AeroVironment, Inc.
Fourth Quarter Fiscal 2016
Overview Presentation

July 5, 2016
Safe Harbor Statement

Certain statements in this document 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; 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.
Table of Contents

- AeroVironment Overview
- New Ventures and Opportunities
- Financial Overview
AeroVironment
Overview
We Provide Customers More Actionable Intelligence So They Can Proceed With Certainty

Technology solutions that deliver insights for better decisions

More than 40-year track record of breakthrough innovation and customer success

Expertise and experience that deliver reliability and results

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

**Profitable Growth through Technology Based Innovation**
- 15% Revenue CAGR FY ‘04 – ’16
- 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
- Commercial UAS information solutions: emerging market opportunity

**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 is a Technology Innovator in Multiple Industries and Applications

- Founded: 1971 in Pasadena, CA
- Public company since 2007
  - $635m market cap as of 7/19/16
  - $264m revenue in Fiscal 2016
- 2004-2016 Performance:
  - Sales CAGR: 15%
- More than 85% share of all unmanned aircraft in U.S. Department of Defense ("DoD") inventory (in units)
- 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, Intellectual Property and Entrepreneurship

Gossamer Condor
First controlled human powered flight
- Smithsonian

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

Pointer
First backpack portable small UAS
- Smithsonian

GM Impact
First modern EV
- Smithsonian

Pathfinder/Pathfinder Plus
Solar platform for HALE flight
- Smithsonian

Helios
World Record: Highest flying airplane in history
- Smithsonian

Power Cycling & Test Systems
Worldwide Technology Award: Energy category

Global Observer Prototype
1st liquid hydrogen powered UAS

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

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

Commercial UAS
FAA-approved commercial services over land

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


Gossamer Albatross
First human powered flight across English Channel
- Smithsonian

Pterosaur
Featured in IMAX film, *On The Wing*
- Smithsonian

Sunraycer
Winner 1st solar car race
- Smithsonian

Industrial Rapid Charger
1st high-efficiency industrial rapid charger developed for the U.S. Air Force
- Smithsonian

Dragon Eye
First U.S. DoD Small UAS Program of Record
- Smithsonian

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

PosiCharge
1st fast charger to support an enterprise-wide Fortune 500 implementation

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

Global Observer
Test flight program begins

Switchblade
1st operational deployment of backpackable tactical missile system

TurboCord
1st in-trunk dual voltage EV charger
- Smithsonian
We Target Global, Long-Term Trends with Innovative New Solutions

Focused on Levering Key Trends Across Both Business Segments…

Networked Information and Communication

Alternative Transportation Fuel Solutions

UAS

EES

Delivering Unique, High-Quality and Innovative Products and Services to Our Customers Around the World
Business Model: Profitable “Core Business” Funds Investment-Driven Growth Portfolio

“Core Business”

Growth Portfolio

- Tactical Missile Systems
- Commercial UAS
- Information Solutions
- Atmospheric Satellites
UAS – Small UAS Embedded in the Fabric of U.S. Security

89% of total FY’16 company revenue

15% revenue CAGR FY’04 – ’16

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

EES - 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

11% of total FY 2016 company revenue
New Ventures and Opportunities
Tactical Missile Systems – Accelerating U.S. Military Adoption of Emerging Family of Loitering Systems

Switchblade
• Lethal, high-precision, rapidly deployed munition
• In use by U.S. military forces
• Competitor for potential future U.S. Army LMAMS Program of Record
• Variants in development for new concepts of operation

Blackwing
• Intelligence, surveillance and reconnaissance solution with longer flight time
• Deploying on U.S. Navy submarines and positioned for Program of Record
• Applicable to surface ships, fixed ground installations and vehicles
Commercial UAS Information Solutions – Global Potential in Multiple Industry Segments

- Turnkey information solution providing customers with more actionable intelligence
  - Experienced flight operators
  - Advanced sensors generating valuable data sets
  - Back office integration with GIS data

- AeroVironment Puma AE first FAA-approved commercial UAS operations over American soil

- FY 2015 and FY 2016 R&D investments in hardware, software & system solution
Atmospheric Satellites - Valuable Capabilities for Affordable Communications and Information

- High altitude, long endurance UAS for affordable, persistent communication, remote sensing, observation
- U.S. government is projected to purchase $3 to $5 billion\(^1\) annual commercial satellite capacity within ten years; Global Observer is designed to provide similar communications capabilities, as well as others, at a lower cost
- $136 million customer-funded development program 2007-2011
  - Developed aircraft, ground control system, supply chain and mfg. system
  - Successfully completed eight test flights
  - AeroVironment owns IP and mfg. system
- Could require $100s of millions of investment for full rate production capability, development, capitalization of services, etc.

