

**Fourth Quarter 2014
Results Summary**



The World's **Sixth Sense**™

Disclaimer

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Q4 2014

Highlights

Revenue

\$434 Million

up 9% vs PY

EPS

\$0.51 / \$0.52 adjusted*

*up 49% vs PY**

Operating Margin

20%*

*Up 310 basis points vs PY**

- Overall backlog reached \$547 million
 - Down \$32 million from Q3 2014
 - Up \$58 million from prior year
- Stronger U.S. dollar negatively impacted revenue by approximately 2%
- \$9.4 million favorable discrete tax items during the quarter
 - Increased legal expenses in Q4 largely offset this benefit
- Q4 cost savings from 2013 restructuring initiative in the mid single digit millions
 - \$0.7 million of after-tax restructuring charges in the quarter (\$1 million pre-tax)
- Thermal products unit volumes increased 55% vs prior year

** Adjusted to exclude restructuring and executive retirement charges.*

Q4 2014

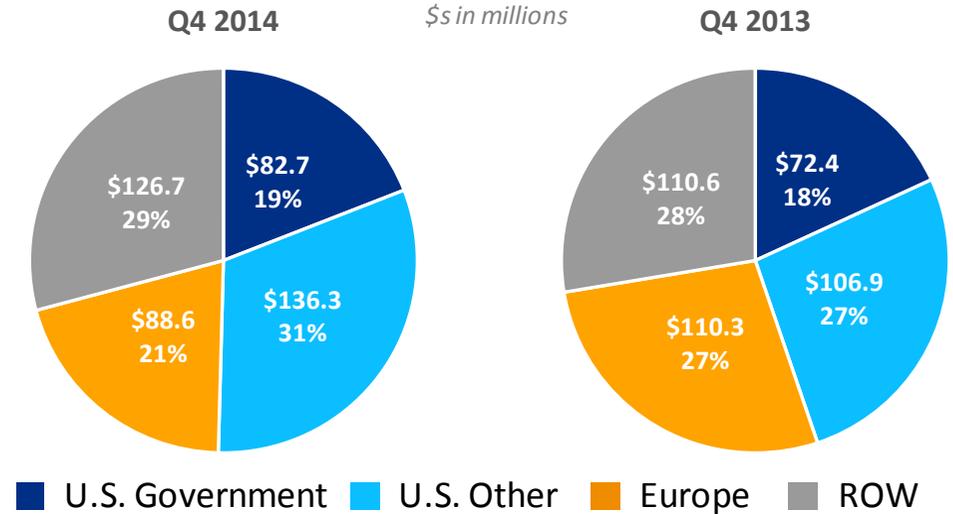
Full Year 2015 Outlook

- Revenue \$1.55 – \$1.6 billion
 - An increase of approximately 3% over 2014 at the midpoint
 - Approximately 3% - 4% negative impact due to currency
- EPS \$1.60 – \$1.70
 - An increase of approximately 11% over 2014 at the midpoint, excluding expenses related to restructuring
- Increasing quarterly dividend to \$0.11 per share, payable on March 6th

