Results 1H14

23 July 2014

Eric Van Zele, President & CEO

Agenda

I. Financial highlights

II. Divisional results & Business update

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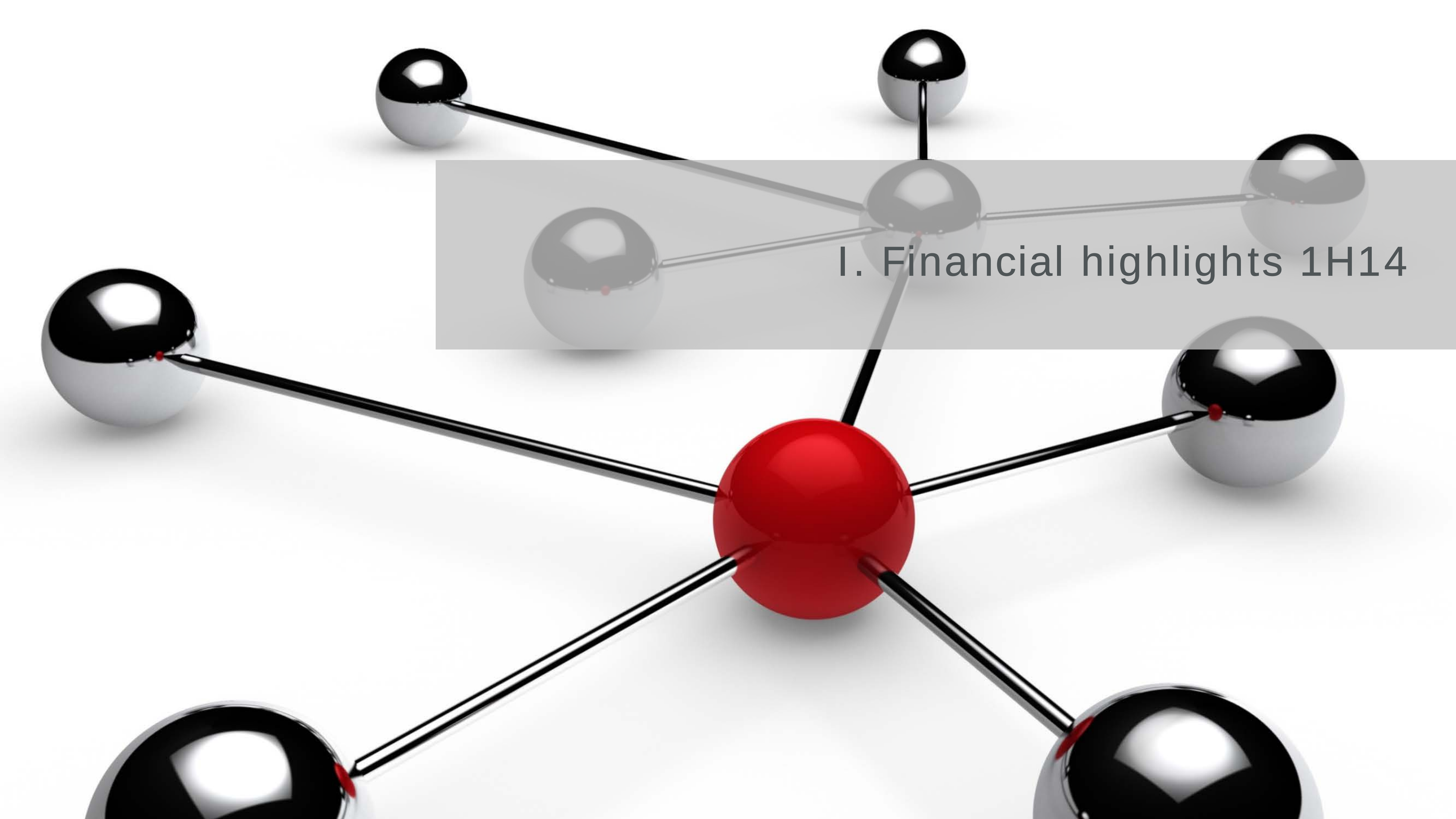

I. Financial highlights 1H14

Financial highlights

- Order book: € 480m, 9% growth vs last year
- Orders: € 512m, -8% vs last year, -5% in constant currencies
- Sales: € 498m, -17% vs last year, -14% in constant currencies
- Gross profit margin: 33%, slightly up vs last year
- EBITDA: € 55m or 11%
- EBIT: € 14m or 3%
- Cash: € 41m vs € 24m at 1H13

