

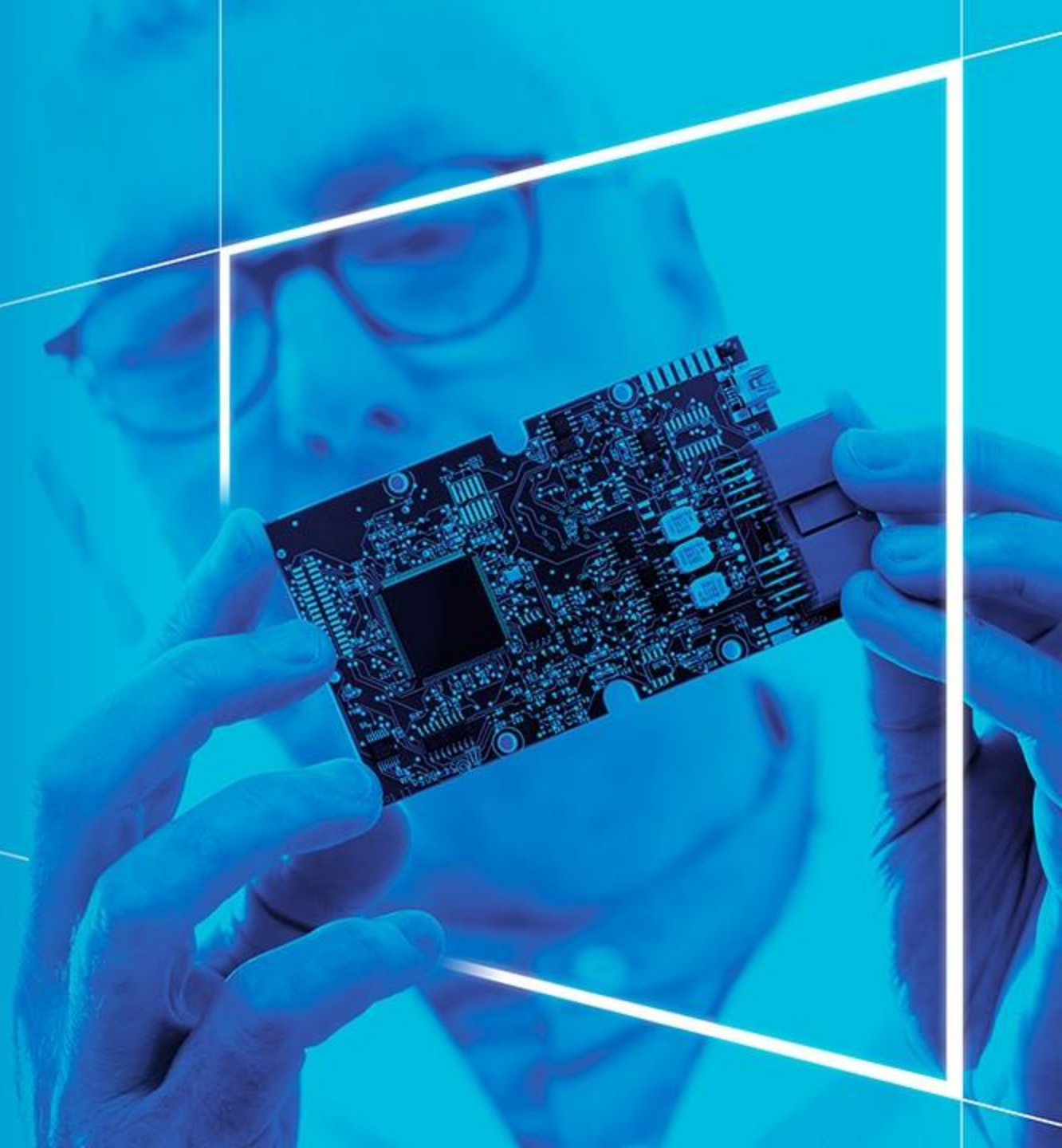


TRUIST SECURITIES 2020 INDUSTRIALS AND SERVICES SUMMIT

Mark Aslett
President & CEO

Michael Ruppert
Executive Vice President & CFO

December 8, 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.



Founded in
1981
NASDAQ: MRCY



Transformational business
model at the intersection
of high tech and defense



Making commercial technology
profoundly more accessible

PURPOSE-BUILT
Our goal is to provide all processing
solutions on every system requiring
trusted and secure computing



Deployed on 300+ programs –
serving defense Prime contractor
outsourcing needs



Defense industry's
highest Glassdoor
employee ratings*

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
C4I	JLTV	WIN-T	KC-46	A330 MRTT	Aegis	
						
	F-16	Reaper/Gorgon Stare	Triton	LTAMDS	Aegis	
						
	F-35	C-130	Global Hawk	Badger/Buzzard	SEWIP	
Sensor & Effector Mission Systems						
	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”

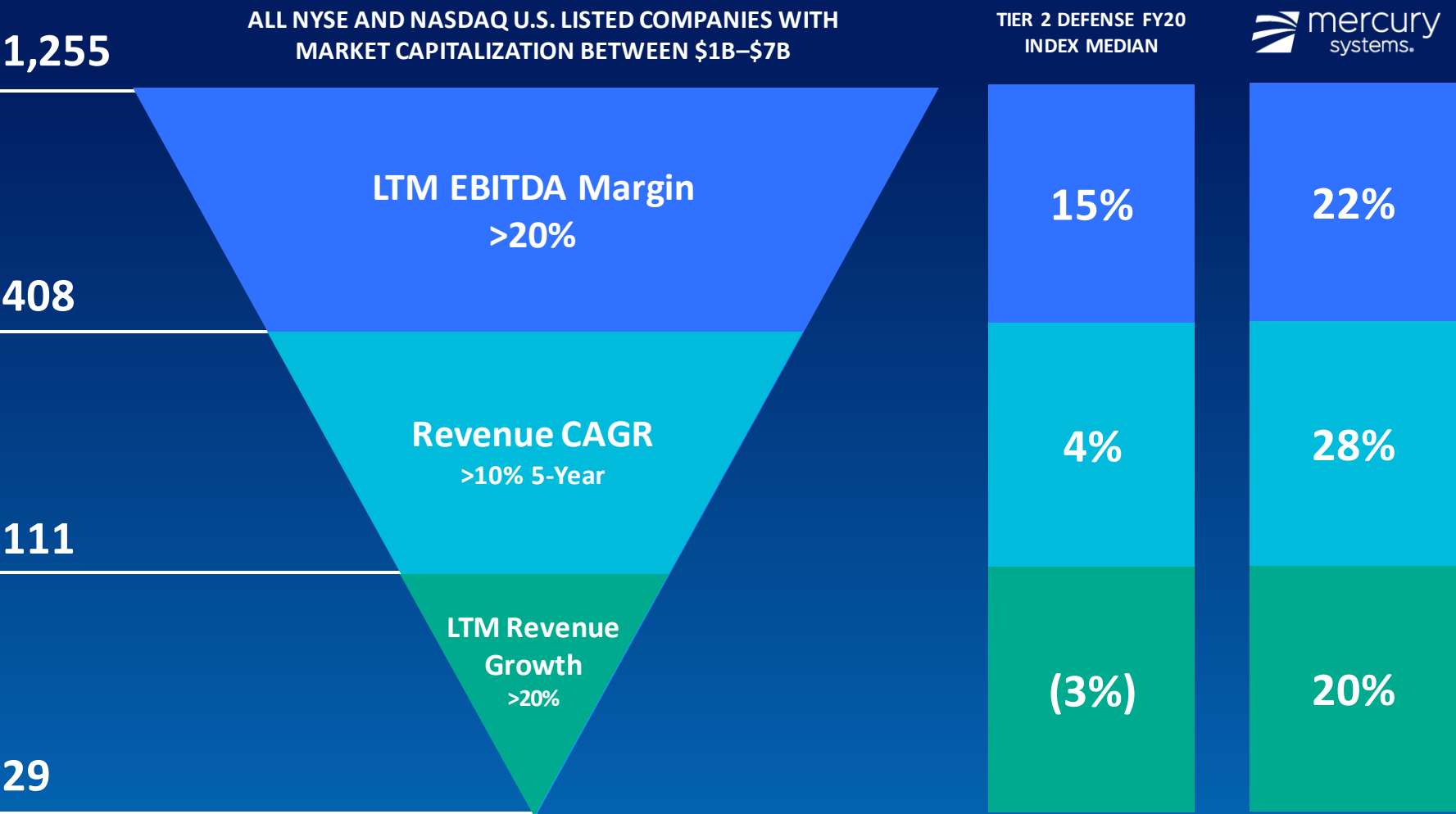
Low-risk content expansion strategies delivering above-average organic revenue CAGR

