

EARNINGS PRESENTATION

FY 2016 Q2 Results

May 18, 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 The forward-looking statements contained in this presentation are made as of the date hereof and may become outdated over time.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.

Participants

Zachary Parker

President & Chief Executive Officer

Kathryn JohnBull

Chief Financial Officer

Casey Stegman, Stonegate Capital Partners

Investor Relations Advisor

The logo for DLH, featuring a stylized triangle with a red and blue gradient to the left of the letters 'DLH' in a bold, white, sans-serif font. Below the logo is a faint, semi-transparent reflection.

DLH Business & Financial Overview

FY2016 Second Quarter Executive Summary

- DLH is proud to report another quarter of continued growth in revenue and operating margins over the prior year second quarter:
 - Revenue increased 6.6%
 - Gross profit increased 18.1%
 - Operating income increased 33.8%%
 - Effective management of our programs
 - Proprietary technology enablers
 - Continued process improvements and cost controls
- Cash on hand and working capital continued to increase due to profitable operations
- Expanded our presence in the Federal health market
 - Medical readiness of service members: launched regional clinic for case evaluation, processing, and management
 - Medical research: expanded a recomplete contract for test and evaluation of medical device prototypes

FY2016 DLH Acquisition & Plan for Growth

- Acquired Danya International (DLH Danya) in May 2016
 - Perfect complement to DLH's culture, services and solutions
 - Capabilities and expertise include:
 - Large-scale federal IT system integration and management expertise
 - Managing, monitoring, and supporting healthcare and human services programs across the continuum of care
 - Maximize expansion opportunities through complementary operational synergies and presence in additional Departments within the U.S. Government
- Maintain focus on top priority markets:
 - Federal health delivery and technology enablers
 - Education, social wellbeing and environmental programs
- Continue operational excellence within our core business to grow the Company organically
- Pursue strategic growth opportunities in the future

