

Barco Press Release

Date: 20 July 2011
For immediate release

Name: JP Tanghe
Title: Senior Vice President Barco n.v.

Tel: +32 56 26 23 22
E-mail: jp.tanghe@barco.com

Regulated information

Progress as planned

Kortrijk, Belgium, 20 July 2011 - Barco (Nyse/Euronext: BAR; Reuters: BARBt.BR; Bloomberg: BAR BB) today announced results for the six month period ended 30 June, 2011.¹

First half 2011 financial highlights:

- Orders booked during the first semester amounted to 560.4 million euro, an increase of 8.8% compared to the same period in 2010. Frame agreements are not included in the order intake.
- Barco's order book at the end of June 2011 stood at 479.9 million euro, compared to 513.3 million euro a year earlier.
- Sales for the first semester of 2011 totaled 490.3 million euro, an increase of 33.1% from 368.2 million euro in 1H10.
- Gross profits realized were 147.0 million euro, an increase of 19.5% versus prior year. Gross profit margin was 30.0% in 1H11 versus 33.4% in 1H10.
- EBITDA grew 57.0% to 60.0 million euro for 1H11.
- EBIT realized was 35.0 million euro, an increase of 216% over the same period of 2010. EBIT margin was 7.1% for 1H11 compared to 3.0% for 1H10.
- Net income for 1H11 was 34.0 million euro, up 305% versus 1H10 when net income was 8.4 million euro.
- Net earnings per share were 2.84 euro compared to 0.70 euro in 1H10.
- Free cash flow was minus 12.7 million euro compared to minus 1.8 million euro the year before.

¹ See 2Q11 trading update in annex 2.

Barco Press Release

Referring to the results of 1H11 Mr Van Zele, President and CEO, commented: "We continue to make progress on many fronts. Our incoming orders during 1H11 were robust at 560 million euro and shipments at 490 million euro were well in line with expectations." Mr Van Zele continued by saying that all Barco's operating units delivered positive EBITDA contributions in 1H11 while the company's overall profitability improved encouragingly with an EBIT margin of 7.1% compared to 3% in 1H10.

Mr Van Zele said: "Although Barco's success is still to a large extent carried by the momentum in the Entertainment division and the ongoing strong performance in the Healthcare division, we anticipate that also the Control Rooms & Simulation division as well as the Defense & Aerospace division are gaining momentum and will make steady progress towards their corporate objectives. Also our ventures delivered positive EBITDA contributions."

Mr Van Zele added that inventories at Barco were still unusually high to cope with anticipated component supply issues in the wake of the earthquake in Japan and the boom for digital cinema projectors and LED-powered cubes. He concluded that inventory levels would be brought back to normal levels by the end of the calendar year.

CONSOLIDATED RESULTS FOR THE FIRST HALF ²

Sales and order intake

Sales for the semester were 490.3 million euro, a 33.1% year-on-year increase. There was growth in all divisions except for the Defense & Aerospace division. The highest growth was realized by the Entertainment and the Control Rooms & Simulation divisions. The top line of the Healthcare division and the Ventures increased with high single digit figures compared to the same period the year before.

Sales to Europe, Middle East, Africa and Latin America (EMEALA) represented 43% of consolidated sales, while 34% of sales were realized in North America and 23% in Asia Pacific. Compared to 1H10 sales were up 30.4% in absolute numbers in the EMEALA region, while they grew respectively with 34.8% and 36.1% in North America and the APAC region.

Order intake in 1H11 was 560.4 million euro. Compared to the same period the year before this is an increase of 8.8%, carried by the Entertainment and the Healthcare divisions.

In order intake the APAC region realized 29% of total, compared to 34% for North America and 37% for the EMEALA region. The latter region had a decline of 9.2% in orders, while orders in North America and in the APAC region increased with 12.4% and 38.9% respectively.

The order book at the end of June 2011 was 479.9 million euro or 6.5% lower than at the end of June 2010 and 12.4 % higher than at the end of December 2010.

