

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): August 9, 2018

Mercury Systems, Inc.
(Exact Name of Registrant as Specified in Charter)

Massachusetts
(State or Other Jurisdiction
of Incorporation)

000-23599
(Commission File Number)

04-2741391
(IRS Employer
Identification No.)

50 Minuteman Road, Andover, Massachusetts
(Address of Principal Executive Offices)

01810
(Zip Code)

Registrant's telephone number, including area code: (978) 256-1300

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

The management of Mercury Systems, Inc. (the "Company") will present an overview of the Company's business on August 9, 2018 at the Jefferies 2018 Industrials Conference. Attached as Exhibit 99.1 to this Report is a copy of the slide presentation to be made by the Company.

This information is being furnished pursuant to Item 7.01 of this Report and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section and will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference. This Report will not be deemed an admission as to the materiality of any information in this Report that is being disclosed pursuant to Regulation FD.

Please refer to page 2 of Exhibit 99.1 for a discussion of certain forward-looking statements included therein and the risks and uncertainties related thereto, as well as the use of non-GAAP financial measures included therein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation materials dated August 9, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: August 9, 2018

MERCURY SYSTEMS, INC.

By: /s/ Michael D. Ruppert
Michael D. Ruppert
Executive Vice President, Chief Financial Officer, and Treasurer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation materials dated August 9, 2018

Jefferies 2018 Global Industrials Conference

Mark Aslett
President and CEO

Michael Ruppert
Executive Vice President and CFO

August 9, 2018



Forward-looking safe harbor statement

This presentation contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to fiscal 2019 business performance and beyond and the Company's plans for growth and improvement in profitability and cash flow. You can identify these statements by the use of the words "may," "will," "could," "should," "would," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," "likely," "forecast," "probable," "potential," and similar expressions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include, but are not limited to, continued funding of defense programs, the timing and amounts of such funding, general economic and business conditions, including unforeseen weakness in the Company's markets, effects of any U.S. Federal government shutdown or extended continuing resolution, effects of continued geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in completing engineering and manufacturing programs, changes in customer order patterns, changes in product mix, continued success in technological advances and delivering technological innovations, changes in, or in the U.S. Government's interpretation of, federal export control or procurement rules and regulations, market acceptance of the Company's products, shortages in components, production delays or unanticipated expenses due to performance quality issues with outsourced components, inability to fully realize the expected benefits from acquisitions and restructurings, or delays in realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, increases in interest rates, changes to cyber-security regulations and requirements, changes in tax rates or tax regulations, changes to generally accepted accounting principles, difficulties in retaining key employees and customers, unanticipated costs under fixed-price service and system integration engagements, and various other factors beyond our control. These risks and uncertainties also include such additional risk factors as are discussed in the Company's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended June 30, 2017. The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Use of Non-GAAP (Generally Accepted Accounting Principles) Financial Measures

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, the Company provides adjusted EBITDA, adjusted income, adjusted EPS, and free cash flow, which are non-GAAP financial measures. Adjusted EBITDA, adjusted income, and adjusted EPS exclude certain non-cash and other specified charges. The Company believes these non-GAAP financial measures are useful to help investors better understand its past financial performance and prospects for the future. However, these non-GAAP measures should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. Management believes these non-GAAP measures assist in providing a more complete understanding of the Company's underlying operational results and trends, and management uses these measures along with the corresponding GAAP financial measures to manage the Company's business, to evaluate its performance compared to prior periods and the marketplace, and to establish operational goals. A reconciliation of GAAP to non-GAAP financial results discussed in this presentation is contained in the Appendix hereto.



Pioneering a next generation defense electronics company...

- Operate high-tech commercial business model
- Secure sensor and safety critical processing subsystems
- Serving defense Prime contractor outsourcing needs
- Deployed on 300+ programs with 25+ Prime contractors
- FY18 \$493M revenue; Growth YoY:
 - 27% revenue
 - 64% GAAP net income
 - 23% Adj. EBITDA
 - 25% backlog
- FY19 guidance (\$M)⁽¹⁾:
 - \$602 - \$624 revenue
 - \$36.1 - \$44.5 GAAP income
 - \$130.5 - \$142.0 Adj. EBITDA



...to address the industry's challenges and opportunities

Strategy delivering above average growth and profitability



We are deployed on 300+ programs with 25+ Primes

Aerospace & Defense Platform and Systems Electronics Content

C4I	JLTV	WIN-T	KC-46	A330 MRTT	Aegis
					
Sensor & Effector Mission Systems	F-16	Reaper/Gorgon Stare	Triton	Patriot	Aegis
					
	F-15	C-130	Global Hawk	Badger/Buzzard	SEWIP
					
SDB II	PGK	MALD-J	Paveway	SM2/3/6	
					



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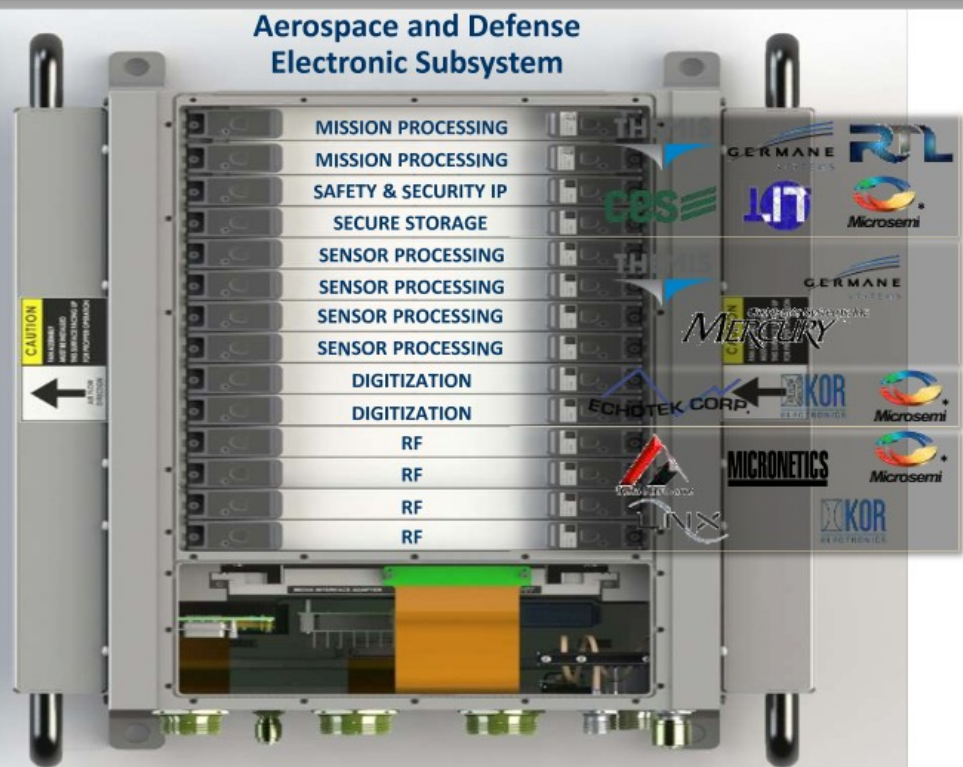
Mercury's vision is to be the...

