



Your Mission Is Our Passion

## Investor Presentation

ZACH PARKER | PRESIDENT & CEO

KATHRYN JOHNBULL | CFO

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# Forward-looking Statements

## **"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:**

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This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or DLH's future financial performance. Any statements that refer to expectations, projections or other characterizations of future events or circumstances or that are not statements of historical fact (including without limitation statements to the effect that the Company or its management "believes", "expects", "anticipates", "plans", "intends" and similar expressions) should be considered forward looking statements that involve risks and uncertainties which could cause actual events or DLH's actual results to differ materially from those indicated by the forward-looking statements. Forward-looking statements in this release include, among others, statements regarding, estimates of future revenues, operating income, earnings, earnings per share, backlog, and cash flows. These statements reflect our belief and assumptions as to future events that may not prove to be accurate. Our actual results may differ materially from such forward-looking statements made in this release due to a variety of factors, including: the outbreak of the novel coronavirus ("COVID-19"), including the measures to reduce its spread, and its impact on the economy and demand for our services, are uncertain, cannot be predicted, and may precipitate or exacerbate other risks and uncertainties; the risk that we will not realize the anticipated benefits of an acquisition; the challenges of managing larger and more widespread operations resulting from the acquisition; contract awards in connection with re-competes for present business and/or competition for new business; compliance with new bank financial and other covenants; changes in client budgetary priorities; government contract procurement (such as bid protest, small business set asides, loss of work due to organizational conflicts of interest, etc.) and termination risks; the ability to successfully integrate the operations of future acquisitions; and other risks described in our SEC filings. For a discussion of such risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's periodic reports filed with the SEC, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as well as subsequent reports filed thereafter. The forward-looking statements contained herein are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry and business. Such forward-looking statements are made as of the date hereof and may become outdated over time. The Company does not assume any responsibility for updating forward-looking statements, except as may be required by law.



# Agenda



OVERVIEW



FINANCIAL HIGHLIGHTS



QUESTIONS AND ANSWERS



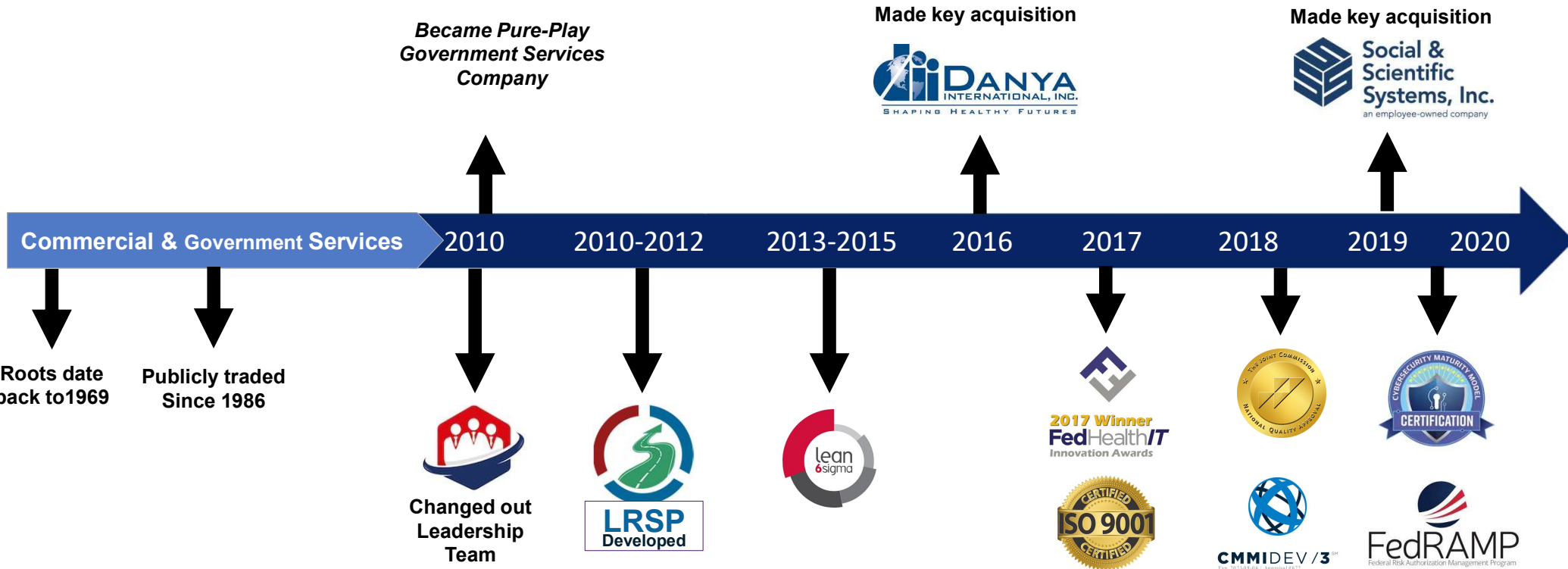
Zach Parker  
President & CEO  
DLH Holdings Corp.



