



Agfa-Gevaert

Press Conference - Analyst Meeting

August 19, 2004



Divestiture of Consumer Imaging

- First step: decision to carve out and to run CI as a separate entity, for cash.
- Second step: launch a review of all strategic options.
- Objectives:
 - exit the consumer photo market to focus on core growth markets: Graphic Systems and HealthCare;
 - at least a cash neutral transaction;
 - find a solution that secures the long term success of CI, its employees and customers.



Divestiture of Consumer Imaging: process

- Advisor: Goldman Sachs
- Contacted parties:
 - 5 financial investors
 - 5 industrial companies
 - management buy out/buy in
- May/June 2004:
 - detailed non exclusive discussions with 2 different parties

Divestiture of Consumer Imaging: transaction scope

All of Consumer Imaging's activities:

- World-wide production, R&D, sales and marketing of:
 - film
 - photo-paper and chemicals
 - lab equipment

In the first half of 2004, Consumer Imaging's sales amounted to 363 million Euros, with an operating result of minus 30 million Euros.

- Related lease portfolio.

Divestiture by a management buy-out/in

- All CI's activities to be continued in a new company, called AgfaPhoto.
- AgfaPhoto is willing to take over 2,870 employees:
 - all of Consumer Imaging's directly allocated employees
 - all other employees dedicating more than 50% of their time to CI

Procedures of information and consultation with employee representatives are followed in the countries where Consumer Imaging is active.

Divestiture of Consumer Imaging: purchaser

- Purchaser: AgfaPhoto, private company incorporated in Germany (GmbH).
- Shareholders:
 - 55% NannO Beteiligungsgesellschaft
 - 25% CI management
 - 10% Abrams Capital
 - 10% Highfields Capital
- Mezzanine financing: 20 mio € from Abrams Capital and Highfields Capital.
- Highfields Capital: US (Boston) investment management company, approximately 6 billion USD assets.
- Abrams Capital: US (Boston) investment management company, approximately 1 billion USD assets.

Divestiture of Consumer Imaging: scope

- Purchase price: 175.5 million Euros.
- Purchase price adaptations for changes in net working capital and net debt at closing.
- Estimated net asset value of \pm 560 million Euros at closing, representing:
 - fixed assets
 - inventories
 - trade receivables
 - lease receivables
 - other assets
 - trade payables
 - pension liabilities
 - other liabilities
- Targeted closing date: November, 1st, 2004

➡ Expected net asset value of \pm 560 million Euros and adjusted price of 130 million Euros at closing.

Divestiture of Consumer Imaging: financial parameters

- Agfa to issue a vendor loan note to purchaser at closing for a maximum amount of the adjusted purchase price.
- Note secured with lease receivables transferred to purchaser.
- Interest rate: 10% per annum.
- Repayment over 4 year period, in line with maturity of lease receivables portfolio.

Divestiture of Consumer Imaging: financial impact

- Non-cash book loss recorded of 430 million Euros, tax deductible.
- Expected book loss already accounted for in the June '04 closing to assure maximum transparency
 - impairment of fixed assets: 107 million Euros
 - provision for the remaining expected book loss: 323 million Euros
- After tax book loss of 291 million Euros.

Balance sheet impact of CI divestiture

June 2004


● fixed assets	-107 million Euros
● deferred assets	+139 million Euros
● total assets	+32 million Euros
● shareholders equity	-291 million Euros
● provision for expected loss	323 million Euros

→ Agfa's balance sheet remains very solid, with low net financial debt and gearing ratio.

Divestiture of Consumer Imaging: a cash positive transaction for Agfa

- Transaction is cash neutral for Agfa in 2004.
 - Transaction is cash positive as from 2005.
 - Total positive cash effect of 260 million Euros, taking account of tax impact and repayment of vendor loan.
-
- Fortis Bank has concluded that the terms and conditions of the transaction are fair.

Divestiture of Consumer Imaging: two fully independent companies

AGFA 	AgfaPhoto
<ul style="list-style-type: none">• Graphic Systems• HealthCare• Specialty Products	<ul style="list-style-type: none">• Consumer Imaging

→ Starting from closing, two completely separate companies, active in different markets.

Divestiture of Consumer Imaging

Providing AgfaPhoto with the assets and resources required for long term viability:

- Agfa already prepared the business to be run as a separate entity
- Agfa accepts the book loss
- AgfaPhoto is licensed to use the Agfa brand
 - for an unlimited period of time for consumer film products
 - for 18 months for the other products in the field of Consumer Imaging
- Strong financial partners and vendor loan provide for a solid financial starting position.



Rationale for Consumer Imaging

- Dedicated and reinforced management team, with in-depth knowledge of market and customer needs.
- Business will be run as a medium sized company and will be better structured to adapt to rapidly changing environment.
- Agfa gave AgfaPhoto a viable starting position.



