RESULTS 2019

Solid topline growth;
Sustained profitability improvement in all divisions

Jan De Witte & Ann Desender
13 February 2020
**Pro forma comparison**

To present comparable data 2018 versus 2019, 2018 figures for orderbook, orders and sales are presented on a pro forma basis assuming the deconsolidation of the BarcoCFG joint venture had taken place on 1 January 2018. Other metrics such as Gross Profit, EBITDA, EBIT and related margins are not restated as the impact of the deconsolidation is not material.

Overview of reported and pro forma figures for the prior quarters can be found in the press release or in the annual report.

**Safe harbor statement**

This press release 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 in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this presentation in light of new information, future events or otherwise.

Barco disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by Barco.

**Glossary**

All definitions for Alternative Performance Measures (APM’s) are available in the Glossary of the Annual Report and on the investor portal (www.barco.com/en/about-barco/investors)
Topline growth of 9.5%, in part helped by FX
Business momentum with Cinema renewal, continued ClickShare expansion and solid growth in Surgery and Diagnostic Imaging business

EBITDA margin 2ppts up to 14.1%
Operating leverage on topline growth
Margin accretion across divisions

Net income of € 95m, up 27% & free cash flow of € 89m
Improved operating results, working capital controlled

Delivering profitable growth | Embedding efficiency culture
Solid performance on all KPI’s | Delivering profitable growth and cash flow

FINANCIAL HIGHLIGHTS | GROUP RESULTS 2019

- **Strong orders** growth in all divisions and regions
  - Order book @ € 322.3m; ↑ 6% yoy

- Robust **sales** growth
  - ↑ in all divisions and all regions
  - ↑ 6.4% in constant currencies (mainly USD)

- **Profitability** ↑↑ in all divisions
  - Operating leverage on topline growth, opex on sales improved 2ppts, net after ‘fit-to-lead’ redeployments
  - Gross profit margin ↓ 0.5ppts due to cost of quality (factory transfers/product ramp ups)

- Significant improvement of **free cash flow**, to 8.2% of sales

- **Earning per share at € 7.51**, up 26%

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### FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th>Orders*</th>
<th>€ 1,102.2m</th>
<th>vs. 2018</th>
<th>+9.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales*</td>
<td>€ 1,082.6m</td>
<td>+9.5%</td>
<td></td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>39.7%</td>
<td>-0.5ppts</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>EBITDA % of Sales</th>
<th>14.1%</th>
<th>+2.0ppts</th>
</tr>
</thead>
<tbody>
<tr>
<td>In euro</td>
<td>€ 153.0m</td>
<td>+28.6m</td>
</tr>
</tbody>
</table>

| Free Cash Flow | € 88.7m | +25.5m |
| Net Income | € 95.4m | +20.4m |
| EPS | € 7.51 / Share | +1.53 |

*Orders and Sales 2018 restated for deconsolidation BarcoCFG
RESULTS 2019 | REGIONS

**AMERICAS | ORDERS +14% | SALES +15%**

**DOUBLE DIGIT TOPLINE GROWTH FUELLED BY CINEMA REPLACEMENT WAVE**

- Partly helped by FX tailwind
- Cinema propelling the growth; V&H recovering in 2H
- Corporate showing good momentum
- Surgical & Diagnostic pulling growth in Healthcare

**EMEA | ORDERS +6% | SALES +9%**

**SOLID MOMENTUM ACROSS DIVISIONS**

- Cinema growth over the year and V&H back to growth in 2H
- Continued good growth in Corporate
- Growth in both Diagnostic and Surgical activities

**ASIA PACIFIC | ORDERS +8% | SALES +1%**

**GOOD HEALTHCARE GROWTH IN CHINA ; MIXED RESULTS IN APAC**

- APAC region impacted by economic/political slow downs but orders show improvement
- Softer China cinema results but growth in APAC; V&H strong in China
- Incremental growth for Corporate in China; Control Rooms weaker 2H
- Healthcare growth in China yielding from local go-to-market investments
GROUP EBITDA @ 14.1% | + € 29M, +2PPTS

