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22nd Annual Needham Growth Conference

January 14, 2020

Safe Harbor Statement

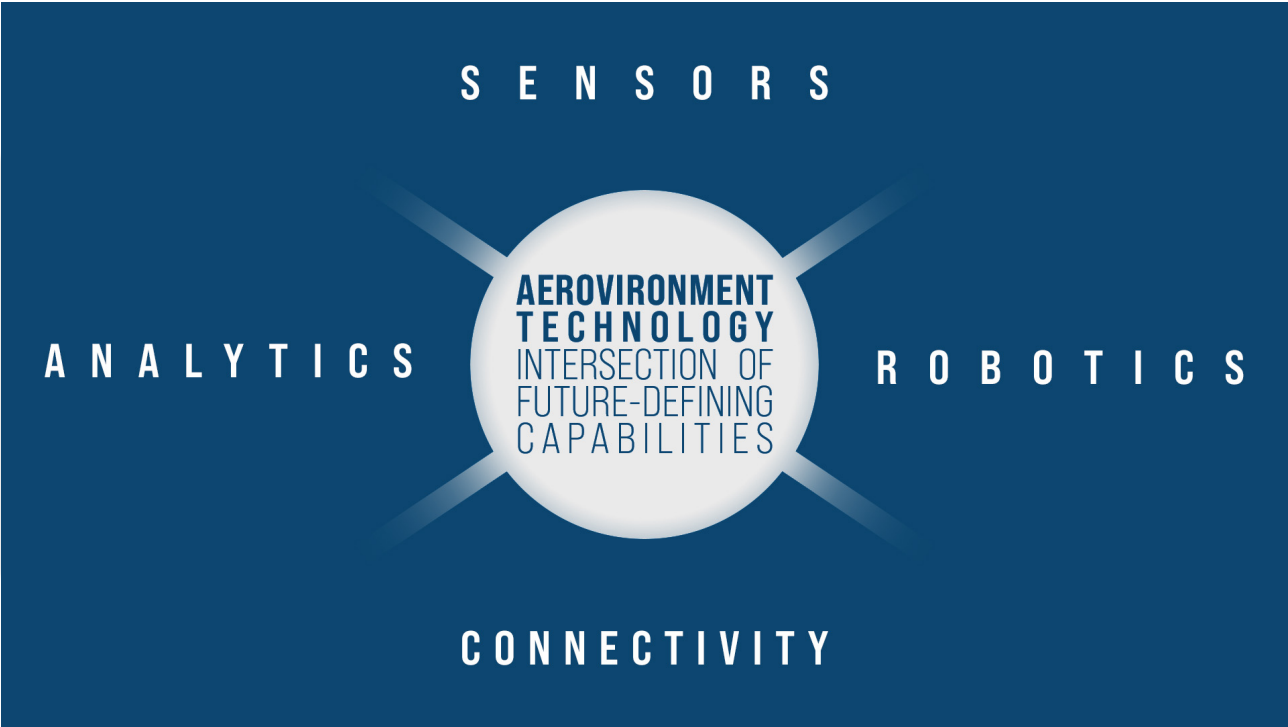
- Certain statements in this presentation may constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance 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; the impact of our recent acquisition of Pulse Aerospace, LLC and our ability to successfully integrate it into our operations; 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*

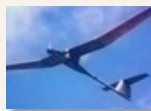
A Success Story of Serial Innovation Since Our Founding in 1971



**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



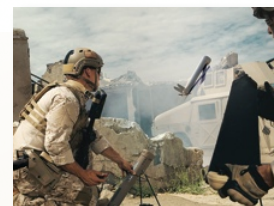
**2001
Helios**
World Record:
Highest flying
airplane in history



**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



**2019
HAWK30**
Next generation
solar HAPS for
global connectivity
and defense

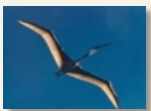
1977

2007
IPO

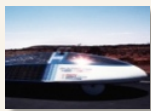
2020



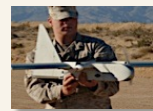
**1979
Gossamer
Albatross**
1st human
powered flight
across
English Channel



