



PROCEED
WITH
CERTAINTY

AeroVironment, Inc.

Fourth Quarter Fiscal 2017 Overview Presentation

June 27, 2017

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, 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; 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 and electric vehicles; 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
- New Ventures and Opportunities.... Slide 14
- Financial Summary.... Slide 17

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**

Investment Thesis: Focused on Near and Long-Term Value Creation

Profitable Growth through Technology-Based Innovation

- 14% Revenue CAGR FY '04 – '17
- Proprietary IP portfolio underpins success
- Proven and experienced management team

Significant Optionality from Multiple High-Value Growth Opportunities

- Small UAS: continued evolution in U.S. military market, accelerating adoption in international military markets
- Tactical Missile Systems: accelerating adoption, high volume potential
- Commercial UAS information solutions: emerging market opportunity

Strong Financial Foundation

- Consistent cash generation
- Strong, efficient, growth-oriented balance sheet
- Managing investments carefully to capitalize on significant multimarket growth opportunities

History of Creating Differentiated and Industry Leading Solutions

- Pioneer & market leader in small UAS, Tactical Missile Systems
- Pioneer & market leader in Electric Vehicle (EV) test and charging solutions

A Success Story of Serial Innovation and Entrepreneurship Since Our Founding in 1971



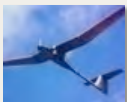
1977 Gossamer Condor

1st controlled
human powered
flight



1981 Solar Challenger

World Records:
Longest, highest,
farthest solar
powered flights



1986 Pointer

1st backpack
portable small
UAS



1989 GM Impact

1st modern EV



1995 Pathfinder/ Pathfinder Plus

Solar platform for
HALE flight



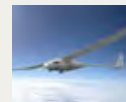
2001 Helios

World Record:
Highest flying
airplane in history



2004 Power Cycling & Test Systems

Worldwide
Technology
Award: Energy
category



2005 Global Observer Prototype

1st liquid
hydrogen
powered UAS



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



2016 Blackwing™

1st submarine-
launched
loitering ISR
system for US
Navy

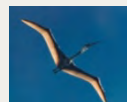
1977

2016



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



1999 Industrial Rapid Charger

1st high-efficiency
industrial rapid
charger devel-
oped for the U.S.
Air Force



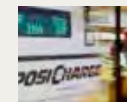
2003 Dragon Eye

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



2005 PosiCharge

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

2007
IPO



2008 Small UAS Digital Data Link (DDL™)

A wireless
communications
link that provides
greater security,
range and utility
than analog links



2010 Global Observer®

Test flight
program
begins



2012 Switchblade®

1st operational
deployment of
back-packable
tactical missile
system



2015 TurboCord™

1st in-trunk
dual voltage
EV charger

Technology Innovation Across Multiple Industries and Applications

- Focused on Key Global Trends Across Both Business Segments...

