

TRADING UPDATE 3Q20

Soft Q3 with mix of recovery and prolonged covid impact

Kortrijk, Belgium, 21 October 2020, 7:30 am – Today Barco (Euronext: BAR; Reuters: BARBt.BR; Bloomberg: BAR BB) announced the results for the third quarter ended 30 September 2020.

Financial highlights 3Q20

- **Orders, versus 3Q19**, declined to 157.6 million euro from 275.6 million euro
- **Orders, versus 2Q20**, increased 8.7%
- **Order book** as of 30 September 2020 stood at 299.1 million euro, 5.7% below end of June 2020
- **Sales, versus 3Q19**, declined to 167.4 million euro from 266.9 million euro
- **Sales year-to-date** decreased 24.7% to 574.7 million euro, compared to the same period a year ago
- **Sales, versus 2Q20**, were 2.4% lower reflecting a decline in Healthcare sales in the third quarter offset by increases in Entertainment & Enterprise sales

Executive summary 3Q20

Group topline

The third quarter results continued to reflect varied demand dynamics associated with covid-19 across Barco's regions and divisions. Although orders and sales were significantly below last year, on a quarter-over-quarter basis, sales were essentially flat, and orders grew.

3Q versus 2Q comparison - Regional breakdown

From a regional perspective, sales grew in EMEA markets and were flat in APAC, reflecting economic pick-up in several end markets. Sales declined in the Americas region where the pace of economic recovery in our end markets lags other regions.

3Q versus 2Q comparison - Divisional breakdown

Divisional results reflect early indications of economic recovery in the Entertainment and Enterprise divisions. Activity in Healthcare was weaker across all segments and most pronounced in the Americas region as customers reset delivery schedules based on hospital spending priorities.

Enterprise sales began to rebound in the third quarter as demonstrated by a solid pick-up for both the Control Rooms and the ClickShare segments. ClickShare sales continued to steadily improve in line with back-to-office trends and the need for solutions that enable hybrid workspaces. Six months after its launch, ClickShare Conference now accounts for 22% of the ClickShare business.

In Entertainment, both the Cinema and the V&H segments contributed to a modest 3% growth in divisional sales versus Q2 on new build activity for cinema in EMEA and with services rebounding as cinemas reopen.

Healthcare reported a slow third quarter, following a very strong first half. As a result, sales year-to-date for Healthcare are now flat. The weak 3Q was driven by short term postponement of investments by hospitals leading to deployment push-outs.

Investing in strategic growth opportunities while adjusting the cost base

The company continues to execute its plan to align both its activity rate and spending with the impacts of the pandemic by resetting indirect cost levels, next to temporary measures and resource redeployments.

In parallel, the company continues to invest in strategic portfolio innovations and to strengthen commercial activities in selected markets and regions in order to further improve its competitive position.

Quote of the CEO, Jan De Witte

“While total company topline for the 3rd quarter was flat with the 2nd quarter, we saw improvements in Enterprise and indications of economic recovery in EMEA and parts of APAC. Healthcare delivered a softer quarter, but its fundamentals remain solid. In Entertainment, although the global Cinema and Events segments are clearly riding a roller-coaster, Barco’s longer-term growth opportunities remain unchanged. With Clickshare Conference, positive market receptivity is telling us we have the right product at the right time to enable hybrid workplaces, and we are continuing to invest in building awareness.”

“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,” said Jan De Witte, CEO of Barco.

Outlook

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.

Conference call

Barco will host a conference call with investors and analysts on 21 October 2020 at 9:00 a.m. CET (3:00 am EST), to discuss the third quarter results and to provide perspective on the current environment and how it is working to mitigate the impact.

Jan De Witte, CEO, Ann Desender, CFO and Carl Vanden Bussche, IRO, will host the call.

An audio cast of this conference call will be available on the Company's website www.barco.com by 12:30 p.m. Brussels time (6:30 a.m. EST).

Order Book & Order Intake

Order Intake year-over-year

<i>(in millions of euro)</i>	3Q20	3Q19	Change vs 3Q19
Order Intake	157.6	275.6	-42.8%

Order Intake quarter-over-quarter

<i>(in millions of euro)</i>	3Q20	2Q20	Change vs 2Q20
Order Intake	157.6	145.0	+8.7%

Order Intake year-to-date

<i>(in millions of euro)</i>	YTD20	YTD19	Change vs YTD19
Order intake	556.3	809.4	-31.3%

Order Book

<i>(in millions of euro)</i>	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
Order book	299.1	317.2	341.8	322.3	359.1

Sales

Sales

<i>(in millions of euro)</i>	3Q20	3Q19	Change vs 3Q19
Sales	167.4	266.9	-37.3%

Sales per division ¹ year-over-year

<i>(in millions of euro)</i>	3Q20	3Q19	Change vs 3Q19
Entertainment	58.0	120.3	-51.8%
Enterprise	50.0	77.6	-35.6%
Healthcare	59.3	69.0	-14.0%
Group	167.4	266.9	-37.3%

¹ The projection activity related to virtual reality solutions has been transferred from the Enterprise division to the Entertainment division to further optimize the development and commercialization. With a sales contribution of less than 4 million euro per quarter, this transfer is not considered material, and therefore the 2019 financials are not restated.

Sales per division quarter-over-quarter

<i>(in millions of euro)</i>	3Q20	2Q20	Change vs 2Q20
Entertainment	58.0	56.5	+2.7%
Enterprise	50.0	45.6	+9.6%
Healthcare	59.3	69.4	-14.5%
Group	167.4	171.5	-2.4%

Sales per division year-to-date

<i>(in millions of euro)</i>	YTD20	YTD19	Change vs YTD19
Entertainment	214.2	314.8	-32.0%
Enterprise	162.9	251.5	-35.2%
Healthcare	197.6	197.0	+0.3%
Group	574.7	763.4	-24.7%

