

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): September 10, 2020

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.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	MRCY	Nasdaq Global Select Market

Item 7.01 Regulation FD Disclosure.

The management of Mercury Systems, Inc. (the "Company") will present an overview of the Company's business on September 10, 2020 at the Gabelli 26th Annual Aerospace and Defense Conference. Attached as Exhibit 99.1 to this Report is a copy of the presentation to be made by the Company at the conference.

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 September 10, 2020

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: September 10, 2020

MERCURY SYSTEMS, INC.

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



GABELLI 26th ANNUAL AEROSPACE & DEFENSE CONFERENCE

Mike Ruppert
Executive Vice President & CFO

Nelson Erickson
Vice President, Strategy & Corporate Development

September 10, 2020



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 the acquisitions described herein and to fiscal 2021 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 epidemics and pandemics such as COVID, 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 industrial security and cyber-security regulations and requirements, changes in tax rates or tax regulations, changes to interest rate swaps or other cash flow hedging arrangements, 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 July 3, 2020. 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, free cash flow, organic revenue and acquired revenue, 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.

Mercury Systems at-a-glance

Innovation That Matters. By and For People Who Matter.

<p>Founded in 1981 NASDAQ: MRCY</p>	<p>Transformational business model at the intersection of high tech and defense</p>	<p>Making commercial technology profoundly more accessible</p>
<p>PURPOSE-BUILT</p> <p>Provide all processing solutions on every system that requires trusted and secure computing</p>	<p>Deployed on 300+ programs – serving defense Prime contractor outsourcing needs</p>	<p>Defense industry's highest Glassdoor employee ratings*</p>

Mercury Systems by the numbers

1,970+

Number of team members globally,
>25% hold DoD security clearances

4-5x

Research & development relative
investment compared to our industry

\$797M

FY20 Revenue, 28% CAGR FY15-FY20
~11% avg. organic growth FY15-FY20

22

Global state-of-the-art facilities

300+

Installed base: number of A&D
programs with Mercury embedded

\$176M

FY20 Adj. EBITDA \$176M (22% margin)
32% CAGR FY15-FY20

35+

Years of tech leadership in A&D industry

25+

Prime customers: including virtually
all leaders in the A&D industry

11

Number of M&A transactions
completed last 5 years

Mercury solutions deployed on 300+ programs with 25+ primes

Aerospace & Defense Platform and Systems Electronics Content						Primes
	JLTV	WIN-T	KC-46	A330 MRTT	Aegis	
C4I						AIRBUS BAE SYSTEMS BOEING GENERAL ATOMICS L3HARRIS LEONARDO LOCKHEED MARTIN NORTHROP GRUMMAN RAYTHEON TECHNOLOGIES SAIC SIERRA NEVADA THALES
	Sensor & Effector Mission Systems	F-16	Reaper/Gorgon Stare	Triton	LTAMDS	
F-35		C-130	Global Hawk	Badger/Buzzard	SEWIP	
Stormbreaker		PGK	MALD-J	Paveway	SM2/3/6	

Investment highlights

Focused on large, growing, well-funded addressable markets

Proven transformational business model investing 4-5x defense industry average in R&D

Benefiting from outsourcing, supply chain delayering and “re-shoring”

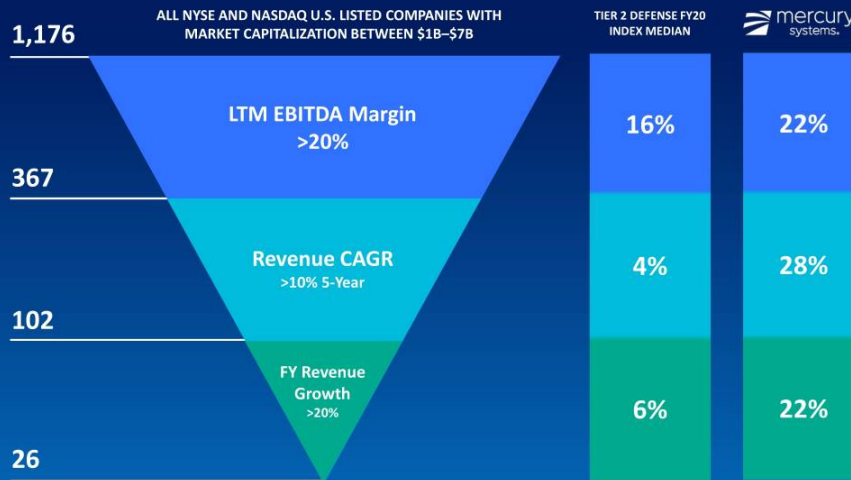
Low-risk content expansion strategies delivering above-average organic revenue CAGR

Successful M&A and integration strategy targeting new capabilities and market expansion

Financial performance in top 5% of similarly sized public companies*

*Based on relative performance in LTM EBITDA; 5-year CAGR; and LTM revenue growth

Mercury's financial profile demonstrates our unique strategy



Notes

- Fiscal year figures for Mercury are based on the trailing four fiscal quarters using information reported in Mercury's Form 10-K, Form 10-Q and/or most recent earnings release. All other data per FactSet as of July 14, 2020. 5-year CAGR for market participants calculated per FactSet for the trailing four fiscal quarters available as of July 14, 2020 and the comparable historical period. Mercury 5-year CAGR calculated as the trailing four fiscal quarters ending fiscal Q4 FY20 compared to the trailing four fiscal quarters ending fiscal Q4 FY15. Financials represent reported results and are not adjusted for acquisitions or divestitures.
- TIER 2 DEFENSE INDEX: AAR, Aerojet Rocketdyne, AeroVironment, AXON Enterprise, Ball Corporation, BAW Technologies, Comtech Telecommunications Corp., Cobac, Curtiss-Wright, Ducommun, Elbit Systems, FLIR Systems, HEICO, Hexcel, Honeywell Intl, Kaman, Kratos Defense & Security Solutions, L3Harris Technologies, Maxar, Moog, Oshkosh, OSI Systems, Teledyne Technologies, Textron, TransDigm Group, Triumph Group, Viasat, Woodward, Inc.

