

EARNINGS PRESENTATION

FY 2016 Q4 Results

December 8, 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, 2016. 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 The forward-looking statements contained in this presentation are made as of the date hereof and may become outdated over time.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.

Q4 2016 Earnings Call

- Speakers
 - Chris Witty, Investor Relations
 - Zachary Parker, President & CEO
 - Kathryn JohnBull, Chief Financial Officer

FY2016 Fourth Quarter Executive Summary

- Revenue of \$27 million, up 60% year-over-year
 - Strong positive impact from Danya transaction
 - Plus 4.4% organic growth *
- Gross margin rose 310 basis points
- EPS of \$0.20
- Debt reduction ahead of plan
- Contract backlog: \$233 million
- New business pipeline: \$510 million

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

Key Transaction Update

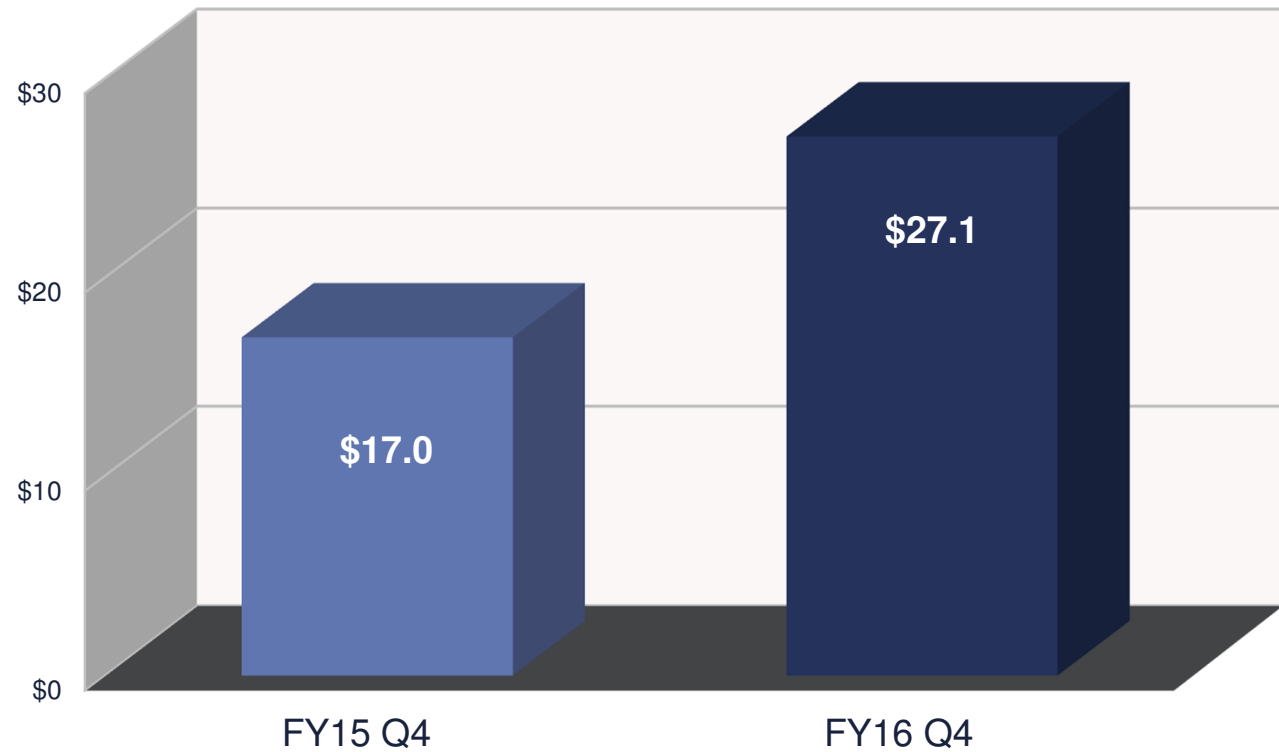
- Danya acquisition achieving strategic plan objectives
 - Portfolio diversification into new and key targeted agencies
 - Higher level of complexity including strong health IT qualifications
 - Business mix yielding higher margins; enhances growth outlook
- Integration remains on track
 - Achieved initial synergies as planned; strong culture fit
 - Zero retention issues encountered
 - FY17 milestones include infrastructure & ERP consolidation
- Strengthened balance sheet & gross margin position
- Robust cash generation

