

Agfa-Gevaert Group

Business Overview  
and  
2006 Results

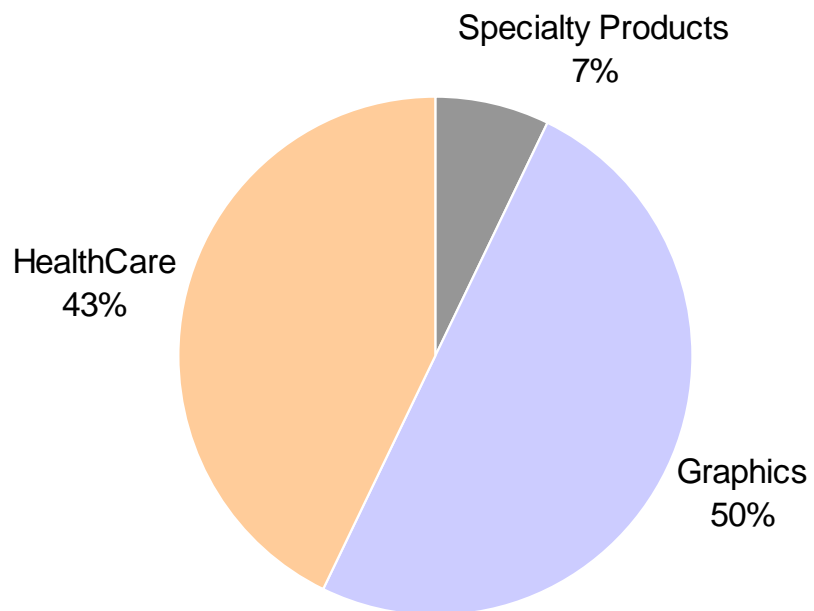
Analyst and Investor Meetings  
March-April 2007



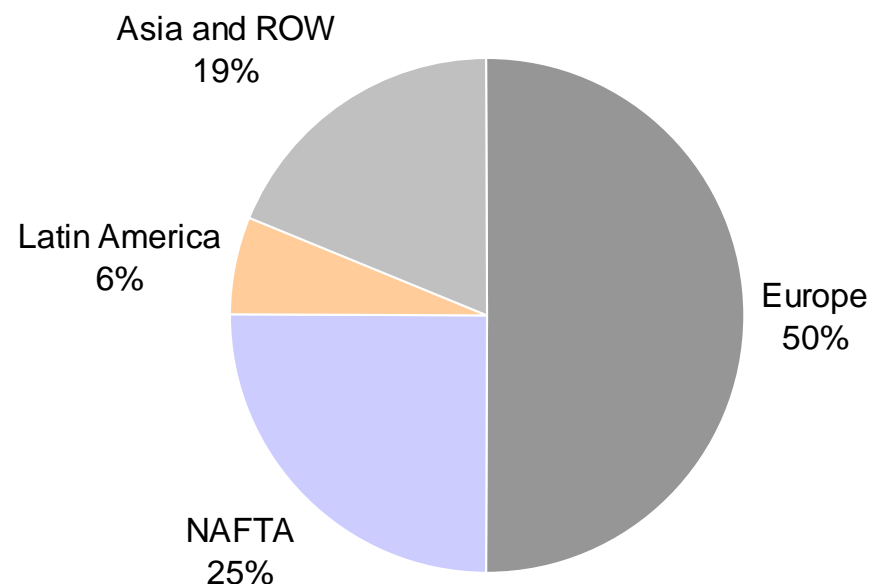
# Agfa Group: 2006 Sales

100% = 3,401 million Euro

By Business Group

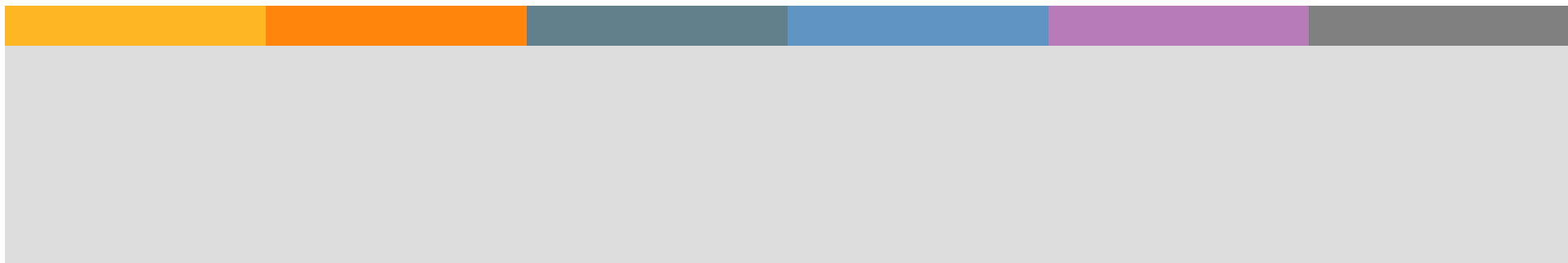


By Region

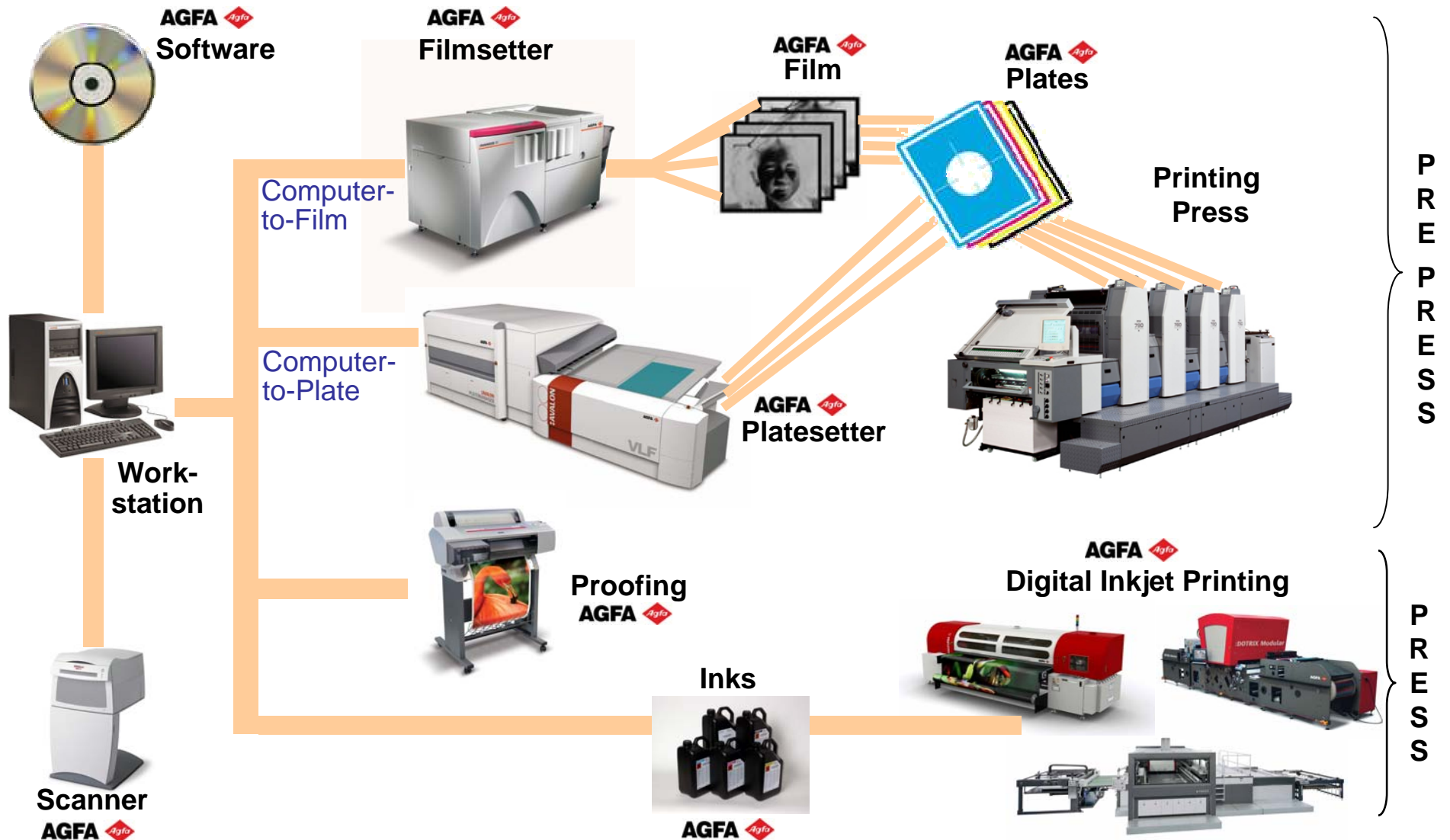


- ➡ Two strong business groups and a smaller niche business
- ➡ Half of sales in Europe; strong presence in North America and Asia (excl. Japan)

