



# Aviat Networks (NASDAQ: AVNW)

November 2021

# 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 first quarter and three 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

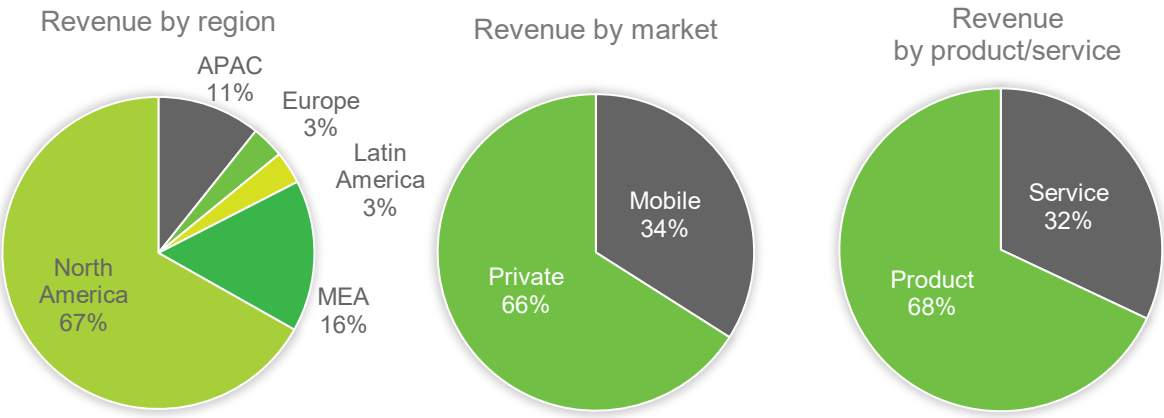
- End-to-End Wireless Transport Solutions Portfolio



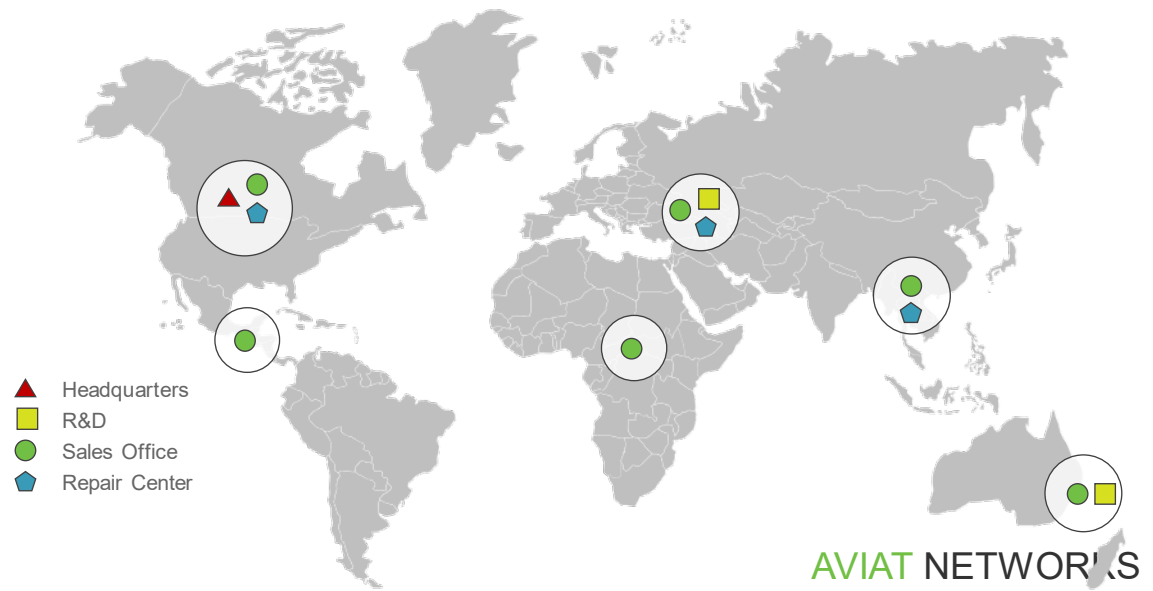
Radios, Routers, Software, Services

- Points of excellence
  - Lowest Total Cost of Ownership
  - Mission Critical Solutions Leader
  - Unrivaed 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	\$30.73*
Market Cap	~\$339 million*
Headquarters	Austin, Texas
# of Employees	~660
52 Week High/Low	\$43.76 / \$9.45**

