

# AeroVironment Overview

**Ken Karklin, Vice President**

06 October 2018

# AeroVironment is a Technology Solutions Provider at the Intersection of Future-Defining Capabilities

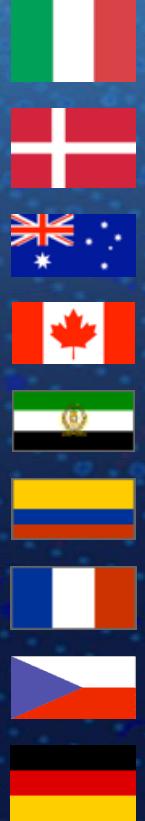
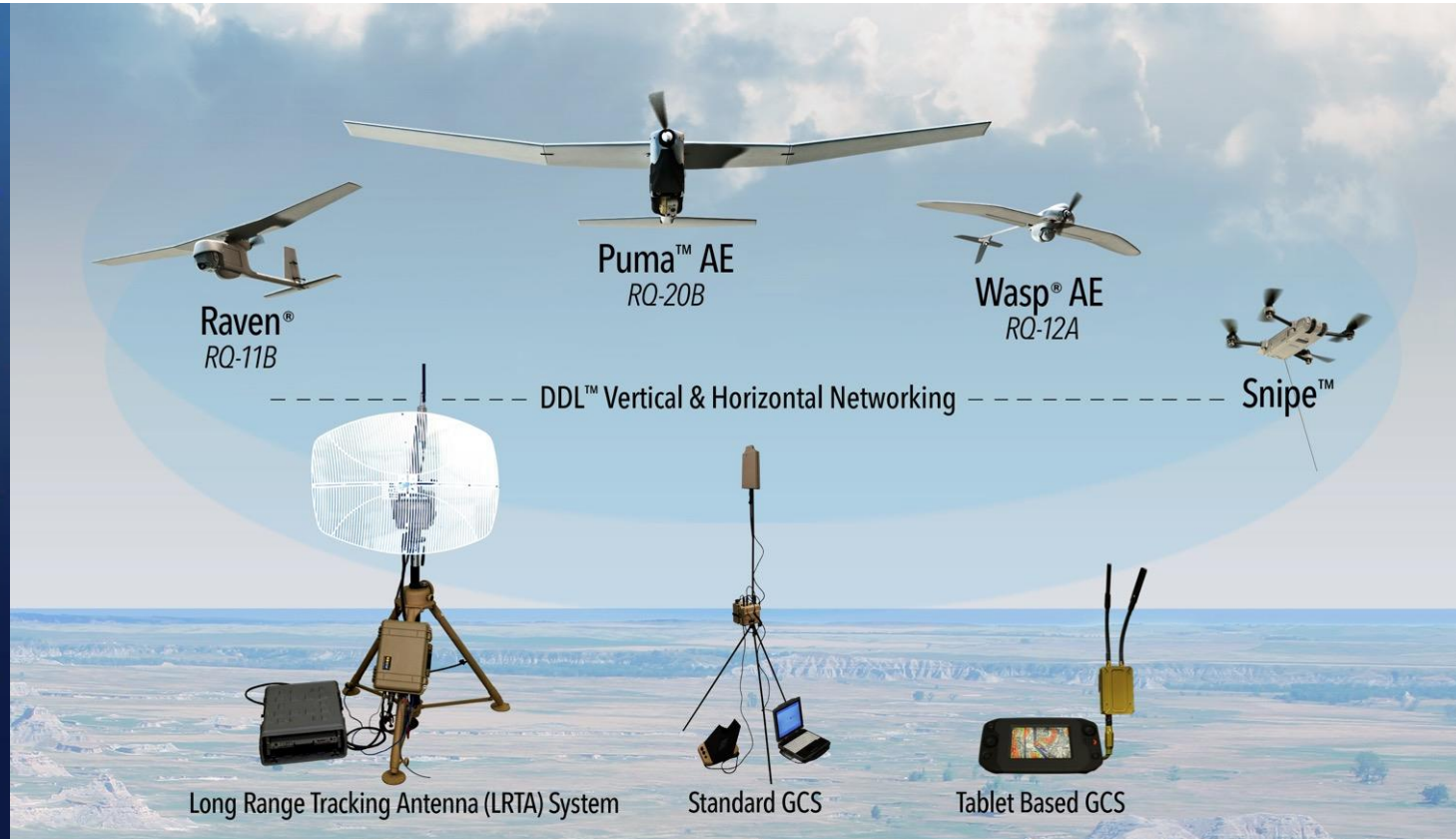
We Provide More Actionable Intelligence So You Can *Proceed With Certainty*



