



# Third Quarter 2021 Results Conference Call

October 2021

## 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 ongoing COVID-19 outbreak and the factors identified in the Company's reports filed or expected to be filed with the SEC including its Annual Report on Form 10-K for the year ended December 31, 2020.

## 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

Third Quarter 2021



## Business Transformation Update

### Performance-driven culture focused on sustained execution

- New program executions on target and supporting organic growth
- Inorganic/acquisitions: integrations and business performance meeting expectations
- Business development focus in all segments driving share gain and quality backlog
- Aviation performance ahead of market recovery

### Aviation B&GA focus driving sustained revenue growth, margin expansion

- Taking share through new contract wins and strategic, bolt-on acquisitions
- Focused on higher-margin, underserved distribution and MRO markets
- 15-year, \$1 billion engine accessories program performing in-line with expectations
- Secured 5-year, \$125 million contract extension in with major OEM (October 2021)

### Fleet revenue diversification across commercial and e-commerce fulfillment

- Commercial represented 34% of 3Q'21 fleet revenue vs. 22% in 3Q'20 <sup>(1)</sup>
- Recent investments in logistics and fulfillment operations supporting scalability
- Successfully navigating supplier price inflation, supply chain disruptions

### Federal & Defense accelerating business development activities

- YTD 2021 bookings +20% y/y
- Funded backlog +23% y/y, given prioritized focus on share growth
- Highly focused on higher-margin, value-added contracts

## 3rd Quarter 2021 Performance

### Generated y/y growth in revenue, adjusted net income & adjusted EBITDA

- All reporting segments generated positive y/y growth
- Revenue +27% y/y <sup>(1)</sup>
- Highest quarterly revenue run-rate since 4Q'16
- Adjusted EBITDA +19% y/y, driven by new program implementations, market share gains and acquisition contributions
- Adjusted net income +42% y/y; profitability approaching pre-pandemic levels

### Aviation driven by new program implementations, Global Parts acquisition

- Revenue +102% y/y; 5<sup>th</sup> consecutive quarter of q/q improvement
- Distribution revenue +187% y/y, above pre-pandemic levels; MRO revenue +8%
- Adjusted EBITDA margin +340 bps y/y; +150 bps q/q

### Fleet driven by commercial revenue growth

- Revenue +6% y/y <sup>(1)</sup>
- Total commercial revenue +66% y/y; USPS revenue +2% q/q
- Adjusted EBITDA margin +70 bps q/q

### Federal & Defense driven by HAECO Special Services (HSS) acquisition

- Revenue +2% y/y; HSS acquisition offset by expiration of Army contract
- Adjusted EBITDA margin declined 160 bps y/y given less favorable contract mix

**DEMONSTRATED STRONG EXECUTION ACROSS ALL REPORTING SEGMENTS;  
BUSINESS TRANSFORMATION CONTINUES TO ADVANCE ON-PLAN**

*(1) Excluding the 2020 revenue related to a non-recurring order for pandemic-related PPE*

# VSE FINANCIAL SUMMARY



(\$ in millions except EPS)	Quarter-to-Date					Year-to-Date		
	3Q'21	3Q'20	2Q'21	vs 3Q'20	vs 2Q'21	YTD '21	YTD '20	vs YTD '20
Revenue	\$200.6	\$165.5	\$175.1	+21%	+15%	\$540.7	\$511.6	+6%
Adjusted EBITDA	\$21.4	\$18.0	\$18.9	+19%	+13%	\$55.7	\$57.9	(4)%
Adjusted EBITDA %	10.7%	10.9%	10.8%	(0.2)pts	(0.1)pts	10.3%	11.3%	(1.0)pts
Operating Income (Loss)	\$13.9	\$14.2	\$(12.7)	(2)%	(209)%	\$10.8	\$2.0	+437%
Net Income (Loss)	\$9.0	\$8.1	\$(12.4)	+11%	(173)%	\$1.8	\$(11.2)	(116)%
Adjusted Net Income	\$9.7	\$6.8	\$7.7	+42%	+27%	\$22.7	\$23.3	(3)%
Diluted EPS	\$0.71	\$0.73	\$(0.97)	(3)%	(173)%	\$0.14	\$(1.01)	(114)%
Adjusted Diluted EPS	\$0.76	\$0.62	\$0.60	+24%	+27%	\$1.80	\$2.11	(14)%