\*As of 11/02/2021

\*\* Reflects 2 for 1 Stock split effected April 2021

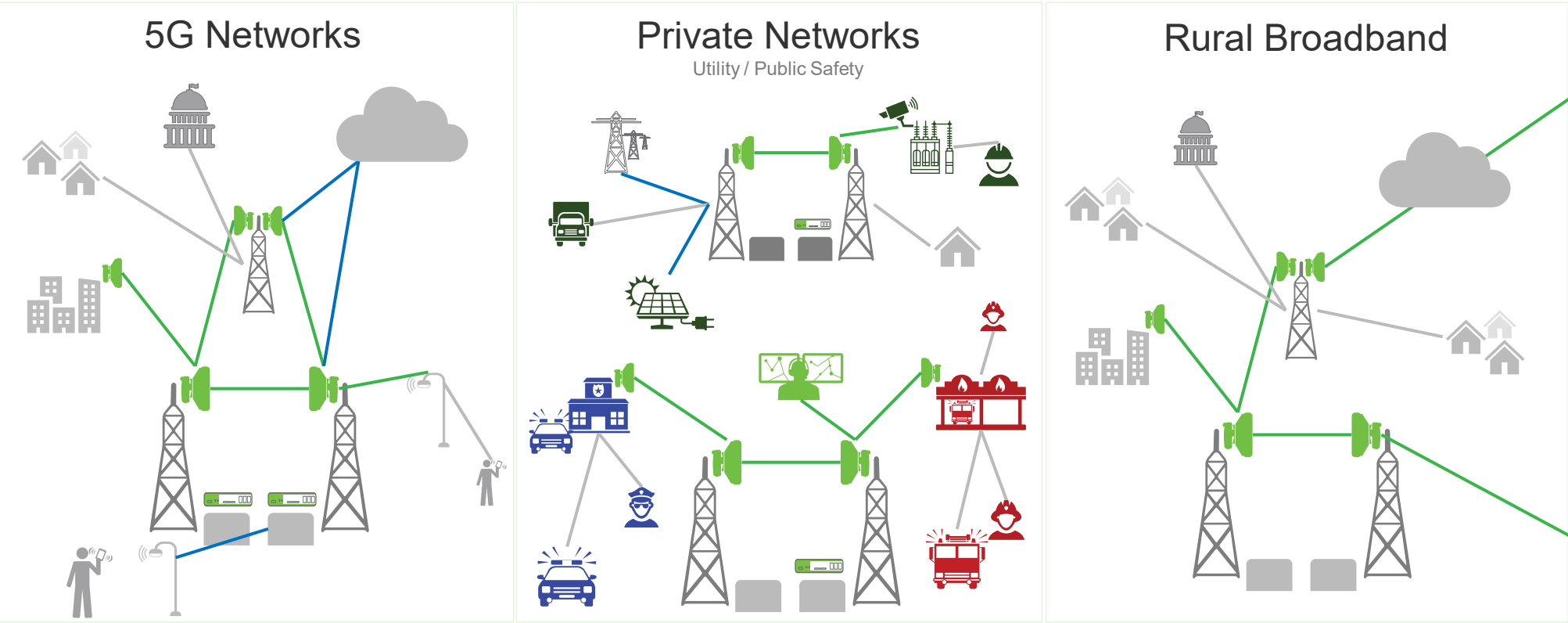
## KEY FINANCIAL METRICS LTM

REVENUE	\$281.8M
Adjusted EBITDA*	\$34.0M
Cash	\$47.3M
Debt	\$0.0M
Operating Cash Flow	\$13.7M

\*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 – Pureplay Wireless Transport Solutions



**Aviat**  
Differentiation

Best in Class  
Wireless Transport Products

Unique  
Software and Services

Disruptive  
Supply Chain and Ecommerce

AVIAT EQUIPMENT

MICROWAVE

RADIO ACCESS / CELLULAR

FIBER

Other applications »

OIL/GAS/OFFSHORE

TRANSPORTATION







SCHOOL/ENTERPRISE

ISP

HIGH FREQUENCY TRADING

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

# Recent Wins

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

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

# 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 and Services for Lower Total Cost of Ownership
- Software & Services to Simplify Wireless Transport Lifecycle
- Expanding E-commerce and Supply Chain Capabilities to Disrupt Go-to-Market Models

