

# FIRST HALF RESULTS

## Solid profitability - Continued strong order intake

**Kortrijk, Belgium, 19 July 2017** – Today Barco (Euronext: BAR; Reuters: BARbt.BR; Bloomberg: BAR BB) announced results for the six month period ended 30 June 2017.

### First half 2017 financial highlights

- Incoming orders at 561.9 million euro (+5.4%)
- Orderbook at 349.5 million euro, (+9.0% versus year-end 2016)
- Sales at 518.0 million euro (-2.1%)
- Gross profit margin of 38.3% (+2.4 pts)
- EBITDA of 48.2 million euro (-1.3 million euro) or 9.3% of sales (flat compared to 1H16)
- EBIT of 31.6 million euro (+7.4 million euro) or 6.1% of sales (+1.5 pts)
- Net income at 19.2 million euro (+1.1 million euro)

### Quote of the CEO, Jan De Witte

“On the strength of a sound second quarter performance, Barco posted first semester gains in orders and a solid profitability,” said Jan De Witte, CEO. “While the discontinuation of some non-profitable activities and the anticipated transition in the cinema market in key regions impacted sales, order intake was strong. The higher level of order intake reflects an uptake in demand for our new projection products for the Entertainment market and continued growth for ClickShare and our Healthcare solutions.”

“Barco grew gross profit margin to 38.3% and EBITDA margin was 9.3% for the first half of 2017, reflecting favorable mix and initial results from the “Focus to perform”-program including value engineering initiatives & portfolio streamlining actions.”

“During the second half of the year, we plan to focus on further strengthening our global competitiveness, improving our commercial excellence while launching and shipping new hardware and software solutions across divisions.”

“With a solid orderbook and the completion of selected portfolio optimizations we are well positioned for an improvement in sales and EBITDA margin for the second half of the year compared to the first half,” concluded Jan De Witte.

### Outlook 2017

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

Given top line results for the first half of the year, management expects full year sales to be in line with last year.

Our target of further improving EBITDA remains unchanged.

## Part I - Consolidated results for 1H17

### Order intake & Orderbook

Order intake was 561.9 million euro, an increase of 29.0 million euro or 5.4% compared to last year, driven by strong increases in the Enterprise and Healthcare division. Orders for the EMEA region were flat year-over-year while both the APAC and Americas regions produced growth outcomes.

The orderbook continued to strengthen to close at 349.5 million euro at the end of the first semester of 2017, a 5% increase year-over-year and a 9% increase versus the end of last year.

#### Orderbook

<i>(in millions of euros)</i>	<b>1H17</b>	<b>2H16</b>	<b>1H16</b>	<b>2H15</b>	<b>1H15</b>
Orderbook	349.5	320.8	332.4	333.2	333.1

#### Order intake

<i>(in millions of euros)</i>	<b>1H17</b>	<b>2H16</b>	<b>1H16</b>	<b>2H15</b>	<b>1H15</b>
Order Intake	561.9	548.3	532.9	521.2	522.5

#### Order intake by division

<i>(in millions of euros)</i>	<b>1H17</b>	<b>1H16</b>	<b>Change</b>
Entertainment	275.9	283.6	-2.7%
Enterprise	171.0	143.7	+19.1%
Healthcare	114.9	105.7	+8.7%
<i>Intra-group eliminations</i>	-0.1	-0.1	
<b>Group</b>	<b>561.9</b>	<b>532.9</b>	<b>+5.4%</b>

#### Order intake per region

	<b>1H17</b>	<b>% of total</b>	<b>1H16</b>	<b>% of total</b>	<b>Change</b>
The Americas	198.2	35%	186.9	35%	+6%
EMEA	174.7	31%	174.3	33%	+0%
APAC	188.9	34%	171.7	32%	+10%

**Sales**

First semester sales were slightly lower compared to 1H16 reflecting the anticipated decline in Cinema (Entertainment) sales and the discontinuation of some non-profitable activities partially offset by gains in the Enterprise and Healthcare divisions.

