Results 1H24 - Analyst & Investor call

Signs of improvement in Q2, while investing in future growth

An Steegen - Charles Beauduin - Ann Desender – July 17th 2024 - 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 (https://www.barco.com/en/about/investors/company-results)

Executive summary | Group results 1H24

Sales 17% below last year; picking up as of 2Q

Americas pick-up in Q2 with 1H sales ~flat yoy

Orderbook up to € 533m, incl orders for new product launches; Book-to-bill >1

64% revenue from eco-labelled products

EBITDA at € 35m or 8.1% of sales

Gross profit margin up in Healthcare and Entertainment; Enterprise impacted by lower ClickShare volume in the mix

OPEX controlled downwards; R&D maintained, linked to new product introductions

Free Cash Flow of € 14.6m, step-up of € 38.7m vs last year; net income of € 9.0m

Outlook FY24 – expecting to resume growth in the second half

Topline growth in the second half versus last year

Strong recovery for EBITDA in 2H24, with an EBITDA margin of 11-13% for the full year

1H24 sales by region

Slow 1Q; improvement as of 2Q with Americas turning to growth

AMERICAS Sales
46% of group

Orders: 1Q ↓ 17%, 2Q ↑ **11%**

Sales: 1Q ↓ 10%, 2Q ↑ **6%**

EMEA Sales
32% of group

Orders: 1Q ↓ 35%, 2Q ↓ 22%

Sales: 1Q ↓ 37%, 2Q ↓ 29%

APAC Sales
21% of group

Orders: 1Q ↓ 20%, 2Q ↓ 3%

Sales: 1Q ↓ 11%, 2Q ↓ 15%

AMERICAS ~flat (-2%); 2Q growing yoy on both orders & sales

- Solid performance in Diagnostics with strong demand in premium portfolio
- Soft demand for Entertainment, but order and sales recovery from 2Q
- Strong O&S growth in Control Rooms driven by need for security & data insights

EMEA ↓ -33%

- Weak investment climate, customers delaying orders and slower lead to order conversion in all divisions
- Customer inventories Meeting Exp back to normal levels, sellout down in line with market
- Cinema sales impacted by weak movie slate, order growth in 2Q
- Growth Control Rooms, with increasing share of software

APAC ↓ -13%; pick up in orders in 2Q

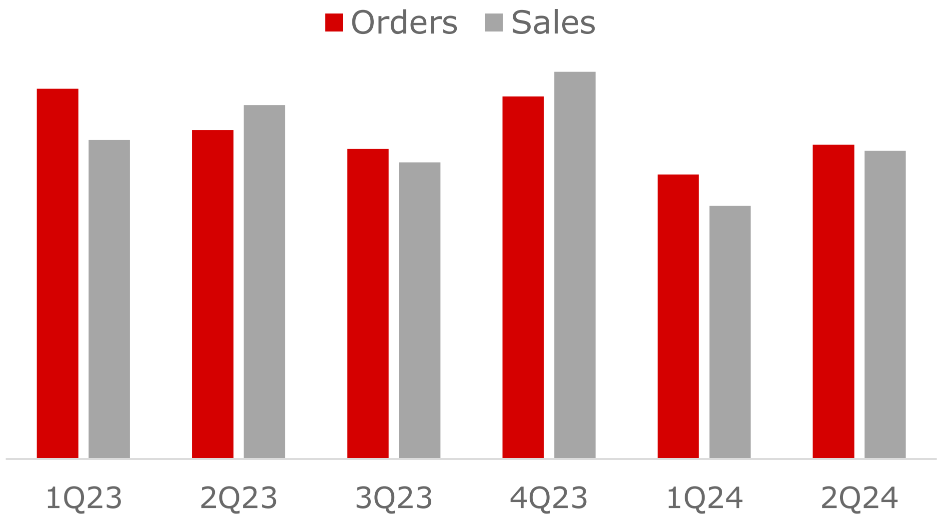
- China sales ~flat, with strong demand in Cinema
- Lower sales in rest of APAC: strong comparison base in Cinema; abandoning several markets in Control Rooms

Dynamic through the first half

Orders and sales recovering in second quarter

(in millions of euro)

	1Q	2Q	QoQ	First half 1H24	First half Δ 23
Orders	220.1	243.2	*10.5%*	463.3	*-14.4%*
Sales	195.9	238.6	*21.8%*	434.5	*-16.6%*