Market Overview (GovCon)

- Congress and new administration
 - Fully expect to see a “continuing resolution” from Congress
 - Department of Veteran Affairs already has FY17 appropriations
 - FY17 NDAA passed House; now awaiting Senate
 - Net effect could slow new contract growth within the industry in the near term
 - Long term trends seem favorable for government services
- Strong addressable market in DLH focus areas
 - Defense & Veterans Health Solutions
 - Human Services & Solutions
 - Public Health & Life Sciences

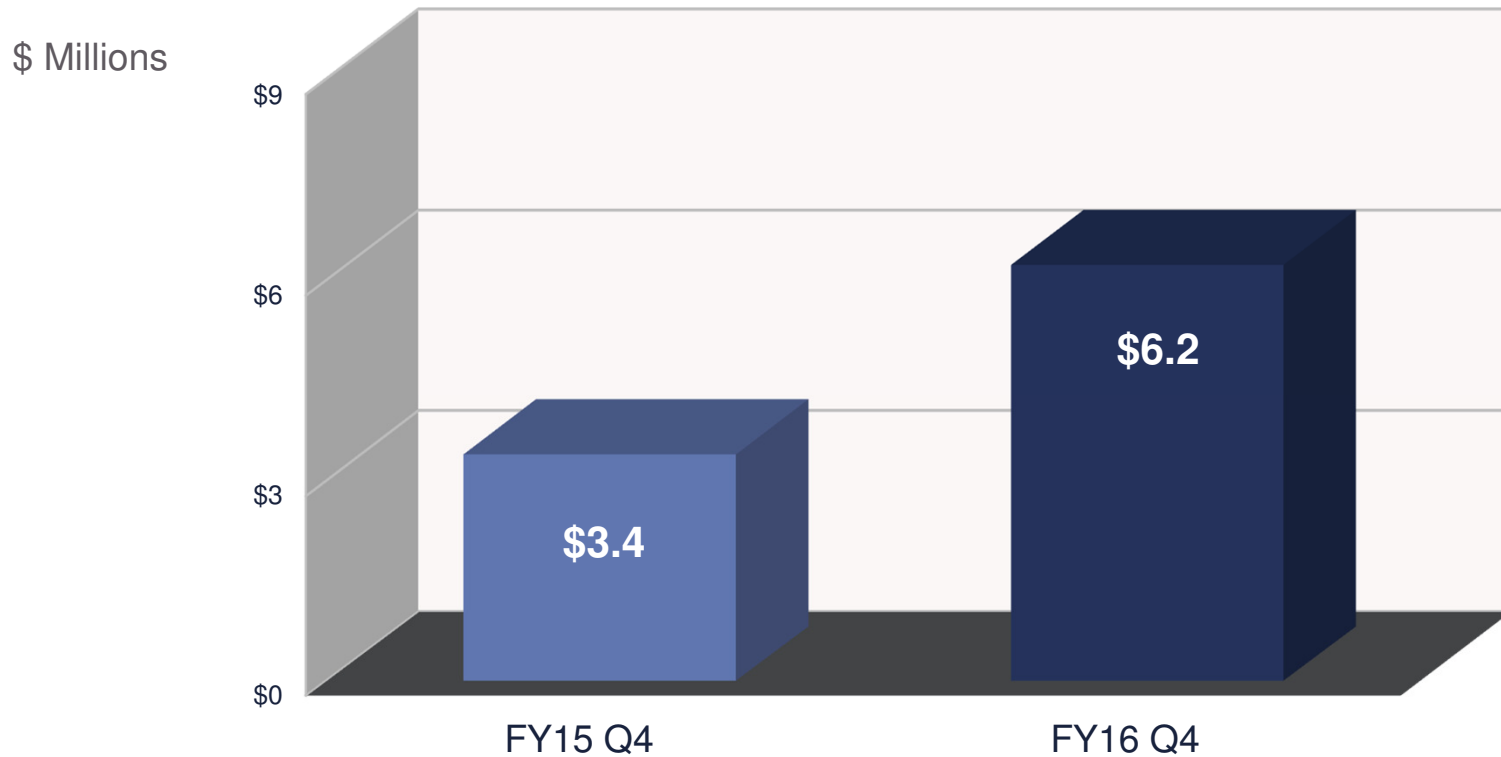
Revenue up 60% Year-over-Year

\$ Millions



Key Financials

