



VSE: 5-Year Retrospective

(March 2017)



This VSE 5-Year Retrospective is neither an offer or solicitation to anyone to purchase, sell or otherwise trade in VSE common stock or any other securities. The information in this Retrospective is qualified in its entirety by reference to the financial information, risk factors and other detailed information regarding VSE included in its reports and other publicly available documents that VSE files with the Securities and Exchange Commission and are also available on VSE's website. Such reports and other documents include VSE's annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and definitive proxy solicitation materials.

*All Compound Annual Growth Rates (CAGRs) are
2012 – 2016, unless otherwise noted*

Global Logistics

We are a proven provider of customized solutions for sustaining our customers' mission-critical platforms.

Supply Chain Management and Aviation (~49% Revenue)

- Total life cycle end-to-end product movement including complete logistics visibility and asset tracking. Warehouse management with extensive facilities expertise and large scale inventory control procedures.

Federal Services* (~51% Revenue)

- One of the nation's leading providers of maintenance, reset, overhaul and modernization support, ensuring land, sea and air systems are capable of performing their operational missions throughout their lifecycle.
- Professional competencies in strategic planning, clean energy solutions, policy analysis, performance metrics, project management, enterprise architecture, data mining, public protection/security, and technical and software engineering.

**Federal Services includes our IT, Energy and Management Consulting Group*

Groups & Subsidiaries



Operational Structure (Corporate Level)



VSE 5-Year Financial Data

Financial Metric	2012	2013	2014	2015	2016
Revenue	\$546.8M	\$471.6M	\$424.1M	\$534.0M	\$691.8M
Net Income	\$21.3M	\$22.9M	\$19.4M	\$24.9M	\$26.8M
Net Margin	3.9%	4.9%	4.6%	4.7%	3.9%
Operating Income	\$51.1M	\$44.1M	\$36.9M	\$50.5M	\$51.5M
Operating Margin	9.3%	9.3%	8.7%	9.5%	7.4%
Return on Stockholders' Equity (BOY)	14.8%	13.9%	10.4%	12.1%	11.7%
Long Term Debt	\$115.9M	\$64.2M	\$23.5M	\$215.2M	\$193.6M
Earnings Per Share*	\$2.01	\$2.14	\$1.81	\$2.32	\$2.48
Diluted Earnings Per Share*	\$2.01	\$2.14	\$1.81	\$2.31	\$2.47
Dividends Per Share*	\$0.155	\$0.175	\$0.195	\$0.215	\$0.235
Stockholders' Equity (BOY)	\$143.6M	\$164.3M	\$186.8M	\$205.5M	\$229.3M
Stockholders' Equity (EOY)	\$164.3M	\$186.8M	\$205.5M	\$229.3M	\$255.2M

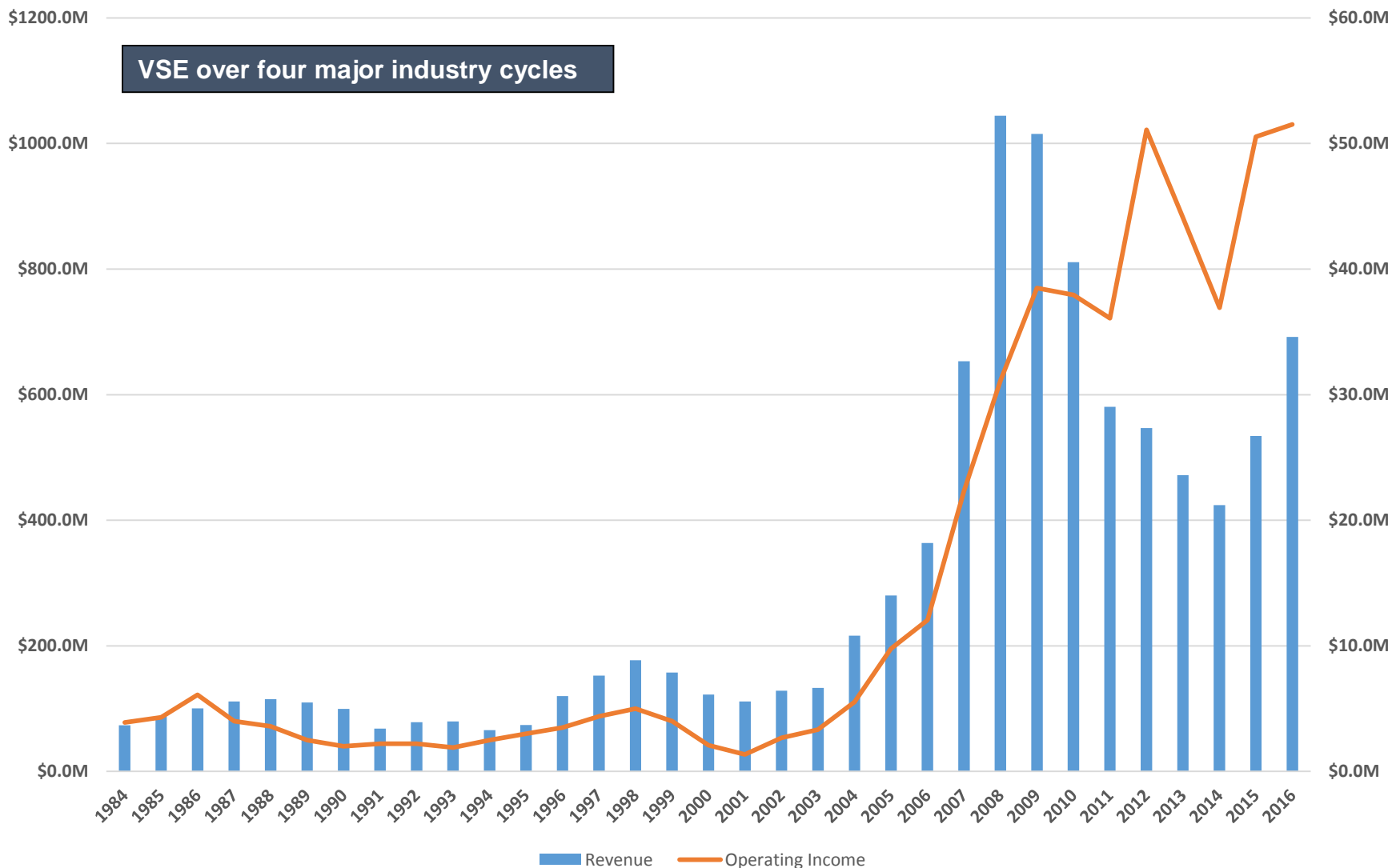
2012 – 2016 CAGRs:

Revenue CAGR = 4.8%
 Net Income CAGR = 4.7%
 Stockholders' Equity CAGR = 9.8%

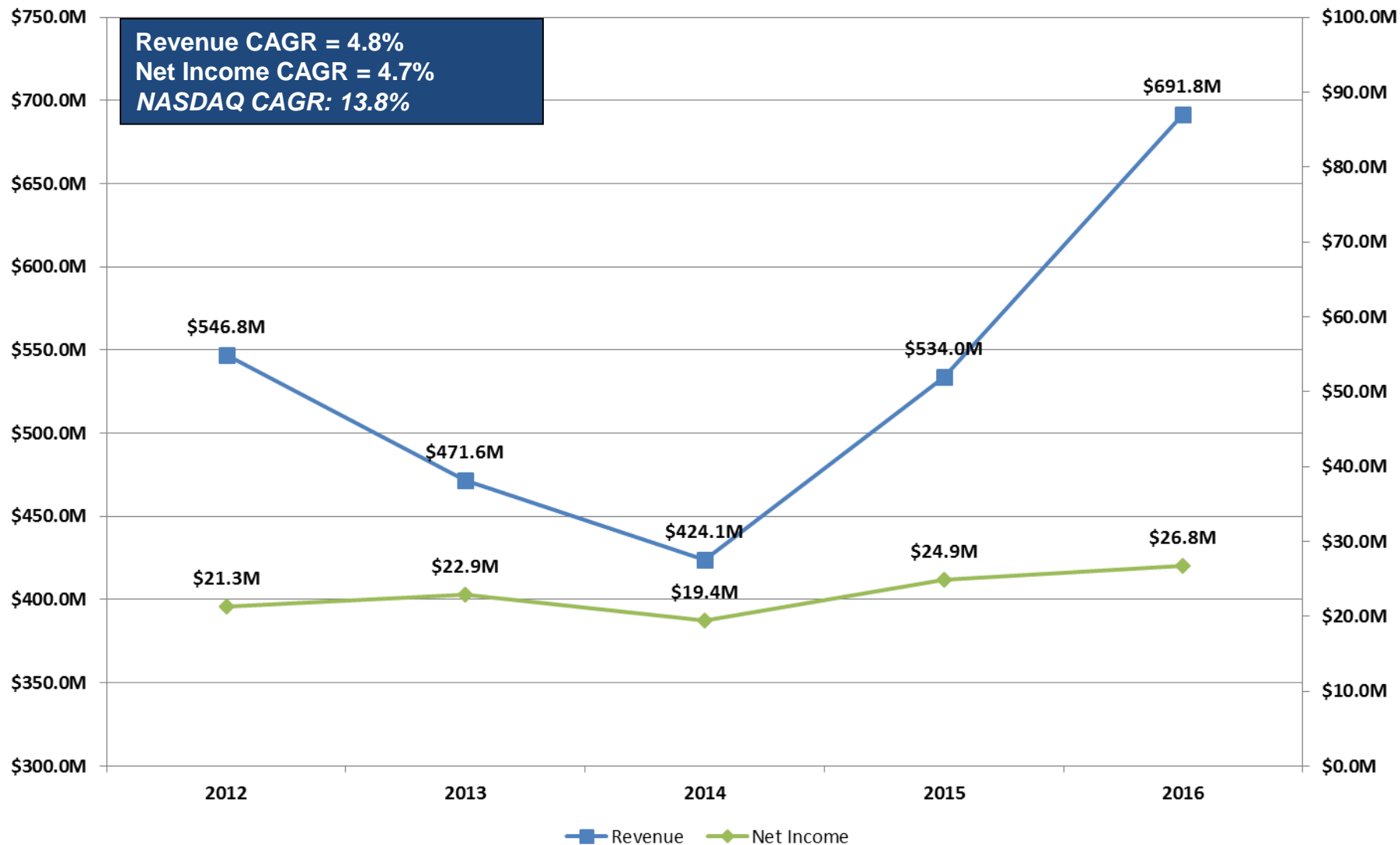
Diluted EPS growing from \$2.01 in 2012 to \$2.47 in 2016 CAGR = 4.3%

