

Half year **Report**

Barco six months ended 30 June 2018

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 2018

The undersigned declare that:

- the report 6 months ended 30 June 2018, which is in line with the standards applicable for annual accounts, gives a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated companies;
- the report 6 months ended 30 June 2018 gives a true and fair view of the development and the results of the company and of the position of the issuer and the consolidated companies, as well as a description of the main risks and uncertainties they are faced with.

Jan De Witte, CEO

Ann Desender, CFO

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Key figures

IN THOUSANDS OF EURO	1H 2018	1H 2017	1H 2016
Orders	539,676	561,887	532,879
Orderbook	324,394	349,534	332,426
Net sales	498,103	517,968	529,215
Gross profit	193,019	198,407	189,961
Gross profit margin	38.8%	38.3%	35.9%
Adjusted EBIT	34,910	31,554	24,144
Adjusted EBIT margin	7.0%	6.1%	4.6%
EBITDA	51,495	48,163	49,451
EBITDA margin	10.3%	9.3%	9.3%
Net income	29,656	23,000	24,827
Net income attributable to the equityholder of parent	27,269	19,163	18,086
Net income margin attributable to the equityholder of parent	5.5%	3.7%	3.4%
Earnings per share (in euro)	2.20	1.56	1.49
Diluted earnings per share (in euro)	2.17	1.50	1.44

Number of employees

	30 June 2018	31 Dec 2017
Total (full-time equivalents)	3,686	3,590

Capital & ownership of Barco's shares

On 30 June 2018, the capital amounted to euro 55,869,097.72 represented by 13,067,134 shares. Ownership of the company's shares was as follows:

Michel Van de Wiele NV	18.33%	2,394,833 shares
Templeton Investment Counsel, LLC	4.70%	614,438 shares
Norges Bank (the Central Bank of Norway)	4.48%	586,006 shares
3D NV	3.94%	515,385 shares
Barco NV	4.67%	610,324 shares
Public	63.87%	8,346,148 shares
Total	100,00%	13,067,134 shares

Fully diluted

Michel Van de Wiele NV	18.32%	2,394,833 shares
Templeton Investment Counsel, LLC	4.70%	614,438 shares
Norges Bank (the Central Bank of Norway)	4.48%	586,006 shares
3D NV	3.94%	515,385 shares
Barco NV	4.67%	610,324 shares
Public	63.89%	8,354,434 shares
Total	100,00%	13,075,420 shares

This information is updated on www.barco.com on an ongoing basis.



Management discussion and analysis of the results

First half 2018 financial highlights

- Orderbook at 324.4 million euro (+14% versus end of year 2017) ¹
- Incoming orders at 539.7 million euro (reported -4.0%; at constant currencies +2.0%)
- Sales at 498.1 million euro (reported -3.8%; at constant currencies +2.7%)
- Gross profit margin of 38.8% (+0.5 pts)
- EBITDA of 51.5 million euro (+3.3 million euro) or 10.3% of sales (+1.0 pts)
- Adjusted EBIT of 34.9 million euro (+3.4 million euro) or 7.0% of sales (+0.9 pts)
- Net income at 27.3 million euro (+8.1 million euro)

tion cube market. Healthcare generated strong order intake reflecting continued strengthening of its market position in both the diagnostic and surgical segments. In Entertainment, Venues & Hospitality produced higher sales year-over-year for the third consecutive semester which partially offset lower Cinema sales, mainly in China.

Barco continued to execute on its 'focus to perform' program and to advance its key growth initiatives. The company sold X2O Media; opened its factory for the future in Belgium; and, started the relocation of manufacturing activities from Norway to Belgium.

Management discussion

EBITDA margin expanded 1.0 percentage point on the strength of gross profit margin improvements and lower operating expenses while the company continued to invest in its growth platforms. Each of the divisions posted higher EBITDA margins.

Reported orders and sales were below last year, but +2% and +2.7% respectively on a constant currency basis. In Enterprise continued strong growth of ClickShare was offset by lower Control Rooms' sales due to soft demand in the rear projec-

In parallel, Cinionic, Barco's new Cinema venture, was commercially launched during the first half and signed its first renewal contracts; UniSee, the new LCD-based videowall, completed its first 50 installations with reference accounts around the world; and Healthcare opened its local R&D and manufacturing center in Suzhou, China, under its 'In China for China' program, aimed at more effectively penetrating the Chinese Healthcare market.

Reported sales for 1H18 were, as expected, slightly below a strong 1H17. A solid orderbook, positive book-to-bill ratios in each division and strong sales funnels give Barco confidence that it will deliver sales growth for 2H18 and another year of EBITDA margin improvement for 2018 on flat sales².

(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, an increase of 14% compared to end of year 2017.

(2) 'Flat sales' refers to the comparison of sales for 2018 to 2017 excluding the impact of deconsolidating BarcoCFG.

Barco's first semester performance demonstrates the progress it is making toward its stated goal of building a stronger foundation that supports improved quality of earnings. Barco is pleased with the progress and continues its strong focus on realizing further business- and cost-efficiencies, while investing in innovative solutions and go-to-market strategies as Barco advances towards its mid-term objective of achieving an EBITDA margin in the range of 12% to 14% by 2020.

