

First Quarter 2017 Earnings Summary

[Preliminary Results]



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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 is a non-GAAP measure. 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 metrics 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 2017 earnings release issued on April 26, 2017, which should be reviewed in conjunction with this presentation.

Revenue

\$407 million

Up 7% vs PY

Organic down 2% vs PY

Operating Margin

15%

Down 60 bps vs PY

17% Adj

Up 70 bps vs PY

EPS

\$0.31 GAAP

Up \$0.30 vs PY

\$0.36 Adj

Up 13% vs PY

- Commercial products revenue increased 12% over Q1 2016
- Government products revenue increased 2% over Q1 2016
- Adjusted gross profit increased 9% over Q1 2016
- Adjusted operating income increased 12% over Q1 2016
- Cash flow from operations reached \$75 million for the quarter, up 64% over Q1 2016
- Total backlog finished at \$608 million, up 3% from Q4 2016
- Lepton reached its one millionth unit production milestone
- Select new product introductions:
 - E75, E85, and E95 advanced thermal imaging cameras for plant, predictive maintenance, and building applications
 - X6900sc SLS and FLIR X8500sc SLS high-speed thermal cameras for science and research applications
 - ETS320 thermal imaging solution for electronics testing in lab environments
 - PT-Series HD thermal and visible security camera system, Quasar 4K fixed box security camera, and Ariel 3 megapixel corner camera
 - Lepton 3 thermal camera micro-core module with 160x120 resolution
 - M100 and M200 marine thermal cameras for recreational boating
 - Raymarine Axiom™ multifunction displays (MFDs)

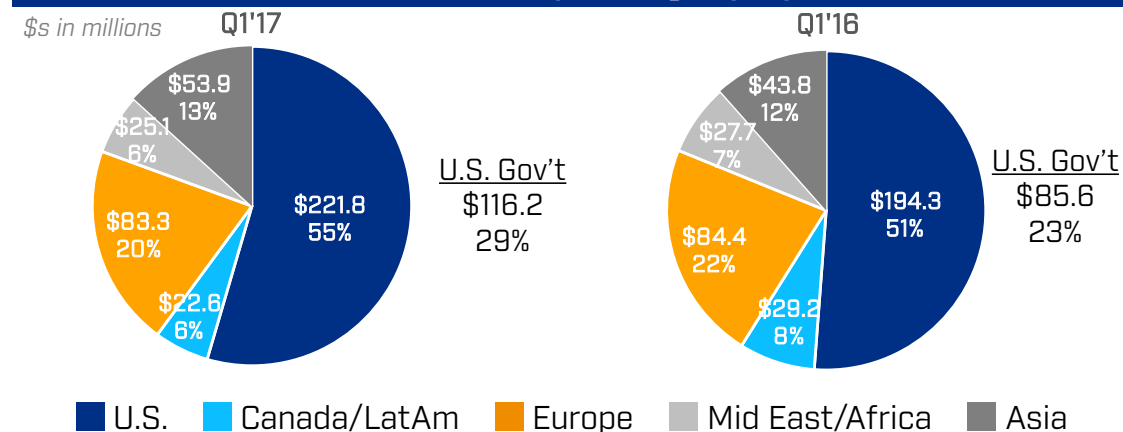
- Maintaining revenue guidance of \$1.78 – \$1.83 billion
 - An increase of approximately 7% to 10% over 2016
- Maintaining adjusted EPS guidance of \$1.81 – \$1.91
 - An increase of approximately 7% to 13% over adjusted 2016 EPS
- Announced quarterly dividend of \$0.15 per share, payable on June 9th to shareholders of record as of May 26th

Note: With respect to the outlook for the full year 2017, certain items that affect GAAP net earnings per diluted share are out of the Company's control and/or cannot be reasonably predicted. Consequently, the Company is unable to provide a reasonable estimate of GAAP net earnings per diluted share or a corresponding reconciliation to GAAP net earnings per diluted share for the full year.

