



# **AeroVironment, Inc.**

## **Second Quarter FY 2010 Investor Overview**

**January 2010**

# Safe Harbor Statement

This presentation contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. 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; changes in the supply and/or demand and/or prices for our products; the activities of competitors; failure of the markets in which we operate to grow; failure to expand into new markets; changes in significant operating expenses, including components and raw materials; failure to develop new products; changes in the regulatory environment; product liability, infringement and other claims; 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. 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.

Activity	Time	Location
Mgmt Q&A	1:30 – 2:30	900 Bd Room
SUAS Facility	2:30 – 3:00	900
Travel	3:00 – 3:15	
GO Facility Tour	3:15 – 3:45	Moreland
Travel	3:45 – 4:00	
Flight Demo	4:00 – 4:30	Brennan
Return to 900	4:30 – 4:45	

# Investment Thesis

Profitable Growth through  
Technology-Based Innovation

Differentiated Solutions with  
Leading Market Positions

Robust, Market-Driven  
Development Pipeline

Strong Financial Performance

# Innovation...Defined



# We Develop, Produce, Sell and Support Innovative Technology Solutions that Help Customers Win

## Small Unmanned Aircraft Systems (UAS)



## Electric Vehicle Test Systems And Charging Systems



## Breakthrough Development Programs Offering Compelling New Value Propositions



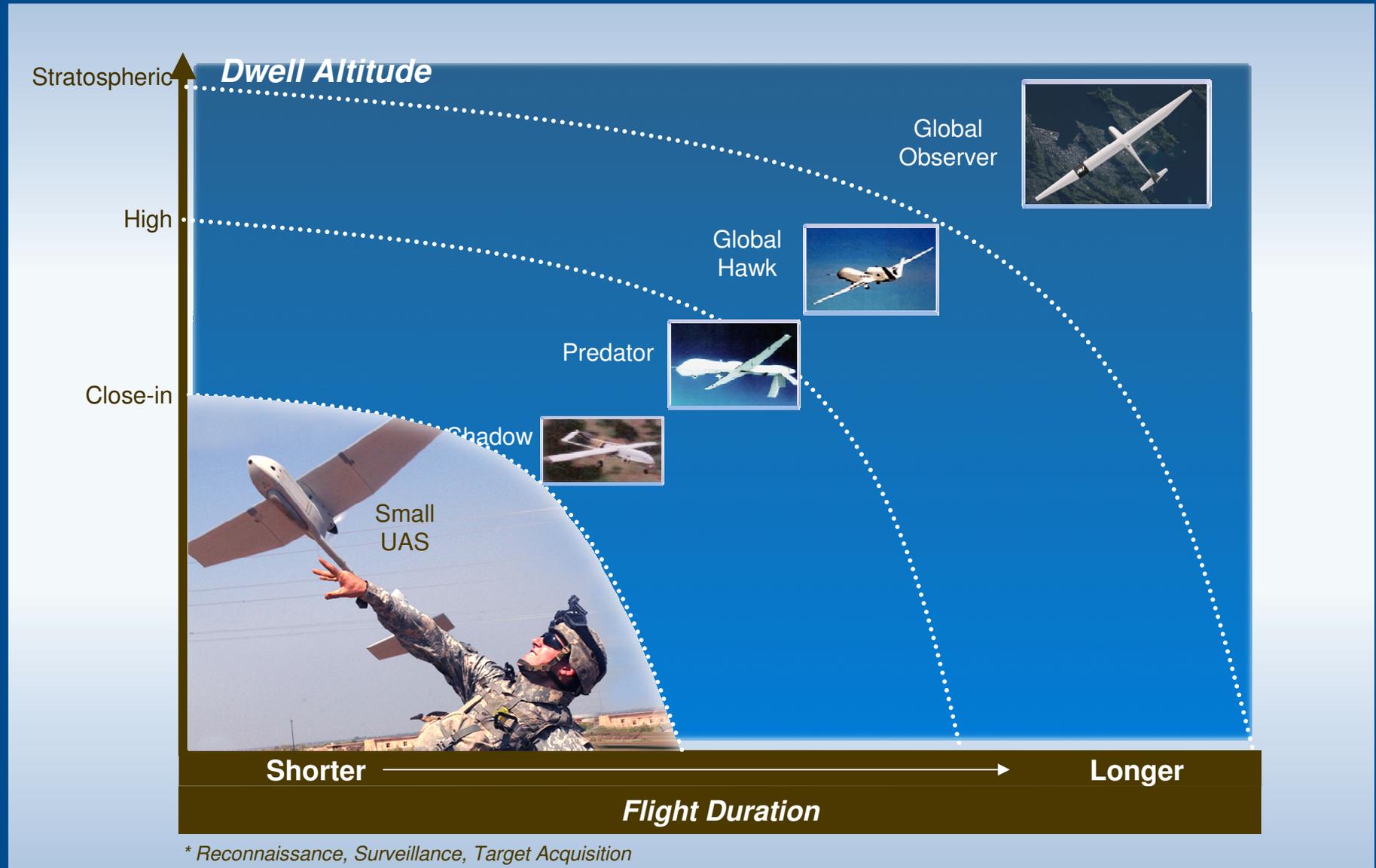
# Small, Hand-Launched UAS *Embedded in U.S. Military Operations*



