



# FLIR – Forward Looking Infrared

NASDAQ “FLIR”



Infrared Everywhere



# Forward-looking Statements

This presentation and the associated discussion contain forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and actual outcomes and results may differ materially. Such forward-looking statements speak only as of the date on which this presentation is made and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation. Please refer to our most recently filed 10-K for a description of factors that could cause actual outcomes or results to differ materially.



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# Company Overview

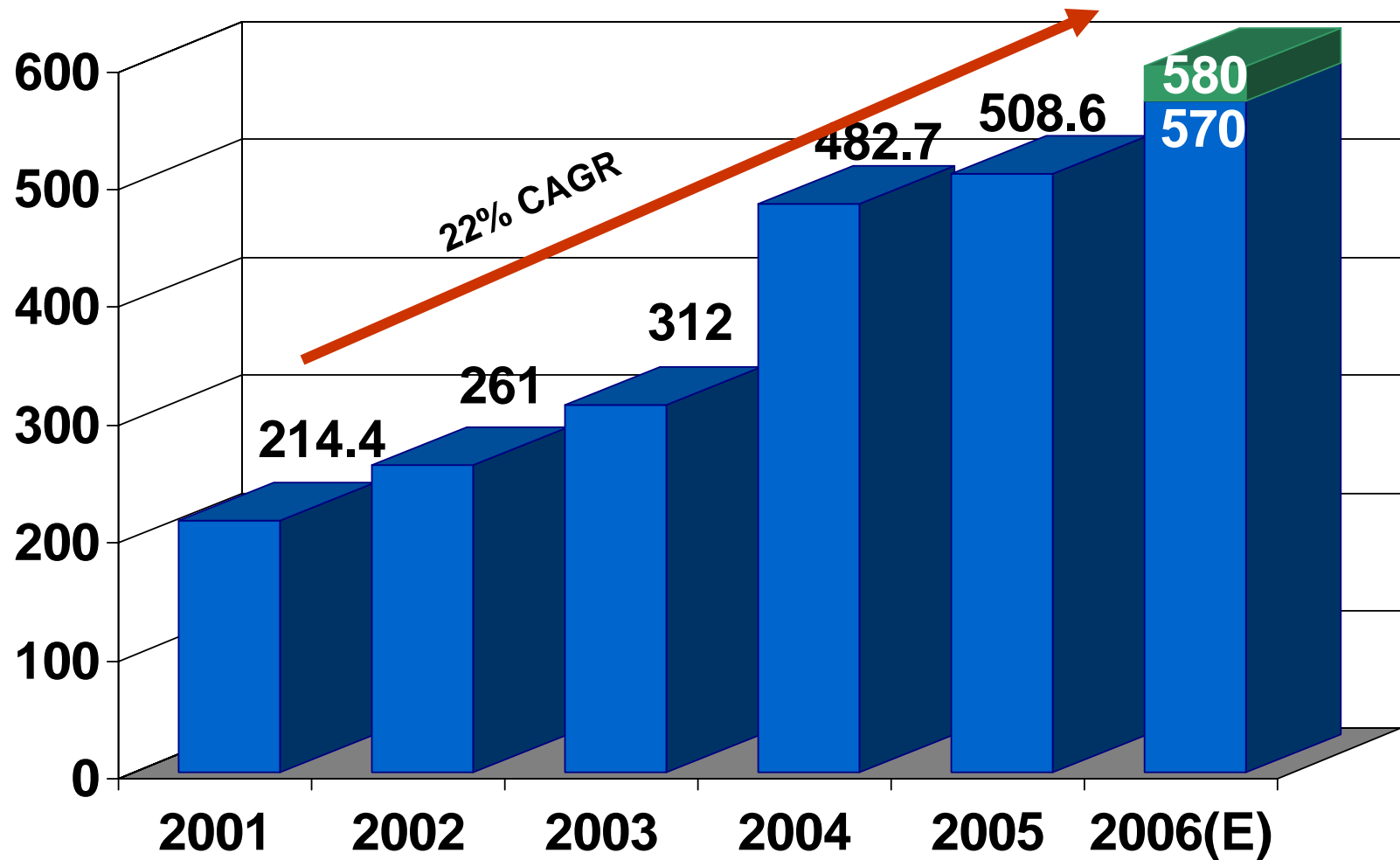
- **World's Largest Commercial Infrared Company**
  - 2006 Revenue \$570 - \$580 million
- **Diverse Customers and Markets**
  - 30% US Government
  - 46% International
  - ~50% Commercial
  - Broad Product Range
- **Growth Track Record**
  - Revenue: 22% Five Year Compounded Growth
  - EPS: 27% Five Year Compounded Growth
  - Operating Margin up Six Straight Years



