



# Cubic Corporation Overview

March 2018

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This presentation also includes non-GAAP financial measures as that term is defined in Regulation G. Non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. Reconciliations to the most directly comparable GAAP financial measures can be found in the Appendix to this presentation.

# Cubic Corporation Overview

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- NYSE: CUB
- Public since 1959
- Market cap \$1.7B
- 8,700 employees working in 24 countries
- Prime contractor on ~90% of revenue
- Backlog \$3.6B (12/31/17)



## Transportation Systems

Leading integrator of payment systems and intelligent travel solutions



## Mission Solutions

Leading provider of expeditionary communications solutions



## Defense Training

Leading provider of defense training systems and services

### Consolidated FY2017 sales of \$1.5B



#### Business Segments

Transportation Systems	39%
Defense Systems	36%
Defense Services	25%



#### Customer Locations

United States	58%
United Kingdom	15%
Australia	12%
Far East/Middle East	9%
Other	6%



#### Products and Services

Services	54%
Products	46%



#### Contract Types

Fixed Price	83%
Other	17%

*Global provider of systems and solutions that meet the most demanding requirements for the transportation and defense markets*

# Our Common Mission and Technologies

*Cubic is a market-leading, technology provider of integrated solutions that **increase situational understanding** for transportation, defense C4ISR and training customers worldwide to decrease urban congestion and improve the militaries' effectiveness and operational readiness.*



