

May 4, 2023



VSE Corporation Partners with The Loar Group to Acquire Desser Aerospace

Acquisition Expands VSE's Exposure to Attractive High-Growth Aviation Aftermarket Distribution and MRO

ALEXANDRIA, Va.--(BUSINESS WIRE)-- 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 it has entered into a definitive agreement to acquire Desser Holding Company LLC ("Desser Aerospace"), a global aftermarket solutions provider of specialty distribution and MRO services. The acquisition is expected to close within the next 90 days, subject to regulatory approvals.

Founded in 1920, Desser Aerospace is the world's largest independent distributor of aircraft tires and tubes, a leading global distributor of brakes and batteries, and a component Maintenance, Repair and Overhaul (MRO) services provider. Desser's global distribution and MRO operation locations in California, Tennessee, the United Kingdom, and Australia, serve a diverse and attractive aftermarket customer base across all aviation industry segments, including commercial aviation, business and general aviation ("B&GA"), and military aftermarket customers.

This transaction fits well within the Company's recently announced strategic priorities and focus on higher-growth, higher-margin aftermarket services and solutions. As the Company continues to build long-term, sustainable sources of profitable revenue, Aviation will be a key driver of growth for VSE. Desser Aerospace is expected to expand and diversify the existing operations of the Aviation segment, driving continued, above-market growth. This growth will be driven by multiple revenue synergies, including cross-selling opportunities, leveraging VSE's infrastructure to scale Desser's business more quickly, and expanding VSE's geographic reach into new international markets.

Coupled with the acquisition of Desser Aerospace, VSE plans to immediately sell Desser Aerospace's Proprietary Solutions businesses to the Loar Group Inc. ("Loar"), a diversified manufacturer and supplier specializing in aerospace and defense components. This sale will facilitate present and future collaborative opportunities for VSE to both distribute Loar's market-leading products to the global aftermarket and support Loar products through the Company's MRO capabilities.

MANAGEMENT COMMENTARY

"I am proud to announce today's transaction as another meaningful step in the execution of our multi-year business transformation plan centered on pursuing strategic organic and inorganic opportunities that allow us to expand our aerospace distribution and MRO service offerings," stated John Cuomo, President and CEO of VSE Corporation. "The acquisition supports our tip-to-tail aircraft distribution and MRO services strategy and provides VSE access to the highly fragmented commercial and B&GA aftermarkets. Desser, and their family of businesses, also provide a platform for geographic expansion in high-growth international markets. This value-enhancing acquisition is consistent with VSE's capital-allocation priorities and positions our business for an incredibly bright future."

"We are excited to welcome the Desser, Desser Australia, Watts Aviation, Aero Wheel and Brake, Cee Bailey's, and Rotable Repairs team to the VSE Aviation family," said Ben Thomas, President of VSE Aviation. "We look forward to building on Desser Aerospace's track record of success as a specialized, highly technical supplier. Together we will offer our respective customers an expanded portfolio of products and services while accelerating the growth of the combined businesses."

"We recognize the importance of maintaining a strong balance sheet and improving our cash position to drive long-term shareholder value," said Steve Griffin, Chief Financial Officer of VSE Corporation. "Upon closing the Desser Aerospace acquisition, we expect net leverage ratio to increase to approximately 4.5x. We plan to reduce net leverage ratio with the proceeds from the sale of the Federal and Defense segment, second-half 2023 free cash flow, and growth in Adjusted EBITDA. We are targeting a net leverage ratio below 3.5x in 2024, assuming the full earn-out from the Federal and Defense business sale is achieved."

AGREEMENT TERMS

VSE will acquire Desser Aerospace for a total cash consideration of approximately \$124 million, subject to customary working capital adjustments. Concurrent with the acquisition, and in a separate transaction, the Company will sell Desser Aerospace's Proprietary Solutions businesses, including Seginus Aerospace, AOG Aviation Spares, and DAC Engineered Products, for a total cash consideration of \$30 million. The total net cash outlay for the assets VSE will acquire is approximately \$94 million. The Company expects to complete an amendment to its credit facility to fund the acquisition.

ADVISORS

Jones Day served as legal counsel to VSE Corporation. Jefferies LLC served as financial advisor to Desser Holding Company LLC.

ABOUT VSE CORPORATION

VSE is a leading provider of aftermarket distribution and repair services for air, land and sea transportation assets for commercial and government 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.

ABOUT DESSER HOLDING COMPANY LLC

Founded in 1920, Desser Aerospace is a leading independent distributor of specialty aviation tires, tubes, brakes, and batteries and a provider of component Maintenance, Repair and Overhaul (MRO) services. Desser Aerospace operates locations in California, Tennessee, the United Kingdom and Australia, serving a diverse and attractive customer base across all aviation industry segments, including commercial aviation, business and general aviation and military aftermarket customers.

ABOUT LOAR GROUP INC.

Loar Group Inc. is a diversified manufacturer and supplier with established relationships across leading aerospace and defense OEMs and Tier One customers worldwide. The company's mandate is to create a strategic global alliance of companies specializing in the design and manufacture of aerospace and defense components. Loar provides its partners and customers with innovative, cost-effective engineering and manufacturing capabilities and responsive, dependable service, leading to profitable and sustainable long-term relationships.

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.

The non-GAAP Financial Information set forth in this document is not calculated in accordance with GAAP under SEC Regulation G. We consider Adjusted EBITDA, net debt, net leverage ratio 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. 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. Our net leverage ratio is defined as net debt to Adjusted EBITDA. Free cash flow represents operating cash flow less capital expenditures.

The Company has presented forward-looking statements regarding Adjusted EBITDA and leverage ratio. These non-GAAP financial measures are 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 these 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 or our leverage ratio 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. These non-GAAP financial measures are preliminary estimates and are subject to risks and uncertainties, including, among others. Any variation between the company's actual results and preliminary financial data set forth above may be material.

FORWARD-LOOKING STATEMENTS

This press release contains statements relating to future business opportunities and conditions, as well as the anticipated benefits of the Desser Holding Company LLC ("Desser Aerospace") planned acquisition, the expected contributions of the Desser Aerospace's business to the Company's future financial results and the expected timing of the consummation of the transactions. 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, such as any ongoing impacts of the COVID-19 pandemic and 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, our ability to execute upon our strategic repositioning of the Company, whether and when the closing conditions will be satisfied and whether and when the proposed transactions will close; failure to realize the benefits expected from the proposed transactions, including projected synergies, risk related to the performance of the aviation aftermarket, global economic and political conditions, prolonged periods of inflation and our ability to mitigate the impact thereof, our dependence on third-party package delivery companies, risks related to technology security and cyber-attack, risks related to our outstanding indebtedness, and the other factors identified in our reports 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.

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Source: VSE Corporation