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RESULTS FY15

DOUBLE DIGIT GROWTH AND HEALTHY CASH GENERATION

11 February 2016

Eric Van Zele, President & CEO

AGENDA

- FINANCIAL HIGHLIGHTS
- EDITORIAL COMMENTS
- DIVISIONAL RESULTS & BUSINESS UPDATE
- EXECUTIVE FOCUS & OUTLOOK
- Q&A

EXECUTIVE SUMMARY

I. Vectors of change in 2015

- Divestment of D&A ; Focus on three core verticals
- Change in capitalization methodology
- Restructuring & impairments for Control Rooms & Patient Care
- Corporate programs: OneCampus, Operational Excellence, ThinkSales & OnePlatform
- New stakeholders & a new chairman
- New front-end organization
- New strategy with focus on growth initiatives

II. Strong performance across all businesses

- Orders up 20%
- Sales up 13%
- EBITDA @ 7.2%, up from 6.6%
- Healthy cash flow (€ 110m) and strong net cash position (€ 265m)
- Profit contributions from all divisions

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FINANCIAL HIGHLIGHTS FY15

FINANCIAL HIGHLIGHTS FY15

- Orders € **1044m**, +20%
- Order book @ € **333m**, +10%
- Sales € **1029m**, +13%

- Gross Profits @ **35%**, up 1.5ppts
- EBITDA* @ € **74.1m**, up € 14.4m
- EBIT @ € **1.7m**
- Net Income @ € **17.4m**
  - After restructuring and impairments (-€29m)
  - Included gain from divestment D&A (+€47m)

- FCF € **110m,** vs € 15m

FY15	Sales	EBITDA	EBITDA %
Entertainment	514.5	43.6	8.5%
Enterprise	300.4	11.1	3.7%
Healthcare	216.0	19.4	9.0%
Intra-group eliminations	*(2.0)*		
Group	**1,028.9**	**74.1**	**7.2%**

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* EBITDA: EBITDA minus capitalized development cost

