

VSE Corporation Investor Day 2023

November 14, 2023



VSE Investor Day Agenda

Welcome and Introductions	Michael Perlman VP, Investor Relations & Communications	9:00 AM
Introduction to VSE Corporation	John Cuomo President and CEO	
Business Segment Overview - Aviation	Ben Thomas Group President, Aviation	
Business Segment Overview - Fleet	Chad Wheeler Group President, Fleet	
Break		
People & Culture	Krista Stafford Chief HR Officer	
M&A Case Study	John Cuomo President and CEO	
Financial Overview / Long-Term Outlook	Steve Griffin Chief Financial Officer	
Q&A	Executive Management Team	
Lunch		12:00 PM

VSE Executive Leadership

Experienced and Proven Management Team Supporting Winning Culture

Speakers



John Cuomo
President & CEO

Joined in 2019



Steve Griffin
SVP & CFO

Joined in 2020



Ben Thomas
Group President - Aviation

Joined in 2020



Chad Wheeler
Group President - Fleet

Joined in 1991



Krista Stafford
Chief HR Officer

Joined in 2020



Michael Perlman
VP, Investor Relations

Joined in 2023

Speakers Featured in Videos

Pedro Gonzalez | VP, GM Aviation

Michael Prkic | Director of Operations- Aviation

Ian Franklin | VP – Aviation Services

Toby Lavine | VP, MRO Services BG&A

Chelsie Angel | Director, Product Line - Aviation

Shane Sleek | Director, Analytics – Fleet

Deanna Kiel | Sr. Director, USPS

Bryce McLay | Director, N.A. Sales - Fleet

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 presented forward-looking statements regarding Adjusted EBITDA, Adjusted EBITDA margin. 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 this non-GAAP financial measure is a matter of management judgment 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, Adjusted EBITDA margin, free cash flow and net debt 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 a preliminary estimate and are 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 the preliminary financial data set forth above may be material.

Key Themes

- VSE Repositioned and Ready to Scale**
Business Transformation and Near-Term Results
Validate Investment Thesis

Key Themes

[2] Robust & Fragmented End Markets

Aviation and Fleet Aftermarkets Support Short and Long-Term Organic and Inorganic Growth Opportunities

Key Themes

[3] Differentiation

**Products, Technical Capabilities, Service and
Industry-Leading Team and Culture
Establish Unique Position in the Market**

Key Themes



Growth and Financial Performance

**Commitment to Outpace Market Growth While
Improving Profitability**

The VSE Transformation Story

John Cuomo – President and CEO



VSE Transformation Story

Phase
1

**Setting the
Foundation &
Strategy
Validation**

Phase
2

**Program
Execution &
Strategy
Expansion**

Phase
3

**Refocusing
Two Distinct
End Markets
Driving Above-
Market Growth**

Doing What We Said We Would Do

Strong Execution Across Both Aviation and Fleet Segments

Strategic Improvement



Expanded our customer and supplier base



Accelerated market diversification and differentiation



Built the VSE Brand and integrated all legacy assets



Generated above market growth and improved margins and profitability



Investment in team, facilities, products, capabilities, and systems

Successful Transformation and Long-Term Value Creation

Organic and Inorganic Investments Leading to Successful Business Transformation

Strategic Acquisitions/ Divestitures

2020

Divested two non-core aviation businesses (parts trading and engine overhaul)

2021

Acquired Global Parts (proprietary airframe parts distribution)

2022 to 2023

Acquired Precision Fuel Components

Acquired Desser Aerospace

Plans to divest of FDS Segment

Acquired Honeywell Perpetual License Agreement

Organic Investments

5-year, ~\$100m agreement with Triumph

Pratt & Whitney Canada auxiliary power unit (APU) life of program distribution award

15-year Pratt & Whitney Canada Engine Accessory Program

5-year, ~\$125m extension with Honeywell

Fleet Segment Diversification Strategy Launch

15-year Pratt & Whitney Canada Program Expansion (Asia Pacific)

5-year Honeywell fuselage-mounted antenna systems agreement

3-year Bombardier distribution agreement renewal

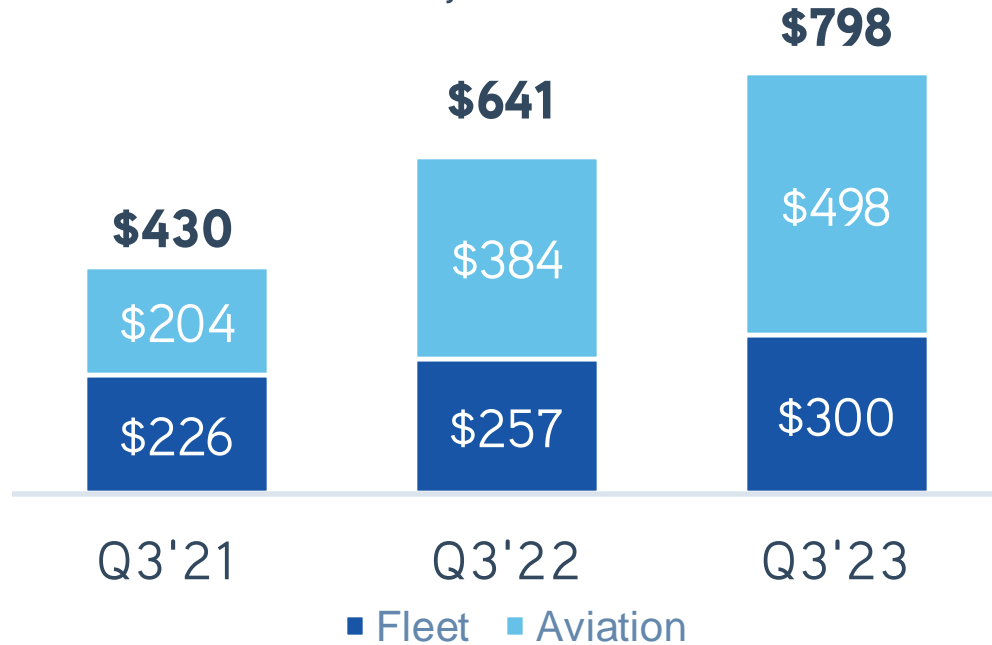
Opened 450k sq. ft. distribution and e-commerce fulfillment center

15-Year Pratt & Whitney Canada Program Expansion in Europe, Middle East and Africa Region

Financial Impact of Transformational Initiatives

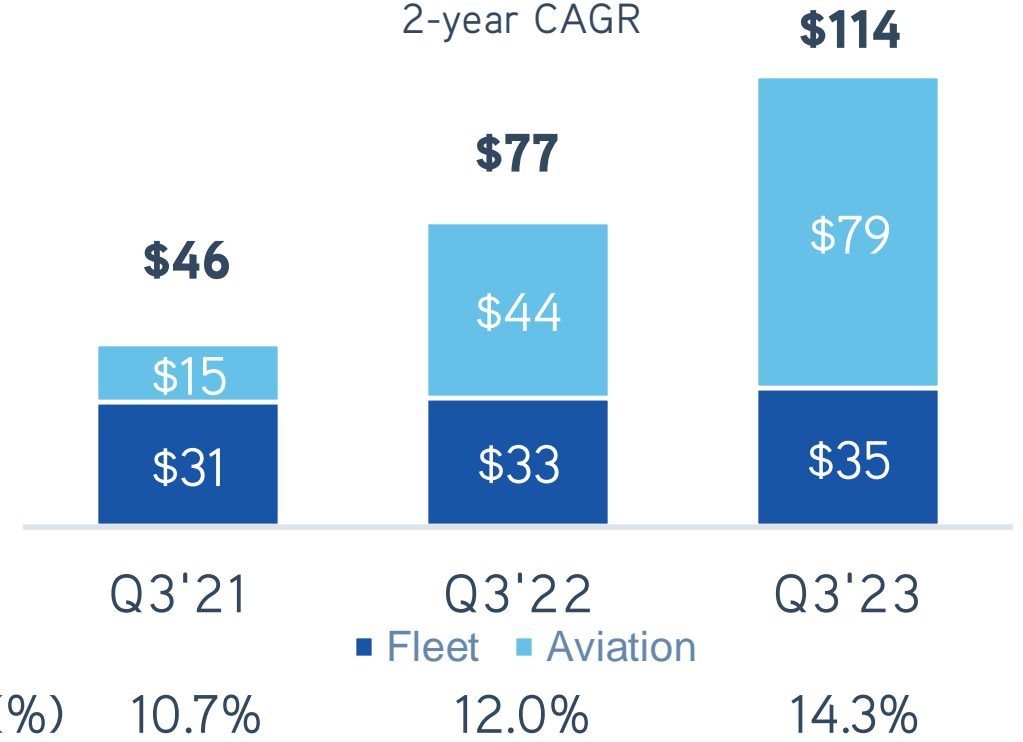
LTM Revenue⁽¹⁾⁽²⁾ (\$ in Millions)

+36%
2-year CAGR



LTM Adj. EBITDA⁽¹⁾⁽²⁾⁽³⁾ (\$ in Millions)

+57%
2-year CAGR



⁽¹⁾ Excludes discontinued operations (FDS) and is not pro forma for the acquisition of Desser Aerospace;

⁽²⁾ Historical segment financials exclude discontinued operations (FDS), are not pro forma for the acquisition of Desser Aerospace;

⁽³⁾ Adjusted EBITDA is a non-GAAP financial measure. See the Appendix for a reconciliation of this measure to the most directly comparable GAAP measure.



Aviation

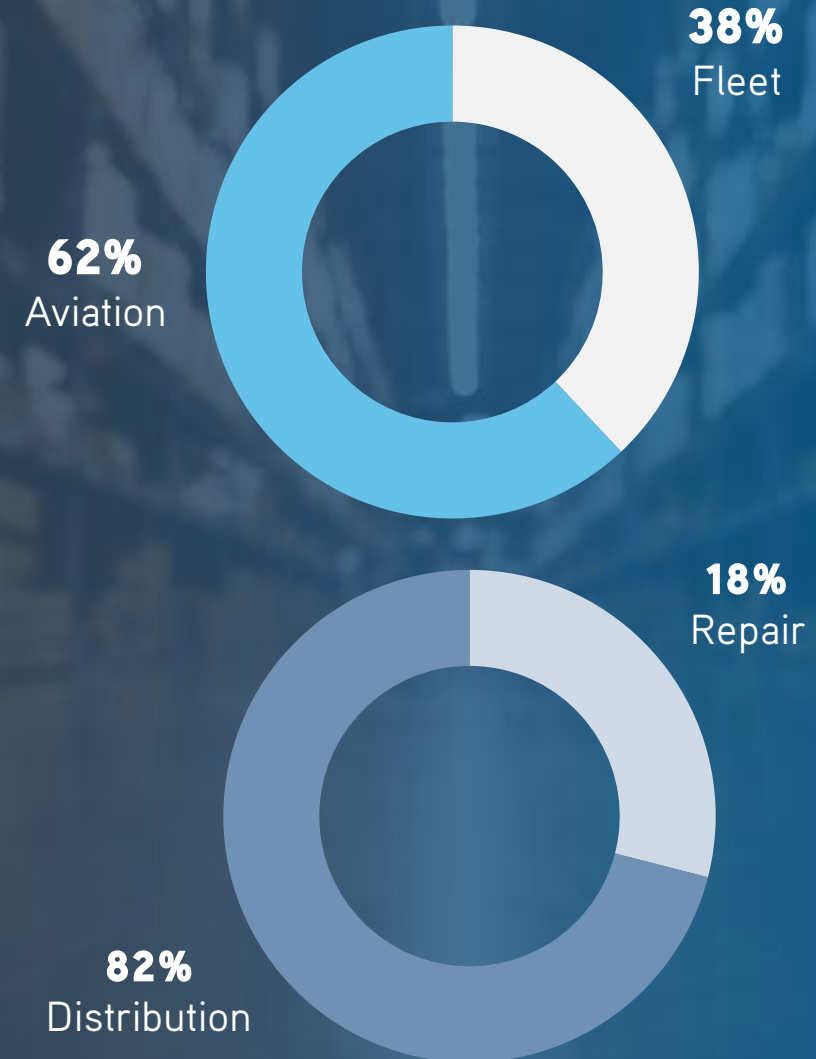
Aviation aftermarket parts distributor and maintenance, repair & overhaul (MRO) services provider of technical and proprietary parts



