



# Aviat Networks (Nasdaq: AVNW)

Jefferies Semiconductors, IT Hardware &  
Communications Technology Summit

August 29 & 30, 2023

# 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 2024. 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 wireless access and microwave transport equipment, software and services provider
  - US Headquarters (Austin, TX)
  - Global Customer Base (3,000+ customers)
  - Global Manufacturing Capabilities
  - Leading Technology (200+ patents)
  - Strong Position with Global Service Providers and Private Network Operators
- End-to-End Wireless Access and Transport Solutions Portfolio



Wireless Transport



Access



Routers



Software

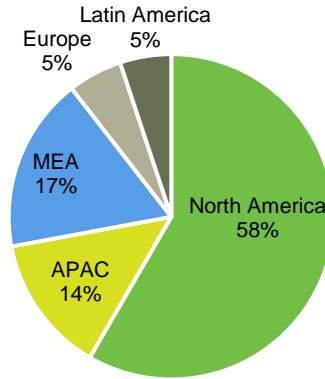


Services

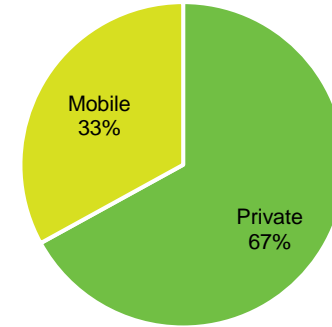
- Points of excellence
  - Lowest Total Cost of Ownership
  - Mission Critical Solutions Leader
  - Unrivaled Microwave Expertise
  - Unique and Compelling Innovations

## Revenue Summary

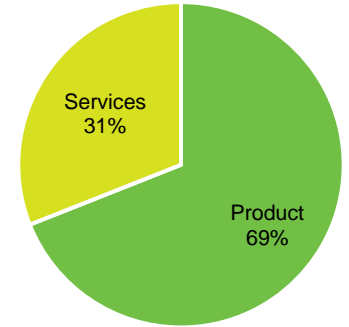
Revenue by Region



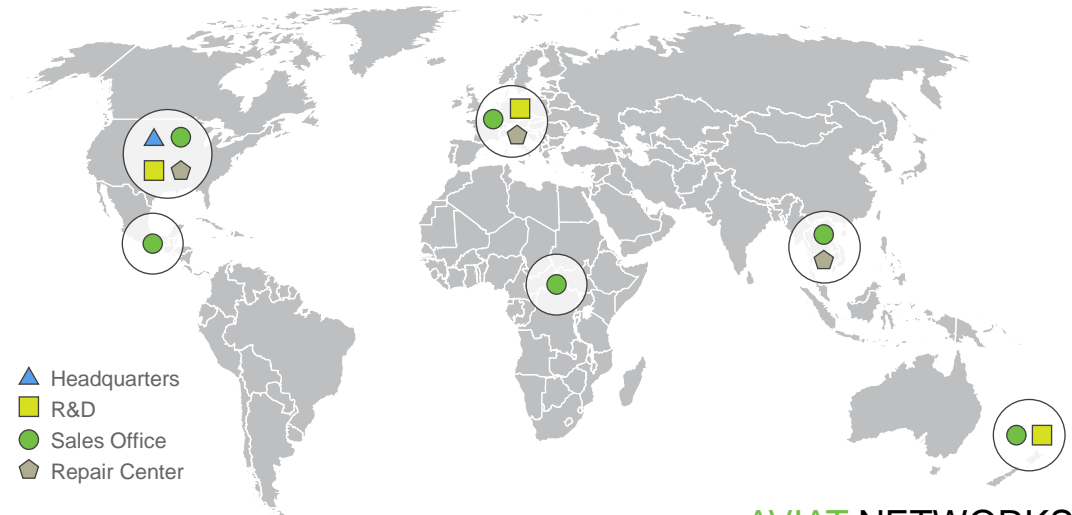
Revenue by Market



Revenue by Category



## Global Presence, Service & Support



# Business Financial Summary

## Key Statistics

<b>Trading Symbol</b>	AVNW
<b>Shares Outstanding</b>	~11.4 million
<b>Stock Price</b>	\$33.05
<b>Market Cap</b>	\$378 million
<b># of Employees</b>	~700

