



First Quarter 2019 Earnings Presentation

Delta Tucker Holdings, Inc.
Parent of DynCorp International Inc.
May 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.**
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- **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 May 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 \$480.8 Million
- Adjusted EBITDA of \$39.3 Million
- Adjusted EBITDA Margin of 8.2%
- DSO at 50 Days
- Net Debt Position of \$289.6 Million

Business Fundamentals Remain Strong

- Supportive Budget Environment
- Strong Demand for our Services
- Significant New Business In Evaluation
 - More Than \$5.0 Billion Submitted and Awaiting Award

Operational Highlights

Operational Highlights

Notable Wins and Extensions

- Contracted Maintenance, Modification, Aircrew and Related Services IDIQ – \$12.6B
- AFCAP IV Task Orders:
 - Offutt Recovery Support – \$50.0M
 - F-15 Acquisition Support under FMS Program – \$14.8M
 - AASAB Mission Support Services – \$11.4M
- LOGCAP IV NORTHCOM Fort Irwin National Training Center 6-Month Extension – \$50.2M
- LOGCAP IV PACOM U.S. Army Garrison-Kwajalein Atoll 6-Month Extension – \$61.2M
- U.S. Air Force J85 Engine Maintenance Contract – \$18.6M
- TH-57 Award – \$302.4M⁽¹⁾
- Aviation Field Maintenance West (AFM WEST) – \$1.1B⁽²⁾

Performance Indicators

- CLS T34/44/6 Received PMF Award
- Strong Contractor Performance Assessment Reports (CPARS) Across Programs

(1) TH-57 award previously reported, protest concluded April 2019, and work has begun

(2) Q2 2019 award

Financial Review

Q1 2019 Results

	, \$millions	2019 vs. 2018	
		Q1 2019	
Revenue		\$480.8M	(\$53.5M) (10.0%)
Adjusted EBITDA		\$39.3M	(\$7.9M) (16.7%)
Adjusted EBITDA Margin		8.2%	(66) bps
			vs. Q4 2018
Total Backlog		\$3,715M	(\$337M) (8.3%)



Q1 Highlights

Revenue	Adjusted EBITDA
<ul style="list-style-type: none"> ↑ LOGCAP IV ↑ CLS Transport ↑ CNSS ↑ ALiSS ↑ GISS G4 INSCOM ↓ INL ↓ JPATS T6 Bridge ↓ Taji ↓ MD530 ↓ Eagle Ft Campbell 	<ul style="list-style-type: none"> ↑ ANA/ANP ↑ LOGCAP IV ↑ CNSS ↑ ALiSS ↑ CLS Transport ↓ INL ↓ MD530 ↓ T34/44 ↓ SANG ↓ JPATS T6 Bridge ↓ UAE GAL ↓ Taji

DynAviation



<i>Millions</i>	Q1 2019	2019 vs. 2018	
	Revenue	\$224.4M	(\$92.9M)
Adjusted EBITDA	\$10.6M	(\$16.3M)	(60.5%)
Adjusted EBITDA Margin	4.7%	(376) bps	
		vs. Q4 2018	
Total Backlog	\$2,214M	(\$211M)	(8.7%)



Q1 Highlights

Revenue		Adjusted EBITDA	
↑ CLS Transport		↑ CLS Transport	
↑ Andrews Executive Airlift		↑ AFM TASM	
↓ INL		↓ INL	
↓ JPATS T6 Bridge		↓ MD530	
↓ MD530		↓ T34/44	
↓ Andrews VIPSAM		↓ SANG	
↓ NASA		↓ JPATS T6 Bridge	
↓ UAE GAL		↓ UAE GAL	
Total Backlog			
↑ ERRC Bridge		↓ NAWDC	
↓ AFM TASM		↓ NTWP	
↓ Andrews EA		↓ PAX River II	
↓ CLS Transport		↓ T34/44/6	
↓ JPATS T6 Bridge			

DynLogistics

	<i>Millions</i>	Q1 2019	2019 vs. 2018		
Revenue		\$256.5M	\$39.0M	17.9%	
Adjusted EBITDA		\$29.3M	\$6.8M	30.2%	
Adjusted EBITDA Margin		11.4%	108 bps		
			vs. Q4 2018		
Total Backlog		\$1,501M	(\$126M)	(7.7%)	

Q1 Highlights

Revenue		Adjusted EBITDA	
↑ ALISS		↑ ALISS	
↑ GISS G4 INSCOM		↑ ANA/ANP	
↑ LOGCAP IV		↑ CNSS	
↑ CNSS		↑ LOGCAP IV	
↓ Taji		↓ Taji	
↓ EAGLE Ft Campbell			
Total Backlog			
↑ ALISS		↓ LOGCAP IV	
↑ AFCAP IV		↓ NSP	
↑ ANA/ANP		↓ WRM III	
↓ GISS G4 INSCOM			

Financial Review – Q1 Miscellaneous Items

Working Capital⁽¹⁾ of \$126.7 Million

- Down \$7.4 Million from Year-end 2018; 6.1% of Revenue
- DSO at 50 Days – Increase of 1 Day from Year-end 2018

Q1 2019 Free Cash Flow of \$3.2 Million

- In line with Q1 2018 of \$3.2 Million

Current Net Debt Position of \$289.6 Million

- Balance Sheet Unrestricted Cash Position of \$189.1 Million at Quarter-end
- No Revolver Borrowings Outstanding at Quarter-end

