

Press release

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For immediate release

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Regulated information

Barco delivers solid performance

Kortrijk, Belgium, 20 July 2012 – Today Barco (Nyse/Euronext: BAR; Reuters: BARbt.BR; Bloomberg: BAR BB) announced results for the six month period ended 30 June, 2012.¹

First half 2012 financial highlights:

- Barco's order book at the end of June 2012 stood at 501.5 million euro, an increase of 4.5% compared to 479.9 million euro a year earlier.
- Incoming orders amounted to 542.9 million euro, compared to 560.4 million euro for the same period in 2011. In addition to the reported order intake Barco secured a number of sizable new frame agreements.
- Sales totaled 531.0 million euro, an increase of 8.3% from 490.3 million euro for the first half of 2011.
- Gross profits realized were 173.1 million euro, an increase of 17.8% over last year's first half. Gross profit margin was 32.6%, compared to 30.0% for the first half of 2011.
- EBITDA was 71.7 million euro, an increase of 19.6% over the same period of 2011. EBITDA margin was 13.5%, compared to 12.2% for the first half of 2011.
- EBIT was 43.5 million euro, an increase of 24.3% over the same period of 2011. EBIT margin was 8.2%, compared to 7.2% for the first half of 2011.
- Net income was 43.5 million euro, up 27.9% over last year when net income was 34.0 million euro.
- Net earnings per share were 3.62 euro, compared to 2.84 euro for the first half of 2011.
- Free cash flow was 29.1 million euro, compared to a negative 12.7 million euro for the first half of 2011.

¹ See 2Q12 trading update in annex 2

"Barco delivered a solid first half performance, boosted by second quarter sales growth in all business segments," said Mr. Van Zele, President and CEO. "On the strength of a common operations backbone and greater scale, our EBITDA margin increased by 130 basis points to 13.5% even as we made substantial and deliberate investments in sales and marketing initiatives and new technology platforms to advance our longer term strategic objectives. Strong cash flow generation combined with good management of working capital contributed to a healthy cash position of the company."

"We continued to gain share in all target markets and strengthened our global leadership position in Barco's core," Mr. Van Zele added. "To take full advantage of emerging opportunities in mid-market segments and to drive adoption of 'networked visualization' technology across our markets, our priorities in 2012 are to expand our product portfolio and to intensify our Sales and Marketing activities. We have made considerable progress against these priorities. For example, we launched a number of marketing programs in the 'Patient Care' and 'Digital Operating Room' segments of our Healthcare division and in the 'Corporate AV' segments of our Entertainment and Control Rooms divisions."

"By executing on these priorities, Barco will continue to drive profitable growth in all divisions," concluded Mr. Van Zele.

CONSOLIDATED RESULTS FOR THE FIRST HALF

Sales and order intake

Sales for the first half of the year were 531.0 million euro, a year-on-year increase of 8.3% or more than 40 million euro. All divisions as well as the ventures posted positive growth driven by strong performances during the second quarter.

Sales to Europe, Middle East, Africa and Latin America (EMEALA) represented 44% of consolidated sales, while 33% of sales were realized in North America and 23% in Asia Pacific. Compared to 1H11 sales were up 9% in the EMEALA region, and by 5% and 11% in North America and the APAC region respectively.

Order intake in 1H12 was 542.9 million euro, 3.1% below the same period in 2011 with a 9% increase in EMEALA offset by decreases in North America and APAC of 6% and 14%, respectively. The EMEALA region contributed 42% to total order intake followed by 32% from North America and 26% from the APAC region.

Order book

The order book at the end of June 2012 stood at 501.5 million euro. This is 4.5% higher than at the end of both 1H11 and 2H11.

in millions of euro	1H12	2H11	1H11	2H10	1H10
Order book	501.5	479.9	479.9	426.9	513.3

Gross profit

Gross profit increased to 173.1 million euro from 147.0 million euro, an increase of 17.8%. Gross profit margin was 32.6%, compared to 30.0% for the same period in 2011 and 30.1% for the 2H11.

