



## NobleCon13

January 30, 2017



Integrity & Trust



Performance Excellence



Inclusion & Diversity



Agility

# 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 which 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, 2016. 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 The forward-looking statements contained in this presentation are made as of the date hereof and may become outdated over time.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



Company Profile and  
Growth Strategy

Zach Parker, CEO



Financial Highlights

Kathryn JohnBull, CFO



# Investor Highlights

- ◀ Leading, established government services provider within the healthcare sector
- ◀ Strong prime contractor position in key Federal agencies (i.e., Departments of Veterans Affairs (VA), Defense(DoD), and Health and Human Services (HHS); Centers for Disease Control and Prevention (CDC)
  - Long-term contracts, consistent margins, high recompetete win rates
- ◀ Favorable market trends and demand dynamics
- ◀ Transformational acquisition completed in 2016 that increased revenue base by 50 percent
- ◀ Solid cash flow, improving balance sheet
- ◀ Disciplined management that has overhauled company
- ◀ Well-positioned for higher growth and improved financial performance



# Company Profile and Growth Strategy



# DLH Profile



# Key Advantages of the New DLH

1 Expanded scale with portfolio diversification

2 Strengthened growth position within targeted markets

3 Diverse staff with broad capabilities and technology tools

4 Improved financial profile

All Consistent with Long-range Strategic Plan

# Empowering Federal Health Agencies and Constituents

DLH's vision is to become the most trusted provider of technology-enabled healthcare and public health services, medical logistics, and readiness enhancement services to those service members securing the freedom of our Nation, veterans, and our at-risk and underserved communities. As a market influencer and emerging leader, DLH will shape and enhance the "sustainability and readiness posture" of our military service members, veterans, and our children and families, delivering value to our customers, stakeholders, and shareholders.

## DoD and VA



The two largest Federal agencies representing the largest network of health delivery centers in the world; servicing all service members and more than 21 million veterans

## Human Services and Solutions



Performance verification of provider services nationwide requires an evolving technology-based system of monitoring, evaluation, tracking, and reporting to ensure productive and cost-effective health and readiness results for our underserved

## Public Health and Life Sciences



Countering threats of emerging diseases and environmental risks demand innovative methods of disease prevention and countermeasures, coupled with timely research and development to protect our various communities



# DLH Building Strong Long-term Customer Relationships

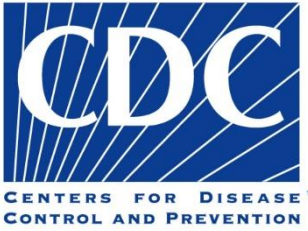


15+ Year  
RELATIONSHIPS



**OFFICE OF HEAD START**  
An Office of the Administration for Children & Families

10+ Year  
RELATIONSHIPS



5+ Year  
RELATIONSHIPS



# Expansion of Health IT-enabling Technology Capability

Driving industry best practices and results....



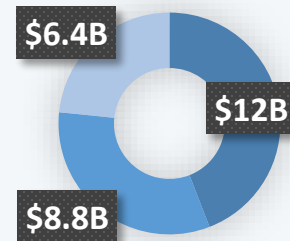
# Strategic Growth Areas (1 of 2)

## Client Buying Areas

- Health services
- Information technology
- Professional services
- Defense and aerospace
- Medical and scientific equipment
- Architecture engineering and construction

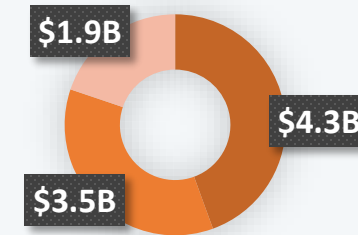
## DLH Addressable Market

### Defense



- Health Services
- Information Technology
- Professional Services

### Veterans Affairs



- Health Services
- Information Technology
- Professional Services

## DLH Key Core Competencies

- Health IT system migration
- Clinical practice training
- Pharmaceutical programs
- Behavioral health
- Medical logistics
- Advanced medical research and development
- Cloud-based case management system
- Medication therapy management

## Key Customers



# Strategic Growth Areas (2 of 2)

## Client Buying Areas

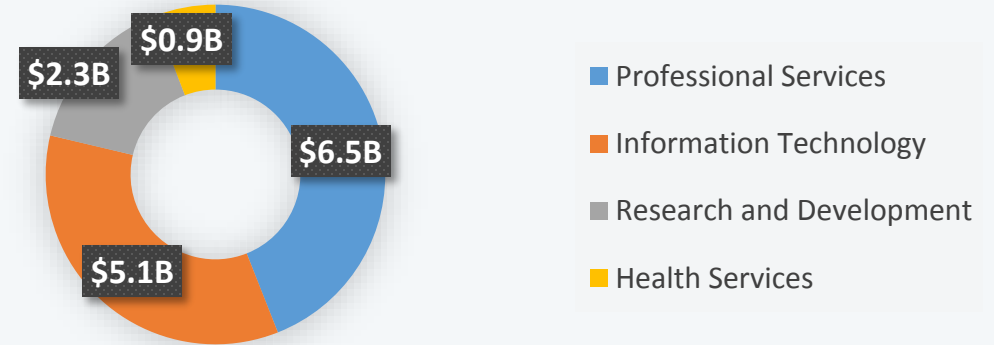
- Professional services
- Information technology
- Research and development
- Health services
- Medical equipment
- Social services
- Operations and maintenance

## DLH Key Core Competencies

- Compliance and monitoring systems
- Health IT system migration
- Digital health promotion systems
- Training and technical assistance
- Health informatics and data analytics
- Strategic communication
- Medication therapy management systems
- Research and development

## DLH Addressable Market

### Public Health and Human Services



## Key Customers



**OFFICE OF HEAD START**

An Office of the Administration for Children & Families



Health Resources and Services Administration

# Growth Strategy

## ORGANIC

- ◀ Continued focus on core outsourcing opportunities in health and human services agencies, both within current customer base and in adjacencies

## ACQUISITIVE

- ◀ Drive expansion via select bolt-on acquisitions that strengthen DLH's position and broaden its footprint across known market areas, particularly within Health IT market
- ◀ Target key Federal agencies where DLH has existing relationships—VA, DoD, HHS, CDC, etc.—for further penetration





