



# Albert Follens

DRUPA Event - 14 May 2004

2004



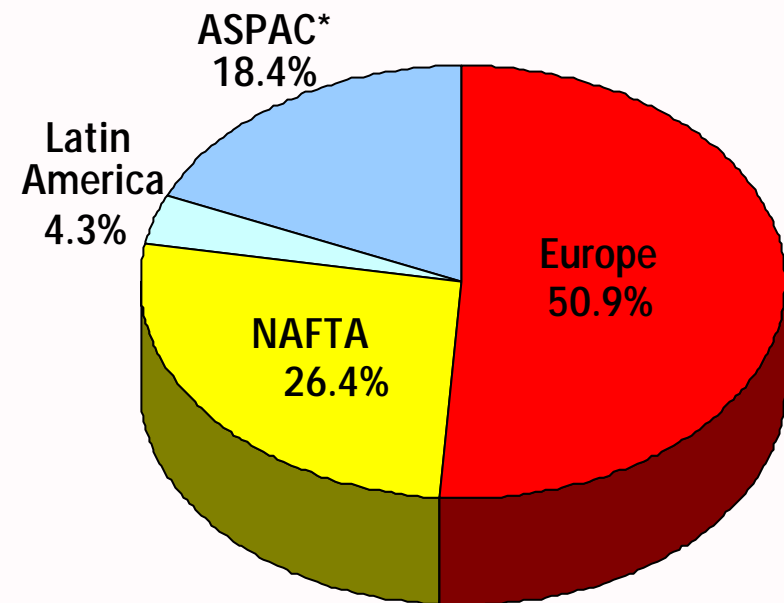
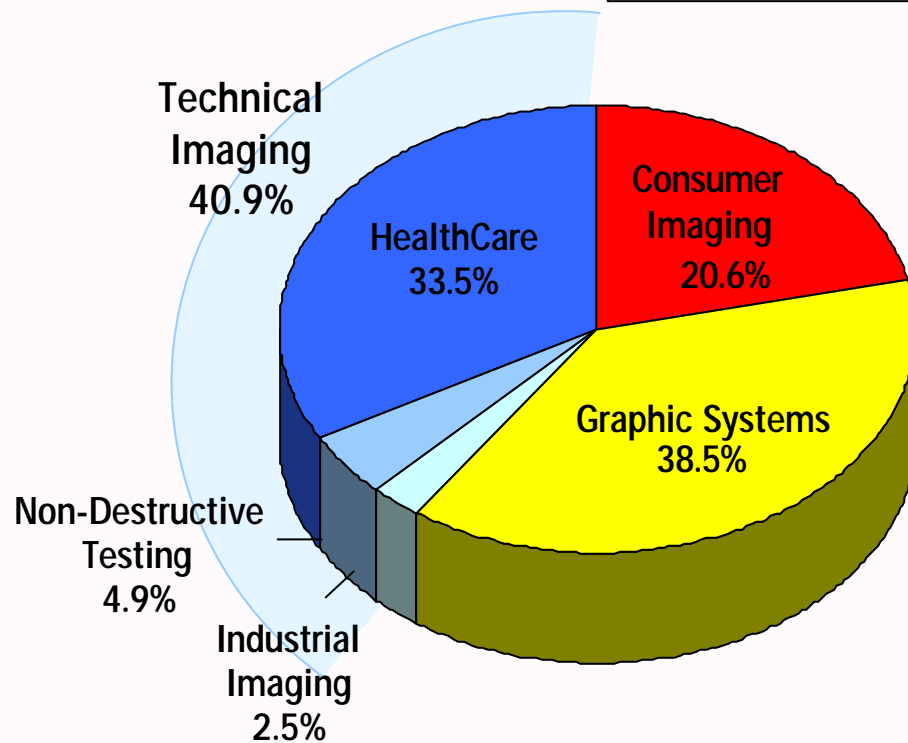


# Content

- † **Key figures Agfa and Graphic Systems**
- † Printing markets
- † Agfa's Pre-press portfolio and strategy
- † Agfa's inkjet printing strategy

# Agfa: a leading imaging company

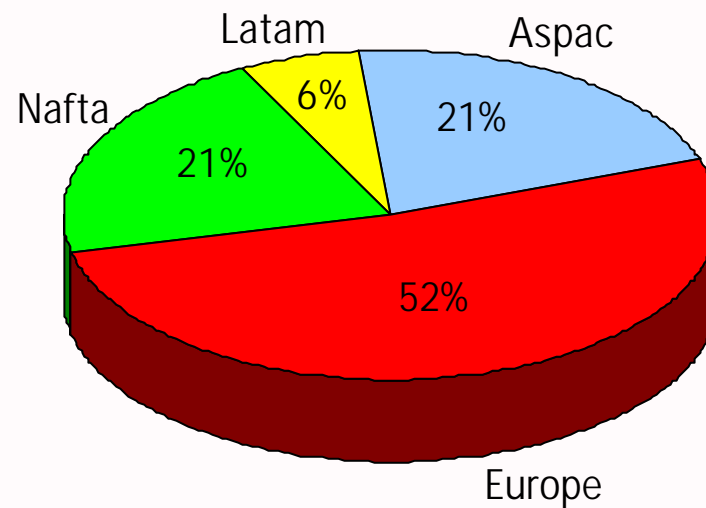
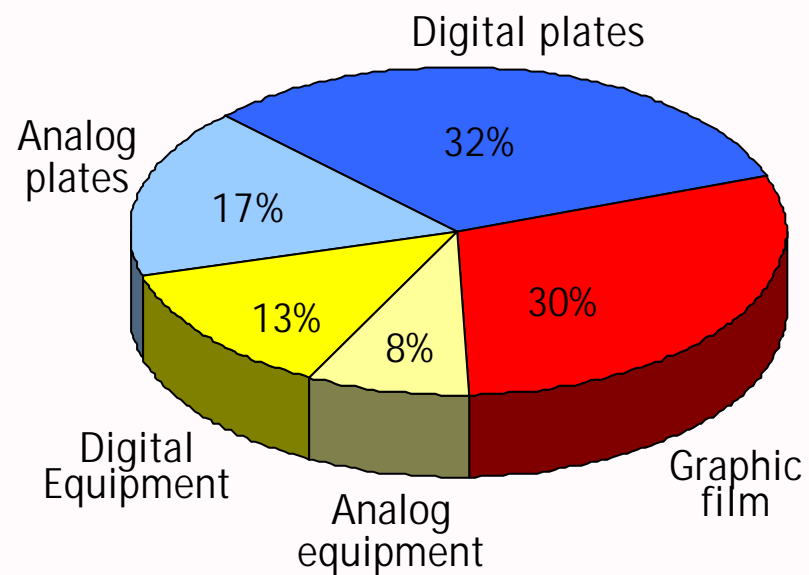
2003 turnover = 4.2 bn Euros



\* Including Africa

# Graphic Systems 2003

Turnover: 1.6 bn Euros





## Graphic Systems: Key figures

| in million Euros | 2003  | 2002  | %      |
|------------------|-------|-------|--------|
| Sales            | 1,622 | 1,813 | -10.5% |
| Operating result | 90.0  | 126.3 | -28.7% |
| Return on sales  | 5.5%  | 7.0%  |        |

† The transition to Computer-to-Plate continues, lower turnover due to weak economy, strong Euro and increased price erosion.

