

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): November 5, 2019

Mercury Systems, Inc.

(Exact Name of Registrant as Specified in its 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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 November 5, 2019 at the Baird 2019 Global Industrial Conference. Attached as Exhibit 99.1 to this Report is a copy of the slide 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 November 5, 2019

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: November 5, 2019

MERCURY SYSTEMS, INC.

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

Baird 2019 Global Industrial Conference

Mark Aslett
President and CEO

Michael Ruppert
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 improve 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 program 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 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 advancement 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, 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 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 statements 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 compa

- 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



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* 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



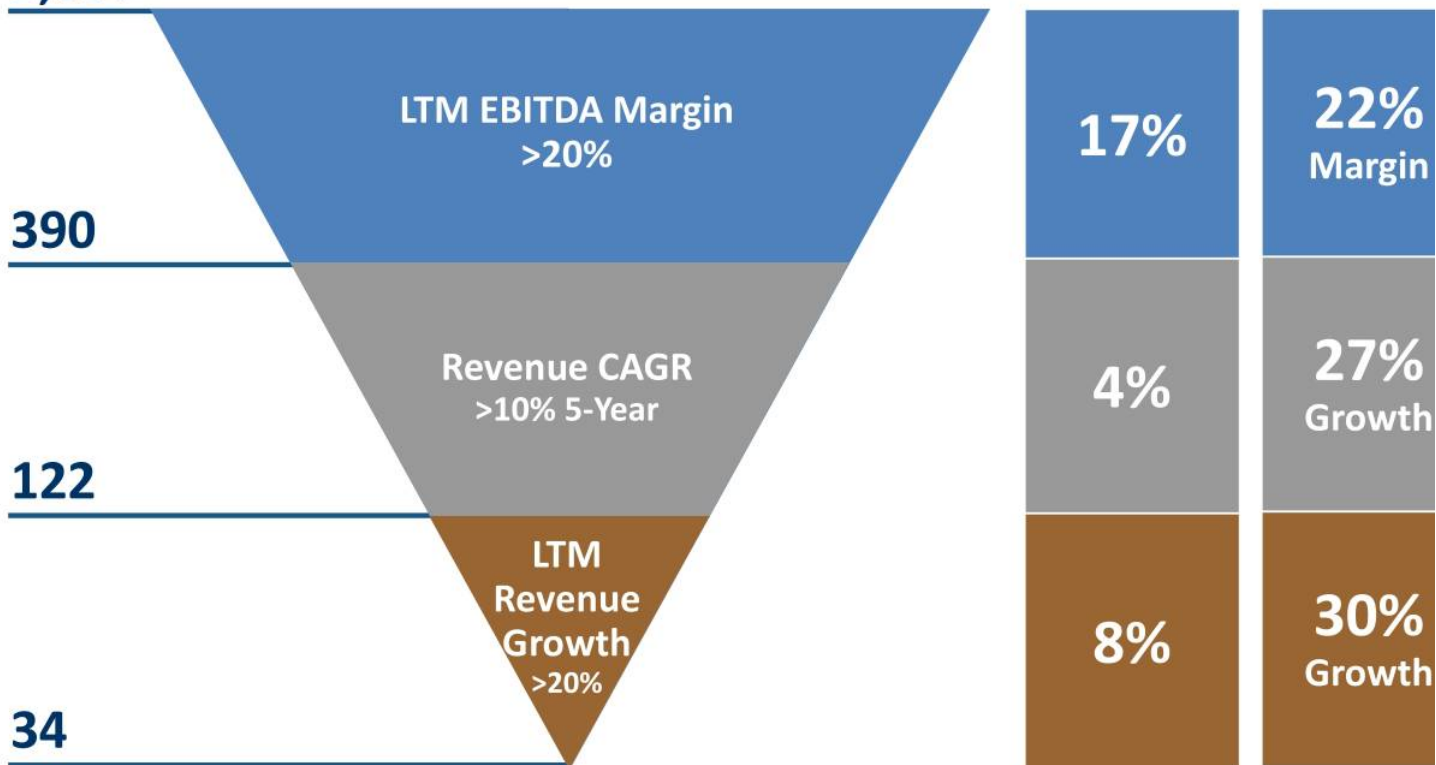
Mercury's financial profile demonstrates our unique strategy

of Companies

1,057

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

TIER 2 DEFENSE INDEX MEDIAN

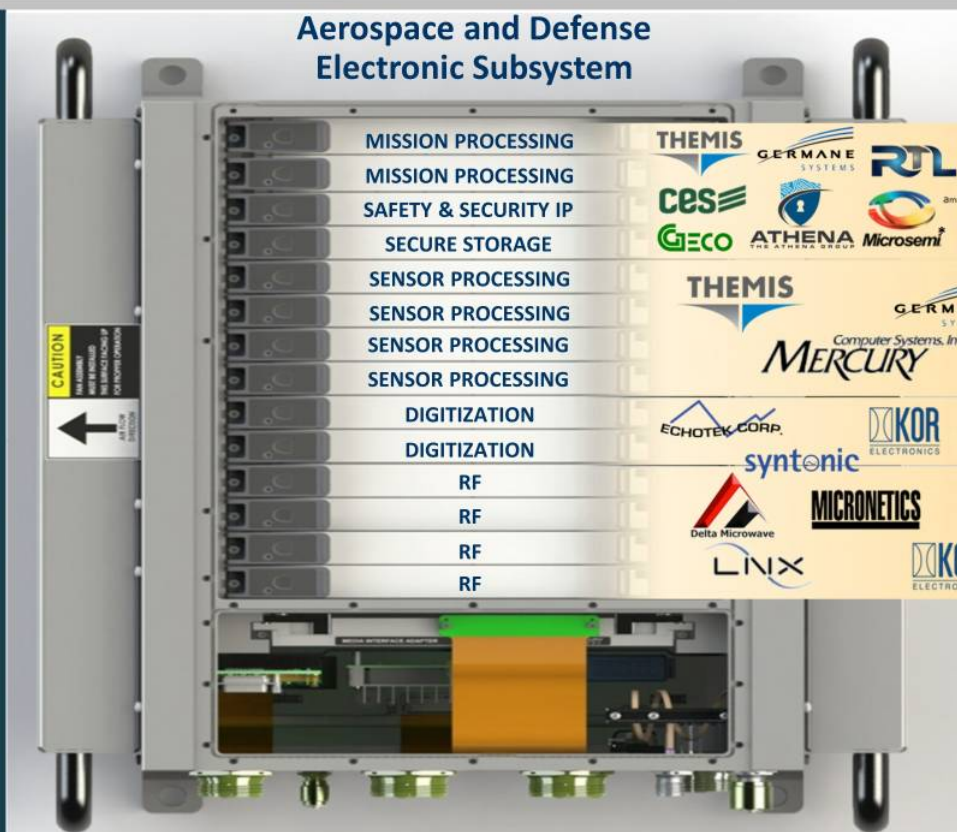


Notes:

