RESULTS 2021

Analyst & Investor call

Sales FY21 € 804 million, EBITDA margin 7.3%
Demand strong with orderbook up 73% over 2020

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10th February 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.

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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)

RESULTS 2021 | EXECUTIVE SUMMARY

Strong order intake confirming recovering markets

Order growth in all business units and regions, resulting in record high orderbook

Sales lagging due to Presupply constraints and lockdowns

Sales marking single-digit growth, recovering growth in Entertainment and Enterprise

Components & transport scarcity weigh on profitability

Gross profit margins down 1.1ppt, due to transport & components costs; EBITDA @ € 59m or 7.3%, net income positive at € 9m

Strong cash flow generation € 78m; working capital <6% of sales

Outlook 1H22 reflect solid topline growth on the back of strong orderbook

Expect 1H22 sales to increase up to 20% y-o-y with EBITDA margin > FY21

Dividend +5%

FINANCIAL HIGHLIGHTS | GROUP RESULTS 2021

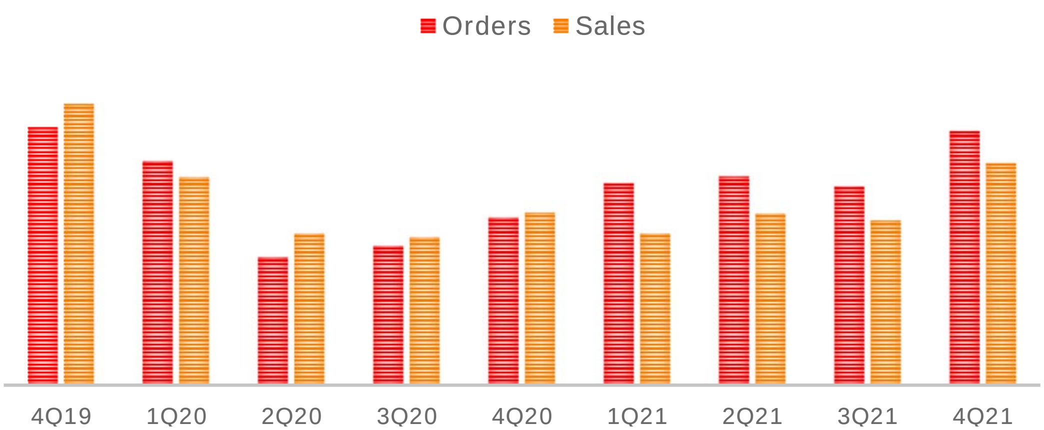
		vs. 2020
Orders	€ 978.8m	▲ +31.2%
Sales	€ 804.3m	▲ +4.4%
Gross Profit Margin	35.7%	▼ -1.1ppts
EBITDA % of Sales	7.3%	▲ +0.3ppts
EBITDA In euro	€ 58.5m	▲ +4.9m
Free Cash Flow	€ 78.0m	▲ +113.8m
Net Income	€ 8.9m	▲ +13.3m
EPS	€ 0.10 / Share	▲ +0.15

- **Strong order intake**, recovering demand across the globe
  - Orderbook all-time-high @ € 487m, ↑ € 205m or 73% yoy
- **Sales growth** @ mid-single digit level
  - Orders-to-sales conversion still slow
  - ↑ Entertainment and Enterprise, flat in Healthcare
- **Profitability margin slightly up to 7.3%**
  - Price increases not yet offsetting increasing logistics and components costs throughout 2H
  - Indirect spend kept stable vs last year, including selective investments in commercial and R&D
- **Free cash flow** and **net income positive step up**
  - Improved profitability & working capital back at ~6% of sales

Business recovery translates into solid order intake and all-time-high orderbook
Profitability impacted by supply chain restrictions