DEFENSE

C4ISR-Enabled Force Protection & Security



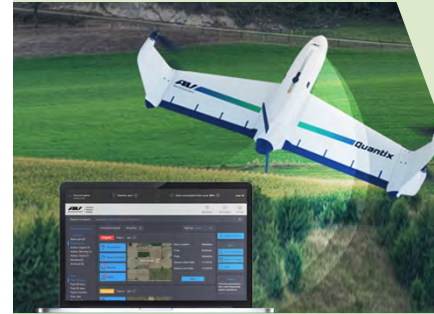
TACTICAL UNMANNED
AIRCRAFT SYSTEMS



TACTICAL MISSILE
SYSTEMS

COMMERCIAL

Automated Terrestrial Data Collection and Analysis and
Clean Transportation



INFORMATION
SOLUTIONS

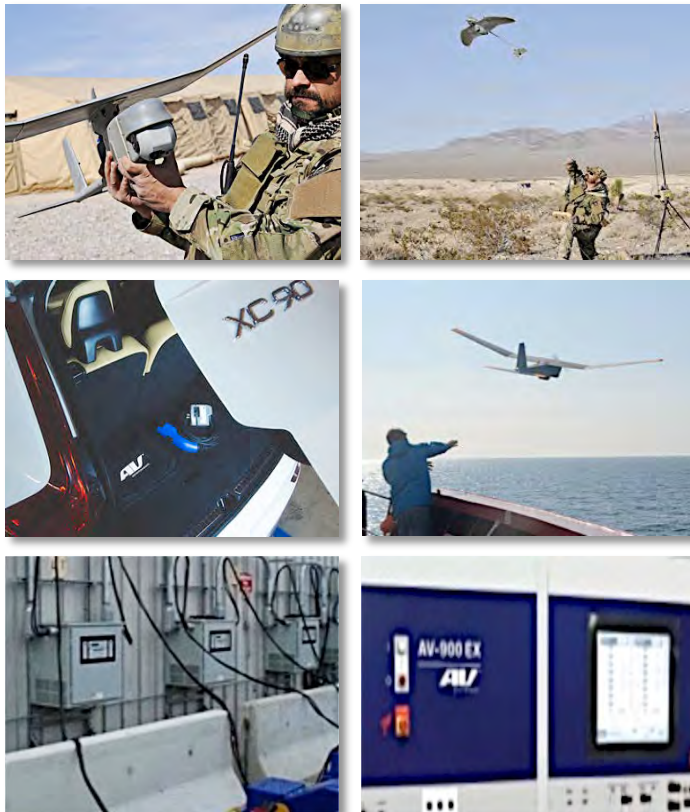


EV CHARGING
SOLUTIONS

- Creating value by identifying, developing, investing in and providing innovative technology-based solutions for high value market opportunities

Business Model: Profitable Core Business Enables Investment-Driven Growth Portfolio

Core Business



Growth Portfolio

Tactical Missile Systems



Commercial Information Solutions



UAS – Small UAS Embedded in the Fabric of U.S. Security

86%

of total FY'17
company
revenue

17%

revenue
CAGR
FY'04 – '17

86%

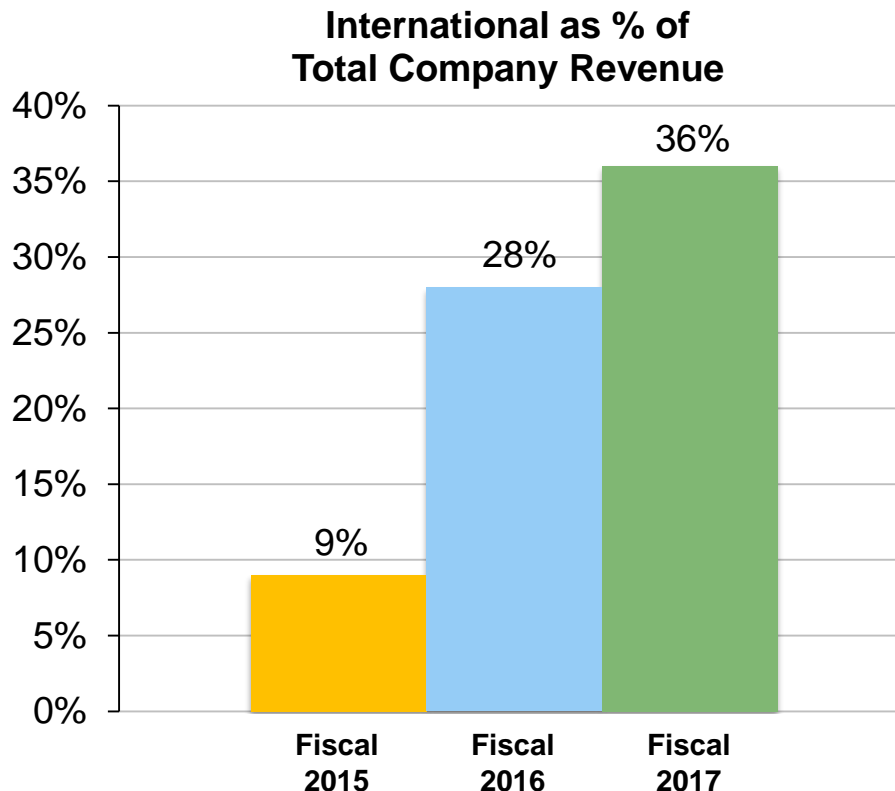
of all unmanned
aircraft in U.S. Dept.
of Defense inventory¹