Kathryn M. JohnBull  
Chief Financial Officer,  
DLH Holdings Corp.



# DLH's Transformation Journey



Eight consecutive J.D. Power and Associates Overall Customer Satisfaction Recognition Awards for the VA CMOP program (supported by DLH)



# Business Overview

## Overview

## Technology Enabled Services and Solutions

**Founded 1969**

**Healthcare Research**

**Disease Prevention**

**Program Monitoring & Evaluation**

**Patient Care Services**

Headquarters:

Atlanta, GA



Complementary Offices:

Silver Spring, MD



Durham, NC



Kampala, UG



### 3 Market Focus Areas



**Defense and Veterans Solutions**



**Human Services & Solutions**



**Public Health & Life Sciences**

**Nasdaq**

Public Since 1986

DLHC

- ~2,000 employees
- Located in > 30 Locations in the US and overseas

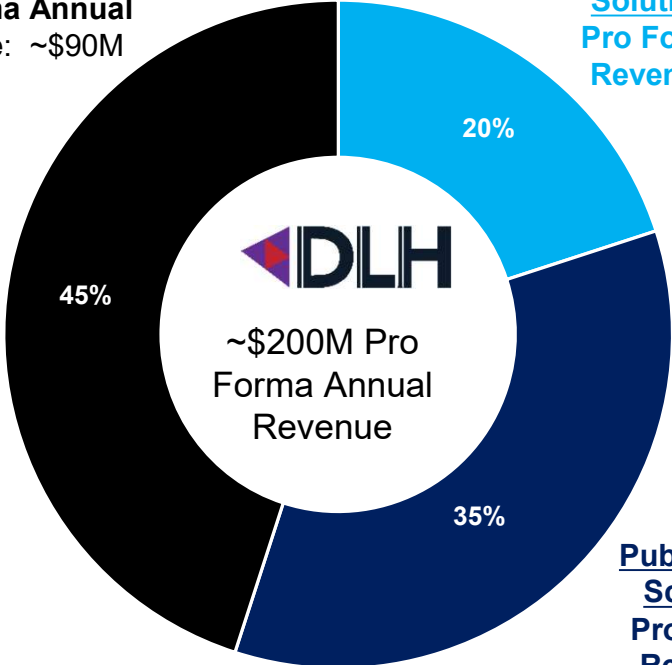




# Strong Portfolio of Services

**DOD & Veteran Health Services Market**  
 Pro Forma Annual Revenue: ~\$90M

