

Press release

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For immediate release

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Regulated information

Sustained profitable growth

Barco absorbs two acquisitions and continues to invest in strategic growth

Kortrijk, Belgium, 19 July 2013 – Today Barco (Nyse/Euronext: BAR; Reuters: BARbt.BR; Bloomberg: BAR BB) announced results for the six month period ended 30 June 2013.¹

First half 2013 financial highlights:

- Sales totaled 597.9 million euro, an increase of 12.6% from 531.0 million euro for the first half of 2012.
- Incoming orders amounted to 556.5 million euro, an increase of 2.5% compared to 542.9 million euro for the same period in 2012.
- EBITDA was 76.7 million euro, compared to 71.7 million euro for 1H12. EBITDA margin was 12.8%, compared to 13.5% for the first half of 2012.
- EBIT before restructuring was 41.8 million euro, a decrease of 1.8 million euro from 43.5 million euro for the same period of 2012. EBIT margin was 7.0%, compared to 8.2% for the first half of 2012.
- Net income was 31.7 million euro, compared to 43.5 million euro a year before.

Quote of the CEO

"Barco performed well delivering another semester of double-digit sales growth and good operational profitability even as we absorbed two acquisitions and continued to invest in several strategic growth initiatives," said Eric Van Zele, President and CEO.

"While our Projection division gained share in all of its markets, sales for our Healthcare and Advanced Visualization divisions were somewhat slow in the first semester. Market acceptance of our digital operating room solution is taking time but our efforts to create demand are bearing fruit and we expect to see stronger order intake going forward. In addition, sales for ClickShare are gaining momentum, supporting our outlook for a resumption of growth in the second half of the year for the Advanced Visualization division. Also in the Defense & Aerospace division we experienced slippage on a few major programs into the second half of the year and we took steps to reduce costs in view of reduced military spending worldwide, which resulted in our booking a 4.6 million euro restructuring provision. With these and other strategic growth initiatives taking hold, we believe we are on track to deliver another year of profitable growth."

¹ See 2Q13 trading update in annex 2

CONSOLIDATED RESULTS FOR THE FIRST HALF

Preliminary remark

The results of the China Joint Venture and of projectiondesign® have been fully consolidated retro-actively as of 1 January 2013; the results of Awind have been consolidated as of 1 April 2013.

ORDER INTAKE and ORDER BOOK

Order intake in 1H13 was 556.5 million euro, 2.5% above the same period in 2012 with increases in Asia Pacific (APAC) and North America offset by softness in the EMEALA region². The EMEALA region accounted for 39% of total order intake, North America 31% and the APAC region 30%.

With orders increasing year-over-year, the order book was nevertheless 4.5% lower compared to the end of last year and 12.3% lower compared to the end of June 2012 due to an improved sales conversion rate and shorter leadtimes.

<i>(in millions of euros)</i>	1H13	2H12	1H12	2H11	1H11
Order book	440.0	461.2	501.5	479.9	479.9

SALES

Sales of 597.9 million euro reflect growth in Projection and the Ventures partially offset by declines in Defense and Aerospace. Sales for Advanced Visualization and Healthcare were essentially flat.

Sales to Europe, Middle East, Africa and Latin America (EMEALA) represented 41% of consolidated sales, while 32% of sales were realized in North America and 27% in APAC. Compared to 1H12 sales were up by 5% in the EMEALA region, and by 11% and 28% in North America and the APAC region, respectively.

PROFITABILITY

Gross profit

Gross profit increased to 195.9 million euro from 173.1 million euro, an increase of 13.2%. Gross profit margin was 32.8%, compared to 32.6% for the same period in 2012 and 32.4% for the 2H12.

Operational expenses

Total indirect expenses increased by 15.6% versus last year, largely due to the addition of projectiondesign® and Awind (without the acquired businesses, indirect expenses increased by only 4.3%).

² EMEALA region includes Europe, Middle East, Africa and Latin America
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Research & Development expenses increased by 8.1 million euro to 52.4 million euro, reflecting new product development projects in the Advanced Visualization division, higher R&D spending due to the addition of projectiondesign® and amortization of technology acquired from projectiondesign® and Awind. As a percent of sales, research and development expenses increased to 8.8% from 8.3% last year.

