Results 1H21

Analyst & Investor call

Strong order intake reflects resumption of end-market activity

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19th July 2021

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 as available on Barco's investor portal (https://www.barco.com/en/about-barco/investors/)

AGENDA

- Exec Summary
- Group results
- Divisional results
- Navigating 2021 & beyond
- Organizational announcement
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BARCO

RESULTS 1H21 | EXECUTIVE SUMMARY

Strong order intake ; conversion to sales lagging

Order book at record level, up € 110m vs YE20, order growth in all regions

Orders to sales conversion lagging, impacted by lock-down related project delays and supply chain constraints though Q-o-Q improvements ; China topline back at pre-covid level

Recovering gross margin and cost containment protect profitability

Cost actions extended (indirect costs -6% vs 2H20), sustaining investments in priority projects

Gross margin up 2.7ppts vs 2H20, but mix, transport costs and lower volumes still weighing

EBITDA restored to 7.5% or € 27.5m (vs 3.5% in 2H20), net income € 2.5m

Solid free cash flow generation and reduced working capital

All divisions contribute with positive cashflows

FCF of +€ 35m => Net cash +€ 70m

RESULTS 1H21 | REGION DYNAMICS

AMERICAS | Orders ↑ 15% ; Sales ↓ 12% (excl.fx)

- Cinema industry re-opening & replenishing cash (box office recovering with robust movie slate)
- Momentum picking up in Entertainment – ProAV (fixed installs)
- ClickShare sell-out picking up in US (back-to-office start), Canada and Latam unlocking after summer
- Control Rooms growing, building strong funnel and orderbook
- Healthcare posting solid order growth with resumption of investments in all segments

EMEA | Orders ↑ 8% ; Sales ↓ 8%

- Healthcare investment programs resuming after covid related priority shifts
- ClickShare picks up as of June, synced with Europe back-to-office dynamics, but country specific; Expecting back–to–office to accelerate after vacation period
- Entertainment good funnel and orderbook build up, led by mainly immersive experiences

ASIA PACIFIC | Orders ↑ 50% ; Sales ↑ 7%

- China accelerates recovery beyond pre-covid levels with Entertainment (both Cinema and ProAv/Events fully back) and Healthcare (step up in Surgical with increased go-to-market investments)
- Outside China, intermittent lockdowns impacting all segments