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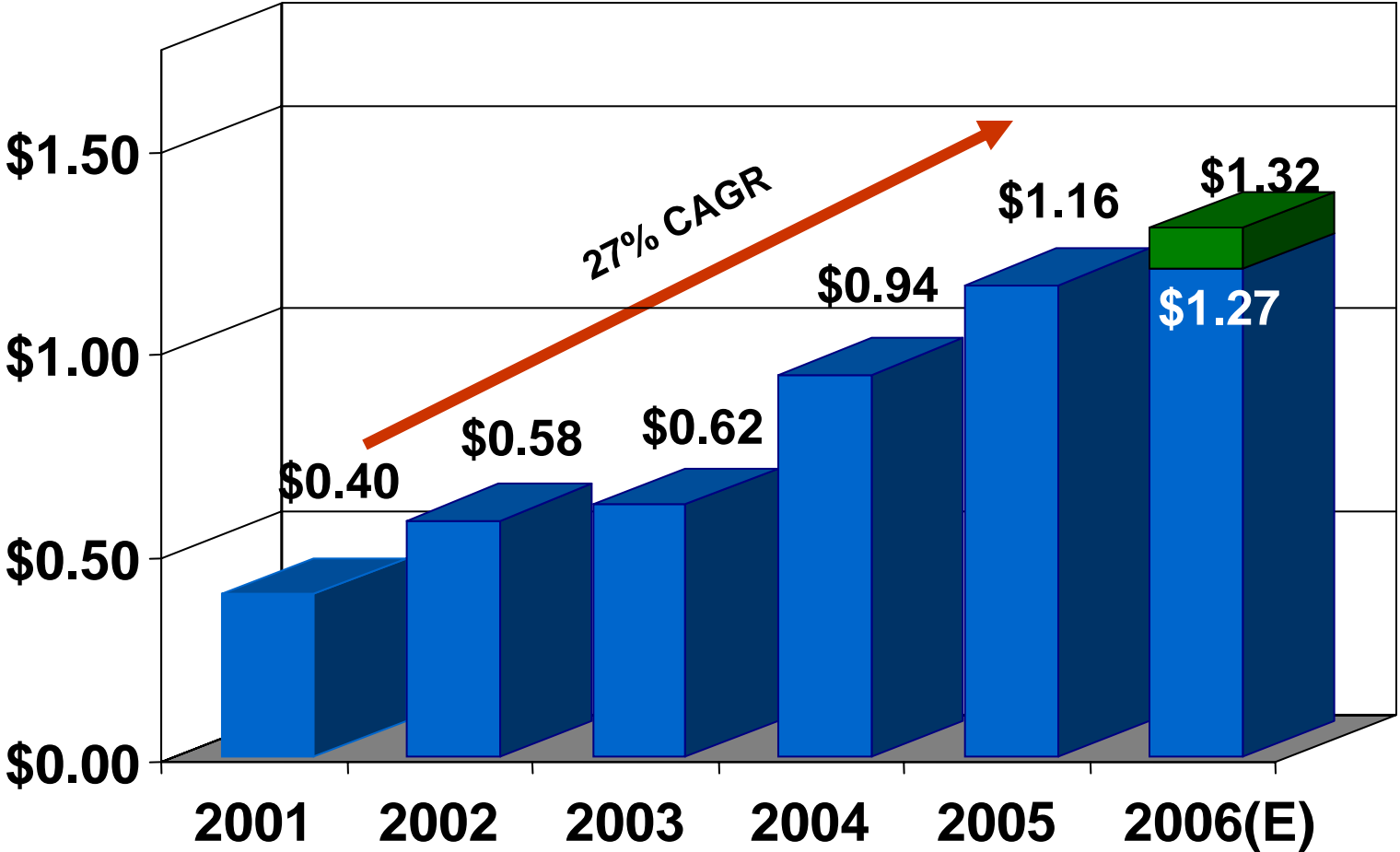
# Sustained Top-line Growth



