

Q3 2020 Results

Agfa-Gevaert Group



November 13, 2020



Key highlights

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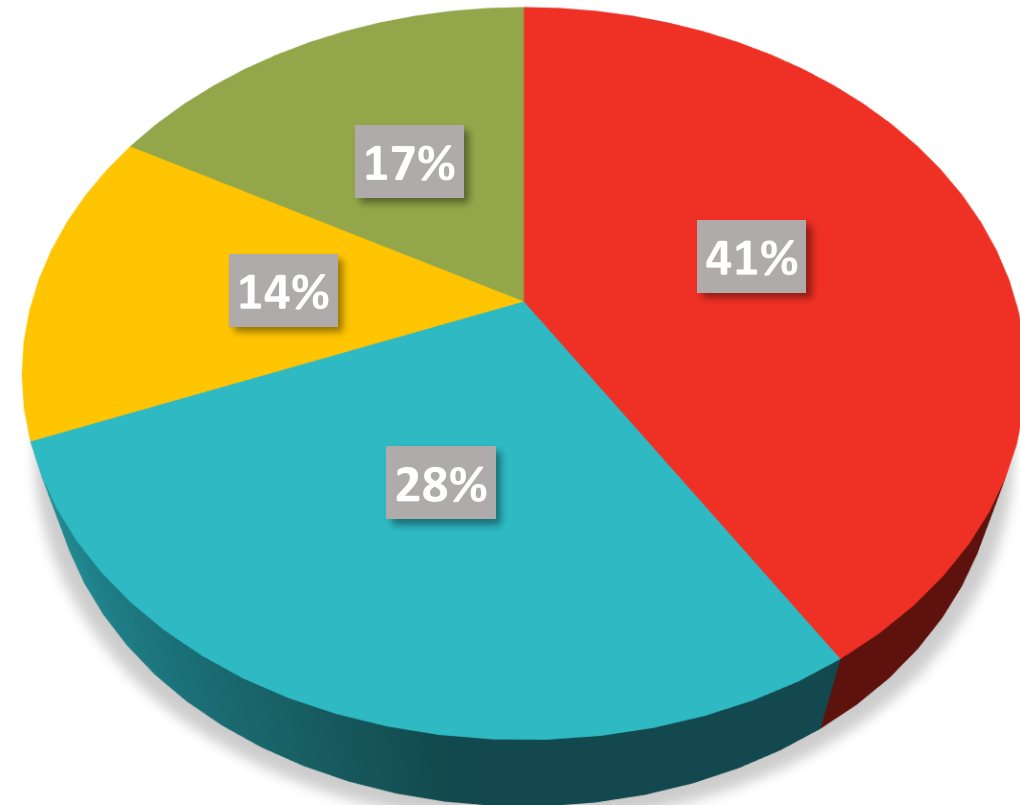
- Good margin performance of Imaging IT business and Digital Print & Chemicals division, in spite of COVID-19 dynamics
- Continued strong COVID-19 impact on offset printing activities
- Medical film volumes affected by slow-down in non-COVID related medical imaging activity
- Gradual recovery for most of the activities during the quarter
- Execution of pension de-risking measures on track

Agfa-Gevaert Group

Sales by division

Offset Solutions ■
Radiology Solutions ■
HealthCare IT ■
Digital Print and Chemicals ■

9m 2020 = 1,242 million Euro



Agfa-Gevaert Group

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q3 '20	Q3 '19 (re-presented)	Δ% (excl.curr.)	9m'20 (re-presented)	9m'19 (re-presented)	Δ% (excl.curr.)
Sales	410	488	-16.0% (-13.7%)	1,242	1,446	-14.2% (-13.6%)
Gross Profit*	112	138	-19.0%	367	434	-16.6%
as a % of sales	27.2%	28.3%		29.5%	30.0%	
SG&A*	-85	-100	-15.0%	-264	-311	-15.0%
as a % of sales	20.8%	20.5%		21.3%	21.5%	
R&D*	-25	-25	-1.6%	-71	-76	-6.6%
Other operating items*	-2	1		-9	4	
Adjusted EBITDA*	16	33	-52.1%	71	110	-35.2%
as a % of sales	3.9%	6.8%		5.7%	7.6%	
Adjusted EBIT*	0	13	-100.0%	23	52	-56.1%
as a % of sales	0.0%	2.7%		1.8%	3.6%	

* Before restructuring and non-recurring items

Agfa-Gevaert Group

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q3'20	Q3 '19 (re-presented)	Δ%	9m'20 (re-presented)	9m'19 (re-presented)	Δ%
Adjusted EBIT	0	13	-100%	23	52	-56.1%
Restructuring/non-recurring	-9	-12		-58	-27	
Operating result	-9	1		-35	25	
Non-operating result	-9	-10		-25	-29	
Profit before taxes	-17	-9		-61	-4	
Taxes	-8	-4		-15	-12	
Profit from continuing operations	-25	-13		-76	-16	
Profit from discontinued operations, net of tax	0	9		720	25	
Profit	-25	-4		644	9	