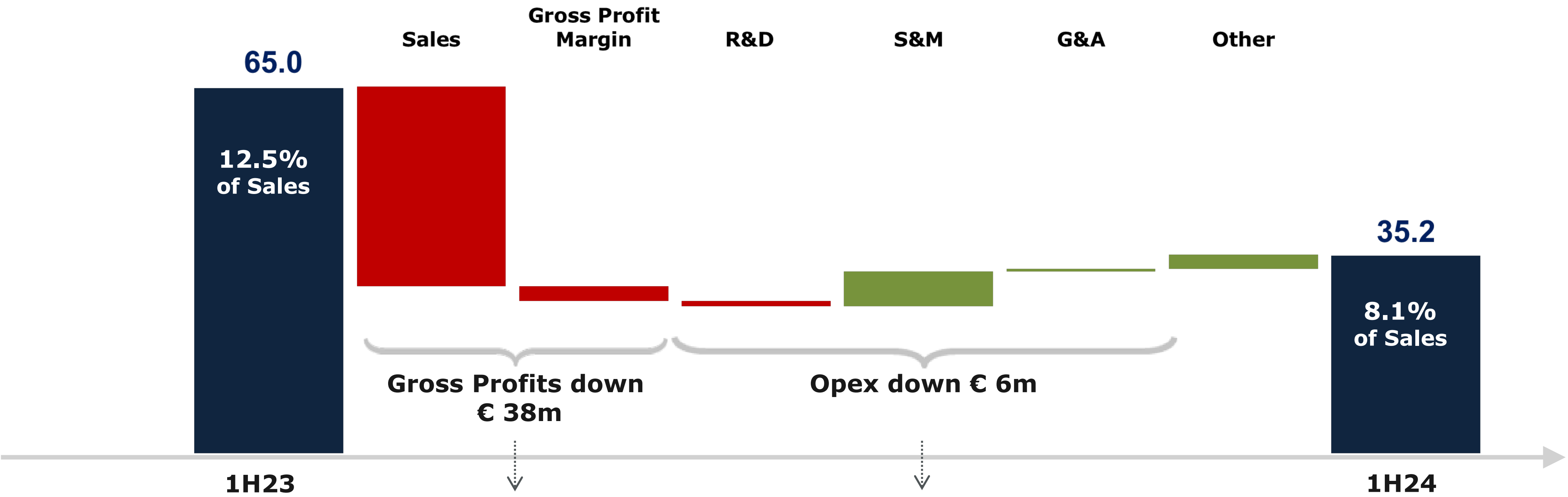


- **Orders below last year; recovery in Q2 driven by Americas**
  - Orders up in Americas for Healthcare & Enterprise (Control Rooms)
  - 2Q step-up of €23.1m (+11%) vs 1Q24
  - Orderbook @ € 533.3m, € +38.5m vs year-end ’23

- **Sales step up of 22% in 2Q versus 1Q**
  - Sales up in Americas, driven by Healthcare and Entertainment
  - Enterprise hit by Meeting Experience inventory destocking

EBITDA @ € 35.2m, 8.1% of sales, OPEX contained

EBITDA lower due to operating deleverage on lower topline



Gross profits down with lower sales, but gross profit % more resilient: higher in Healthcare and Entertainment, lower in Enterprise due to less ClickShare in the product mix

R&D investments linked to new product introductions, offset by **cost containment measures**

Net income @ € 9m

(in millions of euro)		1H24	1H23	Δ 23
EBITDA		**35.2**	**65.0**	**(29.8)**
% Sales	Change (ppts)	8.1%	12.5%	*-4.4*
Depreciations & amortizations		(21.8)	(17.5)	(4.3)
Restructuring		(7.8)	(6.6)	(1.2)
EBIT		**5.5**	**40.8**	**(35.3)**
Interest and taxes		1.4	(5.5)	7.0
Share in result of joint ventures & associates		1.2	(0.6)	1.8
Non-controlling interest		0.9	(1.4)	2.3
Net income		**9.0**	**33.3**	**(24.2)**
% Sales	Change (ppts)	2.1%	6.4%	*-4.3*
Earnings per share		0.10	0.37	(0.27)

- **EBITDA** impacted by operating deleverage on lower topline
- **Restructuring** mainly linked to strategic review Control Rooms, closure Changping factory and integration of Cinionic
- **Effective tax rate** @ 18% (= last year)
- **Net income** of 9 million euro

Free cash flow & Balance sheet

Investments in recurring revenues and manufacturing footprint

- **1H24 Free cash flow € 14.6m**, step up of € 38.7m vs 1H23
  - Gross operating cash flow at € 29.9m
  - Capex at € 19.1m incl Cinema-as-a-Service contracts and manufacturing footprint (vs € 21m in 1H23)
  - Working capital reduced but still high at 17.2% of sales
    - Reduced by € 9m vs YE23 and € 36.6m vs 1H23
    - DSO at 68 days and DPO at 60 days
    - Inventories decreasing from 2Q, though remain focus area