# Financial Highlights



# Current Market Outlook

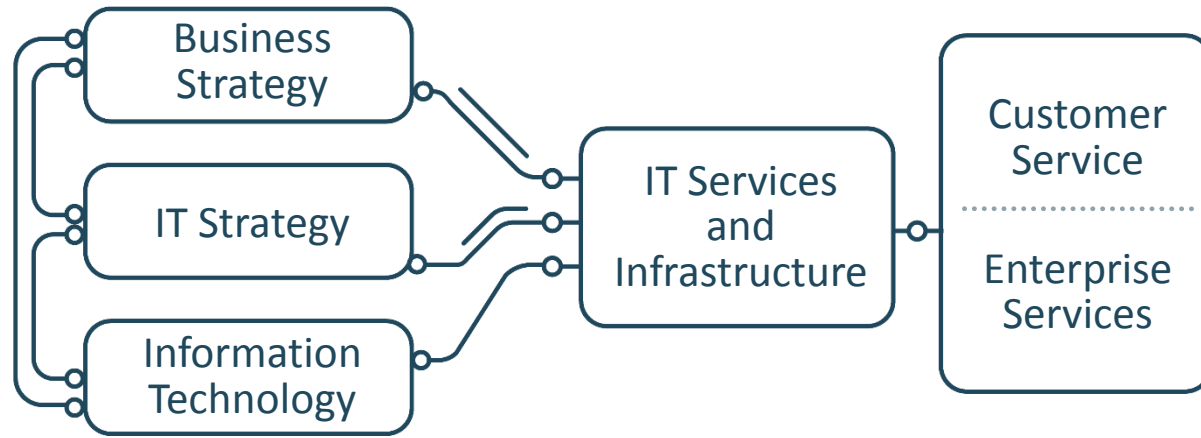
*We currently assess the new Administration's impact as neutral to positive to our growth trajectory.....*



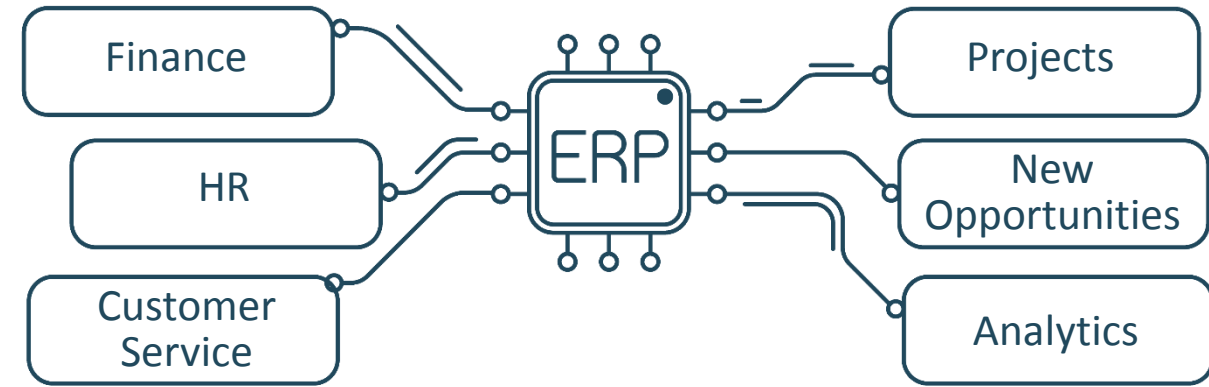
- ◀ Possible increase in outsourcing as internal hiring slows—freeze in place
- ◀ Congressional coordination required to change legislation
- ◀ Expected higher VA spending; potential active military healthcare increase
- ◀ Government orientation to best practices/efficacy measures for core services
- ◀ Unknown outcome for Affordable Care Act, but increased healthcare costs still anticipated

# Continued Integration and Value Creation with Acquisition

Connection between enterprise,  
IT infrastructure, and business capabilities



Streamlined processes and  
information across the entire enterprise



## Integration Benefits

Detailed execution work plans for each Value Driver Priority; included tasks, resources, and timelines

Created an environment that embraces our transformation and sustains the enhanced business practices

## Cost Synergies

Insourced services, reduced waste, lower costs, and improved operating efficiencies

Unified view of business operations and agility to respond to changing business needs rapidly

