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Shareholders' Newsletter

First quarter 2004

Key Figures* first quarter

Million Euros	2004	2003	%
Net sales	868	1,027	-15.5
Net sales excl. currency effect	919	1,027	-10.5
Operating result	46	85	-45.9
Return on sales	5.3%	8.3%	
Non-operating result**	(15)	(21)	+28.6
Income before income taxes	31	64	-51.6
Income taxes	(11)	(25)	-56.0
Net result (share of Group)	20	39	-48.7
Gross operating cash flow	54	98	-44.9
Net operating cash flow***	11	89	-87.6

* non-audited, consolidated figures following IAS valuation rules

** financial result

*** a.o. the changes in working capital make the difference between gross and net operating cash flow

Recovery after a slow start

- **Stronger March after weak January and February**
- **Cost savings program continues to pay off**
- **Consumer Imaging to be run as a separate entity**

The first quarter's revenues and results were characterized by the slow start of the first two months, while March showed considerable improvement. April's revenues confirmed this encouraging trend.

In the first quarter of 2004, Agfa's sales reached 868 million Euros, a decrease of 15.5 percent compared to the same period of 2003. Excluding the effects of the divestiture of Non-Destructive Testing and the strength of the Euro, Group revenues decreased by 6.8 percent. While the start of the year was particularly slow, turnover in March recovered in all the business groups.

Notwithstanding the effects of lower sales, adverse currency effects and higher raw material prices, the gross profit margin remained at a high level of 42.4 percent, a steep increase compared to the previous quarter. This is explained by Agfa's persistent efforts to increase the efficiency of its production facilities.
Gross profit thus amounted to 368 million Euros, compared to 451 million Euros in the same period of 2003.

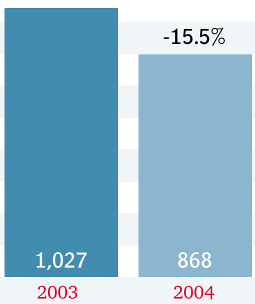
Agfa's cost savings initiatives continued to pay off. Sales and general administrative expenses decreased 11.4 percent. R&D expenses were down 12.1 percent, which was mainly due to a strong decrease in Consumer Imaging as the portfolio of photofinishing labs was completed by the launch of the digital minilab d-lab.1 and the digital wholesale finishing lab d-ws.

Restructuring charges and non-recurring expenses remained stable at 8 million Euros. Other operating expenses decreased from 27 million Euros to 21 million Euros.

The Group's operating result amounted to 46 million Euros, compared to 85 million Euros after 3 months in 2003. Return on sales reached 5.3 percent against 8.3 percent in the first quarter of 2003. The non-operating result, amongst which the financial charges, improved from minus 21 million Euros to minus 15 million Euros, thanks to lower net financial debt and positive exchange rate variances.
Profit before taxes reached 31 million Euros (previous year: 64 million Euros). Taxes amounted to 11 million Euros resulting in a net profit of 20 million Euros. Earnings per share amounted to 16 Eurocents against 28 Eurocents in the first quarter of 2003.

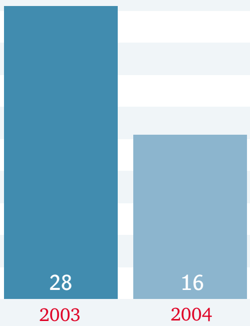
Group Sales first quarter

Million Euros



Earnings per share first quarter

Eurocents



Key Figures Graphic Systems first quarter

Million Euros	2004	2003	%
Sales	386	417	-7.4
Sales excl. currency effect	407	417	-2.4
Operating result	20.9	33.9	-38.3
Return on sales	5.4%	8.1%	

Key Figures HealthCare first quarter

Million Euros	2004	2003	%
Sales	292	339	-13.9
Sales excl. currency effect	313	339	-7.7
Operating result	36.4	66.7	-45.4
Return on sales	12.5%	19.7%	

Balance Sheet

At the end of March 2004, total assets amounted to 3,551 million Euros, compared to 3,839 million Euros at the end of 2003. This decrease of 288 million Euros is explained by the fact that the cash proceeds of the divestiture of Non-Destructive Testing, which was closed just before year-end, were used to reduce financial debt.

Seasonal inventory build up resulted in inventories amounting to 863 million Euros, higher than at the end of 2003. Compared to the same period of last year however, inventories decreased by 139 million Euros due to currency effects and efforts to reduce stocks. Trade receivables amounted to 814 million Euros.
Agfa has set up several projects to further decrease working capital significantly by the end of 2005.

