



Aviat
NETWORKS

Fiscal 2018 First Quarter Investor Presentation

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 first quarter 2018 and cash flow in fiscal 2018, and our anticipated results for fiscal 2018. 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 6, 2017 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.

FY18 FIRST QUARTER EXECUTIVE COMMENTARY

“While revenue was slightly below our prior expectations, we exceeded our gross margin targets and our operating expenses were lower than anticipated. Adjusted EBIDTA of \$0.9 million came in at the higher end of our guidance and also represented a \$1.5 million year-over-year improvement. Additionally, we ended the quarter with \$39.1 million in cash and cash equivalents, a \$7.4 million increase year-over-year. Our focus remains on profitability and cash generation and we remain on track to deliver significant year-over-year bottom line improvements, while further strengthening our balance sheet.”

-- Michael Pangia, President and Chief Executive Officer

FY18 FIRST QUARTER FINANCIAL HIGHLIGHTS

(NON-GAAP COMPARISONS)

Income Statement Summary (Non-GAAP)			
(\$'s in millions)	Q1 FY18 Actual	Q1 FY17 Actual	Variance
Revenue	\$56.2	\$58.2	(\$2.0)
Gross Margin	\$17.3	\$17.4	\$0.1
Gross Margin %	30.8%	29.9%	90 bps
Operating Expenses	\$17.6	\$19.7	\$2.1
Operating Income (Loss)	(\$0.3)	(\$2.3)	\$2.0
Net Income (Loss) From Continuing Operations Attributable to Aviat Networks	(\$0.6)	(\$2.6)	\$1.9
Adjusted EBITDA	\$0.9	(\$0.6)	\$1.5

Key Take-Aways – Q1 Performance

- **Revenue of \$56.2 million, a decrease of \$2.0 million or 3.5%**
 - YOY decline primarily related to lower international revenue, offset by a \$2.4 million increase in North America revenue
- **Gross margin of 30.8%, up 90 basis points (“bps”)**
 - YOY increase primarily driven by geographic mix and more efficient management of supply chain costs
- **Operating expenses of \$17.6 million, an improvement of \$2.1 million**
 - YOY improvements due to lower professional services expense in G&A function and lowered fixed expenses through process reforms
- **Operating loss of (\$0.3) million, an improvement of \$2.0 million**
- **Net loss attributable to Aviat Networks of \$0.6 million, an improvement of \$1.9 million**
- **Adjusted EBITDA of \$0.9 million, an improvement of \$1.5 million**

Despite modest revenue decline, all other metrics improved YOY and exceeded guidance

FY18 Q1 BALANCE SHEET KEY INDICATORS

(BALANCE SHEET STRENGTHENED – CASH POSITION INCREASED YEAR-OVER-YEAR)

<i>(\$'s in millions)</i>	Q1 FY18	Q4 FY17	Q1 FY17
Cash and Cash Equivalents (and restricted cash)	\$39.6	\$36.2	\$31.8
Accounts Receivable	\$43.6	\$45.9	\$49.7
DSO's	71 Days	74 Days	78 Days
Inventory	\$24.8	\$23.7	\$26.9
Turns	6.3	6.3	6.1
DPO's	81 Days	82 Days	65 Days
Third-Party Debt	\$9.0	\$9.0	\$8.0
Accounts Payable	\$34.4	\$33.6	\$29.3

Key Take-Aways – Q1 Performance

- Cash, cash equivalents and restricted cash position increased \$3.4 million sequentially and \$7.8 million year-over-year, driven by better bottom-line performance and overall strong collections. In addition, Q1 2018 benefited from a \$1.3 million tax recovery from the Singapore tax authorities.
- DSO's of 71 days improved by 3 days sequentially and 7 days YOY due to better controls and higher revenue in North America.
- Inventory increased by \$1.1 million sequentially and declined \$2.1 million YOY; Inventory remains at historically low levels; turn rate remains > 1 turn per quarter.
- DPO's remained consistent with FY17 year-end; up 16 days year-over-year due to timing of certain payments.
- Cash conversion cycle is the best in the Company's history.

