



BofA Securities 2020 Transportation & Industrials Virtual Conference

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President and CEO

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May 11, 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 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 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 cybersecurity 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, and as updated by the Company's Current Report on Form 8-K filed on April 28, 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.

Pioneering a next-generation defense electronics company...

- Unique business model at the intersection of high-tech and Defense
- Make commercial technology profoundly more accessible
- Provide all trusted and secure computers for A&D
- Deployed on 300+ programs - serving defense Prime contractor outsourcing needs
- FY14 - FY19 CAGR:
 - 26% Revenue; ~10% Organic
 - 34% GAAP Net Income*
 - 46% Adj. EBITDA
 - 29% Backlog
- Defense industry's highest Glassdoor employee ratings**



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



Investment highlights

Spent \$1.3B since fiscal 2014 creating a unique business and model for A&D industry

- Innovative growth company at the intersection of high-tech and defense
 - Focused on large, growing and well-funded addressable markets
- Proven transformational business model for A&D industry
 - R&D levels 4-5x industry average as percent of revenue
 - Reusable, trusted and secure mission-critical technologies for speed, reduced risk and affordability
 - Industry-leading secure computing subsystems developed by a highly cleared workforce
 - Developed and produced in trusted facilities with a trusted supply chain
 - Destination employer and acquirer of choice
- Low-risk content expansion strategies delivering above-average organic revenue CAGR
 - Upward vertical expansion for outsourced Tier 2 subsystems driving large dollar content increases
 - Horizontal adjacent market expansion into other platforms and programs with similar needs
 - Unique chip-scale innovation driving future highest-margin content expansion
- Successful M&A strategy targeting new capabilities and market expansion
 - In-house deal origination, M&A execution and acquisition integration
 - Full integration drives substantial cost and revenue synergies over time
 - Multiple M&A themes ongoing
 - Scalable business platform

Our financial performance in top 5% of similarly sized public companies



Mercury's financial profile demonstrates our unique strategy

of Companies

1,140

ALL NYSE AND NASDAQ U.S. LISTED COMPANIES WITH
MARKET CAPITALIZATION BETWEEN \$1B - \$7B

TIER 2 DEFENSE
INDEX MEDIAN



**LTM EBITDA Margin
>20%**

405

**Revenue CAGR
>10% 5-Year**

137

**LTM
Revenue
Growth
>20%**

30

16%

**22%
Margin**

4%

**28%
Growth**

7%

**20%
Growth**

Notes:

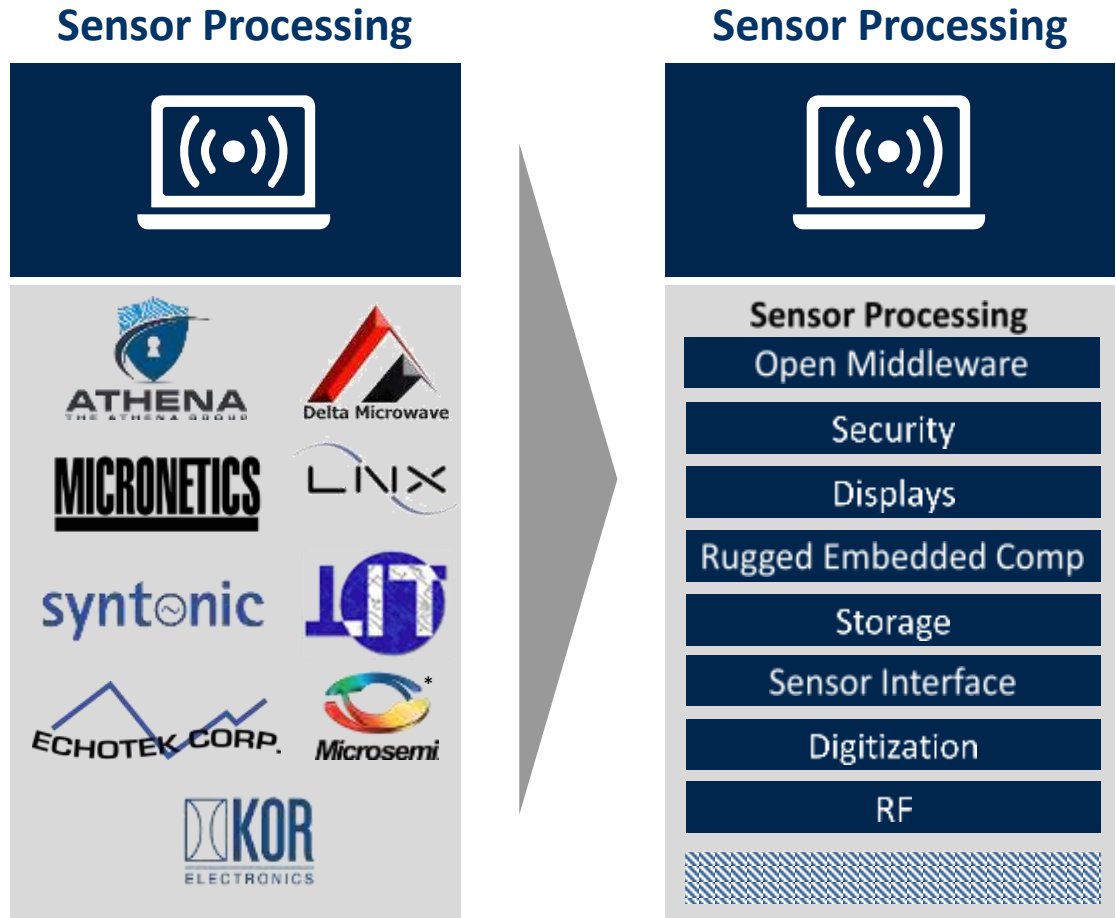
- LTM figures for Mercury are based on the trailing four fiscal quarters using information reported in Mercury's Form 10-Ks, Form 10-Qs and/or most recent earnings release.
- All other data per FactSet as of May 1, 2020. 5-year CAGR for market participants calculated per FactSet for the trailing four fiscal quarters available as of May 1, 2020 and the comparable historical period. Mercury 5-year CAGR calculated as the trailing four fiscal quarters ending fiscal Q3 FY20 compared to the trailing four fiscal quarters ending fiscal Q3 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, 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, Textron, TransDigm Group, Triumph Group, ViaSat, Woodward, Inc..

Strategy delivering above-average growth and profitability



Acquisitions initially transformed Mercury into a...

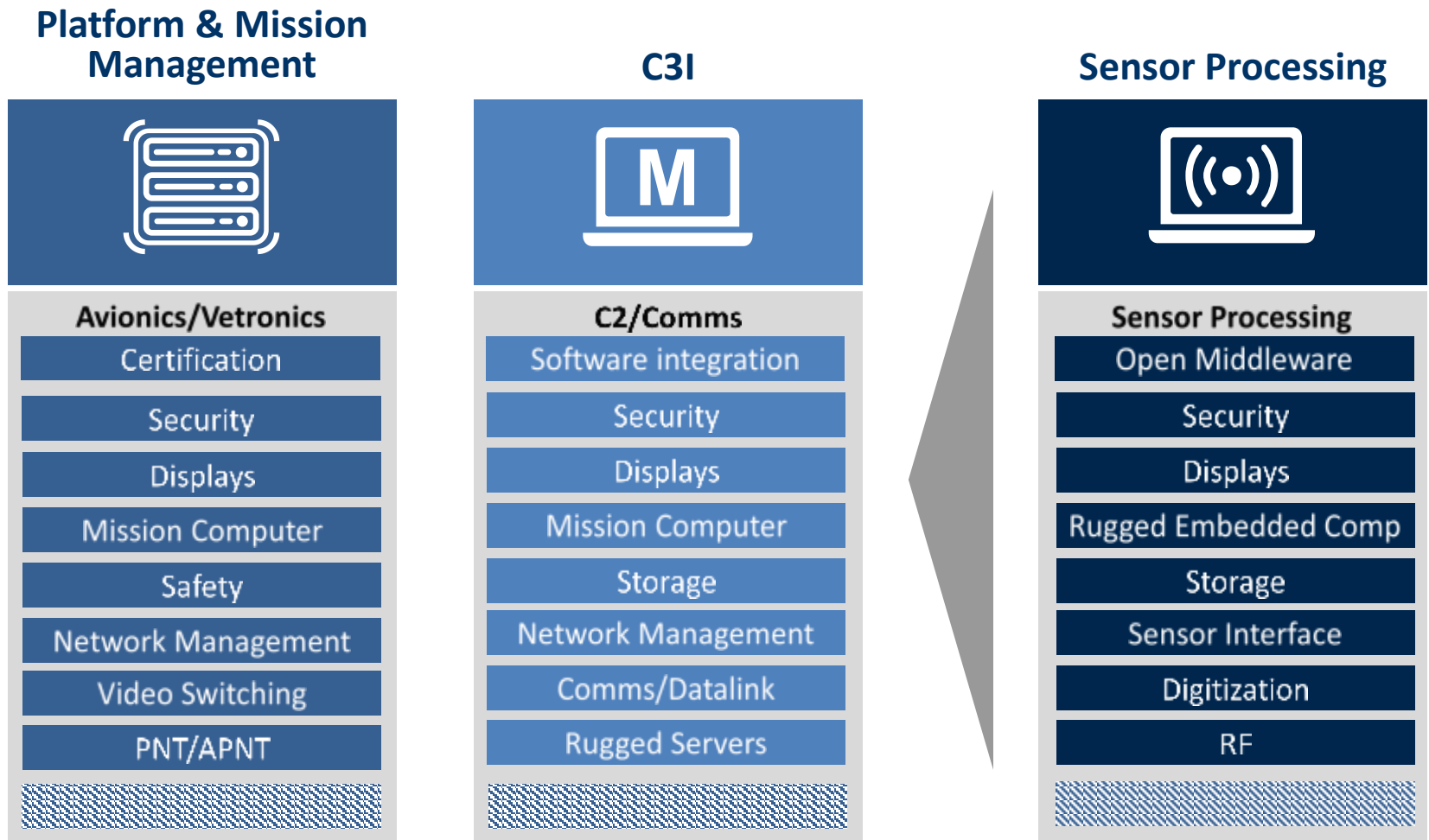
- Acquired capabilities significantly expanded addressable market
- Moved up the value chain
- Model facilitates greater customer outsourcing
- Accelerates customer supply chain transformation
- Disintermediate traditional product-level competitors
- Low-risk, content expansion organic growth strategy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



