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Fiscal 2014 Year-End Financial Results

September 10, 2014

Conquering Complexity™

Safe Harbor Statement

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Certain statements herein constitute forward-looking statements within the meaning of the Securities Act of 1933, as amended and the Securities Exchange Act of 1934, as amended. When used herein, words such as “believe,” “expect,” “anticipate,” “project,” “plan,” “estimate,” “will” or “intend” and similar words or expressions as they relate to the Company or its management constitute forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are based on currently available financial, economic and competitive data and our current business plans. The Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise. Actual results could vary materially depending on risks and uncertainties that may affect our operations, markets, prices and other factors. Important factors that could cause actual results to differ materially from those forward-looking statements include those contained under the heading of risk factors and in the management’s discussion and analysis contained from time-to-time in the Company’s filings with the Securities and Exchange Commission.

Adjusted EBITDA and related reconciliation presented here represents earnings before interest, taxes, depreciation and amortization as adjusted for restructuring/impairment charges, gross profit effects of capitalized profit in inventory from acquisition and acquisition contingency settlement, and gain on sale of investment. The Company believes Adjusted EBITDA is commonly used by financial analysts and others in the industries in which the Company operates and, thus, provides useful information to investors. The Company does not intend, nor should the reader consider, Adjusted EBITDA an alternative to net income, net cash provided by operating activities or any other items calculated in accordance with GAAP. The Company's definition of Adjusted EBITDA may not be comparable with Adjusted EBITDA as defined by other companies. Accordingly, the measurement has limitations depending on its use.

Today's Agenda

- 4^{th} Quarter Highlights
- Fiscal 2014 Highlights
- 4^{th} Quarter and Year-End Operating Results
- Liquidity & Capital Resources
- Acquisition Update
- Fiscal 2014 Summary
- Fiscal 2015 Outlook
- Q & A

4th Quarter Highlights

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- Quarterly revenue grew 15% to $93 million.
- Quarterly adjusted EBITDA of $11.5 million or an increase of 23%.
- 26 new business programs were awarded with potential annualized revenue of $13.3 million.
- Completed the integration of Aubrey Group.
- Redeemed $1.6 million of the remaining outstanding Industrial Revenue Bonds with the State of Ohio.

Fiscal 2014 Highlights

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- Annual revenue growth of 27% to $336 million.
- Annual adjusted EBITDA of $33.3 million or an increase of 52% from the prior year.
- Organic growth, net of acquisition impacts, was 5%.
- 89 new business programs were awarded with potential annualized sales of $38.8 million.
- Completed the acquisitions of Aydin Displays, Beckwood Services, and Aubrey Group.

Consolidated Financial Results
Fiscal 2014

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	(Reported) Year ended June 30, 2014	(Reported) Year ended June 30, 2013	(Adjusted) Year ended June 30, 2014	(Adjusted) Year ended June 30, 2013	(Adjusted) Total YoY Variance
Net Sales	$ 336,139	$ 264,627	$ 336,139	$ 264,627	$ 71,512
Gross Profit	64,453	45,435	64,790	46,001	18,789
	19.2%	**17.2%**	**19.3%**	**17.4%**	
Selling and Administrative Expense	35,698	26,451	35,698	26,451	(9,247)
	10.6%	**10.0%**	**10.6%**	**10.0%**	
Internal R&D Expense	1,169	1,300	1,169	1,300	131
Amortization of intangible assets	3,287	1,575	3,287	1,575	(1,712)
EPA related - net environmental remediation	4,238	-	-	-	-
Restructuring/impairment charges	188	55	-	-	-
Other operating expense, net	(16)	13	(16)	13	29
Operating Income	19,889	16,041	24,652	16,662	7,990
	5.9%	**6.1%**	**7.3%**	**6.3%**	
Income Before Provision For Income Tax	19,602	16,172	24,365	16,793	7,572
Provision For Income Taxes	6,615	2,702	8,352	4,976	(3,376)
Net Income	$ 12,987	$ 13,470	$ 16,013	$ 11,817	$ 4,196
	3.9%	**5.1%**	**4.8%**	**4.5%**	
Income per Share (Basic)	$ 1.28	$ 1.32	$ 1.58	$ 1.16	$ 0.42
Income per Share (Diluted)	$ 1.28	$ 1.32	$ 1.58	$ 1.16	$ 0.42

($ in 000's, except per share)
(adjusted removes certain gains and charges)

Consolidated Financial Results
Adjusted EBITDA

	3 months ended June 30,		Year ended June 30,		
	2014	2013	2014	2013	Variance
Net Income	$ 2,971	$ 5,636	$ 12,987	$ 13,470	$ (483)
Interest expense	291	128	838	518	320
Interest income	(7)	(3)	(9)	(102)	93
Provision for income taxes	1,758	1,871	6,615	2,702	3,913
Depreciation and amortization	2,213	1,725	8,123	4,761	3,362
Restructuring/impairment charges	-	55	188	55	133
EPA related - net environmental remediation	4,238	-	4,238	-	4,238
Capitalized profit in inventory from acquisition	81	-	337	566	(229)
Adjusted EBITDA	$ 11,545	$ 9,412	$ 33,317	$ 21,970	$ 11,347
	12.4%	**11.6%**	**9.9%**	**8.3%**	