TRENDING 6 QUARTER FINANCIALS

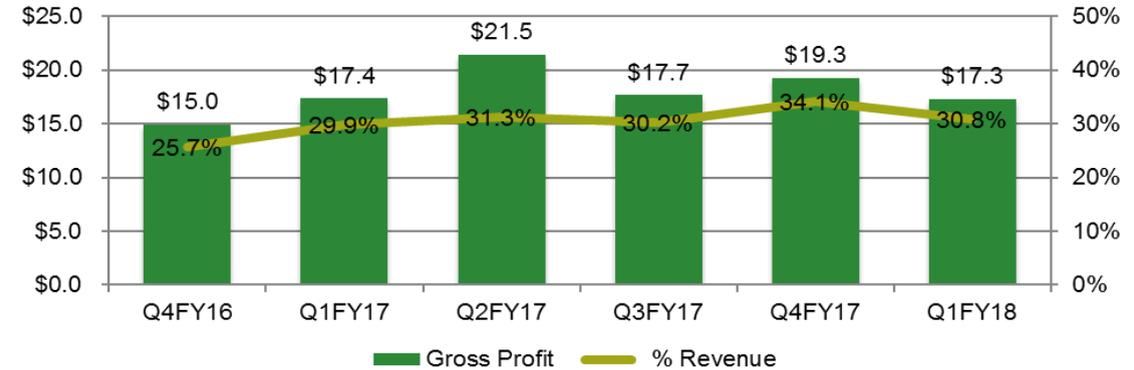
Sales

(\$ in millions)



Gross Profit

(\$ in millions)



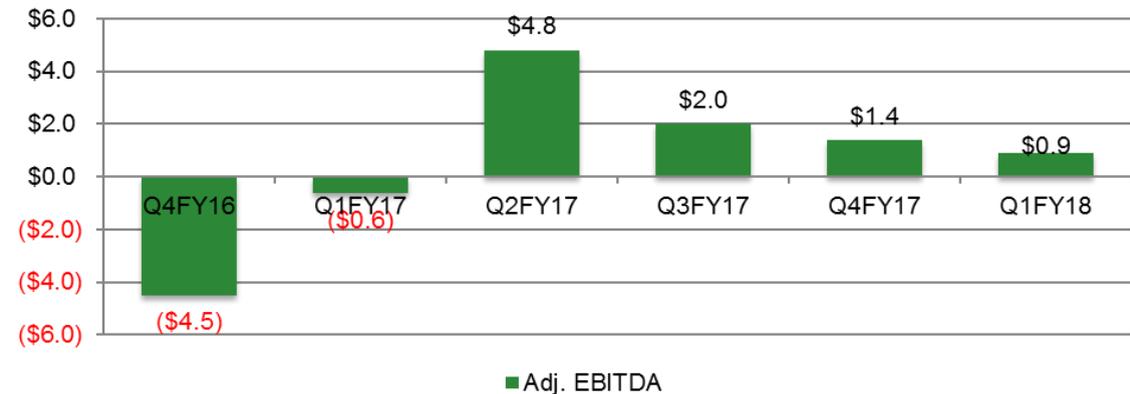
Operating Expenses

(\$ in millions)



Adjusted EBITDA

(\$ in millions)

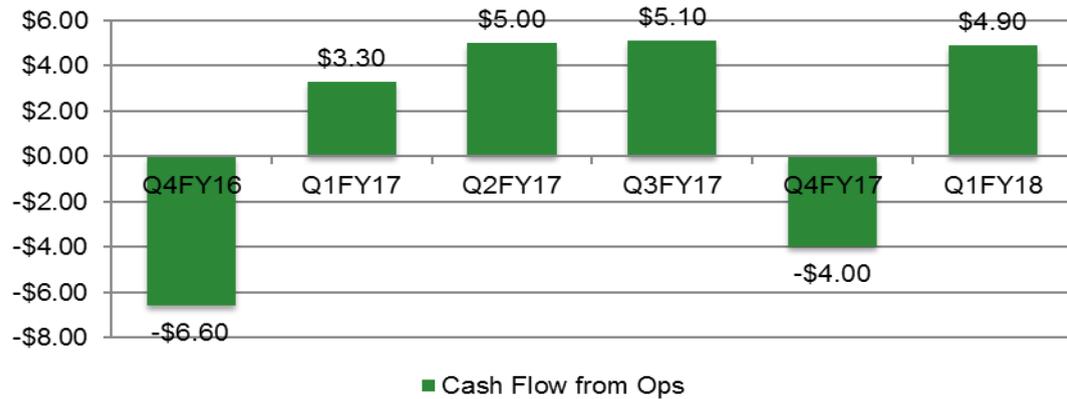


Note: Aviat has a June 30th fiscal year end.