Leading commercial provider of
secure sensor and safety-critical
processing subsystems



Acquisitions have transformed Mercury into a commercial...

- Acquired capabilities significantly expand addressable market
- Moved up the value chain
- Model facilitates greater customer outsourcing
- Accelerates customer supply chain transformation
- Disintermediate traditional product-level competitors
- Low-risk, content expansion organic growth strategy
- Future M&A opportunities



...provider of secure sensor and safety-critical processing subsystems

Five major trends shaping the defense industry



Political Dysfunction:

Budget Control Act and repeated Continuing Resolutions disrupting DoD budget process and spending



Increased Defense Spending Cycle:

Rising interest rates, healthcare and social spending remain issues; MilPer expense growth, aging military platforms' O&M costs rising



Defense Procurement Reform:

Firm-fixed-price contracts changing economics and industry competitive dynamics despite increased defense spending



Innovation Challenges:

Increasing headcount but recruitment challenges and aging workforce; Relatively low IR&D requires focused investment and greater outsourcing

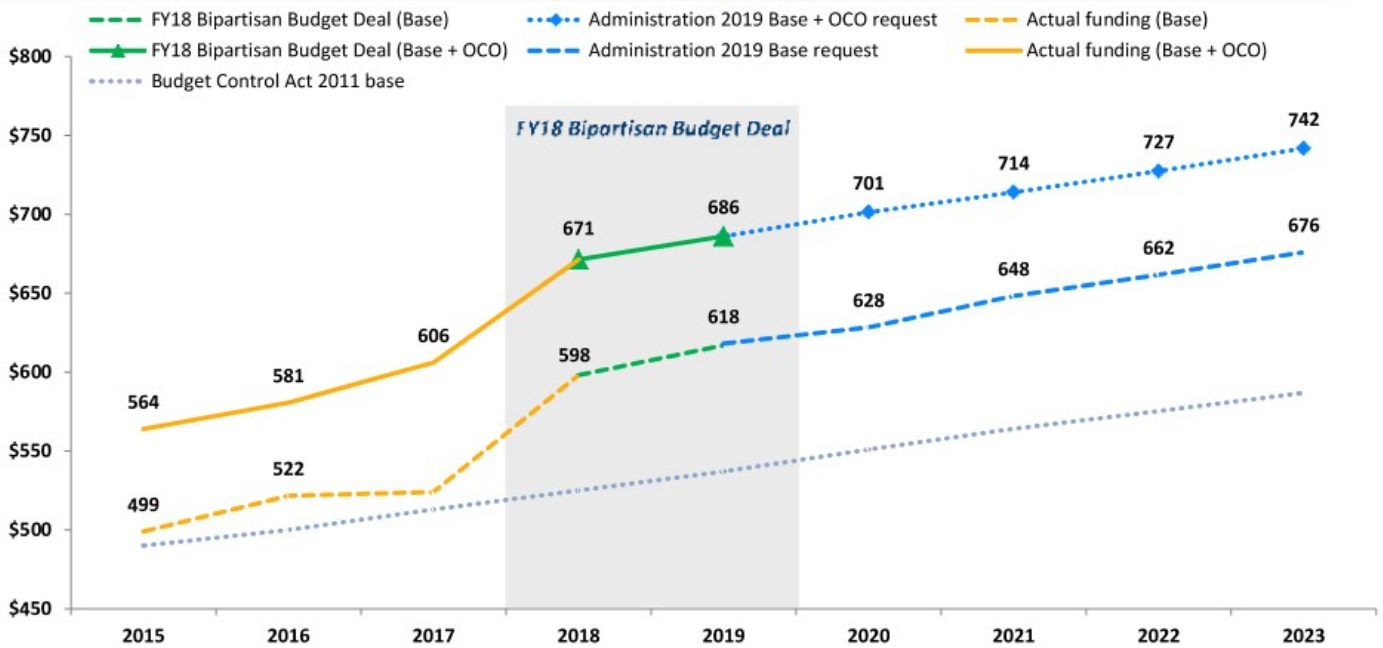


Challenging Global Security Environment:

Resurgent Russia, Chinese militarization and power projection, ISIS, North Korean threat, Middle East instability

The Bipartisan Budget Deal of 2018 provides a significant near-term impulse to defense spending...

Topline Base Authorization Budget vs. BCA Caps (Discretionary BA, Current \$B)









Notes: Budget and BCA Caps represent the 051 account (DoD), FY18 is estimate based on Bipartisan Budget Deal
Sources: CBO, CRS, OMB, DoD Green Book, House FY18 Concurrent Budget Resolution, RSAdvisors research & analysis

...and suggests the beginning of a new defense upcycle



Mercury's capabilities and drivers of growth are aligned...

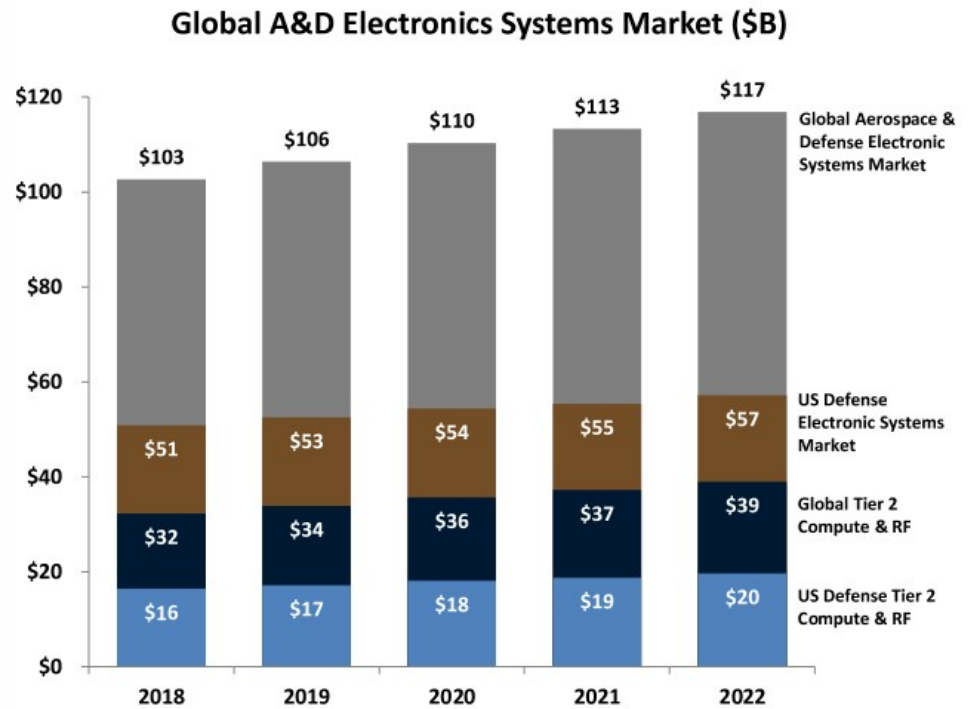
-  Sensor and C4I modernization and new platforms
-  Weapon systems readiness and modernization
-  Defense Prime contractors outsourcing more
-  Defense Primes' flight to quality suppliers
-  Defense Primes and government delayering supply chains
-  Foreign military and international sales increasing

...to DoD investment priorities and overall A&D industry trends



Captive outsourcing by Defense prime contractors...