INCOME STATEMENT

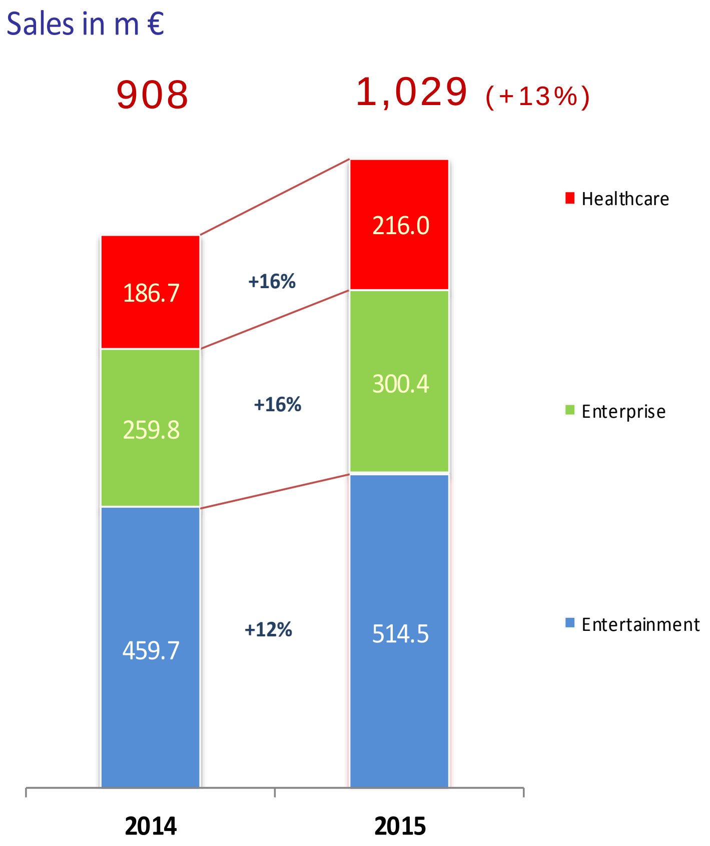
In € m	2015		2014	
Sales	**1,028.9**	**100.0%**	**908.4**	**100.0%**
Cost of goods sold	(668.4)	(65.0%)	(603.7)	(66.5%)
Gross profit	**360.5**	**35.0%**	**304.7**	**33.5%**
Research & development expenses	(100.8)	(9.8%)	(90.2)	(9.9%)
Capitalized development	0.0	0.0%	47.7	5.3%
Amortization on capitalized development	(49.4)	(4.8%)	(57.2)	(6.3%)
Sales & marketing	(160.6)	(15.6%)	(135.1)	(14.9%)
General & administration	(51.0)	(5.0%)	(44.3)	(4.9%)
Other operating result	3.0	0.3%	5.3	0.6%
EBIT before restructuring	**1.7**	**0.2%**	**30.9**	**3.4%**
Restructuring costs	(8.3)	(0.8%)	(3.4)	(0.4%)
Impairment on goodwill	(20.8)	(2.0%)		
EBIT after restructuring and impairments	**(27.4)**	**(2.7%)**	**27.5**	**3.0%**
Interest expense, net	3.0	0.3%	(1.1)	(0.1%)
Income taxes	4.9	0.5%	(4.7)	(0.5%)
Result after taxes	**(19.5)**	**(1.9%)**	**21.6**	**2.4%**
Share in the result of JV's and associates	(1.1)	(0.1%)	0.1	0.0%
Net income from continuing operations	**(20.6)**	**(2.0%)**	**21.7**	**2.4%**
Net income from discontinued operations	**47.0**	**4.6%**	**6.1**	**0.7%**
Net income	**26.4**	**2.6%**	**27.8**	**3.1%**
Net income attributable to non-controlling interest	(9.0)	(0.9%)	(3.9)	(0.4%)
Net income attributable to the equityholders	**17.4**	**1.7%**	**23.9**	**2.6%**
EBITDA minus capitalized development	**74.1**	**7.2%**	**59.7**	**6.6%**

- Better operating results
  - o Sales growth + 13%
  - o Better margins +1.5 ppts
  - o Better EBITDA + 0.6 ppts, + € 14.4m
- Change in reporting methodology as of 2015
- Patient Care & Control Rooms
- Net income € 17.4m or 1.7% of sales
- Earnings per share of € 1.45

EDITORIAL COMMENTS

ORDERS & SALES

- Order intake @ € 1,044m, up 20% compared to 2014
  - Americas up + 35% and double digit growth in other regions
  - All divisions show robust growth numbers
- Order book @ € 333m, up 10% compared to EOY14
- Sales @ € 1,029m, up 13% vs 2014
  - Double digit growth in Entertainment (+12%)
    - Mainly fueled by deployments for Cinema in Latin America and China, and Simulation in V&H
    - Healthy contributions
    - Investing in growth initiatives
  - Further growth in Enterprise (+16%)
    - Continued success of ClickShare in Corporate
    - Stable performance in Control Rooms, rightsizing measures implemented and EBITDA turning positive in 2H15
  - Growth in Healthcare (+16%)
    - Surgical to become a growth driver
    - ADVAN included as of 1 July 2015



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EDITORIAL COMMENTS

PROFITABILITY

- Gross Profit Margin up 1.5 ppts to 35%
- Total operating expenses @ 30%
  - Up in absolute value partly due to FX impact and growth investments
- EBITDA @ € 74m (vs € 60m in 2014)
  - Prior year included € 6.7m gain on Orthogon
- All divisions delivered improved profitability

