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Third Quarter Fiscal Year 2016 Results Conference Call

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Q3FY16 Overview

Sales: $375.2 million	Adjusted EBITDA: $40.7 million
▪ Up 8% from Q3 FY15 ▪ Includes FX headwinds of $9.2M	▪ Up 54% from Q3 FY15 ▪ Continued good margins in transportation ▪ FX headwinds of $2.1M

- Q3 FY16 operating cash flow was also very good at $43.1M, up from ($14.6M) in Q3 FY15
- Overall we are very pleased with Q3 FY16 results except for EPS
- Sales and profitability will be high in Q4 due to shipments in Defense from Air Combat Training, Ground Ranges, GATR Technologies and DTECH
- Management team invested to grow the company and create enhanced shareholder value
- TeraLogics and GATR Technologies integration into Cubic Mission Solutions (C4ISR) portfolio making great progress
- FY16 continues to be a transition year with implementation of new ERP system
  - Successful first release in April 2016; on track for next release in October 2016

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

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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	▪ Chicago Ventra system surpasses 1 billion transactions ▪ DTECH to provide 2-year warranty on ruggedized comms ▪ Increased joint training effectiveness for Canadian customer
BUILD NEXTCITY GLOBALLY Expand from mass transit fare collection to smart mobility information & payments provider	▪ Leveraging One Account to multiple cities | $33M contract in Miami ▪ Responded to NYC RFP with TfL - expected award in FY17 ▪ Expanding Open Payments to Sydney ▪ NH tolling progress & proposals in NA, ME and Europe
GROW C4ISR BUSINESS Expand from secure communications to expeditionary communications leader	▪ TeraLogics and GATR acquisitions integrated into Cubic ▪ Won T2C2 program for U.S. Army (Q4 delivery)
BUILD NEXTTRAINING GLOBALLY Innovative, integrated LVC-G solutions for air, ground, sea and cyber	▪ Selected to participate in Warfighter Readiness Research Division to develop new training methods ▪ Won P5 training systems contract for non-U.S. combat aircraft ▪ Won $73M USMC aircrew training simulator services contract
LIVE *ONECUBIC* Rebuild infrastructure that is scalable, efficient and effective; share technology, processes & people	▪ On track for next phase of ERP roll-out in early October ▪ Launched Workday worldwide in April 2016 ▪ Starting to see Supply Chain rationalization savings

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Consolidated Operating Highlights

In Millions, except EPS	Nine Months Ended June 30, 2016	2015	Three Months Ended June 30, 2016	2015
Sales	$1,055.1	$1,005.1	$375.2	$347.8
Adjusted EBITDA*	$82.3	$86.6	$40.7	$26.4
% to Sales	7.8%	8.6%	10.9%	7.6%
Adjusted Operating Income*	$50.4	$57.9	$27.8	$17.8
% to Sales	4.8%	5.8%	7.4%	5.1%
GAAP Diluted EPS	$0.34	$0.11	$0.17	$0.33
Adjusted Diluted EPS*	$0.92	$1.59	$0.48	$0.49

*See schedules on slides 12 - 17 (appendix) for detailed reconciliations of these non-GAAP financial measures to the directly comparable GAAP financial measures

- Sales increased 8% in the quarter and 5% YTD
  - FX headwinds impacted sales $9.2M in the quarter and $26.4M YTD
- Adjusted EBITDA was up 54% in the quarter led by strong comparative improvement in all three operating segments despite FX headwinds of $2.1M
- GAAP EPS of $0.17 in the quarter was adversely impacted by tax adjustment of $0.06 for an increase in a deferred tax valuation allowance for book tax revenue recognition timing differences

Cubic Transportation Systems

	Nine Months Ended June 30,		Three Months Ended June 30,	
In Millions, except EPS	2016	2015	2016	2015
Sales	$430.5	$411.5	$156.0	$133.3
Operating Income	$43.9	$50.8	$20.5	$11.7
Adjusted EBITDA	$50.9	$59.7	$22.5	$14.5
Adjusted EBITDA Margin	11.8%	14.5%	14.4%	10.9%

*See schedules on slides 12-15 (appendix) for detailed reconciliations of these non-GAAP financial measures to the directly comparable GAAP financial measures

