

Results 2Q10

Progressing steadily on many fronts

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20 July 2010

Key figures 2Q10

<i>in € million</i>	Q2 2010	Q2 2009	Change
Order Book	513.3	336.7	52%
Incoming Orders	298.9	140.7	113%
Sales	192.2	164.7	17%
EBITDA	19.5	8.4	132%
EBIT	5.8	(5.5)	
Net income	4.3	(5.2)	
Free Cash Flow	(1.4)	12.4	

Key figures 1H10

<i>in € million</i>	1H10	Δ vs 1H09	Δ vs 1H08
Incoming Orders	515.1	216.4	137.0
Sales	368.2	58.8	28.5
EBITDA	38.2	22.5	(2.7)
EBIT	11.1	22.7	(1.5)
Net income	8.4	14.5	(2.1)
Free Cash Flow	(1.7)	(50.9)	(3.0)

2Q editorial comments

- A quarter of unprecedented demand for Barco's products and services
 - Exponential growth in DC
 - Robust growth in other divisions
- 2Q sales were capped by supply chain issues
 - General shortage of electronic components
 - Ramp-up and cycle time delays
- Margins improving and costs well under control
- Digital cinema and medical divisions continue to perform above expectations
- All divisions were EBITDA positive and well ahead of 1Q (except for VLS and DS)
- Incoming orders for VLS increased vs last year, but shipments were lagging

2Q editorial comments

- Strategic acquisition of dZine will strengthen our value creation models in Digital Signage with content enabling software
- New LED powered cubes meet with enthusiastic customer demand to fuel growth in TSM
- Avionics/Defense return to profitable growth
- Significant wins for the Simulation division with full (360°) mission simulator product line
- Corporate initiatives around Operational Excellence and Customer Intimacy drive productivity gains and customer satisfaction
- Outlook for the remainder of 2010 is positive: profitable growth expected to continue in 2H10

