

# BB&T

10th Annual Commercial & Industrial Investor Conference

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Executive Vice President and Chief Financial Officer

*March 24, 2016*



# Safe Harbor

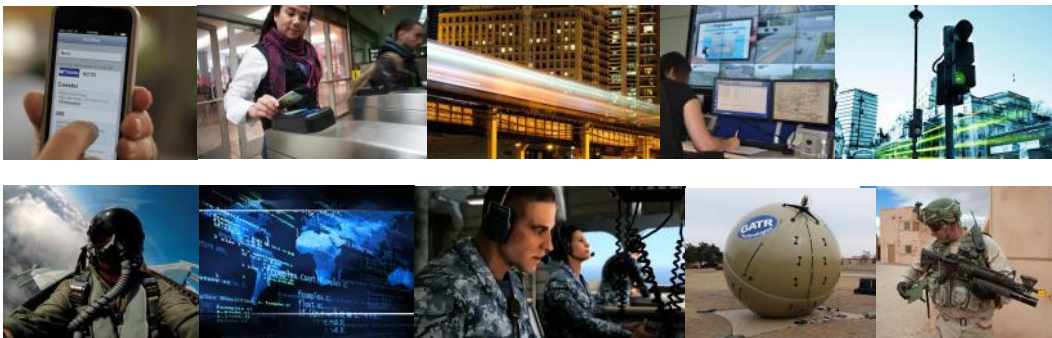
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# Cubic Corporation

We are a global provider of integrated systems and services that ***increase situational awareness and understanding*** to create enhanced value for our customers

- Founded in 1951
- Public since 1959
- NYSE: CUB
- Business segments
  - Cubic Transportation Systems
  - Cubic Global Defense (CGD)
    - CGD Systems
    - CGD Services
- FY15 sales: \$1.431 bn
- FY15 total backlog: \$2.976 bn
- 8,300+ employees working on 5 continents in 26 countries



# Business Segments



## Transportation Systems

Leading integrator of payment and information technology and services for intelligent travel solutions worldwide

### Intelligent Travel

- 38 million travelers use Cubic's technology each day
- 24 billion transactions per year
- 7 billion passengers annually
- \$18 billion in revenues collected annually



FY15 Sales \$566.8 M

- 56% Services
- 44% Products



## Global Defense

Leading provider of defense training solutions and communications technologies

### Defense Training

- Installed/delivered/fielded hundreds of thousands of pieces of training and instrumentation kits worldwide
- Emerging market leader for immersive game-based training
- Leading provider of highly specialized support services for military and security forces of the U.S. and allied nations



FY15 Sales \$864.2 M

- 47% Services
- 53% Products

### Expeditionary Communications

- Communications and signal intelligence equipment
- Data links
- Search and rescue avionics
- Ruggedized networks
- Inflatable satellite communication antennas
- Full motion video

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

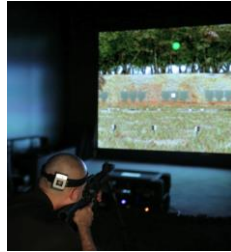


# Innovative Technologies



## **ARGON**

Augmented reality solution that increases training realism



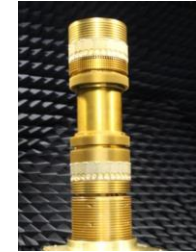
## **NeuroBridge**

Evaluates trainee's brain functions in real time to improve training effectiveness



## **Game-based learning**

Immersive virtual learning software



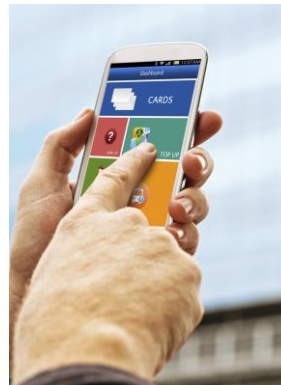
## **Halo Array**

First of its kind multi-link beam forming antenna



## **NextAgent**

Virtual ticket office, call center and ticket vending all in one device



## **NextWave**

Bringing contactless payment and real-time information to the smart phone



## **BiBo (Be in Be out)**

Frictionless travel payments using wireless technology



## **NextAccount**

Account-based multi-modal payments in the cloud

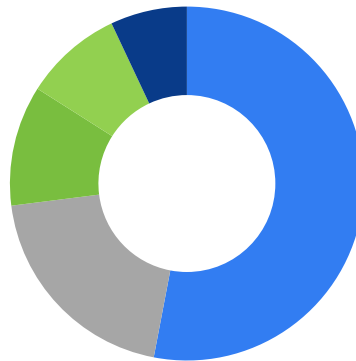
# Sales Mix

**FY15 Consolidated Sales \$1.431 Billion**



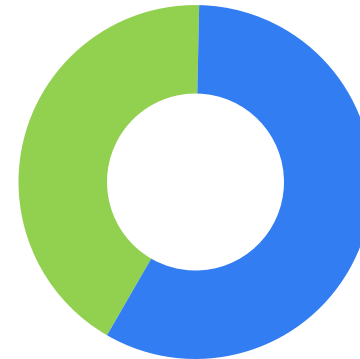
## Business Segment

Transportation Systems	40%
Defense Systems	32%
Defense Services	28%



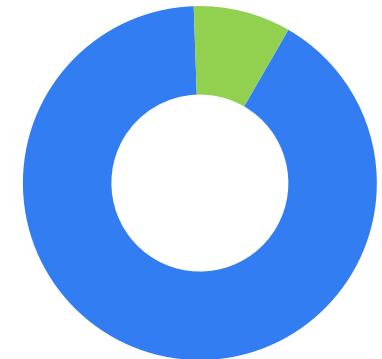
## Customer Location

United States	53%
United Kingdom	20%
Australia	11%
Far East/Middle East	9%
Other	7%



