



# Cubic Corporation - Supplemental Financials

August 17, 2018

# Use of Non-GAAP Financial Measures

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.

## EBITDA and Adjusted EBITDA

- We believe that the presentation of Earnings before interest, taxes, depreciation, and amortization (EBITDA) and Adjusted EBITDA included in this report provides useful information to investors with which to analyze our operating trends and performance and ability to service and incur debt. Also, we believe EBITDA facilitates company-to-company operating performance comparisons by backing out potential differences caused by variations in capital structures (affecting net interest expense), taxation, variations in organic versus inorganic growth (affecting amortization expense) and the age and book depreciation of property, plant and equipment (affecting relative depreciation expense). We believe Adjusted EBITDA further facilitates company-to-company operating comparisons by backing out items that we believe are not part of our core operating performance.
- Items backed out of Adjusted EBITDA are comprised of expenses incurred in the development of our ERP system and the redesign of our supply chain which include internal labor costs and external costs of materials and services that do not qualify for capitalization, business acquisition expenses including retention bonus expenses, due diligence and consulting costs incurred in connection with the acquisitions, expenses recognized related to the change in the fair value of contingent consideration for acquisitions, restructuring costs, gains and losses on disposals of fixed assets, and income and expenses classified as other non-operating income and expenses which may vary for different companies for reasons unrelated to operating performance.
- EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP and should not be considered as measures of discretionary cash available to the company or as alternatives to net income as a measure of performance. In addition, other companies may define EBITDA and Adjusted EBITDA differently and, as a result, our measures of EBITDA and Adjusted EBITDA may not be directly comparable to EBITDA and Adjusted EBITDA of other companies. Furthermore, EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider either of them in isolation, or as a substitute for analysis of our results as reported under GAAP.
- Cubic reconciles EBITDA and Adjusted EBITDA to net income (loss), which we consider to be the most directly comparable GAAP financial measure.

# Overview

- Strategy remains intact: build technology-driven, market-leading businesses
- Robust backlog of \$3.7 billion with focus on execution
- Universal S-3 shelf registration statement filed in connection with 8-K as good corporate housekeeping measure
- Target accretive acquisitions in line with strategy

*Focused on Long-Term Value Creation for Cubic's Shareholders*

# Cubic Corporation Historical Financial Data

## Continuing Operations Basis

(\$ In Millions)

| Select Financial Data                    | FY15              | FY16              | FY17              |
|--|-------------------|-------------------|-------------------|
| <b>Sales</b>                             |                   |                   |                   |
| Cubic Transportation Systems             | \$ 566.8          | \$ 586.4          | \$ 578.6          |
| Cubic Global Defense                     | 369.6             | 374.7             | 360.2             |
| Cubic Mission Solutions                  | 92.5              | 109.5             | 168.9             |
| <b>Consolidated</b>                      | <b>\$ 1,028.9</b> | <b>\$ 1,070.6</b> | <b>\$ 1,107.7</b> |
| <b>Adjusted EBITDA <sup>1</sup></b>      |                   |                   |                   |
| Cubic Transportation Systems             | \$ 87.3           | \$ 67.7           | \$ 48.8           |
| Cubic Global Defense                     | 29.2              | 28.4              | 39.4              |
| Cubic Mission Solutions                  | 18.1              | 11.3              | 14.4              |
| <b>Consolidated</b>                      | <b>\$ 115.9</b>   | <b>\$ 93.4</b>    | <b>\$ 87.5</b>    |
| <b>Research and Development Expenses</b> | <b>\$ 18.0</b>    | <b>\$ 32.0</b>    | <b>\$ 52.7</b>    |

<sup>1</sup> See appendix for additional information regarding non-GAAP financial measures.  
The difference between consolidated amounts and segments represents Corporate.