**Human Services & Solutions Market**  
 Pro Forma Annual Revenue: ~\$40M

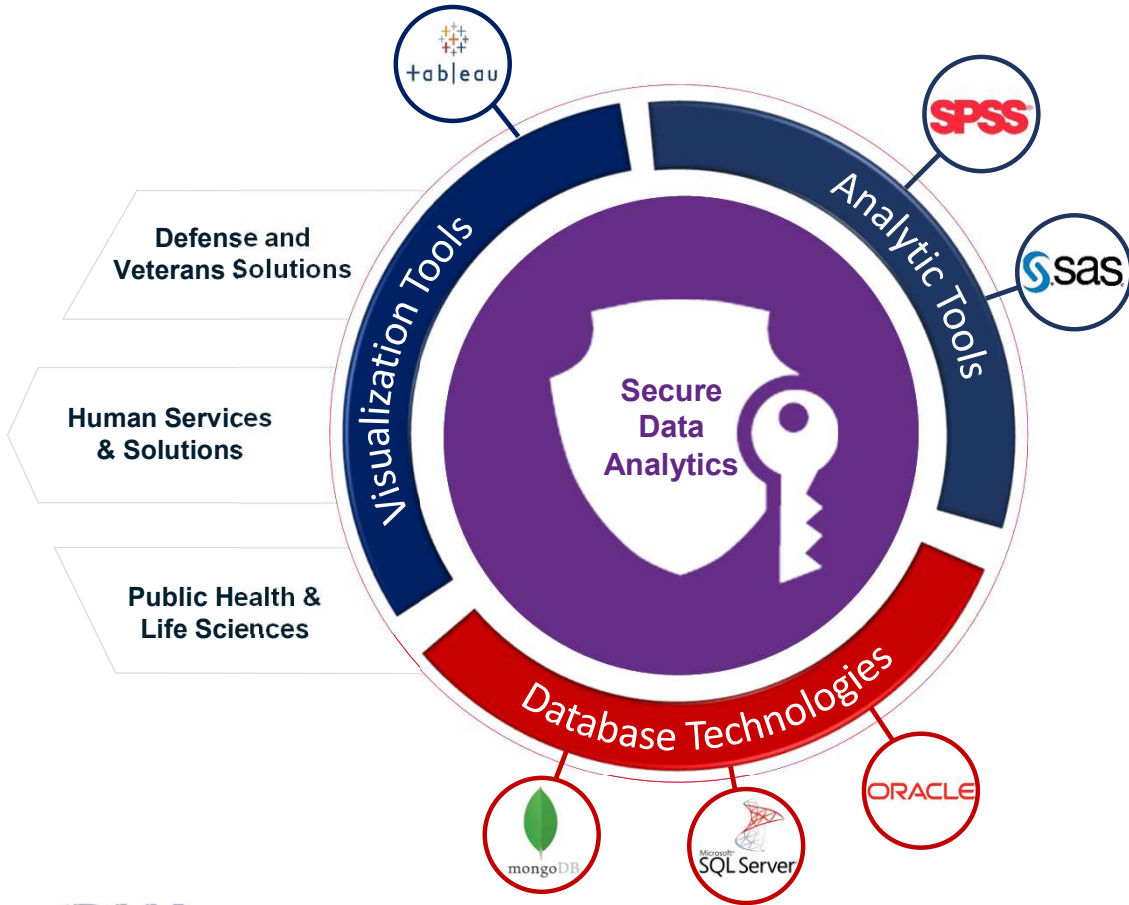


**Public Health & Life Sciences Market**  
 Pro Forma Annual Revenue: ~\$70M

## Key Federal Customers



# Unique Value Proposition



**Services**

Evidence-based Decision-making

Cloud Migration and Computing

**Infrastructure**

**FedRAMP**

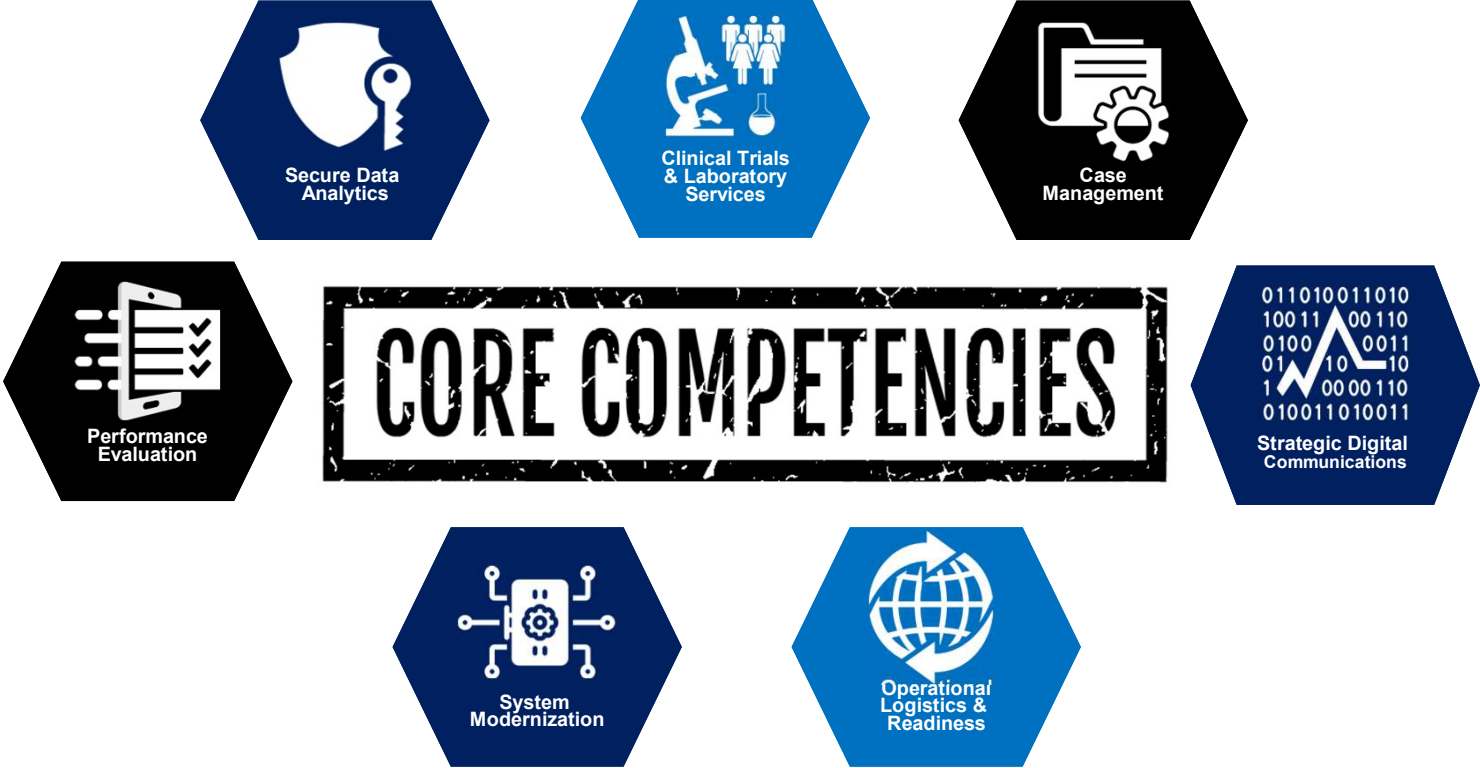
Business and Health Systems Cybersecurity

PaaS
Servers
Storage
Networking
Virtualization
OS
Middleware
Runtime

**DLH InfiniByte Cloud**



# Organic Growth Drivers





# Healthy Growth Profile

## Opportunities

As of March 31, 2020, the DLH pipeline of qualified new business opportunities was over \$1 billion

## Timing

An estimated \$600-\$700 million of those opportunities are expected to be decided in late FY20 or throughout FY21

## Markets

New opportunities are well distributed across DLH end markets, targeting existing and adjacent agencies.