GEOGRAPHICAL BREAKDOWN SALES

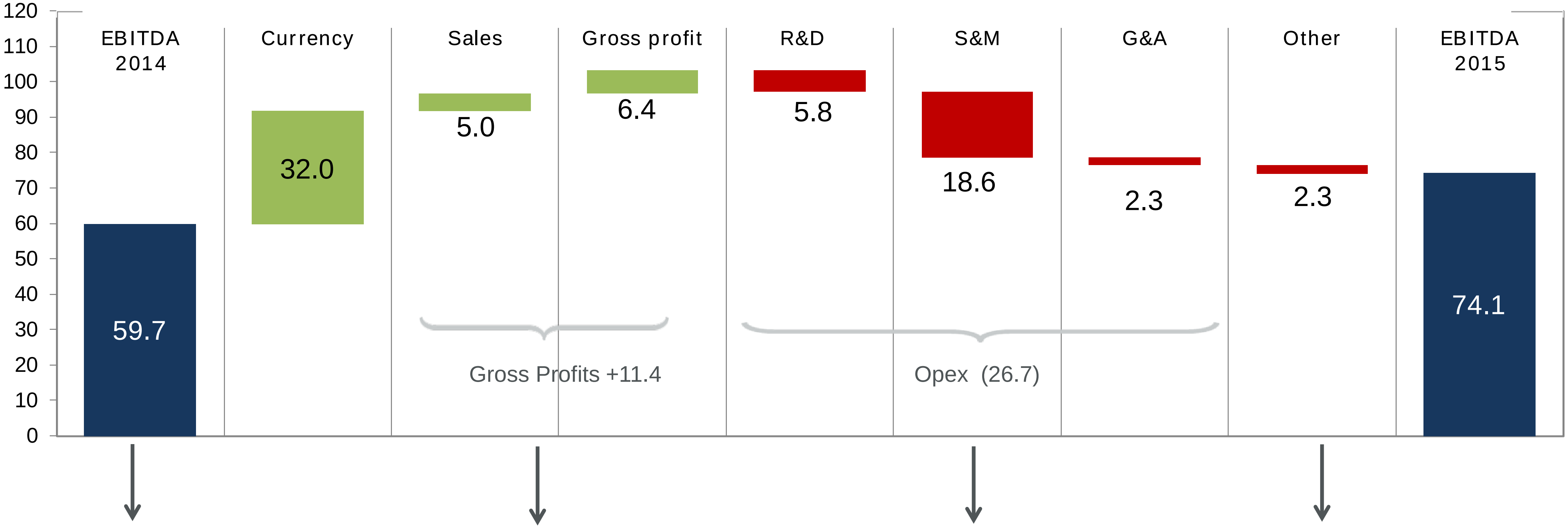
AMERICAS

EMEA

APAC

FY15	37%	33%	30%
Change vs 2014	*+16%*	*+4%*	*+21%*

EBITDA IMPROVEMENT 2015 (+ € 14.4M)



- Development not capitalized anymore as of 1/1/15, impact of € 48m
- Sales increase in all regions
- Gross profit margins up 1.5ppts
- Opex at 30.3%, 0.6ppts higher than last year
- Impact Orthogon sale (2014)

NET INCOME EVOLUTION

In 2015 several bookings were made with a non-recurring but material impact on Barco's net result:

1. Change in accounting treatment of development expenses
2. Restructuring of Control Rooms and Patient Care, leading to restructuring costs and goodwill impairments
3. Income from discontinued operations of € 47m, including gain on sale of Defense & Aerospace

(in millions of euros)	**FY15**	**FY14**	***Change***	***Comment on FY15***
Sales	**1,028.9**	**908.4**	***+120.5***	*Continuing operations*
EBITDA	**74.1**	**59.7**	***+14.4***	
Capitalized development	*0*	*+47.6*	*(47.6)*	*As of 2015 product development costs are expensed*
Amortizations of capitalized R&D	*(49.4)*	*(57.2)*	*+7.8*	*Outstanding balance of development costs being amortized over 2015 and 2016*
Depreciations & other amortizations	*(22.9)*	*(19.3)*	*(3.6)*	
EBIT before restructuring & goodwill impairment	**1.7**	**30.9**	***(29.2)***	
Goodwill Impairment	*(20.8)*	*0*	*(20.8)*	*Goodwill impairments primarily on Control Rooms and Patient care*
Restructuring costs	*(8.3)*	*(3.3)*	*(5.0)*	*Restructuring measures in Control Rooms*
Interest & Taxes	*7.9*	*(5.8)*	*+13.7*	*Effective tax rate of 20%*
Net Income from discontinued operations	*47.0*	*6.1*	*+40.9*	*Including gain on sale D&A division*
Non-controlling interest & share in equity companies	*(10.1)*	*(3.9)*	*(6.2)*	*Mainly minority share in JV with CFG*
Net Income attributable to the equity holder of the parent	**17.4**	**23.9**	***(6.5)***	