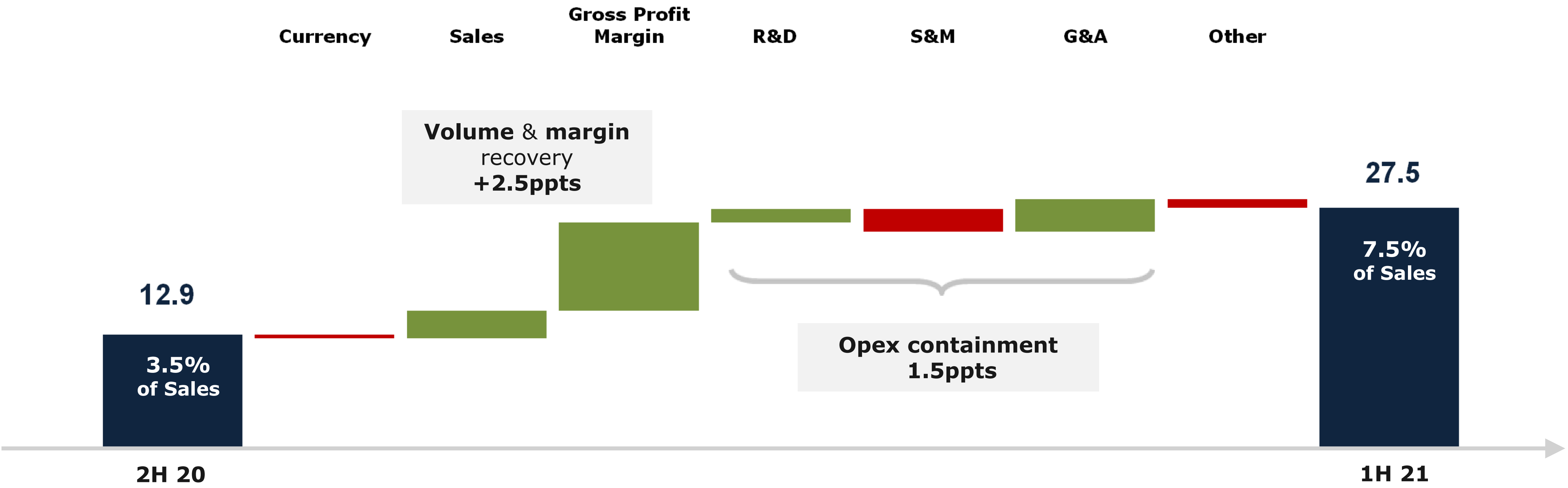
FINANCIAL HIGHLIGHTS | RESULTS 1H21

Semester-over-semester progress on all metrics

		vs. 1H20	vs. 2H20
Orders	€ 465.6m	▲ +16.8%	▲ +34.1%
Sales	€ 366.0m	▼ -10.1%	▲ +0.9%
Gross Profit Margin	36.7%	▼ -2.7ppts	▲ +2.7ppts
EBITDA % of Sales	7.5%	▼ -2.5ppts	▲ +4.0ppts
EBITDA In euro	€ 27.5m	▼ -13.2m	▲ +14.6m
Free Cash Flow	€ 35.1m	▲ +86.0m	▲ +20.1m
Net Income	€ 2.5m	▼ -7.9m	▲ +17.3m
EPS	€ 0.03 / Share	▼ -0.09	▲ +0.20

- **Orders & sales** recovering at varied speed across regions & units
  - Strong order intake confirming recovery dynamics
  - Sales conversion impacted by lockdown and component shortages
  - Sales excl fx impact -6% vs 1H20
  - Orderbook @ € 391m, ↑39% vs YE20 (all divisions), ↑23% yoy
- **Gross profit margin** restoring from last year 2H dip (more cinema/ClickShare sales and optimized cost of quality) though still below 1H20, also related to higher transport costs & mix
- **Indirect spend** adjusted and ↓ 6% vs 2H20, engaged structural measures, extended temporary measures & selective discretionary spending cuts
- **EBITDA @ 7.5%** of sales, ↓ 2.5ppts yoy, restoring vs 2H20 (↑ 4ppts)
- **Solid free cash flow**, reduced working capital

1H21 VS 2H20 | EBITDA + € 15M, +4PPTS



Recovering gross margins & cost containment protects profitability

NET INCOME | 1H21 at € 2.5m

Turnaround vs 2H20 (+17m), better gross margins and cost containment

		1H21	Δ 1H20	Δ 2H20
EBITDA		**27.5**	**(13.2)**	**14.6**
% Sales	Change (ppts)	7.5%	-2.5	+4.0
Depreciations & amortizations		(19.2)	(1.0)	(3.8)
Impairments & Restructuring		(2.2)	5.9	4.2
EBIT		**6.0**	**(6.3)**	**22.6**
% Sales	Change (ppts)	1.6%	-1.4	
Interest and taxes		(1.6)	(0.1)	(2.9)
Share in the result of joint ventures & associates		(1.7)	(1.3)	(1.9)
Non-controlling interest		(0.3)	(0.3)	-
Net income		**2.5**	**(7.9)**	**17.3**
% Sales	Change (ppts)	0.7%	-1.9	
Earnings per share		0.03	(0.09)	

- Restored EBITDA vs 2H20 (+ € 14.6m) despite flattish topline, improved gross margins and broad cost measures
- Restructuring cost 1H21 linked to cost down measures across regions; last year linked to closure Taiwan factory and cost resets
- Effective tax rate at 18% (~ 1H20, 0% for FY20)

CASH FLOW & BALANCE SHEET

Strong cash flow generation, working capital improved

- 1H21 **Free cash flow € 35m**
  - Gross operating cash flow at € 21m, net after € 4.8m pay-outs restructuring
  - **Working capital reduced** with € 29m vs year-end ’20, to **8.3% of sales**
    - DSO @ 67 days (improved 15 days vs mid ’20 , ~ year-end ’20)
    - Inventory ~ year-end ’20, raw materials ↑, finished goods ↓
    - Turns at 2.1 (vs 2.3 @ year-end ’20), will improve as Cinema business picks up
    - Payables increase linked to increased raw material purchases ; DPO @ 64 days
  - **Step up capex** linked to China footprint (Suzhou factory for Healthcare)
- **Net cash** @ 263m
  - ↑ **€ 70m vs end ’20**: FCF, sale minority investment position, minus dividend

