

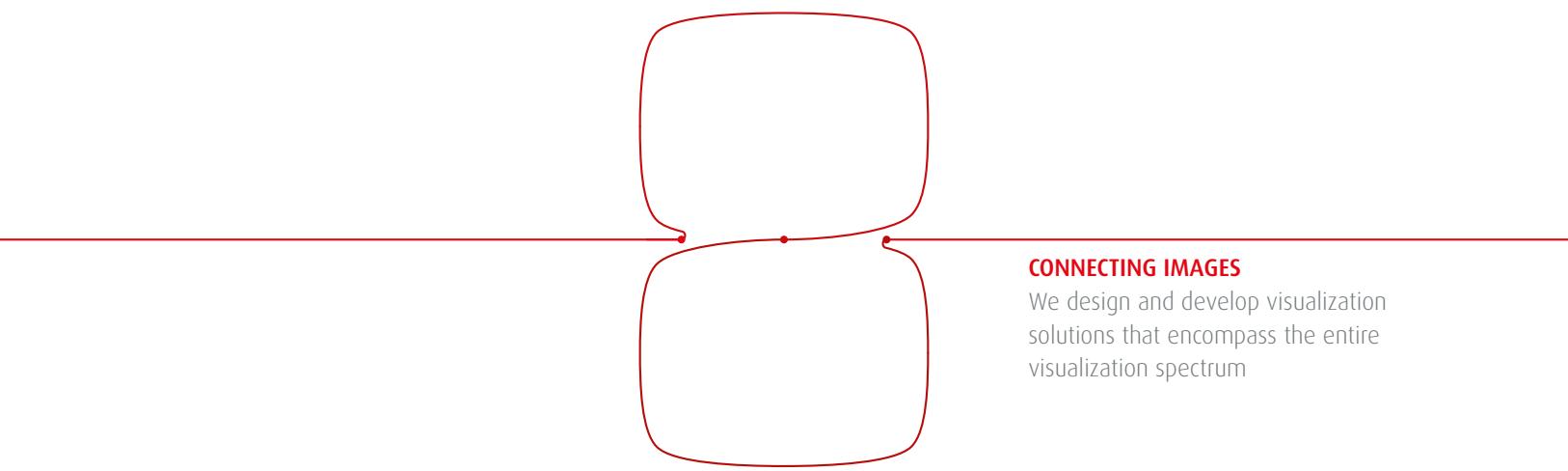
# connect



Annual report 2013







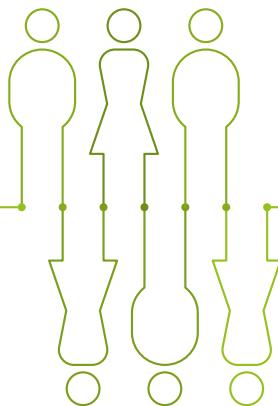
**CONNECTING IMAGES**

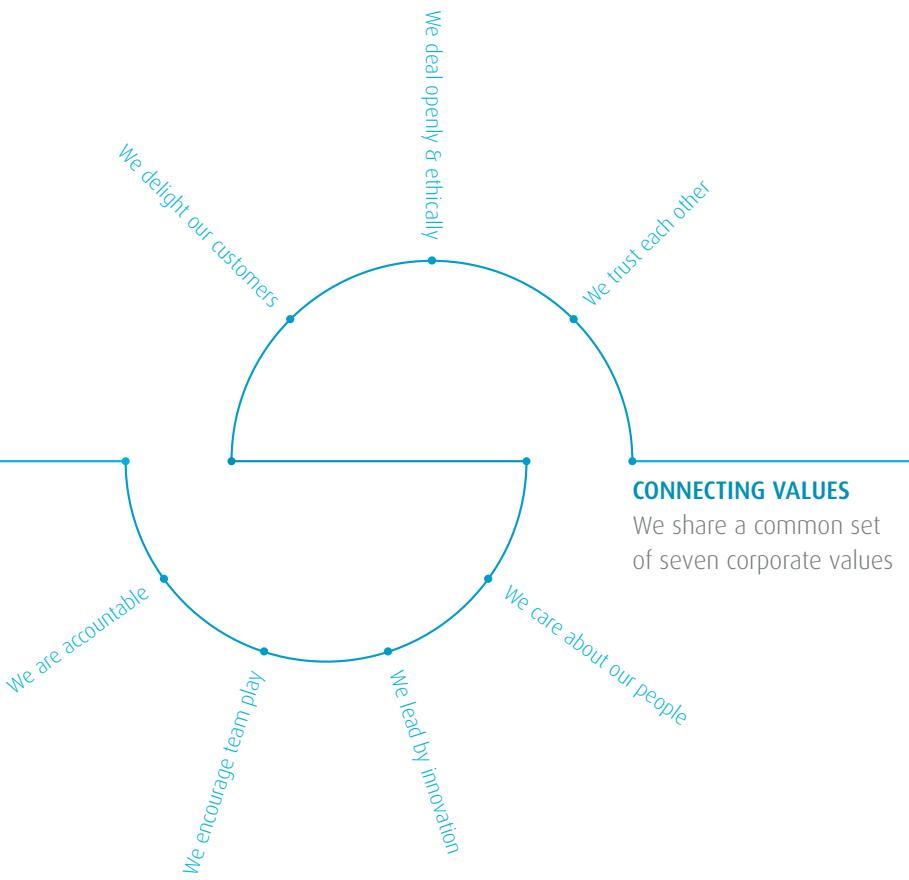
We design and develop visualization solutions that encompass the entire visualization spectrum

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### **CONNECTING PEOPLE**

We are unified by a mutual goal:  
to achieve operational excellence

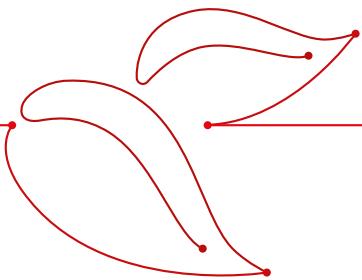




### **CONNECTING CUSTOMER NEEDS**

We facilitate a one-stop-shop approach to increase customer satisfaction





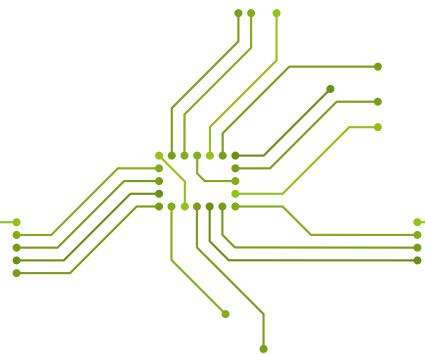
#### **CONNECTING GOALS**

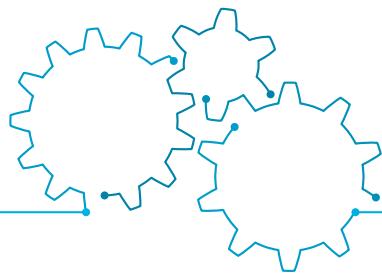
We aim to create shared value,  
enabling society to advance and our  
company to grow

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## **CONNECTING TECHNOLOGIES**

We bring to market a suite of networking and collaboration products based on a common technology platform



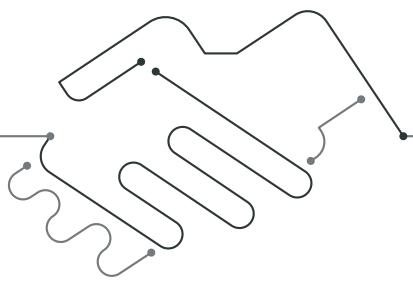


#### **CONNECTING PROCESSES**

We are streamlining and synchronizing business processes to improve operational efficiency

### **CONNECTING STAKEHOLDERS**

We reach out to customers, partners, shareholders and other stakeholders to strengthen relations



## LETTER FROM OUR CHAIRMAN AND CEO

Dear Shareholders, Customers, Partners and Employees,

In 2013, while operating in a challenging global economic environment, and despite early signs of weakening demand for its digital cinema projectors, Barco staged a repeat performance of its record 2012 year.

Sales increased ever so slightly to €1.158 billion, while operational profitability remained robust at €153 million. Currency translations had a noticeable impact on the reported results: in constant currency terms, sales would have been €31 million higher, and EBITDA some €6 million better.

Continued focus on operational excellence enabled the company to continuously reduce its working capital needs and generate healthy operating cash flow while also absorbing two strategic acquisitions.

Fueled by the solid performance of its projection division, Barco's annual sales exceeded €1 billion for the third consecutive year. The company is gradually transforming its traditional cinema-centric focus to become a broader, digital visualization solutions company.



#### A STABLE COMPANY POSITIONED FOR PROFITABLE GROWTH

Early in 2013 – to make Barco even more customer-centric and market driven – we established market divisions alongside our traditional product divisions. Responding to ever-growing demand for integrated systems with expanded functionalities, each of our market divisions now can draw on the full portfolio of Barco's capabilities to develop integrated solutions tailored to its customers' specific needs. The recent acquisitions of AWIND, JAOTech and projectiondesign®, as well as IPVS, have greatly enhanced our ability to offer end-to-end solutions – not just in terms of superior visualization standards, but also in terms of connectivity and user-friendly interactivity.

We trust that, with a book-to-bill ratio above 1 in all of its businesses except Digital Cinema, Barco is well positioned for sustainable and profitable growth.

Herman Daems, Chairman

## Barco staged a repeat performance of its record 2012 year

### PROJECTION CONTINUES TO GROW DESPITE CINEMA MARKET DECLINE

Barco further increased its market share in a softening cinema market with a capture rate of about 50% and confirmed its leadership with major roll-out deals in Latin America, China and India. Coupled with an exclusive partnership for projection with IMAX, Barco remains the de facto standard for cinema projection.

Building on our reputation for superior technology, we have been actively expanding our product offering to build further on our 'cinema of the future' concept. Thanks to an exclusive deal with DreamWorks Animation, we already have 250 reference installations for the Auro 11.1 immersive 3D sound technology worldwide. Further diversification includes the introduction of smaller footprint projectors, and we are also readying our laser projection offering to capitalize on the ROI and light output benefits of this technology.

The acquisition of Norway-based projectiondesign® proved to be successful. We are making good progress with the integration and are gearing up their products, channels, and know-how to realize Barco's comeback in the professional AV market. Barco's high-end 3-chip DLP® product range was complemented with mid-range 1-chip DLP® projectors – resulting in one of the widest portfolios in the market and providing an answer to any projection need. The launch of the 'Connect' partner program – at our first-ever global partner conference in Malta – clearly shows our commitment to this market segment, and helped us double sales in this segment year-on-year. In venues & hospitality as well, Barco holds a strong position and leads in offering high lumens projection for the experience economy.

Eric Van Zele, CEO



## HEALTHCARE: NEW SEGMENTS FUELING GROWTH BEYOND DIAGNOSTIC IMAGING

Barco kept its dominant market position in diagnostic imaging with the introduction of a complete portfolio of LED displays – an achievement that was honored with the Frost & Sullivan 2013 product line strategy award. Although the diagnostic imaging segment is a mature one, it will remain an important revenue contributor for the division, with a healthy replacement cycle in digitized markets in Western Europe and North America and significant growth potential in the BRIC countries.

While maintaining leadership in diagnostic imaging, the Healthcare division continued its investment strategy in new market segments. Operating theaters are a prime source of revenue for today's healthcare organizations, and the investments we've made for the digital operating room are starting to yield results with reference deals, first partnerships, and installations in Europe and North America.

Orders picked up in the hospital IT segment in Q4, as healthcare enterprises increasingly invest in patient care and clinical workflow solutions. To further accelerate market penetration, Barco secured a partnership with a leading software provider in the UK to offer customers a full solution that encompasses both terminals and software for interactive patient care.

## RECONFIGURING ADVANCED VISUALIZATION

Year-on-year sales in the Advanced Visualization division declined by more than 10%. Volumes remained stable in terms of number of units shipped, but the gradual shift in the market's mid-segment to cheaper, lower-margin LCD video walls is impacting revenue and profitability.

In addition to a number of specific cost-reduction programs, and in response to the challenging market conditions, we strengthened our focus on the traffic & transportation and security & surveillance segments and started to renew and diversify our product portfolio to meet market demand for collaborative visualization and decision-making. In a world full

of sensors, cameras and other data streams, integrated and networked systems are key enablers for our customers in monitoring their business- or life-critical applications. Operators in the field need to be connected to headquarters in real-time so that they and their managers always have all details available to take complex decisions in a split second. With more than 1000 sites worldwide using digital networked video-wall solutions in 2013, Barco reconfirmed its technological leadership position for control rooms.

At the same time, we have been preparing to complement our product portfolio and to further diversify with competitive video-wall solutions, tiled near-seamless LCD video walls, graphics controller portfolio and software, and even cloud-enabled technologies. This approach allows us to further penetrate the mid-segment and grow beyond visualization and video walls to offer customer-integrated systems for collaborative decision-making.

## PROFITABILITY RESTORED IN DEFENSE & AEROSPACE ACTIVITIES

In the first half of 2013, Defense was impacted negatively by the sequestration in the US and budget restrictions on government spending worldwide, which led to reduced order volumes. Avionics, on the other hand, did well – and Barco cockpit displays were among those selected for integration into the first-ever Chinese commercial airliner.

In the first half of the year, we took decisive restructuring measures for our Defense & Aerospace division. Actions were aimed at streamlining the business, helping the business optimize its product portfolio, responding to market opportunities in emerging markets, and (in the US) strengthening the focus on key accounts. Thanks to this approach, we managed to bring the division back to profitability. With a good recovery in order intake at the end of the year, we are confident about our prospects in this business.

## Thinking from the customer instead of from the product, we have to grow Barco beyond visualization into networking and collaboration

### REAPING THE BENEFITS OF OUR VENTURE APPROACH

When we implemented the venture structure three years ago, we wanted some of our (new) businesses to embrace a more entrepreneurial spirit and introduce new technologies or revamp the portfolio without the burden of a corporate organization.

That approach has proven to be successful. The ClickShare venture brought breakthrough collaboration technology to the meeting room and has already shipped more than 12,000 units worldwide. LiveDots – our LED venture – successfully repositioned its product portfolio and can now proudly boast landmark installations in top locations in cities like Paris, New York, Johannesburg and London. In addition, High End Systems – our digital lighting venture – managed to recover from unfriendly market conditions and has made a comeback in the rental & staging industry.

All ventures are now profitable and have proven their added value. ClickShare has already been gradually integrated into the Barco structure, and High End Systems will be. We intend to decide about the future of the other ventures in the course of 2014.

### BEYOND VISUALIZATION – INTO NETWORKING AND COLLABORATION

The acquisitions of projectiondesign® and AWIND have helped us expand our commercial reach and technology portfolio in line with our vision ‘to provide best-in-class networked visualization solutions that enable our customers to run their businesses more effectively’.

This entails ‘thinking from the customer instead of from the product’ – and, based on this customer intimacy and market knowledge, we have to grow Barco beyond visualization into networking and collaboration. Projection and display technologies will remain a core element of our business proposition, but they will be complemented with hardware and software solutions that enable the distribution of images and data streams to support collaboration within and beyond facilities.

For Barco, this means supplementing our display portfolio with software-enabled solutions, exploring new business models that complement the current CAPEX-based approach, adding cloud and multimedia technologies to our offering, and moving from products to solutions and systems.

### 80 YEARS OF TRANSFORMATION

Barco will celebrate its 80<sup>th</sup> Anniversary in 2014 – and we are looking to the future with confidence.

In the last few years, we moved forward on our strategy to prepare the company for the next growth stage: moving beyond visualization into networking and collaboration. We are committed to following this course and to creating sustainable value with all businesses in the markets we serve.

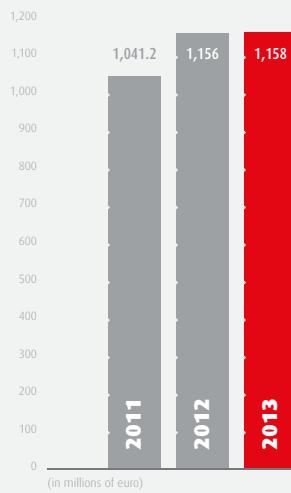
To further drive this transformation and realize the company’s full potential, the Board reserves most of the company’s financial resources for future growth investments. By raising our dividend to €1.50 per share, we want to express our gratitude to our shareholders as we continue to transform the company along the paths of profitable growth.

Eric Van Zele  
CEO

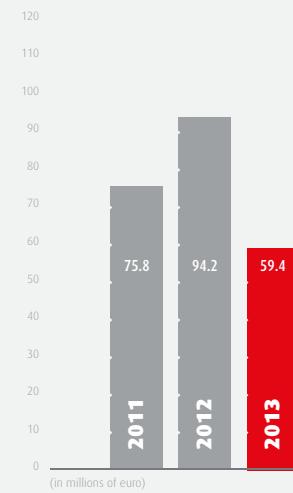
Herman Daems  
Chairman

# KEY FIGURES

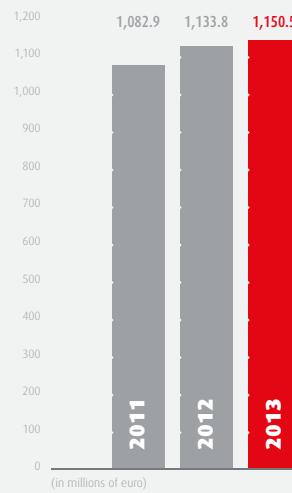
## SALES



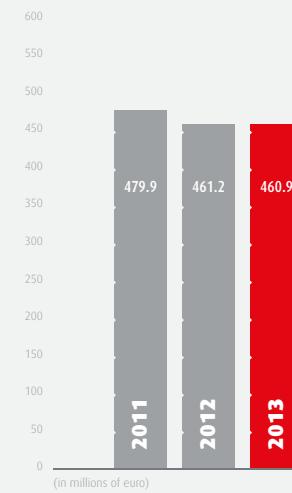
## NET INCOME



## ORDERS

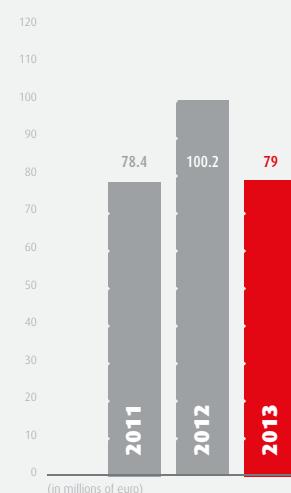


## ORDER BOOK



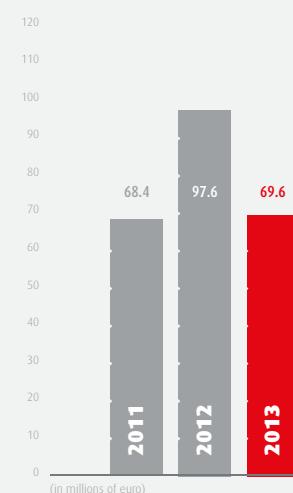
## EBIT

(before restructuring & impairment)



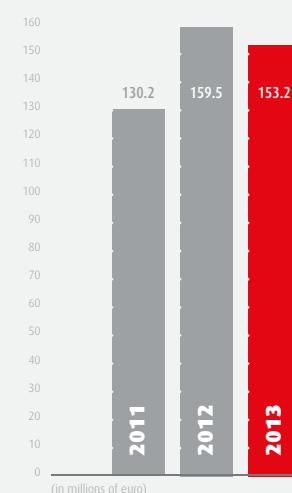
## EBIT

(after restructuring & impairment)



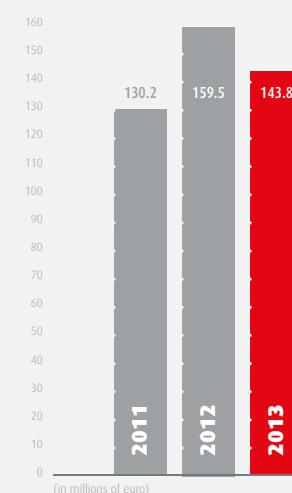
## EBITDA

(before restructuring & impairment)



## EBITDA

(after restructuring & impairment)



# FINANCIAL HIGHLIGHTS

(IN THOUSANDS OF EURO)	2013	2012	2011
<b>Income statement before restructuring and goodwill impairment</b>			
Orders	1,150,470	1,133,781	1,082,895
Orderbook	460,856	461,157	479,918
Net sales	1,158,015	1,155,984	1,041,244
Gross profit	386,496	375,633	312,932
EBIT	79,024	100,238	78,359
EBITDA (a)	153,234	159,476	130,223

Ratios			
EBIT on sales	6.8%	8.7%	7.5%
EBITDA on sales	13.2%	13.8%	12.5%
Net financial cash (/debt) on EBITDA	68.2%	69.7%	47.3%
Restructuring and goodwill impairment costs	-9,428	-2,671	-10,000

(IN THOUSANDS OF EURO)	2013	2012	2011
<b>Balance sheet &amp; personnel</b>			
Equity	579,366	538,050	460,703
Balance sheet total	1,047,822	921,879	814,567
Net financial cash/(debt) (f)	104,435	111,166	61,635
Operating capital employed (e)	466,653	389,569	399,534
Net working capital (e)	54,782	95,425	162,222
Personnel on 31 December	3,979	3,727	3,507
<b>Ratios</b>			
DSO (b)	52	48	56
Inventory turns (c)	3,2	3,1	2,7
DPO (d)	52	57	54
ROCE (%) (e)	15%	24%	20%

- (a) EBIT+ depreciation on capital expenditure (PP&E) + amortization on capitalized development cost  
 (b) DSO = ((Trade debtors, net) / (sales past quarter))<sup>90</sup>  
 (c) Inventory turns = 12 / [Inventory / (Average Monthly Sales x Material Cost of Goods Sold %)]  
 (d) DPO = trade payables / (material cost + services and other costs + inventory movement + purchases of (in)tangible fixed assets) x 365  
 (e) For calculation see page 142  
 (f) For calculation see page 207  
 (g) For calculation see page 140

(IN THOUSANDS OF EURO)	2013	2012	2011
<b>Income statement after restructuring and goodwill impairment</b>			
EBIT	69,596	97,567	68,359
EBITDA (a)	143,806	159,476	130,223
Free cash flow (g)	70,172	121,577	81,237
Profit/(loss) before taxes	67,434	98,656	65,829
Net income	59,403	94,241	75,850
Net income attributable to non-controlling interest	2,284		
Net income attributable to the equity holder of the parent	57,119	94,241	75,850

Ratios			
EBIT on sales	6.0%	8.4%	6.6%
EBITDA on sales	12.4%	13.8%	12.5%
Net financial cash (/debt) on EBITDA	72.6%	69.7%	47.3%

(IN EURO)	2013	2012	2011
<b>Key figures per share</b>			
Number of shares on 31 December (in thousands)	12,989	12,757	12,755
Per share (in euro)			
EPS	4.86	7.84	6.32
Diluted EPS	4.71	7.50	6.21
Gross dividend	1.50	1.40	1.10
Net dividend	1.13	1.05	0.83
Gross dividend yield (h)	2.6%	2.6%	2.8%
Yearly return (i)	6.6%	44.2%	-17.4%
Pay-out ratio (j)	34.1%	19.0%	18.5%
Price/earnings ratio (k)	11.7%	7.0%	6.1%

(h) Gross dividend/ closing rate on 31 December 2013

(i) Increase or decrease share price + gross dividend, divided by closing share price of previous year

(j) Gross dividend x number of shares on 31 December / net result

(k) Share price 31 December / net result per share

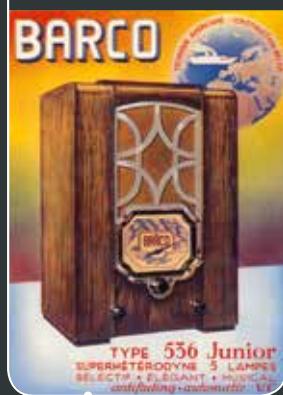
Share price (in euro)	2013	2012	2011
Average closing price	59.96	48.64	46.41
Highest closing price	69.95	58.75	59.50
Lowest closing price	52.58	36.52	31.20
Closing price on 31 Dec	56.70	54.50	38.76
Average number of shares traded daily	34,105	29,298	29,722
Stock market capitalization on 31 December (in millions)	736.5	695.3	492.7



1934

Lucien De Puydt establishes the Belgian American Radio Corporation NV (BARCO). The company specializes in assembling radios with parts from the United States

2,000



1935

Our first year of production,  
we assemble 2,000 radios



1938

Barco employees at  
City Hall of Poperinge  
(Belgium)

Barco



1949

We present the first Barco  
television prototypes

# LOOKING FORWARD TO 2014: CELEBRATING 80 YEARS OF BARCO (1934-2014)



**1951**

We introduce the Barcobox jukebox



**1974**

Our partner Sosea distributes Barco TVs throughout Senegal and its neighbouring countries



**1968**

We provide studio monitors to the Belgian national radio and television broadcasting station (BRT). The technical perfection of these systems attracts customers from all over the world

772,200

**1981**

Two companies are born: Barco Electronic (broadcasting) and Barco Industries (industrial and professional activities)

**23 June 1986**

Barco Industries is quoted on the Brussels Stock Exchange. Opening stock price: €65.41

**15 June 1987**

Barco Electronic issues 772,200 shares on the Brussels Stock Exchange

**12 December 1986**

CEO Hugo Vandamme receives the Belgian Oscar for exports

**1990**

We become a truly global company, with acquisitions and subsidiaries in many countries

**1992**

Working on CRT projectors in the Barco lab

**2000**

We become a **Next 150** company

**1997**

Since 1997, we are listed on the **BEL-20** index of the Brussels Stock Exchange

one

**2011**

For the first time in history, we pass the **€1 billion** in sales landmark

**Today**

We are a global leader in the design and development of visualization products, active in more than **90 countries**, with about **4,000 employees**

90



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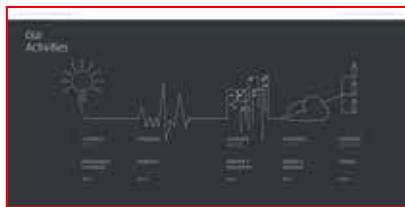
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**We deal openly and ethically**

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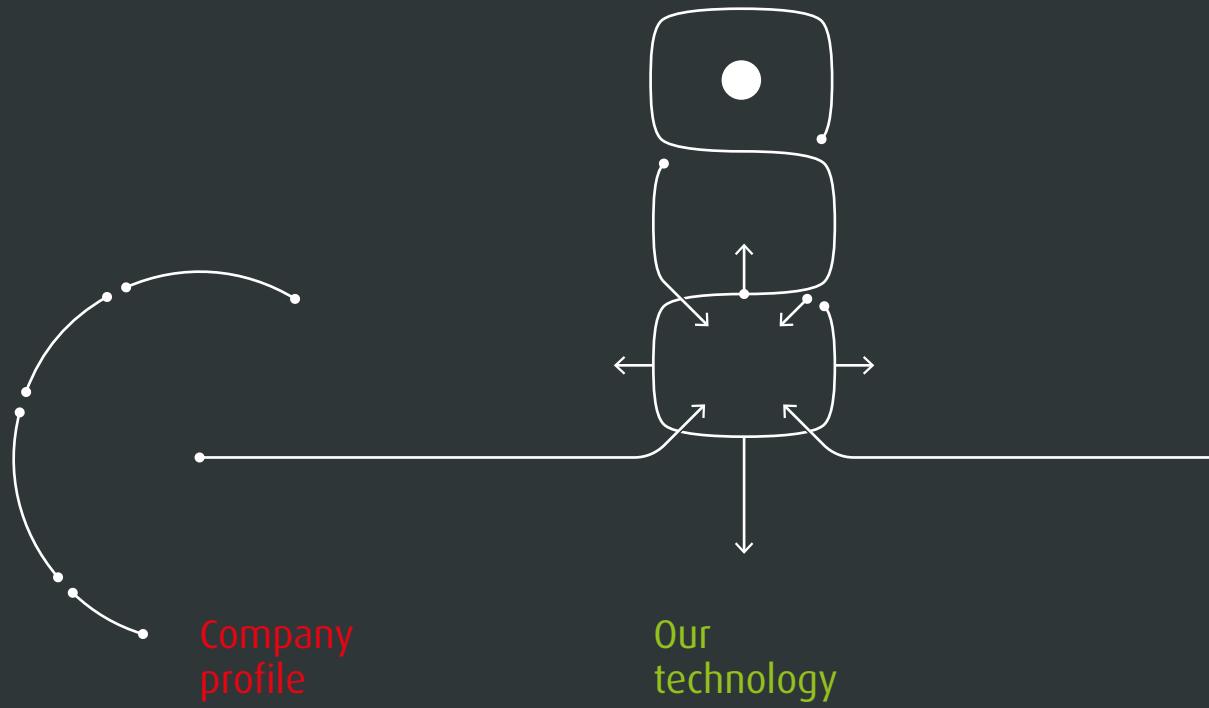
Proposed appropriation  
of Barco NV result

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Contact information

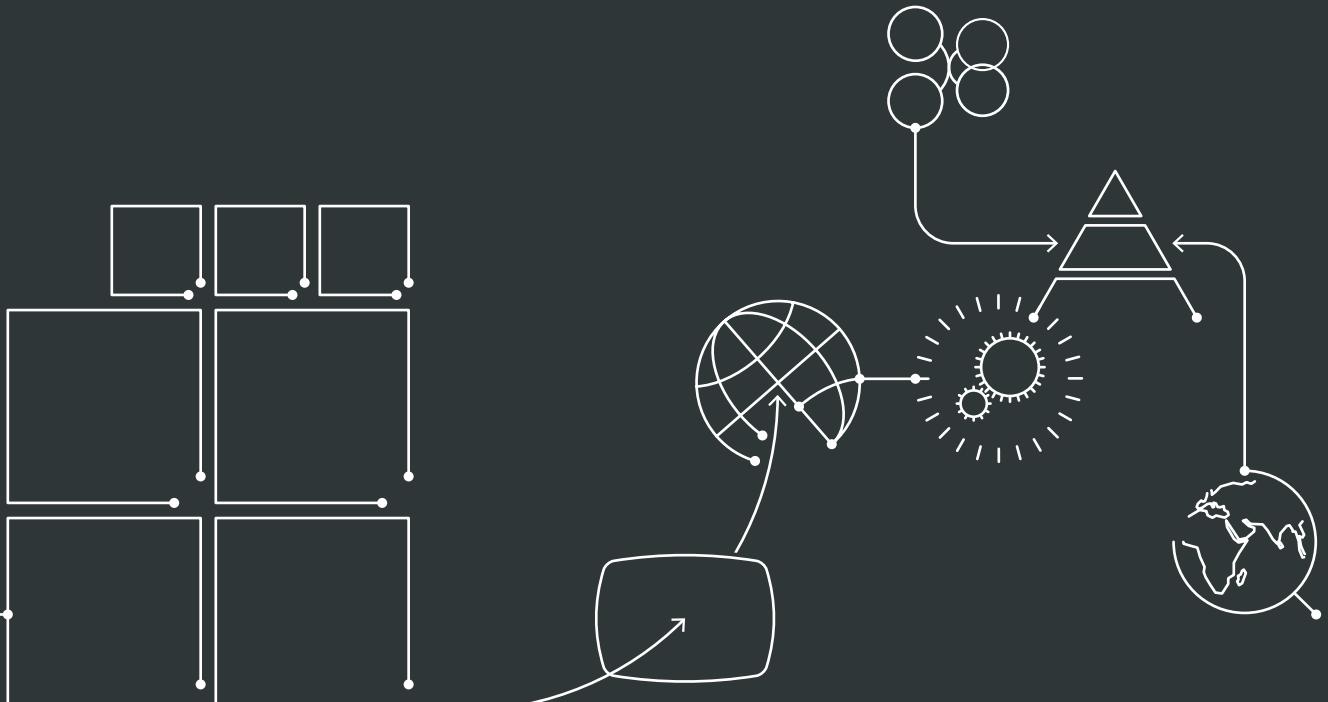
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# Our company



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Our  
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# COMPANY PROFILE

## COMPANY STRUCTURE 2013



## COMPANY STRUCTURE 2014\*



## \*OUR NEW CORPORATE STRATEGY

Effective 1 January 2014, Barco took steps to sharpen its focus on markets by promoting the product and solution portfolios of all businesses and cross-selling throughout the company. To emphasize our market focus, the Projection and Advanced Visualization divisions have been renamed, while the High End Systems venture has been integrated into the core:

- Barco's Projection division is now called Entertainment & Corporate and will integrate High End Systems.
- The Advanced Visualization division is now called Industrial & Government.

At the start of 2014, 3 activities remain in the Venture group: LiveDots, Orthogon and Silex.

14  
FEBRUARY

**14 February 2013:** Acquisition of WiFi content sharing specialist AWIND

25  
FEBRUARY

**25 February 2013:** Acquisition of projectiondesign® completed

## GEOGRAPHICAL FOOTPRINT



### Sites

#### Americas

- » Argentina
- » Brazil
- » Canada
- » Colombia
- » Mexico
- » United States

#### Asia-Pacific

- » Australia
- » China
- » India
- » Japan
- » Malaysia
- » Singapore
- » South Korea
- » Taiwan

#### Europe & Middle East

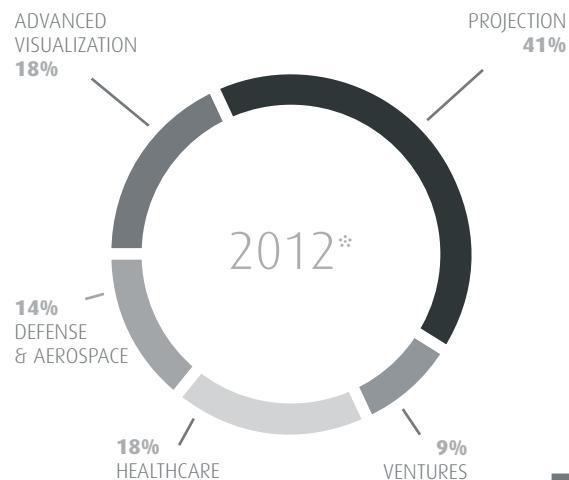
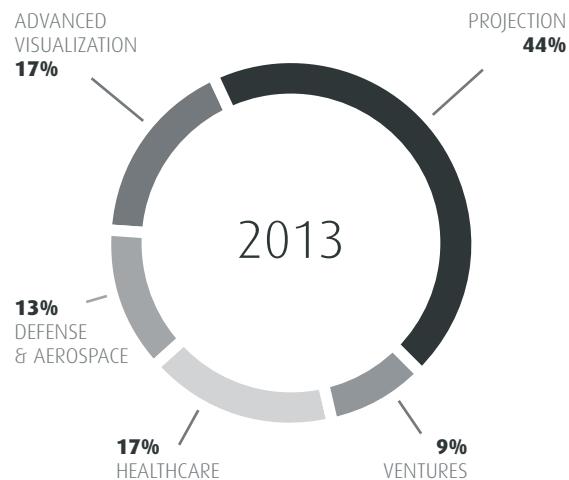
- » Belgium
- » Denmark
- » France
- » Germany
- » Israel
- » Italy
- » Norway
- » Poland
- » Russia
- » Spain
- » Sweden
- » Switzerland
- » Turkey
- » United Arab Emirates
- » United Kingdom

### R&D and/or manufacturing facilities

- » Belgium
- » China
- » France
- » Germany
- » India
- » Italy
- » Norway
- » United Kingdom
- » United States

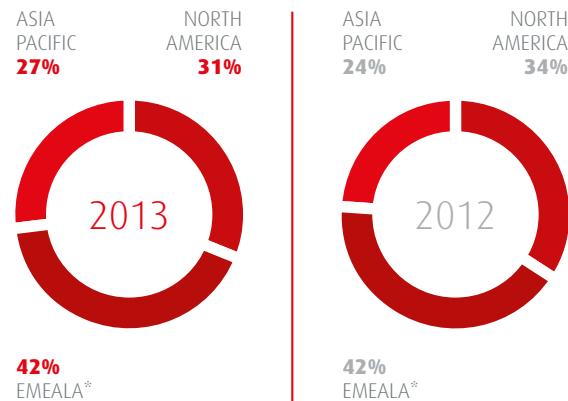
# COMPANY PROFILE

## SALES PER DIVISION

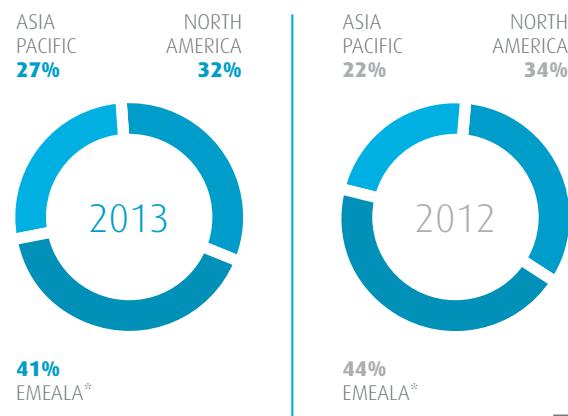


\*Sales per division for 2012 have been restated according to the 2013 organization

## GEOGRAPHICAL BREAKDOWN OF SALES

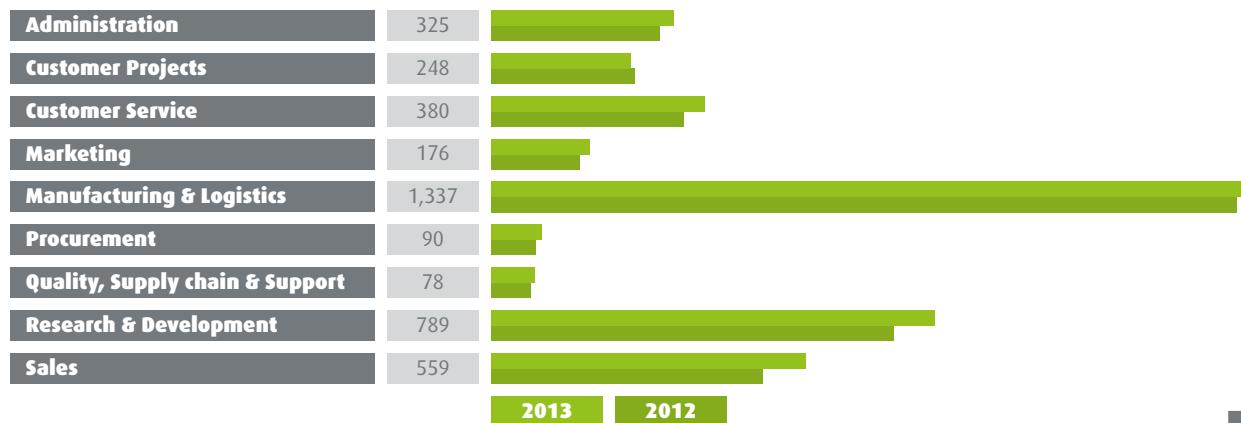


## GEOGRAPHICAL BREAKDOWN OF ORDERS

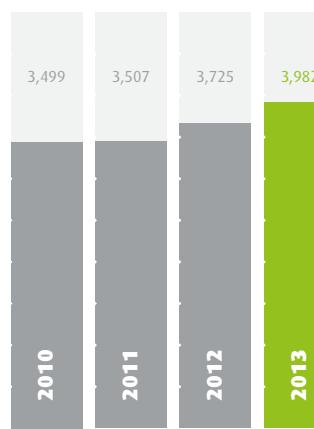


\* Europe, Middle East, Africa, Latin America

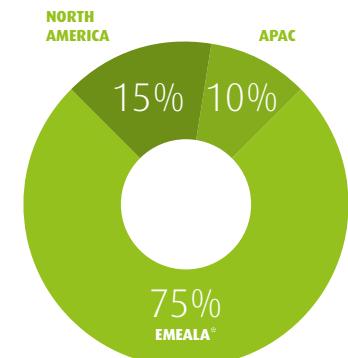
## EMPLOYEES PER FUNCTIONAL GROUP



## NUMBER OF EMPLOYEES



## GEOGRAPHICAL DISTRIBUTION

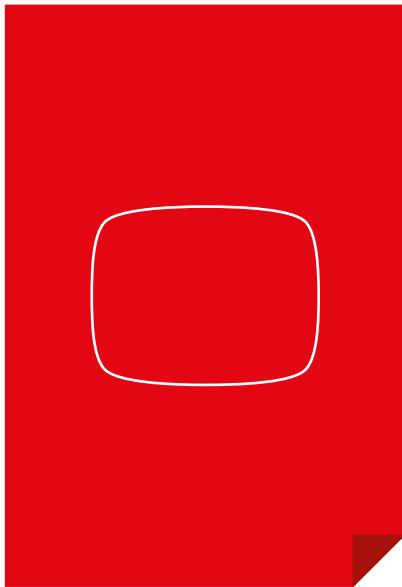


## EMPLOYEES BY GENDER



# OUR TECHNOLOGY

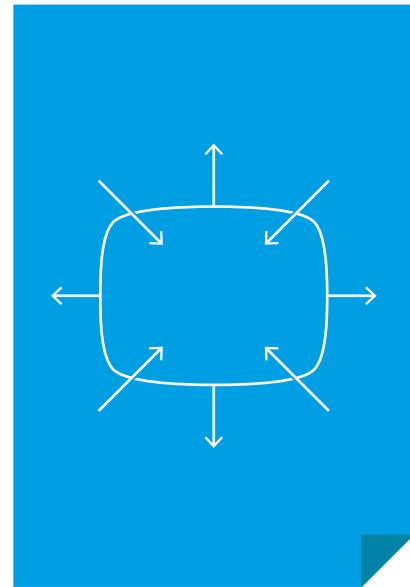
## DISPLAY TECHNOLOGY



## PROJECTION TECHNOLOGY



## CONNECTIVITY & COLLABORATION

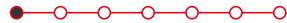


We meet the highest requirements in visualization and bring a wide display portfolio to a variety of markets – from high-resolution medical displays, to rear-projection video walls, to rugged displays and LED solutions.

Featuring one-chip or three-chip DLP® technology and brightness levels of up to 40,000 lumens, in 2D and 3D, our high-end and mid-segment projector models can be used for meeting rooms, digital cinema, post-production, virtual reality, simulation and events.

We bring to market a suite of software-enabled systems, including networking and cloud-based capabilities. Result? All-round connectivity for uninterrupted, shared, and mobile access to data, anytime, anywhere.

## OUR VALUES



Trust is the fundamental pillar in any relationship, whether it is at home or at work. Without trust, you simply cannot win. Many acquisitions fail due to lack of trust. When Barco acquired projectiondesign, we wondered: would this be a hostile takeover or a friendly one? After all, we had been competitors until then.

Happily, our joining of forces soon appeared to be a beneficial move for all of us. Barco and projectiondesign share the same drive and values, and it was clear that Barco wanted to take everyone to the next level – together. The first seeds of trust were sown, nourishing our willingness to fully collaborate and participate in what was, to us, an undefined adventure.

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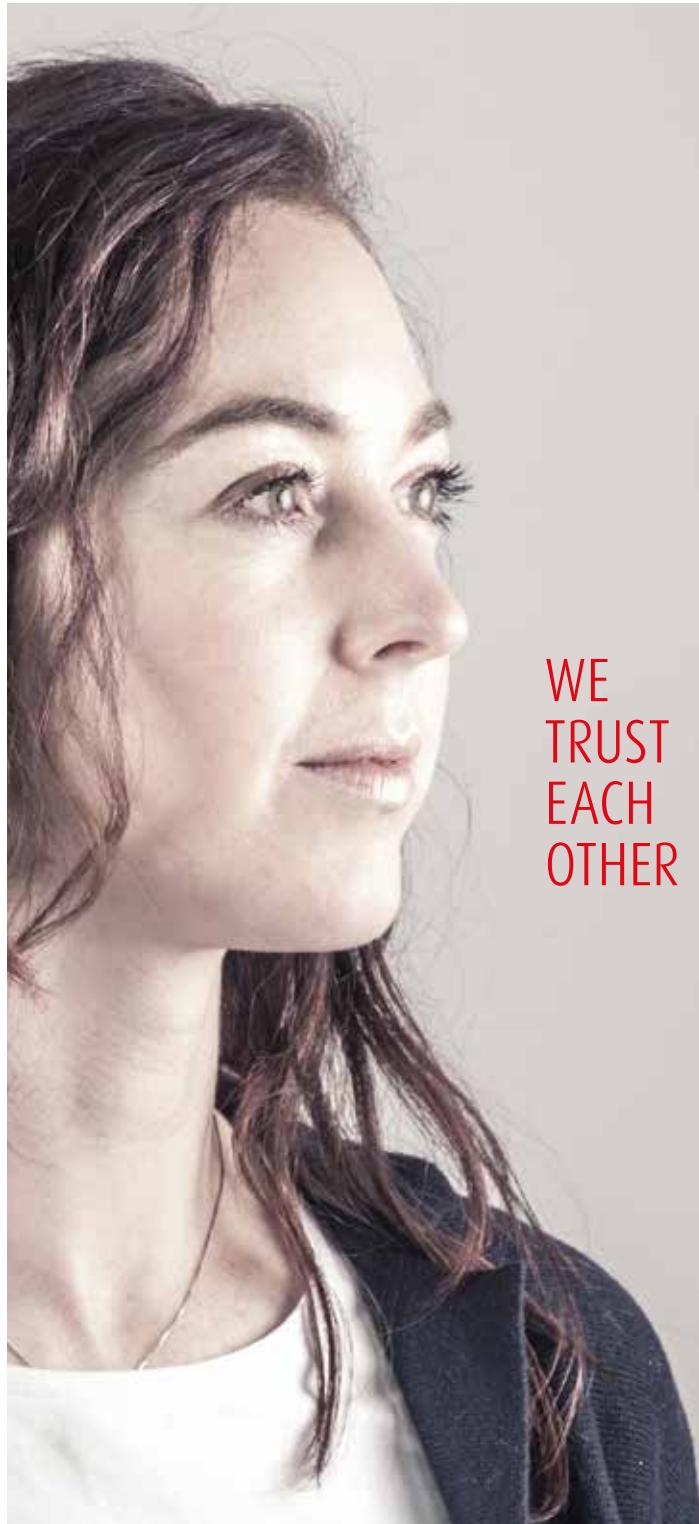
### Trust is the very heartbeat of a winning company

---

Throughout the entire integration process, Barco encouraged cultural diversity and – motivated by our joint ambition to move the company forward as one team – even changed its own habits and processes. Not only did this create reassurance and trust among colleagues, it also led to trust and encouragement among partners.

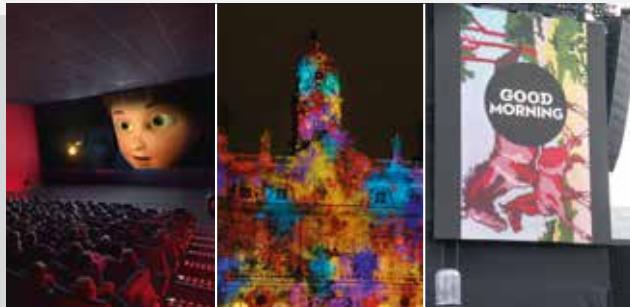
Earned and built over time, trust is the very heartbeat of a winning company. Only in the climate of trust are people willing to strive for the slightly impossible, to take initiative, to feel accountable, and to take decisions on their own and work effectively. I think we have come a long way in this process, and I truly believe that we can accomplish great things together.

**Maria Dahl Aagaard**  
Segment Marketing Management



# OUR BUSINESS AREAS

As a global technology company, Barco designs and develops visualization solutions – encompassing the entire visualization spectrum – for a variety of professional markets. By offering top-quality, user-friendly imaging products, we enable our customers to optimize productivity and business efficiency.



## ENTERTAINMENT & CORPORATE

- » Visitor attractions
- » Corporate AV
- » Rental & staging
- » Venues & hospitality
- » Research, design & scientific
- » Movie theaters
- » Theater lobbies
- » High-end residential

Connecting ideas page 64



## HEALTHCARE

- » Radiology
- » Pathology
- » Mammography
- » Dentistry
- » Surgery
- » Point of care
- » Clinical specialties

Connecting lives page 76

Barco (NYSE, Euronext Brussels: BAR) employs about 4,000 people in over 90 countries. Our facilities for Sales & Marketing, Customer Support, R&D and Manufacturing span the globe – from Europe and the Americas through to Asia-Pacific.



#### INDUSTRIAL & GOVERNMENT

- » Emergency operations centers
- » Oil & gas
- » Security/CCTV
- » Telecom
- » Traffic management
- » Utilities & process control
- » Automotive
- » Science

Connecting big data page 86



#### DEFENSE & AEROSPACE

- » Air traffic control & management
- » Avionics
- » C4ISR
- » Command centers
- » Training

Connecting missions page 96

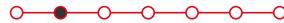
VENTURES

LiveDots

ORTHOGON

Barco Silex

## OUR VALUES



14 years in project management have taught me that keeping your customers happy is about doing more than what is expected of you. That's how we delight our customers, instead of merely satisfying them. Customer delight is about providing unexpected extras by fostering open communication, anticipating needs, and building relationships.

I believe building interpersonal relationships with customers, internal or external, is the single most differentiating factor between customer satisfaction and customer delight. At the end of the day, customers do business with people they like and understand. That's why values such as integrity, accountability, trust, and mutual respect are the cornerstone of our code of conduct.

