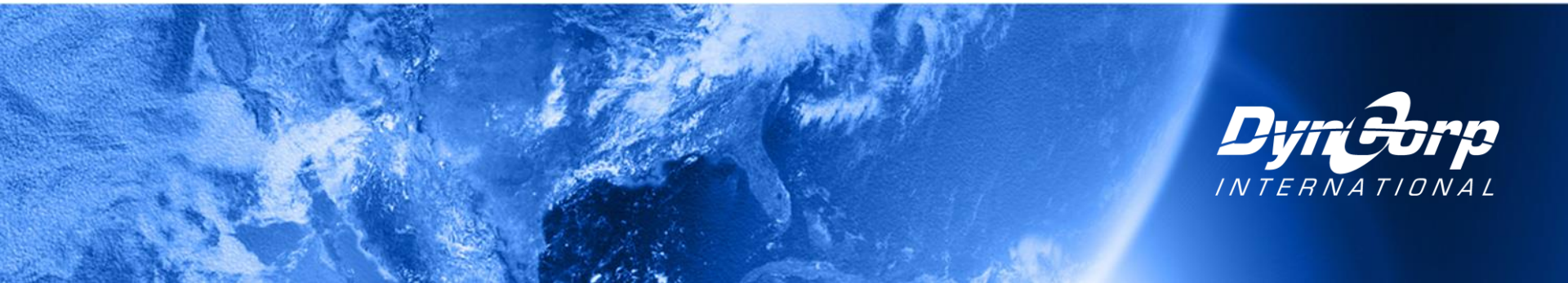


# DynCorp International



DynAviation | DynGlobal | DynLogistics

Bank of America Merrill Lynch  
2014 Leveraged Finance Conference

# Forward-Looking Statements and Non-GAAP Measures

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- **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; 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 10, 2014, filed with the SEC on Current Report on Form 8-K and posted on our website.**

# Company Overview

With a Heritage Extending From 1946, DynCorp International ('DynCorp', 'DI' or the 'Company') is a Leading Provider of Support Solutions for Commercial, Government and Military Customers Around the World.

**Delta Tucker Holdings, Inc.**

**DynCorp International, Inc.**

- FY 2013 Revenue: \$3.3B
- FY 2013 Adjusted EBITDA: \$180.5M
- Personnel: ~17,000 in 35+ countries

## DynAviation

- Aviation Maintenance, Modifications, Overhaul, Repair and Support
- Air Operations and Transport
- Training
- Intelligence, Surveillance and Reconnaissance (ISR)
- Aerial Firefighting
- Airfield Management, Communication and Navigation

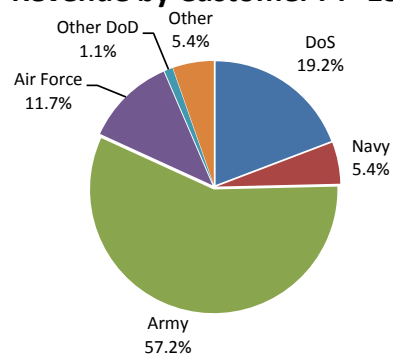
## DynLogistics

- Logistics and Contingency Operations
- Operations and Maintenance
- Intelligence and Security
- ITS Training Courses
- Training

## DynGlobal

- Provides Full Range of DI's Diverse Capabilities to International and Commercial Customers

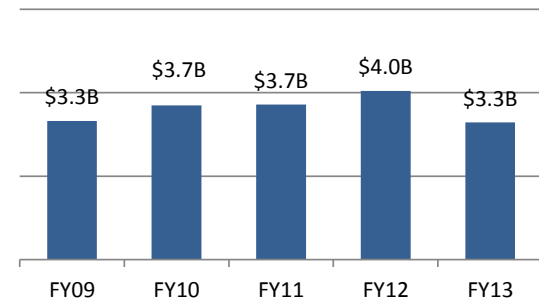
## Revenue by Customer FY '13



## DI Facts

- 96% of Revenue Generated from U.S. Government
- Contract Mix:
  - 67% - Cost Reimbursement
  - 23% - Fixed Price
  - 10% - Time & Material

## Historical Revenue



# Executive Summary

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## Challenging Operating Conditions Remain