* Represents carve-out acquisition from Microsemi Corp.

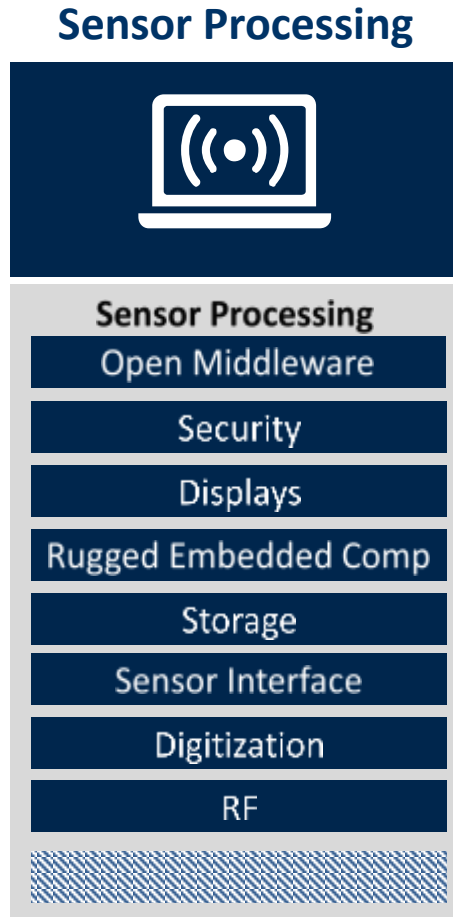
...Tier 2 provider of pre-integrated sensor processing subsystems

Our overarching strategy however is to provide all types...



...of processing subsystems requiring trusted, secure computing

Our goal is to also uniquely replicate our sensor...



Trusted and Secure Solutions Chip-Scale Application-Specific Customization

Communications



Radar



Electronic Warfare



Signal Intelligence

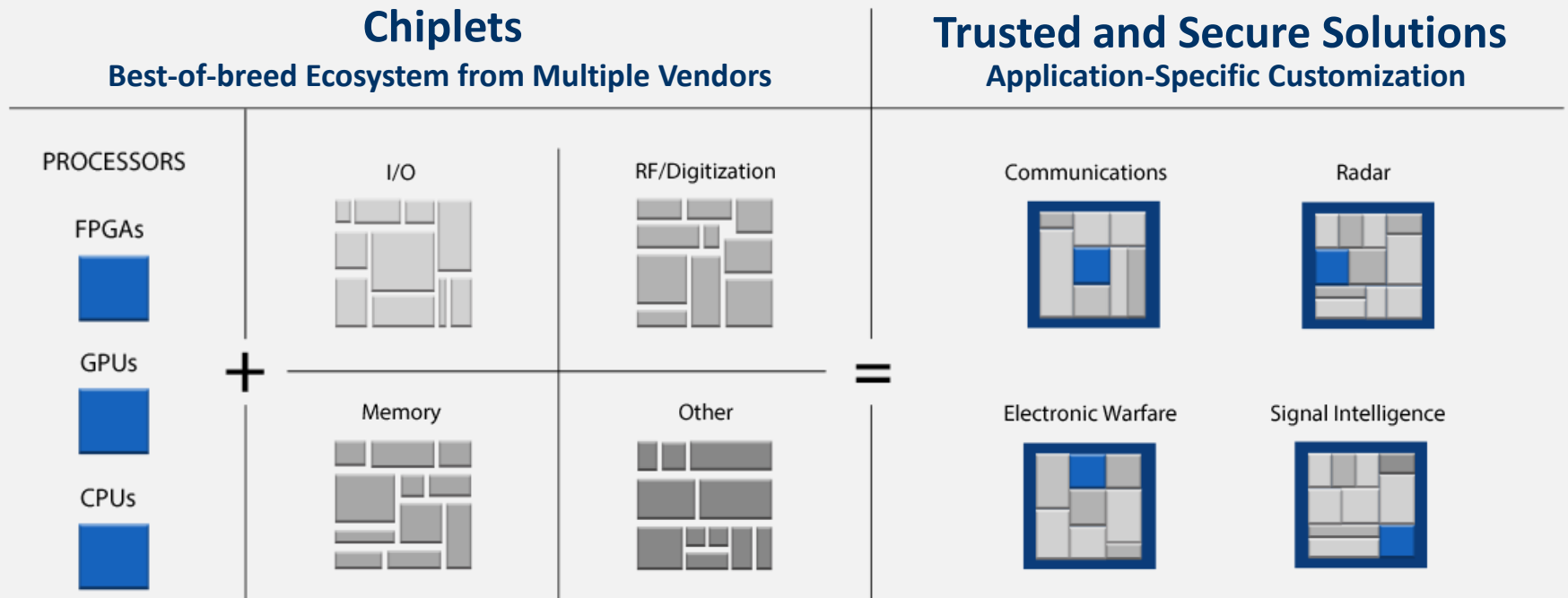


...processing subsystem integration strategy at chip scale

This game-changing capability will enable new applications...

New Modular IP Library Enables Rapid Affordable Customization

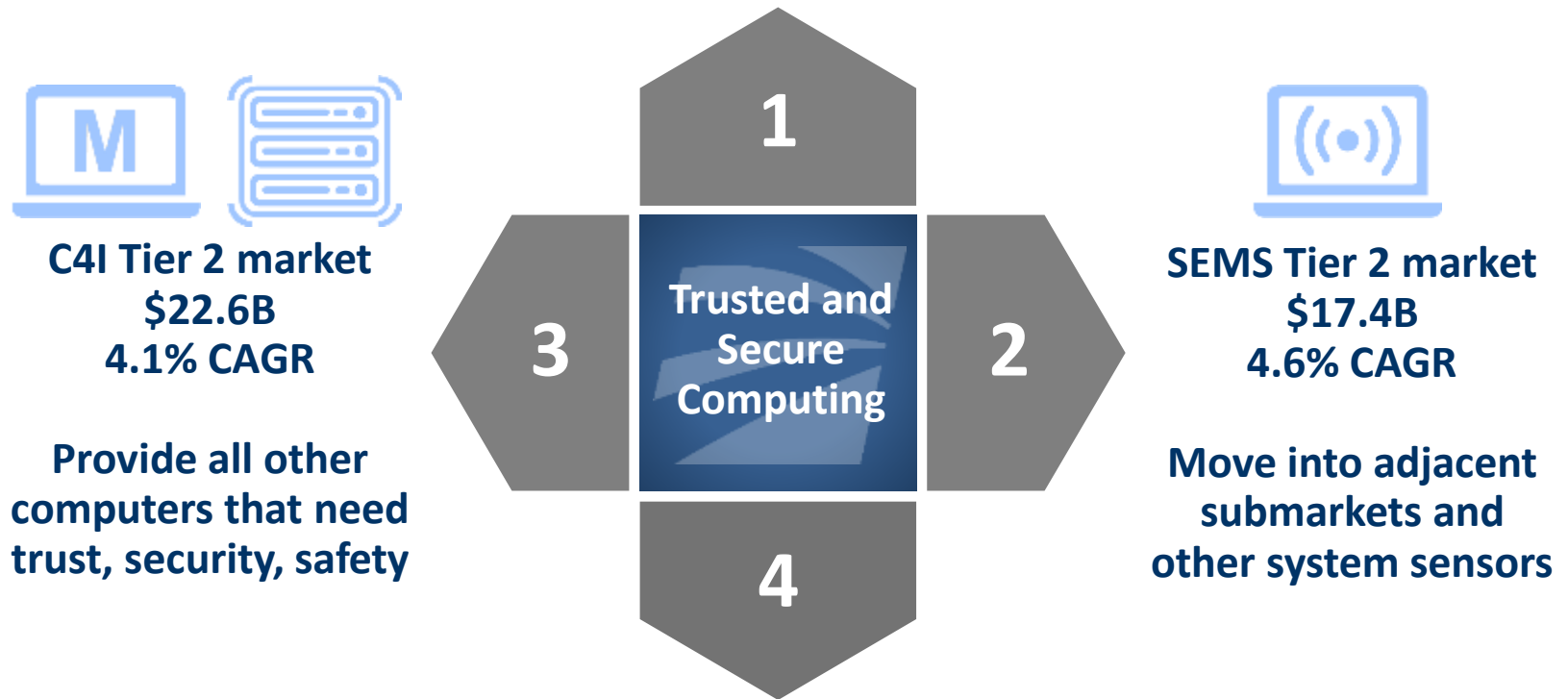
Open systems at chip scale allows unprecedented configurability and flexibility



...and an additional dimension of highest-margin future growth

We are simultaneously expanding our content footprint...

