

Results 3Q20

Analyst & Investor call

Soft 3Q20 with mix of recovery and prolonged covid impact

PRELIMINARY NOTES

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. Results
3. Zoom in on Cinema & ClickShare
4. We remain committed to our strategic journey
5. Navigating 2020 & beyond
6. Q&A



RESULTS 3Q20 | EXECUTIVE SUMMARY



Q3 in-line with Q2 with mix of recovery and prolonged covid impact

Entertainment flat as anticipated

Solid signs of recovery vs Q2 for Enterprise, fueled by EMEA & APAC on increased economic activity and back-to-office trends

Covid-pandemic outbreaks caused hospitals to postpone short term investments and led to weaker than expected Healthcare results for Q3



Longer term growth opportunities unchanged but delayed

Cinema content push-outs and industry shake-ups temper short term recovery and will shift renewal wave out

Hybrid in-office/remote working fuels ClickShare Conference opportunity with sales picking-up in recovering markets

Healthcare fundamentals intact while customers adjust 2H delivery timings



Navigating the crisis while focused on securing recovery potential

Management expects continuous pressure on topline performance & a considerable decrease in full year EBITDA margin

2021 cost base reset below 2019 while ensuring business continuity across the portfolio & preserving long term strategic initiatives

A soft 3rd quarter for the group with varied recovery rates

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FINANCIAL HIGHLIGHTS | RESULTS 3Q20 & RESULTS YTD

Soft Q3 & YTD performance, but Q3 recovery trend emerging in Enterprise

Year over year growth

Q3	3Q20	3Q19	Δ
Orders	157.6	275.6	-43%
Sales	167.4	266.9	-37%
Entertainment	58.0	120.3	-52%
Enterprise	50.0	77.6	-36%
Healthcare	59.3	69.0	-14%

YTD SEP	YTD20	YTD 19	Δ
Orders	556.3	809.4	-31%
Sales	574.7	763.4	-25%
Entertainment	214.2	314.8	-32%
Enterprise	162.9	251.5	-35%
Healthcare	197.6	197.0	0%

Q3 reflects continued pandemic impact with uneven recovery

→ **YTD sales -25%** with

- Entertainment ytd -32% after -52% in Q3
- Enterprise ytd -35% with a -36% in Q3
- Healthcare ytd flat after a -14% Q3

Incremental growth vs Q2

Q3 vs Q2	3Q20	2Q20	Δ
Orders	157.6	145.0	9%
Sales	167.4	171.5	-2%
Entertainment	58.0	56.5	3%
Enterprise	50.0	45.6	10%
Healthcare	59.3	69.4	-14%

Q-o-q show initial signs of recovery

- Order intake +9% Q-o-Q fueled by Enterprise (EMEA & Americas) & Entertainment (APAC & EMEA)
- Prudent +3% recovery in **Entertainment**
- Enterprise** start to rebound in both segments with high-single digit q-o-q recovery
- Healthcare** soft with a 3rd quarter push-out for both Diagnostics and Surgical

RESULTS 3Q20 | REGIONS QUARTER-OVER-QUARTER

Evidence of regional covid dynamics, noticeable start of recovery in Enterprise in EMEA & APAC

SALES
Q-o-Q group

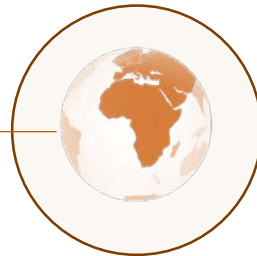
-13%



AMERICAS | ENT +2% | ENP -14% | HC -20%

- Cinema & Events remain flat at low levels on limited content, partial re-openings and strict capacity limitations (US & LATAM)
- ClickShare investments flat q-o-q due to delayed returns to in-office works
- Healthcare slow on hospital budget constraints, with push-outs for both Diagnostics & Surgical

+7%



EMEA | ENT +8% | ENP +14% | HC -1%

- Entertainment business up q-o-q, mainly in Middle-East cinema and rebound of services
- Momentum for ClickShare on 'back-to-office' activity; Control Rooms resilient and continued growth q-o-q in part driven by government funded projects
- Healthcare flattish q-o-q, slower diagnostics offset by stronger surgical sales