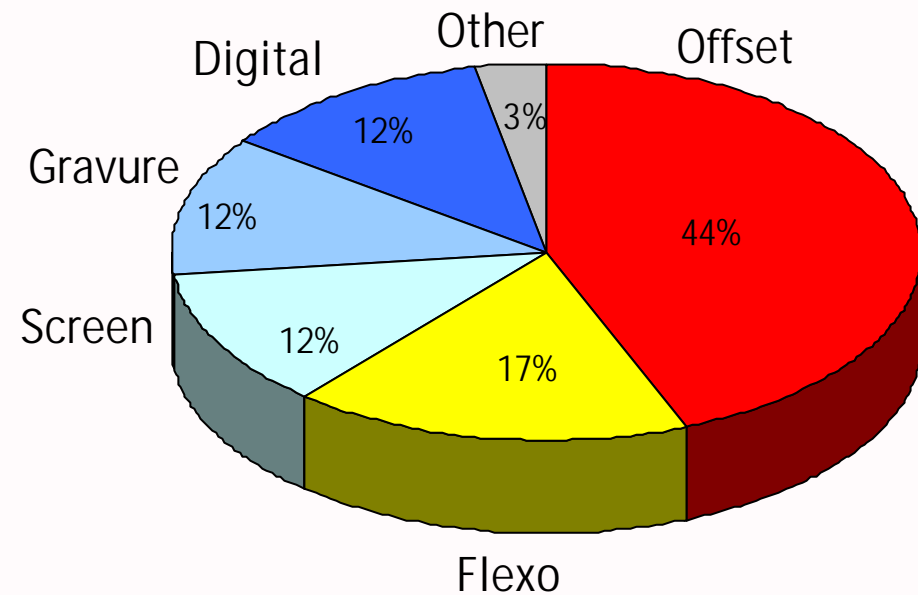
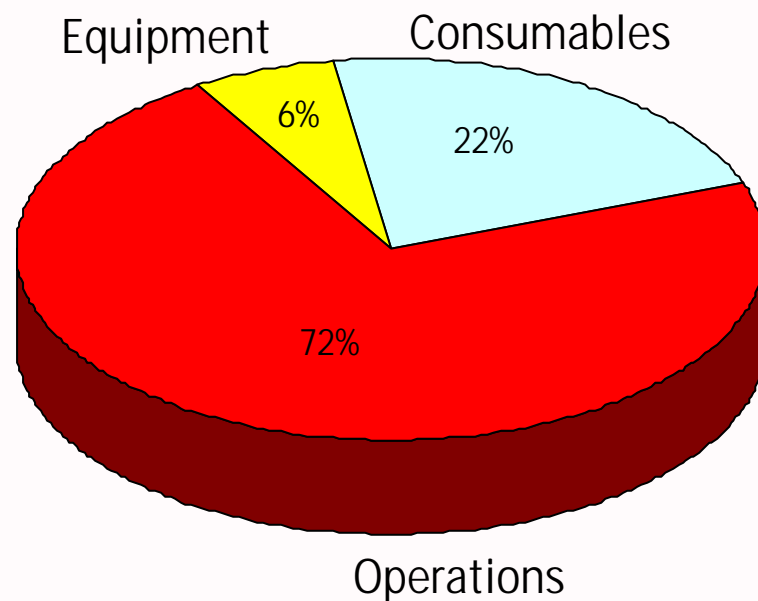


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# The global printing market

2002: ?735 bn Euros per year

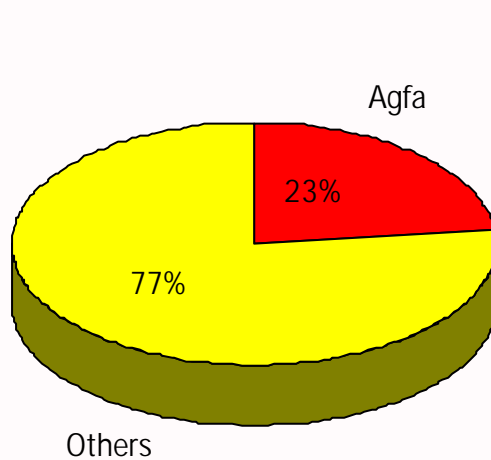


➡ Offset represents 44% of the global printing market and is expected to grow at  $\pm 2\%$  per annum

# Pre-press and the global printing market

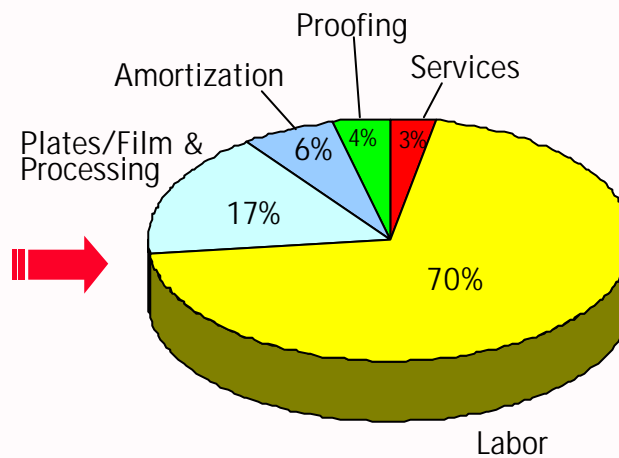
## PREPRESS DELIVERABLES

8 bn Euros per year



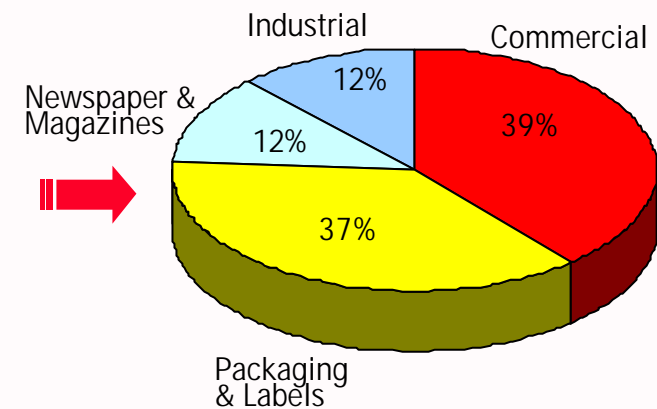
## PREPRESS EXPENDITURE

35 bn Euros per year



## TOTAL PRINTING MARKET

2002: 735 bn Euros per year



➡ Printing is a mature 735 bn Euros market

➡ Pre-press is part of the cost of printing



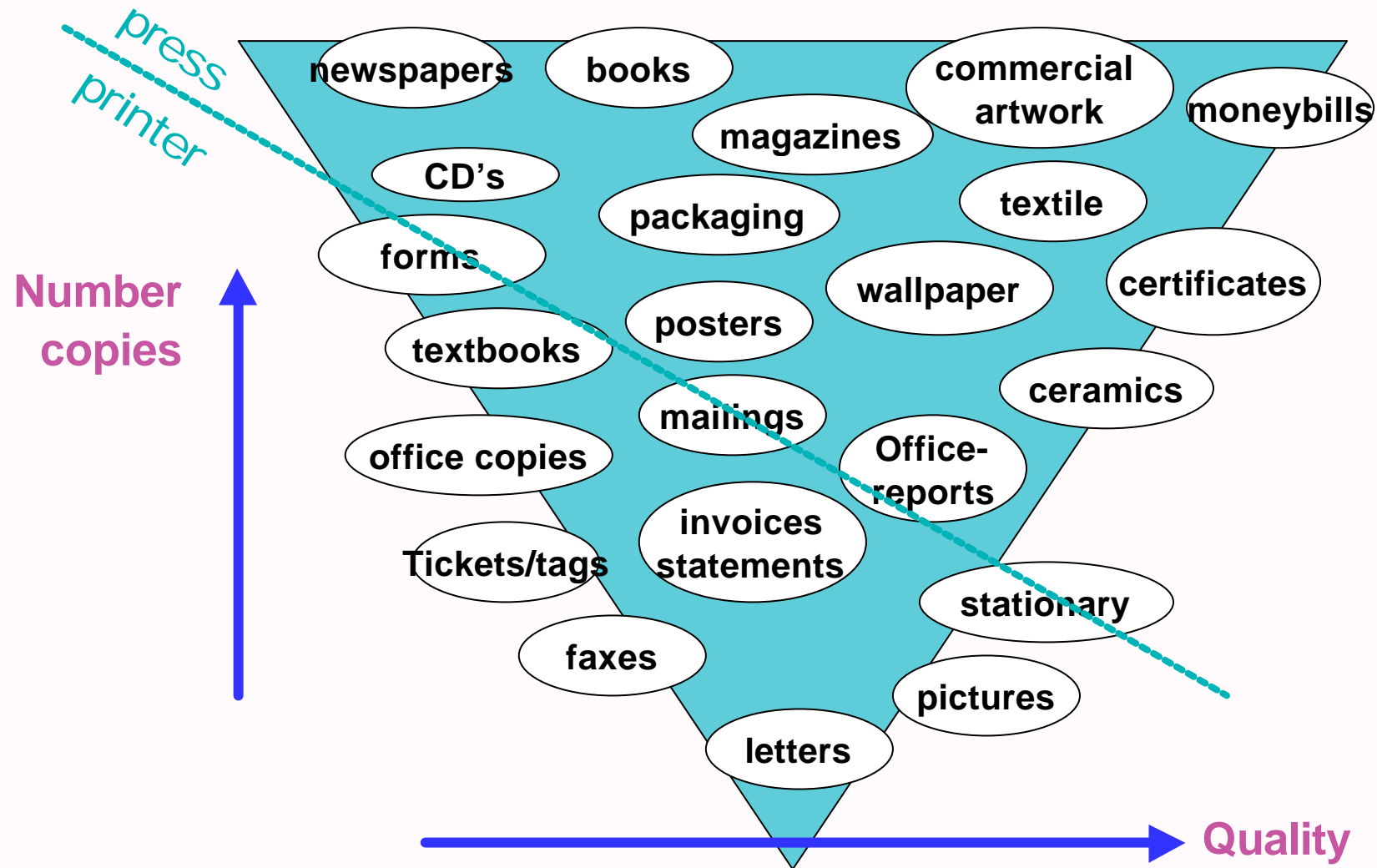
# Printing market: segments and main technologies