## Cyber Management



Instrumentation



Secure Network  
Communications



Cloud Computing



Algorithms /  
Simulation

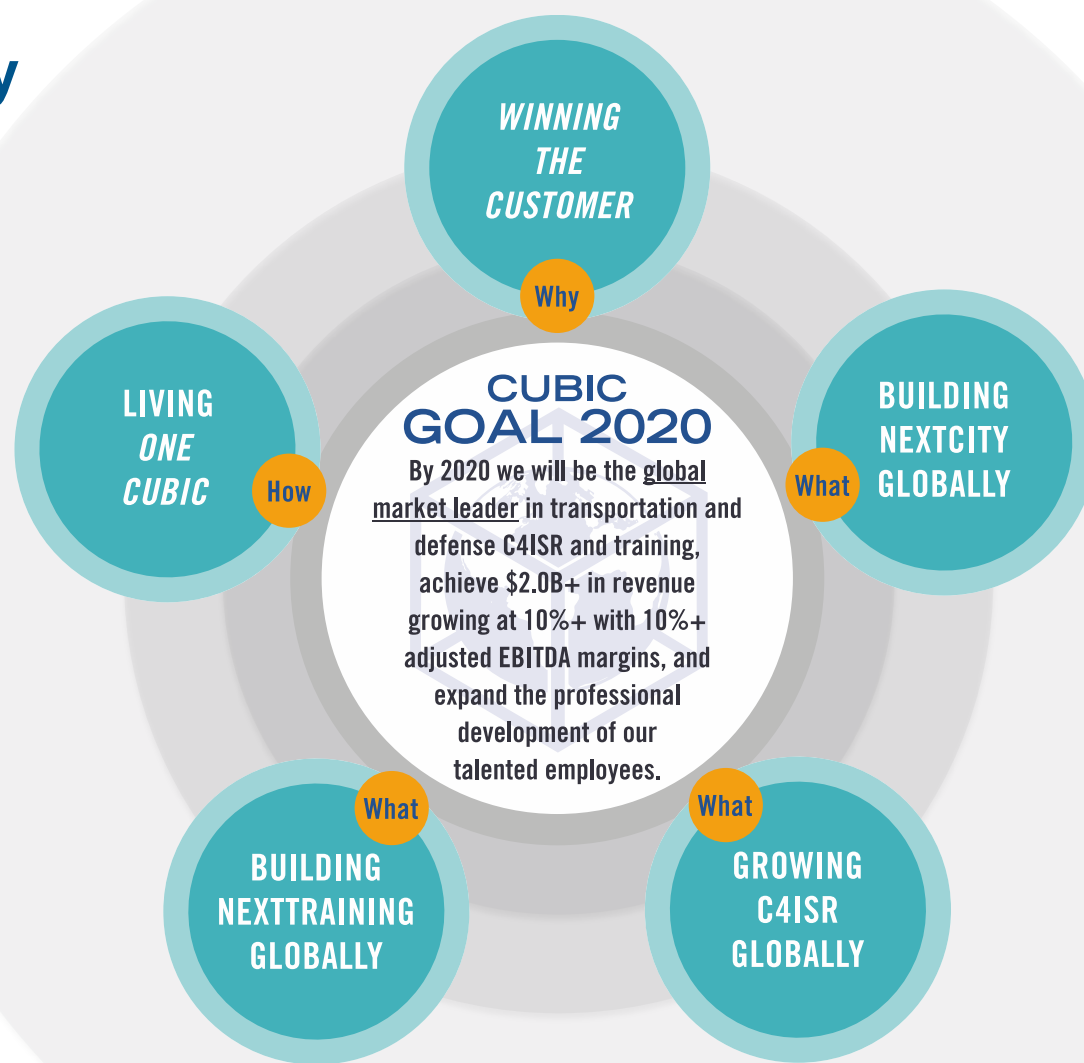


Data Visualization

## Power Management



# Our Strategy





# Innovations and Investments

## Transportation



- *Product-centric transformation*
- *Advanced mobile*
- *Open payment*
- *Cloud-based solutions*



*NextBus 2.0 real-time passenger information systems*

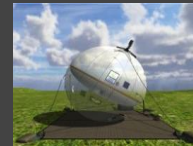
## C4ISR



*Aerial Layer Network  
Next-generation  
communications*



*ISR as a  
service*



*Expeditionary  
communications*

## Defense



- *Next-generation training solutions*
- *High-fidelity distributed training solutions*
- *Live, Virtual, Constructive and Gaming (LVC-G) training*

## One Cubic



- *Implementing common Enterprise Resource Planning system*
- *Includes contracts, financial, manufacturing, supply chain and engineering*

# Recent Wins Demonstrate Investment Payoff

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Why

WINNING  
THE  
CUSTOMER



New York (\$554m)



Boston (\$575m)

- Cements position as market leader
- Confirms One Account strategy
- Validates R&D investments and demonstrates potential for long-term returns
- Delivers cost savings and efficiencies to our customers

- GATR: T2C2 full rate production decision
- Next-generation expeditionary, Tri-Band satellite communication solutions
- Significant SWaP / bandwidth advantage
- Initial procurement 800+ systems



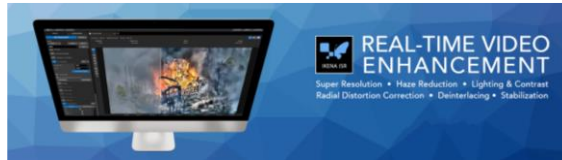
- Award to continue support of US Army's JRTC (\$325m)
- Follows \$50m+ in recent awards: Asia-Pacific Combat Training Center award (\$26m) and LCS Immersive Virtual Shipboard Environment orders (\$29m)
- Strong international pipeline

# MotionDSP Acquisition Expands Video Capabilities and Opens New Markets

Why

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WINNING  
THE  
CUSTOMER



- Silicon Valley-based artificial intelligence software company specializing in real-time video enhancement and computer vision analytics
- Augments TeraLogics Full Motion Video (FMV) platform with near real-time processing
- Capabilities:
  - *Image processing: multi-algorithm, GPU-accelerated, real-time video enhancement*
  - *Computer Vision: computer-assisted redaction and detection and tracking*
  - *2D mapping and geospatial processing*
  - *Deployable on laptops, workstations, and cloud architectures*
- Potentially opens new markets in law enforcement, medical services, forensics, insurance and transportation security



