

FLIR Systems Announces Fourth Quarter and Full Year 2015 Financial Results

Fourth Quarter and Full Year Constant Currency Revenue Growth of 3% and 6%, Respectively; Fourth Quarter and Full Year Operating Income Growth of 7% and 18%, Respectively; Fourth Quarter and Full Year Operating Cash Flow Growth of 25% and 22%, Respectively

WILSONVILLE, OR -- (Marketwired) -- 02/11/16 -- FLIR Systems, Inc. (NASDAQ: FLIR) today announced financial results for the fourth quarter and full year ended December 31, 2015. Fourth quarter 2015 revenue was \$437.6 million, up 1% compared to fourth quarter 2014 revenue of \$434.4 million. On a constant currency basis, fourth quarter 2015 revenue was up 3% versus the prior year. Operating income in the fourth quarter was \$93.5 million, compared to \$87.4 million in the fourth quarter of 2014. Operating income was impacted by pretax charges related to previously-announced restructuring initiatives of \$0.3 million in the fourth quarter of 2015 and \$1.0 million in the fourth quarter of 2014.

Fourth quarter 2015 net income was \$70.2 million, or \$0.51 per diluted share, compared with net income of \$72.8 million, or \$0.51 per diluted share in the fourth quarter a year ago. Net income in the fourth quarter of 2015 was impacted by an after-tax gain on the sale of an investment of \$12.7 million, offset by after-tax restructuring charges of \$0.2 million and discrete tax charges of \$7.4 million, netting to a \$0.04 benefit to earnings per diluted share. Net income in the fourth quarter of 2014 was impacted by after-tax restructuring charges of \$0.7 million and a discrete tax benefit of \$9.4 million, netting to a \$0.06 benefit to earnings per diluted share. Cash provided by operations in the fourth quarter reached \$78.3 million, increasing 25% over the fourth quarter of 2014.

Revenue from the Surveillance segment was \$150.7 million, a decrease of 5% from the fourth quarter results last year. The Instruments segment contributed \$98.6 million of revenue during the fourth quarter, down 5% from the prior year but flat on a constant currency basis. The Security segment recorded revenue of \$68.4 million in the fourth quarter, up 21% from the prior year. FLIR's OEM & Emerging Markets segment had \$49.2 million of revenue, a decrease of 2% from the prior year. Revenue from the Maritime segment was \$36.0 million, and was down 10% from the fourth quarter of 2014 and down

4% on a constant currency basis. The Detection segment contributed \$34.7 million of revenue, an increase of 32% from the prior year.

For the full year, revenue was \$1,557.1 million, up 2% compared to \$1,530.7 million for the year ended December 31, 2014. On a constant currency basis, full year 2015 revenue grew 6% over 2014. Operating income for 2015 was \$305.8 million compared to \$259.2 million in 2014, an increase of 18% for the year. Net income for 2015 was \$241.7 million, or \$1.72 per diluted share, compared with 2014 net income of \$200.3 million, or \$1.39 per diluted share. Cash provided by operations during 2015 was \$275.8 million, which compares to \$226.2 million in the prior year and represents a 22% increase.

FLIR's backlog of firm orders for delivery within the next twelve months was approximately \$604 million as of December 31, 2015, an increase of \$36 million, or 6%, during the quarter and an increase of \$56 million, or 10%, compared to \$547 million at the end of 2014.

"The fourth quarter was in-line with our expectations. While revenues were up only slightly year over year given the strong dollar, our operating profitability improved due to strong execution and focus on costs. Cash flow from operations grew considerably compared to the fourth quarter of 2014 as we improve our working capital utilization. Additionally, sales bookings growth of over 20% during the fourth quarter resulted in the highest ending backlog balance since 2008," said Andy Teich, President and CEO of FLIR. "We were pleased with the financial performance over the full year 2015, with operating income growing 18% and earnings per share up 24%. As we look forward to 2016, we intend to grow in our existing and new markets through continued product innovation, operational discipline, strategic marketing, and opportunistic use of our capital."

Revenue and Earnings Outlook for 2016

FLIR also announced today that it currently expects revenue in 2016 to be in the range of \$1.6 billion to \$1.65 billion and net earnings to be in the range of \$1.60 to \$1.70 per diluted share. This guidance assumes a full year 2016 effective tax rate of 26%, excluding the impact of any future discrete items.

Dividend Increase and Declaration

FLIR's Board of Directors has approved a quarterly cash dividend of \$0.12 per share on FLIR common stock, an increase of 9% over the previous paid quarterly dividend of \$0.11 per share. The Board of Directors has declared the dividend payable on March 4, 2016, to shareholders of record as of close of business on February 19, 2016.

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 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 may be accessed online from the Financial Info Database link under the Financials & Filings section at www.FLIR.com/investor.