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

	Q1 2017	Q1 2016	YoY Chg %
Revenue	\$406.8	\$379.5	7%
Adj. Gross Profit	196.9	180.1	9%
Adj. Gross Margin %	48%	47%	93 bps
Adjusted Operating Income	\$69.6	\$62.2	12%
Adj. Operating Margin %	17%	16%	72 bps
Adj. Net Income	\$49.6	\$45.0	10%
Diluted Share Count	138.2	138.8	[0%]
Adjusted EPS	\$0.36	\$0.32	13%
Cash Flow from Operations	\$75.1	\$45.9	64%

Revenue by Geography



Key Cash Flow Items

\$s in millions

	Q1 2017	Q1 2016	YoY Chg %
Cash Flow from Operations	\$75.1	\$45.9	64%
Acquisitions / Investments	-	-	
Capital Expenditures	(13.6)	(10.0)	
Share Repurchases	-	-	
Dividends	(20.5)	(16.5)	
Other Cash Flow Items	[4.9]	18.4	
Net Change in Cash	\$36.1	\$37.8	
Ending Cash Balance	\$397.4	\$510.6	[22%]

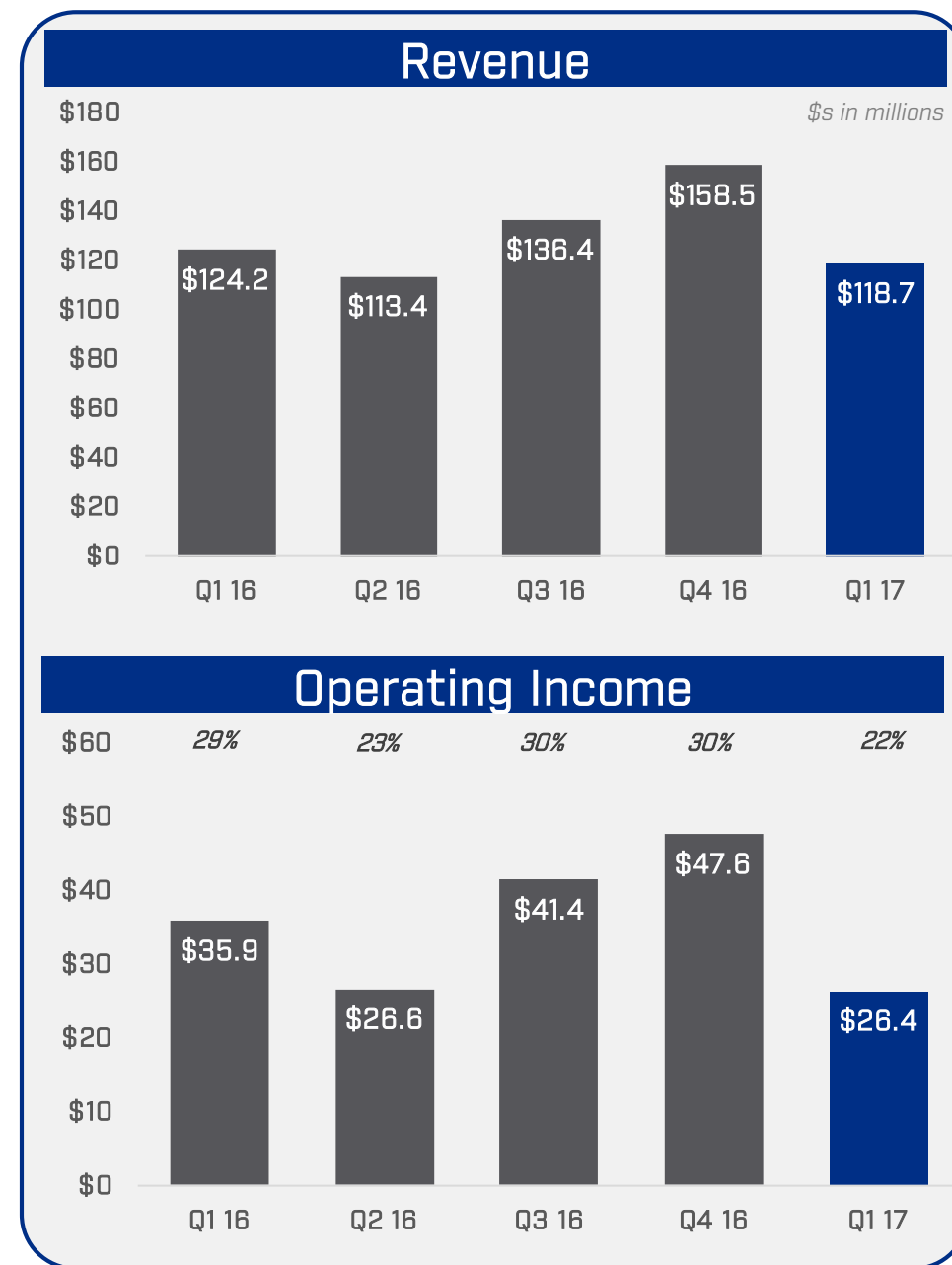
Q1 2017

Segments Summary

<i>(\$s in millions)</i>	Q1 2017	Q1 2016	YoY Chg %
Revenue			
Surveillance	\$118.7	\$124.2	[4%]
Instruments	77.9	79.4	[2%]
Security	45.1	47.1	[4%]
OEM & Emerging	84.8	47.8	77%
Maritime	48.6	51.7	[6%]
Detection	31.8	29.3	9%
Total Revenue	\$406.8	\$379.5	7%
Operating Income			
Surveillance	\$26.4	\$35.9	[26%]
Instruments	21.1	20.0	6%
Security	0.3	[2.2]	115%
OEM & Emerging	24.4	10.7	128%
Maritime	5.2	5.8	[10%]
Detection	8.7	8.2	6%
Segment Operating Income	\$86.1	\$78.4	10%
<i>Segment Operating Margin %</i>	<i>21%</i>	<i>21%</i>	<i>51 bps</i>
Corporate Expenses	[16.5]	[16.2]	2%
Total Operating Income	\$69.6	\$62.2	12%
<i>Total Operating Margin %</i>	<i>17%</i>	<i>16%</i>	<i>72 bps</i>