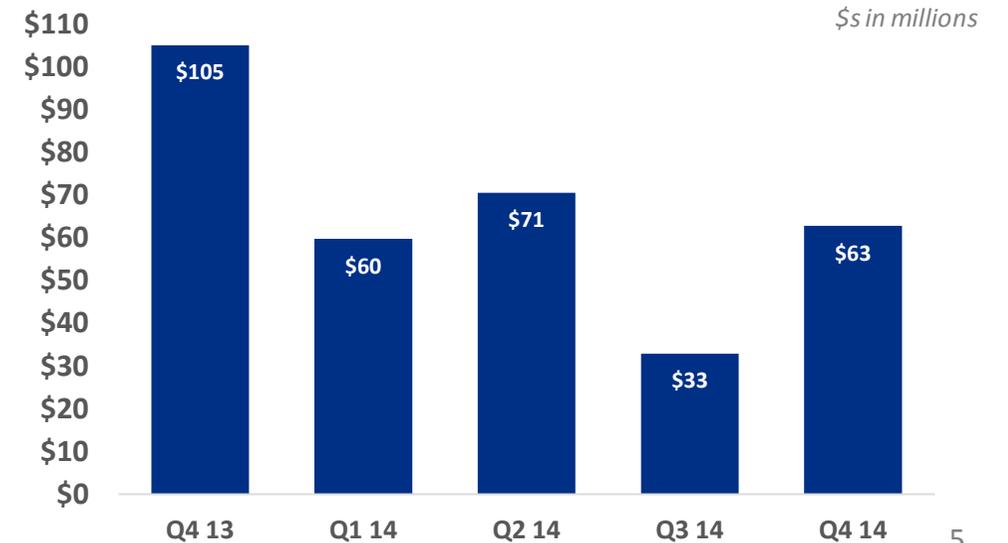
Q4 2014 Cash Flow & Other

- Operating cash flow \$63 million
 - Negatively impacted by timing of large A/R
- \$20.3 million in capex
- \$14.1 million in dividends
- \$62.6 million in share repurchases
 - 2.0 million shares at an average price of \$31.64
- Ending cash balance of \$531 million
 - Foreign currency translation negatively impacted cash by \$13 million in the quarter

Revenue by Geography



Operating Cash Flow Trend



Q4 2014

Segments Summary

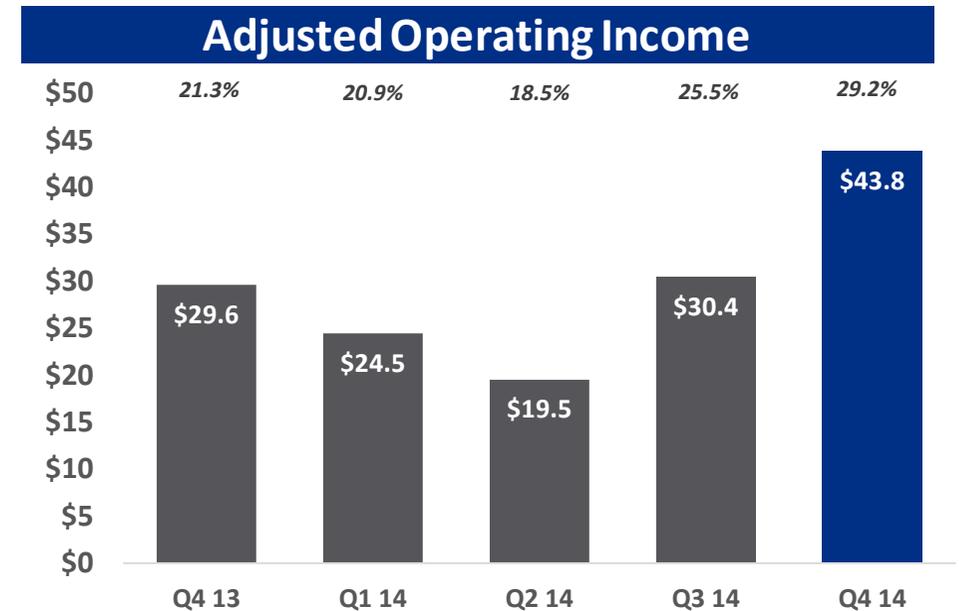
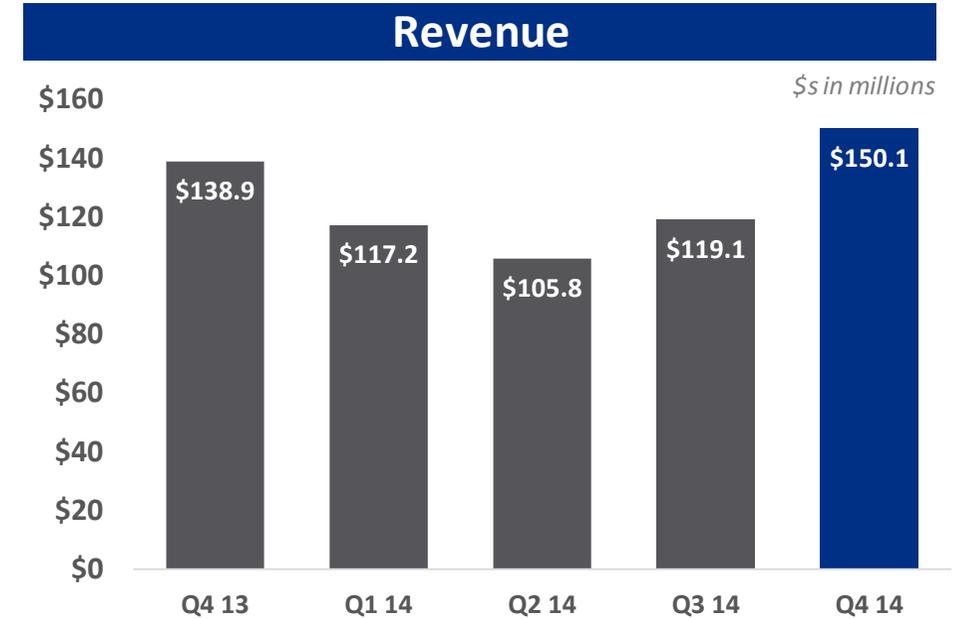
(\$s in millions)