# Agfa Graphics








# Graphics: Product Portfolio



# Graphics: Printing Technologies and Market Sizes

Total Printing Market Size: 710 billion Euro

Market & Value	<b>Offset:</b> 300 bn Euro 	<b>Flexo:</b> 150 bn Euro 	<b>Screen:</b> 120 bn Euro 	<b>Gravure:</b> 30 bn Euro 	<b>Digital:</b> 110 bn Euro 
Technology	Ink and water are separated on the metal plate and passed to a blanket and then offset to the paper	Ink is picked up by the raised image on the plate and pressed onto the substrate	Ink is pressed through a screen (mesh) onto the substrate	Ink is passed from the indentations in the cylinder to the substrate	Toner or ink is jetted or attracted directly to the substrate without any interim image holder
Application	<ul style="list-style-type: none"> <li>• Magazines</li> <li>• Books</li> <li>• Newspapers</li> <li>• Brochures</li> <li>• Catalogues</li> <li>• Posters</li> </ul>	Packaging	<ul style="list-style-type: none"> <li>• Packaging</li> <li>• Fabrics</li> <li>• Decoration</li> <li>• Posters</li> </ul>	<ul style="list-style-type: none"> <li>• Magazines</li> <li>• Packaging</li> <li>• Decoration</li> </ul>	<ul style="list-style-type: none"> <li>• Short run printing</li> <li>• Variable Data</li> <li>• Posters</li> </ul>
Agfa products	Prepress <ul style="list-style-type: none"> <li>• Software</li> <li>• Equipment</li> <li>• Consumables (film and plates)</li> </ul>	Prepress <ul style="list-style-type: none"> <li>• Software</li> <li>• Consumables (film)</li> </ul>			<ul style="list-style-type: none"> <li>• Equipment</li> <li>• Ink</li> <li>• Software</li> </ul>

Prepress Market Size: 7 billion Euro

# Graphics: Digital Printing Market

Total Market Size: 110 billion Euro



Toner Based **60 bn**

Inkjet **>50 bn**

Desktop narrow format **42 bn**

Industrial Wide Format **8 bn**

Single Pass **NEW**

Aqueous

Solvent

UV

2006

5 bn Euro

3 bn Euro

0,4 bn Euro

2010

5 bn Euro

3 bn Euro

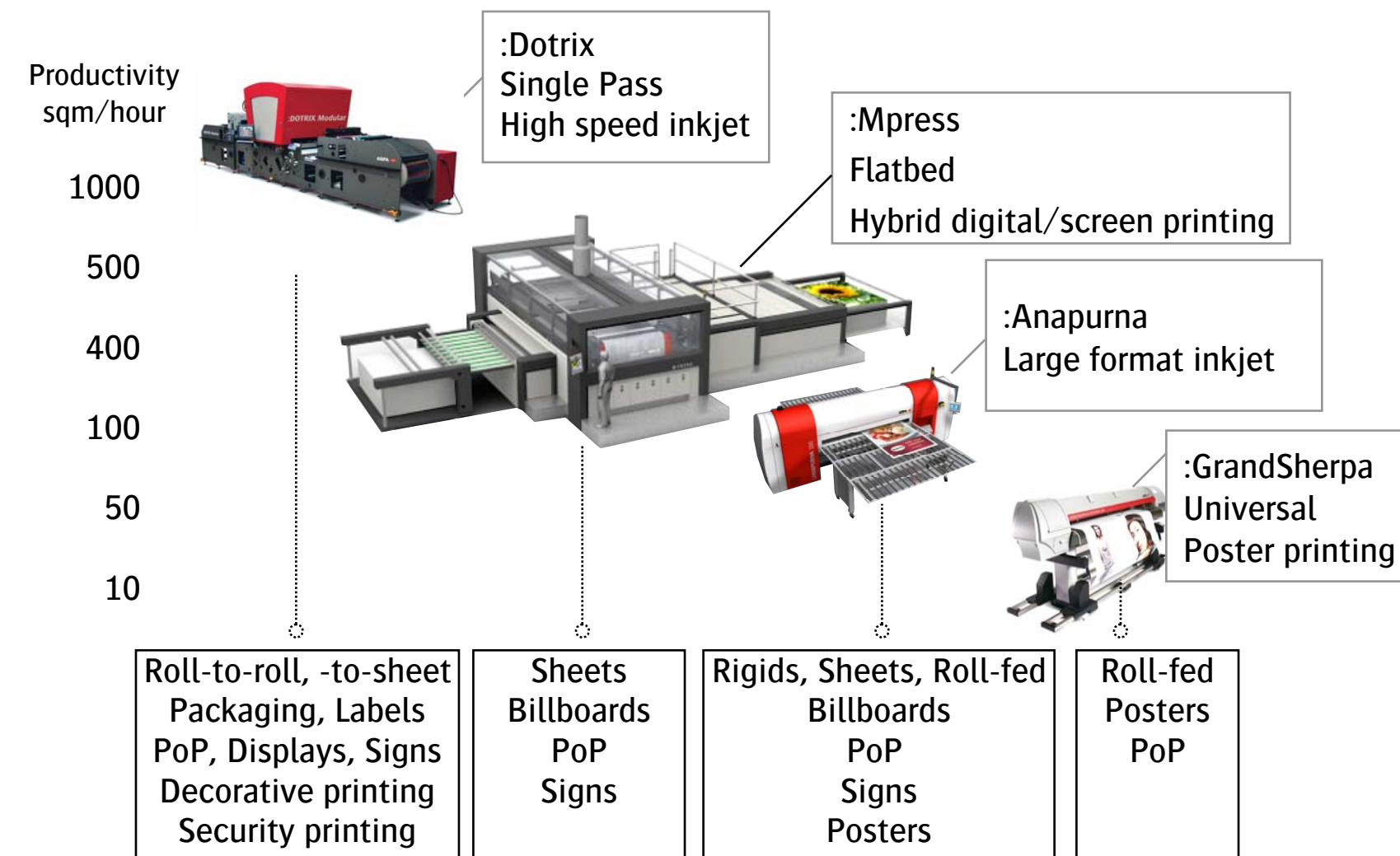
2 bn Euro

10 bn Euro

- Low ink prices, Low volume per system
- Replacement market
- Limited growth;
- 3<sup>rd</sup> party ink suppliers
- Many Chinese and Korean participants
- AGFA presence: Proofing & some Inks

- High ink prices
- High ink consumption per system
- Complex system technology
- Captive market
- High entry barriers
- Strong growth
- Environmentally friendly