**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

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

Small Unmanned Aircraft Systems



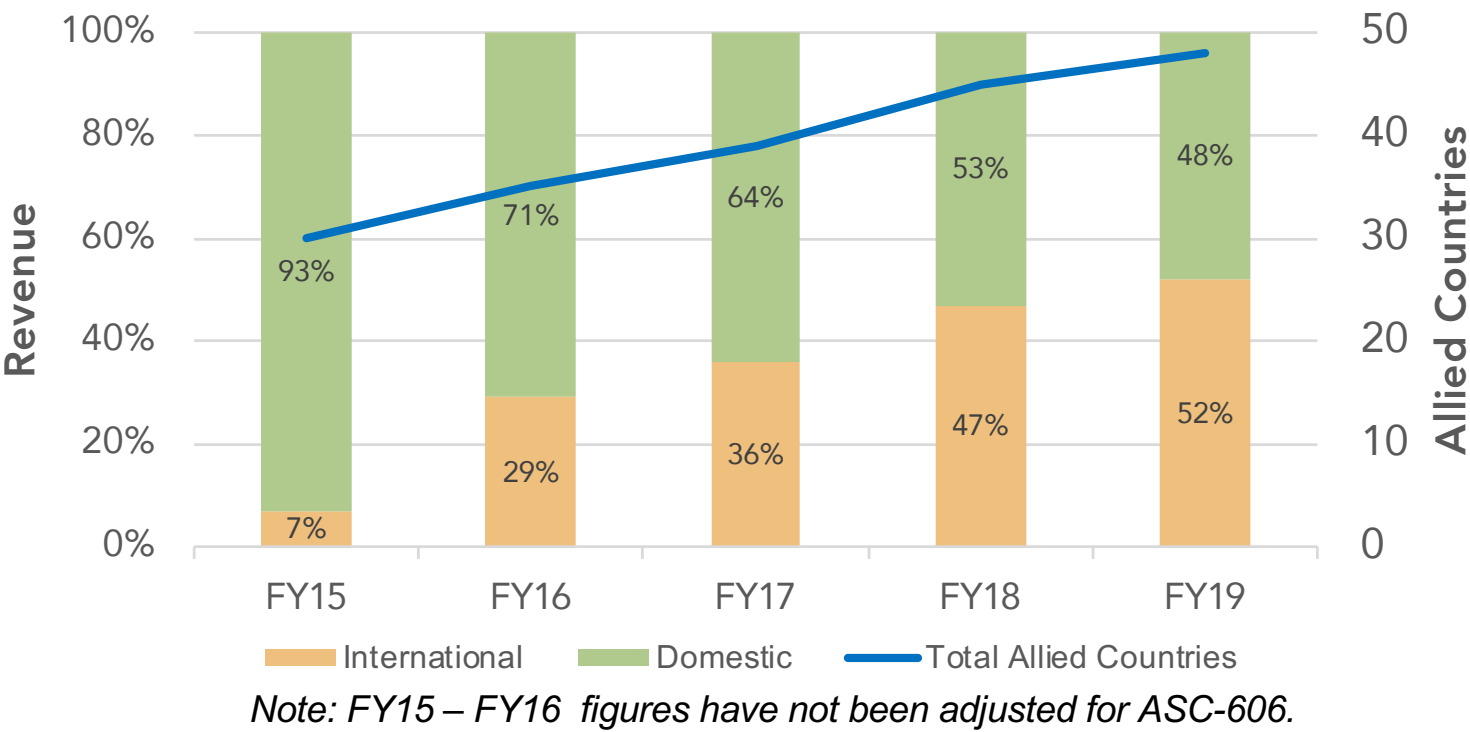
58%
of fiscal year 2019
company revenue

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 international small UAS customers - most with additional procurement potential
- International revenue driven mainly by small UAS, and in Fiscal Years 2018-2019 by small UAS and HAPS



