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DYNCORP INTERNATIONAL INC.'S PARENT REPORTS RESULTS FOR FIRST QUARTER 2019

- Revenue of \$480.8 million
- Net income attributable to Delta Tucker Holdings, Inc. of \$11.6 million
- Adjusted EBITDA of \$39.3 million
- Total backlog of \$3.7 billion
- DSO of 50 days

MCLEAN, Va. - (May 14, 2019) - Delta Tucker Holdings, Inc. (“Holdings”), the parent of DynCorp International Inc. (“DI,” and together with Holdings, the “Company”), a leading global services provider, today reported first quarter 2019 financial results.

First quarter 2019 revenue was \$480.8 million, down 10.0% compared to \$534.3 million recorded in the first quarter of 2018. The decrease was primarily due to the completion of the INL Air Wing extension and the completion of the T-6 Contractor Operated and Maintained Base Supply (“T-6 COMBS”) Bridge contract, partially offset by the Logistics Civil Augmentation Program IV (“LOGCAP IV”) and the Contractor Logistics Support: C-12, C-26, UC-35 and T-6 Transport (“CLS Transport”) contracts. Net income attributable to Holdings for the first quarter of 2019 was \$11.6 million compared to \$16.4 million in the first quarter of 2018. The Company reported Adjusted EBITDA of \$39.3 million for the first quarter of 2019 compared to \$47.2 million for the same period in 2018.

“With more than \$5.0 billion in proposals submitted and awaiting award across our DynAviation and DynLogistics businesses, and a supportive defense budget backdrop, I remain confident that we will achieve our objectives in 2019,” said chief executive officer George Krivo.

First Quarter Highlights and Other Recent Developments

- In February 2019, DynLogistics announced the award of a task order for the F-15 Acquisition Support, under the Air Force Contract Augmentation contract, Foreign Military Sales Program. The task order has a total potential contract value of \$14.8 million.
- In February 2019, DynLogistics announced the award of a task order for the Air Force Contract Augmentation contract for Mission Support Services at Ali Al Salem Air Base, Kuwait. The task order has a total potential contract value of \$11.4 million.
- In March 2019, DynLogistics announced a six-month contract extension on the Fort Irwin National Training Center on the Northcom task order under the LOGCAP IV contract. The extension has a total potential value of \$50.2 million.

- In March 2019, DynLogistics announced a six-month contract extension to support the U.S. Army Garrison-Kwajalein Atoll on the U.S. Army Pacific Command (“PACOM”) task order under the LOGCAP IV contract. The extension has a total potential value of \$61.2 million.
- In March 2019, DynAviation announced the award of the J85 engine maintenance contract to provide full cycle management of jet engine and support equipment at Laughlin Air Force Base, Texas. The contract has a total potential value of \$18.6 million.
- In March 2019, DynLogistics announced the award of a task order under the Air Force Contract Augmentation contract to provide Offutt Recovery Support with a period of performance from March 2019 to March 2020. The task order has a total potential contract value of \$50.0 million.
- In April 2019, we were notified that we were not an awardee on the LOGCAP V contract vehicle. In April 2019, we filed a protest against awards for the LOGCAP V contract vehicle. A Government Accountability Office ruling is anticipated by July 31, 2019.
- In April 2019, DynAviation announced the award of the Aviation Field Maintenance and Sustainment Level Maintenance ("AFM West") contract for the AFM Directorate to perform management, aircraft and ground support equipment maintenance, as well as aircraft modifications, and other logistical support to aviation customers worldwide. The contract has a one-year base period and seven one-year option periods and a total potential contract value of \$1.1 billion.

Reportable Segment Results

DynAviation

Revenue in the first quarter of 2019 was \$224.4 million, down 29.3% compared with \$317.2 million recorded in the same period in 2018 primarily due to the completion of the INL Air Wing extension, the completion of the T-6 COMBS Bridge contract and the completion of the MD530 subcontract. The decrease in revenue was partially offset by the CLS Transport contract. Adjusted EBITDA was \$10.6 million, compared to \$27.0 million for the first quarter of 2018. The decrease was primarily due to the completion of the INL Air Wing extension, the completion of the T-6 COMBS Bridge contract and the completion of certain other contracts partially offset by the performance of our CLS Transport contract.