Mercury strategy: A plan to meet market needs at speed

1/

Invest to grow organically

2/

Expand capabilities,
market access and penetration
through M&A

3/

Invest in trusted, secure
Innovation That Matters®

4/

Continuously improve
operational capability
and scalability

5/

Attract and retain
the right talent

6 highly differentiated capabilities: To invest in any one of these would be significant. We invest in all six.

01 Silicon: We are a leader in adapting commercially-developed silicon technology to be purpose-built specifically for aerospace and defense.

02 Speed: Highest performance and densest processing solutions available onboard military platforms.

03 SWaP: Everything optimized for size, weight and power, along with most advanced packaging cooling technology.



04 Software: Investment in the most advanced open middleware and software allowing customers to port their applications on top of open mission systems architecture.

05 Security: Investment in industry-leading embedded security capabilities and secure manufacturing facilities.

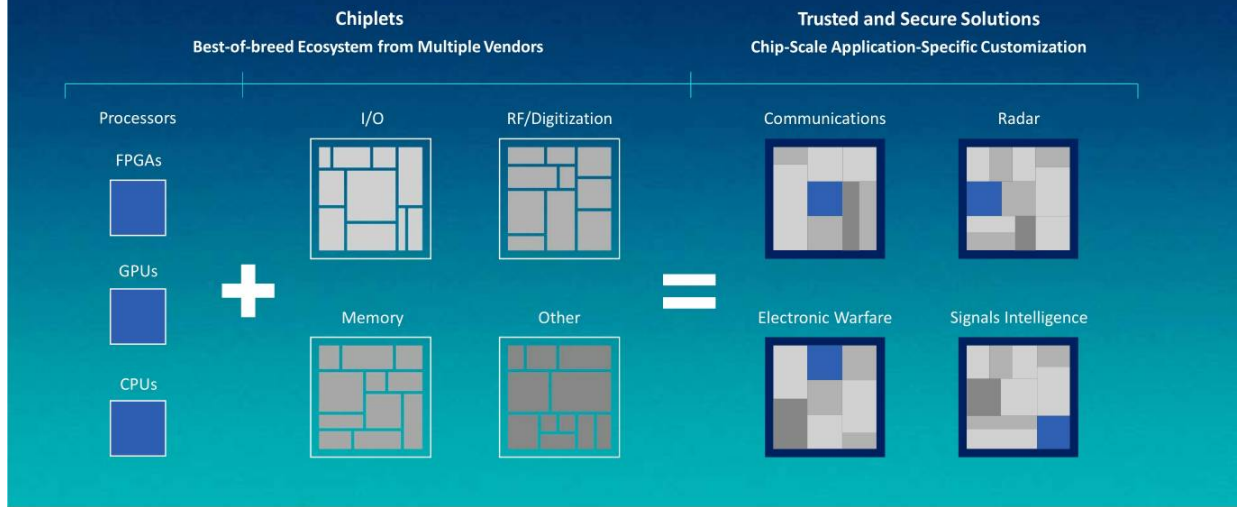
06 Safety: Design safety-certifiable processing systems up to the highest design assurance levels.

However, our overarching strategy is to provide all types of processing subsystems requiring trusted, secure computing

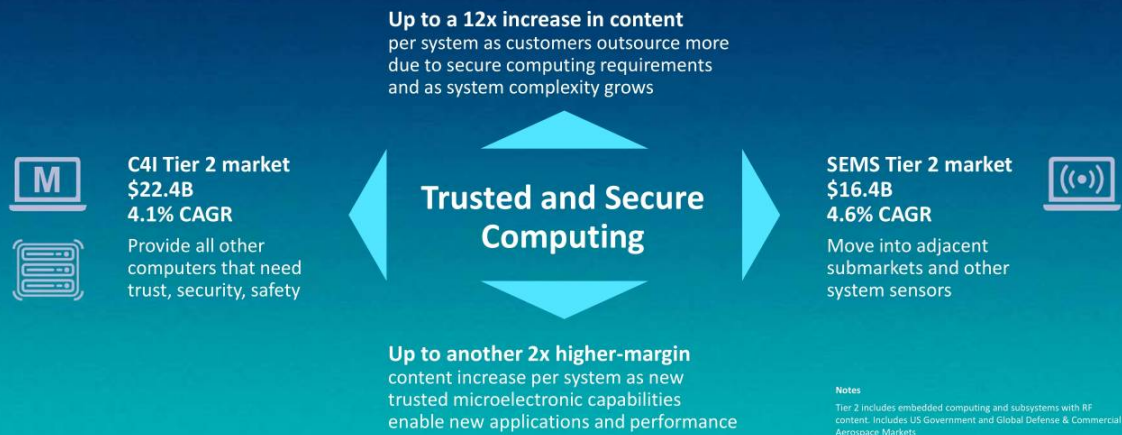
- Traditional COTS product integration model broken
- Procurement reform has shifted development risk to industry
- Customers burdened with integration risk and cost
- Our approach reduces program risk, meets outsourcing need, delivers at speed of relevance



This game-changing capability will enable new applications at a rapid pace



We are simultaneously expanding our content footprint vertically while horizontally expanding our market access



Six major trends shaping the defense industry

1/ Defense spending pressures

Political uncertainty, COVID-19 stimulus, interest payments, healthcare and social spending remain long-term headwinds; Pressures require prioritization within DoD

2/ Challenging global security environment

National Defense Strategy is focused on near-peer threats; Chinese militarization and power projection, resurgent Russia; drives technology requirements

