# FULL YEAR RESULTS:
## EBITDA margin expansion on high-single digit sales growth

**Kortrijk, Belgium, 9 February 2017** – Today Barco (Euronext: BAR; Reuters: BARBt.BR; Bloomberg: BAR BB) announced results for the six and twelve month periods ended 31 December 2016.

### Fiscal year 2016 financial highlights

- Incoming orders at 1081.2 million euro (+ 3.6%)
- Sales at 1102.3 million euro (+ 7.0%)
- Gross profit margin at 34.4% (+ 1.6 ppts)
- EBITDA of 88.0 million euro (+ 13.9 million euro) or 8.0% of sales (+ 0.8 ppts)
- EBIT[1] of 36.6 million euro (+34.9 million euro) or 3.3% of sales (+3.2 ppts)
- Net income of 11.0 million euro
- Free cash flow of 57.4 million euro
- Net financial cash position of 286.6 million euro
- Proposal to increase the dividend to 1.90 euro per share from 1.75 euro

### Quote of the CEO, Jan De Witte

“Barco delivered solid sales growth and improved profitability for 2016. Initiatives to lower product costs and a favourable product mix led to a gain in gross profit margin versus 2015 and a year-over-year increase in EBITDA margin, even with significant investments in growth initiatives during the year,” said Jan De Witte, CEO.

“Across our divisions, we advanced technology initiatives, expanded our channel network and increased sales of newer product lines. In Entertainment we continued to leverage our global leadership position in digital cinema, including strong results in China, while propelling sales of laser projectors globally in line with emerging demand for premium formats and technology upgrades. Notable in Healthcare, we saw a promising uptake of our network-enabled visualization solutions for the operating room and single-digit growth across the portfolio. In Enterprise strong momentum in ClickShare boosted the divisional profits while sales growth was offset by weaker sales in Control Rooms,” added De Witte.

“For 2017, our goal is to continue generating sales and profitability growth through further leveraging our technology, software and services. We will continue to drive gross margin accretion initiatives and make choices across business activities, while continuing to invest in innovation,” concluded De Witte.

1 This is EBIT before non-recurring charges and under the new capitalization methodology. Management considers EBIT (before non-recurring) to be a relevant performance measure in order to compare results over the period 2014 to 2016, as it excludes non-recurring items. Had Barco not changed its accounting treatment of product development costs, the EBIT margin for 2016 would have been approximately 5.4% compared to 5.0% in 2015 and 4.4% for 2014 (Calculated as EBIT before non-recurring and excluding amortizations less capitalized product development expenses for prior periods).



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## Outlook 2017

*The following statements are forward looking and actual results may differ materially.*

Assuming a stable economic environment and currencies at current levels, management expects further margin improvement on mid-single digit sales growth.

## Dividend

The Board of Directors will propose to the General Assembly to increase the dividend from 1.75 euro to 1.90 euro per share to be paid out in 2017.

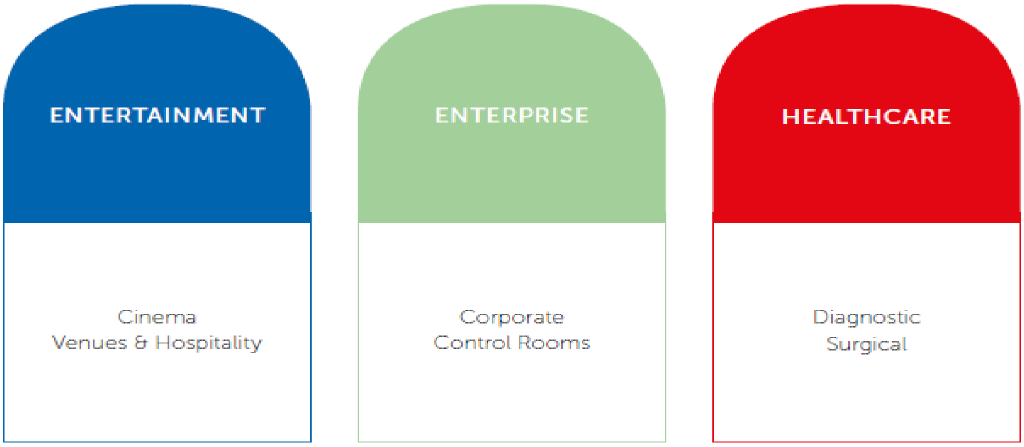
The following timetable will be proposed to the Annual General Shareholder meeting

- Ex-date: Tuesday, 9 May 2017
- Record date: Wednesday, 10 May 2017
- Payment date: Thursday, 11 May 2017

## Preliminary remarks

### I. Barco's organizational structure

Barco is a global company developing solutions for 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 the Retail & Advertising 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 ventures Silex, X20 and Medialon.
- **Healthcare:** The Healthcare division includes the activities in Diagnostic Imaging (Diagnostic and Modality Imaging) and in Surgical.

## II. Items impacting 2016 profitability

The chart below displays the calculation of Barco's net income from EBITDA for FY16, FY15 and FY14 including various non-recurring items and a change in the accounting methodology for new product development costs and the variance for each line item between FY16 and FY 15.

