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AEROVIRONMENT

Fourth Quarter Fiscal 2020 Investor Overview

June 23, 2020

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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; the impact of the outbreak related to the strain of coronavirus known as COVID-19 on our business operations; 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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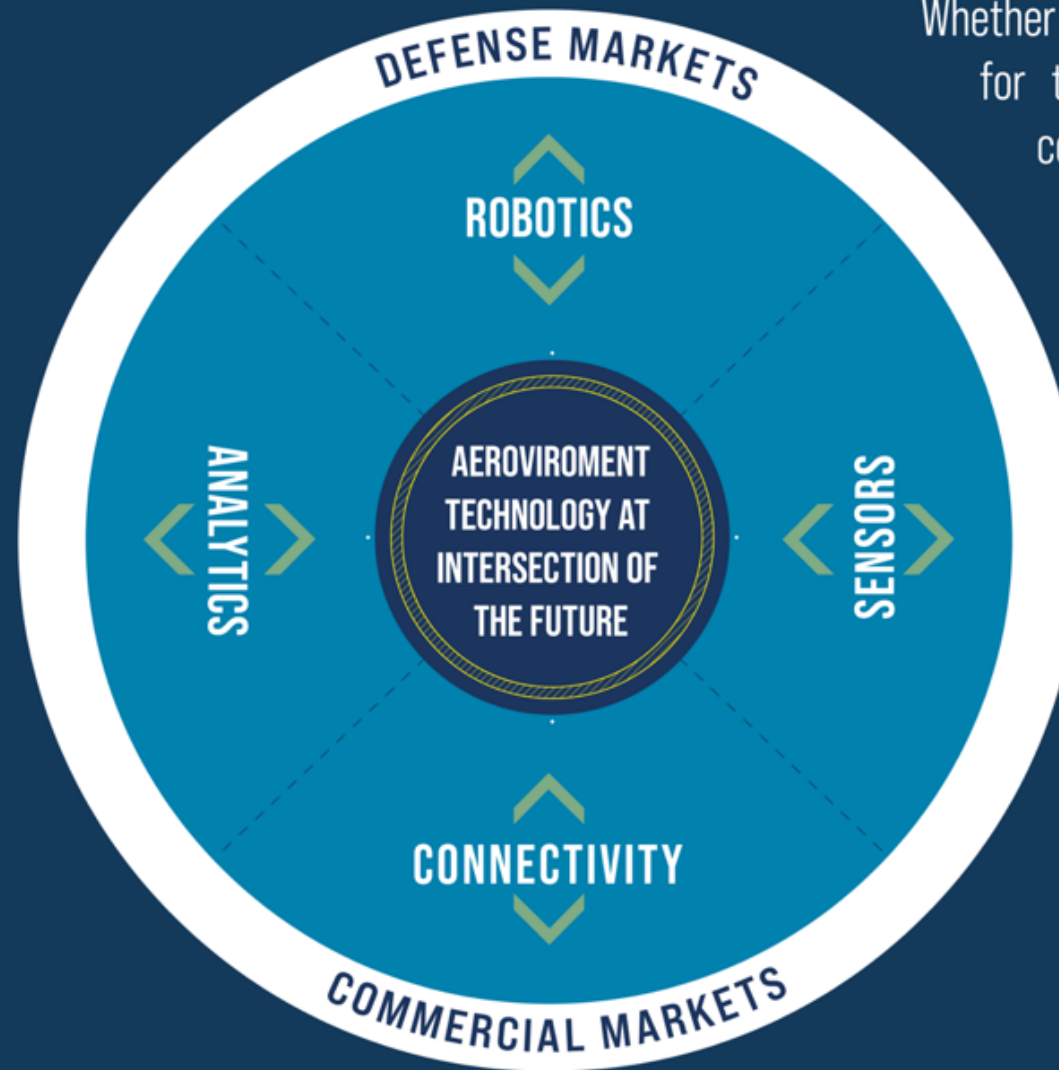


AEROVIRONMENT

Overview

TECHNOLOGY SOLUTIONS PROVIDER

AT THE INTERSECTION
OF FUTURE-DEFINING
CAPABILITIES



Whether they are warfighters searching for the enemy or telecom providers connecting billions to the global digital economy, we deliver innovative technologies that help our customers achieve their goals and do so with unprecedented accuracy and precision.

