

LETTER FROM THE CHAIRMAN, PRESIDENT & CEO

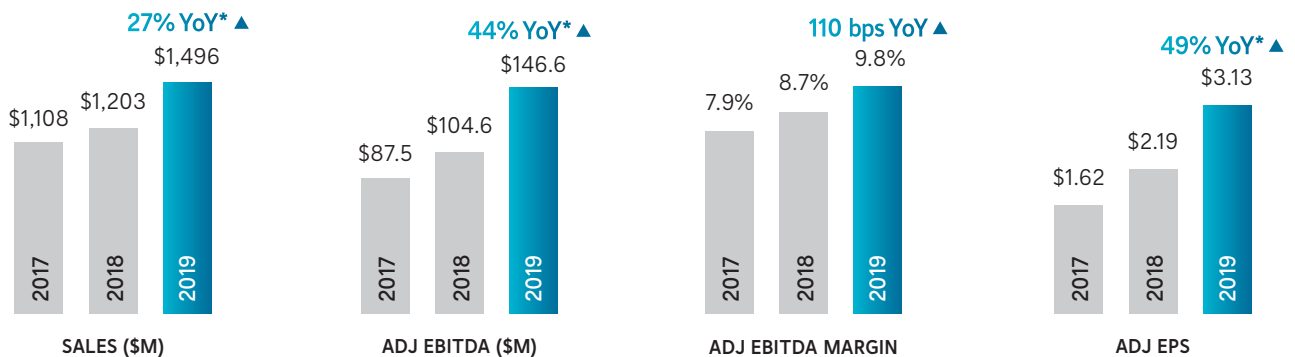
Record Results and Strong Progress

Thanks to our outstanding teammates and their focus on winning the trust of our customers and meeting our commitments, we delivered another year of strong performance – reaching all-time highs for continuing operations in Sales and Adjusted EBITDA.

At the same time, we made investments in research and development (R&D), strategic acquisitions, talent development and business optimization to further advance our strategy. Over the last three years, our Sales and Adjusted EBITDA have grown at a compound annual growth rate of 12 percent and 16 percent, respectively.