DYNAMIC THROUGH THE YEAR | QUARTERLY RESULTS 4Q21

Encouraging quarterly results



Orders	4Q21	Δ vs 4Q20	Δ vs 4Q19
	288.1	**+52%**	**-2%**

Sales	4Q21	Δ vs 4Q20	Δ vs 4Q19
Entertainment	106.7	+38%	**-24%**
Enterprise	77.2	+43%	**-28%**
Healthcare	67.7	+5%	**-6%**
Group	**251.6**	**+29%**	**-21%**

Group performance 4Q21

- Orders ↑ 50% vs 4Q20; ~ vs 4Q19
- Sales ↑ 30% vs 4Q20; -20% vs 4Q19
- Orders close to prepandemic levels; sales still short but clear recovery trend in all segments
- Building orderbook in all quarters of 2021

Divisional Sales 4Q21

- Solid rebound in Entertainment & Enterprise in 4Q21 fueled by good demand but conversion still hampered
- Healthcare with a steadier 4Q sales growth, also hindered by component scarcity

RESULTS 2021 | REGIONS

AMERICAS | Orders ↑ 28%; Sales ↑ 1% (@ constant FX +7%)

- Cinema renewal wave & ProAv (events) investments still soft; orders picking up in fixed install
- Start-stop lockdowns weigh on investments for Meeting Experience; Large videowall registers growth-based progress throughout the year and large-size deployments in 2H21
- Strong order intake in Healthcare but with main deployments to come in 2022

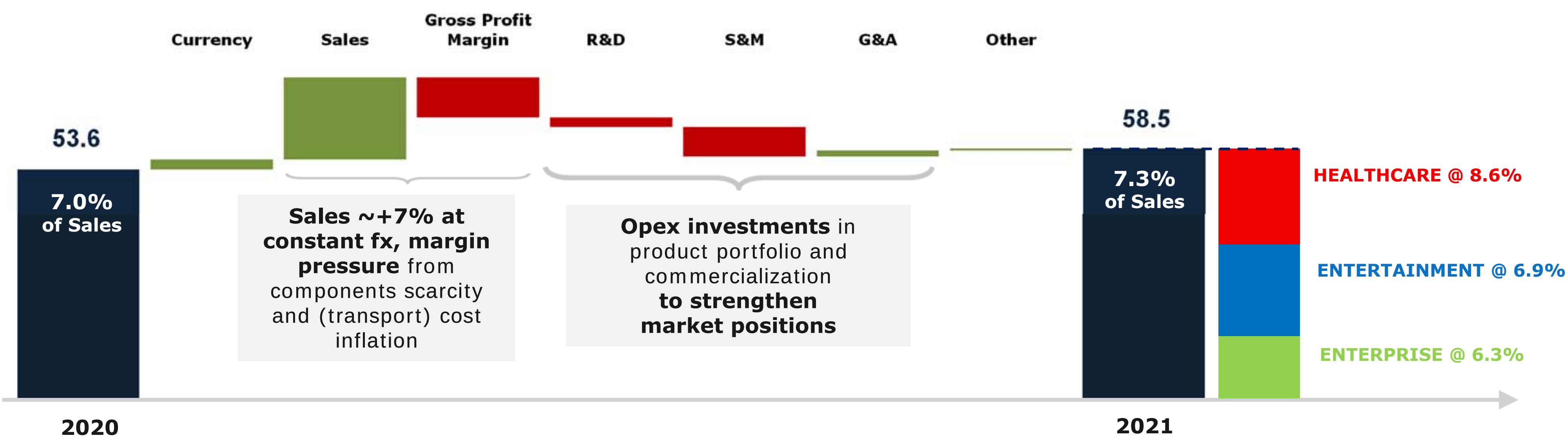
EMEA | Orders ↑ 37%; Sales ↑ 9%

- Cinema renewal programs & investment in Events pushed out; strong pick-up in fixed install business in orders and sales
- ClickShare demand is up y-o-y but sill hampered by intermittent lockdowns; Large videowalls facing deployment delays but reports solid 2H order intake
- Healthcare spending priorities lead to timing effect on upgrade programs for Surgical & Diagnostics

