



# Moving forward

Barco 6 months ended - 30 June 2016



# OBLIGATIONS WITH REGARD TO PERIODICAL INFORMATION FOLLOWING THE TRANSPARENCY DIRECTIVE EFFECTIVE AS OF 1 JANUARY 2008

## DECLARATION REGARDING THE INFORMATION GIVEN IN THIS REPORT 6 MONTHS ENDED 30 JUNE 2016

The undersigned declare that:

- » the report 6 months ended 30 June 2016, which is in line with the standards applicable for annual accounts, gives a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated companies;
- » the report 6 months ended 30 June 2016 gives a true and fair view of the development and the results of the company and of the position of the issuer and the consolidated companies, as well as a description of the main risks and uncertainties they are faced with.

Eric Van Zele, CEO

Carl Peeters, CFO

# KEY FIGURES

IN THOUSANDS OF EURO	1st half 2016	1st half 2015
	Continuing business	
Net sales	529,215	506,167
Gross Profit	189,961	168,686
EBIT before non-recurring	24,144	7,453
EBITDA before non-recurring	49,451	40,509
Profit before taxes	32,714	7,587
<i>Net income from continuing operations</i>	24,827	5,388
<i>Net income from discontinued operations</i>	0	46,295
Net income	24,827	51,683
Net income attributable to non-controlling interest	6,741	5,247
Net income attributable to the equityholder of parent	18,086	46,436
<i>Net income (continuing) attributable to the equityholder of parent</i>	18,086	141
<i>Net income (discontinued) attributable to the equityholder of parent</i>	0	46,295
Earnings per share (in euro)	1.49	3.86
Diluted earnings per share (in euro)	1.44	3.76
Earnings (continuing) per share (in euro)	1.49	0.01
Diluted earnings (continuing) per share (in euro)	1.44	0.01

## NUMBER OF EMPLOYEES

	30 June 2016	30 June 2015
<b>Total (full-time equivalents)</b>	<b>3,480</b>	<b>3,305</b>

## CAPITAL & OWNERSHIP OF THE COMPANY'S SHARES

On 30 June 2016, the capital amounted to euro 55,669,855.16 represented by 13,020,582 shares.

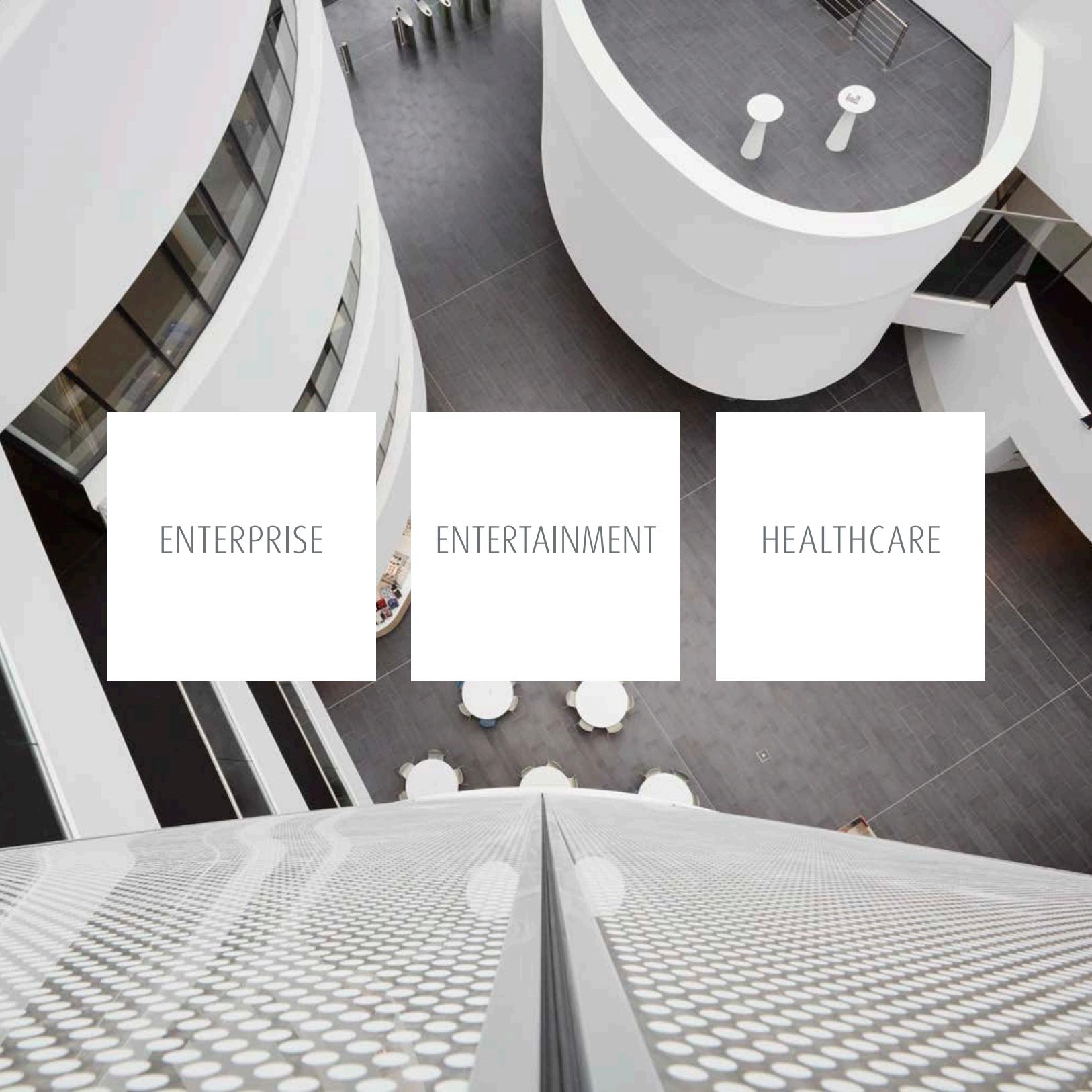
Ownership of the company's shares was as follows:

