



# Aviat Networks (NASDAQ: AVNW)

Oppenheimer 25<sup>th</sup> Annual Technology, Internet &  
Communications Conference

August 10, 2022

# 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 our results for the fiscal 2022 third quarter and nine months periods. 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 most recent Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC"), 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 Company Profile

## OVERVIEW

- Aviat Networks is a leading pureplay wireless microwave transport equipment, software and services provider
  - US Headquarters (Austin, TX)
  - Global Customer Base (3000+ customers)
  - Global Manufacturing Capabilities
  - Leading Technology (200+ patents)
  - Strong Position with Global Service Providers and Private Network Operators

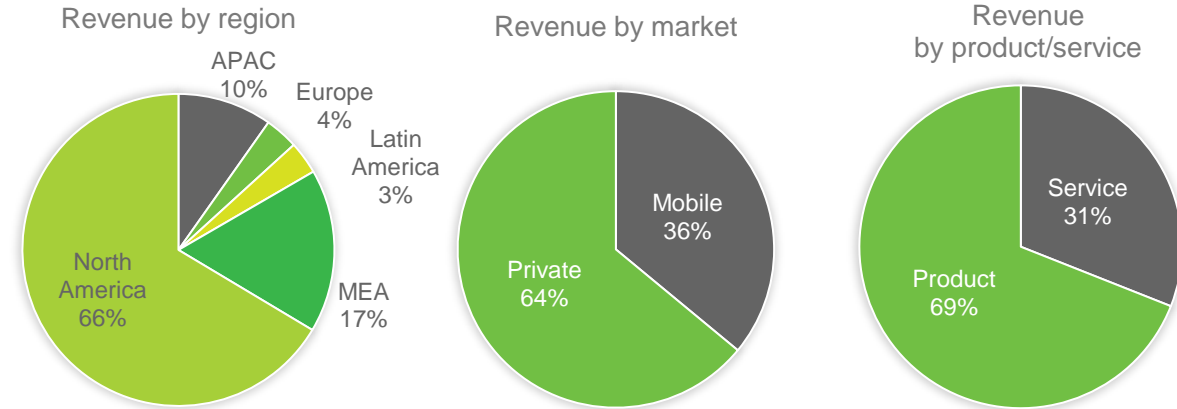
- End-to-End Wireless Transport Solutions Portfolio



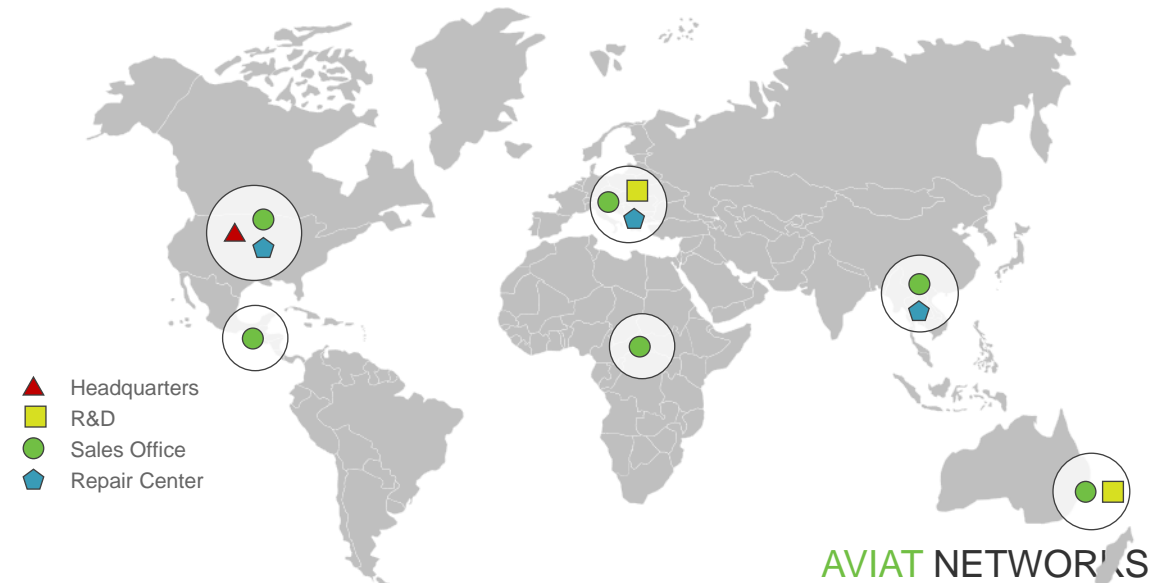
Radios, Routers, Software, Services

- Points of excellence
  - Lowest Total Cost of Ownership
  - Mission Critical Solutions Leader
  - Unrivaled Microwave Expertise
  - Unique and Compelling Innovations

