

Barco Press Release

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Regulated information

Strong performance in digital cinema and medical imaging puts Barco back on a path of profitable growth

Board of directors proposes a dividend of 1 euro per share

Kortrijk, Belgium, 9 February 2011 - Barco (Nyse/Euronext: BAR; Reuters: BARBt.BR; Bloomberg: BAR BB) today announced results for the six and twelve month periods ended 31 December, 2010.

Fiscal year 2010 financial highlights:

- Order intake for the full year increased 58.3% to 978.3 million euro, up 360.1 million euro from 618.2 million euro a year earlier.
- At 897.0 million euro sales were up 258.9 million euro or 40.6% from 638.1 million euro in 2009.
- Barco's order book at the end of 2010 stood at 426.9 million euro. At the end of December 2009 the order book was 331.4 million euro.
- Gross profits grew 71.1% to 287.5 million euro up from 168.0 million euro the previous year. Gross profit margin was 32.1%, against 26.3% in 2009.
- EBITDA was 98.8 million euro compared to 24.1 million euro in 2009.
- EBIT was 45.1 million euro versus minus 29.5 million euro in 2009. EBIT margin was 5.0% compared to minus 4.6% in 2009.
- Net income for 2010 was 43.6 million euro compared to minus 59.9 million euro the year before.
- Net earnings per share were 3.66 euro compared to minus 5.02 euro in 2009.
- Free cash flow at the end of 2010 was minus 7.0 million euro compared to 59.4 million euro the year before.

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Commenting on the FY 2010 results Eric van Zele, President & CEO said: "The measures we took in 2009 to weather the crisis and to restore profitability have led to robust growth in 2010. Today the company can be proud of delivering on its promises for profitable growth in 2010. Digital cinema grew sales year-on-year by 154.8% to 255 million euro. In medical imaging sales grew by 59.1% to 180.7 million euro. With 61.7% avionics grew strongly also. The other divisions realized single digit growth rates in sales for the full year, but grew sales by double digits in the second half of the year. With 529 million euro shipped during the last six months of 2010, as much as 59% of the full year shipments were realized during the second semester, an increase of 44% versus semester one."

Mr Van Zele also referred to the robust growth by 58.3% in order intake to 978.3 million euro, with all divisions contributing to this increase. He also stated that Barco's order book illustrated how the company dealt with the supply chain challenges caused by the strong demand for its products. Whereas the order book went up from 331.4 million euro end of 2009 to 513.3 million euro end June of 2010, higher shipments in 2H10 reduced the order book to 426.9 million by the end of 2010.

Whereas EBIT was at 3.0% in 1H10, it increased to 6.4% in 2H10, leading to a 5.0% EBIT margin for the full year.

Gross operating cash flow was healthy, fueled by robust top line growth and better margins. Mr Van Zele emphasized that the company's cash flow was solid and was used to invest in Barco's growth. Free cash flow over 2010 was nevertheless slightly negative (minus 7.0 million euro) largely due to some investments in 3D related technology licenses and higher working capital needs.

At the end of December 2010 the net financial cash position of the company remained positive at 8.9 million euro, compared to 23.5 million euro at the end of 2009.

In harmony with Barco's long standing dividend policy the board decided to recommend to the general assembly to pay a dividend of 1 euro per share over 2010.

In view of sustaining Barco's profitable growth in the years to come, management announced the implementation of the third step in a three year turnaround program in which some operating divisions are being regrouped and recombined to capture additional scale economies and to align organizational structure with strategy. This will be covered in detail during Barco's upcoming Analyst & Investor Day on 18 February 2011.

Mr Van Zele concluded: "We are pleased with the progress so far and are taking the next steps to strengthen Barco's leadership in the various segments of our business. We will do whatever it takes to realize further profitable growth in the years to come."

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CONSOLIDATED RESULTS FOR FISCAL YEAR 2010

Sales and order intake

Sales realized in 2010 were 897 million euro, a robust growth of 40.6% compared to the 638.1 million of 2009. Organic growth was 32.3%.