WE PROVIDE THE ACTIONABLE
INTELLIGENCE YOU NEED TO
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A Success Story Spanning Nearly 50 years of Innovation: 1971-2020



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

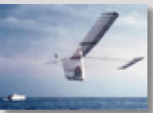


2019
Solar HAPS
Next generation unmanned aircraft system for global connectivity and defense

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



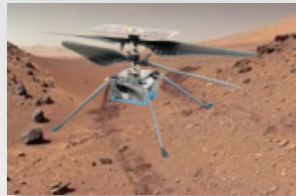
2011
Nano Air Vehicle
1st flapping wing nano UAV with tri-axis control



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



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



2020
Mars Helicopter
Developed rotor, propulsion system, structure, landing gear for 1st aircraft to fly on another world

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

SUAS Small Unmanned Aircraft Systems



61%

of fiscal year 2020 company revenue



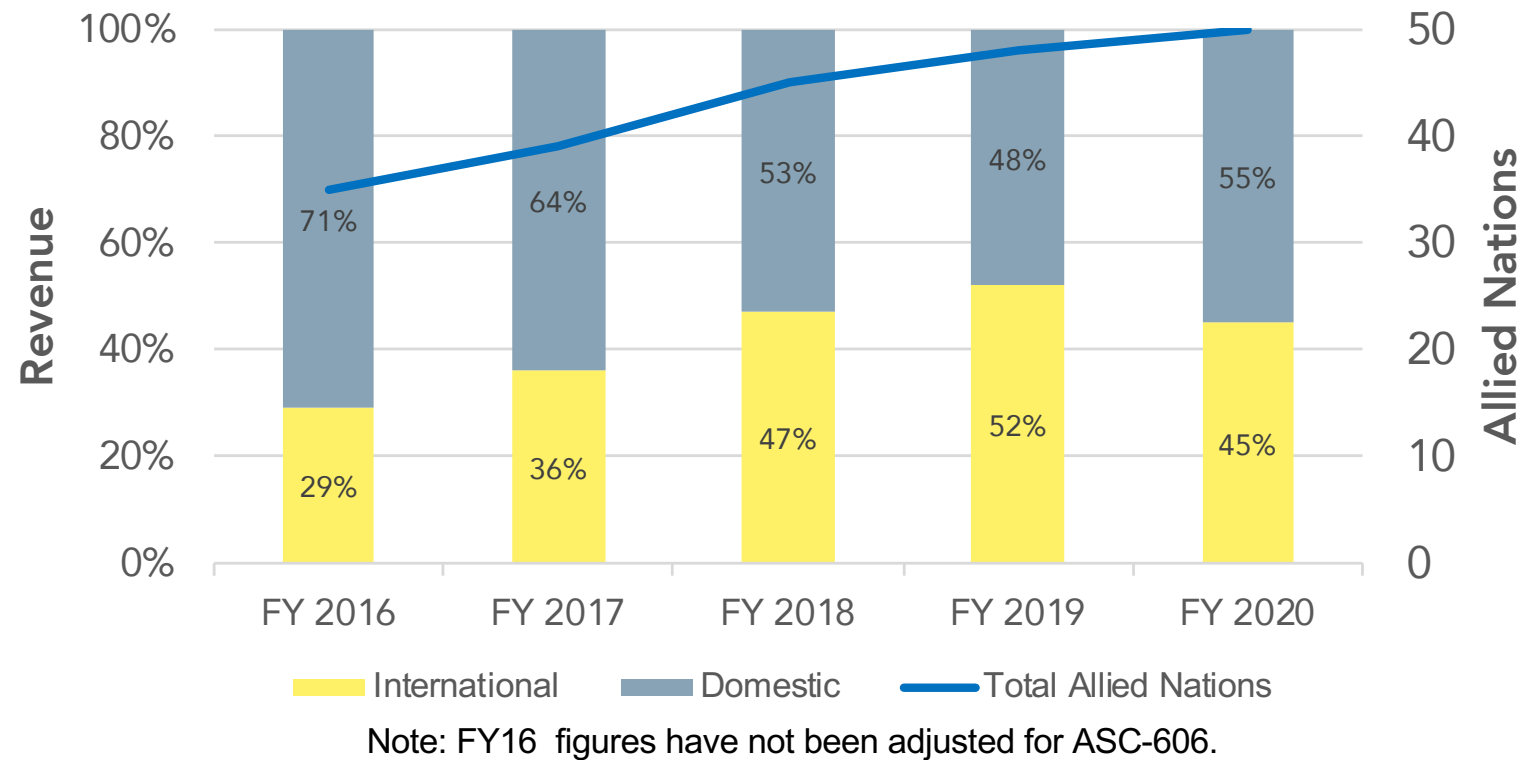
Majority Share

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

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

Robust & Diversified International Revenue

- Small UAS customers in 50 allied nations - most with additional procurement potential
- International revenue driven mainly by small UAS in Fiscal Years 2016-2017, and by small UAS and HAPS in Fiscal Years 2018-2020