- 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 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, Kratos Defense, L3Harris Technologies, Maxar, Moog, Oshkosh, OSI Systems, Teledyne Technologies, Textron, TransDigm Group, Triumph Group, United Technologies, Viasat, Woodward Aerospace.

Acquisitions have transformed Mercury into a commercial

- Acquired capabilities significantly expanded 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 subsystem



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	LTAMDS	Aegis
					
	F-35	C-130	Global Hawk	Badger/Buzzard	SEWIP
					
Stormbreaker	PGK	MALD-J	Paveway	SM2/3/6	
					

snc SIERRA NEVADA CORPORATION

Raytheon

NORTHROP GRUMMAN

DRS

BAE SYSTEMS

AIRE

SAIC

LOCKHEED MARTIN



L3HARRIS



GENERAL ATOMICS

THALES

BOEING

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Six 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 IRAD requires focused investment and greater outsourcing



DoD needs more domestically-produced technology

Leverage high-tech commercial investment and innovation
Address supply chain globalization and need for trust and assurance

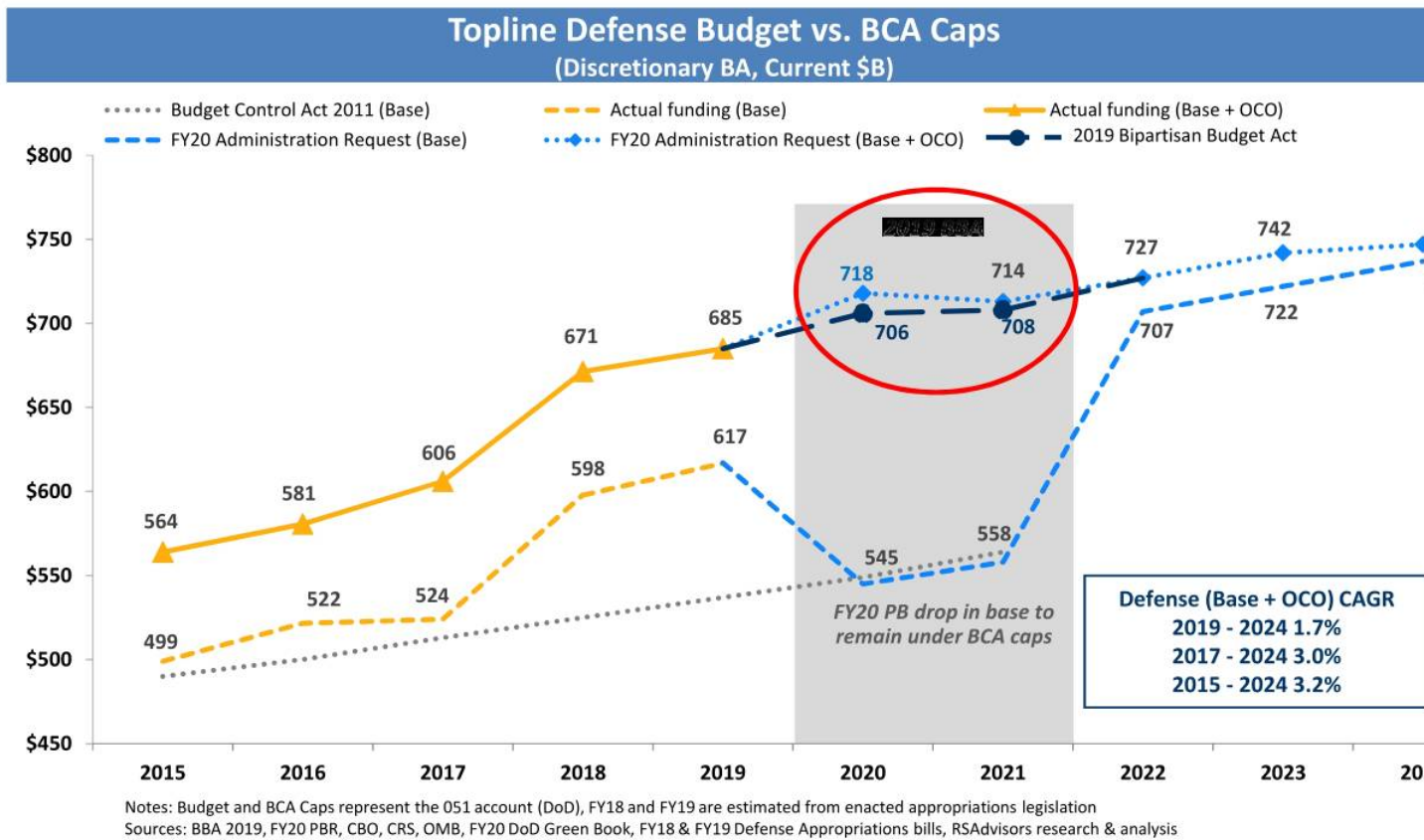


Challenging Global Security Environment:

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



2019 Bipartisan Budget Act ends BCA caps...











...with 3% DoD budget increase in FY20 but flat outlook for FY21



The A&D electronics systems market is over \$125B annually

Our total addressable market is now ~\$39B

Aerospace & Defense Platform and Systems Electronics Content										
C4I (\$23.0B*)			Sensor & Effector Mission Systems (\$15.8B*)							
2019 Tier 2* Market (\$B)	2019 Market (\$B)	Definition	Platform & Mission Mgmt	C2I	Comms	EW	Radar	EO/IR	Acoustics	Weap
			Avionics / Vetrionics	Command & Control / Battle Management	Dedicated Communications	Electronic Warfare	Radar	Electro-Optical/ Infrared	Acoustics	Missi Muni
										
