



# Aviat Networks (NASDAQ: AVNW)

Financials Q4'20 and FY'20

August 27<sup>th</sup>, 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 fourth quarter and twelve 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.

# Aviat Company Profile

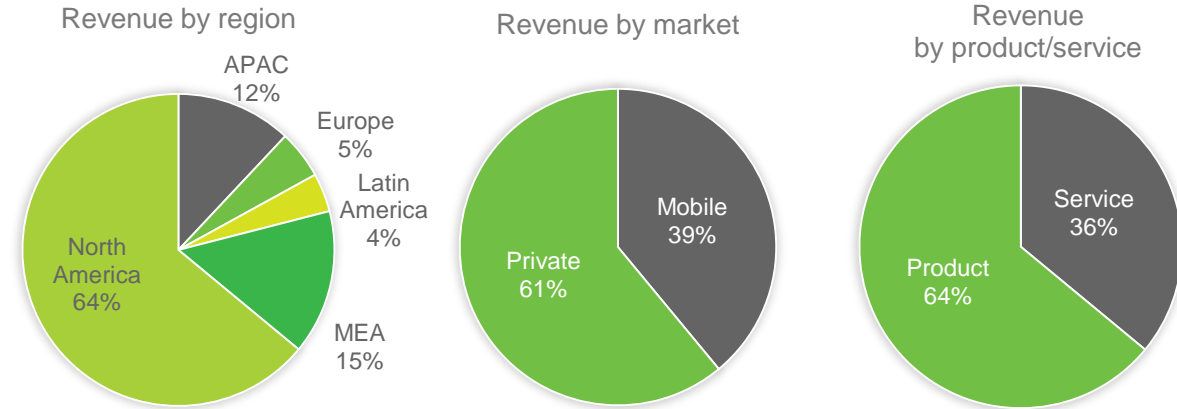
## OVERVIEW

- Aviat Networks is the leading pure play microwave, software and services provider
  - US Headquarters (Austin, TX)
  - Global customer base (3000+ customers)
  - US and International manufacturing
  - Leading technology (200+ patents)
  - Strong positions with service providers and private networks
- Points of excellence
  - Lowest total cost of ownership
  - Mission critical solutions leader
  - Unrivaled microwave expertise
  - Unique and compelling innovations
- End-to-End Transport Solutions Portfolio

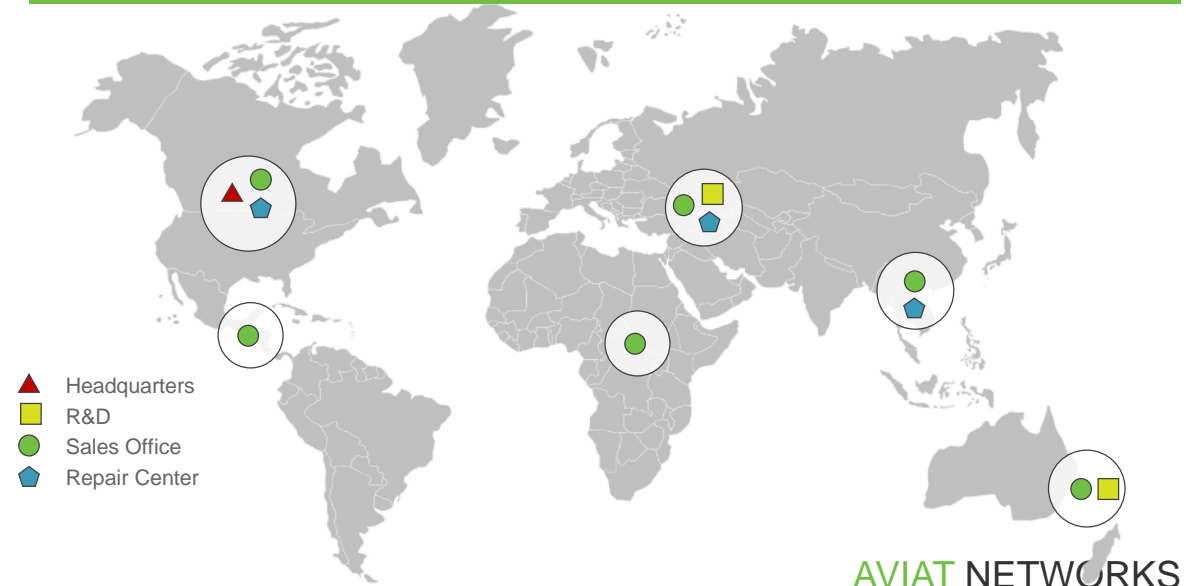


Radios, routers, software, services

## GLOBAL BUSINESS (FY20)



## GLOBAL PRESENCE, SERVICE & SUPPORT



AVIAT NETWORKS

# 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 expand reach with reseller arrangement

## Highly Differentiated Solutions

- Innovative products for low TCO
- Software & Services to simplify microwave lifecycle
- Expanding Ecommerce and supply chain capabilities to disrupt go-to-market models

