



Third Quarter 2018 Earnings Presentation

Delta Tucker Holdings, Inc.
Parent of DynCorp International Inc.
November 13, 2018

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 November 13, 2018 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 \$525.0 Million
- Adjusted EBITDA of \$45.2 Million
- Adjusted EBITDA Margin of 8.6%
- Strong Free Cash Flow \$122.5 Million
 - Voluntary Term Loan Payment \$50.0M in October 2018
- Reduced Net Debt Position to \$297.8 Million

Strategic Wins, Extensions & Contract Modifications

Significant New Business In Evaluation

- More Than \$5.0 Billion Submitted and Awaiting Award

Operational Performance Recognized

Operational Highlights

Operational Highlights

Joint Base Andrews Executive Airlift GSA Task Order – \$203.1M

LOGCAP IV Developments

- NORTHCOM Fort Irwin National Training Center 6-Month Extension – \$48.8M
- NORTHCOM Puerto Rico USACE Extension Through 12/31/18 – \$19.9M
- Afghanistan South Base Life Support Services – \$21.7M

ALiSS Program Continues to Grow – \$45.2M

- RSO Physical Security Support Task Order
- Staff Augmentation Support Services Task Order
- IRM2 IT Projects Support Task Order
- Camp Eggers Support Services Task Order Additional Scope
- Vehicle Maintenance Task Order Additional Scope
- Emergency Support Services Additional Scope

Q4 IDIQ Preview

- Responsive Strategic Sourcing for Services (RS3) IDIQ – \$37.4B
- Worldwide Contractor Logistics Support IDIQ – \$25.5B⁽¹⁾



Performance Indicators

- Strong Contractor Performance Assessment Reports (CPARS) Across Programs
- CalFire & Firewatch Programs Receive Federal Aviation Administration Diamond Awards

⁽¹⁾ Award Originally Announced in April 2018; Protest Concluded October 2018

Financial Review

Q3 2018 Results

	<i>Millions</i>	Q3 2018	2018 vs. 2017		
Revenue		\$525.0M	\$22.0M	4.4%	
Adjusted EBITDA		\$45.2M	\$7.1M	18.6%	
Adjusted EBITDA Margin		8.6%	103 bps		
			vs. Q4 2017		
Total Backlog		\$3,882M	(\$287M)	(6.9%)	

Q3 Highlights

Revenue		Adjusted EBITDA	
↑ LOGCAP IV		↑ JPATS T6	
↑ CLS Transport		↑ LOGCAP IV	
↑ NTWP		↑ ANA / ANP	
↑ GISS G4 INSCOM		↑ CLS Transport	
↑ CivPol		↑ ALiSS	
↑ ALiSS		↑ CNTPO	
↑ CNTPO		↓ T34/44/6	
↓ INL Air Wing		↓ INL Air Wing	
↓ JPATS T6		↓ MD530	
↓ NASA		↓ SANG	
↓ SANG		↓ AFCAP IV	
↓ Taji		↓ Taji	

DynAviation

<i>Millions</i>	Q3 2018	2018 vs. 2017	
	Revenue	\$251.0M	(\$56.9M)
Adjusted EBITDA	\$20.6M	(\$6.7M)	(24.4%)
Adjusted EBITDA Margin	8.2%	(65) bps	
		vs. Q4 2017	
Total Backlog	\$2,112M	(\$503M)	(19.2%)



Q3 Highlights

Revenue		Adjusted EBITDA	
↑ CLS Transport		↑ JPATS T6	
↑ NTWP		↑ Andrews VIPSAM	
↑ CNTPO		↑ CLS Transport	
↓ INL Air Wing		↑ CNTPO	
↓ JPATS T6		↓ T34/44/6	
↓ SANG		↓ INL Air Wing	
↓ NASA		↓ MD530	
		↓ SANG	
Total Backlog			
↑ Andrews		↓ INL Air Wing	
↑ CFT Davis Monthan DO 28		↓ T34/44/6	
↑ Royal Saudi Navy GSA		↓ Pax River	
↓ AFM TASM		↓ CLS Transport	

DynLogistics

	<i>\$millions</i>	Q3 2018		2018 vs. 2017	
Revenue		\$274.9M	\$79.1M	40.4%	
Adjusted EBITDA		\$27.5M	\$14.6M	112.9%	
Adjusted EBITDA Margin		10.0%	341 bps		
			vs. Q4 2017		
Total Backlog		\$1,770M	\$216M	13.9%	



Q3 Highlights

Revenue		Adjusted EBITDA	
↑ LOGCAP IV		↑ LOGCAP IV	
↑ GISS G4 INSCOM		↑ ANA / ANP	
↑ CivPol		↑ ALiSS	
↑ ALiSS		↓ CJPS	
↓ Taji		↓ AFCAP IV	
↓ CJPS		↓ Taji	
↓ Chemonics			
Total Backlog			
↑ ALiSS		↓ ANA / ANP	
↑ LOGCAP IV		↓ GISS G4 INSCOM	
		↓ Taji	

