



Aviat
NETWORKS

**29th Annual
ROTH Capital Conference**

AVNW (NASDAQ)

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 the results for the fiscal fourth quarter 2016 and cash flow in fiscal 2016, and our anticipated results for fiscal 2017. 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") on September 8, 2016 as well as other reports filed by Aviat Networks, Inc. with the SEC from time to time. Aviat Networks 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 US

Aviat is the trusted expert in microwave networking

Best in class TCO and proven mission-critical microwave networking solutions

HIGH PERFORMANCE PRODUCTS

Global Microwave Portfolio
Highest Performance
Integrated IP/MPLS
Proven Reliability

SIMPLER OPERATIONS

Planning Automation
Software Delivered Functions
Ease of Network Migration

CUSTOMER SERVICE

Cloud-Enabled Services
Professional Services for Planning,
Deployment, Network Operations
and Customer Care

Leading Player in
Delivering Mission-
Critical Networks for
Public Safety, Utility and
Government Agencies

Sustained Presence
in Global Tier 1
Service Provider
Customer Base

History of Innovating
Solutions for Wireless
Networks

Headquartered in Silicon
Valley; Global Footprint
Aligned with our Key
Customers' Networks

A LOOK BACK: TRANSFORMING OUR BUSINESS

- Since FY13, the industry has been impacted by a slowdown in wireless infrastructure investments; compounded in developing markets exposed to lower oil prices and currency devaluation versus the US dollar.
- With reduced demand/lower volume, competition intensified, negatively impacting pricing and gross margins.
- We took immediate actions to lower expenses, but an expected prolonged trough in demand “triggered” a major transformation:
 - ✓ Operational Excellence program launched addressing sales, services, product development and supply chain processes
- We concurrently focused on expanding our reach within select Private Network verticals, while strengthening our product and services portfolio.

	FY13	FY14	FY15	FY16	FY17*
Revenue	<u>\$471.3</u>	<u>\$346.0</u>	<u>\$335.9</u>	<u>\$268.7</u>	\$257 - \$267
North America	\$180.5	\$142.0	\$153.2	\$125.5	n/a
International	\$290.8	\$204.0	\$182.7	\$143.2	n/a
Non-GAAP Gross margin %	29.6%	25.1%	24.1%	24.9%	~ 30%
Non-GAAP Operating Expenses (as % of rev.)	27.1%	34.8%	29.6%	31.7%	< 30%
Non-GAAP Operating Income (Loss)	\$11.8	\$(33.7)	\$(18.5)	\$(18.1)	+
Adjusted EBITDA	\$18.3	\$(26.1)	\$(11.0)	\$(11.5)	++

* Includes 1st half of FY17 Actuals and 2nd half of FY17 projections.

We are a Different Company as Reflected by our Improved Financial Results

FY17 SECOND QUARTER FINANCIAL HIGHLIGHTS

(SEQUENTIAL COMPARISONS – Q2 FY17 VS. Q1 FY17 – NON-GAAP)

Revenue of \$68.5 million, up \$10.3 million or 17.6%.

Gross margin of 31.3%, up 140 basis points.

Operating expenses of \$18.1 million, an improvement of \$1.6 million. One-time benefit of approximately \$1.0 million.

Adj. EBITDA of \$4.8 million, an improvement of \$5.4 million.

Cash/cash equivalents of \$35.0 million, up \$3.2 million.

Income Statement Summary (Non-GAAP)			
<i>(\$'s in millions)</i>	Q2 FY17 Actual	Q1 FY17 Actual	Sequential Variance
Revenue	\$68.5	\$58.2	\$10.3
Gross Margin	\$21.5	\$17.4	\$4.1
Gross Margin %	31.3%	29.9%	1.4%
Operating Expenses	\$18.1	\$19.7	\$1.6
Operating Income (Loss)	\$3.4	(\$2.3)	\$5.7
Adj. EBITDA	\$4.8	(\$0.6)	\$5.4
Cash & Equivalents	\$35.0	\$31.8	\$3.2

Profitability Achieved on both a GAAP and Non-GAAP basis;
Building Momentum – Strong 2nd Quarter Performance

FY17 SIX MONTH COMPARISONS – FINANCIAL HIGHLIGHTS

(1H FY17 VS. 1H & 2H FY16 – NON-GAAP)