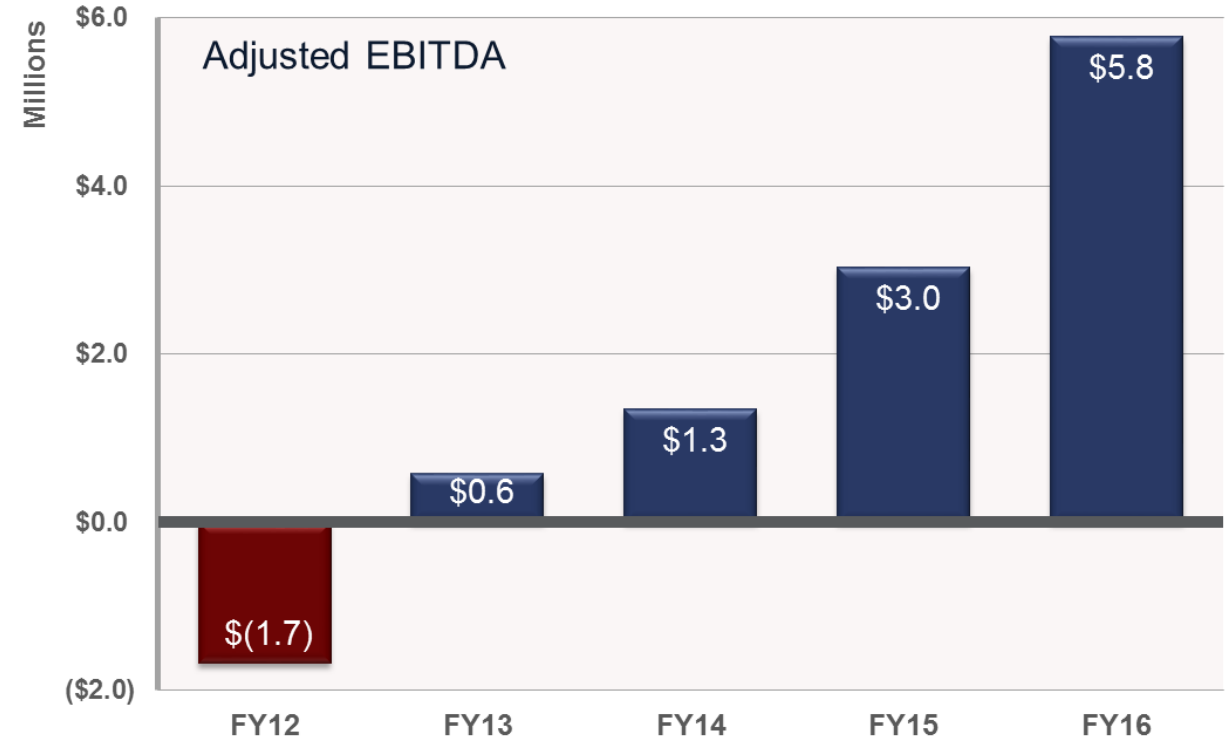
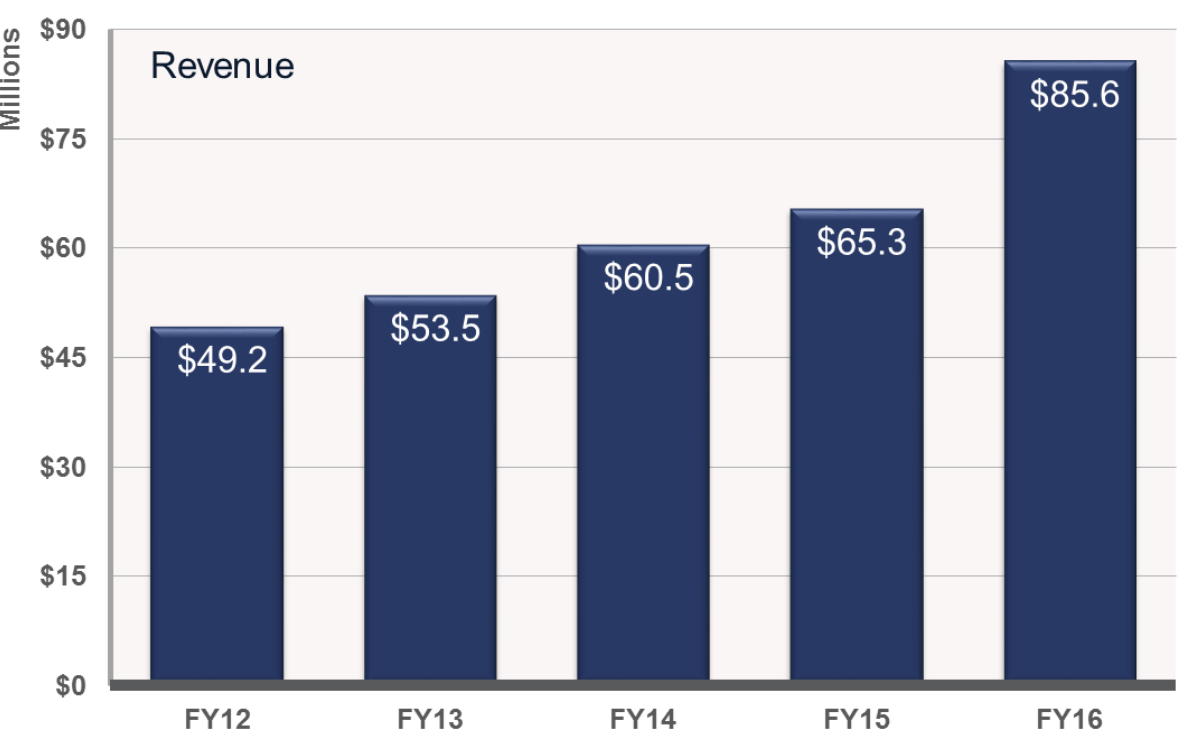
## Revenue Synergies

Enhanced capabilities reduce dependence on teaming and increase Pwin (win probability)

Strengthened 18–24-month new business capture pipeline (breadth and depth)

