



ENCOURAGING RESULTS 1H16

AGENDA

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

EXECUTIVE SUMMARY

STRONGEST SEMESTER SINCE 2013

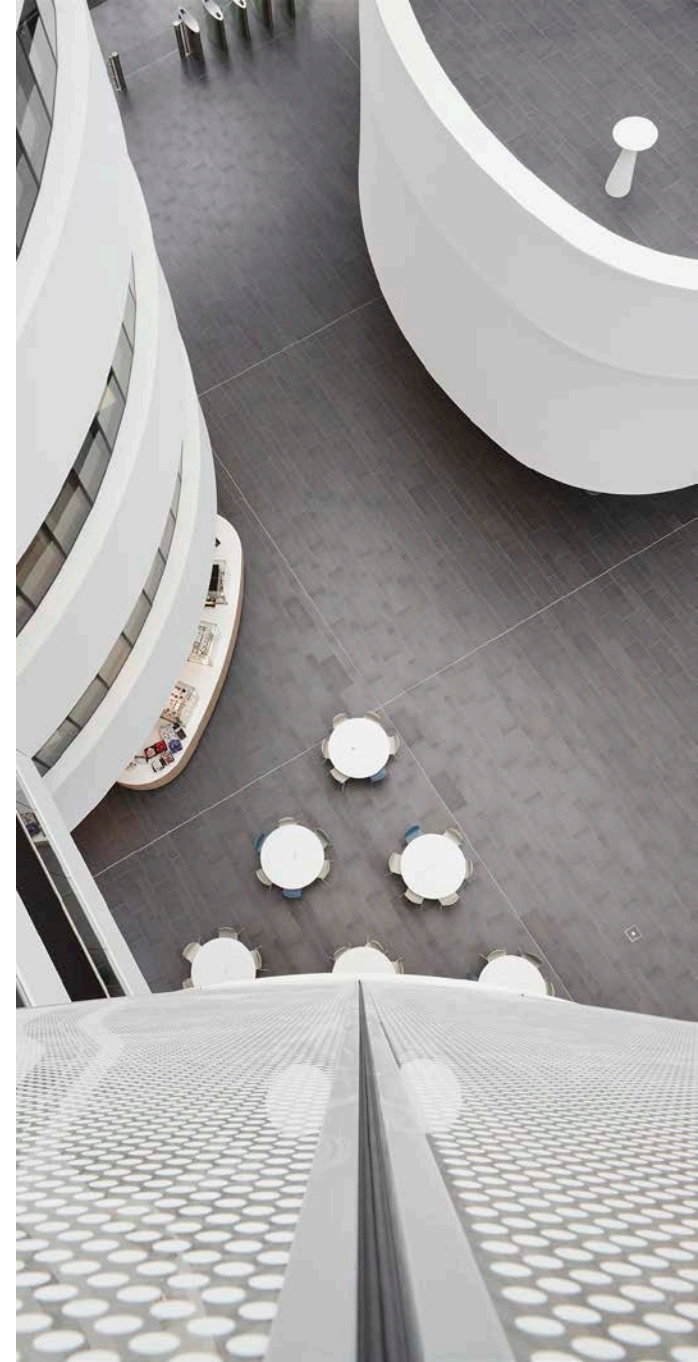
- ❧ Solid gains in Orders, Sales & Profits
 - Orders & Sales @ +/- 530m euro
 - EBITDA margin @ >9%
 - Strong profitability improvement in Enterprise
- ❧ Outlook for FY16 cautiously optimistic
 - Mid single digit sales growth
 - Similar EBITDA in 2H16 as in 2H15, including growth investments

STEADY PROGRESS IN EACH OF THE CORE VERTICALS

- ❧ Continued strong sales in Cinema, driven by momentum in China
- ❧ Expanding the ClickShare portfolio
- ❧ Introducing laser solution accross divisions
- ❧ Strong progress in Healthcare
- ❧ Continuous ramp up of resellers in Connect! channel program



FINANCIAL HIGHLIGHTS & EDITORIAL COMMENTS



FINANCIAL HIGHLIGHTS

- 🔗 Orders € 532.9m, +2%
- 🔗 Sales € 529.2m, +4.5%
- 🔗 Gross profit @ 35.9%, up 2.6ppts
- 🔗 EBITDA @ € 49.5m or 9.3%, up 1.3ppts
- 🔗 EBIT @ € 24.1m or 4.6%
 - 7% excluding accounting rule change
- 🔗 Net result € 18.1m
 - Including one time gain of € 7.7m
- 🔗 FCF € -28.9m