Operating Results
Revenue & Gross Profit

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REVENUE

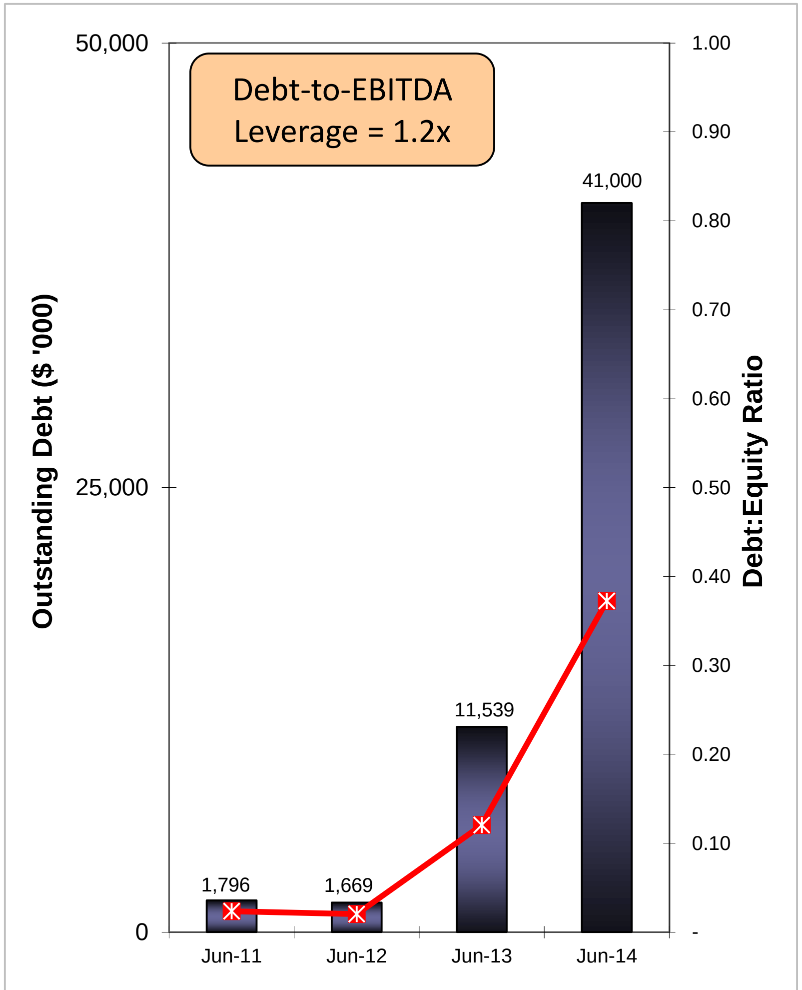
SEGMENT	3 months ended June 30, 2014	% of Total	3 months ended June 30, 2013	% Change	Year ended June 30, 2014	% of Total	Year ended June 30, 2013	% Change
Medical	$ 39,109	42%	$ 44,871	-13%	$162,648	48%	$146,873	11%
Complex Systems	22,986	24%	17,761	29%	83,119	25%	60,649	37%
DSS	36,310	39%	23,580	54%	109,134	33%	75,430	45%
Inter-company	(4,958)	-5%	(4,788)	4%	(18,762)	-6%	(18,325)	2%
Totals	$ 93,447	100%	$ 81,424	15%	$336,139	100%	$264,627	27%

ADJUSTED GROSS PROFIT

SEGMENT	3 months ended June 30, 2014	GP %	3 months ended June 30, 2013	GP %	Year ended June 30, 2014	GP %	Year ended June 30, 2013	GP %
Medical	$ 6,056	15.5%	$ 7,410	16.5%	$ 25,190	15.5%	$ 21,853	14.9%
Complex Systems	2,930	12.7%	1,974	11.1%	9,297	11.2%	6,388	10.5%
DSS	11,951	32.9%	5,831	24.7%	30,303	27.8%	17,760	23.5%
Totals	$ 20,937	22.4%	$ 15,215	18.7%	$ 64,790	19.3%	$ 46,001	17.4%

($ in 000's)

Liquidity & Capital Resources



Cash Availability

($ in '000)	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Cash and equivalents	6,085	2,719	1,009	7,502	8,028
LOC Availability	55,000	36,000	40,000	30,000	59,000
Total	61,085	38,719	41,009	37,502	67,028

Debt

($ in '000)	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Credit Revolver	10,000	28,500	25,000	35,000	41,000
IRB (Ohio)	1,539	1,506	1,472	1,437	-
Total	11,539	30,006	26,472	36,437	41,000

