Agfa Graphics

drupa Analyst Event
June 9, 2008
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

one world – one drupa
May 29 - June 11, 2008
Düsseldorf, Germany
www.drupa.com

drupa stands tall.

52,000
IPLEX 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.

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.

The Olympic games of your industry.
Contests in the disciplines of pre-media, printing, finishing and converting.
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

- **Digital Prepress** 65%
- **Analog Prepress** 22%
- **Inkjet, Software, Service** 13%
- **Asia & Direct Export** 21%

Sales offices >40 countries
Production sites in 9 countries
Main events since drupa 2004

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

Substantial cost savings
De-emphasize analog business
Implementation of price increases
Improvement of quality
Technology leadership
Inkjet: high investments & technical delays
Evolution of sales since drupa 2004 (in mio Euro)

SALES 2004: 1,673
DIVESTMENTS & ACQUISITIONS*: -41
CURRENCY IMPACT: -45
ANALOG PREPRESS: -80
DIGITAL PREPRESS: +98
INKJET, SOFTWARE & SERVICE: +12
SALES 2007: 1,617

-3,3%

*IIS, Monotype, Xitron
Evolution of EBIT since drupa 2004 (in mio Euro)

-41.9%

EBIT 2004: 105 (6.2% of sales)
DIVESTMENTS*: -66
SUBTOTAL: 39
RAW MATERIAL HIT: -183
PRODUCT MIX: +58
COST SAVINGS AND EFFICIENCY IMPROVEMENTS: +180
HIGHER INKJET LOSSES: -33
EBIT 2007: 61 (3.7% of sales)

* IIS, Monotype, Xitron
1. Worldwide printing volume still increasing

2. Stronger competition and globalisation
   - China, Russia, India, Brazil
   - Consolidation
   - Stronger worldwide competition
   - Automation & Innovation

3. Life cycle printing technology accelerating
Agfa Graphics: Product Portfolio

- Film setter AGFA
- Plate setter AGFA
- Proofing AGFA
- Flexo CTP
- Screen exposure frame
- Flexo Plates
- Screen
- Flexo Press
- Screen Press
- Digital Inkjet Print
- Industrial Inkjet Printing
- Scanner AGFA
- PC
- Software AGFA
- Computer-to-Film
- Computer-to-Plate
- Analog Plates AGFA
- Digital Plates AGFA
- Offset Press
- Flexo Plates
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 m² :**
- Total Market: 200 M m²
- Agfa ± 40%

**Analog Market in 2007— in Million m² :**
- Total Market: 285 M m²
- Agfa ± 10%

**Digital Market in 2007— in Million m² :**
- Total Market: 350 M m²
- Agfa ± 30%

**Equipment Market in 2007— in # of units :**
- Total Market: 5,500 units*
- Agfa ± 20%

*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**

**2005**
- "Avalon LF/VLF Thermal"

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

**2008**

**2006**
- "Avalon SF Thermal"
- "Avalon LF Violet"

**2007**
- Launch: "N92v @ GraphExpo"
- 2007 GATF Intertech Award for "Energy Elite"

**2007 GATF Intertech Award for "Energy Elite"**
- Plate Surface
- Upper Layer
- Lower Layer
- Anodising
- Grained Aluminium

**High Performance Thermal Plate Technology**
- "Amigo"
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 year's 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
Focus on UV-curable industrial inkjet

**Toner Based** 60 B€

**Desktop narrow format** 42 B€

**Industrial Wide Format** 8 B€

**Inkjet >50 B€**

**Single Pass ? B€**

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<th>Year</th>
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<th>Solvent</th>
<th>UV</th>
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<td>2006</td>
<td>5 B€</td>
<td>3 B€</td>
<td>0.4 B€</td>
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<tr>
<td>2010</td>
<td>5 B€</td>
<td>3 B€</td>
<td>1-2 B€</td>
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**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

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 Mv, White on the XL²
UV Market Consolidation In Early Phase

POWER COMPANY

HP SCITEX VISION

HP bought Scitex Vision in Sept. 05 for $230 million

SYSTEM INTEGRATORS

COLORSPAN
Sept. 07
$ NOT DISCLOSED

NUR
Dec. 07
$ 117.5 million

AQUISITION

DISTRIBUTION

TECHNOLOGY

HEAD

INK

SPECTRA

HEAD

INK

HITACHI

TECHNOLOGY

SPECTRA

SERICOL

HP

(NUK)

RICOH

HP

HEAD

TECHNOLOGY

SPECTRA

June 06

SPECTRA

INK

TECHNOLOGY

SERICOL

June 06

SPECTRA

VUTEK

VUTEK

AGFA

AGFA + PARTNERS

THIEME + DILLI

AGFA S.O's +

RESELLERS

SPECTRA

KONICA

TOSHIBA TEC

UPH (XAAR)
ANAPURNA M₄F
- Anapurna M with four CMYK printheads – 14 pl heads
- Flatbed printer only
- High poster quality
- Max productivity: 14m²/h
- Roll to roll: separate option (factory or field upgradable)
- New automated registration system

ANAPURNA Mᵥ
- 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: 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 m²/h of real saleable quality

<table>
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<tr>
<th>Mode</th>
<th>Productivity</th>
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<tr>
<td>Production mode</td>
<td>44 m²/h</td>
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<tr>
<td>Poster/Vector</td>
<td>28 m²/h</td>
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<tr>
<td>Photo/Vector</td>
<td>13 m²/h</td>
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</table>
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
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
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

- **Perfect Quality**
  - 46 sh/h
  - 191 m2/hr

- **High Quality**
  - 59 sh/h
  - 245 m2/hr

- **Poster quality**
  - 83 sh/h
  - 345 m2/hr

- **Production mode**
  - 135 sh/hr
  - 562 m2/hr

+Varnish (optional)
Industrial wide format: positioning

- Agfa: Anapurna XLS
- Agfa: M-Press
- HP: Scitex Vision TurboJet UV
- Durst: Rho 800
- EFI: Vutek QS3200
- Screen: Inca Columbia Turbo
- Screen: Inca Onset

Agfa: Anapurna L, XL, XL2
Agfa: Anapurna M

Printing speed (m²/hr)

Engine Price (€)
Agfa Graphics’ inkjet portfolio

:ANAPURNA
- Graphics (screen) and related markets are the key markets.
- “Cost of ownership” advantage 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