



First Quarter 2018 Earnings Summary

(Preliminary Results)

APRIL 25, 2018



Disclaimer and Use of Non-GAAP Measures

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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 Q1 2018 earnings release issued on April 25, 2018, which should be reviewed in conjunction with this presentation.

Financial Highlights – Q1 2018

Revenue
\$440 million Up 8% vs PY

Adj Operating Income
\$88 million Up 26% vs PY

Adj EPS
\$0.48 Up 33% vs PY

- Organic revenue increased 13% over Q1 2017
 - Adj. gross profit increased 13%, adj. gross margin increased 210 bps over Q1 2017
 - Adj. operating income increased 26%, adj. operating margin increased 290 bps over Q1 2017
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- Increased 2018 revenue expectation to \$1.76 – \$1.79 billion
 - An increase of 6% to 8% over 2017, excluding the results of the divested Security businesses
 - Increased 2018 adjusted EPS expectation to \$2.11 – \$2.16
 - An increase of 12% to 15% over 2017, excluding the results of the divested Security businesses
 - Announced quarterly dividend of \$0.16 per share, payable on June 8th to shareholders of record as of May 25th
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- Resolved outstanding ITAR violations identified in 10-K filing, resulting in \$15 million charge to GAAP earnings

New Products and Partnerships

F-Series ID Thermal Security Camera



Apr
2018

- High-resolution thermal security camera with built-in video analytics for automated alarming
- Best-in-class 640x480 FLIR thermal sensor with up to 300% greater thermal sensitivity
- Five lens options providing wide-to-narrow coverage

ThermiCam V2X Thermal Traffic Sensor



Mar
2018

- Thermal sensor featuring vehicle-to-everything (V2X) technology
- Allows vehicles and traffic infrastructure to communicate and share data to improve traffic safety and efficiency
- Expected to be a critical component in Smart City and connected vehicle applications

Raymarine Quantum 2 Solid-State Radar



Feb
2018

- Advanced solid-state marine radar with doppler technology
- Color codes both moving and stationary targets to greatly improve a boater's situational awareness
- 50% lighter than traditional radars in the market
- Designed for integration with Raymarine's award winning Axiom® multifunction displays

E53 Thermography Camera



Feb
2018

- Latest addition to the Exx series of thermal imaging cameras for electrical, mechanical, and building applications
- Entry-level price point (\$4,999) enabling more professionals access to the benefits of Exx series features
- Same image clarity, measurement accuracy, and other robust features as other Exx series models

T1010 Thermography Camera



Feb
2018

- Latest entry-level addition to the T1K series of high-definition (HD) thermal imaging cameras
- New agile, advanced graphical user interface
- FLIR's unique UltraMax image enhancement software uses high-fidelity OSX precision HDIR optics to generate images up to 3.1 Megapixels

New Products and Partnerships (cont.)

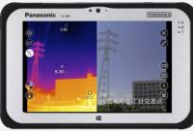
THERMAL BY FLIR Cat S61 Smartphone



- Bullitt Group embeds FLIR's Lepton® thermal microcamera into the new Cat S61 smartphone
- Lepton® provides advanced thermal imaging and measurement in rugged environments
- Cat S61 joins 'Thermal by FLIR' partner innovation program

Feb 2018


THERMAL BY FLIR Panasonic Toughpad FZ-M1



- Thermal imaging tablet integrates FLIR's Lepton® thermal microcamera
- Enables industrial professionals in the field the benefits of detecting temperature issues, seeing through obscurants, and seeing in the dark
- Panasonic joins 'Thermal by FLIR' partner program

Mar 2018

THERMAL BY FLIR DJI Zenmuse XT2



- Dual sensor commercial UAS camera that integrates FLIR thermal sensor technology
- Built with industrial and public safety applications in mind
- Extending collaboration as DJI joins 'Thermal by FLIR' partner innovation program

Mar 2018

Minority Investment: DroneSense



- Completed strategic investment in developer of unique drone management and reporting software platforms serving public safety organizations
- FLIR and DroneSense to collaborate to develop powerful UAS solutions for first responder customers

Apr 2018

Q1'18 Financials Review

P&L and Cash Flow

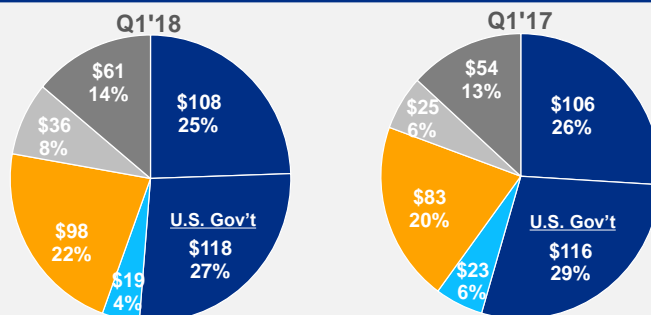
(\$s in millions, except per share amounts)