			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, H Naval La Air Lau
			\$26.3B 5.7% '18-23 CAGR	\$39.7B 5.2% '18-23 CAGR	\$17.6B 5.7% '18-23 CAGR	\$8.8B 5.1% '18-23 CAGR	\$9.8B 5.8% '18-23 CAGR	\$12.1B 5.2% '18-23 CAGR	\$4.5B 5.7% '18-23 CAGR	\$6.7B 8.1% '18-23 CAGR
			\$6.7B 6.5% '18-23 CAGR	\$8.1B 6.2% '18-23 CAGR	\$8.2B 5.8% '18-23 CAGR	\$4.5B 5.2% '18-23 CAGR	\$5.1B 6.2% '18-23 CAGR	\$1.9B 6.5% '18-23 CAGR	\$1.2B 6.5% '18-23 CAGR	\$3.1B 8.1% '18-23 CAGR

Notes:

*Tier 2 includes embedded computing and subsystems with RF content. Includes US Government and Global Commercial Aerospace Markets
Sources: RSAdvisors research & analysis, October 2018. Numbers are rounded.

Our capabilities and growth dimensions are well-aligned.

- Growth in Defense spending
- Defense Prime contractors outsourcing more
- Defense Primes' flight to quality suppliers
- Supply chain delayering
- Foreign military and international sales increasing
- Sensor & C4I modernization
- Weapon systems readiness and modernization



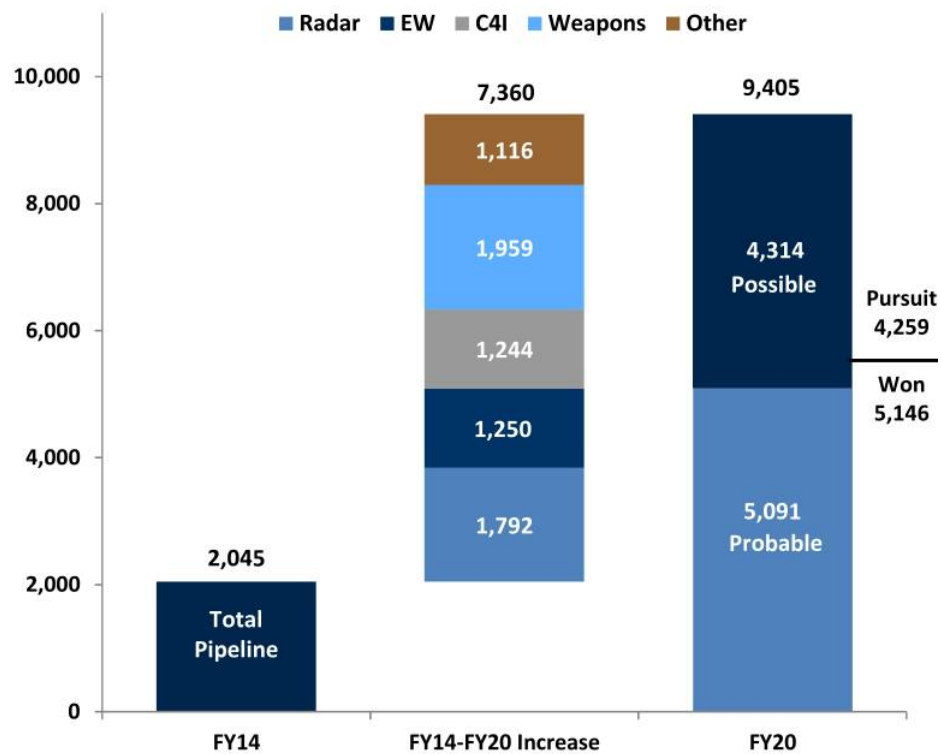
...with DoD investment priorities and overall industry trends



Acquisitions and investments driving significant opportunity growth

- Total potential value grew >4.6x to \$9.4B 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 56% of top 30 program forecast life value

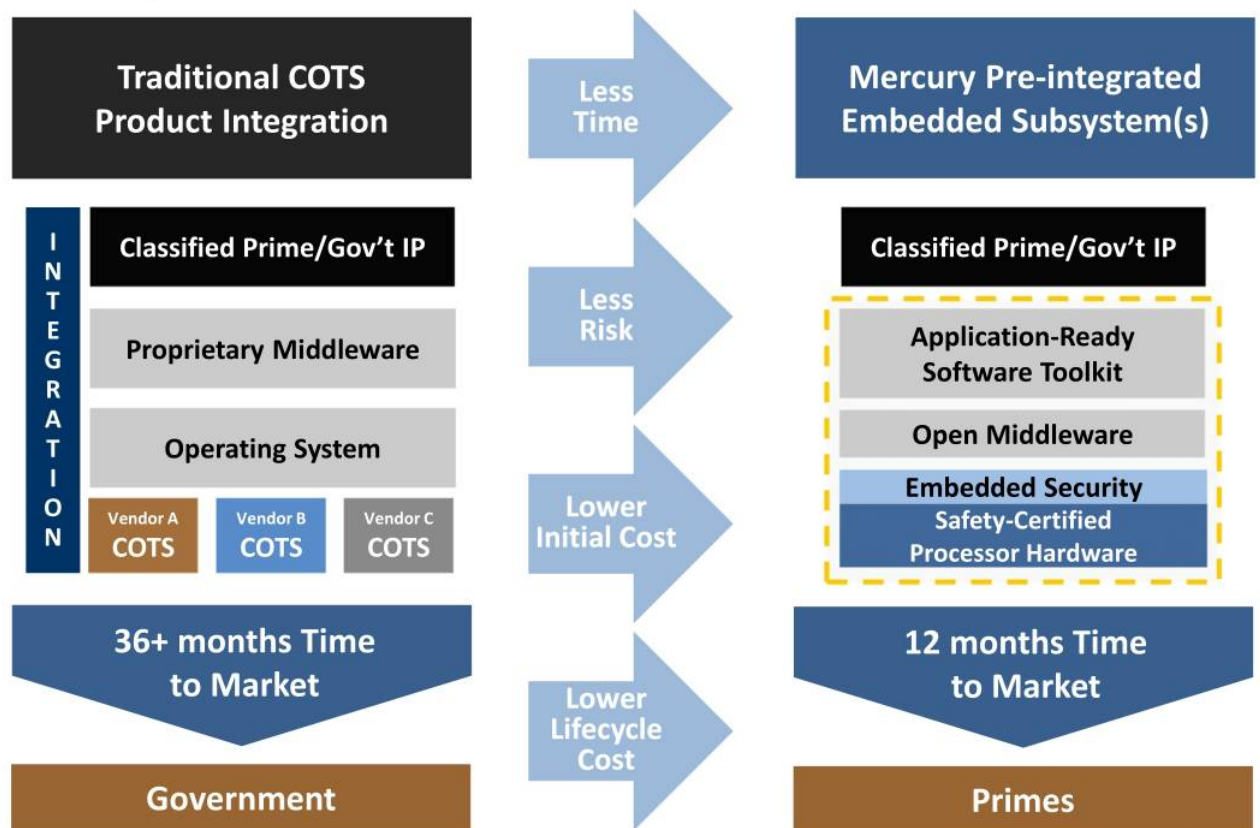
Top 30 Programs & Pursuits Estimated Lifetime Value (\$M)



