



Second Quarter 2019 Earnings Presentation

Delta Tucker Holdings, Inc.
Parent of DynCorp International Inc.
August 14, 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; outcomes of recompetes on existing programs; 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 August 14, 2019 filed with the SEC on Current Report on Form 8-K and posted on our website.

CEO George Krivo – Executive Summary

Key Financial Results

- Revenue of \$487.8 Million
- Adjusted EBITDA of \$38.1 Million
- Adjusted EBITDA Margin of 7.8%
- DSO at 44 Days
- Net Debt Position of \$234.7 Million⁽¹⁾

Voluntary Term Loan Payment of \$30.0 Million

Recent Award Activity Expected to Provide Significant Backlog Growth and Revenue Visibility

(1) Represents our total outstanding debt of \$450.7M minus cash and cash equivalents of \$195.6M and restricted cash of \$20.3M

Operational Highlights

Operational Highlights

Key Developments

- Aviation Field Maintenance West (AFM West) – \$1.1B⁽¹⁾
- Aviation Field Maintenance East (AFM East) – \$2.4B⁽¹⁾
- Custom Border Patrol (CBP) – \$1.4B⁽¹⁾
- U.S. Air Force ACCOM Award – \$308.6M⁽¹⁾⁽²⁾
- CMMARS Task Order UC-35 – \$118.7M
- Diplomatic Platform Support Services (DiPSS) IDIQ Seat – \$6.0B
- LOGCAP IV AFG 9-Month Extension – \$187.8M
- SANG O&M – \$21.3M

New Business In Evaluation

- \$5.6+ Billion in Proposals Awaiting Award

Performance Indicators



- Strong Contractor Performance Assessment Reports (CPARs) Across Programs

⁽¹⁾ Award currently under protest

⁽²⁾ Q3 2019 Award

Financial Review

Q2 2019 Results

	<i>Millions</i>	Q2 2019	2019 vs. 2018		
Revenue		\$487.8M	(\$62.5M)	(11.4%)	
Adjusted EBITDA		\$38.1M	(\$10.8M)	(22.0%)	
Adjusted EBITDA Margin		7.8%	(110) bps		
			vs. Q4 2018		
Total Backlog		\$3,635M	(\$417M)	(10.3%)	

Q2 Highlights

Revenue		Adjusted EBITDA	
↑ CLS Transport		↑ CLS Transport	
↑ TH-57		↑ NAWDC	
↑ AFCAP IV		↑ ALiSS	
↑ WRM III		↑ AFCAP IV	
↑ USCG C-130		↑ Pax River	
↑ ALiSS		↑ Royal Saudi Programs	
↓ INL Air Wing		↓ LOGCAP IV	
↓ T-6 COMBS		↓ ANA/ANP	
↓ Eagle Ft. Campbell		↓ INL Air Wing	
↓ UAE AH64 MSS		↓ USCG C-130	
↓ TAJI		↓ MD530	
↓ MD530		↓ T34/44/6	
↓ ANA/ANP			

DynAviation



<i>Millions</i>	Q2 2019	2019 vs. 2018	
Revenue	\$234.3M	(\$63.2M)	(21.2%)
Adjusted EBITDA	\$14.0M	(\$11.0M)	(44.0%)
Adjusted EBITDA Margin	6.0%	(240) bps	
		vs. Q4 2018	
Total Backlog	\$2,137M	(\$288M)	(11.9%)



Q2 Highlights

Revenue	Adjusted EBITDA
<ul style="list-style-type: none"> ↑ CLS Transport ↑ TH-57 ↑ NAWDC ↑ USCG C-130 ↓ INL Air Wing ↓ T-6 COMBS ↓ MD530 	<ul style="list-style-type: none"> ↑ CLS Transport ↑ NAWDC ↑ Royal Saudi Programs ↑ Pax River ↓ MD530 ↓ T34/44/6 ↓ INL Air Wing ↓ USCG C-130

Total Backlog	
<ul style="list-style-type: none"> ↑ CMMARS ↑ ERRC ↑ Kuwait MetCal ↓ AFM RASM/TASM ↓ CLS Transport 	<ul style="list-style-type: none"> ↓ NTWP ↓ T34/44/6 ↓ Pax River

DynLogistics

	<i>\$millions</i>	2019 vs. 2018	
		Q2 2019	
Revenue	\$253.6M	\$2.3M	0.9%
Adjusted EBITDA	\$26.7M	(\$2.5M)	(8.5%)
Adjusted EBITDA Margin	10.5%	(110) bps	
		vs. Q4 2018	
Total Backlog	\$1,498M	(\$129M)	(7.9%)



