



# Aviat Networks (NASDAQ: AVNW)

FY20 Third Quarter and Nine-Month Results Update  
Investor Presentation – May 2020

# 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 2020 third quarter and nine-month 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 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.

# About Aviat Networks

Aviat Networks is a leading global supplier of wireless networking solutions (wireless backhaul products and services) to communications service providers (CSP's) and private network operators

- Born from the combination of Harris Corporation's Microwave Communications Division and Stratex Networks, Inc.
- ~15 years of experience serving many of the world's largest mobile operators, supporting network upgrades from 2G, 3G, 4G, and LTE to 5G
- Growing presence in North America, both with CSP's and private network operators, including state and local governments, public safety professionals and across various industries (i.e. utilities, oil & gas, financial services, transportation and more)
- Track record of innovation, consistently investing in new solutions that leverage state-of-the-art technologies to optimize network connectivity
- Long-standing customer relationships and an expansive global footprint
- Focused on helping our customers drive customer satisfaction, providing advanced solutions to enhance network reliability, with an end-goal of lowering their total cost of ownership (TCO) through innovation and service
- Profitable company with a strong balance sheet, entering what is expected to be a period of both top- and bottom-line growth, driven by favorable industry dynamics (5G revolution, IoT, the drive for mission-critical networks for First Responders, etc.)

Exchange	NASDAQ Global Select
Ticker	AVNW
Shares outstanding	~5.4 million
Stock Price	\$9.56*
Market Cap	~\$51.6 million*
Headquarters	Austin, Texas
# of Employees	~700
Global Footprint	North America Asia and Pacific Rim Africa Europe Latin America Middle East

\* as of May 8<sup>th</sup>, 2020

# Strong Global Presence – Growing Global Customer Base

Uniquely Positioned to Address Multiple Market Segments Through Innovation

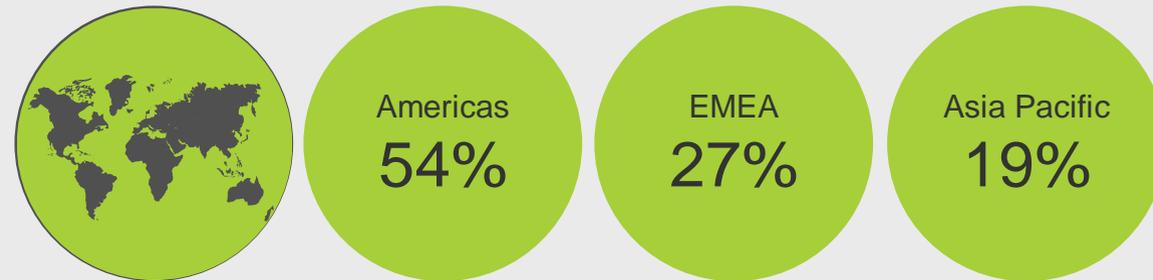
## VERTICAL DIVERSITY (FY19)

Positive momentum in service provider & private networks



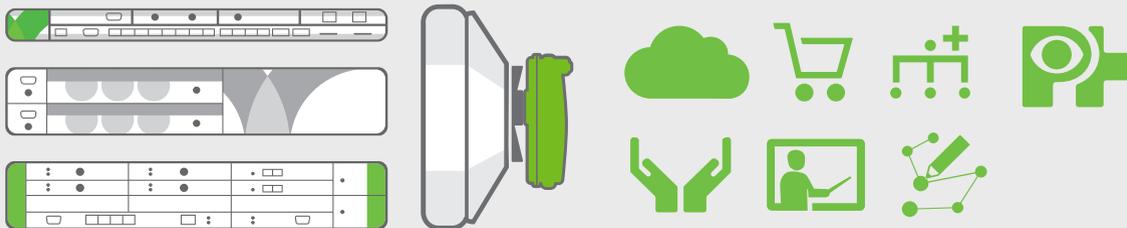
## GEOGRAPHICAL DIVERSITY (FY19)

Presence in all geographies; strongest in high-margin regions



## SOLUTIONS DIVERSITY

Differentiated total solutions offering – hardware, software, services, online B2B capabilities



