Results 1H20
Analyst & Investor call

Jan De Witte & Ann Desender

16 July 2020
Safe harbor statement

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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)
AGENDA

1. Exec Summary
2. Group Results
3. Divisional Results
4. Navigating 2020 & beyond
5. Q&A
Topline @ -18% as pandemic impacts markets
Different dynamics: severe impact April/May for Entertainment and Enterprise ... first signs of partial recovery in June; Healthcare up in 1H20

EBITDA margin @ 10% ; working capital peaking
Impactful actions to adjust cost levels to topline reality, reducing indirect expenses by 15% y-o-y
Working capital peaks on high component & finished goods inventory levels

Navigating the crisis with focus on business continuity
Leveraging lessons from China, robust end-to-end supply chain
Balancing employees safety, business continuity and responsiveness
Longer term growth opportunities remain intact, but delayed

Pandemic with varied impact throughout the business ... center of gravity in 2nd quarter
Group H1 and Q2 sales and orders drop entirely related to impact covid-19

Evolutions for the year largely as anticipated, with some pronounced effects in Q2
  - Entertainment & Enterprise severely impacted in Q2; partial offset by growth in Healthcare
  - All regions

Timing effect throughout the quarter
  - Impact started to come in latter half of March - most severe in April & May - started to lessen in June as lock-downs began to be lifted

End-to-end supply chain continued to operate without major disruptions, though higher transportation costs and inventories

<table>
<thead>
<tr>
<th>Division/Segment</th>
<th>Assumed Impact FY20</th>
<th>2Q20 vs 2Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entertainment</strong></td>
<td>Material negative</td>
<td>-44%</td>
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<tr>
<td>Cinema</td>
<td>Material neg</td>
<td>--</td>
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<tr>
<td>Replacement</td>
<td>Material neg</td>
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<tr>
<td>New builds</td>
<td>Med neg</td>
<td>-</td>
</tr>
<tr>
<td>Service revenues</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Venues &amp; Hospitality</strong></td>
<td>Med neg</td>
<td>--</td>
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<tr>
<td>Events</td>
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<tr>
<td>ProAV (fixed install)</td>
<td>Med neg</td>
<td>-</td>
</tr>
<tr>
<td>Simulation</td>
<td>Neutral</td>
<td>~</td>
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<tr>
<td><strong>Enterprise</strong></td>
<td>Med neg</td>
<td>-48%</td>
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<tr>
<td>Corporate</td>
<td>Med neg</td>
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<tr>
<td>Control Rooms</td>
<td>Med neg</td>
<td>--</td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td>Positive</td>
<td>+5%</td>
</tr>
<tr>
<td>Diagnostic Imaging</td>
<td>Positive</td>
<td>+</td>
</tr>
<tr>
<td>Surgical</td>
<td>Neutral</td>
<td>+</td>
</tr>
</tbody>
</table>
BUSINESS RESILIENCE OVER 2Q20

I. Focus on health and safety of employees

- Leveraging lessons from China
- Safe working environment – limited impact on workforce
- Reconfigured lay-outs, tele-work and rotation policy, awareness and training, protective equipment

II. Focus on market and customer continuity

- Operations and Services managed step-up and continued to operate without major disruptions
- Accelerating digital connectivity solutions in Enterprise and Healthcare
- Webinars and digital Marketing tools to keep customers/partners educated and engaged

III. Mitigating impact on profitability with early cost containment actions

- Freeze of discretionary spending
- Aligning activity rate/costs to market realities, including temp unemployment, internal redeployments, scaling back temps, merit increase & bonus awards on hold
- Shifting investment pattern on selected longer term initiatives
- Cost-efficiency gain on UniSee LCM production (closing Taiwan factory)

IV. Managing cash, working capital and liquidity

- Strength of Balance Sheet provides optionality
- Absorbing temporary inventory peak and increasing receivables at end of June
- Working down inventory & DSO-levels over 2H20
RESULTS 1H20 | REGIONS

