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a bright tomorrow

# Results 2022 - Analyst & Investor call

**32% topline growth with significant profitability improvement,  
positioning Barco well for long-term profitable growth**

Charles Beauduin & Ann Desender - February 9th 2023 - Kortrijk

**BARCO**

# 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](http://www.barco.com/en/about-barco/investors))

# Executive summary | Group results 2022



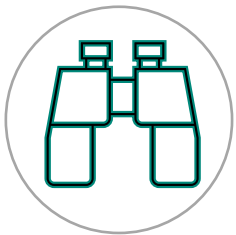
## **Strong order and sales growth across all divisions**

Sales up 32%; double digit growth across divisions; 50% of revenue ecolabelled  
Orders grow 8%, delivery terms normalize; book-to-bill back at 1  
Orderbook at record-high year-end position



## **EBITDA margin up to 12.0%; 13.7% in 2H22**

Better gross margin and operating leverage on topline growth across divisions  
Net earnings at € 75.2m; proposed dividend of € 0.44 per share



## **Outlook FY23 – reconfirming long-term profitable growth**

Expecting sales growth of 10-15% versus last year  
EBITDA margin to further improve and move above 14% for the full year 2023

# Financial highlights | Group results 2022

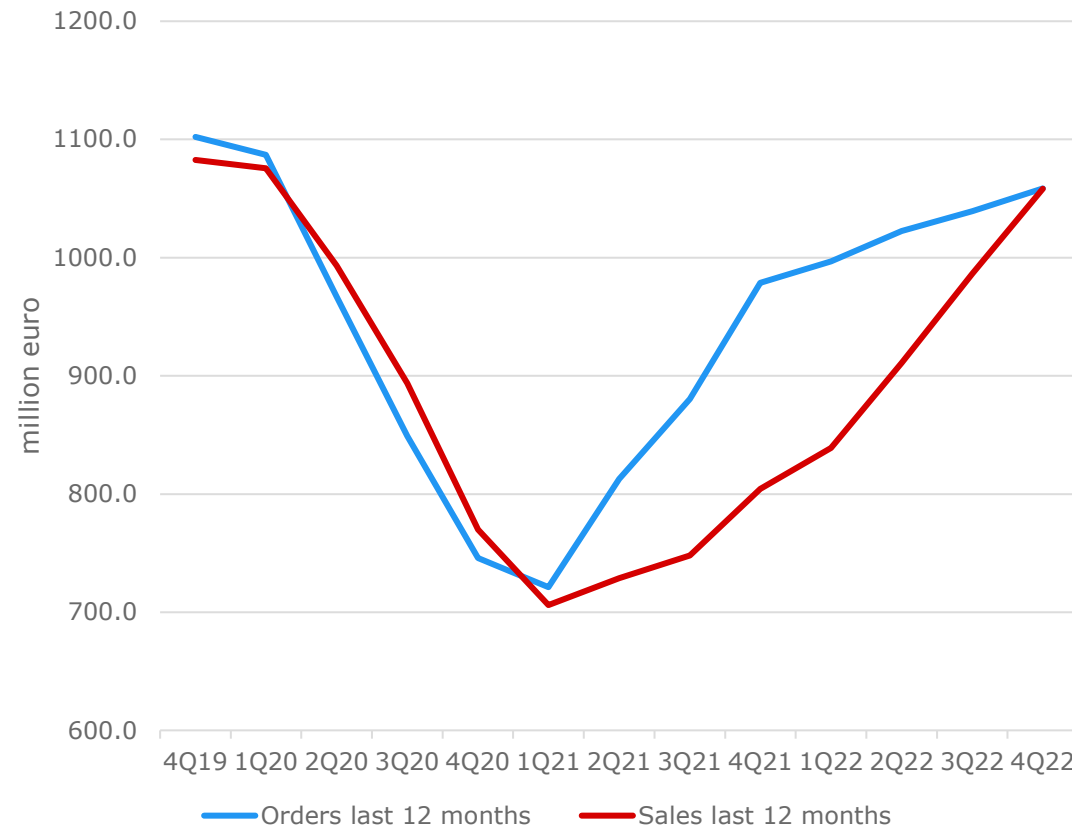
Strong topline growth and profitability improvement