---

### Interpersonal relationships make the difference between customer satisfaction and customer delight

---

Meeting and exceeding customer expectations requires energy and hard work. At Barco, we make sure that everyone – back office and front office – is close to the customer. Regular touch points, such as customer visits and testimonials, give us insight into what's at stake and fuel relationships.

Every day, we convince people that customer delight is everyone's job. Our Customer Delight test, through which each employee receives a Customer Delight score and immediate action points for improving his/her customer focus, is just one of the tools to make customer delight part of our DNA.

**Kathy Verledens**  
Virtual Factory Management



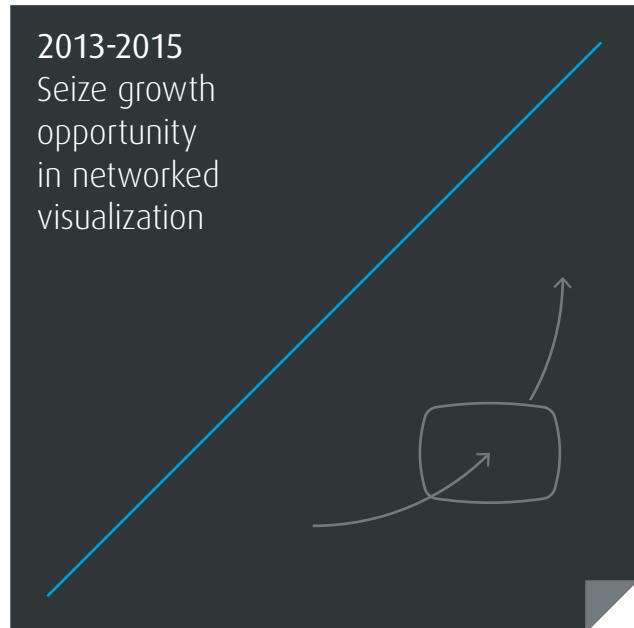
WE  
DELIGHT  
OUR  
CUSTOMERS

# OUR STRATEGY

## AMBITION

Our stated ambition is: to be a global leader in collaborative visualization systems for professional uses, with the objective of offering best-in-class networked visualization solutions that enable our customers to run their businesses more effectively.

We intend to realize our growth ambitions by moving beyond visualization and including networking and collaboration in the product portfolio.

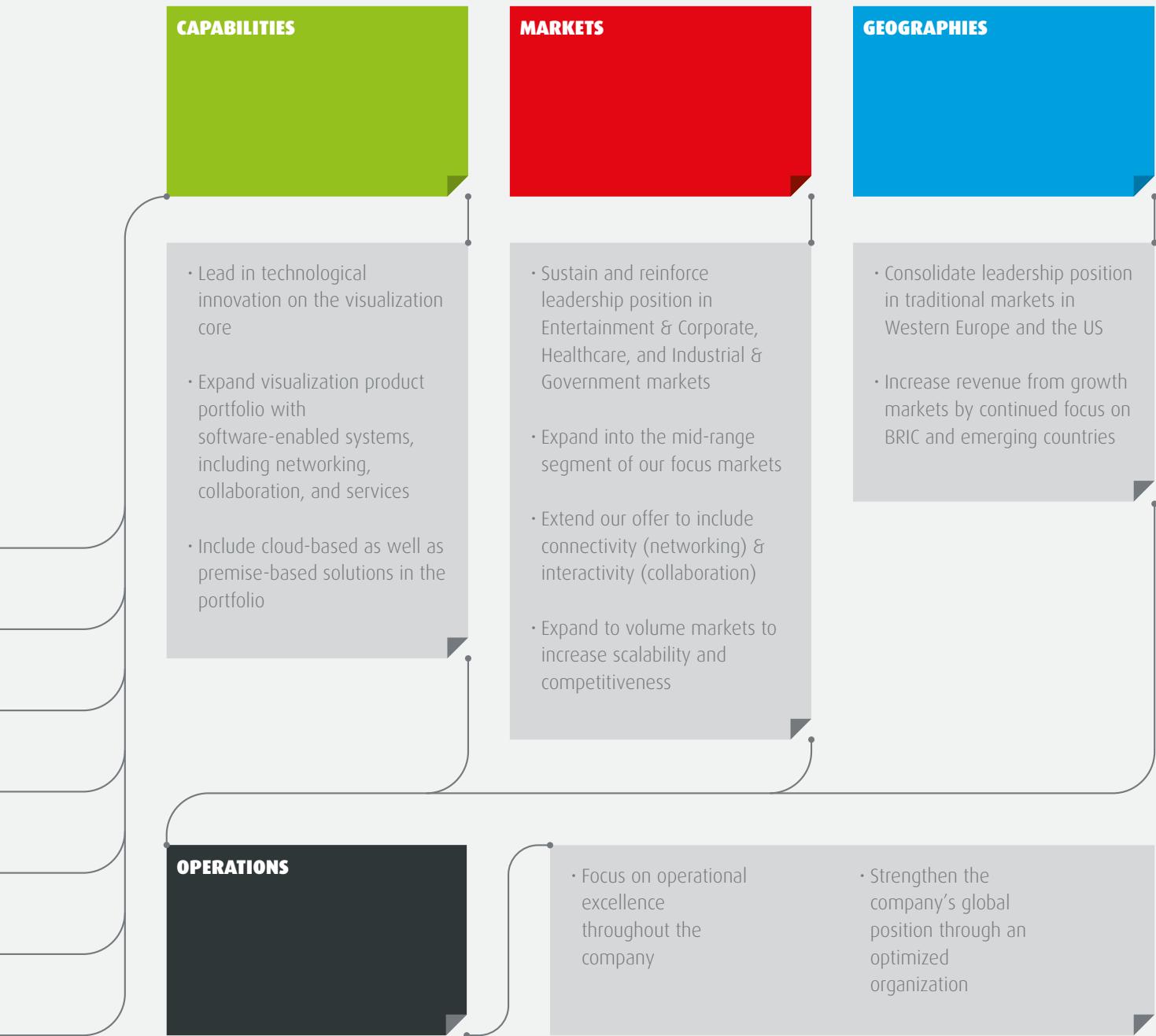


Read more about our strategy, growth drivers and achievements in our business review (pages 62-109)

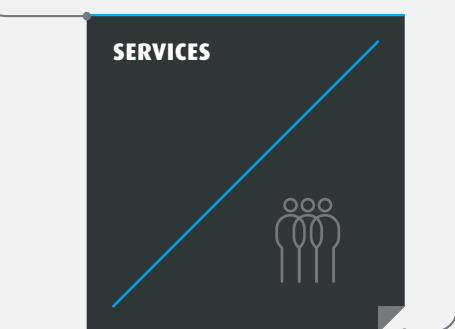
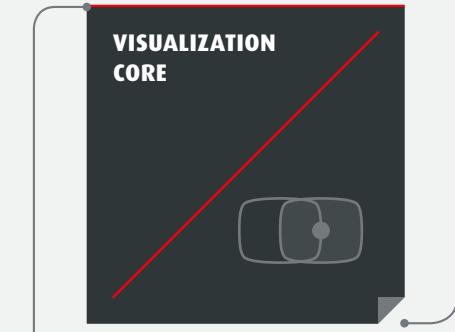
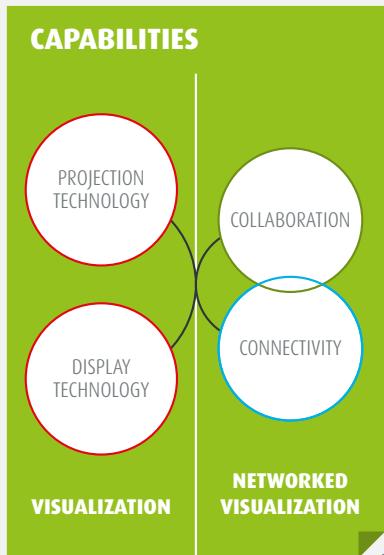
# OUR STRATEGY

We are deploying our strategy for growth in three domains: capabilities, markets, and geographies. In addition, to support these three strategic axes, we will generate resources for these investments and create value by a continued focus on operational excellence.





# OBJECTIVES & PROGRESS



## OBJECTIVES 2013

- Defend & strengthen leadership position in projection & display solutions for Barco's target markets

- Strategic focus on corporate AV opportunities

- Capitalize on IP connectivity and collaboration opportunity
- Become the standard for easy sharing of multimedia content

- Prepare for services to further enhance the customer experience and develop service as a revenue generator

## PROGRESS 2013

- Release of OBLX free-standing structure
  - Launch of LED-based displays for air traffic control and defense
  - Introduction of LED-based medical display line
  - Launch of slim and lightweight outdoor LED displays
- 
- Acquisition of projectiondesign®, provider of mid-range projectors
  - Launch of Present, Collaborate, and Impress projectors for Corporate AV
  - Release of CSM, the ClickShare solution for mid-segment applications

## OBJECTIVES 2014

- Upgrade our product portfolio with high-performance displays & projection solutions across all core markets
  - Incorporate solid-state illumination into product designs, including the release of the cinema laser projector
  - Further enhance display technology solutions on the levels of brightness, resolution, uniformity control and management
- 
- Strategic focus on corporate AV opportunities

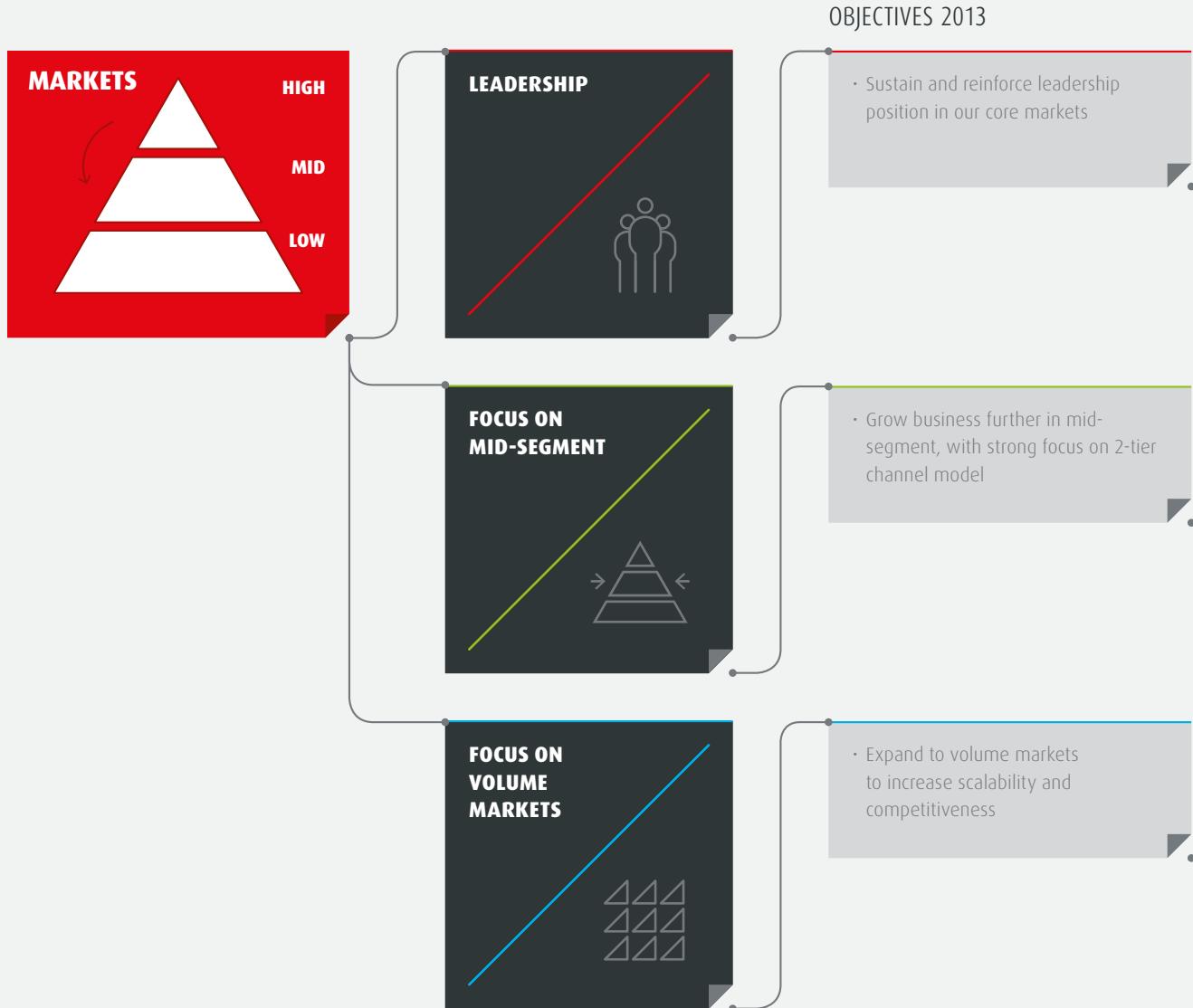
- Acquisition of WiFi content-sharing specialist AWIND to leverage visualization capabilities for professional networking and collaboration
- Nexas for OR installed in +200 operating rooms
- Launch of Nexas-compatible surgical displays
- Introduction of rugged desktop-over-IP solution for enhanced collaboration and better decision-making in mission-critical environments
- Launch of CareConnex, a networked interactive patient care solution
- Release of ClickShare app to display iPad or iPhone content on a ClickShare
- Release of CineMate app to run digital cinema equipment from mobile devices
- Introduction of collaborative integrated flow and arrival management with Collaborative Flow Manager (CFM)
- New version of our digital control room for faster response times and better decision-making

- Bring to market a suite of networking products, based on a common platform serving multiple vertical markets
- Extend the networking capabilities of our existing products to all of Barco's markets, based on a common platform
- Focus on software- and cloud-based solutions
- Extend the ClickShare channel network worldwide, add strategic partners, and double the installed base

- Installation of a dedicated global services team
- Larger contract awards based on Barco's worldwide service capabilities

- Leverage in-house capabilities and develop a dedicated services portfolio
- Turn service into a competitive advantage for Barco

# OBJECTIVES & PROGRESS



## RESULTS

- 40% market share in Entertainment (Cinema and Venues & Hospitality), 45% market share in Diagnostic & Modality Imaging, 20% market share in Industrial & Government
- Sales increase of 1.02% versus 2012
- Over 223 technology patents

## OBJECTIVES 2014

- Defend leadership position in Barco's core markets and expand the share of wallet

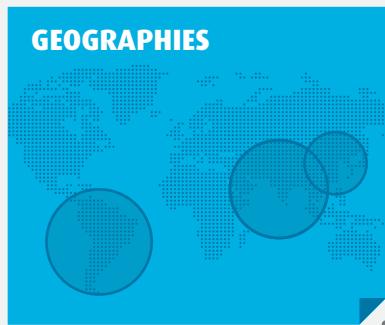
- Acquisition of Norway-based projectiondesign®, provider of mid-range projectors
- Launch of affordable single-chip ReaLED™ projector for training, simulation and visitor attraction applications
- Introduction of new ClickShare CSM Base Unit for low-end meeting rooms
- Launch of two new industry-standard rear-projection video wall cubes: Overview MVL-621 and MVL-721
- Kick-off of mid-segment product offering for the Advanced Visualization division with the OBLX video wall
- Introduction of industry-standard Nio 2MP and 3MP diagnostic displays with LED backlights

- Grow channel sales worldwide and expand the number of strategic partnerships
- Continue to expand the mid-segment product offering in Entertainment, Corporate and Industrial & Government

- Launch of Collaborate range of single-chip DLP projectors to facilitate collaboration in meeting rooms

- Become the strongest challenger in corporate AV and grow faster than the market in corporate AV

# OBJECTIVES & PROGRESS



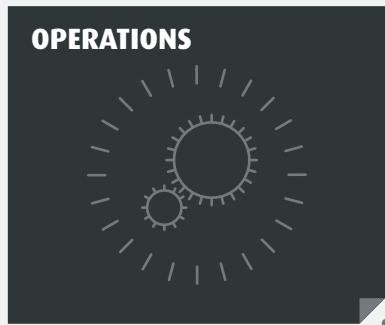
## GEOGRAPHIES

### FOCUS ON EMERGING MARKETS



## OBJECTIVES 2013

Increase revenue from growth markets through local sales and marketing focus



## OPERATIONS

### FOCUS ON OPERATIONAL EXCELLENCE



Start roll-out of company-wide ERP platform as driver for common processes and systems

Strengthen the company's global position through an optimized organization and engaged employees, with a focus on building a factory of the future

Generate free cash flow through focus on operational excellence

## RESULTS

- Acquisition of Taiwan-based AWIND
- We are the first manufacturer with 10,000 digital cinema projector installations in Greater China
- Our largest LED solution lights up the Absa Tower in Johannesburg, South Africa
- China's State Grid System is equipped with China's largest control center display, comprising 17x4 Barco OVL display cubes
- We support the first virtual reality training program in China's commercial aviation industry
- More than 50 screens equipped with Auro 11.1 3D sound in the APAC region
- Indian Suresh Productions and Ramanaidu Studios use Auro 11.1 for Tollywood movies
- Royal Films and Cine Colombia select Barco to complete digital cinema deployments throughout Colombia
- ClickShare collaboration system distributed in India, Middle East and North Africa
- Dozens of medical displays installed in Indian hospitals, e.g. Fortis Memorial Research Institute, the Regional Cancer Center, and Apollo Hospitals

## OBJECTIVES 2014

- Increase our installed base in the emerging markets across all industries
- Develop channels & partnerships to strengthen our position in the emerging countries
- Focus on China, Russia, Middle East and Latin America to take part in the high investments in infrastructure in these regions

- +500 users on new CRM platform
- Go-live in Noida (India) on 4 January 2014

- Software Lab achieved CMMI Level 3 certification
- +110 Six Sigma Green & Black Belts
- 2 Lean Six Sigma Green Belt Awards
- Continued footprint in China and India for local growth
- Increased strategic presence of procurement in emerging countries
- Progress in cost-reduction programs with the involvement of procurement, operations & R&D

- Improvements in inventory management and continued good management of receivables pushed
- Working Capital/Sales down to < 5% compared to 10% in 2012
- ROCE remains healthy at 15% compared to 24% in 2012
- Defects in projection division cut down to 8% (versus 34% in 2012)

- Prepare full implementation of One Platform in 2015
- Strengthen the market focus of our divisions to support cross-selling and leverage different solutions towards all businesses
- Customer focus and innovation
- Further roll-out of Lean Six Sigma methodology
- Continue to build "factory of the future" capabilities with an increased focus on economically, socially & ecologically sustainable solutions
- Organize for flexibility with multi-product plants and a flexible work organization
- Continue with cost-reduction programs across the board

# Our sustainability plan



Our plan:  
to be one

page 48

Our plan:  
supporting communities  
through funding and  
collaboration

page 54



## Our Planet

Our plan:  
to reduce environmental  
footprint

## OUR VALUES

## OUR STRENGTHS

WE DEAL  
**OPENLY & ETHICALLY**

Global code of ethics and business conduct

WE **DELIGHT**  
OUR CUSTOMERS

Customer loyalty score of 86  
(vs. 70 benchmark)

WE **TRUST**  
EACH OTHER

Integrity score of 89  
(vs. 75 benchmark)

WE ARE  
**ACCOUNTABLE**

4,000 motivated and committed employees

WE ENCOURAGE  
**TEAM PLAY**

Teamwork effectiveness score of 84  
(vs. 78 benchmark)

WE LEAD BY  
**INNOVATION**

Company culture supporting creativity and entrepreneurship

WE **CARE**  
ABOUT OUR PEOPLE

Employee engagement score of 72  
(vs. 68 benchmark)

## OUR PLAN

### OUR OBJECTIVES

#### TO BE ONE



#### TO SUPPORT COMMUNITIES THROUGH FUNDING



#### TO REDUCE ENVIRONMENTAL FOOTPRINT



- Improve employee engagement and enablement scores in 2014
- Roll out corporate transparency program in 2014
- Roll out talent management program in 2014
- Roll out the Smart at Work program to make remote collaboration a standard way of working by 2015
- Standardize and synchronize all business processes by 2015
- Unite 1,600 employees on a new campus by 2016

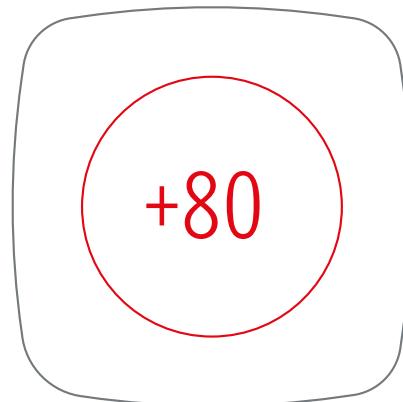
- Establish the Barco Foundation in 2014 by setting up sustainable collaboration with non-profit organizations
- Optimize our corporate sponsorship program in 2014

- Ensure all suppliers comply with our sustainable procurement policy by the end of 2014
- Set up a sustainable supplier base and ensure environmentally friendly transportation by 2015
- Incorporate innovative LED technology developments into products by 2015
- Phase out non-compliant or at-risk components from product designs by 2016
- Raise awareness of the importance of environmental compliance and enforcement
- Eliminate 80% of wasted energy sources by 2016

# OUR PEOPLE

## OUR PLAN: TO BE ONE

tobeone reflects our devotion to the idea that all Barco employees – in all of the 90 countries – are one team. A team of equals, unified by a mutual cause: to achieve operational excellence.



+80 meeting rooms equipped with our ClickShare wireless presentation system

### 1. Smart at Work

We are investing in new ways to facilitate collaboration in the workplace and make easy remote collaboration across the globe a standard way of working. We want to improve audio and video quality, and the remote sharing of applications and data.



+43 meeting rooms revamped with a new audio and video conferencing infrastructure



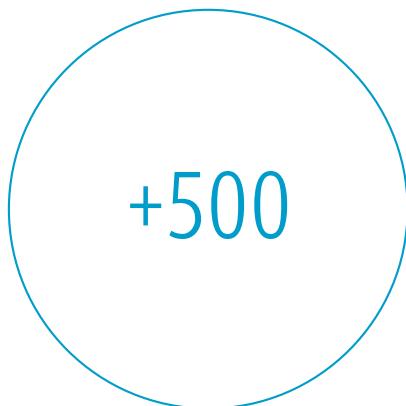
2 December 2013

Start of construction of One Campus

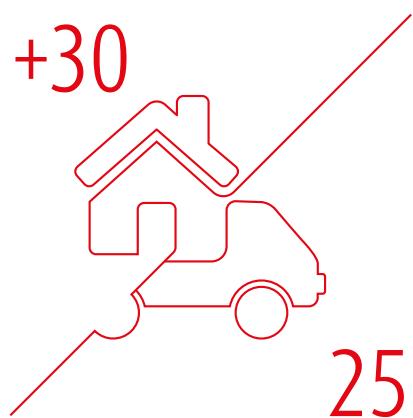
### 2. One Campus: bringing people together

As part of the Smart at Work program, we will centralize all Kortrijk activities in one location, with a special focus on smart mobility and collaboration in order to enhance flexibility and stimulate creativity on the work floor. The new building – covering 58,000 m<sup>2</sup> – will unite 1,600 Barco people by 2016.





+500 users on SAP CRM platform by end of 2013



+30 open houses & team events  
25 strategy roadshows worldwide



7,900 performance reviews  
305 educational programs offered

### **3. One IT platform makes it easier to share and collaborate**

By 2015, we will have a global SAP-based ERP platform to standardize, simplify, and synchronize all business processes.

### **4. Yes! to corporate transparency**

We are committed to making corporate decision-making and business operations open to all employees through roadshows, brown bag sessions, open houses featuring guided tours and demonstrations, face-to-face meetings, and online Q&A platforms.



Strategy roadshow in Taiwan

### **5. Recognizing and rewarding talent**

To strengthen employee engagement, we recognize talent by means of an advanced performance management process and high-level training opportunities.



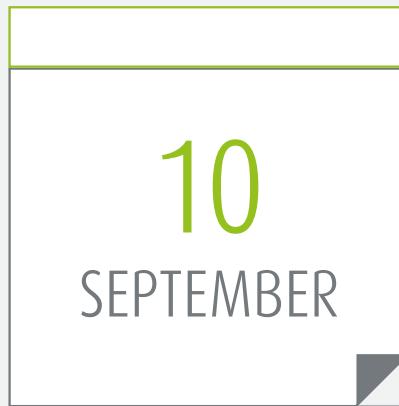
Barco University

# REACHING OUT TO OUR STAKEHOLDERS

To be one reflects our ambition to create a culture that can be shared not only by our employees, but by our customers, partners, and shareholders as well.



+400 resellers signed up for ClickShare partner program



10 September 2013  
Analyst & Investor Day



## 1. Let's Connect!

Partners of our Connect! program can rely on a direct communication link with our channel account and marketing managers, backed up by almost 4,000 employees. The program has been developed to help partners sell Barco solutions and services more effectively through professional assistance and technical backup.

[Click here](#)  
to read more about  
the **connect!** partner  
program

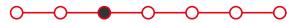
## 2. Fostering relationships with analysts and investors

Our Analyst & Investor Days are designed to open communication channels between our management teams and leading players in the financial community. They provide a unique opportunity to discuss long-term strategy and help foster relationships between business leaders and investors.

## 3. Having an ear for customer needs

Strong customer relations and loyalty are two of our key performance indicators. With our annual loyalty survey, we learn how our customers and partners think about us, and whether they are satisfied with the services we offer. Thanks to the results of this survey, each employee can contribute to increasing customer loyalty and improving our chances of doing business with them again.

## OUR VALUES



We care about our people, including colleagues, customers, suppliers, and society in general. A respect for each other's well-being is a major priority for us. Because people determine the success of our organization and make our company thrive.

Our culture of appreciation is reflected in every way we deal with people. Employees are guided on their career path, and strong relationships are built through online communities, buddy programs for new employees, and company events. Fun initiatives – such as the Day of the Barco Engineer and Happy Compliment Day – are significant drivers of this culture.

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### Our approach builds trust and engages hearts

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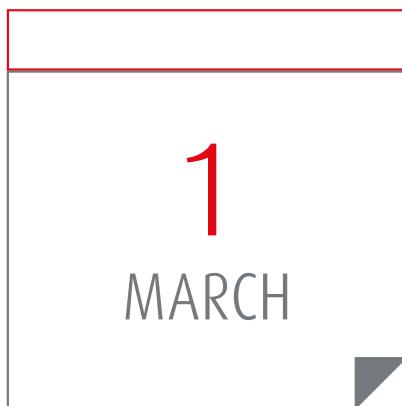
We involve customers and suppliers in the decisions we make. With mutual respect and their best interests at heart, we move our business forward in a sustainable manner. Our corporate social responsibility task force and the Supplier Sustainability Program are just two of the efforts that reflect our willingness to go the extra mile.

Our approach builds trust and engages hearts, and translates into actions that serve the entire community. Our people take the lead in charity projects, both internal and external, and show their commitment to the company and the causes we support, time and again.

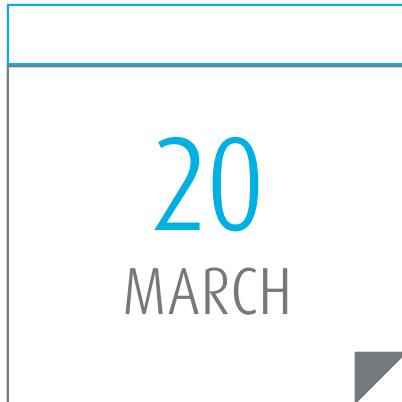
**Catherine Weyne**  
Internal Communications



WE  
CARE  
ABOUT  
OUR  
PEOPLE



**1 March:** Happy Compliment Day  
27,650 compliment cards distributed

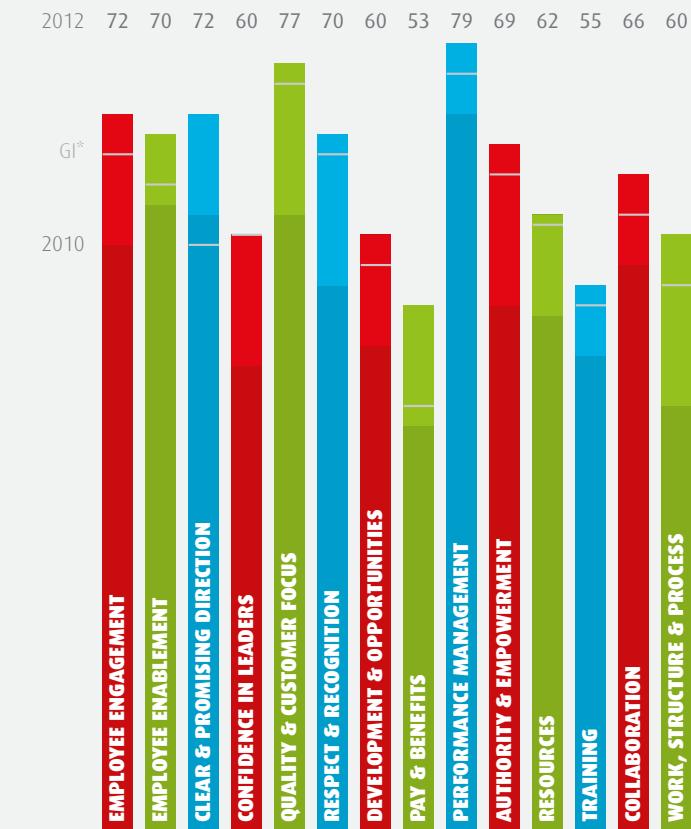


**20 March:** Day of the Barco Engineer  
800 engineers in the spotlights

## EMPLOYEE SATISFACTION SURVEY:

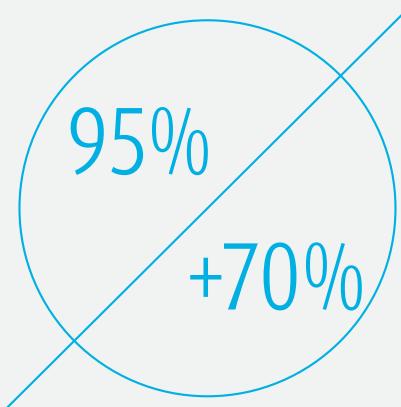
### WHERE ARE WE TODAY?

In 2010 and 2012, we conducted a survey to measure and understand employee motivation, engagement and satisfaction. In 2013, following the survey, we identified 3 overall focus areas: customer focus, innovation, and leadership development.



\*general industry (GI) norm

## ACTIONS 2013



IT service desk survey:  
95% of incidents are resolved  
+70% of customers are extremely satisfied



## CUSTOMER FOCUS

- **IT service desk survey to measure internal customer satisfaction**
- Customer visits for back office employees
- Launch of internal Customer Delight campaign, providing employees with a customer focus score and action points for improving customer focus
- Open Days in Madrid for customers and partners
- Customer focus track included in onboarding program and product management training
- Introduction of Meeting-free Fridays to free up time for customers

## INNOVATION

- **Inauguration of the Barco Patent Wall**
- Introduction of Virtual Tech Days & monthly Tech Talks
- Day of the Barco Engineer
- Barco University course on innovation
- Start of One Campus & One Platform
- Installation of Innovation Board featuring internal and external experts
- Introduction of 'time to experiment' policy
- Optimization of Lean Six Sigma
- Creativity supported across the organization & embedded in evaluation process
- Venture divisions to trigger entrepreneurial spirit

## LEADERSHIP DEVELOPMENT

- **Vision statement explained in 25 strategy roadshows**
- Q&A with the CEO (online platform)
- Cross-divisional Gemba walks (management by walking around)
- Creation of Subject Matter Experts communities

# OUR WORLD

## OUR PLAN: TO SUPPORT COMMUNITIES THROUGH FUNDING AND COLLABORATION

---

The way we engage with the world around us reflects our ambition to give back to society and contribute towards better quality of life.



For every diagnostic display or ClickShare we sell in India, we donate a small amount to SOS Children's Village. In 2013, we donated €5,764 to this cause.

---

### 1. Because children are the future

With our children's wellbeing program, we support young people in their education, upbringing, personal development, and care.

- €613 raised for Adopt-a-Family, a US holiday support program
- €275 and 25 Christmas gifts donated to Sacramento Children's Home
- €5,764 donated to SOS Children's Village
- €1,102 donated to Salvation Army's Angel Tree (Christmas assistance)
- 10,000 SMD components donated to VTI Menen, a technical school in Belgium, to teach pupils how to solder



35 Barco employees colored the Mont Ventoux 'Barco red' and raised €350 for University Hospital Leuven's Pediatric Cardiology Research Department (Belgium).

## 2. Change through charity

Through fundraising contributions and donations, we support the continuation of major charity and relief programs worldwide. Notably, many of our own employees have been involved in fundraising events – e.g. Acerta Brussels Ekiden running tour, Mon Ventoux bike ride, Fredrikstad Triathlon, bake sales,...– demonstrating our commitment to supporting local charitable causes worldwide.

- €10,065 raised for cancer charities worldwide
- €743 donated to the Wounded Warrior Project
- €60,776 donated to the Tohoku Relief program



Barco Play Day @ Movie Palace, Karlsruhe (Germany)



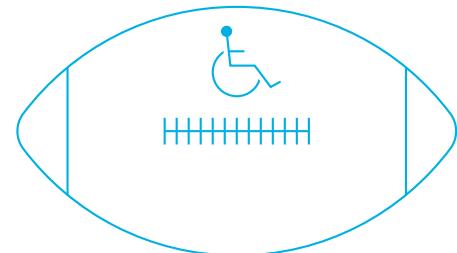


#### Young Barco Technics in First Lego League Benelux Final

First Lego League is a robotics program for 9 to 14 year olds, designed to get children excited about science and technology. On 25 January, 4 Barco coaches and 18 children played the Benelux final and took home the Nature's Fury Research Award.

#### 3. Promoting technology

As part of the technology education program, we teach young students how technology is being used today, give them the opportunity to explore high-tech projects and exciting experiments, and encourage them to pursue a career in technology. Over 100 young people participated in our TechnoGirls Day, Technology Olympiad, Science Day (Dag van de Wetenschap), and First Lego League.



Preferred visualization partner for the  
European Championship Wheelchair  
Rugby

€2,519

Contribution via Belgian  
sponsorship program for  
employee fundraising  
efforts

30+

30+ projectors for use at the  
Moscow Biennale of  
Contemporary Art

**Official Partner and  
Digital Cinema Expert for 10 Years**



**63 ■ Internationale  
Filmfestspiele  
Berlin**

Supporting the Berlinale Film Festival with 19 digital cinema projectors and 2 technicians



Moscow Biennale of Contemporary Art

## BARCO FOUNDATION

We firmly believe that environmental, social, and governance investments create financial value for our company. But more than that, we consider it our duty to contribute to improving quality of life. In 2014, our increasing efforts to operate in a highly sustainable manner will be translated into the inauguration of the Barco Foundation. With the Foundation, we aim to create shared value, based on corporate policies and practices, to enable society to advance and our company to grow.

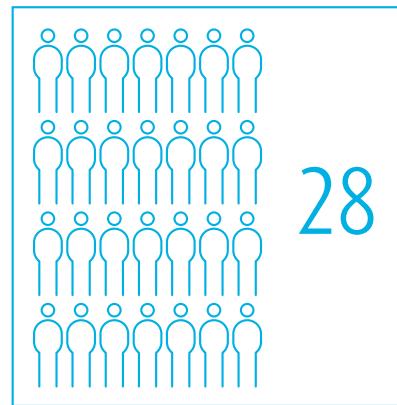
### Causes and organizations we supported this year:

- BC SPCA Drive for Lives (US animal transfer program)
- Gwinnett Children's Shelter (US)
- Magic Bus Foundation (India)
- VTI Menen (Belgium)
- iMinds Conference (Belgium)
- Flanders Fields Memorial Garden (Belgium)
- Film Fest Gent (Belgium)
- Cinema De Keizer (Belgium)
- Cannes Lions (France)
- Ondernemers voor Ondernemers vzw (Belgium)
- Several actions for Pink Ribbon (worldwide)
- Kinepolis Antwerpen (Belgium)

# OUR PLANET

## OUR PLAN: TO REDUCE ENVIRONMENTAL FOOTPRINT

We are reducing our environmental footprint, from the manufacture and use of our products to our global activities within facilities, procurement, product transport, and business travel.



Since 2010, **28** Green Knowledge Owners distribute information about developments on compliance and eco-design across the entire organization



We engaged **+1,200** suppliers to use green components

### 1. Know your environment

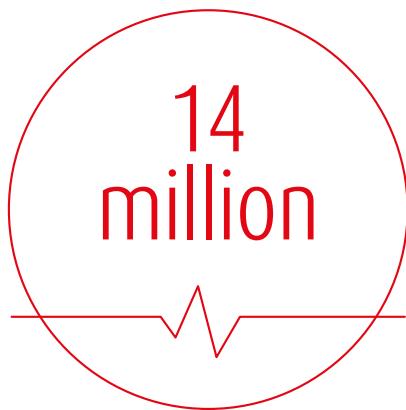
The Green Knowledge Program has been developed to raise awareness of the importance of environmental compliance and enforcement.

### 2. A network of green suppliers

Our Supplier Sustainability Program encourages suppliers to share environmental information within the supply chain and phase out non-compliant or at-risk components from product designs by 2016.

<b>05 2013</b>	74.3%
<b>09 2013</b>	83.5%
<b>12 2013</b>	89.1%

Progress of environmental data collection (coverage of supplier parts)



**14 million** watt hours saved in our first low-energy weekend, which equals the average energy consumption of 4 families in one year



Inbound transportation carbon emissions reduced by **44%**



**142** key and core suppliers comply with our code of conduct and ethics

### 3. Changing mobility and saving energy

We will explore alternative mobility, monitor energy consumption and CO<sub>2</sub> emission, and maintain sustainability as a key guiding principle in the construction of One Campus to eliminate 80% of wasted energy sources by 2016.

<b>2010</b>	165 g/km
<b>2011</b>	145 g/km
<b>2012</b>	145 g/km
<b>2013</b>	135 g/km

Maximum level of CO<sub>2</sub> emission allowed for company cars

### 4. To fly or not to fly?

Over the last two years, we have been working on a sustainable supplier base and environmentally friendly transportation, replacing air freight by sea freight transportation to reduce our carbon footprint.

#### Before 2012

☒ 100%	<b>VOLUME</b>
☒ 100%	<b>COST</b>

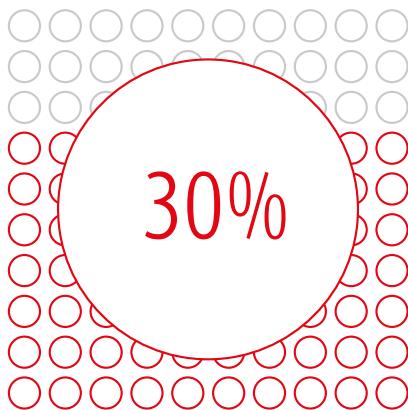
#### 2013

☒ 65%	<b>VOLUME</b>	35%
☒ 91%	<b>COST</b>	9%

Replacing air freight by sea freight

### 5. A policy of procuring green

To ensure sustainable procurement, we are urging suppliers to comply with our code of business conduct and ethics. By the end of 2014, we expect all suppliers to comply with our sustainable procurement policy.



Our LED medical displays reduce power consumption by **30%**

#### **6. Sustainable solid state illumination**

We are gradually phasing out traditional CCFL and Xenon lamps in our product designs and are replacing them by solid state lighting to save energy and reduce environmental waste.



## ONE CAMPUS: A WINDOW OF OPPORTUNITY

One Campus opens new windows of opportunity in terms of environmental sustainability. Its technical infrastructure will be evaluated based on environmental performance. The new building will feature "free cooling" units and solar panels, and energy monitoring will help optimize the efficient use of energy.

## OUR VALUES



For us, open and ethical conduct means: ensuring a safe and enjoyable working environment, complying with laws, regulations and policies, and operating in a transparent and socially responsible manner. Every day, we put this philosophy into practice, conducting our business in accordance with the highest standards of ethical behavior.

Because ethical conduct is a joint responsibility, our ethical values have been translated into a formal code of conduct: the 'Barco Code of Ethics and Business Conduct' offers employees – as well as suppliers, partners, and customers – a framework for understanding and acting on our shared responsibilities.

---

When it comes to ethical and transparent behavior, we all walk the talk

---

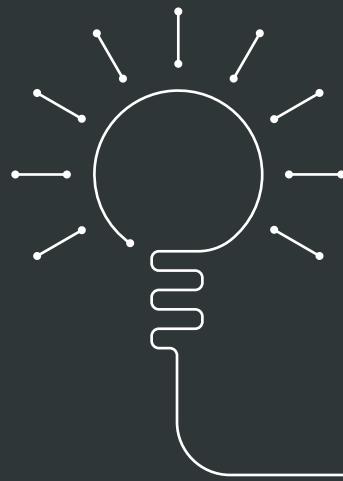
In our team, openness and transparency toward customers and co-workers are crucial. In roadmap discussions, we consider the needs of the market while touching base with R&D, procurement, and strategic marketing. We are always open to debate, never hold back information, and communicate and share our vision for every decision that is made.

This is true for everyone at the company, regardless of position and level of responsibility. The strategy roadshows are a great example of how management is able to get the whole organization to work toward a joint objective through open communication. When it comes to ethical and transparent behavior, we all walk the talk.

**Jun Wei**  
Product Management



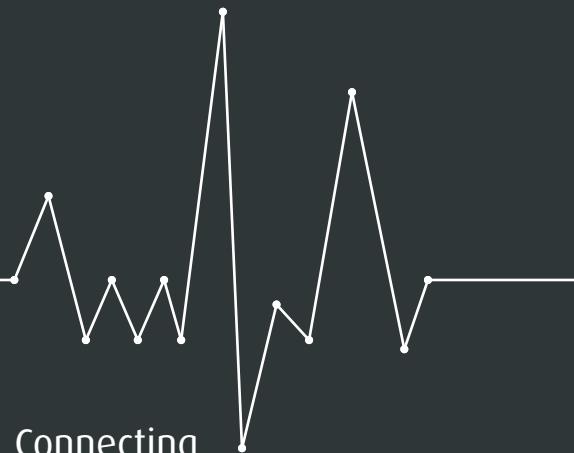
# Our activities



Connecting  
Ideas

**Entertainment  
& Corporate**

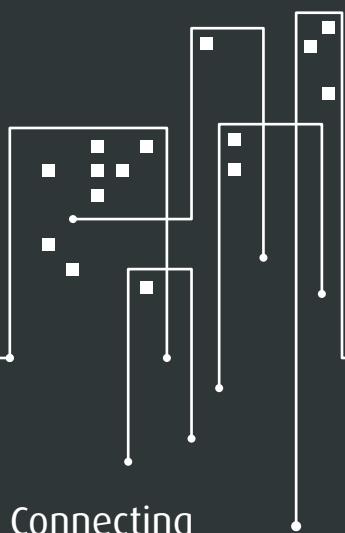
page 64



Connecting  
Lives

**Healthcare**

page 76



Connecting  
Big Data

## Industrial & Government

Connecting  
Missions

## Defense & Aerospace



Connecting  
Businesses

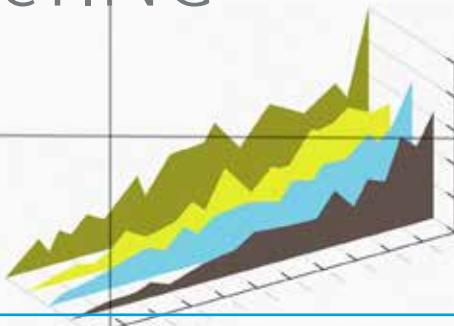
## Ventures

page 86

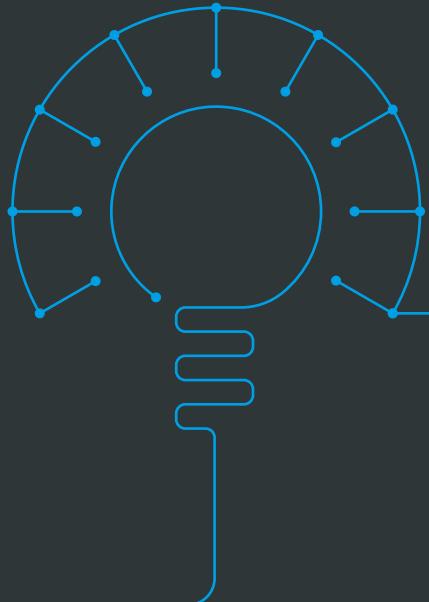
page 96

page 106

# CONNECTING IDEAS



# Entertainment & Corporate



Forget business as usual. With our state-of-the-art Present, Collaborate and Impress projector series and ClickShare presentation system, meetings will never be the same again. Present content on the screen in no time, share ideas in multiple windows, and make collaboration a breeze for every meeting participant.



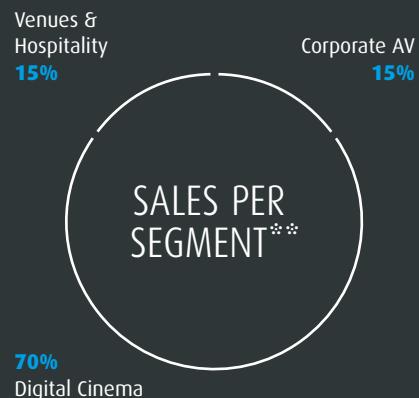
(IN MILLIONS OF EURO)

2013 ————— 522.5  
2012 ————— 479.7



(IN MILLIONS OF EURO)

83.5  
87.3



\* according to reporting structure of 2013

\*\* approximate percentages based on sales 2013

## OUR MILESTONES

**14 FEBRUARY**

Acquisition of AWIND enhances our collaboration capabilities



**21 FEBRUARY**

Launch of 4K digital post-production projector



**07 MAY**

60 projectors take center stage during the 2013 Eurovision Song Contest in Malmö, Sweden



**23 MAY**

ClickShare named 2013 Gold Edison Award Winner

A white Barco Collaborate projector, shown from a front-three-quarter view. A red rectangular border highlights the lens area. To the right of the projector, there is promotional text and a smaller image of the projector.

Your content. Our design.

A different view on smart collaboration



**11 JUNE**

Launch of first Corporate AV projectors



HDX-W20 FLEX

**12 JUNE**

Introduction of 20,000-lumen rental projector with standard light-on-demand functionality

**25 JUNE**

Over 50 films scheduled to be released in Auro 11.1 immersive sound

**22 NOVEMBER**

Expansion of ClickShare portfolio to bring our wireless collaboration technology to any meeting room

**24 JULY**

Installation of a 250 m<sup>2</sup> LED display (1,527 C7 tiles) at Les Quatre Temps in Paris, Europe's largest shopping center



Barco  
7 November 2013

"Great immersive experience" "Mind blowing" "Terrific sound"  
"The best sound"... These were few of the comments from visitors  
who heard #Barco #Auro at #FICCI #MEBC in Bangalore. Have  
you heard #Auro yet?

Like - Comment - Share

1 like 6 comments 1 share

BARCO Barco  
23 April 2013

Getting ready for the Eurovision Song Contest in Sweden!



Like - Comment - Share

408 likes 28 comments 109 shares

BARCO Barco  
25 June 2013

"The greatest benefit of Auro 11.1 is that it is a great storytelling device. It is a technique to put in the hands of storytellers, artists, film makers and directors that allows them to enhance the movie experience, enhance the storytelling and immerse people into it." Jeffrey Katzenberg (CEO, DreamWorks Animation)



Like - Comment - Share

41 likes 1 comment 11 shares

Like us on Facebook



## OUR STRATEGIC CHOICES

### 3 QUESTIONS TO WIM BUYENS

**BARCO'S GENERAL MANAGER ENTERTAINMENT & CORPORATE**

#### **What key trends are driving your business?**

From movie theaters to museums, today it's all about the visitor experience. Additionally, infrastructure investments in the emerging regions are triggering demand for innovative visualization solutions. This is also true for enterprises and corporate organizations, where 'bring your own device' and remote working policies are changing the corporate landscape.

#### **What will the entertainment & corporate business be like moving forward from here?**

In entertainment, we will maintain our focus on capturing market share in the emerging countries and lower-end segments, as we also extend our share of wallet beyond projectors – by, for example, offering a dedicated services portfolio. For venues and hospitality, we will strengthen our focus on the fixed installations market (in addition to the rental & staging markets) to drive visitor experiences. However, our biggest opportunities lie in corporate AV.

#### **What will be the main focus in terms of capabilities and technology?**

Solid-state illumination, networking capabilities that enable visual collaboration, and the development of best-in-class, hassle-free, immersive solutions will be our core activities.

## MARKET TRENDS [01]

# IT'S ALL ABOUT THE EXPERIENCE (AND ROI)

With big-screen TVs present in almost every home, quick theater-to-DVD turnarounds, and video-on-demand providing inexpensive movies right in your living room, the cinema industry needs to step up its game fast. The cinema of the future is no longer about movies alone. Instead, moviegoers expect a premium entertainment experience from entrance to exit.

New innovations and technologies – such as high frame rates for increased image quality, 4K resolution, 3D sound and video, and laser projection – help create a premium immersive experience and are driving the industry forward. 3D ticket sales, for example, have proven to drive high revenue. However, today's movie theaters are operating at just 20% occupancy, which means the industry is eager to find ways to fill the 80% of unused capacity.