	Q4 2014	Q4 2013	YoY Chg %
Revenue			
Surveillance	\$150.1	\$138.9	8%
Instruments	103.5	101.5	2%
OEM & Emerging	58.0	53.5	8%
Security	56.4	41.7	35%
Maritime	40.1	42.6	(6%)
Detection	26.2	22.1	19%
Total Revenue	\$434.4	\$400.3	9%
Operating Income			
Surveillance	\$43.8	\$29.6	48%
Instruments	35.4	33.2	7%
OEM & Emerging	18.9	10.8	75%
Security	10.3	5.6	85%
Maritime	1.3	2.2	(39%)
Detection	5.2	2.6	104%
Corporate	(26.6)	(15.2)	(75%)
Total Operating Income	\$88.4	\$68.8	28%

Operating Income adjusted to exclude restructuring and executive retirement charges.

Q4 2014 Surveillance

- Q4 revenue up 8% vs prior year
- 2014 revenue down 7% vs prior year
- Q4 adjusted operating income up 48% vs prior year
 - Excluding \$0.2 and \$5.4 million of pre-tax restructuring charges in 2014 and 2013, respectively
- 2014 adjusted operating income down 7% vs prior year
 - Excluding \$5.2 and \$5.4 million of pre-tax restructuring charges in 2014 and 2013, respectively
- Q4 ending backlog of \$295 million, up 5% vs prior year
 - Q4 bookings up 11% over prior year, with no orders > \$10 million
 - Q4 book-to-bill of 0.7x
 - Full year 2014 book-to-bill of 1.0x
- Q4 highlights
 - Adjusted operating margin improved year-over-year and sequentially
 - Positive impact from shifts in product mix
 - 15% y-o-y reduction in operating expenses due primarily to restructuring

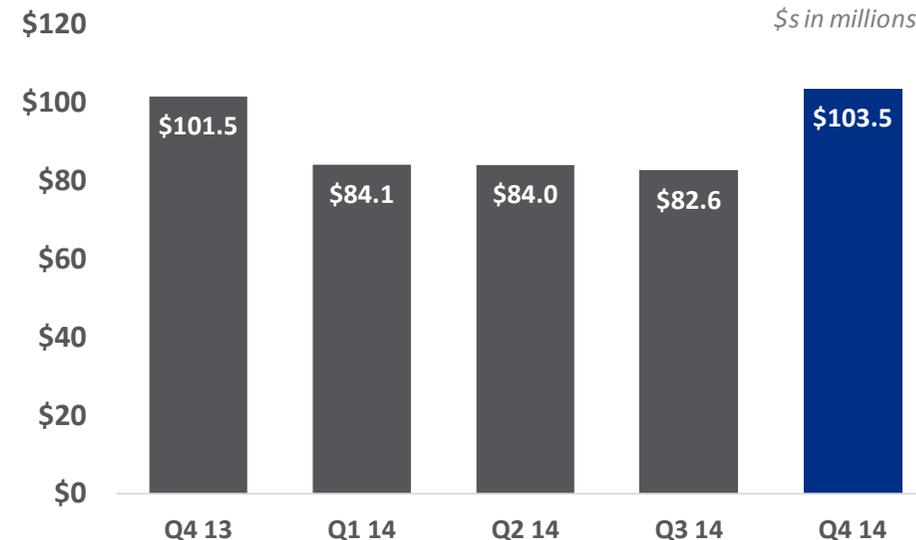


Adjusted to exclude restructuring charges.