Sales & Marketing expenses increased by 13.3 million euro to 82.1 million euro compared to 68.9 million euro last year, in large part due to the above-mentioned acquisitions. As a percent of sales, Sales & Marketing expenses rose to 13.7%, compared to 13.0% last year. General & administration expenses were 27.0 million euro, compared to 25.5 million euro last year or 4.5% of sales versus 4.8% last year.

Other operating results amounted to 1.2 million euro, compared to 4.3 million euro last year.

EBITDA & EBIT

EBITDA was 76.7 million euro, an increase of 7.0%, compared to 71.7 million euro the year before. EBITDA margin was 12.8% versus 13.5% in 1H12. At 12.8% Barco's operational profit margin remained healthy considering important investments made to future growth including acquisitions and non-recurring costs related to these acquisitions, including a booking of inventory step-up, in accordance with IFRS guidelines.

1H13	Sales	EBITDA	EBITDA %
Projection	285.4	47.6	16.7%
Healthcare	98.6	12.2	12.3%
Advanced Visualization	88.9	5.5	6.2%
Defense & Aerospace	71.1	6.7	9.4%
Ventures	55.4	4.8	8.7%
Intra-group eliminations	(1.6)		
Group	597.9	76.7	12.8%

The gap between EBITDA and EBIT widened from 5.3% of sales to 5.8%. This is due to a combination of increased amortizations of capitalized development costs and intangibles booked in connection with the recent acquisitions (technology, customer lists and trade names), in accordance with IFRS-guidelines).

As a result EBIT before restructuring was 41.8 million euro, compared to 43.5 million euro in 1H12.

Income taxes

In 1H13 taxes were 4.3 million euro, for a tax rate of 12.0%, compared to 1.8 million euro in 1H12, or a tax rate of 4.0%.

Net income

A non-recurring restructuring provision of 4.6 million euro was booked in connection with actions taken to rightsize the Defense group, contributing to a decrease in net income attributable to equity holders for the semester from 43.5 million euro last year to 30.9 million euro. Net margin for the semester was 5.2%, compared to 8.2% the year before.

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Net earnings per ordinary share (EPS) for the half year were 2.54 euro, down from 3.62 euro in 1H12. Fully diluted net earnings per share were 2.45 euro, compared to 3.37 euro last year.

CASH FLOW & BALANCE SHEET

On 30 June 2013, Barco had a net financial cash position of 24.2 million euro, compared to 47.5 million euro on 30 June 2012 and 111.2 million euro on 31 December 2012. Barco used its cash to complete the acquisitions of projectiondesign® and Awind and to pay dividends.

Free cash flow for the first six months of 2013 was negative 11.6 million euro, compared to positive 29.1 million euro for the same period last year.

Barco generated 72.1 million euro in gross operating cash flow and expended cash primarily on increased income taxes and working capital.³

At the end of 1H13, trade receivables were 194.5 million euro, the same level as last year and 11.4 million euro higher than 31 December 2012. DSO were at 57 days, compared to 60 days as of 30 June 2012 and 48 days as of 31 December 2012.

At 251.4 million euro inventory was 13.2 million euro lower than 30 June 2012 and 27.7 million euro higher than 31 December 2012. Inventory turns were at 3.0, compared to 2.5, at the end of June 2012 and 3.1 at the end of December 2012.

Trade payables stood at 118.4 million euro at the end of June 2013 compared to 152.5 million euro at the end of June 2012 and 127.5 million euro on 31 December 2012, reflecting tight controls over purchasing during 1H13 and DPOs for 1H13 being compatible with the record level attained in 1H12.

Capital expenditure, excluding capitalized development, was 10.1 million euro, compared to 10.3 million euro for the same period last year.

ROCE stood at 16%, compared to 19% at 30 June 2012 and 24% at 31 December 2012.

The following Balance Sheet items were significantly impacted by the acquisitions of projectiondesign® and Awind: Goodwill increased to 145.4 million euro on 30 June 2013 from 68.8 million on 31 December 2012. Other intangible assets increased from 25.0 million euro on 31 December 2012 to 55.5 million euro while non current liabilities increased from 25.9 million euro on 31 December 2012 to 77.9 million euro.