Michel Van de Wiele NV	18.02%	(2,346,300 shares)
ACF IV Investment S.à.r.l.	5.06%	(658,915 shares)
Templeton Investment Counsel, LLC	4.72%	(614,438 shares)
3D NV	3.96%	(515,385 shares)
Norges Bank	3.14%	(409,216 shares)
Barco NV	6.72%	(874,757 shares)
Public	58.38%	(7,601,571 shares)
<b>Total</b>	<b>100%</b>	<b>(13,020,582 shares)</b>

### Fully diluted

Michel Van de Wiele NV	17.92%	(2,346,300 shares)
ACF IV Investment S.à.r.l.	5.03%	(658,915 shares)
Templeton Investment Counsel, LLC	4.69%	(614,438 shares)
3D NV	3.94%	(515,385 shares)
Norges Bank	3.12%	(409,216 shares)
Barco NV	6.68%	(874,757 shares)
Public	58.62%	(7,675,664 shares)
<b>Total</b>	<b>100%</b>	<b>(13,094,675 shares)</b>

This information is updated on [www.barco.com](http://www.barco.com) on an ongoing basis.



ENTERPRISE

ENTERTAINMENT

HEALTHCARE

# MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS

## FIRST HALF 2016 FINANCIAL HIGHLIGHTS

- » Incoming orders at 532.9 million euro (+ 2.0%)
- » Sales at 529.2 million euro (+ 4.5%)
- » Gross profit margin of 35.9% (+ 2.6 ppts)
- » EBITDA of 49.5 million euro (+ 8.9 million euro) or 9.3% of sales (+ 1.3 ppts)
- » EBIT of 24.1 million euro (+ 16.7 million euro) or 4.6% of sales (+ 3.1 ppts)<sup>1</sup>
- » Net income was 18.1 million euro, including a one-time gain on sale of 7.7 million euro

## OUTLOOK FOR 2H16

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

Management still expects sales growth for the year to be in the mid-single digit range.

EBITDA for the second half is expected to be similar to the second half of 2015, taking into consideration the increased level of growth investments relative to the first half of the year.

## MANAGEMENT DISCUSSION

This semester Barco again posted encouraging gains in terms of orders, shipments and profits while the company continued to strengthen its global leadership position in the three core businesses.

Helped by the successful launch of laser and laser phosphor projectors combined with strong sales in China, we continued to consolidate our global lead position in digital cinema. Furthermore the growth momentum we recorded in our corporate segment through the success of our Click-Share product line was remarkable. Last but not least in our Healthcare division we recorded solid gains on all fronts fuelled in part by encouraging progress in terms of network-enabled visualization solutions for the operating room.

For the remainder of the year we intend to step up our investments in growth while simultaneously taking a critical look at all our business and ventures to ensure that they can meet our profitability objectives.

<sup>1</sup>EBIT impacted by 12.9 million euro of amortizations associated with the cessation of capitalization of development expenses. EBITA is estimated at 37 million euro or 7% of sales.

## CONSOLIDATED RESULTS FOR THE FIRST HALF

### ORDER INTAKE AND ORDER BOOK

Order intake was 532.9 million euro, an increase of 10.3 million euro or 2.0% compared to last year, driven by increases in the Healthcare and Enterprise division.

The order book remained stable over the last three semesters to close at 332.4 million euro at the end of the first semester of 2016.

IN MILLIONS OF EURO	1H16	2H15	1H15	2H14	1H14 <sup>2</sup>
Order book	332.4	333.2	333.1	302.2	356.2
Order intake	532.9	521.2	522.5	418.3	451.0

### Order intake by division

IN MILLIONS OF EURO	1H16	1H15	Change 1H
Entertainment	283.6	297.0	-4.5%
Enterprise	143.7	135.2	+6.3%
Healthcare	105.7	90.8	+16.4%
Other & intra-group eliminations	-0.1	-0.5	
Group	532.9	522.5	+2.0%

### Order intake per region

	1H16	1H15	Change 1H
The Americas	35%	37%	-3%
EMEA	33%	33%	+3%
APAC	32%	31%	+8%

### SALES

First semester sales continued to grow on the group level. Growth was driven by a strong push in Healthcare and good deliveries in American & European regions.

IN MILLIONS OF EURO	1H16	2H15	1H15	2H14	1H14
Sales	529.2	522.7	506.2	474.3	434.1

### Sales by division

IN MILLIONS OF EURO	1H16	1H15	Change 1H
Entertainment	272.6	264.4	+3.1%
Enterprise	140.9	138.9	+1.4%
Healthcare	115.7	104.7	+10.5%
Other & intra-group eliminations	0	-1.8	
Group	529.2	506.2	+4.5%

### Sales per region

	1H16	1H15	Change 1H
The Americas	37%	37%	+7%
EMEA	32%	31%	+7%
APAC	31%	32%	0%

<sup>2</sup>Order Book 1H14 still includes Orthogon-order book for 13.1 million euro.