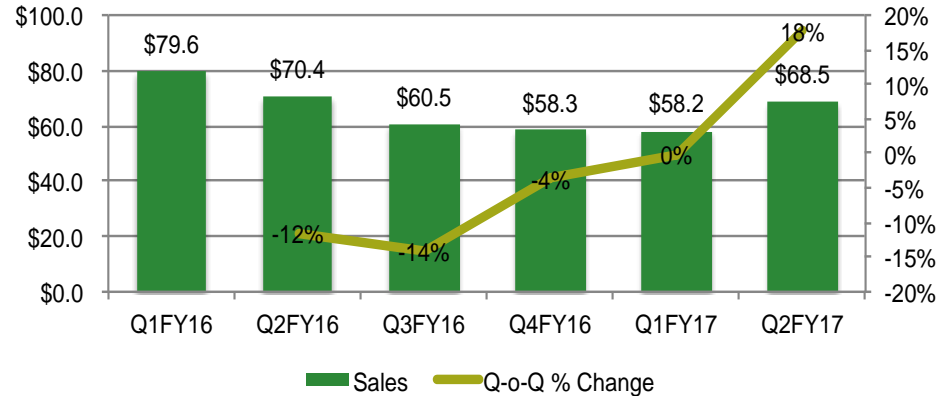
Income Statement Summary (Non-GAAP)						
Sequential Comparisons				Year-Over-Year Comparisons		
(\$'s in millions)	1H FY17 Actual	2H FY16 Actual	Variance	1H FY17 Actual	1H FY16 Actual	Variance
Revenue	\$126.7	\$118.7	\$8.0	\$126.7	\$150.0	(\$23.3)
Gross Margin	\$38.9	\$29.5	\$9.4	\$38.9	\$37.5	\$1.4
Gross Margin %	30.7%	24.9%	5.8%	30.7%	25.0%	5.7%
Operating Expenses	\$37.8	\$41.9	\$4.1	\$37.8	\$43.1	\$5.3
Operating Income (Loss)	\$1.0	(\$12.4)	\$13.4	\$1.0	(\$5.6)	\$6.6
Adj. EBITDA	\$4.1	(\$9.2)	\$13.3	\$4.1	(\$2.4)	\$6.5
Cash & Equivalents	\$35.0	\$30.5	\$4.5	\$35.0	\$39.5	(\$4.5)

Significant Improvements in Profitability / Focus Now on Earnings Sustainability and Growth

TRENDING 6 QUARTER FINANCIALS

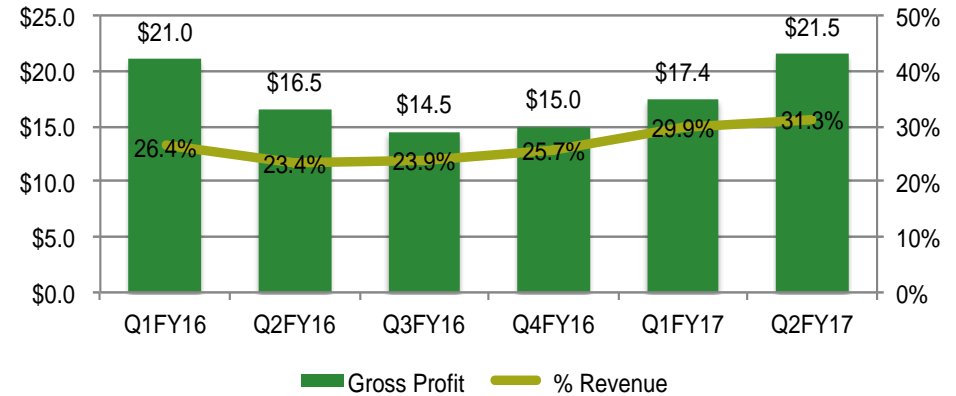
Sales and Growth

(\$ in millions)



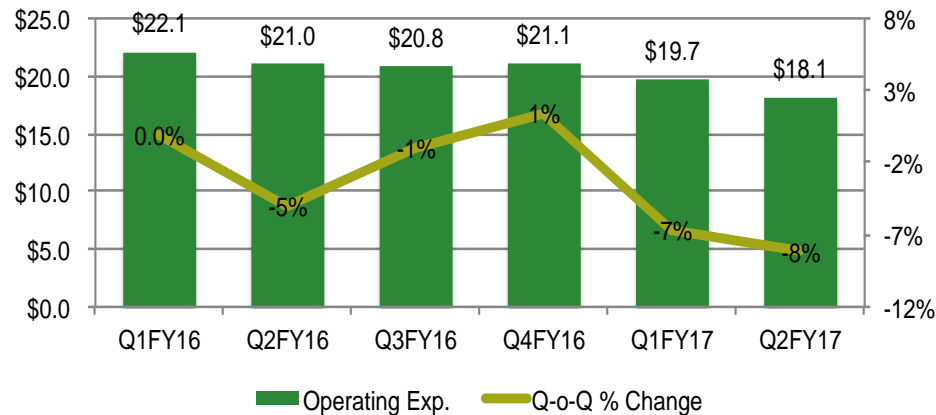
Gross Profit

(\$ in millions)



