

April 27, 2012

## FLIR Systems Announces First Quarter 2012 Financial Results

PORTLAND, OR -- (Marketwire) -- 04/27/12 -- *FLIR Systems, Inc.* (NASDAQ: FLIR) today announced financial results for the first quarter ended March 31, 2012. Revenue was \$348.5 million, down 7% compared to first quarter 2011 revenue of \$376.0 million. Operating income in the first quarter was \$68.3 million, compared to \$76.3 million in the first quarter of 2011. First quarter 2012 net income was \$48.1 million, or \$0.31 per diluted share, compared with net income of \$51.3 million, or \$0.32 per diluted share in the first quarter a year ago. Cash provided by operations in the first quarter was \$49.0 million. During the quarter, the Company repurchased 1 million shares of its common stock at an average price of \$25.39 per share.

Revenue from the Company's Commercial Systems division increased 4% from the first quarter of 2011, to \$202.3 million. Within the Commercial Systems division, revenue from the Thermal Vision and Measurement segment was \$155.7 million, an increase of 7% over the first quarter results last year. Commercial Systems' Raymarine segment contributed \$46.6 million of revenue during the first quarter, down 8% from the prior year.

Revenue from the Company's Government Systems division decreased 19% from the first quarter of 2011, to \$146.1 million. Within the Government Systems division, revenue from the Surveillance segment was \$114.6 million, a decrease of 24% from the first quarter of 2011. Revenue from Government Systems' Detection segment was \$19.4 million, an increase of 8% compared to the first quarter of 2011. Government Systems' Integrated Systems segment contributed \$12.2 million of revenue during the first quarter, a decrease of 5% from the prior year.

The Company's backlog of firm orders for delivery within the next twelve months was approximately \$457 million as of March 31, 2012, an increase of \$2 million during the quarter. Backlog in the Government Systems division was \$312 million, decreasing \$2 million during the quarter. Backlog in the Commercial Systems division was \$145 million, up \$4 million during the quarter.

"While not up to our standards, first quarter performance was about as anticipated," noted Earl Lewis, President and CEO of FLIR. "A difficult market environment impacted our Government Systems business, but we successfully stabilized backlog as Government Systems orders equaled revenue for the quarter. Our Commercial Systems business was slow in the first quarter, however, we continue to expect improved results as we go through the year. It is clearly our task to improve in the future, and we believe these efforts will show in the second half of 2012."

### *Revenue and Earnings Outlook for 2012*

Based on financial results for the first three months of 2012 and the outlook for the remainder of the year, FLIR is reaffirming its outlook for earnings per share for the full year 2012. Management expects net earnings to be in the range of \$1.60 to \$1.70 per diluted share, and revenue for the full year 2012 to be in the range of \$1.55 billion to \$1.65 billion.

### *Dividend Declaration*

FLIR's Board of Directors has declared a quarterly cash dividend of \$0.07 per share on FLIR common stock, payable June 8, 2012, to shareholders of record as of close of business on May 21, 2012.

### *Conference Call*

FLIR has scheduled a conference call at 11:00 a.m. ET (8:00 a.m. PT) today to discuss its results for the quarter and year. A simultaneous webcast of the conference call may be accessed online from a link in the Upcoming Events section of [www.FLIR.com/investor](http://www.FLIR.com/investor). A replay will be available after 2:00 p.m. ET (11:00 a.m. PT) at this same internet address. For a telephone replay, dial (855) 859-2056, Conference ID #72740597 after 2:00 p.m. ET. Summary first quarter and historical financial data, including segment details, may be accessed online from the Summary Financial Data section of [www.FLIR.com/investor](http://www.FLIR.com/investor).

### *About FLIR Systems*

FLIR Systems, Inc. is a world leader in the design, manufacture, and marketing of sensor systems that enhance perception and awareness. The Company's advanced thermal imaging and threat detection systems are used for a wide variety of imaging, thermography, and security applications, including airborne and ground-based surveillance, condition monitoring, research and development, manufacturing process control, search and rescue, drug interdiction, navigation, transportation safety, border and maritime patrol, environmental monitoring, and chemical, biological, radiological, nuclear, and explosives (CBRNE) detection. Visit the Company's web site at [www.FLIR.com](http://www.FLIR.com).

### *Forward-Looking Statements*

The statements in this release by Earl Lewis and the statements in the section captioned "Revenue and Earnings Outlook for

2012" above are forward-looking statements within the meaning of the Private 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, the Company's continuing compliance with U.S. export control laws and regulations, the timely receipt of any required export licenses, constraints on supplies of critical components, excess or shortage of production capacity, the ability to manufacture and ship the products in the time period required, actual purchases under agreements, the continuing eligibility of the Company to act as a federal contractor, 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. 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, or for changes made to this document by wire services or Internet service providers.