All divisions within the two business groups contributed to that growth with highest contributions from the digital cinema, medical imaging and avionics markets, respectively 154.8%, 59.1% and 61.4%. The other divisions realized single digit growth figures.

Sales to Europe, Middle East, Africa and Latin America (EMEALA) represented 42.7% of consolidated sales, while 35.6% of sales were realized in North America and 21.7% in Asia Pacific. Compared to 2009 sales grew respectively by 28.9%, 66.4% and 30.7%.

Order intake in 2010 was 978.3 million euro, an increase of 58.3% against 618.2 million euro in 2009. Organic growth in incoming orders was 49.7%. The regional distribution of order intake figures is about the same as for sales but growth figures compared to 2009 are even higher than for sales. The EMEALA region had a growth of 45.9% year-on-year, North America 94.3% and the APAC region 40.6%. The company realized growth in almost all countries where Barco is active, with outspoken performance in the Benelux, the Nordic region, the US and China, to name a few.

Evolution order book

(in million euro)	2H10	1H10	2H09	1H09
Order book	426.9	513.3	331.4	336.7

Gross profit

Gross profit increased by 71.1% to 287.5 million euro or 32.1% of sales. In 2009 gross profit was 168.0 million euro and gross profit margin was 26.3%.

EBITDA and EBIT

EBITDA was 98.8 million euro, 11% of sales compared to 24.1 million euro, 3.8% of sales the year before. EBIT was 45.1 million euro compared to minus 29.5 million euro (before restructuring & impairment costs) in 2009. EBIT margin in 2010 was 5.0%. Currency exchanges had a positive impact on EBIT of 6.8 million euro compared to the year before.

Research & development expenses increased year-on-year from 69.2 million euro to 71.4 million euro. In percentage of sales however, R & D expenses went down from 10.8% of sales to 8.0% of sales. Sales & Marketing expenses increased from 94.3 million euro to 114.6 million euro, but relative to sales they decreased from 14.8% of sales to 12.8% of sales. Also general & administration expenses increased in absolute numbers but decreased in percentage of sales: from 41.7 million euro or 6.5% of sales to 49.0 million euro or 5.5% of sales.

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Other operating result was minus 7.4 million euro. 2009 had other operating result of 7.7 million euro.

Income taxes

Income taxes were 0.0 million euro in 2010 compared to a positive tax impact of 6.4 million in 2009. This was due to the usage of tax losses carried forward.

Net income

Net income for 2010 increased to 43.6 million euro from minus 59.9 million euro in 2009. Net margin for 2010 was 4.9% compared to minus 9.4% the year before.

Net earnings per share increased to 3.66 euro from minus 5.02 euro in 2009.
Fully diluted net earnings per share increased to 3.41 euro from minus 5.02 euro.

Free cash flow

Free cash flow over 2010 was slightly negative (minus 7.0 million euro) due to some investments in 3D related technology licenses and higher working capital needs, resulting from the high increase in orders and sales. Gross operating cash flow was very strong though, driven by the high top line growth and better margins than in 2009.

BALANCE SHEET

At the end of December 2010 Barco had a net cash position of 8.9 million euro, compared to a net cash position of 23.5 million euro on 31 December 2009. Barco did not acquire any of its own shares in 2010¹. On 31 December 2010 trade receivables were at 201 million euro, up 66 million from end December 2009. DSO was reduced to 59 days, down 12% from 67 days end 2009. At 230.4 million euro inventory was 84.2 million euro higher than at end 2009. Inventory turns were at 2.3 compared to 2.7 end of 2009. End June 2010 inventory turns were at 2.1. Trade payables were 125.4 million euro, compared to 67.9 million euro at the end of December 2009. DPO was 67 days end of 2010 compared to 55 days the year before. Capex for 2010 excluding capitalized development, was 11.0 million euro, compared to 5.5 million euro the year before.

