Results 1H23 - Analyst & Investor call

10% sales growth, fueled by strong performance of Entertainment
Step-up in profitability with EBITDA margin at 12.5%

An Steegen & Ann Desender – July 19th 2023 - Kortrijk

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.

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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)

Executive summary | Group results 1H23

10% sales growth, fueled by strong performance Entertainment

60% revenue from eco-labelled products

Orderbook @ € 506m ; book-to-bill > 1

EBITDA margin growing to 12.5%, +2.7ppts yoy

Better product mix, yielding from gross profit actions and eased supply chain situation offset the impact from high inflation rates and continued investments

Net earnings at € 33m

Outlook – reconfirming sustainable profitable growth

Expecting high-single digit sales growth y-o-y, with a tempered topline growth in China

EBITDA accretion maintained; Reaffirming EBITDA margin >14% for the full year 2023

Financial Highlights

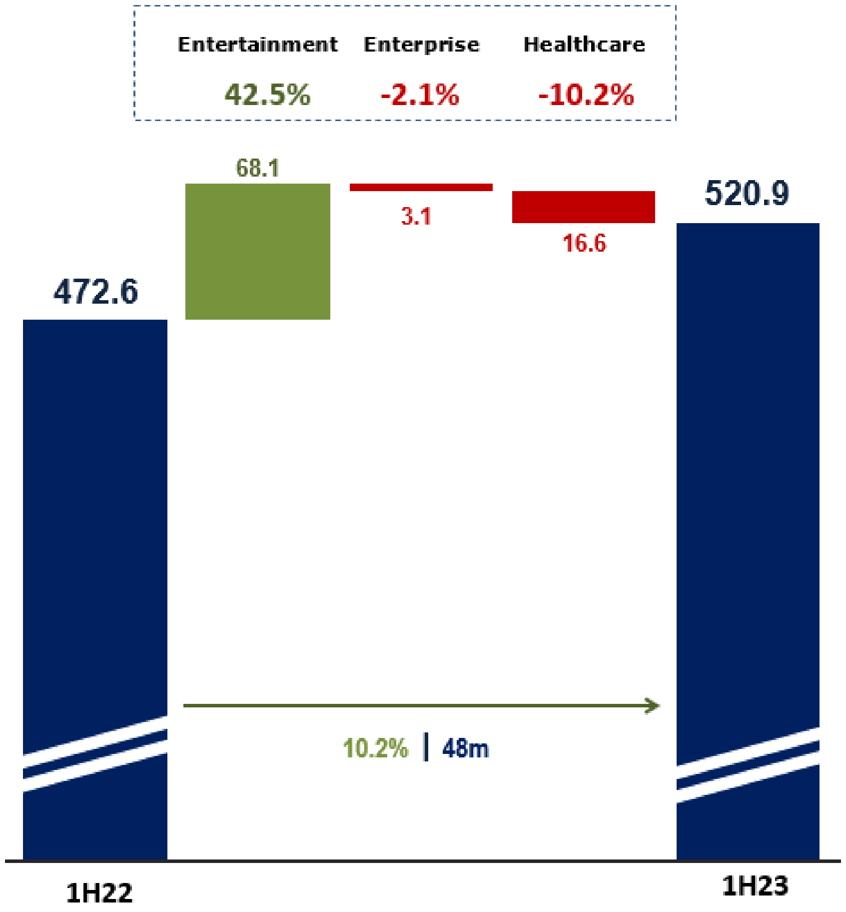
10% sales growth, step up in profitability to 12.5%

		vs. 1H22
ORDERS	€ 541.1m	▲ +6.3%
SALES	**€ 520.9m**	▲ +10.2%
Gross profit % Sales	40.9%	▲ +3ppts
EBITDA % Sales	**12.5%**	▲ +2.7ppts
EBITDA In euro	€ 65m	▲ + 18.8m
Free Cash Flow	€ -24.1m	▲ +3.9m
Net Income	€ 33.3m	▲ + 10.9m
EPS	€ 0.37 / Share	▲ +0.12

