



## **FLIR Systems Announces Third Quarter 2009 Financial Results**

### **Operating Earnings Increase by 17% on Record Operating Margins; Announces Acquisition of OmniTech Partners, Inc.**

PORTLAND, OR, Oct 21, 2009 (MARKETWIRE via COMTEX News Network) -- FLIR Systems, Inc. (NASDAQ: FLIR) today announced financial results for the third quarter ended September 30, 2009. Revenue was \$285.6 million, up 3% compared to third quarter 2008 revenue of \$276.7 million. Operating income in the third quarter was \$89.3 million, up 17% from \$76.7 million in the third quarter of 2008. Third quarter 2009 net income was \$60.0 million, or \$0.38 per diluted share, compared with net income of \$54.8 million, or \$0.35 per diluted share, in the third quarter a year ago. Cash provided by operations during the quarter was \$67.4 million.

Revenue for the nine months ended September 30, 2009 was \$835.5 million, up 8% compared to revenue for the first nine months of 2008 of \$774.6 million. Operating income for the nine months ended September 30, 2009 was \$257.3 million, up 31% from the same period a year ago. Net income for the nine months ended September 30, 2009 was \$170.0 million, or \$1.07 a diluted share, compared with net income of \$135.9 million, or \$0.87 per diluted share, in the same period a year ago. Cash provided by operations for the first nine months of 2009 was \$199.4 million.

Revenue from the Company's Government Systems division increased 7% over the third quarter of 2008, to \$163.0 million, with strength in stabilized gimbaled systems. Revenue from the Company's Commercial Vision Systems division increased 15% over the third quarter of last year, to \$52.6 million, reflecting growth in the security, cores and components, and maritime markets. Revenue from the Company's Thermography division decreased 12% from the third quarter of last year, to \$69.9 million, primarily due to lower demand for high-value products for the predictive maintenance market.

The Company's backlog of firm orders for delivery within the next twelve months was approximately \$608 million at September 30, 2009, an increase of \$10 million during the quarter. Backlog in the Government System's division was \$487 million, up \$20 million during the quarter due to strong U.S. demand. Backlog in the Commercial Vision Systems division was \$93 million, down \$15 million during the quarter due to a significant order cancellation resulting from a delay in project timing. Backlog in the Thermography division was \$28 million, up \$5 million during the quarter.

#### **Earnings Outlook for 2009**

Based on the financial results for the quarter, and the outlook for the remainder of the year, the Company expects full year 2009 earnings per share to be slightly above the most recent outlook.

#### **Acquisition of OmniTech Partners, Inc.**

The Company announced today it has acquired OmniTech Partners, Inc., a leader in the development and manufacturing of image intensified and fused image intensified / thermal imagers based in Freeport, PA, for \$42 million in cash. OmniTech adds image intensified capability to FLIR's product line, and creates the opportunity to leverage the capabilities of both companies to expand in the growing market for fused image intensified / thermal imagers. OmniTech currently forecasts annual revenue of \$22 million for the year ending December 31, 2009. The transaction is expected to be immaterial to FLIR's earnings in 2009 and 2010.

"We are pleased with our performance in the third quarter. Operating margins were at record levels, operating cash flow was excellent, and backlog increased \$20 million in our Government Systems division, improving 2010 visibility," noted Earl Lewis, President and CEO. "With low cost, increasing brand awareness, and a diversified revenue base and growing product lines, the Company is executing its strategy effectively and is well positioned for future growth. I am delighted to welcome the talented people at OmniTech to the FLIR team."

#### **Conference Call**

FLIR has scheduled a conference call at 11:00 am EDT today. A simultaneous webcast will be available from the Investor Relations link at [www.FLIR.com](http://www.FLIR.com). A replay will be available after 2:00 PM EDT at this same internet address. For a telephone