## PROFITABILITY

### Gross profit

Gross profit was 190.0 million euro for the first half of 2016, an increase of 12.6% compared to 168.7 million euro in the first semester 2015<sup>3</sup>.

Gross profit margin increased by 2.6 percentage points to 35.9% for the first half of 2016 compared to 33.3% for the first half of 2015.

### Indirect expenses

Total operational expenses were 154.2 million euro or 29.1% of sales compared to 137.0 million euro or 27.0% for the first half of 2015.

New product launches and investments in growth initiatives drove the increases in Research and Development and in Sales and Marketing expenses.

- » On a cash basis, Research & Development expenses increased to 56.1 million euro from 47.1 million euro last year. As a percent of sales, cash R&D expenses amounted to 10.6% of sales compared to 9.3% a year earlier. As a result of the modified capitalization methodology, development expenses have not been capitalized since 2015. Including the amortization of outstanding capitalized development expenses of 12.9 million euro, reported R&D expenses amounted to 69.0 million euro or 13.0 % of sales. For the first half of 2015 reported R&D expenses were 70.4 million euro or 13.9% of sales, including the amortization of outstanding capitalized development expenses of 23.3 million euro.
- » Sales & Marketing expenses increased to 72.1 million euro compared to 66.5 million euro for the first half of 2015.<sup>4</sup> As a percent of sales, Sales & Marketing expenses were 13.6% in 1H16 compared to 13.1% in 1H15.
- » General & Administration expenses were 26.1 million euro, compared to 23.4 million euro last year or 4.9% of sales versus 4.6% last year. G&A expenses for the first semester of 2016 included amortization of Barco's investment in the One Platform project. Beginning with the second semester of 2015, Barco began to amortize this investment.
- » Other operating results amounted to a positive 1.3 million euro compared to a negative 1.0 million euro last year.

## EBITDA & EBIT<sup>5</sup>

EBITDA was 49.5 million euro, compared to 40.5 million euro for the prior year first semester.

EBITDA margin was 9.3% versus 8.0% for the first half of 2015, mainly driven by a strong improvement in the Enterprise division.

By division, EBITDA and EBITDA margin was as follows:

	Sales	EBITDA	EBITDA %
Entertainment	272.6	22.7	8.3%
Enterprise	140.9	15.6	11.1%
Healthcare	115.7	11.1	9.6%
Intra-group eliminations	0		
<b>Group</b>	<b>529.2</b>	<b>49.5</b>	<b>9.3%</b>

EBITDA by division 1H16 versus 1H15 is as follows:

	1H16	1H15	Change
Entertainment	22.7	27.5	-17.5%
Enterprise	15.6	2.7	+477.8%
Healthcare	11.1	10.3	+7.8%
<b>Group</b>	<b>49.5</b>	<b>40.5</b>	<b>+22.1%</b>

EBIT-impacted by 12.9 million euro of amortizations associated with the cessation of capitalization of development expenses<sup>6</sup> was 24.1 million euro or 4.6 % of sales. For the first half of last year EBIT was 7.5 million euro or 1.5% of sales.

### Income taxes

In the first half of 2016 taxes were 7.9 million euro for an effective tax rate of 24.0%, compared to 1.5 million euro in the first half of 2015, or an effective tax rate of 20.0%.

### Net income

Net income attributable to the equity holders was 18.1 million euro or 3.4% of sales compared to 46.4 million euro for the first semester of 2015.<sup>7</sup> Included in the net income was a 7.7 million euro gain on sale associated with the sale of the former headquarter building.

Net earnings per ordinary share (EPS) for the first semester were 1.49 euro. Fully diluted net earnings per share were 1.44 euro.

<sup>3</sup> Gross profit and Sales and Marketing expenses are impacted by the reclassification of professional services overhead to cost of sales from sales & marketing expenses. The results for 2015 have been restated accordingly. There is no impact on EBIT or net income resulting from this reclassification. (More information in the the Half Year Report 2016, page 17)

<sup>4</sup> See footnote 3

<sup>5</sup> EBITDA and EBIT in this press release refer to "EBITDA and EBIT before non-recurring items" and exclude the 7.7 million gain on sale of building: see Net Income

<sup>6</sup> As of 2015 Barco's product development costs are being expensed as incurred. Previously the company capitalized product development costs. The outstanding balance of these capitalized development costs is being amortized in 2015 and 2016.

<sup>7</sup> Net income (and earnings per share) in 2015 included 46.3 million euro net income from discontinued operations recognized in connection with the divestiture of Defense and Aerospace.

## CASH FLOW & BALANCE SHEET

### Free Cash Flow and working capital

Free cash flow for the first half of 2016 was 28.9 million euro negative, compared to 14.5 million euro positive for the first half of 2015.

Barco generated 45.5 million euro in gross operating cash flow versus 38.2 million euro for the same period in 2015 while working capital increased 59.2 million euro mainly due to lower trade payables and higher inventory levels. Actions will be taken to reduce inventory in the second half of the year.

