
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 4, 2013**

AEROVIRONMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

001-33261

(Commission File
Number)

95-2705790

(I.R.S. Employer Identification
No.)

**181 W. Huntington Drive,
Suite 202**

Monrovia, CA

(Address of Principal Executive
Offices)

91016

(Zip Code)

Registrant's telephone number, including area code: **(626) 357-9983**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(B))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure

The Annual Meeting of Stockholders of AeroVironment, Inc. (the “Company”) will be held on October 4, 2013 at 10:00 a.m., Pacific Time, at its 994 Flower Glen Street, Simi Valley, California 93065 facility. At the Annual Meeting, senior executives of the Company will make presentations and discuss the Company’s business, current performance and strategy. Charts to be used in those presentations are attached to this report as Exhibit 99.1.

Safe Harbor Statement

Certain statements in this press release may constitute “forward-looking statements” as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements are made on the basis of current expectations, forecasts and assumptions that involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, strategy or actual results to differ materially from those expressed or implied. Factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, our ability to perform under existing contracts and obtain additional contracts; changes in the timing and/or amount of government spending; changes in the supply and/or demand and/or prices for our products and services; changes in the regulatory environment; the activities of competitors; failure of the markets in which we operate to grow; failure to expand into new markets; failure to develop new products or integrate new technology with current products; and general economic and business conditions in the United States and elsewhere in the world. For a further list and description of such risks and uncertainties, see the reports we file with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We do not intend, and undertake no obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description
99.1	Investor Overview Presentation dated October 4, 2013

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AEROVIRONMENT, INC.

Date: October 4, 2013

By: /s/ Douglas E. Scott
Douglas E. Scott
Senior Vice President and General Counsel



AeroVironment, Inc.

Q1 Fiscal 2014 Investor Overview Presentation

September 2013



Sept. 2013

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- Factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, our ability to perform under existing contracts and obtain additional contracts; changes in the timing and/or amount of government spending; changes in the supply and/or demand and/or prices for our products and services; changes in the regulatory environment; the activities of competitors; failure of the markets in which we operate to grow; failure to expand into new markets; failure to develop new products or integrate new technology with current products; and general economic and business conditions in the United States and elsewhere in the world; and general economic and business conditions in the United States and elsewhere in the world.
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Important Additional Information

- AeroVironment and its directors, executive officers and certain employees may be deemed to be participants in the solicitation of proxies in respect of the Annual Meeting. AeroVironment has filed with the SEC a definitive proxy statement and WHITE proxy card in connection with the Annual Meeting (the "2013 Proxy Materials"). The 2013 Proxy Materials contain important information about AeroVironment, the Annual Meeting and related matters, including the interests, if any, of these directors, executive officers and specified employees. Stockholders are urged to read the 2013 Proxy Materials and accompanying WHITE proxy card carefully. Stockholders are able to obtain free copies of the 2013 Proxy Materials and other documents filed with the SEC by AeroVironment through the web site maintained by the SEC at www.sec.gov and on AeroVironment's web site at www.investor.avinc.com.

Table of Contents



////////

AEROVIRONMENT OVERVIEW

////////

UNMANNED AIRCRAFT SYSTEMS

////////

EFFICIENT ENERGY SYSTEMS

////////

NEW VENTURES AND OPPORTUNITIES

////////

FINANCIAL OVERVIEW

Management Team Brings Proven Experience, Market Leadership and Track Record of Success



Tim Conver Chairman and Chief Executive Officer <i>(40 years experience)</i>	<ul style="list-style-type: none"> ■ President since 1990, Chief Executive Officer since 1992, Board member since 1988 ■ Led AeroVironment from R&D focused organization to publicly traded market leader ■ Previously President of Whittaker Electronic Resources, a supplier of engineered products for military electronics and industrial instrumentation
Jikun Kim Chief Financial Officer <i>(24 years experience)</i>	<ul style="list-style-type: none"> ■ Senior Vice President of Finance & Chief Financial Officer since 2010 ■ Vice President and Controller from 2009 to 2010 ■ Previously Chief Financial Officer of Raytheon Vision Systems
Tom Herring Chief Operating Officer <i>(32 years experience)</i>	<ul style="list-style-type: none"> ■ Senior Vice President & Chief Operating Officer since 2012 ■ Senior Vice President & General Manager, Unmanned Aircraft Systems (UAS) from 2010 to 2012, held various leadership positions since joining the company in 2008 ■ Previously held various leadership positions during his 27-year tenure with BAE Systems, a global company engaged in the development, delivery and support of advanced defense, security and aerospace systems
Roy Minson Senior Vice President, General Manager, UAS <i>(25 years experience)</i>	<ul style="list-style-type: none"> ■ Senior Vice President & General Manager, UAS since 2012 ■ Vice President, Business Development and Deputy General Manager, Unmanned Aircraft Systems from 2010 to 2012 ■ Previously Vice President and Operations Manager for R&D businesses within the Tactical Systems and Solutions division of SAIC, a defense contractor
Wahid Nawabi Senior Vice President, General Manager, EES <i>(22 years experience)</i>	<ul style="list-style-type: none"> ■ Senior Vice President & General Manager, Efficient Energy Systems since joining the company in 2011 ■ Previously served in executive positions for 20 years in advanced technology companies, including 16 years at American Power Conversion, a provider of power protection products and services