- 3Q'21 revenue of \$200.6M increased +27% y/y<sup>(1)</sup>
- Y/Y revenue growth across all three segments in 3Q'21<sup>(1)</sup>
- 3Q'21 Adjusted EBITDA y/y increase driven by organic and inorganic growth in Aviation, offset by lower contributions from Federal & Defense and Fleet
- Q/Q revenue growth of +15% and Adjusted EBITDA growth of +13% driven by strong Aviation results

(1) Excluding the 2020 revenue related to a non-recurring order for pandemic-related PPE, revenue is \$200.6 million in 3Q'21, versus \$158.4 million in the same period of 2020

**Y/Y GROWTH IN TOTAL REVENUE, ADJUSTED EBITDA AND NET INCOME;  
5<sup>TH</sup> CONSECUTIVE QUARTER OF AVIATION SEGMENT REVENUE GROWTH**

# CONSOLIDATED PERFORMANCE BRIDGE

	Revenue	Adj. EBITDA	Adj. EBITDA Margin %
<b>2Q'21</b>	\$175.1	\$18.9	10.8%
Aviation	25.6	3.3	+0.3 pts
FDS	(2.4)	(1.6)	(0.7) pts
Fleet	2.2	0.7	+0.2 pts
Corporate	—	0.2	+0.1 pts
<b>3Q'21</b>	\$200.6	\$21.4	10.7%
<b>3Q'20</b>	\$165.5	\$18.0	10.9%
Aviation	36.9	4.9	+0.4 pts
FDS	1.6	(0.9)	(0.5) pts
Fleet	(3.5)	(1.2)	(0.4) pts
Corporate	—	0.6	+0.3 pts
<b>3Q'21</b>	\$200.6	\$21.4	10.7%

## Q/Q comparisons:

- Aviation segment revenue and profit increased, with continued sequential growth every quarter from 2Q'20, supported by share gains, ongoing market recovery, and Global Parts acquisition
- Federal & Defense (FDS) segment revenue decline driven by previously announced program completions
- Fleet segment revenue growth supported by higher sales in commercial fleet and e-commerce fulfillment, offset by slight declines in DoD related revenue

## Y/Y comparisons:

- Aviation revenue and profit increases driven primarily by contributions from new distribution programs, Global Parts acquisition and market share gains
- Federal & Defense (FDS) revenue driven by U.S. Navy program and HAECO Special Services acquisition, partially offset by completion of previously announced expiring programs
- Fleet revenue lower due to non-recurring 2020 PPE order revenue offset by commercial fleet and e-commerce fulfillment; margins impacted by product mix <sup>(1)</sup>

(1) Excluding the 2020 revenue related to a non-recurring order for pandemic-related PPE, revenue is \$200.6 million in 3Q'21, versus \$158.4 million in the same period of 2020

(\$ in millions)	3Q'21	VS 3Q'20	VS 2Q'21	YTD '21	VS YTD '20
Revenue	\$73.1	+102%	+54%	\$165.0	+30%
Revenue, less divestitures <sup>(1)</sup>	\$73.1	+102%	+54%	\$165.0	+40%
Adjusted EBITDA	\$7.3	+205%	+82%	\$13.5	+18%
Adjusted EBITDA %	10.0%	+3.4pts	+1.5pts	8.2%	(0.9)pts
Operating income (loss)	\$3.7	+134%	(117)%	\$(18.9)	(46)%
<b><u>Revenue by Type:</u></b>					
Distribution Adjusted <sup>(1)</sup>	\$54.4	+187%	+91%	\$109.0	+95%
Repair Adjusted <sup>(1)</sup>	\$18.7	+8%	(2)%	\$56.1	(9)%

- Y/Y revenue +102% supported by recently initiated distribution contract wins and acquisition of Global Parts
- 3Q'21 Aviation revenue +54% sequentially, led by growth in distribution business; currently operating above pre-pandemic levels and supported by acquisition of Global Parts
- Adjusted EBITDA +205% y/y driven by strong operational performance from organic sales and execution of new distribution awards

(1) Excluding the 2020 revenue related to Prime Turbines/CT Aerospace divestitures, year to date revenue is \$165.0 million in 3Q'21, versus \$117.6 million in the same period of 2020