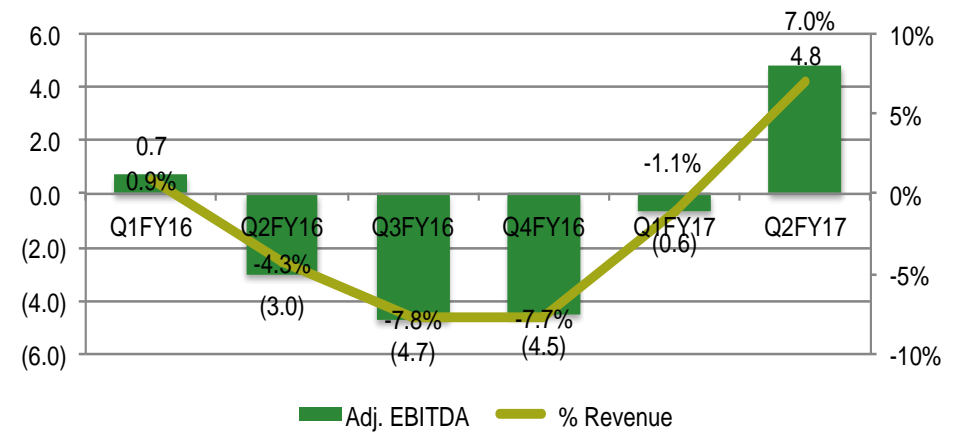
Operating Expenses and Trend

(\$ in millions)



Adjusted EBITDA

(\$ in millions)



Non-GAAP

FY17 Q2 BALANCE SHEET KEY INDICATORS

(\$'s in millions)	Q2 FY17	Q1 FY17	Q4 FY16
Cash and Equivalents	\$35.0	\$31.8M	\$30.5M
Accounts Receivable	\$56.2	\$49.7M	\$63.4M
DSO's	75 Days	78 Days	99 Days
Inventory	\$23.1	\$26.9M	\$30.4M
Turns	8.2	6.1	6.4
Third-Party Debt	\$8.0	\$8.0M	\$9.0M
Accounts Payable	\$32.0	\$29.3M	\$33.2M
DPO's	62 Days	65 Days	63 Days

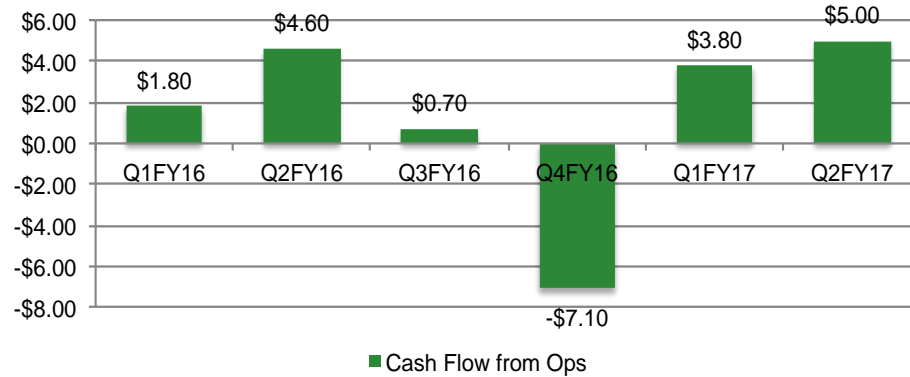
- **Cash increase driven by higher profitability and improved conversion cycles; also favorably impacted by higher NA mix.**
- **Positive cash from operations of \$5.0 million in FY17 2Q; through the first six-months of FY17, \$8.8 million.**
- **DSO's continue to improve -- better collections from international customers, and higher revenue concentration in North America.**
- **Trade inventory continues to decline; turn rate is now above 2x per quarter.**
- **Expect further cash improvements in second half of FY17.**

