NobleCon14: Noble Capital Growth Conference

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Kathryn JohnBull, Chief Financial Officer
January 29, 2018
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Investor Highlights

Prime Contractor Offerings
- Established mid-tier Government services business with an excellent service reputation and long-term customer relationships
- Strong prime contractor position in key Federal agencies like VA, DOD, and HHS

Financial Strength
- Excellent cash flow, consistent margins, and solid balance sheet
- Long-term contracts, high re-compete win rates, and substantial pipeline

Positioned for Growth
- Focused on critical areas of Federal health technology, data analytics, and health and human service market segments
- Aligned with favorable Federal market trends and demand dynamics

Seasoned Leadership
- Executive leadership built to leverage industry best practices
- Transformed governance board to align with GovCon industry
Our Services

Offering the best of innovation and trusted mission-critical, long-term relationships

Program Management
- Monitoring and evaluation (M&E)
- Medical/clinical solutions
- Population health
- Pharmacy distribution

Training and Technical Assistance
- Public and behavioral health
- Web-based design and management
- eLearning courses and VIRTEX
- Evidence-based practices

Tech-enabled Solutions
- Web resource allocation tools
- Telehealth and virtual pharmacy
- Web and digital communication
- Medication adherence

Health IT
- Architecture and legacy migration
- Web and mobile platforms
- Interoperability and integration
- Reporting design and implementation

Data Analytics
- Health and scientific program results
- Medical research and health informatics
- Analytics-based performance management
- Client intelligence and program outcomes
Sample Program Expertise

Medical Research

- **Example program:** U.S. Army Medical Materiel Agency Enhance Defense Health Program
- **Agency:** U.S. Department of Defense
- **Services rendered:** Medical clinical solutions; interoperability and integration; medical research and health informatics; and evidence-based practices

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Training and Technical Assistance
- Public and behavioral health
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- eLearning courses and VIRTEX
- Evidence-based practices

Moving Up the Value Chain:
**Stickier contracts, higher margins, and more credentialed staff**

Health IT
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- Web and mobile platforms
- Interoperability and integration
- Reporting design and implementation

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FY2017 Customer Spending by Service Type

Delivering technology-enabled solutions focused on Federal Government contracts

Public Health and Human Services
- Professional Services: $6.4B
- IT: $0.8B
- IT: $2.5B
- IT: $5.6B

Defense
- Health Services: $12.2B
- IT: $8.9B
- IT: $5.8B
- Health Services: $2.8B

Veterans Affairs
- Health Services: $7.7B
- IT: $4.0B
- Health Services: $2.8B
- Health Services: $0.0B

Source: GovWin IQ FY2017 Agencies’ Profiles
Our Track Record of Success

**Historical Revenue ($ in millions)**

<table>
<thead>
<tr>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>$49.2</td>
<td>$53.5</td>
<td>$60.5</td>
<td>$65.3</td>
<td>$85.6</td>
<td>$115.7</td>
</tr>
</tbody>
</table>

**Historical Adjusted EBITDA* ($ in millions)**

<table>
<thead>
<tr>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>-$1.7</td>
<td>$0.6</td>
<td>$1.3</td>
<td>$3.0</td>
<td>$5.8</td>
<td>$9.0</td>
</tr>
</tbody>
</table>

*A reconciliation of Net Income to Adjusted EBITDA is provided in company earnings releases, available on our website at www.dlhcorp.com.
Our Levers of Value Creation

1. Stable Revenue Growth
   - Scale technology-enabled and health analytics offerings
   - Focus on Federal agencies with high growth
   - Shift business mix toward greater complexity and professional work requirements
   - Make strategic acquisitions to expand DLH offerings

2. Sustainable Margin Expansion
   - Optimize workforce and service delivery
   - Leverage expertise in IT system architecture design and migration services
   - Focus on capture of professional work projects that typically yield higher gross margins
   - Pursue excellence across key dimensions of agility and cost efficiency

   - Expand EBITDA and reduce leverage, strengthening balance sheet
   - Drive working capital efficiency and free cash flow, supported by no inventory, minimal capex, and no cash taxes until ~2024
   - Re-invest in business and make targeted acquisitions
Our Advantage

Uniquely positioned mid-tier company

**Broad Experience**
- Delivers health services across the continuum of care

**Deep CRM Profile**
- Decades-long relationships with key Federal clients

**Established Innovator**
- National recognition for qualitative and innovative change

**Proven Methodology**
- Processes yielding measurable results and savings

Large programs and suite of capabilities position DLH as a differentiated go-to-market performance leader

A reconciliation of Net Income to Adjusted EBITDA is provided in the Company’s earnings releases, on its website, and in its filings with the SEC.
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Balance Sheet: Deleveraging Story Continues

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2017</th>
<th>September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term loan balance*</td>
<td>$19.7M</td>
<td>$23.4M</td>
</tr>
<tr>
<td>Revolver balance**</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Less cash on hand</td>
<td>$4.9M</td>
<td>$3.4M</td>
</tr>
<tr>
<td>Net debt</td>
<td>$14.8M</td>
<td>$20.0M</td>
</tr>
<tr>
<td>Net debt/adjusted EBITDA</td>
<td>1.6x</td>
<td>3.5x</td>
</tr>
</tbody>
</table>

Operating cash flow of $6.5 million in fiscal 2017 and $6.0 million in fiscal 2016; Zero cash taxes anticipated until ~2024

*$25M originally

**$10M ceiling; availability $9.9M; no borrowing as of 9/30/2017

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Our 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 acquisitions that strengthen DLH’s position and broaden its footprint across known market areas, particularly within the health IT market
- Target key Federal agencies where DLH has existing relationships—Veterans Affairs, Department of Defense, and Health and Human Services—for further penetration
Question and Answer Session
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