### Capital expenditure

Capital expenditure was 20.9 million euro, compared to 18.1 million euro for the same period last year. Capital expenditure in the first half includes 9.7 million euro for the One Campus project.

### Cash position

Barco had a net financial cash position of 193.0 million euro compared to 187.7 million euro, on 30 June 2015 and 265.0 million euro on 31 December 2015.

The decrease reflects lower operating cash flow, dividend payments and investments for the One Campus program and the acquisitions of Medialon and MTT.

## DIVISIONAL RESULTS FOR 1H16

### ENTERTAINMENT DIVISION

	1H16	1H15	1H14	Change vs 1H15 <sup>8</sup>
Orders	283.6	297.0	235.7	-4.5%
Sales	272.6	264.4	227.7	+3.1%
EBITDA	22.7	27.5	22.7	-17.5%
EBITDA margin	8.3%	10.4%	10.0%	

The Entertainment division delivered a solid first semester with a stable contribution to sales from Cinema. Planned investments in new product development and new product launches in the Cinema and the Venues & Hospitality segment in particular weighed on EBITDA and are expected to continue to impact EBITDA in the second semester of 2016.

The Cinema business continued to diversify its revenue mix across geographies, customer segments and products, driving growth in China, the primary market for new projectors worldwide, increasing the revenue contribution from services and maintenance to its installed base, and increasing the number of installations of its flag ship laser projectors. In addition Barco Escape has been installed in 30 theatres worldwide in support of the summer release of Star Trek in order to assess the potential of this growth initiative. Finally the Lobby initiative continued to gain traction in the North American market.

In the Venues & Hospitality-segment, a stable performance was attributable to a slower order flow in the events and R&A market offset by good results in the fixed install market. New laser and laser phosphor solutions and advanced flexible LED solutions were launched, expanding the segment's product portfolio.

Finally, Barco acquired MTT Innovation Inc. on 10 June 2016. This investment strengthens Barco's leadership in projection technology by adding to its expertise in the fields of next-generation projection technology, High Dynamic Range technology, applied imaging algorithms and advanced color science.

<sup>8</sup>As of 2016, the remaining projector activity which had been part of Enterprise was transferred to the Entertainment division. Barco has not presented restated historical data. The sales-results of the projector activity are not material to an analysis of the performance trends of the Entertainment and Enterprise divisions. (More information in the Half Year Report 2016, Segment Information, page 23)

## ENTERPRISE DIVISION

	1H16	1H15	1H14	Change vs 1H15 <sup>9</sup>
Orders	143.7	135.2	126.2	+6.3%
Sales	140.9	138.9	115.4	+1.4%
EBITDA	15.6	2.7	-3.3	+477.8%
EBITDA margin	11.1%	1.9%	-2.9%	

The Enterprise division turned in a healthy performance with growth in orders and sales. For the 7<sup>th</sup> consecutive quarter, the Corporate segment drove strong sales growth of ClickShare which offset softer sales in Control Rooms resulting from project delays. With the Corporate segment accounting for almost half of Enterprise's sales, EBITDA margin for the division expanded 920 basis points.

The Corporate segment expanded its product offering in 1H16, introducing a lower-end version of ClickShare and continued to roll out the partner program resulting in further sales momentum in Europe and the US-market.

Control rooms realized gross margin gains due to the streamlining actions taken in 2015 and is making progress toward restoring EBITDA profitability, building on a better performance in 1H16 compared to 1H15. The segment released the industry's first laser-based rear projection cube in June, entered into a joint venture in China and continued to invest in software and workflow solutions as it transitions from being a hardware business to a hardware and software business.

The Enterprise division also closed the acquisition of Medialon in Q2, adding complementary capabilities in control solutions and offering networked solutions for the Corporate and Education markets.

## HEALTHCARE DIVISION

	1H16	1H15	1H14	Change vs 1H15
Orders	105.7	90.8	87.8	+16.4%
Sales	115.7	104.7	88.4	+10.5%
EBITDA	11.1	10.3	2.9	+7.8%
EBITDA margin	9.6%	9.9%	3.3%	

The Healthcare division continued to perform well with solid growth in orders and sales, for both the surgical and diagnostics segments and mainly driven by the incorporation of Advan, while maintaining a healthy profitability level.

The surgical business continued to expand its business and partner network in the EMEA region and completed its first projects in North America. Advan, which Barco acquired in June 2015, continued to perform well and has supported Barco's entry into the North American market for modality and surgical solutions.

The division continued to invest in business development in China in order to strengthen its presence in this high-growth developing market.

## RISK FACTORS

Management refers to the section "Risk Factors" in the Annual Report 2015 (pages 91 to 97), which remain valid for the second year-half of 2016.