TRENDING 6 QTR BALANCE SHEET KEY INDICATORS

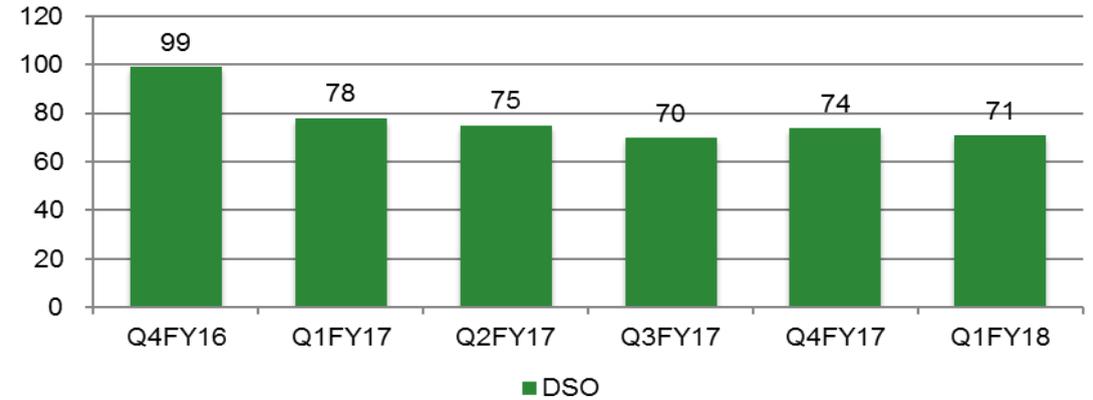
Cashflow from Operations

(\$ in millions)

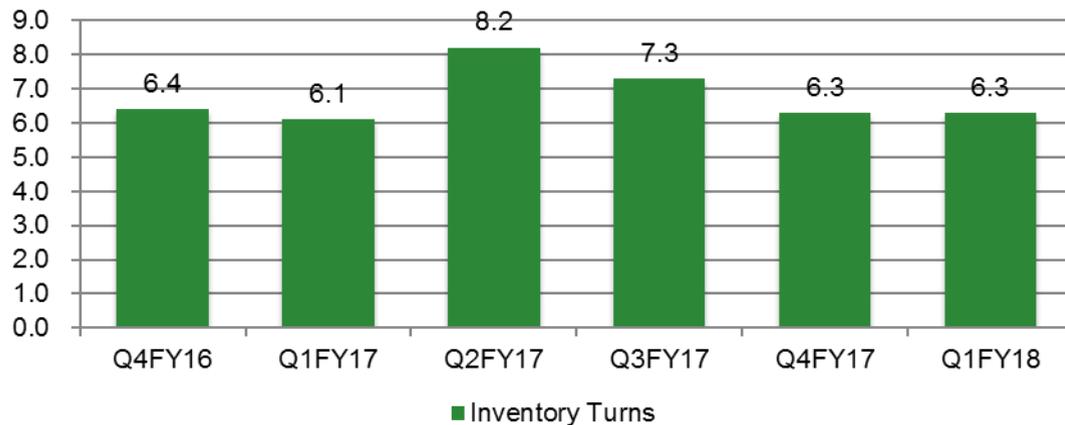


Days Sales Outstanding (DSO)

(in Days)



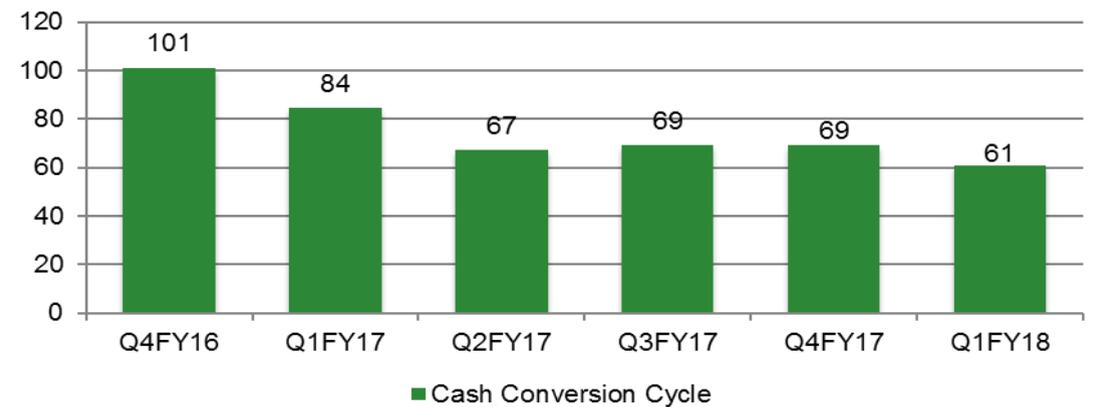
Inventory Turns



Cash Conversion Cycle* (CCC)