² See new reporting structure in annex 3

Barco Press Release

Order book

(in million euro)	1H11	2H10	1H10	2H09	1H09
Order book	479.9	426.9	513.3	331.4	336.7

Gross Profit

Gross profit increased year-on-year by 19.5% to 147.0 million euro from 123.0 million euro. Gross profit margin was 30.0% compared to 33.4% in the same period of the year before and 31.1% in 2H10.

EBITDA

EBITDA was 60.0 million euro compared to 38.2 million euro the year before. EBITDA margin was 12.2% in 1H11 versus 10.4% in 1H10.

1H11	Sales	EBITDA	EBITDA %
Entertainment	206.5	28.0	13.5%
Healthcare	90.9	17.3	19.1%
Control Rooms & Simulation	99.6	7.4	7.4%
Defense & Aerospace	53.6	5.4	10.1%
Ventures	40.4	1.8	4.5%
BGS/Elim	(0.7)		
Group	490.3	60.0	12.2%

EBIT

EBIT was 35.0 million euro compared to 11.1 million in 1H10. Research & development cash expenses increased year-on-year in absolute numbers but decreased in percentage of sales: from 33.3 million euro or 9.0% of sales to 39.2 million euro or 8.0% of sales. A similar evolution could be seen with sales & marketing expenses and general & administration expenses. Sales & marketing expenses increased from 52.4 million euro, 14.2% of sales, to 58.3 million euro, 11.9% of sales. General & administration expenses increased from 23.4 million euro or 6.4% of sales to 24.2 million euro or 4.9% of sales.

Other operating result was 5.0 million euro. In 1H10 it was minus 1.4 million euro.

Income Taxes

In 1H11 taxes were 0 million euro compared to 1.9million euro in 1H10. This was due to the usage of carry forward tax losses for which no deferred tax assets have been set up in the past.

Barco Press Release

Net Income

Net income for the semester increased to 34.0 million euro from 8.4 million euro for 1H10. Net margin for the semester was 6.9% from 2.3% the year before.

Net earnings per ordinary share (EPS) were 2.84 euro, up from 0.7 euro in 1H10. Fully diluted net earnings per share increased to 2.65 euro from 0.66 euro.

Free cash flow

Free cash flow over 1H11 was minus 12.7 million euro, due to an increase of 47.9 million euro in inventories following the high top line growth. A decrease in trade payables of 27.8 million euro also contributed to negative free cash flow. Gross operating cash flow nevertheless was 57.3 million euro.

BALANCE SHEET

At the end of June 2011 Barco had a net financial debt position of minus 24.8 million euro, compared to a net cash position of 21.9 million euro on 30 June 2010 and a net cash position of 8.9 million euro on 31 December 2010. Barco did not acquire any of its own shares in the first six months of 2011³. On 30 June 2011 trade receivables were at 170.7 million euro, down 30.3 million from end December 2010. DSO were at 61 days, compared to 72 days end of June 2010 and 59 days end of December 2010. At 279.8 million euro inventory was 80.2 million euro higher than one year ago. Inventory turns were at 2.2 compared to 2.1 end of June 2010 and 2.3 at the end of December 2010. Trade payables decreased by 27.6 million euro to 97.8 million euro, compared to 125.4 million euro at the end of December 2010. End June 2010 trade payables were 92.4 million euro. Capex for 1H11, excluding capitalized development, was 7.5 million euro, compared to 5.9 million euro the year before.

DIVISIONAL RESULTS FOR 1H11

Entertainment division

Order intake in the Entertainment division increased by 16.4% from 229.2 million euro in 1H10 to 266.8 million euro in 1H11, with a positive contribution from all three businesses: digital cinema, projection and image processing. Order intake for the division was strong in North America with 26.1% growth and even stronger in the APAC region with a growth of 78.1%. The EMEALA region on the other hand had a decrease of 32.1% due to a very strong order intake in digital cinema in 1H10. Frame agreements are not included in the order intake.

Sales in the Entertainment division increased by 87.4% to 206.5 million euro in 1H11 from 110.3 million euro in 1H10. All three businesses contributed to this growth and so did all three regions: EMEALA added 55.1% to its top line of 1H10, North America 130.6% and the APAC region 89.8%. Projection performed strongly in the events market and made a new entry into the corporate AV market.

