



The World's Sixth Sense®



FLIR Systems Overview

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Our Vision

The World's Sixth Sense

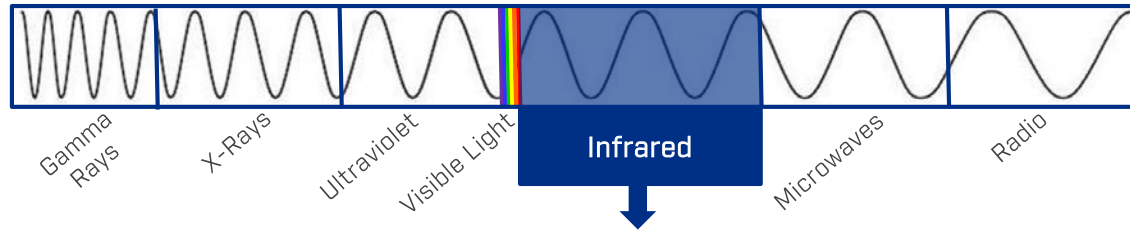
FLIR will be the world's sixth sense, improving the way we live by bringing innovative sensing technologies into **daily life**.

FLIR technology will help keep our world **safe and aware**, our environment **clean and preserved**, our communities **healthy and entertained**, and our economies **efficient and productive**.

FLIR products will be **everywhere**, our **innovation** renowned, our **brand** ubiquitous, our **reputation** impeccable, and our **performance** admired.

What We Do

Leveraging an Area of the Electromagnetic Energy Spectrum Beyond Our Eyesight



To Develop Imaging Solutions That Enhance Perception and Awareness

See in Total Darkness



See Through Obscurants



Measure Temperature



Enhanced Long Range Imaging



Accurately Detect People & Animals



Current Operating Portfolio

LTM March
Revenue
(\$Millions)

LTM March
Adj. Operating
Margin

Surveillance

\$527

27%



- Airborne systems
- Maritime systems
- Land systems
- Border surveillance
- Tactical vision
- Command & control software

Detection

\$127

28%



- Radiation detectors
- Explosives detectors
- Chemical-biological threat detectors
- Mass spectrometry systems

Maritime

\$183

10%

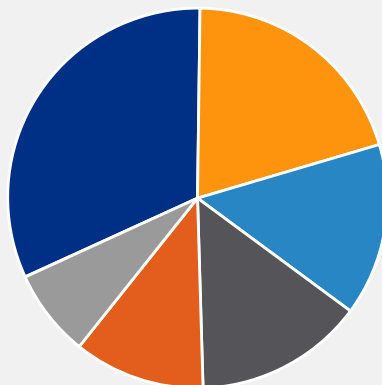


- Multifunction displays
- Instruments
- Sonar
- Radar
- Thermal cameras



LTM March 2017

\$1.7 B Revenue



20%

Adj. Operating
Margin

\$343 M

Operating
Cash Flow

\$1.73

Adj. EPS

LTM March
Revenue
(\$Millions)

LTM March
Adj. Operating
Margin

Instruments

\$335

30%



- Building inspection cameras
- Electrical / mechanical cameras
- Lab / R&D cameras
- Test & measurement tools
- Firefighting cameras

OEM & Emerging

\$281

28%



- Thermal camera cores & components
- Intelligent traffic systems
- Mobile accessories
- Commercial UAS

Security

\$238

8%



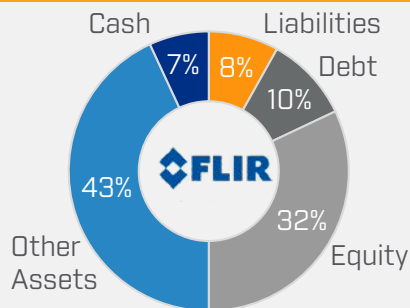
- Thermal security cameras
- Visible-light security cameras
- DIY security systems
- Software and analytics

Capital Strategy

Principles

- ❑ Maintain Strong Balance Sheet
 - ✓ Investment Grade Rating
 - ✓ Ample Liquidity
 - ✓ Mitigate Risk
- ❑ Optimize Cost Of Capital
- ❑ Deploy Balanced Capital Allocation Strategy
 - ✓ Invest for Long Term Growth
 - ✓ Maximize Shareholder Returns
 - ✓ Recognize Regional Cash Constraints

Strong Balance Sheet



Debt / Equity	30%
Leverage Ratio	1.3x
Interest Coverage	20x
Rating	BBB
Cash – US	~30%
Cash – RoW	~70%

Working Capital Management

- ❑ Improve Collections Process
 - ✓ Improved DSO by ~10%
- ❑ Optimize Payment Terms
 - ✓ Doubled std. payment terms to 60 days
- ❑ Increase Inventory Turns
 - ✓ Improved turns by ~5%

Focused Reviews & Special Initiatives

..... to Drive Improved Cash Conversion Cycle

Long Term Capital Deployment

- ❑ Organic Investments
 - ✓ R&D: 8% to 10% of Revenue
 - ✓ Capex: 3% to 4% of Revenue
- ❑ Deploy 100% Free Cash Flow
 - ✓ M&A: Based on Opportunities & Returns
 - ✓ Dividend Payout: ~30% of Net Income
 - ✓ Share Repurchases: Based on Opportunities & Returns

Strategic Acquisitions



- Acquired DVTEL, Inc. for \$92 million in November 2015
- Leader in software and hardware technologies for advanced video surveillance
- Adds enterprise-class security cameras and video management system software capabilities to FLIR's security product suite
- Complimentary software, hardware, and channels to market
- Heavy software component, including advanced VMS and video analytics



- Acquired Armasight, Inc. for \$41 million in June 2016
- Leading developer of precision sporting, hunting, and military night vision and thermal optics products
- Enhances FLIR's recreational and tactical scopes and sights business to better serve outdoor sporting, law enforcement, and military markets
- To combine with FLIR's PVS business to create "Outdoor & Tactical Systems" line of business within the Surveillance segment



- Acquired Point Grey Research Inc. for \$253 million in October 2016
- Leading developer of machine vision cameras for use in industrial, retail, scientific, traffic, mapping, and other advanced imaging applications
- Expands FLIR's presence in machine vision, intelligent imaging for retail analytics, and visible spectrum camera solutions
- Creates platform for thermal technology integration into underpenetrated industrial vision markets



- Acquired Prox Dynamics AS for \$134 million in November 2016
- Leading developer and manufacturer of nano-class unmanned aerial systems (UAS) for military and para-military intelligence, surveillance, and reconnaissance applications
- Highly differentiated nano-aerial sensing platform
- Leverages Lepton capabilities
- Strong fit with FLIR's CDMQ model
- Platform for innovating next-generation nano-drone solutions

