Results 2020

Analyst & Investor call

Sales @ € 770m ; EBITDA @ 7%
Q4 shows encouraging improvements across the board

Jan De Witte & Ann Desender

26th January 2021

PRELIMINARY NOTES

The statutory auditor has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated accounts, and that the accounting data reported in the press release is consistent, in all material respects, with the draft accounts from which it has been derived.

Safe harbor statement

This deliverable 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 as of this date and does not undertake any obligation to update any forward-looking statements contained in this deliverable 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 deliverable issued by Barco.

Glossary

All definitions for alternative performance measures (APM’s) are available in the glossary as available on Barco’s investor portal (www.barco.com/en/about-barco/investors)

BARCO GROUP RESULTS 2020 | EXECUTIVE SUMMARY

2020 an off-year due to pandemic-impacts resulting in topline decline of 29%

Enterprise & Entertainment results deeply impacted from continued lockdowns across regions ; Healthcare showing resilience with a stable year-over-year performance

Encouraging sequential increases in Q4 accross divisions

Offense/Defense strategy results in EBITDA margin of 7%

Impactful and unfavourable product mix effects

Operating expenses managed 20% down, while sustaining investments in priority projects

Cost restructuring drives net result negative but prepares cost base for 2021

Staying the course towards our strategic & financial objectives

Organizational flexibility and focus on business resilience positions Barco to capture growth when recovery sets in

2021 expected to be a transition year with different timing and slopes of recovery, ‘hybrid’ trend provides opportunities

FINANCIAL HIGHLIGHTS | GROUP RESULTS 2020

		vs. 2019
Orders	€ 746.0m	▼ -32.3%
Sales	€ 770.1m	▼ -28.9%
Gross Profit Margin	36.9%	▼ -2.8ppts
EBITDA % of Sales	7.0%	▼ -7.2ppts
EBITDA In euro	€ 53.6m	▼ -99.5m
Free Cash Flow	€ -35.9m	▼ -124.6m
Net Income	€ -4.4m	▼ -99.8m
EPS	€ -0.05 / Share	▼ -1.12

- **Orders & sales** decline in all regions
  - o ↓↓ Entertainment and Enterprise
  - o Flattish in Healthcare
  - o Order book @ € 281.5m, ↓ 13%yoy
- **Profitability: EBITDA margin** down **7ppts to 7%**
  - o Gross profit margin impacted by unfavorable mix due to lower ClickShare sales and higher logistics costs
  - o Resetting cost base, moving into ‘21 with opex well below ’19 level, while investing in strategic priority projects
- **Free cash flow** and **net income negative**
  - o Lower EBITDA, restructuring pay-outs (€ 9m) & impairments (€ 6m)
  - o Working capital at 10%, with high Entertainment inventories level

Financial results off track | Strategic foundation intact

FINANCIAL HIGHLIGHTS | QUARTERLY RESULTS 4Q20

Q4 improved over Q3 with a +20% recovery in orders and a +17% uptake in sales

Sales by division quarter-over-quarter

(in millions of euro)	3Q20	4Q20	Change vs 3Q20
Entertainment	58.0	77.3	33%
Enterprise	50.0	53.9	8%
Healthcare	59.3	64.3	8%
Group	167.4	195.4	17%

Order intake quarter-over-quarter

(in millions of euro)	3Q20	4Q20	Change vs 3Q20
Group	157.6	189.7	20%

- **Entertainment** with a marked uptake in Q4, fueled by projects for both Cinema & ProAV, led by China
- **Enterprise** continued gradual recovery with increases in both the Corporate segment (EMEA) and the Control Rooms segment (EMEA & US)
- **Healthcare** rebounding after order push-outs in the third quarter with both segments delivering gain

Encouraging sequential increases in Q4 across all divisions

RESULTS 2020 | REGIONS

QoQ sales progression

Region	Q2→Q3	Q3→Q4
AMERICAS	-13% (Q3 push outs in Healthcare)	+19%
EMEA	+7%	+3%
ASIA PACIFIC	+1%	+34%