3/ Defense electronics modernization underway

Significant system upgrades underway to maintain and extend competitive advantage: Sensor & C4I as well as weapon systems modernization and readiness

4/ Investment and innovation challenges

Primes increasing headcount but recruitment challenges and aging workforce; Relatively low IRAD requires focused investment and increased outsourcing

5/ Need access to commercial technology

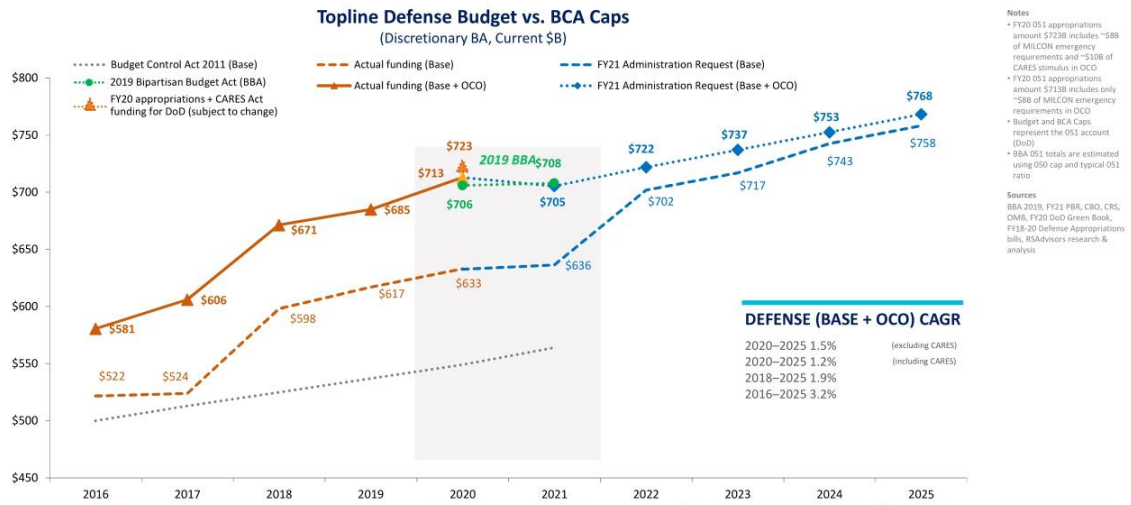
Leverage high-tech commercial investment and innovation; must be tailored for defense purposes. Microelectronics elevated to DoD's #1 technology priority

6/ Imperative for U.S.-produced technology

Supply chain globalization vs. need for trust, security and assurance. Need to onshore capacity and capability



FY21 DoD PBR reflects 2019 BBA topline for FY20-21 and calls for ~1.5% topline budget growth over the FYDIP











The A&D electronics systems market is ~ \$125B annually
Our total addressable market is now ~\$40B

Aerospace & Defense Platform and Systems Electronics Content

C4I (\$22.4B)*

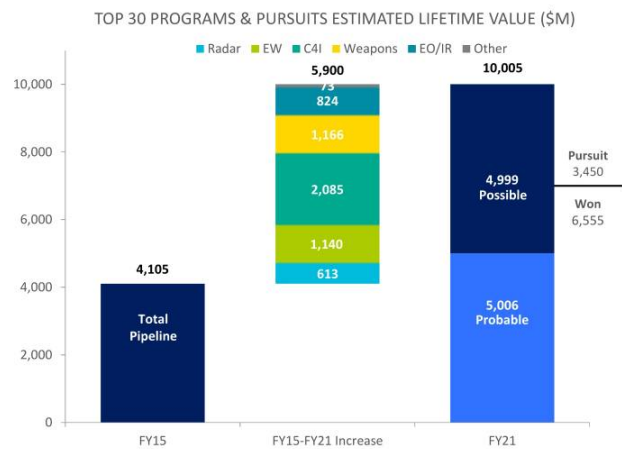
Sensor & Effector Mission Systems (\$16.4B)*

MARKET SEGMENT	C4I (\$22.4B)*			Sensor & Effector Mission Systems (\$16.4B)*				
	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
DEFINITION	Control & operation of platform & mission systems	Processing & exploitation of information	Dissemination of information	Offensive / defensive exploitation of EM spectrum	Use of RF signal to detect, track, ID	Thermo-graphic camera with video output	Sound pulses to determine object location	Seekers, HEL, HPM Naval Launched Air Launched
GFY19 ELECTRONICS MARKET (\$B)	\$28.1B	\$37.6B	\$16.4B	\$8.8B	\$10.2B	\$11.6B	\$4.0B	\$5.8B
	4.0%	2.7%	3.9%	4.2%	3.2%	3.5%	5.2%	4.0%
	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR
GFY19 TIER 2* MARKET (\$B)	\$7.1B	\$7.7B	\$7.6B	\$5.4B	\$5.3B	\$1.8B	\$1.0B	\$2.9B
	4.8%	3.7%	4.0%	4.3%	3.6%	4.8%	6.0%	4.4%
	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR

Notes: *Tier 2 includes embedded computing and subsystems with RF content. Includes US Government and Global Defense & Commercial Aerospace Markets
 Sources: RSAdvisors research & analysis, November 2019. Numbers are rounded.