1H16 <i>(in millions of euro)</i>	Sales	EBITDA	EBITDA %
Entertainment	272.6	22.7	8.3%
Enterprise	140.9	15.6	11.1%
Healthcare	115.7	11.1	9.6%
Group	529.2	49.5	9.3%

INCOME STATEMENT

In € m	1H16		1H15	
Sales	529.2	100.0%	506.2	100.0%
Gross profit	190.0	35.9%	168.7	33.3%
Research & development expenses	(56.1)	(10.6%)	(47.1)	(9.3%)
Development (amortization)	(12.9)	(2.4%)	(23.3)	(4.6%)
Sales & marketing	(72.1)	(13.6%)	(66.5)	(13.1%)
General & administration	(26.1)	(4.9%)	(23.4)	(4.6%)
Other operating result	1.3	0.3%	(1.0)	(0.2%)
EBIT (before non recurring)	24.1	4.6%	7.5	1.5%
Gain on sale building	7.7	1.4%	(0.0)	(0.0%)
Restructuring and impairments	0.1	0.0%	0.0	0.0%
EBIT	31.9	6.0%	7.5	1.5%
Interest expense, net	0.8	0.2%	0.1	0.0%
Income taxes	(7.9)	(1.5%)	(1.5)	(0.3%)
Share in the result of JV's and associates	(0.0)	(0.0%)	(0.7)	(0.1%)
Net income from discontinued operations	0.0	0.0%	46.3	9.1%
Net income attributable to non-controlling interest	(6.7)	(1.3%)	(5.2)	(1.0%)
Net income attributable to the equityholders	18.1	3.4%	46.4	9.2%
EBITDA (excl gain building)	49.5	9.3%	40.5	8.0%

Net income € 18.1m or 3.4% on sales:

- ❦ Better operating results
 - Sales growth +4.5%
 - Better gross profit margins +2.6ppts
 - Better EBITDA @ 9.3%, excl. non recurring gain, +1.3ppts

- ❦ Non recurring results

	<u>1H16</u>	<u>1H15</u>
Stopped capitalization	(12.9)	(23.3)
Gain on sale building	7.7	
Discont'd operations		46.3
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	(5.2)	23.0

- ❦ Non controlling interest (€ 6.7m): share of China Film Group in JV net profit 1H16

EDITORIAL COMMENTS - ORDERS & SALES

- ❧ Barco's first semester featured encouraging results on multiple fronts and in all core segments
 - ❧ Orders up 2%
 - ❧ Sales up 4.5%
 - ❧ Entertainment slightly softer in orders but up in sales
 - ❧ Enterprise with good growth in orders and sales essentially flat y-o-y
 - ❧ Solid growth in Healthcare in both orders and sales