# Graphics: Industrial Inkjet Portfolio

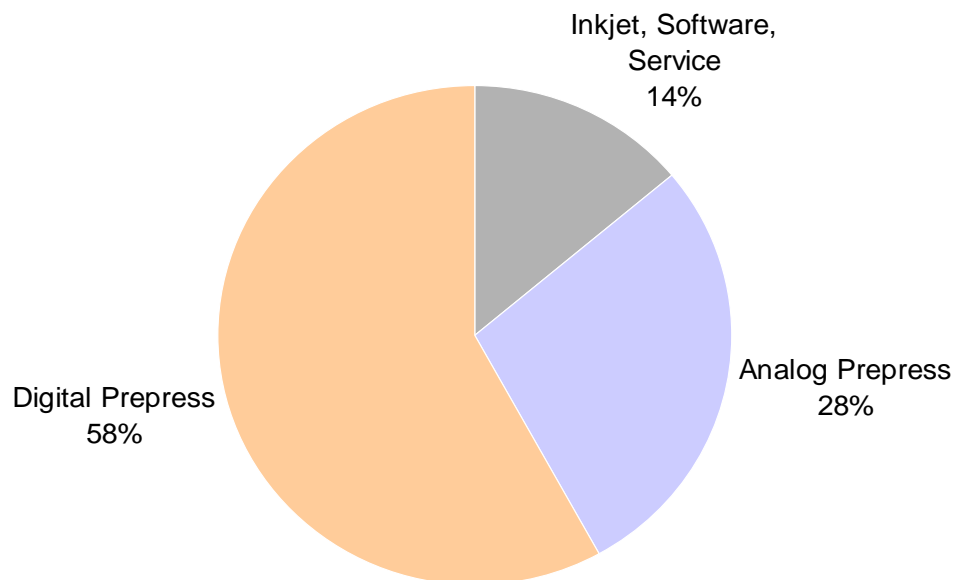


➔ Agfa offers full solution: Equipment, Software and Inks

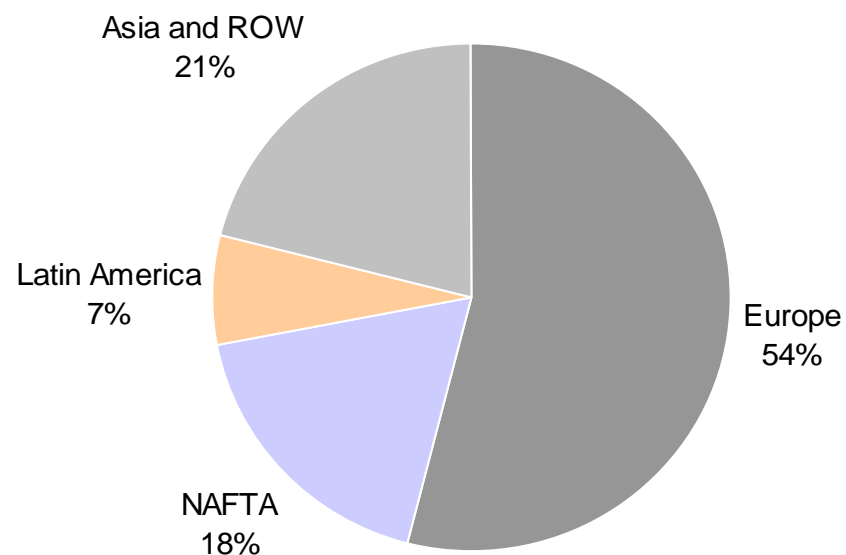
# Graphics: 2006 Sales

100% = 1,712 million Euro

By Product Group

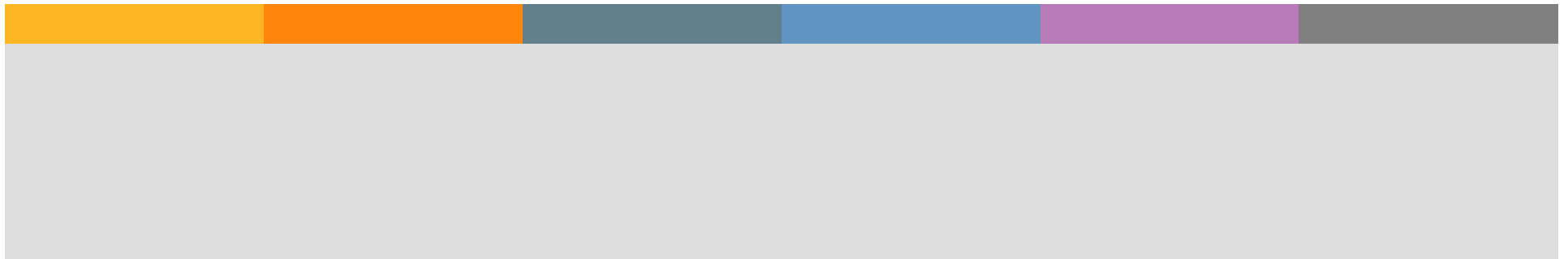


By Region

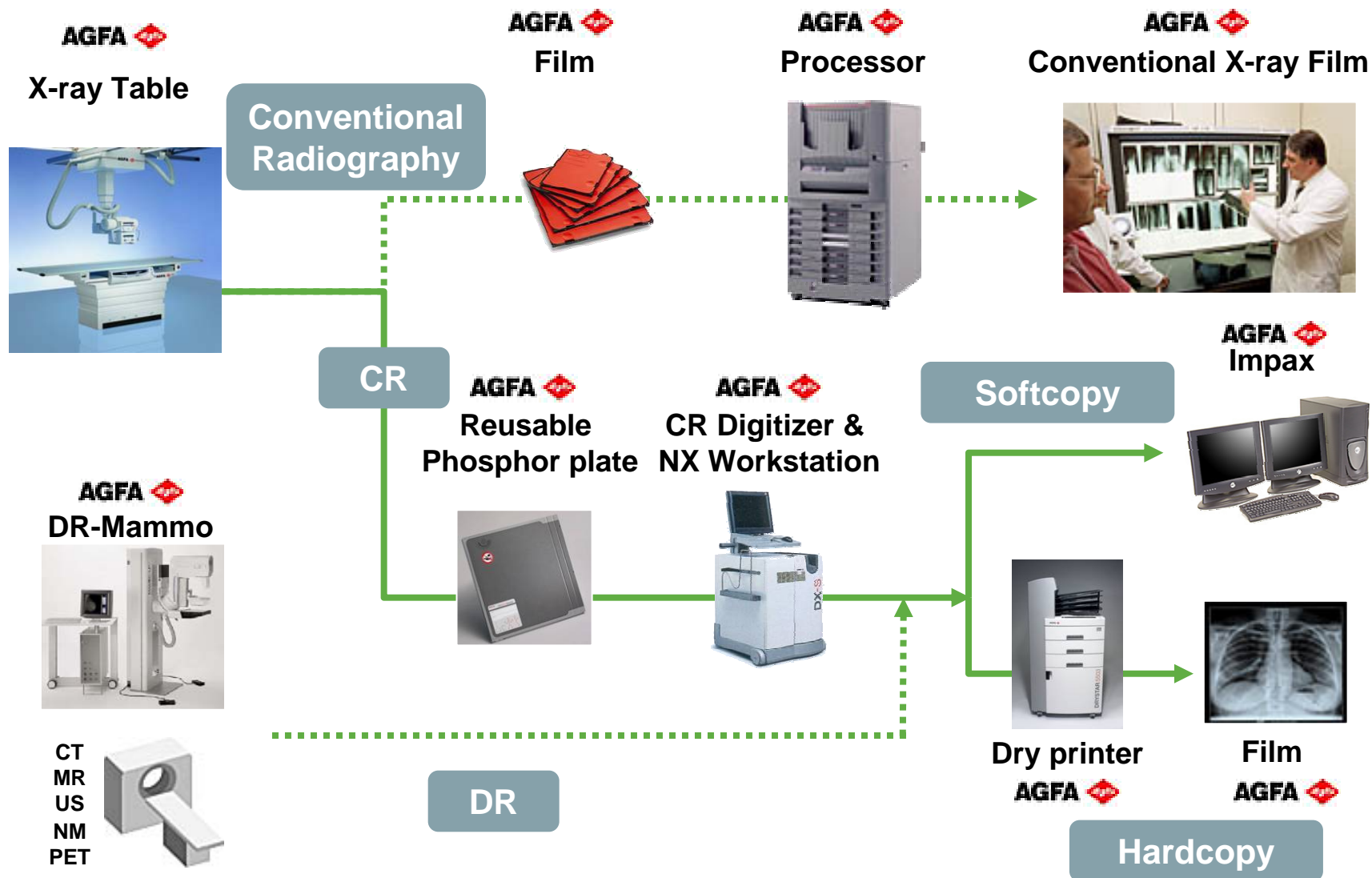


- ➡ Positive pricing effect offset by discontinuation of unprofitable business and currency effects
- ➡ Solid growth in Europe and Asia-Pacific, impressive growth in Latin America

# Agfa HealthCare



# HealthCare: Radiology Product Portfolio



# HealthCare: Strategy

## Healthcare IT Solutions

### → Establish position as global leader

Provide community-wide systems & services, Clinical Information Systems, EPR and healthcare management consulting

**Consolidate the heavily fragmented market, target healthcare senior management building on highly developed Imaging & IT know-how**