**Adjusted to reflect the two-for-one stock split that occurred in August 2016*

VSE's Revenue & Operating Income

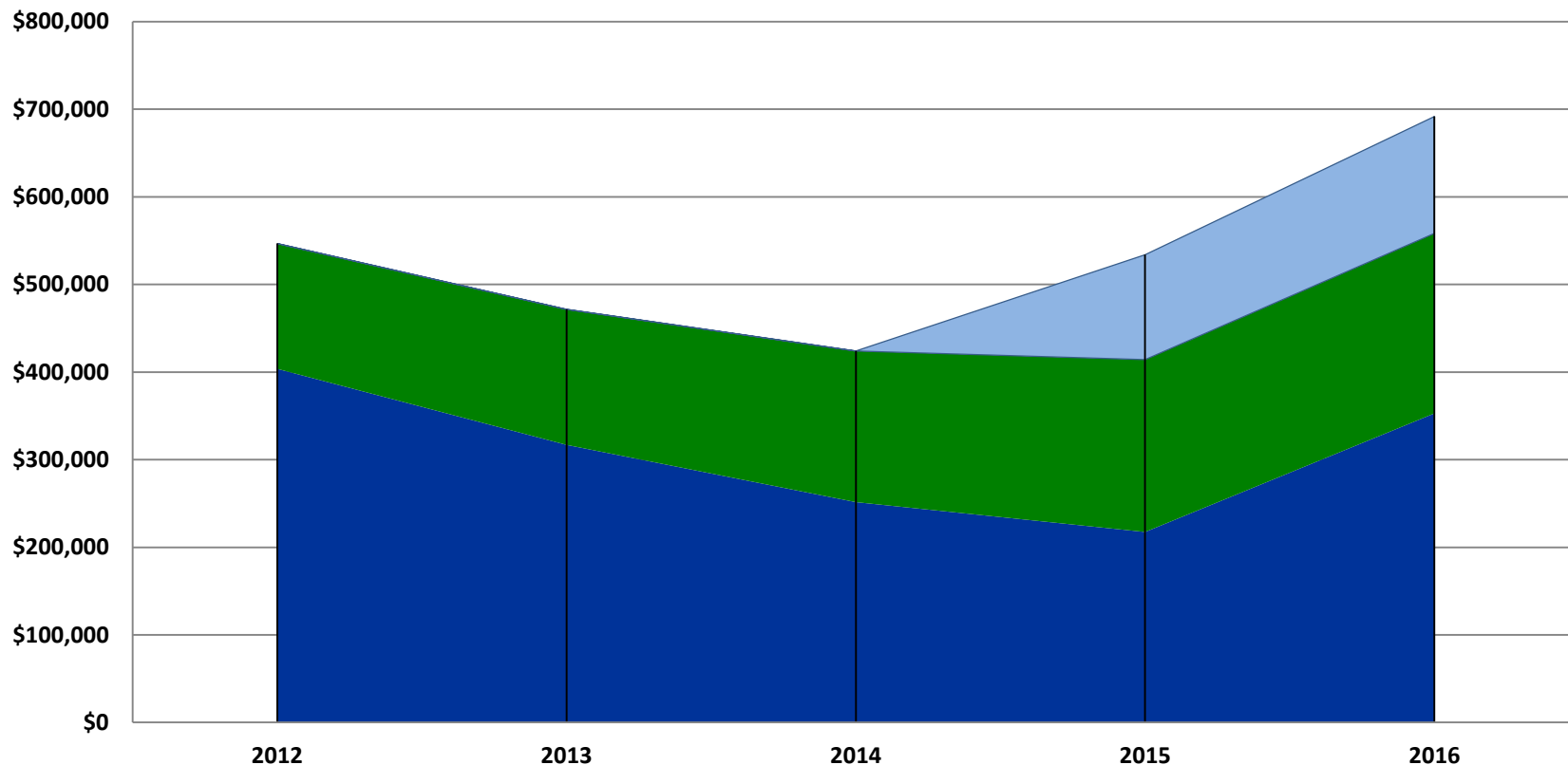


Revenue and Net Income



Revenue by Group

(in thousands)



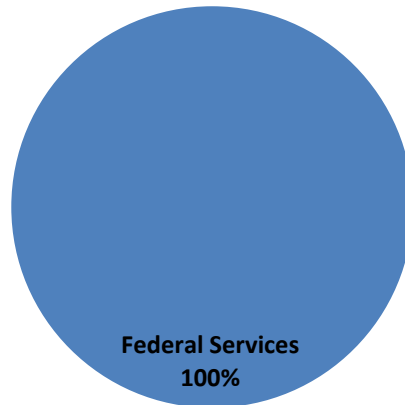
	2012	2013	2014	2015	2016
Federal Services	\$403,741	\$316,936	\$251,589	\$217,481	\$352,849
Aviation*	\$ -	\$ -	\$ -	\$119,729	\$133,466
Supply Chain Management	\$143,014	\$154,702	\$172,482	\$196,772	\$205,475
Total	\$546,755	\$471,638	\$424,071	\$533,982	\$691,790