Rationale for Agfa

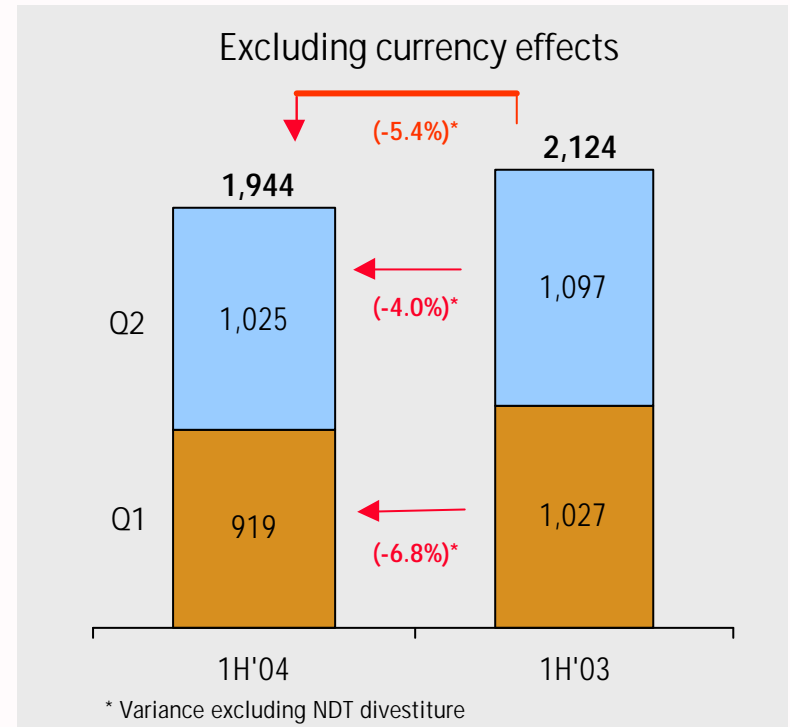
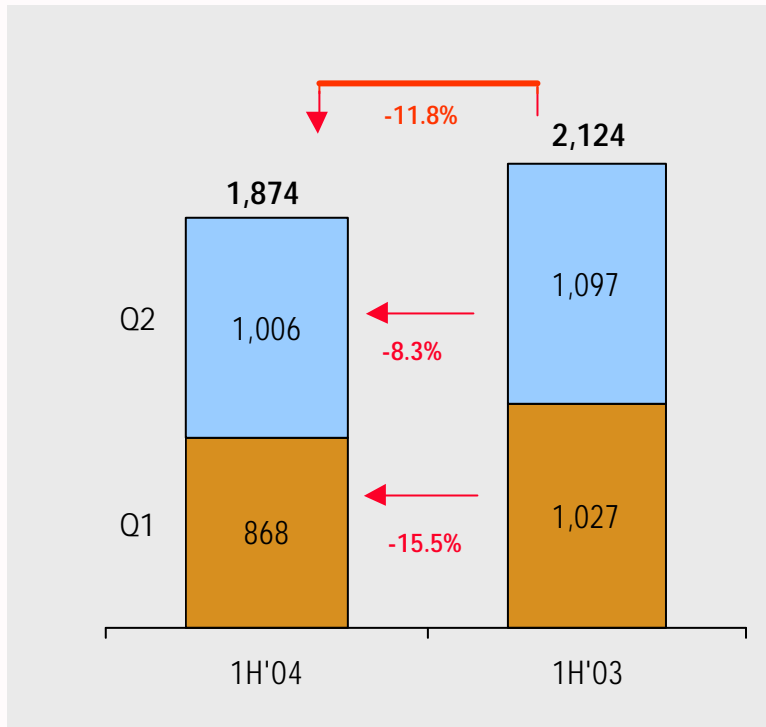
- Full focus on core markets of Graphic Systems and HealthCare.
- Concentration on business-to-business imaging solutions.
- Enhance Agfa's growth and profitability profile.
- Cash positive transaction.
- Balance sheet remains very solid, even after the book loss.
- Transaction gives CI's customers and staff continuity of service level and job environment.