# Appendix

# GAAP to Non-GAAP Reconciliation By Segment

## Continuing Operations – Fiscal Years 2015 - 2017

(\$ In Millions)

| Cubic Transportation Systems                         | FY15           | FY16           | FY17           |
|--|----------------|----------------|----------------|
| <b>Sales</b>   | \$ 566.8       | \$ 586.4       | \$ 578.6       |
| <b>Operating Income</b>                              | \$ 75.9        | \$ 57.5        | \$ 39.8        |
| Depreciation and amortization                        | 10.8           | 8.2            | 8.8            |
| Acquisition related expenses, excluding amortization | 0.1            | 0.9            | (0.2)          |
| Restructuring costs                                  | 0.5            | 1.1            | 0.4            |
| <b>Adjusted EBITDA</b>                               | <u>\$ 87.3</u> | <u>\$ 67.7</u> | <u>\$ 48.8</u> |
| Adjusted EBITDA margin                               | 15.4%          | 11.5%          | 8.4%           |
| Cubic Global Defense                                 | FY15           | FY16           | FY17           |
| <b>Sales</b>   | \$ 369.6       | \$ 374.7       | \$ 360.2       |
| <b>Operating Income</b>                              | \$ 15.3        | \$ 19.9        | \$ 28.1        |
| Depreciation and amortization                        | 7.8            | 7.5            | 10.4           |
| Acquisition related expenses, excluding amortization | 1.5            | 0.6            | -              |
| Restructuring costs                                  | 4.6            | 0.4            | 0.9            |
| <b>Adjusted EBITDA</b>                               | <u>\$ 29.2</u> | <u>\$ 28.4</u> | <u>\$ 39.4</u> |
| Adjusted EBITDA margin                               | 7.9%           | 7.6%           | 10.9%          |
| Cubic Mission Solutions                              | FY15           | FY16           | FY17           |
| <b>Sales</b>   | \$ 92.5        | \$ 109.5       | \$ 168.9       |
| <b>Operating Income (Loss)</b>                       | \$ 3.1         | \$ (37.0)      | \$ (9.3)       |
| Depreciation and amortization                        | 9.3            | 21.2           | 23.8           |
| Acquisition related expenses, excluding amortization | 5.7            | 27.1           | (0.1)          |
| <b>Adjusted EBITDA</b>                               | <u>\$ 18.1</u> | <u>\$ 11.3</u> | <u>\$ 14.4</u> |
| Adjusted EBITDA margin                               | 19.6%          | 10.3%          | 8.5%           |

# GAAP to Non-GAAP Reconciliation

## Continuing Operations – Fiscal Years 2015 - 2017

(\$ In Millions)

| Cubic Consolidated                                   | FY15              | FY16              | FY17              |
|--|-------------------|-------------------|-------------------|
| <b>Sales</b>   | <b>\$ 1,028.9</b> | <b>\$ 1,070.6</b> | <b>\$ 1,107.7</b> |
| Net income (loss) from continuing operations         | \$ 10.2           | \$ (12.1)         | \$ (25.7)         |
| Provision for income taxes (benefit)                 | 46.6              | (14.4)            | 14.6              |
| Interest expense (income), net                       | 2.7               | 9.9               | 14.1              |
| Other non-operating expense (income), net            | 0.9               | 5.0               | (0.4)             |
| <b>Operating Income (Loss)</b>                       | <b>60.4</b>       | <b>(11.6)</b>     | <b>2.6</b>        |
| Depreciation and amortization                        | 29.2              | 40.3              | 48.0              |
| Other non-operating (expense) income, net            | (1.0)             | (5.0)             | 0.4               |
| <b>EBITDA</b>  | <b>88.6</b>       | <b>23.7</b>       | <b>51.0</b>       |
| Acquisition related expenses, excluding amortization | 7.3               | 28.6              | (0.2)             |
| ERP/Supply chain initiatives                         | 13.3              | 34.8              | 34.4              |
| Restructuring costs                                  | 5.7               | 1.3               | 2.3               |
| Loss on sale of fixed assets                         | -                 | -                 | 0.4               |
| Other non-operating expense (income), net            | 1.0               | 5.0               | (0.4)             |
| <b>Adjusted EBITDA</b>                               | <b>\$ 115.9</b>   | <b>\$ 93.4</b>    | <b>\$ 87.5</b>    |
| Adjusted EBITDA margin                               | 11.3%             | 8.7%              | 7.9%              |

