

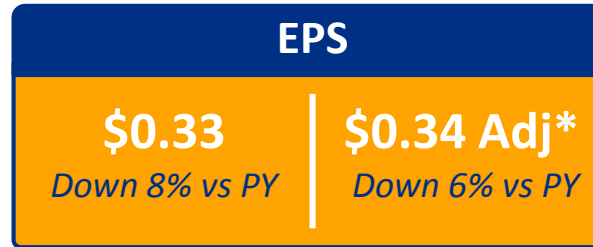
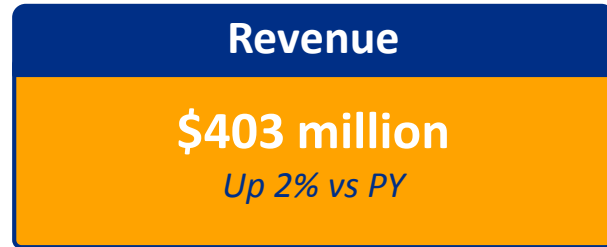
**Second Quarter 2016  
Results Summary**



The World's **Sixth Sense**™

# Disclaimer

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.



- Commercial products grew 1% year-over-year, Government products grew 5%
  - Year-to-date Government products growth of 12% vs prior year
- Ending backlog of \$629 million, up 17% over the prior year
  - Highest backlog level since 2008
  - Surveillance segment backlog growth of 19%
- New product introductions
  - Surveillance: 380-HLDC compact gimbaled EO/IR targeting system
  - Surveillance: LTV-X rugged all-terrain surveillance system
  - Surveillance: R6SS portable ground-based radar
  - Instruments: DM284 digital multi-meter featuring IGM technology
- Completed debt refinancing transactions
  - \$425 million 5 year notes at a 3.125% coupon (\$250 million to be used in Q3 to prepay existing notes)
  - \$500 million unsecured 5 year revolving credit facility (\$105 million initially drawn to repay existing term loans)
- Acquired Armasight for \$41 million

\* Adjusted to exclude minority investment write-down charge of \$2 million.

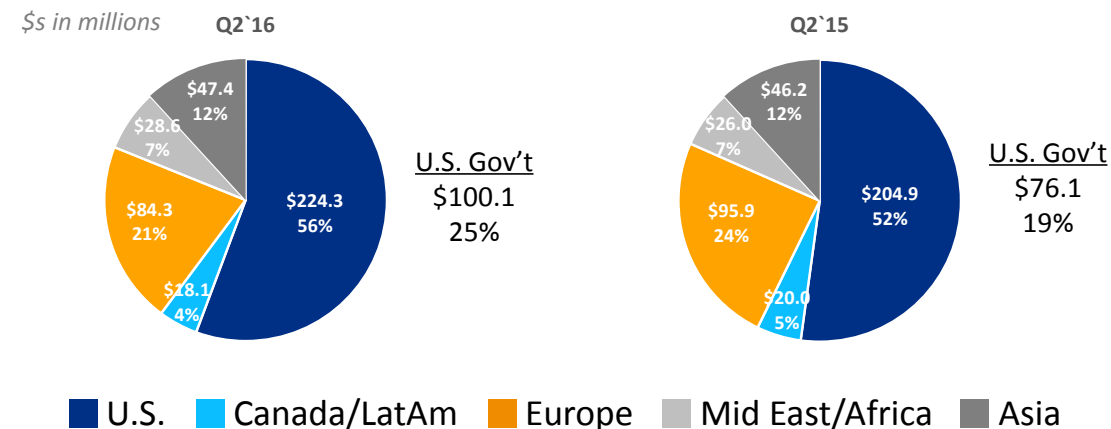
- Maintain revenue range of \$1.60 – \$1.65 billion
  - An increase of approximately 3% to 6% over 2015
- Revised EPS range of \$1.60 – \$1.65
  - Excludes impact of charges related to margin improvement initiatives (Q3), discrete tax items (Q1), and investment write-down (Q2)
  - Range represents an increase of approximately 3% to 6% over 2015 (excluding 2015 restructuring, investment gain, and discrete tax items)
  - Margin improvement in the second half driven by favorable product mix changes, targeted price increases, and cost reductions
    - Expect a 2 percentage point improvement over Q2 gross margins for the second half
- Announced quarterly dividend of \$0.12 per share, payable on September 2<sup>nd</sup> to shareholders of record as of August 19<sup>th</sup>