Stepping up profitability on high-single digit growth and OPEX efficiency
NET INCOME + € 20M YOY

- Steady improved operating results
  - EBITDA up 2ppt to 14.1%
  - EBIT up 1.5ppt to 10.2%
  - Higher depreciations, impact new accounting standard on leasing

- No ‘non-recurring’ results

- Effective tax rate @ 18% (vs 17.7% in ‘18)

- Non-controlling interest
  - 2019: 45% on Cinionic net result

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>Δ 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>153.0</td>
<td>124.5</td>
<td>28.6</td>
</tr>
<tr>
<td>% Sales Change (ppts)</td>
<td>14.1%</td>
<td>12.1%</td>
<td>2.0</td>
</tr>
<tr>
<td>Depreciations &amp; amortizations</td>
<td>(43.0)</td>
<td>(34.5)</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Gain on sale 9% shares in BarcoCFG</td>
<td>0.0</td>
<td>16.4</td>
<td>(16.4)</td>
</tr>
<tr>
<td>Restructuring &amp; impairments</td>
<td>0.0</td>
<td>(17.0)</td>
<td>17.0</td>
</tr>
<tr>
<td>EBIT</td>
<td>110.0</td>
<td>89.4</td>
<td>11.7</td>
</tr>
<tr>
<td>% Sales Change (ppts)</td>
<td>10.2%</td>
<td>8.7%</td>
<td>1.5</td>
</tr>
<tr>
<td>Interest income/(expense) net</td>
<td>5.8</td>
<td>4.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(20.8)</td>
<td>(16.6)</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Share in the result of joint ventures &amp; associates</td>
<td>1.6</td>
<td>0.2</td>
<td>1.4</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(1.2)</td>
<td>(2.3)</td>
<td>1.2</td>
</tr>
<tr>
<td>Net income</td>
<td>95.4</td>
<td>75.0</td>
<td>20.4</td>
</tr>
<tr>
<td>% Sales Change (ppts)</td>
<td>8.8%</td>
<td>7.3%</td>
<td>1.5</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>7.51</td>
<td>5.98</td>
<td>1.53</td>
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Net income accretion fueled by improved operating results
CASH FLOW & BALANCE SHEET

- **Solid € 88.7m free cash flow** generation, **8.2% on sales**, ↑ € 26m yoy

- Gross operating cash flow € 140m, net after restructuring pay-out

- **Net working capital at 3% of sales**
  - Inventory turns @ 3.2 (vs 3.8), inventory build-up for launches
  - DSO @ 55 days (↑ 3 days); DPO @ 71 days (↑ 12 days), both longer payment terms

- ROCE @ 25% (↑ 2ppts)

- **Net cash direct available @ € 253m, ~ yoy,**
  - Net after dividend, investment caresyntax® & Unilumin and impact new accounting standard on leasing
  - Reported cash € 329.4m, including net cash Cinionic

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Step-up gross operating cash flow while keeping working capital under control
DIVISIONAL RESULTS 2019
ENTERTAINMENT
Cinema renewal wave confirmed, V&H back to growth in 2H

Market

- Cinema 2019 marks the start of the renewal wave
  - Expansion opportunity remains material, but ↓ in the coming years (opportunities in China, India, APAC & LATAM ; both lamp & laser)
  - Renewal opportunity: EMEA & US ↑↑ : first large replacement programs awarded ; laser ↑
- ProAv/Events market converting to laser and expanding in China ; Simulation market picking up after a slower 2018

Orders & Sales

- Cinema sales growing dd: important multiplex wins and higher ASP in EMEA & Americas largely offsetting decrease in China ; good for 58% of divisional revenues
- ProAv/Events expanding customer base and capturing share with solid product portfolio ; Simulation growing with extended customer base

Profitability

- EBITDA margin @ 9.5% showing solid improvement mainly from operating leverage effect