- 2018 A&D electronics is \$103 billion market
- US Defense is nearly half of total market at \$51B
- Tier 2 compute & RF
 - Global \$32B; 5% CAGR
 - US \$16B; 5.7% CAGR
- Small percentage of Tier 2 compute & RF estimated to be currently outsourced
- Primes outsourcing more subsystems to fewer but more capable suppliers

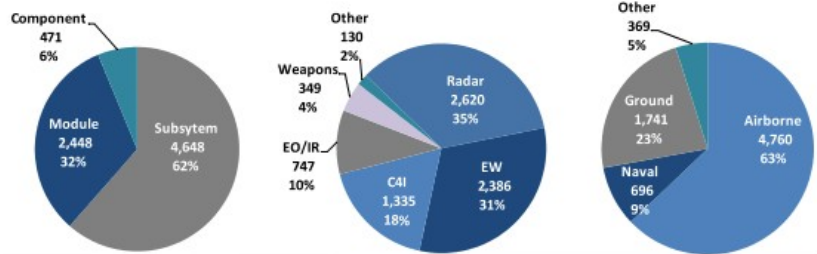
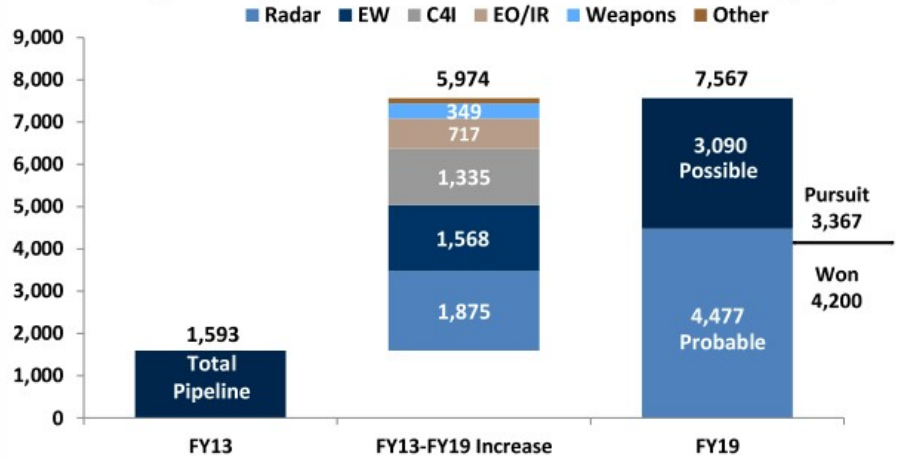


...likely the Defense industry's largest secular growth opportunity

Acquisitions and investments driving significant opportunity growth...

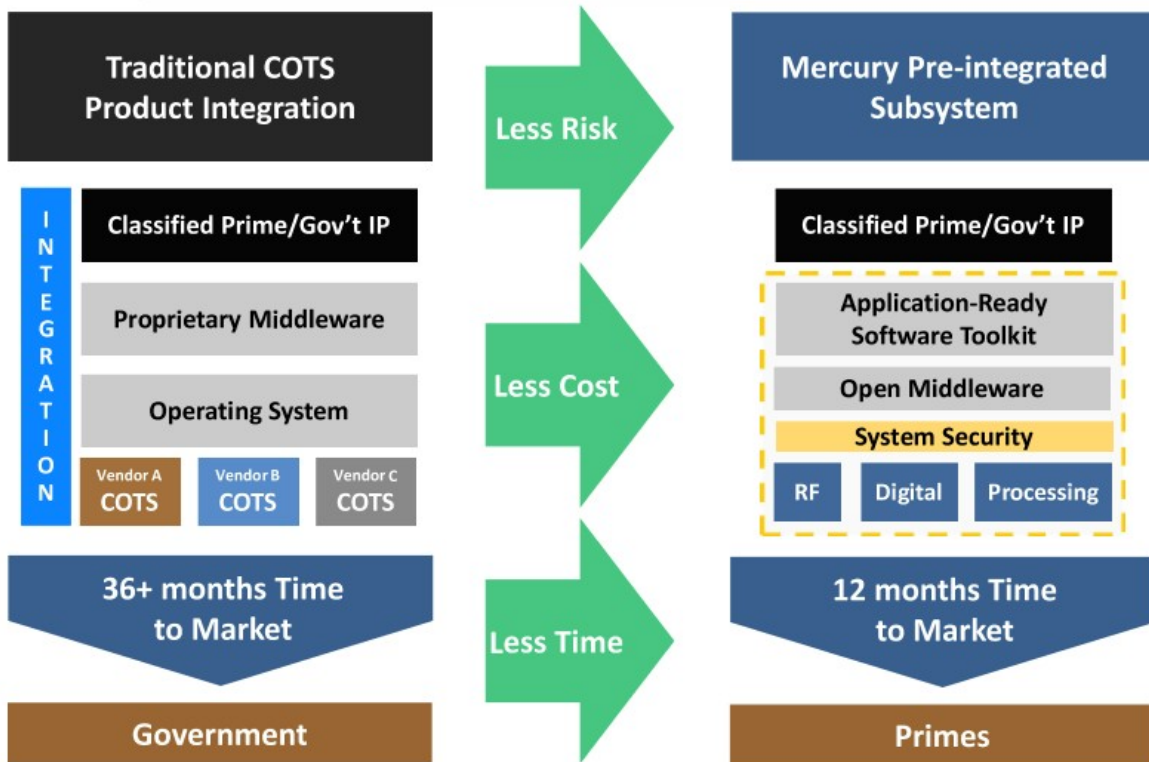
- Total potential value grew >4.5x to \$7.6B in 6 years
- Significant Radar, EW, C4I, EO/IR and weapons opportunity pipeline
- Acquisitions brought new programs and capabilities
- Larger, more diversified, program base reduces risk
- Content expansion driving above average growth
- Outsourced integrated subsystems 62% of top 30 program forecast life value

Top 30 Programs & Pursuits Estimated Lifetime Value (\$M)



...which in turn is driving strong results

Business model built for speed, innovation and affordability...