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-Ks, Form 10-Qs and/or most recent earnings release. All other data per FactSet as of December 2, 2020. 5-year CAGR for market participants calculated per FactSet for the trailing four fiscal quarters available as of December 2, 2020 and the comparable historical period. Mercury 5-year CAGR calculated as the trailing four fiscal quarters ending fiscal Q1 FY21 compared to the trailing four fiscal quarters ending fiscal Q1 FY16. Financials represent reported results and are not adjusted for acquisitions or divestitures.
 - TIER 2 DEFENSE INDEX: AAR, Aerojet Rocketdyne, AeroVironment, AXON Enterprise, Ball Corporation, BWX Technologies, Comtech Telecommunications Corp, Cubic, 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, Texttron, 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.

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

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

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



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

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

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

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

Sensor Processing



Sensor Processing

Open Middleware

Security

Displays

Rugged Embedded Comp

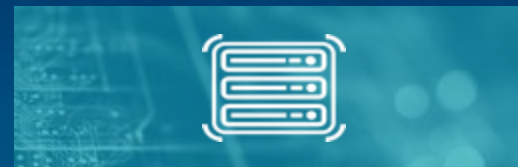
Storage

Sensor Interface

Digitization

RF

Platform & Mission Management



Avionics/Vetronics

Certification

Security

Displays

Mission Computer

Safety

Network Management

Video Switching

PNT/APNT

C3I



C2/Comms

Software Integration

Security

Displays

Mission Computer

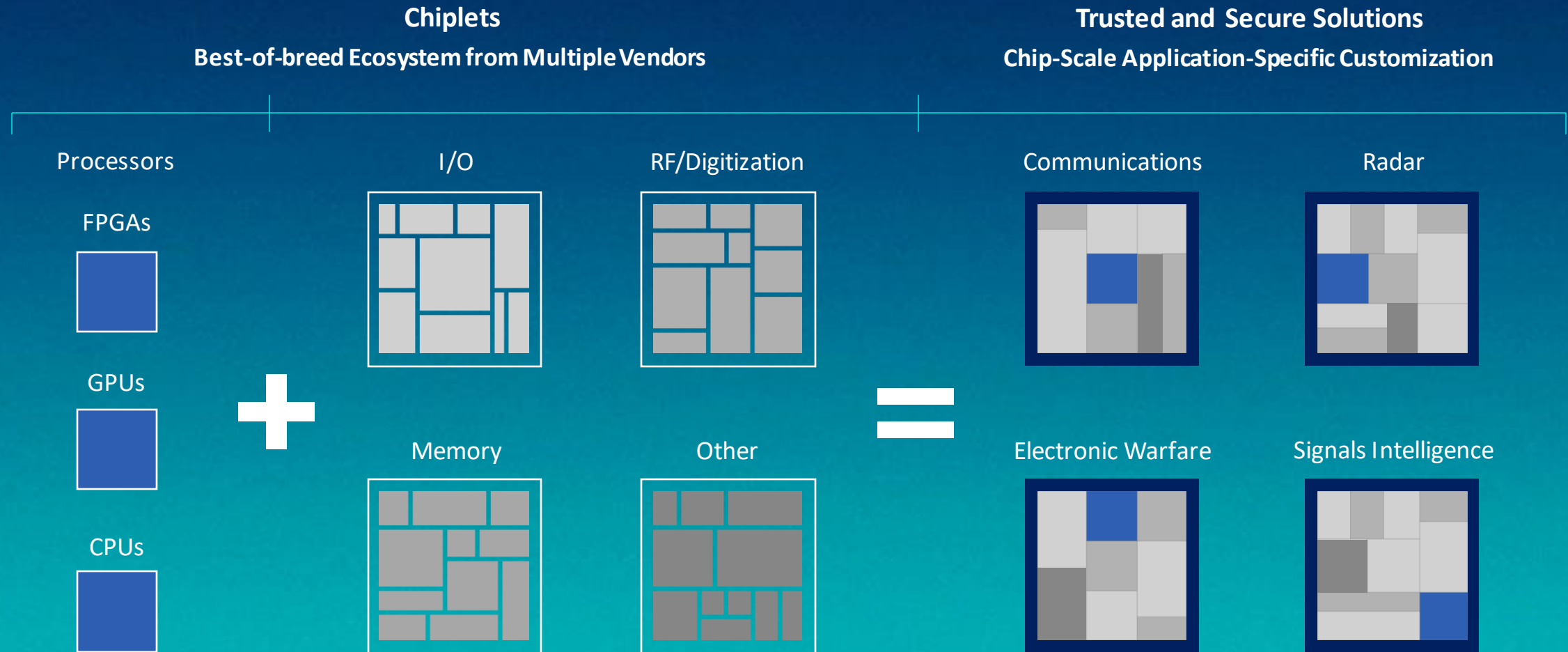
Storage

Network Management

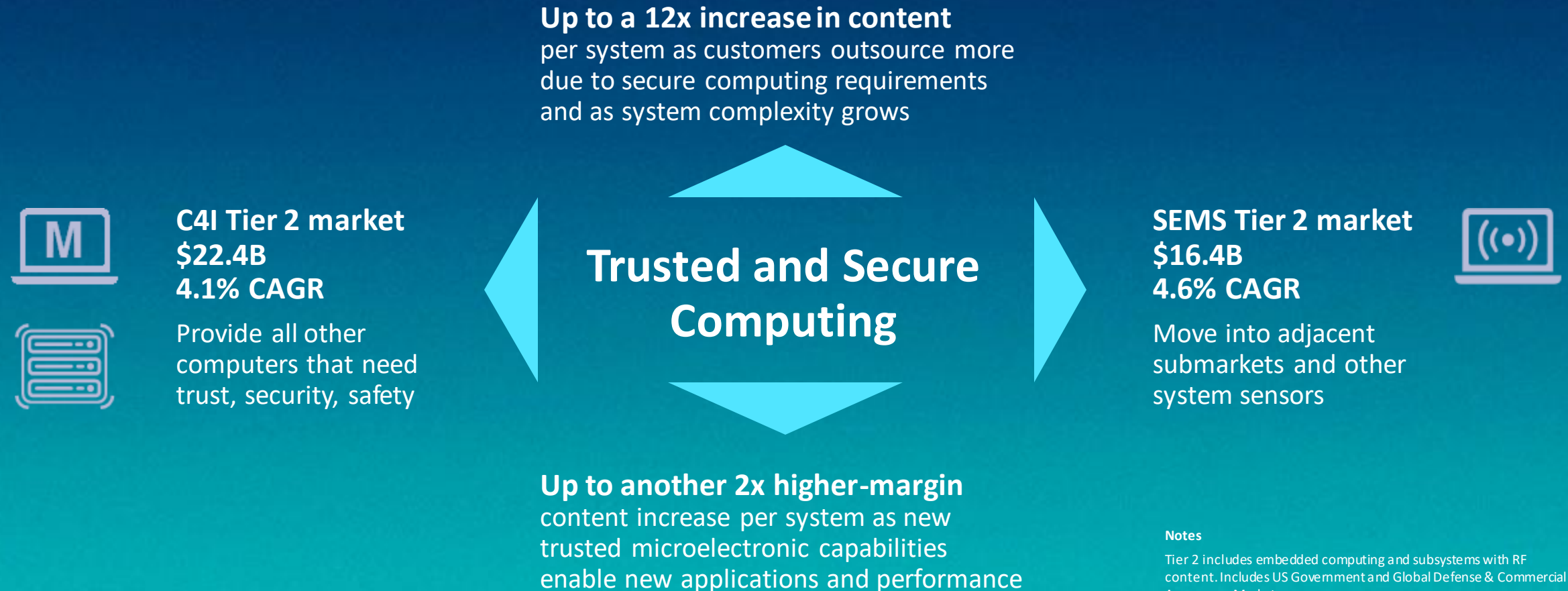
Comms/Datalink

Rugged Servers

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



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. CAGRs referenced are for periods GFY19-GFY24. Numbers are rounded.

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

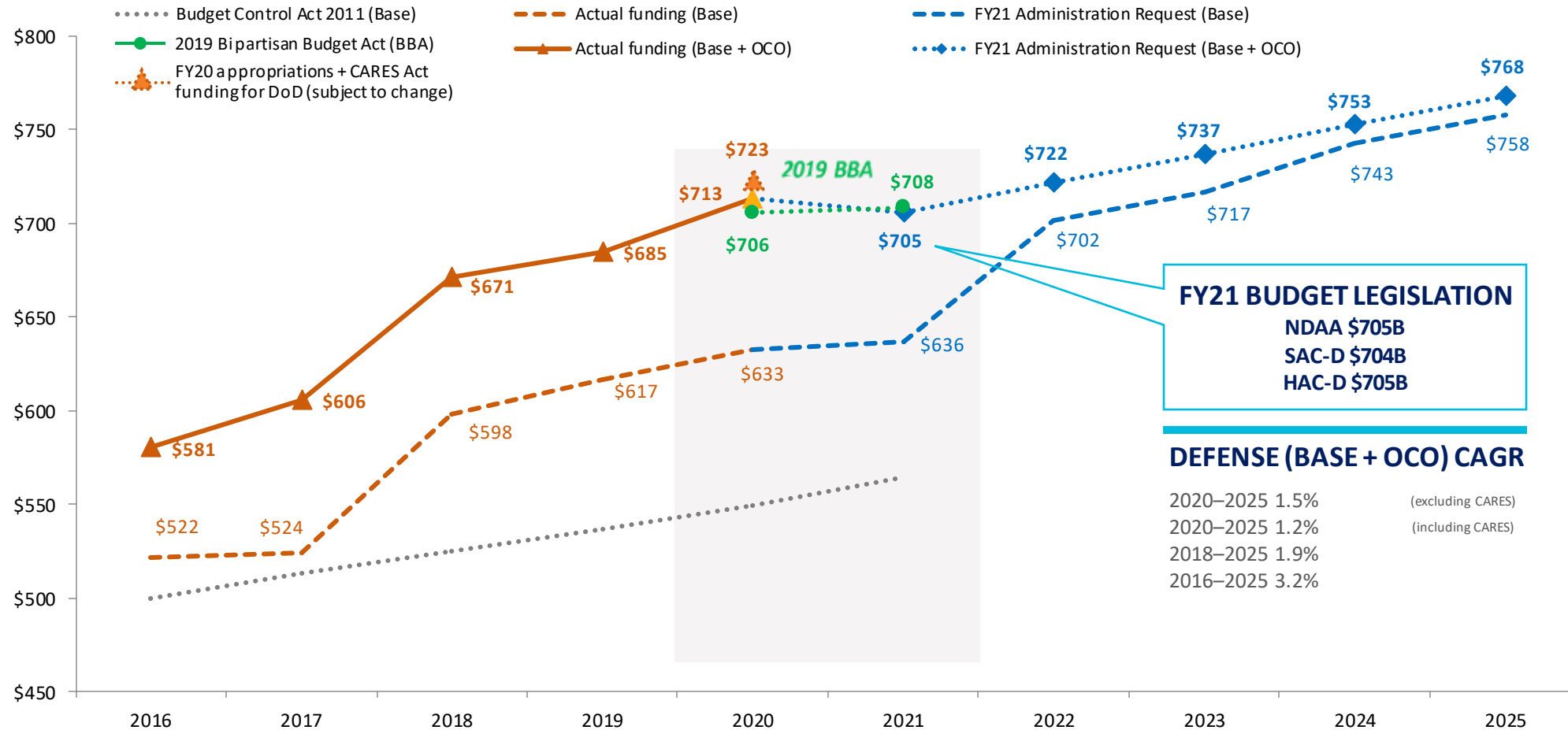
6/ Imperative for U.S.-produced technology

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 FYDP

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



Notes

- FY20 051 appropriations amount \$723B includes ~\$8B of MILCON emergency requirements and ~\$10B of CARES stimulus in OCO
- FY20 051 appropriations amount \$713B includes only ~\$8B of MILCON emergency requirements in OCO
- Budget and BCA Caps represent the 051 account (DoD)
- BBA 051 totals are estimated using 050 cap and typical 051 ratio

Sources

BBA 2019, FY21 PBR, CBO, CRS, OMB, FY20 DoD Green Book, FY18-20 Defense Appropriations bills, RSAdvisors research & analysis











