



Divestiture of Non-OEM Training Services Business

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Forward Looking Statements and Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to the “safe harbor” created by those sections. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or our future financial and/or operating performance are not historical and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as “may,” “will,” “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend,” “predict,” “potential,” “opportunity” and similar words or phrases or the negatives of these words or phrases. These statements involve estimates, assumptions and uncertainties, including those discussed in “Risk Factors” in the Company’s annual report on Form 10-K for the year ended September 30, 2017, and throughout this presentation that could cause actual results to differ materially from those expressed in these statements.

Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any forward-looking statements. In addition, past financial and/or operating performance is not necessarily a reliable indicator of future performance and you should not use our historical performance to anticipate results or future period trends. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements

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.

Sale of Non-OEM Training Services Business Advances Cubic's Strategy

Further sharpens Cubic's focus on providing market-leading, innovative technologies that create superior value for our customers

Enables Cubic to better concentrate resources on markets with strong growth and high margins

Increases financial flexibility to pursue profitable growth opportunities

Transaction Overview

Buyer

- Valiant Integrated Services – Corporate HQ: McLean, VA
- Global services and solutions business with presence in 20 countries
- Strong platform to build scale and compete in a rapidly consolidating defense services industry

Terms

- \$135 million cash at close plus \$3 million additional contingent consideration tied to certain contract wins over the next 12 to 24 months
- Expect 30 to 60 days to close; customary closing conditions and regulatory approvals

Other

- Expected non-cash charge of approximately \$7 million* within discontinued operations (2Q18)
- On March 31, 2018 the assets and liabilities of CGD Services will be considered held for sale
- Results reported within discontinued ops for fiscal 2Q18

2018 FY Guidance Reflecting CGD Services Divestiture

- No change to guidance (adjusted for transaction)
- Pro forma expected sales growth of ~5% and Adjusted EBITDA growth of ~18% (at midpoint)
- CGD Services 2018 forecast assumption:
 - Revenue: \$375 million
 - Adj. EBITDA: \$11-12 million (including corp. overhead allocation)
 - Corporate overhead: \$8 million

	2017 pro forma	2018 Prior Guidance (with Services)	2018 Updated Guidance (w/o Services)
Sales	\$1.108B	\$1.510B - \$1.560B	\$1.135B - \$1.185B
Adj. EBITDA	\$87.5M	\$110M - \$135M	\$90M - \$116M

constant currency

Q&A

GAAP to Non-GAAP Reconciliation

Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA

In Millions	Cubic As Reported		CGD Services	Cost overhang	Cubic Pro forma	
Twelve Months Ended Sep 30, 2017						
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)				
Operating Income	\$	17.5	\$ (6.7)	\$ (8.2)	\$	2.6
Depreciation and amortization		51.1	(3.0)			48.1
Other non-operating expense (income), net		0.4	-			0.4
EBITDA	\$	69.0	\$ (9.7)	\$ (8.2)	\$	51.1
Acquisition related expenses, excluding amortization		(0.3)	-			(0.3)
ERP/Supply Chain Initiatives		34.4	-			34.4
Restructuring costs		2.5	(0.2)			2.3
Gain/Loss on sale of fixed assets		0.4	-			0.4
Other non-operating (expense) income, net		(0.4)	-			(0.4)
Adjusted EBITDA	\$	105.6	\$ (9.9)	\$ (8.2)	\$	87.5