- U.S. Spending Conservative; Awards Continue to Slide (Acquisition Cycle 300 days)
- Afghanistan Drawdown Occurring at an Aggressive Pace

## Q3 2014 Key Financial Results

- Revenue of \$540.3 Million; Adjusted EBITDA of \$28.8 Million; Margins of 5.3%

## Meeting Our Commitments in a New Environment

- Solidify our Management Structure
- \$4+ Billion of New Business Solicitations Submitted and Awaiting Award; Win Rate Remains Approximately 40%
- Optimize Cost Structure
- Deleveraging Remains a Priority
  - Prepaid \$30.0 Million of the Term Loan in Q3; \$90.0 Million YTD

## Capital Facility Amended

- Amended Financial Maintenance Covenants
- 20% Reduction to Revolving Credit Commitments
- Permitted a One-time Add-back of Up to \$35 Million Related to a DynAviation Air Force Contract

# Crises Converge: Global and Budget Challenges

## Global Issues

**War in Iraq – “Degrade and Destroy the Islamic State”** – President Obama

### **Air Campaign in Iraq and Syria by U.S and Allied Air Forces**

*Requirement: Aviation Support to Coalition Air Forces*

- DI Currently Supports U.S. and Coalition Air Forces Across the Region
- As Op-tempo Increases, DI has Experienced Additional Requirements
- Maintenance and Replenishment Requirements for Arab Coalition Forces May Accelerate Over Time Requiring Increased DI Support

### **Train, Advise and Enable Iraqi and Syrian Security Forces**

*Requirement: Train, Advise and Mentor Iraqi and Syrian Forces*

- Since 2008, DI has Provided Full Spectrum Training & Mentoring for Regional Security Forces
- DI is the Industry Leader in this Field
- Contingency/Base Operations Support for Trainers and Advisors

### **Ebola Crisis –U.S. Military Deploys; Administration Requests \$6.2B**

*Requirement: Contingency Operations Support*

- Construction and Operation of Support Bases, Clinics...
- Transportation and Logistics Support

### **Afghanistan – BSA Signed; 9,800 U.S. Troops post 2014**

*Requirement: Training Support; Logistics; Maintenance; Base Operations*

- DI has Multiple Programs in Afghanistan Supporting USG Objectives
- Increased/Continuing Opportunities to Support US/Afghan Forces

### **Russia/Ukraine – \$1B European Reassurance Initiative**

*Requirement: Increased Support to US/NATO Forces*

- Maintenance of Prepositioned Stocks
- Support for Joint Exercises

## Budget Outlook

**“We’re Going to Require Additional Funding from Congress as We Go Forward”** – Secretary of Defense Hagel

### **\$555B – FY15 Defense Budget Topline Request**

*Requirement: Contractor Addressable Market Still Exceeds \$220B*

- \$496B Base & \$59B OCO Budget Request

### **\$199B – FY15 O&M Base Budget Request**

*Requirement: O&M Request Reflects Ongoing Demand for CONUS & OCONUS Contractor Logistics Support (CLS) for Aviation & Land Systems*

- \$6.0B Above FY14 – Increased Across All Services O&M

### **OCO: \$59B Initial Request; plus \$5.6B for ISIL Ops**

*Requirement: Growing OCO Request Needed to Support Operations in the Middle East & Africa.*

- Services Required Include: Logistics, Training, CLS, Base Life Support and War Materials Support
- \$46.5B O&M Activities
- \$1.6B Train and Equip

### **\$47B – State Department Budget Request**

*Requirement: Increased OCONUS Aviation, Training, and Logistics Support Requirements*

- \$40B Base and \$7B OCO Budget Request

### **FY14 Continuing Resolution (CR) – Thru December 11**

*Requirement: Funds OCO at FY14 Level of \$85B (+\$26B for DOD)*

- Tactical & Combat Systems Readiness, and Operations Support in the Middle East, Afghanistan and Africa