## REVENUE SUMMARY



## GLOBAL PRESENCE, SERVICE & SUPPORT



# Business Financial Summary

## KEY STATISTICS

Trading Symbol	AVNW
Shares Outstanding	~11.2 million
Stock Price	\$31.70*
Market Cap	~\$350 million*
Headquarters	Austin, Texas
# of Employees	~660
52 Week High/Low	\$40.43 / \$23.88

\*As of August 7, 2022

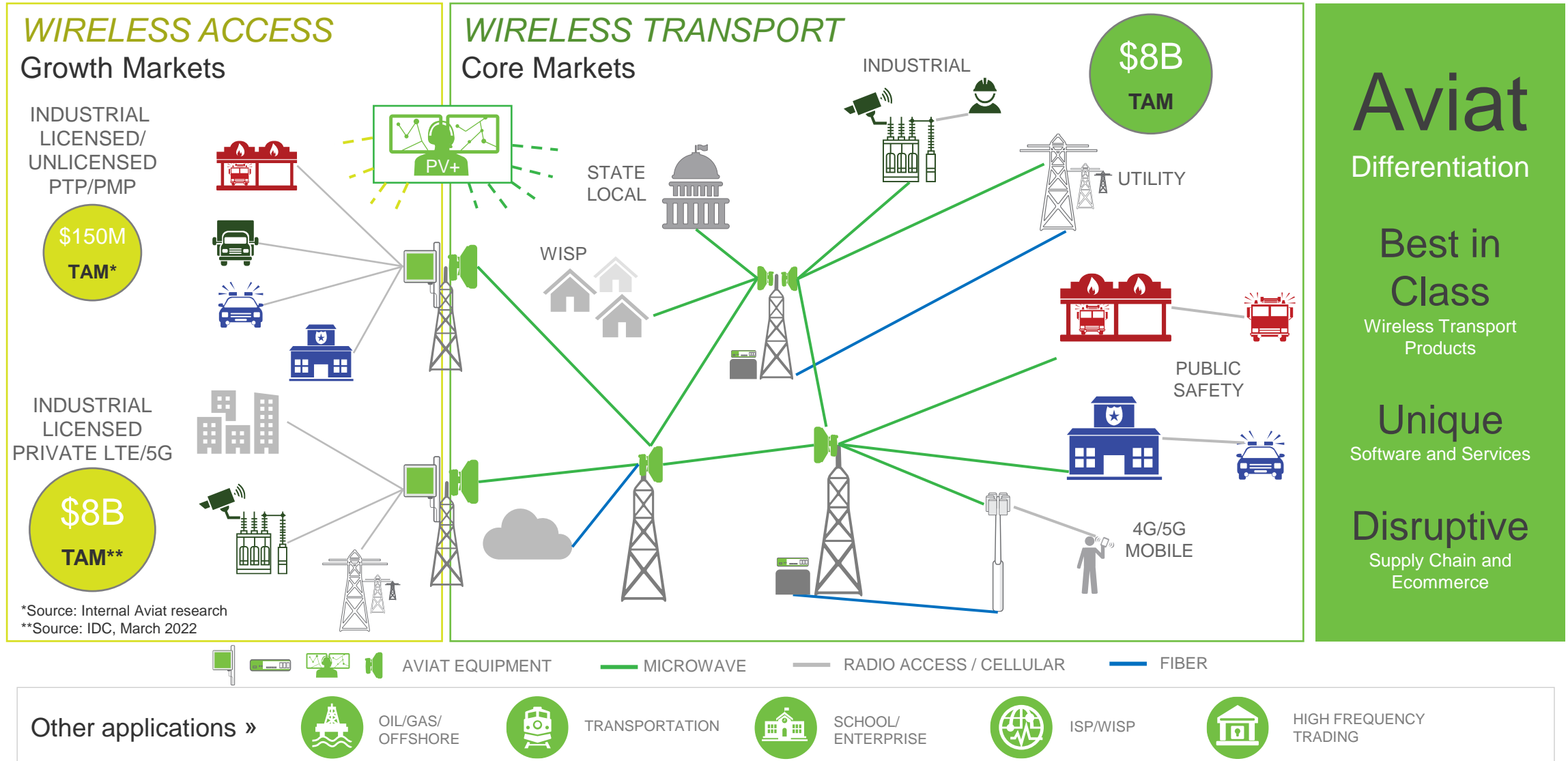
## KEY FINANCIAL METRICS LTM

Revenue	\$297.2M
Adjusted EBITDA*	\$36.2M
Cash	\$31.3M
Debt	\$0.0M

\*Adjusted EBITDA is defined as GAAP net income before interest, taxes, depreciation, amortization and non-GAAP items (e.g., share-based compensation, restructuring charges, etc.).