AMERICAS | Orders ↓ 37% ; Sales ↓ 30%

- Cinema renewal wave & ProAv (Events) investments stalled by lockdowns as of Q2
- Continued broad work-from-home delaying ClickShare investments
- Capturing home reading opportunity in Diagnostics & expanding Surgical with strategic partnerships

EMEA | Orders ↓ 33% ; Sales ↓ 30%

- Cinema renewal programs & investment in Events pushed out
- ClickShare demand down with lockdowns, CS Conference driving QoQ recovery
  Control Rooms facing deployment delays but reports solid H2 order intake
- Healthcare spending priorities lead to timing effect on upgrade programs for Surgical & Diagnostics

ASIA PACIFIC | Orders ↓ 23% ; Sales ↓ 24%

- China Entertainment recovered as of Q3 and leading the pack now
- ClickShare investments slow with intermittent 'back to office' disruptions driven by additional wave lockdowns
- Overall Healthcare business soft by government hospital budget resetting delivery schedules

DYNAMIC THROUGH THE YEAR | GROUP RESULTS 2020

- **Topline** 1H20 including a Q1 in line with last year, Q2 (-32%) and 2H topline (-38%) below last year
  - 4Q20 orders & sales up vs 3Q20 in all divisions, amidst covid prolongued waves

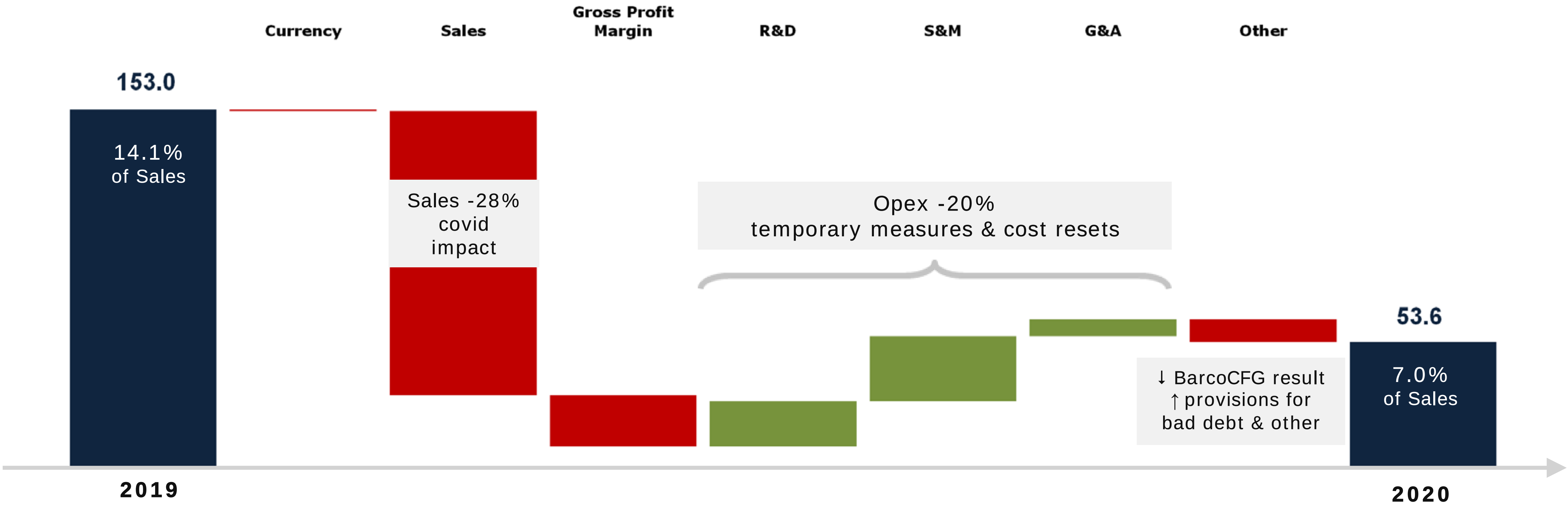
- **Gross profit margin H2 impacted** by mix effect (lower sales Cinema/ClickShare), logistics costs and indirect overhead weighing on lower volumes

