



# Aviat Networks (NASDAQ: AVNW)

35th Annual Roth Conference

March 13 – 14, 2023

# 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 2023 second quarter and six months period. 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.

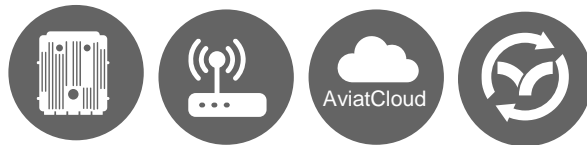
For more information regarding the risks and uncertainties for our business, see "Risk Factors" in our most recent Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC"), as well as other reports filed by Aviat Networks, Inc. with the SEC from time to time. Aviat Networks, Inc. undertakes 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 (3,000+ 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

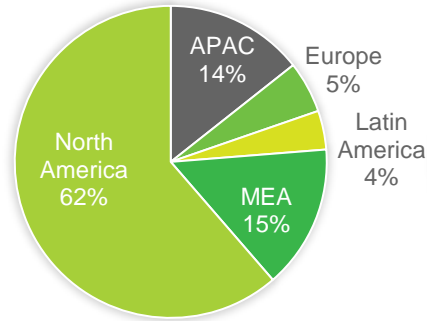


Radios, Routers, Software, Services

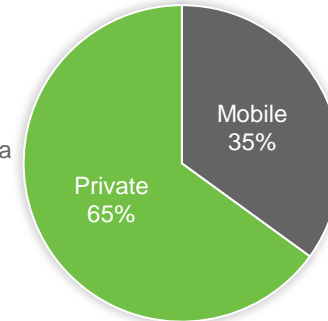
- Points of excellence
  - Lowest Total Cost of Ownership
  - Mission Critical Solutions Leader
  - Unrivaled Microwave Expertise
  - Unique and Compelling Innovations

## REVENUE SUMMARY

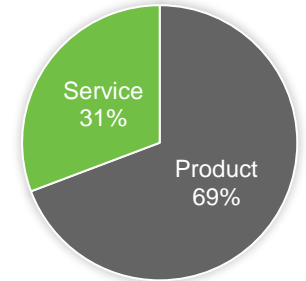
Revenue by region



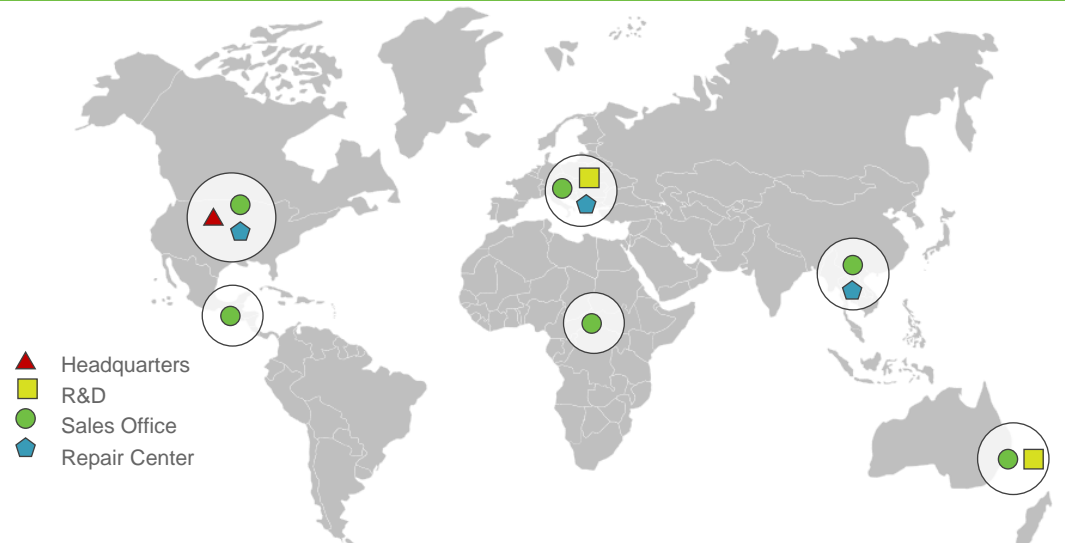
Revenue by market



Revenue by product/service



## GLOBAL PRESENCE, SERVICE & SUPPORT



# Business Financial Summary

## KEY STATISTICS

Trading Symbol	AVNW
Shares Outstanding	~11.3 million
Stock Price	\$34.92
Market Cap	~\$398 million*
Headquarters	Austin, Texas
# of Employees	~700
52 Week High/Low	\$39.80 / \$23.88