## Cost Improvement Initiatives

- Announced Restructuring of \$3.5M annualized run rate savings in FY21
- Potential for additional OPEX and COGS savings

# Business Financial Summary

## KEY STATISTICS

Trading Symbol	AVNW
Shares outstanding	~5.4 million
Stock Price	\$19.94*
Market Cap	~\$107.5 million*
Headquarters	Austin, Texas
# of Employees	~700
52 Week High/Low	\$22.49 / \$7.10

\* As of 8/26/2020

Aviat vs Peers	2020 EV/Revenue	2020 Sales Multiple	2020 EV/EBITDA
Peer Group Avg	0.83	0.83	12.90
AVNW Discount to Peers	-62%	-47%	-57%
Aviat Networks Inc	0.31	0.44	5.51

## KEY FINANCIAL METRICS FY20

<b>REVENUE</b>	<b>\$239M</b>
<b>Adjusted EBITDA</b>	<b>\$13.5M</b>
<b>Cash (7/3/2020)</b>	<b>\$41.6M</b>
<b>Debt (7/3/2020)</b>	<b>\$9.0M</b>
<b>Operating Cash Flow</b>	<b>\$17.5M</b>

**Strong Operational Performance Improves  
Balance Sheet**

# Well Positioned in Growing Wireless Transport Market

## GROWTH DRIVERS

- Mobile and 5G
  - Higher capacity, new services
- Public safety and security related communications
  - Long term trend drives demand for Aviat's end to end solutions
  - CAGR 13.2%, \$799B in communications by 2027 (Inkwood Research)
- Rural broadband
  - Strong segment growth today
  - >\$20B US investment will drive further growth
  - Initiatives to connect the unconnected in emerging economies
- Simplifying complex transport business
  - Opportunity for new software and services offerings
  - New business by removing cost from the transport lifecycle

## AVIAT SOLUTIONS

- Best in Class Wireless Transport Products
  - Industry's highest capacity, highest power radios
  - First to integrate microwave and IP/MPLS routing
  - Unique multi-band solution for 5G
- Unique Software 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 in 5G, Public Safety, and Rural Broadband Applications***

# Historical and Recent Financial Performance

# Q4 FY20 and FY20 Non-GAAP Financial Highlights

Achieved margin expansion and improved profitability

Reinvested in innovation, automation and productivity tools

<i>Year-Over-Year Comparison</i>		
<i>(\$'s in millions)</i>	Q4 FY20 Actual	Q4 FY19 Actual
Revenue	<b>\$62.7</b>	<b>\$64.2</b>
Gross Margin %	<b>34.9%</b>	<b>35.1%</b>
Operating Expenses	<b>\$17.5</b>	<b>\$19.8</b>
Operating Income	<b>\$4.4</b>	<b>\$2.8</b>
Adjusted EBITDA	<b>\$5.5</b>	<b>\$3.9</b>

<i>Fiscal Year Comparison</i>		
<i>(\$'s in millions)</i>	FY20 Actual	FY19 Actual
Revenue	<b>\$238.6</b>	<b>\$243.9</b>
Gross Margin %	<b>35.6%</b>	<b>32.5%</b>
Operating Expenses	<b>\$75.8</b>	<b>\$75.0</b>
Operating Income	<b>\$9.1</b>	<b>\$4.3</b>
Adjusted EBITDA	<b>\$13.5</b>	<b>\$8.8</b>

The Company achieved an annual Adjusted EBITDA of \$13.5 million, which exceeded the top end of the Adjusted EBITDA guidance of \$11-\$12 million, and increased over 50% from \$8.8 million for fiscal 2019.

The Company expects significant opportunities for both top- and bottom-line improvements in the years ahead



# Balance Sheet Highlights

Cash up \$2.4 million sequentially and \$9.7 million since FY19 year-end

Cash includes \$9M in debt in all periods presented.