General Comments 2Q10 vs 2Q09

Orders

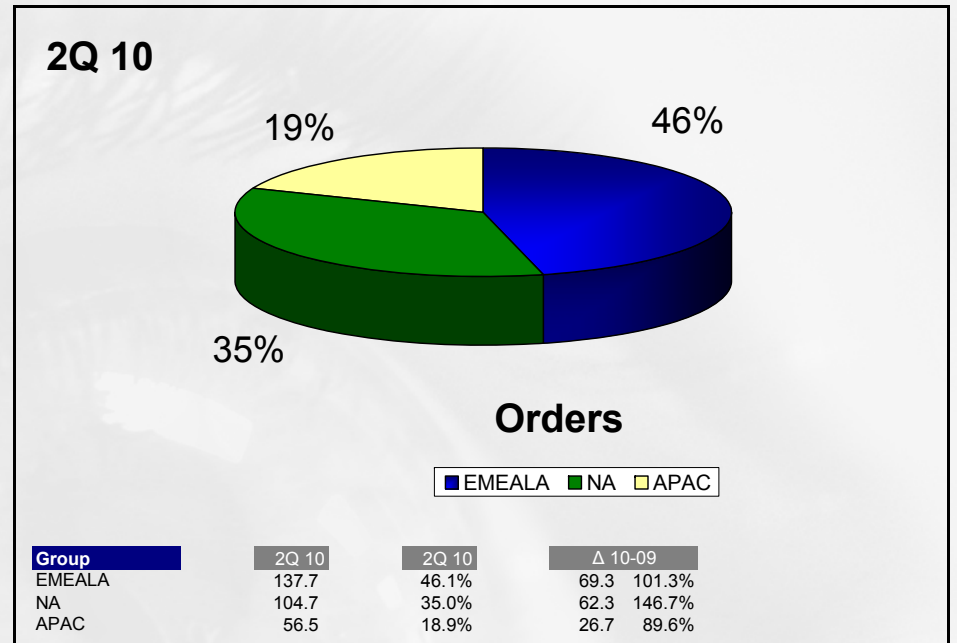
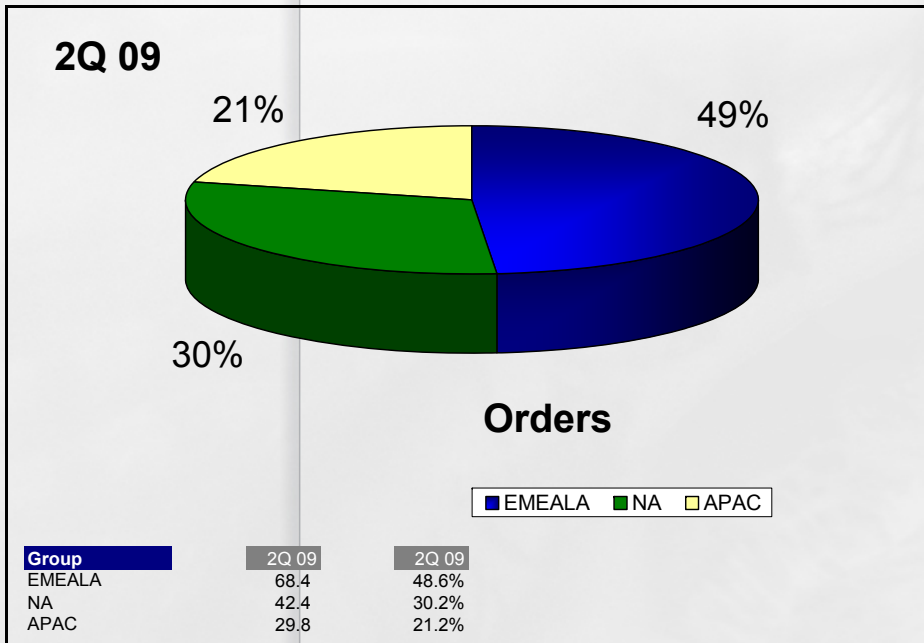
- Order book at all-time high level of > € 500m
 - up 55% vs 4Q09
 - up 52% vs 2Q09

- Incoming orders at record high level of € 300m
 - Orders doubled vs last year
 - +105% organic growth, +112% including acquisitions
 - Excluding DC and Fimi acquisition, orders up +39%

- All regions reported robust growth
 - EMEALA +101%
 - NA +147%
 - APAC + 90%

- Rapid growth both in MES (+174%) and in MCM (+54%)
 - Growth > +20% in all divisions except VLS/DS
 - DC orders 7.8 fold of last year's incoming orders
 - € 113.7 m orders booked in 2Q
 - MID +80% overall incl. FIMI
 - +37% organically
 - Orders VLS/DS slightly below last year -2%

Geographical breakdown of orders



Unprecedented growth in all regions

General Comments 2Q10 vs 2Q09

Sales

- Barco sales grew 17% yoy of which 10% was organic
- Shipments of DC doubled to € 46.5m
- Shipments other divisions
 - Medical +9% excl. FIMI
+46% incl. FIMI
 - Defense +3%
 - TSM +1%
 - Simulation -23%
 - VLS/DS -25%
- By region, sales were up
 - EMEALA +3%
 - NA +27%
 - APAC +30%

Key figures income statement 2Q10

In € million	2Q10		2Q09	
Sales	192.2	100.0%	164.7	100.0%
Cost of goods sold	(128.5)	(66.9%)	(118.4)	(71.9%)
Gross Profit	63.7	33.1%	46.3	28.1%
R&D cash expense	(17.2)	(9.0%)	(15.6)	(9.5%)
Development capitalization/amortization - net	1.0	0.5%	(3.6)	(2.2%)
Sales & Marketing	(27.7)	(14.4%)	(23.4)	(14.2%)
General & Administration	(12.5)	(6.5%)	(10.6)	(6.4%)
Other operating result	(1.4)	(0.7%)	1.4	0.8%
EBIT	5.8	3.0%	(5.5)	(3.4%)
Interest expense, net	(0.5)	(0.3%)	(0.4)	(0.2%)
Income taxes	(1.0)	(0.5%)	1.1	0.7%
Net income from continuing operations	4.3	2.2%	(4.8)	(2.9%)
Net income from discontinued operations	0.0	0.0%	(0.4)	(0.2%)
Net Income	4.3	2.2%	(5.2)	(3.2%)
EBITDA	19.5	10.1%	8.4	5.1%
Free Cash Flow	(1.4)	(0.7%)	12.4	7.5%
Net Earnings per Share (in €)	0.36		(0.44)	

