Agfa Graphics

drupa Analyst Event
June 9, 2008

STAY AHEAD. WITH AGFA GRAPHICS.

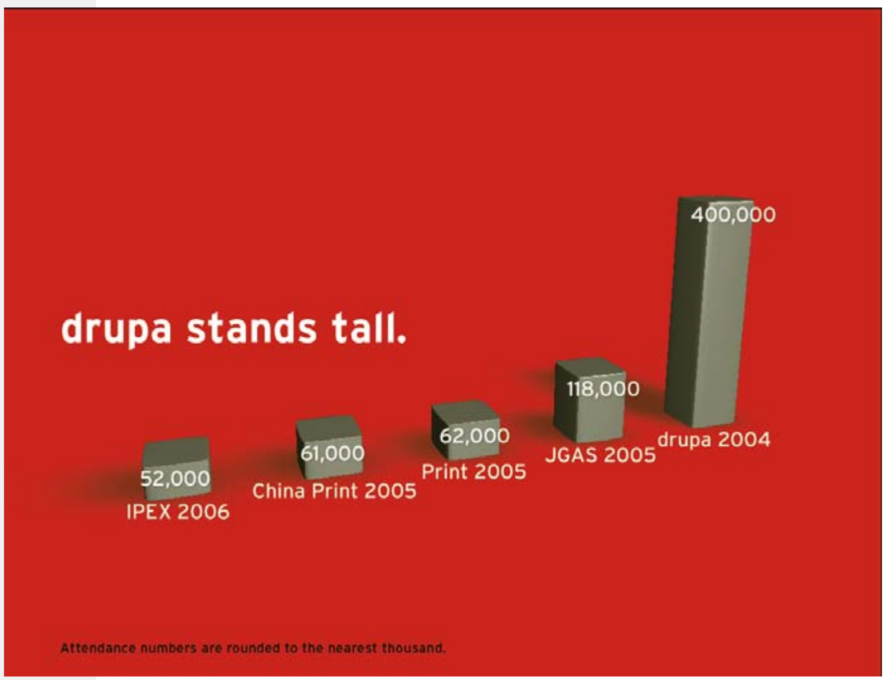
Agenda

- Presentations:
  - Agfa Graphics strategy
    Stefaan Vanhooren - President Agfa Graphics
  - Inkjet
    Richard Barham – VP Inkjet, Agfa Graphics
  - Rock-Tenn
    Tom Cooper – Research & Technology Manager
  - Q&A
- Booth tour

drupa 2008


drupa
one world - one drupa
may 29 - june 11, 2008
düsseldorf, germany
www.drupa.com
Messe
Düsseldorf

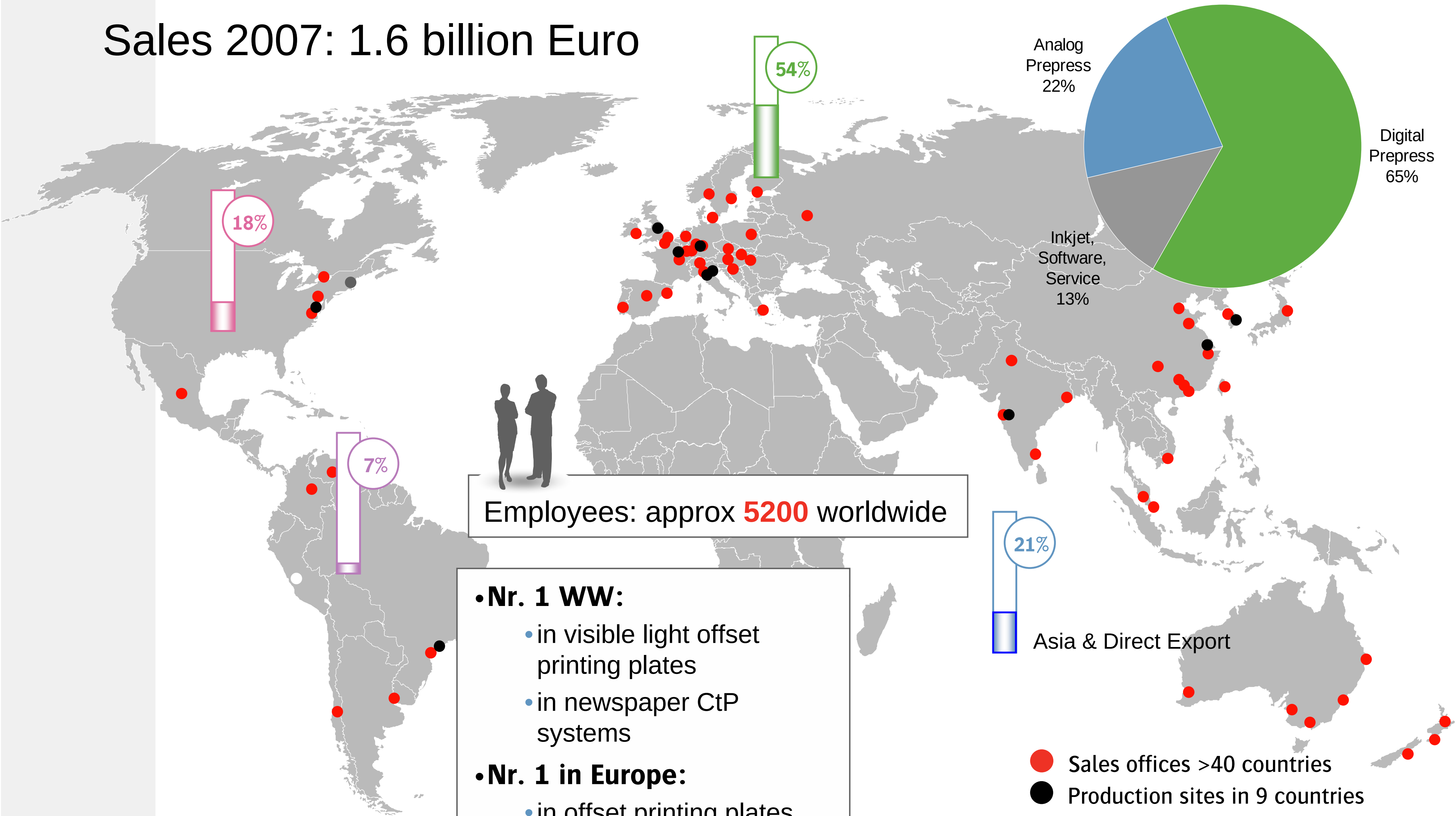

one world - one drupa
the olympic games of your industry.
contests in the disciplines of pre-media, printing, finishing and converting


drupa stands tall.
52,000
IPEX 2006
61,000
China Print 2005
62,000
Print 2005
118,000
JGAS 2005
400,000
drupa 2004
Attendance numbers are rounded to the nearest thousand.


XXL
drupa goes
now even bigger.
over 1,800 exhibitors from some 50 countries.
over 170,000 square metres of exhibition space in 19 halls.
some 400,000 visitors and about 3,500 journalists.