Note: The difference between consolidated amounts and segments represents Corporate

# GAAP to Non-GAAP Reconciliation By Segment

## Continuing Operations – Fiscal Year 2017 by Quarter

(\$ In Millions)

|  | Q1 FY17        | Q2 FY17         | Q3 FY17        | Q4 FY17        | FY17           |
|--|----------------|-----------------|----------------|----------------|----------------|
| <b>Cubic Transportation Systems</b>                  |                |                 |                |                |                |
| Sales  | \$ 131.9       | \$ 139.6        | \$ 136.4       | \$ 170.7       | \$ 578.6       |
| Operating Income (Loss)                              | \$ 9.6         | \$ 7.8          | \$ (0.9)       | \$ 23.3        | \$ 39.8        |
| Depreciation and amortization                        | 2.4            | 2.0             | 2.4            | 2.0            | 8.8            |
| Acquisition related expenses, excluding amortization | -              | (0.2)           | -              | -              | (0.2)          |
| Restructuring costs                                  | -              | 0.2             | 0.2            | -              | 0.4            |
| <b>Adjusted EBITDA</b>                               | <b>\$ 12.0</b> | <b>\$ 9.8</b>   | <b>\$ 1.7</b>  | <b>\$ 25.3</b> | <b>\$ 48.8</b> |
| Adjusted EBITDA margin                               | 9.1%           | 7.0%            | 1.2%           | 14.8%          | 8.4%           |
| <b>Cubic Global Defense</b>                          |                |                 |                |                |                |
| Sales  | \$ 78.6        | \$ 79.7         | \$ 89.1        | \$ 112.8       | \$ 360.2       |
| Operating Income                                     | \$ 3.3         | \$ 4.7          | \$ 10.4        | \$ 9.7         | \$ 28.1        |
| Depreciation and amortization                        | 2.0            | 1.8             | 3.5            | 3.1            | 10.4           |
| Restructuring costs                                  | 0.8            | 0.2             | 0.2            | (0.3)          | 0.9            |
| <b>Adjusted EBITDA</b>                               | <b>\$ 6.1</b>  | <b>\$ 6.7</b>   | <b>\$ 14.1</b> | <b>\$ 12.5</b> | <b>\$ 39.4</b> |
| Adjusted EBITDA margin                               | 7.8%           | 8.4%            | 15.8%          | 11.1%          | 10.9%          |
| <b>Cubic Mission Solutions</b>                       |                |                 |                |                |                |
| Sales  | \$ 33.9        | \$ 28.7         | \$ 40.7        | \$ 65.6        | \$ 168.9       |
| Operating Income (Loss)                              | \$ (3.8)       | \$ (9.2)        | \$ (1.5)       | \$ 5.2         | \$ (9.3)       |
| Depreciation and amortization                        | 6.8            | 5.9             | 5.4            | 5.7            | 23.8           |
| Acquisition related expenses, excluding amortization | 0.8            | 0.1             | (1.5)          | 0.5            | (0.1)          |
| <b>Adjusted EBITDA</b>                               | <b>\$ 3.8</b>  | <b>\$ (3.2)</b> | <b>\$ 2.4</b>  | <b>\$ 11.4</b> | <b>\$ 14.4</b> |
| Adjusted EBITDA margin                               | 11.2%          | -11.1%          | 5.9%           | 17.4%          | 8.5%           |



