



Fiscal 2018 Second Quarter Investor Presentation

AVNW (NASDAQ)

FORWARD-LOOKING STATEMENTS

The information contained in this presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act and Section 27A of the Securities Act, including expectations regarding the results for the fiscal second quarter 2018 and cash flow in fiscal 2018, and our anticipated results for fiscal 2018. All statements, trend analyses and other information contained herein about the markets for the services and products of Aviat Networks, Inc. and trends in revenue, as well as other statements identified by the use of forward-looking terminology, including "anticipate," "believe," "plan," "estimate," "expect," "goal," "will," "see," "continue," "delivering," "view," and "intend," or the negative of these terms or other similar expressions, constitute forward-looking statements. These forward-looking statements are based on estimates reflecting the current beliefs of the senior management of Aviat Networks, Inc. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

For more information regarding the risks and uncertainties for our business, see "Risk Factors" in our Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on September 6, 2017 as well as other reports filed by Aviat Networks, Inc. with the SEC from time to time. Aviat Networks, Inc. undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.

AVIAT NETWORKS: AN INTRODUCTION TO OUR COMPANY

Aviat is the trusted expert in microwave networking

Best in class TCO and proven mission-critical microwave networking solutions

HIGH-PERFORMANCE PRODUCTS

Global Microwave Portfolio
Highest Performance
Integrated IP/MPLS
Proven Reliability

SIMPLER OPERATIONS

Planning Automation
Software-Delivered Functions
Ease of Network Migration

CUSTOMER SERVICE

Cloud-Enabled Services
Professional Services for Planning,
Deployment, Network Operations
and Customer Care

Leading Player in
Delivering Mission-
Critical Networks for
Public Safety, Utility and
Government Agencies

Sustained Presence
in Global Tier 1
Service Provider
Customer Base

History of Innovating
Solutions for Wireless
Networks

Headquartered in Silicon
Valley; Global Footprint
Aligned with our Key
Customers' Networks

FY18 SECOND QUARTER EXECUTIVE COMMENTARY

“I’m very pleased with our results this quarter, as we exceeded our gross margin, adjusted EBITDA and cash generation targets. Our success was primarily driven by continued strength in our private networks business and in North America, which also led to a significant sequential improvement in bookings. Our balance sheet continues to strengthen, as evidenced by strong performance in cash from operations and increases in our cash position. With our results year-to-date and our expectations in the second half of the year, we remain on track to meet both our top-and bottom-line guidance.”

-- Michael Pangia, President and Chief Executive Officer

FY18 SECOND QUARTER NON-GAAP FINANCIAL HIGHLIGHTS

(COMPARES FISCAL 2018 SECOND QUARTER VS. FISCAL 2018 FIRST QUARTER)

Income Statement Summary (Non-GAAP)

(\$'s in millions)	Q2 FY18 Actual	Q1 FY18 Actual	Variance
Revenue	\$61.7	\$56.2	\$5.5
Gross Margin	\$21.8	\$17.3	\$4.4
Gross Margin %	35.3%	31.3%	400 bps
Operating Expenses	\$18.2	\$17.6	\$0.6
Operating Income (Loss)	\$3.5	(\$0.3)	\$3.8
Net Income (Loss) From Continuing Operations Attributable to Aviat Networks	\$3.0	(\$0.6)	\$3.6
Adjusted EBITDA	\$4.6	\$0.9	\$3.7

Key Take-Aways

- Revenue increased ~10% sequentially, primarily due to higher North America concentration and continued strength in private networks.
- Bookings were exceptionally strong during Q2, with a book to bill > 1 (also > than 1:1 for the FY18 six-month period).
- Gross margin strength driven by higher revenue concentration in North America (geographic mix) and more efficient management of supply chain costs.
- Sequential increase in operating expense due to higher R&D investments and an increase in selling expenses as a result of higher bookings.
- Continued bottom-line momentum; all key metrics up sequentially.

