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Barco six months ended 30 June 2019

BARCO

Obligations with regard to periodical information following the transparency directive effective as of 1 January 2008

Declaration regarding the information given in this report as of and for the 6 months ended 30 June 2019

The Board of Directors of Barco NV certifies in the name and on behalf of Barco NV, that to the best of their knowledge,

- the interim condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, financial position and results of Barco NV and of the entities included in the consolidation;
- the Management Discussion and Analysis presents a fair overview of the development and the results of the business and the position of Barco NV and of the entities included in the consolidation

On behalf of the Board of Directors

Jan De Witte, CEO Ann Desender, CFO

All definitions of Alternative Performance Measures (APMs) can be found in the Glossary of this report.

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Key figures

IN THOUSANDS OF EURO	1H 2019	1H 2018	1H 2017
Orders	533,840	539,676	561,887
Orderbook	344,169	324,394	349,534
Sales	496,440	498,103	517,968
Gross profit	201,237	193,019	198,407
Gross profit margin	40.5%	38.8%	38.3%
Adjusted EBIT	48,246	34,910	31,554
Adjusted EBIT margin	9.7%	7.0%	6.1%
EBITDA	67,586	51.495	48,163
EBITDA margin	13.6%	10.3%	9.3%
Net income	42,083	29,656	23,000
Net income attributable to the equityholder of parent	43,053	27,269	19,163
Net income margin attributable to the equityholder of parent	8.7%	5.5%	3.7%
Earnings per share (in euro)	3.44	2.20	1.56
Diluted earnings per share (in euro)	3.40	2.17	1.50

All definitions of Alternative Performance Measures (APMs) can be found in the Glossary of this report.

Management discussion and analysis of the results

First half 2019 financial highlights [1 2]

- Incoming orders at 533.8 million euro (+7.5%; at constant currencies +4.1%)
- Sales at 496.4 million euro (+8.3%; at constant currencies +4.5%)
- EBITDA of 67.6 million euro (+16.1 million euro) or 13.6% of sales (+3.3 ppts)
- Net income at 43.1 million euro (+15.8 million euro)

Management discussion

Orders and sales increased in each division resulting in a consolidated growth of 7.5% and 8.3%, respectively. In Entertainment substantial cinema-uptakes in North America and Western Europe produced a 12.6% increase in orders. In Enterprise, double digit growth in orders and sales for both ClickShare and Control Rooms propelled the division's strong performance. On the strength of a solid orderbook at the start of year, Healthcare sales grew across the portfolio, led by the surgical segment.

EBITDA margin expanded 3.3 percentage points compared to 1H18 reflecting continued gross profit margin improvements and increased operating expense efficiencies. Each division posted higher EBITDA margins compared to the first half of 2018.

During the first half of 2019, Barco began to implement its "fit to lead" program, the company's efficiency and capability building plan. The company also continued to advance a number of key growth initiatives. Under the "In China for China" program, Barco's strategy to more effectively penetrate the Chinese Healthcare market, Barco opened its R&D and manufacturing center in Suzhou. As evidence of its sustained emphasis on innovation, Barco also launched the 4K laser Series 4 cinema-projector platform and began initial deliveries under contracts won during the semester.

The company held its 2019 Capital Markets Day in May during which it outlined its "next chapter" path to sustainable profitable growth that calls for building more hardware, software and services solutions along with increasing monetization of the company's installed base.

Barco entered 2019 poised to resume top-line growth after a recent period of flat sales and, through solid execution, posted year-over-year sales growth and margin expansion for the first semester. The company is encouraged to see that the steps it has taken to establish a stronger business foundation while investing in innovative solutions and strengthening go-to-market strategies are bearing fruit.

The combination of a growing orderbook and healthy sales funnels at the mid-year point gives Barco confidence that it will deliver mid to high single digit sales growth for the year and another year of EBITDA margin improvement.

(1) All definitions of Alternative Performance Measures (APMs), used in this press release can be found in the glossary of the half year report.
(2) To present comparable data for 2017 and 2018: figures for orderbook, orders and sales in this press release are presented on a pro forma basis assuming the deconsolidation of the BarcoCFG joint venture had taken place on July 1, 2017. As the impact of the deconsolidation on gross profit, EBITDA and EBIT is not material, these reported values are not restated nor the margins.

Outlook 2019

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

Given the performance for the first half of the year – and assuming a stable global economic environment and currencies at current levels - management forecasts a full year outlook with mid to high single digit sales growth [1] for the year and with an EBITDA margin performance in line with the first half.

(1) Growth rates in management's guidance are based on comparisons to 2018 results on a pro forma basis.

Consolidated results for 1H19

Order intake and orderbook

Orderbook at the end of the semester stood at 344.2 million euro, up 41.0 million euro from the end of last year and up 19.8 million euro from a year ago on a pro forma basis, reflecting increases mainly in the Entertainment division.

IN MILLIONS OF EURO	30 JUN 2019	31 DEC 2018	30 JUN 2018 [1]	31 DEC 2017
Order book	344.2	303,2	324.4	285.9

Noteworthy to indicate that the large cinema frame agreements, such as the recently announced IMAX and Cineworld deals, are not included in Barco's calculations of order intake and orderbook. Given the Barco order recognition principles, only the underlying call-off orders of these frame agreements get reflected in order intake and order book.

IN MILLIONS OF EURO	1H19	2H18	1H18	2H17
Order intake	533.8	507.2	496.4	498.7

Order intake was 533.8 million euro, an increase of 7.5% or 37.4 million euro compared to last year's first half, driven by strong increases mainly in Cinema, ClickShare and Control Rooms. Orders were up in all regions, led by the EMEA and the APAC region.
Excluding currencies effects, orders were 4.1% higher than last year.