(in millions of euro)	First Half		Second Half		Full Year	
	2020	*Δ 2019*	2020	*Δ 2019*	2020	*Δ 2019*
Orders	398.7	*-25.3%*	347.3	*-38.9%*	746.0	*-32.3%*
Sales	407.2	*-18.0%*	362.9	*-38.1%*	770.1	*-28.9%*
Gross Profit	160.5		123.2		283.8	
% Sales *Change (ppts)*	39.4%	*-1.1*	34.0%	*-4.9*	36.9%	*-2.8*
OPEX	(111.2)	*-17.7%*	(110.7)	*-21.8%*	(221.9)	*-19.8%*
EBITDA	40.7	*(26.9)*	12.9	*(72.6)*	53.6	*(99.5)*
% Sales *Change (ppts)*	10.0%	*-3.6*	3.5%	*-11.0*	7.0%	*-7.2*

- **Indirect spend containment actions** further extended
  - Temporary unemployment and discretionary spending reductions across the globe
  - Added structural cost measures for highly impacted businesses, next to resource re-deployments
  - Adjusted investment timetable of selected longer-term initiatives

H2 impacted by negative mix
Navigated with Defense / Offense balance over 2020

GROUP EBITDA MARGIN @ 7%



Agility in cost actions and redeployment, while protecting priority R&D and commercial investments

NET INCOME € -4.4M

Restructuring actions lead to non-recurring cost of € 14.5m

(in millions of euro)		2020	2019	Δ19
EBITDA		53.6	153.0	(99.5)
% Sales	Change (ppts)	7.0%	14.1%	-7.2
Depreciations & amortizations		(43.4)	(43.0)	(0.4)
Restructuring & impairments		(14.5)	0.0	(14.5)
EBIT		(4.3)	110.0	(114.4)
% Sales	Change (ppts)	-0.6%	10.2%	-10.7
Interest income/(expense) net		(0.1)	5.8	(5.9)
Income taxes		0.0	(20.8)	20.8
Share in the result of joint ventures & associates		(0.3)	1.6	(1.8)
Non-controlling interest		0.3	(1.2)	1.5
Net income		(4.4)	95.4	(99.8)
% Sales	Change (ppts)	-0.6%	8.8%	-9.4
Earnings per share		(0.05)	1.07	(1.12)

- Restructuring & impairment costs linked to:
  - **Closing of the factory in Taiwan** and decision to outsource the UniSee LCM component (*) … protecting Control Rooms future gross margin
  - **Diverse indirect cost resets** executed over 2H20, starting ’21 with a cost level ~15% below 2019 level
- € 10m EBIT before restructuring & impairment
- Net zero tax cost vs effective tax rate of 18% last year

(*) Liquid crystal module

CASH FLOW & BALANCE SHEET

Free cash flow turnaround in 2H20 through working capital actions

- Full year free cash flow € -36m (vs € 88.7m last year)
  - Turnaround to € +15m FCF in 2H20 vs € -51m in 1H20
  - Incl € 9.5m pay-outs related to restructuring costs

- Working capital @ 10.5% of sales (vs 3% of sales last year)
  - DSO @ 67 days, ↓ 15 days vs mid-year20 peak, still +12 days yoy, mainly linked to Entertainment (Cinema)
  - Inventory reduced vs mid year but still high, turns at 2.3 (vs 3.2 at year-end '19), mainly linked to timing recovery in Entertainment markets
  - Payables ~half of level last year; brake on purchases

- ROCE @ 3% (vs 25% last year)

- Net cash @ 193.5m
  - ↓ € 135m vs end 2019: negative FCF, dividends paid out (€ 33.4m), investments (€ 55.5m) and fx impact
    - Investments: acquired minority stakes, measured at market price; remeasurement at fair value is reflected in OCI (€ 18.3m per year-end 2020)