STAYING COURSE ON OUR NON-FINANCIAL METRICS

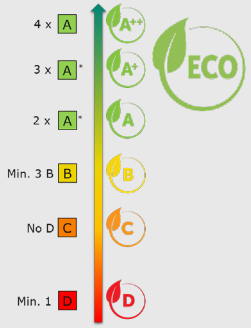
PLANET

ECO labelled revenues

at 33% vs 30% YE20 (target 70% by 2023)

The ECO label revenues grew by **an increased amount of product releases** with a Barco ECO label

- Flagship products in each division at A or even A+ ecoscore
- First use of recycled plastics (Series 4, ClickShare)



COMMUNITIES

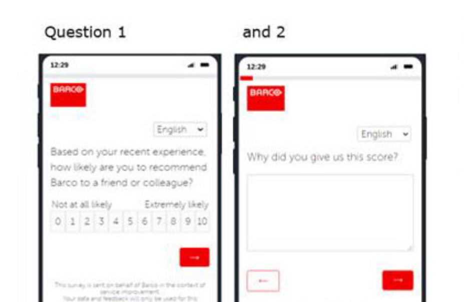
Net Promotor Score (NPS)

at 48 points vs 47p YE20 (target 50 points)

Reference to

good quality & service

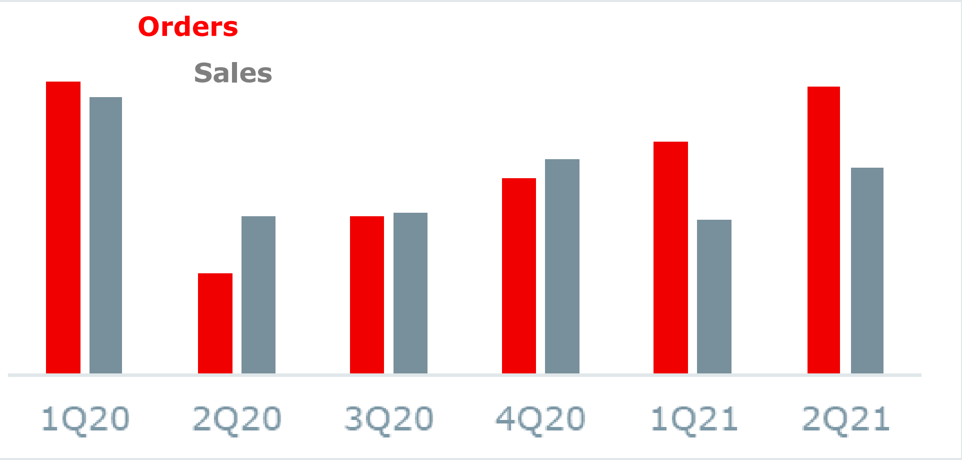
NPS is an indicator of loyalty and business performance



ENTERTAINMENT

ProAV & China Market strong ; other markets are eying recovery as of EOY

(in millions of euro)		1H21	Δ 1H20
Orders		186.3	31.8%
Sales		129.8	-16.9%
EBITDA		**6.0**	**1.1**
% Sales	Change (ppt	4.6%	1.5



- China back to pre-covid levels across all segments in both orders and sales
- Building orderbook
- EBITDA and EBITDA margin up (+1.5ppts), lower gross profit margin balanced by lower indirect spend
- Managing emerging components risks