Excluding the impact of High End Systems, which the company divested in 1H17, sales for the first half were 0.6% lower than 1H16.

Excluding currency effects reported sales were 3.4% below last year.

Sales

<i>(in millions of euros)</i>	<b>1H17</b>	<b>2H16</b>	<b>1H16</b>	<b>2H15</b>	<b>1H15</b>
Sales	518.0	573.1	529.2	522.7	506.2

Sales by division

<i>(in millions of euros)</i>	<b>1H17</b>	<b>1H16</b>	<b>Change</b>
Entertainment	247.4	272.6	-9.2%
Enterprise	150.8	140.9	+7.0%
Healthcare	119.9	115.7	+3.7%
<i>Intra-group eliminations</i>	-0.2	-0.0	
<b>Group</b>	<b>518.0</b>	<b>529.2</b>	<b>-2.1%</b>

Sales by region

	<b>1H17</b>	<b>% of total</b>	<b>1H16</b>	<b>% of total</b>	<b>Change</b>
The Americas	193.5	37%	197.2	37%	-2%
EMEA	166.5	32%	168.0	32%	-1%
APAC	158.0	31%	164.1	31%	-4%

## Profitability

### Gross profit

Gross profit was 198.4 million euro for the first half of 2017, an increase of 4.4% compared to 190.0 million euro for the first semester 2016. Gross profit margin increased 2.4 percentage points to 38.3% for the first half of 2017 compared to 35.9% for the first half of 2016, mainly driven by lower project costs, favourable mix and value engineering projects.

### Indirect expenses

Total operational expenses were 165.5 million euro or 32.0% of sales compared to 154.2 million euro or 29.1% of sales for the first half of 2016.

Higher R&D expenses related to new product introductions, further building commercialization capacity for ClickShare, increased IT expenses and amortization of the One Platform project contributed to the year-over-year increase in operational expenses for the first semester.

- On a cash basis, Research & Development expenses increased to 63.4 million euro from 56.1 million euro last year. As a percent of sales, cash R&D expenses amounted to 12.2% of sales compared to 10.6% a year earlier.
- Sales & Marketing expenses increased to 73.3 million euro compared to 72.1 million euro for the first half of 2016. As a percent of sales, Sales & Marketing expenses were 14.2% in 1H17 compared to 13.6% in 1H16.
- General & administration expenses were 28.8 million euro, compared to 26.1 million euro last year or 5.6% of sales versus 4.9% last year. The increase was mainly due to higher IT-expenses in the areas of digitization and security.
- Other operating results amounted to a negative 1.3 million euro compared to a positive 1.3 million euro last year.

### EBITDA & EBIT

EBITDA<sup>1</sup> was 48.2 million euro, compared to 49.5 million euro for the prior year first semester.

EBITDA margin was flat year-over-year at 9.3%.

Excluding currency effects EBITDA margin would have been 10.3%.

By division, Sales, EBITDA and EBITDA margin was as follows:

<b>1H17</b> (in millions of euros)	<b>Sales</b>	<b>EBITDA</b>	<b>EBITDA %</b>
Entertainment	247.4	17.5	7.1%
Enterprise	150.8	16.8	11.1%
Healthcare	119.9	13.8	11.5%
<b>Group</b>	<b>518.0</b>	<b>48.2</b>	<b>9.3%</b>

<sup>1</sup> EBITDA as EBIT before non recurring + depreciations and amortizations

EBITDA by division 1H17 versus 1H16 is as follows:

<i>(in millions of euros)</i>	<b>1H17</b>	<b>1H16</b>	<b>Change</b>
Entertainment	17.5	22.7	-22.7%
Enterprise	16.8	15.6	+7.4%
Healthcare	13.8	11.1	+25.2%
<b>Group</b>	<b>48.2</b>	<b>49.5</b>	<b>-2.6%</b>

The EBITDA decline in the Entertainment division reflects anticipated cinema sales softness and heavier investments in new products and related business development efforts. EBITDA growth in the Enterprise division was driven by a greater contribution from the Corporate activity. The Healthcare division posted profitability gains reflecting favourable product mix and the benefit of value engineering initiatives.

