

Earnings Presentation



2017 Fiscal Third Quarter

Ended June 30, 2017

August 8, 2017



Integrity & Trust



Performance Excellence



Inclusion & Diversity



Agility

Forward Looking Statements

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 The forward-looking statements contained in this presentation are made as of the date hereof and may become outdated over time.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

Agenda



FY17Q3 Overview & Outlook

Zach Parker, CEO



Financial Highlights

Kathryn JohnBull, CFO

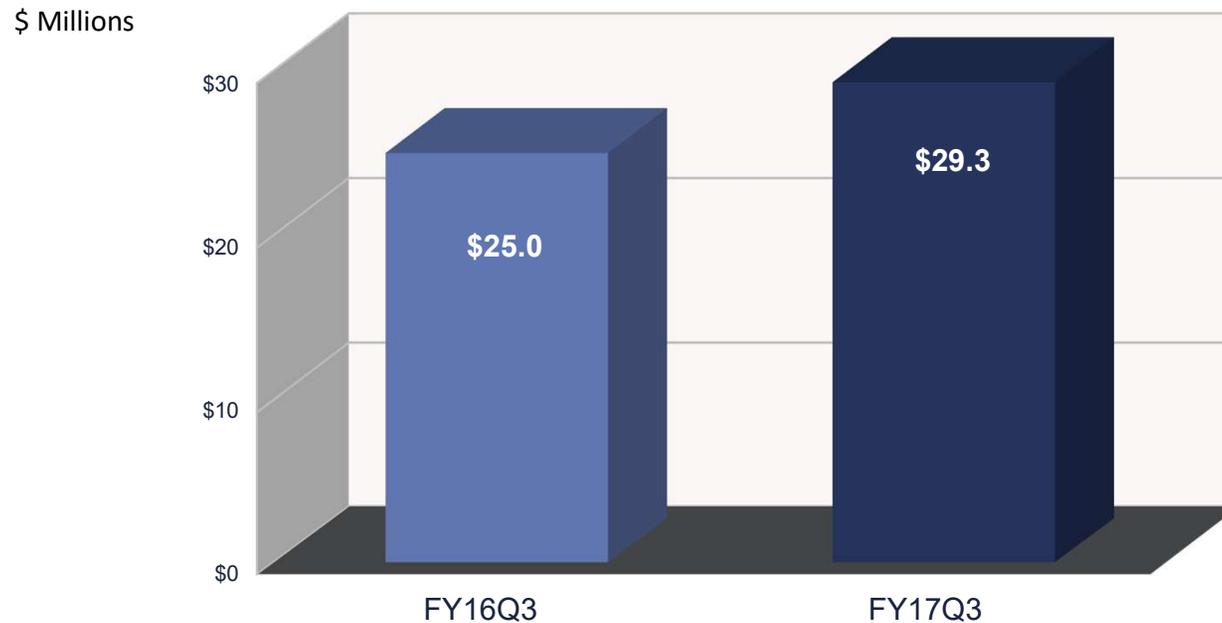


Third Quarter Highlights & Summary

- ◀ Recognized as a top federal HealthIT innovator
- ◀ Industry corporate development and financial oversight expert added to Board of Directors
- ◀ Heavy new business bid & proposal activity
- ◀ Gross margin 21.8% -- EPS of \$0.08
- ◀ Revenue of \$29.3 million, up 17% year-over-year
 - Includes 6% organic growth*
- ◀ Outlook improving based on increased credentials & applications

