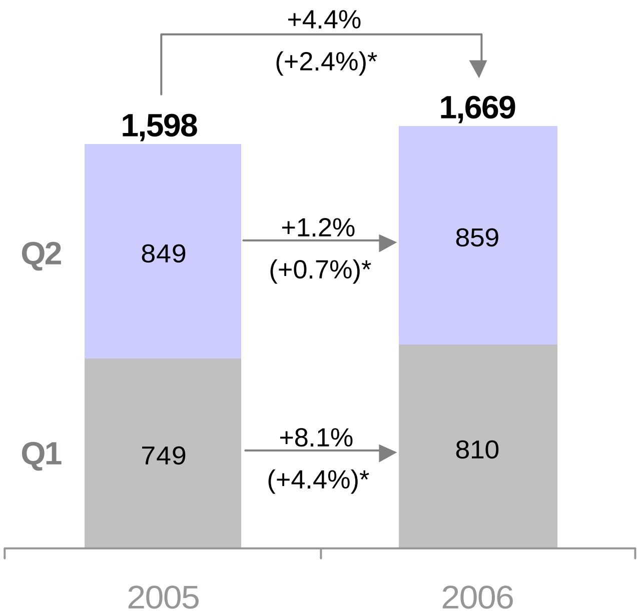
Q2 Results 2006

August 24, 2006

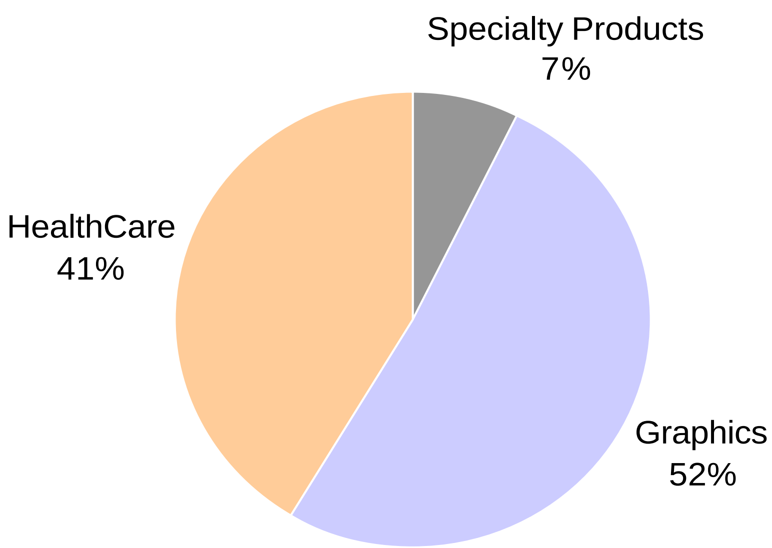
Group Sales (in million Euro)

Total Sales



* Excluding currency impact

Split per Business Group (YTD)



Sales increase of 1.2% in Q2 mainly as a result of volume growth, price increases and the acquisition of Heartlab

Profit & Loss: Key Figures (in million Euro)

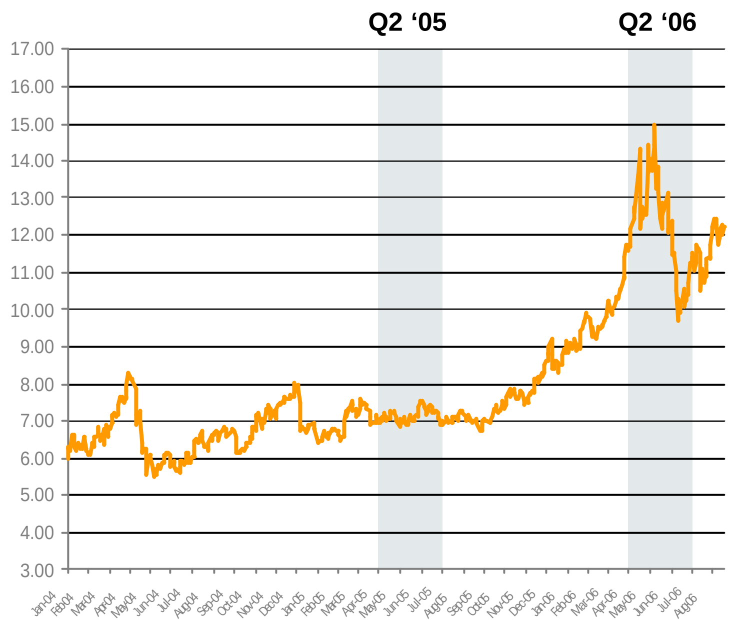
	Q2 '05	Q2 '06	% change
Sales	849	**859**	1.2%
Gross profit	316	**344**	8.9%
Gross profit margin	37.2%	**40.0%**	

	H1 '05	H1 '06	% change
Sales	1,598	**1,669**	4.4%
Gross profit	600	**660**	10.0%
Gross profit margin	37.5%	**39.5%**	