## Key Target Agencies



# COVID-19 Impact / Opportunities

## Defense & Veterans Health Solutions



## Human Services and Solutions



## Public Health and Life Sciences



## DLH TACKLING COVID-19 FOR THE VA, DOD, CDC, NIH, AND OTHERS

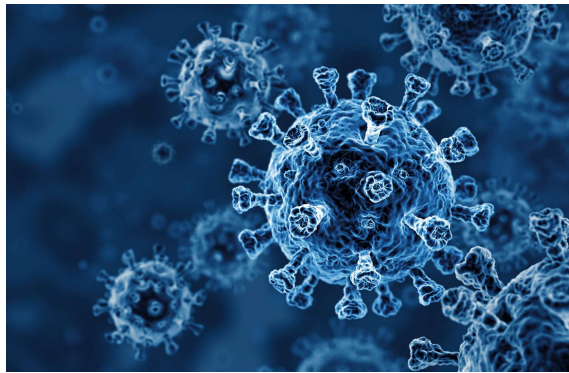
- Care and treatment of military
- Rx expansion for veterans
- Prospects for behavioral health

- Specialized communications
- Pandemic-related websites
- Social media outreach / metrics

- Clinical trials for therapeutics and vaccine development
- Preparedness & Response
- Environmental Implications



# New COVID-19 Public Health & Life Sciences Work



## CLINICAL RESEARCH TRIALS & LABORATORY SERVICES

- Over \$15 million of new awards thus far in calendar 2020
- Conducting trials of the safety and efficacy of investigational therapeutics for the treatment of COVID-19
- Observational studies of outpatients with COVID-19
- Clinical Research Organization support services to provide infrastructure to exchange data among scientific stakeholders
- Large network consortium of partner medical centers, clinics, academic institutions
- Study of immune aging in smokers in relation to COVID susceptibility
- Investigating interactions of COVID-19 with chronic diseases including types of cancer, heart disease, lung disease, and more

# DLH Achieves FedRAMP Ready Status

Opens Door to Federal Business Opportunities for Cloud-Based Platform-As-A-Service (PaaS)

## DLH InfiniByte® Cloud



Secure Data Analytics Platform



FedRAMP

- Our new DLH InfiniByte® Cloud solution has achieved Federal Risk and Authorization Management Program (“FedRAMP”) “Ready” status.
- This achievement – approved by the General Services Administration – indicates to federal customers that DLH has undergone a security capabilities assessment and has a high likelihood of achieving FedRAMP Authorization.
- DLH’s InfiniByte® Cloud solution is now available on the FedRAMP Marketplace, the central portal for cloud offerings for federal agencies.
- The designation significantly expands opportunities for the Company, enabling it to meet the cyber security requirements of civilian agencies as well as the U.S. Department of Defense.
- Provisional status enables DLH to pursue a FedRAMP Authorization to Operate.