Outlook 2018

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 reaffirms its full year outlook which calls for further margin improvement.

The deconsolidation of BarcoCFG is expected to result in a reduction in reported group sales and orders for the year of approximately 40 million euro. Stronger projected EBITDA across the group for 2H18 is expected to offset the reduction in EBITDA resulting from the deconsolidation.

Consolidated results for 1H18

Order intake and orderbook

Order intake was 539.7 million euro, a decrease of 22.2 million euro, or 4.0%, compared to last year's first half, driven by declines mainly in Cinema, Entertainment, and partially offset by increases in Healthcare. Orders for the EMEA and the APAC region were down year-over-year while the Americas regions grew.

Excluding currencies effects, orders were 2.0% higher than last year.

Orderbook at the end of the semester stood at 324.4 million euro, reflecting the deconsolidation of BarcoCFG. Including BarcoCFG's orderbook, the orderbook strengthened to 362.0 million euro, a 14% increase versus the end of last year and a 4% increase year-over-year.

IN MILLIONS OF EURO	30 JUN 2018 ¹	31 DEC 2017	30 JUN 2017	31 DEC 2016	30 JUN 2016
Order book	324.4	318.8	349.5	320.8	332.4
	1H18	2H17	1H17	2H16	1H16
Order intake	539.7	543.3	561.9	548.3	532.9

Order intake by division

IN MILLIONS OF EURO	1H18	1H17	CHANGE
Entertainment	248.7	275.9	-9.9%
Enterprise	158.9	171.0	-7.1%
Healthcare	132.1	114.9	+14.9%
Intra-group eliminations	-	-0.1	
Group	539.7	561.9	-4.0%

Order intake per region

IN MILLIONS OF EURO	1H18	% OF TOTAL	1H17	% OF TOTAL	CHANGE
The Americas	208.9	39%	198.2	35%	+5%
EMEA	171.5	32%	174.7	31%	-2%
APAC	159.2	29%	188.9	34%	-16%

Sales

First semester reported sales were softer than 1H17 mainly due to unfavorable currency effects. Excluding currencies effects, sales were 2.7% higher than last year.

While both Healthcare and Enterprise posted essentially flat reported sales, the Entertainment division sales declined, as expected.

The EMEA region registered sales growth while the Americas and the APAC market booked lower sales compared to the first semester of 2017.

IN MILLIONS OF EURO	1H18	2H17	1H17	2H16	1H16
Sales	498.1	566.7	518.0	573.1	529.2

Sales by division

IN MILLIONS OF EURO	1H18	1H17	CHANGE
Entertainment	228.9	247.4	-7.5%
Enterprise	149.3	150.8	-1.0%
Healthcare	119.8	119.9	-0.1%
Intra-group eliminations	-	-0.2	
Group	498.1	518.0	-3.8%

Sales per region

IN MILLIONS OF EURO	1H18	% OF TOTAL	1H17	% OF TOTAL	CHANGE
The Americas	181.1	36%	193.5	37%	-6%
EMEA	172.2	35%	166.5	32%	+3%
APAC	144.8	29%	158.0	31%	-8%

(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, an increase of 14% compared to end of year 2017.

Profitability

Gross profit

Gross profit was 193.0 million euro, a decrease of 2.7% from 198.4 million euro for the first half of 2017. Gross profit margin was 38.8% compared to 38.3% for the first half of 2017, mainly driven by a more favourable mix.

Operating expenses

Total operating expenses decreased 4.5% to 158.1 million euro, or 31.7% of sales, compared to 165.5 million euro, or 32.0% of sales, for the first half of 2017.

Lower R&D expenses and stable Sales & Marketing and General & Administration expenses resulted in to the year-over-year decrease in operating expenses for the first semester.

- While Barco continued to invest 11.3% of sales into Research & Development, the R&D expenses decreased 6.9 million euro to 56.5 million euro from 63.4 million euro last year, following some choices related to R&D investment tracks and the completion of some heavy development projects.
- Sales & Marketing expenses were 74.2 million euro compared to 73.3 million euro for the first half of 2017. As a percent of sales, Sales & Marketing expenses were 14.9% in 1H18 compared to 14.2% in 1H17.
- General & Administration expenses were 27.5 million euro, compared to 28.8 million euro last year, or 5.5% of sales versus 5.6% last year.
- Other operating results of 0 compared to a negative 1.3 million euro last year.

EBITDA & EBIT

EBITDA was 51.5 million euro, compared to 48.2 million euro for the prior year first semester, an increase of 3.3 million euro. EBITDA margin was 10.3% up 1.0 percentage point compared to the first semester of last year.

Excluding currency effects, EBITDA margin was 10.5%.

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

1H18			
IN MILLIONS OF EURO	SALES	EBITDA	EBITDA %
Entertainment	228.9	17.4	7.6%
Enterprise	149.3	20.3	13.6%
Healthcare	119.8	13.9	11.6%
Group	498.1	51.5	10.3%

EBITDA by division 1H18 versus 1H17 is as follows:

IN MILLIONS OF EURO	1H18	1H17	CHANGE
Entertainment	17.4	17.5	-1.0%
Enterprise	20.3	16.8	+20.6%
Healthcare	13.9	13.8	+0.2%
Group	51.5	48.2	+6.9%

Group EBITDA growth was driven by Enterprise which saw a stronger contribution of the corporate activity. Entertainment EBITDA was flat with last year's first semester even though sales fell 7.5%, reflecting the benefits of focus-to-perform initiatives. Healthcare EBITDA was comparable to the first semester of 2017.