Up to a 12x increase in content per system as customers outsource more due to secure computing requirements and as system complexity grows



Up to another 2x higher-margin content increase per system as new trusted microelectronic capabilities enable new applications and performance

... 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

© 2020 Mercury Systems, Inc. Sources: RSAdvisors research & analysis, November 2019. CAGRs referenced are for periods GFY19-GFY24. Numbers are rounded.

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 Technologies**

NORTHROP GRUMMAN

 **DRS**

BAE SYSTEMS

 **AIRBUS**

SAIC

LOCKHEED MARTIN



L3HARRIS™



GENERAL DYNAMICS
THALES

 **BOEING®**

Six major trends shaping the defense industry



Political Dysfunction:

2019 Budget Control Act positive. Repeated Continuing Resolutions disrupting DoD budget process and spending. 2020 election. Pentagon attrition



Increased Defense Spending Cycle:

Rising interest rates, healthcare and social spending remain long-term issues; Significant platform electronics modernization underway



Defense Procurement Reform:

DoD focused on speeding up rate of innovation and fielding
Other Transaction Authority (OTA) and Non-Traditional Defense Contractors (NTDCs)



Innovation Challenges:

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



DoD needs more domestically-produced technology

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



Challenging Global Security Environment:

Chinese militarization and power projection, resurgent Russia and
Middle East instability

Our COVID-19 response

- Created COVID-19 response team with four key goals to guide decision-making
 1. Protect the health, safety and livelihoods of employees
 2. Reduce and mitigate operational and financial risks in business
 3. Continue to deliver on commitments to customers and shareholders
 4. Continue mission-critical work to support ongoing security of U.S.
- DHS classification as critical infrastructure enabling U.S. facilities to operate
- All employees who can work from home are doing so
- Adjusted workplace conditions to improve physical distancing and safety

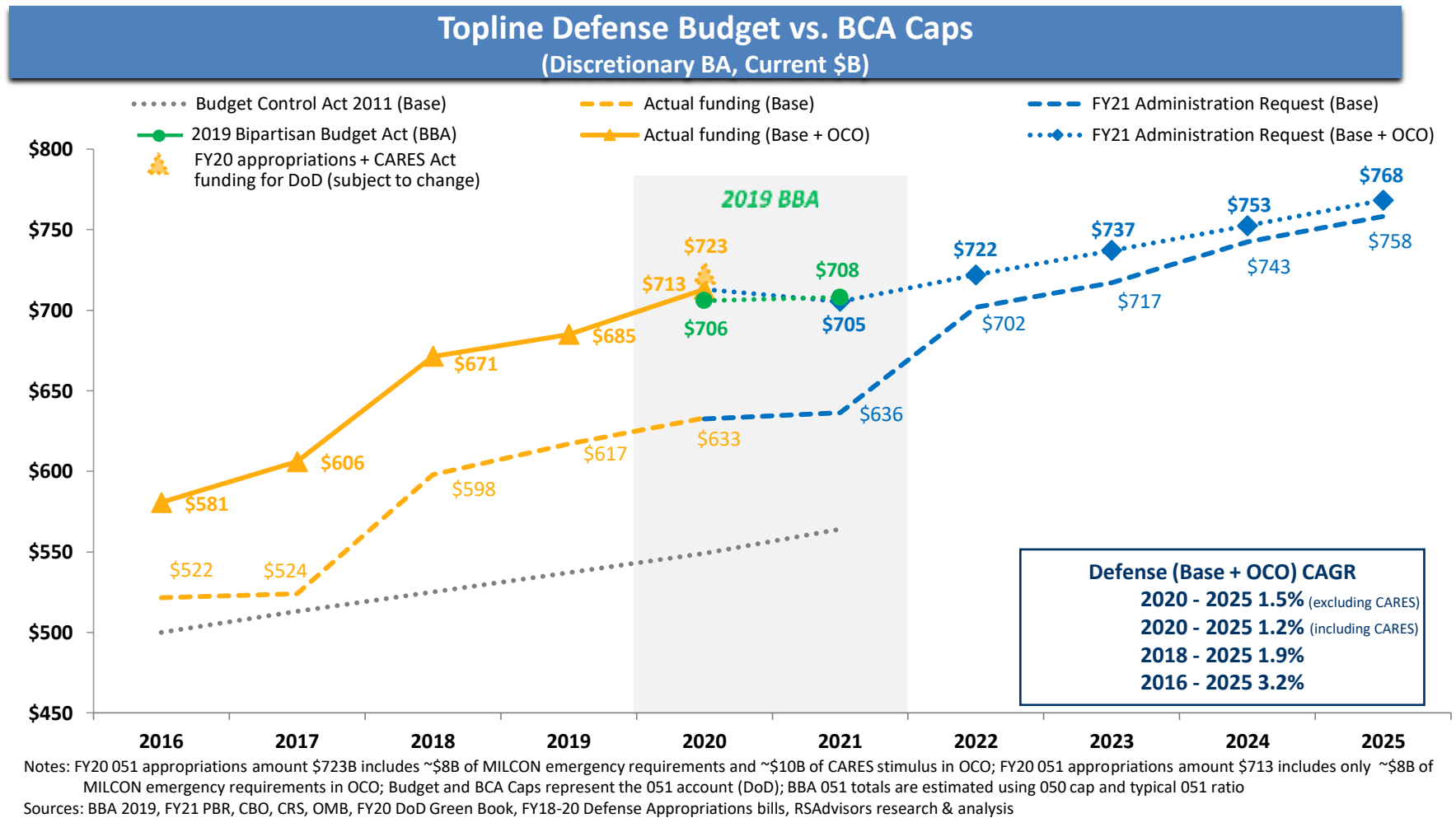
Business conditions remain robust

- COVID-19 not expected to have near-term impact on defense spending
- Brief delays in order approval and flow; no fundamental demand change
- Benefiting from significant wave of sensor and C4I modernization
- Healthy demand in weapons, space, avionics, mission computing
- Favorable trends – delayeering, flight to quality, outsourcing
- Investments in people, processes, technologies, manufacturing paying off
- Closely monitoring supply chain to mitigate risk, minimize impact
- Significant efforts to increase physical distancing inside facilities

Confident in ability to deliver against FY20 goals and objectives



FY21 DoD PBR reflects 2019 BBA topline for FY20-21...











...and calls for ~1.5% topline budget growth over the FYDP

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

Our total addressable market is now ~\$40B

Aerospace & Defense Platform and Systems Electronics Content

	C4I (\$22.6B)*			Sensor & Effector Mission Systems (\$17.4B)*				
	Platform & Mission Mgmt	C2I	Comms	EW	Radar	EO/IR	Acoustics	Weapons
								
	<i>Avionics / Vetronics</i>	<i>Command & Control / Battle Management</i>	<i>Dedicated Communications</i>	<i>Electronic Warfare</i>	<i>Radar</i>	<i>Electro-Optical/ Infrared</i>	<i>Acoustics</i>	<i>Missiles/ Munitions</i>
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
2019 Market (\$B)	\$28.1B	\$37.0B	\$17.1B	\$9.7B	\$10.4B	\$11.6B	\$4.0B	\$5.8B
	4.0%	2.8%	3.7%	4.0%	3.4%	3.8%	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
2019 Tier 2* Market (\$B)	\$7.1B	\$7.6B	\$7.9B	\$5.9B	\$5.3B	\$2.3B	\$1.0B	\$2.9B
	4.8%	3.7%	3.8%	4.1%	3.7%	5.1%	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.

Our capabilities and growth dimensions are well-aligned...