ASIA PACIFIC | Orders ↑ 27%; Sales ↑ 3%

- China Entertainment (Cinema & IX) recovering well in 2021; rest of APAC slower but orders start to signal healthy recovery
- ClickShare investments still slow with intermittent ‘back to office’ disruptions
- Healthcare business soft by government hospital budget resetting delivery schedules

EBITDA MARGIN @ 7.3% | GROUP RESULTS 2021



Sales growth and gross margins impacted by lockdowns & product availability

Steady investments in product portfolio and commercialization to strengthen market position

NET INCOME BACK TO POSITIVE
€ 9m (from € -4.4.m in 2020)

(in millions of euro)	2021	2020	Δ
EBITDA	**58.5**	**53.6**	**4.9**
% Sales Change (ppts)	7.3%	7.0%	*0.3*
Depreciations & amortizations	(39.1)	(43.4)	4.2
Restructuring & impairments	(6.4)	(14.5)	8.1
EBIT	**13.0**	**(4.3)**	**17.3**
Interest and taxes	(3.2)	(0.1)	(3.1)
Share in the result of joint ventures & associates	0.0	(0.3)	0.3
Non-controlling interest	(0.9)	0.3	(1.2)
Net income/(loss)	**8.9**	**(4.4)**	**13.3**
Earnings per share	0.10	(0.05)	0.15

- Lower amortizations linked to acquired intangibles
- Restructuring & impairments linked to:
  - Diverse indirect cost resets (both in '20 and 2H21), keeping cost level at ~17% below 2019

- EBIT @ 13m vs -4m in 2020
- Taxes @ 18% (vs net zero tax cost in '20)
- Cinionic net result again positive (vs break even in '20)

CASH FLOW & BALANCE SHEET

Strong cash flow generation, working capital under control

- 2021 **Free cash flow € 78m** (vs € -36m in 2020)
  - Gross operating cash flow at € 51m, net after € 8m pay-outs restructuring
  - **Working capital 5.8% of sales (from 11% in 2020)**
    - DSO @ 56 days, improved 11 days vs year-end ‘20
    - Inventory ~ year-end ’20, raw materials ↑ , finished goods ↓
    - Turns at 2.4 (vs 2.3 at year-end ‘20)
    - Payables ↑ linked to raw material purchases, DPO at 62 days
  - **Capex step up** linked to China footprint (Suzhou factory for Healthcare)
- **ROCE** @ 4% (vs 3% in 2020)
- **Net cash** @ € 310m
  - ↑ € 135m vs end 2019: FCF, sale minority investment position, minus dividend

DSO and DPO calculated based on sales/purchases of 4Q21

NON-FINANCIAL PERFORMANCE METRICS

PLANET

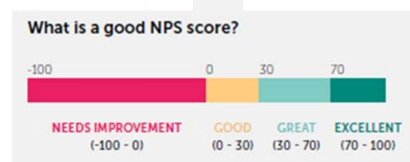
	FY19	FY20	FY21	Change
% Revenues from ECO labelled products	-	26%	**31%**	+5 ppts
CO^2 emissions reduction vs 2015	-20%	-34%	**-33%**	-1 ppts

- Solid increase of ECO-labelled revenues fueled by more and more ECO-labelled product releases
- Footprint reduction **temporarily stalled** (-33% reduction vs baseline 2015) due to mix:
  - ↑ **logistics emissions** (supply chain constraints)
  - ↓ **mobility** (travel & fuel emissions reflecting lockdowns & travel restrictions)

PEOPLE

	FY21
Employee NPS (eNPS)	**38.5**

- **Employee net promotor starts with 38.5 score,** breeding into the “great” category



COMMUNITIES

	FY20	FY21	Change
Customer NPS	47	**47**	0

- **Customer NPS** at par with last year & solidifying outcome (responses ↑↑) and actionable

DIVISIONAL UPDATE

RESULTS 2021

ENTERTAINMENT

Markets unlock but with limitations, back-to-normal investments only as of 2H22

(in millions of euro)		2021	Δ 2020
Orders		386.6	43.9%
Sales		309.7	6.3%
EBITDA		**21.5**	**21.2**
% Sales	Change (ppts)	6.9%	6.8