Theaters worldwide have already been expanding from feature-film only to alternative content, such as live streaming of opera or sports events. But the real game-changers will be provided by digital signage (in the lobby and corridors or on facades) and smart interactive cinema (by pushing content to smartphones, for example) to provide visitors with a truly immersive cinema experience.

The venues and hospitality industries are also shifting towards this so-called 'experience economy'. Museums, houses of worship, planetariums, and shopping malls are incorporating interactive and creative technologies to engage with their audiences. Creating unique, memorable, and personal experiences will be key in drawing visitors and guests back, time and again.



## DZINE AND MANGANELLI GROUP FRANCE JOINTLY WON A DAILYDOOH AWARD

dZine and Manganelli Group France jointly won a DailyDOOH Award in the Best Quick Service Restaurant/Bar or Restaurant Deployment category. The award-winning digital signage solution – display units that broadcast a mix of product information and entertainment, while pushing dishes that have sufficient stock on the menu board – was developed for Flunch Restaurants Europe, a chain with 200 restaurants in France, Spain, Portugal, Italy, Poland and Russia.



Designed along three spatial axes (width, depth and height), rather than the two axes of traditional surround sound, the Auro 11.1 immersive sound format provides an immersive cinema audio experience, with lifelike sound coming from all directions.

## A CLOSER LOOK

### LASER BEHIND THE SCENES

Laser illumination is a logical next step in maximizing the opportunities of digital in the ‘cinema of the future’. The impact of laser on the cinema industry could be bigger than that of any other technology introduction so far! We unveiled our 55,000 lumens 4K prototype laser projector to the public for the first time in January 2012. But where does it go from here?

Right now – via product development, setting up framework agreements with suppliers, testing and certification – we are developing the prototype into a real finished product. We cannot give away all of our secrets – but we do commit to delivering a product that meets and exceeds the requirements of cinema exhibition.

By continually pushing the boundaries in product design, the laser projector is bound to redefine the industry standard once it has been perfected. What you can do with it, how you can use it, the maintenance required over its lifetime – all will be a significant improvement on what exhibitors are used to now.

[Click here](#)  
to learn everything  
about laser on our laser blog.

## MARKET TRENDS [02]

### BRIC NATIONS TAKE THE LEAD

Because the digital cinema projector market is nearing saturation in North America and Western Europe, **growth is being driven mainly by strong demand in the emerging markets**. To attract a growing middle class in these markets – as well as Hollywood and Western European movie distributors – traditional cinemas are converting to digital projection, and investments in ambitious multiplex projects are on the rise.

Additionally, **world-class sporting events are increasingly being staged in the BRIC nations** – e.g. the FIFA World Cup 2014 and the 2016 Olympic Games in Brazil, the World Cup 2018 in Russia, the 2010 Commonwealth Games in India, and the 2008 Olympics in China – which is triggering new infrastructure investments and growing demand for media, entertainment, and AV solutions in these emerging markets.



**Auro 11.1 takes over the Indian cinema industry** with installations in Manasa Theatre (Bangalore), Dhanya Theatre (Kollam), and ‘Tollywood’ (Suresh Productions and Ramanaidu Studios).

**12 FLM-HD20 projectors** brought the official World Cup ball to life during a massive projection mapping in Rio De Janeiro's Parque Lage.



10,000

**10,000 digital cinema projectors** installed in Greater China. We are the first manufacturer to reach this number!

70%

Through agreements with Cinemark International, Cinesystem Cinemas, and Cinemex, we expanded our digital footprint throughout Brazil and Central and South America. With the Cinemex deal, **our Latin American market share in digital cinema grew to over 70%!**

## MARKET TRENDS [03]

# THE CORPORATE FUTURE IS MOBILE AND INTERACTIVE

**Enterprise mobility continues to grow worldwide.** According to our 'Meeting room of the future' survey, which we jointly organized with InAVate and PFM magazine, 91% of business managers work remotely on a regular basis, with 27% working remotely almost daily. When attending a meeting, 82% bring their own device (the majority of these are laptops, but other mobile devices are on the rise).

The future is mobile – and, as increasing numbers of employees are working remotely, meeting spaces must become more flexible and support a greater range of technologies and demands for virtual conferencing. **Today's changing work environment requires new visualization and collaboration technologies** that improve efficiency and productivity in meeting rooms, board rooms, and auditoriums.



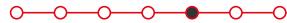
With ClickShare for wireless presentation at the click of a button, we significantly improved meeting dynamics and reduced setup times. But because there are big differences between the needs of small, standard meeting rooms and those of high-profile meeting rooms, boardrooms and conference rooms, we now offer ClickShare in two flavors: the new CSM Base Unit and the original full-featured CSC Base Unit.



[Click here](#)  
to read the full results of the  
'Meeting room of the future'  
survey.



## OUR VALUES



Accountability is one of the fundamentals of a successful organization. As business professionals, it's our responsibility to be accountable to our colleagues and customers. By taking full ownership of tasks, actions, and results, and by continuously challenging and evaluating ourselves, we help our company thrive.

As part of the sales team, customers are my greatest responsibility. The whole team focuses on a core set of KPIs, such as on-time delivery and customer satisfaction, as we constantly look for new ways to improve customer focus. Some of my colleagues are now 'divisional experts' – providing specific product- or procedure-related support – so that we can find the best solution for our customers.

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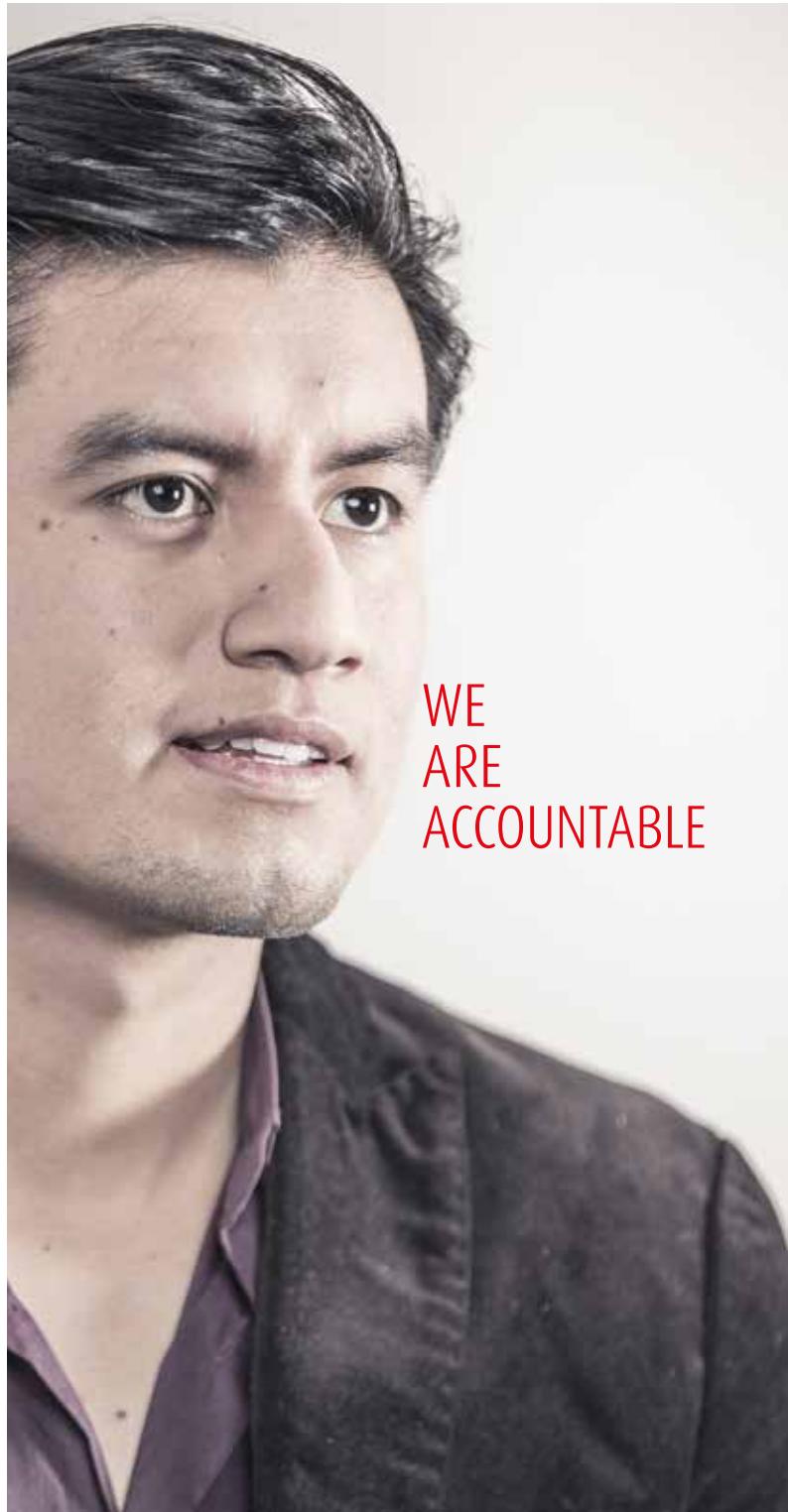
### We take ownership both individually and collectively

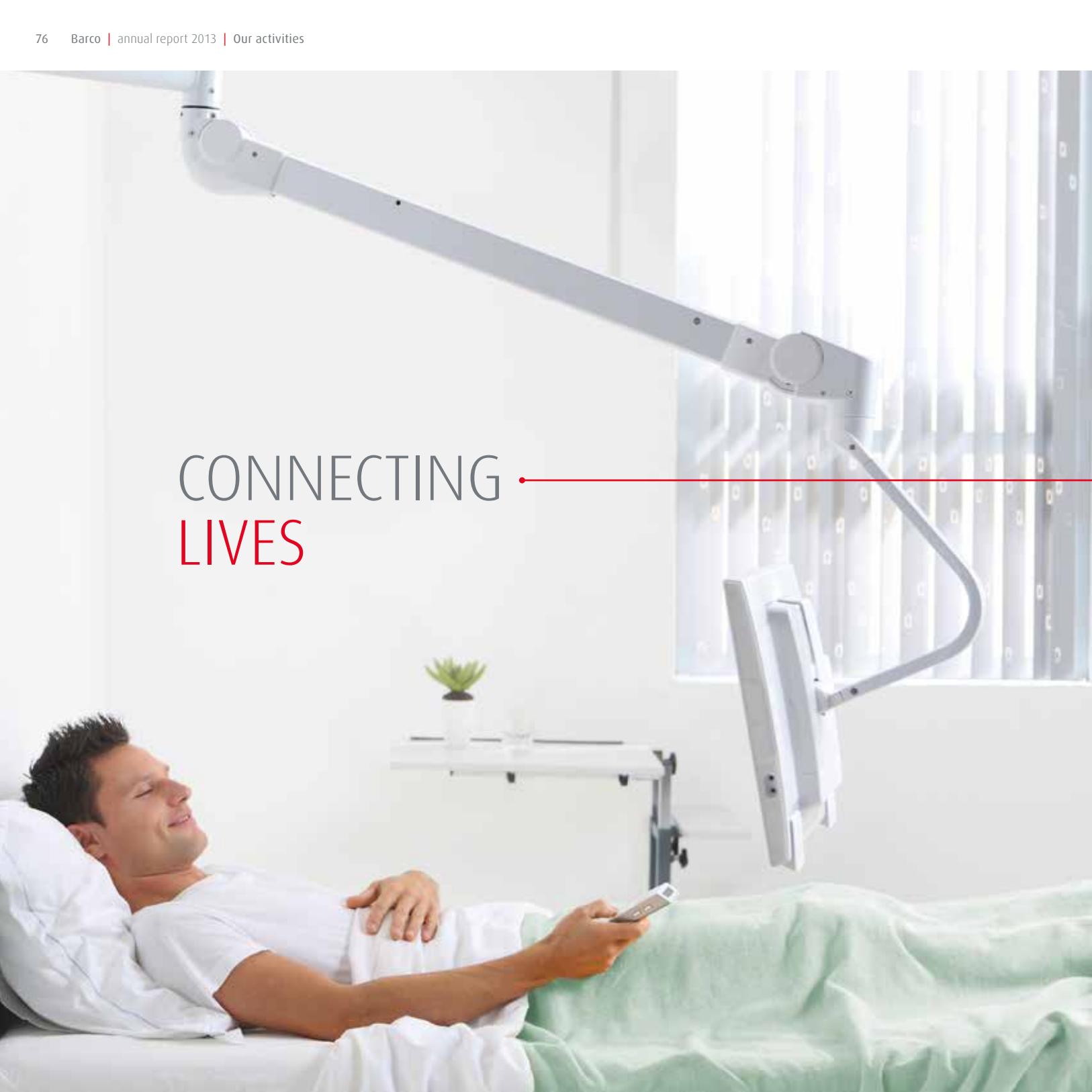
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But more than that, accountability is key throughout our entire company culture. We take ownership both individually and collectively. People are proud of being part of the Barco family – and this pride drives them to find ways to take the company forward, even if it requires extra personal effort.

From product managers diversifying the product portfolio so that we can reach multiple markets to sales administrators developing their skills in the Six Sigma tools, everyone of us meets challenges with a positive attitude. And we all know that a positive mind leads to positive solutions. Is there a better way to keep customers and colleagues satisfied?

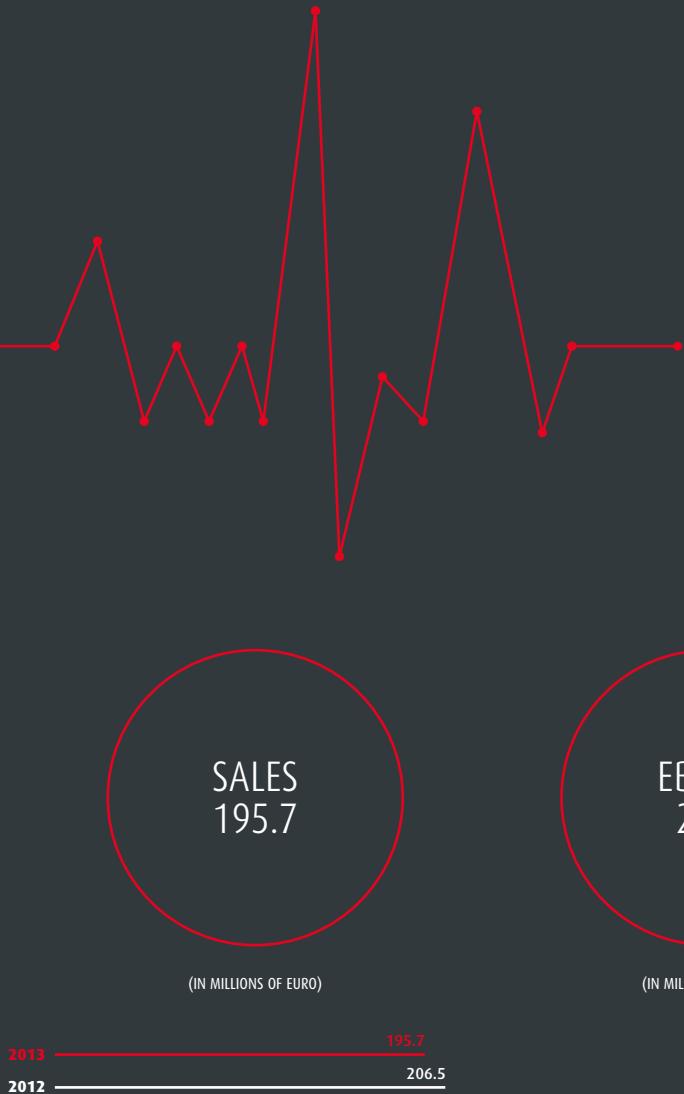
**Alberto Caycho Polonio**  
Sales Coordination





CONNECTING  
LIVES

# Healthcare



CareConnex connects lives by helping patients keep in touch with friends and family at home. By helping build relationships between patients and their caregivers. And by making vital patient information available to those who make life-defining decisions.

New segments  
(digital surgery &  
hospital IT systems)  
**15%**

SALES PER  
SEGMENT<sup>\*</sup>

**85%**  
Traditional segments  
(diagnostic & modality)

\* approximate percentages based on sales 2013



**BARCO** **Barco** @Barco Had an amazing time in #Chicago at #RSNA13. Thanks to all our partners and see you next year! 5 dec

Expand ↗ Reply ↗ Retweet ★ Favorite \*\*\*More

**Hospedia** @Hospedia Powered by Hospedia, @Barco's CareConnex in the news hpron-line.com/dailyupdates/N... via @HPN\_Online 25 Nov

Expand ↗ Reply ↗ Retweet ★ Favorite \*\*\*More

**AMD FIREPRO** **AMD FirePro** @AMDFirePro New @Barco MXRT-7500 Medical Imaging Display controller using AMD FirePro W series technology 3 Dec

Fireuser.com/blog/barco\_mxrt-7500 pic.twitter.com/q1H119CeL



Expand ↗ Reply ↗ Retweet ★ Favorite \*\*\*More

Follow us on twitter



## OUR STRATEGIC CHOICES

# 3 QUESTIONS TO PIET CANDEEL

BARCO'S GENERAL MANAGER HEALTHCARE

### **What key trends are driving your business?**

The driving forces behind our activities are: the need for increased efficiency and value in healthcare, demand in emerging markets, the consumerization of healthcare – turning patients into medical shoppers and shifting more responsibility to them – and ‘the network’ as a universal platform for new technologies.

### **What will the healthcare business be like moving forward from here?**

We're gearing up for sustainable growth over the next few years – especially in the new market segments of surgical imaging and healthcare IT – while securing our leadership position in diagnostic imaging and mammography. Our extended geographic focus will be on Brazil, China, Russia and the Middle East.

### **What will be the main focus in terms of capabilities and technology?**

Through a continuous focus on innovation in display technology, we continue to improve diagnostic image quality while bringing economic value to radiology. Additionally, we will incorporate new functionality into our digital OR offering and expand our interactive patient care solutions.

## OUR MILESTONES



The precision healthcare specialists need



Built with healthcare specialists in mind, Barco's Eonis displays help you deliver the best patient care. View crisp medical images to make confident decisions. See consistent images for easy collaboration with colleagues. Share images with patients to explain procedures and treatments. And enjoy a stylish design that blends perfectly into your medical office.

Eonis is also available with a white cover, featuring a protective front glass panel that can be cleaned and disinfected completely.

BARCO

www.barco.com/medical

www.eonis.be

### 12 MARCH

Targeting the dental and clinical markets with the attractive, fully cleanable 22" Eonis display



### 21 JUNE

Smart bedside terminals installed at Oost-Limburg Hospital – a first in Belgium

## CareConnex

powered by



### 03 JUNE

Launch of CareConnex in partnership with Hospedia: a complete interactive patient care solution

**The best just got better**

With the Nio Color 3MP LED diagnostic display system, Barco brings dependable diagnostic imaging to its users. The Nio Color 3MP features a bright, high-contrast image, power LED backlights & a backplane, cold-steel anti-reflection, today's industry standard for diagnostic imaging. See more shades of gray to detect subtle details more quickly. View perfect DICOM images, thanks to a unique front sensor for intervention-free calibration. And make confident diagnostic decisions, while reducing footprint and extending lifespan.

**Nio Color 3MP LED**

[www.barco.com/healthcare](http://www.barco.com/healthcare)

**BARCO**

**09 JULY**

Introduction of 3MP diagnostic displays with LED backlights allow radiologists to see more detail

F R O S T &amp; S U L L I V A N

# 2013

B E S T  
P R A C T I C E S  
A W A R D

**02 OCTOBER**

Recognized by the Frost & Sullivan 2013 product line strategy award for diagnostic imaging displays that increase radiologist productivity and maintain the best possible image quality

**20 NOVEMBER**

Launch of complete line of network-enabled (Nexxis-compatible) surgical displays

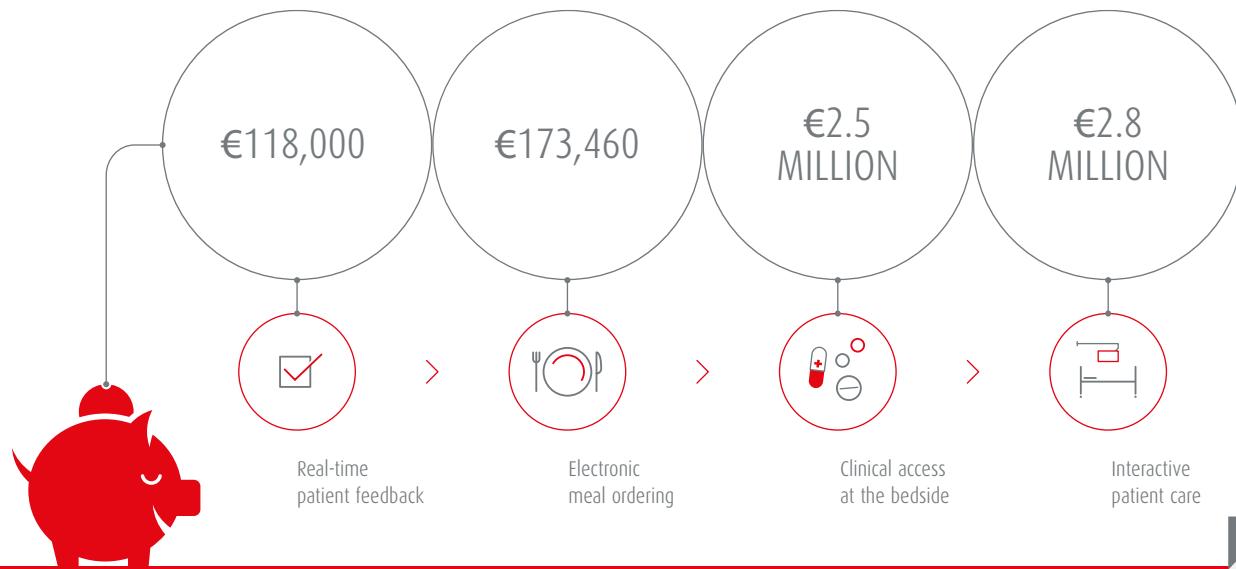
## MARKET TRENDS [01]

# FASTER DIAGNOSES WITH FLATTENING BUDGETS

Lifestyle-linked diseases (e.g. cardiovascular diseases, diabetes, etc.) continue to grow globally, while an ageing population increases the level of care required by patients. **By 2050, the number of patients per doctor is expected to double, driving the need for faster and more efficient diagnoses.**

At the same time, healthcare spending is under scrutiny. The Affordable Care Act in the United States, for example, urges the US healthcare industry to save €563 billion in the next decade. Hence, the industry needs new ways to deliver care more efficiently and more effectively.

Our entire product portfolio has been built to reduce the total cost of ownership and provide a high return on investment. As a proof point of what our solutions can do, we gladly refer to a study carried out by Deloitte and Hospedia which indicates that CareConnex for interactive patient care can help save hospitals no less than €2.8 million per year!



With the introduction of the Coronis Fusion 6MP with LED backlights – for viewing of multi-modality diagnostic images side-by-side on a single screen – we managed to **increase a radiologist's reading productivity by up to 19%** while reducing eye strain (see Montefiore study).

**The best just got better**

Did you know that, compared to a dual-head 3MP system, a 6MP diagnostic display has proven to increase productivity by up to 19% while reducing eye strain? For even better performance, Barco has now optimized its 6MP diagnostic display with LED backlight technology. Boost brightness levels for enhanced diagnostic accuracy, while saving energy and extending lifespan. See more shades of gray to detect subtle details more quickly. And reduce windowing and leveling time to read more studies each day.

**Coronis Fusion 6MP LED**

[www.barco.com/healthcare](http://www.barco.com/healthcare)

**BARCO**  
visibly yours

## MARKET TRENDS [02]

# PATIENTS OR MEDICAL SHOPPERS?

In a time when better quality of life is rapidly becoming a habit of life, active healthcare is shifting from institutions to individuals. **Consumerization of healthcare** refers to the trend of transforming patients into consumers and shifting more responsibility for care to the patient. Patients today are 'medical shoppers', empowered by the Internet to actively research, assess, and rate healthcare and healthcare delivery organizations.

In the USA, for example, the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey provides a standardized methodology for **measuring patients' perspectives on hospital care**. These scores directly impact reimbursements from healthcare insurers and give good healthcare providers a competitive edge.

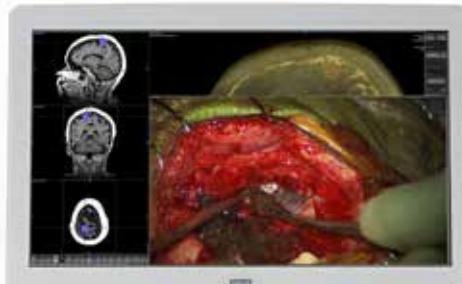
With our interactive patient care solutions, we enable healthcare providers to position themselves for success. Offering a host of patient-focused services (e.g. TV, Internet, video-on-demand, and extensive patient education and feedback options), CareConnex has a significant impact on patient satisfaction, which is a valuable indicator of the quality of care delivered and can even impact hospital reimbursement.

## MARKET TRENDS [03]

### IP AS A COMMON BACKBONE

New trends – such as e-health, Electronic Medical Records, remote surgery, among others – are radically transforming healthcare delivery. Therefore, patient records, diagnostic information, and even the operating theater are **increasingly relying on networked technologies to change the way we access and share health information.**

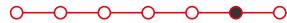
Providing a universal IT platform, IP technology is able to **link patient data from previously disconnected systems**, offering medical staff a patient-centric view of health information. Facilitating access, retrieval, and sharing of patient data, this technology enables healthcare professionals worldwide to provide safer, timelier and more effective care.



We introduced a complete line of network-enabled surgical displays (MDSC) that feature an integrated IP decoder and are fully compatible with the Nexxis digital OR solution. This way, surgeons can easily distribute uncompressed video and data over the IP network, to any location, and without delay.



## OUR VALUES



Barco has always operated at the forefront of technology. Over the years, we've introduced a number of firsts in many industries, including the healthcare industry: the first 10MP diagnostic display, the first seamless multi-modality display, MediCal QAWeb for online QA and asset management, and many more.

Additionally, we have developed a host of patented image-enhancing technologies to present radiologists with the best possible diagnostic image quality. With about 60 technology patents in healthcare imaging – over 200 Barco-wide – we have an astonishing legacy of technological breakthroughs.

---

### We have an astonishing legacy of technological breakthroughs

---

Our most recent innovation is the LED backlights that have been designed specifically for healthcare applications. They render more JNDs (Just Noticeable Differences) to help radiologists see more shades of gray. We have also re-designed our patented uniformity technologies for the unique characteristics of LED backlit displays to make it easier to detect the smallest abnormalities.

By making subtle details more noticeable more quickly, we can reduce windowing and leveling time so that radiologists can read more studies each day – and, ultimately, deliver better care. It's amazing to see how you can make a difference by putting people and technology together.

**Tom Kimpe**  
Technology & Innovation Healthcare



# CONNECTING BIG DATA.



Reliance Petroleum, India

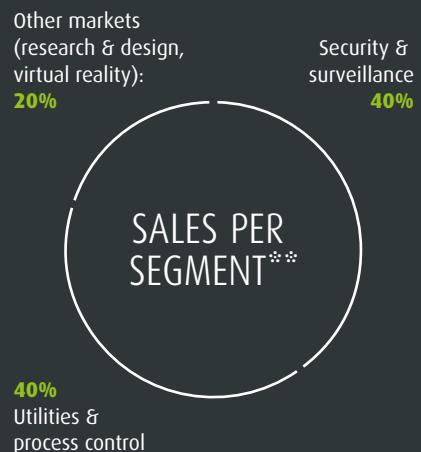
# Industrial & Government



2013	192.5	
2012	205.2	



13.3	
23.9	



\* according to reporting structure of 2013

\*\* approximate percentages based on sales 2013

## OUR MILESTONES



### 29 JANUARY

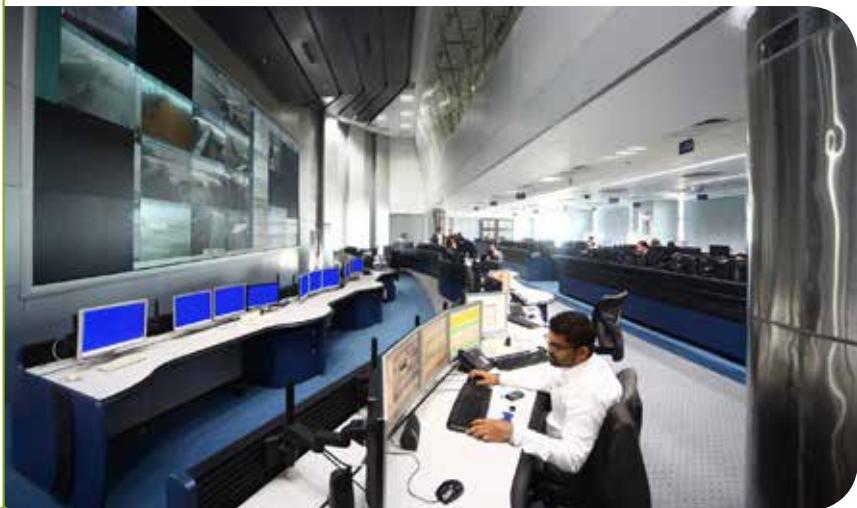
Introduction of free-standing OBLX structure for tiled LCD video walls

### 25 MARCH

Visualizing 3,000 cameras and 60,000 passengers per year for Delhi International Airport

### 22 APRIL

180 partners and customers attended the Brazilian AVS Days, a one-day event zooming in on networked visualization



**06 JUNE**

Dassault Systèmes selects our Galaxy projectors and powerwalls to demonstrate immersive 3D experiences in its new state-of-the-art Executive Briefing Center

**12 JUNE**

New version of networked visualization system for faster response times and better decision-making

**16 OCTOBER**

Supporting intelligent traffic monitoring in 5 Brazilian Operation Control Centers

**True colors, for life**

Barco presents an expanded OverView family of rear-projection video walls, the most comprehensive portfolio on the market today. This impressive product range offers the most optimal visualization solution for any control room, not only in terms of image quality, but also in viewing comfort, ease of maintenance, and cost of ownership.

- Warmest LED colors
- Automatic white point and color calibration
- Liquid cooling for longer lifetime
- Multiple redundancy levels
- 3rd generation LEDs for unmatched brightness

Discover our complete portfolio on  
[www.barco.com/overviewled](http://www.barco.com/overviewled)

**20 AUGUST**

Release of two new rear-projection video wall cubes in the OverView M series (MVL-621 & MVL-721)



 BARCO Visibly yours	<b>Barco</b> @Barco Refurbishing the #control #room @eandis_cvba, #Belgium's biggest distribution #grid operator, reflects deep expertise <a href="http://ow.ly/qa2f4">http://ow.ly/qa2f4</a> <a href="#">Expand</a>	25 Okt Reply Retweet Favorite More
 BARCO Visibly yours	<b>Barco</b> @Barco Keeping an eye on Brazil's highways thanks to Arteris & our OVL #videowalls. Drive safely! #controlrooms #traffic <a href="http://ow.ly/pRPu0">http://ow.ly/pRPu0</a> <a href="#">Expand</a>	16 Okt Reply Retweet Favorite More
 BARCO Visibly yours	<b>Barco</b> @Barco What will urban mobility look like in the future? Barco happily sponsored the #ITS Congress #Brussels <a href="http://ow.ly/pzwAN">http://ow.ly/pzwAN</a> <a href="#">Expand</a>	7 Okt Reply Retweet Favorite More
 BARCO Visibly yours	<b>Barco</b> @Barco New version of networked visualization system for faster response times&better decision-making/1 <sup>st</sup> showcase @InfoComm <a href="http://bit.ly/11vCZIL">http://bit.ly/11vCZIL</a> <a href="#">Expand</a>	12 Jun Reply Retweet Favorite More

Follow us on twitter



## OUR STRATEGIC CHOICES

# 3 QUESTIONS TO JACQUES BERTRAND

**BARCO'S GENERAL MANAGER INDUSTRIAL & GOVERNMENT**

### **What key trends are driving your business?**

The rise of the smart city, natural resources exploration, and energy management systems, combined with a growing demand for effective visualization in emerging and mid-end markets, are our key drivers.

### **What will the industrial & government business be like moving forward from here?**

With big data and collaboration becoming increasingly important, the main focus will be on networked visualization. Additionally, we'll be expanding into the mid-segment with a smart and tiled LCD offering.

### **What will be the main focus in terms of capabilities and technology?**

We will invest in new screen technologies and LCD-based solutions. The development of enhanced and integrated networking and collaboration technologies will remain at the center of our activities. Additionally, we will leverage our professional services as a differentiator.



Our TransForm N networking technology is being used in  
**1,000 digital control rooms worldwide.**

## MARKET TRENDS [01]

# SMART GRIDS AND NETWORKED COLLABORATION

A global need for efficient energy usage is fueling the rise of smart grids – which connect thousands of smart meters that communicate over an intelligent network to monitor energy performance and anticipate usage patterns. IBM predicts that, **by 2020, smart grid technology will be a €32 billion business** – up from €3.6 billion in 2011.

Networked technologies are re-defining the industrial and governmental landscape – with emergency, traffic, security and process control centers increasingly sharing information and collaborating to enhance situational awareness. As the volume of data to be monitored and analyzed continues to grow at an astonishing rate, **clear and accurate data representation is becoming central to networked operations.**

[Click here](#)

to discover how Barco control rooms enable a smarter tomorrow

**Smarter visualization**

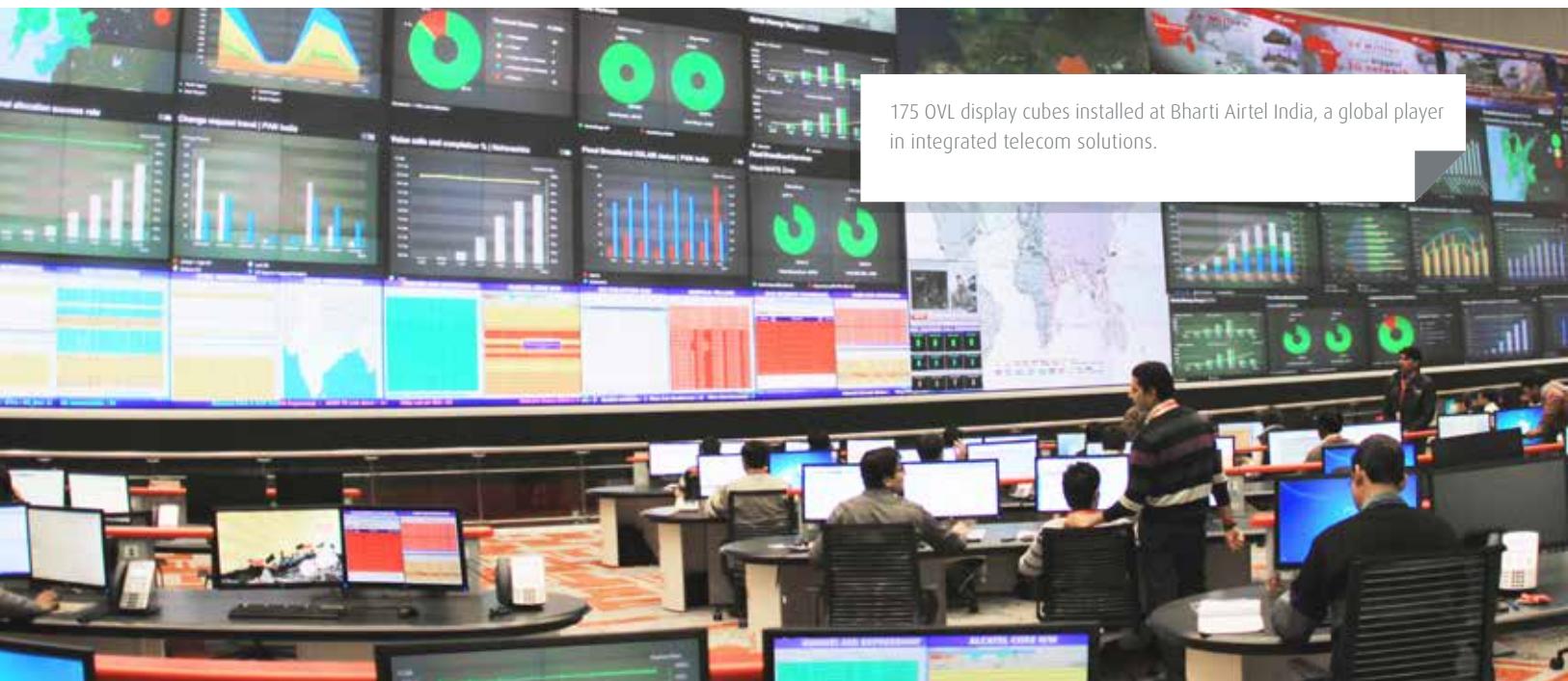
Networked visualization leading to smarter decision making

A reliable networked visualization solution is indispensable to monitor, analyze, and share an ever increasing number of video and data sources all over the world. That is why Barco designed its networked visualization solution, the simplest and most flexible way to securely distribute any information to any location. The result: faster and smarter decision-making.

Learn more about networked visualization at [www.barco.com/networked-visualization](http://www.barco.com/networked-visualization)  
[www.barco.com/controlrooms](http://www.barco.com/controlrooms)

**BARCO**  
**visibly yours**

Our new digital control room solution accelerates response times when navigating through 'big data' and improves decision-making. Including major security, synchronization, performance and applicability improvements, the new version is an even smarter solution for collaboration, enabling governments and companies to distribute any visual information to any location.



175 OVL display cubes installed at Bharti Airtel India, a global player in integrated telecom solutions.

## MARKET TRENDS [02]

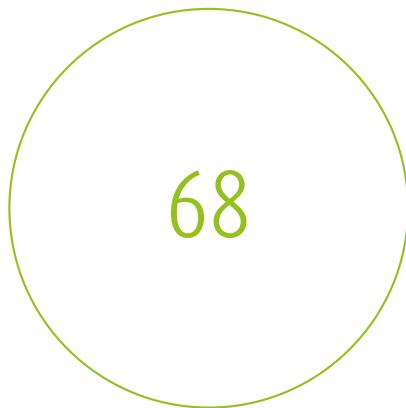
# BRIC COUNTRIES: NEW INFRASTRUCTURES

**Industrial and urban growth is driving large infrastructure investments in the emerging BRIC markets.** For example, Brazil's infrastructure budget for the 2016 Olympics is €10 billion. Goldman Sachs estimates that, over the next 10 years alone, India will require €1.2 trillion in infrastructure investment. And in 2013, the Chinese government approved plans for €115 billion in infrastructure spending.

Diverse infrastructure projects in airports, railways, roads, urban transport, stadiums, hotels, and telecommunications are raising demand for control room technology as well as smart city management systems.



40 OVL display cubes installed at Arteris S.A., one of Brazil's largest toll road concession holders.



China's largest control center display – comprising **68 OVL display cubes** – is at the heart of the country's State Grid System.



OBLX free-standing structure for LCD video wall displays

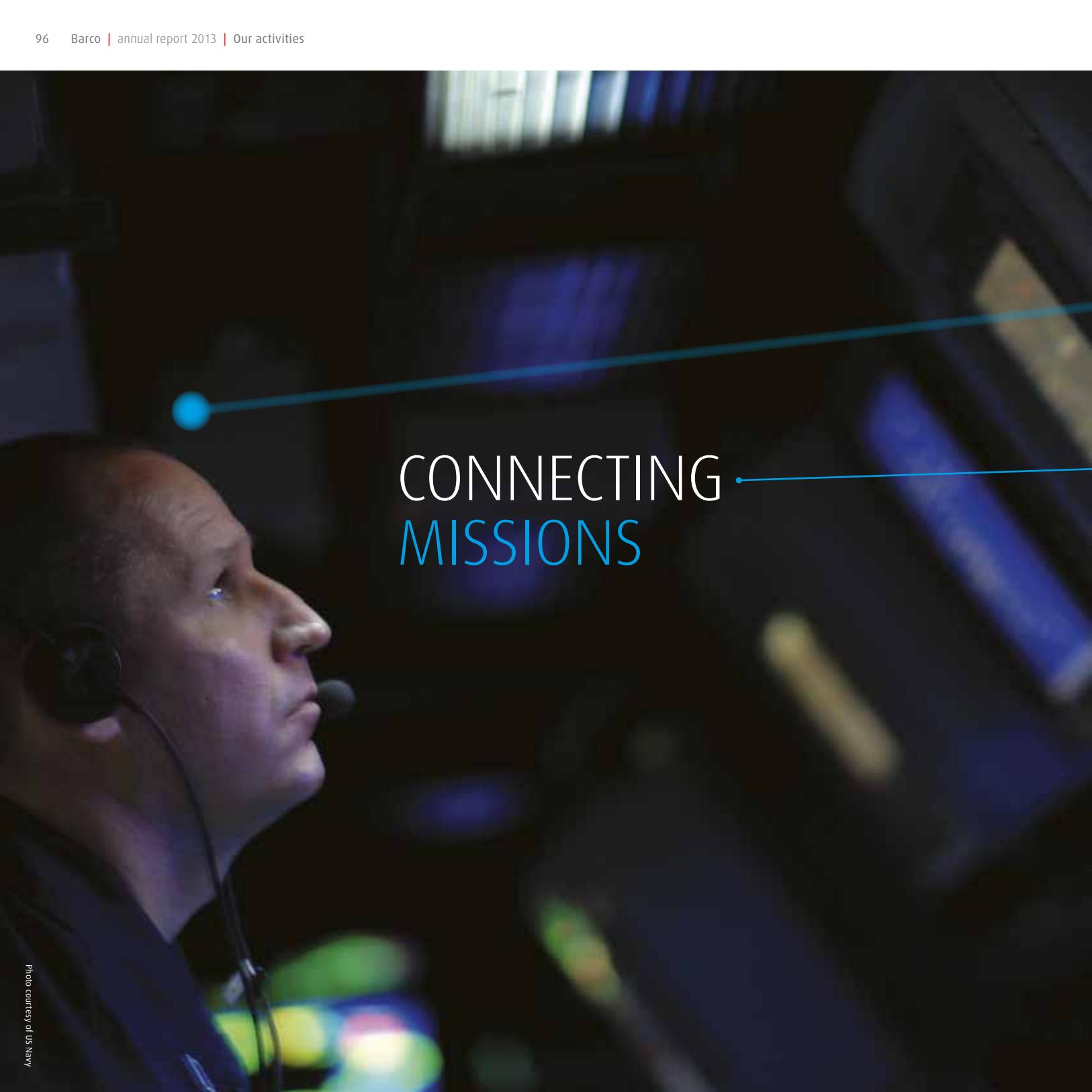
## MARKET TRENDS [03]

### LARGE-DISPLAY TECHNOLOGY FOR SMALLER CONTROL ROOMS

Big data, networked collaboration, and new infrastructures are increasing demand for large-display technology in small to medium-sized control and collaboration rooms. For these mid-end markets, **tiled LCD video walls provide a flexible, cost-effective, easy-to-install, and easy-to-maintain alternative** to rear-projection video walls.



The introduction of the **OBLX free-standing LCD video wall** structure enables users to position a video wall at any location. Because no wall support is needed, an OBLX can be placed in control rooms, meeting rooms, lobbies, emergency operations centers, or even art exhibitions and retail stores. Moreover, using extension kits, a 2x2 LCD video wall can be expanded with virtually no horizontal limit!



A man in profile, wearing a black headset with a microphone, is looking towards the right. He is positioned on the left side of the frame. In the background, there is a large screen displaying a dark interface with several glowing blue and green circular elements. A prominent blue line graphic starts from the top left, goes down to the right, then turns diagonally up and to the right, ending with a small blue dot. The overall atmosphere is dark and professional.

# CONNECTING MISSIONS

# Defense & Aerospace



Our solutions for defense and aerospace applications bring you the clearest and most accurate images. Connect to mission-critical information in no time, make life-saving decisions thanks to increased situational awareness, and improve mission effectiveness.



(IN MILLIONS OF EURO)

2013	149.7
2012	167.3



(IN MILLIONS OF EURO)

2013	20.2
2012	17.6



\* according to reporting structure of 2013

\*\* approximate percentages based on sales 2013

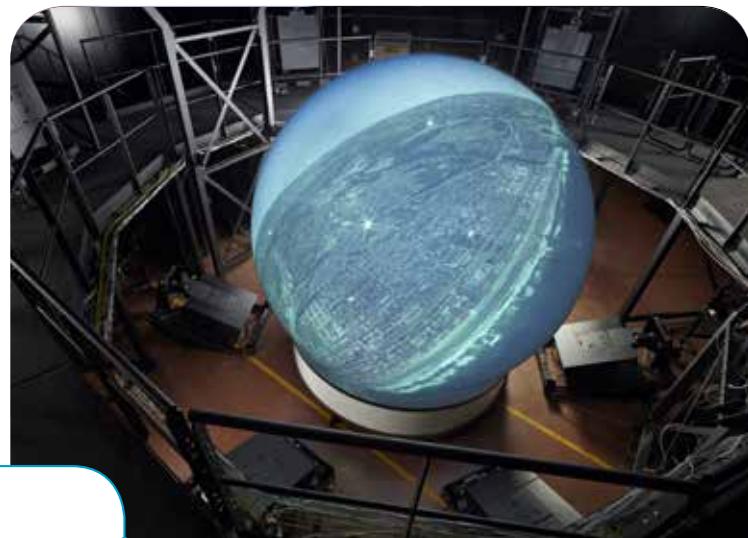
## OUR MILESTONES



TCD-361

### 11 FEBRUARY

New wide-screen tower display for air traffic control



### 20 MAY

New U.S Training & Simulation Demo Center



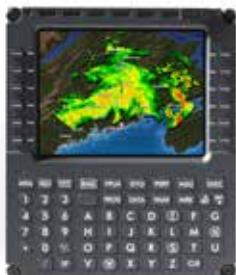
### 10 JUNE

Installation of the first simulation and virtual reality training system for China's commercial aviation industry

### 17 JUNE

Introduction of extremely lightweight avionics display (FDU-2108)

CDMS-3000

**18 JUNE**

Russian authorities place follow-on order for 6 Beriev aircraft



F-50

**27 NOVEMBER**

Launch of the world's most compact 120 Hz WQXGA projector for training & simulation

**21 JUNE**

Introduction of the cockpit of the future at Paris Air Show

**10 SEPTEMBER**

Introduction of rugged desktop-over-IP solution (Nexxis RNA)

**7 OCTOBER**

ISIS 2Kx2K main display for air traffic control redesigned for more comfort and higher performance



Watch more on our YouTube channel



## OUR STRATEGIC CHOICES

### 3 QUESTIONS TO DAVE SCOTT

**BARCO'S GENERAL MANAGER DEFENSE & AEROSPACE**

#### **What key trends are driving your business?**

We notice three major trends in our industry. The first is a focus on 'lowest cost, technically acceptable' solutions due to government budget restraints. The second is growth in the BRIC countries where we see increased airline travel, new airports and additional defense and security needs. Finally, we see an increase in unmanned systems taking over critical jobs where danger and risks are very high.

#### **What will the defense & aerospace business be like moving forward from here?**

There is a distinct shift from military to civil aerospace business so we will focus our portfolio on this area, especially for civil flight simulation as well as the civil airline industry. The principles that define the defense market will remain however, so we will continue to adapt our products to also meet the future needs of this segment.

#### **What will be the main focus in terms of capabilities and technology?**

We will focus on products that are lower weight, lower cost, using multi-touch and networked technologies. These will be targeted to unmanned systems, civil simulators and avionics environments with a special regional focus on the BRIC and APAC regions.

## MARKET TRENDS [01]

# COST IS EVERYTHING!

With budgetary pressures increasing (mainly in the US, which represents 40 - 50% of the global defense market), governments are adopting a '**low price, technically acceptable**' attitude in order to decrease military spending. They are selecting those products that meet the minimal requirements and come with a lower price tag, rather than their high-level, best-value counterparts.

Cost-conscious strategies are also driving the need for **commercial and military aircraft to become more fuel-efficient**. For most airlines, fuel costs (about 40% of operations) have surpassed labor costs as their largest expense. This is prompting the industry to implement fuel-saving practices, such as simulator-based training, the use of light-weight materials, and new flight techniques.



Commercial Aircraft Corporation of China Ltd. (COMAC) has selected our simulation and virtual reality training system for the day-to-day training of its aerospace engineers. This is the **first simulation and virtual reality system in China's commercial aviation industry**.



We introduced the FDU-2108, **the lightest 12" flight display for business jet cockpits**. Weighing only 2 kg, and without compromising on image quality and reliability, the FDU marks a major breakthrough in cockpit display design.

## MARKET TRENDS [02]

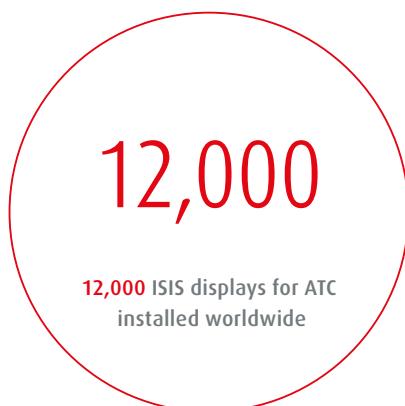
# EMERGING COUNTRIES BECOME SELF-RELIANT

Just as they seek self-sufficiency in their economy, **developing countries are pursuing self-reliance in defense technology**. Establishing an indigenous defense industry helps meet domestic needs and protect national security.