\*As of March 10, 2023

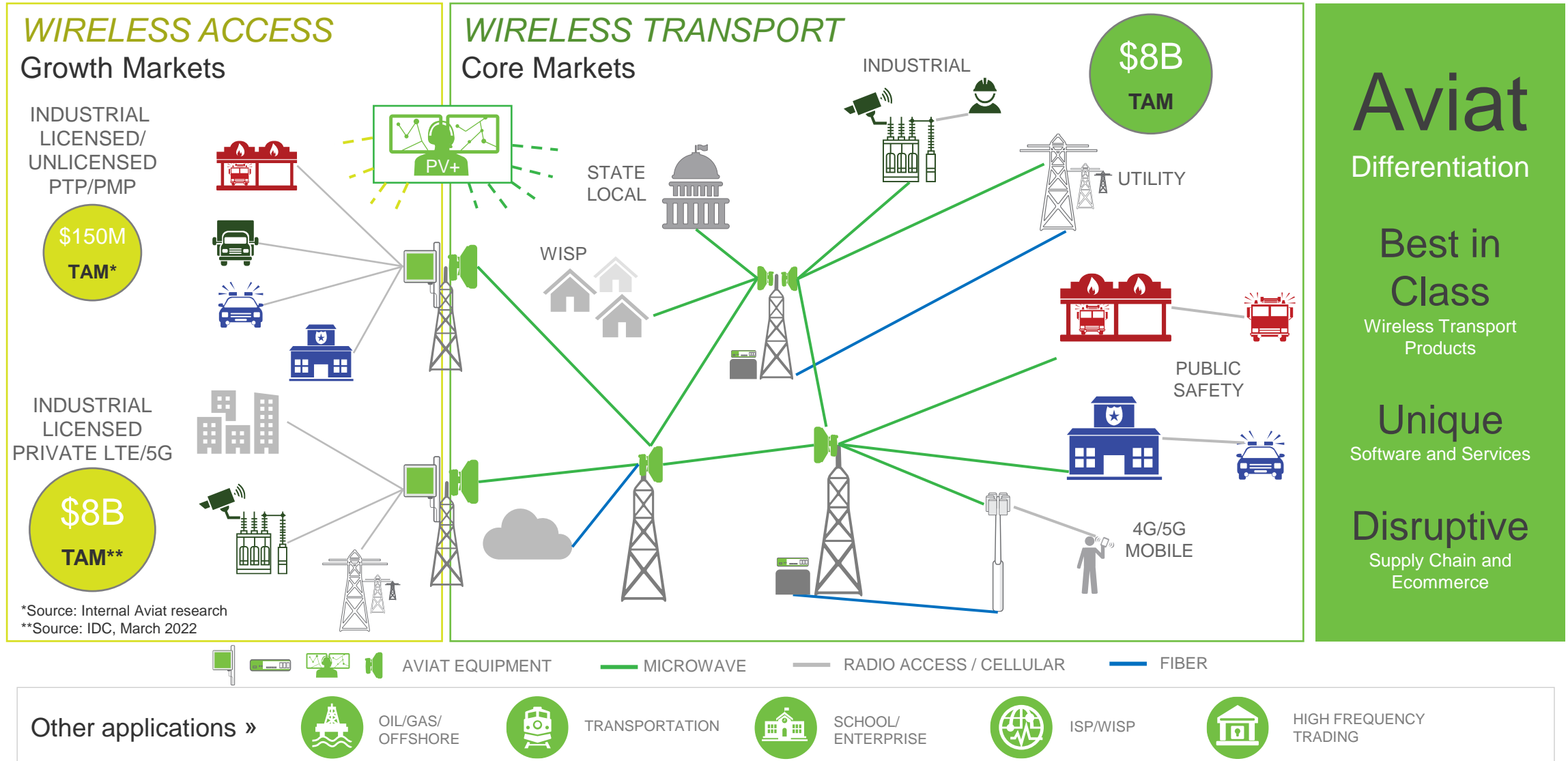
## KEY FINANCIAL METRICS LTM

Revenue	\$323.9M
Adjusted EBITDA*	\$42.2M
Cash & Mkt Securities	\$21.4M
Debt	\$0.0M