**Y/Y GROWTH IN REVENUE, ADJUSTED EBITDA;  
COMMERCIAL & BUSINESS AVIATION RECOVERY, NEW PROGRAM EXECUTION DRIVING RESULTS**

(\$ in millions)	3Q'21	vs 3Q'20	vs 2Q'21	YTD '21	vs YTD '20
Revenue	\$60.3	(5)%	+4%	\$173.1	(8)%
Adjusted EBITDA	\$7.7	(14)%	+10%	\$22.9	(19)%
Adjusted EBITDA %	12.8%	(1.2)pts	+0.7pts	13.2%	(1.7)pts
Operating income	\$5.4	(18)%	+35%	\$15.1	(26)%
<b><u>Revenue by Customer:</u></b>					
Other Government	\$36.8	(16)%	+3%	\$109.8	(22)%
DoD	\$2.7	(62)%	(41)%	\$10.5	(38)%
Commercial	\$20.7	+66%	+17%	\$52.8	+77%

- 3Q'21 revenue +6% versus same period of 2020, excluding the 2020 non-recurring PPE order revenue, supported by e-commerce fulfillment business growth and flat USPS sales <sup>(1)</sup>
- 3Q'21 revenue +4% sequentially, driven by commercial fleet revenue growth of +17% vs. 2Q'21
- Q/Q margin improvement of 70 basis points impacted by diversified sales mix and results from investment in commercial sector activity

(1) Excluding the 2020 revenue related to a non-recurring order for pandemic-related PPE, revenue is \$60.3 million in 3Q'21, versus \$56.6 million in the same period of 2020

**CONTINUED GROWTH IN COMMERCIAL FLEET REVENUE, ADVANCING DIVERSIFICATION STRATEGY**

# FEDERAL & DEFENSE SEGMENT



(\$ in millions)	3Q'21	VS 3Q'20	VS 2Q'21	YTD '21	VS YTD '20
Revenue	\$67.2	+2%	(3)%	\$202.6	+3%
Adjusted EBITDA	\$6.5	(12)%	(20)%	\$20.4	(1)%
Adjusted EBITDA %	9.7%	(1.6)pts	(2.0)pts	10.1%	(0.4)pts
Operating income	\$5.4	(20)%	(23)%	\$17.4	(6)%
<b><u>Contract Backlog:</u></b>					
Bookings	\$64	(23)%	(40)%	\$234	+20%
Backlog	\$218	+23%	(3)%	\$218	+23%

- Y/Y revenue increased +2% supported by HSS acquisition, partially offset by expiration of large Army contract
- Y/Y Adjusted EBITDA decrease of (12%) due to anticipated mix of cost-plus contracts for services on U.S. Navy program
- Prioritized strategic focus on new business development to grow backlog resulted in +23% increase y/y

FOCUSED ON BUILDING HIGHER-QUALITY, HIGHER-MARGIN BACKLOG WHILE EXPANDING SERVICE CAPABILITIES



# BALANCE SHEET OPTIONALITY



<i>(\$ in millions)</i>	3Q'21	3Q'20	2Q'21
Net Debt	\$294	\$250	\$275
Free Cash Flow	\$21.0	\$11.3	\$(20.6)
Net leverage ratio	4.0x	3.1x	3.9x
Unused Commitments	\$117	\$190	\$140

- Strong liquidity profile with \$117M cash and unused commitment availability under \$350M revolving credit facility due 2024
- Net Debt increase of \$19M in 3Q'21 primarily due to the acquisition of Global Parts of \$39M, offset by positive free cash flow generation of \$21M
- Capital deployment priorities include investments to support new Aviation segment program implementations supporting organic growth

**SIGNIFICANT Y/Y INCREASE IN FREE CASH FLOW GENERATION;  
FOCUSED ON REDUCING NET LEVERAGE TOWARD LT TARGET OF 2.5X**



# APPENDIX



# GAAP TO NON-GAAP RECONCILIATIONS

## Adjusted Net Income and Adjusted EPS (Diluted)



(in thousands, except per share data)

