

# DHI Group, Inc.

## Q3 2017 Business Update & Financial Highlights

November 2, 2017

# Forward Looking Statements

*This presentation and oral statements made from time to time by our representatives contain forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include, without limitation, information concerning our possible or assumed future results of operations. These statements often include words such as “may,” “will,” “should,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate” or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, our ability to execute our tech-focused strategy, the review of potential dispositions of certain of our businesses and the terms and timing of any such transactions, the results and timing of our search for a new Chief Executive Officer, competition from existing and future competitors in the highly competitive market in which we operate, failure to adapt our business model to keep pace with rapid changes in the recruiting and career services business, failure to maintain and develop our reputation and brand recognition, failure to increase or maintain the number of customers who purchase recruitment packages, cyclicalities or downturns in the economy or industries we serve, the uncertainty surrounding the United Kingdom’s future departure from the European Union, including uncertainty in respect of the regulation of data protection and data privacy, failure to attract qualified professionals to our websites or grow the number of qualified professionals who use our websites, failure to successfully identify or integrate acquisitions, U.S. and foreign government regulation of the Internet and taxation, our ability to borrow funds under our revolving credit facility or refinance our indebtedness and restrictions on our current and future operations under such indebtedness. These factors and others are discussed in more detail in the Company’s filings with the Securities and Exchange Commission, all of which are available on the Investors page of our website at [www.dhigroupinc.com](http://www.dhigroupinc.com), including the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, under the headings “Risk Factors,” “Forward-Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”*

*You should keep in mind that any forward-looking statement made by the Company or its representatives herein, or elsewhere, speaks only as of the date on which it is made. New risks and uncertainties come up from time to time, and it is impossible to predict these events or how they may affect us.*

# Business Update

Michael Durney  
Chief Executive Officer

# Objectives for 2H 2017

1. Return Dice to growth
2. Reposition tech-focused franchise as the go-to resource to find and connect with the best talent
3. Develop products, services, and insights to help professionals manage their careers
4. Create an efficient organization structure to serve the changing needs of customers & professionals
5. Employ a highly engaged team to drive performance

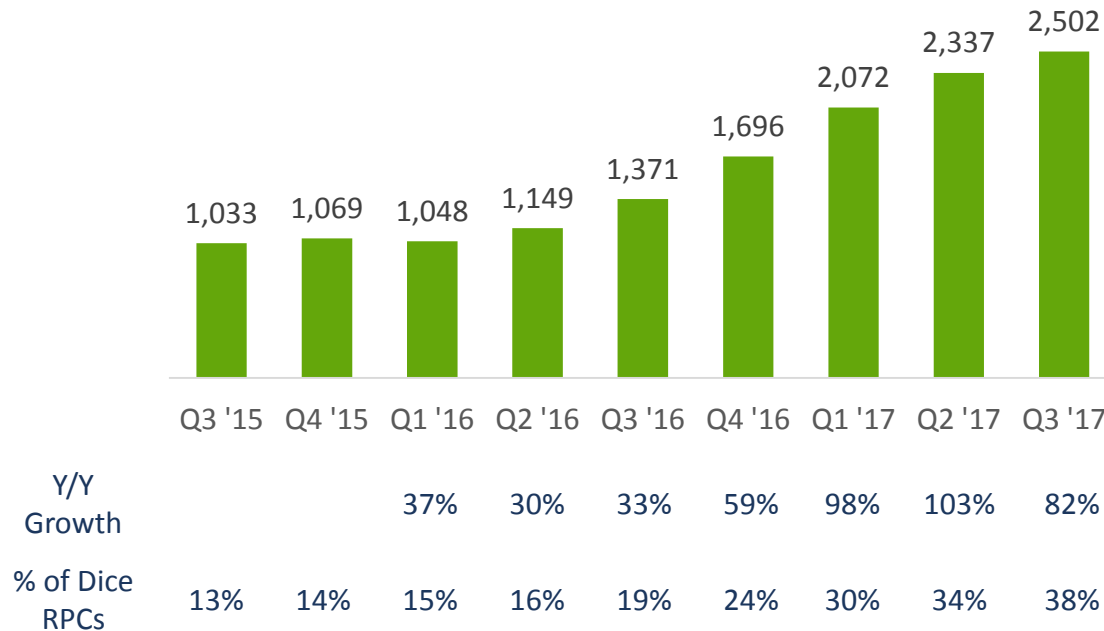
# Return Dice to Growth

- Enhance salesforce execution
  - Fully aligned the tech-focused sales force
  - Hired Executive Vice President of Sales
- Focus Resources Behind Core Tech Franchise
  - Discontinued getTalent as a standalone business
  - Relocated support services for Mainland China to Hong Kong
- Adjust Go-to-Market Strategy
  - Bucket view continues to drive penetration of Open Web
  - More flexible service terms targeting new business

