Shape

RESULTS 1H19

Healthy growth and continued profit improvement

Jan De Witte & Ann Desender

18 July 2019

RESULTS 1H19 | PRELIMINARY NOTES

Pro forma comparison

To present comparable data 1H19 versus 1H18, 1H18 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 January 1, 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 and/or 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 press release 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 half year/annual report and on the investor portal.

RESULTS 1H19 | EXECUTIVE SUMMARY

8.3% topline growth

- In constant currencies +4.5% … building order book
- Growth accross all divisions, fuelled by Cinema, ClickShare, Control Rooms & Surgical

EBITDA margin +3.3ppts to 13.6%

- Margin accretion and operational leverage across the board
- Confirming turnaround in Control Rooms

Net income of € 43m, up 58% and free cash flow of € 42m

- Improved operating results and no impairments
- Good cash generation

Solid first semester on all metrics | delivering profitable growth and cash flow

FINANCIAL HIGHLIGHTS | RESULTS 1H19

Topline growth and profitability up, working capital actions drive cash generation

		vs. 1H18
Orders*	€ 533.8m	+7.5%
Sales*	€ 496.4m	+8.3%
Gross Profit Margin	40.5%	+1.8ppts
EBITDA % of Sales	13.6%	+3.3ppts
EBITDA In euro	€ 67.6m	+16.1m
Free Cash Flow	€ 41.6m	+45.6m
Net Income	€ 43.1m	+15.8m
EPS	€ 3.44 / Share	+1.24

*Orders and Sales 2018 restated for deconsolidation BarcoCFG

- Solid **orders** & **sales growth**
  - Orders growth @ constant currencies ↑ 4.1%
  - Sales growth @ constant currencies ↑ 4.5%
  - Building order book, € 344m, +€ 40m vs YE18
- Further **gross profit margin** accretion ↑ 1.8ppts
- 'Fit to Lead' **indirect spend** … ↓ 2.3% yoy
- **EBITDA @13.6%** of sales, ↑ 3.3ppts yoy
  - EBITDA margin improvement in all divisions
  - Control Rooms turnaround main contributor to yoy upswing
- **Free cash flow @ € 41.6m** vs last year's -€ 4m, working capital improvements across divisions

RESULTS 1H19 | REGIONS

Solid order growth for APAC & EMEA ; Sales growth led by EMEA & AMERICAS

SALES
% of group

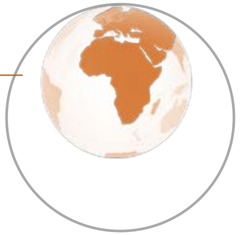
40%

AMERICAS | Orders ↑ 2% ; Sales ↑ 9%

SOLID GROWTH IN SALES, PARTIALLY HELPED BY FX

- Strong step up in Cinema ; working on stronger product portfolio for ProAV/Events
- Channel expansion drives solid growth for Control Rooms & ClickShare
- Healthcare down in orders (vs strong comp base), up in sales

38%



EMEA | Orders ↑ 12% ; Sales ↑ 10%

SOLID MOMENTUM

- Cinema up on renewal and MEA opportunities
- V&H stable … offsetting declines from Events cycle with growth with LED projects
- Growth turnarounds in Control Rooms & continued strong growth for ClickShare
- Good growth in Healthcare, led by surgical