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

	Q2 2016	Q2 2015	YoY Chg %
<b>Revenue</b>	<b>\$402.7</b>	<b>\$393.0</b>	<b>2%</b>
Gross Profit	183.3	189.6	(3%)
Gross Margin %	46%	48%	-273 bps
<b>Operating Income</b>	<b>\$65.2</b>	<b>\$70.5</b>	<b>(8%)</b>
Operating Margin %	16%	18%	-176 bps
Net Income	\$45.4	\$50.5	(10%)
Diluted Share Count	139.0	141.5	
EPS	\$0.33	\$0.36	(8%)
Adjusted EPS *	\$0.34	\$0.36	(6%)
<b>Cash Flow from Operations</b>	<b>\$81.7</b>	<b>\$48.9</b>	<b>67%</b>

\* Adjusted to exclude minority investment write-down charge of \$2 million in Q2`16 and \$0.5 million of pre-tax restructuring charges in Q2`15.

## Revenue by Geography



## Key Cash Flow Items

\$s in millions

	Q2 2016	Q2 2015	YoY Chg %
Cash Flow from Operations	\$81.7	\$48.9	67%
Acquisitions	(42.4)	0.0	
Capital Expenditures	(10.9)	(17.6)	
Share Repurchases	(29.7)	(31.4)	
Dividends	(16.6)	(15.4)	
Debt Financing/(Paydown)	417.0	(3.8)	
Other Cash Flow Items	(6.5)	31.7	
Net Change in Cash	\$392.6	\$12.4	
<b>Ending Cash Balance</b>	<b>\$903.2</b>	<b>\$560.2</b>	<b>61%</b>

Q2 2016

# Segments Summary

(\$s in millions)

	Q2 2016	Q2 2015	YoY Chg %
<b>Revenue</b>			
Surveillance	\$113.4	\$107.8	5%
Instruments	78.1	90.3	(14%)
Security	63.4	60.0	6%
OEM & Emerging	57.0	46.3	23%
Maritime	55.2	52.0	6%
Detection	35.7	36.5	(2%)
<b>Total Revenue</b>	<b>\$402.7</b>	<b>\$393.0</b>	<b>2%</b>
<b>Operating Income</b>			
Surveillance	\$26.1	\$26.4	(1%)
Instruments	19.1	28.3	(32%)
Security	3.2	7.9	(59%)
OEM & Emerging	16.1	10.5	53%
Maritime	6.7	6.4	5%
Detection	10.0	9.4	6%
<b>Segment Operating Income</b>	<b>\$81.3</b>	<b>\$88.9</b>	<b>(9%)</b>
<i>Segment Operating Margin %</i>	20%	23%	-244 bps
Corporate Expenses	(16.0)	(18.4)	(13%)
<b>Total Operating Income</b>	<b>\$65.2</b>	<b>\$70.5</b>	<b>(8%)</b>
<i>Total Operating Margin %</i>	16%	18%	-176 bps