As of August 27, 2023

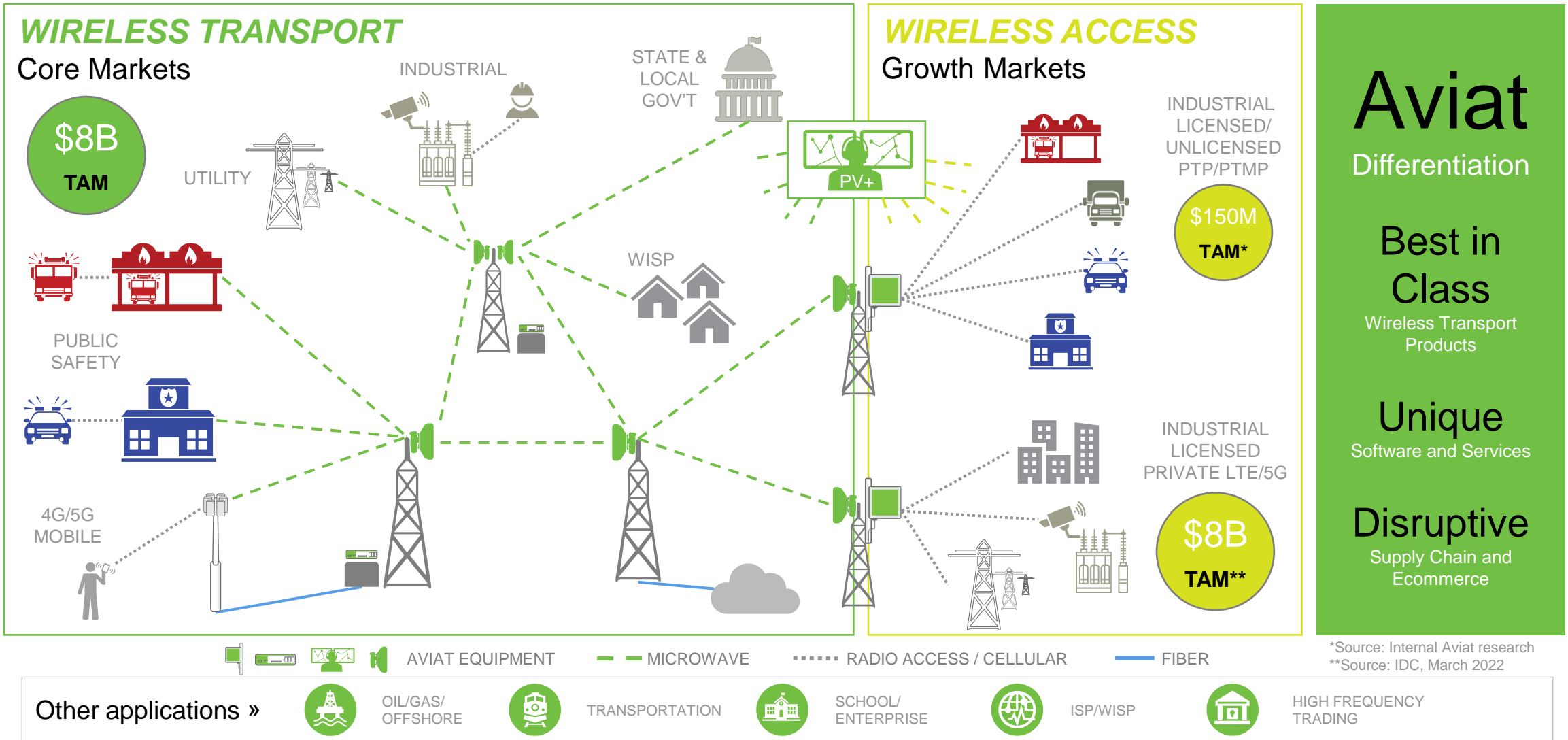
## Key Financial Metrics LTM

<b>Revenue</b>	\$346.6 million
<b>Adjusted EBITDA*</b>	\$47.0 million
<b>Cash &amp; Mkt Securities</b>	\$22.2 million
<b>Debt</b>	\$0.0 million

*\*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 Networks is the Wireless Solutions Pureplay



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

# Aviat's Investment Thesis

## Tremendous Market Opportunity

- 5G, critical communications, rural broadband, emerging economies underpin demand
- 6% share in a \$3B market, significant opportunity for growth

## Well Positioned to Capture Growth

- Strong incumbency to grow with installed base
- Compelling value proposition to capture new accounts (Tier 2 / ISP) and select Tier 1s

## Highly Differentiated Solutions

- Innovative products and services for lower total cost of ownership (TCO)
- Software and services to simplify wireless transport lifecycle
- Expanding e-commerce and supply chain capabilities to disrupt go-to-market models

