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AeroVironment, Inc. Overview for William Blair 39th Annual Growth Stock Conference

June 5, 2019

Safe Harbor Statement

- Certain statements in this presentation may constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as "believe," "anticipate," "expect," "estimate," "intend," "project," "plan," or words or phrases with similar meaning. Forward-looking statements are based on 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 the forward-looking statements.
- Factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, reliance on sales to the U.S. government; availability of U.S. government funding for defense procurement and R&D programs; changes in the timing and/or amount of government spending; our ability to perform under existing contracts and obtain new contracts; risks related to our international business, including compliance with export control laws; potential need for changes in our long-term strategy in response to future developments; the extensive regulatory requirements governing our contracts with the U.S. Government and international customers; the consequences to our financial position, business and reputation that could result from failing to comply with such regulatory requirements; unexpected technical and marketing difficulties inherent in major research and product development efforts; the impact of potential security and cyber threats; changes in the supply and/or demand and/or prices for our products and services; the activities of competitors and increased competition; failure of the markets in which we operate to grow; uncertainty in the customer adoption rate of commercial use unmanned aircraft systems; failure to remain a market innovator and create new market opportunities; changes in significant operating expenses, including components and raw materials; failure to develop new products; the extensive regulatory requirements governing our contracts with the U.S. government; issues related to transition services and post-transaction matters arising from the sale of our EES business; product liability, infringement and other claims; changes in the regulatory environment; 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. 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.
- 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, which are available at www.sec.gov or on our website at www.investor.avinc.com/financial-information. 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.

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AeroVironment Overview

AeroVironment is a Technology Solutions Provider at the Intersection of Future-Defining Capabilities

We Provide More Actionable Intelligence So You Can *Proceed With Certainty*



A Success Story of Serial Innovation Since Our Founding in 1971



1977
Gossamer
Condor
1st controlled
human powered
flight



1981
Solar
Challenger
World Records:
Longest, highest,
farthest solar
powered flights



1986
Pointer
1st backpack
portable small
UAS



1995
Pathfinder/
Pathfinder Plus
Solar platform for
HALE flight



2001
Helios
World Record:
Highest flying
airplane in history



2005
Global Observer
Prototype
1st liquid hydrogen
powered UAS



2010
Global
Observer®
Test flight
program begins



2012
Switchblade®
1st operational
deployment of
back-packable
tactical missile
system



2016
Blackwing™
1st submarine-
launched
loitering ISR
system for US
Navy



2017
Spike™
1st dual-
sensor,
military-grade,
pocketable
UAS

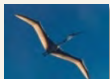
1977

2007
IPO

2018



1979
Gossamer
Albatross
1st human
powered flight
across
English Channel



1985
Pterosaur
Featured in
IMAX film,
On The Wing



1987
Sunraycer
Winner 1st solar
car race



2003
Dragon Eye
1st U.S. DoD
Small UAS
Program of
Record



2005
Raven®
1st to deploy 1000s
of backpack portable
UAVs to U.S. Armed
Forces in a single
year



2008
Small UAS
Digital Data
Link (DDL™)
A wireless
communications
link that provides
greater security,
range and utility
than analog links



2011
Nano Air
Vehicle
1st flapping
wing nano
UAV with
tri-axis
control



2013
Long
Endurance
Puma™
1st small UAS
extended solar
flight: nine hours



2014
Commercial UAS
1st FAA-approved
commercial
services over land



2018
Quantix™ &
AVDSS™
1st integrated drone,
sensor, analytics
solution as an app

AeroVironment Investment Thesis

1. A profitable, pure-play unmanned robotics company
2. The global leader in selected markets, at the forefront of multiple large, global growth opportunities
3. Strong financial position and performance enabling our growth strategy
4. Demonstrated track record of capitalizing on growth opportunities

