

February 7, 2013

FLIR Systems Announces Fourth Quarter and Full Year 2012 Financial Results

Fourth Quarter EPS Increases 8%; Expects 2013 EPS to Rise 8% to 14%; Announces 29% Increase in Dividend and 25 Million Share Repurchase Authorization

PORTLAND, OR -- (Marketwire) -- 02/07/13 -- *FLIR Systems, Inc.* (NASDAQ: FLIR) today announced financial results for the fourth quarter ended December 31, 2012. Revenue was \$386.4 million, down 5% compared to fourth quarter 2011 revenue of \$405.2 million. Operating income in the fourth quarter was \$100.1 million, compared to \$109.7 million in the fourth quarter of 2011. Fourth quarter 2012 net income was \$77.3 million, or \$0.52 per diluted share, compared with net income of \$76.1 million, or \$0.48 per diluted share in the fourth quarter a year ago. Cash provided by operations in the fourth quarter was \$112.9 million. During the quarter, the Company repurchased 4.5 million shares of its common stock at an average price of \$18.84 per share.

Revenue from the Company's Commercial Systems division decreased 5% from the fourth quarter of 2011, to \$212.8 million. Within the Commercial Systems division, revenue from the Thermal Vision and Measurement segment was \$180.1 million, a decrease of 5% from the fourth quarter results last year. The Raymarine segment contributed \$32.7 million of revenue during the fourth quarter, down 7% from the prior year.

Revenue from the Company's Government Systems division decreased 4% from the fourth quarter of 2011, to \$173.5 million. Within the Government Systems division, revenue from the Surveillance segment was \$136.4 million, a decrease of 7% from the fourth quarter of 2011. Revenue from the Detection segment was \$12.8 million, a decrease of 46% compared to the fourth quarter of 2011, and the Integrated Systems segment contributed \$24.4 million of revenue during the fourth quarter, an increase of 134% from the prior year.

For the full year, revenue was \$1,405.4 million, down 9% compared to \$1,544.1 million for the year ended December 31, 2011. Operating income for 2012 was \$303.3 million, down 3% from \$313.2 million in 2011. Net income for 2012 was \$222.4 million, or \$1.45 per diluted share, compared with 2011 net income of \$221.5 million, or \$1.38 per diluted share. Cash provided by operations during the year was \$285.5 million.

The Company's backlog of firm orders for delivery within the next twelve months was approximately \$520 million as of December 31, 2012, a decrease of \$45 million during the quarter. Backlog in the Government Systems division was \$356 million, decreasing \$36 million during the quarter. Backlog in the Commercial Systems division was \$164 million, down \$9 million during the quarter.

"The fourth quarter was an encouraging end to a 2012 that was focused on rationalizing our businesses to enhance operating leverage and prepare us well for 2013," said Earl Lewis, President and CEO of FLIR. "We saw higher bookings in the fourth quarter versus the prior year, helping us end 2012 with over \$60 million more in order backlog than 2011. We also reached record operating cash flow for the year, which allowed us to acquire two very strategically significant businesses and return a significant amount of capital to our shareholders through repurchasing 10.5 million of our shares and distributing \$42 million in dividends."

Revenue and Earnings Outlook for 2013

FLIR also announced today that it expects revenue in 2013 to be in the range of \$1.5 billion to \$1.6 billion, an increase of approximately 7% to 14% compared to 2012, and net earnings to be in the range of \$1.56 to \$1.66 per diluted share, an increase of approximately 8% to 14% compared to 2012.

Dividend Increase and Declaration

FLIR's Board of Directors has approved a quarterly cash dividend of \$0.09 per share on FLIR common stock, an increase of 29% over the previous paid quarterly dividend of \$0.07 per share. The Board of Directors has declared the dividend payable March 8, 2013, to shareholders of record as of close of business on February 19, 2013.

Share Repurchase Program

Also today, FLIR announced that its Board of Directors approved a new share repurchase program that authorizes up to 25 million shares to be repurchased over the next two years, replacing the previous program that expires on February 9, 2013. This authorization represents approximately 17% of FLIR's outstanding common stock as of December 31, 2012.

Any purchases made under the repurchase program may be made from time to time in the open market or through privately negotiated transactions. All purchases are subject to stock price, market conditions, corporate and legal requirements, and other factors. The timing of repurchases and the exact number of shares of common stock to be purchased will be determined by the Company's management, in its discretion, and will depend upon market conditions and other factors. The Company expects to fund the repurchases using the Company's cash on hand and cash generated from operations. The program may be extended, suspended, or discontinued at any time.

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 the year. A simultaneous webcast of the conference call may be accessed online from the Upcoming Events section of 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. Summary fourth quarter and historical financial data, including segment details, may be accessed online from the Summary Financial Data section of 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.

