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RESULTS 2019

**Solid topline growth ;
Sustained profitability improvement in all divisions**

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13 February 2020

RESULTS 2019 | PRELIMINARY NOTES

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.

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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)

BARCO GROUP RESULTS 2019 | EXECUTIVE SUMMARY



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

FINANCIAL HIGHLIGHTS | GROUP RESULTS 2019

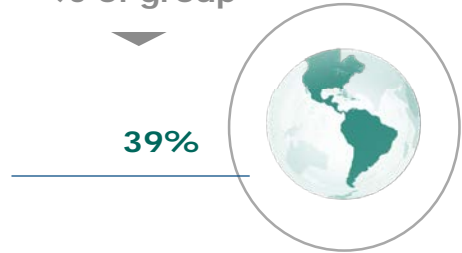
Orders*	€ 1,102.2m	vs. 2018 ▲ +9.8%
Sales*	€ 1,082.6m	▲ +9.5%
Gross Profit Margin	39.7%	▼ -0.5ppts
EBITDA		
% of Sales	14.1%	▲ +2.0ppts
In euro	€ 153.0m	▲ +28.6m
Free Cash Flow	€ 88.7m	▲ +25.5m
Net Income	€ 95.4m	▲ +20.4m
EPS	€ 7.51 / Share	▲ +1.53
*Orders and Sales 2018 restated for deconsolidation BarcoCFG		

- **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%

Solid performance on all KPI's | Delivering profitable growth and cash flow

RESULTS 2019 | REGIONS

SALES
% of group



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

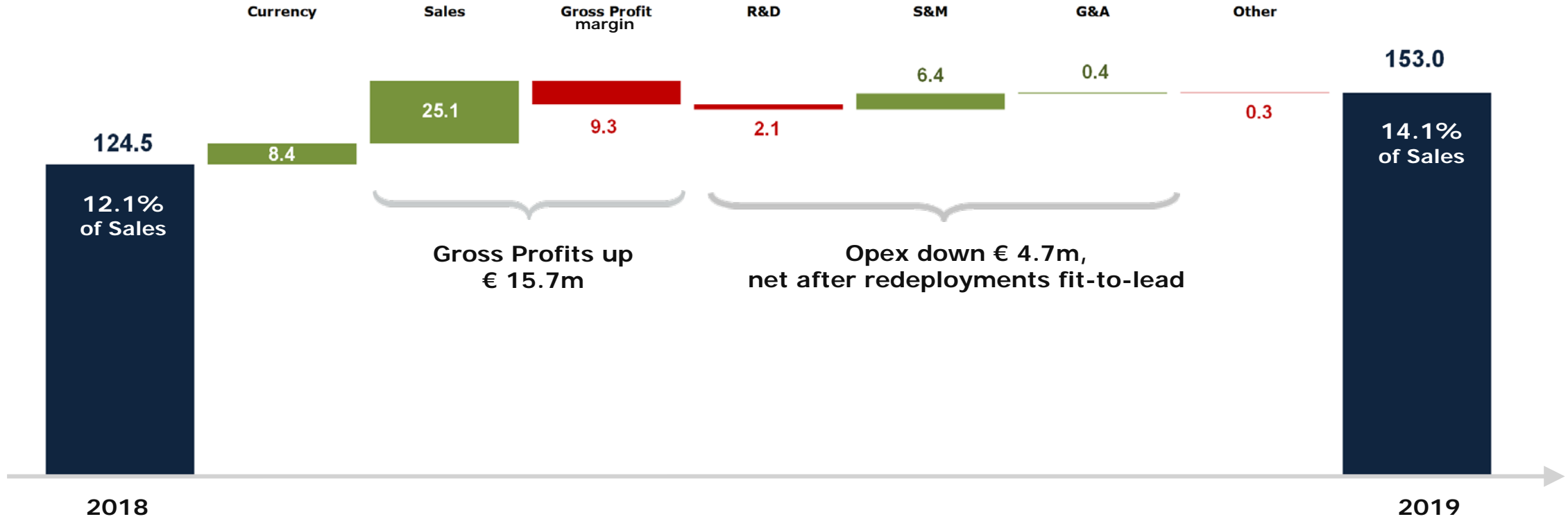
- Cinema growth over the year and V&H back to growth in 2H
- Continued good growth in Corporate
- Growth in both Diagnostic and Surgical activities

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

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

- **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

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

Step-up gross operating cash flow while keeping working capital under control

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DIVISIONAL RESULTS 2019

ENTERTAINMENT

Cinema renewal wave confirmed, V&H back to growth in 2H

(in millions of euro)	2019	Δ 2018*
Orders	491.0	19.4%
Sales	455.1	11.3%
EBITDA	43.3	10.5
% Sales	9.5%	2.2
	<i>Change (ppts)</i>	

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

ENTERPRISE

Sustained profitable growth for Corporate ; Control Rooms progresses on turnaround path

(in millions of euro)	2019	Δ 2018
Orders	350.9	4.5%
Sales	358.7	7.1%
EBITDA	74.0	13.1
% Sales	Change (ppts)	20.6%
		2.4

Market

- **Wireless** presentation market still shows double digit growth dynamics while further maturing
- **Large videowall market** opening up for different technologies: **rear projection cube market** opportunity ↓ but consolidating ; new opportunities with **LCD & LED technology**

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

EBITDA margin @ 21%

- **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))