Income statement 1H10

In € million	1H10		1H09	
Sales	368.2	100.0%	309.5	100.0%
Cost of goods sold	(245.3)	(66.6%)	(224.3)	(72.5%)
Gross Profit	123.0	33.4%	85.2	27.5%
R&D cash expense	(33.3)	(9.0%)	(30.2)	(9.7%)
Development capitalization/amortization - net	(1.3)	(0.4%)	(6.3)	(2.0%)
Sales & Marketing	(52.4)	(14.2%)	(44.2)	(14.3%)
General & Administration	(23.4)	(6.4%)	(20.9)	(6.7%)
Other operating result	(1.4)	(0.4%)	4.8	1.6%
EBIT	11.1	3.0%	(11.6)	(3.7%)
Interest expense, net	(0.8)	(0.2%)	(1.2)	(0.4%)
Income taxes	(1.9)	(0.5%)	2.4	0.8%
Net income from continuing operations	8.4	2.3%	(10.4)	(3.4%)
Net income from discontinued operations	0.0	0.0%	4.3	1.4%
Net Income	8.4	2.3%	(6.1)	(2.0%)
EBITDA	38.2	10.4%	15.7	5.1%
Free Cash Flow	(1.7)	(0.5%)	49.1	15.9%
Net Earnings per Share (in €)	0.70		(0.51)	

EBIT Waterfall 2Q10 versus 2Q09 (+ € 11.3m)



Gross Margin +10.6 m



- Continued organic sales growth both in MES (+11%) and MCM (+9% organic growth, +21% incl. FIMI)
- Sales growth in all 3 regions

Opex 1.6 m net, of which 1.8 m related to FIMI



- Less inventory write-offs
- Increased efforts in strategic development
- Continued focus on cost containment resulting in a 2% reduction of opex as % of sales