(in Days)

*Includes unbilled receivables





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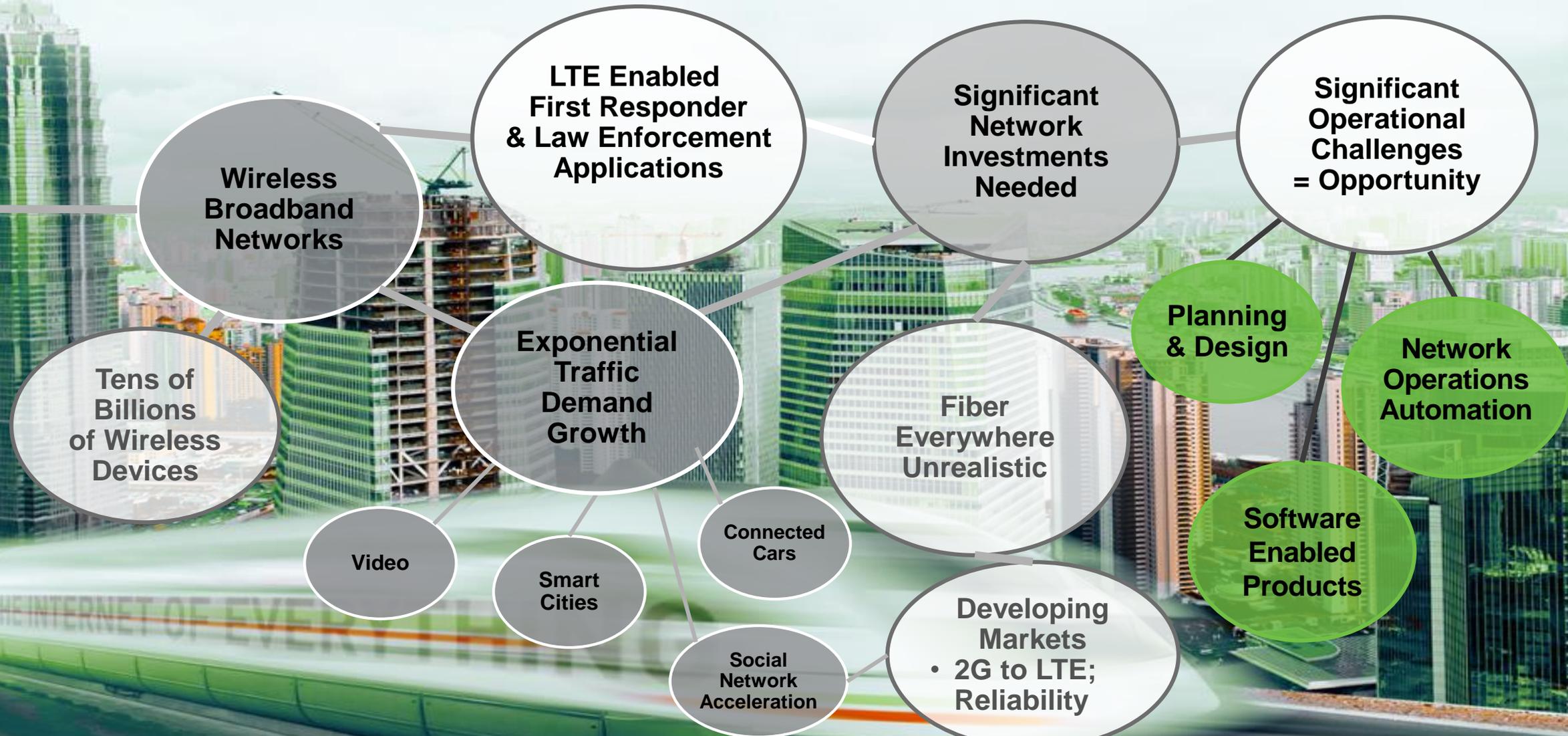
NETWORKS

Looking Ahead to the Future

Key Trends/Factors Driving our Optimism

Market Dynamics
Customer Momentum
Product Innovation
Process Excellence
Competitive Positioning

LOOKING AHEAD: COMPELLING MARKET DEMAND DRIVERS



Multiple paths to drive growth globally and across all verticals

DRIVING OUR OPTIMISM: MARQUEE CUSTOMERS

Leading Provider in Key Markets Served – Global Service Providers



Opportunity to leverage significant installed base

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**



MOTOROLA
#1 Supplier



AIRBUS
DEFENCE & SPACE

A Leading Supplier

National Security Networks

France, Middle East, North
Africa, Asia Pacific

Oil & Gas

West Africa, Asia, Europe

Regional Governments

Latin America

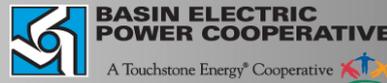
Financial

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



DRIVING OUR OPTIMISM: INDUSTRY LEADING PRODUCTS

**MOST SECURE, HYBRID
MISSION CRITICAL PLATFORM**



UPGRADED (RAC70)