Shareholders' equity stood at 1,391 million Euros, compared to 1,371 million Euros at the end of 2003.

Cash Flow

The gross operating cash flow for the first three months of 2004 amounted to 54 million Euros (previous year: 98 million Euros) while the net operating cash flow reached 11 million Euros. This large difference between gross and net cash flow is mainly explained by the payment, during the first quarter, of taxes on the capital gain on the NDT divestiture.

Business Groups

For the quarter ended March 2004, Graphic Systems represented 44.5 percent of the Group's turnover (previous year: 40.6 percent) and Healthcare stood for 33.6 percent (previous year: 33 percent). Consumer Imaging's share in turnover dropped from 18.7 percent to 17.9 percent. Specialty Products, which comprises the activities of the former Industrial Imaging as well as the sales of non-destructive testing film, represented 4 percent of turnover.

Graphic Systems' sales amounted to 386 million Euros, a decrease of 7.4 percent compared to the same period in 2003. Excluding exchange rate effects, the decrease was limited to 2.4 percent and is amongst others explained by customers postponing their investments in view of the Drupa fair in May. After a slow start in January and February, Graphic System's revenues improved considerably in March, a pick up which was confirmed in April.

The operating result decreased from 33.9 million Euros to 20.9 million Euros. Return on sales amounted to 5.4 percent, compared to 8.1 percent in the first quarter of 2003.

In the run-up to Drupa, the printing industry's four-yearly and largest fair, Agfa introduced a number of new products. The computer-to-plate assortment was extended with new platesetters for newspaper printers as well as for commercial and packaging printers. Agfa also started to sell its first chemical-free thermal printing plate :Azura and released a second version of :ApogeeX workflow software suitable for both small and high-end commercial and packaging printers.
In support of its strategy to build a leading position in industrial digital printing, Agfa announced that it will develop a digital inkjet press for screen printers together with screen press manufacturer Thieme, and that it will extend its cooperation with Xaar to develop the next-generation inkjet printheads. Furthermore, the first industrial digital inkjet printing press of the recently acquired company dotrix, was installed in the UK.

HealthCare's sales during the first two months were weak because of the cumulative impact of a slow down in hospital spending and a number of incidental factors. However, turnover in both March and April is fully on track again and Agfa is convinced that HealthCare will continue to grow and to perform strongly.The first quarter's revenues amounted to 292 million Euros, a decrease of 13.9 percent (or 7 percent excluding exchange rate effects) compared to the same period of 2003. The operating result stood at 36.4 million Euros, against 66.7 million Euros in 2003. Return on sales amounted to 12.5 percent against 19.7 percent in the previous year.

At the beginning of the year, Agfa announced a new 3-year contract with the American purchasing group Premier according to which Agfa will provide Computed Radiography (CR) solutions to Premier's nearly 1,500 member hospitals. Recently, Premier also chose Agfa as one of its PACS's suppliers. Also in the US, Agfa extended its sole source supply agreement for wet film with the buying group HPG, which represents more than 1,000 hospitals and continues as its only preferred supplier for dry film, imagers and computed radiography.
Furthermore, Atlantic Health Sciences (comprising 12 hospitals) is

Key Figures Consumer Imaging first quarter

Million Euros	2004	2003	%
Sales	155	192	-19.3
Sales excl. currency effect	162	192	-15.6
Operating result	(19.0)	(21.4)	+11.2
Return on sales	(12.3%)	(11.1%)	

Key Figures Specialty Products first quarter

Million Euros	2004	2003	%
Sales	35	79	NR*
Operating result	8.2	5.4	NR*
Return on sales	23.4%	6.8%	

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

the first North American facility to implement an Agfa Radiology Information System. In Europe, many hospitals chose Agfa to install their PACS system. Among the largest agreements is the one with Leeds General Infirmary, one of the 8 hospitals of Leeds Teaching Hospitals. The installation is the first step in what is to become one of the largest multimillion Euro PACS programs in Britain.
As regards departmental offerings, the recently concluded alliances with Hectec in Ortopedics and Heartlab in Cardiology have already yielded important new contracts, such as the one with the Belgian ASZ hospital in Aalst, which will integrate Agfa's cardiology solution in its existing PACS.