EBITDA

EBITDA was 71.7 million euro, compared to 60.0 million euro the year before. EBITDA margin was 13.5% in 1H12, versus 12.2% in 1H11.

1H12	Sales	EBITDA	EBITDA %
Entertainment	218.9	40.0	18.3%
Healthcare	100.2	12.0	12.0%
Control Rooms & Simulation	103.6	9.1	8.8%
Defense & Aerospace	63.4	7.2	11.4%
Ventures	45.2	3.4	7.5%
Intra-group eliminations	(0.3)		
Group	531.0	71.7	13.5%

EBIT

EBIT was 43.5 million euro, compared to 35.0 million in 1H11. Research & Development cash expenses increased by 5.1 million euro to 44.3 million euro. As a percent of sales, research and development expenses increased to 8.3% from 8.0% last year. Sales & Marketing expenses increased by 10.6 million euro, to 68.9 million euro, compared to 58.3 million euro last year. As a percent of sales, Sales & Marketing expenses rose to 13.0%, compared to 11.9% last year. General & administration expenses were 25.5 million euro, compared to 24.2 million euro last year and flat as a percent of sales, at 4.8%.

Other operating results amounted to 4.3 million euro, compared to 5.0 million euro last year.

Income taxes

In 1H12 taxes were 1.8 million euro, compared to 0 million euro in 1H11.

Net income

Net income attributable to equity holders for the semester increased to 43.5 million euro, from 34.0 million euro last year. Net margin for the semester was 8.2%, compared to 6.9% the year before.

Net earnings per ordinary share (EPS) were 3.62 euro, up from 2.84 euro in 1H11. Fully diluted net earnings per share were 3.37 euro, compared to 2.65 euro last year.

Free cash flow

Free cash flow for the first six months of 2012 was 29.1 million euro, compared to negative 12.7 million euro for the same period last year, reflecting solid gross operating cash flow of 68.2 million euro and good management of net working capital.

BALANCE SHEET

On 30 June 2012, Barco had a net financial cash position of 47.5 million euro, compared to 24.8 million euro on 30 June 2011 and 61.6 million euro on 31 December 2011. The change in the net financial cash position includes the new cash flow as well as cash used to pay dividends and for acquisitions. Barco did not acquire any of its own shares in the first six months of 2012².

At the end of 1H12, trade receivables were at 194.7 million euro, compared to 170.7 on 30 June 2011, and 187.1 million euro on 31 December 2011. DSO were at 60 days, compared to 61 days as of 30 June 2011 and 56 days as of 31 December 2011. At 264.6 million euro, inventory was 15.2 million euro lower than 30 June 2011 and 30.7 million euro higher than 31 December 2011. Inventory turns were at 2.5, compared to 2.2 at the end of June 2011 and 2.7 at the end of December 2011. Trade payables stood at 152.5 million euro at the end of June 2012, compared to 97.8 million euro on 30 June 2011 and 110.8 million euro on 31 December 2011. Capex, excluding capitalized development, was 10.3 million euro, compared to 7.5 million euro for the same period last year.

ROCE stood at 18.9%, compared to 12.7% at 30 June 2011 and 19.6% at 31 December 2011.

DIVISIONAL RESULTS FOR FIRST HALF 2012

Entertainment division

During the first half of 2012, Barco maintained its dominant share of the digital cinema market while continuing to execute its plans to grow into the emerging replacement market and nascent global mid-segment markets, and to increase its market share of the professional AV market. These plans include introducing next generation products and building partnerships to drive sales in emerging markets. Since the beginning of 2012, the company has showcased a new ground-breaking laser based projector, launched new products for the professional AV market, formed new distributor partnerships and expanded relationships with existing customers.

Global order intake in the Entertainment division was 230.5 million euro, compared to 266.8 million euro for 1H11, a 13.6% decline. In addition to the reported order intake, Barco secured several new and substantial frame agreements. Consistent with Barco's corporate objectives, order intake in the Professional AV market increased while order intake for Digital Cinema declined as anticipated. Order intake increased in the EMEALA region and softened in North America and the APAC region.

