

AEROVIRONMENT NDQ-AVAV

RECENT PRICE **23.24** ^E

P/E RATIO **13.7** (Trailing: 15.6)
Median: NMF

RELATIVE P/E RATIO **0.91**

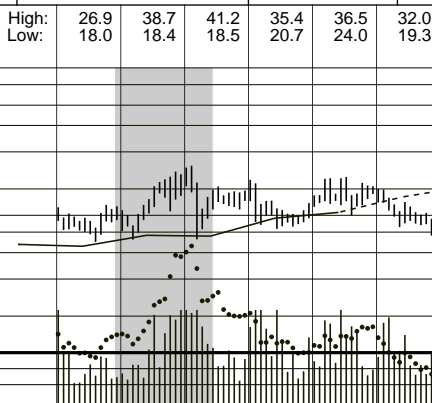
DIV'D YLD

Nil

VALUE LINE

TIMELINESS 3 Raised 12/14/12
SAFETY 3 New 12/19/08
TECHNICAL 1 Raised 11/23/12
BETA .75 (1.00 = Market)

LEGENDS
14.0 x "Cash Flow" p sh
Relative Price Strength
Options: Yes
Shaded areas indicate recessions



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+155%)	27%
Low	40	(+70%)	14%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	3	1	0	1	3	0	1

Institutional Decisions

	1Q2012	2Q2012	3Q2012	Percent shares traded
to Buy	75	65	61	21
to Sell	51	62	48	14
Hlds(000)	14836	14193	14354	7

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^D	2006 ^D	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
--	--	--	--	--	--	--	--	--	--	9.20	10.47	11.54	11.48	13.33	14.61	16.15	18.20	Revenues per sh ^A	29.55
--	--	--	--	--	--	--	--	--	--	1.25	1.22	1.38	1.37	1.66	1.77	2.10	2.35	"Cash Flow" per sh	3.65
--	--	--	--	--	--	--	--	--	--	1.22	1.00	1.11	.94	1.17	1.36	1.50	1.65	Earnings per sh ^B	2.50
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
--	--	--	--	--	--	--	--	--	--	1.16	.38	.62	.50	.46	.67	.70	.70	Cap'l Spending per sh	.80
--	--	--	--	--	--	--	--	--	--	7.23	8.23	9.66	10.74	12.00	13.45	15.00	16.80	Book Value per sh	23.65
--	--	--	--	--	--	--	--	--	--	18.88	20.61	21.47	21.73	21.95	22.24	22.00	22.00	Common Shs Outst'g ^C	22.00
--	--	--	--	--	--	--	--	--	--	18.7	22.3	27.1	29.8	22.0	21.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
--	--	--	--	--	--	--	--	--	--	1.01	1.18	1.63	1.98	1.40	1.35			Relative P/E Ratio	1.35
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil

CAPITAL STRUCTURE as of 7/28/12

Total Debt None

Leases, Uncapitalized: Annual Rentals \$4.0 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 22,262,506 shs. as of 8/24/12

MARKET CAP: \$525 million (Small Cap)

	2010	2011	7/28/12	
Cash Assets	188.8	141.4	122.7	
Receivables	66.4	83.4	73.2	
Inventory (Avg Cst)	38.1	43.5	44.5	
Other	4.7	13.5	14.6	
Current Assets	298.0	281.8	255.0	
Accts Payable	31.1	20.2	13.1	
Debt Due	--	--	--	
Other	31.0	43.5	23.2	
Current Liab.	62.1	63.7	36.3	

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	--	--	14.5%
"Cash Flow"	--	--	15.0%
Earnings	--	--	13.5%
Dividends	--	--	Nil
Book Value	--	--	12.0%

QUARTERLY REVENUES (\$ mill.) ^A

Fiscal Year Begins	Jul.31	Oct.31	Jan.31	Apr.30	Full Fiscal Year
2009	37.9	51.4	60.9	99.3	249.5
2010	38.2	63.8	84.4	106.1	292.5
2011	62.0	80.4	72.0	110.7	325.1
2012	58.7	80.3	88.0	128.0	355
2013	68.0	90.0	100	142	400

EARNINGS PER SHARE ^{A B}

Fiscal Year Begins	Jul.31	Oct.31	Jan.31	Apr.30	Full Fiscal Year
2009	d.17	.10	.30	.71	.94
2010	d.16	.01	.52	.80	1.17
2011	.01	.30	.26	.80	1.36
2012	d.06	.39	.37	.80	1.50
2013	.14	.35	.42	.74	1.65

QUARTERLY DIVIDENDS PAID

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008					
2009					
2010					
2011					
2012					

NO CASH DIVIDENDS BEING PAID

BUSINESS: AeroVironment, Inc. engages in the design, development, and production of unmanned aircraft systems and energy technologies for various industries and governmental agencies. It offers small unmanned aircraft systems (UAS) primarily to the U.S. D.O.D., and sells its fast-charge systems for electric industrial vehicle batteries to commercial consumers. Its small UAS, including

Raven, Dragon Eye, Swift, Wasp, and Puma, provide tactical reconnaissance, tracking, and geographic data directly to the small tactical unit or individual war fighter. Has about 815 empl. Off. and dir. own 17.0% of shares (8/12 Proxy). Chairman & CEO: Tim Conner. Inc.: DE. Addr.: 181 West Huntington Drive, Suite 202, Monrovia, CA 91016. Tel.: (626) 357-9983. Internet: www.avinc.com.

We have raised our fiscal 2012 bottom-line estimate for AeroVironment by a nickel, to \$1.50 a share (year ends April 30, 2013). Although revenues were relatively flat in the October period, we expect business to pick up in the second half of the year. Specifically, we believe that orders for the company's unmanned aircraft systems (UAS), such as the *Puma AE* and *Raven*, will be pushed back to later quarters. Meanwhile, ongoing demand for industrial fast charge systems ought to boost results at the Efficient Energy Systems (EES) division.

The view on the Street has grown more favorable. Following the earnings announcement, the stock shot up and is trading just under where it was three months ago. It appears that investors are optimistic about AeroVironment's prospects over the coming quarters. What's more, we have raised the Timeliness rank on the equity one notch, to 3 (Average).

Share-net gains of around 10% are in the cards for fiscal 2013. AeroVironment recently formed a strategic partnership with Sweden-based CybAero to develop and distribute a Tier II vertical takeoff

and landing UAS. This deal, which gives AeroVironment exclusive rights to provide CybAero's systems to U.S. clients and government customers in NATO and other countries, helps to broaden AVAV's product lineup of heavier, larger, longer-endurance UAS. In addition, an increasing rollout of electric charging stations in North America ought to boost revenues in the EES segment.

There are some notable risks. First, we think R&D expenses will climb higher as the company invests in new development programs. This will likely limit margin expansion. Second, the competitive playing field is tight, with a number of large rivals, such as General Atomics, Boeing, and Lockheed Martin. Smaller companies are also trying to widen their offerings and capture a greater share of this fast-growing sector. Lastly, cutbacks in defense spending will probably have a material impact on earnings.

Long-term accounts may want to apply here. Even with the recent jump in price, the stock still offers wide appreciation potential out to 2015-2017.

Randy Shrikishun December 14, 2012