| *(in millions of euro)* | **FY16** | **FY15** | ***FY14*** | ***Change FY16-FY15*** | ***Comment*** |
|---|---|---|---|---|---|
| **EBITDA before non-recurring** | **88.0** | **74.1** | ***59.7*** | ***+13.9*** | |
| *Capitalized development* | *0* | *0* | *47.7* | *0* | *1.i* |
| *Amortizations of capitalized R&D* | *(22.9)* | *(49.4)* | *(57.2)* | *+26.6* | *1.ii* |
| *Depreciations & other amortizations* | *(28.6)* | *(22.9)* | *(19.3)* | *(5.7)* | *2.i* |
| **EBIT before non-recurring** | **36.6** | **1.7** | **30.9** | ***+34.9*** | |
| *Impairment & Restructuring* | *(12.9)* | *(29.1)* | *(3.4)* | *+16.2* | *3.i&ii* |
| *Interest & Taxes* | *(5.1)* | *7.9* | *(5.9)* | *(13.0)* | *4* |
| *Net Income from discontinued operations* | *0.0* | *47.0* | *6.1* | *(47.0)* | *5.i* |
| *Gain on sale HQ (BE)* | *6.9* | *0* | *0* | *+6.9* | *5.ii* |
| *Non-controlling interest & share in equity companies* | *(14.4)* | *(10.1)* | *(3.8)* | *(4.3)* | *6* |
| **Net Income attributable to the equity holder of the parent** | **11.0** | **17.5** | **23.9** | ***(6.4)*** | |

1. Change in accounting methodology for new product development costs
   i. In light of shortened product life cycles and rapidly evolving technologies, Barco began expensing product development costs as incurred effective 1 January 2015. Previously the company had capitalized product development costs.
   ii. The outstanding balance of capitalized development costs was amortized in 2015 and 2016.

2. Depreciations and amortizations (excluding development)
   i. Depreciation increased mainly due to the One Campus and OnePlatform investments.
   ii. Amortizations increased due to the acquisitions of MTT and Medialon in the Entertainment and Enterprise division.

3. Impairment and restructuring charges
   i. Barco recorded an impairment charge on goodwill of 7.1 million euro mainly related to investments in Patient Care solutions in its Healthcare division.
   ii. The company also booked a restructuring charge of 5.8 million euro to reflect restructuring and redeployment measures implemented in its LED and lighting activity in the Entertainment division.

4. Effective tax rate

   In 2015 and 2016 the equal effective tax rate was 20% but a shift from negative to positive taxable income in 2016 resulted in a negative 6.3 million euro in taxes.

5. Divestiture of Defense & Aerospace business on 31 January 2015
   i. Net income from discontinued operations in 2015 of 47 million euro includes the gain on sale of the company's Defense and Aerospace business.
   ii. As part of the divestiture, Barco's headquarters building was sold in 2016 resulting in a gain of 6.9 million euro.

6. Chinese Joint Venture

   Non-controlling interest and share in equity companies amounted to 14.4 million euro in 2016 mainly driven by increased profit-contribution from its joint venture with the China Film group.



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# Part I - Consolidated results for the fiscal year 2016

## Order Intake & Order Book

Order book at year end was 320.8 million euro, down 3.7% compared to a year earlier reflecting shorter delivery cycles in Entertainment and Enterprise and decreases in Healthcare following the booking of two material longer term bulk orders toward the end of 2015.

### Order Book

| *(in millions of euro)* | **FY16** | **FY15** | **FY14** |
|---|---|---|---|
| Order book | 320.8 | 333.2 | 302.2 |

Order intake was 1,081.2 million euro, an increase of 3.6% compared to last year driven by gains in Entertainment & Enterprise. By region declines in the Americas and a flat result in the EMEA region was offset by strong growth in the APAC region.

### Order Intake

| *(in millions of euro)* | **FY16** | **FY15** | **FY14** |
|---|---|---|---|
| Order Intake | 1,081.2 | 1,043.7 | 869.4 |

### Order Intake by division

| | **FY16** | **FY15** | ***Change*** |
|---|---|---|---|
| Entertainment | 574.8 | 536.4 | *+7.2%* |
| Enterprise | 290.2 | 287.0 | *+1.1%* |
| Healthcare | 216.3 | 221.2 | *-2.2%* |
| **Group** | **1,081.2** | **1,043.7** | ***+3.6%*** |

### Order intake per region

| | **FY16** | **FY15** | ***Change*** |
|---|---|---|---|
| The Americas | 34% | 39% | *-11%* |
| EMEA | 32% | 33% | *-1%* |
| APAC | 34% | 28% | *+29%* |

## Sales

Full year sales grew 7.0% led by strong gains in Entertainment and Healthcare.
At constant currencies (excluding the impact mainly of the Chinese Yuan) sales growth would have been 8.6%.
All regions contributed to the growth, with strong gains in the APAC region.

### Sales

| *(in millions of euro)* | **FY16** | **FY15** | **FY14** |
|---|---|---|---|
| Sales | 1,102.3 | 1,028.9 | 908.4 |

### Sales by division

| | **FY16** | **FY15** | ***Change*** |
|---|---|---|---|
| Entertainment | 578.1 | 514.5 | *+12.4%* |
| Enterprise | 289.7 | 300.4 | *-3.6%* |
| Healthcare | 234.6 | 216.0 | *+8.6%* |
| **Group** | **1,102.3** | **1,028.9** | ***+7.0%*** |

### Sales by region

| | **FY16** | **FY15** | ***Change*** |
|---|---|---|---|
| The Americas | 36% | 37% | *+3%* |
| EMEA | 31% | 33% | +4% |
| APAC | 33% | 30% | +17% |



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## Profitability

### Gross profit

Gross profit increased from 337.8 to 378.8 million euro, an increase of 41.0 million euro. [2] Gross profit margin increased 1.6 percentage points to 34.4% compared to 32.8% in 2015, reflecting a positive product mix effect and the benefit of cost down engineering actions.

### Operating expenses

Mainly as a result of planned investments in growth initiatives, total indirect cash expenses (excluding other operating results) increased to 322.7 million euro compared to 289.6 million euro a year earlier.
As a percentage of sales, indirect cash expenses were 29.3% compared to 28.1% for 2015.

