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# Third Quarter Fiscal Year 2020 Earnings Presentation March 3, 2020

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- 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](http://www.sec.gov) or on our website at [www.investor.avinc.com/financial-information](http://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.

# Third Quarter Fiscal Year 2020 Key Messages

- 1. On-track to achieve fiscal year 2020 objectives; increased EPS guidance reflects strong momentum**
- 2. Well positioned to maintain growth trajectory beyond fiscal year 2020 based on assessment of demand drivers**
- 3. Executing effectively against strategy for long-term value creation and delivering significant value to stockholders**

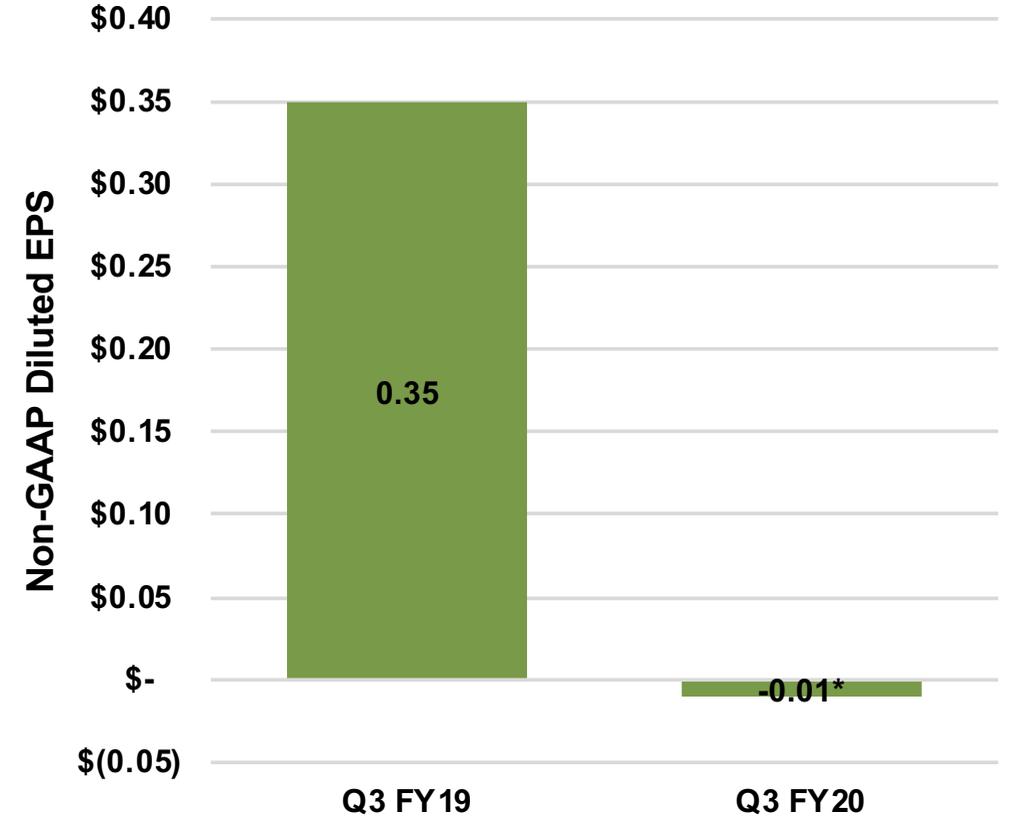
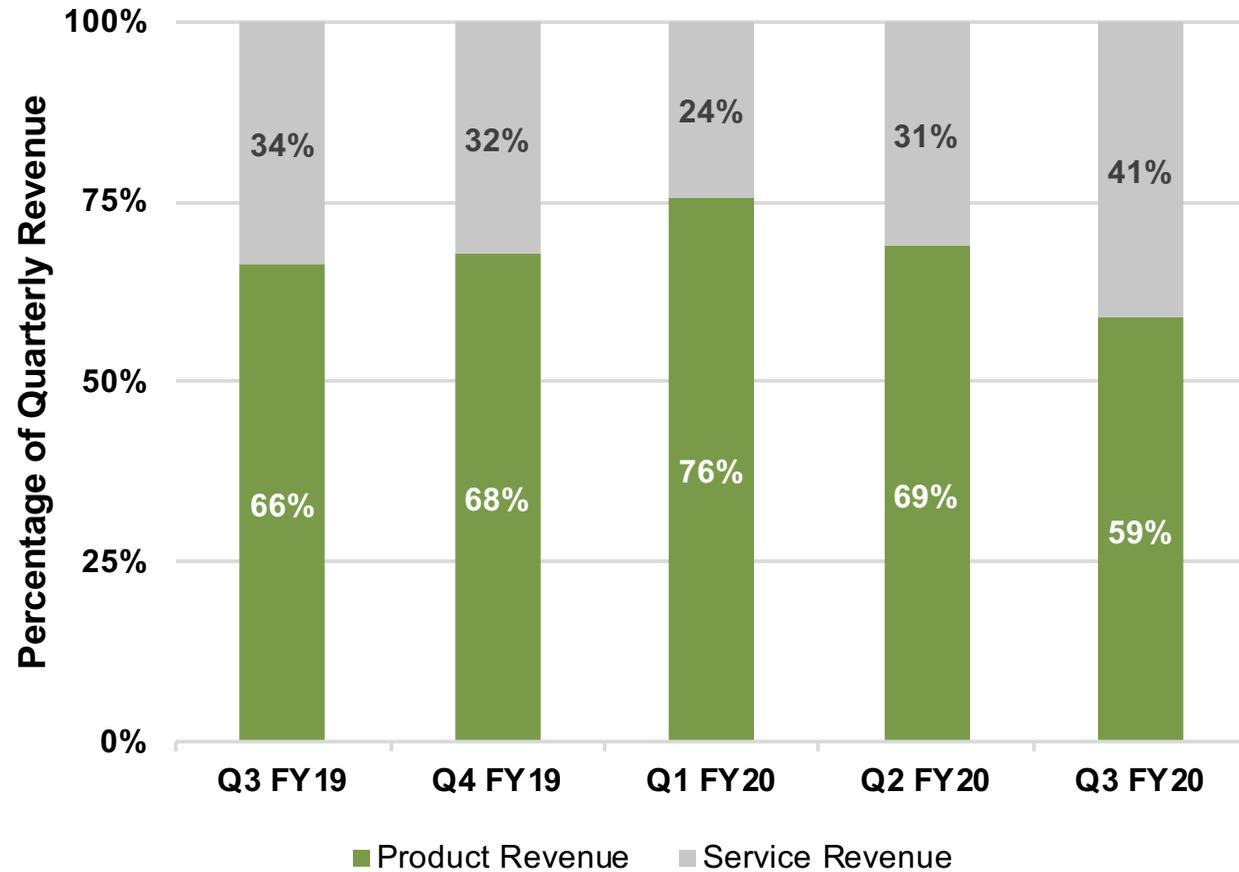
***ON-TRACK TO ACHIEVE FISCAL YEAR 2020 OBJECTIVES & DELIVER  
THIRD CONSECUTIVE YEAR OF PROFITABLE, DOUBLE-DIGIT TOPLINE GROWTH***