# Reposition Tech-Focused Franchise as the Go-To Resource to Find and Connect with the Best Talent

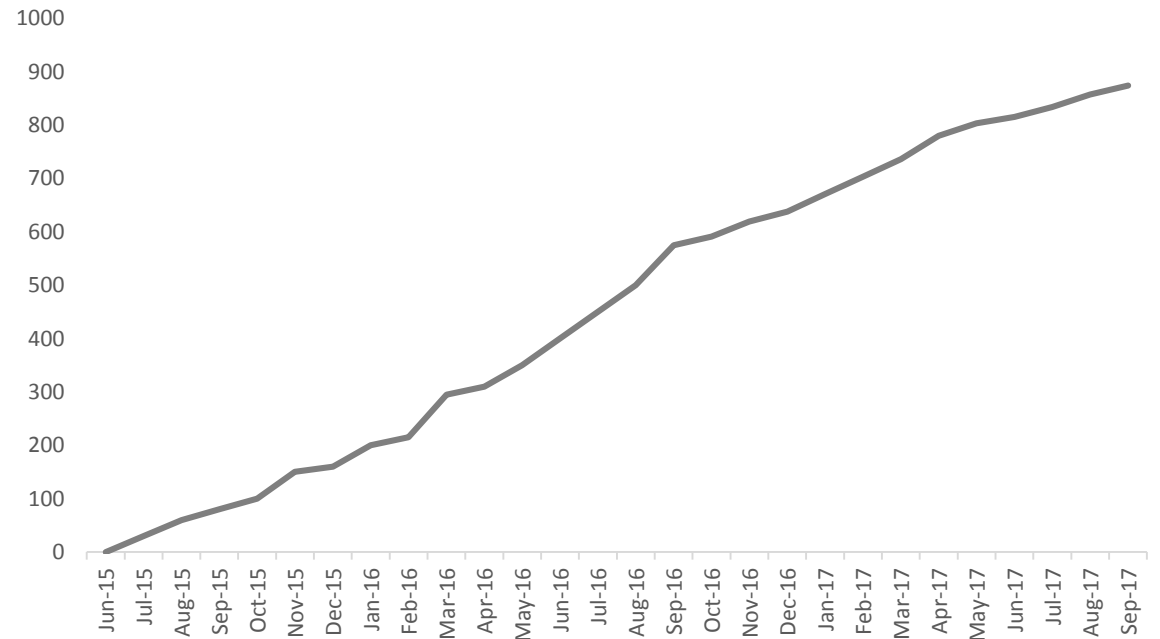
## “Lead with Open Web” Go-To-Market Strategy

### # of Dice Customers with Open Web



## APIs Further Embed Dice in Customer Workflow

### Cumulative API Integrations



# Marketing Investment

## Goals

- Increase unaided awareness
- Increase aided awareness
- Increase unique applicants
- Increase unique first time users
- Grow annual renewals
- Grow winbacks

## Marketing

### Radio



### Partnerships



### Contextual Display



### Dynamic Remarketing



# Develop Products, Services, and Insights...

## Tech Career Tools – Dice Careers App

### Trending Skills

| Skills to Maximize Your Salary |          |
|--------------------------------|----------|
| Hadoop                         | +\$4,975 |
| Python                         | +\$5,123 |
| Java                           | +\$4,428 |