Half Year Results 2004

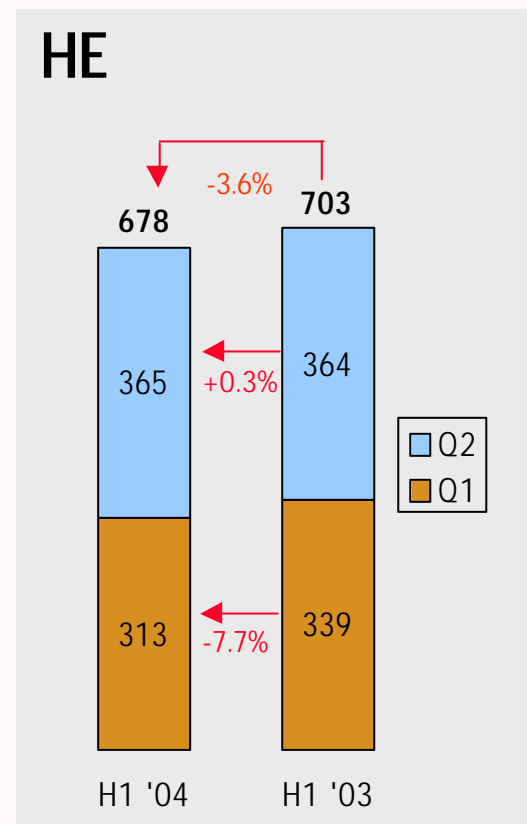
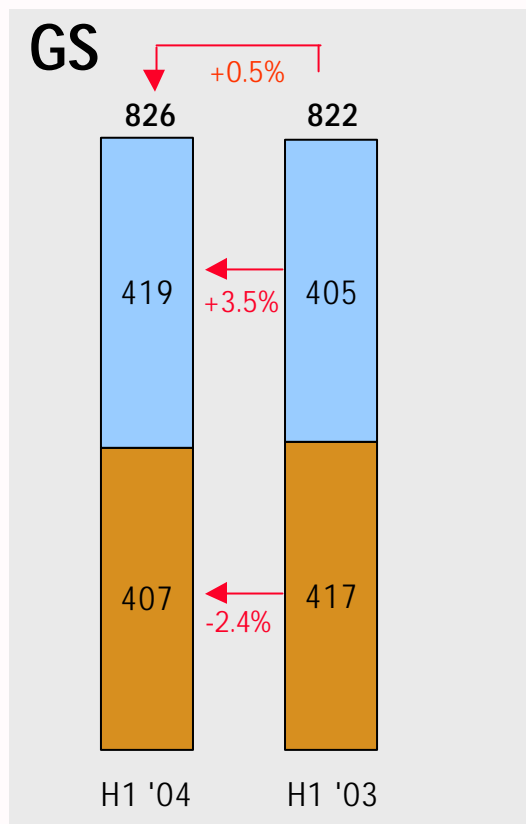
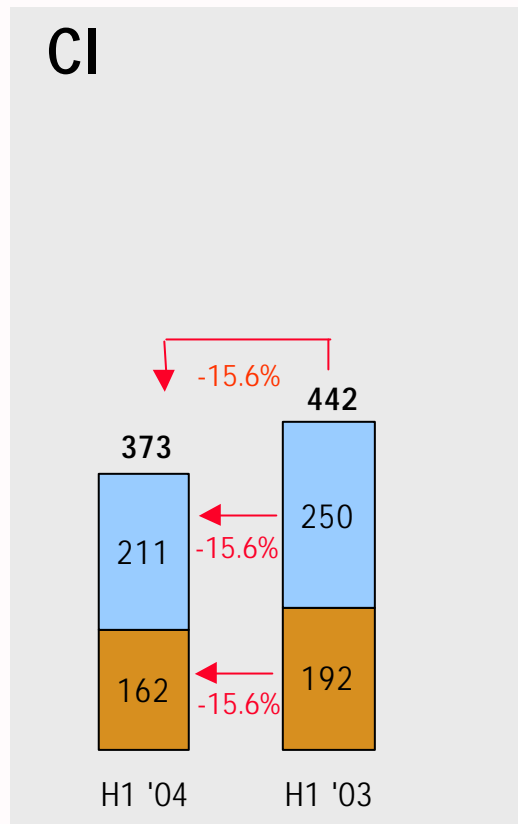
August 19, 2004

Trends in turnover (in mio Euros)



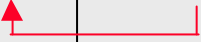
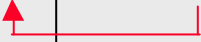
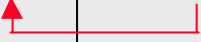
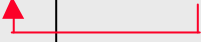
➡ After a weak start of the year, sales pick up in all the businesses.


Sales trends per business group (excl. currency effects)



➡ Year-on-year decline stabilises for CI, while HealthCare and Graphic Systems are performing substantially better than in Q1.

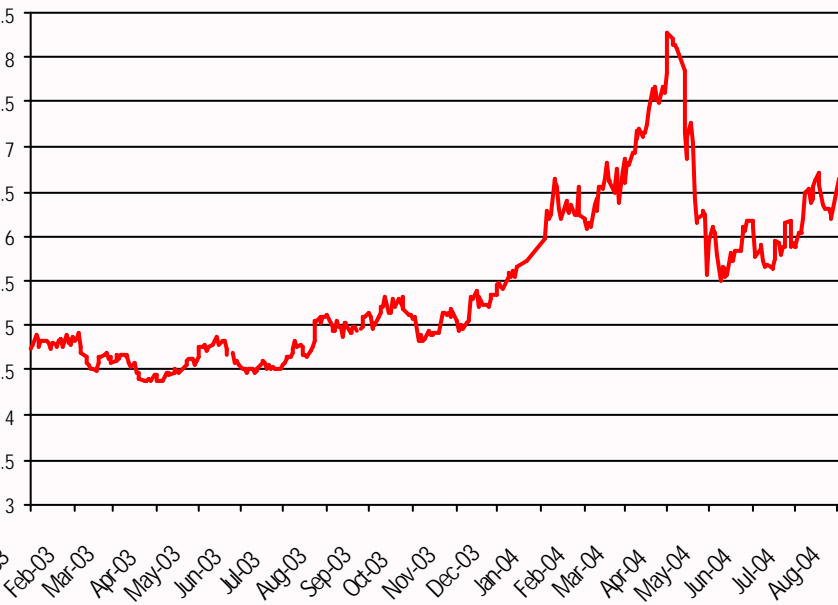
Key figures Profit & Loss - Group (in mio Euros)

	Q1 '04	Q2 '04	Q2 '03	H1 '04	H1 '03
Sales	868	1,006	1,097	1,874	2,124
			-8.3%		-11.8%
Gross profit	368	414	461	782	912
			-10.2%		-14.3%
Gross profit margin	(42.4%)	(41.2%)	(42.0%)	(41.7%)	(42.9%)

 The gross margin remains above 41%, in spite of combined effects of increased raw material prices, currency variations and continuous price erosion.