Adjusted EBIT was 34.9 million euro or 7.0% of sales. For the first half of last year adjusted EBIT was 31.6 million euro or 6.1% of sales.

Income taxes

In the first half of 2018 taxes were 6.7 million euro for an effective tax rate of 18.0%, compared to 5.7 million euro in the first half of 2017, or an effective tax rate of 20.0%.

Net income

Net income attributable to equity holders was 27.3 million euro, or 5.5% of sales, compared to 19.2 million euro, or 3.7%, for the first semester of 2017.

Net income includes the deduction of third party interests in the amount of 2.4 million euro related to BarcoCFG.

Net earnings per ordinary share (EPS) for the first semester were 2.20 euro, compared to 1.56 euro the year before. Fully diluted net earnings per share were 2.17 euro, compared to 1.50 euro at the end of June 2017.

CASH FLOW & BALANCE SHEET

Free cash flow

Free cash flow for the first half of 2018 improved to 4.0 million euro negative, compared to 33.5 million euro negative for the first half of 2017.

IN MILLIONS OF EURO	1H18	1H17	1H16
Gross operating free cash flow	48.3	45.6	45.5
Changes in trade receivables	3.0	-10.4	-1.5
Changes in inventory	-15.3	-11.8	-27.2
Changes in trade payables	-5.6	-11.5	-15.0
Other changes in net working capital	-17.0	-31.6	-15.5
Change in net working capital	-34.9	-65.3	-59.2
Net operating free cash flow	13.4	-19.7	-13.7
Interest income/expense	2.3	1.3	3.7
Income taxes	-6.8	-3.5	-8.0
Free cash flow from operating activities	8.9	-21.9	-18.0
Purchase of tangible and intangible FA (excl. OneCampus)	-13.9	-11.7	-11.2
Proceeds on disposal of tang and intang FA	1.0	0.1	0.3
Free cash flow from investing activities	-12.9	-11.6	-10.9
FREE CASH FLOW	-4.0	-33.5	-28.9

Net operating free cash flow moved to a positive 13.4 million euro from a negative 19.7 million euro last year due to improvements in working capital use. Barco intends to further improve free cash flow through an intensified focus on cost and working capital efficiencies.

Working capital

Inventory + Accounts Receivables – Accounts Payables is good for 22.7% of sales, a small increase compared to the 21.8% reported a year ago. Net working capital was 0.4% of sales compared to 0.5% a year ago and –3.8% at the end of 2017.

cash to its shareholders through dividend payments over the next years.

IN MILLIONS OF EURO	1H18	FY17	1H17
Trade receivables	180.2	182.1	189.7
DSO	64	55	63
Inventory	170.3	154.1	169.4
Inventory turns	3.1	3.6	3.3
Trade payables	-108.4	-114.5	-121.3
DPO	57	58	59
Other working capital	-238.0	-263.3	-232.8
TOTAL WORKING CAPITAL	4.1	-41.6	5.1

Return on Capital Employed

ROCE for 1H18 was 18%, in line with the end of year 2017.

Capital expenditure

Capital expenditure was 13.9 million euro compared to 11.7 million euro a year ago, mainly driven by investments in Barco's factory for the future.

Net financial cash position

Excluding the cash held in BarcoCFG, Barco had a net financial cash position of 196.7 million euro as of 30 June 2018. This is 14 million euro lower than the net financial cash position at the end 2017, mainly reflecting the payment of dividends during 1H18.

Net financial cash position for BarcoCFG was 56.7 million euro as of 30 June 2018. BarcoCFG plans to distribute this

DIVISIONAL RESULTS FOR 1H18

ENTERTAINMENT DIVISION

IN MILLIONS OF EURO	1H18	1H17	1H16	CHANGE vs 1H17
Order intake	248.7	275.9	283.6	-9.9%
Sales	228.9	247.4	272.6	-7.5%
EBITDA	17.4	17.5	22.7	-1.0%
EBITDA margin	7.6%	7.1%	8.3%	

Entertainment division sales and orders continued to shift in favour of the Venues and Hospitality segment while cinema orders and sales volumes continued to decline, particularly in China and North America, as expected. Venues and Hospitality accounted for 43% of division sales versus 36% in the first half of 2017 on growing demand for new high brightness laser phosphor projectors and image processing solutions.

Despite lower division sales, EBITDA for the first half was flat with last year. EBITDA margin improved 0.5 percentage points reflecting the benefits of focus-to-perform initiatives in combination with value engineering results.

In the cinema market, Barco maintained its leadership position and continued to expand its installed base of screens in markets still converting to digital cinema including China, South East Asia, Latin America, India and the Middle East. Barco also continued to expand its installed base of smart laser and laser flagship projectors as more than half of all cinema projector units shipped in the first half were smart laser projectors, whereas for 2017 this was about a third of all cinema projector units shipped.