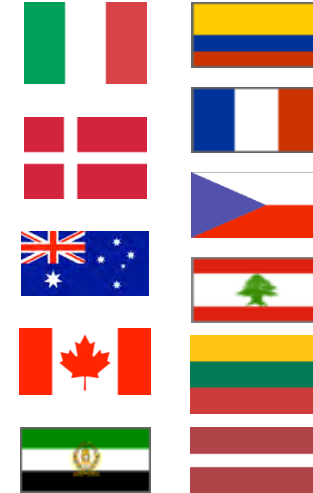
¹ Source: United States Department of Defense Unmanned Systems Roadmap 2013-2038, page 5

Growing International Small UAS Business Drives Overall International Revenue Growth

- + 40 international AeroVironment UAS customers, most with additional procurement potential, and many other countries evaluating small UAS



Sample Customers



EES - Products and Services Supporting EVs

14% of total FY 2017 company revenue

Leading
test systems for EV and
advanced battery
development



Leading
advanced charging systems
for industrial EVs



Leading
provider of EV charging
solutions



Increasing Adoption of EVs Could Stimulate Significant Demand for Charging Systems

	New Light Vehicle Sales Forecast	Assumed Cost of Home Charging System (with Installation)	Potential Market Value (Based on 5% EV adoption)
North America 2017 sales projection	21 million	\$1,000	\$1 billion
2017 Global sales projection (ex-NA)	72.5 million	\$500	\$1.8 billion

- Plug-in penetration rates of 5% for North America and global light auto sales would yield a large EV charging market opportunity

More Global Automakers Select AeroVironment Charging Systems



Source: IHS forecast, <http://news.ihsmarket.com/press-release/global-auto-sales-set-reach-935-million-2017-risk-greater-ever-ihs-market-says>

New Ventures and Opportunities

Tactical Missile Systems – Accelerating U.S. Government Adoption of Expanding Family of Loitering Systems

- + \$75 million in AeroVironment Fiscal 2017 revenue
- 56% Compound Annual (Revenue) Growth Rate: Fiscal 2011 to 2017
- + \$1 billion market opportunity¹



Switchblade®

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

Blackwing™

- Intelligence, surveillance and reconnaissance solution with longer flight time
- Deploying on U.S. Navy submarines and positioned for Program of Record



Multiple Switchblade Variants

- New solutions for new customers, applications
- Delivering air, sea and land-based capabilities

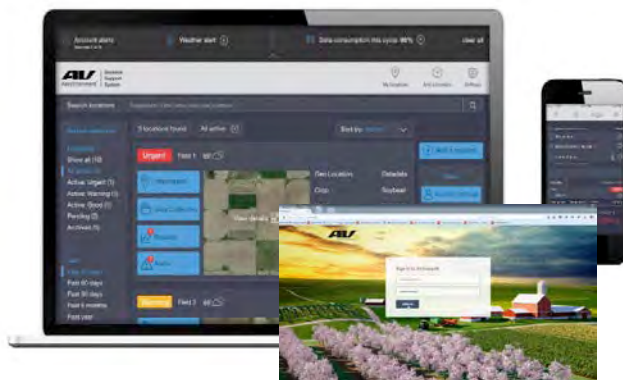
¹Based on fiscal 2017 U.S. Department of Defense budget request for procurement of existing weapon systems used to deliver similar effects

Commercial Information Solutions – Global Potential in Multiple Large Industry Segments

Highly Integrated and Differentiated Solution



Quantix™ Drone



AV Decision Support System

Multi-Billion Dollar 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.”