(in bn Euros)

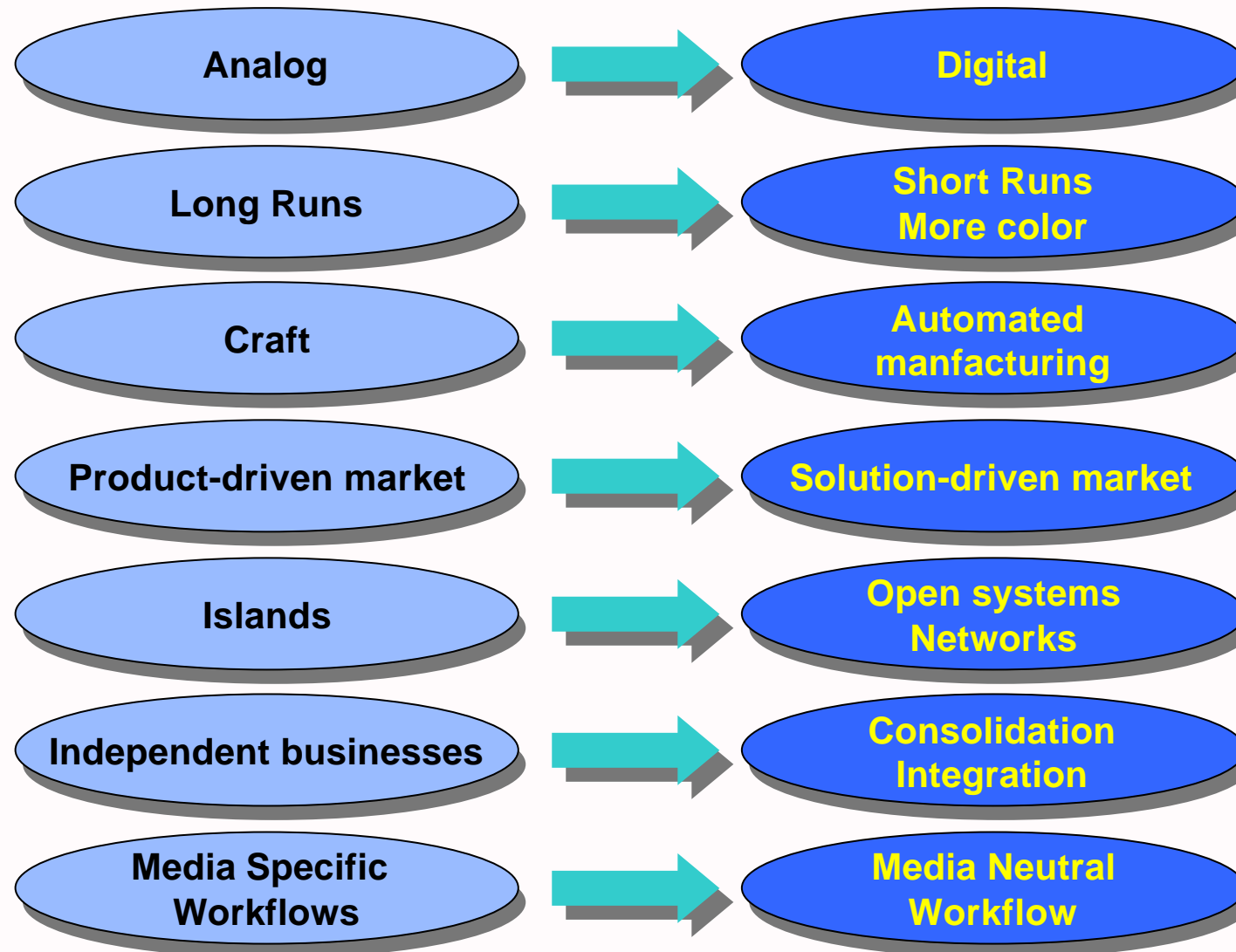
| Technology \ Segments    | TOTAL      | OFFSET     | FLEXO      | SCREEN    | GRAVURE   | DIGITAL   |
|--------------------------|------------|------------|------------|-----------|-----------|-----------|
| Commercial printing      | 290        | 170        | 5          | 15        | 25        | 70        |
| Newspapers and magazines | 85         | 75         | 5          | -         | -         | -         |
| Packaging and label      | 270        | 70         | 105        | 20        | 65        | 5         |
| Industrial               | 90         | 10         | 10         | 50        | -         | 10        |
| <b>TOTAL</b>             | <b>735</b> | <b>325</b> | <b>125</b> | <b>85</b> | <b>90</b> | <b>85</b> |

➡ Offset is the predominant technology

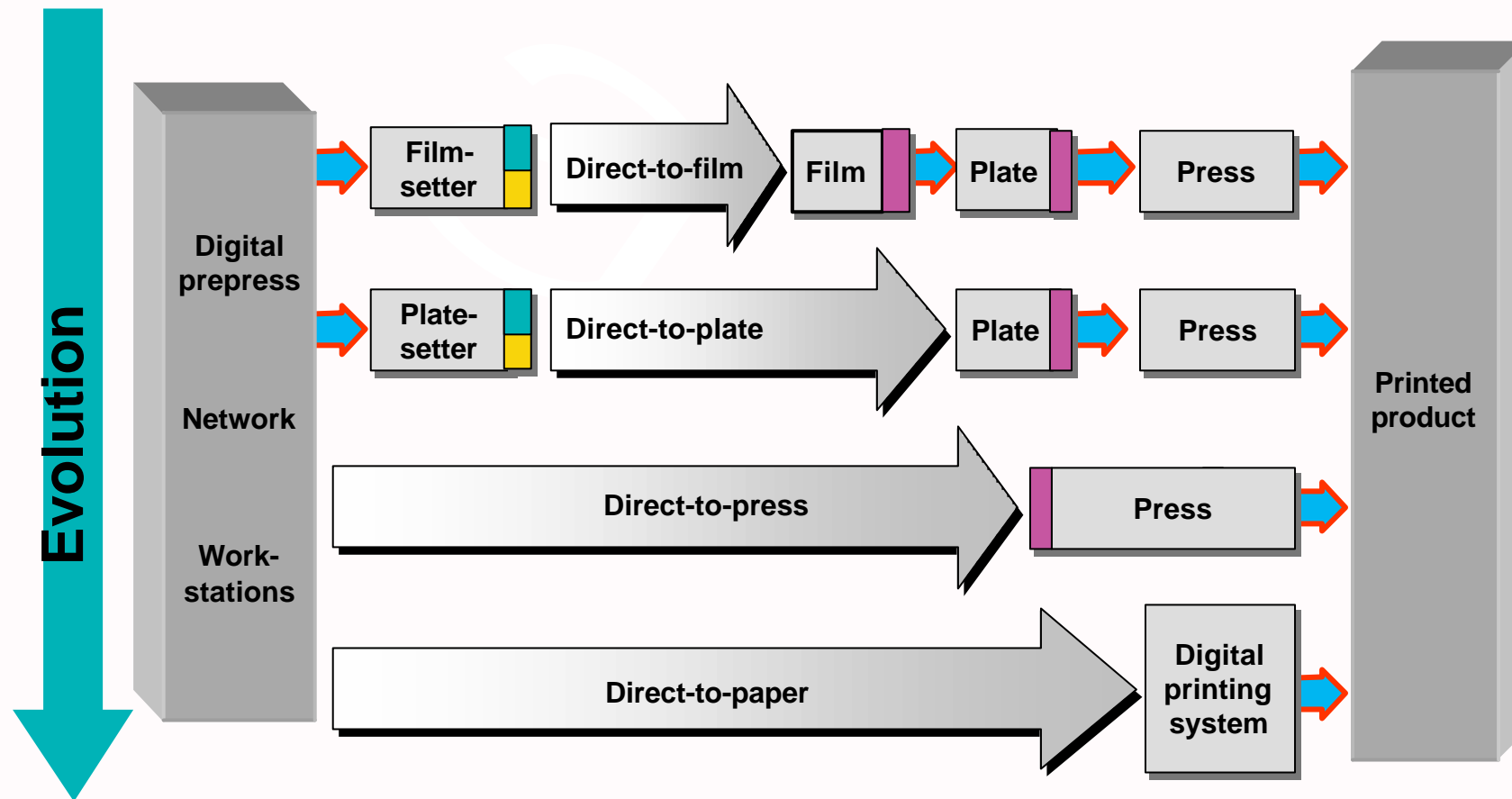
# Printed on a press or on a printer?