DIVISIONAL RESULTS FOR FIRST HALF 2013

Projection division

The projection division delivered top-line increases in both Digital Cinema and Professional AV. EBITDA declined as a percent of sales to 16.7% from last year's record 18.3% reflecting the addition of projectiondesign®, which is currently generating a lower margin.

³ Barco did not acquire any of its own shares in the first six months of 2013. The company now owns 716,163 of its own shares or 5.51% before dilution.

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In the first semester of 2013, Barco expanded its market share in the Digital Cinema market with major program wins and roll-outs in Latin America, China and India. In anticipation of the maturing digital cinema market, Barco continued to introduce projectors for the professional AV mid-segment, building on its reputation for superior technology and global distribution network.

In this professional AV segment, the division posted strong growth in orders and sales, mainly reflecting the addition of projectiondesign®. Barco is on track with its integration plan that is designed to align projectiondesign®'s profitability with Barco's financial targets for the Projection division by optimizing sales and marketing, supply chain and manufacturing operations. During the first semester, Barco completed the alignment of the two companies' sales and marketing organizations and released its first joint product, the Collaborate projector, aimed at the mid venue projector segment. Along with integrating projectiondesign®, Barco continued to extend its global channel network in order to further penetrate the mid-segments of the professional AV market.

Projection	1H13	1H12	Change %
Orders	262.4	230.5	13.8%
Sales	285.4	218.9	30.4%
EBITDA	47.6	40.0	19.2%
EBITDA margin	16.7%	18.3%	

- Consistent with Barco's corporate objectives, order intake in the Professional AV market grew more than Digital Cinema, which also increased for the first half. Order intake increased in all three regions, with the APAC region accountable for most of the growth.
- Both Digital Cinema and Professional AV posted sales increases for the 1H13 period. Sales in Latin America, the Middle East and APAC were strong, partially offset by flat results in Western Europe and North America.
- EBITDA margin decreased from the 1H12 level due to the addition of projectiondesign®.

Healthcare division

The division maintained its leadership position in diagnostic imaging, despite a somewhat weak demand in the modality business in Europe, and continued to implement its investment strategy of expanding into new market segments including digital operating rooms, interactive patient care and dentistry. During the semester, Barco continued to seed the market with first installations of its digital operating systems and to build the necessary sales and marketing infrastructure, signing agreements with new market-specific systems integrators and expanding agreements with existing channel partners. Recently both existing and new customers made commitments to install over 100 more operating rooms and the FDA has given Barco Class II approval to distribute the Nexxis-solution in the United States, opening up this large market to intensified business development. As a result, Barco is seeing solid evidence of early adoption of this new technology and is well positioned to drive new orders in the second half of the year on top of its traditional business. To better position Barco for the interactive patient care and dentistry segments, the company has expanded the solution offering and released products with revamped functionality.

Healthcare	1H13	1H12	Change %
Orders	92.7	94.2	(1.5%)
Sales	98.6	100.2	(1.6%)
EBITDA	12.2	12.0	1.6%
EBITDA margin	12.3%	12.0%	

- Order intake was mainly flat year over year. Growth in the North American region was offset by softness in Western Europe.
- Sales were slightly down driven by a softer second quarter. The traditional diagnostic markets remain solid with growth in North America offset by softness in Western Europe and in the modality business.
- EBITDA improved slightly mainly because of cost reduction efforts in the division

Advanced Visualization division

The Advanced Visualization division posted flat sales reflecting the addition of collaboration solutions of Awind and ClickShare offset by lower sales for control rooms as a result of several project delays in Western Europe and Middle East. On the other hand sales for ClickShare have been steadily increasing with sales for the second quarter higher than the first quarter. In addition, Barco recently received the certification necessary to sell ClickShare in China and has started the certification process to sell in Japan and South Korea.

With additional access to important APAC markets for ClickShare and having added new partners and introduced its control room mid segment solutions throughout its channel network, Barco is well positioned to drive growth of its advanced visualization solutions.

Advanced Visualization	1H13	1H12	Change %
Orders	94.5	101.1	(6.4%)
Sales	88.9	89.6	(0.8%)
EBITDA	5.5	7.5	(26.7%)
EBITDA margin	6.1%	8.4%	

- Global order intake was down compared to 1H12, reflecting softness in Control Rooms, particularly in the European region, partially offset by growth in collaboration solutions in the second quarter.
- Sales for Advanced Visualization were essentially flat compared to 1H12 driven by delays in control room projects in Europe and the Middle East compensated by a growing contribution of the collaboration segment. By geographic region, North America and the APAC region posted higher sales while EMEALA sales were down.
- Increased investment in networked and collaboration solutions and higher sales and marketing expenses caused EBITDA to decline both in absolute terms and as a percent of sales.