Continued strength in North America; momentum building; significant bottom-line improvements

FISCAL 2018 – 1ST HALF OF THE YEAR PERFORMANCE

(COMPARES FIRST HALF OF THE YEAR RESULTS FOR FISCAL 2018 VS. FISCAL 2017)

Income Statement Summary (Non-GAAP)			
(\$'s in millions)	1H FY18 Actual	1H FY17 Actual	Variance
Revenue	\$117.9	\$126.7	(\$8.8)
Gross Margin	\$39.1	\$38.9	\$0.2
Gross Margin %	33.2%	30.7%	250 bps
Operating Expenses	\$35.8	\$37.8	\$2.0
Operating Income	\$3.3	\$1.0	\$2.2
Net Income From Continuing Operations Attributable to Aviat Networks	\$2.3	\$0.5	\$1.8
Adjusted EBITDA	\$5.4	\$4.1	\$1.3

Delivering on the bottom-line / increasing our cash position up ~\$7M YOY

FY18 Q2 BALANCE SHEET KEY INDICATORS

(BALANCE SHEET STRENGTHENED – CASH POSITION INCREASED YEAR-OVER-YEAR)

<i>(\$'s in millions)</i>	Q2 FY18	Q1 FY18	Q4 FY17
Cash and Cash Equivalents (and restricted cash)	\$42.1	\$39.6	\$36.2
Accounts Receivable	\$43.1	\$43.6	\$45.9
DSO's	64 Days	71 Days	74 Days
Inventory	\$26.2	\$24.8	\$23.7
Turns	6.1	6.3	6.3
DPO's	76 Days	81 Days	82 Days
Third-Party Debt	\$9.0	\$9.0	\$9.0
Accounts Payable	\$33.1	\$34.4	\$33.6

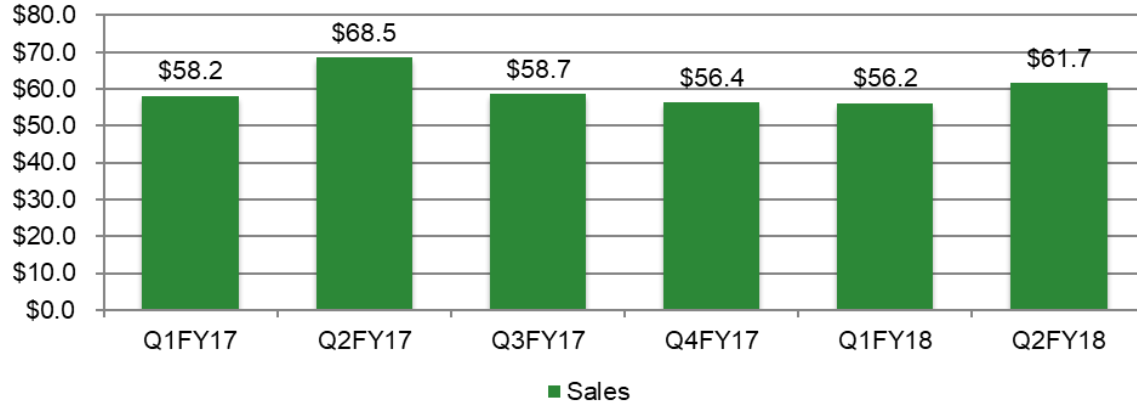
Key Take-Aways

- Cash, cash equivalents and restricted cash position increased \$2.5 million sequentially and \$5.9 million since FY17 year-end, driven by better bottom-line performance and overall strong collections.
- DSO's of 64 days marked a 7-day improvement sequentially and a 10-day improvement over FY17 year-end due to higher concentration of NA revenue and better collections internationally.
- Inventory increased by \$1.4 million sequentially and increased by \$2.5 million since FY17 year-end; Q2 inventory slightly higher than plan due to strong bookings and products on hand related to upcoming shipments; turn rate remains > 1 turn per quarter.
- DPO improvements driven by timing of certain payments and continued efficiencies in capital allocation.
- Cash conversion cycle is the best in the Company's history.

