



RESULTS 1H22

Analyst & Investor call

2Q22 results exceed 2Q19 pre-pandemic level, boosting 1H sales 29% y-o-y to 473 million euro and EBITDA margin to 9.8%

BARCO

Charles Beauduin & Ann Desender

19th July 2022

PRELIMINARY NOTES

The statutory auditor has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated accounts, and that the accounting data reported in the press release is consistent, in all material respects, with the draft accounts from which it has been derived.

Safe harbor statement

This deliverable may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Barco is providing the information as of this date and does not undertake any obligation to update any forward-looking statements contained in this deliverable in light of new information, future events or otherwise.

Barco disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other deliverable issued by Barco.

Glossary

All definitions for alternative performance measures (APM's) are available in the glossary of the half year report and on the investor portal (www.barco.com/en/about-barco/investors)

RESULTS 1H22 | EXECUTIVE SUMMARY



29% sales growth and further orderbook build up to € 538m

Strong sales growth across all divisions and regions; fueled by accelerated sales conversion and despite ~€ 40m impact from supply shortages

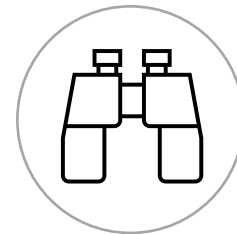
2Q sales exceed 2Q19 pre-pandemic level



EBITDA margin +2.3ppts to 9.8%

Gross profit margin improves on more favorable product mix, but brokerage and transport costs still weigh on results ; Entertainment lags on EBITDA accretion

Free cash flow negative due to increased working capital, will turn in 2H



Full year outlook: solid topline growth & further EBITDA accretion

Steady sales growth on the back of strong orderbook

Margin improvements on product mix and operational improvements

FINANCIAL HIGHLIGHTS | GROUP RESULTS 1H22

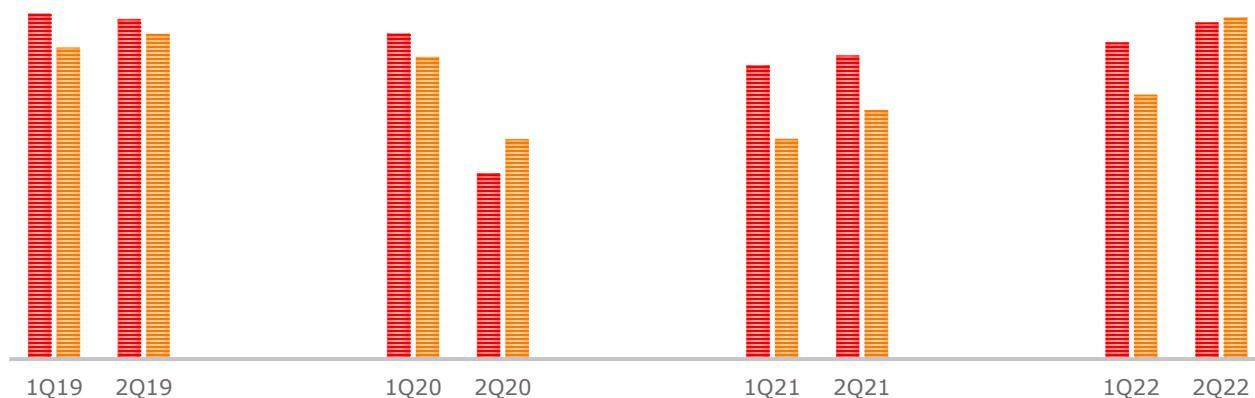
ORDERS	€ 509m	vs. 1H21 ▲ +9%
SALES	€ 473m	▲ +29%
Gross profit		
% Sales	37,9%	▲ +1.2ppts
EBITDA		
% Sales	9.8%	▲ +2.3ppts
In euro	€ 46m	▲ + 18.7m
Free Cash Flow	€ -28m	▼ - 63.1m
Net Income	€ 22m	▲ + 19.5m
EPS	€ 0.25	▲ +0.22

