA: \$19.0M, +75% Y/Y; **record quarter**

## FLEET

- > Revenue: \$75.4M, +12% Y/Y; **record quarter**
- > Operating Income: \$5.9M, (8)% Y/Y
- > Adjusted EBITDA: \$8.2M, (7)% Y/Y

## FEDERAL & DEFENSE

- > Revenue: \$66.8M, (6)% Y/Y
- > Operating Income: \$(0.6)M, (16)% Y/Y
- > Adjusted EBITDA: \$0.6M, (83)% Y/Y

## BALANCE SHEET

- > \$93M in cash and unused commitment availability
- > Operating cash flow: \$(48.7)M; Free cash flow: \$(51.5)M

Aviation and Fleet segments drive record revenue and earnings



# VSE FINANCIAL SUMMARY



(\$ in millions except EPS)	Quarter-to-Date		
	1Q'23	1Q'22	vs. 1Q'22
Revenue	\$255.4	\$231.2	+10%
Net Income	\$9.1	\$6.2	+46%
Adjusted EBITDA	\$26.3	\$22.2	+18%
Adjusted EBITDA %	10.3%	9.6%	+0.7 pts
Operating Income	\$17.9	\$11.9	+51%
Adjusted Net Income	\$10.7	\$9.2	+16%
Diluted EPS	\$0.71	\$0.49	+45%
Adjusted Diluted EPS	\$0.83	\$0.72	+15%

## REVENUE

- +10% 1Q'23 Y/Y driven by strength in
  - Aviation +21% and Fleet +12%
- Commercial aviation end-markets remain robust, near-term strength in BG&A aviation
- Fleet growth driven by market share gains within commercial and e-commerce fulfillment, and improved USPS activity

## ADJUSTED EBITDA

- +18% 1Q'23 Y/Y driven by Aviation outperformance
- Aviation MRO and Distribution growth expansion partially offset by Fleet and Federal & Defense

**Q1 2023 Revenue +10%, Adjusted EBITDA +18%, Adjusted Net Income +16% year-over-year;  
Aviation and Fleet key growth drivers for 2023**



## CONSOLIDATED PERFORMANCE BRIDGE

	Revenue	Operating Income	Adj. EBITDA	Adj. EBITDA Margin %
<b>1Q'22</b>	<b>\$231.2</b>	<b>\$11.9</b>	<b>\$22.2</b>	<b>9.6%</b>
Aviation	19.9	8.1	8.1	+2.5 pts
Fleet	8.4	(0.5)	(0.6)	(0.6) pts
FDS	(4.1)	0.1	(3.2)	(1.1) pts
Corporate	—	(1.7)	(0.2)	(0.1) pts
<b>1Q'23</b>	<b>\$255.4</b>	<b>\$17.9</b>	<b>\$26.3</b>	<b>10.3%</b>

- **Aviation** segment revenue and profit growth supported by successful program execution, improved customer demand, expansion in both distribution and MRO capabilities, and margin-enhancing continuous improvement projects
- **Fleet** segment revenue growth driven by higher sales across commercial fleet and USPS; profitability impacted from new facility launch as expected
- **Federal & Defense** segment performance impacted by contract completions and negative mix shift between cost-plus and fixed-price awards

**Strong progress in building long-term profitable revenue;  
Aviation segment driving Adjusted EBITDA growth**

## AVIATION SEGMENT

(\$ in millions)	Quarter-to-Date		
	1Q'23	1Q'22	vs. 1Q'22
Revenue	\$113.2	\$93.3	+21%
Operating income (loss)	\$15.7	\$7.6	+105%
Adjusted EBITDA	\$19.0	\$10.9	+75%
Adjusted EBITDA %	16.8%	11.6%	+5.1 pts
<b><i>Revenue by Type:</i></b>			
<i>Distribution</i>	\$81.2	\$70.9	+14%
<i>Repair (MRO)</i>	\$32.1	\$22.4	+43%