Raw Materials

SILVER (USD/troyounce)



ALUMINIUM (USD/ton)



Increased raw material prices affected gross profit by 20 mio Euros.

Key figures Profit & Loss - Group (in mio Euros)

	Q1 '04	Q2 '04	Q2 '03	H1 '04	H1 '03
Gross profit	368	414	461	782	912
		↑	-10.2%	↑	-14.3%
R&D	-51	-49	-61	-100	-119
		↑	-19.7%	↑	-16.0%
SG&A	-242	-256	-272	-498	-545
		↑	-5.9%	↑	-8.6%
Other operating items*	-29	-475	-24	-504	-59
of which:					
- restructuring charges	-8	-24	-14	-32	-22
- expected loss on CI divestiture	-	-430	-	-430	-
Operating result	46	-366	104	-320	189
Operating result	46	64	104	110	189
excl. expected loss on CI divestiture		↑	-38.5%	↑	-41.8%
(in % of sales)	5.3%	6.4%	9.5%	5.9%	8.9%

* income minus expenses

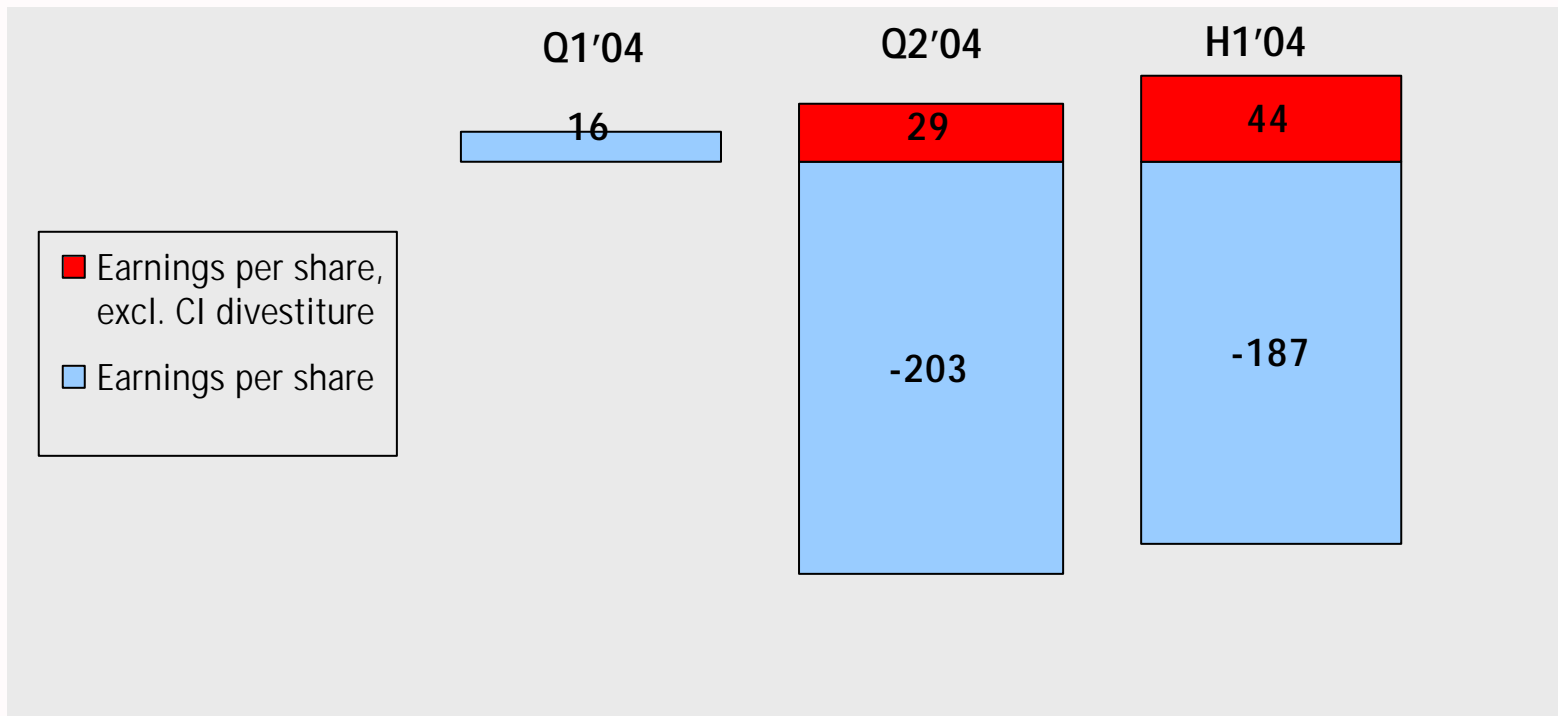
- ➡ R&D decrease explained by NDT divestiture and lower R&D in CI as product portfolio is completed.
- ➡ SG&A costs in Q2 affected by Drupa trade fair expenses and higher customer freight and sales commissions because of increase in turnover.