# Highlights – Recent Wins

## Key Wins

- U.S. Navy T-34, T-44, T-6 Aircraft - \$443.3 Million
- INL Air Wing TO Mods and OY8 Extension of Services - \$223.8 Million
- Expanding Commercial Business Opportunities in UAE
  - Awarded Task Orders Worth \$20.0 Million Per Year
- Option Year Awarded and Additional Scope on Andrews - \$12.1 Million
- CalFire Extended Through Year End - \$8.5 Million
- Awarded Afghanistan Life Support Services Contract (ALiSS)  
4 Task Orders estimated value of \$81.0 Million
- Selected as a prime contractor to bid for task orders under a U.S. Army Intelligence and Security Command (INSCOM) contract to provide global intelligence support services (GIS) – up to \$5.0 Billion
- Awarded War Reserve Material Option Year 6 for \$80.3 million
- Project Delivery Services Contract with the Commonwealth of Australia – up to \$100.0 Million





# Q3 2014 Results

(Dollars in \$millions)

	Q3 2014	2014 vs. 2013	
Revenue	\$540.3M	(\$226.5M)	(29.5%)
Adjusted EBITDA	\$28.8M	(\$0.9M)	(3.0%)
Adjusted EBITDA Margin	5.3%	140 bps	
		vs. Q4 2013	
Total Backlog	\$3,035M	(\$946M)	(23.8%)



## Q3 Highlights

### Revenue

- ↓ LOGCAP IV
- ↓ AMDP
- ↓ INL-AIRWING
- ↓ C21 CLS
- ↓ JPATS T6 COMBS
- ↑ AFM TASM
- ↑ AFRICAP
- ↑ Solomons
- ↑ Heliworks

### Adjusted EBITDA

- ↓ CNTPO AF
- ↓ LOGCAP IV
- ↓ CSTC-A
- ↑ INL Air Wing
- ↑ JPATS T6 COMBS
- ↑ Solomons
- ↑ Heliworks
- ↑ Security Services

# Financial Review – Q3 Miscellaneous Items

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## **Working Capital<sup>(1)</sup> of \$289.8 Million**

- Down \$37.7 Million from Year End; 11.8% of Revenue
- DSO at 75 Days – an Increase of 6 Days from Year End

## **Free Cash Flow of (\$25.9) Million YTD**

- Decrease Attributed to the Timing of Payment Cycles

## **Current Net Debt Position of \$588.9 Million**

- Cash Position of \$53.4 Million
- Term Loan Pay Down of \$30.0 Million in Q3; \$90.0 Million YTD

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



# Summary of Amendment

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## Amended Financial Maintenance Covenants

- Total Leverage Ratio

09/27/14 - 12/31/14	01/01/15 - 03/27/15	03/28/15 - 06/26/15	06/27/15 - 09/25/15
5.55x (from 4.50x)	6.65x (from 4.50x)	7.70x (from 4.25x)	8.10x (from 4.00x)

09/26/15 - 12/31/15	01/01/16 - 03/25/16	03/26/16 - 06/24/16	06/25/16 - and thereafter
7.75x (from 3.75x)	7.60x (from 3.75x)	6.90x (from 3.75x)	6.60x (from 3.75x)

- Interest Coverage Ratio

09/27/14 - 12/31/15	01/01/16 - 03/25/16	03/26/16 - 06/24/16	06/25/16 - and thereafter
1.05x (from 2.05x)	1.15x (from 2.05x)	1.20x (from 2.25x)	1.30x (from 2.25x)

## 20% Reduction to Revolving Credit Commitments

- Reduced Revolver to \$144.8 Million from \$181.0 Million

## Amended Consolidated Net Income Definition to Permit a One-time Add-back of Up to \$35.0 Million Related to a DynAviation Air Force Contract

# 2014 / 2015 Financial Guidance

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## Revised 2014 Outlook

- Revenue – \$2.25 Billion to \$2.35 Billion
  - LOGCAP Drawdown Accounts for ~ 70% of the Y/Y Decline
- Adjusted EBITDA Margins Expected at 5.0%
  - Excludes One Time Charge of (\$35 Million) on Loss Contract
- Adjusted EBITDA Margins Expected at 5.3%
  - Includes Pro Forma Adjustment for Operational Efficiencies