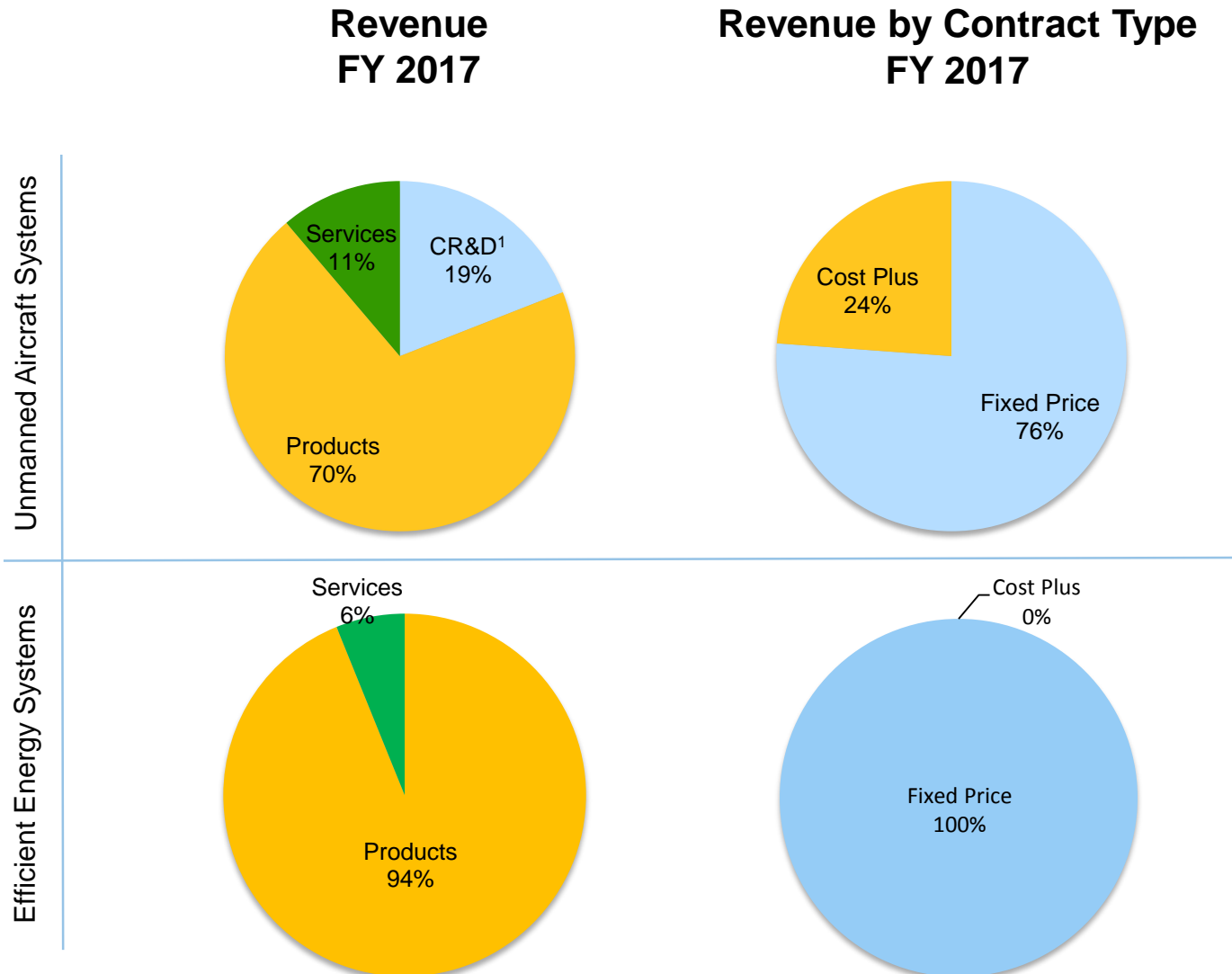
– PWC, “Clarity from Above”, May 2016

Financial Summary

Focused on Successfully Executing Business Model

- Strong, profitable, core business across a diversifying customer base
- Dynamic and attractive solutions portfolio consisting of mature cash generation and new innovations for growth
- Balance sheet provides flexibility to act decisively to support adoption of AeroVironment solutions
- Key Fiscal 2018 Expectations:
 - Continued strength in international small UAS, Tactical Missile Systems
 - Launch of Commercial Information Solutions into target markets