- **Double digit sales growth**
  - Sales ↑ € 48m, growth in all regions, highest in EMEA; APAC hampered by China
  - Orderbook @ € 505.8m, € +9.3m vs year-end '22
- **EBITDA at 12.5%**, ↑ 2.7 ppts yoy (€ +19m)
  - Steadily improving gross margins: +3ppts vs 1H22, +1ppt vs 2H22
  - OPEX contained in line with sales growth, managing inflation impact
- **Free cash flow € -24m**
  - Incl € 21m capex: Cinema-as-a-service & manufacturing footprint
  - Working capital (inventories) still high, decreasing since 2Q
  - **ROCE at 18%**
- **Net income € 33.3m**,↑ € 10.9m
  - Net after € 6.6m restructuring cost linked to Large Video Walls

Sales growth by division 1H23

Sales growth in all regions, highest in EMEA while APAC is tempered by China



EMEA ↑ 15%

- Growth driven by high demand in Cinema and Immersive Experience
- For Enterprise and Healthcare, slower investments in Western Europe result in some project delays

AMERICAS ↑ 8%

- Solid market demand and eased supply result in strong growth in Cinema and Immersive Experience
- Higher interest rates and uncertain economic climate slowed down investments in Diagnostic imaging and Large Video Walls
- Timing difference phasing in / phasing out of Surgical & Modality projects

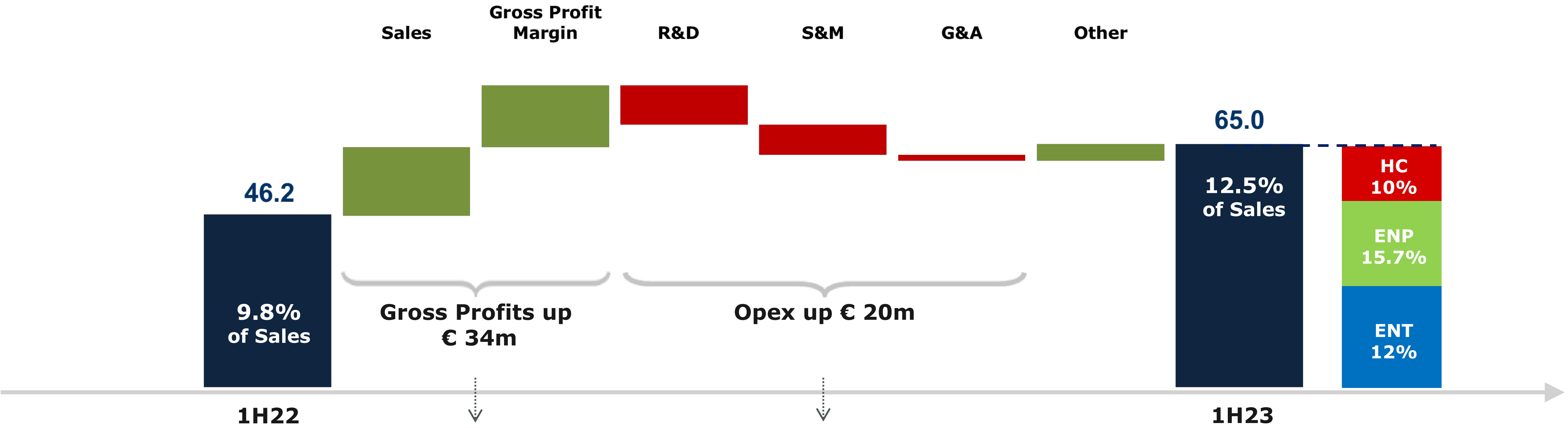
APAC ↑ 5%

- Strong recovery and high demand in APAC for Cinema, Immersive Experience and Meeting Experience
- Tempered by slower business pick-up post-pandemic in China