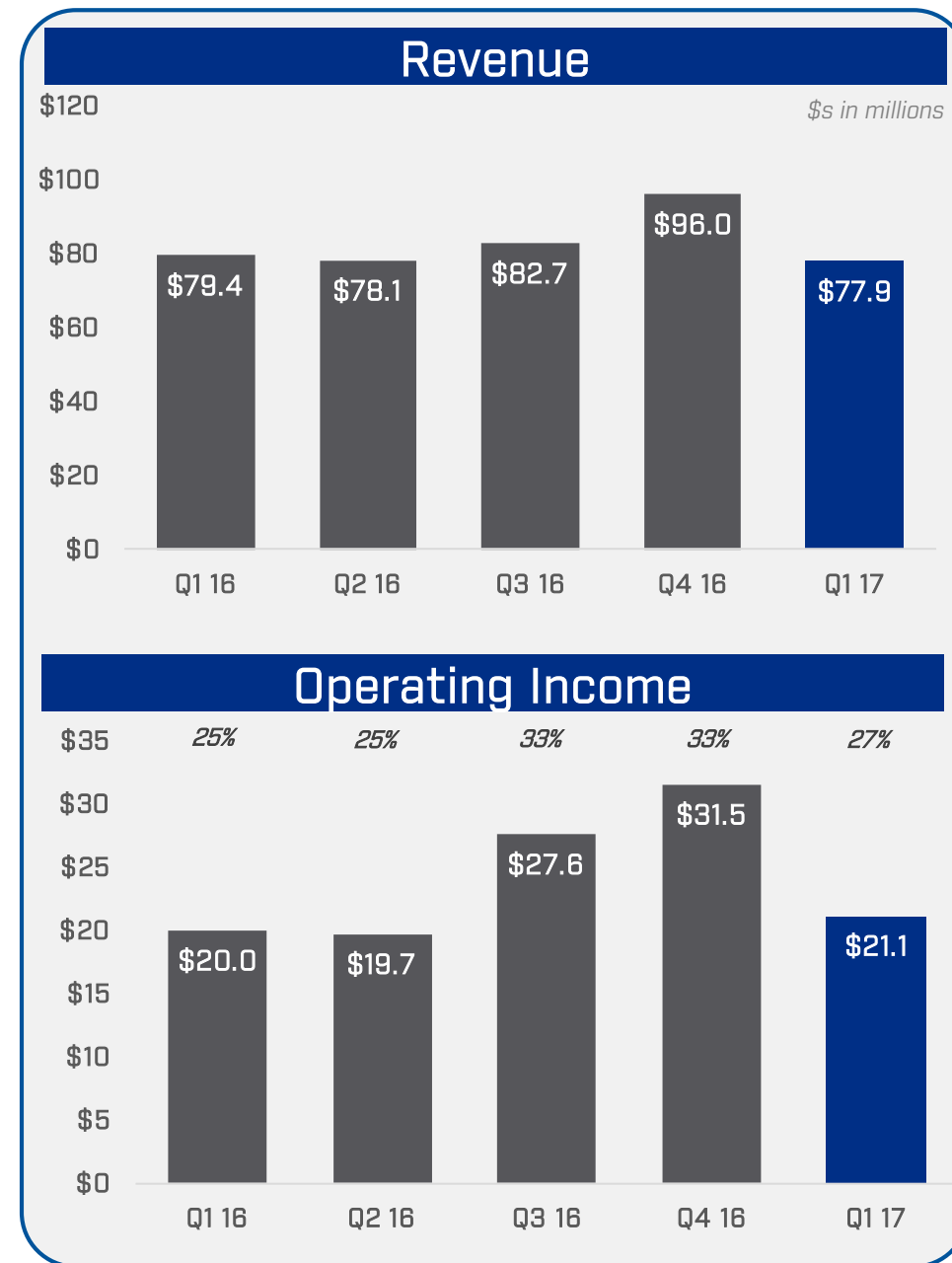
Q1 2017 Surveillance

- Q1 revenue down 4% vs prior year
 - \$6 million delivery delay to a U.S. customer
 - Prior year included a one-time \$10 million system integration project
- Q1 operating income down 26% vs prior year
 - Lower revenue reduced operating leverage
 - Product mix negatively impacted gross profit
- Q1 ending backlog of \$320 million, an increase of 2% vs Q1 2016
 - Q1 book-to-bill of 1.0x



Q1 2017 Instruments

- Q1 revenue down 2% vs prior year
 - Strength in Firefighting products
 - New product introductions in Plant, Predictive Maintenance, and Building (PPM&B) product line helped grow order backlog 15% over year end 2016
- Q1 operating income up 6% vs prior year
 - Operating margin up 200 basis points year-over-year