# Strategic Actions Taken

- ✓ Focus on UAS and TMS with EES divestiture
- ✓ Equity investment in HAPSMobile, Inc. – likely to require significantly higher investments in future
- ✓ Partnering with others to pursue our objectives, e.g., FlightWave
- ✓ Continuously evaluating deploying our balance sheet for strategic investments

# The Pioneer and Leader in Small UAS



# Small Unmanned Aircraft Systems



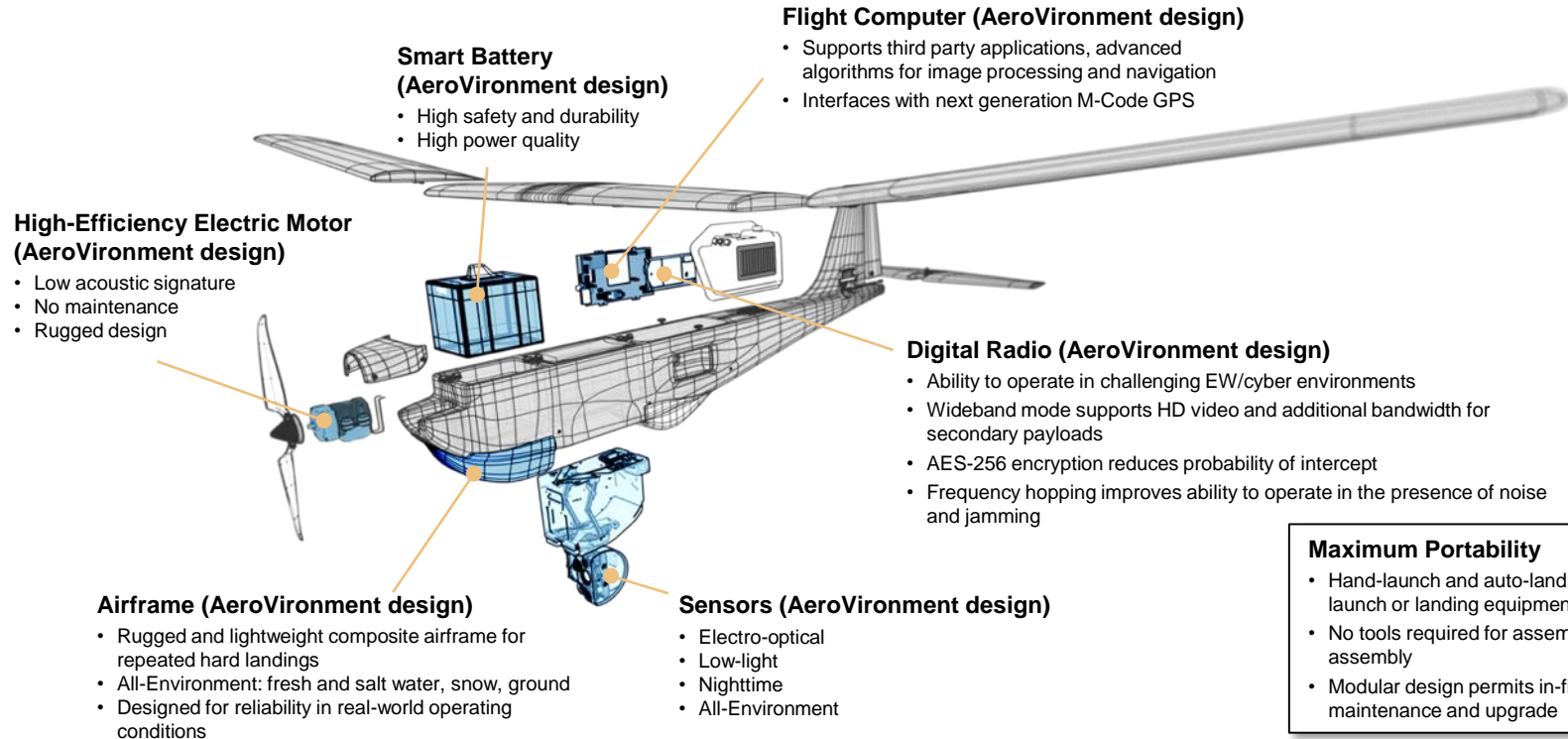
62%  
of fiscal 2018  
company revenue



86%  
of all unmanned aircraft in U.S.  
Dept. of Defense inventory<sup>1</sup>

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

