

## Trading update 3Q23

### Focus on profitability growth, while facing tougher market conditions

Kortrijk, Belgium, 18 October 2023, 7:30 am – Today Barco (Euronext: BAR; Reuters: BARBt.BR; Bloomberg: BAR BB) announced the results for the third quarter ended 30 September 2023.

#### Third quarter 2023 highlights<sup>1</sup>

- **Orders for 3Q23 of 239.9 million euro, -1% vs 3Q22**
- **Year-to-date orders of 781.0 million euro, up 4% versus last year**
- **Order book per 30 September 2023 stood at 523.4 million euro, 5% higher than at the start of the year and 3% higher than end of June 2023**
- **Sales for 3Q23 of 229.6 million euro, -12% versus 3Q22 (-9% at constant currencies)**
- **Year-to-date sales 750.5 million euro, +2% yoy (+3% at constant currencies)**

#### Executive summary 3Q23

##### Group topline

(in millions of euro)	3Q23	2Q23	1Q23	4Q22	3Q22	Change 3Q23 vs 3Q22
Orders	239.9	254.4	286.6	307.2	242.0	-1%
Sales	229.6	273.9	247.0	323.4	262.2	-12%

##### Quarter-by-quarter overview



<sup>1</sup> All definitions for alternative performance measures (APM's) are available in the glossary as available on Barco's investor portal (<https://www.barco.com/en/about/investors>)

The order level of 239.9 million euro in the third quarter was essentially flat versus the same quarter last year, with growth for Enterprise and Entertainment, and a decline for Healthcare. There were significant regional differences. Demand in APAC remained weak, driven by lower than expected investment levels in China. In Americas, orders grew, with important gains in the Cinema and Large Videowalls segments, partially offset by lower orders in Healthcare. In EMEA the order level declined, driven mainly by Entertainment. The orderbook further grew to 523.4 million euro, growing 3% compared to 505.8 million euro at the end of June 2023. The book-to-bill ratio for the third quarter was above 1.

Sales for the third quarter amounted to 229.6 million euro, 12% lower than the same quarter last year. The Entertainment division continued to perform solidly driven by significant sales growth in the Cinema segment, compared to a strong third quarter of 2022 when the business was rebounding from the supply chain constraints of 1H22. Healthcare sales were 27% lower than last year due to the slower than expected recovery in China and lower sales in the Americas, where sales was impacted by the phase out of a large modality platform, and a delay in supply for an updated Diagnostic Imaging display platform. Meanwhile, Healthcare sales grew in EMEA. In the Enterprise division, the sales declined 13% driven mainly by Large Videowalls, where we executed on the strategic review, but also saw further project delays at major implementation partners. Meeting Experience saw market share gains in a softer market, resulting in a mid-single digit decline in sales versus the same quarter last year.

During the third quarter Barco continued to invest in its growth initiatives aimed at propelling growth in 2024 and beyond. These include new product introductions for next year in all divisions: new additions to the ClickShare portfolio, further expansion of the Barco CTRL software platform for control rooms, the launch of a new flagship product for mammography and a new generation of image processing controllers and mid-end projectors for the Immersive Experience market. In Cinema, we are planning to introduce a new media server and the next generation of laser cinema projectors, equipped with HDR Lightsteering technology. Regarding manufacturing, we continued to roll out our focused factories strategy, while the construction of the new factory for projection in Wuxi is on track.



## Quote of the co-CEOs, An Steegen and Charles Beauduin

“In the third quarter of 2023, the headwinds of the second quarter intensified. The expected recovery in China from the pandemic has not materialized which is having an impact on the results and growth outlook for this year. In our key markets, we see a mixed picture: Healthcare and Enterprise are facing softer demand related to the weakening macro-economic conditions. On the other hand, the Entertainment market continues to build on its strong momentum that started last year.

While navigating these tougher market conditions throughout 2023, the fundamentals of our key markets remain intact, and our focus is on winning market share, cost containment and further margin improvements. In addition, our management teams remain committed to executing on our strategic initiatives, notably our roadmap of new product introductions and the operational efficiencies through focused factories.”

