



39th Annual Canaccord Genuity Growth Conference

August 7 – 8, 2019

NASDAQ DLHC



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 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 presentation include, among others, statements regarding benefits of the acquisition, 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 presentation due to a variety of factors, including: the risk that we will not realize the anticipated benefits of the acquisition of SSS; the diversion of management's attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from the acquisition; the inability to retain SSS employees and customers; contract awards in connection with re-competes for present business and/or competition for new business; compliance with new bank financial and other covenants; the risks and uncertainties associated with client interest in and purchases of new services; 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 SSS and any 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, 2018, as well as interim quarterly filings 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.



Management Presentation Team



Zach Parker
President & CEO
DLH Holdings Corp.



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



Kevin Beverly
President, SSS, Operating Unit
DLH Holdings Corp.



Your Mission is our Passion

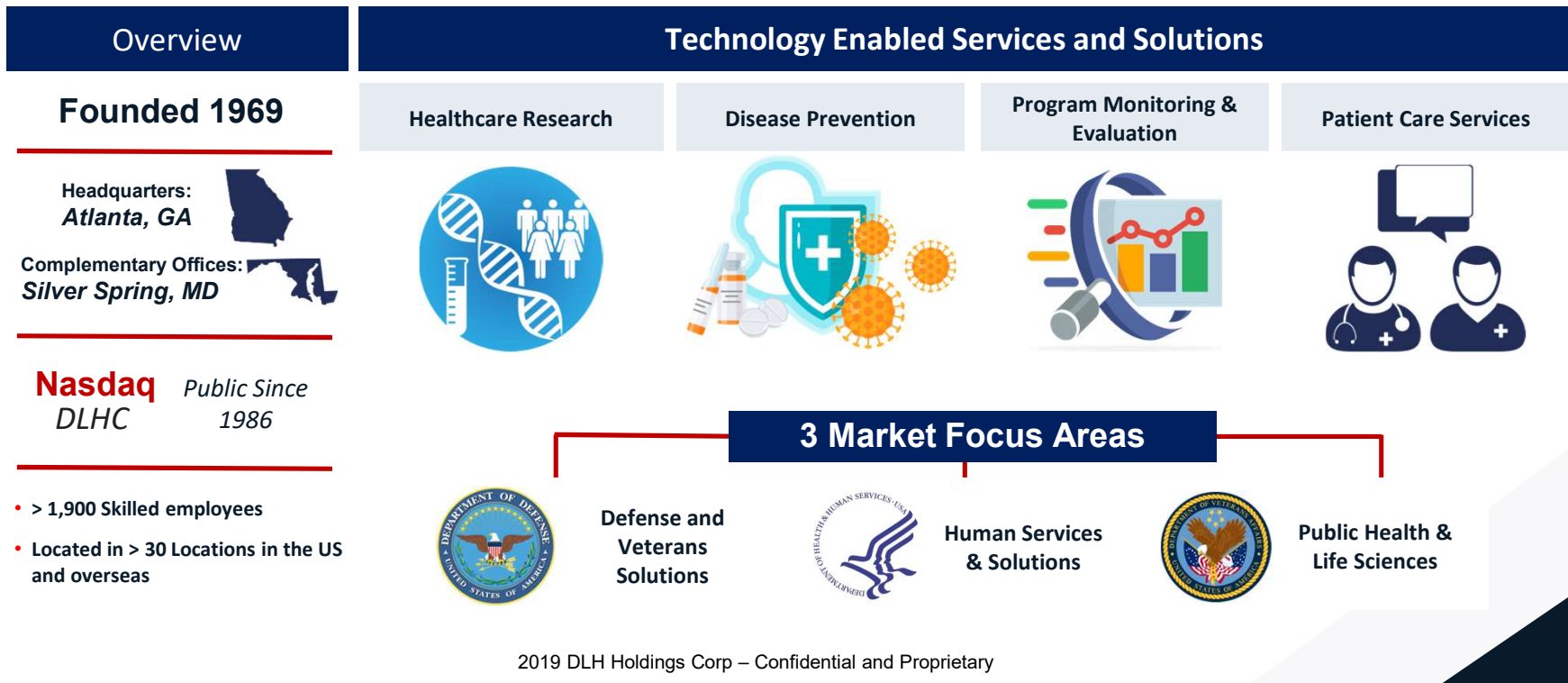


Strategic Overview

Zach Parker
President & CEO
DLH Holdings Corp



Business Overview



Mission Driven and Customer Focused



SSS Acquisition Rationale

Highly complementary businesses with common core capabilities for complex, nationally dispersed programs, operational synergies, and new business opportunities



Accelerates long-term strategy of both entities – public health & life sciences capabilities with a proven secure data analytics platform to go to market