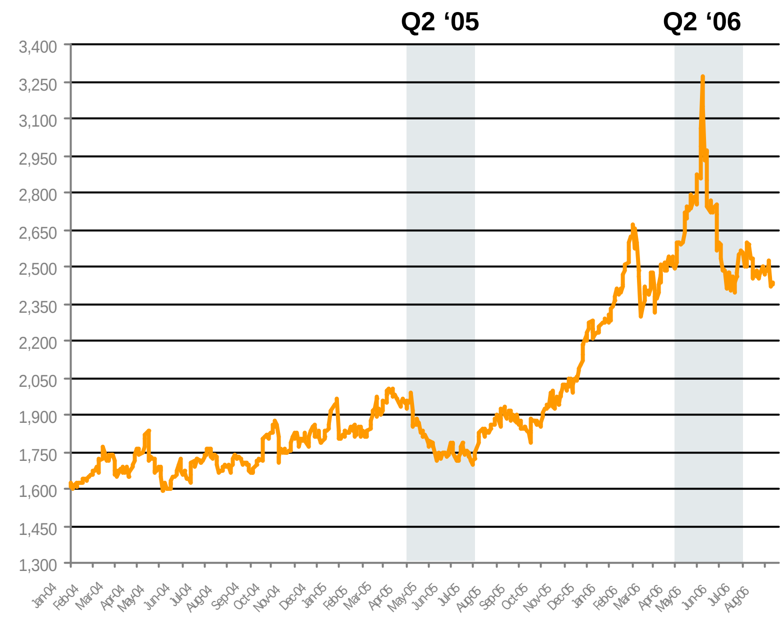
- Gross profit margin increases to 40.0% despite high raw material costs, driven by improved production and service efficiencies and price increases

Raw Materials

Silver (USD/troyounce)



Aluminium (USD/ton)



40 million Euro higher raw material costs vs. Q2 2005 (of which silver 33 million Euro and aluminium 7 million Euro)

Profit & Loss: Key Figures (in million Euro)

	Q2 '05	Q2 '06	% change	H1 '05	H1 '06	% change
Gross profit	316	**344**	8.9%	600	**660**	10.0%
R&D	-48	**-50**	4.2%	-95	**-97**	2.1%
SG&A	-211	**-212**	0.5%	-408	**-422**	3.4%
as a % of sales	24.9%	**24.7%**		25.5%	**25.3%**	
Other operating items	-3	**-5**	66.7%	-2	**-10**	x5
EBITDA*	95	**115**	21.1%	176	**208**	18.2%
as a % of sales	11.2%	**13.4%**		11.0%	**12.5%**	
EBIT*	54	**77**	42.6%	95	**131**	37.9%
as a % of sales	6.4%	**9.0%**		5.9%	**7.8%**	

* Before restructuring charges and non-recurring items.

- SG&A expenses as a % of sales decrease to 24.7%
- EBITDA margin increases from 11.2% to 13.4% and EBIT margin from 6.4% to 9.0%

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Profit & Loss: Key Figures (in million Euro)

	Q2 '05	Q2 '06	% change	H1 '05	H1 '06	% change
EBIT*	54	**77**	42.6%	95	**131**	37.9%
Restructuring and non-recurring	-6	**-25**		-5	**-36**	
Operating result	48	**52**	8.3%	90	**95**	5.6%
Non-operating result	-14	**-13**	7.1%	6	**-29**	N.A.
Profit before taxes	34	**39**	14.7%	96	**66**	-31.3%
Taxes	-12	**-11**	-8.3%	-45	**-18**	-60.0%
Net result	22	**28**	27.3%	51	**48**	-5.9%

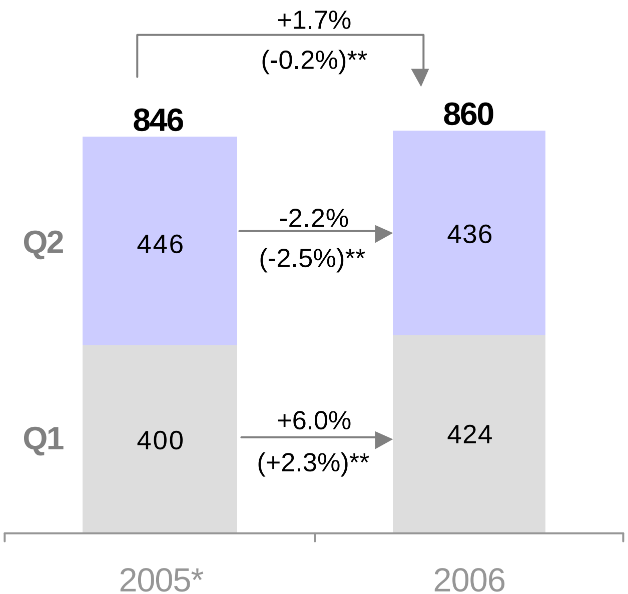
* Before restructuring charges and non-recurring items.