Tactical Missile Systems

Switchblade®



21%
**of fiscal year 2019
company revenue**

- 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

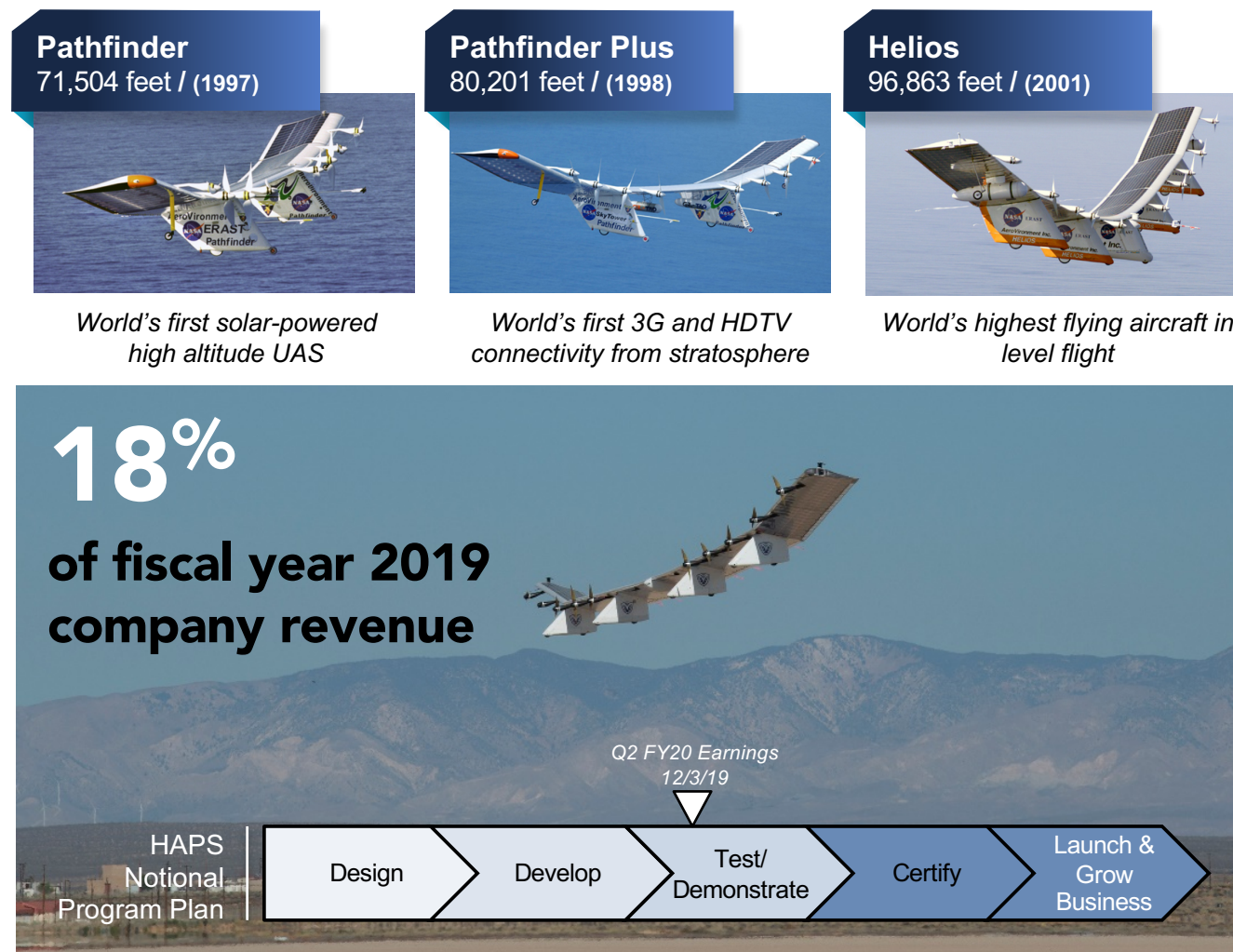
Ground and Air Vehicle Integration



- 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

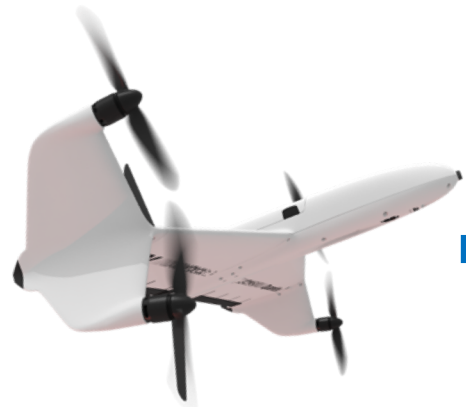
Significant Progress on HAPS Program Builds on Decades of Experience

- SoftBank Corp. owns approximately 95% of HAPSMobile Inc. & AeroVironment owns approximately 5%
- HAWK30 solar HAPS unmanned aircraft system to deliver next generation connectivity (i.e., 5G mobile, IoT)
- Total contract value of HAPS project to AeroVironment now \$148.9 million
- AeroVironment has the potential to manufacture and supply HAWK30 systems to HAPSMobile on exclusive basis
- AeroVironment retains exclusive rights to market HAWK30 to defense customers worldwide, except in Japan