Order intake by division

IN MILLIONS OF EURO	1H19	1H18	CHANGE
Entertainment	231.3	205.4	+12,6%
Enterprise	174.8	158.9	+10.3%
Healthcare	127.7	132.1	-3.3%
Group	**533.8**	**496.4**	**+7.5%**
Order Intake at constant currencies			+4.1%

Order intake per region

IN MILLIONS OF EURO	1H19	% OF TOTAL	1H18	% OF TOTAL	CHANGE
The Americas	212.9	40%	208.9	42%	+2%
EMEA	191.3	36%	171.5	35%	+12%
APAC	129.6	24%	116.0	23%	+12%

Sales

First semester reported sales were 496.4 million euro, an 8.3% increase compared to 1H18. Excluding currencies effects, sales were 4.5% higher than last year.
Sales grew in each division, led by the Enterprise division.
From a regional perspective, all regions registered sales growth compared to 1H18, led by both the EMEA and the Americas region.

IN MILLIONS OF EURO	1H19	2H18	1H18	2H17
Sales	496.4	530.4	458.6	515.9

Sales by division

IN MILLIONS OF EURO	1H19	1H18	CHANGE
Entertainment	194.5	189.4	+2.7%
Enterprise	173.9	149.3	+16.5%
Healthcare	128.0	119.8	+6.8%
Intra-group eliminations		-	
Group	**496.4**	**458.6**	**+8.3%**
Sales at constant currencies			+4.5%

Sales per region

IN MILLIONS OF EURO	1H19	% OF TOTAL	1H18	% OF TOTAL	CHANGE
The Americas	198.1	40%	181.1	36%	+9%
EMEA	188.9	38%	172.2	35%	+10%
APAC	109.4	22%	105.3	29%	+4%

(1) Orderbook of 324.4 million euro reflects the deconsolidation of BarcoCFG (effective 1 July 2018). Assuming BarcoCFG had not been deconsolidated, orderbook at the end of the first half 2018 would have been 362.0 million euro. Orderbook for 2017 has not been restated.

All definitions of Alternative Performance Measures (APMs) can be found in the Glossary of this report.

Profitability

Gross profit

Gross profit was 201.2 million euro, an increase of 4.3% compared to 193.0 million euro for the first half of 2018. Gross profit margin was 40.5% compared to 38.8% for the first half of 2018, mainly driven by efficiency actions targeted to the cost of quality and the overhead expense-level.

Indirect expenses

Total indirect expenses decreased 2.3% to 154.4 million euro, or 31.1% of sales, compared to 158.1 million euro, or 31.7% of sales, for the first half of 2018, related to lower sales & marketing expenses.

- R&D expenses of 56.8 million euro were flat compared to last year while as a percent of sales R&D expenses were 11.4% compared to 11.3% for the same period last year.
- Sales & marketing expenses were 69.7 million euro down from 74.2 million euro for the first half of 2018. As a percent of sales, sales & marketing expenses were 14.0% compared to 14.9% in 1H18.
- General & administration expenses were 28.0 million euro compared to 27.5 million euro last year, or 5.6% of sales versus 5.5% last year.

Other operating results were at 1.5 million euro positive and include the results of BarcoCFG.

EBITDA & EBIT

EBITDA was 67.6 million euro compared to 51.5 million euro for the prior year first semester, an increase of 16.1 million euro.
EBITDA margin was 13.6% up 3.3 percentage points compared to the first semester of last year.
Excluding currency effects, EBITDA margin was 13.1%.

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

1H19 IN MILLIONS OF EURO	SALES	EBITDA	EBITDA %
Entertainment	194.5	15.5	8.0%
Enterprise	173.9	35.5	20.4%
Healthcare	128.0	16.6	13.0%
Group	496.4	67.6	13.6%

EBITDA by division 1H19 versus 1H18 is as follows:

IN MILLIONS OF EURO	1H19	1H18	CHANGE
Entertainment	15.5	17.4	-11.0%
Enterprise	35.5	20.3	+75.3%
Healthcare	16.6	13.9	+19.9%
Group	67.6	51.5	+31.2%

The strong group EBITDA growth was driven by solid improvements for both Enterprise and Healthcare. The strong growth in Enterprise testifies to improvements derived from the turnaround in Control Rooms.
EBITDA for Entertainment was lower compared to last year reflecting the negative operating leverage effect of softer sales in the Venues and Hospitality segment in the first semester.

EBIT was 48.2 million euro or 9.7% of sales compared to 34.9 million euro or 7.0% of sales last year.

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Income taxes

In the first half of 2019 taxes were 8.6 million euro for an effective tax rate of 17.0%, compared to 6.7 million euro in the first half of 2018, or an effective tax rate of 18.0%.

Net income

Net income attributable to equity holders was 43.1 million euro, or 8.7% of sales, compared to 27.3 million euro, or 5.5%, for the first semester of 2018.

Net earnings per ordinary share (EPS) for the first semester were 3.44 euro, compared to 2.20 euro the year before. Fully diluted net earnings per share were 3.40 euro, compared to 2.17 euro at the end of June 2018.

Cash flow & Balance sheet

Free cash flow

Free cash flow for the first half of 2019 improved to 41.6 million euro compared to 4.0 million euro negative for the first half of 2018.

Net operating free cash flow increased to 55.2 million euro, net after pay-out of 10 million euro for restructuring, from 13.4 million euro a year ago mainly due to higher EBITDA and working capital improvements in all divisions.