### Market Value

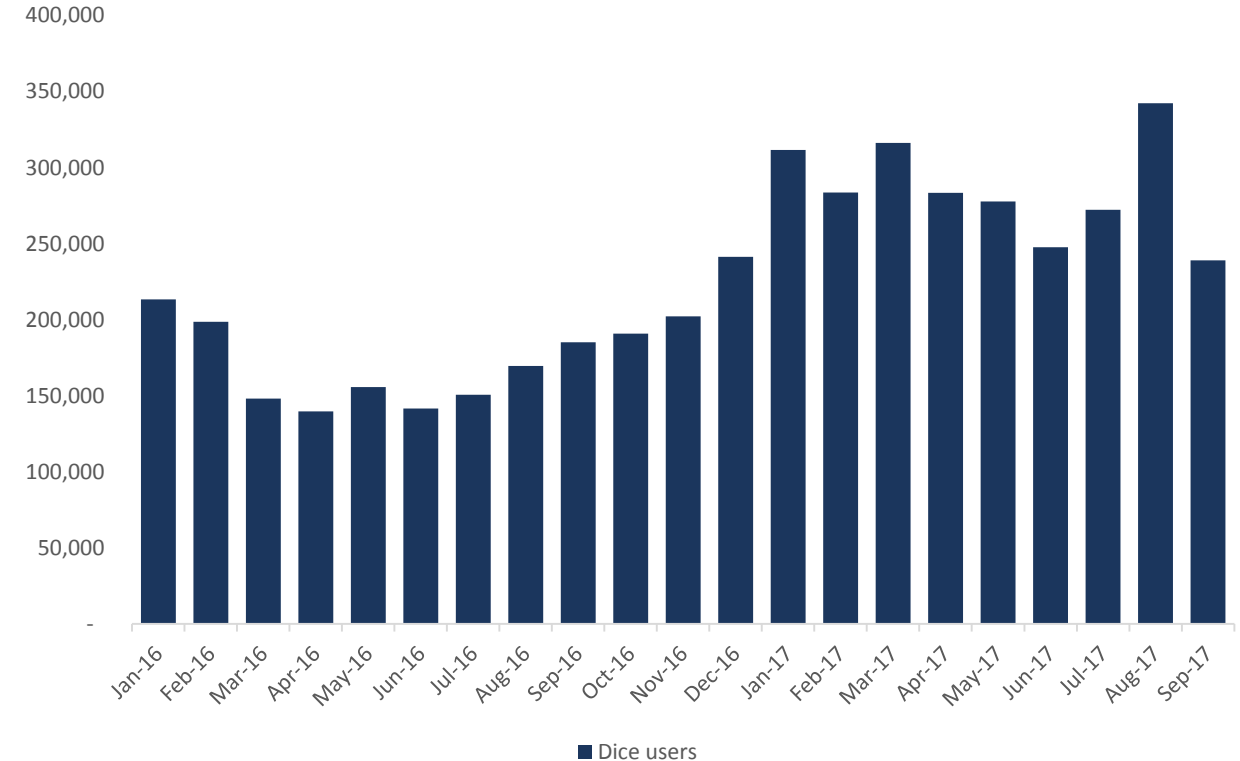


### Insights



## Increasingly Valuable Dice Content

### Dice users

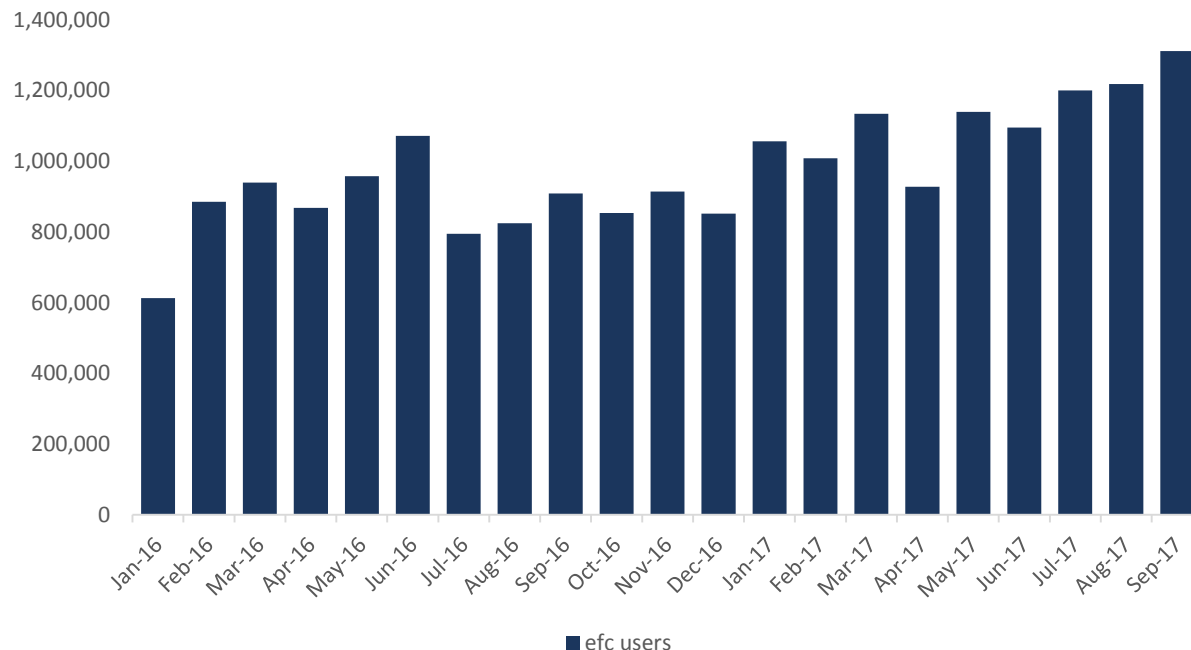




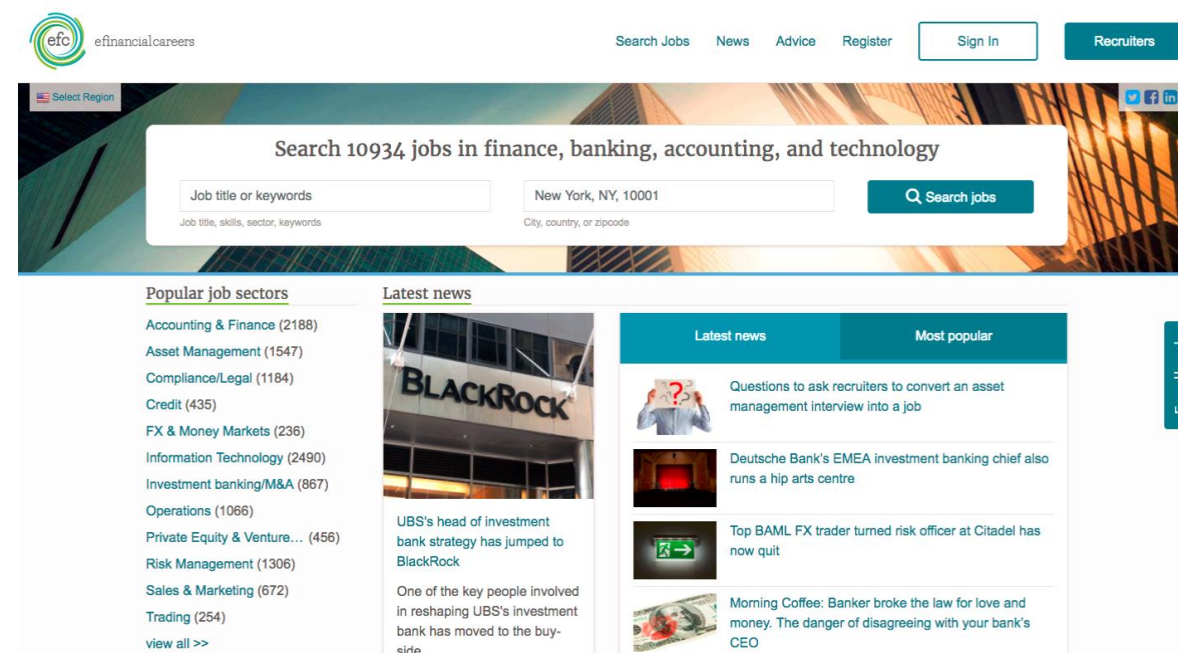
# ... To Help Professionals Manage their Careers

## eFC Content Continues Delivering Value for Professionals

eFinancialCareers Users



## eFinancialCareers New Homepage



# Create an Efficient Organization Structure to Serve the Changing Needs of Customers and Professionals

- AWS migration
  - Improve website operations
  - Accelerate product delivery
  - Reduce costs
- Resources aligned to optimize tech-focused strategy
  - Functional based organizational structure
  - Product & marketing organized around professionals and employers

