

April 26, 2013

## **FLIR Systems Announces First Quarter 2013 Financial Results and Management Changes**

### **First Quarter EPS Increases 13%; Andrew Teich to Succeed Earl Lewis as President and CEO**

PORTLAND, OR -- (Marketwired) -- 04/26/13 -- **FLIR Systems, Inc.** (NASDAQ: FLIR) today announced financial results for the first quarter ended March 31, 2013. Revenue was \$348.6 million, largely unchanged compared to first quarter 2012 revenue of \$348.5 million. Operating income in the first quarter was \$69.1 million, compared to \$68.3 million in the first quarter of 2012. First quarter 2013 net income was \$51.6 million, or \$0.35 per diluted share, compared with net income of \$48.1 million, or \$0.31 per diluted share in the first quarter a year ago. Cash provided by operations in the first quarter was \$62.0 million. During the quarter, the Company repurchased 3.8 million shares of its common stock at an average price of \$26.22 per share.

Revenue from the Company's Commercial Systems division increased 5% from the first quarter of 2012, to \$211.8 million. Within the Commercial Systems division, revenue from the Thermal Vision and Measurement segment was \$167.4 million, an increase of 7% from the first quarter results last year. The Raymarine segment contributed \$44.4 million of revenue during the first quarter, down 5% from the prior year.

Revenue from the Company's Government Systems division decreased 6% from the first quarter of 2012, to \$136.8 million. Within the Government Systems division, revenue from the Surveillance segment was \$110.2 million, a decrease of 4% from the first quarter of 2012. Revenue from the Detection segment was \$12.5 million, a decrease of 35% compared to the first quarter of 2012, and the Integrated Systems segment contributed \$14.0 million of revenue during the first quarter, an increase of 15% from the prior year.

The Company's backlog of firm orders for delivery within the next twelve months was approximately \$505 million as of March 31, 2013, a decrease of \$15 million during the quarter and an increase of \$48 million over the prior year. Backlog in the Government Systems division was \$334 million, decreasing \$22 million during the quarter and increasing \$22 million over the prior year. Backlog in the Commercial Systems division was \$172 million, increasing \$8 million during the quarter and \$27 million over the prior year.

"First quarter results were consistent with our expectations for how the year would begin," noted Earl Lewis, President and CEO of FLIR. "Despite the difficult funding and macro environment our customers are experiencing, both of our divisions have meaningfully higher backlog than they did a year ago and our focus on organizational efficiency and cost control resulted in increased margins and net earnings growth. In addition, we continue to generate operating cash at a rate that significantly exceeds net income, which will allow us to generate strong returns for our shareholders."

#### ***Revenue and Earnings Outlook for 2013***

Based on financial results for the first three months of 2013 and the outlook for the remainder of the year, FLIR is reaffirming its outlook for revenue and earnings per share for the full year 2013. Management expects revenue for 2013 to be in the range of \$1.5 billion to \$1.6 billion and net earnings to be in the range of \$1.56 to \$1.66 per diluted share.

#### ***Management Succession***

Mr. Lewis has announced his intention to retire as President and Chief Executive Officer of the Company effective May 19, 2013. He will assume a senior advisor role to the Company to aid in the transition and will remain Chairman of the Board of Directors of FLIR. Mr. Andrew C. Teich, currently President of the Company's Commercial Systems division, will assume the positions of President and Chief Executive Officer of FLIR upon Mr. Lewis's retirement. "This is the culmination of a process that began more than two years ago with three of my direct reports completing the Harvard Advanced Management Program," said Mr. Lewis. "Approximately a year ago, we formed a special committee of the Board of Directors and hired outside consultants to begin the difficult process of selecting one person from among three excellent internal candidates in Bill Sundermeier, Tony Trunzo, and Andy. The difficulty in making a final decision was a result of the Board's strong belief that all three were highly competent and capable leaders."

"I am, of course, very pleased to be offered the opportunity to lead FLIR," said Mr. Teich. "I look forward to leading this outstanding management team and our global group of dedicated employees to the next level of growth."

#### ***Dividend Declaration***

FLIR's Board of Directors has declared a quarterly cash dividend of \$0.09 per share on FLIR common stock, payable June 7, 2013, to shareholders of record as of close of business on May 20, 2013.