At the Cinemacon tradeshow in April, Barco introduced Cinionic, the name given to the company's new cinema venture, and Cinionic signed deals with Kinopolis and Cineworld, its first sizeable contracts in the cinema renewal wave.

The Venues and Hospitality segment delivered good uptake mainly in the events market and some fixed install areas such as theme parks, projector mappings and museums. To further strengthen its competitive position, Barco added new laser and laser phosphor based projectors and image processing solutions to its solution portfolio.

As part of the focus to perform-program, Barco's restructuring of its Fredrikstad, Norway, activities is underway. The company still expects to complete most of the transition to the new and larger projection factory in Kortrijk during 2H18.

ENTERPRISE DIVISION

IN MILLIONS OF EURO	1H18	1H17	1H16	CHANGE vs 1H17
Order intake	158.9	171.1	143.7	-7.1%
Sales	149.3	150.8	140.9	-1.0%
EBITDA	20.3	16.8	15.6	+20.6%
EBITDA margin	13.6%	11.1%	11.1%	

While the Enterprise division posted a healthy book-to-bill ratio at semester end, orders were 7% softer than last year and reported sales were flat reflecting growth in the Corporate segment that was offset by weaker results in Control Rooms. The Corporate segment accounted for about 59% of Enterprise's sales compared to 54% in 1H17.

The division produced a 2.5 percentage point gain in EBITDA margin driven by Clickshare which continued to produce sales growth and gross margin improvements.

The Corporate segment continued to grow in mainly Europe and APAC regions. Excluding currency effects, ClickShare continued to grow at a double digit rate in all regions and has now been installed in more than 420,000 meeting

rooms worldwide, up from 350,000 meetings rooms at the end of 2017. To sustain ClickShare's growth and expand its sales reach, the company added IT specific channels and expanded its sales presence worldwide, and more notably in the APAC region. It also entered into a technology and marketing agreement with Zoom Rooms, a U.S.-based videoconferencing company.

Control Rooms' order intake and sales declined reflecting primarily ongoing weak demand for rear projection cube-solutions and delays for some large projects in emerging markets. Since launching UniSee, an LCD-based videowall, in November 2017, Control Rooms has completed more than 50 flagship installations around the world and the product has been lauded with leading industry awards, including the coveted red dot award. The UniSee product is on track to begin contributing meaningful orders and sales to Control Rooms in the second half of the year.

In line with the focus to perform program, Barco sold X2O Media to Stratacache in the first half of the year after divesting Silex at the end of 2017.

HEALTHCARE DIVISION

IN MILLIONS OF EURO	1H18	1H17	1H16	CHANGE vs 1H17
Order intake	132.1	114.9	105.7	+14.9%
Sales	119.8	119.9	115.7	-0.1%
EBITDA	13.9	13.8	11.1	+0.2%
EBITDA margin	11.6%	11.5%	9.6%	

Healthcare produced a strong order inflow of sizeable contracts in the diagnostic and surgical segments. While sales on a constant currency basis increased in all regions, reported sales were essentially flat due to currency headwinds.

EBITDA margin of 11.6% was slightly higher than last year reflecting an improvement in gross margin that was nearly offset by planned investments in growth initiatives and the Barco China Healthcare program. Gross margin improvements included a more favourable product mix and continued value engineering initiatives.

The division strengthened its market leadership position in the diagnostic market, making further progress in North America, Europe and APAC, and increased sales of its flagship Uniti monitor and uptakes in the dental segment. The modality segment experienced softer demand.

In surgical, the division is working on expanding the digital platform and expanding its partner network, particularly in North America and APAC, to fuel future growth.

Under the "In China for China"-program, the division opened its local R&D-center in March and is now preparing to begin local production of healthcare displays toward the end of this year. These initiatives, combined with enhanced business development capabilities, place the division in a strong position to further penetrate this high-growth developing market.

Risk factors

Management refers to the section "Risk Factors" in the Annual Report 2017 (pages A/80 to A/89), which remain valid for the second year-half of 2018.



Interim condensed consolidated income statement

IN THOUSANDS OF EURO	1H 2018	1H 2017	1H 2016
Net sales	498,103	517,968	529,215
Cost of goods sold	-305,083	-319,561	-339,254
Gross profit	193,019	198,407	189,961
Research and development expenses	-56,451	-63,377	-68,961
Sales and marketing expenses	-74,151	-73,319	-72,052
General and administration expenses	-27,481	-28,808	-26,142
Other operating income (expense) - net	-26	-1,349	1,338
Adjusted EBIT¹	34,910	31,554	24,144
Gain on sale building	-	-	7,666
Impairment on investment	-	-4,537	-
Other non-operating income/(expense)	-	162	95
EBIT	34,910	27,179	31,905
Interest income	3,430	2,676	2,518
Interest expense	-1,124	-1,403	-1,709
Income before taxes	37,215	28,451	32,714
Income taxes	-6,699	-5,690	-7,851
Result after taxes	30,517	22,761	24,863
Share in the result of joint ventures and associates	-861	239	-36
Net income	29,656	23,000	24,827
Net income attributable to non-controlling interest	2,387	3,837	6,741
Net income attributable to the equity holder of the parent	27,269	19,163	18,086
Earnings per share (in euro)	2.20	1.56	1.49
Diluted earnings per share (in euro)	2.17	1.50	1.44

(1) Management considers adjusted EBIT to be a relevant performance measure in order to compare results over the period 2016 to 2018, as it excludes adjusting items.

