

## FULL YEAR RESULTS:

+ 20% EBITDA growth on flat sales, reflecting tangible progress on 'focus to perform' initiatives

**Kortrijk, Belgium, 8 February 2018, 7:30 am** – Today Barco (Euronext: BAR; Reuters: BARBt.BR; Bloomberg: BAR BB) announced results for the six and twelve month periods ended 31 December 2017.

### Fiscal year 2017 financial highlights

- Incoming orders at 1,105.2 million euro (+ 2.2%)
- Sales at 1,084.7 million euro (- 1.6%), flat excluding lighting divestment<sup>1</sup>
- EBITDA of 107.1 million euro (+ 19.1 million euro) or 9.9% of sales (+ 1.9 ppts)
- Adjusted EBIT<sup>2</sup> of 73.2 million euro (+36.7 million euro) or 6.8% of sales (+3.5 ppts)
- Net income<sup>3</sup> of 24.8 million euro<sup>4</sup> (+13.8 million euro)
- Free cash flow of 40.0 million euro, down from 57.4 million euro
- ROCE @ 19% (+4 ppts)<sup>5</sup>
- Proposal to increase the dividend to 2.10 euro per share from 1.90 euro

### Executive Summary

A solid gain in gross profit margin combined with OPEX control lifted the EBITDA margin by 1.9 percentage points to 9.9%, with each division posting gains. Barco delivered this profitability improvement while maintaining R&D spending levels to ensure the healthy pipeline of innovative solutions.

Reported sales were slightly below last year and flat excluding the impact of the divestiture of the company's lighting business. Enterprise continued to deliver strong growth for ClickShare and launched Control Room's UniSee, a new LCD-based videowall as part of a turnaround plan for this business. Healthcare increased sales and strengthened its market position in the diagnostic and surgical segments. In Entertainment a promising uptake in the Venues & Hospitality segment partially offset softer sales in Cinema.

Barco undertook a strategic review of its businesses, assets, manufacturing footprint and investments as part of its 'focus to perform' program. The outcome of this review included the divestiture of the company's lighting activity, a redeployment of resources away from underperforming or non-strategic initiatives to core business opportunities and the decision to relocate the manufacturing activities from Norway to Belgium. As a result of the strategic review, the company recorded 32.4 million euro in restructuring and impairment charges consisting of 5.2 million euro of cash restructuring costs and 27.2 million euro of non-cash charges.

<sup>1</sup> The reported results are not corrected for currency effects and the impact of the lighting activity, which the company divested in 1H17. Excluding the impact of lighting, sales for 2017 were flat compared to 2016 : excluding currency effects reported sales were 1.0% below last year.

<sup>2</sup> Adjusted EBIT is EBIT excluding restructuring charges and impairments and other non-operating income expenses, see Glossary Annual report, Module 3

<sup>3</sup> Net income attributable to the equity holder of the parent

<sup>4</sup> Net income include impairments and restructuring costs of 32.4 million euro

<sup>5</sup> ROCE in 2017 is 4 percentagepoints higher than ROCE 2016, excluding impact of amortization on capitalized product development costs and applying adjusted tax rate of 16%

## **Quote of the CEO, Jan De Witte**

“During 2017 we took decisive actions to establish a stronger foundation for sustainable profitable growth and improved quality of earnings. We made choices across the organization and intensified management attention on operational efficiencies and gross margin accretion initiatives,” said Jan De Witte, CEO.

“While our performance in 2017 demonstrates that we are moving in the right direction, we are not finished improving our profitability and execution efficiency. Therefore, in 2018, we remain focused on our strategic initiatives in order to deliver another year of EBITDA growth and on improving the effectiveness of our sustained R&D investment to deliver future topline growth,” concluded De Witte.

## **Outlook 2018**

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

Assuming a stable economic environment and currencies at current levels, management expects to generate further margin improvement on flat sales for 2018 compared to 2017.

Management’s full year outlook on sales anticipates unfavorable currency comparison for the first half offset by stronger sales on a comparable currency basis in the second half of the year.

Management’s guidance for 2018 excludes the impact of the new strategic cinema joint venture and the new ownership structure in BarcoCFG<sup>6</sup>.

## **Dividend**

The Board of Directors will propose to the General Assembly to increase the dividend from 1.90 euro to 2.10 euro per share to be paid out in 2018.

The following timetable will be proposed to the Annual General Shareholder meeting

- Ex-date: Monday, 7 May 2018
- Record date: Tuesday, 8 May 2018
- Payment date: Wednesday, 9 May 2018

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<sup>6</sup> BarcoCFG is the entity where Barco joined forces with China Film Group to address the Chinese cinema market. Barco holds a 58% stake in this entity. See also glossary in Annual Report.

## Part I - Consolidated results for the fiscal year 2017

### Order Intake & Order Book

Order book at year end was 318.8 million euro, essentially flat with FY 16 reflecting increases in Enterprise for mainly the Corporate segment offset by declines in Entertainment related to Cinema and the divested lighting activity.

