

2011: a year to remember

"Barco breaks through the one billion euro barrier!"

>1.000.000.000 euro

Eric Van Zele
President & CEO

9 February 2012

Corporate sales and EBIT 2007-2014

Group

Sales in €m

EBIT in €m



2H11: Firing on all cylinders

- Orders **523.5m**, 13% above 2H10 (+60.4m)
- Order book **479.9m**, 12.5% above 2H10 (+53m)
- Sales **551.1m**, 4.2% above 2H10 (+22.4m)
- EBITDA **70.1m** (12.7% on sales)
- EBIT **43.2m** (7.8% on sales)
- Free cash flow **94.0m**

2H11	Orders	Sales	EBITDA	EBITDA%
Entertainment	193.9	225.5	35.9	15.9%
Healthcare	109.3	101.8	15.6	15.3%
Control Rooms & Simulation	116.0	114.8	8.8	7.6%
Defense & Aerospace	59.6	62.1	6.2	10.0%
Ventures	46.5	47.8	3.6	7.6%
Intra-group eliminations	(1.7)	(0.9)		
Group	523.5	551.1	70.1	12.7%

2H11: Income statement

In € m	2H11		2H10	
Sales	551.1	100.0%	528.8	100.0%
Cost of goods sold	(385.1)	(69.9%)	(364.2)	(68.9%)
Gross profit	166.0	30.1%	164.5	31.1%
Research & development	(40.3)	(7.3%)	(36.7)	(6.9%)
Sales & marketing	(64.4)	(11.7%)	(61.7)	(11.7%)
General & administration	(26.0)	(4.7%)	(26.0)	(4.9%)
Other operating result	7.8	1.4%	(6.0)	(1.1%)
EBIT	43.2	7.8%	34.0	6.4%
Impairment costs on goodwill	(10.0)	(1.8%)	0.0	0.0%
EBIT after goodwill impairment	33.2	6.0%	34.0	6.4%
Interest expense, net	(1.5)	(0.3%)	(0.6)	(0.1%)
Income taxes	10.4	1.9%	1.9	0.4%
Non-controlling interest	(0.4)	(0.1%)	(0.0)	(0.0%)
Net income	41.7	7.6%	35.3	6.7%
EBITDA	70.1	12.7%	60.6	11.5%
Free Cash Flow	94.0	17.1%	(5.4)	(1.0%)
Net Earnings per Share (in €)	3.48	0.6%	2.96	0.6%

11Q4: Orders & Sales

€m	Q4		
	2011	2010	Change
			Δ - %
Orders	269.0	231.0	38.0 16.5%
Sales	299.4	306.0	(6.7) -2.2%
Entertainment	106.4	131.4	(25.0) -19.1%
Healthcare	54.2	48.0	6.2 13.0%
Control Rooms and Simulation	71.2	63.5	7.7 12.2%
Defense and Aerospace	39.8	34.8	5.1 14.6%
Ventures	28.3	29.0	(0.6) -2.2%
Eliminations / BGS	(0.2)	(0.2)	0.0

2011: Breaking through the 1 billion euro barrier

- Orders **1,082.9m**, 10.7% above 2010 (+104.6m)
- Order book **479.9m**, 12.4% above 2010 (+53m)
- Sales **1,041.2m**, 16.1% above 2010 (+144.2m)
- EBITDA **130.2m** (12.5% on sales)
- EBIT **78.4m** (7.5% on sales)
- Net income **75.9m** (7.3% on sales)
- Free cash flow **81.2m**

2011	Orders	Sales	EBITDA	EBITDA%
Entertainment	460.7	432.1	63.8	14.8%
Healthcare	207.1	192.5	33.1	17.2%
Control Rooms & Simulation	219.6	214.3	16.2	7.5%
Defense & Aerospace	106.6	115.8	11.7	10.1%
Ventures	90.9	88.2	5.5	6.2%
Intra-group eliminations	(1.9)	(1.7)		
Group	1,082.9	1,041.2	130.2	12.5%