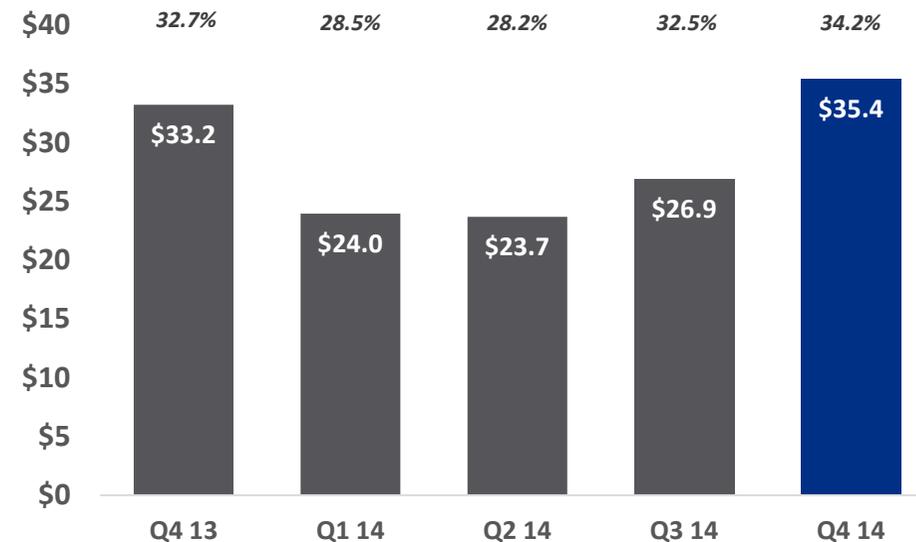
Q4 2014 Instruments

- Q4 revenue up 2% vs prior year
- 2014 revenue up 5% vs prior year
 - Stronger U.S. dollar negatively impacted revenue in Q4 and full year
- Q4 adjusted operating income up 7% vs prior year
 - Excluding \$1.1 and \$15.5 million of pre-tax restructuring charges in 2014 and 2013, respectively
- 2014 adjusted operating income up 14% vs prior year
 - Excluding \$11 and \$15.5 million of pre-tax restructuring charges in 2014 and 2013, respectively
- Q4 highlights
 - Began shipping TG-165, which set an Instruments segment record for number of units shipped in a quarter
 - E-series product revenues +21%
 - Automation camera revenue +31%

