



Your Mission is Our Passion

FY2019 Fourth Quarter Earnings Presentation

Three Months Ended September 30, 2019

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December 12, 2019

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. Those risks and uncertainties include, but are not limited to, the following: failure to achieve contract awards in connection with re-competes for present business and/or competition for new business; 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 our recent 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, 2019, as well as interim quarterly filings thereafter. The forward-looking statements contained herein are made as of the date hereof and may become outdated over time.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.

Fourth Quarter (Q4) Highlights & Summary

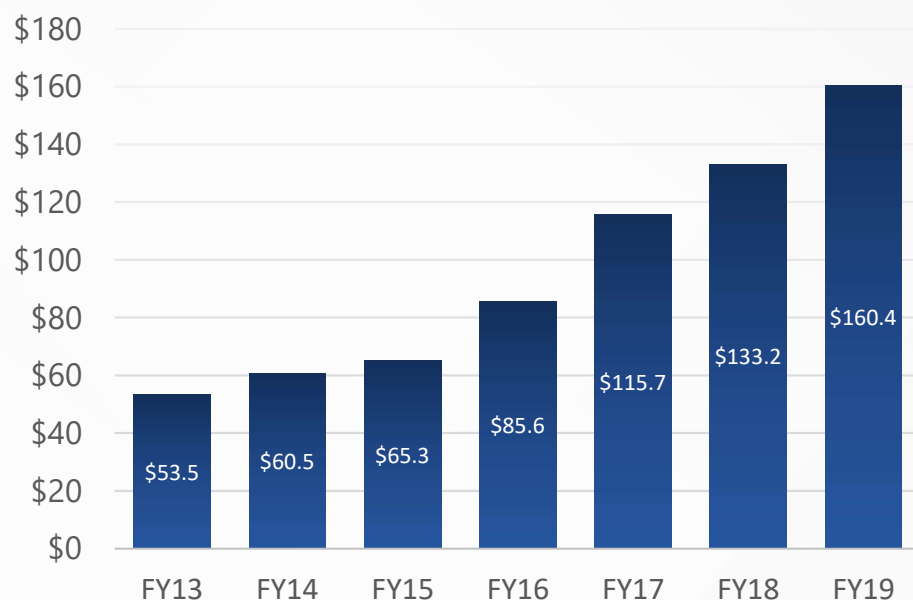


- ▶ Posted Q4 revenue of \$54.2 million and full year revenue of \$160.4 million
- ▶ Operating income of \$3.4 million for the quarter and \$10.0 million for the year
- ▶ Operating cash flow of \$18.0 million for fiscal 2019
- ▶ Acquisition debt reduced by \$14.0 million to \$56.0 million

A History of Solid Performance



Historical Revenue (\$ in millions)



Historical EBITDA* (\$ in millions)



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

GovCon Market Outlook 2020 and Beyond



The problems, threats, and obstacles that our customers confront are complex and evolving. We have built solution-oriented platforms to address those issues and trends.

Trends:



Movement to the Cloud



Using behavioral science to improve government outcomes



Combatting the Opioid Crisis



IT Modernization



Technology Innovations



Big data and predictive analytics

Sources: WCI Company News; WashingtonTechnology.com; AOC Key Solutions; and Deloitte