² The company now owns 737,963 of its own shares or 5.78% before dilution

Sales increased by 6.0% to 218.9 million euro in 1H12, compared to 206.5 million euro in 1H11 driven by a 14.5% sales gain in the second quarter of 2012. Both Digital Cinema and Professional AV posted sales increases for the 1H12 period. Sales in Latin America, the Middle East and Asia Pacific were strong, partially offset by flat results in Western Europe and North America.

EBITDA was 40.0 million euro, compared to 28.0 million euro for 1H11, increasing by 42.9% and outpacing sales growth. As a result of volume gains and operational improvements implemented during 2011, the EBITDA margin increased 480 basis points to 18.3% from 13.5% last year.

Healthcare division

During 1H12 Barco focused on implementing its strategy of expanding into multiple new healthcare segments that are adopting digital visualization technologies, leveraging its market leadership in diagnostic imaging. Management has determined that heavy investments in research & development and marketing are necessary in the short term to establish leadership positions in the fast-growing emerging segments of the market. To date, these investments have included acquiring JAOtech in February 2012, further developing networked visualization solutions and integrating IPVS³ components in these solutions. Investments in marketing have produced new partnerships with systems integrators, initial contract wins and a strong funnel of future sales opportunities. In addition, the company has made further inroads into dental imaging, signing its first agreement with a U.S. distributor, and into pathology. Finally, Barco has invested in training sales teams and partners worldwide to sell point-of-care terminals. Management expects these upfront investments will begin to yield returns in the second half of 2012.

Order intake was 94.2 million euro in 1H12, compared to 98.8 million euro for the same period last year, a decrease of 4.7%. Growth in the APAC region was offset by softness in Europe and North America.

Sales grew by 10.2% to 100.2 million euro from 90.9 million euro in 1H11. This growth was boosted by a 14.8% sales gain in the second quarter of 2012 and reflects Barco's ongoing strength in diagnostic imaging with growth coming from the APAC region and North America.

The EBITDA margin declined from 19.0% to 12.0% as a result of the heavy investments in future growth. EBITDA in 1H12 was 12.0 million euro, compared to 17.3 million euro in 1H11.

Control Rooms & Simulation division

During the 1H12, Barco continued to advance its plan to improve profitability of the Control Rooms & Simulation division. The company moved manufacturing to India and reorganized the division's operational structure and continues to rebuild its supply chain and invest in the development of networked visualization and mid-segment products.

³ IPVS or IP Video Systems, specialized in networked visualization, was acquired by Barco in January 2012

Global order intake was 101.3 million euro, compared to 103.6 million euro in 1H11, a 2.2% decrease, reflecting good results for Control Rooms, particularly in the APAC region, offset by softness in Simulation.

Sales grew by 4.0% to 103.6 million euro in 1H12, compared to 99.6 million euro for the same period last year, also driven by gains in Control Rooms. Comparing year over year sales by geographic region, North America and the APAC region posted higher sales while EMEALA sales were flat.

EBITDA for the first half of 2012 was at 9.1 million euro, for a 8.8% margin, compared to 7.4 million euro, for a 7.4% margin in the first half of 2011

Defense & Aerospace division

During the first half of 2012, Barco continued to execute its strategy to optimize profitability by focusing on a narrow set of profitable market opportunities. In Defense, the company released new network visualization and smartview products, both of which were well received by key accounts. In Avionics, the company won two new contracts for its renewed and modular Avionics display platform and started deliveries to the largest Air Traffic Control program ever.

Global order intake increased by 23.8%, to 58.2 million euro from 47.0 million euro in 1H11 fueled by new Aerospace contracts in the EMEALA and APAC regions. In addition to the reported order intake Barco signed several frame agreements which will provide the basis for future order intake.

Sales grew by 18.3% to 63.4 million euro from 53.6 million euro in 1H11, reflecting strong shipments in the second quarter, primarily in the APAC region and North America.

EBITDA was 7.2 million euro, for an 11.4% EBITDA margin, compared to 5.4 million euro, for a 10.1% margin in 1H11.