### Y/Y COMPARISONS:

- Revenue increased 21% to \$113.2M in 1Q'23 vs. the prior-year period, driven by growth from recent distribution awards and higher MRO activity
- Distribution and MRO revenue increased 14% and 43%, respectively, in the first quarter 2023 versus the prior-year period
- Adjusted EBITDA increased 75% to \$19.0M (16.8% of revenue) in 1Q'23 driven by contributions from new program wins, robust MRO revenue growth, and favorable product mix and price

### 2023 ASSUMPTIONS:

- Revenue Growth: +10-15% Y/Y
- Adjusted EBITDA % of 13-15% driven by revenue mix and commercial recovery

**New distribution programs, expanded MRO capabilities and strong end-markets drive sustainable profitable growth**

## FLEET SEGMENT



(\$ in millions)	Quarter-to-Date		
	1Q'23	1Q'22	vs 1Q'22
Revenue	\$75.4	\$67.0	+12%
Operating income	\$5.9	\$6.4	(8)%
Adjusted EBITDA	\$8.2	\$8.8	(7)%
Adjusted EBITDA %	10.9%	13.1%	(2.2) pts
<b>Revenue by Type:</b>			
Other Government	\$42.8	\$37.4	+14%
DoD	\$0.0	\$1.7	(100)%
Commercial	\$32.5	\$27.9	+17%

### Y/Y COMPARISONS:

- Revenue increased 12% to \$75.4M in 1Q'23 vs. prior-year period, driven by growth in commercial, e-commerce and USPS sales
- Revenue diversification continues as Commercial customers account for 43% of segment revenue in Q1 2023, up 1.6 pts vs. prior-year period
- Adjusted EBITDA decreased (7)% to \$8.2M vs. prior-year period. 1Q'23 was impacted by planned Memphis, TN distribution facility start-up costs and customer mix

### 2023 ASSUMPTIONS:

- Revenue Growth: +12% to +20% Y/Y
- Adjusted EBITDA %: 11-13% with margin improvements expected as Memphis, TN distribution center scales

**Execution of commercial revenue diversification strategy continues to deliver above-market growth**

## FEDERAL & DEFENSE SEGMENT



	Quarter-to-Date		
	1Q'23	1Q'22	vs 1Q'22
<i>(\$ in millions)</i>			
Revenue	\$66.8	\$70.9	(6)%
Operating income (loss)	\$(0.6)	\$(0.7)	(16)%
Adjusted EBITDA	\$0.6	\$3.8	(83)%
Adjusted EBITDA %	1.0%	5.3%	(4.3)pts
<b><u>Contract Backlog:</u></b>			
<i>Bookings</i>	<i>\$61</i>	<i>\$92</i>	<i>(33)%</i>
<i>Backlog</i>	<i>\$185</i>	<i>\$198</i>	<i>(7)%</i>

### Y/Y COMPARISONS:

- Revenue decreased 6% to \$66.8M vs. prior-year, driven by contract completions
- Adjusted EBITDA decline due to a shift to cost-plus contracts and the impact of contract completions

**Announced sale of FDS to Bernhard Capital Partners – anticipate closing transaction late 2023 or early 2024**



## BALANCE SHEET OPTIONALITY

	Quarter-to-Date	
	1Q'23	4Q'22
<i>(\$ in millions)</i>		
Operating Cash Flow	\$(48.7)	\$12.3
Free Cash Flow	\$(51.5)	\$8.5
Debt (less Cash)	\$351	\$286
Net Leverage Ratio	3.7x	3.1x
Unused Commitments	\$93	\$160

- Cash and unused commitment availability of \$93M
- Operating and free cash flow in 1Q'23 includes the acquisition of ~\$30M in inventory to support new aviation awards and commercial fleet growth from Memphis, TN distribution facility
- Capital allocation priorities include financing bolt-on acquisitions and working capital needs for strategic investments to support growth prospects
- Sufficient liquidity and unused commitment availability under \$350M credit facility (due 2025) to support growth initiatives

**Net leverage expected to decline in by 2H 2023 through increased Adj. EBITDA & disciplined cash management**

# ENTERING NEXT PHASE OF VSE's TRANSFORMATION

## COMPLETE SALE OF FDS

- > Complete the sale of the Federal & Defense Services business
- > Ensure a smooth and successful transition for our employees and customers

