

EARNINGS PRESENTATION

FY 2014 Q3

August 7, 2014



Forward-Looking Statement

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

This press release 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 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, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2013. 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 The forward-looking statements contained in this press release are made as of the date hereof and may become outdated over time.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

Michael Goldstein, Esq.

Becker & Poliakoff

Zachary Parker

President & Chief Executive Officer

Kathryn JohnBull

Chief Financial Officer



CEO Overview

Zachary Parker | President & CEO

Strong Third Quarter Performance

- Record revenue quarter since 2010 transformation
- Solid increase in gross margin consistent with our strategic plans
- Continuing to demonstrate operating efficiencies
- Major working capital position improvement continues
- Strong performance on programs

Continued Financial Progress

Growth FY14 Q3 over FY13 Q3

Revenue

16.6%

Gross Margin \$

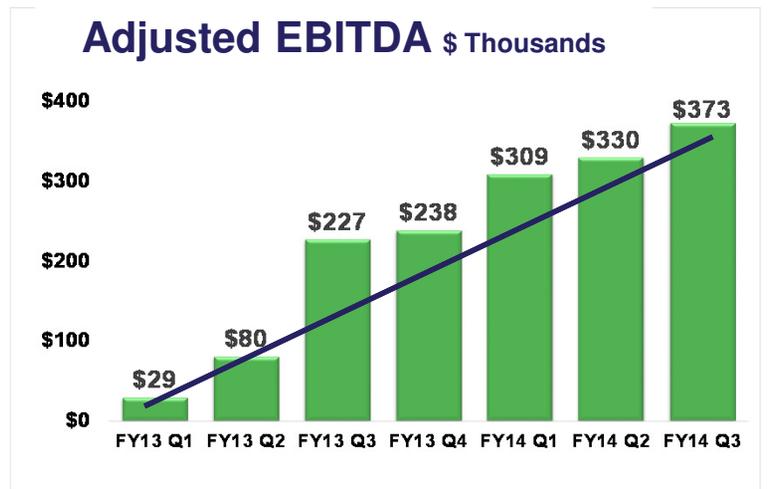
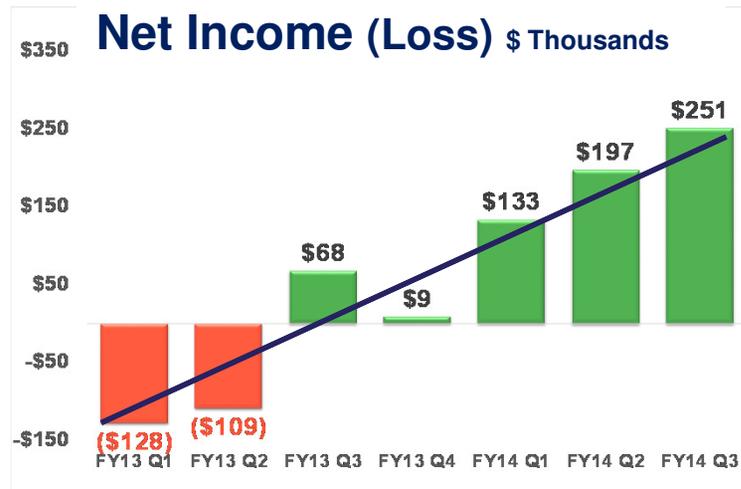
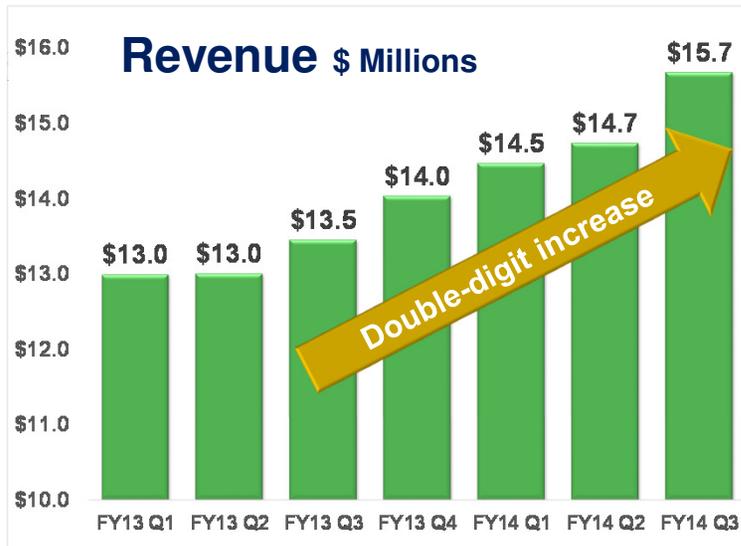
16.9%

Adjusted EBITDA

63.6%

- ❖ \$3.8M Cash on hand
- ❖ \$2.2M Line of credit availability
- ❖ \$2.3M working capital improvement year-to-date