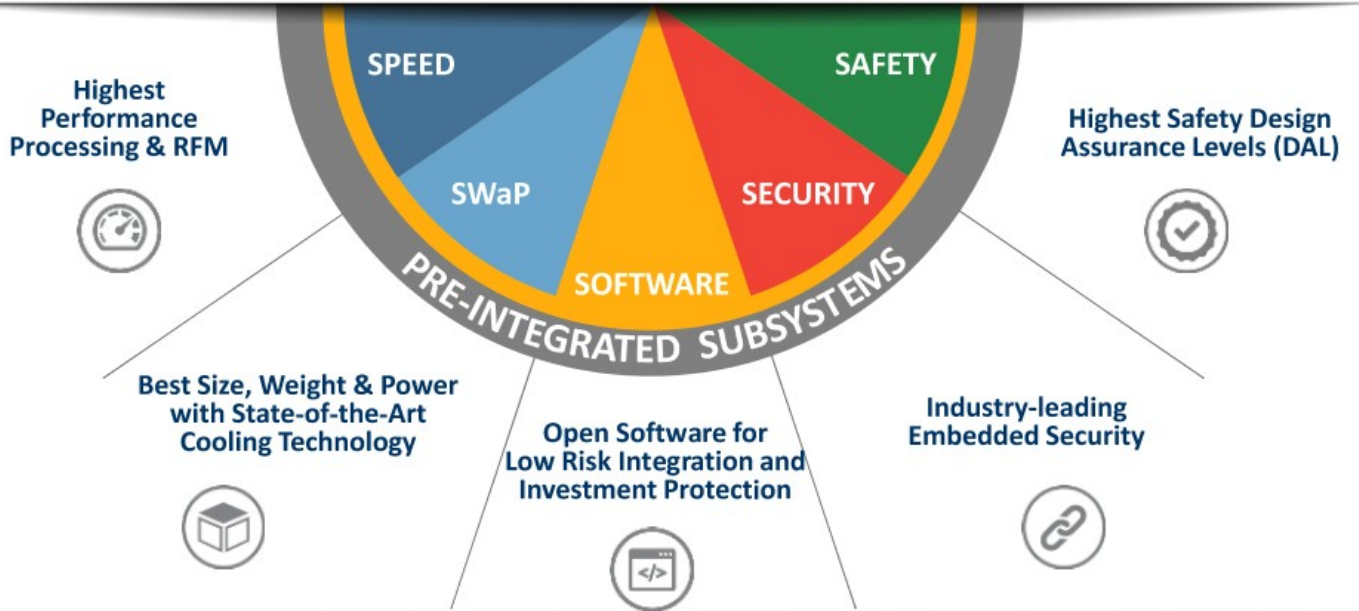


...as customers seek outsourced pre-integrated subsystems



Only high-tech commercial company with the technology...

Secure Sensor and Safety-Critical Processing Solutions



...and domain expertise for secure sensor and safety-critical processing



We have executed on a disciplined and focused M&A strategy

2018 Tier 2* Market (\$B) & CY'18-22 CAGR (%)

Aerospace & Defense Platform and Systems Electronics Content

C4I			Sensor & Effector Mission Systems				
Platform & Mission Mgmt	C2I	Comms	EW	Radar	EO/IR	Acoustics	Weapons
							
Avionics / Vetronics	Command & Control / Battle Management	Dedicated Communications	Electronic Warfare	Radar	Electro-Optical/Infrared	Acoustics	Missiles/Munitions
   	   	   	   	  			
\$6.8B 3.5%	\$6.2B 4.9%	\$4.7B 4.5%	\$4.3B 6.1%	\$4.2B 5.5%	\$2.4B 3.5%	\$1.1B 7.3%	\$2.6B 5.3%

Notes:

*Tier 2 includes Embedded computing and subsystems with RF content. Includes US Government and Global Commercial Aerospace Markets

Sources: RSAdvisors research & analysis

(1) Represents carve-out acquisition from Microsemi Corp.



Strategy and investments have positioned Mercury well

- Pioneering a next-generation defense electronics business model
- Unique technology and capabilities on key production programs
- Substantial total addressable market expansion enabling future growth
- Low-risk content expansion growth strategy with demonstrable progress
- Largest secular growth opportunity captive Prime outsourcing
- Above industry-average growth; dramatic improvement in profitability
- Business platform built to grow and scale through future acquisitions



Financial Overview

Michael Ruppert
Executive Vice President and CFO



The evolution of Mercury Systems

In \$ millions, except percentage and per share data.

		FY15 ⁽¹⁾	FY18 ⁽¹⁾	% Increase / (Decrease)
Valuation	Market Capitalization	\$477	\$2,317	386%
	Enterprise Value	\$399	\$2,445	512%
		FY15 ⁽²⁾	FY18 ⁽²⁾	% Increase / (Decrease)
Operational	Revenue	\$235	\$493	110%
	Adj. EBITDA	\$44	\$115	160%
	Adj. EPS	\$0.82	\$1.42	73%

Notes:

(1) Valuation for FY15 based on Company's 2015 10-K and stock price as of June 30, 2015.

(1) Valuation for FY18 based on stock price August 1, 2018 closing, cash, debt balance, and share count from Company's earnings announcement July 31, 2018.

(2) Operational figures are based on the fiscal year results as reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release.



Mercury's financial profile demonstrates our unique strategy

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Companies

ALL NYSE AND NASDAQ COMPANIES WITH MARKET CAPITALIZATION BETWEEN \$750mm - \$3bn
LTM based on most recently reported quarters