AeroVironment Highlights: A History of Adapting to Change While Continuously Innovating



Profitable Growth through Technology Based Innovation

- 20% Revenue CAGR FY '04 – '13
- Proprietary IP portfolio underpins success
- Proven and experienced management team

Strong and Balanced Pipeline with Multiple High-Value Market Opportunities

- Small UAS: continued evolution in U.S. military market, emerging opportunities in adjacent commercial and international markets
- Tactical Missile Systems: accelerating adoption, high volume potential
- EV charging: emerging market opportunity
- High Altitude Long Endurance (HALE) UAS: significant unmet need

Strong Financial Performance

- Consistent cash generation
- Strong, efficient, growth-oriented balance sheet
- Making prudent investments to capitalize on significant multimarket growth opportunities

Differentiated Solutions with Industry Leading Positions Across Multiple Markets

- Pioneer & market leader in small UAS
- Pioneer & market leader in Electric Vehicle (EV) test and charging solutions

AeroVironment Overview

AeroVironment is a Multi-Disciplinary Technology Innovator

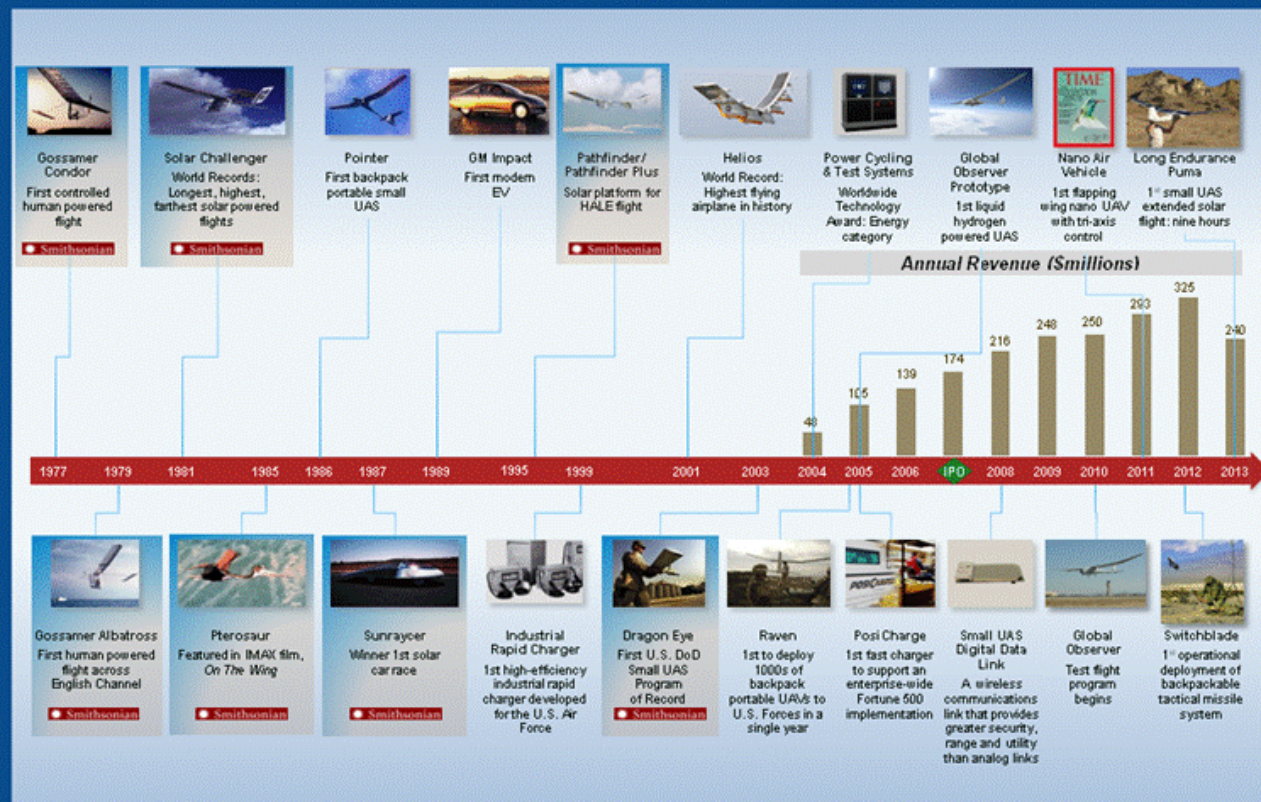


- Founded: 1971 in Pasadena, CA
- Public company since 2007
 - \$520m market cap as of 9/12/13
 - \$240m revenue in Fiscal 2013
- 2004-2013 Performance:
 - Sales CAGR: 20%
 - Average return on net operating assets: 41%
- Produced 85% of all unmanned aircraft in U.S. Department of Defense ("DoD") inventory
- A leader in deployment of EV charging systems in North America



Creating value by identifying, developing, investing in and providing innovative technology-based solutions to high value market opportunities

AeroVironment: An Enduring Success Story of Innovation, Flexibility and Entrepreneurship



We Target Global, Long-Term Trends with Innovative New Solutions



Focused on Leveraging Key Trends Across Both Business Segments...

