# Q1 FISCAL YEAR 2012 EARNINGS CALL

**February 15, 2012**

TeamStaff, Inc.

DLH
DEFENSE ◂ LOGISTICS ◂ HEALTH ◂

# Don Weinberger

## INVESTOR RELATIONS


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# Forward-Looking Statements

*"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this presentation, the words "believe," "anticipate," "think," "intend," "plan," "will be," "expect," "estimates," and statements in this presentation regarding TeamStaff, Inc.'s business which are not historical facts, are "forward-looking statements" that involve risks and uncertainties which could cause actual events or the actual future results of the company to differ materially from any forward-looking statement. Such risks and uncertainties include, among other things our ability to secure contract awards, including the ability to secure renewals of contracts under which we currently provide services; our ability to enter into contracts with United States Government facilities and agencies on terms attractive to us and to secure orders related to those contracts; changes in the timing of orders for and our placement of professionals and administrative staff; the overall level of demand for the services we provide; the variation in pricing of the contracts under which we place professionals; our ability to manage growth effectively; the performance of our management information and communication systems; the effect of existing or future government legislation and regulation; changes in government and customer priorities and requirements (including changes to respond to the priorities of Congress and the Administration, budgetary constraints, and cost-cutting initiatives); economic, business and political conditions domestically; the impact of medical malpractice and other claims asserted against us; the disruption or adverse impact to our business as a result of a terrorist attack; the loss of key officers, and management personnel; the competitive environment for our services; the effect of recognition by us of an impairment to goodwill and intangible assets; other tax and regulatory issues and developments; the effect of adjustments by us to accruals for self-insured retentions; our ability to obtain any needed financing; our ability to attract and retain sales and operational personnel; and the effect of other events and important factors disclosed previously and from time-to-time in TeamStaff', Inc.s filings with the U.S. Securities Exchange Commission. 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. 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 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.*


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# Participants

- **Zach Parker**
  President and Chief Executive Officer

- **John Kahn**
  Chief Financial Officer

- **John Armstrong**
  Executive Vice President


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# Agenda

- State of the Business
- Key Financials
- Business Development Update
- Market Outlook
- Questions & Answers


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# STATE OF THE BUSINESS

## Zach Parker

**PRESIDENT and**
**CHIEF EXECUTIVE OFFICER**


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# Solid First Quarter Start

| | |
|---|---|
| 2 yr RECORD | Revenue at $11.5M .....up 8.7% |
| 2 yr RECORD | Gross profit of $1.6M .....up 19% |

- Adjusted EBITDA [(1)] improvement of $163,000
- Nearly 250 new full-time employees hired in Q1, Company now has over 1,000 employees
- Completed phase-in of new work including technology refreshment and implementing SPOT-m solutions
- Two VA CMOP sites delivered record productivity

Financial results validating growth strategy that started 2 years ago


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# Focus on Performance

- **Delivering best-value results to clients**
  - Enhanced program management oversight
  - Applying innovation to achieve client requirements
  - Differentiate ourselves from competitors
- **Foundation for growth**
  - Increased contract backlog in-place
  - Competencies aligned with large addressable market
  - Navigating through Federal / DoD budget headwinds


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# KEY FINANCIALS

## John Kahn

### CHIEF FINANCIAL OFFICER


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# Q1 Fiscal Year 2012 Earnings

**Table 1 - Financial Highlights**

| ($ in thousands, except per share amounts) | Three Months Ended December 31, 2011 | Three Months Ended December 31, 2010 |
|---|---|---|
| Operating revenues | $ 11,495 | $ 10,575 |
| Gross Profit | $ 1,567 | $ 1,318 |
| Gross Profit Percentage | 13.6% | 12.5% |
| Loss from operations | $ (210) | $ (275) |
| Loss from continuing operations | $ (389) | $ (337) |
| Net loss per share | $ (0.06) | $ (0.07) |
| EBITDA adjusted for other non-cash charges[(1)] | $ (16) | $ (179) |