# Integrated, Highly Engineered System Designed for Real-World Military Operations

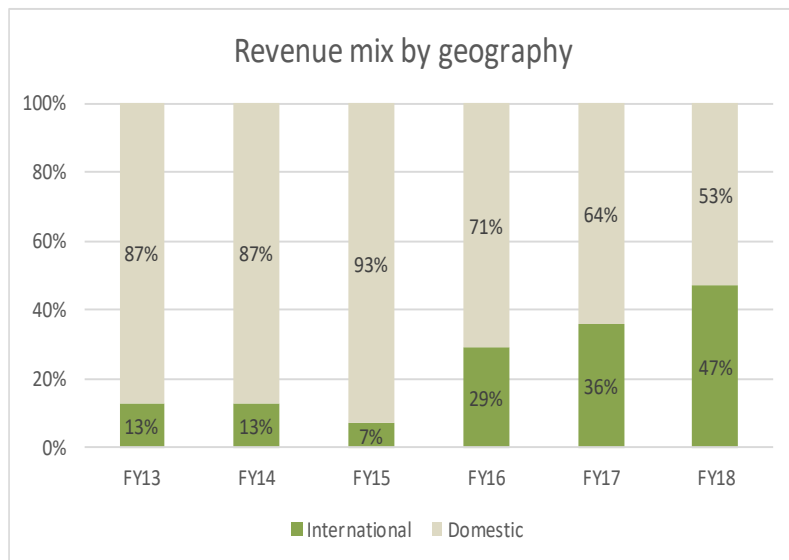


# **AeroVironment is the Leading Supplier of UAS to the U.S. Department of Defense (DoD)**

- Family of rugged, secure, interoperable systems
- More than 85% share of DoD UAS fleet
- Winner of five DoD small UAS programs of record
- Secured more than 90% of Army ID/IQ task order dollars since December 2012
- New procurement opportunities for Army Soldier Borne Sensor (SBS) and Short Range Reconnaissance (SRR)

# Small UAS: Growing International UAS Footprint

- More than 45 international AeroVironment UAS customers, most with additional procurement potential, and many other countries evaluating small UAS