Networked Information and Communication



UAS

Alternative Transportation Fuel Solutions











EES

Delivering Unique, High-Quality and Innovative Products and Services to Our Customers Around the World

Business Segment Overview



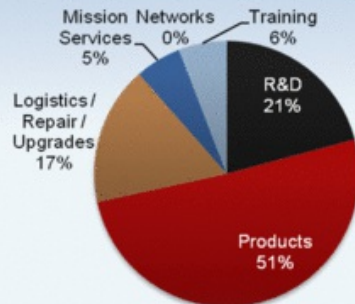
	Unmanned Aircraft Systems (UAS)	Efficient Energy Systems (EES)																								
Overview	<ul style="list-style-type: none"> Develops and supplies UAS, tactical missile systems and related services primarily to organizations within the U.S. Department of Defense Roy Minson, General Manager 	<ul style="list-style-type: none"> Supplies charging systems and services for EVs, and power cycling and test systems, to commercial, consumer and government customers Wahid Nawabi, General Manager 																								
Key Products	<ul style="list-style-type: none"> Key products/programs include: <ul style="list-style-type: none"> Small UAS: Raven, Wasp, Puma, Shrike, Qube Tactical Missile Systems: Switchblade HALE UAS: Global Observer <div>    </div> <div> <div>Small UAS</div> <div>Switchblade</div> <div>Global Observer</div> </div>	<ul style="list-style-type: none"> Key products include: <ul style="list-style-type: none"> DC test equipment for battery packs (EV Test Systems) Industrial EV charging systems for material handling & airport ground support equipment EV charging solutions <div>    </div> <div> <div>EV Test Systems (EVTS)</div> <div>Industrial EV Charging Systems (Indust. Charging)</div> <div>Public, Home EV Charging Solutions</div> </div>																								
Core Capabilities	Power electronics; electric propulsion systems; efficient electric power generation, conversion & storage systems; high-density energy packaging; controls integration; systems integration; engineering optimization & miniaturization, energy efficient systems, innovative technology solutions, rapid prototyping																									
Financial Overview	<p>(\$ in millions)</p>  <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Revenue (\$M)</th> <th>Gross Margin (\$M)</th> </tr> </thead> <tbody> <tr> <td>FY11</td> <td>\$250</td> <td>\$100</td> </tr> <tr> <td>FY12</td> <td>\$274</td> <td>\$116</td> </tr> <tr> <td>FY13</td> <td>\$194</td> <td>\$79</td> </tr> </tbody> </table>	Fiscal Year	Revenue (\$M)	Gross Margin (\$M)	FY11	\$250	\$100	FY12	\$274	\$116	FY13	\$194	\$79	<p>(\$ in millions)</p>  <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Revenue (\$M)</th> <th>Gross Margin (\$M)</th> </tr> </thead> <tbody> <tr> <td>FY11</td> <td>\$43</td> <td>\$18</td> </tr> <tr> <td>FY12</td> <td>\$51</td> <td>\$13</td> </tr> <tr> <td>FY13</td> <td>\$46</td> <td>\$13</td> </tr> </tbody> </table>	Fiscal Year	Revenue (\$M)	Gross Margin (\$M)	FY11	\$43	\$18	FY12	\$51	\$13	FY13	\$46	\$13
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Diverse Product and Service Revenue Mix

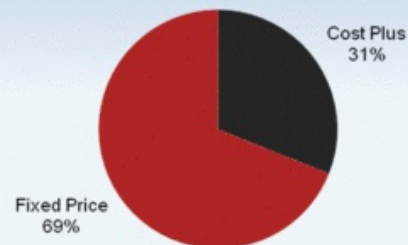


Unmanned Aircraft Systems

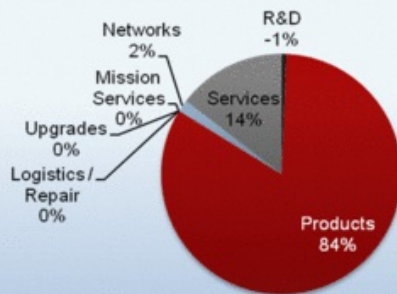
Revenue by Function
FY 2013



Revenue by Contract Type
FY 2013



Efficient Energy Systems



Fixed Price
100%

Profitable Historical Revenue Growth with Efficient Asset Utilization



■ EES
■ UAS

- U.S. gov't contracting delays caused by sequestration
- Lower than expected demand for EVs and EV Test Equipment

In Millions (FYE 4/30)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	CAGR
Revenue	\$48	\$105	\$139	\$174	\$216	\$248	\$250	\$293	\$325	\$240	20%
% International	NM	NM	NM	5%	6%	7%	7%	7%	5%	15%	
Gross Margin	\$15	\$47	\$57	\$68	\$79	\$89	\$97	\$117	\$129	\$93	23%
% Margin	31%	44%	41%	39%	36%	36%	39%	40%	40%	39%	
Income from Operations	\$3	\$20	\$16	\$31	\$28	\$33	\$30	\$34	\$43	\$4	2%
% Margin	6%	19%	11%	18%	13%	13%	12%	12%	13%	2%	
Weighted Average Return on Net Operating Assets¹	39%	85%	46%	64%	36%	37%	36%	36%	35%	3%	41% (Avg.)
Free Cash Flow¹	\$0	\$5	\$9	\$12	\$8	\$26	\$25	\$23	\$4	\$12	