# GAAP to Non-GAAP Reconciliation

## Continuing Operations – Fiscal Year 2017 by Quarter

(\$ In Millions)

| Cubic Consolidated                                   | Q1 FY17        | Q2 FY17        | Q3 FY17        | Q4 FY17        | FY17           |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Sales</b>   | \$ 244.4       | \$ 248.0       | \$ 266.2       | \$ 349.1       | \$ 1,107.7     |
| Net income (loss)                                    | \$ 1.0         | \$ 41.9        | \$ (78.2)      | \$ 9.6         | \$ (25.7)      |
| Provision for income taxes (benefit)                 | (10.5)         | (52.5)         | 68.9           | 8.7            | 14.6           |
| Interest expense (income), net                       | 3.3            | 4.1            | 4.1            | 2.6            | 14.1           |
| Other non-operating expense (income), net            | 0.5            | 0.4            | (1.6)          | 0.3            | (0.4)          |
| <b>Operating Income (Loss)</b>                       | <b>(5.7)</b>   | <b>(6.1)</b>   | <b>(6.8)</b>   | <b>21.2</b>    | <b>2.6</b>     |
| Depreciation and amortization                        | 12.4           | 11.6           | 11.8           | 12.2           | 48.0           |
| Other non-operating (expense) income, net            | (0.5)          | (0.4)          | 1.6            | (0.3)          | 0.4            |
| <b>EBITDA</b>  | <b>6.2</b>     | <b>5.1</b>     | <b>6.6</b>     | <b>33.1</b>    | <b>51.0</b>    |
| Acquisition related expenses, excluding amortization | 0.8            | (0.1)          | (1.5)          | 0.6            | (0.2)          |
| ERP/Supply chain initiatives                         | 8.7            | 6.0            | 8.9            | 10.8           | 34.4           |
| Restructuring costs                                  | 0.9            | 0.4            | 0.3            | 0.7            | 2.3            |
| Loss on sale of fixed assets                         | 0.4            | -              | -              | -              | 0.4            |
| Other non-operating expense (income), net            | 0.5            | 0.4            | (1.6)          | 0.3            | (0.4)          |
| <b>Adjusted EBITDA</b>                               | <b>\$ 17.5</b> | <b>\$ 11.8</b> | <b>\$ 12.7</b> | <b>\$ 45.5</b> | <b>\$ 87.5</b> |
| Adjusted EBITDA margin                               | 7.2%           | 4.8%           | 4.8%           | 13.0%          | 7.9%           |

Note: The difference between consolidated amounts and segments represents Corporate

# GAAP to Non-GAAP Reconciliation By Segment

## Continuing Operations – Fiscal Year 2018 by Quarter

(\$ In Millions)