Sample
International
Customers



TMS Tactical Missile Systems



17%

of fiscal
year 2020
company
revenue



Switchblade®

- Lethal, high-precision, rapidly deployed munition
- In use by United States armed forces
- Secured \$76 million contract award for first year of three-year contract valued at up to \$146 million
- Developing larger variant capable of longer flight time and delivery of 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

Continued Progress Flight Test Phase

SoftBank Corp. owns approximately 93% of HAPSMobile Inc. & AeroVironment owns approximately 7%

Flight test phase underway - Sun glider solar HAPS unmanned aircraft system to deliver next generation connectivity (i.e., 5G mobile, IoT)

Total contract value of HAPS project to AeroVironment \$166 million

AeroVironment has the potential to manufacture and supply HAPS systems to HAPSMobile on exclusive basis

AeroVironment retains exclusive rights to market HAPS UAS to defense customers worldwide, except in Japan

Pathfinder 1997



71,504 feet

World's first solar-powered high altitude UAS

Pathfinder Plus 1998



80,201 feet

World's first 3G and HDTV connectivity from stratosphere

Helios 2001



96,863 feet

World's highest flying aircraft in level flight

17%

of fiscal year 2020 company revenue

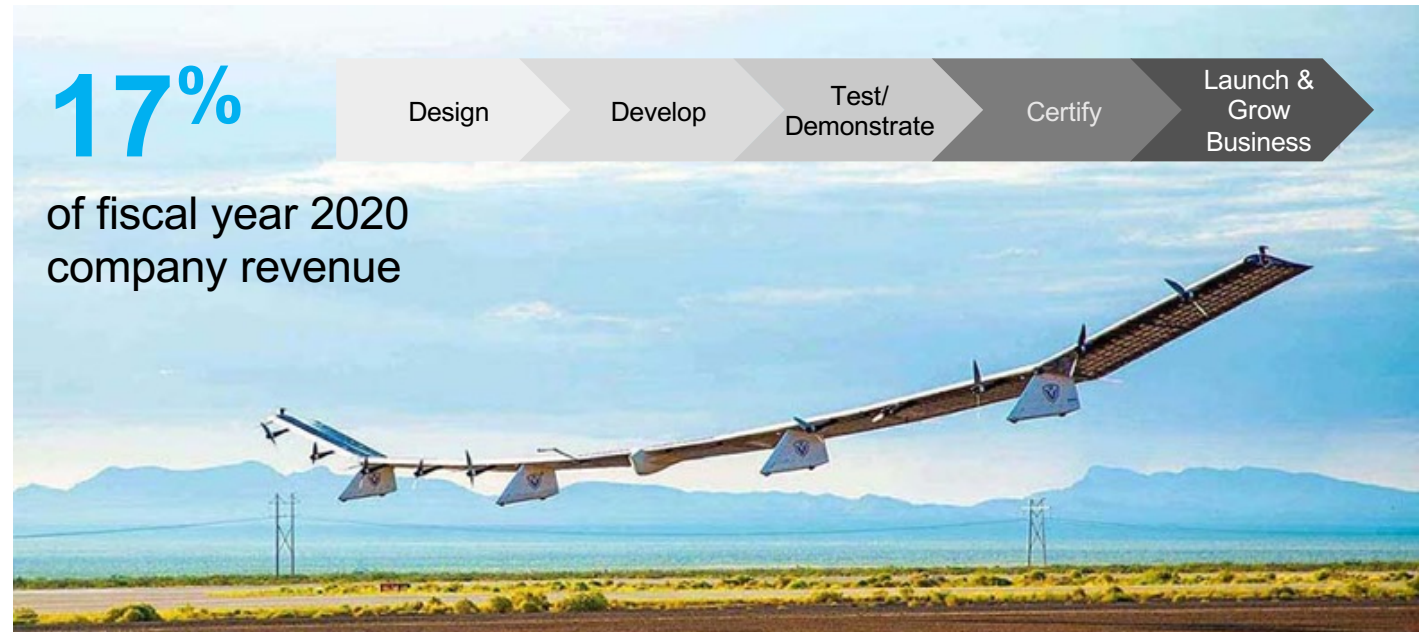
Design

Develop

Test/
Demonstrate

Certify

Launch &
Grow
Business



Fiscal 2020 Drivers

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



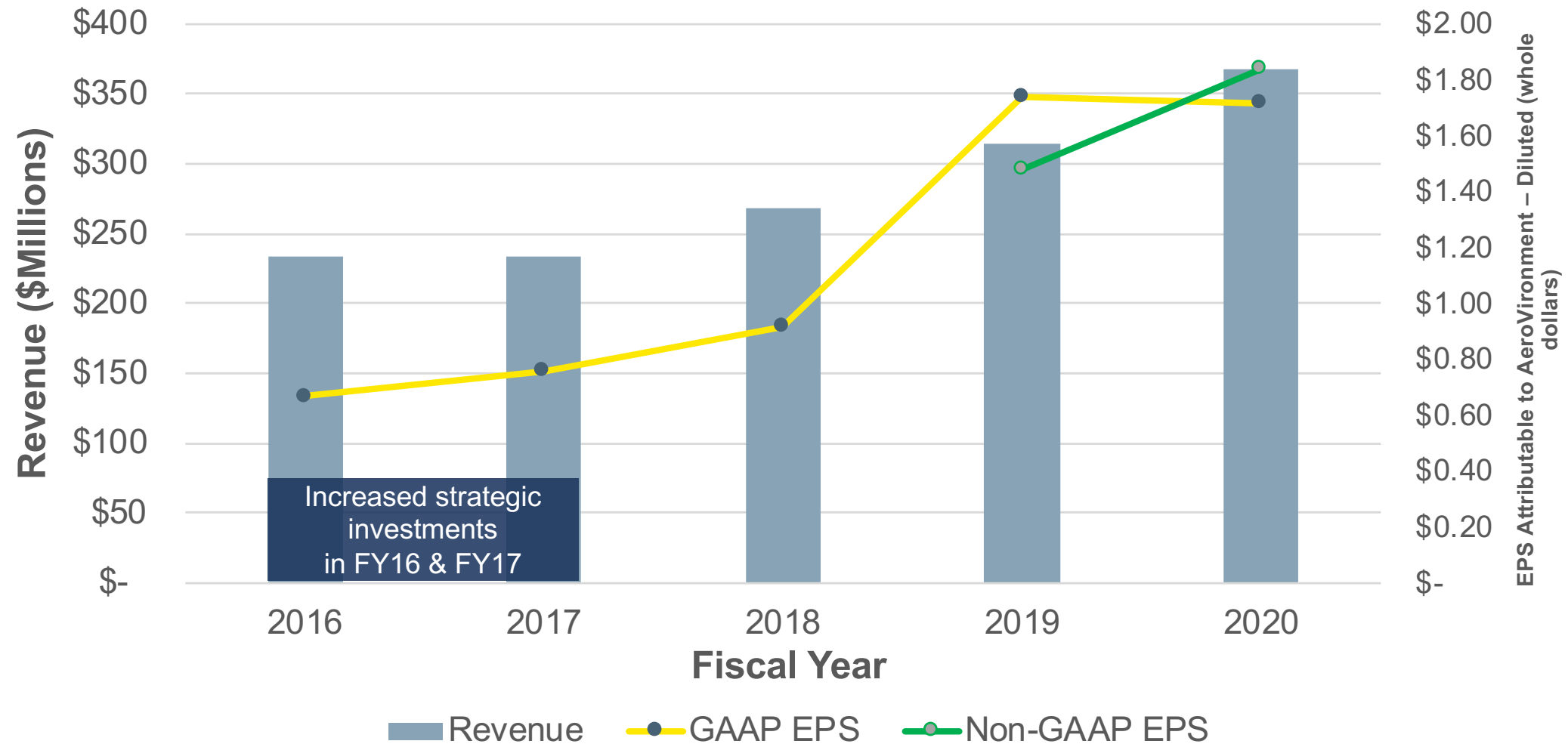
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FINANCIAL

SUMMARY

Profitable Growth Driven by Innovation & Strategic Investments



Adjusted Earnings Per Share Attributable to AeroVironment for fiscal year 2019 excludes a \$0.26 per share one-time gain from a litigation settlement, and for fiscal year 2020 excludes \$0.04 in acquisition-related expenses and \$0.08 in amortization of acquired intangible assets.