## CUSTOMER DIVERSITY

Brand name accounts; ~90% direct sales



# Industry-Leading Solutions To Drive Market Expansion

Moving Beyond Traditional Microwave Products to Develop Solutions for Mission-Critical Networks

**MOST SECURE, HYBRID  
Mission-Critical Platform  
Eclipse**



**SPLIT-MOUNT  
Outdoor Radio Unit  
ODU 600 (6-42 GHz)**



**ALL-OUTDOOR  
Ethernet  
WTM 4000 (6-42 GHz)**



**NETWORK MANAGEMENT**

**ProVision**



**MICROWAVE ROUTERS  
CTR 8000**



**MICROWAVE RADIO  
Highest Power  
IRU 600 (6-11 GHz)**



**ALL-OUTDOOR  
E-Band / Multi-Band  
WTM 4800 (80 GHz)**



**AviatCloud**

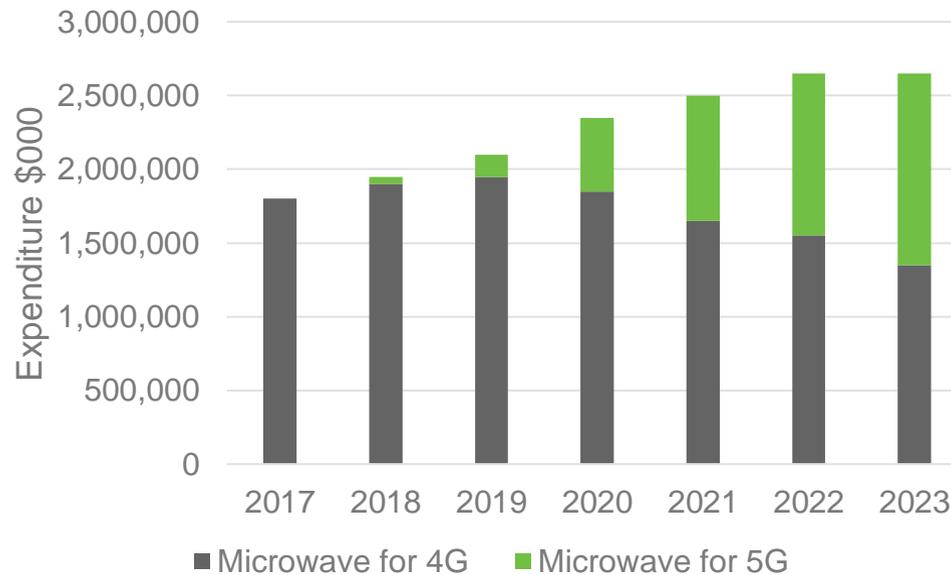
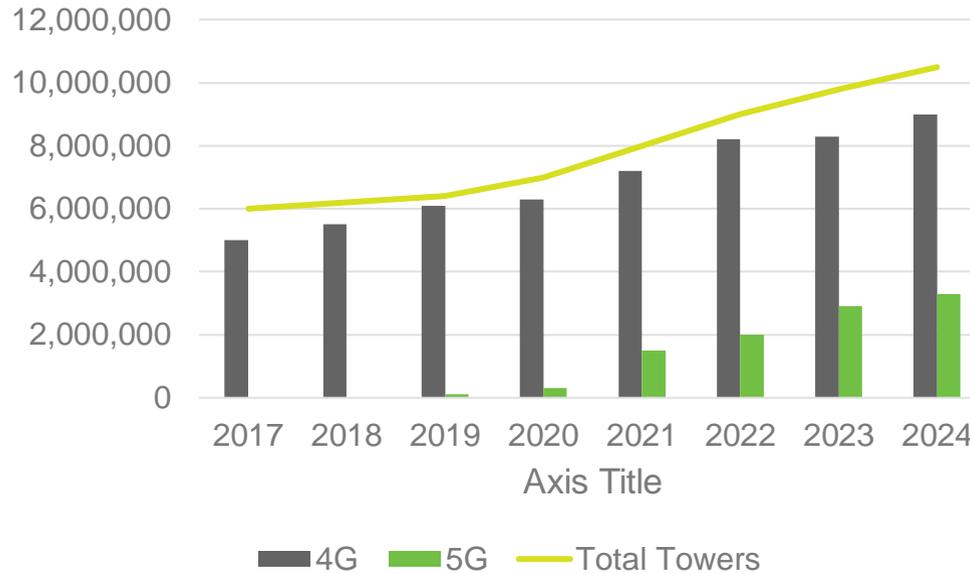