|                                     |                          |
|-------------------------------------|--------------------------|
| <b>ORDERS</b><br>€ 1,058.4m         | <b>vs. 2021</b><br>▲ +8% |
| <b>SALES</b><br><b>€ 1,058.3m</b>   | ▲ +32%                   |
| <b>Gross profit</b><br>% Sales 39%  | ▲ +3.3ppts               |
| <b>EBITDA</b><br>% Sales <b>12%</b> | ▲ +4.7ppts               |
| In euro € 126.5m                    | ▲ + 68m                  |
| <b>Free Cash Flow</b><br>€ 13.1m    | ▼ - 64.9m                |
| <b>Net Income</b><br>€ 75.2m        | ▲ + 66.3m                |
| <b>EPS</b><br>€ 0.84 / Share        | ▲ +0.74                  |

- **Orders** ↑ **8%** or ↑ € 80m
  - Orderbook at € 496.5m, ~ vs year-end '21; +54% vs year-end '19
- **Sales** ↑ **32%** or ↑ € 254m, ↑ 24% excl. FX
  - Sales back at pre-covid levels (-2% vs 2019)
  - Double digit growth across divisions and regions
- **EBITDA at 12%**, ↑ 4.7 ppts
  - Better product mix & improvement actions yield
  - High broker and transport costs in 2022, yet improving in 2H22
  - Operating leverage despite high inflation in EMEA and Americas
- **Free cash flow € 13.1m**, ↓ € 65m
  - High inventory to cover supply challenges, to normalize over 2023
  - Higher trade receivables linked to peak sales in 4Q22
- **Net income € 75.2m**, ↑ € 66m
  - 7% of sales

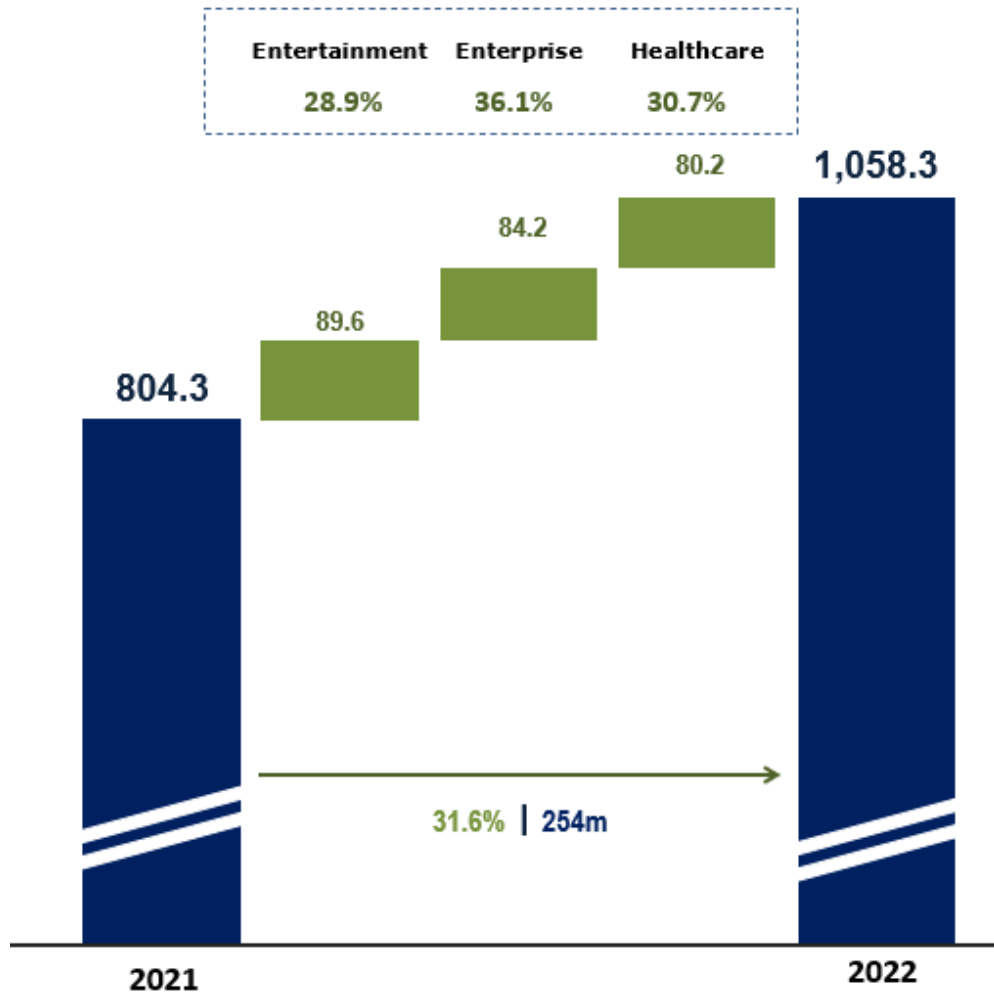
# Dynamic through the past years | Sales and orders (Last 12 months)