| Cubic Transportation Systems                         | Q1 FY18         | Q2 FY18         | Q3 FY18        | Q3 YTD         |
|--|-----------------|-----------------|----------------|----------------|
| <b>Sales</b>   | \$ 146.5        | \$ 167.0        | \$ 164.6       | \$ 478.1       |
| <b>Operating Income</b>                              | \$ 9.9          | \$ 14.2         | \$ 18.6        | \$ 42.7        |
| Depreciation and amortization                        | 3.3             | 3.0             | 2.8            | 9.1            |
| Restructuring costs                                  | 0.2             | -               | 0.4            | 0.6            |
| <b>Adjusted EBITDA</b>                               | <u>\$ 13.4</u>  | <u>\$ 17.2</u>  | <u>\$ 21.8</u> | <u>\$ 52.4</u> |
| Adjusted EBITDA margin                               | 9.1%            | 10.3%           | 13.2%          | 11.0%          |
| Cubic Global Defense                                 | Q1 FY18         | Q2 FY18         | Q3 FY18        | Q3 YTD         |
| <b>Sales</b>   | \$ 68.8         | \$ 75.5         | \$ 88.9        | \$ 233.2       |
| <b>Operating Income</b>                              | \$ 1.4          | \$ 5.3          | \$ 6.9         | \$ 13.6        |
| Depreciation and amortization                        | 2.1             | 2.0             | 2.0            | 6.1            |
| Acquisition related expenses, excluding amortization | -               | -               | (0.1)          | (0.1)          |
| Restructuring costs                                  | 0.6             | 0.2             | 0.2            | 1.0            |
| <b>Adjusted EBITDA</b>                               | <u>\$ 4.1</u>   | <u>\$ 7.5</u>   | <u>\$ 9.0</u>  | <u>\$ 20.6</u> |
| Adjusted EBITDA margin                               | 6.0%            | 9.9%            | 10.2%          | 8.8%           |
| Cubic Mission Solutions                              | Q1 FY18         | Q2 FY18         | Q3 FY18        | Q3 YTD         |
| <b>Sales</b>   | \$ 33.1         | \$ 36.1         | \$ 42.7        | \$ 111.9       |
| <b>Operating Income (Loss)</b>                       | \$ (8.9)        | \$ (7.8)        | \$ (0.5)       | \$ (17.2)      |
| Depreciation and amortization                        | 5.9             | 5.2             | 4.7            | 15.8           |
| Acquisition related expenses, excluding amortization | 1.4             | 0.5             | 0.7            | 2.6            |
| <b>Adjusted EBITDA</b>                               | <u>\$ (1.6)</u> | <u>\$ (2.1)</u> | <u>\$ 4.9</u>  | <u>\$ 1.2</u>  |
| Adjusted EBITDA margin                               | -4.8%           | -5.9%           | 11.4%          | 1.1%           |

# GAAP to Non-GAAP Reconciliation

## Continuing Operations – Fiscal Year 2018 by Quarter

(\$ In Millions)

| Cubic Consolidated   | Q1 FY18        | Q2 FY18        | Q3 FY18        | Q3 YTD         |
|--|----------------|----------------|----------------|----------------|
| <b>Sales</b>   | \$ 248.4       | \$ 278.6       | \$ 296.2       | \$ 823.2       |
| Net income (loss) from continuing operations attributable to Cubic | \$ (11.5)      | \$ (3.3)       | \$ 0.9         | \$ (13.9)      |
| Noncontrolling interest in loss of VIE                             | -              | -              | (1.9)          | (1.9)          |
| Provision for income taxes (benefit)                               | (2.7)          | 1.4            | 5.6            | 4.3            |
| Interest expense (income), net                                     | 2.3            | 2.2            | 1.8            | 6.3            |
| Other non-operating expense (income), net                          | -              | (2.0)          | 3.9            | 1.9            |
| <b>Operating Income (Loss)</b>                                     | <b>(11.9)</b>  | <b>(1.7)</b>   | <b>10.3</b>    | <b>(3.3)</b>   |
| Depreciation and amortization                                      | 12.4           | 11.1           | 10.6           | 34.1           |
| Other non-operating (expense) income, net                          | -              | 2.0            | (3.9)          | (1.9)          |
| <b>EBITDA</b>  | <b>0.5</b>     | <b>11.4</b>    | <b>17.0</b>    | <b>28.9</b>    |
| Acquisition related expenses, excluding amortization               | 1.4            | 0.5            | 0.6            | 2.5            |
| ERP/Supply chain initiatives                                       | 8.0            | 5.7            | 5.1            | 18.8           |
| Restructuring costs  | 1.6            | 0.2            | 1.6            | 3.4            |
| Other non-operating expense (income), net                          | -              | (2.0)          | 3.9            | 1.9            |
| <b>Adjusted EBITDA</b>   | <b>\$ 11.5</b> | <b>\$ 15.8</b> | <b>\$ 28.2</b> | <b>\$ 55.5</b> |
| Adjusted EBITDA margin   | 4.6%           | 5.7%           | 9.5%           | 6.7%           |

Note: The difference between consolidated amounts and segments represents Corporate