# Our Vision: Be the Leading Global Provider of Tech Talent Solutions

***Serve tech employers and engage tech professionals across all industries in all markets***

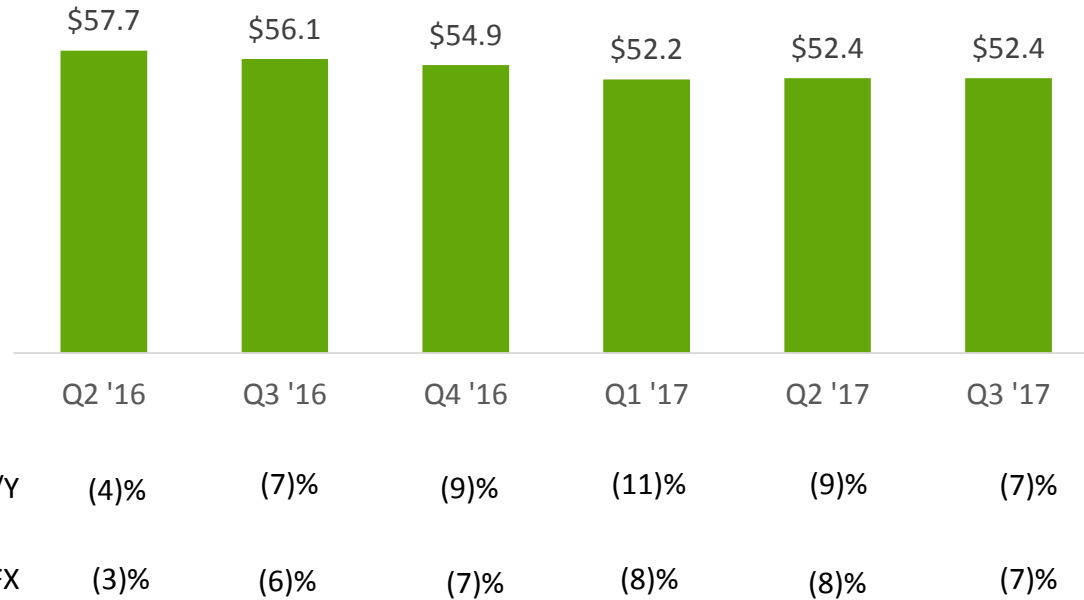
***Leverage the tech talent acquisition franchise to expand next-gen sourcing solutions to the broader market***

# Financial Overview

Luc Gregoire  
Chief Financial Officer

# Revenue Highlights (\$'s millions)

## Quarterly Revenues



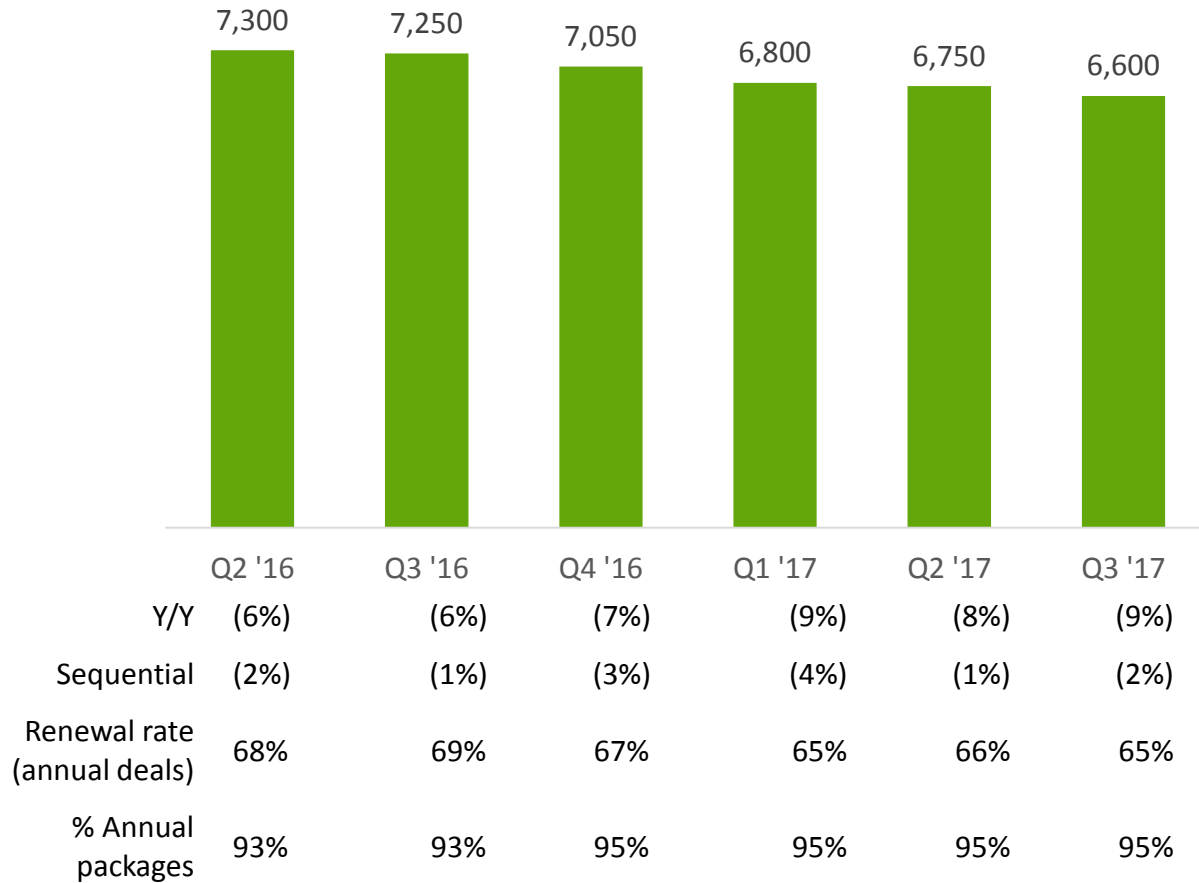
## Reporting Segment Revenue Summary

(\$ in millions)