Supply chain easing in 2H22, sales are accelerating, delivering on orderbook; book-to-bill is 1



- **Orders** started picking up strongly from 1Q21 onwards, with orderbook building up
- **Sales** followed slower, due to supply chain constraints in 2H21 and 1H22
- As supply chain eased, **sales accelerated in 2H22**, delivering on high orderbook
- **Orderbook** still at record-high year-end position, with book-to-bill at 1

# Sales | Accelerated growth across markets



## EMEA ↑ 33% | vs '19: ↑ 1%

- Relaxed covid measures drive ClickShare growth
- Catch up on orderbook deliveries for Entertainment

## AMERICAS ↑ 45% (30% excl. FX) | vs '19: ↑ 2%

- Strong both in operating rooms and diagnostic imaging
- Solid order intake from cinema exhibitors and growing demand in rental and museum markets
- Accelerated post-covid recovery in ClickShare thanks to strengthened go-to-market and momentum for hybrid meetings

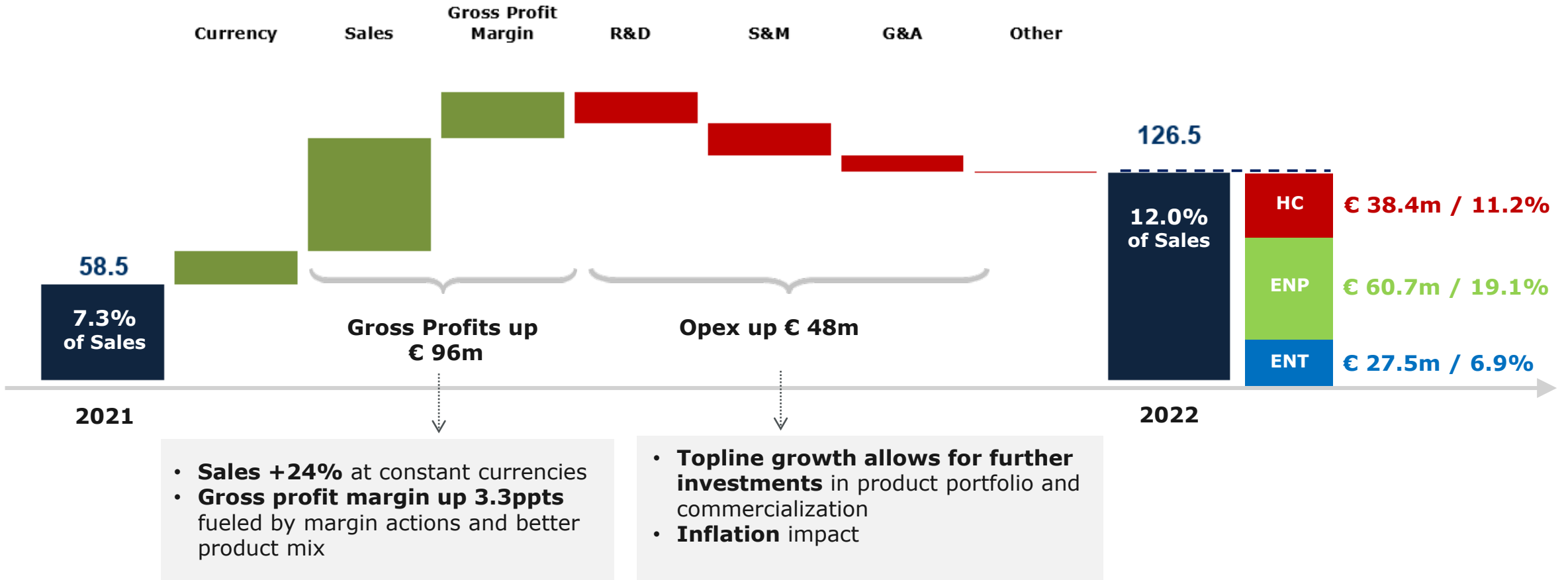
## APAC ↑ 10% | vs '19: ↓ 14%

- Impact from covid lockdowns in China
- Offset by recovery in demand and nice wins in APAC across markets



# EBITDA | GROUP @ € 126.5m, 12% of sales, +4.7ppts

Profitability improved through gross margin increase and operating leverage on topline



# Net income | € 75.2m

EBITDA improvement also translating into net income accretion

(in millions of euro)

|  | 2022         | 2021        | Δ 21        |
|--|--------------|-------------|-------------|
| <b>EBITDA</b>                                      | <b>126.5</b> | <b>58.5</b> | <b>68.0</b> |
| % Sales    Change (ppts)                           | 12.0%        | 7.3%        | 4.7         |
| Depreciations & amortizations                      | (36.3)       | (39.1)      | 2.8         |
| Restructuring                                      | (2.5)        | (6.4)       | 3.9         |
| <b>EBIT</b>  | <b>87.6</b>  | <b>13.0</b> | <b>74.7</b> |
| Interest and taxes                                 | (15.1)       | (3.2)       | (11.8)      |
| Share in the result of joint ventures & associates | 3.3          | 0.0         | 3.3         |
| Non-controlling interest                           | (0.7)        | (0.9)       | 0.2         |
| <b>Net income/(loss)</b>                           | <b>75.2</b>  | <b>8.9</b>  | <b>66.3</b> |
| % Sales    Change (ppts)                           | 7.1%         | 1.1%        | 6.0         |