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	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 4.0% '19-24 CAGR	\$37.6B 2.7% '19-24 CAGR	\$16.4B 3.9% '19-24 CAGR	\$8.8B 4.2% '19-24 CAGR	\$10.2B 3.2% '19-24 CAGR	\$11.6B 3.5% '19-24 CAGR	\$4.0B 5.2% '19-24 CAGR	\$5.8B 4.0% '19-24 CAGR
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

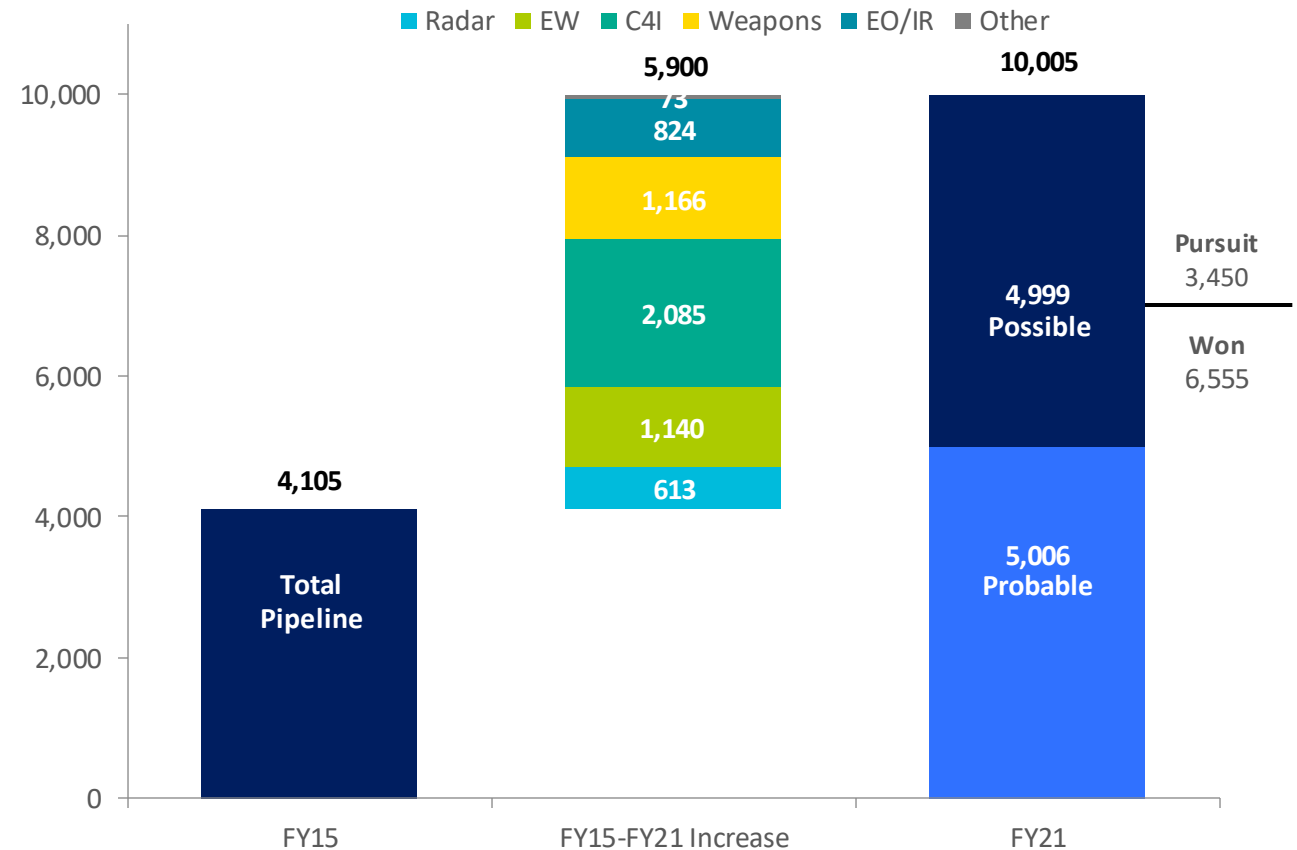
Notes: *Tier 2 includes embedded computing and subsystems with RF content. Includes US Government and Global Defense & Commercial Aerospace Markets
Sources: RSAdvisors research & analysis, November 2019. Numbers are rounded.



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

TOP 30 PROGRAMS & PURSUITS ESTIMATED LIFETIME VALUE (\$M)



Note: Probable and Possible values are as of the beginning of the referenced fiscal year. Numbers are rounded.



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

	Mercury Systems	Glassdoor 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	3.4	3.5
Diversity & Inclusion	4.3	3.6	3.6	3.6
Work-Life Balance	4.2	3.5	3.5	3.6
Senior Management	4.6	3.2	3.1	3.2
Compensation & Benefits	4.5	3.2	3.4	3.5
Career Opportunities	4.5	3.1	3.2	3.4
Recommend to Friend	95%	64%	64%	67%
CEO Approval	99%	73%	80%	78%
Positive Business Outlook	94%	51%	54%	54%

(1) **PROXY PEER GROUP:** ADTRAN, Inc., Astronics Corp., Brooks Automation, Inc., Cognex Corp., Comtech Telecommunications Corp., CTS Corp., Diodes Inc., Ducommun Inc., II-VI Inc., Infinera Corp., iRobot Corp., Kratos Defense & Security Solutions, Inc., MACOM Technology Solutions Holdings, Inc., Methode Electronics, Inc., MKS Instruments, Inc., Netgear Inc., NetScout Systems, Inc., Novanta Inc., OSI Systems, Inc., Ribbon Communications, Inc., Rogers Corp.

(2) **TIER 2 DEFENSE INDEX:** AAR Corp., 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, L-3 Technologies, Maxar, MOOG, Oshkosh Defense, OSI Systems, Teledyne Technologies, Textron, Transdigm Group, Triumph Group, United Technologies, Vectrus, Viasat, Woodward Aerospace.

(3) Source: Glassdoor, Inc., Dec. 2, 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.

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



Mercury M&A philosophy and value creation blueprint

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



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.