Further Strengthening of our Balance Sheet

TRENDING 6 QUARTERS - BALANCE SHEET KEY INDICATORS

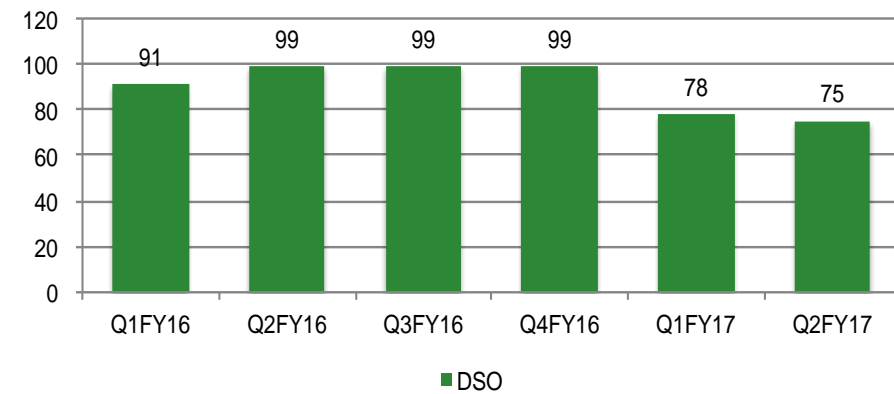
Cashflow from Operations

(\$ in millions)

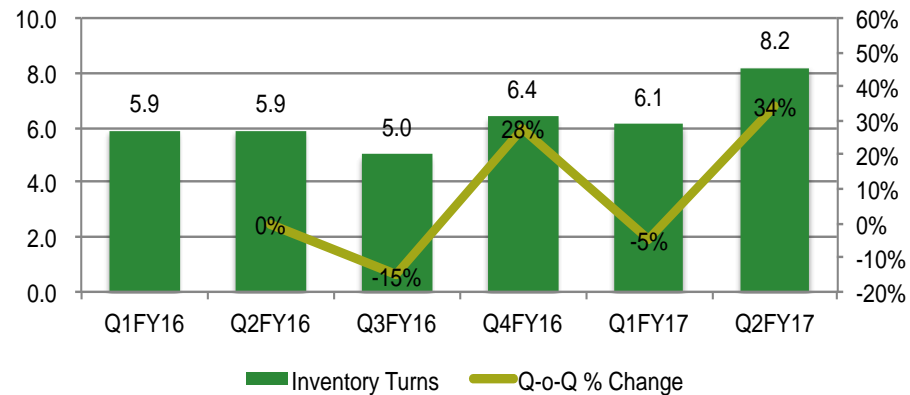


Days Sales Outstanding (DSO)

(in Days)



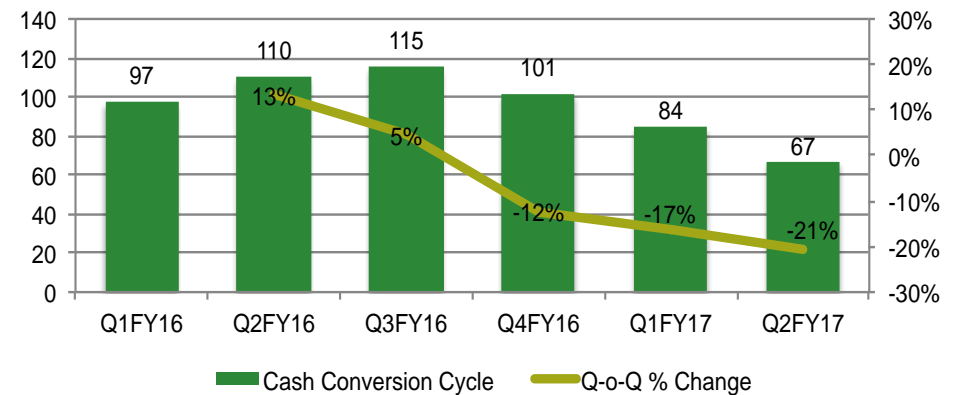
Inventory Turns



Cash Conversion Cycle* (CCC)