Note: ~No material currency impact versus last year

EBITDA @ € 65m, 12.5% of sales, +2.7ppts

Solid EBITDA margins in all 3 divisions; strong EBITDA accretion in Entertainment



Sales +10%

Improved gross profit margin thanks to better product mix, improvement actions and eased Entertainment supply chain constraints

Inflation & **investments** in product portfolio and commercialization

Net income @ € 33m

Net income up € 11m, net of EBITDA accretion and restructuring cost for Large Video Walls

(in millions of euro)		1H23	1H22	Δ 22
EBITDA		**65.0**	**46.2**	**18.8**
% Sales	Change (ppts)	12.5%	9.8%	2.7
Depreciations & amortizations		(17.5)	(19.4)	1.9
Restructuring		(6.6)	0.0	(6.6)
EBIT		**40.8**	**26.8**	**14.1**
Interest and taxes		(5.5)	(5.0)	(0.5)
Share in the result of joint ventures & associates		(0.6)	0.4	(1.1)
Non-controlling interest		(1.4)	0.2	(1.6)
Net income		**33.3**	**22.4**	**10.9**
% Sales	Change (ppts)	6.4%	4.7%	*1.7*
Earnings per share		0.37	0.25	0.12

- **Restructuring** linked to strategic review Large Video Walls
- **Effective tax rate** @ 18% (= last year)
- **Minority interest** : share in profit Cinionic vs break-even last year
- **Net income** at 6.4% of sales

Free cash flow & Balance sheet

Investments in recurring revenues and manufacturing footprint – ROCE up to 18%

- **1H23 Free cash flow € -24m**
  - Gross operating cash flow at € 62m, + € 17m yoy
  - **Capex uptake to € 21m** including Cinema-as-a-Service contracts and manufacturing footprint
  - Working capital increased to 18% of sales
    - Higher trade receivables linked to quarter-end sales surge
    - Higher inventories including tactical measures to secure supply
    - Lower trade payables, linked to decrease in inventories as of 2Q

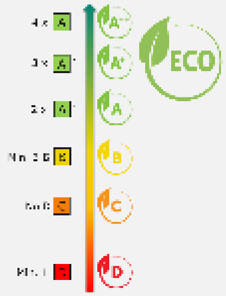
- **ROCE @ 18%,** +11ppts yoy

- **Net cash @ € 203m**
  - ↓ € 61m vs end 2022: capex, dividend

Further improving on our sustainability KPI’s

PLANET

Eco-labelled revenues



1H23	1H22	*Change*
60%	38%	***+22 ppts***

- **Target 2023**: **70%**
- **Improvement in all business units**, with key drivers being:
  - Meeting Experience: all products are A+ labeled
  - Large Video Walls: introduction TruePix & NT series

