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Second Quarter Fiscal Year 2016 Results Conference Call

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H1FY16 Overview

Sales: $679.8 million	Adjusted EBITDA: $41.6 million
▪ Up 3.4% from H1FY15 ▪ Includes currency headwinds of $17.2M	▪ Down from $60.2M in H1FY15 – FX headwinds – Lower margins in London due to removal of usage bonus in new contract – Lower margins on ground training systems – Lower air combat shipment volume

- Improved Q2 performance: Sales $366.0M (8.0% increase from Q2FY15), Adjusted EBITDA of $30.3M
- Sales and profitability will greatly improve during second half of the fiscal year due to shipments of higher margin products in C4ISR and Training Systems (Q4)
- FY16 continues to be transitional year with implementation of new ERP system [initial release completed in early April 2016; On track for next release in October 2016 (new fiscal year)]
- Integration of TeraLogics and GATR Technologies into C4ISR portfolio is proceeding well

We remain confident we will achieve improved financial performance in FY16 compared to FY15 and record sales and adjusted EBITDA in FY17

Q2 Segment Updates

Cubic Transportation Systems	▪ Good rebound in sales and profits from Q1FY16 as expected ▪ Profit improvement across Vancouver, Chicago, and Sydney contracts ▪ Sydney customer announced open payments trial which could lead to increase in revenues in FY17/18 ▪ More follow-on orders likely in Washington DC metro area ▪ Long-awaited NYC RFP is out with expected award in FY17 ▪ Active opportunity pipeline including Melbourne, Brisbane, Boston and Dublin and multiple upgrades with existing customers

Cubic Global Defense Systems	▪ Training Systems:
	    ▪ Air: Continue to provide air training to Joint Strike Fighter and create the future with Live, Virtual and Constructive R&D contract
	    ▪ Ground: Working future of ground home-station training and high fidelity indirect fire; adding more features to combat training centers including synthetic ISR, cyber & social media
	    ▪ Virtual: KC-46 award decision expected in Q4; proposal leverages Littoral Combat Ship and Intific capabilities
	▪ C4ISR: Multiple design wins leading to new production task orders; Integration of recent acquisitions progressing well

Cubic Global Defense Services	▪ Showing signs of gradual margin improvement and growth ▪ JRTC re-compete proposal in progress – Cubic customer since 2001 ▪ Healthy opportunity pipeline, particularly in ground training services

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Strategy Update

GOAL 2020

- By *winning the customer*, we are targeting ***10%+ year-on-year revenue growth***
- Strategic focus areas for growth are: ***NextCity, C4ISR, and NextTraining***
- Improving productivity and efficiency through ***OneCubic*** initiatives which will result in increased profitability

STRATEGIC OBJECTIVES	STATUS UPDATE
WINNING THE CUSTOMER Provide superior solutions, spurred by innovation and ultimate customer focus	*Winning the Customer* has become the Cubic mantra Our global team is highly motivated to win our customers' loyalty and trust by being engaging, responsive, empathetic and innovative
BUILD NEXTCITY GLOBALLY Expand from mass transit fare collection to smart mobility information & payments provider	NH toll win, Chicago mobile success, ITS North America expansion, and AFC opportunities in North America, Australia, Middle East and Asia Pacific
GROW C4ISR BUSINESS Expand from secure communications to expeditionary communications leader	With acquisition of DTECH - tactical networking, GATR - satellite communications, and TeraLogics - full motion video we have established a unique $200M business in a high growth, higher margin market
BUILD NEXTRAINING 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 ground opportunities
LIVE *ONECUBIC* Rebuild infrastructure that is scalable, efficient and effective; Share technology, processes & people	Successful first release of SAP & Workday – other releases on track; supply chain rationalization progress; accelerated talent management including key staff rotations

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Consolidated Operating Highlights

In Millions, except EPS	Six Months Ended March 31, 2016	2015	Three Months Ended March 31, 2016	2015
Sales	$679.8	$657.3	$366.0	$338.8
Adjusted EBITDA*	$41.6	$60.2	$30.4	$41.3
% to Sales	6.1%	9.2%	8.3%	12.2%
Adjusted Operating income*	$22.6	$40.1	$20.3	$30.1
% to Sales	3.3%	6.1%	5.5%	8.9%
GAAP diluted EPS	$0.18	($0.22)	$0.38	($0.41)
Adjusted Diluted EPS*	$0.45	$1.09	$0.43	$0.84

*See schedules on slides 14 - 19 (appendix) for detailed reconciliations of these non-GAAP financial measures to the directly comparable GAAP financial measures