HEALTHCARE

Strong in both Surgical and Diagnostic ; expanding in China

(in millions of euro)	2019	Δ 2018
Orders	260.2	1.3%
Sales	268.8	9.7%
EBITDA	35.7	5.0
% Sales	Change (pts)	13.3%
		0.8

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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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

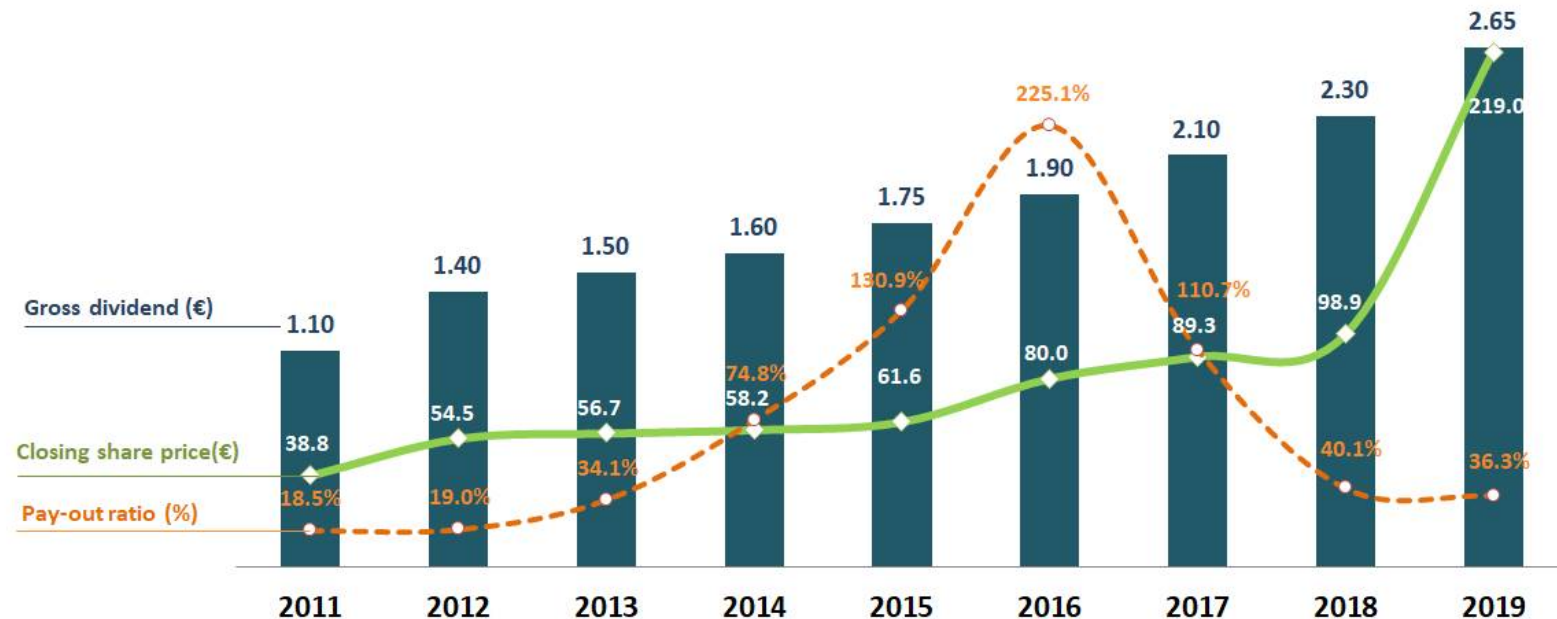
▪ Our commercial activities and outlook

- 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

PROPOSED DIVIDEND 2020 AND SHARE SPLIT

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.

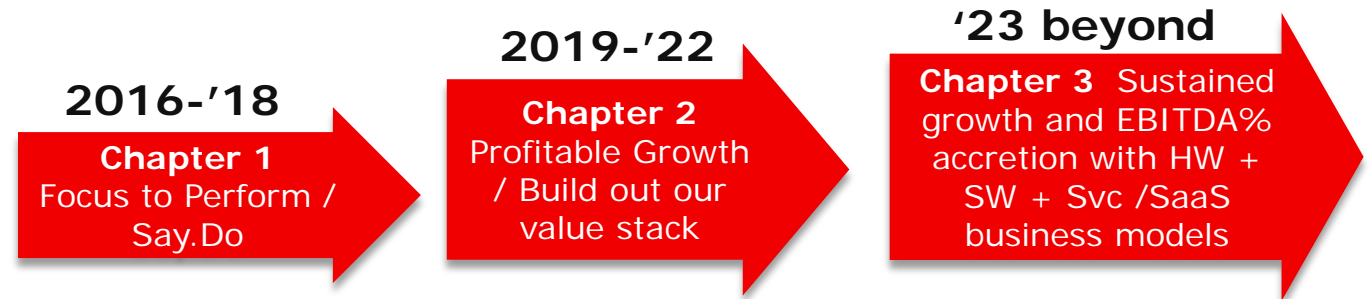
The Board of Directors will also propose to its shareholders a **stock split** in order to enhance accessibility of the Barco share. The proposed transaction involves each existing share being split into 7 new shares and the target date is to trade the new stock as of 1 June 2020.



BARCO STRATEGY | SHAPING BARCO TO BE INDUSTRY LEADER



Living our DNA



... 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



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Q&A

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THANK YOU !