Defense & Aerospace division

New and replacement business in avionics was not able to compensate for the ongoing reduction in defense spending worldwide, resulting in a 11.7% decline in sales. Barco is taking steps to streamline the defense business organization and improve the division's profitability. Based on orders for Avionics, sales are expected to rebound in the second half of the year.

Defense & Aerospace	1H13	1H12	Change %
Orders	59.5	69.2	(14.0%)
Sales	71.1	80.4	(11.7%)
EBITDA	6.7	7.7	(13.0%)
EBITDA margin	9.4%	9.5%	

- The decrease in global order intake was mainly driven by a weak defense spending in all regions, partially offset by a healthy order intake in avionics.
- Sales were down, reflecting growth in the Latin America and APAC region offset by decreases in the EMEA and North America region.
- EBITDA margin on par as a percentage of sales, reflecting the first impact of the cost reduction program in Defense.

Ventures

Strong performances at LiveDots and High End Systems drove sales growth. Sales mix negatively impacted the EBITDA margin.

Ventures	1H13	1H12	Change %
Orders	48.9	50.1	(2.4%)
Sales	55.4	42.2	31.3%
EBITDA	4.8	4.5	5.1%
EBITDA margin	8.6%	10.8%	

OUTLOOK FOR 2013

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

On the basis of a solid mid-year performance, continued progress integrating acquired businesses and improving operational efficiency, Barco reiterates its expectation to generate profitable growth in 2013 albeit at a slower pace than in 2012.

CONFERENCE CALL

Barco will host a conference call with investors and analysts on 19 July 2013 at 9:00 a.m. CET (3:00 am EST), to discuss the results of 1H13. 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 APAC. Barco (NYSE Euronext Brussels: BAR) is active in more than 90 countries with more than 3,900 employees worldwide. Barco posted sales of 1.156 billion euro in 2012.

For more information and the full report "6 month period ended 30 June 2013", please visit the Company's website at www.barco.com

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Annex 1: FINANCIAL TABLES

Income Statement <i>(in thousands of euros)</i>	1 st half 2013	1 st half 2012
Net sales	597,868	530,994
Cost of goods sold	-401,944	-357,883
Gross profit	195,925	173,110
Research and development expenses	-46,287	-39,487
Sales and marketing	-82,142	-68,872
General and administration expenses	-26,962	-25,537
Other operating income (expense) - net	1,228	4,311
EBIT before restructuring	41,763	43,526
Restructuring cost	-4,620	0
EBIT after restructuring	37,142	43,526
Interest income	545	2,216
Interest expense	-1,765	-632
Income before taxes	35,923	45,108
Income taxes	-4,297	-1,822
Result after taxes	31,626	43,287
Share in the result of joint ventures and associates	27	237
Net income	31,652	43,523
Non-controlling interest	-770	0
Net income attributable to equity holder of the parent	30,883	43,523
Earnings per share <i>(in euros)</i>	2.54	3.62
Diluted earnings per share <i>(in euros)</i>	2.45	3.37

Selected Financial Ratios	1 st half 2013	1 st half 2012
EBITDA on sales	12.8%	13.5%
EBITDA minus capitalized development cost on sales	8.0%	8.8%
EBIT on sales	7.0%	8.2%
Total debt to equity	10.3%	3.4%

Balance sheet <i>(in thousands of euros)</i>	30 June 2013	31 Dec 2012
ASSETS		
Goodwill	145,371	68,809
Capitalized development cost	88,110	81,978
Other intangible assets	55,494	25,093
Land and buildings	28,130	28,744
Other tangible assets	41,384	30,661
Investments	9,763	44,445
Deferred tax assets	65,761	61,948
Other non-current assets	14,513	18,041
Non-current assets	448,525	359,719
Inventory	251,356	223,677
Trade debtors	194,471	183,082
Other amounts receivable	34,003	29,053
Deposits and cash at bank and in hand	75,785	122,139
Prepaid expenses and accrued income	5,336	4,209
Current assets	560,951	562,160
Total Assets	1,009,476	921,879

EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	557,386	538,050
Non-controlling interest	3,048	0
Equity	560,434	538,050
Long-term debts	46,843	12,695
Deferred tax liabilities	10,758	3,089
Other long-term liabilities	20,315	10,161
Non-current liabilities	77,915	25,945
Current portion of long-term debts	2,676	4,105
Short-term debts	7,951	1,302
Trade payables	118,378	127,528
Advances received on contracts in progress	75,387	73,587
Tax payables	25,856	25,012
Employee benefits	55,767	57,958
Other current liabilities	7,964	8,241
Accrued charges and deferred income	29,362	20,763
Provisions	47,784	39,388
Current liabilities	371,127	357,884
Total Equity and Liabilities	1,009,476	921,879

Cash flow statement <i>(in thousands of euros)</i>	1 st half 2013	1 st half 2012
<i>Cash flow from operating activities</i>		
EBIT after restructuring	37,143	43,526
Unrealized foreign currency translation gain on Kladno liquidation	0	-3,735
Amortization capitalized development cost	23,058	20,256
Depreciation of tangible and intangible fixed assets	11,910	7,908
Gains and losses on tangible fixed assets	-3	38
Share options recognized as cost	636	391
Share of profit/(loss) of joint ventures	27	237
Gross operating cash flow	72,771	68,621
Changes in trade receivables	14,879	113
Changes in inventory	-4,060	-26,884
Changes in trade payables	-27,777	36,565
Other changes in net working capital	-14,939	-17,313
Change in net working capital	-31,898	-7,519
Net operating cash flow	40,873	61,102
Interest income	545	2,216
Interest expense	-1,765	-632
Income taxes	-11,471	1,384
Cash flow from operating activities	28,182	64,069
<i>Cash flow from investing activities</i>		
Expenditure on product development	-29,160	-25,066
Purchases of tangible and intangible fixed assets	-10,094	-10,323
Proceeds on disposals of tangible and intangible fixed assets	95	827
Acquisition of Group companies, net of acquired cash	-51,667	-27,381
Other investing activities	0	-50
Interest in joint-ventures	0	-1,240
Cash flow from investing activities	-90,827	-63,234

Cash flow from financing activities		
Dividends paid	-16,856	-13,153
Share issue	7,600	104
Sale of own shares	1,354	0
Proceeds from (+), payments of (-) long-term liabilities	20,962	-1,730
Proceeds from (+), payments of (-) short-term liabilities	4,190	-4,600
Cash flow from financing activities	17,249	-19,379
Net decrease/increase in cash and cash equivalents	-45,395	-18,544
Cash and cash equivalents at beginning of period	122,139	79,165
Cash and cash equivalents (CTA)	-958	567
Cash and cash equivalents at end of period	75,785	61,188

Results per division	(in thousands of euros)	1 st half 2013	1 st half 2012
Sales			
Projection		285,447	218,941
Healthcare		98,636	100,205
Advanced Visualization		88,906	89,605
Defense & Aerospace		71,058	80,442
Ventures		55,390	42,190
Intra-group eliminations		-1,569	-389
Group		597,868	530,994
EBITDA			
Projection		47,638	39,959
Healthcare		12,164	12,016
Advanced Visualization		5,452	7,491
Defense & Aerospace		6,695	7,677
Ventures		4,781	4,548
Group		76,730	71,691

Annex 2: TRADING UPDATE 2Q13

Trading update second quarter 2013:

Order book

<i>(in millions of euros)</i>	2Q13	2Q12	change
Barco	440.0	501.5	(12.3%)

Incoming orders

<i>(in millions of euros)</i>	2Q13	2Q12	change
Barco	283.3	283.3	(0.6%)

Sales per division

<i>(in millions of euros)</i>	2Q13	2Q12	change
Projection	155.4	119.0	30.7%
Healthcare	47.2	49.7	(5.0%)
Advanced Visualization	51.3	50.8	1.0%
Defense & Aerospace	41.8	46.5	(10.2%)
Ventures	26.7	25.2	5.9%
Intra-group eliminations	(0.9)	(0.3)	
Barco	321.5	290.9	10.5%