## Outlook 2023 and beyond

*The following statements are forward looking on a like-for-like basis and actual results may differ materially.*

Given the difficult market conditions, management expects sales for FY23 to be in line with last year. At this topline level, management expects an EBITDA margin around 14% for the full year 2023.

The 2024 topline growth will depend on the evolution of general market conditions. However, management reconfirms its long-term guidance to return to high single digit sales growth. Management reconfirms its guidance for an EBITDA margin between 14% and 18% for 2024 and subsequent years.

## Update on co-CEO Charles Beauduin

Co-CEO Charles Beauduin has been away from the office on medical leave over the past few months. In recent weeks Mr. Beauduin has resumed his role as co-CEO, working remotely for the most part, but also gradually returning to the office to attend key meetings.

## Divisional breakdown

### Healthcare

(in millions of euro)	3Q23	2Q23	1Q23	4Q22	3Q22	Change 3Q23 vs 3Q22
Orders	52.9	71.8	69.5	85.2	70.1	-25%
Sales	61.3	73.3	73.9	94.4	83.4	-27%



Order intake and sales in Healthcare were down versus the same quarter last year, with important regional differences. Sales and orders in APAC declined, driven by the slower than expected recovery from the pandemic in China. New anti-bribery policies in the Chinese Healthcare market are also slowing down the decision-making processes in the short term but may be a tailwind for Barco in the mid to long term. In the Americas, Healthcare orders and sales declined, while they grew in EMEA.

For Diagnostic Imaging, the market in North America has settled but remains healthy, after a strong performance in 2H22 with higher government budgets and a rebound after prior supply chain challenges. In EMEA sales showed signs of softness, with lower investments in radiology. The Diagnostic Imaging market in China remains soft and continues to see high inventory levels at channel partners. Sales for Diagnostic Imaging in 3Q23 were also impacted by fulfilment challenges linked to a technology refresh of one of the display platforms, which pushes order and sales out to the next quarter.

Surgical and Modality sales grew in EMEA but declined significantly in the Americas due to high inventory levels at customers and the continued impact of a timing difference between the phase out of a large modality project end 2022 and the phase in of several new confirmed projects towards the beginning of next year. APAC remains slow, due to China.

## Enterprise

(in millions of euro)	3Q23	2Q23	1Q23	4Q22	3Q22	Change 3Q23 vs 3Q22
Orders	77.2	80.6	62.4	74.8	68.8	+12%
Sales	64.6	76.8	68.8	94.5	74.0	-13%



Order intake for the Enterprise division went up 12% versus the same quarter last year, with growth in both business units, and particularly driven by an uptake in orders for Large Videowalls in the Americas. Sales for the quarter were down 13%, with growth in EMEA and declines in APAC and the Americas.

Despite challenging market conditions, ClickShare orders grew versus the same quarter last year, while sales declined mid-single digit. ClickShare sell-out (sales from distributors to channel partners) continued to grow in the USA and APAC versus the same quarter last year, while EMEA declined. ClickShare continues to significantly strengthen its leadership position in the agnostic and flexible Bring Your Own Meeting devices market thanks to its broadened portfolio and stream of continuous innovative firmware upgrades. Also towards other substitutes connecting technology and people in the meeting room, ClickShare is winning share. The overall market growth however remains negative, as seen since the second quarter of this year, as large companies are reconsidering their office and meeting room requirements for their flexible workforce after the pandemic.

As part of the strategic review in Large Videowalls, Barco is withdrawing from a number of smaller Asian markets, which caused a decline in sales in APAC. Also, the Americas saw a decline in sales with slower conversion caused by delays in major construction projects. In EMEA, particularly Middle East performed strongly.

## Entertainment

(in millions of euro)	3Q23	2Q23	1Q23	4Q22	3Q22	Change 3Q23 vs 3Q22
Orders	109.8	102.1	154.6	147.2	103.0	+7%
Sales	103.7	123.8	104.3	134.6	104.8	-1%



The Entertainment division delivered a solid quarter with order intake growing 7% and sales relatively flat year-over-year, compared to a strong third quarter last year when the sales rebounded from the supply chain constraints in 1H22.

