



INVESTOR PRESENTATION | MARCH 2020

FLIR SYSTEMS OVERVIEW



DISCLAIMER AND USE OF NON-GAAP MEASURES

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements regarding expectations for FLIR's performance are based on current expectations, estimates, and projections about FLIR's business based, in part, on assumptions made by management and involve certain risks and uncertainties. Actual results could materially differ due to factors in the presentation and in the risk factors section of our Form 10-K and other reports and filings with the Securities and Exchange Commission. FLIR does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation, or for changes made to this document by external parties.

FLIR reports financial results in accordance with U.S. generally accepted accounting principles (GAAP) and additionally on a non-GAAP basis. The terms "adjusted" and "adj" in this presentation refer to adjusted results, which are non-GAAP measures. See GAAP to non-GAAP reconciliations in the Appendix to this presentation. These non-GAAP measures of financial performance are not prepared in accordance with GAAP and computational methods may differ from those used by other companies. These non-GAAP measures remove certain non-core items (including gains and losses) that FLIR management believes are not reflective of ongoing operating performance, such as restructuring charges, executive transition costs, export compliance matters, gains and losses on disposal of non-core assets, discrete tax items, business acquisition-related expenses, and amortization expense related to acquired intangible assets. FLIR management believes these adjusted earnings metrics provide a view of the Company's core ongoing operating results and facilitate consistent comparison of financial results over time. A full reconciliation of GAAP to non-GAAP financial data can be found in FLIR's earnings release issued on February 27, 2020, which should be reviewed in conjunction with this presentation.

OUR COMPANY

FLIR Vision:

We are the World's Sixth Sense, revolutionizing human perception

FLIR Mission:

Innovate technologies that increase awareness and insight
so that professionals can make more informed decisions
that save lives and livelihoods

WHO WE ARE

\$1.9B

Revenue
FY 2019

21%

Adj. Operating Margin
FY 2019

\$2.23

Adj. EPS
FY 2019

\$370M

Operating Cash Flow
FY 2019

KEY TECHNOLOGIES

- Thermal Sensing
- Unmanned Solutions
- Machine Vision
- Integrated Systems
- Radar
- Lasers
- CBRNE
- Navigation
- Software and Analytics
- Artificial Intelligence

THERMAL
59%



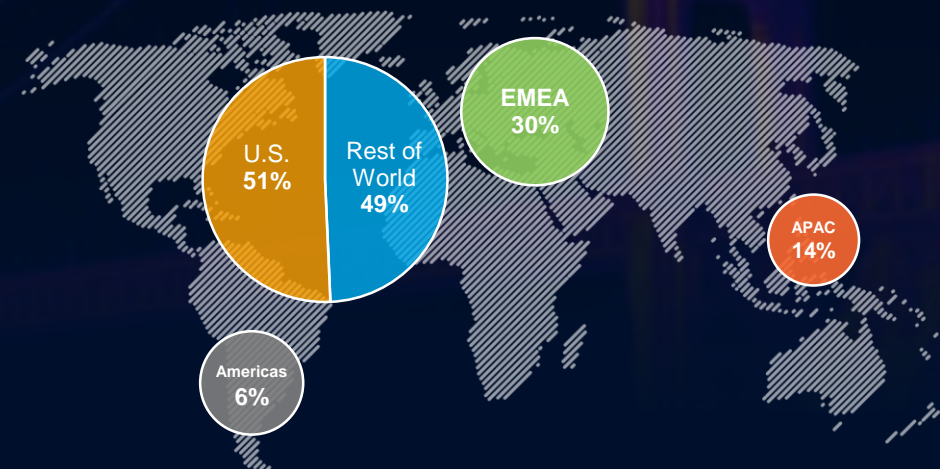
NON-THERMAL
41%



GLOBAL FOOTPRINT

ACTIVE IN
173 Countries

4,200+
EMPLOYEES WORLDWIDE



STRATEGIC PRINCIPLES

Emphasize Mission Outcomes: Broaden innovation to intelligent sensing solutions for critical decision support

Be FLIR: Foster a culture of passion & purpose

Break Boundaries: Disrupt rather than be disrupted

Drive The FLIR Method:
Become a world- class operator

Serve Those Who Serve:

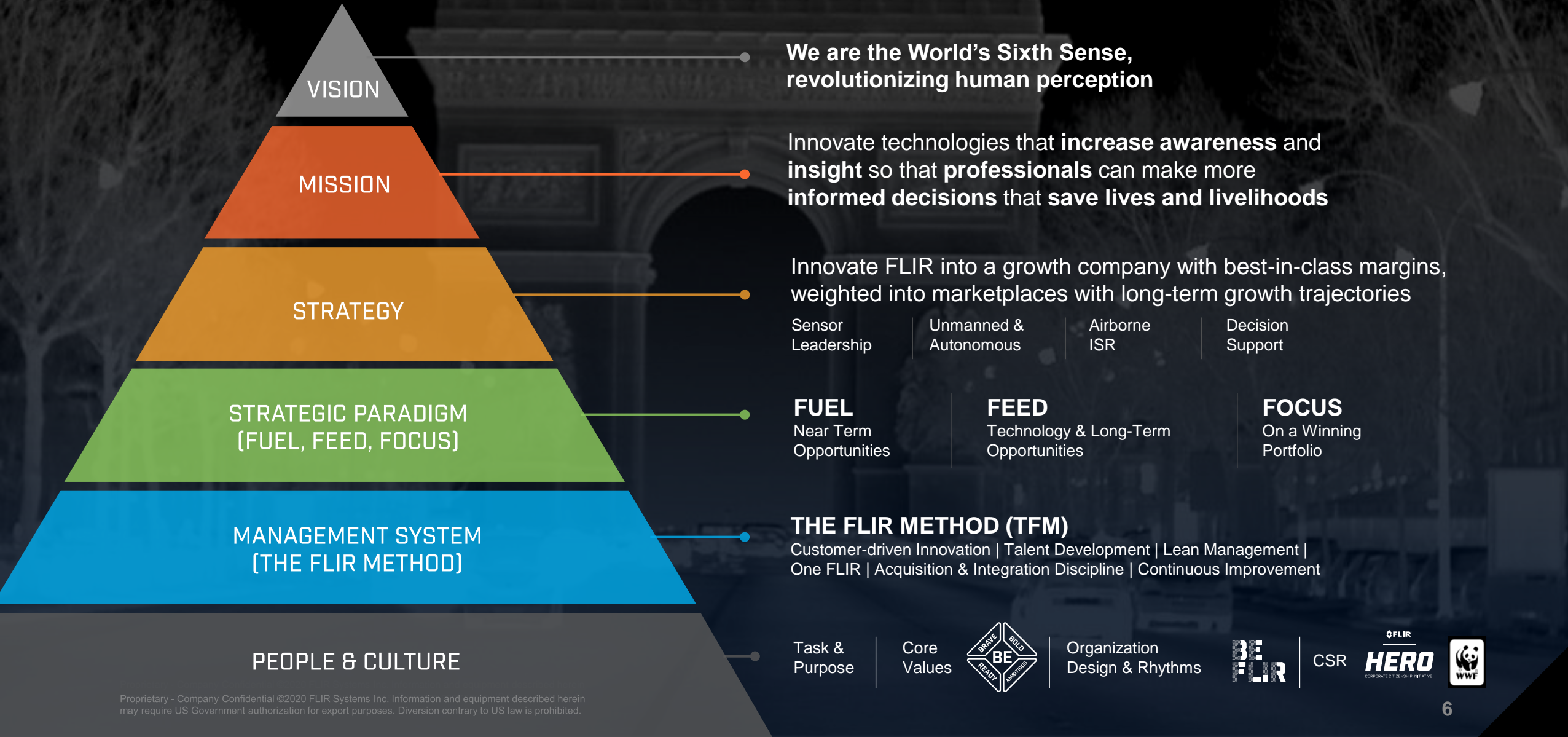
Provide professionals, our principal customers, with cutting-edge solutions to make informed decisions

Play to Win: Operate in markets with a path to market leadership

Focus on Our Strengths: Execute as a world class industrial & defense technology company

Prime for Premium: Position the FLIR brand at the “high end”

THE FLIR STRATEGIC SYSTEM



STRATEGIC PRIORITIES



SENSOR LEADERSHIP

Create market leading and differentiated sensors throughout the FLIR ecosystem supporting decisions and enabling safeguarding of people and property