Acquisitions and investments driving significant opportunity growth

- Defense prime contractors outsourcing more
- Outsourced integrated subsystems 74% of top 30 program lifetime value
- Content expansion driving above-average growth
- Defense primes' flight to quality suppliers
- Supply chain delayering and reshoring
- Foreign military and international sales increasing



Glassdoor current employee ratings validate Mercury's status as a destination employer and acquirer of choice

	Mercury Systems	Glass Door Average	Proxy Peer Group ⁽¹⁾	Tier 2 Defense Company Index ⁽²⁾
Overall Rating	4.7	3.6	3.5	3.6
Culture & Values	4.7	3.4	3.3	3.4
Work-Life Balance	4.1	3.5	3.5	3.6
Senior Management	4.6	3.2	3.0	3.2
Compensation & Benefits	4.5	3.2	3.4	3.5
Career Opportunities	4.5	3.1	3.2	3.3
Recommend to Friend	95%	64%	62%	67%
CEO Approval	98%	73%	73%	77%
Positive Business Outlook	95%	51%	51%	56%

(1) PROXY PEER GROUP: ADTRAN, Inc., AeroVironment, Inc., Astronics Corp., Brooks Automation, Inc., CalAmp Corp., Cognex Corp., Comtech Telecommunications Corp., Gray, Inc., Digi International, Inc., Ducommun, Inc., Infinera Corp., iRobot Corp., Kratos Defense & Security Solutions, Inc., MACOM Technology Solutions Holdings, Inc., MKS Instruments, Inc., NETGEAR, Inc., NetScout Systems, Inc., Novanta, Inc., Progress Software Corp., Qualys, Inc., Vicor Corp.

(2) TIER 2 DEFENSE INDEX: AAR Corporation, Aerojet Rocketdyne, AeroVironment, AXON Enterprises, Ball Aerospace, BWX Technologies, Comtech Telecom, Cubic Corp., Curtiss Wright Corp., Ducommun, Elbit Systems, FLIR Systems, Harris Corp., Heico, Hexcel, Honeywell Intl, Kaman, KBR, Kratos Defense, L3 Technologies, Maxar, MDOG, Dishkosh Defense, OSI Systems, Teledyne Technologies, Teutron, Transigm Group, Triumph Group, United Technologies, Vectrus, Viasat, Woodward Aerospace.

(3) Source: Glassdoor, Inc., Sept. 1, 2020

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

Aerospace & Defense Platform and Systems Electronics Content

C4I (\$22.4B)*

Sensor & Effector Mission Systems (\$16.4B)*

MARKET SEGMENT	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
ACQUISITIONS						Organic		
GFY19 TIER 2* MARKET (\$B)	\$7.1B 4.8% '19-24 CAGR	\$7.7B 3.7% '19-24 CAGR	\$7.6B 4.0% '19-24 CAGR	\$5.4B 4.3% '19-24 CAGR	\$5.3B 3.6% '19-24 CAGR	\$1.8B 4.8% '19-24 CAGR	\$1.0B 6.0% '19-24 CAGR	\$2.9B 4.4% '19-24 CAGR

Notes: *Tier 2 includes embedded computing and subsystems with RF content. Includes US Government and Global Defense & Commercial Aerospace Markets
Sources: RSAdvisors research & analysis, November 2019. Numbers are rounded.

Mercury M&A philosophy and value creation blueprint

<p>Culture & Values</p> <p>Assess cultural fit and rapidly enculturate the acquiree</p>	<p>Full Integration</p> <p>We believe in full integration – We’re not a holding company</p>	<p>Unify Brand</p> <p>One Brand – Mercury Systems</p>	<p>Combine Like Entities</p> <p>Combine like businesses or product lines to gain scale and efficiencies</p>	<p>Consolidate Manufacturing</p> <p>Invest capital to consolidate and modernize manufacturing facilities</p>
<p>Deploy Common Processes & Systems</p> <p>Deploy scalable enterprise processes, systems, security, collaboration</p>	<p>Invest R&D Leverage G&A</p> <p>Raise R&D to accelerate new design wins – Centralize G&A where possible</p>	<p>Accelerate Organic Growth</p> <p>Strategic account and solution sales model to accelerate organic growth</p>	<p>Continuously Improve</p> <p>Matrix structure drives clarity, consistency, continuous improvement</p>	<p>Deliver Results</p> <p>Common business management process and operating cadence</p>



We're a leader in trusted, secure technologies and subsystems

- Innovative growth company at intersection of high tech and defense
- Aligned with dominant industry trends
- Proven transformational business model for A&D industry
- Low-risk content expansion strategies with substantial headroom
- Successful M&A strategy targeting new capabilities and market expansion
- Financial performance in top 5% of similarly sized public companies



Michael Ruppert
Executive Vice President & CFO

FINANCIAL OVERVIEW



The evolution of Mercury Systems

In millions, except percentage and per share data.

	FY15 ⁽¹⁾	FY20 ⁽¹⁾	Change
Valuation	Market Capitalization ⁽²⁾	\$504	\$4,373 9x
	Enterprise Value ⁽²⁾	\$426	\$4,165 10x
Operational	Revenue ⁽²⁾	\$235	\$797 3x
	Adj. EBITDA ⁽³⁾ % Margin	\$44 19%	\$176 22% +320 bps
	Adj. EPS ⁽³⁾	\$0.80	\$2.30 3x
Strategy	Number of Acquisitions ⁽⁴⁾	N.A.	11 N.M.
	Capital Deployed ⁽⁴⁾	N.A.	\$804 N.M.