Business update

- Securing cinema technology leadership position with launch of Series 4 laser-cinema platform
- Strengthening market share in Cinema renewals with laser further gaining traction
- Sharper focus on themed entertainment (ProAv/Events) ; expanding the portfolio with a new compact laser projector (UDM) ; channels picking up globally ; China showing momentum in 2019

*2018: 1H18 Orders and Sales pro forma, restated for deconsolidation BarcoCFG
ENTERPRISE
Sustained profitable growth for Corporate ; Control Rooms progresses on turnaround path

<table>
<thead>
<tr>
<th>Market</th>
<th>Orders &amp; Sales</th>
<th>Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ <strong>Wireless</strong> presentation market still shows double digit growth dynamics while further maturing</td>
<td>▪ <strong>Corporate</strong> continues dd growth track ... further strengthening global GTM ... 58% of divisional sales</td>
<td>▪ Corporate continued strong performance ... while investing in new category products</td>
</tr>
<tr>
<td>▪ Large videowall market opening up for different technologies: <strong>rear projection cube market</strong> opportunity ↓ but consolidating ; new opportunities with LCD &amp; LED technology</td>
<td>▪ <strong>Control Rooms</strong> ↑ full year based on strong 1H19, with UniSee tapping into market adjacencies</td>
<td>▪ Control Rooms improved to break-even with increased gross profit margin and reduced operating expenses</td>
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**Orders & Sales**
- **Corporate** continues dd growth track ... further strengthening global GTM ... 58% of divisional sales
- **Control Rooms** ↑ full year based on strong 1H19, with UniSee tapping into market adjacencies

**Profitability**
- **Corporate** continued strong performance ... while investing in new category products
- **Control Rooms** improved to break-even with increased gross profit margin and reduced operating expenses

**Business update**
- Continued market leadership in **wireless presentation** confirmed: +720,000 meeting rooms equipped with ClickShare
- Renewed ISO 27001 certification for ClickShare
- Further expanding the portfolio with new category product "**ClickShare Conference**"
- Strengthening video-wall proposition introducing triple play technology (LCD (UniSee) + rear-projection cubes + LED (Unilumin))

<table>
<thead>
<tr>
<th>(in millions of euro)</th>
<th>2019</th>
<th>Δ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>350.9</td>
<td>4.5%</td>
</tr>
<tr>
<td>Sales</td>
<td>358.7</td>
<td>7.1%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>74.0</td>
<td>13.1</td>
</tr>
<tr>
<td>% Sales Change (ppts)</td>
<td>20.6</td>
<td>2.4</td>
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HEALTHCARE
Strong in both Surgical and Diagnostic; expanding in China

Market
- **Diagnostics stable** in traditional markets; growth **in China**
- **Digital transition in surgical** becoming the norm ... also competitors and partners starting to push digital opportunity
- ↑ trends in **China** in all Healthcare segments ... being local key condition to capture share
- **Consolidation** and **price pressure** continue in mature product categories ... while new categories like robotics start to emerge

Orders & Sales
- **Diagnostics and modality** with solid growth in North-America, Western Europe, and China
- **Surgical**: Nexxis 2.0 drives expansion and deepening sales reach

Profitability
- EBITDA margin @ **13.3%**
  - Mainly driven by operating leverage on higher sales
  - Continued investments in growth initiatives (incubators and China)

Business update
- Strengthening market leadership in **Diagnostics** with new 4 and 6MP diagnostic imaging platforms
- Further progress in adding major US integrators for Surgical; teaming up caresyntax®
- **In Country for Country**: Suzhou (Product management, R&D and production) now operational and beginning to generate volume gains in China
- Demetra-**incubator** launched in test-markets and FDA clearance for US-market

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<th></th>
<th>2019</th>
<th>Δ 2018</th>
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<tbody>
<tr>
<td>Orders</td>
<td>260.2</td>
<td>1.3%</td>
</tr>
<tr>
<td>Sales</td>
<td>268.8</td>
<td>9.7%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>35.7</td>
<td>5.0</td>
</tr>
<tr>
<td>% Sales</td>
<td>Change (pts)</td>
<td>13.3%</td>
</tr>
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OUTLOOK & STRATEGIC FOCUS 2020