**All New Platform**

# Favorable Market Dynamics to Support Growth

“5G use cases will require network performance to increase 10-fold over current levels across all network parameters. To get there, mobile operators must invest in all network domains, including spectrum, radio access network (RAN) infrastructure, transmission, and core networks.”

McKinsey & Company



Source: Ovum

# Newest Innovation to Capitalize on the Transition to 5G

WTM 4800 Solution to Help Optimize the 5G Revolution – Distinct Competitive Advantages

WITH AVIAT'S SINGLE-BOX



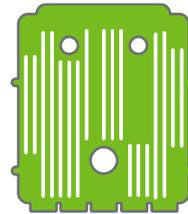
MULTI-BAND SOLUTION

YOU CAN  
**SIGNIFICANTLY**  
IMPROVE CAPACITY BY UP TO

20X



(compare to traditional microwave)



WTM 4800  
E-BAND &  
MULTI-BAND  
RADIO

VIRTUALLY  
**ELIMINATE**  
OUTAGES



(compare to E-Band)

# Building Customer Momentum in Support of 5G Rollouts

Aviat Receives Orders from a Top-5 U.S. Wireless Carrier for 5G Transport

Globe Telecom Selects Aviat's WTM 4800 Multi-Band Solution to Support 5G Deployments



Aviat Networks Signs Global Frame Agreement with Ooredoo Group