³ The company now owns 737,963 of its own shares or 5.78% before dilution. The acquisition of own shares program started in 2003.

Barco Press Release

EBITDA for 1H11 was 28.0 million euro compared to 15.5 million euro in 1H10, an increase of 80.8%. The EBITDA margin decreased from 14.0% to 13.5% year-on-year.

Healthcare division

The Healthcare division realized an order intake of 98.8 million euro in 1H11. This is an increase of 20.3% compared to 82.1 million euro order intake of the same period the year before. Growth in the APAC region was 40.0% and in EMEALA it was 25.4%. North America realized an increase of 11.7%.

With 90.9 million euro sales versus 83.8 million euro in 1H10, the Healthcare division realized an increase of 8.5% year-on-year. Top line remained flat in North America and the APAC region. The EMEALA region however, increased its top line with 17.8%. The Fimi acquisition (end December 2009) has now been fully integrated and synergies are yielding important wins for custom products. Strategic efforts in new segments such as dental imaging and digital pathology result in first important contracts.

EBITDA for 1H11 was 17.3 million euro compared to 14.9 million euro in 1H10, an increase of 16.7%. The EBITDA margin increased from 17.7% to 19.1%.

Control Rooms & Simulation division

Global order intake in the Control Rooms & Simulation division decreased by 3.9% from 107.8 million euro in 1H10 to 103.6 million euro in 1H11. Traffic, surveillance and monitoring however, increased its order intake, carried by all three regions, while simulation contributed negatively, due to an exceptionally strong order intake in 1H10.

Sales in the control Rooms & Simulation division increased by 24.3% from 80.1million euro in 1H10 to 99.6 million euro in 1H11, with sizeable growth in both traffic, surveillance and monitoring and in simulation. Except for simulation in North America, all three regions contributed to the increase in top line of the two businesses.

EBITDA for the semester was at 7.4 million euro, a 7.4% EBITDA margin, compared to 5.1 million euro in 1H10, a 6.4% margin.

Defense & Aerospace division

In 1H11 global order intake for the Defense & Aerospace division was down 9.3% from 51.8 million euro to 47.0 million euro. Only the EMEALA region increased its order intake (by 20.5%). A first large order in the defense land based market was signed in the UK. Defense performed positively in the APAC region and so did Aerospace in the EMEALA region.

Global sales decreased by 8.9% from 58.9 million euro to 53.6 million euro. The EMEALA region grew its top line by 13.0% with a strong contribution of Aerospace. The other two regions contributed negatively, although Defense realized sizeable growth in North America.

EBITDA for the semester was at 5.4 million euro, a 10.1% EBITDA margin, compared to 8.5 million euro in 1H10, a 14.4% margin.

Barco Press Release

Ventures

Order intake for the ventures in 1H11 was 44.4 million euro, a decrease of 3.0% from 45.8 million euro in 1H10, fully due to weak order intake in the APAC region. Order intake increased marginally in the EMEALA region, but more strongly in North America, mainly thanks to the LED business.

Global sales increased by 7.7% from 37.5 million euro to 40.4 million euro, with contributions from the EMEALA region and North America. All of the ventures realized growth in these two regions.

EBITDA for the semester was at 1.8 million euro, a 4.5% EBITDA margin, compared to minus 5.8 million euro in 1H10, a negative margin of 15.4%.

OUTLOOK FOR 2011

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

Although Barco's progress has recently been carried predominantly by the growth momentum in the Entertainment and Healthcare divisions, management believes that all other divisions are well on the way to realize their corporate objectives.

Even though growth in digital cinema will begin to level off in coming quarters, Barco's progress is sustainable.

Barring any unexpected macro-economic turmoil 2011 will be a good year for Barco.

CONFERENCE CALL

Barco will host a conference call with investors and analysts on 20 July 2011 at 9:00 a.m. CET (3:00 am EST), to discuss the results of 1H11. 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 by 12:30 p.m. Brussels time (6:30 a.m. EST).

ABOUT BARCO

Barco, a global technology company, designs and develops visualization products for a variety of selected 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 active in more than 90 countries with about 3,500 employees worldwide. Barco posted sales of 897 million euro in 2010.