- **Continued order intake growth**
 - Entertainment & Enterprise division ; Americas & EMEA region
 - Orderbook @ € 538m, ↑ 37% yoy, ↑ 10% EOY21
- **Sales ↑ 29% yoy**, (↑ 22% excl Fx)
 - Solid growth in all divisions and regions
 - Impact component shortages still substantial (+ ~€ 40m)
- **1H22 EBITDA @ 9.8%**, ↑ 2.3ppts yoy & ↑ 2.9ppt vs 2H21
 - Gross profit margin up on more favorable product mix in combination with first improvement actions on cost of goods
 - Meeting Experience and Surgical & Modality main contributors to yoy EBITDA accretion
- **Free cash flow € -28m**
 - Build up of inventories to secure supply & higher receivables following record sales in June

**Solid performance on almost all group KPI's, delivering profitable growth
1H Free Cash Flow impacted by working capital, will turn around in 2H**

DYNAMIC THROUGH THE YEAR | QUARTERLY RESULTS

■ Orders ■ Sales



Orders	2Q22	Δ vs 2Q21	Δ vs 1Q22
	262.3	+11%	+6%

Sales	2Q22	Δ vs 2Q21	Δ vs 1Q22
Entertainment	92.8	+25%	+38%
Enterprise	87.3	+70%	+42%
Healthcare	86.2	+25%	+11%
Group	266.4	+37%	+29%

Group performance 2Q22

Continued solid order intake ; sales conversion improving

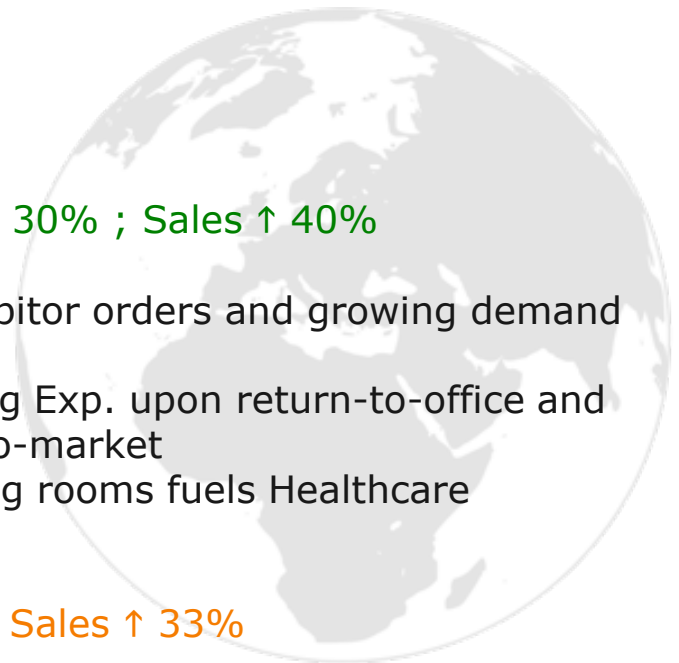
- Orders ↑ 11% vs 2Q21 ; ↑ 6% vs 1Q22
- Sales ↑ 37% vs 2Q21 ; ↑ 29% vs 1Q22
- Orders close to pre-pandemic level
- Sales exceed pre-pandemic level