# Summary of Third Quarter and Fiscal Year 2020 To-Date Results

| Metric                  | 3rd Qtr. Fiscal Year 2020 | Year-Over-Year Change | Highlights  |
|-------------------------|---------------------------|-----------------------|---|
| Revenue                 | \$61.9 million            | -18%                  | Revenue as planned for the quarter; lower small UAS sales   |
| Gross profit            | \$23.5 million            | -23%                  | Shift in revenue mix and lower overhead absorption  |
| EPS (diluted)           | (\$0.04)                  | -\$0.39               | No one-time items in third quarter fiscal year 2019   |
| Non-GAAP EPS* (diluted) | (\$0.01)                  | -\$0.36               | No one-time items in third quarter fiscal year 2019   |
| Funded Backlog          | \$126 million             | -5%                   | Funded backlog remains at higher end of historical range; currently negotiating new procurement contracts |

\* 3rd qtr. Fiscal Year 2020 excludes \$0.02 in amortization of intangible assets and \$0.01 in acquisition-related expenses

# Lower Revenue and Decrease in Proportion of Product Revenue Contributed to Lower Earnings Year Over Year



\* Excludes Q3 Fiscal Year 2020 amortization of intangible assets & acquisition-related expenses of \$0.03

# Delivering Significant Progress Across the Portfolio



- Healthy funding in proposed government fiscal year 2021 procurement budget: \$112 million
- Announced orders from two international customers totaling \$18 million