...which in turn is driving strong results

Note: Refer to Appendix for definitions of "Probable", "Possible", "Pursuit", and "Won". Probable and Possible values are as of the beginning of the referenced fiscal year. Numbers are rounded.

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



Leading Conduit for Commercial Silicon Innovation Into A&D Market



SILICON

SPEED

SWaP

SOFTWARE

SECURITY

SAFETY

Highest Safety Des Assurance Levels (D)



Highest Performance Processing & RFM



Best Size, Weight & Power with State-of-the-Art Cooling Technology



Open Software for Low Risk Integration, Investment Protection



Industry-leading Embedded Security



PRE-INTEGRATED SUBSYSTEMS

...and domain expertise for secure sensor and mission processing



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Glassdoor current employee ratings as of October 29, 2019

Validates Mercury's destination employer and acquirer of choice status

	Mercury Systems	Glass Door Average	Proxy Peer Group ⁽¹⁾	Tier 2 Defense Company Index ⁽²⁾
Overall Rating	4.4	3.4	3.5	3.5
Culture & Values	4.4	3.4	3.3	3.3
Work-Life Balance	3.9	3.4	3.4	3.5
Senior Management	4.2	3.1	3.4	3.4
Compensation & Benefits	4.2	3.1	3.1	3.2
Career Opportunities	4.3	3.0	3.6	3.6
Recommend to Friend	86%	62%	66%	67%
CEO Approval	94%	70%	76%	77%
Positive Business Outlook	92%	49%	56%	57%

(1) PROXY PEER GROUP: ADTRAN, Inc., AeroVironment, Inc., Astronics Corp., Brooks Automation, Inc., CalAmp Corp., Cognex Corp., Comtech Telecommunications Corp., Cray, 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, BXW 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.

Source: Glass Door, Inc., Oct. 29, 2019



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

2019 Tier 2* Market (\$B) & CY'18-23 CAGR (%)

Aerospace & Defense Platform and Systems Electronics Content

C4I (\$23.0B*)			Sensor & Effector Mission Systems (\$15.8B*)				
Platform & Mission Mgmt  Avionics / Vetronics	C2I  Command & Control / Battle Management	Comms  Dedicated Communications	EW  Electronic Warfare	Radar  Radar	EO/IR  Electro-Optical/ Infrared	Acoustics  Acoustics	Weapons  Missile Muniti
					Organic		
\$6.7B 6.5%	\$8.1B 6.2%	\$8.2B 5.8%	\$4.5B 5.2%	\$5.1B 6.2%	\$1.9B 6.5%	\$1.2B 6.5%	\$3.1B 8.1%

Notes:

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

Sources: RSAAdvisors research & analysis. 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



Strategy and investments have positioned Mercury well

- Proven high-tech commercial business model for Aerospace & Defense
- 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
- Captive Prime outsourcing large secular growth opportunity
- Destination employer and acquirer of choice
- Continued above industry-average growth and profitability
- Business platform built to grow and scale through future acquisitions



Financial Overview

Michael Ruppert
Executive Vice President & CFO



The evolution of Mercury Systems

In millions, except percentage and per share data.

		LTM Q1 2015	LTM Q1 2020	Change
Valuation	Market Capitalization ^(1,2)	\$373	\$3,996	11x
	Enterprise Value ^(1,2)	\$325	\$3,834	12x
Operational	Revenue ⁽²⁾	\$212	\$688	3x
	Adj. EBITDA ⁽²⁾ % Margin	\$28 13%	\$150 22%	5x +~860 bps
	Adj. EPS ⁽²⁾	\$0.47	\$1.88	4x
Strategy	Number of Acquisitions ⁽³⁾	N.A.	11	N.M.
	Capital Deployed ⁽³⁾	N.A.	\$804	N.M.