- On a cash basis, Research & Development expenses increased to 120.5 million euro from 100.8 million euro last year. As percentage of sales, cash R&D expenses were 10.9% compared to 9.8% a year earlier.
  Including the amortization of outstanding capitalized development expenses of 22.9 million euro, reported R&D expenses amounted to 143.4 million euro or 13.0% of sales. See remarks on reporting methodology.
- Sales & Marketing expenses increased to 147.1 million euro compared to 137.8 million euro in 2015. As a percent of sales, Sales & Marketing expenses were 13.3% of sales compared to 13.4% in 2015.
- General & administration expenses were 55.1 million euro compared to 51.0 million euro last year and increased slightly as a percentage of sales from 4.9% to 5.0%. G&A expenses for the year included amortization of Barco's investment in the OnePlatform project. Barco began to amortize this investment beginning with the second semester of 2014.

Other operating results amounted to a positive 3.3 million euro compared to a positive 3.0 million euro last year, driven by a reversal in provisions for bad debt.

### EBITDA & EBIT[3]

EBITDA grew 18.8% to 88.0 million euro compared to 74.1 million euro for the prior year. EBITDA margin was 8.0% versus 7.2% for 2015.

By division, EBITDA and EBITDA margin is as follows:

| FY16 | Sales | EBITDA | EBITDA % |
|---|---|---|---|
| Entertainment | 578.1 | 30.4 | 5.3% |
| Enterprise | 289.7 | 33.0 | 11.4% |
| Healthcare | 234.6 | 24.6 | 10.5% |
| **Group** | **1,102.3** | **88.0** | **8.0%** |

2 Gross profit and Sales and Marketing expenses are impacted by the reclassification of professional services overhead to cost of sales from sales & marketing expenses. The results for 2015 have been restated accordingly.
There is no impact on EBIT or net income resulting from this reclassification.
3 EBITDA and EBIT in this press release refer to "EBITDA and EBIT before non-recurring items" and exclude the 6.9 million euro gain on sale of building and other non recurring items such as impairment and restructuring costs and other non operating income: see Net Income.

EBITDA by division 2016 versus 2015 is as follows:

| | FY16 | FY15 | *Change* |
|---|---|---|---|
| Entertainment | 30.4 | 43.6 | *-30.1%* |
| Enterprise | 33.0 | 11.1 | *+197.7%* |
| Healthcare | 24.6 | 19.4 | *+26.6%* |
| **Group** | **88.0** | **74.1** | ***+18.8%*** |

On group-level, Barco made good progress in expanding EBITDA which grew 18.8% driven by a turnaround performance in Enterprise and strong sales growth in Healthcare.

Significant EBITDA expansion in the Enterprise division was driven by both a strong contribution from the Corporate activity and a recovery of margins in the Control Rooms activity. The Healthcare division booked profitability gains based on sales growth and on the back of a favourable product mix. Planned investments in Entertainment caused an EBITDA decline.

EBIT was 30.5 million euro compared to a negative 27.4 million euro in 2015. Included in EBIT was a gain of 6.9 million euro on the sale of headquarter building, a charge of 5.8 million euro, primarily related to restructuring measures implemented in the Entertainment division's LED and Lighting activity, and impairment charges on goodwill and investments totalling 7.1 million euro related to Patient Care solutions in Healthcare.

EBIT before non-recurring charges was 36.6 million euro, or 3.3% of sales, compared to 1.7 million euro, or 0.2% of sales for 2015. In addition, 2016 EBIT before non-recurring included 22.9 million euro in amortization of the outstanding balance of capitalized development costs.

## Income taxes

In 2016 taxes were 6.3 million euro for a tax rate of 20.0%. Taxes in 2015 were 4.9 million euro positive for an effective tax rate of 20.0% on the continuing business as a result of negative earnings before taxes.

## Net income

Net income attributable to the equity holders was 11.0 million euro after deducting third party interests to the amount of 14.4 million euro mainly related to the Joint Venture with China Film Group.

Net income per ordinary share (EPS) was 0.91 euro compared to 1.45 euro in 2015. Fully diluted earnings per share were 0.88 euro compared to 1.41 euro.

## Cash Flow & Balance Sheet

### Free Cash Flow and Working Capital

Free cash flow for the year was 57.4 million euro compared to a 110.3 million euro for 2015 and 14.9 million euro for 2014.

| *(in millions of euro)* | FY16 | FY15 | FY14 |
|---|---|---|---|
| **Gross operating Cash Flow[4]** | **81.9** | **67.4** | **97.4** |
| *Changes in trade receivables* | *0.2* | *(5.4)* | *(19.7)* |
| *Changes in inventory* | *(2.8)* | *27.6* | *(11.9)* |
| *Changes in trade payables* | *(2.7)* | *16.3* | *0.2* |
| *Other Changes in net working capital* | *11.9* | *32.8* | *4.7* |
| ***Change in net working capital*** | ***6.6*** | ***71.2*** | ***(26.7)*** |
| **Net operating Cash Flow** | **88.5** | **138.6** | **70.7** |
| *Interest Income/expense* | *4.1* | *0.2* | *(1.1)* |
| *Income Taxes* | *(11.5)* | *(14.9)* | *(3.0)* |
| **Cash flow from operating activities** | **81.1** | **123.9** | **66.6** |
| *Expenditure on product development* | - | - | *(47.7)* |
| *Purchase of tangible and intangible FA (excl. One Campus)* | *(24.2)* | *(14.7)* | *(8.3)* |
| *Proceeds on disposal of tang and intang FA* | *0.6* | *1.1* | *4.3* |
| **Cash flow from investing** | **(23.7)** | **(13.6)** | **(51.7)** |
| **FREE CASH FLOW** | **57.4** | **110.3** | **14.9** |

Driven in large part by cost down initiatives in the second semester of the year, Barco generated a higher gross operating cash flow of 81.9 million euro versus 67.4 million euro in 2015.
Net working capital was -5% of sales, a 3 percentage point improvement versus 2015.