Small Unmanned Aircraft Systems



62%

of fiscal 2018
company revenue

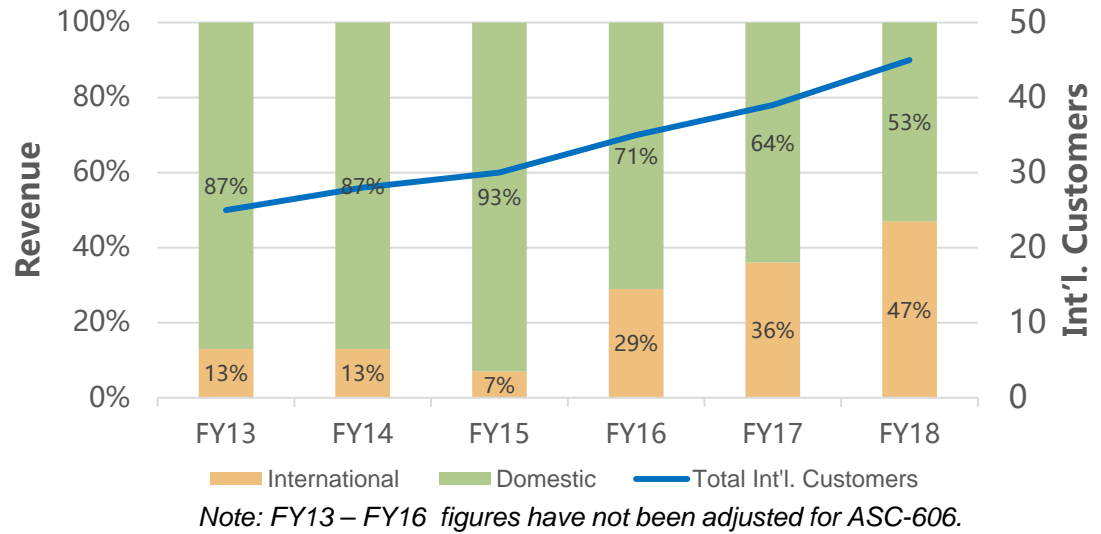
Majority Share

of all unmanned aircraft in U.S. Dept.
of Defense inventory¹

¹ Source: United States Department of Defense Unmanned Systems Roadmap 2013-2038, page 5

Growing & Diversified International Revenue

- More than 45 countries as UAS customers - most with additional procurement potential
- Driven by small UAS and in Fiscal Year 2018 by HAPS



Tactical Missile Systems



- 24% of FY18 revenue
- +\$110M Orders in FY18
- \$110M approved funding for LMAMS in GFY19
- Additional Switchblade variants in development

Switchblade®

- Lethal, high-precision, rapidly deployed munition
- In use by United States armed forces
- Current solution for Army LMAMS requirement



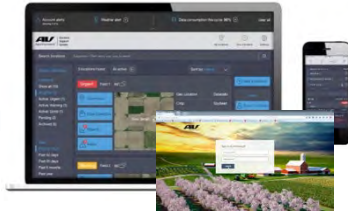
Armored Vehicle Integration

- Working with General Dynamics Land Systems to integrate Switchblade into next generation armored vehicles
- Initial demonstrations performed successfully

Commercial Information Solutions (CIS) – Potential in Multiple Large Verticals



Quantix™ Drone with integrated sensors



AV Decision Support Software Analytics



Tablet with Connectivity



- ✓ Integrated Drone, Sensors, Software Analytics & Connectivity Solution
- ✓ Simple & easy to operate
- ✓ Automated solution



Multi-billion dollar global market opportunity



“The Commercial segment holds the most potential for growth, in our view, with a triple-digit CAGR over the next five years and a \$21bn TAM.”
 – Goldman Sachs, “Drones: Flying into the Mainstream”, March 2016



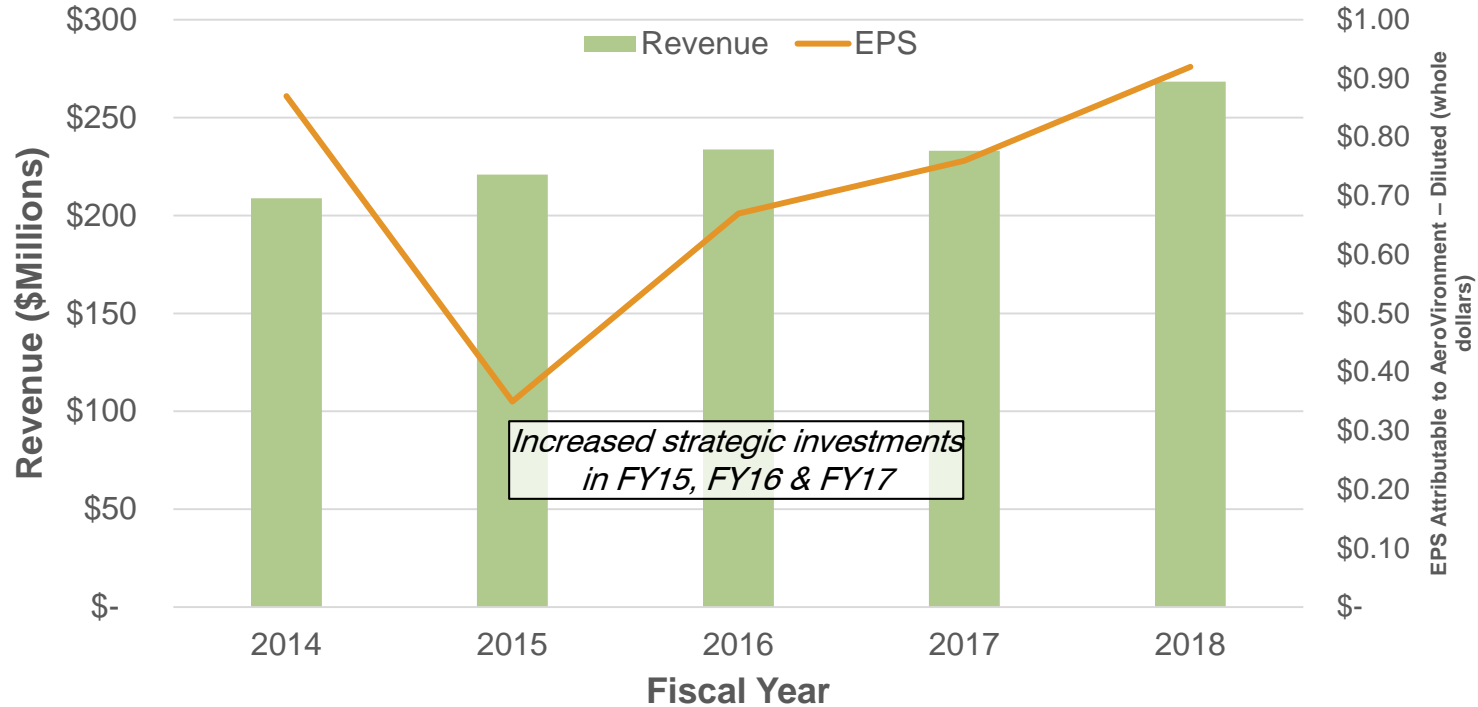
“PwC estimates the addressable market of drone powered solutions in agriculture industry at \$32.4bn.”
 – PwC, “Clarity from Above”, May 2016

