Company Overview

LD Micro Conference, Los Angeles, CA
Zachary Parker | President & CEO
Nasdaq: DLHC

December 4, 2014
"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

This press release 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 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, 2013. In light of the significant 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 The forward-looking statements contained in this press release are made as of the date hereof and may become outdated over time.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.
Key Facts

Share Statistics
- Trading Symbol (OTC) .................................. DLHC
- Stock Price (11-24-14) .................................. $2.60
- Shares Outstanding ....................................... 9.6M
- 52wk Range ............................................ $1.14 - $3.65
- 3 Month Avg. Volume .................................... 15,399
- Management Options ................................... 2.2M
- Fully Diluted Shares ................................. 11.8M
- Insider Ownership, fully diluted ............. 18.6%
- Market Capitalization .............................. $24.95M

Financials (TTM) (a)
- Revenue .............................................. $59.0M
- Adjusted EBITDA (1) .................. $1.3M
- Operating Cash Flow ......................... $3.0M
- EPS ..................................................... $0.06

Cap Structure (a)
- Cash on Hand .............................................. $3.8M
- Total Debt .................................................. $0.0M
- Shareholder Equity .............................. $9.0M

Other
- Full-time Employees ................. 1,200
- Fiscal Year Ends ......................... September
- Public Accounting Firm ....... Withum Smith & Brown
- Investor Relations .............. Stonegate Securities
- Website .................................................. www.dlhcorp.com
- Corporate HQ ............................. Atlanta, GA

(a) Financial data as of FY2014 3rd quarter ended June 30, 2014
What We Do

DLH provides innovative healthcare services and solutions to federal government agencies dedicated to optimizing the provision of healthcare services and enhancing customer care and outcomes.

Primary DLH business areas are:

Healthcare Delivery and Technology
- Clinical device research and development
- Medication therapy management (pharma)
- Access to care (esp. behavioral and meds)
- Case management tools and services

Medical Logistics Solutions
- Lifecycle management of medical devices
- Analytics and decision support systems
- Supply chain and inventory management
Expertise and what we do in Healthcare…

Health Delivery and Technology

- Enhance “Medically Ready” status of service-members in theater through medical device RDT&E and biomedical engineering services
- Health and pharmacy management systems integration testing and IV&V covering a range of client and new vendor hardware and software systems
- Combat trauma care systems and services; healthcare provider examinations and administrative services including use of CHCS, AHLTA, and ICD-B systems at MTFs
- Provide variety of allied, specialty and general medical services to VA Medical Centers, Community-based Outpatient Clinics (CBOCs), transitional housing and medical home centers including VistA systems
- Laboratory and field research studies and services including surveys, population sampling, disease spores isolation, recovery & restoration, data collection/recording
Unique breadth and depth in Pharmacy area

Coverage ranging from single clinic to operating in high-volume automated prescription production and distribution system environments.

- Mail-order pharmacy facility operations and maintenance
- Pharmacy systems automation (including robotics)
- Medical warehouse supply chain management
- Bio-hazards management; Med/Surg systems and equipment
- Cold storage systems; Specialty-meds
- Controlled substance management
- Pharmacy system integration and testing
- Prescription servicing and QA (out-patient and in-patient)
- Virtual / Tele-pharmacy services
Current/notional framework
Large-scale national home delivery pharmacy

CMOP Support

**MEASURE**
- SPOT-m Supported JCC Plans
- Proven, Consistent Performance
- Decrease Error Rate and Increase Scripts Per Day

**MANAGE**
- Incentivize Worker Performance
- Ensure Availability
- Lower Cost Per Script Rate
- SPOT-m and TAMS Toolkit

**OPTIMIZE**
- Increase Prescriptions per Hour (Productivity)
- Centralized Visibility
- Effective PM Supervision
- Lean Six-Sigma-Based Quality Management

Managing a Geographically Dispersed Network of Operations

Supporting Each CMOP Location

**Personnel Integrity**
DLH employees are carefully screened and held to high quality standards. They understand the criticality of their jobs and who they serve.

**Unique Elements**
DLH understands that some locations have unique elements such as Control Cages and Cold Storage.

**TAMS**
Our TAMS provides access to PM staff scheduling, timesheets, workload data, etc., to ensure project standards are being met and exceeded.

Enterprise-wide Visibility Through Shared Tools and KPIs

Quality Surveillance
Our quality and safety inspectors use Lean Six Sigma best practices and SPOT-m metrics to ensure optimal performance.