# Aviat is 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

## *A Differentiated TCO Value Proposition for Private Networks*

# 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***



# 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

## Over \$70B in Available Funding

- \$1.5 Billion** CAF II
- \$20 Billion** Rural Digital Opportunity Fund (RDOF)
- \$9 Billion** 5G Fund for Rural America
- \$42.5 Billion** Broadband Equity, Access, and Deployment (BEAD) Program
- \$635 Million** USDA Reconnect Program

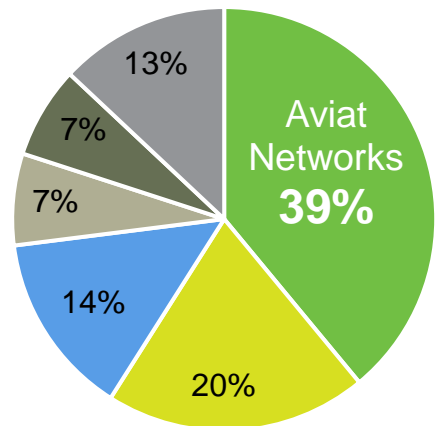
## Wireless Transport is the Solution

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

Estimate the USA rural broadband segment to be a ~\$420M TAM in 2024

## Aviat is #1 in USA Rural Broadband Transport

Leading share of demand in wireless transport for North America ISP segment

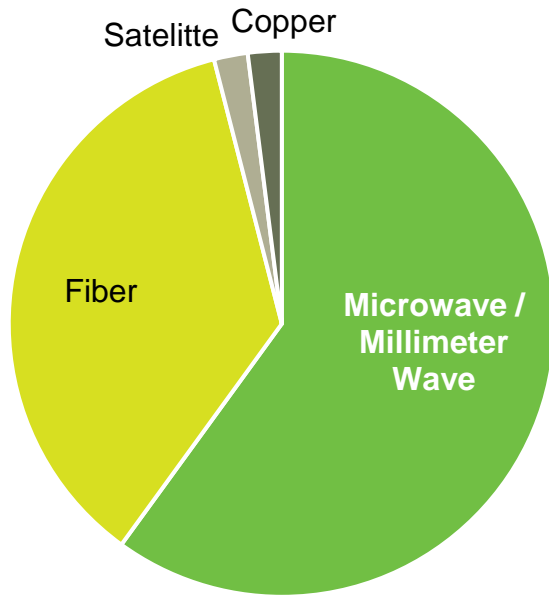


Source: PCN data from Comsearch

**Large Investments in Broadband Infrastructure Creates Opportunities for Wireless Transport; Aviat is the Leader for this Segment in the USA**

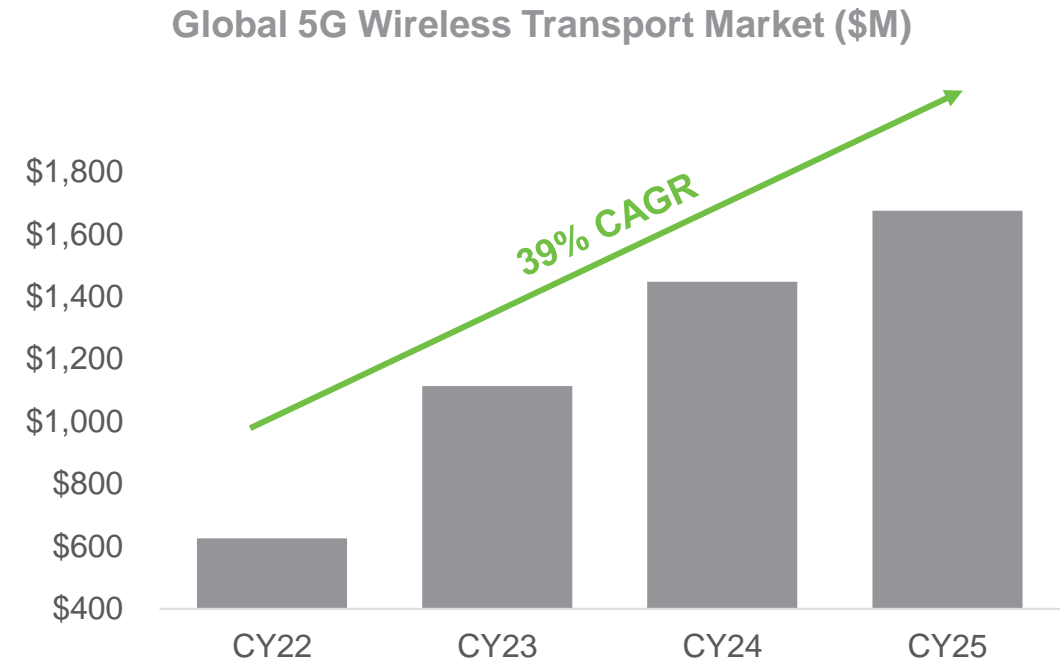
# Aviat's Large and Growing 5G Opportunity