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# GAAP EPS



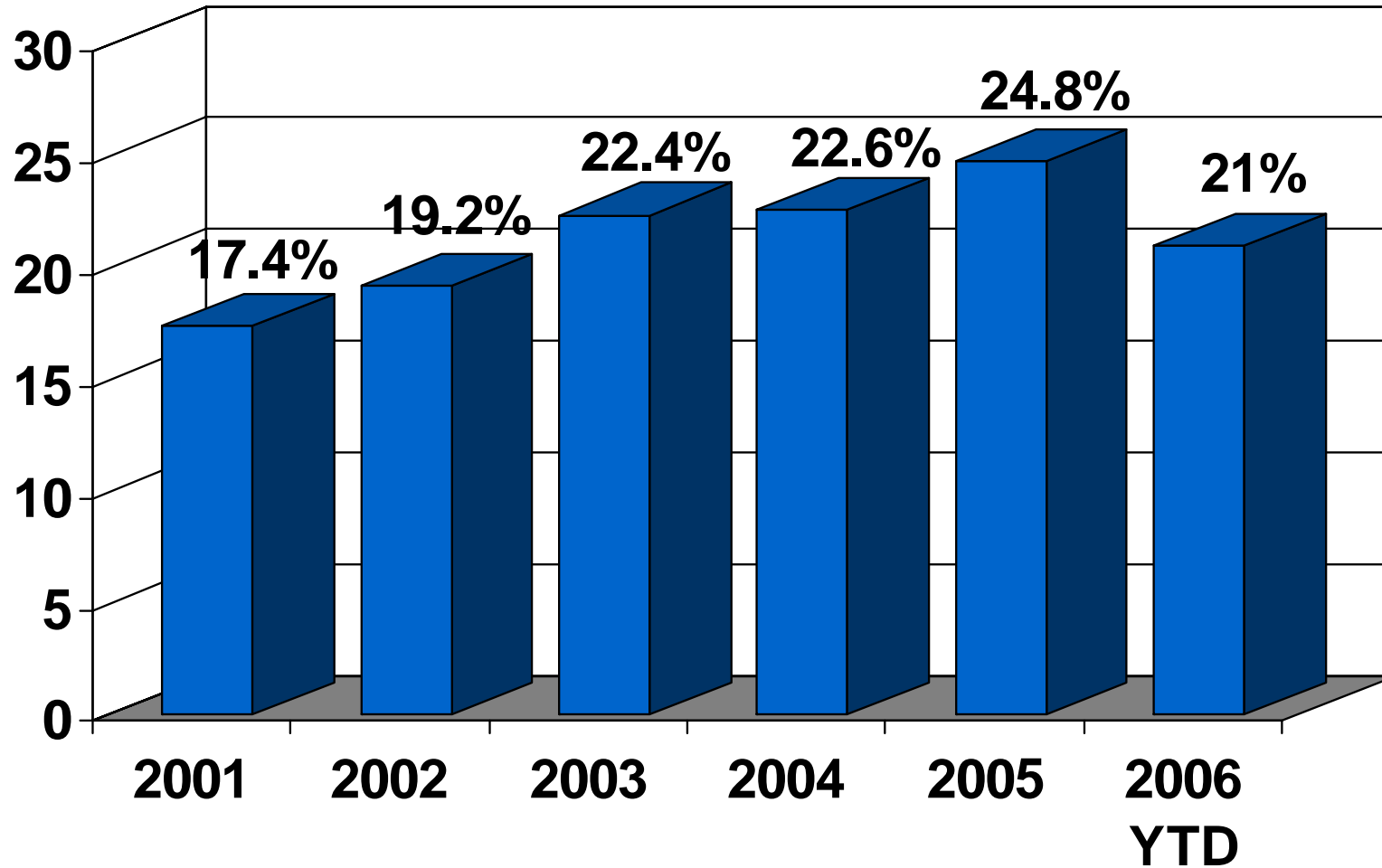
Adjusted for 2:1 stock splits in 2003 and 2005



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# Operating Margins



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# Organization

- **Four Major Locations**

- Portland - Large Gimbals
- Stockholm - Thermography HQ
- Boston – Small Gimbals & Handheld
- Santa Barbara – Cameras and Cores

- **Three Divisions**

- Thermography – Temperature Measurement
- Commercial Vision Systems (Santa Barbara)
- Government Systems (Portland, Boston, Sweden)