\(^1\) Source: [http://www.defensedaily.com/Assets/DBB_SATCOM.pdf](http://www.defensedaily.com/Assets/DBB_SATCOM.pdf), slide 7
## Significant Increase in International Small UAS Adoption in Fiscal 2016

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

<table>
<thead>
<tr>
<th>Sample of International UAS Activity</th>
<th>Other Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Italy</strong></td>
<td></td>
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<tr>
<td>- Purchased original Pointer systems in 1990s</td>
<td></td>
</tr>
<tr>
<td>- Purchased RQ-11B Raven B in 2000s</td>
<td>[Flag of Italy]</td>
</tr>
<tr>
<td>- Purchased additional AeroVironment small UAS; type certification granted to Raven B in Italian airspace</td>
<td></td>
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<tr>
<td><strong>Denmark</strong></td>
<td></td>
</tr>
<tr>
<td>- Purchased RQ-11B Raven B systems for $2.4 million in 2007</td>
<td>[Flag of Denmark]</td>
</tr>
<tr>
<td>- Purchased RQ-20A Puma AE systems for $9.6 million in 2012</td>
<td></td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td></td>
</tr>
<tr>
<td>- Purchased RQ-11B Raven systems in 2013</td>
<td>[Flag of Canada]</td>
</tr>
<tr>
<td>- First sale to Canadian Department of National Defense after their purchase of competing products</td>
<td></td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td></td>
</tr>
<tr>
<td>- Purchased RQ-12 Wasp AE systems in 2015</td>
<td>[Flag of Australia]</td>
</tr>
<tr>
<td>- Part of Army Soldier Modernization Trial procurement</td>
<td></td>
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</table>
Increasing Adoption of EVs Could Stimulate Large Demand for Charging Systems

<table>
<thead>
<tr>
<th></th>
<th>New Light Vehicle Sales Forecast</th>
<th>Assumed Cost of Home Charging System (with Installation)</th>
<th>Potential Market Value (Based on 7.5% EV adoption)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States 2016 sales projection</td>
<td>17 million</td>
<td>$1,000</td>
<td>$1.3 billion</td>
</tr>
<tr>
<td>2016 Global sales projection (ex-US)</td>
<td>73 million</td>
<td>$750</td>
<td>$4.1 billion</td>
</tr>
</tbody>
</table>

Plug-in penetration rates of 7.5% in US and global light auto sales would yield a large EV charging market opportunity

Financial Overview
Focused on Successfully Executing Business Model

- Strong, profitable, core business across a diversifying customer base

- Dynamic and attractive portfolio mix consisting of mature cash generators and new innovations supporting ongoing success

- Balance sheet provides flexibility to act decisively when timing of meaningful adoption of AeroVironment solutions becomes apparent

- Fiscal 2017: reduction in IR&D spending with return to guided EPS
Diverse Product and Services Revenue Mix

Revenue FY 2016

- Products: 69%
- CR&D: 23%
- Sustainment: 8%

Revenue by Contract Type FY 2016

- Fixed Price: 75%
- Cost Plus: 25%

Unmanned Aircraft Systems

- CR&D: 23%
- Products: 69%
- Sustainment: 8%

Note: “Sustainment” includes training, logistics, repairs, upgrades and other services

Efficient Energy Systems

- Products: 90%
- Services: 10%

Note: “Sustainment” includes training, logistics, repairs, upgrades and other services
Growth and Core Business Profitability Driven by Technological Innovation

Revenue
($ in millions)

- '04–’16 Revenue CAGR: 15%

EBITDA*
($ in millions)

- '04 – ’16 EBITDA CAGR: 12%

Strategic R&D investments in fiscal 2016 reduced earnings but we believe these investments will improve our positioning for long-term value creation

* See reconciliation in Appendix A
# FY 2016 Quarterly Results

<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>$47.1</td>
<td>$64.7</td>
<td>$67.6</td>
<td>$84.8</td>
<td>$264.1</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$16</td>
<td>$31.5</td>
<td>$26.6</td>
<td>$37.9</td>
<td>$112.1</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>34%</td>
<td>49%</td>
<td>39%</td>
<td>45%</td>
<td>42%</td>
</tr>
<tr>
<td>Profit (Loss) from Operations</td>
<td>($9)</td>
<td>$6.9</td>
<td>$5.1</td>
<td>$6.8</td>
<td>$9.7</td>
</tr>
<tr>
<td>Profit (Loss) from Operations Margin %</td>
<td>(19%)</td>
<td>10%</td>
<td>7%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Net Profit (Loss)</td>
<td>($7)</td>
<td>$4.4</td>
<td>$6.2</td>
<td>$5.4</td>
<td>$9</td>
</tr>
<tr>
<td>Net Profit (Loss) Margin %</td>
<td>(15%)</td>
<td>7%</td>
<td>9%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Earnings (Loss) per share (EPS)</td>
<td>($0.30)</td>
<td>$0.19</td>
<td>$0.27</td>
<td>$0.23</td>
<td>$0.39</td>
</tr>
<tr>
<td>Adjusted EPS (LPS) *</td>
<td>($0.24)</td>
<td>$0.19</td>
<td>$0.27</td>
<td>$0.23</td>
<td>$0.33</td>
</tr>
</tbody>
</table>

* Adjusted EPS (loss) excludes the non-cash effect of changes in fair value of the conversion option of our CybAero convertible notes (see Appendix B)
Strong Balance Sheet is Essential to our Growth Strategy: Confidence, Speed, Conviction

$261 million in cash, short and long term investments

No debt
Focused on Executing Our Fiscal 2017 Plan to Drive Long-Term Value

- Profitable growth through technology-based innovation
- Strong and balanced pipeline with multiple high-value market opportunities
- Financial performance consistent with our expectations
- Differentiated solutions with industry-leading positions across multiple markets
- Solid track record of performance
For More Information…

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