\*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: Wireless Transport and Access Solutions Pureplay



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

# Recent Wins

## 5G Networks

Bharti Airtel

High capacity 5G wireless transport



Dish Network

High capacity 5G wireless transport



Safaricom

5G transport



Globe

Extension of contract » 2024



## Private Networks

Virginia State Police

Complete network



## Rural Broadband

Nextlink Internet

High-speed wireless backhaul



**150+** new rural broadband accounts via Aviat Store since fiscal 2020

**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 select Tier 1s

## Highly Differentiated Solutions

- Innovative products and services for lower total cost of ownership (TCO)
- Software and 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

**\$42.5B**

Broadband Equity, Access, and Deployment (BEAD) Program

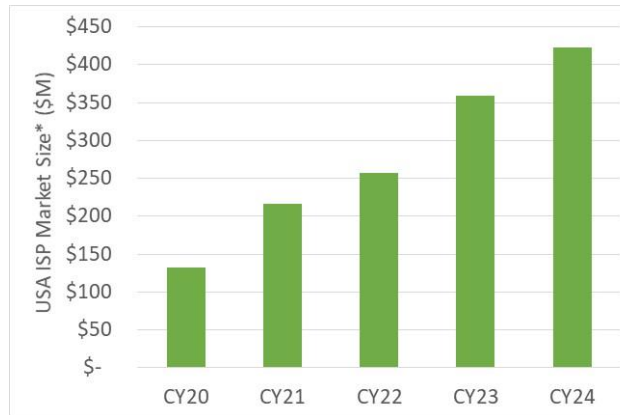
**\$635M**

USDA Reconnect Program

## Wireless Transport is the Solution

Wireless transport is ideal for rural communities and is lower cost, more reliable, and faster to deploy than fiber

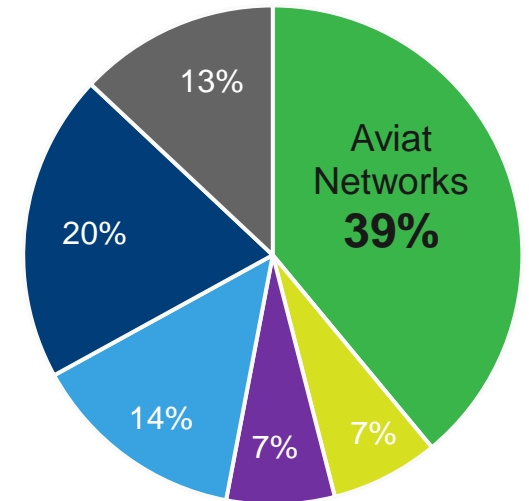
\$423M TAM in USA rural broadband segment by 2024 (34% CAGR)



Source: Sky Light Research, 2021

## Aviat is #1 in USA Rural Broadband Transport

39% share of demand in wireless transport for NA ISP segment (up from 24% share of demand in fiscal 2021)