## REPOSITION BUSINESS

- > Reposition VSE into two segments
- > 100% focus on aftermarket distribution and MRO services supporting aviation and fleet customers
- > Aviation aftermarket business segment now represents ~60% of pro-forma revenue post FDS-sale

## INTEGRATE ACQUISITIONS

- > Successfully integrate Precision Fuel
- > Provide combined customer base and expanded product and services offering

## EXPAND AVIATION AFTERMARKET OFFERINGS

- > Expand full-service, product distribution and MRO capabilities through organic and inorganic opportunities
- > Focus on high-growth, underserved portions of the Aviation market
- > Offer a differentiated solutions-oriented approach focused on addressing customers' supply chain and repair needs

## DRIVE COMMERCIAL FLEET GROWTH

- > Drive commercial growth while supporting legacy programs within Fleet business
- > Scale newly launched distribution and e-commerce fulfillment center (+\$50M FY 2023 contribution)
- > Support legacy US Postal Service vehicles and expand offerings for all USPS vehicle types

## DELIVER 2H'23 FCF

- > Deliver positive second half 2023 free cash flow driven by disciplined cash management
- > Use cash proceeds from FDS sale to support balance sheet optionality



# VSE

CORPORATION

## 「APPENDIX

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# GAAP TO Non-GAAP RECONCILIATIONS

## Adjusted Net Income and Adjusted EPS (Diluted)

(in thousands, except per share data)

	1Q2022	2Q2022	3Q2022	4Q2022	1Q2023
Net income	\$ 6,244	\$ 7,548	\$ 9,419	\$ 4,848	\$ 9,117
Adjustments to net income:					
Acquisition, integration and restructuring costs	287	344	353	1,091	2,163
Non-recurring professional fees	218	—	111	—	—
Contract loss	3,482	—	—	4,100	—
Russia/Ukraine conflict	—	2,335	—	—	—
	10,231	10,227	9,883	10,039	11,280
Tax impact on adjusted items	(997)	(669)	(116)	(1,296)	(540)
<b>Adjusted Net Income</b>	<b>\$ 9,234</b>	<b>\$ 9,558</b>	<b>\$ 9,767</b>	<b>\$ 8,743</b>	<b>\$ 10,740</b>
Weighted Average Diluted Shares	12,803	12,811	12,834	12,862	12,926
<b>Adjusted EPS (Diluted)</b>	<b>\$ 0.72</b>	<b>\$ 0.75</b>	<b>\$ 0.76</b>	<b>\$ 0.68</b>	<b>\$ 0.83</b>

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)

	1Q2022	2Q2022	3Q2022	4Q2022	1Q2023
Net income	\$ 6,244	\$ 7,548	\$ 9,419	\$ 4,848	\$ 9,117
Interest expense, net	3,609	3,872	4,818	5,586	5,977
Income taxes	2,061	2,731	3,035	1,360	2,839
Amortization of intangible assets	4,736	4,437	4,233	4,233	4,360
Depreciation and other amortization	1,600	1,659	1,986	1,719	1,887
<b>EBITDA</b>	18,250	20,247	23,491	17,746	24,180
Acquisition, integration and restructuring costs	287	344	353	1,091	2,163
Non-recurring professional fees	218	—	111	—	—
Contract loss	3,482	—	—	4,100	—
Russia/Ukraine conflict	—	2,335	—	—	—
<b>Adjusted EBITDA</b>	\$22,237	\$ 22,926	\$ 23,955	\$ 22,937	\$ 26,343

# GAAP TO Non-GAAP RECONCILIATIONS

## Segment EBITDA and Adjusted EBITDA

(in thousands)