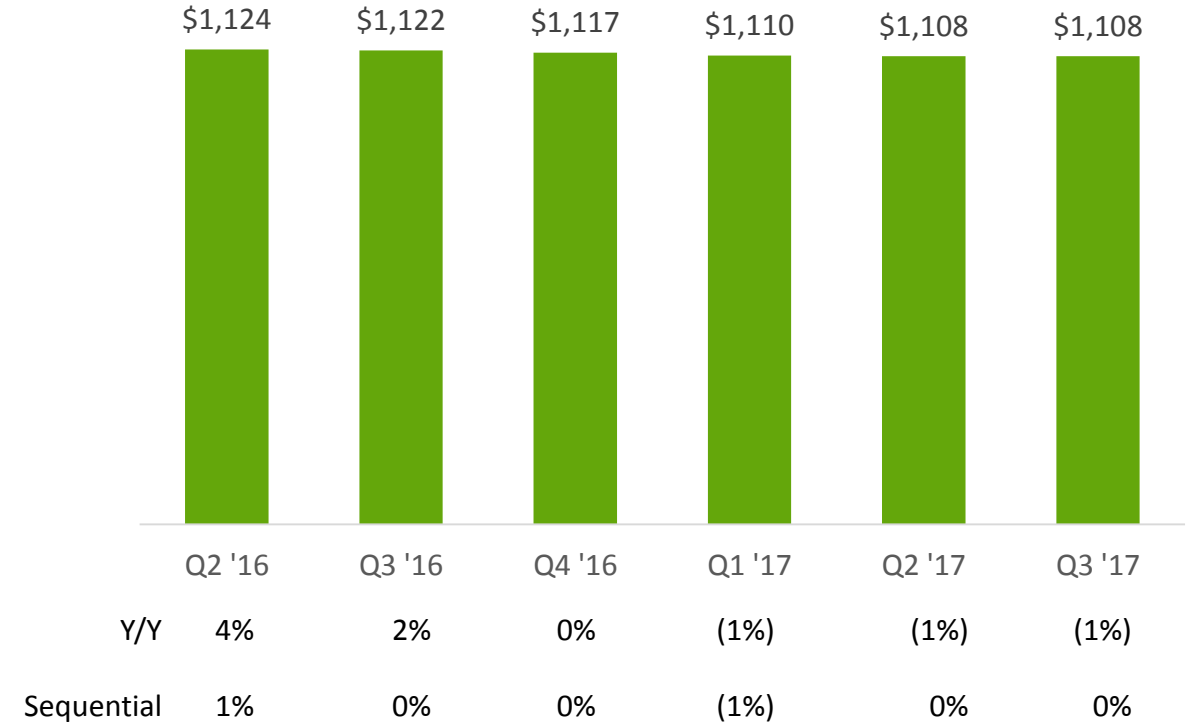
|                     | Revenues |         |        |           |
|---------------------|----------|---------|--------|-----------|
|                     | Q3 2017  | Q3 2016 | Change | Fx Impact |
| Tech-focused        | \$39.8   | \$42.8  | (7%)   | -         |
| Healthcare          | 6.5      | 6.7     | (4%)   | -         |
| Corporate and other | 6.1      | 6.6     | (7%)   | -         |
| Total               | \$52.4   | \$56.1  | (7%)   | -         |

# Dice U.S. Performance Metrics

## Dice Ending RPC Count



## Dice Avg. Monthly Revenue Per RPC



## Detailed Revenue Summary

| (\$ in millions)      | Revenue |         |        |             |
|-----------------------|---------|---------|--------|-------------|
|                       | Q3 2017 | Q3 2016 | Change | Fx Impact % |
| Dice                  | \$27.1  | \$30.3  | (11%)  | 0%          |
| eFinancialCareers     | 8.2     | 8.8     | (6%)   | 0%          |
| ClearanceJobs         | 4.5     | 3.6     | 23%    | 0%          |
| Tech-Focused Business | 39.8    | 42.7    | (7%)   | 0%          |
| Health eCareers       | 6.5     | 6.7     | (4%)   | 0%          |
| HCareers              | 3.5     | 3.6     | (3%)   | 0%          |
| Rigzone               | 1.9     | 2.1     | (12%)  | 0%          |
| BioSpace              | 0.7     | 0.9     | (10%)  | 0%          |
| Non-Tech businesses   | 12.6    | 13.3    | (5%)   | 0%          |
| Total                 | \$52.4  | \$56.1  | (7%)   | 0%          |

## Operations Summary

| (\$ in thousands)                           | For the three months ended September 30, |             |
|---|--|-------------|
|   | 2017                                     | 2016        |
| <b>Revenues</b>                             | \$ 52,424                                | \$ 56,073   |
| Operating expenses:                         |  |             |
| Cost of revenues                            | 7,616                                    | 7,943       |
| Product development                         | 6,423                                    | 6,018       |
| Sales and marketing                         | 19,988                                   | 19,425      |
| General and administrative                  | 9,454                                    | 10,101      |
| Depreciation                                | 2,576                                    | 2,478       |
| Amortization of intangible assets           | 554                                      | 1,570       |
| Impairment of goodwill                      | -  | 15,369      |
| Impairment of fixed and intangible assets   | 2,226                                    | 9,252       |
| Disposition related and other costs         | 1,049                                    | -           |
| Total operating expenses                    | 49,886                                   | 72,156      |
| <b>Operating Income</b>                     | 2,538                                    | (16,083)    |
| Interest expense & other expense            | 1,176                                    | 902         |
| Income before income taxes                  | 1,362                                    | (16,985)    |
| Income tax expense (benefit)                | 304                                      | (144)       |
| <b>Net income</b>                           | \$ 1,058                                 | \$ (16,841) |
| Weighted average diluted shares outstanding | 48,502                                   | 47,719      |
| <b>Diluted earnings per share</b>           | \$0.02                                   | (\$0.35)    |
| Adjusted EBITDA                             | \$ 9,953                                 | \$ 14,913   |
| Adjusted EBITDA Margin                      | 19.0%                                    | 26.6%       |
| Operating Cash Flow                         | \$ 3,467                                 | \$ 12,087   |