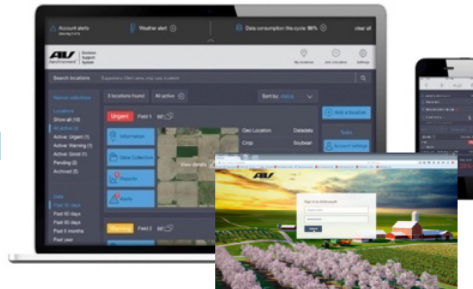


Commercial Information Solutions (CIS)

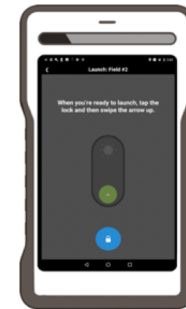
Long-Term Potential in Multiple Large Verticals



Quantix™ Drone with
integrated sensors



AV Decision Support
Software Analytics



Tablet with
Connectivity



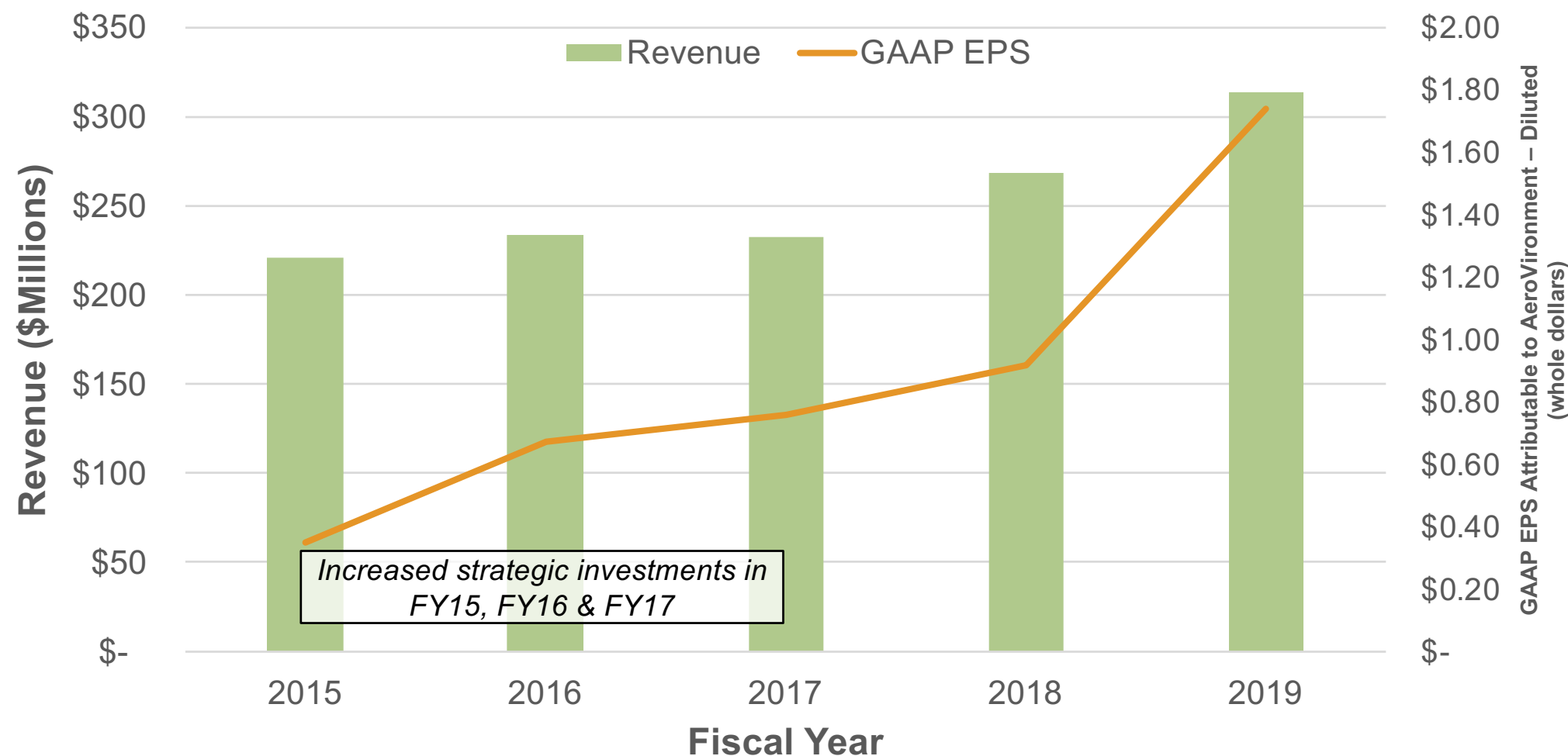
- **Integrated Drone, Sensors, Software Analytics & Connectivity Solution**
- **Simple & easy to operate**
- **Automated solution**