+1%



ASIA PACIFIC | ENT -1% | ENP +28% | HC -22%

- Entertainment sales flattish q-o-q while orders show momentum for both cinema as well as V&H
- 'Back-to-office' trend and overall recovery translates into strong Enterprise momentum (ClickShare & Control Rooms)
- Following strong H1, a weaker Q3 in Healthcare with 3rd quarter push-outs for Diagnostics, while Surgical continues to expand

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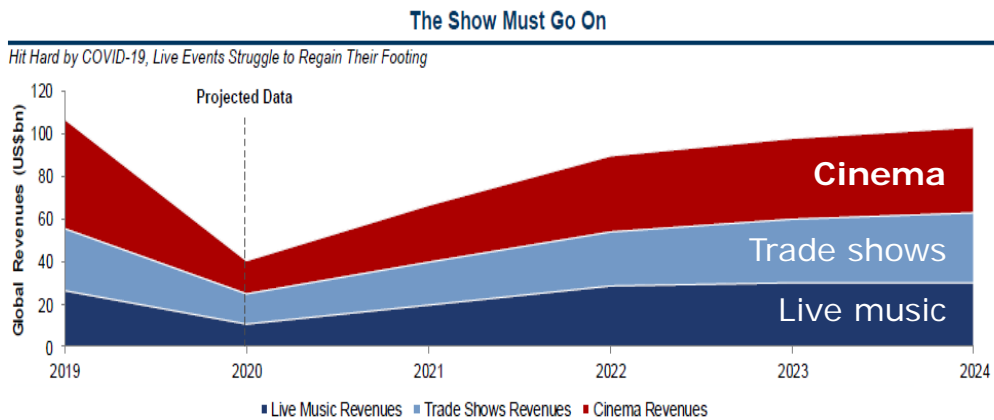


UNEVEN RECOVERY OF THE CINEMA INDUSTRY

Covid is challenging the cinema ecosystem...

- Closures ↔ Release dates shifting
- Experimenting with release windows, box office split & PVID
- (Re-)financing, closings, divestitures & consolidation

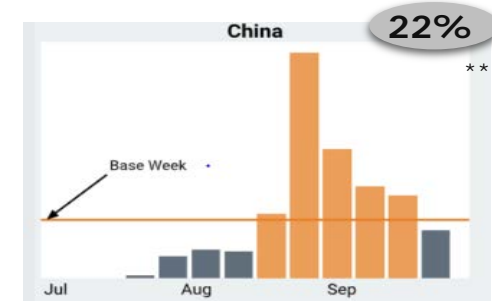
... and depressing global box office revenues in 2020... *



... but will recover at multiple speeds

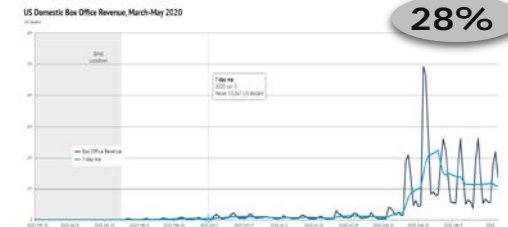
China back to Sep'19 levels

- 100% screens open
- Relaxed capacity constraints
- Intn'l & local content inflow



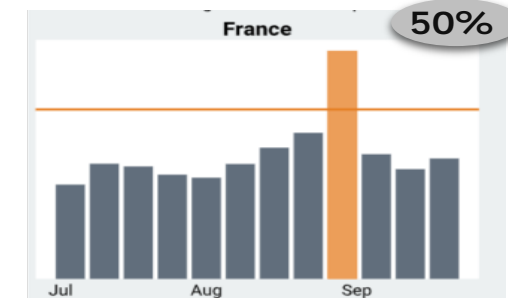
US lagging

- Partial reopening (65%); capacity constraints
- Tenet disappointment in US → studios shift dates → reclosings... & impact on global dynamics