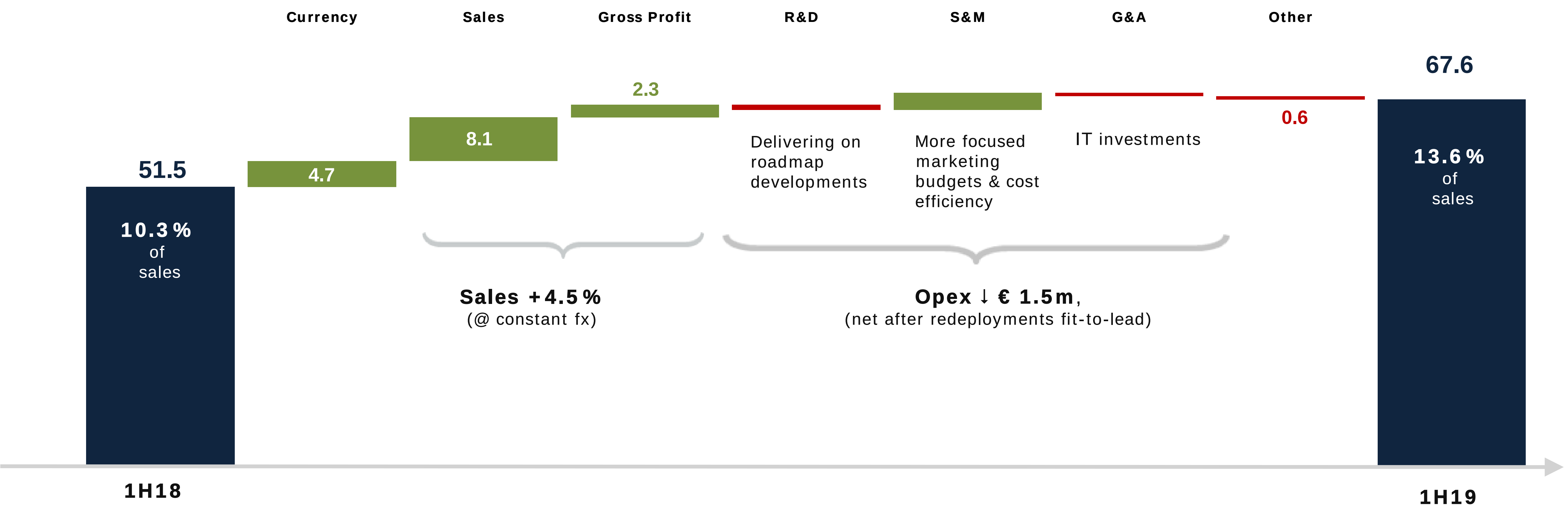
22%

ASIA PACIFIC | Orders ↑ 12% ; Sales ↑ 4%

CHINA CINEMA BOTTOMING OUT, OPPORTUNITIES ACROSS PORTFOLIO

- Cinema in China remains material while decline bottoms out ; rest of APAC showing mixed results on slower expansion and first renewal opportunities
- Enterprise steady double digit growth for both Control Rooms (UniSee) & ClickShare across APAC
- Investments in go-to-market and manufacturing capabilities for China Healthcare yielding positive results

EBITDA @ 13.6 % of sales (+€ 16.1m, +3.3ppts)



Delivering profitable growth

NET INCOME € 43m (+€ 15.8m)

Improved operating results and no impairments

		1H19	1H18	Δ 18
EBITDA		67.6	51.5	16.1
% Sales	Change (ppts)	13.6%	10.3%	3.3
Depreciations & amortizations		(19.3)	(16.6)	(2.8)
EBIT		48.2	34.9	13.3
% Sales	Change (ppts)	9.7%	7.0%	2.7
Interest income/(expense) net		2.3	2.3	0.0
Income taxes		(8.6)	(6.7)	(1.9)
Share in the result of joint ventures & associates		0.1	(0.9)	1.0
Non-controlling interest		1.0	(2.4)	3.4
Net income		43.1	27.3	15.8
% Sales	Change (ppts)	8.7%	5.5%	3.2
Earnings per share		3.44	2.20	1.24

- Improved operating results:
  - EBITDA up 3.3ppts to 13.6%
  - EBIT up 2.7ppts to 9.7%
- Higher depreciations including impact accounting change on leasing
- Effective tax rate at 17% (vs 18% in 1H18)
- Earnings per share +56%

CASH FLOW & BALANCE SHEET

Solid free cash flow across divisions, increased discipline on working capital

- ROCE @ 23%, up 5ppts vs last year

- Positive free cash flow of € 41.6m in 1H (from € -4.0m last year)
  - Gross operating cash flow € 57m, net after ~ € 10m payout of lay-off costs (restructuring announced end of last year)
  - Positive contribution of all divisions

