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AeroVironment Fourth Quarter Fiscal 2019 Investor Overview

June 27, 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; risk of litigation, including but not limited to pending litigation 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.

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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

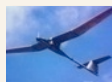
A Success Story of Serial Innovation Since Our Founding in 1971



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
Snipe™
1st dual-sensor, military-grade, pocketable UAS

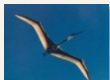
1977

2007
IPO

2018



1979
Gossamer Albatross
1st human powered flight across English Channel



1985
Pterosaur
Featured in IMAX film, On The Wing



1987
Sunracer
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



58%

of fiscal year 2019
company revenue

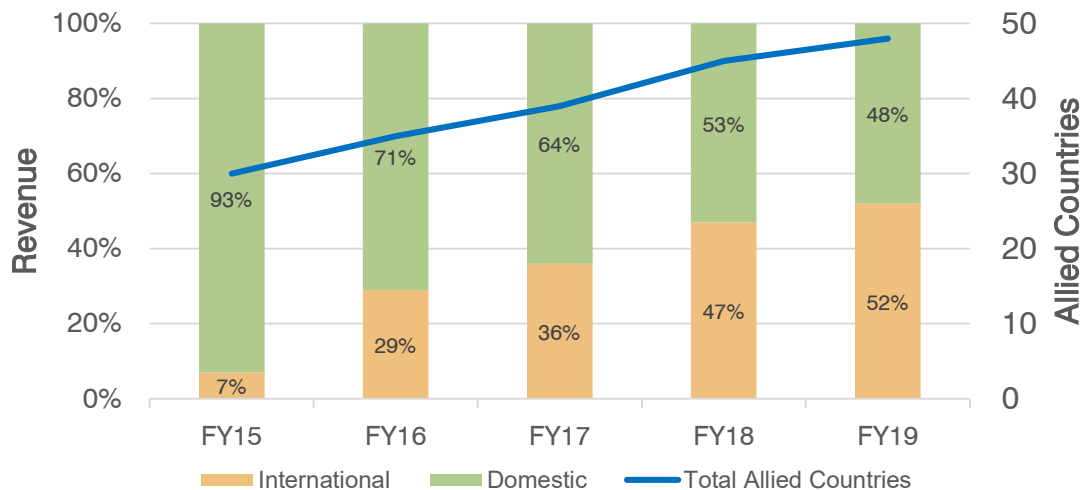
Majority Share

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 small UAS customers - most with additional procurement potential
- Revenue growth driven primarily by small UAS was accelerated by HAPS in fiscal years 2018 and 2019



Note: FY15 – FY16 figures have not been adjusted for ASC-606.

Sample
International
Customers



High-Altitude Pseudo-Satellite (HAPS) Systems

- Builds on decades of AeroVironment HAPS experience
- Assembled and rolled-out first HAWK30 system in April 2019
- 5% owner of HAPSMobile Inc. with SoftBank Corp
- Addressing large, global market for 5G and IoT connectivity



Tactical Missile Systems



21%

of fiscal year 2019
company revenue

Switchblade®

- Lethal, high-precision, rapidly deployed munition
- In use by United States armed forces
- Current solution for Army LMAMS requirement
- Developing larger variant capable of longer flight time and greater effects



Ground and Air Vehicle Integration

- Working with General Dynamics Land Systems to integrate Switchblade into next generation armored vehicles
- Working with Kratos to integrate Switchblade into unmanned jet for long-distance, precision missions