UNMANNED & AUTONOMOUS

Deliver fully-integrated unmanned solutions for defense, public safety, and enterprise markets to enhance decision making at safe standoff distances



AIRBORNE ISR

Provide sensing and perception solutions that deliver actionable intelligence so military and law enforcement professionals can rapidly detect, track, classify and respond



DECISION SUPPORT

Enhance the performance of human operators by providing actionable information and insights, guiding decision making, and ultimately enabling efficient, decisive action

FRANCHISE PROGRAMS - CRS-H

FRANCHISE PROGRAM DEVELOPMENTS (Q4'19)

Awarded a 5 year, \$109 million contract with the Army to build 350 FLIR Kobra Robots as part of the Common Robotic System Heavy ("CRS-H") program

- Robot weighing up to 700 pounds to perform a range of missions including disarming vehicle-borne improvised explosive devices, unexploded ordnance, or related heavy-duty tasks
- Option to add sensors and payloads to support other missions

Program of record strengthens position as leader in unmanned systems

- Follow-on awards totaling approximately \$40 million already received



ROBOTIC COMBAT VEHICLE – TEAM RIPSAP



- Leadership At The Sensor Level
- Unmanned and Autonomous Applications
- Airborne Intelligence, Surveillance And Reconnaissance (ISR)
- Decision Support
- ★ RCV-M Content

FRANCHISE PROGRAM DEVELOPMENTS (Q4'19)

Team Ripsaw, a partnership between FLIR, Textron and Howe & Howe, was awarded a two-year contact to build four Ripsaw M5 prototype vehicles for the Army's Robotic Combat Vehicle program

FLIR's largest program pursuit; production awards estimated to be in excess of \$1 billion over the life of the program

FRANCHISE PROGRAMS - ADAS

FRANCHISE PROGRAM DEVELOPMENTS [Q4'19]

Strengthening position as leader in the evolving Advanced Driver Assistance System (ADAS) market:

- Selected by Veoneer for its autonomous vehicle production contract with a top global automaker planned for initial unit sales in 2021
 - First system in the industry to include multiple thermal sensing cameras supplied by FLIR to enhance the safety of self-driving vehicles
- Signed new agreement to provide thermal cameras to leading robo taxi disruptor
 - First FLIR direct contract automotive engagement
- ADAS-fueled technology such as thermal augmented Autonomous Emergency Braking (AEB) expected to be integrated as a standard safety feature in the future

FRANCHISE PROGRAMS

FUEL

~\$9 BILLION OPPORTUNITY

(AWARDS WON AND PURSUING THROUGH 2023 AND BEYOND)



AUTONOMOUS DRIVING

AUTONOMOUS DRIVING

AEROSPACE MPT

A&D PRIME - G4 & G5

A&D PRIME - MWS & ATW

ASIA PURSUITS

EUROPE PURSUITS

U.S. PURSUITS

EUROPE PURSUITS

U.S. PURSUITS

MIDDLE EAST PURSUITS

U.S. PURSUITS

RCV-M

AUTONOMOUS DRIVING

NEW SOUTH WALES FIRE & RESCUE

VEONEER

MSC FAA

CRS(H)

SUB-T

A&D PRIME - MWS & MPT

SBS

NBCRV

MTRS II

CIDAS NERVE & BLISTER

MPCAD

EO/IR FP

DRSKO

UH-Y

RAID

2018

2019

2020

2021

2022

2023+

SUNSETTING PROGRAMS

FRANCHISE PROGRAM RAMP

- Leadership at the Sensor Level
- Unmanned and Autonomous Applications
- Airborne Intelligence, Surveillance and Reconnaissance (ISR)
- Decision Support
- Sunsetting Programs

PROJECT BE READY PRIORITIES



DRIVE EFFICIENCY:

Drive process improvements and find leaner ways to operate



EVALUATE R&D:

Realign our portfolio towards strategic market and product priorities



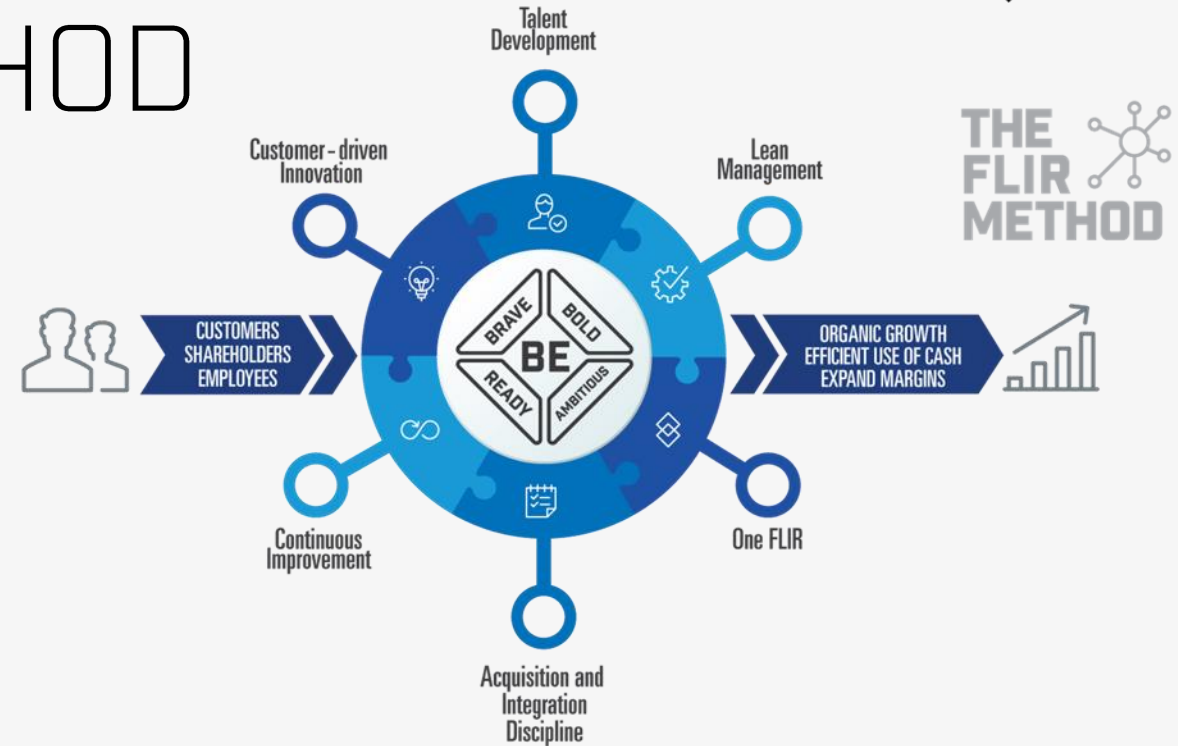
OPERATE AS “ONE FLIR”:

Simplify our operating model and organizational design



TFM – THE FLIR METHOD

Focus on utilizing the tools of TFM to assess the overall complexity of FLIR, with the strategic goal of simplifying and optimizing our portfolio to better penetrate key end markets and meet the needs of our customers