# 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

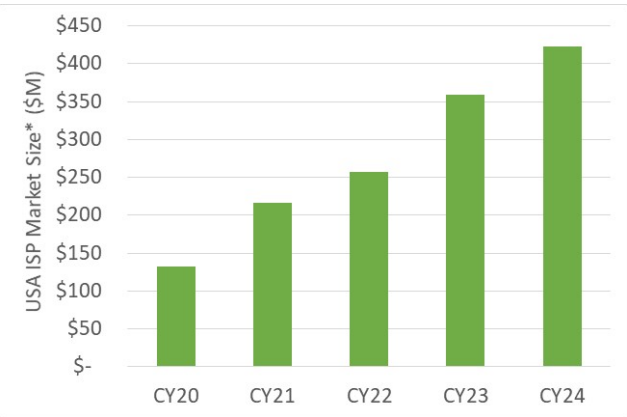
USDA Reconnect Program

\* 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

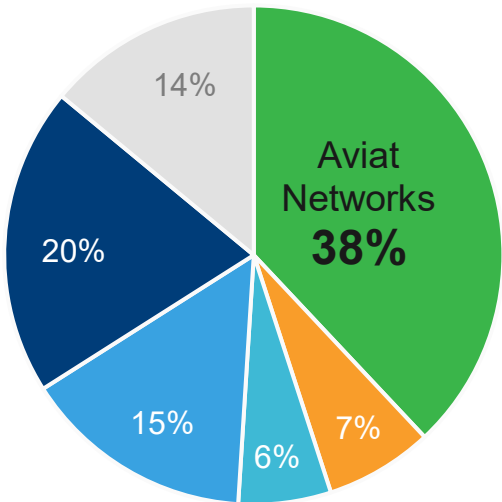
\$423M TAM in USA rural broadband segment by 2024 (34% CAGR)



Source: Sky Light Research, 2021

## Aviat is #1 in USA Rural Broadband Transport

38% share of demand in wireless transport for NA ISP segment in Q4, FY21 (up from 13% share of demand in Q1 FY21)



Source: FCC filings new links Q2 2021, ISP segment

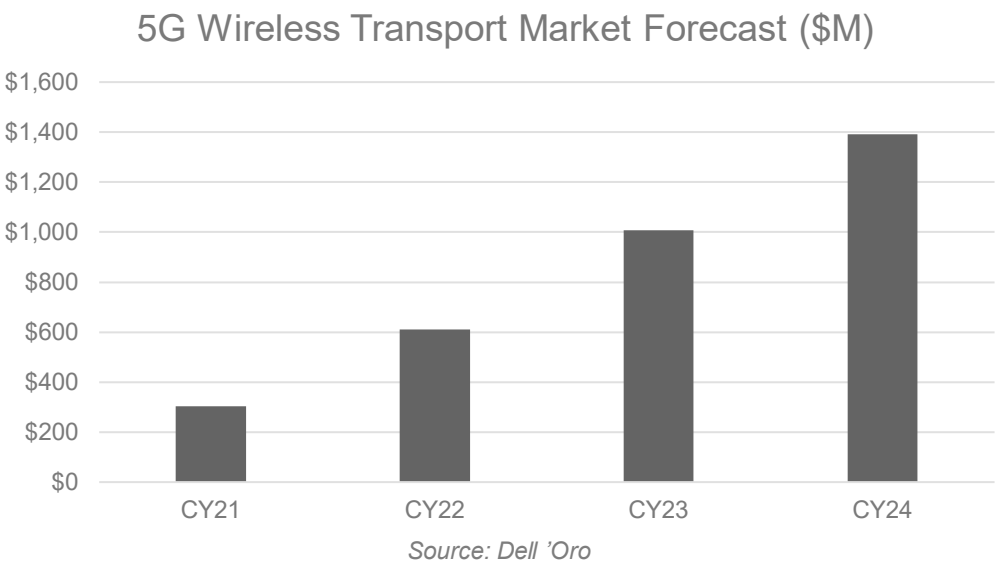
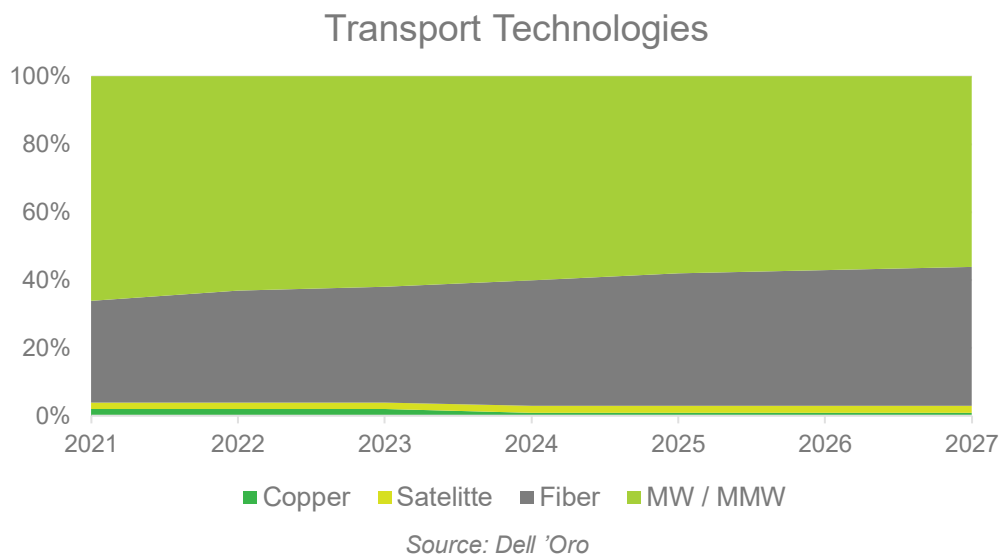
**Large Investments to Bridge the Digital Divide Create Opportunities for Wireless Transport**  
**AVIAT IS #1 IN WIRELESS TRANSPORT FOR THIS SEGMENT IN USA**