IN MILLIONS OF EURO	1H19	1H18	1H17
Gross operating free cash flow	57.4	48.3	45.6
Changes in trade receivables	14.7	3.0	-10.4
Changes in inventory	-33.1	-15.3	-11.8
Changes in trade payables	10.4	-5.6	-11.5
Other changes in net working capital	5.7	-17.0	-31.6
Change in net working capital	*-2.3*	*-34.9*	*-65.3*
Net operating free cash flow	55.2	13.4	-19.7
Interest income/expense	2.3	2.3	1.3
Income taxes	-5.3	-6.8	-3.5
Free cash flow from operating activities	52.2	8.9	-21.9
Purchase of tangible and intangible FA (excl. OneCampus)	-12.0	-13.9	-11.7
Proceeds on disposal of tang and intang FA	1.4	1.0	0.1
Free cash flow from investing activities	-10.6	-12.9	-11.6
FREE CASH FLOW	41.6	-4.0	-33.5

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Working capital

Net working capital was 1.6% compared to 0.4% of sales a year ago and 0.2% at the end of 2018.

IN MILLIONS OF EURO	1H19	FY18	1H18
Trade receivables	147.9	161.8	180.2
DSO	52	52	64
Inventory	168.8	135.1	170.3
Inventory turns	3.0	3.8	3.1
Trade payables	-115.0	-105.1	-108.4
DPO	67	59	57
Other working capital	-184.8	-189.3	-238.0
TOTAL WORKING CAPITAL	16.8	2.5	4.1

Capital expenditure

Capital expenditure was 12.0 million euro compared to 13.9 million euro a year ago, reflecting investments in Barco's factories in Belgium, US and greater China.

Return on Capital Employed

ROCE for 1H19 was 23%, compared to 18% in 2018.

Net financial cash position

The net financial cash position was 304.7 million euro as of 30 June 2019, compared to 332.0 million euro as of 31 December 2018
This decrease of 27.3 million euro reflects the impact of the change in accounting standard on leasing (IFRS16), payment of dividends during 1H19 and the investment in caresyntax®, partially offset by higher free cash flow.

The directly available net cash position amounted to 217.6 million euro compared to 247.4 million euro at the end of last year.

DIVISIONAL RESULTS FOR 1H19

ENTERTAINMENT DIVISION

IN MILLIONS OF EURO	1H19	1H18[1]	CHANGE vs 1H18
Order intake	231.3	205.4	+12.6%
Sales	194.5	189.4	+2.7%
EBITDA	15.5	17.4	-11.0%
EBITDA margin	8.0%	7.6%	

The Entertainment division ended the first semester with a healthy growth in orderbook reflecting a 13% increase in orders and a 3% increase in sales. Solid growth in Cinema's orders and sales was largely attributable to uptakes in replacement cinema contracts in North America and Western Europe and offset lower sales for the Venues and Hospitality segment. Cinema sales in China have stabilized after declining for the past two years.
The Cinema segment amounted to 56% of the divisional orders and sales.

EBITDA was lower than 1H18 reflecting the negative operating leverage effect of softer sales in the Venues and Hospitality segment in the first semester.

In Cinema, Barco continued to build its installed base through both replacement and expansion programs. The company maintained its leadership position as technology gradually shifts from lamp to laser based solutions. As a result, cinema posted stronger volumes and a higher average sales price.
At the Cinemacon tradeshow in April, Barco and Cinionic, Barco's cinema joint venture, released the new Series 4 4K RGB laser cinema projector platform and signed deals with initial reference accounts for the new platform.

While orders for the Venues and Hospitality segment were flat year-over-year against a strong 1H18, sales was soft mainly in the North America events market. To strengthen its competitive position, Barco is further broadening its laser based projector portfolio.

ENTERPRISE DIVISION

IN MILLIONS OF EURO	1H19	1H18	1H17	CHANGE vs 1H18
Order intake	174.8	158.9	171.1	+10.3%
Sales	173.9	149.3	150.8	+16.5%
EBITDA	35.5	20.3	16.8	+75.3%
EBITDA margin	20.4%	13.6%	11.1%	

The Enterprise division posted double digit growth in all metrics on the strength of gains in both segments - Corporate (ClickShare) and Control Rooms.
The Corporate segment accounted for about 55% of Enterprise's sales in the first half of the year, compared to 57% for the full year 2018.
The division produced a 6.8 percentage point gain in EBITDA margin driven by a strong upswing in Control Rooms' profitability that reflected the initial benefits of the turnaround while Corporate's margin was stable.

In Corporate, portfolio and channel expansions resulted in continued growth in all regions globally. Clickshare has now been installed in more than 600,000 meeting rooms worldwide, up from 500,000 meetings rooms at the end of 2018.
Corporate rounded out its portfolio by adding a ClickShare huddle version targeting the lower end of the market and by launching the ClickShare app as a "virtual button" connection to any ClickShare wireless solution.
The company gained traction with a higher number of F-1000 companies, increasing its share of wallet with them.
Control Rooms generated growth in sales and orders across

(1) While sales and orders for 1H18 have been restated assuming the deconsolidation had taken place as of 1st of July 2017, EBITDA and EBITDA margin for previous periods are not restated as the impact is considered to be not material.

All definitions of Alternative Performance Measures (APMs) can be found in the Glossary of this report.

all regions reflecting strong demand in all market segments, fuelled by the successful triple play videowall technology (LED, Rear projection and LCD) and higher volumes of the UniSee LCD-product. While continuing to invest in software and networking solutions, Control Rooms posted positive EBITDA for the first half of the year.

HEALTHCARE DIVISION

IN MILLIONS OF EURO	1H19	1H18	1H17	CHANGE vs 1H18
Order intake	127.7	132.1	114.9	-3.3%
Sales	128.0	119.8	119.9	+6.8%
EBITDA	16.6	13.9	13.8	+19.9%
EBITDA margin	13.0%	11.6%	11.5%	

On the strength of a strong orderbook at the start of the year, the Healthcare division posted good sales growth across all segments.

Reflecting enhanced operating leverage on higher sales, the division improved its EBITDA margin from 11.6% to 13.0%.