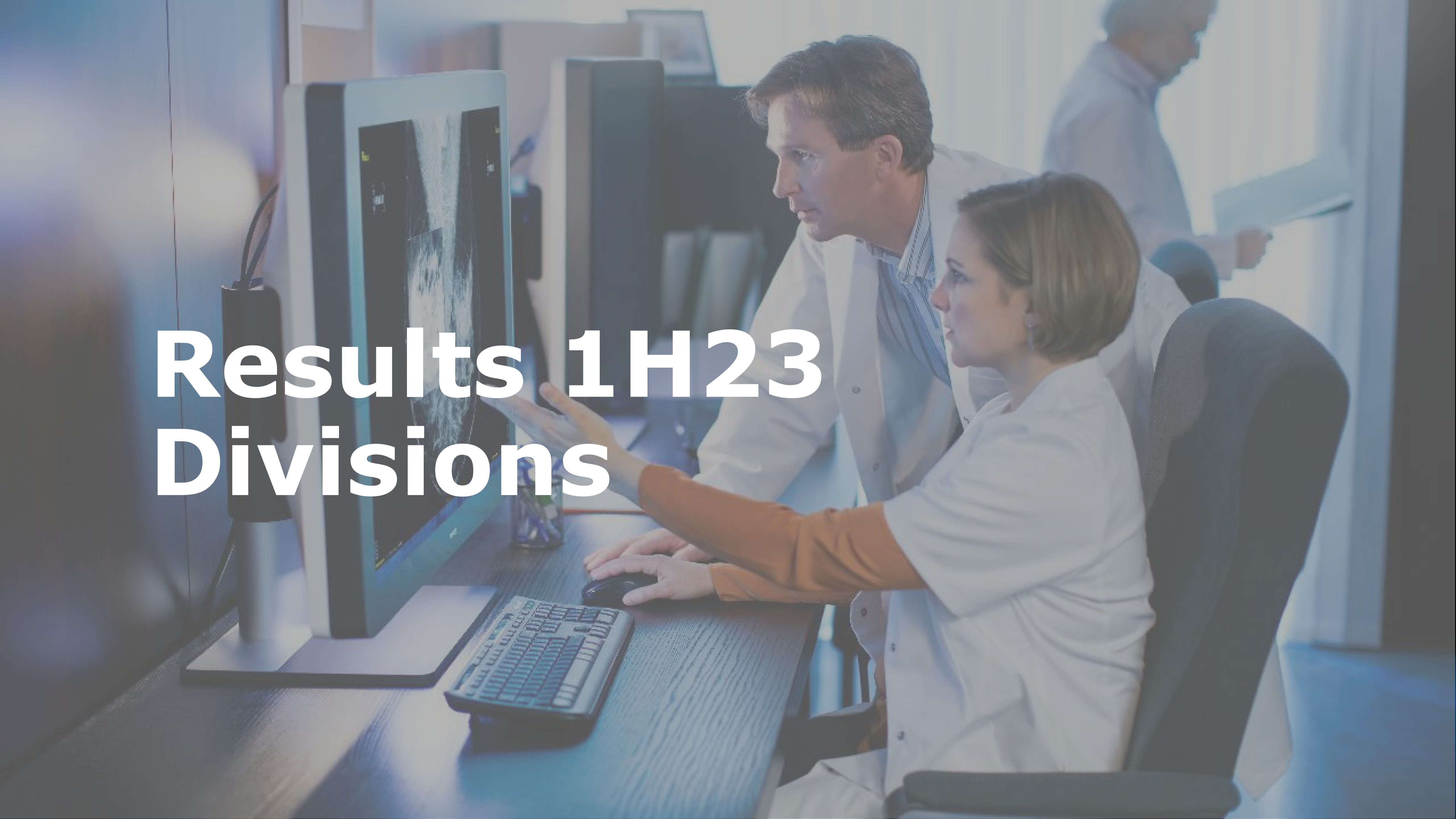
COMMUNITIES

Net Promotor Score (NPS)

1H23	1H22	*Change*
48	45	***+3***

- **Target 2023: 50**
- **Improvement across regions and divisions**
  Driven by a clear improvement in our after sales process (ticket resolution, automated service work flows & faster lead time)

Results 1H23
Divisions

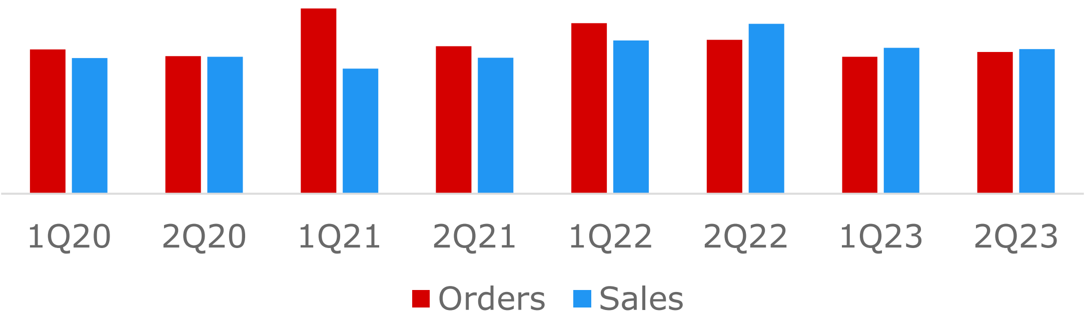


Healthcare

Strong sales in radiology and digital pathology, overall lower post-pandemic investments, gap between phasing-out and -in of large surgical contracts