Work Stations
We use statistical process control as part of our SPOT-m methodology to recommend personnel rotation in workflows according to their performance.

100% Visibility
We consider our customers our partners and encourage regular communication.

Constant Monitoring
Facility Managers - provided at no cost to the VA - constantly monitor the floor and staff to ensure smooth operations.
Strategic Governance and Leadership Team

Directors with solid industry experience

Rick Wasserman
Chairman of Board
Board Director

William Alderman
A&D Investment Banker
Board Director

Austin Yerks
Fmr Industry Leader
Board Director
(FY2013)

Dr. Elder Granger, MD
(General, US Army Ret.)
Board Director
(FY2015)

Zach Parker
President &CEO
Board Director
(FY2010)

Executive Leadership Team

Zachary Parker, President & Chief Executive Officer
(FY2010)

John Armstrong, Executive Vice President, FACHE
(FY2011)

Kathryn JohnBull, Chief Financial Officer
(FY2011)

Kevin Wilson, President DLH Solutions
(FY2015)
Strategic Company Turnaround

2010-2012: Change in Leadership
FY2011: Long Range Strategic Plan (LRSP)
FY2012: Create Stability and Backlog
FY2013: Project L.E.A.N. Cost Realignment
FY2014: Financial Health and adj. EBITDA
FY2015: Technology leverage and Business Development
Differentiation - values, tools & technology

DLH delivers high-value performance in partnership with and in support of customers, teams, and end-users as measured by....

- Consecutive JD Power highest score (VA Customer)
- Quarterly Performance Review program
- Passion for maximum customer satisfaction

DLH’s unique approach to integration of people, processes, and technology tools to measure, manage and optimize our performance at project or enterprise levels.

- Radio frequency identification devices (RFID)
- Passive taps into IT, production, and time management systems
- Statistical process control (SPC) methodology
- Performance incentives system and policies
- Standard Operating Procedures (SOP) management system
Strong Trend of Financial Performance

Double Digit Increases Q3-14 over Q3-13

Revenue

FY13 Q3 FY13 Q4 FY14 Q1 FY14 Q2 FY14 Q3
$13.5 $14.0 $14.5 $14.7 $15.7

Gross Margin

FY13 Q3 FY13 Q4 FY14 Q1 FY14 Q2 FY14 Q3
$2.0 $2.0 $2.1 $2.2 $2.3

Net Income

FY13 Q3 FY13 Q4 FY14 Q1 FY14 Q2 FY14 Q3
$68 $9 $133 $198 $251

Adjusted EBITDA

FY13 Q3 FY13 Q4 FY14 Q1 FY14 Q2 FY14 Q3
$228 $238 $309 $330 $373

FY13 Q3 FY13 Q4 FY14 Q1 FY14 Q2 FY14 Q3
$10.0 $11.0 $12.0 $13.0 $14.0

FY13 Q3 FY13 Q4 FY14 Q1 FY14 Q2 FY14 Q3
$13.5 $14.0 $14.5 $14.7 $15.7

FY13 Q3 FY13 Q4 FY14 Q1 FY14 Q2 FY14 Q3
$2.0 $2.0 $2.1 $2.2 $2.3

FY13 Q3 FY13 Q4 FY14 Q1 FY14 Q2 FY14 Q3
$68 $9 $133 $198 $251

FY13 Q3 FY13 Q4 FY14 Q1 FY14 Q2 FY14 Q3
$228 $238 $309 $330 $373
Federal Healthcare

National health spending is expected to reach $4.6 trillion and comprise 19.8% of GDP by 2020

- Federal portion is expected to grow at a 7.3% CAGR, reaching $1.4 trillion in 2020

CMS and VA remain priority market segments, despite likely budget cuts, as the OMB decided to protect VA medical funding from cuts

- 2013 VA budget proposed $52.5 billion in advance appropriations for the medical care program to prevent Veterans from being adversely affected by budget delays

Federal Healthcare Expenditures

CMS Annual Appropriations

DoD and VA Outlays for Health Programs

Source: OMB, FY2012 President's Budget Request

Source: HHS, CMS
Emerging need for sustainable approach to preventing and identifying fraud, waste, and abuse in health care programs

Significant ongoing and anticipated future healthcare reform and regulatory change

Increase in proportion of veterans, elderly, and aging populations

Electronic Health Records
Clinical Systems Support
Fraud, Waste, and Abuse
Healthcare Delivery
IT Staffing
Medicaid Management
Software Development