## 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](http://www.FLIR.com).

## Forward-Looking Statements

The statements in this release by Earl R. Lewis and the statements in the sections captioned "Acquisition of OmniTech Partners, Inc." and "Revenue and Earnings Outlook for 2009" 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 US 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 |            | Nine Months Ended |            |
|   | September 30,      |            | September 30,     |            |
|   | 2009               | 2008       | 2009              | 2008       |
|   | (As Adjusted(1))   |            | (As Adjusted(1))  |            |
| Revenue   | \$ 285,553         | \$ 276,740 | \$ 835,527        | \$ 774,624 |
| Cost of goods sold                                  | 122,736            | 121,478    | 353,047           | 341,969    |
| Gross profit  | 162,817            | 155,262    | 482,480           | 432,655    |
| Operating expenses:                                 |                    |            |                   |            |
| Research and development                            | 21,294             | 21,639     | 66,935            | 68,296     |
| Selling, general and administrative                 | 52,204             | 56,973     | 158,199           | 167,946    |
| Total operating expenses                            | 73,498             | 78,612     | 225,134           | 236,242    |
| Earnings from operations                            | 89,319             | 76,650     | 257,346           | 196,413    |
| Interest expense                                    | 1,238              | 3,473      | 5,743             | 10,900     |
| Other expense (income), net                         | 1,664              | (4,956)    | 1,732             | (8,627)    |
| Earnings before income taxes                        | 86,417             | 78,133     | 249,871           | 194,140    |
| Income tax provision                                | 26,382             | 23,354     | 79,912            | 58,224     |
| Net earnings  | \$ 60,035          | \$ 54,779  | \$ 169,959        | \$ 135,916 |

|                         |    |      |    |      |                 |
|-------------------------|----|------|----|------|-----------------|
| Net earnings per share: |    |      |    |      |                 |
| Basic                   | \$ | 0.40 | \$ | 0.39 | \$ 1.14 \$ 0.98 |
| Diluted                 | \$ | 0.38 | \$ | 0.35 | \$ 1.07 \$ 0.87 |

|                                      |  |         |  |         |                 |
|--------------------------------------|--|---------|--|---------|-----------------|
| Weighted average shares outstanding: |  |         |  |         |                 |
| Basic                                |  | 151,573 |  | 139,211 | 148,475 138,090 |
| Diluted                              |  | 160,287 |  | 163,124 | 161,477 162,393 |

(1) The Company has adjusted its financial statements for the retrospective application of the Financial Accounting Standards Board Accounting Standards Codification Subtopic 470-20, "Debt with Conversion and Other Options."

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

|   | September 30,<br>2009 | December 31,<br>2008 |
|---|-----------------------|----------------------|
| ASSETS                                    |                       | (As Adjusted(1))     |
| Current assets:                           |                       |                      |
| Cash and cash equivalents                 | \$ 403,320            | \$ 289,442           |
| Accounts receivable, net                  | 209,079               | 239,183              |
| Inventories                               | 221,694               | 207,487              |
| Prepaid expenses and other current assets | 77,059                | 59,824               |
| Deferred income taxes, net                | 16,833                | 16,566               |
| Total current assets                      | 927,985               | 812,502              |
| Property and equipment, net               | 138,219               | 122,304              |
| Deferred income taxes, net                | 8,152                 | 2,217                |
| Goodwill                                  | 239,059               | 225,685              |
| Intangible assets, net                    | 51,112                | 56,174               |
| Other assets                              | 31,719                | 22,195               |
|   | \$ 1,396,246          | \$ 1,241,077         |
| LIABILITIES AND SHAREHOLDERS' EQUITY      |                       |                      |
| Current liabilities:                      |                       |                      |
| Accounts payable                          | \$ 55,753             | \$ 47,823            |
| Deferred revenue                          | 21,879                | 27,554               |
| Accrued payroll and related liabilities   | 34,856                | 43,337               |
| Accrued product warranties                | 8,435                 | 7,826                |
| Advance payments from customers           | 9,870                 | 19,183               |
| Accrued expenses                          | 23,616                | 21,978               |
| Other current liabilities                 | 2,942                 | 4,574                |
| Accrued income taxes                      | 2,588                 | --                   |
| Total current liabilities                 | 159,939               | 172,275              |
| Long-term debt                            | 60,200                | 182,825              |
| Deferred income taxes                     | 6,311                 | 5,983                |
| Accrued income taxes                      | 4,568                 | 5,697                |
| Pension and other long-term liabilities   | 36,281                | 29,572               |
| Commitments and contingencies             |                       |                      |
| Shareholders' equity                      | 1,128,947             | 844,725              |
|   | \$ 1,396,246          | \$ 1,241,077         |

(1) The Company has adjusted its financial statements for the retrospective

application of the Financial Accounting Standards Board Accounting Standards Codification Subtopic 470-20, "Debt with Conversion and Other Options."

Company Contact:

Tony Trunzo

+1 503.498.3547

[www.flir.com](http://www.flir.com)

SOURCE: FLIR Systems, Inc.

<http://www.flir.com>

Copyright 2009 Marketwire, Inc., All rights reserved.

News Provided by COMTEX