Wireless transport accounts for 60% of cellular transport links



Source: Dell'Oro; Excludes North East Asia

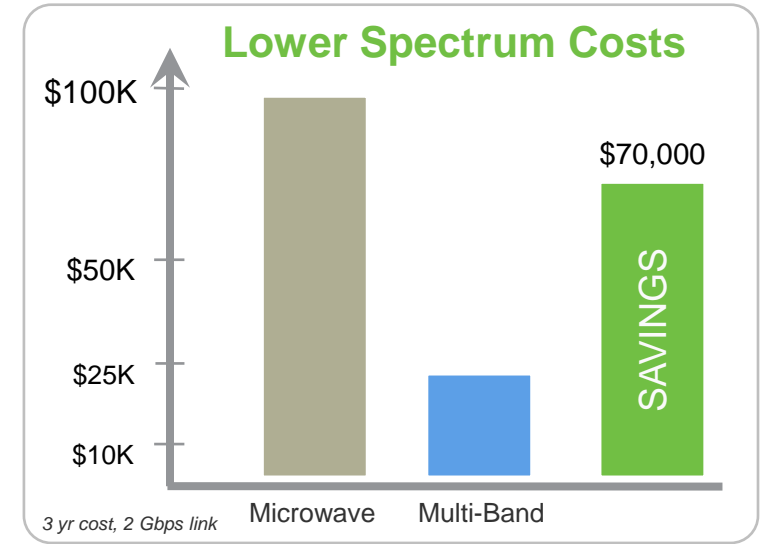
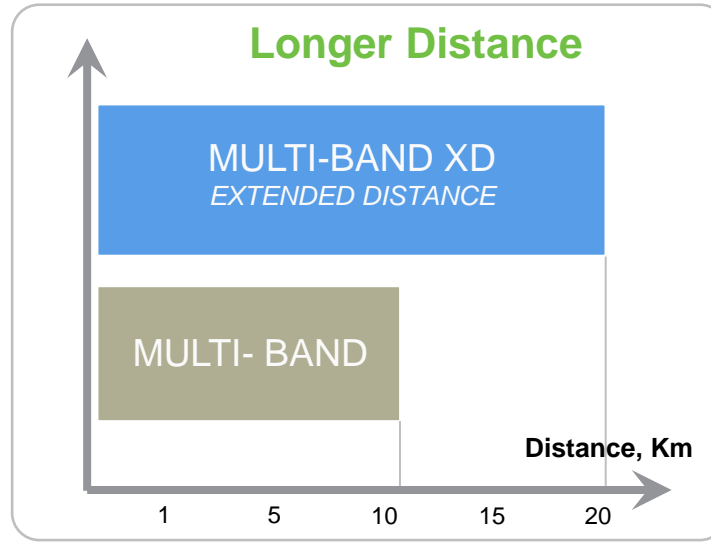
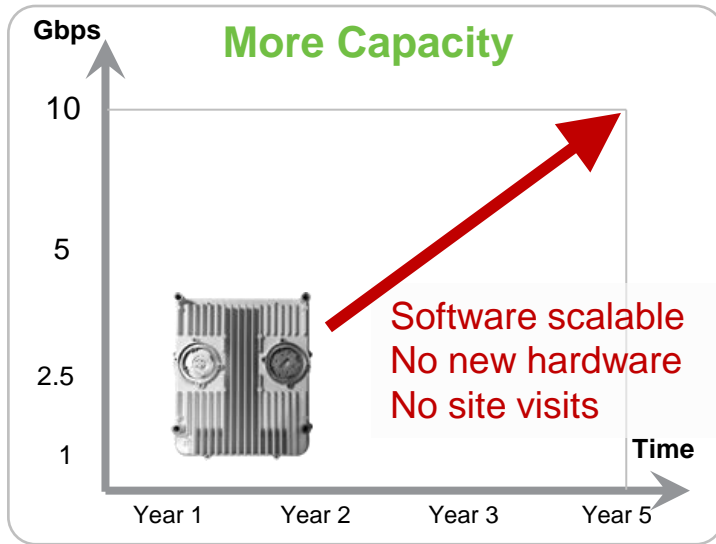
Modest growth in overall wireless transport with significant 5G market growth rates



