

EARNINGS PRESENTATION

FY 2016 Q3 Results

August 4, 2016



Forward-Looking Statement

"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, 2015. 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 The forward-looking statements contained in this presentation are made as of the date hereof and may become outdated over time.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.

FY2016 Third Quarter Executive Summary

- DLH reported another quarter of revenue growth and improved operating performance – reflecting the impact of Danya and solid fundamentals
 - Revenue increased nearly 50%, including 5% organic growth*
 - Gross margin rose 370 basis points
 - Operating income more than doubled to \$1.7 million
- Addressable market opportunity significantly increased
- Senior debt reduced \$4.5 million since May 3 closing of acquisition

*A non-GAAP measure calculated by comparing current year revenue less revenue from the acquisition to prior year revenue.

Danya Integration Update

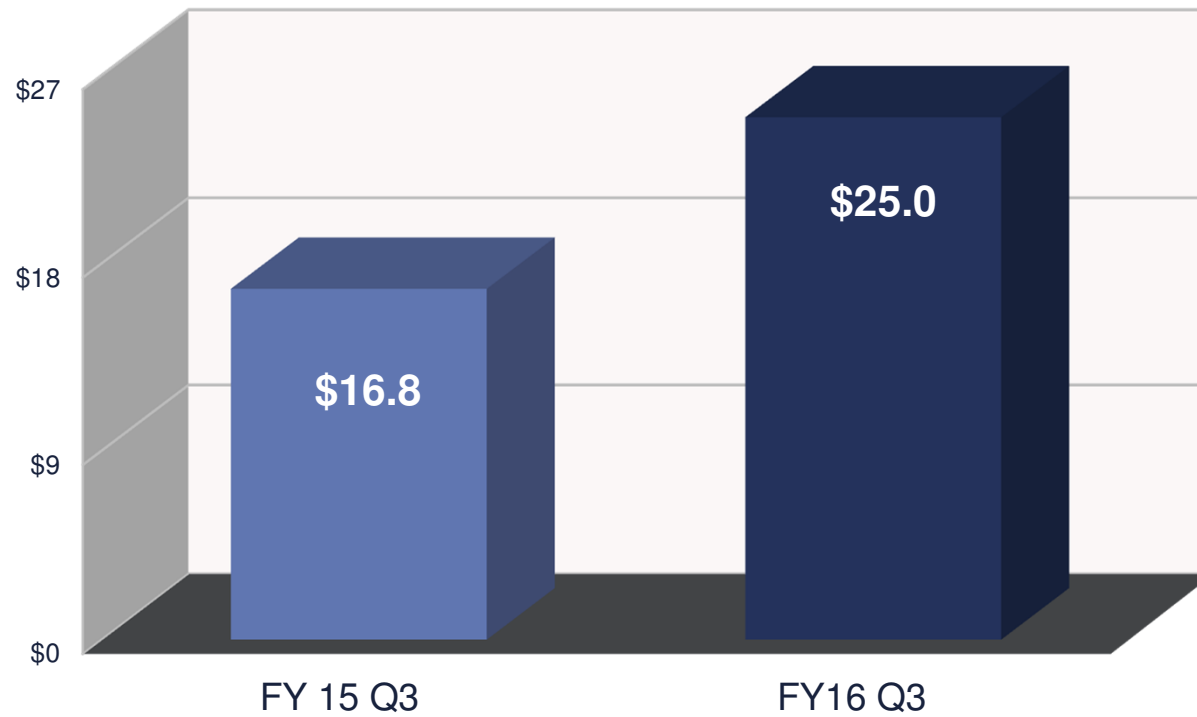
- Acquired Danya International in May 2016
 - Brought unique capabilities to DLH
 - Complementary government markets
 - Opens up new opportunities
- Integration on track
 - Performance is consistent with expectations
 - Teams working together on dedicated market development
 - Modest back office synergies
 - “No change” for customers – no service interruption
- Strategic fit and rationale validated in terms of growth potential and bottom line operating results

FY2016 Third Quarter Financial Review

- Improving fundamentals
- Continued growth
- Balance Sheet strong and getting stronger