- Sales increased 8% in the quarter and 3% YTD
  - FX headwinds impacted sales $7.7M in the quarter and $17.2M YTD
- Adjusted EBITDA down due to lower margins on the new London contract and decrease in air combat systems shipments, partially offset by higher defense services margins
- GAAP EPS of $0.38 in the quarter and $0.18 YTD favorably impacted by tax adjustment

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Cubic Transportation Systems

In Millions, except EPS	Six Months Ended March 31, 2016	2015	Three Months Ended March 31, 2016	2015
Sales	$274.5	$278.2	$148.7	$146.7
Operating Income	$23.4	$39.1	$19.8	$27.0
Adjusted EBITDA	$28.4	$45.2	$21.7	$30.3
Adjusted EBITDA Margin	10.3%	16.2%	14.6%	20.7%

*See schedules on slides 14 - 17 (appendix) for detailed reconciliations of these non-GAAP financial measures to the directly comparable GAAP financial measures

- Total backlog was $1.790B for the quarter compared to $1.894B at FYE15
- Higher sales in North America were offset by lower sales in the UK and Australia YTD
- FX headwinds decreased sales by $6.6M in the quarter and $13.4M YTD
- Lower operating income for the quarter and YTD was due to
  - Lower margins on the new London contract (due to removal of usage bonus) and transition costs (Q1)
  - Partially offset by favorable comparisons on the Chicago, Vancouver and Sydney contracts

Cubic Global Defense Systems

	Six Months Ended March 31,		Three Months Ended March 31,	
In Millions, except EPS	2016	2015	2016	2015
Sales	$212.2	$192.6	$116.3	$94.6
Operating Income	($24.6)	($0.4)	($21.2)	$2.3
Adjusted EBITDA	$9.5	$15.2	$5.6	$13.1
Adjusted EBITDA Margin	4.5%	7.9%	4.8%	13.8%

*See schedules on slides 14 - 17 (appendix) for detailed reconciliations of these non-GAAP financial measures to the directly comparable GAAP financial measures

- Total backlog was $561.8M for the quarter compared to $595.7M at FYE15
- Sales increased for the quarter and YTD due to
  - Higher sales from recent C4ISR acquisitions and higher activity in ground training systems
  - Partially offset by lower air combat training shipments
- Lower operating income for the quarter and YTD was due to
  - Costs from recent acquisitions totaling $24.8M in the quarter (compared to $1.5M last year) and $28.7M in the first half (compared to $3.0M last year)
    - These costs were for compensation, earn-outs and transaction costs
  - Lower air combat systems shipment volume
  - Cost growth on ground training development contract

Cubic Global Defense Services

In Millions, except EPS	Six Months Ended March 31, 2016	2015	Three Months Ended March 31, 2016	2015
Sales	$193.1	$186.5	$101.0	$97.5
Operating Income	$4.5	$1.1	$4.3	$1.1
Adjusted EBITDA	$7.7	$5.9	$5.4	$3.3
Adjusted EBITDA Margin	4.0%	3.2%	5.3%	3.4%

*See schedules on slides 14 - 17 (appendix) for detailed reconciliations of these non-GAAP financial measures to the directly comparable GAAP financial measures

- Total backlog was $457.4M for the quarter compared to $485.6M at FYE15
- Defense Services sales and operating income were higher in the quarter and YTD due to
  - Higher activity on the Joint Readiness Training Center contract and Special Forces training

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Key Balance Sheet and Cash Flow Data

Key Balance Sheet Data *In Millions*	Quarter Ended March 31, 2016	Fiscal Year Ended September 30, 2015
Cash	$ 158.8	$ 218.5
Restricted cash	72.8	69.3
Marketable securities	14.3	30.5
Total	$ 245.9	$ 318.3
Gross accounts receivable, net of customer advances	$ 287.5	$ 281.8
Inventory	$ 78.5	$ 63.7
Total debt	$ 441.4	$ 186.7

Key Cash Flow Data	Six Months Ended March 31,		Quarters Ended March 31,	
In Millions	2016	2015	2016	2015
Cash flow from operations	($37.7)	$61.1	$11.9	$52.8
Capital expenditures	($21.4)	($2.6)	($11.0)	($1.7)
Dividends paid	($3.6)	($3.6)	($3.6)	($3.6)
Cash paid for acquisitions	($243.5)	($89.5)	($213.8)	($6.0)

- Total debt increased in the quarter and YTD due to the recent C4ISR acquisitions (GATR and TeraLogics)
- YTD capital expenditures included $14.7M of capitalized cost for the new ERP system
- YTD Defense Systems used cash due to acquisition costs; Transportation and Defense Services had positive cash flows