	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021
Net income (loss)	\$ 3,332	\$ (22,624)	\$ 8,108	\$ 6,013	\$ 5,111	\$ (12,366)	\$ 9,021
Adjustments to Net income (loss):							
Acquisition and restructuring costs	—	—	—	—	310	236	876
German facility closure costs	—	—	—	1,132	—	—	—
Earn-out adjustment	301	(1,700)	(1,695)	(2,447)	—	—	—
Loss on sale of business entity and certain assets	7,536	678	—	—	—	—	—
Gain on sale of property	(1,108)	—	—	—	—	—	—
Severance	—	739	—	—	—	—	—
Goodwill and intangible impairment	—	33,734	—	—	—	—	—
Executive transition costs	—	—	—	1,026	—	905	84
Inventory reserve	—	—	—	—	—	24,420	—
	10,061	10,827	6,413	5,724	5,421	13,195	9,981
Tax impact on adjusted items <sup>(1)</sup>	(236)	(4,230)	423	70	(78)	(5,541)	(240)
<b>Adjusted Net Income</b>	\$ 9,825	\$ 6,597	\$ 6,836	\$ 5,794	\$ 5,343	\$ 7,654	\$ 9,741
Weighted Average Diluted Shares	11,101	11,041	11,100	11,141	12,172	12,702	12,775
<b>Adjusted EPS (Diluted)</b>	\$ 0.89	\$ 0.60	\$ 0.62	\$ 0.52	\$ 0.44	\$ 0.60	\$ 0.76

(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)

	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021
Net income (loss)	\$ 3,332	\$ (22,624)	\$ 8,108	\$ 6,013	\$ 5,111	\$ (12,366)	\$ 9,021
Interest expense, net	3,486	3,072	3,530	3,408	3,030	2,666	2,780
Income taxes	2,916	(2,358)	2,547	2,493	1,462	(3,014)	2,091
Amortization of intangible assets	4,723	4,464	4,158	4,159	4,288	4,603	4,921
Depreciation and other amortization	1,521	1,231	1,351	1,471	1,360	1,424	1,599
<b>EBITDA</b>	<b>15,978</b>	<b>(16,215)</b>	<b>19,694</b>	<b>17,545</b>	<b>15,251</b>	<b>(6,687)</b>	<b>20,412</b>
Acquisition and restructuring costs	—	—	—	—	310	236	876
German facility closure costs	—	—	—	1,132	—	—	—
Earn-out adjustment	301	(1,700)	(1,695)	(2,447)	—	—	—
Loss on sale of business entity and certain assets	7,536	678	—	—	—	—	—
Gain on sale of property	(1,108)	—	—	—	—	—	—
Severance	—	739	—	—	—	—	—
Goodwill and intangible impairment	—	33,734	—	—	—	—	—
Executive transition costs	—	—	—	1,026	—	905	84
Inventory reserve	—	—	—	—	—	24,420	—
<b>Adjusted EBITDA</b>	<b>\$ 22,707</b>	<b>\$ 17,236</b>	<b>\$ 17,999</b>	<b>\$ 17,256</b>	<b>\$ 15,561</b>	<b>\$ 18,874</b>	<b>\$ 21,372</b>

# GAAP TO NON-GAAP RECONCILIATIONS



## Segment EBITDA and Adjusted EBITDA

(in thousands)

	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021
<b>Aviation</b>							
Operating income (loss)	\$ (1,880)	\$ (34,387)	\$ 1,586	\$ (833)	\$ (332)	\$ (22,272)	\$ 3,719
Depreciation and amortization	3,066	2,472	2,493	2,667	2,554	2,554	3,062
EBITDA	1,186	(32)	4,079	1,834	2,222	(19,718)	6,781
Acquisition and restructuring costs	—	—	—	—	—	—	501
Executive transition costs	—	—	—	322	—	—	—
German facility closure costs	—	—	—	1,132	—	—	—
Earn-out adjustment	301	(1,700)	(1,695)	(1,905)	—	—	—
Loss on sale of business entity and certain assets	7,536	678	—	—	—	—	—
Gain on sale of property	(1,108)	—	—	—	—	—	—
Severance	—	382	—	—	—	—	—
Goodwill and intangible impairment	—	33,734	—	—	—	—	—
Inventory reserve	—	—	—	—	—	23,727	23,727
Adjusted EBITDA	\$ 7,915	\$ 1,179	\$ 2,384	\$ 1,383	\$ 2,222	\$ 4,009	\$ 7,282