Financial Review – Q3 Miscellaneous Items

Working Capital⁽¹⁾ of \$108.9 Million

- Down \$37.6 Million from Prior Year-end; 5.0% of Revenue
- DSO at 41 Days – Decrease of 13 Days from Prior Year-end

YTD Free Cash Flow \$122.5 Million

Current Net Debt Position of \$297.8 Million

- Balance Sheet Cash Position of \$239.1 Million
- No Revolver Borrowings Outstanding At Quarter-end

Voluntary Term Loan Payment of \$50.0 Million in October 2018

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

2018 Full Year Financial Guidance Update

Full Year 2018 Revenue Estimate

- \$2.1 Billion to \$2.15 Billion
 - Full Year Contribution of Recent Wins Supports Year
 - CLS Transport Army C12
 - Naval Test Wing Pacific
 - LOGCAP IV Forecasted to Grow \$210 Million
 - Offsets Decline in INL AIR WING
 - 2018 INL AIR WING Revenue Expected at \$105 Million

Full Year 2018 Adjusted EBITDA Estimate – Increased

- \$185 Million to \$189 Million
 - Productivity and Volume Drive Performance
 - Increased Full Year 2018 Visibility

Full Year 2018 Free Cash Flow Estimate

- In Excess of \$120 Million

CEO Closing Remarks

Strong YTD Performance

Updated Financial Guidance

Reduced Net Debt

Strategic Wins

Remain Focus on Our Priorities

- 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)	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenue	\$ 525,022	\$ 502,974	\$ 1,609,676	\$ 1,437,133
Cost of services	(454,270)	(447,796)	(1,396,291)	(1,256,924)
Selling, general and administrative expenses	(21,163)	(21,243)	(71,192)	(80,129)
Depreciation and amortization expense	(6,022)	(8,792)	(18,053)	(25,936)
(Loss) earnings from equity method investees	(60)	53	209	105
Operating income	43,507	25,196	124,349	74,249
Interest expense	(16,197)	(17,149)	(49,268)	(53,628)
Loss on early extinguishment of debt	—	—	(239)	(24)
Interest income	863	15	1,796	39
Other income (expense), net	790	(43)	1,931	1,474
Income before income taxes	28,963	8,019	78,569	22,110
Provision for income taxes	(2,040)	(3,338)	(9,924)	(11,677)
Net income	26,923	4,681	68,645	10,433
Noncontrolling interests	(278)	(295)	(783)	(858)
Net income attributable to Delta Tucker Holdings, Inc.	\$ 26,645	\$ 4,386	\$ 67,862	\$ 9,575
Provision for income taxes	2,040	3,338	9,924	11,677
Interest expense, net of interest income	15,334	17,134	47,472	53,589
Depreciation and amortization ⁽¹⁾	6,913	9,320	20,635	27,245
EBITDA ⁽²⁾	\$ 50,932	\$ 34,178	\$ 145,893	\$ 102,086
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(5,773)	3,409	(3,063)	2,171
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	377	296	25	1,771
Cerberus fees ⁽⁵⁾	19	479	105	1,755
Global Advisory Group expenses ⁽⁶⁾	—	—	—	6,943
Other ⁽⁷⁾	(342)	(247)	(1,684)	(817)
Adjusted EBITDA	\$ 45,213	\$ 38,115	\$ 141,276	\$ 113,909

- (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) Reflects Global Advisory Group cost incurred during nine months ended September 30, 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, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Unaudited Credit Agreement Adjusted EBITDA Calculation by Segment

DTH, Inc. CY18 QTD Q3				
(Amounts in thousands)	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 21,152	\$ 35,788	\$ (13,433)	\$ 43,507
Depreciation and amortization expense ⁽¹⁾	272	632	6,009	6,913
Noncontrolling interests	—	—	(278)	(278)
Other income, net	460	(52)	382	790
EBITDA ⁽²⁾	<u>\$ 21,884</u>	<u>\$ 36,368</u>	<u>\$ (7,320)</u>	<u>\$ 50,932</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(1,263)	(9,032)	4,522	(5,773)
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(3)	100	280	377
Cerberus fees ⁽⁵⁾	9	9	1	19
Other ⁽⁶⁾	(2)	53	(393)	(342)
Adjusted EBITDA	<u>\$ 20,625</u>	<u>\$ 27,498</u>	<u>\$ (2,910)</u>	<u>\$ 45,213</u>

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Unaudited Credit Agreement Adjusted EBITDA Calculation by Segment