Fleet

Medium to heavy-duty vehicle parts distributor and provider of custom-engineered solutions

Percentage Revenue Breakdown⁽¹⁾



Channels	Commercial	Business & General Aviation
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Commercial Fleet	United States Postal Service	E-Commerce Fulfillment
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Capabilities	Distribution	MRO Services
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Distribution	Engineering Private Label	Supply Chain Management
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Results ¹	+56% Revenue	+133% EBITDA
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+15% Revenue	+6% EBITDA
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⁽¹⁾ Q3'23 trailing twelve-month 2-Year CAGR

Aviation

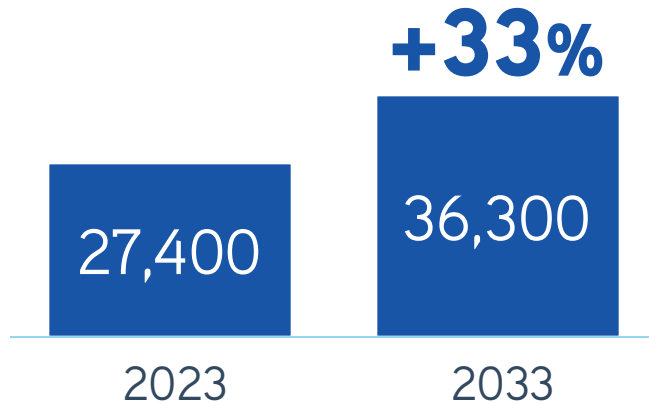
The Aviation Market

Steve Griffin – Chief Financial Officer



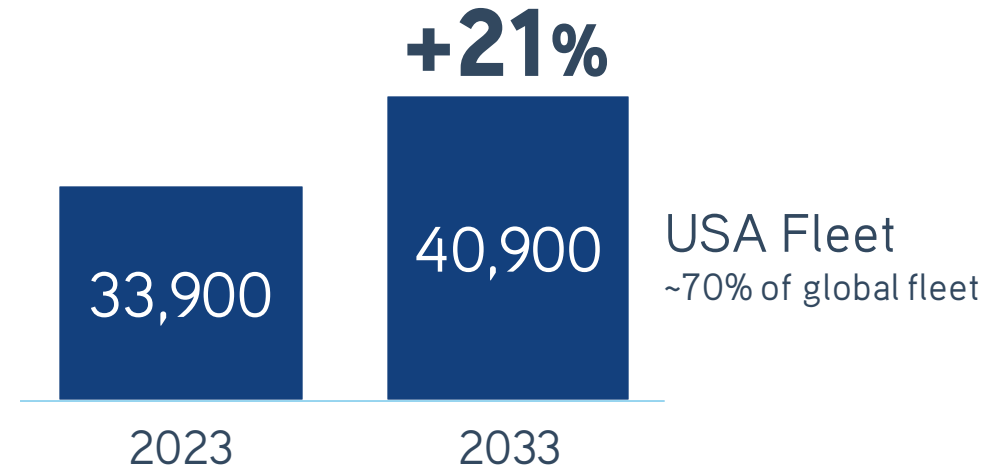
Steadily Growing Commercial & Business Aviation Fleets

Commercial Fleets Growing 2.9%/year⁽¹⁾



- Record new aircraft production rates
- >50% of new aircraft to grow fleets

Business Jet Fleets Growing through 2033⁽²⁾

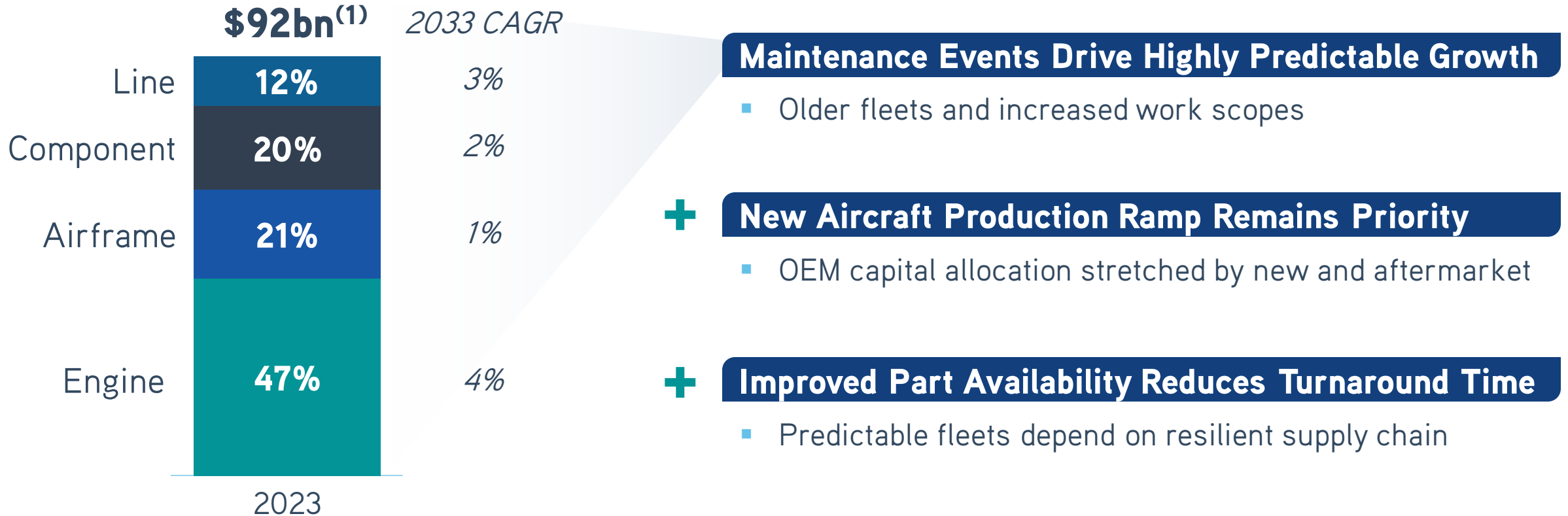


- Growing population of private travelers
- Spend growing ~4% through 2030⁽³⁾

Record Aircraft Backlogs and Robust Consumer Demand

⁽¹⁾ Oliver Wyman ⁽²⁾ FAA – Turboprop & Turbine Powered Fixed Wing & Rotorcraft ⁽³⁾ Polaris Market Research

Strength and Resiliency of Aftermarket Maintenance will Differentiate Airlines and OEMs Over the Next Decade



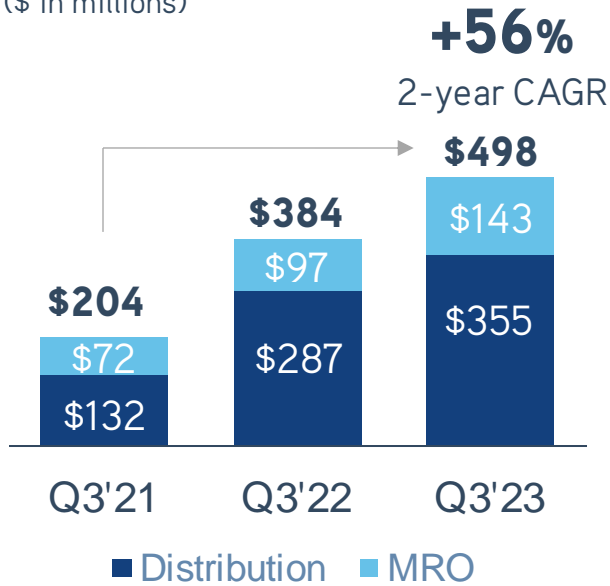
Strong Aftermarket Partners Critical for OEMs and Airlines to Meet Demand

⁽¹⁾ Oliver Wyman – Commercial Aviation only

VSE Aviation Segment Overview | 62% of LTM Revenues

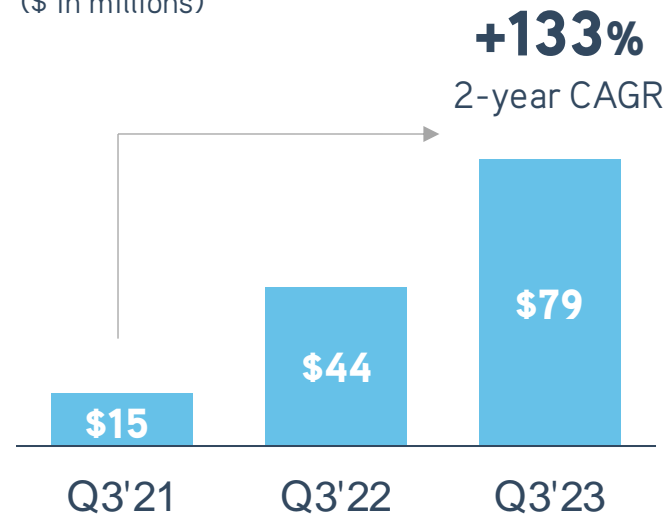
Revenue⁽¹⁾

(\$ in millions)

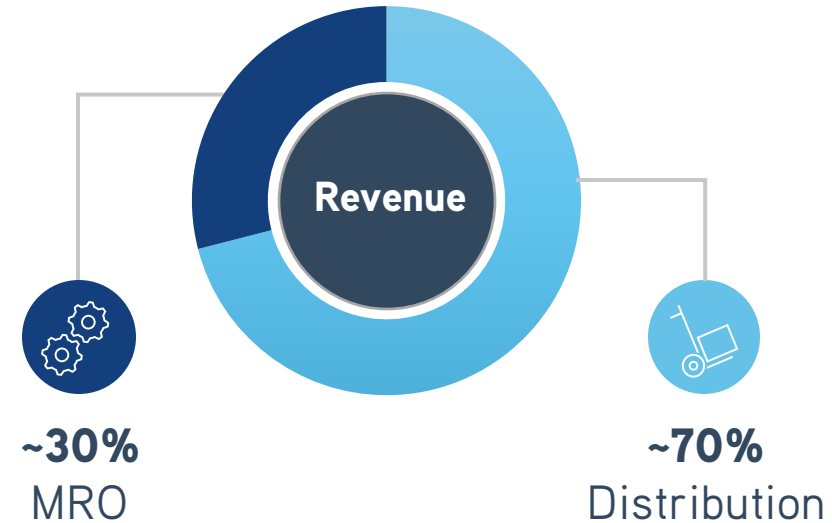


Adjusted EBITDA⁽¹⁾

(\$ in millions)