 - Improved gross margins and reduced operating expenses



New Products

Three New Exx-Series Advanced Thermal Imaging Cameras (February 2017)

- Redesigned, Wi-Fi-enabled with a larger more vibrant 4-inch touchscreen
- Intelligent autocalibrating interchangeable lenses, laser-assisted autofocus, and improved image processing technology, including UltraMax™ and MSX®
- For electrical, mechanical, and building inspection applications

Two High-Speed Thermal Cameras for Science and Research (April 2017)

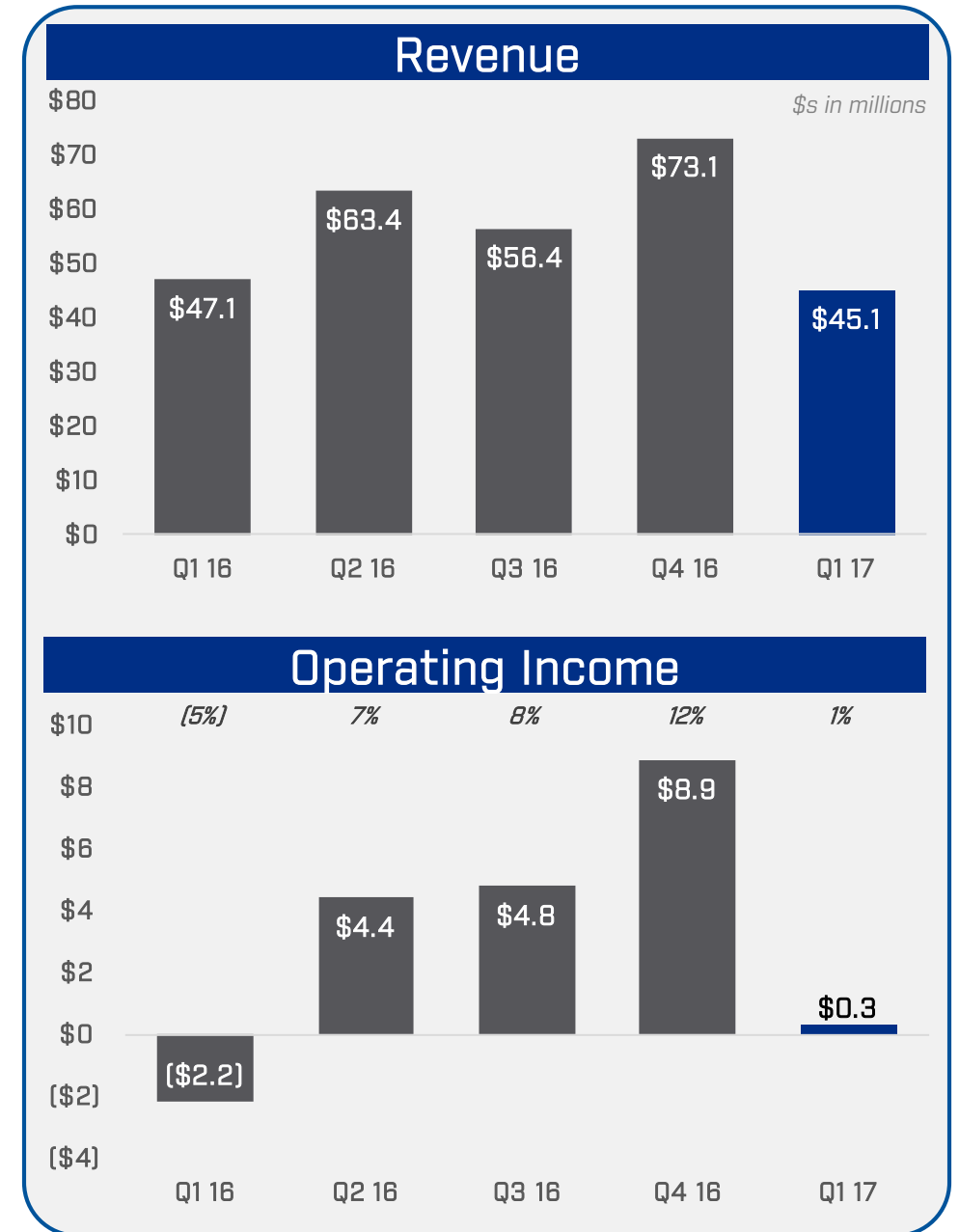
- X6900sc SLS and X8500sc SLS
- Cooled longwave infrared imaging systems for advanced scientific research applications
- Faster frame rates, shorter snap-shot speeds, and wider temperature ranges