* Before restructuring and non-recurring items

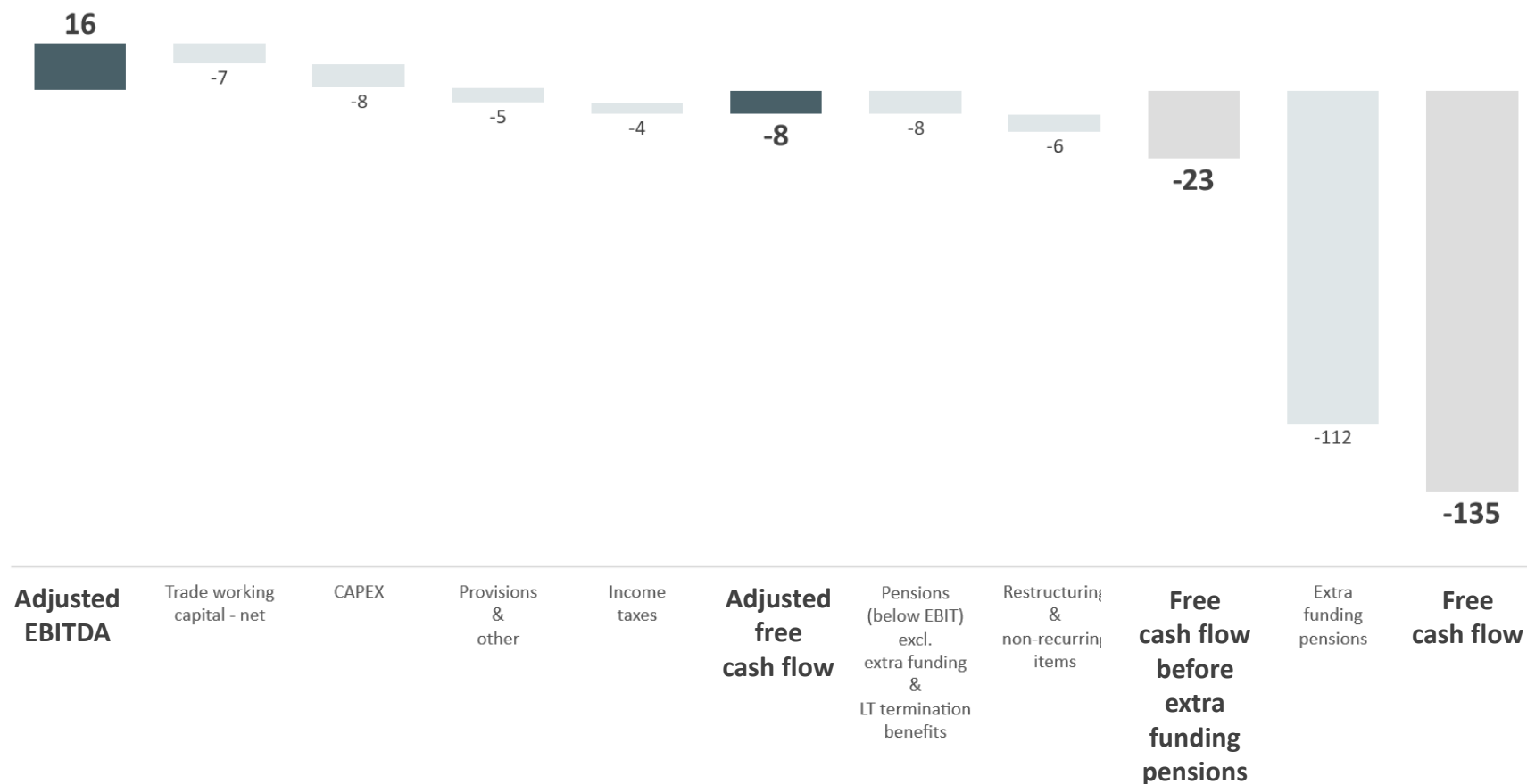
Main drivers behind key figures

- Q3 revenue decreased YoY by 13,7%, sequential improvement over Q2
 - All activities are top line impacted, with more significant decreases in Offset and DPC
- EBITDA down YoY by 52% , caused by offset printing situation
 - Imaging IT strongly ahead
 - DPC in line with last year in spite of top line challenge
 - Radiology Solutions impacted by film volume decline
 - Offset Solutions severely impacted, representing 80% of EBITDA decline
- The Group posted a net loss of 25 million Euro
- Currency turned negative during the quarter