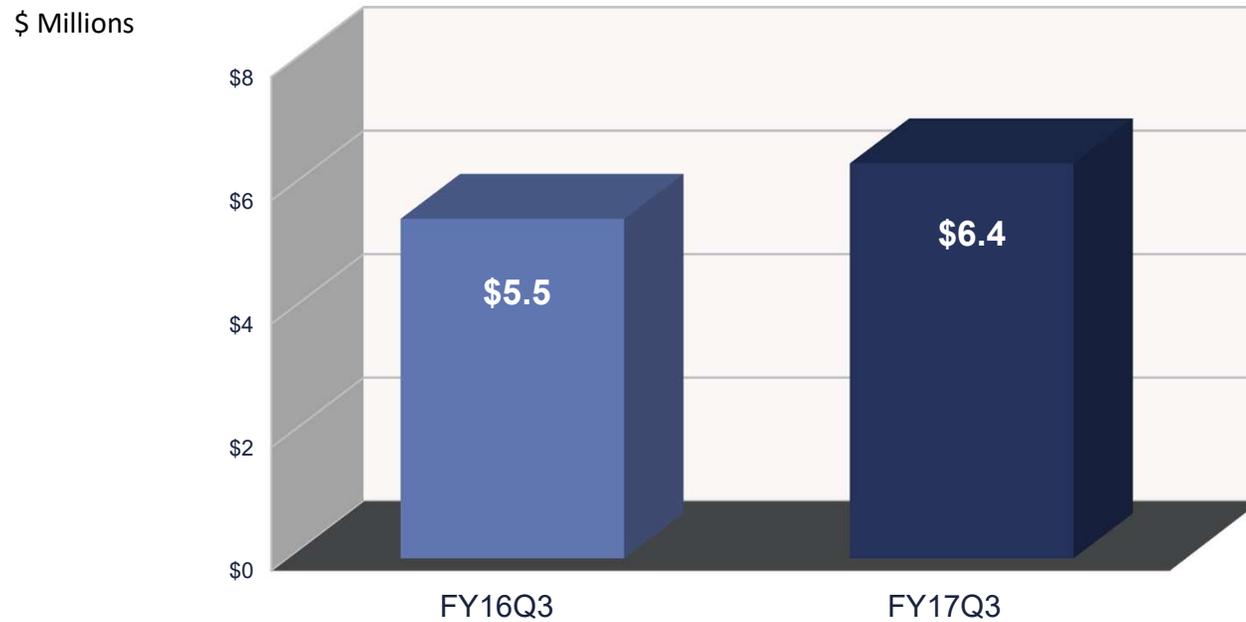
*A non-GAAP measure calculated by comparing current year revenue less revenue from the acquisition to prior year revenue.

FY17Q3 Results: Revenue Growth Year-over-Year



- *Achieved 6% organic growth*
- *Demonstrates benefits of 2016 acquisition*
- *Strength of core markets expected to continue*

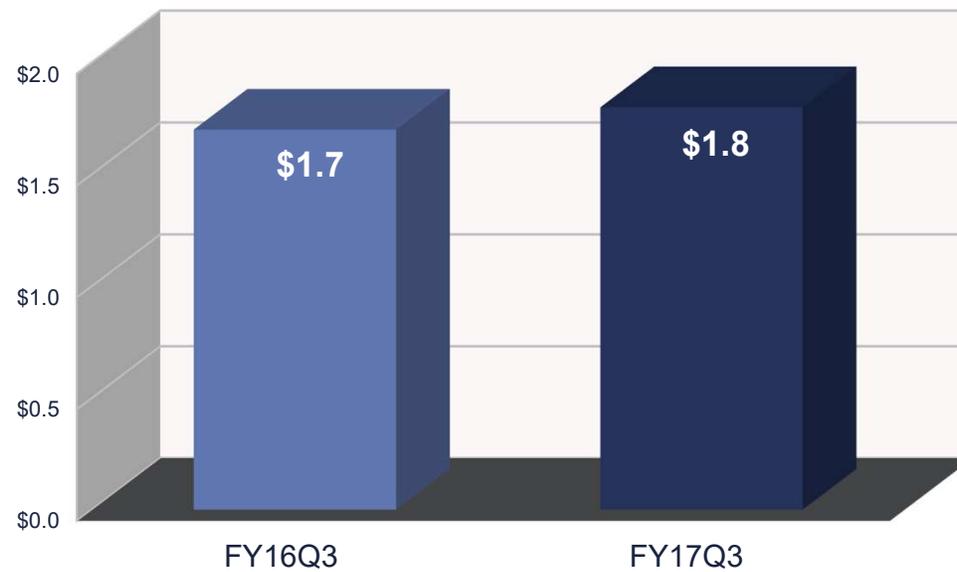
FY17Q3 Results: Strong Gross Profit



- *Third quarter gross margin of 21.8% each year*
- *Reflects high value-added programs in core growth markets*
- *Sound cost management*