FY16 Guidance Update

	Original FY16 Guidance	Revised FY16 Guidance	Change
Total Sales	$1.450 to $1.500B	$1.510 to $1.560B	▪ Increased for C4ISR acquisitions (GATR and TeraLogics), partially offset by FX headwinds
EBITDA	$85 to $100M	$70 to $85M	▪ Decreased for acquisition costs and FX headwinds, partially offset by C4ISR acquisitions' profit contribution
Adjusted EBITDA[1] Adjusted EBITDA Margin	$125 to $140M 8.5% to 9.5%	$130 to $145M 8.8% to 9.8%	▪ Increased for C4ISR acquisitions' profit contribution, partially offset by FX headwinds
GAAP Diluted EPS	$1.30 to $1.55	$1.20 to $1.40	▪ Decreased for acquisition costs and FX headwinds

[1] Adjusted EBITDA added back an estimated $34-$36 million of pretax expense related to our strategic investment in ERP and supply chain improvements and $30-$32 million of pretax acquisition related expenses for recent business acquisitions. Key foreign exchange rates used in this forecast compared to the U.S. dollar are as follows: British pound -- 1.43; Australian dollar -- 0.71; New Zealand dollar 0.66

FX headwinds mostly due to GBP depreciation from $1.55 to $1.43

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Summary

- We are confident that FY16 sales and adjusted EBITDA will be higher than FY15 with strong second half (Q4)
- *OneCubic* ERP implementation is on track with first release completed on schedule
- Goal 2020 strategy is sound and we are making great progress – focused on *winning the customer*, NextCity, C4ISR, NextTraining and *OneCubic*
- Well-positioned for several key upcoming opportunities
- FY16 is a pivotal year setting the foundation for FY17, when we expect record sales and dramatically improved profits

Appendix

- Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA
  - Six Months Ended March 31, 2016 and 2015
  - Three Months Ended March 31, 2016 and 2015
- GAAP to Non-GAAP Reconciliation Adjusted Operating Income
- GAAP to Non-GAAP Reconciliation Adjusted Diluted EPS

GAAP to Non-GAAP Reconciliation

Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA
Six Months Ended March 31, 2016

In Millions	Consolidated	Corporate	CTS	CGD-Systems	CGD-Services
Six Months Ended March 31, 2016					
Net income attributable to Cubic	$ 4.7				
Add:					
Provision for income taxes	(24.7)				
Income before taxes	$ (20.0)	$ (24.9)	$ 24.4	$ (24.1)	$ 4.6
Add:					
Interest expense (income), net	3.2	3.8	(0.6)		
Depreciation and amortization	19.0	0.8	4.2	11.0	3.0
EBITDA	**$ 2.2**	**$ (20.3)**	**$ 28.0**	**$ (13.1)**	**$ 7.6**
Acquisition related expenses, excluding amortization [1]	24.0	-	0.6	23.4	-
ERP/Supply Chain Initiatives	15.9	15.9	-	-	-
Restructuring costs	(0.1)	(0.1)	0.2	(0.3)	0.1
Other non-operating expense (income), net	(0.4)	0.5	(0.4)	(0.5)	-
Adjusted EBITDA	**$ 41.6**	**$ (4.0)**	**$ 28.4**	**$ 9.5**	**$ 7.7**
EBITDA Margin	0.3%		10.2%	-6.2%	3.9%
Adjusted EBITDA Margin	6.1%		10.3%	4.5%	4.0%

[1] 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
Six Months Ended March 31, 2015

In Millions	Consolidated	Corporate	CTS	CGD-Systems	CGD-Services
Six Months Ended March 31, 2015					
Net income attributable to Cubic	$ (5.9)				
Add:					
Provision for income taxes	34.3				
Income before taxes	$ 28.4	$ (10.6)	$ 38.4	$ (0.6)	$ 1.2
Add:					
Interest expense (income), net	1.0	1.7	(0.5)	$ (0.2)	
Depreciation and amortization	20.1	0.7	5.7	9.4	4.3
EBITDA	**$ 49.5**	**$ (8.2)**	**$ 43.6**	**$ 8.6**	**$ 5.5**
Acquisition related expenses, excluding amortization [1]	2.6	0.5	-	1.9	0.2
ERP/Supply Chain Initiatives	1.9	1.9	-	-	-
Restructuring costs	5.3	0.5	0.4	4.2	0.2
Other non-operating expense (income), net	0.9	(0.8)	1.2	0.5	-
Adjusted EBITDA	**$ 60.2**	**$ (6.1)**	**$ 45.2**	**$ 15.2**	**$ 5.9**
EBITDA Margin	7.5%		15.7%	4.5%	2.9%
Adjusted EBITDA Margin	9.2%		16.2%	7.9%	3.2%

[1] Includes transaction costs, retention bonuses and earn out liability changes related to acquired businesses.