# Acquisition Strategy

## Transportation

### 2013 Serco

- + Traffic management systems for monitoring and control of urban road networks in Europe



### 2013 Nextbus

- + Real-time passenger information



## Mission Solutions

### 2018 MotionDSP

- + Artificial intelligence software; real-time video enhancement and computer vision analytics

### 2017 Vocality International

- + Optimizes communication paths and consolidates DTECH supply chain

### 2016 GATR Technologies

- + Inflatable and ultra-portable satellite communications antenna

### 2015 TeraLogics

- + Full Motion Video for the Defense Department, intelligence community and commercial customers

### 2014 DTECH Labs

- + Ruggedized modular networking and baseband communications equipment



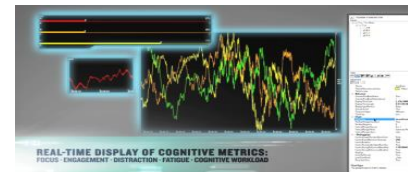
## Defense Systems

### 2017 Deltenna Limited

- + Wireless tactical communications infrastructure including radio and antenna solutions

### 2014 Intific

- + Software and game-based solutions in modeling and simulation, training and education, cyber warfare and neuroscience



*Our growth strategy is focused on acquisitions related to NextCity™, C4ISR and NextTraining™*

**Market-leading positions in Urban Revenue Management, niche C4ISR and Live, Virtual and Constructive (LVC) training**

## Transportation



Market Size

\$12.0B

5-year CAGR

~5.0%

Market Drivers

Urbanization; Convenience;  
Reducing collection cost;  
Predictive, personalized and  
actionable traveler

***70% urban revenue  
management market share by  
ridership in North America, UK  
and Australia***

## C4ISR



\$2.4B

~10.0%

Low SWaP, complex threat and  
insatiable appetite for  
Full Motion Video(FMV)

***Established leadership in high  
growth, high margin  
expeditionary communications***

## Training



\$16.3B

2.6%

Complex threat and budget  
pressures

***Significant market share in air  
combat and ground live  
training***

# Goal 2020 Revenue and Profitability Objectives



	2016 Revenue <sup>1)</sup> (\$M)	Expected Growth Rate	2020 Revenue <sup>2)</sup> (\$M)	2020 Adj. EBITDA Margin
<b>Transportation</b>	\$586	7.0 – 10.0%	\$800 – \$875	13.0 – 15.0%
<b>Defense Systems</b> <ul style="list-style-type: none"> <li>• Training Systems</li> <li>• Mission Solutions</li> </ul>	\$484	Training Systems 4.0 - 6.0%  Mission Solutions 10.0 - 15.0%	\$650 – \$725	10.5 – 12.5%
<b>Defense Services</b>	\$391	3.0 – 5.0%	\$450 – \$500	4.0 – 5.0%
<b>Consolidated</b>	\$1,462	9.0 - 10.0%	\$1,900 - \$2,100	10%+

# Summary

- Market leading and technology driven company serving attractive core markets
- Culture of customer-focused innovation, delivering next-generation solutions
- Strategic and financial priorities aligned with high growth, higher margin businesses
- Scalable infrastructure supports organic and inorganic growth
- Positioned for growth and profitability improvements in FY2018 and beyond
- Strong start to FY2018 with major transportation wins in New York and Boston, defense training JRTC, and T2C2 FRP decision



***Strongly positioned to achieve Goal 2020  
and deliver superior returns for our shareholders***





# Appendix



Market leading positions in Urban Revenue Management, niche C4ISR and Live, Virtual and Constructive (LVC) training

## Transportation



Urban Revenue Management



Rail Ticketing



Tolling



NextBus



Surface Transport Management



Enhanced Analytics



Parking



Shared Transport

Market Size	\$4.2B	\$1.4B	\$2.3B	\$783M	\$1.8B	\$201M	\$765M	\$203M
5-year CAGR	4.0%	4.0%	6.7%	4.0%	4.9%	20.0%	2.0%	20.0%