Interim condensed consolidated statement of comprehensive income

IN THOUSANDS OF EURO	1H 2018	1H 2017	1H 2016
Net income	29,656	23,000	24,827
Exchange differences on translation of foreign operations¹			
Continuing operations	2,373	-18,527	-6,769
Cash flow hedges			
Net gain/(loss) on cash flow hedges	64	385	-824
Income tax	-13	-77	198
Net gain/(loss) on cash flow hedges continuing operations, net of tax	51	308	-626
<i>Other comprehensive income/(loss) to be recycled through profit and loss in subsequent periods</i>	<i>2,425</i>	<i>-18,219</i>	<i>-7,396</i>
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	2,425	-13,714	-7,395
Attributable to equity holder of the parent	2,244	-12,210	-6,811
Attributable to non-controlling interest	180	-1,504	-584
Total comprehensive income/(loss) (continuing), for the year, net of tax	32,081	9,286	17,432
Attributable to equity holder of the parent	29,513	6,953	11,275
Attributable to non-controlling interest	2,568	2,333	6,157

(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 2018, the positive exchange differences in the comprehensive income line were mainly booked on foreign operations held in US dollars and Chinese yuan.

At the end of June 2017 and 2016, the negative exchange differences were mainly booked on foreign operations held in these same currencies.

Interim condensed consolidated balance sheet

IN THOUSANDS OF EURO	30 JUNE 2018	31 DEC 2017
Assets		
Goodwill	105,533	105,385
Other intangible assets	56,224	63,361
Land and buildings	60,719	57,964
Other tangible assets	47,677	47,366
Investments	7,156	7,906
Deferred tax assets	68,129	69,859
Other non-current assets	10,791	12,887
Non-current assets	356,229	364,729
Inventory	150,796	132,754
Trade debtors	142,298	149,438
Other amounts receivable	23,046	19,368
Cash and cash equivalents	235,233	254,130
Prepaid expenses and accrued income	7,679	5,041
Assets held for sale	128,278	139,536
Current assets	687,330	700,267
Total assets	1,043,559	1,064,996
Equity and liabilities		
Equity attributable to equityholders of the parent	589,398	579,449
Non-controlling interests	16,636	14,065
Equity	606,034	593,514
Long-term debts	34,633	41,036
Deferred tax liabilities	4,263	4,647
Other long-term liabilities	2,954	4,555
Long-term provisions	25,235	24,607
Non-current liabilities	67,085	74,845
Current portion of long-term debts	10,000	10,000
Short-term debts	706	686
Trade payables	101,380	102,943
Advances received from customers	70,315	67,040
Tax payables	7,379	9,752
Employee benefit liabilities	45,008	49,983
Other current liabilities	7,966	10,586
Accrued charges and deferred income	17,730	18,074
Short-term provisions	23,102	26,904
Liabilities directly associated with the assets held for sale	86,854	100,669
Current liabilities	370,440	396,637
Total equity and liabilities	1,043,559	1,064,996

Interim condensed consolidated statement of cash flows

IN THOUSANDS OF EURO	1H 2018	1H 2017	1H 2016
Cash flow from operating activities			
Adjusted EBIT	34,910	31,554	24,144
Restructuring	-908	-2,212	-2,624
Gain on sale of divestments ¹	-745	-571	-1,000
Amortization capitalized development cost	-	-	12,907
Depreciation of tangible and intangible fixed assets	16,584	16,609	12,397
Gain/(Loss) on tangible fixed assets	-652	23	-278
Share options recognized as cost	1,025	775	617
Share in the profit/(loss) of joint ventures and associates	-861	239	-36
Gross operating cash flow	49,354	46,417	46,127
Changes in trade receivables	2,971	-10,422	-1,550
Changes in inventory	-15,302	-11,816	-27,183
Changes in trade payables	-5,574	-11,496	-14,960
Other changes in net working capital	-17,025	-31,593	-15,486
Change in net working capital	-34,929	-65,327	-59,179
Net operating cash flow	14,425	-18,910	-13,052
Interest received	3,430	2,676	5,390
Interest paid	-1,124	-1,403	-1,709
Income taxes	-6,821	-3,510	-8,034
Cash flow from operating activities	9,908	-21,147	-17,405
Cash flow from investing activities			
Purchases of tangible and intangible fixed assets	-13,910	-11,653	-11,237
Proceeds on disposals of tangible and intangible fixed assets	1,040	74	326
Proceeds from sale of building	-	-	9,300
Acquisition of Group companies, net of acquired cash ²	-4,617	-2,022	-10,808
Disposal of Group companies, net of disposed cash ¹	385	5,570	1,000
Other investing activities ³	867	-1,158	-10,715
Cash flow from investing activities (including acquisitions and divestments)	-16,236	-9,191	-22,134