| Earnings per share                                 | 0.84         | 0.10        | 0.74        |

- **Restructuring** € 2.5m linked to reorganization of activities in Enterprise
- **Effective tax rate** @ 18% (= last year)
- **Share in profit JV** € +3.3m yoy (profit vs break-even result last year)
- **Minority interest** ~ last year; share in Cinionic increased to 80%
- **Net income** at 7.1% of sales



# Free cash flow & Balance sheet

Strong gross operating cash flow offset by increased inventories

- **2022 Free cash flow € 13m**
  - **Improved gross operating cash flow**
  - **Increased working capital, 14.2% of sales**
    - Higher trade receivables linked to 4Q22 peak sales
    - DSO @ 54 days / DPO @ 68 days
    - Higher inventories include proactive buying linked to supply challenges
    - Turns at 2.1 (vs 2.4 at year-end '21), inventory levels to reduce over 2023
  - **Capex € 21m** including expansion of China footprint, renewal experience centre and first Cinema-as-a-Service contracts
- **Net cash @ € 264m**
  - ↓ € 46m vs end 2021: free cash flow, minority investments, increase of Barco's share in Cinionic from 55% to 80%, dividend

# Non-financial performance metrics



## Planet

|   | 2022 | Change  |
|---|------|---------|
| Carbon emissions own operations vs 2015 | -51% | -18 pts |
| % Revenues from ECO labelled products   | 50%  | +19 pts |



## People

|                                 | 2022  | Change |
|---------------------------------|-------|--------|
| # employees at year-end (heads) | 3,302 | +5%    |
| Employee Net Promotor Score     | 16    | N/A    |



## Communities

|                             | 2022 | Change |
|-----------------------------|------|--------|
| Customer Net Promotor Score | 44   | -3     |

- **Lowered carbon emissions:** key driver lower logistics emissions (modal shift)
- **Increased eco-labelled revenues:** improvement in all business units, with key drivers being MX and Cinema
- 5% net increase in **number of colleagues in 2022**, as business picked up. Diversity and inclusion key elements in recruitment process.
- **Employee net promotor score** in 2022 at 16, working towards score above 30 "great engagement"
- Decrease in **customer net promotor score**, linked to longer lead times due to component shortages, also impacting post sales service
- **Target** score above **50 "excellent"**