(in millions of euro)	Healthcare 1H23	Δ 1H22
Orders	141.3	-14.0%
Sales	147.3	-10.2%
EBITDA	**14.7**	(6.9)
% Sales *Change (ppts)*	10.0%	-3.2

- **Softer performance in orders and sales** compared to 1H22; primarily in the Americas region
- **EBITDA margin of 10%,** including increased investments in product and manufacturing and lower operating leverage due to lower topline



Diagnostic Imaging

- **Return to more typical investment patterns** after government supported investments during the pandemic; project delays in Americas due to higher interest rates
- **Radiology** portfolio performed strongly and **digital pathology** showed promising uptake

Surgical & Modality

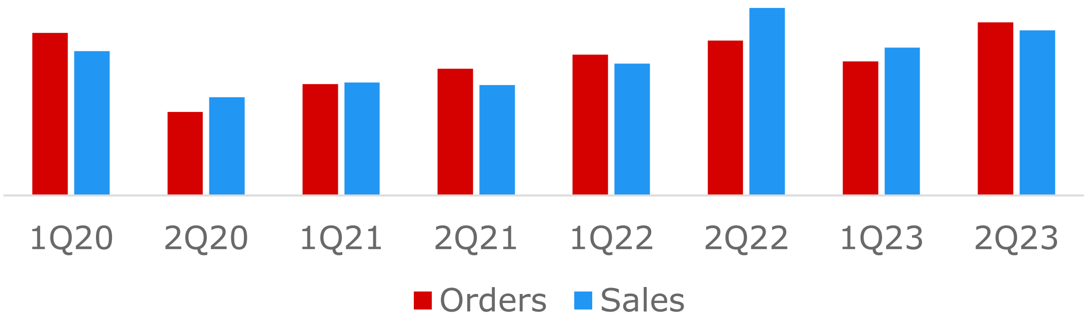
- **Temporary decline in orders and sales** due to a timing discrepancy between the phasing out and phasing in of large contracts, primarily in the Americas region
- **Promising pipeline of confirmed contracts** is expected to start boosting sales growth towards 2024

Enterprise

Winning momentum and gaining share with ClickShare while facing project delays in Large Video Walls due to uncertain investment climate

(in millions of euro)		Enterprise 1H23	Δ 1H22
Orders		143.0	*3.9%*
Sales		145.6	*-2.1%*
EBITDA		**22.9**	***(4.4)***
% Sales	*Change (ppts)*	15.7%	-2.7

- **Modest growth in orders and a slight decline in sales;** 2Q23 sales up 12% vs 1Q23, contributed by both business units
- **Growing momentum for BYOM** and hybrid meetings. Strategic revision of completed with a clear **focus on software**
- **EBITDA margin at 15.7%,** down 2.7ppts driven by higher spending in product roadmaps and R&D



Meeting Experience

- **Market slowing down** as companies rethink the way they organize their office space and meeting rooms; ClickShare **proposition holding strong;** high single digit growth in 1H
- ClickShare installed in **>1.2 million meeting rooms**
- **ClickShare Conference** further expanding to 70+% of volume with CX-50 next gen as latest addition to the portfolio

Large Video Walls

- Order growth driven by demand in Europe; Sales hampered by project implementation delays, lower government supported investments and climbing interest rates
- Loss making in 1H23. The **strategic review has been completed.** Investments in the software portfolio will be accelerated with a clear objective of sustainable profitability