Sustained growth momentum with efficiency focus, while expanding ‘outcomes’ capabilities
OUTLOOK 2020

For 2020, and assuming currencies remain at 2019 average levels, management expects a **mid+ single digit topline** growth and an **improvement in EBITDA margin toward 15%**

- Outlook takes into consideration anticipated softer demand in China Entertainment market in 2020, as a result of the Covid-19 virus outbreak and assumes that factory and logistics restrictions are lifted and resolved by end of February

- Considering some timing effect as a result of the Covid-19 virus outbreak and ClickShare Conference launch dynamic effects, management expects the full year growth to be more pronounced in the 2nd half than the 1st half of 2020

“In 2020, we plan to remain focused on capturing the growth opportunities in our markets with a more competitive Barco, while continuing to invest in capabilities to grow into an outcome-based solutions business that leverages hardware, software and services capabilities. Our performance in 2019 and goals for 2020 keep us on our sustainable profitable growth path.”

Quote of the CEO, Jan De Witte
COVID-19 VIRUS | STATUS AND POTENTIAL IMPACT
Update Wednesday 12 Feb 2020

▪ Our people and operations in China
  ◦ Tracking each employee and managing when people can get back to work. No Barco employees (330+) infected at this moment, 5 in Hubei province quarantine
  ◦ Barco factories in Beijing and Shanghai/Suzhou area resumed operations in week of Feb 10. Sufficient personal protective materials and supporting measures in place to maintain a safe working environment
  ◦ No travel of Barco employees to and from China until further notice
  ◦ Mainly “In China for China”: potential delays remain limited to our Chinese business

▪ Our supply chain
  ◦ Asia supplies and logistics see interruptions, projected to ‘normalize’ over next 3 weeks. This may result in delayed deliveries for some specific product lines

▪ Our commercial activities and outlook
  ◦ Expecting impact on China entertainment market investments in 2020, resulting from revenue losses in 1H; Impact for Healthcare and Enterprise segments expected to remain limited
  ◦ International business: no material impacts expected beyond delivery delays (from Q1 to Q2/Q3) provided supply chains normalize by early March
It remains Barco’s objective to generate consistent dividend growth for its shareholders. The Board of Directors will therefore propose to the General Assembly to increase the dividend from € 2.30 to **€ 2.65 per share** to be paid out in 2020, supported by the available cash proceeds in the company.

The Board of Directors will also propose to its shareholders a **stock split** in order to enhance accessibility of the Barco share. The proposed transaction involves each existing share being split into 7 new shares and the target date is to trade the new stock as of 1 June 2020.
BARCO STRATEGY | SHAPING BARCO TO BE INDUSTRY LEADER

Chapter 1
Focus to Perform / Say.Do

Chapter 2
Profitable Growth / Build out our value stack

Chapter 3
Sustained growth and EBITDA% accretion with HW + SW + Svc /SaaS business models

2016–’18

2019–’22

‘23 beyond

... we’re into Chapter 2 now

... and working to deliver on our mid-term outlook with mid+ single digit organic annual growth and margin progress towards the upper end of the 14-17% target for 2022
Capture growth acceleration potential
- Regional capability and empowerment
- Sales force and channel effectiveness, and tools
- Capture share with portfolio NPIs

Expand In China For China capability
- Build out R&D and manufacturing capacity for Healthcare
- Strengthen Control Rooms and V&H commercial ambition
- Strengthen China-ready portfolio e.g. ClickShare

Build out Outcomes capabilities
- Develop marketing and product mgt skills
- Build out software and digital business capabilities
- Step up services and commercial excellence

Lock-in innovation & performance
- Culture rejuvenation and talent management
- Improve innovation & incubation rhythms; protect IP
- Sustainability in products & business model
THANK YOU!