- **85% of total FY '09 company revenue**
- **39% revenue CAGR FY '04 – '09**
- **Sole supplier to all U.S. DoD programs of record for small UAS**

# UAS Produce and Deliver Remote Imagery

*Small UAS Respond to the Immediate Need for RSTA\**



# Small UAS Provide Front Line RSTA

## *The Difference is Real Time Situational Awareness*

**Without Small UAS**

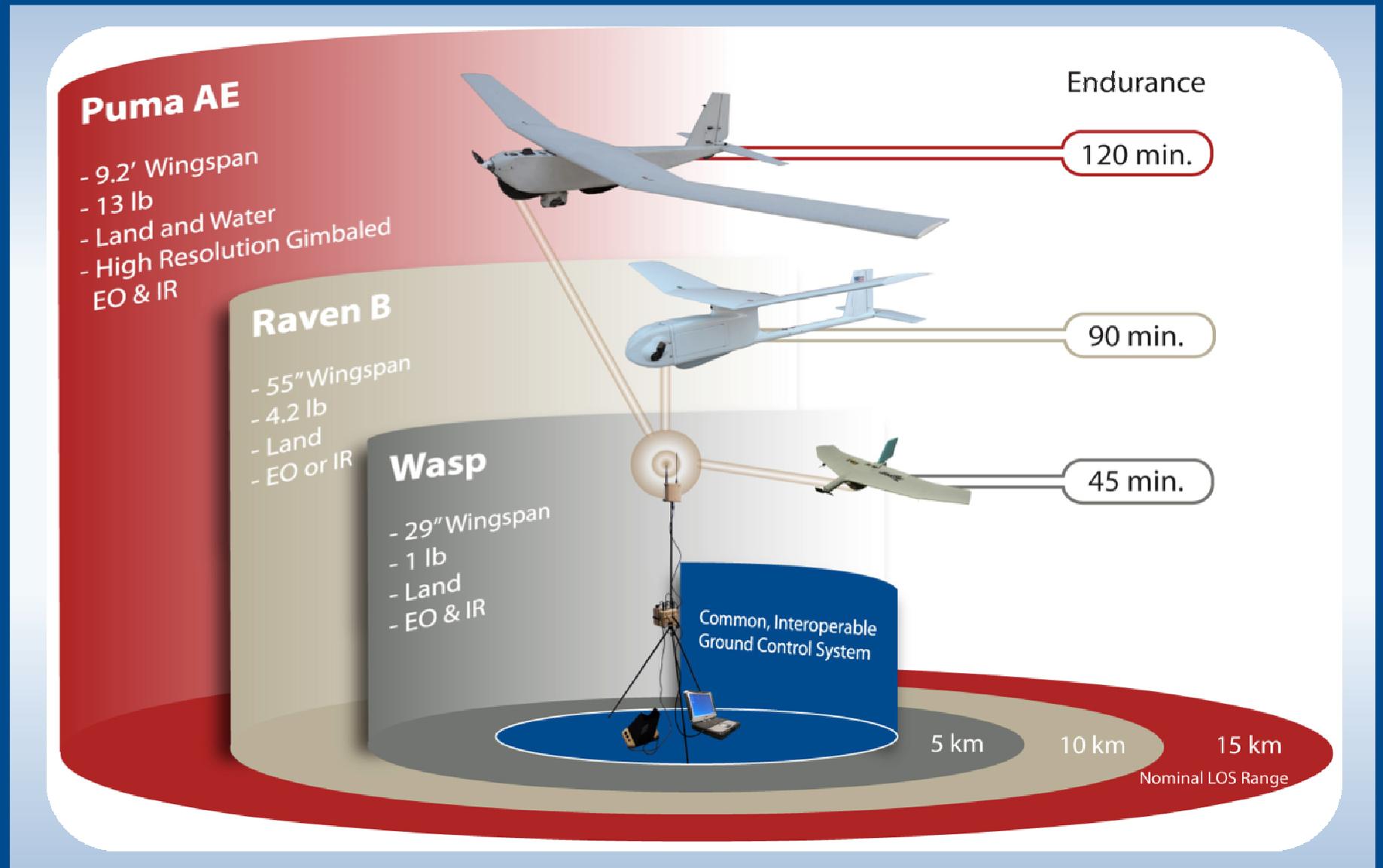


**With Small UAS**



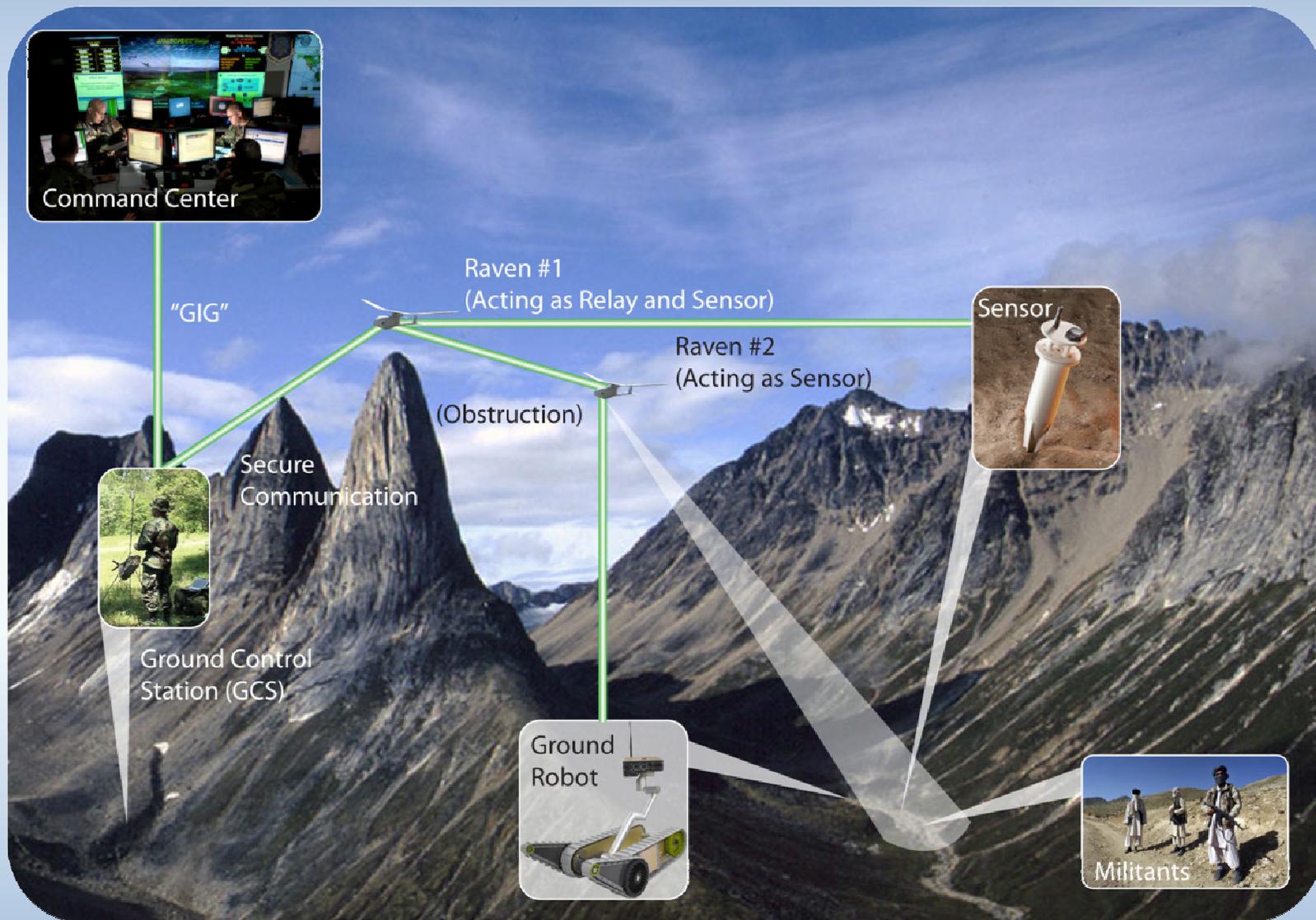
# AV Small Unmanned Aircraft Systems

## Portable Tools for the 21<sup>st</sup> Century Warfighter

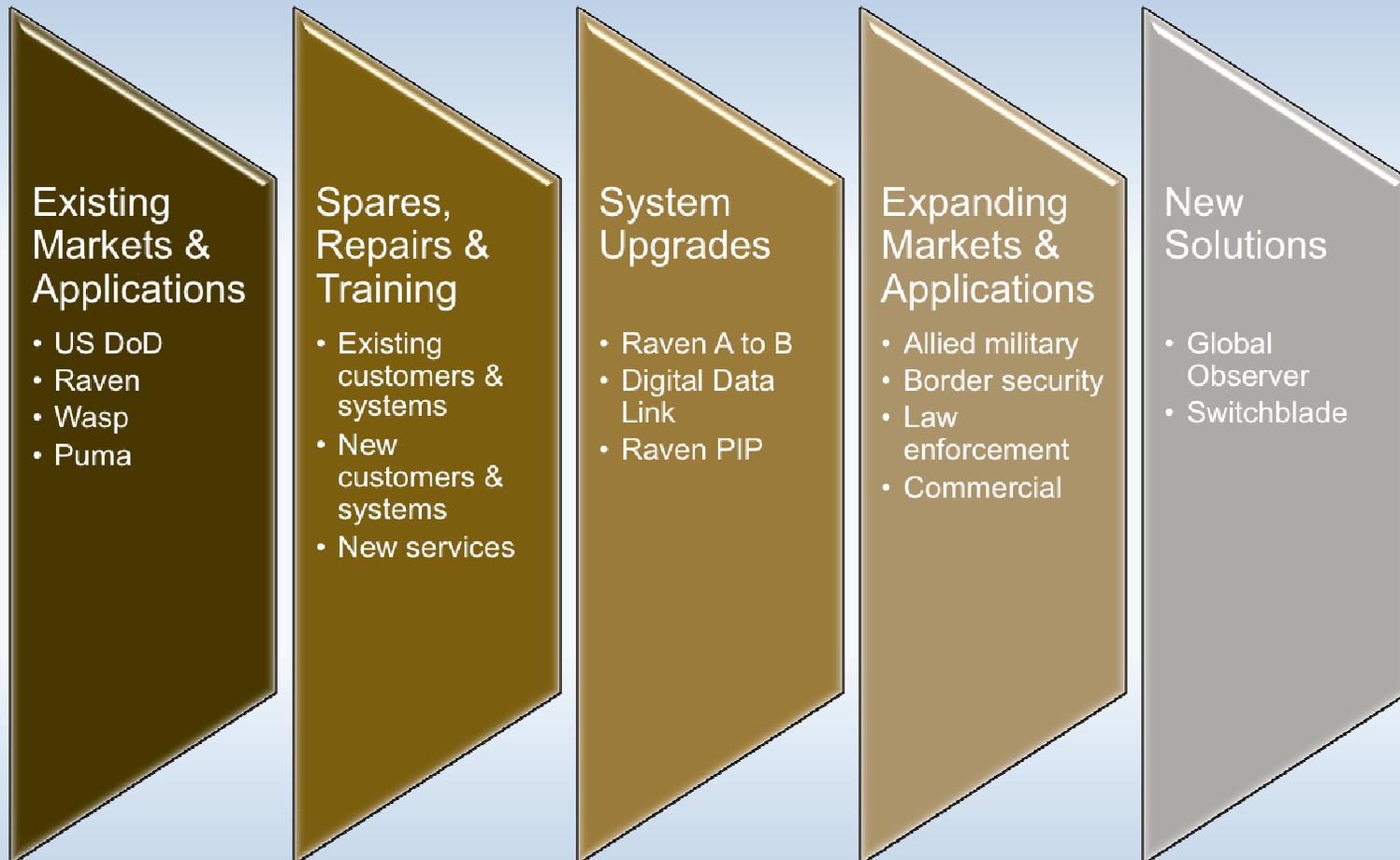