¹ See reconciliations in Appendices A and B

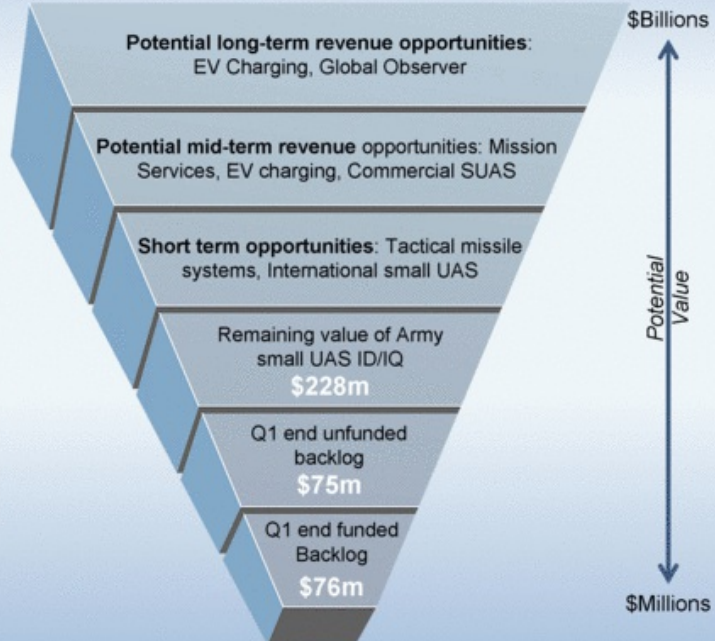
High Level of Short-Term Visibility with Strong and Balanced Long-Term Pipeline



Q1 FY14 Visibility (\$millions)

Q1 Revenue (Actual)	\$44
Q1 Ending Funded Backlog (executable in FY14)	\$72
Final U.S. Government FY12 Raven Booking in Q2	\$13.5
Other Q2 Bookings as of 8/27/13	\$8
Additional EES revenue to match FY13	\$28
Portion of U.S. Gov't. FY13 funding expected in FY14	<u>\$18</u>
Total Visibility	\$184
Visibility % of mid-point FY14 revenue guidance (\$230m - \$250m)	77%

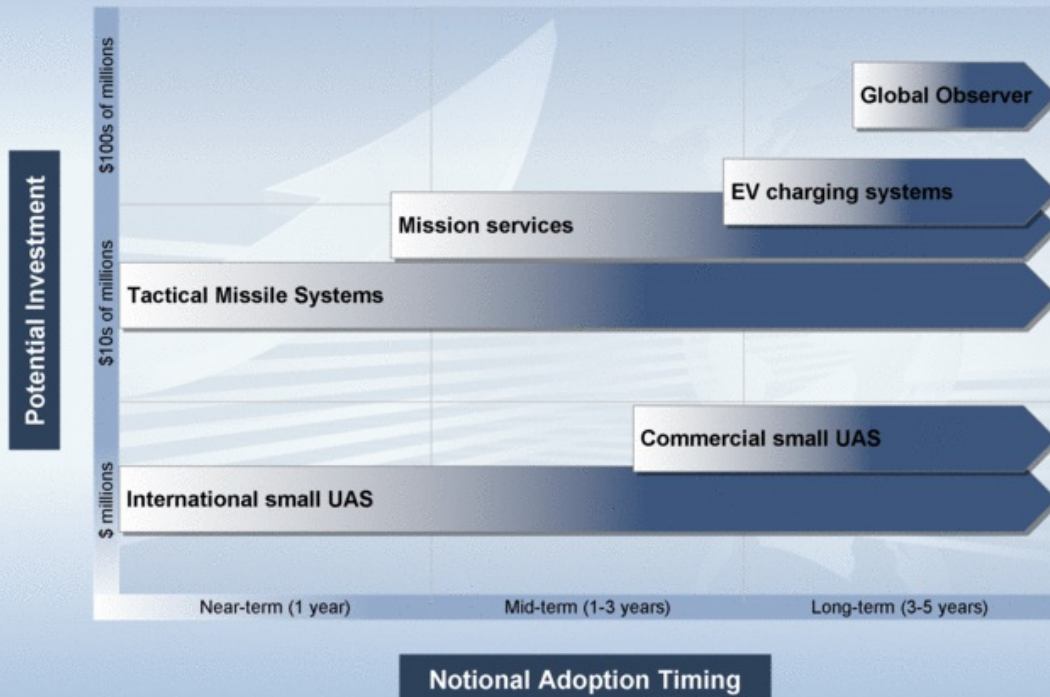
Opportunity Funnel



Positioned for Multi-Market Growth Across Varying Timeframes and Investment Levels