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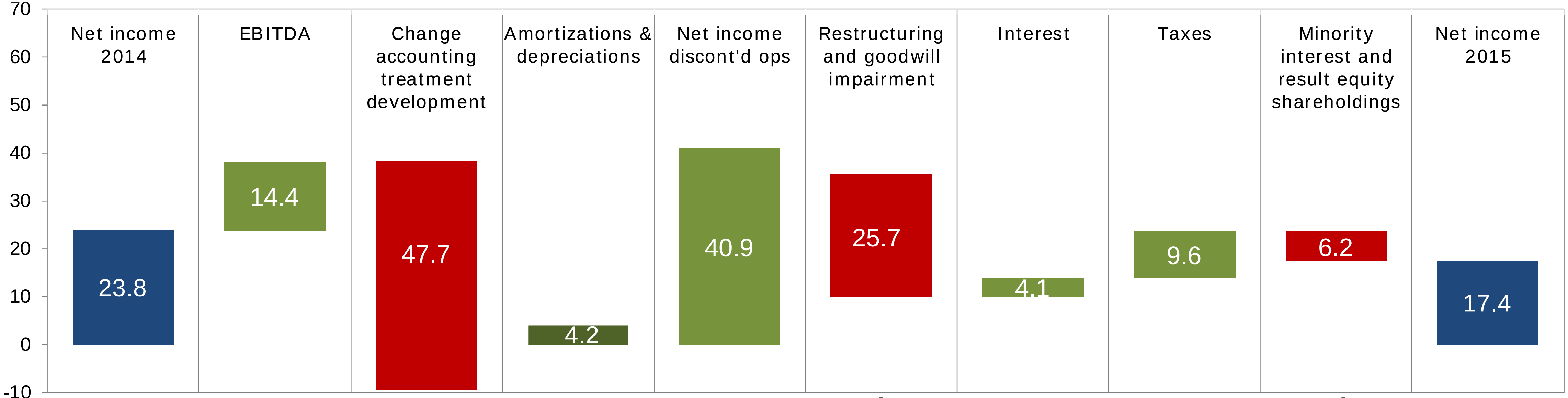
NET INCOME EVOLUTION (- € 6.5M)



EBIT (-29.2m)
Improved EBITDA offset by change in accounting treatment of development costs no longer capitalized as of 2015 while amortizating outstanding development expenses
(Impact € -47m, will decrease in 2016 to nil in 2017)

Net gain on sale D&A

Restructuring Control Rooms & goodwill impairments Control Rooms and Patient Care

ETR of 20%

Minority interest China Film Group in JV

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CASH & BALANCE SHEET

- € 265m net cash (vs € 63m EOY14)
  - Including proceeds from sale of D&A
  - After dividend and acquisition of Advan
- € 63m gross operating cash flow (vs € 97m in 2014) but no expenditure on product development (vs € 48m in 2014)
- Strong improvement in working capital
  - Trade receivables with DSO of 58 days (vs 65 days 1H15 and 63 EOY14)
  - Inventory turns were 3.6 (vs 3.1 turns 1H15 and 2.9 turns EOY14)
  - Trade payables @ € 140m (vs 109 EOY14)
- € 110m free cash flow realized in 2015 (vs € 15m in 2014)
- Capitalized Development now @ € 23m (down from € 71m)
- Capital Expenditure @ € 43m (including € 28m for One Campus) (vs € 25m in 2014)