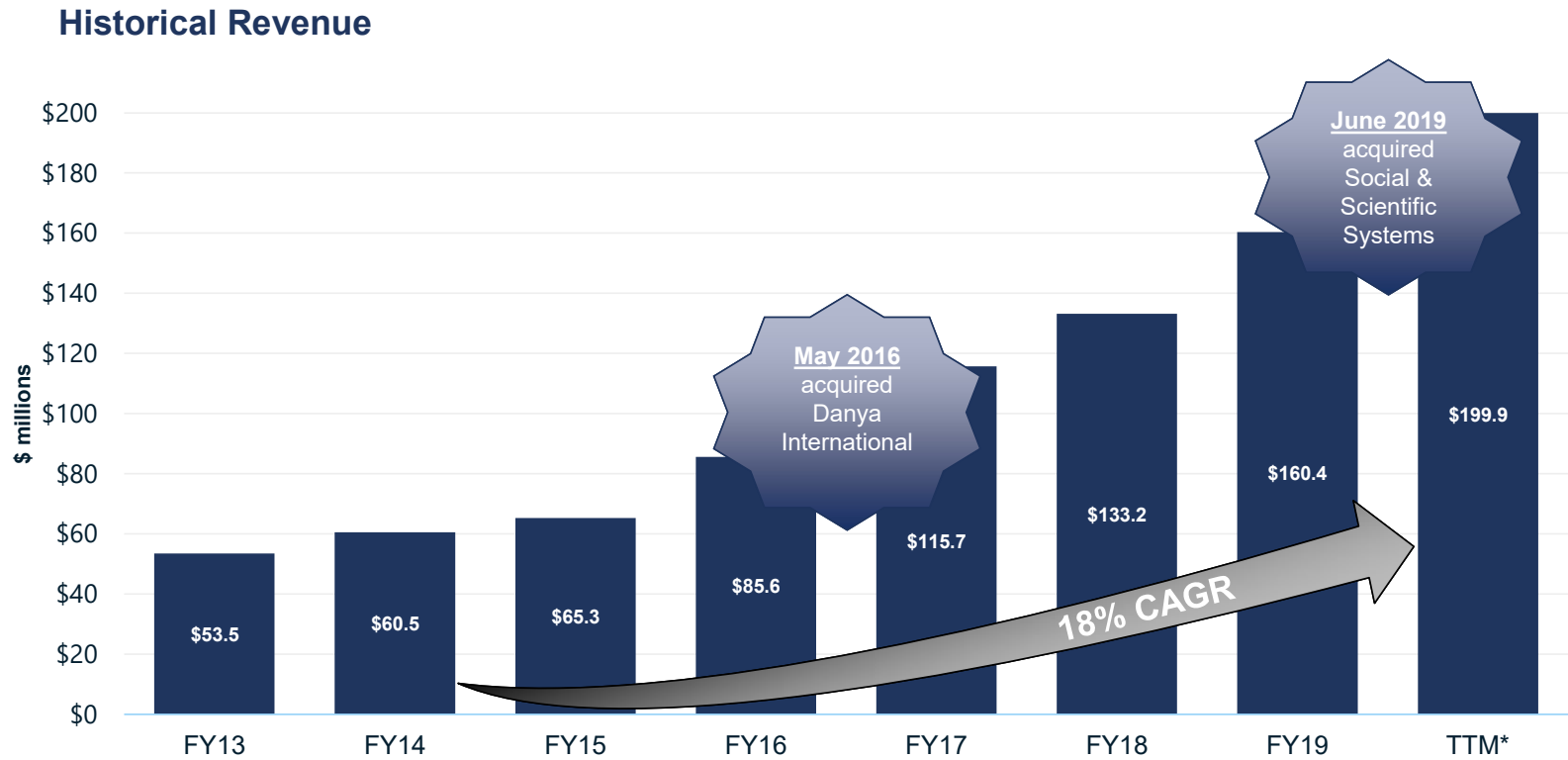
# Financial Highlights

Kathryn JohnBull | CFO





# A History of Growth...



**Growth driven by performance excellence, customer engagement and acquired capabilities**

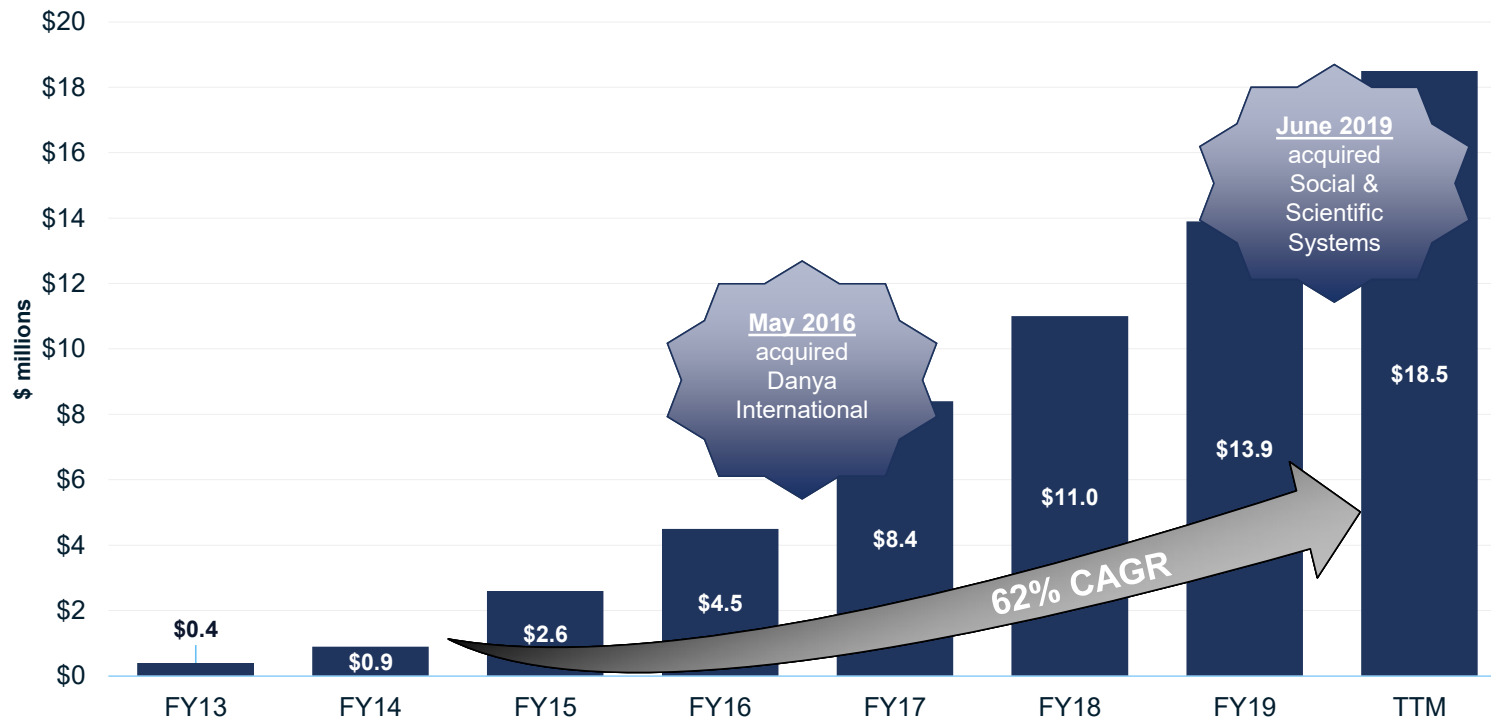
\*TTM is the trailing twelve months ending March 31, 2020