DIVISIONAL RESULTS FOR FISCAL YEAR 2010

Media & Entertainment and Simulation business group (MES)

Order intake in MES increased by 96.1%% from 283.9 million euro in 2009 to 556.6 million euro in 2010. With an increase of over 200% for digital cinema and almost 60% for simulation, these 2 markets were the main contributors to the growth in order intake of the

¹ The company now owns 737,963 of its own shares or 5.82% before dilution. The acquisition of own shares program started in 2003.

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MES business group. Order intake in the VLS/DS market increased by almost 20%. Growth in order intake for MES was carried by all three regions, with an outperformance of digital cinema in North America. For VLS/DS the APAC region realized the highest growth, while simulation grew the most in the EMEALA region.

The digital cinema business performed extremely well with Barco launching a new series of projectors serving the whole range of the market and putting Barco into the global leadership position. The simulation business had a very strong order intake while shipments remained quite stable.

The order book at the end of December 2010 was 177.5 million euro, compared to 87.5 million euro the year before.

Sales in MES increased by 53.0% to 471.7 million euro in 2010, from 308.3 million euro in 2009, with digital cinema shipments growing by 154.8%. For digital cinema North America and the APAC markets were the strongest. VLS/DS realized the highest growth in the North America and the EMEALA markets, while Simulation had most of its growth in top line in the APAC market.

Simulation continues to be a high margin business. In VLS/DS operational costs have been right sized and the market is recovering slowly. Extraordinary project costs and warranties however, have continued to negatively impact results. The repositioning of the out-of-home LED business to digital signage through the acquisition of dZine, bringing advanced software tools for content creation and management, will further broaden Barco's offering to the market.

At 135.6 million euro, gross profit for the MES business group was up 170.8% compared to the year before. Gross profit margin was 28.7% compared to 16.2% in 2009.

MES EBIT for 2010 was at 27.0 million euro, a 5.7% margin, compared to minus 41.4 million euro in 2009. EBIT in digital cinema was double digit. In simulation it was single digit, while it was still negative in the VLS/DS market.

Monitoring & Control and Medical business group (MCM)

Order intake in MCM increased by 24.5% (10.3 % of which organic) from 339.5 million euro in 2009 to 422.7 million euro in 2010. All divisions within the business group contributed to this growth. The medical business in particular did very well with an increase in incoming orders of 68.7%. Excluding the Fimi acquisition organic growth in order intake was 21.6%. The Avionics business reached double digit growth in order intake. In the traffic, surveillance and monitoring (TSM) division the introduction of the new LED powered cubes continued to improve the competitive position of the traffic, surveillance and monitoring division (TSM) in the market. All divisions of the MCM group had a growing order intake in North America and the APAC region. In the EMEALA region only the medical division could realize growth in order intake.

The order book at the end of December 2010 was 249.6 million euro, compared to 244.5 million euro the year before.

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Sales in MCM increased by 27.6% (14.2% of which was organic growth) from 335 million euro in 2009 to 427.6 million euro in 2010. Growth drivers were medical with 59.1% and Avionics with 61.7%. The other two divisions also contributed, be it with single digit figures. The best growth market for shipments for the MCM group as a whole was North America. The medical division is set to continue its solid performance, as it is investing in the expansion of new sales channels and the development of new customer solutions that are widening the product portfolio in the healthcare market.

At 152.2 million euro, gross profit for the MCM business group increased by 29.1% compared to 2009. Gross profit margin was 35.6% compared to 35.2% the year before.

MCM EBIT for 2010 was at 18.1 million euro, a 4.2% EBIT margin, compared to 11.8 million euro in 2009, a 3.5% margin. The EBIT margin of the medical division was double digit.