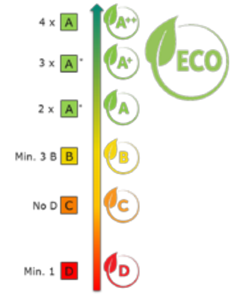
SUSTAINABILITY – PLANET : 2020 TARGETS REACHED

Target		2020	2019	2018
-20%	**Carbon footprint** of **operations** (baseline 2015)	-34%	-20%	-16%
-25%	**Energy footprint** of **products** (baseline 2015)	-27%	-20%	-14%
25%	**Ecodesign** of new products (min. A ecoscore)	48%	23%	-

- Modal shift in logistics from air > sea
- More energy efficient infrastructure
- Renewable electricity

- Laser projection drives structural progress

- Flagship products in each division at A or even A+ ecoscore
- First use of recycled plastics (Series 4, Clickshare)



Next-level 2023 targets defined & committed to the **Science Based Targets**
(to limit global temperature rise to 1.5°C above preindustrial levels)

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

DIVISIONS

Results 2020 – Prospect 2021

ENTERTAINMENT

Markets outside China in lock-down, expecting pick-up in Cinema and Events after summer 2021

(in millions of euro)	2020	Δ 2019
Orders	268.7	-45.3%
Sales	291.4	-36.0%
EBITDA	**0.3**	**(43.0)**
% Sales *Change (ppts)*	0.1%	-9.1

2020

Cinema

- **Cinemas** remained in lock-down for most of year:
  - Replacement projects halted
  - New builds deployment delays, no cancellations
  - Major movie releases pushed out to 2021/22
  - Trials with theatrical release and streaming reconfirm importance of cinematic release for blockbusters
- Support programs & furloughs limit bankruptcy risk cinemas
- 1 competitor exiting the market; division grew market share (to 52%, +2ppt) while strengthening technology (laser)

V&H

- **Events**-sector severely hit with event cancellations and push-outs globally
- **ProAV**-segment softer but showing more resilience with lockdown delays but no cancellations; clear recovery signs in China & EMEA
- **Simulation** more resilient

- EBITDA at break-even, temporary & structural cost measures partially offsetting strong topline impact

Path to recovery

Cinema

- **2021, a transition year**
  - China box office back to 75% of '19, projector demand picked up as of 4Q20
  - ROW box office gradual recovery as of 2H21 with global re-opening cinemas, and loaded movie slate
  - Replacement wave dynamics expected as of late '21
- **2022,** back to pre-covid run rates

V&H

- **ProAv/Events**
  - ProAv recovery in line with easing of constraints
  - Events slow pick-up expected after summer '21
  - China growth back as of 2Q21, ROW late '21
- **Simulation:**
  - Simulation technology replacement programs starting 1H21

ENTERPRISE
Material impact from corporate lockdown measures

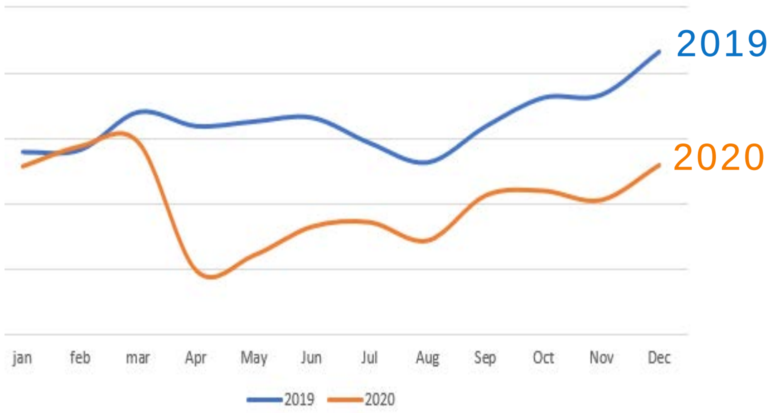
(in millions of euro)	2020	Δ 2019
Orders	215.2	-38.7%
Sales	216.8	-39.6%
EBITDA	**18.2**	**(55.8)**
% Sales *Change (ppts)*	8.4%	-13.2