***Strong Balance Sheet... Consistent Performance Drives Cash***

# Aviat: Wireless Transport and Access Solutions Pureplay



**Aviat**  
 Differentiation

**Best in Class**  
 Wireless Transport Products

**Unique**  
 Software and Services

**Disruptive**  
 Supply Chain and Ecommerce

**Aviat Differentiation is Aligned with 5G, Private Networks and Rural Broadband**

# The Leader in Private Networks Wireless Transport

Why we  
win

## Growth Drivers

ARPA Funding  
(\$350B for US States' water, sewer and broadband infrastructure). States upgrading their public safety communications to broadband

Growth in Private LTE and Industrial IoT  
(\$16B for Private LTE by 2025)

Growing Complexity, Vendor Outsourcing  
Share of Wallet Opportunity

## Segments We Address

Gas  
Water  
Electric Utilities



National / Regional  
Government



Public Safety  
and Security

## Aviat Leadership

Mission Critical Product Differentiation  
- Highest Power Radios  
- IP/MPLS Integration  
- Software Innovations

Strong Global Partners  
In Security & Defense



Differentiated Services Offering:  
Design, Install, Support, Managed  
Services incl. NOC

Source: ABI Research

**Aviat – A Differentiated TCO Value Proposition for Private Networks**

# Rural Broadband Opportunity

“There are up to 42 million Americans for whom this essential network is not available, and millions more for whom it is available but unaffordable.”

*Brookings Institute*

## \$73B+ in Available Funding

**\$1.5B**  
CAF II

**\$20B**

Rural Digital Opportunity Fund (RDOF)

**\$9B**

5G Fund for Rural America

**\$42B\***

Broadband Funding in \$1.2T Bipartisan Infrastructure Framework

**\$635M**

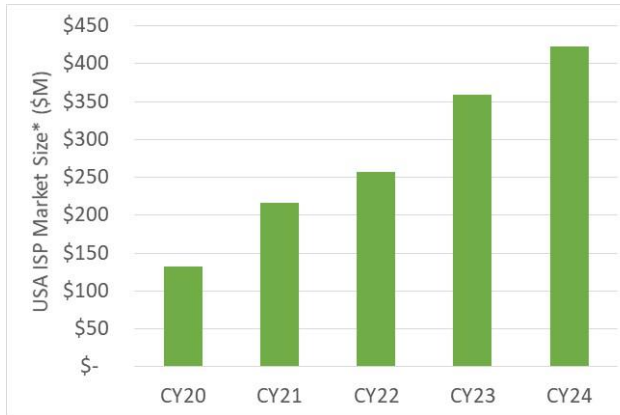
USDA Reconnect Program

*\* proposed*

## Wireless Transport is the Solution

Wireless transport is ideal for rural communities and is lower cost, more reliable, and faster to deploy than fiber

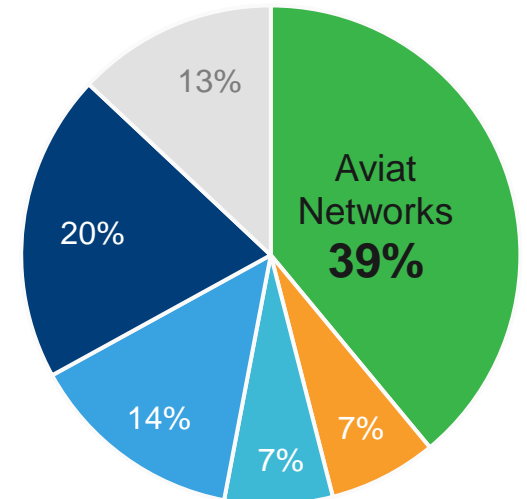
\$423M TAM in USA rural broadband segment by 2024 (34% CAGR)



Source: Sky Light Research, 2021

## Aviat is #1 in USA Rural Broadband Transport

39% share of demand in wireless transport for NA ISP segment in last 4 quarters\* (up from 19% share of demand in the prior 4 quarters)