Source: PCN data from Comsearch

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

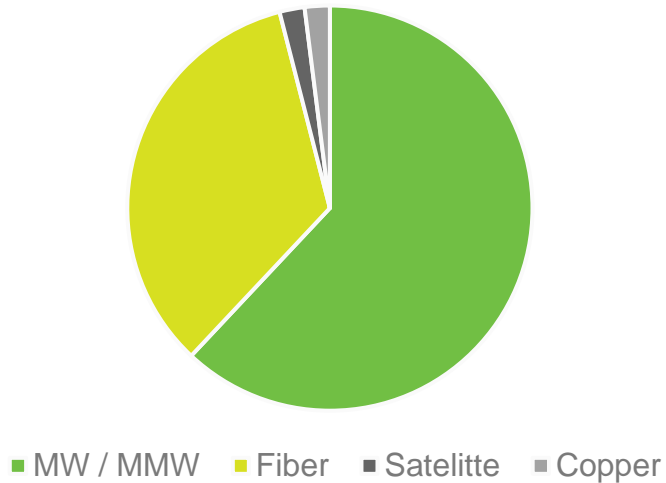


# Aviat's Large and Growing 5G Opportunity

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

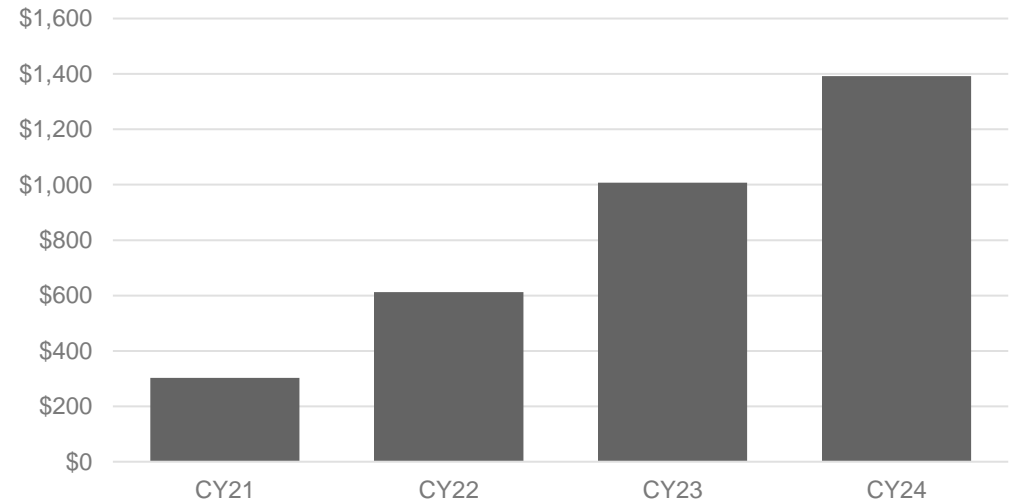
Modest growth in overall wireless transport with significant 5G market growth rates (41% CAGR)

Transport Technologies



Source: Dell 'Oro

5G Wireless Transport Market Forecast (\$M)



Source: Dell 'Oro

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

# Well Positioned in Growing 5G and Rural Broadband Markets

- **Best in Class Wireless Transport Products**

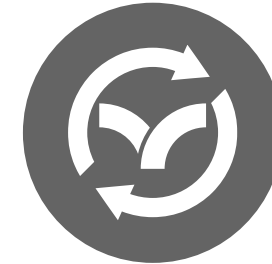
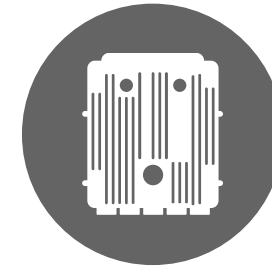
- Industry's highest capacity, highest power radios on the market for lowest TCO
- First to integrate microwave and IP/MPLS routing
- Unique multi-band solution for 5G

- **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 Total Cost of Ownership (TCO) for 5G and Rural Broadband Applications***

# Aviat: The Leader in Private Networks Wireless Transport



## 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

Gas  
 Water  
 Electric Utilities

Mission Critical Product Differentiation  
 - Highest Power Radios  
 - IP/MPLS Integration  
 - Software Innovations



Growth in Private LTE and Industrial IoT  
 (\$16B for Private LTE by 2025)

National / Regional Government

Strong Global Partners In Security & Defense



Growing Complexity, Vendor Outsourcing  
 Share of Wallet Opportunity

Public Safety and Security

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





Source: ABI Research

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

# MaxLinear and Aviat Collaborate on New Chip

- Aviat has partnered with MaxLinear on a new SoC (system on chip)
- Based on latest generation of technology, this will be the most capable modem chip ever created
- Secures technology leadership