2011 in Retrospect

- Record sales of more than € 1 billion
- Strategic wins in BRIC & Latam countries with Mexico and China as benchmarks
- Technical breakthroughs in
 - **Projection technologies with 4K and Laser**
 - **Networked visualization with Nexxis**
- Solid strategic partnerships with TI, China Film Group and investments/acquisitions in Auro 3D and Cinestore
- Leadership and culture programs really take hold

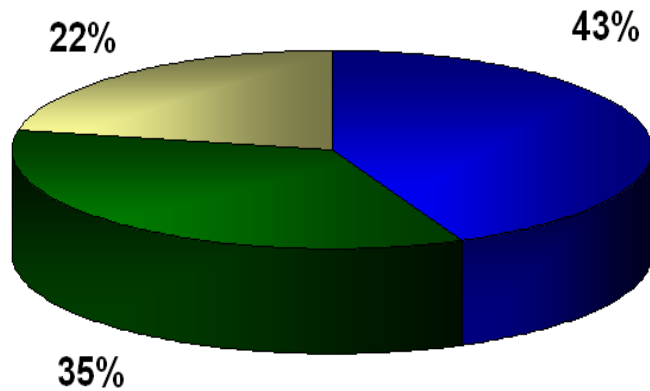
2011 in Retrospect

- Global leadership in DC with 40% market share and strong growth (+27%) in corporate projector segment
- Global leadership in digital visualization systems for healthcare market
- Regaining leadership position in control rooms with LED powered cubes

- Solid progress in operational excellence in terms of OTIF, supplier quality and reduced inventories
- Good Opex controls
 - **Mfg overhead at 5.3%**
 - **SG&A at 16.5%**
 - **R&D at 7.2%**
- Noida and Beijing confirm their potential as “low cost high quality” resource centers