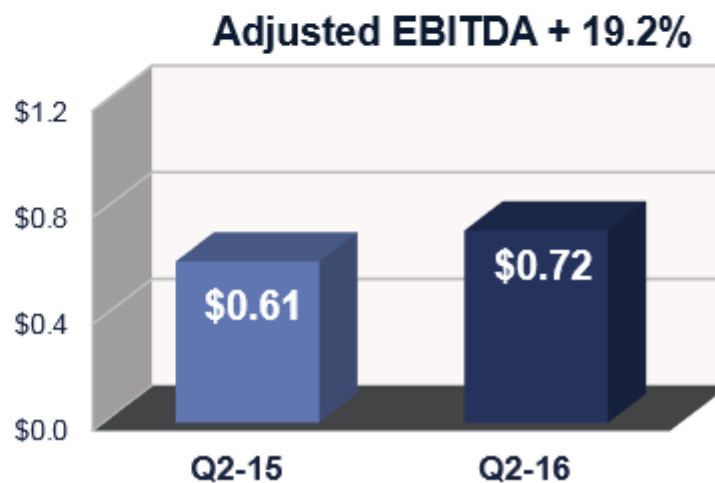
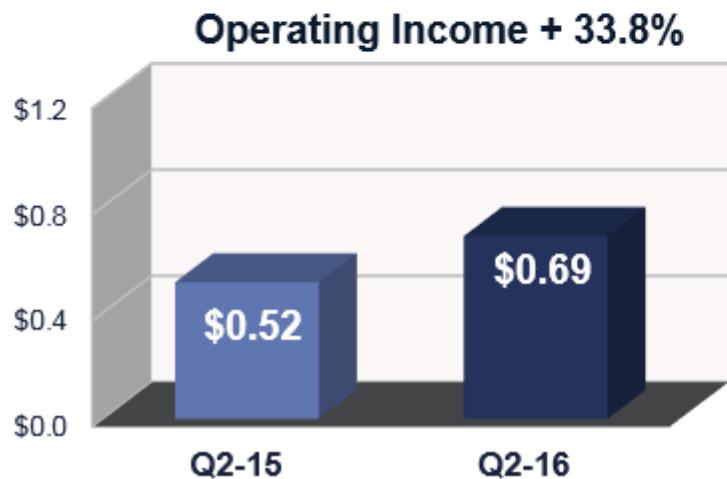
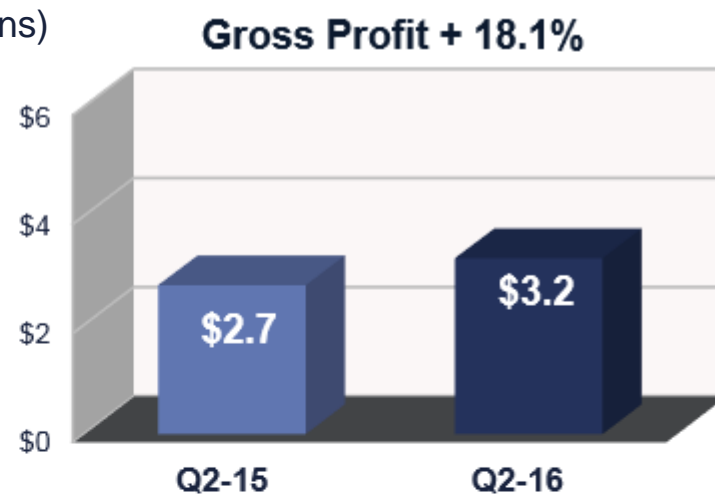
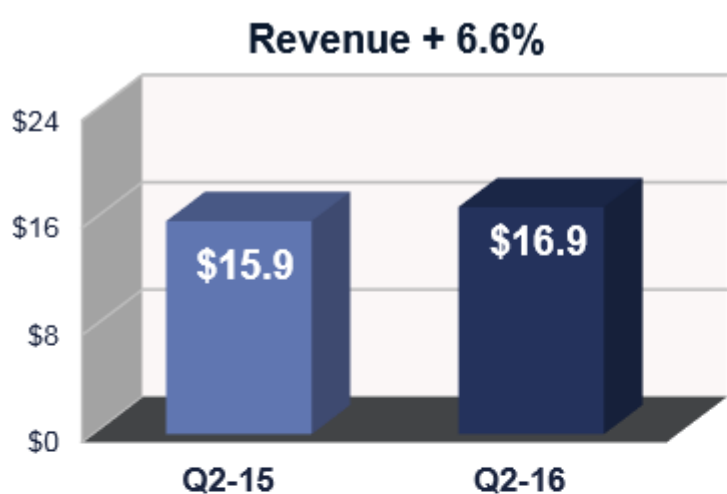
FY2016 Second Quarter Financial Summary

- Generated \$16.9M in revenue; grew 6.6% over prior year second quarter period
- Realized \$3.2M of gross profit; improved 18.1% over prior year second quarter
- Earned \$0.7M operating income; increased 33.8% over prior year second quarter
- Attained \$0.7M adjusted EBITDA; increased 19.2% over prior year second quarter
- Adjusted EBITDA rate of return on revenue was 4.3% compared to 3.8% for the prior year second quarter

FY2016 Second Quarter Financial Summary

- DLH business base remains solid and continues to perform well
- Continued to generate strong operating cash flow
 - \$6.9 million net cash position at second quarter ended March 31, 2016
 - \$5.3 million working capital surplus
- Leveraged our strong cash position to pursue an integral step in our strategic growth plan
 - Expended approximately \$0.7 million for non-operational business acquisition activities during the six-months ended March 31, 2016
 - Acquired Danya International early May 2016
 - Contributed approximately \$5.0 million to finance the acquisition
 - Obtained very competitive interest rates on lender financing due to our profitable business and history of cash generation
- Expect to maximize our investment by expanding upon our capabilities in the near and longer term