**MaxLinear Wideband Modem to Enable Backhaul Networks that Accelerate 5G Deployments**

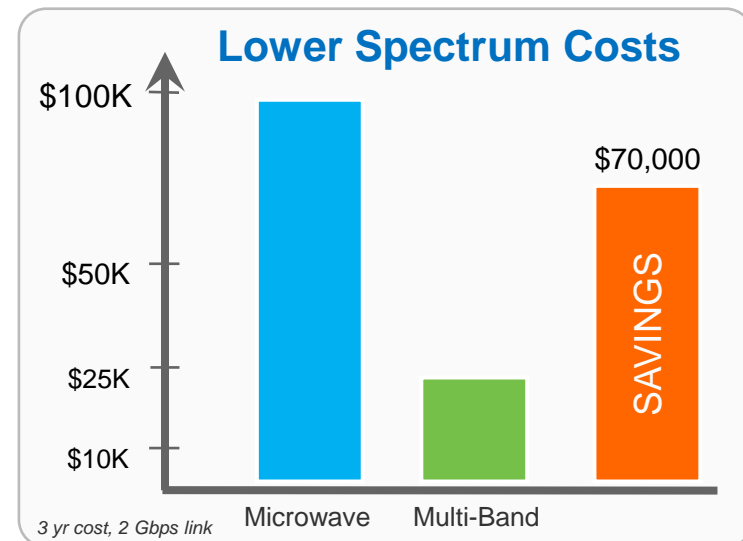
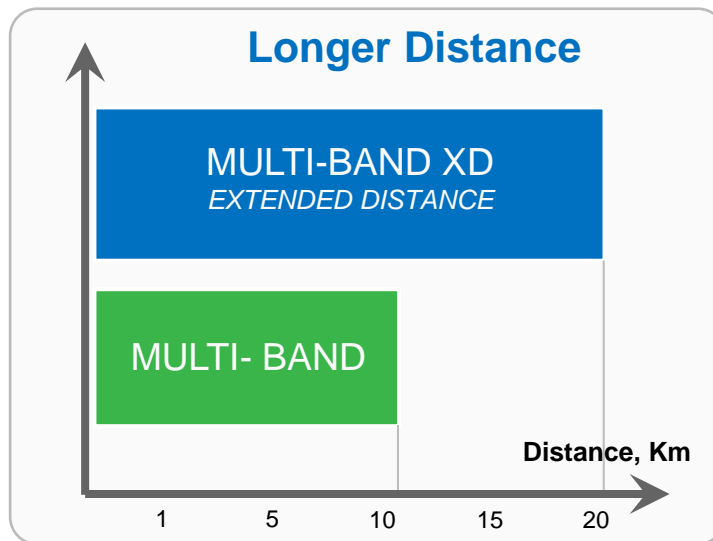
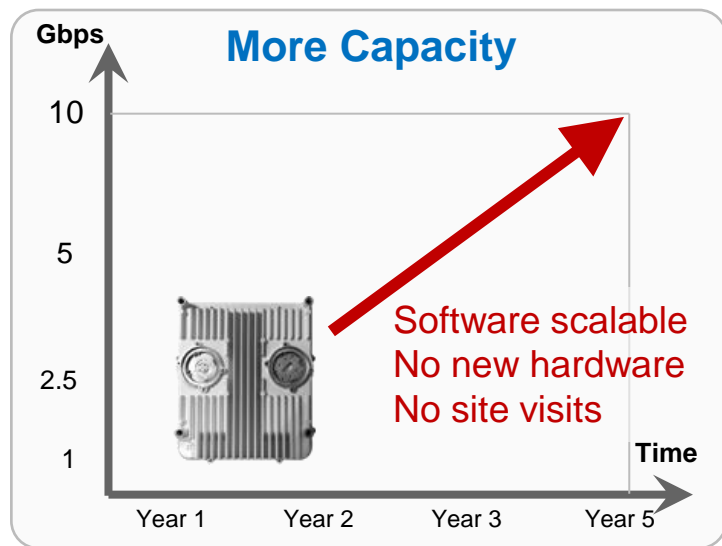
- *Fully integrated SoC enables greater capacity, superior reach and lowest total cost of ownership to wireless transport networks.*