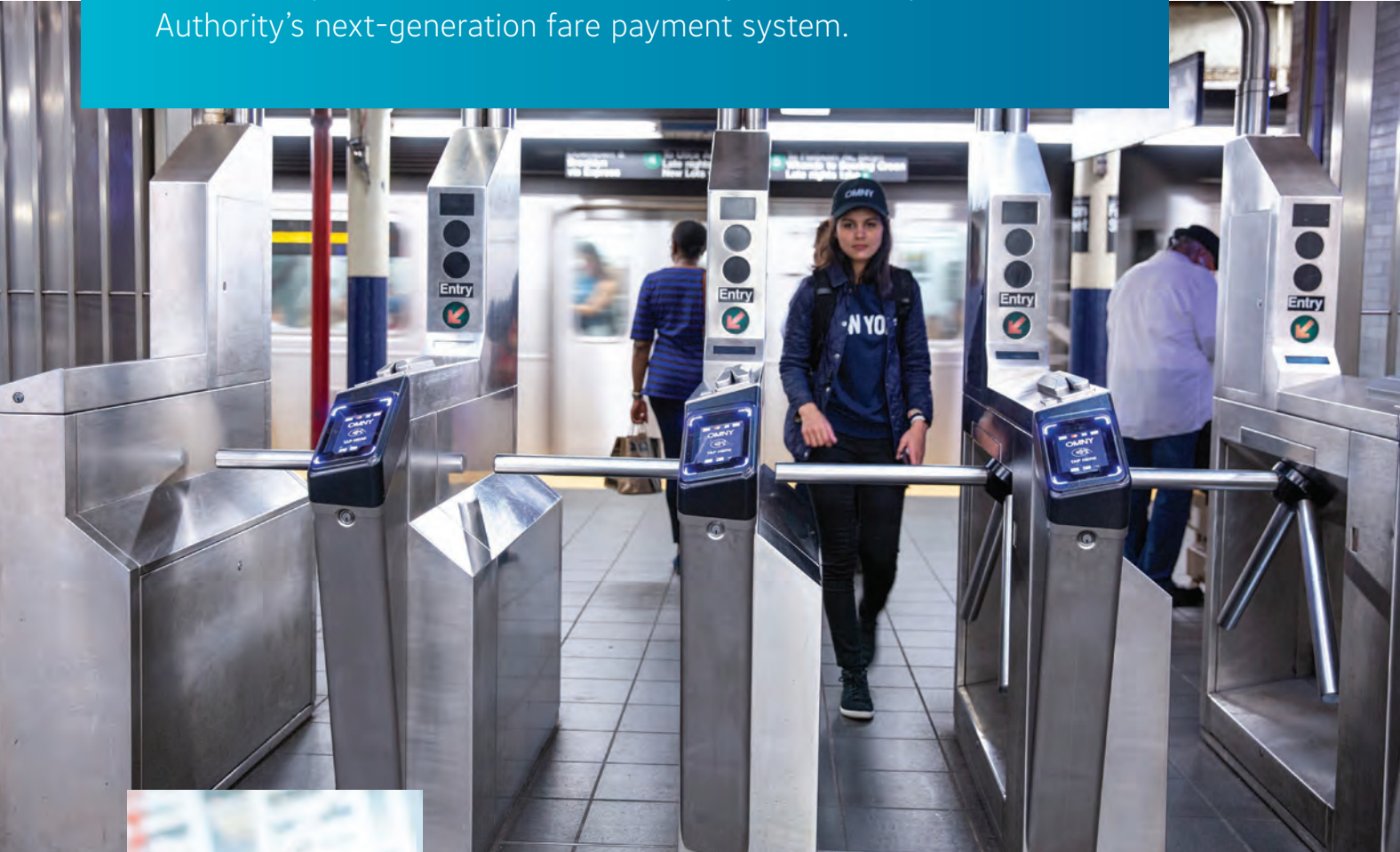


Bradley H. Feldmann



* FY2019 growth rates for Sales, Adj. EBITDA and Adj. EPS reflect constant currency basis. Constant currency growth rates are calculated by translating current period local currency amounts to USD based on prior period average exchange rates. The amounts are compared to prior period GAAP amounts to derive constant currency growth. Unadjusted growth rates: Sales 24%, Adj. EBITDA 40% and Adj. EPS 43%.

We achieved a key milestone in May with the successful launch of the first phase of the New York Metropolitan Transportation Authority's next-generation fare payment system.



This state-of-the-art system, known as One Metro New York (OMNY), features mobile and open payments via contactless bankcards and mobile wallets to improve customer convenience and service for travelers. We will leverage our success in New York throughout our upcoming large-scale transit system launches, which include Boston, Brisbane and the San Francisco Bay Area, all of which share a common core of technology and solutions to help drive Cubic's current and future growth and margin improvement. While our transportation team has much to celebrate, I am particularly pleased with the advancements of our mobile solutions, including our announcements to integrate contactless transit cards with Google Pay and Apple Pay. Cubic strives to be at the forefront of creating mobile transit payment solutions and next-generation apps, and we are confident these developments will provide the most efficient way for travelers to "pay and go."