For more information and the full report "6 month period ended 30 June 2011", please visit the Company's website at www.barco.com

Barco Press Release

Annex 1: FINANCIAL TABLES

Income Statement	2011 1st half	2010 1st half
<i>(in thousands of euros)</i>		
Net sales	490,300	368,245
Cost of goods sold	-343,338	-245,260
Gross profit	146,962	122,985
Research and development expenses	-34,358	-34,636
Sales and marketing	-58,306	-52,445
General and administration expenses	-24,244	-23,398
Other operating income (expense) - net	4,984	-1,414
EBIT	35,038	11,093
Interest income	582	576
Interest expense	-1,636	-1,380
Income before taxes	33,984	10,289
Income taxes	0	-1,903
Net income	33,984	8,386
Non-controlling interest	0	0
Net income attributable to equityholder of the parent	33,984	8,386
Earnings per share <i>(in euros)</i>	2.84	0.70
Diluted earnings per share <i>(in euros)</i>	2.65	0.66

Selected Financial Ratios	2011 1st half	2010 1st half
EBITDA	59,975	38,194
EBITDA on sales	12.2%	10.4%
EBITDA minus capitalized development cost	37,281	18,995
EBITDA minus capitalized development cost on sales	7.6%	5.2%
EBIT on sales	7.1%	3.0%
Total debt to equity	12.8%	7.5%

Balance sheet	30 June 2011	31 Dec 2010
<i>(in thousands of euro)</i>		
ASSETS		
Goodwill	53,708	52,891
Capitalized development cost	64,053	59,378
Other intangible assets	12,420	8,573
Land and buildings	26,217	30,525
Other tangible assets	27,295	25,657
Investments	327	326
Deferred tax assets	44,130	41,742
Other non-current assets	19,867	17,339
Non-current assets	248,017	236,431
Inventory	279,805	230,421
Trade debtors	170,692	200,983
Other amounts receivable	36,178	32,044
Deposits and cash at bank and in hand	24,400	46,041
Prepaid expenses and accrued income	4,706	8,780
Current assets	515,781	518,269
Total Assets	763,798	754,699
EQUITY AND LIABILITIES		
Equity attributable to equityholders of the parent	415,712	395,590
Non-controlling interest	2	1
Equity	415,714	395,591
Long-term debts	13,236	12,674
Deferred tax liabilities	6,145	7,331
Other long-term liabilities	12,522	13,288
Non-current liabilities	31,903	33,293
Current portion of long-term debts	1,843	2,643
Short-term debts	38,131	24,039
Trade payables	97,787	125,353
Advances received on contracts in progress	43,942	33,659
Tax payables	24,328	23,574
Employee benefits	44,429	47,598
Other current liabilities	5,972	6,522
Accrued charges and deferred income	17,597	14,154
Provisions for liabilities and charges	42,153	48,273
Current liabilities	316,182	325,815
Total Equity and Liabilities	763,798	754,699

Barco Press Release

Cash flow statement	2011 1st half	2010 1st half
<i>(in thousands of euros)</i>		
Cash flow from operating activities		
EBIT	35,038	11,093
Restructuring provision (personnel)	-2,614	-2,196
Amortization capitalized development cost	17,806	20,526
Depreciation of tangible and intangible fixed assets	7,139	6,575
Gains and losses on tangible fixed assets	-57	-6
Share options recognized as cost	338	144
Gross operating cash flow	57,650	36,137
Changes in trade receivables	29,058	-10,548
Changes in inventory	-47,928	-39,201
Changes in trade payables	-27,792	23,119
Other changes in net working capital	10,125	17,723
Change in net working capital	-36,536	-8,907
Net operating cash flow	21,115	27,230
Interest income/expense	-1,054	-804
Income taxes	-5,374	-3,073
Cash flow from operating activities	14,686	23,353
Cash flow from investing activities		
Expenditure on product development	-22,694	-19,199
Purchases of tangible and intangible fixed assets	-7,465	-5,876
Proceeds on disposals of tangible and intangible fixed assets	3,077	70
Acquisition of Group companies, net of acquired cash	-8,705	-1,999
Disposal of group companies, net of disposed cash	-3,452	1,976
Cash flow from investing activities	-39,240	-25,029
Cash flow from financing activities		
Dividends paid	-12,670	0
Share issue	3,584	0
Proceeds from (+), payments of (-) long-term liabilities	-1,269	-168
Proceeds from (+), payments of (-) short-term liabilities	13,267	4,949
Cash flow from financing activities	2,912	4,781
Net decrease/increase in cash and cash equivalents	-21,641	3,107
Cash and cash equivalents at beginning of period	46,041	45,901
Cash and cash equivalents at end of period	24,400	49,008