FREE CASH FLOW

[In thousands of euros]		2015		2014	Change
EBIT after restructuring and goodwill impairment		(27.4)		27.5	(54.9)
Impairment of capitalized development costs and goodwill		25.6		7.2	18.4
Gain on sale Orthogon		(1.4)		(6.7)	5.2
Amortization capitalized development cost		44.6		50.0	(5.4)
Depreciation of tangible and intangible fixed assets		22.9		19.3	3.6
Gain/(Loss) on tangible fixed assets		(0.5)		(0.1)	(0.5)
Share in the profit/(loss) of joint ventures and associates		(1.1)		0.1	(1.1)
Gross operating free cash flow		62.7		97.4	(34.7)
Changes in trade receivables		(5.4)		(19.7)	14.2
Changes in inventory	38.5	27.6	(31.4)	(11.9)	39.5
Changes in trade payables		16.3		0.2	16.1
Other changes in net working capital		37.5		4.7	32.7
Change in net working capital		75.9		(26.6)	102.5
Net operating free cash flow		138.6		70.7	67.9
Interest received		4.3		3.0	1.3
Interest paid		(4.1)		(4.2)	0.1
Income taxes		(14.9)		(3.0)	(11.9)
Cash flow from operating activities		123.9		66.6	57.2
Expenditure on product development		-		(47.7)	47.7
Purchases of tangible & intangible fixed assets		(14.7)		(8.3)	(6.4)
Proceeds on disposals of tangible & intangible fixed assets		1.1		4.3	(3.2)
Cash flow from investing activities (excluding acquisitions)		(13.6)		(51.7)	38.1
FREE CASH FLOW continued		110.3		14.9	95.4

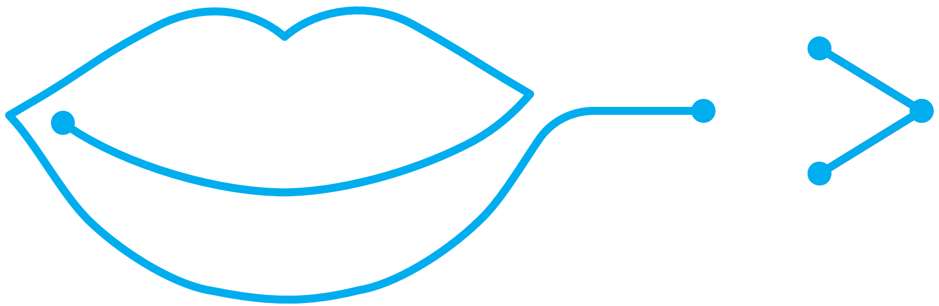
Improved EBITDA:
Gross operating cash flow minus expenditure on product development results in positive impact of € 13m

Strong working capital management: +€ 103m
- Improved base working capital: impact of € 70m
  - Inventory turns @ 3.6 vs 2.9 EOY14
  - DSO @ 58 days vs 63 days EOY14
- Other working capital: impact of € 33m

€ 110m FCF generated in 2015 (+€ 95m vs 2014)