Different lock-down restrictions across geographic markets result in overall slow 2Q20

AMERICAS | Sales ↓ 13%
- Cinema renewal wave and ProAv (events) investments stalled after good Q1 start
- Out-of-office stalling ClickShare investments
- Diagnostics strong on accelerated demand for home reading; adding strategic partners for Surgical digital OR

EMEA | Sales ↓ 22%
- Entertainment business drops, delaying and stalled investments
- ClickShare sales weak during out-of-office - portfolio expansion with conference products starts to see traction
- Control Rooms exposed to oil & gas and lock-down push-outs
- Diagnostics growing strong with increased demand in Middle East

ASIA PACIFIC | Sales ↓ 19%
- Q1 growth momentum in Entertainment stalled during lock-downs in Q2; ProAV recovering in Q2
- Both Corporate & Control Rooms confronted with push-outs in Q2 across different countries
- Healthcare growing well in APAC with existing customer base in SEA & Japan, expanding footprint in China
FINANCIAL HIGHLIGHTS | RESULTS 1H20

Topline reflect pandemic – Early cost containment measures result in 10% EBITDA margin - Working capital build up weighing on cash flow

- **Orders & sales** hit by economic standstill / slow restart
  - Weak start of 2Q, first signs of recovery as of June
  - Order book @ € 317m, ~ vs YE19, ↓ 8% yoy, no material cancellation

- **Gross profit margin** ↓ 1.1ppt, higher transport costs and mix effect

- **Opex** adjusted downward, ↓ 15% yoy, discretionary spending cuts and adjusted activity levels in line with topline drop

- **EBITDA @ 10%** of sales, ↓ 3.6ppts yoy

- **Free cash flow** negative, with working capital peak, resulting from derisking supply chain disruptions and time lag in adjusting parts supply
GROUP EBITDA @ 10%
Profitability impacted by strong topline drop, partly mitigated with cost containment measures

- Sales* down -19%
- 13.6% of sales

Opex* down -16%

Bad debt & ↓ result BarcoCFG

10.0% of sales

1H19

1H20

(* excluding currency-impact)
NET INCOME € 10.4M

- EBITDA @ 10% sales, protected business health through timely cost measures
- Impairment & restructuring costs (mainly non cash) related to the announced closing of the factory in Taiwan and decision to outsource the UniSee LCM (*)
- Effective tax rate at 17% (~ 1H19)

<table>
<thead>
<tr>
<th></th>
<th>1H20</th>
<th>1H19</th>
<th>Δ 19</th>
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</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>40.7</td>
<td>67.6</td>
<td>(26.9)</td>
</tr>
<tr>
<td>% Sales Change (pts)</td>
<td>10.0%</td>
<td>13.6%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Depreciations &amp; amortizations</td>
<td>(20.3)</td>
<td>(19.3)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Impairments &amp; Restructuring</td>
<td>(8.1)</td>
<td>(8.1)</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>12.3</td>
<td>48.2</td>
<td>(35.9)</td>
</tr>
<tr>
<td>% Sales Change (pts)</td>
<td>3.0%</td>
<td>9.7%</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Interest income/(expense) net</td>
<td>0.8</td>
<td>2.3</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(2.2)</td>
<td>(8.6)</td>
<td>6.4</td>
</tr>
<tr>
<td>Share in the result of joint ventures &amp; associates</td>
<td>(0.4)</td>
<td>0.1</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(0.0)</td>
<td>1.0</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Net income</td>
<td>10.4</td>
<td>43.1</td>
<td>(32.7)</td>
</tr>
<tr>
<td>% Sales Change (pts)</td>
<td>2.6%</td>
<td>8.7%</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>0.12</td>
<td>0.49</td>
<td>-0.37</td>
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</tbody>
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(*) Liquid crystal module
CASH FLOW & BALANCE SHEET

Working capital build up weighing on free cash flow, caused by time lag on holding back incoming goods, impacting mid-year balance