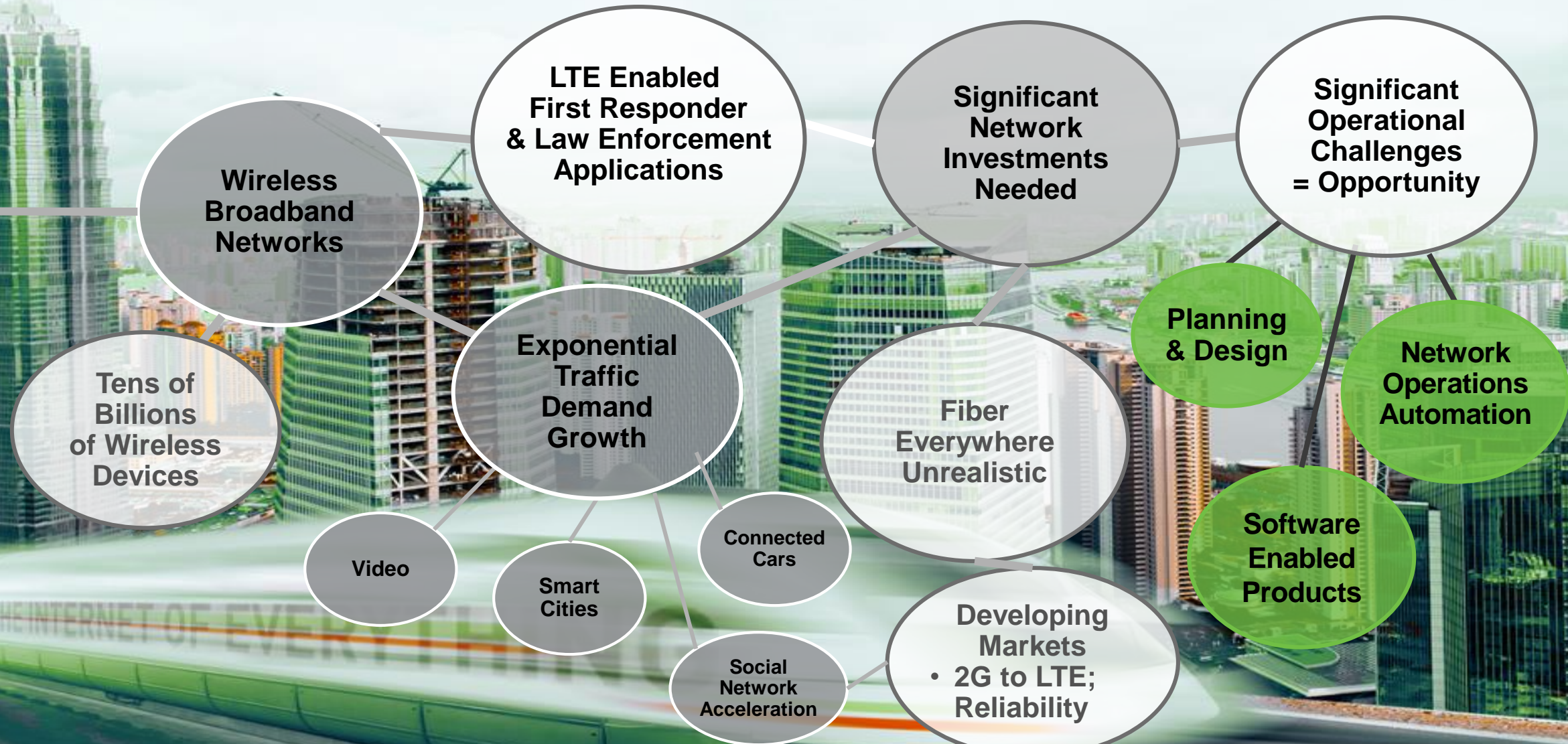
(in Days)