- Restructuring costs mainly due to plant closure in Graphics
- Q2 net result increased 27.3%

Agfa Graphics

Graphics: Sales (in million Euro)

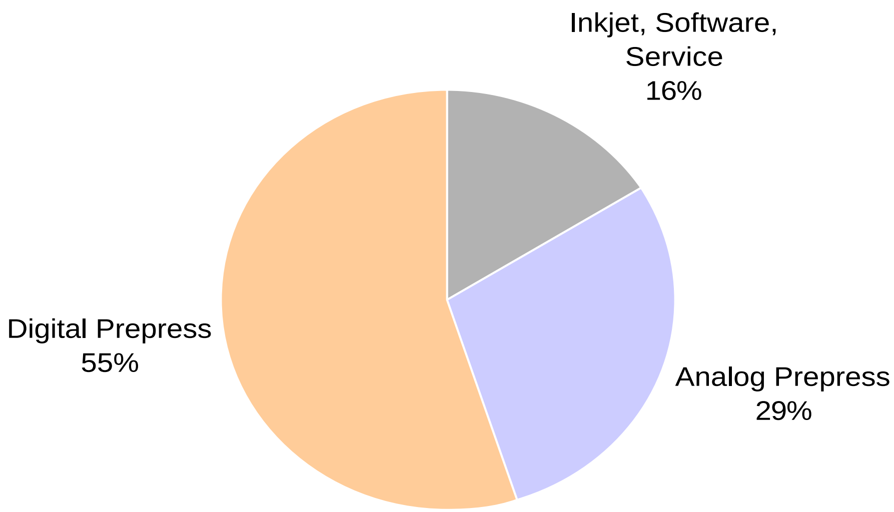
Total Sales



* Including 26 million Euro sales from products transferred from Graphics to Specialty Products in 2006

** Excluding currency effect

Split per Business Segment (YTD)



- Q2 sales increased 0.9% taking into account the shift of some businesses to Specialty Products in January 2006
- Digital prepress continues to increase and analog prepress to decrease at double digit rates

Graphics: Key Figures (in million Euro)

	Q2 '05**	Q2 '06	% change	H1 '05***	H1 '06	% change
Sales	446	**436**	-2.2%	846	860	1.7%
EBITDA*	37.0	**35.1**	-5.1%	72.6	73.2	0.8%
% of sales	8.3%	**8.1%**		8.6%	8.5%	
EBIT*	17.0	**18.1**	6.5%	33.6	38.2	13.7%
% of sales	3.8%	**4.2%**		4.0%	4.4%	

* Before restructuring charges and non-recurring items
** Including 14 million Euro sales from products transferred from Graphics to Specialty Products in 2006
*** Including 26 million Euro sales from products transferred from Graphics to Specialty Products in 2006

Price increases and improved production efficiencies compensate for sharply higher raw materials costs (22 million Euro) and lead to an EBIT increase of 6.5%

Graphics: Q2 Highlights

- Major Wins
  - *El País* invests 1.2 million euro in total digital solutions
  - Turkish newspaper group *Dogan* extends violet computer-to-plate to additional sites
  - Agfa Graphics China renews dealership agreement for newspaper computer-to-plate with *Founder*, one of the largest technology companies in China
- Succesful Trade Fairs
  - Fespa Digital (Netherlands), Ipex (UK), All in Print (China), and Grafitalia
- Inkjet
  - Sales of single pass Dotrix continue to grow
  - Competitors struggle to close technology gap


EL PAIS

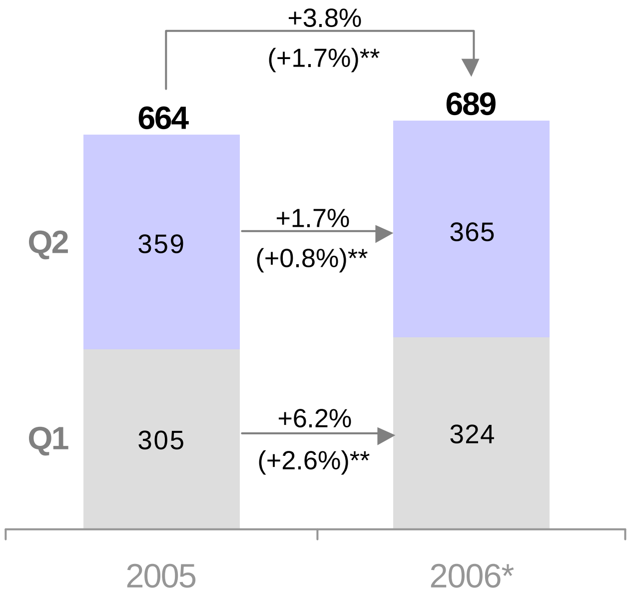
El reconocimiento de los partidos políticos, condición esencial para la integración en Europa

Ante la "reforma"