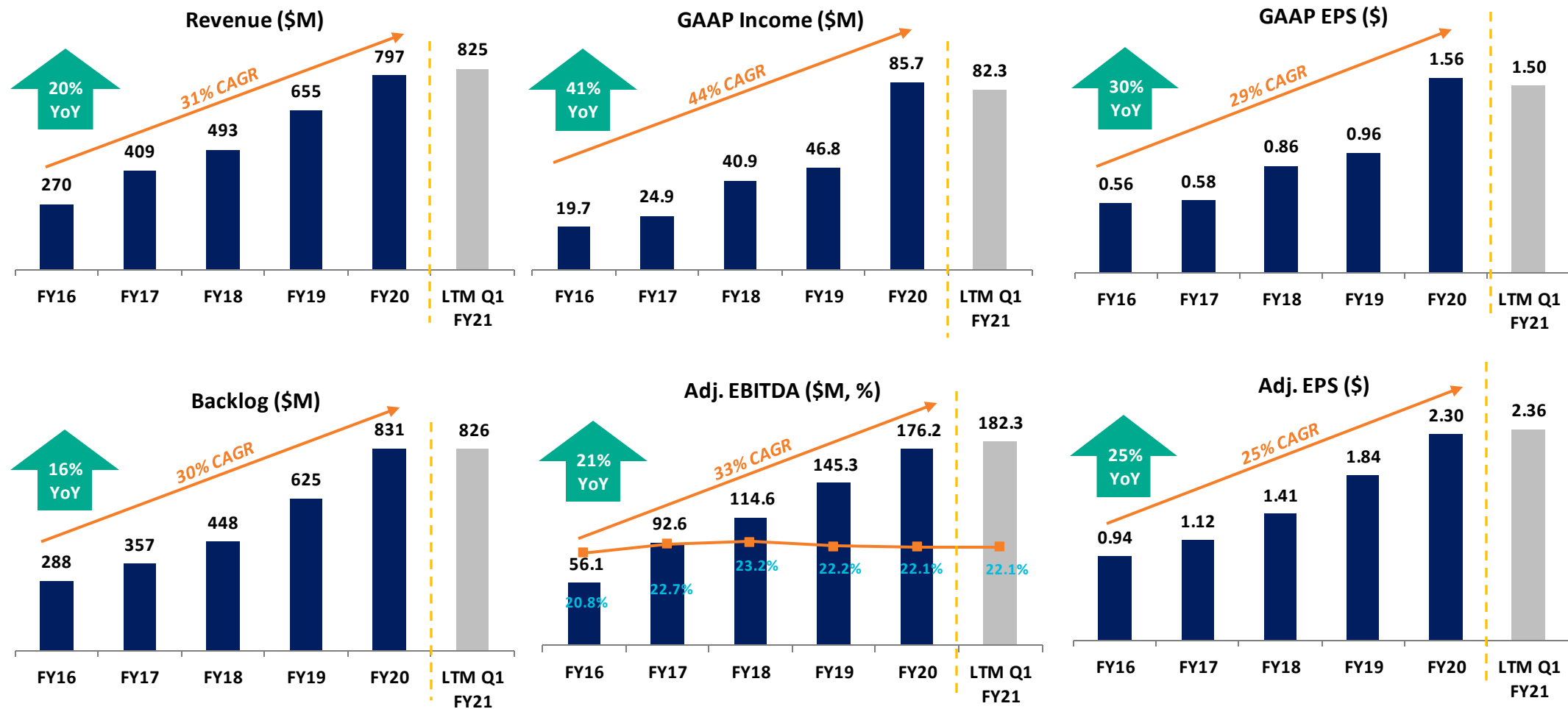
		FY15 ⁽¹⁾		FY20 ⁽¹⁾	Change
Valuation	Market Capitalization ⁽²⁾	\$504		\$4,373	9x
	Enterprise Value ⁽²⁾	\$426		\$4,165	10x
Operational	Revenue ⁽²⁾	\$235		\$797	3x
	Adj. EBITDA ⁽³⁾ % Margin	\$44 19%		\$176 22%	4x +320 bps
	Adj. EPS ⁽³⁾	\$0.80		\$2.30	3x
Strategy	Number of Acquisitions ⁽⁴⁾	N.A.		11	N.M.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

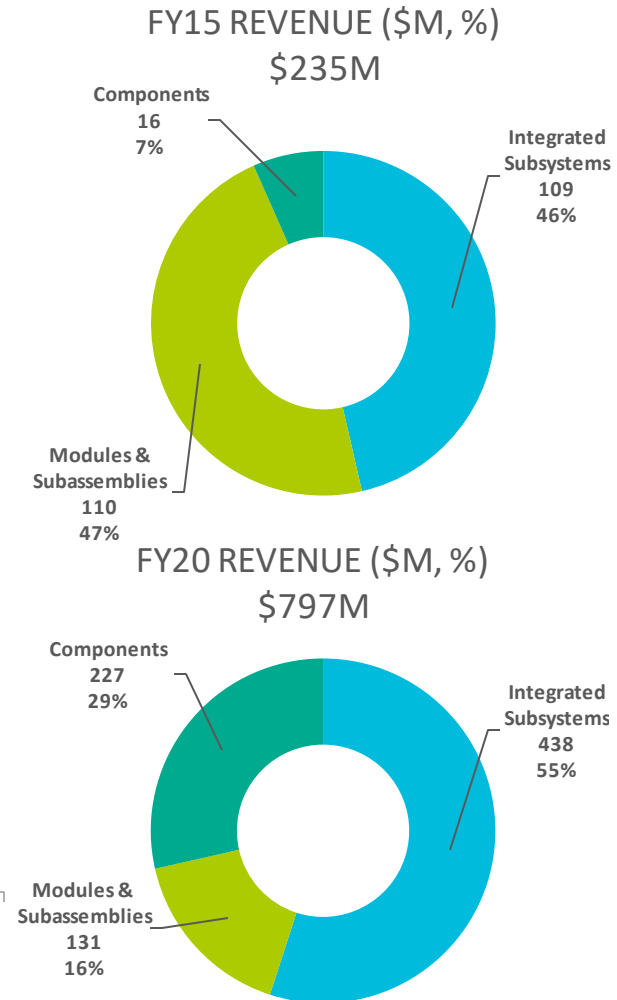
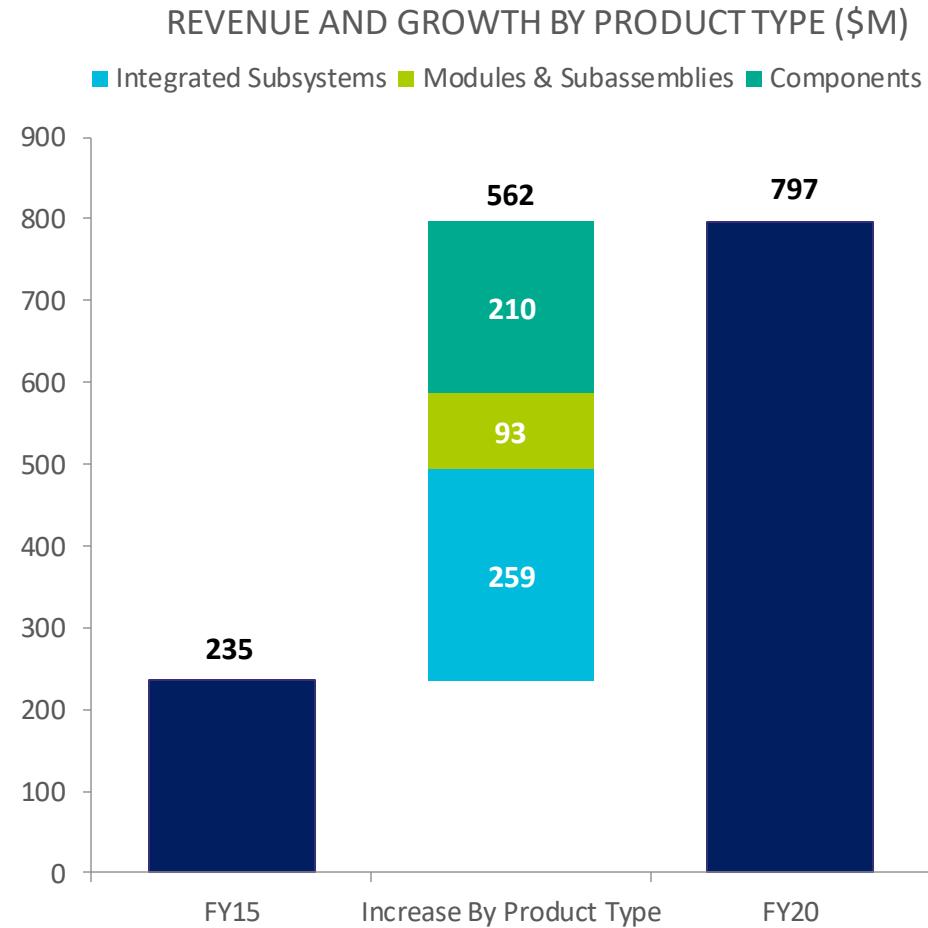