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# And Expanding Value

## Historical EBITDA



**An experienced team leading thoughtful integration and leveraging combined capabilities**

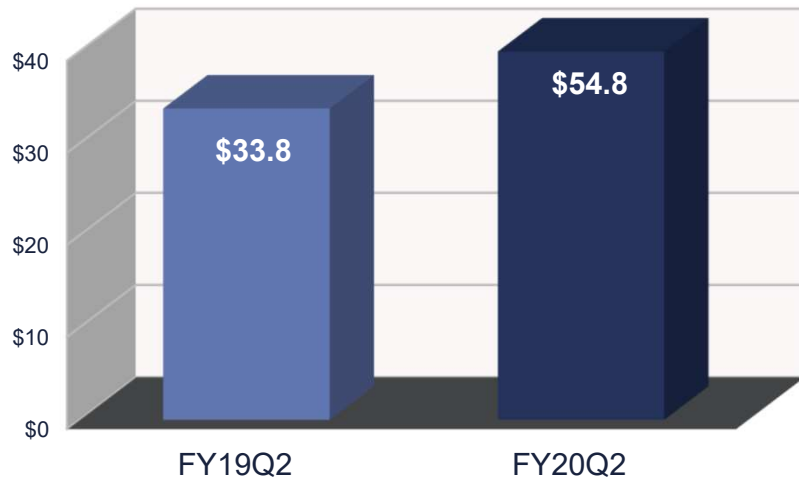


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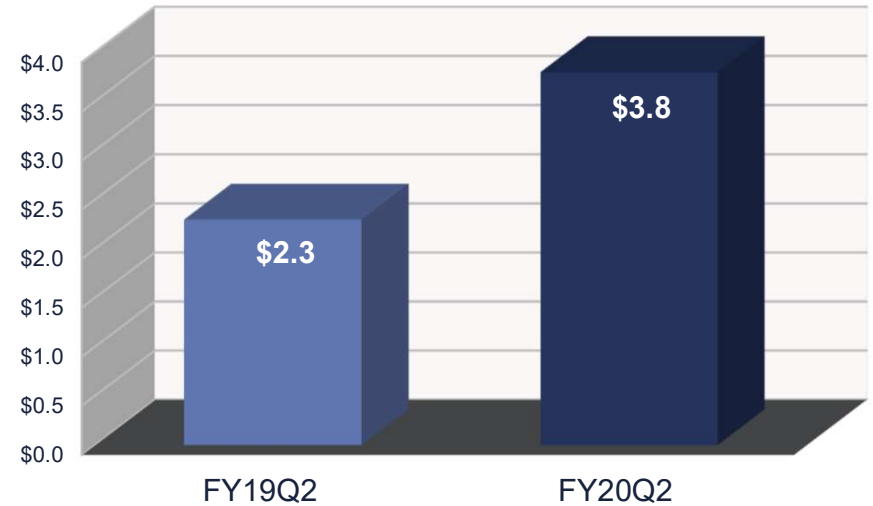
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# Fiscal Q2 Results (Three Months Ended 3/31/2020)

## Revenue



## Operating Income



## Debt Paydown Strategy in Place

	<b>6/7/2019</b>	<b>9/30/2019</b>	<b>3/31/2020</b>
Debt Balance*	\$70 M	\$56 M	\$55 M
Less cash on hand	\$1.9	\$1.8	\$1.1
<b>Net Debt</b>	<b>\$68.1 M</b>	<b>\$54.2 M</b>	<b>\$53.9 M**</b>

\*\$70M originally, after acquisition of S3

\*\*3/31/20 balances reflect delays from financial system integration

Increased operating cash flow anticipated in subsequent quarters leading to a projected year-end debt balance of \$42 to \$45 million.