Agfa Graphics: Facts and Figures

Sales 2007: 1.6 billion Euro



Employees: approx **5200** worldwide

- **Nr. 1 WW:**
  - in visible light offset printing plates
  - in newspaper CtP systems
- **Nr. 1 in Europe:**
  - in offset printing plates
  - in CtP systems

AGFA

Main events since drupa 2004

Substantial cost savings

De-emphasize analog business

Implementation of price increases

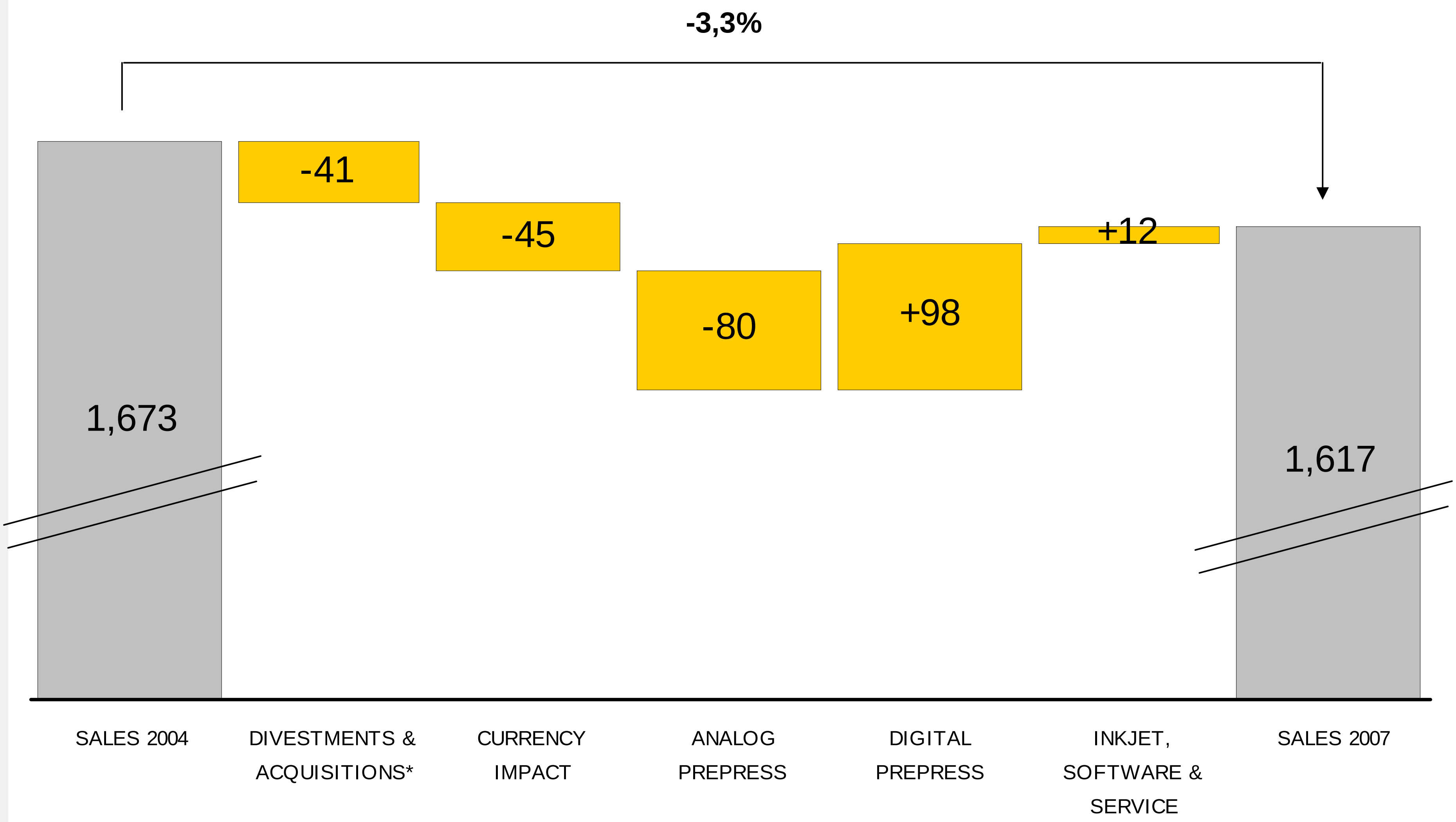
Improvement of quality

Technology leadership

Inkjet: high investments & technical delays

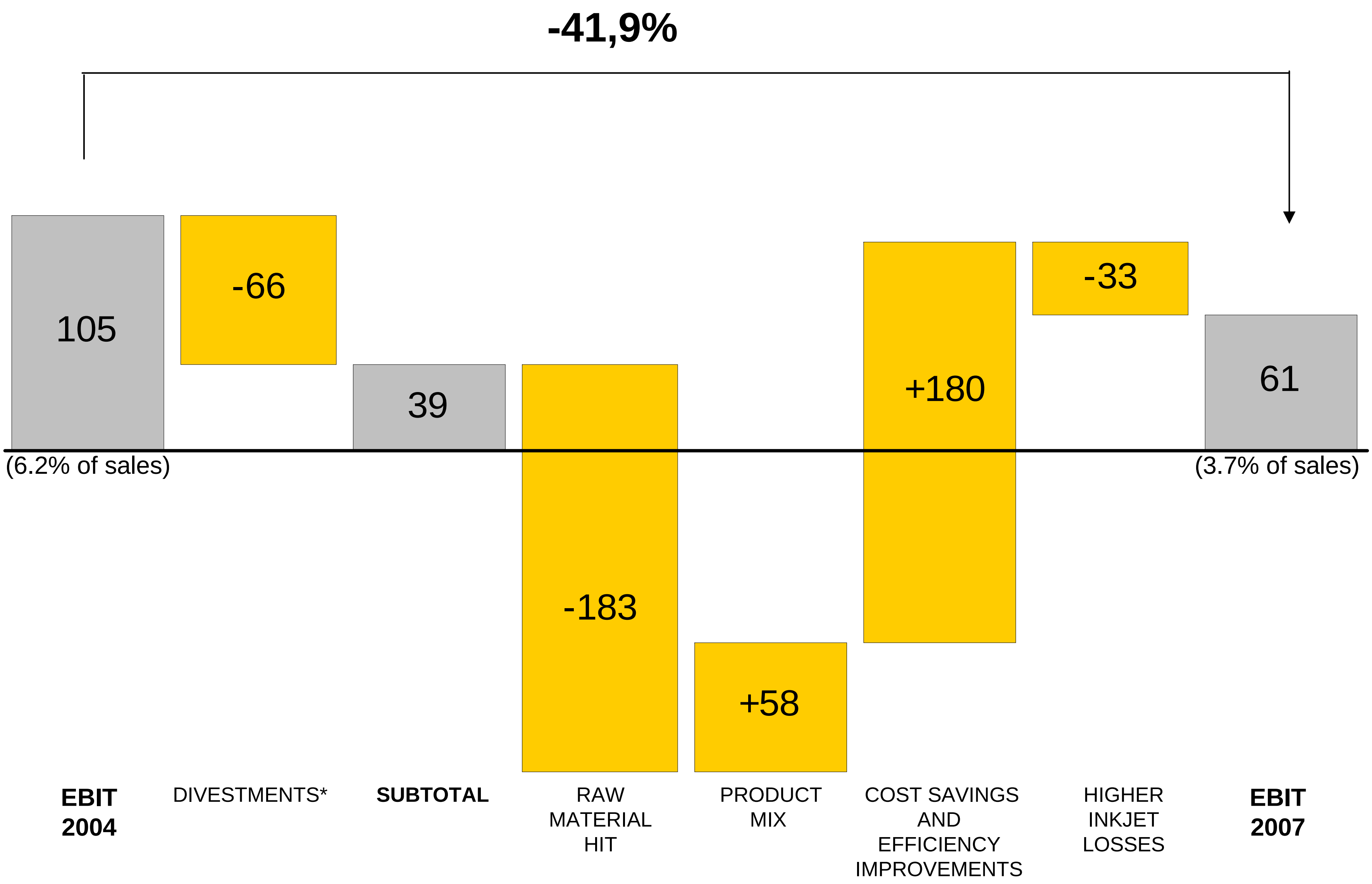
- Prepress margin at 7%
- Inkjet loss making
- First generation inkjet on the market