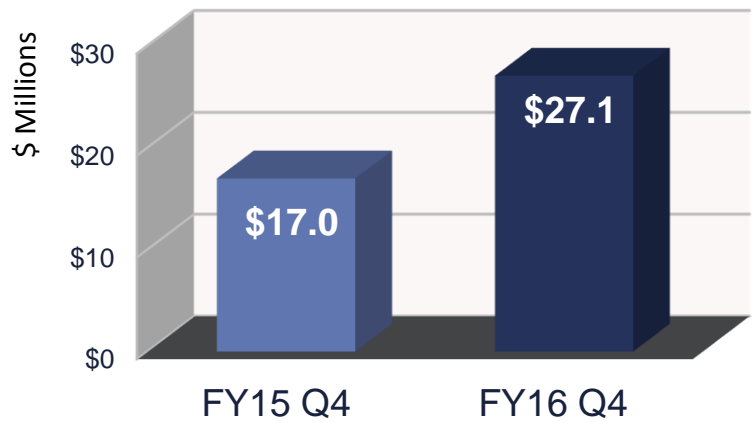


# Financial Trends: Revenue and EBITDA Expansion

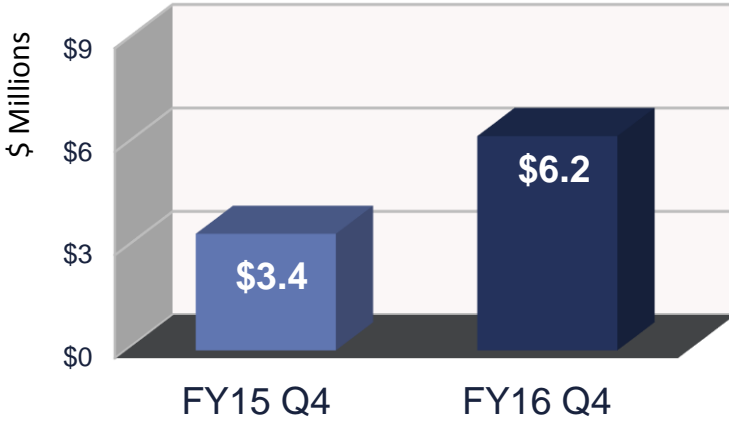


# Recent Results—Fiscal Year (FY) Quarter 4, Ended 9/30/16

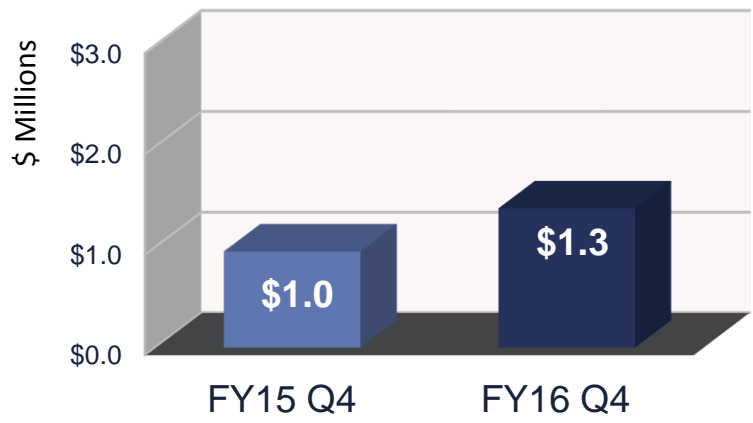
Revenue + 60%



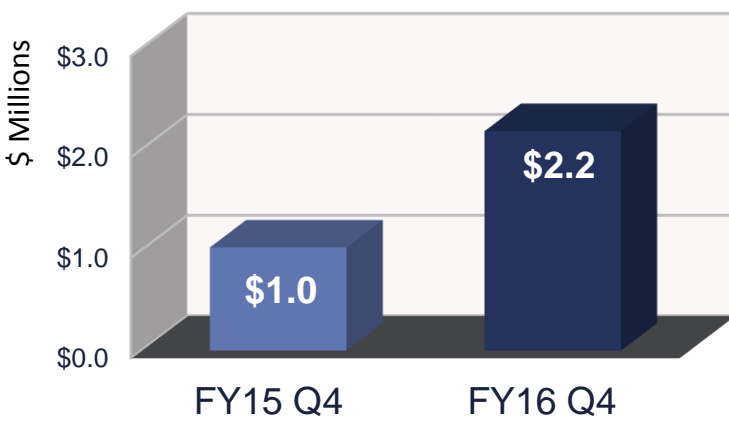
Gross Margin + 84%



Operating Income + 38%



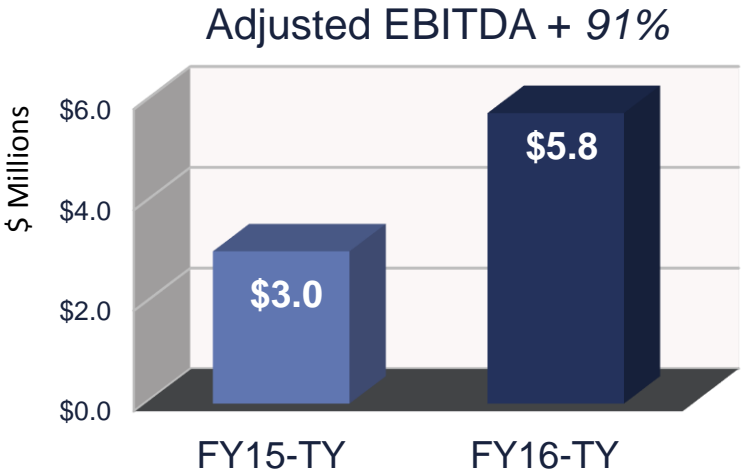
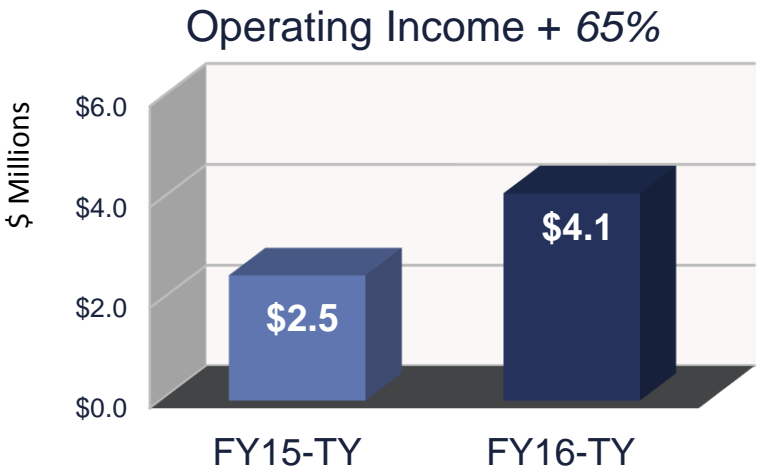
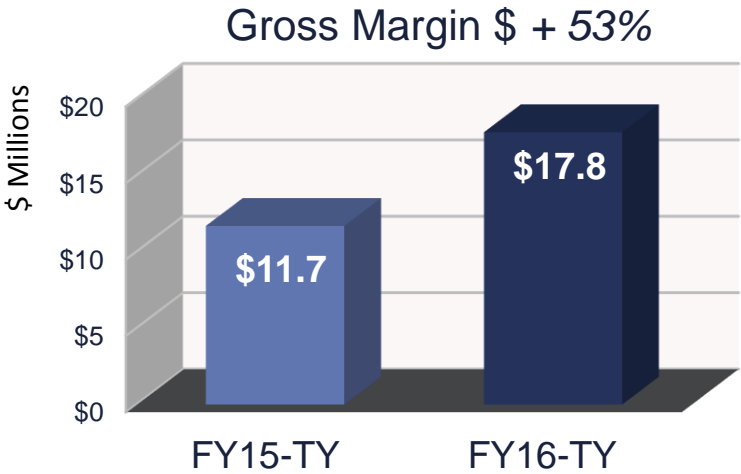
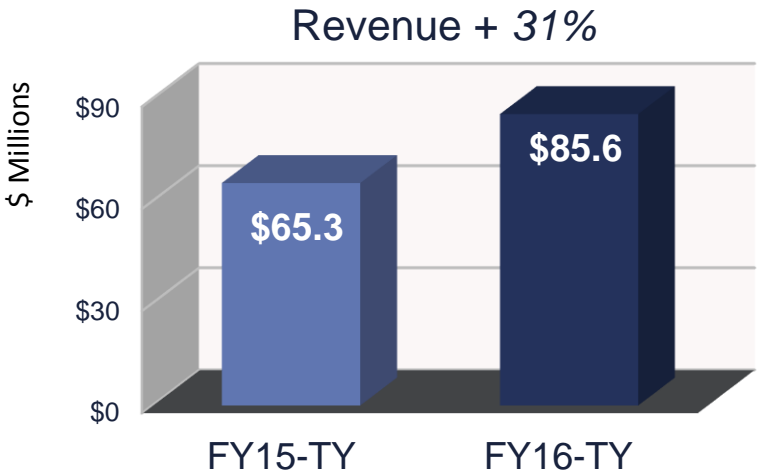
Adjusted EBITDA + 114%



\*A reconciliation of Adjusted EBITDA, a non-GAAP measure, can be found at the end of this presentation.