## Products and Services

Services	58%
Products	42%



## Contract Type

Fixed Price	82%
Other	18%

# Strategy/Update

- **Goal 2020:** Focus on higher growth and higher margin business areas in NextCity, C4ISR, and NextTraining markets while improving productivity and efficiency
- **Winning the Customer** vision spurred by innovation to deliver superior solutions
- **Targeting 10%+** annual growth rate consistent with Cubic's historical performance

## Build NextCity Globally

Expand into adjacent markets beyond fare collection such as toll, intelligent transportation, parking and mobile

- ✓ New Hampshire Toll win, Chicago mobile success, Melbourne and NYC expansion, ITS North America expansion, other North America AFC opportunities (Boston, Seattle, Honolulu) and Middle East opportunities (Abu Dhabi)

## Grow C4ISR Business

Expand from secure communications to network solutions and SATCOM

- ✓ Expeditionary communications with high growth, higher margins with acquisitions

## Build NextTraining Globally

Innovative, integrated LVC-G solutions for air, ground, sea and cyber

- ✓ Adding full spectrum modes (social media, cyber, etc.) to Combat Training Centers, immersive courseware expansion, working future MILES opportunities

## One Cubic

Streamline operations to improve operating margins by 200-250 basis points by 2018

- ✓ ERP implementation on-track, progress with supply chain rationalization, signed performance/ savings contracts with department heads

# Expanding Addressable Markets

## Transportation Systems

**Fare collection**  
\$1.5 - \$2.0 bn

+

**NextCity**  
\$2.0 - \$3.0 bn

= \$5 bn

## Global Defense

**Mission Support Services**  
\$3.5 - \$6.0 bn

+

**National Security**  
\$3.0 - \$4.0 bn

= \$10 bn

**LVC Training**  
\$2.0 - \$2.5 bn

+

**Game-Based Training**  
\$100 - \$500 m

+

**Expeditionary Communications**  
\$1.8 - \$2.0 bn

= \$5 bn

**\$20+**  
billion  
annual addressable  
market

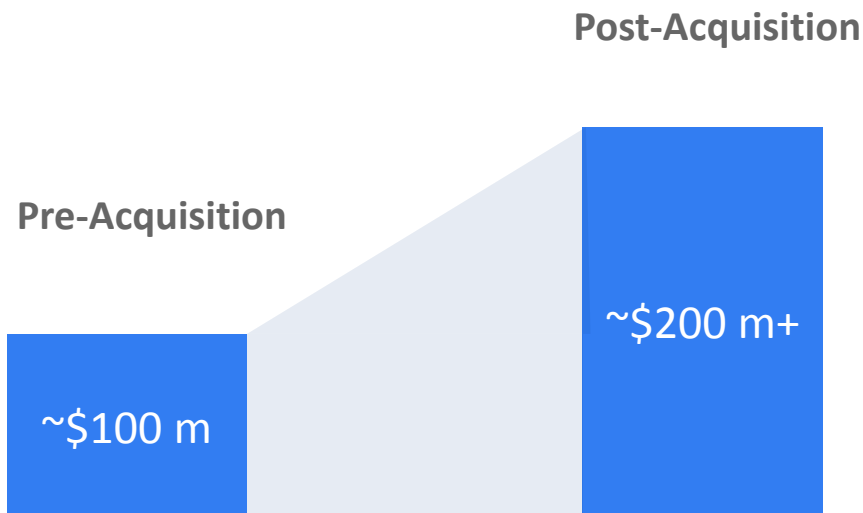
Robust opportunity pipeline in specialized markets will support our long-term growth



# Accelerating Growth in C4ISR

- Achieved near-term strategic goal to build \$200 million C4ISR business
  - Critical mass achieved in C4ISR strategy
  - Synergistic C4ISR portfolio focused on leading positions in expeditionary communications and ISR dissemination

## C4ISR Annualized Revenue Profile



## C4ISR Portfolio



C4ISR portfolio expected to generate adjusted EBITDA margins in the high teens

# C4ISR Portfolio

## DTech Labs

### Tactical Communications

[acquired 12.16.2014]

Deployable and tactical ruggedized communications



- ✓ Established supplier for
  - Special Operations Command (SOCOM)
  - U.S. Marine Corps
  - Other government and commercial customers

## TeraLogics

### Full Motion Video

[acquired 12.21.2015]

Real time processing, exploitation and dissemination of full motion video in the cloud