# Divisional update Results 2022

# Healthcare

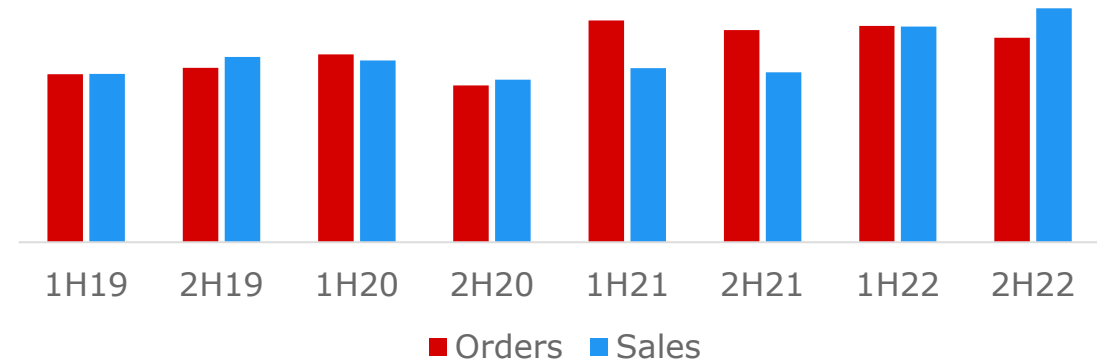
Record-high sales driven by resuming hospital investments  
Step-up investments in product and manufacturing

- **Continued solid order intake in 2022**, well above pre-covid levels
- **Sales all-time high**, driven by large modality projects and resumption of mammography
- **EBITDA margin improving yoy to 11.2%**, a reflection of product mix and increased investments in product and manufacturing

## Diagnostic Imaging

- **Double-digit sales growth** in all regions, driven by **more high-end products** in Americas and resumption of **mammography** after covid
- **Expanding the portfolio** including new pathology display, collaboration enabled displays and remote fleet optimization solutions

|                       |               | Healthcare  |             |
|-----------------------|---------------|-------------|-------------|
| (in millions of euro) |               | 2022        | Δ 2021      |
| Orders                |               | 319.7       | -3.1%       |
| Sales                 |               | 341.7       | 30.7%       |
| <b>EBITDA</b>         |               | <b>38.4</b> | <b>16.0</b> |
| % Sales               | Change (ppts) | 11.2%       | 2.7         |



## Surgical & Modality

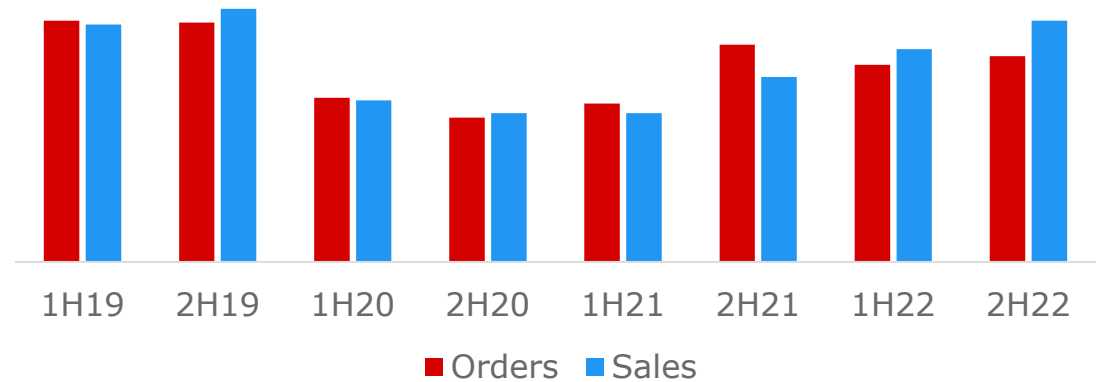
- Further gaining momentum, showing growing adoption of digital solutions in the operating room infrastructure
- **Sales driven by several large projects** in the Americas and China

