

Press release

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For immediate release

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Regulated information

Barco reaches agreement to sell its Defense & Aerospace division to US-based Esterline

Kortrijk, Belgium, 29 September 2014 – Visualization specialist Barco announced today that it has reached an agreement with US-based aerospace and defense group Esterline Corporation (NYSE: ESL) to sell its Defense & Aerospace division. The sale, which covers both shares and assets, is valued at 150 million euro. The transaction is part of Barco's long-term strategy to streamline its business portfolio and to strengthen its core activities. The transaction is expected to close in the next three to four months.

Press release highlights

Sharpened focus

Barco decided to divest its Defense & Aerospace activities in order to sharpen its focus on its core activities of Healthcare, Entertainment & Corporate and Industrial and Government. Barco enjoys global leadership positions in these markets and is evaluating investment opportunities to continue to accelerate the digital transformation thereof and to contribute to the company's sustainable profitable growth.

Realize full business potential

Esterline is a global leader in Defense & Aerospace and its offering is fully complementary with Barco's. Joining forces with Esterline will enable Barco's Defense & Aerospace division to grow and realize its full business potential.

Expand Esterline's foothold in Europe

Through this transaction, Esterline will expand its foothold in Europe and strengthen its commercial position in the region.

Strategic fit for Esterline

Barco's Defense & Aerospace business is an excellent strategic fit with the core markets and desired technology growth areas of Esterline, adding valuable scope and scale to the display capabilities of both entities.

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Barco's Defense & Aerospace division encompasses activities in defense, avionics, air traffic control, training and simulation, has offices in the United States, Asia and Europe and employs 600 employees. In 2013 the division booked 157 million euro in orders, 150 million euro in sales and realized 20 million euro in EBITDA¹.

"Reduced complexity and increased focus were key considerations behind our decision to streamline our portfolio and increase our market share in our commercial markets," said Eric Van Zele, Barco's CEO. "Over the past few months we have thoroughly investigated several options that would benefit both Barco and the Defense & Aerospace division and have come to the conclusion that a more market-specific US owner will be better placed to unlock the full potential of the division's specific strengths. With Esterline, we have found such new parent. With extensive experience in the aerospace and defense markets, Esterline is ideally positioned to help the division realize its full potential."

"I want to thank our Defense & Aerospace employees for their many contributions to Barco and I wish them lots of success in their future endeavors. I am confident they are headed for a bright future filled with exciting opportunities!"

Sharpened focus

For Barco, the divestment of its Defense & Aerospace division is in line with its strategy to strengthen its core activities. Van Zele: "Core divisions like Entertainment & Corporate, Industrial & Government, and Healthcare are delivering solutions for multiple segments within each vertical and are gradually extending their customer base and also moving into larger volume markets. This transaction allows us to further align our organizational structure with this long-term strategy. In addition, we intend to deploy the proceeds of the transaction to fund growth initiatives in our core divisions."

Expand foothold

For Esterline, a specialized manufacturing company for aerospace and defense markets headquartered in Bellevue, Washington (US), the transaction allows the company to expand its foothold and to strengthen its position in Europe. Esterline Chief Executive Officer Curtis Reusser said, "This transaction is an excellent opportunity to cost effectively accelerate growth in our visual display product area, a core strategic capability that is important to our future."

Smooth integration

To ensure a smooth integration, Esterline will work closely with Barco's Defense & Aerospace teams to plan and identify the best ways to integrate the businesses, utilize and optimize new infrastructure, and retain talent. Reusser said, "Our integration process will be well orchestrated and carefully planned. We expect the most noticeable change for customers and stakeholders will be a more efficient and valuable partnership once we've combined the businesses."

The agreement is still subject to customary closing conditions and the completion of the French employee protective rights procedures. The transaction is expected to close in the next three to four months.

¹ Barco's financial statements 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union.

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About Esterline

Esterline Corporation is a leading worldwide supplier to the aerospace and defense industry specializing in three core areas: Avionics & Controls, Sensors & Systems, and Advanced Materials. Operations within the Avionics & Controls segment focus on high-technology electronics products for military and commercial aircraft and land- and sea-based military vehicles, secure communications equipment, systems and components, specialized medical equipment, and other industrial applications. The Sensors & Systems segment includes operations that produce high-precision temperature and pressure sensors, electrical power distribution equipment, harsh-environment connectors and other related systems principally for aerospace and defense customers. Operations within the Advanced Materials segment focus on technologies including high-temperature resistant materials and components used for a wide range of military and commercial aerospace purposes and combustible ordnance and electronic warfare countermeasure products.

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 4,000 employees worldwide. Barco posted sales of 1.158 billion euro in 2013.

For more information, please visit the Company's website at www.barco.com

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