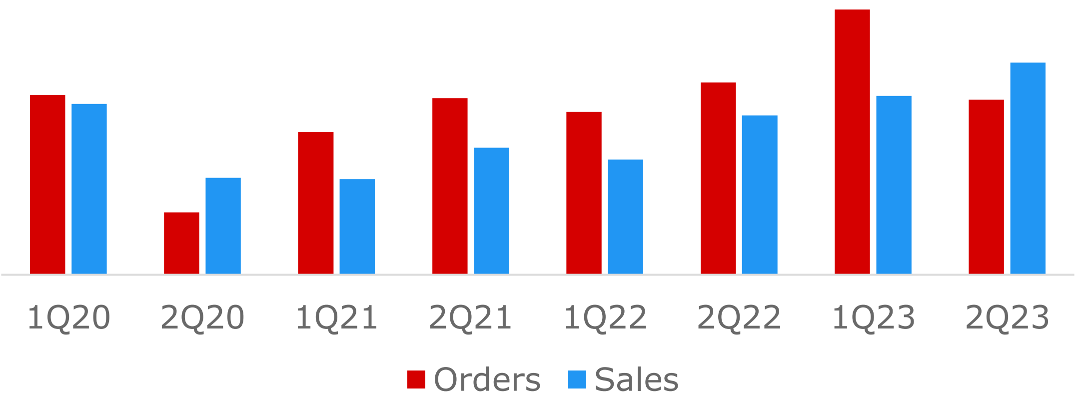
Entertainment

Strong demand across markets, despite weak performance in China, allowed for operating leverage and margin accretion in both business units

(in millions of euro)		Entertainment 1H23	Δ 1H22
Orders		256.7	*23.9%*
Sales		228.0	*42.5%*
EBITDA		**27.4**	***30.1***
% Sales	*Change (ppts)*	12.0%	*13.7*

- Very **strong growth in all regions despite challenging China** market where post pandemic investments levels restoring slower than expected

- **EBITDA margin significantly up to 12%**; +13.7ppts vs last year as supply chain constraints are no longer playing and brokerage and transportation costs have come down



Cinema

- Continued momentum in the **lamp-to-laser renewal wave** with superior image quality and lower total cost of ownership

- Barco **laser projectors** installed in **>35k theatres** with only 25% of market converted globally yet

Immersive Experience

- **Uptake in sales was fueled by live events** as well as corporate applications; fixed installations (digital museums, theme parks) and simulation showed notable growth too

- Regionally, the growth was led by the EMEA region, closely followed by Americas. Softer performance in APAC, due to China