ORDERS & SALES - GEOGRAPHICAL BREAKDOWN

AMERICAS

EMEA

APAC

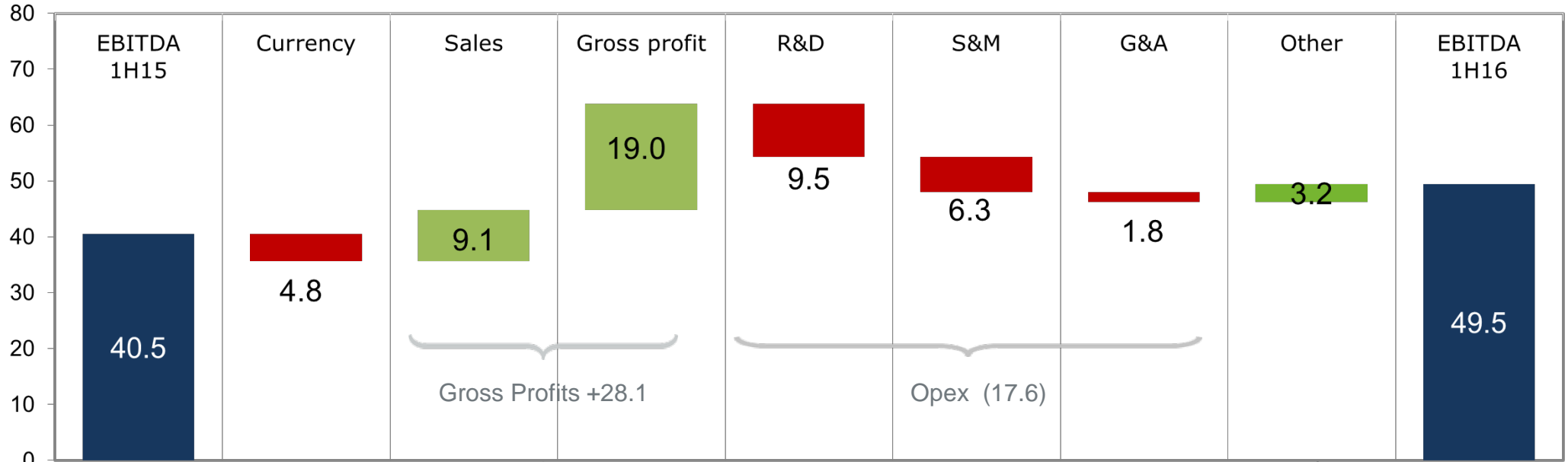


1H16 (Sales)	37%	32%	31%
<i>Change vs 1H15</i> - Sales	+7%	+7%	+0%
<i>Change vs 1H15</i> - Orders	-3%	+3%	+7.6%

EDITORIAL COMMENTS - PROFITABILITY

- ❧ Obsolescence write-offs and warranty related costs improve yoy
- ❧ Gross Profit Margins up 2.6 ppts
- ❧ Increases in Operational spending to fuel growth
 - Acquisitions
 - Growth initiatives in all divisions
- ❧ EBITDA @ 9.3%
 - In constant currencies EBITDA @ 10.3%

EBITDA EVOLUTION (+€ 9m)



○ Currency impact

○ Reversals bad debt

- Sales increase in Americas and EMEA (both +7%), sales flat in APAC
- Gross profit margins up 2.6ppts, including 1.6ppts related to improved cost of quality

- OPEX at 26.3% of sales, up 0.8ppts vs last year
- Increase in OPEX mainly due to growth investments

CASH FLOW & BALANCE SHEET

- ❧ Base working capital (Inv + AR – AP) now at € 255m or 23.5% of sales (up from 20.7% end of 2015)
- ❧ Cash flow of € -28.9m in 1H
 - Largely due to sharp increase in inventories: € +27.2m
- ❧ ROCE @ 10% (excluding impact of amortizations on development)
- ❧ Net cash at € 193m per June 30, 2016
 - ❧ Cash outflows from negative FCF, Dividend payments, One Campus investments
 - ❧ Cash inflow from sale of former headquarter building

FREE CASH FLOW

Group	1H16	1H15	Change
in m€	GROUP	GROUP	GROUP
Gross operating cash flow	45.5	38.2	7.3
Changes in trade receivables	(1.5)	(15.6)	14.0
Changes in inventory	(27.2)	12.5	(39.7)
Changes in trade payables	(15.0)	(6.5)	(8.4)
Other changes in net working capital	(15.5)	(0.6)	(14.9)
Change in net working capital	(59.2)	(10.2)	(49.0)
Net operating Cash Flow	(13.7)	28.0	(41.7)
Interest income/expense	3.7	0.1	3.6
Income taxes	(8.0)	(7.9)	(0.1)
Cash flow from operating activities	(18.0)	20.3	(38.3)
Purchase of tangible and intangible FA (excl One Campus)	(11.2)	(6.1)	(5.2)
Proceeds on disposal of tan and intan FA	0.3	0.3	0.0
Cash flow from investing	(10.9)	(5.8)	(5.2)
FREE CASH FLOW	(28.9)	14.5	(43.4)

(34.1)

€ 45.5m gross operating cash flow in 1H16

9.3% EBITDA

€ 2.6m restructuring charges paid out

Gain on sale building excluded from FCF and EBITDA

Increase in working capital: € -49m

Increased base working capital – impact € -34.1m

- Inventory turns @ 2.9, vs 3.6 EOY 2015
- Lower trade payables from decreased purchases; effect on inventories only for 2H
- DSO @ 61 days vs 58 days EOY15