Needless to say, this evolution opens up opportunities. In India, for example, military spending will likely total nearly €110 million by 2017 (McKinsey). **The BRIC countries and the Asia-Pacific region in particular will offer tremendous export potential for global defense industries, especially for those with a local presence.**



Brazilian Airspace Control System Implementation Commission (CISCEA) has ordered no less than **437 ISIS displays** for use in its air traffic control and training centers for military operations across the country.



## MARKET TRENDS [03]

# UNMANNED AIRCRAFT: THE FUTURE

The rise of network-centric systems and cyber defense are fueling the quick adoption of unmanned aircraft systems (UAS). These remotely piloted, or self-piloted, aircraft systems can be used for military (e.g. reconnaissance & surveillance) as well as civil applications (e.g. firefighting, law enforcement, pipeline monitoring). The civilian air space will reportedly be open to all kinds of UAS in the US by 2015, and in Europe by 2016. Additionally, despite increasing budget constraints in the defense and aerospace industries, the international market for unmanned aircraft systems is expected to double to €100 billion in the next decade (according to the Association for Unmanned Vehicle Systems International).



Our Nexxis RNA adapters support uncompressed streaming of desktop content (DVI, audio, USB) over the IP network, enabling real-time interaction with remote servers or computers – without dedicated video switches and without sacrificing image quality!

With the new HD-30 rugged display, we added new technologies to **improve operator performance and comfort in mobile shelters and ground stations, from which UAS are typically operated**. Minimal power consumption, noiseless operation, ultra-fast image rendering, and highly accurate Infrared technology are just a few of the differentiators.



## OUR VALUES



Good team players act in the best interests of the company. They put aside differences to resolve issues and move forward for the common good. They treat colleagues with respect. And they are confident and trusting, encouraging team members to get the job done.

Team play is a crucial asset in our project deployment team. Collective effort and mutual cooperation are second nature to us. By working together as one team – across geographic and organizational boundaries – we achieve common goals and ultimately get the results we're after.

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### Winning as a team is one of our greatest motivators

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Winning as a team is one of our greatest motivators, driving us to do things better – together. With the iXL program (our employee-driven improvement program), for example, we motivate colleagues worldwide to share their ideas and best practices through a dedicated online platform.

In addition to all of those aspects of team play, we collaborate on helping people grow personally as well as professionally. Last year, about one hundred of our colleagues organized and participated in the Barco Play Days, providing games and activities for children in need. That's team play reaching out to the world.

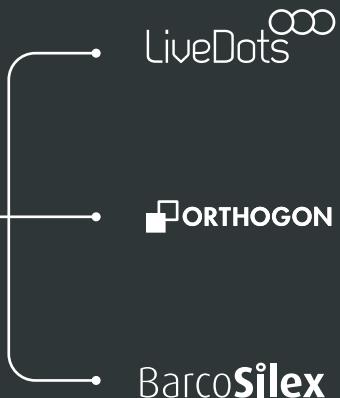
**Kenny De Cloedt**  
Program Office Management





CONNECTING  
BUSINESSES

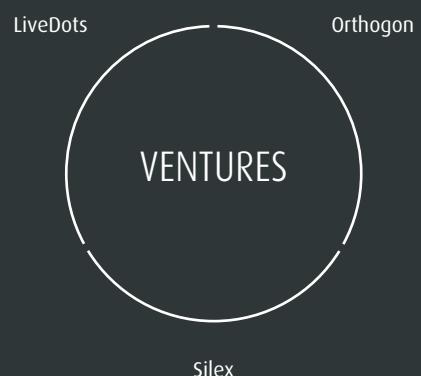
# Ventures



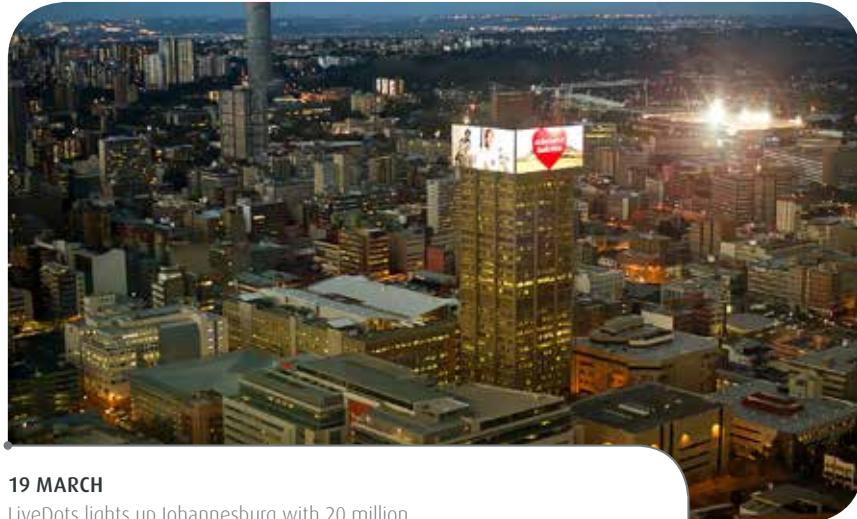
2013	101
2012	98.3



9.9
6.9



## OUR MILESTONES



### 19 MARCH

LiveDots lights up Johannesburg with 20 million LEDs – the largest LED solution to date!



### 7 APRIL

Silex FPGA design speeds transactions in award-winning Atos Worldline Hardware Security Module (HSM)

### 8 APRIL

LiveDots adds C8 to its G-series LED display family



**6 June**

Orthogon extends proven air traffic management software to support airports and airlines



**3 JULY**

LiveDots introduces V14m, a 14mm transparent LED display

**12 September**

Silex launches Video over IP with JPEG 2000 reference design

**18 December**

Orthogon wins Best-in-Class award at the SESAR SWIM Master Class



# Directors' report



## DECLARATION REGARDING THE INFORMATION GIVEN IN THE ANNUAL REPORT 2013

The undersigned declare that:

- » the annual accounts, which are in line with the standards applicable for annual accounts, give a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated companies;
- » the annual report 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.

Eric Van Zele, CEO

Carl Peeters, CFO

## OWNERSHIP OF THE COMPANY'S SHARES

On 31 December 2013, the capital amounted to 55,533,952.32 euro, represented by 12,988,829 shares. Ownership of the company's shares was as follows:

Gimv (*)	9.62%	(1,249,921)
Dr. Ir. U. Vandeurzen Management Firm Nv (*)	2.85%	(369,861)
Norges Bank (the Central Bank of Norway)	3.23%	(418,742)
Templeton Investment Counsel, LLC	4.90%	(636,239)
Barco	5.50%	(715,206)
Public	73.90%	(9,598,860)
Total	100%	(12,988,829)

### Fully diluted

Gimv (*)	9.47%	(1,249,921)
Dr. Ir. U. Vandeurzen Management Firm Nv (*)	2.81%	(369,861)
Norges Bank (the Central Bank of Norway)	3.18%	(418,742)
Templeton Investment Counsel, LLC	4.82%	(636,239)
Barco	5.41%	(715,206)
Public	74.31%	(9,810,683)
Total	100%	(13,200,652)

(\*) acting in concert

# CORPORATE GOVERNANCE STATEMENT

## INTRODUCTION

In accordance with article 96, §2 of the Companies Code, Barco applies the Corporate Governance Code 2009 as reference code. This code can be downloaded via the link [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

Barco's Corporate Governance Charter is available for download at [www.barco.com/investors/corporategovernance](http://www.barco.com/investors/corporategovernance).

## BOARD OF DIRECTORS, BOARD COMMITTEES AND CORE LEADERSHIP TEAM

### BOARD OF DIRECTORS

Situation on 1 March 2014

Chairman	<b>Herman Daems</b> (1)	2016*
President & CEO	<b>Eric Van Zele</b> (3)	2014*
Directors	ADP Vision BVBA (represented by <b>Antoon De Proft</b> ) (2)	2015*
	Praksis BVBA (represented by <b>Bruno Holthof</b> ) (2)	2014*
	Lumis NV (represented by <b>Luc Missorten</b> ) (2)	2014*
	Oosterveld Nederland B.V. (represented by <b>Jan P. Oosterveld</b> ) (1)	2014*
	KANKU BVBA (represented by <b>Christina von Wackerbarth</b> ) (2)	2016*
	Adisys Corporation (represented by <b>Ashok K. Jain</b> ) (2)	2017*
Secretary	<b>Kurt Verheggen</b>	General Counsel

(1) non-executive directors // (2) non-executive independent directors // (3) executive director

\* Date on which the term of office expires: end of the annual meeting

## BOARD OF DIRECTORS



**Eric Van Zele [05]**

President & Chief Executive Officer



**Bruno Holthof [07]**



**Herman Daems [06]**

Chairman of the Board of Directors



**Antoon De Proft [08]**

## BOARD OF DIRECTORS

### **Herman Daems** (°1946)

[06] is Chairman of the Board of Directors of Barco and BNP Paribas Fortis. He is also Chairman of the International Private Equity Valuation Guidelines Board and he holds several other Board positions. Professor Daems is on the faculty of the K.U. Leuven. He studied theoretical physics and economics and holds a PhD in Economics.

### **Eric Van Zele** (°1948)

[05] has been President and CEO of Barco since 2009. He is Chairman of the Board of Reynaers Aluminium NV. Previously, he held top management positions at the Indian Avantha Group, Pauwels International, Telindus NV and Raychem Corporation. Mr. Van Zele holds a Master's degree in Mechanical Engineering from the K.U. Leuven and post-graduate degrees in Management from Stanford University.

### **Antoon De Proft** (°1960)

[08] holds a Master's degree in Electrical Engineering and a post-graduate degree in Medical Engineering. He has been President & CEO of ICOS Vision Systems Corporation. Today, Mr. De Proft has his own consultancy company, and he serves on several Boards, including a position as Chairman of IMEC.

### **Bruno Holthof** (°1961)

[07] is CEO of the Antwerp Hospital Network, a major Belgian hospital group. Prior to this, he was a partner at McKinsey & Company, where he became an expert in the areas of strategy, organization and operations. He is also a Board member of bpost, Belgium's postal service. Mr. Holthof holds an MBA from Harvard Business School and an MD/PhD from the K.U. Leuven.

### **Luc Missorten** (°1955)

[04] is CEO of Corelio, a leading Belgian multimedia company, and CEO of Mediahuis, a joint venture between media groups Corelio and Concentra. He served on the Board of LMS and Bank Degroof. Before joining Corelio, he was CFO at Inbev and UCB. Mr. Missorten holds a Law degree from the K.U. Leuven, a Master of Laws from the University of California – Berkeley, and a Certificate of Advanced European Studies from the College of Europe in Bruges.

### **Jan P. Oosterveld** (°1944)

[02] held several senior management positions at Royal Philips Electronics before he retired in 2004. He is a professor at IESE, owns a consultancy company, and holds several Board positions. Mr. Oosterveld holds a Master's degree in Mechanical Engineering from the Technical University Eindhoven and an MBA from the IESE Business School, Barcelona.

### **Christina von Wackerbarth** (°1954)

[03] has held several top positions at VNU Belgium, VNU Magazines International, and the Flemish public broadcasting company VRT. Today, she is active as a Media Consultant and Executive Coach, and she serves on the Board of telecom operator Mobistar. Ms. von Wackerbarth holds a degree in Romance Philology and Linguistics, has completed an Advanced Management Program at Insead, and holds a Master's degree in Consulting and Clinical Coaching from HEC Versailles/Insead.

### **Ashok K. Jain** (°1955)

[01] holds a Master of Technology degree from the Indian Institute of Technology in Delhi, India. During his career, Mr. Jain has founded several technology start-ups and has converted them into successful businesses through strong leadership coupled with insights into emerging opportunities and trends in the global economy. Mr. Jain was founder and Chairman of the Board of IP Video Systems, which was acquired by Barco in February 2012. He currently serves as Chairman on the Board of Directors of Teraburst Networks Inc. and is an advisor to Rocket Fuel Inc. Mr. Jain is of Indian origin and has US citizenship.

### **Kurt Verheggen** (°1970)

serves as Company Secretary of the Board. He is the General Counsel of Barco. He started his career with the law firm Linklaters and then worked as Legal Counsel for CMB, GDF Suez and General Electric. He holds a law degree from the K.U. Leuven, a Master of Laws from Tulane University Law School in New Orleans, and a Master's degree in Real Estate from the Antwerp Management School.

## CHANGES

In 2013, following his temporary appointment by the Board, Mr. Ashok K. Jain (Adisys Corporation) was definitively appointed by the shareholders at the general meeting of 25 April 2013.

All non-executive directors hold or have held senior positions in leading international companies or organizations. Their biographies can be found on pages 114 - 116 of this annual report.

## BOARD COMMITTEES

Further to the changes in the Board, the composition of the various committees has also been adapted accordingly.

### AUDIT COMMITTEE

The audit committee is composed of three members, namely: Mr. Luc Missorten, who acts as Chairman, Mr. Bruno Holthof, and Mr. Jan P. Oosterveld. Mr. Missorten and Mr. Holthof are independent non-executive directors. The audit committee's members have relevant expertise in financial, accounting and legal matters as shown in the biographies on pages 114 - 116. The Board of Directors therefore opines that the audit committee meets the statutory requirements of independence and expertise in accounting and auditing. Each year, the audit committee assesses its composition and its operation, evaluates its own effectiveness, and makes the necessary recommendations regarding these matters to the Board of Directors.

Both the statutory auditor and the head of the internal audit have direct and unlimited access to the Chairman of the audit committee and to the Chairman of the Board of Directors.

### REMUNERATION & NOMINATION COMMITTEE

The Board of Directors has made use of the possibility to combine the remuneration committee and the nomination committee into a single committee.

The remuneration & nomination committee consists of three independent directors: Christina von Wackerbarth who acts as Chairman, Luc Missorten and Antoon De Proft, all being independent non-executive directors.

### STRATEGIC COMMITTEE

The members of the strategic committee are Herman Daems (Chairman), Eric Van Zele, Jan P. Oosterveld, Bruno Holthof, and Antoon De Proft. On 25 November 2013, the Board also appointed Mr. Ashok K. Jain as member of the strategic committee.

## CORE LEADERSHIP TEAM

Situation on 1 March 2013

**Jacques Bertrand [01]**

General Manager  
Industrial & Government



**Paul Matthijs [02]**

General Manager  
Retail & Advertising, Venturing



**Piet Candeel [03]**

General Manager Healthcare



**Carl Peeters [04]**

Chief Finance Officer



**Wim Buyens [05]**

General Manager Entertainment & Corporate

**Ney Corsino [06]**

General Manager  
International Sales & Sales Operations



**Jan Van Acoleyen [08]**

Chief Human Resources Officer



**Filip Pintelon [09]**

Chief Operating Officer

**Dave Scott [07]**

General Manager  
Defense & Aerospace

## CORE LEADERSHIP TEAM

### **Jacques Bertrand [01]**

joined Barco in 1986 after obtaining a degree in Electronic Engineering. He took up sales and product management roles in the former Barco Graphics division and was responsible for the start-up and expansion of Barco Graphics in Asia-Pacific. In 2000, he was appointed President Barco Japan, and in 2005, he was promoted to President Barco Asia-Pacific. In 2011, Mr. Bertrand became Chief Sales Officer of Barco and moved back to Belgium. In August 2013, he was appointed President of the Industrial & Government division.

### **Paul Matthijs [02]**

Paul Matthijs is General Manager of the Retail & Advertising and Venturing divisions. Prior to this position, he held several positions in R&D, product management and general management in the Medical Imaging, Entertainment and Venture divisions of Barco. Mr. Matthijs holds a Master's degree in Electronic Engineering and an MBA from Vlerick Business School.

### **Piet Candeel [03]**

is General Manager of the Healthcare division. Prior to his present position, he held several positions in marketing, sales, and general management in a variety of business units in Barco over a span of 25 years. Mr. Candeel holds an Officer Degree in Nautical Electronics, a post-graduate degree in Marketing from EHSAL Brussels and an MBA from the University of Antwerp (UFSIA). He is also a graduate of Stanford University's Executive Program (SEP).

### **Carl Peeters [04]**

started with Barco in 1987 and held the positions of Marketing Manager and Division Manager in the former Barco Graphics division. Later, he was responsible for mergers and acquisitions, and he was appointed CFO of BarcoNet when this division became a separate public company. After the delisting of BarcoNet in 2002, Mr. Peeters rejoined Barco, where he was appointed CFO in 2010. He holds a Master's degree in Applied Economics and a post-graduate degree in Business Administration.

### **Wim Buyens [05]**

is General Manager of the Entertainment & Corporate division. He started at Barco in November 2007 as Vice President Digital Cinema within the Media & Entertainment division. Prior to joining Barco, he held several management positions at the Danish technology company Brue & Kjaer. Mr. Buyens holds a degree in Engineering and obtained his executive management education at Stanford University and IMD in Lausanne.

### **Ney Corsino [06]**

is General Manager International Sales and Sales Operations. Prior to this, he managed Barco Latin America. Before joining Barco, he held several management positions at Philips. Mr. Corsino is originally from Brazil and holds a Bachelor's degree in Electronic Engineering and a post-graduate degree in Economics.

### **Dave Scott [07]**

is General Manager of the Defense & Aerospace division. He holds a degree in Electrical Engineering from Virginia Polytechnic Institute and State University. Mr. Scott was co-founder of Chromatics Inc., which was acquired by Barco in 1990. In 2001, he became Chief Operating Officer for BarcoView and, in January 2004, he was appointed President Barco North America. In 2010, Mr. Scott assumed his present position while maintaining legal responsibility for managing the North American region as the Head of Barco, Inc.

### **Jan Van Acoleyen [08]**

is Chief Human Resources Officer. Prior to joining Barco in 2007, he held senior HR positions in high-tech companies such as Alcatel and Agfa-Gevaert. Mr. Van Acoleyen holds a Master's degree in Educational sciences from the K.U. Leuven and an Executive MBA from the University of Antwerp.

### **Filip Pintelon [09]**

joined Barco in 2008 as President of Avionics & Simulation and President of Media, Entertainment & Simulation, before assuming the roles of COO and General Manager of the Networking division. Prior to joining Barco, he held top positions at LMS, Andersen Consulting and The Boston Consulting Group. After graduating from the K.U. Leuven with a Master's degree in Mathematics/Informatics in 1986, Mr. Pintelon earned an MBA from Vlerick Leuven Gent Management school.

## ACTIVITY REPORT ON BOARD AND BOARD COMMITTEES' MEETINGS

Reference is made to Title 1 and 2 of Barco's Corporate Governance Charter for an overview of the responsibilities of the Board of Directors and its committees.

The table below provides a comprehensive overview of the directors' attendance at the Board of Directors and committees' meetings:

	Board of Directors	Audit committee	Remuneration & nomination committee	Strategic committee
Eric Van Zele (3)	7	5	3	2
Herman Daems (1)	7		1	2
Bruno Holthof (2)	7	5		2
Luc Missorten (2)	6	5	3	
Jan P. Oosterveld (1)	7	5		2
Christina von Wackerbarth (2)	7		3	
Antoon De Proft (2)	7		3	2
Ashok K. Jain (2)	7			1

(1) non-executive directors (2) non-executive independent directors (3) executive director

### BOARD OF DIRECTORS

In 2013, the Board of Directors met 7 times. One of the meetings was held in the offices of projectiondesign® in Frederikstad (Norway).

At every meeting, the Board of Directors reviewed and discussed the financial results as well as the short to mid-term financial forecast of the company. In the beginning of the year, upon recommendation by the audit committee, the Board approved the financial results of 2012 and proposed the dividend for approval by the shareholders. It also deliberated on the renewal of the director's mandates as presented by the Remuneration and nomination committee. It deliberated on and subsequently approved the acquisition of AWIND. At dedicated meetings, the Board, in close concert with the core leadership team, reflected on each of the divisions' and ventures' strategies for the short to mid-term and approved the 2014 financial budget.

At regular intervals, the Board has reviewed the company's structure against its long term strategy, evaluated possible acquisition opportunities presented by the strategic committee, examined the divestment of assets deemed no longer strategic. The Board closely monitored the implementation of strategic projects such as the consolidation of the company's activities in Kortrijk on one campus or the implementation of one common ERP-system. Finally, the Board has also attended several demonstrations of new technologies in areas such as networked connectivity and wireless presentation.

## AUDIT COMMITTEE

The audit committee meets at least twice a year with the statutory auditor and the head of internal audit to consult with them about matters falling under the power of the audit committee and about any matters arising from the audit. The CEO and CFO also attend the meetings of the audit committee, unless the members of the audit committee wish to meet separately.

The audit committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the:

- » Risk management and internal control arrangements
- » Reliability and integrity of the Group's financial statements and periodical and occasional reporting
- » Compliance with legal and regulatory requirements as well as the Code of Ethics and Business Conduct
- » Performance, qualifications and independence of the external auditors
- » Performance of the internal audit function.

In 2013, the audit committee convened five times. The Chairman of the audit committee reported the outcome of each meeting to the Board of Directors. The yearly report of the activities of the audit committee, including the audit committee's self-assessment, has been submitted to the Board of Directors.

The statutory auditor attended three meetings during which it reported on the results of its audit procedures and highlighted specific attention points. The statutory auditor's management letter contained no recommendations for material adjustments.

The audit committee reviewed the Group's overall risk areas and risk management and control procedures related to the following areas: legal & compliance risks, IT risks, currency and treasury instrument risks, health, safety and environmental risks, internal control risks and insurance program.

Each quarter, the financial reports are discussed, with special attention to the critical accounting judgments and uncertainties, consistent application of valuation rules and off balance sheet obligations. The audit committee meeting of December is dedicated to the preparation of the year-end closing, with a particular focus on the review of the impairment testing procedures performed on goodwill and on capitalized development cost.

## REMUNERATION AND NOMINATION COMMITTEE

The remuneration and nomination committee meets at least two times per year, as well as whenever changes are necessary in the composition of the Board of Directors, be they appointments or reappointments. The committee is aware of the importance of diversity in the composition of the Board of Directors in general, and of gender diversity in particular. The committee takes this into account whenever new directors need to be appointed. In this respect, the Board is in the process of identifying potential candidates for future nominations given the upcoming membership renewals. The CEO participates in the meetings when the remuneration and nomination plan proposed by the CEO for members of the core leadership team is discussed, but not when his own remuneration is being decided.

In fulfilling its responsibilities, the remuneration and nomination committee has access to all resources that it deems appropriate, including external advice.

In 2013, the remuneration & nomination committee met 3 times.

The remuneration & nomination committee has reviewed the remuneration of the senior leadership team and the CEO. This included the definition and evaluation of bonus criteria, bonus deferral principles as well as an overall assessment of composition and positioning of the reward packages based on external data. This was done with regard to the 2013 bonus review as well as the 2013 salary review and bonus plans. In preparation for the general meeting, the committee prepared and reviewed the remuneration report. The nomination of new Board members and the performance as well as succession of the senior leadership team were also on the agenda. In 2013 the Chairman of the remuneration and nomination committee conducted individual interviews with key leaders in Barco supporting the strategy for 2014 and beyond.

With regard to the stock option plan 2013, the committee took the opportunity to investigate different equity-based reward practices and the characteristics of the stock option plan before approving and submitting it for Board approval. Upon the CEO's recommendation, the committee approved the grants for the senior leadership team and the principles for eligibility of Barco employees. The grant for the CEO was proposed and reviewed by the committee in preparation for Board approval.

## STRATEGIC COMMITTEE

The Board of Directors has set up a strategic committee, including the Chairman and the CEO. The Chairman presides over this strategic committee. Members of the executive management and other members can be invited to attend meetings of the strategic committee. The committee meets when an issue is introduced by the CEO. The committee meets at least one time per year to evaluate the existing strategy.

Upon the proposal of the CEO, the strategic committee discusses options that could influence the company's strategic path. Possible topics that may be discussed in this committee include acquisitions, mergers and the sale of a given activity. Other important strategic choices can also be discussed in the committee, such as investing in new technologies, markets or regions that could have an important impact on the future of the company. This relates to investments running over a number of years that involve a minimum engagement by the company of 10 million euro over the entire duration of the project.

In 2013, the strategic committee met 2 times.

The executive management presented a selected number of proposals for acquisitions. The strategic committee conducted in-depth discussions about the strategic value of the proposed transactions in view of the company's long-term strategy. The committee also evaluated the opportunities as well as the risk profiles of the projects and gave appropriate instructions regarding the transaction parameters.

## EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors regularly carries out a process of self-evaluation. The intention is to evaluate the functioning of the Board as a whole and of its committees. In this respect individual and private interviews are held with each of the directors, leading to a report which is submitted to the full Board for review and action. The topics discussed are: the quality of the interaction between management and the Board, the quality of the information and documents submitted to the Board, the preparation of the Board meetings, the quality of the discussions and decision-making of the Board, the extent to which all relevant strategic, organizational and managerial issues are addressed by the Board, and the contribution of all Board members to the decision-making process at the Board. This process

allows for actions to be taken, aiming at the continuous improvement of the governance of the company. Moreover, prior to a director's (re-) appointment, the remuneration & nomination committee discusses and evaluates the individual director's contribution to the Board.

The above is fully in line with the Corporate Governance Code. Reference is also made to Title 1 (1.3) of the company's Corporate Governance Charter on [www.barco.com/investors/corporategovernance](http://www.barco.com/investors/corporategovernance).

## REMUNERATION REPORT

### BOARD OF DIRECTORS

On 25 April 2013, pursuant to article 17 of the articles of association, the general meeting set the aggregate annual remuneration for the year 2013 at 2,354,075 euro for the entire Board of Directors. This amount also includes the remuneration for the executive director. The balance of the amount was apportioned amongst the other members of the Board in line with its internal rules.

Also in line with the internal rules, a fixed remuneration of 20,500 euro is granted to non-executive directors and an additional amount based

on attendance at meetings of the Board and of the committees. The attendance fee per meeting of the Board and the committees is set at 2,550 euro. The Chairman of the audit committee receives an attendance fee of 5,125 euro per meeting. These remunerations are charged as general costs.

Directors do not receive any remuneration linked to performance or results.

There were no shares granted.

	Fixed Remuneration	Board attendance	Committee attendance	Total 2013
Herman Daems	205,000*			205,000
Bruno Holthof	20,500	17,850	17,850	56,200
Luc Missorten	20,500	15,300	33,275	69,075
Jan P. Oosterveld	20,500	17,850	17,850	56,200
Christina von Wackerbarth	20,500	17,850	7,650	46,000
Antoon De Proft	20,500	17,850	12,750	51,100
Ashok K. Jain	20,500	17,850	2,550	40,900

\* 161,000 euro plus 44,000 euro in retirement benefits

At the company's request, the following directors have taken up specific assignments outside the scope of their directorship for which they have been compensated as described hereafter:

- Jan P. Oosterveld: 12,000 euro
- Ashok K. Jain: 11,482.40 USD

### REMUNERATION CEO AND CORPORATE SENIOR VICE PRESIDENTS 2013 (IN EURO)

For the executive director and the corporate senior Vice Presidents, the remuneration is determined by the remuneration & nomination committee, in line with the rules described in the company's 'Corporate Governance Charter' under Title 4 ('Remuneration'), available on [www.barco.com/investors/corporategovernance](http://www.barco.com/investors/corporategovernance).

## BASIC PRINCIPLES OF SENIOR EXECUTIVES REWARD REVIEW PROCESS

Barco wants to be an attractive company for top talent in the technology market space, based on sustainable human resources practices. Competitive reward, together with career and development opportunities, is at the heart of Barco's employee value proposition. Overall, Barco strives for a position above the market median on the total reward proposition, with a substantial variable part based on company, team and individual performance.

2013 variable payment was based on company (40%), divisional/functional (30%) and individual performance (30%).

The reward packages of the senior executive and extended management teams are reviewed by the remuneration and nomination committee on an annual basis. The committee assesses overall market competitiveness (based on bi-annual external market data), individual market positioning and sustained individual performance. This review results in updated individual reward packages and reward policies, as well as the criteria for the annual Barco Bonus plan.

The 2013 variable payment is based on EBIT, free cash flow, costs, orders, sales and individual targets. If the target variable part of the compensation of individual members of the executive management should exceed the 25% threshold on total compensation, the deferral will be based on sustained profitability.

### REMUNERATION PACKAGE 2013 OF THE CEO

- » fixed gross salary of 645,750 euro.
- » 2013 variable remuneration of 650,000 euro. The target variable part is above 25% of total compensation and as a result, in line with the Law on Corporate Governance, 50% of this amount will be deferred (25% in 2014 and 25% in 2015) and is subject to sustained profitability.
- » deferred 2011 variable remuneration of 198,900 euro in line with the deferral conditions.
- » Deferred 2012 variable remuneration of 204,750 euro in line with the deferral conditions.

- » contribution for retirement benefits of 300,000 euro.
- » other components of the remuneration: 24,248 euro.

There is no claw back provision. The assessment of the performance is based on audited results.

In 2013, 25,000 stock options were granted to the CEO. 15,000 warrants/stock options were exercised and no warrants/stock options lapsed. Since stock option grants are based on neither individual nor company performance, these are not to be considered variable remuneration as defined by the Law on Corporate Governance.

There were no shares granted.

### TOTAL REMUNERATION 2013 FOR THE CORPORATE SENIOR VICE PRESIDENTS, MEMBERS OF THE CORE LEADERSHIP TEAM

- » fixed salary of 2,002,367 euro
- » variable remuneration of 555,131 euro
- » contribution for retirement benefits of 228,974 euro
- » other components of the remuneration: 176,713 euro (healthcare insurance, personal risk insurance, company car)

There is no claw back provision. The assessment of the performance is based on audited results.

In 2013, 18,000 stock options were granted to and accepted by Corporate Senior Vice Presidents, members of the core leadership team. Since stock option grants are based on neither individual nor company performance, these are not to be considered variable remuneration as defined by the Law on Corporate Governance.

Jacques Bertrand:	3,000
Wim Buyens:	5,000
Piet Candeel:	3,000
Carl Peeters:	1,000
Filip Pintelon:	3,000
Dave Scott:	3,000

A total of 35,850 warrants/stock options were exercised, while 3,786 warrants granted in 2000 at an exercise price of 91.92 euro expired on 13 July 2013.

There were no shares granted.

Reference is made to page 212 of this annual report for an overview of the warrants and stock options exercisable under the warrant and stock option plans.

The group of Corporate Senior Vice Presidents in office on 1 March 2014 is presented on pages 118 - 120 in this annual report.

#### **CONTRACTUAL RELATIONSHIPS**

Contract between Barco and Eric Van Zele, CEO

In case of termination of the contract by Barco the contract provides a notice period or compensation in lieu of 6 months.

#### **CONTRACTS BETWEEN BARCO AND CORPORATE SENIOR VICE PRESIDENTS, MEMBERS OF THE CORE LEADERSHIP TEAM**

##### **Individual arrangements in case of termination of the contract by Barco**

The employment contracts of Jacques Bertrand, Wim Buyens, Piet Candeel, Carl Peeters, Filip Pintelon and Jan Van Acoleyen were signed before the Belgian Corporate Governance Law of 6 April 2010 came into force. The total compensation in case of termination is based on age, seniority in the Barco Group and the total of the individual compensation and benefits. Dave Scott has a US employment agreement. There is no contractual arrangement in case of termination and the Barco US Termination and Severance Policy will therefore be applicable. His contract was signed before the Belgian Corporate Governance Law of 6 April 2010 came into force. Steve Leyland has a French employment agreement with a contractual arrangement in case of termination. The total compensation in case of termination is equivalent to 6 months of total compensation during the first 36 months of employment and to 12 months of total compensation after 36 months of employment.

#### **PRESENTATION OF THE REMUNERATION REPORT TO THE SHAREHOLDERS**

The Remuneration Report will be submitted for vote to the shareholders at the shareholders' meeting of 24 April 2014.

## **POLICIES OF CONDUCT**

### **TRANSPARENCY OF TRANSACTIONS INVOLVING SHARES OR OTHER FINANCIAL INSTRUMENTS OF BARCO**

In line with the Royal Decree of 5 March 2006, members of the Board of Directors and the core leadership team must notify the FSMA (Financial Services Market Authority) of any transactions involving shares or other financial instruments of Barco within 5 business days after the transaction. Transactions by the core leadership team following the exercise of warrants and options have been made public on the website of the

FSMA ([www.fsma.be](http://www.fsma.be)) in May and June 2013. The Compliance Officer has also published on the Barco website ([www.barco.com/investors/corporategovernance](http://www.barco.com/investors/corporategovernance)), all transactions by insiders at the end of the first month following every quarter.

Reference is also made to Title 7 (1) of the Company's Corporate Governance Charter on [www.barco.com/investors/corporategovernance](http://www.barco.com/investors/corporategovernance).

## CONFLICTS OF INTEREST

### BASIC PRINCIPLES

- » Art. 523 of the Companies Code sets the rules for conflicts of interest that may arise within the context of a director's mandate.
- » Each board member sees to it that these rules are strictly observed
- » Any act or transaction which may potentially give rise to a conflict of interest is carefully scrutinized to avoid that such conflict may arise.
- » In 2013, none of the directors reported any conflict of interest as referred to in article 523 of the Companies Code.

### FUNCTIONAL CONFLICT OF INTEREST

A director who is a director or business manager of a customer or supplier or who is employed by a customer or supplier shall report this fact to the Board of Directors prior to the deliberations concerning a topic on the agenda relating (whether directly or indirectly) to this customer or supplier. This obligation also applies when a family member of the director is in the above-mentioned position.

The same rule applies when a director or his or her family members (whether directly or indirectly) hold more than 5% of the shares with voting rights of a customer or supplier.

Subsequently, the director in question:

- » shall leave the meeting while this topic on the agenda is being dealt with;
- » shall not be permitted to participate in the deliberations and decision-making about the topic in question.

These provisions are not applicable when the customer or supplier is a listed company and the participation of the director (or his or her family members) takes place within the framework of assets that have been placed under the management of an asset manager who manages these assets in accordance with his own judgment, without taking the director (or his or her family members) into account.

## RISK MANAGEMENT AND CONTROL PROCESSES

### INTRODUCTION

Barco operates a risk management and control framework in accordance with the Companies Law Code and the Corporate Governance Code 2009. Barco is exposed to a wide variety of risks within the context of its business operations that can result in the objectives being affected or not achieved. Controlling those risks is a core task of the Board of Directors, the core leadership team and all other employees with managerial responsibilities.

The risk management and control system has been set up to reach the following goals:

- » Achievement of the company objectives
- » Operational excellence
- » Correct and timely financial reporting
- » Compliance with all applicable laws and regulations

The principles of the COSO reference framework and the ISO 31000 risk management standard have served as a source of inspiration to Barco in the set up of its risk management and control system.



## CONTROL ENVIRONMENT

Barco strives for an overall compliance and a risk-awareness attitude by defining clear roles and responsibilities in all relevant domains. This way, the company fosters an environment in which its business objectives and strategies are pursued in a controlled manner. This environment is created through the implementation of different companywide policies and procedures such as:

- » The code of ethics and business conduct
- » Decision and Signature Authority Rules
- » The Barco values
- » The quality management system
- » Risk profiling, reporting and mitigation processes

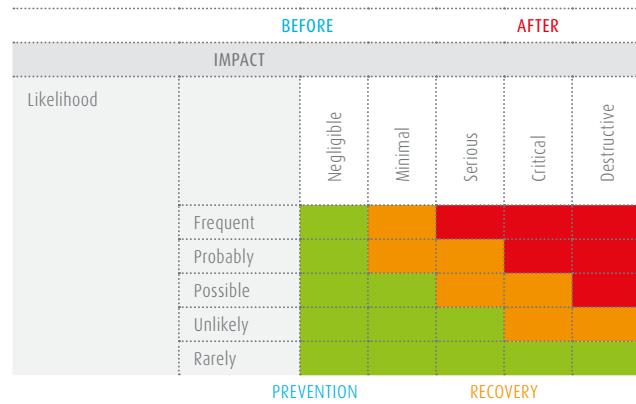
The core leadership team fully endorses these initiatives. The employees are regularly informed and trained on these subjects in order to develop sufficient risk management and control at all levels and in all areas of the organization. The Risk and Compliance Manager is in charge of the overall coordination of the risk management and control process.

## RISK MANAGEMENT SYSTEM

### RISK MANAGEMENT PROCESS AND METHODOLOGY

All employees are accountable for the timely identification and qualitative assessment of the risks (and significant changes to them) within their area of responsibility.

Within the different key, management, assurance, and supporting processes, the risks associated with the business are identified, analyzed, pre-evaluated and challenged by internal and external assessments.



In addition to these integrated risk reviews, periodic assessments are performed to check whether proper risk review and control measures are in place and to discover unidentified or unreported risks. This process is driven by the risk and compliance manager.

The risks are further evaluated to set the right prioritization by allocating them in a consistent manner to an impact scale on the one hand, and a likelihood scale on the other hand. The scale for impact and likelihood are based on the acceptable level of risk exposure that is determined by the Board of Directors.

All risks are recorded in the risk register of the related process with a specification of their impact and likelihood. In addition, each risk is allocated to a risk owner who is responsible for setting up and implementing the mitigation action plan and the monitoring and follow-up of his/her risk. On a corporate level, the risk matrix is drawn up based on the risk score (impact x likelihood), whereby risks are classified as 'Unacceptable risk', 'Risk under observation' or 'Acceptable risk'.

'Unacceptable risks' are contained by means of an action plan to minimize the effects of such risks on the organization's ability to achieve its objectives. Also, the risks 'under observation' are monitored by a member of the core leadership team.

These processes are facilitated by the risk and compliance manager by:

- » Providing tools and training to identify, analyze, evaluate, report, escalate and mitigate risks,
- » Raising overall awareness of risk management, compliance and control within the company,
- » Encouraging continuous improvement.

All risks are specified in the Barco risk universe, which can be divided into five categories:

- » Strategic risks: macro-economic risks, acquisitions, co-operation with strategic partners and technology and market dynamics.
- » Operational risks: concentrating and specialization, capacity constraints, transport and storage, key components, and single sources, new product development, know-how and qualified personnel, health and safety of people, and information and communication technologies.
- » Financial risks: the risks connected to the accounting and financial reporting, currency and interest fluctuations, liquidity, loans and capital, bankruptcy of customers and partners, forecast and planning.
- » Legal and compliance: ethics and business conduct, liability, government regulations, product compliance, intellectual property and contract management.
- » Force Majeure risks are grouped in a site-related and a human-related risk domain.

## MOST IMPORTANT RISK FACTORS

Barco has identified and analyzed its corporate risks.

While this list is not exhaustive, Barco specifically recognizes that the following risks deserve attention:

### **Strategic risks**

#### **Acquisition risks**

Part of Barco's long-term growth strategy is based on acquisitions. Despite the fact that Barco has well-defined parameters for potential acquisitions and carries out due-diligence processes with the utmost care, acquisitions always entail risks. These risks may be associated with the integration of the acquired company into the group. The growth of the acquired business may be slower than forecast, or the acquired technological knowledge may not be as valuable as anticipated. These risks may result in impaired goodwill.

### **Macro-economic risks**

Beyond Barco's immediate business environment, an overall negative economic climate, a lack of liquidity in the financial markets, or a global stock market collapse may have a negative effect on Barco, its customers and its partners. A recession may slow Barco's customers and partners down or render them unable to secure the funds for planned investments. To mitigate its own risks in terms of liquidity, Barco increased its committed credit facilities to €115 million in December 2011 and continued to focus on a pro-active cash generating strategy. These committed credit facilities have recently been extended in tenor and have been increased with another €50 million, leading to total available committed credit lines of €165 million per 31 December 2013, which are for the biggest part undrawn. On the other hand, the fact that Barco conducts business in a variety of markets and geographical regions may reduce the impact of bad economic conditions, as they may not affect all markets and regions equally.

### **Operational risks**

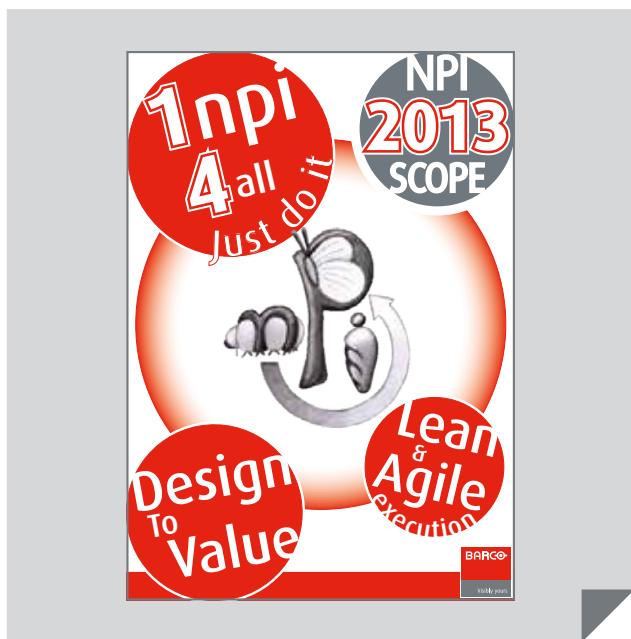
#### **Risks related to new products**

Barco is active in very specialized, selected professional markets for visualization technologies. In order to maintain, or attain, market-leader status in each of its key markets, the company annually invests considerably in research & development. In 2013, this investment amounted to €95.5 million, or 8.2% of sales. With regard to the selected professional markets, the company's main challenge is to define the right products to introduce into each market. Risks associated with this challenge are:

- » not being the first to market a new product, which may lead to smaller market share than anticipated or even to discontinuation of the product.
- » using third-party components that do not meet the expected quality levels, resulting in unusually high (or higher than anticipated/provisioned) warranty expenses.
- » not achieving the expected sales volume or profitability, due to lack of competitiveness.
- » New technologies such as networked connectivity and wireless presentation.
- » introducing new products that are not yet ready to be marketed, resulting in unusually high (or higher than anticipated/provisioned) warranty expenses.

The continuous improvement of the New Product Introduction (NPI) program is driven by the green and the red teams and is supported by several competence groups. In 2013, two of the objectives were:

- » performing better requirements & risk management
- » empowering the NPI project managers



### Key components

Expected sales volumes may not be achieved due to a shortage of components. This shortage may be a global phenomenon, due to an economic crisis or a major natural disaster. It may, however, also be linked to the introduction of new products that require new components, which may not yet be available in the required volumes. Key components sourced by a single source receive dedicated follow-up with mandatory high management attention.



Barco's global procurement team tracks suppliers closely to anticipate potential disruptions. By reducing its supplier database, Barco seeks to build a more collaborative relationship with its suppliers to Barco's advantage.

### IT risks

Barco makes extensive use of IT systems and platforms to support its operations. As configuration, hardware or software failures may occur, which can hamper these operations, proper fail-safe and recovery procedures are in place to mitigate these risks.

In addressing safety risks inherent to any modern IT infrastructure, Barco's facility and IT management is fully compliant with ITAR and CTPAT guidelines, proactively scans its network for vulnerabilities, strictly regulates access to its networks, and regularly performs disaster recovery exercises. Barco is in the process of implementing a new ERP (Enterprise Resource Planning) system and selected SAP ECC as its main platform. In combination with this, Barco also wants to lift its processes to a higher level. The implementation of ERP systems has been a challenge for many organizations in the past. Therefore, Barco is continuously identifying the risks and setting proper controls during the new ERP implementation. By controlling and minimizing the major business risks in the first instance, the scene can be set for a successful implementation of the new ERP system.

### **Financial risks**

The risks measures related to the accounting and financial reporting risks are described in the 'Barco consolidated' section.

### **Legal and compliance risks**

#### **Compliance and governmental regulations**

In a company of Barco's size and scope, an employee's actions can result in a breach of laws and regulations or company ethics. Any resulting criminal prosecution or fine can of course have a negative effect on the company's image, business and share value. This risk is higher in emerging markets, as the knowledge of local laws and regulations, or the monitoring of ethical standards, may still be less developed than in more mature markets.

Compliance rules affect each employee in his or her daily work. All associates exert effort to comply with legal, corporate and local Barco policies and procedures and to strive together towards a truly compliant organization based on Barco's Code of Ethics and Business Conduct.

The Legal, Risk and Compliance department assists in ensuring compliance by collecting and sharing the knowledge of functional, regional and divisional compliance owners supported by local Legal & Compliance Managers. The compliance management system and the Barco compliance overview guide the organization through the complex web of rules and regulations.

### **Force majeure risks**

Events of an exceptional nature (such as a fire) may affect the company itself, or events on a larger scale (such as flooding, earthquake or extreme weather conditions) may affect component suppliers. These kinds of events, which can also include terrorist attacks or disease epidemics (Human related force majeure risks), can destabilize part or all of the world's economy.

Especially in the case of an R&D and/or a manufacturing site (Site related force majeure risks), those events may seriously affect the company's competitive position, as they may disrupt deliveries to customers or postpone new product releases. Barco has set up an international insurance program with reputable underwriters to cover both its assets and loss of income in case of business interruption due to such exceptional events. The coverage as well as the insured amounts are reviewed regularly and benchmarked with the assistance of professional insurance brokers. Nevertheless, it is impossible to calculate beforehand what the negative impact of such events might actually be.

## CONTROL ACTIVITIES

Control measures are in place to minimize the effect of risk on Barco's ability to achieve its objectives. These control activities are embedded in the company's key processes and systems to assure that the risk responses and the company's overall objectives are carried out as designed. Control activities are conducted throughout the organization, at all levels and all departments.

The Risk and Compliance Manager supports the adoption of clear processes and procedures for a wide range of business operations related to compliance and export control. The Risk and Compliance Manager reports on his activities to the core leadership team and to the audit committee. In addition to these control activities, an insurance program is being implemented for selected risk categories that cannot be absorbed without material effect on the company's balance sheet.

## INFORMATION AND COMMUNICATION

Timely, complete and accurate information flow – both top-down as well as bottom-up – is a cornerstone of effective risk management.

In operational domains, Barco has implemented a management control and reporting system (MCRS) to support efficient management and reporting of business transactions and risks. This system enables Barco's management to capture relevant information on particular areas of business operations at regular time intervals. The process enforces clear assignment of roles and responsibilities, thus ensuring consistent communication to all stakeholders regarding external and internal changes or risks impacting their areas of responsibility.

In addition to the MCRS, the company has put several measures in place to assure security of confidential information and to provide a communication channel for employees to report any (suspected) violations of laws, regulations, company policies or ethical values.

## MONITORING OF CONTROL MECHANISMS

Monitoring helps to ensure that internal control continues to operate effectively.

The continuity and the quality of Barco's risk management and control framework is assessed by the following actors:

- » Internal Audit. The tasks and responsibilities assigned to Internal Audit are recorded in the Internal Audit Charter, which has been approved by the audit committee and the Board of Directors. The key mission of Internal Audit as defined in the Internal Audit Charter is "to add value to the organization by applying a systematic, disciplined approach to evaluating the internal control system and providing recommendations to improve it."
- » External auditor, in the context of its review of the annual accounts.
- » Compliance Officer, within the framework of the company's Corporate Governance Charter.
- » Risk and Compliance Manager, who plays a pivotal role in the organization by ensuring appropriate coordination and follow-up of risk items.
- » Audit committee: the Board of Directors and the audit committee have ultimate responsibility with respect to internal control and risk management. (See also the 'Board committees' section in this annual report.)

# STATUTORY AUDITOR

## RISK MANAGEMENT AND INTERNAL CONTROL WITH REGARD TO THE PROCESS OF FINANCIAL REPORTING

The accurate and consistent application of accounting rules throughout the company is assured by means of Finance and Accounting Manuals, which are available for the key accounting sections.

Specifically within the financial domain, a quarterly, bottom-up risk analysis is conducted to identify and document the current risk factors. Action plans are defined for all key risks. The results of this analysis are discussed with the statutory auditor.

The accounting teams are responsible for producing the accounting figures (closing bookings, reconciliations, etc.), whereas the controlling teams check the validity of these figures. These audits include coherence tests by comparison with historical and budget figures, as well as sample checks of transactions according to their materiality.

All material areas of the financial statements concerning critical accounting judgments and uncertainties are periodically reported to the audit committee.

Specific internal control activities with respect to financial reporting are in place, including the use of a periodic closing and reporting checklist. This checklist assures clear communication of timelines, completeness of tasks, and clear assignment of responsibilities. Specific identification procedures for financial risks are in place to assure the completeness of financial accruals.

Uniform reporting of financial information throughout the organization ensures a consistent flow of information, which allows the detection of potential anomalies.

An external financial calendar is planned in consultation with the Board and the core leadership team, and this calendar is announced to the external stakeholders. The objective of this external financial reporting is to provide Barco's stakeholders with the information necessary for making sound business decisions.

At the annual shareholders meeting of 26 April 2012, Ernst & Young Bedrijfsrevisoren BCVBA, De Kleetlaan 2, 1831 Brussels, was re-appointed as statutory auditor of the company for a period of 3 years. Given the retirement of Mr. Jan De Luyck in 2013, Ernst & Young Bedrijfsrevisoren BCVBA is now represented by Mrs. Lieve Cornelis and Mr. Marnix Van Dooren.

In 2013, remuneration paid to the statutory auditor for auditing activities amounted to 475,355 euro. Remuneration paid to the statutory auditor for special assignments was 10,917 euro.

