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February 12, 2002

## **FLIR Systems Reports Fourth Quarter And 2001 Financial Results; 2001 Net Earnings Reach A Record \$1.62 Per Share**

PORTLAND, Ore., Feb 12, 2002 (BUSINESS WIRE) -- FLIR Systems, Inc. (Nasdaq:FLIR) announced today that net earnings for the fourth quarter ended December 31, 2001 more than tripled to \$10.3 million, or \$0.61 per diluted share. This compares to net earnings for the fourth quarter of 2000 of \$2.6 million, or \$0.18 per diluted share. Revenue for the 2001 fourth quarter increased 14% to \$65.0 million from \$57.2 million for the fourth quarter of 2000.

For the twelve months ended December 31, 2001, net earnings totaled a record \$25.9 million, or \$1.62 per diluted share. This compares to a net loss for 2000 of \$26.1 million, or \$1.80 per share. Revenue for 2001 increased 15% to a record \$214.4 million as compared to \$186.4 million for 2000.

Cash generated from operations totaled \$1.6 million for the fourth quarter and \$30.1 million for 2001. Cash generated from operations, together with proceeds from the Company's public offering in December, was used to reduce the Company's primary Credit Agreement debt by \$42.6 million for the fourth quarter and \$70 million for 2001. As a result, the Company's Credit Agreement debt declined to \$19.9 million at December 31, 2001 from \$89.9 million at December 31, 2000. Further, as of the date of this release, the Company has reduced debt under its Credit Agreement to zero.

The backlog of firm orders grew to approximately \$82 million at December 31, 2001 as compared to \$66 million at December 31, 2000.

"By any measure, this has been an excellent year for FLIR, and for its shareholders. Our record performance for 2001 is proof that FLIR has the right combination of advanced infrared products, global distribution, effective operating and financial controls, a focused management team, and top-notch employees," stated FLIR President and CEO Earl R. Lewis. "Sales of our imaging products, particularly our airborne and ground-based systems, were quite strong for the year and demand for our hand-held thermography products was also healthy. We now turn our attention to building on what we have achieved thus far and we look forward to continued growth in 2002," Lewis said.

### **Reaffirms Revenue and Earnings Guidance for 2002**

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

As previously announced, the Company continues to estimate revenue for 2002 to be approximately \$250 to \$260 million and net earnings for the year to be approximately \$2.00 to \$2.15 per share, based on an estimated effective tax rate of 15% to 20%.

"We are closely monitoring trends in order rates and government funding, particularly the proposed increases in funding for defense and homeland security. Every agency that has been mobilized in recent months is a current FLIR customer, and we have the products needed to improve domestic security and support international counter-terrorism efforts," Lewis concluded.

### **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. 20328655 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).

## Forward-Looking Statements

The statements in this release by Earl R. Lewis and the statements in the Reaffirms Revenue and Earnings Guidance for 2002 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 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.

### FLIR SYSTEMS, INC.

#### CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2001	2000	2001	2000
Revenue .....	\$ 65,007	\$ 57,207	\$ 214,373	\$ 186,357
Cost of goods sold .....	30,123	28,169	97,541	104,116
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Gross profit .....	34,884	29,038	116,832	82,241
Operating expenses:				
Research and development ....	8,442	5,251	27,235	29,150
Selling and other operating costs .....	14,428	15,105	52,285	63,916
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Total operating expenses ....	22,870	20,356	79,520	93,066
Earnings (loss) from operations	12,014	8,682	37,312	(10,825)
Interest expense .....	1,119	3,777	9,423	12,022
Other income -- net .....	(436)	(261)	(854)	(518)
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Earnings (loss) before income taxes .....	11,331	5,166	28,743	(22,329)
Income tax provision.....	1,068	2,590	2,809	3,725
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Net earnings (loss) .....	\$ 10,263	\$ 2,576	\$ 25,934	\$ (26,054)
	=====	=====	=====	=====
Net earnings (loss) per share:				
Basic .....	\$ 0.66	\$ 0.18	\$ 1.73	\$ (1.80)
	=====	=====	=====	=====
Diluted .....	\$ 0.61	\$ 0.18	\$ 1.62	\$ (1.80)
	=====	=====	=====	=====
Weighted average shares outstanding:				
Basic .....	15,555	14,531	14,992	14,472
Diluted .....	16,732	14,536	16,036	14,472

### FLIR SYSTEMS, INC.

#### CONSOLIDATED BALANCE SHEET

(In thousands, except share amounts)

	Dec. 31,	Dec. 31,
	2001	2000
ASSETS		

Current assets:

Cash and cash equivalents .....	\$ 15,514	\$ 11,858
Accounts receivable, net .....	57,965	39,663
Inventories .....	47,605	55,495
Prepaid expenses and other current assets .....	10,503	5,929
Deferred income taxes.....	11,943	11,943
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Total current assets .....	143,530	124,888
Property and equipment, net .....	10,806	12,857
Deferred income taxes, net .....	11,978	11,772
Intangible assets, net .....	16,811	16,635
Other assets .....	1,228	839
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	\$ 184,353	\$ 166,991
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Notes payable .....	\$ 23,370	\$ 17,716
Accounts payable .....	18,428	16,247
Deferred revenue .....	5,314	1,409
Accrued payroll and other liabilities	22,538	17,777
Accrued income taxes .....	747	2,217
Current portion of capital lease obligations .....	584	1,103
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Total current liabilities .....	70,981	56,469
Long-term debt .....	--	75,485
Pension and other long-term liabilities	8,524	6,012
Commitments and contingencies .....		
Shareholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized; no shares issued at December 31, 2001, and December 31, 2000 .....	--	--
Common stock, \$0.01 par value, 30,000,000 shares authorized, 16,555,498 and 14,548,370 shares issued at December 31, 2001, and December 31, 2000, respectively .....	165	145
Additional paid-in capital .....	194,338	144,118
Accumulated deficit .....	(84,864)	(110,798)
Accumulated other comprehensive loss ..	(4,791)	(4,440)
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Total shareholders' equity .....	104,848	29,025
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	\$ 184,353	\$ 166,991
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