Revenue



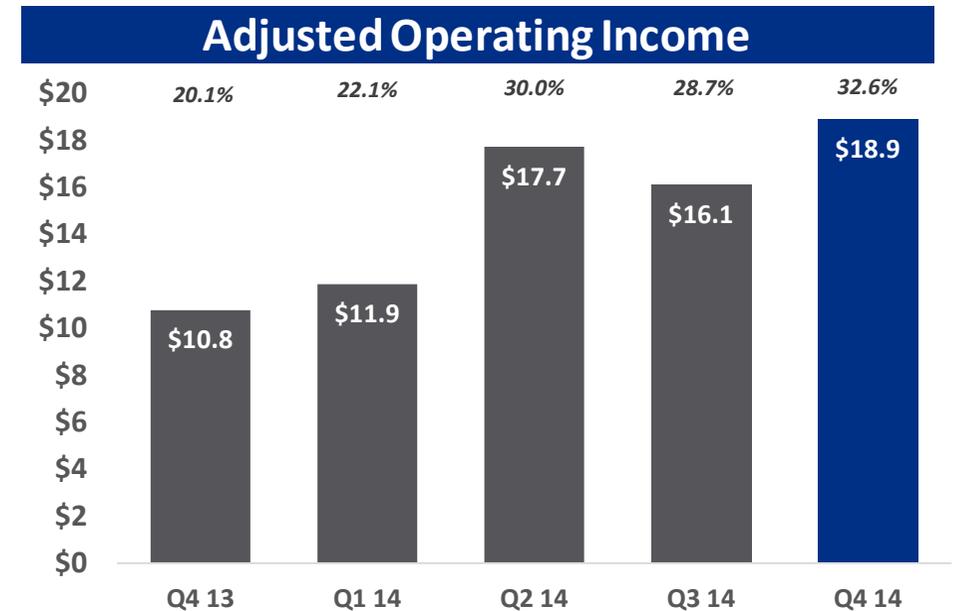
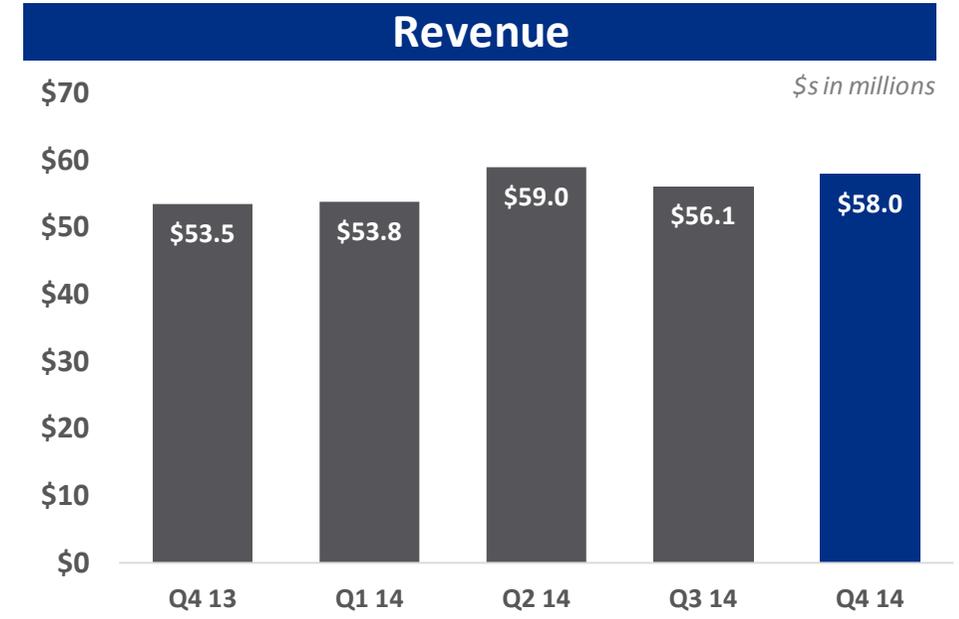
Adjusted Operating Income



Adjusted to exclude restructuring charges.