ECLIPSE

**SPLIT-MOUNT
OUTDOOR RADIO UNIT**



UPGRADED (Latency)

ODU 600

MICROWAVE ROUTERS



UPGRADED (IP/MPLS)

CTR 8000

**HIGHEST POWER
MICROWAVE RADIO**



UPGRADED (RF Power)

IRU 600

**INDUSTRY'S
HIGHEST
CAPACITY
MICROWAVE**



**ALL NEW
PLATFORM**

WTM 4000

**NETWORK
MANAGEMENT**



PROVISION



AVIATCLOUD

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 customer installation completed in Q1 FY18

Increased Addressable Market – 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

WELL POSITIONED TO GROW SHARE AND DRIVE PROFITABILITY

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

SIGNIFICANT YEAR-OVER-YEAR IMPROVEMENTS IN FY17

Income Statement Summary (Non-GAAP)

(\$'s in millions)	FY17 Actual	FY16 Actual	Variance
Revenue	\$241.9	\$268.7	(\$26.8)
Gross Margin	\$75.9	\$66.9	\$8.9
Gross Margin %	31.4%	24.9%	650 bps
Operating Expenses	\$74.0	\$85.0	\$11.1
Operating Income (Loss)	\$1.9	(\$18.1)	\$20.0
Net Income (Loss) From Continuing Operations Attributable to Aviat Networks	\$0.7	(\$19.4)	\$20.2
Adjusted EBITDA	\$7.6	(\$11.7)	\$19.3

KEY TAKE-AWAY'S:

- **Goal was to be profitable in FY17**
 - \$20 million improvement in non-GAAP net income
- **Revenue**
 - Grew by 6% in North America
 - 10% overall decline due to international market
- **Higher Gross Margin**
 - North America strength
 - Improved services execution
 - Process excellence focus
 - Improved supply chain operations
- **Non-GAAP Operating Expenses down 13%**
 - Realignment of organization and processes
 - Tight variable expense management

Company achieved profitability on all Non-GAAP metrics in FY17

CONTINUED MOMENTUM IN FY18 FINANCIAL OUTLOOK -- UPDATED

Income Statement Summary (Non-GAAP)

(\$'s in millions)	FY17 Results Actual	FY18 Full-Year Outlook
Revenue	\$241.9	\$245.0 - \$255.0
Gross Margin (as a %)	31.4%	31.5% - 32.5%
Operating Expenses	\$74.0	\$72.0 - \$75.0
Operating Income (Loss)	\$1.9	\$5.0 - \$7.0
Adjusted EBITDA	\$7.6	\$11.0 - \$13.0

Income Statement Summary (Non-GAAP)

(\$'s in millions)	FY18 Q1 Results (Actual)	FY18 Q2 (Outlook)	Sequential Comparisons
Revenue	\$56.2	\$60.0 - \$63.0	Up \$3.8M - \$6.8M or 6.8% - 12.1%
Gross Margin (as a %)	30.8%	31.5 - 33.0%	Up 70 - 220 bps
Operating Expenses	\$17.6	\$18.0 - \$18.5	In line with initial guidance
Operating Income (Loss)	(\$0.3)	Positive	Up sequentially
Adjusted EBITDA	\$0.9	Positive	Up sequentially

Tightened revenue range initially provided on YE call by \$5 million; still anticipate YOY growth.

Gross margins continue to remain in line with projections; operating expenses should remain relatively flat with FY17 (continued focus on lowering fixed costs).

Continue to anticipate profitability on all non-GAAP metrics; bottom-line outlook has not changed.

Positioned for growth and significant bottom-line improvements

KEY TAKE-AWAYS

- Stronger foundation driven by operational excellence and improved performance
- Top-line stabilization with growth anticipated:
 - Strong installed customer base with near- and long-term growth opportunities
 - Enhanced products and service offerings
 - Multiple prospects for growth with new customers in all verticals
- Sustainable gross margin and operating expense improvements
- Strong balance sheet; working capital metrics are among the best in the Company's history
- Potential for value appreciation based on improved profitability and increased operating leverage
- Strategic process designed to enhance customer value proposition and drive shareholder returns



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