EBIT was 31.6 million euro or 6.1% of sales. For the first half of last year EBIT was 24.1 million euro or 4.6 % of sales.<sup>2</sup>

### Income taxes

In the first half of 2017 taxes were 5.7 million euro for an effective tax rate of 20.0%, compared to 7.9 million euro in the first half of 2016, or an effective tax rate of 24.0%. The lower effective tax rate for the first half of 2017 was driven by innovative income deduction (IID) in Belgium and a credit reflecting a carry-back of tax losses in the US on the High End Systems divestment to the taxable gain realized on the 2015 sale of the Defense & Aerospace business.

### Net income

Barco recorded an impairment charge of 4.5 million euro related to a minority investment for which the return criteria were no longer met.

Net income attributable to equity holders was 19.2 million euro or 3.7% of sales compared to 18.1 million euro, or 3.4% of sales, for the first semester of 2016.

Net income includes the deduction of third party interests in the amount of 3.8 million euro related to the Joint Venture with China Film Group.

Net earnings per ordinary share (EPS) for the first semester were 1.56 euro, compared to 1.49 euro the year before. Fully diluted net earnings per share were 1.50 euro, compared to 1.44 euro at the end of June 2016.

<sup>2</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 was being amortized in 2015 and 2016 and as a result EBIT for 1H16 was impacted by 12.9 million euro of amortizations.

**Cash Flow & Balance Sheet**Free Cash Flow

Free cash flow for the first half of 2017 was 33.5 million euro negative, compared to 28.9 million euro negative for the first half of 2016.

<i>(in millions of euro)</i>	<b>1H17</b>	<b>1H16</b>	<b>1H15</b>
<b>Gross operating free cash flow<sup>3</sup></b>	<b>45.6</b>	<b>45.5</b>	<b>36.3</b>
<i>Changes in trade receivables</i>	<i>-10.4</i>	<i>-1.5</i>	<i>-15.6</i>
<i>Changes in inventory</i>	<i>-11.8</i>	<i>-27.2</i>	<i>12.5</i>
<i>Changes in trade payables</i>	<i>-11.5</i>	<i>-15.0</i>	<i>-6.5</i>
<i>Other Changes in net working capital</i>	<i>-31.6</i>	<i>-15.5</i>	<i>1.3</i>
<b>Change in net working capital</b>	<b>-65.3</b>	<b>-59.2</b>	<b>-8.3</b>
<b>Net operating free cash flow</b>	<b>-19.7</b>	<b>-13.7</b>	<b>28.0</b>
<i>Interest Income/expense</i>	<i>1.3</i>	<i>3.7</i>	<i>0.1</i>
<i>Income Taxes</i>	<i>-3.5</i>	<i>-8.0</i>	<i>-7.9</i>
<b>Free cash flow from operating activities</b>	<b>-21.9</b>	<b>-18.0</b>	<b>20.2</b>
<i>Purchase of tangible and intangible FA (excl. OneCampus)</i>	<i>-11.7</i>	<i>-11.2</i>	<i>-6.1</i>
<i>Proceeds on disposal of tang and intang FA</i>	<i>0.1</i>	<i>0.3</i>	<i>0.3</i>
<b>Free cash flow from investing</b>	<b>-11.6</b>	<b>-10.9</b>	<b>-5.8</b>
<b>FREE CASH FLOW</b>	<b>-33.5</b>	<b>-28.9</b>	<b>14.5</b>

While gross operating cash flow was similar to last year, the increase in working capital was driven mainly by lower advances received, included in other working capital.

