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Shareholders' Newsletter
First half 2004

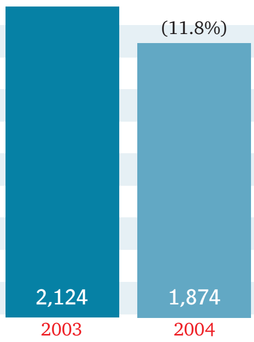
Key Figures* first half

Million Euros	2004	2003	%
Net sales	1,874	2,124	(11.8)
Net sales excluding currency effect	1,944	2,124	(8.5)
Operating result**	(320)	189	(269.3)
Return on sales	(17.1%)	8.9%	
Non-operating result***	(26)	(40)	(35.0)
Profit before taxes	(346)	149	(332.2)
Taxes	111	(50)	322.0
Net result (share of Group)****	(235)	99	(337.4)
Gross operating cash flow	150	219	(31.5)
Net operating cash flow*****	61	142	(57.0)

* non-audited, consolidated figures following IFRS/IAS valuation rules, except for IAS 10 and IAS 37 as the Group decided to already fully book the expected loss on the divestiture of Consumer Imaging in order to give immediately maximum transparency as to the effects of this important transaction.
** including the expected loss on CI divestiture (430 million Euros)
*** financial result
**** including an impact of the CI divestiture of 291 million Euros
*****a.o. the changes in working capital make the difference between gross and net operating cash flow

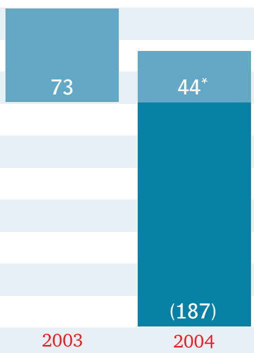
Group sales first half

Million Euros



Earnings per share first half

Eurocents



* effect of CI divestiture not included

Agfa to divest Consumer Imaging in cash positive transaction

- **Purchase price: 175.5 million Euros**
- **Expected total cash impact: + 260 million Euros over 4 year period**
- **Extraordinary non-cash book loss of 430 million Euros**
- **All of CI's activities and employees divested**
- **Agfa to focus exclusively on Graphic Systems and HealthCare**
- **Continuing solid balance sheet**

Sales pick-up in second quarter

- **HealthCare back on track**
- **Solid sales in Graphic Systems**

Agfa-Gevaert announces that it has reached a definitive agreement to divest the whole of its Consumer Imaging business in a management buy out/in for a purchase price of 175.5 million Euros. The transaction results in a non-cash book loss of 430 million Euros, but is cash positive to the extent of 260 million Euros. While HealthCare's and Graphic System's trading environment improved considerably during recent months, the Group's half year results were heavily affected by the expected book loss on the divestiture of Consumer Imaging.

Divestiture of Consumer Imaging

Agfa-Gevaert announces that it has reached a definitive agreement to divest the whole of its Consumer Imaging business, including film, finishing products, lab equipment as well as the related lease portfolio, in a management buy out/in for a purchase price of 175.5 million Euros. At closing, the purchase price will be adjusted for changes in net working capital and net debt. The targeted closing date of the transaction is November 1st, 2004. Agfa was advised by Goldman Sachs, while Fortis Bank rendered a fairness opinion.

A new company that will operate under the name AgfaPhoto will continue to serve all of Consumer Imaging's markets and customers worldwide. AgfaPhoto is a private company, owned by NannO Beteiligungsholding, the management and two minority shareholders, Abrams Capital and Highfields Capital, both US based institutional investors.

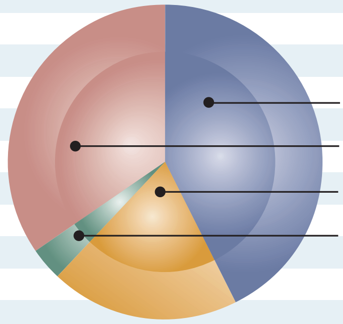
At closing, AgfaPhoto intends to take over an estimated 2,870 employees. The appropriate information and consultation procedures with the employee representatives are followed in the various countries where Consumer Imaging is active.