# Demand for Mission-Critical Networks is Increasing



## Industrial IoT

**\$500B** Industrial IoT market by 2020 (Accenture)  
Driving more critical bandwidth in vertical markets



## Private LTE

**\$16B** for Private LTE by 2025 (ABI Research)  
Paving way for 5G services in vertical markets



## Public Safety & Security

**CAGR 13.2%, \$799B** in communications by 2027  
(Inkwood Research)  
Robust and reliable transport solutions needed



# Private Networks: Market Leadership Position

Expanding Customer Base, Growing Backlog, Strong Pipeline

Capitalizing on critical communications trends

Presence in all 50 states

Hold more than half of statewide contracts

Expanding footprint across multiple vertical segments

THE CLEAR CHOICE  
Segment Leader



GLOBAL PARTNERS  
In Security & Defense



EXPANDING REACH  
Recent Breakthrough



NATIONAL SECURITY NETWORKS  
France, Middle East, North Africa, Asia Pacific

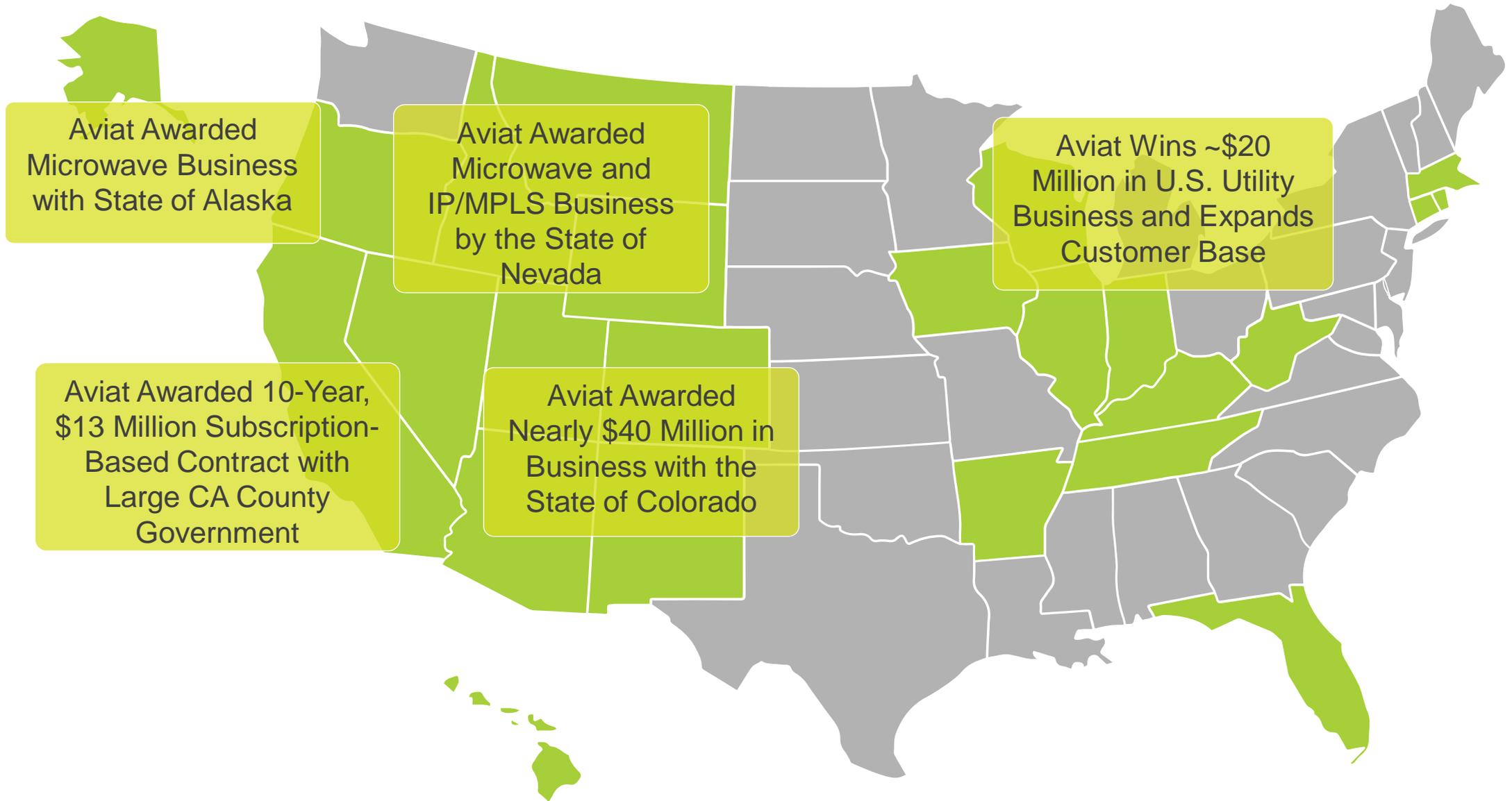
OIL & GAS  
West Africa, Asia, Europe

REGIONAL GOVERNMENTS  
Across all Regions: NA, LATAM, EMEA & APAC

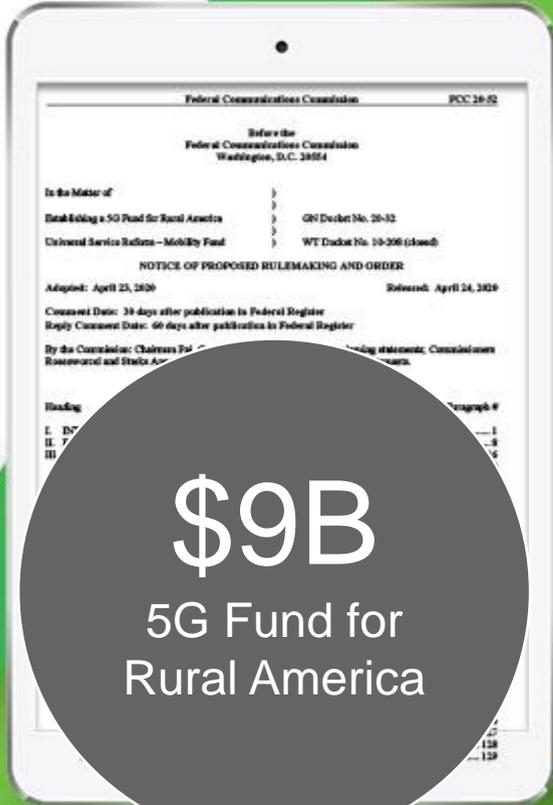
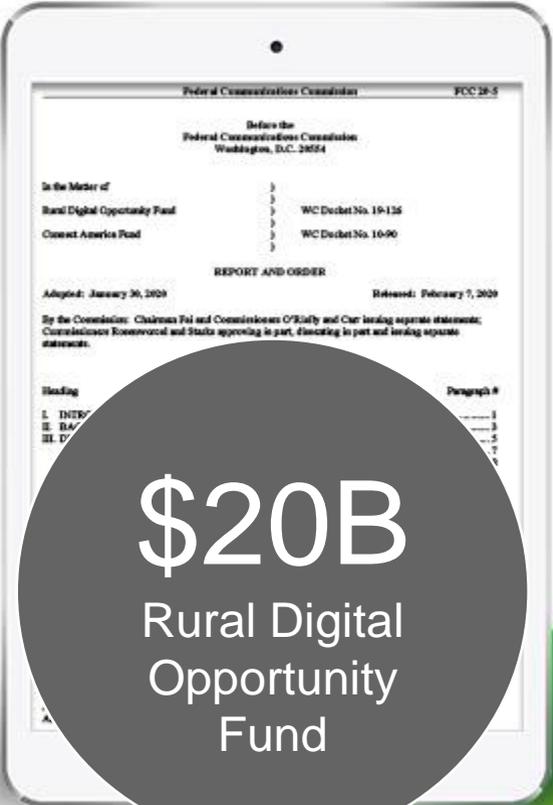
TRUSTED EXPERT