	Q1 2018	Q1 2017	YoY Chg %
Revenue	\$439.6	\$406.8	8.1%
Adj. Gross Profit	222.0	196.9	12.8%
Adj. Gross Margin %	50%	48%	210 bps
Adj. Operating Income	\$87.8	\$69.6	26.1%
Adj. Operating Margin %	20%	17%	290 bps
Adj. Net Income	\$68.2	\$49.6	37.6%
Diluted Share Count	141.0	138.2	2.0%
Adj. EPS	\$0.48	\$0.36	33.3%
Cash Flow from Operations	\$43.2	\$75.1	(42.5%)

Revenue by Geography

(\$s in millions)

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



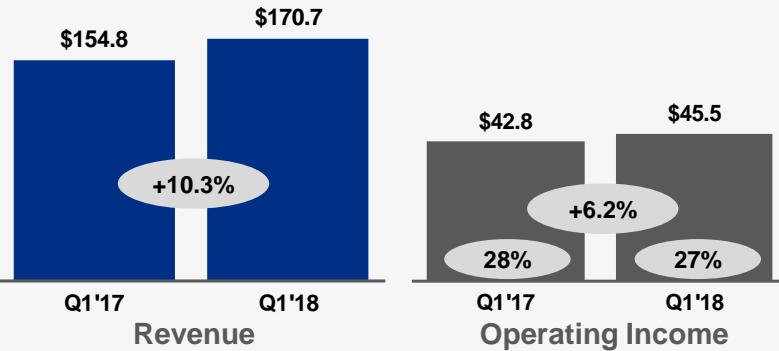
Business Unit Results

(\$s in millions)

	Q1 2018	Q1 2017	YoY Chg %
Revenue			
Industrial	\$170.7	\$154.8	10%
Government & Defense	159.3	138.2	15%
Commercial	109.6	113.8	(4%)
Total Revenue	\$439.6	\$406.8	8%
Operating Income			
Industrial	\$45.5	\$42.8	6%
Government & Defense	46.2	33.3	39%
Commercial	14.5	10.0	45%
BU Operating Income	\$106.1	\$86.1	23%
BU Operating Margin %	24%	21%	300 bps
Adj. Corporate Expenses	(18.3)	(16.5)	11%
Total Adj. Operating Income	\$87.8	\$69.6	26%
Total Adj. Operating Margin %	20%	17%	290 bps

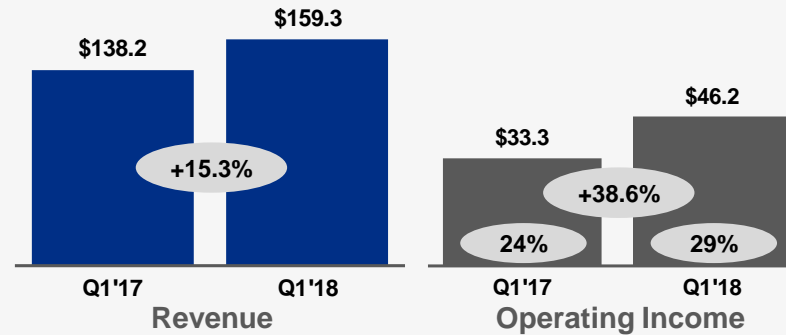
Business Unit Results

Industrial (IBU)



- Q1 revenue up 10% vs prior year
 - Strength in PPM handhelds, FLIR One, gas imaging cameras, and thermal cores
- Q1 operating income up 6% vs prior year
 - Operating margin down ~100 basis points year-over-year due to lower gross margins

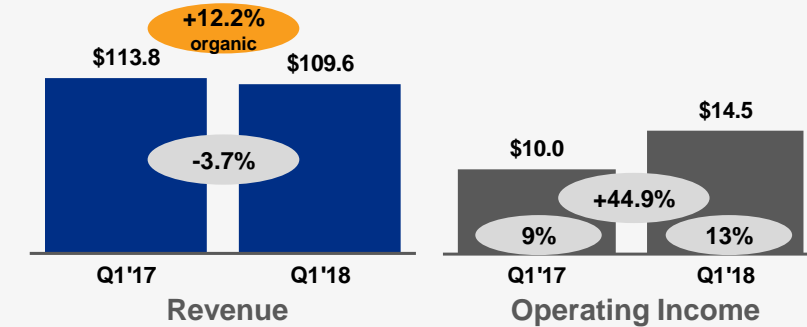
Government & Defense (GDBU)



- Q1 revenue up 15% vs prior year
 - Strength in gimbaled systems, land systems, and CBRNE
 - Offset by declines in man-portable systems
- Q1 operating income up 39% vs prior year
 - Operating margin increased ~490 basis points year-over-year due to favorable product mix and higher operating leverage
- Q1 ending backlog of \$357 million