#### Order Book

<i>(in millions of euro)</i>	<b>FY17</b>	<b>FY16</b>	<b>FY15</b>
Order book	318.8	320.8	333.2

Order intake was 1,105.2 million euro, an increase of 2.2% compared to last year driven by strong gains in Healthcare & Enterprise. Declines in the APAC region were mainly offset by strong growth in the Americas region.

#### Order Intake

<i>(in millions of euro)</i>	<b>FY17</b>	<b>FY16</b>	<b>FY15</b>
Order Intake	1,105.2	1,081.2	1,043.7

#### Order Intake by division

<i>(in millions of euro)</i>	<b>FY17</b>	<b>FY16</b>	<b>Change</b>
Entertainment	535.7	574.8	-6.8%
Enterprise	323.9	290.2	+11.6%
Healthcare	245.8	216.3	+13.7%
<b>Group</b>	<b>1,105.2</b>	<b>1,081.2</b>	<b>+2.2%</b>

#### Order intake per region

	<b>FY17</b>	<b>FY16</b>	<b>Change</b> <i>(in nominal value)</i>
The Americas	35%	34%	+ 7.5%
EMEA	32%	32%	+ 1.5%
APAC	33%	34%	-2.3%

## Sales

Full year sales decreased 1.6% driven by a softer cinema market, divested business activities, de-emphasis of non-core activities and unfavourable currency. Progress in the Healthcare and Enterprise nearly offset the decline in Entertainment.

- Excluding the impact of Barco's lighting activity, which the company divested in 1H17, sales for the year were flat compared to 2016.
- Excluding currencies effects (mainly the impact of the Chinese Yuan) reported sales were 1.0% below last year.

## Sales

(in millions of euro)	FY17	FY16	FY15
Sales	1,084.7	1,102.3	1,028.9

## Sales by division

(in millions of euro)	FY17	FY16	Change
Entertainment	533.3	578.1	-7.7%
Enterprise	308.2	289.7	+6.4%
Healthcare	243.2	234.6	+3.7%
<b>Group</b>	<b>1,084.7</b>	<b>1,102.3</b>	<b>-1.6%</b>

## Sales by region

	FY17	FY16	Change (in nominal value)
The Americas	36%	36%	-0.1%
EMEA	32%	31%	-1.4%
APAC	32%	33%	-3.5%

## Profitability

### Gross profit

Gross profit increased from 378.8 to 404.2 million euro, an increase of 25.3 million euro. Gross profit margin increased 2.9 percentage points to 37.3% compared to 34.4% in 2016, reflecting favourable product mix and the benefit of cost down engineering actions taken in all divisions.

### Operating expenses & other operating results

Total operating expenses<sup>7</sup> were 327.2 million euro compared to 322.7 million euro a year earlier. As a percentage of sales, operating expenses were 30.2% compared to 29.3% for 2016.

- On a cash basis, Research & Development expenses were 122.3 million euro compared to 120.5 million euro last year. As percentage of sales, R&D expenses were 11.3% compared to 10.9% a year earlier.
- Sales & Marketing expenses were 146.8 million euro compared to 147.1 million euro for 2016. As a percent of sales, Sales & Marketing expenses were 13.5% of sales compared to 13.3% in 2016.
- General & administration expenses increased 5.4% to 58.1 million euro compared to 55.1 million euro last year and increased to 5.4% as a percentage of sales compared to 5.0% in 2016.

Other operating results amounted to a negative 3.7 million euro mainly driven by additional provisions made. Other operating results in 2016 were 3.3 million euro positive partly driven by reversals of bad debt.

### EBITDA & adjusted EBIT<sup>8</sup>

EBITDA grew 21.7% to 107.1 million euro compared to 88.0 million euro for the prior year. EBITDA margin was 9.9% versus 8.0% for 2016.<sup>9</sup>

By division, EBITDA and EBITDA margin is as follows:

FY17 (in millions of euro)	Sales	EBITDA	EBITDA %
Entertainment	533.3	38.9	7.3%
Enterprise	308.2	40.7	13.2%
Healthcare	243.3	27.5	11.3%
<b>Group</b>	<b>1,084.7</b>	<b>107.1</b>	<b>9.9%</b>

<sup>7</sup> Operating expenses referenced in this press release are including depreciations on tangible and intangible fixed assets.

<sup>8</sup> EBITDA and adjusted EBIT in this press release exclude impairment and restructuring costs and other non-operating income expenses: see Glossary in Annual Report.

<sup>9</sup> In constant currencies EBITDA margin would have been 1.6 percentage points higher at 10.5% of sales.

EBITDA by division 2017 versus 2016 is as follows:

<i>(in millions of euro)</i>	<b>FY17</b>	<b>FY16</b>	<b>Change</b>
Entertainment	38.9	30.4	+27.8%
Enterprise	40.7	33.0	+23.3%
Healthcare	27.5	24.6	+12.1%
<b>Group</b>	<b>107.1</b>	<b>88.0</b>	<b>+21.7%</b>

Barco delivered double-digit EBITDA growth for 2017 with each division reporting gains, led by Entertainment and Enterprise together accounting for 85% of the year-over-year variance.