(in millions of euros)	**1H14**	**1H13**
Order book	479.8	440.0
Incoming Orders	511.6	556.5
Sales	498.0	597.9
EBITDA	54.9	76.7
EBIT	14.4	41.8
Net Income	11.0	31.7
Free Cash Flow	-8.1	-11.6

Editorial comments

ORDERS & SALES

- Order book robust @ € 480m or +9% y-o-y
- Orders: - € 40m (all DC)
- During 1H14 orders exceed shipments by € 14m
  - For 1H13 orders were lagging sales by € 40m
  - 1H13 runrate was record strong at 1.2 billion (pa)
- Double digit decline in sales
  - Decline in Digital Cinema (€ -75m)
  - Cyclical softness in Healthcare (€ -10m)
  - Softness in Control Rooms (China) (€ -12m)
  - Defense & Aerospace slippage (€ -10m)
  - Weakness in LiveDots (€ -15m)
  - Growth in Corporate (ClickShare) (€ +20m)
- Strong euro weighs on Barco's competitiveness
  - 1H14: approx. € -17m in sales vs 1H13
  - 1H14: approx. € -4.5m in EBITDA vs 1H13 (profits)

(in millions of euro)	Sales	EBITDA	EBITDA%
Entertainment & Corporate	251.9	41.2	16.3%
Healthcare	88.4	9.7	11.0%
Industrial & Government	68.5	-1.4	-2.1%
Defense & Aerospace	64.0	8.1	12.7%
Ventures	26.2	-2.7	-10.5%
BGS/Elims	(1.0)		
Group	**498.0**	**54.9**	**11.0%**

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Editorial comments

PROFITABILITY

- Gross profits up slightly at 33%
- Indirect expenses down 7% y-o-y
- EBITDA @ 11% vs 12.8% prior year
  - Fully attributable to LiveDots and I&G
  - Further cost reduction planned
- EBITDA to EBIT gap widens further to 8 ppts
  - In Q2 amortization exceed capitalization by 0.6m
- Net income of € 11m
  - Lower EBIT and higher tax rate (18% vs 12%)

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Cash Flow & Balance sheet

- € 55m gross operating cash flow generated (vs € 72m in 1H13)
- Cash outflows: Working capital (€ -22m) better than 1H13 (€ -32m)
  - Trade receivables @ 56 days DSO vs 57 days for 1H13 and 52 days EOY13
  - Inventory turns at 2.6 vs 3.0 for 1H13 and 3.2 EOY13
  - Trade Payables flat @ € 120m vs € 118m in 1H13 and € 114m EOY13
- Free Cash Flow of € -8m (vs € -12m in 1H13)
- Cash @ € 41m (€ 24m in 1H13)
- ROCE @ 8% (vs 16% for 1H13 and 15% FY13)

Income statement **1H**14

In € m	1H14		1H13	
Sales	**498.0**	**100.0%**	**597.9**	**100.0%**
Cost of goods sold	(333.9)	(67.0%)	(401.9)	(67.2%)
Gross profit	**164.1**	**33.0%**	**195.9**	**32.8%**
Research & development	(51.2)	(10.3%)	(46.3)	(7.7%)
Sales & marketing	(74.3)	(14.9%)	(82.1)	(13.7%)
General & administration	(25.3)	(5.1%)	(27.0)	(4.5%)
Other operating result	1.1	0.2%	1.2	0.2%
EBIT before restructuring	**14.4**	**2.9%**	**41.8**	**7.0%**
Restructuring costs	(0.0)	(0.0%)	(4.6)	(0.8%)
EBIT after restructuring	**14.4**	**2.9%**	**37.1**	**6.2%**
Interest expense, net	(1.0)	(0.2%)	(1.2)	(0.2%)
Income taxes	(2.4)	(0.5%)	(4.3)	(0.7%)
Net income	**11.0**	**2.2%**	**31.7**	**5.3%**
Net income attributable to non-controlling interest	2.5	0.5%	0.8	0.1%
Net income attributable to the equityholders	8.5	1.7%	30.9	5.2%
EBITDA	**54.9**	**11.0%**	**76.7**	**12.8%**
Free Cash Flow	**(8.1)**	**(1.6%)**	**(11.6)**	**(1.9%)**
Net earnings per share (in €)	**0.69**		**2.54**	

- Restructuring costs for D&A in 1H13
- Provisions taken in FY13 covered restructuring costs in 1H14
- Additional cost cutting measures for I&G will be booked in 2H14

