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October 25, 2001

## **FLIR Systems Third Quarter 2001 Net Earnings Increase to \$0.38 Per Share; Revenue Increases 19% to \$47.5 Million; Company Increases Revenue and Earnings Guidance for 2001**

PORTLAND, Ore., Oct 25, 2001 (BUSINESS WIRE) -- FLIR Systems, Inc. (Nasdaq:FLIR) announced today that net earnings for the third quarter ended Sept. 30, 2001 totaled \$6.2 million, or \$0.38 per diluted share. Revenue for the third quarter was \$47.5 million, as compared to \$39.9 million for last year's third quarter.

For the nine months ended Sept. 30, 2001, net earnings were \$15.7 million, or \$1.01 per diluted share. Revenue for the first nine months of 2001 totaled \$149.4 million.

For the quarter ended Sept. 30, 2001, gross margin rose to 54.7% and operating margin rose to 18.7%. Cash generated from operations totaled \$8.7 million for the 2001 third quarter and \$28.4 million for the first nine months of the year. The Company reduced debt by \$6.9 million for the third quarter and \$27.4 million for the first nine months of 2001.

FLIR also reported a firm order backlog of approximately \$74 million at Sept. 30, 2001 as compared to \$68 million at June 30, 2001.

"FLIR is continuing to achieve impressive financial performance, including record net earnings, continued significant cash flow and further growth in orders. These gains reflect higher sales of our imaging and thermography products to both commercial and government customers. This impressive performance is a tribute to everyone at the company who has worked so hard to successfully implement our strategy to realign operations, eliminate lower margin products, improve manufacturing efficiencies and reduce production and distribution costs, all while keeping our new product pipeline full and our technology ahead of the curve. The company is running efficiently, and we are optimistic about FLIR's continued strong performance for the fourth quarter," said Earl R. Lewis, President and Chief Executive Officer of FLIR.

### **Company Increases Revenue and Earnings Guidance for 2001**

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially.

"Based on FLIR's performance during the first nine months of 2001, we are increasing our guidance for revenue for the year to approximately \$215 million, which represents an increase of 15 percent over last year's revenue of \$186.4 million. We also are once again increasing our earnings guidance for 2001 to the range of \$1.45 to \$1.55 per diluted share," Lewis said.

### **Forward-Looking Statements**

The statements in this release by Earl R. Lewis and the statements in the 2001 Outlook above are forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995. Such statements are based on current expectations, estimates and projections about the company's business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including the following: changes in demand for the company's products, product mix, the timing of customer orders and deliveries, the impact of competitive products and pricing, constraints on supplies of critical components, excess or shortage of production capacity, actual purchases under agreements, the amount and availability of government procurement funds and other risks discussed from time to time in the company's Securities and Exchange Commission filings and reports. In addition, such statements could be affected by general industry and market conditions and growth rates, and general domestic and international economic conditions. Such forward-looking statements speak only as of the date on which they are 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 release.

### **Conference Call**

FLIR has scheduled a conference call at 11:00 am EST today. A simultaneous WebCast of the conference call may be

accessed online at [www.CompanyBoardroom.com](http://www.CompanyBoardroom.com) or at [www.FLIR.com](http://www.FLIR.com). A replay will be available approximately one hour after the WebCast at these same Internet addresses. For a telephone replay, dial 800/633-8284, reservation No. 19825182 beginning at approximately 1:00 PM EDT.

## About FLIR Systems

FLIR Systems, Inc. is a world leader in the design, manufacture and marketing of thermal imaging and stabilized camera systems for a wide variety of thermography and imaging applications including condition monitoring, research and development, manufacturing process control, airborne observation and broadcast, search and rescue, drug interdiction, surveillance and reconnaissance, navigation safety, border and maritime patrol, environmental monitoring and ground-based security. Visit the company's Web site at [www.FLIR.com](http://www.FLIR.com)

FLIR SYSTEMS, INC.  
CONSOLIDATED STATEMENT OF OPERATIONS  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2000	2001	2000
Revenue	\$47,499	\$ 39,912	\$ 149,366	\$ 129,150
Cost of goods sold	21,537	29,214	67,418	76,595
Gross profit	25,962	10,698	81,948	52,555
Operating expenses:				
Research and development	6,053	6,816	18,793	23,251
Selling and other operating costs	11,005	15,995	37,857	48,811
Total operating expenses	17,058	22,811	56,650	72,062
Earnings (loss) from operations	8,904	(12,113)	25,298	(19,507)
Interest expense	2,846	3,307	8,304	8,245
Other income -- net	(180)	(242)	(418)	(257)
Earnings (loss) before income taxes	6,238	(15,178)	17,412	(27,495)
Income tax provision	65	2,971	1,741	1,135
Net earnings (loss)	\$ 6,173	\$(18,149)	\$15,671	\$ (28,630)
Net earnings (loss) per share:				
Basic	\$ 0.41	\$ (1.25)	\$ 1.06	\$ (1.98)
Diluted	\$ 0.38	\$ (1.25)	\$ 1.01	\$ (1.98)

FLIR SYSTEMS, INC.  
CONSOLIDATED BALANCE SHEET  
(In thousands, except share amounts)

	September 30,	December 31,
	2001	2000
	(Unaudited)	
	ASSETS	
Current assets:		
Cash and cash equivalents	\$ 13,083	\$ 11,858
Accounts receivable, net	41,166	39,663
Inventories	45,929	55,495
Prepaid expenses and other current assets	5,972	4,943
Deferred income taxes	11,943	11,943
Total current assets	118,093	123,902
Property and equipment, net	13,467	13,843
Deferred income taxes, net	11,772	11,772
Intangible assets, net	17,178	16,635
Other assets	1,486	839
	\$ 161,996	\$ 166,991

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Notes payable	\$ 65,834	\$ 17,716
Accounts payable	10,993	16,247
Accrued payroll and other liabilities	25,055	19,186
Accrued income taxes	1,156	2,217
Current portion of capital lease obligations	766	1,103
Total current liabilities	103,804	56,469
Long-term debt	--	75,485
Pension and other long-term liabilities	8,948	6,012
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized; no shares issued at Sept. 30, 2001, and Dec. 31, 2000	--	--
Common stock, \$0.01 par value, 30,000,000 shares authorized, 15,252,259 and 14,548,370 shares issued at Sept. 30, 2001, and Dec. 31, 2000, respectively	152	145
Additional paid-in capital	149,579	144,118
Accumulated deficit	(95,127)	(110,798)
Accumulated other comprehensive loss	(5,360)	(4,440)
Total shareholders' equity	49,244	29,025
	\$ 161,996	\$ 166,991

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