Lower investment grants, increased provisions bad debt & other, etc

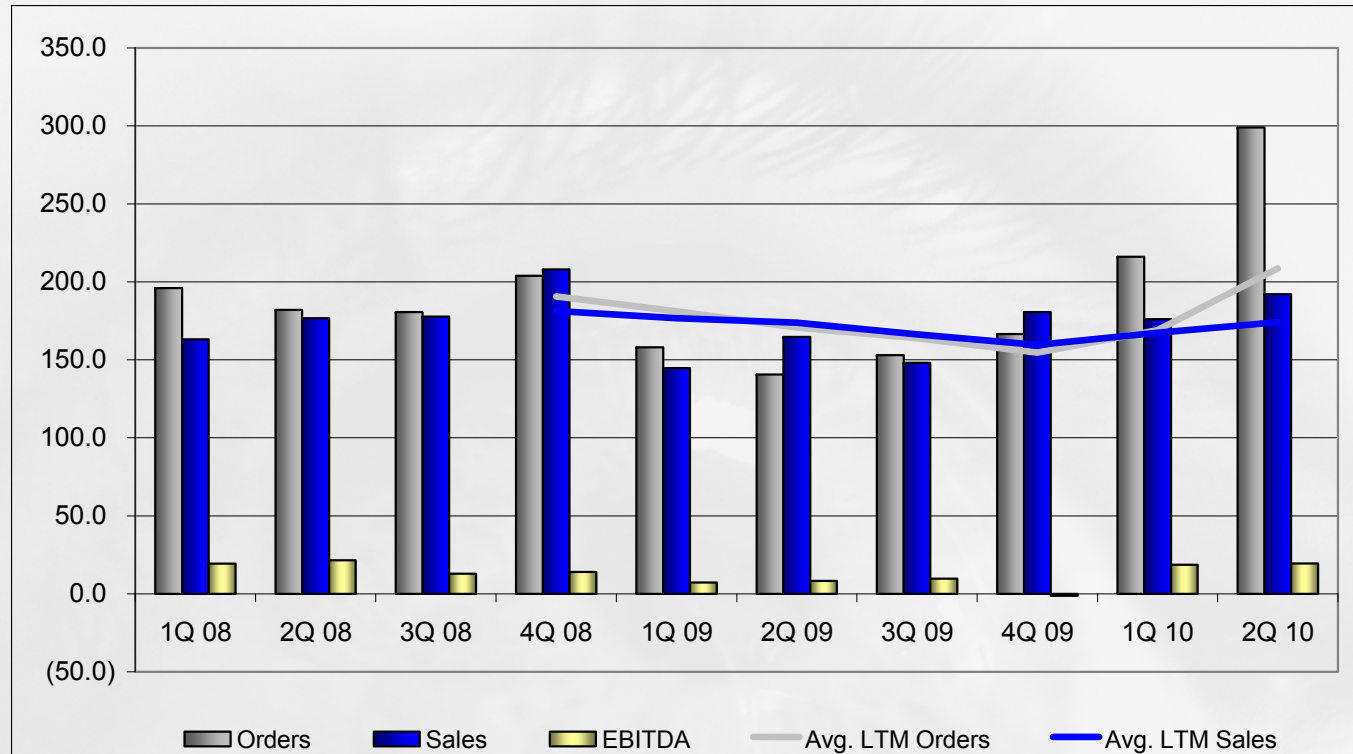
Cash & Balance Sheet

- Negative free cash flow of € (1.4) m
- Strong Gross Operating Cash flow of € 18.4 m driven by higher top line growth and better margins (vs € 3.6 m in 2Q09)
- Working Capital cash investment of € (2.3) m mainly due to Digital Cinema ramp-up (requiring € 10 m in working capital), partially offset by reductions elsewhere
- Receivables up € 6.4 m from 1Q10. DSO amounts to 72 days, down 5% vs 1Q10 yet up 7% vs 2Q09
- Inventories up € 20.9 m from 1Q10, 1/2 related to Digital Cinema, 1/2 spread over the other operating divisions. Inventory turns 2.1 versus 2Q09 at 2.6
- Positive cash impact from increased Payables of € 8.5 m
- Net Financial Cash position: € 21.9 m