## Departmental Solutions

### → Extend beyond radiology

Provide image management and information systems & services

**Target image-intensive departments that are going digital, e.g. cardiology, orthopedic surgery, ...**

## Radiology Solutions

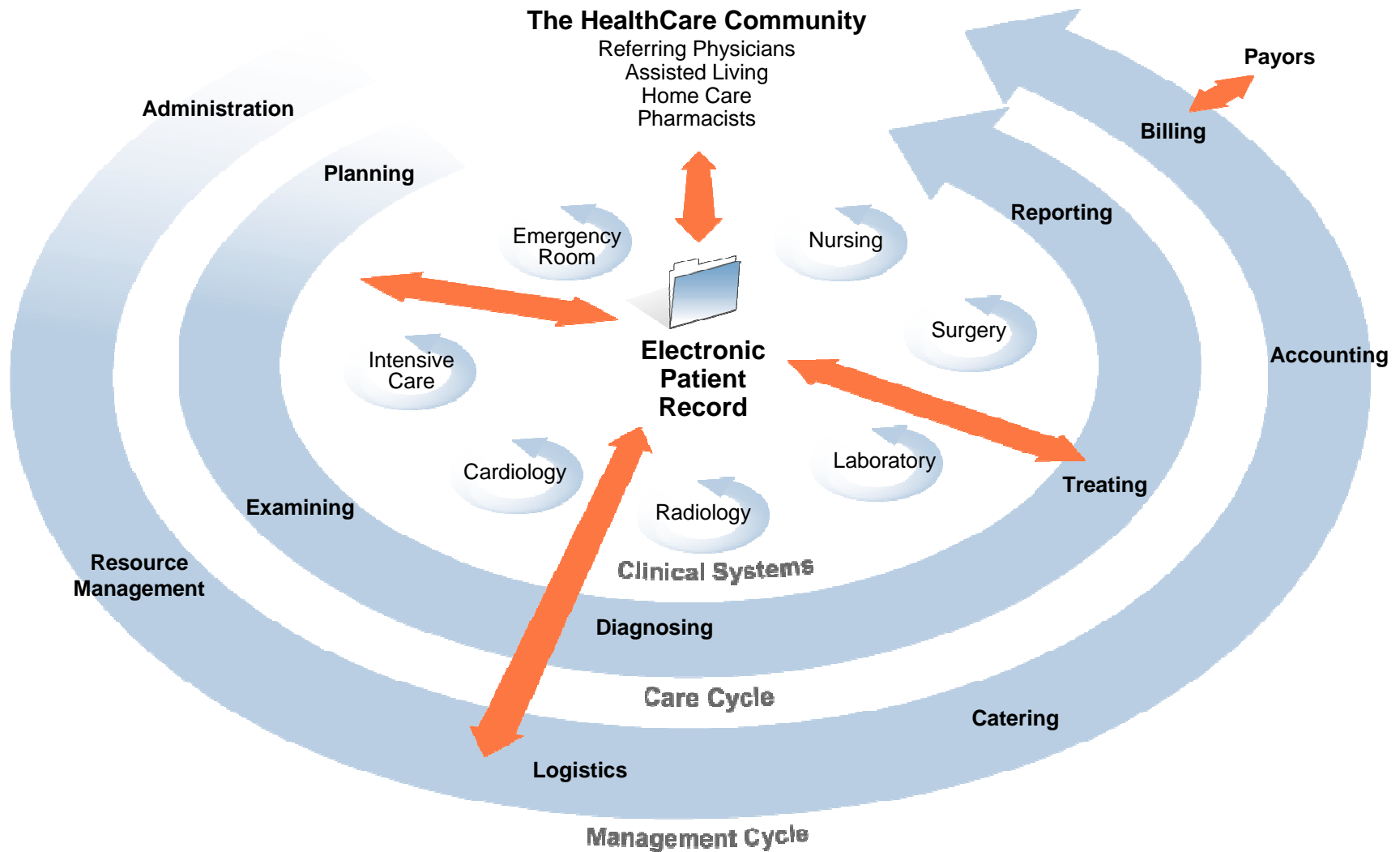
### → Build on radiology

Provide image acquisition solutions & imaging information systems and services

**Benefiting from depth of expertise in imaging**

Agfa HealthCare's growth strategy is proactively aligned with evolving customer needs

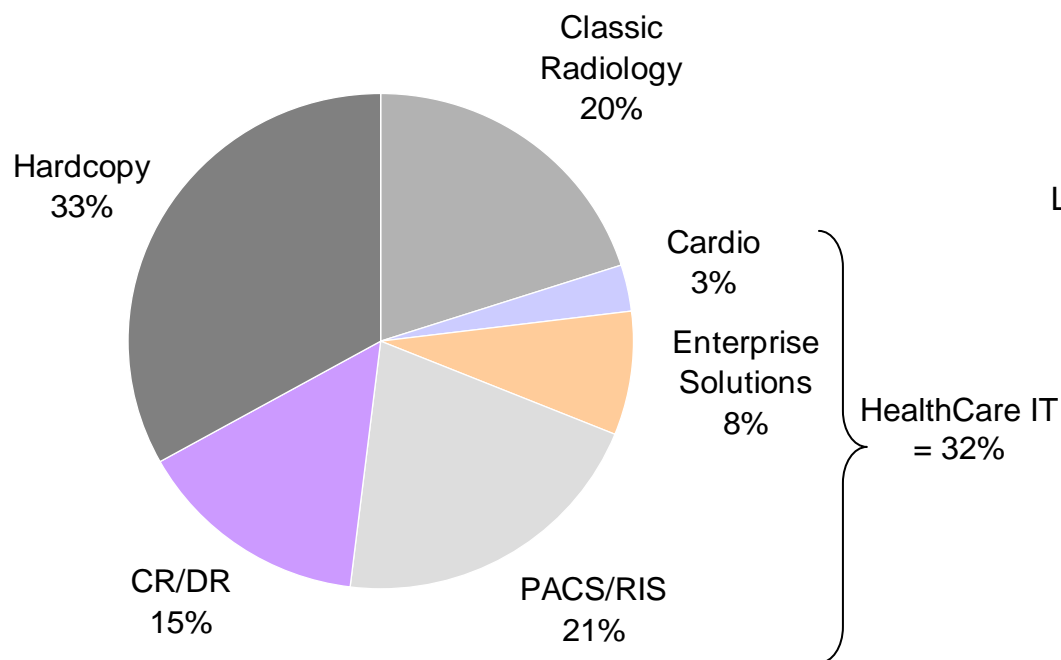
# HealthCare: Convergence into Electronic Patient Record



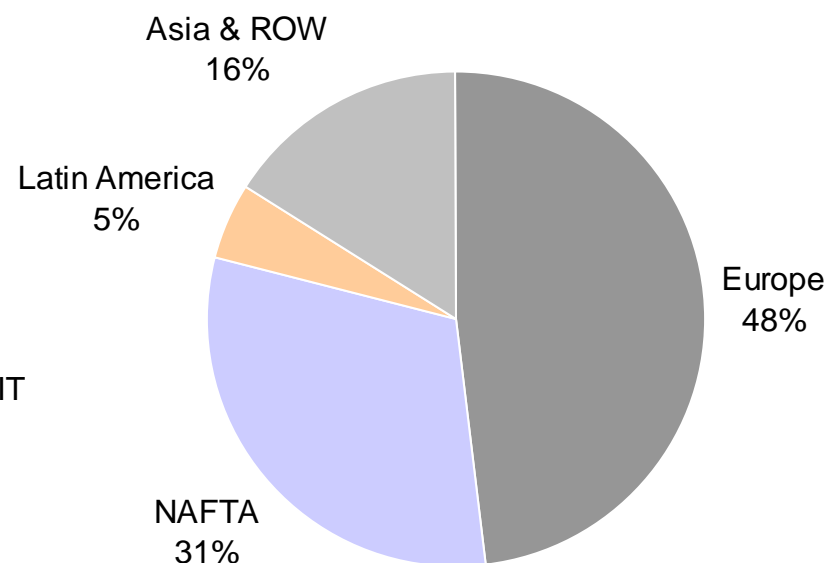
# HealthCare: 2006 Sales

100% = 1,452 million Euro

By Product Group



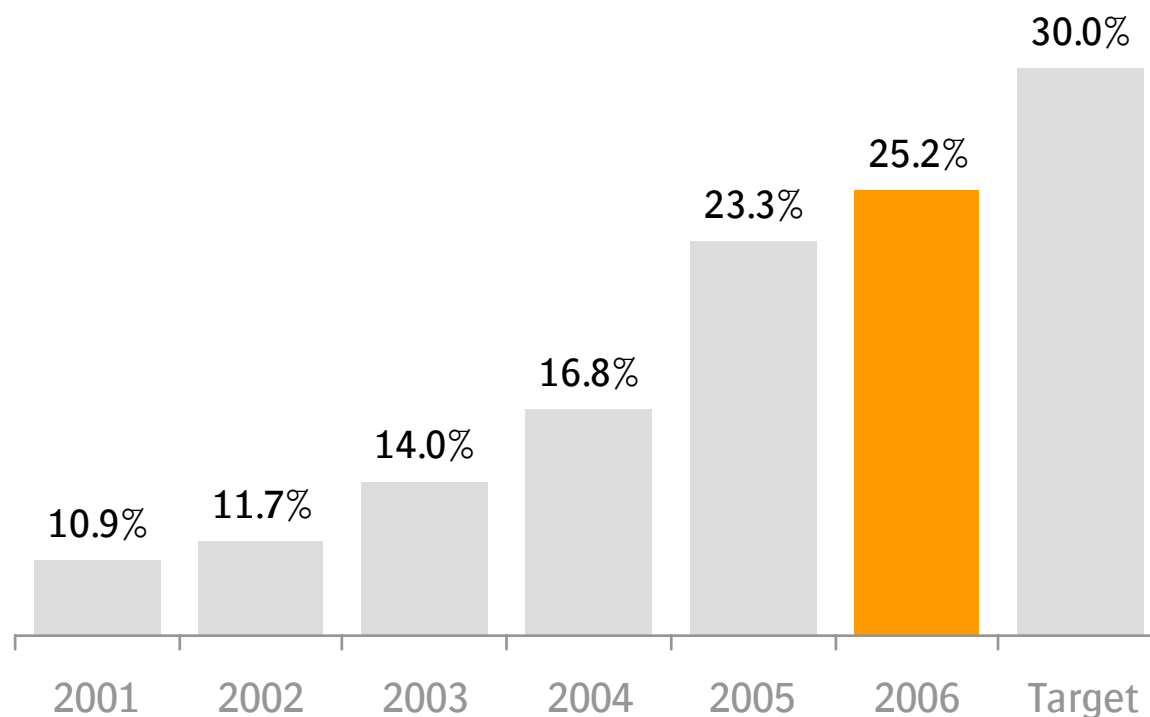
By Region



- ➡ Strong growth of PACS/RIS, CR/DR and Enterprise Solutions
- ➡ HealthCare IT now represents 32% of sales
- ➡ Positive trend in NAFTA, Asia-Pacific and Latin America