*Acquired January 2015

Revenue by Lines of Business

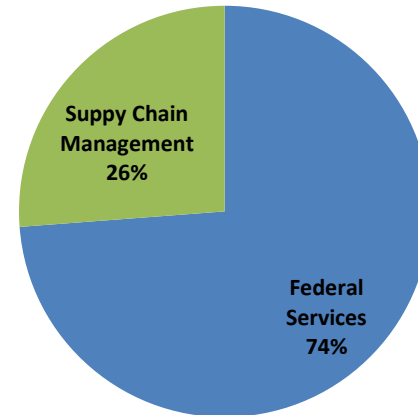
2010

Pre-Wheeler Bros. Acquisition



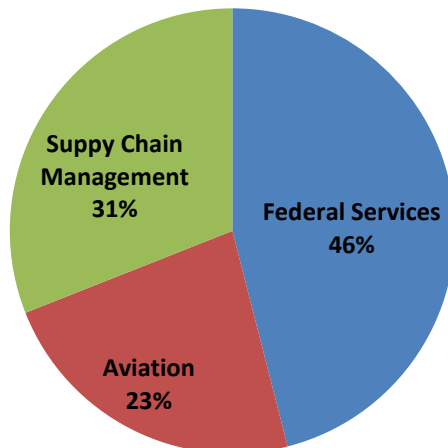
2012

Post-Wheeler Bros. Acquisition

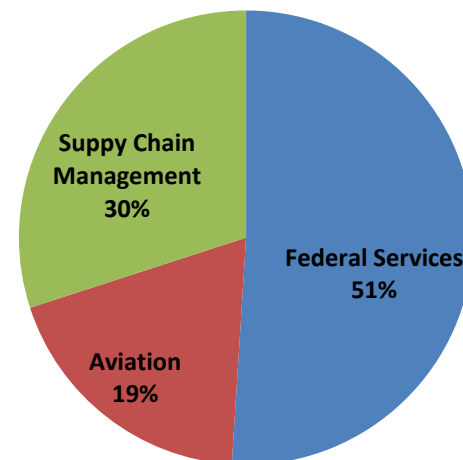


2015

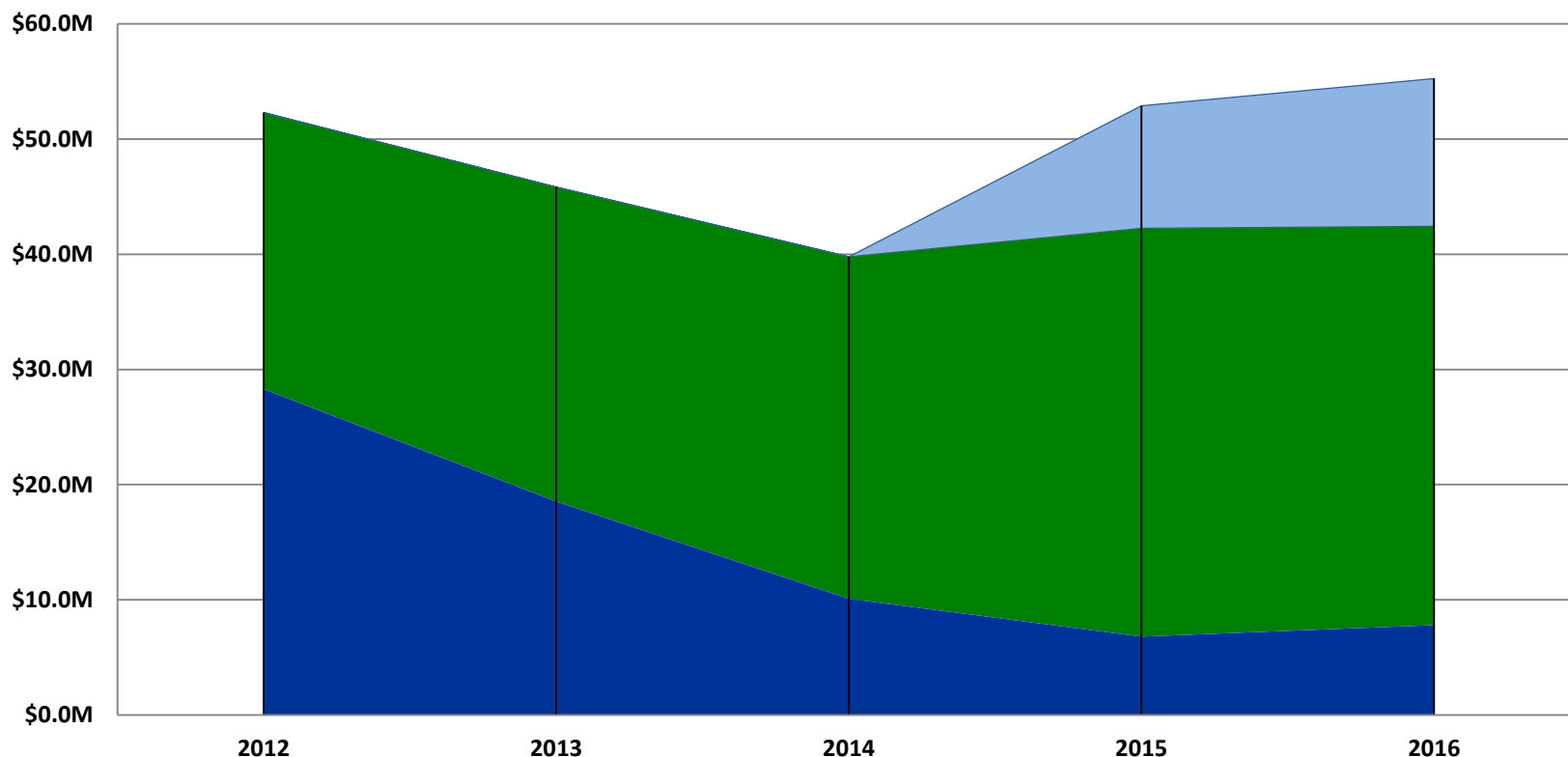
Post-Aviation Acquisition



2016



Operating Income by Group



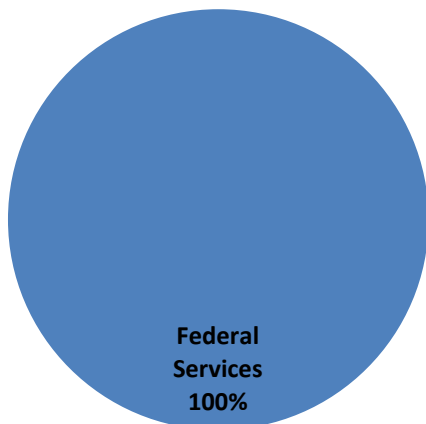
	2012	2013	2014	2015	2016
Federal Services	\$28.3M	\$18.5M	\$10.1M	\$6.8M	\$7.8M
Aviation*	\$ -	\$ -	\$ -	\$10.6M	\$12.8M
Supply Chain Management	\$24.0M	\$27.3M	\$29.7M	\$35.5M	\$34.6M
Corporate Expense	(\$1.2M)	(\$1.7M)	(\$2.9M)	(\$2.4M)	(\$3.7M)
Operating Income	\$51.1M	\$44.1M	\$36.9M	\$50.5M	\$51.5M