EBITDA growth resumed for the Entertainment division by discontinuing non-profitable activities and scaling back certain growth initiatives and supported by a stable performance in its base business. Significant EBITDA growth in the Enterprise division was driven by continued strong contributions from the Corporate activity. The Healthcare division booked profitability gains on favourable product mix.

Adjusted EBIT was 73.2 million euro, or 6.8% of sales, compared to 36.6 million euro, or 3.3% of sales, for 2016. EBIT in 2016 included 22.9 million euro of amortizations and impairment of capitalization of product development expenses.

Barco recorded restructuring and impairment charges of 32.4 million euro including 5.2 million euro of cash restructuring charges and 27.2 of non-cash impairment charges.

The cash component include the lay-off costs related to the decision to relocate the production in Norway to Belgium and the decision to revisit a number of growth initiatives in the Entertainment division and the X2O activity in the Enterprise division.

Non-cash items include 10.9 million euro impairment cost on goodwill, 9.1 million euro on investments and a 4.4 million euro cost related to write-off of inventories.

As a result EBIT was 40.8 million euro compared to 30.5 million euro in 2016.

### Income taxes

In 2017 taxes were 11.4 million euro for an effective tax rate of 26.5%. Taxes in 2016 were 6.3 million euro for an effective tax rate of 20%.

2017 income taxes were negatively impacted by changes in tax regulation in Belgium and US resulting in a non-recurring impact of 15.6 million euro tax cost. Excluding the non-recurring impact, adjusted tax rate in 2017 was 16%.

### Net income

Net income attributable to the equity holders was 24.8 million euro compared to 11.0 million euro in 2016. This is net income after deducting non-controlling interest for 8 million euro. This was 14.7 million euro in 2016, mainly resulting from a strong 2016 Chinese cinema year.

Net income per ordinary share (EPS) was 2.01 compared to 0.91 euro in 2016. Fully diluted earnings per share were 1.99 euro compared to 0.88 euro.

**Cash Flow & Balance Sheet**Free Cash Flow and Working Capital

As a result of strong working capital management in the second semester, Barco generated a free cash flow of 40.0 million euro for the year compared to 57.4 million euro for 2016. Free cash flow at the end of the first semester was a negative 33.5 million euro.

(in millions of euro)	FY17	FY16	FY15
<b>Gross operating Free Cash Flow</b>	<b>104.0</b>	<b>81.9</b>	<b>67.4</b>
<i>Changes in trade receivables</i>	-7.3	0.2	-5.4
<i>Changes in inventory</i>	-3.6	-2.8	27.6
<i>Changes in trade payables</i>	-19.7	-2.7	16.3
<i>Other Changes in net working capital</i>	-8.1	11.9	32.8
<b>Change in net working capital</b>	<b>-38.7</b>	<b>6.6</b>	<b>71.2</b>
<b>Net operating Free Cash Flow</b>	<b>65.3</b>	<b>88.5</b>	<b>138.6</b>
<i>Interest Income/expense</i>	2.0	4.1	0.2
<i>Income Taxes</i>	-4.4	-11.5	-14.9
<b>Free Cash Flow from operating activities</b>	<b>63.0</b>	<b>81.1</b>	<b>123.9</b>
<i>Purchase of tangible and intangible FA (excl. One Campus)</i>	-23.2	-24.2	-14.7
<i>Proceeds on disposal of tangible and intangible FA</i>	0.2	0.6	1.1
<b>Free Cash Flow from investing</b>	<b>-23.0</b>	<b>-23.7</b>	<b>-13.6</b>
<b>FREE CASH FLOW</b>	<b>40.0</b>	<b>57.4</b>	<b>110.3</b>

Barco realized a 22.1 million euro higher Gross Operating free cash flow mainly driven by higher profitability.

Working capital and Return on Capital Employed

Working capital actions in the 2<sup>nd</sup> semester brought Inventory + Accounts Receivables – Accounts Payables to 20% on flat sales.

Net working capital was -3.8% of sales compared to -5.1% in 2016 mainly due to lower outstanding trade payables and lower advances on customer contracts.

(in millions of euro)	FY17	1H17	FY16
Trade Receivables	182.1	189.7	188.6
<b>DSO</b>	<b>55</b>	<b>63</b>	<b>55</b>
Inventory	154.1	169.4	166.2
<b>Inventory turns</b>	<b>3.6</b>	<b>3.3</b>	<b>3.6</b>
Trade Payables	-114.5	-121.3	-135.1
<b>DPO</b>	<b>58</b>	<b>59</b>	<b>63</b>
Other Working Capital	-263.3	-232.8	-276.0
<b>TOTAL WORKING CAPITAL</b>	<b>-41.6</b>	<b>5.1</b>	<b>-56.4</b>

### Capital Expenditure

Capital expenditure was 23.2 million euro compared to 24.2 million euro in 2016, excluding the cash-outs for the One Campus projects in 2016.