KEY GOALS

ELIMINATE

unnecessary complexity

RESHAPE

portfolio with a focus on higher growth markets

ENHANCE

fundamental compliance resources

OPTIMIZE

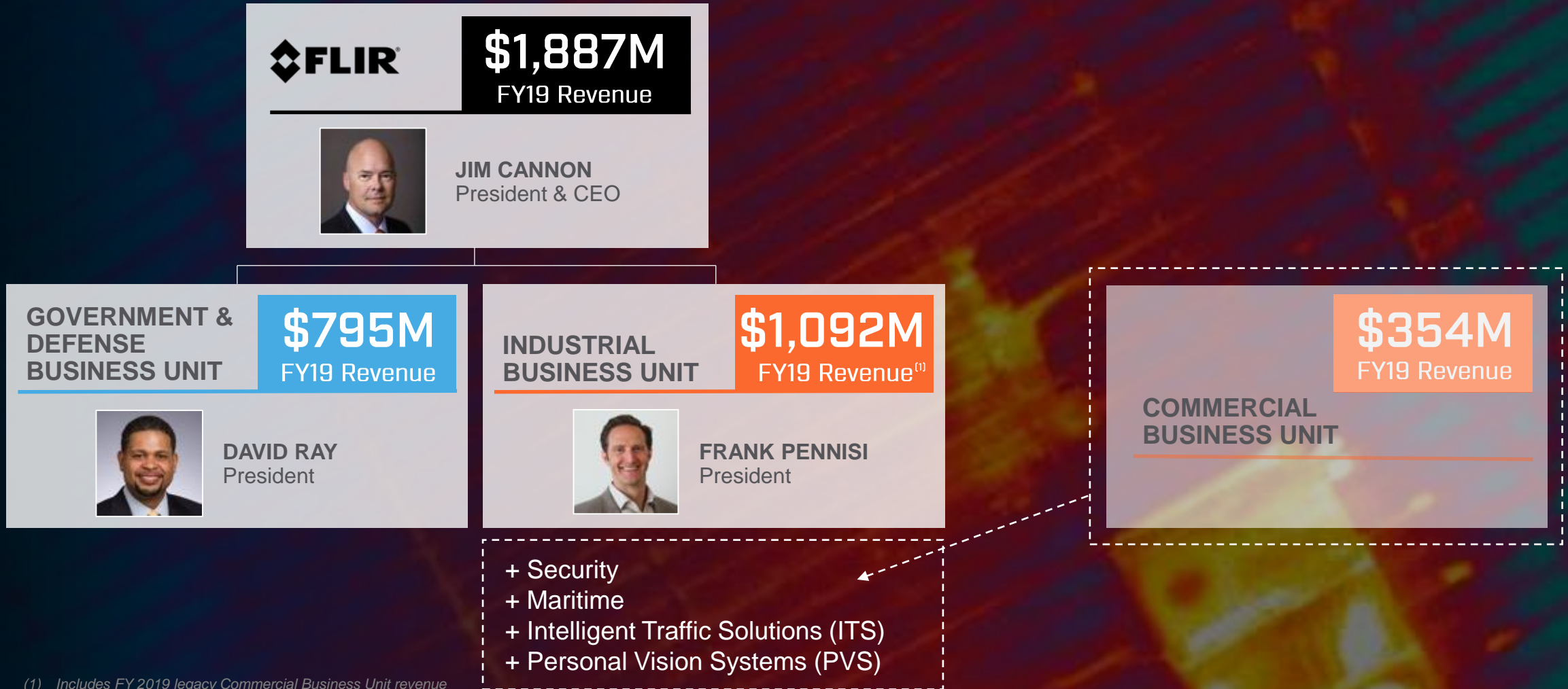
allocation of R&D spending to support strategic focus and long-term value creation

ACCELERATE

new product development and speed to market through robust but simplified stage gate process

FLIR 2020 ORGANIZATIONAL DESIGN

EFFECTIVE Q1 2020



(1) Includes FY 2019 legacy Commercial Business Unit revenue

INVESTMENT THESIS

A large offshore oil rig is visible in the background, partially obscured by the text and a white curved line. The rig is a complex of yellow and red metal structures with various platforms and cranes.

TECHNOLOGY COMPANY FOCUSED ON DIFFERENTIATED SENSING SOLUTIONS

LEADING DISRUPTIVE TECHNOLOGIES IN UNMANNED AND AUTONOMOUS

ALIGNED WITH THE DOD'S MODERNIZATION PRIORITIES

DELIVERING GROWTH, BEST IN CLASS MARGINS AND STRONG CASH FLOW

FUNDING OUR FUTURE WITH A STRONG BALANCE SHEET AND DISCIPLINED
CAPITAL DEPLOYMENT STRATEGY



Appendix

FINANCIAL HIGHLIGHTS - FULL YEAR 2019

REVENUE

\$1,887
MILLION

+6% YOY

ADJ. OPERATING INCOME

\$405
MILLION

+0.2% YOY

ADJ. DILUTED EPS

\$2.23

+0.5% YOY

BOOKINGS⁽¹⁾

\$1,976
MILLION

+11% YOY

CURRENT BACKLOG⁽²⁾

\$673
MILLION

+12% YOY

TOTAL BACKLOG⁽³⁾

\$807
MILLION

+13% YOY

ADJ. GROSS PROFIT

\$976
MILLION

+6% YOY

AJD. OPERATING MARGINS

21.4%

- 130 BPS YOY

(1) Bookings is defined as a contractual agreement awarded during the reporting period

(2) Current backlog is defined as orders received when delivery or performance is expected to occur within 12 months

(3) Total backlog is defined as total estimated amount of future revenues to be recognized under negotiated contracts