Agfa HealthCare

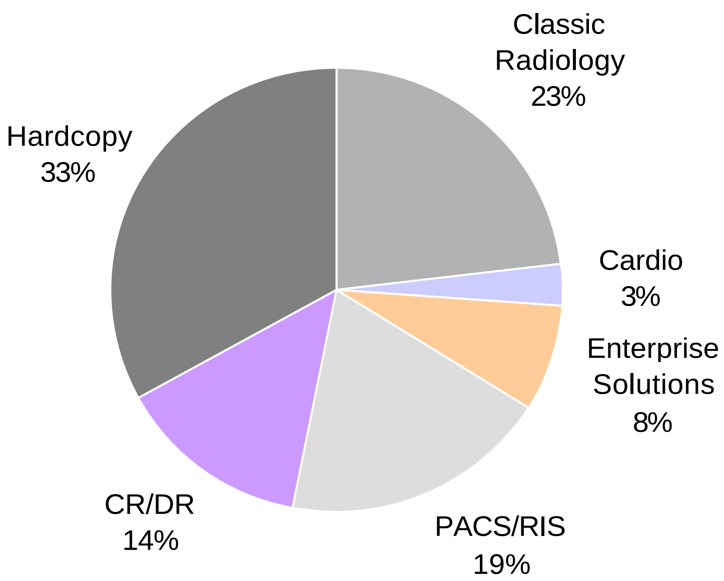
HealthCare: Sales (in million Euro)

Total Sales



* Including Heartlab, acquired in June ‘05
** Excluding currency effect

Split per Business Segment (YTD)



- Sales increase driven by acquisition of Heartlab and by double digit growth of HealthCare IT, more than compensating the decline of classic radiology
- Strong order intake for Enterprise Solutions

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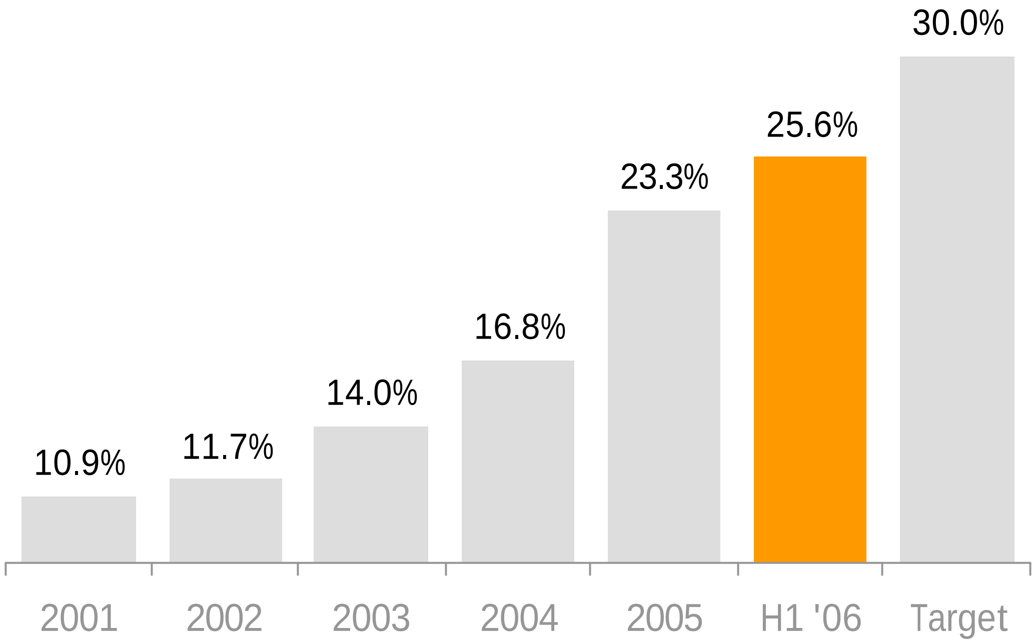
Service Revenues as % of HealthCare Sales



Services revenues increase as HE IT grows as part of total HealthCare sales

HealthCare: Key Figures (in million Euro)

	Q2 '05	Q2 '06	% change
Sales	359	**365**	1.7%
EBITDA*	54.7	**70.2**	28.3%
% of sales	15.2%	**19.2%**	
EBIT*	35.7	**51.2**	43.4%
% of sales	9.9%	**14.0%**	

H1 '05	H1 '06	% change
664	**689**	3.8%
97.5	**115.2**	18.2%
14.7%	**16.7%**	
58.5	**76.2**	30.3%
8.8%	**11.1%**	

* Before restructuring charges and non-recurring items

Profitable growth of services and production efficiencies resulted in increased EBIT despite higher silver costs (9 million Euro)