Distribution vs. MRO⁽¹⁾



Miami, FL Headquarters



600+ Employees



11 Global Offices & Centers of Excellence

VSE Aviation

Ben Thomas – Group President of VSE Aviation



Unique Fully Integrated Aftermarket Solutions Provider

Combining Distribution Technical Sales and MRO Repair Capabilities

Distribution



Unique
Solutions

MRO Services



New Parts



Manufacturing



Rotables



Repair

VSE Aviation MRO Services



Component and Engine Accessory Repairs

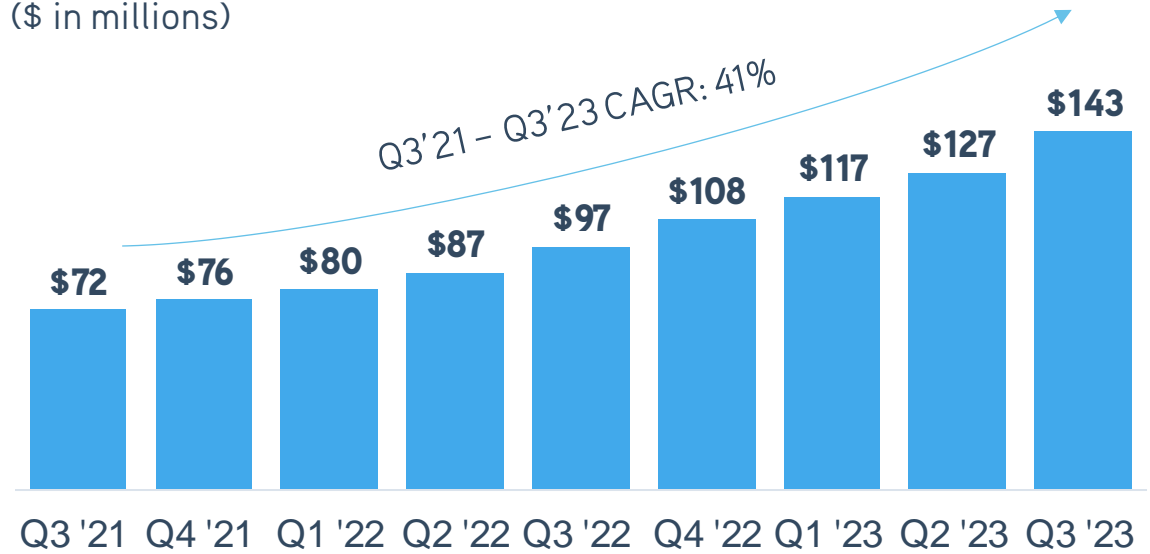


Value Added Services



Rotable Component Sales

LTM Revenue
(\$ in millions)



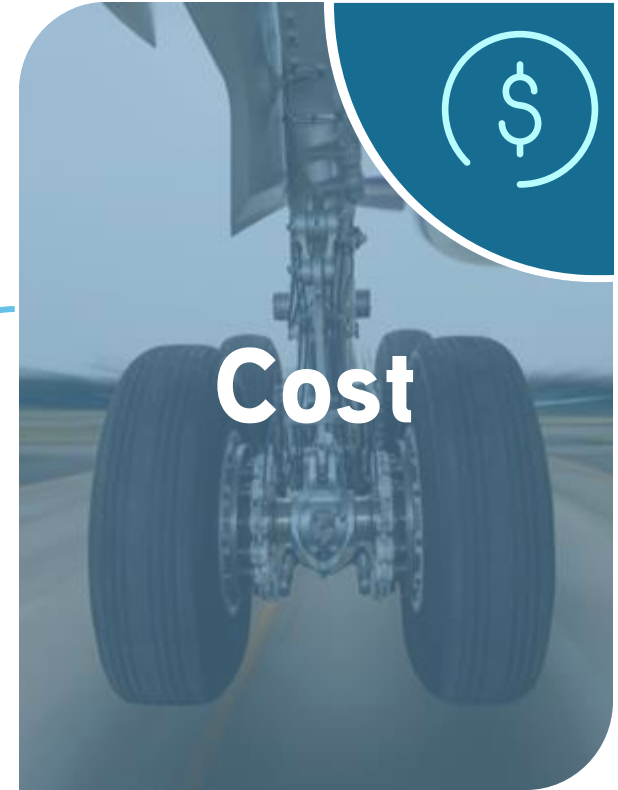
Capabilities

- Pneumatics
- Fuel
- Hydraulics
- Avionics
- Mechanical
- Cabin Interiors
- Composites
- Wheel & Brakes

Representative Customers



VSE MRO: Why We Win



VSE Aviation Distribution



Proprietary OEM products represent 75%+ of portfolio



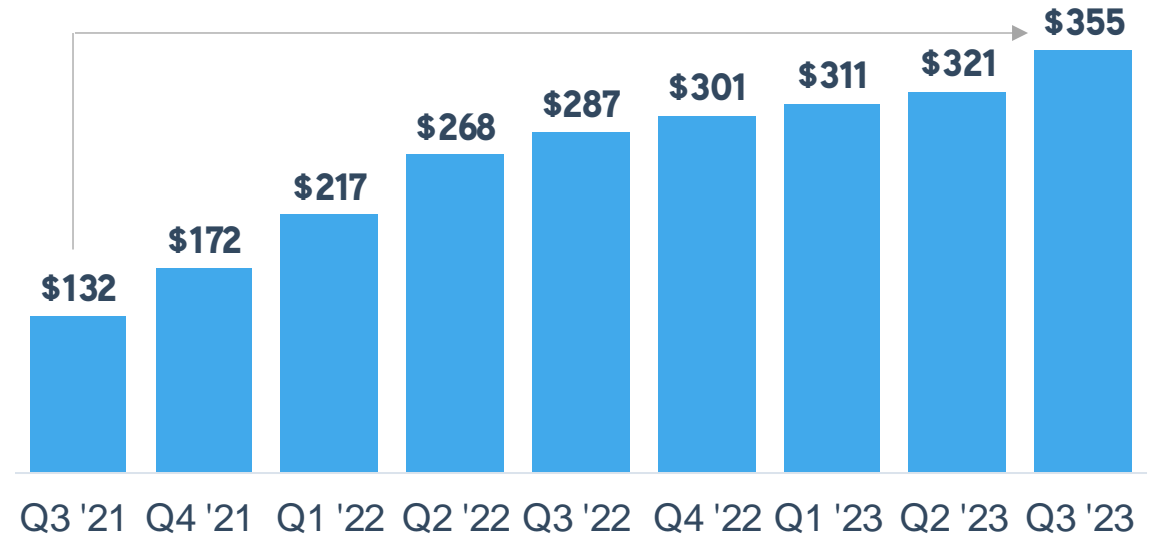
100% commercial, B&GA, and military aftermarket customers



Dedicated technical product line management team supporting exclusive supplier relationships

LTM Revenue
(\$ in millions)

+64%
2-year CAGR



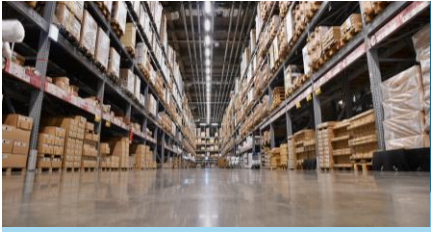
Select Suppliers



Representative Customers



Why Distribution Matters and Why VSE Aviation Wins



Why Distribution Matters

- OEMs lack the capacity to support the large number of aftermarket end-users
- Material availability and supply chain represent the constraints and operators and OEMs are well served through distribution

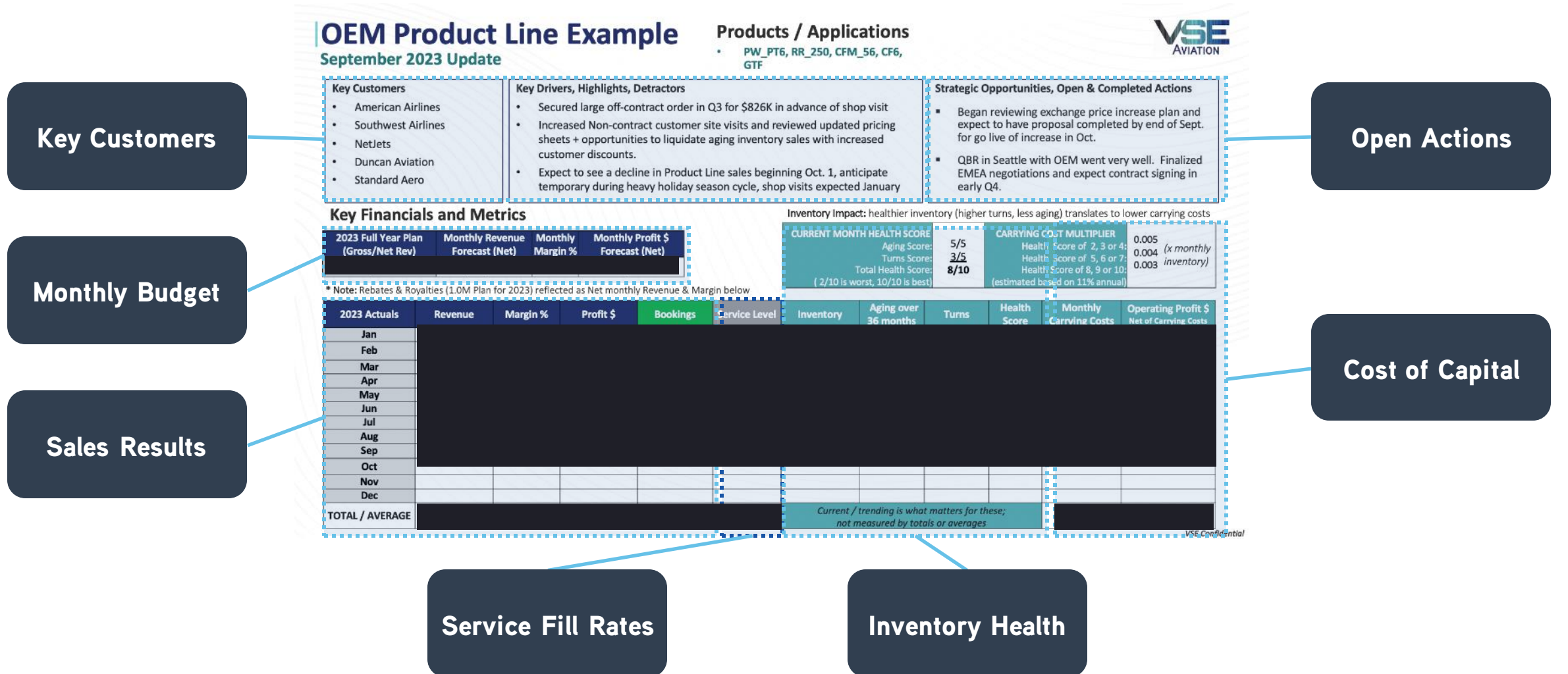


Why We Win

- Industry leading technical product line management and service teams drive customer and supplier-obsessed culture
- Bespoke, solutions-orientated approach for both OEM suppliers and customers

VSE Distribution Product Line Management As A Differentiator

Drives Superior Service and Expanded Margins



VSE Value to Both Supplier and Customer

OEM Benefits

- Penetrate new vertical markets
- Identify pricing opportunities
- Reduced working capital requirements
- Improved customer service
- Protect against and prevent PMA exposure
- Channel for revenue creation through joint service bulletin campaigns

Customer Benefits

- Unique offering includes bundled solutions comprising product distribution and repair capabilities
- Higher service levels and supply chain health
- Stock availability
- Industry leading customer and technical product service



**180% increase
in sales**



**Overhead savings
on documentation**



**99%
Service Levels**

**5-year exclusive
distribution agreement;
\$100 million value**

**Exclusive distributor for
more than 150 line-
replaceable units and 1,600
landing gear accessories**

**Support more than 1,300
new and existing
commercial airlines and
MRO companies**

Creating Distinctive Value for OEM Partner via Distribution & MRO Integration

OEM Engine Maintenance Program

- 57% reduction in order turnaround time
- 95% in-region fill rate
- 42% reduction in average delivery hours vs. OEM for aircraft on the ground
- 20+ OEM platforms supported