Sales and Services:  
Direct engagement and deep relationship with end-customer

# Some Recent Momentum in Private Networks



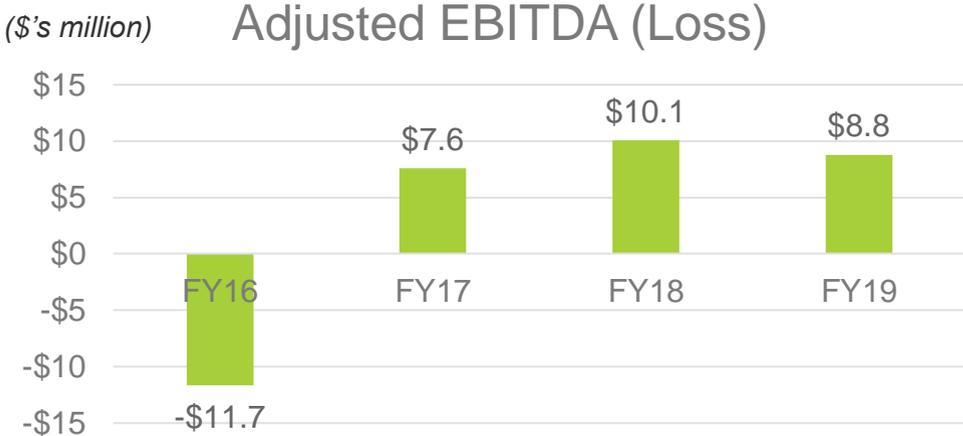