Key figures Profit & Loss - Group (in mio Euros)

	Q1 '04	Q2 '04	Q2 '03	H1 '04	H1 '03
Operating result	46	-366	104	-320	189
Non-operating result	-15	-11	-19	-26	-40
		▲	-42.1%	▲	-35.0%
Profit before taxes	31	-377	85	-346	149
Taxes	-11	+122	-25	+111	-50
Net result	20	-255	60	-235	99
Net result excl. effect of CI divestiture	20	36	60	56	99
		▲	-40.0%	▲	-43.4%

- ➡ Non-operating result decreases significantly due to lower financial debt.
- ➡ Taxes include a positive impact of 139 mio Euros tax credit due to the CI divestiture.

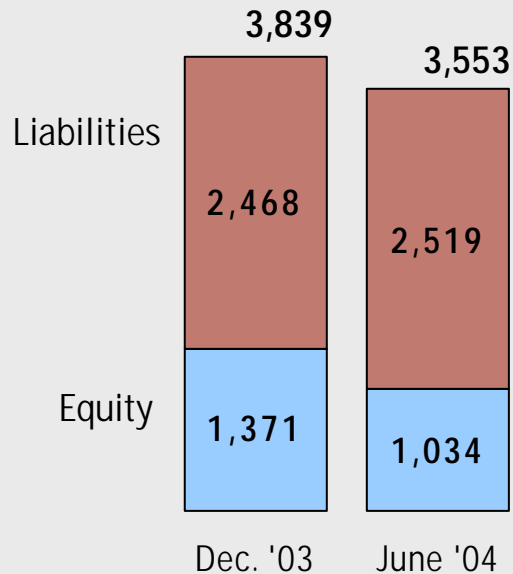
Earnings per share* (in Eurocents)



* Based on an average number of outstanding shares of 126 million

Key figures Balance sheet

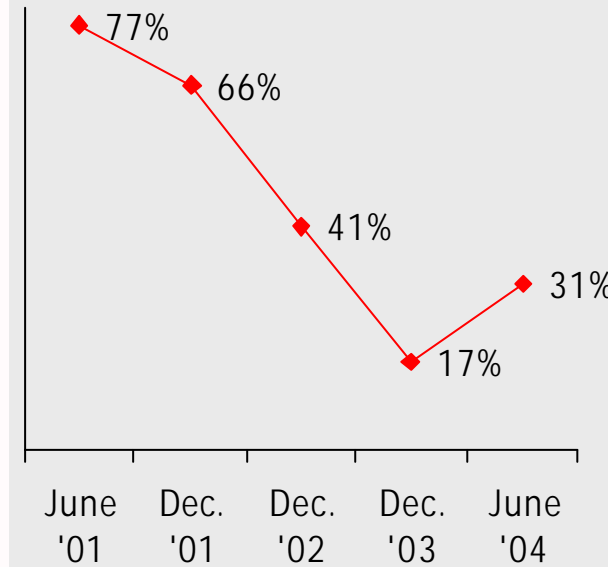
TOTAL EQUITY AND LIABILITIES (mio Euros)



NET FINANCIAL DEBT (mio Euros)