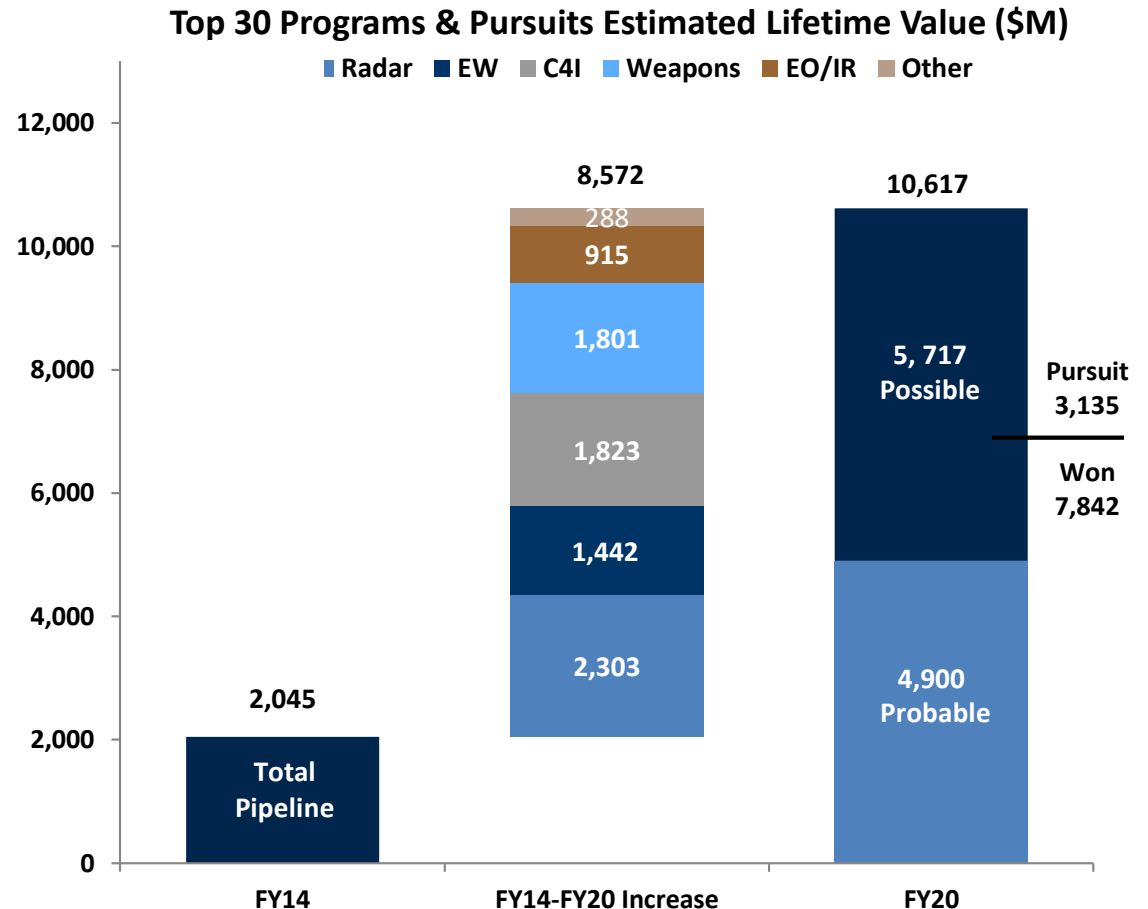
- Addressable market growing faster than DoD budget
- Content per system increasing due to greater outsourcing, share gains and threat driven system complexity
- Acquisitions adding new capabilities, market access and increased penetration
- Winning new platforms and programs as customers proliferate our solutions
- Adding new strategic accounts and strengthening product line sales to grow acquisitions
- Growing with customers internationally



...with DoD investment priorities and overall industry trends

Acquisitions and investments driving significant opportunity growth...

- Total potential value grew >5.2x to \$10.6B in 6 years
- Significant Radar, EW, C4I, EO/IR and Weapons opportunity pipeline
- Acquisitions bring new programs and capabilities
- Larger, more diversified, program base reduces risk
- Content expansion driving above-average growth
- Outsourced integrated subsystems 63% of top 30 program lifetime value

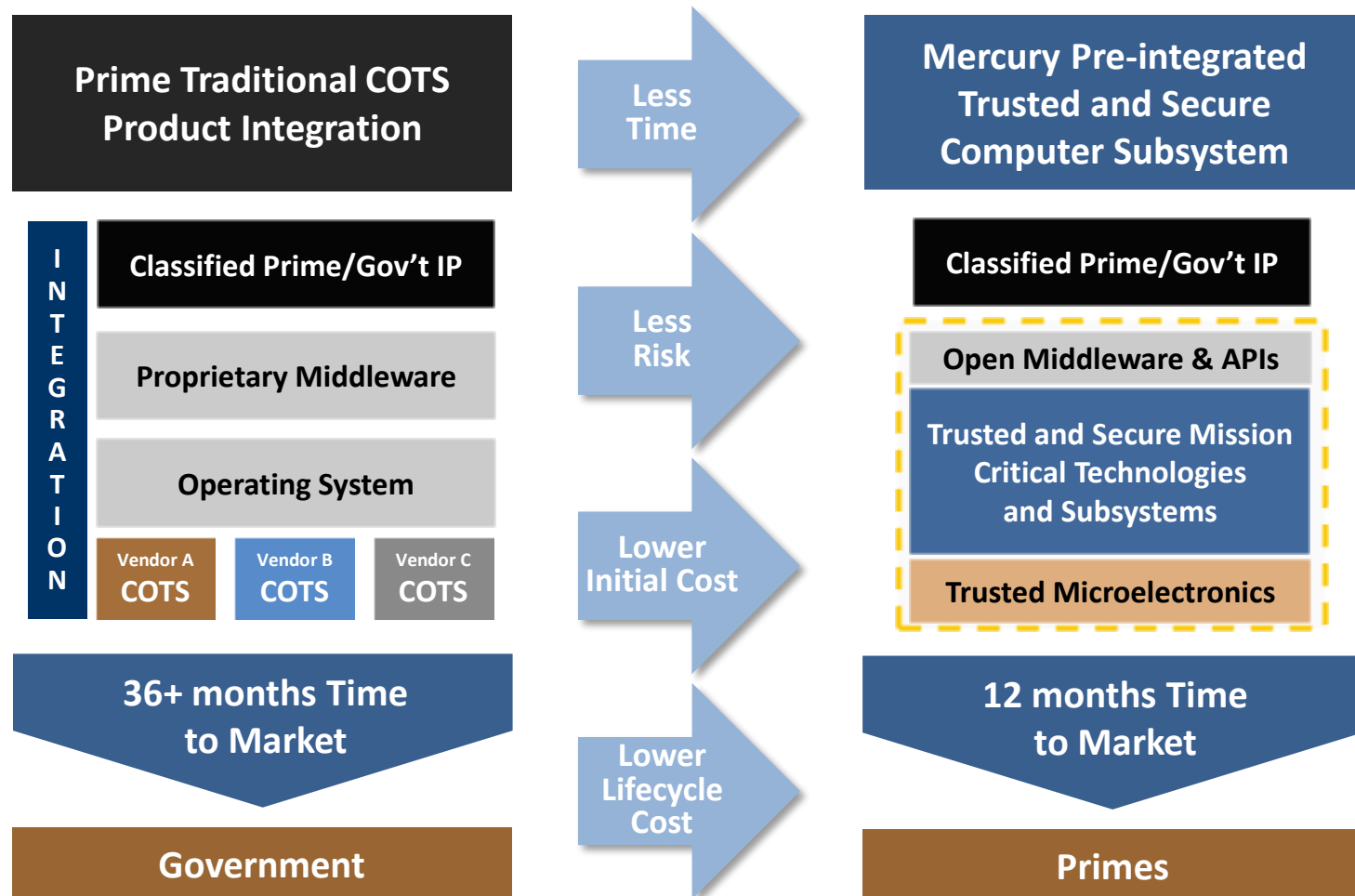


...which in turn is driving strong results

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 outsource pre-integrated mission subsystems

Innovating and making mission-critical technologies profoundly...

Trusted and Secure Mission-Critical Technologies and Subsystems



Leading conduit for
commercial silicon innovation
into A&D market



Highest Safety Design
Assurance Levels (DAL)



Highest Performance
Processing & RFM



Industry-leading
Embedded Security



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



Open Software for
Low Risk Integration,
Investment Protection



PRE-INTEGRATED SUBSYSTEMS

SILICON

SPEED

SWaP

SOFTWARE

SECURITY

SAFETY

...more accessible for systems that require trusted, secure computing

Glassdoor current employee ratings

Validates Mercury's destination employer and acquirer of choice status

	Mercury Systems	Glassdoor Average	Proxy Peer Group ⁽¹⁾	Tier 2 Defense Company Index ⁽²⁾
Overall Rating	4.6	3.5	3.5	3.6
Culture & Values	4.7	3.3	3.3	3.5
Work-Life Balance	4.1	3.4	3.5	3.6
Senior Management	4.6	3.2	3.1	3.2
Compensation & Benefits	4.5	3.1	3.3	3.6
Career Opportunities	4.6	3.0	3.2	3.4
Recommend to Friend	94%	63%	61%	69%
CEO Approval	96%	71%	75%	77%
Positive Business Outlook	95%	50%	51%	58%

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













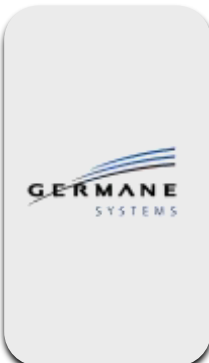

(2) **TIER 2 DEFENSE INDEX:** AAR Corp, Aerojet Rocketdyne, AeroVironment, AXON Enterprises, Ball Aerospace, BWX Technologies, Comtech Telecom, Cubic Corp, Curtiss Wright Corp, Ducommun, Elbit Systems, FLIR Systems, Heico, Hexcel, Honeywell Int'l, Kaman, KBR, Kratos Defense, L3Harris, Maxar, MOOG, Oshkosh Defense, OSI Systems, Teledyne Technologies, Textron, Transdigm Group, Triumph Group, Viasat Inc, Woodward Aerospace.