Notes

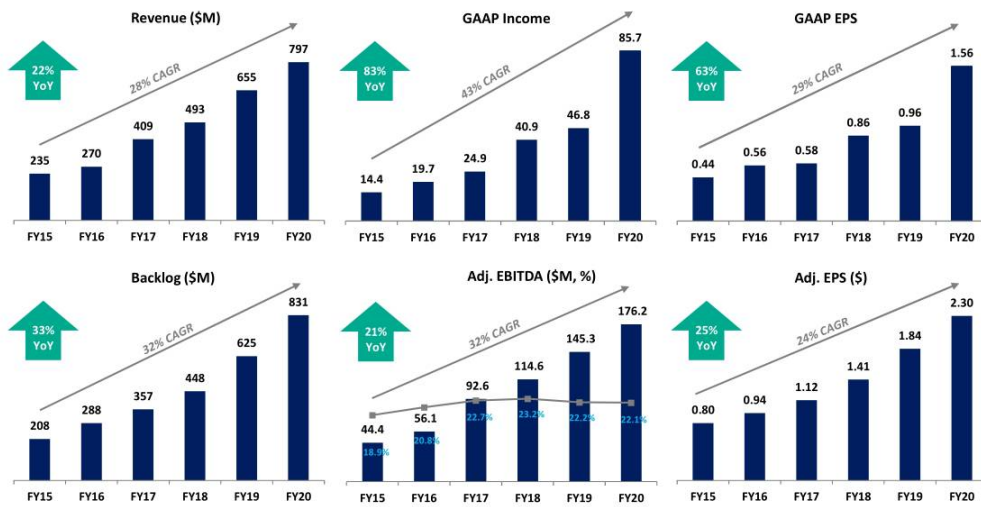
(1) Trailing four fiscal quarters ended FY15 and FY20, respectively. Operational figures are based on fiscal year and fiscal quarter results as reported in the Company's Forms 10-Ks, Form 10-Qs and/or most recent earnings release. Historical results are as reported, not pro forma for acquisitions.

(2) Valuation for FY15 based on basic shares from the cover page of the Company's FY15 10-K and stock price as of June 30, 2015. Valuation for FY20 based on basic shares from the cover page of the Company's Q3 FY20 10-Q and stock price as of June 30, 2020.

(3) Non-GAAP, see reconciliation table.

(4) Acquisitions completed and capital deployed in acquisitions FY15-FY20.

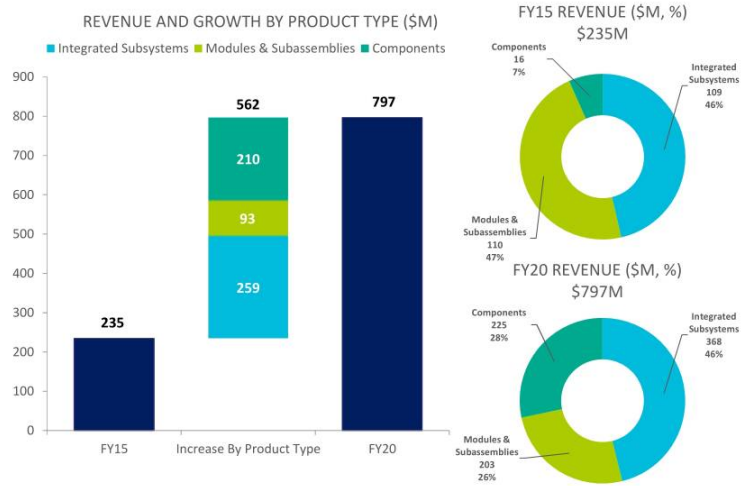
Mercury continues to deliver strong financial results



Notes
For the fiscal years ended June 30, as reported in the Company's Form 10-Ks. CAGR figures for the period FY15-FY20. YoY figures for the period FY18 vs. FY17. Numbers are rounded. Per share data is presented on a fully diluted basis. As of Q3 FY20, the Company has revised its definition of adjusted EBITDA to incorporate other non-operating adjustments, net, which includes gains or losses on foreign currency measurement and fixed assets sales and disposals among other adjustments.

Content expansion from modules to subsystems

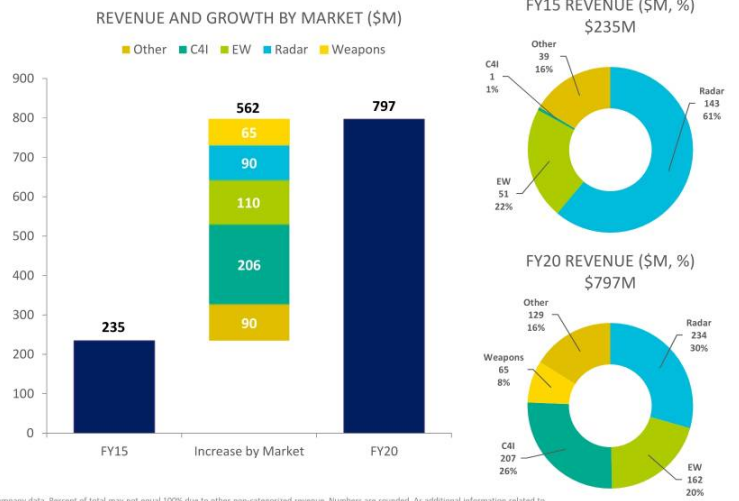
- **Components:**
 - ▶ Expansion via custom microelectronics acquisition from Microsemi
 - ▶ Investment in trusted microelectronics
- **Modules/Subassemblies:**
 - ▶ Down from 47% of revenue in FY15 to 26% in FY20 as shift towards subsystems
- **Subsystems:**
 - ▶ Expansion into \$40B Tier 2 RF & computing market
 - ▶ Subsystems represent 63% of top 30 program lifetime value



Notes: Fiscal years ended June 30. FY15-FY20 figures are as reported in the Company's Form 10-Ks and/or internal Company data. Percent of total may not equal 100% due to other non-categorized revenue. Numbers are rounded. As additional information related to the Company's products by end user, application and/or product grouping is attained, the categorization of these products can vary over time. When this occurs, the Company reclassifies revenue by end user, application and/or product grouping for prior periods.

Expanding into new markets

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



Notes: Fiscal years ended June 30. FY15-FY20 figures are as reported in the Company's Form 10-Ks and/or internal Company data. Percent of total may not equal 100% due to other non-categorized revenue. Numbers are rounded. As additional information related to the Company's products by end user, application and/or product grouping is attained, the categorization of these products can vary over time. When this occurs, the Company reclassifies revenue by end user, application and/or product grouping for prior periods.