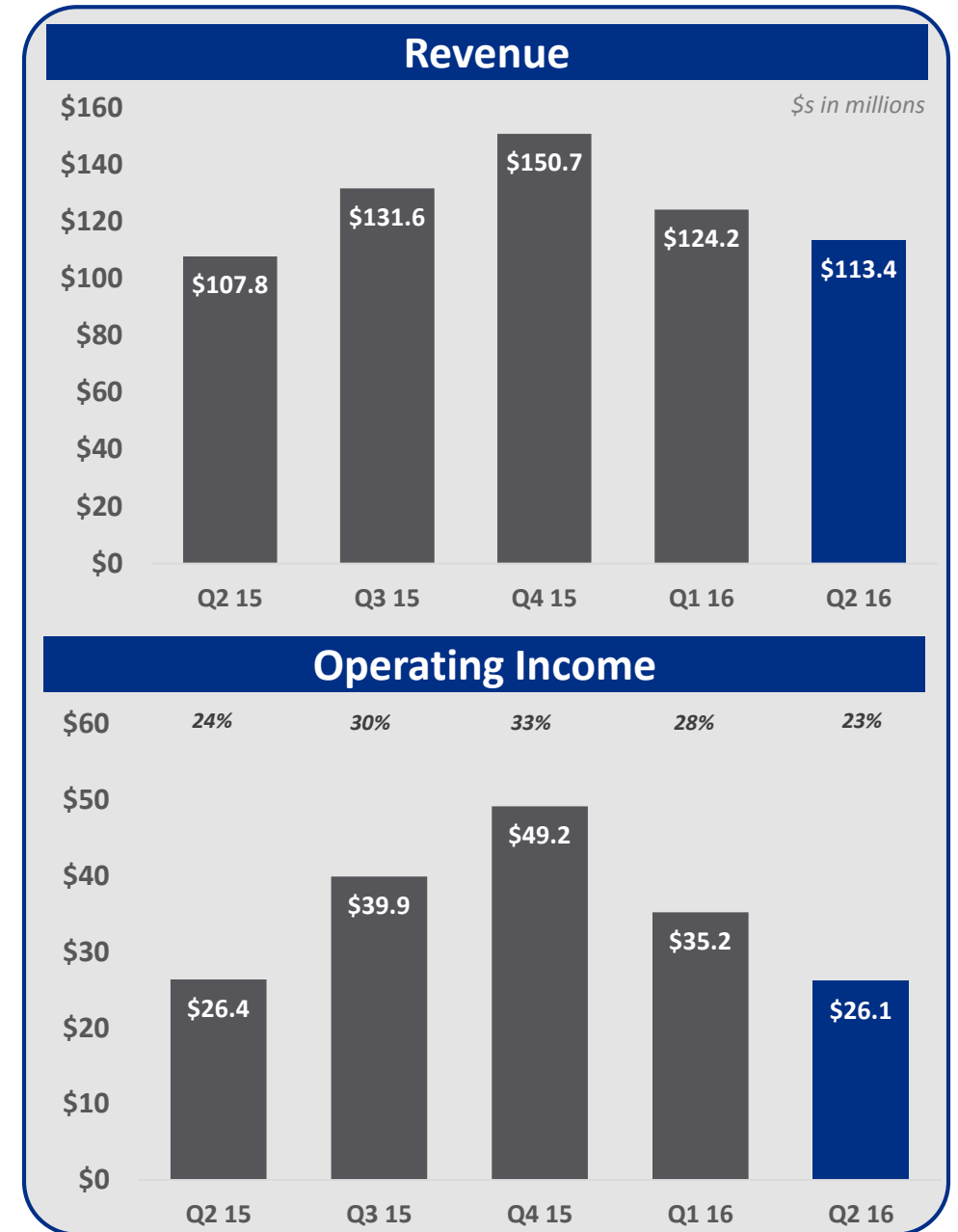
# Q2 2016 Surveillance

- Q2 revenue up 5% vs prior year
  - Strength in MSC trucks, Man-Portable products, and Personal Vision Systems
- Q2 operating income down 1% over prior year
  - Lower margins due to product mix
  - Improved mix expected to increase margins in second half of 2016
- Q2 ending backlog of \$341 million, an increase of 19% vs Q2`15 and an increase of 8% vs Q1`16
  - Q2 book-to-bill of 1.1x

## Acquisition of Armasight



- Leading developer of precision sporting, hunting, and military night vision and thermal optics products
- Acquired for \$41 million in cash
- Neutral to 2016 EPS, accretive thereafter
- To combine with FLIR's PVS business to create "Outdoor & Tactical Systems" line of business within the Surveillance segment



## New Products

## Star SAFIRE 380-HLDC Airborne Thermal Imaging System (July 2016)



- High definition, compact airborne electro-optical / infrared targeting system
- Industry-leading size, weight, power and cost (SWAP-c) specifications
- Combines FLIR's latest sensor technology with precision laser designation

## Ranger R6SS Radar (May 2016)



- Ground-surveillance radar specifically designed to detect and track personnel within a 15 kilometer range
- Advanced Digital Beam-Forming (DBF), electronic scanning, low false alarm, and fast refresh rates
- Designed to perform in the most demanding environments

## Light Tactical Vehicle (May 2016)



- LTV-X is an all-terrain self-contained mobile surveillance system
- Featuring multiple integrated sensors and onboard command and control system
- Flexible enough to be transported inside a Bell Boeing V-22 Osprey for rapid deployment in support of urgent operational requirements