Rest of the world, a mixed bag

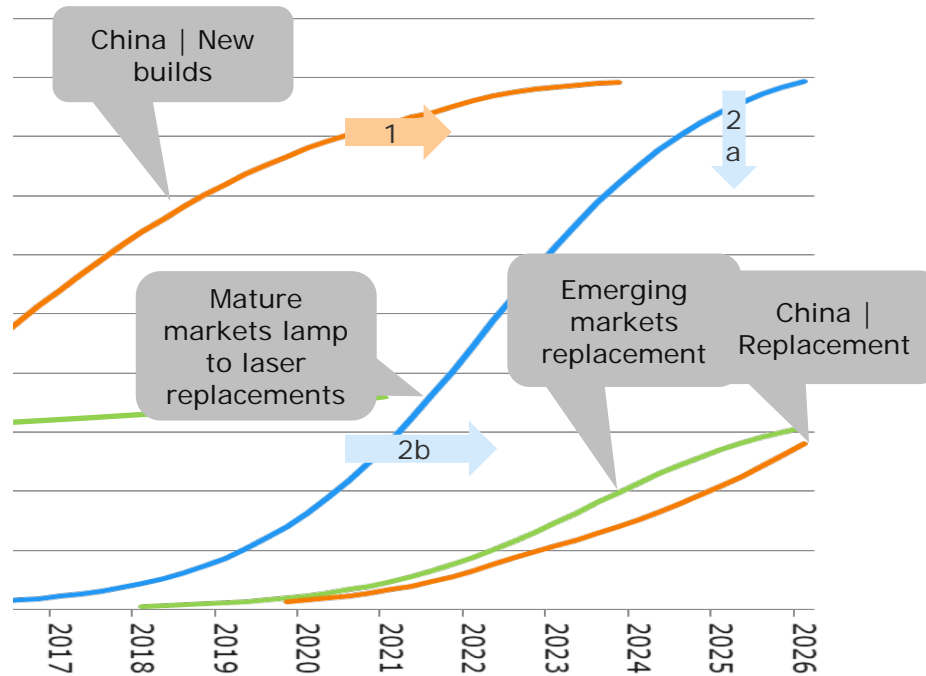
- 70% open, capacity easing
- Balancing between Hollywood and local content



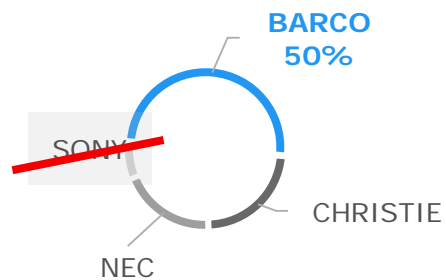
*Source: PWC, Global Entertainment & Media Outlook 2020-2024, September 2020

** Average market share box office 2018-2019 ; source ir.comscore.com & boxofficemojo.com
*** Source: Gowerstreet september 28: Graphs reflecting weekly box-office evolution over 3Q20

... BUT PROJECTOR RENEWAL WAVE STILL ANTICIPATED DESPITE ASSUMED TRIM & PUSH IN TIME



Capture rate 2018-2019
world wide



1. **New builds** (China & Emerging) remain on the plan but with deployment delays
2. **Renewal market**
 - a. Total addressable market (#screens) could shrink with 10-20% vs pre-covid forecasts
 - b. Mature market replacement wave interrupted in Q1'20, will steadily pick up over 2021, but overall expect curve will shift out of up to 2 years

While value proposition further strengthens

- ✓ **Renewal need** intact (end-of-life, efficiency, 4K)
- ✓ **Premium and TCO** prevails

Renewal-opportunity 2021-2026

Pre-Covid

80-100k

4



Current outlook

65-80k projectors

3 contenders

CLICKSHARE CONFERENCE (CX) EXPANDING THE CLICKSHARE FAMILY AND CAPTURING HYBRID MEETING OPPORTUNITY

1. Future of Work = Hybrid

- Covid is catalyst to hybrid working & video-conferencing adoption
- Offices are re-opening & employees want WFH max 2 days/wk*
- By mid '21 Office/Home split at 75%/25%

2. Companies reshape work spaces for employee engagement

- Offices to become collaboration spaces; meeting spaces beat cubicles
- Investments in hybrid workplaces to enable joining of in-person and videoconf participants

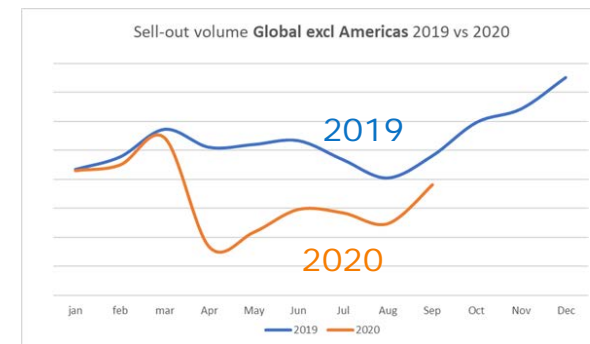
3. ClickShare Conference enables better hybrid meetings