Gross Profit up 84%

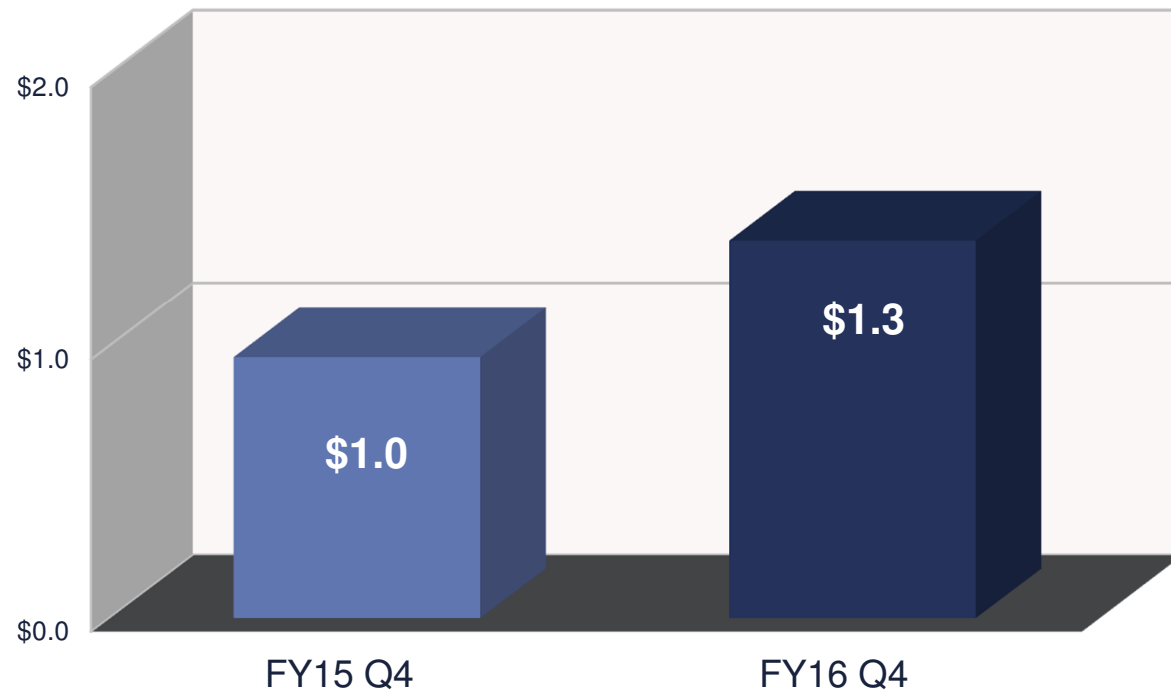


Key Financials

Fourth quarter gross margin of 23.0% increased 310 basis points over fiscal 2015

Operating Income up 38%

\$ Millions

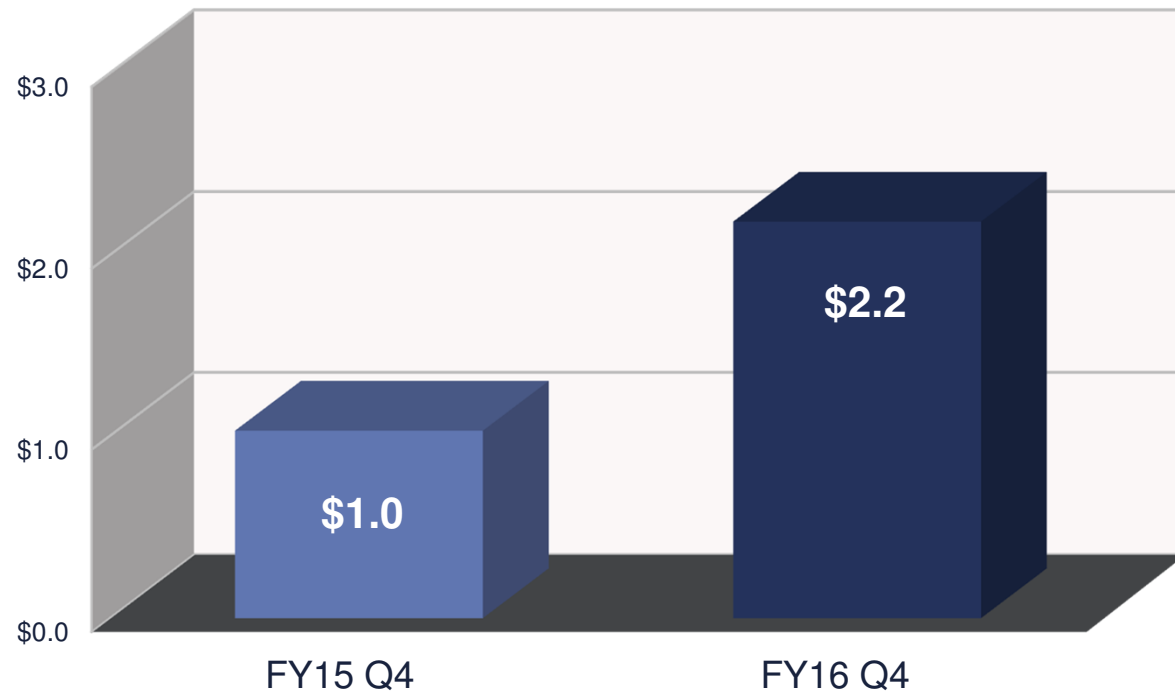


Key Financials

Higher gross margin partially offset by \$1.7 million of increased expense and \$0.7 million non-cash amortization of Danya intangibles

Adjusted EBITDA* up 114%

\$ Millions



Key Financials

Adjusted EBITDA return on revenue was 8.1% compared to 6.1% for the prior year fourth quarter

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

Fiscal 2016 Cash Flow

FY16 Beginning Cash	(10/1/15)	\$5,558
Cash generated from operating activities		\$6,040
Cash used in investing activities		(32,739)
Cash from financing activities		24,568
FY16 Ending Cash	(9/30/16)	\$3,427

Senior debt reduced to \$23.4 million from \$30.0 million on closing of Danya transaction

Upcoming Events

- Jan 30: Noble Growth Conference
- Feb 8: FY2017 Q1 Earnings Call
- Feb 9: Annual Shareholders' Meeting

Summary

- Strong operational and financial performance continues
- Strategic transaction enhances portfolio and expands DLH growth opportunities
- Well positioned to deliver value to clients and shareholders