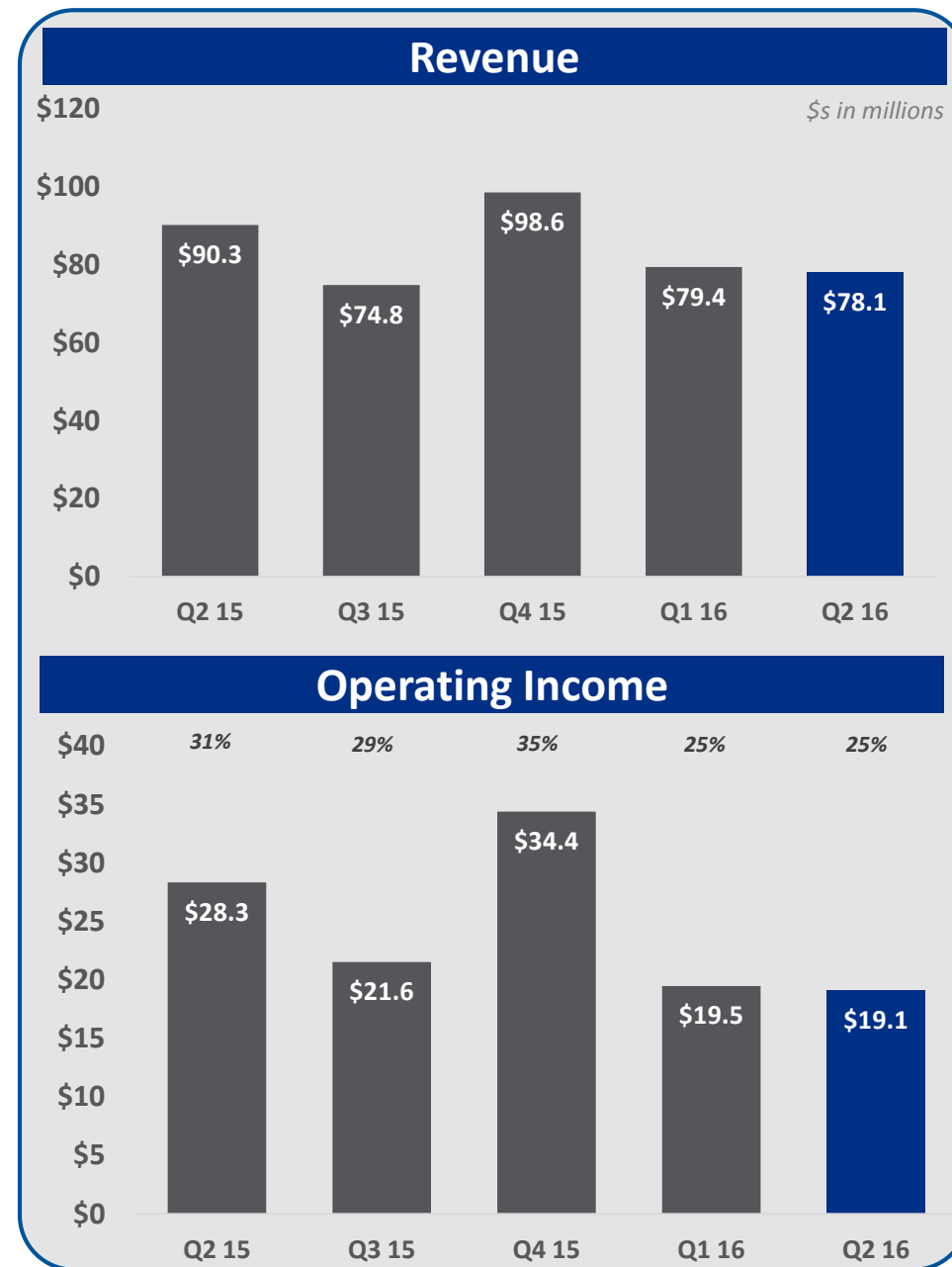
# Q2 2016 Instruments

- Q2 revenue down 14% vs prior year
  - Strong prior year due to MERS screening in Asia and price increases driving pull-ins from Q3`15
  - Growth in Firefighting and Automation products
  - Softness in Plant & Predictive Maintenance products
- Q2 operating income down 32% vs prior year
  - Manufacturing overhead, low-cost optics investments, and reduced operating leverage negatively impacted margins
  - Q3 margin improvement initiatives expected to bring second half operating margins back to the 30% range

## Introduced DM284 Thermal Digital Multimeter (May 2016)



- All-in-one multimeter with built-in thermal imager to target and verify potential electrical issues
- Infrared Guided Measurement (IGM) technology helps guide professionals to potential problems by clearly visualizing temperature differences
- Available in 2H 2016