June 27, 2022

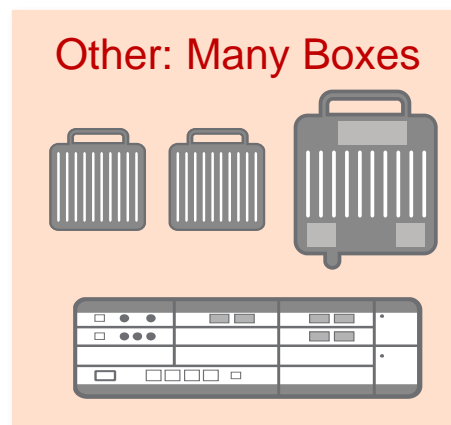
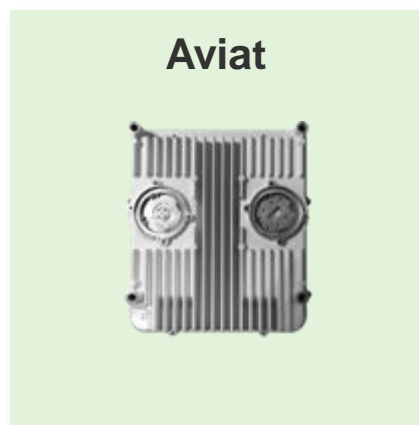
CARLSBAD, Calif.--(BUSINESS WIRE)-- MaxLinear, Inc. (NASDAQ: MXL), announced the next-generation MODEM development within its MxL852xx product line. This fully integrated System on Chip (SoC), is designed for wireless transport networks. MaxLinear, in collaboration with Aviat Networks (NASDAQ: AVNW), created the single-chip solution to enable network OEMs and operators to deliver ultra-high-capacity payloads, over longer distances, with the lowest possible total cost of ownership (TCO).

***Aviat Enjoys Technology Leadership with Current Portfolio of Products and Will Maintain That Leadership into the Foreseeable Future***

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



## Aviat's Multi-Band Advantage

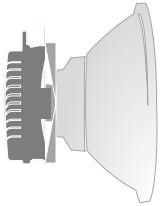


**Superior** Solution  
**Less** hardware  
**Lowest** TCO

**Aviat's Multi-Band is Up to \$10,000/link Lower TCO vs Competitive Multi-Band Solutions. Lower TCO Alternative to Fiber up to 20km**

# Upgrade Any Vendor's Microwave Network with Aviat's Vendor Agnostic Multi-Band (MB-VA)

**EXISTING**  
3<sup>rd</sup> Party  
Microwave Radio

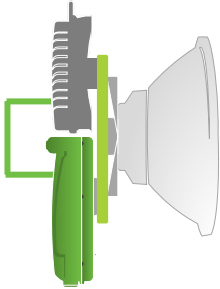


**Unable to Support 5G Capacity (<1Gbps)**

Estimated 70% of the  
Microwave Installed Base



**ADD Aviat's**  
*E-Band or Multi-Band Radio*



**Supports 5G Capacity (10Gbps)**  
**Leverage Existing Installed Base Investment**

Large Upgrade Opportunity for Aviat.  
Overcomes "High Cost to Switch" Barrier

***Leverage Aviat's Best in Class E-Band and Multi-Band Solutions to Seamlessly Migrate to 5G Without Costly Fiber Investment***

# Aviat – A Highly Differentiated Offering

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

	<b>WIRELESS TRANSPORT PRODUCTS</b> Ex: MULTI-BAND	<b>SOFTWARE &amp; SERVICES</b> Ex: HEALTH ASSURANCE SOFTWARE (HAS)	<b>SUPPLY CHAIN &amp; DELIVERY</b> Ex: AVIAT STORE
<b>Unique Attribute</b>	Industry's only single box multi-band solution	Comprehensive Hosted Assurance solution to improve Network health	Disintermediation of complex distribution / channel market
<b>Demand Driver</b>	Global 5G rollouts	Poor network performance. Too many outages. Loss of RF expertise	5G; rural broadband
<b>Customers / Market</b>	4G/5G networks globally; countries with high spectrum costs	Private and Mobile network operators globally	Mobile operators and private networks; customers that buy from channel today
<b>Competitor Offering</b>	3 (or more) boxes, complex design solution	Management systems designed for use by engineers	Channel / distribution
<b>Customer Benefit</b>	High capacity, lowest OPEX alternative to fiber	Better network availability / uptime Reduced OPEX	Lower cost, simpler experience, fast deliveries

***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

### Products

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

### Software and services

Turnkey services portfolio. Software innovations targeted at lowering microwave TCO like AviatCloud, FAS, HAS, MPLS

Product only. Makes it difficult to compete in private networks. Lack of investment in software

### Supply chain

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

### Products

Differentiated radio products. Better RF performance, Multi-Band

Microwave not a core competence / focus. Less responsive and agile in bringing radio solutions to market

### Software and services

Software innovations targeted at lowering microwave TCO like AviatCloud, FAS, HAS

Lack a focus on dedicated software solutions for transport networks

### Supply chain

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 Operating Model Framework

## Excellence in

### Customer Focus



#### Our Actions

**We listen** during the commercial and sales process to understand our customers' needs and use our combined talents, skill and capabilities to create solutions that exceed expectations.