Taking market share due to significant investments

Focused on core markets, technologies and scale. Invested \$1.3 billion since FY14 driving outsourcing



IR&D	~\$390M
Capital Expenditures	~\$140M
Acquisition Investment	~\$800M
Total Investment	~\$1.3B

Markets C4I and SEMS

Aerospace & Defense Platform and Systems Electronics Content

Platform & Mission Mgmt	C4I			Sensor & Effector Mission Systems			
	C2I	Comms	EW	Radar	EO/IR	Acoustics	Weapons

Trusted and Secure Mission-Critical Technologies and Subsystems



Trusted Domestic Manufacturing and Integration from Chip-scale to Systems

Defense Microelectronics Activity



- 1U, 2U and custom form factors
- Made in the U.S.A. motherboards
- Composable security features
- MIL-STD 810G/F, 901D, 167-1, 461
- Field-proven, approved design

Notes
All figures are approximate and reflect the period of FY14-FY20 using information reported in the Company's Form 10-Ks, Form 10-Qs and/or recent public announcements. Numbers are rounded.

FY20 vs. FY19

In \$ millions, except percentage and per share data	FY19	FY20 ⁽³⁾	CHANGE
Bookings	\$782.9	\$954.3	22%
Book-to-Bill	1.20	1.20	
Backlog	\$625.4	\$831.1	33%
12-Month Backlog	451.2	567.7	
Revenue	\$654.7	\$796.6	22%
Organic Revenue Growth ⁽¹⁾	12%	14%	
Gross Margin	43.7%	44.8%	1.1 pts
Operating Expenses	\$209.6	\$265.8	
Selling, General & Administrative	110.7	132.3	27%
Research & Development	68.9	98.5	
Amortization/Restructuring/Acquisition	29.9	35.0	
GAAP Net Income	\$46.8	\$85.7	83%
Effective Tax Rate	21.4%	8.8%	
GAAP EPS	\$0.96	\$1.56	63%
Weighted Average Diluted Shares	48.5	55.1	
Adjusted EPS ⁽²⁾	\$1.84	\$2.30	25%
Adj. EBITDA ⁽²⁾	\$145.3	\$176.2	21%
% of revenue	22.2%	22.1%	
Operating Cash Flow	\$97.5	\$115.2	18%
Free Cash Flow ⁽²⁾	\$70.8	\$71.9	2%
% of Adjusted EBITDA	49%	41%	

Notes

(1) 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.

(2) Non-GAAP, see reconciliation table.

(3) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day of June. All references in this presentation to the fourth quarter and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the first quarter of fiscal 2021 and full fiscal 2021 are to the quarter ending October 2, 2020 and 52-week period ending July 2, 2021.

Mercury recent acquisition history

Company	Expansion Primary Theme	Closing Date	Purchase Price (\$M)	Ending Debt Balance	Funding
LIT	Security	Dec-2015	\$ 10	\$ 0	Cash on Hand
Microsemi ⁽¹⁾	Weapons, EW, Security	May-2016	\$ 300	-	Term Loan Cash on Hand
April 2016 Equity Offering			(\$ 93)	\$ 200	Equity Offering
CES	Platform/Mission, Comm's	Nov-2016	\$ 39	\$ 190	Cash on Hand
January 2017 Equity Offering			(\$ 216)	\$ 0 ⁽²⁾	Equity Offering
Delta Microwave	EW, Space	Apr-2017	\$ 41	\$ 0 ⁽²⁾	Cash on Hand
RTL	Platform/Mission	Jul-2017	\$ 6	\$ 0	Cash on Hand
Themis	C2I, Comm's	Feb-2018	\$ 180	\$ 195	Revolver
Germane Systems	C2I, Acoustics	Jul-2018	\$ 45	\$ 240	Revolver
GECO	Platform/Mission	Jan-2019	\$ 37	\$ 277	Revolver
Athena	Security	Apr-2019	\$ 46	\$ 325	Revolver
Syntonic Microwave	EW	Apr-2019	\$ 46	\$ 325	Revolver
May 2019 Equity Offering			(\$ 455)	\$ 0 ⁽³⁾	Equity Offering
APC	Platform/Mission, Vectronics	Sep-2019	\$ 100	\$ 0 ⁽⁴⁾	Cash on Hand
Total Capital Deployed: \$ 804					

Source: Company filings, Company investor presentations.
 (1) Represents carve-out acquisition from Microsemi Corp.
 (2) On June 27, 2017, Mercury amended its senior secured credit facility, increasing and extending the revolving credit facility and utilizing the January 2017 equity offering proceeds to repay the remaining principal on the existing term loan.
 (3) Reflects repayment of debt with proceeds from the May 2019 common stock offering.
 (4) Reflects acquisition of American Panel Corporation (APC) on September 23, 2019 with proceeds from the May 2019 common stock offering.

Committed to maintaining differentiated and attractive financial profile



Strategy and business model delivering financial performance well above industry average

- Track record of strong organic growth, profitability and strategic M&A
- Significant investment over last 5 years is competitive differentiator
- Poised for continued organic growth and margin expansion
- Well positioned for future M&A with strong pipeline and financial flexibility
- Clear strategy to continue to maintain unique financial profile



APPENDIX



Balance sheet

(In \$ millions) ⁽¹⁾	As of				
	6/30/19	9/27/19	12/27/19	3/27/20	7/3/20
ASSETS					
Cash & cash equivalents	\$257.9	\$161.3	\$182.0	\$407.1	\$226.8
Accounts receivable, net	176.2	177.5	193.4	214.0	210.7
Inventory, net	137.1	148.5	153.6	161.9	178.1
PP&E, net	60.0	65.9	72.7	78.7	87.7
Goodwill and intangibles, net	768.3	847.4	839.2	831.4	822.8
Other ⁽²⁾	17.4	73.3	71.7	78.5	84.6
TOTAL ASSETS	\$1,417.0	\$1,473.9	\$1,512.6	\$1,771.6	\$1,610.7
LIABILITIES AND S/E					
AP and accrued expenses ⁽²⁾	\$86.7	\$84.8	\$91.3	\$109.6	\$107.0
Other liabilities ⁽²⁾	45.5	93.7	104.3	112.6	118.9
Debt	-	-	-	200.0	-
Total liabilities	132.2	178.5	195.6	422.2	225.9
Stockholders' equity	1,284.7	1,295.3	1,317.1	1,349.4	1,384.8
TOTAL LIABILITIES AND S/E	\$1,417.0	\$1,473.9	\$1,512.6	\$1,771.6	\$1,610.7