# Q2 2016

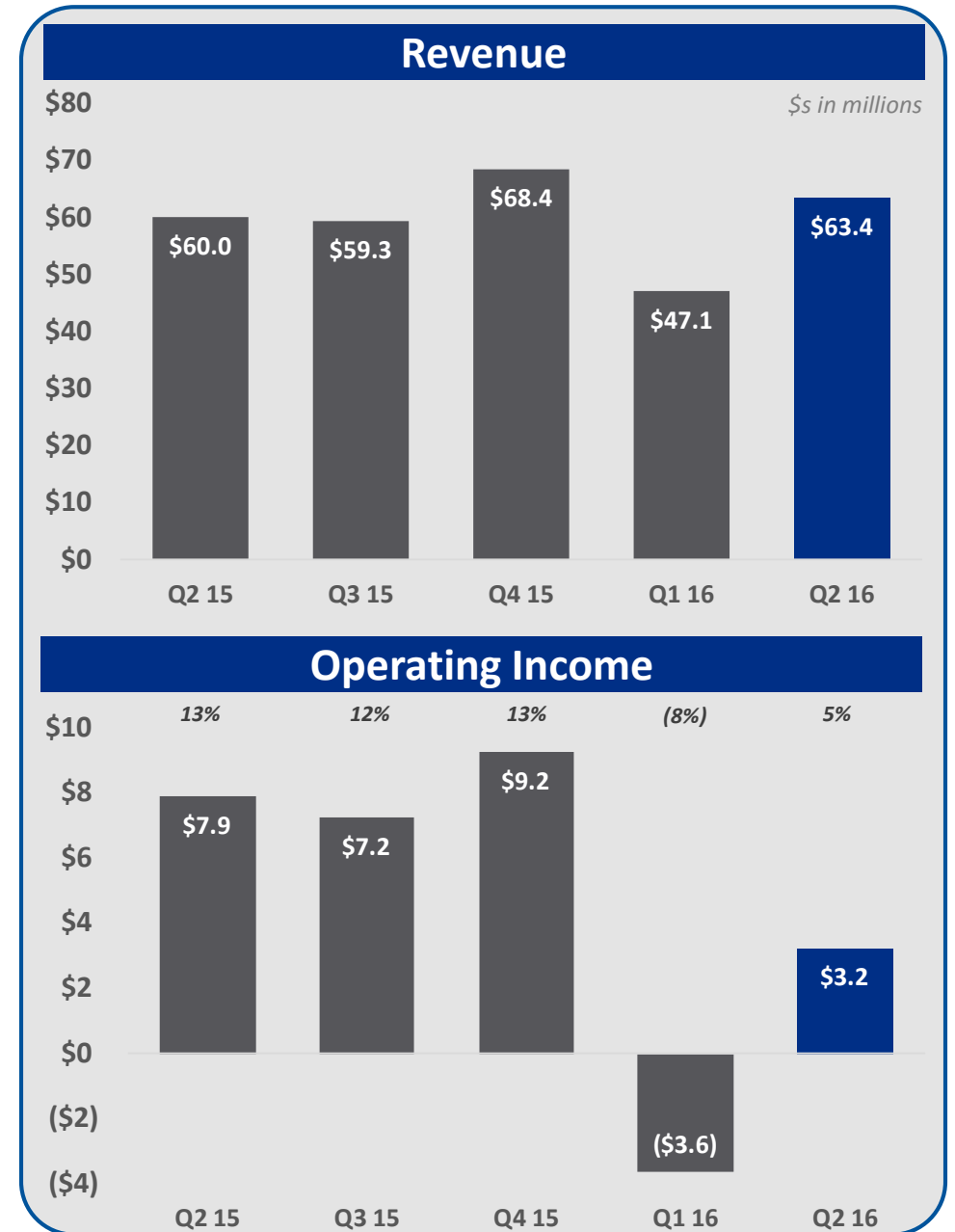
# Security

- Q2 revenue up 6% vs prior year
  - Strength in Enterprise-class visible products
  - Year-over-year softness in thermal products due to volume of high-end cooled cameras delivered in the prior year
- Q2 operating income down 59% vs prior year
  - Increased operating expenses and amortization from DVTel acquisition
  - Operating margin improved ~1300 basis points over prior quarter
  - Cost reduction initiative beginning in Q3

## Acquisition of Innovative Security Designs (ISD)



- Provides edge-based security solutions for surveillance and business optimization
- Highly experienced engineering team in camera design and development, and color and image processing
- Neutral to 2016 EPS