Agfa will conclude a licensing agreement allowing AgfaPhoto to use the Agfa brand for photo film products for an unlimited period of time. At the latest 18 months after closing, the AgfaPhoto brand will be launched for finishing products and lab equipment.

Balance sheet key figures first half

Million Euros	30/06/'04	31/12/'03	30/06/'03
Total assets	3,553	3,839	4,025
Inventories	842	813	973
Trade receivables	859	826	935
Net Financial Debt	323	233	709
Shareholders Equity	1,034	1,371	1,258

Share of Group Sales by Business Group
first half 2004



"This divestiture will allow Agfa to focus on its core growth markets of Graphic Systems and HealthCare, which are rapidly going digital. We will now be in a position to move faster in strengthening our position as a leading player in the imaging markets of the future." said Ludo Verhoeven, Chief Executive Officer of Agfa-Gevaert. "The Photo activities are the origin of our company and an important part of our history. Divesting them was not an easy decision, but we are convinced that this transaction is beneficial to Agfa and its shareholders and will also give the consumer business, its customers and employees, maximum chances for success in today's challenging markets."

"We will run AgfaPhoto as a medium sized company, with maximum flexibility to adapt to the fast changing market environment. AgfaPhoto has a very strong product base and will further improve its cost structure." said Hartmut Emans, Managing Director of NannO Beteiligungs-holding who is teaming up with the management of Consumer Imaging. "We have an in-depth knowledge of our markets and our customers' needs. " added Eddy Rottie, General Manager of Agfa's Consumer Imaging business and future head of AgfaPhoto. "AgfaPhoto will continue to play a leading role in the photographic industry".

Cash positive transaction

As part of the transaction, Agfa will transfer net assets and liabilities with a book value of an estimated 560 million Euros.
The transaction will result in an estimated non cash book loss of 430 million Euros, a significant part of which is due to the impairment of all Consumer Imaging's fixed assets. This loss is tax deductible, resulting in an after tax impact of 291 million Euros. In order to assure immediate and maximum transparency with respect to this important transaction, Agfa has decided to already fully book the expected loss at the occasion of the closing of its accounts per end of June 2004.

Agfa and AgfaPhoto will operate as completely independent companies in separate markets as from closing. Agfa will grant AgfaPhoto a vendor loan for a maximum amount equal to the purchase price. This vendor loan will be fully secured by the lease receivables and repaid over a four-year period.

" The transaction is thus cash neutral in 2004 and cash positive as from 2005. All in all, taking account of the redemption of the vendor loan and the tax impact, the divestiture is cash positive to the extent of 260 million Euros." said Marc Gedopt, Chief Financial and Administration Officer of Agfa-Gevaert. "As from 2005, we will only be active in our core markets of Graphic Systems and HealthCare. This will boost Agfa's profitability and enhance its growth profile."

Agfa-Gevaert's Half Year Results 2004

The first half of 2004 was characterised by a weak start in the first two months, which was followed by a robust improvement during the second quarter. This resulted in a turnover for the first six months of 1,874 million Euros, a decrease of 11.8 percent compared to the first six months of 2003. Excluding the effects of the strength of the Euro and the divestiture of the non-destructive testing activities, the decrease was limited to 5.4 percent.

The half-year's gross profit reached 782 million Euros, compared to 912 million Euros in the same period of 2003. The Group was able to keep its gross profit margin at a high level of 41.7 percent (previous year: 42.9 percent) in spite of the combined adverse effects of increased raw material prices, currency variations and continuous price erosion.

Sales and general administrative expenses amounted to 498 million Euros, a decrease by 8.6 percent. R&D expenses were down 16 percent because of the decrease of research spending in Consumer Imaging and the divestiture of Non-destructive Testing at the end of 2003.