FY16 Q2 Year over Year — 3 months ended 3/31/16

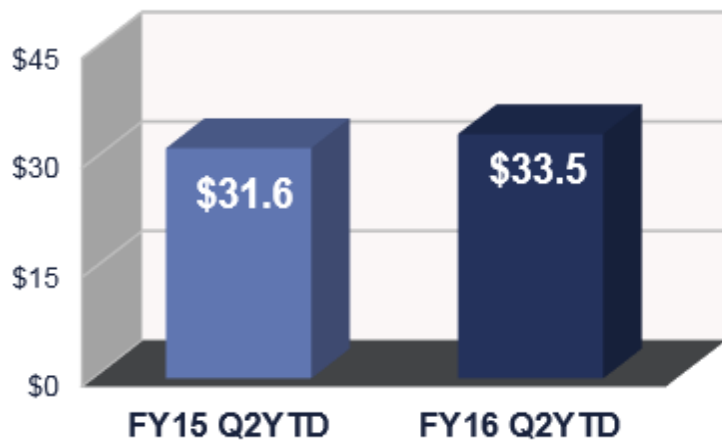


FY16 Q2 Year over Year — 6 months ended 3/31/16

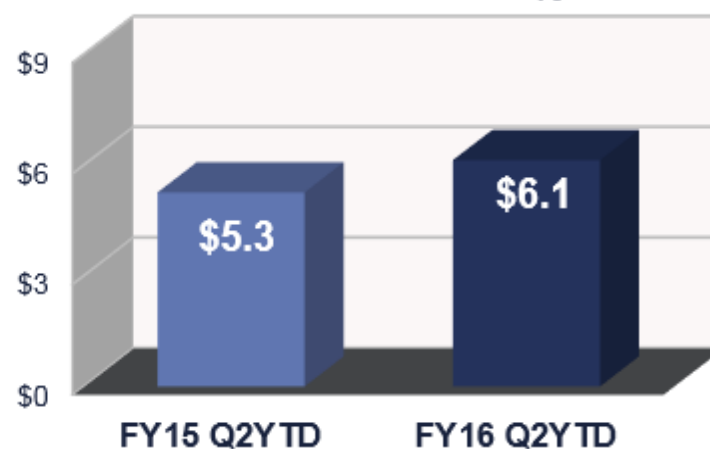
Key Financials

Revenue + 6.1%

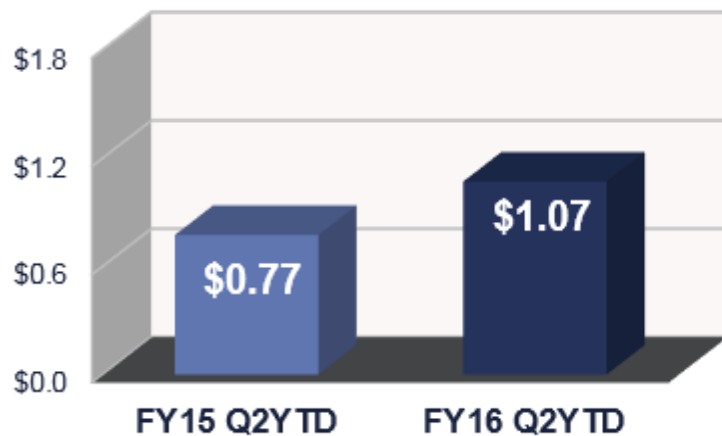
(\$ in Millions)