Mission Driven and Customer Focused



Secure Data Analytics



Clinical Trials & Laboratory Services



Case Management




Performance Evaluation

CORE COMPETENCIES



Strategic Digital Communications

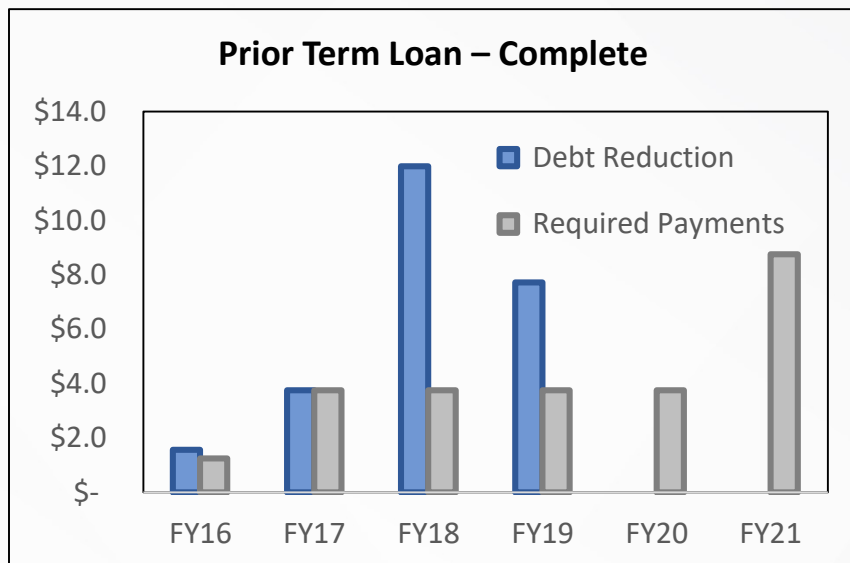


System Modernization

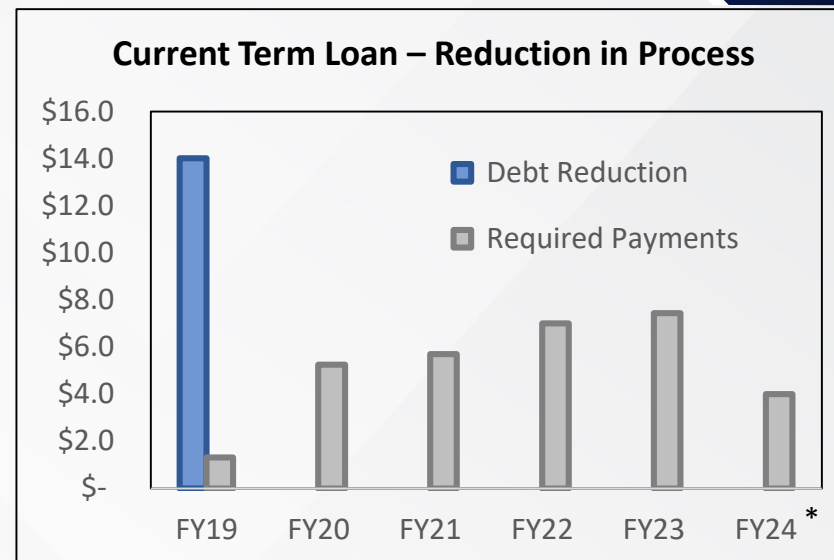


Operational Logistics & Readiness

Successful Acquisition Debt Management



- ◀ Danya was acquired in May 2016 with the support of a \$25 million term loan
- ◀ Term loan paid in full March 2019, more than 2 years early



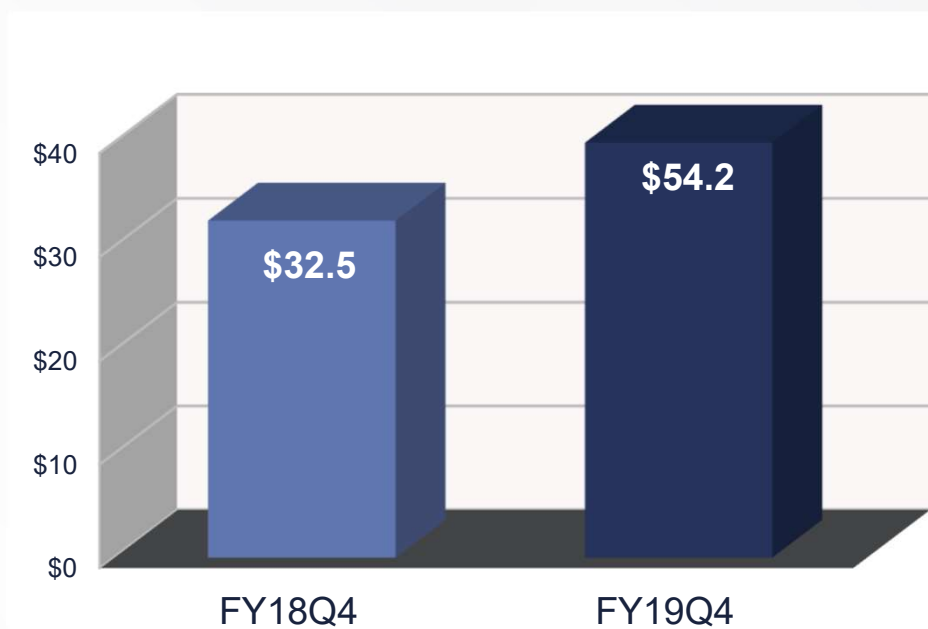
- ◀ \$70 million term loan to support S3 acquisition
- ◀ \$14 million of debt reduction achieved since the June 7; satisfied all payments through March 31, 2022
- ◀ Debt reduction funded through free cash flow and acquired cash