Working capital and Return on Capital Employed

<i>(in millions of euro)</i>	<b>1H17</b>	<b>FY16</b>	<b>1H16</b>
Trade Receivables	189.7	188.6	186.8
<b>DSO</b>	<b>63</b>	<b>55</b>	<b>61</b>
Inventory	169.4	166.2	191.4
<b>Inventory turns</b>	<b>3.3</b>	<b>3.6</b>	<b>2.9</b>
Trade Payables	-121.3	-135.1	-123.0
<b>DPO</b>	<b>59</b>	<b>63</b>	<b>61</b>
<i>Other Working Capital</i>	<i>-232.8</i>	<i>-276.0</i>	<i>-229.3</i>
<b>TOTAL WORKING CAPITAL</b>	<b>5.1</b>	<b>-56.4</b>	<b>25.9</b>

<sup>3</sup> Gross Operating Free Cash Flow = EBITDA + restructuring pay-out – gain on sale of divestments – gains and losses on tangible fixed assets + share in the profit/(loss) of joint ventures and associates.

An increased focus on operational excellence resulted in material improvement in working capital at the mid-year point of 2017 compared to previous years. Working capital decreased from 25.9 million euro to 5.1 million euro due to improvements mainly in inventory turnover. As a result net working capital as percentage of sales<sup>4</sup> was 0.5% compared to 2.5% a year before and -5.1% at year-end 2016.

Return on capital employed (ROCE) was 11% compared to 10% for the same period last year.<sup>5</sup>

### Capital expenditure

Capital expenditure was 11.7 million euro, almost at the same level with last year, excluding the cash-out for the OneCampus project.

### Cash position

Barco had a net financial cash position of 228.0 million euro compared to 286.6 million euro as of 31 December 2016 and 193.0 million euro as of 30 June 2016.

The decrease reflects mainly the lower operating cash flow and dividend payments.

Immediately available net cash, excluding cash in the China Film Group joint venture, amounted to 140.0 million euro.

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<sup>4</sup> Net Working Capital as percentage of sales calculated over a rolling 12 month sales result.

<sup>5</sup> ROCE excluding the non-recurring effect of amortization of capitalized development expenses in 2016.

## Part II – Divisional results for 1H17

### Entertainment division

<i>(in millions of euros)</i>	<b>1H17</b>	<b>1H16</b>	<b>1H15</b>	<b>Change vs 1H16</b>
Orders	275.9	283.6	297.0	-2.7%
Sales	247.4	272.6	264.4	-9.2%
EBITDA	17.5	22.7	27.5	-22.7%
EBITDA margin	7.1%	8.3%	10.4%	

For the first semester, as anticipated, the Entertainment division saw cinema orders and sales volumes decline while Venues & Hospitality generated sales and order increases mainly driven by good demand for new products such as laser phosphor projectors for the Events and Simulation market. As a result Venues & Hospitality accounted for 40% of orders versus 35% for the same period in 2016.

Barco continues to strengthen its Cinema market and technology leadership, broadening its offering to include smart care service solutions and expanding its installed base of smart laser and flagship laser projectors. While adoption slowed down mainly in China and North America compared to 2016 as a result of the Cinema market transition, Barco continued to capture share in growth markets in South East Asia, Latin America and India.

The EBITDA margin decline reflects higher operating expenses driven by the launch of new products in the first semester partially offset by a more favourable product mix and the benefits of lower product costs resulting from value engineering initiatives.

On 31 March 2017 Barco completed the sale of High End Systems to US-based ETC<sup>6</sup>. In conjunction with the transaction, Barco repositioned its LED-activities in the high-end niche segments of the market. For the Barco Escape format, the company is exploring strategic options to secure content financing.

<sup>6</sup> In 2016 High End Systems, the lighting activity booked 20 million US dollar in sales with EBITDA close to break-even.