Evolution of sales since drupa 2004 (in mio Euro)



* IIS, Monotype, Xitron

Evolution of EBIT since drupa 2004 (in mio Euro)



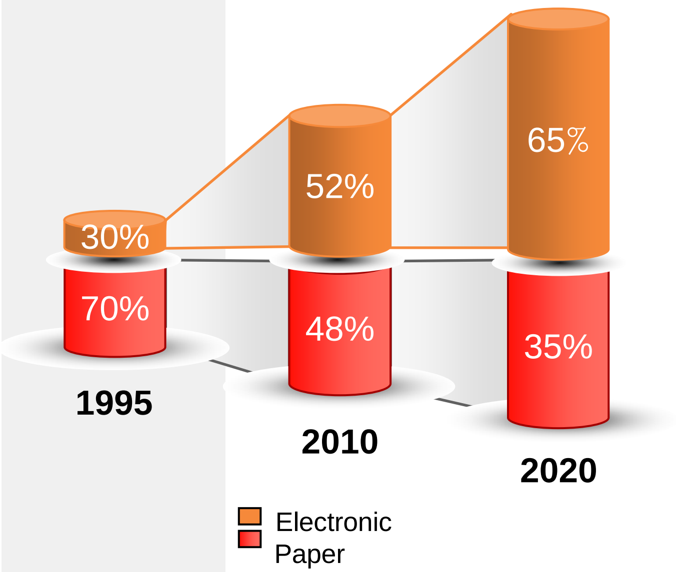
* IIS, Monotype, Xitron

Trends in the printing industry

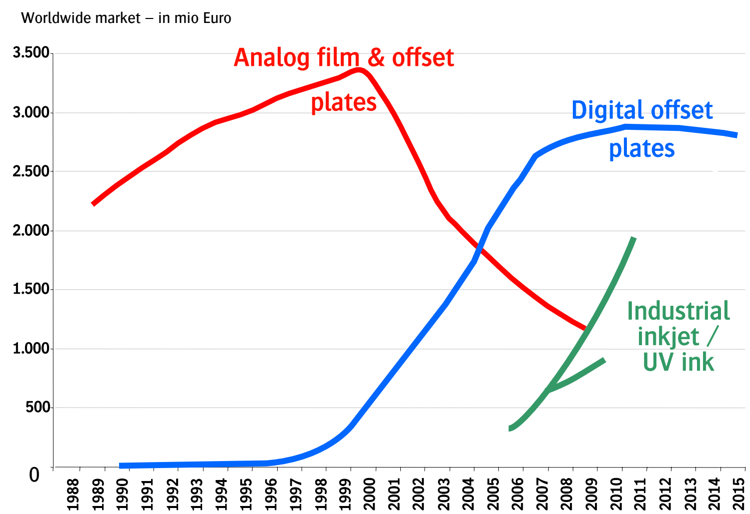
1. Worldwide printing volume still increasing

2. Stronger competition and globalisation

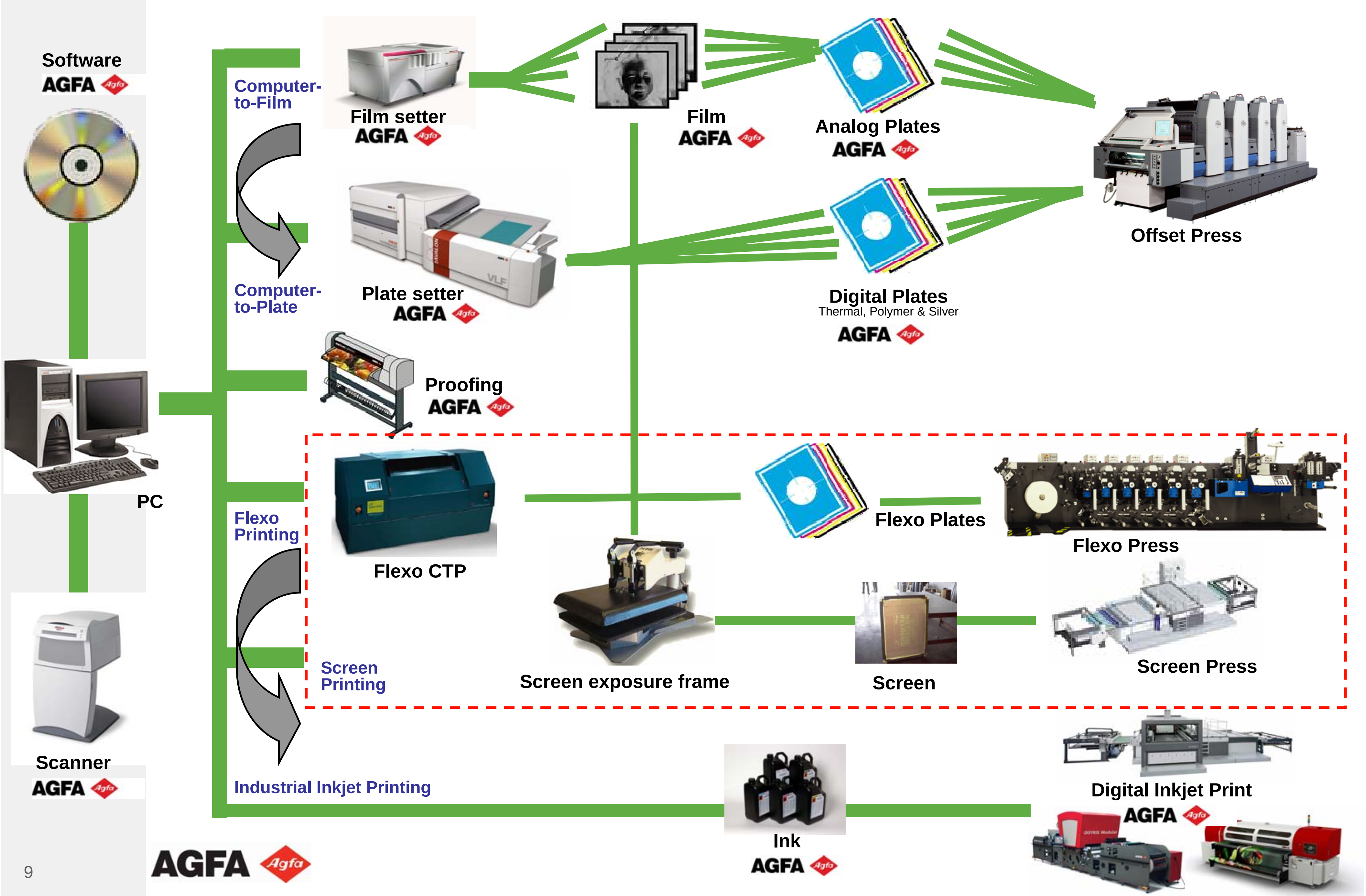
3. Life cycle printing technology accelerating



- China, Russia, India, Brazil
- Consolidation
- Stronger worldwide competition
- Automation & Innovation