- Wireless – flexible – agnostic - low investment - easy to install
- Partnering with all leading peripheral vendors

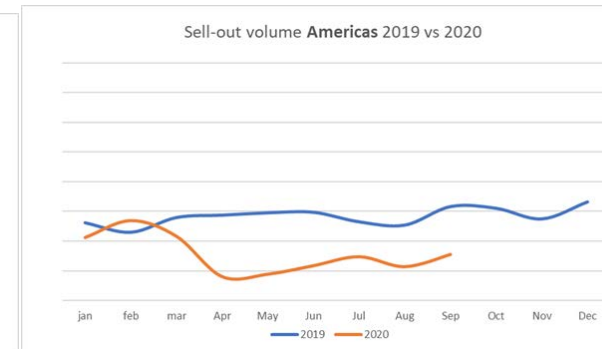
4. CS Conference. Sloping up with 'back to office". Stepping up awareness building

ClickShare distributor sell-out ("Present" & "Conference")

Global, ex -US



US



APAC & EMEA tracking for recovery by early '21

- September at 80% vs 2019
- Germany/Nordics leading
- CS Conference 24% of total (Q3)

US trailing

- September at 50% vs 2019
- CS Conference 19% of total

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WE REMAIN COMMITTED TO OUR STRATEGY | PROOFPOINTS 3Q20

Innovation, solutions & service



- WallConnect Cloud to monitor video walls remotely
- First LED-installs in Control Rooms
- Barco/Caresyntax: virtual OR presence
- **NexxisCare** cloudbased remote OR management
- Rolling out **Insights** Projector management
- Product line extensions **UDM & UDX** for V&H

Expanding commercial footprint & ICFC



- Barco honored as one of China's top 10 digital OR construction suppliers in 2019

- Logitech, Jabra, Vadio & Yamaha join Barco's ClickShare alliance program
- Demetra launch for the US market

Sustainability



- Barco reaches first target to reduce carbon footprint of own operations one year in advance
- Barco University expanded its training while reducing CO2 by 461 tons



- RGB with a focus on green: Barco's sustainable next-generation RGB Laser video walls

We care - Supporting our partners



- We'll be back! How museums will re-open after covid-19

- Film Fest Gent #CinemaReady!



- #WeMakeEvents – Stand as ONE

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RESET(TING) OPERATIONS AND OPEX LEVELS

I. Found balance in hosting a safe and productive hybrid work environment

- All sites operational, working partial capacity, managing supply chain
- Alternating teams, living hybrid work environment

II. Moving from temporary to structural cost contingency measures

- Cont'd discretionary spending stop, hiring freezes, scaling back temps, salary/bonus actions
- Moving from temp to structural measures where we see medium term impact. Redeploying divisional resources to highest needs
- Adjusting investment timetable of selected longer-term initiatives
- Resetting cost levels for 2021 below 2019

III. Managing cash, working capital and liquidity

- Working down inventory & DSO-levels during 2H20

3Q20 +/- IN LINE WITH COVID-19 IMPACT ASSUMPTION | POTENTIAL SECOND WAVE IMPACT UNCLEAR

Division/ Segment	Assumed Impact FY20	3Q YTD vs 2019	3Q20 vs 2Q20	Qualitative comments 4Q	Assumed evolution 4Q-vs-3Q
Entertainment	Material negative	-32%	+3%		~
Cinema	Material neg	--	~		~
Replacement	Material neg	--	~	Recovery of renewal wave likely slow for next quarters	~
New builds	Med neg	-	~	New builds to show recovery but with delays	~+
Service revenues	Med neg	-	+	Services to further rebound as cinemas reopen	~+
Venues & Hospitality	Med neg	--	~		~
Events	Material neg	--	~	Events business likely to remain slow in next quarters	~
ProAV (fixed install)	Med neg	-	~	ProAV expected to show steady recovery quarter-over-quarter	~+
Simulation	Neutral	~	+	Simulation steady	~
Enterprise	Med neg	-35%	+10%		~+
Corporate	Med neg	--	+	ClickShare Conference well positioned for hybrid operation & expected to slope up with back-to-office trend	+
Control Rooms	Med neg	--	+	Control Rooms showing resilience with gradual recession recovery	~
Healthcare	Positive => Flat	+0%	-14%		~+
Diagnostic Imaging	Positive => Med Neg	~	--	Healthcare fundamentals remain solid but confronted with temp push-outs	~+
Surgical	Neutral	~	--		~+