- ✓ Company developed proprietary technology
- ✓ Domain expertise in secure video delivery and exploitation
- ✓ Strategic contract vehicles

## GATR Technologies

### SATCOM Solutions

[acquired 02.03.2016]

Revolutionary ultra-portable inflatable communications terminals



- ✓ Patented technology
- ✓ Strategic contract vehicles

## Data Links

### ISR Data Links

High-speed, wideband data links for Intelligence, Surveillance and Reconnaissance (ISR) data and video







- ✓ Air- and ground-based terminals include
  - Ships
  - UAVs
  - Man portable
  - Surface



Established leadership position in expeditionary communications  
*High growth, higher margin market*

# Cubic Global Defense Systems Business Areas

Live Training	Virtual Skills Training	Game-Based Immersive Training	C4ISR
<p><i>Full range of military operations essential for readiness</i></p> <ul style="list-style-type: none"> <li>Air combat training systems</li> <li>Laser engagement simulation system</li> <li>Ground combat training centers</li> </ul>  <p>Stable U.S. and expanding overseas markets</p>	<p><i>A realistic operational environment in a virtual scenario</i></p> <ul style="list-style-type: none"> <li>Small arms engagement skills trainers</li> <li>Mine Resistant Ambush Protected (MRAP) Vehicle Trainer</li> </ul>  <p>Growing market for realistic, additive, cost-effective training</p>	<p><i>Cost-effective interactive education and training</i></p> <ul style="list-style-type: none"> <li>Game-based courseware</li> <li>Mission Bay Trainer/Littoral Combat Ships</li> </ul> 	<p><i>Reliable end-to-end solutions</i></p> <ul style="list-style-type: none"> <li>Secure wideband data links</li> <li>Personnel locator system</li> <li>SIGINT receivers</li> <li>Tactical networking</li> <li>Cross domain</li> <li>Full motion video</li> <li>SATCOM</li> </ul> 

## Future

NextTraining – applying the most effective training technologies to increase our customers' readiness

# Cubic Transportation Systems

## *Unparalleled heritage*

<b>1991</b>	New York MetroCard		<b>2008</b>	Los Angeles TAP® Brisbane go card BART NFC Pilot	  
<b>1999</b>	WMATA SmarTrip®		<b>2009</b>	San Diego Compass Card Miami EASY® Card Modena, Italy	  
<b>2002</b>	Chicago ChicagoCard™		<b>2010</b>	MTA CharmCard™ MTC Clipper® Card Skåne, So. Sweden	  
<b>2003</b>	London Oyster®		<b>2011</b>	So. Florida – EASY® Card PATCO Open Payment Pilot Google Wallet Acceptance	  
<b>2004</b>	BART EZ Rider		<b>2012</b>	Sydney Opal Card	
<b>2005</b>	Minneapolis Go To Card		<b>2013</b>	Chicago Ventra Card NextBus Acquisition Serco Acquisition	  
<b>2006</b>	MARTA Breeze™ RMV/KVV Mobile Ticketing	 	<b>2014</b>	London Future Ticketing Agreement Chicago Google/iPay Acceptance	    
<b>2007</b>	PATH SmartLink™ PATCO FREEDOM® Card	 	<b>2015</b>	Vancouver Compass Card Ventra App NHDOT Tolling	  

Continuing to build a market-leading footprint in major cities

# NextCity Strategy



# Consolidated Operating Highlights

<i>In Millions, except EPS</i>	Years Ended September 30,		FY16 Guidance
	2014	2015	Midpoint
Total Sales	\$ 1,398.4	\$ 1,431.0	\$ 1,475.0
EBITDA	\$ 122.5	\$ 112.2	\$ 92.5
Adjusted EBITDA*	\$ 129.6	\$ 140.5	\$ 132.5
Adjusted EBITDA margin	9.3%	9.8%	8.5%

- FY16 is a transition year as we implement *OneCubic* vision and transition to higher margin businesses
- Quarter-to-quarter performance impacted by shipment/product business
- FY17 expected to be record sales and adjusted EBITDA
- FY18 expect adjusted EBITDA margin to exceed 10%

FY16 guidance will be updated on our Q2FY16 conference call to reflect the recent acquisition of GATR Technologies

\* For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures, please visit [www.cubic.com](http://www.cubic.com)



[illegible]

Leading positions across multiple global markets

FY16 is a pivotal year setting the foundation for higher growth and expanded profitability in FY17 and FY18

Strategy focused on high growth, higher margin businesses

*Winning the Customer* vision inspired by innovation to deliver superior solutions

New ERP system to improve productivity and efficiency and support scalable growth

Goal 2020: Sound strategy focused on high growth, higher margin businesses

Strong and stable financial position

FY16 is a pivotal year setting the foundation for higher growth and expanded profitability in FY17 and FY18

Strategy focused on high growth, higher margin businesses

***Winning the Customer*** vision inspired by innovation to deliver superior solutions

**New ERP system to improve productivity and efficiency and support scalable growth**

**Goal 2020: Sound strategy focused on high growth, higher margin businesses**

**Strong and stable financial position**

Successful track record of delivering long-term returns to shareholders