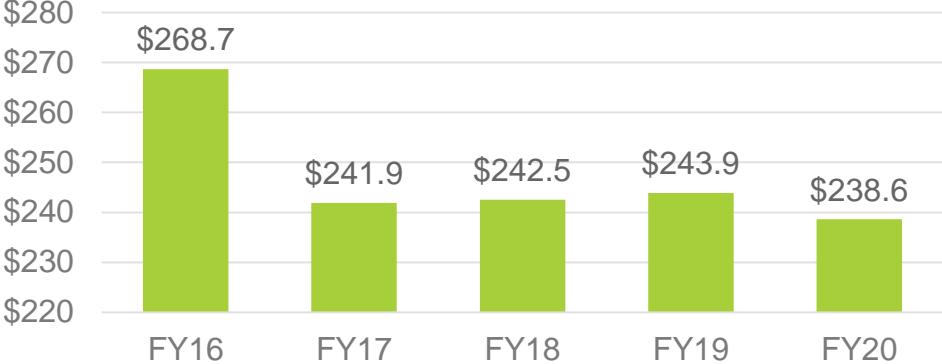
Aviat anticipates year-over-year improvements in its cash position in FY21

<i>(\$'s in millions, except for DSO, DPO and Turns)</i>	Q4 FY20 Actual	Q3 FY20 Actual	Q2 FY20 Actual	Q1 FY20 Actual
Cash and Cash Equivalents	\$41.6	\$39.2	\$38.1	\$34.5
Accounts Receivable	\$44.7	\$48.1	\$44.4	\$43.2
DSO's	65	71	72	67
DSO's with Unbilled	106	106	117	114
Accounts Payable	\$32.0	\$38.4	\$38.3	\$31.8
DPO's	71	89	93	80
Inventory	\$15.2	\$15.5	\$14.5	\$12.2
Turns	10.7	10.2	10.4	11.8
Third-Party Debt	\$9.0	\$9.0	\$9.0	\$9.0

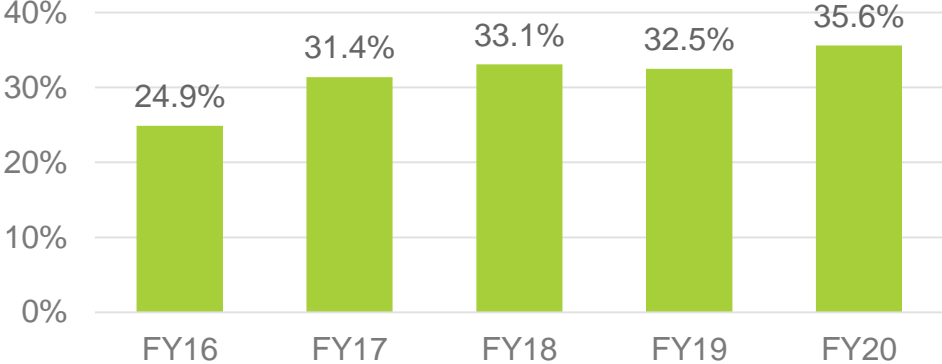
# Historical Performance

(\$'s million)

### Total Revenue

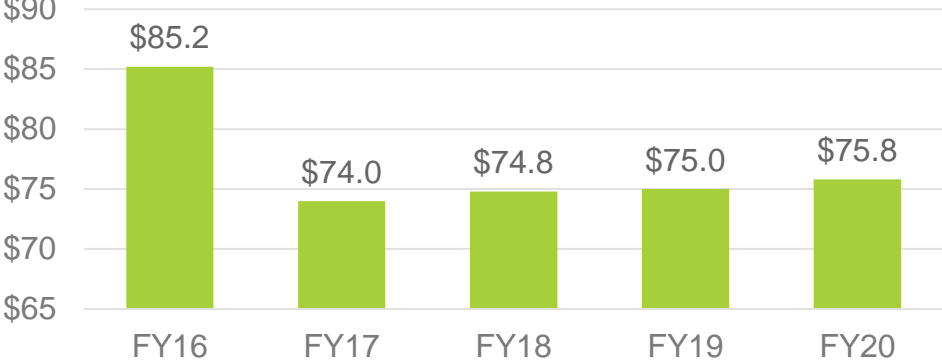


### Non-GAAP Gross Margin



(\$'s million)

### Non-GAAP Operating Expenses



(\$'s million)

### Adjusted EBITDA\*\*





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