\*Q4FY2021 – Q3FY2022  
Source: PCN data from Comsearch

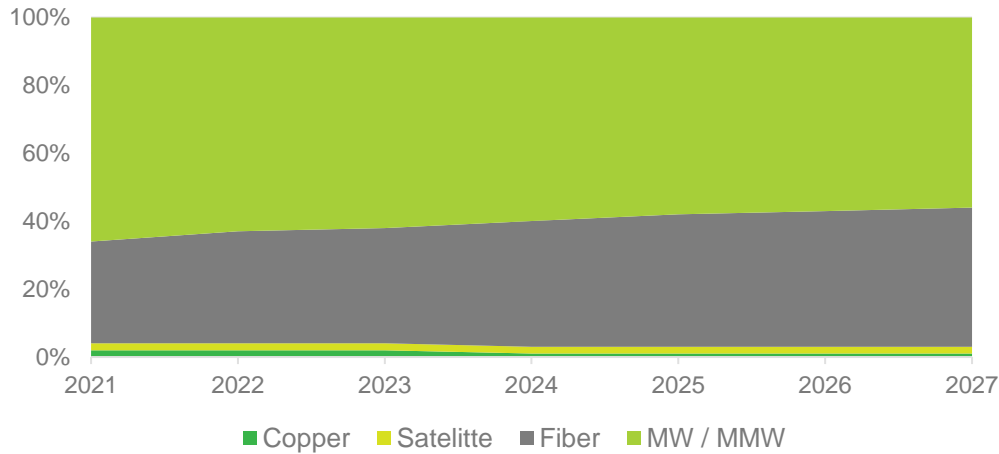
**Large Investments to Bridge the Digital Divide Create Opportunities for Wireless Transport**  
**AVIAT IS #1 IN WIRELESS TRANSPORT FOR THIS SEGMENT IN USA**

# Aviat's Large and Growing 5G Opportunity

Wireless transport accounts for 60% of global cellular transport links from 2021 through 2027

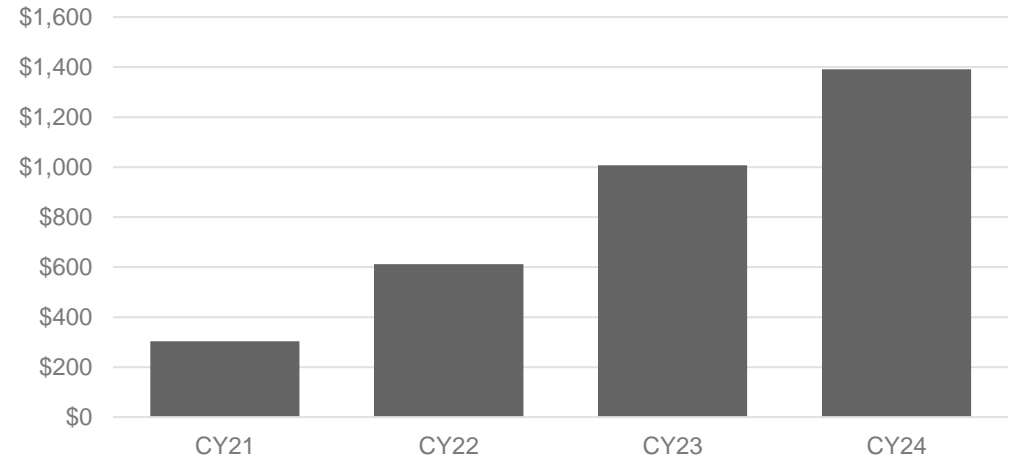
Modest growth in overall wireless transport with significant 5G market growth rates (41% CAGR)

Transport Technologies



Source: Dell 'Oro

5G Wireless Transport Market Forecast (\$M)



Source: Dell 'Oro

**The Demand for Wireless Transport is Strong with a Growing Addressable Market Driven by 5G**



# Well Positioned in Growing 5G and Rural Broadband Markets

- **Best in Class Wireless Transport Products**

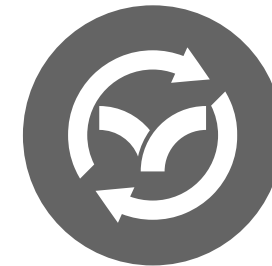
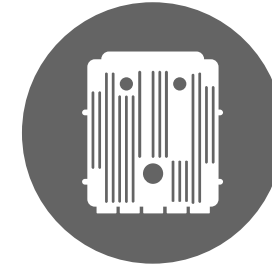
- Industry's highest capacity, highest power radios on the market for lowest TCO
- First to integrate microwave and IP/MPLS routing
- Unique multi-band solution for 5G

- **Unique Software (SaaS) and Services**

- Industry's only interference monitoring software for microwave
- Full turnkey services including network operations center (NOC)
- Network operations automation with ProVision Plus, Aviat Design