Free cash flow: 112 million Euro extra pension funding in Q3

in million Euro

Q3 2020



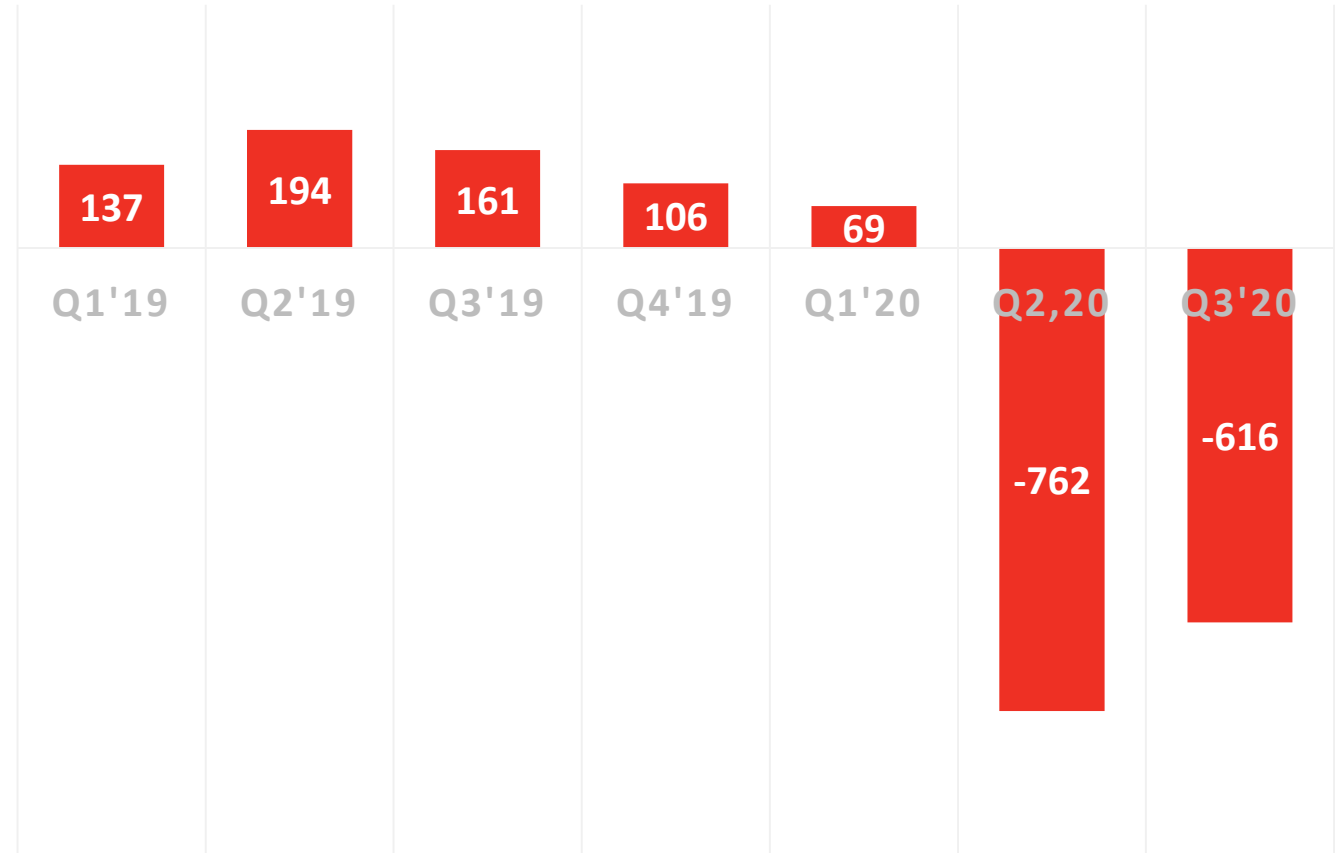
Adjusted free cash flow equals the sum of net cash from operating & investing activities excluding the impact of acquisitions and disposal of discontinued operations (see definition of free cash flow) ADJUSTED for the impact of the cash out for pensions below EBIT and the cashout for LT termination benefits.

⁷ Free cash flow is defined as the sum of net cash from operating & investing activities excluding the impact of acquisitions and disposal of discontinued operations.

Agfa-Gevaert Group has a strong cash position

Net financial debt

excl IFRS 16, in million Euro



Note: Total net cash position Q3 2020 **incl IFRS 16**
= 532 million Euro

Pensions: execution of pension de-risking measures on track

Objectives

De-risk funded plans

Decrease volatility

Increase funding ratio

Decrease future pension cash outflows

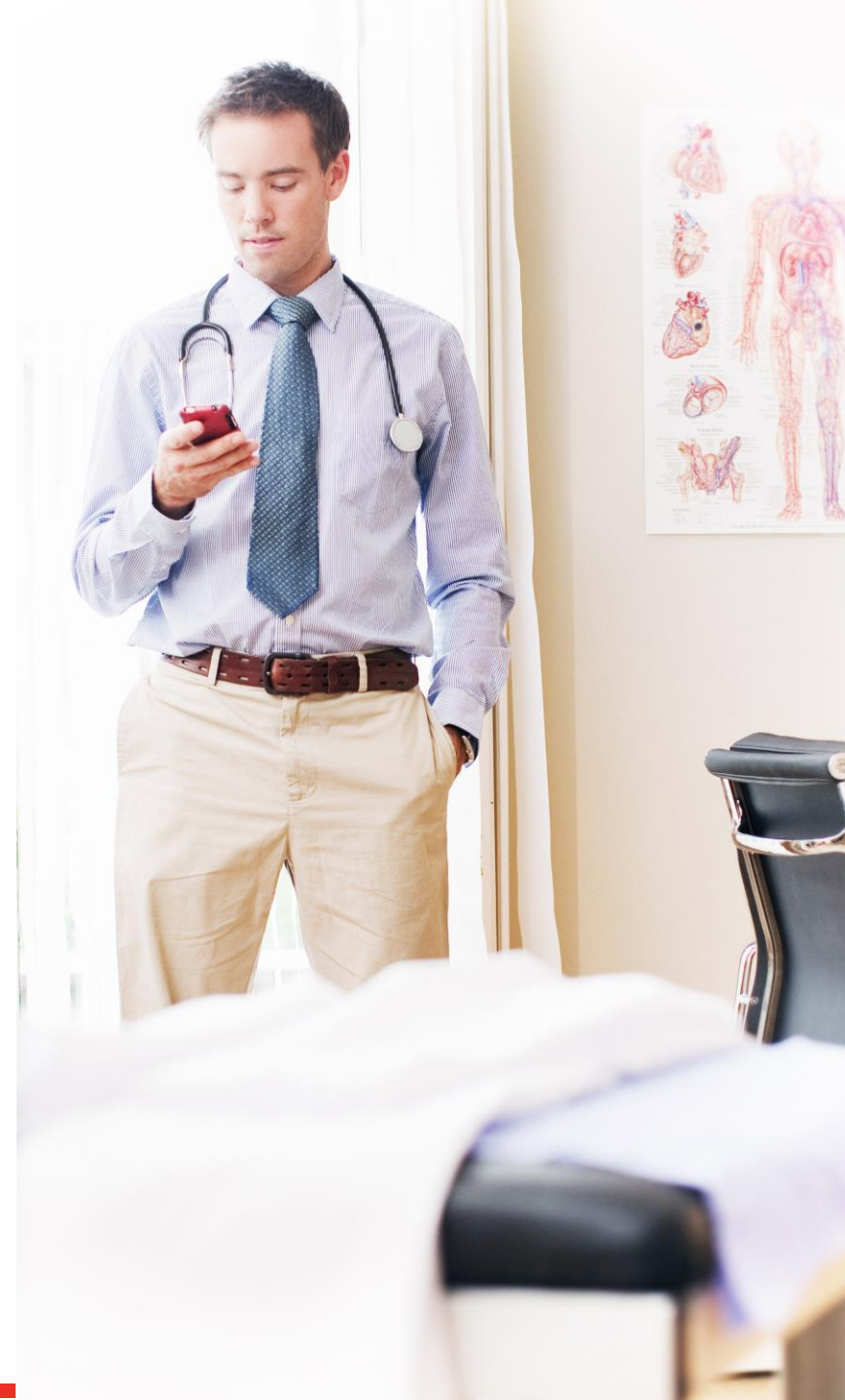
- Objective is to reduce the total net Agfa post-employment and long term benefit liabilities to below 700 million Euro over the next 4 years, decreasing the balance sheet volatility
- Plan is to use 350 million Euro for the key funded plans (UK, US, BE): reducing pension liabilities and de-risking
 - Around 250 million Euro will be injected in 2020: on top of the 40 million Euro already spent in Q2 (for Belgium), the company invested about 110 million Euro in the plans in the UK and the USA in Q3. De-risking actions are ongoing in Q4.
 - Target to raise the funded status close to fully funded.
- The predictable German plan will remain unfunded, with a known cash outflow reducing by 1 million Euro/year (from 40 million Euro in 2020 to 30 million Euro in 2030)
- As a result, the total cash contributions* will decrease from 80 million Euro/year today, to around 50 million Euro in 2026, continuing to reduce over time.