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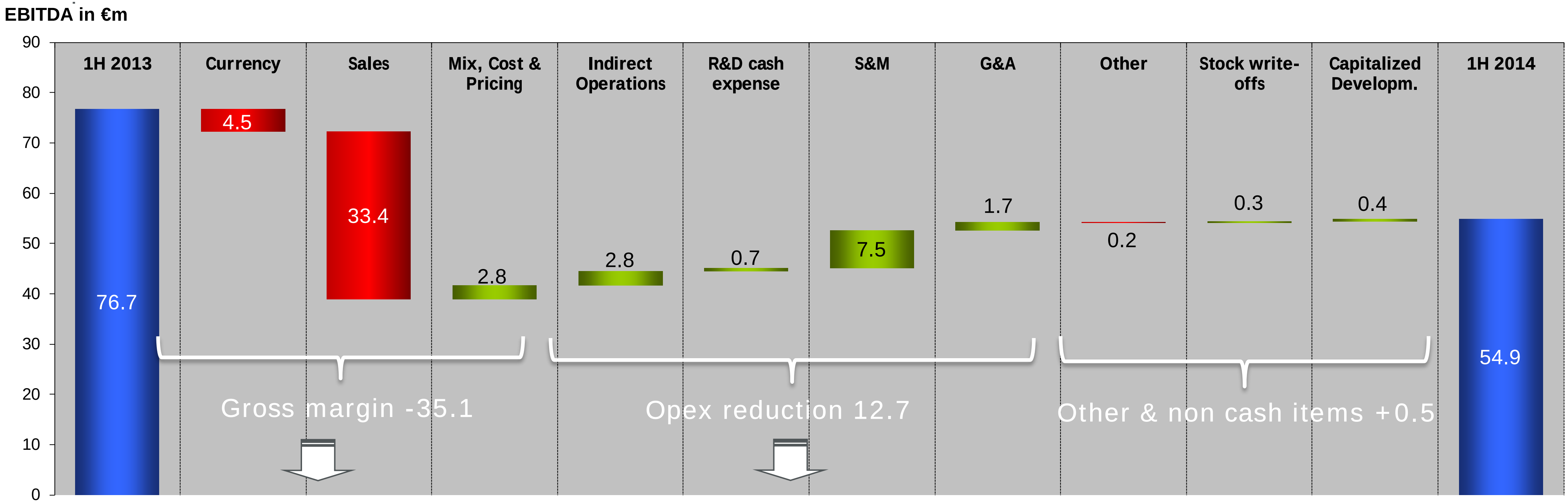
EBITDA waterfall 1H14 vs 1H13 (- € 22m)



- Sales decrease of -17% (constant currency: -14%)
- Gross margins% improved
- Avg USD/EUR rate evolution from 1.31 to 1.37