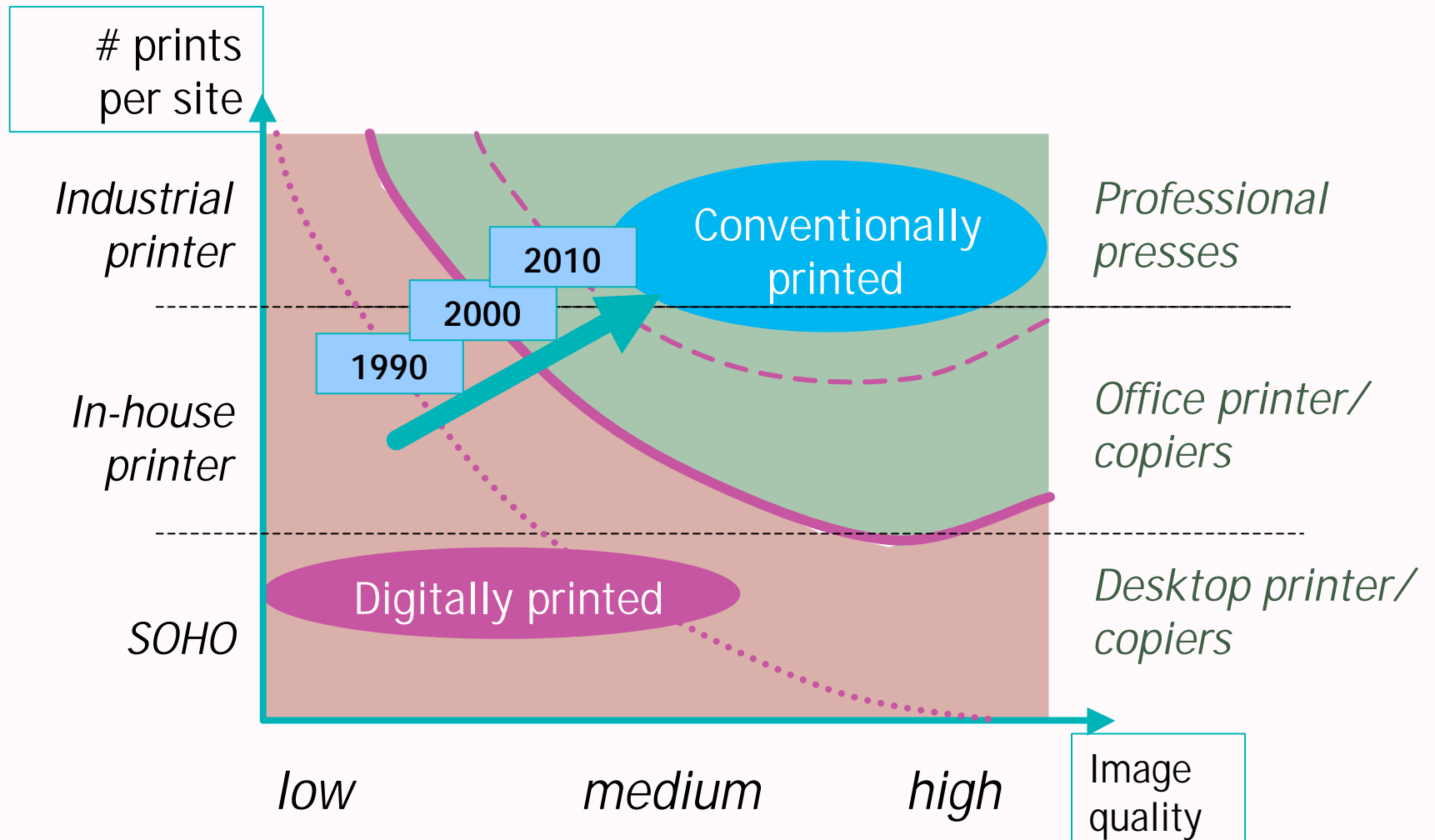
# Industry trends



# Technology trends



# Progression of Digital Printing





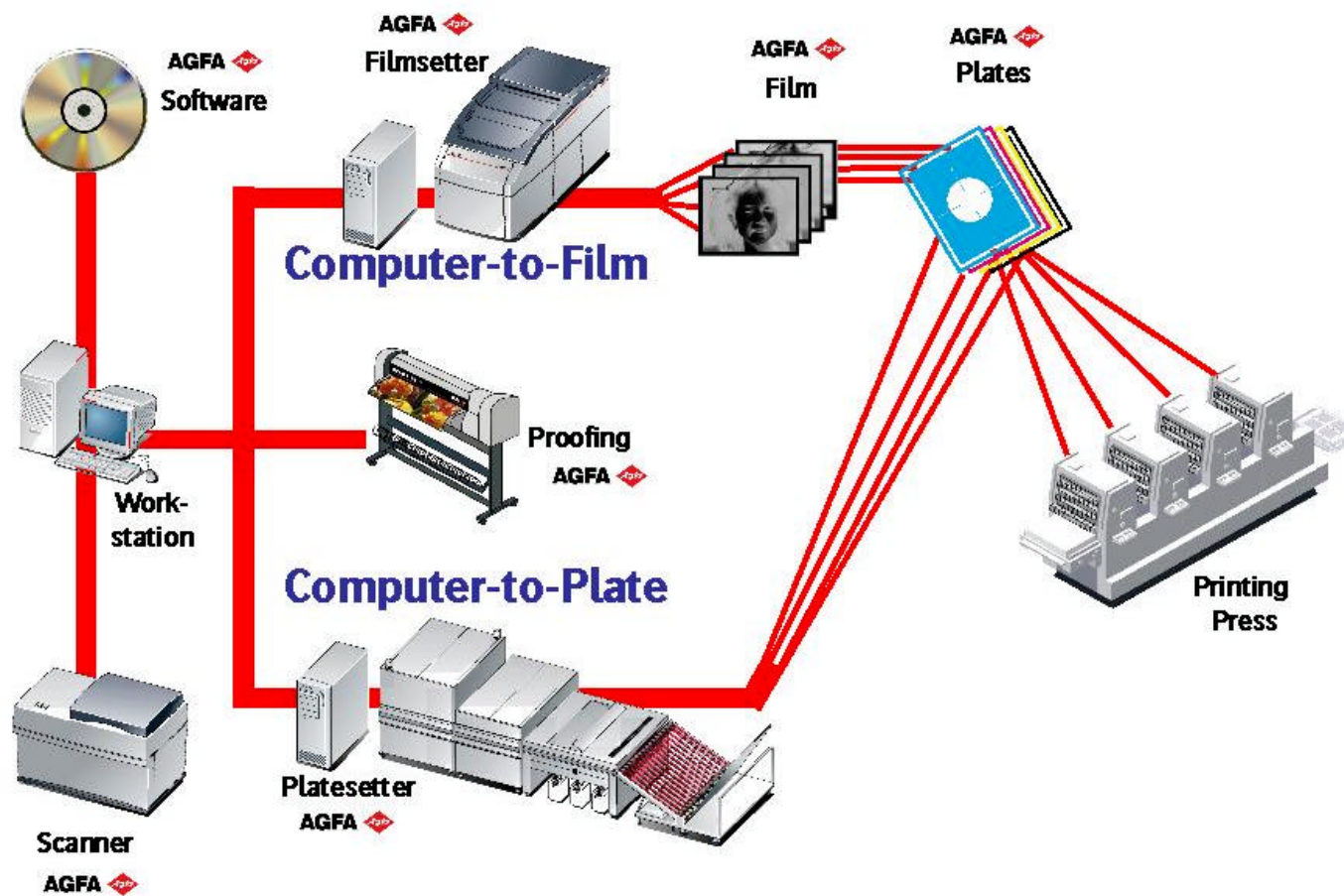
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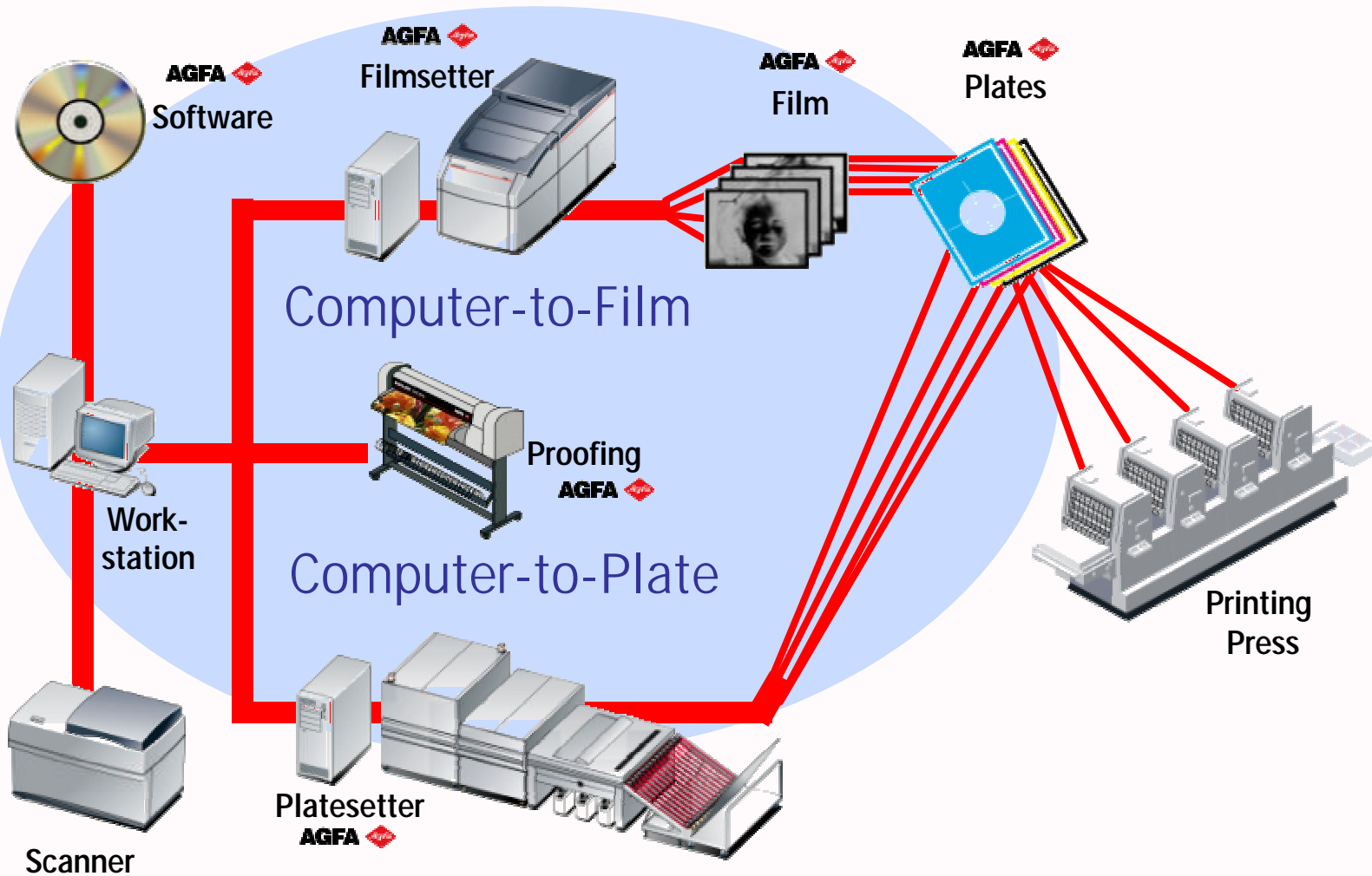
# Graphic Systems: Strategy