OUTLOOK

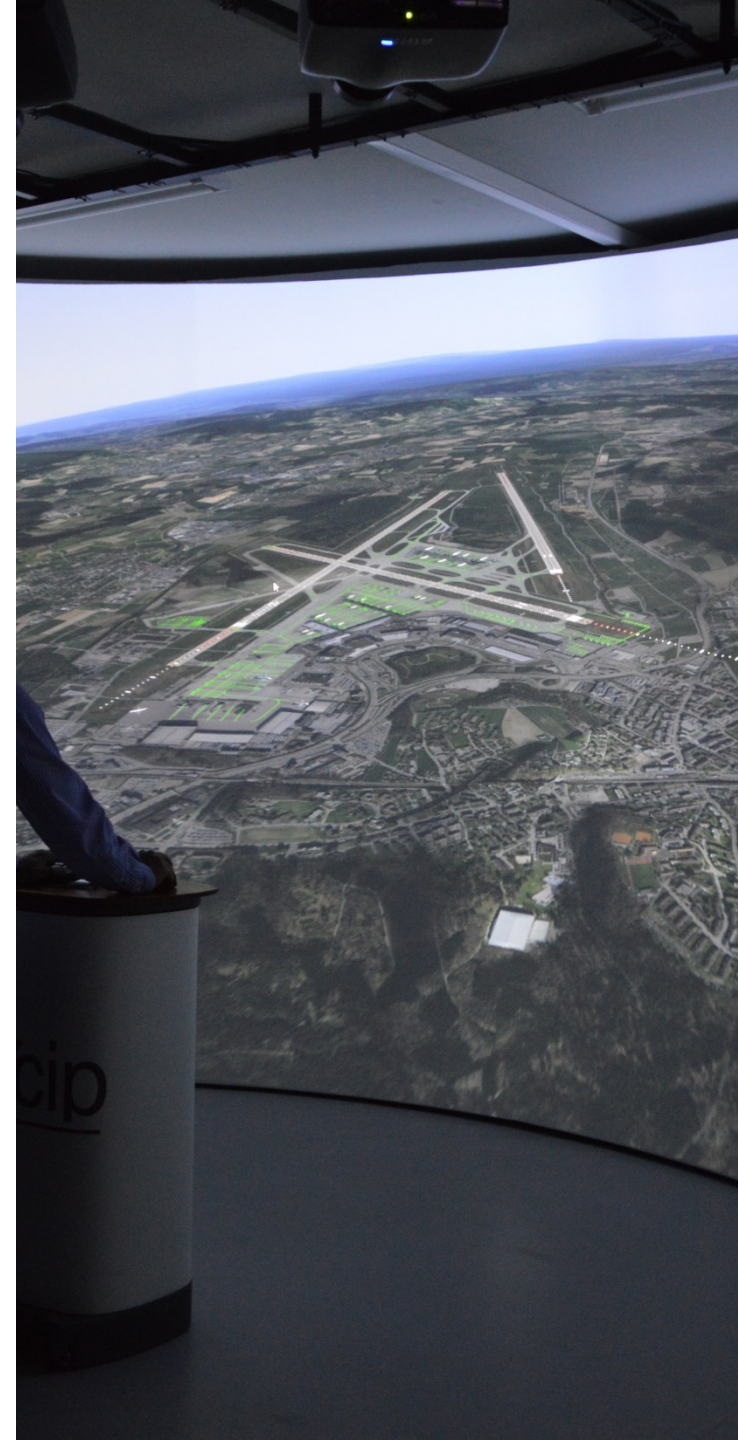
At this point, it is clear that 2020 will prove to be an off-year for the Barco P&L. To put the company back on its path to reaching its long-term financial goals, we are resetting expense levels while continuing to invest in strategic growth initiatives

Quote CEO, Jan De Witte

- Outlook 2020
 - Taking into account the uncertainties associated with the second covid wave, both in terms of its impact on ongoing recovery rates in Europe and delayed recovery in the Americas region, management expects continuous pressure on topline performance
 - Given lower volumes, unfavorable mix and continued investments in commercial and innovation strength, we expect a considerable decrease in full year EBITDA margin compared to the first half

BARCO

Q&A




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THANK YOU






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