Growing confidence and improved understanding driving adoption among agencies; however, private clouds remain preferred solution

FedRAMP deadline quickly approaching; accreditations ramping up

Cloud brokers growing in importance, managing the performance, and delivery of cloud services

Application Hosting
Cloud Security
Infrastructure-as-a-Service
Platform-as-a-Service

Accelerated adoption of big data solutions via agency recognition of data as a strategic asset

Mandated IT priorities for large scale software database and analysis tools

Cloud adoption driving increased spending on data and analytics solutions

Advanced Analytics
Outsourced Storage
Planning and Consulting
R&D
Visualization

Security investments driven by persistent threats, broad policy remedies, workforce shortages, and innovation

Defending against insider threats a peak concern

Lack of large security-focused contracts resulting in security requirements embedded as an operational aspect of broader procurements

Source: GovWin IQ (Deltek), KippsDeSanto Research

Current Trends Crossing Over Numerous Customer Agencies

**Key Trends**

**Health**
- Emerging need for sustainable approach to preventing and identifying fraud, waste, and abuse in health care programs
- Significant ongoing and anticipated future healthcare reform and regulatory change
- Increase in proportion of veterans, elderly, and aging populations

**Cloud**
- Growing confidence and improved understanding driving adoption among agencies; however, private clouds remain preferred solution
- FedRAMP deadline quickly approaching; accreditations ramping up
- Cloud brokers growing in importance, managing the performance, and delivery of cloud services

**Data**
- Accelerated adoption of big data solutions via agency recognition of data as a strategic asset
- Mandated IT priorities for large scale software database and analysis tools
- Cloud adoption driving increased spending on data and analytics solutions

**Security**
- Security investments driven by persistent threats, broad policy remedies, workforce shortages, and innovation
- Defending against insider threats a peak concern
- Lack of large security-focused contracts resulting in security requirements embedded as an operational aspect of broader procurements

**Select Growth Areas**

- Electronic Health Records
- Clinical Systems Support
- Fraud, Waste, and Abuse
- Healthcare Delivery
- IT Staffing
- Medicaid Management
- Software Development

- Application Hosting
- Cloud Security
- Infrastructure-as-a-Service
- Platform-as-a-Service

**Market Forecast**

**Health**
- Department of Veterans Affairs
- VA
- DoD
- HHS

- Electronic Health Records
- Clinical Systems Support
- Fraud, Waste, and Abuse
- Healthcare Delivery
- IT Staffing
- Medicaid Management
- Software Development

- Application Hosting
- Cloud Security
- Infrastructure-as-a-Service
- Platform-as-a-Service

**Source:** GovWin IQ (Deltek), KippsDeSanto Research
Summary

Q3 Year over Year Revenue
16.6% Increase

Q3 Year over Year Gross Margin
16.9% Increase
Growth in current and adjacent markets

(greater complexity and higher margins)

Leveraging:

1. Key DLH market differentiators: e-PRAT, SPOT-m
2. Existing core competencies and value propositions
3. FY14 and FY15 health information systems investments
4. Strategic IT and technology partnerships
DLH e-Health Virtual Market

Drivers:
- Expanding population
- Reduced provider time, growing backlogs
- Shortage of care providers
- Increased data to analyze (real time data to make clinical interventions)
- Demand to reduce healthcare costs

Market sizing estimates:
- Global telemedicine market grew from $9.8B in 2010 to $11.6B in 2011 and expected to triple to $27.3B by 2016 (annual growth rate of 18%)

Immediate market within DLH focus:
- DoD’s Patient Centered Medical Homes
- DoD/VA disability assessments and examinations processing
- Virtual Pharmacy – overcome shortages while increasing access to pharma care nationally; shift from “on-site, brick & mortar” requirements to “performance-based” delivery and transaction-based revenue cycle

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Delivering Shareholder Value

• Strong progress on strategy despite Fed headwinds
  o ~60% Revenue growth since 2010

• Expanded focus on working capital and cash flow

• Well-funded addressable market and pipeline

• Deploy capital for expansion within existing and adjacent customers

• Continued growth in margins and profitability
Questions?