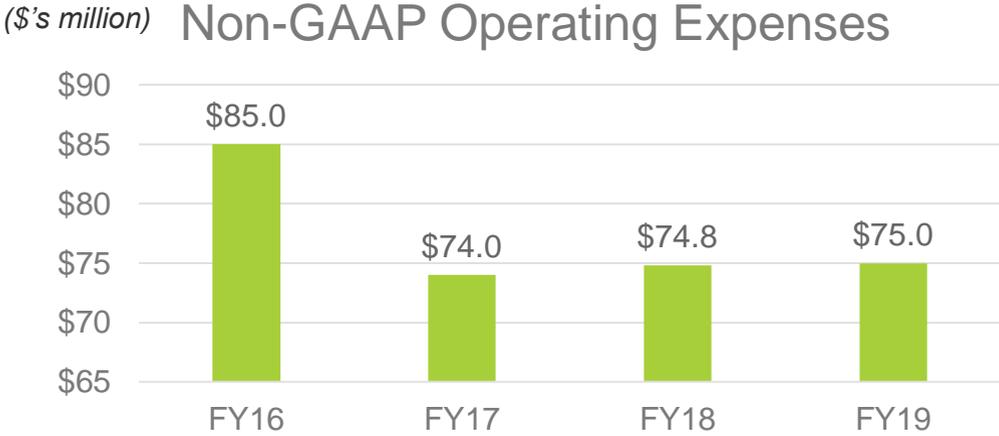
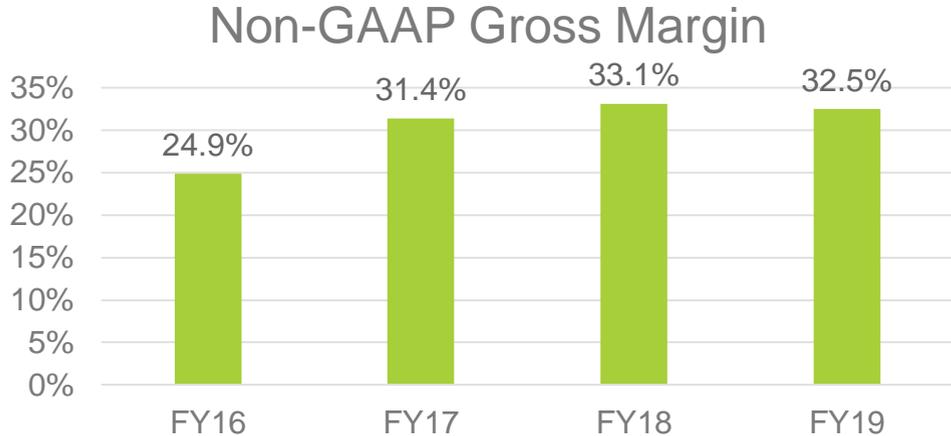
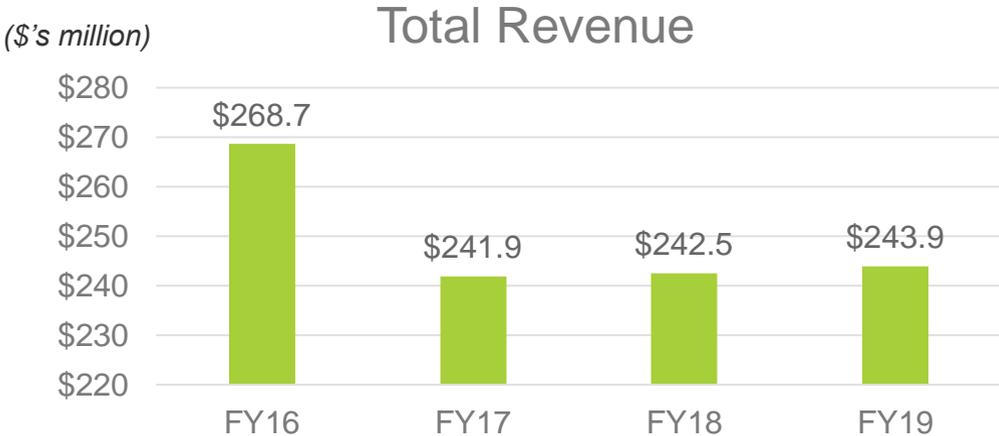
# Rural Broadband Represents Significant Growth Opportunity for Aviat