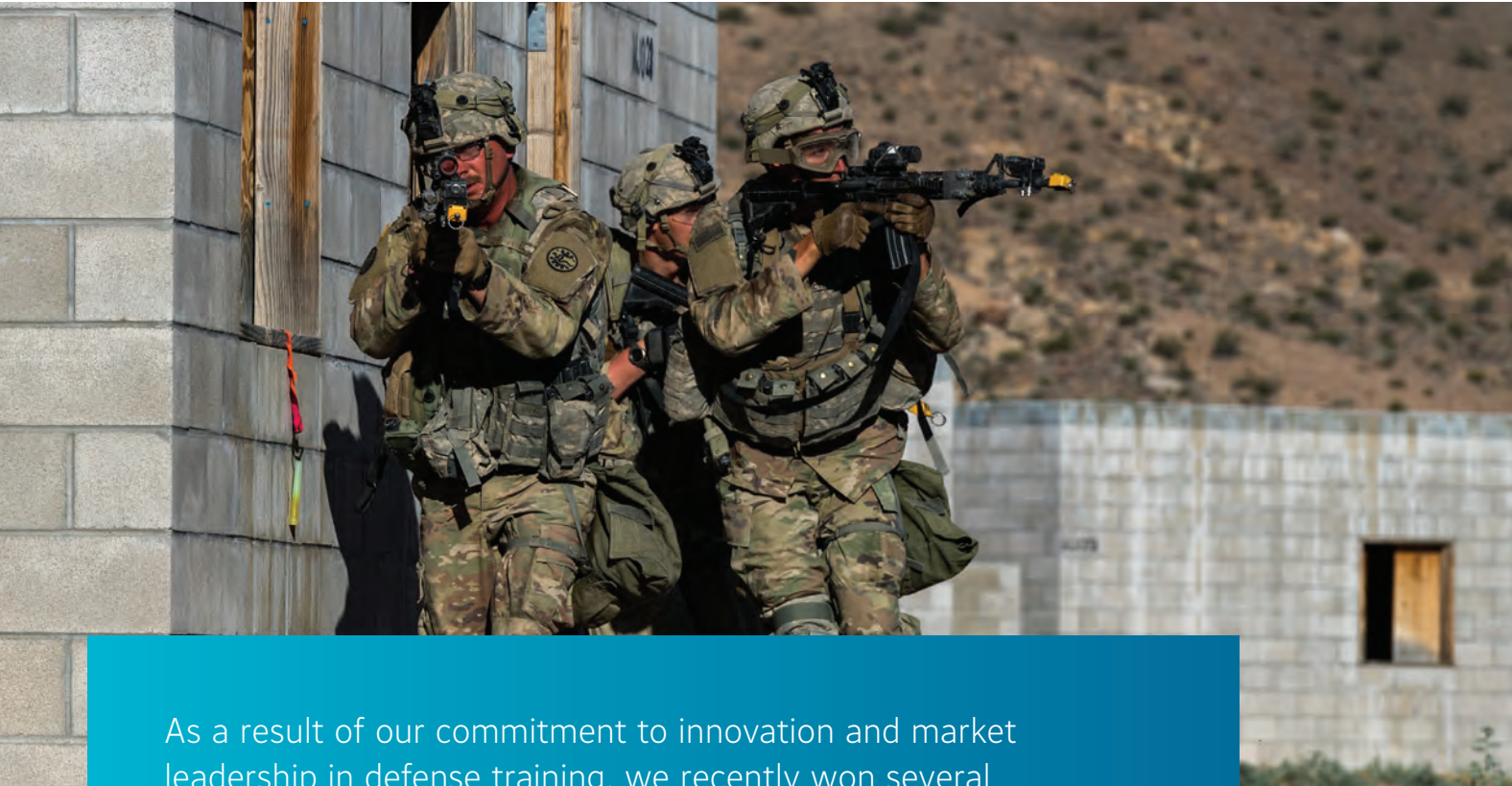
In addition to robust growth from delivery on our major transportation projects, our growth this year was also fueled by demand for our networked C4ISR* solutions, led by strong sales of GATR, the world's most portable, secure satellite antenna systems.

We made important business investments in airborne SATCOM and common datalink (CDL) communications in connection with several key platform wins including awards to provide the SATCOM and CDL communications for Boeing's MQ-25 program, and Video Data Link for the F-35 Lightning II Program. Our ongoing advancements with multi-link communication technology led to a network contract with the Air Force Research Lab to develop and demonstrate this solution. We won significant Command Post opportunities this year with the U.S. Army, U.S. Marine Corps and the U.S. Special Operations Command

positioning us for further growth in the Rugged Internet of Things (IoT) market. We continued to invest in and advance our ISR-as-a-Service priority and conducted a successful first flight and endurance testing of our ISR One Unmanned Air Vehicle. We also signed a cooperative research and development agreement with the U.S. Special Operations Command (USSOCOM) to mature this capability. While making significant organic investments to support future growth, our Cubic Mission Solutions (CMS) business increased Adjusted EBITDA by an impressive 31 percent year-over-year.

* Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance



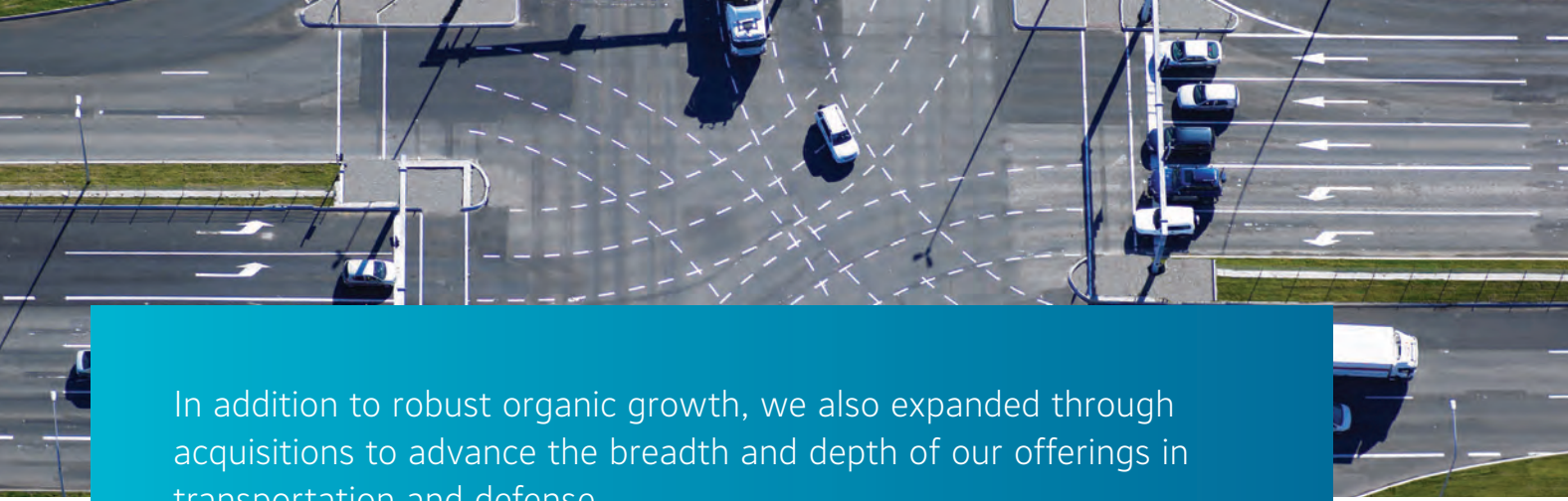


As a result of our commitment to innovation and market leadership in defense training, we recently won several demonstration contracts to support our customers in defining their future training requirements.

One such contract was for the Live Training Environment within the U.S. Army's training modernization program. We were selected for an innovative non-laser-based solution that provides significant levels of accuracy and ballistic modeling while taking into account the surrounding environment, enabling highly realistic and threat-representative operational environments – the first time an effective non-laser system has been

demonstrated and proven. Our solutions better train, equip and engage warfighters by replicating warfare domains, as well as creating realistic and immersive training experiences with Live, Virtual and Constructive (LVC) technologies. In the near-term, our performance in defense training will be supported by recently awarded international air and ground training contracts, coupled with disciplined cost management.





In addition to robust organic growth, we also expanded through acquisitions to advance the breadth and depth of our offerings in transportation and defense.

Our fiscal 2019 acquisitions included Trafficware, GRIDSMART and Nuvotronics. Two months after the fiscal year-end, we announced the acquisitions of two additional companies: Delerrok and Pixia.

SURFACE TRANSPORT MANAGEMENT

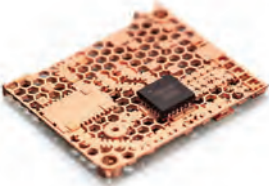
Acquisitions of Trafficware (October 2018) and GRIDSMART (January 2019)

In connection with our vision to be the leading provider of integrated payment and information systems and services for all forms of mobility, we acquired Trafficware and GRIDSMART, two leading providers of best-in-class intelligent intersection management technologies. We are pleased with our early wins with these businesses, including our first international cross-sell of GRIDSMART technology in Victoria, Australia. We believe that significant value can be created by integrating these technologies with our broader regional traffic and intelligent congestion management platforms. Ultimately, our goal is to reduce congestion by optimizing the transportation network and providing travelers with vital information, allowing them to navigate more efficiently across the city.

PROTECTED COMMUNICATIONS

Acquisition of Nuvotronics (March 2019)

Nuvotronics is a disruptive technology provider of advanced radio frequency devices that provide exceptional performance with leading size, weight and power parameters. This game-changing technology enables supply chain synergies within our protected communications business and positions Cubic to address high-priority, dual-use technology markets in space, electronic warfare, hypersonics and 5G communications.



C2ISR

Pixia (January 2020)

Pixia advances Cubic's battlefield cloud strategy of processing and disseminating data-rich, actionable intelligence at the edge of the battlefield in real-time. This acquisition will enhance Cubic's existing video dissemination network with access to Wide Area Motion Imagery (WAMI).

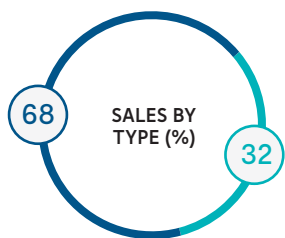


FARE COLLECTION-AS-A-SERVICE

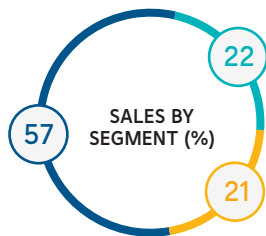
Delerrok (January 2020)

Delerrok expands our services to small and mid-market transportation customers with an innovative fare collection-as-a-service solution. Our industry expertise in fare collection and real-time information solutions and services, combined with Delerrok's innovative and scalable technology, will allow us to deliver a cost-effective and complete offering for small to mid-sized transit agencies.