	Corporate	Control Rooms
2020	▪ **'20 = flashpoint in the workplace**, forced adoption to remote working → new-normal will be hybrid ▪ **ClickShare** cautious sell out recovery in EMEA, while Americas & Asia lagging with lockdowns ▪ **ClickShare Conference** launch well received by users & channel … fitting the new-normal	▪ **Mixed** industry dynamics in **Control Rooms market**: Overall markets resilient except for Oil & Gas impacted (low oil prices), delays in corporate visualization projects ▪ **Expanded value proposition** (triple play and software) shows value-add and strengthens competitive position ▪ Win rates reflect share gain in EMEA and Americas, some first market consolidation
	▪ Accelerated commercial efforts on **weConnect** (virtual classroom), winning reference projects in business schools & corporates	
	▪ EBITDA margin down mainly due to topline drop in ClickShare	
Path to recovery	▪ **ClickShare** ◦ 1H21, a transition period while "back-to-office" starts to kick-in and with corporate market set to invest in hybrid collaboration technology ◦ 3 growth drivers : "back-to-office", "product awareness" and "channel penetration" with focus on attach to meeting room peripherals	▪ **Control Rooms** ◦ Site readiness & access for deployments to gradually improve in 1H21 ◦ Differentiating triple play offering in consolidating display market ◦ Maturing & commercializing software and networking solution portfolio … expanding into critical operations ▪ **weConnect:** continues growth track into the new normal of education. Focus on business schools and corporate learning&dev

CLICKSHARE CONTINUING RECOVERY DRIVEN BY "CONFERENCE", DESPITE LOCKDOWN PRESSURE IN Q4

1. **Corporates indicate intention to invest in UC&C[1] technologies for offices**
   - All prepare for hybrid work environment
   - Surveys indicate spending pick-up during 1H21, with EMEA faster than USA
2. **CS Conference gets positive market–fit confirmation as a new category**
   - 35 AV equipment suppliers joined Alliance program
   - 7 industry awards, including Frost & Sullivan market leadership award
   - 20K installs since launch, incl. 10+% of Fortune1000
3. **Building out distribution and awareness**
   - Already 1.000 certified CS Conference resellers on a total of 2.500 Gold/Silver ClickShare partners
   - Growing IT/UC&C reseller channel in US and APAC
   - 10.000 end-user marketing qualified leads
4. **Clickshare further continuing recovery**

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



- Correlation between mobility index[2] (back-to-office) and ClickShare sell-out
- Sell-out volume further picks up: +30% Q4 vs. Q3
  - Slow in US over past 6 months
  - Pick-up in EMEA/APAC, despite specific country lockdowns felt in Q4
- CS Present showing resilience. CS Conference at 26% of total Q4 volumes

1 UC&C = Unified Communication and Collaboration
2 Google Covid-19 Community mobility trends

HEALTHCARE

Strengthening the positioning with home reading solutions and China-program; OR digitization to continue and expand

(in millions of euro)	2020	Δ 2019
Orders	262.1	0.7%
Sales	261.9	-2.6%
EBITDA	**35.0**	**(0.6)**
% Sales *Change (ppts)*	13.4%	0.1

2020

Diagnostic

- Order and sales stable at level of 2019
  - Mixed dynamics with intensified demand for radiology (home-reading), with softer demand for mammo and modality solutions
  - Upgrade programs driven by compliance discretionary investments projects shifted to '21

Surgical

- Single-digit order growth and expanding strategic partnerships
- Digital OR programs shifted out with elective surgery and OR projects postponed due to Covid-impact
- Pick up sales towards year-end after soft 3Q

- Expanded growth opportunity with launches for Demetra (Europe, Americas)
- Profitability in line with '19, with continued investments in growth initiatives and “In China For China” program