<sup>9</sup>As of 2016, the remaining projector activity which had been part of Enterprise was transferred to the Entertainment division. Barco has not presented restated historical data. The sales-results of the projector activity are not material to an analysis of the performance trends of the Entertainment and Enterprise divisions. (More information in the Half Year Report 2016, Segment Information, page 23)



# INCOME STATEMENT

IN THOUSANDS OF EURO	1st half 2016	1st half 2015
Continuing business		
Net sales	529,215	506,167
Cost of goods sold	-339,254	-337,481
<b>Gross profit</b>	<b>189,961</b>	<b>168,686</b>
Research and development expenses	-68,961	-70,354
Sales and marketing expenses	-72,052	-66,508
General and administration expenses	-26,142	-23,404
Other operating income (expense) - net	1,338	-967
<b>EBIT (before non-recurring)<sup>1</sup></b>	<b>24,144</b>	<b>7,453</b>
Gain on sale building	7,666	0
<b>EBIT</b>	<b>31,810</b>	<b>7,453</b>
Other non-operating income (expense) - net	95	11
Interest income	2,518	2,313
Interest expense	-1,709	-2,191
<b>Income before taxes</b>	<b>32,714</b>	<b>7,587</b>
Income taxes	-7,851	-1,517
<b>Result after taxes</b>	<b>24,863</b>	<b>6,070</b>
Share in the result of joint ventures and associates	-36	-681
Net income from continuing operations	24,827	5,388
Net income from discontinued operations	0	46,295
<b>Net income</b>	<b>24,827</b>	<b>51,683</b>
Net income attributable to non-controlling interest	6,741	5,247
Net income attributable to the equity holder of the parent	18,086	46,436
<b>Net income (continuing) attributable to the equity holder of the parent</b>	<b>18,086</b>	<b>141</b>
<b>Net income (discontinued) attributable to the equity holder of the parent</b>	<b>0</b>	<b>46,295</b>
Earnings per share (in euro)	1.49	3.86
Diluted earnings per share (in euro)	1.44	3.76
Earnings (continuing) per share (in euro)	1.49	0.01
Diluted earnings (continuing) per share (in euro)	1.44	0.01

<sup>1</sup> EBIT (before non-recurring) means EBIT before the gain on sale of building

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EURO	1st half 2016	1st half 2015
<b>Net income from continuing operations</b>	<b>24,827</b>	<b>5,388</b>
Net income from discontinued operations	0	46,295
<b>Net income</b>	<b>24,827</b>	<b>51,683</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences from continuing operations on translation of foreign operations	-6,769	15,634
Net gain/(loss) on cash flow hedges continuing operations	-824	1,181
Income tax	198	-236
Net gain/(loss) on cash flow hedges continuing operations, net of tax	-626	945
Other comprehensive income (loss) for the period (continuing), net of tax	-7,396	16,579
<b>Other comprehensive income (loss) for the period, net of tax, attributable to equity holders of the parent</b>	<b>-6,811</b>	<b>15,990</b>
<b>Other comprehensive income (loss) for the period, net of tax, non-controlling interest</b>	<b>-584</b>	<b>589</b>
Total comprehensive income (continuing), net of tax, attributable to equity holder of the parent	18,016	21,378
Total comprehensive income (discontinued) for the period, net of tax, attributable to equity holder of the parent	0	46,295
<b>Total comprehensive income for the period, net of tax, attributable to equity holder of the parent</b>	<b>18,016</b>	<b>67,673</b>
Total comprehensive income (continuing), net of tax, non-controlling interest	-584	589
<b>Total comprehensive income for the period, net of tax, non-controlling interest</b>	<b>-584</b>	<b>589</b>

# BALANCE SHEET

IN THOUSANDS OF EURO	30 June 2016	31 December 2015
<b>ASSETS</b>		
Goodwill	131,801	132,386
Capitalized development cost	9,935	22,846
Other intangible assets	79,661	52,628
Land and buildings	54,179	20,221
Other tangible assets	47,343	72,346
Investments	10,017	9,031
Deferred tax assets	79,480	78,031
Other non-current assets	22,260	23,226
<b>Non-current assets</b>	<b>434,676</b>	<b>410,715</b>
Inventory	191,433	165,960
Trade debtors	186,835	186,910
Other amounts receivable	21,972	26,157
Cash and cash equivalents	264,309	341,277
Prepaid expenses and accrued income	10,508	9,308
<b>Current assets</b>	<b>675,057</b>	<b>729,612</b>
<b>Total assets</b>	<b>1,109,733</b>	<b>1,140,327</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equityholders of the parent	590,174	597,739
Non-controlling interest	14,332	13,925
<b>Equity</b>	<b>604,506</b>	<b>611,664</b>
Long-term debts	74,263	79,527
Deferred tax liabilities	11,771	4,462
Other long-term liabilities	12,745	2,839
<b>Non-current liabilities</b>	<b>98,779</b>	<b>86,828</b>
Current portion of long-term debts	10,000	10,000
Short-term debts	2,135	2,124
Trade payables	123,039	139,504
Advances received from customers	99,630	113,874
Tax payables	16,154	13,016
Employee benefit liabilities	51,276	48,757
Other current liabilities	8,087	7,690
Accrued charges and deferred income	52,811	59,967
Provisions	43,316	46,903
<b>Current liabilities</b>	<b>406,448</b>	<b>441,835</b>
<b>Total equity and liabilities</b>	<b>1,109,733</b>	<b>1,140,327</b>

# COMMENTS TO THE INTERIM FINANCIAL STATEMENTS

## SIGNIFICANT IFRS ACCOUNTING PRINCIPLES

IAS 34 was applied to the half year financial report.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015 and the adoption of new standards and interpretations effective as of 1 January 2016.