*FY24 does not include the balloon payment of \$38 million

FY2019 Q4 Results: Revenue



\$ Millions

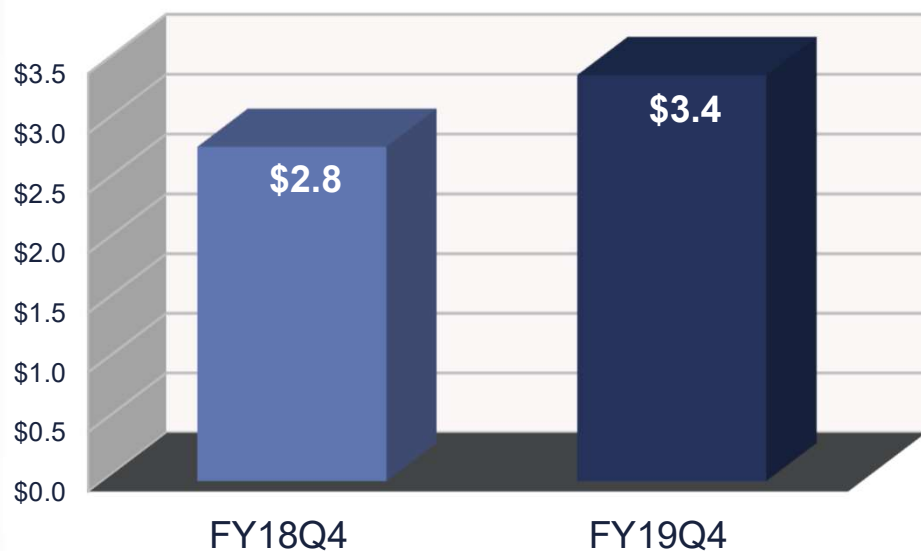


- Revenue increase reflects S3 acquisition and 6% organic growth* within DLH legacy operations

*Organic growth is a non-GAAP financial measure, the definition of which is included in the back of this presentation.

FY2019 Q4 Results: Operating Income

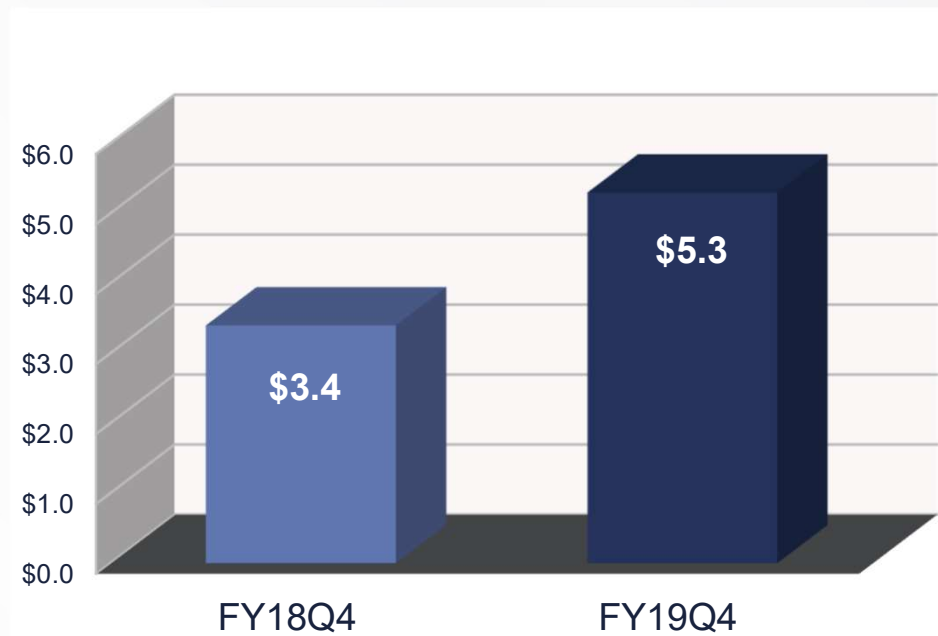
\$ Millions



- *Reflects impact from acquisition of S3, partially offset by increased corporate development expense and higher D&A*

FY2019 Q4 Results: EBITDA

\$ Millions



- *Q4 EBITDA increased principally due to the acquisition of S3*

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

Question and Answer Session



Appendix:

Non-GAAP Reconciliations & Definitions

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.

To calculate organic revenue growth, the Company compares current year revenue, less revenue from acquisitions, to prior year revenue. Revenue growth for the three months ended September 30, 2019 was 67%; organic growth for such period was 6%.

FY2019 Q4 EBITDA Reconciliation



<i>Amounts in \$000s</i>	Three Months Ended			Twelve Months Ended		
	September 30,			September 30,		
	2019	2018	Change	2019	2018	Change
Net (loss)/income	\$ 1,565	\$ 1,757	\$ (192)	\$ 5,324	\$ 1,836	\$ 3,488
(i) Interest expense/other (income)	1,190	315	875	2,473	1,116	1,357
(ii) (Benefit)/provision for taxes	639	747	(108)	2,171	5,830	(3,659)
(iii) Depreciation and amortization	1,919	588	1,331	3,956	2,242	1,714
EBITDA	\$ 5,313	\$ 3,407	\$ 1,906	\$ 13,924	\$ 11,024	\$ 2,900

Trending EBITDA Reconciliation



<i>Amounts in \$000s</i>	Twelve Months Ended						
	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
(i) Interest expense/other (income)	407	4	(744)	823	1,228	1,116	2,473
(ii) (Benefit)/provision for taxes	-	(4,597)	(5,488)	(938)	2,114	5,830	2,171
(iii) Depreciation and amortization	121	106	55	1,244	1,754	2,242	3,956
EBITDA	\$ 369	\$ 870	\$ 2,551	\$ 4,513	\$ 8,384	\$ 11,024	\$ 13,924