CONSOLIDATED RESULTS FOR 2H10

Second half 2010 financial highlights:

- Order intake for the semester was 463.1 million euro, an increase of 45.0% from 319.5 million euro a year earlier.
- Sales of 528.8 million euro were up 60.9% from 328.6 million euro in 2H09.
- Barco's order book at the end of December 2010 stood at 426.9 million euro. At the end of December 2009 the order book was 331.4 million euro.
- Gross profits grew 98.7% to 164.5 million euro up from 82.8 million euro the previous year. Gross profit margin was 31.1%. In 2H09 it was 25.2%.
- EBITDA was 60.6 million euro compared to 8.4 million euro in 2H09.
- EBIT was 34.0 million euro versus minus 18.0 million euro in 2H09. EBIT margin was 6.4% compared to minus 5.5% in 2H09.
- Net income for the semester was 35.2 million euro or 6.7% of sales, compared to minus 53.8 million euro the year before.
- Net earnings per share were 2.95 euro compared to minus 4.51 euro in 2H09.
- Free cash flow at the end of the semester was minus 5.2 million euro compared to 10.3 million euro the year before.

Sales and order intake

Sales for the semester were 528.8 million euro, a 60.9% year-on-year increase.

All divisions within the two business groups had an increase in sales in 2H10 except for defense with sales slightly below the volume of 2H09. The digital cinema and medical

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markets realized the highest growth compared to the same semester of the year before, whereas sales for all other divisions increased by double digit figures.

Sales to Europe, Middle East, Africa and Latin America (EMEALA) represented 41.6% of consolidated sales, while 37.3% of sales were realized in North America and 21.1% in Asia Pacific. Compared to 1H10 sales in all 3 regions contributed strongly to the sales growth in 2H10.

Order intake in 2H10 was 463.1 million euro, an increase of 45.0% compared to the same period the year before. Looking at consecutive semesters the EMEALA and APAC regions contributed more to the FY 2010 growth in order intake in 1H10 than in 2H10, while North America realized higher order intake numbers in the second semester than in the first.

In order intake the APAC region took 21.2% of total, compared to 37.0% for the Americas and 41.8% for the EMEALA region.

The order book at the end of the semester was 426.9 million euro or 28.8% higher than at the end of 2H09 and 16.8% lower than end 1H10.

Gross profit

Gross profit increased year-on-year by 98.7% to 164.5 million euro. Gross profit margin was 31.1% compared to 25.2% in 2H09.

EBITDA and EBIT

EBITDA was 60.6 million euro compared to 8.4 million euro the year before. EBIT was 34.0 million euro compared to minus 18.0 million in 2H09. EBIT margin in 2H10 was 6.4%.

Research & development expenses increased year-on-year from 32.8 million euro to 36.7 million euro. In percentage of sales however, R & D expenses went down from 10.0% of sales to 7.0% of sales. Sales & Marketing expenses increased from 50.0 million euro to 61.7 million euro, but relative to sales they decreased from 15.2% of sales to 11.7% of sales. Also general & administration expenses increased in absolute numbers but decreased in percentage of sales: from 20.8 million euro or 6.3% of sales to 26.0 million euro or 4.9% of sales.

Other operating result was minus 6.0 million euro. 2H09 had other operating result of 2.8 million euro.

Net income

Net income for the semester increased to 35.2 million euro from minus 53.8 million euro for 2H09. Net margin for 2H10 was 6.7% from minus 16.4% the year before.

Net earnings per share (EPS) were 2.95 euro, up from minus 4.51 euro in 2H09. Fully diluted net earnings per share increased to 2.75 euro from minus 4.54 euro.

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DIVIDEND

The board will recommend to the general assembly to pay a dividend of 1 euro per share over 2010.

OUTLOOK FOR 2011

The following statements are forward looking and actual results may differ materially.

2011 will see Barco deploy the third phase of a strategic plan developed beginning 2009. Within the framework of this plan the company will fully adjust structure to strategy in the coming months. Barco will further increase focus on its core activities while simultaneously creating the necessary framework for its other businesses to fully embrace entrepreneurship and become important drivers of growth. Barco will also seek to establish strong geographic leadership in growth markets such as the BRIC countries. Sales and order intake of the BRIC countries are headed for 20% of total sales in 2011.

In this way management feels confident that it can keep Barco on the path of profitable growth.

CONFERENCE CALL

Barco will host a conference call with investors and analysts on 9 February 2011 at 4:30 p.m. CET (10:30 a.m. EST), to discuss the FY10 results. Eric van Zele, CEO, Carl Peeters, CFO and JP Tanghe, IRO, will host the call.

