



**FY2018 First Quarter
Earnings Presentation**

Ended December 31, 2017

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February 6, 2018

Forward-looking Statements

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

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 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 that could cause actual events or DLH's actual results to differ materially from those indicated by the forward-looking statements. For a discussion of such risks and uncertainties, 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, 2017. In light of the risks and uncertainties inherent in the forward-looking statements included herein, the inclusion of such statements should not be regarded as a representation by the company or any other person that the objectives and plans of the company will be achieved. The forward-looking statements contained in this presentation are made as of the date hereof and may become outdated over time. The company does not assume any responsibility for updating any forward-looking statements.

Agenda



Overview & Outlook



Financial Highlights



Questions and Answers



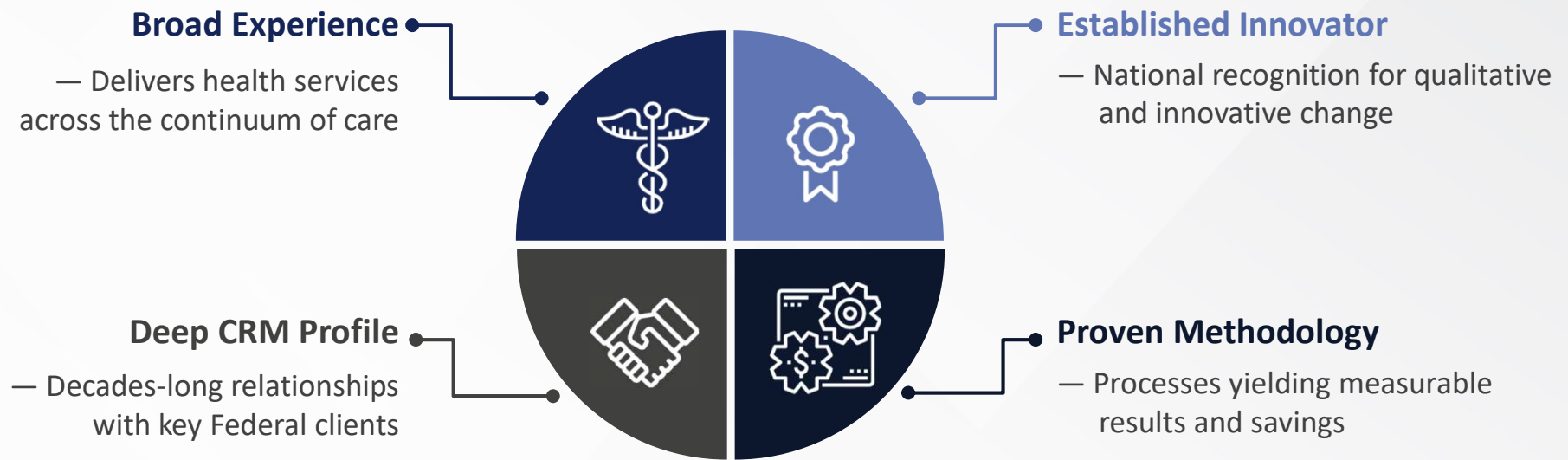
First Quarter Highlights and Summary

- ◀ Q1 revenue of \$30.2 million, up 15.7% year-over-year
- ◀ Gross margin of 21.6% for the quarter
- ◀ Bottom line results impacted by non-cash charge for new tax legislation
- ◀ Active bid & proposal environment continues
- ◀ Funded contracts with key programs limit risk due to government shutdowns and/or CR
- ◀ Attractive market for acquisitions

Our Advantage



Uniquely positioned mid-tier company



Large programs and suite of capabilities position DLH as a differentiated go-to-market performance leader

Target Program Expertise

Medical Research



- **Example program:** U.S. Army Medical Materiel Agency Enhance Defense Health Program
- **Agency:** U.S. Department of Defense
- **Services rendered:** Medical clinical solutions; interoperability and integration; medical research and health informatics; and evidence-based practices

