



Fourth Quarter and Full Year 2018 Earnings Presentation

Delta Tucker Holdings, Inc.
Parent of DynCorp International Inc.
March 19, 2019

AVIATION ■ LOGISTICS ■ OPERATIONS ■ INTELLIGENCE ■ TRAINING



DYNCORP INTERNATIONAL

We Serve Today for a Better Tomorrow.

Forward-Looking Statements and Non-GAAP Measures

- **This presentation includes forward-looking statements about the Company’s future business and financial performance, plans, goals, beliefs, or expectations. All of these forward-looking statements are based on estimates and assumptions made by the Company’s management that, although believed by the Company to be reasonable, are inherently uncertain. Forward-looking statements involve risks and uncertainties, including, but not limited to, our substantial level of indebtedness and our ability to refinance our indebtedness; the outcome of any litigation, government investigation, audit or other regulatory matters; award fee determination; termination or modification of key contracts; changes in the demand for services; acts of war or terrorist activities; changes in significant operating expenses; and other economic, competitive, governmental, political and technological factors outside of the Company’s control. These risks and uncertainties may cause the Company’s business, strategy or actual results or events to differ materially from the statements made herein.**
- **All forward looking statements included in this presentation are based upon information presently available. The Company undertakes no obligation to update or revise any forward-looking statement it makes to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events. The risks and uncertainties relating to the forward-looking statements in this presentation include those described under the caption “Risk Factors” and “Forward-Looking Statements” detailed from time to time in our reports filed with the SEC.**
- **This presentation includes non-GAAP financial measures, including Adjusted EBITDA, that are different from financial measures calculated in accordance with GAAP and may be different from non-GAAP calculations made by other companies. Management believes these non-GAAP financial measures are useful in evaluating operating performance and are regularly used by investors, lenders and other interested parties in reviewing the Company. For a reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures, see the earnings press release dated March 19, 2019 filed with the SEC on Current Report on Form 8-K and posted on our website.**

CEO's 2018 Retrospective

Exceeded Our Numbers

- \$2.15B Revenue; 7.2% Year-Over-Year Growth
- \$190.1M Adjusted EBITDA; 8.8% Margin
- Strong Free Cash Flow \$137.2M
- Reduced Net Debt to \$287.9M – 70% Reduction Since Inception

Grew Our Business

- Wins – Joint Base Andrews; U.S. Coast Guard ALC C-130
- Contract Extensions & Modifications – LOGCAP IV; ALiSS
- New IDIQ Awards Seats – WLSS-C; RS3; TH-57⁽¹⁾; CMMARS⁽²⁾

Continued Focus On Business Development

- More Than \$5.5B Submitted and Awaiting Award

Operational Excellence Tradition Continues

- High Customer Satisfaction Across Programs

(1) TH-57 Award Currently Under Protest

(2) Awarded in Q1 2019

Operational Highlights

Operational Highlights

Notable Wins and Extensions

- TH-57 Award – \$302.4M⁽¹⁾
- Joint Base Andrews Rotary Wing Award – \$75.0M
- Joint Base Andrews VIPSAM Aircraft Maintenance & Logistics Support Extension – \$9.7M
- U.S. Coast Guard ALC C-130 Award – \$51.4M
- AFM RASM 7-Month Extension – \$22.2M
- AFM TASM-O 6-Month Extension – \$41.6M
- Egypt Personal Support Services (EPSS-III) Award – \$22.5M
- ERRC 6-Month Extension – \$5.6M
- AFCAP IV War Reserve Materiel Maintenance and Logistical Operations TO – \$4.8M

New IDIQ Seats

- Responsive Strategic Sourcing for Services (RS3) IDIQ – \$37.4B
- Worldwide Contractor Logistics Support IDIQ – \$25.5B⁽²⁾
- Contracted Maintenance, Modification, Aircrew and Related Services (CMMARS) – \$12.6B⁽³⁾

Performance Indicators

- Strong Contractor Performance Assessment Reports (CPARS) Across Programs

(1) TH-57 Award Currently Under Protest

(2) Award Previously Reported in April 2018, Protest Concluded October 2018

(3) Q1 2019 Award

Financial Review

2018 Results



<i>\$ millions</i>	Q4 2018	CY 2018	CY 2018 vs. CY 2017	
	Revenue	\$538.6	\$2,148.3	\$143.8
Adjusted EBITDA	\$48.8	\$190.1	\$37.6	24.6%
Adjusted EBITDA Margin	9.1%	8.8%	120 bps	
Total Backlog	\$4,052		(\$117)	(2.8%)