* Acquired January 2015

Operating Income by Lines of Business

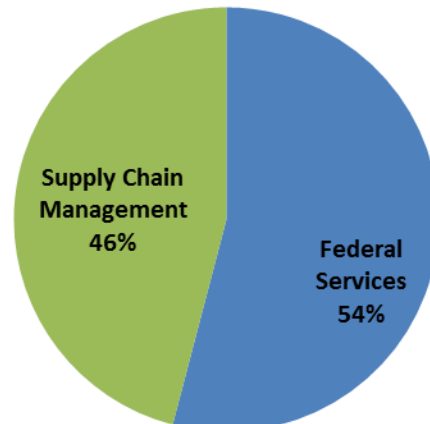
2010

Pre-Wheeler Bros. Acquisition



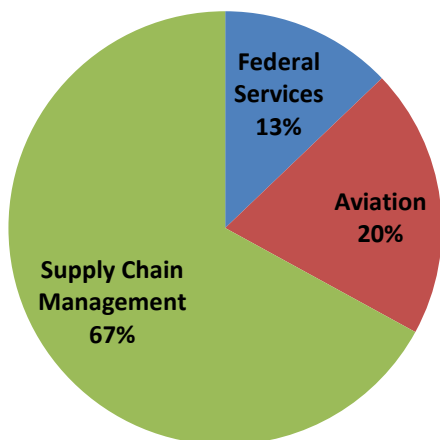
2012

Post-Wheeler Bros. Acquisition

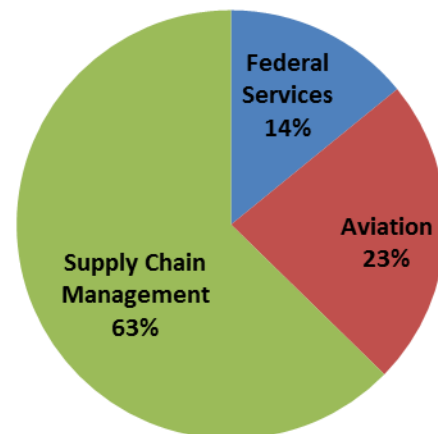


2015

Post-Aviation Acquisition

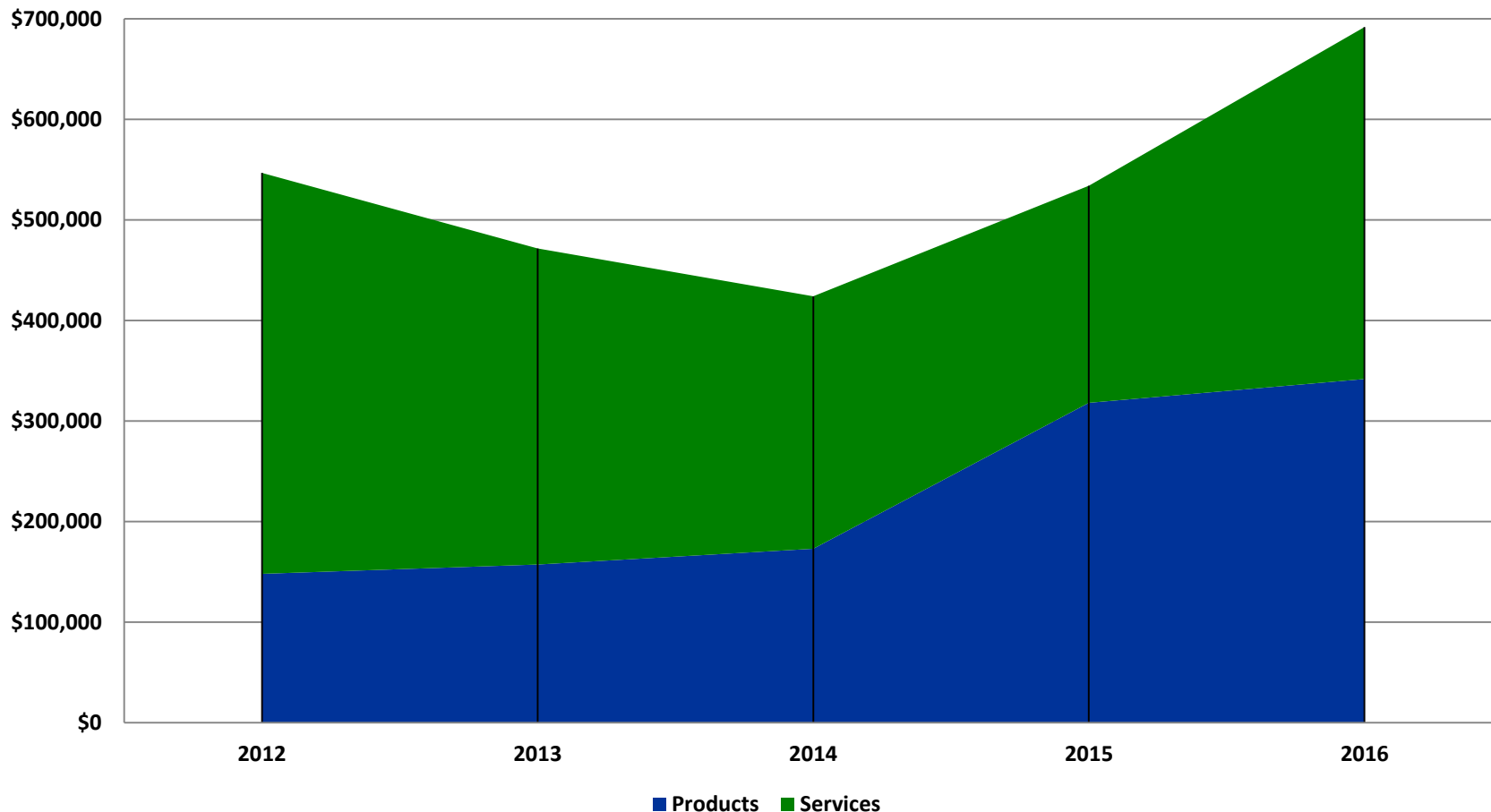


2016



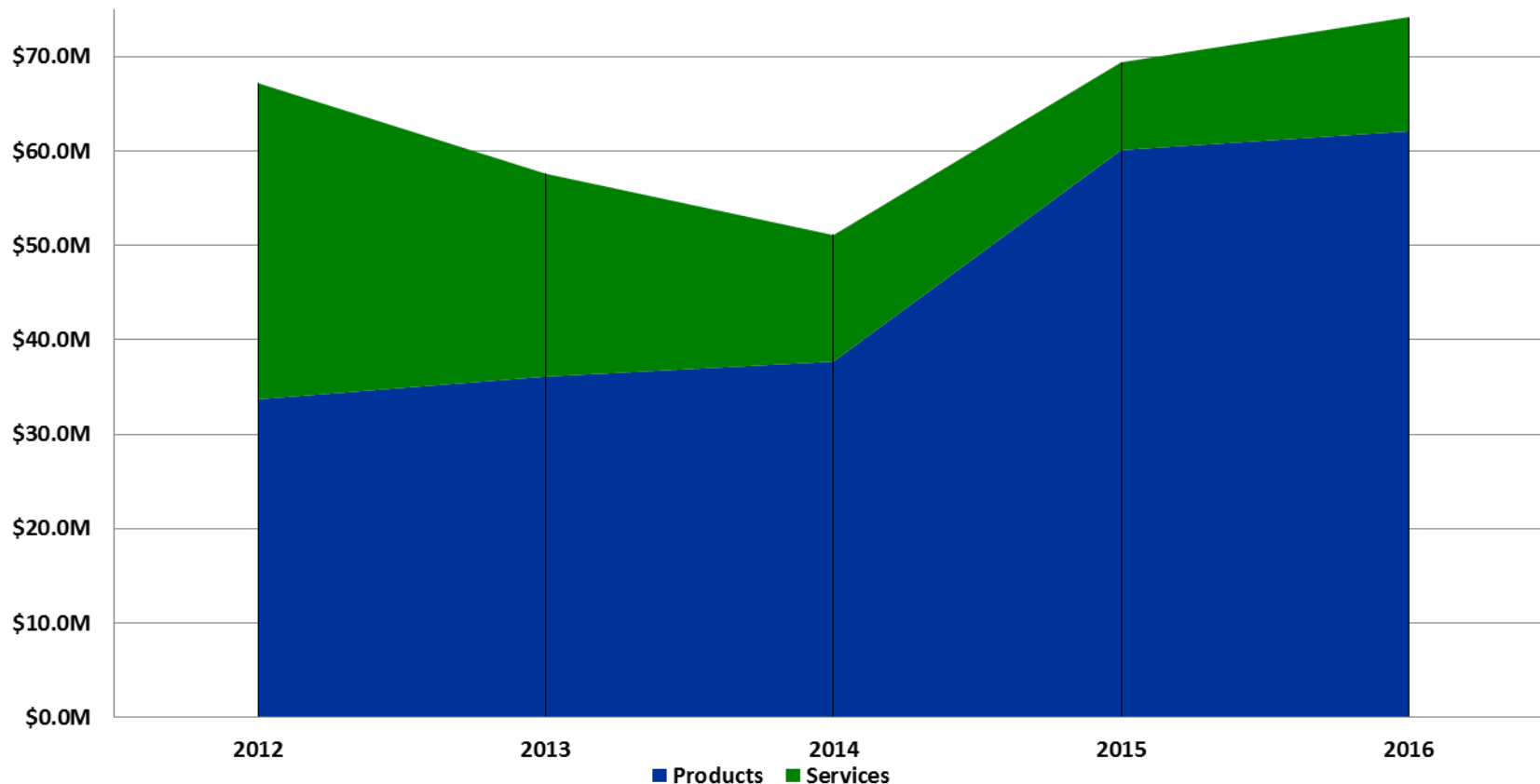
Product & Service Revenues

(in thousands)



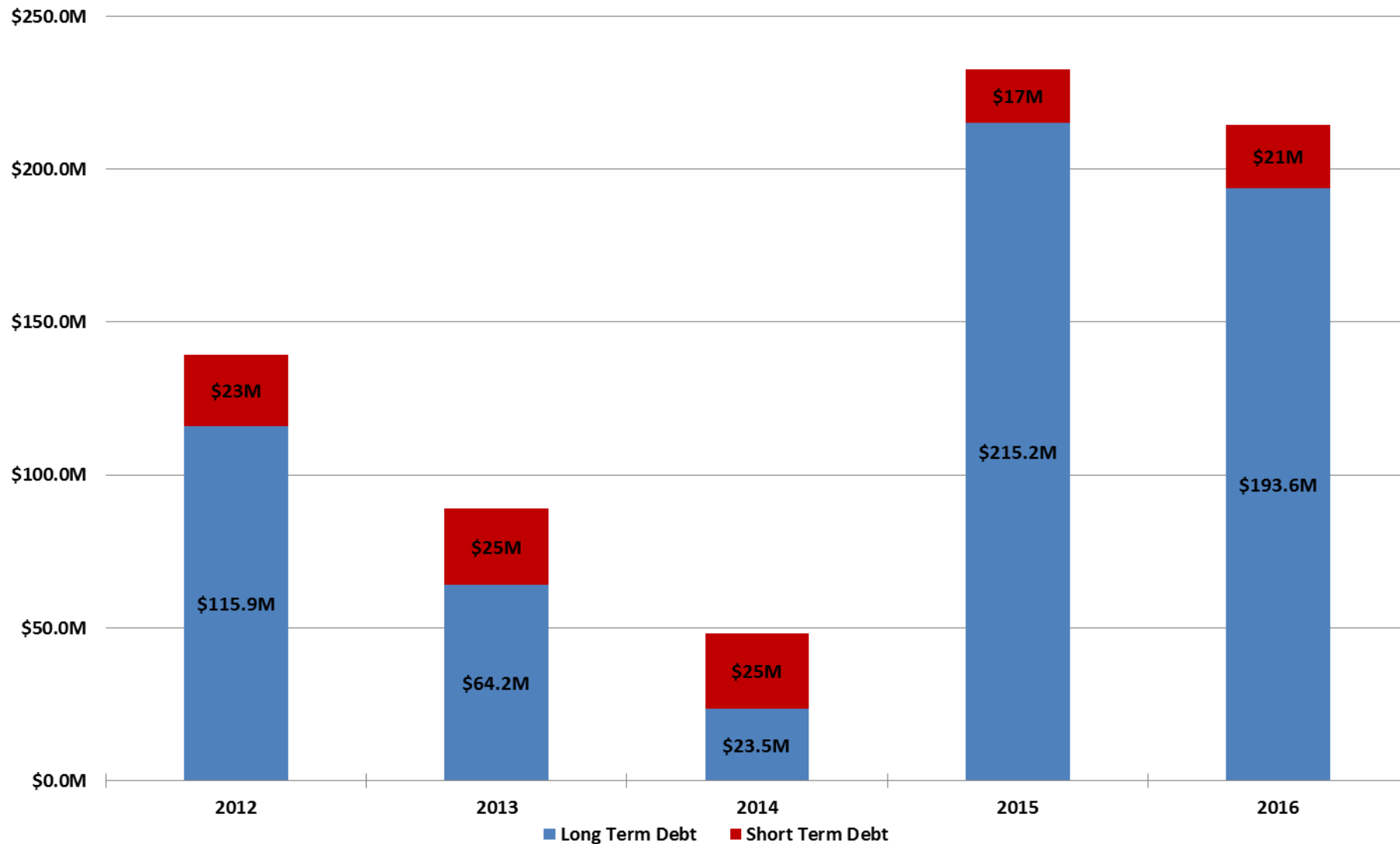
	2012	2013	2014	2015	2016
Products	\$148,073	\$157,332	\$172,986	\$318,141	\$341,776
Services	\$398,682	\$314,306	\$251,085	\$215,841	\$350,014
Total	\$546,755	\$471,638	\$424,071	\$533,982	\$691,790

Product & Service Operating Income



	2012	2013	2014	2015	2016
Products	\$33.7M	\$36.1M	\$37.7M	\$60.1M	\$62.1M
Services	\$33.5M	\$21.5M	\$13.4M	\$9.3M	\$12.1M
Amortization of intangible assets	(\$11.2M)	(\$10.2M)	(\$10.1M)	(\$15.6M)	(\$16.1M)
SG&A	(\$3.9M)	(\$3.3M)	(\$4.1M)	(\$3.3M)	(\$6.6M)
Impairment of intangible assets	(\$1.0M)	\$ -	\$ -	\$ -	\$ -
Operating Income	\$51.1M	\$44.1M	\$36.9M	\$50.5M	\$51.5M