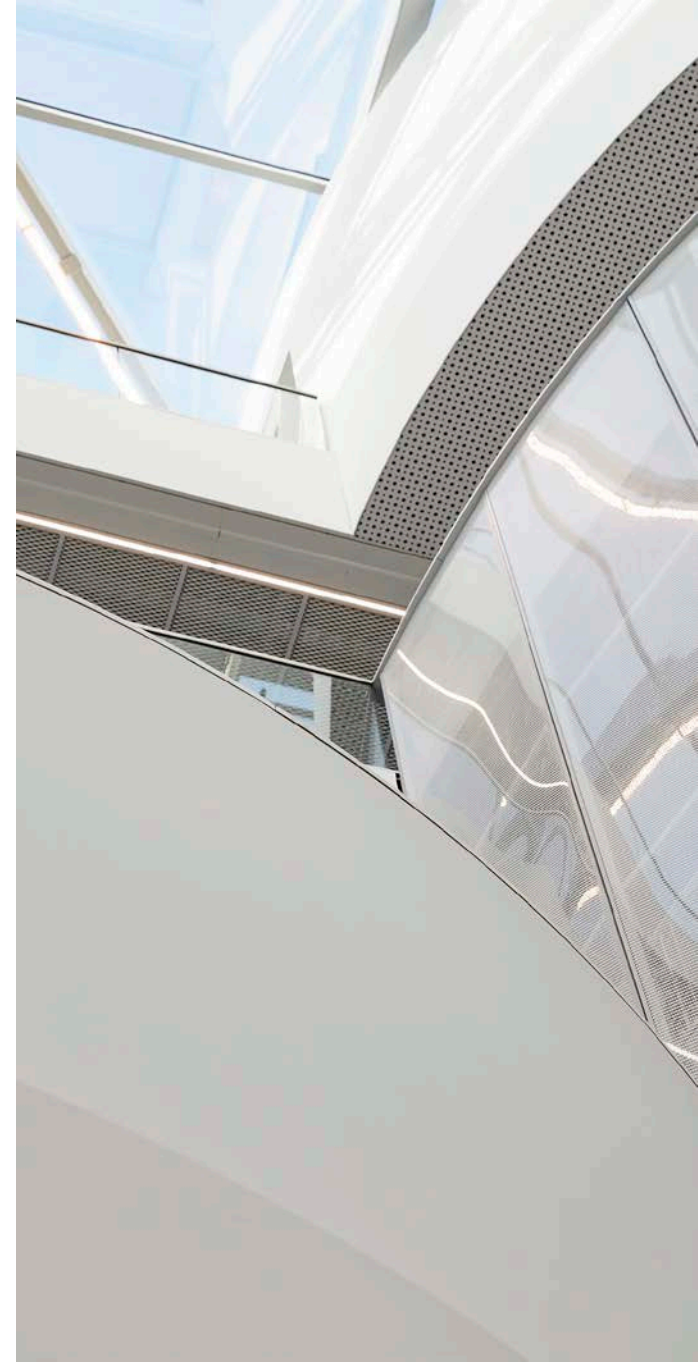
Other working capital: € -14.9m, lower advances on customer projects

Total net working capital at 2.5% of sales

Growth initiatives weighing on FCF



DIVISIONAL RESULTS & BUSINESS UPDATE



ENTERTAINMENT

❧ Solid order intake (vs 1H14 and a challenging comp base in 2015) and up in sales

- Continued strong order intake for Cinema, strong in all regions
- Major contribution in China where Barco continues to gain market share
- Substantial order intake for flagship laser projectors with Cinetech, Santikos, REEL cinema's ...
- V&H also stable with softer R&A and Events subsegments, offset by growth in Pro AV subsegment
- Book-to-bill >1

❧ Financial performance on track

- Significant growth investments ongoing such as Barco Escape, Lobby, High End Residential and Flexible LED

❧ H1 Highlights

- Release of laser phosphor retrofit solution in Cinema
- Blockbuster movie Star Trek release in Barco Escape format July and August
- Strong momentum and funnel for Lobby solution
- Release of unique flexible LED solution
- Acquisition of MTT Vancouver as new technology home for HDR development in projection

<i>(in millions of euros)</i>	1H16	1H15	1H14	<i>Change vs 1H15</i>
Orders	283.6	297.0	235.7	-4.5%
Sales	272.6	264.4	227.7	+3.1%
EBITDA	22.7	27.5	22.7	-17.5%
EBITDA margin	8.3%	10.4%	10.0%	