# COMMENTS ON THE RESULTS

Barco advanced its strategy to move beyond Digital Cinema. While maintaining its market leadership in Digital Cinema, Barco positioned the company to penetrate the corporate AV segment. The addition of projectiondesign® contributed to profitable growth of 9% for the Projection division.

Barco also saw increasing momentum in order intake from new market segments, notably Digital Surgery, Patient Care and ClickShare. This illustrates the traction the company is gaining in executing its strategy to capture share in new and mid segment markets.

However, Advanced Visualization experienced competitive pressures in the mid segment in addition to ongoing soft demand for control room solutions. After introducing new mid segment solutions, orders began to rebound during the fourth quarter.

A continued focus on operational performance and excellence enabled Barco to maintain profitability and generate strong cash flow while absorbing two strategic acquisitions. EBITDA performance for the year was in line with 2012 reflecting the combination of a strengthening gross margin and improved cost discipline across the board that compensated for the acquisition-related increase in operating expenses.

Unfavorable foreign currency effects prevented Barco from achieving its goal of delivering another year of profitable growth. In constant currency, sales grew 3% or 31 million euro and our EBITDA was approaching 160 million euro.

In terms of profitability, the strategic acquisitions weighed on 2013 EBIT and net earnings. Separately, the improvements Barco made in operational profitability in Healthcare and Defense & Aerospace resulted in a 13.7% EBITDA margin for the second half of the year. In the short term the company will continue to implement a number of cost down programs and adjust selected operating expenses.

As Barco reaps the benefits of operational excellence and gains further traction with its growth initiatives, the company remains committed to delivering sustainable profitable growth.

## DIVIDEND AND SHARE BUYBACK PROGRAM

The Board will propose to the general assembly to increase the dividend from 1.40 euro per share paid in 2013 to 1.50 euro per share to be paid out in 2014. It remains Barco's objective to generate consistent dividend growth for the shareholders.

The Board will also propose the authorization to initiate a share buyback program within the statutory limits.

## CONSOLIDATED RESULTS FOR THE FISCAL YEAR 2013

### Preliminary remark

The results of the China Joint Venture and of projectiondesign® have been fully consolidated as of 1 January 2013; the results of AWIND have been consolidated as of 1 April 2013.

### ORDER INTAKE AND ORDER BOOK

Order intake was 1,150.5 million euro, up 1.5% as Healthcare and Defense & Aerospace registered strong gains while Projection and Advanced Visualization were essentially flat. By geography, strong growth in APAC was offset by softness in the EMEALA region and to a lesser extent North America.

For the year, order intake was roughly equivalent to sales. However, the relationship between order intake and sales was different in the two semesters. For 1H13, sales exceeded orders by 38 million euro; for

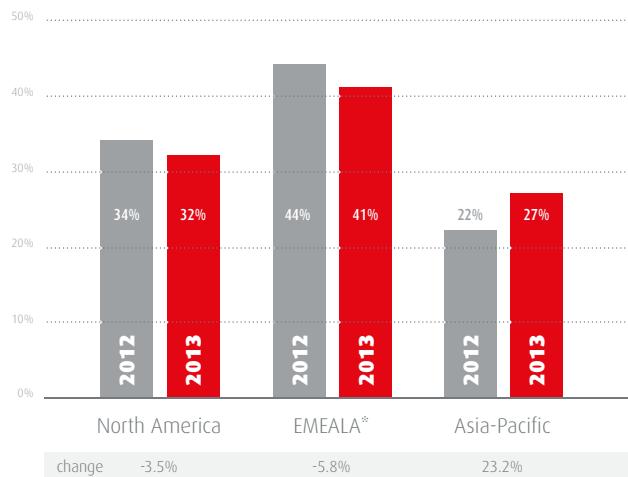
2H13, the trend reversed and orders exceeded sales by 34 million euro. By comparison, for 2H12, orders were lagging sales by 34 million euro. The order book recovered in the second semester to 460.9 million euro, after dipping in the first semester, to a level that was comparable to the second semester of 2012.

#### ORDER BOOK

(in millions of euro)



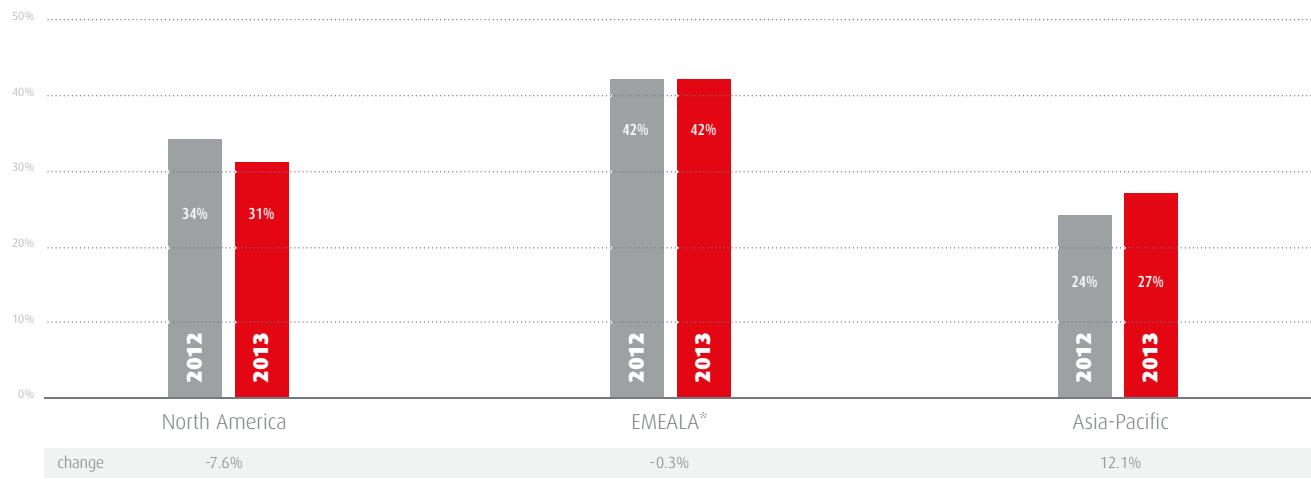
#### ORDER INTAKE PER REGION



## SALES

Sales of 1,158.0 million euro reflect growth in Projection and the Ventures offset by declines in the other divisions. Sales grew strongly in the APAC region, offsetting a decline in North America, with the EMEALA-region being flat.

## SALES PER REGION



EMEALA region includes Europe, Middle East, Africa and Latin America

## INCOME STATEMENT

IN MILLIONS OF EURO	2013		2012	
Sales	1,158.00	100.00%	1,156.00	100.00%
Cost of goods sold	-771.5	-66.60%	-780.4	-67.50%
<b>Gross profit</b>	<b>386.5</b>	<b>33.40%</b>	<b>375.6</b>	<b>32.50%</b>
Research & development	-95.5	-8.20%	-84.1	-7.30%
Sales & marketing	-160.7	-13.90%	-142.2	-12.30%
General & administration	-55.7	-4.80%	-52.2	-4.50%
Other operating result	4.4	0.40%	3.0	0.30%
<b>EBIT before restructuring and goodwill impairment</b>	<b>79.0</b>	<b>6.80%</b>	<b>100.2</b>	<b>8.70%</b>
Restructuring and goodwill impairment costs	-9.4	-0.80%	-2.7	-0.20%
<b>EBIT after restructuring and goodwill impairment</b>	<b>69.6</b>	<b>6.00%</b>	<b>97.6</b>	<b>8.40%</b>
Interest expense, net	-2.2	-0.20%	1.1	0.10%
Income taxes	-8.1	-0.70%	-5.0	-0.40%
Share in the result of JV's	0.1	0.00%	0.5	0.00%
<b>Net income</b>	<b>59.4</b>	<b>5.10%</b>	<b>94.2</b>	<b>8.20%</b>
 <b>EBITDA</b>	 153.2	 13.20%	 159.5	 13.80%

## PROFITABILITY

### Gross profit

Gross profit increased 2.9% to 386.5 million euro from 375.6 million euro. As a result the gross profit margin improved further to 33.4%, compared to 32.5% in 2012.

### Operational expenses

Total indirect expenses represent 27% of sales and increased 10.2% from 24% of sales in 2012 and 2011. This increase is largely due to the addition of projectiondesign® and AWIND with a higher indirect cost structure and strengthened by associated amortization of intangibles.

Research & Development expenses increased 10.2 million euro to 107.5 million euro, reflecting new product development projects in the Advanced Visualization division, the addition of projectiondesign® and amortization of technology acquired from projectiondesign® and AWIND. As a percent of sales, research and development expenses increased to

9.3% from 8.4% last year. Sales & Marketing expenses increased 18.5 million euro to 160.7 million euro compared to 142.2 million euro last year, in large part due to the above-mentioned acquisitions. As a percent of sales, Sales & Marketing expenses rose to 13.9%, compared to 12.3% last year. General & administration expenses were 55.7 million euro, compared to 52.2 million euro last year or 4.8% of sales versus 4.5% last year.

Other operating results amounted to 4.4 million euro, compared to 3.0 million euro last year.

IN THOUSANDS OF EURO	2013		
	sales	EBITDA	% EBITDA
Projection	522.5	83.4	16.0%
Healthcare	195.7	26.3	13.4%
Advanced Visualization	192.5	13.3	6.9%
Defense & Aerospace	149.7	20.2	13.5%
Ventures	101.0	9.9	9.8%
Intra-group eliminations	-3.5		
<b>Group</b>	<b>1,158.0</b>	<b>153.2</b>	<b>13.2%</b>

## EBITDA & EBIT

EBITDA was 153.2 million euro, a decrease of 6.2 million euro compared to 159.5 million euro the year before. EBITDA margin was 13.2% versus 13.8% in 2012. EBITDA margin improved in 2H13 to a 13.7% level, compared to a 12.8% for 1H13. Barco's operational profit margin remained healthy considering the company made important investments to its growth, including acquisitions, and incurred costs related to those acquisitions.

EBIT before restructuring was 79.0 million euro or 6.8%, compared to 100.2 million euro or 8.7% in 2012.

The decline in EBIT in comparison to EBITDA is due to increased amortizations as follows:

- » Higher amortization of capitalized development costs in the amount of 7 million euro
- » Higher amortization of intangibles booked in connection with the recent acquisitions in accordance with IFRS-guidelines (Knowhow/Technology, Customer lists and Trade names) in the amount of 5.8 million euro

As a result the gap between EBITDA margin and EBIT margin versus sales widened from 5.1ppcts of sales in 2012 to 6.4ppcts in 2013.

The company will continue to record amortization on knowhow/technology and customer list in 2014; Trade names (1.2 million euro) and costs related to the inventory step-up & retention bonus (3.8 million euro) were fully amortized & absorbed in 2013.

## INCOME TAXES

In 2013 taxes were 8.1 million euro, for a tax rate of 12.0%, compared to 5.0 million euro in 2012, or a tax rate of 5.0%.

## NET INCOME

Net income for the year was 59.4 million euro, including 9.4 million euro in charges, consisting of a non-recurring restructuring charge and an impairment charge, that were booked in connection with actions taken to right size selected operations primarily in the Defense & Aerospace and Advanced Visualization divisions. These non-recurring charges in combination with an increased tax-rate resulted in a decrease in net income attributable to equity holders compared to last year.

Net earnings per ordinary share (EPS) for the year were 4.86 euro, down from 7.84 euro in 2012. Fully diluted net earnings per share were 4.71 euro, compared to 7.50 euro last year.

## FREE CASH FLOW

Free cash flow for the year was 70.2 million euro compared to 121.6 million euro for 2012 and consisted of negative cash flow of 11.6 million euro for the first semester, offset by positive cash flow of 81.8 million euro for the second semester.

IN THOUSANDS OF EURO	2013	2012	2011
EBIT after restructuring and goodwill impairment	69,596	97,567	68,359
Impairment of capitalized development costs and goodwill	858	3,644	11,328
Restructuring provision (personnel)	-2,890	-	-3,351
Unrealized foreign currency translation gain on Kladno liquidation	-	-3,735	-
Amortization capitalized development cost	49,145	42,138	36,448
Depreciation of tangible and intangible fixed assets	24,207	16,126	14,088
Gain/(Loss) on tangible fixed assets	10	-24	-85
Share in the profit/(loss) of joint ventures and associates	61	547	-
<b>Gross operating free cash flow</b>	<b>140,986</b>	<b>156,263</b>	<b>126,787</b>
Changes in trade receivables	25,775	8,267	12,462
Changes in inventory	29,282	10,460	-2,483
Changes in trade payables	-29,889	10,567	-14,693
Other changes in net working capital	9,746	19,015	35,923
<b>Change in net working capital</b>	<b>34,915</b>	<b>48,310</b>	<b>31,208</b>
<b>Net operating free cash flow</b>	<b>175,901</b>	<b>204,574</b>	<b>157,995</b>
Interest received	1,394	2,826	912
Interest paid	-3,556	-1,738	-3,442
Income taxes	-18,886	-4,200	-10,718
<b>Cash flow from operating activities</b>	<b>154,853</b>	<b>201,462</b>	<b>144,748</b>
Expenditure on product development	-62,072	-56,296	-46,454
Purchases of tangible & intangible fixed assets	-22,869	-24,853	-20,302
Proceeds on disposals of tangible & intangible fixed assets	260	1,264	3,245
<b>Cash flow from investing activities (excluding acquisitions)</b>	<b>-84,681</b>	<b>-79,885</b>	<b>-63,511</b>
<b>Free cash flow</b>	<b>70,172</b>	<b>121,577</b>	<b>81,237</b>

Barco generated 140.9 million euro in gross operating cash flow and decreased working capital by 34.9 million euro, primarily payables and inventories, achieving a net working capital balance of 4.7% on sales, versus 8.2% year-end 2012.\*

\*Barco did not acquire any of its own shares in 2013. The company now owns 715,206 of its own shares or 5.51% before dilution.

## BALANCE SHEET

IN THOUSANDS OF EURO	NOTE	31/12/2013	31/12/2012	31/12/2011
<b>ASSETS</b>				
Goodwill	9	145,705	68,809	43,921
Capitalized development cost	10	93,248	81,978	69,020
Other intangible assets	11	55,169	25,093	14,565
Land and buildings	11	27,017	28,744	30,569
Other tangible assets	11	40,120	30,661	27,479
Investments	8	11,824	44,445	9,300
Deferred tax assets	12	62,333	61,948	56,763
Other non-current assets	14	14,286	18,041	19,134
<b>Non-current assets</b>		<b>449,702</b>	<b>359,719</b>	<b>270,751</b>
Inventory	13	211,575	223,677	233,928
Trade debtors	14	177,467	183,082	187,114
Other amounts receivable	14	44,102	29,053	35,197
Cash and cash equivalents	15	156,545	122,139	79,165
Prepaid expenses and accrued income		8,431	4,209	8,412
<b>Current assets</b>		<b>598,120</b>	<b>562,160</b>	<b>543,816</b>
<b>Total assets</b>		<b>1,047,822</b>	<b>921,879</b>	<b>814,567</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>579,366</b>	<b>538,050</b>	<b>460,703</b>
Long-term debts	15	40,410	12,695	19,014
Deferred tax liabilities	12	11,721	3,089	5,005
Other long-term liabilities	16	15,322	10,161	8,117
<b>Non-current liabilities</b>		<b>67,453</b>	<b>25,945</b>	<b>32,136</b>
Current portion of long-term debts	15	3,582	4,105	1,691
Short-term debts	15	11,657	1,302	6,593
Trade payables	18	114,133	127,528	110,791
Advances received from customers	18	93,562	73,587	55,748
Tax payables		30,124	25,012	21,556
Employee benefit liabilities		57,248	57,958	51,741
Other current liabilities		12,115	8,241	8,045
Accrued charges and deferred income		31,778	20,763	23,488
Provisions	19	46,804	39,388	42,075
<b>Current liabilities</b>		<b>401,003</b>	<b>357,884</b>	<b>321,728</b>
<b>Total equity and liabilities</b>		<b>1,047,822</b>	<b>921,879</b>	<b>814,567</b>

Barco ended 2013 with a net financial cash position of 104.4 million euro, compared to 24.2 million euro on 30 June 2013 and 111.2 million euro on 31 December 2012.

Over 2013, changes in trade receivables were 25.8 million euro positive, while changes in inventory were 29.3 million euro offset by negative changes in trade payables for an amount of 29.9 million euro. Other changes in working capital for 9.7 million euro include advances on customer projects and increase in other liabilities.

At the end of 2013, trade receivables were 177.5 million euro, 5.6 million lower than than 31 December 2012. DSO were at 52 days, compared to 57 days as of 30 June 2013 and 48 days as of 31 December 2012.

At 211.6 million euro inventory was 12.1 million euro lower than on 31 December 2012 and 39.8 million euro lower than on June 2013. Inventory turns were at 3.2, compared to 3.0, at the end of June 2013 and 3.1 at the end of December 2012.

Trade payables stood at 114.1 million euro at the end of December 2013,

compared to 118.4 million euro at the end of June 2013 and compared to 127.5 million euro at the end of December 2012.

Goodwill increased to 145.7 million euro on 31 December 2013 from 68.8 million on 31 December 2012. The increase in goodwill was driven by the acquisitions of projectiondesign® and AWIND.

Other intangible assets increased from 25.0 million euro on 31 December 2012 to 55.2 million euro while non-current liabilities increased from 25.9 million euro on 31 December 2012 to 67.5 million euro. Other intangible assets increased due to fair value adjustments (according to IFRS) on the acquisitions and due to the investments in the new ERP package SAP (other intangible assets under construction). Non-current liabilities increased from 25.9 million euro on 31 December 2012 to 67.5 million euro mainly due to a financial leasing related to the acquisition of projectiondesign® and a draw down on Barco's credit facility from the European Investment Bank.

Capital expenditure, excluding capitalized development, was 22.9 million euro, compared to 24.9 million euro for the same period last year.

## RETURN ON CAPITAL EMPLOYED

IN THOUSANDS OF EURO	2013	2012	2011
Trade debtors	177,467	183,082	187,114
Inventory	211,575	223,677	233,928
Trade payables	-114,133	-127,528	-110,791
Other working capital	-220,126	-183,806	-148,028
<b>Total working capital</b>	<b>54,782</b>	<b>95,425</b>	<b>162,222</b>
Long term assets & liabilities	266,166	225,335	193,391
<b>Operating capital employed</b>	<b>320,948</b>	<b>320,760</b>	<b>355,613</b>
Goodwill	145,705	68,809	43,921
<b>Operating capital employed (incl goodwill)</b>	<b>466,653</b>	<b>389,569</b>	<b>399,534</b>
EBIT before restructuring & impairment	79,024	100,238	78,359
<b>ROCE after tax (%) (a)</b>	<b>15.00%</b>	<b>24.00%</b>	<b>20.00%</b>

(a) Tax rate used is the effective tax rate, i.e. 12% in 2013, 5% in 2012, 0% in 2011 (in 2011, effective tax rate was positive, therefore kept at 0%).

ROCE (after Tax) stood at 15%, compared to 16% at 30 June 2013 and 24% at 31 December 2012. The decrease reflects the impact of acquisitions on goodwill and intangibles and the higher effective tax rate of 12.0% compared to 5.0% last year.

## DIVISIONAL RESULTS FOR FISCAL YEAR 2013

IN THOUSANDS OF EURO	2013 FULL YEAR	2012 FULL YEAR
<b>Sales</b>		
Projection		
Healthcare	522,492	479,711
Advanced Visualization	195,708	206,455
Defense & Aerospace	192,540	227,682
Ventures	149,716	130,682
Intra-group eliminations	101,033	112,173
<b>Group</b>	<b>-3,473</b>	<b>-719</b>
	<b>1,158,015</b>	<b>1,155,984</b>
<b>EBITDA before restructuring</b>		
Projection		
Healthcare	83,450	87,278
Advanced Visualization	26,348	23,809
Defense & Aerospace	13,338	26,392
Ventures	20,193	12,757
<b>Group</b>	<b>9,905</b>	<b>9,240</b>
	<b>153,234</b>	<b>159,476</b>

### REMARK ON BARCO'S ORGANIZATIONAL STRUCTURE 2014

Effective 1 January 2014, Barco took steps to sharpen the organization's focus on markets by promoting the product and solution portfolios of all businesses and cross selling throughout the company.

To emphasize the market focus, the Projection and the Advanced Visualization divisions have been renamed and the venture High End Systems has been integrated into the core. For details about the new organizational structure please go to the description of our business areas on page 26. For the analysis of the 2013 results the composition and the naming of the divisions remain unchanged.

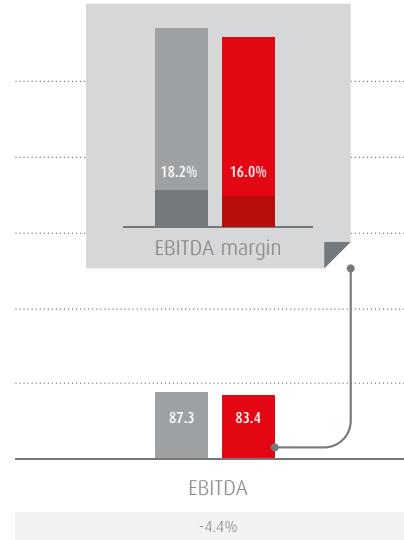
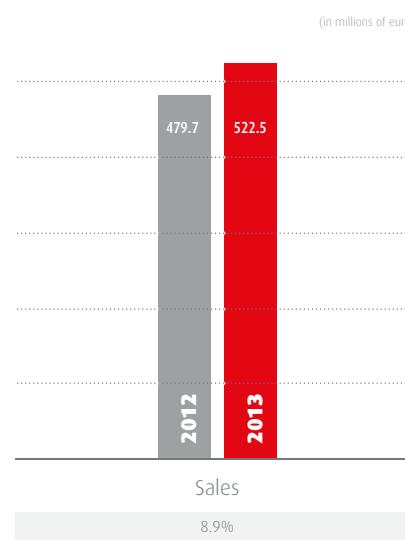
## PROJECTION DIVISION

Sales and order intake in the projection division continued to shift in favor of Professional AV as a result of the addition of projectiondesign® during fiscal 2013. For the year, Professional AV accounted for 30% of sales versus 25% last year and 35% of order intake versus 25% last year.

Within Digital Cinema, Barco reached a capture rate of 50% and further expanded its market share with program wins and roll-outs in Latin America, China and India. With more than 40,000 digital cinema projectors delivered over the last 6 years, Barco is market leader and is well positioned to reap the benefits of a large installed base with service and

maintenance-contracts and future upgrade and replacement programs. In the Professional AV segment, Barco successfully implemented its plans to integrate projectiondesign® and the company is on track to align projectiondesign®'s profitability with Barco's financial targets for the Projection division by optimizing manufacturing and supply chain operations, and sales and marketing resources. Barco continued to penetrate the mid venue and corporate projection segments, extending its global network and launching 11 new projectors during the second semester, and is now well positioned to drive growth in this market.

### PROJECTION DIVISION



» Order volume was in line with last year reflecting growth in the Professional AV market offset by a reduction of about 10% for Digital Cinema. Order intake was essentially flat in the EMEA/LA region, decreased in North America and increased in APAC.

» Digital Cinema's top line was flat in a softening market compared to 2012 while Professional AV posted strong sales increases mainly in the Corporate AV segment, due to the addition of projectiondesign®. Sales in the EMEA/LA and APAC region were up offset by slower sales in North America.

» EBITDA margin, while still solid at 16%, was lower than 2012 reflecting the addition of projectiondesign®. In 2H13 the good progress projectiondesign® made to lift its profitability was partially offset by increased spending on R&D and Sales & marketing to support the Corporate AV market.

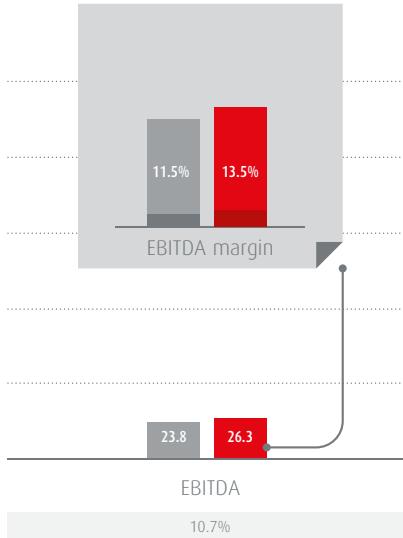
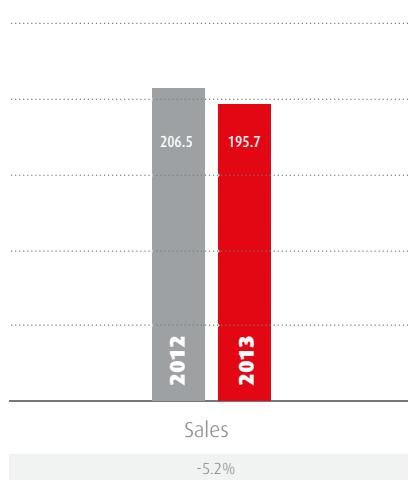
## HEALTHCARE DIVISION

Barco began to realize the benefits of its strategic investments in new market segments including digital surgery, patient care and dentistry. In the second semester order intake increased by 21.0% compared to 2H12 and gross profit margin improved. As a result, the division met its EBITDA margin performance target for 2H13.

At the same time, the company maintained its leadership position in diagnostic imaging and modality, despite a somewhat weaker demand in the EMEALA region in the second and third quarters.

## HEALTHCARE DIVISION

(in millions of euro)



» Order intake rebounded in the fourth quarter with strong contributions evenly divided between the traditional and new market segments. North America delivered most of the growth while the other regions remained a flat performance in order intake.

» Sales declined modestly driven by softness for the second and third quarters. Flat or weaker performances in the Traditional diagnostic and the modality markets were flat while the new segments started to generate sales.

» EBITDA increased as a result of gross profit margin improvements, cost down programs and a more favorable product mix.

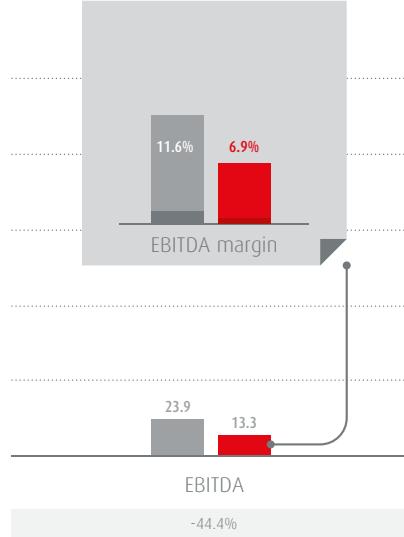
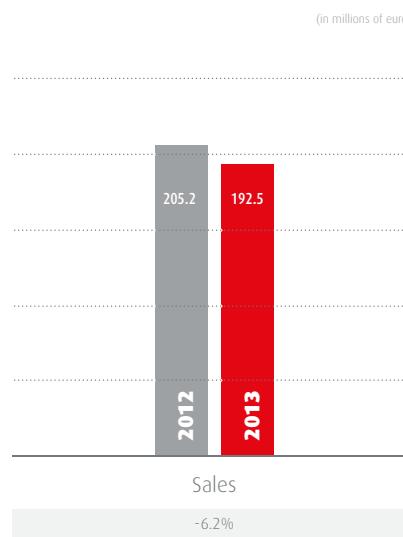
## ADVANCED VISUALIZATION DIVISION

The Advanced Visualization division posted lower sales for the year. Development of solutions for the mid segment took longer than anticipated, control room projects were delayed and demand from customers in Europe was soft. With the introduction of solutions for the mid segment in the second semester, order intake improved towards the end of the year. As a result of lower sales and higher R&D expenses, EBITDA declined year over year.

Cost down programs on the videowall cubes & LCD-solutions and operating cost reduction programs are both ongoing. These programs are expected to position the division for restored profit contribution in 2014.

Sales of ClickShare steadily increased each quarter. Since launching ClickShare in the fourth quarter of 2012, Barco has been certified to sell ClickShare in more than 60 countries worldwide and has sold over 12,500 units while adding new partners and channels.

### ADVANCED VISUALIZATION DIVISION



- » Global order intake was slightly down compared to 2012, reflecting softness in Control Rooms, particularly in parts of the European and North American region, partially offset by growth in collaboration solutions in the second quarter.

- » Sales were down compared to 2012 driven by delays in control room projects in Europe and the Middle East partially offset by a growing contribution of the collaboration segment.

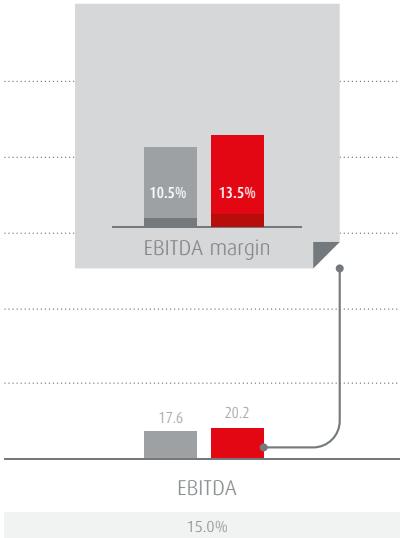
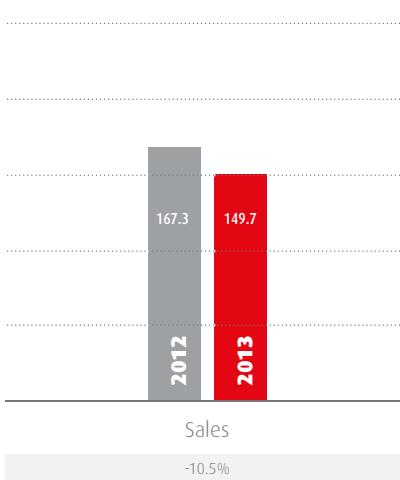
- » Gross profit margin remained fairly stable while the combination of lower sales and increased spending on networked and collaboration solutions and higher sales and marketing expenses caused EBITDA to decline both in absolute terms and as a percent of sales.

## DEFENSE & AEROSPACE DIVISION

Growth in avionics during 2013 was overshadowed by the ongoing reduction in defense spending worldwide which led to project delays and cancellations. However, demand among defense customers improved during the second semester with new and delayed business starting to kick-in. As a result, Barco signed new frame agreements, saw order intake increase and ended the year with a book-to-bill ratio of 1.05.

### DEFENSE & AEROSPACE DIVISION

(in millions of euro)



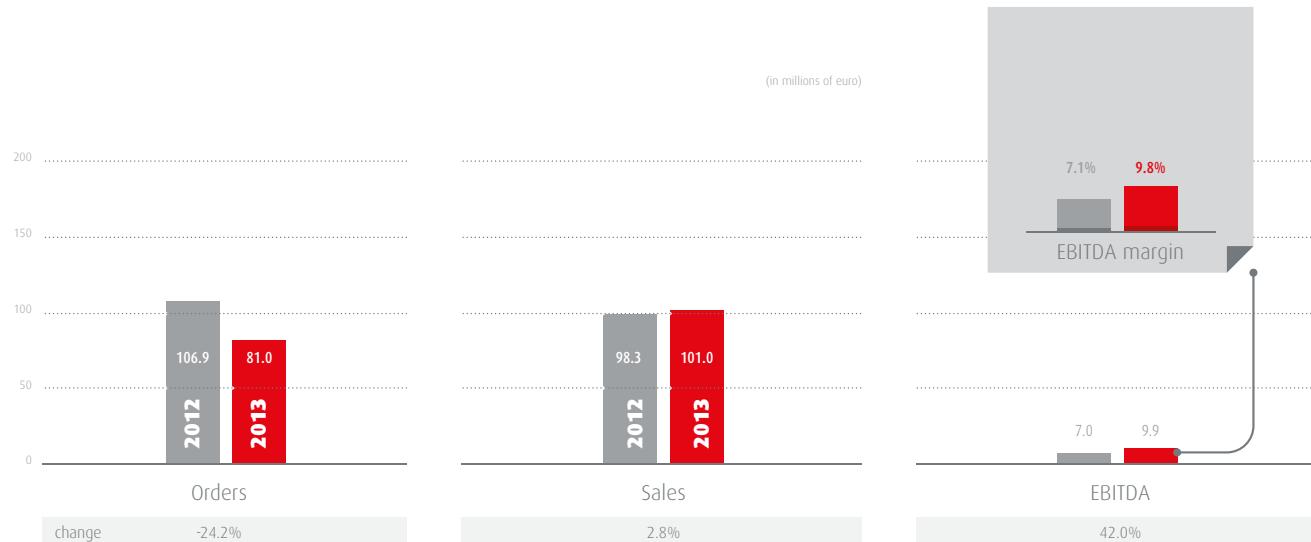
» Strong global order intake in the second semester with wins in both defense and aerospace in all three regions.

» Sales were down, reflecting growth in the APAC region offset by decreases in the EMEA and North America region.

» Profitability improved through better focus on higher margin products and on key accounts, strict operating expense control and cost reduction actions taken in the second quarter. As a result, the division made good progress in the second half toward the division's EBITDA margin goal of 15%.

## VENTURES

Sales remained flat year-on-year while the profitability increased thanks to sustained profitability in LiveDots and turnaround for High End Systems.



## OUTLOOK FOR 2014

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

For 2014, Barco anticipates that the macro-economic environment will remain challenging and that currency translations may have a significant effect on reported results.

Nevertheless, the company expects to generate sales growth albeit in low single digits.

The combination of strategic growth initiatives, cost reductions and spending control is expected to result in improved profitability.

While executing on the strategic priorities, management also plans to strengthen its global competitive positioning through continued focus on

operational excellence, and to make decisions regarding Barco's portfolio of venture companies and to execute on its plan to deploy financial resources to support growth initiatives in Barco's core activities.

The Board will propose to the general assembly to extend the mandate of Eric Van Zele in order to ensure continuity of the company's strategic direction and to build on the strong track record of Barco's current executive team in realizing the company's strategic objectives.

## KEY FIGURES FOR THE SHAREHOLDER

IN EURO	2013	2012	2011
Number of shares (in thousands):	12,989	12,757	12,755
Per share (in euro)			
EPS	4.86	7.84	6.32
Diluted EPS	4.71	7.50	6.21
Gross dividend	1.50	1.40	1.10
Net dividend	1.125	1.05	0.825
Gross dividend yield (a)	2.6%	2.6%	2.8%
Yearly return (b)	6.6%	44.2%	-17.4%
Pay-out ratio (c)	34.1%	19.0%	18.5%
Price/earnings ratio (d)	11.7	7.0	6.1

(a) Gross dividend/ closing rate on 31 December 2013

(b) Increase or decrease share price + gross dividend, divided by closing share price of previous year

(c) Gross dividend x number of shares on 31 December / net result

(d) share price 31 December / net result per share

IN EURO	2013	2012	2011
Share price			
Average closing price	59.96	48.64	46.41
Highest closing price	69.95	58.75	59.50
Lowest closing price	52.58	36.52	31.20
Closing price on 31 December	56.70	54.50	38.76
Average number of shares traded daily	34,105 (e)	29,298 (e)	29,722 (e)
Stock market capitalization on 31 December (in millions)	736.5	695.3	492.7

(e) The average number of shares traded daily for 2013 is taking into account the trades on NYSE Euronext as well as registered trades on alternative platforms BATS, Chi-X, Turquoise and Equiduct. On average for 2013, 87% of these trades were registered on NYSE Euronext and 13% on the alternative platforms combined.

# INFORMATION ABOUT THE SHARE

## Euronext Brussels

Barco share	BAR	ISIN BE0003790079	Market capitalization (31 December 2013)	718.4 million euro
Barco VVPR-strip	BARS	ISIN BE0005583548	Highest capitalization (14 March 2013)	886.3 million euro
			Lowest capitalization (28 August 2013)	671.0 million euro
Reuters		BARBt.BR	Share price 31 December 2012	54.50 euro
Bloomberg		BAR BB	Share price 31 December 2013	56.7 euro
			Velocity (2013)	59.80%

Liquidity	Source	2013	2012	2011
Total yearly volume (shares)	Fidessa (1) Euronext	8,674,804 7,576,594	7,500,210 6,620,286	7,638,624 7,222,595
Average number of shares traded	Fidessa Euronext	34,105 29,787	29,298 25,860	29,722 28,010
Total yearly volume (turnover)	Fidessa Euronext	517.99 million euro 453.95 million euro	365.07 million euro 384.71 million euro	347.27 million euro 330.57 million euro

Comment (1): Based on the Fidessa stock report: <http://fragmentation.fidessa.com/> The numbers referenced here take into account the trades in the Lit-category: Euronext and the alternative platforms BATS Chi-X, Turquoise and Equiduct. We have excluded the Dark pools, the SI and the off-book transactions.

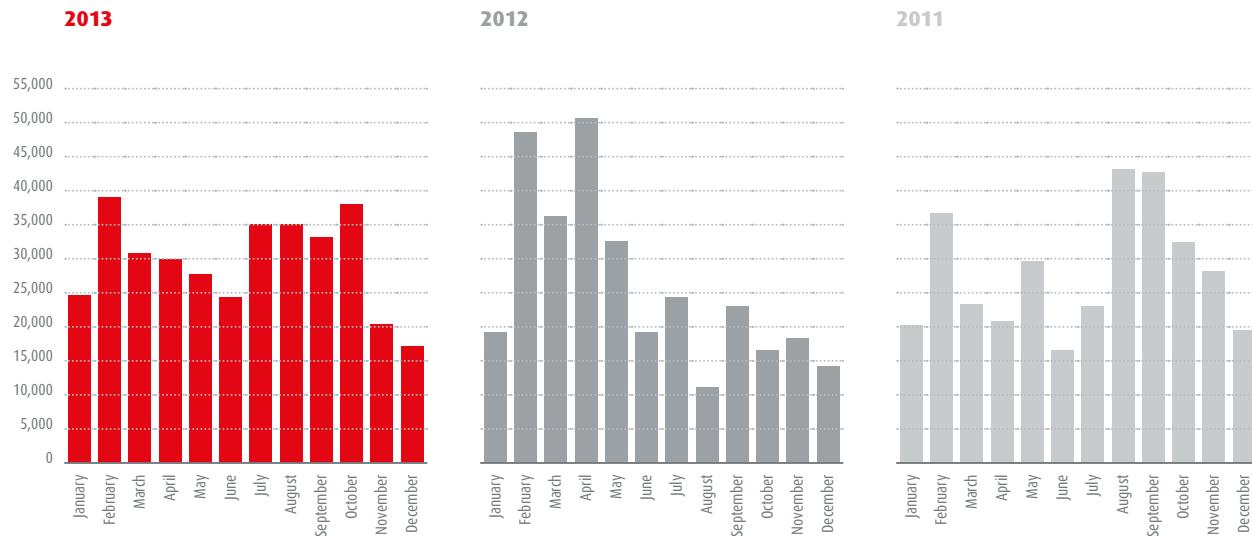
According to this data, the portion traded on alternative platforms has evolved from 5% in 2011, 12% in 2012 and 13% in 2013.

## DIVIDEND

The Board of Directors decided to recommend to the general assembly to pay a dividend of 1.5 euro (gross) per share over 2013. This is 1.125 euro net, on withholding tax of 25%.

At 1.50 euro, the pay-out ratio is 32.8%.

## DAILY AVERAGE SHARES TRADED



## ANALYSTS COVERING BARCO

ABN AMRO Bank	Marc Hesselsink
Bank Degroof	Bart Jooris
Exane BNP Paribas	David Vagman
Flemish Federation of Investors and Investor Clubs	Gert De Mesure
Goldman Sachs International	Benjamin Moore
	Carl Hazeley
ING	Emmanuel Carlier
KBC Securities	Guy Sips
Kempen & Co.	Erwin Dut
Leleux Associated Brokers	Geert Van Herck
Petercam	Stefaan Genoe
Kepler Cheuvreux	Peter Olofsen

## FINANCIAL CALENDAR 2013

Announcement of results 2H13 and FY13	Friday 7 February 2014
Trading update 1Q14	Thursday 24 April 2014
Extraordinary General Shareholders meeting	Thursday 24 April 2014
Annual General Shareholders meeting	Thursday 24 April 2014
Announcement of results 1H14	Wednesday 23 July 2014
Trading update 3Q14	Wednesday 22 October 2014

## EVOLUTION OF THE SHARE PRICE

The Barco share price closed at €56.70 on 31 December 2013 – 2.2% higher than the closing price of €54.50 the year before.

On the back of a strong track record and good performances, closing and average prices have returned to pre-financial-crisis levels: the average closing price is at its highest level since 2007, and the closing price on 31 December is the best since 2006.

This evolution pushed the market capitalization of the company to around €700 million. Overall, analyst expectations varied during the year between €60 and €70, to close the year with a consensus target price of €62.

Over the last few years, Barco's share volatility has been typically higher than that of the indexes, reflected in higher price variations versus the market. In 2013, however – and despite some very specific spike effects – volatility decreased compared to previous years, with the lowest absolute and relative variance gap (between lowest & highest share price) in 8 years.

Liquidity of the share has again improved for the second year in a row – with approximately 10% more volume traded on Euronext, and a similar increase on the alternative platforms.

The full year performance of the share for 2013 was rather soft. Major indices – such as the CAC40 (+18%) and the BEL20 (+18%) – booked impressive gains, while Barco's share won 2.2% over the full year. However, the behavior of the stock price in 2013 was rather atypical and contrary to the major indices, with a much stronger performance in the first half of the year, a downward correction in the summer, and a comparable performance over the last 4 months of the year.

In the first three months of the year, the share price rose strongly (+25%), reaching a peak of €69.60 on 15 March, followed by a fairly stable period for the full first semester. Concerns about the impact of the anticipated slowdown of the digital cinema market as of Q3 started to have an effect from July onward, resulting in a steep decline on 1 and 2 July, which pushed the share price back to the level of the beginning of the year.

After a short upward correction following the quite good results of the

first half, the share price slipped down again in August (to a level around €53 - €55), and then started a new, more moderate, rise toward €61 following the analyst and investor day. The Q3 results – announcing a slightly weaker sales performance against a challenging comparison base – triggered a hefty day ("sell on the news"), which resulted in an exceptional trading volume (more than 200,000 shares traded) and a -9% hit. Subsequently, the share price hovered between €53 and €55 in the fourth quarter, and then finally closed the year on a positive note at €56.70.

Since July 2013, some first shorters were registered on the Barco share. A first US fund went short on the share in August and moved out again in October, after which a London-based fund developed a short position of 1.5% by the end of October – a position that they still had by the end of the year.

The increased liquidity of the share reflects continued interest in the market.

Barco started the year with a buy recommendation across the board, supported by listings in a number of preference lists. By the end of the first half, and after the peak performance at about €69, the share was removed from most preference lists and was downgraded by a number of brokers.

Despite a very decent performance in the first half of 2013, the investment community remained somewhat concerned about Barco's resilience against a slowdown in the cinema market and the impact that would have on the earnings. The general trend is acknowledgement of Barco's strategy as being the right way forward, with concern regarding the timing of the outcomes of the growth initiatives.

Between the end of 2008 (with a closing price of €17.90) and the end of 2013 (with a closing price of €56.70), the Barco share realized a 215% increase in value – a perfect illustration of the positive impact of the turn-around strategy kicked off in 2009 and the company's positive performance track record.

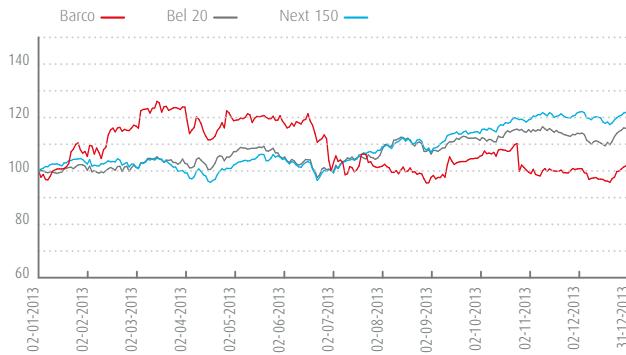
Barco thanks its shareholders for their continued confidence in the company, its board of directors, its management and its employees, as the company progresses on its path of sustainable growth.

## INVESTOR RELATIONS

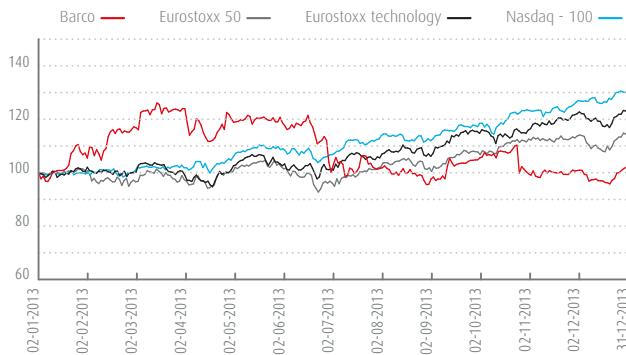
### Barco Share price 2013



### Barco / Bel 20 / Next 150



### Barco / Eurostoxx 50 / Eurostoxx Technology / Nasdaq - 100



A study of Barco's global shareholdership at 31 December 2013\* identified ownership of almost 90% of the company, with identified institutional investors holding 64% of all shares, 5.5% being treasury shares held by the company and 24% held by retail investors.

### 2013 IN RETROSPECT

2013 was a tale of two halves for Barco – with weaker Q3 sales arresting the strong performance of the projection division in the first half. In the first six months of the year, substantial upside was registered on Barco's share, with entries of both growth and value investors. From July onwards, analyst perception started to turn, and the flat guidance given in the release of 3Q earnings caused a sell-off with shares slumping by 8.8% in the last 6 months.

In the first six months of the year, Barco seems to have mirrored the market trend, with an early market rally offset by pullback driven by profit taking, softer macro data, and the potential for US fiscal stimulus withdrawals. In the first quarter, the share rose by 25% – outperforming the market – and then softened in 2Q to land at around €60 for the first semester, which was still a good 12% rise. There was good turnover in this period, with 6 new firms entering the Top 10 buyers. In this first semester, Barco's share was attractive for growth-oriented firms and with an attractive valuation to appeal to value investors as well. Good inflows were noted from the United Kingdom and the United States.

Following this strong first-half performance, Barco's investment case took a hit in the second half of the year – triggered by analysts downgrading their recommendation and strengthening the profit-taking trend. Weaker Q3 sales and flat EBITDA guidance prompted a sell-off across institutional investors and an 8.8% drag on share price performance over the full semester. Substantial outflows occurred in Germany and the United States in the second half, offset by inflows from Belgium (through GIMV), the Nordic region (with Norges bank), London, Switzerland and New York.

## GEOGRAPHICAL DISTRIBUTION

At the end of the year, 34% of the institutional shares were owned in North America (United States & Canada), down from around 40% a year before. 33% were owned in Belgium (up from 30% in 2012), 13% were owned in the UK (down from 8% the year before), and 6% in France (flat year-on-year). The remaining shares are owned in the rest of Europe: Germany, Switzerland, the Nordic regions, and the Netherlands.

Over the year, positions rose in the UK, Belgium and the rest of Europe. Shareholdership was stable for the United States but fell for Canada, France and Germany.

## BARCO'S INVESTMENT CASE

Although the second-half evolution impacted the presence of growth investors, Barco's investment case became more appealing to value-oriented investors. The stock remains a good value play, residing in the top 20% of underpriced securities globally. Margin growth resulting from reducing cost and restructuring measures and a contingency of the downside risk could fuel upside.

In addition, Barco's dividend yield can also prove to be fair compensation for shares, which may underperform in the near term.

Value investors have taken 35% of the shareholder base (coming from 33% last year), while the combination of growth- and GARP-investors has declined from 22% at end 2012 to 19% at the end of 2013. GARP investors hold 16% of the institutionally owned shares (up from 15% at end 2012).

## CONCENTRATION

We welcomed 4 newcomers to the Top 10 holders over the year.

Share price concentration went down in the first six months of the year, and then rebounded to the level of end 2012. The Top 10, Top 25 and Top 50 represent 38%, 51% and 59% of the free float, respectively. Compared to the Mid Cap client benchmark, Barco is below average in terms of shareholder concentration, which should result in less share price volatility if a top investor decides to divest. A majority of Barco's institutional shares are held by investors classified as 'low turnover' (expected holding periods exceeding 24 months), which should also prove to be a stabilizing factor.

There is selected exposure to hedge funds: One US fund in Q3 was replaced by a London-based hedge fund in Q4 and is still holding the position.

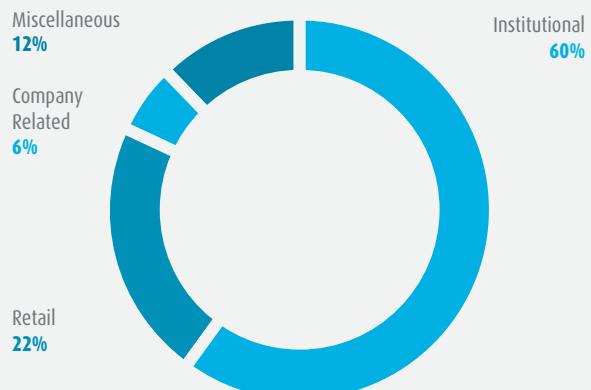
## STRATEGY 2013 - 2014

Despite a challenging macro-economic environment, and the above-mentioned shift from growth to a more value-oriented investment case, Barco continued its investor relations efforts in roadshows, conference calls and company visits with regular visits to the tier 1 cities such as London, New York, Brussels, Paris and Frankfurt, while exploring and maintaining other geographies as well.

