Q2/HY 2021 Results

Agfa-Gevaert Group

August 25, 2021

AGFA

Continued improvement of activity

Key highlights Q2

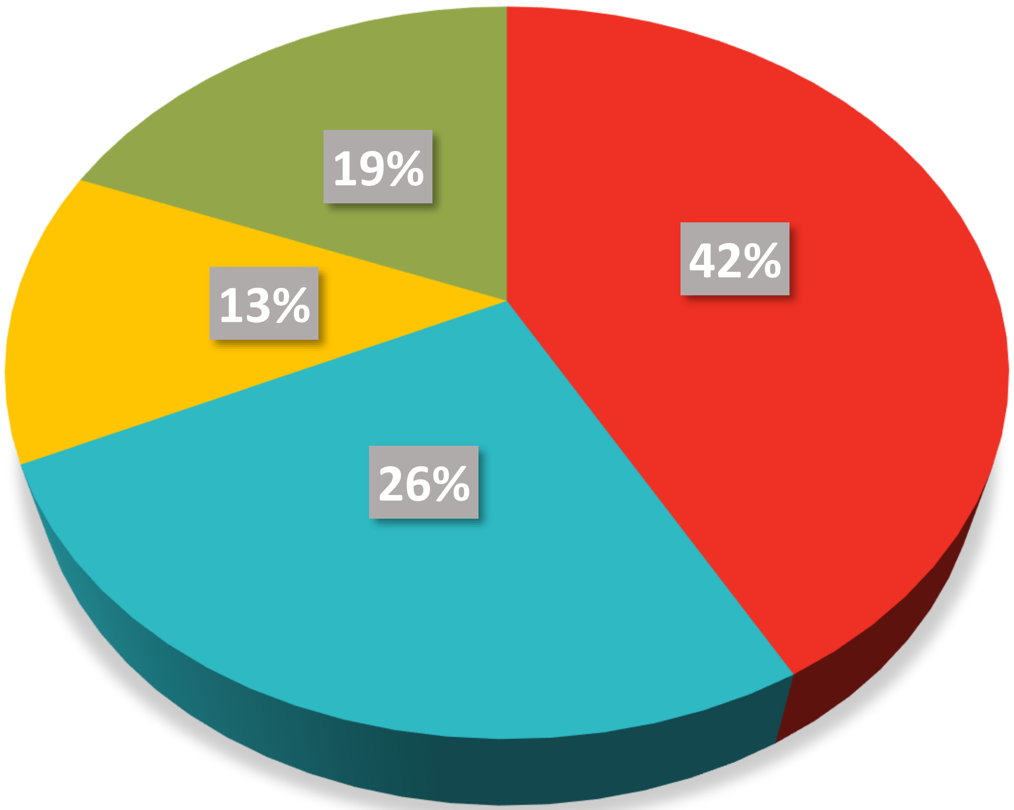
- Quarter over quarter improvements for all divisions
- Adjusted EBITDA 29% higher than in second quarter of 2020
- Inflationary pressure partially mitigated by price actions – heavier impact expected in second half of the year
- Pension de-risking measures: successful completion of the '€ 350 m pension program' resulting in a substantially lower net liability and decreasing cash outs
- Working capital stable as percentage of sales despite seasonal working capital build up - cost reduction programs continued
- Net profit of € 15 m

Agfa-Gevaert Group

Sales by division

Offset Solutions
Radiology Solutions
HealthCare IT
Digital Print and Chemicals

6 months 2021 = € 836 m



Agfa-Gevaert Group

Key figures
Profit & Loss

Incl. IFRS 16

in million Euro	Q2 '21	Q2 '20	Δ% (excl.curr.)	6m'21	6m'20	Δ% (excl.curr.)
Sales	**441**	397	11.1% (13.5%)	**836**	832	0.6% (3.2%)
Gross Profit* as a % of sales	**135** **30.7%**	120 30.2%	13.0%	**252** **30.1%**	255 30.7%	-1.2%
SG&A* as a % of sales	**-90** **20.5%**	-82 20.7%	10.0%	**-180** **21.5%**	-179 21.5%	0.4%
R&D*	**-24**	-21	11.2%	**-49**	-46	7.0%
Other operating items*	**4**	-1		**1**	-8	
Adj. EBITDA* as a % of sales	**40** **9.1%**	31 7.9%	28.8%	**56** **6.6%**	55 6.7%	0.5%
Adj. EBIT* as a % of sales	**25** **5.6%**	16 3.9%	58.7%	**24** **2.9%**	23 2.7%	6.2%