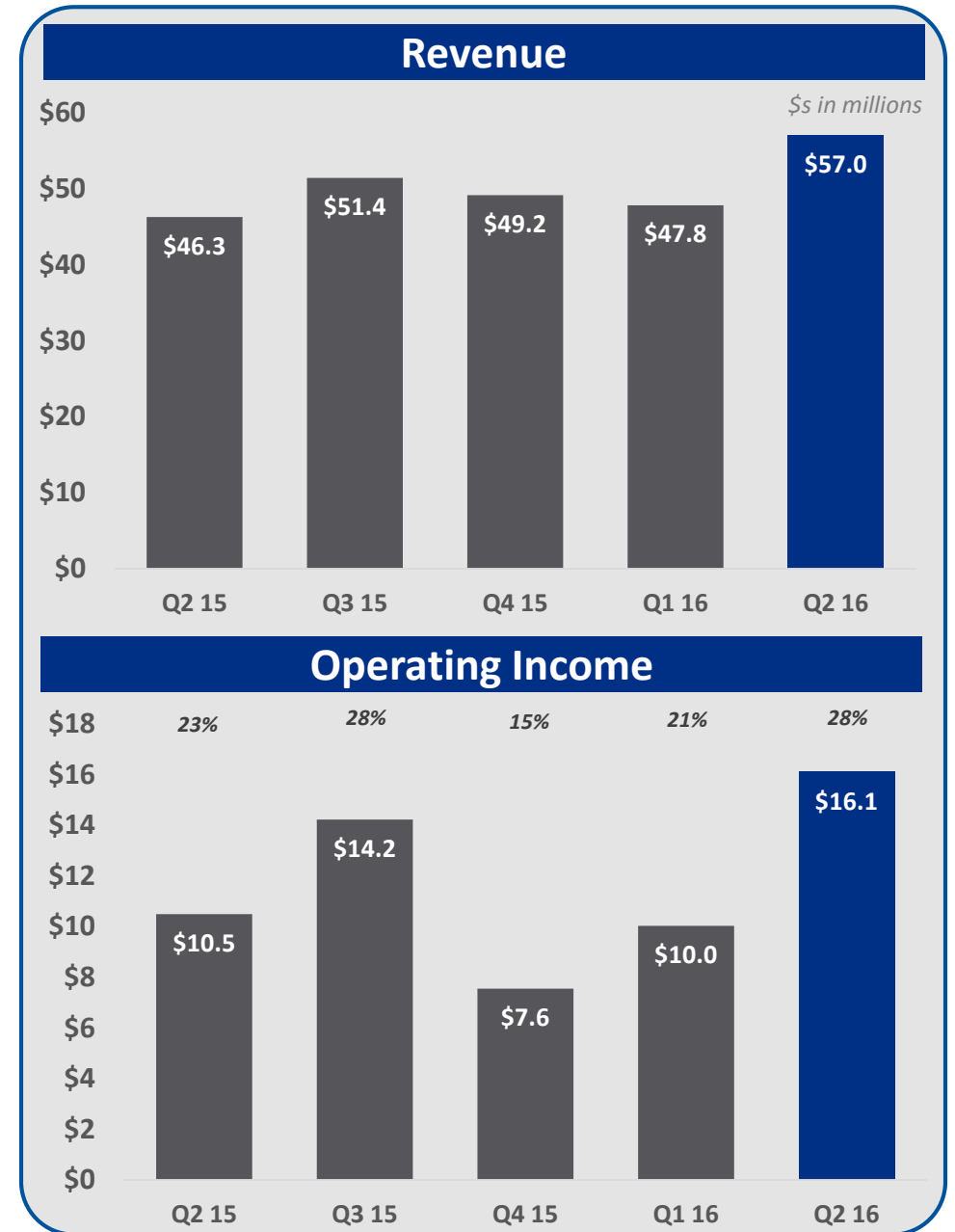
# Q2 2016 OEM & Emerging

- Q2 revenue up 23% vs prior year
  - Camera cores up nearly 20%
  - Strong performance in UAS and Mobile
- Q2 operating income growth of 53% vs prior year
  - Revenue performance created operating leverage

## Introduced Vue Pro-R (May 2016)



- Latest addition to the FLIR Vue drone thermal camera family provides the ability to gather non-contact pixel-level temperature measurements from an aerial perspective
- Fully radiometric data-gathering important to commercial UAS applications of building and roof inspections, power grid inspections, infrastructure analysis, precision agriculture, and public safety
- Began shipping in July 2016 with a starting MSRP of \$2,999



# Q2 2016 Maritime

- Q2 revenue up 6% vs prior year
  - Strength in Radars, IR cameras, and Multi-Function Displays
- Q2 operating income up 5% vs prior year
  - Margins largely in-line with prior year
- Inventory improvement initiatives led to a \$10 million reduction in inventory