Question & Answer Session



Backup Information

Backup Information

FY2016 Q4 & CY Financials

Key Financials

	Three Months Ended September 30,		Year Ended September 30,	
	2016	2015	2016	2015
Revenue	\$ 27,120	\$ 16,989	\$ 85,602	\$ 65,346
Direct expenses	20,891	13,603	67,776	53,658
Gross margin	6,229	3,386	17,826	11,688
General and administrative expenses	4,116	2,418	12,518	9,137
Depreciation and amortization	788	10	1,244	55
Income from operations	1,325	958	4,064	2,496
Other income (expense), net	(542)	1,467	(1,618)	744
Income before income taxes	783	2,425	2,446	3,240
Income tax expense (benefit), net	(1,604)	(5,814)	(938)	(5,488)
Net income	\$ 2,387	\$ 8,239	\$ 3,384	\$ 8,728
Earnings per share - basic	\$ 0.23	\$ 0.86	\$ 0.34	\$ 0.91
Earnings per share - diluted	\$ 0.20	\$ 0.82	\$ 0.30	\$ 0.87
Weighted average common shares outstanding				
Basic	10,428	9,551	9,966	9,573
Diluted	11,821	10,090	11,220	10,039

Income from Operations per Share

Reconciliation of GAAP earnings per share to Income from Operations per share, a non-GAAP measure:

(Amounts in Thousands)

	Three Months Ended September 30,			Twelve Months Ended September 30,		
	2016	2015	Change	2016	2015	Change
Income from operations	\$ 1,325	\$ 958	\$ 367	\$ 4,064	\$ 2,496	\$ 1,568
Other income (expense), net	(542)	1,467	(2,009)	(1,618)	744	(2,362)
Income before income taxes	783	2,425	(1,642)	2,446	3,240	(794)
Income tax expense (benefit), net	(1,604)	(5,814)	4,210	(938)	(5,488)	4,550
Net income	\$ 2,387	\$ 8,239	\$ (5,852)	\$ 3,384	\$ 8,728	\$ (5,344)
Weighted-average outstanding shares fully diluted	11,821	10,090	1,731	11,220	10,039	1,181
Net income per fully diluted share	\$ 0.20	\$ 0.82	\$ (0.62)	\$ 0.30	\$ 0.87	\$ (0.57)
Income tax expense (benefit), net	\$ (0.14)	\$ (0.58)	\$ 0.44	\$ (0.08)	\$ (0.55)	\$ 0.47
Income before taxes	\$ 0.06	\$ 0.24	\$ (0.18)	\$ 0.22	\$ 0.32	\$ (0.10)
Other income (expense), net	\$ 0.05	\$ (0.15)	\$ 0.20	\$ 0.14	\$ (0.07)	\$ 0.21
Income from operations per fully diluted share	\$ 0.11	\$ 0.09	\$ 0.02	\$ 0.36	\$ 0.25	\$ 0.11

The Company believes that providing Income from Operations per share will be useful to investors in comparing year over year operating results for 2016 compared to 2015. Income from Operations per share excludes the impact of other income (expense) and income tax benefits, which varied significantly from 2015 to 2016, independent of operating results. By providing this non-GAAP measure, we believe that an investor can more easily compare year over year performance.

Adjusted EBITDA Reconciliation

	Three Months Ended			Twelve Months Ended		
	September 30,			September 30,		
	2016	2015	Change	2016	2015	Change
Net income	\$ 2,387	\$ 8,239	\$ (5,852)	\$ 3,384	\$ 8,728	\$ (5,344)
(i) Interest and other (income) expense (net):						
(i)(a) Interest and other expense	542	(1,467)	2,009	823	(744)	1,567
(i)(b) Acquisition expenses	—	—	—	795	—	795
(ii) Provision (benefit) for taxes	(1,604)	(5,814)	4,210	(938)	(5,488)	4,550
(iii) Depreciation and amortization	788	10	778	1,244	55	1,189
(iv) G&A expenses - equity grants	82	60	22	466	479	(13)
Adjusted EBITDA	\$ 2,195	\$ 1,028	\$ 1,167	\$ 5,774	\$ 3,030	\$ 2,744
Weighted-average outstanding shares fully diluted	11,821	10,090	1,731	11,220	10,039	1,181

Key Financials

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 December 8, 2016.



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