Revenue up 49% Year-over-Year

\$ Millions

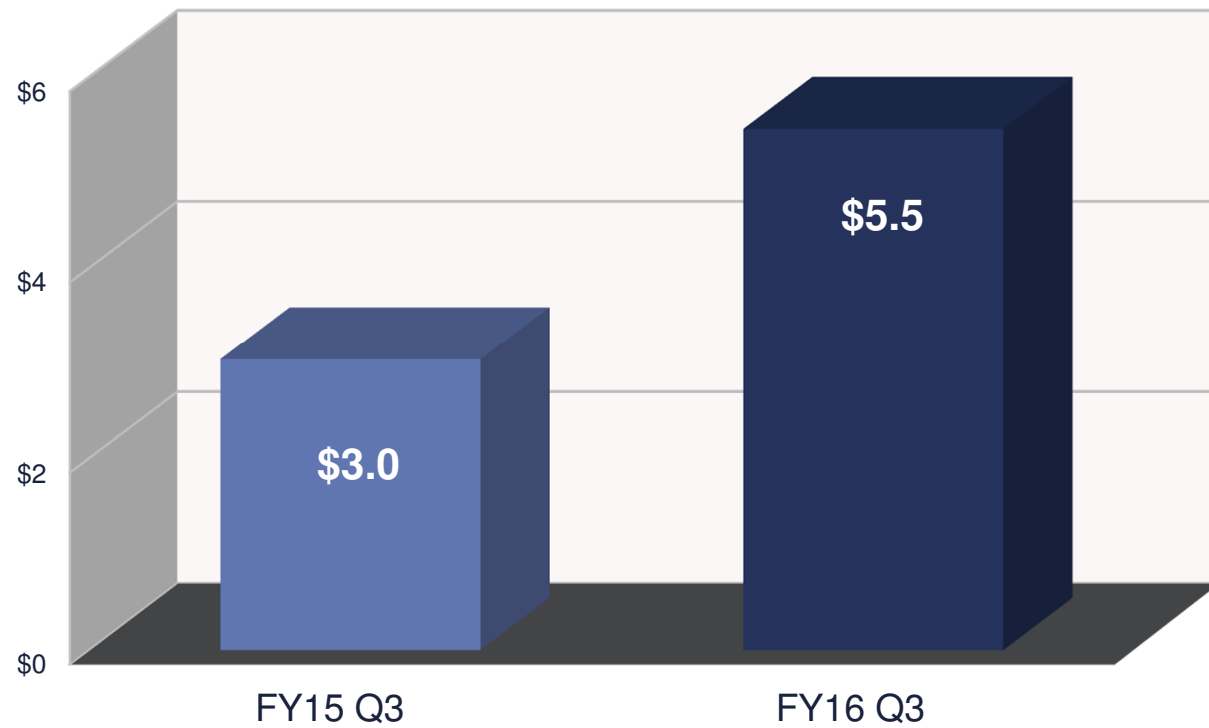


Key Financials

Strong positions at HHS, VA, CDC, and DoD

Gross Profit up 80%

\$ Millions

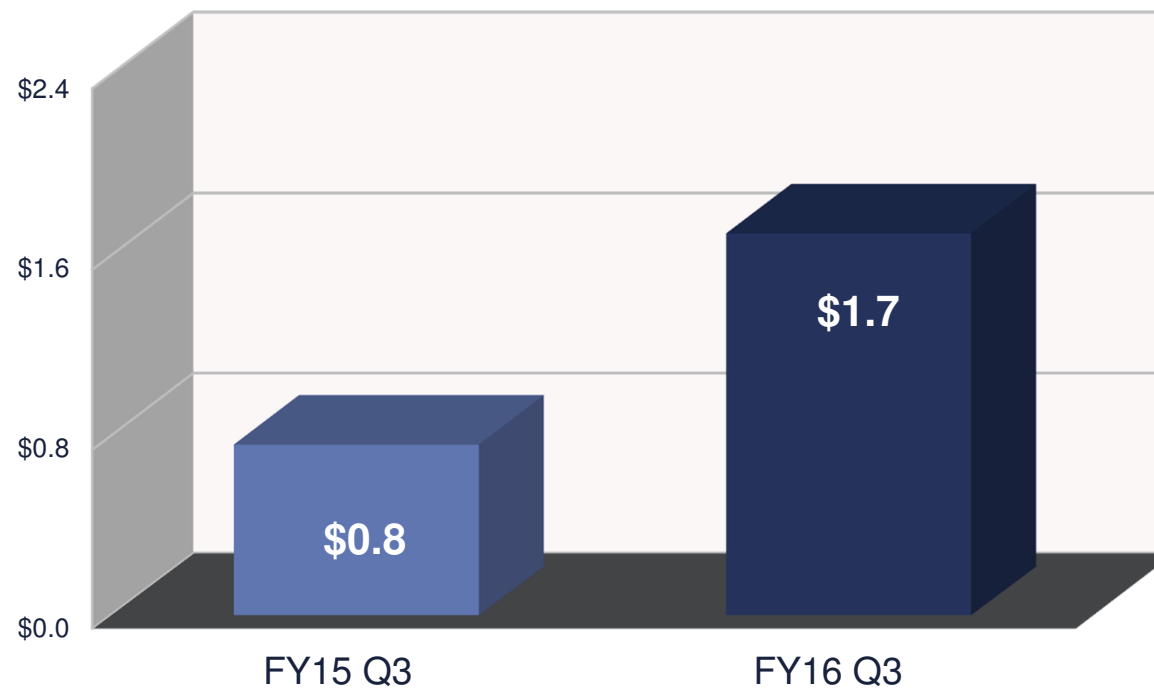


Key Financials

Third quarter gross margin of 21.8% increased 370 basis points over 2015

Operating Income up 119%; EPS \$0.07

\$ Millions

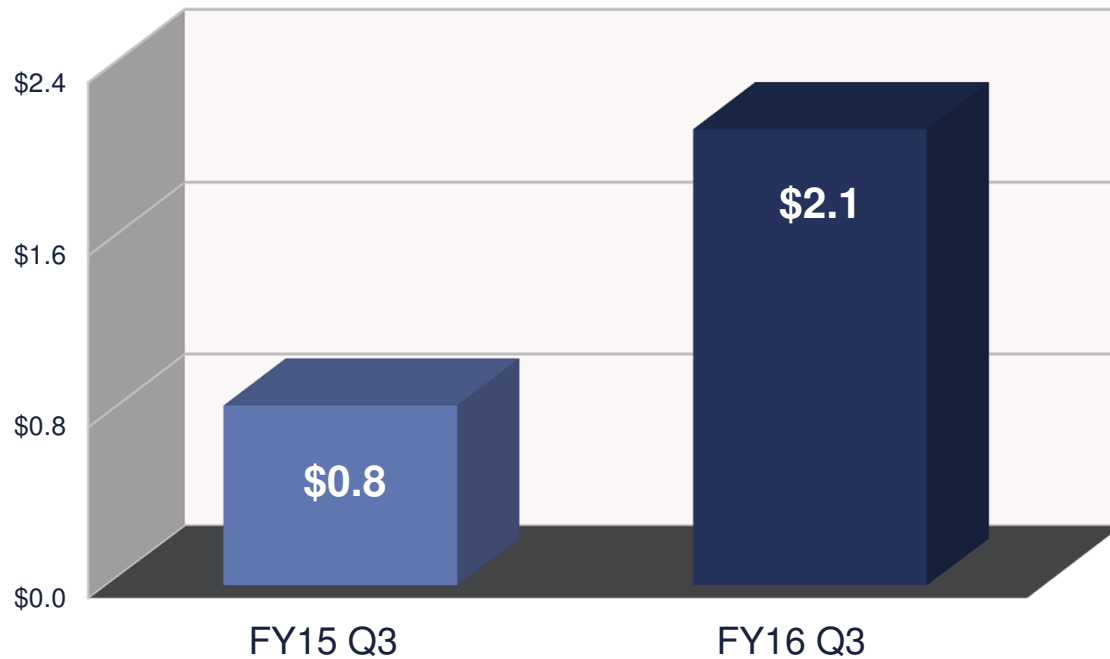


Key Financials

G&A expenses held steady on a percent of revenue basis at 13.5% year-over-year

Adjusted EBITDA* up 153%

\$ Millions



Key Financials

Adjusted EBITDA rate of return on revenue was 8.5% compared to 5.0% for the prior year third quarter

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

Liquidity – 6/30/2016

Gaining Strength Post Acquisition

\$2.8M

Cash on Hand

Building back up nicely

\$10.0M

Revolving Credit Facility

Paid off \$5.0M Acq. Loan

\$0.8M loan balance
tied to operational cash flow

\$25.0M

Term Loan

\$24.7M Balance

Plan to accelerate
principal payments with
cash from profitable
operations



Question & Answer Session

Appendix: FY2016 Q3 Financials

Key Financials

	(unaudited)		(unaudited)	
	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenue	\$ 24,989	\$ 16,781	\$ 58,482	\$ 48,357
Direct expenses	19,533	13,743	46,885	40,055
Gross margin	5,456	3,038	11,597	8,302