Program Management

- ◀ Monitoring and evaluation (M&E)
- ◀ **Medical/clinical solutions**
- ◀ Population health
- ◀ Pharmacy distribution

Training and Technical Assistance

- ◀ Public and behavioral health
- ◀ Web-based design and management
- ◀ eLearning courses and VIRTEX
- ◀ **Evidence-based practices**



Health IT

- ◀ Architecture and legacy migration
- ◀ Web and mobile platforms
- ◀ **Interoperability and integration**
- ◀ Reporting design and implementation

Data Analytics

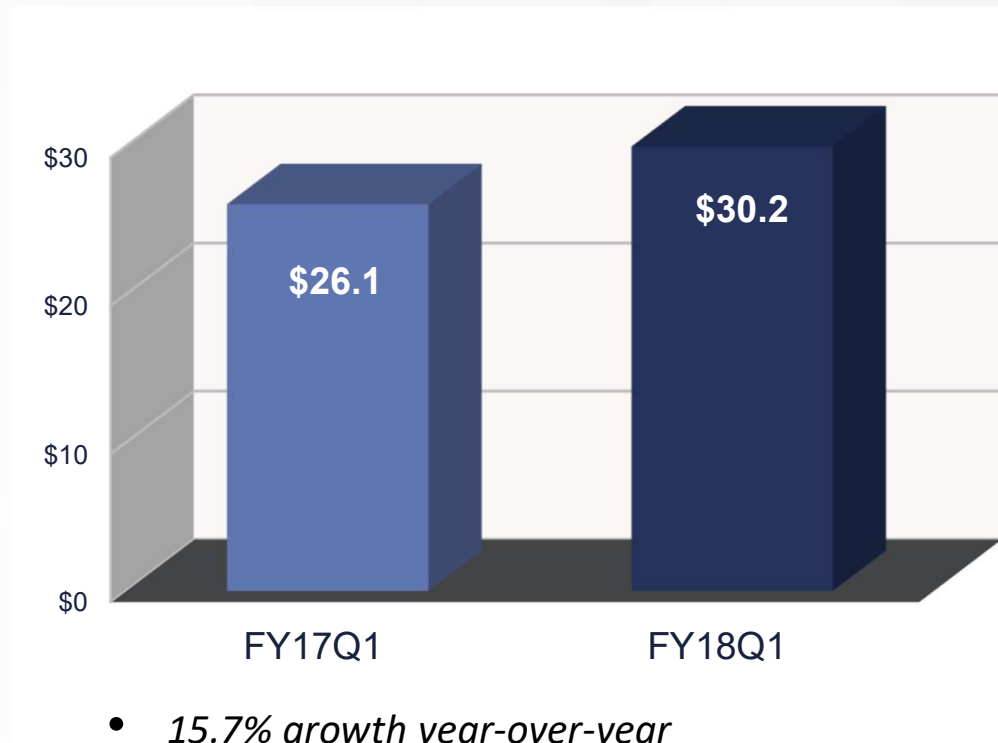
- ◀ Health and scientific program results
- ◀ **Medical research and health informatics**
- ◀ Analytics-based performance management
- ◀ Client intelligence and program outcomes