Agfa Graphics: Product Portfolio



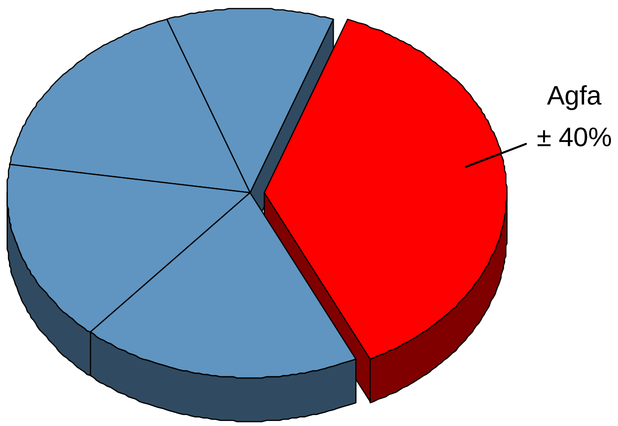
Three cornerstones of Agfa Graphics Strategy

1. Market leadership: grow the business

- Strengthen the market position in the growing digital printing plate segment.
- Grow rapidly in the new geographic markets (BRIC).
- Become a reliable global player in industrial UV curable inkjet segment

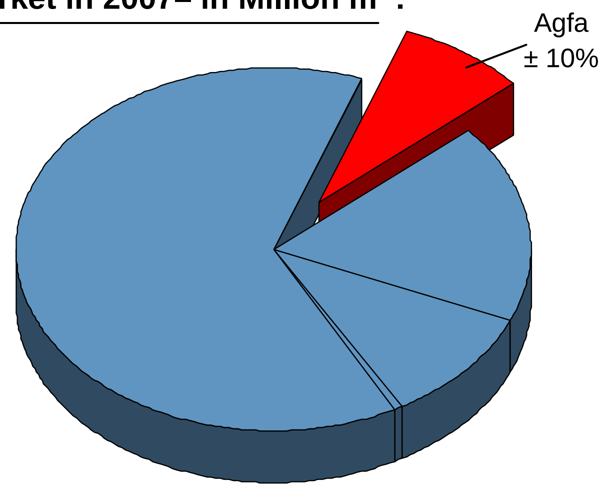
Market position in prepress

Film Market in 2007– in Million m^2 :



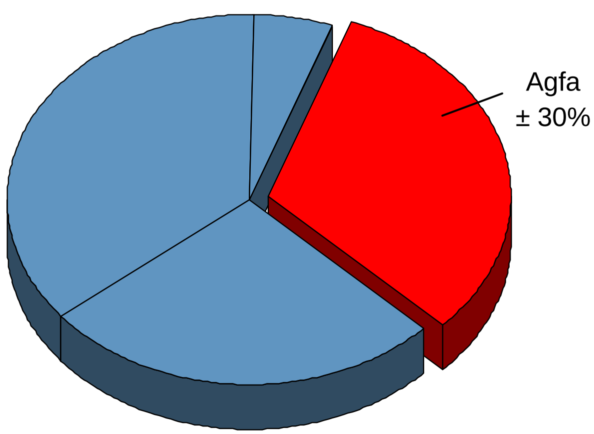
Total Market: 200 M m^2

Analog Market in 2007– in Million m^2 :



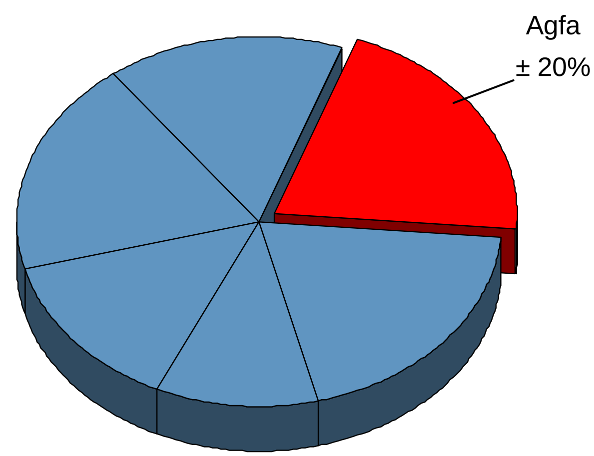
Total Market: 285 M m^2

Digital Market in 2007– in Million m^2 :



Total Market: 350 M m^2

Equipment Market in 2007– in # of units :



Total Market: 5,500 units*

*excl. 2up machines

Source: Schreiber and VSM data, Agfa analysis

Three cornerstones of Agfa Graphics Strategy

2. Technological leadership: continuous innovation

- Agfa Graphics offers the customer the most complete technological solutions:

  Prepress
  - Violet
  - Thermal
  - Chemistry-free developer
  - Chemistry-free plates (thermal and violet)

  Inkjet
  - Ink
  - Printing heads
  - Presses

- Continuous investments in prepress as well as in advanced inkjet technology (5% of sales in 2007).

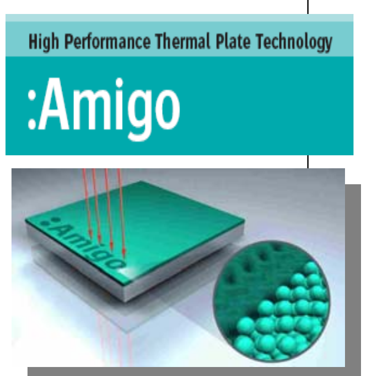
- Strong patents, both in prepress and inkjet

Innovations in prepress since drupa 2004

DRUPA 2004
Launched Products :
:Azura

2004

:Avalon LF/VLF Thermal



:Amigo

2005

:Avalon LF Violet

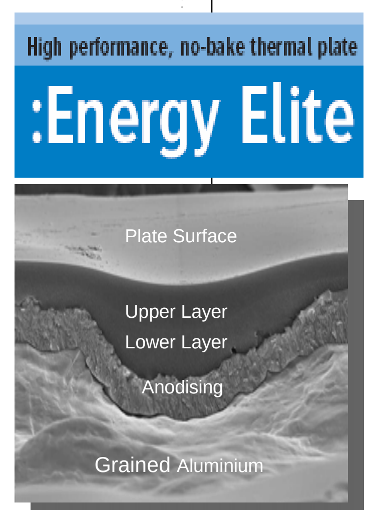
:Avalon SF Thermal

2006

2007 GATF Intertech Award for :Energy Elite

Launch :N92v @ GraphExpo

2007



:Energy Elite

2008

DRUPA 2008
Launched Products :
:Azura TS
:Azura V
:Avalon N Series
CtP Plate Cleaner
AnturaFount AFS1

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Inkjet since drupa 2004

2004

AGFA acquires dotrix

2005

Technology demo :M-Press and :Anapurna

2006

Cooperation agreement with DILLI

:Anapurna L

:Anapurna XL

:M-Press

2007

:Dotrix Transcolor

:Anapurna M

:Anapurna XL2

2008

:Anapurna XLS

:Anapurna V

:Anapurna M4f

First generation of industrial inkjet presses finalized

Three cornerstones of Agfa Graphics Strategy

3. Cost leadership: good cost & cash management

- Invest in the modernization of the digital printing plate production apparatus
- Strive for operational excellence
- Continue with SG&A reduction
- Align R&D with future inkjet needs
- Further improve working capital.