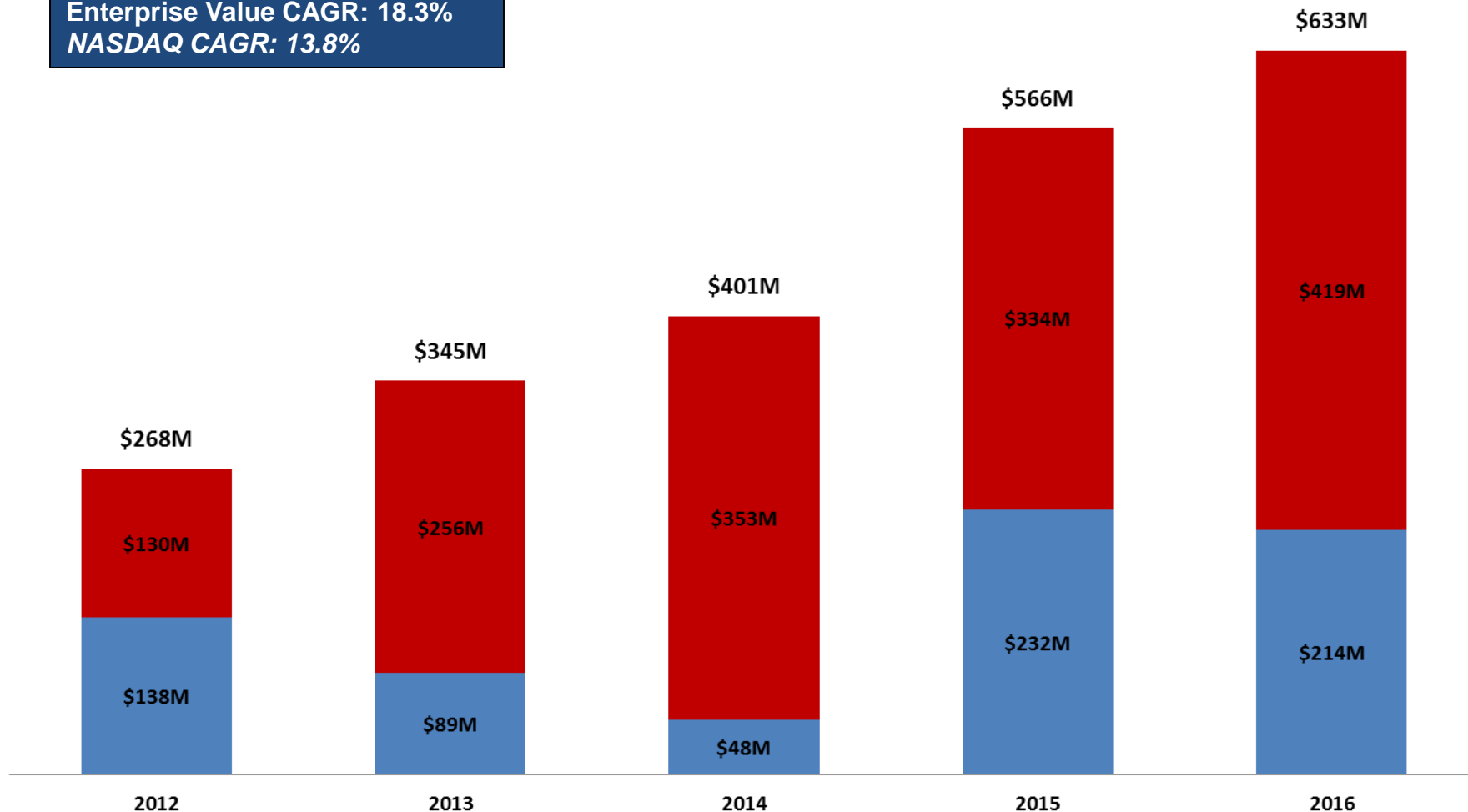
Debt (EOY)



Enterprise Value (EOY)

■ Total Adjusted Debt* ■ Market Cap Enterprise Value

Enterprise Value CAGR: 18.3%
NASDAQ CAGR: 13.8%



*Total Debt less cash and cash equivalents

Non-GAAP Financial Information

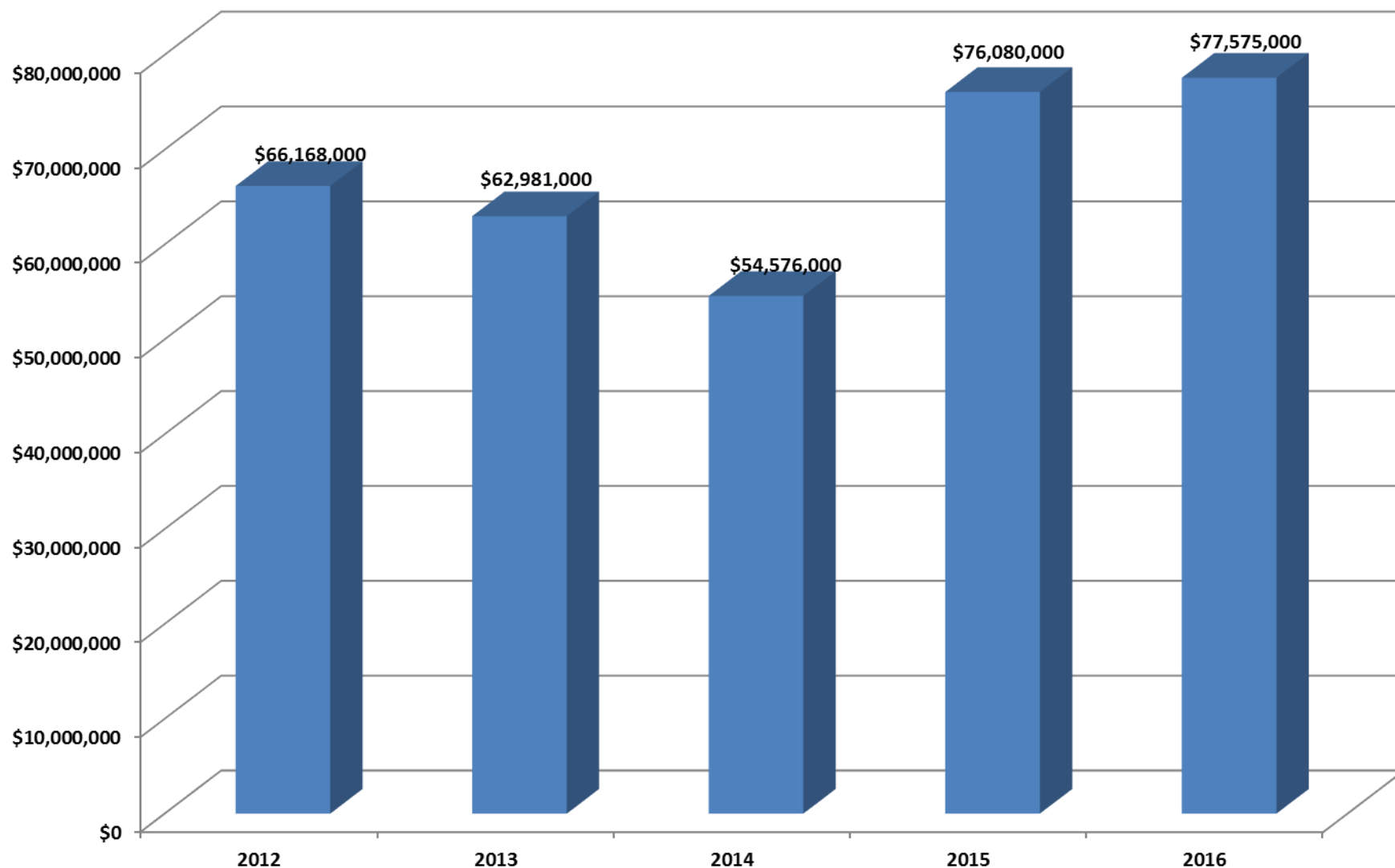
(Unaudited, in thousands)

The following slides contain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP") under SEC Regulation G, including EBITDA, EBITDA Margin and Free Cash Flows. EBITDA represents net income before interest expense, income taxes, amortization of intangible assets, and depreciation and other amortization. EBITDA Margin represents EBITDA, as defined above, divided by our fiscal year end revenue. Non-GAAP financial information should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP. The non-GAAP measures displayed in the following charts are reconciled to the comparable GAAP financial measures as follows:

	2012	2013	2014	2015	2016
Net Income	\$21,294	\$22,852	\$19,365	\$24,918	\$26,793
Interest Expense	\$7,224	\$5,789	\$3,983	\$9,544	\$9,855
Income Taxes	\$16,488	\$14,324	\$12,458	\$16,077	\$14,881
Amortization and Depreciation	\$21,162	\$20,016	\$18,770	\$25,541	\$26,046
EBITDA	\$66,168	\$62,981	\$54,576	\$76,080	\$77,575
	2012	2013	2014	2015	2016
Net Cash Provided by Operating Activities	\$59,807	\$56,598	\$49,715	\$37,574	\$47,193
Purchases of Property and Equipment	(\$20,863)	(\$4,416)	(\$3,414)	(\$10,562)	(\$6,546)
Free Cash Flows	\$38,944	\$52,182	\$46,301	\$27,012	\$40,647