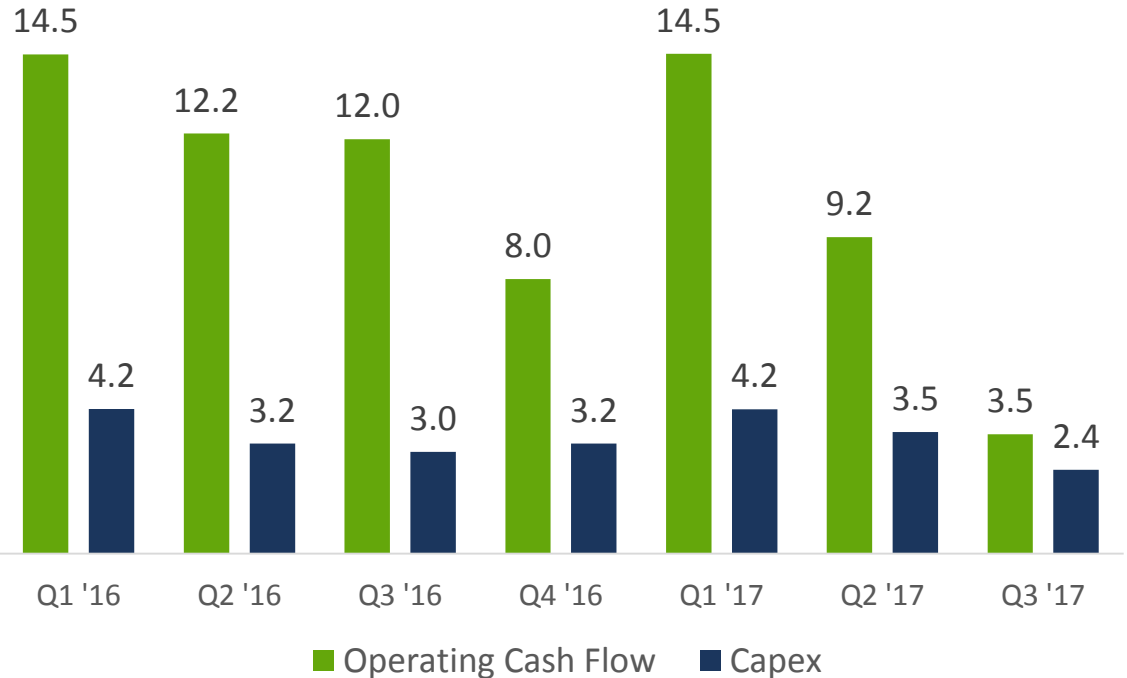
## Unique Items Impacting Q3 2017

- Items resulting from organizational realignment
  - Impairment of getTalent assets
  - Severance and retention related to re-organization and planned divestitures
  - Charge related to credit agreement modification
- Other
  - Costs related to Oilpro legal matters
- Cumulative negative impact on third quarter 2017 financial results
  - Adjusted EBITDA by approximately \$1 million
  - Net Income by \$2.4 million
  - EPS by \$0.05

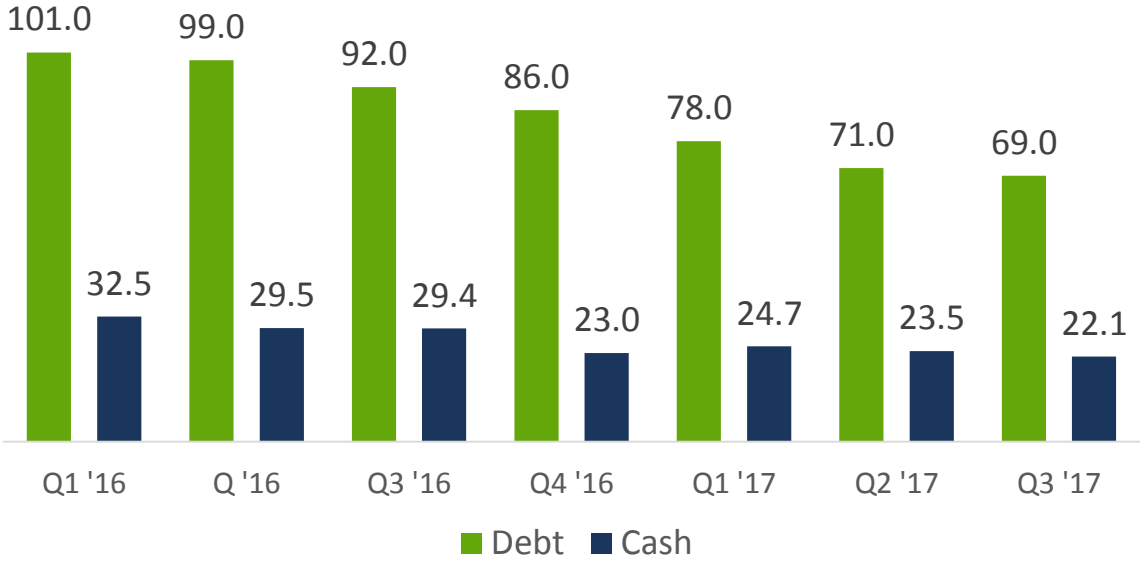


# Cash Flow & Balance Sheet (\$'s millions)

Operating Cash Flow & Capex



Debt & Cash



# Fourth Quarter 2017 Financial Outlook

- Revenue
  - Year-over-year rate of decline similar to Q3
- Operating expenses
  - Rate of growth modestly above Q3
- Adjusted EBITDA margin
  - Slightly below the margin of the first 9 months of 2017
- Other
  - Depreciation & amortization and stock-based compensation equal to Q3
  - Libor spread on debt up 25 bps
  - Tax rate approximately 38%
  - Diluted share count approximately 50 million
  - Receipt of \$3.3 million in restitution from the Oilpro criminal case
  - No divestiture transactions assumed in this outlook