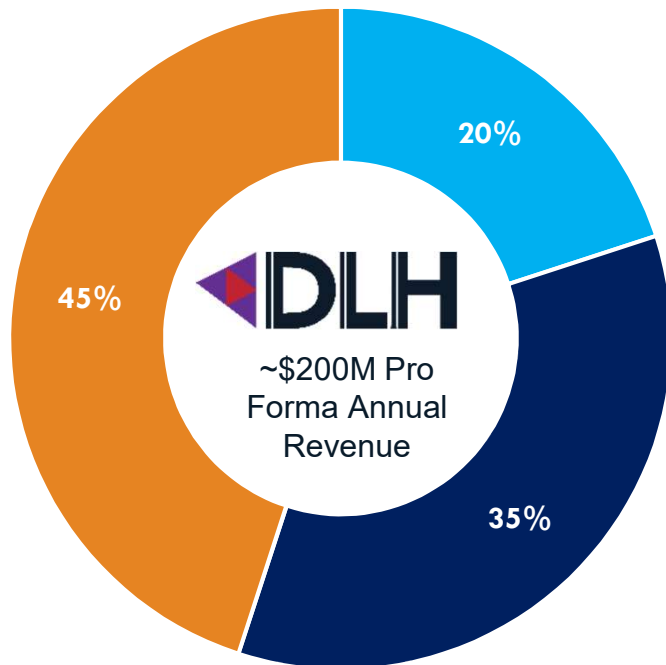
Reduces portfolio risk especially in view of Kingdomware (set-aside) impact on legacy VA revenue and profit delivery; adds > \$300M unfunded contract backlog



Government contract consolidations (and IDIQ focus), coupled with industry mergers, place greater value on scale for small, mid-tier organic competitiveness



Market Portfolio Balanced via SSS Addition



DOD & Veteran Health Services Market

Pro Forma Annual Revenue: ~\$90M

Key Capabilities: Mail-order pharmacy ops, virtual pharmacy, behavioral health, substance abuse counseling, training, disability assessments, care coordination, case management

Recent Customers: VHA, Navy, BUMED, DHA, USAMMA

Human Services & Solutions Market

Pro Forma Annual Revenue: ~\$40M

Key Capabilities: Large-scale program monitoring & evaluation, data collection and management, trend analyses, congressional reporting, electronic medical records migration, nutritional and social health assessments

Recent Customers: ACF OHS, DHS, USAID

Public Health & Life Sciences Market

Pro Forma Annual Revenue: ~\$70M

Key Capabilities: Disease prevention and health promotion, clinical trials, epidemiology studies, environmental studies, public health policy data analysis, microsimulation, statistical data analysis and national reporting, website & social media campaigns, biological research and surveys, capacity-building

Recent Customers: CDC, NIH, CMS, AHRQ, DOI

Looking Ahead

Positioned for Growth

Focused on critical areas of Federal market segments, favorable bipartisan budget trends and demand dynamics



Established Innovator

National recognition for offering the best innovations in both program and technology solutions outcomes



Deep CRM Profile

Excellent service reputation and long-term customer relationships



Proven Methodology

Processes yielding agile methods, measurable results and savings





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SSS Highlights

Kevin Beverly

President SSS, Operating Unit (OU)

DLH Holdings Corp

SSS Service Areas

**CLINICAL RESEARCH
SERVICES**



**EPIDEMIOLOGY AND
PUBLIC HEALTH STUDIES**



**HEALTH INFORMATION
TECHNOLOGY**



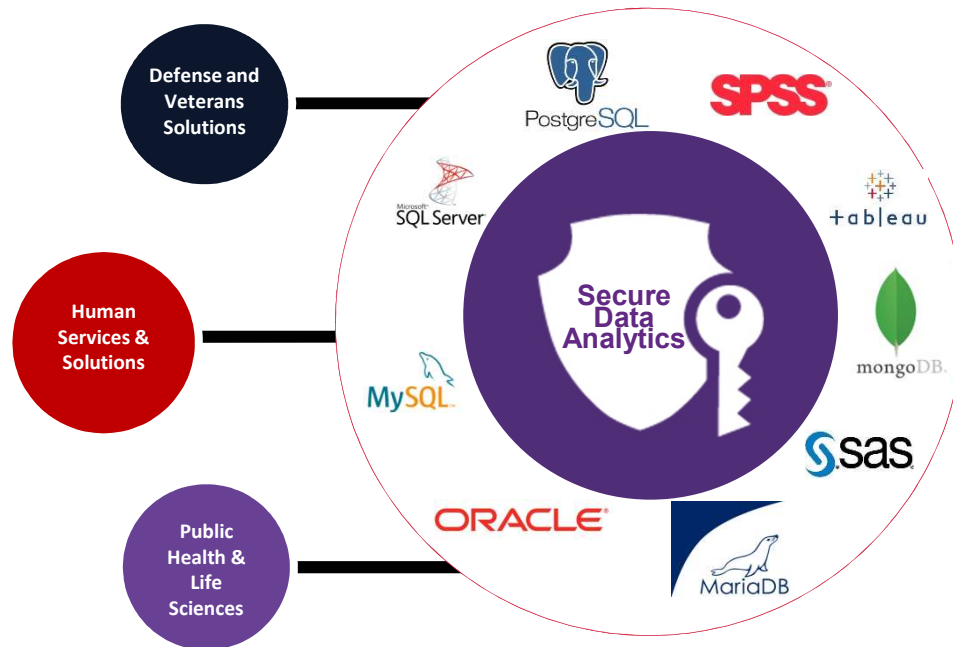
**PROGRAM
EVALUATION AND
POLICY ANALYSIS**