TRENDING 6 QUARTER FINANCIALS

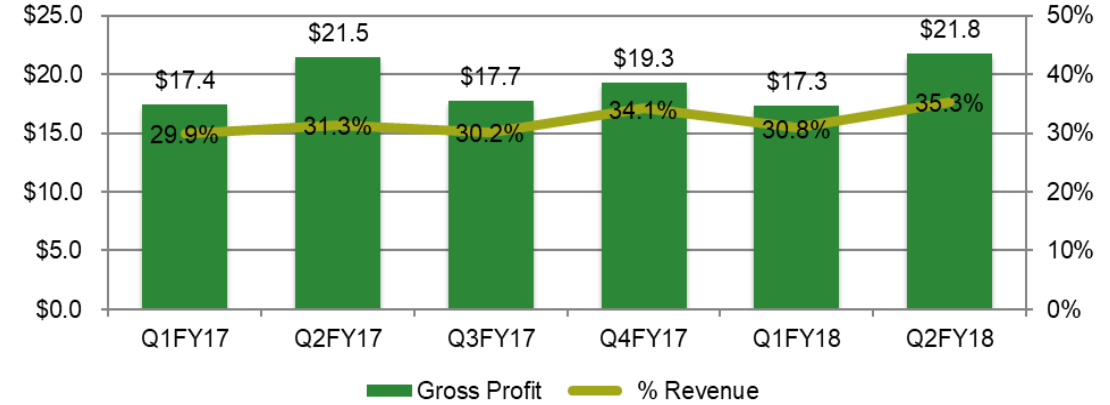
Sales

(\$ in millions)



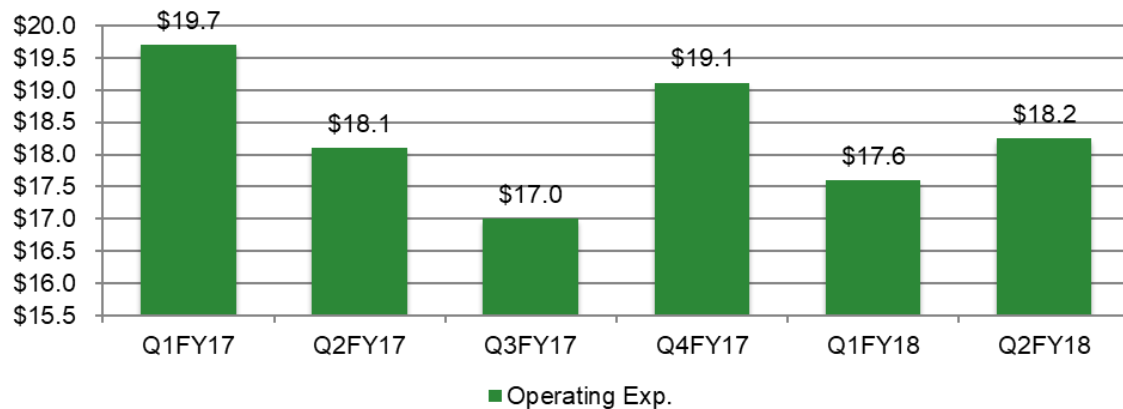
Gross Profit

(\$ in millions)



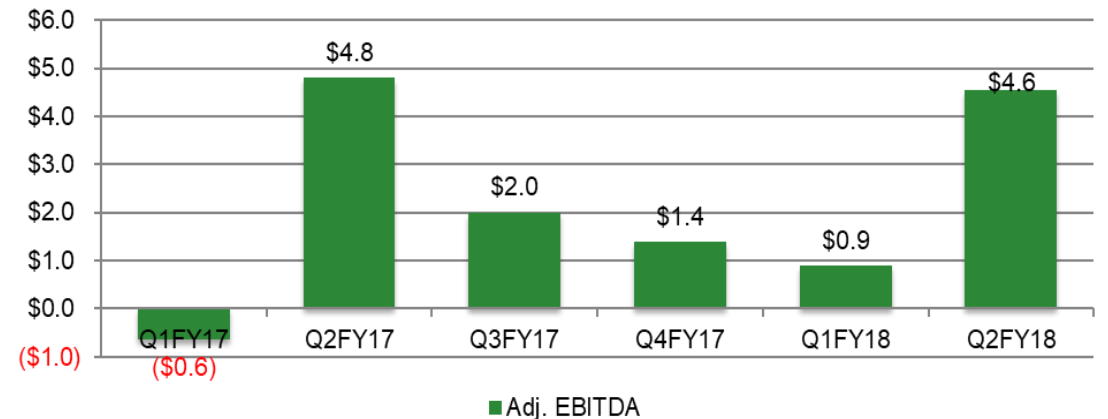
Operating Expenses

(\$ in millions)