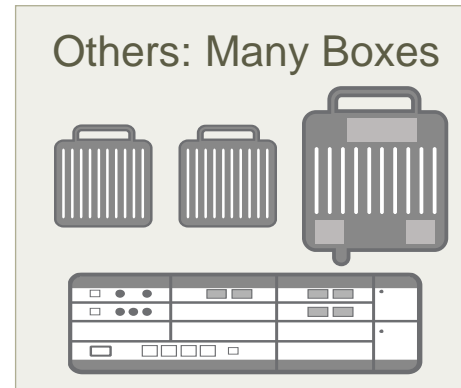
Source: Dell'Oro

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

# Aviat's Multi-Band is the Ideal Solution for 5G Transportation



## 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**

# Aviat's Innovations Mean a Highly Differentiated Offering

	<b>WIRELESS PRODUCTS</b> <i>Ex: Multi-Band</i>	<b>SOFTWARE &amp; SERVICES</b> <i>Ex: Health Assurance Software (HAS)</i>	<b>SUPPLY CHAIN &amp; DELIVERY</b> <i>Ex: Aviat Store</i>
<b>Unique Attribute</b>	Industry's only single box multi-band solution	Comprehensive Hosted Assurance solution to improve Network health	Disintermediation of complex distribution / channel market
<b>Demand Driver</b>	Global 5G rollouts	Poor network performance. Too many outages. Loss of RF expertise	5G; rural broadband
<b>Customers / Market</b>	4G/5G networks globally; countries with high spectrum costs	Private and Mobile network operators globally	Mobile operators and private networks; customers that buy from channel today
<b>Competitor Offering</b>	3 (or more) boxes, complex design solution	Management systems designed for use by engineers	Channel / distribution
<b>Customer Benefit</b>	High capacity, lowest OPEX alternative to fiber	Better network availability / uptime Reduced OPEX	Lower cost, simpler experience, fast deliveries

***Aviat Solves Customers' Economic, Reliability and Supply Chain Challenges***

# Why Aviat Wins

## vs. Specialists »

### Aviat's 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

## vs. Generalists »

### Aviat's 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

***Aviat Provides More Innovation, Lower TCO, and 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***

# Fourth Fiscal Quarter 2023 Financial Highlights and Historical Performance

# Fourth Fiscal Quarter 2023 Non-GAAP Financial Highlights

Quarterly Year-Over-Year Comparison		
<i>(\$'s in millions)</i>	Q4 FY22 Actual	Q4 FY23 Actual
Revenue	\$77.4	\$91.2
Gross Margin %	35.7%	36.2%
Operating Expenses	\$19.5	\$22.0
Operating Income	\$8.1	\$11.0
Adjusted EBITDA	\$9.1	\$12.6
Adjusted EBITDA Margin	11.8%	13.8%

Annual Comparison		
<i>(\$'s in millions)</i>	FY22 Actual	LTM Actual
Revenue	\$303.0	\$346.6
Gross Margin %	36.2%	36.1%
Operating Expenses	\$75.8	\$84.1
Operating Income	\$33.9	\$40.8
Adjusted EBITDA	\$38.3	\$47.0
Adjusted EBITDA Margin	12.7%	13.6%

- Q4 Fiscal 2023 revenue of \$91.2 million, up 17.8% compared to the same period last year
- Q4 Fiscal 2023 Adjusted EBITDA up \$12.6 million, up 37.5% compared to the same period last year
- Strong profit growth from disciplined cost management and topline execution
- 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