ENTERPRISE

Orders and sales up

- ClickShare growth continues both in EMEA & US
- Delay for some sizeable Control Rooms projects

Profitability: Strong recovery on divisional level

- Mainly driven by ClickShare and with Control Rooms making progress vs 1H15
- Gross profit margin improvement in Control Rooms

H1 Highlights

- Worldwide launch of new ClickShare models to extend product line and lower costs
- New laser projector launched for Rear Projector Cube market
- Education incubator and OpSpace launched, both with first orders
- Medialon control software acquisition closed and integration underway

<i>(in millions of euros)</i>	1H16	1H15	1H14	<i>Change vs 1H15</i>
Orders	143.7	135.2	126.2	+6.3%
Sales	140.9	138.9	115.4	+1.4%
EBITDA	15.6	2.7	-3.3	+477.8%
EBITDA margin	11.1%	1.9%	-2.9%	

HEALTHCARE

- ⌘ Continued growth momentum in order intake and sales
 - Growth in Orders in North America (organic and Advan) and Emerging Markets, China & APAC
 - Sales: Organic sales growth driven primarily by surgical (NA & Japan) and diagnostic (existing regions + China)

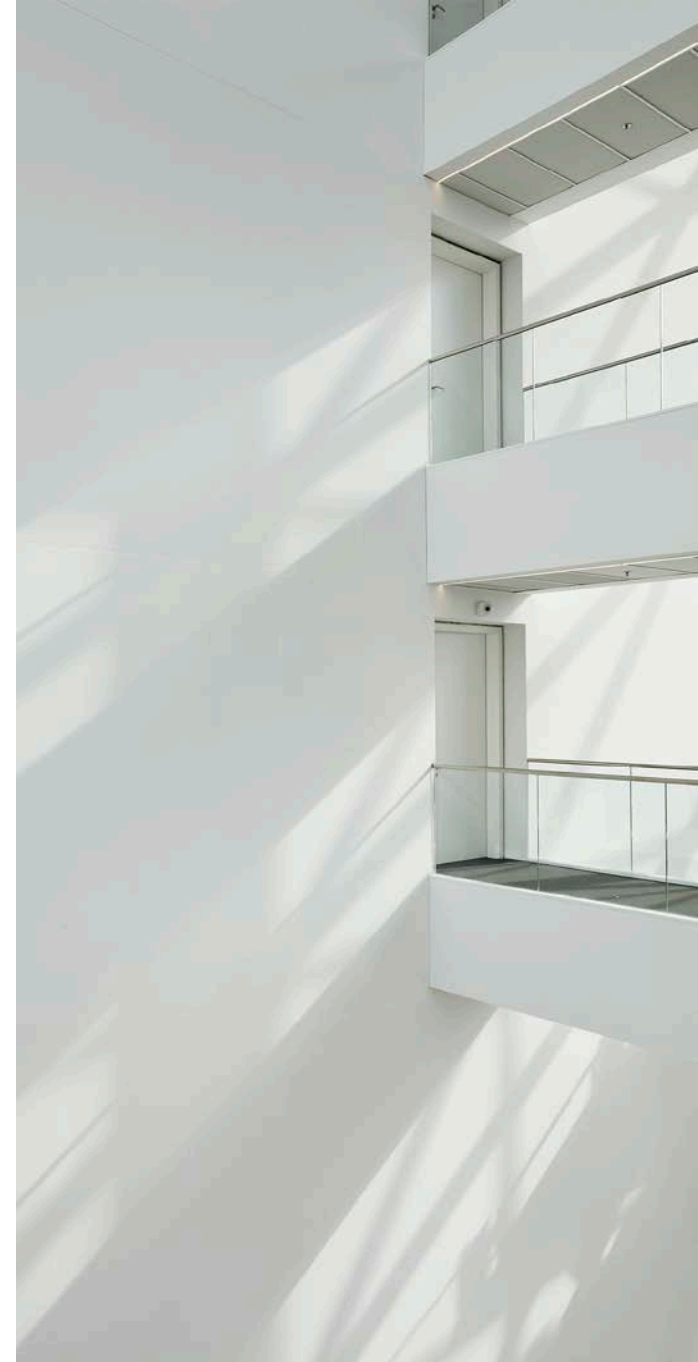
- ⌘ Profitability on track with stable EBITDA, including Advan

- ⌘ H1 Highlights
 - Sales of Uniti: monthly rate doubled during H1
 - Exploring modality market for China