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

Investor relations firm:

POC: Casey Stegman
cstegman@stonegateinc.com
## Income Statement

(Amounts in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>30-Sep-12</th>
<th>30-Sep-13</th>
<th>30-Jun-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 49,193</td>
<td>$ 53,506</td>
<td>$ 44,914</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>43,596</td>
<td>46,007</td>
<td>38,295</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>5,597</td>
<td>7,499</td>
<td>6,619</td>
</tr>
<tr>
<td>General and administrative expense</td>
<td>7,361</td>
<td>7,130</td>
<td>5,980</td>
</tr>
<tr>
<td>Severance</td>
<td>267</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>120</td>
<td>121</td>
<td>80</td>
</tr>
<tr>
<td><strong>Income (loss) from operations</strong></td>
<td>(2,151)</td>
<td>248</td>
<td>559</td>
</tr>
<tr>
<td>Other income &amp; (expense)</td>
<td>125</td>
<td>(407)</td>
<td>23</td>
</tr>
<tr>
<td><strong>Net income/(loss)</strong></td>
<td>$ (2,026)</td>
<td>$ (159)</td>
<td>$ 582</td>
</tr>
<tr>
<td><strong>EBITDA adjusted for other non-cash charges</strong> (1)</td>
<td>$ (1,678)</td>
<td>$ 575</td>
<td>$ 1,011</td>
</tr>
</tbody>
</table>

Note: 2014 is 9 month comparison period versus the comparison periods being 12 month for previous periods.
## Balance Sheets

(Amounts in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>30-Sep-12</th>
<th>30-Sep-13</th>
<th>30-Jun-14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 3,089</td>
<td>$ 3,408</td>
<td>$ 3,841</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>13,028</td>
<td>11,943</td>
<td>12,254</td>
</tr>
<tr>
<td>Other current assets</td>
<td>649</td>
<td>599</td>
<td>634</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>16,766</td>
<td>15,950</td>
<td>16,729</td>
</tr>
<tr>
<td>Equipment &amp; improvements, net</td>
<td>268</td>
<td>156</td>
<td>89</td>
</tr>
<tr>
<td>Goodwill</td>
<td>8,595</td>
<td>8,595</td>
<td>8,595</td>
</tr>
<tr>
<td>Other long term assets</td>
<td>793</td>
<td>1,057</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 26,422</td>
<td>$ 25,758</td>
<td>$ 25,440</td>
</tr>
<tr>
<td><strong>Liabilities and Shareholders Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loan payable</td>
<td>$ 2,363</td>
<td>$ 951</td>
<td></td>
</tr>
<tr>
<td>Other debt obligations</td>
<td>51</td>
<td>362</td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments, at fair value</td>
<td>160</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>10,855</td>
<td>11,138</td>
<td>11,276</td>
</tr>
<tr>
<td>Accounts payable, accrued expenses and other current liabilities</td>
<td>4,998</td>
<td>5,343</td>
<td>5,118</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>18,267</td>
<td>17,954</td>
<td>16,394</td>
</tr>
<tr>
<td>Long term liabilities</td>
<td>405</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>18,672</td>
<td>17,974</td>
<td>16,410</td>
</tr>
<tr>
<td>Shareholders equity</td>
<td>7,750</td>
<td>7,784</td>
<td>9,030</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders equity</strong></td>
<td>$ 26,422</td>
<td>$ 25,758</td>
<td>$ 25,440</td>
</tr>
<tr>
<td><strong>Working Capital Surplus/(Deficit)</strong></td>
<td>(1,501)</td>
<td>(2,004)</td>
<td>335</td>
</tr>
</tbody>
</table>
Adjusted EBITDA Disclosure

(1) We present Earnings Before Interest Tax Depreciation and Amortization (“EBITDA”) adjusted for other non-cash charges (“Adjusted EBITDA”), as a supplemental non-GAAP measure of our performance. We define Adjusted EBITDA as net income (loss) plus (i) interest and other expenses, net, (ii) provision for or benefit from income taxes, if any, (iii) depreciation and amortization, and (iv) G&A expenses — equity grants. This non-GAAP measure of our performance is used by management to conduct and evaluate its business during its regular review of operating results for the periods presented. Management and the Company’s Board utilize this non-GAAP measure to make decisions about the use of the Company’s resources, analyze performance between periods, develop internal projections and measure management performance. We believe that this non-GAAP measure is useful to investors in evaluating the Company’s ongoing operating and financial results and understanding how such results compare with the Company’s historical performance. By providing this non-GAAP measure, as a supplement to GAAP information, we believe we are enhancing investors’ understanding of our business and our results of operations. This non-GAAP financial measure is limited in its usefulness and should be considered in addition to, and not in lieu of, US GAAP financial measures. Further, this non-GAAP measure may be unique to the Company, as it may be different from the definition of non-GAAP measures used by other companies.