# Fourth Fiscal Quarter 2023 Balance Sheet Highlights

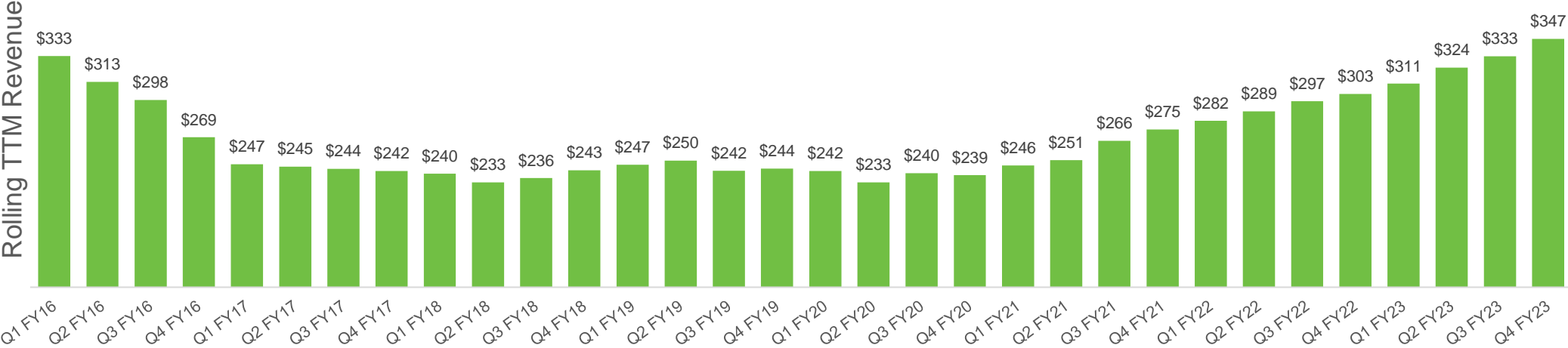
<i>(\$'s in millions, except for DSO, DPO and Turns)</i>	Q1 FY22 Actual	Q2 FY22 Actual	Q3 FY22 Actual	Q4 FY22 Actual	Q1 FY23 Actual	Q2 FY23 Actual	Q3 FY23 Actual	Q4 FY23 Actual
Cash Equivalents and Marketable Securities	\$47.3	\$42.3	\$33.8	\$47.8	\$22.9	\$21.4	\$22.5	\$22.2
Third-Party Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$6.2)	\$0.0
Net Cash and Marketable Securities	\$47.3	\$42.3	\$33.8	\$47.8	\$22.9	\$21.4	\$16.3	\$22.2
Accounts Receivable	\$59.4	\$69.1	\$76.2	\$73.2	\$72.5	\$91.4	\$88.5	\$101.7
Unbilled Receivables	\$39.7	\$42.9	\$45.7	\$45.9	\$50.4	\$53.6	\$63.3	\$58.6
Advance Payments and Unearned Revenue	(\$44.0)	(\$43.7)	(\$45.7)	(\$42.7)	(\$43.3)	(\$46.7)	(\$48.0)	(\$51.7)
DSO's	67	75	89	88	82	82	98	95
DSO's net of Unbilled/Unearned	62	72	88	90	87	89	110	105
Accounts Payable	(\$39.4)	(\$43.5)	(\$40.6)	(\$42.4)	(\$48.2)	(\$59.8)	(\$61.7)	(\$60.1)
DPO's	69	76	81	76	80	84	103	95
Inventory	\$25.5	\$27.4	\$30.5	\$27.2	\$35.0	\$37.1	\$40.9	\$33.1
Turns	7.5	7.5	6.5	6.9	6.7	6.5	5.5	6.3

*Asset / (Liability)*

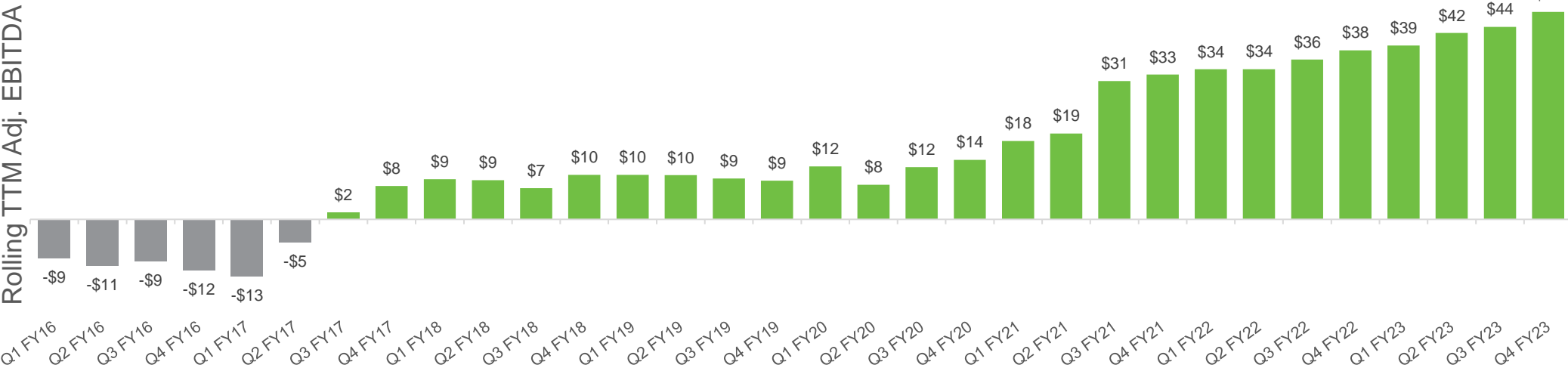
- Improvement in Net Cash position, driven by reduction in Inventory
- Lowered DSO's net of Unbilled/Unearned, a key indicator of our working capital efficiency
- Inventory levels reduced as Aviat consumed buffer stock that helped to navigate supply chain issues over the past two years