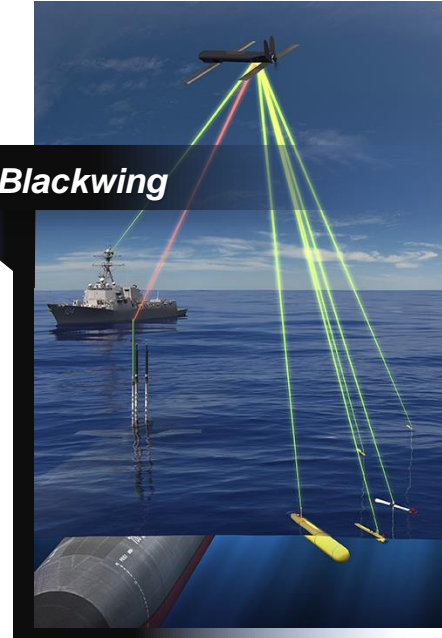


# The Pioneer and Leader in Loitering Munitions (TMS)

**Switchblade**



**Blackwing**



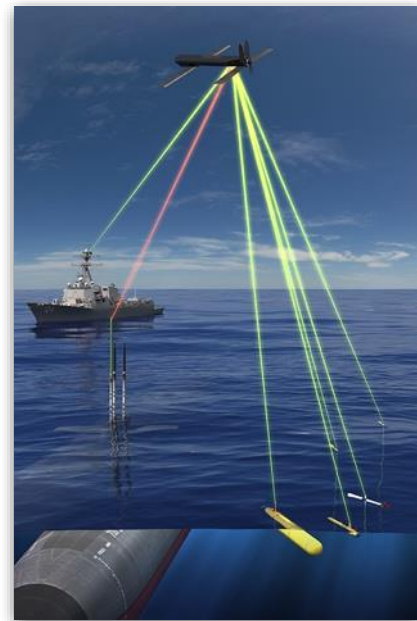
# Tactical Missile Systems



## Switchblade®

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

- 24% of FY18 revenue
- +\$110M Orders in FY18
- \$110M approved funding for LMAMS in GFY19
- Increasing U.S. DoD adoption of Family of Systems
- Additional Switchblade variants in development



## Blackwing™

- Intelligence, surveillance, reconnaissance and communications solution
- Deploying on U.S. Navy submarines and positioned for Program of Record

# The Pioneer and Leader in HAPS

***U.S. mobile operators will spend \$100B on -G by 2020, study says.***

- GSMA, March 2018

***-G set to massively boost IT infrastructure spending of \$326B by 2025.***

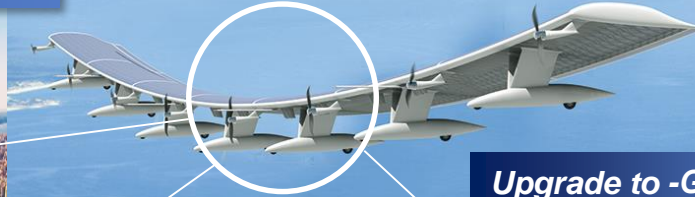
- Forbes, February 2018

***Upgrade to -G costs \$200 Billion a year...***

- Bloomberg, December 2017

***Dish Could Spend Up to \$1B on NB-IoT Network, \$10B on Nationwide -G.***

- Wirelessweek, May 2018



# High-Altitude, Pseudo-Satellite (HAPS) – Provide Next Generation Global Connectivity



- HAPSMobile, Inc. JV with SoftBank Corp. to launch global telecommunications business
- HAPS is a compelling solution for rapid and flexible telecom infrastructure Joint venture funding \$70+ million AeroVironment solar HAPS UAS development & demonstration contract
- AeroVironment to develop, manufacture and supply solar HAPS UAS to HAPSMobile, Inc. on an exclusive basis, subject to JV agreement terms
- AeroVironment has exclusive rights to non-commercial markets for HAPS UAS ex-Japan

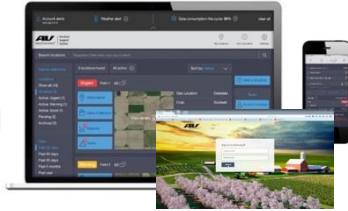
# The First “Drone as an App” Integrated Commercial Information Solution



# Commercial Information Solutions (CIS) – Potential in Multiple Large Verticals



Quantix™ Drone with integrated sensors



AV Decision Support Software Analytics



Tablet with Connectivity



- ✓ 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.”***  
– 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