## C4ISR



C2 Systems



Secure Communications



Secure Networks

Market Size	\$500M	\$1.5B	\$431M
5-year CAGR	13.4%	7.7%	10.0%

## Training



Air Combat



Ground Training



Training & Exercises



Virtual & Game-Based Learning



National Intelligence



Live Fire / CRDS

Market Size	\$611M	\$1.1B	\$4.0B	\$8.2B	\$2.0B	\$489M
5-year CAGR	3.2%	2.6%	2.6%	2.8%	1.0%	2.7%

# GAAP to Non-GAAP Reconciliation

Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA  
Twelve Months Ended September 30, 2017.

In Millions	Consolidated	CTS	CGD Systems	CGD Services
<b>Twelve Months Ended Sep 30, 2017</b>				
Net income (loss) attributable to Cubic	\$ (11.2)			
Provision for income taxes	15.1			
Interest expense (income), net	14.0			
Other non-operating (expense) income, net	(0.4)			
<b>Operating Income (loss)</b>	<b>\$ 17.5</b>	<b>\$ 39.8</b>	<b>\$ 18.8</b>	<b>\$ 6.7</b>
Depreciation and amortization	51.1	8.8	34.2	3.0
Other non-operating expense (income), net	0.4	(1.0)	(0.7)	-
<b>EBITDA</b>	<b>\$ 69.0</b>	<b>\$ 47.6</b>	<b>\$ 52.3</b>	<b>\$ 9.7</b>
Acquisition related expenses, excluding amortization <sup>1</sup>	(0.3)	(0.2)	(0.1)	-
ERP/Supply Chain Initiatives	34.4	-	-	-
Restructuring costs	2.5	0.4	0.9	0.2
Gain/Loss on sale of fixed assets	0.4			
Other non-operating (expense) income, net	(0.4)	1.0	0.7	-
<b>Adjusted EBITDA</b>	<b>\$ 105.6</b>	<b>\$ 48.8</b>	<b>\$ 53.8</b>	<b>\$ 9.9</b>
EBITDA Margin	4.6%	8.2%	9.9%	2.6%
Adjusted EBITDA Margin	7.1%	8.4%	10.2%	2.6%

<sup>1</sup> Includes transaction costs, retention bonuses and earn out liability changes related to acquired businesses.

# GAAP to Non-GAAP Reconciliation

## Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA Twelve Months Ended September 30, 2016.

In Millions	Consolidated	CTS	CGD Systems	CGD Services
<b>Twelve Months Ended Sep 30, 2016</b>				
Net income (loss) attributable to Cubic	\$ 1.7			
Provision for income taxes	(9.2)			
Interest expense (income), net	9.7			
Other non-operating (expense) income, net	5.0			
<b>Operating Income (loss)</b>	<b>\$ 7.2</b>	<b>\$ 57.5</b>	<b>\$ (17.1)</b>	<b>\$ 11.2</b>
Depreciation and amortization	45.5	8.3	28.7	5.2
Other non-operating expense (income), net	(5.0)	(0.4)	(0.6)	-
<b>EBITDA</b>	<b>\$ 47.7</b>	<b>\$ 65.4</b>	<b>\$ 11.0</b>	<b>\$ 16.4</b>
Acquisition related expenses, excluding amortization <sup>1</sup>	28.7	0.9	27.8	-
ERP/Supply Chain Initiatives	34.8	-	-	-
Restructuring costs	1.8	1.0	0.3	0.5
Other non-operating (expense) income, net	5.0	0.4	0.6	-
<b>Adjusted EBITDA</b>	<b>\$ 118.0</b>	<b>\$ 67.7</b>	<b>\$ 39.7</b>	<b>\$ 16.9</b>
EBITDA Margin	3.3%	11.2%	2.3%	4.2%
Adjusted EBITDA Margin	8.1%	11.5%	8.2%	4.3%

<sup>1</sup> Includes transaction costs, retention bonuses and earn out liability changes related to acquired businesses.