# Aviat's Large and Growing 5G Opportunity

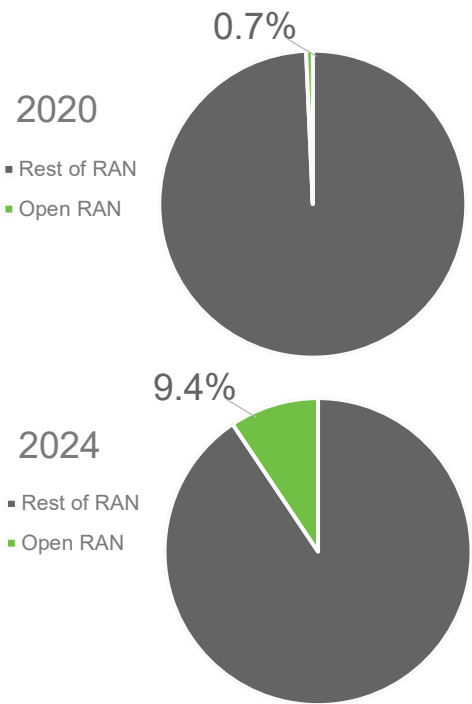
Wireless transport accounts for 60% of global cellular transport links from 2021 through 2027

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



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

# OpenRAN is becoming a global commercial reality



OpenRAN is a rapidly growing architecture for 5G

Allows operators to select best transport solution, and avoid getting “locked-in” to bundled deals