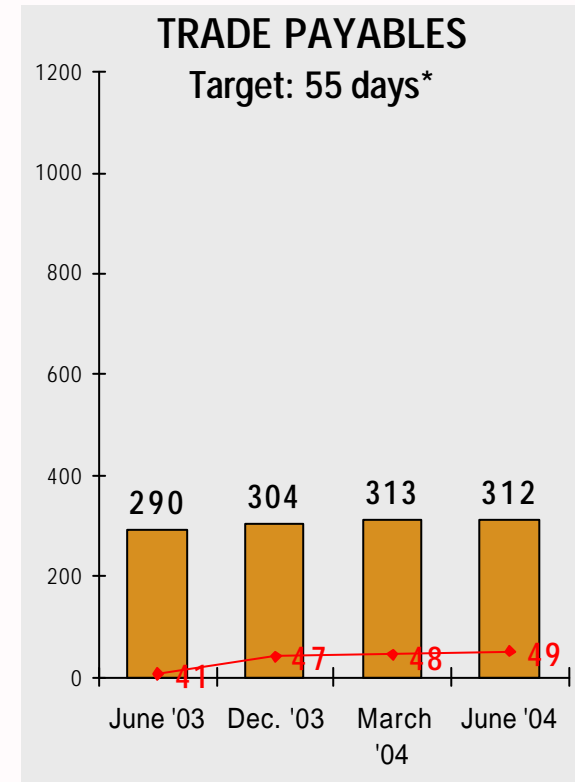
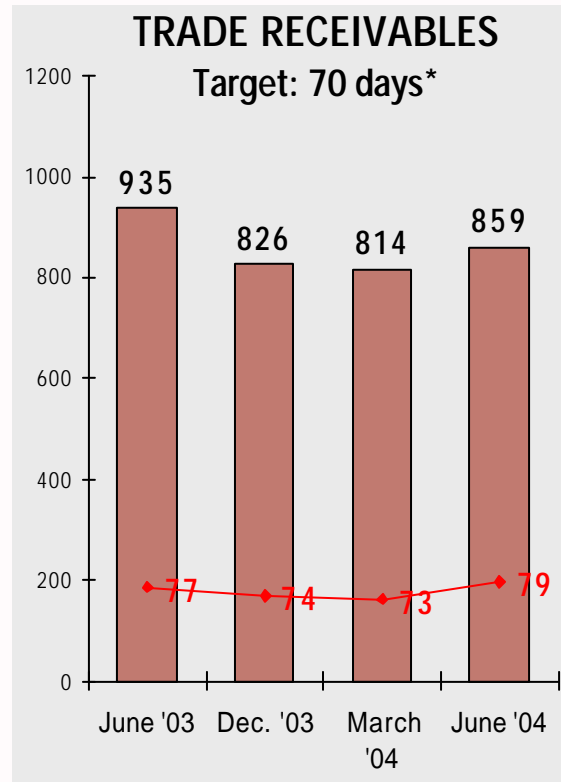
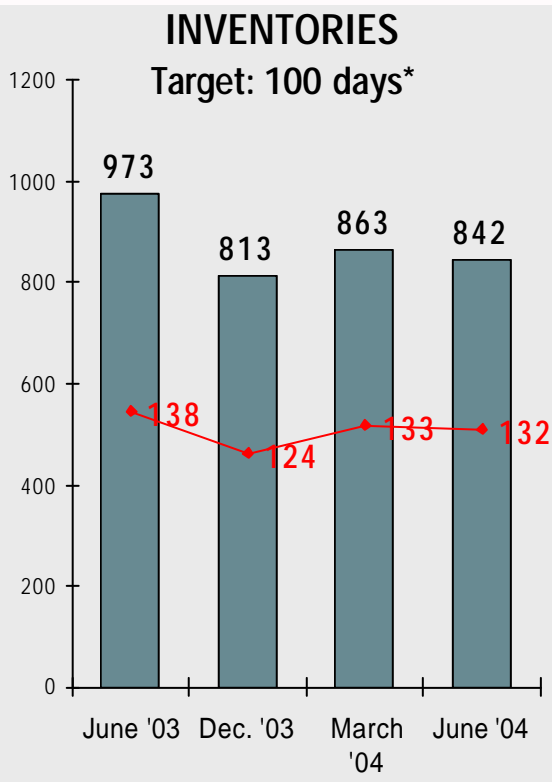


GEARING RATIO (%)



➡ Balance sheet remains very solid, with low financial debt and gearing ratio.

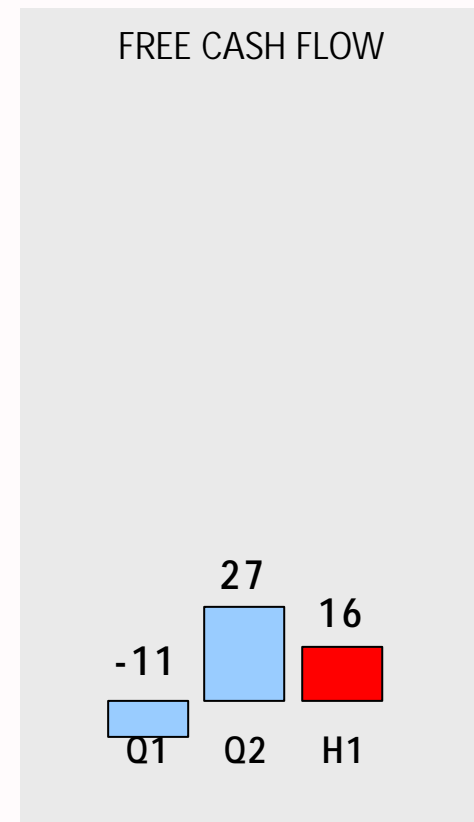
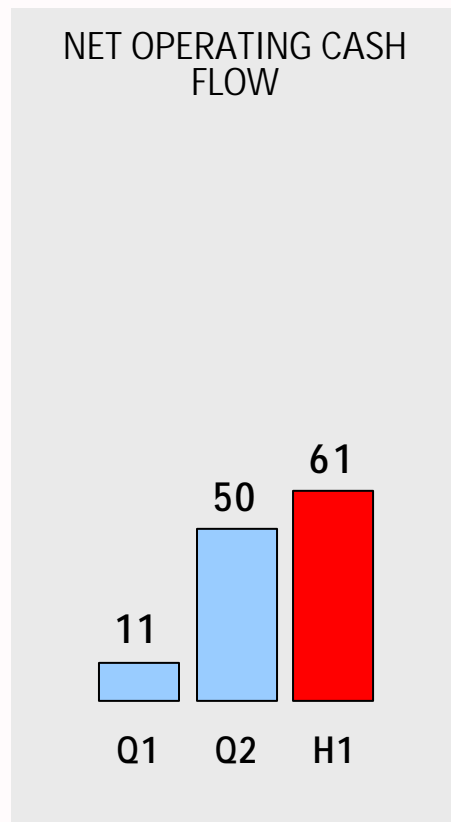
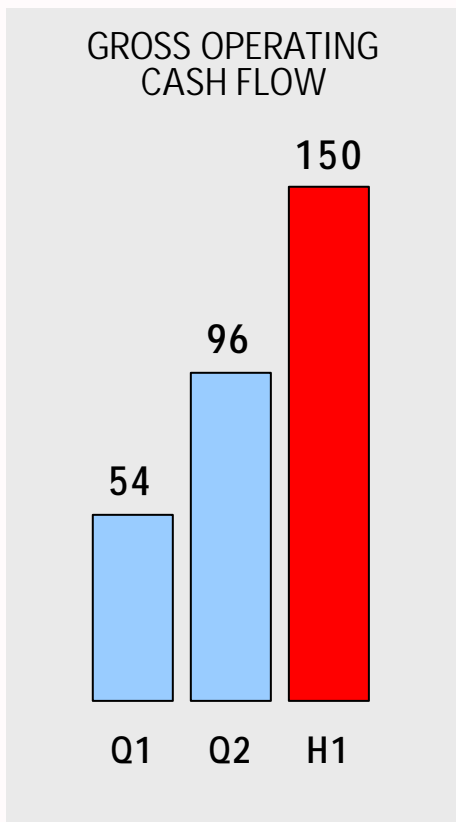
Working capital: key figures (in mio Euros/days)