EBITDA Margin
>20%

285

Companies

Revenue CAGR
>10% 4-Year

91

Companies

LTM
Revenue
Growth
>20%

20

Companies

TIER 2 DEFENSE INDEX
LTM based on most recently reported quarters



18%
EBITDA Margin
LTM

23%
EBITDA Margin
LTM

1%
4-Year CAGR

24%
4-Year CAGR

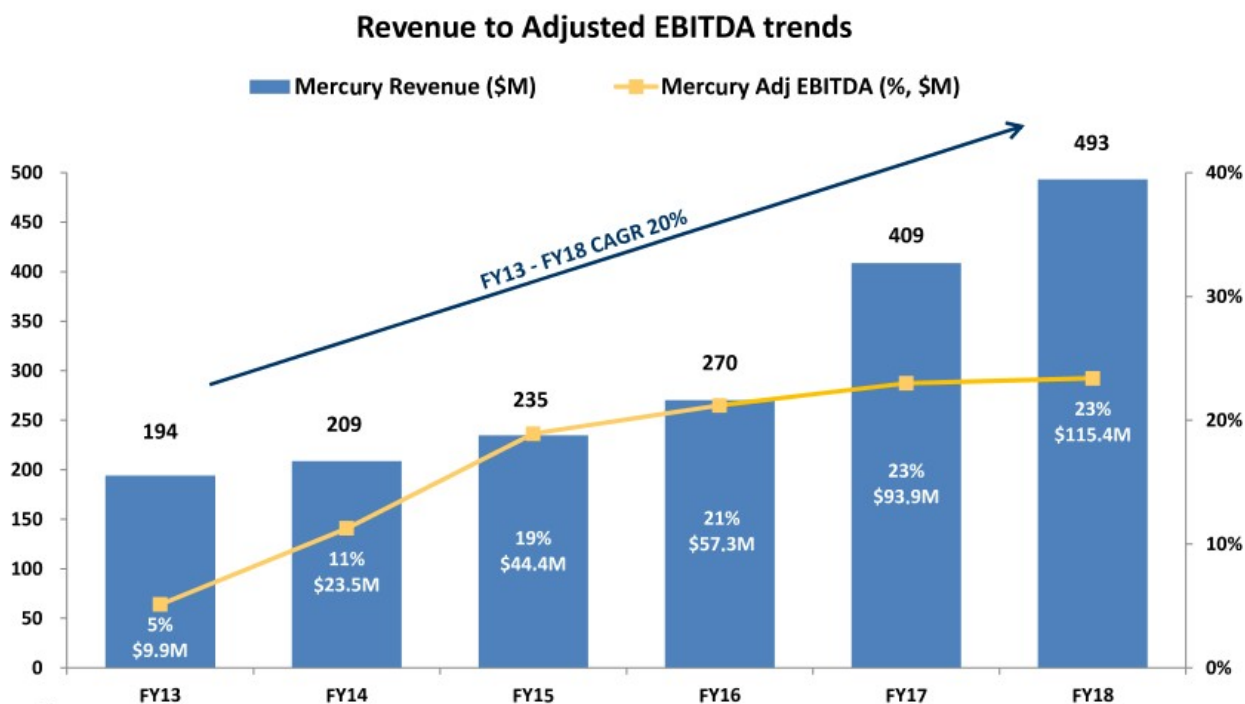
7%
LTM

21%
LTM

Notes:

- Mercury LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release.
- Source: FactSet; market data for most recently reported quarters as of August 6, 2018.
- Financials represent reported results and are not adjusted for acquisitions or divestitures.
- NASDAQ companies represent those that are U.S. listed.
- 4-Year CAGR calculated with 6/30/2014 LTM Revenue and 6/30/2018 LTM Revenue
- TIER 2 DEFENSE INDEX: AAR Corporation, Aerojet Rocketdyne, AeroVironment, AXON Enterprises, Ball Aerospace, BWX Technologies, Comtech Telecom, Cubic Corp, Curtiss Wright Corp, Ducommun, Esterline Technologies, Elbit Systems, FireEye, FLIR Systems, Harris Corp, Heico, Hexcel, Honeywell Intl, Kaman, KBR, Kratos Defense, L-3 Communications, MDA, Mercury Systems, MOOG, Oshkosh Truck, OSI Systems, Rockwell Collins, Sparta, Teledyne Technologies, Textron, Transdigm Group, Triumph Group, United Technologies, Vectrus, Viasat Inc, VSE Corporation, Woodward Aerospace.

Strong revenue growth and operating leverage...



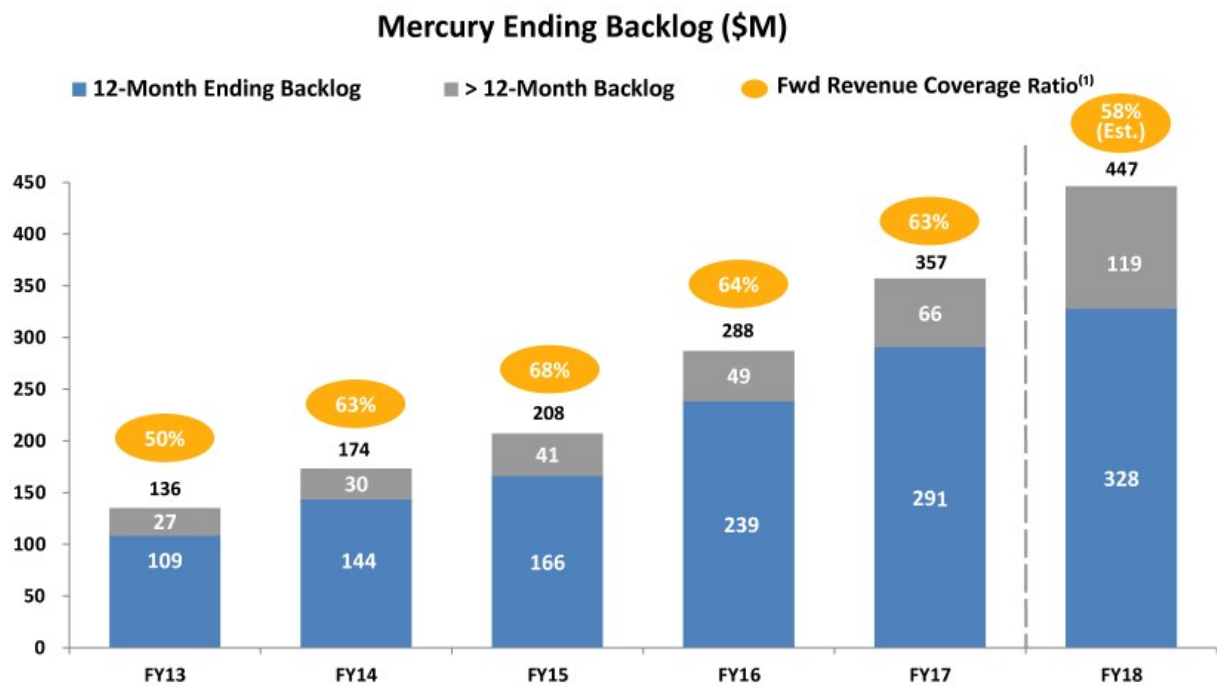
Notes:

Fiscal years ended June 30; FY13-17 figures are as reported in the Company's Form 10-Ks while FY18 figures are as reported in the Company's earnings announcement on July 31, 2018.

...yielded dramatic growth in adjusted EBITDA



FY13-FY18 ending backlog CAGR of 27%...



Notes:

(1) Revenue Coverage Ratio = 12-month ending backlog/Next 12 months Revenue (or initial revenue estimate for current/future year) excludes Germane.