ETS320 Thermal Camera for Electronics Development and Testing (April 2017)

- Purpose-built solution designed for efficient benchtop testing and diagnosis in lab environments
- Combines a high-sensitivity thermal camera with software and accessories for electronic inspection
- High measurement accuracy, and ability to visualize small temperature differences

Q1 2017 Security

- Q1 revenue down 4% vs prior year
 - Weakness from consumer retail channels
 - Good results from direct e-commerce channel and Enterprise-class products
- Q1 operating income up \$2.5M vs prior year
 - Operating margin improved 530 basis points year-over-year
 - Improved gross margins and reduced operating costs



New Products

United VMS 8.0 (April 2017)



- Major update to FLIR's comprehensive, enterprise-level video management solution (VMS)
- Scalable and easy-to-integrate software and hardware solution for managing security systems
- Includes FLIR Latitude software as well as FLIR Horizon and FLIR Meridian network video recorders

Quasar 4K (April 2017)



- 4K highly featured professional visible spectrum IP box camera
- Lowlight-nighttime mode to provide optimum, continuous performance
- Accommodates a range of lenses
- Ideal for high-traffic areas, such as large venues and transportation hubs

PT-Series HD (April 2017)



- High-speed, pan-tilt, dual sensor camera system
- Cooled or uncooled 640x480 resolution thermal camera with a 1080p HD visible zoom camera
- Superior, long-range perimeter intrusion detection regardless of lighting and environmental conditions
- Multiple high-performance thermal lenses available

Ariel 3MP (April 2017)



- Visible spectrum corner camera providing ceiling-to-floor and wall-to-wall viewing
- Built-in microphone and discrete night vision illumination for monitoring dark locations
- Impact-resistant, vandal-proof, and flush-mount
- Ideal for safety-essential locations such as medical facilities and prisons

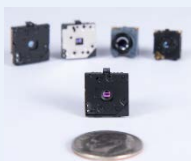
Q1 2017 OEM & Emerging

- Q1 revenue up 77% vs prior year to all-time high
 - Addition of Intelligent Imaging Solutions (IIS) line of business from Point Grey acquisition helped drive growth
 - Organic growth of 29%
 - Strength in military cores and Lepton deliveries
- Q1 operating income growth of 128% vs prior year
 - Operating margin improved ~640 basis points year-over-year
 - Product mix, improved manufacturing variances, and better factory absorption drove higher gross margins