### 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. A simultaneous webcast of the conference call may be accessed online from the Upcoming Events link at the Investor Relations page of [www.FLIR.com](http://www.FLIR.com). A replay will be available after 2:00 p.m. ET (11:00 a.m. PT) at this same Internet address. 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 2013" 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 FLIR'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 FLIR's products, product mix, the timing of customer orders and deliveries, the impact of competitive products and pricing, FLIR'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 FLIR to act as a federal contractor, the amount and availability of appropriated government procurement funds and other risks discussed from time to time in FLIR'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 FLIR 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,	
	2013	2012
Revenue	\$ 348,583	\$ 348,452
Cost of goods sold	164,596	165,725
Gross profit	183,987	182,727
Operating expenses:		
Research and development	36,684	36,571
Selling, general and administrative	78,173	77,860
Total operating expenses	114,857	114,431
Earnings from operations	69,130	68,296
Interest expense	2,897	3,066
Interest income	(191)	(428)
Other expense (income), net	(764)	(1,225)
Earnings from continuing operations before income taxes	67,188	66,883
Income tax provision	15,552	18,058
Earnings from continuing operations	51,636	48,825
Loss from discontinued operations, net of tax	-	(686)
Net earnings	\$ 51,636	\$ 48,139

Basic earnings per share:		
Earnings from continuing operations	\$ 0.36	\$ 0.32
Discontinued operations	-	(0.00)
Basic earnings per share	<u>\$ 0.36</u>	<u>\$ 0.31</u>
Diluted earnings per share:		
Earnings from continuing operations	\$ 0.35	\$ 0.31
Discontinued operations	-	(0.00)
Diluted earnings per share	<u>\$ 0.35</u>	<u>\$ 0.31</u>
Weighted average shares outstanding:		
Basic	<u>144,629</u>	<u>154,485</u>
Diluted	<u>146,291</u>	<u>156,972</u>

**FLIR SYSTEMS, INC.**  
CONSOLIDATED BALANCE SHEETS  
(In thousands)(Unaudited)

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 246,007	\$ 321,739
Accounts receivable, net	306,081	335,163
Inventories	389,995	381,378
Prepaid expenses and other current assets	100,455	96,006
Deferred income taxes, net	30,950	30,960
Total current assets	<u>1,073,488</u>	<u>1,165,246</u>
Property and equipment, net	215,412	211,615
Deferred income taxes, net	32,211	32,223
Goodwill	545,042	503,078
Intangible assets, net	167,870	140,621
Other assets	44,352	124,722
	<u>\$ 2,078,375</u>	<u>\$ 2,177,505</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 84,040	\$ 94,156
Deferred revenue	29,107	29,465
Accrued payroll and related liabilities	41,287	41,506
Accrued product warranties	13,557	13,169
Advance payments from customers	15,367	12,150
Accrued expenses	27,714	32,772
Other current liabilities	3,937	4,331
Accrued income taxes	-	11,943
Total current liabilities	<u>215,009</u>	<u>239,492</u>
Long-term debt	248,434	248,319
Deferred income taxes	8,325	7,996
Accrued income taxes	22,119	22,812
Pension and other long-term liabilities	59,857	58,985
Commitments and contingencies		
Shareholders' equity	<u>1,524,631</u>	<u>1,599,901</u>
	<u>\$ 2,078,375</u>	<u>\$ 2,177,505</u>

**FLIR SYSTEMS, INC.**

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)(Unaudited)

	Three Months Ended	
	March 31,	
	2013	2012
Cash flows from operating activities:		
Net earnings	\$ 51,636	\$ 48,139
Income items not affecting cash:		
Depreciation and amortization	14,871	15,207
Deferred income taxes	44	10
Stock-based compensation arrangements	5,696	5,535
Other non-cash items	2,374	(5,406)
Changes in operating assets and liabilities, net of acquisitions	(12,662)	(14,490)
Cash provided by operating activities	61,959	48,995
Cash flows from investing activities:		
Additions to property and equipment, net	(12,648)	(12,935)
Cash used by investing activities	(12,648)	(12,935)
Cash flows from financing activities:		
Repurchase of common stock	(108,361)	(25,389)
Dividends paid	(13,106)	(10,784)
Proceeds from shares issued pursuant to stock-based compensation plans	1,179	876
Excess tax benefit of stock options exercised	234	338
Other financing activities	(22)	(44)
Cash used by financing activities	(120,076)	(35,003)
Effect of exchange rate changes on cash	(4,967)	6,263
Net (decrease) increase in cash and cash equivalents	(75,732)	7,320
Cash and cash equivalents, beginning of period	321,739	440,846
Cash and cash equivalents, end of period	\$ 246,007	\$ 448,166

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