Results per quarter

In € million

Change Rate - Avg. LTM Orders: 22.2%
Change Rate - Avg. LTM Sales: 0.3%

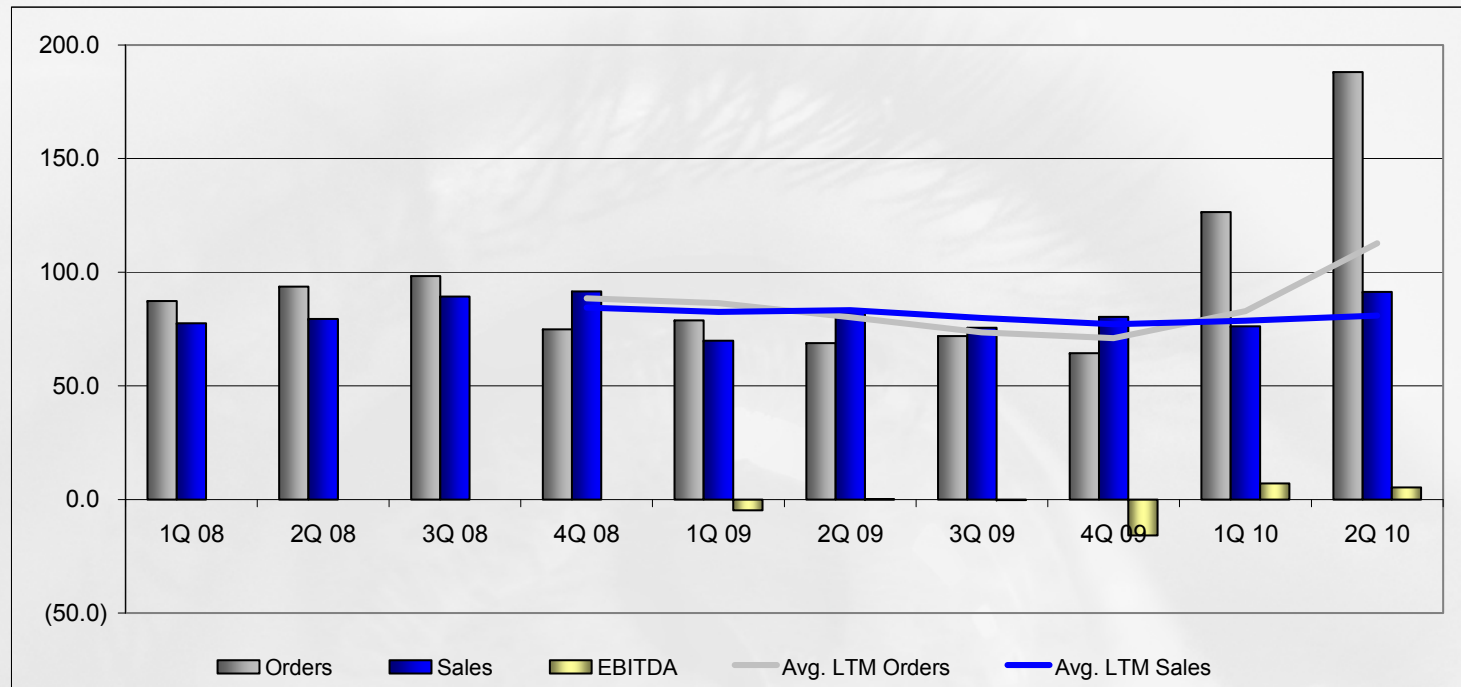


Group	1Q 08	2Q 08	3Q 08	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10
Orders	196.1	182.0	180.6	203.9	158.0	140.7	153.0	166.5	216.2	298.9
Sales	163.1	176.7	177.7	207.9	144.7	164.7	148.0	180.6	176.1	192.2
EBITDA	19.4	21.4	13.0	14.0	7.3	8.4	9.7	(1.2)	18.7	19.5

Media, Entertainment & Simulation

In € million

Change Rate - Avg. LTM Orders: 40.5%
Change Rate - Avg. LTM Sales: (2.9%)



MES	1Q 08	2Q 08	3Q 08	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10
Orders	87.3	93.6	98.3	74.9	78.8	68.8	71.9	64.4	126.5	188.1
Sales	77.5	79.4	89.3	91.5	69.9	82.5	75.6	80.4	76.2	91.3
EBITDA					(4.9)	0.2	(0.3)	(15.9)	7.0	5.3