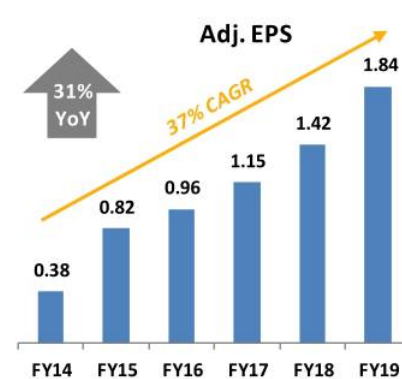
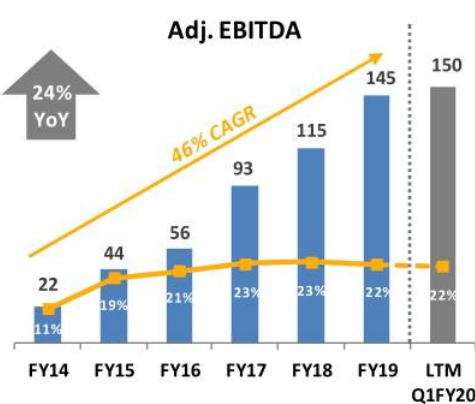
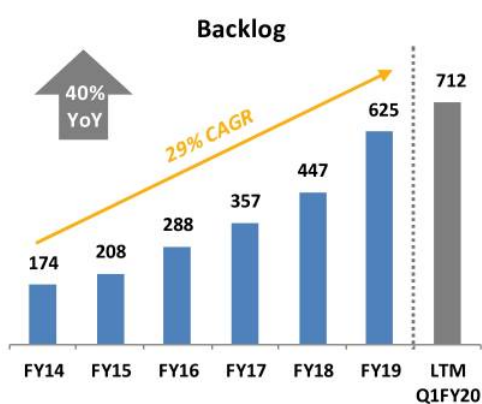
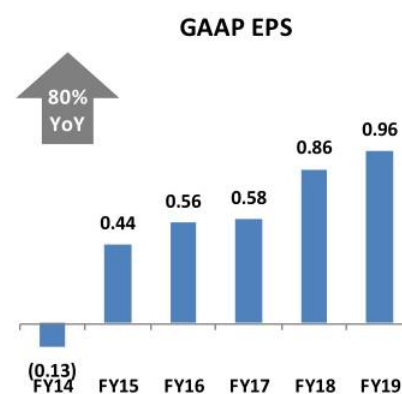
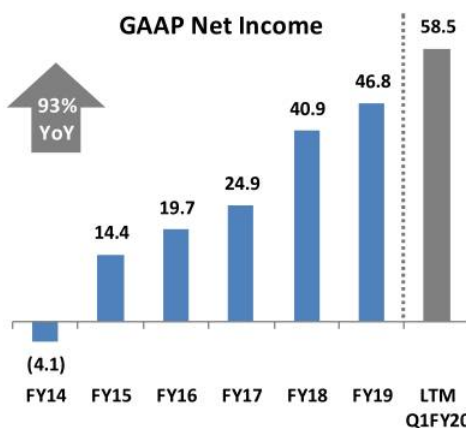
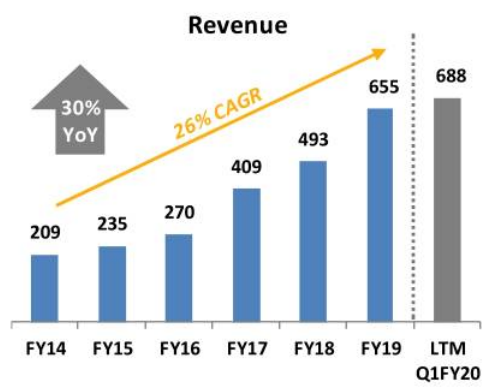
Notes

(1) Valuation for LTM Q1 2015 based on basic shares from Company's Q1 FY15 10-Q and stock price as of September 30, 2014
Valuation for LTM Q1 2020 based on basic shares from Company's 2019 10-K and stock price as of October 29, 2019.

(2) Last twelve months ended September 30, 2014 and September 30, 2019, respectively. Operational figures are based on fiscal year and fiscal quarter results as reported in the Company's Form 10-Qs and/or most recent earnings release. Historical results as reported, not pro forma for acquisitions. As of Q1 FY19, 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.

© 2019 Mercury Systems, Inc. (3) Acquisitions completed and capital deployed in acquisitions FY15-FY20 YTD.

Mercury has delivered strong financial results

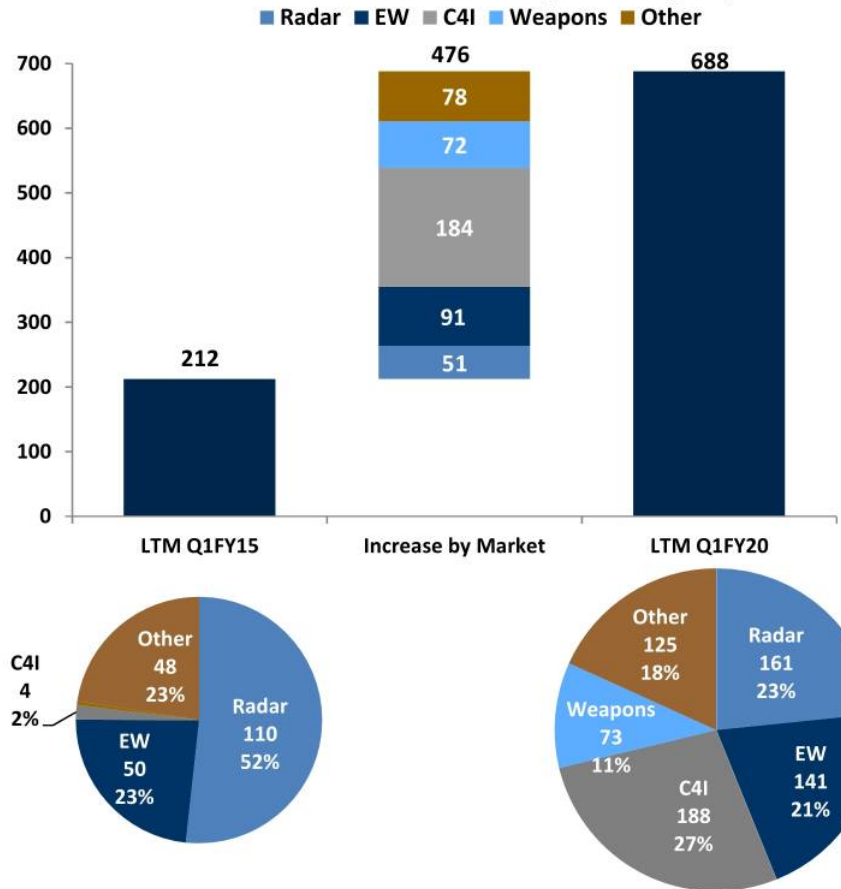


Notes: For the fiscal years ended June 30, as reported in the Company's Form 10-Ks. CAGR figures for the period FY14-FY19. LTM and YoY figures are based on the trailing four fiscal quarters information reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release. Numbers are rounded. Per share data is presented on a fully diluted basis. As of July 1, 2019, 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 sales and disposals among other adjustments. Adjusted EBITDA for prior periods has been recast for comparative purposes.