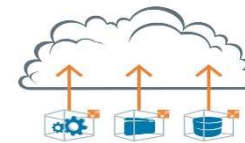
**HEALTH DATA
MANAGEMENT AND
ANALYSIS**



Strategic Differentiator



Business and Health
Systems Cybersecurity



Cloud Migration
and Computing



Evidence-based
Decision-making



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Financial Highlights

Kathryn JohnBull

CFO

DLH Holdings Corp

Acquisition – Financial Benefits

- Purchase price represents a multiple of ~11x on EBITDA
- Highly visible revenue
 - Acquired company has approx. \$345 million of total backlog, of which \$40 million is funded
 - Due to research and studies nature of work, contract durations tend to be longer
- Expected strong free cash flow and debt service
 - Free cash flow is supported by tax-deductible purchase price and prior DLH tax shield
 - Capital requirements of the business are minimal
- Substantial existing contract base
 - The acquired company's contract portfolio supports 100% of its expected FY19 revenue and 95% of expected FY20 revenue
- Significant potential for combined organic growth
 - Revenue growth driven primarily by continued execution against recurring customer requirements, cross-selling opportunities (expanding offerings into each other's respective markets), and unsaturated customer bases



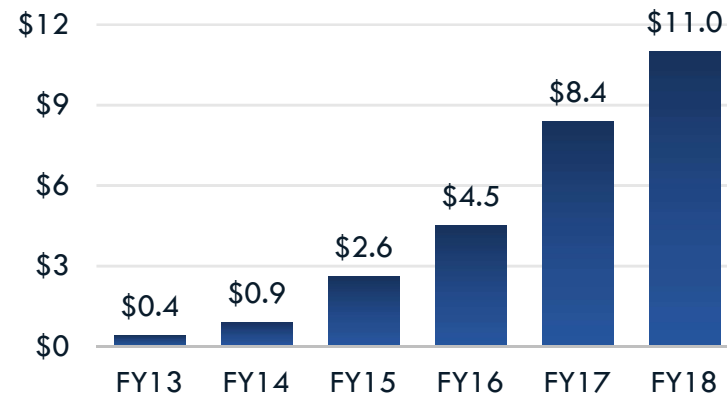


Track Record of Success

Historical Revenue (\$ in millions)

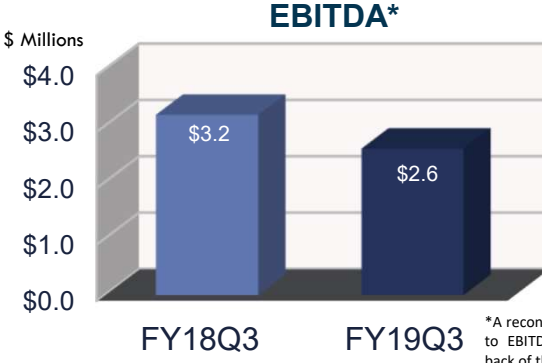
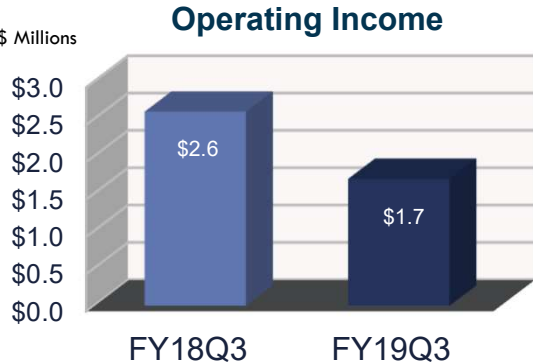
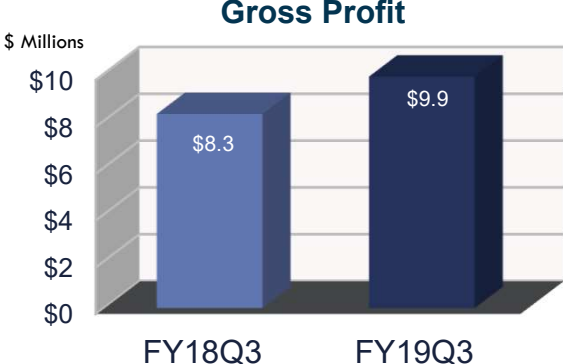
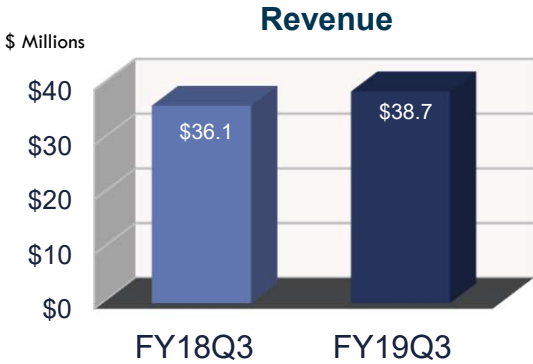