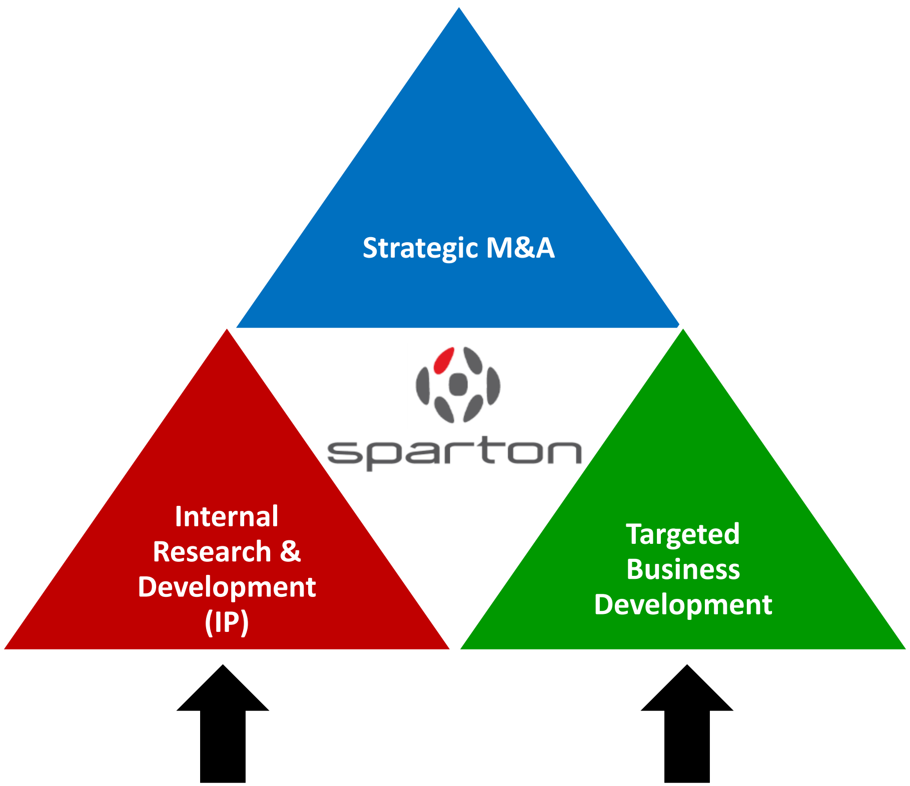
Inventory

($ in '000)	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Net Inventory	46,334	55,658	52,393	51,466	53,372

Acquisition Update

- eMT
  - Closed transaction on July 9, 2014
  - Located in Irvine, CA
  - Contract services business of manufacturing electromechanical controls and electronic assemblies
  - Over 20 years of experience and expertise in highly reliable industrial excimer laser products, laser eye surgery sub-assemblies, target simulators for space and aviation systems, power modules for computerized tomography (CT) products, test systems for commercial aerospace OEMs, and toll road antennas and control boxes.
  - $25 million of revenue
  - Financials reported within Complex Systems segment
  - Minimal integration activities required
  - Accretive to earnings within 12 months

Fiscal 2014 Summary



Supported by market research & go-to-market programs

Acquisitions

Fiscal 2011	Fiscal 2013	Fiscal 2014	Fiscal 2015
Delphi Medical	Onyx EMS	Aydin Displays	eMT
Byers Peak	Creonix	Beckwood Services	
		Aubrey Group	

New Business Awards

	FY11	FY12	FY13	FY14
New Programs	26	40	71	89
New Customers	11	20	12	26
Potential Annualized Revenue	$ 17.7	$ 23.8	$ 39.4	$ 38.8

Internal Research & Development

Fiscal 2014	
Aydin	Various new ruggedized displays
IMU-10	Harsh environment inertial sensing system

Fiscal 2012	
AHRS-8	Temperature compensated attitude heading reference system

Fiscal 2011	
GEDC-6	Gyro-enhanced digital compass
PHOD-1	Hydrophone

Fiscal 2014 Results: 27% revenue growth, including 5% organic growth in the legacy business
52% adjusted EBITDA growth
36% adjusted earnings per share growth

Fiscal 2015 Outlook

- Continue to execute on the same priorities as in prior years
  - Further execution of our growth strategy
  - Continued focus on sustained profitability
  - More complementary and compatible acquisitions
- Gross margin target guidance
  - DSS: 25%-30% (5% upward revision)
  - Medical: 13%-16% (No changes, even with the in-sourcing of a Fenwal program)
  - Complex Systems: 9%-12% (To be revisited after Q1 for potential upward revision)
- Integration of eMT
- Deploy the 2020 Vision (phase II of Sparton's Strategic Growth Plan)

"We continue to focus on achieving a $500 million revenue run-rate at a 10% EBITDA margin by the end of the year, but we will just not do a deal in order to reach the revenue goal if it's not in the best interest of Sparton or its shareholders."

Q & A