<b>Fleet</b>							
Operating income	\$ 6,906	\$ 7,014	\$ 6,589	\$ 6,150	\$ 5,741	\$ 4,000	\$ 5,387
Depreciation and amortization	2,672	2,572	2,378	2,361	2,340	2,348	2,345
EBITDA	10	9,586	8,967	8,511	8,081	6,348	7,732
Inventory reserve	—	—	—	—	—	693	—
Adjusted EBITDA	\$ 9,578	\$ 9,586	\$ 8,967	\$ 8,511	\$ 8,081	\$ 7,041	\$ 7,732

<b>Federal and Defense</b>							
Operating income	\$ 4,924	\$ 6,772	\$ 6,746	\$ 7,868	\$ 5,025	\$ 6,999	\$ 5,386
Depreciation and amortization	739	649	638	604	754	1,124	1,112
EBITDA	5,663	7,421	7,384	8,472	5,779	8,123	6,498
Severance	—	112	—	—	—	—	—
Adjusted EBITDA	\$ 5,663	\$ 7,533	\$ 7,384	\$ 8,472	\$ 5,779	\$ 8,123	\$ 6,498

# GAAP TO NON-GAAP RECONCILIATIONS

## Balance Sheet



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

<i>(in thousands)</i>	Three Months Ended						
	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21
Net cash (used in) provided by operating activities	\$ 6,758	\$ 16,050	\$ 12,427	\$ 526	\$ (36,367)	\$ (17,601)	\$ 23,445
Capital expenditures	(724)	(1,104)	(1,128)	(1,471)	(2,109)	(3,049)	(2,448)
Free Cash Flow	\$ 6,034	\$ 14,946	\$ 11,299	\$ (945)	\$ (38,476)	\$ (20,650)	\$ 20,997

### Reconciliation of Debt to Net Debt

<i>(in thousands)</i>	Three Months Ended						
	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21
Principal amount of debt	\$ 276,256	\$ 263,075	\$ 252,685	\$ 253,461	\$ 255,635	\$ 276,983	\$ 296,584
Debt issuance costs	(2,556)	(2,959)	(2,664)	(2,368)	(2,072)	(1,776)	(2,375)
Cash and cash equivalents	(543)	(213)	(551)	(378)	(347)	(337)	(383)
Net Debt	\$ 273,157	\$ 259,903	\$ 249,470	\$ 250,715	\$ 253,216	\$ 274,870	\$ 293,826

### Net Leverage Ratio

<i>(in thousands)</i>	Three Months Ended						
	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21
Net Debt	\$ 273,157	\$ 259,903	\$ 249,470	\$ 250,715	\$ 253,216	\$ 274,870	\$ 293,826
TTM Adjusted EBITDA <sup>(1)</sup>	\$ 93,646	\$ 87,754	\$ 81,036	\$ 75,198	\$ 68,052	\$ 69,690	\$ 73,063
Net Leverage Ratio	2.9x	3.0x	3.1x	3.3x	3.7x	3.9x	4.0x

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



**John Cuomo**  
President and CEO

## Background & Responsibilities

- 20+ years of aerospace distribution and services market industry experience
- Appointed Chief Executive Officer and President of VSE Corporation in April 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

- 11+ 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



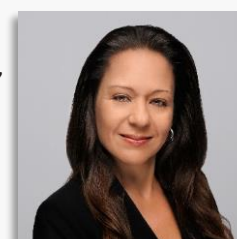
**Chad Wheeler**  
Group President,  
Wheeler Fleet  
Solutions



**Robert Moore**  
Group President,  
Federal & Defense  
Services



**Ben Thomas**  
Group President,  
Aviation



**Krista Stafford**  
Chief Human  
Resources Officer



**Farinaz Tehrani**  
Chief Legal  
Officer

# INVESTMENT HIGHLIGHTS

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

<b>60+ Years Aftermarket Services</b>	<b>3 Distinct End Markets</b>	<b>~2,200 Employees</b>
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<b>~\$690M Revenue</b>	<b>~\$73M Adj. EBITDA</b>	<b>~\$29M Adj. Net Income</b>
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Note: Figures above reflect TTM 9/30/21



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



# 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 vehicles 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



# GLOBAL PARTS GROUP ACQUISITION

Acquired for approximately \$38 million on July 26, 2021

## Acquisition Overview

*Global Parts Group, Inc.*

- Global Parts is a fully integrated aftermarket distribution and MRO services provider serving a diverse base of more than 3,000 Business & General Aviation (B&GA) customers
- Global Parts' distribution business focuses on supporting airframe components, while its repair capabilities extend to hydraulics and pneumatics
- Global Parts generated approximately \$65 million of total revenue in 2020