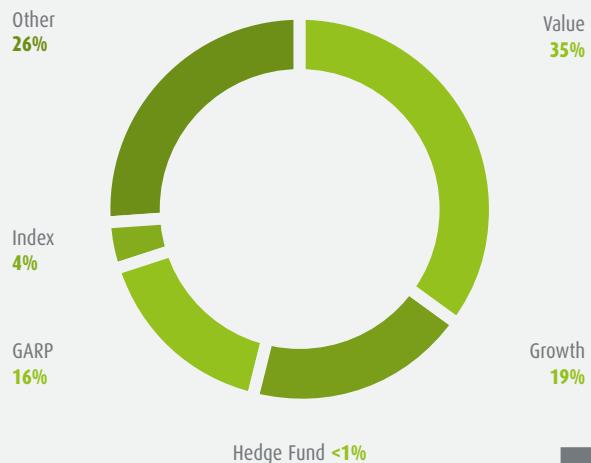
We organized another successful and well-attended Analyst & Investor Day in September 2013, kicked-off the consensus-gathering with institutional research analysts, and released the first shareholder guide.

For 2014, we intend to advance this strategy to reach out to the worldwide IR community through roadshows, conference calls and company visits and to extend and strengthen the portfolio of IR-related material. This includes upgrading the investor relations website and the release of new or updated IR-related deliverables such as a fact sheet, consensus and research reports, and the shareholder guide.

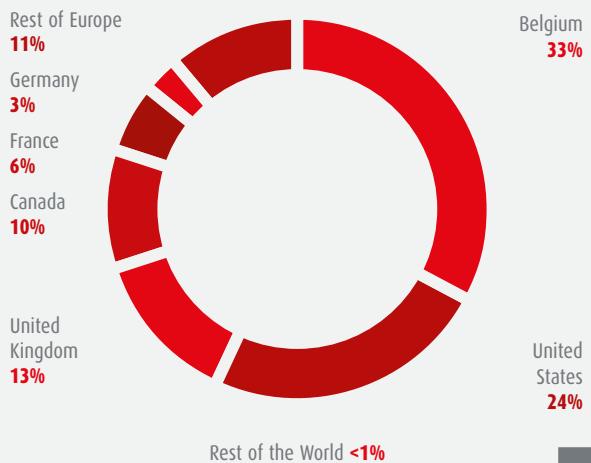
### TOTAL SHAREHOLDER COMPOSITION



### INSTITUTIONAL SHARES BY INVESTMENT STYLE



### INSTITUTIONAL SHARES BY GEOGRAPHY



# Barco consolidated



## IFRS FINANCIAL STATEMENTS

### INTRODUCTION

This chapter of the Annual Report contains the IFRS audited consolidated financial statements including the notes thereon prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

The chapter 'Comments on the results' provides an analysis of the developments during the financial year 2013 and the results and is based on the IFRS consolidated financial statements and should be read in conjunction with these statements.

## INCOME STATEMENT

IN THOUSANDS OF EURO	NOTE	2013	2012	2011
Net sales	3	1,158,015	1,155,984	1,041,244
Cost of goods sold	3	-771,519	-780,351	-728,313
<b>Gross profit</b>	3	<b>386,496</b>	<b>375,633</b>	<b>312,932</b>
Research and development expenses	3	-95,476	-84,124	-74,650
Sales and marketing expenses	3	-160,670	-142,157	-122,493
General and administration expenses	3	-55,689	-52,155	-50,221
Other operating income (expense) - net	3	4,362	3,040	12,792
<b>EBIT before restructuring and goodwill impairment</b>	3	<b>79,024</b>	<b>100,238</b>	<b>78,359</b>
Restructuring and goodwill impairment costs	5	-9,428	-2,671	-10,000
<b>EBIT after restructuring and goodwill impairment</b>		<b>69,596</b>	<b>97,567</b>	<b>68,359</b>
Interest income		1,394	2,826	912
Interest expense		-3,556	-1,738	-3,442
<b>Income before taxes</b>		<b>67,434</b>	<b>98,656</b>	<b>65,829</b>
Income taxes	6	-8,092	-4,962	10,407
<b>Result after taxes</b>		<b>59,342</b>	<b>93,694</b>	<b>76,236</b>
Share in the result of joint ventures and associates	8	61	547	-386
<b>Net income</b>		<b>59,403</b>	<b>94,241</b>	<b>75,850</b>
<b>Net income attributable to non-controlling interest</b>		<b>2,284</b>	-	-
<b>Net income attributable to the equity holder of the parent</b>		<b>57,119</b>	<b>94,241</b>	<b>75,850</b>
Earnings per share (in euro)	7	4,86	7,84	6,32
Diluted earnings per share (in euro)	7	4,71	7,50	6,21

## STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EURO	2013	2012	2011
<b>Net income</b>	59,403	94,241	75,850
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations (a)	-14,411	-6,683	-1,787
Net gain/(loss) on cash flow hedges	596	361	-550
Income tax	-72	-18	-
Net gain/(loss) on cash flow hedges, net of tax	524	343	-550
<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>-13,887</b>	<b>-6,340</b>	<b>-2,337</b>
Other comprehensive income (loss) for the period, net of tax, attributable to equity holders of the parent	-13,810	-6,340	-2,337
Other comprehensive income (loss) for the period, net of tax, non-controlling interest	-77	-	-
<b>Total comprehensive income for the period, net of tax, attributable to equity holder of the parent</b>	<b>45,594</b>	<b>87,901</b>	<b>73,513</b>
<b>Total comprehensive income for the period, net of tax, non-controlling interest</b>	<b>-77</b>	<b>-</b>	<b>-</b>

The accompanying notes are an integral part of this income statement.

- (a) 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 periodic 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.
- In 2013, the negative exchange differences in the comprehensive income line were mainly booked on foreign operations held in Indian Rupee, US Dollar and Norwegian Krone.

## BALANCE SHEET

IN THOUSANDS OF EURO	NOTE	31/12/2013	31/12/2012	31/12/2011
<b>ASSETS</b>				
Goodwill	9	145,705	68,809	43,921
Capitalized development cost	10	93,248	81,978	69,020
Other intangible assets	11	55,169	25,093	14,565
Land and buildings	11	27,017	28,744	30,569
Other tangible assets	11	40,120	30,661	27,479
Investments	8	11,824	44,445	9,300
Deferred tax assets	12	62,333	61,948	56,763
Other non-current assets	14	14,286	18,041	19,134
<b>Non-current assets</b>		<b>449,702</b>	<b>359,719</b>	<b>270,751</b>
Inventory	13	211,575	223,677	233,928
Trade debtors	14	177,467	183,082	187,114
Other amounts receivable	14	44,102	29,053	35,197
Cash and cash equivalents	15	156,545	122,139	79,165
Prepaid expenses and accrued income		8,431	4,209	8,412
<b>Current assets</b>		<b>598,120</b>	<b>562,160</b>	<b>543,816</b>
<b>Total assets</b>		<b>1,047,822</b>	<b>921,879</b>	<b>814,567</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to equityholders of the parent	17	574,943	538,050	460,703
Non-controlling interests	1.2.	4,423	-	-
<b>Equity</b>		<b>579,366</b>	<b>538,050</b>	<b>460,703</b>
Long-term debts	15	40,410	12,695	19,014
Deferred tax liabilities	12	11,721	3,089	5,005
Other long-term liabilities	16	15,322	10,161	8,117
<b>Non-current liabilities</b>		<b>67,453</b>	<b>25,945</b>	<b>32,136</b>
Current portion of long-term debts	15	3,582	4,105	1,691
Short-term debts	15	11,657	1,302	6,593
Trade payables	18	114,133	127,528	110,791
Advances received from customers	18	93,562	73,587	55,748
Tax payables		30,124	25,012	21,556
Employee benefit liabilities		57,248	57,958	51,741
Other current liabilities		12,115	8,241	8,045
Accrued charges and deferred income		31,778	20,763	23,488
Provisions	19	46,804	39,388	42,075
<b>Current liabilities</b>		<b>401,003</b>	<b>357,884</b>	<b>321,728</b>
<b>Total equity and liabilities</b>		<b>1,047,822</b>	<b>921,879</b>	<b>814,567</b>

The accompanying notes are an integral part of this balance sheet.

## CASH FLOW STATEMENT

IN THOUSANDS OF EURO	NOTE	2013	2012	2011
<b>Cash flow from operating activities</b>				
EBIT after restructuring and goodwill impairment		69,596	97,567	68,359
Impairment of capitalized development costs and goodwill	9	858	3,644	11,328
Restructuring provision (personnel)		-2,890	-	-3,351
Unrealized foreign currency translation gain on Kladno liquidation		-	-3,735	-
Amortization capitalized development cost	3	49,145	42,138	36,448
Depreciation of tangible and intangible fixed assets	10	24,207	16,126	14,088
Gain/(Loss) on tangible fixed assets		10	-24	-85
Share options recognized as cost	17	1,337	782	676
Share in the profit/(loss) of joint ventures and associates	8	61	547	-386
<b>Gross operating cash flow</b>		<b>142,323</b>	<b>157,046</b>	<b>127,076</b>
Changes in trade receivables		25,775	8,267	12,462
Changes in inventory		29,282	10,460	-2,483
Changes in trade payables		-29,889	10,567	-14,693
Other changes in net working capital		9,746	19,015	35,923
<b>Change in net working capital</b>		<b>34,915</b>	<b>48,310</b>	<b>31,208</b>
<b>Net operating cash flow</b>		<b>177,238</b>	<b>205,356</b>	<b>158,284</b>
Interest received		1,394	2,826	912
Interest paid		-3,556	-1,738	-3,442
Income taxes		-18,886	-4,200	-10,718
<b>Cash flow from operating activities</b>		<b>156,190</b>	<b>202,245</b>	<b>145,037</b>
<b>Cash flow from investing activities</b>				
Expenditure on product development	3	-62,072	-56,296	-46,454
Purchases of tangible and intangible fixed assets	10	-22,869	-24,853	-20,302
Proceeds on disposals of tangible and intangible fixed assets		260	1,264	3,245
Acquisition of Group companies, net of acquired cash	1,2, 24	-51,686	-27,994	-9,316
Disposal of Group companies, net of disposed cash	1,2, 24	-	-	-1,460
Other investing activities	8	-3,060	-33,358	-8,000
Interest in joint-ventures	8	-	-1,253	-974
<b>Cash flow from investing activities (including acquisitions and divestments)</b>		<b>-139,428</b>	<b>-142,491</b>	<b>-83,261</b>

IN THOUSANDS OF EURO	NOTE	2013	2012	2011
<b>Cash flow from financing activities</b>				
Dividends paid		-16,856	-13,153	-12,670
Share issue		7,713	1,144	3,593
Acquisition of own shares		1,390	-	-
Proceeds from (+) payments (-) of long-term liabilities		17,860	-3,603	-1,255
Proceeds from (+) payments (-) of short-term liabilities		12,646	-666	-18,399
<b>Cash flow from financing activities</b>		<b>22,753</b>	<b>-16,278</b>	<b>-28,730</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>39,515</b>	<b>43,476</b>	<b>33,046</b>
Cash and cash equivalents at beginning of period		122,139	79,164	46,042
Cash and cash equivalents (CTA)	(a)	-5,109	-502	
Change in consolidation method				77
<b>Cash and cash equivalents at end of period</b>		<b>156,545</b>	<b>122,139</b>	<b>79,164</b>

The accompanying notes are an integral part of this income statement.

- (a) From 2012 onwards, Barco is working with a new consolidation package, which makes it possible to exclude the FX impact out of the cash flow movements. The net FX impact on the cash flow movement is therefore shown on a separate line 'CTA on cash and cash equivalents' from 2012 onwards.

## CHANGES IN EQUITY

IN THOUSANDS OF EURO	Share capital and premium	Retained earnings	Share-based payments	Cumulative translation adjustment	Cash flow hedge reserve	Own shares	Equity attributable to equityholders of the parent	Non-Controlling Interest	Equity
<b>Balance on 1 January 2011</b>	<b>185,319</b>	<b>282,166</b>	<b>3,478</b>	<b>-28,757</b>	<b>-975</b>	<b>-45,641</b>	<b>395,590</b>	<b>1</b>	<b>395,591</b>
Net income	-	75,850	-	-	-	-	75,850	-	75,850
Dividend	-	-12,670	-	-	-	-	-12,670	-	-12,670
Capital increase	3,593	-	-	-	-	-	3,593	-	3,593
Other comprehensive income -loss for the period, net of tax	-	-	-	-1,787	-549	-	-2,336	-1	-2,337
Share-based payment	-	-	676	-	-	-	676	-	676
<b>Balance on 31 December 2011</b>	<b>188,912</b>	<b>345,347</b>	<b>4,154</b>	<b>-30,544</b>	<b>-1,524</b>	<b>-45,641</b>	<b>460,703</b>	-	<b>460,703</b>
<b>Balance on 1 January 2012</b>	<b>188,912</b>	<b>345,347</b>	<b>4,154</b>	<b>-30,544</b>	<b>-1,524</b>	<b>-45,641</b>	<b>460,703</b>	-	<b>460,703</b>
Net income	-	94,241	-	-	-	-	94,241	-	94,241
Dividend	-	-12,480	-	-	-	-	-12,480	-	-12,480
Capital increase	1,144	-	-	-	-	-	1,144	-	1,144
Other comprehensive income (loss) for the period, net of tax	-	-	-	-6,683	343	-	-6,340	-	-6,340
Share-based payment	-	-	782	-	-	-	782	-	782
<b>Balance on 31 December 2012</b>	<b>190,056</b>	<b>427,107</b>	<b>4,936</b>	<b>-37,227</b>	<b>-1,181</b>	<b>-45,641</b>	<b>538,050</b>	-	<b>538,050</b>
<b>Balance on 1 January 2013</b>	<b>190,056</b>	<b>427,107</b>	<b>4,936</b>	<b>-37,227</b>	<b>-1,181</b>	<b>-45,641</b>	<b>538,050</b>	-	<b>538,050</b>
Net income attributable to equityholders of the parent	-	57,119	-	-	-	-	57,119	2,284	59,403
Dividend	-	-16,856	-	-	-	-	-16,856	-	-16,856
Capital increase	7,713	-	-	-	-	-	7,713	-	7,713
Other comprehensive income (loss) for the period, net of tax	-	-	-	-14,334	524	-	-13,810	-77	-13,887
Exercise of options	-	-	-	-	-	1,390	1,390	-	1,390
Share-based payment	-	-	1,337	-	-	-	1,337	-	1,337
Change in consolidation method								2,216	2,216
<b>Balance on 31 December 2013</b>	<b>197,769</b>	<b>467,370</b>	<b>6,273</b>	<b>-51,561</b>	<b>-657</b>	<b>-44,250</b>	<b>574,943</b>	<b>4,423</b>	<b>579,367</b>

The accompanying notes are an integral part of this income statement.

## SIGNIFICANT IFRS ACCOUNTING PRINCIPLES

### 1. ACCOUNTING PRINCIPLES

#### 1.1. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

The consolidated financial statements of the Barco group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the EU. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2013 and adopted by the European Union are applied by Barco.

The consolidated financial statements are presented in thousands of euro and are prepared under the historical cost convention, except for the measurement at fair value of investments and derivative financial instruments. The financial statements were authorized for issue by the Board of Directors on 4 February 2014. The chairman has the power to amend the financial statements until the shareholders' meeting of 24 April 2014.

#### 1.2. PRINCIPLES OF CONSOLIDATION

##### General

The consolidated financial statements comprise the financial statements of the parent company, Barco nv, and its controlled subsidiaries, after the elimination of all intercompany transactions.

##### Subsidiaries

Subsidiaries are consolidated from the date the parent obtains control until the date control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. Control exists when Barco has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are prepared according to the parent's company reporting schedule, using consistent accounting policies.

##### Non-controlling Interests

Non-controlling Interests represent the portion of profit or loss and net assets not held by the group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from shareholder's equity.

##### Investments in associated companies

Investments in associated companies over which the company has significant influence (typically those that are 20-50% owned) are accounted for under the equity method of accounting and are carried in the balance sheet at the lower of the equity method amount and the recoverable amount, and the pro rata share of income (loss) of associated companies is included in income.

##### Joint ventures

The company's interest in jointly controlled entities is recognized using the equity method, which involves recognizing a proportionate share of the joint ventures on the face of its income statement. The investment is presented as non-current asset on the face of the balance sheet.

### 2. GOODWILL

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets and contingent liabilities of a subsidiary or associated company at the date of acquisition.

Goodwill is carried at cost less any accumulated impairment losses.

### 3. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred, except for development costs, which relate to the design and testing of new or improved materials, products or technologies, which are capitalized to the extent that it is expected that such assets will generate future economic benefits and the recognition criteria of IFRS are met. Capitalized development costs are amortized on a systematic basis over their expected useful lives. General estimate of useful life is 2 years, unless a longer or shorter period can be justified. This period is not exceeding 4 years.

### 4. OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are capitalized at cost.

Intangible assets acquired as part of a business combination are capitalized at fair value separately from goodwill if the fair value can be measured reliably on initial recognition and are amortized over their economic life time. Other intangible assets are amortized on a straight-line basis not exceeding 7 years.

## 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Generally, depreciation is computed on a straight-line basis over the estimated useful life of the asset. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

Estimated useful life is:

- buildings	20 years
- installations	10 years
- production machinery	5 years
- measurement equipment	4 years
- tools and models	3 years
- furniture	10 years
- office equipment	5 years
- computer equipment	3 years
- vehicles	5 years
- demo material	1 to 3 years
- leasehold improvements and finance leases: cfr underlying asset, limited to outstanding period of lease contract	

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognized.

## 6. LEASES

Finance leases, which effectively transfer to the group substantially all risks and benefits incidental to ownership of the leased item, are capitalized as property, plant and equipment at the fair value of the leased property, or, if lower, at the present value of the minimum lease payments. The corresponding liabilities are recorded as long-term or current liabilities depending on the period in which they are due. Lease interest is charged to the income statement as a financial cost using the effective interest method. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term, are classified as operating leases. Operating lease payments are expressed in the income statement on a straight line basis over the lease term.

## 7. INVESTMENTS

Investments are treated as financial assets available for sale and are initially recognized at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. For investments quoted in an active market, the quoted market price is the best measure of fair value. For investments not quoted in an active market, the carrying amount is the historical cost, if a reliable estimate of the fair value cannot be made. An impairment loss is recorded when the carrying amount exceeds the estimated recoverable amount.

## 8. OTHER NON-CURRENT ASSETS

Other non-current assets include long-term interest-bearing receivables and cash guarantees. Such long-term receivables are accounted for as loans and receivables originated by the company and are carried at amortized cost. An impairment loss is recorded when the carrying amount exceeds the estimated recoverable amount.

## 9. INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first in first out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs of completing the sale. In addition to the cost of materials and direct labor, the relevant proportion of production overhead is included in the inventory values.

## 10. REVENUErecognition

Revenue is recognized when it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

For product sales, revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, and collectability is probable.

For revenue out of projects, the percentage of completion method is used, provided that the outcome of the project can be assessed with reasonable certainty. These projects generally have a lifetime of less than one year. For sales of services, revenue is recognized by reference to the stage of completion.

## **11. GOVERNMENT GRANTS**

Government grants related to development projects, for which costs are capitalized, are classified as deferred income and recognized as income in proportion to the depreciation of the underlying fixed assets. Government grants related to research projects and other forms of government assistance are recognized as income upon irreversible achievement and by reference to the relevant expenses incurred.

## **12. TRADE DEBTORS AND OTHER AMOUNTS RECEIVABLE**

Trade debtors and other amounts receivable are shown on the balance sheet at nominal value (in general, the original amount invoiced) less an allowance for doubtful debts. Such an allowance is recorded in operating income when it is probable that the company will not be able to collect all amounts due. Allowances are calculated on an individual basis, and on a portfolio basis for groups of receivables that are not individually identified as impaired. The calculation of the allowances is based on an aging analysis of the trade debtors.

## **13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand and balances with banks and short-term investments with an original maturity date or notice period of three months or less. It is the group's policy to hold investments to maturity. All investments are initially recognized at fair value, which is the cost at recognition date. Gains and losses are recognized in income when the investments are redeemed or impaired, as well as through the amortization process.

## **14. PROVISIONS**

Provisions are recorded when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of the obligation.

The group recognizes the estimated liability to repair or replace products still under warranty at the balance sheet date. The provision is calculated based on historical experience of the level of repairs and replacements.

A provision for restructuring is only recognized when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly before the balance sheet date.

## **15. EQUITY – COSTS OF AN EQUITY TRANSACTION**

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

## **16. INTEREST-BEARING LOANS AND BORROWINGS**

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the loan/borrowing. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement.

## **17. TRADE AND OTHER PAYABLES**

Trade and other payables are stated at fair value, which is the cost at recognition date.

## **18. EMPLOYEE BENEFITS**

Employee benefits are recognized as an expense when the group consumes the economic benefit arising from service provided by an employee in exchange for employee benefits, and as a liability when an employee has provided service in exchange for employee benefits to be paid in the future. General pension plans are defined contribution plans. Obligations for these plans are recognized as an expense in the income statement as incurred. Pension obligations caused by legal requirements and some exceptional cases where the additional pension plan includes defined benefit obligations, are treated as post employment benefits of a defined benefit type.

## **19. TRANSACTIONS IN FOREIGN CURRENCIES**

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of transaction or at the end of the month before the date of the transaction. At the end of the accounting period the unsettled balances on foreign currency receivables and liabilities are valued at the rates of exchange prevailing at the end of the accounting period. Foreign exchange gains and losses are recognized in the income statement in the period in which they arise.

## **20. FOREIGN GROUP COMPANIES**

In the consolidated accounts all items in the profit and loss accounts of foreign subsidiaries are translated into euro at the average exchange rates for the accounting period. The balance sheets of foreign group companies are translated into euro at the rates of exchange ruling at the year-end. The resulting exchange differences are classified in a separate component of 'other comprehensive income', until disposal of the investment.

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognized initially at cost, which is the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Transaction costs are considered in the initial measurement of all financial assets and liabilities. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The fair values of derivative interest contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward exchange contracts is their market price at the balance sheet date.

Derivative financial instruments that are either hedging instruments that are not designated or do not qualify as hedges are carried at fair value with changes in value included in the income statement.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in 'other comprehensive income' with the ineffective part recognized directly in profit and loss.

## 22. INCOME TAXES

Current taxes are based on the results of the group companies and are calculated according to local tax rules.

Deferred tax assets and liabilities are determined, using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Tax rates used are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## 23. IMPAIRMENT OF ASSETS

Goodwill is reviewed for impairment at least annually. For other tangible and intangible assets, at each balance sheet date, an assessment is made as to whether any indication exists that assets may be impaired. If any such indication exists, an impairment test is carried out in order to determine if and to what extent a valuation allowance is necessary to reduce the asset to its value in use (the present value of estimated future cash flows) or, if higher, to its fair value less cost to sell. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs to sell while value in use is the present value of the future cash flows expected to be derived from an asset. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the assets belong. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement. Reversal of impairment losses recognized in prior years is included as income when there is an indication that the impairment losses recognized for the asset are no longer needed or the need has decreased, except for impairment losses on goodwill, which are never reversed.

## 24. SHARE-BASED PAYMENT

Barco created warrants for staff and non-executive directors as well as for individuals who play an important role for the company. According to the publication of IFRS2, the cost of share-based payment transactions is reflected in the income statement.

The warrants are valued at grant date, based on the share price at grant date, exercise price, expected volatility, dividend estimates, and interest rates. Warrant cost is taken into result on a straight-line basis from the grant date until the first exercise date.

## 25. EARNINGS PER SHARE

The group calculates both basic and diluted earnings per share in accordance with IAS 33, Earnings per share. Under IAS 33, basic earnings per share are computed using the weighted average number of shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of shares outstanding during the period plus the dilutive effect of warrants outstanding during the period.

As diluted earnings per share can not be higher than basic earnings per share, diluted earnings per share are kept equal to basic earnings per share in case of negative net earnings.

## **26. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE**

A discontinued operation is a component of the group that either has been disposed of, or is classified as held for sale and represents a separate major line of business and is part of a single coordinated plan to dispose of a separate major line of business or is a subsidiary acquired exclusively with a view to resale.

The group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the group measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amounts and fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell.

## IFRS ACCOUNTING STANDARDS ADOPTED AS FROM 2013

Several amendments apply for the first time in 2013. However they do not impact the annual consolidated financial statements of the Group. The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- » IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
- » IAS 1 Presentation of Financial Statements
- » IAS 12 Income Taxes – Recovery of Tax Assets
- » IAS 19 Employee Benefits (amended)
- » IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7
- » IFRS 13 Fair Value Measurement
- » IFRIC 12 Stripping Costs in the Production Phase of a Surface Mine
- » Annual Improvements to IFRS (Issued May 2012)

### **IAS 1 PRESENTATION OF ITEMS OF OTHER COMPREHENSIVE INCOME – AMENDMENTS TO IAS 1**

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g. net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g. actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

### **IAS 19 EMPLOYEE BENEFITS (REVISED 2011) (IAS 19R)**

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss; instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

In case of the Group, the transition to IAS 19R had no material impact on the net defined benefit plan obligations.

### **IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES - OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES - AMENDMENTS TO IFRS 7**

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

### **IFRS 13 FAIR VALUE MEASUREMENT**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when fair value is required to be used, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defined fair value as an exit price. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 20.

### **IFRIC 20 STRIPPING COSTS IN THE PRODUCTION PHASE OF A SURFACE MINE**

IFRIC 20 applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. This interpretation did not have an impact on the Group's financial position and performance.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## IFRS ACCOUNTING STANDARDS EFFECTIVE AS FROM 2014 ONWARDS

### **IMPROVEMENTS TO IFRSS (ISSUED MAY 2012)**

In May 2012, the IASB issued the 2009-2011 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. When the adoption of an improvement is deemed to have an impact on the financial statements or the performance of the Group, its impact is described below:

- » IAS 1 Presentation of Financial Statements: The amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntary provides comparative information beyond the minimum required comparative period. The amendments also clarify that the opening statement of financial position (as at 1 January 2012 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements, does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012. The amendments affect presentation only and disclosure only, and have no impact on the Group's financial position of performance.
- » IAS 16 Property, Plant and Equipment: The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The amendments did not have impact on the Group's financial position.
- » IAS 32 Financial Instruments: Presentation: The amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. This improvement did not have an impact on the Group's financial position.

### **STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations when they become effective.

- » IFRS 9 Financial Instruments<sup>1</sup>, effective 1 January 2015
- » IFRS 10 Consolidated Financial Statements, effective 1 January 2014
- » IFRS 11 Joint Arrangements, effective 1 January 2014
- » IFRS 12 Disclosure of Interests in Other Entities, effective 1 January 2014
- » IFRS 10-12 - Transition Guidance, effective 1 January 2014
- » IFRS 10, IFRS 12 and IAS 27 - Investment Entities<sup>1</sup>, effective 1 January 2014
- » IAS 27 Separate Financial Statements, effective 1 January 2014
- » IAS 28 Investments in Associates and Joint Ventures, effective 1 January 2014
- » IAS 32 Financial Instruments - Presentation: Offsetting Financial Assets and Financial Liabilities, effective 1 January 2014
- » IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-financial Assets<sup>1</sup>, effective 1 January 2014
- » IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting<sup>1</sup>, effective 1 January 2014
- » IFRIC 21 Levies<sup>1</sup>, effective 1 January 2014

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<sup>1</sup> Not yet endorsed by the EU as per 31 December 2013

## CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### GENERAL BUSINESS RISKS

We refer to the chapter 'Risk factors' for an overview of the risks affecting businesses of the Barco Group

### KEY SOURCES OF ESTIMATION UNCERTAINTY

- » Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 12 'Deferred tax assets – deferred tax liabilities').
- » Impairment of goodwill: the Group tests the goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired (see note 9.'Goodwill').

- » Development costs are capitalized in accordance with the accounting policy. Initial capitalization of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.
- » Impairment of development costs: Barco tests the capitalized development for impairment if there are indications that capitalized development might be impaired (see note 10. 'Capitalized development costs').

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12. Deferred tax assets – deferred tax liabilities
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14. Amounts receivable and non-current assets
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## 1. CONSOLIDATED COMPANIES

### 1.1. LIST OF CONSOLIDATED COMPANIES ON 31 DECEMBER 2013

#### Europe, Middle-East and Africa

Argentina	Barco Argentina S.R.L.	c/o Grant Thornton Argentina, Avenida Corrientes 327 piso 3, C1043AAD Buenos Aires	100%
Belgium	Barco Coordination Center NV	President Kennedypark 35, 8500 Kortrijk	100%
Belgium	Barco Integrated Solutions NV	President Kennedypark 35, 8500 Kortrijk	100%
Belgium	Innovative Designs NV	President Kennedypark 35, 8500 Kortrijk	100%
Belgium	Barco Silex SA	Scientific Parc, rue du Bosquet 7, 1348 Ottignies, Louvain-La-Neuve	100%
Belgium	dZine NV	t Hoge 49, 8500 Kortrijk	100%
Brazil	Barco Ltda.	Av. Ibirapuera, 2332, 8º andar, conj 82, Torre II, Moema, 04028-002 São Paulo	100%
Colombia	Barco Colombia SAS	Calle 90 N° 8-31, apt 60, 110221 Bogota	100%
Denmark	Barco A/S	c/o PwC, att. RAS Strandvejen 44, 2900 Hellerup	100%
France	Barco SAS	177 Avenue Georges Clémenceau, Immeuble "Le Plein Ouest", 92000 Nanterre	100%
France	Barco Silex SAS	ZI Rousset-Peynier, Immeuble CCE-CD6, Route de Trets, 13790 Peynier	100%
France	Barco Texen	7 rue Roger Camboulives, Parc Technologique de Basso Cambo, 31000 Toulouse	100%
Germany	Barco Control Rooms GmbH	Greschbachstrasse 5 a, 76229 Karlsruhe	100%
Germany	Barco Orthogon GmbH	Hastedter Osterdeich 222, 28207 Bremen	100%
Germany	Barco GmbH	Greschbachstrasse 5 a, 76229 Karlsruhe	100%
Israel	Barco Electronic Systems Ltd.	53 Etzel Street, 75706 Rishon Lezion	100%
Italy	Barco S.r.l.	Via Monferrato 7, 20094 Corsico-MI	100%
Italy	FIMI S.r.l.	c/o Studio Ciavarella, via Vittor Pisani n. 6, 20124 Milano	100%
Mexico	Barco Visual Solutions S.A. de C.V.	Mariano Escobedo No. 476 Piso 10 Col. Anzures, C.P. 11590 D.F. México	100%
Netherlands	Barco B.V.	Schootense Dreef 22, 5708HZ Helmond	100%
Norway	Barco Norway AS	c/o Grant Thornton, Bogstadveien 30, 0355 Oslo	100%
Norway	Projection Holding AS	Habornveien 53, 1630 Gamle Fredrikstad	100%
Norway	Projectiondesign AS	Habornveien 53, 1630 Gamle Fredrikstad	100%
Poland	Barco Sp. z o.o.	Marywilska 16, 03-228 Warsaw	100%
Russia	Barco Services 000	ulitsa Kondratyuka, 3, 129515 Moscow	100%
Spain	Barco Electronic Systems, S.A.	Travesera de las Corts 371, 08029 Barcelona	100%
Sweden	Barco Sverige AB	Kyrkvägen 1, 192 72 Sollentuna	100%
United Kingdom	Barco Ltd.	Venture House, Downshire Way, Arlington Square, RG12 1WA Bracknell	100%
United Kingdom	JAOTech Ltd.	Unit 7 Perrywood Business Park, Honeycrock Lane, RH1 5DZ Redhill, Surrey	100%

**Americas**

Canada	Barco Visual Solutions, Inc.	2000 Mansfield Drive, Suite 1400, Montreal, H3A 3A2 Quebec	100%
United States	Barco Federal Systems LLC	1209 Orange Street, 19801 Wilmington-DE	100%
United States	Barco, Inc.	1209 Orange Street, 19801 Wilmington-DE	100%
United States	Barco Lighting Systems, Inc.	350 N. St. Paul St., 75201 Dallas-TX	100%

**Asia-Pacific**

Australia	Barco Systems Pty. Ltd.	2 Rocklea Drive, VIC 3207 Port Melbourne	100 %
China	Barco Trading (Shanghai) Co., Ltd.	Rm501, 180 Hua Shen Road, Wai Gao Qiao Free Trade Zone, 200031 Shanghai	100 %
China	Barco Visual (Beijing) Electronics Co., Ltd.	No. 16 Changsheng Road, Chang Ping Park, Zhong Guan Cun Science Park, Chang Ping District, 102200 Beijing	100 %
China	Barco Visual (Beijing) Trading Co., Ltd.	No. 16 Changsheng Road, Chang Ping Park, Zhong Guan Cun Science Park, Chang Ping District, 102200 Beijing	100 %
China	CFG Barco (Beijing) Electronics Co., Ltd.	No. 16 Changsheng Road, Chang Ping Park, Zhong Guan Cun Science Park, Chang Ping District, 102200 Beijing	100 %
Hong Kong	Barco Ltd.	Suite 2808, 28/F, Central Plaza, 18 Harbour Road, Wanchai	100 %
Hong Kong	Barco Visual Electronics Co., Ltd.	Suite 2808, 28/F, Central Plaza, 18 Harbour Road, Wanchai	100 %
Hong Kong	Barco China (Holding) Ltd.	Suite 2808, 28/F, Central Plaza, 18 Harbour Road, Wanchai	100 %
India	Barco Electronic Systems Pvt. Ltd.	c/o Perfect Accounting & Shared Services P.Ltd., E-20, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, Main Market, Hauz Khas, 110016 New Delhi	100 %
Japan	Barco Co., Ltd.	Yamato International Bldg 8F, 5-1-1 Heiwajima, Ota-ku, 143-0006 Tokyo	100 %
Korea	Barco Ltd.	42 Youngdongdaero 106-Gil, Gangnam-Gu, 135-881 Seoul	100 %
Malaysia	Barco Sdn. Bhd.	No. 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor	100 %
Singapore	Barco Pte Ltd.	No. 10 Changi South Lane, #04-01 Ossia Building, 486162 Singapore	100 %
Taiwan	Barco Ltd.	12F-2, 88, Dunhua N. Rd., 105 Taipei City	100 %
Taiwan	JAOtech (Taiwan) Ltd.	5F, No. 59, Lane 77, Xing-ai Road, Naihu District, 11494 Taipei	100 %
Taiwan	Awind Inc.	17 <sup>th</sup> Floor, No. 866-5, Zhongzhen Road, Zhonghe District, 235 New Taipei City	100 %

**1.2. LIST OF ASSOCIATED COMPANIES ON 31 DECEMBER 2013****Europe, Middle-East and Africa**

Norway	Habornveien 53 AS	Habornveien 53, 1630 Gamle Fredrikstad	42%
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(a) This company is a joint venture and accounted for using the equity method.

### 1.3. ACQUISITIONS AND DIVESTMENTS

**2013**

#### Acquisition of projectiondesign

Per 21 February 2013, Barco acquired the remaining shares of the Norway-based company projectiondesign, after acquiring 61% of the shares on 19 December 2012. The acquisition reflects Barco's strategy to strengthen its leading position in high-performance projection technology by advancing further into the mid-segment of its target markets.

The effective control was transferred on 1 January 2013. projectiondesign is integrated in Barco's Projection division.

The acquisition has been accounted for using the acquisition method conform IFRS3 Business Combinations (Revised). In 2013, projectiondesign has contributed 51.7 million euro to the total turnover of the Group, resulting 1.9 million euro EBITDA. This contribution in the first year was negatively impacted by IFRS restatements recorded in the opening balance sheet. The IFRS restatements related to fair value adjustments on inventory and the valuation of other intangible fixed assets: technology (amortized over 6 years), customer list (amortized over 6 years) and trade names (amortized over 1 year).

The following table summarizes the consideration paid for projectiondesign and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

#### Assets and Liabilities Projectiondesign

IN THOUSANDS OF EURO	BEFORE ACQUISITION	FAIR VALUE RESTATEMENTS	01/01/13
			AFTER ACQUISITION
Other intangible fixed assets	157	18,384	18,541
Leased buildings	11,782	-	11,782
Other non-current assets	2,261	-	2,261
<b>Total non-current assets</b>	<b>14,200</b>	<b>18,384</b>	<b>32,584</b>
Inventory	16,184	-2,322	13,863
Trade receivables	11,143	-	11,143
Other current assets	1,182	-	1,182
<b>Total current assets</b>	<b>28,509</b>	<b>-2,322</b>	<b>26,188</b>
Provisions	-203	-4,245	-4,448
Leasing debt	-12,016	-	-12,016
Financial debt	-3,183	-	-3,183
Deferred tax liability	1,701	-3,436	-1,735
<b>Total non-current liabilities</b>	<b>-13,701</b>	<b>-7,681</b>	<b>-21,382</b>
Other current liabilities	-7,511	-	-7,511
<b>Total current liabilities</b>	<b>-7,511</b>	<b>-</b>	<b>-7,511</b>
Cash	-716	-	-716
<b>Total net assets acquired</b>	<b>20,782</b>	<b>8,381</b>	<b>29,163</b>
<b>Total acquisition cost</b>			<b>64,762</b>
<b>Goodwill</b>			<b>35,599</b>

Note: Fair value restatements also include restatements from local (Norwegian) Gaap to IFRS.

IN THOUSANDS OF EURO			
<b>Cash flow on acquisition</b>			
Net cash acquired with the subsidiary			-716
Cash paid			-50,832
<b>Net cash flow on acquisition</b>			<b>-51,547</b>

The total acquisition cost includes the amount paid at closing of 17.8 million euro in 2013, the amount paid per 19 December 2012 of 33 million euro and a vendor loan of 13.9 million euro (101.5 million NOK) to be paid to the former shareholders, which is considered as a pre-existing right at the moment of the acquisition and repayable in 2014, 2015 and 2016. The contract provided for additional earn-out payments, depending on the adjusted EBITDA realized in 2013 (minimum 50 million NOK). Per end of 2013 the requirements for the earn-out payment are not met. The goodwill recognized at acquisition is related to the assembled workforce, the company's ability to develop state-of-the-art technologies and synergies resulting from the combination of projectiondesign with Barco. Barco is becoming a market leader in projection solutions for both large and mid-venue markets after this acquisition. The goodwill is not tax deductible.

#### **Acquisition of AWIND**

Per 26 March 2013, Barco acquired 100% of the shares of the Taiwan-based company AWIND, a leading provider of wireless content sharing and WIFI-enabled presentations. This transaction advances Barco's strategy of leveraging its strengths in visualization to establish a leadership position in professional networking and collaboration. The effective control was transferred on 1 April 2013.

The acquisition has been accounted for using the acquisition method conform IFRS3 Business Combinations (Revised). In 2013, AWIND has contributed 6.9 million euro to the total turnover of the Group, resulting 1.1 million euro EBITDA. This contribution in the first year was negatively impacted by IFRS restatements recorded in the opening balance sheet. The IFRS restatements related to fair value adjustments on the valuation of other intangible fixed assets: technology (amortized over 6 years), customer list (amortized over 5 years) and trade names (amortized over 1 year).

The following table summarizes the consideration paid for AWIND and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

#### **Assets and Liabilities AWIND**

IN THOUSANDS OF EURO	BEFORE ACQUISITION	FAIR VALUE RESTATEMENTS	01/04/13 AFTER ACQUISITION
Other intangible fixed assets	80	12,653	12,733
Other tangible fixed assets	125	-	125
<b>Total non-current assets</b>	<b>205</b>	<b>12,653</b>	<b>12,858</b>
Inventory	786	-	786
Trade receivables	919	-	919
Other current assets	276	-	276
<b>Total current assets</b>	<b>1,980</b>	<b>-</b>	<b>1,980</b>
Deferred tax liability	-	-2,151	-2,151
<b>Total non-current liabilities</b>	<b>-</b>	<b>-2,151</b>	<b>-2,151</b>
Other current liabilities	-743	-	-743
<b>Total current liabilities</b>	<b>-743</b>	<b>-</b>	<b>-743</b>
Cash	2,508	-	2,508
<b>Total net assets acquired</b>	<b>3,949</b>	<b>10,502</b>	<b>14,451</b>
Upfront consideration			51,621
Deferred consideration			4,615
<b>Total acquisition cost</b>			<b>56,236</b>
<b>Goodwill</b>			<b>41,785</b>

IN THOUSANDS OF EURO			
Cash flow on acquisition			
Net cash acquired with the subsidiary			2,508
Cash paid			-51,621
<b>Net cash flow on acquisition</b>			<b>-49,113</b>

The total acquisition cost includes the amount paid at closing of 52.1 million US dollar (40 million euro recalculated at FX rate acquisition date), 15 million US dollar (11.6 million euro recalculated at FX rate on the acquisition date) put in escrow for 24 months and 6 million US dollar deferred consideration (4.6 million euro recalculated at FX rate on the acquisition date), retained for 15 months.

The goodwill recognized at acquisition is related to the future cash flows Barco expects to realize based on the sale of products using the AWIND technology. The goodwill is not tax deductible.

The goodwill has been assigned to the Advanced Visualization division.

### Change in consolidation method Chinese joint venture CFG Barco

Effective as of 1 January 2013, the contract with Barco's joint venture partner China Film Group has been modified, resulting in Barco obtaining control over CFG Barco (Beijing) Electronics Co, Ltd. Barco's ownership in the company of 58% remained unchanged and no additional consideration was paid for the change in control. As a result of obtaining control CFG Barco has been fully consolidated as from 1 January 2013 onwards. As a result of the full consolidation, a non-controlling interest of 42% is shown as from 1 January 2013. Until 31 December 2012, CFG Barco has been taken up at equity method.

The step acquisition has been accounted for using the acquisition method conform IFRS3 Business Combinations (Revised). Since CFG Barco has been established in 2011 and has taken over all manufacturing activities from Barco China with respect to the projectors for the Chinese market end 2012, the re-measurement of the acquisition date fair value of the equity interest in CFG Barco, held immediately before the acquisition date did not materially differ from the equity interest in the company before the business combination. Therefore no gain or loss needed to be recognized as a result of re-measuring to fair value the equity interest in CFG Barco.

The following table summarizes the amounts of the assets acquired and liabilities assumed of CFG recognized at the date of transfer of control.

#### Assets and Liabilities CFG Barco

IN THOUSANDS OF EURO	BEFORE TRANSFER OF CONTROL	FAIR VALUE RESTATEMENTS	01/01/13 AFTER TRANSFER OF CONTROL
Deferred tax assets	728	-	728
Other non-current assets	684	-	684
<b>Total non-current assets</b>	<b>1,412</b>	<b>-</b>	<b>1,412</b>
Inventory	9,959	-	9,959
Trade receivables	14,314	-	14,314
Other current assets	5,919	-	5,919
<b>Total current assets</b>	<b>30,192</b>	<b>-</b>	<b>30,192</b>
Trade payables	-13,111	-	-13,111
Other current liabilities	-12,867	-	-12,867
Advances received on contracts in progress	-18,480	-	-18,480
<b>Total current liabilities</b>	<b>-44,457</b>	<b>-</b>	<b>-44,457</b>
Cash	18,138	-	18,138
<b>Total net assets acquired</b>	<b>5,285</b>	<b>-</b>	<b>5,285</b>

In 2013, CFG Barco has contributed 48 million euro to the total turnover of the Group, resulting 8.1 million euro EBITDA.

IN THOUSANDS OF EURO			
Cash flow on the date of transfer of control			
Net cash acquired with the subsidiary			18,138
<b>Cash paid</b>			-
<b>Net cash flow on the date of transfer of control</b>			<b>18,138</b>

**2012**

### Acquisition of projectiondesign

Per 19 December 2012, Barco acquired 61% of the shares of projectiondesign, a Norway-based leader in projection technology, from the private equity fund Herkules Capital. The transaction advances Barco's strategy to expand into the mid-segment of its target markets and to strengthen its number one position in high-performance projection technology. The amount paid at closing is 244m NOK (33.4 million euro). The effective control is only transferred on 1 January 2013.

### Acquisition of JAOTech

Per 3 February 2012, Barco acquired 100% of the shares of the UK-based company JAOTech Ltd, a leading manufacturer of patient entertainment and point-of-care terminals for hospitals. The acquisition fits within Barco's long-term vision of increasing healthcare efficiency and its growth strategy of expanding into multiple healthcare segments.

The acquisition has been accounted for using the acquisition method conform IFRS3 Business Combinations (Revised). The following table summarizes the consideration paid for JAOTech Ltd and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

### Assets and Liabilities JAOTech

IN THOUSANDS OF EURO	OPENING B/S	FAIR VALUE RESTATEMENTS	01/01/12 IFRS OPENING B/S
<b>Total non-current assets</b>	<b>837</b>	-686	<b>151</b>
Inventory	2,732	-720	2,011
Trade receivables	5,507	-16	5,491
Other current assets	453	-16	437
<b>Total current assets</b>	<b>8,691</b>	-753	<b>7,939</b>
<b>Total non-current liabilities</b>	<b>-308</b>	-537	<b>-845</b>
Trade payables	-4,784	-	-4,784
Other current liabilities	-4,452	-160	-4,612
<b>Total current liabilities</b>	<b>-9,236</b>	-160	<b>-9,396</b>
Cash	562		562
<b>Total net assets</b>	<b>546</b>	-2,135	<b>-1,589</b>
<b>Total acquisition cost (excl net cash)</b>			<b>13,628</b>
<b>Goodwill</b>			<b>15,217</b>

IN THOUSANDS OF EURO			
Cash flow on acquisition			
Net cash acquired with the subsidiary			562
<b>Cash paid</b>			<b>-9,628</b>
<b>Net cash flow on acquisition</b>			<b>-9,065</b>

The total acquisition cost includes the amount paid at closing of 9.6 million euro and a deferred consideration of 1 million euro, payable early 2014. The contract further provides for additional earn-out payments. The earn-out payments depend on the cumulative gross margin generated for the financial years ended 31 December 2012 to 31 December 2014. There are no minimum or maximum earn-out payments stipulated in the contract. Total earn-out payments of 3 million euro were at moment of acquisition assumed to be probable and are therefore added to the acquisition cost. There have been no earn-out payments made per 31 December 2012 and 31 December 2013. The requirements for the earn-out cannot be met anymore and therefore the 3 million euro assumed earn-out payable has been taken in other operating income in 2013. See note 3.d. The goodwill recognized at acquisition is related to the 'surprix' Barco was willing to pay because of the commercial and operational synergies expected to be achieved from integrating JAOTech into the Healthcare division and is not tax deductible.

In 2012, JAOTech contributed 9.7 million euro to the total turnover of the group and contributed negative 2.1 million euro to the total profit before taxes of the group.

### Acquisition of IP Video Systems

Per 31 January 2012, Barco acquired the networked visualization activities of IP Video Systems (IPVS), a California-based innovator in networked visualization solutions. The acquisition fits within Barco's overall strategy to invest in high-performance networked visualization technology, and will strengthen the company's product portfolio in a large number of markets.

Barco mainly acquired the products, know-how and warranty obligations of the IP Video Systems business, all through an asset deal. The asset deal needs to be seen as a business combination since Barco acquired all of the company's personnel on top of the agreed purchased assets. Therefore the acquisition has been accounted for using the acquisition method conform IFRS3 Business Combinations Revised.

The following table summarizes the consideration paid for IP Video Systems and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

The total acquisition cost includes the amount paid at closing of 20 million USD (15.2 million euro recalculated at FX rate at acquisition date). The goodwill recognized at acquisition is related to the technology developed by IPVS and the future cash flows Barco will be able to realize based on the sale of products using the IPVS technology. The acquisition fits in Barco's corporate strategy to invest in high-performance networked visualization technologies. The total goodwill amount is tax deductible in Barco Inc over a period of 15 years.

### Assets and Liabilities IP Video Systems

IN THOUSANDS OF EURO	BEFORE ACQUISITION DATE	FAIR VALUE RESTATEMENTS	AFTER ACQUISITION DATE
Know-how	-	4,673	4,673
Tangible fixed assets	7	-3	4
Deferred tax assets	-	695	695
<b>Total non-current assets</b>	<b>7</b>	<b>5,365</b>	<b>5,372</b>
Inventory	285	-	285
<b>Total current assets</b>	<b>285</b>	<b>-</b>	<b>285</b>
Warranty provision	-	-35	-35
<b>Total non-current liabilities</b>	<b>-</b>	<b>-35</b>	<b>-35</b>
Retention bonus accrual	-	-1,748	-1,748
<b>Total current liabilities</b>	<b>-</b>	<b>-1,748</b>	<b>-1,748</b>
<b>Total net assets</b>	<b>292</b>	<b>3,582</b>	<b>3,874</b>
Acquisition price			15,179
Goodwill			11,305

**2011****CineStore**

Per 31 March 2011, Barco acquired the CineStore activities of cinema solutions provider XDC, based in Liège, Belgium. The acquisition is an extension of the Digital Cinema product offering of the Group and fits within Barco's broader strategy to move up in the value chain from digital projection supplier to provider of total cinema visualization solutions.