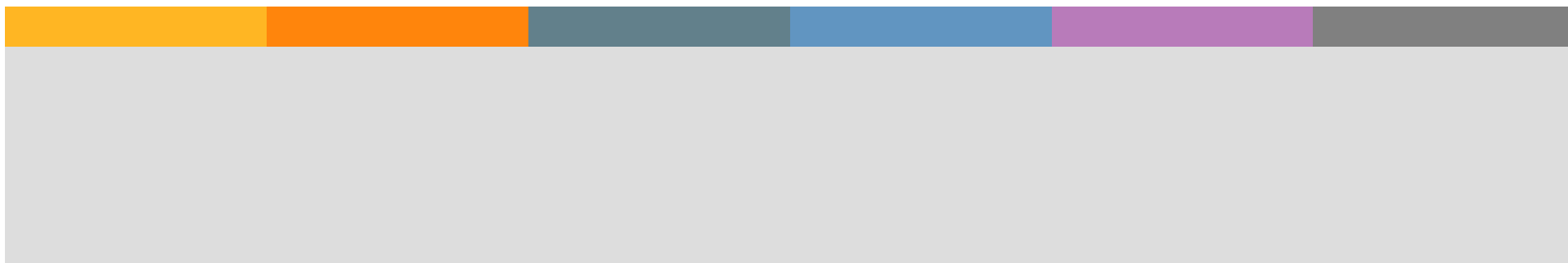
# HealthCare: Service Revenues

Service revenues as % of total HealthCare sales



➡ Service revenues increase with growing importance of HealthCare IT

# Agfa Specialty Products



# Specialty Products: Product Portfolio

- **Aerial, Micro**

7% of revenues: cash generating mature markets



- **Printed Circuit Boards, Non-Destructive Testing, Specialty Foils and Cine**

88% of revenues: cash generating and growing markets

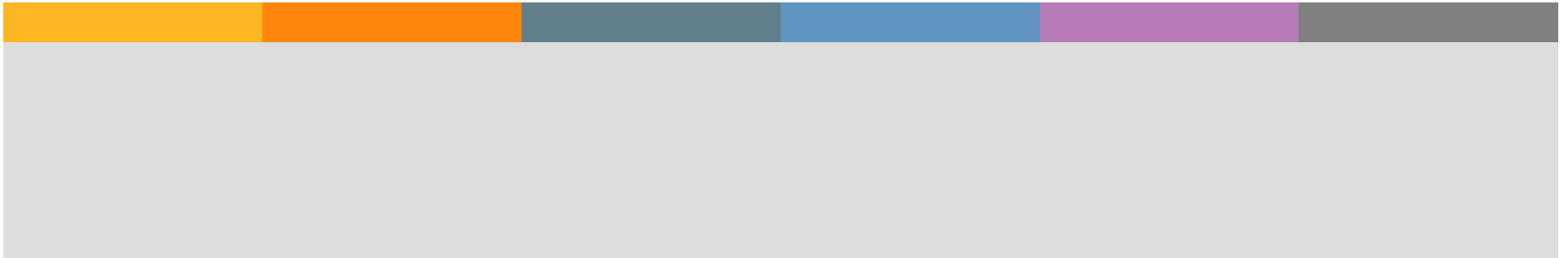


- **Identification & Security and Advanced Materials**

5% of revenues: new and rapidly growing markets



# Demerger of Agfa-Gevaert NV



# Demerger of Agfa-Gevaert NV


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- Split in three independent, publicly traded companies
- Representing activities of Agfa Graphics, Agfa HealthCare and Agfa Materials
- Better positioning to pursue strategic objectives with direct access to capital markets and use of own cash flow
- Three companies have size, fundamental strength, industry leadership and organizational talent to succeed independently
- Process expected to be completed by the end of 2007

# Rationale for Demerger

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- Technology shifts and changing market conditions
- Successful transformation to an innovative provider of digital imaging and IT solutions and services
- Three global leaders in totally different industries
- Completely diversified business groups with film as only commonality



Complete independence is the best option to pursue the strategic objectives and continue to play a leading role in the respective industries

- Increased management **focus**
- Reinforced **identity** of the three companies
- **Flexibility** to act in line with rapidly changing market circumstances

# Agfa Graphics

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- Innovative Solutions
  - Digital plate systems
  - Enterprise and project software
  - UV inks and high end industrial inkjet systems
- Market leadership and growth
  - Increased quality and value selling in prepress
  - New products such as inkjet
  - New regions such as China, India, Russia and Brazil
- Cost efficiency



## Agfa Graphics

- Sales:
  - 2006: 1.7 billion Euro
  - Target 2008: 1.9 billion Euro
- Employees: ± 5,900

# Agfa HealthCare

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- Expertise in medical imaging
  - Conventional and digital imaging
  - Extension from radiology to other hospital departments
  - Complete portfolio for managing complex images
- Hospital IT
  - Link with Imaging to drive transformation of healthcare industry
  - International roll-out of state-of-the-art enterprise-wide healthcare information system
  - E-health solutions for governments and regions



## Agfa HealthCare

- Sales:
  - 2006: 1.5 billion Euro
  - Target 2008: 1.7 billion Euro
- Employees: ± 5,800

# Agfa Materials

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- Cost leadership and operational excellence in film manufacturing
  - Exclusive supply agreements with Agfa Graphics and Agfa HealthCare
  - Consolidation of film production volumes
- Market leader in industrial film niche markets
- Technological know-how to develop new business
- Stable and strong cash flow



## Agfa Materials

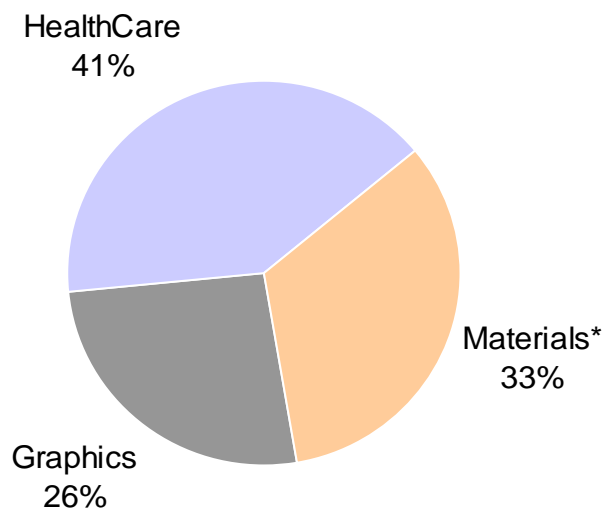
- Sales:  
Target 2008: 700 million Euro (incl. sales to Graphics and HealthCare)
- Employees: ± 3,000

# Restructuring Plan Update

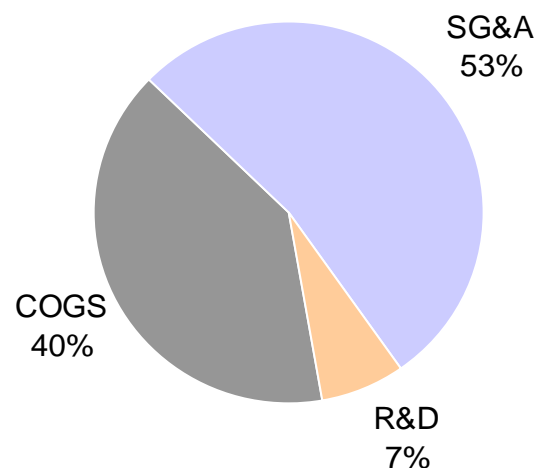


# Cost Savings Plan in All Areas

Cost Savings per Business Group (%)



Cost Savings per Category (%)



- ➔ Approximately 250 million Euro annual cost savings by 2008
- ➔ As a result of the intended improvement initiatives, almost 2,000 functions worldwide will become redundant.

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

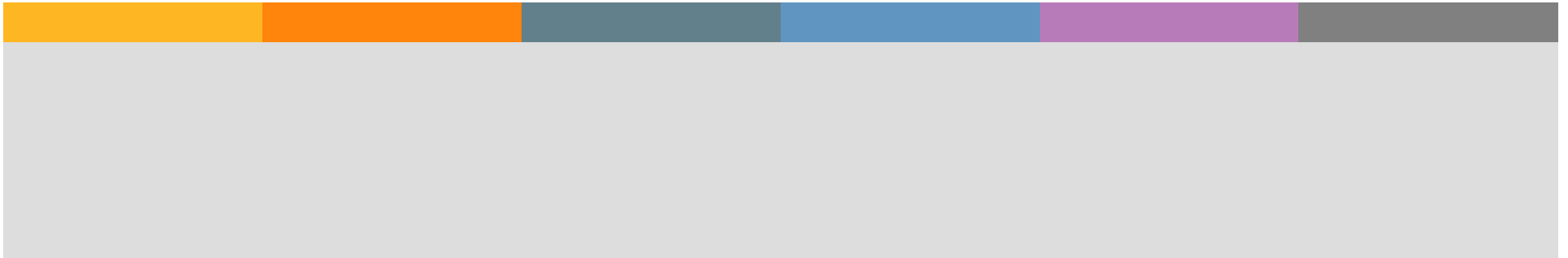
# Update on Cost Savings Plan

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Scope of the plan: approx. 250 million Euro annual cost savings by 2008

- Total restructuring charges of  $\pm 250$  million Euro
- Around 160 million Euro of restructuring charges were booked in 2006.
- Remaining part will be booked in 2007 and 2008
- All negotiations concluded; restructuring plan approved by Belgian social partners and governments
- Savings plan will be fully continued after the demerger