- ➡ A leading solutions provider in **pre-press**, offering consumables, equipment and software
- ➡ Entering the growth market of industrial **inkjet printing**





# Graphic Systems - Pre-press Product Portfolio



Agfa offers consumables, equipment and software for analogue and digital workflows



# Pre-press market trends

- † Analog peaked in 1999
  - † Now declining  $\pm 15\%$ /yr
- † Growth in CtP
  - † 36% of total market in 2003
  - † Expect  $>50\%$  in 2007
- † Price pressure continues
- † Imaging Systems in consolidation
  - † 1 CtP replaces up to 4 CtF
- † Strong regional differences



# Graphic Systems: Strategy in Pre-press

Agfa is a leading supplier of consumables, equipment and software in the mature pre-press market

† Concentrate on higher growth segments:

‡ Regionally: Asia

‡ Markets: Packaging and newspapers

‡ Functionally: Software

=> Wuxi printing plate factory

=> Esko-Graphics newspaper customers

=> Launch of Apogee-X, Delano

† Strive for cost-, technology- and market leadership in consumables

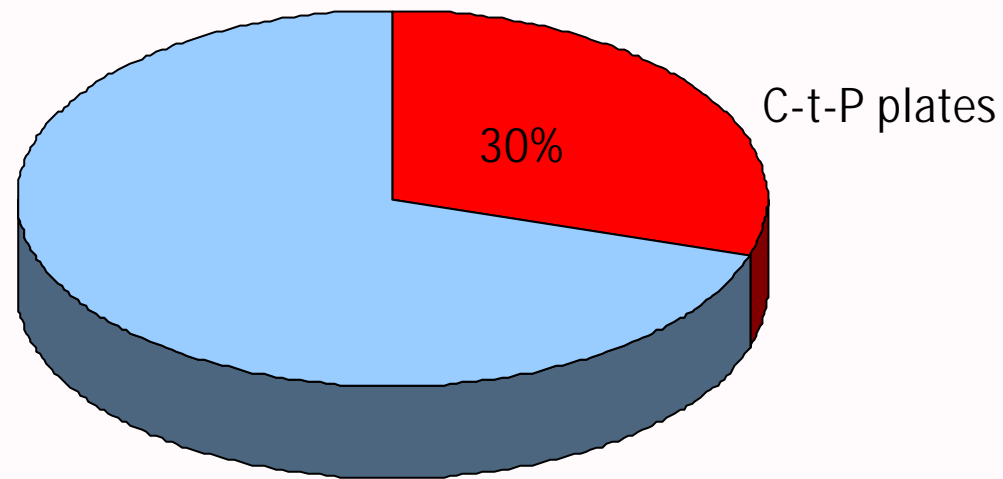
=> Lastra acquisition

† Make the equipment business profitable

=> increased outsourcing

# Offset plate market

Offset plate market = ~440 mio m<sup>2</sup> in 2002

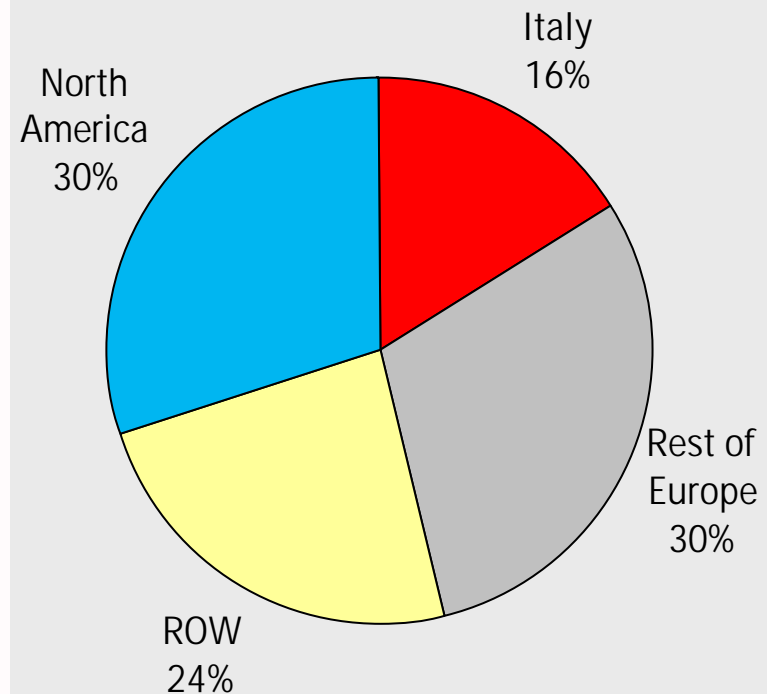


- ➡ Conventional plates decreased ~5% in value compared to previous year; C-t-P plates grow more than 25% per annum.