**Enterprise division**

<i>(in millions of euros)</i>	<b>1H17</b>	<b>1H16</b>	<b>1H15</b>	<b><i>Change vs 1H16</i></b>
Orders	171.1	143.7	135.2	19.1%
Sales	150.8	140.9	138.9	7.0%
EBITDA	16.8	15.6	2.7	7.4%
EBITDA margin	11.1%	11.1%	1.9%	

The Enterprise division maintained a healthy performance with good growth in orders, sales and EBITDA, led by the Corporate segment which continued to generate strong sales and order growth of ClickShare. The Corporate segment accounted for about 55% of Enterprise's sales and generated positive EBITDA for the division.

The Corporate segment registered growth in all regions and expanded its award-winning product portfolio with the introduction of a new higher-end version of ClickShare. As part of an ongoing effort to expand its sales reach and channel network, the segment entered into a global collaboration agreement with Logitech, and added distributors in the US and some APAC-markets.

Control Rooms saw a slight decline in sales versus last year but booked good uptake in orders, mainly driven by healthy demand for the new RGB laser based cube.

The segment remains on track to strengthen its competitive position in 2017 through a combination of new hardware releases, an expanded the software portfolio and a joint venture in China which allows Barco to access local market opportunities.

**Healthcare division**

<i>(in millions of euros)</i>	<b>1H17</b>	<b>1H16</b>	<b>1H15</b>	<b><i>Change vs 1H16</i></b>
Orders	114.9	105.7	90.8	8.7%
Sales	119.9	115.7	104.7	3.7%
EBITDA	13.8	11.1	10.3	25.2%
EBITDA margin	11.5%	9.6%	9.9%	

Healthcare achieved an 11.5% EBITDA margin for 1H17 driven by sales increases in the diagnostic and surgical segments, the implementation of cost control initiatives and a more favourable product mix.

The division strengthened its leadership position in the diagnostic market, making further progress in Europe and APAC while the modality segment experienced softer demand. The surgical business grew further and expanded its partner network in particular in the North American market.

The Healthcare division took steps to enter the dental market, leveraging its diagnostic imaging technological expertise to launch new products, and is developing channels in Europe. Finally the division has decided to no longer invest in its patient care business as of 2017 and has redeployed resources toward attractive, profitable growth opportunities in other healthcare growth segments.<sup>7</sup>

<sup>7</sup> Decision as disclosed in Full year '16 press release and Annual report.

## Conference call

Barco will host a conference call with investors and analysts on 19 July 2017 at 9:00 a.m. CET (3:00 am EST), to discuss the results of the first half 2017. Jan De Witte, CEO, Ann Desender, 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](http://www.barco.com) by 12:30 p.m. Brussels time (6:30 a.m. EST).

## Additional information

### Financial Calendar

- |                                                   |                           |
|---------------------------------------------------|---------------------------|
| - Trading update 3Q17                             | Wednesday 18 October 2017 |
| - Announcement of results Full year 2017 and 2H17 | Thursday 8 February 2018  |

### **About Barco**

*Barco designs technology to enable bright outcomes around the world. Seeing beyond the image, we develop sight, sound, and sharing solutions to help you work together, share insights, and wow audiences. Our focus is on three core markets: Enterprise (from meeting and control rooms to corporate spaces), Healthcare (from the radiology department to the operating room), and Entertainment (from movie theatres to live events and attractions). In 2016, we realized sales of 1.102 billion euro. We have a team of 3,500 employees, located in 90 countries, whose passion for technology is captured in 400 granted patents.*

*For more information, visit us on [www.barco.com](http://www.barco.com), follow us on [Twitter](#) (@Barco), [LinkedIn](#) (Barco), [YouTube](#) (BarcoTV), or like us on [Facebook](#) (Barco).*

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**ANNEX I****FINANCIAL TABLES**