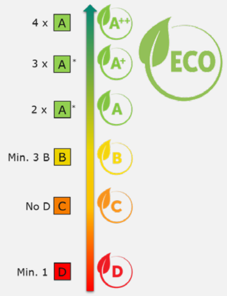
- **ROCE @ 11%**

- **Net cash @ € 172.6m**
  - ↓ € 68.5m vs end 2023: FCF, dividend, share buyback, buyout minority investor Cinionic

Further improving on our sustainability KPI's

PLANET

ECO labelled revenues



1H24	1H23	*Change*
64%*	60%	***+4 ppts***

- **Progress on track** towards target 75% in 2025
- **Driven by Diagnostic Imaging** (new A++ display) **and Entertainment** (CaaS revenues and phase-out non-eco-labelled products)

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Net Promotor Score (NPS)

1H24	1H23	*Change*
52	48	***+4***

- **Target 2024 of 50 reached** in 1H24
- Improvement across regions, largest **uptakes in Meeting Experience and Diagnostic Imaging**
- Driven by improvement in **after sales and service**

* The calculation base for eco-labelled revenues has been extended and now includes also software and service revenues, previously only product and project revenues were included. 1H24 score is 70% like-for-like.

Divisional Update FY23

Healthcare

Topline impacted by channel inventory reductions
Gross profit margin fueled by software-driven product mix

(in millions of euro)		Healthcare	
		1H24	Δ 1H23
Orders		123.5	-12.6%
Sales		130.9	-11.1%
Gross Profit		**48.9**	(2.3)
% Sales	Change (ppts)	37.4%	2.6
EBITDA		**11.5**	(3.2)
% Sales	Change (ppts)	8.8%	(1.2)

Diagnostic Imaging

- **Market dynamics are healthy**, mainly driven by Americas with strong demand for premium solutions
- Ramp-up and product transfers to **new Suzhou factory** are completed, yielding gross profit gains
- Important new product introductions in with impact in 2H24, including **home-reading radiology portfolio** and new **flagship mammography** display
- **Embedded software** gains importance in the portfolio, including **AI-driven support** for diagnosis
- **Digital pathology** is taking momentum and showing further potential

Surgical & Modality

- Customer inventory **corrections are now largely completed**
- Software and digital solutions for **operating rooms (Nexxis)** gain share in the product mix
- Ramp up of Suzhou factory and R&D allow for **cost-competitive expansion.**
- Continued investment in **software-enabled visualization** technology, including 3D displays and Nexxis-enabled platforms

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Enterprise

Meeting Experience impacted by customer inventory reductions
Growth in orders and sales for Control Rooms; shifting focus to software

(in millions of euro)		Enterprise	
		1H24	Δ 1H23
Orders		110.6	-22.7%
Sales		113.3	-22.2%
Gross Profit		**52.5**	**(24.4)**
% Sales	Change (ppts)	46.3%	(6.4)
EBITDA		**4.8**	**(18.2)**
% Sales	Change (ppts)	4.2%	(11.5)

Meeting Experience

- The **meeting room market remains slow** at a single digit decline. ClickShare sell-out from distribution to end-customers in line with market trend.
- Sales and orders in 1H24 were affected materially by **channel inventory reductions** and **increased competition in EMEA**
- **ClickShare Bar**, a compact all-in-one solution for small meetings rooms, has been successfully launched
- R&D preparing **next generation AI-enabled platforms**

Control Rooms

- Market momentum driven by **security** and need for more **data analytics**
- **Growth year-over-year**, both in orders and sales, delivering a **positive EBITDA contribution** to the group
- Momentum in order intake for Barco CTRL, and will be further fueled by **major software update** in July
- Barco CTRL will be further strengthened for **specific industry verticals**, with a continued focus on **security**

Entertainment

Cinema recovering in second quarter; still impacted by Hollywood strikes
Immersive Experience anticipating new products 2H24

(in millions of euro)		Entertainment	
		1H24	Δ 1H23
Orders		229.1	-10.7%
Sales		190.4	-16.5%
Gross Profit		**71.3**	**(13.7)**
% Sales	Change (ppts)	37.4%	0.2
EBITDA		**18.9**	**(8.5)**
% Sales	Change (ppts)	9.9%	(2.1)

Cinema

- **Investment delays** due to weak movie lineup post-strike; stronger movie slate expected in 2H24
- **Orders and sales recovering in second quarter,** with sales growth in Americas and APAC
- Continued **delivery on Cinema-as-a-Service contracts**, revenue spread over several years
- **HDR Lightsteering commercially launched**, pilot program with selected exhibitors in 4Q24