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	\$61.9	\$135.2	\$367.3
Gross Margin	\$41.3	\$35.2	\$23.5	\$53.2	\$153.1
Gross Margin %	47%	42%	38%	39%	42%
Income (Loss) from Continuing Operations	\$18.9	\$8.1	(\$1.1)	\$21.3	\$47.1
Operating Margin %	22%	10%	-	16%	13%
Net Income (Loss) Attributable to AeroVironment	\$17.1	\$7.5	(\$1.0)	\$17.5	\$41.1
Net Income Attributable to AeroVironment Margin %	20%	9%	(2%)	13%	11%
GAAP Diluted Earnings Per Share (EPS) Attributable to AeroVironment	\$0.71	\$0.31	(\$0.04)	\$0.73	\$1.72
Non-GAAP Diluted Earnings Per Share (EPS) Attributable to AeroVironment (see reconciliation in appendix)	\$0.74	\$0.34	(\$0.01)	\$0.75	\$1.84

A Strong Balance Sheet is Essential to our Growth Strategy

	April 30,	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 255,142	\$ 172,708
Held-to-maturity short-term investments	—	150,487
Available-for-sale short-term investments	47,507	—
Accounts receivable, net of allowance for doubtful accounts of \$1,190 at April 30, 2020 and \$1,041 at April 30, 2019	73,660	31,051
Unbilled receivables and retentions (inclusive of related party unbilled receivables of \$15,779 at April 30, 2020 and \$9,828 at April 30, 2019)	75,837	53,047
Inventories	45,535	54,056
Prepaid expenses and other current assets	6,346	7,418
Income taxes receivable	—	821
Total current assets	503,927	469,588
Held-to-maturity long-term investments	—	9,386
Available-for-sale long-term investments	15,030	—
Property and equipment, net	21,694	16,905
Operating lease right-of-use assets	8,793	—
Deferred income taxes	4,928	6,685
Intangibles, net	13,637	459
Goodwill	6,340	—
Other assets	10,605	5,821
Total assets	\$ 584,954	\$ 508,844
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 19,859	\$ 15,972
Wages and related accruals	23,972	18,507
Customer advances	7,899	2,962
Current operating lease liabilities	3,380	—
Income taxes payable	1,065	—
Other current liabilities	10,778	7,425
Total current liabilities	66,953	44,866
Deferred rent	—	1,173
Non-current operating lease liabilities	6,833	—
Other non-current liabilities	250	150
Deferred tax liability	—	29
Liability for uncertain tax positions	1,017	51
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.0001 par value:		
Authorized shares—10,000,000, none issued or outstanding at April 30, 2020 and April 30, 2019	—	—
Common stock, \$0.0001 par value:		
Authorized shares—100,000,000		
Issued and outstanding shares—24,063,639 shares at April 30, 2020 and 23,946,293 shares at April 30, 2019	2	2
Additional paid-in capital	181,481	176,216
Accumulated other comprehensive income	328	2
Retained earnings	328,090	286,351
Total AeroVironment, Inc. stockholders' equity	509,901	462,571
Noncontrolling interest	—	4
Total equity	509,901	462,575
Total liabilities and stockholders' equity	\$ 584,954	\$ 508,844

See accompanying notes to consolidated financial statements.

\$318 million

in cash, equivalents,
restricted cash and investments

No debt

	April 30, 2020 <u>unaudited</u>	April 30, <u>2019</u>
Current Assets		
Cash and cash equivalents	\$255,142	\$172,708
Available-for-sale short-term investments	\$47,507	\$150,487
Available-for-sale long-term investments	<u>\$15,030</u>	<u>\$9,386</u>
Total	\$317,679	\$332,581



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Appendix –

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

	Three Months Ended April 30, 2020	Three Months Ended April 30, 2019	Fiscal Year Ended April 30, 2020	Fiscal Year Ended April 30, 2019
(Loss) earnings per diluted share from continuing operations	\$ 0.73	\$ 0.26	\$ 1.72	\$ 1.74
Acquisition related expenses	-	-	0.04	-
Amortization of acquired intangible assets	0.02	-	0.08	-
One-time gain from a litigation settlement	-	-	-	(0.26)
(Loss) earnings per diluted share from continuing operations as adjusted (Non-GAAP)	<u>\$ 0.75</u>	<u>0.26</u>	<u>\$ 1.84</u>	<u>\$ 1.48</u>