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## VSE Aviation Announces \$1 Billion Engine Accessories Distribution Agreement

ALEXANDRIA, Va.--(BUSINESS WIRE)-- VSE Corporation (NASDAQ: VSEC), a leading provider of aftermarket distribution and maintenance, repair and overhaul (MRO) services for land, sea and air transportation assets supporting government and commercial markets, today announced that it has entered into a 15-year distribution agreement valued at approximately \$1 billion over the life of the contract with a global aircraft engine manufacturer ("OEM").

Under the terms of the agreement, VSE Aviation will be the distributor for more than 6,000 flight-critical components used in more than 100 business and general aviation (B&GA) and regional aviation engine platforms. VSE will support customers with both new and exchange components. VSE expects to service more than 5,000 U.S.-based aircraft with on-demand, flight-critical components on a 24/7 basis to support scheduled line maintenance and AOG (aircraft on-ground) events.

### Strategic Rationale

- **Opportunity to service new Business and General Aviation customers.** VSE Aviation will be the first point of contact for B&GA owners, operators and maintenance providers, supplying critical engine components and on-demand part and repair solutions. This agreement positions VSE to provide complementary product and service offerings that support long-term market share gains within attractive customer verticals.
- **Builds on VSE's existing expertise.** VSE Aviation is a well-established leader in engine accessory repair and technical proprietary parts distribution. This agreement significantly expands the Company's service of both new and existing engine platforms. In conjunction with this OEM partnership, VSE intends to expand its repair capabilities to service additional engine accessory exchange units.
- **Stable, long-term contractual revenue.** The agreement is expected to commence in second quarter 2021. VSE currently expects program revenue from the agreement to be approximately \$12 million in 2021 and \$45 million in 2022. Once fully implemented, the program is anticipated to generate more than \$60 million in annual revenue. The Company expects to invest approximately \$56 million in inventory during the initiation of the program to support stable, ongoing customer demand in the field.

### Management Commentary

“We believe this distribution agreement is transformational for VSE Aviation, building on our partnership with one of the leading global aircraft engine manufacturers serving the business jet and general aviation market,” stated John Cuomo, President and CEO of VSE Corporation. “This opportunity leverages our deep distribution and engine accessory repair capabilities across new platforms and more customer accounts, while providing a stable stream of contracted revenue through 2036.”

“This partnership affords VSE direct access to business jet owner-operators who value our ability to provide a broad mix of products, accessories and components on a 24/7, on-demand basis,” continued Cuomo. “By moving closer to the operator, we see significant potential to increase our penetration in the B&GA market, while strengthening aftermarket support service levels on behalf of our OEM partner.”

“VSE Aviation was selected for this agreement because of our unique value proposition, which combines our proven distribution capabilities and experience managing complex, global supply chains, together with our extensive MRO capabilities,” stated Ben Thomas, VSE Aviation Group President. “This distinctive solution positions us to deliver new accessories to customers in the field, while managing product exchanges historically managed by our OEM partner. We look forward to building upon this OEM relationship while continuing to deliver an exceptional level of service to our customers.”

## **ABOUT VSE CORPORATION**

VSE is a leading provider of aftermarket distribution and repair services for land, sea and air transportation assets supporting government and commercial markets. Core services include maintenance, repair and overhaul (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).

## **FORWARD LOOKING STATEMENTS**

This press release 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 to vary materially from those indicated or anticipated by such statements. Many factors could cause actual results and performance to be materially different from any future results or performance, including, among others, the risk factors described in our reports filed or expected to be filed with the SEC. Any forward-looking statement or statement of belief speaks only as of the date of this press release. 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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