Source: Glassdoor, Inc., May 5, 2020



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

2019 Tier 2* Market (\$B) & CY'19-24 CAGR (%)

Aerospace & Defense Platform and Systems Electronics Content							
C4I (\$22.6B)*			Sensor & Effector Mission Systems (\$17.4B)*				
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
					Organic		
\$7.1B 4.8%	\$7.6B 3.7%	\$7.9B 3.8%	\$5.9B 4.1%	\$5.3B 3.7%	\$2.3B 5.1%	\$1.0B 6.0%	\$2.9B 4.4%

Notes:

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



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

Financial Overview

Michael Ruppert

Executive Vice President & CFO



The evolution of Mercury Systems

In millions, except percentage and per share data.

		LTM Q3 FY15	LTM Q3 FY20	Change
Valuation	Market Capitalization ^(1,2)	\$477	\$4,816	10x
	Enterprise Value ^(1,2)	\$411	\$4,609	11x
Operational	Revenue ⁽²⁾	\$224	\$756	3x
	Adj. EBITDA ⁽²⁾ % Margin	\$37 16%	\$165 22%	4x +~600 bps
	Adj. EPS ⁽²⁾	\$0.65	\$2.06	3x
Strategy	Number of Acquisitions ⁽³⁾	N.A.	11	N.M.
	Capital Deployed ⁽³⁾	N.A.	\$804	N.M.

Notes

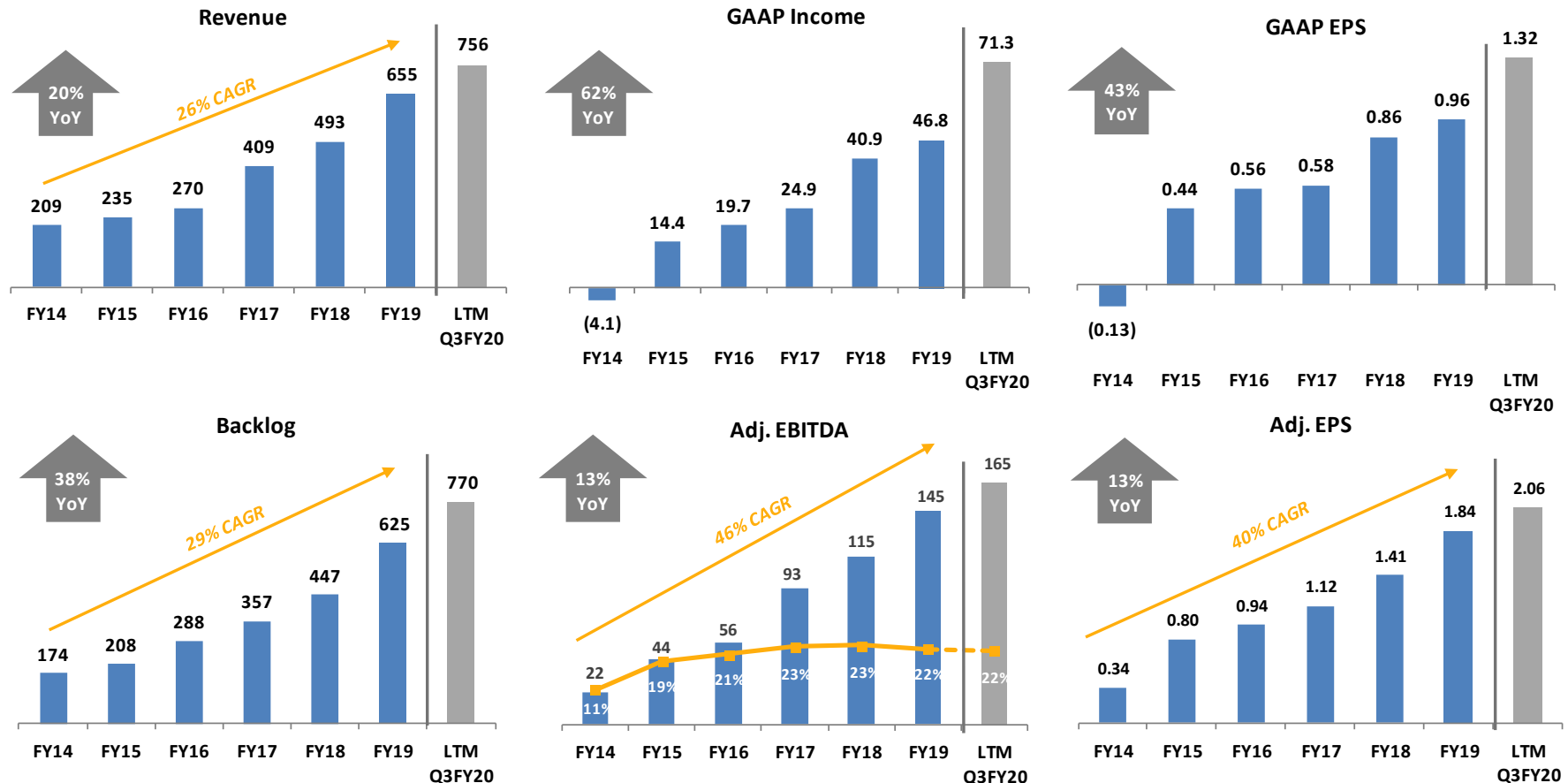
(1) Valuation for LTM Q3 FY15 based on basic shares from the cover page of the Company's Q3 FY15 10-Q and stock price as of May 1, 2015.

Valuation for LTM Q3 FY20 based on basic shares from the cover page of the Company's Q3 FY20 10-Q and stock price as of May 1, 2020.

(2) Trailing four fiscal quarters ended Q3 FY15 and Q3 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. 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.

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

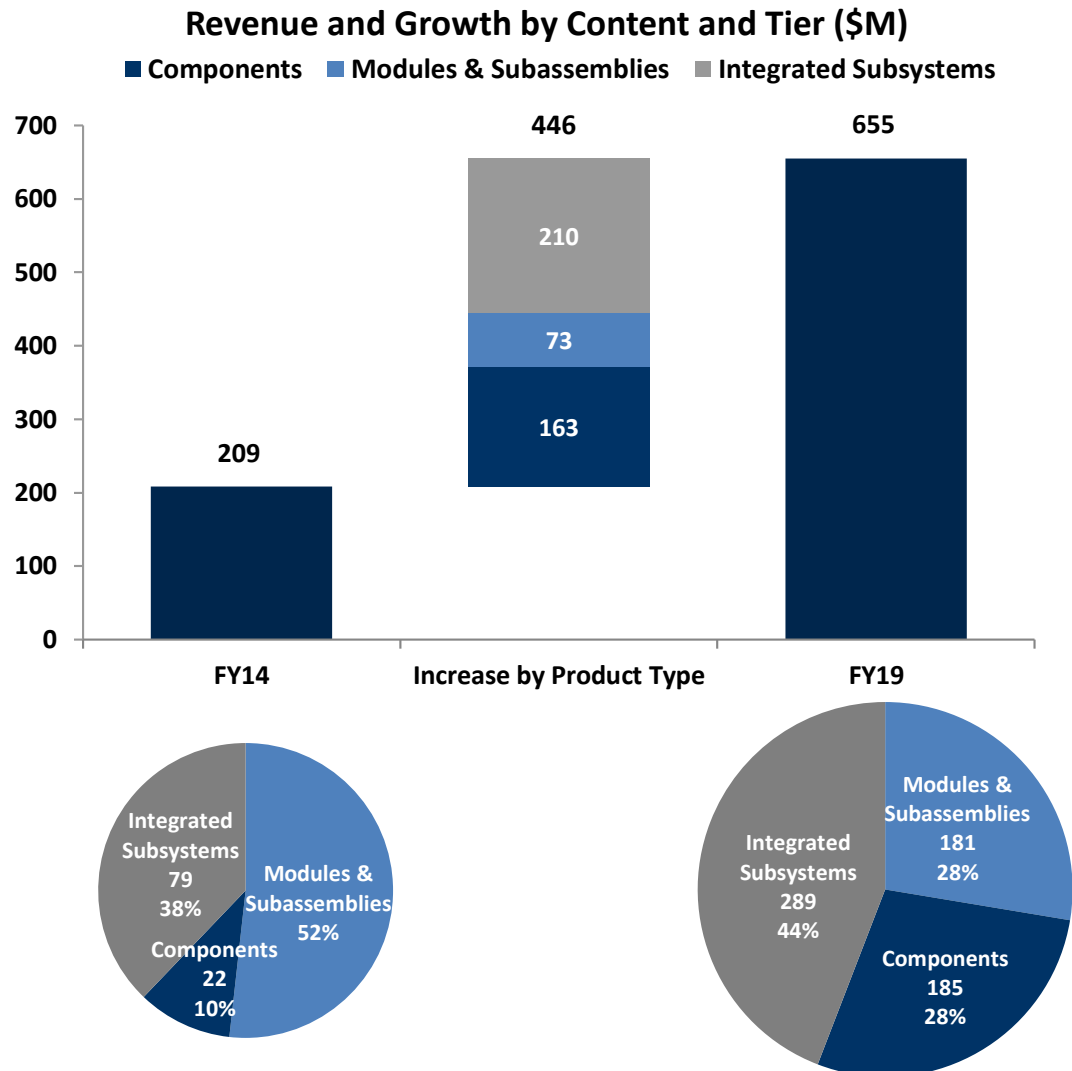
Mercury has delivered strong financial results



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 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. Effective as of the third quarter of fiscal 2020, the Company has added back incremental COVID related expenses. 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 assets sales or disposals among other adjustments. Adjusted EPS for prior periods has been recast for comparative purposes.