Wireless Transport Opportunities Across All Programs

# Historical and Recent Financial Performance

# Historical Performance



# FY20 Q3 Non-GAAP Financial Highlights

De-risking top-line challenges and pursuing other avenues for growth

Focus on margin expansion and improved profitability

Reinvestment in innovation, automation and productivity tools

<i>Year-Over-Year Comparison</i>		
<i>(\$'s in millions)</i>	Q3 FY20 Actual	Q3 FY19 Actual
Revenue	<b>\$61.4</b>	<b>\$54.0</b>
Gross Margin %	<b>35.9%</b>	<b>30.2%</b>
Operating Expenses	<b>\$19.7</b>	<b>\$17.9</b>
Operating Income (Loss)	<b>\$2.4</b>	<b>\$(1.6)</b>
Adjusted EBITDA	<b>\$3.5</b>	<b>\$(0.5)</b>
<i>Nine-Months Comparison</i>		
<i>(\$'s in millions)</i>	YTD FY20 Actual	YTD FY19 Actual
Revenue	<b>\$176.0</b>	<b>\$179.6</b>
Gross Margin %	<b>35.8%</b>	<b>31.6%</b>
Operating Expenses	<b>\$58.2</b>	<b>\$55.3</b>
Operating Income	<b>\$4.7</b>	<b>\$1.5</b>
Adjusted EBITDA	<b>\$8.0</b>	<b>\$4.9</b>

Despite COVID-19 challenges, the Company anticipates bottom-line improvements in FY20 vs. FY19 and with significant opportunities for both top- and bottom-line improvements in the years ahead.

# Balance Sheet Highlights

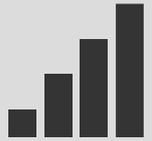
Net Cash up \$1.1 million sequentially and \$7.3 million since FY19 year-end

Inventory increased sequentially \$1.0M primarily due to pull in of component parts that are in shortage

Aviat anticipates year-over-year improvements in its cash position and balance sheet in FY20

<i>(\$'s in millions, except for DSO, DPO and turns)</i>	Q3 FY20 Actual	Q2 FY20 Actual	Q1 FY20 Actual	Q4 FY19 Actual
Cash and Cash Equivalents	<b>\$39.2</b>	<b>\$38.1</b>	<b>\$34.5</b>	<b>\$31.9</b>
Accounts Receivable	<b>\$48.1</b>	<b>\$44.4</b>	<b>\$43.2</b>	<b>\$51.9</b>
DSO's	<b>71</b>	<b>72</b>	<b>67</b>	<b>74</b>
DSO's with Unbilled	<b>106</b>	<b>117</b>	<b>114</b>	<b>113</b>
Accounts Payable	<b>\$38.4</b>	<b>\$38.3</b>	<b>\$31.8</b>	<b>\$35.6</b>
DPO's	<b>89</b>	<b>93</b>	<b>80</b>	<b>78</b>
Inventory	<b>\$15.5</b>	<b>\$14.5</b>	<b>\$12.2</b>	<b>\$9.5</b>
Turns	<b>10.2</b>	<b>10.4</b>	<b>11.8</b>	<b>17.5</b>
Third-Party Debt	<b>\$9.0</b>	<b>\$9.0</b>	<b>\$9.0</b>	<b>\$9.0</b>

# Fiscal Year 2020 Outlook Remains Strong



## Revenue Down Modestly

Strong growth in North America offset by International declines in Africa and APAC regions primarily (APAC anticipated to grow in FY21 with multi-year contract in support of 5G)



## Stronger Gross Margins

Mix shift, efficiencies and higher-margin business expected to result in significant YOY gross margin improvements



## Bottom-Line Improvements

**FY2020:**  
Anticipating FY20 Adjusted EBITDA of \$11-\$12 million as compared to \$8.8 million in FY19

# What Makes Aviat an Attractive Investment Opportunity?



Valuation  
relative to  
performance  
and peers

- 1 Compelling Market Opportunity**  
Favorable Industry Dynamics – Major market trends create significant opportunities for near- and long-term growth
- 2 Credible & Established Leader**  
Global Customer Footprint, Strong Relationships, Proven Track Record – Well positioned to grow with installed base, capture new accounts and expand in adjacent markets
- 3 Innovative Solutions**  
Differentiated Transport Solutions – Unmatched offering for 5G deployments and mission-critical networks
- 4 Accelerating Digital Transformation**  
Operational excellence for enhanced profitability; leveraging software, automation and AI
- 5 Profitable & Investing in Growth**  
Strong momentum in North America; improving margin profile and bottom-line performance



**Aviat**  
NETWORKS



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