- **Disruptive Delivery and Supply Chain Offerings**

- E-commerce go to market model with Aviat Store
- US and Intl. manufacturing, industry best lead times



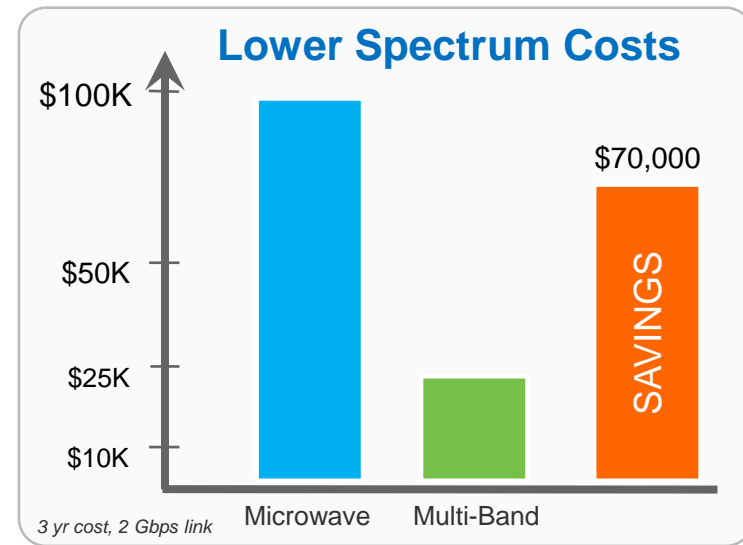
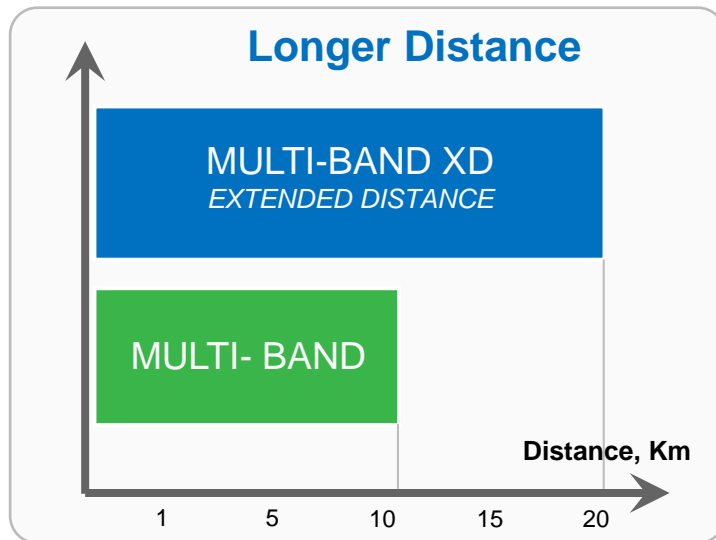
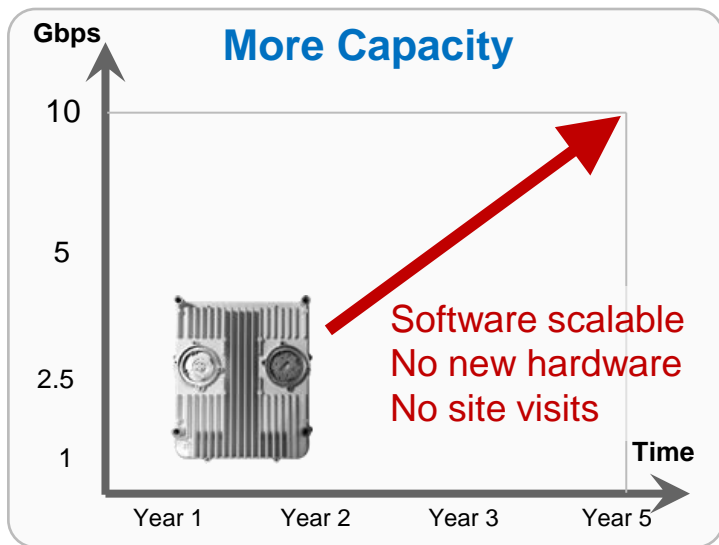
***Aviat is Highly Differentiated, Lowest Total Cost of Ownership (TCO) for 5G and Rural Broadband Applications***