Results per division	2011 1st half	2010 1st half
<i>(in thousands of euros)</i>		
Sales		
Entertainment	206,545	110,261
Healthcare	90,913	83,823
Control Rooms & Simulation	99,575	80,112
Defense & Aerospace	53,642	58,869
Ventures	40,413	37,518
Intra-group eliminations	-788	-2,339
Group	490,300	368,245
EBITDA		
Entertainment	27,969	15,467
Healthcare	17,335	14,851
Control Rooms & Simulation	7,413	5,142
Defense & Aerospace	5,422	8,497
Ventures	1,836	-5,763
Group	59,975	38,194

Barco Press Release

Annex 2: 2Q11 TRADING UPDATE

Second quarter 2011 trading update:

Order book

	2Q11	2Q10	change
Barco	479.9	513.3	(6.5%)

Incoming orders

	2Q11	2Q10	change
Barco	266.3	298.9	(10.9%)

Sales per division

	2Q11	2Q10	change
Entertainment	103.9	63.0	65.0%
Healthcare	43.3	39.9	8.5%
Control Rooms & Simulation	57.2	44.5	28.6%
Defense & Aerospace	27.5	29.4	(6.4%)
Ventures	19.8	16.3	21.4%
Intra-group eliminations	(0.6)	(0.9)	
Barco	251.1	192.2	30.6%

Annex 3: NEW REPORTING STRUCTURE

Beginning 2009, Barco launched a 3-phase plan to increase its performance. The first 2 phases, completed by the end of 2010, consisted of weathering the global economical and financial crisis, followed by resuming growth and restoring profitability. The third phase, initiated early 2011, aimed at preparing Barco for sustainable profitable growth. The first step in this process of redefining Barco was an analysis of its current activities, which led to a structure of four core businesses and one group of ventures:

- **Barco's core business activities** : the company will invest and expects to realize continued growth in :
 - o **Control rooms and Simulation division:** The former divisions Traffic, Surveillance & Monitoring (last year reported as part of the business group Monitoring, Control & Medical Imaging) and Simulation (last year reported as part of the business group Media, Entertainment & Simulation) are joint together into one division.
 - o **Entertainment division:** this division contains the digital cinema activities, with strong projector know-how as core competency with trends towards integrated multimedia capabilities. Last year, this division was reported as part of the business group Media, Entertainment & Simulation.
 - o **Healthcare division:** this Barco division has a strong market leadership in the radiology segment and aims at broadening its portfolio with point of care and surgical capabilities. Last year, this division was reported as part of the business group Monitoring, Control & Medical Imaging.
 - o **Defense and Aerospace division:** Barco will run its businesses Defense and Aerospace as a "defense business", with focus on similar value positioning for both divisions, which are characterized as long term project businesses. Last year, this division was reported as part of the business group Monitoring, Control & Medical Imaging.
- **Barco's ventures:** within its portfolio Barco identified 5 activities which need more focus and autonomy in order to enhance their performance and to stimulate growth. Last year, these ventures were reported as part of the business groups Monitoring, Control & Medical Imaging and Media, Entertainment & Simulation.

Management monitors the results of each of the core divisions and the ventures separately so as to make decisions about resource allocation and performance assessment. Division performance is evaluated based on EBITDA. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to the operating divisions.

As a consequence, the group has aligned its segment reporting with this new business structure, resulting in 5 operating segments. Prior year financials have been restated for consistency reasons.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.