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AeroVironment Overview

Ken Karklin, Vice President

06 October 2018

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

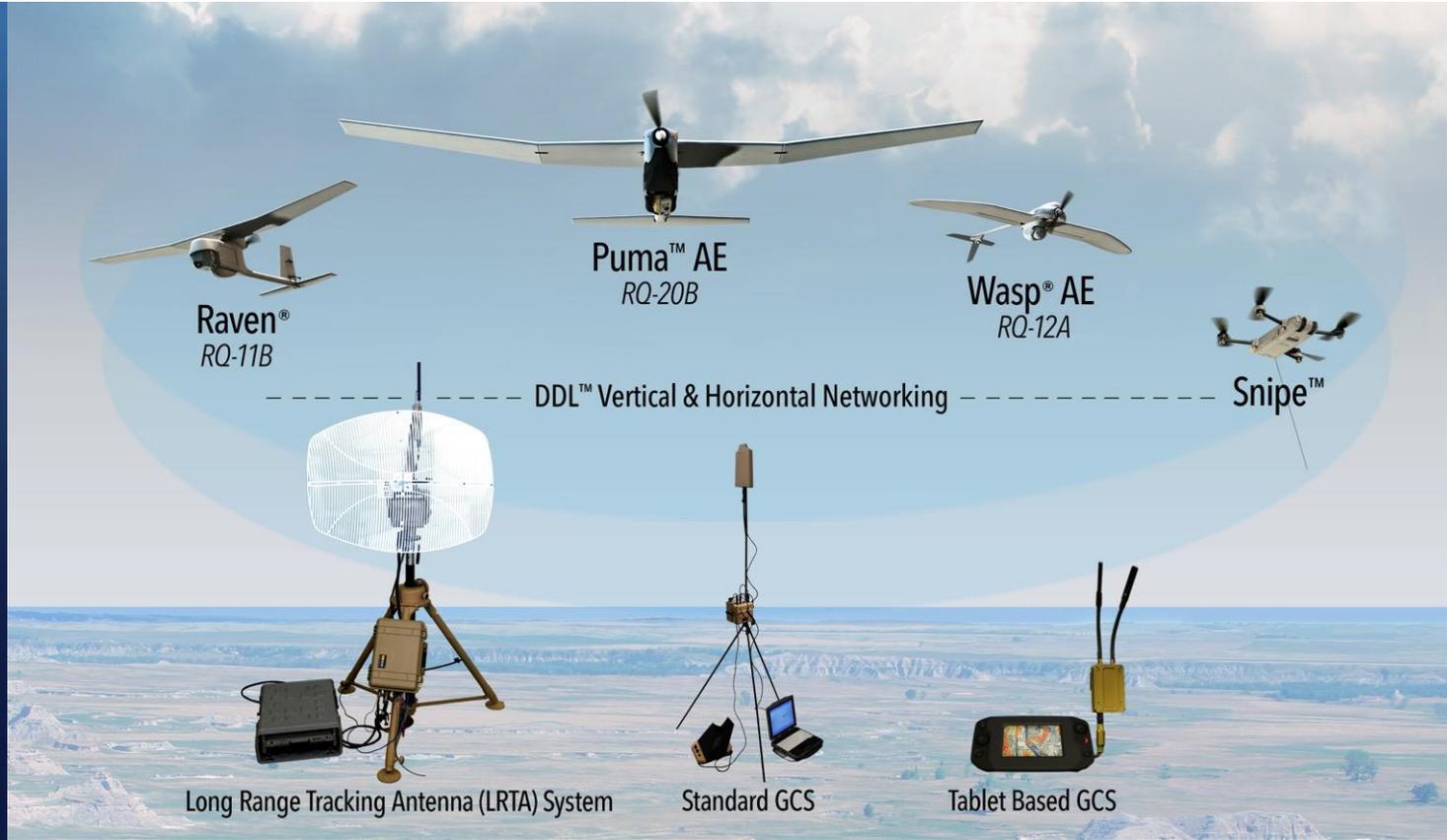
We Provide More Actionable Intelligence So You Can *Proceed With Certainty*