# Recent Wins

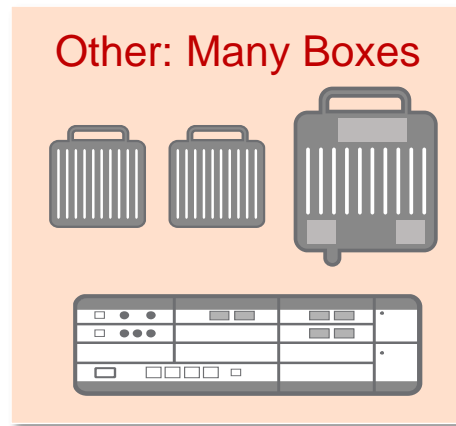
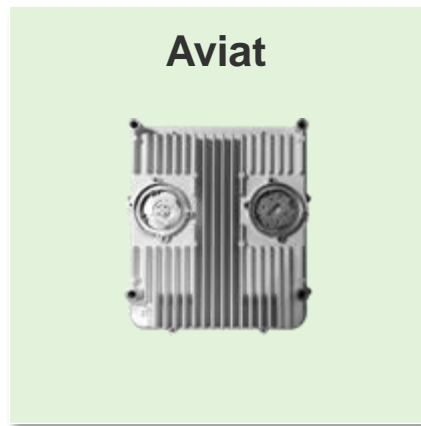
5G Networks		Private Networks	
<p>Dish Network Corporation</p> <p>High capacity 5G wireless transport</p> 	<p>Safaricom</p> <p>5G transport</p> 	<p>Globe</p> <p>Extension of contract » 2024</p> 	<p>Virginia State Police</p> <p>Complete network</p> 
Rural Broadband			
<p>Nextlink Internet</p> <p>High-speed wireless backhaul</p> 	<p>LTD Broadband</p> <p>Middle mile &amp; fiber redundancy</p> 	<p>150+ new rural broadband accounts via Aviat Store since FY20</p>	
			

**Key Customer Wins Validate Aviat's Differentiated Wireless Transport Solutions**

# Multi-Band: The Ideal Solution for 5G Transport



## Aviat's Multi-Band Advantage



**Superior** Solution  
**Less** hardware  
**Lowest** TCO

**Aviat's Multi-Band is Up to \$10,000/link Lower TCO vs Competitive Multi-Band Solutions.  
Lower TCO Alternative to Fiber up to 20km**

# Competitive Positioning: Why We Will Win Versus...

## Specialists »

## Aviat Advantage

## Competitor Implication

### Products

Modular radio platform. Full portfolio of radios and routers. Better RF performance, Multi-Band

Highly leveraged in chipsets, products designed for cost – difficult to create new product variants quickly, and unable to invest in routing and other products. Higher TCO

### Software and services

Turnkey services portfolio. Software innovations targeted at lowering microwave TCO like AviatCloud, FAS, HAS, MPLS

Product only. Makes it difficult to compete in private networks. Lack of investment in software

### Supply chain

Aviat has core competence vs specialists. Fast deliveries, disruptive models like Aviat Store

Lack of modularity limits supply chain flexibility. Unable to create new business models or react to Aviat innovations. Longer lead times

## Generalists »

## Aviat Advantage

## Competitor Implication

### Products

Differentiated radio products. Better RF performance, Multi-Band

Microwave not a core competence / focus. Less responsive and agile in bringing radio solutions to market

### Software and services

Software innovations targeted at lowering microwave TCO like AviatCloud, FAS, HAS

Lack a focus on dedicated software solutions for transport networks

### Supply chain

Aviat has core competence vs generalists. Fast deliveries, disruptive models like Aviat Store

Microwave supply chain not a priority vs RAN. Cannot react to Aviat innovations. Longer lead times

**Bottom line: Aviat Provides More Innovation, Lower TCO, Better Value Than our Competitors**

# Aviat Operating Model Framework

## Excellence in

### Customer Focus



### Innovation



### Talent



### Supply Chain



#### Our Actions

**We listen** during the commercial and sales process to understand our customers' needs and use our combined talents, skill and capabilities to create solutions that exceed expectations.

**We deliver** innovative, high-quality solutions that meet key customer segment needs. Voice of customer informs investment decisions. Release to market within budget, timeframe and scope.

**We drive** a performance culture and invest in our talent management programs to support evolving strategic business needs and implement organizational structures to facilitate results.