Tech-enabled Solutions

***Moving Up the Value Chain:
Stickier contracts, higher margins, and more credentialed staff***

FY18Q1 Results: Revenue

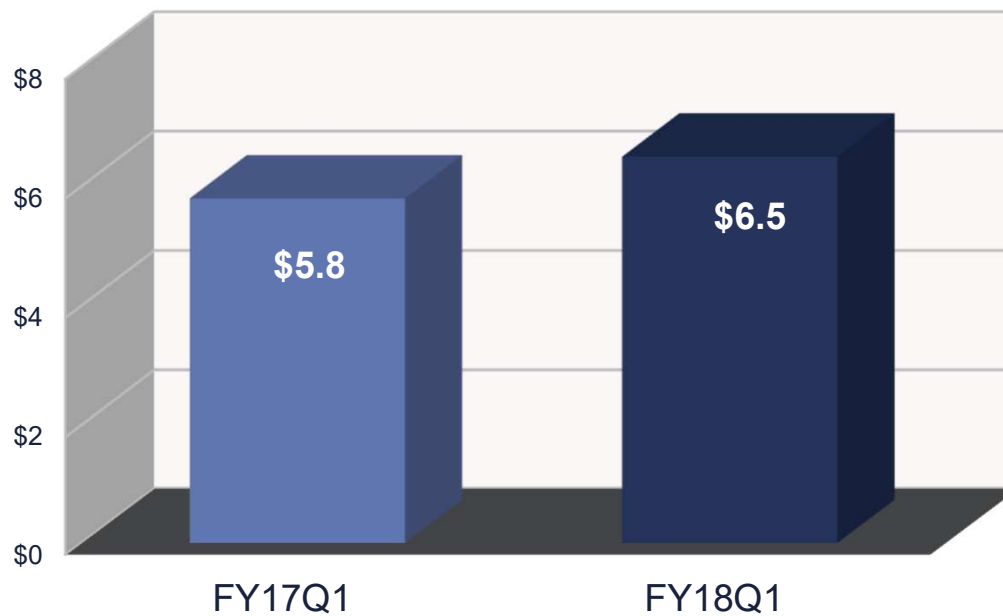
\$ Millions



- *15.7% growth year-over-year*
- *Reflects expansion on programs and new wins*

FY18Q1 Results: Gross Profit

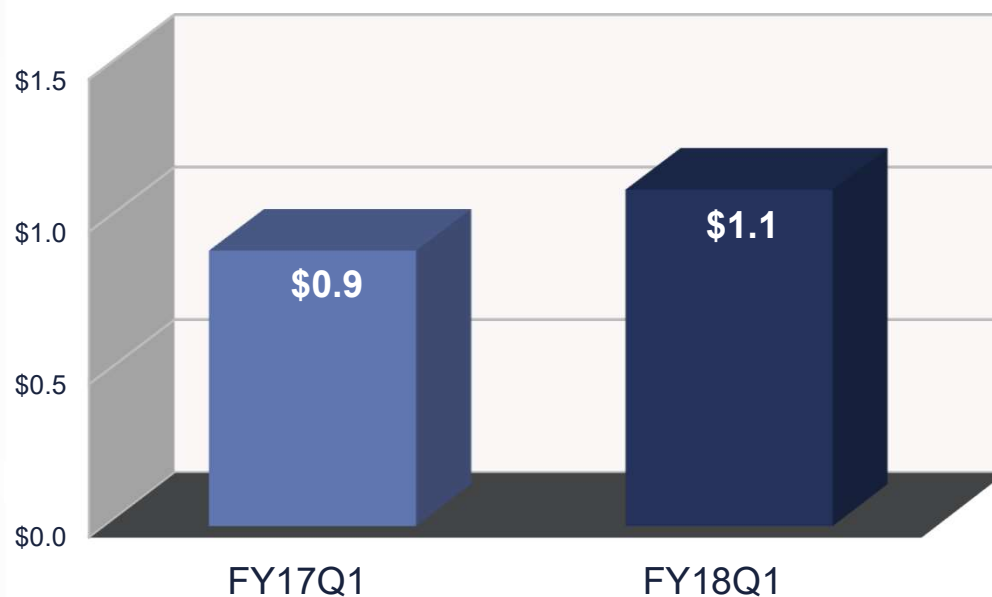
\$ Millions



- *First quarter gross margin of 21.6%*
- *Increased gross profit driven by higher revenue*