# Volumes Accelerating



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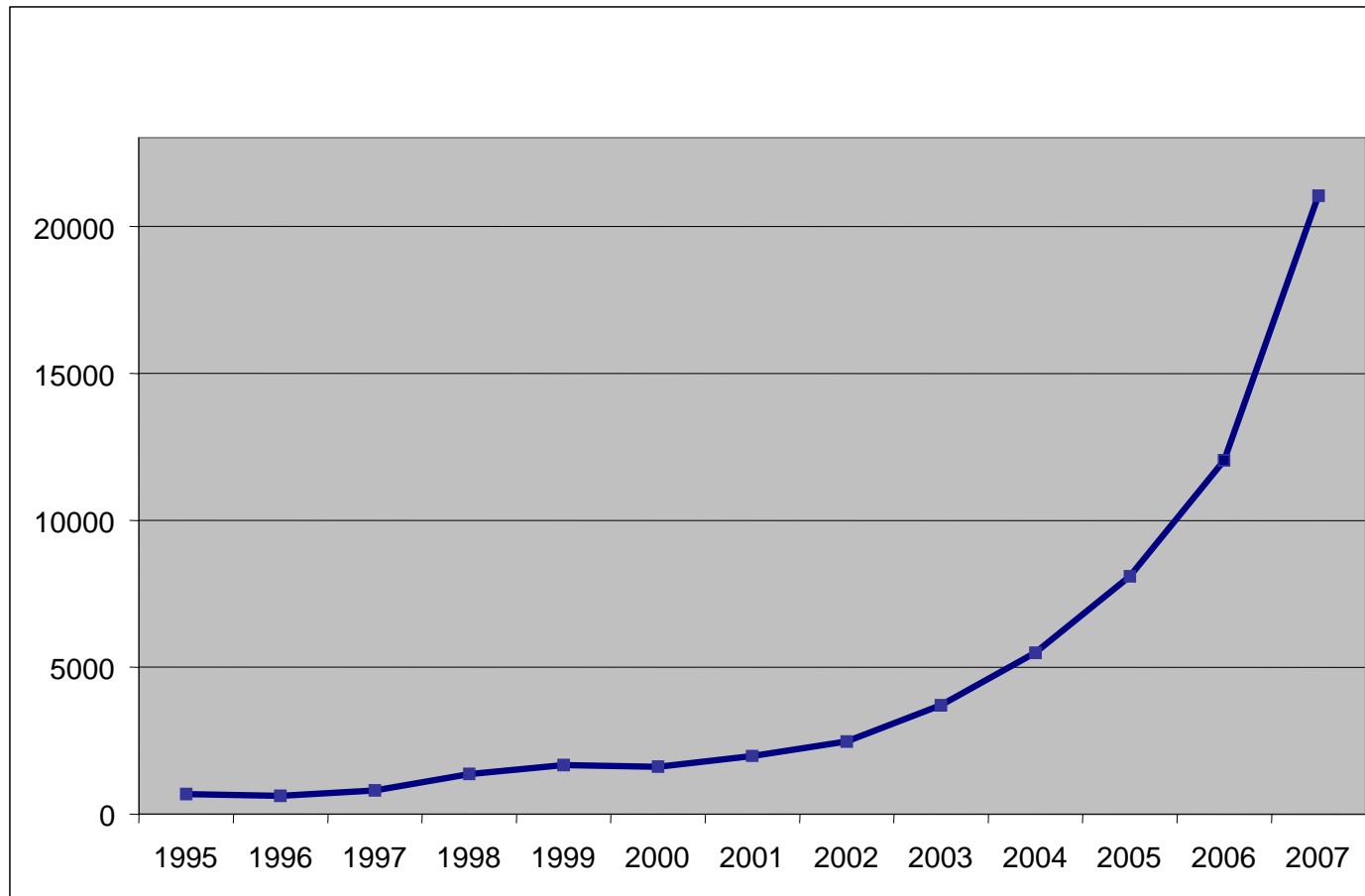


# Thermography

- **Commercial and Industrial Applications**
  - Temperature Measurement
  - Predictive Maintenance
  - Building Inspection
  - Electrical
  - Niche Markets
- **Price Elastic Markets Driving Growth**



# Volumes Increasing



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# Thermography Product Lines



## InfraCAM



## P-Series

The **BEST** is  
now even **BETTER**

The **NEW** ThermaCAM®  
**P65** Infrared Camera  
**NOW WITH BLUETOOTH®**

Cordless Headset  
Onboard Real-time Recording  
FireWire® Connectivity  
Target Illuminator  
and much more...