IN THOUSANDS OF EURO	1H 2018	1H 2017	1H 2016
Cash flow from financing activities			
Dividends paid	-25,265	-23,292	-20,951
Dividends received	-	229	178
Capital increase/(decrease)	127	334	-296
(Acquisition)/sale of own shares	5,239	4465	2,028
Proceeds from (+)/Payments (-) of long-term liabilities	-5,021	-5,141	-5,187
Proceeds from (+)/Payments of (-) short-term liabilities	-948	797	-2,222
Dividend distributed to non-controlling interest	-	-	-5,749
Cash flow from financing activities	-25,868	-22,607	-32,199
Net increase/(decrease) in cash and cash equivalents	-32,195	-52,946	-71,738
Cash and cash equivalents at beginning of period	321,514	353,549	341,277
Cash and cash equivalents (CTA)	2,583	-13,364	-5,231
Cash and cash equivalents at end of period ⁴	291,902	287,239	264,309

- (1) Per June 2018 this relates to the sale of X2O Media. Per June 2017 this relates to the sale of Barco Lighting Systems to the US-based lighting company ETC. Per 30 June 2016 the last part of the amount put in escrow on the 2014 sale of Orthogon was released for an amount of 1 million euro.
- (2) Per June 2018 this mainly relates to the MTT and Medialon acquisition of 2016 for which the contract provided for a deferred payment of 6 million dollars, payable over the next three years. The first deferred payment was done in the first half of 2017; the second in the first half of 2018. Additionally, three patents on the in-process technology were granted resulting in the payment of an earn-out.
- (3) Other investing activities relate per June 2018 to the offset of Barco's share in the loss of CCO Barco Airport Venture LLC (presented in gross operating cash flow); per June 2017 to the capital contribution in CCO Barco Airport Venture LLC and in June 2016 this relates to the investment in One Campus, the new building at headquarters, which is financed with long term liabilities.
- (4) Cash and cash equivalents at the end of the period 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	1H 2018	1H 2017	1H 2016
Equity attributable to equityholders of the parent January 1	579,449	590,243	597,739
Net income attributable to equityholders of the parent	27,269	19,163	18,086
Dividend	-25,955	-23,292	-21,188
Other comprehensive income/(loss) for the period, net of tax, attributable to the equity holder of the parent	2,244	-12,210	-6,811
Capital increase/(decrease) (stock options)	127	334	-296
Purchase (-)/Sale (+) of own shares	5,239	4,465	2,028
Share-based payment	1,025	775	617
Equity attributable to equityholders of the parent June 30	589,398	579,478	590,174
Non-controlling interest January 1	14,065	25,244	13,925
Net income attributable to non-controlling interest	2,387	3,837	6,741
Dividend distributed to non-controlling interest	-	-	-5,750
Other comprehensive income/(loss) for the period, net of tax	180	-1,504	-584
Non-controlling interest June 30	16,636	27,577	14,332
Equity June 30	606,034	607,055	604,506

Notes to the interim condensed consolidated financial statements

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 2018.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Barco's annual consolidated financial statements as of and for the year ended 31 December 2017 and the adoption of new standards and interpretations effective as of 1 January 2018.

The new standards and interpretations effective as of 1 January 2018 include the following:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers.

As disclosed in the annual report of 2017, there is no impact on the Group's equity as a result of adopting these standards. The Group did not have to change its accounting policies or make retrospective adjustments.

2. IFRS standards issued but not yet effective

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of 19.5 million euro. The group has determined that these commitments will result in +10 million euro EBITDA impact in 2019 and +20 million euro assets and liabilities for future payments. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date.

3. Acquisitions and divestments

Divestment of X2O

On March 28th, 2018 Barco reached an agreement with US-based market leader in digital signage Stratacache to sell 100% of its shares in the Canadian entity X2O Media entity for an amount of 0.9 million US dollar (0.8 million euro), of which 0.3 million US dollar (0.2 million euro) was put in escrow over a period of twenty-four months (with projected full release on April 2020). This escrow amount was not recognized in profit and loss in 2018. Closing of the transaction happened on April 13, 2018. The transaction was cash and debt free. The purchase agreement also includes a price correction linked to the closing net working capital for a calculated total of 0.9 million euro. The operating results of the X2O Media (part of the Enterprise division) entity including the gain on the transaction resulted in 0.5 million euro result in 2018.

4. Assets held for sale

Barco announced on 4 December 2017 that it has reached an agreement with China FilmGroup (CFG) to change the ownership structure of BarcoCFG for the Chinese cinema market. Barco agreed to sell 9% of its shares in BarcoCFG to China Film Group in exchange for 175 million CNY (or 22.8 million euro), thereby reducing its stake in the subsidiary from 58% to 49% and losing control once the transaction is completed. Operations of BarcoCFG are classified as a disposal group held for sale since 31 December 2017 (see annual report for more explanation) and remain classified as such per 30 June 2018 as Barco received the 175 million CNY per July 5th and obtained the required regulatory approvals, triggering the transfer in control as of July 1st.