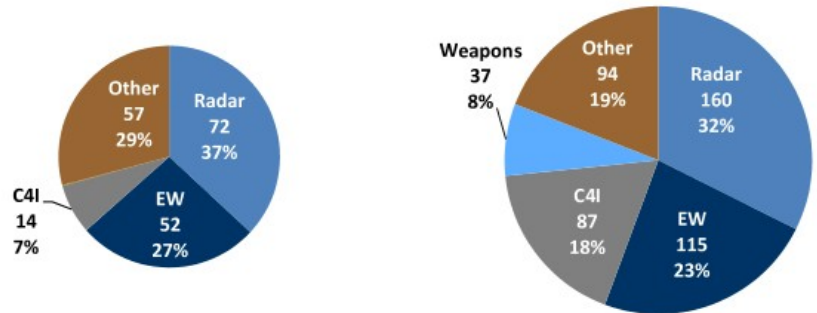
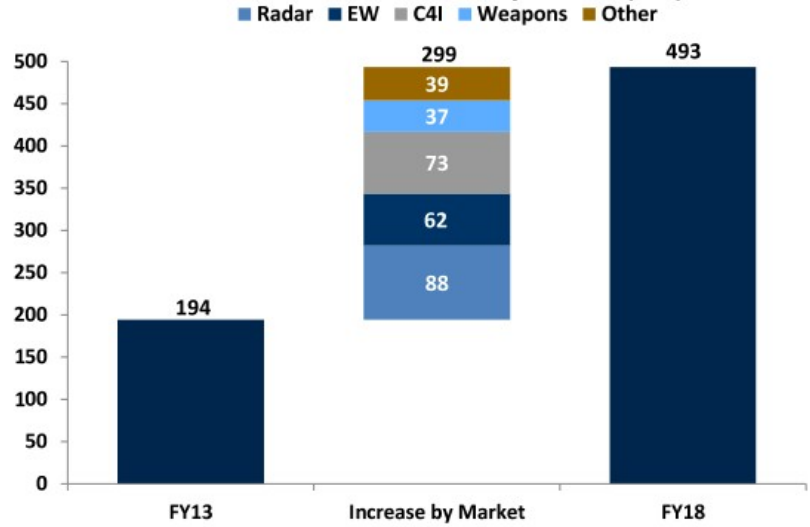
...yields record backlog exiting FY18



Market expansion strategy is working well

- Continued growth in core markets
- Expansion into adjacent markets
- Additional capabilities drive content expansion
- Broader program and customer base
- Vastly larger addressable market
- Consistently driving above market growth rates

Revenue and Growth by Market (\$M)



Note: Pie chart numbers are rounded

FY18 vs. FY17

<i>In \$ millions, except percentage and per share data</i>	FY17⁽¹⁾	FY18⁽¹⁾	Change
Bookings	\$443.8	\$563.5	27%
Book-to-Bill	1.09	1.14	
Backlog	\$357.0	\$447.1	25%
12-Month Backlog	\$290.8	\$328.5	
Revenue	\$408.6	\$493.2	21%
Organic Revenue Growth ⁽²⁾	10%	7%	
Gross Margin	46.9%	45.8%	(1.1 pt)
Operating Expenses	\$154.1	\$178.9	16%
Selling, General & Administrative	76.5	88.4	
Research & Development	54.1	58.8	
Amortization/Restructuring/Acquisition	23.6	31.7	
GAAP Income	\$24.9	\$40.9	64%
GAAP EPS	\$0.58	\$0.86	48%
Weighted Average Diluted Shares	43.0	47.5	
Adjusted EPS⁽³⁾	\$1.15	\$1.42	23%
Adj. EBITDA⁽³⁾	\$93.9	\$115.4	23%
% of revenue	23.0%	23.4%	
Free Cash Flow⁽³⁾	\$26.3	\$28.2	7%

Notes:

(1) Figures are as reported in the Company's Form 10-Ks, Form 10-Qs and/or the most recent earnings release.

(2) Organic revenue represents total company revenue excluding net revenue from acquisitions for the first four full quarters since the entities' acquisition date (which excludes any intercompany transactions). After the completion of four fiscal quarters, acquired businesses are treated as organic for current and comparable historical periods.

(3) Non-GAAP, see reconciliation table.



FY19 annual guidance

<i>In \$ millions, except percentage and per share data</i>	FY18⁽¹⁾	FY19⁽²⁾	Change
Revenue	\$493.2	\$602 - \$624	22% - 27%
Gross Margin	45.8%	43.7% - 44.4%	(2.1) - (1.4)pts
Operating Expenses	\$178.9	\$202.2 - \$204.3	13% - 14%
GAAP Income Effective tax rate ⁽³⁾	\$40.9 4%	\$36.1 - \$44.5 27%	(12%) - 9%
GAAP EPS Weighted-average diluted shares outstanding	\$0.86 47.5	\$0.75 - \$0.93 47.9	(13%) - 8%
Adjusted EPS⁽⁴⁾	\$1.42	\$1.58 - \$1.76	11% - 24%
Adj. EBITDA⁽⁴⁾ % of revenue	\$115.4 23.4%	\$130.5 - \$142.0 21.7% - 22.8%	13% - 23%

Notes:

- (1) FY18 figures are as reported in the Company's earnings release dated July 31, 2018.
(2) The guidance included herein is from the Company's earnings release dated July 31, 2018. For purposes of modeling and guidance, we have assumed no restructuring, acquisition or non-recurring financing-related expenses.
(3) The effective tax rate in the guidance included herein excludes discrete items.
(4) Non-GAAP, see reconciliation table.



Achieving target business model

	FY16 ⁽¹⁾	FY17 ⁽¹⁾	FY18 ⁽¹⁾	Target Business Model
Revenue	100%	100%	100%	100%
Gross Margin	47%	47%	46%	45 - 50%
SG&A	20%	19%	18%	16 - 18%
R&D	13%	13%	12%	11 - 13%
Amortization	3%	5%	5%	4 - 5%
GAAP Income	7%	6%	8%	N/A
Adj. EBITDA ⁽²⁾	21%	23%	23%	22 - 26%

Notes:

(1) Figures are as reported in the Company's Form 10-Ks, Form 10-Qs and/or the most recent earnings release.

(2) Non-GAAP, see reconciliation table.