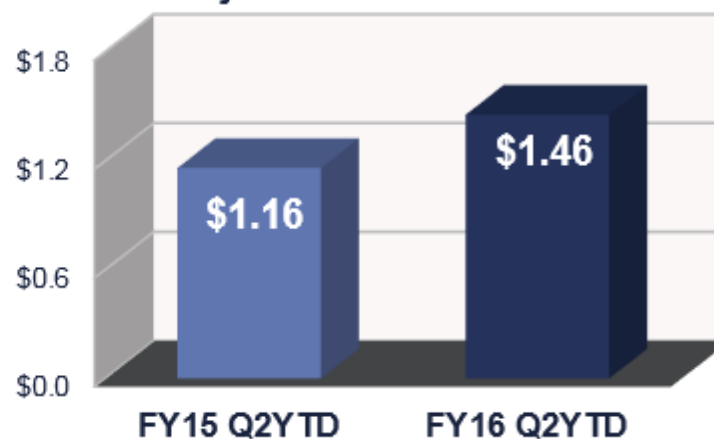
Gross Profit + 16.7%



Operating Income + 38.2%



Adjusted EBITDA + 25.3%

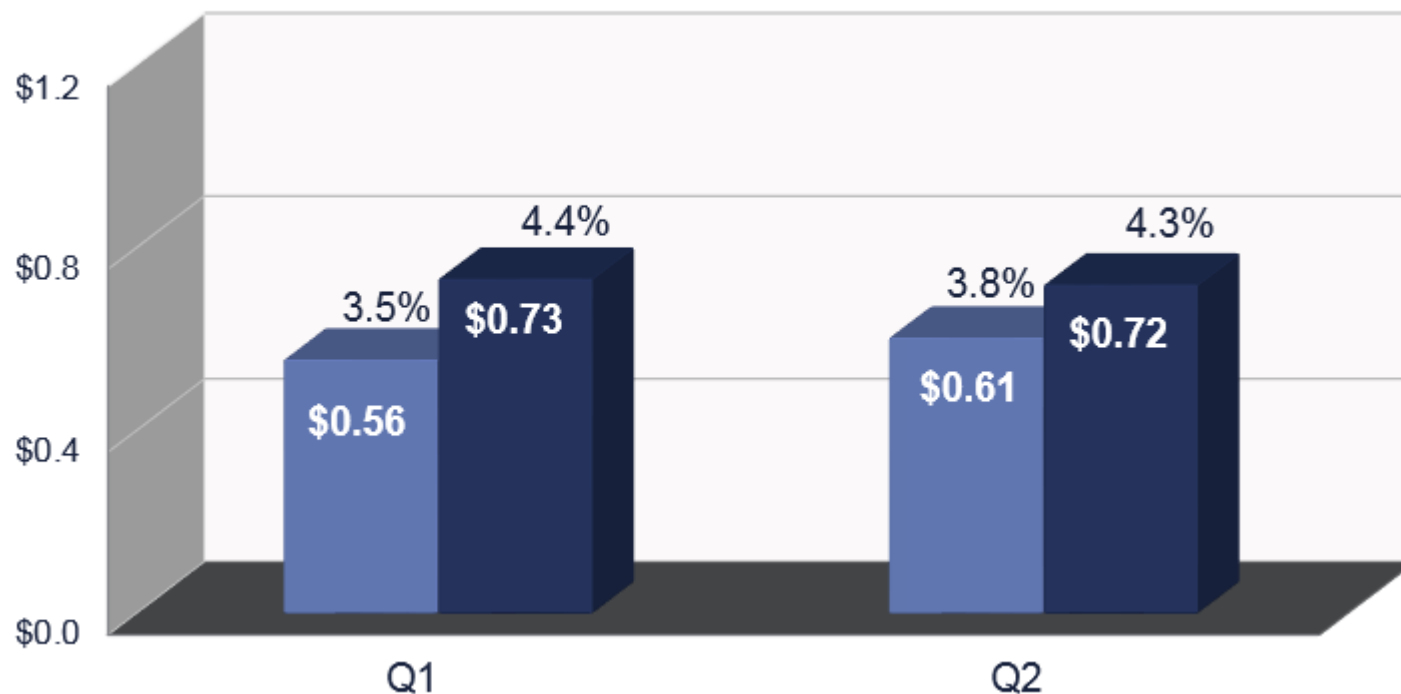


DLH FY2016 Adjusted EBITDA* — % Return on Revenue

Key valuation measurement used by management, shareholders and investors

■ 2015 Q2-YTD 3.7% ■ 2016 Q2-YTD 4.3% (\$ in Millions)

Quarterly Adjusted EBITDA with % Return on Revenue



* A reconciliation of net income to adjusted EBITDA is provided in this presentation

FY2016 Q2 Liquidity Position at 3/31/16

Solid with Consistent Upward Trend

\$6.9M

Cash on Hand *

\$5.3M

Working Capital

* *Subsequent to quarter-end, we used approximately \$5.0 million of available cash towards the acquisition of Danya International.*