Trade receivables decreased 0.2 million euro and trade payables decreased 2.7 million euro. Inventory increased 2.8 million euro.

- Trade receivables were 188.6 million euro versus 186.8 million euro at 30 June 2016 and 186.9 million euro at 31 December 2015. DSO's stood at 55 days, compared to 61 days at the end of the first half and 58 days at 31 December 2015.
- At 166.2 million euro, inventory was 2.8 million euro higher than at the end of 2015. Inventory turns improved to 3.6, compared to 2.9 turns at the end of the first half in 2016 and at the same level as at 31 December 2015.
- Trade payables stood at 135.1 million euro compared to 123.0 million euro at 30 June 2016 and 139.5 million euro at 31 December 2015.

Cash flow from investing activities increased to 23.7 million euro, versus 13.6 million euro in 2015, due to purchases of fixed assets for Barco's new headquarter.

4 Gross Operating Cash Flow is now defined to include the restructuring pay-out. The Gross Operating Cash Flows for 2015 and 2014 have been restated to reflect the same definition.

## Capital Expenditure

Capital expenditure was 33.4 million euro, including the One Campus investment of 9.1 million euro. For 2015 total capital expenditure was 43.0 million euro, including One Campus investments.

## Return on Capital Employed

ROCE, excluding the impact of amortizations on capitalized product development costs, was 15%, a 4 percentage points improvement versus last year.

## Capitalized Development

The outstanding balance of capitalized product development costs was amortized in 2015 and 2016. Outstanding capitalized development costs stood at 0 million euro at the end of year compared to 22.8 million euro at the end of 2015 and 71.4 million euro at 31 December 2014. Due to the Board's decision regarding Barco's capitalization methodology, since 1 January 2015, product development costs have been expensed as incurred.

## Goodwill

Goodwill on the group level stood at 124.3 million euro compared to 132.4 million euro at the end of 2015 and 143.8 million euro at the end of 2014.
During 2016, Barco recorded impairment charges on goodwill and investments totalling 7.1 million euro mainly related to Healthcare division investments in the Patient Care activities acquired from Jaotech in 2012.

## Cash position

Barco ended the year with a net financial cash position of 286.6 million euro compared to 265.1 million euro at the end of 2015.

The increase reflects higher free cash flow and proceeds from the sale of the headquarter building in Kortrijk partially offset by dividend payments and investments for the acquisition of MTT and Medialon and the One Campus project.

Immediately available net cash or net cash excluding the cash in the China Film Group joint venture amounted to 186.6 million euro, essentially flat with last year.

# Part II - Consolidated results for 2H16

## Financial highlights 2H16

- Order intake for the semester was 548.3 million euro, from 521.2 million euro a year earlier (+5.2%).
- Sales were 573.1 million euro from 522.7 million euro in 2H15 (+9.7%)
- Gross profit margin was 32.9% versus 32.3% in 2H15.
- EBITDA was 38.6 million euro versus 33.5 million euro in 2H15. EBITDA margin was 6.7% compared to 6.4% in 2H15.
- EBIT[5]was 12.4 million euro versus a negative 5.7 million euro in 2H15, reflecting the temporary impact of amortization of outstanding capitalized product development expenses.
- Free cash flow for the second semester was 86.4 million euro compared to 95.8 million euro for the same period last year.

## Order Intake & Order Book

Order intake was 548.3 million euro, an increase of 27.1 million euro or 5.2% compared to last year, driven by increases in the Entertainment and Enterprise divisions, partially offset by a decline in Healthcare.
The order book closed at 320.8 million euro at the end of the second semester of 2016.

### Order Book

| *(in millions of euro)* | **2H16** | **1H16** | **2H15** | **1H15** | **2H14** |
|---|---|---|---|---|---|
| Order book | 320.8 | 332.4 | 333.2 | 333.1 | 302.2 |

### Order Intake

| *(in millions of euro)* | **2H16** | **1H16** | **2H15** | **1H15** | **2H14** |
|---|---|---|---|---|---|
| Order Intake | 548.3 | 532.9 | 521.2 | 522.5 | 418.3 |

### Order Intake by division

| *(in millions of euro)* | **2H16** | **2H15** | ***Change*** |
|---|---|---|---|
| Entertainment | 291.2 | 239.4 | *+21.6%* |
| Enterprise | 146.5 | 151.8 | *-3.5%* |
| Healthcare | 110.6 | 130.3 | *-15.2%* |
| **Group** | **548.3** | **521.2** | ***+5.2%*** |

### Order intake per region

| | **2H16** | **2H15** | ***Change*** |
|---|---|---|---|
| The Americas | 33% | 41% | *-17%* |
| EMEA | 31% | 34% | *-4%* |
| APAC | 36% | 24% | *+56%* |

5 EBIT before non recurring charges



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## Sales

Second semester sales continued to grow at the group level. Growth was driven by a strong push in both Healthcare and Entertainment. Sales in the Americas and EMEA region were essentially flat compared to last year while the APAC region was very robust.

### Sales

| *(in millions of euro)* | **2H16** | **1H16** | **2H15** | **1H15** | **2H14** |
|---|---|---|---|---|---|
| Sales | 573.1 | 529.2 | 522.7 | 506.2 | 474.3 |

### Sales by division

| *(in millions of euro)* | **2H16** | **2H15** | ***Change*** |
|---|---|---|---|
| Entertainment | 305.4 | 250.1 | *+22.2%* |
| Enterprise | 148.8 | 161.5 | *-7.9%* |
| Healthcare | 118.9 | 111.3 | *+6.9%* |
| **Group** | **573.1** | **522.7** | ***+9.7%*** |

### Sales by region

| | **2H16** | **2H15** | ***Change*** |
|---|---|---|---|
| The Americas | 34% | 38% | *-1%* |
| EMEA | 31% | 34% | *+1%* |
| APAC | 35% | 28% | *+35%* |

## Profitability

### Gross profit

Gross profit was 188.8 million euro for the second semester of 2016, a robust increase of 11.7% compared to 169.1 million euro for the second semester 2015.[6]
Gross profit margin increased by 0.6 percentage points to 32.9% for the second half of 2016 compared to 32.3% for the second half of 2015.