Immersive Experience

- **Order intake recovering** during the semester with **strong growth in second quarter**, driven by the Americas; EMEA market is softer
- **Wuxi production started for mid-end projection** in 2Q24. Cost efficiency gains in new factory are key, also in light of competition with favorable forex. (JPY)
- **New product introductions** fueling 2H24:
  - I600 : mid-end projector (end Q2)
  - QDX : flagship high-end projector (Q4)
  - Encore 3 : image processing software (Q4)

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Outlook & closing

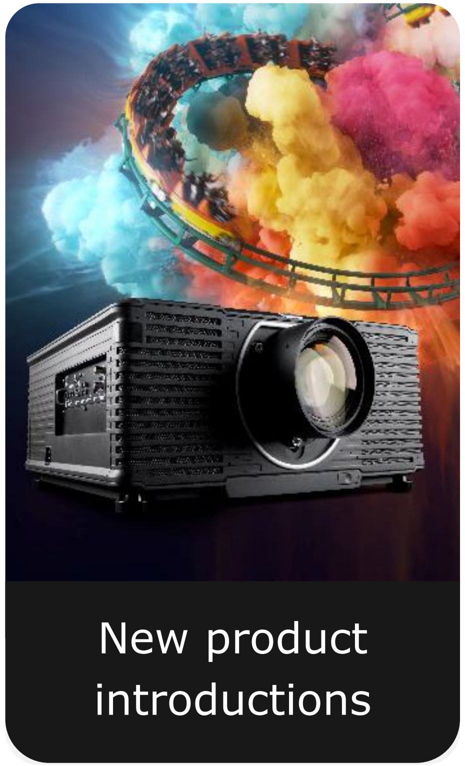
Outlook 2024

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

Management expects topline growth in the second half versus last year. From 2025, we expect topline growth on a full year basis.

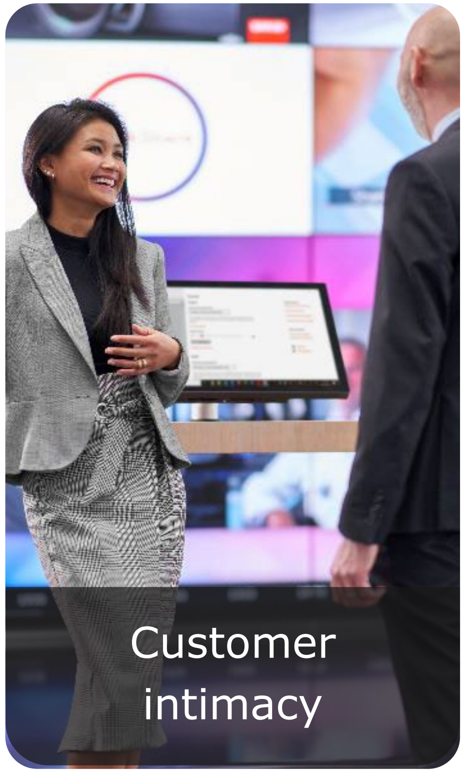
The EBITDA margin for the full year will depend on the topline and the product mix. For the second half, strong recovery is expected, with an EBITDA margin of 11-13% for the full year.

Investments in 2024 for future growth

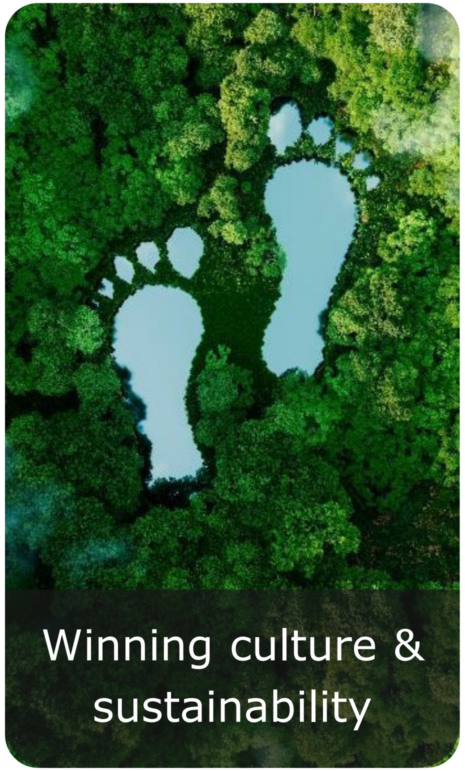


New products ready for launch in 2H24 in all divisions

Wuxi factory opened in May 2024



NPS 1H24 above target at 52



Growing share of eco-labelled revenues @64%

Committed to roll-out our strategy together as One Barco

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Q&A

Stay tuned

Financial calendar 2024

Thursday 17 October	Trading update 3Q24

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


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