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 2020 Quarterly Results (Continuing Operations)

In \$ Millions (except EPS)	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	YTD
Revenue	\$86.9	\$83.3	-	-	\$170.2
Gross Margin	\$41.3	\$35.2	-	-	\$76.4
Gross Margin %	47%	42%	-	-	45%
Income from Continuing Operations	\$18.9	\$8.1	-	-	\$26.9
Operating Margin%	22%	10%	-	-	16%
Net Income Attributable to AeroVironment	\$17.1	\$7.5	-	-	\$24.6
Net Income Attributable to AeroVironment Margin %	20%	9%	-	-	14%
GAAP Diluted Earnings Per Share (EPS) Attributable to AeroVironment	\$0.71	\$0.31	-	-	\$1.02
Non-GAAP Diluted Earnings Per Share (EPS) Attributable to AeroVironment (see reconciliation in appendix)	\$0.74	\$0.34	-	-	\$1.08

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)		
	October 26, 2019 (Unaudited)	April 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 130,742	\$ 172,708
Short-term investments	161,635	150,487
Accounts receivable, net of allowance for doubtful accounts of \$1,055 at October 26, 2019 and \$1,041 at April 30, 2019	40,564	31,051
Unbilled receivables and retentions (inclusive of related party unbilled receivables of \$21,717 at October 26, 2019 and \$9,028 at April 30, 2019)	62,397	53,047
Inventories	52,769	54,056
Prepaid expenses and other current assets	8,045	7,418
Income taxes receivable	—	821
Total current assets	456,152	469,588
Long-term investments	13,478	9,386
Property and equipment, net	20,571	16,905
Operating lease right-of-use assets	8,902	—
Deferred income taxes	8,019	6,685
Intangibles, net	15,952	459
Goodwill	8,080	—
Other assets	13,339	5,821
Total assets	\$ 544,493	\$ 508,844
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 11,022	\$ 15,972
Wages and related accruals	13,218	18,507
Customer advances	2,550	2,962
Current operating lease liabilities	2,290	—
Income taxes payable	2,570	—
Other current liabilities	13,141	7,425
Total current liabilities	44,791	44,866
Deferred rent	—	1,173
Non-current operating lease liabilities	6,843	—
Other non-current liabilities	2,422	150
Deferred tax liability	29	29
Liability for uncertain tax positions	51	51
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value:		
Authorized shares—10,000,000; none issued or outstanding at October 26, 2019 and April 30, 2019	—	—
Common stock, \$0.0001 par value:		
Authorized shares—100,000,000		
Issued and outstanding shares—23,990,616 shares at October 26, 2019 and 23,946,293 shares at April 30, 2019	2	2
Additional paid-in capital	178,550	176,216
Accumulated other comprehensive loss	181	2
Retained earnings	311,627	286,351
Total AeroVironment stockholders' equity	490,360	462,571
Noncontrolling interest	(3)	4
Total equity	490,357	462,575
Total liabilities and stockholders' equity	\$ 544,493	\$ 508,844

\$306 million in cash, equivalents, restricted cash and investments

No debt



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Appendix – Reconciliation of Non-GAAP Diluted Earnings Per Share (Unaudited)

	Three Months Ended October 26, 2019		Three Months Ended October 27, 2018		Six Months Ended October 26, 2019		Six Months Ended October 27, 2018	
Earnings per diluted share from continuing operations	\$	0.31	\$	0.29	\$	1.02	\$	1.14
Acquisition related expenses		0.01		-		0.02		-
Amortization of acquired intangible assets		0.02		-		0.04		-
One-time gain from a litigation settlement		-		-		-		(0.26)
Earnings per diluted share from continuing operations as adjusted (Non-GAAP)	\$	0.34		0.29	\$	1.08	\$	0.88