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



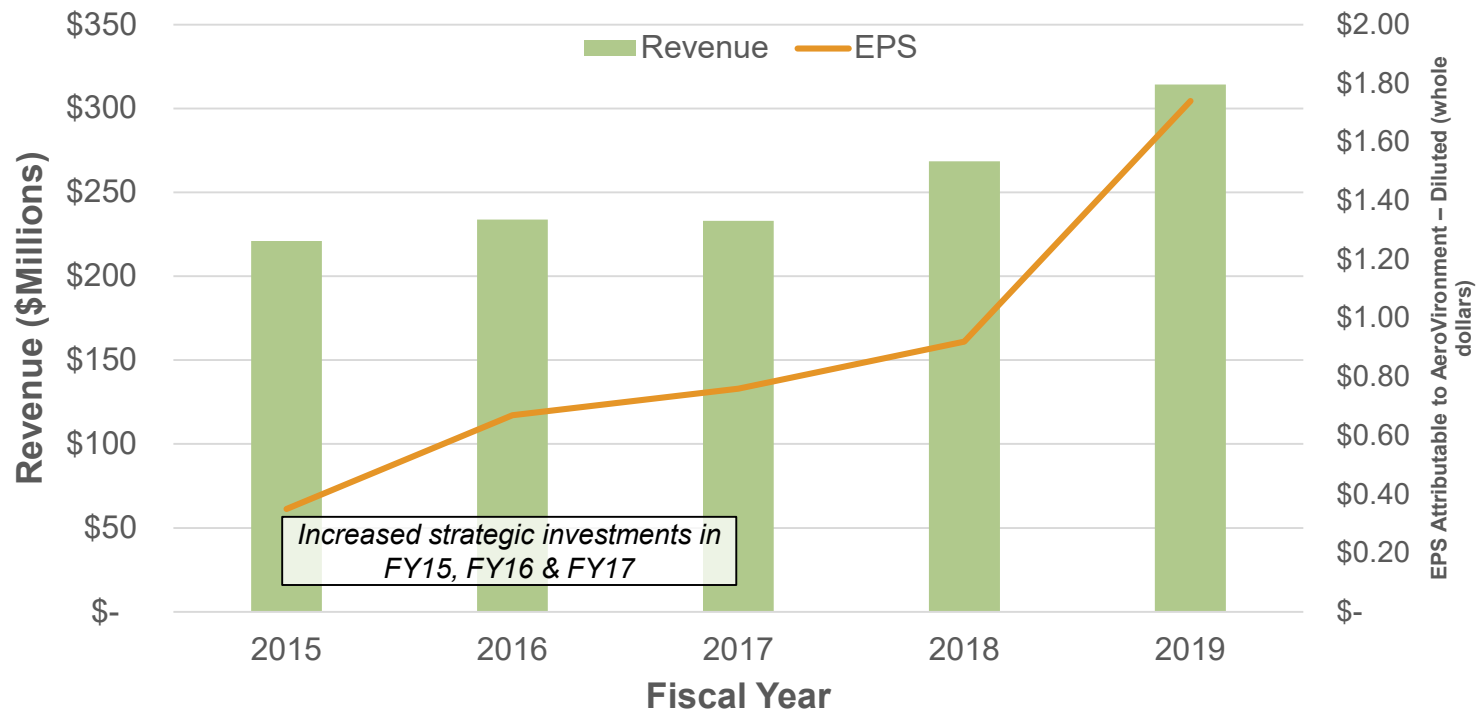
- ✓ **Integrated Drone, Sensors, Software Analytics & Connectivity Solution**
- ✓ **Simple & easy to operate**
- ✓ **Automated solution**

Fiscal 2020 Drivers

- Continued focus on executing our growth strategy
- Strength in international end markets
- Tactical Missile System growth
- Continued evaluation of strategic investments

Financial Summary

Profitable Growth 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	FY19
Revenue	\$78.0	\$73.0	\$75.3	\$87.9	\$314.3
Gross Margin	\$32.6	\$28.4	\$30.4	\$37.0	\$128.4
Gross Margin %	42%	39%	40%	42%	41%
Operating Income before Income Taxes	\$23.5 ¹	\$9.0	\$10.1	\$7.9	\$50.5
Operating Margin%	30%	12%	13%	9%	16%
Net Income from Continuing Operations Attributable to AV	\$20.3 ¹	\$7.0	\$8.4	\$6.1	\$41.9
Net Income Attributable to AeroVironment Margin %	35%	8%	11%	6%	15%
Diluted Earnings Per Share (EPS) Attributable to AeroVironment	\$0.85	\$0.29	\$0.35	\$0.26	\$1.74

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 data)		
	April 30,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 172,708	\$ 143,517
Short-term investments	150,487	113,649
Accounts receivable, net of allowance for doubtful accounts of \$1,041 at April 30, 2019 and \$1,080 at April 30, 2018	31,051	56,813
Unbilled receivables and retentions (inclusive of related party unbilled receivables of \$9,028 at April 30, 2019 and \$3,145 at April 30, 2018)	53,047	16,872
Inventories	54,056	37,425
Prepaid expenses and other current assets	7,418	5,103
Income taxes receivable	821	—
Current assets of discontinued operations	—	25,668
Total current assets	469,588	399,047
Long-term investments	9,386	40,656
Property and equipment, net	16,905	19,219
Deferred income taxes	6,685	11,494
Other assets	6,280	3,002
Total assets	<u>\$ 508,844</u>	<u>\$ 473,418</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 15,972	\$ 21,340
Wages and related accruals	18,507	16,851
Income taxes payable	—	4,085
Customer advances	2,962	3,564
Other current liabilities	7,425	6,954
Current liabilities of discontinued operations	—	9,294
Total current liabilities	44,866	62,088
Deferred rent	1,173	1,536
Other non-current liabilities	150	622
Deferred tax liability	29	67
Liability for uncertain tax positions	51	49
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value:		
Authorized shares—10,000,000; none issued or outstanding at April 30, 2019 and April 30, 2018	—	—
Common stock, \$0.0001 par value:		
Authorized shares—100,000,000		
Issued and outstanding shares—23,946,293 shares at April 30, 2019 and 23,908,736 shares at April 30, 2018	2	2
Additional paid-in capital	176,216	170,139
Accumulated other comprehensive loss	2	(21)
Retained earnings	286,351	238,913
Total AeroVironment stockholders' equity	462,571	409,033
Noncontrolling interest	4	23
Total equity	462,575	409,056
Total liabilities and stockholders' equity	<u>\$ 508,844</u>	<u>\$ 473,418</u>

See accompanying notes to consolidated financial statements.

\$333 million in cash,
short and long term
investments

No debt



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