Restructuring charges and non-recurring expenses increased from 22 million Euros in the first half of 2003 to 32 million Euros, one third of which were related to Consumer Imaging. The other operating items (income minus expenses) amount to minus 504 million Euros, a sharp increase which is explained by the extraordinary book loss of 430 million Euros on the divestiture of Consumer Imaging.

The Group's operating result consequently amounted to minus 320 million Euros, against 189 million Euros in the first half of 2003. Excluding the effect of the divestiture of Consumer Imaging, the operating result would have reached 110 million Euros, or 5.9 percent of sales.

The non-operating result, amongst which the financial charges, improved from minus 40 million Euros to minus 26 million Euros, mainly reflecting lower net financial debt.

Profit before taxes amounted to minus 346 million Euro. A sum of 139 million Euros deferred tax assets were set up in relation to the CI divestiture, resulting in a tax income for the first half of 2004 of 111 million Euros. The net profit thus amounted to minus 235 million Euros. Excluding the effect of the divestiture of Consumer Imaging, net profit would have reached 56 million Euros.
Earnings per share amounted to minus 187 Eurocents against 73 Eurocents in the first half of 2003.

Key Figures Graphic Systems first half

Million Euros	2004	2003	%
Sales	799	822	(2.8)
Sales excl. currency effect	826	822	0.5
Operating result	40.7	61.0	(33.3)
Return on sales	5.1%	7.4%	

Key Figures HealthCare first half

Million Euros	2004	2003	%
Sales	648	703	(7.8)
Sales excl. currency effect	678	703	(3.6)
Operating result	90.1	138.1	(34.8)
Return on sales	13.9%	19.6%	

Evolution Graphic Systems per quarter 2004

Million Euros	Q2	Q1
Sales	413	386
Operating result	19.8	20.9

Evolution HealthCare per quarter 2004

Million Euros	Q2	Q1
Sales	356	292
Operating result	53.7	36.4

Upward trend in the second quarter

Quarter sequentially, sales improved in all the Business Groups. In Graphic Systems, the turnover (excluding currency effects) increased 3.5 percent compared to the second quarter of 2003. This turnaround after three consecutive sluggish years reflects the generally improved market environment in the graphic industry as well as Agfa's ability to further strengthen its market positions. The return of customer confidence was confirmed during the Drupa trade fair, where Agfa was able to report a larger than expected order intake for equipment and software, which will further sustain sales during the coming months.
The operating margin of the second quarter reached 4.8 percent against 5.4 percent in the previous quarter. This is explained by higher restructuring costs and the sales expenses linked to the Drupa fair. If these one-off effects are not taken into account, the operating margin of the second quarter would have reached 8.5 percent.

In the beginning of the year, Agfa announced the acquisition of Lastra, an Italian manufacturer of printing plates, related chemicals and equipment for the offset printing industry. Lastra employs around 900 staff and its 2003 sales reached 226 million Euros. The transaction is based on an enterprise value of 155 million Euros. In August, Agfa announced that it had received all the required regulatory approvals for this acquisition. The transaction will therefore be closed at the end of August 2004, from which date Lastra's results will be fully consolidated.

After the surprisingly weak first two months of the year, HealthCare's turnover showed robust improvement. Second quarter sales were more than 20 percent higher than in the first three months of the year. Notwithstanding the tougher pricing environment mainly due to the renewal of the Premier contract at the end of last year, HealthCare's operating margin increased from 12.5 percent to 15.1 percent in the second quarter. Agfa is confident that this upward trend will be confirmed in the coming quarters.

For the Group as a whole, second quarter sales amounted to 1,006 million Euros, a decrease of 8.3 percent compared to the same period of last year. Excluding currency fluctuations and the effect of the divestiture of Non-Destructive Testing, the decline was limited to 4.0 percent and was exclusively explained by Consumer Imaging.