Q2 Highlights

Revenue	Adjusted EBITDA
<ul style="list-style-type: none"> ↑ AFCAP IV ↑ WRM III ↑ ALiSS ↓ EAGLE Ft. Campbell ↓ TAJI ↓ ANA/ANP 	<ul style="list-style-type: none"> ↑ AFCAP IV ↑ WRM III ↑ ALiSS ↓ LOGCAP IV ↓ ANA/ANP ↓ TAJI

Total Backlog	
<ul style="list-style-type: none"> ↑ WRM III ↑ AFCAP IV ↑ SANG ↑ NEFRS 	<ul style="list-style-type: none"> ↓ ANA/ANP ↓ ALiSS ↓ GISS G4 INSCOM

Financial Review – 2019 Q2 Miscellaneous Items

Working Capital of \$119.2 Million⁽¹⁾

- Down \$14.9 Million from Prior Year-end; 5.9% of Revenue
- DSO at 44 Days – Decrease of 5 Days from Prior Year-end

YTD Free Cash Flow \$59.3 Million

Current Net Debt Position of \$234.7 Million⁽²⁾

- Unrestricted Cash Position of \$195.6 Million
- No Revolver Borrowings Outstanding At Quarter-end

Voluntary Term Loan Payment of \$30.0M

2019 Financial Guidance Unchanged

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

(2) Calculation of Net Debt includes \$20.3M of restricted cash.

CEO Closing Remarks

Disciplined Execution Delivering Results

- Series of Major Wins
- Awards to Provide Significant Backlog Growth and Revenue Visibility

Budget Deal Provides Stability and Predictability

- Defense Spending Prioritizes Readiness

2019 Priorities – Maintain Focus on Growth

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

Serving Today for a Better Tomorrow!

Appendix

Unaudited Consolidated Statements of Operations

(Amounts in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenue	\$ 487,823	\$ 550,361	\$ 968,608	\$ 1,084,654
Cost of services	(428,927)	(476,598)	(848,394)	(942,021)
Selling, general and administrative expenses	(25,952)	(24,670)	(51,674)	(50,029)
Depreciation and amortization expense	(5,879)	(5,974)	(11,733)	(12,031)
Earnings from equity method investees	662	222	662	269
Operating income	27,727	43,341	57,469	80,842
Interest expense	(14,332)	(16,083)	(29,016)	(33,071)
Loss on early extinguishment of debt	(852)	—	(1,475)	(239)
Interest income	1,119	408	2,154	933
Other income, net	773	492	1,397	1,141
Income before income taxes	14,435	28,158	30,529	49,606
Provision for income taxes	(9,131)	(3,140)	(13,372)	(7,884)
Net income	5,304	25,018	17,157	41,722
Noncontrolling interests	(151)	(209)	(395)	(505)
Net income attributable to Delta Tucker Holdings, Inc.	\$ 5,153	\$ 24,809	\$ 16,762	\$ 41,217
Provision for income taxes	9,131	3,140	13,372	7,884
Interest expense, net of interest income	13,213	15,675	26,862	32,138
Depreciation and amortization ⁽¹⁾	6,796	6,901	13,582	13,721
EBITDA ⁽²⁾	\$ 34,293	\$ 50,525	\$ 70,578	\$ 94,960
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	3,401	(270)	5,897	2,710
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	47	(725)	130	(352)
Cerberus fees ⁽⁵⁾	67	55	87	86
Other ⁽⁶⁾	298	(708)	706	(1,342)
Adjusted EBITDA	\$ 38,106	\$ 48,877	\$ 77,398	\$ 96,062

(1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.

(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 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) 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.

Unaudited Credit Agreement Adjusted EBITDA Calculation by Segment

(Amounts in thousands)	DTH, Inc. CY19 QTD Q2			
	DynAviation	DynLogistics	Headquarters / Others	Consolidated
Operating income (loss)	\$ 13,440	\$ 23,551	\$ (9,264)	\$ 27,727
Depreciation and amortization expense ⁽¹⁾	283	677	5,836	6,796
Loss on early extinguishment of debt	—	—	(852)	(852)
Noncontrolling interests	—	—	(151)	(151)
Other income, net	618	4	151	773
EBITDA ⁽²⁾	<u>\$ 14,341</u>	<u>\$ 24,232</u>	<u>\$ (4,280)</u>	<u>\$ 34,293</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(400)	2,399	1,402	3,401
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	12	34	1	47
Cerberus fees ⁽⁵⁾	22	23	22	67
Other ⁽⁶⁾	—	(2)	300	298
Adjusted EBITDA	<u>\$ 13,975</u>	<u>\$ 26,686</u>	<u>\$ (2,555)</u>	<u>\$ 38,106</u>

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.
- (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 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) 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.