While the Diagnostic segment maintained low- to mid-single uptakes in sales, surgical booked solid growth in both sales and orders in all regions reflecting an improved product positioning and partner network expansion.
Under the "In China for China"-program, the division opened its local healthcare hub in March and started to produce displays locally.
The division also formed a strategic partnership with and acquired a minority stake in caresyntax® to strengthen the operating room value proposition and accelerate next level developments for the digital Nexxis platform.

Risk factors

Management refers to the section "Risk Factors" in the Annual Report 2018 (pages A/76 to A/85), which remain valid for the second year-half of 2019.

All definitions of Alternative Performance Measures (APMs) can be found in the Glossary of this report.

Interim condensed consolidated income statement

IN THOUSANDS OF EURO	1H 2019	1H 2018	1H 2017
Sales	496,440	498,103	517,968
Cost of goods sold	-295,203	-305,083	-319,561
Gross profit	**201,237**	**193,019**	**198,407**
Research and development expenses	-56,761	-56,451	-63,377
Sales and marketing expenses	-69,677	-74,151	-73,319
General and administration expenses	-28,004	-27,481	-28,808
Other operating income (expense) - net	1,451	-26	-1,349
Adjusted EBIT [1]	**48,246**	**34,910**	**31,554**
Impairment on investment	-	-	-4,537
Other non-operating income/(expense)	-	-	162
EBIT	**48,246**	**34,910**	**27,179**
Interest income	3,495	3,430	2,676
Interest expense	-1,172	-1,124	-1,403
Income before taxes	**50,568**	**37,215**	**28,451**
Income taxes	-8,597	-6,699	-5,690
Result after taxes	**41,972**	**30,517**	**22,761**
Share in the result of joint ventures and associates	112	-861	239
Net income	**42,083**	**29,656**	**23,000**
Net income attributable to non-controlling interest	**-970**	**2,387**	**3,837**
Net income attributable to the equity holder of the parent	**43,053**	**27,269**	**19,163**
Earnings per share (in euro)	3.44	2.20	1.56
Diluted earnings per share (in euro)	3.40	2.17	1.50

(1) Management considers adjusted EBIT to be a relevant performance measure in order to compare results over the period 2017 to 2019, as it excludes adjusting items. Adjusting items include impairments and other non-operating income/expense in 2017.

All definitions of Alternative Performance Measures (APMs) can be found in the Glossary of this report.

Interim condensed consolidated statement of comprehensive income

IN THOUSANDS OF EURO	1H 2019	1H 2018	1H 2017
Net income	**42,083**	**29,656**	**23,000**
Exchange differences on translation of foreign operations [1]	2,723	2,373	-18,527
Cash flow hedges			
Net gain/(loss) on cash flow hedges	-355	64	385
Income tax	60	-13	-77
Net gain/(loss) on cash flow hedges, net of tax	-295	51	308
Other comprehensive income/(loss) to be recycled through profit and loss in subsequent periods	**2,428**	**2,425**	**-18,219**
Remeasurement gains/(losses) on defined benefit plans	-	-	6,824
Deferred tax on remeasurement gains /(losses) on defined benefit plans	-	-	-2,319
Actuarial gains or losses, net of tax	-	-	4,504
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	**-**	**-**	**4,504**
Other comprehensive income/(loss) for the period, net of tax effect	**2,428**	**2,425**	**-13,714**
Attributable to equity holder of the parent	2,548	2,244	-12,210
Attributable to non-controlling interest	-120	180	-1,504
Total comprehensive income/(loss), for the year, net of tax	**44,511**	**32,081**	**9,286**
Attributable to equity holder of the parent	45,601	29,513	6,953
Attributable to non-controlling interest	-1,090	2,568	2,333

(1) Translation exposure gives rise to non-cash exchange gains/losses. Examples are foreign equity and other long-term investments abroad. These long-term investments give rise to period translation gains/losses that are non-cash in nature until the investment is realized or liquidated. The comprehensive income line commonly shows a positive result in case the foreign currency in countries where investments were made appreciates versus the euro, and a negative result in case the foreign currency depreciates.
At the end of June 2019, the positive exchange differences in the comprehensive income line were mainly booked on foreign operations held in Indian Rupees, Chinese yuan, Canadian dollars, Norwegian Krone and US dollars. At the end of June 2018, the positive exchange differences were mainly booked on foreign operations held in US dollars and Chinese yuan. At the end of June 2017, the negative exchange differences were mainly booked on foreign operations held in these same currencies.

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Interim condensed consolidated balance sheet

IN THOUSANDS OF EURO	30 JUNE 2019	31 DEC 2018
Assets		
Goodwill	105,612	105,612
Other intangible assets	52,036	47,397
Land and buildings [1]	85,013	57,777
Other tangible assets [1]	54,311	51,003
Investments	21,999	19,105
Deferred tax assets	60,875	67,478
Other non-current assets	8,425	9,732
Non-current assets	***388,271***	***358,103***
Inventory	168,766	135,111
Trade debtors	147,873	161,787
Other amounts receivable	19,972	19,567
Short term investments	106,901	112,795
Cash and cash equivalents	256,406	251,807
Prepaid expenses and accrued income	8,335	8,131
Current assets	***708,254***	***689,197***
Total assets	**1,096,525**	**1,047,301**
Equity and liabilities		
Equity attributable to equityholders of the parent	649,163	633,267
Non-controlling interests	38,350	1,777
Equity	***687,512***	***635,044***
Long-term debts [1]	46,585	29,882
Deferred tax liabilities	9,262	3,140
Other long-term liabilities	30,675	24,557
Long-term provisions	32,692	34,265
Non-current liabilities	***119,215***	***91,845***
Current portion of long-term debts [1]	15,918	7,500
Short-term debts	664	686
Trade payables	115,043	105,148
Advances received from customers	58,888	53,747
Tax payables	7,018	11,370
Employee benefit liabilities	51,135	51,314
Other current liabilities [2]	10,871	48,532
Accrued charges and deferred income	8,098	10,082
Short-term provisions	22,163	32,032
Current liabilities	***289,798***	***320,412***
Total equity and liabilities	**1,096,525**	**1,047,301**

(1) IFRS16 Leases is applied as of 1 January 2019. We refer to note 1. Adjustments on adoption of IFRS16.
(2) In 2018, other current liabilities included the contribution of the three minority shareholders in the capital of BarcoCineAppo Limited Hong Kong, totaling 45% of the total capital contributions of USD 100 million.