Q4 2014 OEM & Emerging

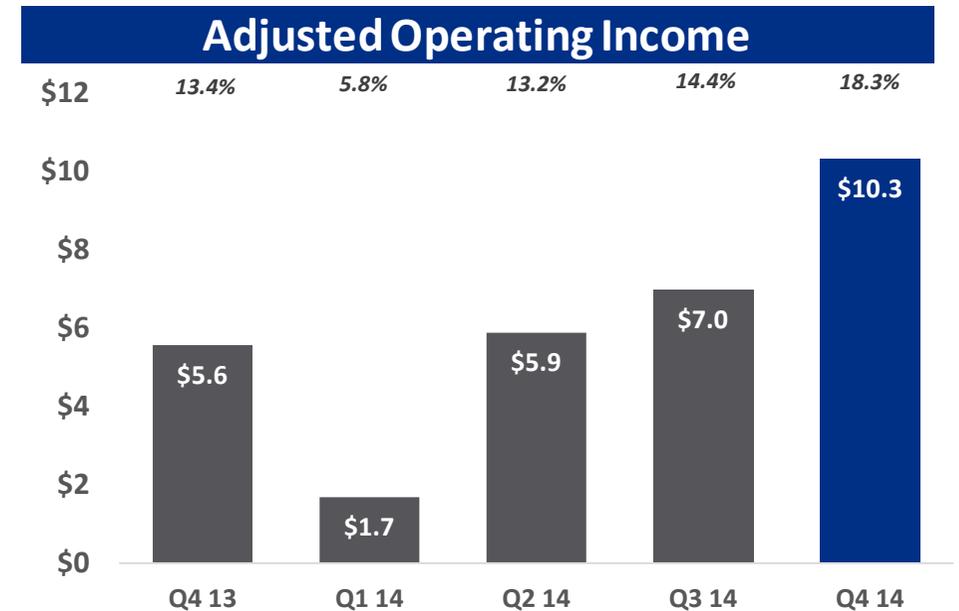
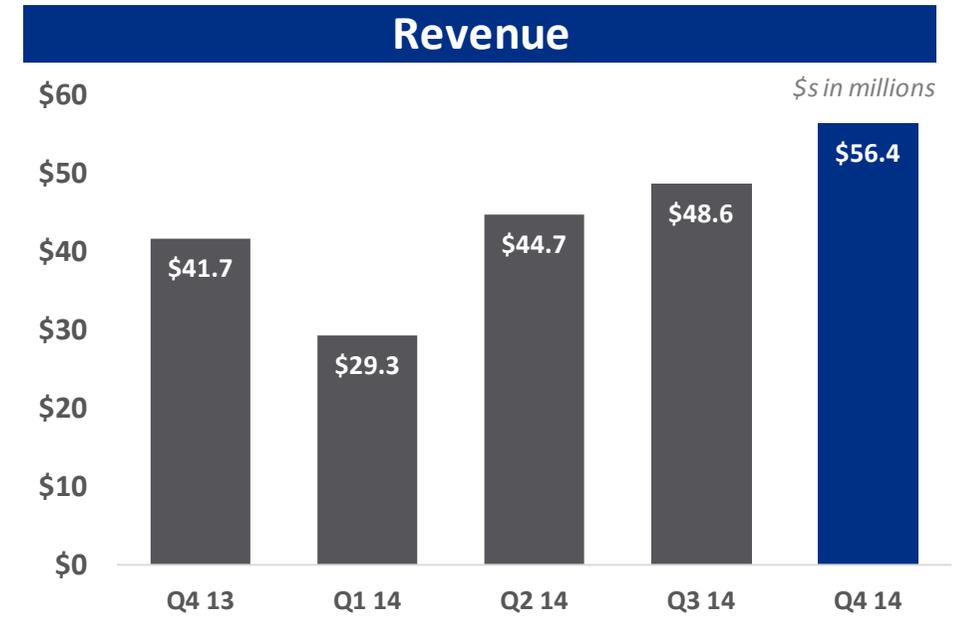
- Q4 revenue up 8% vs prior year
- 2014 revenue up 9% vs prior year
- Q4 adjusted operating income up 75% vs prior year
 - Excluding \$(0.1) and \$1.5 million pre-tax restructuring charges in 2014 and 2013, respectively
- 2014 adjusted operating income up 19% vs prior year
 - Excluding \$0.2 and \$1.5 million pre-tax restructuring charges in 2014 and 2013, respectively
- Q4 highlights
 - Cores & Components revenue up 31% vs prior year
 - Revenue growth despite divestiture of OCG business
 - OCG revenue in Q4 2013 of \$4.1 million



Adjusted to exclude restructuring charges.