**We achieve** a competitive advantage by delivering quality products with best-in-class lead-times.

#### Our Processes

- Standard global VOC process
- Sales Goal planning
- eCommerce platform
- AviatCare customer service and support

- Aviat Operating System for software
- New Product Introduction (NPI) process
- Portfolio management
- Agile development methodology

- Performance Management Process
- Career Framework
- Talent Management Review
- Employee Ownership Program

- S&OP Planning
- Next day delivery e-commerce
- Order to Cash process
- Strategic sourcing to meet customer objectives globally

### Continuous Improvement | We Strive Everyday...

To improve, innovate and drive cost efficiency to achieve higher performance and to promote our continuous improvement culture

***Aviat Operating Model Supports Growth-Centric Culture by Leveraging Continuous Improvement and Driving Competitive Excellence***

Appendix:  
Third Fiscal Quarter 2022  
Financial Highlights and  
Historical Performance

# Third Fiscal Quarter 2022 Non-GAAP Financial Highlights

Continued to Demonstrate Consistency and Improvements in Performance

Laser Focused on: Increasing Revenue, Capturing Aviat's Differentiation, Driving Out Costs, and Increasing Overall Shareholder Value

Year-Over-Year Comparison		
(\$'s in millions)	Q3 FY21 Actual	Q3 FY22 Actual
Revenue	\$66.4	\$74.5
Gross Margin %	38.7%	37.1%
Operating Expenses	\$19.7	\$19.2
Operating Income	\$6.0	\$8.4
Adjusted EBITDA	\$7.3	\$9.5
Adjusted EBITDA Margin	11.0%	12.7%

Year-Over-Year Comparison		
(\$'s in millions)	FY21 Actual	LTM Actual
Revenue	\$274.9	\$297.2
Gross Margin %	37.5%	36.3%
Operating Expenses	\$75.6	\$76.7
Operating Income	\$27.4	\$31.4
Adjusted EBITDA	\$32.8	\$36.2
Adjusted EBITDA Margin	11.9%	12.2%

- Total Q3 Fiscal 2022 Revenue of \$74.5 Million, Up 12.2% Year-Over-Year.
- Q3 Fiscal 2022 Adjusted EBITDA of \$9.5 Million, up \$2.2M Year-Over-Year.
- Q3 Fiscal 2022 Adjusted EBITDA Margin of 12.7%
- Gross margins remained under pressure from inflationary headwinds and expedite costs related to supply chain disruptions, but continued the sequential improvement, increasing by 80 bps from Q2 and 140 bps from Q1.

# Balance Sheet Highlights

\$31.3 Million Net Cash, (\$11.0) Million from prior sequential quarter

Investing in working capital to ensure supply chain continuity, and to drive International growth

No loan outstanding at quarter end

<i>(\$'s in millions, except for DSO, DPO and Turns)</i>	Q1 FY21 Actual	Q2 FY21 Actual	Q3 FY21 Actual	Q4 FY21 Actual	Q1 FY22 Actual	Q2 FY22 Actual	Q3 FY22 Actual
Cash and Cash Equivalents	\$36.2	\$43.0	\$45.8	\$47.9	\$47.3	\$42.3	\$31.3
Third-Party Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Cash</b>	<b>\$36.2</b>	<b>\$43.0</b>	<b>\$45.8</b>	<b>\$47.9</b>	<b>\$47.3</b>	<b>\$42.3</b>	<b>\$31.3</b>
Accounts Receivable	\$45.0	\$49.5	\$47.6	\$48.1	\$59.4	\$69.1	\$76.2
DSO's	62	64	65	61	74	81	93
DSO's with Unbilled	105	105	117	110	123	131	149
Accounts Payable	\$31.7	\$37.6	\$37.2	\$32.4	\$39.4	\$43.5	\$40.6
DPO's	69	79	83	65	76	80	79
Inventory	\$15.7	\$18.8	\$23.1	\$24.9	\$25.5	\$27.4	\$30.5
Turns	10.7	9.3	7	7.4	7.4	7.2	6.2