Full Year Highlights

Revenue	Adjusted EBITDA
<ul style="list-style-type: none"> ↑ LOGCAP IV ↑ CLS Transport ↑ NTWP ↑ GISS G4 INSCOM ↑ ALiSS ↓ INL Air Wing ↓ NASA AMOS ↓ JPATS T6 ↓ SANG ↓ Taji ↓ POS II 	<ul style="list-style-type: none"> ↑ JPATS T6 ↑ ALiSS ↑ LOGCAP IV ↑ ANA / ANP ↑ Andrews VIPSAM ↑ GISS G4 INSCOM ↑ NTWP ↓ INL Air Wing ↓ CLS T34/44/6 ↓ SANG ↓ POS II

DynAviation Results


 \$ millions	Q4 2018	CY 2018	CY 2018 vs. CY 2017		
	Revenue	\$248.7	\$1,114.4	(\$94.4)	
Adjusted EBITDA	\$21.3	\$93.8	(\$1.7)	(1.8%)	
Adjusted EBITDA Margin	8.6%	8.4%	50 bps		
Total Backlog	\$2,425		(\$190)	(7.3%)	


Full Year Highlights

Revenue	Adjusted EBITDA
<ul style="list-style-type: none"> ↑ CLS Transport ↑ NTWP ↑ CLS T34/44/6 ↓ INL Air Wing ↓ NASA AMOS ↓ JPATS T6 ↓ SANG 	<ul style="list-style-type: none"> ↑ JPATS T6 ↑ Andrews VIPSAM ↑ NTWP ↓ INL Air Wing ↓ CLS T34/44/6 ↓ SANG

Total Backlog	
<ul style="list-style-type: none"> ↑ TH57 ↑ Andrews Maint/Backshop ↑ USCG C-130 ↑ Andrews Rotary ↑ Royal Saudi Navy GSA 	<ul style="list-style-type: none"> ↓ INL Air Wing ↓ CLS Transport ↓ Pax River II ↓ CLS T34/44/6 ↓ Andrews VIPSAM

DynLogistics Results

	<i>\$ millions</i>	Q4 2018	CY 2018	CY 2018 vs. CY 2017	
	Revenue	\$290.3	\$1,034.0	\$237.8	29.9%
	Adjusted EBITDA	\$31.7	\$110.9	\$37.4	50.8%
	Adjusted EBITDA Margin	10.9%	10.7%	149 bps	
	Total Backlog	\$1,627		\$73	4.7%



Full Year Highlights

Revenue	Adjusted EBITDA
<ul style="list-style-type: none"> ↑ LOGCAP IV ↑ GIS G4 INSCOM ↑ ALiSS ↓ Taji ↓ POS II ↓ CJPS 	<ul style="list-style-type: none"> ↑ ALiSS ↑ LOGCAP IV ↑ ANA / ANP ↑ GISS G4 INSCOM ↓ POS II ↓ CJPS

Total Backlog	
<ul style="list-style-type: none"> ↑ ALiSS ↑ LOGCAP IV ↑ CJPS ↑ EPSS 	<ul style="list-style-type: none"> ↓ ANA / ANP ↓ GISS G4 INSCOM ↓ WRM II / III ↓ EAGLE Ft Campbell

Financial Review – Q4 Miscellaneous Items

Working Capital⁽¹⁾ of \$134.1M

- Down \$12.4M from Prior Year-end; 6.2% of Revenue
- DSO at 49 Days – Decrease of 5 Days from Prior Year-end

2018 Free Cash Flow \$137.2M

Current Net Debt Position of \$287.9M

- Balance Sheet Cash Position of \$203.8M
- No Revolver Borrowings Outstanding At Quarter-end

Voluntary Term Loan Payment of \$50.0M

Term Loan Payment Pursuant to Excess Cash Flow Provision of \$17.8M

⁽¹⁾ Working Capital = Accounts Receivable + Contract Assets + Inventory + Work in Progress – Accounts Payable – Accrued Payroll and Employee Cost

CEO Closing Remarks

Strong Operational and Financial Performance in 2018

Looking Ahead Fundamentals are Promising

- Supportive Topline DOD Request
- Strong Core Franchise Positions
- Targeting and Winning New IDIQ Positions
- Healthy Pipeline to Win New Business

Winning Formula to Grow Our Business

- Make Our Numbers / BD Focus
- Delight Our Customer Through Operational Excellence
- Maintain High Professional Standards