# Fiscal 2016 Full Year Results

*Consolidated; includes Danya beginning 5/3/16*



# Cash Flow Fiscal 2016

<b>FY16 Beginning Cash</b>	(10/1/15)	<b>\$5,558</b>
<b>Cash generated from operating activities</b>		<b>\$6,040</b>
<b>Cash used in investing activities</b>		<b>(32,739)</b>
<b>Cash from financing activities</b>		<b>24,568</b>
<b>FY16 Ending Cash</b>	(9/30/16)	<b>\$3,427</b>

*Senior debt reduced to \$23.4 million from \$30.0 million on closing of Danya transaction.*

# Investor Highlights

- ◀ Leading, established government services provider within the healthcare sector
- ◀ Strong prime contractor position in key Federal agencies (i.e., VA, DoD, and HHS; CDC
  - Long-term contracts, consistent margins, high recompete win rates
- ◀ Favorable market trends and demand dynamics
- ◀ Transformational acquisition completed in 2016 that increased revenue base by 50 percent
- ◀ Solid cash flow, improving balance sheet
- ◀ Disciplined management that has overhauled company
- ◀ Well-positioned for higher growth and improved financial performance

◀ BACKUP SLIDES TO FOLLOW (FINANCIAL)

# Fiscal 2016 Financials

	Three Months Ended September 30,		Year Ended September 30,	
	2016	2015	2016	2015
Revenue	\$ 27,120	\$ 16,989	\$ 85,602	\$ 65,346
Direct expenses	20,891	13,603	67,776	53,658
Gross margin	6,229	3,386	17,826	11,688
General and administrative expenses	4,116	2,418	12,518	9,137
Depreciation and amortization	788	10	1,244	55
<b>Income from operations</b>	<b>1,325</b>	<b>958</b>	<b>4,064</b>	<b>2,496</b>
Other income (expense), net	(542)	1,467	(1,618)	744
Income before income taxes	783	2,425	2,446	3,240
Income tax expense (benefit), net	(1,604)	(5,814)	(938)	(5,488)
<b>Net income</b>	<b>\$ 2,387</b>	<b>\$ 8,239</b>	<b>\$ 3,384</b>	<b>\$ 8,728</b>
Earnings per share - basic	\$ 0.23	\$ 0.86	\$ 0.34	\$ 0.91
Earnings per share - diluted	\$ 0.20	\$ 0.82	\$ 0.30	\$ 0.87
Weighted average common shares outstanding				
Basic	10,428	9,551	9,966	9,573
Diluted	11,821	10,090	11,220	10,039

# Adjusted EBITDA Reconciliation

(Amounts in Thousands)

	Three Months Ended			Twelve Months Ended		
	September 30,			September 30,		
	2016	2015	Change	2016	2015	Change
<b>Net income</b>	<b>\$ 2,387</b>	<b>\$ 8,239</b>	<b>\$ (5,852)</b>	<b>\$ 3,384</b>	<b>\$ 8,728</b>	<b>\$ (5,344)</b>
(i) Interest and other (income) expense (net):						
(i)(a) Interest and other expense	542	(1,467)	2,009	823	(744)	1,567
(i)(b) Acquisition expenses	—	—	—	795	—	795
(ii) Provision (benefit) for taxes	(1,604)	(5,814)	4,210	(938)	(5,488)	4,550
(iii) Depreciation and amortization	788	10	778	1,244	55	1,189
(iv) G&A expenses - equity grants	82	60	22	466	479	(13)
<b>Adjusted EBITDA</b>	<b>\$ 2,195</b>	<b>\$ 1,028</b>	<b>\$ 1,167</b>	<b>\$ 5,774</b>	<b>\$ 3,030</b>	<b>\$ 2,744</b>
Weighted-average outstanding shares fully diluted	11,821	10,090	1,731	11,220	10,039	1,181

*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 contained at the end of this presentation and 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 December 8, 2016.*



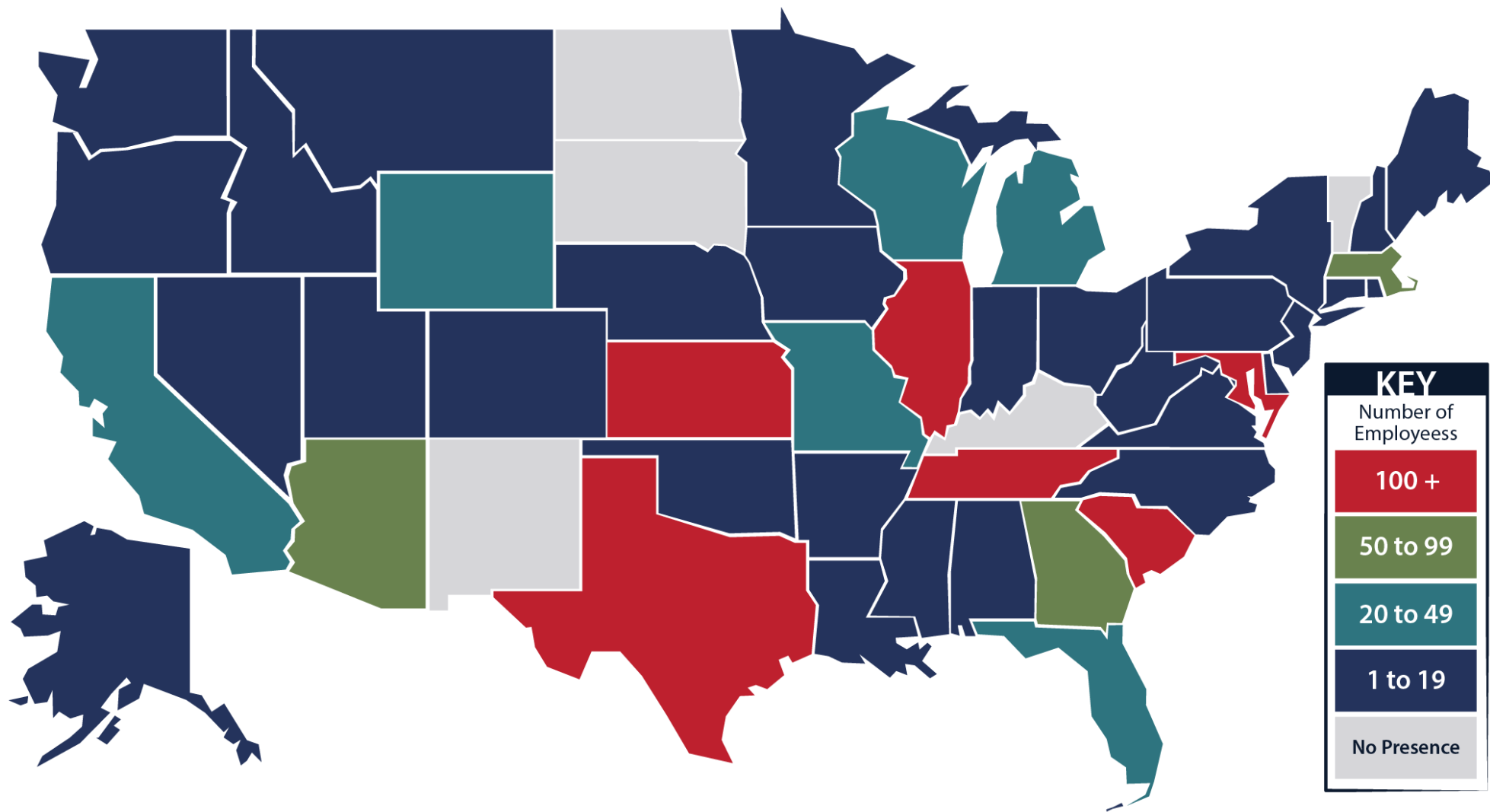
# Income from Operations (per Share)