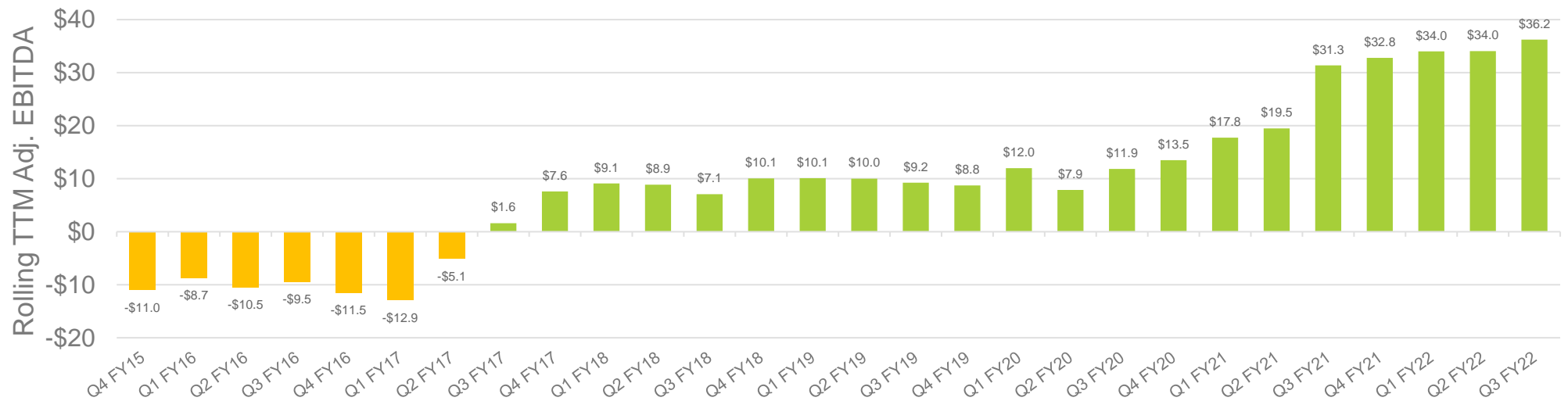


# Rolling TTM Historical Performance

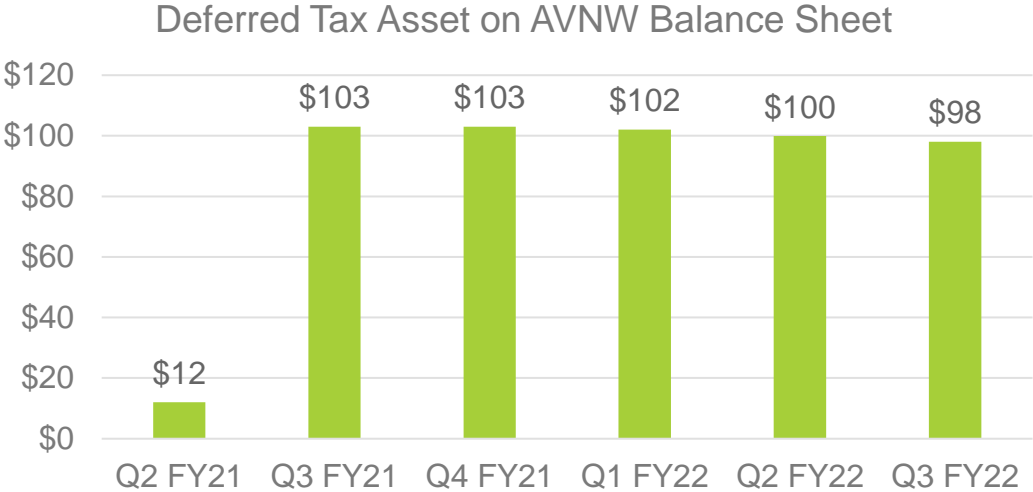
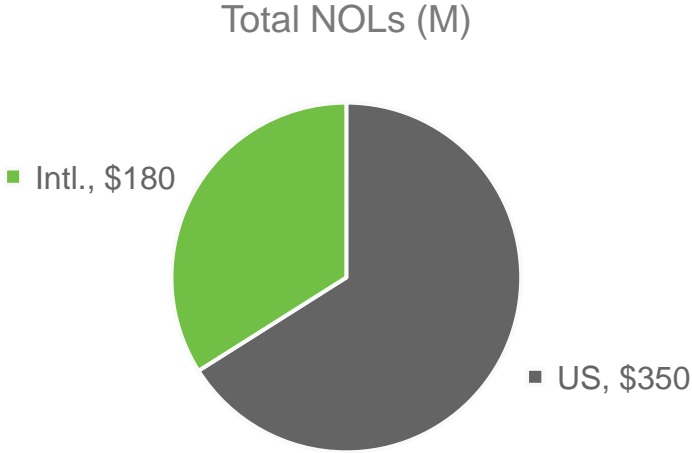
(\$'s million)



(\$'s million)



# Cash Benefit of Historical Net Operating Losses (NOLs)



- Over \$500 million of historical NOLs
- NOL's reduce Aviat's statutory tax rate of ~24% to an effective cash tax rate of ~4%
  - This saved the company \$5.4 million in cash taxes in FY21.
  - **NOLs expected to deliver \$6 million or more in cash tax savings in FY22.**

- Improved financial performance and outlook for Aviat resulted in a full release of the valuation allowance against US NOLs in Q3 of fiscal 2021.
- A one-time benefit of \$92 million was recognized in Net Income and Deferred Tax Assets.

***Cash Tax Savings Will Continue for the Foreseeable Future (>5 years) at Levels Commensurate with our Earnings Before Tax Performance***



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