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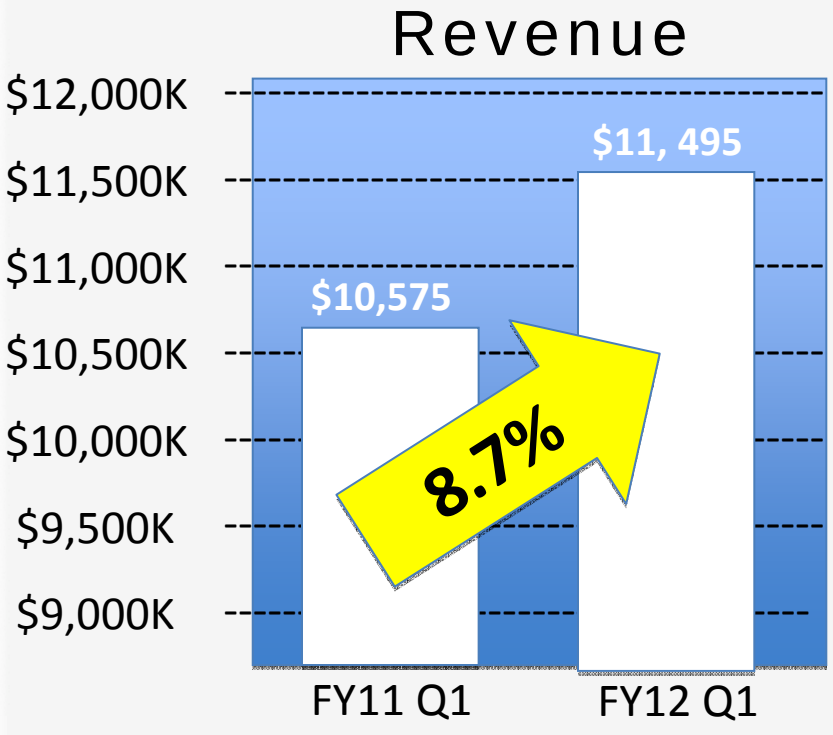
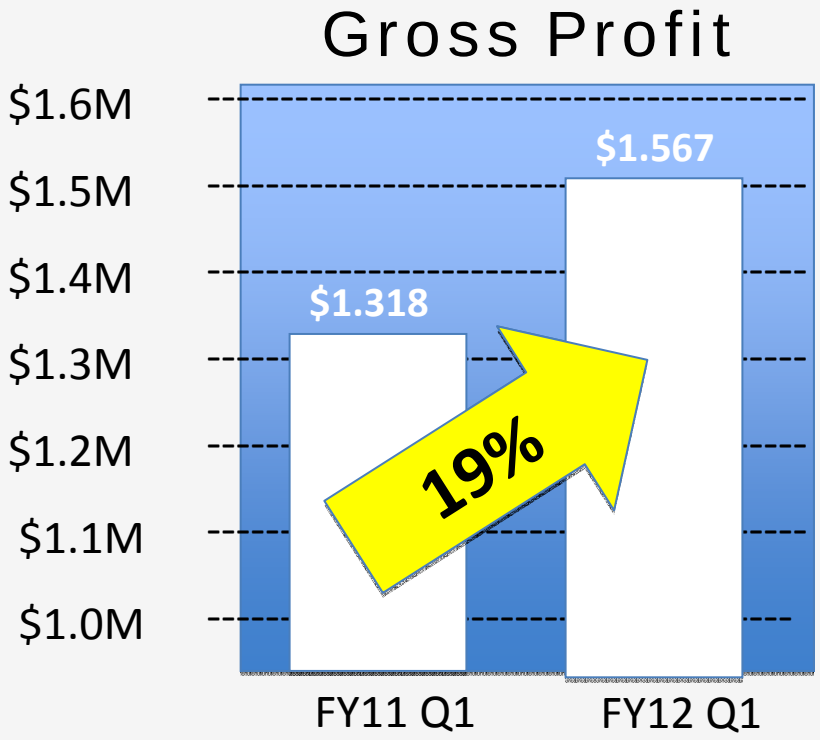
# Financial Results




Revenue Improvement Driven by:

- Record FY 11 New Business Awards
- Substantial Direct Labor Growth

GP Improvement Driven by:

- Increased Higher Margin Work
- Performance Review Initiative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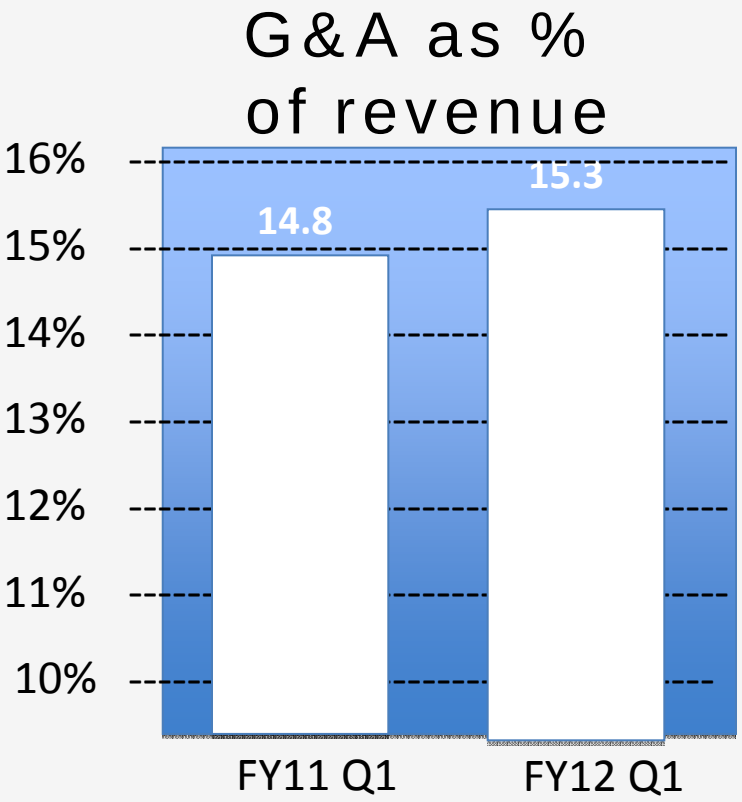
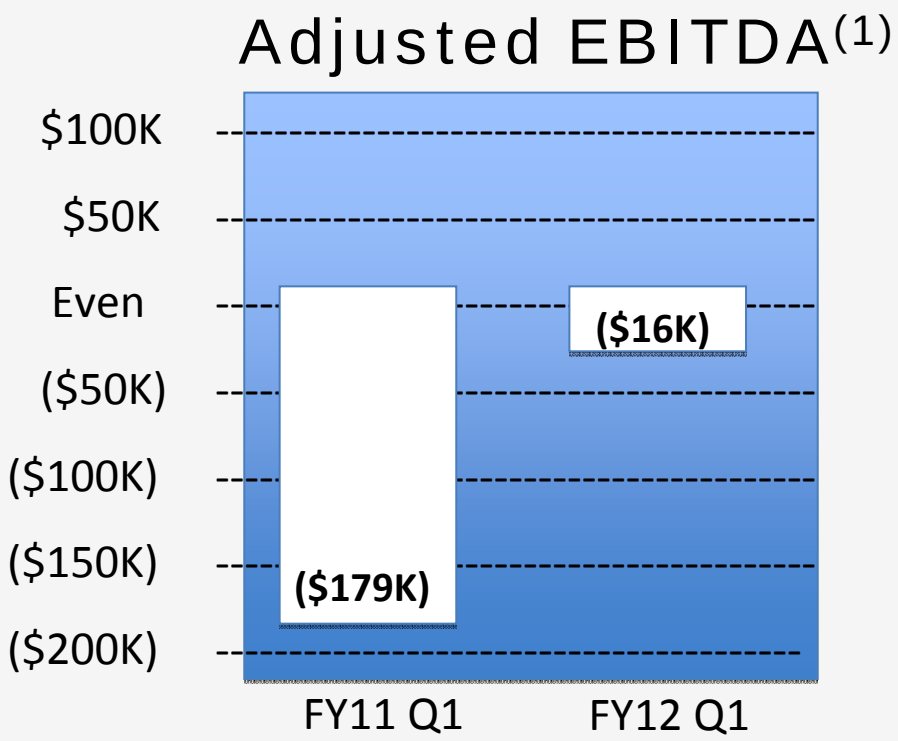
# Financial Results




- Industry Competitiveness
- Improving Results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# BUSINESS DEVELOPMENT UPDATE

## John Armstrong

### EXECUTIVE VICE PRESIDENT


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# Business Development Update

- Rebuilt new business pipeline around strategic markets
- Leveraging our existing strong core competencies
- Expanding strategic partnerships and alliances


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# Business Development Update

- Developed a robust growth pipeline
  - Substantial level of qualified opportunities
  - Multiple bids awaiting government decisions
  - High priority Federal and DoD “Budget” area focus

- Solidifying Indefinite Delivery/Indefinite Quantity (ID/IQ) Government-Wide Acquisition Contract portfolio