- 4Q21 orders and sales passing pre-covid 1Q20 levels; building orderbook, on strength of continued uptakes in both segments
- EBITDA (margin) up from breakeven in FY20 with improved gross profit margins and lower indirect spend
- Managing emerging components risks to accelerate orders to sales conversion in 2022

Cinema

- **Cinema industry rebounds for real in 2H21 with re-openings and strong movie slate**
- **China expansion** continues and remains strong
- **Varied growth rates in rest of the world** in 2021
  - New build deployment in selected regions
  - Major replacement programs pushed out
  - Retrofit programs start to kick in; premium experience gains traction (IMAX, CGS)

Immersive Exp. (V&H)

- **Events:** still slow with prolonged lockdown measures ww
- **ProAV:** strong and global resumption of activity in digital immersive art and fixed installs; China back to normal; commercial focus and value prop yields results
- **Simulation** expanding value prop and building orderbook with reference customers but slow conversion to sales

ENTERPRISE

Lockdowns delay back-to-office and project execution

(in millions of euro)	2021	Δ 2020
Orders	262.4	*21.9%*
Sales	233.1	*7.5%*
EBITDA	**14.6**	***(3.6)***
% Sales *Change (ppts)*	6.3%	*-2.1*

- Gradual resumption of order growth with a strong 2nd half order intake in both business segments
- EBITDA margin down (-2.1ppts), lower gross profit margins
- Slow but steady expansion of weConnect Virtual Classroom install base (business schools & corporates)

Meeting Exp. (Corporate)

- Growing **adoption for wireless conferencing** & growth correlates with back-to-office dynamics
- ClickShare **recovery is led by strong growth in EMEA**, slower growth in the Americas (US) and Asia lagging (lockdowns)
- ClickShare now in nearly **1 million meeting rooms**
- ClickShare conference @ 45% of ClickShare sales (4Q21 - volume)

Large Videowalls (Control Rooms)

- Overall markets resilient, delays in corporate projects due to site access and component shortage but with healthy rebound in 4Q21
- Significant pick-up in Americas, reflecting share gain; reboot needed in China
- **Expanded value proposition** (triple play and software) shows value-add & strengthens competitive position; service propositions driving growth
- Profitability still lagging

HEALTHCARE

Rebound in hospital investment plans; conversion to sales hampered by components scarcity

(in millions of euro)		2021	Δ 2020
Orders		329.8	*25.8%*
Sales		261.5	*-0.1%*
EBITDA		**22.4**	***(12.6)***
% Sales	*Change (ppts)*	8.6%	*-4.8*

- **Markets** opening up and **growing** with normalization of hospital budget allocation + catch-up of postponed projects, translating in strong orderbook growth
- **China healthcare market** further expanding in both diagnostic & surgical and finishing new Suzhou factory
- EBITDA margin down mainly on higher component/freight costs

Diagnostic

- **Orders strong** (+20%) on intensified long-term demand for Diagnostics solutions (led by NA)
- **Sales slightly down** deployments impacted by prolonged effects of the pandemic
- **Renewing and expanding portfolio** including new pathology display**,** collaboration enabled displays and remote fleet optimization solutions

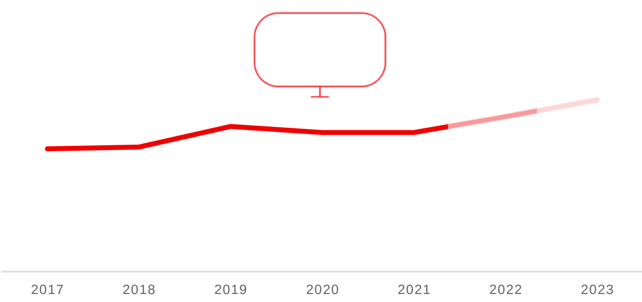
Surgical & Modality

- Digital & integrated operating rooms market expanding
- Surgical **broadening the partner base** and growing business with strategic partners, resulting in very **solid order intake**
- **Modest sales growth** as hospitals are still somewhat hampered to move towards normalized operations and investments
- Expanding share of wallet with launch of NexxisLive platform