Divisional Sales 2Q22

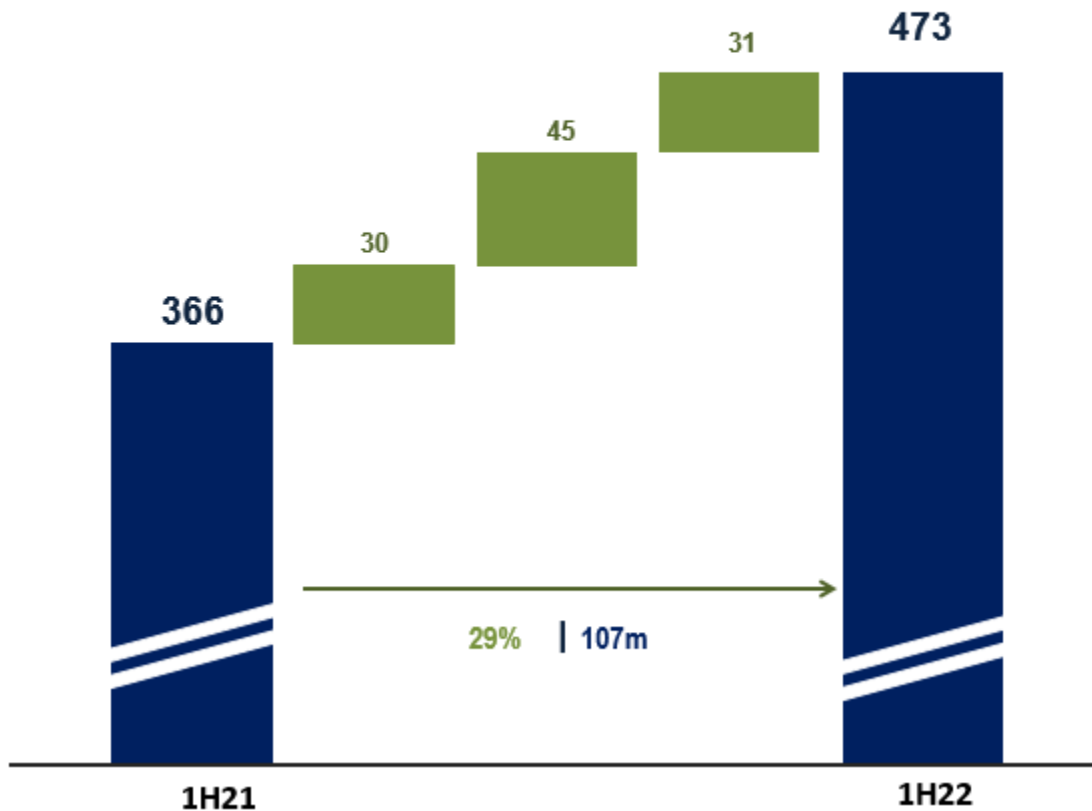
Sales increase 37% in 2Q on growth across all business units

- Entertainment: double digit gains in orders and sales despite negative impact of component shortages
- Marked sales growth (+70%) in Enterprise in 2Q, propels division back to pre-pandemic levels
- Healthcare sales +20% to all-time high semester

SALES | 1H22 VS 1H21 | REGIONS



Entertainment	Enterprise	Healthcare
23%	43%	24%



AMERICAS Orders ↑ 30% ; Sales ↑ 40%

- Large cinema exhibitor orders and growing demand in Pro AV market
- Rebound in Meeting Exp. upon return-to-office and strengthened go-to-market
- Growth in operating rooms fuels Healthcare