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Inkjet drupa

- Inkjet is the hot story at this years drupa
- Agfa is finally showing itself as an inkjet company that delivers;
  - Great technology and applications
  - Excellent image quality
  - Products that really work and can be delivered today
  - Strong future product roadmap

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Focus on UV-curable industrial inkjet

Agfa focus

Toner Based **60 B€**

Inkjet >**50 B€**

Desktop narrow format **42 B€**

Industrial Wide Format **8 B€**

2 Single Pass ? B€

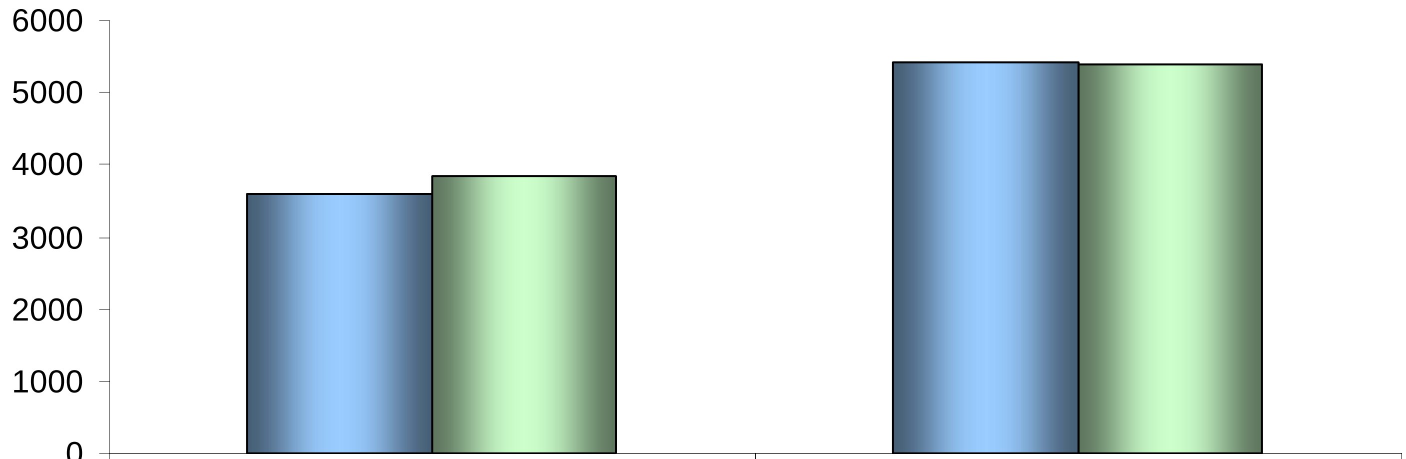
1 **UV**

	Aqueous	Solvent	UV
2006	5 B€	3 B€	0.4 B€
2010	5 B€	3 B€	1-2 B€

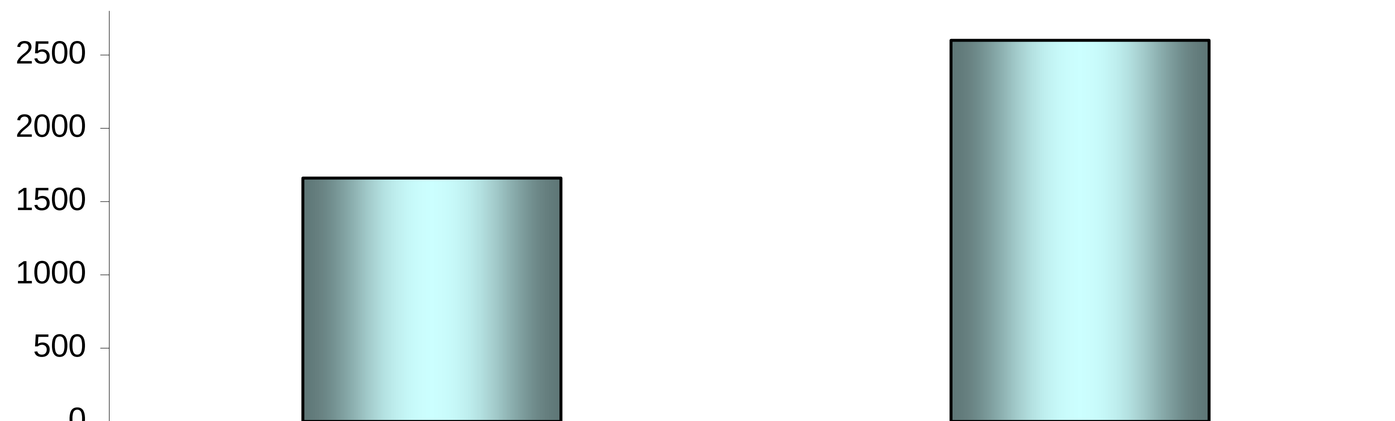
Low ink prices, Low volume per system
Replacement market; minor growth
3rd party ink suppliers; many Chinese and Korean entrants
AGFA presence: Proofing & Opportunistic approach

High ink prices, High ink volume per system
Complex system technology, Captive market
High entry barrier, Strong growth, Ecology

Rapid Growth in UV WF Units & Ink Sales



	2008	2010
IT Strategies	**3600**	**5420**
Info Trends	**3835**	**5385**



	2008	2010
000 Litres	**1660**	**2600**

Source IT Strategies

Agfa Inkjet Ink - A Key Differentiator

- Agfa made inkjet inks are in every one of the printers on the booth
- Dedicated inkjet inks for each printing system
  - :Dotrix - top quality single pass inks
  - :Anapurna's - each ink set is optimized for the different printheads
  - :M-Press - high performance ink set for our UPH printheads
- High color gamut – 6 colour set
- 18 month shelflife
- World class outdoor durability
- Varnish on the :Anapurna M_V, White on the XL^2

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UV Market Consolidation In Early Phase

POWER COMPANY	AQUISITION: SYSTEM INTEGRATORS	AQUISITION: DISTRIBUTION	TECHNOLOGY: HEAD	TECHNOLOGY: INK
HP SCITEX VISION HP bought Scitext Vision in Sept. 05 for $ 230 million	COLORSPAN Sept. 07 — $ NOT DISCLOSED NUR Dec. 07 — $ 117,5 million	HP - RESELLERS	SPECTRA HITACHI RICOH HP	HP (NUR)
SCREEN FUJIFILM	INCA June 05 — $ 54 million	COLORMY (DACH) Oct. 07 — $ NOT DISCLOSED	HEAD TECHNOLOGY SPECTRA June 06 — $ 200 million	SERICOL INK TECHNOLOGY SERICOL June 06 — $ 230 million
EFI	VUTEK April 05 — $ 281 million RASTER PRINTERS Nov 07 — $ NOT DISCLOSED	EFI VUTEK RESELLERS & DIRECT SALES	SPECTRA SEIKO	VUTEK
AGFA	AGFA + PARTNERS THIEME + DILLI	AGFA S.O's + RESELLERS	SPECTRA KONICA TOSHIBA TEC UPH (XAAR)	AGFA

Agfa Wide Format @ DRUPA

ANAPURNA M_{4F} NEW

- Anapurna M with four CMYK printheads – 14 pl heads
- Flatbed printer only
- High poster quality
- Max productivity: $14m^2/h$
- Roll to roll: separate option (factory or field upgradable)
- New automated registration system

ANAPURNA M_V NEW

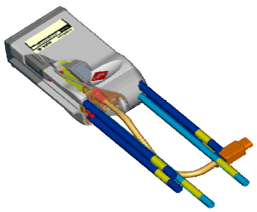
- Anapurna M with additional head for print finishing: **varnishing**
- For post and spot varnishing applications
- Glossy varnish to enhance cosmetic appearance and print durability
- Increases value of printed output

:Anapurna XLS – The New Class Leader

ANAPURNA XLS NEW

- Anapurna XLS: **SUPERIOR COLOUR QUALITY AND DETAIL RENDERING**
- Agfa designed and manufactured High End Hybrid UV PRINTER
- Eight Agfa UPH 8 pl grey scale heads (2x CMYK)
- Photolabs, High end Sign Shops, Digital graphic screen printing applications
- 44 m^2/h of real saleable quality

THE BEST IN INDUSTRY PRINT QUALITY !!!