### Return on Capital Employed

ROCE calculated on an adjusted tax basis was 19%, a 4 percentage points improvement versus last year.<sup>10</sup>

### Goodwill

Goodwill on the group level stood at 105.4 million euro compared to 124.3 million euro at the end of 2016 and 132.4 million euro at the end of 2015.

During 2017, Barco recorded impairment charges on goodwill totalling 10.9 million euro related to the Enterprise division's X2O activity, which was acquired in 2014. In addition and related to the decision to change the ownership structure of BarcoCFG, 8.0 million euro goodwill is transferred to assets held for sale.

### Cash position

Barco ended the year with a net financial cash position of 210.7 million euro, excluding the cash held in BarcoCFG. This is 24 million euro higher than the cash position at the end of 2016 and mainly as a result of positive free cash flows partially offset by dividend payments.<sup>11</sup>

BarcoCFG held 67.4 million euro cash at the end of the year and intends to pay this out over the next 2 to 3 years through phased dividend payments to its shareholders.

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<sup>10</sup> Barco began expensing product development costs as incurred effective 1 January 2015. Previously the company had capitalized product development costs and the outstanding balance of capitalized development costs was amortized in 2015 and 2016. ROCE in 2016, excluding these amortizations was 15%.

<sup>11</sup> Cash levels refer to the immediately available net cash position, excluding the cash in BarcoCFG.

## Part II – Divisional results for fiscal year 2017

### BARCO'S ORGANIZATIONAL STRUCTURE

Barco is a global technology company developing solutions for three main markets, which is also reflected in its divisional structure: Entertainment, Enterprise and Healthcare.



- **Entertainment:** The Entertainment division is the combination of the Cinema and Venues & Hospitality activities, which includes Professional AV, Events and Simulation activities.
- **Enterprise:** The Enterprise division is the combination of the Control Rooms activities and the Corporate activities. ClickShare is the main contributor to the Corporate activity which also includes the Medialon activities.
- **Healthcare:** The Healthcare division includes the activities in Diagnostic Imaging (Diagnostic and Modality Imaging) and in Surgical.

## ENTERTAINMENT DIVISION

<i>(in millions of euro)</i>	<b>FY17</b>	<b>FY16</b>	<b>FY15</b>	<b>Change vs FY16</b>
Orders	535.7	574.8	536.4	-6.8%
Sales	533.3	578.1	514.5	-7.7%
EBITDA	38.9	30.4	43.6	+27.8%
EBITDA margin	7.3%	5.3%	8.5%	

As anticipated, the Entertainment division saw cinema orders and sales volumes decline during 2017 and growth in Venues & Hospitality sales and orders. Venues and Hospitality accounted for 38% of the orders versus 35% in 2016. EBITDA and EBITDA margin benefited from 'focus to perform' actions including divesting the lighting activity at the end of the first quarter of 2017, repositioning some growth initiatives including the LED activities and reducing content financing support for the Barco Escape format.

In the cinema segment, Barco augmented its leadership position and expanded its installed base of smart laser and laser flagship projectors. More than a third of all shipped cinema projector units in 2017 were smart laser projectors and Barco attained deployments in 100 all-laser multiplexes globally, a milestone and competitive differentiator for the company.

In China and North America sales declined while Barco recorded growth in South East Asia, India and Latin America.

Gearing up for the renewal wave in cinema, Barco announced it will enter into a strategic joint venture with Appotronics and China Film Group in 2018 to create a dedicated commercialized solutions channel for the global cinema market excluding mainland China.

The Venues and Hospitality segment delivered good uptake mainly in the events market and some fixed install areas such as theme parks. These increases were mainly driven by demand for new products such as laser phosphor projectors and image processing solutions which strengthened Barco's competitive positioning.

## Note on Barco Escape

As previously disclosed, Barco had been exploring strategic options to secure content financing for the Barco Escape format.

Because the results of this exercise were not satisfactory, management has decided to discontinue this growth initiative.

The 30 theatres with Escape installations have been informed and Barco is working with each of these customers to reach a satisfactory outcome.

## Note on Barco Fredrikstad

Following our announcement on 4 January 2018, in which Barco announced its intention to restructure the Barco Fredrikstad, Norway activities, Barco has now decided to relocate its Fredrikstad manufacturing activities to Kortrijk where they will be combined with the company's larger and new projection factory during 2018. 75 employees currently work in manufacturing and related activities at the Fredrikstad facility.

## ENTERPRISE DIVISION

(in millions of euro)	FY17	FY16	FY15	Change vs FY16
Orders	323.9	290.2	287.0	+ 11.6%
Sales	308.2	289.7	300.4	+ 6.4%
EBITDA	40.7	33.0	11.1	+ 23.3%
EBITDA margin	13.2%	11.4%	3.7%	

The Enterprise division performed well in 2017, producing an 180 basis point gain in EBITDA margin and solid increases in orders and sales driven by continued growth in the Corporate segment.

The Corporate segment accounted for about 57% of Enterprise's sales in 2017 compared to 50% a year ago.

