



# Baird 2019 Global Industrial Conference

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President and CEO

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Executive Vice President and CFO

**November 5, 2019**



# 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 2020 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 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 June 30, 2019. 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.



# Pioneering a next-generation aerospace and defense electronics company...

- Proven high-tech commercial business model for A&D
- Secure sensor and safety critical processing subsystems
- Serving defense Prime contractor outsourcing needs
- Deployed on 300+ programs with 25+ Prime contractors
- FY19 Growth YoY:
  - 33% Revenue
  - 14% GAAP Net Income
  - 27% Adj. EBITDA
  - 40% Backlog
- Defense industry's highest Glassdoor employee ratings\*



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

\* Source: Capital Alpha Partners, "Glassdoor Data & Defense: Not Much Change Over the Past Year", August 21, 2018

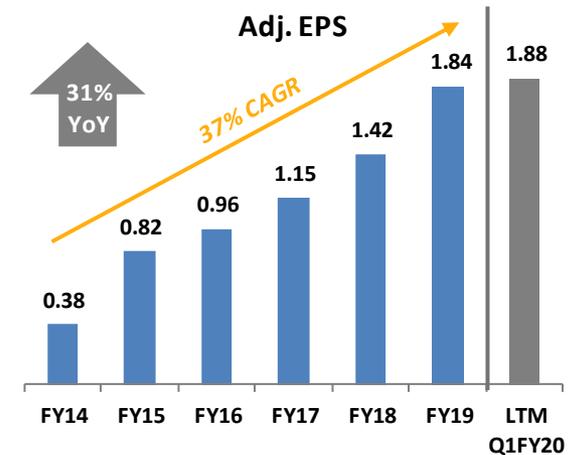
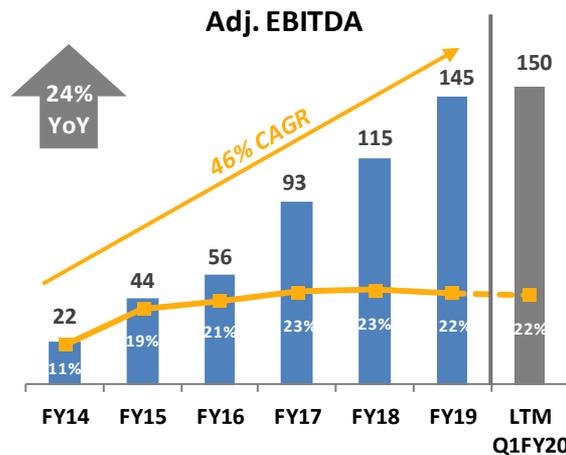
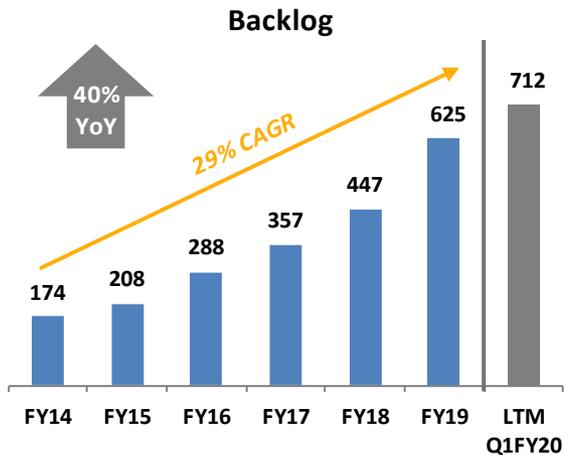
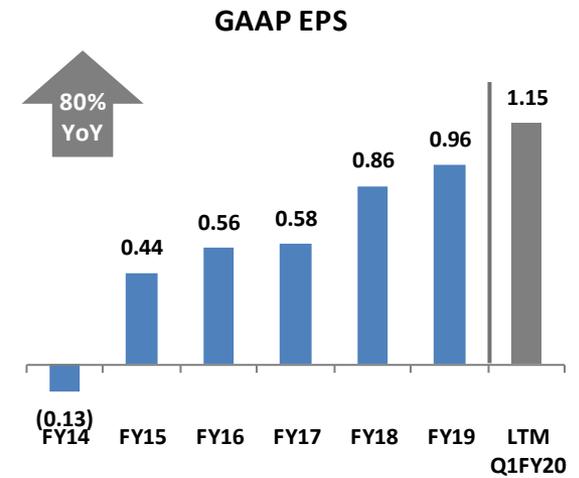
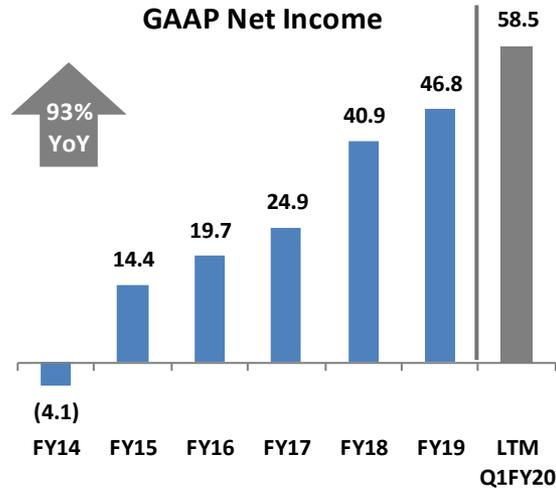
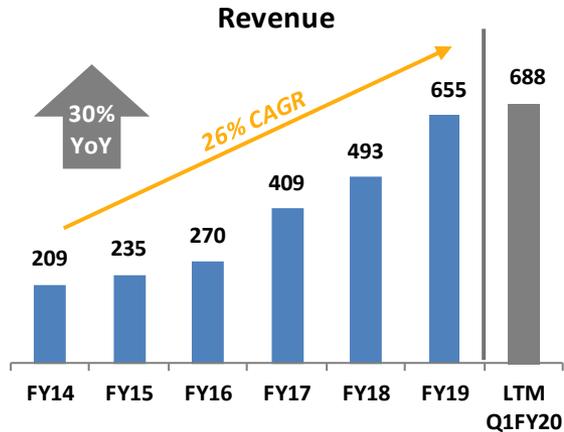
# Investor highlights