- Higher sales in North America were partly offset by lower sales in the U.K. YTD
- FX headwinds decreased sales by $8.5M in the quarter and $21.9M YTD
- Higher quarterly operating profits and adjusted EBITDA resulted from higher profits in North America and Australia despite FX headwinds
- YTD operating profits and adjusted EBITDA resulted from decreased profits on the London contract post renegotiation, offset by higher profits in North America and Australia
- Total backlog was $1.689B for the quarter, after FX impacts of $82.2M, compared to $1.894B at FYE15

Cubic Global Defense Systems

In Millions, except EPS	Nine Months Ended June 30, 2016	2015	Three Months Ended June 30, 2016	2015
Sales	$331.3	$295.2	$119.0	$102.6
Operating Income (Loss)	($23.7)	$2.8	$0.9	$3.2
Adjusted EBITDA	$23.2	$22.5	$13.7	$7.3
Adjusted EBITDA Margin	7.0%	7.6%	11.5%	7.1%

*See schedules on slides 12-15 (appendix) for detailed reconciliations of these non-GAAP financial measures to the directly comparable GAAP financial measures

- Sales increased for the quarter and YTD due to
  - Higher sales from ground combat training systems and simulators
    - Partially offset by lower sales from communications equipment
- Adjusted EBITDA in the quarter was up 88% over last year and at an 11.5% margin on sales, reflecting higher margins on the C4ISR and Air Combat contribution
- Operating income was down for the quarter and YTD reflecting higher expenses related to the recent acquisitions and higher amortization expenses
- Total backlog was $542.5M for the quarter compared to $595.7M at FYE15

Cubic Global Defense Services

In Millions, except EPS	Nine Months Ended June 30, 2016	2015	Three Months Ended June 30, 2016	2015
Sales	$293.3	$298.4	$100.2	$111.9
Operating Income	$9.3	$4.2	$4.8	$3.1
Adjusted EBITDA	$14.6	$11.2	$6.9	$5.3
Adjusted EBITDA Margin	5.0%	3.8%	6.9%	4.7%

*See schedules on slides 12-15 (appendix) for detailed reconciliations of these non-GAAP financial measures to the directly comparable GAAP financial measures

- Defense Services sales in the quarter were down 10% compared to last year due to lower activity at the JRTC, and on U.S. Army and Special Forces contracts
- Adjusted EBITDA was up 30% in the quarter compared to last year on better execution across the business
- Total backlog was $440.4M for the quarter compared to $485.6M at FYE15

Key Balance Sheet and Cash Flow Data

Key Balance Sheet Data *In Millions*		Quarter Ended June 30, 2016		Fiscal Year Ended September 30, 2015
Cash	$	173.4	$	218.5
Restricted cash		73.4		69.3
Marketable securities		13.3		30.5
Total	$	260.1	$	318.3
Gross accounts receivable, net of customer advances	$	376.0	$	358.9
Inventory	$	64.8	$	63.7
Total debt	$	431.2	$	186.7

Key Cash Flow Data	Nine Months Ended June 30,		Quarters Ended June 30,	
In Millions	2016	2015	2016	2015
Cash flow from operations	$5.4	$46.5	$43.1	($14.6)
Capital expenditures	($25.9)	($15.7)	($4.5)	($13.2)
Dividends paid	($3.6)	($3.6)	-	-
Cash paid for acquisitions	($243.5)	($90.2)	-	($0.7)

- YTD total debt increased due to the C4ISR acquisitions of GATR (Q2 FY16) and TeraLogics (Q1 FY16)
- YTD new ERP costs totaled $36.1M, including $17.1M of expense and $19.0M of capitalized cost
- YTD Defense Systems used cash due to acquisition costs; Transportation and Defense Services had positive cash flows

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FY16 Guidance Update

	FY16 Guidance Issued in May 2016[4]	Revised FY16 Guidance[3]	Change
Total Sales	$1.510 to $1.560B	$1.510 to $1.560B	▪ No change
EBITDA[1]	$70 to $85M	$70 to $85M	▪ No change
Adjusted EBITDA[1] Adjusted EBITDA Margin	$130 to $145M 8.8% to 9.8%	$130 to $145M[2] 8.8% to 9.8%	▪ No change
GAAP Diluted EPS	$1.20 to $1.40	$0.85 to $1.05	▪ Anticipated charges related to a partial pension settlement planned for the fourth quarter ▪ Higher interest and financing cost on a new credit facility ▪ Higher non-cash charge for tax expense due to an increase in our deferred tax valuation allowance

(1) EBITDA and Adjusted EBITDA are Non-GAAP metrics - see the table included in the section titled “Use of Non-GAAP Financial Information” for a reconciliation of these GAAP and non-GAAP financial measures

(2) Fiscal year 2016 guidance for Adjusted EBITDA adds back to EBITDA an estimated $34-$36 million of pretax expense related to the strategic investment in ERP and supply chain improvements and $34-$36 million of pretax acquisition related expenses for recent business acquisitions.