*Includes unbilled receivables



Working Capital Metrics are the Best in the Company's History

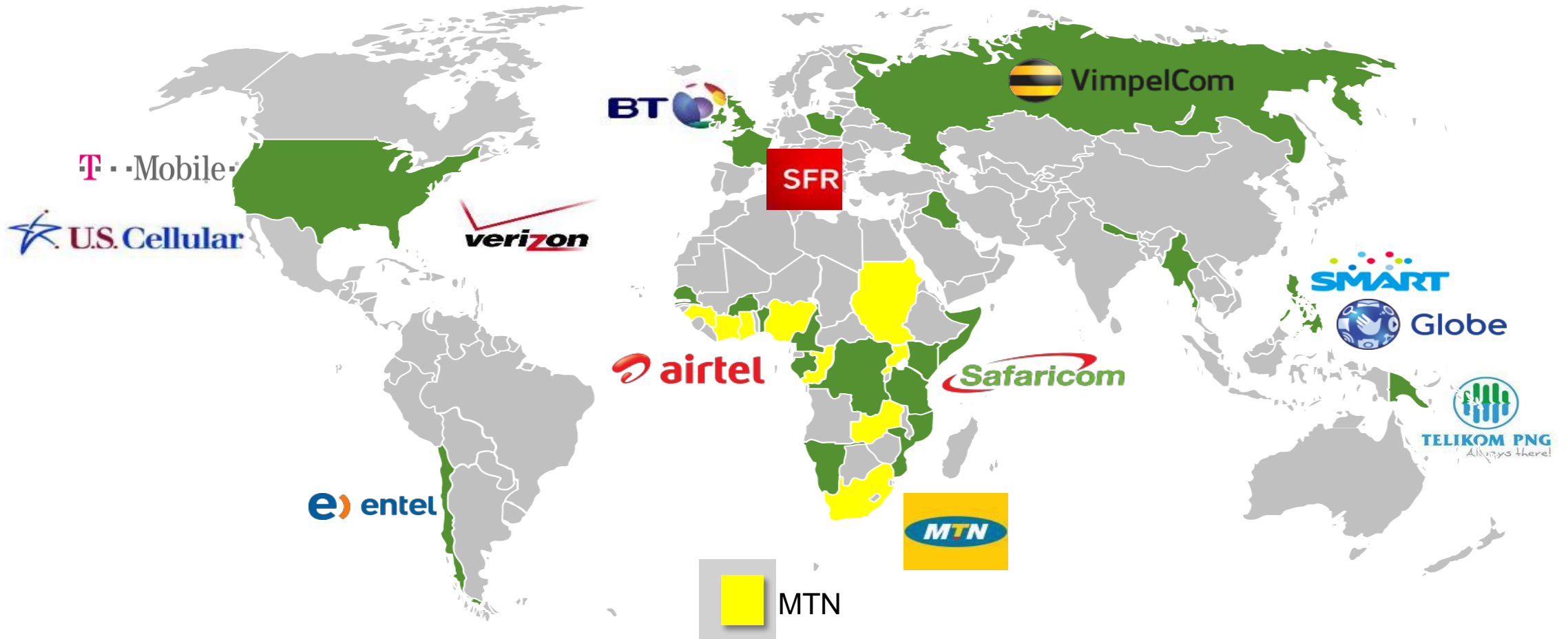
COMPELLING MARKET DEMAND DRIVERS



Multiple Paths to Drive Growth Globally and Across All Verticals

DRIVING OUR OPTIMISM: MARQUE CUSTOMER BASE

Leading Provider in Key Markets Served – Global Service Providers



Strong Global Brand with a Targeted Sales Approach (Focus on Profitability and Cash Generation)

DRIVING OUR OPTIMISM: SPECIALIZATION AND REACH TO DRIVE GROWTH WITHIN PRIVATE NETWORKS VERTICAL

**Segment Leader
The Clear Choice**

Public Safety

Presence in all 50 States
With 25 U.S. Statewide
Networks

Energy

More than 50% of Largest
U.S. Utilities

USA Federal Departments

Multiple Agencies

**Global Partners in
Security & Defense**



A Leading Supplier

National Security Networks

France, Middle East, North
Africa, Asia Pacific

Oil & Gas

West Africa, Asia, Europe

Regional Governments

Latin America

Financial

18,000 Low Latency Microwave
Miles Worldwide for Trading
Networks

Market Leader

Strengthening Position in a Diverse Private Networks Environment

DRIVING OUR OPTIMISM: GROWING PRIVATE NETWORKS CUSTOMER BASE



AVIAT'S MOMENTUM CONTINUES WITH KEY CUSTOMER WINS

Aviat Selected By US Federal Agencies for Microwave Solutions

- Awarded two Indefinite Delivery / Indefinite Quantity (ID/IQ) contracts from separate US federal government agencies with a total value up to \$11 million for microwave products and services
- These agencies will utilize Aviat's Eclipse IRU 600 all-indoor, high-power radios operating in the federal 4.7GHz and 7.8GHz bands to support mission critical operations

Aviat Partners with Airtel Nigeria for Enterprise Access

- Selected as the countrywide managed service partner (MSP) for enterprise access
- Aviat will deliver CTR microwave routers and point-to-point and point-to-multipoint radios and applications such as network monitoring and proactive and corrective maintenance

Digicel Selects Aviat Networks' Transmission Solution

- Part of its ongoing strategy to bring high-speed broadband to as many remote locations in the Pacific as possible
- Commissioned a 189km microwave link that connects the main island of Tonga (Tongatapu) with two of its outer islands of Vava'u and Ha'apai
- Uses Aviat's CTR microwave router platform and advanced engineering capabilities

Aviat Awarded IP/MPLS Microwave Business for a Government Network in Latin America

- Multi-agency, private data network for police, security personnel and correctional facilities
- Network to support surveillance, mobile comm., data traffic and mission-critical apps for gov't employees and first responders
- Aviat to provide IP/MPLS-based VPN services, CTR microwave routers