# UAS STRATEGIC ROADMAP

2018

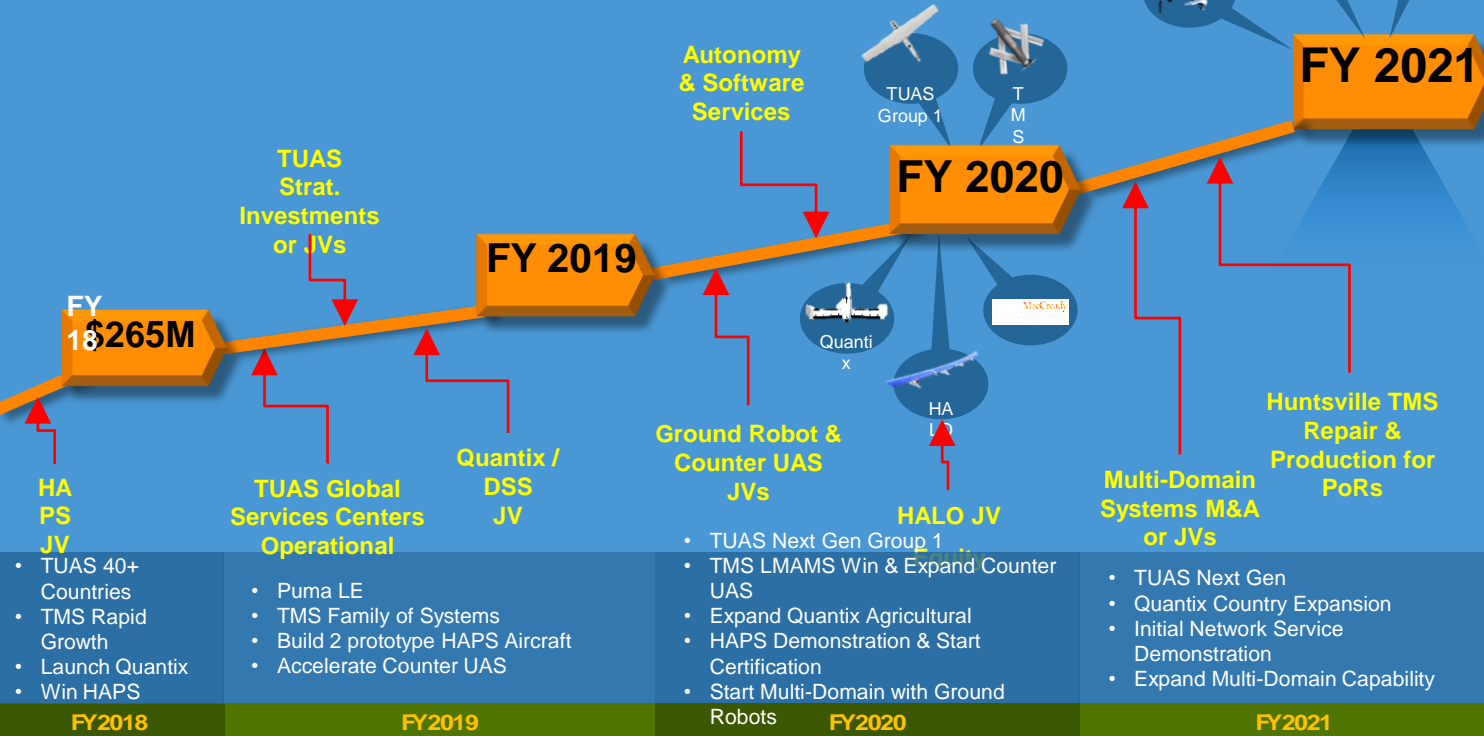
AEROVIRONMENT SALES / REVENUE

(Millions)



## AEROVIRONMENT PURPOSE

To secure lives and advance sustainability through transformative innovation



## FUTURE STATE

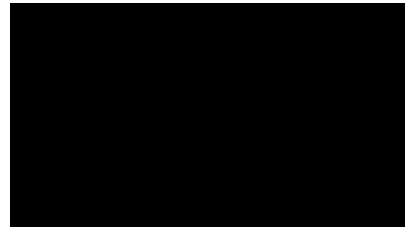
Integrated Multi-domain Robotics, Sensors, Analytics systems (Air, Land & Sea-based).

AeroVironment will be the leader in providing these integrated system solutions to our customers in Defense, and Commercial / Industrial markets. The integrated system solutions will include things such as UAVs, UGVs, AGVs, UUVs, Sensors, descriptive, prescriptive, and preventative software analytics, AI, Computer Vision, and related services.

# Fiscal Year 2018 Highlights

- Executed our strategy well and made significant progress towards our long-term objectives
- Strong year-over-year growth in backlog, revenue and EPS
- Repositioned as Pure-Play Unmanned Systems company

# ...One More Thing!



# Thank You



PROCEED  
WITH  
CERTAINTY