Notes: CAGR figures for the period FY16-FY20. YoY figures for the period LTM Q1 F20 vs. LTM Q1 FY21. Numbers are rounded. Per share data is presented on a fully diluted basis. As of Q3 FY20, the Company has revised its definition of adjusted EBITDA to incorporate other non-operating adjustments, net, 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 16% in FY20 as shift towards subsystems
- **Subsystems:**
 - ▶ Expansion into \$40B Tier 2 RF & computing market
 - ▶ Subsystems represent 63% of top 30 program lifetime value



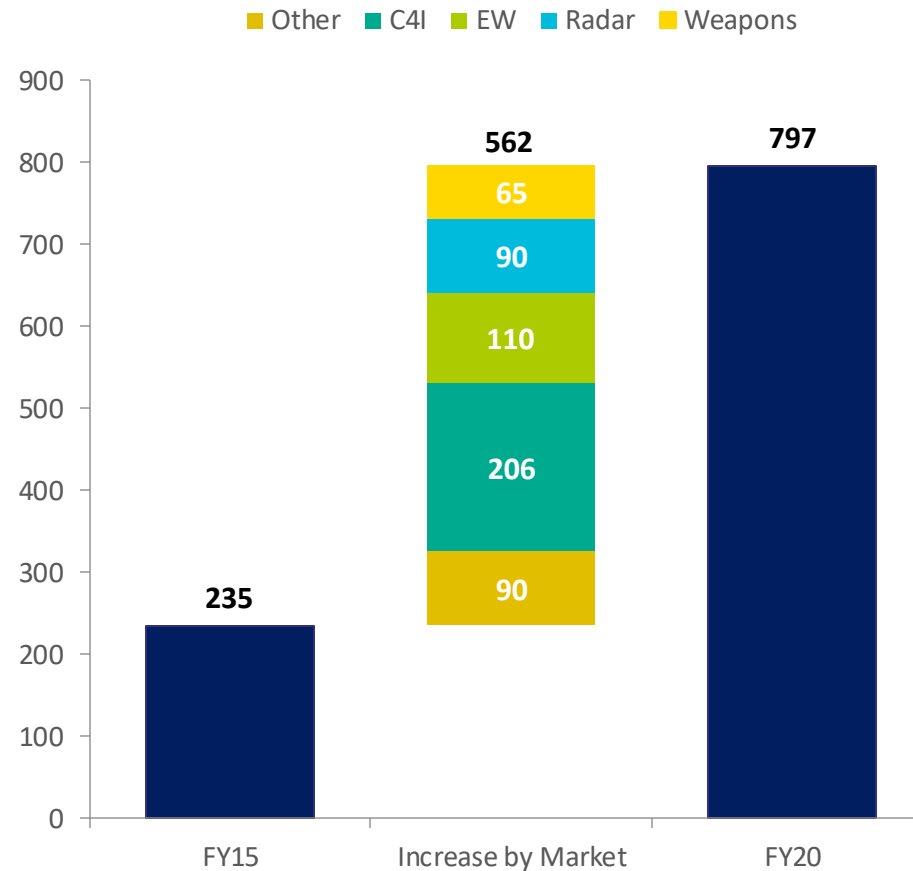
Notes: FY15-FY19 fiscal years ended June 30. FY20 fiscal year ended July 3, 2020. FY15-FY20 figures are as reported in the Company's Form 10-Ks and/or internal Company data. Percent of total may not equal 100% due to other non-categorized revenue. Numbers are rounded. As additional information related 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.



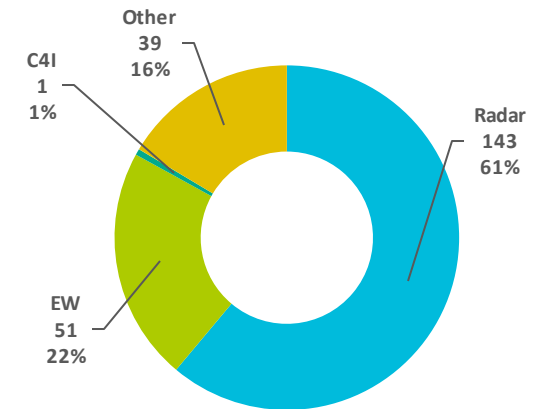
Expanding into new markets

- 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

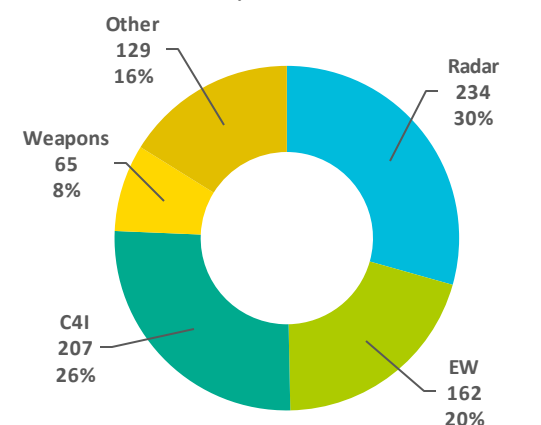
REVENUE AND GROWTH BY MARKET (\$M)



FY15 REVENUE (\$M, %)
\$235M



FY20 REVENUE (\$M, %)
\$797M



Notes: FY15-FY19 fiscal years ended June 30. FY20 fiscal year ended July 3, 2020. 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	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.



LTM Q1 FY21 performance

In \$ millions, except percentage and per share data	LTM Q1 FY20 ⁽³⁾⁽⁴⁾	LTM Q1 FY21 ⁽³⁾⁽⁴⁾	CHANGE
Bookings	\$820.0	\$939.2	15%
Book-to-Bill	1.19	1.14	
Backlog	\$711.8	\$826.1	16%
12-Month Backlog	499.2	516.1	
Revenue	\$688.0	\$824.9	20%
Organic Revenue Growth ⁽¹⁾	19%	13%	
Gross Margin	44.0%	44.4%	0.4 pts
Operating Expenses	\$222.7	\$274.2	
Selling, General & Administrative	115.9	135.2	23%
Research & Development	75.8	104.0	
Amortization/Restructuring/Acquisition	30.9	35.0	
GAAP Net Income	\$58.5	\$82.3	41%
Effective Tax Rate	11.5%	13.1%	
GAAP EPS	\$1.15	\$1.50	30%
Weighted Average Diluted Shares			
Adjusted EPS ⁽²⁾	\$1.89	\$2.36	25%
Adj. EBITDA ⁽²⁾	\$150.4	\$182.3	21%
% of revenue	21.9%	22.1%	
Operating Cash Flow	\$101.8	\$113.8	12%
Free Cash Flow ⁽²⁾	\$69.2	\$69.1	N.M.
% of Adjusted EBITDA	46%	38%	

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 first quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended September 27, 2019 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) 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.