# 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
- † Closure expected in second half of 2004

## 2003 SALES ? 240 MIO EUROS



# Lastra acquisition: rationale

## Lastra + Agfa:

- † Increased market coverage from low end to high end
- † Obtain cost leadership in printing plates
- † Large cost and revenue synergies
- † Accretive from first year



# Market trends in CtP

## CTP Systems

- † Chemistry-free
- † Process-less systems
- † Improved visible-light and thermal



# Technology leadership in C-t-P

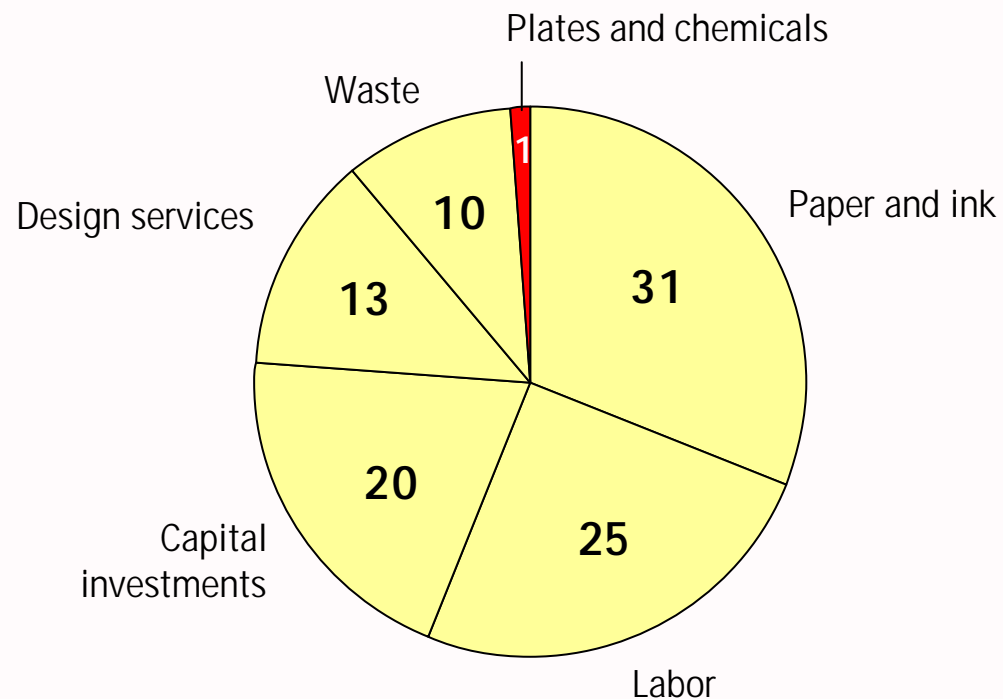
|                     |          | Visible light technology* |                          | Thermal |
|---------------------|----------|---------------------------|--------------------------|---------|
|                     |          | Violet                    | Ortho                    |         |
| Commercial Printers | Xcalibur |                           |                          | X       |
|                     | Galileo  | silver                    | silver                   |         |
| Newspapers          | Polaris  | photopolymer<br>& silver  | photopolymer<br>& silver |         |

\* In a visible light technology, the printing plate reacts to visible light exposure; in a thermal technology, the printing plate is heat sensitive.

➡ Agfa offers the full range of available technologies in Computer-to-Plate



# Cost breakdown for an average printer



- † Prepress consumables take only a small share of a printer's total cost base;
- † 70% of the cost is controlled by the printer, with labor as a significant factor.

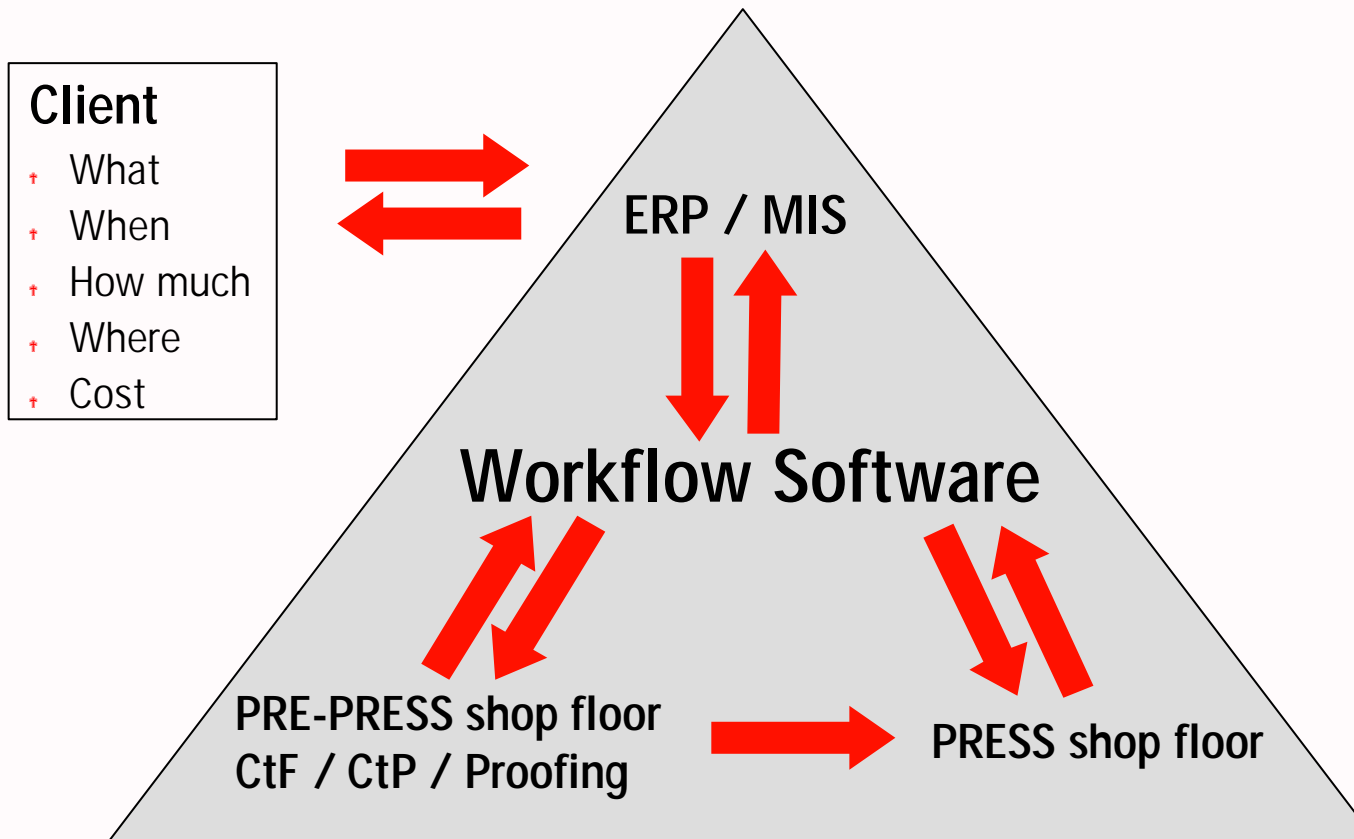
➡ This cost structure drives the demand for specialised software to increase the efficiency of printers

# Pre-press trends: increasing usage of software

- † Software Solutions
- † Constantly improved and perfecting
  - † Colour management
  - † Production workflow
  - † Print factory process automation tools