- Indirect costs decreased 6.7%
- Cost containment actions being prepared

Geographical breakdown of sales

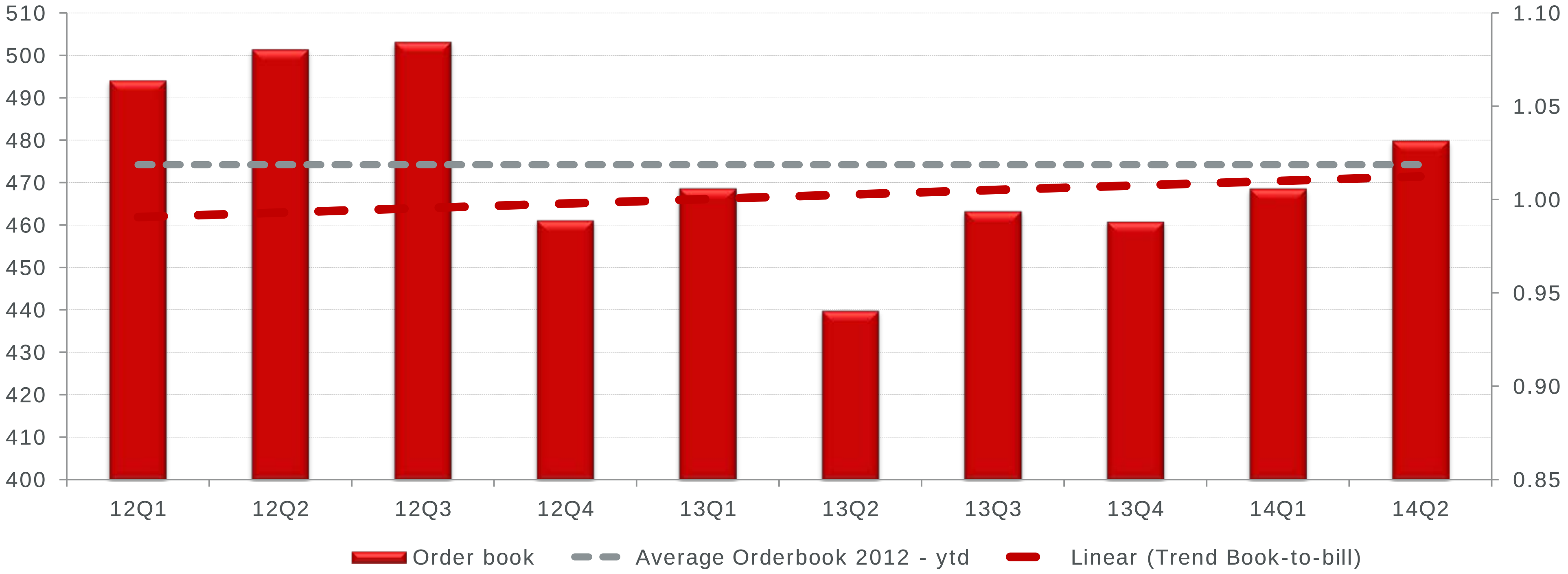
THE AMERICAS

EMEA

APAC

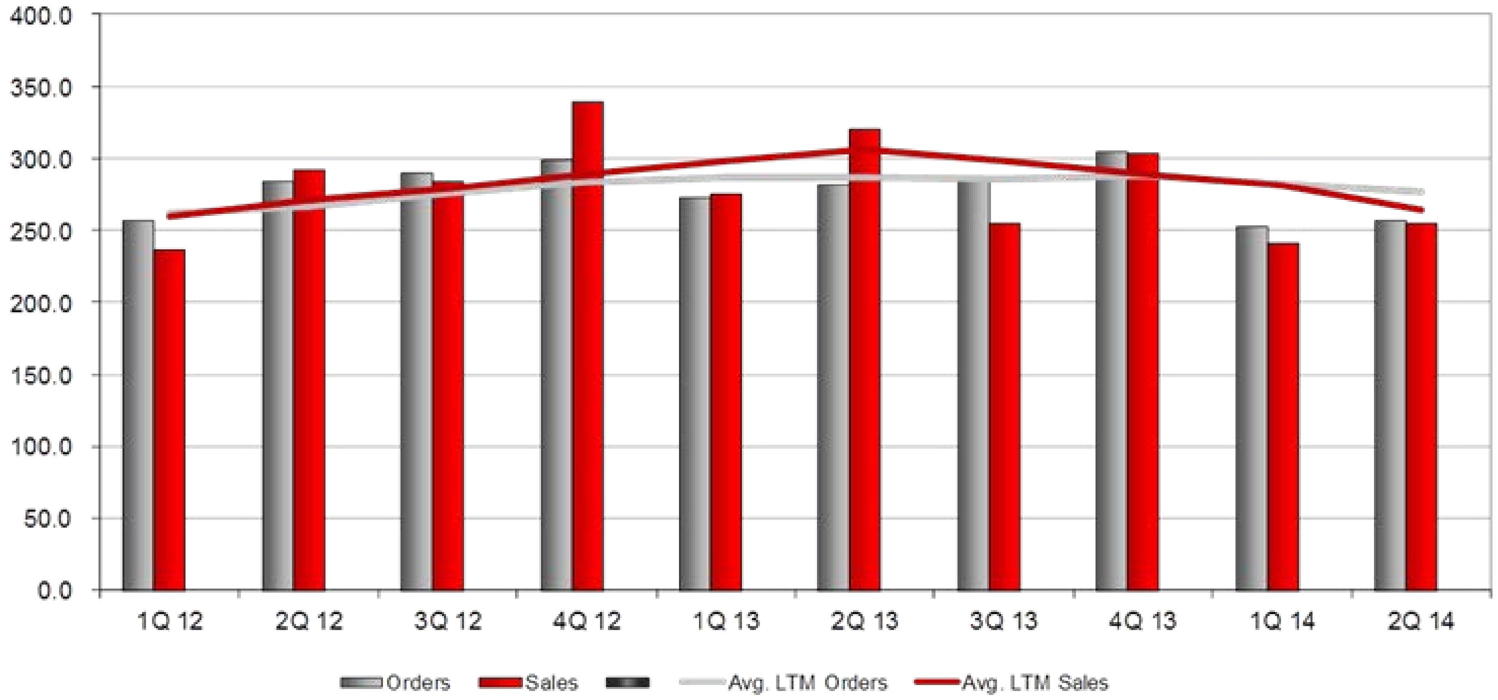
1H14	38%	37%	25%
Growth	-21%	-8%	-21%

Order book evolution



Orders & Sales evolution

Change Rate - Avg. LTM Orders: (3.7%)
Change Rate - Avg. LTM Sales: (13.5%)