Lepton® Reaches One Millionth Unit Milestone

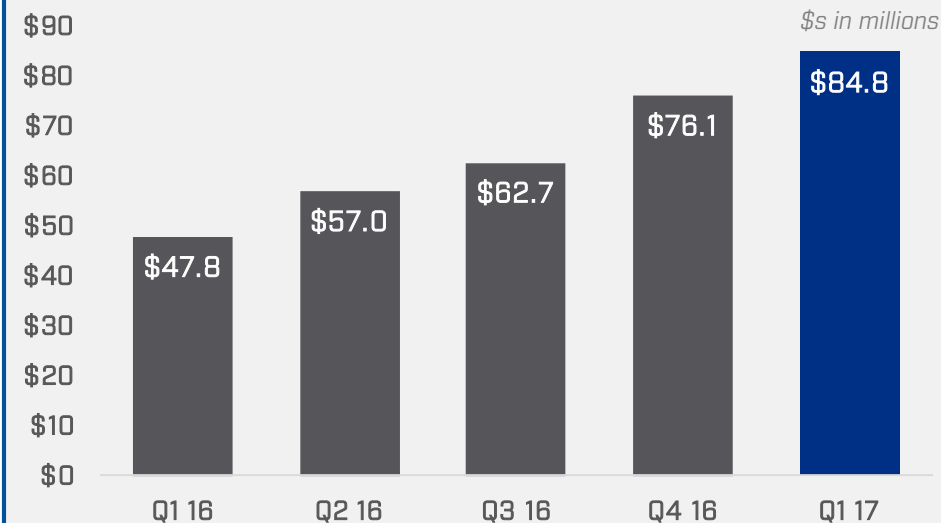
New Products

Lepton 3 Now Available for OEM Applications (April 2017)

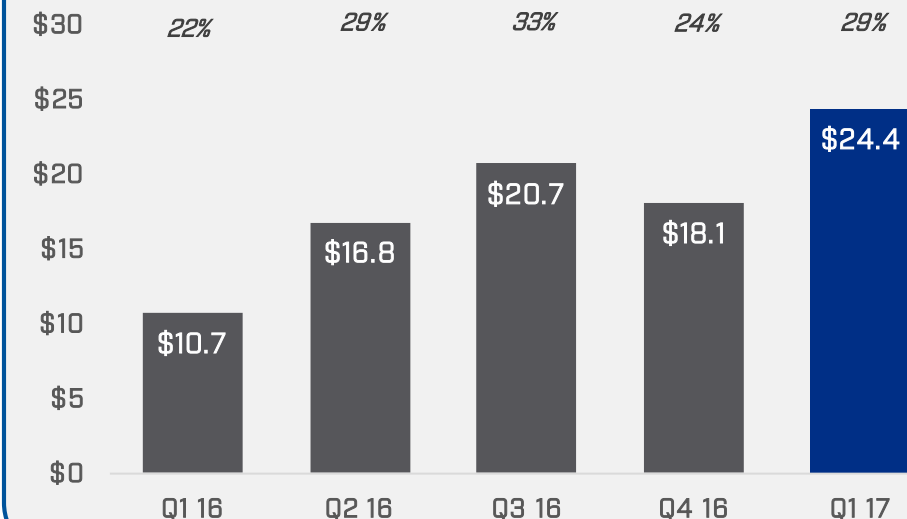


- Four times the resolution of previous generation Lepton at 160x120
- Superior image detail, multiple lens choices, easy to integrate
- Well suited for a variety of commercial applications

Revenue



Operating Income



- Q1 revenue down 6% vs prior year
 - Weakness in MFDs and thermal cameras as market anticipates new product introductions
 - Order backlog increased 27% during the quarter
- Q1 operating income down 10% vs prior year
 - Soft revenue partially offset by improved gross margin
 - Operating margin down slightly year-over-year

New Products

M100 and M200 Compact Marine Thermal Cameras (February 2017)



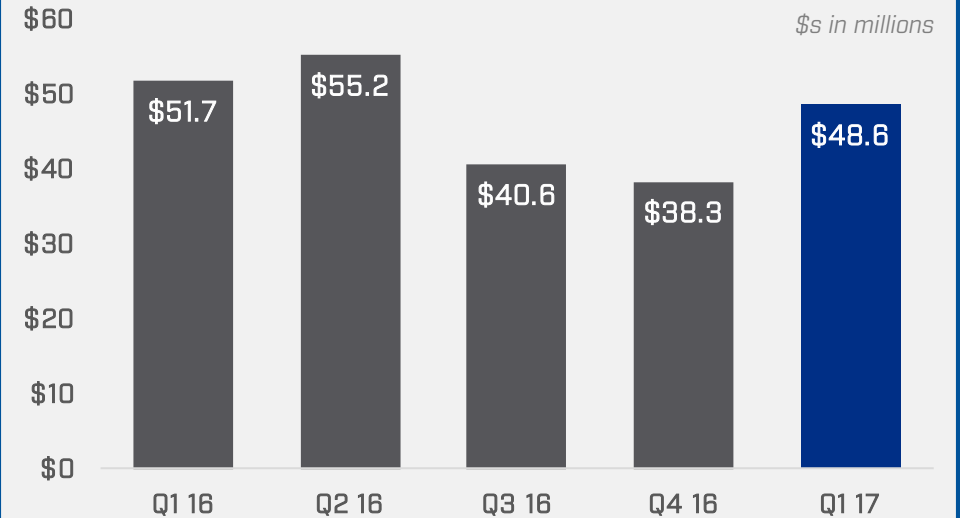
- Most compact pan-and-tilt marine thermal cameras to date
- Boson high performance thermal camera core
- ClearCruise™ automatic object detection for new level of awareness and safety
- Prices start at \$2,500