# Rolling Trailing Twelve Month Historical Performance

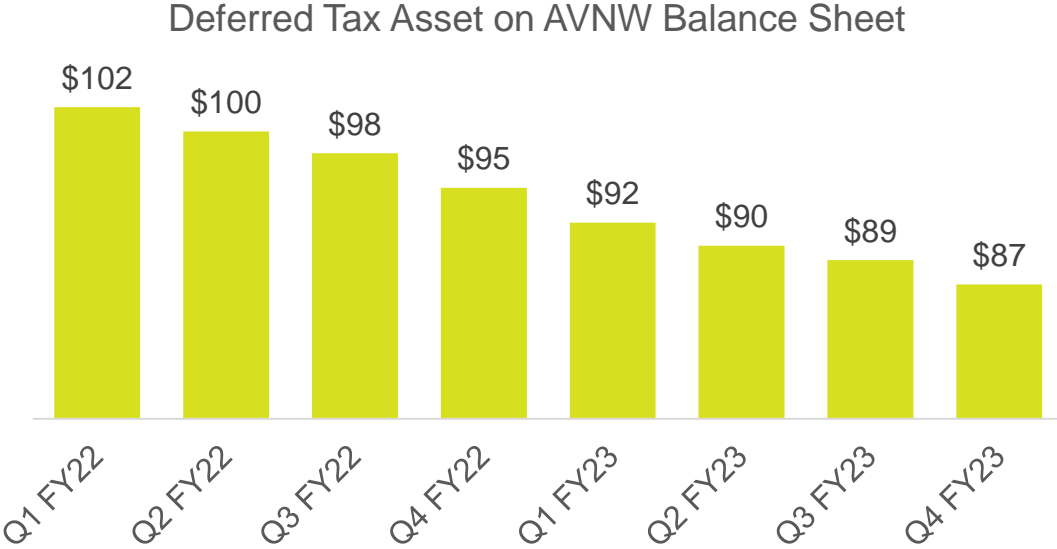
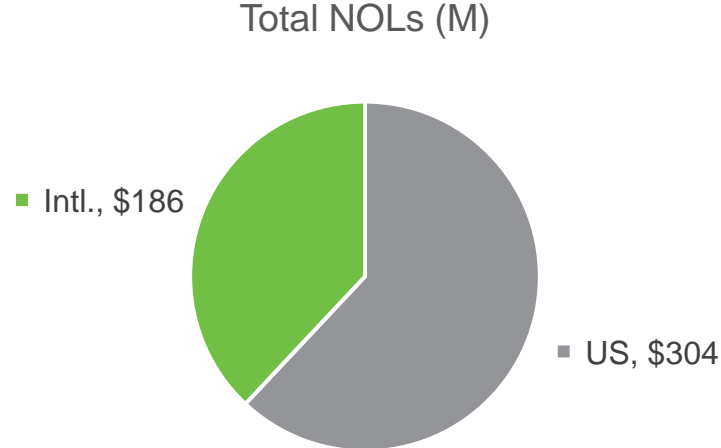
(\$'s million)



(\$'s million)



# Cash Benefit of Historical Net Operating Losses (NOLs)



- \$490 million of gross NOLs
- NOL's reduce Aviat's statutory federal and state blended tax rate of ~25% to an effective cash tax rate of ~5%
  - This saved Aviat \$5.9 million in cash taxes in FY22 and \$14.1 million in cash taxes in FY23

- Improved financial performance and outlook for Aviat resulted in a full release of the valuation allowance against U.S. 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**

# GAAP to Non-GAAP Reconciliation

Fiscal Year 2023 Fourth Quarter Summary  
**RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES** <sup>(1)</sup>  
 Consolidated Statements of Operations  
 (Unaudited)

	Three Months Ended				Twelve Months Ended			
	30-Jun-23	% of Revenue	1-Jul-22	% of Revenue	30-Jun-23	% of Revenue	1-Jul-22	% of Revenue