# Pre-press trends: Workflow software



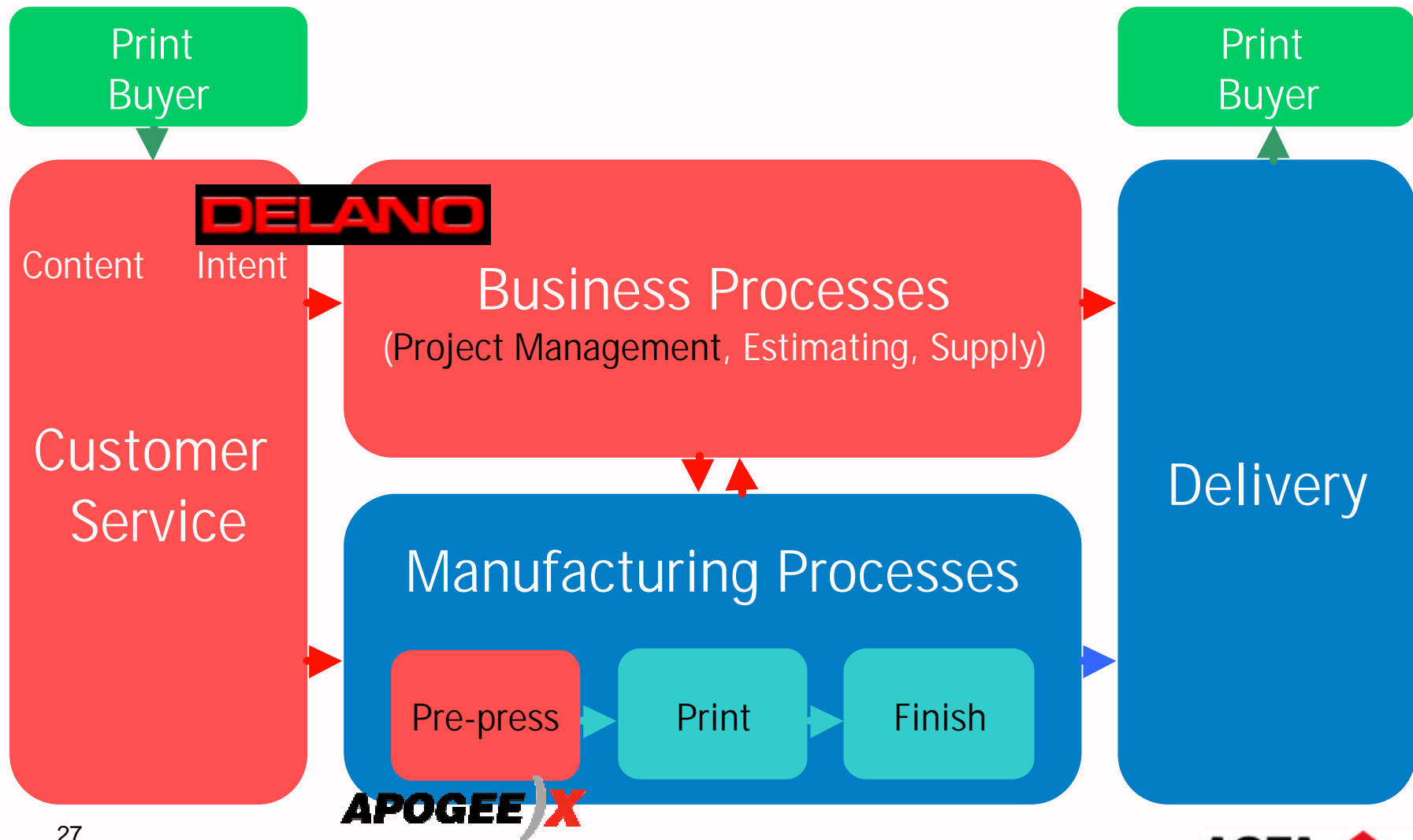
## AUTOMATION need of INFORMATION PROCESSES

- † Within PRINTSHOPS
- † Between CLIENT / PRINTSHOP

=

PROFESSIONAL SERVICES

Solution = Product + Professional Service





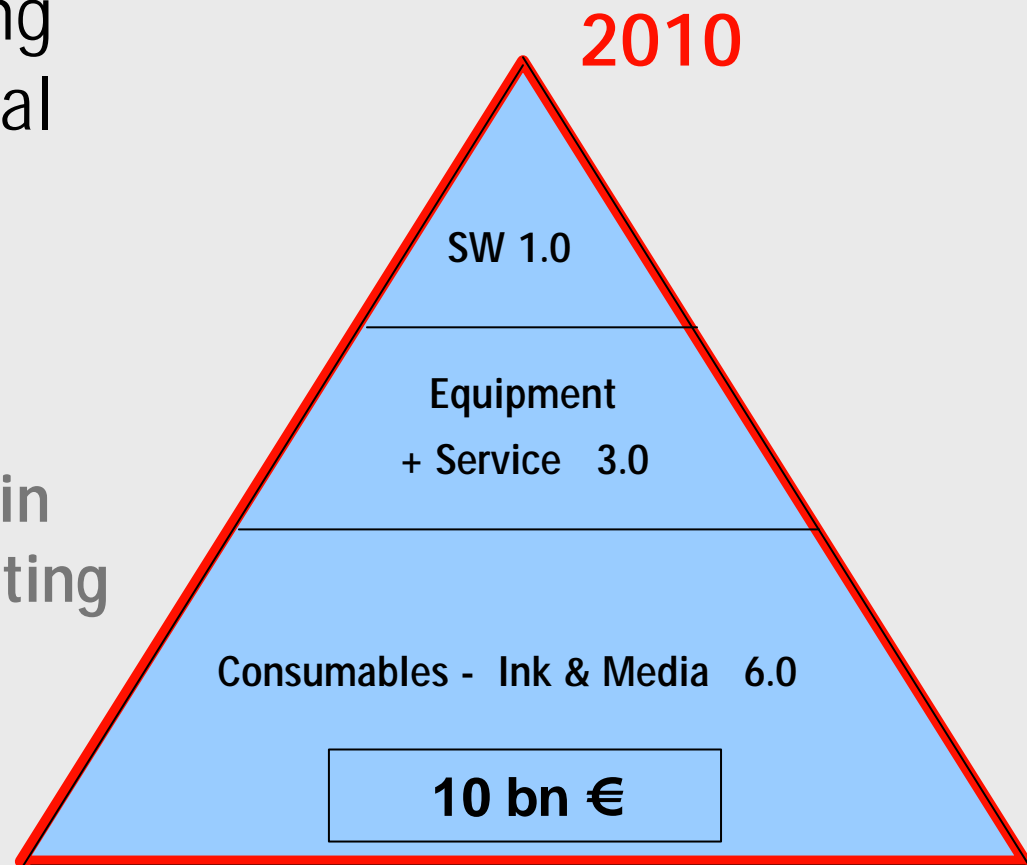
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# Graphic Systems: Inkjet Printing Strategy

Develop and build a leading position in Industrial Digital Printing

Become profitable Nbr. 1 in Industrial Inkjet Digital Printing Market



## Technology of Choice: Inkjet

Compact print engines allow direct integration in manufacturing and converting process