Diverse Product and Services Revenue Mix



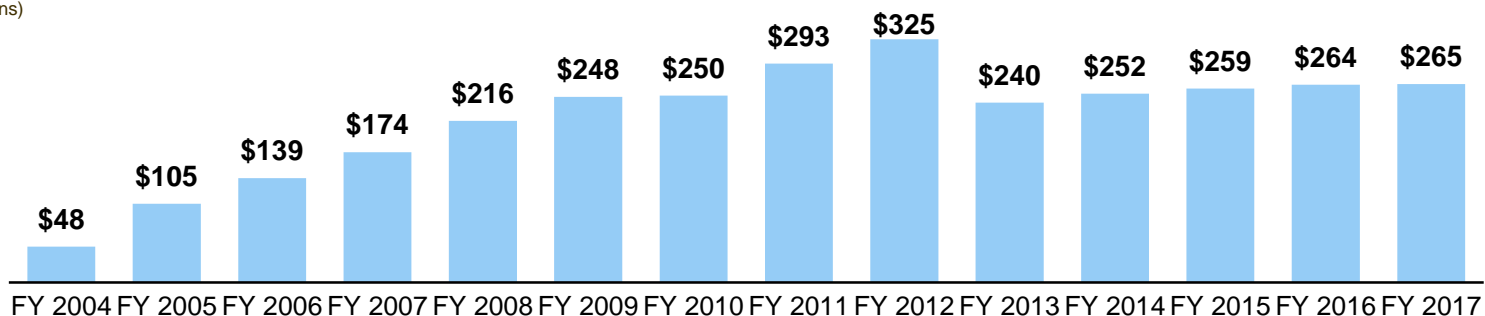
¹ CR&D: Customer Funded Research and Development

Profitability Driven by Technological Innovation and Investment

Revenue

(\$ in millions)

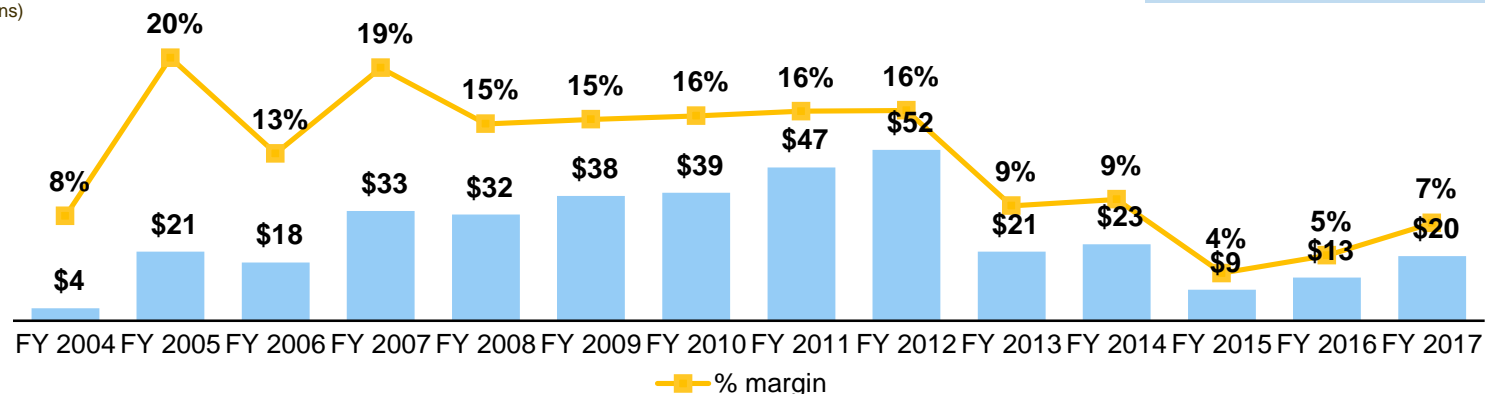
'04 – '17 Revenue CAGR: 14%



EBITDA*

(\$ in millions)