#### Our Processes

- Standard global VOC process
- Sales Goal planning
- eCommerce platform
- AviatCare customer service and support

### Innovation



**We deliver** innovative, high-quality solutions that meet key customer segment needs. Voice of customer informs investment decisions. Release to market within budget, timeframe and scope.

- Aviat Operating System for software
- New Product Introduction (NPI) process
- Portfolio management
- Agile development methodology

### Talent



**We drive** a performance culture and invest in our talent management programs to support evolving strategic business needs and implement organizational structures to facilitate results.

- Performance Management Process
- Career Framework
- Talent Management Review
- Employee Ownership Program

### Supply Chain



**We achieve** a competitive advantage by delivering quality products with best-in-class lead-times.

- S&OP Planning
- Next day delivery e-commerce
- Order to Cash process
- Strategic sourcing to meet customer objectives globally

## Continuous Improvement | We Strive Everyday...

To improve, innovate and drive cost efficiency to achieve higher performance and to promote our continuous improvement culture

***Aviat Operating Model Supports Growth-Centric Culture by Leveraging Continuous Improvement and Driving Competitive Excellence***

# Second Fiscal Quarter 2023 Financial Highlights and Historical Performance

# Second Fiscal Quarter 2023 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		
<i>(\$'s in millions)</i>	Q2 FY22 Actual	Q2 FY23 Actual
Revenue	<b>\$77.9</b>	<b>\$90.7</b>
Gross Margin %	<b>36.3%</b>	<b>35.7%</b>
Operating Expenses	<b>\$19.2</b>	<b>\$21.0</b>
Operating Income	<b>\$9.0</b>	<b>\$11.4</b>
Adjusted EBITDA	<b>\$10.1</b>	<b>\$12.9</b>
Adjusted EBITDA Margin	<b>13.0%</b>	<b>14.2%</b>

Year-Over-Year Comparison		
<i>(\$'s in millions)</i>	FY22 Actual	LTM Actual
Revenue	<b>\$303.0</b>	<b>\$323.9</b>
Gross Margin %	<b>36.2%</b>	<b>36.2%</b>
Operating Expenses	<b>\$75.8</b>	<b>\$80.2</b>
Operating Income	<b>\$33.9</b>	<b>\$37.1</b>
Adjusted EBITDA	<b>\$38.3</b>	<b>\$42.2</b>
Adjusted EBITDA Margin	<b>12.7%</b>	<b>13.0%</b>

- Q2 Fiscal 2023 Revenue of \$90.7 Million, Up 16.5% Year-Over-Year.
- Q2 Fiscal 2023 Adjusted EBITDA of \$12.9 Million, up \$2.8M Year-Over-Year.
- Q2 Fiscal 2023 Adjusted EBITDA Margin of 14.2%
- Strong profit growth from disciplined cost management and topline execution

# Balance Sheet Highlights

\$21.4 Million Cash and Cash Equivalents; cash use to bolster inventory and minimize supply chain impact to opportunities and customers

No loan outstanding at quarter end

<i>(\$'s in millions, except for DSO, DPO and Turns)</i>	Q2 FY21 Actual	Q3 FY21 Actual	Q4 FY21 Actual	Q1 FY22 Actual	Q2 FY22 Actual	Q3 FY22 Actual	Q4 FY22 Actual	Q1 FY23 Actual	Q2 FY23 Actual
Cash Equivalents and Marketable Securities	\$43.0	\$45.8	\$47.9	\$47.3	\$42.3	\$33.8	\$47.8	\$22.9	\$21.4
Third-Party Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Cash and Marketable Securities</b>	<b>\$43.0</b>	<b>\$45.8</b>	<b>\$47.9</b>	<b>\$47.3</b>	<b>\$42.3</b>	<b>\$33.8</b>	<b>\$47.8</b>	<b>\$22.9</b>	<b>\$21.4</b>
Accounts Receivable	\$49.5	\$47.6	\$48.1	\$59.4	\$69.1	\$76.2	\$73.2	\$72.5	\$91.4
DSO's	60	66	60	66	74	88	87	81	81
DSO's with Unbilled	100	113	107	114	122	141	140	134	133
Accounts Payable	\$37.6	\$37.2	\$32.4	\$39.4	\$43.5	\$40.6	\$42.4	\$48.2	\$59.8
DPO's	72	83	68	69	75	81	75	79	83
Inventory	\$18.8	\$23.1	\$24.9	\$25.5	\$27.4	\$30.5	\$27.2	\$35.0	\$37.1
Turns	10.1	7.8	7.6	7.5	7.5	6.5	6.9	6.7	6.5