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GAAP to Non-GAAP Reconciliation

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

In Millions	Consolidated	Corporate	CTS	CGD-Systems	CGD-Services
Three Months Ended March 31, 2016					
Net income attributable to Cubic	$ 10.1				
Add:					
Provision for income taxes	(21.3)				
Income before taxes	$ (11.2)	$ (14.9)	$ 20.1	$ (20.8)	$ 4.4
Add:					
Interest expense (income), net	2.3	2.9	(0.6)	-	-
Depreciation and amortization	10.1	0.5	1.7	6.9	1.0
Noncontrolling interest in income of VIE	-		-	-	
EBITDA	**$ 1.2**	**$ (11.5)**	**$ 21.2**	**$ (13.9)**	**$ 5.4**
Acquisition related expenses, excluding amortization [1]	19.7	-	0.1	19.6	-
ERP/Supply Chain Initiatives	9.4	9.4	-	-	-
Restructuring costs	0.3	(0.1)	0.1	0.3	-
Other non-operating expense (income), net	(0.2)	(0.1)	0.3	(0.4)	-
Adjusted EBITDA	**$ 30.4**	**$ (2.3)**	**$ 21.7**	**$ 5.6**	**$ 5.4**
EBITDA Margin	0.3%		14.3%	-12.0%	5.3%
Adjusted EBITDA Margin	8.3%		14.6%	4.8%	5.3%

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GAAP to Non-GAAP Reconciliation

Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA
Three Months Ended March 31, 2015

In Millions	Consolidated	Corporate	CTS	CGD-Systems	CGD-Services
Three Months Ended March 31, 2015					
Net income attributable to Cubic	$ (11.1)				
Add:					
Provision for income taxes	33.6				
Income before taxes	$ 22.5	$ (7.9)	$ 27.0	$ 2.2	$ 1.2
Add:					
Interest expense (income), net	0.6	0.8	(0.2)	-	-
Depreciation and amortization	11.2	0.5	2.6	6.2	1.9
Noncontrolling interest in income of VIE	-		-	-	
EBITDA	**$ 34.3**	**$ (6.6)**	**$ 29.4**	**$ 8.4**	**$ 3.1**
Acquisition related expenses, excluding amortization [1]	0.9	0.5	-	0.4	-
ERP/Supply Chain Initiatives	0.7	0.7	-	-	-
Restructuring costs	5.4	0.5	0.6	4.1	0.2
Other non-operating expense (income), net	-	(0.5)	0.3	0.2	-
Adjusted EBITDA	**$ 41.3**	**$ (5.4)**	**$ 30.3**	**$ 13.1**	**$ 3.3**
EBITDA Margin	10.1%		20.0%	8.9%	3.2%
Adjusted EBITDA Margin	12.2%		20.7%	13.8%	3.4%

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GAAP to Non-GAAP Reconciliation
Adjusted Operating Income

	Six Months Ended March 31		Three Months Ended March 31	
In Millions	2016	2015	2016	2015
Net income attributable to Cubic	$ 4.7	$ (5.9)	$ 10.1	$ (11.1)
Add:				
Interest expense (income), net	3.2	1.0	2.3	0.6
Provision for income taxes	(24.7)	34.3	(21.3)	33.6
Other non-operating expense (income), net	(0.4)	0.9	(0.2)	-
Operating Income	**$ (17.2)**	**$ 30.3**	**$ (9.1)**	**$ 23.1**
Acquisition related expenses [1]	24.0	2.6	19.7	0.9
ERP/Supply Chain Initiatives	15.9	1.9	9.4	0.7
Restructuring costs	(0.1)	5.3	0.3	5.4
Adjusted Operating Income	**$ 22.6**	**$ 40.1**	**$ 20.3**	**$ 30.1**
Operating Income Margin	-2.5%	4.6%	-2.5%	6.8%
Adjusted Operating Income Margin	3.3%	6.1%	5.5%	8.9%

[1] Includes transaction costs, retention bonuses and earn out liability changes related to acquired businesses.

GAAP to Non-GAAP Reconciliation
Adjusted Diluted EPS

In Millions	Six Months Ended March 31 2016	Six Months Ended March 31 2015	Three Months Ended March 31 2016	Three Months Ended March 31 2015
Diluted earnings per share attributable to Cubic	$ 0.18	$ (0.22)	$ 0.38	$ (0.41)
Add:				
Acquisition related expenses [1]	0.75	0.06	0.66	0.02
ERP/Supply Chain Initiatives [1]	0.35	0.04	0.21	0.02
Deferred tax valuation allowance adjustment	(0.83)	1.09	(0.83)	1.09
Restructuring costs [1]	-	0.12	0.01	0.12
Adjusted diluted earnings per share attributable to Cubic	**$ 0.45**	**$ 1.09**	**$ 0.43**	**$ 0.84**

[1] Net of applicable income taxes