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	27%
Selling, General & Administrative	110.7	132.3	
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 first quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended September 27, 2019 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			
May 2019 Equity Offering			(\$ 455)	\$ 0 ⁽³⁾	Equity Offering
APC	Platform/Mission, Vectronics	Sep-2019	\$ 100	\$ 0 ⁽⁴⁾	Cash on Hand

Total Capital Deployed: \$804M

Source: Company filings, Company investor presentations
(1) Represents carve-out acquisition from Microsemi Corp.

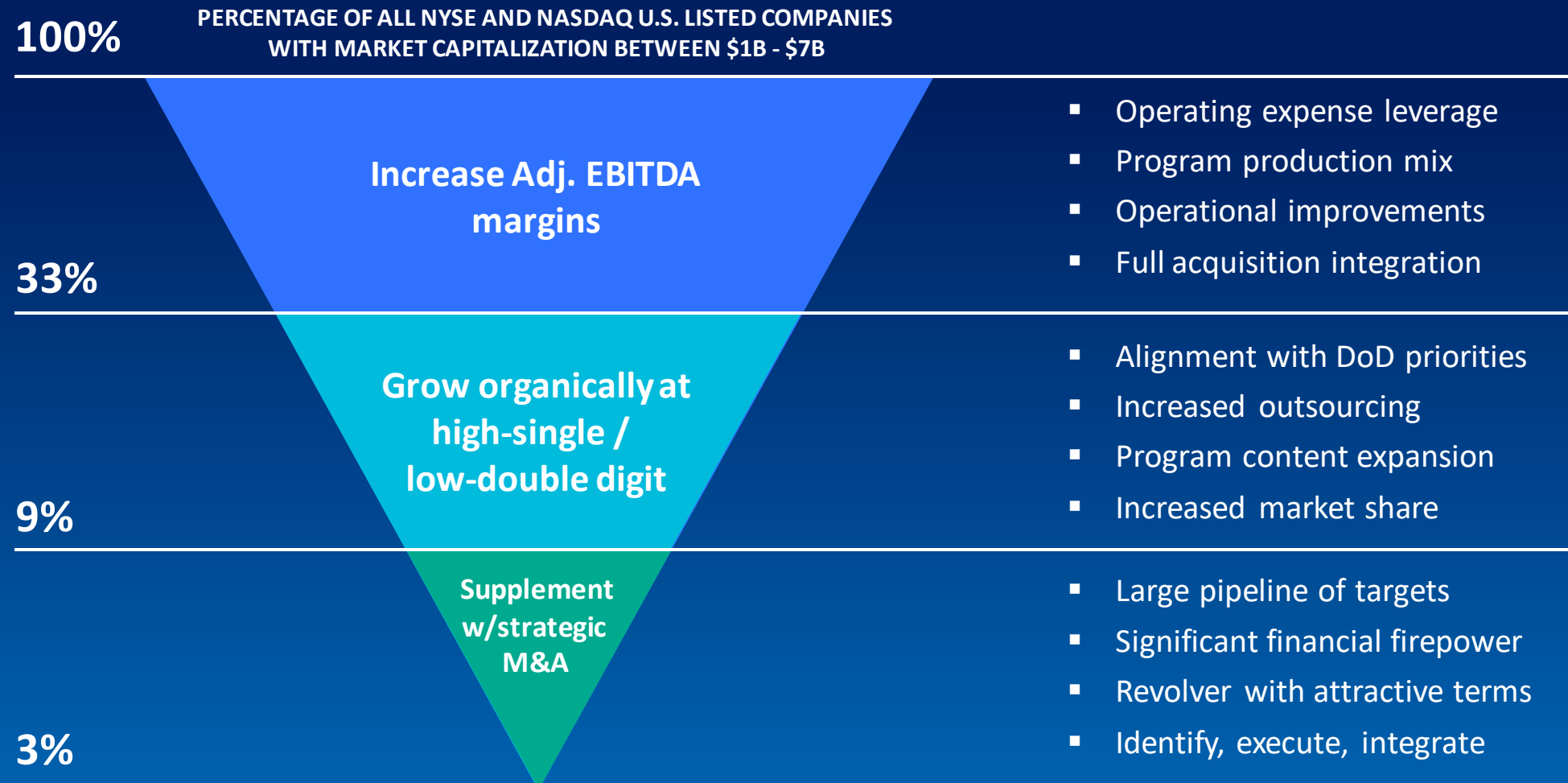
(2) On June 27, 2017, Mercury amended its senior secured credit facility, increasing and extending the revolving credit facility and utilizing the January 2017 equity offering proceeds to repay the remaining principal on the existing term loan.

(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				
	9/27/19	12/27/19	3/27/20	7/3/20	10/2/20
ASSETS					
Cash & cash equivalents	\$161.3	\$182.0	\$407.1	\$226.8	\$239.1
Accounts receivable, net	177.5	193.4	214.0	210.7	207.8
Inventory, net	148.5	153.6	161.9	178.1	206.0
PP&E, net	65.9	72.7	78.7	87.7	94.7
Goodwill and intangibles, net	847.4	839.2	831.4	822.8	815.3
Other	73.3	71.7	78.5	84.6	90.2
TOTAL ASSETS	\$1,473.9	\$1,512.6	\$1,771.6	\$1,610.7	\$1,653.2
LIABILITIES AND S/E					
AP and accrued expenses	\$84.8	\$91.3	\$109.6	\$107.0	\$119.7
Other liabilities	93.7	104.3	112.6	118.9	125.6
Debt	-	-	200.0	-	-
Total liabilities	178.5	195.6	422.2	225.9	245.3
Stockholders' equity	1,295.3	1,317.1	1,349.4	1,384.8	1,407.9
TOTAL LIABILITIES AND S/E	\$1,473.9	\$1,512.6	\$1,771.6	\$1,610.7	\$1,653.2

Notes

(1) Rounded amounts used.