The major classes of assets and liabilities of BarcoCFG classified as held for sale as at 30 June 2018 and 31 December 2017 are, as follows:

IN THOUSANDS OF EURO	30 JUNE 2018	31 DEC 2017
Assets		
Goodwill	8,000	8,000
Deferred tax assets	6,216	10,174
Non-current assets	14,216	18,174
Inventory	19,466	21,309
Trade debtors	37,927	32,668
Cash and cash equivalents	56,669	67,385
Current assets	114,062	121,362
Total assets	128,278	139,536
Liabilities		
Non-current accrued charges and deferred income	16,741	6,167
Non-current liabilities	16,741	6,167
Trade payables	7,066	11,605
Advances received from customers	20,760	21,814
Tax payables	3,266	13,600
Employee benefit liabilities	809	1,179
Accrued charges and deferred income	34,835	42,696
Provisions	3,377	3,608
Current liabilities	70,113	94,502
Total liabilities	86,854	100,669

The assets have been reviewed for impairment and measured in accordance with IFRS 5. No impairment loss needed to be recognized.

5. Segment information

Barco is a global company developing solutions for the entertainment, enterprise and healthcare markets.

- **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.

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 and 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.

5.1. 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, 2018, 2017 and 2016, respectively:

ENTERTAINMENT						
IN THOUSANDS OF EURO	1H18		1H17		1H16	
Total sales	228,925	100.0%	247,404	100.0%	272,571	100.0%
Timing of revenue recognition						
At a point in time	209,042	91.3%	220,914	89.3%	246,661	90.5%
Over time	19,883	8.7%	26,489	10.7%	25,910	9.5%
EBITDA	17,375	7.6%	17,538	7.1%	22,710	8.3%
ENTERPRISE						
IN THOUSANDS OF EURO	1H18		1H17		1H16	
Total sales	149,332	100.0%	150,797	100.0%	140,950	100.0%
Timing of revenue recognition						
At a point in time	103,791	69.5%	92,070	61.1%	77,848	55.2%
Over time	45,542	30.5%	58,727	38.9%	63,102	44.8%
EBITDA	20,266	13.6%	16,806	11.1%	15,646	11.1%
HEALTHCARE						
IN THOUSANDS OF EURO	1H18		1H17		1H16	
Total sales	119,845	100.0%	119,939	100.0%	115,694	100.0%
Timing of revenue recognition						
At a point in time	117,889	98.4%	117,304	97.8%	112,908	97.6%
Over time	1,957	1.6%	2,635	2.2%	2,786	2.4%
EBITDA	13,854	11.6%	13,819	11.5%	11,094	9.6%
RECONCILIATION OF SEGMENT INFORMATION WITH GROUP INFORMATION						
IN THOUSANDS OF EURO	1H18		1H17		1H16	
Entertainment	228,925	46.0%	247,404	47.8%	272,571	51.5%
Enterprise	149,332	30.0%	150,797	29.1%	140,950	26.6%
Healthcare	119,845	24.1%	119,939	23.2%	115,694	21.9%
Intra-group eliminations	-	0.0%	-172	0.0%	-	0.0%
Total sales	498,103	100.0%	517,968	100.0%	529,215	100.0%
Timing of revenue recognition						
At a point in time	430,722	86.5%	430,116	83.0%	437,418	82.7%
Over time	67,381	13.5%	87,852	17.0%	91,797	17.3%
EBITDA	51,495	10.3%	48,163	9.3%	49,451	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 (2015-2016-2017) average sales in the first semester was good for 48% of the total annual volume.

5.2. Segment assets

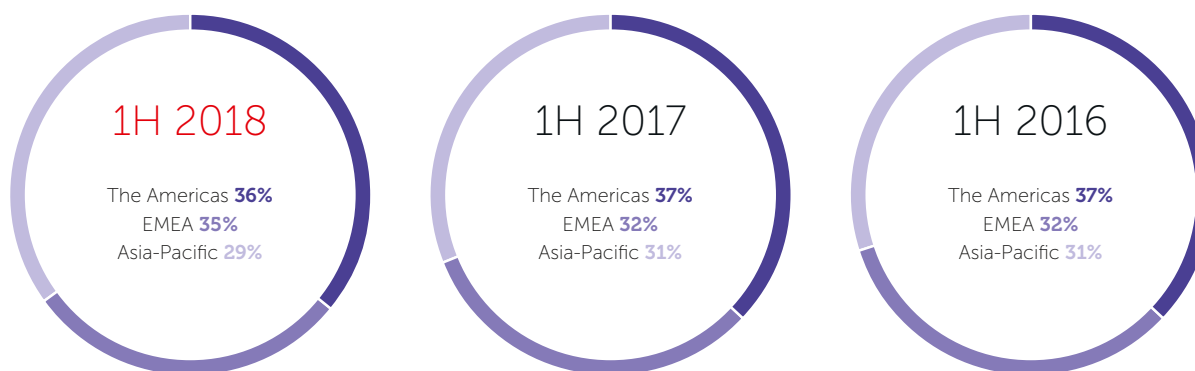
The following table presents segment assets of the Group's operating segments ending June 30, 2018 and December 31, 2017:

IN THOUSANDS OF EURO	30 June 2018	31 Dec 2017
Assets		
Segment assets		
Entertainment	238,927	228,108
Enterprise	147,430	149,633
Healthcare	105,121	104,373
Total segment assets	491,477	482,114
Liabilities		
Segment liabilities		
Entertainment	138,408	145,780
Enterprise	66,409	71,224
Healthcare	61,479	63,654
Total segment liabilities	266,296	280,658

Segment assets and liabilities for Entertainment are excluding the assets held for sale.