### Indirect expenses

Total operational cash expenses, excluding other operating results were 168.5 or 29.4% of sales compared to 152.6 million euro or 29.2% of sales for the second half of 2015.
New product launches and investments in growth initiatives drove the increases in Research and Development and in Sales and Marketing expenses.

- On a cash basis, Research & Development expenses increased to 64.4 million euro from 53.7 million euro last year. As a percent of sales, cash R&D expenses amounted to 11.2% of sales compared to 10.3% a year earlier.
  Including the amortization of outstanding capitalized development expenses of 10.0 million euro, reported R&D expenses amounted to 74.4 million euro or 13.0 % of sales. For the second half of 2015 reported R&D expenses were 79.9 million euro or 15.3% of sales, including the amortization of outstanding capitalized development expenses of 26.2 million euro.
- Sales & Marketing expenses increased to 75.0 million euro compared to 71.3 million euro for the second half of 2015. [7] As a percent of sales, Sales & Marketing expenses were 13.1% in 2H16 compared to 13.6% in 2H15.
- General & administration expenses were 29.0 million euro, or 5.1% of sales compared to 27.6 million euro or 5.3% of sales last year.
- Other operating results amounted to a positive 2.0 million euro compared to a positive 3.9 million euro last year.

6 Gross profit and Sales and Marketing expenses are impacted by the reclassification of professional services overhead to cost of sales from sales & marketing expenses. The results for 2015 have been restated accordingly.
There is no impact on EBIT or net income resulting from this reclassification.
(More information in the Annual Report 2016)

7 See footnote 3

## EBITDA & EBIT[8]

EBITDA was 38.6 million euro, compared to 33.5 million euro for the prior year second semester.
EBITDA margin was 6.7% versus 6.4% for the second half of 2015, with strong contributions from the Enterprise and Healthcare division partially offset by a slower performance in the Entertainment division due to heavy investments in growth initiatives.

By division, EBITDA and EBITDA margin was as follows:

| **2H16** *(in millions of euro)* | **Sales** | **EBITDA** | **EBITDA %** |
|---|---|---|---|
| Entertainment | 305.4 | 7.7 | 2.5% |
| Enterprise | 148.8 | 17.4 | 11.7% |
| Healthcare | 118.9 | 13.5 | 11.4% |
| **Group** | **573.1** | **38.6** | **6.7%** |

EBITDA by division 2H16 versus 2H15 is as follows:

| *(in millions of euro)* | **2H16** | **2H15** | ***Change*** |
|---|---|---|---|
| Entertainment | 7.7 | 16.1 | *-52.2%* |
| Enterprise | 17.4 | 9.6 | *+81.3%* |
| Healthcare | 13.5 | 9.1 | *+48.4%* |
| **Group** | **38.6** | **33.5** | ***+15.2%*** |

EBIT before non-recurring was 12.4 million euro or 2.2% of sales and included 10.0 million euro of amortizations of capitalization of product development expenses. For the second half of last year EBIT was 5.8 million euro negative.

## Net income

Net income attributable to the equity holders for 2H16 was a negative 7.1 million euro, and is net after restructuring and impairments charges of 12.9 million euro and the third party interests of 7.9 million euro mainly related to the Joint Venture with China Film Group.

8 EBITDA and EBIT in this press release refer to "EBITDA and EBIT before non-recurring items" and exclude the 6.9 million euro gain on sale of building and other non recurring items such as impairment and restructuring costs and other non operating income.

# Part III – Divisional results for fiscal year 2016

## ENTERTAINMENT DIVISION

| *(in millions of euro)* | **FY16** | **FY15** | **FY14** | ***Change vs FY15*** [9] |
|---|---|---|---|---|
| Orders | 574.8 | 536.4 | 431.2 | *+7.2%* |
| Sales | 578.1 | 514.5 | 459.7 | *+12.4%* |
| EBITDA | 30.4 | 43.6 | 34.3 | *-30.1%* |
| EBITDA margin | 5.3% | 8.5% | 7.5% | |

The Entertainment division delivered another excellent year with robust gains in the Cinema business, particularly in China.
EBITDA and EBITDA margin declined year-over-year reflecting sizeable investments in new product development and new product launches, notably Barco Escape and flexible LED-solutions.

In the Cinema segment, sales growth was driven by strong demand for new projectors in emerging regions and particularly in China; in more mature geographies sales growth was driven by rising demand from existing and new customers for technology upgrades and premium format solutions. In addition the segment increased the number of flagship laser projector installations worldwide and enjoyed strong demand for its laser phosphor projectors, launched in 3Q16.
Leveraging its large installed base, the segment continued to increase service and maintenance revenue.
Barco tested and proved the appeal of Barco Escape which was installed in almost 40 theatres worldwide in support of the summer release of Star Trek. Audience feedback was positive, customers reported higher box-office receipts and the company is now exploring different options to secure content financing for the Escape format.
The Lobby initiative continued to gain traction in the North American market.
As mentioned in the first-half report, Barco acquired MTT Innovation Inc. in June 2016, an investment which adds to its expertise in next-generation projection technology.

The Venues and Hospitality segment's performance was mixed with good uptake in the fixed install market offset by slower order flow and increased competition in the events activity. Orders for fixed installs were strong reflecting inroads made with museums, theme parks and arenas. New laser phosphor solutions and advanced flexible LED solutions were launched, expanding the segment's product portfolio and strengthening its competitive positioning.

