

AVIAT NETWORKS, INC.
Form 10-Q
November 13, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 28, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 001-33278

AVIAT
NETWORKS,
INC.
(Exact name of
registrant as
specified in its
charter)

Delaware 20-5961564
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

860 N. McCarthy Blvd., Suite 200, Milpitas, California 95035
(Address of principal executive offices) (Zip Code)

(408) 941-7100
(Registrant's telephone number, including area code)

No changes
(Former name, former address and former fiscal year, if changed since last report)

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

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Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's Common Stock as of October 31, 2018 was 5,424,548 shares.

AVIAT NETWORKS, INC.
QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended September 28, 2018
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AVIAT NETWORKS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share and par value amounts)	September 28, 2018	June 29, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 28,397	\$37,425
Restricted cash	3	3
Accounts receivable, net	50,874	43,068
Unbilled receivables	28,675	14,167
Inventories	8,682	21,290
Customer service inventories	1,324	1,507
Other current assets	7,351	6,006
Total current assets	125,306	123,466
Property, plant and equipment, net	16,889	17,179
Deferred income taxes	5,073	5,600
Other assets	11,923	9,816
TOTAL ASSETS	\$ 159,191	\$156,061
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	\$ 9,000	\$9,000
Accounts payable	33,336	30,878
Accrued expenses	25,242	25,864
Advance payments and unearned income	13,670	19,300
Restructuring liabilities	1,923	1,426
Total current liabilities	83,171	86,468
Unearned income	7,562	6,593
Other long-term liabilities	1,253	1,250
Reserve for uncertain tax positions	3,343	2,941
Deferred income taxes	1,538	1,293
Total liabilities	96,867	98,545
Commitments and contingencies (Note 11)		
Equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value, 300,000,000 shares authorized, 5,349,778 shares issued and outstanding at September 28, 2018; 5,351,155 shares issued and outstanding at June 29, 2018, respectively	53	54
Additional paid-in-capital	816,483	816,426
Accumulated deficit	(741,487)	(746,359)
Accumulated other comprehensive loss	(12,725)	(12,605)
Total equity	62,324	57,516
TOTAL LIABILITIES AND EQUITY	\$ 159,191	\$156,061

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

AVIAT NETWORKS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)

(In thousands, except per share amounts)	Three Months Ended	
	September 28, 2018	September 29, 2017
Revenues:		
Revenue from product sales	\$39,125	\$ 35,067
Revenue from services	21,379	21,115
Total revenues	60,504	56,182
Cost of revenues:		
Cost of product sales	26,799	23,663
Cost of services	15,780	15,223
Total cost of revenues	42,579	38,886
Gross margin	17,925	17,296
Operating expenses:		
Research and development expenses	4,937	4,798
Selling and administrative expenses	13,706	13,722
Restructuring charges	796	2
Total operating expenses	19,439	18,522
Operating loss	(1,514)	(1,226)
Interest income	51	58
Interest expense	(5)	(6)
Other expense	—	(30)
Loss before income taxes	(1,468)	(1,204)
Benefit from income taxes	(718)	(639)
Net loss	(750)	(565)
Less: Net income attributable to noncontrolling interests, net of tax	—	92
Net loss attributable to Aviat Networks	\$(750)	\$ (657)
Net loss per share of common stock outstanding:		
Basic	\$(0.14)	\$ (0.12