



Second Quarter 2018 Earnings Summary

(Preliminary Results)

JULY 25, 2018

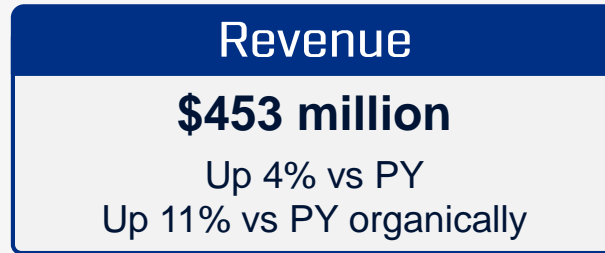


Disclaimer and Use of Non-GAAP Measures

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, 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 Q2 2018 earnings release issued on July 25, 2018, which should be reviewed in conjunction with this presentation.

Financial Highlights – Q2 2018



- Organic revenue increased 11% over Q2 2017
- Adj. gross profit increased 11%, adj. gross margin increased 330 bps over Q2 2017
- Adj. operating income increased 26%, adj. operating margin increased 390 bps over Q2 2017
- Increased 2018 revenue expectation to \$1.78 – \$1.80 billion
 - An increase of 7% to 8% over 2017, excluding the results of the divested Security businesses
- Increased 2018 adjusted EPS expectation to \$2.17 – \$2.22
 - An increase of 15% to 18% over 2017, excluding the results of the divested Security businesses
- Announced quarterly dividend of \$0.16 per share, payable on September 7th to shareholders of record as of August 24th

New Products

Raymarine Axiom™ XL



- Largest display size in the Axiom family
- Superior performance and simplicity
- Designed for premium yachts and glass bridge installations
- Immediate availability of two Axiom XL models

May
2018

Raymarine Magnum™ High-Performance Radar



- High-performance open array radar featuring beam sharpening technology and long-range identification for blue water vessels
- Featuring enhanced target tracking, reliable performance, and superior image detail packaged in a sleek open array
- 'Bird Mode' gives captains the ability to see birds at distances of up to 10nm

May
2018

Saros™ Line of Outdoor Perimeter Security Cameras



- Next-generation outdoor security product line integrating multiple security technologies, including Lepton® thermal sensors, in a unified solution to accurately deliver actionable alerts and verified alarm data
- Enables commercial businesses to implement advanced outdoor intrusion detection in a cost-effective manner

May
2018

Black Hornet® 3 Nano-UAS



- Next-generation Black Hornet® 3 adds GPS-denied capability and longer range to the world's smallest nano-unmanned aerial system (UAS)
- Enables warfighters and first responders to maintain situational awareness, threat detection, and full surveillance coverage continuity no matter where the mission takes them

Jun
2018

Ranger® R8SS-3D and R8SS Radars



- Mid-range radar detection for militaries and government agencies including border patrol and dismounted warfighters
- R8SS-3D detects air objects at ranges of two miles, such as micro-drones, and differentiates birds from drones
- Both radars can detect over 500 land-based threats and exact locations

May
2018

Recon® V UltraLite Thermal Monocular



- Lightweight thermal monocular for advanced portable surveillance
- Weighs less than three pounds, 2.5 pounds lighter than previous Recon family versions
- Android Tactical Assault Kit (ATAK) network capabilities to provide warfighters real-time information

May
2018

Thermal Imaging Dataset for Machine Learning ADAS Development



- Open-source machine learning thermal dataset for Advanced Driver Assistance Systems (ADAS) and self-driving vehicles
- Enables acceleration of thermal sensor testing on self-driving systems for researchers, developers, and auto manufacturers
- Features a compilation of more than 10,000 annotated thermal images

Jun
2018

InSite™ Mobile Application



- Mobile application and web portal for organizing client information and thermal inspection data in one location
- Ideal for electrical contractors and thermography service professionals
- Reduces inspection preparation time, increases efficiency, and helps deliver results quickly

Jun
2018

Q2'18 Financials Review

P&L and Cash Flow

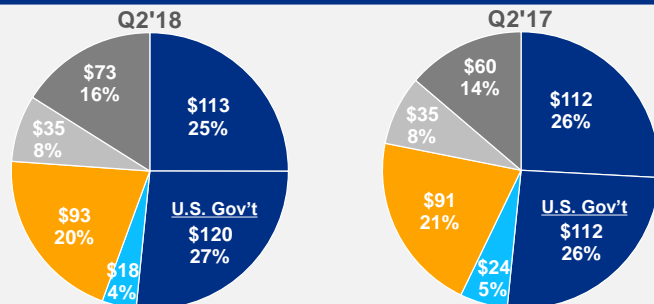
(\$s in millions, except per share amounts)

| | Q2 2018 | Q2 2017 | YoY Chg % |
|----------------------------------|----------------|----------------|---------------|
| Revenue | \$452.7 | \$434.1 | 4.3% |
| Organic Growth | | | 11% |
| Adj. Gross Profit | 236.4 | 212.4 | 11.3% |
| Adj. Gross Margin % | 52.2% | 48.9% | 330 bps |
| Adj. Operating Income | \$102.0 | \$81.0 | 25.9% |
| Adj. Operating Margin % | 22.5% | 18.7% | 390 bps |
| Adj. Net Income | \$77.4 | \$58.4 | 32.5% |
| Diluted Share Count | 140.1 | 138.4 | 1.2% |
| Adj. EPS | \$0.55 | \$0.42 | 31.0% |
| Cash Flow from Operations | \$110.2 | \$30.1 | 265.7% |