9 As of 2016, the remaining projector activity which had been part of Enterprise was transferred to the Entertainment division. Barco has not presented restated historical data. The sales results of the projector activity are not material to an analysis of the performance trends of the Entertainment and Enterprise divisions. (More information in the Annual Report 2016, Segment Information)

## ENTERPRISE DIVISION

| *(in millions of euro)* | **FY16** | **FY15** | **FY14** | ***Change vs FY15*** [10] |
|---|---|---|---|---|
| Orders | 290.2 | 287.0 | 255.5 | *+1.1%* |
| Sales | 289.7 | 300.4 | 259.8 | *-3.6%* |
| EBITDA | 33.0 | 11.1 | 8.7 | *+197.7%* |
| EBITDA margin | 11.4% | 3.7% | 3.3% | |

The Enterprise Division delivered a three-fold increase in EBITDA and 770 basis point gain in EBITDA margin even though sales declined slightly on weak demand and project delays in Control Rooms. The Corporate segment accounted for half of Enterprise's sales.

In the Corporate segment, product portfolio and partner channel expansions drove sales growth and sustained momentum for ClickShare, which has now been equipped in 200,000 meeting rooms, up from 100,000 for 2015. Although Barco made considerable progress in extending ClickShare's footprint in the US and EMEA regions, substantial opportunities for broader and deeper market coverage in all regions remain.

Control Rooms posted an increase in sales of software that was overshadowed by a decline in hardware sales, driven by a slower Oil and Gas market, intensified competition from LCDs and delayed projects and product releases. Investments made in software and workflow solutions, new hardware releases and a joint venture in China position the segment to strengthen its competitive position in 2017. While investing in this transition, steps taken in 2015 to improve operating expense efficiency helped Control Rooms move closer to restoring profitability.
The Enterprise division also closed the acquisition of Medialon in Q2 of 2016, adding complementary capabilities in control solutions and offering networked solutions for the Corporate and Education markets.

10 As of 2016, the remaining projector activity which had been part of Enterprise was transferred to the Entertainment division. Barco has not presented restated historical data. The sales-results of the projector activity are not material to an analysis of the performance trends of the Entertainment and Enterprise divisions. (More information in the Annual Report 2016, Segment Information)

## HEALTHCARE DIVISION

| *(in millions of euro)* | **FY16** | **FY15** | **FY14** | ***Change vs FY15*** |
|---|---|---|---|---|
| Orders | 216.3 | 221.2 | 181.0 | *-2.2%* |
| Sales | 234.6 | 216.0 | 186.7 | *+8.6%* |
| EBITDA | 24.6 | 19.4 | 10.3 | *+26.6%* |
| EBITDA margin | 10.5% | 9.0% | 5.5% | |

Healthcare achieved a 10.5% EBITDA margin for 2016 reflecting an 8.6% increase in sales and strict control over operating expenses. Although orders were slightly below 2015 which benefited from some bulk orders, the division's order book remains healthy. Excluding the 2015 bulk orders, order intake grew 9%.

The Healthcare division strengthened its market leadership in the diagnostic market with a steady performance while modality experienced softer demand. Surgical sustained strong momentum worldwide and successfully entered the North America market.
The division completed the integration of Advan, launched a 4K surgical display and also decided to scale back its patient care activities and to support the momentum in its surgical activities.
The division increased its sales in China driven by continued efforts in business development and by expanding local capabilities in this high-growth developing market.



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# Conference call

Barco will host a conference call with investors and analysts on 9 February 2017 at 9:00 a.m. CET (3:00 am EST), to discuss the results of 2016. Jan De Witte, CEO, Ann Desender, CFO and Carl Vanden Bussche, IRO, will host the call.
An audio cast of this conference call will be available on the Company's website www.barco.com by 12:30 p.m. Brussels time (6:30 a.m. EST).

# Additional information

## Auditor's report

The statutory auditor, Ernst & Young Bedrijfsrevisoren/Réviseurs d'Entreprises represented by Marnix Van Dooren has confirmed that the audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting information included in this press release.
The complete audit report related to the audit of the consolidated financial statements will be shown in the 2016 annual report that will be published on the Internet (www.barco.com).

## Financial Calendar 2017

| | |
|---|---|
| - Capital Markets Day | Thursday 16 March 2017 |
| - Trading update 1Q17 | Friday 21 April 2017 |
| - Annual general shareholders meeting | Thursday 27 April 2017 |
| - Announcement of results 1H17 | Wednesday 19 July 2017 |
| - Trading update 3Q17 | Wednesday 18 October 2017 |

### ***About Barco***

*Barco, a global technology company, designs and develops networked visualization products for the Entertainment, Enterprise and Healthcare markets. Barco has its own facilities for Sales & Marketing, Customer Support, R&D and Manufacturing in Europe, North America and APAC. Barco (NYSE Euronext Brussels: BAR) is active in more than 90 countries with 3,500 employees worldwide. Barco posted sales of 1.102 billion euro in 2016.*

*For more information and the Annual report 2016, please visit the Company's website at www.barco.com*



### For more information, please contact:

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+32 56 26 23 22 or carl.vandenbussche@barco.com