(3) Key foreign exchange rates (full year average estimated rates) used in the original forecasts of sales, EPS, EBITDA and Adjusted EBITDA compared to the U.S. dollar were as follows: British pound — 1.43; Australian dollar — 0.73; New Zealand dollar — 0.67.

(4) Key foreign exchange rates (full year average estimated rates) used in the revised forecasts of sales, EPS, EBITDA and Adjusted EBITDA compared to the U.S. dollar are as follows: British pound — 1.43; Australian dollar — 0.71; New Zealand dollar — 0.66.

Summary

- Good Q3 FY16 with improvements in sales, Adjusted EBITDA, and operating cash flow compared to Q3 FY15
- Q4 will have significant shipments of our higher margin products, leading to a very strong finish to the year
- *OneCubic* ERP implementation is on track with first release completed on schedule and second release on track for release in October
- Strong growth potential in CTS (NYC bid, Sydney upgrade, and OneAccount edge) and Cubic Mission Solutions (C4ISR programs)
- Goal 2020 strategy is sound and we are making great progress – focused on W*inning the Customer*, NextCity, C4ISR, NextTraining and *OneCubic*

FY16 is a pivotal year setting the foundation for FY17, when we expect record sales and dramatically improved profits

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Appendix

- Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA
  - Nine Months Ended June 30, 2016 and 2015
  - Three Months Ended June 30, 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
Nine Months Ended June 30, 2016

In Millions	Consolidated	Corporate	CTS	CGD-Systems	CGD-Services
Nine Months Ended June 30, 2016					
Net income attributable to Cubic	$ 9.2				
Add:					
Provision for income taxes	(20.3)				
Income before taxes	$ (11.1)	$ (41.0)	$ 44.3	$ (23.7)	$ 9.3
Add:					
Interest expense (income), net	6.3	7.2	(0.9)	-	-
Depreciation and amortization	31.9	2.0	5.4	19.7	4.8
EBITDA	**$ 27.1**	**$ (31.8)**	**$ 48.8**	**$ (4.0)**	**$ 14.1**
Acquisition related expenses, excluding amortization [1]	27.7	-	0.6	27.1	-
ERP/Supply Chain Initiatives	24.4	24.4	-	-	-
Restructuring costs	1.6	-	1.0	0.1	0.5
Other non-operating expense (income), net	1.5	1.0	0.5	-	-
Adjusted EBITDA	**$ 82.3**	**$ (6.4)**	**$ 50.9**	**$ 23.2**	**$ 14.6**
EBITDA Margin	2.6%		11.3%	-1.2%	4.8%
Adjusted EBITDA Margin	7.8%		11.8%	7.0%	5.0%

[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
Nine Months Ended June 30, 2015

In Millions	Consolidated	Corporate	CTS	CGD-Systems	CGD-Services
Nine Months Ended June 30, 2015					
Net income attributable to Cubic	$ 2.9				
Add:					
Provision for income taxes	34.9				
Income before taxes	$ 37.8	$ (19.1)	$ 49.9	$ 2.7	$ 4.3
Add:					
Interest expense (income), net	1.7	2.8	(0.8)	$ (0.3)	-
Depreciation and amortization	28.7	0.8	8.4	13.3	6.2
EBITDA	**$ 68.2**	**$ (15.5)**	**$ 57.5**	**$ 15.7**	**$ 10.5**
Acquisition related expenses, excluding amortization [1]	3.9	1.0	-	2.5	0.4
ERP/Supply Chain Initiatives	7.9	7.9	-	-	-
Restructuring costs	5.4	0.6	0.5	4.0	0.3
Other non-operating expense (income), net	1.2	(0.8)	1.7	0.3	-
Adjusted EBITDA	**$ 86.6**	**$ (6.8)**	**$ 59.7**	**$ 22.5**	**$ 11.2**
EBITDA Margin	6.8%		14.0%	5.3%	3.5%
Adjusted EBITDA Margin	8.6%		14.5%	7.6%	3.8%