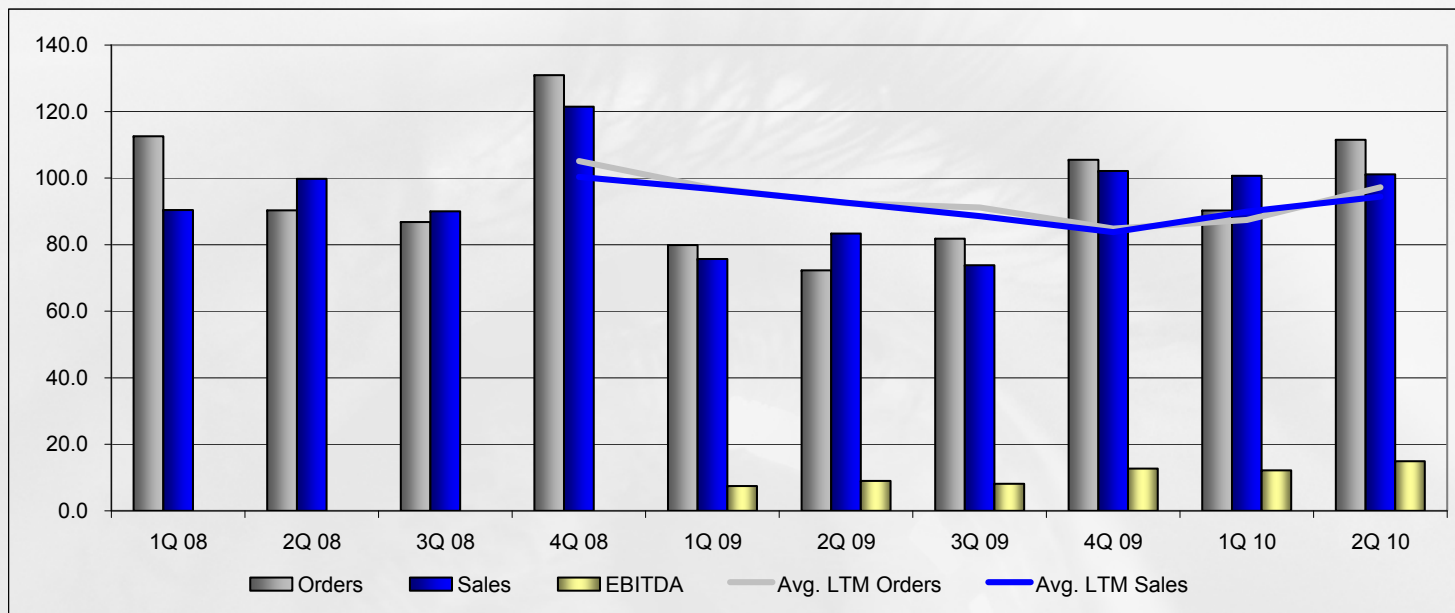
Media, Entertainment & Simulation – 2Q10

- Tremendous increase in orders due to explosive growth in Digital Cinema (+ € 99m)
- Overall EBIT improvement of € 5.8m vs last year
- Weaker free cash flow due to inventory build up in DC (+ € 13.7m)
- Incoming orders for VLS were on target, but shipments were lagging due to supply chain issues
- Acquisition of dZine will strengthen Barco's Digital Signage division, which suffered from dwindling sales as a result of an obsolete business model
- Simulation posted record order intake for new "full mission" simulator system

Security, Monitoring & Medical

In € million

Change Rate - Avg. LTM Orders: 5.2%
Change Rate - Avg. LTM Sales: 1.9%



MCM	1Q 08	2Q 08	3Q 08	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10
Orders	112.6	90.3	86.8	130.9	79.9	72.3	81.8	105.5	90.3	111.5
Sales	90.4	99.8	90.0	121.5	75.7	83.3	73.8	102.1	100.7	101.2
EBITDA					7.4	9.0	8.2	12.7	12.2	15.0

Monitoring, Control & Medical

- Strong growth momentum across all divisions
+40% organic, +54.3% total growth in orders
- Shipments were 21.4% ahead of last year
 - but book to bill ratio still at > 1.1
 - organic growth of 9% hampered by supply shortages
- EBIT for the quarter was 6,4 million euro compared to 0,8 million euro in 2Q09
- Very solid performance in Medical Imaging beating all corporate performance targets by a wide margin
- The market for control rooms is recovering rapidly in APAC and NA regions
up 22% vs last year
- New LED powered cubes are perceived to be best-in-class (TSM)
- Defense and Avionics divisions were benefiting from their huge backlogs, but experienced also solid order intakes of + 82%
- Both TSM and Avionics/Defense are now approx. at corporate EBIT levels

Questions & Answers