DynLogistics

Revenue in the first quarter of 2019 was \$256.5 million, up 17.9% compared with \$217.5 million recorded in the same period in 2018. The increase was primarily due to increased scope on the LOGCAP IV, G4 Worldwide Logistics Support and the ALiSS contracts. Adjusted EBITDA was \$29.3 million, compared to \$22.5 million for the first quarter of 2018. The increase was primarily due to higher volume as described above and productivity and margin expansion across several contracts.

Liquidity

Cash provided by operating activities at the end of the first quarter of 2019 was \$4.0 million compared to \$8.0 million for the same period in 2018.

The unrestricted cash balance at quarter-end was \$189.1 million with no borrowings outstanding under the Company’s revolving credit facility.

DSO at the end of the first quarter of 2019 was 50 days, a one-day increase from 2018 year-end as we continued to focus on managing our customer payment cycles.

Bill Kansky, Chief Financial Officer, added, “Based on first quarter results, we expect full year 2019 revenue to come in between \$1.95 billion and \$2.05 billion, and full year Adjusted EBITDA between \$135.0 million and \$145.0 million.”

Conference Call

The Company will host a conference call at 10:00 a.m. Eastern Time on May 14, 2019, to discuss results for the first quarter 2019. The call may be accessed by webcast or through a dial-in conference line.

To access the webcast and view the accompanying presentation, please go to <http://www.dyn-intl.com>, click on “Investor Relations” and “Events & Presentations.” Please go to the site approximately fifteen minutes prior to the start of the call to register, download and install any necessary audio software.

To participate by phone, dial (866) 871-0758 and enter the conference ID number: 5997259. International callers should dial (706) 634-5249 and enter the same conference ID number above. A telephonic replay will be available from 1:00 p.m. Eastern Time on May 14, 2019, through 11:59 p.m. Eastern Time on June 14, 2019. To access the replay, please dial (855) 859-2056 or (404) 537-3406 and enter the conference ID number.

About DynCorp International

DynCorp International, a wholly owned subsidiary of Delta Tucker Holdings, Inc., is a leading global services provider offering unique, tailored solutions for an ever-changing world. Built on seven decades of experience as a trusted partner to commercial, government and military customers, DI provides sophisticated aviation, logistics, training, intelligence and operational solutions wherever we are needed. DynCorp International is headquartered in McLean, Va. For more information, visit www.dyn-intl.com.

Reconciliation to GAAP

In addition to the Company's financial results reported in accordance with accounting principles generally accepted in the United States of America (“GAAP”) included in this press release, the Company has provided certain financial measures that are not calculated according to GAAP, including EBITDA and Adjusted EBITDA. We define EBITDA as GAAP net income attributable to the Company adjusted for interest, taxes, depreciation and amortization. Adjusted EBITDA is calculated by adjusting EBITDA for certain items from operations and certain other items as defined in our Indenture and New Senior Credit Facility. Management believes 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. We believe that Adjusted EBITDA is useful in assessing our ability to generate cash to cover our debt obligations including interest and principal payments. Non-GAAP financial measures, such as EBITDA and Adjusted EBITDA 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.

For a reconciliation of non-GAAP financial measures to the comparable GAAP financial measures please see the financial schedules accompanying this release.

The Company does not provide reconciliations of guidance for Adjusted EBITDA to Operating Income, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable, without unreasonable efforts, to forecast certain items required to develop meaningful comparable GAAP

financial measures. These items include other income and certain income/expense or gain/loss adjustments under the Company's debt agreements that are difficult to predict in advance in order to include in a GAAP estimate.