**TAKE A  
TEST DRIVE!**  
Call for a demonstration



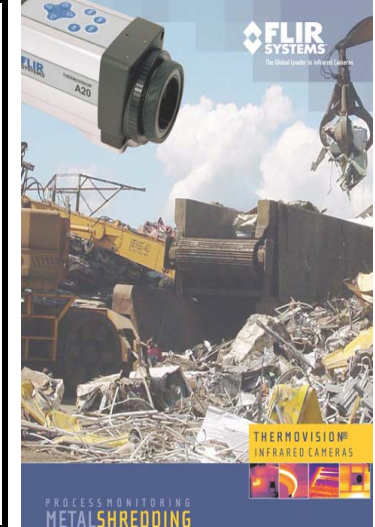
## E-Series



## S-Series



## A-Series



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# Products

## GasFindIR

Refineries  
Petro-Chemical Plants  
Natural Gas Transmission Systems  
Chemical Plants  
Off shore Platforms  
Federal and State Agencies



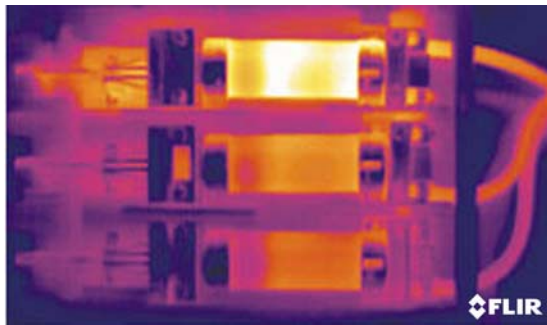
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# InfraCAM™

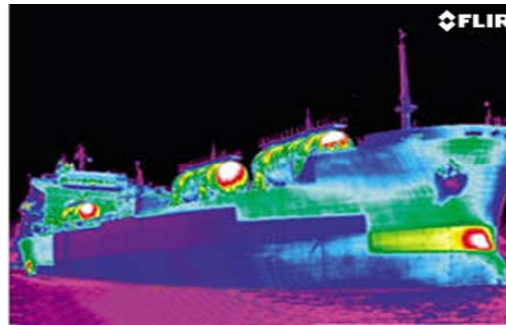
## Ground Breaking Low Cost Camera



**InfraCAM**

A must in every electricians toolbox

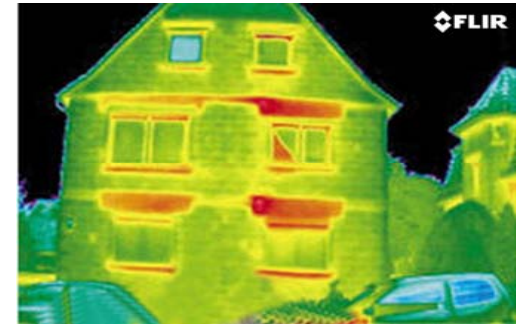
- Extremely affordable
- Detects small temperature differences
- Easy-to-use, in all weather conditions
- Clear, bright Infrared images
- Prevent fires and production breakdowns



**InfraCAM**

Ideal for marine vessel inspections

- Extremely affordable
- Detects small temperature differences
- Easy-to-use, in all weather conditions
- Clear, bright Infrared images
- Prevent fires and production breakdowns



**InfraCAM**

Ideal for building inspections

- Extremely affordable
- Detects small temperature differences
- Easy-to-use, in all weather conditions
- Clear, bright Infrared images
- Prevent fires and production breakdowns



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# Go to Market Plan

- Mix of Direct and Distribution
  - By Market
  - By Price Point
- Distribution – Higher Volumes, Faster.
  - InfraCAM
- Direct – Superior at High End
  - Upsell at lower price points
  - E-Series 2006 performance





# Commercial Vision Systems

- **Strategy: Exploit Price Elastic Imaging Markets – See at Night**
  - Security and Surveillance
  - Automotive
  - Commercial Transportation
  - First Responders
  - OEM Markets
- **Grow Demand by Lowering Cost**



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# Commercial Vision Systems

- **Reduce Costs**
  - Expanded Detector Capacity
  - Low Cost Supply Channels
- **Focus on Customer Service**
- **Rapid Design Cycles**
- **Diverse Sales Channels**
  - Direct – Camera Cores, High End Transportation
  - Distribution – Security and Maritime
  - OEM – Automotive, Firefighting



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# Security & Surveillance Product Line Expansion

PRICE \$



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# Marine



- Low cost thermal imager for navigation, collision avoidance and security.
- Allows boat pilots to see obstructions, land outcroppings, other boats and people in the water in “man overboard” situations in total darkness.