EMEA Orders ↑ 20%; Sales ↑ 33%

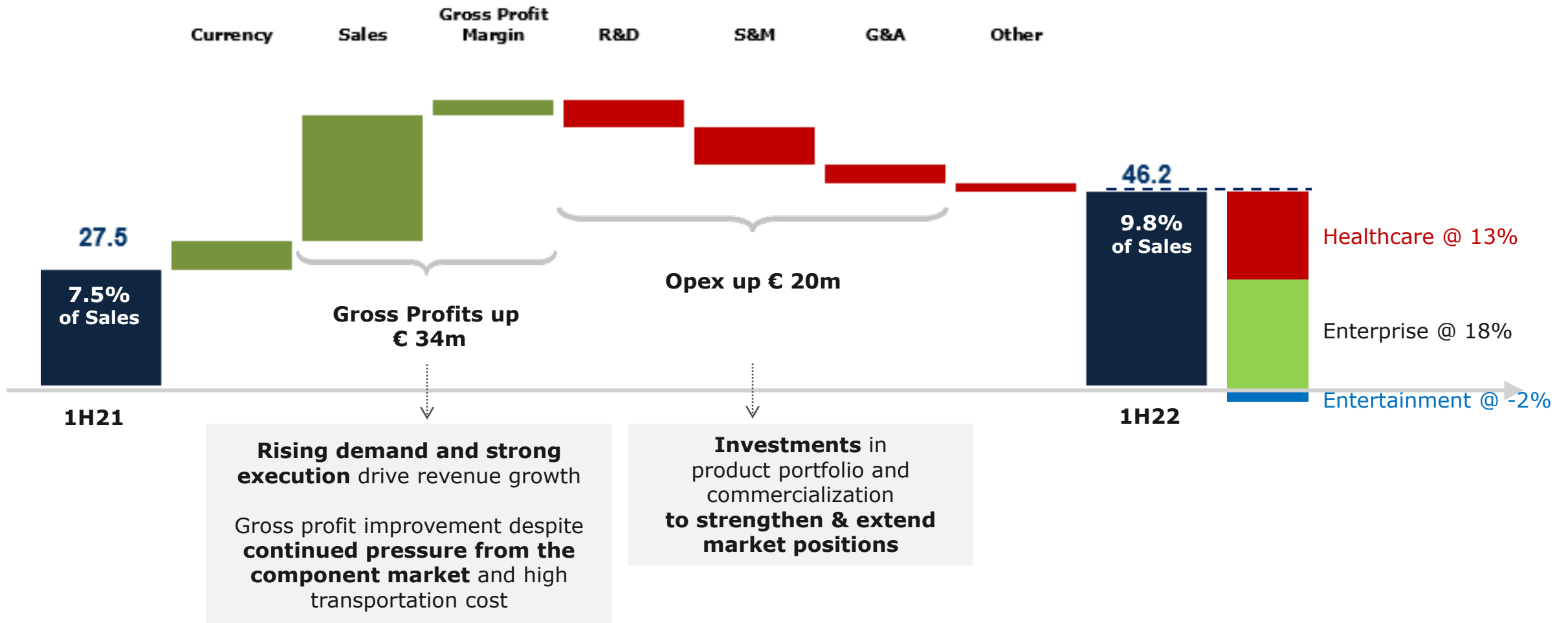
- Post-covid recovery and strong growth in all markets
- Cinema sales slowed down by shortages

APAC Orders ↓ 27%; Sales ↑ 9%

- China Entertainment soft due to lockdowns ; partially offset by accelerated demand in rest of APAC for Immersive Exp.
- Enterprise sales in rest of APAC shows recovery but still soft in China
- Healthcare with solid order growth led by China

Full rebound across markets and regions

GROUP EBITDA @ 9.8% | + € 18.7M, +2.3PPTS



Solid sales growth on market recovery and improved supply allow for increased investments & boost profitability in Healthcare & MX

NET INCOME BACK TO POSITIVE

€ 22m or 5% of sales

(in millions of euro)

	1H22	Δ 1H21
EBITDA	46.2	18.7
% Sales	9.8%	2.3
Change (ppts)		
Depreciations & amortizations	(19.4)	(0.2)
Restructuring	0.0	2.2
EBIT	26.8	20.7
% Sales	5.7%	4.0
Change (ppts)		
Interest and taxes	(5.0)	(3.5)
Share in the result of joint ventures & associates	0.4	2.1
Non-controlling interest	0.2	0.5
Net income/(loss)	22.4	19.9
% Sales	4.7%	4.1
Change (ppts)		
Earnings per share	0.25	0.22

- Depreciations & amortizations essentially stable
- No restructuring cost in 1H22 vs cost resets in 1H21
- Effective tax rate at 18% (~ 1H21)