- Product
- Service



- Cubic Transportation Systems
- Cubic Mission Solutions
- Cubic Global Defense

When Our Teams are Engaged, Energized & Enabled – We Win

We aim to empower our employees with the purpose, vision and resources necessary to attract and retain top talent and to create superior value for our customers. We have greatly improved our human resources systems and talent initiatives across a variety of programs related to employee recognition, employee development and total rewards. We focus on developing a highly engaged, “all-in” culture and we measure this through quarterly employee engagement surveys. Starting this year, our annual performance goals for leaders across all levels of the company now specify that we will hold ourselves accountable for performing in the top quartile for employee engagement. Another primary area of focus is our talent development initiatives which are designed to enable our teams and help us continuously build our talent pipeline.

We developed our Diversity and Inclusion strategic plan and are launching several initiatives focused on fostering inclusive and diverse environments to strengthen our company culture, generate innovative ideas and, in turn, best serve our customers. One such initiative is the establishment of employee resource groups (ERGs) to help foster an inclusive environment in which all employees are fully engaged, working together effectively to help each other maximize their potential and meet our business objectives. Championing and reinforcing a culture where Innovation is the DNA of the company – all the time, everywhere – activates us to connect diverse and global innovators to transform knowledge and technologies into new products and accelerate results. These cross-functional and inclusive teams create breakthroughs by successfully harnessing the talents of every individual.

Financial and Operating Highlights

CONTINUING OPERATIONS

(Amounts in thousands, except per share data and percentages)	2019	2018	2017
Bookings	\$ 1,002,320	\$ 2,779,782	\$ 1,234,013
Backlog	\$ 3,400,952	\$ 4,064,451	\$ 2,536,499
Sales	\$ 1,496,475	\$ 1,202,898	\$ 1,107,709
Sales growth %	24%	9%	
Research & development	\$ 50,132	\$ 52,398	\$ 52,652
Operating income	\$ 86,237	\$ 24,382	\$ 2,628
Net income (loss) per share, continuing operations attributable to Cubic	\$ 1.67	\$ 0.29	\$ (0.95)
Adjusted EBITDA ⁽¹⁾	\$ 146,594	\$ 104,561	\$ 87,470
Adjusted EBITDA growth %	40%	20%	
Adjusted earnings per share ⁽¹⁾	\$ 3.13	\$ 2.19	\$ 1.62
Adjusted earnings per share growth %	43%	35%	
Cash dividend per share	\$ 0.27	\$ 0.27	\$ 0.27
Long-term debt, inclusive of current portion	\$ 199,824	\$ 199,793	\$ 199,761

(1) See reconciliation of GAAP to non-GAAP financial measures tables in Management's Discussion and Analysis of Financial Condition and Results of Operations in the Form 10-K.

SALE PRICE OF

Common Shares and Dividends

		HIGH	LOW	DIVIDENDS		HIGH	LOW	DIVIDENDS	
Q1	2019	\$72.29	/\$50.85	—	Q2	2019	\$65.25	/\$53.09	\$0.14
	2018	\$63.00	/\$51.90	—		2018	\$65.65	/\$54.05	\$0.14
Q3	2019	\$64.48	/\$53.43	—	Q4	2019	\$73.00	/\$63.36	\$0.14
	2018	\$71.85	/\$59.80	—		2018	\$76.85	/\$65.90	\$0.14



Commitment to Innovation in the Digital World

Innovation sits at the heart of everything we do. The mission of Cubic Innovation is to accelerate solving our customers' toughest problems to create extraordinary value for the end-users, from their perspective, and to generate new revenue streams for Cubic. Cubic's Innovation Social System is both collaborative and dynamic – we are constantly evolving to integrate new technologies and implement better methodologies. Our cutting-edge research and development delivers robust solutions for our growing global customer base. We will continue to innovate and work relentlessly with our customers to meet their challenges of tomorrow and drive superior value for our customers, employees and shareholders.