Working Capital is stable Q on Q, key production adjustments in Q4

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Δ Q3 2020 vs 2019	Δ 2020 Q3 vs Q2
Inventories (Mio Eur)	464	496	467	435	511	-47	-32
° DIOH in days	134	137	124	-	-		
Trade Receivables, Contract Assets/Liabilities	269	264	307	344	326	-56	6
° DSO in days	59	60	63	-	-		
Trade Payables (Mio Eur)	193	221	259	218	211	-18	-28
° DPO in days	56	61	68	-	-		
Trade Working Capital	540	539	515	561	626	-86	2
° Trade Working Capital as % of sales	31%	29%	26%	-	-		



HealthCare IT



HealthCare IT

Key figures

Profit & Loss

Incl. IFRS 16

	Q3 '20	Q3 '19 (re-presented)	Δ% (excl.curr.)	9m'20 (re-presented)	9m'19 (re-presented)	Δ% (excl.curr.)
in million Euro						
Sales	54	60	-10.5% (-7.1%)	171	180	-5.2% (-4.7%)
Gross Profit*	25	25	-0,3%	79	72	10.6%
as a % of sales	46.4%	41.6%		46.5%	39.8%	
SG&A*	-14	-16	-16.4%	-43	-49	-11.8%
as a % of sales	25.2%	27.0%		25.2%	27.1%	
R&D*	-8	-8	6.2%	-23	-23	-0.3%
Other operating items*	1	0		1	1	
Adjusted EBITDA*	6.0	4.0	52.4%	21.2	8.7	143.3%
as a % of sales	11.2%	6.6%		12.4%	4.8%	
Adjusted EBIT*	3.7	0.5	712.1%	14.1	0.0	
as a % of sales	6.9%	0.8%		8.2%	0.0%	

* Before restructuring and non-recurring items

HealthCare IT delivers on its strategic roadmap

Main drivers behind key figures

- In spite of the uncertainties due to the COVID-19 situation, the outlook for value creation in the Imaging IT solutions business remains strongly positive.
- The strategy to target specific customer segments and geographies and to prioritize higher value revenue streams still has a negative influence on revenues, but this strategy translates into a continuous improvement of profit margins.
- Although the division posted a 10.5% revenue decrease in the third quarter following a very solid second quarter, margins improved significantly.
- The division recorded a ramp up of the order intake and the total order backlog remains at a healthy level, covering more than a full year of total revenues.
- On track to reach profitability target of high teens EBITDA margin over the next years.