All definitions of Alternative Performance Measures (APMs) can be found in the Glossary of this report.

Interim condensed consolidated statement of cash flows

IN THOUSANDS OF EURO	1H 2019	1H 2018	1H 2017
Cash flow from operating activities			
Adjusted EBIT	48,246	34,910	31,554
Restructuring	-9,781	-908	-2,212
Gain on sale of divestments [1]	-	-745	-571
Depreciation of tangible and intangible fixed assets	19,340	16,584	16,609
Gain/(Loss) on tangible fixed assets	-498	-652	23
Share options recognized as cost	1,073	1,025	775
Share in the profit/(loss) of joint ventures and associates	112	-861	239
Gross operating cash flow	**58,492**	**49,354**	**46,417**
Changes in trade receivables	14,731	2,971	-10,422
Changes in inventory	-33,083	-15,302	-11,816
Changes in trade payables	10,381	-5,574	-11,496
Other changes in net working capital	5,707	-17,025	-31,593
Change in net working capital	**-2,265**	**-34,929**	**-65,327**
Net operating cash flow	**56,227**	**14,425**	**-18,910**
Interest received	3,495	3,430	2,676
Interest paid	-1,172	-1,124	-1,403
Income taxes	-5,281	-6,821	-3,510
Cash flow from operating activities	**53,269**	**9,908**	**-21,147**
Cash flow from investing activities			
Purchases of tangible and intangible fixed assets	-11,993	-13,910	-11,653
Proceeds on disposals of tangible and intangible fixed assets	1,415	1,040	74
Receipts for short term investments	5,894	-	-
Acquisition of Group companies, net of acquired cash [2]	-2,883	-4,617	-2,022
Disposal of Group companies, net of disposed cash [1]	-	385	5,570
Other investing activities [3]	-11,732	867	-1,158
Dividends from joint ventures and associates	-	-	229
Cash flow from investing activities (including acquisitions and divestments)	**-19,300**	**-16,236**	**-8,960**

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IN THOUSANDS OF EURO	1H 2019	1H 2018	1H 2017
Cash flow from financing activities			
Dividends paid	-28,680	-25,265	-23,292
Capital increase	350	127	334
Sale of own shares	5,583	5,239	4465
Payments (-) of long-term liabilities	-16,671	-5,021	-5,141
Proceeds from (+)/Payments of (-) short-term liabilities	7,420	-948	797
Cash flow from financing activities	**-31,998**	**-25,868**	**-22,836**
Net increase/(decrease) in cash and cash equivalents	**1,971**	**-32,195**	**-52,946**
Cash and cash equivalents at beginning of period	**251,807**	**321,514**	**353,549**
Cash and cash equivalents (CTA)	**2,629**	**2,583**	**-13,364**
Cash and cash equivalents at end of period	**256,406**	**291,902**	**287,239**
Cash assets held for sale (BarcoCFG) [4]	**-**	**56,669**	**-**
Cash and cash equivalents at end of period excluding assets held for sale	**256,406**	**235,233**	**287,239**

(1) Per June 2018 this relates to the sale of X2O Media. Per June 2017 this relates to the sale of Barco Lighting Systems .

(2) Per June 2019 this mainly relates to the MTT and Medialon acquisition of 2016 for which the contract provided for a deferred payment and earn-out.

(3) Other investing activities relate per June 2019 to the investment in Caresyntax for 8.9 million euro and neutralization of Barco's share in the result of Barco CFG (2.8 million euro) and CCO Barco Airport Venture LLC (both presented in gross operating cash flow) ;per June 2018 to the neutralization of Barco's share in the loss of CCO Barco Airport Venture LLC; per June 2017 to the capital contribution in CCO Barco Airport Venture LLC.

(4) Cash and cash equivalents per June 2018 includes the 56.7 million euro cash in BarcoCFG which is classified as held for sale in the balance sheet. Excluding BarcoCFG, cash and cash equivalents amount to 235.2 million euro (balance sheet).