The operating result of the second quarter amounted to minus 366 million Euros due to the extraordinary loss on the divestiture of Consumer Imaging, which was booked at the end of the quarter. Excluding this extraordinary effect, Agfa's operating result amounted to 64 million Euros. This decrease compared to the 104 million Euros of the second quarter of 2003 is mainly explained by the combined effects of lower sales, adverse currency and price effects and higher restructuring charges.
Net profit for the quarter amounted to minus 255 million Euros or plus 36 million Euros if the divestiture of Consumer Imaging is excluded. Earnings per share stood at minus 203 Eurocents and plus 29 Eurocents, excluding the CI divestiture.

Balance Sheet

At the end of June 2004, total assets amounted to 3,553 million Euros, compared to 3,839 million Euros at the end of 2003.
The decision to divest Consumer Imaging resulted in the impairment of all its fixed assets for an amount of 107 million Euros. Moreover, short-term provisions were increased by 323 million Euros to reflect the remaining expected book loss on this transaction and deferred tax assets were set up for an amount of 139 million Euros. The book loss on the sale of Consumer Imaging also explains the decrease of the Shareholder's equity to 1,034 million Euros.
The Group's balance sheet remains very solid, with net financial debt and the gearing ratio at low levels.

As it is affected by seasonal effects, working capital should be compared with the same period of the previous year. Agfa succeeded in reducing inventories to 842 million Euros, compared to 973 million Euros after six months in 2003. Trade receivables stood at 859 million Euros, against 935 million Euros at end June of 2003. Trade payables, finally, increased from 290 million Euros to 312 million Euros.
Agfa is determined to further decrease working capital significantly by the end of 2005.

Cash Flow

The cash flow statement is not affected by the divestiture of Consumer Imaging.
The gross operating cash flow for the first six months of 2004 amounted to 150 million Euros while the net operating cash flow reached 61 million Euros. This large difference between gross and net cash flow is mainly explained by the payment of taxes on the capital gain on the NDT divestiture at the end of 2003.

Business Groups

During the first 6 months of 2004, Graphic Systems stood for 42.6 percent of Agfa's sales, HealthCare represented 34.6 percent and Consumer Imaging's share amounted to 19.4 percent. All other activities, grouped in Specialty Products, represented 3.4 percent of turnover.

After 6 months in 2004, sales in Consumer Imaging reached 363 million Euros, a decrease of 17.9 percent (or 15.6 percent at stable exchange

Key Figures Consumer Imaging first half

Million Euros	2004	2003	%
Sales	363	442	(17.9)
Sales excl. currency effect	373	442	(15.6)
Operating result*	(459.7)	(24.9)	-
Return on sales	(126.6%)	(5.6%)	

Evolution Consumer Imaging per quarter 2004

Million Euros	Q2	Q1
Sales	208	155
Operating result*	(440.7)	(19.0)

* including the expected loss on CI divestiture in Q2 2004 (430 million Euros)

Key Figures Specialty Products first half

Million Euros	2004	2003	%
Sales	64	157	n.r.*
Operating result	9.0	14.6	n.r.*
Return on sales	14.1%	9.3%	

Evolution Specialty Products per quarter 2004

Million Euros	Q2	Q1
Sales	29	35
Operating result	0.8	8.2

* a comparison with 2003 is not relevant because of the divestiture of NDT at the end of 2003

rates) compared to the same period of 2003.
The sales decrease (excluding exchange rate effects) is evenly spread over the two quarters and reflects the rapidly accelerating shift from analogue to digital photography as well as increased price erosion. Turnover of film rolls is most affected, while Lab Equipment and photopaper show a more moderate decline. During the first half, Agfa's new digital minilab d-lab.1 and digital wholesale finishing lab d-ws, were launched.
The decision to divest Consumer Imaging resulted in additional charges: all of Consumer Imaging's fixed assets were impaired and a provision was made for the remaining expected book loss of this transaction. The operating result thus amounts to minus 459.7 million Euros, against minus 24.9 million Euros in the first half of 2003.