OUTLOOK & CLOSING

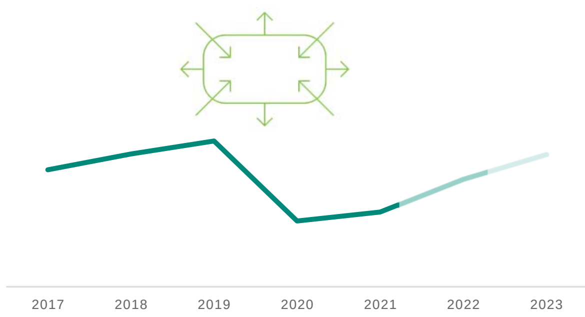
LOOKING BACK & FORWARD

HEALTHCARE



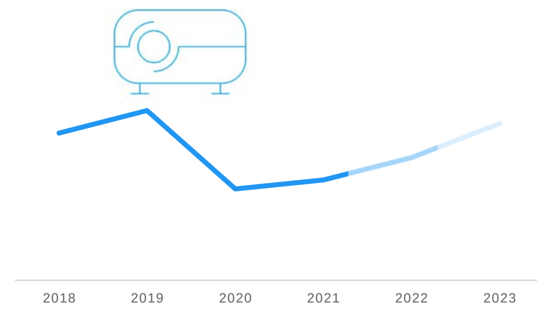
- ✓ Hospital budget allocations back to normal
- ✓ Upscaling elective surgery
- ✓ Mammo radiology back to normal
- ✓ Digitization OR to expand
- ✓ Building awareness & channel around Demetra

ENTERPRISE



- ✓ Back to office to gradually kick in for real
- ✓ Hybrid collaboration as norm
- ✓ Continued investments in control & monitoring
- ✓ Remote learning investments to accelerate

ENTERTAINMENT



- ✓ Cinema to further expand with new builds (MEA, China, Latam)
- ✓ Renewal wave (EMEA, US) to only gradually kick in as of 2H22
- ✓ Events to reignite as of mid ‘22

Healthcare on a steady growth track year-over-year;
Enterprise & Entertainment eyeing accelerated recovery in 2022-2023

STRATEGIC OBJECTIVES 2022

The covid pandemic revealed weaknesses and brings clear opportunities

Complex organization
- Slow decision making
- Limited end-to-end accountability
- Competing centers of power

Simplify organizational structure, enabling **strong entrepreneurial dynamics**

Increase the organizational **efficiency**; a more agile and customer focused organization

Increase **end-to-end responsibility** and **accountability**

Operational excellence & organizational effectiveness

Unbalanced R&D investment portfolio
- Too much maintenance R&D vs new growth
- Skew on lower margin solutions
- Missing core technologies

Rebalance R&D investment portfolio ; Make choices

More effective & new growth development

Value chain not fully leveraged
- Manufacturing capability not leveraged as a differentiating capability
- Insufficient design for manufacturing

Drive for operational excellence, incl extensive automation & design for manufacturing

More effective & new growth development

Fragile supply chain
- High component dependency for selected product lines
- Limited control over the upstream value chain
- Untapped competitive differentiation potential

Strengthen position in the upstream **value chain**

Investing in **increased manufacturing footprint**

Stronger value chain & harnessed supply chain

Insufficient China-presence
- Not (fully) tapping into the growth opportunity
- Local supply chain opportunities

Seizing the **China opportunity** with stronger local presence

Expanded geographical playing field

Strategy execution

- Organization redesign reflecting benefits in customer responsiveness and team benefits
- Leverage new organization focus; sustain operational & commercial efficiency
- Capture growth in recovering markets & expand market share
- Accelerate China capabilities in Healthcare and Entertainment: Suzhou & Wuxi
- Further rebalance R&D investment portfolio and strengthen next generation growth foundation
- Expand manufacturing footprint and increase differentiation potential
- Integrate sustainability