	1Q2022	2Q2022	3Q2022	4Q2022	1Q 2023
<b>Aviation</b>					
Operating income	\$ 7,622	\$ 6,450	\$ 10,017	\$ 12,327	\$ 15,663
Depreciation and amortization	3,035	3,110	3,413	3,143	3,322
EBITDA	10,657	9,560	13,430	15,470	18,985
Acquisition, integration and restructuring costs	206	40	140	281	—
Russia/Ukraine conflict	—	2,335	—	—	—
Adjusted EBITDA	\$ 10,863	\$ 11,935	\$ 13,570	\$ 15,751	\$ 18,985
<b>Fleet</b>					
Operating income	\$ 6,381	\$ 5,366	\$ 6,539	\$ 5,625	\$ 5,899
Depreciation and amortization	2,328	2,246	2,037	2,055	2,130
EBITDA	8,709	7,612	8,576	7,680	8,029
Acquisition, integration and restructuring costs	81	129	143	236	158
Adjusted EBITDA	\$ 8,790	\$ 7,741	\$ 8,719	\$ 7,916	\$ 8,187
<b>Federal and Defense</b>					
Operating income (loss)	\$ (688)	\$ 2,552	\$ 1,939	\$ (4,608)	\$ (580)
Depreciation and amortization	973	739	769	755	794
EBITDA	285	3,291	2,708	(3,853)	214
Contract loss	3,482	—	—	4,100	—
Acquisition, integration and restructuring costs	—	152	70	574	435
Adjusted EBITDA	\$ 3,767	\$ 3,443	\$ 2,778	\$ 821	\$ 649



# GAAP TO NON-GAAP RECONCILIATIONS

## Balance Sheet

### Reconciliation of Operating Cash Flow to Free Cash Flows

(in thousands)	Three Months Ended				
	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23
Net cash (used in) provided by operating activities	\$ (18,174)	\$ (1,964)	\$ 15,932	\$ 12,257	\$ (48,674)
Capital expenditures	(1,269)	(1,477)	(4,670)	(3,796)	(2,840)
Free Cash Flow	\$ (19,443)	\$ (3,441)	\$ 11,262	\$ 8,461	\$ (51,514)

### Reconciliation of Debt to Net Debt

(in thousands)	Three Months Ended				
	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23
Principal amount of debt	\$ 305,800	\$ 310,356	\$ 299,230	\$ 288,610	\$ 353,998
Debt issuance costs	(1,956)	(1,746)	(1,537)	(2,310)	(2,143)
Cash and cash equivalents	(498)	(371)	(90)	(478)	(532)
Net Debt	\$ 303,346	\$ 308,239	\$ 297,603	\$ 285,822	\$ 351,323

### Net Leverage Ratio

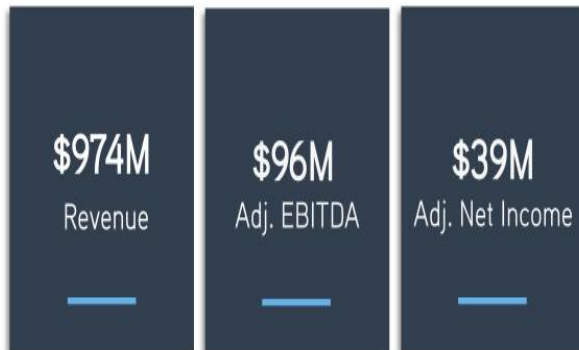
(in thousands)	Three Months Ended				
	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23
Net Debt	\$ 303,346	\$ 308,239	\$ 297,603	\$ 285,822	\$ 351,323
TTM Adjusted EBITDA <sup>(1)</sup>	79,366	84,348	86,931	92,055	96,160
Net Leverage Ratio	3.8x	3.7x	3.4x	3.1x	3.7x

<sup>(1)</sup> 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

VSEcorp.com



NOTE: FIGURES ABOVE REFLECT TTM 3/31/2023

-  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



# VSE EXECUTIVE TEAM



## BACKGROUND & RESPONSIBILITIES

- 22+ 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



## BACKGROUND & RESPONSIBILITIES

- 13+ 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



**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
- ✓ 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 3<sup>rd</sup>-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

CULTURAL TRANSFORMATION  
DRIVING GROWTH

NEW EXPERIENCED  
MANAGEMENT TEAM

Strategic Market Positioning, Strong Growth Strategy, Proven Execution Experience