Orders by geography

2010

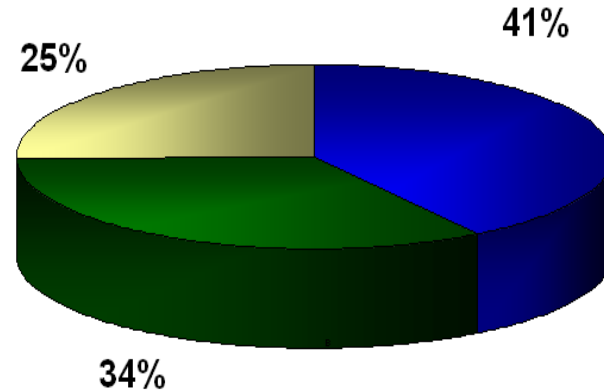


Orders

■ EMEALA ■ NA ■ APAC

Group	2010
EMEALA	424.2
NA	338.4
APAC	215.7

2011



Orders

■ EMEALA ■ NA ■ APAC

Group	2011
EMEALA	442.7
NA	366.1
APAC	274.1

- EMEALA + 4.4%
- NA + 8.2%
- APAC +27.1%

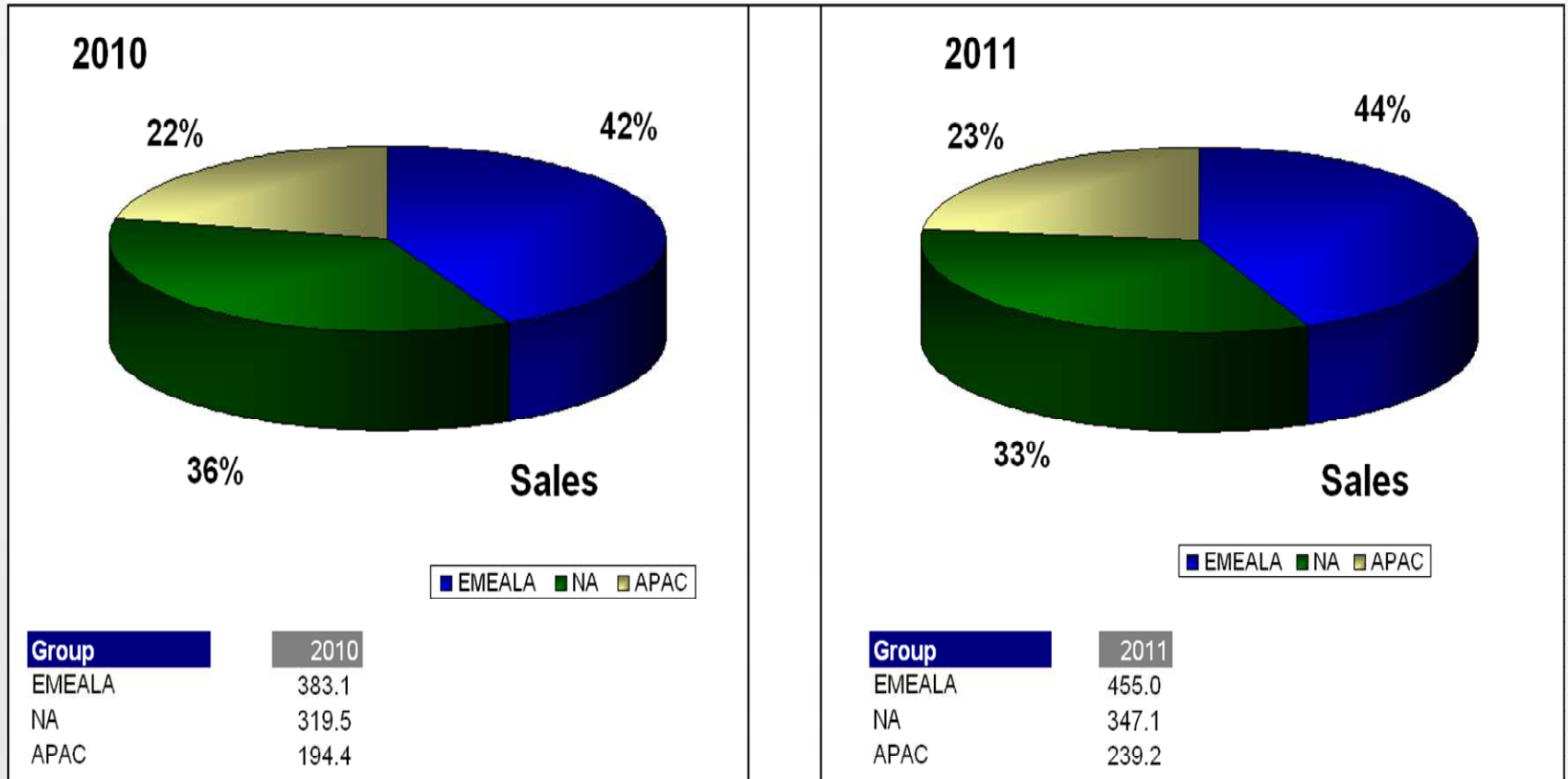
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Note: Orders excluding long term frame agreements