Radiology Solutions

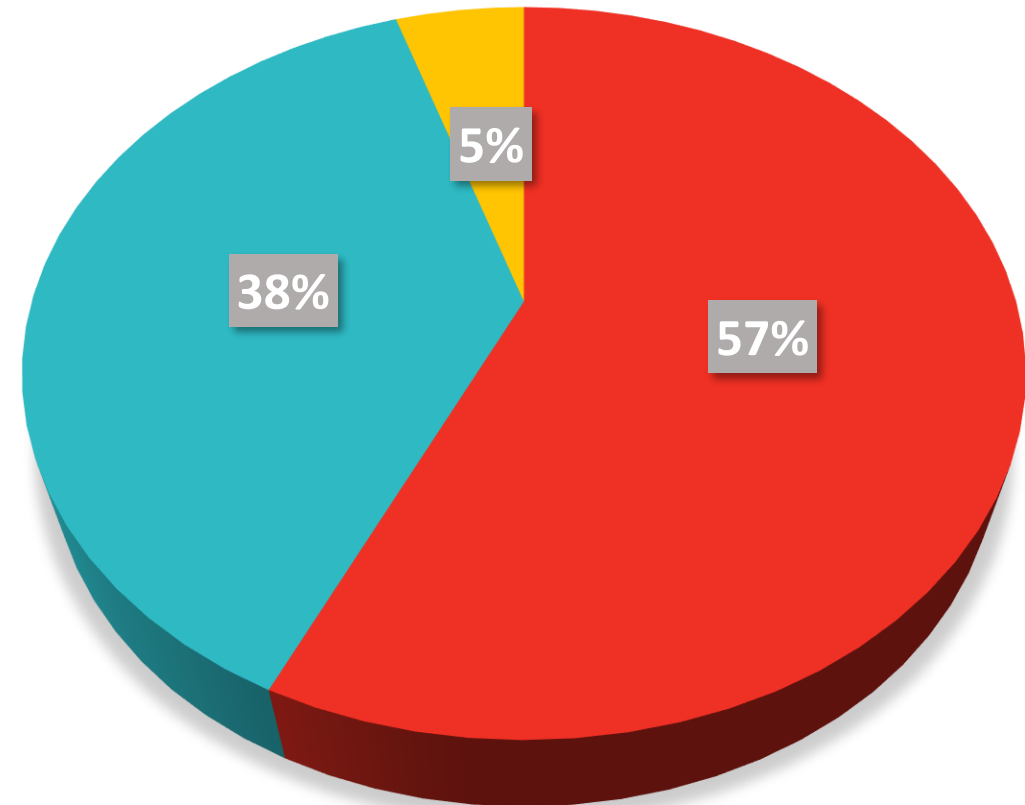


Radiology Solutions

Sales by business segment

Hardcopy ■
CR/DR ■
Classic Radiology ■

9m 2020 = 350 million Euro



Radiology Solutions

Key figures

Profit & Loss

Incl. IFRS 16

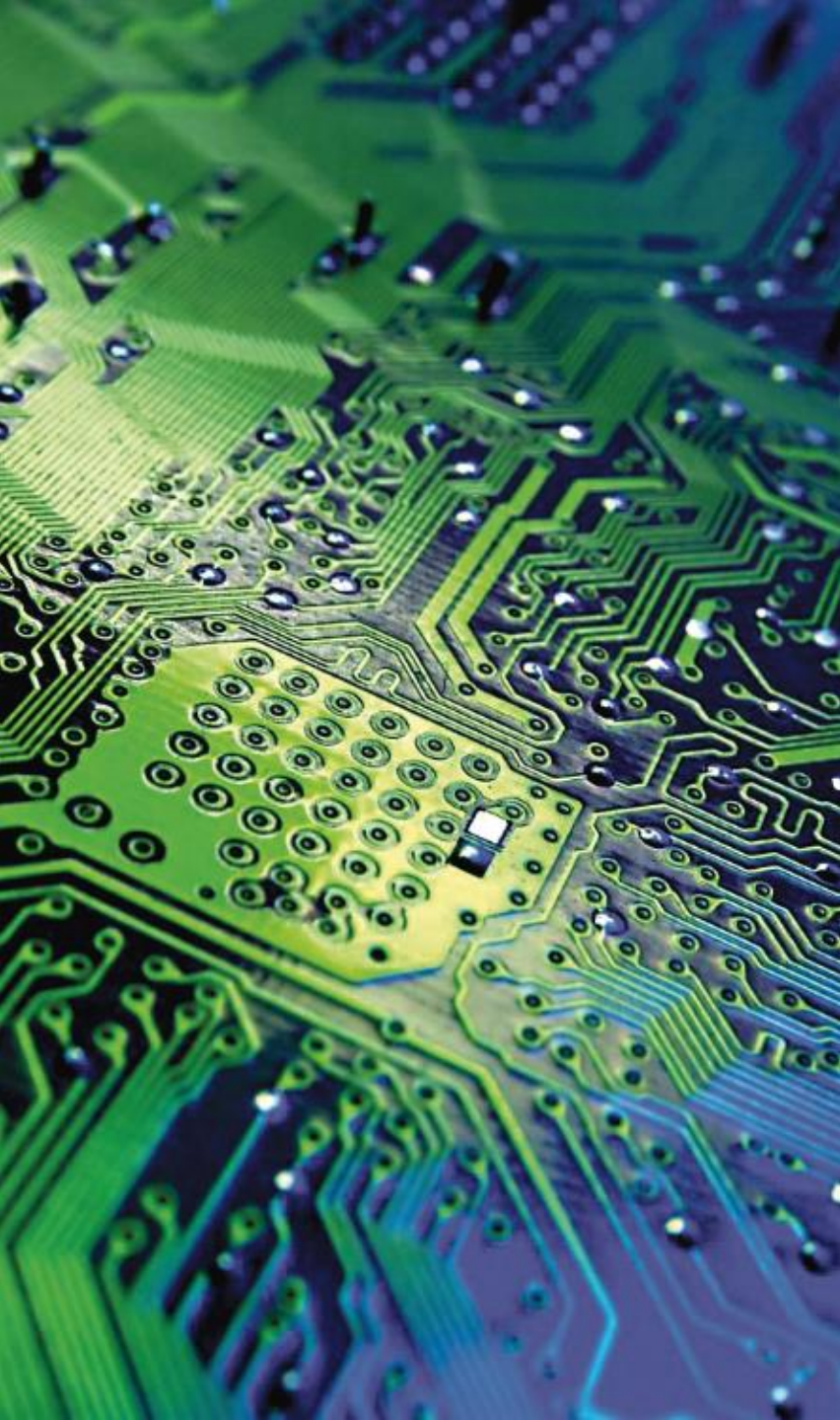
	Q3 '20	Q3 '19	Δ% (excl.curr.)	9m'20	9m'19	Δ% (excl.curr.)
in million Euro						
Sales	119	132	-9.9% (-7.2%)	350	383	-8.7% (-8.0%)
Gross Profit*	39	46	-14.5%	128	140	-8.4%
as a % of sales	33.1%	34.9%		36.7%	36.6%	
SG&A*	-24	-26	-7.9%	-72	-79	-8.9%
as a % of sales	20.1%	19.7%		20.7%	20.8%	
R&D*	-4	-4	0.6%	-12	-14	-13.6%
Other operating items*	0	0		-5	-1	
Adjusted EBITDA*	16.5	22.0	-24.9%	56.7	63.4	-10.6%
as a % of sales	13.9%	16.7%		16.2%	16.6%	
Adjusted EBIT*	10.6	15.8	-32.8%	38.3	44.9	-14.7%
as a % of sales	8.9%	12.0%		11.0%	11.7%	