## FY 2015 Guidance

- Revenue – \$1.7 Billion to \$1.9 Billion
- Adjusted EBITDA Margins ~ 5.0%

## Capital Structure

- Expect \$50 Million of Debt Prepayments in 2015

# Q & A

# Appendix

# Unaudited Condensed Consolidated Statement of Operations

(Amounts in thousands)	Three Months	Three Months	Nine Months	Nine Months
	Ended September 26, 2014	Ended September 27, 2013	Ended September 26, 2014	Ended September 27, 2013
Revenue	\$ 540,327	\$ 766,785	\$ 1,744,052	\$ 2,575,415
Cost of services	(510,965)	(706,308)	(1,606,045)	(2,346,007)
Selling, general and administrative expenses	(44,192)	(34,179)	(110,277)	(103,871)
Depreciation and amortization expense	(12,094)	(12,046)	(35,621)	(36,167)
Earnings from equity method investees	152	295	9,918	3,668
Impairment of goodwill, intangibles and long lived assets	(50,955)	(28,824)	(142,714)	(28,824)
Operating (loss) income	(77,727)	(14,277)	(140,687)	64,214
Interest expense	(17,237)	(19,720)	(53,438)	(58,721)
Loss on early extinguishment of debt	(242)	(230)	(862)	(230)
Interest income	68	31	151	77
Other income (expense), net	956	337	3,314	(124)
(Loss) income before income taxes	(94,182)	(33,859)	(191,522)	5,216
Benefit (provision) for income taxes	23,160	1,991	39,028	(11,393)
Net loss	(71,022)	(31,868)	(152,494)	(6,177)
Noncontrolling interests	(492)	(1,197)	(1,857)	(3,546)
Net loss attributable to DTH, Inc.	\$ (71,514)	\$ (33,065)	\$ (154,351)	\$ (9,723)
(Benefit) provision for income tax	(23,160)	(1,991)	(39,028)	11,393
Interest expense, net of interest income	17,169	19,689	53,287	58,644
Depreciation and amortization <sup>(1)</sup>	12,328	12,473	36,328	37,470
EBITDA	\$ (65,177)	\$ (2,894)	\$ (103,764)	\$ 97,784
Non-recurring or unusual gains or losses or income or expenses and non-cash impairments <sup>(2)</sup>	87,001	29,173	185,910	29,765
Employee non-cash compensation, severance, and retention expense <sup>(3)</sup>	5,137	3,206	7,934	4,603
Management fees <sup>(4)</sup>	705	671	1,424	1,490
Acquisition accounting and Merger-related items <sup>(5)</sup>	971	(1,092)	1,548	(3,054)
Other <sup>(6)</sup>	140	588	17	983
Adjusted EBITDA	\$ 28,777	\$ 29,652	\$ 93,069	\$ 131,571

(1) Amount includes certain depreciation and amortization amounts which are classified as Cost of services in our Unaudited Condensed Consolidated Statements of Operations.

(2) Includes the impairment of goodwill within the LSS and Aviation reporting units, a one-time charge related to a certain contract of \$35 million as defined in the Fourth Amendment to the Senior Credit Facility, as well as certain unusual income and expense items, as defined in the Indenture and Senior Credit Facility.

(3) Includes post employment benefit expense related to severance in accordance with ASC 712 - Compensation, relocation expenses and share based compensation expense.

(4) Amount includes management fees paid to Cerberus Operations and Advisory Company.

(5) Includes costs incurred pursuant to ASC 805 - Business Combination.

(6) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash and other immaterial items.