Q & A

Appendix

Unaudited Consolidated Statements of Operations

(Amounts in thousands)	Year Ended	
	December 31, 2018	December 31, 2017
Revenue	\$ 2,148,275	\$ 2,004,436
Cost of services	(1,860,794)	(1,761,534)
Selling, general and administrative expenses	(97,689)	(107,832)
Depreciation and amortization expense	(24,058)	(32,242)
Earnings from equity method investees	178	667
Operating income	165,912	103,495
Interest expense	(63,958)	(70,717)
Loss on early extinguishment of debt	(4,010)	(24)
Interest income	2,654	353
Other income, net	2,681	416
Income before income taxes	103,279	33,523
Provision for income taxes	(17,668)	(1,722)
Net income	85,611	31,801
Noncontrolling interests	(1,114)	(1,201)
Net income attributable to Delta Tucker Holdings, Inc.	84,497	30,600
Provision for income taxes	17,668	1,722
Interest expense, net of interest income	61,304	70,364
Depreciation and amortization ⁽¹⁾	27,538	34,191
EBITDA ⁽²⁾	\$ 191,007	\$ 136,877
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	996	6,317
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(26)	2,018
Cerberus fees ⁽⁵⁾	127	1,984
Global Advisory Group expenses ⁽⁶⁾	—	6,943
Other ⁽⁷⁾	(2,027)	(1,647)
Adjusted EBITDA	\$ 190,077	\$ 152,492

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the consolidated statements of operations of Delta Tucker Holdings, Inc. included in the Annual Report on Form 10-K.
- (2) We define EBITDA as GAAP net income attributable to DTH, Inc. adjusted for interest, taxes, depreciation and amortization. We believe these non-GAAP financial measures are useful in evaluating operating performance and are regularly used by security analysts, institutional investors and other interested parties in reviewing the Company. Non-GAAP financial measures are not intended to be a substitute for any GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of the performance of other companies.
- (3) Includes the completion of certain contracts and certain unusual income and expense items, as defined in the Indenture and New Senior Credit Facility.
- (4) Includes post-employment benefit expense related to severance in accordance with ASC 712 - *Compensation*, relocation expenses, retention expense and share based compensation expense.
- (5) Includes Cerberus Operations and Advisory Company expenses, net of recovery.
- (6) Reflects Global Advisory Group cost incurred during the year ended December 31, 2017, which we were able to add back to Adjusted EBITDA under the Indenture and New Senior Credit Facility in an aggregate amount up to a total of \$30 million, which was fully utilized as of the second quarter of calendar year 2017.
- (7) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash, the non-cash portion of straight-line rent expense, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Credit Agreement Adjusted EBITDA Calculation by Segment

DTH, Inc. CY18 QTD Q4				
(Amount in thousands)	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 22,927	\$ 29,815	\$ (11,179)	\$ 41,563
Depreciation and amortization expense ⁽¹⁾	273	638	5,992	6,903
Loss on early extinguishment of debt	—	—	(3,771)	(3,771)
Noncontrolling interests	—	—	(331)	(331)
Other income, net	251	39	460	750
EBITDA ⁽²⁾	<u>\$ 23,451</u>	<u>\$ 30,492</u>	<u>\$ (8,829)</u>	<u>\$ 45,114</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(2,261)	1,182	5,138	4,059
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	77	80	(208)	(51)
Cerberus fees ⁽⁵⁾	9	12	1	22
Other ⁽⁶⁾	—	(38)	(305)	(343)
Adjusted EBITDA	<u>\$ 21,276</u>	<u>\$ 31,728</u>	<u>\$ (4,203)</u>	<u>\$ 48,801</u>

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- (6) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash, the non-cash portion of straight-line rent expense, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Credit Agreement Adjusted EBITDA Calculation by Segment

DTH, Inc. CY17 QTD Q4				
(Amounts in thousands)	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 24,566	\$ 17,017	\$ (12,337)	\$ 29,246
Depreciation and amortization expense ⁽¹⁾	527	315	6,104	6,946
Noncontrolling interests	—	—	(343)	(343)
Other income, net	(210)	(1,084)	236	(1,058)
EBITDA ⁽²⁾	<u>\$ 24,883</u>	<u>\$ 16,248</u>	<u>\$ (6,340)</u>	<u>\$ 34,791</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(26)	3,857	315	4,146
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	129	98	20	247
Cerberus fees ⁽⁵⁾	101	117	11	229
Other ⁽⁶⁾	4	39	(873)	(830)
Adjusted EBITDA	<u>\$ 25,091</u>	<u>\$ 20,359</u>	<u>\$ (6,867)</u>	<u>\$ 38,583</u>

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- (5) Includes Cerberus Operations and Advisory Company expenses, net of recovery.
- (6) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Credit Agreement Adjusted EBITDA Calculation by Segment

(Amounts in thousands)	DTH, Inc. CY18 YTD			
	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 95,295	\$ 113,806	\$ (43,189)	\$ 165,912
Depreciation and amortization expense ⁽¹⁾	1,330	2,338	23,870	27,538
Loss on early extinguishment of debt	—	—	(4,010)	(4,010)
Noncontrolling interests	—	—	(1,114)	(1,114)
Other income, net	1,015	21	1,645	2,681
EBITDA ⁽²⁾	\$ 97,640	\$ 116,165	\$ (22,798)	\$ 191,007
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(3,411)	(5,651)	10,058	996
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(453)	345	82	(26)
Cerberus fees ⁽⁵⁾	54	47	26	127
Other ⁽⁶⁾	—	11	(2,038)	(2,027)
Adjusted EBITDA	\$ 93,830	\$ 110,917	\$ (14,670)	\$ 190,077