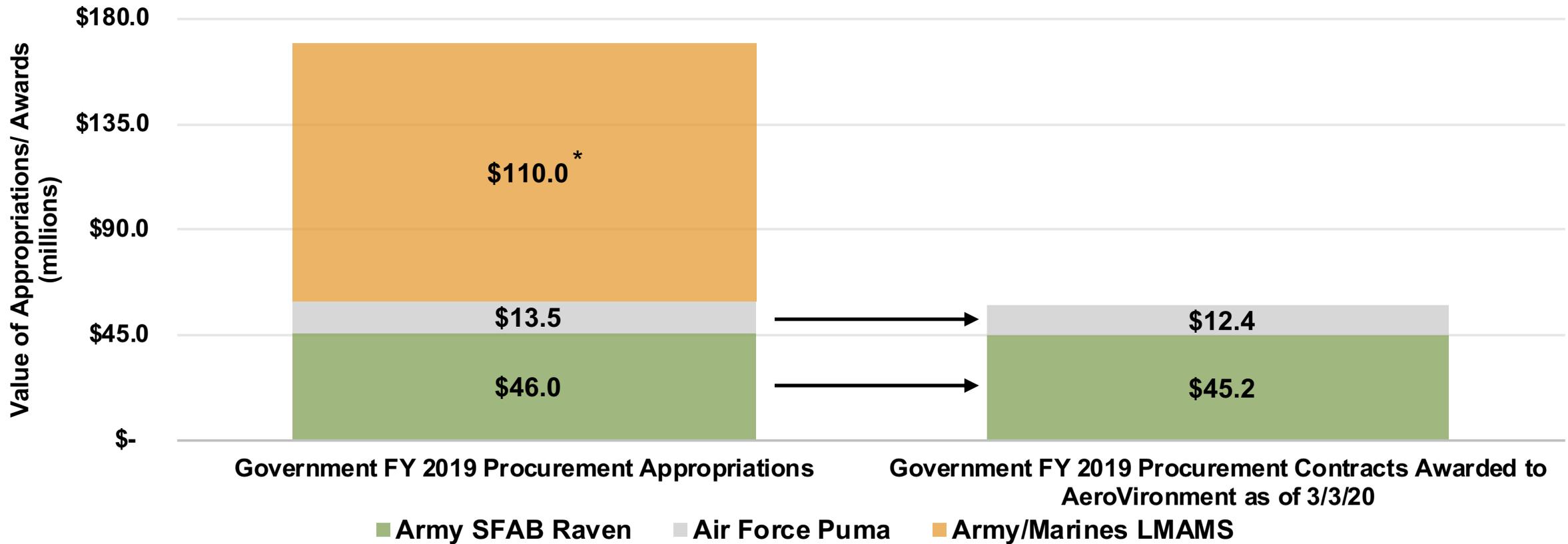


- Preparing for next round of flight testing
- Launch of *HAPS Alliance*: industry leaders in aerospace, telecom, technology