* Before restructuring and non-recurring items

Agfa-Gevaert Group

Key figures
Profit & Loss

Incl. IFRS 16

in million Euro	Q2'21	Q2 '20	6m'21	6m'20
Adjusted EBIT*	**25**	16	**24**	23
Restructuring/non-recurring	**3**	-47	**2**	-49
Operating result	**28**	-31	**27**	-27
Non-operating result	**-3**	-9	**-4**	-17
Profit before taxes	**25**	-40	**23**	-43
Taxes	**-9**	-5	**-14**	-7
Profit from continuing operations	**15**	-45	**9**	-51
Profit from discontinued operations, net of tax	**0**	714	**0**	720
Profit	**15**	668	**9**	670

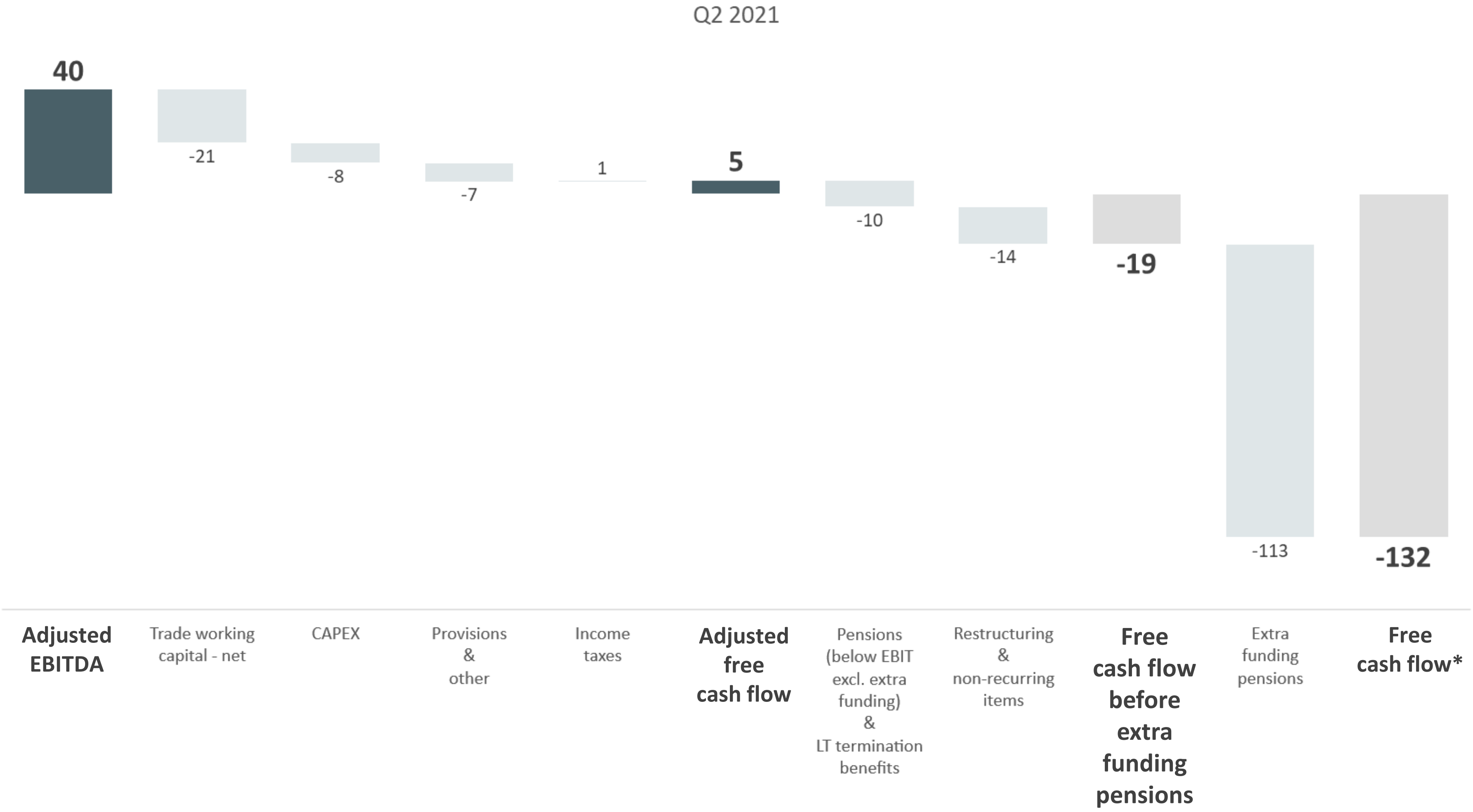
* Before restructuring and non-recurring items

Quarter over quarter improvement for all divisions

Main drivers behind key figures Q2

- All divisions showed quarter over quarter improvements.
  - HealthCare IT continued to enhance its position as a leading Imaging IT software vendor.
  - Digital Print & Chemicals continued to recover from the COVID-19 impact and price increases have been implemented in almost all business areas.
  - Radiology Solutions posted a significantly better performance in Q2 after a weak Q1: increased DR revenue, medical film volumes still impacted by COVID in Latin America, Russia, South Africa and India. Price actions in place.
  - Offset Solutions improved its performance, first wave of price actions successful but bulk of the cost inflation will impact the business in 2H 21.
- Gross margin improves from 30.2% in Q2 ‘20 and 29.5% in Q1 ‘21 to 30.7% in Q2 ‘21.
- Net profit of € 15 m.