Adjusted EBITDA

(\$ in millions)

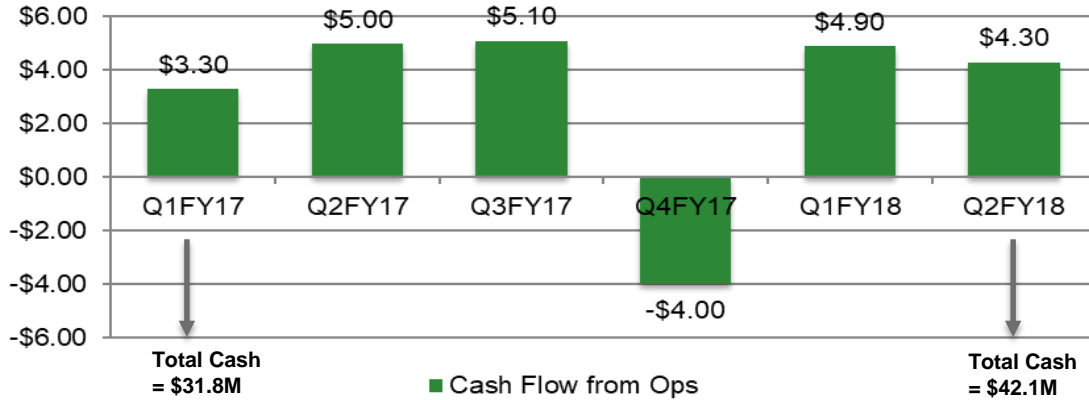


Note: Aviat has a June 30th fiscal year end.

TRENDING 6 QTR BALANCE SHEET KEY INDICATORS

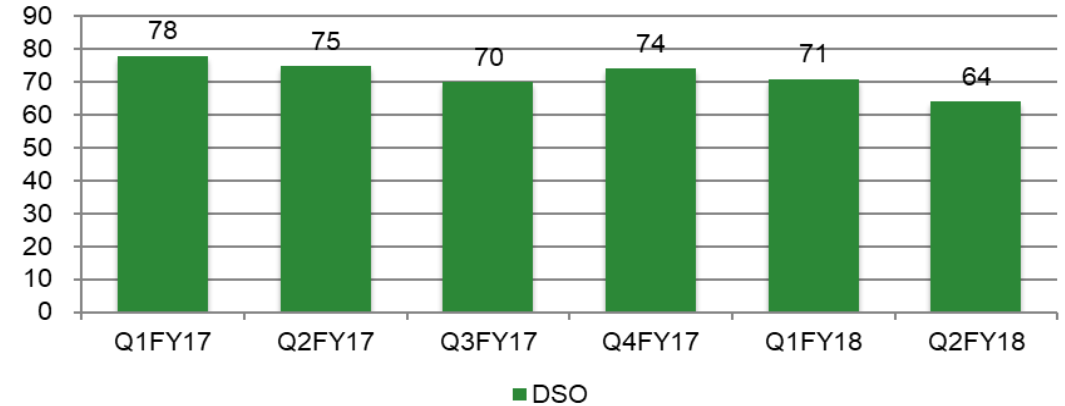
Cash Flow from Operations

(\$ in millions)