- Free cash flow € -51m (last year: € +42m)
  - Gross operating cash flow € 36m, net after ~ € 4m pay-out of lay-off costs ‘Fit to Lead’ program (~€ 10m last year)

- Working capital @ 10.9% of sales (1.6% last year)
  - DSO high @ 82 days, ↑ 30 days yoy, mainly linked to Entertainment (Cinema)
  - Inventory ↑ & trade payables ↓: result of focus to keep factories open, derisking supply chain (building buffer of incoming goods) (Feb-April) with time lag to see effects of adjusted purchasing

- Net cash @ € 223.2m
  - ↓ € 106m vs end 2019: negative FCF, dividends paid out and investment in Unilumin

- ROCE @ 16% (down from 23% last year)
Cinema

- Cinemas in lock-down; major releases pushed out to 2H20 & beyond; exhibitor cash concerns start to reside with different support programs
  - **Replacement projects:** stand-still in Q2
  - **Expansion opportunity:** push-outs with deployment delays but no cancellations
  - **Cinema Service** revenues dipped during lockdown

- One competitor exiting the market; division strengthened market share and technology leadership (laser); securing new contracts

- **1H**

- **2H**

V&H

- **Events:** sector significantly hit with event cancellations and push-outs globally over Q2 and Q3
- **ProAV:** segment softer but more resilient; lockdown delays but no cancellations; early recovery signs in China (as of Mar) and selected regions (as of June)
- **Simulation:** more resilient with project shifts, offset by stronger demand for real-scale simulators

- **Cinema Service** revenues expected to rebound

- **Events:** slow pick-up expected in Q4
- **ProAV:** segment showing more resilience and start recovery expected in line with easing of constraints
- **Simulation:** expected to show steady performance
ENTERPRISE
Declines across all regions and in both segments but early signs of recovery during June

1H
- ClickShare showing softness as of mid-March and during the lockdown; starting to see first recovery as of June, led by EMEA, mix CS Present & Conference
- Seeding the market with the newly launched ClickShare Conference; well received by first users & channel
- Accelerating commercial efforts on weConnect (Virtual Class Room), demo-ing infrastructure globally and building funnel and steadily growing # of reference projects
- Gross profit margin stable for the division
- EBITDA margin down mainly due to volume loss ClickShare

2H
- ClickShare Present expected to lead the rebound
- ClickShare Conference expected to start show traction in early phase after restrictions ease up
  - Accessible market increases with video-conferencing breakthrough; unlocking to drive hybrid meeting room collaboration
  - Channel sees ClickShare products as early catch up opportunity
- Control Rooms market opportunity confirmed and expected to translate in pick-up in line with market recovery
- Making progress in maturing and commercializing software & networking solutions; expanding coverage into critical infrastructure and operations

Control Rooms
- Resilient market (critical infrastructure/crisis management) but new projects in slow motion - but not stopped - Q2 stronger than Q1
- Expanded value proposition (triple play and software) starts to show value-add and strengthens market position
HEALTHCARE
Solid growth in topline H1 and strong profitability step-up

<table>
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<tr>
<th></th>
<th>Diagnostic</th>
<th>Surgical</th>
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| 1H | Strong growth in sales  
   ◦ diagnostic OEMs stepping up capacity  
   ◦ intensified demand for radiology (home-reading) solutions and modality solutions | Solid order growth and expanding strategic partnerships  
   Sales growth more modest in the first half with elective surgery postponed and deployments slower than anticipated |
|   | Demetra launched in Europe, FDA clearance granted, commercial launch US postponed to 2H20  
   Synergi (Remote collaboration solution for oncology) launched in test markets resulting in first projects |                                                                                               |
|   | Operating leverage on higher sales and strict discipline on opex, bring EBITDA margin to 16%, with continued investments in growth initiatives and “In China For China” program |                                                                                               |
| 2H | Expecting to see diagnostics evolve to regular growth trends, on stable diagnostics markets in North America and Europe  
   Surgery: expecting to see uptake of growth in 2H20 on partial translation of 1H20 pushouts and strong order intake  
   China to steadily deliver on growth investments  
   Advancing collaboration with caresyntax® to solidifying surgery product & software propositions |                                                                                               |
NAVIGATING 2020 & BEYOND
## COVID-19 IMPACT | IMPACT GRID II – PROJECTION 3Q