Operators adopting OpenRAN. Source: TelecominfraProject

*When Networks Go OpenRAN, Aviat Wins! (as Evidenced with DISH)*

# 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 TCO for 5G and Rural Broadband Applications***



Why we win

## Growth Drivers

## Segments We Address

## Aviat Leadership

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

Gas

Water

Electric Utilities



National / Regional Government



Public Safety and Security



Mission Critical Product Differentiation

- Highest Power Radios
- IP/MPLS Integration
- Software Innovations

Strong Global Partners  
In Security & Defense

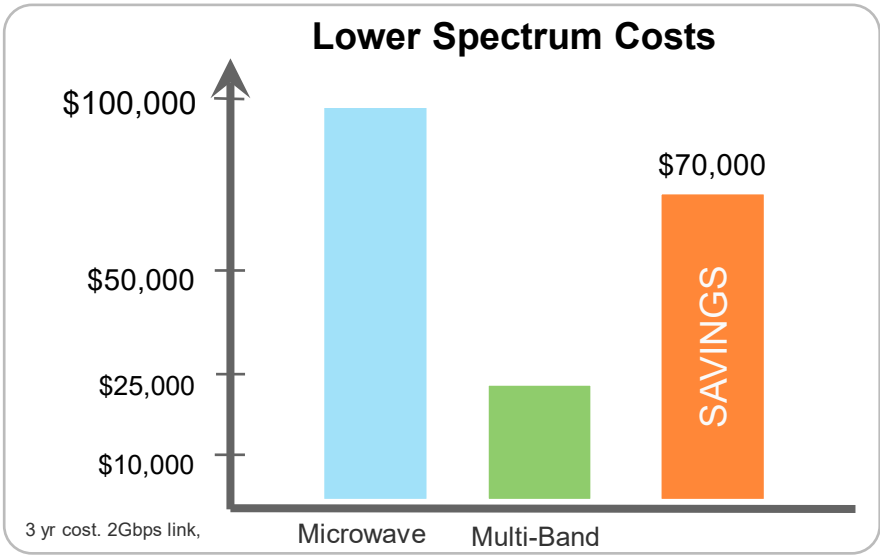
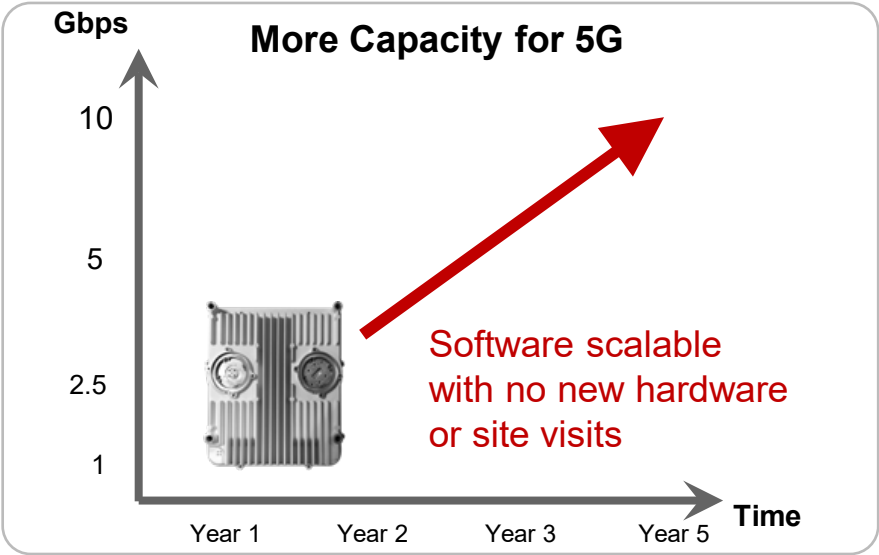


Differentiated Services Offering:  
Design, Install, Support, Managed  
Services incl. NOC

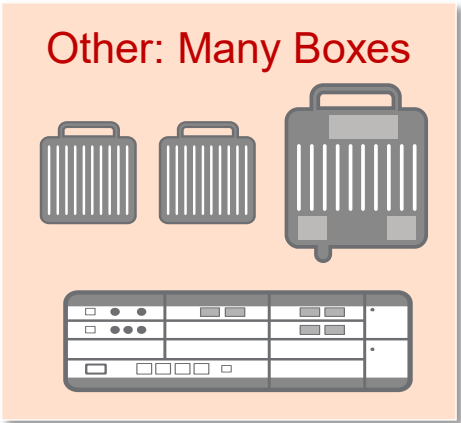
Source: ABI Research

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

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



## Aviat's Multi-Band Advantage



The only One-Box Multi-Band solution includes E-Band + 2 Microwave channels

*Aviat's Multi-Band is Up to \$10,000/link Lower TCO vs Competitive Multi-Band Solutions*

# Aviat – A Highly Differentiated Offering

## Innovations in Products, Software & Services, & Supply Chain

	WIRELESS TRANSPORT PRODUCTS Ex: MULTI-BAND	SOFTWARE & SERVICES Ex: FREQUENCY ASSURANCE SOFTWARE (FAS)	SUPPLY CHAIN & DELIVERY Ex: AVIAT STORE
<b>Unique Attribute</b>	Industry's only single box multi-band solution, integrated design solution	Industry's only expert system for interference monitoring and analysis	Disintermediation of complex distribution / channel market
<b>Demand Driver</b>	Global 5G rollouts	WiFi 6e in USA; lax spectrum regulation worldwide	5G; rural broadband
<b>Customers / Market</b>	5G networks globally; countries with high spectrum costs	Mobile operators and private networks in US; customers globally with interference concerns	Mobile operators and private networks; customers that buy from channel today
<b>Competitor Offering</b>	3 boxes, complex design solution	More network downtime	Channel / distribution
<b>Customer Benefit</b>	Lowest OPEX	More reliability / uptime	Lower cost, simpler experience

***Innovations Solve Customers' Economic, Reliability and Supply Chain Challenges***

# Innovative SaaS Cloud-Based Platform

## AVIATCLOUD

Secure Hosted Software and Services ([www.aviatcloud.com](http://www.aviatcloud.com))