The new standards and interpretations effective as of 1 January 2016 include the following:

- » Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception , effective 1 January 2016
- » Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- » Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016
- » Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- » Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016
- » Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- » Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements, effective 1 January 2016
- » Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015
- » Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014), effective 1 January 2016

However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

## RECLASSIFICATIONS OF PROFESSIONAL SERVICES AND CUSTOMER SERVICES OVERHEAD

In line with international accounting practices, Barco has reclassified professional services overhead associated with project management & customer services from sales and marketing expenses to cost of goods sold. This reclassification impacts gross profit margin and accordingly the results for 2015 have been restated. There is no impact on EBIT or net income resulting from this reclassification.

Prior-period amounts have been revised to reflect professional service and customer services overhead in Gross Profit (as part of the full cost of inventory) instead of as part of Indirect Costs.

The table below outlines the impact of these adjustments.

IN THOUSANDS OF EURO	1st half 2015
Project overhead	-2,135
Services overhead	-8,483
<b>Decrease in gross profit</b>	<b>-10,618</b>
Decrease in sales and marketing expenses	10,618
<b>Impact on EBIT</b>	<b>0</b>

There is no impact on net income nor retained earnings as of 30 June, 2015

## ACQUISITIONS AND DIVESTMENTS

### ACQUISITION OF MTT AND MEDIALON

In April 2016, Barco acquired 100% of the shares of the US-based company Medialon Inc, for which the major part of the consideration paid is allocated to in-process development. On June 10, 2016, Barco announced that it has acquired 100% of the shares of the Canadian-based company MTT Innovation Inc, a developer of next-generation projection technology with expertise in high dynamic range (HDR), applied imaging algorithms, advanced color science and specialized hardware development. MTT's technology is still in a research phase and will need further de-risking

and development over the years to come. Major part of the consideration paid is hence allocated to in-process development. Barco continues to invest in the acquired in-process development, but as per 30 June 2016 those additional R&D efforts cannot be capitalized since the criteria of IAS 38 were not fulfilled.

The total aggregated transaction cost paid at closing amounts to 13.3 million dollar (11.7 million euro), of which 1.5 million dollar was put in escrow. On a aggregated basis, the contract further provides for a deferred payment of 6 million dollar (5.4 million euro), payable over the next 3 years and three earn-outs, one subject to the filing of patents on the in-process technology capped at 5 million dollar (4.5 million euro) and two subject to future performance, one capped at 15 million dollar and one uncapped. The part related to the patent filing has been recognized as contingent consideration upon acquisition. The in-process technology of MTT has been allocated to the Entertainment division and the in-process technology of Medialon has been allocated to the Enterprise division.

Aggregated transaction costs of € 0.2m have been expensed and are included in administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

The acquisition has been accounted for using the acquisition method conform IFRS3 Business Combinations (Revised).

The following table summarizes the aggregated consideration paid for MTT and Medialon and the amounts of the aggregated assets acquired and liabilities assumed recognized at acquisition date.

#### Aggregated assets and liabilities acquired

IN THOUSANDS OF EURO	June 2016
	After acquisition
Other intangible fixed assets	29,127
Other non-current assets	20
<b>Total non-current assets</b>	<b>29,147</b>
<b>Total current assets</b>	<b>324</b>
Deferred tax liability	-7,968
<b>Total non-current liabilities</b>	<b>-7,968</b>
<b>Total current liabilities</b>	<b>-301</b>
Cash	334
<b>Total net assets acquired</b>	<b>21,535</b>
Upfront consideration	11,673
Deferred consideration	5,379
Contingent consideration	4,483
<b>Aggregated acquisition cost</b>	<b>21,535</b>
Goodwill	0

#### IN THOUSANDS OF EURO

Cash flow on acquisition	
Net cash acquired with the subsidiary	334
Cash paid	-11,673
<b>Net cash flow on acquisition</b>	<b>-11,339</b>

## RELATED PARTY TRANSACTIONS

Apart from compensation transactions with the CEO, Corporate Senior Vice Presidents and Directors of the Board, there were no other transactions with related parties. The nature of the compensation transactions with the CEO, Corporate Senior Vice Presidents and Directors during the first 6 months of 2016 did not significantly differ from the transactions disclosed in the Annual Report of 2015 (pages 85-89).

All transactions involving shares or other financial instruments of Barco performed in the first half year of 2016 are reported on the company's website by the end of the month following the quarter.

## LITIGATIONS AND COMMITMENTS

No important changes occurred during the first 6 months of 2016 relating to the litigations and commitments which have been disclosed in the 2015 consolidated financial statements.

# CHANGES IN EQUITY ATTRIBUTABLE TO EQUITYHOLDERS OF THE PARENT

IN THOUSANDS OF EURO	1st half 2016	1st half 2015
<b>Equity attributable to equityholders of the parent January 1</b>	<b>597,739</b>	<b>587,415</b>
Net income (continuing) attributable to the equity holder of the parent	18,086	141
Net income (discontinued) attributable to the equity holder of the parent	-	46,295
Net income attributable to equityholders of the parent	18,086	46,436
Dividend	-21,188	-19,364
Other comprehensive income (loss) for the period, net of tax	-6,811	15,990
Capital decrease (stock options)	-296	-262
Purchase (-)/Sale (+) of own shares	2,028	-1,570
Share-based payment	617	656
<b>Equity attributable to equityholders of the parent June 30</b>	<b>590,174</b>	<b>629,300</b>
<b>Non-controlling interest January 1</b>	<b>13,925</b>	<b>7,146</b>
Dividend distributed to non-controlling interest	-5,750	-3,019
Net income attributable to non-controlling interest	6,741	5,247
Other comprehensive income (loss) for the period, net of tax	-584	589
<b>Non-controlling interest June 30</b>	<b>14,332</b>	<b>9,964</b>
<b>Equity June 30</b>	<b>604,506</b>	<b>639,263</b>