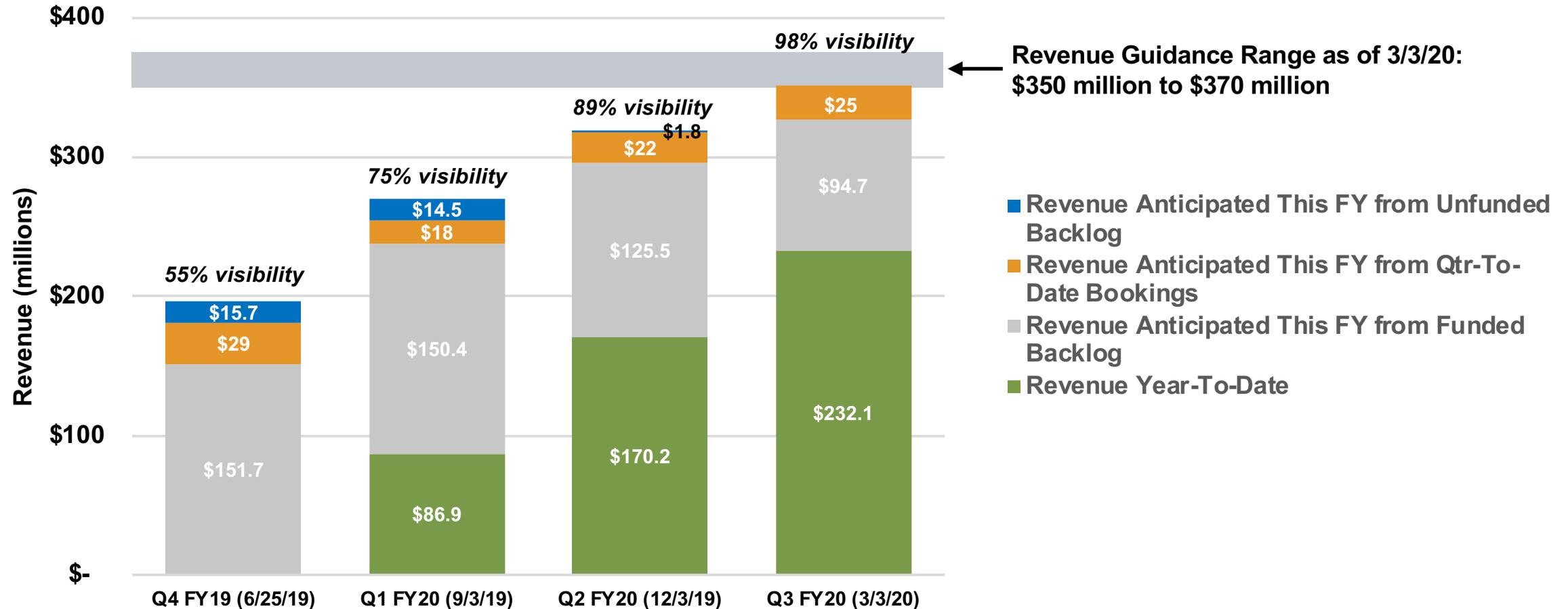


- Negotiating three-year LMAMS program worth up to \$160 million
- Conducted testing of larger Switchblade variant to address larger market

# Government Fiscal Year 2019 Procurement Appropriations Conversion to AeroVironment Contract Awards



# Strong Funded Backlog and High Visibility Support Expected Fiscal Year 2020 Year-Over-Year Revenue Growth



**CONTINUED STRONG FUNDED BACKLOG SUPPORTS HIGH VISIBILITY**

# Fiscal Year 2020 Expectations

|   | Fiscal Year 2019 Actuals | Current Expectations (3/3/20)              |
|---|--------------------------|--|
| Revenue   | \$314 million            | \$350 million to \$370 million             |
| Earnings Per Share (diluted)                            | \$1.74                   | increased to \$1.55 to \$1.75              |
| Non-GAAP Earnings Per Share (diluted)                   | \$1.48 <sup>1</sup>      | increased to \$1.67 to \$1.87 <sup>2</sup> |
| First half revenue as a percentage of full year revenue | 48%                      | 47% (actual)                               |
| Internal Research & Development Investment              | 11% of revenue           | 11% of revenue                             |
| Tax Rate  | ~9%                      | ~11%                                       |
| Capital Expenditures                                    | 3%                       | 5% to 6%                                   |

<sup>1</sup> Excludes Q1 Fiscal Year 2019 one-time gain of \$0.26 from litigation settlement

<sup>2</sup> Excludes acquisition-related expenses and amortization of intangible assets

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

|   | <u>Three Months Ended</u><br><u>January 25, 2020</u> | <u>Three Months Ended</u><br><u>January 26, 2019</u> | <u>Nine Months Ended</u><br><u>January 25, 2020</u> | <u>Nine Months Ended</u><br><u>January 26, 2019</u> |
|---|--|--|---|---|
| <b>Earnings per diluted share from continuing operations</b>                        | \$ (0.04)  | \$ 0.35  | \$ 0.98   | \$ 1.49   |
| <b>Acquisition related expenses</b>   | 0.01   | -  | 0.03  | -   |
| <b>Amortization of acquired intangible assets</b>                                   | 0.02   | -  | 0.06  | -   |
| <b>One-time gain from a litigation settlement</b>                                   | =  | =  | =   | (0.26)  |
| <b>Earnings per diluted share from continuing operations as adjusted (Non-GAAP)</b> | \$ (0.01)  | 0.35   | \$ 1.07   | \$ 1.23   |

# Appendix – Reconciliation of Fiscal Year 2020 Non-GAAP Diluted Earnings Per Share Expectations (Unaudited)

|  | <u>Fiscal year ending</u><br><u>April 30, 2020</u> |
|--|--|
| Forecasted earnings per diluted share                        | \$ 1.55 - 1.75                                     |
| Acquisition related expenses                                 | 0.03   |
| Amortization of acquired intangible assets                   | <u>0.08</u>  |
| Forecasted earnings per diluted share as adjusted (Non-GAAP) | \$ <u>1.67 - 1.87</u>                              |