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# MARKET OUTLOOK

## Zach Parker

**PRESIDENT and**
**CHIEF EXECUTIVE OFFICER**


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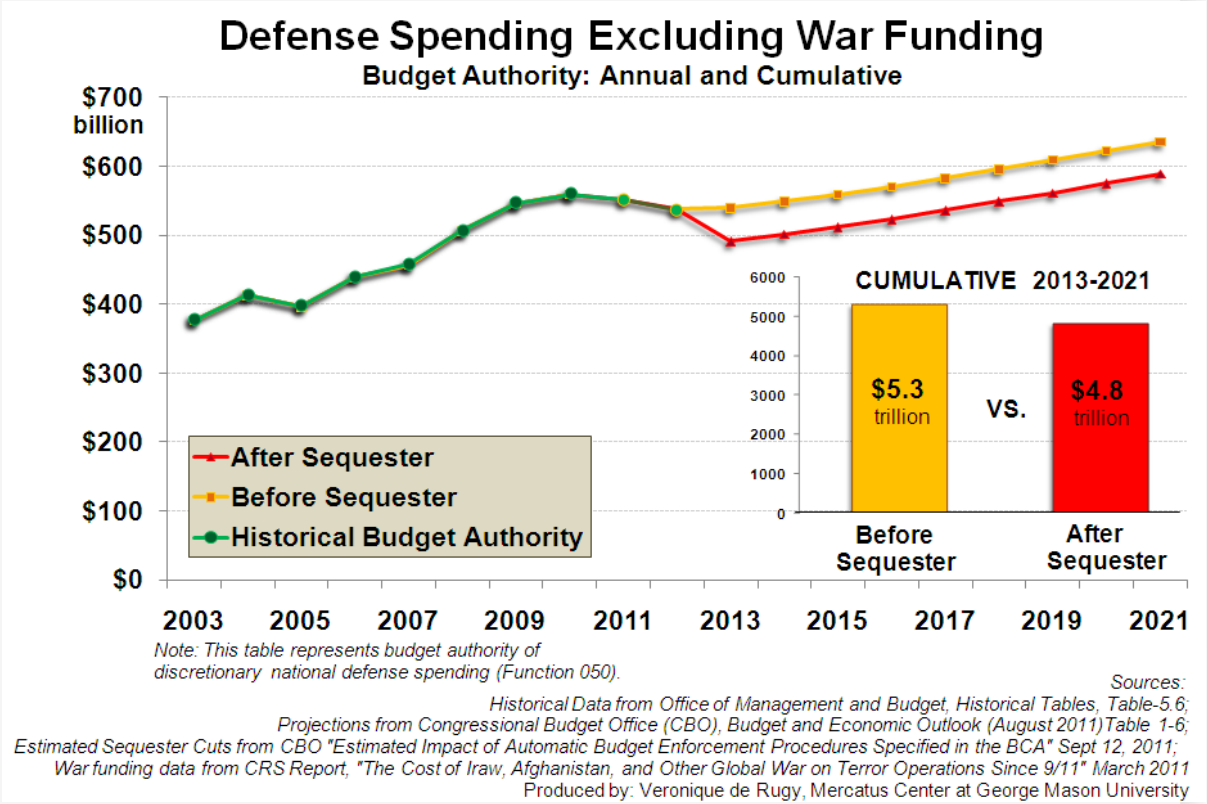
# DoD Budget




*Note: This table represents budget authority of discretionary national defense spending (Function 050).*

*Sources:*
*Historical Data from Office of Management and Budget, Historical Tables, Table-5.6;*
*Projections from Congressional Budget Office (CBO), Budget and Economic Outlook (August 2011)Table 1-6;*
*Estimated Sequester Cuts from CBO "Estimated Impact of Automatic Budget Enforcement Procedures Specified in the BCA" Sept 12, 2011;*
*War funding data from CRS Report, "The Cost of Iraw, Afghanistan, and Other Global War on Terror Operations Since 9/11" March 2011*
Produced by: Veronique de Rugy, Mercatus Center at George Mason University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# What This Means for Us

- Continued strong commitment to healthcare of troops and veterans is encouraging
- Delays in new contract awards – beneficial when we are incumbent
- Focusing on existing contracts, including ID/IQ vehicles


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# QUESTIONS and ANSWERS

**Please contact Don Weinberger (don@wolfeaxelrod.com) or Adam Lowensteiner (adam@wolfeaxelrod.com) with any questions subsequent to the live call**


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# ADDITIONAL MATERIAL


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# Adjusted EBITDA

Reconciliation of Adjusted EBITDA (a non-GAAP financial measure) to net loss from continuing operations:

(1) We present Adjusted EBITDA as a supplemental non-GAAP measure of our performance. We define Adjusted EBITDA as net loss from continuing operations plus (i) interest and other expenses, net, (ii) provision for taxes, (iii) depreciation and amortization, (iv) G&A expenses - equity grants, and (v) impairment charges. 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, U.S. 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. A reconciliation of Adjusted EBITDA with net loss from continuing operations is as follows:

| | For the three months ended 31 December | |
|---|---|---|
| | **2011** | **2010** |
| Net loss from continuing operations | $(389) | $(337) |
| (i) Interest and other expenses (net) | 179 | 62 |
| (ii) provision for taxes | — | — |
| (iii) amortization and depreciation, | 23 | 31 |
| (iv) G&A expenses - equity grants | 171 | 65 |
| (v) impairment charges | — | — |
| EBITDA adjusted for other non-cash charges | $(16) | $(179) |


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