Interim condensed consolidated statement of changes in equity

IN THOUSANDS OF EURO	Share capital and premium	Retained earnings	Share-based payments	Cumulative translation adjustment	Cash flow hedge reserve	Own shares	Equity attributable to equityholders of the parent	Non-controlling interest	Equity
Balance on 1 January 2017	**201,476**	**452,629**	**6,230**	**-20,811**	**-1,493**	**-47,787**	**590,243**	**25,244**	**615,487**
Net income attributable to equityholders of the parent		19,163					19,163	3,837	23,000
Capital and share premium increase	334						334		334
Dividend		-23,292					-23,292		-23,292
Other comprehensive income (loss) for the period, net of tax		4,504		-17,023	308		-12,210	-1,504	-13,714
Share-based payment			775				775		775
Exercise of options						4,465	4,465		4,465
Balance on 30 June 2017	201,810	453,005	7,005	-37,834	-1,185	-43,322	579,478	27,577	607,055
Balance on 1 January 2018	**201,908**	**457,053**	**7,511**	**-43,717**	**-1,100**	**-42,205**	**579,450**	**14,065**	**593,515**
Net income attributable to equityholders of the parent		27,269					27,269	2,387	29,656
Dividend		-25,955					-25,955		-25,955
Capital and share premium increase	127						127		127
Other comprehensive income (loss) for the period, net of tax				2,193	51		2,244	180	2,425
Share-based payment			1,025				1,025		1,025
Exercise of options						5,239	5,239		5,239
Balance on 30 June 2018	202,035	458,367	8,536	-41,524	-1,049	-36,966	589,399	16,633	606,032
Balance on 1 January 2019	**202,041**	**501,807**	**9,046**	**-42,842**	**-1,022**	**-35,762**	**633,268**	**1,777**	**635,045**
Net income attributable to equityholders of the parent		43,053					43,053	-970	42,083
Dividend		-28,680					-28,680		-28,680
Capital and share premium increase	350						350		350
Other comprehensive income (loss) for the period, net of tax				2,842	-295		2,548	-120	2,428
Deferred tax liability recognized on adoption IFRIC23 [1]		-6,500					-6,500		-6,500
Share-based payment			1,073				1,073		1,073
Exercise of options						5,583	5,583		5,583
Increase in ownership interest, whithout change in control		-1,533					-1,533	-1,852	-3,385
Decrease in ownership interest, without change in control [2]								39,515	39,515
Balance on 30 June 2019	202,391	508,147	10,119	-40,000	-1,317	-30,179	649,163	38,350	687,512

(1) We refer to note 1 Significant IFRS accounting principles for explanation on IFRIC23 Uncertainty over income tax treatments applied as of 1 January 2019.

(2) Mid December 2018 three minority shareholders have contributed in the capital of BarcoCineAppo Limited Hong Kong, totaling 45% of the total capital contributions of USD 100 million. As of 1 January 2019, these capital contributions gave right to 45% in the Cinionic legal entities equity and result. Barco remains in control. The 45% stake is shown as non-controlling interest as of 1 January 2019 (39.5 million euro).

All definitions of Alternative Performance Measures (APMs) can be found in the Glossary of this report.

Notes to the interim condensed consolidated financial statements

As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should be read in conjunction with the consolidated annual report for 2018.

1. Significant IFRS accounting principles

IAS 34 was applied to prepare the half year interim condensed consolidated financial statements as of and for the 6 months period ended 30 June 2019.
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Barco's annual consolidated financial statements as of and for the year ended 31 December 2018 and the adoption of new standards and interpretations effective as of 1 January 2019.

The new standards and interpretations effective as of 1 January 2019 include the following:

- IFRIC 23 Uncertainty over income tax treatments

Uncertainty over income tax treatments has been applied from 1 January 2019. The group has reviewed their tax positions taken in the financial statements and in the tax filings and how these are supported. In addition, the group has assessed how the taxation authorities might make their examinations and how issues that might arise from examinations could be resolved. Based on this assessment, a deferred tax liability was recorded in equity for an amount of 6.5 million euro on January 1st, 2019.

- IFRS 16 Leases

Adjustments recognised on adoption of IFRS16

This note explains the impact of the adoption of IFRS 16 Leases on the group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The group has applied the modified retrospective approach from 1 January 2019, not restating comparatives for the 2018 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.84%. The group did not have material finance leases. Below is the reconciliation from IAS 17 to IFRS 16 provided:

IN THOUSANDS OF EURO	1 JAN 2019
Non-cancellable operating lease commitments disclosed as at 31 December 2018	30,897
Cancellable operating lease commitments as at 31 December 2018	5,160
Add: finance lease liabilities recognised as at 31 December 2018	83
Discounted using the group's incremental borrowing rate	33,759
(Less): short-term leases recognised on a straight-line basis as expense	-496
(Less): low-value leases recognised on a straight-line basis as expense	-17
Add/(less): foreign exchange difference	192
Lease liability recognised as at 1 January 2019	**33,438**

The right-of-use assets for all assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. The recognised right-of-use assets relate to the following types of assets:

IN THOUSANDS OF EURO	30 JUNE 2019	1 JAN 2019
Buildings	24,500	27,715
Vehicles	5,132	5,723
Other	-	-
Total right-of-use assets	**29,631**	**33,438**
Total lease liabilities	**29,804**	**33,438**

Adjusted EBITDA, segment assets and segment liabilities for June 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities. The following segments were affected by the change in policy:

IN THOUSANDS OF EURO	ADJUSTED EBITDA	SEGMENT ASSETS	SEGMENT LIABILITIES
Entertainment	2,229	1,135	1,135
Enterprise	1,649	1,210	1,211
Healthcare	1,062	1,654	1,658
Total	**4,940**	**3,999**	**4,004**
Other non-allocated assets		25,632	25,800
Total right-of-use assets		**29,631**	**29,804**

There is no material impact on earnings per share for the six months period ending 30 June 2019 as a result of the adoption of IFRS 16.

Accounting principles applied on adoption of IFRS16

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 are short-term leases. In case that the practical expedient from IFRS16 is used for leases with remaining terms of 12 months or less, the short term lease expense is disclosed in the annual report.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Barco does not have onerous contracts.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

2. IFRS standards issued but not yet effective

There are no IFRS standards issued but not yet effective which are expected to have an impact on Barco's financials.

3. Acquisitions and investments

Investment in caresyntax

On April 9th, 2019 Barco announced a joint development, a software distribution and integrator agreement, with caresyntax®, leader in vendor-neutral software solutions for surgical automation, analytics and AI, alongside participating in the company's recent round of growth equity financing. The equity investment payment is recorded as an intangible asset (acquired know-how) on our Consolidated Balance Sheet, which will be amortized over 5 years. No equity instrument has been recognized because of the premium paid over the fair value of the shares.

4. Segment information

Barco's organization consists of three divisions: Entertainment, Enterprise and Healthcare which reflects the products and services that it offers to its customers.