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 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		Twelve Months Ended	
December 31,		December 31,	
-----		-----	
2012	2011	2012	2011

	-----	-----	-----	-----
Revenue	\$ 386,385	\$ 405,212	\$1,405,358	\$1,544,062
Cost of goods sold	181,104	180,427	673,968	715,458
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Gross profit	205,281	224,785	731,390	828,604
Operating expenses:				
Research and development	34,088	34,920	137,762	147,177
Selling, general and administrative	71,117	80,197	290,298	368,232
	-----	-----	-----	-----
Total operating expenses	105,205	115,117	428,060	515,409
Earnings from operations	100,076	109,668	303,330	313,195
Interest expense	2,729	3,175	11,659	5,487
Interest income	(509)	(768)	(1,582)	(1,273)
Other expense (income), net	151	(892)	1,341	(2,098)
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Earnings from continuing operations before income taxes	97,705	108,153	291,912	311,079
Income tax provision	19,528	31,318	66,556	88,427
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Earnings from continuing operations	78,177	76,835	225,356	222,652

Loss from discontinued				
operations, net of tax	(916)	(705)	(2,958)	(1,178)
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Net earnings	\$ 77,261	\$ 76,130	\$ 222,398	\$ 221,474
	=====	=====	=====	=====
Basic earnings per share:				
Earnings from continuing				
operations	\$ 0.53	\$ 0.49	\$ 1.49	\$ 1.41
Discontinued operations	(0.01)	(0.00)	(0.02)	(0.01)
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Basic earnings per share	\$ 0.52	\$ 0.49	\$ 1.47	\$ 1.40
	=====	=====	=====	=====
Diluted earnings per share:				
Earnings from continuing				
operations	\$ 0.52	\$ 0.49	\$ 1.47	\$ 1.38
Discontinued operations	(0.01)	(0.00)	(0.02)	(0.01)
	-----	-----	-----	-----
Diluted earnings per				
share	\$ 0.52	\$ 0.48	\$ 1.45	\$ 1.38
	=====	=====	=====	=====
Weighted average shares				
outstanding:				
Basic	148,103	155,647	151,634	158,323
	=====	=====	=====	=====
Diluted	149,419	157,611	153,595	160,851
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FLIR SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands) (Unaudited)

	December 31, December 31,	
	2012	2011
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ASSETS		
Current assets:		
Cash and cash equivalents	\$ 321,739	\$ 440,846
Accounts receivable, net	335,163	329,581
Inventories	381,378	336,051
Prepaid expenses and other current assets	96,006	104,285
Deferred income taxes, net	30,960	27,443
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Total current assets	1,165,246	1,238,206
Property and equipment, net	211,615	186,269
Deferred income taxes, net	32,223	31,644
Goodwill	503,078	498,343
Intangible assets, net	140,621	164,440
Other assets	124,722	32,338
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	\$ 2,177,505	\$ 2,151,240
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 94,156	\$ 84,190
Deferred revenue	29,465	28,257
Accrued payroll and related liabilities	41,506	49,475
Accrued product warranties	13,169	13,370
Advance payments from customers	12,150	13,219
Accrued expenses	32,772	41,183
Other current liabilities	4,331	3,886
Accrued income taxes	11,943	2,161
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Total current liabilities	239,492	235,741
Long-term debt	248,319	247,861
Deferred income taxes	7,996	17,237
Accrued income taxes	22,812	17,537
Pension and other long-term liabilities	58,985	53,835
Commitments and contingencies		
Shareholders' equity	1,599,901	1,579,029
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	\$ 2,177,505	\$ 2,151,240
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FLIR SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)

Three Months Ended

Twelve Months Ended

	December 31,		December 31,	
	2012	2011	2012	2011
Cash flows from				
operating activities:				
Net earnings	\$ 77,261	\$ 76,130	\$ 222,398	\$ 221,474
Income items not				
affecting cash:				
Depreciation and				
amortization	14,857	16,290	59,715	77,498
Deferred income				
taxes	(11,539)	(10,291)	(10,940)	(12,195)
Stock-based				
compensation				
arrangements	6,252	5,604	26,250	24,917
Other non-cash items	4,522	9,647	(1,810)	12,654
Changes in operating				
assets and				
liabilities, net of				
acquisitions	21,521	18,816	(10,068)	(80,457)
Cash provided by				
operating activities	112,874	116,196	285,545	243,891
Cash flows from				
investing activities:				
Additions to property				
and equipment, net	(18,901)	(10,850)	(58,089)	(41,946)

Business acquisitions, net of cash acquired	(105,909)	-	(105,909)	(27,182)
Other investments	(2)	1,991	(3,002)	1,991
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Cash used by investing activities	(124,812)	(8,859)	(167,000)	(67,137)
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Cash flows from financing activities:				
Proceeds from long term debt, net	-	-	-	247,708
Repurchase of common stock	(85,185)	(36,286)	(214,195)	(160,669)
Dividends paid	(10,428)	(9,350)	(42,450)	(38,037)
Proceeds from shares issued pursuant to stock- based compensation plans	4,080	6,620	11,198	21,706
Excess tax benefit of stock options exercised	53	727	1,284	5,195
Other financing activities	(28)	(140)	(166)	(458)
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Cash (used) provided by financing activities	(91,508)	(38,429)	(244,329)	75,445
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Effect of exchange rate changes on cash	696	(2,561)	6,677	(4,490)

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Net (decrease) increase				
in cash and cash				
equivalents	(102,750)	66,347	(119,107)	247,709
Cash and cash				
equivalents, beginning				
of period	424,489	374,499	440,846	193,137
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Cash and cash				
equivalents, end of				
period	\$ 321,739	\$ 440,846	\$ 321,739	\$ 440,846
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