– Position of arrow represents potential initiation of meaningful adoption



Unmanned Aircraft Systems

Small UAS are Embedded in the Fabric of U.S. Security



81%

of total FY'13
company
revenue

23%

revenue
CAGR
FY'04 – '13

85%

of all unmanned
aircraft in U.S. Dept.
of Defense inventory

AeroVironment is a Trusted Partner to its Customers



Customers	Awards	Max Value
	U.S. Marine Corps SURSS Program Sole Source Production Award – Dragon Eye (2003)	\$48m ¹
	U.S. Army RPUAS Program Sole Source Production Award – Raven B (2005)	\$363m ²
	U.S. Air Force BATMAV Program Sole Source Production Award – Wasp III (2006)	\$50m ²
	U.S. Government Multi-Agency JCTD Sole Source Development Award - Global Observer (2007)	\$132m ^{1,2}
	U.S. Special Operations Command AECV Program Sole Source Production Award – Puma AE (2008)	\$200m ²
	U.S. Army Close Combat Weapon Systems Sole Source Switchblade Orders (2012-2013)	\$52m ¹
	U.S. Army Multi-Source Small UAS Production Contract (2012)	\$248m ²
	International UAS revenue (FY 2009-2013)	\$66m ¹

Press Highlights

"Soldiers and leaders have readily embraced (Switchblade) as an invaluable tool,"

- *Army Times*, August 14, 2013

"The Raven has made more of a difference than any other single system the Defense Department has developed. It's truly revolutionary."

- Dyke Weatherington, Deputy Director, Unmanned Warfare Office of the Under Secretary of Defense

"I can't speak highly enough about the intelligence-driven operations that were possible only through Puma."

- Captain John A. Dalby, United States Marine Corps, August 2013, *Marine Corps Gazette*

"I think the Raven is one of the greatest forewarning systems the Army has produced,"

- Staff Sgt. Josh Frana, a master Raven trainer with Battery B, 1st Battalion, 20th Field Artillery Regiment

¹ Indicates AeroVironment revenue

² Indicates maximum value of orders permissible under contract

UAS Segment Outlook



- Customer contracting delays continue, driven by sequestration and continuing resolution; previously delayed orders are being released
 - GFY12 Raven, Marine Corps Puma, Switchblade orders received in Q1 and early Q2
- Continue to focus on three priorities for Fiscal 2014:
 - Staying number one with our customers
 - Winning and executing on key growth opportunities, including Switchblade, international small UAS and mission services
 - Ensuring profitability while maintaining the ability to execute effectively on our key new growth initiatives
- Switchblade adoption accelerating – under contract with \$36.7 million production order in early Q2
- Continued international progress - establishing new customer relationships including new partnership in India
- Uniquely positioned in mission services to meet U.S. Department of State (DoS) needs
 - DoS issued Request for Information (RFI) for Tier I small UAS services in August 2013
 - We expect Request for Proposals (RFP) in 2nd half of Fiscal 2014
- Significant potential in commercial market - Puma received first and only small UAS FAA certification and we have seen strong support from early adopters

Efficient Energy Systems

Products and Services Supporting EVs



Leading
test systems for EV
and advanced battery
development

Leading
advanced charging
systems for industrial
EVs

Leading
provider of EV
charging solutions



Broad Adoption of EVs Requires Comprehensive Infrastructure



**WEST COAST
ELECTRIC
HIGHWAY**

Fast charging stations
on the interstate



Network data services
for charging, billing and
monitoring



Chargers
for fleets



Home charging
stations refuel
EVs overnight



Cordsets in every battery
and plug-in hybrid car



Workplace
charging



Chargers
at the mall,
supermarket
and restaurants



**Product and service innovation has solidified our position as a leading
supplier of EV charging solutions in North America**

AeroVironment is a Trusted Partner to its Customers



Automakers

- Nissan - Preferred provider of home charging docks for Nissan LEAF in North America and Canada
- BMW – Preferred provider of home charging docks for ActiveE
- Mitsubishi – Provider of home charging docks for "i" series
- Ford – Preferred provider of integrated home charging installation and charging docks
- Chrysler/FIAT – Preferred provider of home charging systems and installation



Ecosystem Networks

- NRG Energy – Houston, Dallas/Ft. Worth, TX comprehensive charging and data network

Electric Utilities/Grid

- TXU Energy – charging network in McKinney, TX
- Hydro-Quebec – public EV infrastructure program "Le Circuit électrique"
- Indianapolis Power & Light (IPL) – EV infrastructure for utility's customers

Consumer Retail Channels

- Amazon.com
- Company website
- Auto dealerships

State/Local Governments

- Hawaii – DC fast charging and charging **docks**
- Oregon – DC fast charging corridor
- Washington State – DC fast charging corridor
- California Energy Commission – home charging program
- Massachusetts Dept. of Energy – municipal smart charging