# Unaudited Adjusted EBITDA by Segment

(Amounts in thousands)	DTH, Inc. CY14 QTD Q3				DTH, Inc. CY13 QTD Q3				DTH, Inc. CY14 YTD Q3				DTH, Inc. CY13 YTD Q3			
	Headquarters/Others	DynAviation	DynLogistics	Consolidated	Headquarters/Others	DynAviation	DynLogistics	Consolidated	Headquarters/Others	DynAviation	DynLogistics	Consolidated	Headquarters/Others	DynAviation	DynLogistics	Consolidated
Operating (loss) income	(14,245)	(65,282)	1,800	(77,727)	(12,767)	11,231	(12,741)	(14,277)	(30,331)	(43,382)	(66,974)	(140,687)	(31,752)	75,850	20,116	64,214
Depreciation and amortization expense <sup>(1)</sup>	11,948	371	9	12,328	11,932	459	82	12,473	35,193	1,104	31	36,328	35,859	1,080	531	37,470
Loss on early extinguishment of debt	(242)	-	-	(242)	(230)	-	-	(230)	(862)	-	-	(862)	(230)	-	-	(230)
Noncontrolling interests	(492)	-	-	(492)	(1,197)	-	-	(1,197)	(1,857)	-	-	(1,857)	(3,546)	-	-	(3,546)
Other income (loss), net	766	136	54	956	337	-	-	337	2,202	1,074	38	3,314	(124)	-	-	(124)
EBITDA <sup>(2)</sup>	(2,265)	(64,775)	1,863	(65,177)	(1,925)	11,690	(12,659)	(2,894)	4,345	(41,204)	(66,905)	(103,764)	207	76,930	20,647	97,784
Non-recurring or unusual gains or losses or income or expenses and non-cash impairments <sup>(3)</sup>	700	86,065	236	87,001	230	18	28,925	29,173	3,694	87,582	94,634	185,910	230	30	29,505	29,765
Employee non-cash compensation, severance, and retention expense <sup>(4)</sup>	262	4,261	614	5,137	1,736	781	689	3,206	1,391	5,135	1,408	7,934	2,808	942	853	4,603
Management fees <sup>(5)</sup>	210	297	198	705	211	251	209	671	424	571	429	1,424	514	518	458	1,490
Acquisition accounting and Merger-related items <sup>(6)</sup>	-	571	400	971	(1,092)	-	-	(1,092)	-	884	664	1,548	(3,054)	-	-	(3,054)
Other <sup>(7)</sup>	198	(58)	-	140	552	36	-	588	108	(91)	-	17	1,267	(284)	-	983
Adjusted EBITDA	(895)	26,361	3,311	28,777	(288)	12,776	17,164	29,652	9,962	52,877	30,230	93,069	1,972	78,136	51,463	131,571

(1) Amount includes certain depreciation and amortization amounts which are classified as Cost of services in our Unaudited Condensed Consolidated Statements of Operations.

(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.

(3) Includes the impairment of goodwill within the LSS and Aviation reporting units, a one-time charge related to a certain contract of \$35 million as defined in the Fourth Amendment to the Senior Credit Facility applicable to the three month period ended September 26, 2014, as well as certain unusual income and expense items, as defined in the Indenture and Senior Credit Facility.

(4) Includes postemployment benefit expense related to severance in accordance with ASC 712 - Compensation and relocation expense and share based compensation expense.

(5) Amount includes Cerberus Operations and Advisory Company management fees.

(6) Includes cost incurred pursuant to ASC 805 - Business Combination.

(7) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash and other immaterial items.



# Unaudited Condensed Consolidated Balance Sheets

(Amounts in thousands)	<u>September 26, 2014</u>	<u>December 31, 2013</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 53,357	\$ 170,845
Restricted cash	1,659	1,659
Accounts receivable, net of allowances of \$2,593 and \$1,621, respectively	479,867	577,136
Other current assets	90,931	124,510
Total current assets	<u>625,814</u>	<u>874,150</u>
Non-current assets	444,528	625,771
Total assets	<u>\$ 1,070,342</u>	<u>\$ 1,499,921</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities	<u>375,499</u>	<u>552,998</u>
Total current liabilities	375,499	552,998
Long-term debt	642,272	732,272
Long-term deferred taxes	2,554	17,359
Other long-term liabilities	12,137	7,632
Total equity attributable to Delta Tucker Holdings, Inc.	32,209	183,785
Noncontrolling interests	5,671	5,875
Total equity	<u>37,880</u>	<u>189,660</u>
Total liabilities and equity	<u>\$ 1,070,342</u>	<u>\$ 1,499,921</u>

# Unaudited Condensed Statement Cash Flow

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(Amounts in thousands)	For the nine months ended	
	September 26, 2014	September 27, 2013
Cash Flow Information:		
Net cash used in operating activities	\$ (17,721)	\$ (30,245)
Net cash used in investing activities	(5,302)	(2,639)
Net cash used in financing activities	(94,465)	(44,129)
Net cash used in operating activities	(17,721)	(30,245)
Less: Purchase of property and equipment, net	(7,129)	(1,654)
Proceeds from sale of property, plant and equipment	44	177
Less: Purchase of software	(1,101)	(2,681)
Free cash flow	<u>\$ (25,907)</u>	<u>\$ (34,403)</u>