Revenue by Geography

(\$s in millions)

- U.S.
- Canada/LatAm
- Europe
- Mid East/Africa
- Asia



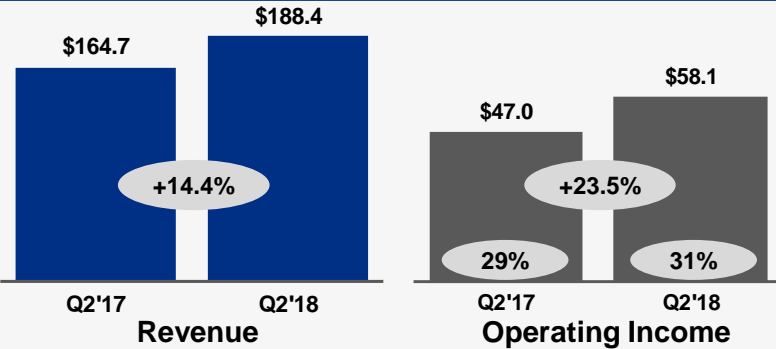
Business Unit Results

(\$s in millions)

| | Q2 2018 | Q2 2017 | YoY Chg % |
|------------------------------------|----------------|----------------|--------------|
| Revenue | | | |
| Industrial | \$188.4 | \$164.7 | 14% |
| Government & Defense | 161.0 | 145.7 | 11% |
| Commercial | 103.3 | 123.7 | (17%) |
| Total Revenue | \$452.7 | \$434.1 | 4% |
| Operating Income | | | |
| Industrial | \$58.1 | \$47.0 | 23% |
| Government & Defense | 45.5 | 38.2 | 19% |
| Commercial | 17.4 | 15.5 | 12% |
| Operating Income | \$121.0 | \$100.7 | 20% |
| Operating Margin % | 27% | 23% | 350 bps |
| Adj. Corporate Expenses | (19.0) | (19.7) | (3%) |
| Total Adj. Operating Income | \$102.0 | \$81.0 | 26% |
| Total Adj. Operating Margin % | 23% | 19% | 390 bps |

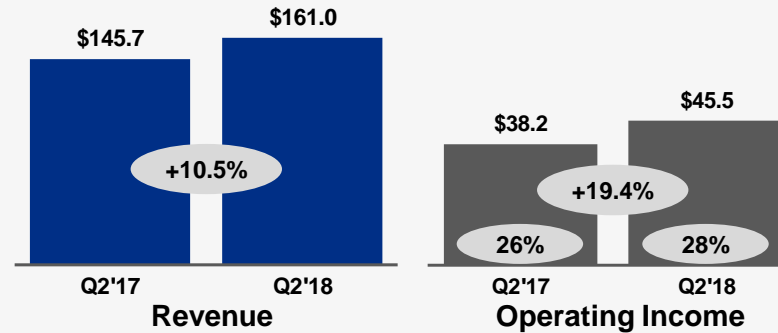
Business Unit Results

Industrial (IBU)



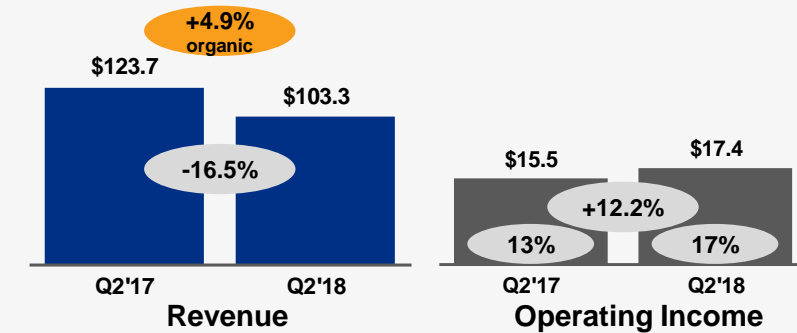
- Q2 revenue up 14% vs prior year
 - Strength in optical gas imaging, automotive, and industrial UAS
- Q2 operating income up 23% vs prior year
 - Operating margin improved ~230 basis points year-over-year due to product mix and productivity gains driven by the FLIR Method

Government & Defense (GDBU)



- Q2 revenue up 11% vs prior year
 - Strength in gimballed systems, DR-SKO, and UAS
 - Partially offset by declines in man-portable systems
- Q2 operating income up 19% vs prior year
 - Operating margin improved ~210 basis points year-over-year due to favorable product mix, expense management, and positive operating leverage
- Q2 ending backlog of \$352 million

Commercial (CBU)



