



The World's Sixth Sense™

April 24, 2015

## FLIR Systems Announces First Quarter 2015 Financial Results

### EPS Increases 62%

WILSONVILLE, OR -- (Marketwired) -- 04/24/15 -- FLIR Systems, Inc. (NASDAQ: FLIR) today announced financial results for the first quarter ended March 31, 2015. Revenue was \$344.5 million, down 2% compared to first quarter 2014 revenue of \$351.5 million. Foreign currency exchange fluctuations negatively impacted revenue growth by approximately 5 percentage points year over year. Operating income in the first quarter was \$65.8 million, compared to \$42.5 million in the first quarter of 2014. Operating income was impacted by pretax charges related to previously-announced restructuring initiatives of \$0.3 million in the first quarter of 2015 and \$8.4 million in the first quarter of 2014. First quarter 2015 net income was \$47.9 million, or \$0.34 per diluted share, compared with net income of \$29.9 million, or \$0.21 per diluted share in the first quarter a year ago. Net income was impacted by after-tax restructuring charges of \$0.2 million in the first quarter of 2015 and \$6.4 million, or \$0.04 per diluted share, in the first quarter of 2014. Cash provided by operations in the first quarter of 2015 was \$74.9 million.

The Surveillance segment contributed \$112.9 million of revenue during the first quarter, down 8% from the prior year. The Instruments segment had \$83.8 million of revenue, in-line with the prior year. FLIR's OEM & Emerging Markets segment recorded revenue of \$39.8 million in the first quarter, down 17% from the prior year. Revenue from the Maritime segment was \$51 million, down 3% from the first quarter of 2014. Security segment revenue was \$38.8 million, an increase of 32% over the first quarter results last year. The Detection segment contributed \$18.2 million of revenue, an increase of 25% from the prior year.

FLIR's backlog of firm orders for delivery within the next twelve months was approximately \$557 million as of March 31, 2015, an increase of \$10 million, or 2%, during the quarter and an increase of \$43 million, or 8%, over the prior year.

"The results for the first quarter of 2015 were in line with our expectations. Despite strong movement in the U.S. dollar that created a headwind for our top line, we improved our margins and earnings per share significantly," said Andy Teich, President and CEO of FLIR. "Since the end of 2014, we have introduced several new products that address the needs of customers in many existing and new markets, from the highest-end surveillance and R&D products to consumer-level home monitoring systems. Our cost curve continues to scale down and is creating opportunity for us to expand the markets for advanced imaging and sensing technology."

### Revenue and Earnings Outlook for 2015

Based on financial results for the first three months of 2015 and the outlook for the remainder of the year, FLIR continues to expect revenue for the full year 2015 to be in the range of \$1.55 billion to \$1.6 billion and net earnings, excluding restructuring charges, to be in the range of \$1.60 to \$1.70 per diluted share.

### Dividend Declaration

FLIR's Board of Directors has declared a quarterly cash dividend of \$0.11 per share on FLIR common stock, payable June 5, 2015, to shareholders of record as of close of business on May 22, 2015.

### 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 and the accompanying summary presentation may be accessed online from a link in the Events & Presentations 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. Summary first quarter and historical financial data may be accessed online from the Financial Info Database link at [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. FLIR's advanced systems and components are used for a wide variety of thermal imaging, situational awareness, and security applications, including airborne and ground-based surveillance, condition monitoring, navigation, recreation, research and development, manufacturing process control, search and rescue, drug interdiction, transportation safety, border*

and maritime patrol, environmental monitoring, and chemical, biological, radiological, nuclear, and explosives (CBRNE) threat detection. For more information, visit FLIR's web site at [www.FLIR.com](http://www.FLIR.com).