	Productivity
Production mode	44 m^2/h
Poster/Vector	28 m^2/h
Photo/Vector	13 m^2/h

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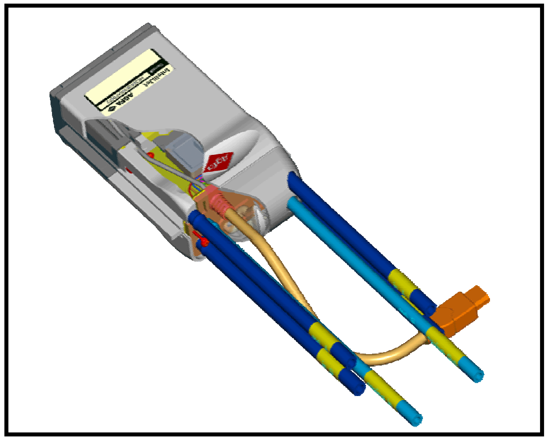
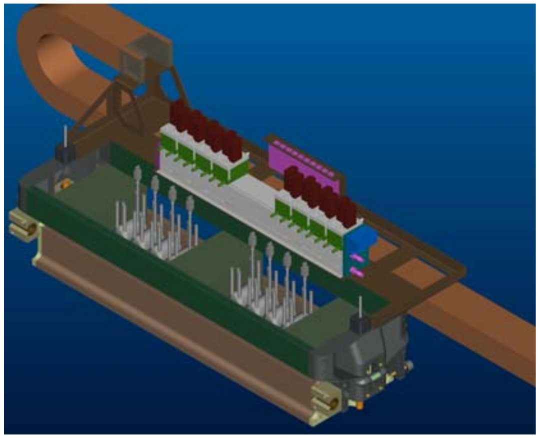
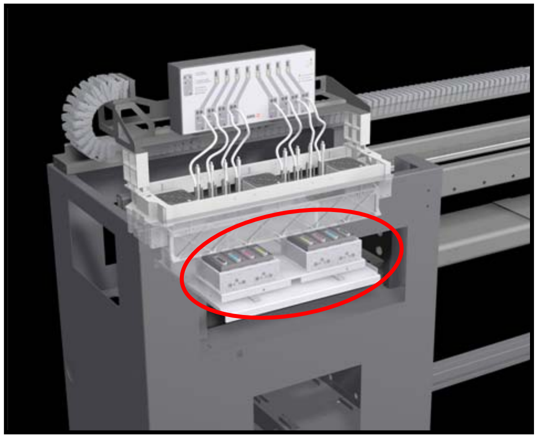
Anapurna XLS – Unique Design Features



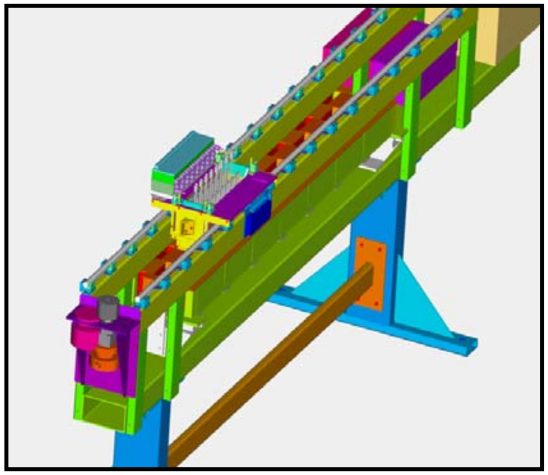
Agfa UPH head – 8 pl droplet
50% less ink than competition



Anapurna XLS shuttle – 8 heads

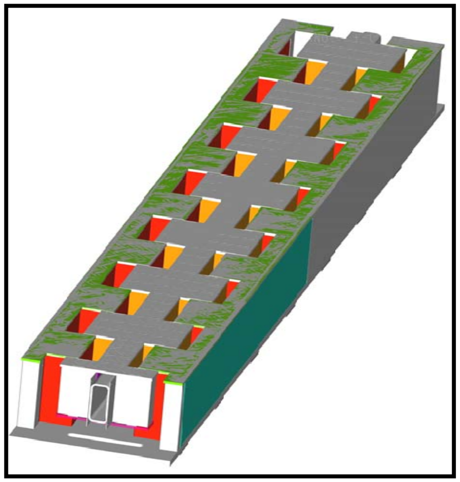


Fully automated maintenance system



Robust double beam shuttle support system

Laser precision technology for media edge and thickness



Unique high precision media transport system

Clamping system to keep heat sensitive media flat

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Dotrix @ DRUPA

- Market leading position in industrial UV single pass inkjet
- Broad range of industrial applications supported and illustrated through a wide choice of substrates
- Modularity of the concept means we offer a growth path
- Proven reliability and productivity
- Excellent Total Cost of Ownership
- Agorix inks for best UV ink Image Quality

- All products and solutions are available for sale today
  - Folding carton and Point of sale
  - Flexible foils and packaging
  - Transpromotional and transactional
  - Newspaper
  - Book
  - Industrial label

We are demonstrating live:

1) Dotrix Modular line for flexible packaging applications:

- ✓ Introduces digital printing in Flexible Packaging market
- ✓ Use of regular flexible substrates
- ✓ Web transport tuned to flexible substrates
- ✓ Excellent print quality on “difficult” materials
- ✓ Unique media handling capabilities