<b><u>Income Statement</u></b>	<b>2017 1<sup>st</sup> half</b>	<b>2016 1<sup>st</sup> half</b>	<b>2015 1<sup>st</sup> half</b>
<i>(in thousands of euros)</i>			
Net sales	517,968	529,215	506,167
Cost of goods sold	-319,561	-339,254	-337,481
<b>Gross profit</b>	<b>198,407</b>	<b>189,961</b>	<b>168,686</b>
Research and development expenses	-63,377	-68,961	-70,354
Sales and marketing expenses	-73,319	-72,052	-66,508
General and administration expenses	-28,808	-26,142	-23,404
Other operating income (expense) - net	-1,349	1,338	-967
<b>EBIT (before non-recurring)<sup>8</sup></b>	<b>31,554</b>	<b>24,144</b>	<b>7,453</b>
Gain on sale building	-	7,666	-
Impairment on investment <sup>9</sup>	-4,537	-	-
Other non-operating income/(expense)	162	95	11
<b>EBIT</b>	<b>27,179</b>	<b>31,905</b>	<b>7,464</b>
Interest income	2,676	2,518	2,313
Interest expense	-1,403	-1,709	-2,191
<b>Income/(loss) before taxes</b>	<b>28,451</b>	<b>32,714</b>	<b>7,587</b>
Income taxes	-5,690	-7,851	-1,517
<b>Result after taxes</b>	<b>22,761</b>	<b>24,863</b>	<b>6,070</b>
Share in the result of joint ventures and associates	239	-36	-681
<b>Net income/(loss) from continuing operations</b>	<b>23,000</b>	<b>24,827</b>	<b>5,388</b>
<b>Net income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>46,295</b>
<b>Net income</b>	<b>23,000</b>	<b>24,827</b>	<b>51,683</b>
<b>Net income attributable to non-controlling interest</b>	<b>3,837</b>	<b>6,741</b>	<b>5,247</b>
<b>Net income attributable to the equity holder of the parent</b>	<b>19,163</b>	<b>18,086</b>	<b>46,436</b>
<b>Net income/(loss) (continuing) attributable to the equity holder of the parent</b>	<b>19,163</b>	<b>18,086</b>	<b>141</b>
<b>Net income (discontinued) attributable to the equity holder of the parent</b>	<b>-</b>	<b>-</b>	<b>46,295</b>
Earnings per share (in euros)	1.56	1.49	3.86
Diluted earnings per share (in euros)	1.50	1.44	3.76
Earnings (continuing) per share (in euro)	1.56	1.49	0.01
Diluted earnings (continuing) per share (in euro)	1.50	1.44	0.01

<sup>8</sup> Management considers EBIT (before non-recurring) to be a relevant performance measure in order to compare results over the period 2015 to 2017, as it excludes non-recurring items.

<sup>9</sup> Barco recorded impairment charges of 4.5 million euro related to a minority investment for which the return criteria were no longer met.

<b><u>Selected Financial Ratios</u></b>	<b>2017 1<sup>st</sup> half</b>	<b>2016 1<sup>st</sup> half</b>	<b>2015 1<sup>st</sup> half</b>
EBITDA	48,163	49,451	40,509
EBITDA on sales	9.3%	9.3%	8.0%
EBIT on sales (before non-recurring)	6.1%	4.6%	1.5%
EBIT on sales	5.2%	6.0%	1.5%
Total debt to equity <sup>10</sup>	12.2%	13.6%	15.3%