# Enterprise

Back-to-office wave strengthens momentum for hybrid meetings

|                       |              | Enterprise  |             |
|-----------------------|--------------|-------------|-------------|
| (in millions of euro) |              | 2022        | Δ 2021      |
| Orders                |              | 281.3       | 7.2%        |
| Sales                 |              | 317.2       | 36.1%       |
| <b>EBITDA</b>         |              | <b>60.7</b> | <b>46.1</b> |
| % Sales               | Change (pts) | 19.1%       | 12.9        |

- **Double-digit growth** in both business units
- **Growing momentum for wireless conferencing** and hybrid meetings
- **EBITDA margin at 19.1%**, fueled by operating leverage on topline and higher gross profit margin thanks to better product mix



## Meeting Experience

- Sales resumed strongly, linked **to back-to-the-office waves** starting in EMEA, followed by Americas and Asia; hybrid meetings becoming **“the new normal”**
- ClickShare installed in **>1.1 million meeting rooms**; **ClickShare Conference** now @ 60+% of volume

## Large Video Walls

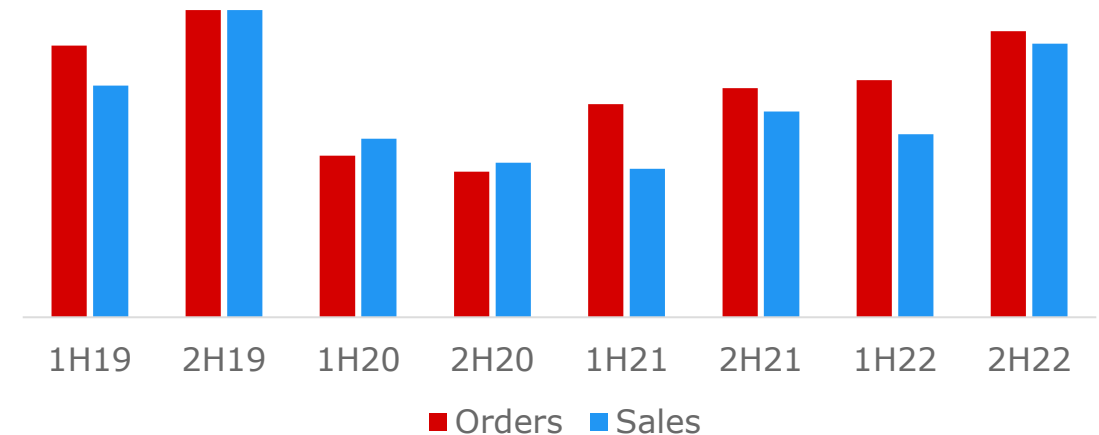
- Topline close to 2019 level, driven by **large utility and governmental projects** in Americas, Middle East and Asia
- Profitability still lagging. Management intends to conduct a **strategic review**, focusing on profitable markets & products

# Entertainment

Strong rebound as entertainment markets have reopened and supply chain eased

- Growing demand as **entertainment markets have opened up globally**. Orderbook at all-time high.
- Sales growing throughout the year, with a very strong fourth quarter, driven by **Cinema and fixed installations**
- EBITDA margin at 6.9% for FY22; **12.6% for 2H22** as supply chain constraints have eased

|                       |               | Entertainment |            |
|-----------------------|---------------|---------------|------------|
| (in millions of euro) |               | 2022          | Δ 2021     |
| Orders                |               | 457.4         | 18.3%      |
| Sales                 |               | 399.3         | 28.9%      |
| <b>EBITDA</b>         |               | <b>27.5</b>   | <b>6.0</b> |
| % Sales               | Change (ppts) | 6.9%          | 0.0        |



## Cinema

- **Cinema industry rebounding** in all markets except China
- Demand for **laser projectors** driven by **image quality** and **total cost of ownership**

## Immersive Experience

- Outspoken growth in **fixed installs**, digital museums, projection mapping and simulation
- **Events** had strong demand across regions (excl China)