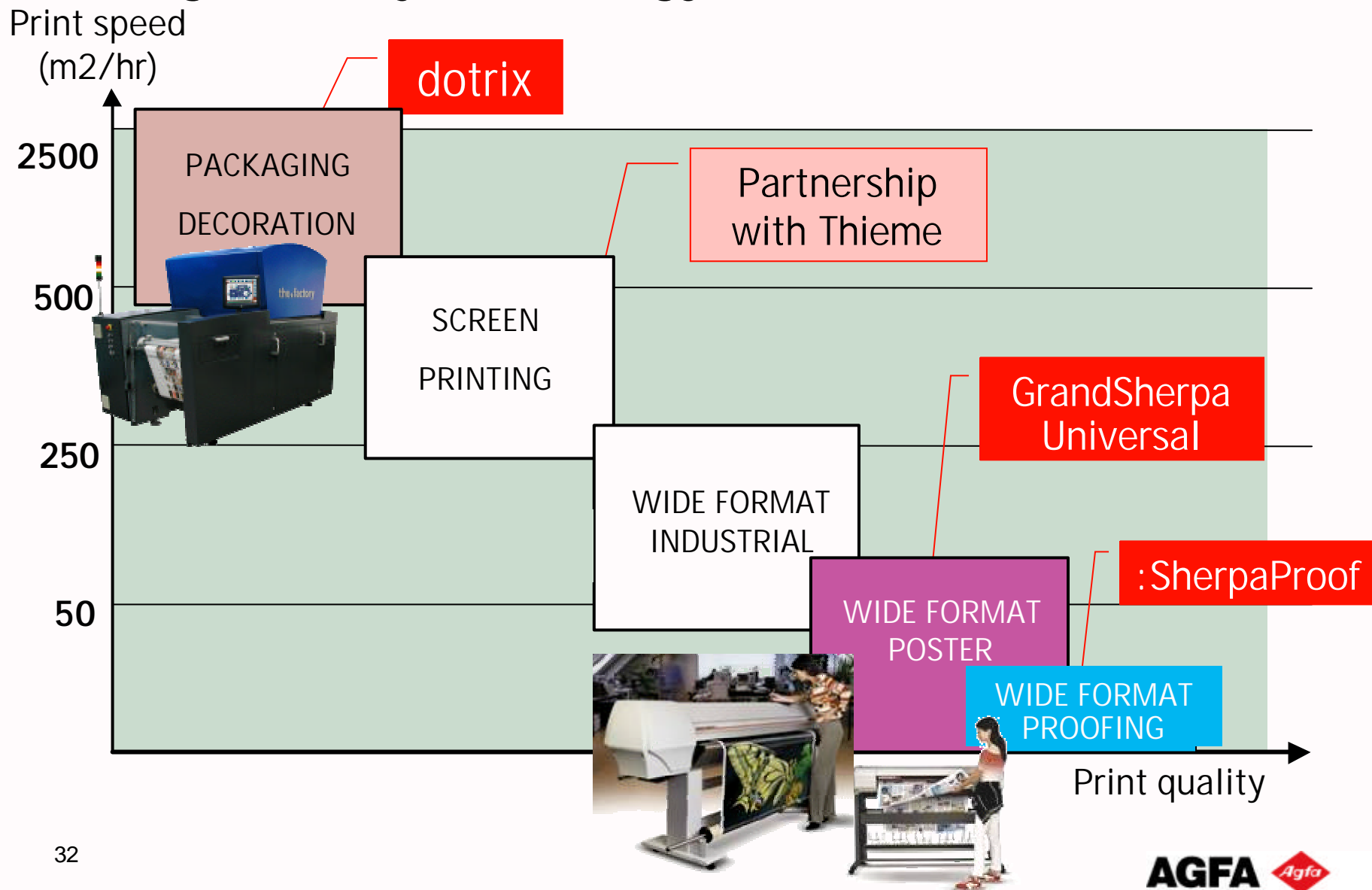
# Technology of Choice: Inkjet

- † Inkjet better for graphic arts than dry-toner
- † Inkjet prints “contactless” on a large range of substrates:
  - † Water-based
  - † UV-curable inks
  - † Solvent
  - † Oil-based inks.

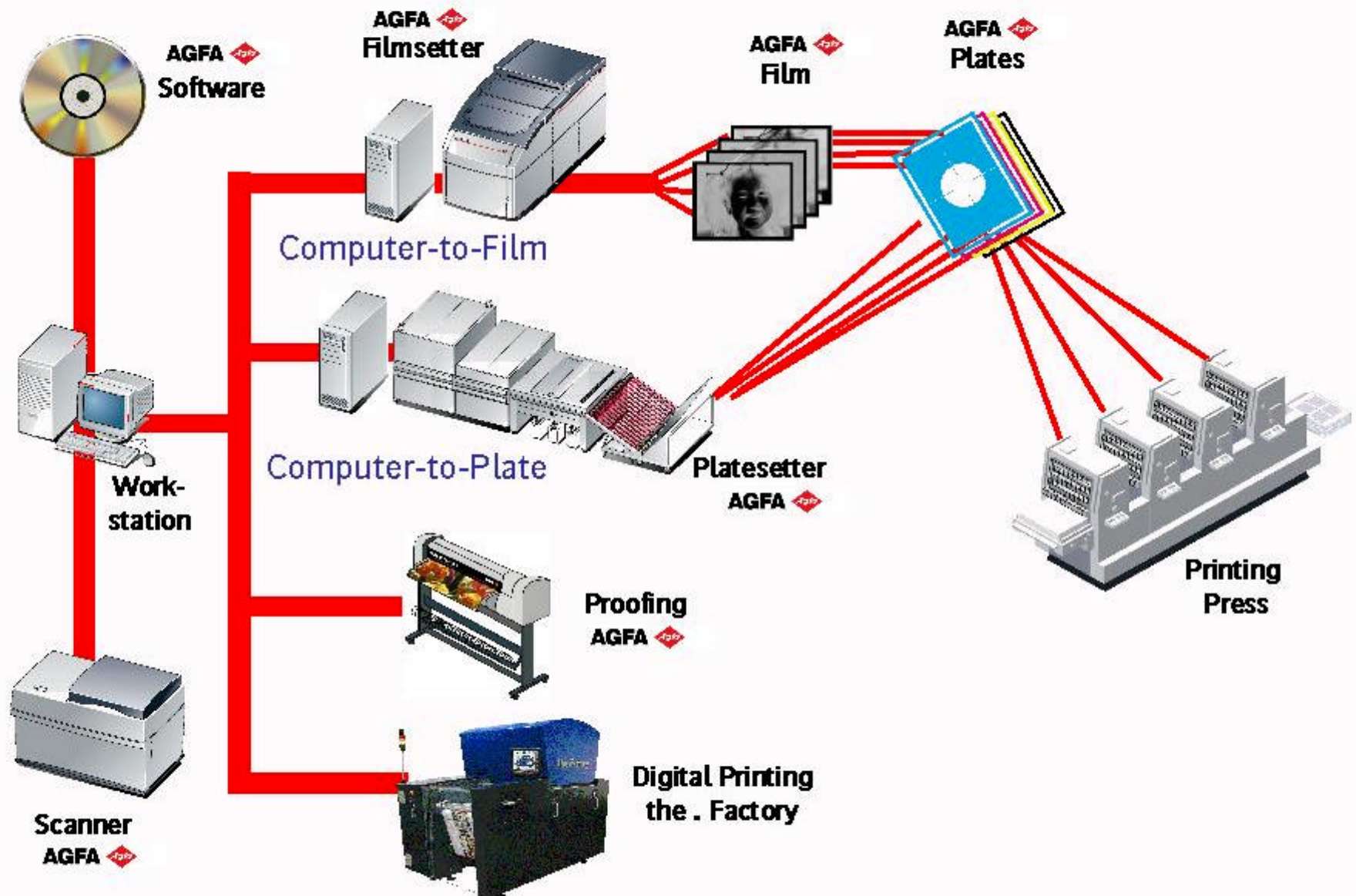


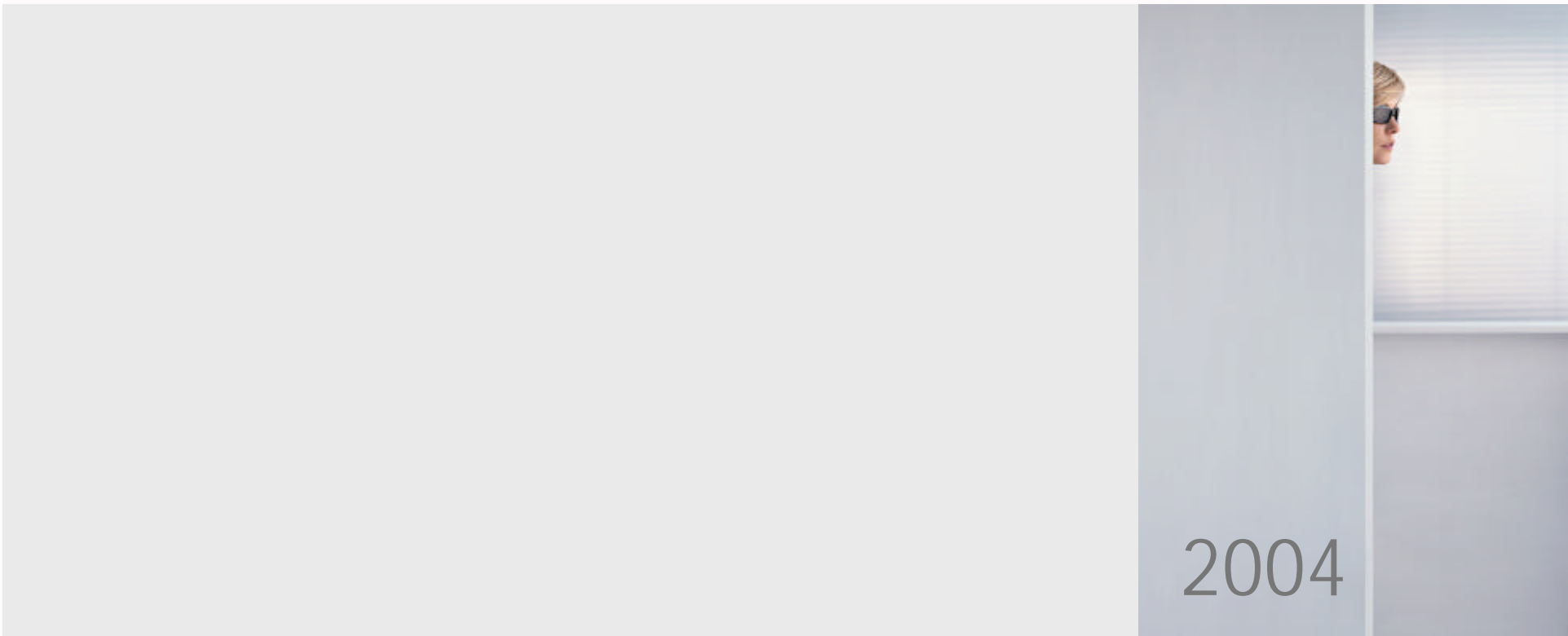


# Agfa's inkjet Strategy



# Graphic Systems - Pre-press to press





2004



| see more | do more |