# Digital Raven

## Advanced Capabilities for Small UAS



# Multiple UAS Revenue Drivers

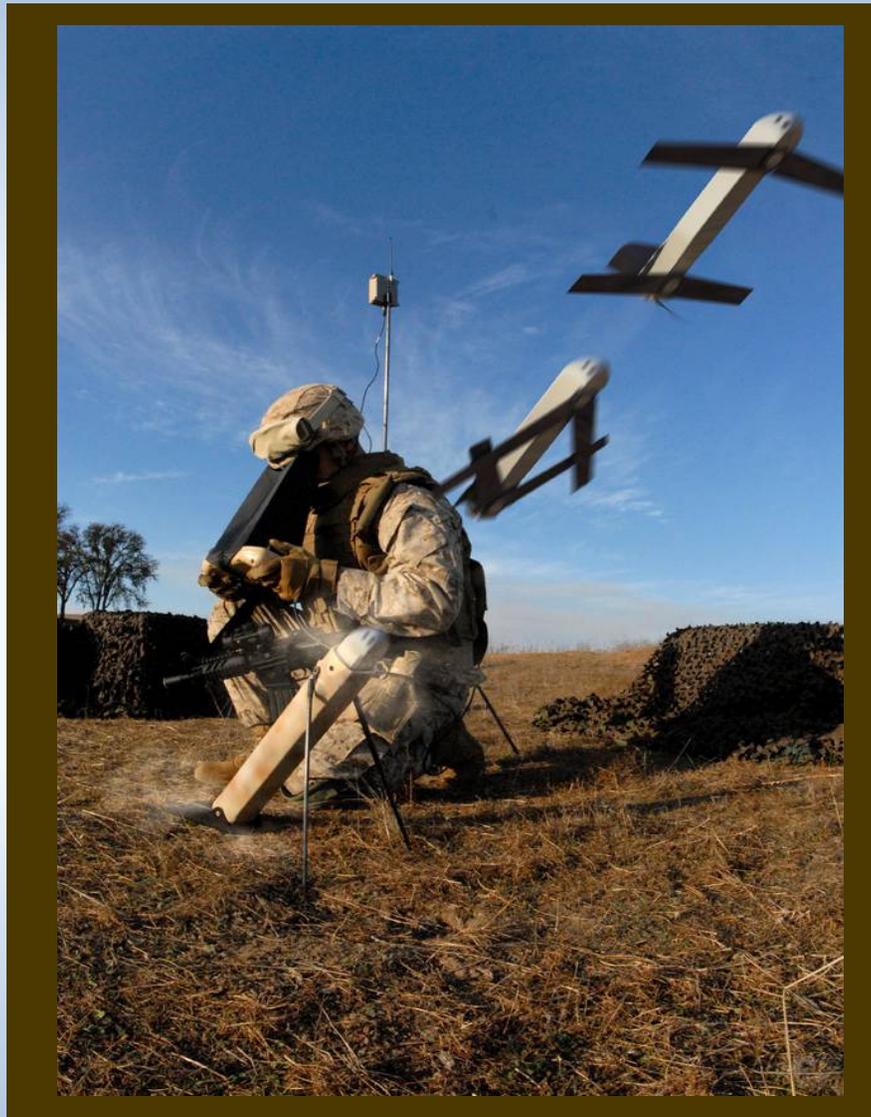


# Development Programs - Global Observer

## *Affordable Persistent ISR and Communications Relay*



# Development Programs - Switchblade *Loitering Miniature Munitions Delivery System*



# Efficient Energy Systems

## *Enabling Solutions for Electric Vehicles*



- **Market leading products:**
  - **Electric Vehicle (EV) Test Systems**
  - **PosiCharge™ Fast Charge Systems**
- **Technology leadership:**
  - **Industrial and Passenger EV charging**
  - **EV simulation systems**
  - **Efficient EV sub-systems**
- **FY '09: 15% of total company revenue**