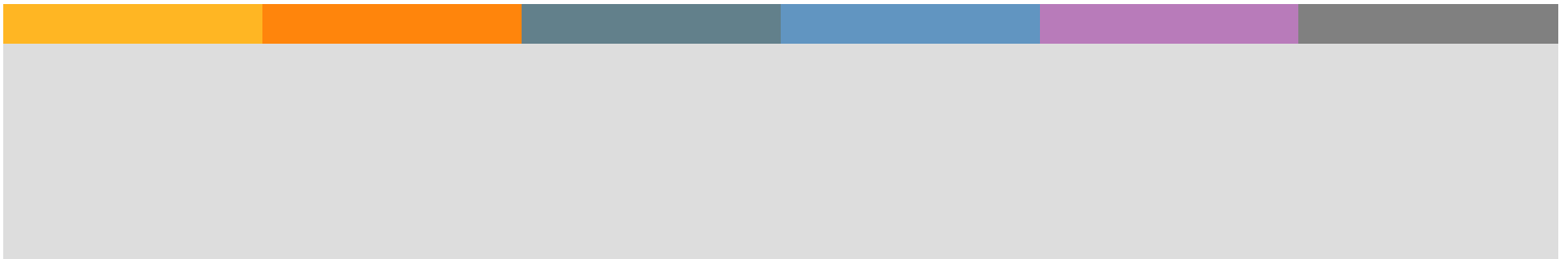
# Update on AgfaPhoto



# Impact of AgfaPhoto Liquidation

- In 2004, Agfa's photo business was divested to AgfaPhoto, which entered insolvency in 2005
- Several claims were filed by former Agfa employees
  - Correct and complete information was provided in due time to all employees and relevant consultative bodies
  - Agfa acted strictly in accordance to all legal consultation procedures and regulations
- Several disputes with the acquirer of the business, AgfaPhoto Holding GmbH, are as yet unresolved
  - Agfa and AgfaPhoto Holding submitted their dispute over the purchase price to an expert dispute resolution proceeding
  - Agfa initiated an arbitration procedure (ICC) against AgfaPhoto Holding with regard to the Trademark License Agreement and its termination
- Agfa believes that it has set up sufficient provisions to cope with the consequences of the insolvency

# 2006 Results



# Profit & Loss: Key Figures (in million Euro)

	Q4 '05	Q4 '06	% change
Sales	913	<b>927</b>	1.5%
Gross profit	339	<b>342</b>	0.9%
Gross profit margin	37.2%	<b>36.9%</b>	

	FY '05	FY '06	% change
Sales	3,308	<b>3,401</b>	2.8%
Gross profit	1,212	<b>1,299</b>	7.2%
Gross profit margin	36.6%	<b>38.2%</b>	

- ➡ Sales growth Q4 +3.9% excluding currency effect
- ➡ Full year sales growth of 2.8% (No currency impact on a full year basis)
- ➡ Full year gross margin improvement of 1.6 points despite 130 million Euro rise in raw material costs

# Profit & Loss: Key Figures (in million Euro)

	Q4 '05	Q4 '06	% change		FY '05	FY '06	% change
Gross profit	339	<b>342</b>	0.9%		1,212	<b>1,299</b>	7.2%
R&D	-48	<b>-50</b>	4.2%		-191	<b>-193</b>	1.1%
SG&A*	-207	<b>-218</b>	5.3%		-801	<b>-832</b>	3.9%
as a % of sales	22.7%	<b>23.5%</b>			24.2%	<b>24.5%</b>	
Other operating items*	2	<b>6</b>			-1	<b>-18</b>	
Recurring EBITDA**	127	<b>117</b>	-7.9%		380	<b>408</b>	7.4%
as a % of sales	13.9%	<b>12.6%</b>			11.5%	<b>12.0%</b>	
Recurring EBIT**	86	<b>80</b>	-7.0%		<b>219</b>	<b>256</b>	16.9%
as a % of sales	9.4%	<b>8.6%</b>			6.6%	<b>7.5%</b>	

\* Before restructuring and non-recurring items

\*\* Before restructuring and non-recurring items and excluding the one-off income of 25 million Euro related to changes in the retiree medical plan in the Group's US affiliate booked in the fourth quarter of 2005

➔ Recurring EBIT increased 16.9% in 2006 despite 130 million Euro higher costs of silver and aluminium

# Profit & Loss: Key Figures (in million Euro)

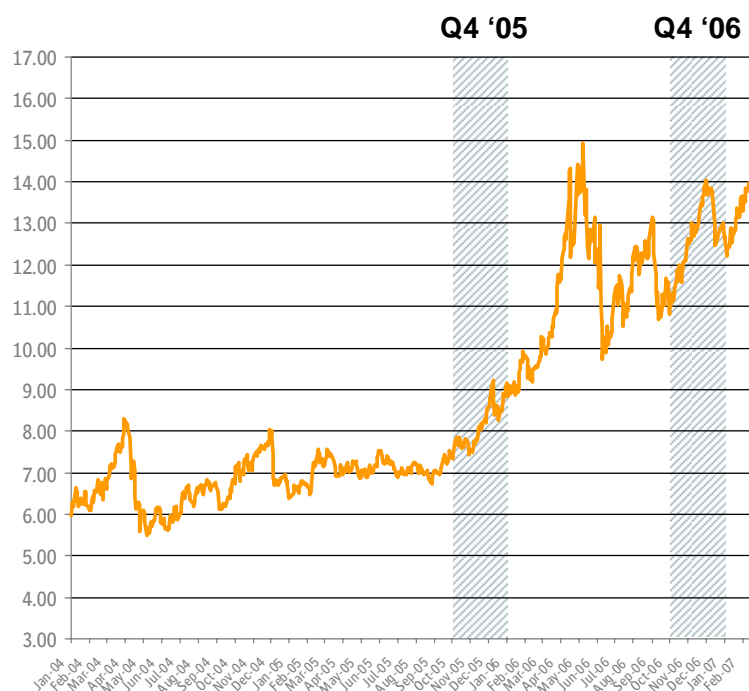
	Q4 '05	Q4 '06	% change	FY '05	FY '06	% change
Recurring EBIT*	86	<b>80</b>	-7.0%	219	<b>256</b>	16.9%
Restructuring and non-recurring	-8	<b>-122</b>		-87	<b>-191</b>	
Operating result	78	<b>-42</b>	-153.8%	132	<b>65</b>	-50.8%
Non-operating result	-15	<b>-15</b>		-25	<b>-64</b>	
Profit before taxes	63	<b>-57</b>		107	<b>1</b>	
Taxes and minority interest	-25	<b>32</b>		-126	<b>14</b>	
Net result	38	<b>-25</b>		-19	<b>15</b>	

\* Before restructuring and non-recurring items and excluding the one-off income of 25 million Euro related to changes in the retiree medical plan in the Group's US affiliate booked in the fourth quarter of 2005

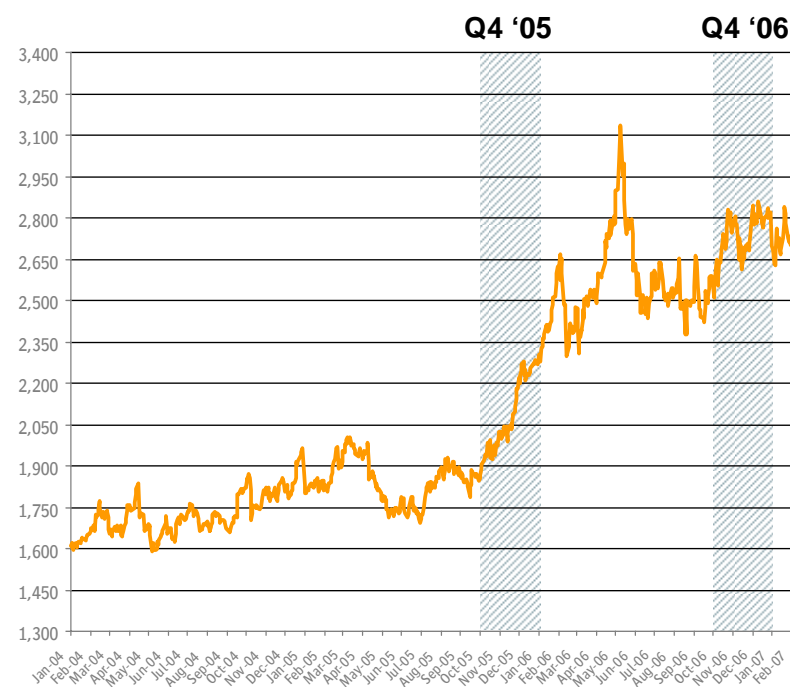
➔ Significant part of restructuring charges booked as negotiations with social partners are finalized in all countries

# Raw Materials

Silver (USD/troyounce)



Aluminium (USD/ton)



- ➡ Impact of higher raw material prices in Q4 was 34 million Euro (22 million Euro silver, 12 million Euro aluminium)
- ➡ For full year, impact was 130 million Euro (94 million Euro silver, 36 million Euro aluminium)