- Ferries
- Police and Border Security boats
- Commercial shipping
- Yachts



# Automotive & Transportation

## Low cost thermal imager for use as a “Driver’s Vehicle Enhancement” DVE

Allows drivers to see road hazards at 4x the distance of normal headlights, making nighttime driving safer.



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# AutoCAM Video



Night Driving Enhancement with FLIR ThermoVision



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# Government Systems Division

- **Well Established Markets**
  - World-wide Military
  - Federal Governments
  - Agencies
- **Program Focus**
  - Commercial Model
  - Contract Development
- **Relationship Oriented Sales**
- **High-End Technologies**
  - Focus on Lower Costs



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# Strategic Plan

Growing Business in three segments

COTS



Commercially Developed  
Military Qualified  
Option Configured for Customer



Para-military customers  
Minimal Integration  
Off-the-shelf acceptance

CDMQ

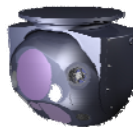


Commercially Developed  
Military Qualified  
Option Customized for Customer  
NRE for interfaces and spec mods



Military customers  
Moderate Integration  
Program Management  
Configuration Mgt.

MIL-PGM



Developed under contract  
Military Qualified  
Built/tested to customer specs  
NRE for development/modification



Military programs  
High-level Integration  
Program Management  
Configuration Control  
ILS/Long term support  
DoD CAS Accounting

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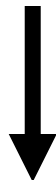
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# Leveraging the Strategy

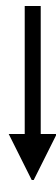


Ultra 7500

COTS



CDMQ



MIL-PGM



MarFLIR



AN-KAX 1  
AN-KAX 2

MIL-PGM



CDMQ



COTS



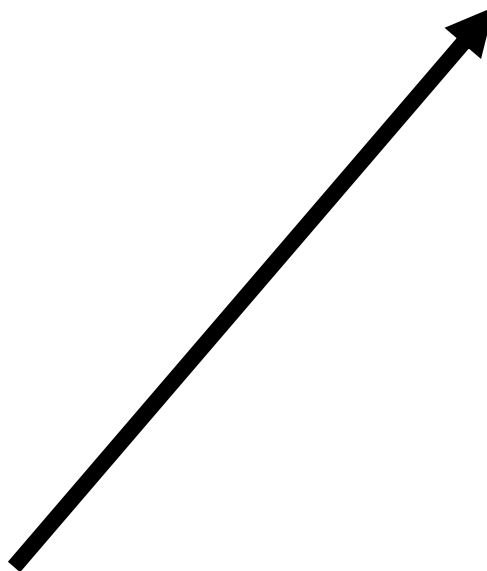
LeadIR  
ZSQ-3



SeaLeadIR  
SeaFLIR III



Ultra 9XXX



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# 2005 Market Share

<b>FLIR Systems</b>	<b>38%</b>
<b>L-3</b>	<b>12%</b>
<b>DRS</b>	<b>4%</b>
<b>BAE Systems</b>	<b>4%</b>
<b>MSA</b>	<b>3%</b>
<b>ULIS</b>	<b>3%</b>
<b>Others</b>	<b>33%</b>
<b>2005 Market size</b>	<b>\$1,221 million</b>
<b>2006-09 Growth Forecast</b>	<b>15%</b>

\*Source: Maxtech International – 2004 Commercial and Dual Use Market



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# 2006 Outlook

- **Revenue**

- **\$570 Million – \$580 Million**
  - Up 12% to 14%

## EPS

**\$1.27 – \$1.32**

- Includes 123(r) Expense ~ 0.10
- Up 18% to 22% (Comparable)





# Investment Merits

- Excellent profitability and growth
- Dominant market position
- Vertical Integration/Low Cost
- New Products
- Expanding Distribution
- Growing markets
- Performance track record