Cubic's commitment to *Winning the Customer* requires us to master the forces of digital disruption as we serve our customers and our team members. Cloud computing, mobile devices and data-powered platforms are disrupting market landscapes and raising the bar on customer experience. Industry norms surrounding bidding processes, data rights and pricing models are being reinvented as customers embrace "as-a-service" offerings, digital platforms and data-powered solutions.

We remain focused on building technology-driven, market-leading businesses and our actions continue to be guided by Cubic's five key priorities: *Winning the Customer*, Building NextCity™, Building NextMission™, Building NextTraining™ and *Living One Cubic*. In the next evolution of our strategy, Cubic's digital pivot will bolster and enhance these growth initiatives by aiming to activate recurring revenue growth and margin expansion through strategic digital initiatives across Cubic.

Our digital pivot also prioritizes increased productivity and engagement of the global Cubic workforce through access to increased customer insights, new ways to work and cyber-resiliency across our workspace, so Cubes can do their best work. We will leverage and build upon our *One Cubic* enterprise modernization investments including SAP, unified Product Lifecycle Management and our experience with secure hybrid-cloud environments. Our digital talent development and recruitment priorities emphasize increased data and analytics expertise, entrepreneurship and agility.

Ultimately, we will transform our way of doing business by shifting, from:

- Programs and bespoke solutions to digital platforms.
- Lengthy development to rapid and agile release methods for our offerings.
- Data collection to data-driven decision-making for our customers and Cubic.
- Periodic and one-time delivery to recurring revenue streams.

In Closing

In fiscal year 2020, we are in a solid position to deliver another year of strong growth in Sales, Adjusted EBITDA and Adjusted earnings per share. We expect to reach approximately \$1.6 billion in Sales while further expanding margins.

We recently announced that Matt Cole, Senior Vice President and President of Cubic Transportation Systems (CTS), will be

leaving Cubic at the end of January to lead a technology business in a non-competing market. On behalf of Cubic, I would like to express my gratitude for Matt's significant contributions over the last 17 years. Matt has led and significantly advanced Cubic's NextCity™ vision, including four major contract wins in fiscal 2018 and key advancement in our strategic priorities related to mobile and Intelligent Transport Systems. We are fortunate that CTS is very well positioned for continued success by delivering innovative solutions that reduce urban congestion.

Laurent Eskenazi, who is currently Senior Vice President and Managing Director of CTS EMEA, will assume the responsibility of interim President of CTS, while we conduct a formal search process for a permanent replacement. Laurent brings extensive experience in ticketing and revenue collection globally and we are confident in his ability to serve in this interim role. Prior to Cubic, Laurent was Managing Director for Thales, responsible for the Revenue Collection Systems business across nine countries.

Thank you to my fellow Board members for your insight, guidance and active engagement in our strategic planning. In fiscal 2020, we have continued our active Board refreshment with two new directors: Denise Devine, a financial leader and innovator with a breadth of experience developing and commercializing technology platforms, and Carolyn Flowers, a seasoned executive and thought leader in the transportation

industry. I look forward to their leadership as we continue to build technology-driven, market-leading businesses with a strong focus on digitalization. We are grateful to John Warner who will retire from the Board at the 2020 Annual Meeting after more than a decade of dedicated service.

I will close by thanking our talented employees not only for their hard work and many achievements, but also for their impeccable ethics and moral conduct. As I reflect on my fifth year as Cubic's CEO, I am proud of what we have accomplished together.

To our shareholders, thank you for your confidence in Cubic. I remain very optimistic about the future as we continue to transform Cubic into a technology-driven, market-leading company.



Bradley H. Feldmann
Chairman, President and CEO
January 13, 2020

In Memory of Edwin A. Guiles

In June, we shared with great sadness the news of the passing of long-time Board member Edwin Guiles. Ed was a devoted family man and a passionate, thoughtful leader.

Ed provided guidance and oversight for Cubic since 2008, serving as lead independent director for the last two years in addition to having a director role for the California Water Service Group.

In 1972, Guiles joined San Diego Gas & Electric (SDG&E) where he held a variety of management roles before becoming Chairman and CEO of Sempra Energy's utilities SDG&E and Southern California Gas Company in 2000. During his tenure, he was responsible for overseeing the company's procurement, generation and transmission of electricity and natural gas; operation of the company's power plants; as well as the administration of its 20-percent ownership of the San Onofre Nuclear Power Plant. Guiles retired from Sempra Energy in 2009.

His tremendous business experience with strategy, people and financial management has helped transform Cubic into the company it is today. He was not only a colleague, but also a great friend and mentor. He will be deeply missed.