- **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.

No operating segments have been aggregated to form the above reportable operating segments.

The CEO and his core leadership team monitor the results of each of the three divisions separately, so as to make decisions about resource allocation and performance assessment and consequently, the divisions qualify as operating segments. These operating segments do not show similar economic characteristics and do not exhibit similar long-term financial performance, therefore cannot be aggregated into reportable segments. 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.

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

4.1. Results by operating segment

The following table presents revenue, the timing of it and profit information regarding the Group's operating segments for the 6 months ending June 30, 2019, 2018 and 2017, respectively:

ENTERTAINMENT

IN THOUSANDS OF EURO	1H19		1H18		1H17	
Total sales	194,487	100.0%	228,925	100.0%	247,404	100.0%
Timing of revenue recognition						
At a point in time	178,140	91.6%	209,042	91.3%	220,914	89.3%
Over time	16,347	8.4%	19,883	8.7%	26,489	10.7%
EBITDA	**15,502**	8.0%	**17,375**	7.6%	**17,538**	7.1%

The lower sales from 1H19 to 1H18 can be explained by the fact that BarcoCFG is no longer consolidated as of the second half year of 2018 (we refer to our annual report 2018 note 3 'Assets held for sale' for more explanation on the change of control in BarcoCFG). Projector sales of Barco to BarcoCFG are as of 1 July 2018 part of sales, while the external sales of BarcoCFG to their customers are no longer included (impact of 39.5 million euro on sales, compared to 2018). As of July 1st, 2018, the results of BarcoCFG are accounted for under the equity method and are presented as part of the Group and Entertainment EBITDA (1H19: 2.7 million euro (49% of net result BarcoCFG).

ENTERPRISE

IN THOUSANDS OF EURO	1H19		1H18		1H17	
Total sales	173,938	100.0%	149,332	100.0%	150,797	100.0%
Timing of revenue recognition						
At a point in time	126,414	72.7%	103,791	69.5%	92,070	61.1%
Over time	47,524	27.3%	45,542	30.5%	58,727	38.9%
EBITDA	**35,469**	20.4%	**20,266**	13.6%	**16,806**	11.1%

HEALTHCARE

IN THOUSANDS OF EURO	1H19		1H18		1H17	
Total sales	128,014	100.0%	119,845	100.0%	119,939	100.0%
Timing of revenue recognition						
At a point in time	125,886	98.3%	117,889	98.4%	117,304	97.8%
Over time	2,128	1.7%	1,957	1.6%	2,635	2.2%
EBITDA	**16,615**	13.0%	**13,854**	11.6%	**13,819**	11.5%

RECONCILIATION OF SEGMENT INFORMATION WITH GROUP INFORMATION

IN THOUSANDS OF EURO	1H19		1H18		1H17	
Entertainment	194,487	39.2%	228,925	46.0%	247,404	47.8%
Enterprise	173,938	35.0%	149,332	30.0%	150,797	29.1%
Healthcare	128,014	25.8%	119,845	24.1%	119,939	23.2%
Intra-group eliminations	-	0.0%	-	0.0%	-172	0.0%
Total sales	**496,440**	100.0%	**498,103**	100.0%	**517,968**	100.0%
Timing of revenue recognition						
At a point in time	430,440	86.7%	430,722	86.5%	430,116	83.0%
Over time	66,000	13.3%	67,381	13.5%	87,852	17.0%
EBITDA	**67,586**	13.6%	**51,495**	10.3%	**48,163**	9.3%

The over time revenues relate half to project sales, mainly in the Enterprise division (Control Rooms activities) and half to recurring service revenues generated on maintenance contracts.

Barco's contract liabilities are shown in the balance sheet in 'Advances received from customers' and in 'Accrued charges and deferred income'.

The activity of Barco is not subject to significant seasonality throughout the year and therefore disclosure per IAS34.21 is not required. Over the last 3 years (2016-2017-2018) average sales in the first semester was good for 48% of the total annual volume.

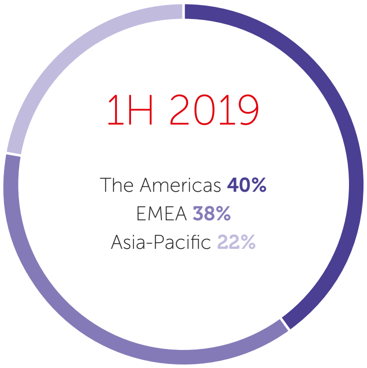
4.2. Segment assets

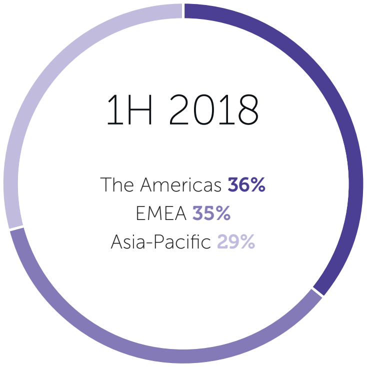
The following table presents segment assets of the Group's operating segments ending June 30, 2019 and December 31, 2018:

IN THOUSANDS OF EURO	30 JUNE 2019	31 DEC 2018
Assets		
Segment assets		
Entertainment	265,571	239,194
Enterprise	151,029	158,563
Healthcare	124,270	107,725
Total segment assets	**540,871**	**505,482**
Liabilities		
Segment liabilities		
Entertainment	154,995	140,225
Enterprise	69,091	81,605
Healthcare	61,384	56,149
Total segment liabilities	**285,470**	**277,979**

4.3. 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 2019, 2018 and 2017, respectively:





GROUP	1H19	% OF TOTAL	1H18	% OF TOTAL	1H17	% OF TOTAL
EMEA	188.9	38%	172.2	35%	166.5	32%
AMERICAS	198.1	40%	181.1	36%	193.5	37%
APAC	109.4	22%	144.8	29%	158.0	31%

There is no significant (i.e. representing more than 10% of the Group's revenue) concentration of Barco's revenues with one customer.