Cinema

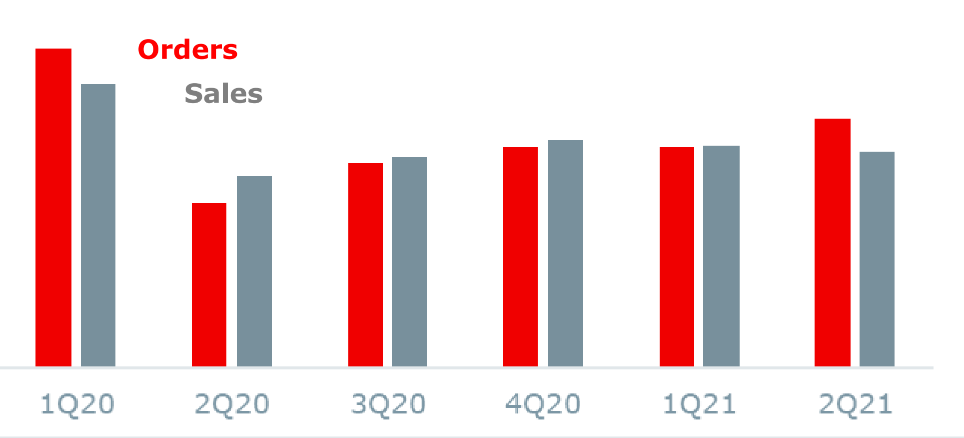
- **China** remains strong
- **Rest of the world starts to re-open** during Q2 (NA & EMEA)
  - Promising movie slate and blockbusters seeing successful launches
  - Replacement projects remain slow ; New build deployment delays ; No cancellations
- Premium experience takes the lead
- Service revenues expected to rebound as cinema's re-open

V&H

- **Events:** start of live events as of 3Q21 driving positive sentiment ; Investment cycle only expected by EOY
- **ProAV:** stepped up investments in digital immersive art and fixed installs ; China back to normal ; commercial focus and value prop yields results
- **Simulation** building orderbook with reference customers but slow conversion to sales

ENTERPRISE
2nd/3rd waves delay back-to-office and project execution

(in millions of euro)	1H21	Δ 1H20
Orders	110.7	-3.3%
Sales	103.9	-8.0%
EBITDA	**5.6**	**(8.1)**
% Sales *Change (ppt*	5.4%	-6.7



- Gradual resumption of order growth in both business segments
- EBITDA margin down (-6.7ppts), negative leverage corporate segment from volume loss ClickShare
- Winning reference projects in business schools & corporates with weConnect Virtual Classroom

Corporate

- **ClickShare Conference** growing users & channel, fitting the new-normal
- **ClickShare** sell out recovers at end of Q2 in EMEA (BNL, IT, FR) and Americas (US), while Asia lagging with lockdowns → globally pointing to September for back-to-office pick up
- **ClickShare** now in more than **900k+ meeting rooms**

Control Rooms

- Overall markets resilient, delays in corporate projects mainly due to site access ; to improve in line with gradual unlocking
- Win rates reflect share gain in EMEA and Americas
- **Expanded value proposition** (triple play and software) shows value-add and strengthens competitive position
- Robust service proposition, including upgrades, drives growth

CLICKSHARE CONFERENCE READY TO CAPTURE RETURN TO OFFICE MOMENTUM IN 2H

1. Product market fit further confirmed

- Unique capability to deliver easy hybrid meetings with low TCO, and enhance Teams and Zoom rooms
- >10% of Fortune 1000 as customer
- 30k meeting rooms use CS Conference

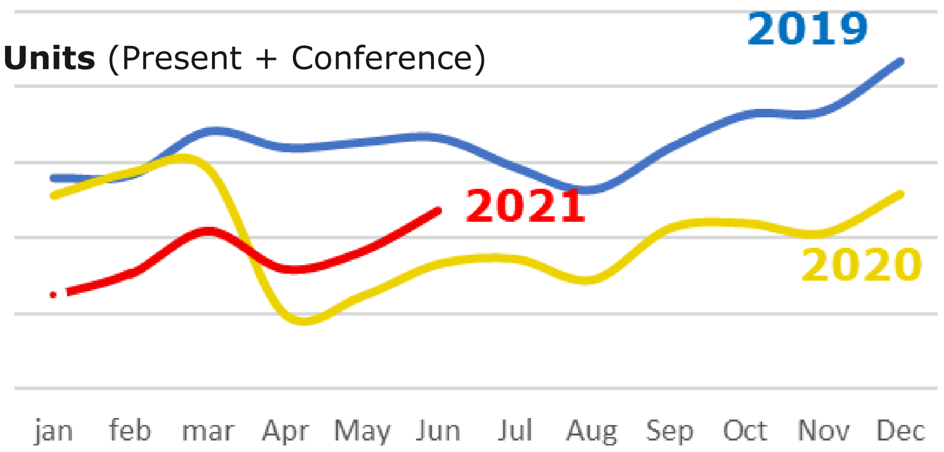
2. Further expanding alliance program and channel