- Q2 revenue up 5% organically vs prior year
 - Strength in maritime, thermal OTS, and ITS
 - Partially offset by slowness in cooled thermal security cameras
- Q2 operating income up 12% vs prior year
 - Operating margin improved ~430 basis points year-over-year due to improved product mix and productivity gains driven by the FLIR Method
- Reorganizing OTS business
 - Product portfolio simplification
 - Facility consolidation
 - Channel optimization
 - Focus on professional end users

Closing Comments

The FLIR Method

THE FLIR METHOD

BE
Brave
Bold
Ready
Ambitious

Customer-driven Innovation

Talent Development

Lean Management

One FLIR

Acquisition and Integration Discipline

Continuous Improvement

**CUSTOMERS
SHAREHOLDERS
EMPLOYEES**

**ORGANIC GROWTH
EFFICIENT USE OF CASH
EXPAND MARGINS**

- Second full quarter of dedicated resources for TFM
- Progress at certain businesses around pricing, productivity, and working capital optimization
- More TFM opportunity still available

Investor Day Highlights

- Hosted First Investor Day in 3 Years
- 2021 Financial Objectives
 - ~\$2.0 billion organic revenue (~5% CAGR)
 - ~23% adj. operating margins
 - ~\$400 million free cash flow
- 2021 FLIR Method Objectives
 - +150 bps gross margin improvement
 - -50% reduction in service lead times
 - +1.5x increase in working capital turns
- Launched the FLIR Hero Corporate Social Responsibility Strategy



Appendix



GAAP to Non-GAAP Reconciliations

*\$ in thousands,
except per share data*

| | Q2 2018 | Q2 2017 | YTD 2018 | YTD 2017 |
|---|-------------------|-------------------|-------------------|-------------------|
| GAAP Gross Profit | \$ 232,551 | \$ 206,732 | \$ 450,465 | \$ 398,053 |
| Amortization of acquired intangible assets | 3,817 | 3,644 | 7,536 | 7,202 |
| Purchase accounting adjustments | - | - | - | 1,992 |
| Other | 34 | 2,000 | 382 | 2,000 |
| Adjusted Gross Profit | \$ 236,402 | \$ 212,376 | \$ 458,383 | \$ 409,247 |
| GAAP Gross Margin | 51.4% | 47.6% | 50.5% | 47.3% |
| Cumulative effect of non-GAAP Adjustments | 0.9% | 1.3% | 0.9% | 1.3% |
| Adjusted Gross Margin | 52.2% | 48.9% | 51.4% | 48.7% |
| GAAP Operating Income | \$ 88,666 | \$ 66,630 | \$ 144,158 | \$ 125,716 |
| Amortization of acquired intangible assets | 6,099 | 7,016 | 12,086 | 13,751 |
| Purchase accounting adjustments | - | - | - | 1,992 |
| Restructuring charges | 2,140 | 13 | 1,297 | 101 |
| Acquisition related expenses | 2,110 | 379 | 2,847 | 1,338 |
| Loss on sale of business | - | - | 10,178 | - |
| Executive transition costs | 1,330 | 4,961 | 2,208 | 5,731 |
| DDTC estimated penalty | - | - | 15,000 | - |
| Other | 1,618 | 2,000 | 1,965 | 2,000 |
| Adjusted Operating Income | \$ 101,963 | \$ 80,999 | \$ 189,739 | \$ 150,629 |
| GAAP Operating Margin | 19.6% | 15.3% | 16.2% | 14.9% |
| Cumulative effect of non-GAAP Adjustments | 2.9% | 3.3% | 5.1% | 3.0% |
| Adjusted Operating Margin | 22.5% | 18.7% | 21.3% | 17.9% |
| GAAP Net Income | \$ 71,563 | \$ 51,413 | \$ 110,758 | \$ 93,984 |
| Amortization of acquired intangible assets | 6,099 | 7,016 | 12,086 | 13,751 |
| Purchase accounting adjustments | - | - | - | 1,992 |
| Restructuring charges | 2,140 | 13 | 1,297 | 101 |
| Acquisition related expenses | 2,110 | 379 | 2,847 | 1,338 |
| Loss on sale of business | - | - | 10,178 | - |
| Executive transition costs | 1,406 | 4,961 | 2,284 | 5,731 |
| DDTC estimated penalty | - | - | 15,000 | - |
| Other | 1,618 | 2,000 | 1,965 | 2,000 |
| Estimated tax benefit of non-GAAP adjustments | (2,418) | (3,592) | (9,360) | (6,228) |
| Discrete tax items, net | (5,069) | (3,758) | (1,391) | (4,656) |
| Adjusted Net Income | \$ 77,449 | \$ 58,432 | \$ 145,664 | \$ 108,013 |
| GAAP Earnings Per Diluted Share | \$ 0.51 | \$ 0.37 | \$ 0.79 | \$ 0.68 |
| Cumulative effect of non-GAAP Adjustments | 0.04 | 0.05 | 0.25 | 0.10 |
| Adjusted EPS | \$ 0.55 | \$ 0.42 | \$ 1.04 | \$ 0.78 |
| Diluted Shares Outstanding | 140,149 | 138,449 | 140,564 | 138,266 |