# ANNEX I

## FINANCIAL TABLES

| **Income Statement** | **2016** | **2015** | **2014** |
|---|---|---|---|
| *(in thousands of euro)* | | | |
| Net sales | 1,102,342 | 1,028,856 | 908,368 |
| Cost of goods sold | -723,538 | -691,091 | -622,090 |
| **Gross profit** | **378,804** | **337,765** | **286,278** |
| Research and development expenses | -143,362 | -150,222 | -99,689 |
| Sales and marketing expenses | -147,088 | -137,829 | -116,679 |
| General and administration expenses | -55,122 | -50,977 | -44,334 |
| Other operating income (expense) - net | 3,325 | 2,960 | 5,306 |
| **EBIT (before non-recurring)** | **36,557** | **1,698** | **30,882** |
| Restructuring and goodwill impairment | -12,939 | -29,099 | -3,373 |
| Gain on sale building | 6,866 | - | - |
| Other non-operating income/(expense) | 33 | 35 | - |
| **EBIT** | **30,516** | **-27,366** | **27,509** |
| Interest income | 4,401 | 7,103 | 3,022 |
| Interest expense | -3,161 | -4,098 | -4,156 |
| **Income / (loss) before taxes** | **31,756** | **-24,360** | **26,375** |
| Income taxes | -6,345 | 4,879 | -4,748 |
| **Result after taxes** | **25,411** | **-19,481** | **21,628** |
| Share in the result of joint ventures and associates | 263 | -1,073 | 68 |
| **Net income / (loss) from continuing operations** | **25,674** | **-20,554** | **21,696** |
| **Net income from discontinued operations** | **-** | **47,031** | **6,094** |
| **Net income** | **25,674** | **26,477** | **27,790** |
| **Net income attributable to non-controlling interest** | **14,652** | **9,009** | **3,856** |
| **Net income attributable to the equity holder of the parent** | **11,023** | **17,468** | **23,933** |
| **Net income / (loss) (continuing) attributable to the equity holder of the parent** | **11,023** | **-29,563** | **17,840** |
| **Net income (discontinued) attributable to the equity holder of the parent** | **-** | **47,031** | **6,094** |
| Earnings per share (in euro) | 0.91 | 1.45 | 1.96 |
| Diluted earnings per share (in euro) | 0.88 | 1.41 | 1.92 |
| Earnings (continuing) per share (in euro) | 0.91 | -2.45 | 1.46 |
| Diluted earnings (continuing) per share (in euro) | 0.88 | -2.38 | 1.43 |

| Selected Financial Ratios | 2016 | 2015 | 2014 |
|---|---|---|---|
| EBITDA (before non-recurring) | 88,002 | 74,080 | 59,695 |
| EBITDA on sales (before non-recurring) | 8.0% | 7.2% | 6.6% |
| EBIT on sales (before non-recurring) | 3.3% | 0.2% | 3.4% |
| EBIT on sales | 2.8% | -2.7% | 3.0% |
| | | | |
| Total debt to equity | 13.6% | 15.3% | 14.3% |

| Balance sheet | 31 Dec 2016 | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|
| *(in thousands of euro)* | | | |
| **ASSETS** | | | |
| Goodwill | 124,255 | 132,386 | 143,774 |
| Capitalized development cost | 0 | 22,846 | 71,351 |
| Other intangible assets | 75,765 | 52,628 | 55,926 |
| Land and buildings | 53,019 | 20,221 | 21,315 |
| Other tangible assets | 50,916 | 72,346 | 44,597 |
| Investments | 14,460 | 9,031 | 14,360 |
| Deferred tax assets | 89,100 | 78,031 | 68,219 |
| Other non-current assets | 19,112 | 23,226 | 15,736 |
| **Non-current assets** | **426,627** | **410,715** | **435,278** |
| Inventory | 166,202 | 165,960 | 185,631 |
| Trade debtors | 188,561 | 186,910 | 170,486 |
| Other amounts receivable | 15,584 | 26,157 | 18,940 |
| Cash and cash equivalents | 353,549 | 341,277 | 145,340 |
| Prepaid expenses and accrued income | 8,709 | 9,308 | 8,948 |
| Assets from discontinued operations | 0 | 0 | 110,761 |
| **Current assets** | **732,605** | **729,612** | **640,106** |
| **Total Assets** | **1,159,231** | **1,140,327** | **1,075,384** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Equity attributable to equityholders of the parent | 590,243 | 597,739 | 587,415 |
| Non-controlling interest | 25,244 | 13,925 | 7,146 |
| **Equity** | **615,487** | **611,664** | **594,561** |
| Long-term debts | 66,811 | 79,527 | 57,737 |
| Deferred tax liabilities | 8,813 | 4,462 | 6,830 |
| Other long-term liabilities | 11,198 | 2,839 | 0 |
| **Non-current liabilities** | **86,823** | **86,828** | **64,567** |
| Current portion of long-term debts | 11,500 | 10,000 | 7,130 |
| Short-term debts | 2,085 | 2,124 | 19,253 |
| Trade payables | 135,127 | 139,504 | 109,091 |
| Advances received on customers | 109,064 | 113,874 | 107,544 |
| Tax payables | 13,880 | 13,016 | 15,171 |
| Employee benefit liabilities | 57,050 | 48,757 | 44,759 |
| Other current liabilities | 9,684 | 7,690 | 5,204 |
| Accrued charges and deferred income | 58,050 | 59,967 | 33,390 |
| Provisions | 60,481 | 46,903 | 40,148 |
| Liabilities from discontinued operations | 0 | 0 | 34,567 |
| **Current liabilities** | **456,922** | **441,835** | **416,257** |
| **Total Equity and Liabilities** | **1,159,231** | **1,140,327** | **1,075,385** |