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)



Notes: LTM figures are based on the trailing four fiscal quarters for the period indicated using information reported in the Com Form 10-Ks, Form 10-Qs and/or most recent earnings release. Percent of total may not equal 100% due to other non-categorize revenue. Numbers are rounded. As additional information related to the Company's products by end user, application and/or grouping is attained, the categorization of these products can vary over time. When this occurs, the Company reclassifies revenue, application and/or product grouping for prior periods.

LTM Q1 FY20 vs. LTM Q1 FY19

<i>In \$ millions, except percentage and per share data</i>	LTM Q1 FY19 ⁽¹⁾	LTM Q1 FY20 ⁽¹⁾	Change
Bookings	\$635.0	\$820.0	29%
Book-to-Bill	1.20	1.19	
Backlog	\$507.9	\$711.7	40%
12-Month Backlog	\$377.8	\$499.2	
Revenue	\$531.2	\$688.0	30%
Organic Revenue Growth ⁽²⁾	22%	19%	
Gross Margin	44.6%	44.0%	(0.5)pts
Operating Expenses	\$186.3	\$222.7	20%
Selling, General & Administrative	\$92.5	\$115.9	
Research & Development	\$60.0	\$75.8	
Amortization/Restructuring/Acquisition	\$33.8	\$30.9	
GAAP Net Income	\$30.4	\$58.5	93%
Effective Tax Rate	30.3%	11.5%	
GAAP EPS	\$0.64	\$1.15	80%
Weighted Average Diluted Shares	47.5	50.3	
Adjusted EPS⁽³⁾	\$1.44	\$1.88	31%
Adj. EBITDA⁽³⁾	\$120.9	\$150.4	24%
% of Revenue	22.8%	21.9%	
Operating Cash Flow	\$55.3	\$101.8	84%
Free Cash Flow⁽³⁾	\$40.1	\$69.2	73%

Notes:

(1) 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.

(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.

Q2 FY20 guidance

<i>In \$ millions, except percentage and per share data</i>	Q2 FY19 ⁽¹⁾	Q2 FY20 ⁽²⁾	Change
Revenue	\$159.1	\$185.0 - \$195.0	16% - 23%
GAAP Net Income Effective tax rate ⁽³⁾	\$12.4 26.6%	\$13.9 - \$15.4 26.0%	12% - 24%
GAAP EPS Weighted-average diluted shares outstanding	\$0.26 47.7	\$0.25 - \$0.28 55.0	(4)% - 8%
Adjusted EPS⁽⁴⁾	\$0.47	\$0.46 - \$0.48	(2)% - 2%
Adj. EBITDA⁽⁴⁾ % of revenue	\$37.0 23.2%	\$38.5 - \$40.5 20.8%	4% - 10%

Notes:

(1) Q2 FY19 figures are as reported in the Company's earnings release dated January 29, 2019.

(2) The guidance included herein is from the Company's earnings release dated October 29, 2019. For purposes of modeling and guidance, we have assumed no incremental restructuring, acquisition, other non-operating adjustments 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.

(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 in June. All references in this presentation to the second quarter of fiscal 2020 are to the quarter ending December 27, 2019 and to fiscal 2020 are to the fiscal year ending July 3, 2020.



FY20 annual guidance

<i>In \$ millions, except percentage and per share data</i>	FY19⁽¹⁾	FY20⁽²⁾⁽⁵⁾	Change
Revenue	\$654.7	\$775.0 - \$790.0	18% - 21%
GAAP Net Income Effective tax rate ⁽³⁾	\$46.8 21.4%	\$72.9 - \$77.8 26%	56% - 66%
GAAP EPS Weighted-average diluted shares outstanding	\$0.96 48.5	\$1.32 - \$1.41 55.2	38% - 47%
Adjusted EPS⁽⁴⁾	\$1.84	\$2.03 - \$2.11	10% - 15%
Adj. EBITDA⁽⁴⁾ % of revenue	\$145.3 22.2%	\$169.5 - \$175.5 21.9-22.2%	17% - 21%

Notes:

(1) FY19 figures are as reported in the Company's earnings release dated July 30, 2019.

(2) The guidance included herein is from the Company's earnings release dated October 29, 2019. For purposes of modeling and guidance, we have assumed no incremental restructuring, acquisition, other non-operating adjustments 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.

(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 in June. All references in this presentation to the second quarter of fiscal 2020 are to the quarter ending December 27, 2019 and to fiscal 2020 are to the fiscal year ending July 3, 2020.



Mercury recent acquisition history

Company	Expansion Primary Theme	Closing Date	Purchase Price (\$mm)	Ending Debt Balance	Funding
	Security	Dec-2015	\$ 10	\$ 0	Cash on Hand
 ⁽¹⁾	Weapons, EW, Security	May-2016	\$ 300	-	Term Loan Cash on Hand
April 2016 Equity Offering			(\$ 93)	\$ 200	Equity Offering
	Platform/Mission, Comm's	Nov-2016	\$ 39	\$ 190	Cash on Hand
January 2017 Equity Offering			(\$ 216)	\$ 0 ⁽²⁾	Equity Offering
	EW, Space	Apr-2017	\$ 41	\$ 0 ⁽²⁾	Cash on Hand
	Platform/Mission	Jul-2017	\$ 6	\$ 0	Cash on Hand
	C2I, Comm's	Feb-2018	\$ 180	\$ 195	Revolver
	C2I, Acoustics	Jul-2018	\$ 45	\$ 240	Revolver
	Platform/Mission	Jan-2019	\$ 37	\$ 277	Revolver
	Security	Apr-2019	\$ 46	\$ 325	Revolver
	EW	Apr-2019			
May 2019 Equity Offering			(\$ 455)	\$ 0 ⁽³⁾	Equity Offering
	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⁾ Acquisition of American Panel Corporation completed on September 23, 2019. ~\$161mm net cash position as of September 27, 2019.