## Introduced Lighthouse II R17 (May 2016)



- Major usability and feature enhancements available for all Raymarine MFDs on Lighthouse II OS
- Introduces new and improved Autorouting and SonarChart Live features from Navionics, offering more accurate routing and mapping
- Multiple weather services bring global weather forecasts directly to Raymarine MFDs

## Introduced Raymarine CAM 210 & 220 (May 2016)

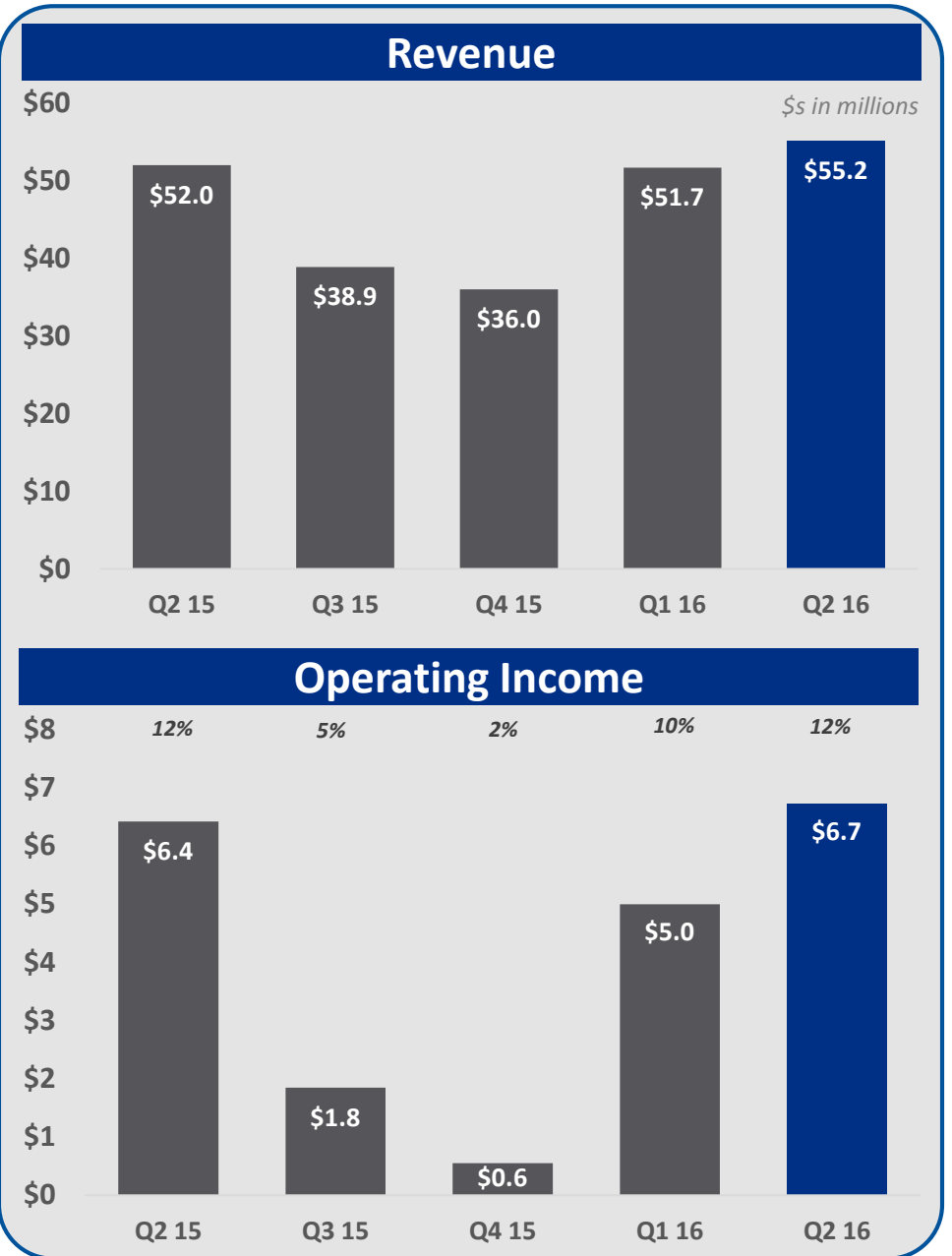


- HD observation cameras for boaters, providing video monitoring capabilities for recreation, safety, and security
- Integrated with Lighthouse II OS to transform Raymarine MFDs into video observation system
- Began shipping in June 2016