CASH FLOW & BALANCE SHEET

Temp increase in working capital

- **1H22 Free cash flow € -28m** (vs € 35m in 1H21)
 - Gross operating cash flow at € 45m, up from € 21 a year ago
 - **Working capital @ 13% of sales** (from 6% end of year '21)
 - DSO @ 68 days from 56 days EOY21 linked to surge in sales at end of 2Q22
 - Inventory turns low at 2.0 (vs 2.4 @ YE21)... raw materials & semi-finished goods ↑, result of supply constraints
 - DPO @ 81 days (~component shortages); no delay in payment runs
 - Tax refunds in US (on previous years) and BE (R&D tax credits)
 - CAPEX softer in 1H22 & registering proceeds from sale building in Norway and Karlsruhe
- **ROCE @ 7%** vs 4% EOY21 and 0% at 1H21
- **Net cash @ € 234m**
 - ↓ € 76m vs YE21: outflow mainly due to negative FCF, Cinionic transaction and dividends

NON-FINANCIAL METRICS

PLANET

ECO labelled revenues



1H22	1H21	FY20*	Change vs 1H21
38%	27%	26%	+11 ppt

- **Target 2023:** 70%
- **Growth** in 1H22 fueled by good progress in Enterprise and Healthcare
- Gradual increases fueled by more and more ECO-labelled product releases ; expected to accelerate in the coming semesters

COMMUNITIES

Net Promotor Score (NPS)



1H22	2H21	1H21	Change vs 1H21
45	47	48	-3ppt

- **Target:** score 50
- **Decline** vs 2H21 caused by Immersive Experience delivery issues and general pre- and after-sales service
- Focus on presales processes and after-sales support