# CASH FLOW STATEMENT

IN THOUSANDS OF EURO	1st half 2016	1st half 2015
<b>Cash flow from operating activities</b>		Continuing business
EBIT (before non-recurring)	24,144	7,453
Gain on sale Orthogon	-1,000	-1,406
Amortization capitalized development cost	12,907	23,290
Depreciation of tangible and intangible fixed assets	12,397	9,765
Gain/(Loss) on tangible fixed assets	-278	-190
Restructuring	2,624	
Share options recognized as cost	617	656
Share in the profit/(loss) of joint ventures and associates	-36	-681
Discontinued operations : cash flow from operating activities	0	-5,260
<b>Gross operating cash flow</b>	<b>46,127</b>	<b>33,628</b>
Changes in trade receivables	-1,550	-15,550
Changes in inventory	-27,183	12,488
Changes in trade payables	-14,960	-6,515
Other changes in net working capital	-15,486	-626
Discontinued operations : change in net working capital	0	13,334
<b>Change in net working capital</b>	<b>-59,179</b>	<b>3,131</b>
<b>Net operating cash flow</b>	<b>-13,052</b>	<b>36,759</b>
Interest received	5,390	2,313
Interest paid	-1,709	-2,191
Income taxes	-8,034	-7,913
Other non-operating cash <sup>1</sup>	9,300	0
Discontinued operations : income taxes and interest received/(paid)	0	-7,542
<b>Cash flow from operating activities</b>	<b>-8,105</b>	<b>21,426</b>
<b>Cash flow from investing activities</b>		
Purchases of tangible and intangible fixed assets	-11,237	-6,052
Proceeds on disposals of tangible and intangible fixed assets	326	295
Acquisition of Group companies, net of acquired cash	-10,808	-
Disposal of Group companies, net of disposed cash <sup>2</sup>	1,000	152,974
Other investing activities <sup>3</sup>	-10,715	-23,540
Dividend distributed to non-controlling interest	-5,749	-3,019
Discontinued operations : cash flow from investing activities	0	-887
<b>Cash flow from investing activities (including acquisitions and divestments)</b>	<b>-37,182</b>	<b>119,772</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-20,773	-19,364
Capital increase/(decrease)	-296	-262
(Acquisition)/sale of own shares	2,028	-1,570
Proceeds from (+)/Payments (-) of long-term liabilities	-5,187	7,618
Proceeds from (+), payments of (-) short-term liabilities	-2,222	-20,134
<b>Cash flow from financing activities</b>	<b>-26,450</b>	<b>-33,712</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-71,738</b>	<b>107,486</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>341,277</b>	<b>145,340</b>
<b>Cash and cash equivalents (CTA)</b>	<b>-5,231</b>	<b>10,200</b>
<b>Cash and cash equivalents at end of period</b>	<b>264,309</b>	<b>263,026</b>

<sup>1</sup> Cash received on sale of building.

<sup>2</sup> Per 30 June 2015 this relates to the sale of the division Defense & Aerospace finalized per 31 January 2015, net of cash and 1 million euro released of the amount put in escrow on the 2014 sale of Orthogon. Per 30 June 2016 the last part of the amount put in Escrow on the 2014 sale of Orthogon was released for an amount of 1 million euro.

<sup>3</sup> Other investing activities relate to the investment in One Campus, the new building at headquarters, which is financed with long term liabilities.

# FREE CASH FLOW

IN THOUSANDS OF EURO	1st half 2016	1st half 2015
	Continuing business	
EBIT (before non-recurring)	24,144	7,453
Gain on sale Orthogon	-1,000	-1,406
Amortization capitalized development cost	12,907	23,290
Depreciation of tangible and intangible fixed assets	12,397	9,765
Gain/(Loss) on tangible fixed assets	-278	-190
Restructuring	-2,624	-
Share in the profit/(loss) of joint ventures and associates	-36	-681
<b>Gross operating free cash flow</b>	<b>45,510</b>	<b>38,232</b>
Changes in trade receivables	-1,550	-15,550
Changes in inventory	-27,183	12,488
Changes in trade payables	-14,960	-6,515
Other changes in net working capital	-15,486	-626
<b>Change in net working capital</b>	<b>-59,179</b>	<b>-10,203</b>
<b>Net operating free cash flow</b>	<b>-13,669</b>	<b>28,029</b>
Interest received	5,390	2,313
Interest paid	-1,709	-2,191
Income taxes	-8,034	-7,913
<b>Cash flow from operating activities</b>	<b>18,022</b>	<b>20,238</b>
Purchases of tangible & intangible fixed assets	-11,237	-6,052
Proceeds on disposals of tangible & intangible fixed assets	326	295
<b>Cash flow from investing activities (excluding acquisitions)</b>	<b>-10,910</b>	<b>-5,757</b>
<b>Free cash flow continued</b>	<b>-28,932</b>	<b>14,481</b>

# SEGMENT INFORMATION

Effective 1 January 2015, Barco streamlined its organization into three divisions: Entertainment, Enterprise and Healthcare.