New Line of Raymarine Axiom Navigation Displays (February 2017)

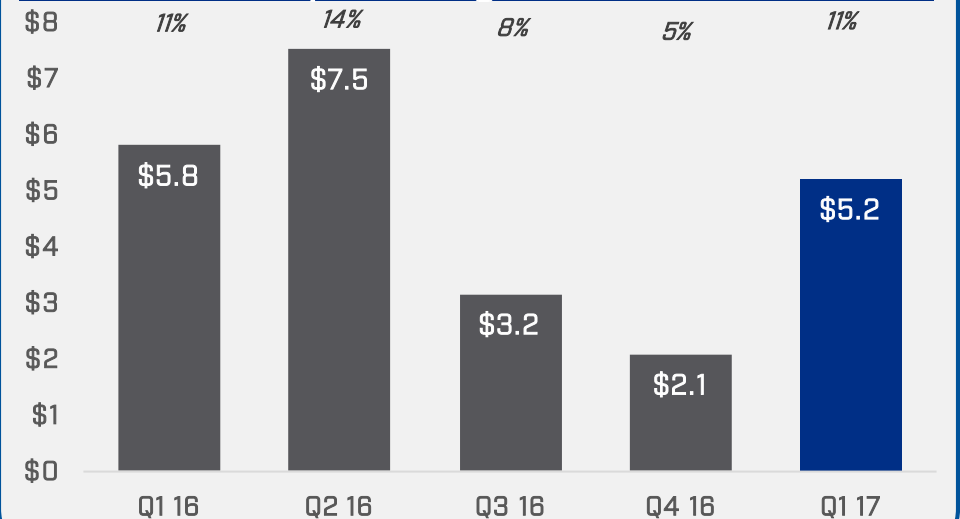


- New rugged, all-glass touch screens are available in 7-, 9-, and 12-inch display sizes
- RealVision™ 3D for superior underwater fish and structure identification
- Pre-installed with LightHouse 3 operating system
- Price range from \$650 to \$3,350