DTH, Inc. CY17 QTD Q3				
(Amounts in thousands)	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 26,415	\$ 9,125	\$ (10,344)	\$ 25,196
Depreciation and amortization expense ⁽¹⁾	525	258	8,537	9,320
Noncontrolling interests	—	—	(295)	(295)
Other income, net	5	56	(104)	(43)
EBITDA ⁽²⁾	<u>\$ 26,945</u>	<u>\$ 9,439</u>	<u>\$ (2,206)</u>	<u>\$ 34,178</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	—	3,168	241	3,409
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	87	123	86	296
Cerberus fees ⁽⁵⁾	262	171	46	479
Other ⁽⁶⁾	—	17	(264)	(247)
Adjusted EBITDA	<u>\$ 27,294</u>	<u>\$ 12,918</u>	<u>\$ (2,097)</u>	<u>\$ 38,115</u>

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- (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.

Unaudited Credit Agreement Adjusted EBITDA Calculation by Segment

DTH, Inc. CY18 YTD Q3				
(Amounts in thousands)	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 72,368	\$ 83,991	\$ (32,010)	\$ 124,349
Depreciation and amortization expense ⁽¹⁾	1,057	1,700	17,878	20,635
Loss on early extinguishment of debt	—	—	(239)	(239)
Noncontrolling interests	—	—	(783)	(783)
Other income, net	764	(18)	1,185	1,931
EBITDA ⁽²⁾	<u>\$ 74,189</u>	<u>\$ 85,673</u>	<u>\$ (13,969)</u>	<u>\$ 145,893</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(1,150)	(6,833)	4,920	(3,063)
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(530)	265	290	25
Cerberus fees ⁽⁵⁾	45	35	25	105
Other ⁽⁶⁾	—	49	(1,733)	(1,684)
Adjusted EBITDA	<u>\$ 72,554</u>	<u>\$ 79,189</u>	<u>\$ (10,467)</u>	<u>\$ 141,276</u>

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- (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.

Unaudited Credit Agreement Adjusted EBITDA Calculation by Segment

(Amounts in thousands)	DTH, Inc. CY17 YTD Q3			
	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating (loss) income	\$ 66,060	\$ 50,424	\$ (42,235)	\$ 74,249
Depreciation and amortization expense ⁽¹⁾	1,139	594	25,512	27,245
Loss on early extinguishment of debt	—	—	(24)	(24)
Noncontrolling interests	—	—	(858)	(858)
Other income, net	1,047	103	324	1,474
EBITDA ⁽²⁾	\$ 68,246	\$ 51,121	\$ (17,281)	\$ 102,086
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	—	862	1,309	2,171
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	1,143	528	100	1,771
Cerberus fees ⁽⁵⁾	1,029	605	121	1,755
Global Advisory Group expenses ⁽⁶⁾	—	—	6,943	6,943
Other ⁽⁷⁾	—	58	(875)	(817)
Adjusted EBITDA	\$ 70,418	\$ 53,174	\$ (9,683)	\$ 113,909

(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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(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) Reflects Global Advisory Group cost incurred during the nine months ended September 30, 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, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Unaudited Condensed Consolidated Balance Sheets

(Amounts in thousands)	As of	
	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 239,145	\$ 168,250
Accounts receivable, net of allowances of \$5,076 and \$10,142, respectively	119,567	352,550
Contract assets	163,876	—
Other current assets	49,826	52,542
Total current assets	572,414	573,342
Non-current assets	143,796	162,375
Total assets	\$ 716,210	\$ 735,717
LIABILITIES AND DEFICIT		
Current portion of long-term debt, net	\$ —	\$ 53,652
Other current liabilities	290,929	331,872
Total current liabilities	290,929	385,524
Long-term debt, net	536,945	527,039
Other long-term liabilities	11,437	13,081
Total deficit attributable to Delta Tucker Holdings, Inc.	(128,550)	(195,456)
Noncontrolling interests	5,449	5,529
Total deficit	(123,101)	(189,927)
Total liabilities and deficit	\$ 716,210	\$ 735,717

Unaudited Other Contract Data

(Amounts in millions)	As of	
	September 30, 2018	December 31, 2017
Backlog ⁽¹⁾ :		
Funded backlog	\$ 770	\$ 968
Unfunded backlog	3,112	3,201
Total Backlog	\$ 3,882	\$ 4,169

- (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 nine months ended	
	September 30, 2018	September 30, 2017
Cash Flow Information:		
Net cash provided by operating activities	\$ 131,103	\$ 10,137
Net cash used in investing activities	(4,793)	(1,273)
Net cash used in financing activities	(55,415)	(24,089)
Net cash provided by operating activities	131,103	10,137
Less: Purchase of property and equipment	(8,377)	(3,931)
Proceeds from sale of property and equipment	13	537
Less: Purchase of software	(274)	(646)
Free cash flow	\$ 122,465	\$ 6,097