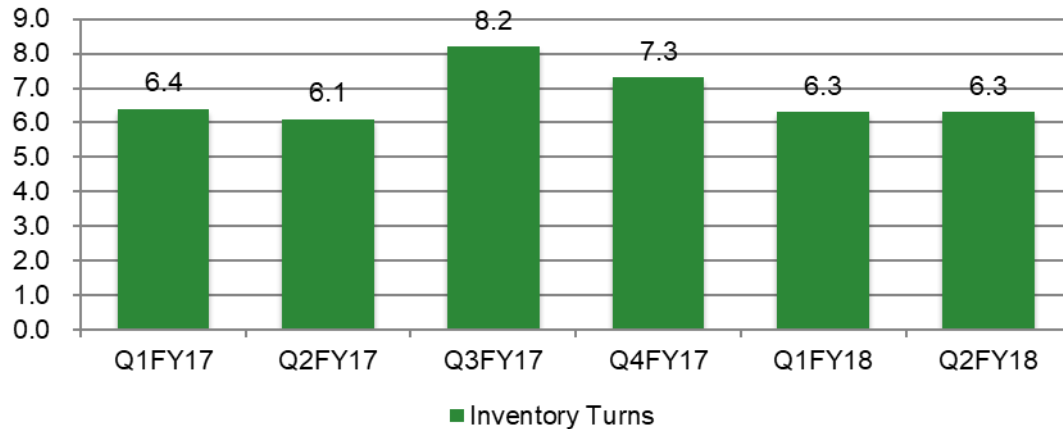


Days Sales Outstanding (DSO)

(in Days)



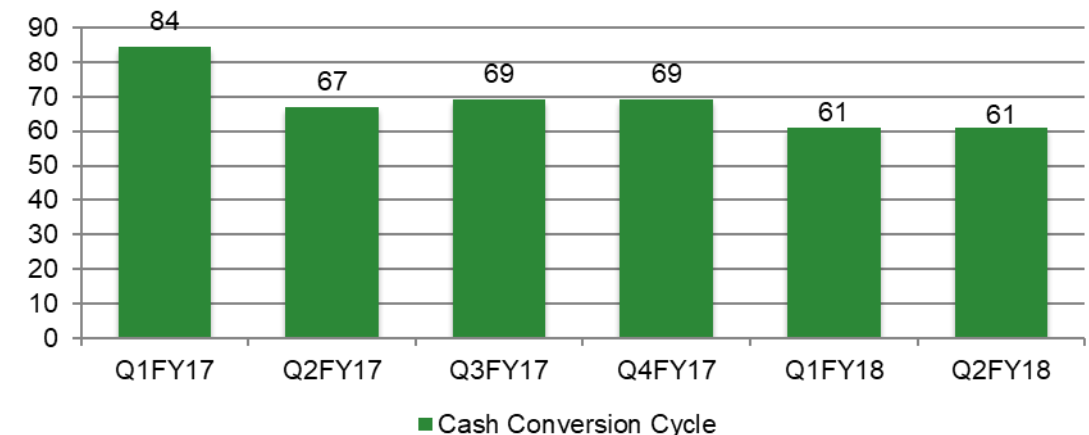
Inventory Turns



Cash Conversion Cycle* (CCC)

(in Days)