Group	1Q 11	2Q 11	3Q 11	4Q 11	1Q 12	2Q 12	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13	4Q 13	1Q 14	2Q 14
Orders	293.6	265.8	254.5	269.1	257.8	285.1	291.2	299.7	273.2	283.3	288.4	305.6	253.2	258.3
Sales	239.1	251.0	251.8	299.4	237.8	293.2	285.0	340.0	276.3	321.5	255.7	304.5	242.4	255.6

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II. Divisional results 1H14 & Business updates

Entertainment & Corporate – 1H14

E&C	1H14	1H13	Change %
Orders	261.6	283.0	(7.6%)
Sales	251.9	306.2	(17.8%)
EBITDA	41.2	48.1	(14.3%)
EBITDA margin	16.3%	15.7%	

- Orders & shipments as anticipated
  - DC global leadership confirmed with wins in Brazil, China & Indonesia
  - Corporate (ClickShare) continues to grow rapidly and projectiondesign® delivers healthy contributions
- Sales mix continues to shift towards professional AV
  - 30% decline in DC partially offset by growth in non cinema activities
  - 45% of sales from non-cinema activities (vs 30% last year)
- Solid EBITDA contributions
- Optimized working capital and good ROCE
  - Successfull integration of projectiondesign

Healthcare – 1H14

HC	1H14	1H13	Change %
Orders	87.8	92.7	(5.3%)
Sales	88.4	98.6	(10.4%)
EBITDA	9.7	12.2	(20.1%)
EBITDA margin	11.0%	12.3%	

- 1H top line in Orders and Sales lower than last year
    - Orderbook for Healthcare record high but delays in call-offs
    - Sales declined primarily due to softness in diagnostic imaging with major OEM's
    - Customers indicate recovery as of 2H14, although Europe expected to remain soft
    - Growing partner network & taking more market share
- EBITDA lower
    - Improving margins due to cost down programs
    - Further rightsizing measures implemented

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Industrial & Government – 1H14

I&G	1H14	1H13	Change %
Orders	76.7	85.3	(10.1%)
Sales	68.5	80.8	(15.2%)
EBITDA	(1.4)	6,0	(123.6%)
EBITDA margin	(2.1%)	7.4%	

- Slow 1H order intake & sales
  - Project delays particularly in China (€ -10m)
  - Shift to LCD-solutions @ lower price point
  - Expected to ramp up again in 2H14, with Western Europe showing first signs of growth
- Negative EBITDA as a result of sales decline
  - Cost cutting measures underway

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Defense & Aerospace – 1H14

D&A	1H14	1H13	Change %
Orders	60.5	59.6	1.6%
Sales	64.0	71.1	(9.9%)
EBITDA	8.1	6.7	21.1%
EBITDA margin	12.7%	9.4%	

- Orders flat & sales down in 1H14
  - Weaker second quarter caused by project slippage into the second half of the year
  - Partially offset by a healthy order intake & sales performance in aerospace
- Increasing Operational profit
  - 1H13 cost reductions continue to take a hold

Ventures – 1H14

Ventures	1H14	1H13	Change %
Orders	26.1	37.4	(30.1%)
Sales	26.2	42.7	(38.7%)
EBITDA	(2.7)	3.9	(171.1%)
EBITDA margin	(10.5%)	9.0%	

- Weak performance in LiveDots
  - 2 major projects lost due to low cost Asian competition
- Margins stable but lack of volume causes EBITDA dip
- LiveDots
  - Initiatives underway to rekindle sales
  - Cost savings implemented to restore profitability in 2H14
- X2O
  - Focus on integration
  - Healthy funnel with E&C, I&G & LiveDots

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III. Executive focus 2H14 & Outlook

Outlook 2H14

For 2H14:

Sales & EBITDA to be better than 2H13.