BARCO

Visibly yours

Sales by geography



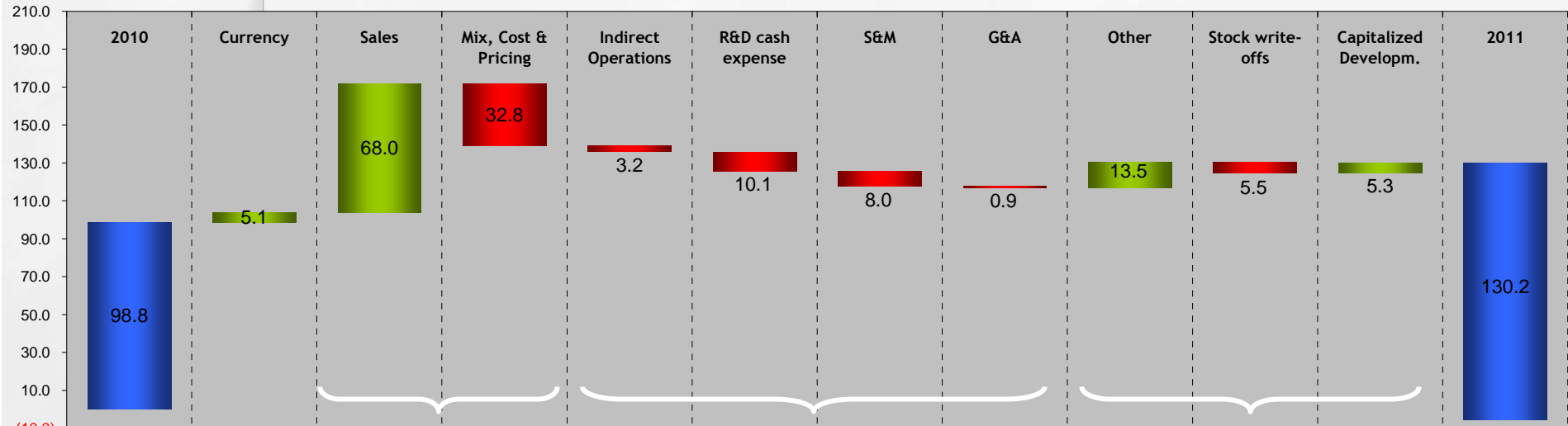
- EMEALA +18.8%
- NA + 8.6%
- APAC +23.0%

2011: Income statement

In € m	2011		2010	
Sales	1,041.2	100.0%	897.0	100.0%
Cost of goods sold	(728.3)	(69.9%)	(609.5)	(67.9%)
Gross profit	312.9	30.1%	287.5	32.1%
Research & development	(74.7)	(7.2%)	(71.4)	(8.0%)
Sales & marketing	(122.5)	(11.8%)	(114.6)	(12.8%)
General & administration	(50.2)	(4.8%)	(49.0)	(5.5%)
Other operating result	12.8	1.2%	(7.4)	(0.8%)
EBIT	78.4	7.5%	45.1	5.0%
Impairment costs on goodwill	(10.0)	(1.0%)	0.0	0.0%
EBIT after goodwill impairment	68.4	6.6%	45.1	5.0%
Interest expense, net	(2.5)	(0.2%)	(1.5)	(0.2%)
Income taxes	10.4	1.0%	(0.0)	(0.0%)
Non-controlling interest	(0.4)	(0.0%)	0.0	0.0%
Net income	75.9	7.3%	43.6	4.9%
EBITDA	130.2	12.5%	98.8	11.0%
Free Cash Flow	81.2	7.8%	(7.1)	(0.8%)
Net Earnings per Share (in €)	6.32	0.6%	3.66	0.4%

EBITDA Waterfall 2011 versus 2010 (+ € 31.5m)

EBITDA in €m



Gross Margin +35.2m

Opex +22.2m

Non cash items & other +13.3m

- Excellent sales growth (+16%) yet margins impacted by product mix
- Sales growth highest in APAC (+23%) followed by Europe (+18.8%) and NA (+8.6%)

Total indirect (cash) costs under control at 29.9% of sales versus 32% last year

- Other: largely due to reversals on bad debt and other provisions
- Stock write-offs at 1.4%, compared to 1% in 2010
- Increased investments in development mainly in Entertainment, Healthcare and Control Rooms & Simulation

Cash & Balance Sheet

- Excellent free cash flow of € 81.2m realized in 2011
- Robust € 126.8m gross operating cash flow generated
- Inventories (€ 233.9m) kept at same level year-on-year
 - **Inventory turns at 2.7 compared to 2.3 last year**
 - **Inventory level decreased in 2H11 with € 45.5m**
- Receivables decreased with € 12.5m to € 187.1m
 - **DSO at 56 days versus 59 days last year**
- Payables decreased € 14.7m to € 110.8m
- Net financial cash position of € 61.6m
- Healthy ROCE of 20% (vs. 10% in 2010)

2011 Dividend

The Board of Directors will submit a recommendation to the Annual General Meeting to pay a dividend of € 1.10 per share