*Days calculated vs. last 4 quarters income statement data

➡ Continuous efforts to decrease working capital.

Cash flow: Key figures (in mio Euros)



➡ Payment of taxes on capital gain of NDT divestiture had large impact on Q1's cash flow.

Consumer Imaging: Key figures (in mio Euros)

	Q1 '04	Q2 '04	Q2 '03	H1 '04	H1 '03
Sales	155	208 ↑ -16.8%	250	363 ↑ -17.9%	442
Sales excl. currency effect	162	211 ↑ -15.6%	250	373 ↑ -15.6%	442
Restructuring/non-recurring expenses	+0.6	-11.4	-8.2	-10.8	-9.2
Operating result excl. of expected loss on CI divestiture	-19.0	-10.7 ↑ -205.7%	-3.5	-29.7 ↑ -19.3%	-24.9
Operating result	-19.0	-440.7	-3.5	-459.7	-24.9

- ➡ Decline of revenues stabilised at high level.
- ➡ Excluding extraordinary and non-recurring items, CI reaches break-even in Q2 '04.

Graphic Systems: Key figures (in mio Euros)

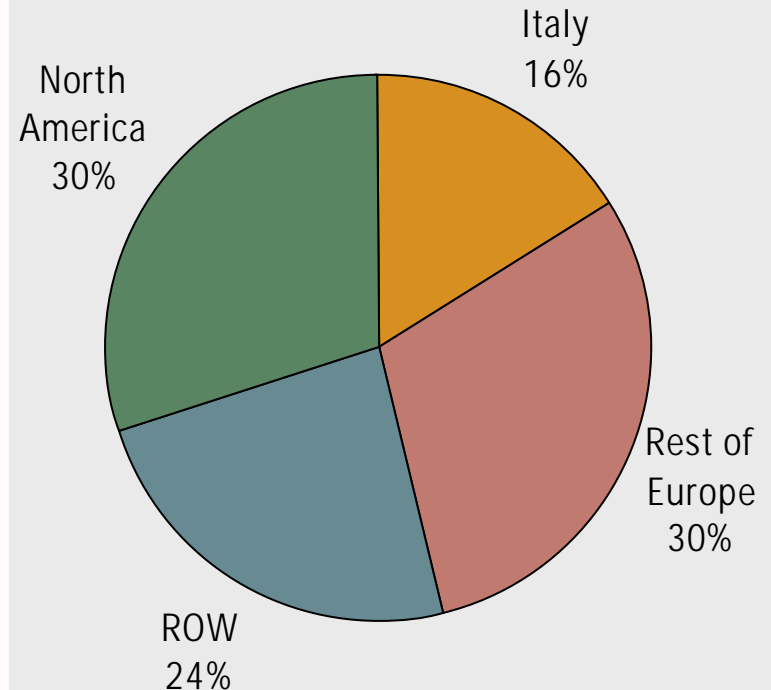
	Q1 '04	Q2 '04	Q2 '03	H1 '04	H1 '03
Sales	386	413	405	799	822
		▲	+2.0%	▲	-2.8%
Sales excl. currency effect	407	419	405	826	822
		▲	+3.5%	▲	+0.5%
Restructuring/non-recurring expenses	-5.0	-9.3	-3.6	-14.3	-6.0
Operating result	20.9	19.8	27.1	40.7	61.0
		▲	-26.9%	▲	-33.3%
Return on sales	5.4%	4.8%	6.7%	5.1%	7.4%

- ➡ Q2 sales up 3.5%, confirming the positive trend in the printing industry.
- ➡ Higher sales expenses (Drupa) and restructuring charges affect Q2's margin.
- ➡ Without one-off effects, Q2's margin would reach 8.5%.