Fiscal 2019 Drivers

- Continued focus on executing our growth strategy
- Strength in international end markets
- Progress on our HAPS opportunity
- Ongoing evaluation of strategic investments

Financial Summary

Profitability Driven by Innovation & Strategic Investments



Note: all figures are as previously reported in the historical Form 10-Ks

Fiscal Year 2019 Quarterly Results (Continuing Operations)

In \$ Millions (except EPS)	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	YTD
Revenue	\$78.0	\$73.0	\$75.3	-	\$226.3
Gross Margin	\$32.6	\$28.4	\$30.4	-	\$91.4
Gross Margin %	42%	39%	40%	-	40%
Operating Income before Income Taxes	\$23.5 ¹	\$9.0	\$10.1	-	\$42.6
Operating Margin%	30%	12%	13%	-	19%
Net Income Attributable to AeroVironment	\$27.3 ¹	\$6.1	\$8.4	-	\$41.8
Net Income Attributable to AeroVironment Margin %	35%	8%	11%	-	18%
Diluted Earnings Per Share (EPS) Attributable to AeroVironment	\$0.85	\$0.29	\$0.35	-	\$1.49

¹ First Quarter results include one-time income of \$0.26 from legal settlement

A 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)		
	January 26, 2019 (Unaudited)	April 30, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 149,369	\$ 143,517
Short-term investments	144,815	113,649
Accounts receivable, net of allowance for doubtful accounts of \$1,046 at January 26, 2019 and \$1,080 at April 30, 2018	34,064	56,813
Unbilled receivables and retentions (inclusive of related party unbilled receivables of \$13,638 at January 26, 2019 and \$3,145 at April 30, 2018)	51,632	16,872
Inventories, net	50,379	37,425
Prepaid expenses and other current assets	6,616	5,103
Current assets of discontinued operations	—	25,668
Total current assets	436,875	399,047
Long-term investments	27,954	40,656
Property and equipment, net	20,542	19,219
Deferred income taxes	12,708	11,494
Other assets	884	3,002
Total assets	\$ 498,963	\$ 473,418
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 11,629	\$ 21,340
Wages and related accruals	14,363	16,851
Income taxes payable	4,857	4,085
Customer advances	2,875	3,564
Other current liabilities	8,062	6,954
Current liabilities of discontinued operations	—	9,294
Total current liabilities	41,786	62,088
Deferred rent	1,352	1,536
Other non-current liabilities	160	622
Deferred tax liability	67	67
Liability for uncertain tax positions	—	—
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.0001 par value:		
Authorized shares—10,000,000; none issued or outstanding at January 26, 2019 and April 30, 2018	—	—
Common stock, \$0.0001 par value:		
Authorized shares—100,000,000		
Issued and outstanding shares—23,932,460 shares at January 26, 2019 and 23,908,736 shares at April 30, 2018	2	2
Additional paid-in capital	174,891	170,139
Accumulated other comprehensive income (loss)	4	(21)
Retained earnings	280,669	238,913
Total AeroVironment stockholders' equity	455,566	409,033
Noncontrolling interest	(17)	23
Total equity	455,549	409,056
Total liabilities and stockholders' equity	\$ 498,963	\$ 473,418

\$322 million in cash, short and long term investments

No debt

See accompanying notes to consolidated financial statements (unaudited).



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