* Baseline year 2020

BARCO

DIVISIONAL UPDATE

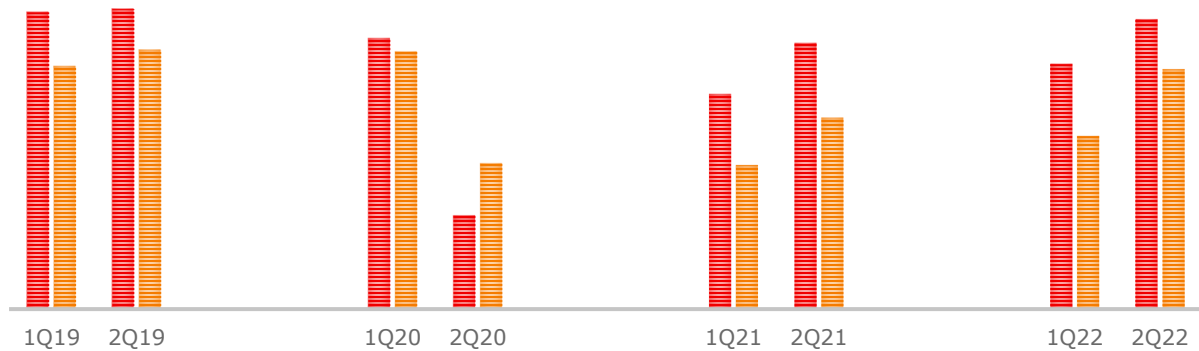
RESULTS 1H22



ENTERTAINMENT

Markets unlock, orders strong, sales lags on supply chain constraints

■ Orders ■ Sales



Cinema

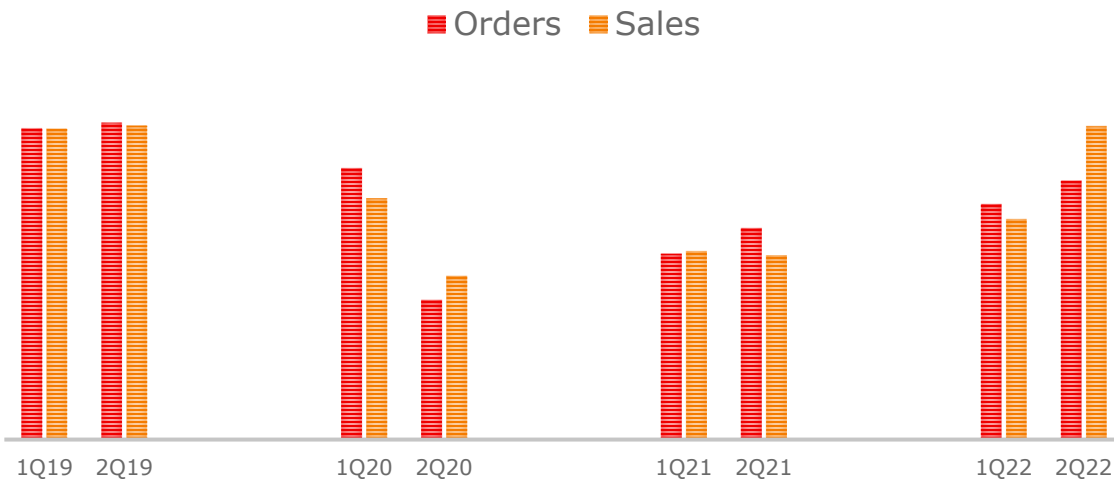
- **Cinema industry** (excl China) **rebounds for real** with re-openings, strong movie slate and positive box office trends
- **China expansion** falters in 1H22 on **covid related lockdowns**
- **Recovery growth demand in rest of the world**
 - New build deployment in selected regions
 - Large exhibitor ordering again (renewal programs); IMAX, AMC, PVR...
- **Solid uptake in orders (with 2Q22 > 2Q19), sales conversion** still slow due to supply chain constraints

(in millions of euro)	1H22	2H21	1H21	Change vs 1H21
Order intake	207.2	200.3	186.3	+11%
Sales	160.0	179.9	129.8	+23%
EBITDA	-2.7	15.5	6.0	
EBITDA margin	-1.7%	8.6%	4.6%	-6.3ppts

- 2Q22: 6th consecutive positive book-to-bill quarter further boosts orderbook
- EBITDA (margin) down as a result of impact component shortages & increased investments to strengthen value prop ; to improve in 2H22 on sales growth and gradual alleviation of component shortages
- Managing components risks to accelerate sales conversion in 2H22

Immersive Exp. (V&H)

- **Steady resumption of activity in Immersive Experience** mainly fueled by good demand for fixed installations (museums, theme parks, projection mapping)
- **Events** still soft but first signals of recovery in 1H22
- **Simulation** sales growth on strong orderbook and contracts with reference customers
- Sales conversion impacted due to shortage of components



Meeting Exp. (Corporate)

- Return to more stable back-to-office in Europe and Americas + increases adoption of wireless conferencing leads to strong recovery of orders and sales in 1H with 2Q sales > 2Q19
- Recovery is led by strong growth in EMEA**, good growth in the Americas (US) with Asia lagging (lockdowns)
- ClickShare now in more than **1 million** meeting rooms ; and CS Conference accounts for **more than half** of volume in 1H
- Exploring additional growth avenues for weConnect to scale beyond business schools

(in millions of euro)	1H22	2H21	1H21	Change 1H22 vs 1H21
Order intake	137.7	151.7	110.7	+24%
Sales	148.7	129.2	103.9	+43%
EBITDA	27.4	9.0	5.6	
EBITDA margin	18.4%	7.0%	5.4%	+ 13ppts