<table>
<thead>
<tr>
<th>Division/Segment</th>
<th>Assumed Impact FY20</th>
<th>Qualitative comments</th>
<th>Assumed evolution 3Q-vs-2Q</th>
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<td></td>
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<td>Cinema’s gradually coming out of lock-down but recovery likely slow until Q4;</td>
<td>~</td>
</tr>
<tr>
<td>Replacement</td>
<td>Material neg</td>
<td>New builds to show some recovery as of 3Q</td>
<td>~</td>
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<tr>
<td>New builds</td>
<td>Med neg</td>
<td>Service revenues</td>
<td>+</td>
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<td>+</td>
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<td>Events</td>
<td>Material neg</td>
<td>Events business likely to remain slow in 2H20</td>
<td>~</td>
</tr>
<tr>
<td>ProAV (fixed install)</td>
<td>Med neg</td>
<td>ProAV expected to show steady recovery quarter-over-quarter</td>
<td>+</td>
</tr>
<tr>
<td>Simulation</td>
<td>Neutral</td>
<td>Simulation steady</td>
<td>~</td>
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<tr>
<td>Enterprise</td>
<td>Med neg</td>
<td>ClickShare Conference well positioned for hybrid operation with more videoconferencing; back-to-office trend likely to be helpful</td>
<td>+</td>
</tr>
<tr>
<td>Corporate</td>
<td>Med neg</td>
<td>Control Rooms largely depending on recession recovery</td>
<td>~</td>
</tr>
<tr>
<td>Control Rooms</td>
<td>Med neg</td>
<td></td>
<td>~</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Positive</td>
<td>Healthcare expected to sustain steady y-o-y growth</td>
<td>~</td>
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<td>Positive</td>
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~ : 3Q in line with 2Q ; +: 3Q better vs 2Q
Protecting business health while chasing recovery

- Absorb the shock
  - Pro-actively leveraging lessons from China
  - Focus on employee health & safety and business continuity
  - Install new work methods
  - First spending level down
  - Stay connected with business partners and customers

- Ensure business health
  - Adjust spending level and business activity to new market realities and opportunities
  - Reconsider timetable selected R&D & investment projects
  - Prep organization for new context

- Recover, relaunch growth & strategic roadmap in a adjusted world
  - Adjust timelines & expectations to market/economic outlook
  - Pursue new strategic activities aligned to opportunities
  - Leverage strength/reserves to strengthen market position

- Protecting business health to enable recovery when markets gradually resume activity
  - Containment actions remain in place for Q3
  - Timely & balanced management of activity rate aligned with expected market realities
  - Redeployments for growth areas where appropriate

- Planning 2021 budget with a cost base no higher than 2019 group level to deal with market reality/uncertainty
OUTLOOK

“With its end market demand fundamentals intact but delayed, solid orderbook, strong balance sheet and resilient business model, I am confident that Barco is capable of absorbing the business uncertainties ahead and remains well positioned for future profitable growth as economic activity gradually resumes.”

Quote CEO, Jan De Witte

- **Outlook 2020**
  - Since the pace of recovery in our markets (shape of recession, risk and impact of repeat lockdowns) remains uncertain, Barco will not reinstate guidance for 2020 at this time
  - Management expects that the second quarter will be the weakest quarter of the year and expects steady quarter-over-quarter improvement during the second half of the year albeit with different dynamics across the portfolio

- **Preparing 2021**
  - Based on management’s current assessment of the quarterly progression for 2020, the company is planning to develop a 2021 budget with a cost base no higher than 2019 group level
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