## Introduced Evolution R4 autopilot (July 2016)

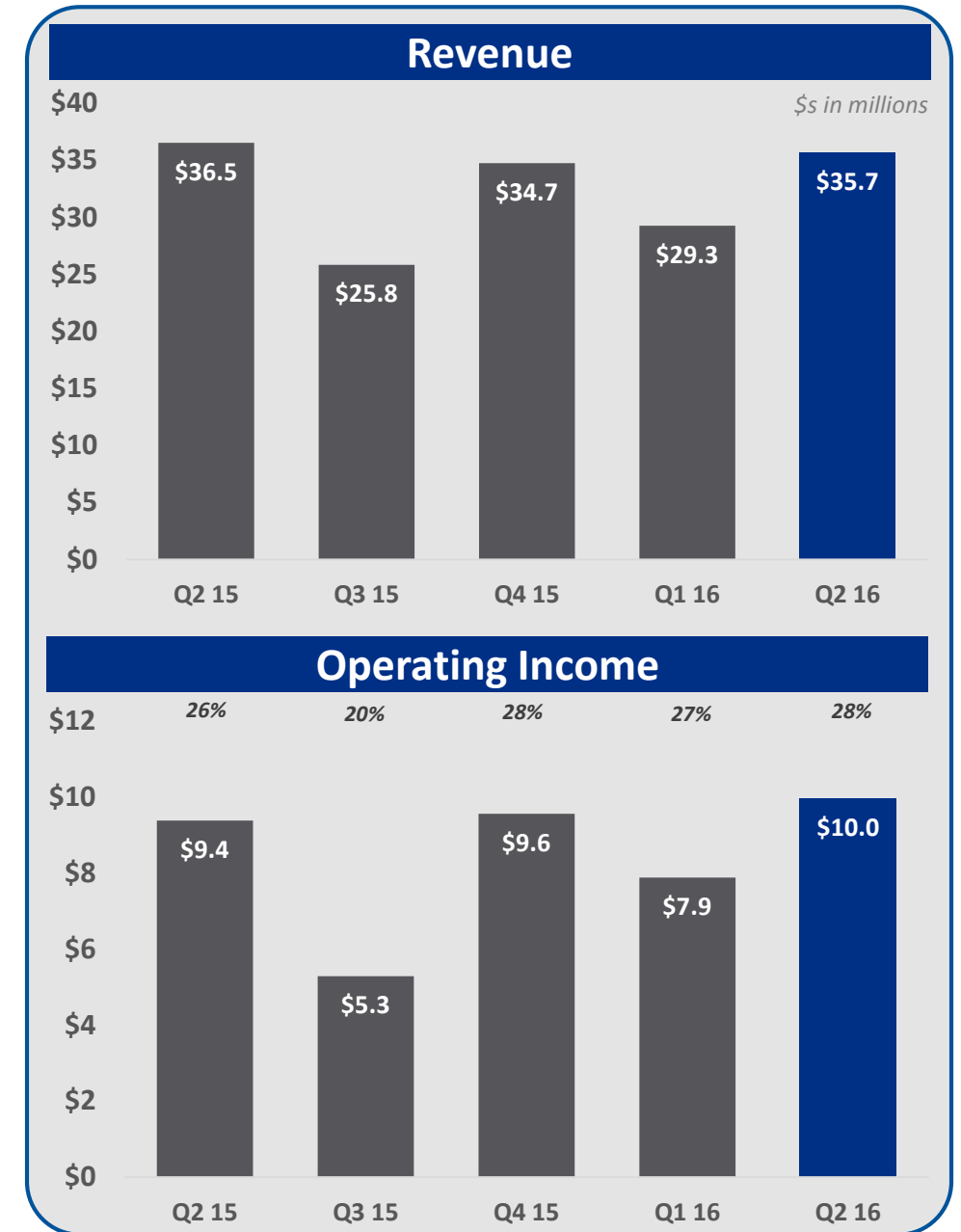


- The most significant update to date to Raymarine's award-winning Evolution Autopilot
- New wind data stabilization for accurate reporting of wind speed and angles under all conditions
- TrackIQ™ intelligent autopilot tracking significantly increases accuracy and precision of tracking and waypoints



# Q2 2016 Detection

- Q2 revenue down 2% vs prior year
  - Timing of DRSKO shipments creates variability in revenue
  - Growth seen in all product lines, with particular strength in ChemBio and MassSpec
- Q2 operating income up 6% vs prior year
  - Operating margin improved 220 basis points year-over-year
  - Consistent gross margins coupled with decreased operating expenses
- Q2 ending backlog of \$74 million
  - Down compared to Q1'16 and Q2'15 due to timing of large DRSKO orders and shipments under those orders





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