The Corporate segment continued to grow in all regions with ClickShare now installed in approximately 350,000 meeting rooms, up from 200,000 meetings rooms for 2016 with 40% of Fortune 1000 companies now using ClickShare. North America and Europe registered the strongest sales growth. During the year Barco expanded the ClickShare portfolio with the introduction of a new higher-end version and continued to extend its sales reach and channel network, adding distributors in the US and APAC markets. In order to enlarge its meeting room ecosystem, the company also entered into a global collaboration agreement with Logitech.

With key sectors such as oil and gas and some emerging geographic markets investing less, Control Rooms' order intake was flat and sales declined, resulting in lower EBITDA. With the rear projection cube market maturing and related markets awaiting the next generation of LCD displays, the launch of Barco's new LCD-based videowall, Unisee, in November 2017, was timely and met with positive initial feedback from the market. Management expects Unisee to begin contributing sales to Control Rooms in the second half of 2018.

In addition the company continued to invest in software and workflow solutions which are gradually being introduced into the market.

Management also decided to evaluate strategic options for Silex and X2O, two non strategic smaller activities in the Enterprise portfolio. As a result, Silex, an advanced chip design activity, was sold to Anseribus NV in December 2017. Management plans to complete its analysis of X2O options in the next coming months.

## HEALTHCARE DIVISION

<i>(in millions of euro)</i>	<b>FY17</b>	<b>FY16</b>	<b>FY15</b>	<b>Change vs FY16</b>
Orders	245.8	216.3	221.2	+ 13.7%
Sales	243.2	234.6	216.0	+ 3.7%
EBITDA	27.5	24.6	19.4	+ 12.1%
EBITDA margin	11.3%	10.5%	9.0%	

Healthcare achieved an 11.3% EBITDA margin for 2017 up from 10.5% for 2016, driven by modest growth in sales for both the diagnostic and the surgical segments and gross profit margin expansion reflecting positive mix-effects and continued value engineering efforts. Modality experienced softer demand. Orders indicated good uptakes in both the diagnostic and the surgical segments, primarily in North America.

In the diagnostic market Healthcare strengthened its market leadership and increased sales of its flagship Uniti-monitor. Surgical gradually made progress and the division is working on expanding the platform by aligning with new partners to fuel growth.

During the year Healthcare's 'focus to perform' actions included reducing investments in patient care solutions. The division is preparing to increase local Chinese production of healthcare displays and enhance business development capabilities to further penetrate this high-growth developing market. In addition the division is also making progress in growing its installed base of diagnostic displays in Latin America.

## Conference call

Barco will host a conference call with investors and analysts on 8 February 2018 at 9:00 a.m. CET (3:00 am EST), to discuss the results of 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

### Auditor's report

The statutory auditor, Ernst & Young Bedrijfsrevisoren/Réviseurs d'Entreprises represented by Marnix Van Dooren has confirmed that the audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting information included in this press release.

The complete audit report related to the audit of the consolidated financial statements will be shown in the 2017 annual report that will be published on the Internet ([www.barco.com](http://www.barco.com)).

### Financial Calendar 2018

- Trading update 1Q18	Wednesday 18 April 2018
- Annual general shareholders meeting	Thursday 26 April 2018
- Announcement of results 1H18	Thursday 19 July 2018
- Trading update 3Q18	Wednesday 17 October 2018

### **About Barco**

Barco designs technology to enable bright outcomes around the world. Seeing beyond the image, we develop visualization 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 theaters to live events and attractions). In 2017, we realized sales of 1.085 billion euro. We have a team of 3,600 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

## Consolidated results for 2H17

## Financial highlights 2H17

- Order intake for the semester was 543.3 million euro, slightly down from 548.3 million euro a year earlier (-0.9%).
- Sales were 566.7 million euro were 1.1% lower than 573.1 million euro reported for 2H16
- Gross profit margin was 36.3% versus 32.9% in 2H16, an improvement of 340 basis points.
- EBITDA was 59.0 million euro versus 38.6 million euro in 2H16. EBITDA margin was 10.4% compared to 6.7% in 2H16.
- Adjusted EBIT was 41.7 million euro compared to 12.4 million euro in 2H16.
- Free cash flow for the second semester was 73.5 million euro compared to 86.4 million euro for the same period last year.

## Order Intake &amp; Order Book

Order intake for 2H17 compared to 2H16 reflects a slowdown in cinema partially offset by increases in non-cinema Entertainment activities, Healthcare and Enterprise. Growth in both the American and the EMEA region offset the decline in the APAC region, a decline which was mainly due to the softer Chinese cinema market and a strong second half in 2016.