Balance Sheet

(In \$ millions) ⁽¹⁾	As of 6/30/17	As of			
		9/30/17	12/31/17	3/31/18	6/30/18
ASSETS					
Cash & cash equivalents	41.6	26.1	32.0	44.2	66.5
Accounts receivable, net	113.7	121.4	123.0	141.6	143.8
Inventory, net	81.1	93.3	105.9	117.1	108.6
PP&E, net	51.6	51.6	51.6	51.3	51.0
Goodwill and intangibles, net	509.9	510.7	505.5	685.7	675.3
Other	17.8	19.5	17.8	17.0	19.3
TOTAL ASSETS	815.7	822.6	835.8	1,056.9	1,064.5
LIABILITIES AND S/E					
AP and accrued expenses	66.5	69.5	65.8	69.8	59.1
Other liabilities	23.8	18.8	20.8	36.3	38.5
Debt ⁽²⁾	0.0	0.0	0.0	195.0	195.0
Total liabilities	90.3	88.3	86.6	301.1	292.6
Stockholders' equity	725.4	734.3	749.2	755.8	771.9
TOTAL LIABILITIES AND S/E	815.7	822.6	835.8	1,056.9	1,064.5

Notes:

(1) Figures are as reported in the Company's Form 10-Ks, Form 10-Qs and/or the most recent earnings release. Rounded amounts used.

(2) On July 31, 2018 (in Q1 FY19), Mercury acquired Germane Systems, LC, and borrowed \$45 million on its existing revolving credit facility to fund the acquisition.



We actively develop potential acquisition targets across all channels

~\$620M of capital deployed in ~30 months

										
Acquisition Close Date	Jan 2011	Dec 2011	Aug 2012	Dec 2015	May 2016	Nov 2016	Apr 2017	Jul 2017	Feb 2018	Jul 2018
Size	\$31M	\$70M	\$75M	\$10M	\$300M	\$39M	\$40.5M	\$6M	\$180M	\$45M
Strong Strategic Rationale	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Expand Addressable Market	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Revenue & Cost Synergies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accretive in Short Term	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Seller	Founder	Private Equity	Public	Founder	Corporate Carve-out	Private Equity	Founder	Founder	Private	Founder
Sourcing	Proprietary Negotiated	Proprietary Negotiated	Targeted Auction	Proprietary Negotiated	Proprietary Negotiated	Proprietary Negotiated	Targeted Auction	Proprietary Negotiated	Targeted Auction	Proprietary Negotiated

Disciplined Approach to M&A

Learn Market

Add Capabilities

Scale Business

Leverage Channel

Maintain Conservative Balance Sheet

* Represents carve-out acquisition from Microsemi Corp.



Poised for continued, profitable growth

- Improving defense environment; fast-moving streams enhance opportunities
- Acquisitions have transformed top and bottom lines
- Broader base of larger, more diversified programs
- Record backlog enhances forward visibility, facilitates operational execution
- Sustained growth & profitability – above industry averages
- Strong financial position supports organic growth and future M&A





Appendix

FY19 guidance (as of July 31)

<i>In \$millions, except percentage and per share data</i>	FY18	FY19 ⁽¹⁾	YoY Change
	Actual	Est. Range	
Revenue	\$493	\$602 - \$624	22% - 27%
GAAP Income	\$40.9	\$36.1 - \$44.5	(12%) - 9%
Adj EBITDA⁽²⁾	\$115.4	\$130.5 - \$142.0	13% - 23%
Adj EBITDA Adjustments:			
Income (loss) from continuing operations	40.9	\$36.1 - \$44.5	
Interest (income) expense, net	2.8	9.5	
Tax provision (benefit)	1.7	\$13.3 - \$16.4	
Depreciation	16.3	20.0	
Amortization of intangible assets	26.0	26.9	
Restructuring and other charges	3.2	0.0	
Impairment of long-lived assets	0.0	0.0	
Acquisition and financing costs	4.9	2.1 - 2.1	
Fair value adjustments from purchase accounting	2.0	1.6	
Litigation and settlement expenses	0.0	0.0	
Stock-based compensation expense	17.6	21.0	
Adj EBITDA⁽²⁾	\$115.4	\$130.5 - \$142.0	13% - 23%
GAAP EPS	\$0.86	\$0.75 - \$0.93	(\$0.11) to \$0.07
Adjusted EPS⁽²⁾	\$1.42	\$1.58 - \$1.76	\$0.16 to \$0.34

Notes:

(1) The guidance included herein is from the Company's earnings release dated July 31, 2018. For purposes of modeling and guidance, we have assumed no restructuring, acquisition or non-recurring financing-related expenses.

(2) Non-GAAP.



Adjusted EPS reconciliation

(000's)	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY18	Q1FY19		FY2019	
											Low	High	Low	High
Diluted net earnings (loss) per share ⁽¹⁾	\$ 0.10	\$ 0.13	\$ 0.16	\$ 0.19	\$ 0.58	\$ 0.38	\$ 0.19	\$ 0.08	\$ 0.21	\$ 0.86	\$ 0.10	\$ 0.15	\$ 0.75	\$ 0.93
Income (loss) from continuing operations	\$ 3,819	\$ 5,204	\$ 7,048	\$ 8,804	\$ 24,875	\$ 17,953	\$ 9,133	\$ 3,696	\$ 10,101	\$ 40,883	\$ 4,900	\$ 7,000	\$ 36,100	\$ 44,500
Amortization of intangible assets	4,602	4,888	4,732	5,458	19,680	5,637	5,827	7,104	7,436	26,004	7,200	7,200	26,900	26,900
Restructuring and other charges	297	69	459	1,127	1,952	95	313	1,384	1,367	3,159	-	-	-	-
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition and financing costs	553	1,114	569	153	2,389	854	1,366	1,909	799	4,928	500	500	2,100	2,100
Fair value adjustments from purchase accounting	2,077	870	270	462	3,679	509	84	539	860	1,992	800	800	1,600	1,600
Litigation and settlement expenses	-	100	-	17	117	-	-	-	-	-	-	-	-	-
Stock-based and other non-cash compensation expense	3,632	4,093	3,715	3,901	15,341	4,696	4,941	3,669	4,309	17,615	5,000	5,000	21,000	21,000
Impact to income taxes	(6,085)	(4,441)	(3,576)	(4,500)	(18,602)	(11,951)	(8,615)	(4,082)	(2,621)	(27,269)	(3,200)	(3,200)	(12,000)	(12,000)
Adjusted income from continuing operations	\$ 8,895	\$ 11,897	\$ 13,217	\$ 15,422	\$ 49,431	\$ 17,793	\$ 13,049	\$ 14,219	\$ 22,251	\$ 67,312	\$ 15,200	\$ 17,300	\$ 75,700	\$ 84,100
Diluted adjusted net earnings per share ⁽¹⁾	\$ 0.22	\$ 0.30	\$ 0.29	\$ 0.32	\$ 1.15	\$ 0.37	\$ 0.28	\$ 0.30	\$ 0.47	\$ 1.42	\$ 0.32	\$ 0.36	\$ 1.58	\$ 1.76
Weighted-average shares outstanding:														
Basic	38,865	39,151	43,773	46,211	41,986	46,504	46,752	46,844	46,873	46,719				
Diluted	39,865	39,985	44,814	47,472	43,018	47,489	47,447	47,532	47,521	47,471	47,800	47,800	47,900	47,900

Notes:

(1) Numbers shown are in cents.



