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July 24, 2002

## **FLIR Systems 2002 Second Quarter Net Earnings Increase 70% to a Record \$0.54 Per Diluted Share; Revenue Increases 24 Percent**

PORTLAND, Ore., Jul 24, 2002 (BUSINESS WIRE) -- FLIR Systems, Inc. (Nasdaq:FLIR) announced today that net earnings for the second quarter ended June 30, 2002 increased 70% to a second quarter record \$9.6 million, or \$0.54 per diluted share. This compares to net earnings for the second quarter of 2001 of \$5.6 million, or \$0.36 per diluted share. Revenue increased 24% to a record \$63.6 million from \$51.4 million for the same period last year.

For the first half of 2002, net earnings increased 92% to \$18.2 million, or \$1.02 per diluted share, from \$9.5 million, or \$0.63 per diluted share, for the first six months of 2001. Revenue for the first half of 2002 increased 19% to \$121.7 million from \$101.9 million for the same period last year.

The increase in revenue for the second quarter of 2002 reflected higher sales of FLIR's imaging products, particularly its ground-based and airborne imaging systems. Gross margins were 52% compared to 56% for the same period last year. The decline in gross margin is primarily due to changes in product sales mix and new product start-up costs. Earnings from operations increased 35% to \$11.6 million, or 18.2% of revenue, for the 2002 second quarter compared to \$8.6 million, or 16.7% of revenue, for the second quarter of 2001.

The backlog of firm orders at June 30, 2002 increased to \$91 million from \$85 million at March 31, 2002 and \$82 million at December 31, 2001.

"In addition to strong revenue and earnings growth for the second quarter, there have been a number of very positive developments, including very strong orders, a number of new product introductions, our previously announced participation in the US Coast Guard's Deepwater program and the significant addition to our Board of Directors. All of which bodes well for the second half of the year," said President and CEO Earl R. Lewis.

### Conference Call

FLIR has scheduled a conference call at 11 AM EDT (8 AM PDT) today. A simultaneous Web Cast of the conference call may be accessed online at [www.CompanyBoardroom.com](http://www.CompanyBoardroom.com) or [www.Flir.com](http://www.Flir.com). A replay will be available approximately one hour after the Web Cast at these same internet addresses. For a telephone replay, dial 800/633-8284, reservation #20679609 beginning after 1 PM EDT (10 AM PDT).

### 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)

### Forward-Looking Statements

The statements in this release by Earl R. Lewis 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 appropriated government procurement funds and other risks discussed from time to time in the Company's Securities and Exchange Commission filings and reports, including the Company's Annual Report on Form 10-K for the year ended December 31, 2001. 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.

FLIR SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Revenue	\$ 63,595	\$ 51,395	\$ 121,693	\$ 101,867
Cost of goods sold	30,777	22,700	57,576	45,881
Gross profit	32,818	28,695	64,117	55,986
Operating expenses:				
Research and development	6,460	6,635	13,549	12,740
Selling, general and administrative	14,762	13,490	28,581	26,852
Total operating expenses	21,222	20,125	42,130	39,592
Earnings from operations	11,596	8,570	21,987	16,394
Interest expense	825	2,004	1,143	5,458
Other income, net	(473)	(50)	(597)	(238)
Earnings before income taxes	11,244	6,616	21,441	11,174
Income tax provision	1,687	992	3,216	1,676
Net earnings	\$ 9,557	\$ 5,624	\$ 18,225	\$ 9,498
Net earnings per share:				
Basic	\$ 0.57	\$ 0.38	\$ 1.09	\$ 0.65
Diluted	\$ 0.54	\$ 0.36	\$ 1.02	\$ 0.63
Weighted Average shares outstanding:				
Basic	16,794	14,710	16,723	14,636
Diluted	17,818	15,430	17,807	15,108

FLIR SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)

	Jun. 30, 2002	Dec. 31, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,006	\$ 15,514
Accounts receivable, net	55,486	57,965
Inventories	50,642	46,560
Prepaid expenses and other current assets	13,988	11,548
Deferred income taxes	8,834	8,834

Total current assets	139,956	140,421
Property and equipment, net	13,698	10,806
Deferred income taxes, net	15,087	15,087
Intangible assets, net	16,803	16,811
Other assets	2,757	1,913
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	\$ 188,301	\$ 185,038
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Notes payable	\$ 3,685	\$ 23,370
Accounts payable	14,525	18,428
Deferred revenue	4,895	5,314
Accrued payroll and other liabilities	27,456	22,538
Accrued income taxes	1,544	747
Current portion of capital lease obligations	126	584
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Total current liabilities	52,231	70,981
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Pension and other long-term liabilities	7,702	9,209
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Commitments and contingencies

Shareholders' equity:

Preferred stock, \$0.01 par value, 10,000 shares authorized; no shares issued at June 30, 2002, and December 31, 2001	--	--
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Common stock, \$0.01 par value, 30,000 shares authorized, 16,864 and 16,555 shares issued at June 30, 2002 and December 31, 2001, respectively	168	165
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Additional paid-in capital	199,038	194,338
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Accumulated deficit	(66,639)	(84,864)
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Accumulated other comprehensive loss	(4,199)	(4,791)
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Total shareholders' equity	128,368	104,848
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	\$ 188,301	\$185,038
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