* Before restructuring and non-recurring items

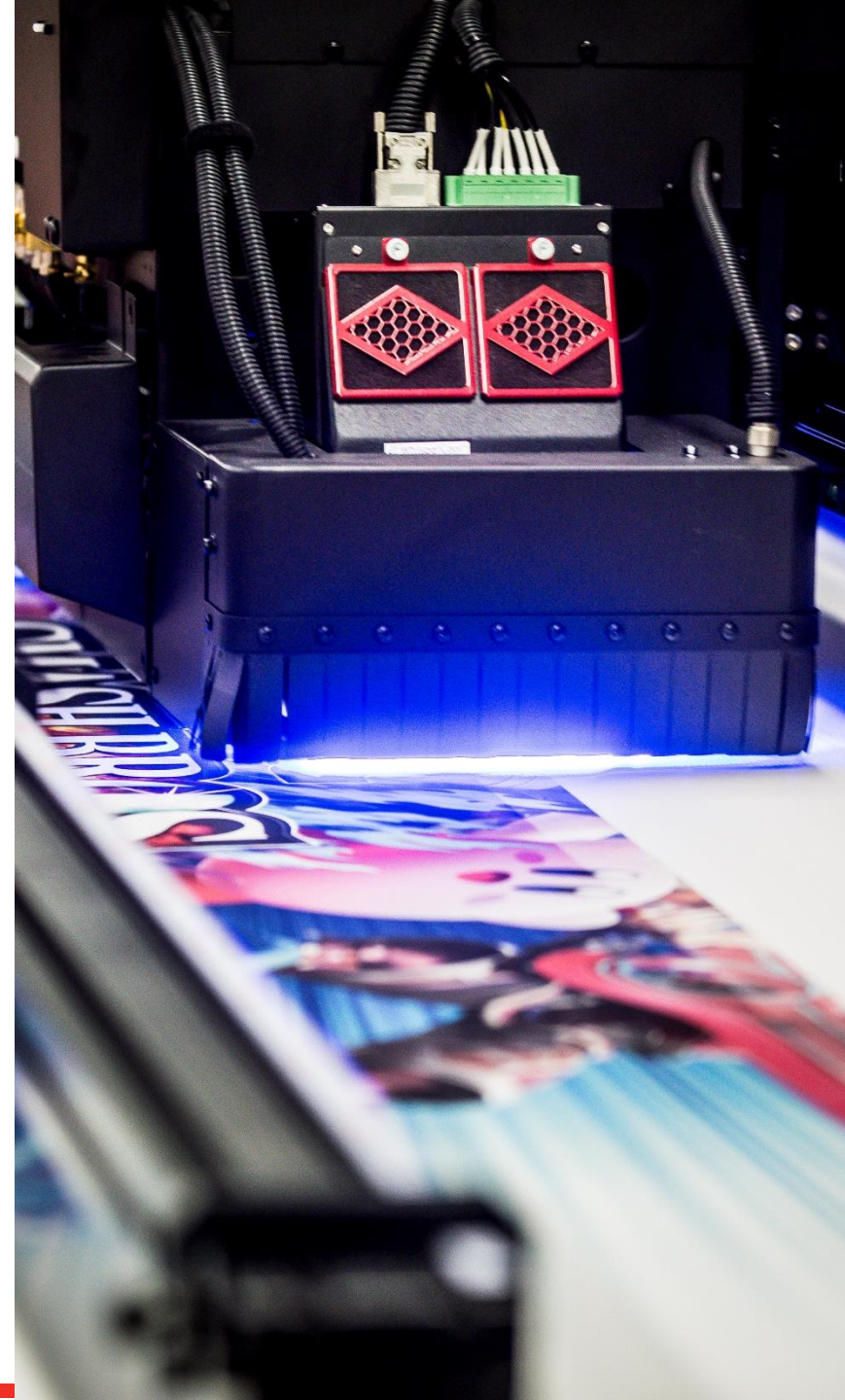
Radiology Solutions: DR performing well but medical film volumes affected

Main drivers behind key figures

- DR continued to grow in a market disrupted by COVID-19. Agfa succeeded in gaining market share and is considerably improving the profitability of its DR product range.
- In a rapidly declining CR market, Agfa maintains its profitability. Early November, Agfa announced its consideration to reorganize its CR equipment production footprint to address market decline and increase competitiveness.
- The medical film product range's top line was impacted by COVID-19, but a gradual recovery became visible in the course of the quarter.
- EBITDA impacted by film volume decrease, in spite of the significant improvement in DR.