# Rolling TTM Historical Performance

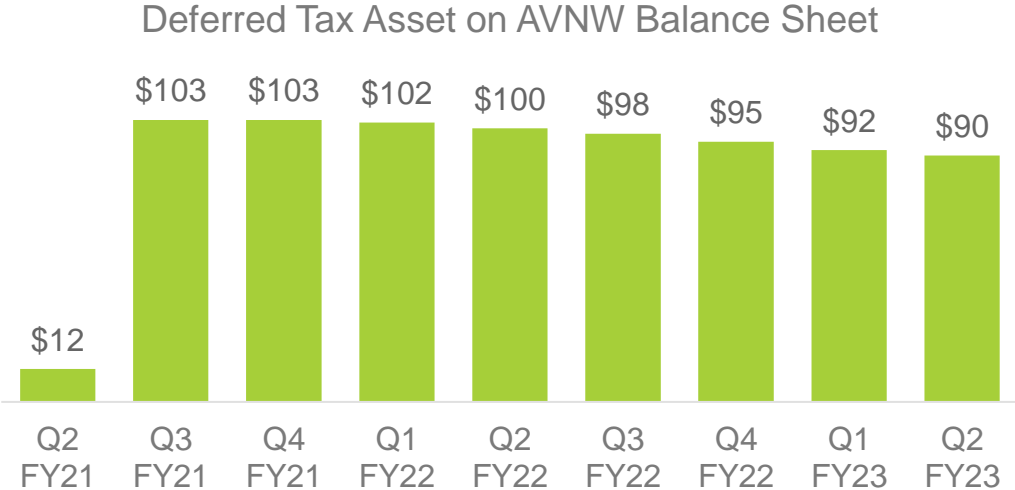
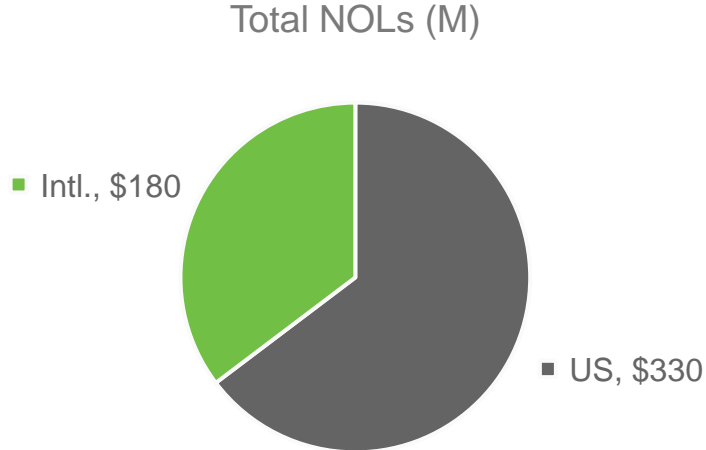
(\$'s million)



(\$'s million)



# Cash Benefit of Historical Net Operating Losses (NOLs)



- Over \$500 million of historical NOLs (net of FIN48)
- NOL's reduce Aviat's statutory fed & state blended tax rate of ~25% to an effective cash tax rate of ~4%
  - This saved the company \$5.9 million in cash taxes in FY22.
  - **NOLs expected to deliver an estimated \$12.2 million in cash tax savings in FY23.**

- Improved financial performance and outlook for Aviat resulted in a full release of the valuation allowance against US NOLs in Q3 of fiscal 2021.
- A one-time benefit of \$92 million was recognized in Net Income and Deferred Tax Assets.

**Cash Tax Savings Will Continue for the Foreseeable Future (>5 years) at Levels Commensurate with our Earnings Before Tax Performance**



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