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FLIR Systems Announces Third Quarter 2010 Financial Results

Revenue Up by 16%; Increasing Revenue and EPS Outlook for 2010

PORTLAND, OR, Oct 21, 2010 (MARKETWIRE via COMTEX News Network) -- FLIR Systems, Inc. (NASDAQ: FLIR) today announced financial results for the third quarter ended September 30, 2010. Revenue was \$332.5 million, up 16% compared to third quarter 2009 revenue of \$285.6 million. Operating income in the third quarter was \$85.8 million, compared to \$89.3 million in the third quarter of 2009. Third quarter 2010 net income was \$63.0 million, or \$0.39 per diluted share, compared with net income of \$60.0 million, or \$0.38 per diluted share in the third quarter a year ago. Cash provided by operations in the third quarter was \$85.1 million.

During the third quarter, Raymarine contributed \$36.9 million of revenue and \$1.0 million of operating income. Corporate expenses were impacted by \$2.5 million in costs associated with the acquisition of ICx Technologies. The Company also reached an agreement in principle to settle all pending patent claims relating to a lawsuit dating back to 2007. This settlement resulted in an accrual of \$3.0 million in the third quarter.

Revenue for the nine months ended September 30, 2010 was \$950.9 million, up 14% compared to revenue for the first nine months of 2009 of \$835.5 million. Operating income for the nine months ended September 30, 2010 was \$259.9 million, up 1% from the same period a year ago. Net income for the nine months ended September 30, 2010 was \$178.3 million, or \$1.11 per diluted share, compared with net income of \$170.0 million, or \$1.07 per diluted share, in the same period a year ago. Acquisition-related expenses, including expenses associated with post-acquisition restructuring at Raymarine, totaled \$8.3 million in the first nine months of the year. Cash provided by operations for the first nine months of 2010 was \$209.9 million.

Revenue during the quarter from the Company's Government Systems division was flat from the third quarter of 2009, at \$163.2 million. Revenue from the Company's Commercial Systems division, excluding Raymarine, increased 8% from the third quarter of 2009, to \$132.4 million. Within the Commercial Systems division, revenue from Commercial Vision Systems increased 17% from the third quarter of last year, to \$61.4 million, reflecting strong growth in transportation, cores and personal vision systems. Revenue from Thermography increased 2% from the third quarter of last year, to \$71.0 million, with growth in gas imaging and test and measurement markets partially offset by weakness in Europe.

The Company's backlog of firm orders for delivery within the next twelve months was approximately \$533 million at September 30, 2010, an increase of \$15 million during the quarter. Backlog in the Government Systems division was \$386 million, up \$10 million during the quarter, due to strong U.S. government orders. Backlog in the Commercial Vision Systems division was \$116 million, up \$12 million during the quarter, while backlog in the Thermography division was \$23 million, up \$1 million during the quarter.

"We are very pleased with our third quarter results. Operating income was reduced by legal reserves and acquisition-related costs, but these costs were largely offset by a lower tax rate and our resulting margins were very strong. We continue to execute on our strategy and deliver strong operating performance. Our Government Systems division was able to grow backlog in an unclear political environment. The Commercial Systems division continues to grow rapidly while increasing profitability. Our initiatives to diversify our end-markets, reduce costs, innovate, and strengthen our financial position have positioned us very well for continued growth into the future," noted Earl Lewis, President and CEO.

Revenue and Earnings Outlook for 2010 Based on financial results for the first nine months of 2010, the recent Raymarine and ICx acquisitions, and the outlook for the remainder of the year, FLIR management is increasing its outlook for revenue and earnings per share for the full year 2010. Management currently expects revenue for 2010 to be in the range of \$1.375 billion to \$1.4 billion and net earnings to be in the range of \$1.53 to \$1.56 per diluted share.

Conference Call FLIR has scheduled a conference call at 11:00 am ET today. A simultaneous webcast will be available from the Investor Relations link at www.FLIR.com. A replay will be available after 2:00 PM ET at this same internet address. For a telephone replay, dial (800) 642-1687, Conference ID #16315804 after 2:00 PM ET.

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.

Forward-Looking Statements The statements in this release by Earl R. Lewis and the statements in the section captioned "Revenue and Earnings Outlook for 2010" 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.

(Tables Attached)

FLIR SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenue	\$ 332,497	\$ 285,553	\$ 950,928	\$ 835,527
Cost of goods sold	150,389	122,736	420,143	353,047
Gross profit	182,108	162,817	530,785	482,480
Operating expenses:				
Research and development	28,520	21,294	81,632	66,935
Selling, general and administrative	67,801	52,204	189,209	158,199
Total operating expenses	96,321	73,498	270,841	225,134
Earnings from operations	85,787	89,319	259,944	257,346
Interest expense	349	1,238	2,472	5,743
Other expense (income), net	(1,085)	1,664	(3,318)	1,732
Earnings before income taxes	86,523	86,417	260,790	249,871
Income tax provision	23,568	26,382	82,486	79,912
Net earnings	\$ 62,955	\$ 60,035	\$ 178,304	\$ 169,959

Net earnings per share:

Basic	\$ 0.40	\$ 0.40	\$ 1.15	\$ 1.14
	=====	=====	=====	=====
Diluted	\$ 0.39	\$ 0.38	\$ 1.11	\$ 1.07
	=====	=====	=====	=====
Weighted average shares				
outstanding:				
Basic	158,215	151,573	155,223	148,475
	=====	=====	=====	=====
Diluted	160,925	160,287	161,440	161,477
	=====	=====	=====	=====

FLIR SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands)(Unaudited)

	September 30, 2010	December 31, 2009
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ASSETS		
Current assets:		
Cash and cash equivalents	\$ 379,903	\$ 422,047
Accounts receivable, net	272,501	234,974
Inventories	264,757	216,500
Prepaid expenses and other current assets	87,847	93,276
Deferred income taxes, net	15,893	13,231
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Total current assets	1,020,901	980,028
Property and equipment, net	176,586	139,112
Deferred income taxes, net	17,878	5,322
Goodwill	366,431	262,331
Intangible assets, net	124,579	59,180
Other assets	28,891	48,571
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	\$ 1,735,266	\$ 1,494,544
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 78,428	\$ 53,319
Deferred revenue	15,398	20,986
Accrued payroll and related liabilities	38,860	39,809
Accrued product warranties	18,147	9,438
Advance payments from customers	13,737	8,616
Accrued expenses	31,980	25,941
Other current liabilities	7,442	13,273
Accrued income taxes	11,768	15,504
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Total current liabilities	215,760	186,886
Long-term debt	--	58,022
Deferred income taxes	23,952	2,222
Accrued income taxes	8,732	4,550

Pension and other long-term liabilities	46,695	39,115
Commitments and contingencies		
Shareholders' equity	1,440,127	1,203,749
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	\$ 1,735,266	\$ 1,494,544
	=====	=====

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