Compared to the first half of 2003, Graphic Systems' sales decreased 2.8 percent to reach 799 million Euros. Excluding exchange rate effects, a slight increase of 0.5 percent was recorded. After a slow start in the beginning of the year, turnover started to pick up in March, a trend which continued during the second quarter as the market conditions in the graphic sector are improving.

The operating result reached 40.7 million Euros, compared to 61.0 million Euros in the first half of 2003. Return on sales decreased from 7.4 to 5.1 percent, mainly due to price erosion and the effects of currencies and raw material prices. Higher restructuring charges and an increase in sales expenses linked to the Drupa fair, held in May, also played a role.

This four yearly trade show, the largest in the graphic industry, was very successful and Agfa could report for equipment as well as for software, a significantly higher order intake than expected, which will sustain sales in the coming months. Amongst the most successful software packages was the :Sublima cross-modulation screening software, for which Agfa received the '2004 Technological Innovator of the Year' award from the Flexographic Pre-Press Platemakers Association conference. Agfa's digital inkjet printing systems also met with considerable success as new proofing systems were introduced and two digital inkjet presses were sold at Drupa.

After six months in 2004, HealthCare's turnover amounted to 648 million Euros, a decrease of 7.8 percent compared to the same period of 2003 which is reduced to 3.6 percent if exchange rate effects are excluded. The turnover of the first half was affected by particularly weak sales in the first two months of the year, while the consecutive months showed significant improvement. The operating result reached 90.1 million Euros against 138.1 million Euros in 2003, which is mainly explained by lower sales, a tougher pricing environment, continuous adverse exchange rate effects and higher raw material prices. Return on sales amounted to 13.9 percent compared to 19.6 percent in the previous year. Consistent with the sales trend during the first six months, the return on sales of the second quarter showed a clear improvement compared to the first three months of the year.

In the field of hospital IT, Agfa was again able to conclude a number of important contracts for its IMPAX PACS solutions. Amongst the most important are a multi-source contract with the group purchasing division of Premier Inc., making Agfa's IMPAX solutions available to Premier's almost 1,500 member hospitals and affiliated image centers in the US. In the UK, Agfa was chosen to install its IMPAX for Cardiology solution at the University Hospitals of Leicester NHS Trust, comprising three hospitals, and at the North Lincolnshire and Goole NHS Trust, which operates all NHS hospitals in Scunthorpe, Grimsby and Goole. Moreover, the German National Association of Statutory Health Insurance Physicians certified Agfa's Radiology Information System, a key condition for any RIS solution to be acceptable in the German healthcare market. In the US, Agfa also received FDA clearance for its mammography diagnostic workstation.

Specialty Products mainly comprises motion picture film, microfilm and film for non-destructive testing, which Agfa supplies to the General Electric Company in an exclusive long term agreement. Specialty Products' turnover during the first six months of 2004 amounted to 64 million Euros, with an operating result of 9.0 million Euros.

Outlook

Agfa expects the trading environment and operating margins before restructuring in Graphic Systems and HealthCare to show further improvement.
A large part of the previously announced restructuring charges of 120 million Euros for the whole Group will be booked in the second half of the year and will in particular affect Graphic Systems. Agfa will also strengthen its efforts to reduce SG&A costs to the targeted 22 percent of sales by the end of 2005 in order to avoid that remnant costs related to the divestiture of Consumer Imaging will put an additional burden on the other business groups.
Moreover, Agfa will continue to implement the Orion plan, which will run until the end of 2005. It aims to stimulate growth, further improve the quality of products and systems and reduce working capital.

About Agfa

The Agfa-Gevaert Group is one of the world's leading imaging companies. Agfa develops, manufactures and markets analogue and digital systems, intended mainly for the graphics industry, healthcare and photography markets.
Agfa's headquarters are in Mortsel, Belgium. The company is active in 40 countries and has 120 agents throughout the world. Together they achieved a turnover of 4,215 million Euros in 2003.
Product and company information can be found on www.agfa.com.