Aviat Awarded Microwave and IP/MPLS Business by the State of Nevada

- Awarded a \$10M network upgrade project, which includes hardware, software and services
- Aviat to provide its IRU 600 EHP radio, CTR microwave routers and AviatCloud automation platform
- Includes multi-year outsourced managed services, including engineering, installation and support to design and build network

Aviat Wins \$28M Project with the State of Colorado

- Colorado to support all mission-critical communications for public safety, first responders and various state agencies
- 3-year contract to implement a network using Aviat's microwave, IP/MPLS routers, management software and full turnkey services
- New customer for Aviat – highly competitive deal

Aviat Receives \$5M Multi-Year Deal from a Texas Electrical Utility

- Aviat to supply its Eclipse hybrid microwave networking platform, IRU 600 HER and ODU 600 radios and ProVision management software
- Utility to migrate backhaul network to full-IP with Aviat solutions
- Contract includes multi-year maintenance and support

Aviat Wins \$2.6M Turnkey Project with Western U.S. City

- Large public safety agency in Western US
- Aviat to provide its Eclipse IRU 600 radios, ProVision management system and services
- Equipment and services to be provided under NASPO ValuePoint – a cooperative purchasing program that leverages the buying power of all 50 states

Aviat Wins \$2.4M Turnkey Project with Department of Interior – National Park Service

- Federal agency selects Aviat for its hybrid radios, NTIA frequency band support and Federal certifications
- Aviat to provide its Eclipse IRU 600 radios, ProVision management system and services, including network and transmission engineering, factory integration and testing and civil construction

Aviat Closes \$2.9M Deal with Leading Utility in Northeast USA

- Leading electric and gas utility
- Turnkey installation featuring Aviat's Eclipse IRU 600 EHP radio, along with design, engineering and deployment services
- Microwave solution to stretch across the entire state, providing up to 1 Gbps wireless broadband-grade connectivity

Aviat Wins Contract with a Midwestern U.S. State for Public Safety

- Statewide network to deploy Aviat's IP/MPLS routers and microwave radios; also includes Aviat's ProVision management system for end-to-end product/service management
- 2-year contract agreement for existing customer account
- Further convergence of microwave radio business with integrated IP/MPLS solutions

Aviat Secures \$6M Deal with Leading U.S. Utility

- Services and equipment contract includes hybrid TDM/IP microwave radios enabling seamless migration to IP-based Teleprotection
- TDM radio upgrade to IRU 600 EHP radio in TDM/IP configuration
- Also includes turnkey solutions -- network engineering, path planning, radio configuration, and system integration and testing

Note: Customer announcements issued calendar year-to-date.