- Industrial and passenger EV charging systems sales and development drive revenue for EES
- Industrial EV charging systems continue to benefit from the economic recovery in North America
- Plug-in electric vehicle sales are up quarter-over-quarter in North America:
 - Delivered more than 13,000 Level 2 charge docks since inception
 - Delivered more than 300 DC quick chargers since inception
- Chrysler/FIAT contracted with AeroVironment in Q1 as the preferred charging infrastructure supplier for 500e launch in North America
 - Broadens a set of important similar OEM relationships with Nissan, Mitsubishi, BMW and Ford
- EV test systems showing near term softness as demand tied to battery and government funding for EV development slows

New Ventures and Opportunities

UAS: Domestic Opportunities Represent Large Potential Market¹ in the United States and Abroad



Catalyst - FAA Scheduled to Integrate UAS into National Airspace by Sept. 2015

	Current Situation	UAS Opportunity
Border Security	<ul style="list-style-type: none"> Nearly 20,000 miles of U.S. border and coastline represent a massive area to observe and protect Border patrol agents often operate in remote and dangerous areas 	<ul style="list-style-type: none"> Small UAS can be carried to the point of use and deployed rapidly to gain day or night situational awareness Global Observer designed for uninterrupted affordable coverage, anywhere, at any time, over a large area
Search & Rescue	<ul style="list-style-type: none"> The probability of rescuing a lost person decreases with time Conventional search & rescue is resource and time-intensive 	<ul style="list-style-type: none"> Small UAS can be deployed rapidly by the first responder on scene to search for missing persons quickly and efficiently, day or night Helicopters could be reserved for extraction or other high value missions
Law Enforcement	<ul style="list-style-type: none"> Accident scenes, active shooters, disasters, hazardous waste spills present numerous challenges to law enforcement agencies 	<ul style="list-style-type: none"> Small UAS can provide a valuable visual vantage point to gain a better understanding of the current situation without putting a pilot into harm's way Small UAS can be inconspicuous, quiet and cost-effective for the thousands of agencies without helicopters
Oil & Gas Industry	<ul style="list-style-type: none"> Large scale resource extraction and transportation can impact sensitive environments Disasters can take lives, damage the environment and have very large economic costs Requirement for regular and post-disaster visual inspection of offshore platforms and pipelines 	<ul style="list-style-type: none"> Small UAS already being used to monitor wildlife and sensitive ecosystems Small UAS enable rapid inspection and other sensing missions
Agriculture	<ul style="list-style-type: none"> Variations in hydration, invasive species, growth cycles and nutrition can affect crops Currently difficult and costly to obtain accurate information over large areas 	<ul style="list-style-type: none"> Unmanned helicopters in use for agriculture in Japan for more than a decade Large, remote farms provide lower-risk operating environment to air traffic and citizens

¹ AUUSI The Economic Impact of Unmanned Aircraft Systems Integration in the United States: <http://www.auvsi.org/econreport>

UAS: Increasing International Adoption of Small UAS



25 international AeroVironment UAS customers – most with additional procurement potential, and many other countries evaluating small UAS



Sample of International UAS Activity		Other Customers
Italy 	<ul style="list-style-type: none"> Purchased original Pointer systems in 1990s Purchased RQ-11B Raven B in 2000s Purchased additional AeroVironment small UAS; type certification granted to Raven B in Italian airspace 	
Denmark 	<ul style="list-style-type: none"> Purchased RQ-11B Raven B systems for \$2.4 million in 2007 Purchased RQ-20A Puma AE systems for \$9.6 million in 2012 Do not operate any other UAS 	
Sweden 	<ul style="list-style-type: none"> Purchased RQ-20A Puma AE and Wasp III small UAS in 2012 "Family of System" approach to UAS management and operation 	
India 	<ul style="list-style-type: none"> Teaming agreement with Dynamics Technologies to manufacture small UAS in India, 2013 Access to large, rapidly growing market for UAS Could source small UAS for other markets 	

UAS: Switchblade Tactical Missile Systems – Accelerating Adoption by U.S. Military



- Rapid and highly accurate backpackable weapon system designed to avoid collateral damage
- \$52 million in orders received by AeroVironment since August 2012
 - \$36.7 million since August 20, 2013
- DoD requested total of \$6.7 billion for FY 2014 U.S. missile procurement
- Potential U.S. DoD Program of Record by fiscal 2016

UAS: Mission Services Deliver Valuable Situational Awareness to Customers



- AeroVironment employees operate company-owned UAS at customer locations to provide information on a fee-for-service basis
- In 2012 the U.S. Department of State issued a request for proposals (RFP) for UAV support services with a maximum value of up to \$1 billion over five years
 - Supporting this tender could have required up to \$80 million in capital expense and inventory in the first year of the program
- In May 2013 the U.S. Department of State cancelled its RFP, then issued a new Request For Information for Tier I UAV services in August
- Additional mission services opportunities exist beyond DoS

UAS: Global Observer Offers Valuable Capabilities for Affordable Communications and Information



- U.S. government is projected to purchase \$3 to \$5 billion¹ annual commercial satellite capacity within ten years
- \$132 million customer-funded development program 2007-2011
 - Developed two aircraft, ground control system, supply chain and mfg. system
 - Successfully completed eight test flights
 - AeroVironment now owns 2nd aircraft
- Successful adoption would be transformative for AeroVironment
- Could require \$100s of millions for full rate production capability, development, capitalization of services, etc.