FY2016 Q2 Financial Highlights

(\$ in thousands, except per share amounts)	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Revenue	\$ 16,934	\$ 15,893	\$ 33,493	\$ 31,575
Gross margin	\$ 3,224	\$ 2,730	\$ 6,141	\$ 5,263
Gross margin %	19.0%	17.2%	18.3%	16.7%
Income from operations	\$ 689	\$ 515	\$ 1,071	\$ 774
Other expense, net	\$ (127)	\$ (651)	\$ (702)	\$ (687)
Tax expense (benefit)	\$ 225	\$ (54)	\$ 148	\$ 35
Net income (loss)	\$ 337	\$ (82)	\$ 221	\$ 52
Earnings per share - basic	\$ 0.04	\$ (0.01)	\$ 0.02	\$ 0.01
Earnings per share - diluted	\$ 0.03	\$ (0.01)	\$ 0.02	\$ 0.01
<u>Other Data (1)</u>				
Adjusted EBITDA	\$ 721	\$ 605	\$ 1,455	\$ 1,161
Diluted EPS on Adjusted EBITDA	\$ 0.07	\$ 0.06	\$ 0.14	\$ 0.12

Key Financials

(1) A reconciliation of GAAP net income and diluted EPS to non-GAAP adjusted EBITDA and EPS is provided on the next slide

FY2016 Q2 Adjusted EBITDA

Reconciliation of GAAP net income and EPS to adjusted EBITDA and EPS on adjusted EBITDA:

(\$ in thousands, except per share amounts)	Three Months Ended			Six Months Ended		
	March 31,			March 31,		
	2016	2015	Change	2016	2015	Change
Net income (loss)	\$ 337	\$ (82)	\$ 419	\$ 221	\$ 52	\$ 169
(i) Interest and other (income) expense (net):						
(i)(a) Interest and other expense	—	651	(651)	—	687	(687)
(i)(b) Acquisition expenses	127	—	127	702	—	702
(ii) Provision (benefit) for taxes	225	(54)	279	148	35	113
(iii) Depreciation and amortization	22	18	4	42	41	1
(iv) G&A expenses - equity grants	10	72	(62)	342	346	(4)
Adjusted EBITDA	\$ 721	\$ 605	\$ 116	\$ 1,455	\$ 1,161	\$ 294
Weighted-average outstanding shares fully diluted	10,666	9,588	1,078	10,540	10,007	533
Fully diluted EPS on GAAP net income	\$ 0.03	\$ (0.01)	\$ 0.04	\$ 0.02	\$ 0.01	\$ 0.01
Adjustments to derive adjusted EBITDA EPS:						
(i) Interest and other expense, net:						
(i)(a) Interest and other expense	—	0.07	(0.07)	—	0.07	(0.07)
(i)(b) Acquisition expenses	0.01	—	0.01	0.07	—	0.07
(ii) Provision for income taxes	0.02	(0.01)	0.03	0.01	—	0.01
(iii) Depreciation and amortization	—	—	—	—	—	—
(iv) G&A expenses — equity grants	—	0.01	(0.01)	0.03	0.04	(0.01)
Diluted EPS on Adjusted EBITDA	\$ 0.07	\$ 0.06	\$ 0.01	\$ 0.14	\$ 0.12	\$ 0.02

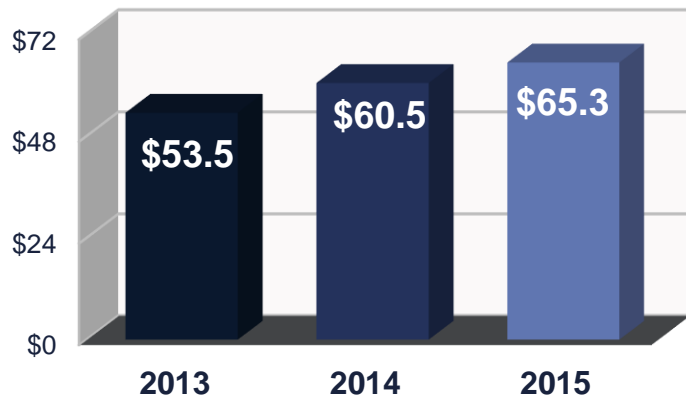
Totals may not add due to rounding

For an expanded discussion of our use of this non-GAAP measure, please refer to the Management's Discussion and Analysis section of the Company's most recent periodic report filed with the SEC, Form 10Q for the quarter ended March 31, 2016.