# Outlook & closing



# Barco Vision

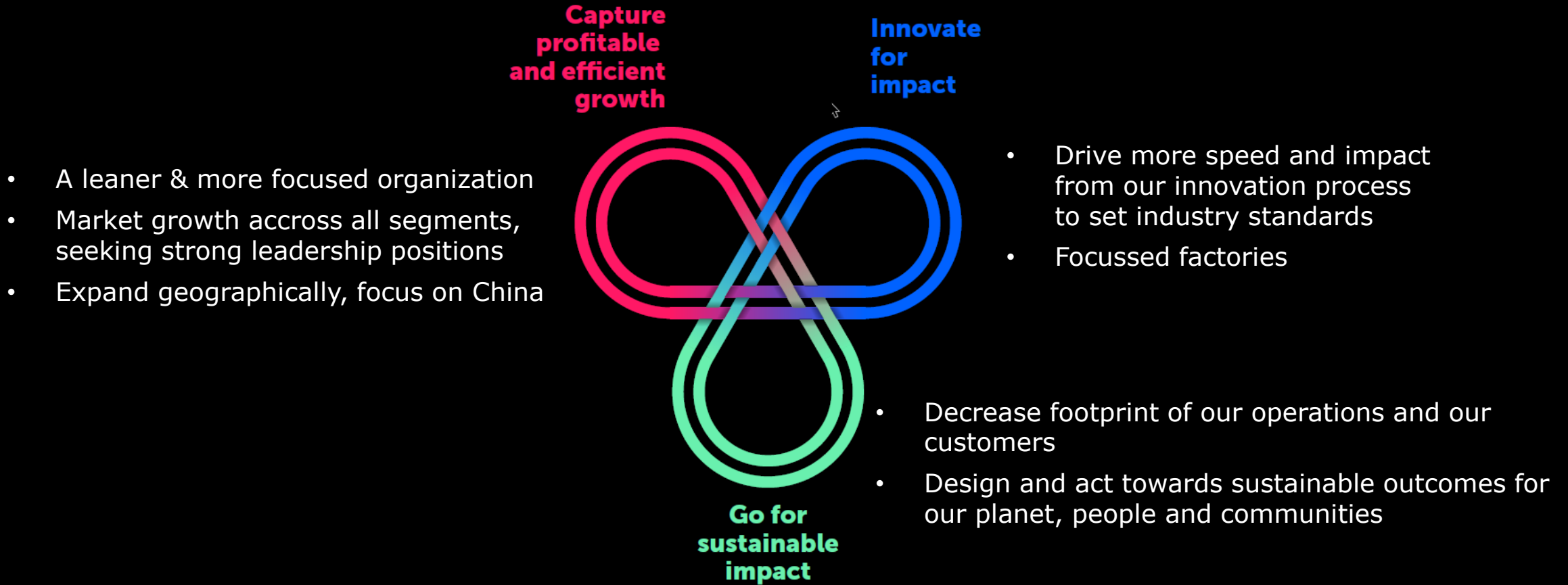
a **“One Barco”** company defined around our **“image processing”** capability,

developing and providing solutions that **set the industry standard,** and **make a visible impact**

leading to **commanding market shares** in healthy markets



# Barco's strategy for sustainable profitable growth



**Ambitions  
2023-2025**



EBITDA in the range of 14-18%



Long-term high single digit sales growth



# Looking ahead

All markets in healthy shape and thriving on solid trends

## HEALTHCARE



- ✓ Accelerating demand for Diagnostic Imaging in new and emerging markets
- ✓ Digitization of operating rooms and minimal invasive surgery are fueling Surgical & Modality

## ENTERPRISE



- ✓ Hybrid video-enabled collaboration is the norm, with growing momentum for ClickShare's Bring Your Own Meeting proposition
- ✓ Continued investments in control & monitoring

## ENTERTAINMENT



- ✓ Cinema market driven by superior laser image quality and total cost of ownership
- ✓ Immersive Experience segment strongly growing with fixed installs and events