Committed to maintaining differentiated and attractive financial pro

100%

Increase EBITDA margins

- Operating expense leverag
- Program production mix
- Operational improvements
- Full acquisition integration

37%

Grow organically at high-single / low-double digit

- Alignment with DoD priorit
- Increased outsourcing
- Program content expansion
- Increased market share

12%

Supplement with strategic M&A

- Large pipeline of targets
- Significant financial firepov
- Revolver with attractive te
- Identify, execute, integrate

3%

Poised to remain in the top 5%



Summary

- Strategy driving sustained growth and profitability above industry average
- Raised and deployed capital creating significant shareholder value
- Invested in infrastructure and developed core competencies to scale
- Poised for continued organic and inorganic growth, margin expansion
- Well-positioned for future M&A with strong pipeline of opportunities





Appendix

Balance sheet

(In \$ millions) ⁽¹⁾	As of				
	9/30/18	12/31/18	3/31/19	6/30/19	9/27/19
ASSETS					
Cash & cash equivalents	\$72.9	\$93.9	\$112.5	\$257.9	\$161.1
Accounts receivable, net	153.9	168.3	170.7	176.2	177.1
Inventory, net	121.2	126.4	131.7	137.1	148.1
PP&E, net	50.8	53.1	55.9	60.0	65.9
Goodwill and intangibles, net	704.2	696.3	724.3	768.3	847.1
Other ⁽²⁾	24.0	18.6	17.3	17.4	73.3
TOTAL ASSETS	\$1,127.0	\$1,156.6	\$1,212.4	\$1,417.0	\$1,475.6
LIABILITIES AND S/E					
AP and accrued expenses ⁽²⁾	\$61.2	\$70.7	\$83.1	\$86.7	\$84.1
Other liabilities ⁽²⁾	49.2	49.9	40.4	45.5	93.7
Debt	240.0	240.0	276.5	-	-
Total liabilities	350.4	360.6	400.0	132.2	177.8
Stockholders' equity	776.6	796.1	812.4	1,284.7	1,297.8
TOTAL LIABILITIES AND S/E	\$1,127.0	\$1,156.6	\$1,212.4	\$1,417.0	\$1,475.6

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 a result of this adoption, the Company has recorded Right-of-use assets of \$51.3 million, which is included in Other assets and total Lease liabilities of \$60.2 million, of which \$7.1 million is included in Accrued Expenses and \$53.1 million is included in Other liabilities, as of September 27, 2019.

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Cash flow summary

(In \$ millions) ⁽¹⁾	For the Fiscal Quarters Ended				
	9/30/18	12/31/18	3/31/19	6/30/19	9/27/19
Net Income	\$7.5	\$12.4	\$14.1	\$12.8	\$19.2
Depreciation and amortization	11.5	11.7	11.6	11.6	11.4
Other non-cash items, net	5.5	4.6	6.3	5.1	6.4
Changes in Operating Assets and Liabilities					
Accounts receivable, unbilled receivables, and costs in excess of billings	(5.9)	(15.0)	(1.2)	(6.0)	2.2
Inventory	(4.6)	(4.9)	(4.0)	(3.3)	0.4
Accounts payable and accrued expenses	(2.0)	9.2	8.0	2.7	(6.3)
Other	8.0	7.3	(8.6)	(2.2)	(9.0)
	(4.5)	(3.4)	(5.8)	(9.0)	(12.8)
Operating Cash Flow	20.0	25.3	26.2	26.0	24.3
Capital expenditures	(3.7)	(7.1)	(7.1)	(8.8)	(9.6)
Free Cash Flow⁽²⁾	\$16.3	\$18.2	\$19.2	\$17.1	\$14.7
<i>Free Cash Flow⁽²⁾ / Adjusted EBITDA⁽²⁾</i>	<i>52%</i>	<i>49%</i>	<i>49%</i>	<i>45%</i>	<i>40%</i>
<i>Free Cash Flow⁽²⁾ / GAAP Net Income</i>	<i>218%</i>	<i>147%</i>	<i>136%</i>	<i>134%</i>	<i>76%</i>

Notes:

(1) Rounded amounts used.

(2) Non-GAAP, see reconciliation table.



Q1 FY20 vs. Q1 FY19

<i>In \$ millions, except percentage and per share data</i>	Q1 FY19	Q1 FY20	Change
Bookings Book-to-Bill	\$178.7 1.24	\$215.7 1.22	21%
Backlog 12-Month Backlog	\$507.9 377.8	\$711.8 499.2	40%
Revenue Organic Revenue Growth ⁽¹⁾	\$144.1 6%	\$177.3 17%	23%
Gross Margin	42.8%	44.2%	1.4 pts
Operating Expenses Selling, General & Administrative Research & Development Amortization/Restructuring/Acquisition	\$47.8 24.7 14.9 8.1	\$60.9 30.0 21.9 9.1	28%
GAAP Net Income Effective Tax Rate	\$7.5 30%	\$19.2 (12%)	157%
GAAP EPS Weighted Average Diluted Shares	\$0.16 47.7	\$0.35 55.1	119%
Adjusted EPS⁽²⁾	\$0.39	\$0.44	13%
Adj. EBITDA⁽²⁾ % of revenue	\$31.6 22.0%	\$36.7 20.7%	16%
Free Cash Flow⁽²⁾ % of Adjusted EBITDA	\$16.3 52%	\$14.7 40%	(10%)

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.



