AeroVironment, Inc.
Overview for the 21st Annual Needham Growth Conference
January 16, 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; 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; 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, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are available at www.sec.gov. 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.
Table of Contents

- AeroVironment Overview.... Slide 4
- Fiscal 2019 Drivers.... Slide 12
- Financial Summary.... Slide 13
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*

- **Defense Applications**
  - Target acquisition
  - Effects delivery
  - Battle damage assessment
  - Force protection
  - Communication
  - Facility security
  - Convoy recon

- **Commercial Applications**
  - Broadband communications
  - Infrastructure monitoring
  - Crop analysis
  - Disaster damage assessment
  - Public safety
  - Environmental protection

- **Sensors**
- **Robotics**
- **Connectivity**
- **Analytics**
A Success Story of Serial Innovation Since Our Founding in 1971

1977
Gossamer Condor
1st controlled human powered flight

1979
Gossamer Albatross
1st human powered flight across English Channel

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

1985
Pterosaur
Featured in IMAX film, "On The Wing"

1986
Pointer
1st backpack portable small UAS

1987
Sunraycer
Winner 1st solar car race

1995
Pathfinder/Pathfinder Plus
Solar platform for HALE flight

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

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. 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

2010
Global Observer Prototype
1st liquid hydrogen powered UAS

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

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

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

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

2015
Quantix™ & AVDSS™
1st integrated drone, sensor, analytics solution as an app

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

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

2018
Nano Air Vehicles
1st FAA-approved commercial services over land

*2007 IPO*
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

86% of all unmanned aircraft in U.S. Dept. of Defense inventory¹

Growing & Diversified International Revenue

- More than 45 countries as UAS customers - most with additional procurement potential

- Driven by small UAS and in FY18 by HAPS

Note: FY13 – FY16 figures have not been adjusted for ASC-606.
Tactical Missile Systems

- 24% of FY18 revenue
- +$110M Orders in FY18
- $110M approved funding for LMAMS in GFY19
- Additional Switchblade variants in development
- Pursuing integration with armored combat vehicles

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

Blackwing™
- Intelligence, surveillance, reconnaissance and communications solution
- Deploying on U.S. Navy submarines and positioned for Program of Record
Commercial Information Solutions (CIS) – Potential in Multiple Large Verticals

- 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.”

“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

- Increased strategic investments in FY15, FY16 & FY17
## Fiscal Year 2019 Quarterly Results (Continuing Operations)

<table>
<thead>
<tr>
<th>In $ Millions (except EPS)</th>
<th>Qtr. 1</th>
<th>Qtr. 2</th>
<th>Qtr. 3</th>
<th>Qtr. 4</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$78.0</td>
<td>$73.0</td>
<td>-</td>
<td>-</td>
<td>$151.0</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$32.6</td>
<td>$28.4</td>
<td>-</td>
<td>-</td>
<td>$61.0</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>42%</td>
<td>39%</td>
<td>-</td>
<td>-</td>
<td>40%</td>
</tr>
<tr>
<td>Operating Income before Income Taxes</td>
<td>$23.5¹</td>
<td>$9.0</td>
<td>-</td>
<td>-</td>
<td>$32.5</td>
</tr>
<tr>
<td>Operating Margin%</td>
<td>30%</td>
<td>12%</td>
<td>-</td>
<td>-</td>
<td>21%</td>
</tr>
<tr>
<td>Net Income Attributable to AeroVironment</td>
<td>$27.3¹</td>
<td>$6.1</td>
<td>-</td>
<td>-</td>
<td>$33.4</td>
</tr>
<tr>
<td>Net Income Attributable to AeroVironment Margin %</td>
<td>35%</td>
<td>8%</td>
<td>-</td>
<td>-</td>
<td>22%</td>
</tr>
<tr>
<td>Diluted Earnings Per Share (EPS) Attributable to AeroVironment</td>
<td>$0.85</td>
<td>$0.29</td>
<td>-</td>
<td>-</td>
<td>$1.14</td>
</tr>
</tbody>
</table>

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

$320 million in cash, short and long term investments

No debt
For more information:

Steven Gitlin
Vice President Investor Relations
ir@avinc.com
+1 (805)520-8350