- CS Conference certified partners +50%
- Further extending Alliance program partners (40+ from 35 EOY20)

3. Return to office assumed to accelerate over the third quarter

- Projections increasing to 80% - 85% by end of Q3 (McKinsey)
- 25% of IT decision makers prioritize video collaboration spend
- Pointing towards September as accelerator

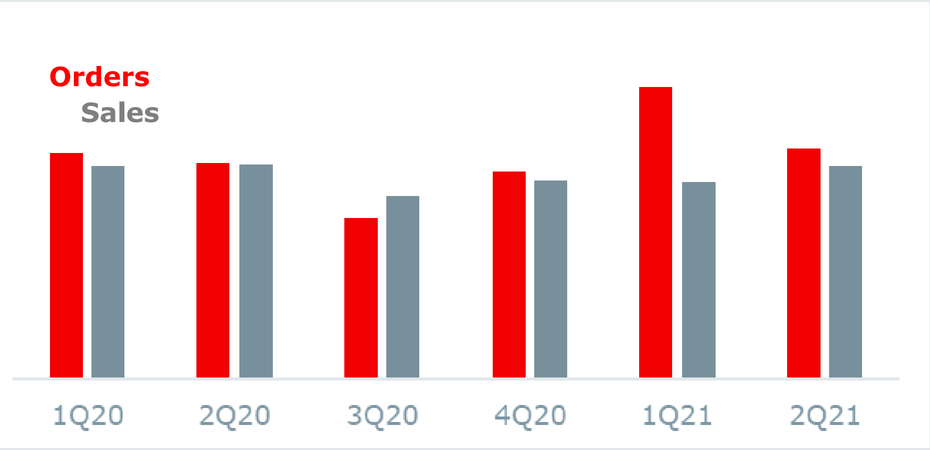
4. ClickShare continues recovery



- June momentum pick-up in EMEA and USA …
- … channel outperforming Google mobility index (back-to-office)
- 40% of Q2 total is CS Conference (from 26% in 4Q20)

HEALTHCARE
Resumption of investments in diagnostic & surgical

(in millions of euro)		1H21	Δ 1H20
Orders		168.6	*18.0%*
Sales		132.4	*-4.2%*
EBITDA		**15.8**	***(6.3)***
% Sales	*Change (ppt*	12.0%	*-4.0*



- **Markets** opening-up and **growing** with normalization of hospital budget allocation + catch-up of postponed projects
- **China Healthcare market** further expanding in both diagnostic & surgical and finishing new Suzhou factory
- EBITDA margin down (-4 ppts) on higher component/freight costs and investment focus
- Month-over-month steady progress for install base Demetra (Europe, Americas)

Diagnostic

- Orders strong on intensified long-term demand for Modality & Diagnostics solutions in NA and EMEA ;
- Sales up vs 2H20 but down vs a strong 1H20
- **Expanding portfolio** with pathology display, collaboration enabled displays and remote fleet optimization solutions

Surgical

- Digital & integrated operating rooms market expanding
- Surgical broadening the partner base and growing business with strategic partners
- Expanding share of wallet with launch of Nexxis Live platform

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RECOVERY ASSUMPTIONS LARGELY ON TRACK

MARKETS WILL BE BACK, WITH VARIED RATES OF RECOVERY

HEALTHCARE

2021 GROWTH

- Hospital budget allocations back to normal
- Upscaling elective surgery
- Mammo radiology back to normal
- Home reading to remain
- Digitization OR to expand
- Building awareness & channel around Demetra

ENTERPRISE

2021 RECOVERY

- Back to office momentum
- Hybrid collaboration as norm
- Investments in control & monitoring
- Remote learning investments to accelerate

ENTERTAINMENT

2022 RECOVERY

- Asia (& China) earlier recovery vs ROW in Events & Cinema
- Events ROW to re-ignite in 2H21
- Cinema renewal wave (EMEA, US) shifting to late '21
- Strong movie slate 2021/2022

Healthcare on a gradual growth track year-over-year,
Enterprise and Entertainment eying recovery but with different horizons