Barco mainly acquired the products, know-how and warranty obligations of the XDC CineStore business through an asset deal. The total acquisition cost amounts to 6.4 million euro and equals the fair value of the acquired net assets, which are as follows:

The total acquisition cost paid at closing of the deal amounts to 6.4 million euro. The contract further provided for two additional earn-out payments. The first additional earn-out payment is determined based on the number of servers, originally developed by XDC, sold to the XDC group over the coming 4 years. The second earn-out payment is a percentage on the sales realized by Barco on all products sold to third parties within the framework of the CineStore activities over the coming 4 years. There are no minimum or maximum earn-out payments foreseen in the contract.

The goodwill and the know-how recognized at acquisition are related to specific server technology developed by XDC. The total goodwill of 1 million euro is allocated to the Projection division.

In 2011 the CineStore activities contributed 1.7 million euro to the total turnover of the group.

**Assets and Liabilities CineStore**

IN THOUSANDS OF EURO	BEFORE ACQUISITION DATE	01/04/11
Know-how	-	4,702
Other tangible and intangible assets	763	600
<b>Total non-current assets</b>	<b>763</b>	<b>5,302</b>
Inventory	2,714	2,714
Other current assets	-	145
<b>Total current assets</b>	<b>2,714</b>	<b>2,859</b>
Warranty provision	-1,964	-2,547
<b>Total non-current liabilities</b>	<b>-1,964</b>	<b>-2,547</b>
<b>Total current liabilities</b>	<b>-225</b>	<b>-225</b>
<b>Net assets</b>	<b>1,288</b>	<b>5,389</b>
Acquisition cost		6,419
<b>Goodwill</b>		<b>1,030</b>

## 2. OPERATING SEGMENTS INFORMATION

### 2.1. BASIS OF OPERATING SEGMENTS INFORMATION

Effective 1 January 2013, Barco changed the composition of three divisions as follows:

#### Barco's business activities:

- » **Projection (former Entertainment division adding acquisition of projectiondesign):** designs and manufactures a broad family of projectors, LED displays and image processing products for use at events, concerts, open-air festival stages, retail stores, sports stadiums, museums, auditoria, meeting rooms and movie theaters.
- » **Advanced Visualization (former Control Rooms and Simulation division adding two venture group companies dZine and Clickshare):** offers a complete portfolio of high-quality video wall modules in a wide range of sizes and resolutions. In addition, Advanced Visualization has a strong focus on dedicated collaboration software, professional services and smart networked solutions.
- » **Healthcare:** has a solid reputation for delivering dependable visualization solutions that are central to the provision of quality healthcare. The product offering includes leading-edge displays for radiology, mammography, surgery, dentistry, pathology and modality imaging, along with DICOM compliant review displays, networked digital OR systems, and point-of-care devices.
- » **Defense and Aerospace:** provides high-performance display systems, large-screen visualization platforms, advanced processing modules and network-client applications, all ensuring continuous information availability in harsh environmental conditions. The training business, previously included in Control Rooms and Simulation, has been added to the Defense and Aerospace division.

#### Barco's ventures:

- » **Barco Silex:** active in high level electronic engineering.
- » **High End Systems:** specialized in professional entertainment lighting products.
- » **LiveDots:** offers high-performance LED display solutions for indoor and outdoor installations.
- » **Orthogon:** develops software components for the Air Traffic Control market.

Management (Core Leadership Team is considered to be the Chief Operating Decision Maker) monitors the results of each of the core divisions and the ventures as 5 divisions separately so as to make decisions about resource allocation and performance assessment. 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.

As a consequence, the group aligned its segment reporting with this business structure, resulting in 5 operating segments. The 2012 financials have been restated for comparison reasons.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

We refer to p62 for more explanation on the activities performed by each division.

## 2.2 PROJECTION

IN THOUSANDS OF EURO	2013		2012		VARIANCE
					2013-2012
Net sales	522,492	100.0%	479,711	100.0%	42,778
external sales	522,344	100.0%	479,562	100.0%	42,782
interdivision sales	150	0.0%	149	0.0%	-
Cost of goods sold	-354,855	-67.9%	-334,745	-69.8%	-20,113
Gross profit	167,637	32.1%	144,968	30.2%	22,666
EBIT before restructuring and goodwill impairment	62,095	11.9%	74,175	15.5%	-12,080
Amortization capitalized development	10,940	2.1%	8,382	1.7%	2,557
Depreciation TFA and software	10,415	2.0%	4,720	1.0%	5,695
EBITDA	83,450	16.0%	87,278	18.2%	-3,828
Capitalized development	19,196	3.7%	15,453	3.2%	3,743
Capital expenditures TFA and software	7,037	1.3%	6,526	1.4%	510
Segment assets	255,459		179,855		
Segment liabilities	195,790		139,241		

## 2.3 HEALTHCARE

IN THOUSANDS OF EURO	2013		2012		VARIANCE
					2013-2012
Net sales	195,708	100.0%	206,455	100.0%	-10,748
external sales	195,697	100.0%	206,371	100.0%	-10,674
interdivision sales	11	0.0%	84	0.0%	-73
Cost of goods sold	-127,849	-65.3%	-136,243	-66.0%	8,393
Gross profit	67,858	34.7%	70,213	34.0%	-2,354
EBIT before restructuring and goodwill impairment	9,428	4.8%	11,045	5.3%	-1,617
Amortization capitalized development	12,750	6.5%	8,817	4.3%	3,933
Depreciation TFA and software	4,171	2.1%	3,947	1.9%	224
EBITDA	26,348	13.5%	23,809	11.5%	2,539
Capitalized development	15,300	7.8%	13,992	6.8%	1,307
Capital expenditures TFA and software	4,116	2.1%	4,836	2.3%	-720
Segment assets	127,825		126,473		
Segment liabilities	44,435		50,980		

## 2.4. ADVANCED VISUALIZATION

IN THOUSANDS OF EURO	2013	2012	VARIANCE
			2013-2012
Net sales	192,540	100.0%	205,162
external sales	190,567	99.0%	204,828
interdivision sales	1,973	1.0%	334
Cost of goods sold	-120,649	-62.7%	-124,649
Gross profit	71,890	37.3%	80,513
EBIT before restructuring and goodwill impairment	-2,888	-1.5%	11,115
Amortization capitalized development	10,077	5.2%	9,016
Depreciation TFA and software	6,148	3.2%	3,722
EBITDA	13,338	6.9%	23,852
Capitalized development	13,145	6.8%	11,480
Capital expenditures TFA and software	6,928	3.6%	8,537
Segment assets	182,649		137,689
Segment liabilities	58,346		59,999

## 2.5. DEFENSE AND AEROSPACE

IN THOUSANDS OF EURO	2013	2012	VARIANCE
			2013-2012
Net sales	149,716	100.0%	167,277
external sales	149,516	99.9%	166,959
interdivision sales	200	0.1%	318
Cost of goods sold	-100,012	-66.8%	-114,802
Gross profit	49,704	33.2%	52,475
EBIT before restructuring and goodwill impairment	8,430	5.6%	5,098
Amortization capitalized development	9,071	6.1%	9,279
Depreciation TFA and software	2,692	1.8%	3,182
EBITDA	20,193	13.5%	17,560
Capitalized development	7,299	4.9%	9,449
Capital expenditures TFA and software	4,113	2.7%	4,192
Segment assets	129,336		135,656
Segment liabilities	38,353		35,765

## 2.6 VENTURES

IN THOUSANDS OF EURO	2013	2012	VARIANCE
	2013-2012		
Net sales	101,033	100.0%	98,269
external sales	99,891	98.9%	98,263
interdivision sales	1,142	1.1%	6
Cost of goods sold	-70,835	-70.1%	-70,874
Gross profit	30,198	29.9%	27,395
EBIT before restructuring and goodwill impairment	1,959	1.9%	-1,195
Amortization capitalized development	7,166	7.1%	7,617
Depreciation TFA and software	781	0.8%	555
EBITDA	9,905	9.8%	6,977
Capitalized development	7,132	7.1%	5,919
Capital expenditures TFA and software	675	0.7%	762
Segment assets	52,585		63,736
Segment liabilities	16,021		22,906

## 2.7. RECONCILIATION OF SEGMENT INFORMATION WITH GROUP INFORMATION

IN THOUSANDS OF EURO	2013	2012
<b>External sales</b>		
Projection	522,344	479,562
Healthcare	195,697	206,371
Advanced Visualization	190,567	204,828
Defense and Aerospace	149,516	166,959
Ventures	99,891	98,263
<b>Total external sales segments</b>	<b>1,158,015</b>	<b>1,155,984</b>
<b>Net Income</b>		
<b>EBITDA before restructuring</b>		
Projection	83,450	87,278
Healthcare	26,348	23,809
Advanced Visualization	13,338	23,852
Defense and Aerospace	20,193	17,560
Ventures	9,905	6,977

IN THOUSANDS OF EURO	2013	2012
<b>Amortization</b>		
Projection	10,940	8,382
Healthcare	12,750	8,817
Advanced Visualization	10,077	9,016
Defense and Aerospace	9,071	9,279
Ventures	7,166	7,617
<b>Depreciation</b>		
Projection	10,415	4,720
Healthcare	4,171	3,947
Advanced Visualization	6,148	3,722
Defense and Aerospace	2,692	3,182
Ventures	781	555
<b>EBIT before restructuring and goodwill impairment</b>		
Projection	62,095	74,175
Healthcare	9,428	11,045
Advanced Visualization	-2,888	11,115
Defense and Aerospace	8,430	5,098
Ventures	1,959	-1,195
<b>Restructuring and goodwill impairment costs</b>	<b>-9,428</b>	<b>-2,671</b>
<b>Total EBIT after restructuring and goodwill impairment</b>	<b>69,596</b>	<b>97,567</b>
Interest income (expense) - net	-2,161	1,089
Income taxes	-8,092	-4,962
<b>Result after taxes</b>	<b>59,342</b>	<b>93,694</b>
Share in the result of joint ventures and associates	61	547
<b>Net income</b>	<b>59,403</b>	<b>94,241</b>
Net income attributable to non-controlling interest	2,284	-
<b>Net Income attributable to equityholders of the parent</b>	<b>57,119</b>	<b>94,241</b>

IN THOUSANDS OF EURO	2013	2012
<b>Assets</b>		
<b>Segment assets</b>		
Projection	255,459	179,855
Healthcare	127,825	126,473
Advanced Visualization	182,649	137,689
Defense and Aerospace	129,336	135,656
Ventures	52,585	63,736
<b>Total segment assets</b>	<b>747,853</b>	<b>643,409</b>
Investments	11,824	44,445
Deferred tax assets	62,333	61,948
Cash and cash equivalents	156,545	122,139
Other non-allocated assets	69,267	50,022
<b>Total assets</b>	<b>1,047,822</b>	<b>921,879</b>
<b>Liabilities</b>		
<b>Segment liabilities</b>		
Projection	195,790	139,241
Healthcare	44,435	50,980
Advanced Visualization	58,346	64,975
Defense and Aerospace	38,353	27,974
Ventures	16,021	25,721
<b>Total segment liabilities</b>	<b>352,946</b>	<b>308,890</b>
Equity attributable to equityholders of the parent	574,943	538,050
Non-controlling interest	4,423	-
Long-term debts	40,410	12,695
Deferred tax liabilities	11,721	3,089
Current portion of long-term debts	3,582	4,105
Short-term debts	11,657	1,302
Other non-allocated liabilities	48,141	53,748
<b>Total equity and liabilities</b>	<b>1,047,822</b>	<b>921,879</b>

## 2.8 GEOGRAPHIC INFORMATION

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, Africa and Latin America (EMEAL), North America (NA) and Asia-Pacific (APAC).

We refer to the 'Comments on the results' on p134 for a split of revenue from external customers based on the geographical location of the customers to whom the invoice is issued. There is no significant (i.e. representing more than 10% of the Group's revenue) concentration of Barco's revenues with one customer.

Sales to Belgium represent 38.4 million euro of the Group revenues in 2013 versus 43.7 million 2012.

Barco has no customers which represent more than 10% of total turnover of the group.

Below table gives an overview of the assets per region and the most important capital expenditures in non-current assets per region:

IN THOUSANDS OF EURO		2013		2012
<b>Net sales</b>				
Europe - Middle East - Africa - Latin America	499,899	43.2%	504,068	43.6%
North America	361,076	31.2%	391,035	33.8%
Asia-Pacific	297,040	25.7%	260,881	22.6%
<b>Total</b>	<b>1,158,015</b>	<b>100.0%</b>	<b>1,155,984</b>	<b>100.0%</b>
<b>Total assets</b>				
Europe - Middle East - Africa - Latin America	606,435	57.9%	621,730	67.4%
North America	169,037	16.1%	155,895	16.9%
Asia-Pacific	267,792	25.6%	126,457	13.7%
Group	4,558	0.4%	17,796	1.9%
<b>Total</b>	<b>1,047,822</b>	<b>100.0%</b>	<b>921,879</b>	<b>100.0%</b>
<b>Capitalized development</b>				
Europe - Middle East - Africa - Latin America	54,863	88.4%	48,272	85.7%
North America	6,293	10.1%	6,786	12.1%
Asia-Pacific	916	1.5%	1,237	2.2%
Group	-	0.0%	-	0.0%
<b>Total</b>	<b>62,072</b>	<b>100%</b>	<b>56,296</b>	<b>100%</b>
<b>Purchases of tangible and intangible fixed assets</b>				
Europe - Middle East - Africa - Latin America	17,716	71.3%	17,716	71.3%
North America	2,221	8.9%	2,221	8.9%
Asia-Pacific	4,916	19.8%	4,916	19.8%
<b>Total</b>	<b>22,869</b>	<b>100%</b>	<b>24,851</b>	<b>100%</b>

### 3. INCOME FROM OPERATIONS (EBIT)

IN THOUSANDS OF EURO	2013	2012	2011
Net Sales	1,158,015	1,155,984	1,041,244
Cost of goods sold	-771,519	-780,351	-728,313
<b>Gross profit</b>	<b>386,496</b>	<b>375,633</b>	<b>312,932</b>
Gross profit as % of sales	33.4%	32.5%	30.1%
Indirect costs	-311,835	-278,435	-247,364
Other operating income (expenses) - net	4,362	3,040	12,792
<b>EBIT before restructuring and goodwill impairment</b>	<b>79,024</b>	<b>100,238</b>	<b>78,359</b>
EBIT before restructuring and goodwill impairment as % of sales	6.8%	8.7%	7.5%

The steady increase in EBIT over the last years has come to an end in 2013, the result from higher indirect costs, as sales remained stable (+ 0.2%) and gross profit margins were higher than previous years.

IN THOUSANDS OF EURO	2013	2012	2011
Product sales	808,570	748,385	659,667
Project sales	257,737	322,318	308,591
Service sales	91,708	85,282	72,982
<b>Sales</b>	<b>1,158,015</b>	<b>1,155,984</b>	<b>1,041,240</b>

Major part of the sales relate to product sales (in 2013: 70%, in 2012: 65%, 2011: 63%). Project sales include combined sales from products, installations, and services. Most of these project sales have a lifetime of less than one year.

We refer to note 2 Segment Information and to the chapter 'Comments on the results' for more explanation on sales and income from operations.

### Indirect costs and other operating income (expenses) - net

IN THOUSANDS OF EURO	2013	2012	2011
Research and development expenses (a)	-95,476	-84,124	-74,650
Sales and marketing expenses (b)	-160,670	-142,157	-122,493
General and administration expenses (c)	-55,689	-52,155	-50,221
<b>Indirect costs</b>	<b>-311,835</b>	<b>-278,435</b>	<b>-247,364</b>
Other operating income (expenses) - net (d)	4,362	3,040	12,792
<b>Indirect costs and other operating income (expenses) - net</b>	<b>-307,472</b>	<b>-275,395</b>	<b>-234,572</b>
Amortization intangibles on acquisitions included in indirect costs	-9,318	-3,507	-2,175
<b>Indirect costs excluding amortizations on intangibles acquisitions</b>	<b>-302,516</b>	<b>-274,928</b>	<b>-245,189</b>

Indirect costs represent 27% of sales in 2013 versus 24% of sales in 2012 and 23% of sales in 2011. The higher indirect costs in 2013 are affected by the new acquisitions done in 2013, which had on the one hand a higher indirect cost structure than Barco and on the other hand have led to higher amortizations on intangibles (result of fair value adjustments), included in the indirect costs. Excluding the amortizations on intangibles, indirect costs represent 26% of sales in 2013 versus 24% in 2012 and 2011.

Right sizing actions in the new acquired entities were undertaken. Barco has also announced a formal restructuring plan in order to lower indirect costs again to a level in line with corporate objectives.

#### (a) Research and development expenses

IN THOUSANDS OF EURO	2013	2012	2011
Research & development expenses	107,545	97,308	83,327
Capitalized development expenses	-62,072	-56,296	-46,454
Amortization capitalized development expenses	49,145	42,138	36,448
Impairment of capitalized development expenses	858	973	1,328
Capitalized development, net	-12,069	-13,184	-8,677
<b>Research and development expenses, net</b>	<b>95,476</b>	<b>84,124</b>	<b>74,650</b>

In order to sustain our technological leadership, Barco strongly invests in R&D, new technologies, and innovation. We refer to 'Our strategy' for more details.

Research and development cash expenses represent 9.3% of sales in 2013 compared to 8.4% of sales in 2012 and 8.0% in 2011.

In 2013, the higher development expenses have led to higher capitalization (58% of total research and development expenses in 2013, 58% in 2012, 56% in 2011) compared to amortization expenses, which had a positive impact on the income from operations (EBIT) of 12 million euro (compared to a positive impact of the 13.2 million euro in 2012 and 8.7 million euro in 2011).

The increase in the research and development cash expenses are impacted by the acquisitions performed in 2013, which have led to higher amortizations on intangibles (result from the fair value adjustments) for a total amount of 5.1 million euro. Excluding this impact research and development cash expenses represent 8.8% of sales in 2013. Note that the line 'Amortization capitalized development expenses' only include the amortization charges on own development projects. The amortization on acquired technology is included in the line 'Research & Development expenses'.

Impairment costs on capitalized development expenses are presented on the line "Research and development expenses". For more explanation on impairment costs on capitalized development we refer to note 10.

Research and development activities are spread over the divisions as follows:

IN THOUSANDS OF EURO	GROUP	ADVANCED VISUALIZATION	PROJECTION
<b>Research &amp; development expenses</b>	<b>107,545</b>	<b>23,162</b>	<b>37,548</b>
Capitalized development expenses	-62,072	-13,145	-19,196
Amortization capitalized development expenses	49,145	10,077	10,842
Impairment of capitalized development expenses	858	-	98
Capitalized development, net	-12,069	-3,068	-8,256
<b>Research &amp; development expenses</b>	<b>95,476</b>	<b>20,094</b>	<b>29,292</b>

IN THOUSANDS OF EURO	HEALTHCARE	DEFENSE AND AEROSPACE	VENTURES
<b>Research &amp; development expenses</b>	<b>24,551</b>	<b>13,091</b>	<b>9,194</b>
Capitalized development expenses	-15,300	-7,299	-7,132
Amortization capitalized development expenses	12,398	8,952	6,876
Impairment of capitalized development expenses	352	119	290
Capitalized development, net	-2,550	1,773	33
<b>Research &amp; development expenses</b>	<b>22,001</b>	<b>14,863</b>	<b>9,227</b>

#### (b) Sales and marketing expenses

IN THOUSANDS OF EURO	2013	% OF SALES	2012	% OF SALES	2011	% OF SALES
Sales and marketing expenses	160,670	13,9%	142,157	12,3%	122,493	11,8%

Sales and marketing expenses include all indirect costs related to the sales and customer service organization which are not billed as part of a product or service to the customer as well as the costs related to regional or divisional marketing activities.

The higher sales and marketing expenses were partly caused by the new acquisitions done in 2013, which had on the one hand higher indirect sales and marketing expenses than Barco and on the other hand have led to higher amortizations on intangibles (caused by fair value adjustments) for an amount of 4.2 million euro, included in the sales and marketing expenses. Excluding the amortizations on intangibles sales and marketing expenses represent 13.5% of sales.

## (c) General and administration expenses

IN THOUSANDS OF EURO	2013	% OF SALES	2012	% OF SALES	2011	% OF SALES
General and administration expenses	55,689	4,8%	52,155	4,5%	50,221	4,8%

General and administration expenses include the costs related to general and divisional management, finance and accounting, information technology, human resources and investor relations.

## (d) Other operating income (expense) – net

IN THOUSANDS OF EURO	2013	2012	2011
Exchange gains and losses (net)	923	-1,431	2,563
Bank charges	-1,501	-1,596	-2,021
Bad debt provisions (net of write-offs and reversals of write-offs)	-125	-1,541	1,991
Other provisions (net of additions and reversals of provisions)	-3,199	1,098	4,115
Cost of share-based payments	-1,337	-782	-676
Gains/(Loss) on disposal of tangible fixed assets	-10	24	278
Rental income	310	470	704
Investment grants	5,196	3,996	6,433
Reversal earn-out (b)	3,547	-	-
CTA on liquidation Barco Manufacturing SRO (a)	-	3,735	-
Other (net)	557	-932	-595
<b>Total</b>	<b>4,362</b>	<b>3,040</b>	<b>12,792</b>

(a) In 2012, the investment in Czech, Barco Manufacturing SRO has been liquidated, resulting in the realization of the foreign currency translation for an amount of 3.7million euro.

(b) Reversal of the accrual related to the earn-out of JAOTech. We refer to note 1.2. Acquisitions and divestments for more explanation.

#### 4. REVENUES AND EXPENSES BY NATURE

The table below provides information on the major items contributing to the EBIT, categorized by nature.

IN THOUSANDS OF EURO	2013	2012	2011
Sales (note 3)	1,158,015	1,155,984	1,041,244
Material cost	-653,685	-670,604	-585,245
Services and other costs	-122,145	-117,359	-137,461
Personnel cost	-295,384	-267,882	-247,562
Capitalized development cost (note 10)	62,072	56,296	46,454
Amortization and impairment of capitalized development	-50,004	-43,112	-37,776
Depreciation property, plant, equipment and software	-24,207	-16,126	-14,088
Other operating income (expense) - net (note 3)	4,362	3,040	12,792
<b>EBIT before restructuring and impairment</b>	<b>79,024</b>	<b>100,238</b>	<b>78,359</b>

Personnel cost includes the cost for temporary personnel for an amount of 3.5 million euro (in 2012: 7.6 million euro, in 2011: 6.2 million euro). Average number of employees in 2013 was 3,979 (versus 3,665 in 2012 and 3,527 in 2011), including 2,946 white-collars (in 2012: 2,652; in 2011: 2,487) and 1,033 blue-collars (in 2012: 1,013; in 2011: 1,040)

#### 5. RESTRUCTURING AND IMPAIRMENT COSTS

IN THOUSANDS OF EURO	2013	2012	2011
Lay off costs	7,059	-	-
Inventory write offs	1,096	-	-
Impairment on work in progress	820	-	-
Provision for other risks and claims	454	-	-
<b>Restructuring costs</b>	<b>9,428</b>	<b>-</b>	<b>-</b>
Impairment goodwill (a)	-	2,671	10,000
<b>Impairment costs</b>	<b>-</b>	<b>2,671</b>	<b>10,000</b>
<b>Total restructuring and impairment</b>	<b>9,428</b>	<b>2,671</b>	<b>10,000</b>

(a) Please refer to note 9. Goodwill for explanation on impairment goodwill

Barco has announced a formal restructuring plan in order to rightsize certain activities, mainly in Defense and Aerospace and Advanced Visualization.

## 6. INCOME TAXES

IN THOUSANDS OF EURO	2013	2012	2011
<b>Current versus deferred income taxes</b>			
Current income taxes	-3,802	-12,103	-6,647
Deferred income taxes	-4,290	7,142	17,054
Income taxes	-8,092	-4,962	10,407
<b>Income taxes versus income before taxes</b>			
EBIT after restructuring and goodwill impairment	69,596	97,567	68,359
Interest income (expense) - net	-2,161	1,089	-2,530
Income before taxes	67,434	98,656	65,829
<b>Income taxes</b>	<b>-8,092</b>	<b>-4,962</b>	<b>10,407</b>
Effective income tax rate %	-12,0%	-5,0%	15,8%
Income before taxes	67,434	98,656	65,829
Theoretical tax rate	34%	34%	34%
<b>Theoretical tax credit/(cost)</b>	<b>-22,928</b>	<b>-33,543</b>	<b>-22,382</b>
<b>Non deductible expenses/non taxable income for tax purposes</b>			
Impairment of goodwill	-	-908	-3,399
CTA impact on liquidation Barco Manufacturing SRO (d)	-	1,270	-
Other non-deductible expenses	-1,456	-1,765	-1,295
Income not taxed			
Government grants exempt from tax	1,460	944	1,764
Mutual agreement procedure - transfer price adjustment (f)	6,293	-	-
Patent income deduction (PID) (c)	2,208	6,627	9,689
Notional interest deduction (NID) (e)	2,369	2,714	5,028
Investment allowances (a)	213	872	741
(Use)/Set-up of deferred tax assets, not recognised in prior years	-358	14,627	16,262
Deferred tax assets, derecognised in current year (b)	-4,909	-938	-117
Effect of different tax rates in foreign companies	6,322	3,740	2,138
Tax adjustments related to prior periods	2,695	1,399	1,978
<b>Reported taxes related to current income before taxes</b>	<b>-8,092</b>	<b>-4,962</b>	<b>10,407</b>

- (a) Spread taxation on capital expenditure and research and development costs of prior years
- (b) See note 12
- (c) The PID is applicable in Barco NV as of fiscal year 2010. The deduction in the consolidated figures is only included as from 2011 upon obtaining the formal approval from the tax authorities.
- (d) In 2012, the CTA impact on Barco Manufacturing SRO has been taken in income in the consolidated figures when the related company was liquidated, but is non taxable for tax purposes.
- (e) Notional interest deduction in 2013 and 2012 only relates to the amounts which can be offset by the current year taxable result.
- (f) Transfer price adjustment as a result of a transfer pricing audit in Belgium whereby a shift of results was performed from the US to Belgium. This has been agreed upon by the US tax authorities through a mutual agreement procedure concluded end of 2013. The income has been taxed in Belgium in previous years through adjustment of the tax loss carry forwards. The income recognized in Barco NV (Belgium) this year is therefore tax exempt.

## 7. EARNINGS PER SHARE

IN THOUSANDS OF EURO	2013	2012	2011
<b>Net income</b>	<b>59,403</b>	<b>94,241</b>	<b>75,850</b>
Weighted average of shares	12,213,492	12,018,573	11,995,483
<b>Basic earnings per share (in euro)</b>	<b>4.86</b>	<b>7.84</b>	<b>6.32</b>
<b>Basic earnings per share</b>	<b>4.86</b>	<b>7.84</b>	<b>6.32</b>
Net income	59,403	94,241	75,850
Weighted average of shares (diluted)	12,608,396	12,560,900	12,217,326
<b>Diluted earnings per share (in euro)</b>	<b>(a) 4.71</b>	<b>7.50</b>	<b>6.21</b>
<b>Diluted earnings per share</b>	<b>(a) 4.71</b>	<b>7.50</b>	<b>6.21</b>

- (a) The difference between the weighted average of shares and weighted average of shares (diluted) is due to exercisable warrants, which are in the money (which means that the closing rate of the Barco share was higher than the exercise price).  
For more detailed information concerning the shares and warrants, we refer to note 17.

## 8. INVESTMENTS

IN THOUSANDS OF EURO		2013	2012	2011
Investments	(a)	10,947	41,377	8,326
Interest in joint ventures and associates	(b)	877	3,068	973
<b>Total investments</b>		<b>11,824</b>	<b>44,445</b>	<b>9,300</b>

(a) In 2013 and 2011, investments include entities in which Barco owns less than 20% of the shares. In 2012, investments included, on top of entities in which Barco owns less than 20%, the acquisition of 61% of the shares of projectiondesign for an amount of 33.4 million euro, which took place 19 December 2012. The effective control was only transferred on 1 January 2013.

(b) In 2011, the Group had a 50% interest in Barco Toyo Medical Systems Japan Co, a jointly controlled entity which was part of the Healthcare division and a 58% interest in CFG Barco (Beijing) Electronics Co., LTD, a jointly controlled entity which was part of the Projection division. In 2012, Barco acquired the remaining 50% interest in Barco Toyo Medical Systems Japan Co. The acquisition cost was limited (about 50 thousand euros). After the acquisition, Barco Toyo has been merged with Barco Co, Ltd. The interest in joint ventures in 2012 therefore only includes the 58% interest in CFG Barco (Beijing) Electronics Co., LTD. Effective as of 1 January 2013, the contract with Barco's joint venture partner China Film Group has been modified, resulting in Barco obtaining control over CFG Barco (Beijing) Electronics Co, Ltd. Barco's ownership in the company of 58% remained unchanged and no additional consideration was paid for the change in control. As a result of obtaining control CFG Barco has been fully consolidated as from 1 January 2013 onwards.

In 2013, the Group has obtained a 42% interest in Habornveien 53, AS, through the acquisition of projectiondesign, which is part of the Projection division.

The Group's share of the assets and liabilities as at 31 December 2013, 2012 and 2011 and income and expenses of the jointly controlled entities and associates for the year ended 31 December 2013, 2012 and 2011, which are accounted for using the equity method:

IN THOUSANDS OF EURO		2013	2012	2011
Share of the joint ventures' and associates' balance sheet:				
Current assets		117	28,060	6,652
Non-current assets		4,384	820	113
Current liabilities		260	25,812	5,792
Non-current liabilities		3,364	-	-
<b>Equity</b>		<b>877</b>	<b>3,068</b>	<b>973</b>
Share of the joint ventures' and associates' revenue and profit:				
Sales		388	40,305	3,632
Gross profit		255	3,254	389
EBIT		253	812	-411
<b>Profit/(Loss) of the year</b>		<b>61</b>	<b>547</b>	<b>-386</b>

The Group has no share of any contingent liabilities or capital commitments as at 31 December 2013, 2012 and 2011.

## 9. GOODWILL

IN THOUSANDS OF EURO	2013	2012	2011
<b>At cost</b>			
On 1 January	107,616	80,057	79,027
Acquisitions	77,384	27,567	1,030
Translation (losses)/gains	-488	-8	-
On 31 December	184,512	107,616	80,057
<b>Impairment</b>			
On 1 January	38,807	36,136	26,136
Impairment losses	-	2,671	10,000
On 31 December	38,807	38,807	36,136
<b>Net book value</b>			
On 1 January	68,809	43,922	52,892
On 31 December	145,705	68,809	43,921

Acquisitions in 2013 include goodwill related to the acquisition of projectiondesign for 35.6 million euro and AWIND for 41.8 million euro.

In 2012, acquisitions include goodwill related to the acquisition of JAOTech for 15.2 million euro and IP Video Systems for 11.3 million euro. On top, additional earn-out payments on previous acquisitions of € 0.6 million euro are assumed to be probable and were added to the goodwill, and the acquisition of 50% of the remaining shares in Barco Toyo Medical Systems Japan Co resulted in 0.4 million euro additional goodwill.

In 2011, acquisitions fully consist of the CineStore business combination. For more detailed information concerning these acquisitions, we refer to note 1.2.

In 2013, the impairment tests on goodwill did not result in any impairment.

In 2012, the impairment tests on goodwill resulted in impairment charges recorded for an amount of 2.7 million euro, fully related to dZine as a result of lower sales generated in the digital signage market compared to business plan targets at acquisition date.

The impairment tests on goodwill in 2011 resulted in impairment charges recorded for an amount of 10 million euro, fully related to Barco's Ventures, more specifically to High End Systems. There is no remaining goodwill on High End Systems after this impairment was booked.

The global recession, which started end of 2008, had a profound impact on the fundamentals of the Media, Entertainment & Simulation business group. Total spending in the events markets dropped to less than half of levels recorded before the crisis and the conversion of analog to digital billboards came to a virtual standstill (-80%). Consequently, the value of the acquisition Barco made in prior years to strengthen its position in these markets dropped very substantially which in turn fuelled the need for impairments on goodwill. In the years after 2009, the events market recovered but High End Systems was not able to achieve a sales growth minimum required to assure a break-even EBIT result.

See below for explanations on the impairment testing performed.

## GOODWILL BY CASH-GENERATING UNIT

Goodwill acquired in a business combination is allocated on acquisition to the cash-generating units that are expected to benefit from that business combination. These cash-generating units correspond to the division level. Therefore, impairment testing is performed at division level. An exception is made for the Ventures, where the impairment testing is performed on a business unit level, which is one level below the division level.

The carrying amount of goodwill (after impairment) has been allocated to the cash generating units as follows (in thousands of euro):

IN THOUSANDS OF EURO	2013	2012	2011
<b>Cash generating units</b>			
Advanced Visualization	50,793	8,255	6,145
Projection	43,564	7,964	7,304
Healthcare	37,704	37,889	17,843
Defense and Aerospace	12,042	10,427	5,684
Ventures	1,602	4,273	6,945
<b>Total goodwill (net book value)</b>	<b>145,705</b>	<b>68,809</b>	<b>43,921</b>

The goodwill (net book value) of Barco's Ventures relates to the remaining goodwill on Orthogon. In 2013, the goodwill on the acquisition of projectiondesign has been allocated to the division Projection, the acquisition of AWIND has been allocated to the Advanced Visualization division.

The group performed its annual impairment test in the fourth quarter of 2013 consistently with prior years.

The group looks at the relationship between its market capitalization and its book value, amongst other factors, when reviewing the indicators of impairment. At 31 December 2013, the market capitalization of the group exceeded the equity of the group with more than 28%. As such, this general test does not show an indication for impairment.

The annual impairment tests were performed for each cash-generating unit. The recoverable amount for each of the cash generating units has been determined based on a value-in-use calculation using cash flow projections generated by divisional management covering a five year period. Due to the level of uncertainty around future years, these financial projections have been adjusted to more conservative levels for the purpose of our impairment testing. The pre-tax discount rate applied to projected cash flows is 10.7% (2012: 9.9%, 2011: 10.2%) and cash flows beyond the five year period are extrapolated using a conservative growth

rate of 0% (2012: 0%, 2011: 0%). A sensitivity analysis is performed on all cash generating units with respect to the discount rate (see Sensitivity to changes in assumptions – Discount rate).

The assumptions of the annual impairment test are consistent with external sources. Based upon the outcome of the impairment tests, management did not identify impairments for any of the cash-generating units.

## KEY ASSUMPTIONS USED IN VALUE-IN-USE CALCULATIONS

The calculation of value-in-use for all divisions is most sensitive to the following assumptions:

- » Sales growth rate used during the projection period;
- » EBIT;
- » Growth rate used to extrapolate cash flows beyond the budget period;
- » Discount rates;

**Sales growth rate used during the projection period** – Sales growth rate used over the projected period has been kept conservatively at zero percent for the cash-generating units within the business segments Projection and Healthcare, since even then there is no risk for impairment. For Advanced visualization, growth rate in the first year of the projected period has been set at 15%, taken into account management's expected increase in sales of the Collaboration products. In the following years of the projected period, a growth rate of 3% is assumed, same as for all other cash-generating units for which a growth rate of 3% per year is assumed for the 5 year period.

**EBIT as percentage of sales** – EBIT as percentage of sales is based on average percentages over the three years preceding the start of the budget period. EBIT levels increase over the projected period for anticipated efficiency improvements. Efficiency improvements can be cost reductions as well as margin improvements. An increase of 1 to 1.5 percentage point per annum was applied for all divisions, except for Healthcare and Projection. For the Healthcare division, a stable EBIT as percentage of sales is kept at 8% over the whole budget period, which is 1% higher than the average over the last three years.

For the Projection division, a stable EBIT as percentage of sales is kept at 9% over the whole budget period, which is below the average over the last three years, since even then there is no risk for impairment.

**Growth rate estimates** – The long-term rate used to extrapolate the projection has been kept conservatively at zero % for all divisions.

**Discount rates** – Discount rates reflect the current market assessment of the risks specific to Barco Group. The discount rate was estimated based on a (long-term) pre-tax cost of capital, the risks being implicit in the cash flows. The long term discount rate was determined on group level and amounted to 10.7% for the year 2013 and has been applied to all cash-generating units.

## SENSITIVITY TO CHANGES IN ASSUMPTIONS

With regard to the assessment of value-in-use of the Projection division and Orthogon (part of the Ventures), management believes, based on sensitivity analysis performed, that no reasonable possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

For the other divisions, per 31 December 2013, the estimated recoverable amount, after impairment of capitalized development recorded, is closer to its carrying value and, consequently, changes in the key assumption could result in impairment losses. The implications of the key assumptions for the recoverable amount are discussed below:

**Sales growth rate used during the budget period** – Management has considered the possibility of lower than budgeted sales growth during the budget period. For Healthcare and Defense & Aerospace, changes in the sales growth rate during the budget period does not cause the carrying value of the division to materially exceed its recoverable amount. For Advanced Visualization no or negative sales growth over the budget period would result in an impairment.

**EBIT percentage on sales** – Management has considered the possibility of lower than budgeted EBIT percentages on sales.

For Healthcare, an EBIT level which remains at 7% (instead of 8%) at a constant sales level, would lead to impairment.

For the Defense & Aerospace division, a reduction of more than 1% in the last year of the budget period would result in an impairment and for Advanced Visualization, any deviation from the EBIT level in the last year of the budget period would have an impairment as result.

**Discount rates** – change in the weighted average cost with 2% would result in an impairment for Advanced Visualization.

**Growth rate estimate** – a sales decline beyond the budget period would result in an impairment for Advanced Visualization if the decline would be more than 1%.

Even a decrease (which would result in a negative sales evolution) in the long-term rate, used to extrapolate the projection beyond the budget period, would not result in an additional impairment for all the other divisions, in case the decrease would be less than 3%.

## 10. CAPITALIZED DEVELOPMENT COSTS

IN THOUSANDS OF EURO	2013	2012	2011
<b>At cost</b>			
On 1 January	308,496	355,680	322,708
Expenditure	62,072	56,296	46,454
Sales and disposals	-4,131	-102,237	-15,017
Acquisition of subsidiary	-	-	957
Disposal of subsidiary	-	-	-
Translation (losses)/gains	-2,979	-1,244	579
On 31 December	363,457	308,496	355,680
<b>Impairment</b>			
On 1 January	20,061	19,088	17,760
Expenditure	858	973	1,328
On 31 December	20,920	20,061	19,088
<b>Amortization</b>			
On 1 January	206,456	267,571	245,570
Amortization	49,145	42,138	36,448
Sales and disposals	-4,131	-102,237	-15,017
Acquisition of subsidiary	-	-	570
Disposal of subsidiary	-	-	-
Translation (losses)/gains	-2,181	-1,017	-
On 31 December	249,289	206,456	267,571
<b>Net book value</b>			
On 1 January	81,978	69,020	59,378
On 31 December	93,248	81,978	69,020

Consistent with the tests performed in the previous years, Barco performed impairment tests in the fourth quarter of 2013. Based upon these tests, impairment costs have been recognized for an amount of 0.9 million euro. Similar impairment tests revealed the need to recognize impairment losses on capitalized development in 2012 and 2011 for 1 million euro and 1.3 million respectively. The impairment losses recognized represent the write down of certain specific capitalized development projects.

The recognized impairment losses on capitalized development are allocated to the business segments as follows:

IN THOUSANDS OF EURO	2013	2012	2011
Advanced Visualization	-	15	302
Projection	98	703	416
Healthcare	352	-	220
Defense and Aerospace	119	-	-
Ventures	290	255	390
<b>Total</b>	<b>858</b>	<b>973</b>	<b>1,328</b>

## 11. OTHER INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

IN THOUSANDS OF EURO	2013								2012		2011	
	Other intangible assets	Other intangible asset under construction	Total other intangible assets	Land and buildings	Plant, machinery and equipment	Furniture, office equipment and vehicles	Other property, plant and equipment	Assets under construction	Total Other tangible assets	Total	Total	Total
<b>At cost</b>												
On 1 January	35,661	13,623	49,284	64,928	92,608	37,163	9,441	4,356	143,568	257,780	244,710	246,222
Expenditure	2,125	10,095	12,219	581	3,184	3,705	1,715	1,464	10,068	22,869	24,851	20,302
Sales and disposals	-832	-	-832	-	-3,804	-3,612	-689	-	-8,105	-8,938	-15,229	-27,440
Acquisition of subsidiary	31,915	-	31,915	212	7,614	1,335	12,301	-	21,250	53,377	4,909	5,285
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Translation (losses)/gains	-3,405	-	-3,405	-519	-1,994	-973	-2,136	-150	-5,253	-9,178	-1,461	341
<b>On 31 Dec 2013</b>	<b>65,464</b>	<b>23,717</b>	<b>89,181</b>	<b>65,202</b>	<b>97,607</b>	<b>37,618</b>	<b>20,633</b>	<b>5,670</b>	<b>161,528</b>	<b>315,911</b>	<b>257,780</b>	<b>244,710</b>
<b>Depreciation</b>												
On 1 January	24,192	-	24,192	36,184	78,778	26,825	7,304	-	112,907	173,283	172,097	181,467
Depreciation	10,496	-	10,496	2,248	5,109	4,727	1,631	-	11,466	24,210	16,126	14,088
Sales and disposals	-818	-	-818	-	-3,792	-3,411	-648	-	-7,850	-8,668	-13,913	-24,265
Acquisition of subsidiary	612	-	612	5	6,663	621	498	-	7,782	8,400	23	369
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Translation (losses)/gains	-470	-	-470	-252	-1,665	-686	-547	-	-2,898	-3,620	-1,051	438
<b>On 31 Dec 2013</b>	<b>34,012</b>	<b>-</b>	<b>34,012</b>	<b>38,185</b>	<b>85,093</b>	<b>28,076</b>	<b>8,238</b>	<b>-</b>	<b>121,407</b>	<b>193,604</b>	<b>173,283</b>	<b>172,097</b>
<b>Carrying amount</b>												
On 1 January 2013	11,470	13,623	25,093	28,744	13,830	10,338	2,137	4,356	30,661	84,497	72,613	64,755
<b>On 31 Dec 2013</b>	<b>31,452</b>	<b>23,717</b>	<b>55,169</b>	<b>27,017</b>	<b>12,514</b>	<b>9,542</b>	<b>12,395</b>	<b>5,670</b>	<b>40,121</b>	<b>122,306</b>	<b>84,497</b>	<b>72,613</b>

In 2013, the capital expenditures amount to 22.9 million euro, compared to 24.9 million euro in 2012 and 20.3 million euro in 2011.

Other intangible assets under construction relate for the major part to the investment in the new ERP system, for which the capital expenditures amount to 10 million euro in 2013 (8.3 million euro in 2012). The capital expenditures in the other tangible assets relate for the major part to R&D and IT equipment.

The net book value of the other intangible assets and tangible fixed assets acquired in 2013 through acquisitions amounts to 44.7 million euro. Other intangible assets for an amount of 31.9 million euro: 17.7 million technology, 12.1 million customer relations and 1.2 million trade names.

We refer to Note 1.2 on "Acquisitions and divestments" and Note 23 on "Cash flow statement: effect of acquisitions and disposals" for more details on these transactions.

## 12. DEFERRED TAX ASSETS – DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are attributable to the following items:

IN THOUSANDS OF EURO	Assets			Liabilities			Net asset/(liability)		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Capitalized development cost	181	83	53	-8,448	-8,222	-7,928	-8,267	-8,139	-7,875
Patents, licenses, ...	-	-	205	-5,247	-	-	-5,247	-	205
Tangible fixed assets and software	2,191	2,146	1,944	-2,544	-2,725	-2,820	-353	-579	-876
Inventory	16,389	14,261	15,001	-313	-725	-775	16,076	13,536	14,226
Trade debtors	872	1,038	960	-981	-739	-5,069	-109	299	-4,109
Provisions	9,594	4,932	2,091	-1,603	-24	-67	7,991	4,908	2,024
Employee benefits	990	2,389	1,431	-	-	-	990	2,389	1,431
Deferred revenue	2,011	2,024	1,488	-9	-35	-	2,002	1,989	1,488
Other items	4,067	3,911	3,624	-2,976	-2,225	-2,074	1,091	1,686	1,550
Tax value of loss carry forwards	18,849	22,182	22,399	-	-	-	18,849	22,182	22,399
Tax value of tax credits	18,197	21,103	21,929	-611	-516	-634	17,586	20,587	21,295
<b>Gross tax assets/(liabilities)</b>	<b>73,342</b>	<b>74,069</b>	<b>71,125</b>	<b>-22,731</b>	<b>-15,211</b>	<b>-19,367</b>	<b>50,611</b>	<b>58,858</b>	<b>51,759</b>
Offset of tax	-11,010	-12,122	-14,361	11,010	12,122	14,361	-	-	-
<b>Net tax assets/(liabilities)</b>	<b>62,333</b>	<b>61,947</b>	<b>56,764</b>	<b>-11,721</b>	<b>-3,089</b>	<b>-5,006</b>	<b>50,612</b>	<b>58,858</b>	<b>51,759</b>

Movements in the deferred tax assets / (liabilities) arise from the following:

IN THOUSANDS OF EURO	As at 1 January	Recognized through income statement	Recognized through equity	Acquisitions and disposals	Exchange gains and losses	As at 31 December
Capitalized development cost	-8,139	-386	-	-	258	-8,267
Patents, licenses, ...	-	1,357	-	-6,930	326	-5,247
Tangible fixed assets and software	-579	334	-	4	-112	-353
Inventory	13,536	2,237	-	875	-572	16,076
Trade debtors	299	-393	-	18	-33	-109
Provisions	4,908	2,523	-	1,025	-465	7,991
Employee benefits	2,389	-1,470	-	223	-153	990
Deferred revenue	1,989	142	-	-	-129	2,002
Other items	1,686	-724	-	223	-93	1,091
Tax value of loss carry forwards	22,182	-4,909	-	1,611	-35	18,849
Tax value of tax credits	20,587	-3,001	-	-	-	17,586
<b>Total</b>	<b>58,858</b>	<b>-4,290</b>	<b>-</b>	<b>-2,950</b>	<b>-1,008</b>	<b>50,611</b>

On top of the tax losses and tax credits for which a net deferred tax is recognized (net deferred tax asset of respectively 18.9 million euro and 18.2 million euro), the Group owns tax losses carried forward and other temporary differences on which no deferred tax asset is recognized amounting to 61.7 million euro as of 31 December 2013 (at 34% tax rate resulting in a non recognized deferred tax asset of rounded 21 million euro). Deferred tax assets have not been recognized on these items because it is not probable that future profit will be available in the near future against which the benefits can be utilized. The tax losses carried forward and other temporary differences on which no deferred tax asset is recognized have no expiration date.

Deferred tax assets relate for the major part to the tax value of loss carry forwards and tax credits and almost fully relate to Belgium. In assessing the realizability of deferred tax assets, management considers whether

it is probable that some portion or all of the deferred tax assets will be realized within the foreseeable future. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. In order to fully realize the deferred tax asset, the group will need to generate future taxable income in the countries where the net operating losses were incurred. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes as at 31 December 2013, it is probable that the group will realize all of the recognized benefits of these deductible differences.

### 13. INVENTORY

IN THOUSANDS OF EURO	2013	2012	2011
Raw materials and consumables	95,491	89,910	102,417
Work in progress	86,865	94,083	93,694
Finished goods	128,292	126,747	116,446
Write-off on inventories	-99,072	-87,063	-78,628
<b>Inventory</b>	<b>211,575</b>	<b>223,677</b>	<b>233,928</b>
Inventory turns	(a)	3.2	3.1
			2.7

(a) Inventory turns = 12 / [Inventory / (Average Monthly Sales last 12 months x Material Cost of Goods Sold %)]

The amount of write-offs recognized as expense in 2013 amounts to 15.4 million euro (2012: 16.5 million euro, 2011: 14.8 million euro). The inventory turns further improved compared to the previous years, reaching 3.2 at the end of 2013.

## 14. AMOUNTS RECEIVABLE AND OTHER NON-CURRENT ASSETS

IN THOUSANDS OF EURO	2013	2012	2011
Trade debtors - gross	183,805	190,278	193,925
Trade debtors - bad debt reserve (a)	-6,338	-7,196	-6,811
<b>Trade debtors - net (b)</b>	<b>177,467</b>	<b>183,082</b>	<b>187,114</b>
V.A.T. Receivable	11,122	7,141	6,793
Taxes receivable	30,207	16,992	21,738
Currency rate swap (note 20)	361	-644	40
Guarantees paid	226	1,484	1,613
Other	2,186	4,079	5,013
<b>Other amounts receivable</b>	<b>44,102</b>	<b>29,053</b>	<b>35,197</b>
<b>Other non-current assets (c)</b>	<b>14,286</b>	<b>18,041</b>	<b>19,134</b>
Number of days sales outstanding (DSO) (d)	52	48	56

Per 31 December 2013, the number of days sales outstanding are at a level between the very low 2012 and normal 2011 level, reaching 52 days at the end of 2013. The outstanding trade debtors are lower than the 2012 and 2011 level.

The bad debt reserve in proportion to the gross amount of trade debtors remains under control: 3.5% per 31 December 2013 (2012: 3.8%, 2011: 3.5%).