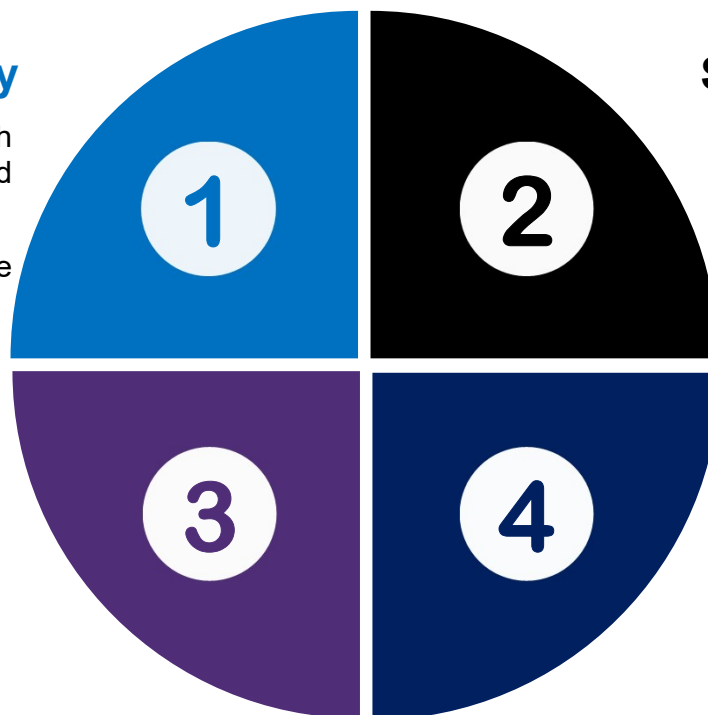
Net Debt is a non-GAAP metric used by investors and lenders and management believes it provides relevant and useful information to investors and other users of our financial data. Net Debt is calculated by subtracting cash and cash equivalents from the sum of current and long-term debt



# Our Four Levers of Value Creation

## Revenue Stream Stability

- Focus on Federal agencies with critical missions and sustained bipartisan support
- Optimize workforce and service delivery



## Sustainable Margin Expansion

- Concentrate capture effort on projects that align with core competencies and expand operating income margins
- Pursue excellence across key dimensions of agility and cost efficiency

## Long-Term Cash Flow Growth

- Expand EBITDA and balance sheet optimization
- Drive working capital efficiency and free cash flow
- Utilize long-term tax shield

## Balanced Capital Deployment

- Drive growth – organic and through M&A
- Appropriate allocation of debt and equity financing



# Q&A Session

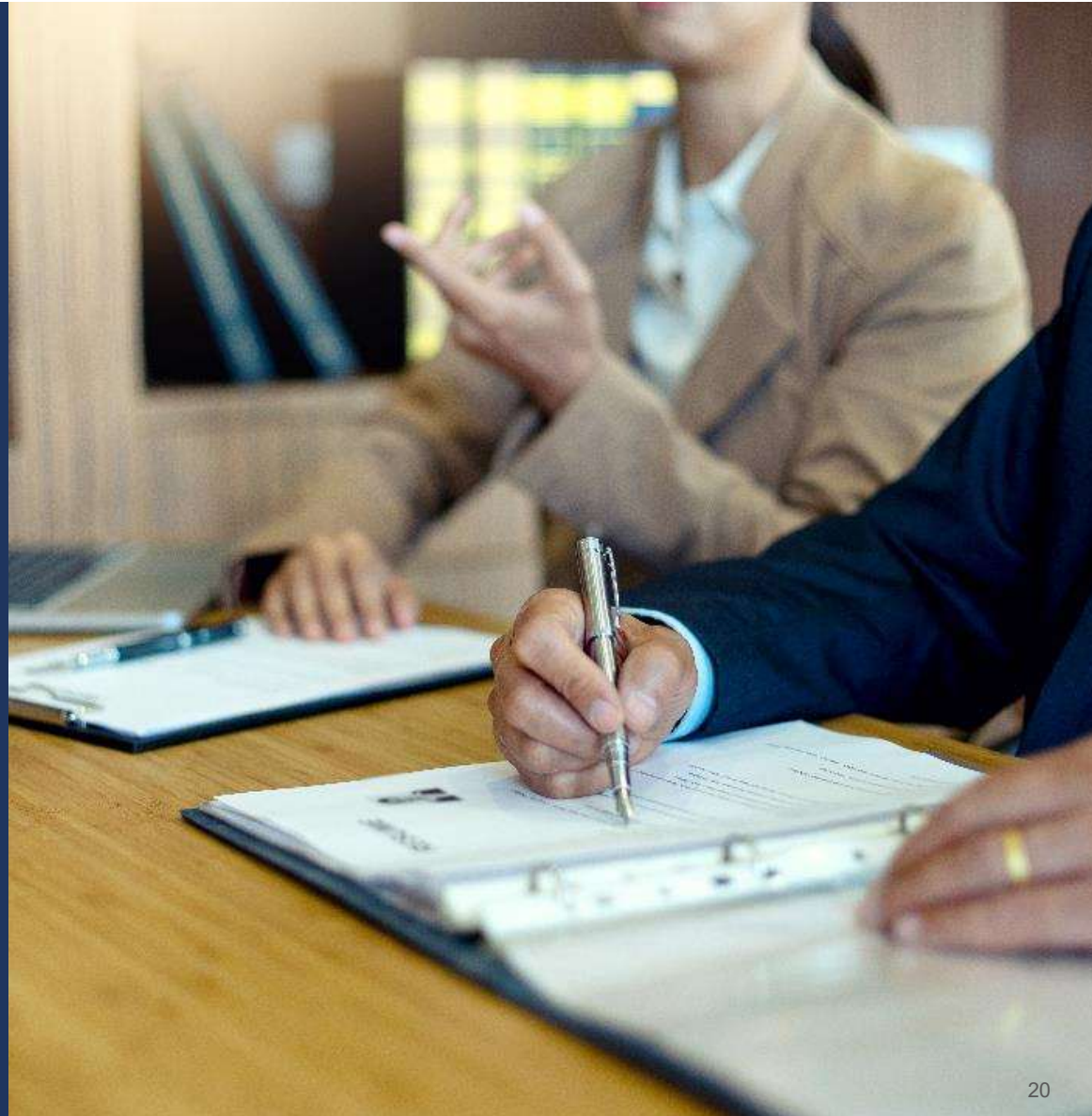
Zach Parker | President and CEO  
Kathryn JohnBull | CFO