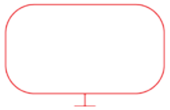
Back to growth

- **Markets** gradually open-up to pick-up with **growth** again
  - Normalization of hospital budget allocation
  - Catch up of spend related to postponed projects
- **Surgical expanding the partner base** with market opening up for integrated and digital solutions
- **China Healthcare market** further expanding in both diagnostic & surgical segments
- **Diagnostics** to launch collaboration enabled displays and remote fleet optimization solutions

2021 & BEYOND
CAPTURING THE REBOUND

MARKETS WILL BE BACK, WITH VARIED RATES OF RECOVERY

HEALTHCARE



2021 GROWTH

- ✓ Hospital budget allocations back to normal
- ✓ Upscaling elective surgery
- ✓ Mammo radiology back to normal
- ✓ Home reading to remain
- ✓ Digitization OR to expand
- ✓ Building awareness & channel around Demetra

ENTERPRISE

2021 RECOVERY

- ✓ Back to office momentum
- ✓ Hybrid collaboration as norm
- ✓ Investments in control & monitoring
- ✓ Remote learning investments to accelerate

ENTERTAINMENT

2022 RECOVERY

- ✓ Asia (& China) earlier recovery vs ROW in Events & Cinema
- ✓ Events ROW to re-ignite in 2H21
- ✓ Cinema renewal wave (EMEA, US) shifting to late '21
- ✓ Strong movie slate 2021/2022

Healthcare on a gradual growth track year-over-year,
Enterprise and Entertainment eying recovery but with different horizons

COSTS RESET TO PROTECT PROFITABILITY DURING MARKET RECOVERY TRAJECTORY

- **2Q20 to 4Q20 - Navigating through the crisis and making strategic choices**

- **1H21 - Focus on capturing topline in recovering markets, with adjusted opex level during transition period**
  - Entertainment recovery as of 2H21
  - Enterprise expected recovery towards 2019 levels as of Q2
  - Healthcare stable

  → **Reducing 21H1 cost to ~15% below 2019 level**, extending temporary unemployment and cautious on opex spending needs

- **Starting 2021 on a cautious note, with optionality to unlock opex investments to fuel rebound when recovery momentum is steady**

WE REMAIN COMMITTED TO OUR STRATEGY

Market dynamics & opportunities

- ✓ Countries stepping up **Healthcare investments for increased care capacity**
- ✓ **Cinema will recover** with more focus on **premium** techno next to streaming
- ✓ **Hybrid workplaces** drive need for video-conferencing and collaboration techno
- ✓ More complex **world requiring more control & monitoring** infrastructure
- ✓ **Hybrid** events/education/tele-health drive need for **connectivity & image processing**

2021 Strategic focus

- China 2.0 capability acceleration
- Capture growth in new markets
- Strengthen innovation in Cinema-Lightsteering, software and IOT
- Digital transformation acceleration
- Sustain operational & commercial efficiency, and core growth focus
- Sustainability: eco-design

Living our DNA

Our markets potential is solid for the long term

Strengthen growth foundation with technology and organization

OUTLOOK 1H 2021

The following statements are forward looking, and actual results may differ materially

- Management expects business conditions to be defined by the pandemic for at least the first half of the year and therefore does not have visibility to offer quantitative guidance for 2021 at this time.

- If we assume a recovery for Entertainment only to start in the second half, a steady dynamic in Healthcare and a stronger back-to-office activity leading to improved demand for ClickShare as of the second quarter, then topline for the first semester will move toward the first half of last year.
- Under this assumption, and given the reset of Barco’s cost structure, management expects a mid-plus single digit EBITDA margin for the first half of 2021.