HealthCare: Q2 Highlights

- Strong Growth in IT
  - HealthCare strategy implementation continues to be on track
    - IT businesses continue to more than compensate for decline in traditional business
    - Solid revenue growth in Radiology Information Systems, Picture Archiving and Communications Systems (RIS/PACS) and Cardio Solutions
    - Roll-out of ORBIS across Europe progressing well
- Solid performance in Film & Print; strong growth in CR/DR
- Introductions & Major Wins:
    - NHS: first seven installations flawless
    - ORBIS : 34 new hospitals in France, Germany and Austria
    - PACS/RIS: strongly increased US market share
    - First RIS installation in South Africa opens access to large group of hospitals
    - First cardio wins in South Asian region

Agfa Specialty Products

Specialty Products: Key Figures (in million Euro)

	Q2 '05**	Q2 '06	% change	H1 '05***	H1 '06	% change
Sales	44	**58**	31.8%	88	**120**	36.4%
EBITDA*	5.3	**16.2**	x3.1	9.0	**29.6**	x3.3
% of sales	12.0%	**27.9%**		10.2%	**24.7%**	
EBIT*	3.3	**14.2**	x4.3	6.0	**26.6**	x4.4
% of sales	7.5%	**24.5%**		6.8%	**22.2%**	

* Before restructuring charges and non-recurring items
** Excluding 14 million Euro sales from products transferred from Graphics to Specialty Products in 2006
*** Excluding 26 million Euro sales from products transferred from Graphics to Specialty Products in 2006

- On a comparable basis, sales remained stable in Q2
- High EBIT margin due to exceptionally favorable mix effects

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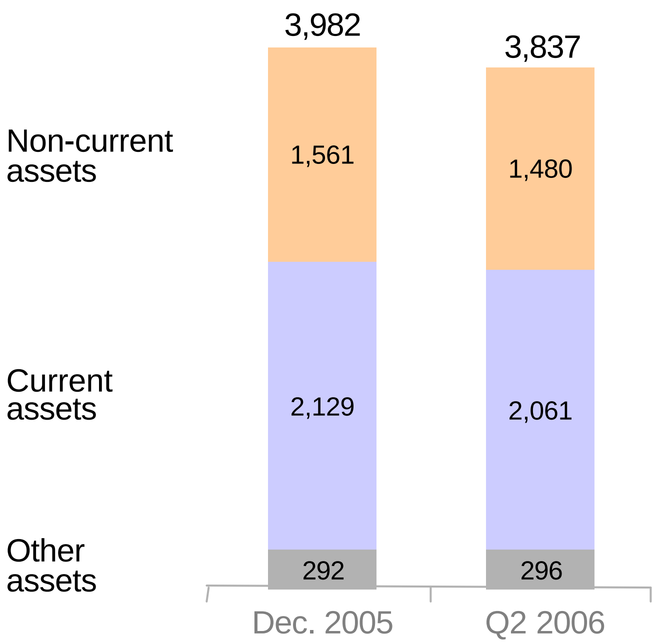
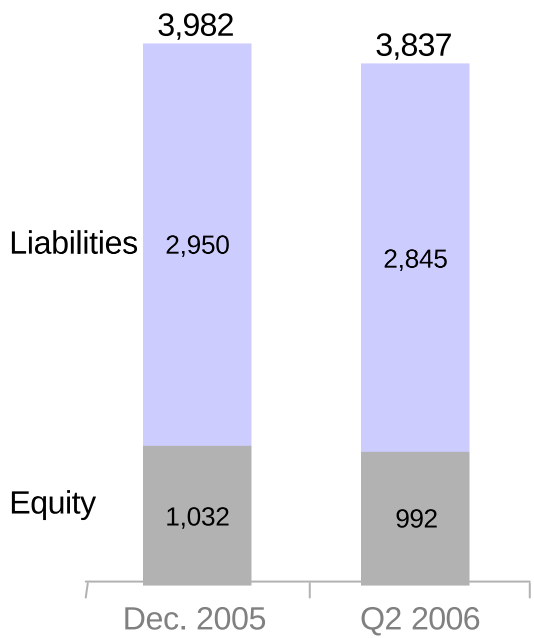
Balance Sheet: Key Figures (in million Euro)