# Capital Allocation Priorities

- Reevaluate short-term priorities based on progress of Non-tech divestitures & in the meantime, lower revolver balance and preserve liquidity

Reinvest in core tech franchise

Bolt-on acquisitions

Return capital

Debt Reduction

## Wrap Up + Q&A



# Appendix



# Notes Regarding the Use of Non-GAAP Financial Measures

## **Notes Regarding the Use of Non-GAAP Financial Measures**

The Company has provided certain non-GAAP financial information as additional information for its operating results. These measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States ("GAAP") and may be different from similarly titled non-GAAP measures reported by other companies. The Company believes that its presentation of non-GAAP measures, such as adjusted earnings before interest, taxes, depreciation, amortization, non-cash stock based compensation expense, other non-recurring income or expense ("Adjusted EBITDA") and Adjusted EBITDA margin provides useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. In addition, the Company's management uses these measures for reviewing the financial results of the Company and for budgeting and planning purposes. The non-GAAP measures apply to consolidated results and results by segment or other measure as shown within this document. The Company has provided required reconciliations to the most comparable GAAP measures elsewhere in the document.

### **Adjusted EBITDA and Adjusted EBITDA Margin**

Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP metrics used by management to measure operating performance. Management uses Adjusted EBITDA as a performance measure for internal monitoring and planning, including preparation of annual budgets, analyzing investment decisions and evaluating profitability and performance comparisons between us and our competitors. The Company also uses this measure to calculate amounts of performance based compensation under the senior management incentive bonus program. Adjusted EBITDA, as defined in our Credit Agreement, represents net income plus (to the extent deducted in calculating such net income) interest expense, income tax expense, depreciation and amortization, non-cash stock option expenses, losses resulting from certain dispositions outside the ordinary course of business, certain write-offs in connection with indebtedness, impairment charges with respect to long-lived assets, expenses incurred in connection with an equity offering, extraordinary or non-recurring non-cash expenses or losses, transaction costs in connection with the Credit Agreement up to \$150,000, deferred revenues written off in connection with acquisition purchase accounting adjustments, write-off of non-cash stock compensation expense, and business interruption insurance proceeds, minus (to the extent included in calculating such net income) non-cash income or gains, interest income, and any income or gain resulting from certain dispositions outside the ordinary course of business. We present Adjusted EBITDA as a supplemental performance measure because we believe that this measure provides our board of directors, management and investors with additional information to measure our performance, provide comparisons from period to period and company to company by excluding potential differences caused by variations in capital structures (affecting interest expense) and tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and to estimate our value. We also present Adjusted EBITDA because covenants in our Credit Agreement contain ratios based on this measure. Our Credit Agreement is material to us because it is one of our primary sources of liquidity. If our Adjusted EBITDA were to decline below certain levels, covenants in our Credit Agreement that are based on Adjusted EBITDA may be violated and could cause a default and acceleration of payment obligations under our Credit Agreement. Adjusted EBITDA Margin is computed as Adjusted EBITDA divided by Revenues. Adjusted EBITDA and Adjusted EBITDA Margin are not measurements of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP as a measure of our profitability.

# GAAP to Non-GAAP Reconciliation

|   | For the three months ended September 30, |                  |
|---|--|------------------|
|   | 2017                                     | 2016             |
| Reconciliation of Net Income to Adjusted EBITDA:            |  |                  |
| Net income  | \$ 1,058                                 | \$ (16,841)      |
| Interest expense  | 1,173                                    | 901              |
| Income tax expense (benefit)                                | 304                                      | (144)            |
| Depreciation  | 2,576                                    | 2,478            |
| Amortization of intangible assets                           | 554                                      | 1,570            |
| Impairment of goodwill                                      |  | 15,369           |
| Impairment of fixed and intangible assets                   | 2,226                                    | 9,252            |
| Non-cash stock compensation expense                         | 1,687                                    | 2,327            |
| Severance—Slashdot Media                                    | —  | —                |
| Accelerated stock based compensation expense—Slashdot Media | —  | —                |
| Loss on sale of business                                    | —  | —                |
| Costs related to strategic alternatives process             | —  | —                |
| Costs related to divestitures                               | 372                                      | —                |
| Other   | 3  | 1                |
| Adjusted EBITDA   | <u>\$ 9,953</u>                          | <u>\$ 14,913</u> |
| Reconciliation of Operating Cash Flows to Adjusted EBITDA:  |  |                  |
| Net cash provided by operating activities                   | \$ 3,467                                 | \$ 12,087        |
| Interest expense  | 1,173                                    | 901              |
| Amortization of deferred financing costs                    | (480)                                    | (81)             |
| Income tax expense (benefit)                                | 304                                      | (144)            |
| Deferred income taxes                                       | 671                                      | 2,206            |
| Change in accrual for unrecognized tax benefits             | (2,288)                                  | (51)             |
| Change in accounts receivable                               | 624                                      | (3,190)          |
| Change in deferred revenue                                  | 4,875                                    | 3,745            |
| Costs related to strategic alternatives process             | —  | —                |
| Costs related to divestitures                               | 372                                      | —                |
| Severance—Slashdot Media                                    | —  | —                |
| Changes in working capital and other                        | 1,235                                    | (560)            |
| Adjusted EBITDA   | <u>\$ 9,953</u>                          | <u>\$ 14,913</u> |