Adjusted EBITDA reconciliation

(000'S)	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY18	Q1FY19		FY2019	
											Low	High	Low	High
Income (loss) from continuing operations	\$ 3,819	\$ 5,204	\$ 7,048	\$ 8,804	\$ 24,875	\$ 17,953	\$ 9,133	\$ 3,696	\$ 10,101	\$ 40,883	\$ 4,900	\$ 7,000	\$ 36,100	\$ 44,500
Interest expense (income), net	1,782	1,888	1,756	1,680	7,106	(16)	104	999	1,731	2,818	2,100	2,100	9,500	9,500
Tax provision (benefit)	(1,259)	1,779	3,170	2,503	6,193	(8,381)	1,335	2,209	6,527	1,690	1,800	2,600	13,300	16,400
Depreciation	2,718	2,966	3,233	3,672	12,589	3,700	3,775	4,277	4,521	16,273	4,700	4,800	20,000	20,000
Amortization of intangible assets	4,602	4,888	4,732	5,458	19,680	5,637	5,827	7,104	7,436	26,004	7,200	7,200	26,900	26,900
Restructuring and other charges	297	69	459	1,127	1,952	95	313	1,384	1,367	3,159	-	-	-	-
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition and financing costs	553	1,114	569	153	2,389	854	1,366	1,909	799	4,928	500	500	2,100	2,100
Fair value adjustments from purchase accounting	2,077	870	270	462	3,679	509	84	539	860	1,992	800	800	1,600	1,600
Litigation and settlement expenses	-	100	-	17	117	-	-	-	-	-	-	-	-	-
Stock-based and other non-cash compensation expense	3,632	4,093	3,715	3,901	15,341	4,696	4,941	3,669	4,309	17,615	5,000	5,000	21,000	21,000
Adjusted EBITDA	\$ 18,221	\$ 22,971	\$ 24,952	\$ 27,777	\$ 93,921	\$ 25,047	\$ 26,878	\$ 25,786	\$ 37,651	\$ 115,362	\$ 27,000	\$ 30,000	\$ 130,500	\$ 142,000



Free cash flow reconciliation

(000's)	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY18
Cash flows from operations	\$ 10,283	\$ 14,238	\$ 24,889	\$ 9,736	\$ 59,146	\$ 8,028	\$ 8,779	\$ 873	\$ 25,641	\$ 43,321
Capital expenditures	(6,050)	(7,703)	(13,036)	(6,055)	\$ (32,844)	(3,628)	(3,964)	(3,475)	(4,039)	\$ (15,106)
Free cash flow	\$ 4,233	\$ 6,535	\$ 11,853	\$ 3,681	\$ 26,302	\$ 4,400	\$ 4,815	\$ (2,602)	\$ 21,602	\$ 28,215



Sales-related definitions

Design Win	A design win means that the customer has selected us to provide services, products, or intellectual property for a program of record or equivalent. In addition, the customer has won the program and we have an initial purchase order from the customer.
Pursuit	We have a Design Win with a prime contractor who is bidding to win a program of record, or we are bidding to win content on a program of record that has either already been awarded to a prime contractor or that the prime contractor is also bidding on.
Won	We have a Design Win with a prime contractor for a program of record, and the prime contractor has won the program and received its contractual award.
Possible	Possible value is a projection based upon our current information and assumptions regarding the system configuration, systems or units utilized per platform or installation, current and potential future Design Wins, our average sales price for current and/or future content, the number of platforms, spares, and potential retrofits, as well as the potential for foreign military sales - all of which could change materially as and when new information becomes available or assumptions are revised. Possible value is the highest outcome we believe to be reasonable given a range of potential outcomes based upon available information and our current set of assumptions.
Probable	Probable value is a projection based upon our current information and assumptions regarding the system configuration, systems or units utilized per platform or installation, current and potential future Design Wins, our average sales price for current and/or future content, the number of platforms, spares, and potential retrofits, as well as the potential for foreign military sales - all of which could change materially as and when new information becomes available or assumptions are revised. Probable value is the outcome we believe to be most likely given a range of potential outcomes based upon available information and our current set of assumptions.



Glossary

AEGIS	Aegis Ballistic Missile Defense System	EP	Electronic Protection	O&M	Operations & Maintenance
AESA	Active Electronically Scanned Array	EPAWWS	Eagle Passive Active Warning Survivability System	OpenVPX	System-level specification for VPX, initiated by Mercury
AIDEWS	Advanced Integrated Defensive Electronic Warfare Suite	ES	Electronic Support	PBR	President's Budget Request
AMC	Advanced Microelectronics Center	ESSM	Evolved SeaSparrow Missile	PGK	Precision Guidance Kit
AMRAAM	Advanced Medium Range Air to Air Missile	EW	Electronic Warfare	PNT	Precision Navigation & Timing
ATC	Air Traffic Control	FAB-T	Family of Beyond Line-of-Sight Terminals	RDP	Radar Digital Processor
ATCA	Advanced Telecommunications Architecture	FC	Fire Control	RF	Radio Frequency
AWACS	Airborne Warning and Control System	FMS	Foreign Military Sales	RoW	Rest of World
BCA	Budget Control Act	FMV	Full Motion Video	SABR	Scalable Agile Beam Radar
C2	Command & Control	G/ATOR	Ground/Air Task Oriented Radar	SAR	Synthetic Aperture Radar
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance	HEL	High Energy Laser	SBC	Single Board Computer
CM	Countermeasures	HPM	High Power Microwave	SDB	Small Diameter Bomb
COTS	Commercial off-the Shelf	IFF	Identification Friend or Foe	SEWIP	Surface Electronic Warfare Improvement Program
CR	Continuing Resolution	IMA	Integrated Microwave Assembly	SIGINT	Signals Intelligence
DAL	Design Assurance Level	LRDR	Long Range Discrimination Radar	SIP	System-in-Package
DEWS	Digital Electronic Warfare System	LTAMDS	Lower Tier Air and Missile Defense Sensor	SIRFC	Suite of Integrated RF Countermeasures
DRFM	Digital Radio Frequency Memory	MALD	Miniature Air Launched Decoy	SM	Standard Missile
DSP	Digital Signal Processing	MHTK	Miniature Hit-to-Kill	SSEE	Ships Signal Exploitation Equipment
EA	Electronic Attack	MMA	Multimission Maritime Aircraft	SWaP	Size Weight and Power
ECM	Electronic Countermeasures	MRTT	Multimission Maritime Aircraft	THAAD	Terminal High Altitude Area Defense
EM	Electromagnetic	MOSA	Modular Open Systems Architecture	WAMI	Wide Area Motion Imagery
EO/IR	Electro-optical / Infrared	NMT	Navy Multiband Terminal		