### ( a ) Movement in bad debt reserve

IN THOUSANDS OF EURO	2013	2012	2011
<b>On 1 January</b>	<b>-7,196</b>	<b>-6,811</b>	<b>-10,145</b>
Acquisition of subsidiaries	-562	-83	-
Additional provisions	-2,678	-5,731	-1,279
Amounts used	1,374	1,190	1,399
Amounts unused	2,553	4,189	3,229
Translation (losses) / gains	171	-50	-15
<b>On 31 December</b>	<b>-6,338</b>	<b>-7,196</b>	<b>-6,811</b>

(b) At 31 December 2013, the aging analysis of trade receivables is as follows:

IN THOUSANDS OF EURO	2013	2012	2011
Not due	148,038	154,304	156,647
Overdue less than 30 days	17,925	19,146	17,424
Overdue between 30 and 90 days	9,422	8,337	10,414
Overdue more than 90 days	8,420	8,491	9,440
<b>Total gross</b>	<b>183,805</b>	<b>190,278</b>	<b>193,925</b>
Bad debt reserve	-6,338	-7,196	-6,811
<b>Total</b>	<b>177,467</b>	<b>183,082</b>	<b>187,114</b>

In 2013, total overdue amounts remained stable compared to the previous periods at a total amount of 35.8 million euro (2012: 36 million euro, 2011: 37.3 million euro).

In 2013, the bad debt reserve amounts to 75% of the trade receivables more than 90 days overdue (2012: 85%, 2011: 72%).

#### (c) Other non-current assets

The decrease in the other non-current assets during 2013 mainly relates to long-term receivables in the frame of vendor financing programs, amounting to 3.5 million euro per 31 December 2013, of which 3.5 million (see note 15) are offset by a long-term debt of the same amount (2012: 11 million euro, of which 7.1 million euro offset by a long-term debt, 2011: 12.5 million euro, of which 9.8 million euro offset by a long-term debt).

#### (d) Number of days sales outstanding (DSO)

$$\text{DSO} = ((\text{Trade debtors, net}) / (\text{sales past quarter})) * 90$$

### 15. NET FINANCIAL CASH/DEBT

IN THOUSANDS OF EURO	2013	2012	2011
Deposits (a)	13,646	15,338	1,264
Cash at bank (b)	142,796	106,706	77,817
Cash in hand	103	95	83
<b>Cash and cash equivalents</b>	<b>156,545</b>	<b>122,139</b>	<b>79,165</b>
Long-term financial receivables (c)	3,539	7,129	9,768
Long-term debts (c) (d)	-40,410	-12,695	-19,014
Current portion of long-term debts (d)	-3,582	-4,105	-1,691
Short-term debts (e)	-11,657	-1,302	-6,593
<b>Net financial cash / (debt)</b>	<b>104,435</b>	<b>111,166</b>	<b>61,635</b>

The net financial cash remained at a high level in 2013. This is the net result of the free cash flow generated (70.2 million euro in 2013 versus 121.6 million euro in 2012 and 81.2 million in 2011) and the cash outflows related to acquisitions and dividends paid out.

### (a) Deposits

Deposits are short-term, highly liquid investments, which are readily convertible to known amounts of cash.

The short-term deposits do not carry a material risk of change in valuation.

At closing date, deposits include:

IN THOUSANDS OF EURO	2013	2012	2011
» deposits in INR, with an average interest rate of 7.34%	1,665	1,304	992
» deposits in EUR	-	10,000	-
» deposits in USD, with an average interest rate of 0.07%	1,994	3,790	-
» deposits in CNY, with an average interest rate of 1.49%	9,589	-	-
» deposits in other currencies	398	244	272
<b>Total deposits</b>	<b>13,646</b>	<b>15,338</b>	<b>1,264</b>

The average rate of the deposits in INR is 7.34%, in CNY 1.49% and USD 0.07%

### (b) Cash at bank

Cash at bank is immediately available. Most of the cash is held on accounts with higher interest-yield compared to classical cash accounts. It is denominated in the following currencies:

	2013	2012	2011
» EUR	40.0%	57.3%	62.7%
» USD	8.0%	18.6%	17.3%
» CNY	38.6%	11.4%	5.0%
» INR	0.1%	0.0%	1.5%
» Other	13.3%	12.7%	13.5%

### (c) Long-term financial receivables

Since 2010, Barco entered into a specific vendor financing program granted to a selective number of international customers. The purpose of vendor financing is to grant extended payment terms to such customers, whilst Barco continues to benefit from prompt payment of the open accounts receivable position by having a financial institution in the middle. The financial institution will directly (buyer credit) or following a receivable sale (supplier credit) open a credit in favor of the customer, thereby assuming the risk of non-payment on the spread payment plan in all material respect.

In the case of a supplier credit, Barco continues to serve as collection agent after the sale of the accounts receivable on a non-recourse basis, which leads to a long-term financial receivable from the customer (in line "Other non-current assets") this being offset by a long-term financial debt position towards the financial institution for the same amount (in line "Long-term debts"). Due to its non-recourse character, both positions are being eliminated in the net financial cash/(debt). Per the end of 2013, the outstanding long-term financial receivables have decreased to 3.5 million euro compared to 7.1 million euro in 2012. When the vendor financing takes the form of a buyer credit (direct financial contract between customer and financial institution, and no role for Barco as collection agent), no positions are being reflected in the balance sheet.

Where Barco assumes a small residual risk on the customer's payment behavior with recourse character (either in the form of supplier credit or buyer credit), provisions are being account for.

#### (d) Long-term financial debts

A linearly amortizing 15 million euro credit facility backed by a cap-floor agreement in relation to Belgian real estate financing was early terminated in 2013. A financial leasing contract of 10.5 million euro was added following the projectiondesign acquisition.

Besides specific real-estate financing in US & Norway, the Barco Group has a total of 165 million euro committed credit facilities available, following a new debt portfolio restructuring in December 2013. The portfolio consists of 3 major tranches:

- » Barco NV received a 50 million euro research, development and innovation (RDI) Credit Facility from the European Investment Bank. The aim of the facility is to finance RDI activities for networked visualization connectivity and software in its Entertainment, Healthcare and Control Rooms divisions. The Credit Facility has a remaining availability period of 6 months. Drawings under the facility have a long-term tenor of minimum 4 years.
- » Barco NV and Barco CC (as co-obligors) signed a number of bilateral committed Credit Facilities with a selected group of commercial banks for a total amount of 85 million euro. The Credit Facilities have an availability period till December 2016. Drawings under the facilities have a short-term tenor.
- » Barco NV signed a number of bilateral committed Credit Facilities for a total amount of 30 million euro (with accordion clause for an additional 7.5 million euro). The Credit Facilities aim at financing Barco's new HQ campus project and have a long-term tenor of 15 years following an availability period of maximum 2 years (period of construction).

As at 31 December 2013, an amount of 25 million euro is drawn under the RDI Credit Facility from the European Investment Bank.

Barco is meeting all requirements of the loan covenants on its available credit facilities.

Analysis of long-term financial debts, including the current portion of long-term financial debts, as to currencies:

	2013	2012	2011
- EUR	25,177	2,781	4,813
- USD	7,058	11,186	15,570
- NOK	10,554	-	-
- Other	1,202	2,833	322
<b>Total</b>	<b>43,991</b>	<b>16,800</b>	<b>20,705</b>

Analysis of long-term financial debts including the current portion of long-term financial debts, as to interest rates:

TYPE OF INTEREST RATE	MATURITY	31 December 2013	31 December 2012	31 December 2011
<i>Analysis of long-term financial debts including the current portion of long-term financial debts, as to interest rates:</i>				
Real Estate financing:				
- variable, limited by cap-floor agreements (Belgium)		-	2,250	3,750
- variable, swapped into fixed (US)	Later than 2018	3,671	4,548	6,705
- fixed, financial leasing (Norway)	Later than 2018	10,554	-	-
RDI financing:				
- fixed, European Investment Bank	Later than 2018	25,000	-	-
Vendor financing (offset by long-term receivable)		3,539	7,129	9,793
Other		1,227	2,874	457
<b>Total long-term financial debts</b>		<b>43,991</b>	<b>16,800</b>	<b>20,705</b>

The long-term debts (including interests due), excluding the current portion of the long-term debts, are payable as follows:

Per 31 December 2013		Per 31 December 2012		Per 31 December 2011	
Payable in 2015	11,166	Payable in 2014	7,982	Payable in 2013	9,783
Payable in 2016	6,515	Payable in 2015	576	Payable in 2014	3,659
Payable in 2017	6,358	Payable in 2016	355	Payable in 2015	259
Payable in 2018	6,275	Payable in 2017	176	Payable in 2016	259
Later	22,964	Later	5,425	Later	7,999
<b>Total long-term debts</b>	<b>53,277</b>	<b>Total long-term debts</b>	<b>14,514</b>	<b>Total long-term debts</b>	<b>21,958</b>

#### (e) Short-term financial debts

Analysis of the short-term financial debts on 31 December:

IN THOUSANDS OF EURO	2013		2012		2011	
	Effective interest rate	Balance	Effective interest rate	Balance	Effective interest rate	Balance
» EUR	1.0%	10,502	2.0%	300	-	-
» USD	-	-	3.0%	7	2.4%	5,796
» CNY	-	-	-	-	-	-
» Other	2.5%	1,155	2.8%	996	3.2%	797
<b>Total</b>		<b>11,657</b>		<b>1,302</b>		<b>6,593</b>

Limited usage per 31 December 2013 is mainly executed on uncommitted bank facilities. The available 85 million euro bilateral Credit Facilities that when used also translate in a short term debt position were almost completely undrawn.

## 16. OTHER LONG-TERM LIABILITIES

IN THOUSANDS OF EURO	2013	2012	2011
Governmental loans	2,993	3,114	3,117
Earn-out payments (a)	-	6,047	5,000
Deferred consideration (b)	-	1,000	-
Vendor Loan (c)	12,329	-	-
<b>Other long-term liabilities</b>	<b>15,322</b>	<b>10,161</b>	<b>8,117</b>

#### (a) Earn-out payments

In the agreement with Royal Philips Electronics relating to the acquisition of FIMI Srl in 2010, an additional earn-out of 10 million euro was foreseen, payable by Barco NV over the period 2011 until 2014. The earn-out equals to 35% of the cumulative net purchase value of the Philips Group with FIMI over the five years following the acquisition date and is limited to 2.5 million euro per year. In 2013, 2012 and 2011 an earn-out portion of 7.5 million euro was paid. The 2.5 million euro earn-out payable early 2014 is presented on the line "Other current liabilities".

The JAOtech acquisition contract provided for additional earn-out payments, which depend on the cumulative gross margin generated for the financial years ended 31 December 2012 to 31 December 2014. There are no minimum or maximum earn-out payments stipulated in the contract. Total earn-out payments of 3 million euro were assumed to be probable and were assumed to become payable early 2015. However in 2013 it became clear that the minimum requirements cannot be met anymore and therefore the outstanding loan was reversed in 2013. (see note 1.2 and note 3.d Other operating income and expense)

#### **(b) Deferred consideration**

The JAOtech acquisition agreement further provides for a deferred consideration of 1 million euro, recognized as liability in 2012. As the deferred consideration is payable early 2014, the 1 million euro is presented on the line 'Other current liabilities'.

#### **(c) Vendor loan**

Upon acquisition of projectiondesign, a vendor loan of 12.3 million euro (103.1 million NOK) was taken over and will have to be paid to the former shareholders of projectiondesign.

The other long-term liabilities, excluding the current portion of the long-term liabilities, are repayable as follows:

Per 31 December 2013	Per 31 December 2012	Per 31 December 2011
Payable in 2015 8,798	Payable in 2014 3,914	Payable in 2013 2,533
Payable in 2016 3,527	Payable in 2015 3,140	Payable in 2014 2,533
Payable in 2017 0	Payable in 2016 0	Payable in 2015 33
Payable in 2018 0	Payable in 2017 0	Payable in 2016 33
Later 2,997	Later 3,108	Later 2,985
<b>Total long-term debts 15,322</b>	<b>Total long-term debts 10,161</b>	<b>Total long-term debts 8,117</b>

## 17. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

IN THOUSANDS OF EURO	2013	2012	2011
Share capital	55,533	54,631	54,532
Share premium	142,235	135,425	134,381
Share-based payments	6,273	4,936	4,154
Acquired own shares	-44,250	-45,641	-45,641
Retained earnings	467,370	427,107	345,348
Cumulative translation adjustment	-51,561	-37,227	-30,546
Derivatives	-657	-1,181	-1,524
<b>Equity attributable to equity holders of the parent</b>	<b>574,943</b>	<b>538,050</b>	<b>460,703</b>

### 1. SHARE CAPITAL AND SHARE PREMIUM

The following capital increases took place in 2013:

- » Through the exercise of 206,783 warrants into the same number of new shares on 24 June 2013 with a resulting increase of the statutory capital of 887 ('000) euro and an increase of the share premium account of 6.713 ('000) euro.
- » Through the exercise of 2,331 warrants into the same number of new shares on 20 September 2013 with a resulting increase of the statutory capital of 8 ('000) euro and an increase of the share premium account of 67 ('000) euro.
- » Through the exercise of 1,669 warrants into the same number of new shares on 20 December 2013 with a resulting increase of the statutory capital of 7 ('000) euro and an increase of the share premium account of 32 ('000) euro.

As a result thereof the company's share capital amounts to 55.5 million euro on 31 December 2013, consisting of 12,988,829 fully paid shares. The share premium amounts to 142.2 million euro.

### 2. SHARE-BASED PAYMENTS

On 16 September 2013, 3 new option plans have been approved by the Board of Directors. These 3 option plans entitled the Board of Directors to grant maximum 149,050 stock options before 31 December 2013. Each stock option gives right to the acquisition of one (1) share. In 2013, 124,550 stock options have been granted to employees and management of the group based upon these option plans. On 31 December 2013, no options remained available for distribution under the 2013 stock option schemes given the expiry dates of the plans per 31 December 2013.

#### **Warrants exercisable under the warrant and stock option plans**

The total number of outstanding warrants on 31 December 2013 amounted to 211,823 which can lead to the creation of 211,823 new shares. Since 2010, stock options have been granted. The total number of outstanding stock options on 31 December 2013 amounted to 397,505. The company's own shares will be used under the outstanding stock option plan to fulfill the commitment. During 2013, 210,783 warrants and 22,750 stock options have been exercised; in 2012, 23,370 warrants have been exercised; in 2011 84,721 warrants were exercised. These warrants and stock options may be exercised the earliest 3 years after the allocation date over a period of maximum 10 years and during a couple of fixed periods over the year. Below an overview is given of the outstanding warrant and stock option plans:

Allocation date	End term	Exercise price (in euro)	Balance on 31 Dec 2012	Granted in 2013	Exercised in 2013	Cancelled in 2013	Expired in 2013	Balance on 31 Dec 2013
<b>Warrants</b>								
09/16/99	09/15/09 <sup>1</sup>	93.58	-	-	-	-	-	-
07/13/00	07/12/10 <sup>1</sup>	91.92	128,459	-	-67	-	-128,392	-
06/18/02	06/17/12 <sup>1</sup>	42.01	23,082	-	-13,866	-	-60	9,156
06/24/02 <sup>2</sup>	06/23/12	40.55	-	-	-	-	-	-
11/04/02	11/03/12 <sup>1</sup>	42.40	3,400	-	-3,400	-	-	-
06/23/03	06/22/13	50.75	37,019	-	-26,907	-	-10,112	-
06/23/032	06/22/13	50.50	380	-	-300	-	-80	-
09/15/03	09/14/13	57.52	800	-	-	-	-800	-
03/29/04	03/28/14	67.00	57,572	-	-1,670	-	-82	55,820
03/29/04 <sup>2</sup>	03/28/14	66.50	585	-	-30	-	-	555
09/12/05 <sup>2</sup>	11/09/15	60.51	52,227	-	-10,108	-	-90	42,029
09/12/05	11/09/15	63.15	1,210	-	-160	-	-	1,050
09/12/05 <sup>3</sup>	11/09/15	61.35	8,470	-	-2,300	-	-80	6,090
11/09/06	11/08/16	65.05	59,956	-	-5,575	-	-285	54,096
11/09/06 <sup>2</sup>	11/08/16	66.15	1,155	-	-80	-	-	1,075
11/12/07	11/11/17	50.68	66,045	-	-40,340	-	-200	25,505
11/12/07 <sup>2</sup>	11/11/17	51.53	2,737	-	-800	-	-	1,937
12/15/07	12/14/17	50.48	20,970	-	-20,970	-	-	-
05/28/09	05/27/19	19.62	85,700	-	-74,110	-200	-	11,390
05/28/09 <sup>2</sup>	05/27/19	24.00	12,920	-	-9,700	-	-100	3,120
05/28/09 <sup>3</sup>	05/27/19	23.57	400	-	-400	-	-	-
<b>Total number of warrants</b>		<b>563,087</b>	<b>-</b>	<b>-210,783</b>	<b>-200</b>	<b>-140,281</b>	<b>211,823</b>	
<b>Stock options</b>								
10/28/10	10/27/15	35.85	32,300	-	-8,500	-100	-	23,700
10/28/10	10/27/20	35.85	34,750	-	-	-	-	34,750
10/28/10 <sup>3</sup>	10/27/15	41.75	20,600	-	-14,250	-	-100	6,250
10/28/11	10/27/16	36.65	31,900	-	-	-650	-	31,250
10/28/11	10/27/21	36.65	29,435	-	-	-100	-	29,335
10/28/11 <sup>3</sup>	10/27/16	41.70	27,415	-	-	-250	-	27,165
10/31/12	10/30/22	52.37	55,260	-	-	-	-	55,260
10/31/12	10/30/20	52.37	26,860	-	-	-200	-	26,660
10/31/12 <sup>2</sup>	10/30/22	53.28	2,000	-	-	-	-	2,000
10/31/12 <sup>3</sup>	10/30/20	53.00	36,935	-	-	-350	-	36,585
10/21/13	10/20/23	59.03	-	58,350	-	-	-	58,350
10/21/13	10/20/21	59.03	-	29,900	-	-	-	29,900
10/21/13 <sup>3</sup>	10/20/21	60.94	-	36,300	-	-	-	36,300
<b>Total number of stock options</b>		<b>297,455</b>	<b>124,550</b>	<b>-22,750</b>	<b>-1,650</b>	<b>-100</b>	<b>397,505</b>	

(1) For a large number of warrants this last exercise date was extended with three (3) years according to article 407 of the law of 24 December 2002

(2) Deviation of exercise price as a result of the implementation of the UK sub plan

(3) Deviation of exercise price as a result of the implementation of the US sub plan

The cost of these warrant/stock option plans is included in the income statement. The warrants/stock options are valued at grant date, based on the share price at grant date, exercise price, expected volatility, dividend estimates and interest rates. The warrant/stock option cost is taken into result on a straight-line basis from the grant date until the first exercise date. The share-based payment expenses amounted to 1.3 million euro in 2013 (2012: 0.8 million euro; 2011: 0.7 million euro; 2010).

#### 4. ACQUIRED OWN SHARES

Barco did not acquire own shares in 2013, 2012 and 2011. Barco sold 21,807 own shares upon the exercise of 21,807 stock options per 24 June 2013 with a resulting decrease of the own shares of 1,332 ('000) euro, 600 own shares through the exercise of 600 stock options per 20 September 2013 with a resulting decrease of the own shares of 36 ('000) euro and 350 own shares through the exercise of 350 stock options per 20 December 2013 with a resulting decrease of the own shares of 22 ('000) euro.

The number of own shares acquired by Barco NV up to 31 December 2013 therefore decreased to 715,206 own shares (2012: 737,963, 2011: 737,963).

#### 5. RETAINED EARNINGS

The change in retained earnings includes the net income of 2013 and the distribution of 16.9 million euro dividend, as approved by the general shareholders meeting of 25 April 2013.

#### 6. CUMULATIVE TRANSLATION ADJUSTMENT

In 2013, exchange differences on translation of foreign operations have a negative impact of 14.3 million, mainly relating to the Indian Rupee (4.8 million euro), US Dollar (2.3 million euro), Norwegian Krone (2 million euro), Australian Dollar (1.4 million euro) and Taiwan Dollar (1.2 million euro).

In 2012, exchange differences on translation of foreign operations have a negative impact of 6.7 million euro, mainly relating to the liquidation of the investment in Czech, Barco Manufacturing SRO, resulting in the realization of the foreign currency translation for an amount of 3.7 million euro positive impact on the result of the year (see note 3 (d)). The remaining negative exchange differences mainly relate to the Indian Rupee (1.8 million euro negative impact on equity) and the American dollar (0.7 million euro negative impact on equity).

In 2011, exchange differences on translation of foreign operations have a negative impact on the consolidated equity of 1.8 million euro, mainly relating to the Indian Rupee (4.2 million euro negative impact on equity) offset by 1.1 million euro positive impact of the American dollar and the 1.3 million euro of the Chinese Yen.

#### 7. DERIVATIVES

Derivative financial instruments are disclosed in note 20.

### 18. TRADE PAYABLES AND ADVANCES RECEIVED FROM CUSTOMERS

IN THOUSANDS OF EURO		2013	2012	2011
Trade payables		114,133	127,528	110,791
Days payable outstanding (DPO)	(a)	52	57	54
Advances received from customers	(b)	93,562	73,587	55,748

(a) DPO = trade payables / (material cost + services and other costs + inventory movement + purchases of (in)tangible fixed assets) x 365

(b) Most payment terms of customers define that 30% of the total invoice needs to be prepaid before delivery of the goods. The increase in 2013 is caused by the change in consolidation method of CFG Barco and the acquisition of projectiondesign, as both entities have important amounts of advances.

## 19. PROVISIONS

IN THOUSANDS OF EURO		Balance sheet 2013	Acquisition of subsidiaries	Additional provisions made	Amounts used	Unused amounts reversed	Transfers (e)	Translation (losses) / gains	Balance sheet 2012	Balance sheet 2011
Technical warranty	(a)	27,019	2,583	4,431	-2,655	-4,097	-	-723	27,480	28,898
Risks on work in progress		-	-	-	-	-	-	-	-	1,910
Pension obligations	(b)	7,075	-	1,032	-669	-90	-	-201	7,003	5,670
Restructuring provision	(c)	4,552	2,394	6,473	-4,209	-	-	-106	-	622
Other claims and risks	(d)	8,158	837	4,075	-359	-1,014	-	-286	4,905	4,974
<b>Provisions</b>		<b>46,804</b>	<b>5,814</b>	<b>16,011</b>	<b>-7,892</b>	<b>-5,201</b>	<b>-</b>	<b>-1,316</b>	<b>39,388</b>	<b>42,075</b>

### (a) Technical warranty

Provisions for technical warranty are based on historical experience of the level of repairs and replacements. Additional provisions are set up when a technical problem is detected. There are three different technical warranty provisions: provisions related to 'normal' (mostly 2 years) warranty period, provisions related to extended warranty periods and provisions for specific claims/issues.

### (b) Pension obligations

In general, pension plans at Barco are defined contribution plans. Obligations for these plans are recognized as an expense in the income statements as incurred. In some specific cases a pension plan includes a defined benefit obligation. According to IAS 19, provisions are set up in these situations.

As per 31 December 2013, the defined benefit obligations are composed of:

» Early retirement plans in Belgium	1,540
» Local legal requirements (mainly France, Japan, Korea and Italy)	5,457
» A small number of individual plans	79
<hr/>	
<b>Total</b>	<b>7,075</b>

Early retirement plans are recognized as liability and expense when the company is committed to terminate the employment of the employees affected before the normal retirement date.

### (c) Restructuring provision

In 2013, a new restructuring provision has been set up to reduce costs mainly in the Defense & Aerospace and Advanced Visualization divisions. See also note 5. Restructuring and impairment costs.

The restructuring plans, initiated in 2009, have all been finalized during 2011.

### (d) Other claims and risks

This provision relates to disputes with suppliers and specific customer warranty disputes. Barco can not provide details on the specific cases, as this could cause considerable harm to Barco in the particular disputes.

## 20 RISK MANAGEMENT - DERIVATIVE FINANCIAL INSTRUMENTS

General risk factors are described in the director's report 'Risk Factors'.

Derivative financial instruments are used to reduce the exposure to fluctuations in foreign exchange rates and interest rates. These instruments are subject to the risk of market rates changing subsequent to acquisition. These changes are generally offset by opposite effects on the item being hedged.

### FOREIGN CURRENCY RISK

#### **Recognized assets and liabilities**

Barco incurs foreign currency risk on recognized assets and liabilities when they are denominated in a currency other than the company's local currency. Such risks may be naturally covered when a monetary item at the asset side (such as a trade receivable or cash deposit) in a given currency is matched with a monetary item at the liability side (such as a trade payable or loan) in the same currency.

Forward exchange contracts and selectively option contracts are used to manage the currency risk arising from recognized receivables and payables, which are not naturally hedged. This is particularly the case for the USD (and USD-related currencies), for which receivables are systematically higher than payables. No hedge accounting is applied to these contracts.

The balances on foreign currency monetary items are valued at the rates of exchange prevailing at the end of the accounting period. Derivative financial instruments that are used to reduce the exposure of these balances are rated in the balance sheet at fair value. Both changes in foreign currency balances and in fair value of derivative financial instruments are recognized in the income statement.

#### **Forecasted transactions**

Barco selectively designates forward contracts to forecasted sales. Hedge accounting is applied to these contracts. The portion of the gain or loss on the hedging instrument that will be determined as an effective hedge is recognized directly in comprehensive income. On 31 December 2013, there were no forward contracts outstanding under hedge accounting treatment.

#### **Estimated sensitivity to currency fluctuations**

Main sensitivity to currency fluctuations is related to the evolution of the USD versus the euro. This sensitivity is caused by following factors:

- » The fair value of foreign currency monetary items is impacted by currency fluctuations. In order to eliminate most of these effects in USD and USD-related currencies, Barco uses monetary items and/or derivative financial instruments as described above, which are meant to offset the impact of such results to a major extent. Impact on operating result is currently estimated at about 2 million euro when the year-end USD-rate changes with 10% compared to the beginning of a period, exclusive of the mitigating hedge impact.
- » As the company has no cash flow hedges in place that aim at hedging forecasted transactions, a similar currency fluctuation in USD rates would not have any effect on the equity position of Barco.
- » Profit margins may be negatively affected because an important part of sales are realized in USD or USD-related currencies, while costs are incurred to a smaller part in these currencies. Impact on operating result is currently estimated at 18 million euro when the average USD-rate in a year changes with 10%. Barco has done great efforts in recent years to increase its natural hedging against the USD by increasing its operational costs in USD or USD-related currencies and by purchasing more components in these currencies. The natural hedge ratio of Barco reached in 2013 a level close to 65%.
- » Another impact is the fact that some of Barco's main competitors are USD-based. Whenever the USD decreases in value against the euro, these competitors have a worldwide competitive advantage over Barco. This impact on operating result cannot be measured reliably.

## INTEREST RATE RISK

Barco uses following hedging instruments to manage its interest rate risk:

### **Swap on outstanding or anticipated borrowing**

Barco has an outstanding variable loan of 5.1 million US dollar (3.7 million euro) in place, of which variable interest rate conditions have been swapped into a fixed 3.86%.

Barco also concluded an interest rate swap of 5.7 million euro by means of a pre-hedge of expected future drawings under the 30 million euro bilateral committed Credit Facilities that aim at financing Barco's new HQ campus. This instrument swaps the variable interest rate into a fixed 2.45%.

Both swaps are determined as an effective hedge of outstanding or anticipated borrowings and meet the hedging requirements of IAS 39. The fair values of the effective portion of the hedging instrument are therefore recognized directly in comprehensive income under hedge accounting treatment.

As the US dollar swap is only partially hedge effective, the fair value of the swap for its non-effective portion (difference between notional amount of 9.4 million US dollar or 6.8 million euro equivalent and outstanding loan amount) is recognized in the income statement.

### Estimated sensitivity to interest rate fluctuations

Management doesn't expect the short-term interest rate to increase significantly in the immediate foreseeable future, which limits the interest exposure on the short-term debt portfolio.

With reference to the Fair Values table below, more than 90% of Barco's outstanding long-term debt portfolio has a fixed interest rate character, which again limits the exposure of the company to interest rate fluctuations. This ratio increases to over 95% when including the swap instruments disclosed above.

## CREDIT RISK

### **Credit risk on accounts receivable**

Credit evaluations are performed on all customers requiring credit over a certain amount. The credit risk is monitored on a continuous basis. In a number of cases collateral is being requested before a credit risk is accepted. Specific trade finance instruments such as letters of credit and bills of exchange are regularly used in order to minimize the credit risk.

In 2013, Barco continued to conclude credit insurances in order to cover credit risks on specific customers with whom Barco entered into vendor financing agreements. Such vendor financing agreements are concluded and monitored on a case by case basis.

### **Credit risk on liquid securities and short-term investments**

A policy defining acceptable counter parties and the maximum risk per counter party is in place. Short-term investments are done in marketable securities, cash holdings or in fixed term deposits with reputable banks.

## FAIR VALUES

Set out below is an overview of the carrying amounts of the group's financial instruments that are showing in the financial statements. In general, the carrying amounts are assumed to be a close approximation of the fair value.

IN THOUSANDS OF EURO	2013	2012	2011
	Carrying amount / Fair value (approx.)		
<b>Financial assets</b>			
Trade receivables	177,467	183,082	187,114
Other receivables	44,102	29,053	35,197
Loan and other receivables	43,888	28,198	35,157
Interest rate swap	-	-	0
Currency rate swap	214	855	40
Other non-current assets	14,286	18,041	19,134
Cash and short-term deposits	156,545	122,139	79,165
<b>Total</b>	<b>392,400</b>	<b>352,315</b>	<b>320,610</b>
<b>Financial liabilities</b>			
Financial debts	38,121	15,453	18,492
Floating rate borrowings	3,686	5,730	8,605
Fixed rate borrowings	34,435	9,723	9,887
Other debts	15,322	10,161	8,117
Short-term debts	11,657	1,302	6,593
Trade payables	114,133	127,528	110,791
Dividends payable	2,105	2,121	2,946
Interest rate swap	1,129	17	1,843
Other liabilities	10,994	8,241	8,045
<b>Total</b>	<b>193,462</b>	<b>164,823</b>	<b>156,825</b>

The fair value of the financial assets and liabilities is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- » Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- » Long term fixed rate and variable rate other assets are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2013, the carrying amounts of such receivables, net of allowances, are assumed not to be materially different from their calculated fair values.

- » The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using the effective interest rates currently available for debt on similar terms, credit risk and remaining maturities. As at 31 December 2013, the effective interest rate is not materially different from the nominal interest rate of the financial obligation.
- » The group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate (cap/floor) swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

#### **FAIR VALUE HIERARCHY**

As at 31 December 2013, the Group held the following financial instruments measured at fair value:

IN THOUSANDS OF EURO	2013	2012	2011
<b>Assets measured at fair value</b>			
Financial assets at fair value through profit or loss			
Foreign exchange contracts - non-hedged	276	140	467
Interest rate swap	-	-	-
Financial assets at fair value through equity			
Foreign exchange contracts - hedged	-	-	-
<b>Liabilities measured at fair value</b>			
Financial liabilities at fair value through profit or loss			
Foreign exchange contracts - non-hedged	62	784	428
Interest rate swap	534	690	317
Financial liabilities at fair value through equity			
Foreign exchange contracts - hedged	-	-	-
Interest rate swap	630	1,162	1,526

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All fair values mentioned in the above table relate to Level 2.

During the reporting period ending 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

## CAPITAL MANAGEMENT

Management evaluates its capital needs based on following data:

IN THOUSANDS OF EURO	2013	2012	2011
Net financial cash / (debt)	104,435	111,166	61,635
Equity	579,366	538,050	460,703
% Net financial cash (debt) / Equity	18,0%	20,7%	13,4%
IN THOUSANDS OF EURO	2012	2011	2010
Equity	579,366	538,050	460,703
Total equity and liabilities	1,047,822	921,879	814,567
% Equity / Total equity and liabilities	55,3%	58,4%	56,6%

In 2013, Barco had another year of solid cash flow generation, which has led to a net cash position consolidating at a level of 104.4 million euro per 31 December 2013 compared to 111.2 million euro as per end of 2012, even after the acquisition activity elsewhere disclosed. Also, the solvency position and other current ratios consolidated at very healthy levels.

Together with the in 2013 enlarged and extended committed credit facilities, management considers that it has secured a very healthy liquidity profile and strong capital base for the further development of the group.

## 21. OPERATING LEASES

IN THOUSANDS OF EURO	2013	2012	2011
<b>Non-cancellable operating leases are payable as follows:</b>			
Less than one year	6,916	6,282	5,850
Between one and five years	13,705	10,320	7,209
More than five years	20,605	4,774	-
<b>Total</b>	<b>41,226</b>	<b>21,376</b>	<b>13,059</b>

Non-cancellable operating leases mainly relate to leases of factory facilities, warehouses and sales offices. During the current year, the total rent expenses recognized in the income statement amounted to 16.7 million euro, whereof 9.7 million euro relating to rent of buildings.

## 22. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

IN THOUSANDS OF EURO		2013	2012	2011
Guarantees given to third parties	(a)	10,703	11,566	19,303
Mortgage obligations given as security	(b)			
» book value of the relevant assets		2,555	3,001	3,600
» total of the mortgage		6,798	8,345	9,629
Buy back obligations	(c)	5,684	7,673	10,258
Purchase commitment	(d)	29,400	-	-

- (a) Guarantees given to third parties mainly relate to guarantees given to customers for ongoing projects, guarantees given to suppliers for investment projects and to authorities for commitments related to VAT, duties, etc.
- (b) The outstanding debts guaranteed by the mortgage obligations amount to 3.7 million euro per 31 December 2013.
- (c) Barco appeals on a vendor-lease program with the obligation to take back sold goods, in case of insolvency of the client. No buy-back provision is set up for this risk as all risks and rewards are transferred upon the sale. Total possible value of the obligation to take back sold goods has decreased to 5.7 million euro (2012: 7.7 million euro, 2011: 10.3 million euro in 2011).
- (d) This relates to the HQ One Campus project.

## 23. RELATED PARTY TRANSACTIONS

For more information with respect to remuneration for directors and members of the executive management, we refer to the 'Corporate governance' chapter on of the annual report.

## 24. CASH FLOW STATEMENT: EFFECT OF ACQUISITIONS AND DISPOSALS

The table below shows the effect of acquisitions and disposals on the balance sheet movement of the group. The 2013 acquisition relates to the projectiondesign and AWIND business combinations. The 2012 acquisition relates to the IPVS and JAOTech business combinations. The 2011 acquisition fully relates to the CineStore asset deal. See Note 1.2 for more information on these acquisitions.

IN THOUSANDS OF EURO	ACQUISITIONS			DISPOSALS		
	2013	2012	2011	2013	2012	2011
<b>Non-current assets</b>	<b>45,442</b>	<b>5,733</b>	<b>5,690</b>	-	-	-
Capitalized development cost		-	387	-	-	-
Customer list	12,124	-		-	-	-
Know-how	19,149	4,882	4,702	-	-	-
Leased building	11,782					
Tangible assets and other intangible assets	1,231	4	600	-	-	-
Deferred tax assets		846	-	-	-	-
<b>Other non-current assets</b>	<b>1,155</b>	-	-	-	-	-
<b>Current assets</b>	<b>28,167</b>	<b>9,603</b>	<b>2,859</b>	-	-	-
Inventory	14,648	2,745	2,714	-	-	-
Trade debtors & other receivables	13,519	6,858	145	-	-	-1,992
Other current assets						
<b>Non-current liabilities</b>	<b>42,079</b>	<b>5,090</b>	<b>2,547</b>	-	-	-
Long-term debts, interest-bearing liabilities	33,745	4,000	-	-	-	-
Deferred tax liabilities	3,886	164	-	-	-	3,452
Provisions	4,448	927	2,547	-	-	-
<b>Current liabilities</b>	<b>5,768</b>	<b>10,707</b>	<b>-2,672</b>	-	-	-
Trade payables	523	6,989	225	-	-	-
Other payables	5,245	3,718	-2,897	-	-	-
<b>Net-identifiable assets and liabilities</b>	<b>25,763</b>	<b>-461</b>	<b>8,673</b>	-	-	-
 Goodwill on acquisitions	 77,398	 27,574	 1,690	 -	 -	 -
 Received/(paid) consideration	 -	 -	 -	 -	 -	 -1,460
 Acquired cash	 1,792	 882	 -	 -	 -	 -
 Purchase price	 104,953	 27,994	 10,363	 -	 -	 -

The total purchase price in 2013 relates to the acquisition of projectiondesign of 50.8 million euro, the acquisition of AWIND of 51.6 million euro and current year's earn-out payment on the 2010 Fimi acquisition for an amount of 2.5 million euro.

The cash flow statement acquisitions show net of acquired cash of projectiondesign and AWIND and the cash received via the change in consolidation method of the Chinese joint venture (in total 20 million euro) and excluding the amount paid at the end of 2012 on the acquisition of projectiondesign of 33.4 million euro.

The total purchase price in 2012 relates to the acquisition of the IP Video Systems activities of 20 million USD and the JAOTech acquisition for an amount of 9.6 million euro upfront payment and the 2012 earn-out payment on the 2010 Fimi acquisition for an amount of 2.5 million euro.

The total purchase price in 2011 relates to the acquisition of the CineStore activities of 6.4 million euro and the 2011 earn-out payment on the 2010 Fimi acquisition for an amount of 2.9 million euro.

The 2011 disposals relate to the remaining part of the sales price of the 2009 divestment of Barco's Advanced Visualization (AVIS) business, which was put in escrow and received in 2011, and the taxes paid in 2011 on the plus value realized on this sale.

We refer to the Cash flow statement and note 1.2 on acquisitions.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are carried in terms of historical cost using the exchange rate at the date of the acquisition.

## 25. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There are no major events subsequent to the balance sheet date which have a major impact on the further evolution of the company.

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# AUDITOR'S REPORT

### STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF BARCO NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

In accordance with the legal requirements, we report to you on the execution of our mandate as statutory auditor. This report contains our opinion on the consolidated balance sheet as of 31 December 2013, the consolidated income statement, consolidated statement of realized and unrealized income, consolidated statement of changes in equity, and consolidated cash flow statement for the year ended 31 December 2013, and on the notes, and includes the required additional statements.

#### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS - UNQUALIFIED OPINION

We have audited the consolidated financial statements of Barco NV ('the Company') and its subsidiaries (jointly 'the Group') for the year ended 31 December 2013, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, with a balance sheet total of €1,047,822,000 and net income (attributable to the equity holders of the parent) of €57,119,000.

#### Responsibility of the Board of Directors for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for the implementation of internal control that it considers necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA). Those standards require us to comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal controls relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Board of Directors, and the presentation of the consolidated financial statements taken as a whole.

We have obtained from the Board of Directors and the company's and group's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Unqualified opinion**

In our opinion, the consolidated financial statements of the Company for the year ended 31 December 2013 give a true and fair view of the Group's financial position as at 31 December 2013 and of the results of its operations and its cash flows in accordance with the International Financial Reporting Standards as adopted by the European Union.

#### **Report on other legal and regulatory requirements**

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the directors' responsibility.

#### **ADDITIONAL COMMENTS**

Within the context of our mandate, it is our responsibility to report, in all material respects, our findings with regard to certain legal and regulatory obligations. On this basis, we make the following comment, which does not modify the scope of our opinion on the financial statements:

The directors' report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements and does not contain any inconsistencies with the information that we became aware of during the execution of our mandate.

Ghent, 4 February 2014

Ernst & Young Auditors BCVBA  
Statutory auditor  
represented by

Lieve Cornelis  
Partner

Marnix Van Dooren  
Partner

# BARCO NV

## SUMMARY VERSION OF STATUTORY ACCOUNTS BARCO NV

The financial statements of the parent company, Barco NV, are presented below in a condensed form.

The accounting principles used for the statutory annual accounts of Barco NV differ from the accounting principles used for the consolidated annual accounts: the statutory annual accounts follow the Belgian legal requirements, while the consolidated annual accounts follow the International Financial Reporting Standards. Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Barco Group.

The management report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Barco NV, as well as the Auditor's Report, will be filed with the National Bank of Belgium within the statutory periods. These documents are available on request from Barco's Investor Relations department, and at [www.barco.com](http://www.barco.com).

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Barco NV for the year ended 31 December 2013 give a true and fair view of the financial position and results of the company in accordance with all legal and regulatory dispositions.

## BALANCE SHEET AFTER APPROPRIATION

IN THOUSANDS OF EURO	2013	2012	2011
<b>Non-current assets</b>	<b>861,926</b>	<b>762,327</b>	<b>706,089</b>
Intangible fixed assets	101,503	88,729	63,353
Tangible fixed assets	21,849	23,257	22,536
Financial fixed assets	728,431	637,292	606,238
Amounts receivable after more than one year	10,143	13,049	13,962
<b>Current assets</b>	<b>272,239</b>	<b>312,282</b>	<b>327,388</b>
Stocks and contracts in progress	95,403	113,002	133,222
Amounts receivable within one year	116,713	134,119	134,024
Investments (own shared)	44,431	45,845	45,845
Cash at bank and in hand	209	656	38
Deferred charges and accrued income	15,483	18,660	14,259
<b>TOTAL ASSETS</b>	<b>1,134,165</b>	<b>1,074,609</b>	<b>1,033,477</b>
<b>Equity</b>	<b>444,062</b>	<b>414,118</b>	<b>398,808</b>
Capital	55,534	54,632	54,532
Share premium account	142,726	135,425	134,381
Reserves	50,645	52,058	52,059
Accumulated profits	193,305	170,627	156,503
Investment grants	1,852	1,376	1,333
<b>Provisions and deferred taxes</b>	<b>16,597</b>	<b>15,737</b>	<b>19,656</b>
Provisions for liabilities and charges	16,597	15,737	19,656
<b>Creditors</b>	<b>673,506</b>	<b>644,754</b>	<b>615,013</b>
Amounts payable after more than one year	45,194	34,059	39,421
Amounts payable within one year	628,312	610,695	575,592
<b>TOTAL LIABILITIES</b>	<b>1,134,165</b>	<b>1,074,609</b>	<b>1,033,477</b>

The increase of the intangible fixed assets of 13 million euro in 2013 is mainly caused by the implementation cost of SAP ERP software (10 million euro increase in 2013 compared to 8.3 million in 2012). The capital expenditures related to the new SAP ERP-software are not yet amortized as the project is still in the design phase of the global template and no roll-outs have been performed yet. The first roll-out is planned April 2014 in India.

The increase of 91 million euro of financial fixed assets consists the acquisition of the shares of AWIND (56 million euro), the purchase of the remaining shares in projectiondesign for an amount of 17 million euro (61% of the shares were bought end 2012 for 33 million euro), and the capital increase of Barco US of 18 million euro.

The liabilities mainly include intercompany debts (466 million euro), for the major part towards Barco Coordination Center NV.

## INCOME STATEMENT

IN THOUSANDS OF EURO	2013	2012	2011
Sales	668,830	745,103	654,512
Operating income/(loss)	30,809	43,681	47,072
Financial result	5,277	-3,710	-5,166
Extra-ordinary result	-568	-14,345	12,358
Income taxes	4,158	5,354	9,839
<b>Profit/(loss) for the year</b>	<b>39,676</b>	<b>30,980</b>	<b>64,103</b>

## PROPOSED APPROPRIATION OF BARCO NV RESULT

IN THOUSANDS OF EURO	2013	2012	2011
Profit/(loss) for the year for appropriation	39,676	30,980	64,103
Profit brought forward	170,627	156,503	104,881
<b>Profit to be appropriated</b>	<b>210,302</b>	<b>187,483</b>	<b>168,984</b>
Transfer to other reserves	1,413	-	-
Profit to be carried forward	193,305	170,627	156,503
Gross dividends	18,410	16,856	12,481
<b>Total</b>	<b>210,302</b>	<b>187,483</b>	<b>168,984</b>

Barco NV sales in 2013 amounts to 669 million euro, which is 10% lower than in 2012, mainly due to decrease in sales in Digital Cinema, but still 2% higher than the sales realized in 2011. The operating income decreased by 27% in 2013 to 31 million euro, compared to an operating income of 43 million euro in 2012.

The financial results increased from -3.7 million euro in 2012 to +5.3 million euro in 2013 due to dividends received in 2013 for an amount of 8.9 million euro (5 million euro of Barco Singapore & 3.9 million euro of Barco Silex).

The extra-ordinary result in 2012 of -14 million euro related to the statutory impairment on the investment in Barco AS (Denmark) for an amount of 7.5 million euro and on the investment in JaoTech Ltd for an amount of 7 million euro. In 2013, the extra-ordinary charges of 0.6 million euro are caused by the realisation loss on own shares through the exercise of stock options.

The profit on Income Taxes of 4 million euro in 2013 and +5 million euro in 2012 is related to a tax credit on research and development expenses.

The Board of Directors of Barco NV proposed a gross dividend of 1.5 euro per share relating to the 2013 result.

#### **Registered office**

Pres. Kennedypark 35  
BE-8500 Kortrijk  
Tel.: +32 (0)56 23 32 11  
Fax: +32 (0)56 26 22 62

#### **Group management**

Pres. Kennedypark 35  
BE-8500 Kortrijk  
Tel.: +32 (0)56 23 32 11  
Fax: +32 (0)56 26 22 62

#### **Stock exchange**

NYSE Euronext Brussels

#### **Financial information**

More information can be obtained at the Investor Relations Department of the group management:

#### **Carl Vanden Bussche**

Director Investor Relations  
Tel.: +32 (0)56 26 23 22  
Fax: +32 (0)56 26 22 62  
E-mail: carl.vandenbussche@barco.com



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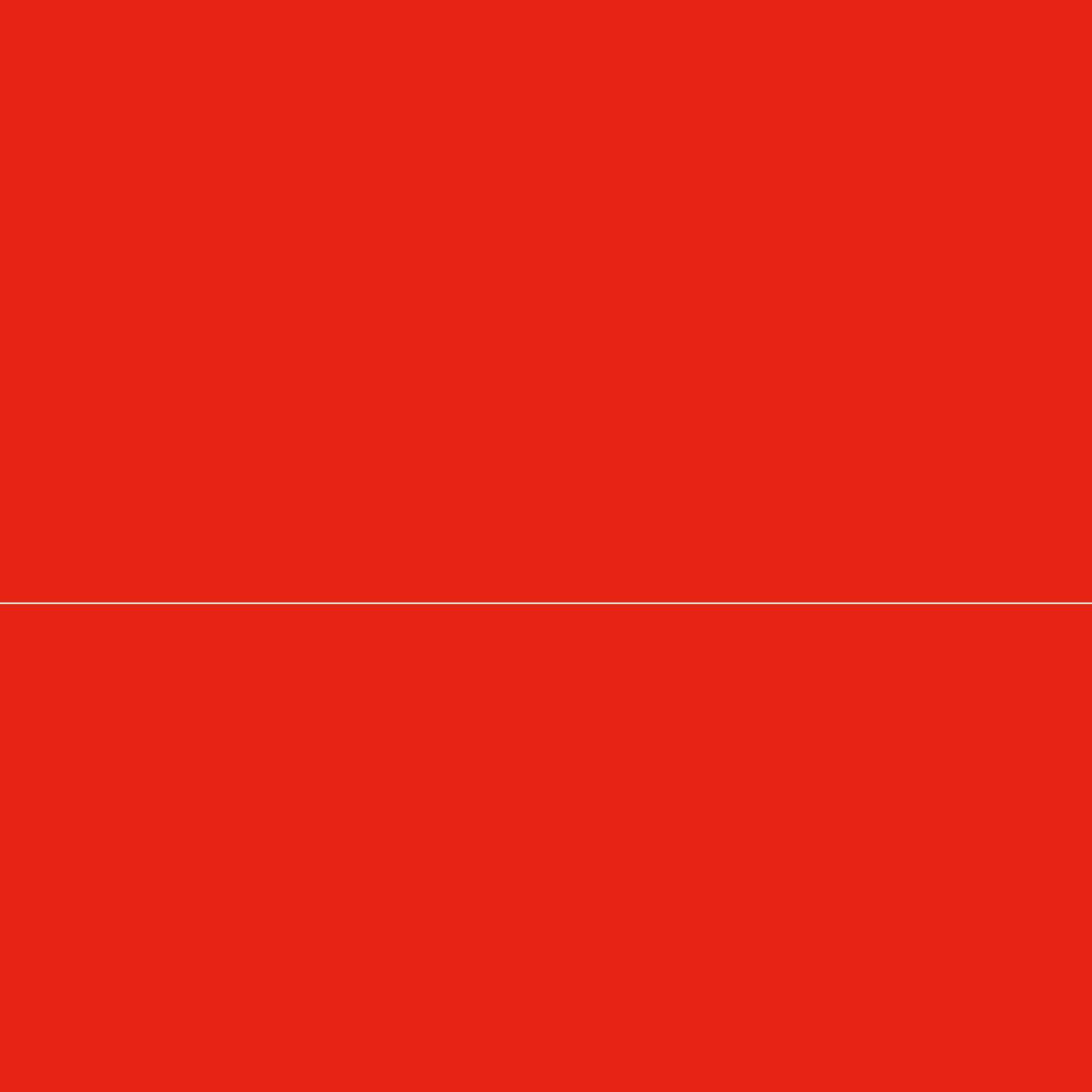
Carl Peeters  
Senior VP-CFO

#### **Barco**

President Kennedypark 35  
8500 Kortrijk – Belgium



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