An audio cast of this conference call will be available on the Company's website www.barco.com at 8:00 p.m. Brussels time (2:00 p.m. EST).

ABOUT BARCO

Barco, a global technology company, designs and develops visualization products for a variety of professional markets. Barco has its own facilities for Sales & Marketing, Customer Support, R & D and Manufacturing in Europe, North America and Asia Pacific.

Barco (NYSE Euronext Brussels: BAR) is headquartered in Belgium and is present in more than 90 countries with about 3400 employees worldwide.

- FINANCIAL TABLES -

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<u>Income Statement continuing operations</u>	2010 2nd half	2009 2nd half	2010	2009
<i>(in thousands of euro)</i>				
Net sales	528,754	328,615	896,999	638,066
Cost of goods sold	-364,224	-245,860	-609,484	-470,115
Gross profit	164,531	82,756	287,516	167,951
Research and development expenses	-36,735	-32,752	-71,371	-69,234
Sales and marketing	-62,110	-50,013	-114,555	-94,251
General and administration expenses	-25,608	-20,803	-49,006	-41,665
Other operating income (expense) - net	-6,035	2,850	-7,449	7,662
EBIT before restructuring	34,043	-17,962	45,135	-29,537
Restructuring and impairment costs	0	-39,386	0	-39,386
EBIT after restructuring	34,043	-57,348	45,135	-68,923
Interest income	336	2,403	912	3,803
Interest expense	-1,042	-2,880	-2,422	-5,472
Other non-operating income (expense) - net	0	0	0	0
Income before taxes	33,337	-57,826	43,625	-70,593
Income taxes	1,903	4,023	0	6,383
Net income from continuing operations	35,240	-53,803	43,625	-64,210
Net income from discontinued operations	0	-30		4,289
Net income	35,240	-53,832	43,625	-59,919
Non-controlling interest	0	-13	0	0
Net income attributable to equityholder of the parent	35,240	-53,845	43,625	-59,919
Earnings per share <i>(in euro)</i>	2.95	-4.51	3.66	-5.02
Diluted earnings per share <i>(in euro)</i>	2.75	-4.54	3.41	-5.02

<u>Selected Financial Ratios continuing operations</u>	2010 2nd half	2009 2nd half	2010	2009
EBITDA on sales	11.5%	2.6%	11.0%	3.8%
EBITDA minus capitalized development cost on sales	7.3%	-3.1%	6.4%	-1.4%
EBIT on sales	6.4%	-5.5%	5.0%	-4.6%
Total debt to equity	10.0%	6.5%	10.0%	6.5%

<u>Balance sheet continuing operations</u>	31 Dec 2010	31 Dec 2009
<i>(in thousands of euro)</i>		
ASSETS		
Goodwill	52,891	32,265
Capitalized development cost	59,378	54,434
Other intangible assets	8,573	5,204
Land and buildings	30,525	30,988
Other tangible assets	25,657	23,193
Investments	326	19,327
Deferred tax assets	41,742	32,125
Other non-current assets	17,339	6,109
Non-current assets	236,431	203,645
Inventory	230,421	146,264
Trade debtors	200,983	134,805
Other amounts receivable	32,044	25,850
Deposits and cash at bank and in hand	46,041	45,901
Prepaid expenses and accrued income	8,780	9,092
Assets from discontinued operations	0	6,918
Current assets	518,269	368,831
Total Assets	754,699	572,475

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EQUITY AND LIABILITIES		
Equity attributable to equityholders of the parent	395,590	344,264
Non-controlling interest	1	1
Equity	395,591	344,265
Long-term debts	12,674	11,906
Deferred tax liabilities	7,331	5,299
Other long-term liabilities	13,288	5,446
Non-current liabilities	33,293	22,652
Current portion of long-term debts	2,643	2,393
Short-term debts	24,039	8,116
Trade payables	125,353	67,852
Advances received on contracts in progress	33,659	27,493
Tax payables	23,574	12,203
Employee benefits	47,598	28,450
Other current liabilities	6,522	3,997
Accrued charges and deferred income	14,154	10,801
Provisions for liabilities and charges	48,273	38,824
Liabilities from discontinued operations	0	5,429
Current liabilities	325,815	205,558
Total Equity and Liabilities	754,699	572,475