What our customers are saying:

"I was shocked at how fast the parts arrived and was thankful because the aircraft needed to go back in service today"

Customer Benefits



Faster Response & Local Delivery



99% On-Time Delivery



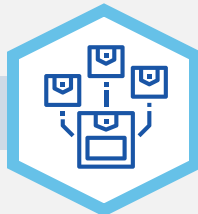
24/7/365 Support



Delivery in as Little as 2 Hours



Global Inventory = Reduced Downtime



10k+ Unique Part Numbers



Expanded Parts Distribution Network



Technical Expertise

Aviation Segment

Growth Opportunities

Ben Thomas – Group President of VSE Aviation
John Cuomo – President and CEO

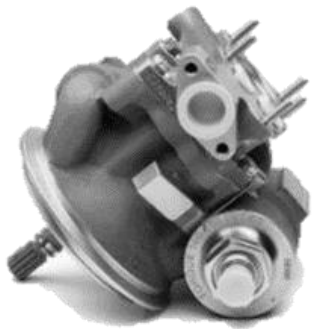


Honeywell Fuel Controls



Perpetual License Agreement

- Exclusive rights to manufacture, repair, and control the intellectual property for Honeywell in-production and aftermarket fuel controls and subcomponents
- Margin Driver as VSE now controls the end-to-end market from manufacturing to distribution to repair



Opportunity Highlights

+340

Unique Fuel Controls

3

In-Production Engine Platforms

~20k

In-Service Aircraft

+120

B&GA and Rotorcraft Platforms

30

Year Life-Cycle

Aviation Centers of Excellence Ready to Scale

Doral, FL

50k square foot facility with ability to **increase capacity up to 100k square foot** within existing footprint

Miramar, FL

Facility and infrastructure **ready to double volume** and expand repair capabilities

Independence, KS

40k square foot facility and additional **28k square foot expansion** to be completed in Q3 2024

Hamburg, Germany

45k square foot facility
Opening Q1 2024



Distribution

Commercial MRO

B&GA MRO

International
Distribution

Aviation Growth Opportunities

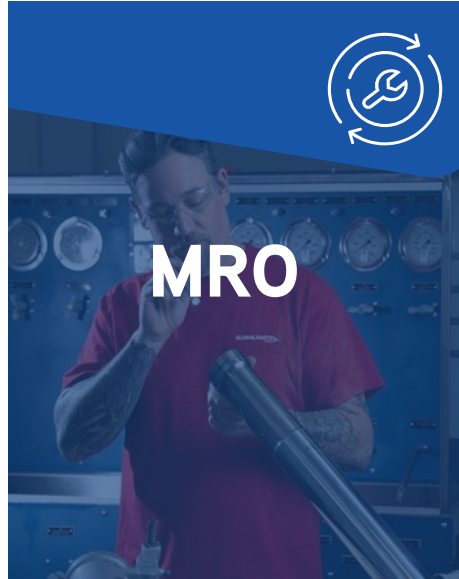
Leading to Low-Double-Digit Revenue Growth & EBITDA Margin Expansion



- Product line expansion
- New OEM partners
- Expanded offerings – Rotables

Aviation Growth Opportunities

Leading to Low-Double-Digit Revenue Growth & EBITDA Margin Expansion

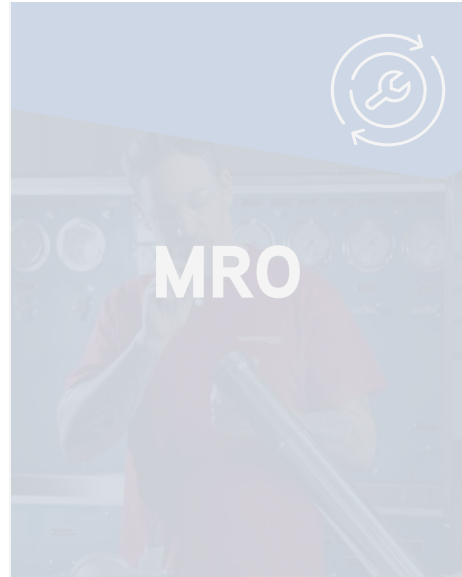


- Product line expansion
- New OEM partners
- Expanded offerings – Rotables

- Capability expansion
- New OEM-authorized repairs

Aviation Growth Opportunities

Leading to Low-Double-Digit Revenue Growth & EBITDA Margin Expansion



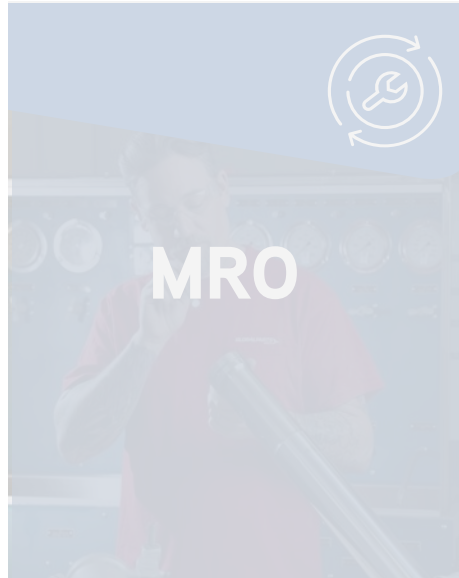
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- New European facility
- P&WC Agreement Expansion to Europe
- Desser acquisition product expansion

Aviation Growth Opportunities

Leading to Low-Double-Digit Revenue Growth & EBITDA Margin Expansion



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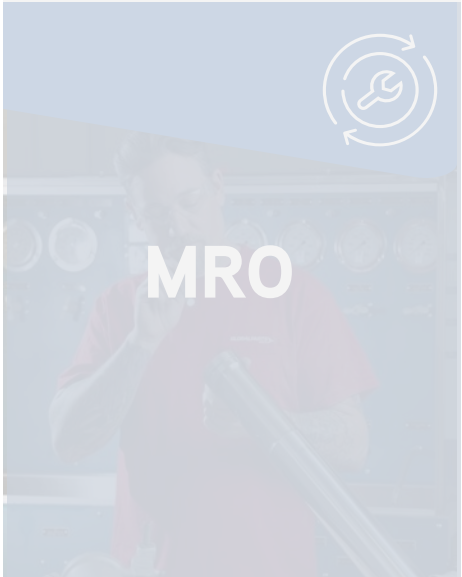
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- New customers, new products, new MRO capabilities, and/or new geographies

Aviation Growth Opportunities

Leading to Low-Double-Digit Revenue Growth & EBITDA Margin Expansion



- Product line expansion
- New OEM partners
- Expanded offerings – Rotables

- Capability expansion
- New OEM-authorized repairs

- New European facility
- P&WC Agreement Expansion to Europe
- Desser acquisition product expansion

- New customers, new products, new MRO capabilities, and/or new geographies

- Licensing agreements, e.g., Honeywell
- Higher margin driven by lower cost of inventory

Aviation Segment Key Takeaways

- 1** Aviation aftermarket is strong and resilient
- 2** Business transformation resulted in above market revenue growth and expansion to mid-teens EBITDA margins
- 3** VSE unique and differentiated model combining MRO and distribution creates value for both OEM partners and aftermarket end-users
- 4** VSE product line management, culture and processes drive superior service and expanded margins
- 5** Extensive growth opportunities: products, OEM partners, MRO capabilities, geographies and licensed products
- 6** Robust M&A pipeline supports inorganic growth

Fleet

VSECORP.COM

The logo for VSE Corporation features the letters 'VSE' in a large, bold, sans-serif font. The 'V' is black, while the 'S' and 'E' are filled with a horizontal gradient of blue and teal. Below 'VSE', the word 'CORPORATION' is written in a smaller, dark blue, all-caps sans-serif font.

VSE
CORPORATION

The Fleet Market

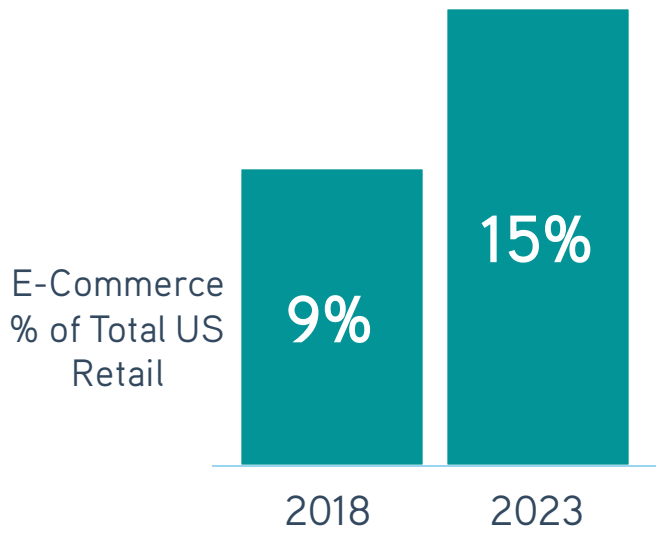
Steve Griffin – Chief Financial Officer



Consumer Shift to E-Commerce Supported by Large and Aging Fleet of Delivery Vehicles