Digital Print & Chemicals

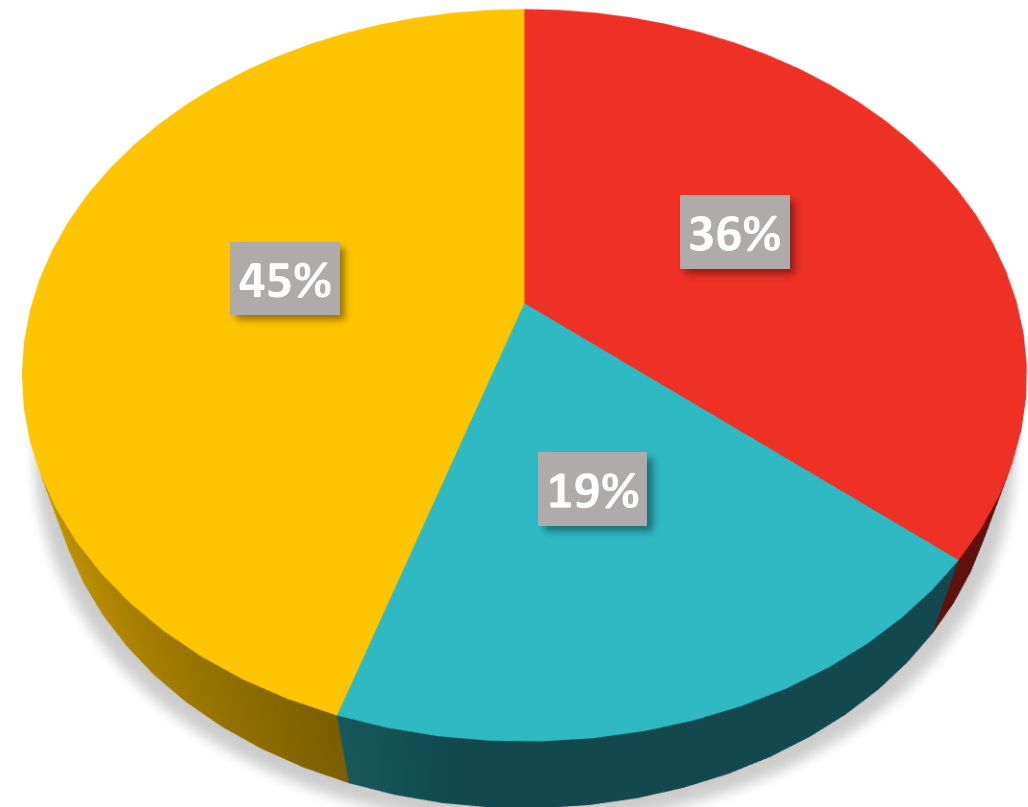


Digital Print & Chemicals

Sales by business segment

Inkjet ■
Electronic Print ■
Films and Foils ■

9m 2020 = 211 million Euro



Digital Print & Chemicals

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q3 '20	Q3 '19 (re-presented)	Δ% (excl.curr.)	9m'20	9m'19 (re-presented)	Δ% (excl.curr.)
Sales	69	85	-18.4% (-17.1%)	211	266	-20.8% (-20.5%)
Gross Profit*	19	23	-18.6%	58	78	-25.5%
as a % of sales	27.1%	27.2%		27.7%	29.4%	
SG&A*	-13	-16	-19.8%	-39	-49	-20.4%
as a % of sales	18.1%	18.4%		18.7%	18.6%	
R&D*	-5	-6	-10.5%	-15	-15	-2.0%
Other operating items*	1	0		0	6	
Adjusted EBITDA*	4.3	4.5	-3.3%	11.5	28.3	-59.6%
as a % of sales	6.2%	5.2%		5.4%	10.7%	
Adjusted EBIT*	1.7	1.6	7.7%	3.6	19.7	-81.5%
as a % of sales	2.5%	1.9%		1.7%	7.4%	

* Before restructuring and non-recurring items

Digital Print & Chemicals on track to recovery

Main drivers behind key figures

- In digital printing, inks for sign and display applications as well as inks for industrial applications recovered well. The large format inkjet printing equipment business continues to show weakness but order intake has turned positive in the quarter.
- Preparing several product initiatives for the rebound:
 - Agfa has added a new model to its Jeti Tauro printer family.
 - Solutions for new digital printing applications are launched, such as laminate floorings and leather.
 - Solutions for other new applications (e.g. in the field of packaging) are being developed.
- Specialty chemical business well positioned for future growth.
 - Membranes for advanced alkaline electrolysis used in green hydrogen production: in Q3 Agfa joined the European Clean Hydrogen Alliance.
 - Conductive polymers in hybrid and electric car technology.
- Film and foil business impacted by COVID-19 but recovery visible.