Adjusted EPS reconciliation

(In thousands, except per share data)	Q1 FY19	Q1 FY20	LTM Q1 FY19	LTM Q1 FY20	Q2 FY20 ⁽²⁾⁽⁴⁾		FY20 ⁽²⁾⁽⁴⁾	
					Low	High	Low	High
Earnings per share⁽¹⁾	\$ 0.16	\$ 0.35	\$ 0.64	\$ 1.15	\$ 0.25	\$ 0.28	\$ 1.32	\$ 1.32
Net Income	\$ 7,479	\$ 19,247	\$ 30,409	\$ 58,543	\$ 13,900	\$ 15,400	\$ 72,900	\$ 72,900
Amortization of intangible assets	7,181	7,019	27,548	27,752	7,900	7,900	30,400	30,400
Restructuring and other charges	504	648	3,568	704	-	-	600	600
Impairment of long-lived assets	-	-	-	-	-	-	-	-
Acquisition and financing costs	1,043	2,236	5,117	10,821	800	800	4,500	4,500
Fair value adjustments from purchase accounting	620	-	2,103	93	-	-	-	-
Litigation and settlement expense, net	-	313	-	657	-	-	300	300
Stock-based and other non-cash compensation expense	4,743	5,776	17,662	20,654	6,400	6,400	25,400	25,400
Impact to income taxes ⁽³⁾	(3,073)	(10,849)	(18,391)	(24,328)	(3,900)	(3,900)	(22,300)	(22,300)
Adjusted income	\$ 18,497	\$ 24,390	\$ 68,016	\$ 94,896	\$ 25,100	\$ 26,600	\$ 111,800	\$ 111,800
Adjusted earnings per share⁽¹⁾	\$ 0.39	\$ 0.44	\$ 1.44	\$ 1.88	\$ 0.46	\$ 0.48	\$ 2.03	\$ 2.03
Weighted-average shares outstanding:								
Basic	47,048	54,388						
Diluted	47,697	55,078			55,000	55,000	55,200	55,200

Notes:

(1) Per share information is presented on a fully diluted basis.

(2) Rounded amounts used.

(3) 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 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.

(4) 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 to earnings presentation to the second quarter of fiscal 2020 are to the quarter ending December 27, 2019 and to fiscal 2020 are to the fiscal year ending July 3, 2020.



Adjusted EBITDA reconciliation

(In thousands)	Q1 FY19	Q1 FY20	LTM Q1 FY19	LTM Q1 FY20	Q2 FY20 ⁽²⁾⁽³⁾		FY20 ⁽²⁾⁽³⁾	
					Low	High	Low	High
Net Income	\$ 7,479	\$ 19,247	\$ 30,409	\$ 58,543	\$13,900	\$15,400	\$ 72,900	\$ 77,800
Other non-operating adjustments, net ⁽¹⁾	365	301	(652)	300	-	-	300	300
Interest (income) expense, net	2,193	(1,187)	5,027	4,797	(500)	(500)	(2,800)	(2,800)
Income tax (benefit) provision	3,129	(2,018)	13,200	7,605	4,900	5,400	17,100	18,200
Depreciation	4,365	4,362	16,938	18,475	5,100	5,100	20,800	20,800
Amortization of intangible assets	7,181	7,019	27,548	27,752	7,900	7,900	30,400	30,400
Restructuring and other charges	504	648	3,568	704	-	-	600	600
Impairment of long-lived assets	-	-	-	-	-	-	-	-
Acquisition and financing costs	1,043	2,236	5,117	10,821	800	800	4,500	4,500
Fair value adjustments from purchase accounting	620	-	2,103	93	-	-	-	-
Litigation and settlement expense, net	-	313	-	657	-	-	300	300
Stock-based and other non-cash compensation expense	4,743	5,776	17,662	20,654	6,400	6,400	25,400	25,400
Adjusted EBITDA	\$ 31,622	\$ 36,697	\$ 120,920	\$ 150,401	\$ 38,500	\$ 40,500	\$ 169,500	\$ 175,500

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 and fixed assets sales and disposals among other adjustments. Adjusted EBITDA for prior periods has been recast for comparative purposes.

(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 earnings presentation to the second quarter of fiscal 2020 are to the quarter ending December 27, 2019 and to fiscal 2020 are to the fiscal year ending July 3, 2020.



Free cash flow reconciliation

(In thousands)	Q1 FY19	Q1 FY20	LTM Q1 FY19	LTM Q1 FY20
Cash provided by operating activities	\$ 20,029	\$ 24,310	\$ 55,322	\$ 101,798
Purchases of property and equipment	(3,727)	(9,595)	(15,205)	(32,559)
Free cash flow	\$ 16,302	\$ 14,715	\$ 40,117	\$ 69,239



Organic revenue reconciliation

(In thousands)	Q1 FY19	Q1 FY20	LTM Q1 FY19	LTM Q1 FY20
Organic revenue⁽¹⁾	\$ 135,062	\$ 158,053	\$ 522,177	\$ 622,087
Acquired revenue	8,994	19,251	8,994	65,905
Net revenues	\$ 144,056	\$177,304	\$ 531,171	\$ 687,992

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

AEGIS	Aegis Ballistic Missile Defense System	EDM	Engineering Data Management	MRTT	Multi Role Tanker Transport
AESA	Active Electronically Scanned Array	EM	Electromagnetic	O&M	Operations & Maintenance
AMC	Advanced Microelectronics Center	EO/IR	Electro-optical / Infrared	OpenVPX	System-level specification framework initiated by Mercury
BCA	Budget Control Act	EW	Electronic Warfare	PBR	President's Budget Request
C2I	Command, Control & Intelligence	FMS	Foreign Military Sales	PGK	Precision Guidance Kit
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance	GAM	Global Account Manager	RF	Radio Frequency
CBO	Congressional Budget Office	HEL	High Energy Laser	RoW	Rest of World
COTS	Commercial off-the Shelf	HPM	High Power Microwave	SEWIP	Surface Electronic Warfare Improvement Program
CRS	Congressional Research Service	IMA	Integrated Microwave Assembly	SIGINT	Signals Intelligence
DAL	Design Assurance Level	IRAD	Internal Research And Development	SM	Standard Missile
DFARS	Defense Federal Acquisition Regulation Supplement	JLTV	Joint Light Tactical Vehicle	SWaP	Size Weight and Power
DMEA	Defense Microelectronics Activity	LRU	Line Replaceable Unit	TAM	Total Addressable Market
DRFM	Digital Radio Frequency Memory	MALD	Miniature Air Launched Decoy	USMO	US Manufacturing Operations
EA	Electronic Attack	MMA	Multimission Maritime Aircraft	WIN-T	Warfighter Information Network-Tactical