# Leading Test Systems for Electric Vehicle and Advanced Battery Development



# Leading Advanced Charging Systems for Industrial Electric Vehicles



# Development Programs – EV Charging Systems

## *Critical Infrastructure for Successful EV Adoption*



This film, produced by AeroVironment, Inc. (AV), demonstrates several key steps, including a hired professional licensed electrician's time-lapsed installation, testing, operation, troubleshooting and a service call scenario, of anticipated residential use, in most states of the United States, of AV Electric Vehicle Supply Equipment (EVSE) in connection with battery-powered electric vehicles, under controlled, dramatized circumstances.

The demonstration is not comprehensive, and does not represent all or most residential installations or situations. Numerous factors, including, for example, individual site conditions, geographic conditions, permitting requirements, service personnel and costs, may vary significantly. Pricing and delivery model for the products and services demonstrated is not final and may vary. No energy efficiency claims or environmental claims are intended or being made. This demonstration is based on information available as of September 2009, does not reflect actual commercial or consumer use of AV EVSE products or services, and is subject to change at any time.

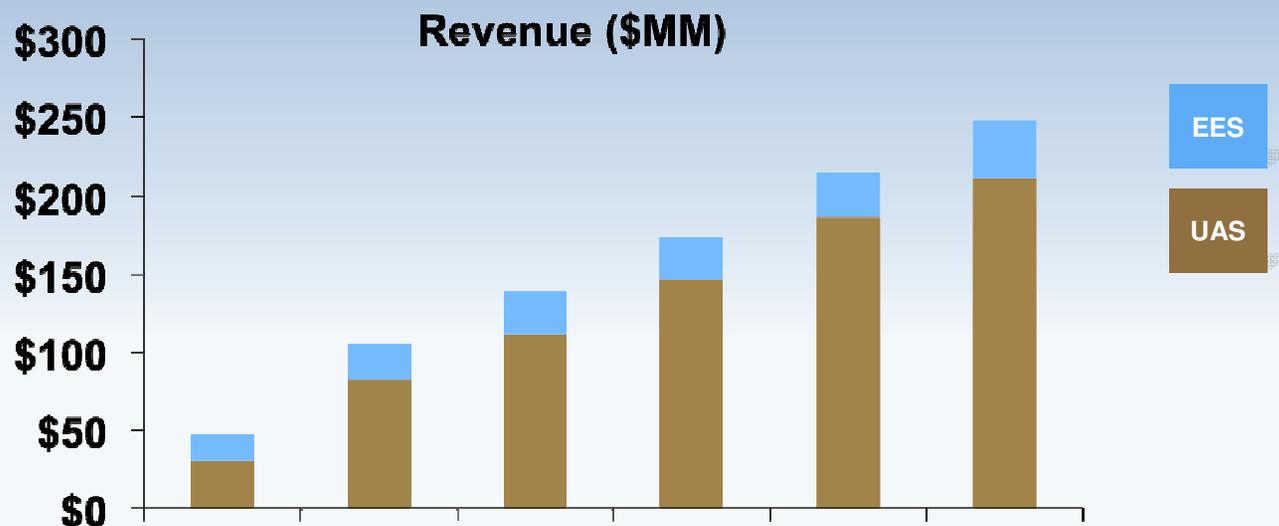
# Financial Highlights

Strong, Profitable,  
Organic Revenue  
Growth

Increasingly  
Diverse  
Revenue Mix

Strong  
Balance Sheet  
with No Debt