<b><u>Balance sheet</u></b>	<b>30 June 2017</b>	<b>31 Dec 2016</b>
<i>(in thousands of euro)</i>		
<b>ASSETS</b>		
Goodwill	124,255	124,255
Other intangible assets	70,332	75,765
Land and buildings	50,782	53,019
Other tangible assets	50,437	50,916
Investments	10,569	14,460
Deferred tax assets	84,923	89,100
Other non-current assets	16,212	19,112
<b>Non-current assets</b>	<b>407,510</b>	<b>426,627</b>
Inventory	169,430	166,202
Trade debtors	189,676	188,561
Other amounts receivable	13,502	15,584
Cash and cash equivalents	287,239	353,549
Prepaid expenses and accrued income	9,003	8,709
<b>Current assets</b>	<b>668,850</b>	<b>732,605</b>
<b>Total Assets</b>	<b>1,076,360</b>	<b>1,159,231</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equityholders of the parent	579,478	590,243
Non-controlling interest	27,577	25,244
<b>Equity</b>	<b>607,055</b>	<b>615,487</b>
Long-term debts	59,177	66,811
Deferred tax liabilities	5,776	8,813
Other long-term liabilities	10,547	11,198
<b>Non-current liabilities</b>	<b>75,500</b>	<b>86,823</b>
Current portion of long-term debts	10,000	11,500
Short-term debts	1,761	2,085
Trade payables	121,265	135,127
Advances received on customers	86,057	109,064
Tax payables	13,315	13,880
Employee benefit liabilities	47,456	57,050
Other current liabilities	6,774	9,684
Accrued charges and deferred income	59,502	58,050
Provisions	47,675	60,481
<b>Current liabilities</b>	<b>393,805</b>	<b>456,922</b>
<b>Total Equity and Liabilities</b>	<b>1,076,360</b>	<b>1,159,231</b>

<sup>10</sup> Total debt to equity ratio for 2016 and 2015 based on year-end outcomes.

<b>Cash flow statement (Continued business)</b>	<b>2017 1<sup>st</sup> half</b>	<b>2016 1<sup>st</sup> half</b>	<b>2015 1<sup>st</sup> half</b>
<i>(in thousands of euros)</i>			
<b>Cash flow from operating activities</b>			
EBIT before non-recurring	31,554	24,144	7,453
Restructuring	-2,212	-2,624	-1,917
Gain on sale of divestments <sup>11</sup>	-571	-1,000	-1,406
Amortization capitalized development cost	-	12,907	23,290
Depreciation of tangible and intangible fixed assets	16,609	12,397	9,765
Gain/(Loss) on tangible fixed assets	23	-278	-190
Share options recognized as cost	775	617	656
Share in the profit/(loss) of joint ventures and associates	239	-36	-681
Discontinued operations: cash flow from operating activities	-	-	-5,260
<b>Gross operating cash flow</b>	<b>46,417</b>	<b>46,127</b>	<b>31,711</b>
Changes in trade receivables	-10,422	-1,550	-15,550
Changes in inventory	-11,816	-27,183	12,488
Changes in trade payables	-11,496	-14,960	-6,515
Other changes in net working capital	-31,593	-15,486	1,291
Discontinued operations: change in net working capital	-	-	13,334
<b>Change in net working capital</b>	<b>-65,327</b>	<b>-59,179</b>	<b>5,048</b>
<b>Net operating cash flow</b>	<b>-18,910</b>	<b>-13,052</b>	<b>36,759</b>
Interest received	2,676	5,390	2,313
Interest paid	-1,403	-1,709	-2,191
Income taxes	-3,510	-8,034	-7,913
Discontinued operations: income taxes and interest received/(paid)	-	-	-7,542
<b>Cash flow from operating activities</b>	<b>-21,147</b>	<b>-17,405</b>	<b>21,426</b>
<b>Cash flow from investing activities</b>			
Purchases of tangible and intangible fixed assets	-11,653	-11,237	-6,052
Proceeds on disposals of tangible and intangible fixed assets	74	326	295
Proceeds from sale of building	-	9,300	-
Acquisition of Group companies, net of acquired cash <sup>12</sup>	-2,022	-10,808	-
Disposal of group companies, net of disposed cash <sup>13</sup>	5,570	1,000	152,974
Other investing activities <sup>14</sup>	-1,158	-10,715	-23,540
Discontinued operations: cash flow from investing activities	-	-	-887
<b>Cash flow from investing activities (including acquisitions and divestments)</b>	<b>-9,191</b>	<b>-22,134</b>	<b>122,791</b>
<b>Cash flow from financing activities</b>			

<sup>11</sup> Per June 2017 this relates to the divestment of High End Systems. In 2016 and 2015 this relates to the divestment of Orthogon.