# Outlook 2023 - reconfirming long-term profitable growth

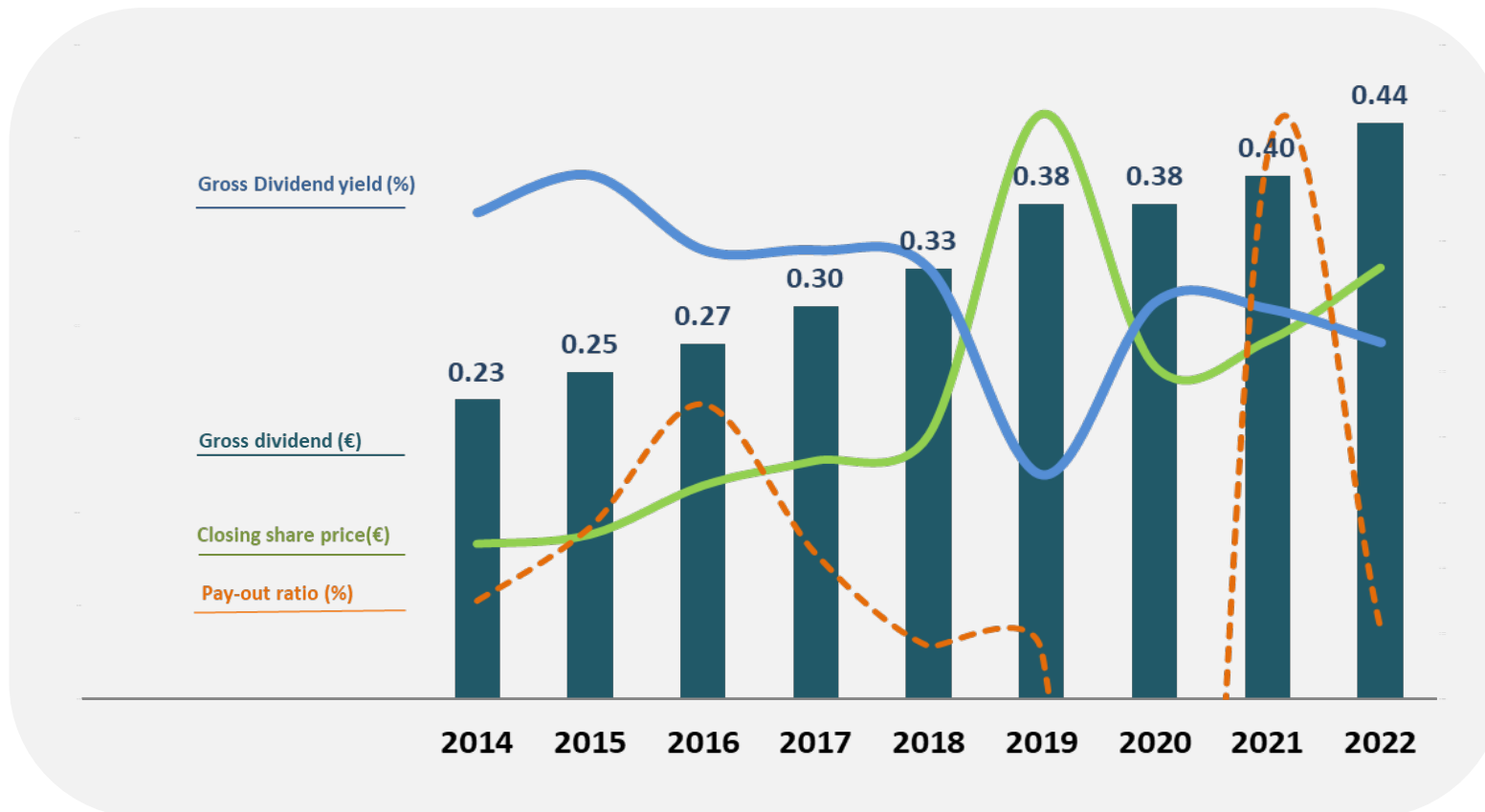
*The following statements are forward looking on a like-for-like basis and actual results may differ materially*

Assuming stabilizing macro-economic conditions, management confirms its expectation of **sales growth between 10 and 15% for 2023** versus the previous year.

The **EBITDA margin** is expected to **further improve and move above 14% for the full year 2023**, reflecting operating leverage on higher sales and an increase in gross margin as a result of the further easing of the supply chain constraints.

# Dividend 2022

The Board of Directors will propose to the General Assembly to distribute a gross dividend of **0.44 euro per share**, a 10% increase from 0.40 euro a year ago.



# Q&A



# Stay tuned

## Financial calendar 2023

Wednesday 19 April

Thursday 27 April

Wednesday 19 July

Wednesday 18 October

Trading update 1Q23

Annual general shareholders meeting

Announcement results 1H23

Trading update 3Q23

More information? Please visit our webpage [www.barco.com](http://www.barco.com)

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