Financial Calendar 2004-2005

Third quarter results 2004
November 18, 2004
Full year results 2004
March 10, 2005
Annual General Meeting
April 26, 2005 at 11.00 AM
Payment of dividend 2004
April 27, 2005
First quarter results 2005
May 12, 2005
Half year results 2005
August 18, 2005
Third quarter results 2005
November 17, 2005

Agfa-Gevaert Group Consolidated key figures* first half

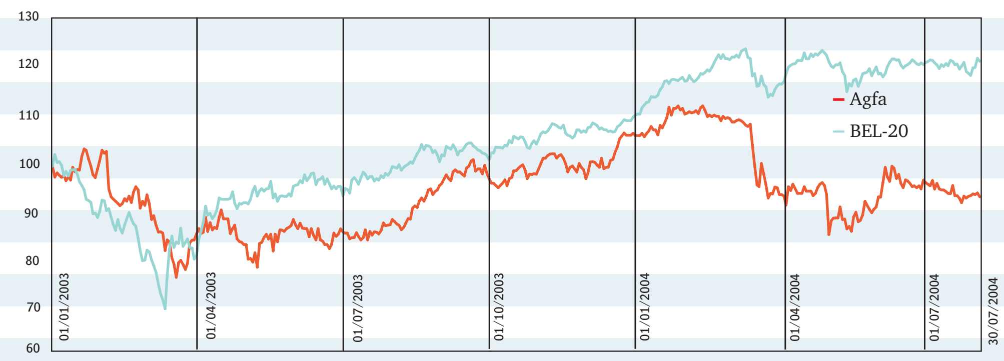
Million Euros	2004	2003	%	% excl. currency effects
Sales	**1,874**	**2,124**	**(11.8)**	**(8.5)**
• Graphic Systems	799	822	(2.8)	+0.5
• HealthCare	648	703	(7.8)	(3.6)
• Consumer Imaging	363	442	(17.9)	(15.6)
• Specialty Products	64	157	n.r.	n.r.
Gross profit	**782**	**912**	**(14.3)**	
Operating expenses, of which	(1,102)	(723)	+52.4	
related to divestiture of Consumer Imaging	(430)	-	-	
restructuring/ non-recurring expenses	(32)	(22)	+45.5	
Operating result	**(320)**	**189**	**(269.3)**	
excl. divestiture CI	110	189	(41.8)	
• Graphic Systems	40.7	61.0	(33.3)	
• HealthCare	90.1	138.1	(34.8)	
• Consumer Imaging	(459.7)	(24.9)	-	
excl. divestiture	(29.7)	(24.9)	(19.3)	
• Specialty Products	9.0	14.6	n.r.	
Non-operating result**	**(26)**	**(40)**	**(35.0)**	
Profit before taxes	**(346)**	**149**	**(332.2)**	
Taxes	111	(50)	+322.0	
Net result (consolidated companies)	**(235)**	**99**	**(337.4)**	
Minorities & associated companies	0	0	-	
Net result (share of the Group)	**(235)**	**99**	**(337.4)**	
Gross operating cash flow	**150**	**219**	**(31.5)**	
Net operating cash flow***	**61**	**142**	**(57.0)**	

(*) non-audited, consolidated figures following IFRS/IAS valuation rules, except for IAS 10 and IAS 37 as the Group decided to already fully book the expected loss on the divestiture of Consumer Imaging in order to give immediately maximum transparency as to the effects of this important transaction.
(**) financial result
(***)a.o. the changes in working capital make the difference between gross and net operating cash flow

Eurocent	Earnings per share	Operating profit per share	Number of Shares*
After first half 2004	(187)	(254)	126,000,000
excl. divestiture CI	44	87	
After first half 2003	73	139	135,557,619

*weighted number of shares used for calculation

Evolution Agfa share price against BEL-20



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