| Cash flow statement | 2016 | 2015 | 2014 |
|---|---|---|---|
| *(in thousands of euro)* | | | |
| **Cash flow from operating activities** | | | |
| EBIT before non-recurring | 36,557 | 1,698 | 30,882 |
| Impairment of capitalized development costs | 1,364 | 4,866 | 7,244 |
| Restructuring | -4,917 | -3,622 | -3,340 |
| Gain on sale Orthogon | -1,000 | -1,406 | -6,650 |
| Amortization capitalized development cost | 21,509 | 44,575 | 49,969 |
| Depreciation of tangible and intangible fixed assets | 28,572 | 22,906 | 19,291 |
| Gain/(Loss) on tangible fixed assets | -401 | -543 | -69 |
| Share options recognized as cost | 1,234 | 1,313 | 1,268 |
| Share in the profit/(loss) of joint ventures and associates | 263 | -1,073 | 68 |
| Discontinued operations: cash flow from operating activities | 0 | -4,407 | 21,281 |
| **Gross operating cash flow** | **83,180** | **64,308** | **119,944** |
| Changes in trade receivables | 205 | -5,443 | -19,669 |
| Changes in inventory | -2,829 | 27,565 | -11,915 |
| Changes in trade payables | -2,676 | 16,297 | 220 |
| Other changes in net working capital | 11,883 | 32,773 | 4,708 |
| Discontinued operations: change in net working capital | 0 | 12,767 | 538 |
| **Change in net working capital** | **6,583** | **83,958** | **-26,119** |
| **Net operating cash flow** | **89,763** | **148,266** | **93,825** |
| Interest received | 7,272 | 4,303 | 3,022 |
| Interest paid | -3,161 | -4,098 | -4,156 |
| Income taxes | -11,538 | -14,938 | -2,993 |
| Discontinued operations: income taxes and interest received/(paid) | 0 | -5,094 | -17 |
| **Cash flow from operating activities** | **82,337** | **128,439** | **89,681** |
| **Cash flow from investing activities** | | | |
| Expenditure on product development | 0 | 0 | -47,691 |
| Purchases of tangible and intangible fixed assets | -24,241 | -14,730 | -8,326 |
| Proceeds on disposals of tangible and intangible fixed assets | 578 | 1,137 | 4,312 |
| Proceeds from sale of building | 9,292 | 0 | 0 |
| Acquisition of Group companies, net of acquired cash | -10,229 | -9,635 | -21,915 |
| Disposal of group companies, net of disposed cash | 1,000 | 139,622 | 10,590 |
| Other investing activities | -16,667 | -23,072 | -15,699 |
| Discontinued operations: cash flow from investing activities | 0 | -887 | -12,888 |
| **Cash flow from investing activities (including acquisitions and divestments)** | **-40,267** | **92,435** | **-91,616** |



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| | 2016 | 2015 | 2014 |
|---|---|---|---|
| **Cash flow from financing activities** | | | |
| Dividends paid | -20,951 | -19,364 | -18,410 |
| Dividends received | 376 | 0 | 0 |
| Capital increase/(decrease) | 2,498 | 895 | 314 |
| (Acquisition)/sale of own shares | 5,684 | -1,744 | -11,335 |
| Proceeds from (+), payments (-) of long-term liabilities | -11,381 | 8,740 | 19,346 |
| Proceeds from (+), payments (-) of short-term liabilities | -2,239 | -17,980 | -8,255 |
| Dividend distributed to non-controlling interest | -5,707 | -3,006 | -1,792 |
| Capital increase from non-controlling interest | 2,912 | 406 | 0 |
| Discontinued operations: cash flow from financing activities | 0 | 0 | -36 |
| **Cash flow from financing activities** | **-28,809** | **-32,053** | **-20,169** |
| **Net increase/(decrease) in cash and cash equivalents** | **13,261** | **188,821** | **-22,103** |
| **Cash and cash equivalents at beginning of period** | **341,277** | **145,340** | **156,545** |
| **Cash and cash equivalents (CTA)** | **-989** | **7,116** | **10,897** |
| **Cash and cash equivalents at end of period** | **353,549** | **341,277** | **145,340** |

| Results per division | 2016 | 2015 | 2014 |
|---|---|---|---|
| *(in thousands of euro)* | | | |
| **Sales** | | | |
| Entertainment | 578,057 | 513,332 | 459,241 |
| Healthcare | 234,633 | 215,896 | 186,478 |
| Enterprise | 289,652 | 299,627 | 258,082 |
| Ventures | 0 | 0 | 4,567 |
| **Group** | 1,102,342 | 1,028,856 | 908,368 |
| **EBITDA (before non-recurring)** | | | |
| Entertainment | 30,446 | 43,561 | 34,250 |
| Healthcare | 24,572 | 19,403 | 10,300 |
| Enterprise | 32,984 | 11,081 | 8,678 |
| Ventures | 0 | | 6,467 |
| **Group** | **88,002** | **74,045** | **59,695** |

# ANNEX II

## TRADING UPDATE 4Q16

### Trading update fourth quarter 2016

Order Book

| *(in millions of euro)* | **4Q16** | **3Q16** | **2Q16** | **1Q16** | **4Q15** | **3Q15** |
|---|---|---|---|---|---|---|
| Order book | 320.8 | 330.1 | 332.4 | 350.5 | 333.2 | 367.2 |

Order Intake

| *(in millions of euro)* | **4Q16** | **3Q16** | **2Q16** | **1Q16** | **4Q15** | **3Q15** |
|---|---|---|---|---|---|---|
| Order Intake | 281.7 | 266.7 | 252.0 | 280.8 | 251.9 | 269.3 |

Sales

| *(in millions of euro)* | **4Q16** | **3Q16** | **2Q16** | **1Q16** | **4Q15** | **3Q15** |
|---|---|---|---|---|---|---|
| Sales | 311.3 | 261.8 | 274.1 | 255.1 | 292.4 | 230.3 |

Sales

| *(in millions of euro)* | **4Q16** | **4Q15** | **Change** |
|---|---|---|---|
| Entertainment | 163.4 | 140.3 | +16.5% |
| Enterprise | 84.2 | 94.7 | -11.1% |
| Healthcare | 63.8 | 57.8 | +10.3% |
| *Intra-group eliminations* | *-0.0* | *(0.4)* | |
| **Group** | **311.3** | **292.4** | **+6.5%** |



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