Unaudited Credit Agreement Adjusted EBITDA Calculation by Segment

(Amounts in thousands)	DTH, Inc. CY18 QTD Q2			
	DynAviation	DynLogistics	Headquarters / Others	Consolidated
Operating income (loss)	\$ 25,282	\$ 28,896	\$ (10,837)	\$ 43,341
Depreciation and amortization expense ⁽¹⁾	287	652	5,962	6,901
Noncontrolling interests	—	—	(209)	(209)
Other income, net	105	(48)	435	492
EBITDA ⁽²⁾	\$ 25,674	\$ 29,500	\$ (4,649)	\$ 50,525
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	34	(437)	133	(270)
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(772)	42	5	(725)
Cerberus fees ⁽⁵⁾	22	17	16	55
Other ⁽⁶⁾	2	52	(762)	(708)
Adjusted EBITDA	\$ 24,960	\$ 29,174	\$ (5,257)	\$ 48,877

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.
- (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 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) 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.

Unaudited Credit Agreement Adjusted EBITDA Calculation by Segment

(Amounts in thousands)	DTH, Inc. CY19 YTD Q2			
	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 23,248	\$ 50,650	\$ (16,429)	\$ 57,469
Depreciation and amortization expense ⁽¹⁾	584	1,351	11,647	13,582
Loss on early extinguishment of debt	—	—	(1,475)	(1,475)
Noncontrolling interests	—	—	(395)	(395)
Other income, net	1,126	4	267	1,397
EBITDA ⁽²⁾	\$ 24,958	\$ 52,005	\$ (6,385)	\$ 70,578
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(376)	3,892	2,381	5,897
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	10	75	45	130
Cerberus fees ⁽⁵⁾	31	33	23	87
Other ⁽⁶⁾	—	(2)	708	706
Adjusted EBITDA	\$ 24,623	\$ 56,003	\$ (3,228)	\$ 77,398

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.
- (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 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) 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.

Unaudited Credit Agreement Adjusted EBITDA Calculations by Segment

(Amounts in thousands)	DTH, Inc. CY18 YTD Q2			
	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating (loss) income	\$ 51,216	\$ 48,202	\$ (18,576)	\$ 80,842
Depreciation and amortization expense ⁽¹⁾	785	1,068	11,868	13,721
Loss on early extinguishment of debt	—	—	(239)	(239)
Noncontrolling interests	—	—	(505)	(505)
Other income, net	304	33	804	1,141
EBITDA ⁽²⁾	<u>\$ 52,305</u>	<u>\$ 49,303</u>	<u>\$ (6,648)</u>	<u>\$ 94,960</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	113	2,199	398	2,710
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(527)	165	10	(352)
Cerberus fees ⁽⁵⁾	36	26	24	86
Other ⁽⁶⁾	2	(4)	(1,340)	(1,342)
Adjusted EBITDA	<u>\$ 51,929</u>	<u>\$ 51,689</u>	<u>\$ (7,556)</u>	<u>\$ 96,062</u>

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.
- (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 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) 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.

Unaudited Condensed Consolidated Balance Sheets

(Amounts in thousands)	<u>As of</u>	
	<u>June 30, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 195,643	\$ 203,797
Restricted cash	20,294	—
Accounts receivable, net of allowances of \$3,335 and \$2,784, respectively	106,521	163,901
Contract assets	186,564	172,137
Other current assets	63,823	44,013
Total current assets	572,845	583,848
Non-current assets	145,746	134,451
Total assets	<u>\$ 718,591</u>	<u>\$ 718,299</u>
LIABILITIES AND DEFICIT		
Current portion of long-term debt, net	\$ —	\$ 17,073
Other current liabilities	326,274	322,313
Total current liabilities	326,274	339,386
Long-term debt, net	450,662	474,660
Other long-term liabilities	31,159	10,553
Total deficit attributable to Delta Tucker Holdings, Inc.	(94,841)	(111,799)
Noncontrolling interests	5,337	5,499
Total deficit	(89,504)	(106,300)
Total liabilities and deficit	<u>\$ 718,591</u>	<u>\$ 718,299</u>

Unaudited Other Contract Data

(Amounts in millions)	<u>As of</u>	
	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Backlog ⁽¹⁾ :		
Funded backlog	\$ 698	\$ 905
Unfunded backlog	2,937	3,147
Total Backlog	<u>\$ 3,635</u>	<u>\$ 4,052</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 six months ended	
	June 30, 2019	June 30, 2018
Cash Flow Information:		
Net cash provided by operating activities	\$ 60,650	\$ 105,762
Net cash (used in) provided by investing activities	(542)	207
Net cash used in financing activities	(47,968)	(55,366)
Net cash provided by operating activities	60,650	105,762
Less: Purchase of property and equipment	(1,586)	(6,160)
Proceeds from sale of property and equipment	402	13
Less: Purchase of software	(153)	(41)
Free cash flow	<u>\$ 59,313</u>	<u>\$ 99,574</u>