'04 – '17 EBITDA CAGR: 13%



Strategic R&D investments in fiscal 2015 and 2016 reduced earnings but we believe these investments have improved our positioning for long-term value creation

* See reconciliation in Appendix A

FY 2017 Quarterly Results

In \$ Millions (except EPS)	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	YTD
Revenue	\$36.2	\$50.1	\$53.2	\$125.4	\$264.9
Gross Margin	\$6.7	\$17.4	\$19.4	\$58.7	\$102.1
Gross Margin %	18%	35%	36%	47%	39%
Profit (Loss) from Operations	(\$15.6)	(\$4.5)	(\$1.4)	\$34	\$12.5
Profit (Loss) from Operations Margin %	(43%)	(9%)	(3%)	27%	5%
Net Profit (Loss)	(\$11.6)	(\$4.2)	(\$2.2)	\$30.5	\$12.5
Net Profit (Loss) Margin %	(32%)	(8%)	(4%)	24%	5%
Earnings (Loss) per share (EPS)	(\$0.51)	(\$0.18)	(\$0.09)	\$1.30	\$0.54

Strong Balance Sheet is Essential to our Growth Strategy: Confidence, Speed, Conviction

AEROVIRONMENT, INC. CONSOLIDATED BALANCE SHEET S (In thousands except share data)		
	April 30,	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	79,904	\$ 124,287
Short-term investments	119,971	103,404
Accounts receivable, net of allowance for doubtful accounts of \$291 at April 30, 2017 and \$262 at April 30, 2016	74,361	56,045
Unbilled receivables and retentions	14,120	18,899
Inventories, net	60,076	37,486
Prepaid expenses and other current assets	5,653	4,150
Total current assets	354,085	344,271
Long-term investments	42,096	33,859
Property and equipment, net	19,220	16,762
Deferred income taxes	15,089	15,016
Other assets	2,010	750
Total assets	\$ 432,500	\$ 410,658
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 20,283	\$ 17,712
Wages and related accruals	12,966	13,973
Income taxes payable	1,418	943
Customer advances	3,317	2,544
Other current liabilities	10,079	11,173
Total current liabilities	48,063	46,345
Deferred rent	1,719	1,714
Capital lease obligations - net of current portion	161	449
Other non-current liabilities	184	184
Deferred tax liability	116	—
Liability for uncertain tax positions	64	441
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value:		
Authorized shares—10,000,000; none issued or outstanding at April 30, 2017 and April 30, 2016	—	—
Common stock, \$0.0001 par value:		
Authorized shares—100,000,000		
Issued and outstanding shares—23,630,419 shares at April 30, 2017 and 23,359,925 at April 30, 2016	2	2
Additional paid-in capital	162,150	154,274
Accumulated other comprehensive loss	(127)	(201)
Retained earnings	219,929	207,450
Total AeroVironment stockholders' equity	381,954	361,525
Noncontrolling interests	239	—
Total equity	382,193	361,525
Total liabilities and stockholders' equity	\$ 432,500	\$ 410,658

\$242 million in cash,
short and long term
investments

No debt

See accompanying notes to consolidated financial statements.

Focused on Executing Our Fiscal 2018 Plan to Drive Long-Term Value

- Profitable Growth through Technology-Based Innovation
- Significant Optionality from Multiple High-Value Growth Opportunities
- Strong Financial Foundation
- History of Creating Differentiated and Industry Leading Solutions

For More Information...

Steven Gitlin

Vice President Investor Relations

ir@avinc.com

1 (626) 357-9983