GAAP TO NON-GAAP RECONCILIATIONS

(\$s in millions)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Gross profit:				
GAAP gross profit.....	\$ 232,637	\$ 227,779	\$ 929,503	\$ 900,318
Amortization of acquired intangible assets.....	9,774	4,290	35,288	15,306
Purchase accounting adjustments.....	674	-	2,247	-
Restructuring expenses and asset impairment charges.....	5,890	1,181	5,890	3,349
Acquisition related expenses.....	738	-	1,968	-
Other.....	517	262	619	362
Adjusted gross profit.....	<u>\$ 250,230</u>	<u>\$ 233,512</u>	<u>\$ 975,515</u>	<u>\$ 919,335</u>
Gross margin:				
GAAP gross margin.....	47.6%	50.8%	49.3%	50.7%
Cumulative effect of non-GAAP Adjustments.....	3.6%	1.3%	2.4%	1.1%
Adjusted gross margin.....	<u>51.2%</u>	<u>52.1%</u>	<u>51.7%</u>	<u>51.8%</u>
Earnings from operations:				
GAAP earnings from operations.....	\$ 54,053	\$ 85,896	\$ 273,260	\$ 318,606
Amortization of acquired intangible assets.....	14,925	6,614	57,376	24,524
Purchase accounting adjustments.....	674	-	2,247	-
Restructuring expenses and asset impairment charges.....	17,989	3,064	23,765	8,203
Acquisition related expenses.....	4,463	1,280	18,989	6,674
Loss on sale of business.....	-	3,530	-	13,708
Executive transition costs.....	1,004	2,737	2,604	6,748
Export compliance matters.....	10,227	4,563	22,323	23,278
Other.....	517	263	3,968	1,946
Adjusted earnings from operations.....	<u>\$ 103,852</u>	<u>\$ 107,947</u>	<u>\$ 404,532</u>	<u>\$ 403,687</u>
Operating margin:				
GAAP operating margin.....	11.1%	19.2%	14.5%	17.9%
Cumulative effect of non-GAAP Adjustments.....	10.1%	4.9%	6.9%	4.8%
Adjusted operating margin.....	<u>21.2%</u>	<u>24.1%</u>	<u>21.4%</u>	<u>22.7%</u>

Amounts may not sum due to rounding

Note: The Company made certain reclassifications to the prior years' financial statements to conform them to the presentation as of and for the year ended December 31, 2019 that management has determined had no effect for the periods presented.

GAAP TO NON-GAAP RECONCILIATIONS

(CONTINUED)

(\$s in millions, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net earnings:				
GAAP net earnings.....	\$ 1,684	\$ 98,516	\$ 171,597	\$ 282,425
Amortization of acquired intangible assets.....	14,925	6,614	57,376	24,524
Purchase accounting adjustments.....	674	-	2,247	-
Restructuring expenses and asset impairment charges.....	17,989	3,064	23,765	8,203
Acquisition related expenses.....	4,463	1,280	18,989	6,674
Loss on sale of business.....	-	3,530	-	13,708
Executive transition costs.....	1,004	2,737	2,604	6,824
Export compliance matters.....	10,227	4,563	22,323	23,278
Other.....	1,211	263	7,095	1,946
Estimated tax benefit of non-GAAP adjustments.....	(9,594)	(4,828)	(25,536)	(17,883)
Discrete tax items, net.....	32,263	(29,905)	24,355	(37,853)
Adjusted net earnings.....	<u>\$ 74,846</u>	<u>\$ 85,834</u>	<u>\$ 304,815</u>	<u>\$ 311,846</u>
Earnings Per Diluted Share:				
GAAP earnings per diluted share.....	\$ 0.01	\$ 0.71	\$ 1.26	\$ 2.01
Cumulative effect of non-GAAP Adjustments.....	0.54	(0.09)	0.97	0.21
Adjusted earnings per diluted share.....	<u>\$ 0.55</u>	<u>\$ 0.62</u>	<u>\$ 2.23</u>	<u>\$ 2.22</u>
Weighted average diluted shares outstanding.....	<u>135,691</u>	<u>138,509</u>	<u>136,637</u>	<u>140,209</u>

Amounts may not sum due to rounding

Note: The Company made certain reclassifications to the prior years' financial statements to conform them to the presentation as of and for the year ended December 31, 2019 that management has determined had no effect for the periods presented.