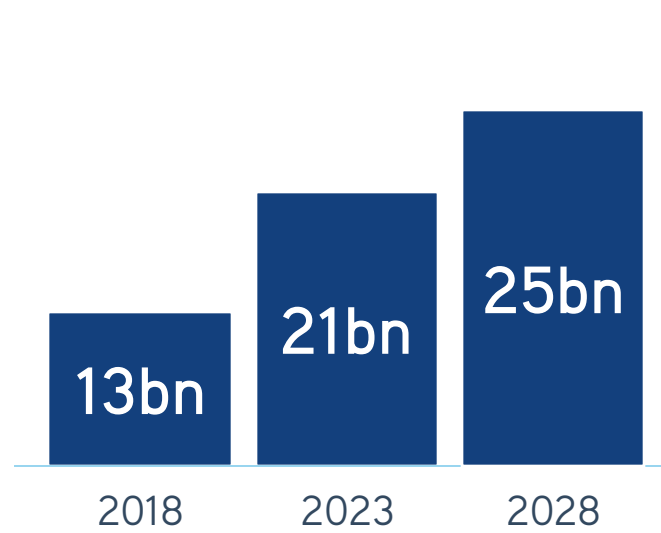
+50%

Increase in consumer online purchases vs. 2018⁽¹⁾



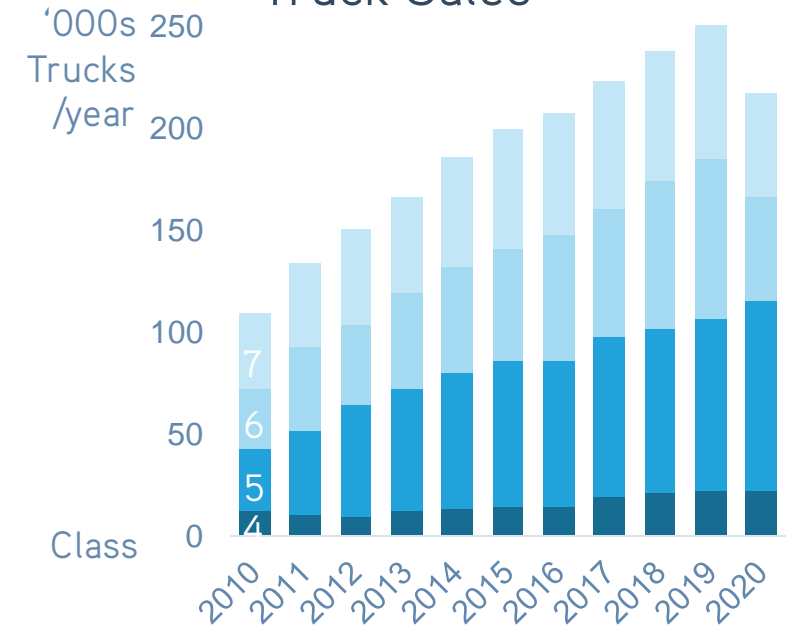
+7%

Annual Growth in US Packages Shipped⁽²⁾



+7%

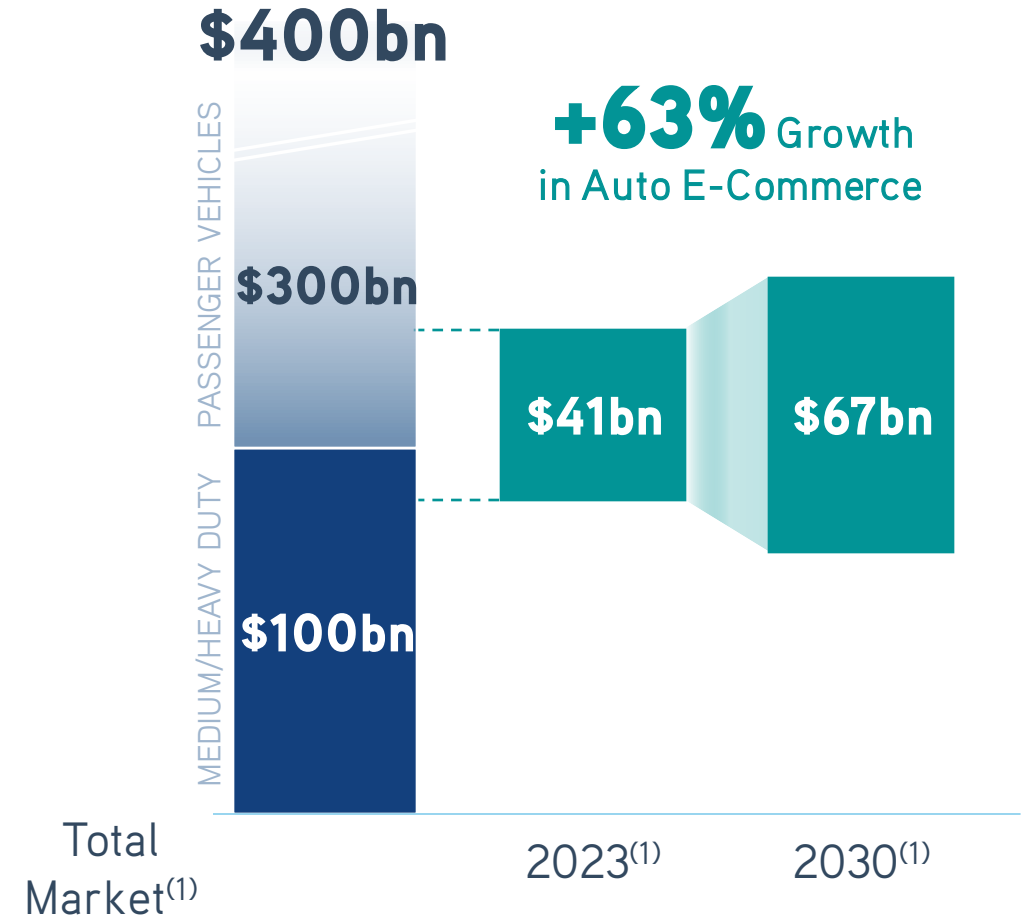
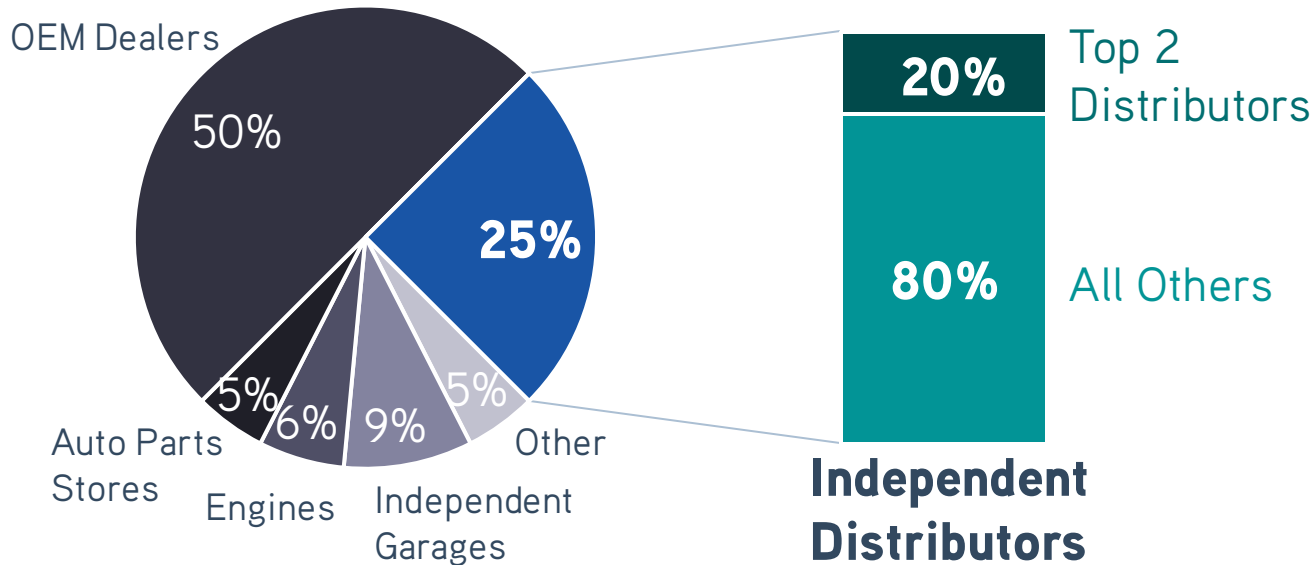
Annual Growth in Truck Sales⁽³⁾



⁽¹⁾ US Census Bureau ⁽²⁾ Pitney Bowes 10 year CAGR ⁽³⁾ Statistica

\$400 Billion Automotive Aftermarket Shifting Online and Disrupting Traditional Distribution

Fragmented Automotive Aftermarket Distribution



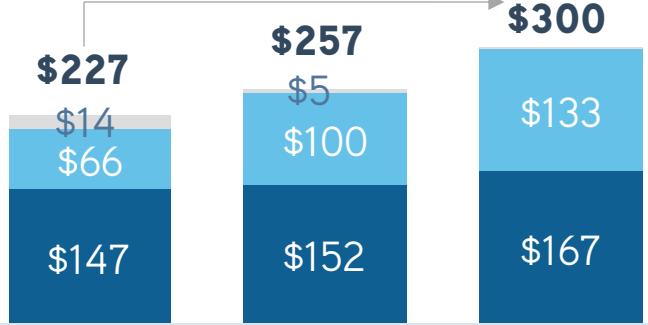
⁽¹⁾ Hedges and Company

Fleet Segment At A Glance | 38% of LTM Revenues

Revenue⁽¹⁾

(\$ in millions)

+15%
2-year CAGR



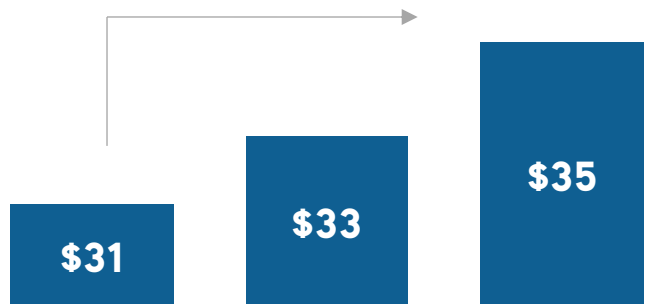
Q3'21 Q3'22 Q3'23

■ USPS ■ Commercial ■ DOD

Adjusted EBITDA⁽¹⁾

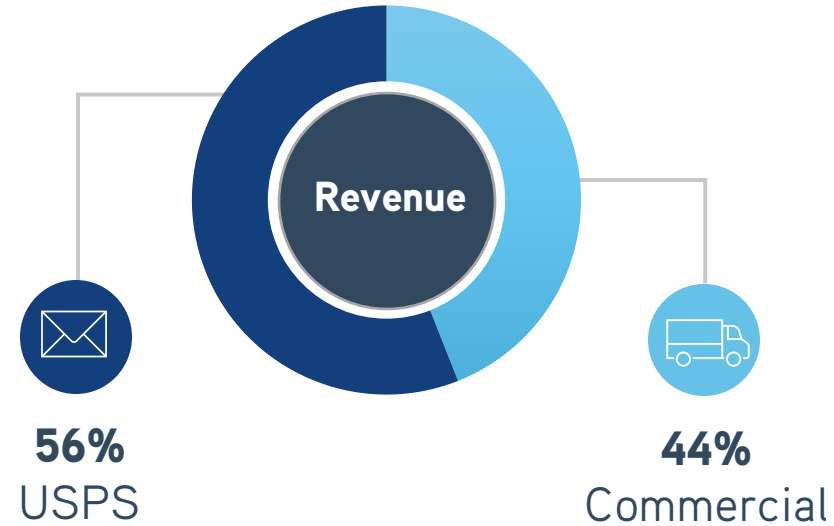
(\$ in millions)

+6%
2-year CAGR



Q3'21 Q3'22 Q3'23

Commercial vs. USPS⁽²⁾



Somerset, PA Headquarters



400+ Employees



3 Centers of Excellence

Fleet Segment Wheeler Fleet Solutions

Chad Wheeler – Group President of Wheeler Fleet Solutions



Wheeler Fleet Solutions – At A Glance

Focused on underserved high growth Class 4-8 commercial distribution and e-commerce

Customers We Support

- United States Postal Service
- National fleets
- Vocational/Waste management
- Mobile repair providers
- Dealers

Vehicles We Serve

- Class 4-8 commercial vehicles
- High duty cycle and last mile delivery vehicles

Products We Sell

- Product catalog of more than 320,000 OEM SKU's
- Private Label (PMA) +500 parts – WheelerFit

Capabilities We Offer

- Parts distribution
- Supply chain management
- E-Commerce fulfillment
- Technical support
- Engineering solutions