Offset Solutions

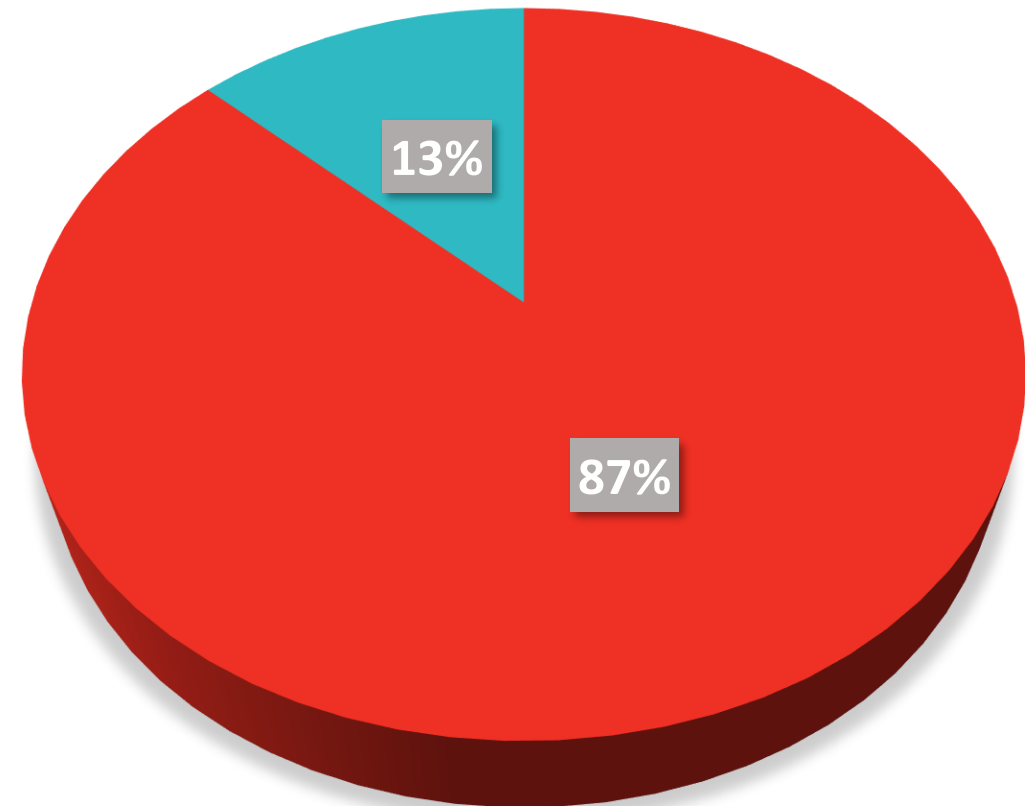


Offset Solutions

Sales by business segment

Digital computer-to-plate ■
Analog computer-to-film ■

9m 2020 = 510 million Euro



Offset Solutions

Key figures

Profit & Loss

Incl. IFRS 16

	Q3 '20	Q3 '19	Δ% (excl.curr.)	9m'20	9m'19	Δ% (excl.curr.)
in million Euro						
Sales	168	212	-20.6% (-18.5%)	510	617	-17.3% (-16.7%)
Gross Profit*	29	44	-34.8%	101	145	-30.2%
as a % of sales	17.0%	20.8%		19.8%	23.4%	
SG&A*	-31	-39	-20.8%	-98	-123	-20.0%
as a % of sales	18.4%	18.5%		19.2%	19.9%	
R&D*	-6	-7	-17.7%	-16	-21	-21.3%
Other operating items*	-4	1		-7	-2	
Adjusted EBITDA*	-7.0	6.3	-211,5%	-6.0	21.5	-128.1%
as a % of sales	-4.2%	3.0%		-1.2%	3.5%	
Adjusted EBIT*	-11.9	-0.7	-1494.4%	-20.9	-0.5	-3794.9%
as a % of sales	-7.1%	-0.4%		-4.1%	-0.1%	

* Before restructuring and non-recurring items

Offset Solutions

Main drivers behind key figures

- Excluding currency effects, revenue decreased by 18.5% to 168 million Euro due to COVID-19 related effects - including adverse price/mix effects - and the structural decline of the offset markets. The pandemic causes a decrease in advertising and commercial activities, leading to lower print volumes and a lower demand for printing plates.
- Minus 7 million Euro EBITDA as structural measures have yet to impact the P&L.
- To improve profitability, Agfa is reviewing its offset business model, simplifying its organization and streamlining its product offering.
 - 2 plant shutdowns effective during Q4
- Expected to return to a positive EBITDA in Q4.

Recovery expected in Q4

Outlook

- Q3 performance strongly impacted by offset printing situation. However, gradual improvement of the business performances of several divisions later in the quarter.
- Q4 expected to be stronger, although we remain cautious due to the current uncertainty.
- FY 2020 EBITDA expected to be above 100 million Euro based on the assumption we see no deterioration in the business environment.
- 2021 expected to show continuous recovery but not yet at 2019 level
 - Structural improvement of offset business
 - Consolidation of Imaging IT profitability
 - DPC and Radiology Solutions recovery

Sustainability @ Agfa

Agfa's sustainability objectives in development

Agfa is fully committed to do its part for the 2030 Agenda for Sustainable Development.

We have selected the SDGs that are most relevant for our operations and we are strengthening our strategy to address them, by setting ambitious targets that go beyond legal compliance and by empowering our teams to integrate them in our way of working.

How are we responding to this global call for action?



SDG 5: Achieve gender equality and empower all women

Our target: Increase the percentage of female new hires to 50% by 2025 and empower all women to step up their career



SDG 9: Promote sustainable industrialization and foster innovation

Our target: offer sustainable solutions in our portfolio to foster market sustainability, e.g. clean energy



SDG 12: Ensure sustainable consumption and production patterns

Our target: increase recycling of raw materials and reduce waste, while continuing to ensure safety of our products and processes



SDG 13: Combat climate change and its impacts

Our target: support the Paris Agreement by reducing our operational footprint, i.e. CO₂ emitted and energy used



Questions & Answers