	AVIAT EDUCATE*	AVIAT DESIGN	AVIAT STORE*	AVIAT MY ORDERS	AVIAT CARE*	AVIAT MANAGED SERVICES*
<b>Capability</b>	Online & in-person training & certifications	Cloud-based path design application	E-commerce	Determine order status & shipping info	SW Licensing, TAC, repair/return, documentation training, e-learning, certification	Network monitoring Managed services Interference monitoring and resolution
<b>Benefits</b>	Keep your staff current with MW with the format that's right for you	Simple, easy design Advanced features Free to use	Simplified purchasing Fast deliveries	Eliminate waiting on emails & calls	Portal to Aviat Service and Support	Lower cost network operations Self-service management tools Better network reliability and performance
<b>Competitor Offering</b>	Limited offering	None – use 3rd party tools	Channel / direct sales	None	Complex tools. Inferior service and support	None

\* Denotes Revenue services

***Simplify Wireless Transport and Lower TCO for 5G,  
Public Safety, and Rural Broadband***

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

## Specialists »

## Aviat Advantage

## Competitor Implication

<b>Products</b>	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
<b>Software and services</b>	Turnkey services portfolio. Software innovations targeted at lowering microwave TCO like AviatCloud, FAS, MPLS	Product only. Makes it difficult to compete in private networks. Lack of investment in software
<b>Supply chain</b>	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

<b>Products</b>	Differentiated radio products. Better RF performance, Multi-Band	Microwave not a core competence / focus. Less responsive and agile in bringing radio solutions to market
<b>Software and services</b>	Software innovations targeted at lowering microwave TCO like AviatCloud, FAS	Lack a focus on dedicated software solutions for transport networks
<b>Supply chain</b>	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 Values and ESG Framework

Corporate Values	Description	Link to ESG	ESG Area	ESG KPI
 <b>Customer Focus</b>	We listen to understand our customers' needs and use our combined talents, skill and capabilities to create solutions that exceed expectations.	Customer satisfaction underpinned by supplier sustainability	<b>Supplier Sustainability</b>	<ul style="list-style-type: none"> <li>• Conflict Minerals</li> <li>• Business Alliance (RBA)</li> <li>• ISO 14001 registered and audit preparations underway for 2023</li> </ul>
 <b>Exceptional Teamwork</b>	The best team wins! We collaborate across boundaries to exceed the expectations of our customers, to enable the growth and success of our company.	Best team wins	<b>Board Diversity</b>	<ul style="list-style-type: none"> <li>• 16.6% women on board of directors</li> <li>• 16.6% under-represented groups on board of directors</li> </ul>
 <b>Integrity, Ethics &amp; Safety</b>	We act with honesty, respect, safety and in the best interest of our employees, customers and other stakeholders.	Non-negotiable	<b>Safety</b>	<ul style="list-style-type: none"> <li>• Total number of work-related injuries</li> <li>• Total number of work-related fatalities</li> <li>• Covid-19 protocols and policies successful in keeping workforce safe while on site.</li> <li>• Our product design &amp; development teams focus on product reliability and continuous improvement.</li> </ul>
 <b>Accountability</b>	We take ownership and deliver results that keep our promises to our customers, investors and to each other. We act with urgency and decisiveness in all we do.	Board and management accountability drives employee engagement	<b>Employee Engagement</b>	<ul style="list-style-type: none"> <li>• 7% Annual percent attrition</li> <li>• 87% response rate to annual employee feedback survey.</li> <li>• 43.8% employees hold equity</li> </ul>
 <b>Continuous Improvement</b>	We strive everyday to improve, innovate and drive cost efficiency to achieve higher performance.	Commitment to AVNW value drives ESG KPI improvement		

***Aligned Aviat Values and ESG Framework Drives Investor Returns***

# First Fiscal Quarter 2022 Financial Highlights and Historical Performance

# First 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)	Q1 FY22 Actual	Q1 FY21 Actual
Revenue	\$73.2	\$66.3
Gross Margin %	35.7%	36.7%
Operating Expenses	\$17.8	\$17.2
Operating Income	\$8.3	\$7.1
Adjusted EBITDA	\$9.6	\$8.4
Adjusted EBITDA Margin	13.1%	12.7%

Year-Over-Year Comparison		
(\$'s in millions)	LTM Actual	FY21 Actual
Revenue	\$281.8	\$274.9
Gross Margin %	37.2%	37.5%
Operating Expenses	\$76.2	\$75.6
Operating Income	\$28.6	\$27.4
Adjusted EBITDA	\$34.0	\$32.8
Adjusted EBITDA Margin	12.1%	11.9%