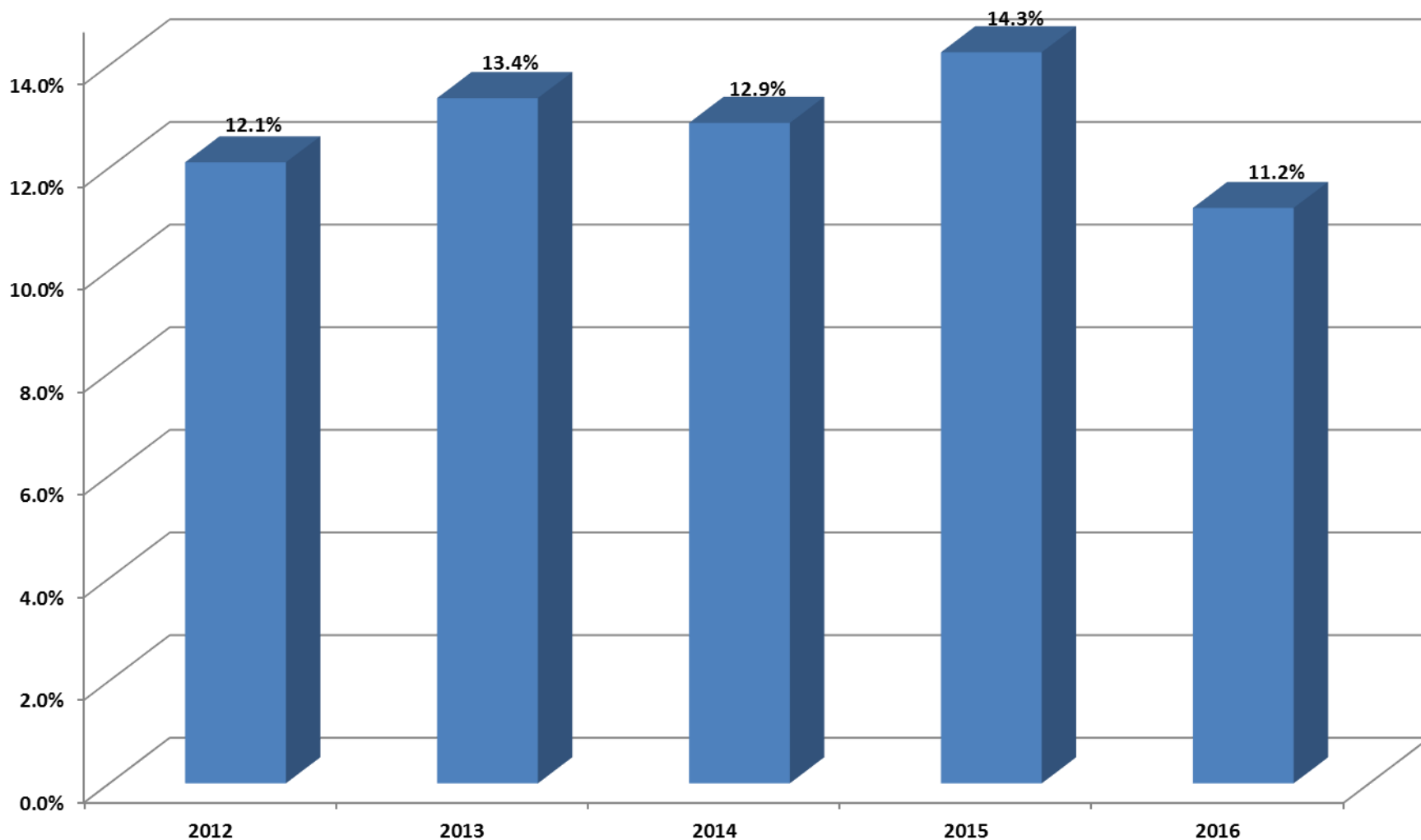
EBITDA

(Non-GAAP Financial Information/Unaudited)



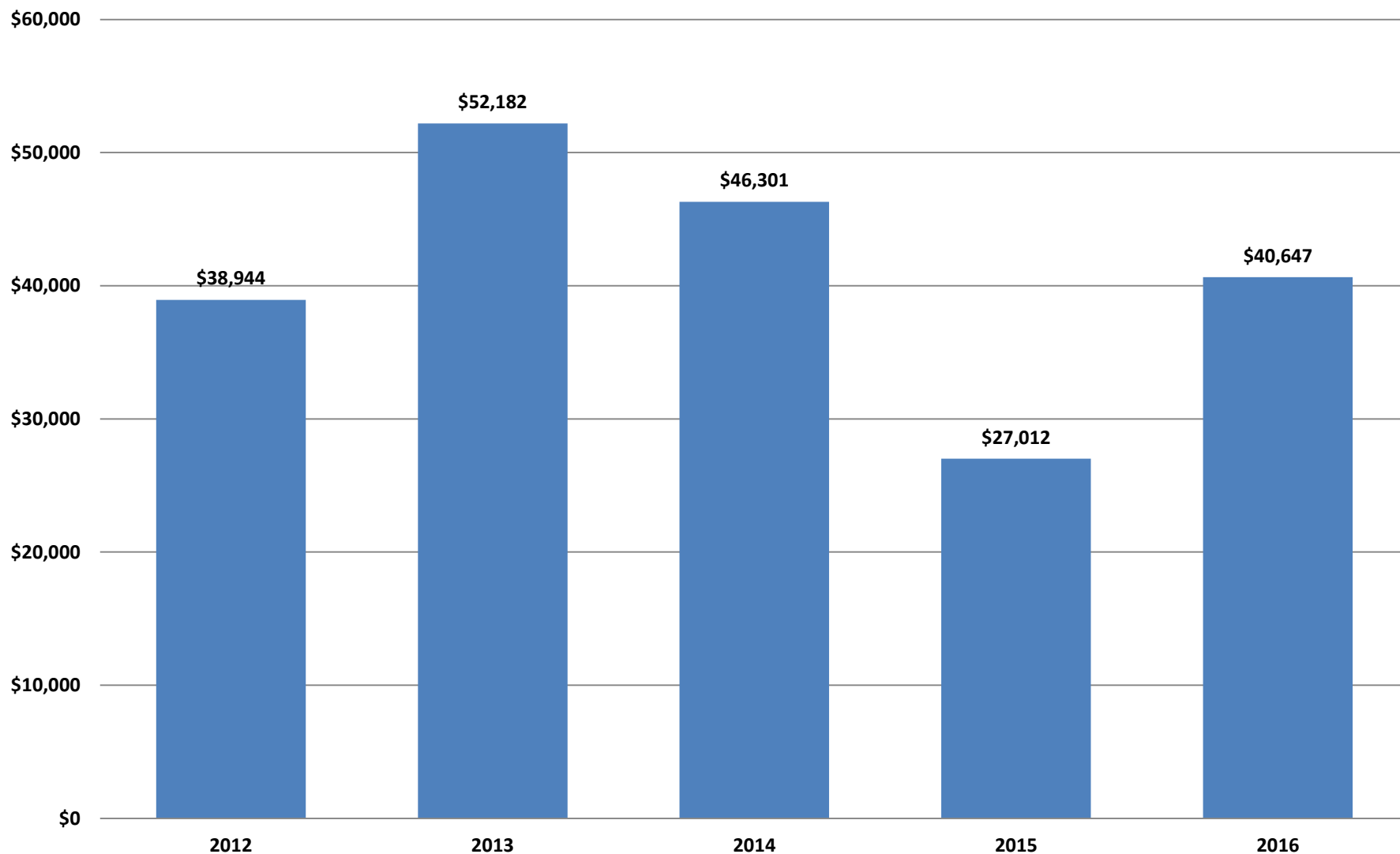
EBITDA Margin

(Non-GAAP Financial Information/Unaudited)