### Forward-Looking Statements

The statements in this release by Andy Teich and the statements in the section captioned "Revenue and Earnings Outlook for 2015" 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,	
	2015	2014
Revenue	\$ 344,517	\$ 351,542
Cost of goods sold	168,620	183,010
Gross profit	175,897	168,532
Operating expenses:		
Research and development	34,694	36,326
Selling, general and administrative	75,135	81,942
Restructuring expenses	314	7,813
Total operating expenses	110,143	126,081
Earnings from operations	65,754	42,451
Interest expense	3,661	3,708
Interest income	(247)	(264)
Other income, net	(700)	(198)
Earnings before income taxes	63,040	39,205
Income tax provision	15,130	9,311
Net earnings	\$ 47,910	\$ 29,894
Earnings per share:		
Basic	\$ 0.34	\$ 0.21
Diluted	\$ 0.34	\$ 0.21
Weighted average shares outstanding:		
Basic	139,768	140,932
Diluted	141,472	143,828

### FLIR SYSTEMS, INC.

#### CONSOLIDATED BALANCE SHEETS

(In thousands)(Unaudited)

March 31,

December 31,

ASSETS	2015	2014
Current assets:		
Cash and cash equivalents	\$ 547,780	\$ 531,374
Accounts receivable, net	311,787	354,658
Inventories	340,300	320,605
Prepaid expenses and other current assets	83,165	93,691
Deferred income taxes, net	38,394	38,873
Total current assets	1,321,426	1,339,201
Property and equipment, net	249,002	247,094
Deferred income taxes, net	20,278	19,941
Goodwill	536,780	553,335
Intangible assets, net	125,818	133,212
Other assets	59,054	61,240
	\$ 2,312,358	\$ 2,354,023
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 106,120	\$ 98,173
Deferred revenue	27,439	27,878
Accrued payroll and related liabilities	48,478	62,065
Accrued expenses	48,050	51,810
Accrued income taxes	2,298	4,586
Other current liabilities	47,157	50,045
Current portion long-term debt	15,000	15,000
Total current liabilities	294,542	309,557
Long-term debt	354,351	357,986
Deferred income taxes	13,486	13,905
Accrued income taxes	11,242	11,096
Other long-term liabilities	52,919	51,706
Commitments and contingencies		
Shareholders' equity	1,585,818	1,609,773
	\$ 2,312,358	\$ 2,354,023

**FLIR SYSTEMS, INC.**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net earnings	\$ 47,910	\$ 29,894
Income items not affecting cash:		
Depreciation and amortization	12,489	16,470
Deferred income taxes	96	1,507
Stock-based compensation arrangements	4,757	8,756
Other non-cash items	(3,303)	(1,490)
Changes in operating assets and liabilities	12,978	4,688
Cash provided by operating activities	74,927	59,825
Cash flows from investing activities:		
Additions to property and equipment, net	(13,139)	(9,590)
Cash used by investing activities	(13,139)	(9,590)

Cash flows from financing activities:		
Repayments of long term debt	(3,750 )	(3,750 )
Repurchase of common stock	-	(1,766 )
Dividends paid	(15,377 )	(14,085 )
Proceeds from shares issued pursuant to stock-based compensation plans	4,414	8,876
Excess tax benefit of stock options exercised	779	2,698
Other financing activities	(7 )	252
Cash used by financing activities	(13,941 )	(7,775 )
Effect of exchange rate changes on cash	(31,441 )	(841 )
Net increase in cash and cash equivalents	16,406	41,619
Cash and cash equivalents:		
Beginning of period	531,374	542,476
End of period	\$ 547,780	\$ 584,095

**FLIR SYSTEMS, INC.**  
REVENUE AND EARNINGS FROM OPERATIONS BY SEGMENT  
(In thousands)(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>REVENUE</b>		
Surveillance	\$ 112,901	\$ 123,087
Instruments	83,821	84,056
OEM and Emerging Markets	39,834	47,915
Maritime	50,972	52,575
Security	38,806	29,309
Detection	18,183	14,600
	<u>\$ 344,517</u>	<u>\$ 351,542</u>
<b>EARNINGS (LOSS) FROM OPERATIONS</b>		
Surveillance	\$ 30,167	\$ 23,266
Instruments	28,063	20,450
OEM and Emerging Markets	8,779	8,806
Maritime	4,789	8,830
Security	3,816	1,686
Detection	2,680	(1,800 )
Other	(12,540 )	(18,787 )
	<u>\$ 65,754</u>	<u>\$ 42,451</u>

**Investor Relations**

Shane Harrison  
503-498-3547  
[Email Contact](#)

Source: FLIR Systems, Inc.

News Provided by Acquire Media