Order Book

(in millions of euro)	2H17	1H17	2H16	1H16	2H15
Order book	318.8	349.5	320.8	332.4	333.2

Order Intake

(in millions of euro)	2H17	1H17	2H16	1H16	2H15
Order Intake	543.3	561.9	548.3	532.9	521.2

Order Intake by division

(in millions of euro)	2H17	2H16	Change
Entertainment	259.8	291.2	-10.8%
Enterprise	152.7	146.5	+4.2%
Healthcare	130.9	110.6	+18.4%
<b>Group</b>	<b>543.3</b>	<b>548.3</b>	<b>-0.9%</b>

Order intake per region

	2H17	2H16	Change (in nominal value)
The Americas	36%	33%	+9%
EMEA	32%	31%	+3%
APAC	32%	36%	-13%

## Sales

Second semester sales reflect solid performances in both Healthcare and Enterprise offset to a large extent by a year-over-year decline in Entertainment.

Excluding the impact of the lighting activity, sales were 0.6% higher than last year.

Excluding currency effects sales were 1.3% higher than last year.

Year-over-year, regional differences were rather small with growth in the American region and declines in the APAC and EMEA market.

### Sales

<i>(in millions of euro)</i>	<b>2H17</b>	<b>1H17</b>	<b>2H16</b>	<b>1H16</b>	<b>2H15</b>
Sales	566.7	518.0	573.1	529.2	522.7

### Sales by division

<i>(in millions of euro)</i>	<b>2H17</b>	<b>2H16</b>	<b>Change</b>
Entertainment	285.9	305.4	-6.5%
Enterprise	157.4	148.8	+5.8%
Healthcare	123.3	118.9	+3.7%
<b>Group</b>	<b>566.7</b>	<b>573.1</b>	<b>-1.1%</b>

### Sales by region

	<b>2H17</b>	<b>2H16</b>	<b>Change</b> (in nominal value)
The Americas	35%	34%	+2%
EMEA	31%	31%	-2%
APAC	34%	35%	-3%

## Profitability

### Gross profit

Gross profit was 205.7 million euro for the second semester of 2017, a robust increase of 8.9% compared to 188.8 million euro for the second semester 2016.

Gross profit margin increased by 3.4 percentage points to 36.3% for the second half of 2017 compared to 32.9% for the second half of 2016.

### Operating expenses & other operating results

In anticipation of softer sales for the second half compared to last year Barco took steps to control operating expenses in the second semester relative to 2016 and to the first half of 2017. Total operating expenses were 161.7 million euro, or 28.5% of sales, compared to 168.5 million euro or 29.4% of sales for the second half of 2016.

- Research & Development expenses decreased to 58.9 million euro from 64.4 million euro last year. As a percent of sales, R&D expenses amounted to 10.4% compared to 11.2% for 2H16.
- Sales & Marketing expenses were 73.5 million euro compared to 75.0 million euro for the second half of 2016. As a percent of sales, Sales & Marketing expenses were 13.0% in 2H17

## PRESS RELEASE – REGULATED INFORMATION – INSIDE INFORMATION

compared to 13.1% in 2H16.

- General & administration expenses were 29.3 million euro, or 5.2% of sales, compared to 29.0 million euro or 5.1% of sales last year.

Other operating results amounted to a negative 2.4 million euro compared to a positive 2.0 million euro last year.

### EBITDA & adjusted EBIT

EBITDA was 59.0 million euro compared to 38.6 million euro for the prior year second semester. EBITDA margin in the second half was 10.4% versus 6.7% for the second half of 2016, with strong increases in all divisions.

By division, EBITDA and EBITDA margin was as follows:

<b>2H17 (in millions of euro)</b>	<b>Sales</b>	<b>EBITDA</b>	<b>EBITDA %</b>
Entertainment	285.9	21.4	7.5%
Enterprise	157.4	23.9	15.2%
Healthcare	123.3	13.7	11.1%
<b>Group</b>	<b>566.7</b>	<b>59.0</b>	<b>10.4%</b>

EBITDA by division 2H17 versus 2H16 is as follows:

<i>(in millions of euro)</i>	<b>2H17</b>	<b>2H16</b>	<b>Change</b>
Entertainment	21.4	8.2	+ 171.4%
Enterprise	23.9	17.5	+ 37.4%
Healthcare	13.7	13.7	+ 1.5%
<b>Group</b>	<b>59.0</b>	<b>38.6</b>	<b>+52.6%</b>

Adjusted EBIT was 41.7 million euro or 7.4% of sales compared to 12.4 million euro for the same period last year. EBIT in 2016 included 10.0 million euro of amortizations on capitalized development expenses.

### Net income

Net income attributable to the equity holders for the second semester was 5.6 million euro compared to a negative 7.1 million euro in 2H16.