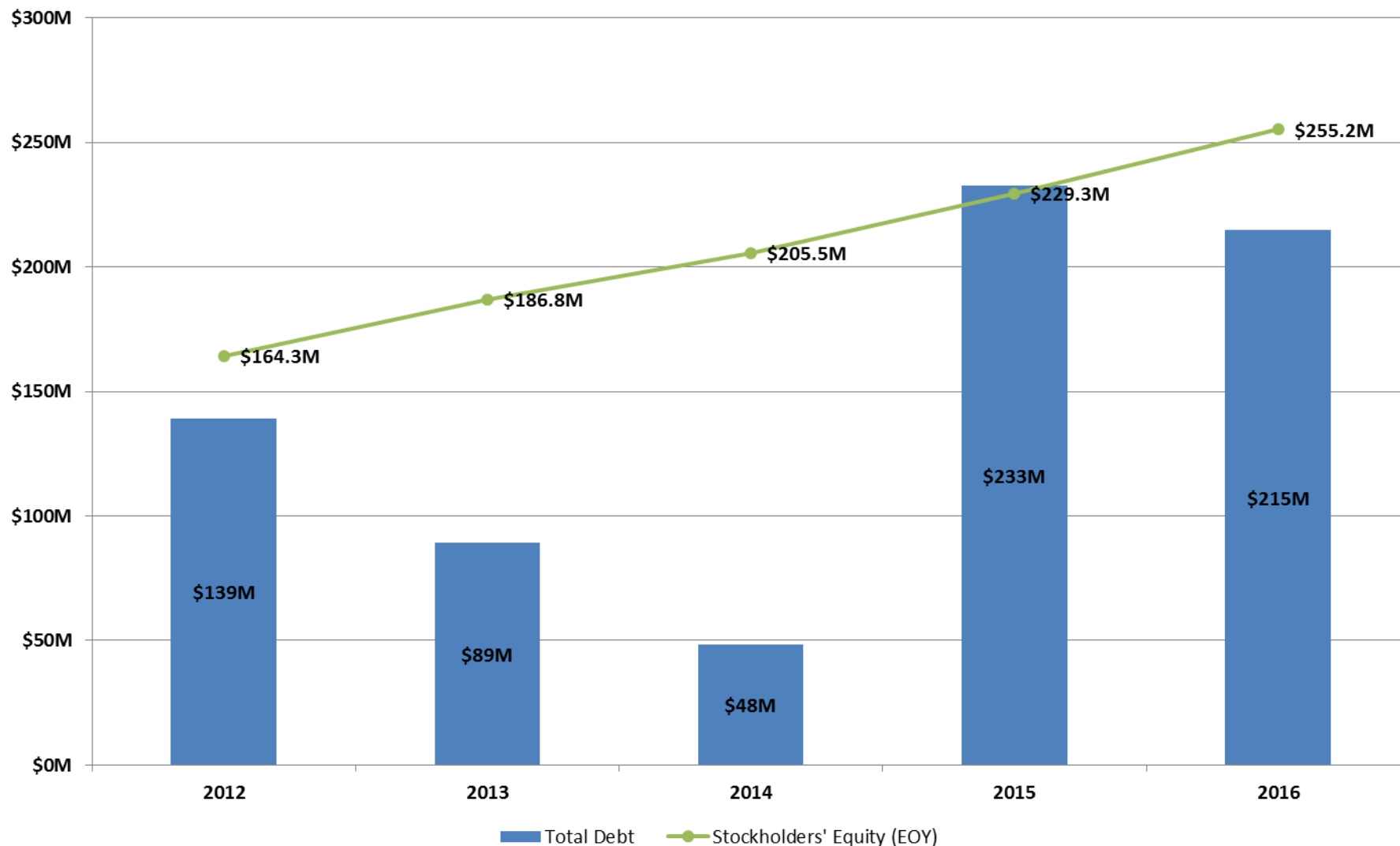
Free Cash Flow*

(in thousands)



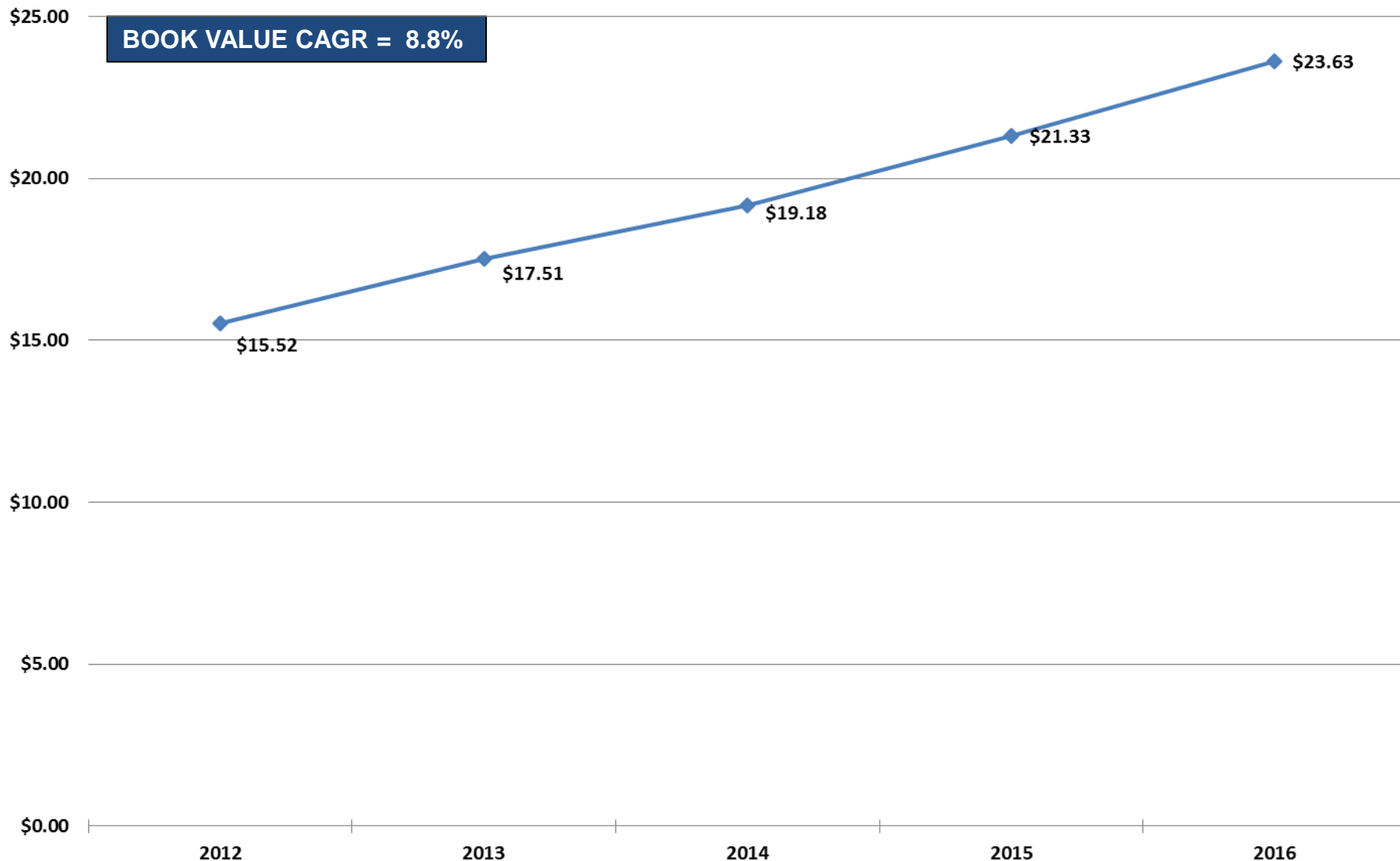
*Free Cash Flow is Cash Flow from Operating Activities minus Capital Expenditures

Total Debt / Stockholders' Equity



Book Value Per Share

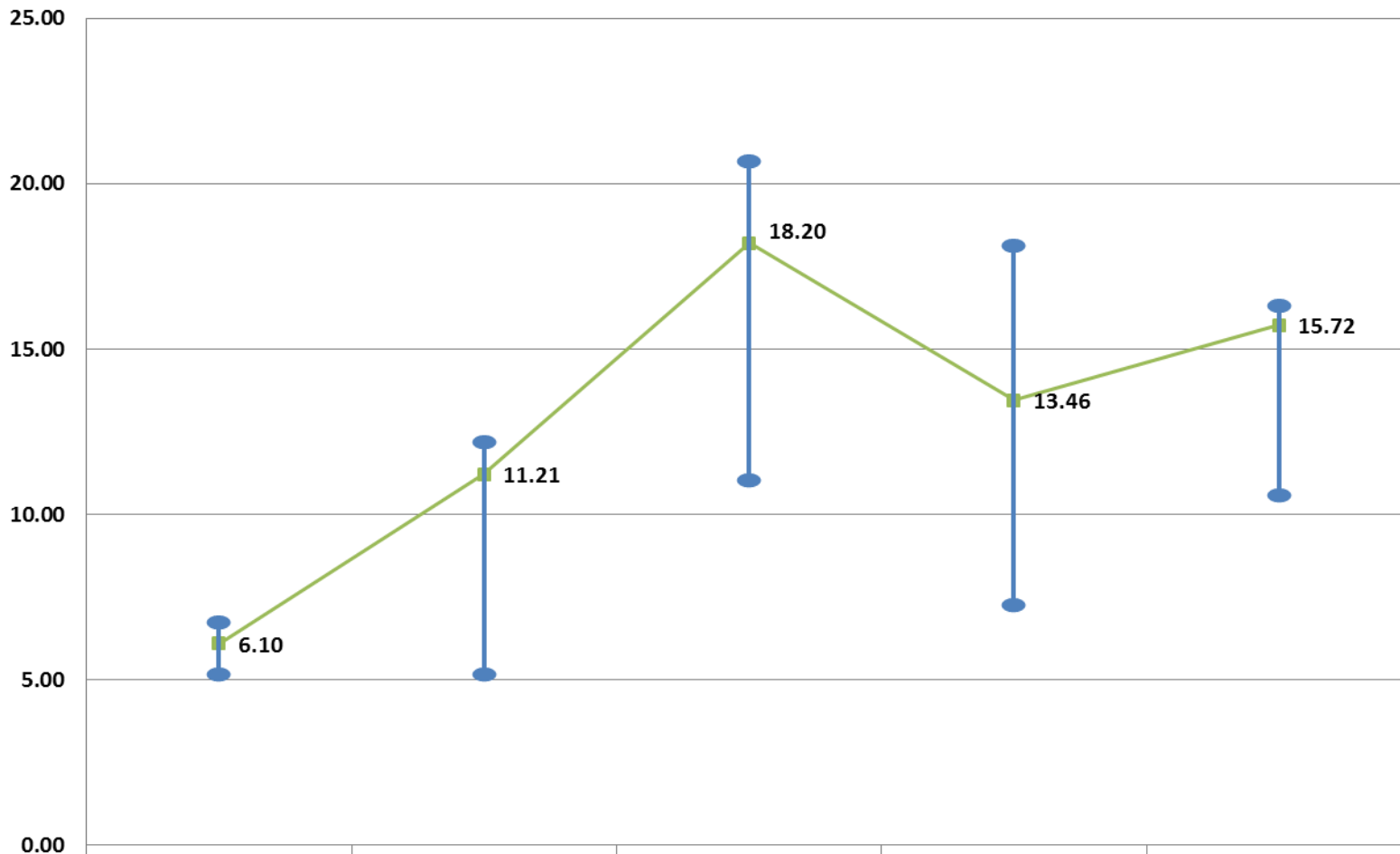
(Split Adjusted)