Notes
(1) Rounded amounts used.
(2) Effective July 1, 2019, the Company has adopted ASC 842 - Leases using the optional transition method. Prior periods were not changed. As of July 3, 2020, the Company has right-of-use assets of \$60.6 million and total Lease liabilities of \$73.9 million, of which \$6.9 million is included in accrued expenses.

Cash flow summary

(In \$ millions) ⁽¹⁾	FY19	For the Fiscal Quarters Ended				FY20
		9/27/19	12/27/19	3/27/20	7/3/20	
Net Income	\$46.8	\$19.2	\$15.7	\$23.6	\$27.2	\$85.7
Depreciation and amortization	46.4	11.4	12.5	12.7	12.8	49.3
Termination of interest rate swap	5.4	-	-	-	-	-
Gain on investment	-	-	-	(3.8)	(2.0)	(5.8)
Other non-cash items, net	21.6	6.4	7.6	8.5	6.8	29.4
Changes in Operating Assets and Liabilities						
Accounts receivable, unbilled receivables, and costs in excess of billings	(28.1)	2.2	(15.7)	(20.7)	3.2	(31.1)
Inventory	(17.1)	0.4	(5.7)	(8.2)	(18.1)	(31.6)
Accounts payable and accrued expenses	17.9	(6.3)	5.8	18.4	(4.4)	13.6
Other	4.5	(9.0)	11.8	(0.4)	3.2	5.7
	(22.7)	(12.8)	(3.8)	(10.9)	(16.1)	(43.4)
Operating Cash Flow	97.5	24.3	32.1	30.1	28.7	115.2
Capital expenditures	(26.7)	(9.6)	(11.3)	(10.9)	(11.5)	(43.3)
Free Cash Flow⁽²⁾	\$70.8	\$14.7	\$20.7	\$19.2	\$17.2	\$71.9
<i>Free Cash Flow⁽²⁾ / Adjusted EBITDA⁽²⁾</i>	<i>49%</i>	<i>40%</i>	<i>48%</i>	<i>41%</i>	<i>35%</i>	<i>41%</i>
<i>Free Cash Flow⁽²⁾ / GAAP Net Income</i>	<i>151%</i>	<i>76%</i>	<i>132%</i>	<i>81%</i>	<i>63%</i>	<i>84%</i>

Notes:
⁽¹⁾ Rounded amounts used.
⁽²⁾ Non-GAAP, see reconciliation table.

Q4 FY20 vs. Q4 FY19

In \$ millions, except percentage and per share data	Q4 FY19	Q4 FY20 ⁽³⁾	CHANGE
Bookings	\$241.3	\$278.6	15%
Book-to-Bill	1.36	1.28	
Backlog	\$625.4	\$831.1	33%
12-Month Backlog	451.2	567.7	
Revenue	\$177.0	\$217.4	23%
Organic Revenue Growth ⁽¹⁾	4%	17%	
Gross Margin	45.1%	44.4%	(0.7 pts)
Operating Expenses	\$59.0	\$70.2	
Selling, General & Administrative	30.7	35.5	19%
Research & Development	20.3	27.0	
Amortization/Restructuring/Acquisition	7.9	7.7	
GAAP Net Income	\$12.8	\$27.2	113%
Effective Tax Rate	(1.7%)	(0.9%)	
GAAP EPS	\$0.25	\$0.49	96%
Weighted Average Diluted Shares	50.7	55.3	
Adjusted EPS ⁽²⁾	\$0.48	\$0.72	50%
Adj. EBITDA ⁽²⁾	\$37.9	\$49.6	31%
% of revenue	21.4%	22.8%	
Operating Cash Flow	\$26.0	\$28.7	11%
Free Cash Flow ⁽²⁾	\$17.1	\$17.2	1%
% of Adjusted EBITDA	45%	35%	

Notes

(1) 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.

(2) Non-GAAP, see reconciliation table.

(3) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day of June. All references in this presentation to the fourth quarter and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the first quarter of fiscal 2021 and full fiscal 2021 are to the quarter ending October 2, 2020 and 52-week period ending July 2, 2021.

Adjusted EPS reconciliation

(In thousands, except per share data)	Q4 FY19	Q4 FY20	FY19	FY20	Q1 FY21 ⁽²⁾⁽⁶⁾		FY21 ⁽²⁾⁽⁶⁾	
					Low	High	Low	High
Earnings per share⁽¹⁾	\$ 0.25	\$ 0.49	\$ 0.96	\$ 1.56	\$ 0.18	\$ 0.22	\$ 1.23	\$ 1.34
Net income	\$12,804	\$ 27,224	\$46,775	\$ 85,712	\$ 10,100	\$ 12,300	\$ 68,500	\$ 74,400
Other non-operating adjustments, net ⁽³⁾	\$ 519	(2,250)	364	(5,636)	-	-	-	-
Amortization of intangible assets	7,008	7,701	27,914	30,560	7,700	7,700	30,300	30,300
Restructuring and other charges	(13)	(10)	560	1,805	-	-	-	-
Impairment of long-lived assets	-	-	-	-	-	-	-	-
Acquisition and financing costs	7,036	636	9,628	5,645	800	800	3,100	3,100
Fair value adjustments from purchase accounting	-	601	713	1,801	-	-	-	-
Litigation and settlement expense, net	19	315	344	944	-	-	-	-
COVID related expenses ⁽⁴⁾	-	2,196	-	-	-	-	-	-
Stock-based and other non-cash compensation expense	4,626	7,640	19,621	26,972	2,200	2,200	2,200	2,200
Impact to income taxes ⁽⁵⁾	(7,738)	(4,293)	(16,630)	(23,634)	8,000	8,000	33,300	33,300
Adjusted income	\$ 24,261	\$ 39,760	\$ 89,289	\$ 126,762	\$ 24,000	\$ 26,200	\$ 119,400	\$ 125,300
Adjusted earnings per share⁽¹⁾	\$ 0.48	\$ 0.72	\$ 1.84	\$ 2.30	\$ 0.43	\$ 0.47	\$ 2.15	\$ 2.26
Weighted-average shares outstanding:								
Basic	49,835	54,637	47,831	54,546				
Diluted	50,655	55,259	48,500	55,115	55,400	55,400	55,500	55,500