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the consolidated statements of operations of Delta Tucker Holdings, Inc. included in the Annual Report on Form 10-K.
- (2) We define EBITDA as GAAP net income attributable to DTH, Inc. adjusted for interest, taxes, depreciation and amortization. We believe these non-GAAP financial measures are useful in evaluating operating performance and are regularly used by security analysts, institutional investors and other interested parties in reviewing the Company. Non-GAAP financial measures are not intended to be a substitute for any GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of the performance of other companies.
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Credit Agreement Adjusted EBITDA Calculation by Segment

DTH, Inc. CY17 YTD				
(Amounts in thousands)	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating (loss) income	\$ 90,626	\$ 67,441	\$ (54,572)	\$ 103,495
Depreciation and amortization expense ⁽¹⁾	1,666	909	31,616	34,191
Loss on early extinguishment of debt	—	—	(24)	(24)
Noncontrolling interests	—	—	(1,201)	(1,201)
Other income, net	837	(981)	560	416
EBITDA ⁽²⁾	<u>\$ 93,129</u>	<u>\$ 67,369</u>	<u>\$ (23,621)</u>	<u>\$ 136,877</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(26)	4,719	1,624	6,317
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	1,272	626	120	2,018
Cerberus fees ⁽⁵⁾	1,130	722	132	1,984
Global Advisory Group expenses ⁽⁶⁾	—	—	6,943	6,943
Other ⁽⁷⁾	4	97	(1,748)	(1,647)
Adjusted EBITDA	<u>\$ 95,509</u>	<u>\$ 73,533</u>	<u>\$ (16,550)</u>	<u>\$ 152,492</u>

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the consolidated statements of operations of Delta Tucker Holdings, Inc. included in the Annual Report on Form 10-K.
- (2) We define EBITDA as GAAP net income (loss) attributable to DTH, Inc. adjusted for interest, taxes, depreciation and amortization. We believe these non-GAAP financial measures are useful in evaluating operating performance and are regularly used by security analysts, institutional investors and other interested parties in reviewing the Company. Non-GAAP financial measures are not intended to be a substitute for any GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of the performance of other companies.
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- (7) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Unaudited Condensed Consolidated Balance Sheet

(Amounts in thousands)	As of	
	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 203,797	\$ 168,250
Accounts receivable, net of allowances of \$2,784 and \$10,142, respectively	163,901	352,550
Contract assets	172,137	—
Other current assets	44,013	52,542
Total current assets	583,848	573,342
Non-current assets	134,451	162,375
Total assets	\$ 718,299	\$ 735,717
LIABILITIES AND DEFICIT		
Current portion of long-term debt, net	\$ 17,073	\$ 53,652
Other current liabilities	322,313	331,872
Total current liabilities	339,386	385,524
Long-term debt, net	474,660	527,039
Other long-term liabilities	10,553	13,081
Total deficit attributable to Delta Tucker Holdings, Inc.	(111,799)	(195,456)
Noncontrolling interests	5,499	5,529
Total deficit	(106,300)	(189,927)
Total liabilities and deficit	\$ 718,299	\$ 735,717

Unaudited Other Contract Data

(Amounts in millions)	As of	
	December 31, 2018	December 31, 2017
Backlog ⁽¹⁾ :		
Funded backlog	\$ 905	\$ 968
Unfunded backlog	3,147	3,201
Total Backlog	<u>\$ 4,052</u>	<u>\$ 4,169</u>

- (1) Backlog consists of funded and unfunded amounts under contracts. Funded backlog is equal to the amounts appropriated by a customer for payment of goods and services less actual revenue recognized as of the measurement date under that appropriation. Unfunded backlog is the dollar value of unexercised, priced contract options, and the unfunded portion of exercised contract options. Most of our U.S. government contracts allow the customer the option to extend the period of performance of a contract for a period of one or more years.

Unaudited Condensed Statements of Cash Flows

(Amounts in thousands)	For the year ended	
	December 31, 2018	December 31, 2017
Cash Flow Information:		
Net cash provided by operating activities	\$ 146,556	\$ 73,199
Net cash used in investing activities	(5,507)	(6,842)
Net cash used in financing activities	(105,502)	(23,989)
Net cash provided by operating activities	146,556	73,199
Less: Purchase of property and equipment	(8,857)	(8,848)
Proceeds from sale of property and equipment	16	537
Less: Purchase of software	(511)	(1,298)
Free cash flow	<u>\$ 137,204</u>	<u>\$ 63,590</u>