Content expansion from modules to subsystems

- **Components:**
 - Expansion via custom microelectronics acquisition from Microsemi
 - Investment in trusted microelectronics
- **Modules/Subassemblies:**
 - Down from 52% of revenue in FY14 to 28% in FY19 as shift towards subsystems
- **Subsystems:**
 - Expansion into \$40B Tier 2 RF & computing market
 - Subsystems represent 63% of top 30 program lifetime value



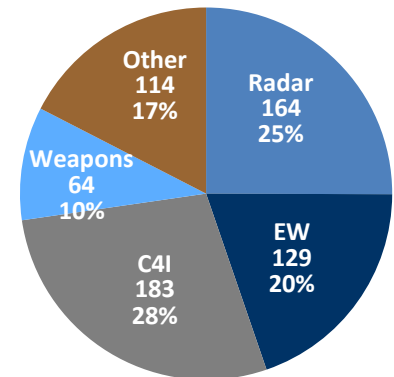
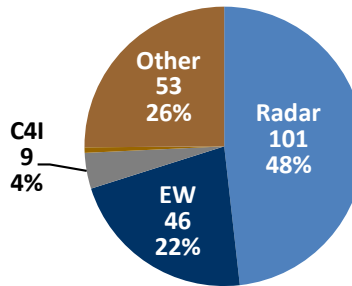
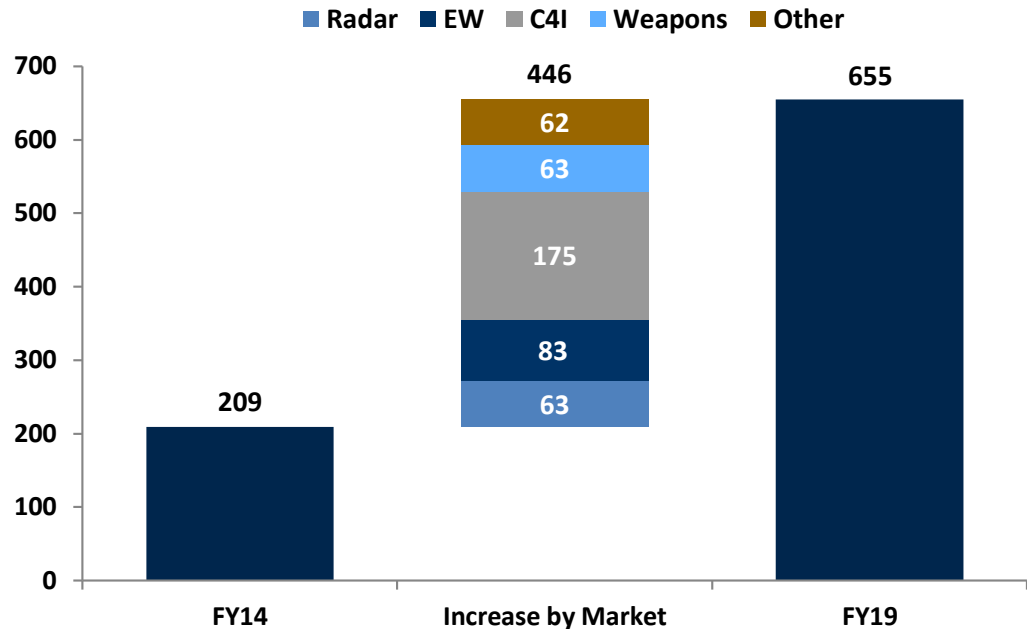
Notes: Fiscal years ended June 30, FY14-FY19 figures are as reported in the Company's Form 10-Ks and/or internal Company data. Percent of total may not equal 100% due to other non-categorized revenue. Numbers are rounded. As additional information related to the Company's products by end user, application 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)

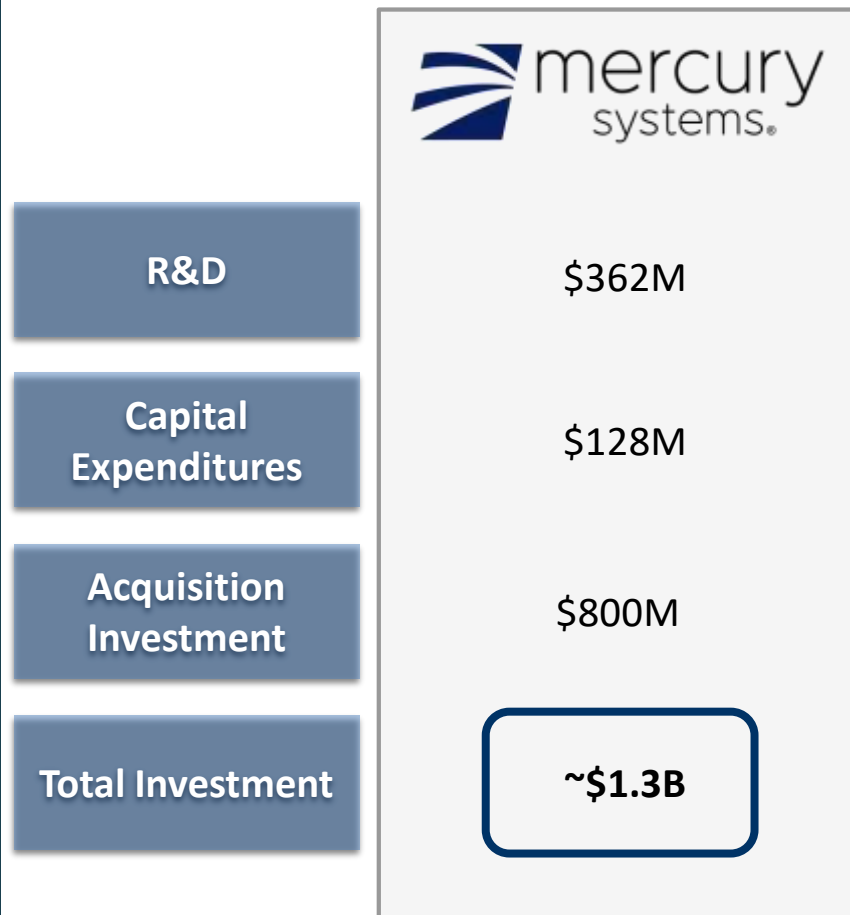


Notes: Fiscal years ended June 30, FY14-FY19 figures are as reported in the Company's Form 10-Ks. Weapons revenue is classified within Other Sensor and Effector products which include all Sensor and Effector end markets other than Radar and Electronic Warfare. Percent of total may not equal 100% due 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



Markets C4I and SEMS

Aerospace & Defense Platform and Systems Electronics Content							
C4I			Sensor & Effector Mission Systems				
Platform & Mission Mgmt	C2I	Comms	EW	Radar	EO/IR	Acoustics	Weapons
Avionics / Vetronics	Command & Control / Battle Management	Dedicated Communications	Electronic Warfare	Radar	Electro-Optical/ Infrared	Acoustics	Missiles/ Munitions

Trusted and Secure Mission-Critical Technologies and Subsystems



Trusted Domestic Manufacturing and Integration from Chip-scale to Systems



Invested \$1.3 billion since FY14 driving outsourcing

Note: All figures are approximate and reflect the period of FY14-Q3 FY20 using information reported in the Company's Form 10-Ks, Form 10-Qs and/or recent public announcements. Numbers are rounded.

LTM Q3 FY20 performance

<i>In \$ millions, except percentage and per share data</i>	LTM Q3 FY19⁽¹⁾	LTM Q3 FY20⁽¹⁾⁽⁴⁾	Change
Bookings	\$713.3	\$917.0	29%
Book-to-Bill	1.13	1.21	
Backlog	\$558.2	\$769.8	38%
12-Month Backlog	\$367.3	\$544.8	
Revenue	\$630.6	\$756.2	20%
Organic Revenue Growth ⁽²⁾	16%	11%	
GAAP Net Income	\$44.1	\$71.3	62%
GAAP EPS	\$0.92	\$1.32	43%
Adjusted EPS⁽³⁾	\$1.82	\$2.06	13%
Adj. EBITDA⁽³⁾	\$145.1	\$164.5	13%
% of Revenue	23.0%	21.8%	
Operating Cash Flow	\$97.2	\$112.4	16%
Free Cash Flow⁽³⁾	\$75.3	\$71.8	(5%)

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.