- Total Q1 Fiscal 2022 Revenue of \$73.2 Million, Up 10% Year-Over-Year.
- Q1 Fiscal 2022 Adjusted EBITDA of \$9.6 Million, Up \$1.2M Year-Over-Year.
- Q1 Fiscal 2022 Adjusted EBITDA Margin of 13.1%
- Recognized Continued Benefits from Cost Savings and Restructuring Initiatives while Reinvesting in Growth Related Activities

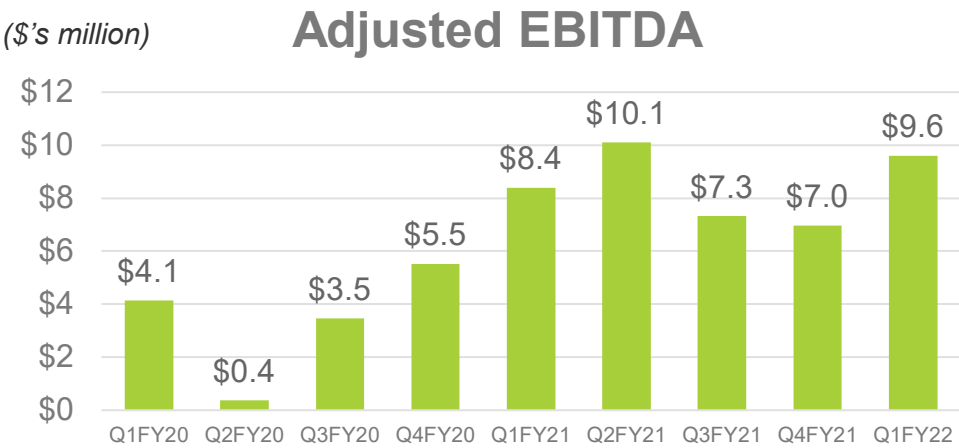
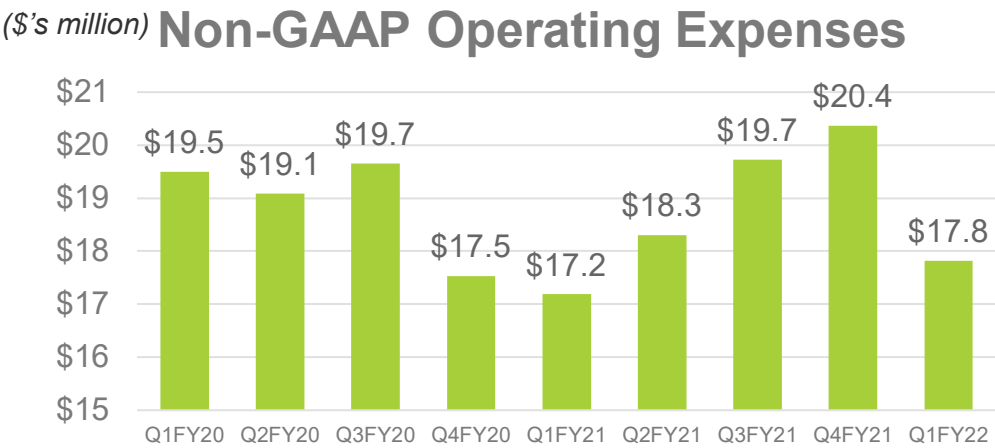
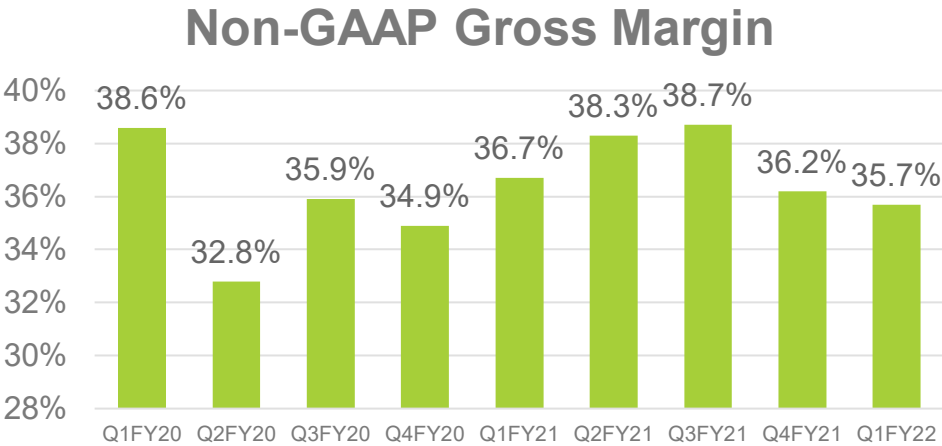
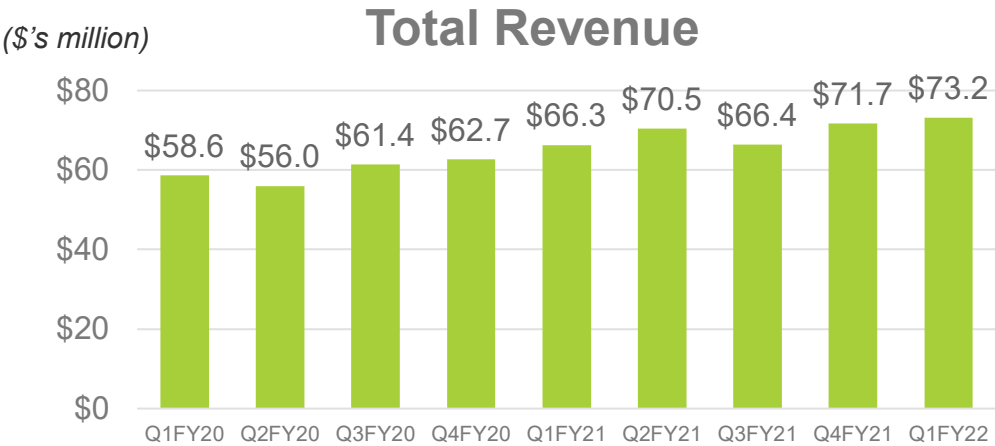
# Balance Sheet Highlights