(Amounts in Thousands)

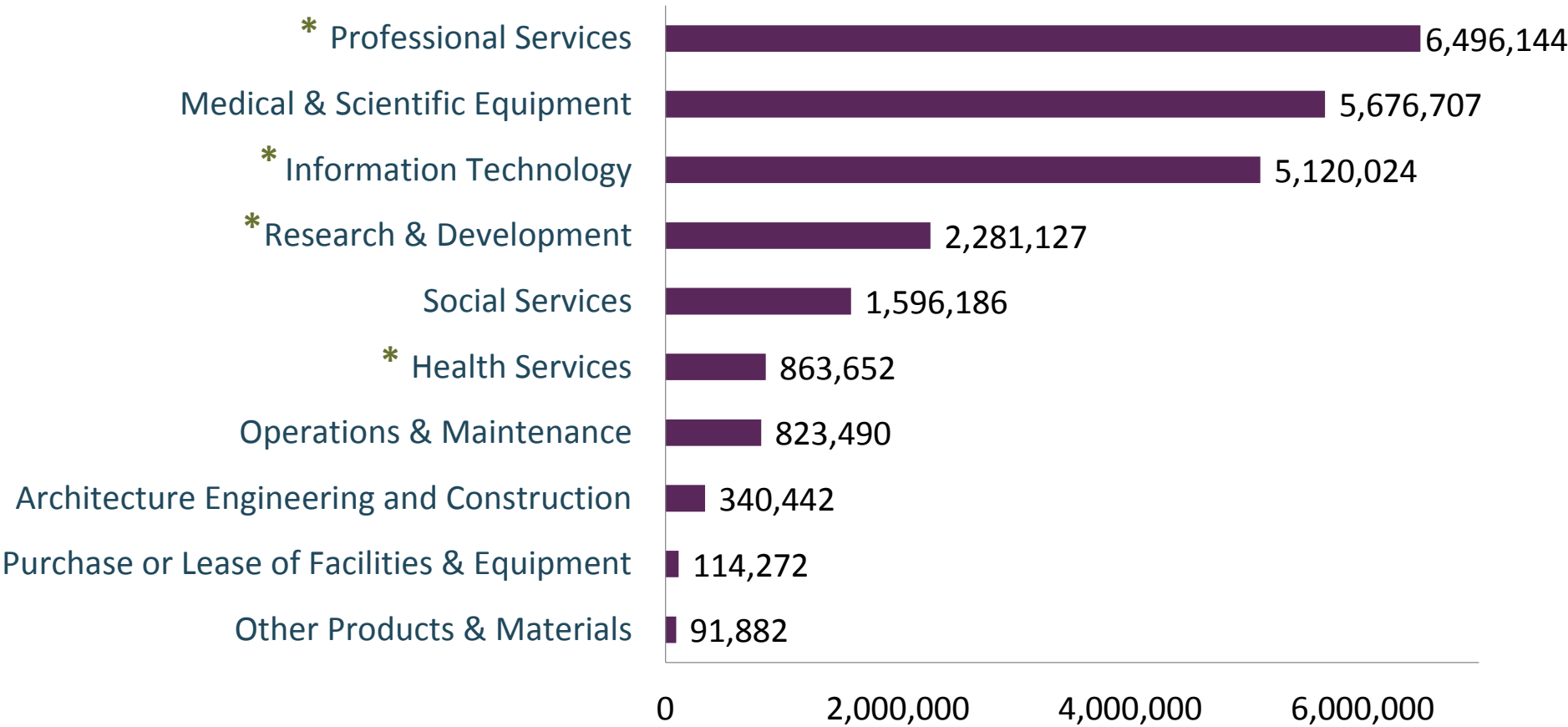
	Three Months Ended			Twelve Months Ended		
	September 30,			September 30,		
	2016	2015	Change	2016	2015	Change
<b>Income from operations</b>	<b>\$ 1,325</b>	<b>\$ 958</b>	<b>\$ 367</b>	<b>\$ 4,064</b>	<b>\$ 2,496</b>	<b>\$ 1,568</b>
Other income (expense), net	(542)	1,467	(2,009)	(1,618)	744	(2,362)
Income before income taxes	783	2,425	(1,642)	2,446	3,240	(794)
Income tax expense (benefit), net	(1,604)	(5,814)	4,210	(938)	(5,488)	4,550
<b>Net income</b>	<b>\$ 2,387</b>	<b>\$ 8,239</b>	<b>\$ (5,852)</b>	<b>\$ 3,384</b>	<b>\$ 8,728</b>	<b>\$ (5,344)</b>
Weighted-average outstanding shares fully diluted	11,821	10,090	1,731	11,220	10,039	1,181
<b>Net income per fully diluted share</b>	<b>\$ 0.20</b>	<b>\$ 0.82</b>	<b>\$ (0.62)</b>	<b>\$ 0.30</b>	<b>\$ 0.87</b>	<b>\$ (0.57)</b>
Income tax expense (benefit), net	\$ (0.14)	\$ (0.58)	\$ 0.44	\$ (0.08)	\$ (0.55)	\$ 0.47
Income before taxes	\$ 0.06	\$ 0.24	\$ (0.18)	\$ 0.22	\$ 0.32	\$ (0.10)
Other income (expense), net	\$ 0.05	\$ (0.15)	\$ 0.20	\$ 0.14	\$ (0.07)	\$ 0.21
<b>Income from operations per fully diluted share</b>	<b>\$ 0.11</b>	<b>\$ 0.09</b>	<b>\$ 0.02</b>	<b>\$ 0.36</b>	<b>\$ 0.25</b>	<b>\$ 0.11</b>