Forward-looking Statements

This announcement may contain forward-looking statements regarding future events and our future results that are subject to the safe harbors created by the Private Securities Litigation Reform Act of 1995 under the Securities Act of 1933 and the Securities Exchange Act of 1934. Without limiting the foregoing, the words "believes," "thinks," "anticipates," "plans," "expects" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve risks and uncertainties. Statements regarding the amount of our backlog, estimated total contract values, and 2019 outlook are other examples of forward-looking statements. We caution that these statements are further qualified by important economic, competitive, governmental, international and technological factors that could cause our business, strategy, projections or actual results or events to differ materially, or otherwise, from those in the forward-looking statements. These factors, risks and uncertainties include, among others, the following: our current or future levels of indebtedness, our ability to refinance or amend the terms of that indebtedness, and changes in availability of capital and cost of capital; the ability to refinance, amend or generate sufficient cash to repay our New Senior Credit Facility, consisting of our class B revolving facility and Term Loan facility under the New Senior Credit Facility maturing on July 7, 2019 and July 7, 2020, respectively, or to refinance, amend or repay our other indebtedness, including any future indebtedness, which may force us to take other actions to satisfy our obligations under our indebtedness, which may not be successful; the future impact of mergers, acquisitions, divestitures, joint ventures or teaming agreements; the outcome of any material litigation, government investigation, audit or other regulatory matters; restatement of our financial statements causing credit ratings to be downgraded or covenant violations under our debt agreements; policy and/or spending changes implemented by the Trump Administration, any subsequent administration or Congress, including any further changes to the sequestration that the United States ("U.S.") Department of Defense ("DoD") is currently operating under; termination or modification of key U.S. government or commercial contracts, including subcontracts; changes in the demand for services that we provide or work awarded under our contracts, including without limitation, the LOGCAP IV contract and any impact from the result of the LOGCAP IV re-compete ("LOGCAP V"); the outcome of future extensions on awarded contracts and the outcomes of re-competes on existing programs; changes in the demand for services provided by our joint venture partners; changes due to pursuit of new commercial business in the U.S. and abroad; activities of competitors and the outcome of bid protests, including, without limitation, the protest against awards for LOGCAP V filed by the Company on April 22, 2019; changes in significant operating expenses; impact of lower than expected win rates for new business; general political, economic, regulatory and business conditions in the U.S. or in other countries in which we operate; acts of war or terrorist activities, including cyber security threats; variations in performance of financial markets; the inherent difficulties of estimating future contract revenue and changes in anticipated revenue from indefinite delivery, indefinite quantity ("IDIQ") contracts and indefinite quantity contracts ("IQC"); the timing or magnitude of any award, performance or incentive fee or any penalty, liquidated damages or disincentive under our government contracts; changes in expected percentages of future revenue represented by fixed-price and time-and-materials contracts, including increased competition with respect to task orders subject to such contracts; decline in the estimated fair value of a reporting unit resulting in a goodwill impairment and a related non-cash impairment charged against earnings; changes in underlying assumptions, circumstances or estimates that may have a material adverse effect upon the profitability of one or more contracts and our performance; impact of the tax reform legislation known colloquially as the Tax Cuts and Jobs Act (the "Tax Act") or other tax reform implemented by the Trump Administration, and any subsequent administration or Congress; changes in our tax provisions or exposure to additional income tax liabilities that could affect our profitability and cash flows; uncertainty created by changes in management or other restructuring activities; termination or modification of key subcontractor performance or

delivery; the ability to receive timely payments from prime contractors where we act as a subcontractor; and statements covering our business strategy, those described in “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission (“SEC”) on March 19, 2019, and other risks detailed from time to time in our reports filed with the SEC and other risks detailed from time to time in our reports posted to our website or made available publicly through other means. Accordingly, such forward-looking statements do not purport to be predictions of future events or circumstances and therefore, there can be no assurance that any forward-looking statements contained herein will prove to be accurate. We assume no obligation to update the forward-looking statements. Given these risk and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. The Company's actual results could differ materially from those contained in the forward-looking statements.

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DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
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.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
Credit Agreement Adjusted EBITDA Calculation by Segment
(Amounts in thousands)

	DTH, Inc. CY19 QTD Q1			
	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>

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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) 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.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
Credit Agreement Adjusted EBITDA Calculation by Segment
(Amounts in thousands)

	DTH, Inc. CY18 QTD Q1			
	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.
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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) 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.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
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

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
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.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
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	<u>\$ 3,225</u>	<u>\$ 3,177</u>