Cinema saw strong growth both in order intake and sales, with notable strength in the Americas. This reflects continued momentum in the cinema industry for replacing lamp-based projectors with laser projectors, as market demand for premium cinema experiences is surging and exhibitors are benefiting from operational efficiencies. The business unit also continued to deliver against Cinema-as-a-Service contracts, under which revenue is recorded on a monthly basis over the life of the contract. As a result, the amount of recurring revenue increased versus last year's third quarter.

Immersive Experience registered lower sales and orders but with regional differences, against the strong comparison basis of last year. Sales in the APAC region grew, despite the important Chinese market remaining weak with slower than expected post covid recovery. While the EMEA region saw an overall decline, Middle East and Africa performed particularly well. In the product portfolio, simulation and live events saw a strong performance, with also a notable market share gain for themed entertainment.

## Order intake & order book

### Order intake year-over-year

<i>(in millions of euro)</i>	3Q23	3Q22	Change 3Q23 vs 3Q22
<b>Order Intake</b>	239.9	242.0	-1%

### Order intake quarter-over-quarter

<i>(in millions of euro)</i>	3Q23	2Q23	1Q23	4Q22	3Q22
<b>Order Intake</b>	239.9	254.4	286.6	307.2	242.0

### Order book

<i>(in millions of euro)</i>	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Order book</b>	523.4	505.8	530.1	496.5	527.6	537.7

### Order intake year-to-date

<i>(in millions of euro)</i>	YTD23	YTD22	Change vs YTD22
<b>Group</b>	781.0	751.2	+4%

## Sales

### Sales year-over-year

<i>(in millions of euro)</i>	3Q23	3Q22	Change 3Q23 vs 3Q22
<b>Sales</b>	229.6	262.2	-12%
<i>Excluding currency effect</i>			-9%

### Sales by division year-over-year

<i>(in millions of euro)</i>	3Q23	3Q22	Change 3Q23 vs 3Q22
Healthcare	61.3	83.4	-27%
Enterprise	64.6	74.0	-13%
Entertainment	103.7	104.8	-1%
<b>Group</b>	<b>229.6</b>	<b>262.2</b>	<b>-12%</b>

**Sales by division quarter-over-quarter**

<i>(in millions of euro)</i>	<b>3Q23</b>	<b>2Q23</b>	<b>1Q23</b>	<b>4Q22</b>	<b>3Q22</b>
Healthcare	61.3	73.3	73.9	94.4	83.4
Enterprise	64.6	76.8	68.8	94.5	74.0
Entertainment	103.7	123.8	104.3	134.6	104.8
<b>Group</b>	<b>229.6</b>	<b>273.9</b>	<b>247.0</b>	<b>323.4</b>	<b>262.2</b>

**Sales by division year-to-date**

<i>(in millions of euro)</i>	<b>YTD23</b>	<b>YTD22</b>	<b>Change vs YTD22</b>
Healthcare	208.5	247.3	-16%
Enterprise	210.2	222.7	-6%
Entertainment	331.8	264.8	+25%
<b>Group</b>	<b>750.5</b>	<b>734.9</b>	<b>+2%</b>
<i>Excluding currency effect</i>			+3%



## Additional information

The information given in this press release has not been reviewed by the statutory auditor.

## Request more information

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### Financial calendar 2024

Thursday 8 February

Announcement full year 2023 and 2H23 results

More information? Please visit our dedicated webpage <https://www.barco.com/investors>

### Disclaimer

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### About Barco

*Barco is a global company with headquarters in Kortrijk (Belgium). Our visualization and collaboration technology helps professionals accelerate innovation in the healthcare and enterprise and entertainment markets. We count over 3,000 visioneers, whose passion for technology is captured in over 500 unique patents.*

*Barco is a listed company (Euronext: BAR; Reuters: BARBt.BR; Bloomberg: BAR BB) and realized sales of 1,058 million euro in 2022.*

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