# Graphics: Key Figures (in million Euro)

	Q4 '05**	Q4 '06	% change	FY '05***	FY '06	% change
Sales	465	<b>444</b>	-4.5%	1,733	1,712	-1.2%
Recurring EBITDA*	35.8	<b>33.7</b>	-5.9%	141.8	140.6	-0.8%
% of sales	7.7%	<b>7.6%</b>		8.2%	8.2%	
Recurring EBIT*	14.8	<b>17.7</b>	19.6%	61.8	72.6	17.5%
% of sales	3.2%	<b>4.0%</b>		3.6%	4.2%	

\* Before restructuring charges and non-recurring items and excluding the one-off income of 13 million Euro related to changes in the retiree medical plan in the Group's US affiliate booked in the fourth quarter of 2005

\*\* Including 10 million Euro sales from products transferred from Graphics to Specialty Products in 2006

\*\*\* Including 49 million Euro sales from products transferred from Graphics to Specialty Products in 2006

- ➔ Improved pricing, shift to more profitable digital prepress and production efficiencies offset higher raw materials costs (22 million Euro in Q4 and 80 million Euro for full year) and impact of significant start-up losses in inkjet
- ➔ Pre-press (i.e. excluding inkjet) reached an EBIT margin exceeding 7% for full year 2006, a significant improvement over 2005

# HealthCare: Key Figures (in million Euro)

	Q4 '05	Q4 '06	% change		FY '05	FY '06	% change
Sales	407	<b>425</b>	4.4%		1,405	<b>1,452</b>	3.3%
Recurring EBITDA*	88.2	<b>80.3</b>	-9.0%		224.9	<b>239.4</b>	6.4%
% of sales	21.7%	<b>18.9%</b>			16.0%	<b>16.5%</b>	
Recurring EBIT*	70.2	<b>60.3</b>	-14.1%		150.9	<b>161.4</b>	7.0%
% of sales	17.3%	<b>14.2%</b>			10.7%	<b>11.1%</b>	

\* Before restructuring and non-recurring items and excluding the one-off income of 12 million Euro related to changes in the retiree medical plan in the Group's US affiliate booked in the fourth quarter of 2005.

➡ Higher silver costs (additional 6 million Euro in Q4 and 26 million Euro for the full year) and initial investments in the international roll-out of ORBIS affect profitability

# Specialty Products: Key Figures (in million Euro)

	Q4 '05**	Q4 '06	% change		FY '05***	FY '06	% change
Sales	41	<b>58</b>	41.5%		170	<b>237</b>	39.4%
EBITDA*	7.4	<b>5.6</b>	-24.3%		21.0	<b>45.3</b>	115.7%
% of sales	18.0%	<b>9.7%</b>			12.4%	<b>19.1%</b>	
EBIT*	5.4	<b>4.6</b>	-14.0%		14.0	<b>39.3</b>	180.6%
% of sales	13.1%	<b>7.9%</b>			8.2%	<b>16.6%</b>	

\* Before restructuring charges and non-recurring items

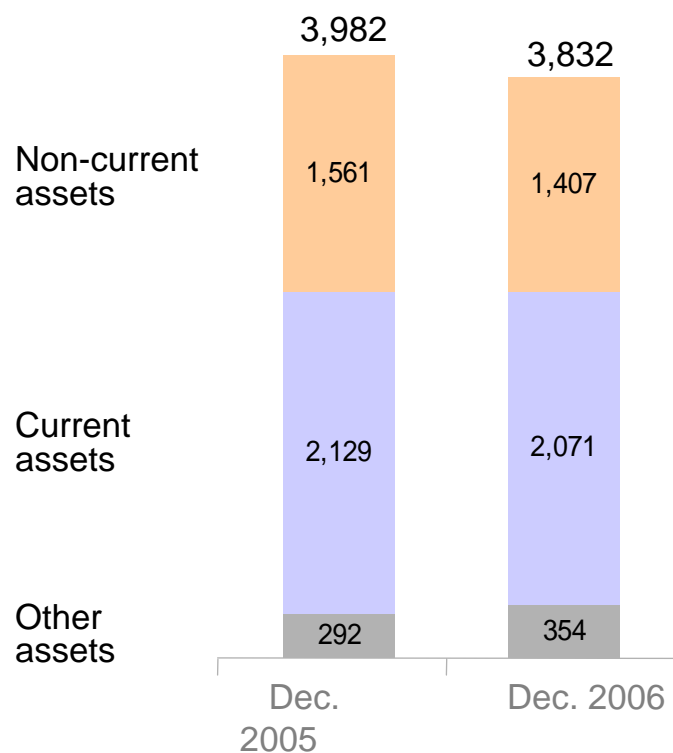
\*\* Excluding 10 million Euro sales from products transferred from Graphics to Specialty Products in 2006

\*\*\* Excluding 49 million Euro sales from products transferred from Graphics to Specialty Products in 2006

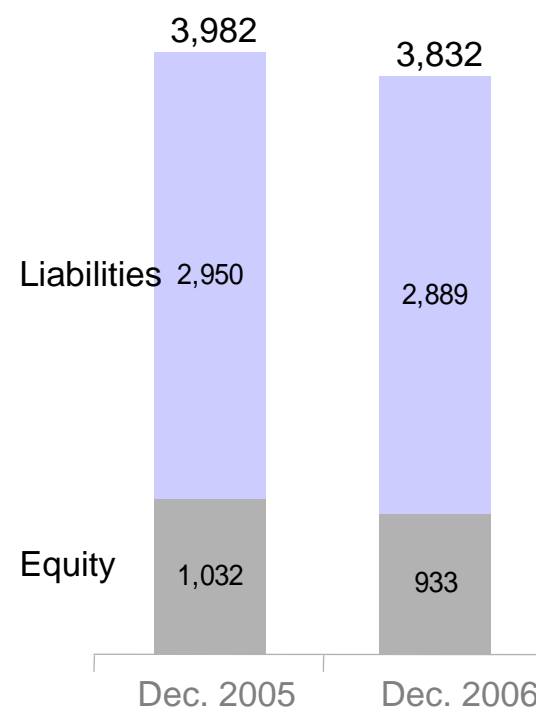
- ➔ On a comparable basis, sales increased 13.7% in Q4 and 8.2% on a full year basis, mainly driven by Cine and NDT
- ➔ Q4 margin impacted by higher silver costs and volume related rebates

# Balance Sheet: Key Figures (in million Euro)

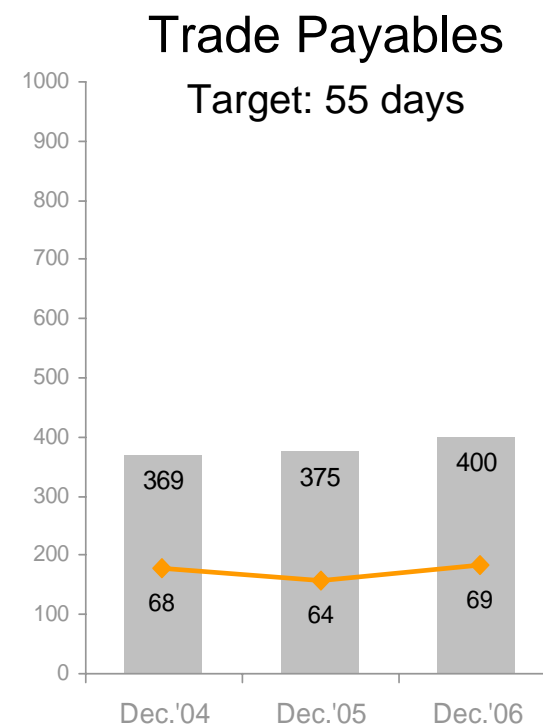
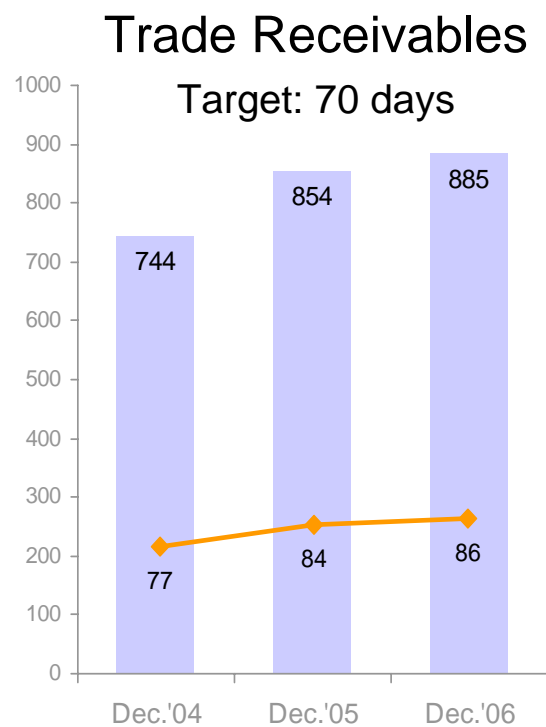
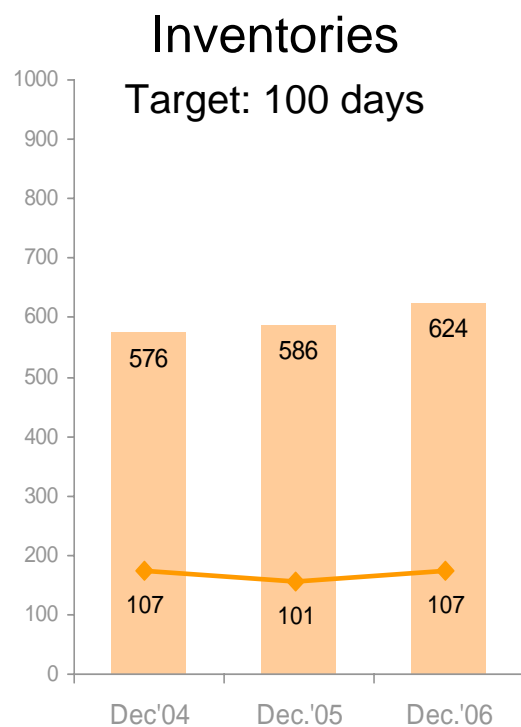
## Assets