Q4 2014 Security

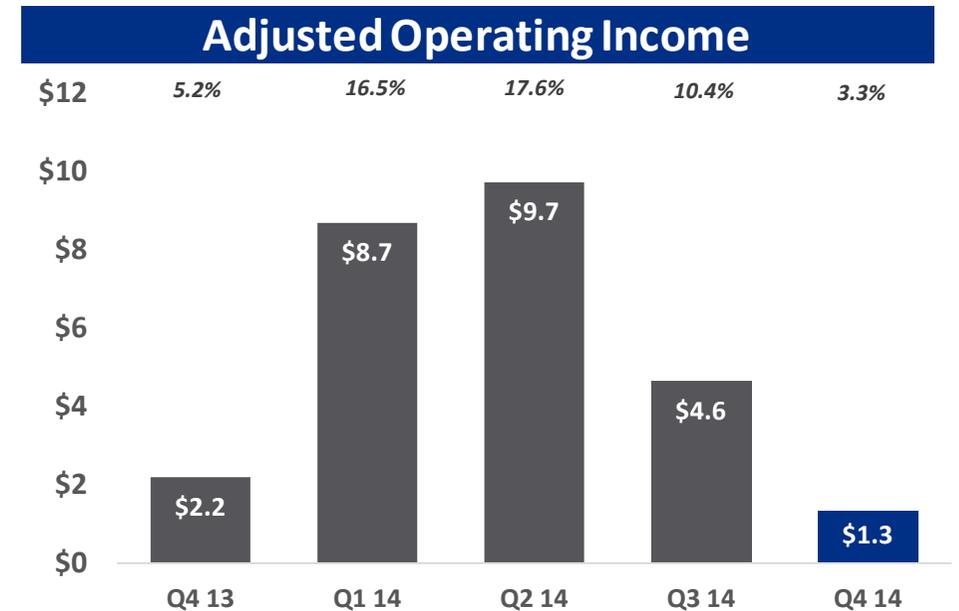
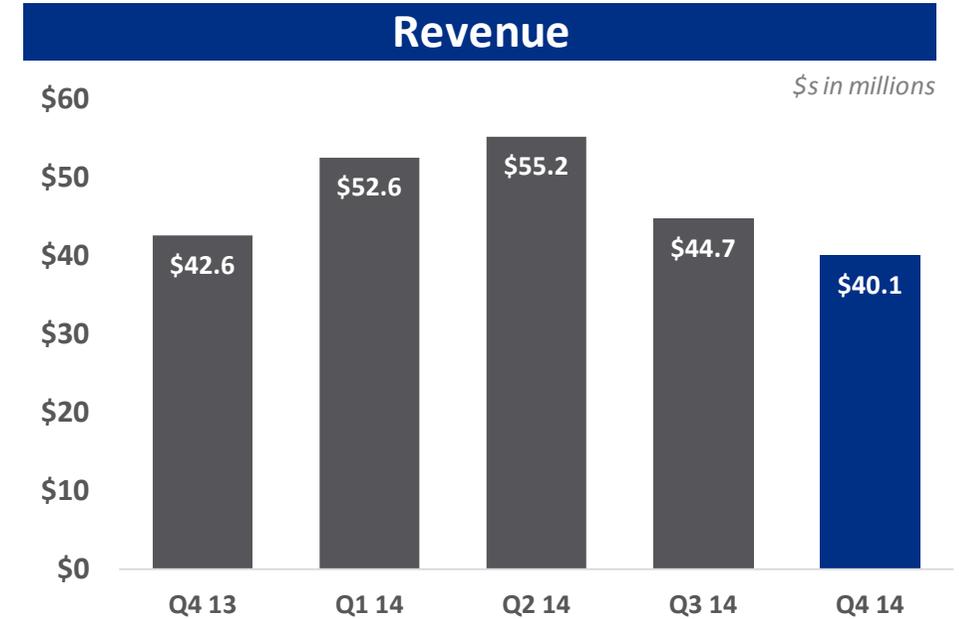
- Q4 revenue up 35% vs prior year
- 2014 revenue up 27% vs prior year
- Q4 adjusted operating income up 85% vs prior year
 - Excluding \$0.3 million of pre-tax restructuring charges in 2013 (no charges in 2014)
- 2014 adjusted operating income up 41% vs prior year
 - Excluding \$0.3 million of pre-tax restructuring charges in 2013 (no charges in 2014)
- Q4 highlights
 - Thermal security camera revenue +67%
 - Lorex-branded visible security revenue +24%



Adjusted to exclude restructuring charges.

