

July 22, 2011

FLIR Systems Announces Second Quarter 2011 Financial Results

Announces Acquisition of Aerius Photonics

PORTLAND, OR -- (MARKET WIRE) -- 07/22/11 -- *FLIR Systems, Inc.* (NASDAQ: FLIR) today announced financial results for the second quarter ended June 30, 2011. Revenue was \$390.0 million, up 18% compared to second quarter 2010 revenue of \$331.1 million. Operating income in the second quarter was \$41.7 million, compared to \$89.8 million in the second quarter of 2010, and was impacted by a previously announced litigation settlement and related expenses, as well as delayed government procurement. Second quarter 2011 net income was \$29.3 million, or \$0.18 per diluted share, compared with net income of \$59.5 million, or \$0.37 per diluted share in the second quarter a year ago. Excluding the net after tax impact of the litigation settlement and related expenses, second quarter 2011 net income was \$57.2 million, or \$0.35 per diluted share.

Revenue from the Company's Commercial Systems division increased 32% from the second quarter of 2010, to \$215.0 million. Within the Commercial Systems division, revenue from the Thermal Vision and Measurement segment was \$164.8 million, an increase of 21% over the second quarter combined results of Thermography and CVS last year. Commercial Systems' Raymarine segment contributed \$50.2 million of revenue during the quarter.

Revenue from the Company's Government Systems division increased 4% over the second quarter of 2010, to \$174.9 million. Within the Government Systems division, revenue from the Surveillance segment was \$141.5 million, a decrease of 16% from the second quarter of 2010 results of the Company's legacy Government Systems business. Revenues from Government Systems' other two segments, Detection and Integrated Systems were \$17.2 and \$16.2 million, respectively.

The Company's backlog of firm orders for delivery within the next twelve months was approximately \$486 million at June 30, 2011, a decrease of \$42 million during the quarter. Backlog in the Government Systems division was \$319 million, decreasing \$41 million during the quarter as a result of procurement delays. Backlog in the Commercial Systems division was \$167 million, down \$1 million during the quarter.

FLIR today also announced that it has acquired Aerius Photonics, LLC, a leading provider of short-wavelength infrared (SWIR) detectors and advanced laser components, for \$27 million in cash. Aerius Photonics, based in Ventura, California, specializes in the design, development, and manufacture of high-sensitivity photonic components for use in various applications in the commercial and military markets. Products include indium gallium arsenide (InGaAs)-based infrared detectors, high-powered vertical-cavity surface-emitting laser (VCSEL) diodes, ultra-lightweight laser rangefinders and altimeters, and infrared illuminators and pointers.

"The second quarter finished with solid results for our Commercial Systems division, which posted one of its best growth quarters along with substantially improved profitability. Our Government Systems division was impacted by order and shipment delays," noted Earl Lewis, President and CEO of FLIR. "We are excited to add Aerius to our Commercial Systems business. Aerius will enhance our ability to serve OEMs in numerous sectors as well as augment our multi-spectral systems development capabilities."

Revenue and Earnings Outlook for 2011

Based on financial results for the first half of 2011 and the outlook for the remainder of the year, FLIR is reducing its outlook for revenue and earnings per share for the full year 2011. Management currently expects revenue for 2011 to be in the range of \$1.6 billion to \$1.65 billion and net earnings to be in the range of \$1.33 to \$1.38 per diluted share, or \$1.50 to \$1.55 per diluted share excluding the net after tax impact of the litigation settlement and related expenses. This compares to the prior outlook of \$1.7 billion to \$1.75 billion in revenue and \$1.70 to \$1.75 in earnings per diluted share for the full year 2011.

Dividend Declaration

FLIR's Board of Directors has declared a quarterly cash dividend of \$0.06 per share on FLIR common stock, payable September 9, 2011, to shareholders of record as of close of business on August 22, 2011.

Conference Call

FLIR has scheduled a conference call at 8:00 a.m. ET today. A simultaneous webcast of the conference call will be available from the Investor Relations link at www.FLIR.com. A replay will be available after 11:00 a.m. ET at this same internet address. For a telephone replay, dial (855) 859-2056, Conference ID #83189472 after 11:00 a.m. ET.

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 2011" 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		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Revenue	\$ 389,951	\$ 331,133	\$ 763,416	\$ 618,431
Cost of goods sold	185,416	147,810	363,236	269,754
Gross profit	204,535	183,323	400,180	348,677

Operating expenses:

Research and development	39,201	28,309	76,461	53,112
Selling, general and administrative	123,651	65,199	205,390	121,407
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Total operating expenses	162,852	93,508	281,851	174,519
Earnings from operations	41,683	89,815	118,329	174,158
Interest expense	435	900	785	2,124
Interest income	(86)	(192)	(348)	(446)
Other (income) expense, net	(2,115)	(1,734)	(1,270)	(1,787)
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Earnings from continuing operations before income taxes	43,449	90,841	119,162	174,267
Income tax provision	13,687	31,387	37,536	58,918
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Earnings from continuing operations	29,762	59,454	81,626	115,349
Loss from discontinued operations, net of tax	(453)	--	(1,002)	--
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Net earnings	\$ 29,309	\$ 59,454	\$ 80,624	\$ 115,348
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Basic earnings per share:

Earnings from continuing operations	\$ 0.19	\$ 0.38	\$ 0.51	\$ 0.75
Discontinued operations	(0.00)	--	(0.01)	--
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Basic earnings per share	\$ 0.18	\$ 0.38	\$ 0.51	\$ 0.75
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Diluted earnings per share:

Earnings from continuing operations	\$ 0.18	\$ 0.37	\$ 0.50	\$ 0.72
Discontinued operations	(0.00)	--	(0.01)	--
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Diluted earnings per share	\$ 0.18	\$ 0.37	\$ 0.50	\$ 0.72
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Weighted average shares

outstanding:

Basic	159,796	154,495	159,599	153,702
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Diluted	162,550	161,643	162,427	161,626
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FLIR SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands)(Unaudited)

	June 30,	December 31,
	2011	2010
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ASSETS		
Current assets:		
Cash and cash equivalents	\$ 235,622	\$ 193,137
Accounts receivable, net	328,047	339,723
Inventories	322,447	303,156
Prepaid expenses and other current assets	109,673	95,663
Deferred income taxes, net	24,295	23,128
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Total current assets	1,020,084	954,807
Property and equipment, net	186,334	189,119
Deferred income taxes, net	22,746	22,742
Goodwill	493,396	482,019
Intangible assets, net	170,794	177,385
Other assets	37,261	31,280
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	\$ 1,930,615	\$ 1,857,352
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 88,075	\$ 85,881
Deferred revenue	20,046	17,867
Accrued payroll and related liabilities	46,822	54,894
Accrued product warranties	15,941	15,711
Advance payments from customers	14,968	22,616

Accrued expenses	33,461	36,578
Accrued income taxes	1,239	8,218
Other current liabilities	4,592	8,186
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Total current liabilities	225,144	249,951
Deferred income taxes	13,360	13,163
Accrued income taxes	21,560	19,793
Pension and other long-term liabilities	52,421	51,897
Commitments and contingencies		
Shareholders' equity	1,618,130	1,522,548
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	\$ 1,930,615	\$ 1,857,352
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