Assets

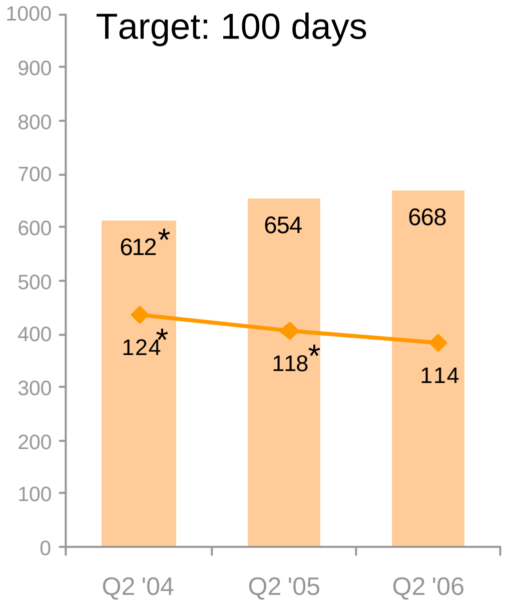


Liabilities



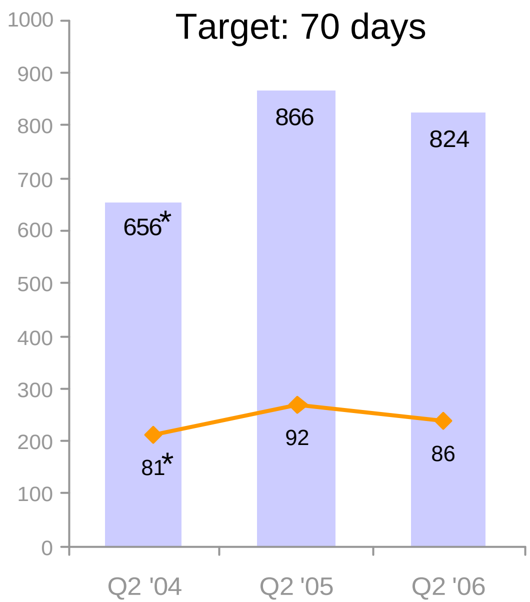
Working Capital: Key Figures (in million Euro/days)

Inventories

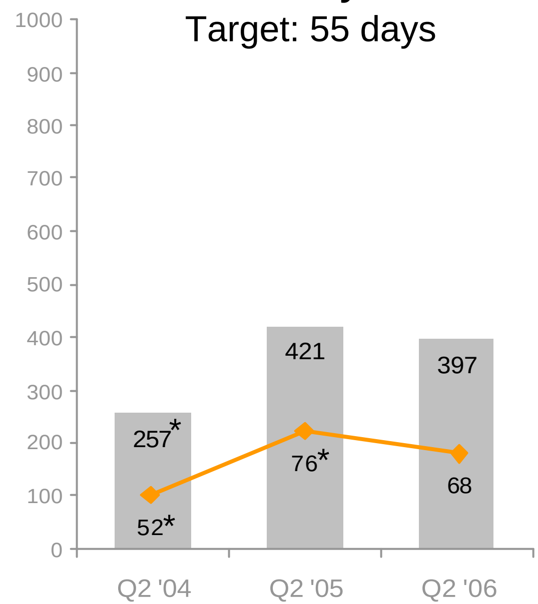


* Excluding Consumer Imaging

Trade Receivables



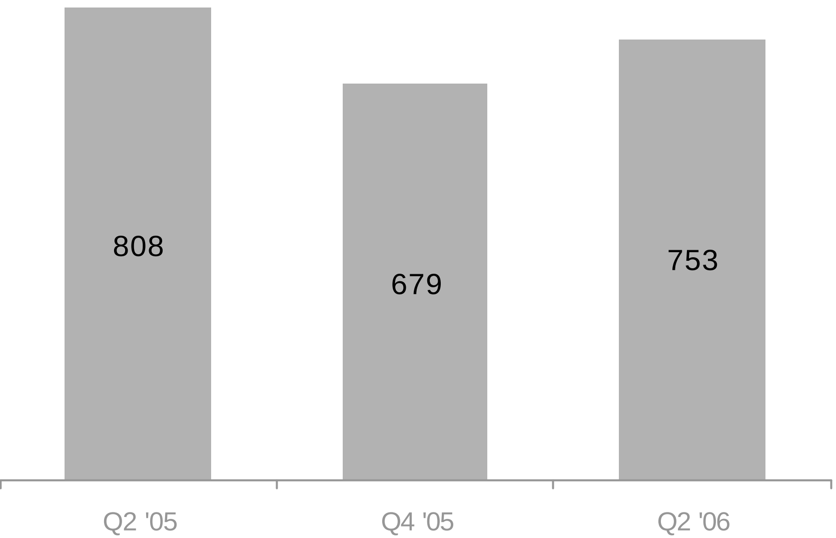
Trade Payables



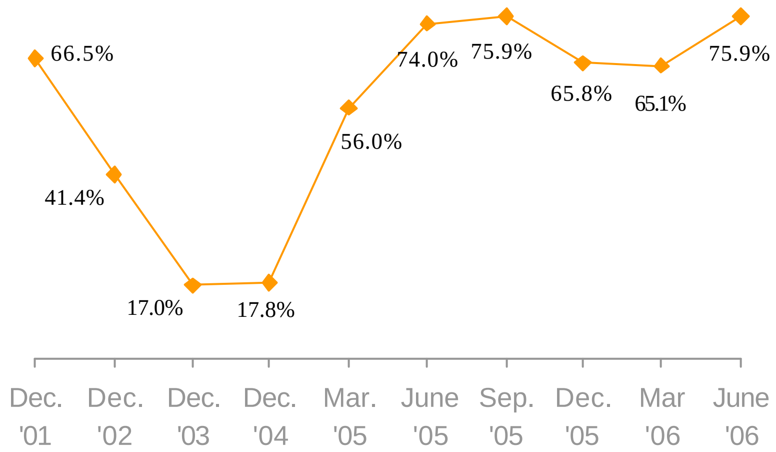
- Days of inventories and days of trade receivables decreased by 4 and 6 days since Q2 ’05
- Target for days of trade payables largely exceeded