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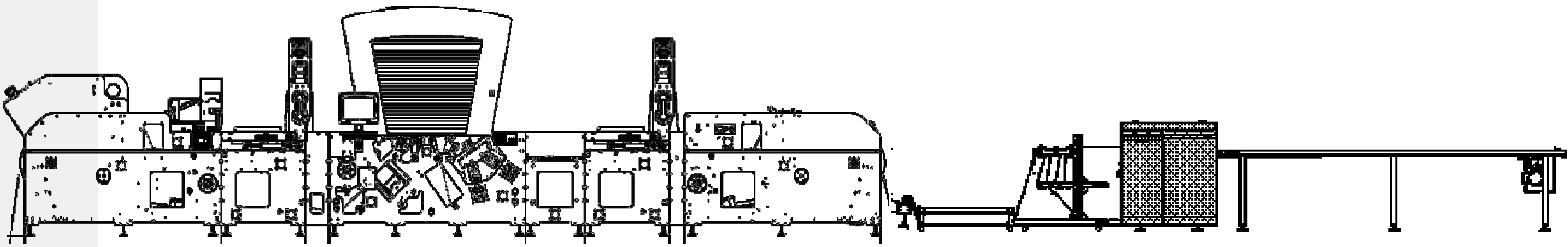
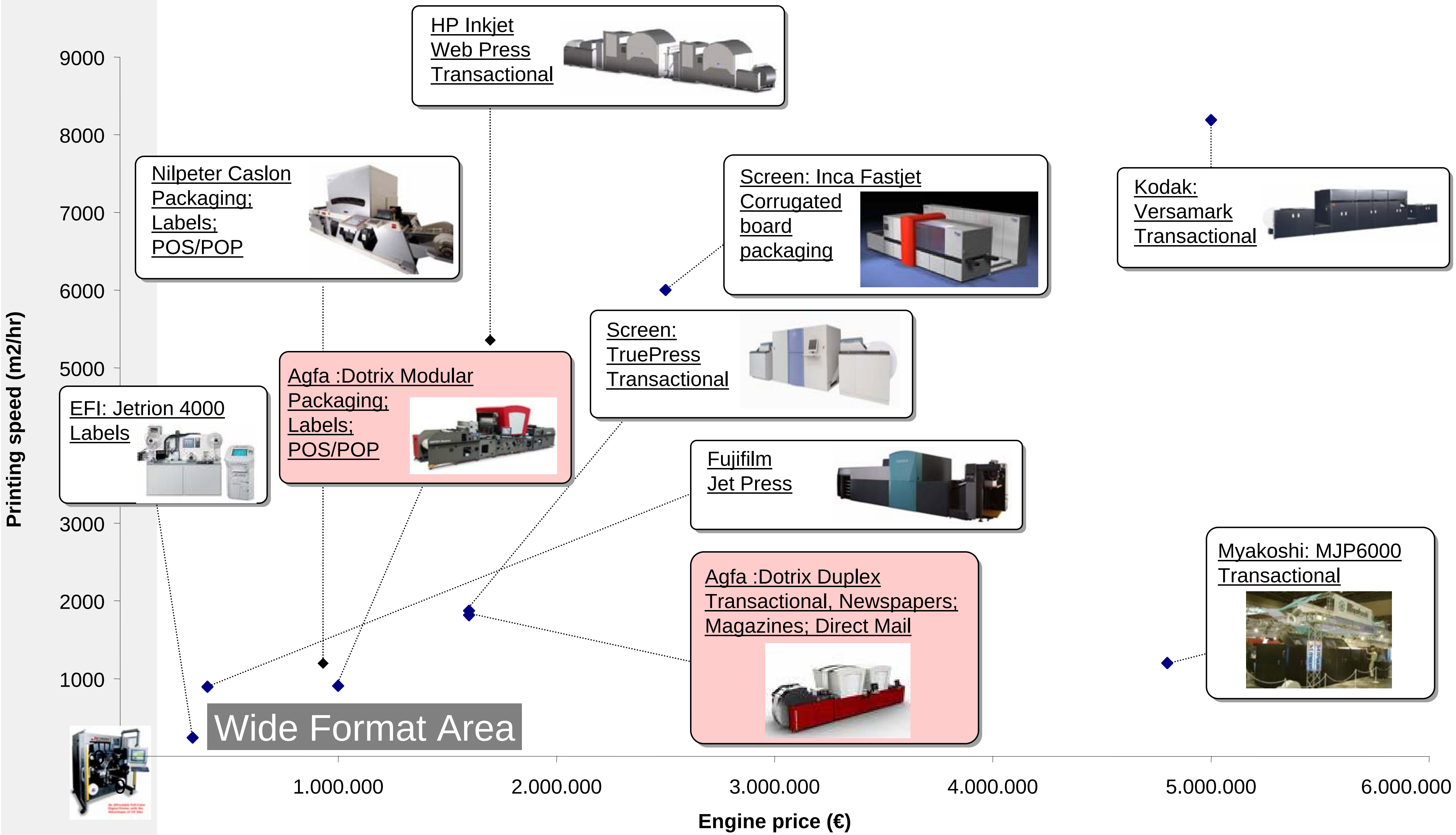
We also demonstrate live:

2) Dotrix Modular line for folding carton applications:



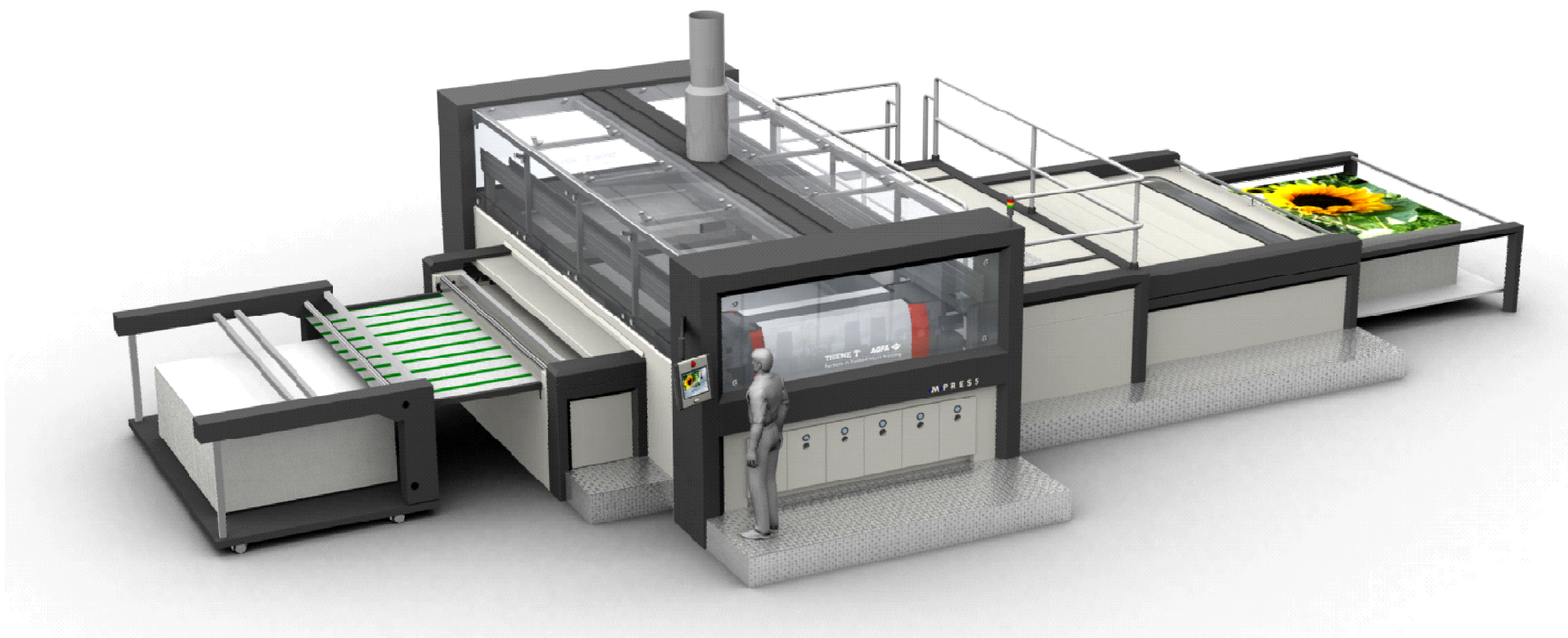
- ✓ Live demonstrating 300g/m² carton substrate
- ✓ Addition of a variable length **sheet cutter** to the Modular line
- ✓ Line is tuned to print and cut up to 450g/m² (24pt) cardboard

Single pass: application specific products



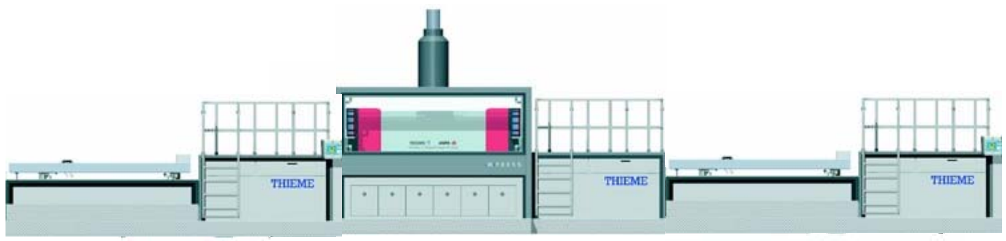
M-Press @ Drupa

- M-Press is not live at drupa!
  - 20+ tons with a lot of floor space (24 m x 8 m);
  - Video, sample wall and a lot of printed products
  - Demonstration visits to M-Press in Mortsel during DRUPA
- 5 installations
  - We now have proven quality, technical reliability and system up time that exceeds customer expectations
- M-Press is back on sale and available