(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 of June. All references in this presentation to the second quarter of fiscal 2020 are to the quarter ended December 27, 2019, to the third quarter of fiscal 2020 are to the quarter ending March 27, 2020 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	\$785.0 - \$795.0	20% - 21%
GAAP Net Income Effective tax rate ⁽³⁾	\$46.8 21.4%	\$76.1 - \$78.3 16.0%	63% - 67%
GAAP EPS Weighted-average diluted shares outstanding	\$0.96 48.5	\$1.38 - \$1.42 55.1	44% - 48%
Adjusted EPS⁽⁴⁾	\$1.84	\$2.12 - \$2.16	15% - 17%
Adj. EBITDA⁽⁴⁾ % of revenue	\$145.3 22.2%	\$173.0 - \$176.0 22.0%-22.1%	19% - 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 April 28, 2020. Guidance assumes no major supply chain disruptions, extended facility shutdowns or material change in customer behavior or demand. For purposes of modeling and guidance, we have assumed no incremental restructuring, acquisition, other non-operating adjustments, non-recurring financing or COVID 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 of June. All references in this presentation to the third quarter of fiscal 2020 are to the quarter ended March 27, 2020, and to the fourth quarter and full fiscal 2020 are to the fiscal year ending July 3, 2020.

Mercury recent acquisition history

Company	Expansion Primary Theme	Closing Date	Purchase Price (\$M)	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

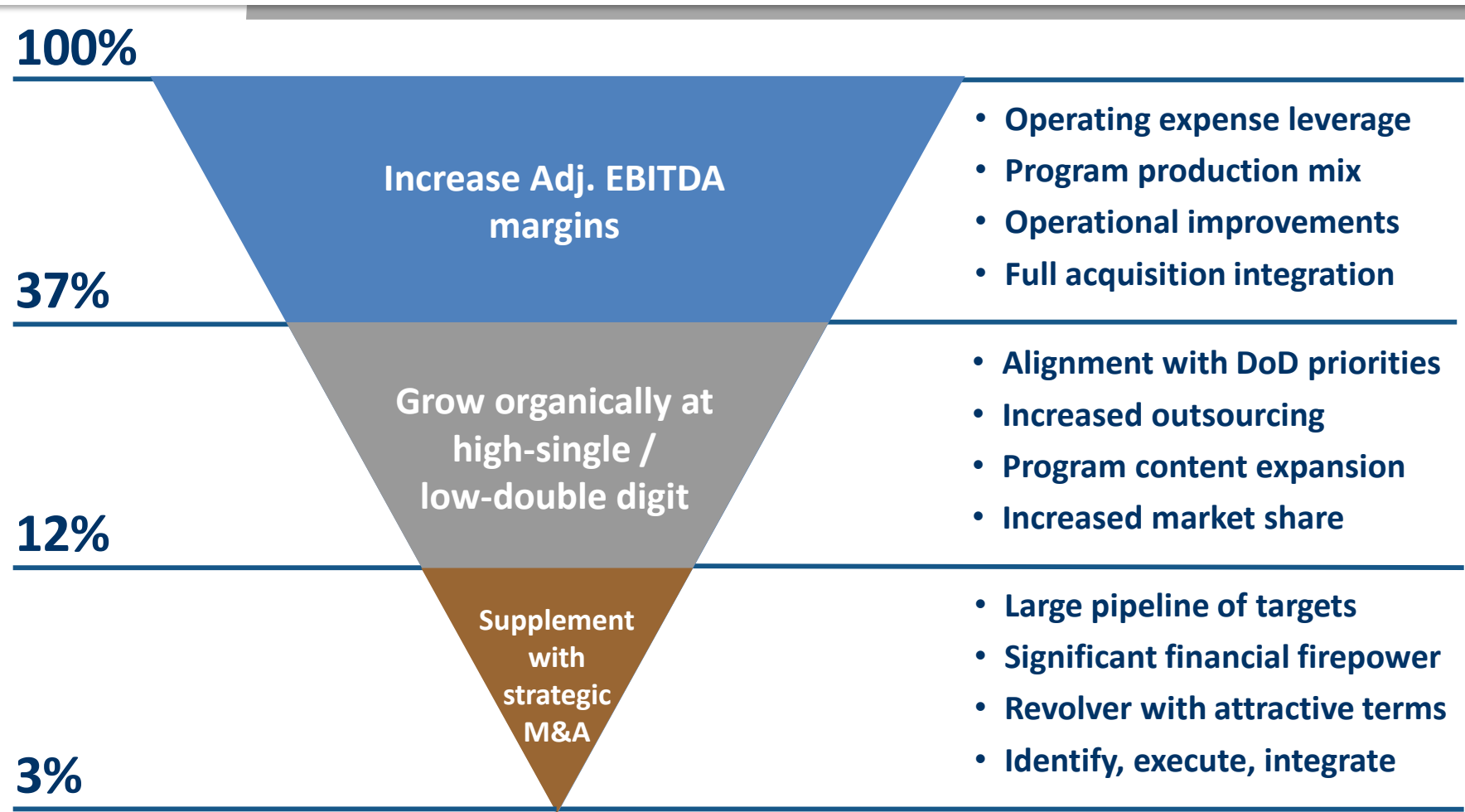
⁽¹⁾ Represents carve-out acquisition from Microsemi Corp.

⁽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. ~\$182M net cash position as of December 27, 2019.

Committed to maintaining differentiated and attractive financial profile



Poised to remain in the top 5%

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 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				
	3/31/19	6/30/19	9/27/19	12/27/19	3/27/20
<u>ASSETS</u>					
Cash & cash equivalents	\$112.5	\$257.9	\$161.3	\$182.0	\$407.1
Accounts receivable, net	170.7	176.2	177.5	193.4	214.0
Inventory, net	131.7	137.1	148.5	153.6	161.9
PP&E, net	55.9	60.0	65.9	72.7	78.7
Goodwill and intangibles, net	724.3	768.3	847.4	839.2	831.4
Other ⁽²⁾	17.3	17.4	73.3	71.7	78.5
TOTAL ASSETS	\$1,212.4	\$1,417.0	\$1,473.9	\$1,512.6	\$1,771.6
<u>LIABILITIES AND S/E</u>					
AP and accrued expenses ⁽²⁾	\$83.1	\$86.7	\$84.8	\$91.3	\$109.6
Other liabilities ⁽²⁾	40.4	45.5	93.7	104.3	112.6
Debt	276.5	-	-	-	200.0
Total liabilities	400.0	132.2	178.5	195.6	422.2
Stockholders' equity	812.4	1,284.7	1,295.3	1,317.1	1,349.4
TOTAL LIABILITIES AND S/E	\$1,212.4	\$1,417.0	\$1,473.9	\$1,512.6	\$1,771.6

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 of March 27, 2020, the Company has Right-of-use assets of \$61.1 million and total Lease liabilities of \$73.8 million, of which \$6.8 million is included in Accrued expenses.

Cash flow summary

(In \$ millions) ⁽¹⁾	For the Fiscal Quarters Ended				
	3/31/19	6/30/19	9/27/19	12/27/19	3/27/20
Net Income	\$14.1	\$12.8	\$19.2	\$15.7	\$23.6
Depreciation and amortization	11.6	11.6	11.4	12.5	12.7
Termination of interest rate swap	-	5.4	-	-	-
Gain on sale of investment	-	-	-	-	(3.8)
Other non-cash items, net	6.3	5.1	6.4	7.6	8.5
Changes in Operating Assets and Liabilities					
Accounts receivable, unbilled receivables, and costs in excess of billings	(1.2)	(6.0)	2.2	(15.7)	(20.7)
Inventory	(4.0)	(3.3)	0.4	(5.7)	(8.2)
Accounts payable and accrued expenses	8.0	2.7	(6.3)	5.8	18.4
Other	(8.6)	(2.2)	(9.0)	11.8	(0.4)
	(5.8)	(9.0)	(12.8)	(3.8)	(10.9)
Operating Cash Flow	26.2	26.0	24.3	32.1	30.1
Capital expenditures	(7.1)	(8.8)	(9.6)	(11.3)	(10.9)
Free Cash Flow⁽²⁾	\$19.2	\$17.1	\$14.7	\$20.7	\$19.2
Free Cash Flow⁽²⁾ / Adjusted EBITDA⁽²⁾	49%	45%	40%	48%	41%
Free Cash Flow⁽²⁾ / GAAP Net Income	136%	134%	76%	132%	81%

Notes:

(1) Rounded amounts used.

(2) Non-GAAP, see reconciliation table.