(In thousands, except percentages and per share amounts)

<b>GAAP gross margin</b>	<b>\$32,664</b>	<b>35.8%</b>	\$27,462	35.5%	<b>\$124,171</b>	<b>35.8%</b>	\$109,235	36.1%
Share-based compensation	164		169		627		440	
Merger and acquisition related expense	174		—		180		—	
<b>Non-GAAP gross margin</b>	<b>33,002</b>	<b>36.2%</b>	27,631	35.7%	<b>124,978</b>	<b>36.1%</b>	109,675	36.2%
<b>GAAP research and development expenses</b>	<b>\$6,256</b>	<b>6.9%</b>	\$5,258	6.8%	<b>\$24,908</b>	<b>7.2%</b>	\$22,596	7.5%
Share-based compensation	(129)		(143)		(514)		(246)	
<b>Non-GAAP research and development expenses</b>	<b>6,127</b>	<b>6.7%</b>	5,115	6.6%	<b>24,394</b>	<b>7.0%</b>	22,350	7.4%
<b>GAAP selling and administrative expenses</b>	<b>\$19,929</b>	<b>21.9%</b>	\$16,352	21.1%	<b>\$69,842</b>	<b>20.2%</b>	\$57,656	19.0%
Share-based compensation	(1,292)		(1,058)		(5,579)		(3,148)	
Merger and acquisition related expense	(2,727)		(905)		(4,526)		(1,061)	
<b>Non-GAAP selling and administrative expenses</b>	<b>15,910</b>	<b>17.4%</b>	14,389	18.6%	<b>59,737</b>	<b>17.2%</b>	53,447	17.6%
<b>GAAP operating income</b>	<b>\$6,322</b>	<b>6.9%</b>	\$5,241	6.8%	<b>\$26,409</b>	<b>7.6%</b>	\$28,745	9.5%
Share-based compensation	1,585		1,370		6,720		3,834	
Merger and acquisition related expense	2,901		905		4,706		1,061	
Restructuring charges	157		611		3,012		238	
<b>Non-GAAP operating income</b>	<b>10,965</b>	<b>12.0%</b>	8,127	10.5%	<b>40,847</b>	<b>11.8%</b>	33,878	11.2%

	Three Months Ended				Twelve Months Ended			
	30-Jun-23	% of Revenue	1-Jul-22	% of Revenue	30-Jun-23	% of Revenue	1-Jul-22	% of Revenue

(In thousands, except percentages and per share amounts)

**Adjusted EBITDA:**

<b>GAAP net income</b>	<b>\$3,339</b>	<b>3.7%</b>	\$4,533	5.9%	<b>\$11,528</b>	<b>3.3%</b>	\$21,160	7.0%
Depreciation and amortization of property, plant and equipment and intangible assets	1,615		1,019		6,180		4,463	
Other expense (income), net	556		(2,077)		3,306		(1,690)	
Share-based compensation	1,585		1,370		6,720		3,834	
Merger and acquisition related expense	2,901		905		4,706		1,061	
Restructuring charges	157		611		3,012		238	
Provision for income taxes	2,427		2,785		11,575		9,275	
<b>Adjusted EBITDA</b>	<b>\$12,580</b>	<b>13.8%</b>	\$9,146	11.8%	<b>\$47,027</b>	<b>13.6%</b>	\$38,341	12.7%

(1) The adjustments above reconcile our GAAP financial results to the non-GAAP financial measures used by Aviat Networks. Aviat monitors the non-GAAP financial measures included above, and our management believes they are helpful to investors because they provide an additional tool to use in evaluating Aviat's financial and business trends and operating results. In addition, Aviat's management uses these non-GAAP measures to compare Aviat's performance to that of prior periods for trend analysis and for budgeting and planning purposes. Our non-GAAP net income excludes share-based compensation, and other non-recurring charges (recovery) and Adjusted EBITDA is determined by excluding depreciation and amortization on property, plant and equipment, interest, provision for or benefit from income taxes, and non-GAAP pre-tax adjustments, as set forth above, from the GAAP net income. We believe that the presentation of these non-GAAP items provides meaningful supplemental information to investors, when viewed in conjunction with, and not in lieu of, our GAAP results. However, the non-GAAP financial measures have not been prepared under a comprehensive set of accounting rules or principles. Non-GAAP information should not be considered in isolation from, or as a substitute for, information prepared in accordance with GAAP. Moreover, there are material limitations associated with the use of non-GAAP financial measures.



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