FY17Q3 Results: Operating Income

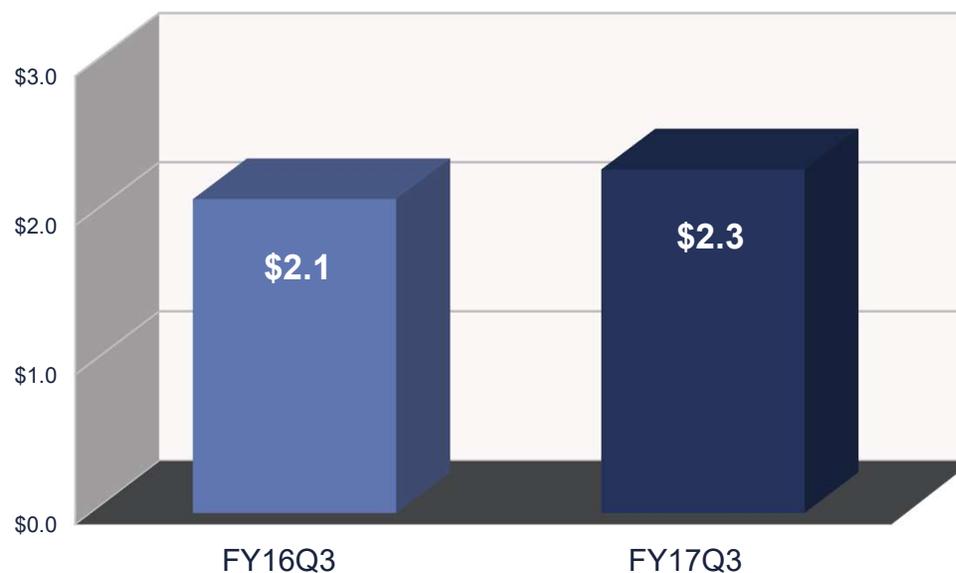
\$ Millions



- *Higher gross profit was offset in part by additional G&A expense tied to business development initiatives*

FY17Q3 Results: Adjusted EBITDA*

\$ Millions



- *Adjusted EBITDA rose 10% year-over-year*
- *As a percent of revenue, Adjusted EBITDA was 8.0% in fiscal 2017 compared to 8.5% for the prior year third quarter*

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

FY17Q3 Results: Balance Sheet Highlights

Key Cash Metrics



Cash on Hand



**Revolving
Credit Facility**

**Line of Credit Availability \$5.8M
No Borrowing at 6/30/17**



Term Loan

\$20.6M Balance

Thank You / Q&A

- Appendix to Follow

FY17Q3 Financials

	(unaudited) Three Months Ended June 30,		(unaudited) Nine Months Ended June 30,	
	2017	2016	2017	2016
	Revenue	\$ 29,256	\$ 24,989	\$ 85,272
Direct expenses	22,871	19,533	66,805	46,885
Gross margin	6,385	5,456	18,467	11,597
General and administrative expenses	4,122	3,374	12,722	8,402
Depreciation and amortization	510	414	1,264	456
Income from operations	1,753	1,668	4,481	2,739
Other income (expense), net	(269)	(374)	(888)	(1,076)
Income before income taxes	1,484	1,294	3,593	1,663
Income tax expense (benefit), net	539	518	1,345	666
Net income	\$ 945	\$ 776	\$ 2,248	\$ 997
Net income per share - basic	\$ 0.08	\$ 0.08	\$ 0.20	\$ 0.10
Net income per share - diluted	\$ 0.08	\$ 0.07	\$ 0.18	\$ 0.09
Weighted average common shares outstanding				
Basic	11,299	10,154	11,250	9,812
Diluted	12,445	11,311	12,417	10,855

FY17Q3 Adjusted EBITDA Reconciliation

	Three Months Ended			Nine Months Ended		
	June 30,			June 30,		
	2017	2016	Change	2017	2016	Change
Net income	\$ 945	\$ 776	\$ 169	\$ 2,248	\$ 997	\$ 1,251
(i) Interest and other (income) expense (net):						
(i)(a) Interest and other expense	269	281	(12)	888	281	607
(i)(b) Acquisition expenses	—	93	(93)	—	795	(795)
(ii) Provision (benefit) for taxes	539	518	21	1,345	666	679
(iii) Depreciation and amortization	510	414	96	1,264	456	808
(iv) G&A expenses - equity grants	63	42	21	613	384	229
Adjusted EBITDA	\$ 2,326	\$ 2,124	\$ 202	\$ 6,358	\$ 3,579	\$ 2,779

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 8, 2017.