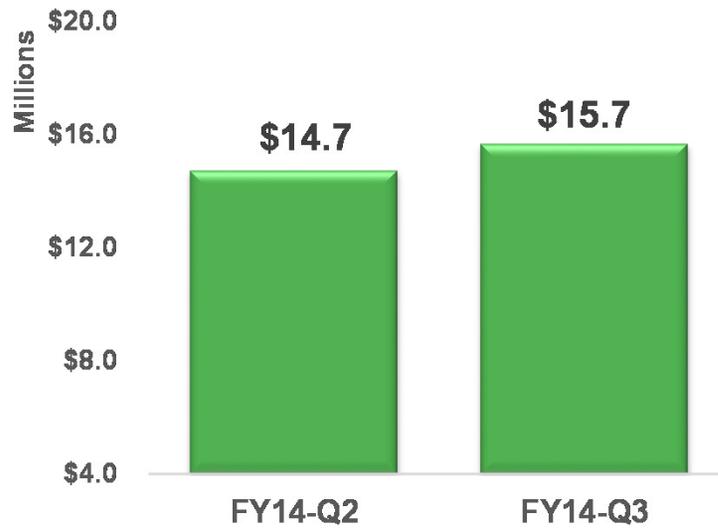
Strong Trend of Financial Performance



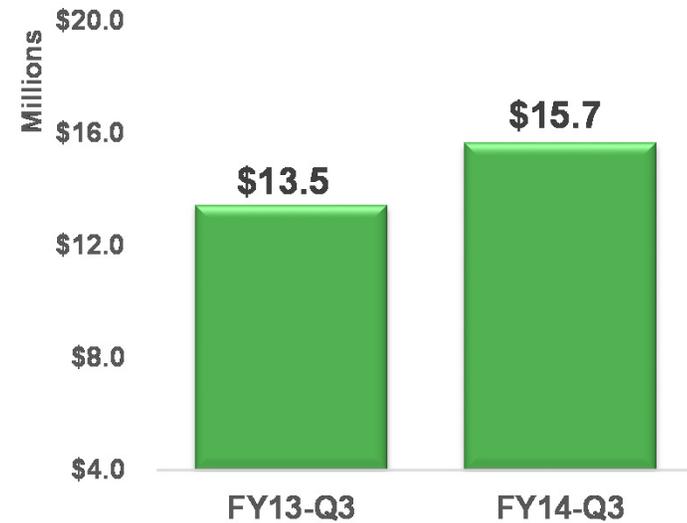
FY14 Q3 Revenue Trends

Key Financials

Q3 Sequential Revenue
6.4% Increase



Q3 Year over Year Revenue
16.6% Increase



FY14 Q3 Gross Margin Trends

Key Financials



FY14 Q3 Financial Highlights

	Three Months Ended		Nine Months Ended	
	FY14 Q3	FY13 Q3	FY14 Q3	FY13 Q3
Revenues	\$15,692	\$13,460	\$44,914	\$39,462
Gross margin	\$ 2,308	\$ 1,975	\$ 6,619	\$ 5,535
Gross margin %	14.7%	14.7%	14.7%	14.0%
Income from operations	\$ 268	\$ 158	\$ 559	\$ 74
Net income (loss)	\$ 251	\$ 68	\$ 582	\$ (169)
Income (loss) per share - basic and diluted	\$ 0.03	\$ 0.01	\$ 0.06	\$ (0.02)
<u>Other Data</u>				
Adjusted EBITDA	\$ 373	\$ 228	\$ 1,011	\$ 337

(\$ in thousands, except per share amounts)

FY14 Q3 Adjusted EBITDA

Key Financials

	Three Months Ended		Nine Months Ended	
	FY14 Q3	FY13 Q3	FY14 Q3	FY13 Q3
Net income (loss)	\$ 251	\$ 68	\$ 582	\$ (169)
(i) Interest and other (income) expenses, net	17	90	(23)	243
(ii) Provision for taxes	—	—	—	—
(iii) Depreciation and amortization	27	30	80	95
(iv) G&A expenses — equity grants	78	40	372	168
EBITDA adjusted for other non-cash charges	\$ 373	\$ 228	\$ 1,011	\$ 337

(\$ in thousands)

FY14 Q3 Adjusted EBITDA Disclosure

Reconciliation of Adjusted EBITDA (a non-GAAP financial measure) to net income (loss)

(1) We present Adjusted EBITDA as a supplemental non-GAAP measure of our performance. We define Adjusted EBITDA as net income plus (i) interest and other expenses, net, (ii) provision for or benefit from income taxes, if any, (iii) depreciation and amortization, and (iv) G&A expenses — equity grants. 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, US 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:

Other Key Indicators

- **Business Climate**
 - ❖ Recent congressional approval to *INCREASE* the Department of Veteran Affairs healthcare funding
 - ❖ Despite modest “sequestration” effects the Ryan-Murray deal provides some stability to DoD budget
- **Business Development**
 - ❖ Raising priority of new business capture in strategic healthcare market areas
 - ❖ Plan to bid over \$200M in qualified multi-year new business opportunities over the next nine months



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