¹ Source: http://www.defensedaily.com/Assets/DBB_SATCOM.pdf, slide 7

EES: Increasing Adoption of EVs Could Stimulate Large Demand for Charging Systems



	New Light Vehicle Sales Forecast	Assumed Cost of Home Charging System (with Installation)	Potential Market Value (Based on 5% adoption)
United States 2013 sales projection	15 million	\$1,500	\$1.1 billion
Global sales projection (ex-US)	68 million	\$750	\$2.5 billion

A five percent plug-in penetration rate of auto sales would yield a large EV charging market opportunity

Sources: LMC Automotive (January 28, 2013). "Global Light Vehicle Sales Poised for Modest Growth in 2013" [Press release]. Retrieved from <http://www.prnewswire.com/news-releases/global-light-vehicle-sales-poised-for-modest-growth-in-2013-188668161.html>.

Financial Overview

Focused on Successfully Executing Business Model



- Strong, profitable, organic growth across a diversifying customer base
- Balance sheet management reflects focus on competitiveness and efficiency; in-line with peers
- Dynamic and highly attractive portfolio mix consisting of mature cash generators and new innovations supporting ongoing success
- Flexibility to act decisively when contract funding is delayed, evidenced by operating cost reductions in May 2013, which lowered breakeven revenue from \$60-\$65 million to \$50-\$55 million
- Visibility into 77% of the midpoint of our FY14 revenue guidance range as of August 27, 2013

Significant Growth and Profitability Driven by Technological Innovation



Revenue

(\$ in millions)



EBITDA¹

(\$ in millions)



Consistent financial performance over the long-term, despite a turbulent environment

¹ See reconciliation in Appendix A

Q1 FY 2014 Quarterly Results and Market Perspectives



In \$ Millions	Qtr. 1
Revenue	\$44.1
Gross Margin	\$12.5
Gross Margin %	28%
Income (loss) from Operations	(\$7.1)
Income (loss) from Operations Margin %	(16%)
Net Income (loss)	(\$7.2)
Net Income Margin %	(16%)
EPS (loss)	(\$0.32)

Sell-Side Analyst Comments:

- "In spite of near-term timing uncertainty; we believe AV remains in a strong position to grow from multiple opportunities including the Switchblade, Mission Services, Puma upgrade and the international and civil drone markets."
– *Benchmark Analyst, 8/28/13*
- "Over the past four years, we have seen AeroVironment evolve from essentially a one-product company selling the Raven UAS, to selling multiple products to multiple customers in the domestic and international defense and civil markets."
– *Dougherty & Co. Analyst, 8/28/13*
- "By developing solutions ahead of the customer's need and having the capital necessary to invest in new products, the company is prepared for upcoming growth opportunities."
– *Jefferies Analyst, 8/28/13*
- "We continue to believe AVAV has a strong product portfolio in end-markets that have long-term growth prospects (small unmanned, EV charging)."
– *Goldman Sachs Analyst, 8/28/13*

AeroVironment's Focus on Cost Structure is Reflected in Q1 FY 2014 Results



Q1 FY 2014 Restructuring Initiatives

Summary of restructuring measures

- Addressed overhead and expenses, eliminated approximately 60 full-time positions and most temporary positions in the first part of Q1
- Focused on executing this year's plan and long-term growth strategy – key initiatives for FY 14:
 - A sustained focus on staying number one with our customers
 - Winning and executing on key growth opportunities
 - Ensuring profitability

Financial impact

- One time severance expense associated with the reduction in force was taken in Q1 of fiscal 2014
- Q1 cost reductions expected to triple full year operating profit relative to last year

Quarterly Revenue Breakeven

(\$ in millions)



Strong Balance Sheet is Essential to our Growth Strategy: Confidence, Speed, Conviction



AeroVironment, Inc. Consolidated Balance Sheets (In thousands except share and per share data)		
	July 27, 2013 (Unaudited)	April 30, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 64,339	\$ 75,332
Short-term investments	64,474	73,241
Accounts receivable, net of allowance for doubtful accounts of \$731 at July 27, 2013 and \$936 at April 30, 2013	19,604	19,770
Unbilled receivables and retentions	9,719	11,304
Inventories, net	68,663	62,561
Income tax receivable	14,812	11,777
Deferred income taxes	5,189	5,166
Prepaid expenses and other current assets	3,765	4,303
Total current assets	250,565	263,454
Long-term investments	67,595	68,916
Property and equipment, net	26,725	24,429
Deferred income taxes	5,638	5,606
Other assets	1,036	1,060
Total assets	\$ 351,559	\$ 363,465
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 13,545	\$ 16,144
Wages and related accruals	9,109	12,116
Customer advances	7,005	7,519
Other current liabilities	7,194	6,408
Total current liabilities	36,853	42,187
Deferred rent	696	771
Liability for uncertain tax positions	5,211	5,321
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value:		
Authorized shares - 10,000,000; none issued or outstanding	-	-
Common stock, \$0.0001 par value:		
Authorized shares - 100,000,000		
Issued and outstanding shares - 22,672,762 at July 27, 2013 and 22,614,315 at April 30, 2013	2	2
Additional paid-in capital	131,398	130,527
Accumulated other comprehensive loss	(753)	(705)
Retained earnings	178,152	185,362
Total stockholders' equity	308,799	315,186
Total liabilities and stockholders' equity	\$ 351,559	\$ 363,465