\$47.3 Million Net Cash, (\$0.6) Million from prior sequential quarter

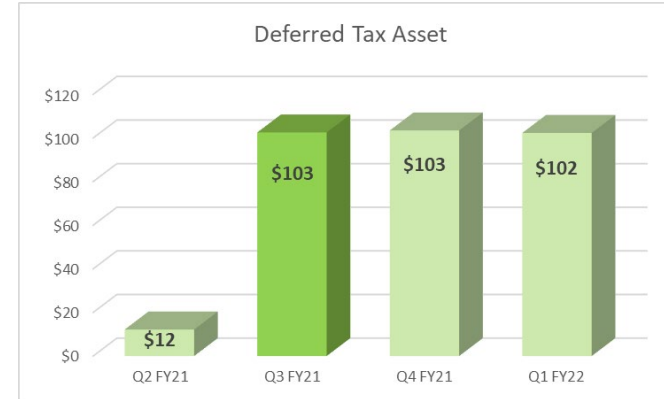
No loan outstanding at quarter end

(\$'s in millions, except for DSO, DPO and Turns)	Q1 FY22 Actual	Q4 FY21 Actual	Q3 FY21 Actual	Q2 FY21 Actual	Q1 FY21 Actual
Cash and Cash Equivalents	\$47.3	\$47.9	\$45.8	\$43.0	\$36.2
Third-Party Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Cash</b>	<b>\$47.3</b>	<b>\$47.9</b>	<b>\$45.8</b>	<b>\$43.0</b>	<b>\$36.2</b>
Accounts Receivable	\$59.4	\$48.1	\$47.6	\$49.5	\$45.0
DSO's	74	61	65	64	62
DSO's with Unbilled	123	110	117	105	105
Accounts Payable	\$39.4	\$32.4	\$37.2	\$37.6	\$31.7
DPO's	76	65	83	79	69
Inventory	\$25.5	\$24.9	\$23.1	\$18.8	\$15.7
Turns	7.4	7.4	7.0	9.3	10.7

# Historical Performance



# Historical Net Operating Losses (NOLs)



- Over \$530 million of historical NOLs (Net FIN-48)
- As a result of improved financial performance and outlook for Aviat, a full release of the valuation allowance against the US NOLs was made in Q3 of fiscal 2021.
  - Deferred Tax Assets increased by \$92 million as a result
- ***NOLs will deliver \$6.4 million or more in annual cash tax savings for the foreseeable future <sup>(1)</sup>***
- To protect this valuable asset from potential change of control limitations under IRC Section 382, Aviat implemented an NOL Preservation Plan:
  - Effectively limits any shareholder from exceeding 4.9% ownership threshold in Aviat.
  - Aviat board of directors can approve exemptions for a limited number of shareholders to exceed the 4.9% limit.
  - Exemptions must be analyzed on a case-by-case basis to ensure the cumulative ownership shift does not trigger NOL usage limitations.

<sup>(1)</sup> Based on TTM EBT and current blended US Federal and state tax rates



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