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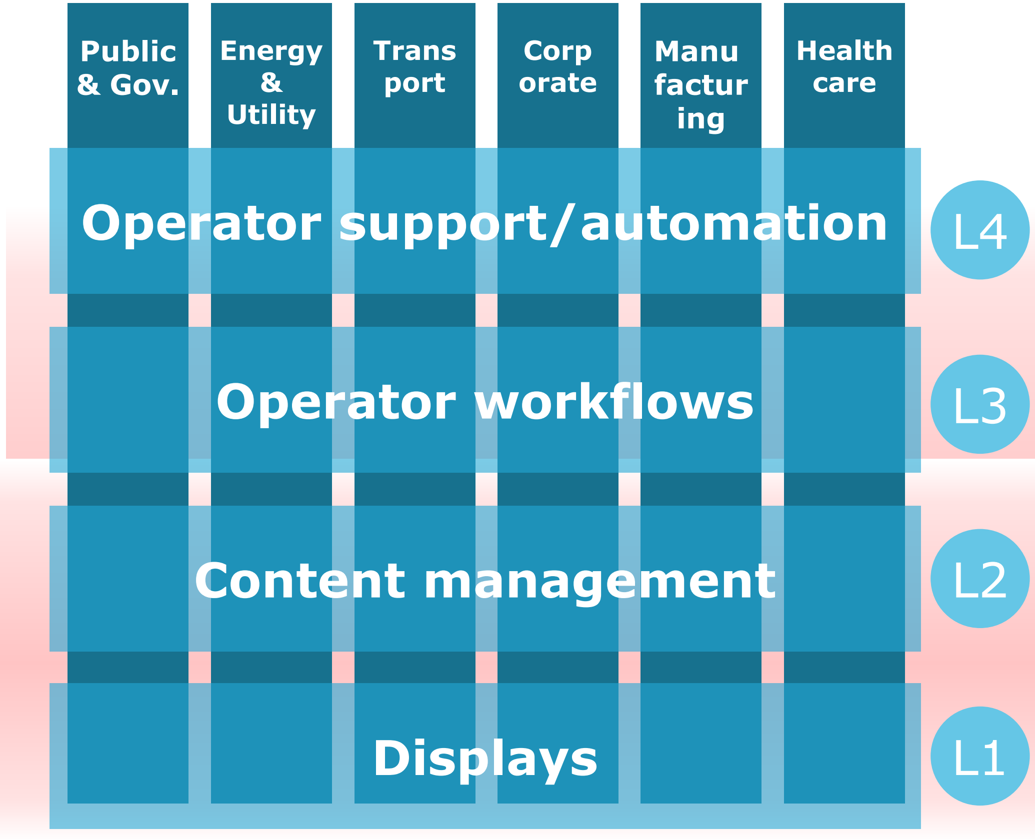
Large Video Walls Strategic review

Large Video Walls – Strategic review

Accelerating investments in software and operator workflow solutions

- **Changing market dynamics** : growing importance of operator workflows, hybrid collaboration and distributed working in a secure and sustainable way
- Barco is **committed to this market**, with 30 years of expertise and a global brand and footprint



Current Visualization Strategy

New strategy:
Empower our customers with cutting-edge workflow solutions that optimize their operational efficiency, accelerate decision-making and enhance security

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Large Video Walls – Strategic review

Sustained profitability by accelerating investments in software portfolio and optimizing organization

Transformation plan along 3 axes:

Focus on profitable product & markets

- Focus on **control rooms**
- Accelerate investment in **software** and **dedicated workflow solutions** for:
    - **Targeted industry verticals**: Energy & Utilities, Public Sector and Transportation
    - **Horizontal opportunities** NOCs, SOCs and Process Control
- **Geographic focus** on EMEA, Americas, Middle East and South(East)Asia

Rebalanced R&D portfolio

- Rebalance **R&D** investments towards **software and workflow solutions**
- Accelerate the further development of the **Barco CTRL platform**
- Further **optimize RPC and LCD** display portfolios
- With an up-to-date product portfolio (TruePix), focus of LED development is on **image processing**

Future-proof organization

- Align the supporting **sales and marketing activities** and **service model** to the focus on software and workflows
- The Large Video Walls transformation will be led by former CDIO Tom Sys, bringing ample **software development expertise**

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Outlook & closing

Outlook 2023

Reconfirming sustainable profitable growth

The following statements are forward looking on a like-for-like basis and actual results may differ materially

Sales and EBITDA margin are expected to be higher in the second half of the year than in the first half of the year. We are expecting tempered topline growth due to China, resulting in an expected sales growth for the full year in the high single-digit range.

EBITDA accretion will be maintained. The impact of lower sales is offset by gross margin improvement and a favorable product mix. Management reaffirms its expectation for an EBITDA margin above 14% for the full year 2023.

We reconfirm our long-term guidance for a high single-digit sales CAGR and an EBITDA margin in the range of 14-18%.

Q&A

Stay tuned

Financial calendar 2023

Wednesday 18 October	Trading update 3Q23

More information? Please visit our webpage *https://www.barco.com/investors*


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