Term Loan Payment Pursuant to Excess Cash Flow Provision – \$17.8 Million

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

2019 Financial Guidance

Full Year 2019 Revenue Estimate

- \$1.95 Billion to \$2.05 Billion

Full Year 2019 Adjusted EBITDA Estimate

- \$135.0 Million to \$145.0 Million

Full Year 2019 Free Cash Flow Estimate

- \$50.0 Million to \$60.0 Million

CEO Closing Remarks

Looking Ahead Fundamentals are Promising

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

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	
	March 31, 2019	March 31, 2018
Revenue	\$ 480,785	\$ 534,293
Cost of services	(419,467)	(465,423)
Selling, general and administrative expenses	(25,722)	(25,359)
Depreciation and amortization expense	(5,854)	(6,057)
Earnings from equity method investees	—	47
Operating income	29,742	37,501
Interest expense	(14,684)	(16,988)
Loss on early extinguishment of debt	(623)	(239)
Interest income	1,035	525
Other income, net	624	649
Income before income taxes	16,094	21,448
Provision for income taxes	(4,241)	(4,744)
Net income	11,853	16,704
Noncontrolling interests	(244)	(296)
Net income attributable to Delta Tucker Holdings, Inc.	\$ 11,609	\$ 16,408
Provision for income taxes	4,241	4,744
Interest expense, net of interest income	13,649	16,463
Depreciation and amortization ⁽¹⁾	6,786	6,820
EBITDA ⁽²⁾	\$ 36,285	\$ 44,435
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	2,496	2,980
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	83	373
Cerberus fees ⁽⁵⁾	20	31
Other ⁽⁶⁾	408	(634)
Adjusted EBITDA	\$ 39,292	\$ 47,185

- (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 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) 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

DTH, Inc. CY19 QTD Q1				
(Amounts in thousands)	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 9,808	\$ 27,099	\$ (7,165)	\$ 29,742
Depreciation and amortization expense ⁽¹⁾	301	674	5,811	6,786
Loss on early extinguishment of debt	—	—	(623)	(623)
Noncontrolling interests	—	—	(244)	(244)
Other income, net	508	—	116	624
EBITDA ⁽²⁾	<u>\$ 10,617</u>	<u>\$ 27,773</u>	<u>\$ (2,105)</u>	<u>\$ 36,285</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	24	1,493	979	2,496
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(2)	41	44	83
Cerberus fees ⁽⁵⁾	9	10	1	20
Other ⁽⁶⁾	—	—	408	408
Adjusted EBITDA	<u>\$ 10,648</u>	<u>\$ 29,317</u>	<u>\$ (673)</u>	<u>\$ 39,292</u>

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

DTH, Inc. CY18 QTD Q1				
(Amounts in thousands)	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 25,934	\$ 19,306	\$ (7,739)	\$ 37,501
Depreciation and amortization expense ⁽¹⁾	498	416	5,906	6,820
Loss on early extinguishment of debt	—	—	(239)	(239)
Noncontrolling interests	—	—	(296)	(296)
Other income, net	199	81	369	649
EBITDA ⁽²⁾	<u>\$ 26,631</u>	<u>\$ 19,803</u>	<u>\$ (1,999)</u>	<u>\$ 44,435</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	79	2,636	265	2,980
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	245	123	5	373
Cerberus fees ⁽⁵⁾	14	9	8	31
Other ⁽⁶⁾	—	(56)	(578)	(634)
Adjusted EBITDA	<u>\$ 26,969</u>	<u>\$ 22,515</u>	<u>\$ (2,299)</u>	<u>\$ 47,185</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)	As of	
	March 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 189,116	\$ 203,797
Accounts receivable, net of allowances of \$3,274 and \$2,784, respectively	128,090	163,901
Contract assets	171,244	172,137
Other current assets	47,933	44,013
Total current assets	536,383	583,848
Non-current assets	153,979	134,451
Total assets	\$ 690,362	\$ 718,299
LIABILITIES AND DEFICIT		
Current portion of long-term debt, net	\$ —	\$ 17,073
Other current liabilities	275,069	322,313
Total current liabilities	275,069	339,386
Long-term debt, net	478,671	474,660
Other long-term liabilities	31,302	10,553
Total deficit attributable to Delta Tucker Holdings, Inc.	(100,110)	(111,799)
Noncontrolling interests	5,430	5,499
Total deficit	(94,680)	(106,300)
Total liabilities and deficit	\$ 690,362	\$ 718,299

Unaudited Other Contract Data

(Amounts in millions)	As of	
	March 31, 2019	December 31, 2018
Backlog ⁽¹⁾ :		
Funded backlog	\$ 811	\$ 905
Unfunded backlog	2,904	3,147
Total Backlog	\$ 3,715	\$ 4,052

- (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 three months ended	
	March 31, 2019	March 31, 2018
Cash Flow Information:		
Net cash provided by operating activities	\$ 3,983	\$ 8,049
Net cash used in investing activities	(758)	(3,622)
Net cash used in financing activities	(17,906)	(55,154)
Net cash provided by operating activities	3,983	8,049
Less: Purchase of property and equipment	(636)	(4,852)
Proceeds from sale of property and equipment	—	12
Less: Purchase of software	(122)	(32)
Free cash flow	\$ 3,225	\$ 3,177