# Appendix

## Non-GAAP Reconciliations:

This document contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results, and providing meaningful period-to-period comparisons. These measures should be used in conjunction with, rather than instead of, their comparable GAAP measures. A reconciliation of non-GAAP measures to the comparable GAAP measures presented in this document follows.



## Fiscal 2020 Results (\$000s)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Revenue	\$ 54,798	\$ 33,756	\$ 107,036	\$ 67,508
Cost of Operations:				
Contract costs	42,941	26,250	84,281	52,706
General and administrative costs	6,260	4,477	12,174	8,653
Acquisition costs	—	143	—	143
Depreciation and amortization	1,760	560	3,619	1,123
Total operating costs	50,961	31,430	100,074	62,625
<b>Income from operations</b>	<b>3,837</b>	<b>2,326</b>	<b>6,962</b>	<b>4,883</b>
Interest expense, net	906	544	1,846	721
<b>Income before income taxes</b>	<b>2,931</b>	<b>1,782</b>	<b>5,116</b>	<b>4,162</b>
Income tax expense	855	517	1,488	1,207
<b>Net income</b>	<b>\$ 2,076</b>	<b>\$ 1,265</b>	<b>\$ 3,628</b>	<b>\$ 2,955</b>
Net income per share - basic	\$ 0.17	\$ 0.11	\$ 0.30	\$ 0.25
Net income per share - diluted	\$ 0.16	\$ 0.10	\$ 0.28	\$ 0.23
Weighted average common shares outstanding				
Basic	12,299	12,036	12,193	11,999
Diluted	13,003	13,087	12,886	13,030



## Trending EBITDA Reconciliation

<i>Amounts in \$000s</i>	Twelve Months Ended							TTM*
	September 30,							
	2013	2014	2015	2016	2017	2018	2019	
Net (loss)/income	\$ (159)	\$ 5,357	\$ 8,728	\$ 3,384	\$ 3,288	\$ 1,836	\$ 5,324	\$ 5,995
(i) Interest expense/other (income)	407	4	(744)	823	1,228	1,116	2,473	3,599
(ii) (Benefit)/provision for taxes	-	(4,597)	(5,488)	(938)	2,114	5,830	2,171	2,453
(iii) Depreciation and amortization	121	106	55	1,244	1,754	2,242	3,956	6,452
<b>EBITDA</b>	<b>\$ 369</b>	<b>\$ 870</b>	<b>\$ 2,551</b>	<b>\$ 4,513</b>	<b>\$ 8,384</b>	<b>\$ 11,024</b>	<b>\$ 13,924</b>	<b>\$ 18,499</b>

\*TTM is the trailing twelve months ending March 31, 2020

**CORPORATE HEADQUARTERS  
ATLANTA HQ**

3565 Piedmont Road, NE  
Building 3 | Suite 700  
Atlanta, GA 30305

**NATIONAL CAPITAL  
REGION HQ**

8757 Georgia Avenue  
Suite 1200  
Silver Spring, MD 20910

**RESEARCH TRIANGLE  
DURHAM, NORTH CAROLINA  
OFFICES**

4505 Emperor Boulevard  
Suite 400  
Durham, NC 27703



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