5. Related party transactions

During the half-year ended 30 June 2019, Barco NV has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements and were conducted at market prices.
Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note. None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24, 'Related party disclosures'. We refer to note 1 Consolidated companies of our annual report 2018 for an overview of the consolidated and equity accounted companies.

6. Litigations and commitments

No important changes occurred during the first 6 months of 2019 relating to the litigations and commitments which have been disclosed in the 2018 consolidated financial statements.

7. Events subsequent to the balance sheet date

No subsequent events occurred which could have a significant impact on the interim condensed financial statements of the group per 30 June 2019.

Auditor’s report

Statutory auditor's report on review of interim condensed consolidated financial information for the period ended 30 June 2019

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Barco NV and its subsidiaries as of 30 June 2019 and the related interim condensed consolidated income statement, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of comprehensive income and the interim condensed consolidated cash flow statement for the six-month period then ended, as well as the explanatory notes (the “Interim Financial Information”). The board of directors is responsible for the preparation and presentation of the Interim Financial Information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with 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 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 Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Gent, July 16, 2019

The statutory auditor
PwC Bedrijfsrevisoren cvba
Represented by

Peter Opsomer
Registered auditor

Lien Winne
Registered auditor

Glossary

Financial terms or Alternative Performance Measures

Following alternative performance measures (non-GAAP) have been included in the financial reporting since management believes that they are widely used by certain investors, securities analysts and other interested parties as additional measure of performance and liquidity.

Definitions for financial terms used in this half-year report are also clarified in this glossary.

Adjusted EBIT

Adjusted EBIT is defined as EBIT excluding restructuring costs and impairments relating to reorienting or stopping certain activities, business or product lines, as well as impairments on goodwill and income resulting from a single material transaction not linked to current business activities (e.g. sales building headquarters, change in control in a subsidiary) and other non-operating income/(expense). Results out of divestments or acquisitions are included in EBIT(DA).

Reconciliation from EBIT to adjusted EBIT can be found in the income statement.

Associates

Companies in which Barco has a significant influence, generally reflected by an interest of at least 20%. Associates are accounted for using the equity method.

BarcoCFG

Full name is CFG Barco (Beijing) Electronics Co., Ltd. BarcoCFG is the entity where Barco joined forces with China Film Group to address the Chinese cinema market. Barco holds a 49% stake in this entity at end of June 2019.

DPO

Days payable outstanding calculated as Trade Payables / (Material cost + Services and other costs) x 365.

DSO

Days sales outstanding calculated as (Trade debtors / (sales past quarter)) * 90.

EBIT

EBIT is the operating result (earnings before interest and taxes), calculated as gross profit less research & development expenses, sales and marketing expenses, general and administration expenses, other operating income (expense) - net and plus or minus adjusting items

EBITDA

EBITDA is defined as adjusted EBIT plus depreciation, amortization and impairments (if any).
EBITDA reconciliation of the Group for the periods ended June 30 are as follows:

IN THOUSANDS OF EURO	1H19	1H18	1H17
Adjusted EBIT	**48,246**	**34,910**	**31,554**
Depreciations and amortizations	19,340	16,584	16,609
EBITDA	**67,586**	**51,495**	**48,163**
EBITDA as % of sales	13.6%	10.3%	9.3%

Free cash flow

Free cash flow is defined as gross operating cash flow excluding share options recognized as cost + change in net working capital + Interest (expense)/income + income taxes + purchase of tangible and intangible fixed assets + proceeds on disposals of tangible and intangible fixed assets.

Indirect costs/expenses

Indirect costs/expenses are defined as research & development expenses, sales and marketing expenses and general and administration expenses; including depreciations and amortizations

Inventory turns

Inventory turns = 12 / [Inventory / (average monthly sales last 12 months x material cost of goods sold %)]

Net financial cash/(debt)

Cash and cash equivalents + long-term financial receivables - long-term debts - current portion of long-term debts - short-term debts

Direct available net cash

Net financial cash excluding the cash in Cinionic (87.1 million euro)

Operating capital employed (including goodwill)

Operating capital employed + goodwill

Operating capital employed (OCE)

Working capital + other long term assets and liabilities

Operating expenses (OPEX)

Operating expenses are defined as research & development expenses, sales and marketing expenses and general and administration expenses; excluding depreciations and amortizations

Order

An order can only be recognized if a valid purchase order has been received from the invoice-to customer.
An order is only valid if it is:

- In writing. This includes electronic version of the purchase order out of the customer's ERP system.
- The contract needs to be signed by an authorized person from the business partner.

Next to this, a minimum number of fields need to be mentioned on the order like customer name, address, reference to sales quotation or business partner sales agreement of Barco, etc.

Orderbook

Orderbook are previously received orders, which still fulfill all the conditions of an order, but are not delivered yet and hence not taken in revenue.

Other long term assets and liabilities

Other long term assets & liabilities include the sum of other intangible assets, land and buildings, other tangible assets, deferred tax assets (net).

Other working capital

Other working capital include the net of other non-current assets, other amounts receivable, prepaid expenses and accrued income and other long term liabilities, advances received from customers, tax payables, employee benefits liabilities, other current liabilities, accrued charges and deferred income and provisions

Return on operating capital employed (ROCE)

Adjusted EBIT after tax relative to operating capital employed (including goodwill).
ROCE = Adjusted EBIT*(1- tax rate)/Operating capital employed (including goodwill)

Subsidiaries

Companies in which Barco exercises control.

Working capital (net)

Trade debtors + inventory - trade payables - other working capital

Group management

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