<sup>12</sup> Per June 2017 this relates to the MTT and Medialon acquisition of 2016 for which the contract provided for a deferred payment of 6 million dollars, payable over the next three years. The first deferred payment was done in the first half of 2017.

<sup>13</sup> Per June 2017 this relates to the sale of Barco's lighting activity, High End Systems, to the US-based lighting company ETC. 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. Per 30 June 2015 this relates to the sale of the Defense & Aerospace division 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.

<sup>14</sup> Other investing activities relate in 2017 to capital contribution in CCO Barco Airport Venture LLC. In 2016 and 2015 to the investment in OneCampus, the new building at headquarters, which is financed with long term liabilities. Per 30 June 2015 Other investing activities also include the acquisition of 100% of the shares of Advan for an amount of € 12.1 million.

Dividends paid	-23,292	-20,951	-19,376
Dividends received	229	178	12
Capital increase/(decrease)	334	-296	-262
(Acquisition)/sale of own shares	4,465	2,028	-1,570
Proceeds from (+), payments (-) of long-term liabilities	-5,141	-5,187	7,618
Proceeds from (+), payments (-) of short-term liabilities	797	-2,222	-20,134
Dividend distributed to non-controlling interest	-	-5,749	-3,019
<b>Cash flow from financing activities</b>	<b>-22,607</b>	<b>-32,199</b>	<b>-36,732</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-52,946</b>	<b>-71,738</b>	<b>107,486</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>353,549</b>	<b>341,277</b>	<b>145,340</b>
<b>Cash and cash equivalents (CTA)</b>	<b>-13,364</b>	<b>-5,231</b>	<b>10,200</b>
<b>Cash and cash equivalents at end of period</b>	<b>287,239</b>	<b>264,309</b>	<b>263,026</b>

<b><u>Results per division</u></b>	<b>2017 1<sup>st</sup> half</b>	<b>2016 1<sup>st</sup> half</b>	<b>2015 1<sup>st</sup> half</b>
<i>(in thousands of euros)</i>			
<b>Sales</b>			
Entertainment	247,404	272,571	264,419
Enterprise	150,797	140,950	138,850
Healthcare	119,939	115,694	104,690
Intra-group eliminations	-172		-1,791
<b>Group</b>	<b>517,968</b>	<b>529,215</b>	<b>506,168</b>
<b>EBITDA</b>			
Entertainment	17,538	22,710	27,505
Enterprise	16,806	15,646	2,662
Healthcare	13,819	11,094	10,342
<b>Group</b>	<b>48,163</b>	<b>49,451</b>	<b>40,509</b>

**ANNEX II****TRADING UPDATE 2Q17****Trading update second quarter 2017**Orderbook

<i>(in millions of euros)</i>	<b>2Q17</b>	<b>1Q17</b>	<b>4Q16</b>	<b>3Q16</b>	<b>2Q16</b>	<b>1Q16</b>
Orderbook	349.5	354.8	320.8	330.1	332.4	350.5

Order Intake

<i>(in millions of euros)</i>	<b>2Q17</b>	<b>1Q17</b>	<b>4Q16</b>	<b>3Q16</b>	<b>2Q16</b>	<b>1Q16</b>
Order Intake	278.4	283.5	281.7	266.7	252.0	280.8

Sales

<i>(in millions of euro)</i>	<b>2Q17</b>	<b>2Q16</b>	<b>Change</b>
Entertainment	124.8	135.1	-7.6%
Enterprise	86.2	80.5	7.1%
Healthcare	60.8	58.5	4.0%
Intra-group eliminations	-0.1	-0.0	
<b>Group</b>	<b>271.7</b>	<b>274.1</b>	<b>-0.9%</b>