DRIVING OUR OPTIMISM: INDUSTRY LEADING PRODUCTS

**INDUSTRY'S FIRST
INTEGRATED
MICROWAVE ROUTER**



**INDUSTRY'S LOWEST
LATENCY MWAVE**



**INDUSTRY'S
MOST
RELIABLE
INDOOR
TRUNKING**



**MOST SECURE,
HYBRID MISSION
CRITICAL PLATFORM**



**HIGHEST POWER
MWAVE RADIO EVER
BUILT**



**INDUSTRY'S
HIGHEST
CAPACITY
MICROWAVE**



**INDUSTRY'S
SMALLEST,
LIGHTEST
SPLIT
MOUNT
TRUNKING**



DRIVING OUR OPTIMISM: INNOVATION

Aviat WTM 4000

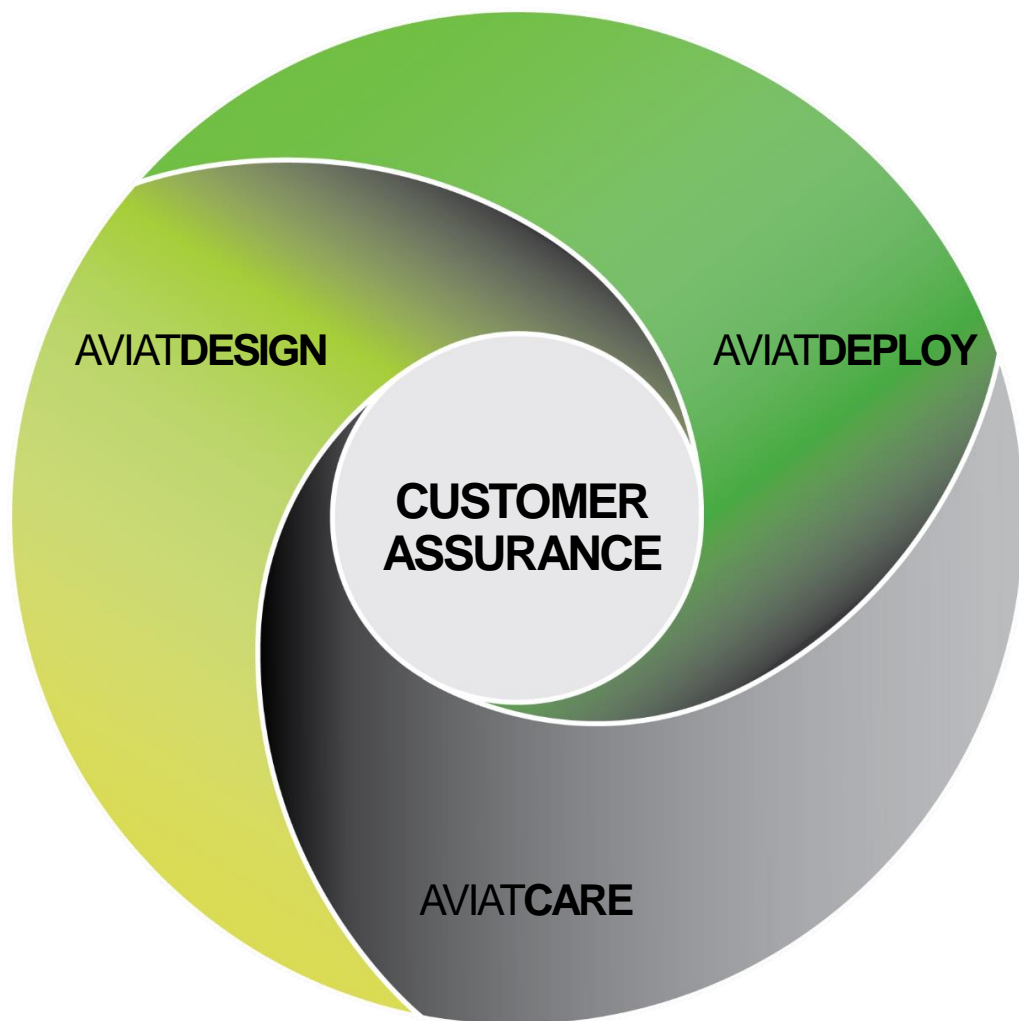


2.5 Gbit/s

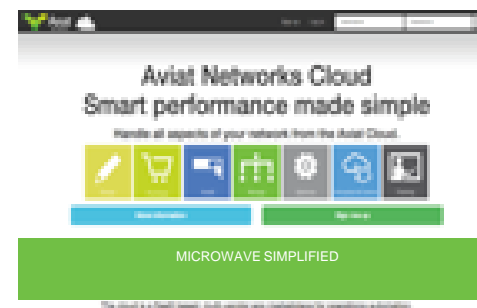
- Highest capacity radio ever made
- Purpose built for software defined networking (SDN)
- Pay for use (PFU) software, WiFi access, and other innovations to simplify operations
- Industry leading RFIC core
- Significant TCO benefits
- First shipments 2H Fiscal Year 2017

Leveraging Embedded Technology across Broader Portfolio
Catalyst for New Customer Pursuits

DRIVING OUR OPTIMISM: INDUSTRY LEADING SERVICES CAPABILITIES



**INDUSTRY'S
LEADING
AUTOMATION
PLATFORM FOR
MICROWAVE
NETWORK
SERVICES**



Strong Recurring Revenue Streams and Prospects for Growth

LOOKING AHEAD – FY17 2H FINANCIAL OUTLOOK

Income Statement Summary (Non-GAAP)

<i>(\$'s in millions)</i>	FY16 2 nd Half Actual	FY17 1 st Half Actual	FY17 2 nd Half Estimates
Revenue	\$118.7	\$126.7	\$130.0 - \$140.0
Operating Income (Loss)	(\$12.4)	\$1.0	Positive
Adjusted EBITDA	(\$9.2)	\$4.1	Positive

Positioned for Growth and Profitability

KEY TAKEAWAYS

- We are a different company – stronger foundation driven by operational excellence and improved performance.
- Top-line stabilizing with growth anticipated.
- Sustainable gross margin and operating expense improvements.
- Strong installed customer base with near- and long-term growth opportunities.
- Multiple prospects for growth with new customers in all verticals.
- Strong balance sheet; working capital metrics are the best in the Company's history.
- Potential for stock appreciation based on sustainable profitability and improved outlook.

On Track to Sustain Profitability with a Shift Toward “Profitable Growth”



Aviat
NETWORKS

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