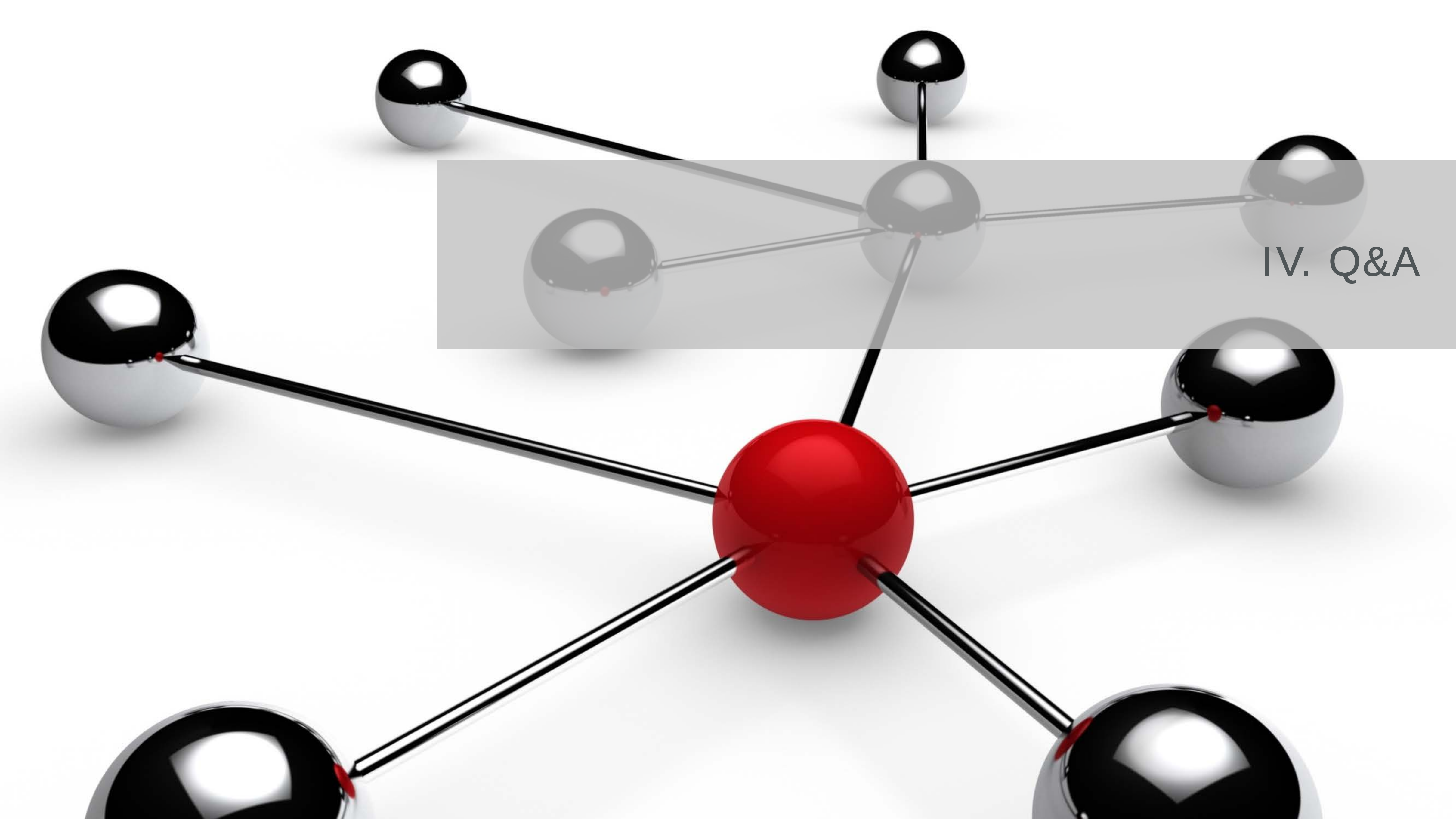
For the full year:

Sales and EBITDA to be slightly lower than in 2013.

Executive focus 2H14

Barco will take steps towards accomplishing its longer term objectives by:

- Rightsizing I&G division to a lower revenue base
- Increasing focus on cost control & sales for Healthcare & LiveDots
- Strenghtening geographic leadership and local governance (China, India)
- Further capitalizing on collaboration (ClickShare) & networking
- Implementing ‘Sales Excellence’ program
- Deciding on divestment scenarios for selected activities
- Continued focus on operational excellence



IV. Q&A

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