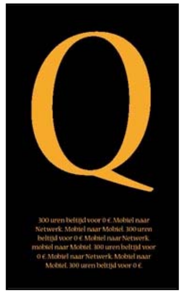
M-Press: Flatbed Industrial Inkjet Printing

Combines the advantages of both digital and screen printing



- Printing speed: up to 135 sheets per hour !
- Printing speed: up to 562 m2/hr
- Printing size: 1,6 m x 2,6 m
  - Bigger sheet than a KBA205 offset press
- rigid & flexible substrates up to 10 mm
  - Carton, Display board, Banner; PVD
- Agfa UV curable inks
- Hybrid & modular in combination with screenprinting.
- Sheet to sheet registration 200 micron
- Agfa UPH state of the art print heads
  - Shuttle contains 64 print heads

M-Press: different modes for different images

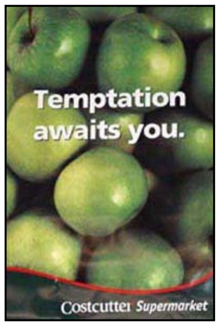


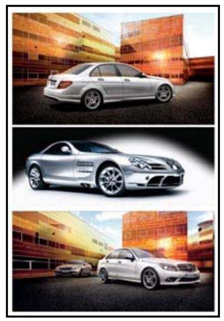
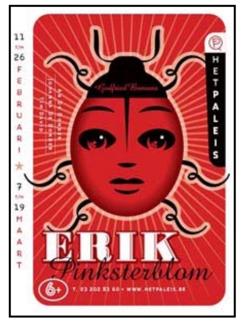

46 sh/h

191 m2/hr

Perfect Quality

+Varnish (optional)



59 sh/h

245 m2/hr

High Quality




83 sh/h

345 m2/hr

Poster quality

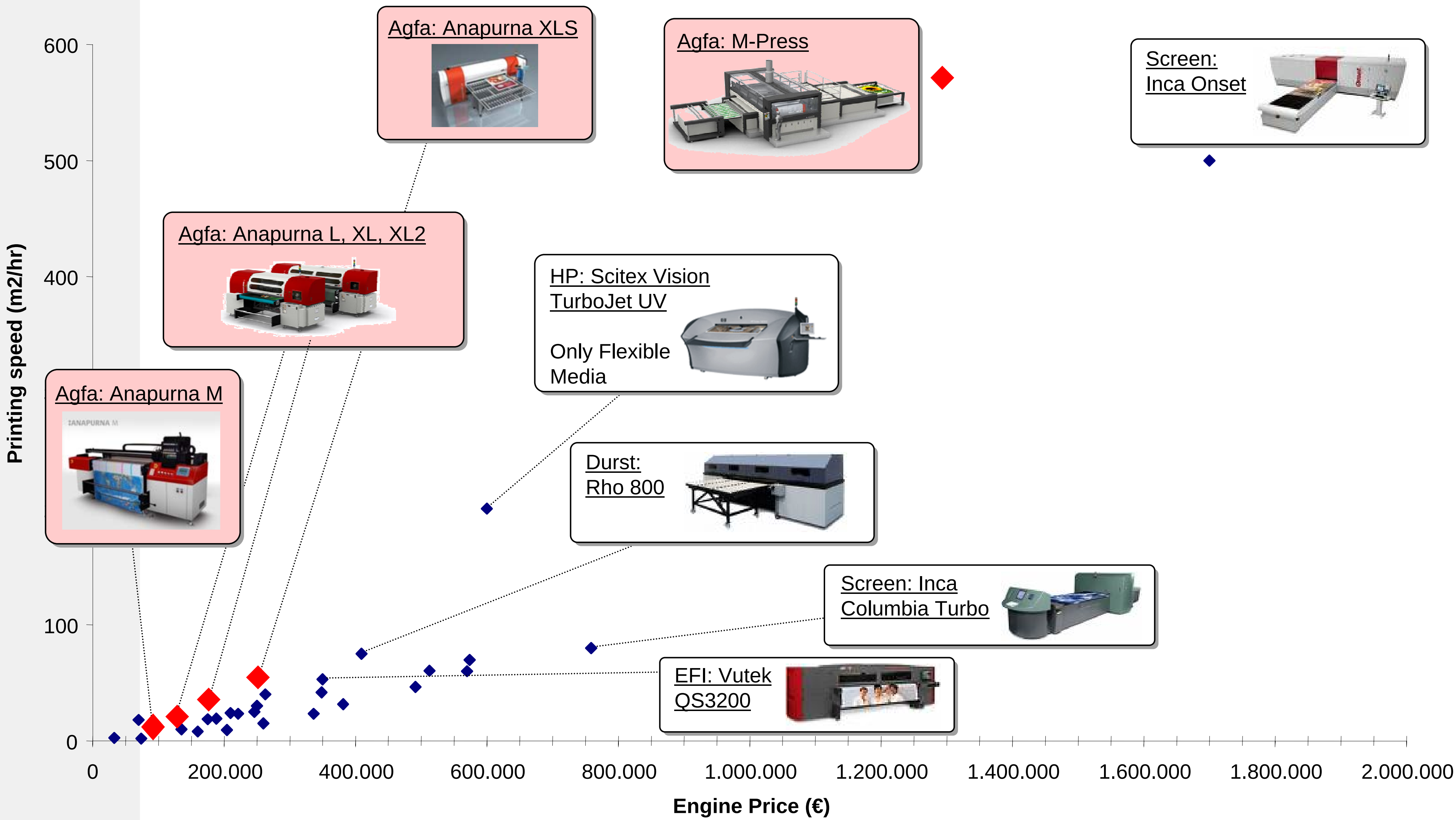
NEW

135 sh/hr

562 m2/hr

Production mode

Industrial wide format: positioning



Agfa Graphics’ inkjet portfolio

:ANAPURNA

- Graphics (screen) and related markets are the key markets.
- “Cost of ownership” advan-tage for run lengths up to 100 prints
- Target is the existing multi-thousand-units market with a clearly defined purpose, client and application base.
- Average price: 85,000 Euro
- Average ink consumption: 100 l/year

:DOTRIX

- Single pass technology.
- Niche markets (e.g. packaging, folding carton, labels).
- Average price: 850,000 Euro
- Average ink consumption: 1,200 l/year

:M-PRESS

- Replaces traditional screen printing
- “Crushing technology”.
- “Cost of ownership” advantage for run lengths up to 500 prints.
- Offers increased flexibility.
- Short turnaround time/job.
- Average price: 1,2 million Euro
- Average ink consumption: 2,500 l/year

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Agfa Graphics: Summary

- Prepress
  - Total solution provider, offering a full range of printing plates, equipment, software and service, based on technical innovation
  - Stable sales (at constant exchange rates) in a mature market
  - Grow in digital plates building on technology edge in high quality innovative plates
  - Efficiency improvement and transition to digital plate production in existing facilities
  - Manage analog prepress for cash
  - EBIT margin of approx. 7%

- Inkjet
  - Play a leading role in industrial inkjet through own product development and partnerships
  - Focus in 2008 on sales of first generation of inkjet products
  - Break even in 2009 through revenue growth and cost savings
  - Reach 10% market share in 2010

- Cost savings program
  - Closure of Wilmington (US) production site to outsource manufacturing of all CtP equipment
  - Immediate adaptation of cost structure in inkjet in 2008
  - Increase efficiency of services
  - Further SG&A reduction
  - Continued focus on working capital improvement

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