## ANNEX II

## Trading Update 4Q17

**Trading update fourth quarter 2017**Order Book

<i>(in millions of euro)</i>	<b>4Q17</b>	<b>3Q17</b>	<b>2Q17</b>	<b>1Q17</b>	<b>4Q16</b>	<b>3Q16</b>
Order book	318.8	343.4	349.5	354.8	320.8	330.1

Order Intake

<i>(in millions of euro)</i>	<b>4Q17</b>	<b>3Q17</b>	<b>2Q17</b>	<b>1Q17</b>	<b>4Q16</b>	<b>3Q16</b>
Order Intake	279.7	263.7	278.4	283.5	281.7	266.7

Sales

<i>(in millions of euro)</i>	<b>4Q17</b>	<b>3Q17</b>	<b>2Q17</b>	<b>1Q17</b>	<b>4Q16</b>	<b>3Q16</b>
Sales	300.0	266.7	271.7	246.2	311.3	261.8

Sales

<i>(in millions of euro)</i>	<b>4Q17</b>	<b>4Q16</b>	<b>Change</b>
Entertainment	149.4	163.4	-8.6%
Enterprise	83.2	84.2	-1.2%
Healthcare	67.3	63.8	+5.5%
<b>Group</b>	<b>300.0</b>	<b>311.3</b>	<b>-3.6%</b>

## ANNEX III

## Financial Tables

Income Statement	2017	2016	2015
<i>(in thousands of euro)</i>			
Sales	1,084,706	1,102,342	1,028,856
Cost of goods sold	-680,554	-723,538	-691,091
<b>Gross profit</b>	<b>404,152</b>	<b>378,804</b>	<b>337,765</b>
Research and development expenses	-122,305	-143,362	-150,222
Sales and marketing expenses	-146,802	-147,088	-137,829
General and administration expenses	-58,095	-55,122	-50,977
Other operating income (expense) - net	-3,710	3,325	2,960
<b>Adjusted EBIT</b>	<b>73,241</b>	<b>36,557</b>	<b>1,698</b>
Restructuring and impairments	-32,404	-12,939	-29,099
Gain on sale building	-	6,866	-
Other non-operating income/(expense)	-	33	35
<b>EBIT</b>	<b>40,836</b>	<b>30,516</b>	<b>-27,366</b>
Interest income	4,666	4,401	7,103
Interest expense	-2,653	-3,161	-4,098
<b>Income before taxes</b>	<b>42,849</b>	<b>31,756</b>	<b>-24,360</b>
Income taxes	-11,355	-6,345	4,879
<b>Result after taxes</b>	<b>31,494</b>	<b>25,411</b>	<b>-19,481</b>
Share in the result of joint ventures and associates	1,290	263	-1,073
<b>Net income/(loss) from continuing operations</b>	<b>32,784</b>	<b>25,674</b>	<b>-20,554</b>
<b>Net income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>47,031</b>
<b>Net income</b>	<b>32,784</b>	<b>25,674</b>	<b>26,477</b>
<b>Net income attributable to non-controlling interest</b>	<b>8,008</b>	<b>14,652</b>	<b>9,009</b>
<b>Net income attributable to the equity holder of the parent</b>	<b>24,776</b>	<b>11,023</b>	<b>17,468</b>
<b>Net income/(loss) (continuing) attributable to the equity holder of the parent</b>	<b>24,776</b>	<b>11,023</b>	<b>-29,563</b>
<b>Net income (discontinued) attributable to the equity holder of the parent</b>	<b>-</b>	<b>-</b>	<b>47,031</b>
Earnings per share (in euros)	2.01	0.91	1.45
Diluted earnings per share (in euros)	1.99	0.88	1.41
Earnings (continuing) per share (in euro)	2.01	0.91	-2.45
Diluted earnings (continuing) per share (in euro)	1.99	0.88	-2.38

<b>Selected Financial Ratios</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
EBITDA	107,118	88,002	74,080
EBITDA on sales	9.9%	8.0%	7.2%
Adjusted EBIT on sales	6.8%	3.3%	0.2%
EBIT on sales	3.8%	2.8%	-2.7%
Total debt to equity attributable to the Group	8.9%	13.6%	15.3%
<b>Balance sheet</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
<i>(in thousands of euro)</i>			
<b>ASSETS</b>			
Goodwill	105,385	124,255	132,386
Capitalized development cost	-	-	22,846
Other intangible assets	63,361	75,765	52,628
Land and buildings	57,964	53,019	20,221
Other tangible assets	47,366	50,916	72,346
Investments	7,906	14,460	9,031
Deferred tax assets	69,859	89,100	78,031
Other non-current assets	12,887	19,112	23,226
<b>Non-current assets</b>	<b>364,729</b>	<b>426,627</b>	<b>410,715</b>
Inventory	132,754	166,202	165,960
Trade debtors	149,438	188,561	186,910
Other amounts receivable	19,368	15,584	26,157
Cash and cash equivalents	254,130	353,549	341,277
Prepaid expenses and accrued income	5,041	8,709	9,308
Assets held for sale	139,536	-	-
<b>Current assets</b>	<b>700,267</b>	<b>732,605</b>	<b>729,612</b>
<b>Total Assets</b>	<b>1,064,996</b>	<b>1,159,231</b>	<b>1,140,327</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equityholders of the parent	579,449	590,243	597,739
Non-controlling interest	14,065	25,244	13,925
<b>Equity</b>	<b>593,514</b>	<b>615,487</b>	<b>611,664</b>
Long-term debts	41,036	66,811	79,527
Deferred tax liabilities	4,647	8,813	4,462
Other long-term liabilities	4,555	11,198	2,839
Long-term provisions	24,607	30,824	17,992
<b>Non-current liabilities</b>	<b>74,845</b>	<b>117,647</b>	<b>104,820</b>
Current portion of long-term debts	10,000	11,500	10,000
Short-term debts	686	2,085	2,124
Trade payables	102,943	135,127	139,504
Advances received from customers	67,040	109,064	113,874
Tax payables	9,752	13,880	13,016
Employee benefit liabilities	49,983	57,050	48,757
Other current liabilities	10,586	9,684	7,690
Accrued charges and deferred income	18,074	58,050	59,967
Short-term provisions	26,904	29,657	28,910
Liabilities directly associated with the assets held for sale	100,669	-	-
<b>Current liabilities</b>	<b>396,637</b>	<b>426,092</b>	<b>423,842</b>
<b>Total Equity and Liabilities</b>	<b>1,064,996</b>	<b>1,159,231</b>	<b>1,140,327</b>