Fleet Revenue Channels



**United States
Postal Service**



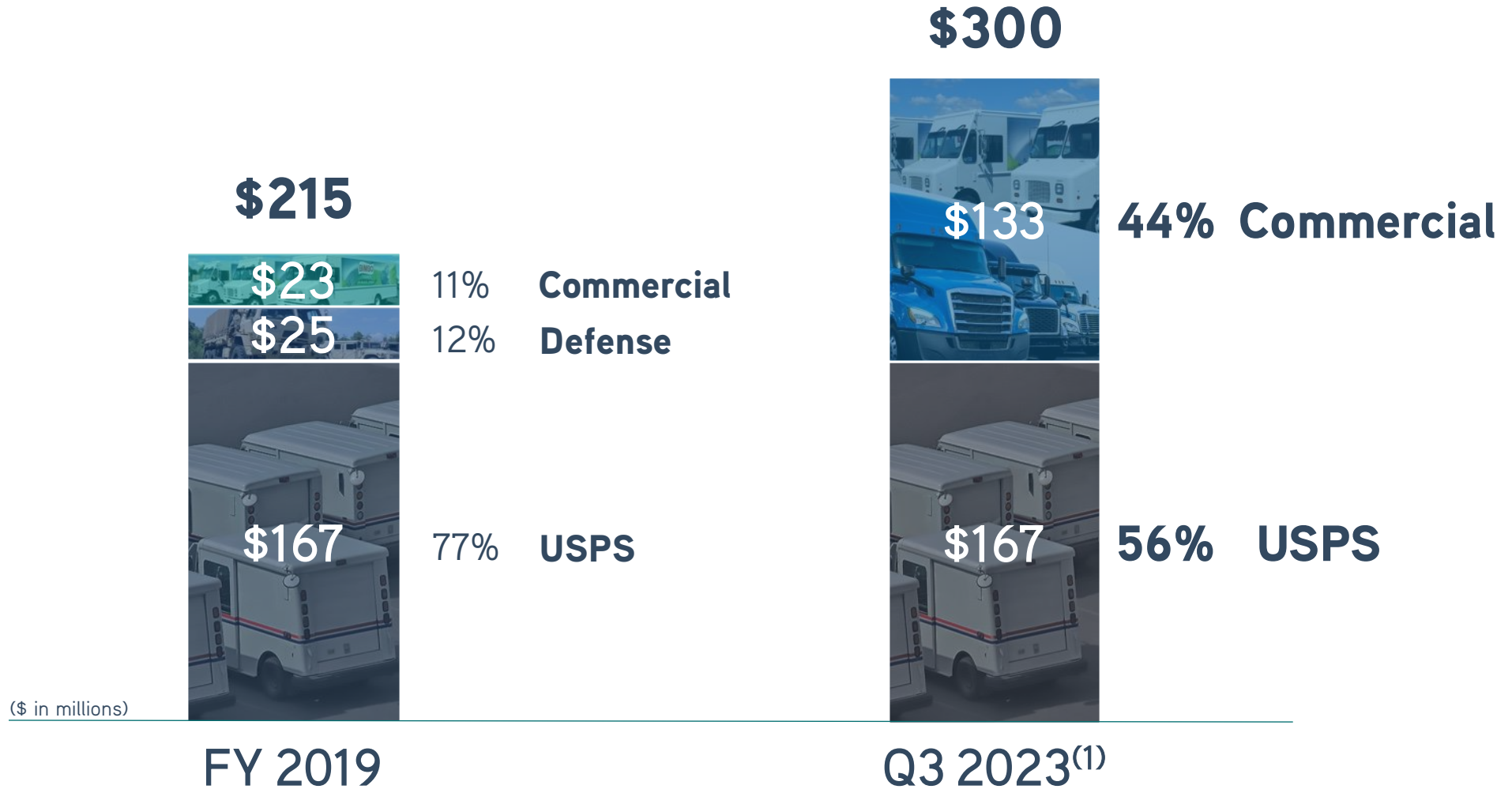
**Commercial
Fleet Sales**



**E-Commerce /
Fulfillment**

Wheeler Transformation Story

Successfully Executing Customer and Revenue Diversification Strategy



United States Postal Service Continues as Anchor Customer into the Future



Past Growth

- 1989 Awarded National Ordering Agreement with USPS
- Launched Managed Inventory Program in USPS Vehicle Maintenance Facilities
- Inventory support for all 314 USPS Vehicle Maintenance Facilities

Present Growth

- Support all USPS vehicle platforms
- Introduced WheelerFit, proprietary reverse-engineered products
- Developed over 500 USPS reverse-engineered products

Future Growth

- Continued support for legacy fleet
- Support new fleet including future electric vehicles
- Expand reverse-engineered products supporting parts for all vehicle types

Commercial Fleet Sales

WHO we serve

- Amerit
- Penske
- Waste Management
- Republic Services
- UPS
- Avis / Budget

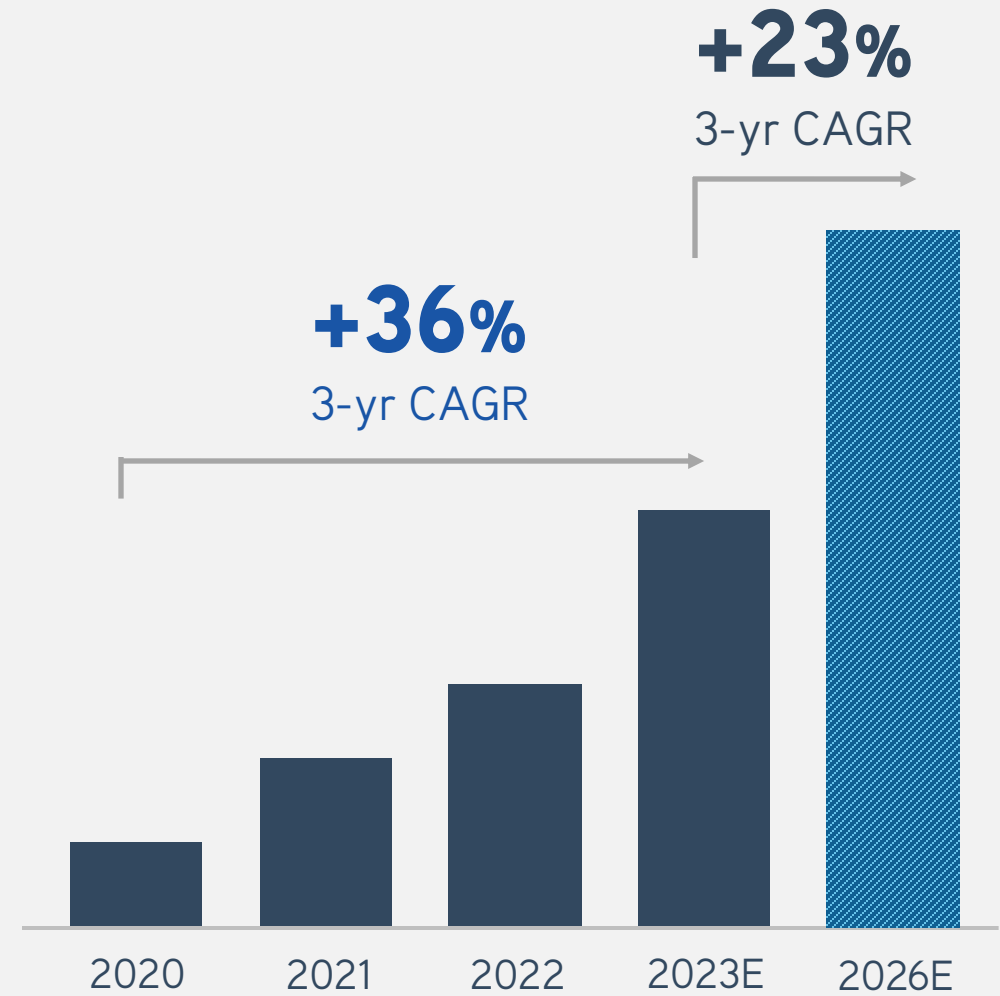
WHAT we sell

- Aftermarket products
- Expansive portfolio of name-brand OEM products
- WheelerFit (PMA)

WHY we are different

- Inventory management services
- Engineering solutions
- Product testing capabilities
- “Live” customer service

Revenue



E-Commerce / Fulfillment

WHO we serve

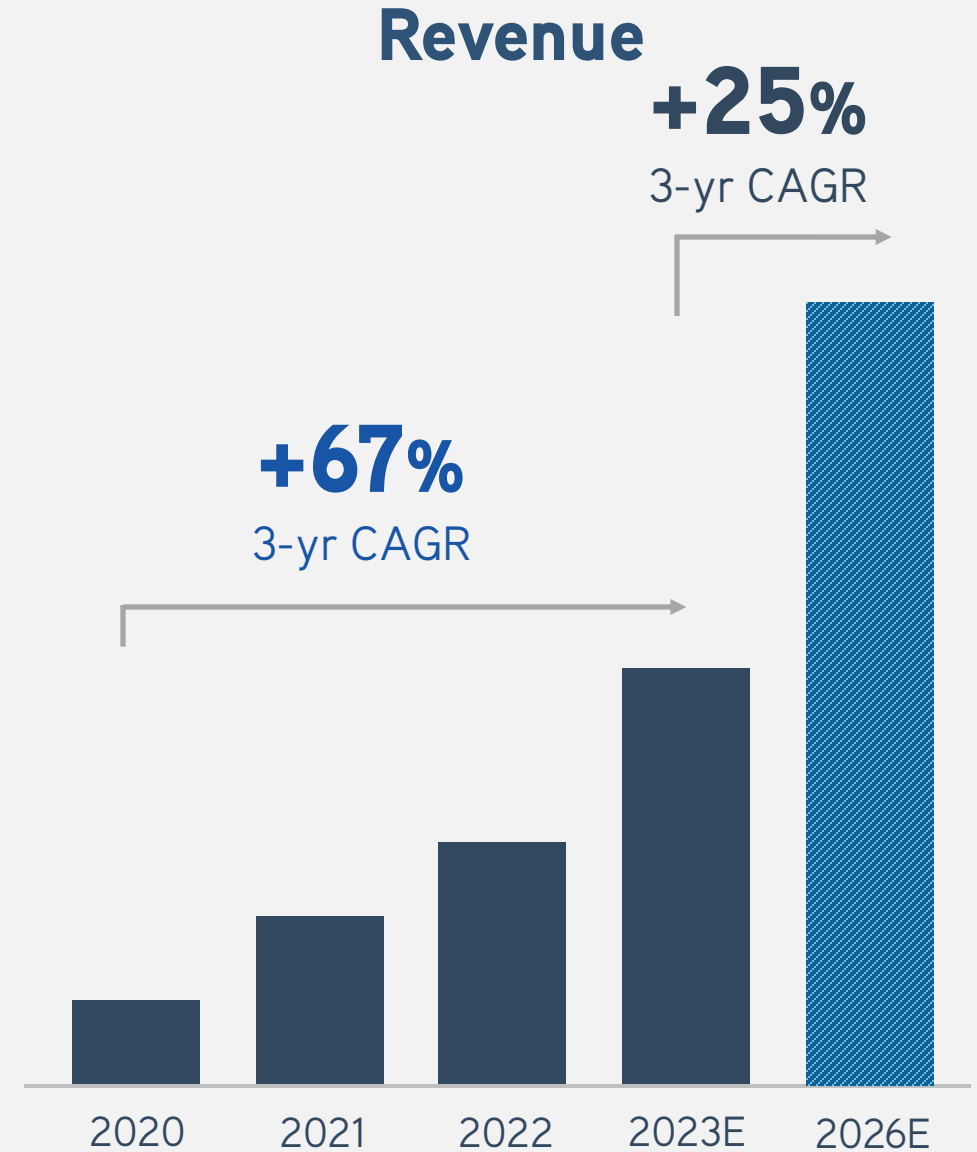
- Amazon
- FinditParts
- WheelerFleet.com
- Long tail of retail customers

WHAT we sell

- 320,000+ aftermarket parts
- Expansive portfolio of name-brand OEM products
- WheelerFit (PMA)

WHY we are different

- 30-year history of industry knowledge and supplier relationships
- Best-in-class turnaround time
- Agile data analytics capabilities integrated with fulfillment partners



Fleet Segment

The Wheeler Fleet Solutions Difference

Engineering Solutions



CAD Software/Data Management



Reverse Engineering



Data Logging



Rapid Prototyping & 3D Printing

Wheeler Fleet Solutions has a 60-year history of fleet engineering to support our customers' unique needs.

