

Stock of drone maker AeroVironment soars after strong earnings report

December 7 2017, by Samantha Masunaga, Los Angeles Times

Shares of AeroVironment Inc., a drone manufacturer based in Monrovia, Calif., soared Wednesday after the company reported strong second-quarter earnings, boosted by a growth in sales of unmanned aircraft systems.

AeroVironment stock was up as much as 34 percent on Wednesday morning before losing some of its gains. It was up 26 percent at \$54.49 around noon Pacific time.

The company held its second-quarter earnings call with analysts Tuesday afternoon and reported revenue of \$73.8 million, a 47 percent increase compared with the same period last year. AeroVironment attributed the gain to increased sales of [unmanned aircraft systems](#), which includes drones, on-board cameras and sensors and ground control stations.

Revenue from this segment increased \$23.2 million, or 57 percent, to \$64 million in the three-month period ending Oct. 28, the firm said.

An analyst said the company's tactical missile systems business, which includes its Switchblade small [drone](#) that can deliver precision strikes, has been growing, along with its international business.

Joseph DeNardi, managing director at Stifel, said the company's biggest near-term growth area will continue to be its military business, though AeroVironment also plans to begin selling commercial drones and data analytics systems geared toward the agriculture industry next year.

"There's still a lot of questions about how quickly that ramps up and how profitable that business is," he said.

Wall Street's reaction to the company's earnings is also related to a November report from investment manager Spruce Point Capital, which issued a strong sell opinion on AeroVironment's stock due to what it said was poor product performance and heightened competition in the drone market.

In a statement released at the time, Spruce Point noted that it had a short position in AeroVironment and stood to profit if the stock price fell.

After the report, the company's stock dropped and struggled to reach previous highs.

During the call with analysts, AeroVironment Chief Executive Wahid Nawabi said the U.S. Army ranked the company in August as a Tier 1 supplier - the highest status - placing the firm in the ranks of larger companies such as Boeing Co. and Lockheed Martin Corp. As of April, AeroVironment had about 660 employees.

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Citation: Stock of drone maker AeroVironment soars after strong earnings report (2017, December 7) retrieved 10 May 2024 from <https://phys.org/news/2017-12-stock-drone-maker-aerovironment-soars.html>

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