After 3 months in 2004, turnover in Consumer Imaging reached 155 million Euros, a decrease of 19.3 percent (15.6 percent at stable exchange rates) against the same period of 2003. The cost saving program put into place last year is fully on track and compensated for the effect of lower revenues. The operating result thus remained almost stable at minus 19.0 million Euros (previous year: minus 21.4 million Euros).

Consumer Imaging's markets are characterised by the rapidly accelerating shift from analogue to digital photography, which resulted in a sharp decline of film sales during the last 6 months. The outlook for photopaper is more positive as the number of digital images printed on photo paper is rapidly increasing. Finally, the Lab Equipment market is growing as the shift to digital continues. Agfa's new digital minilab d-lab.1 and digital wholesale finishing lab d-ws were launched during the first quarter and met with great success. As the production capacity was gradually extended during the quarter, the positive effects on revenues will mainly occur as from the second quarter. Measures were also taken to increase production further in order to meet the considerable order backlog.

The feasibility study which Agfa has undertaken during the last months as regards the possible carve out of Consumer Imaging, recently came to a conclusion. In order to be able to react with maximum flexibility to the changing environment, Agfa will consequently propose to the Aufsichtsrat of its German subsidiary to carve out this business group and to run it as a separate entity. If the Aufsichtsrat confirms this intention, the usual procedures of information and consultation with the social partners will start.

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 amounted to 35 million Euros, with an operating result of 8.2 million Euros.

Outlook

Although it is still too early to speak of a robust and consistent improvement in the market environment, there are clear indicators of a better outlook for the next coming months. Graphic Systems posted two consecutive strong sales months in March and April and should benefit from an after Drupa effect. HealthCare is again fully on track. The markets for Consumer Imaging continue to suffer from large uncertainties, but seasonal effects as well as increased Lab Equipment sales will improve the trading conditions during the coming months.
Agfa continues in the meantime to implement the Orion plan, which will run until the end of 2005. It aims to stimulate growth and to further improve the quality of products and systems. By carefully analysing and adjusting its corporate processes, Agfa expects to be able to further reduce costs by 200 million Euros. The Group will also strive to reduce its sales and administration expenses to 22 percent of turnover and will again substantially 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, micrographics, motion picture 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

Extraordinary General Meeting
May 25, 2004
Half year results 2004
August 19, 2004
Third quarter results 2004
November 18, 2004
Full year 2004 results
March 2005
Annual General Meeting
April 26, 2005 at 11.00 AM

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Agfa-Gevaert Group Consolidated Key Figures* first quarter

Million Euros	2004	2003	%**	
Net sales	**868**	**1,027**	**-15.5**	**(-10.5)**
• Graphic Systems	386	417	-7.4	(-2.4)
• HealthCare	292	339	-13.9	(-7.0)
• Consumer Imaging	155	192	-19.3	(-15.6)
• Specialty Products	35	79	n.a.	
Gross Profit	368	451	-18.4	
Operating expenses	(322)	(366)	-12.0	
of which: restructuring/ non-recurring expenses	(8)	(8)	-	
Operating result	**46**	**85**	**-45.9**	
• Graphic Systems	20.9	33.9	-38.3	
• HealthCare	36.4	66.7	-45.4	
• Consumer Imaging	(19.0)	(21.4)	+11.2	
• Specialty Products	8.2	5.4	n.a.	
Non-operating result***	(15)	(21)	+28.6	
Profit before taxes	31	64	-51.6	
Taxes	(11)	(25)	-56.0	
Net result (consolidated companies)	20	39	-48.7	
Minorities & associated companies	0	0	-	
Net result (share of the Group)	**20**	**39**	**-48.7**	
Gross operating cash flow	54	98	-44.9	
Net operating cash flow****	11	89	-87.6	

* non-audited, consolidated figures following IAS valuation rules
** figures between brackets: change excluding currency effect
*** financial result
**** a.o. the changes in working capital make the difference between gross and net operating cash flow

Agfa-Gevaert Group Consolidated Balance Sheet

Million Euros	31/03/'04	31/12/'03	31/03/'03
Total assets	3,551	3,839	4,054
Inventories	863	813	1,002
Trade Receivables	814	826	922
Net Financial Debt	272	233	597
Shareholders Equity	1,391	1,371	1,329

Eurocents	Earnings per share	Operating profit per share	Number of shares*
After 1Q 2004	16	37	126,000,000
After 1Q 2003	28	61	138,245,491

*weigthed average number of shares

Evolution Agfa share price against BEL-20