DIVISIONAL RESULTS FY15 & BUSINESS UPDATE

ENTERTAINMENT



Cinema

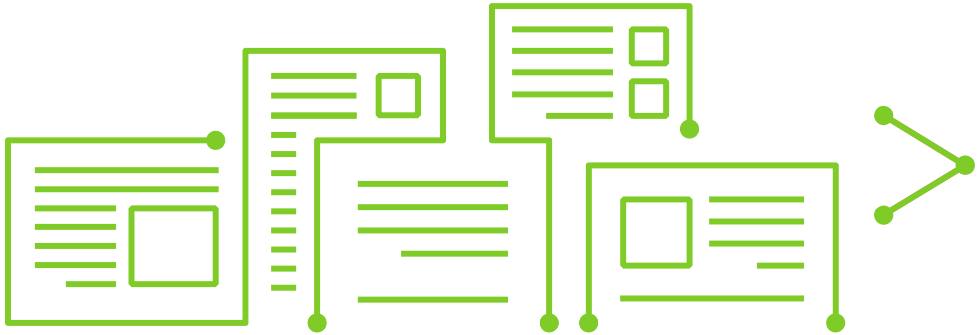
Venues & Hospitality

ENTERTAINMENT

(in millions of euros)	**FY15**	**FY14**	***Change vs FY14***
Orders	536.4	431.2	*+24.4%*
Sales	514.5	459.7	*+11.9%*
EBITDA	43.6	34.3	*+27.2%*
EBITDA margin	8.5%	7.5%	

- Orders & Sales: Robust growth
  - Cinema strong with contributions from deployments in Latam and China
  - V&H on track with good uptake of Image Processing & Simulation solutions
- Profitability improvements due to stronger gross profit performance
- Business Update
  - Continued market share gains in Cinema
  - Lead with high end laser illumination in Cinema (including IMAX) & introduction of new projectors for the smaller screen segment
  - Monetizing the install base with increasing contribution of recurring service & maintenance revenue
  - Launch of Barco Escape
  - New line of image processing solutions for V&H
  - Strengthening focus on fixed install market with new and high contrast projector-platforms and high res LED solutions

ENTERPRISE



CORPORATE

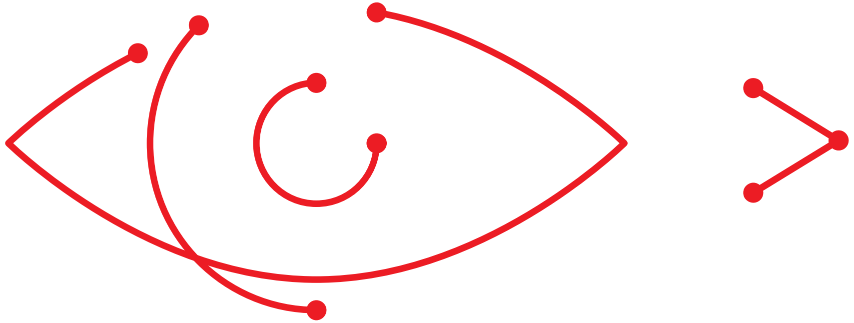
CONTROL ROOMS

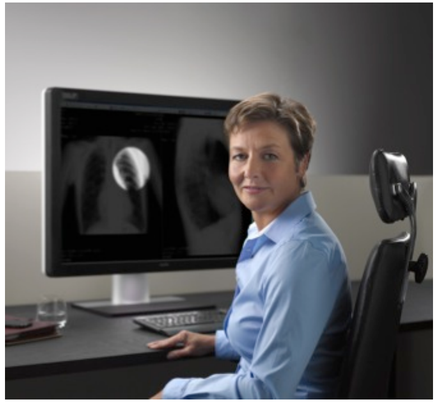
ENTERPRISE

(in millions of euros)	**FY15**	**FY14**	***Change vs FY14***
Orders	287.0	255.5	*+12.3%*
Sales	300.4	259.8	*+15.6%*
EBITDA	11.1	8.7	*+27.6%*
EBITDA margin	3.7%	3.4%	

- Orders & Sales
  - Strong growth in Corporate with ClickShare, and stable performance in Control Rooms
- Profitability
  - Restoring profitability in 2H15 in Control Rooms
  - Investments in growth initiatives in Corporate
- Business Update
  - Control Rooms
    - Reduced complexity of Control Rooms product portfolio & maintaining market share
    - Initial successes with Operator Workspace Solution (OpSpace)
  - Corporate
    - Continued strong growth momentum with ClickShare
    - Product portfolio expanded towards smaller meeting room segment
    - Developing IT integration channels and expanding into new regions