Proven management team with demonstrated track record

- 1 Focus on Core Markets** Focus on fast-growing markets in aerospace and defense electronics
- 2 Acquire New Capabilities** Expanded addressable market and moved up value chain
- 3 Increase Internal R&D Spend** High-tech R&D investment level for aerospace and defense electronics
- 4 Trusted Domestic Manufacturing** Trusted RF, digital and custom microelectronics manufacturing
- 5 Unique Go To Market Model** Solution sales and strategic account management
- 6 Scalable M&A Platform** Significant in-house origination, execution and integration capabilities
- 7 Destination Employer** Defense electronics destination employer and acquirer of choice



# Mercury has delivered 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 FY14-FY19. LTM and YoY 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. Numbers are rounded. Per share data is presented on a fully diluted basis. 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 and fixed assets sales and disposals among other adjustments. Adjusted EBITDA for prior periods has been recast for comparative purposes.

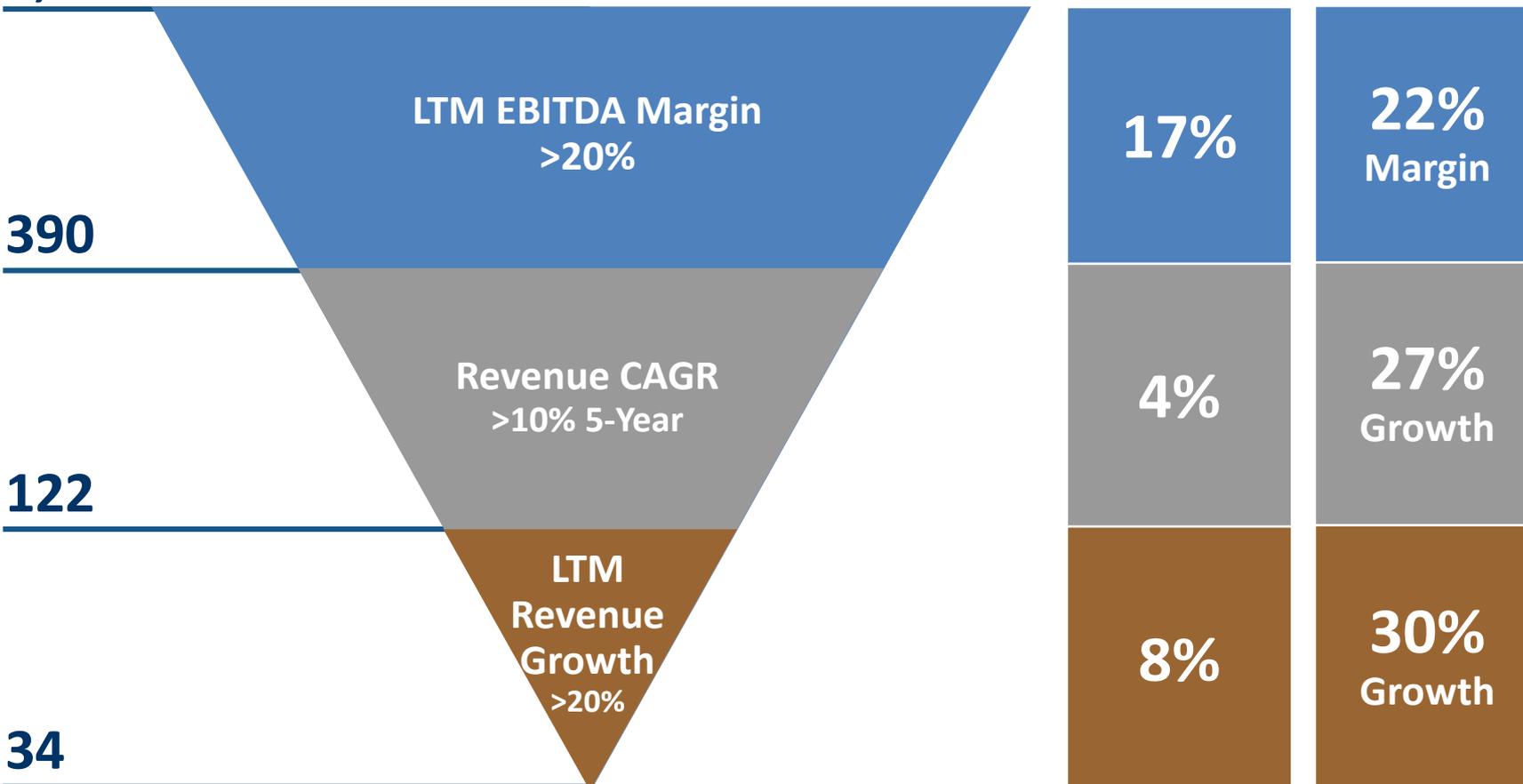