Commercial (CBU)

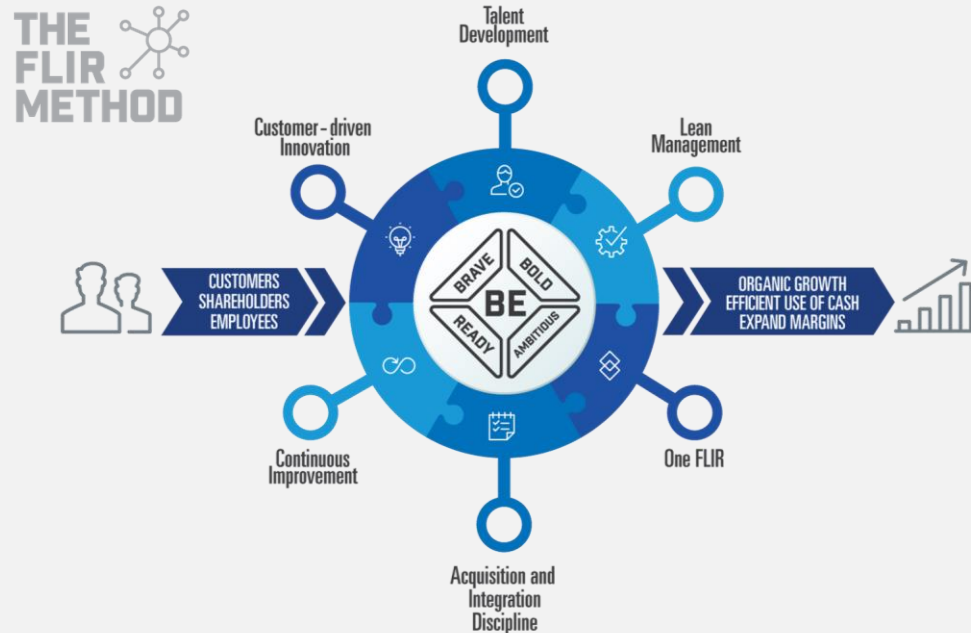
Includes Retail and SMB Security businesses results prior to divestiture



- Q1 revenue up 12% organically vs prior year
 - Strength in maritime MFDs, maritime thermal cameras, and ITS
- Q1 operating income up 45% vs prior year
 - Operating margin increased ~440 basis points year-over-year due to favorable product mix

Closing Comments

The FLIR Method



- First full quarter of dedicated resources for TFM
- Seeing progress at certain businesses around output and productivity
- There remains a lot of runway for TFM

First Quarter Highlights

- Record Q1 results to kick off 2018
- Broad revenue growth and margin expansion
- \$100+ million in cash through share repurchases and dividends
- Celebrated FLIR's 40th anniversary in March

Appendix

GAAP to Non-GAAP Reconciliations

*\$ in thousands,
except per share data*

	Q1 2018	Q1 2017
GAAP Gross Profit	\$ 217,914	\$ 191,321
Amortization of acquired intangible assets	3,719	3,558
Purchase accounting adjustments	-	1,992
Other	348	-
Adjusted Gross Profit	\$ 221,981	\$ 196,871
GAAP Gross Margin	49.6%	47.0%
Cumulative effect of non-GAAP Adjustments	0.9%	1.4%
Adjusted Gross Margin	50.5%	48.4%
GAAP Operating Income	\$ 55,492	\$ 59,086
Amortization of acquired intangible assets	5,987	6,736
Purchase accounting adjustments	-	1,992
Restructuring charges	(844)	88
Acquisition related expenses	737	959
Loss on sale of business	10,178	-
Executive transition costs	878	770
DDTC estimated penalty	15,000	-
Other	348	-
Adjusted Operating Income	\$ 87,776	\$ 69,631
GAAP Operating Margin	12.6%	14.5%
Cumulative effect of non-GAAP Adjustments	7.3%	2.6%
Adjusted Operating Margin	20.0%	17.1%
GAAP Net (Loss) Income	\$ 39,195	\$ 42,571
Amortization of acquired intangible assets	5,987	6,736
Purchase accounting adjustments	-	1,992
Restructuring charges	(844)	88
Acquisition related expenses	737	959
Loss on sale of business	10,178	-
Executive transition costs	878	770
DDTC estimated penalty	15,000	-
Other	348	-
Estimated tax benefit of non-GAAP adjustments	(6,941)	(2,636)
Discrete tax items, net	3,678	(898)
Adjusted Net Income	\$ 68,216	\$ 49,582
GAAP (Loss) Earnings Per Diluted Share	\$ 0.28	\$ 0.31
Cumulative effect of non-GAAP Adjustments	\$ 0.20	\$ 0.05
Adjusted EPS	\$ 0.48	\$ 0.36
Diluted shares outstanding	140,994	138,239