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%

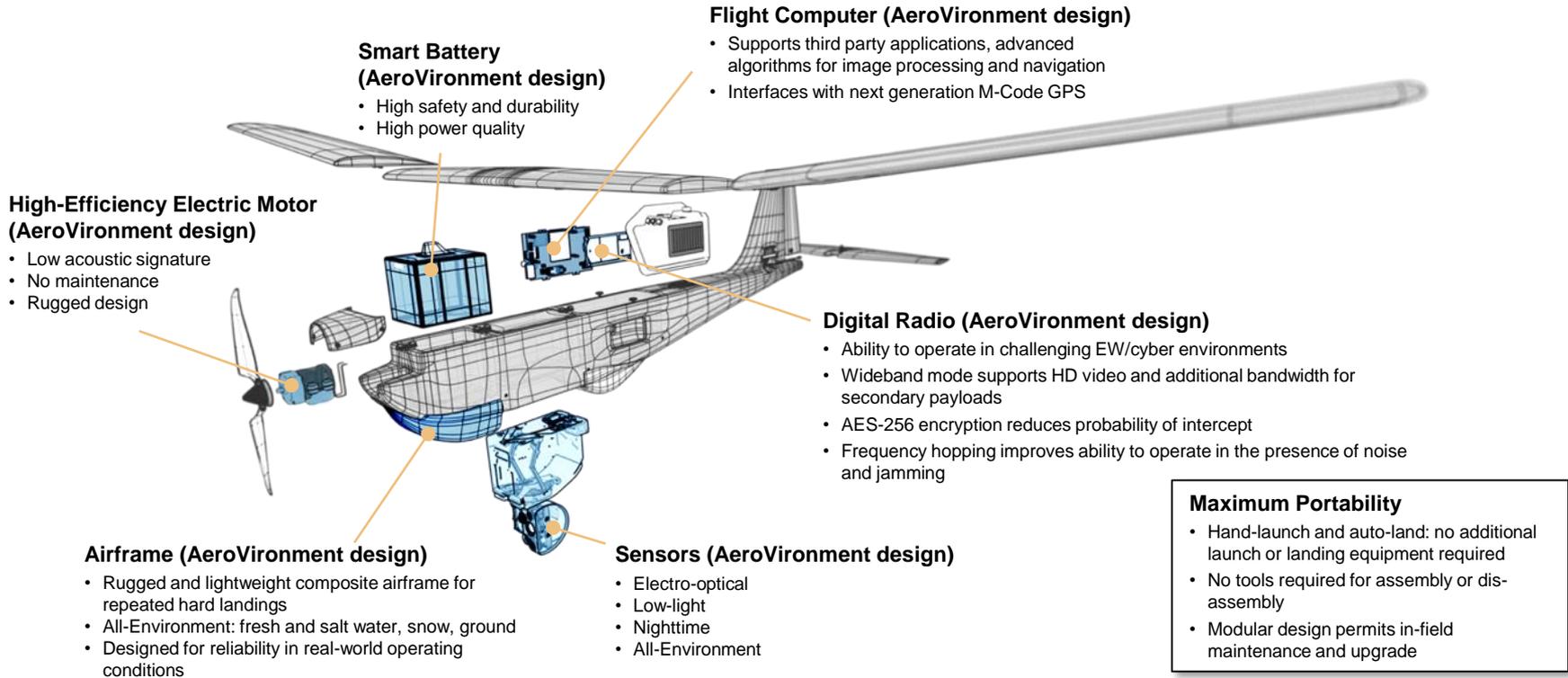
of fiscal 2018
company revenue

86%

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

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

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

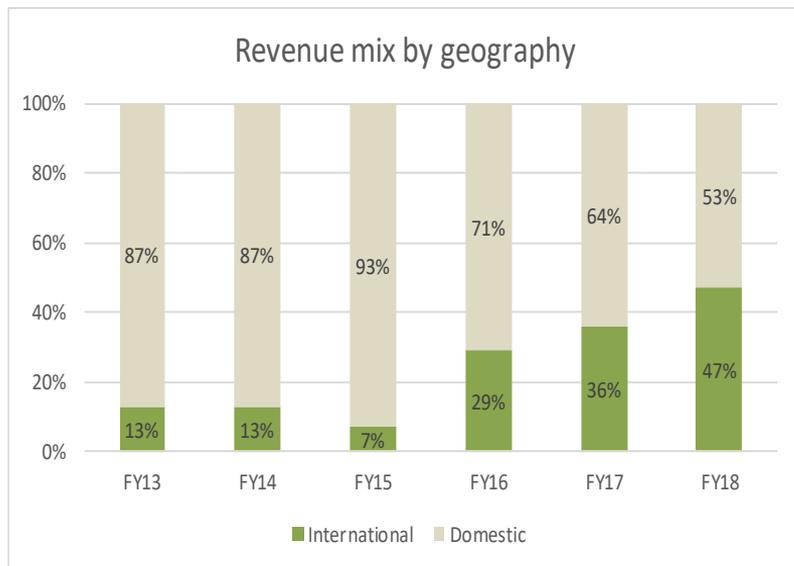


AeroVironment is the Leading Supplier of UAS to the U.S. Department of Defense (DoD)