5.3. 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 2018, 2017 and 2016, respectively:



GROUP	1H18	% OF TOTAL	1H17	% OF TOTAL	1H16	% OF TOTAL
EMEA	172.2	35%	166.5	32%	168.0	32%
AMERICAS	181.1	36%	193.5	37%	197.2	37%
APAC	144.8	29%	158.0	31%	164.1	31%

6. Related party transactions

During the half-year ended 30 June 2018, 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 2017 for an overview of the consolidated and equity accounted companies.

7. Litigations and commitments

No important changes occurred during the first 6 months of 2018 relating to the litigations and commitments which have been disclosed in the 2017 consolidated financial statements.

8. Events subsequent to the balance sheet date

On 5 July 2018, Barco received the agreed 175 million CNY in exchange for 9% of the shares in BarcoCFG from China Film Group, after obtaining the required regulatory approvals. Barco thereby reduces its stake in the subsidiary from 58% to 49% and loses control. The results of BarcoCFG for the second half year will be reported using the equity method and will be presented as part of the group's EBITDA.

No other subsequent events occurred which could have a significant impact on the interim condensed financial statements of the group per 30 June 2018.

Auditor's report

Statutory auditor's report on review of interim condensed consolidated financial information for the period ended 30 June 2018

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Barco NV and its subsidiaries as of 30 June 2018 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.

Ghent, July 18, 2018

The statutory auditor
PwC Bedrijfsrevisoren bcvba
Represented by



Peter Opsomer
Registered auditor

Lien Winne
Registered auditor
(In her absence signed by
Peter Opsomer)

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 revenues resulting from a single material transaction not linked to current business activities (e.g. sales building headquarters) 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 58% stake in this entity at end of June 2018.

DPO

Days payable outstanding calculated as Trade Payables / (Material cost + Services and other costs) x 365; including assets held for sale

DSO

Days sales outstanding calculated as (Trade debtors / (sales past quarter)) * 90; including assets held for sale

Equity method

Method of accounting whereby an investment (in an associate) is initially recognized at cost and subsequently adjusted for any changes in the investor's share of the associate's net assets (i.e. equity). The income statement reflects the investor's share in the net result of the investee.

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	1H18	1H17	1H16
Adjusted EBIT	34,910	31,554	24,144
Depreciations and amortizations	16,584	16,609	12,397
Amortizations and impairments on capitalized development expenses	-	-	12,907
EBITDA	51,495	48,163	49,451
EBITDA as % of sales	10.3%	9.3%	9.3%

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 = $12 / [\text{Inventory} / (\text{average monthly sales last 12 months} \times \text{material cost of goods sold } \%)]$, including assets held for sale

Net financial cash/(debt)

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

Operating capital employed (including goodwill)

Operating capital employed + goodwill including assets held for sale

Operating capital employed (OCE)

Working capital + other long term assets and liabilities, including assets held for sale.

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 (intake)

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 e-mail and electronic version of the purchase order out of the customer's ERP system. The e-mail needs to originate from the customer's mail server and not from a personal mail account.
- 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, 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; including assets held for sale.

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 (excl. One Campus) + proceeds on disposals of tangible and intangible fixed assets.

Free cash flow of the Group for the periods June 30 is as follows:

IN THOUSANDS OF EURO	1H 2018	1H 2017	1H 2016
Adjusted EBIT	34,910	31,554	24,144
Restructuring	-908	-2,212	-2,624
Gain on sale of divestments	-745	-571	-1,000
Amortization capitalized development cost	-	-	12,907
Depreciation of tangible and intangible fixed assets	16,584	16,609	12,397
Gain/(Loss) on tangible fixed assets	-652	23	-278
Share in the profit/(loss) of joint ventures and associates	-861	239	-36
Gross operating free cash flow	48,329	45,642	45,510
Changes in trade receivables	2,971	-10,422	-1,550
Changes in inventory	-15,302	-11,816	-27,183
Changes in trade payables	-5,574	-11,496	-14,960
Other changes in net working capital	-17,025	-31,593	-15,486
Change in net working capital	-34,929	-65,327	-59,179
Net operating free cash flow	13,400	-19,685	-13,669
Interest received	3,430	2,676	5,390
Interest paid	-1,124	-1,403	-1,709
Income taxes	-6,821	-3,510	-8,034
Free cash flow from operating activities	8,883	-21,922	-18,022
Purchases of tangible & intangible FA (excl One Campus)	-13,910	-11,653	-11,237
Proceeds on disposals of tangible & intangible fixed assets	1,040	74	326
Free cash flow from investing activities	-12,870	-11,581	-10,910
FREE CASH FLOW	-3,987	-33,503	-28,932

Return on operating capital employed (ROCE)

Adjusted EBIT after tax relative to operating capital employed (including goodwill), including the assets held for sale. 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

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