Balance Sheet: Key Figures

Net Financial Debt (in million Euro)



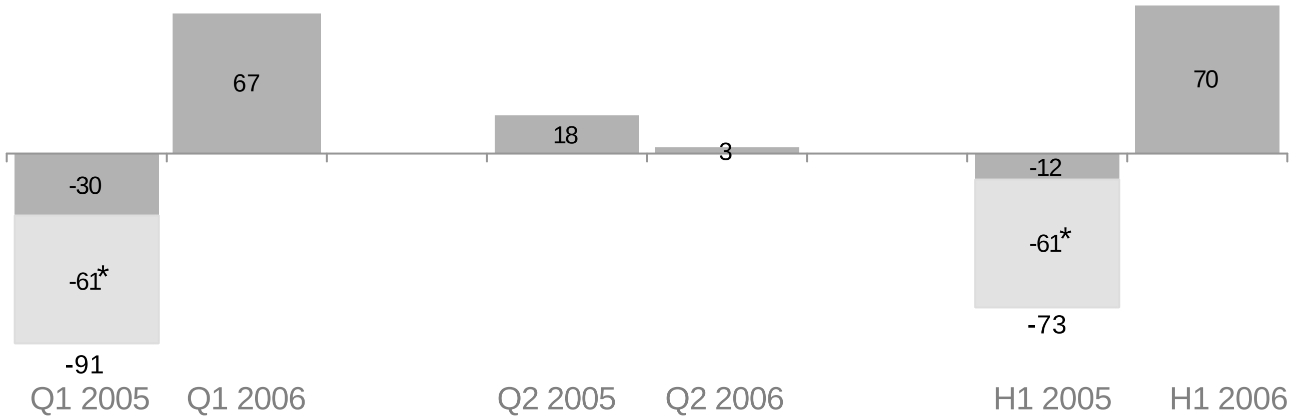
Gearing Ratio (%)



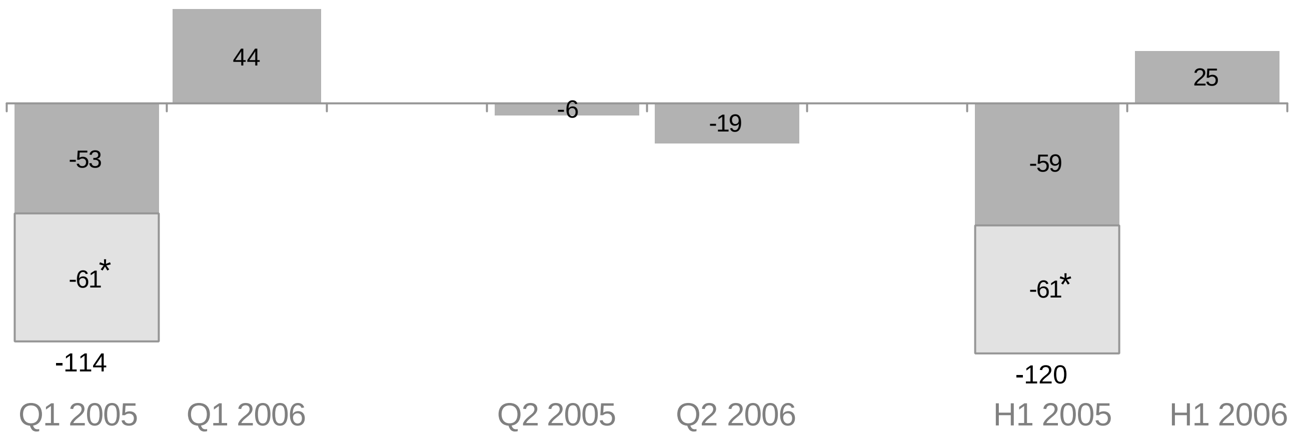
Net financial debt increases due to payment of earn-out (52.5 million Euro) and of dividend (62.5 million Euro)

Cash Flow: Q2 2006 Key Figures (in million Euro)

Net operating cash flow



Free cash flow

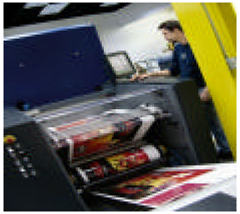


(*) exceptional due to termination of securitisation

Free cash flow considerably better in H1 '06 than in H1 '05

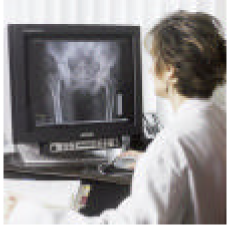
Details on Cost Savings Plan

Growth Strategies of the Business Groups



Agfa Graphics

- Complete prepress solutions
- Industrial inkjet and new growth markets
- Target: sales of 1.9 billion Euro in 2008