*Includes unbilled receivables





Aviat

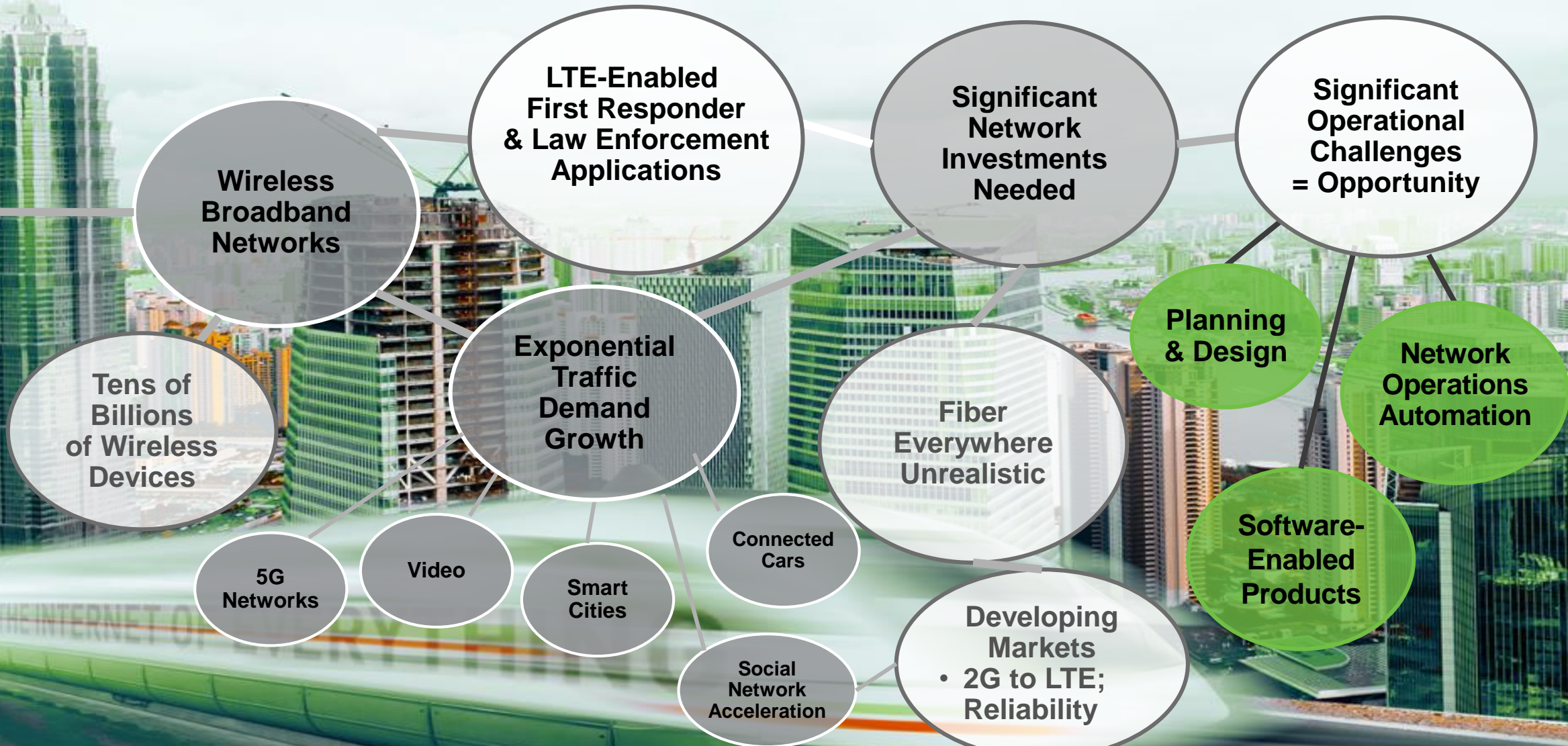
NETWORKS

Looking Ahead to the Future

Key Trends/Factors Driving our Optimism

Market Dynamics
Customer Momentum
Product Innovation
Process Excellence
Competitive Positioning

LOOKING AHEAD: COMPELLING MARKET DEMAND DRIVERS



Multiple paths to drive growth globally and across all verticals

DRIVING OUR OPTIMISM: SPECIALIZATION AND REACH TO DRIVE GROWTH WITHIN PRIVATE NETWORKS VERTICAL

Segment Leader
The Clear Choice

Public Safety

Presence in all 50 States,
With 25 U.S. Statewide
Networks

Energy

More than 50% of Largest
U.S. Utilities

USA Federal Departments

Multiple Agencies

**Global Partners in
Security & Defense**



MOTOROLA
#1 Supplier



AIRBUS
DEFENCE & SPACE

A Leading Supplier

National Security Networks

France, Middle East, North
Africa, Asia Pacific

Oil & Gas

West Africa, Asia, Europe

Regional Governments

Latin America

Financial

18,000 Low Latency Microwave
Miles Worldwide for Trading
Networks

Market Leader

Strengthening position in a diverse private networks environment

DRIVING OUR OPTIMISM: GROWING PRIVATE NETWORKS CUSTOMER BASE



MARQUEE SERVICE PROVIDER CUSTOMERS

Leading Provider in Key Markets Served



Opportunity to leverage significant installed base

Maintaining customer base, adding new accounts and well-positioned for 5G adoption