# GAAP to Non-GAAP Reconciliation

## Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA Three Months Ended December 31, 2017

In Millions	Consolidated	CTS	CMS	CGD Systems	CGD Services
<b>Three Months Ended Dec 31, 2017</b>					
Net income (loss) attributable to Cubic	\$ (9.8)				
Provision for income taxes	0.5				
Interest expense (income), net	2.2				
Other non-operating (expense) income, net	0.1				
<b>Operating Income (loss)</b>	<b>\$ (7.0)</b>	<b>\$ 9.9</b>	<b>\$ (8.9)</b>	<b>\$ 1.4</b>	<b>\$ 2.9</b>
Depreciation and amortization	13.1	3.2	5.9	2.1	0.7
Other non-operating expense (income), net	(0.1)	(0.7)	-	0.4	-
<b>EBITDA</b>	<b>\$ 6.0</b>	<b>\$ 12.4</b>	<b>\$ (3.0)</b>	<b>\$ 3.9</b>	<b>\$ 3.6</b>
Acquisition related expenses, excluding amortization <sup>1</sup>	1.4		1.3	0.1	
ERP/Supply Chain Initiatives	8.0				
Restructuring costs	1.5	0.3		0.6	
Loss on sale of fixed assets	-				
Other non-operating (expense) income, net	0.1	0.7	-	(0.4)	-
<b>Adjusted EBITDA</b>	<b>\$ 17.0</b>	<b>\$ 13.4</b>	<b>\$ (1.7)</b>	<b>\$ 4.2</b>	<b>\$ 3.6</b>
EBITDA Margin	1.8%	8.4%	-9.2%	5.8%	3.9%
Adjusted EBITDA Margin	5.0%	9.1%	-5.2%	6.1%	3.9%

<sup>1</sup> Includes transaction costs, retention bonuses and earn out liability changes related to acquired businesses.

# GAAP to Non-GAAP Reconciliation

## Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA Three Months Ended December 31, 2016

In Millions	Consolidated	CTS	CMS	CGD Systems	CGD Services
<b>Three Months Ended Dec 31, 2016</b>					
Net income (loss) attributable to Cubic	\$ (2.8)				
Provision for income taxes	(5.1)				
Interest expense (income), net	3.3				
Other non-operating (expense) income, net	0.5				
<b>Operating Income (loss)</b>	<b>\$ (4.1)</b>	<b>\$ 9.6</b>	<b>\$ (3.8)</b>	<b>\$ 3.3</b>	<b>\$ (0.4)</b>
Depreciation and amortization	13.4	2.4	6.8	2.0	1.0
Other non-operating expense (income), net	(0.5)	(0.4)	-	(1.2)	-
<b>EBITDA</b>	<b>\$ 8.8</b>	<b>\$ 11.6</b>	<b>\$ 3.0</b>	<b>\$ 4.1</b>	<b>\$ 0.6</b>
Acquisition related expenses, excluding amortization <sup>1</sup>	0.8	-	0.8	-	-
ERP/Supply Chain Initiatives	8.7	-	-	-	-
Restructuring costs	0.9	-	-	0.8	-
Loss on sale of fixed assets	0.4	-	-	-	-
Other non-operating (expense) income, net	0.5	0.4	-	1.2	-
<b>Adjusted EBITDA</b>	<b>\$ 20.1</b>	<b>\$ 12.0</b>	<b>\$ 3.8</b>	<b>\$ 6.1</b>	<b>\$ 0.6</b>
EBITDA Margin	2.6%	8.8%	8.9%	5.2%	0.7%
Adjusted EBITDA Margin	6.0%	9.1%	11.2%	7.8%	0.7%

<sup>1</sup> Includes transaction costs, retention bonuses and earn out liability changes related to acquired businesses.