\$196 million in cash, short and long term investments

No debt

Large customers are more likely to work with a proven partner that has a track record of success and a strong and liquid balance sheet

Focused on Executing Our Fiscal 2014 Plan to Drive Long-Term Value



- Profitable growth through technology-based innovation
- Strong and balanced pipeline with multiple high-value market opportunities
- Consistent financial performance
- Differentiated solutions with industry-leading positions across multiple markets
- Solid track record of performance

Appendix

Appendix A - EBITDA Reconciliation and Free Cash Flow



	(in Thousands)									
	FY04 *	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
EBITDA - build up from GAAP financials:										
Income from Operations (GAAP financials)	3,118	20,074	15,851	30,501	28,444	32,553	29,887	33,951	43,076	3,802
+ Plus Depreciation and Amortization (GAAP financials)	764	1,053	1,999	2,897	3,849	5,355	8,982	10,599	8,973	10,937
EBITDA	3,882	21,127	17,850	33,398	32,293	37,908	38,869	44,550	52,049	14,739
EBITDA / Revenues	8.1%	20.1%	12.8%	19.2%	15.0%	15.3%	15.6%	15.2%	16.0%	6.1%
	(in Thousands)									
	FY04 *	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Free Cash Flow										
Cash Flow From Operations (GAAP financials)	1,570	8,644	13,353	15,022	15,502	39,770	35,984	33,486	18,754	24,007
-Less Acquisition of Property & Equipment (GAAP financials)	1,373	3,541	4,190	3,038	7,928	13,302	10,792	10,173	14,992	11,834
	197	5,103	9,163	11,984	7,574	26,468	25,192	23,313	3,762	12,173

Appendix B - Weighted Average Return on Net Operating Assets Reconciliation



	(in Thousands)									
	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Revenues -from GAAP financials (1)	47,680	105,155	139,357	173,721	215,746	247,662	249,518	292,503	325,008	240,152
Income from Operations -from GAAP financials (2)	3,118	20,074	15,851	30,501	28,444	32,553	29,887	33,951	43,076	3,802
Current Assets -Net of Notional Cash** and ST Investments (3)										
Total Current Assets (GAAP financials)	24,296	45,528	56,680	161,068	191,996	221,374	245,595	302,509	280,278	263,454
-Less Total Cash & Cash Equivalents (GAAP financials)	3,310	10,060	15,388	20,920	105,064	116,501	28,665	62,041	64,220	75,332
+ Plus Nominal Cash	3,310	10,060	15,388	20,920	25,000	25,000	25,000	25,000	25,000	25,000
-Less Short Term Investments (GAAP financials)	-	-	-	88,325	13,375	21,523	135,770	126,839	77,152	73,241
	24,296	45,528	56,680	72,743	98,557	108,350	106,160	138,629	163,906	139,881
Total Current Liabilities -from GAAP financials (4)	17,950	26,140	28,030	31,213	30,011	38,637	44,113	62,104	63,099	42,187
Property Plant & Equipment, Net -from GAAP financials (5)	1,715	4,175	6,098	6,229	10,308	18,218	20,025	17,498	23,515	24,429
Net Operating Assets (6): (3)-(4)+(5)	8,061	23,563	34,748	47,759	78,854	87,931	82,072	94,023	124,322	122,123
Operating Profit % (7): (2)/(1)	6.5%	19.1%	11.4%	17.6%	13.2%	13.1%	12.0%	11.6%	13.3%	1.6%
Net Operating Asset Turns (8): (1)/(6)	5.9	4.5	4.0	3.6	2.7	2.8	3.0	3.1	2.6	2.0
RNOA: (7)*(8)	38.7%	85.2%	45.6%	63.9%	36.1%	37.0%	36.4%	36.1%	34.6%	3.1%
Note: * Fiscal Year 2004 are audited financial information that was not publicly available in S-1 Filing. ** Nominal cash is defined as cash used in for operating activities. *** 2004 - 13 RNOA is an weighted average calculation										

Appendix C - AeroVironment's Board Has Implemented Numerous Governance Changes



Implemented Independent Lead Director board leadership structure

- Steve Page, independent director with experience serving as lead director of Liberty Mutual Holding Company, Inc., was appointed as Independent Lead Director

Nominated two new independent director candidates with highly relevant experience

- Tom Burbage – experienced aerospace executive with extensive international business experience
- Ed Muller – experienced energy CEO with substantial Fortune 500 company board experience

Implemented Incentive Compensation Recovery Policy

- Allows company to "claw back" incentive compensation paid to executives who engaged in wrongdoing

Adopted director and executive stock ownership and retention guidelines

- Outside directors are required to own stock with value of 3x annual non-employee director retainer
- CEO is required to own stock with value of 4x his base salary
- Other executive officers are required to own stock with value of 2x their base salary
- Executive officers are required to retain 50% of stock received from equity awards until ownership requirement is met