HEALTHCARE





DIAGNOSTIC IMAGING

SURGICAL

HEALTHCARE

(in millions of euros)	**FY15**	**FY14**	***Change vs FY14***
Orders	221.2	181.0	*+22.2%*
Sales	216.0	186.7	*+15.7%*
EBITDA	19.4	10.3	*+88.4%*
EBITDA margin	9.0%	5.5%	

- Orders & Sales
  - Sales growth in all developed regions compared to 2014
  - Strong growth with Surgical ; both in EMEA (500+ installs) and North America
- Profitability: Strong improvement
  - Maintaining good margins through value engineering & continued cost-monitoring
- Business Update
  - Unity display orders ramping up
  - Strengthening our global leadership with ADVAN
  - Surgical solution Nexxis becoming the benchmarked and leading solution for digital operating rooms
  - Gearing up China distributor network
  - Cost reduction in Patient Care and new product offering ready

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EXECUTIVE FOCUS, OUTLOOK & DIVIDEND

DIVIDEND 2015

It remains Barco's objective to generate consistent dividend growth for its shareholders.

The Board of Directors will therefore propose to the General Assembly to increase the dividend from 1.60 euro to **1.75 euro** per share to be paid out in 2016.

THE ROAD AHEAD – 2016 PRIORITIES

- Invest in technology to maintain our lead in the core
  - Global leadership in visualization technology: laser and laser phosphor, image processing, LCD and LED
  - Leadership in connectivity & interactivity
- China/India focus
  - Strengthen sales/channel partner network in emerging markets
  - Strategic alliances on visualization hardware technologies
- Launch new value creation models
  - Monetize our footprint in Cinema: Barco Escape & Laser illumination
  - Renewed focus on Retail & Advertising opportunity
- Operational excellence
  - Get the results from rightsizing in Control Rooms and capture growth in China
  - Efficiency initiatives: ThinkSales, OnePlatform, value engineering, customer services & project management

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OUTLOOK

- Taking into current uncertain macro-economic evolutions and assuming currencies at current levels, management expects for sales to grow in the mid-single digit range.
- Including continued investments in planned growth initiatives in our core business, we expect organic EBITDA for the year 2016 to remain level with 2015.

These outlook statements are forward looking and actual results may differ materially

Q&A


thank you

ADDENDUM

FINANCIAL HIGHLIGHTS **2H**15

- Orders € **521m**, +25%
- Order book **€ 333m**, +10%
- Sales € **523m**, +10%

- Gross Profits @ **34.7%**, up 0.9ppts
- EBITDA @ € **33.5m**, -€ 3.9m
  - Excluding impact Orthogon, up € 2.8m
- EBIT @ **-€ 5.7m**
  - Due to change in capitalization methodology

- FCF € **96m**, vs € 29m

2H15	**Sales**	**EBITDA**	**EBITDA %**
Entertainment	250.1	16.1	6.4%
Enterprise	161.5	9.6	6.0%
Healthcare	111.3	9.1	8.1%
Intra-group eliminations	*(0.2)*	*(1.2)*	
Group	**522.7**	**33.5**	**6.4%**

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EDITORIAL COMMENTS **2H15**

ORDERS & SALES

- Order book @ € 333m, flat with 1H15 and up 10% compared to EOY14
- Order intake @ € 521m, flat with 1H15 and up 25% compared to 2H14
  - The Americas at + 40% and double digit growth % for the 2 other regions
  - Entertainment & Healthcare showing robust growth numbers @ >20% vs 2H14

- Sales @ € 523m outpacing 1H15 (+3%) and 2H14 (+10%)
  - Single digit growth in Entertainment (+8%)
  - Continued growth in Enterprise (+12%)
  - Growth in Healthcare (+13%)

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EDITORIAL COMMENTS **2H15**

PROFITABILITY

- EBITDA @ 6.4% vs 7.9% in prior year
  - Prior year included € 6.7m gain on Orthogon
  - Increased expenses primarily due to growth initiatives

- Very strong cash generation due to reductions in working capital and strong gross operating cash flow