<i>(in millions of euros)</i>	1H16	1H15	1H14	<i>Change vs 1H15</i>
Orders	105.7	90.8	87.8	+16.4%
Sales	115.7	104.7	88.4	+10.5%
EBITDA	11.1	10.3	2.9	+7.8%
EBITDA margin	9.6%	9.9%	3.3%	



EXECUTIVE FOCUS & OUTLOOK



EXECUTIVE FOCUS 2H16

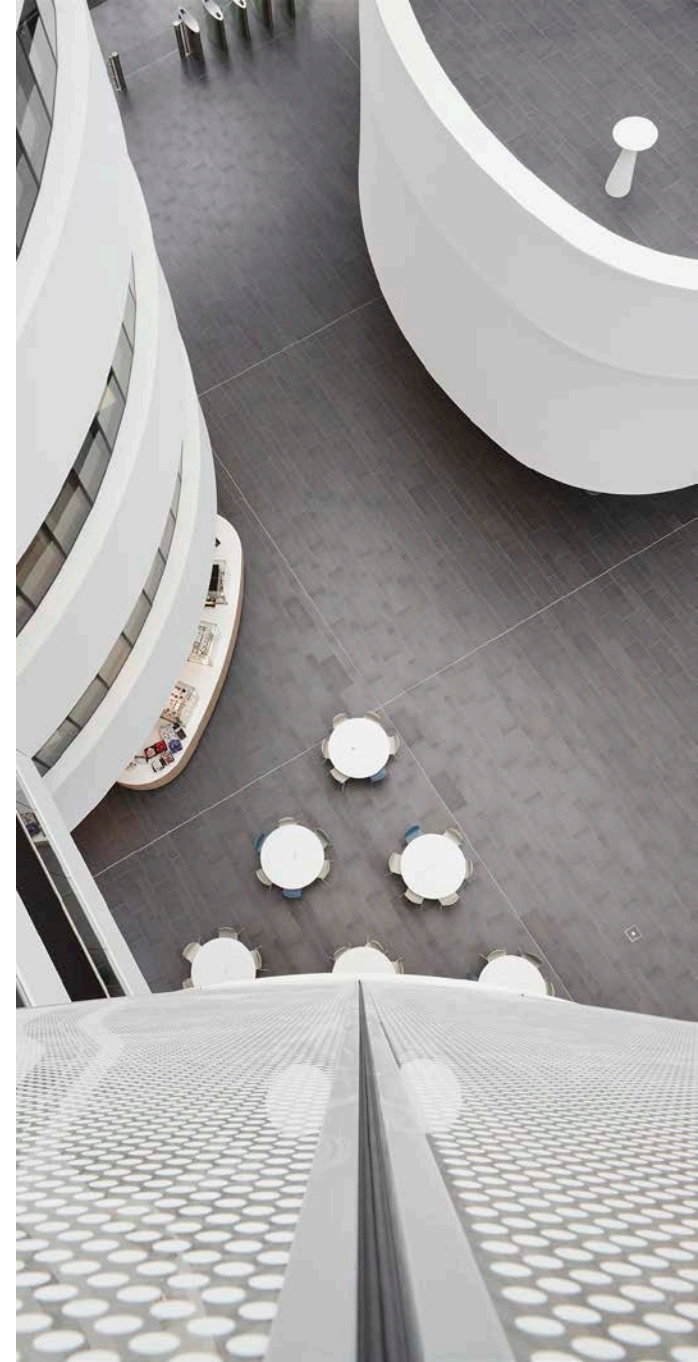
- ❧ Smooth CEO transition
- ❧ Right size and trim operational costs where needed
- ❧ Deliver on the strategic projects within Control Rooms including OpSpace and Laser RPC
- ❧ Assess growth investments on potential
- ❧ China/India focus
 - Strengthen sales/channel partner network in emerging markets
 - Strategic alliances on visualization hardware technologies
- ❧ Operational Excellence
 - Restore Free Cash Flow: Review capacity planning processes and fix inventory
 - Continue efficiency initiatives: Value engineering, OnePlatform & ThinkSales

OUTLOOK

- ❧ Management expects sales growth for the year to be in the mid-single digit range.
- ❧ EBITDA for the second half is expected to be similar to the second half of 2015, taking into consideration the increased level of growth investment relative to the first half of the year.



THANK YOU





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