Revenue

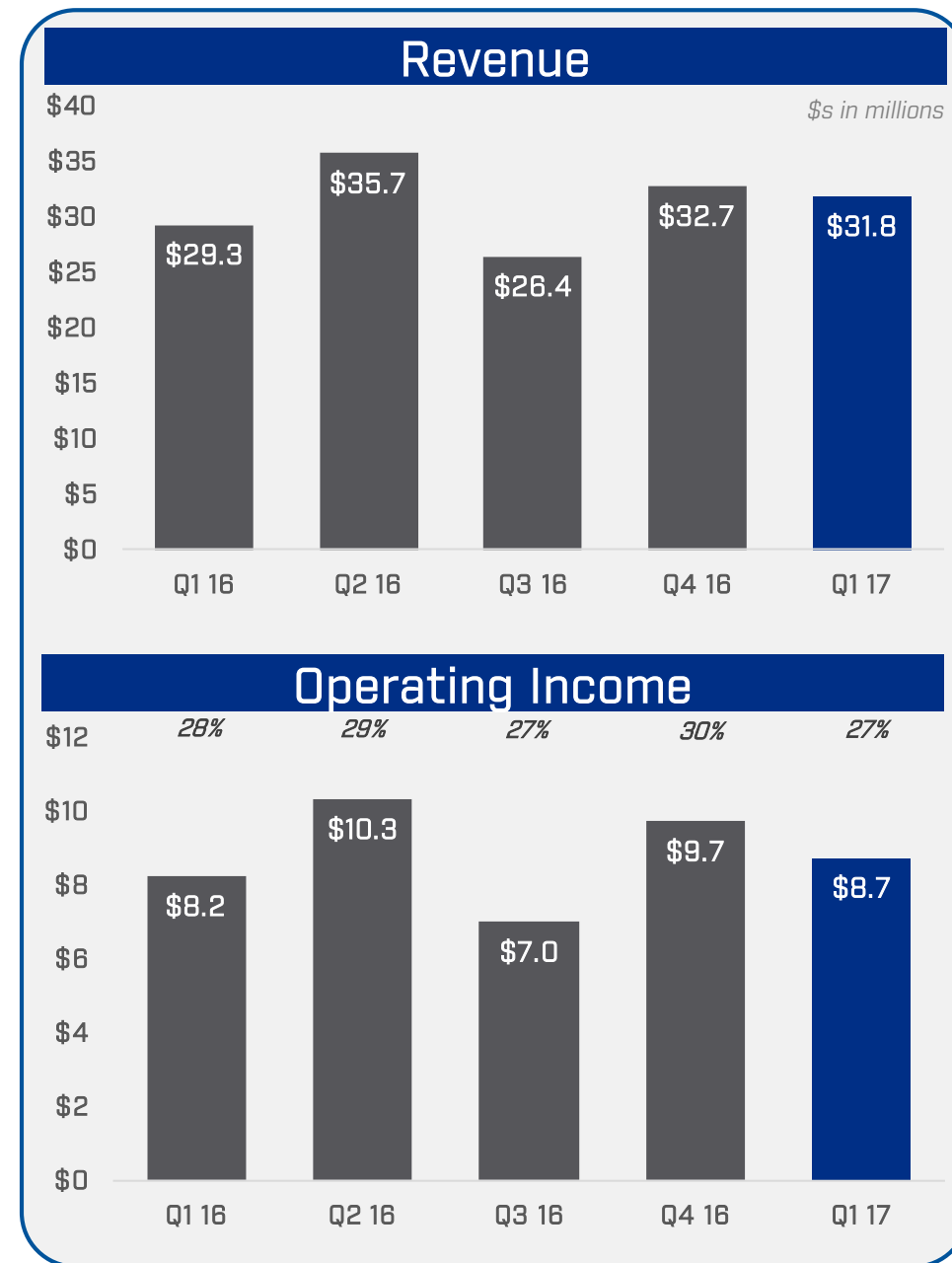


Operating Income



Q1 2017 Detection

- Q1 revenue up 9% vs prior year
 - Strength in Radiation, Explosives, and DR-SKO
- Q1 operating income up 6% vs prior year
 - Impact of increased revenue, partially offset by higher R&D spend
- Q1 ending backlog of \$74 million
 - Up 30% since the end of 2016
 - Received \$54 million DR-SKO order for deliveries through Q2 2018





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APPENDIX

Appendix: GAAP to Non-GAAP Reconciliations

\$ in thousands

	Q1 2017	Q1 2016
GAAP Gross Profit	\$ 191,321	\$ 177,690
Amortization of acquired intangibles assets	3,558	2,414
Purchase accounting adjustments	1,992	-
Adjusted Gross Profit	\$ 196,871	\$ 180,104
GAAP Gross Margin	47.0%	46.8%
Cumulative effect of non-GAAP Adjustments	1.4%	0.6%
Adjusted Gross Margin	48.4%	47.5%
GAAP Operating Income	\$ 59,086	\$ 57,377
Amortization of acquired intangibles assets	6,736	4,206
Purchase accounting adjustments	1,992	-
Restructuring charges	88	198
Acquisition related expenses	959	433
Other	770	-
Adjusted Operating Income	\$ 69,631	\$ 62,214
GAAP Operating Margin	14.5%	15.1%
Cumulative effect of non-GAAP Adjustments	2.6%	1.3%
Adjusted Operating Margin	17.1%	16.4%

Amounts may not sum due to rounding



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Appendix: GAAP to Non-GAAP Reconciliations (cont.)

\$ in thousands, except per share data

	Q1 2017	Q1 2016
GAAP Net Income	\$ 42,571	\$ 1,125
Amortization of acquired intangibles assets	6,736	4,206
Purchase accounting adjustments	1,992	-
Restructuring charges	88	198
Acquisition related expenses	959	433
Other	770	-
Estimated tax effect of non-GAAP adjustments	(2,636)	(1,209)
Discrete Tax Items	(898)	40,259
Adjusted Net Income	\$ 49,582	\$ 45,012
GAAP EPS	\$ 0.31	\$ 0.01
Cumulative effect of non-GAAP Adjustments	\$ 0.05	\$ 0.32
Adjusted EPS	\$ 0.36	\$ 0.32

Amounts may not sum due to rounding



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