# Consistent and Profitable Revenue Growth



In \$ Millions (FYE 4/30)	2004	2005	2006	2007	2008	2009	CAGR
<b>Revenue</b>	<b>\$48</b>	<b>\$105</b>	<b>\$139</b>	<b>\$174</b>	<b>\$216</b>	<b>\$248</b>	<b>39%</b>
<b>Gross Profit</b>	<b>\$15</b>	<b>\$47</b>	<b>\$57</b>	<b>\$68</b>	<b>\$79</b>	<b>\$89</b>	<b>44%</b>
<i>Margin</i>	<i>31%</i>	<i>44%</i>	<i>41%</i>	<i>39%</i>	<i>36%</i>	<i>36%</i>	
<b>Operating Income</b>	<b>\$3</b>	<b>\$20</b>	<b>\$16</b>	<b>\$31</b>	<b>\$28</b>	<b>\$33</b>	<b>60%</b>
<i>Margin</i>	<i>6%</i>	<i>19%</i>	<i>11%</i>	<i>18%</i>	<i>13%</i>	<i>13%</i>	

# FY10 Quarterly Performance

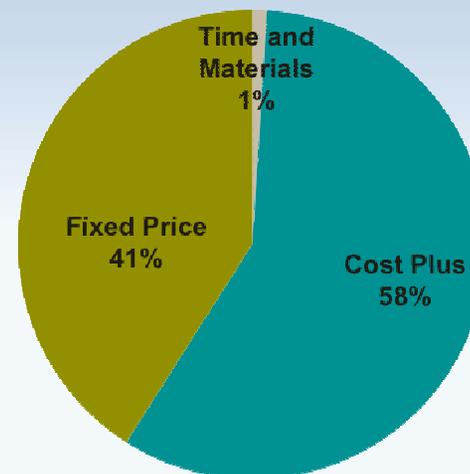
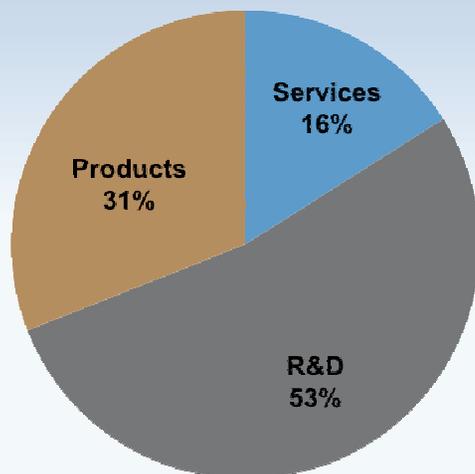
In \$ Millions	Qtr. 1	Qtr. 2
<b>Revenue</b>	<b>\$37.9</b>	<b>\$51.4</b>
<b>Gross Profit</b>	<b>\$10.7</b>	<b>\$19.6</b>
<i>Margin</i>	<i>28%</i>	<i>38%</i>
<b>Operating Income</b>	<b>(\$5.5)</b>	<b>\$3.4</b>
<i>Margin</i>	<i>-14%</i>	<i>7%</i>
<b>Net Income</b>	<b>(\$3.6)</b>	<b>\$2.2</b>
<i>Margin</i>	<i>-9%</i>	<i>4%</i>

# Diverse Revenue Mix

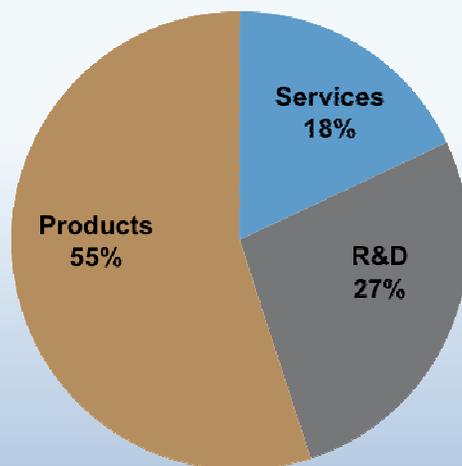
Revenue by Function

Contract Mix

Q2 FY 2010 YTD



FY 2009



# Strong Balance Sheet

**AeroVironment**  
**Fiscal Quarter Ended 10/31/09**  
 (in Millions)

Cash & Investments	\$131	Payables	\$16
Receivables	52	Other Liabilities	23
Inventories	25		
Property and Equipment	20	Capital	111
Other Assets	<u>18</u>	Retained Earnings	<u>96</u>
<b>Total Assets</b>	<b><u><u>\$246</u></u></b>	<b>Total Liabilities &amp; Equity</b>	<b><u><u>\$246</u></u></b>

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