Notes

- (1) Per share information is presented on a fully diluted basis.
- (2) Rounded amounts used.
- (3) Effective as of the third quarter of fiscal 2020, the Company has revised its definition of adjusted income and adjusted earnings per share to incorporate other non-operating adjustments, which includes gains or losses on foreign currency remeasurement, investments and fixed asset sales or disposals among other adjustments. Adjusted EPS for prior periods has been recast for comparative purposes.
- (4) Effective as of the third quarter of fiscal 2020, the Company has added back incremental COVID-related expenses.
- (5) Impact to income taxes is calculated by recasting income before income taxes to include the add-backs involved in determining adjusted income and recalculating the income tax provision using this adjusted income from operations before income taxes. The recalculation also adjusts for any discrete tax expense or benefits related to the add-backs.
- (6) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day in June. All references in this presentation to the fourth quarter and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the first quarter of fiscal 2021 and full fiscal 2021 are to the quarter ending October 2, 2020 and 52-week period ending July 2, 2021.

Adjusted EBITDA reconciliation

(In thousands)	Q4 FY19	Q4 FY20	FY19	FY20	Q1 FY21 ⁽²⁾⁽³⁾		FY21 ⁽²⁾⁽³⁾	
					Low	High	Low	High
Net Income	\$12,804	\$ 27,224	\$ 46,775	\$ 85,712	\$ 10,100	\$ 12,300	\$ 68,500	\$ 74,400
Other non-operating adjustments, net ⁽¹⁾	519	(2,250)	364	(5,636)	-	-	-	-
Interest expense (income), net	1,591	754	8,177	(1,145)	(100)	(100)	(300)	(300)
Income tax (benefit) provision	(217)	(234)	12,752	8,221	3,500	4,300	24,100	26,200
Depreciation	4,554	5,050	18,478	18,770	5,800	5,800	26,800	26,800
Amortization of intangible assets	7,008	7,701	27,914	30,560	7,700	7,700	30,300	30,300
Restructuring and other charges	(13)	(10)	560	1,805	-	-	-	-
Impairment of long-lived assets	-	-	-	-	-	-	-	-
Acquisition and financing costs	7,036	636	9,628	5,645	800	800	3,100	3,100
Fair value adjustments from purchase accounting	-	601	713	1,801	-	-	-	-
Litigation and settlement expense, net	19	315	344	944	-	-	-	-
COVID related expenses ⁽⁴⁾	-	2,196	-	2,593	2,200	2,200	2,200	2,200
Stock-based and other non-cash compensation expense	4,626	7,640	19,621	26,972	8,000	8,000	33,300	33,300
Adjusted EBITDA	\$ 37,927	\$ 49,623	\$ 145,326	\$ 176,242	\$ 38,000	\$ 41,000	\$ 188,000	\$ 196,000

Notes

- (1) As of July 1, 2018, the Company has revised its definition of Adjusted EBITDA to incorporate other non-operating adjustments, net, which includes gains or losses on foreign currency remeasurement, investments and fixed asset sales or disposals among other adjustments.
- (2) Rounded amounts used.
- (3) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day in June. All references in this presentation to the fourth quarter and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the first quarter of fiscal 2021 and full fiscal 2021 are to the quarter ending October 2, 2020 and 52-week period ending July 2, 2021.
- (4) Effective as of the third quarter of fiscal 2020, the Company has added back incremental COVID-related expenses.

Free cash flow reconciliation

(In thousands)	Q4 FY19	Q4 FY20	FY19	FY20
Cash provided by operating activities	\$ 25,969	\$ 28,726	\$ 97,517	\$ 115,184
Purchases of property and equipment	(8,829)	(11,506)	(26,691)	(43,294)
Free cash flow	\$ 17,140	\$ 17,220	\$ 70,826	\$ 71,890

Organic revenue reconciliation

(In thousands)	Q4 FY19	Q4 FY20	FY19	FY20
Organic revenue ⁽¹⁾	\$ 174,899	\$ 205,463	\$ 641,209	\$ 732,572
Acquired revenue	2,064	11,941	13,535	64,038
Net revenues	\$ 176,963	\$ 217,404	\$ 654,744	\$ 796,610

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

Glossary

API	Application Programming Interface
BCA	Budget Control Act
C4I	Command, Control, Communications, Computers
COTS	Commercial off-the Shelf
CPU	Central Processing Unit
EO/IR	Electro-optical / Infrared
EW	Electronic Warfare
FPGA	Field Programmable Gate Array
GPU	Graphics Processing Unit
I/O	Input/Output
IP	Intellectual Property
IRAD	Internal Research And Development
NTCD	Non-traditional Defense Contractor
OTA	Other Transaction Authority
PBR	President's Budget Request
R&D	Research & Development
RF	Radio Frequency
SEMS	Sensor and Effector Mission Systems