Q3 FY20 vs. Q3 FY19

<i>In \$ millions, except percentage and per share data</i>	Q3 FY19	Q3 FY20⁽³⁾	Change
Bookings Book-to-Bill	\$189.7 1.09	\$250.3 1.20	32%
Backlog 12-Month Backlog	\$558.2 367.3	\$769.8 544.8	38%
Revenue Organic Revenue Growth ⁽¹⁾	\$174.6 31%	\$208.0 11%	19%
Gross Margin	42.3%	44.9%	2.6 pts
Operating Expenses Selling, General & Administrative Research & Development Amortization/Restructuring/Acquisition	\$51.8 27.4 17.4 6.9	\$67.0 34.0 25.0 8.0	29%
GAAP Net Income Effective Tax Rate	\$14.1 27.5%	\$23.6 18.5%	67%
GAAP EPS Weighted Average Diluted Shares	\$0.29 48.0	\$0.43 55.1	48%
Adjusted EPS⁽²⁾	\$0.49	\$0.60	22%
Adj. EBITDA⁽²⁾ % of revenue	\$38.8 22.2%	\$47.1 22.6%	21%
Operating Cash Flow	\$26.2	\$30.1	15%
Free Cash Flow⁽²⁾ % of Adjusted EBITDA	\$19.2 49%	\$19.2 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 third quarter of fiscal 2020 are to the quarter ended March 27, 2020, and to the fourth quarter and full fiscal 2020 are to the fiscal year ending July 3, 2020.

Q4 FY20 guidance

<i>In \$ millions, except percentage and per share data</i>	Q4 FY19⁽¹⁾	Q4 FY20⁽²⁾⁽⁵⁾	Change
Revenue	\$177.0	\$205.8 - \$215.8	16% - 22%
GAAP Net Income Effective tax rate ⁽³⁾	\$12.8 (1.7)%	\$17.6 - \$19.8 26.0%	37% - 55%
GAAP EPS Weighted-average diluted shares outstanding	\$0.25 50.7	\$0.32 - \$0.36 55.2	28% - 44%
Adjusted EPS⁽⁴⁾	\$0.48	\$0.54 - \$0.58	13% - 21%
Adj. EBITDA⁽⁴⁾ % of revenue	\$37.9 21.4%	\$46.4 - \$49.4 22.5%-22.9%	22% - 30%

Notes:

(1) Q4 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 April 28, 2020. Guidance assumes no major supply chain disruptions, extended facility shutdowns or material change in customer behavior or demand. For purposes of modeling and guidance, we have assumed no incremental restructuring, acquisition, other non-operating adjustments, non-recurring financing or COVID-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 of June. All references in this presentation to the third quarter of fiscal 2020 are to the quarter ended March 27, 2020, and to the fourth quarter and full fiscal 2020 are to the fiscal year ending July 3, 2020.

Adjusted EPS reconciliation

(In thousands, except per share data)	Q3 FY19	Q3 FY20	LTM Q3 FY19	LTM Q3 FY20	Q4 FY20 ⁽²⁾⁽⁶⁾		FY20 ⁽²⁾⁽⁶⁾	
					Low	High	Low	High
Earnings per share⁽¹⁾	\$ 0.29	\$ 0.43	\$ 0.92	\$ 1.32	\$ 0.32	\$ 0.36	\$ 1.38	\$ 1.42
Net Income	\$ 14,109	\$ 23,565	\$ 44,072	\$ 71,292	\$ 17,600	\$ 19,800	\$ 76,100	\$ 78,300
Other non-operating adjustments, net ⁽³⁾	\$ (502)	(3,138)	(152)	(2,867)	-	-	(3,400)	(3,400)
Amortization of intangible assets	6,786	7,848	28,342	29,867	7,800	7,800	30,600	30,600
Restructuring and other charges	46	66	1,940	1,802	-	-	1,800	1,800
Impairment of long-lived assets	-	-	-	-	-	-	-	-
Acquisition and financing costs	787	891	3,391	12,045	700	700	5,700	5,700
Fair value adjustments from purchase accounting	93	600	1,573	1,200	600	600	1,800	1,800
Litigation and settlement expense, net	146	174	325	648	-	-	600	600
COVID related expenses ⁽⁴⁾	-	397	-	397	-	-	400	400
Stock-based and other non-cash compensation expense	4,914	6,917	19,304	23,958	7,200	7,200	26,600	26,600
Impact to income taxes ⁽⁵⁾	(2,722)	(4,048)	(11,513)	(27,079)	(4,200)	(4,200)	(23,500)	(23,500)
Adjusted income	\$ 23,657	\$ 33,272	\$ 87,282	\$ 111,263	\$ 29,700	\$ 31,900	\$ 116,700	\$ 118,900
Adjusted earnings per share⁽¹⁾	\$ 0.49	\$ 0.60	\$ 1.82	\$ 2.06	\$ 0.54	\$ 0.58	\$ 2.12	\$ 2.16
Weighted-average shares outstanding:								
Basic	47,258	54,603						
Diluted	47,958	55,127			55,200	55,200	55,100	55,100

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 benefit 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 third quarter of fiscal 2020 are to the quarter ended March 27, 2020, and to the fourth quarter and full fiscal 2020 are to the fiscal year ending July 3, 2020.

Adjusted EBITDA reconciliation

					Q4 FY20 ⁽²⁾⁽³⁾		FY20 ⁽²⁾⁽³⁾	
(In thousands)	Q3 FY19	Q3 FY20	LTM Q3 FY19	LTM Q3 FY20	Low	High	Low	High
Net Income	\$ 14,109	\$ 23,565	\$ 44,072	\$ 71,292	\$ 17,600	\$ 19,800	\$ 76,100	\$ 78,300
Other non-operating adjustments, net ⁽¹⁾	(502)	(3,138)	(152)	(2,867)	-	-	(3,400)	(3,400)
Interest expense (income), net	2,268	(400)	8,317	397	1,100	1,100	(800)	(800)
Income tax provision	5,357	5,363	19,496	(308)	6,100	6,900	14,600	15,400
Depreciation	4,790	4,803	18,445	8,238	5,300	5,300	19,000	19,000
Amortization of intangible assets	6,786	7,848	28,342	18,274	7,800	7,800	30,600	30,600
Restructuring and other charges	46	66	1,940	29,867	-	-	1,800	1,800
Impairment of long-lived assets	-	-	-	1,802	-	-	-	-
Acquisition and financing costs	787	891	3,391	-	700	700	5,700	5,700
Fair value adjustments from purchase accounting	93	600	1,573	12,045	600	600	1,800	1,800
Litigation and settlement expense, net	146	174	325	1,200	-	-	600	600
COVID related expenses ⁽⁴⁾	-	397	-	-	-	-	400	400
Stock-based and other non-cash compensation expense	4,914	6,917	-	648	7,200	7,200	26,600	26,600
Adjusted EBITDA	\$ 38,794	\$ 47,086	\$ 145,053	\$ 164,546	\$ 46,400	\$ 49,400	\$ 173,000	\$ 176,000

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 third quarter of fiscal 2020 are to the quarter ended March 27, 2020, and to the fourth quarter and full fiscal 2020 are to the fiscal year ending July 3, 2020.

(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)	Q3 FY19	Q3 FY20	LTM Q3 FY19	LTM Q3 FY20
Cash provided by operating activities	\$ 26,218	\$ 30,082	\$ 97,189	\$ 112,429
Purchases of property and equipment	(7,060)	(10,869)	(21,901)	(40,617)
Free cash flow	\$ 19,158	\$ 19,213	\$ 75,288	\$ 71,812

Organic revenue reconciliation

(In thousands)	Q3 FY19	Q3 FY20	LTM Q3 FY19	LTM Q3 FY20
Organic revenue ⁽¹⁾	\$ 172,159	\$ 191,473	\$ 619,177	\$ 685,658
Acquired revenue	2,477	16,543	11,471	70,538
Net revenues	\$ 174,636	\$ 208,016	\$ 630,648	\$ 756,196

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	EO/IR	Electro-optical / Infrared	NTCD	Non-traditional Defense Contractor
AESA	Active Electronically Scanned Array	EP	Electronic Protection	O&M	Operations & Maintenance
AMC	Advanced Microelectronics Center	ES	Electronic Support	OpenVPX	System-level specification for VPX, initiated by Mercury
BCA	Budget Control Act	EW	Electronic Warfare	OTA	Other Transaction Authority
C2I	Command, Control, Intelligence	FMS	Foreign Military Sales	PBR	President's Budget Request
C3I	Command, Control, Communications, Intelligence	FPGA	Field Programmable Gate Array	PGK	Precision Guidance Kit
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance	GAM	Global Account Manager	RF	Radio Frequency
CDS	Common Display System	GPU	Graphics Processing Unit	RoW	Rest of World
COTS	Commercial off-the Shelf	HEL	High Energy Laser	SEMS	Sensor and Effector Mission Systems
CPS	Common Processing System	HPM	High Power Microwave	SEWIP	Surface Electronic Warfare Improvement Program
CPU	Central Processing Unit	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	SSEE	Ship's Signal Exploitation Equipment
DMEA	Defense Microelectronics Activity	LRU	Line Replaceable Unit	SWaP	Size Weight and Power
DRFM	Digital Radio Frequency Memory	LTAMDS	Lower Tier Air and Missile Defense Sensor	UAM	Urban Air Mobility
EA	Electronic Attack	MALD	Miniature Air Launched Decoy	UAV	Unmanned Aerial Vehicle
EDM	Engineering Data Management	MMA	Multimission Maritime Aircraft	USMO	US Manufacturing Operations
EM	Electromagnetic	MRTT	Multi Role Tanker Transport	WIN-T	Warfighter Information Network-Tactical