*The company believes that providing income from operations per share will be useful to investors in comparing year over year operating results for 2016 compared to 2015. Income from Operations per share excludes the impact of other income (expense) and income tax benefits, which varied significantly from 2015 to 2016, independent of operating results. By providing this non-GAAP measure, we believe that an investor can more easily compare year over year performance.*

# Strengthened National Footprint



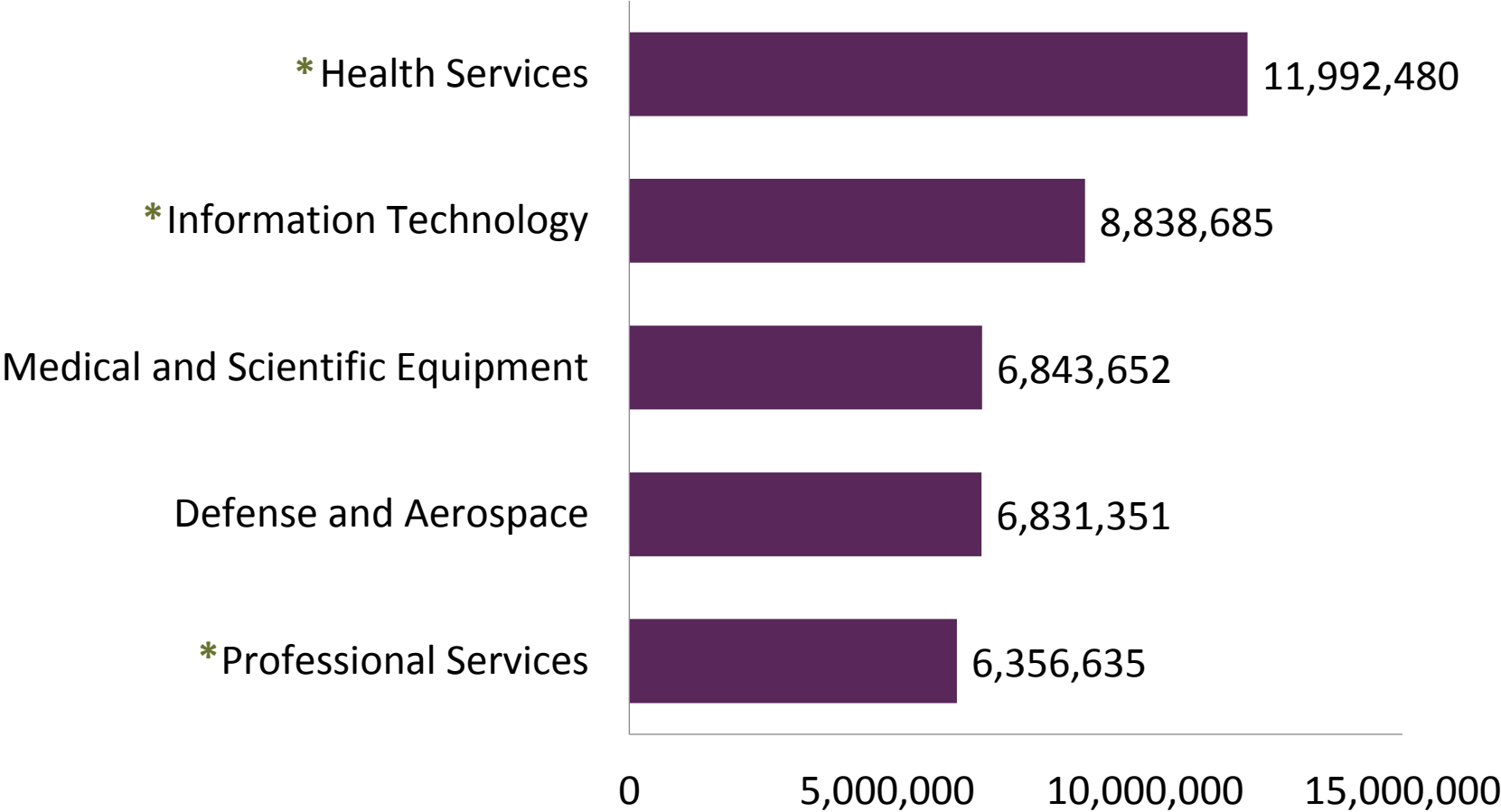
# Leading HHS Spending by Segments—FY2016 (\$K)