## Strategic Rationale

*VSE is building a comprehensive B&GA service offering*

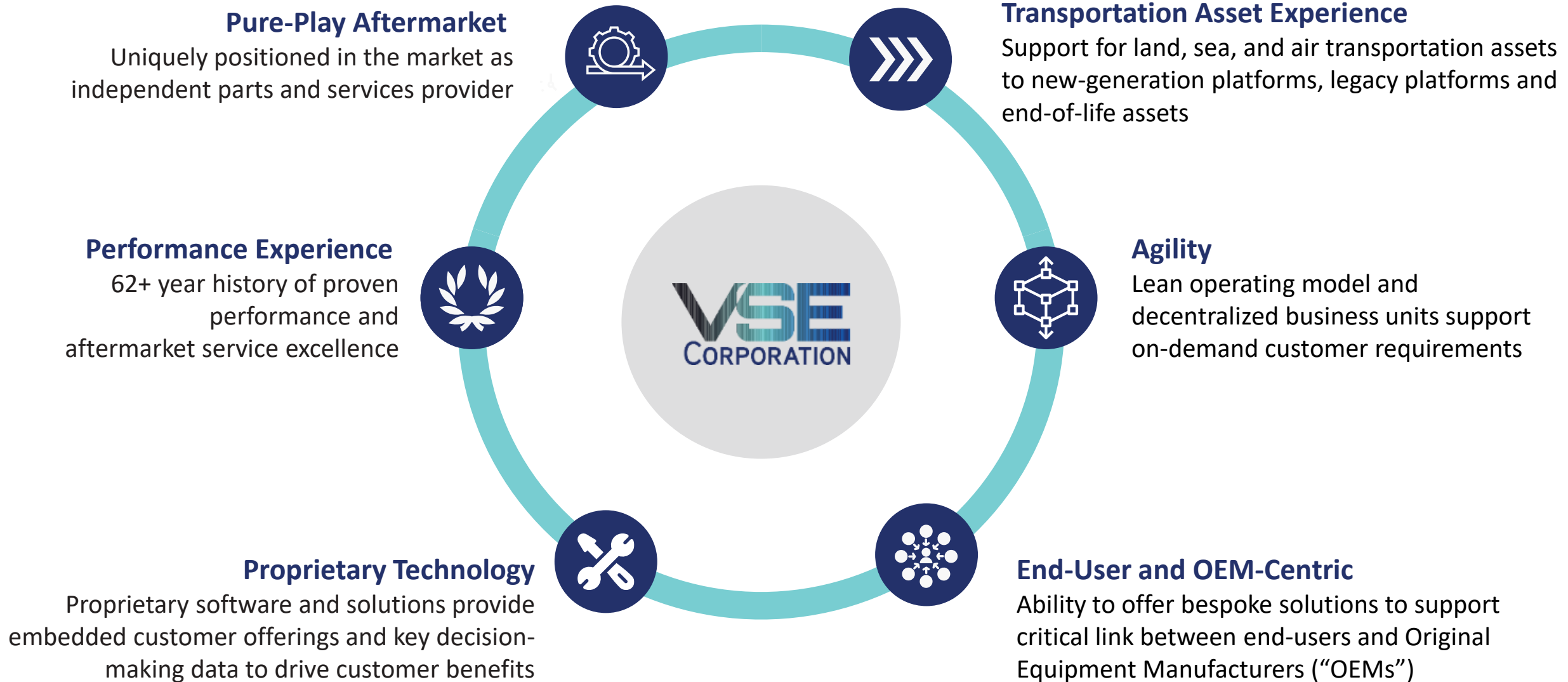
- Further positions VSE as a full-service, integrated parts and repair solution provider to the B&GA market
- Supports product line expansion into airframe parts, rounding out existing B&GA capabilities
- Significant revenue synergies across Global Parts' diverse customer base; minimal overlap with VSE's existing customer / product base
- Opportunity to sell new repair capabilities & additional distribution product lines



**Global Parts further supports VSE's development of a comprehensive B&GA parts & services portfolio**

# 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*