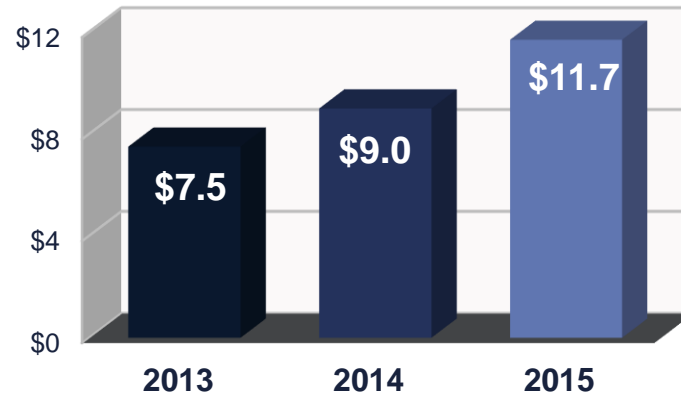
DLH Results – Prior 3 Years

(\$ in Millions)

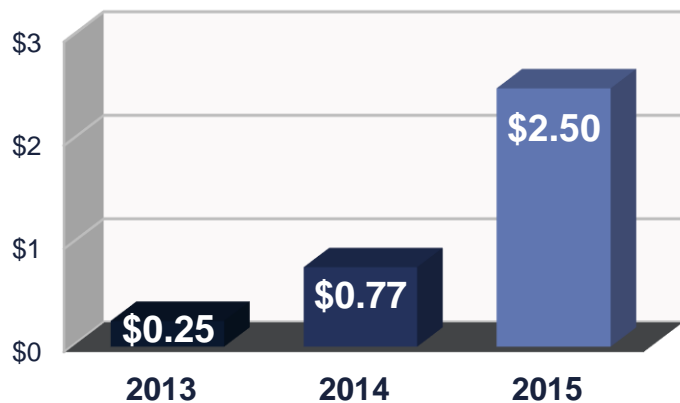
Revenue



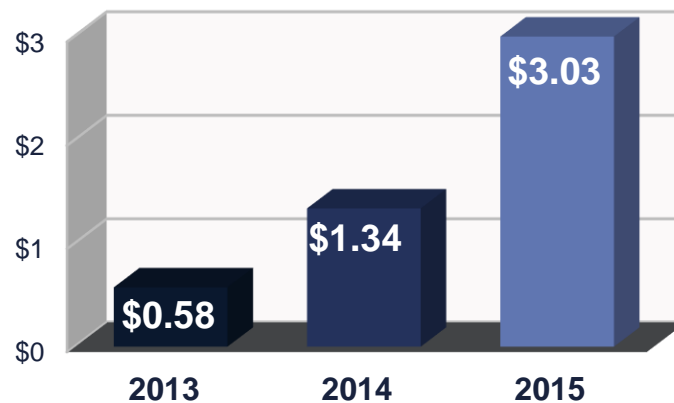
Gross Margin



Operating Income



Adjusted EBITDA



Balance Sheet Trends – Prior 3 Years

(Amounts in Thousands)	30-Sep-13	30-Sep-14	30-Sep-15
Assets			
Cash and cash equivalents	\$ 3,408	\$ 3,908	\$ 5,558
Accounts receivable, net	11,943	12,372	3,286 *
Deferred taxes, net		84	982
Other current assets	599	510	429
Total current assets	15,950	16,874	10,255
Equipment & improvements, net	156	63	336
Deferred tax asset		4,513	9,325
Goodwill	8,595	8,595	8,595
Other long term assets	1,057	27	113
Total assets	\$ 25,758	\$ 30,072	\$ 28,624
Liabilities and Shareholders Equity			
Debt Obligations	\$ 1,313		
Derivative financial instruments, at fair value	160		
Accrued payroll	11,138	\$ 11,465	\$ 2,795 *
Accounts payable, accrued expenses and other current liabilities	5,343	4,746	2,851
Total current liabilities	17,954	16,211	5,646
Long term liabilities	20	15	109
Total liabilities	17,974	16,226	5,755
Shareholders equity	7,784	13,846	22,869
Total liabilities and shareholders equity	\$ 25,758	\$ 30,072	\$ 28,624
Working Capital (Deficit)/Surplus	\$ (2,004)	\$ 663	\$ 4,609

* Settlement of retroactive payment claim, net of (\$0.6) million pre-tax



Question & Answer Session



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