Q4 2014 Maritime

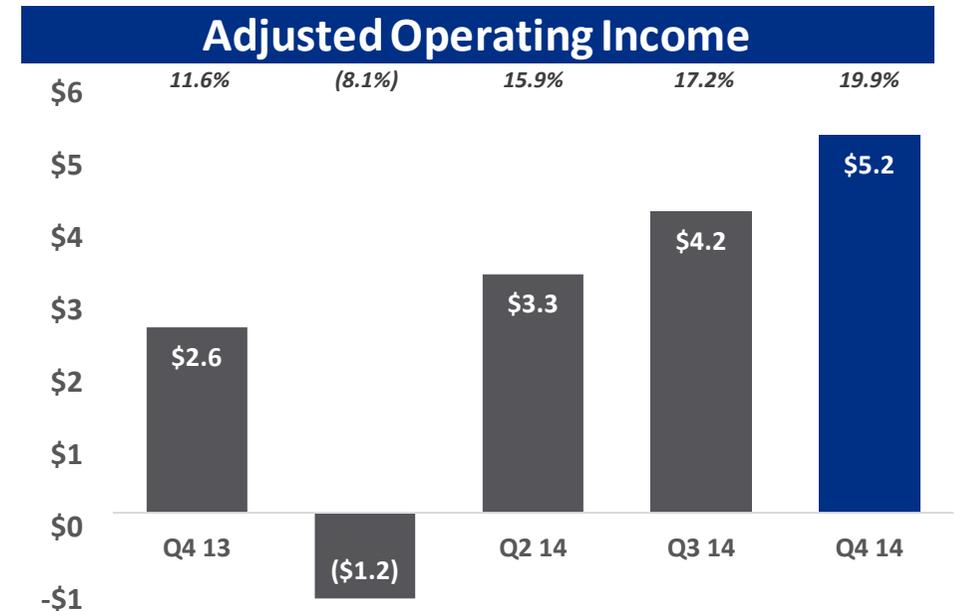
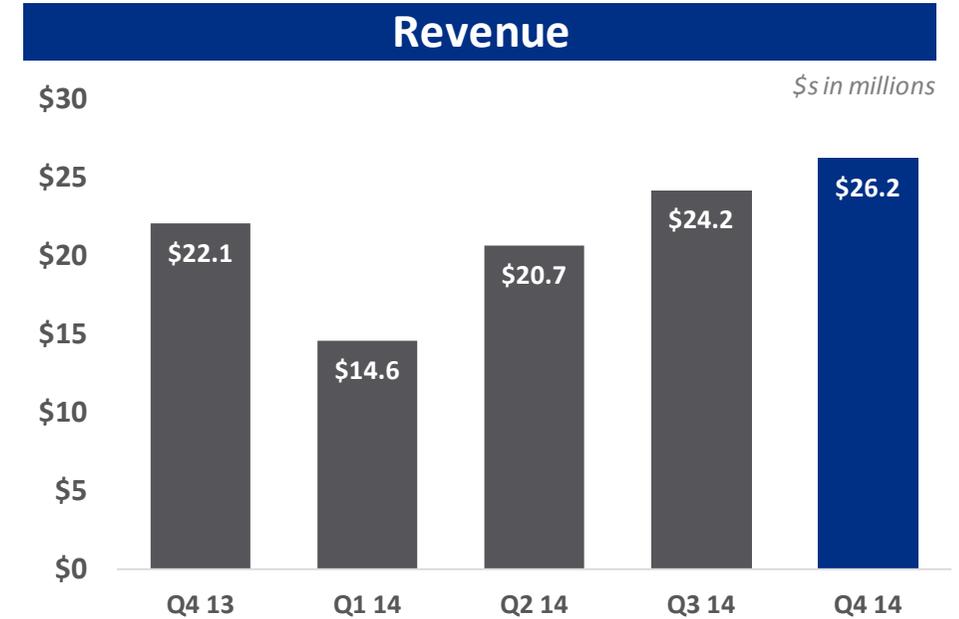
- Q4 revenue down 6% vs prior year
- 2014 revenue up 2% vs prior year
- Q4 adjusted operating income down 39% vs prior year
 - Excluding \$0.4 million pre-tax restructuring charges in 2013
- 2014 adjusted operating income up 8% vs prior year
 - Excluding \$(0.1) and \$0.4 million pre-tax restructuring charges in 2014 and 2013, respectively
- Q4 highlights
 - Thermal camera bookings up 8% vs prior year
 - Launched new lineup of VHF radios



Adjusted to exclude restructuring charges.

Q4 2014 Detection

- Q4 revenue up 19% vs prior year
- 2014 revenue down 5% vs prior year
- Q4 adjusted operating income up 104% vs prior year
 - Excluding \$(0.2) and \$4.2 million pre-tax restructuring charges in 2014 and 2013, respectively
- 2014 adjusted operating income down 12% vs prior year
 - Excluding \$0.5 and \$4.2 million pre-tax restructuring charges in 2014 and 2013, respectively
- Q4 ending backlog of \$51 million, up 70% vs prior year
- Q4 highlights
 - Received \$27 million order for DR SKO production units
 - Record operating margin



Adjusted to exclude restructuring charges.