Historical EBITDA (\$ in millions)*



*A reconciliation of net income to EBITDA is provided in the appendix to this presentation.

FY2019 Q3 Financial Results



Revenue:

Revenue increase reflects program timing and acquisition of SSS

Gross Profit:

25.6% in FY19Q3 versus 23.1% in FY18Q3

Operating Income:

Operating income was impacted by \$1.2 million of acquisition-related transaction expenses in the quarter

EBITDA:

As a percent of revenue, EBITDA was 6.7% in FY19Q3 vs 8.9% in FY18Q3 principally due to acquisition-related transaction expenses incurred in the quarter

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



Balance Sheet Highlights

- Cash on hand of \$6.0 million as of June 30, 2019
- \$70 million of new senior debt represents a leverage level of 3.47x proforma LTM Adjusted EBITDA⁽¹⁾ at closing
- Focus on debt pay-down with \$6.5 million of voluntary debt payments since June 7 – \$3.9 million on June 30 and \$2.6 million on July 31

First National Bank Group

Term Loan \$70 million

Interest Rate LIBOR +4.0%⁽²⁾

Term 5.0 years

First National Bank Group

Revolving Line of Credit \$25 million
(none drawn at close)

Interest Rate LIBOR +4.0%⁽²⁾

Maturity 5.0 years

Please note that additional financing terms are discussed in detail in Form 8-K filed with SEC

(1) Adjusted EBITDA pursuant to definition provided in new senior loan agreement, which adds non-cash stock expense and transaction expense to EBITDA.

(2) Interest rate spread ranges from 2.5% - 4.5%, depending on the total leverage ratio.

Our Levers of Value Creation

1 Revenue Stream Growth

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

2 Sustainable Margin Expansion

- Concentrate on capture of professional work projects that typically yield higher gross margins
- Pursue excellence across key dimensions of agility and cost efficiency

3 Long-Term Cash Flow Growth

- Expand EBITDA and balance sheet optimization
- Drive working capital efficiency and free cash flow

4 Balanced Capital Deployment

- Push growth – organically and through M&A
- Balance debt and equity financing



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Q & A Session

Zach Parker

President & CEO

DLH Holdings Corp

Kathryn JohnBull

CFO

DLH Holdings Corp

Kevin Beverly

President, SSS (OU)

DLH Holdings Corp



Appendix



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 also is contained in the company's most recent earnings press release.



Trending EBITDA Reconciliation

<i>Amounts in \$000s</i>	Twelve Months Ended						
	September 30,						
	2013	2014	2015	2016	2017	2018	LTM
Net (loss)/income	\$ (159)	\$ 5,357	\$ 8,728	\$ 3,384	\$ 3,288	\$ 1,836	\$ 5,515
(i) Interest expense/other (income)	407	4	(744)	823	1,228	1,116	1,599
(ii) (Benefit)/provision for taxes	—	(4,597)	(5,488)	(938)	2,114	5,830	2,279
(iii) Depreciation and amortization	121	106	55	1,244	1,754	2,242	2,625
EBITDA	\$ 369	\$ 870	\$ 2,551	\$ 4,513	\$ 8,384	\$ 11,024	\$ 12,018



FY19 Q3 EBITDA Reconciliation

<i>Amounts in \$000s</i>	Three Months Ended			Nine Months Ended		
	June 30,			June 30,		
	2019	2018	Change	2019	2018	Change
Net income	\$ 803	\$ 1,614	\$ (811)	\$ 3,758	\$ 79	\$ 3,679
(i) Interest expense	562	262	300	1,284	801	483
(ii) Provision for taxes	325	738	(413)	1,532	5,084	(3,552)
(iii) Depreciation and amortization	914	588	326	2,037	1,654	383
EBITDA	\$ 2,604	\$ 3,202	\$ (598)	\$ 8,611	\$ 7,618	\$ 993



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REGION HQ**

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