Agfa HealthCare

- Conventional and digital medical imaging
- Hospital-IT
- Target: sales of 1.7 billion Euro in 2008

Agfa Materials

- Film and related products for Graphics, HealthCare and third parties
- Niche products outside the graphic and medical sectors
- Target: sales of 700 million Euro in 2008 (incl. sales from Graphics and HealthCare)

Cost Savings Necessary for Growth Strategies

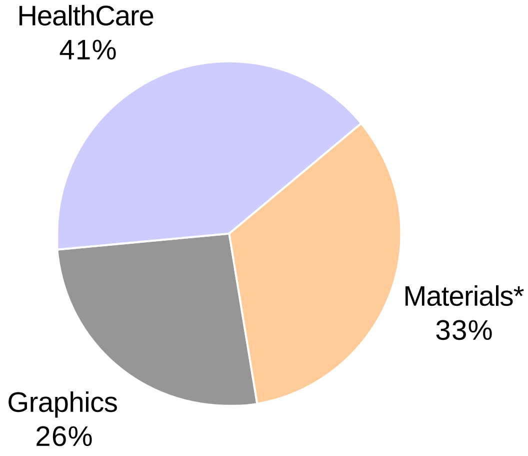
- **Succesful transformation** to an innovative provider of digital imaging and IT solutions and services
- **Growth strategies** (e.g. inkjet, healthcare IT, materials) require a complete transformation of the business
- Split in 3 **independent groups** to give each business the necessary flexibility to focus on its customers and growth markets
- Highly **competitive markets** with large and international competitors, both in traditional and new markets
- Decline of some **traditional activities** with consolidation of the market players in this area
- Increasing **raw material costs**
- **SG&A costs** well above industry average

Approximately 250 million Euro cost savings needed to give each group the necessary means and structure to continue to invest in its growth strategy

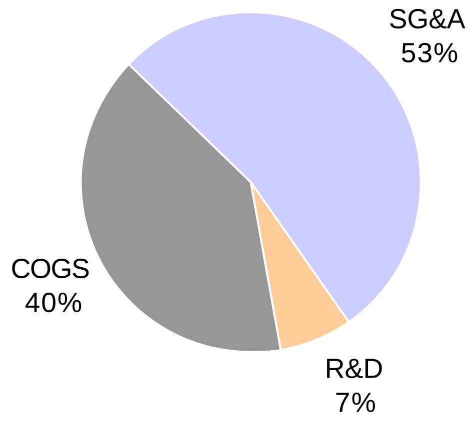
INTENDED PROGRAM - STRICTLY CONFIDENTIAL

Cost Savings in All Areas

Cost savings per business group (%)



Cost savings per category (%)



Approximately 250 million Euro annual cost savings by 2008

* Split Materials over existing business groups: Graphics 33%, HealthCare 45% and Specialty Products 22%

Examples of Projects: 1/2

Services

- Improved reliability of prepress equipment and increase of remote monitoring reduces number of customer visits to maintain and repair equipment

➡ Service organization needs to be finetuned with new market and technology requirements

Customer Operations

- Number of order lines increases due to focus on larger customers and shift of smaller customers to dealers
- Continuous growth of e-commerce

➡ Customer operations to be aligned with customer base and changes in technology

Examples of Projects: 2/2

Film and Print

- Film and print markets decreasing and prices under pressure

→ Headcount and non-headcount related actions required to grow both our market share and contribution

Manufacturing

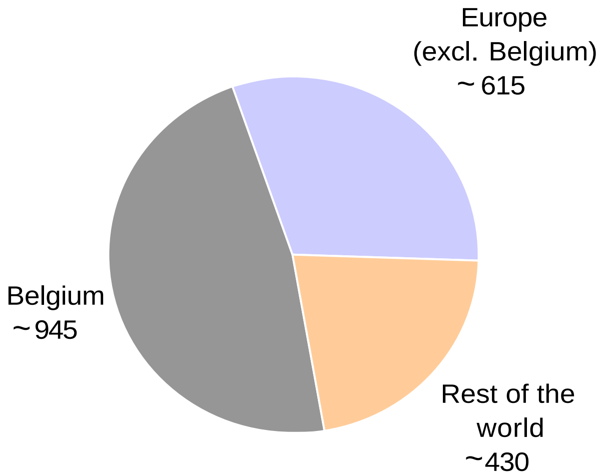
- Cost leadership in all areas is required to remain competitive
- A large part of manufacturing costs are fixed

→ Focus on core competences and variabilization of manufacturing costs is necessary

Potential Impact on Headcount

- As a result of the intended improvement initiatives, almost 2,000 functions worldwide may become redundant.

Potential impact per region (fulltime equivalents)



- Information and consultation with the social partners starts immediately in all countries concerned.
- A substantial part of 250 million Euro restructuring costs related to the plan will be booked in Q4 2006

Questions & Answers