FY18Q1 Results: Operating Income

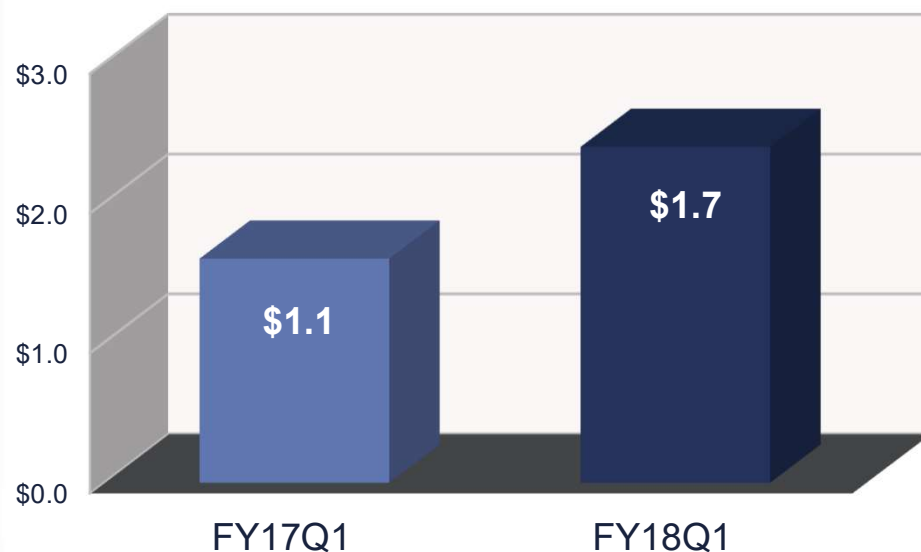
\$ Millions



- *Higher gross profit was offset in part by higher D&A as well as additional G&A expense tied equity grants*

FY18Q1 Results: EBITDA

\$ Millions



- *EBITDA up 52% year-over-year*
- *As a percent of revenue, EBITDA was 5.5% in FY18Q1 versus 4.2% in the prior-year period*

A reconciliation of Net Income to EBITDA is provided in the back of this presentation

Balance Sheet: Deleveraging Trend Continues



	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>12/31/2017</u>
◀ Term loan balance*	\$23.4 M	\$19.7 M	\$18.8 M
◀ Revolver balance**	-0-	-0-	-0-
◀ Less cash on hand	3.4	4.9	3.2
◀ Net Debt	\$20.0	\$14.8	\$15.6
◀ LTM EBITDA	\$4.5	\$8.4	\$8.9
◀ Net Debt/LTM EBITDA	4.44	1.76	1.73

*\$25M originally

**\$10M ceiling; availability \$10M; no borrowing as of 12/31/17

A reconciliation of LTM EBITDA is provided in the back of this presentation

Question and Answer Session



Appendix: Non-GAAP Reconciliations

This document contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that 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 is also contained in the Company's most recent quarterly earnings press release.

For an expanded discussion of our use of this non-GAAP measure, please refer to the Earnings Release dated February 6, 2018.

FY18Q1 EBITDA Reconciliation



	Three Months Ended		
	December 31,		
	2017	2016	Change
Net Income (Loss)	\$ (2,851)	\$ 324	\$ (3,175)
Interest and other (income) expense (net):			
Interest and other expense	278	364	(86)
Provision for taxes	3,719	201	3,518
Depreciation, amortization and loss on fixed assets	506	201	305
EBITDA	\$ 1,652	\$ 1,090	\$ 562

LTM EBITDA Reconciliation



	Last Twelve Months Ended		
	9/30/2016	9/30/2017	12/31/2017
Net Income (Loss)	\$ 3,384	\$ 3,288	\$ 113
Interest and other (income) expense (net):			
Interest and other expense	823	1,228	1,142
Provision for taxes	(938)	2,114	5,632
Depreciation, amortization and loss on fixed assets	1,244	1,754	2,059
EBITDA	\$ 4,513	\$ 8,384	\$ 8,946