- Net working capital staying strong @ 1.6% of sales (vs 0.2% YE18)
  - DSO @ 52 days (down 12 days vs 1H18, ~ vs YE18)
  - Inventory turns @ 3 (vs 3.1 in 1H18 and 3.8 at YE18), build-up inventories related to cinema Series 4 launch

- Direct available cash at € 217.6m
  - Net cash at € 304.7m, down € 27.3m vs YE18, including net cash in Cinionic
  - Cash inflows from positive FCF
  - Cash outflows from dividends payments, investment in caresyntax® and impact of change in accounting standard on leasing

Shape

Divisional Update

RESULTS 1H19 | EXECUTIVE SUMMARY

ENTERTAINMENT | ORDERS + 12.6% | SALES +2.7% | EBITDA 8.0%

CINEMA CAPTURING RENEWAL WAVE, MIXED MOMENTUM IN V&H

- Solid growth on sizeable uptakes for cinema in N-A & EMEA (Cinionic), building up solid order book ; securing leadership position launching innovative Series 4 and shipping more laser-based projectors
- V&H softer vs strong comp base in 1H18 with Events in N-A cyclical down and pending expansion product portfolio … Simulation back on track and extending customer base
- EBITDA margin reflecting growth in cinema offsetting some negative leverage in V&H

ENTERPRISE | ORDERS + 10.3% | SALES +16.5% | EBITDA 20.4%

TURNAROUND CONTROL ROOMS , SUSTAINED GROWTH CLICKSHARE

- Control Rooms turnaround with growth in all regions on UniSee output and yield increase
- ClickShare steady dd growth … > 600k ClickShare installs ww and investing in product roadmap
- EBITDA margin up 6.8ppts, fuelled by strong upswing in Control Rooms' profitability

HEALTHCARE | Orders -3.3% | SALES +6.8% | EBITDA 13.0%

SURGICAL GROWTH AND LEVERAGING PROFITABILITY

- Solid sales and orders growth in surgical, low to mid-single-digit sales growth in diagnostics
- R&D and manufacturing centre in Suzhou operational … GTM investments in China yielding growth
- EBITDA margin up 1.4ppts, driven by enhanced operating leverage while increasing incubators & China investments

All divisions delivering profitable growth

Shape

Outlook & Executive Focus

OUTLOOK

"Barco entered 2019 poised to resume top-line growth after a recent period of flat sales and, through solid execution, posted year-over-year sales growth and margin expansion for the first semester. We are encouraged to see that the steps we have taken to establish a stronger business foundation while investing in innovative solutions and strengthening go-to-market strategies are bearing fruit.

The combination of a growing orderbook and healthy sales funnels at the mid-year point gives us confidence that we will deliver mid to high single digit sales growth for the year and another year of EBITDA margin improvement," concluded Jan De Witte, CEO of Barco.

Quote of the CEO, Jan De Witte

Given the performance for the first half of the year – and assuming a stable global economic environment and currencies at current levels - management forecasts a full year outlook with **mid to high single digit sales growth*** for the year and with **an EBITDA margin performance in line with the first half**

*: Growth rates in management's guidance are based on comparisons to 2018 results on a pro forma basis

EXECUTIVE FOCUS 2H19

Build out capabilities and performance focus

- Sustain business- and cost-efficiencies throughout our processes and decisions
- Execute 'Fit to Lead' resource re-deployment and capability building (Software, Product Mgt/Marketing, Services)
- Sharpen organizational agility & customer centricity into our culture

Capture market growth opportunities

- Empower our strengthened regional capability and channels
- Leverage and extend China ICFC footprint for growth and innovation
- Scale up new product launches (ClickShare, projection platforms for cinema & ProAV/Events, surgery, incubators)

Focus on innovation effectiveness

- Continue leadership level investments on foundational technologies
- Pilot digital business platform in selected software propositions
- Build out value stack capabilities

Continue building our growth & performance foundation … technology and organization

Shape

Thank you