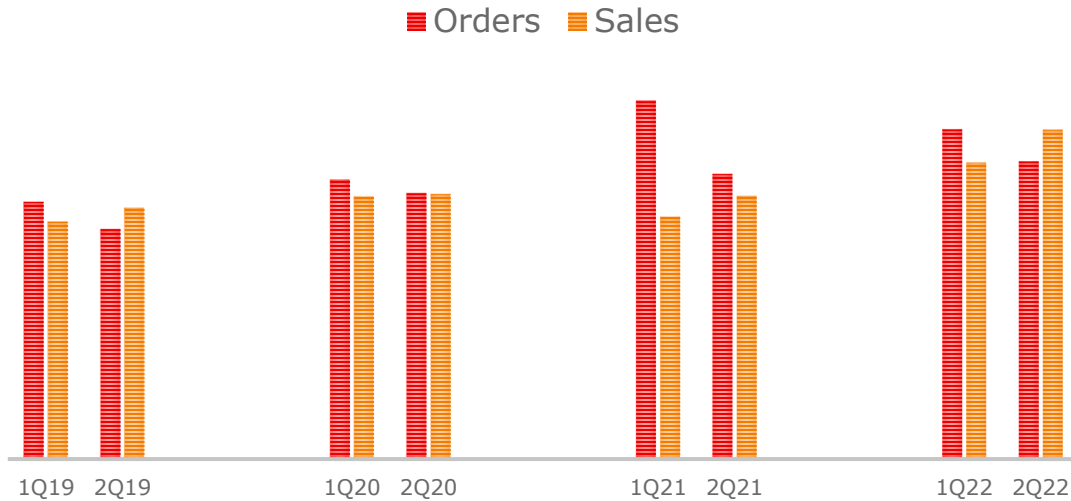
- Strong topline growth** with orders +24% and sales +43%; with 2Q sales + 70% y-o-y and on par with pre-pandemic 2Q19
- Solid recovery of profitability** with EBITDA back to 18% (+13 basis points from a year ago), fueled by improved product mix

Large Video Walls (Control Rooms)

- Overall markets resilient, but order slightly softer on tough comp base 1H21
- Sales with solid growth, 2Q sales at runner-up position since 2Q19 while still facing delays in final deliveries for turn-key projects
- Expanded value proposition** (triple play and software) shows value-add & strengthens competitive position; also service propositions driving growth
- Profitability still lagging in part due to high logistics cost

HEALTHCARE

All time high semester sales



Diagnostic

- **Solid growth in sales** fueled by a strong orderbook mainly for EMEA and the Americas
- Orders slightly down compared to a peak level a year ago
- **Further renewing and expanding portfolio** with enabled displays and remote fleet optimization solutions
- Advancing on Demetra with joint venture with Gnosco ; focus on high quality skin imaging solution

(in millions of euro)	1H22	2H21	1H21	Change 1H22 vs 1H21
Order intake	164.3	161.2	168.6	-2%
Sales	163.9	129.1	132.4	+24%
EBITDA	21.6	6.6	15.8	
EBITDA margin	13.2%	5.1%	12.0%	+1.2ppts

- **Markets** reopening and normalization of hospital budget allocation + catch-up of postponed projects, translates in continued strong order intake and now getting converted in sales, with an all-time high sales semester performance
- **China healthcare market** further expands in both diagnostic & surgical ; finishing new Suzhou factory
- **EBITDA margin** back to 13% reflecting adjusted pricing to alleviate gross profit margin pressure & disciplined indirect cost spending

Surgical & Modality

- Digital & integrated operating rooms market expanding, China accelerates in Modality
- Business grows with more and more strategic partners ; **continued solid order intake and sales growth**
- Expanding share of wallet with launch of NexxisLive platform

BARCO

OUTLOOK & CLOSING



OUTLOOK FULL YEAR 2022

"Barco is turning the corner in its recovery from the pandemic. Strong demand for our product solutions drove sales to exceed pre-pandemic levels in the second quarter, supported by a focused organizational structure. For the second semester we are well prepared to deliver steady sales growth and further improve margins on product mix and operational improvements."

Quote of CEO's

Assuming economic conditions and supply chain constraints do not further deteriorate and orders to sales conversion continues to improve in the second half of the year, management expects

- that sales for the year 2022 will increase approximately 25% compared to 2021
- with an EBITDA margin between 10 to 12%



Q&A



STAY TUNED

Financial calendar 2022

Thursday 8 September

Capital Markets Day

Wednesday 19 October

Trading update 3Q22

More information? Please visit our dedicated webpage <https://www.barco.com/investors>




ENABLING BRIGHT OUTCOMES

 | youtube.com/BarcoTV

 | linkedin.com/company/Barco

 | twitter.com/Barco

 | facebook.com/Barco