\*DLH capabilities and targeted market segments

Source: Federal Procurement Data System, GovWin IQ

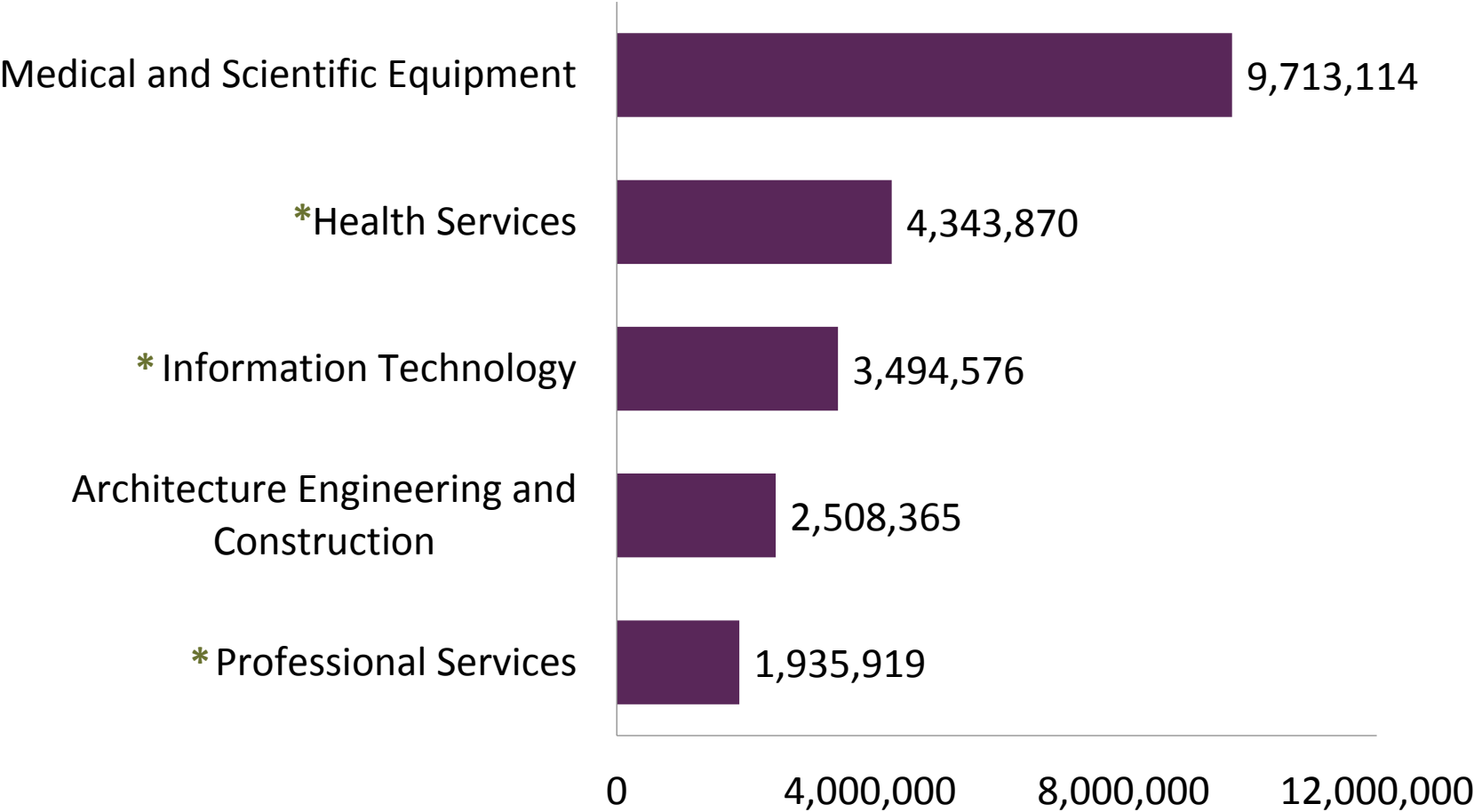
# Leading Defense Spending by Top 5 Segments—FY2016 (\$K)



\*DLH capabilities and targeted market segments

Source: Federal Procurement Data System, GovWin IQ

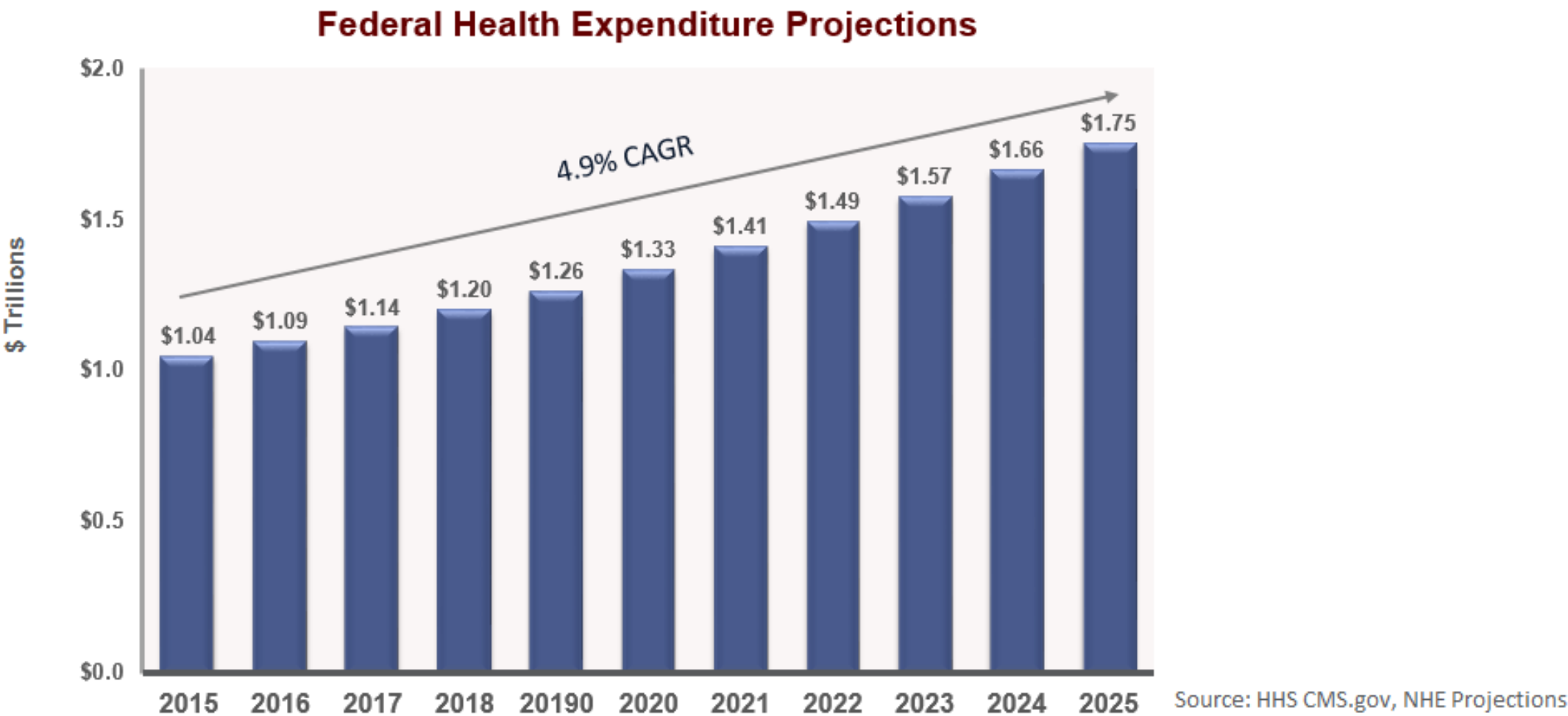
# Leading VA Spending by Top 5 Segments—FY2016 (\$K)



\*DLH capabilities and targeted market segments

Source: Federal Procurement Data System, GovWin IQ

# Positive Market Trends



National health spending expected to reach \$5.63 trillion and comprise 20.1 percent of GDP by 2025.  
Federal portion expected to grow at a 4.9 percent CAGR, reaching \$1.75 trillion by 2025.