2011 Divisional Review: Entertainment

- Strong growth in orders for DC
- Growth for projectors for events & corporate AV, with big wins in Latam
- Robust increase in sales in all 3 geographical regions
- Global leadership position in DC
- Successful start of China JV with China Film Group
- First installations of Auro 3D
- Introduction of 4K projector & prototype of laser projector
- Healthy EBITDA margin of 14.8%

2011 Divisional Review: Healthcare

- Strong growth in all regions in orders and sales
- Growing contribution of FIMI (acquired Dec 2009)
- Strategic push into digital OR and Patient Care
- Growing market share vs key competitors
- EBITDA @ 17.2% up from 16.2%

2011 Divisional Review: Control Rooms & Simulation

- Limited growth in order intake for the division
 - **Decline in Simulation compensated by moderate growth in Control Rooms**
- Strong increase in sales of 16.1% year-on-year for Control Rooms
- Logistics issue re move of operations into India being solved
- Regaining leadership position in control rooms with LED powered cubes
- EBITDA @ 7.5%

2011 Divisional Review: Defense & Aerospace

- Global order intake and sales down
 - Growth in EMEALA-region for both orders and sales
 - 2 important frame agreements not included in orders
 - Sales hindered by delivery issues in the supply chain
 - Strong end of year performance
- Good performance of Avionics in orders and sales
- EBITDA @ 10.1%

2011 Divisional Review: Ventures

- Flat order intake and slight decrease in sales
- Increased focus & autonomy, rightsizing and strategic repositioning lead to EBITDA of 6.2% vs minus 19.0% in 2010
- Remarkable turnaround in LED through increased focus on high resolution segment and less risky projects

DNA of Barco

- B2B not B2C
- OEM not integrator
- Systems not just products
- Volume not just niche
- Professional services not just products
- A company with global reach
- Not just a great engineering company
 - **Also operational excellence**
 - **Also customer intimacy**
- An organization that leads through innovation

Our vision for Barco

Barco is

- A global leader in digital visualization systems for professional use in selected markets:
 - **Healthcare market**
 - **Entertainment market**
 - **Corporate market**
- } **core Barco**
- A selective niche player in the defense & aerospace markets
 - A technology incubator for ventures that could strengthen our leadership position in the core markets

Barco's financial objectives

- Double digit growth
- Double digit operating profits (in the core)
- > 20% return on capital employed

Barco's strategic focus

- Focus will be on establishing global leadership in core markets
 - **Healthcare:** Digital OR, IPVS, JAO
 - **Entertainment:** Laser, 4K, Auro 3D, ...
 - **Corporate:** Control Rooms, IPVS, ...
- Defense & Aerospace to fund its own growth – even if that means a growth of less than 10%/year
 - **In selective geographies/countries**
 - **Focus on EBITDA & ROCE**
- Ventures/Incubators to be managed as start-ups with high levels of autonomy and focus, but bootstrapped resources
 - **Not encumbered by “big Barco”**
 - **Cash is king**
 - **Focus on innovation**
 - **Focus on strategic marketing**
 - **Entrepreneurial culture**

2012: Key objectives

- Maintain global leadership position in Digital Cinema, Healthcare, Control Rooms & Simulation
- Maintain profitable growth through sharper focus on core business
- Grow installed base in emerging markets
- Launch corporate technology center “Barco labs”
- Further move into mid segment of our markets
- Install world-class processes and operations to further improve operational excellence
- Make strategic acquisitions and investments successful
 - **JAotech**
 - **IPVS**
 - **Strategic partnership with IMAX**

2012: Outlook

Macro-economic context is uncertain

- We believe that Barco's momentum for profitable growth will be sustainable as we will
 - **Continue to sharpen our focus on the core markets**
 - **Pursue alternative options for some of the other activities**

- We target moderate growth through
 - **Tight control on spending**
 - **Working capital efficiency**
 - **Continued improvement in quality & efficiency**

Questions & Answers