- » **Entertainment:** This division delivers projection, lighting, LED and software solutions for professional markets such as cinema, venue and hospitality and the retail and advertising.
- » **Enterprise:** The Enterprise division targets both the corporate and the control rooms market and offers a complete portfolio of visualization solutions with videowalls in combination with collaboration software and advanced networking and connectivity capabilities.
- » **Healthcare:** Barco's Healthcare division delivers high quality displays for the diagnostic and modality imaging market, including segments such as radiology, mammography, surgery and dentistry along with digital networked solutions for the operating room and point-of-care devices.

Management monitors the results of each of the three divisions 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 of January 1, 2016, the remaining projector activity which had been part of Enterprise was transferred to the Entertainment division. The 2015 financial segment data have not been restated for comparison reasons as the information is not available and the cost to develop it is excessive. In this case in accordance with IFRS8.30, the segment information for the current period should be presented on both the old and the new bases of segmentation. However the necessary information is unavailable and the cost of developing it is excessive, therefore Barco can also not present the current information on the old basis of segmentation.

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

# RESULTS BY OPERATING SEGMENT

The following table presents revenue and profit information regarding the Group's operating segments for the 6 months ending June 30, 2016 and 2015, respectively:

IN THOUSANDS OF EURO	2016		2015	
	Sales	EBITDA <sup>*</sup>	Sales	EBITDA
Entertainment	272,571	22,710	264,419	27,505
Healthcare	115,694	11,094	104,690	10,342
Enterprise	140,950	15,646	138,850	2,662
Intra-group eliminations	0	0	-1,791	0
<b>Group</b>	<b>529,215</b>	<b>49,451</b>	<b>506,167</b>	<b>40,509</b>

<sup>\*</sup> EBITDA before non-recurring gain on sale building

EBITDA (before non-recurring): EBIT (before non-recurring) + depreciations on capital expenditure + amortizations on capitalized development cost

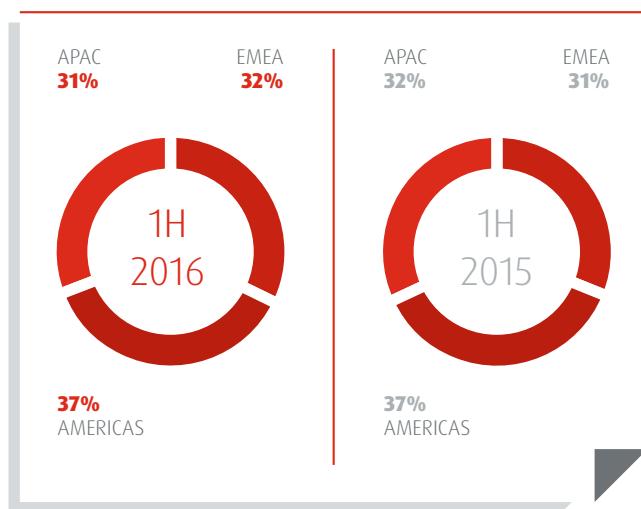
# SEGMENT ASSETS

The following table presents segment assets of the Group's operating segments ending June 30, 2016 and December 31, 2015:

IN THOUSANDS OF EURO	2016		2015	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<b>Assets</b>				
<b>Segment assets</b>				
Entertainment	330,024		295,242	
Healthcare	115,983		123,621	
Enterprise	187,461		179,330	
<b>Total segment assets</b>	<b>633,468</b>		<b>598,193</b>	
<b>Liabilities</b>				
<b>Segment liabilities</b>				
Entertainment	233,477		243,894	
Healthcare	55,637		63,006	
Enterprise	65,704		71,492	
<b>Total segment liabilities</b>	<b>354,818</b>		<b>378,391</b>	

## GEOGRAPHICAL BREAKDOWN OF SALES

Management directs sales of the Group based on the regions to which the goods are shipped or the services are rendered and has three reportable regions Europe, Middle East and Africa (EMEA), Americas (North America and LATAM) and Asia-Pacific (APAC). The pie charts below present the Group's sales over the regions for the 6 month period ended 30 June 2016 and 30 June 2015, respectively.



GROUP	1H 16	% of total	16 - 15	
			16	15
EMEA	168.0	31.7%	10.8	6.9%
AMERICAS	197.2	37.3%	12.4	6.7%
APAC	164.1	31.0%	-0.1	-0.1%

## EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

No subsequent events occurred which could have a significant impact on the consolidated financial statements of the group per 30 June 2016.

# AUDITOR'S REPORT

## REPORT OF THE STATUTORY AUDITOR TO THE SHAREHOLDERS OF BARCO NV ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016 AND FOR THE 6 MONTH PERIOD THEN ENDED

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Barco NV (the "Company"), and its subsidiaries as at 30 June 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated balance sheet total of € 1.109.733 thousand and a net income for the six month period then ended of € 24.827 thousand. The board of directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Gent, 19 July 2016

Ernst & Young Bedrijfsrevisoren BCVBA  
Statutory auditor  
represented by

Marnix Van Dooren  
Partner\*

\* Acting on behalf of a BVBA/SPRL

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