Lastra profile

- Italian manufacturer of printing plates, chemicals and equipment
- Mainly analogue printing plates, but recently started production of digital plates
- 6 factories:
4 in Italy, 2 in US
- Number of employees:
~900

2003 SALES 226 MIO EUROS





Lastra acquisition: rationale

- Market consolidation
- Large cost and revenue synergies
- Strengthen the position in the US with Lastra's IP for a digital plate
- Increased market coverage from low end to high end
- Streamline combined sales and distribution network

Lastra acquisition: financial parameters

- Enterprise value 155 million Euros
- 2003 sales 226 million Euros
 - net financial debt 88 million Euros
 - shareholders equity 53 million Euros
- Closing end August 2004
- Cash transaction, accretive from first year

HealthCare: Key figures (in mio Euros)

	Q1 '04	Q2 '04	Q2 '03	H1 '04	H1 '03
Sales	292	356 ▲ -2.2%	364	648 ▲ -7.8%	703
Sales excl. currency effect	313	365 ▲ +0.3%	364	678 ▲ -3.6%	703
Restructuring/non-recurring expenses	-4.1	-3.0	-1.7	-7.1	-3.3
Operating result	36.4	53.7 ▲ -24.8%	71.4	90.1 ▲ -34.8%	138.1
Return on sales	12.5%	15.1%	19.6%	13.9%	19.6%

- ➡ Significantly better sales in Q2.
- ➡ Price pressure increased mainly as a result of renewal of Premier contract.
- ➡ Second half expected to show further progress.

Specialty Products: Key figures (in mio Euros)

	Q1 '04	Q2 '04	H1 '04
Sales	35	29	64
Operating result	8.2	0.8	9.0
Return on sales	23.4%	2.8%	14.1%

- ➡ Lower sales, mainly related to seasonal effects in cinefilm.
- ➡ Operating result in Q1 benefited from a one-off price adjustment on NDT divestiture.



The new Agfa

- An imaging company, active in 2 core markets:
 - Graphic Systems and HealthCare
- Striking similarities in both markets:
 - extensive customer intimacy
 - active on a world-wide scale
 - world class technological know-how
 - broad portfolio of high quality products and solutions
 - Agfa is far advanced in digital imaging techniques

Graphic Systems

Prepress

Mature market of 8 bn Euros

- cost, technology and market leadership
- make equipment business profitable
- focus on higher growth segments

+ Industrial inkjet printing

Emerging, high growth market
Expected size 10 bn Euros in 2010

- offering press software, inkjet media inks
- leveraging on technological lead

- ➡ Agfa is the leading pre-press company and entering the high growth market of inkjet printing.
- ➡ Agfa offers a full solution: consumables, equipment and software.

HealthCare

Radiology Solutions

- film
- print solutions
- computed/direct radiography
- PACS/RIS

⇒ Consolidate our leading position as customers go digital

Departmental Solutions

- computed/direct radiology
- PACS
- connectivity systems
- workflow management systems

⇒ Expand from radiology into other departments

Enterprise Solutions

- Clinical Information Systems
- Electronic Patient Record

⇒ Take a leading position in CIS/EPR

CIS / EPR covers eight main functionalities

	<u>Typical functionality</u>	<u>Description</u>
Hospital admin systems	<ul style="list-style-type: none"> Financial mgmt. & general accounting Patient billing Planning/logistics (equipment, beds, personnel) Human resources Management information/data warehousing External reporting 	
Patient admission systems	<ul style="list-style-type: none"> Patient data registration Patient admission/discharge registration 	<ul style="list-style-type: none"> Retrieval of non-integrated patient data (test results, GP letters) Ordering of medical treatments, medication, radiology, laboratory test, etc. often supported with decision support tools
CIS EPR	<ul style="list-style-type: none"> Result server Ordering Reporting Nursing module Patient medical record External communication Hospital-wide patient planning Clinical pathway management 	<ul style="list-style-type: none"> A system where electronic reporting replaces current paper based systems Specific application for nurses to allow for work planning, vital signs and other clinical documentation A system that provides an integrated view of the patient's medical and administrative information (level of integration varies); typically includes hospital-wide clinical data entry application; can be based on central clinical data repository or "real time" extraction from various systems Various external communication modules to patients, other providers, payers or other national EMR systems
Departmental solutions, RIS, LIS, PHIS	<ul style="list-style-type: none"> Clinical data registration, including image management systems (PACS) Workflow management Decision support 	<ul style="list-style-type: none"> Planning of patients across departments Integrated and partly automated approach to managing patients across departments (e.g. automatic scheduling of various steps in medical treatment based on clinical outcomes).



The new Agfa

- better focussed
- less cyclical
- less currency exposure
- strong market positions
- higher margins
- higher growth



Questions & Answers