General and administrative expenses	3,374	2,270	8,402	6,719
Depreciation and amortization expense	414	5	456	45
Income from operations	1,668	763	2,739	1,538
Total other income (expense), net	(374)	(34)	(1,076)	(723)
Income before income taxes	1,294	729	1,663	815
Income tax expense(benefit)	518	292	666	326
Net income	\$ 776	\$ 437	\$ 997	\$ 489
Net income per share - basic	\$ 0.08	\$ 0.05	\$ 0.10	\$ 0.05
Net income per share - diluted	\$ 0.07	\$ 0.04	\$ 0.09	\$ 0.05
Weighted average common shares outstanding				
Basic	10,154	9,552	9,812	9,580
Diluted	11,311	9,956	10,855	9,990

Appendix: Adjusted EBITDA Reconciliation

(\$ in thousands, except per share amounts)	Three Months Ended		
	June 30,		
	2016	2015	Change
Net income	\$ 776	\$ 437	\$ 339
(i) Interest and other (income) expense (net):			
(i)(a) Interest and other expense	281	34	247
(i)(b) Acquisition expenses	93	—	93
(ii) Provision (benefit) for taxes	518	292	226
(iii) Depreciation and amortization	414	5	409
(iv) G&A expenses - equity grants	42	72	(30)
Adjusted EBITDA	\$ 2,124	\$ 840	\$ 1,284
Weighted-average outstanding shares fully diluted	11,311	9,956	1,355

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 August 4, 2016.



Please contact investorrelations@dlhcorp.com or visit <http://www.dlhcorp.com/investor-relations.aspx> with any questions subsequent to the live call.