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On track

Q2 lock-downs impacting sales conversion

Cinema on track, upsides in Pro AV

OUTLOOK

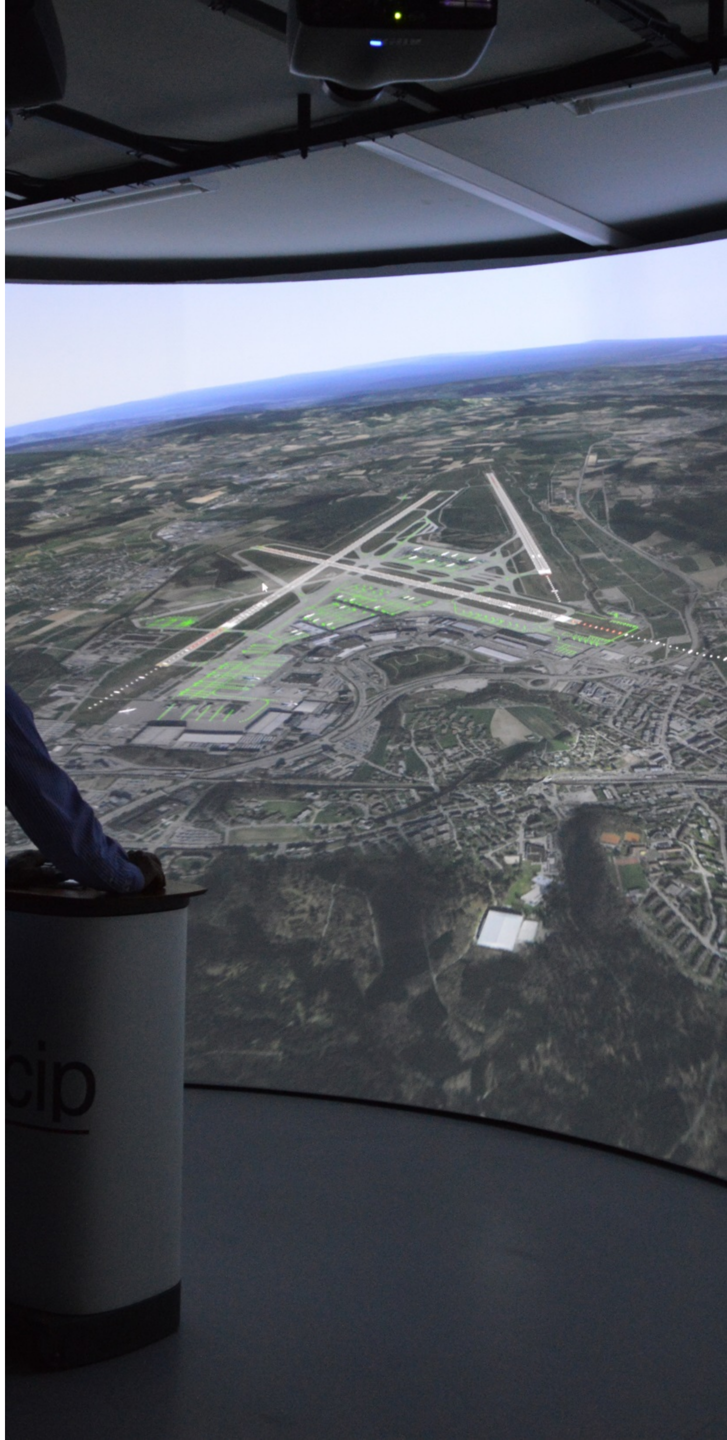
The following statements are forward looking, and actual results may differ materially

Assuming further recovery of economic activity and accelerating orders to sales conversion toward the end of the year, management is confident that sales for the year will show a marked increase versus last year with a full year EBITDA margin higher than the first semester EBITDA margin.

"I am confident that Barco will continue to generate steady improvements as markets further recover and office re-openings accelerate while continued supply chain disruptions may temper the acceleration.
The first half performance confirms also our 'Say.Do' related to our operational execution, our sustained customer focus and continued progress in strengthening our competitive position by expanding and renewing our product offerings."

Quote CEO, Jan De Witte

ORGANIZATIONAL ANNOUNCEMENT



Q&A

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