<u>Cash flow statement continuing operations</u>	2010 2nd half	2009 2nd half	2010	2009
<i>(in thousands of euro)</i>				
Cash flow from operating activities				
EBIT after restructuring & impairment	34,043	-57,295	45,135	-68,861
Impairment	1,278	31,144	1,278	31,144
Restructuring provision (personnel)	-1,539	3,220	-3,735	-4,598
Amortization capitalized development cost	18,532	20,361	39,058	40,849
Depreciation of tangible and intangible fixed assets	6,707	6,026	13,282	12,768
Gains and losses on tangible fixed assets	6	-1,038	0	-856
Share options recognized as cost	146	58	290	330
Discontinued operations : cash flow from operating activities	0	-307	0	-97
Gross operating cash flow	59,173	2,169	95,308	10,679
Changes in trade receivables	-44,890	-12,055	-55,438	34,414
Changes in inventory	-29,039	15,857	-68,240	43,670
Changes in trade payables	32,221	11,643	55,340	-1,995
Other changes in net working capital	3,284	14,064	21,007	11,166
Discontinued operations: change in net working capital	0	-4,814	0	-7,528
Change in net working capital	-38,424	24,695	-47,331	79,728
Net operating cash flow	20,749	26,864	47,977	90,407
Interest income/expense	-644	-477	-1,448	-1,669
Income taxes	3,466	47	393	461
Other non-operating results	-7	302	-7	0
Discontinued operations: income taxes	0	-41	0	373
Cash flow from operating activities	23,564	26,695	46,915	89,572
Cash flow from investing activities				
Expenditure on product development	-21,908	-18,641	-41,107	-32,801
Purchases of tangible and intangible fixed assets	-7,521	-3,702	-13,397	-5,486
Proceeds on disposals of tangible and intangible fixed assets	793	1,228	863	1,228
Acquisition of Group companies, net of acquired cash	-7,877	0	-9,876	0
Disposal of group companies, net of disposed cash	0	0	1,976	0
Other investing activities	1	-19,000	1	-19,000
Discontinued operations: cash flow from investing activities	0	0	0	22,774
Cash flow from investing activities	-36,513	-40,114	-61,541	-33,284
Cash flow from financing activities				
Proceeds from (+), payments of (-) long-term liabilities	-1,238	-1,661	-1,406	-1,766
Proceeds from (+), payments of (-) short-term liabilities	11,224	-9,688	16,173	-80,739
Cash flow from financing activities	9,985	-11,349	14,766	-82,505
Net decrease/increase in cash and cash equivalents	-2,963	-24,769	141	-26,218
Cash and cash equivalents at beginning of period	49,008	70,670	45,901	72,119
Cash and cash equivalents at end of period	46,042	45,901	46,042	45,901

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<u>Results per division continuing operations</u> <i>(in thousands of euro)</i>	2010 2nd half	2009 2nd half	2010	2009
Sales				
Media, Entertainment & Simulation	304,200	155,942	471,716	308,329
Monitoring, Control & Medical	225,728	175,935	427,586	335,003
Eliminations	-1,173	-3,262	-2,302	-5,267
Group	528,755	328,615	896,999	638,066
EBIT				
Media, Entertainment & Simulation	25,897	-26,211	26,960	-41,398
Monitoring, Control & Medical	8,132	8,228	18,111	11,844
Eliminations	14	7	64	13
Group	34,042	-17,975	45,135	-29,541
EBIT Margin				
Media, Entertainment & Simulation	8.5%	-16.8%	5.7%	-13.4%
Monitoring, Control & Medical	3.6%	4.7%	4.2%	3.5%
Group	6.4%	-5.5%	5.0%	-4.6%