Ventures

Order intake for the ventures in 1H12 was 60.7 million euro, an increase of 36.7% compared to 44.4 million euro in 1H11, primarily reflecting contract wins for Livedots and Clickshare.

Global sales increased by 11.9% to 45.2 million euro, compared to 40.4 million euro the year before, primarily driven by sales growth for Livedots.

EBITDA was 3.4 million euro, for a 7.5% EBITDA margin, compared to 1.8 million euro, for a 4.5% margin last year.

OUTLOOK FOR 2012

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

The company ended the first half of 2012 with a book-to-bill ratio that indicates continued sales growth for the second half of 2012. Barring further macro economic deterioration, 2012 should deliver another good year for Barco.

Press release

In agreement with the Board of Directors, Mr. Eric Van Zele has confirmed his intention to serve his full term as Chief Executive Officer through May 2014. Under his leadership, Barco plans to continue driving shareholder value by working decisively on 2H12 focal points in line with its three core strategies:

- Further solidify its position in emerging geographies and continue to expand its channel programs, in particular for the corporate AV segments.
- Establish Barco's leadership in networked visualization solutions, and strengthen its n° 1 position in high performance projection and display technology.
- Expand its low cost manufacturing in India and China to enable the release of additional mid segment systems.

Barco will further invest in strengthening its core, including making decisions on its portfolio of venture companies, in order to maximize shareholder long term value.

In addition, Barco plans to continue to develop its next generation of leaders and further institutionalize the company's corporate values throughout the organization in order to ready the company for its next stage of growth.

CONFERENCE CALL

Barco will host a conference call with investors and analysts on 20 July 2012 at 9:00 a.m. CET (3:00 am EST), to discuss the results of 1H12. Eric Van Zele, CEO, Carl Peeters, CFO and Carl Vanden Bussche, 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 3,700 employees worldwide. Barco posted sales of 1,041 million euro in 2011.

For more information and the full report "6 month period ended 30 June 2012", please visit the Company's website at www.barco.com

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Annex 1: FINANCIAL TABLES

Income Statement <i>(in thousands of euro)</i>	2012 1st half	2011 1st half
Net sales	530,994	490,300
Cost of goods sold	-357,883	-343,338
Gross profit	173,110	146,962
Research and development expenses	-39,487	-34,358
Sales and marketing	-68,872	-58,306
General and administration expenses	-25,537	-24,244
Other operating income (expense) - net	4,311	4,984
EBIT	43,526	35,038
Interest income	2,216	582
Interest expense	-632	-1,636
Income before taxes	45,108	33,984
Income taxes	-1,822	0
Net income	43,287	33,984
Share in the result of joint ventures and associates	237	0
Net income attributable to equityholder of the parent	43,523	33,984
Earnings per share <i>(in euros)</i>	3.62	2.84
Diluted earnings per share <i>(in euros)</i>	3.37	2.65
Selected Financial Ratios	2012 1st half	2011 1st half
EBITDA on sales	13.5%	12.2%
EBITDA minus capitalized development cost on sales	8.8%	7.6%
EBIT on sales	8.2%	7.1%
Total debt to equity	4.4%	12.8%
Balance sheet <i>(in thousands of euro)</i>	30 June 2012	31 Dec 2011
ASSETS		
Goodwill	68,129	43,921
Capitalized development cost	74,137	69,020
Other intangible assets	20,391	14,565
Land and buildings	29,512	30,569
Other tangible assets	29,310	27,479
Investments	10,856	9,300
Deferred tax assets	58,488	56,763
Other non-current assets	17,288	19,134
Non-current assets	308,110	270,751
Inventory	264,594	233,928
Trade debtors	194,747	187,114
Other amounts receivable	40,535	35,197
Deposits and cash at bank and in hand	61,188	79,165
Prepaid expenses and accrued income	4,954	8,412
Assets from discontinued operations		
Current assets	566,018	543,816
Total Assets	874,128	814,567
EQUITY AND LIABILITIES		
Equity attributable to equityholders of the parent	489,556	460,703
Non-controlling interest	0	0
Equity	489,556	460,703
Long-term debts	15,711	19,014
Deferred tax liabilities	5,302	5,005
Other long-term liabilities	7,203	8,117
Non-current liabilities	28,215	32,136
Current portion of long-term debts	1,924	1,691
Short-term debts	4,088	6,593
Trade payables	152,536	110,791
Advances received on contracts in progress	53,660	55,748
Tax payables	26,430	21,556
Employee benefits	50,868	51,741
Other current liabilities	7,978	8,045
Accrued charges and deferred income	18,802	23,488
Provisions	40,069	42,075
Current liabilities	356,357	321,728
Total Equity and Liabilities	874,128	814,567