Cash flow statement	2017	2016	2015
<i>(in thousands of euro)</i>			
<b>Cash flow from operating activities</b>			
Adjusted EBIT	73,241	36,557	1,698
Impairment of capitalized development costs	-	1,364	4,866
Restructuring	-4,244	-4,917	-3,622
Gain on sale of divestment	-513	-1,000	-1,406
Amortization capitalized development cost	-	21,509	44,575
Depreciation of tangible and intangible fixed assets	33,877	28,572	22,906
Gain/(Loss) on tangible fixed assets	362	-401	-543
Share options recognized as cost	1,549	1,234	1,313
Share in the profit/(loss) of joint ventures and associates	1,290	263	-1,073
Discontinued operations: cash flow from operating activities	-	-	-4,407
<b>Gross operating cash flow</b>	<b>105,560</b>	<b>83,180</b>	<b>64,308</b>
Changes in trade receivables	-7,326	205	-5,443
Changes in inventory	-3,577	-2,829	27,565
Changes in trade payables	-19,660	-2,676	16,297
Other changes in net working capital	-8,113	11,883	32,773
Discontinued operations: change in net working capital	-	-	12,767
<b>Change in net working capital</b>	<b>-38,677</b>	<b>6,583</b>	<b>83,958</b>
<b>Net operating cash flow</b>	<b>66,883</b>	<b>89,763</b>	<b>148,266</b>
Interest received	4,666	7,272	4,303
Interest paid	-2,653	-3,161	-4,098
Income taxes	-4,395	-11,538	-14,938
Discontinued operations: income taxes and interest received/(paid)	-	-	-5,094
<b>Cash flow from operating activities</b>	<b>64,501</b>	<b>82,337</b>	<b>128,439</b>
<b>Cash flow from investing activities</b>			
Purchases of tangible and intangible fixed assets	-23,160	-24,241	-14,730
Proceeds on disposals of tangible and intangible fixed assets	168	578	1,137
Proceeds from sale of building	-	9,292	-
Acquisition of Group companies, net of acquired cash	-5,889	-10,229	-9,635
Disposal of group companies, net of disposed cash	6,437	1,000	139,622
Other investing activities	-3,729	-16,667	-23,072
Discontinued operations: cash flow from investing activities	-	-	-887
<b>Cash flow from investing activities (including acquisitions and divestments)</b>	<b>-26,173</b>	<b>-40,267</b>	<b>92,435</b>

	2017	2016	2015
<b>Cash flow from financing activities</b>			
Dividends paid	-23,292	-20,951	-19,364
Dividends received	8	376	-
Capital increase/(decrease)	433	2,498	895
(Acquisition)/sale of own shares	5,314	5,684	-1,744
Proceeds from (+), payments (-) of long-term liabilities	-17,532	-11,381	8,740
Proceeds from (+), payments (-) of short-term liabilities	1,401	-2,239	-17,980
Dividend distributed to non-controlling interest	-17,893	-5,707	-3,006
Capital increase from non-controlling interest	-	2,912	406
<b>Cash flow from financing activities</b>	<b>-51,562</b>	<b>-28,809</b>	<b>-32,053</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-13,234</b>	<b>13,261</b>	<b>188,821</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>-18,801</b>	<b>-989</b>	<b>7,116</b>
<b>Cash and cash equivalents at end of period</b>	<b>321,514</b>	<b>353,549</b>	<b>341,277</b>

<b>Results per division</b>	2017	2016	2015
<i>(in thousands of euro)</i>			
<b>Sales</b>			
Entertainment	533,285	578,057	513,332
Enterprise	308,161	289,652	299,627
Healthcare	243,259	234,633	215,896
<b>Group</b>	<b>1,084,706</b>	<b>1,102,342</b>	<b>1,028,856</b>
<b>EBITDA</b>			
Entertainment	38,922	30,446	43,561
Enterprise	40,662	32,984	11,081
Healthcare	27,533	24,572	19,403
<b>Group</b>	<b>107,118</b>	<b>88,002</b>	<b>74,080</b>