- 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



- 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

Switchblade®

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



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.

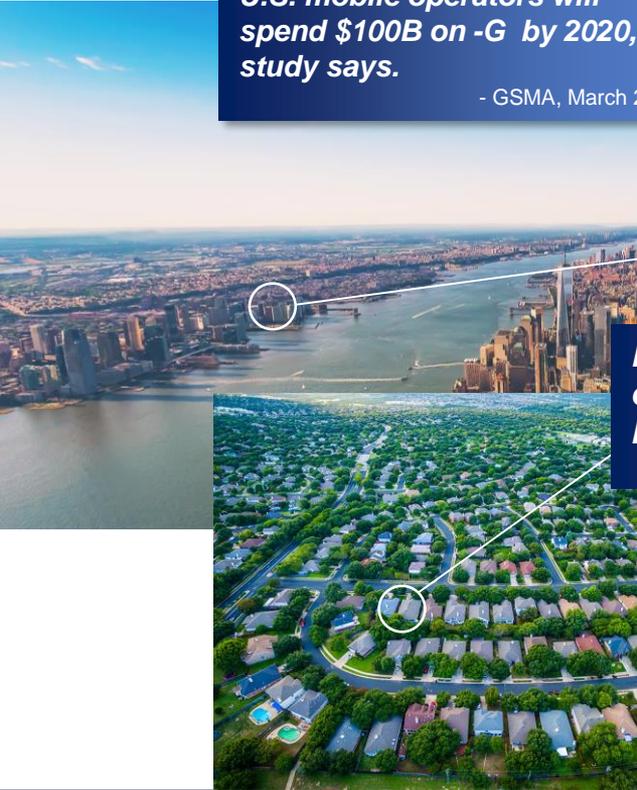
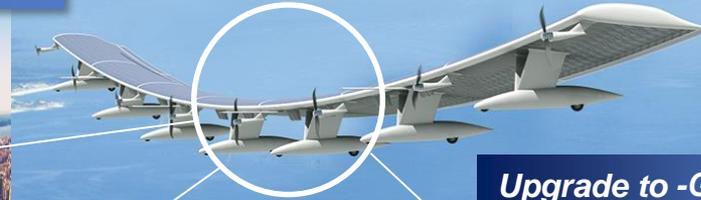
- Forbes, February 2018