[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 June 30, 2016

In Millions	Consolidated	Corporate	CTS	CGD-Systems	CGD-Services
Three Months Ended June 30, 2016					
Net income attributable to Cubic	$ 4.5				
Add:					
Provision for income taxes	4.4				
Income before taxes	$ 8.9	$ (16.1)	$ 19.9	$ 0.4	$ 4.7
Add:					
Interest expense (income), net	3.1	3.4	(0.3)	-	-
Depreciation and amortization	12.9	1.2	1.2	8.7	1.8
EBITDA	**$ 24.9**	**$ (11.5)**	**$ 20.8**	**$ 9.1**	**$ 6.5**
Acquisition related expenses, excluding amortization [1]	3.7	-	-	3.7	-
ERP/Supply Chain Initiatives	8.5	8.5	-	-	-
Restructuring costs	1.7	0.1	0.8	0.4	0.4
Other non-operating expense (income), net	1.9	0.5	0.9	0.5	-
Adjusted EBITDA	**$ 40.7**	**$ (2.4)**	**$ 22.5**	**$ 13.7**	**$ 6.9**
EBITDA Margin	6.6%		13.3%	7.6%	6.5%
Adjusted EBITDA Margin	10.8%		14.4%	11.5%	6.9%

[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 June 30, 2015

In Millions	Consolidated	Corporate	CTS	CGD-Systems	CGD-Services
Three Months Ended June 30, 2015					
Net income attributable to Cubic	$ 8.8				
Add:					
Provision for income taxes	0.6				
Income before taxes	$ 9.4	$ (8.5)	$ 11.5	$ 3.3	$ 3.1
Add:					
Interest expense (income), net	0.7	1.1	(0.3)	(0.1)	-
Depreciation and amortization	8.6	0.1	2.7	3.9	1.9
EBITDA	**$ 18.7**	**$ (7.3)**	**$ 13.9**	**$ 7.1**	**$ 5.0**
Acquisition related expenses, excluding amortization [1]	1.3	0.5	-	0.6	0.2
ERP/Supply Chain Initiatives	6.0	6.0	-	-	-
Restructuring costs	0.1	0.1	0.1	(0.2)	0.1
Other non-operating expense (income), net	0.3	-	0.5	(0.2)	-
Adjusted EBITDA	**$ 26.4**	**$ (0.7)**	**$ 14.5**	**$ 7.3**	**$ 5.3**
EBITDA Margin	5.4%		10.4%	6.9%	4.5%
Adjusted EBITDA Margin	7.6%		10.9%	7.1%	4.7%

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

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GAAP to Non-GAAP Reconciliation
Adjusted Operating Income

In Millions	Nine Months Ended June 30 2016	Nine Months Ended June 30 2015	Three Months Ended June 30 2016	Three Months Ended June 30 2015
Net income attributable to Cubic	$ 9.2	$ 2.9	$ 4.5	$ 8.8
Add:				
Interest expense (income), net	6.3	1.7	3.1	0.7
Provision for income taxes	(20.3)	34.9	4.4	0.6
Other non-operating expense (income), net	1.5	1.2	1.9	0.3
Operating Income (loss)	**$ (3.3)**	**$ 40.7**	**$ 13.9**	**$ 10.4**
Acquisition related expenses [1]	27.7	3.9	3.7	1.3
ERP/Supply Chain Initiatives	24.4	7.9	8.5	6.0
Restructuring costs	1.6	5.4	1.7	0.1
Adjusted Operating Income	**$ 50.4**	**$ 57.9**	**$ 27.8**	**$ 17.8**
Operating Income Margin	-0.3%	4.0%	3.7%	3.0%
Adjusted Operating Income Margin	4.8%	5.8%	7.4%	5.1%

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

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GAAP to Non-GAAP Reconciliation
Adjusted Diluted EPS

	Nine Months Ended June 30		Three Months Ended June 30	
In Millions	2016	2015	2016	2015
Diluted earnings per share attributable to Cubic	$ 0.34	$ 0.11	$ 0.17	$ 0.33
Add:				
Acquisition related expenses [1]	0.83	0.09	0.08	0.03
ERP/Supply Chain Initiatives [1]	0.54	0.18	0.19	0.13
Deferred tax valuation allowance adjustment	(0.83)	1.09	-	-
Restructuring costs [1]	0.04	0.12	0.04	-
Adjusted diluted earnings per share attributable to Cubic	**$ 0.92**	**$ 1.59**	**$ 0.48**	**$ 0.49**

[1] Net of applicable income taxes

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