700+

Reverse Engineered
Parts and Solutions

Engineered Solutions Case Study

WheelerFit High Performance Silicone Hoses



Aftermarket Solution That Outperforms OEM



6-PLY woven Aramid
fiber construction



.260" Wall thickness
(OEM is .190")



Temperature range of
-65° F to 500° F



All hoses include 2 spring
loaded T-bolt clamps

Fleet Segment

Growth Opportunities

John Cuomo – President and CEO



Fleet Centers of Excellence Ready to Scale

Somerset, PA

Over 300k square feet of warehouse space, engineering, and administrative support functions



Distribution & Engineering

Olive Branch, MS

~450k square foot distribution facility supporting e-commerce at 20% utilization. Opened Q1 2023



Distribution

Grand Prairie, TX

58k square foot facility operating at 25% utilization



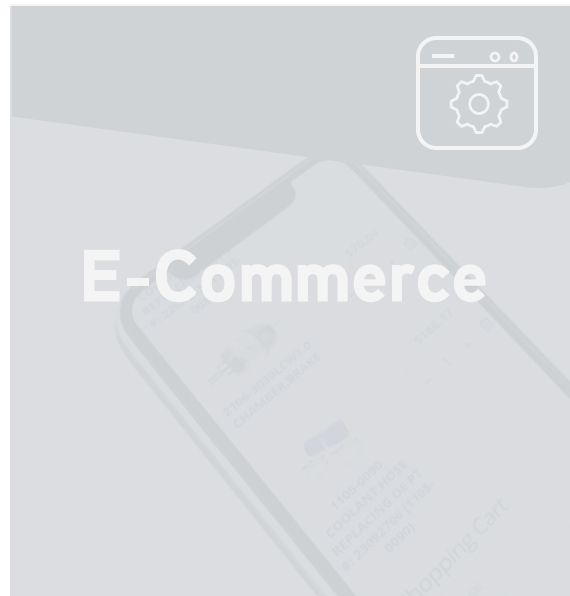
Distribution and Manufacturing

Fleet Growth Opportunities



- Expand Product Offerings – SKU Expansion
- Expand E-Commerce Partners
- Expand WheelerFleet.com

Fleet Growth Opportunities



- New Fleet Customers
- Share of Wallet Expansion

Fleet Growth Opportunities



- New Product Development to Support ALL Market Channels

Fleet Segment Key Takeaways

[1]

Shift towards eCommerce and disruption of legacy distribution will drive next decade of end market growth

[2]

Customer diversification strategy drove success and above-market growth

[3]

USPS continues as anchor customer into the future as VSE supports larger and more complex fleet

[4]

Commercial Fleet and E-commerce channels provide greatest opportunity for above-market growth

[5]

Engineered product solutions drive differentiation and margin expansion

People & Culture

Krista Stafford – Chief Human Resources Officer

The VSE Team As A Differentiator



Talent & Culture



Attraction



Development



Retention

DNA - VSE Culture Traits

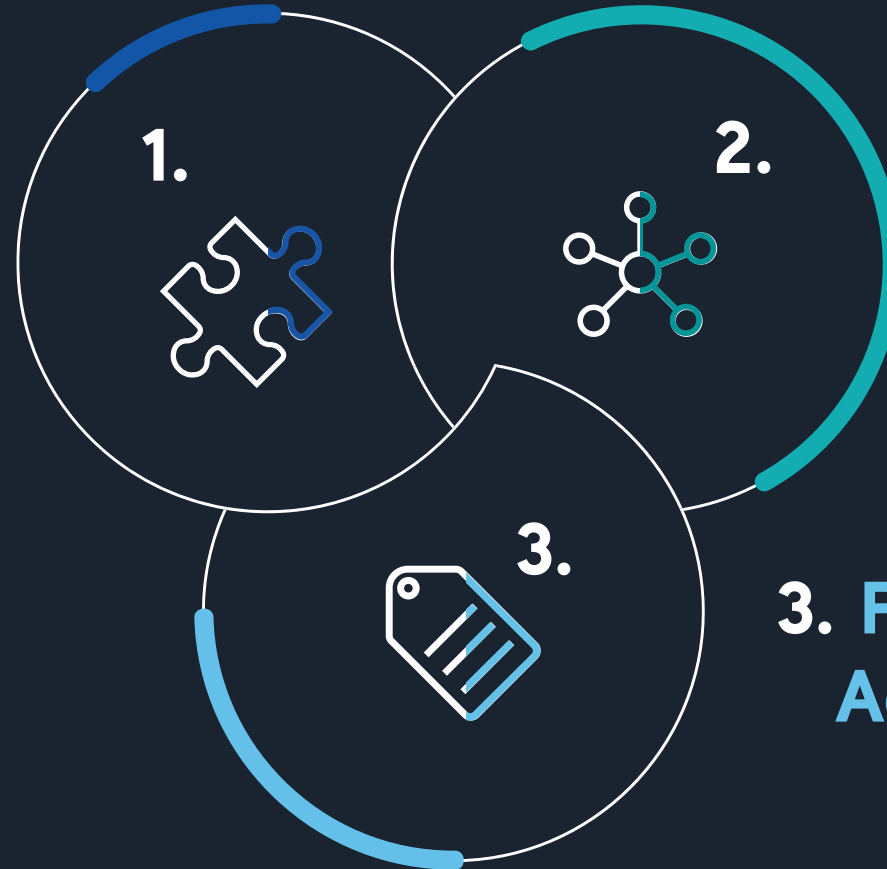


Mergers & Acquisitions

M&A Framework

Disciplined Growth Plan by Experienced Team Drives Synergies and High Returns

1. Strategic and Cultural Fit Drives Process



2. Full Integration by Experienced Team

3. Price Discipline and Accretive Returns

M&A As A Core Competency

Case Study of Global Parts 2021 Acquisition

Self-sourced deal in 2021

<6X below market multiple

Expanded anchor OEM partnership

Full systems, ERP & people integration

Synergies improved margins and transaction multiple

Integration delivering comprehensive offerings for customers

GLOBALPARTS
.aero 

IS NOW

VSE
AVIATION

Financial Overview and Capital Allocation

Reaffirming Full-Year 2023 Assumptions and Guidance

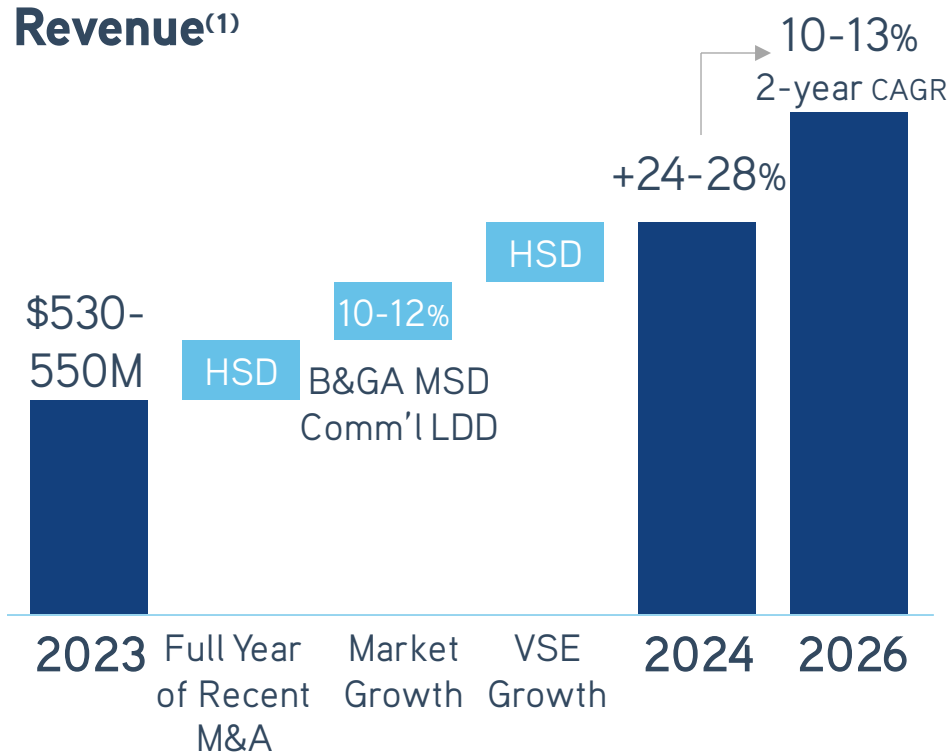
	Aviation	Fleet	Total
Revenue	\$530 – 550 +30-35% Y/Y	\$315 – 327 +20-25% Y/Y	\$845 – 877 Mid-point: \$860MM
Adj. EBITDA	\$74 – 88 +14-16%	\$35 – 43 11-13%	\$100 – 119 Mid-point: \$109MM
Free Cash Flow			\$(45)-\$(40)

On track to deliver strong 2023

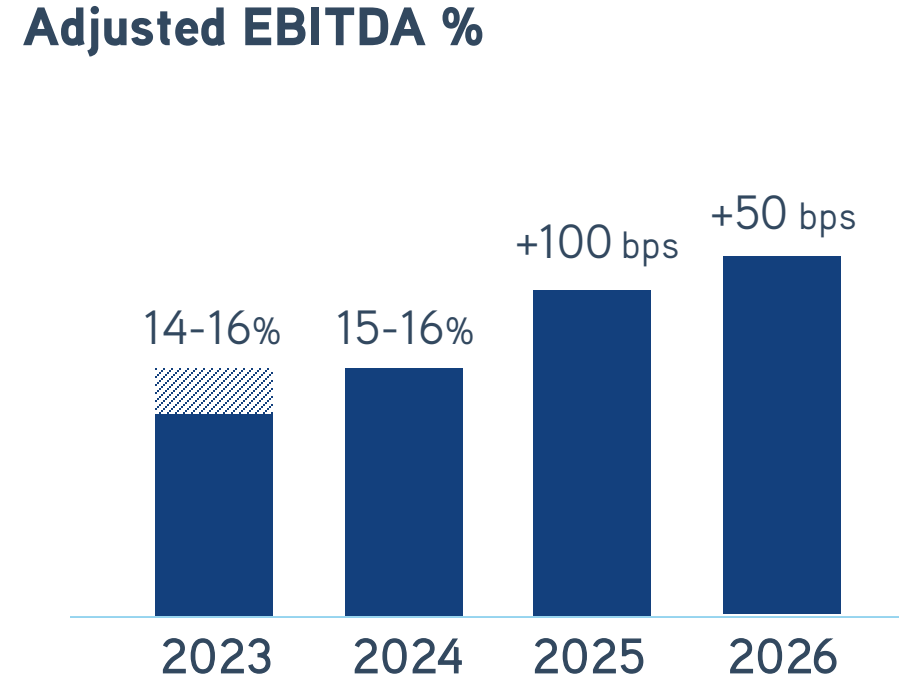
- Revenue +29% vs. 2022
- Delivering strong profitability after recent significant investments
- Aviation +200 bps vs. 2022
- Fleet ramping Memphis +\$50M Revenue
- Anticipating \$11.5M 2023 SG&A expenses
- Anticipating \$15-20M Free Cash Flow in 4Q'23

(\$ Millions)