OUTLOOK 1H 2022

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

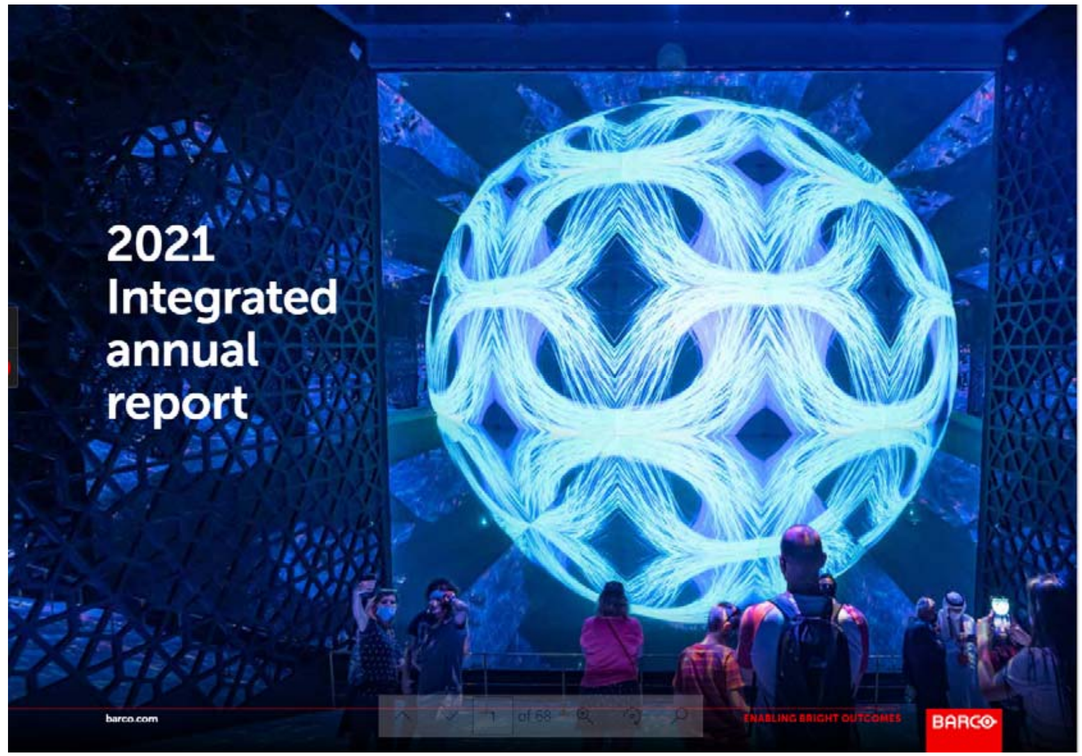
- For the first half of 2022, and assuming no further deterioration of the supply chain constraints, management expects sales to increase approximately 20% compared to 1H21. EBITDA margin for the first half is expected to be higher than the full year 2021 EBITDA margin, reflecting gradually improving gross profit margin and operating leverage on higher sales.

- The company is not providing a full year outlook for 2022 as visibility for the year is currently limited and business conditions may change substantially over the year.

DIVIDEND 2021

“The Board of Directors will propose to the General Assembly to increase the dividend from 0.378 euro a year ago to **0.40 euro per share** to be paid out in 2022, a 5% increase.
In line with last year, Barco’s shareholders will be offered the **choice between payment in cash or dividend in shares**, enabling Barco’s shareholders to reinvest in the company.”

Q&A


2021
Integrated
annual
report
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ENABLING BRIGHT OUTCOMES

STAY TUNED

Financial calendar 2022

Thursday 21 April	Trading update 1Q22
Thursday 28 April	Annual general shareholders meeting
Tuesday 19 July	Announcement results 1H22
Thursday 8 September	Capital Markets Day
Wednesday 19 October	Trading update 3Q22

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

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