Cash flow summary

(In \$ millions) ⁽¹⁾	For the Fiscal Quarters Ended				
	9/27/19	12/27/19	3/27/20	7/3/20	10/2/20
Net Income	\$19.2	\$15.7	\$23.6	\$27.2	\$15.8
Depreciation and amortization	11.4	12.5	12.7	12.8	13.0
Gain on investment	-	-	(3.8)	(2.0)	-
Other non-cash items, net	6.4	7.6	8.5	6.8	4.5
Changes in Operating Assets and Liabilities					
Accounts receivable, unbilled receivables, and costs in excess of billings	2.2	(15.7)	(20.7)	3.2	3.5
Inventory	0.4	(5.7)	(8.2)	(18.1)	(27.8)
Accounts payable and accrued expenses	(6.3)	5.8	18.4	(4.4)	10.8
Other	(9.0)	11.8	(0.4)	3.2	3.1
	(12.8)	(3.8)	(10.9)	(16.1)	(10.4)
Operating Cash Flow	24.3	32.1	30.1	28.7	22.9
Capital expenditures	(9.6)	(11.3)	(10.9)	(11.5)	(11.0)
Free Cash Flow⁽²⁾	\$14.7	\$20.7	\$19.2	\$17.2	\$12.0
<i>Free Cash Flow⁽²⁾ / Adjusted EBITDA⁽²⁾</i>	<i>40%</i>	<i>48%</i>	<i>41%</i>	<i>35%</i>	<i>28%</i>
<i>Free Cash Flow⁽²⁾ / GAAP Net Income</i>	<i>76%</i>	<i>132%</i>	<i>82%</i>	<i>63%</i>	<i>76%</i>

Notes

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



Q1 FY21 vs. Q1 FY20

In \$ millions, except percentage and per share data	Q1 FY20 ⁽³⁾⁽⁴⁾	Q1 FY21 ⁽³⁾⁽⁵⁾	CHANGE
Bookings	\$215.7	\$200.7	(7%)
Book-to-Bill	1.22	0.98	
Backlog	\$711.8	\$826.1	16%
12-Month Backlog	499.2	516.1	
Revenue	\$177.3	\$205.6	16%
Organic Revenue Growth ⁽¹⁾	17%	12%	
Gross Margin	44.2%	42.9%	(1.3) pts
Operating Expenses	\$60.9	\$69.3	
Selling, General & Administrative	30.0	32.9	14%
Research & Development	21.9	27.4	
Amortization/Restructuring/Acquisition	9.1	9.0	
GAAP Net Income	\$19.2	\$15.8	(18%)
Effective Tax Rate	(12%)	12%	
GAAP EPS	\$0.35	\$0.29	(17%)
Weighted Average Diluted Shares	55.1	55.3	
Adjusted EPS ⁽²⁾	\$0.45	\$0.51	13%
Adj. EBITDA ⁽²⁾	\$36.7	\$42.8	16%
% of revenue	20.7%	20.8%	
Operating Cash Flow	\$24.3	\$22.9	(6%)
Free Cash Flow ⁽²⁾	\$14.7	\$12.0	(19%)
% of Adjusted EBITDA	40%	28%	

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 first quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended September 27, 2019 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 ended October 2, 2020 and 52-week period ending July 2, 2021.
- (4) The first quarter of fiscal 2020 included \$6.6M, or \$0.12 per share, of discrete tax benefits.
- (5) The first quarter of fiscal 2021 included \$2.5M, or \$0.05 per share, of discrete tax benefits.



Adjusted EPS reconciliation

(In thousands, except per share data)	Q1 FY20	Q1 FY21	LTM Q1 FY20	LTM Q1 FY21
Earnings per share⁽¹⁾	\$ 0.35	\$ 0.29	\$ 1.15	\$ 1.50
Net Income	\$ 19,247	\$ 15,798	\$ 58,543	\$ 82,263
Other non-operating adjustments, net ⁽²⁾	301	(182)	300	(6,119)
Amortization of intangible assets	7,019	7,731	27,752	31,272
Restructuring and other charges	648	1,297	704	2,454
Impairment of long-lived assets	-	-	-	-
Acquisition and financing costs	2,236	841	10,821	4,250
Fair value adjustments from purchase accounting	-	-	93	1,801
Litigation and settlement expense, net	313	187	657	818
COVID related expenses ⁽³⁾	-	2,319	-	4,912
Stock-based and other non-cash compensation expense	5,776	7,367	20,654	28,563
Impact to income taxes ⁽⁴⁾	(10,925)	(7,024)	(24,390)	(19,733)
Adjusted income	\$ 24,615	\$ 28,334	\$ 95,134	\$ 130,481
Adjusted earnings per share⁽¹⁾	\$ 0.45	\$ 0.51	\$ 1.89	\$ 2.36
Weighted-average shares outstanding:				
Basic	54,388	54,883		
Diluted	55,078	55,339		

Notes

- (1) Per share information is presented on a fully diluted basis.
- (2) 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.
- (3) Effective as of the third quarter of fiscal 2020, the Company has added back incremental COVID related expenses.
- (4) 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 benefit related to the add-backs.
- (5) 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 second quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended December 27, 2019 and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the second quarter of fiscal 2021 and full fiscal 2021 are to the quarter ended January 1, 2021 and 52-week period ending July 2, 2021.



Adjusted EBITDA reconciliation

(In thousands)	Q1 FY20	Q1 FY21	LTM Q1 FY20	LTM Q1 FY21
Net Income	\$ 19,247	\$ 15,798	\$ 58,543	\$ 82,263
Other non-operating adjustments, net	301	(182)	300	(6,119)
Interest (income) expense, net	(1,187)	(72)	4,797	(30)
Income tax (benefit) provision	(2,018)	2,198	7,605	12,437
Depreciation	4,362	5,266	18,475	19,674
Amortization of intangible assets	7,019	7,731	27,752	31,272
Restructuring and other charges	648	1,297	704	2,454
Impairment of long-lived assets	-	-	-	-
Acquisition and financing costs	2,236	841	10,821	4,250
Fair value adjustments from purchase accounting	-	-	93	1,801
Litigation and settlement expense, net	313	187	657	818
COVID related expenses ⁽²⁾	-	2,319	-	4,912
Stock-based and other non-cash compensation expense	5,776	7,367	20,654	28,563
Adjusted EBITDA	\$ 36,697	\$ 42,750	\$ 150,401	\$ 182,295

Notes

- (1) 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 second quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended December 27, 2019 and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the second quarter of fiscal 2021 and full fiscal 2021 are to the quarter ended January 1, 2021 and 52-week period ending July 2, 2021.
- (2) Effective as of the third quarter of fiscal 2020, the Company has added back incremental COVID related expenses.



Free cash flow reconciliation

(In thousands)	Q1 FY20	Q1 FY21	LTM Q1 FY20	LTM Q1 FY21
Cash provided by operating activities	\$ 24,310	\$ 22,929	\$ 101,798	\$ 113,805
Purchases of property and equipment	(9,595)	(10,978)	(32,559)	(44,677)
Free cash flow	\$ 14,715	\$ 11,951	\$ 69,239	\$ 69,128

Organic revenue reconciliation

(In thousands)	Q1 FY20	Q1 FY21	LTM Q1 FY20	LTM Q1 FY21
Organic revenue ⁽¹⁾	\$ 176,361	\$ 196,785	\$ 682,508	\$ 771,304
Acquired revenue	943	8,836	5,484	53,623
Net revenues	\$ 177,304	\$ 205,621	\$ 687,992	\$ 824,927

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.



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