# New Reporting Segment Historical Recast of Financial Results

## DHI Group, Inc. Segment Disclosures

All amounts in thousands

|  | 2016      |           |             |           |            | 2017      |           |
|--|-----------|-----------|-------------|-----------|------------|-----------|-----------|
|  | Q1        | Q2        | Q3          | Q4        | FY         | Q1        | Q2        |
| <b>NEW SEGMENTS (1)</b>                |           |           |             |           |            |           |           |
| <u>Revenues</u>                        |           |           |             |           |            |           |           |
| Tech-focused                           | \$ 42,922 | \$ 43,215 | \$ 42,739   | \$ 41,724 | \$ 170,600 | \$ 39,549 | \$ 39,276 |
| Healthcare                             | 6,958     | 6,955     | 6,735       | 6,418     | 27,066     | 6,714     | 6,565     |
| Corporate & Other                      | 8,406     | 7,503     | 6,599       | 6,796     | 29,304     | 5,927     | 6,559     |
| Total                                  | \$ 58,286 | \$ 57,673 | \$ 56,073   | \$ 54,938 | \$ 226,970 | \$ 52,190 | \$ 52,400 |
| <u>Depreciation &amp; Amortization</u> |           |           |             |           |            |           |           |
| Tech-focused                           | \$ 2,640  | \$ 2,680  | \$ 2,021    | \$ 1,641  | \$ 8,982   | \$ 1,598  | \$ 1,837  |
| Healthcare                             | 814       | 713       | 757         | 640       | 2,924      | 670       | 700       |
| Corporate & Other                      | 1,610     | 1,240     | 1,270       | 610       | 4,730      | 601       | 853       |
| Total                                  | \$ 5,064  | \$ 4,633  | \$ 4,048    | \$ 2,891  | \$ 16,636  | \$ 2,869  | \$ 3,390  |
| <u>Operating Income (Loss)</u>         |           |           |             |           |            |           |           |
| Tech-focused                           | \$ 11,832 | \$ 14,118 | \$ 14,147   | \$ 13,970 | \$ 54,067  | \$ 11,098 | \$ 10,117 |
| Healthcare                             | (279)     | 107       | (366)       | (392)     | (930)      | (450)     | (642)     |
| Corporate & Other                      | (8,911)   | (5,740)   | (29,864)    | (5,231)   | (49,746)   | (6,353)   | (5,473)   |
| Total                                  | \$ 2,642  | \$ 8,485  | \$ (16,083) | \$ 8,347  | \$ 3,391   | \$ 4,295  | \$ 4,002  |

(1) Tech-focused: Dice, Dice Europe, eFinancialCareers and ClearanceJobs; Healthcare: Health eCareers; Corporate & Other: Hcareers, Rigzone, BioSpace, getTalent, Slashdot Media (Q1 2016 only), and Corporate.

|  |           |           |             |           |            |           |           |
|--|-----------|-----------|-------------|-----------|------------|-----------|-----------|
| <b>AS PREVIOUSLY REPORTED (2)</b>      |           |           |             |           |            |           |           |
| <u>Revenues</u>                        |           |           |             |           |            |           |           |
| Tech & Clearance                       | \$ 34,006 | \$ 34,153 | \$ 33,971   | \$ 33,325 | \$ 135,455 | \$ 31,690 | \$ 31,303 |
| Global Industries Group                | 16,554    | 16,546    | 15,352      | 15,152    | 63,604     | 13,758    | 14,504    |
| Healthcare                             | 6,958     | 6,955     | 6,735       | 6,418     | 27,066     | 6,714     | 6,565     |
| Corporate & Other                      | 768       | 19        | 15          | 43        | 845        | 28        | 28        |
| Total                                  | \$ 58,286 | \$ 57,673 | \$ 56,073   | \$ 54,938 | \$ 226,970 | \$ 52,190 | \$ 52,400 |
| <u>Depreciation &amp; Amortization</u> |           |           |             |           |            |           |           |
| Tech & Clearance                       | \$ 2,466  | \$ 2,499  | \$ 1,853    | \$ 1,484  | \$ 8,302   | \$ 1,456  | \$ 1,695  |
| Global Industries Group                | 1,693     | 1,304     | 1,308       | 615       | 4,920      | 589       | 610       |
| Healthcare                             | 814       | 713       | 757         | 640       | 2,924      | 670       | 700       |
| Corporate & Other                      | 91        | 117       | 130         | 152       | 490        | 154       | 385       |
| Total                                  | \$ 5,064  | \$ 4,633  | \$ 4,048    | \$ 2,891  | \$ 16,636  | \$ 2,869  | \$ 3,390  |
| <u>Operating Income (Loss)</u>         |           |           |             |           |            |           |           |
| Tech & Clearance                       | \$ 11,833 | \$ 13,291 | \$ 12,896   | \$ 13,647 | \$ 51,667  | \$ 11,444 | \$ 10,712 |
| Global Industries Group                | 646       | 2,477     | (22,817)    | 1,592     | (18,102)   | 118       | 510       |
| Healthcare                             | (278)     | 107       | (366)       | (392)     | (929)      | (450)     | (642)     |
| Corporate & Other                      | (9,559)   | (7,390)   | (5,796)     | (6,500)   | (29,245)   | (6,817)   | (6,578)   |
| Total                                  | \$ 2,642  | \$ 8,485  | \$ (16,083) | \$ 8,347  | \$ 3,391   | \$ 4,295  | \$ 4,002  |

(2) Tech & Clearance: Dice, Dice Europe and ClearanceJobs; Global Industry Group: eFinancialCareers, Rigzone, Hcareers and BioSpace; Healthcare: Health eCareers; Corporate & Other: Brightmatter, Slashdot Media (Q1 2016 only), and Corporate