Press release

Cash flow statement <i>(in thousands of euro)</i>	2012 1st half	2011 1st half
Cash flow from operating activities		
EBIT	43,526	35,038
Restructuring provision and charges (personnel)	0	-2,614
Unrealized foreign currency translation gain on Kladno liquidation	-3,735	0
Amortization capitalized development cost	20,256	17,806
Depreciation of tangible and intangible fixed assets	7,908	7,139
Gains and losses on tangible fixed assets	38	-57
Share options recognized as cost	391	338
Share of profit/(loss) of joint ventures	237	0
Gross operating cash flow	68,621	57,650
Changes in trade receivables	113	29,058
Changes in inventory	-26,884	-47,928
Changes in trade payables	36,565	-27,792
Other changes in net working capital	-17,313	10,125
Change in net working capital	-7,519	-36,536
Net operating cash flow	61,102	21,115
Interest income/expense	1,584	-1,054
Income taxes	1,384	-5,374
Cash flow from operating activities	64,069	14,686
Cash flow from investing activities		
Expenditure on product development	-25,066	-22,694
Purchases of tangible and intangible fixed assets	-10,323	-7,465
Proceeds on disposals of tangible and intangible fixed assets	827	3,077
Acquisition of Group companies, net of acquired cash	-27,381	-8,705
Disposal of group companies, net of disposed cash	0	-3,452
Other investing activities	-50	0
Interest in joint-ventures	-1,240	0
Cash flow from investing activities	-63,234	-39,240
Cash flow from financing activities		
Dividends paid	-13,153	-12,670
Share issue	104	3,584
Proceeds from (+), payments of (-) long-term liabilities	-1,730	-1,269
Proceeds from (+), payments of (-) short-term liabilities	-4,600	13,267
Cash flow from financing activities	-19,379	2,912
Net decrease/increase in cash and cash equivalents	-18,544	-21,641
Cash and cash equivalents at beginning of period	79,165	46,041
Cash and cash equivalents (CTA)	567	0
Cash and cash equivalents at end of period	61,188	24,400

Results per division <i>(in thousands of euro)</i>	2012 1st half	2011 1st half
Sales		
Entertainment	218,941	206,545
Healthcare	100,205	90,913
Control Rooms & Simulation	103,602	99,575
Defense & Aerospace	63,424	53,642
Ventures	45,175	40,413
Intra-group eliminations	-353	-788
Group	530,994	490,300
EBITDA		
Entertainment	39,959	27,969
Healthcare	12,016	17,335
Control Rooms & Simulation	9,146	7,413
Defense & Aerospace	7,200	5,422
Ventures	3,370	1,836
Group	71,691	59,975

Annex 2: 2Q12 TRADING UPDATE

Second quarter 2012 trading update:

Order book

in millions of euro	2Q12	2Q11	change
Barco	501.5	479.9	4.5%

Incoming orders

in millions of euro	2Q12	2Q11	change
Barco	283.3	266.3	6.4%

Sales per division

in millions of euro	2Q12	2Q11	change
Entertainment	119.0	103.9	14.5%
Healthcare	49.7	43.3	14.8%
Control Rooms & Simulation	59.7	57.2	4.4%
Defense & Aerospace	36.1	27.5	31.6%
Ventures	26.7	19.8	35.1%
Intra-group eliminations	(0.3)	(0.6)	
Barco	290.9	251.1	15.9%