# Mercury's financial profile demonstrates our unique strategy

# of Companies

**1,057**

ALL NYSE AND NASDAQ U.S. LISTED COMPANIES WITH  
MARKET CAPITALIZATION BETWEEN \$1B - \$5B

TIER 2 DEFENSE  
INDEX MEDIAN



- Notes:**
- LTM figures for Mercury are based on the trailing four fiscal quarters using information reported in Mercury's Form 10-Ks, Form 10-Qs and/or most recent earnings release.
  - All other data per FactSet as of October 25, 2019. 5-year CAGR for market participants calculated per FactSet for the trailing four fiscal quarters available as of October 25, 2019 and the comparable historical period. Mercury 5-year CAGR calculated as the trailing four fiscal quarters ending fiscal Q1 2020 compared to the trailing four fiscal quarters ending fiscal Q1 2015. Financials represent reported results and are not adjusted for acquisitions or divestitures.
  - TIER 2 DEFENSE INDEX: AAR, Aerojet Rocketdyne, AeroVironment, AXON Enterprises, Ball Aerospace, BWX Technologies, Comtech Telecom, Cubic, Curtiss Wright, Ducommun, Elbit Systems, FLIR Systems, HEICO, Hexcel, Honeywell Intl, Kaman, Kratos Defense, L3Harris Technologies, Maxar, Moog, Oshkosh, OSI Systems, Teledyne Technologies, Textron, TransDigm Group, Triumph Group, United Technologies, Viasat, Woodward Aerospace.