FLIR SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended	
	March 31,	
	2012	2011(1)
	-----	-----
Revenue	\$ 348,452	\$ 375,969
Cost of goods sold	165,725	179,457
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Gross profit	182,727	196,512
Operating expenses:		
Research and development	36,571	37,589
Selling, general and administrative	77,860	82,607
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Total operating expenses	114,431	120,196

Earnings from operations	68,296	76,316
Interest expense	3,066	350
Interest income	(428)	(264)
Other income, net	(1,225)	852
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Earnings from continuing operations before		
income taxes	66,883	75,378
Income tax provision	18,058	23,772
	-----	-----
Earnings from continuing operations	48,825	51,606
Loss from discontinued operations, net of tax	(686)	(291)
	-----	-----
Net earnings	\$ 48,139	\$ 51,315
	=====	=====
Basic earnings per share:		
Earnings from continuing operations	\$ 0.32	\$ 0.32
Discontinued operations	(0.00)	(0.00)
	-----	-----
Basic earnings per share	\$ 0.31	\$ 0.32
	=====	=====
Diluted earnings per share:		
Earnings from continuing operations	\$ 0.31	\$ 0.32
Discontinued operations	(0.00)	(0.00)

	-----	-----
Diluted earnings per share	\$ 0.31	\$ 0.32
	=====	=====

Weighted average shares outstanding:

Basic	154,485	159,400
	=====	=====
Diluted	156,972	162,310
	=====	=====

(1) Amounts have been adjusted for the reclassification of certain discontinued operations to continued operations.

FLIR SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands)(Unaudited)

	March 31,	December 31,
	2012	2011

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ASSETS

Current assets:

Cash and cash equivalents	\$ 448,166	\$ 440,846
Accounts receivable, net	298,798	325,370
Inventories	351,232	336,051
Prepaid expenses and other current assets	117,964	104,285

Deferred income taxes, net	27,164	27,443
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Total current assets	1,243,324	1,233,995
Property and equipment, net	191,876	186,269
Deferred income taxes, net	31,684	31,644
Goodwill	502,951	498,343
Intangible assets, net	164,390	164,440
Other assets	37,819	32,338
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	\$ 2,172,044	\$ 2,147,029
	=====	=====

#### LIABILITIES AND SHAREHOLDERS' EQUITY

##### Current liabilities:

Accounts payable	\$ 77,026	\$ 84,190
Deferred revenue	26,331	24,046
Accrued payroll and related liabilities	44,389	49,475
Accrued product warranties	13,592	13,370
Advance payments from customers	12,296	13,219
Accrued expenses	30,464	41,183
Other current liabilities	3,322	3,886
Accrued income taxes	206	2,161
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Total current liabilities	207,626	231,530
Long-term debt	247,976	247,861
Deferred income taxes	16,981	17,237
Accrued income taxes	21,501	17,537
Pension and other long-term liabilities	57,222	53,835

Commitments and contingencies

Shareholders' equity	1,620,738	1,579,029
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	\$ 2,172,044	\$ 2,147,029
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FLIR SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)(Unaudited)

	Three Months Ended	
	March 31,	
	2012	2011
	-----	-----
Cash Provided By Operating Activities:		
Net earnings	\$ 48,139	\$ 51,315
Income items not affecting cash:		
Depreciation and amortization	15,207	19,893
Deferred income taxes	10	(65)
Stock-based compensation arrangements	5,535	6,288
Other non-cash items	(5,406)	3,426
Changes in operating assets and liabilities	(14,490)	(18,471)
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Cash provided by operating activities	48,995	62,386
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Cash Used By Investing Activities:		
Additions to property and equipment, net	(12,935)	(4,267)
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Cash used by investing activities	(12,935)	(4,267)
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Cash Used by Financing Activities:		
Repurchase of common stock	(25,389)	(6,775)
Dividends paid	(10,784)	(9,571)
Proceeds from shares issued pursuant to stock-		
based compensation plans	876	7,033
Excess tax benefit of stock options exercised	338	1,592
Other financing activities	(44)	(24)
	-----	-----
Cash used by financing activities	(35,003)	(7,745)
	-----	-----
Effect of exchange rate changes on cash	6,263	6,718
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Net increase in cash and cash equivalents	7,320	57,092
Cash and cash equivalents, beginning of year	440,846	193,137
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Cash and cash equivalents, end of year	\$ 448,166	\$ 250,229
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