Book Value calculated as Stockholders' Equity (EOY)/Outstanding Shares (EOY)

P/E Range w/ Year End P/E

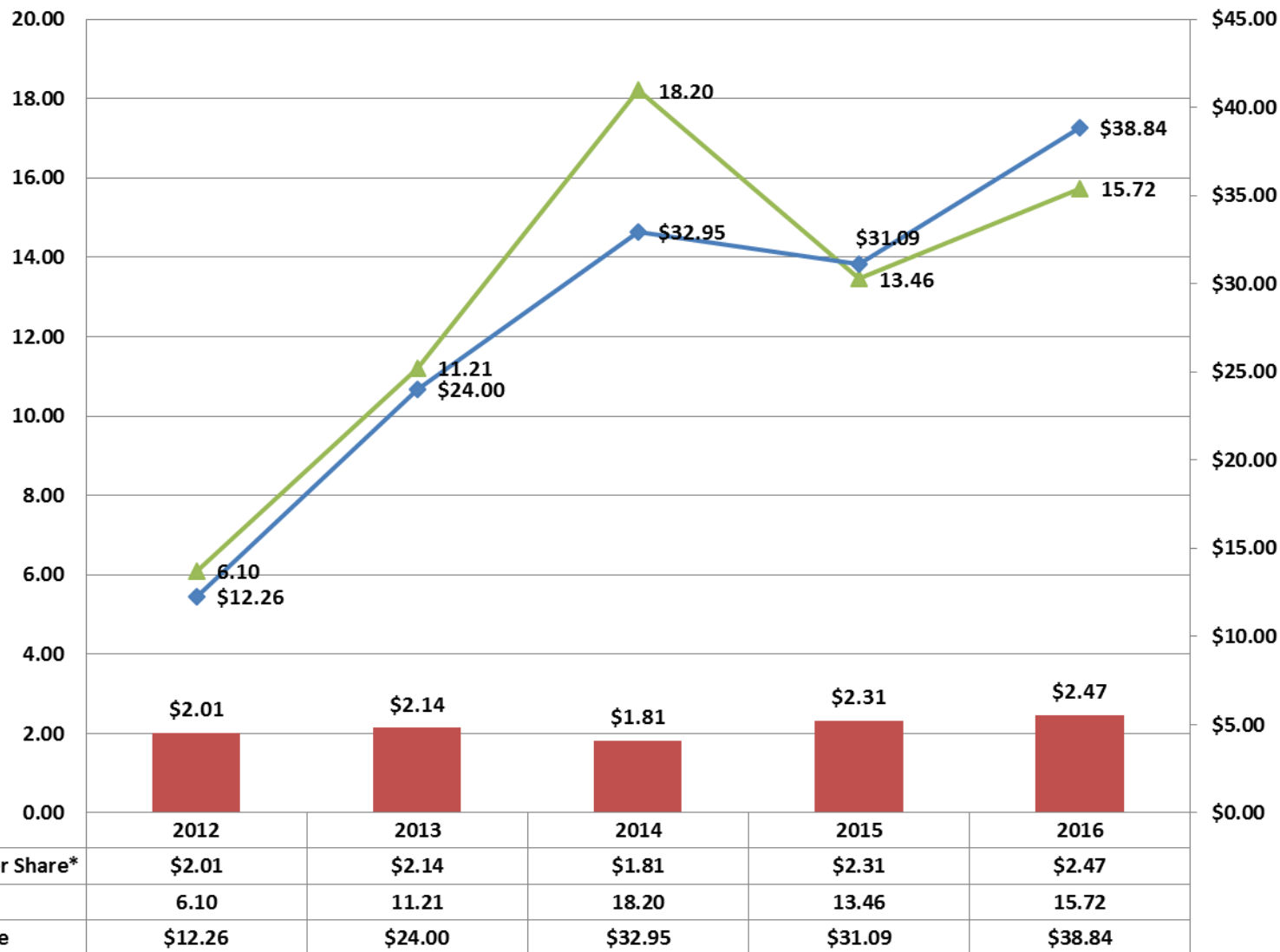
(Split Adjusted)



	2012	2013	2014	2015	2016
High P/E	6.75	12.17	20.68	18.12	16.32
Low P/E	5.18	5.17	11.04	7.26	10.59
■ Year End P/E Ratio	6.10	11.21	18.20	13.46	15.72

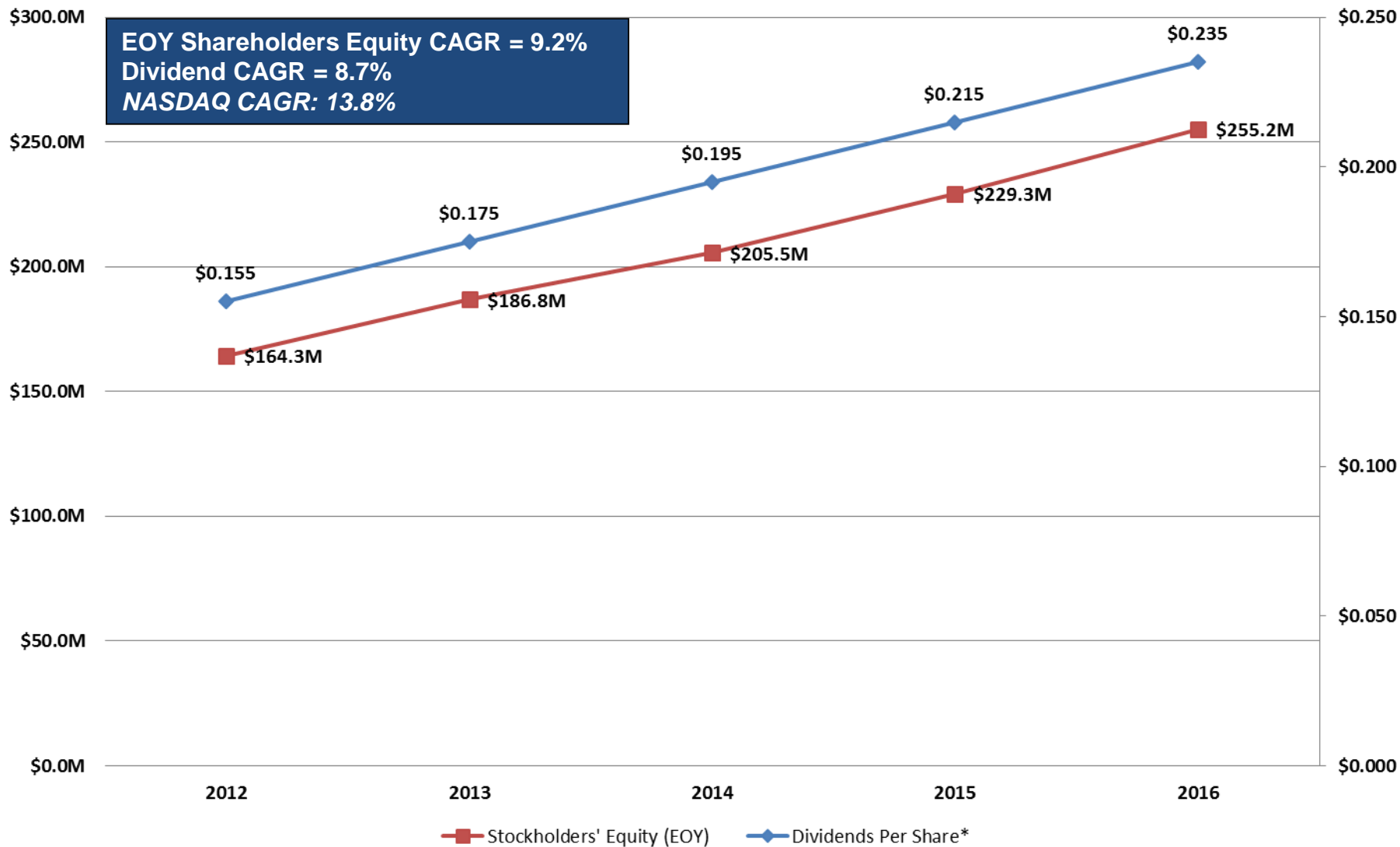
EPS, P/E and Stock Price

(Split Adjusted)



*Adjusted to reflect the two-for-one stock split that occurred in August 2016

Stockholders' Equity (EOY) and Dividends



*Adjusted to reflect the two-for-one stock split that occurred in August 2016