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



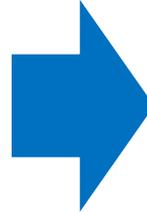
Quantix™ Drone with integrated sensors



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

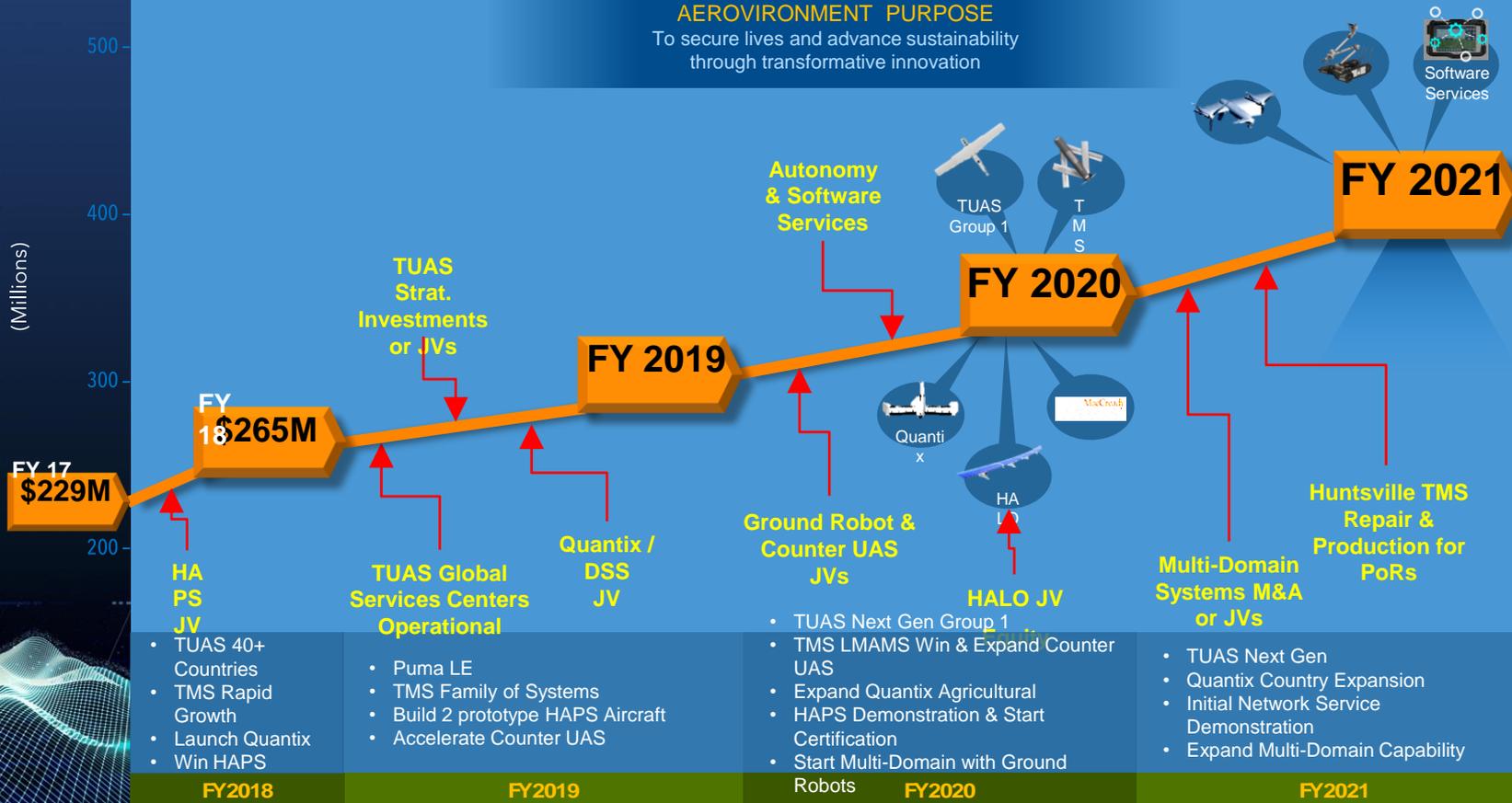
AEROVIRONMENT SALES / REVENUE

(Millions)

500
400
300
200

AEROVIRONMENT PURPOSE

To secure lives and advance sustainability through transformative innovation



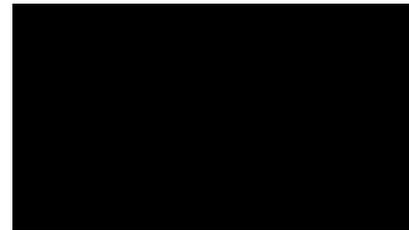
FUTURE STATE

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



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