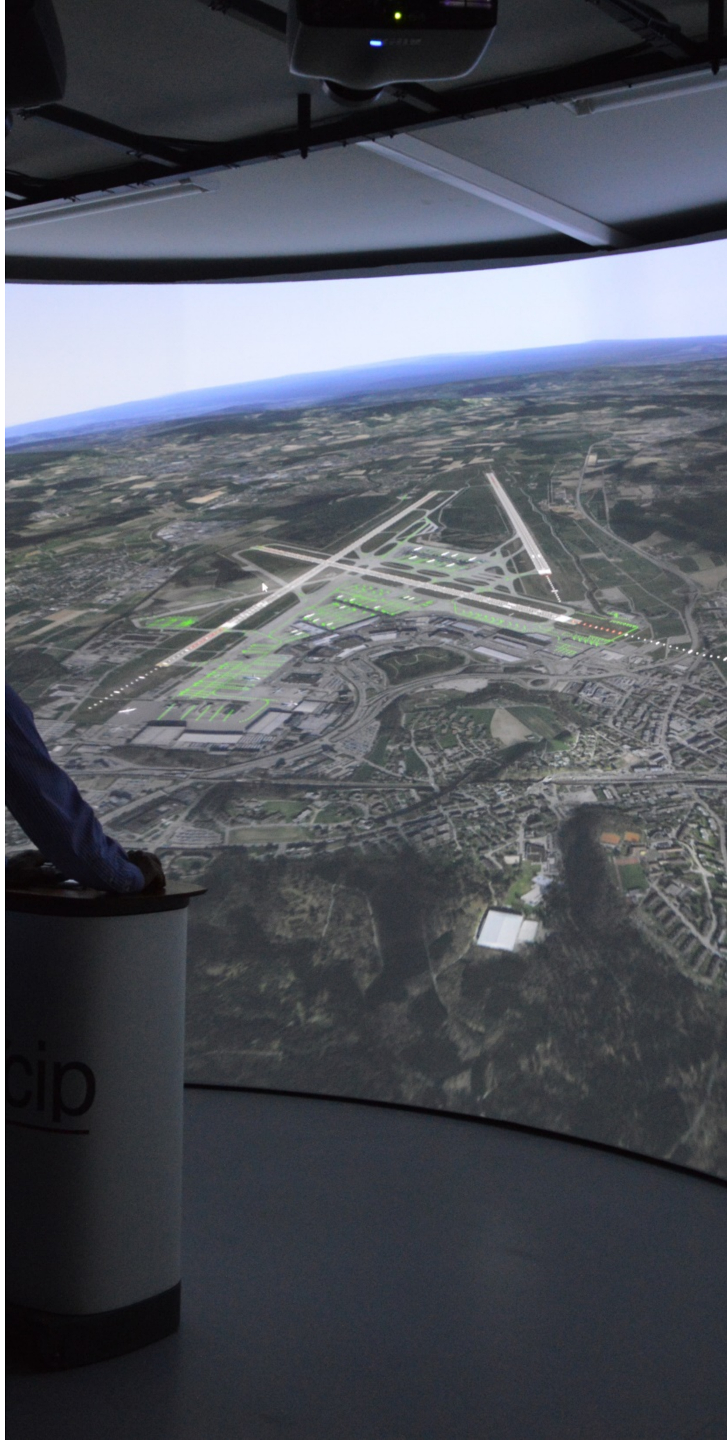
> *“While the first half of 2021 still presents uncertainties with regards to shape and pace of market recoveries, we are starting the year with a balance sheet and a reset cost structure which gives us optionality to navigate the risks and opportunities ahead.*
> *As a result, we are in a strong position to capture the growth in our markets when the recovery sets in, to get back on the path towards our long-term financial objectives.”*

Quote CEO, Jan De Witte

DIVIDEND

- Barco's board of directors will propose to the General Assembly to distribute a gross dividend of 0.378 euro per share. Barco's shareholders will be offered the choice between payment in cash or dividend in shares, enabling Barco's shareholders to reinvest in the company.
- Chairman of the board, Mr. Charles Beauduin and director, Mr. Frank Donck, have confirmed the intent of respectively Titan Baratto NV and 3D NV, to opt for the stock dividend.

Q&A



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