Aviation Segment: Accelerating Revenue and Margins



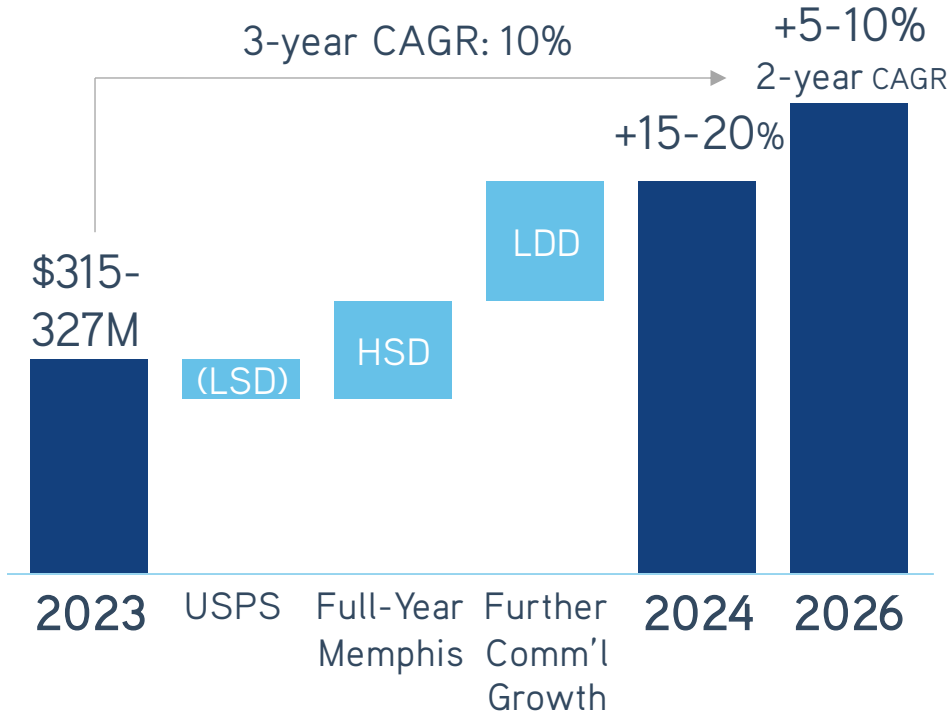
- Expect strong Commercial AM offset by moderating B&GA
- Expect new share gains, distribution programs, and repair capacity to drive faster growth than market '24-26



- 2024 startup expenses for Honeywell Fuel Control & European expansion costs
- Contributions from Honeywell Fuel to accelerate in 2025
- Expect accretion from fixed cost leverage, distribution program optimization, and repair growth

Fleet Segment: Above Market Revenue and Profit \$ Growth

Revenue⁽¹⁾



Adjusted EBITDA \$



- Expect mid-single digit USPS declines in '24, MSD-HSD decline in 2025-26 from vehicle transition
- 4Q'23 Memphis exit rate to deliver HSD impact in 2024, expect incremental LDD commercial growth

- Expect commercial growth and driving scale on fixed investments to offset USPS declines
- Expect lower USPS revenue to offset commercial, resulting in flat to modestly higher margin rates

Core Business Driving Strong Free Cash Flow

Free Cash Flow (2020-2023 Est.) (\$43)

(\$ millions)

Aviation New Program Initial Provisioning

- OEM 1	\$96
- OEM 2	\$20
- OEM 3	\$10

Fleet Facility Expansion 2023

- Memphis Initial Provisioning	\$40
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Cash Flow Excluding 1x Initial Provisioning +\$123

2024-2026 Priorities

- ✓ Generate positive free cash flow before new program investments
 - Increased sales
 - Optimized inventory positioning
 - Improved supplier payment terms
- ✓ Maintain flexibility for new program investments
 - \$30M Europe investment in 1H'24

Excluding new programs generated ~\$30M Free Cash Flow per year

Recent Aviation Investments Delivering for Shareholders

Results of organic and inorganic investments from 2020 through 1H'23

~\$170M



2020-1H23
Investments

Investment	Type	2023 ROIC
A	Organic - Inventory	21%
B	Organic - Inventory	24%
C	Organic - Inventory	19%
D	Inorganic - M&A	20%
E	Organic - Inventory	12%
F	Inorganic - M&A	13%

Capital Allocation Priorities

Priorities

2020-3Q'23

2024-2026 Outlook

Return to Shareholders

\$17_m

✓ Maintain existing dividend level

**Organic Reinvestment
in Business⁽¹⁾**

~\$190_m

✓ Invest in New Aviation Distribution & Repairs
✓ Geographic Expansion – CAPEX 1.0-1.5% of Sales

**Strategic Inorganic
Aviation Acquisitions**

~\$260_m

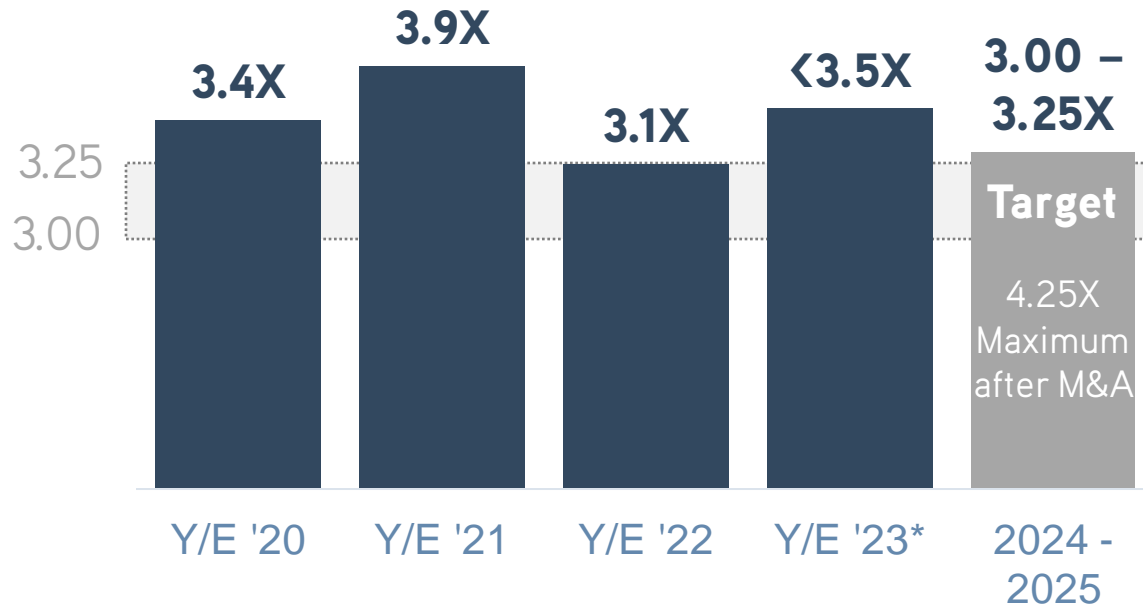
✓ Disciplined approach to Aviation M&A
✓ Post-integration 13%+ Return on Investment

Balance Sheet Flexibility

✓ 2024 Credit Refinancing
✓ Maintain 50%+ floating to fixed hedging position

Balance Sheet Management While Supporting Business Growth

Projected Net Debt / Adjusted EBITDA



- ✓ Expect to continue to deliver strong Free Cash Flow excluding new inventory investments
- ✓ Net Leverage Reduction
 - Strong Organic Free Cash
 - EBITDA growth
 - Federal and Defense Sale
- ✓ Targeting <3.0X 2026+

*VSE guidance for year-end 2023 including trailing 12 months of recent M&A

Key Themes and Investment Highlights

Key Themes

- 1 Repositioned and Ready to Scale**
Business Transformation and Near-Term Results Validate Investment Thesis
- 2 Robust & Fragmented End Markets**
Aviation and Fleet Aftermarkets Support Short and Long-Term Growth Opportunities
- 3 Differentiation**
Products, Technical Capabilities, Service and Industry-Leading Team and Culture Establish Unique Position in the Market
- 4 Growth & Financial Performance**
Commitment to Outpace Market Growth While Improving Profitability

Investment Highlights

Aftermarket Service Leader With Strong Growth Opportunities



Favorable and Robust End Markets

Business Transformation Creates Foundation for Growth

Stable Anchor Customers & Programs Serve as Annuity for Future

Proven Teams and Culture that Delivers for All Stakeholders

Infrastructure and Systems Ready to Scale

Extensive Organic Opportunities Support Above Market Growth

M&A as a Core Competency and Growth Driver

Margin Expansion by Leveraging Scale and Differentiation

Investments and Strategic Plans Deliver Above-Market Returns

A group of diverse people in business attire are cheering and clapping in front of a Nasdaq sign. The image is overlaid with a dark blue semi-transparent filter. The text 'Q&A' is prominently displayed in white on the left side.

Q&A

VSECORP.COM

The logo for VSE CORPORATION. The letters 'VSE' are large and stylized, with a gradient from dark blue to light blue. Below them, the word 'CORPORATION' is written in a smaller, dark blue, sans-serif font.

VSE
CORPORATION

THANK YOU!

VSE Corporation Investor Day 2023

Appendix

GAAP to Non-GAAP Reconciliations

Segment EBITDA and Adjusted EBITDA – Q1'20 – Q4'21

(in thousands)

	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Aviation								
Operating income (loss)	\$ (1,880)	\$ (34,387)	\$ 1,586	\$ (833)	\$ (332)	\$ (22,272)	\$ 3,719	\$ 4,512
Depreciation and amortization	3,066	2,472	2,493	2,667	2,554	2,554	3,062	2,898
EBITDA	1,186	(31,915)	4,079	1,834	2,222	(19,718)	6,781	7,410
Acquisition and restructuring costs	—	—	—	1,132	—	—	501	387
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	—	—	—	—	—	—
Executive transition costs	—	—	—	—	—	—	—	—
Inventory reserve	—	—	—	—	—	23,727	—	—
Adjusted EBITDA	\$ 7,915	\$ 1,179	\$ 2,384	\$ 1,061	\$ 2,222	\$ 4,009	\$ 7,282	\$ 7,797

Fleet								
Operating income	\$ 6,906	\$ 7,014	\$ 6,589	\$ 6,150	\$ 5,741	\$ 4,000	\$ 5,387	\$ 5,298
Depreciation and amortization	2,672	2,572	2,378	2,361	2,340	2,348	2,345	2,336
EBITDA	9,578	9,586	8,967	8,511	8,081	6,348	7,732	7,634
Inventory reserve	—	—	—	—	—	693	—	—
Adjusted EBITDA	\$ 9,578	\$ 9,586	\$ 8,967	\$ 8,511	\$ 8,081	\$ 7,041	\$ 7,732	\$ 7,634

GAAP to Non-GAAP Reconciliations

Segment EBITDA and Adjusted EBITDA – Q1'22 – Q3'23

(in thousands)

	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Aviation							
Operating income	\$ 7,622	\$ 6,450	\$ 10,017	\$ 12,327	\$ 15,663	\$ 15,783	\$ 20,951
Depreciation and amortization	3,035	3,110	3,413	3,143	3,254	3,432	4,329
EBITDA	10,657	9,560	13,430	15,470	18,918	19,215	25,280
Acquisition, integration and restructuring costs	206	40	140	281	—	—	40
Russia/Ukraine conflict	—	2,335	—	—	—	—	—
Adjusted EBITDA	\$ 10,863	\$ 11,935	\$ 13,570	\$ 15,751	\$ 18,918	\$ 19,215	\$ 25,320
Fleet							
Operating income	\$ 6,381	\$ 5,366	\$ 6,539	\$ 5,625	\$ 5,899	\$ 7,854	\$ 8,531
Depreciation and amortization	2,328	2,246	2,037	2,055	2,087	1,703	662
EBITDA	8,709	7,612	8,576	7,680	7,986	9,557	9,193
Acquisition, integration and restructuring costs	81	129	143	236	158	—	—
Adjusted EBITDA	\$ 8,790	\$ 7,741	\$ 8,719	\$ 7,916	\$ 8,144	\$ 9,557	\$ 9,193