## Liabilities

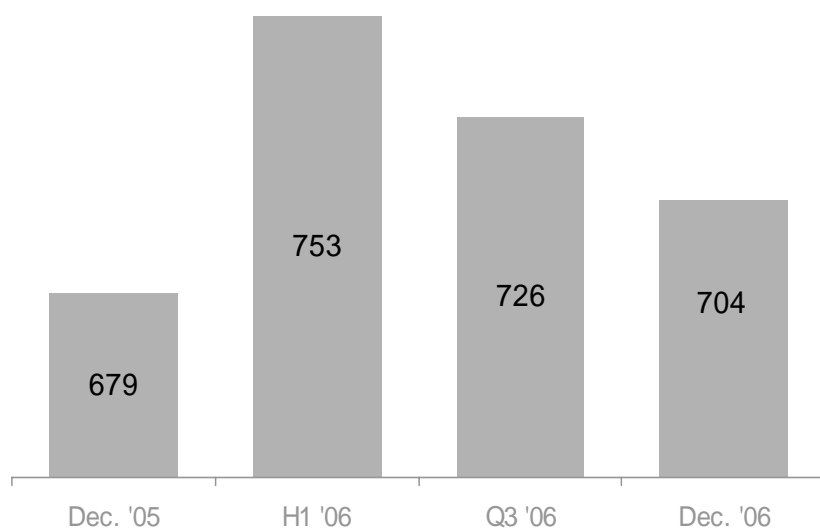


# Working Capital: Key Figures (in million Euro/days)

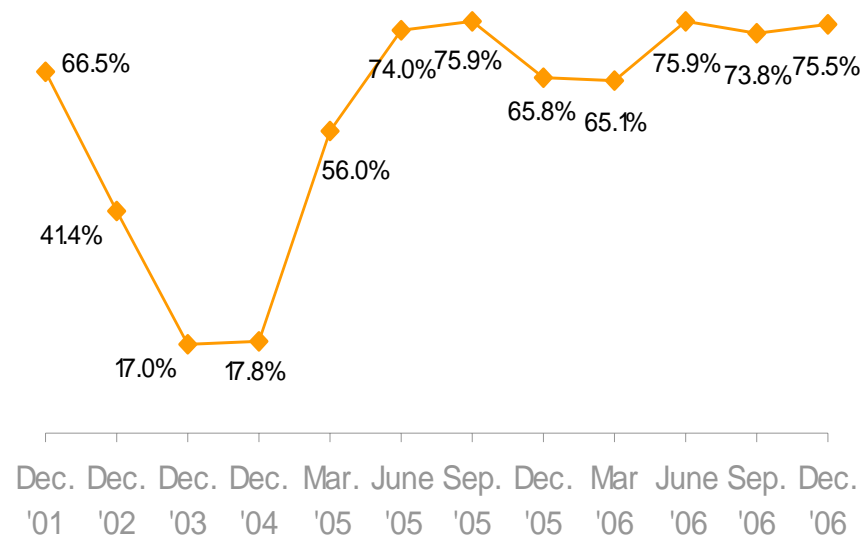


# Balance Sheet: Key Figures

Net Financial Debt (in million Euro)

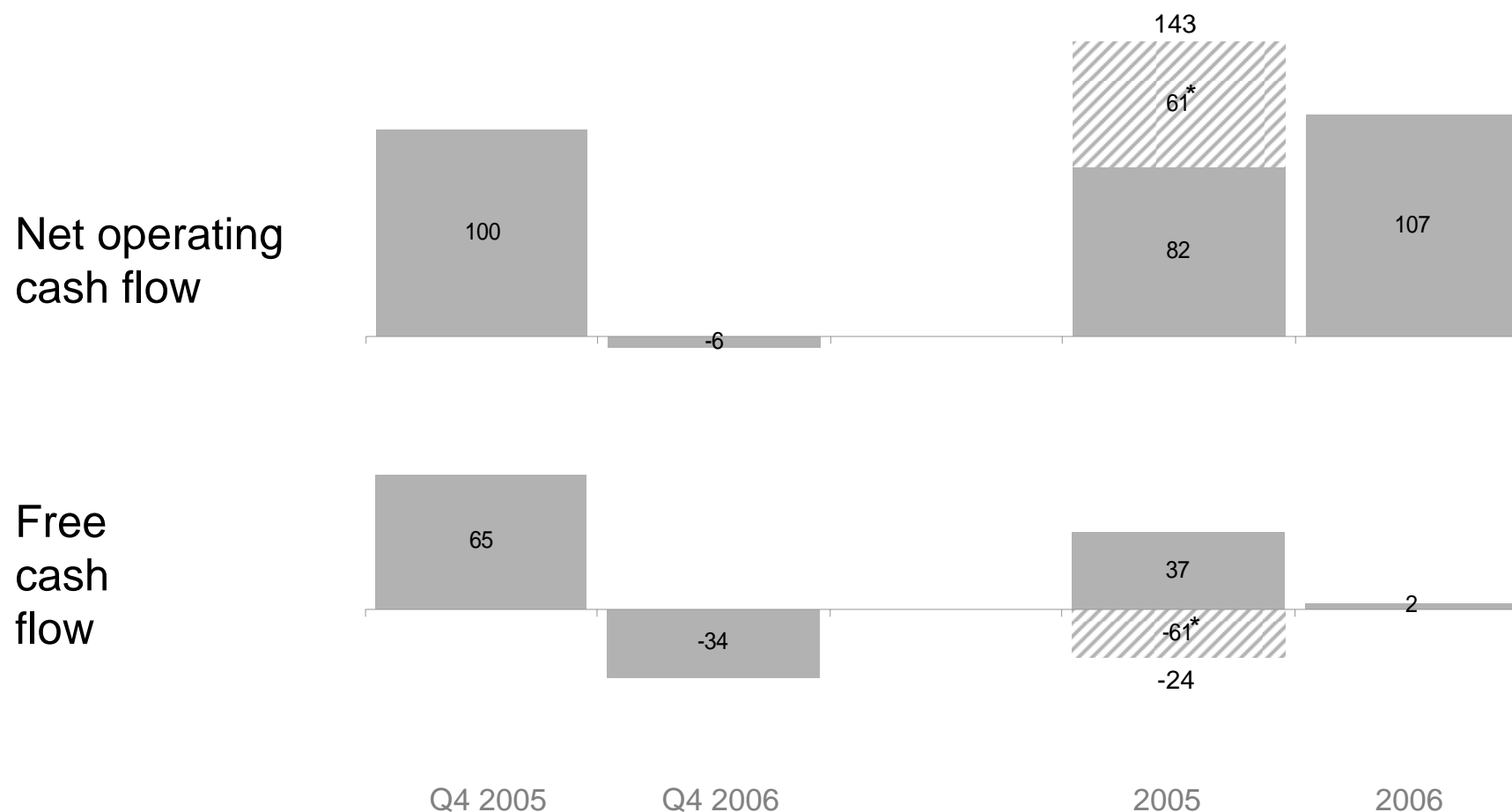


Gearing Ratio (%)



➡ Comfortable level of gearing ratio of 75%

# Cash Flow: Key Figures (in million Euro)



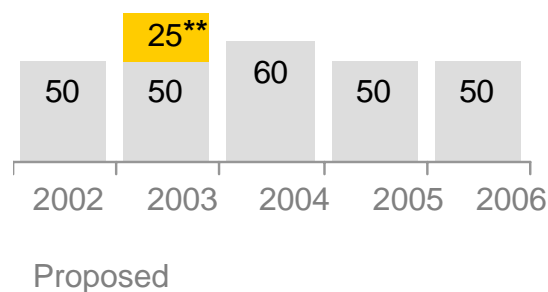
\* Exceptional due to termination of securitisation

# Earnings and Dividend per Share (in Eurocent)

## Earnings per Share



## Dividend per Share



\* Number of shares used for calculation : 125,603,444 in 2005 and 124,781,170 in 2006

\*\* Extraordinary dividend linked to NDT divestiture

➡ Proposed dividend of 50 cents

# Questions & Answers

