

AVIAT NETWORKS, INC.
Form 10-Q
December 22, 2014

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 26, 2014
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
(State or other jurisdiction of
incorporation or organization)

20-5961564
(I.R.S. Employer
Identification No.)

5200 Great America Parkway
Santa Clara, California
(Address of principal executive offices)

95054
(Zip Code)

(408) 567-7000
(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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 (Do not check if a smaller reporting
company) Smaller reporting company

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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 December 9, 2014 was 62,223,790 shares.

AVIAT NETWORKS, INC.
QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended September 26, 2014
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AVIAT NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except per share amounts)	Quarter Ended		
	September 26, 2014	September 27, 2013	
Revenues:			
Revenue from product sales	\$55.9	\$63.5	
Revenue from services	26.5	29.9	
Total revenues	82.4	93.4	
Cost of revenues:			
Cost of product sales	41.4	47.6	
Cost of services	19.2	22.7	
Total cost of revenues	60.6	70.3	
Gross margin	21.8	23.1	
Operating expenses:			
Research and development expenses	6.6	9.7	
Selling and administrative expenses	19.2	22.2	
Amortization of identifiable intangible assets	0.1	0.1	
Restructuring charges	1.5	4.5	
Total operating expenses	27.4	36.5	
Operating loss	(5.6) (13.4)
Interest income	0.1	—	
Interest expense	(0.1) (0.1)
Loss from continuing operations before income taxes	(5.6) (13.5)
Provision for income taxes	0.3	0.2	
Loss from continuing operations	(5.9) (13.7)
Income from discontinued operations, net of tax	0.2	0.1	
Net loss	\$(5.7) \$(13.6)
Basic and diluted income (loss) per common share:			
Continuing operations	\$(0.10) \$(0.22)
Discontinued operations	\$0.00	\$0.00	
Net loss	\$(0.09) \$(0.22)
Weighted average shares outstanding, basic and diluted	62.0	60.9	

See accompanying Notes to Condensed Consolidated Financial Statements

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

(In millions)	Quarter Ended	
	September 26, 2014	September 27, 2013
Net loss	\$(5.7) \$(13.6
Other comprehensive income (loss):		
Cash flow hedges:		
Change in unrealized gain (loss) on cash flow hedges	0.1	(0.3
Reclassification adjustment for realized net gain (loss) on cash flow hedges included in net loss	0.0	0.0
Net change in unrealized gain or loss on cash flow hedges	0.1	(0.3
Foreign currency translation gain (loss)	(1.3) 0.4
Other comprehensive income (loss)	(1.2) 0.1
Comprehensive loss	\$(6.9) \$(13.5

See accompanying Notes to Condensed Consolidated Financial Statements

AVIAT NETWORKS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)

(In millions)	September 26, 2014	June 27, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$42.4	\$48.8
Receivables, net	84.5	77.2
Unbilled costs	23.6	23.8
Inventories	43.3	38.1
Customer service inventories	9.9	11.4
Deferred income taxes	1.7	1.5
Other current assets	18.2	17.4
Total current assets	223.6	218.2
Long-Term Assets		
Property, plant and equipment, net	28.7	29.3
Identifiable intangible assets, net	0.3	0.4
Deferred income taxes	3.4	3.4
Other assets	1.8	1.9
Total long-term assets	34.2	35.0
Total Assets	\$257.8	\$253.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term debt	\$6.0	\$6.0
Accounts payable	47.7	46.1
Accrued compensation and benefits	8.4	10.1
Other accrued expenses	35.0	32.4
Advance payments and unearned income	41.9	