INDUSTRY LEADING PRODUCTS

**MOST SECURE, HYBRID
MISSION-CRITICAL PLATFORM**



UPGRADED (Capacity)

ECLIPSE

**SPLIT-MOUNT
OUTDOOR RADIO UNIT**



UPGRADED (Latency)

ODU 600

**INDUSTRY'S
HIGHEST
CAPACITY
MICROWAVE**



**ALL NEW
PLATFORM**

WTM 4000

**NETWORK
MANAGEMENT**



PROVISION

MICROWAVE ROUTERS



UPGRADED (IP/MPLS)

CTR 8000

**HIGHEST POWER
MICROWAVE RADIO**



UPGRADED (RF Power)

IRU 600

**Solutions for
5G Transport:
High Capacity,
Lifecycle
Automation**



AVIATCLOUD

WTM 4000: EXAMPLE OF INNOVATION

Aviat WTM 4000



2.5 Gbit/s

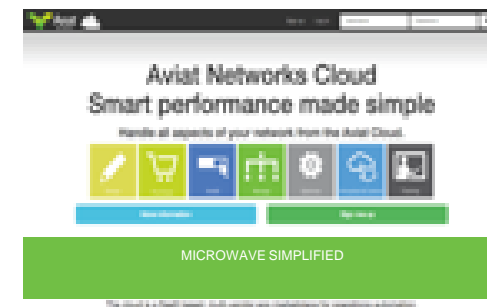
- Highest capacity radio ever made
- Purpose-built for software-defined networking (SDN)
- Pay-for-use (PFU) software, WiFi access and other innovations to simplify operations
- Industry-leading RFIC core
- Significant TCO benefits
- First customer installation completed in Q1 FY18
- New WTM platform variants imminent

Increased Addressable Market – Catalyst for New Customer Pursuits

INDUSTRY-LEADING SERVICES CAPABILITIES



**INDUSTRY'S
LEADING
AUTOMATION
PLATFORM FOR
MICROWAVE
NETWORK
SERVICES**



Strong recurring revenue streams and prospects for growth

FISCAL YEAR 2018 OUTLOOK


Income Statement Summary (Non-GAAP)		
(\$'s in millions)	FY17 Q3 Actual	FY18 Q3 Outlook
Revenue	\$58.7	\$62.0 - \$65.0
Gross Margin (as a %)	30.2%	30.0 - 32.0%
Operating Expenses	\$17.0	\$18.3 - \$18.7
Operating Income	\$0.7	Flat to Up YOY
Adjusted EBITDA	\$2.0	Flat to Up YOY

Income Statement Summary (Non-GAAP)		
(\$'s in millions)	FY17 Actual	FY18 Outlook
Revenue	\$241.9	\$245.0 - \$255.0
Gross Margin (as a %)	31.4%	31.5 - 32.5%
Operating Expenses	\$74.0	\$72.0 - \$75.0
Operating Income	\$1.9	\$5.0 - \$7.0
Adjusted EBITDA	\$7.6	\$11.0 - \$13.0

Anticipate modest YOY revenue growth; continued momentum in gross profit margins; operating expenses in line with FY17 (with investment dollars re-allocated to support R&D initiatives and fuel growth); significantly better bottom-line performance; and an increase in cash position by YE.

Reiterating Guidance and Well-Positioned to Generate Top- and Bottom-Line Improvements

KEY TAKE-AWAYS

- Stronger foundation driven by operational excellence and improved performance
 - Top-line stabilization with growth anticipated:
 - Strong installed customer base with near- and long-term growth opportunities
 - Enhanced products and service offerings
 - Multiple prospects for growth with new customers in all verticals
 - Sustainable gross margin and operating expense improvements
 - Strong balance sheet; ~\$11 million increase in cash position since the beginning of FY17
 - Working capital metrics are among the best in the Company's history
 - Potential for value appreciation based on improved profitability and increased operating leverage
 - Continued focus on exploring strategic alternatives to enhance offering, expand geographic reach, leverage customer footprint, and increase shareholder value
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NETWORKS

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