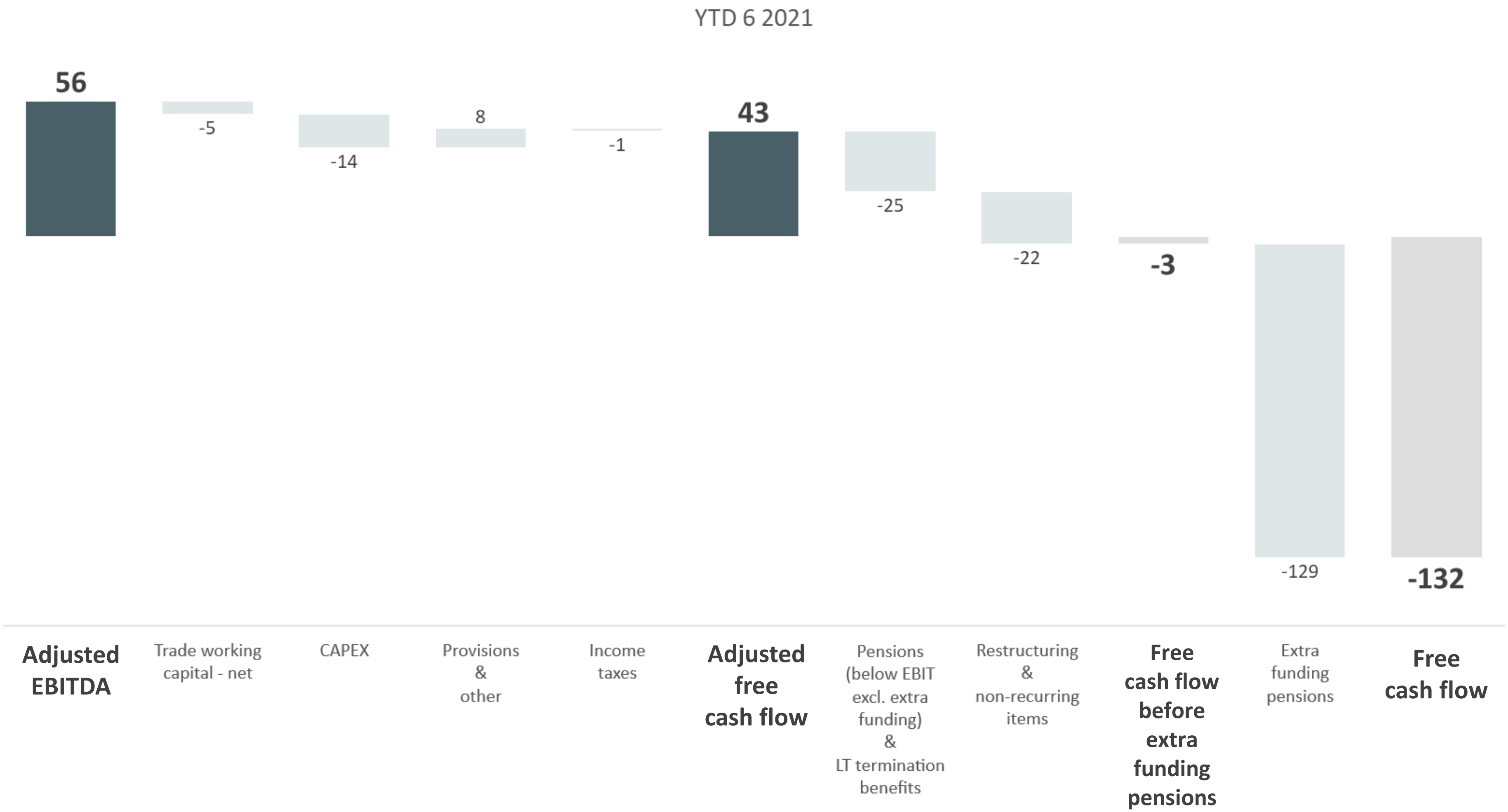
Free cash flow Agfa-Gevaert Group Q2 2021 (in million Euro)



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.

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.

Free cash flow Agfa-Gevaert Group HY 2021 (in million Euro)



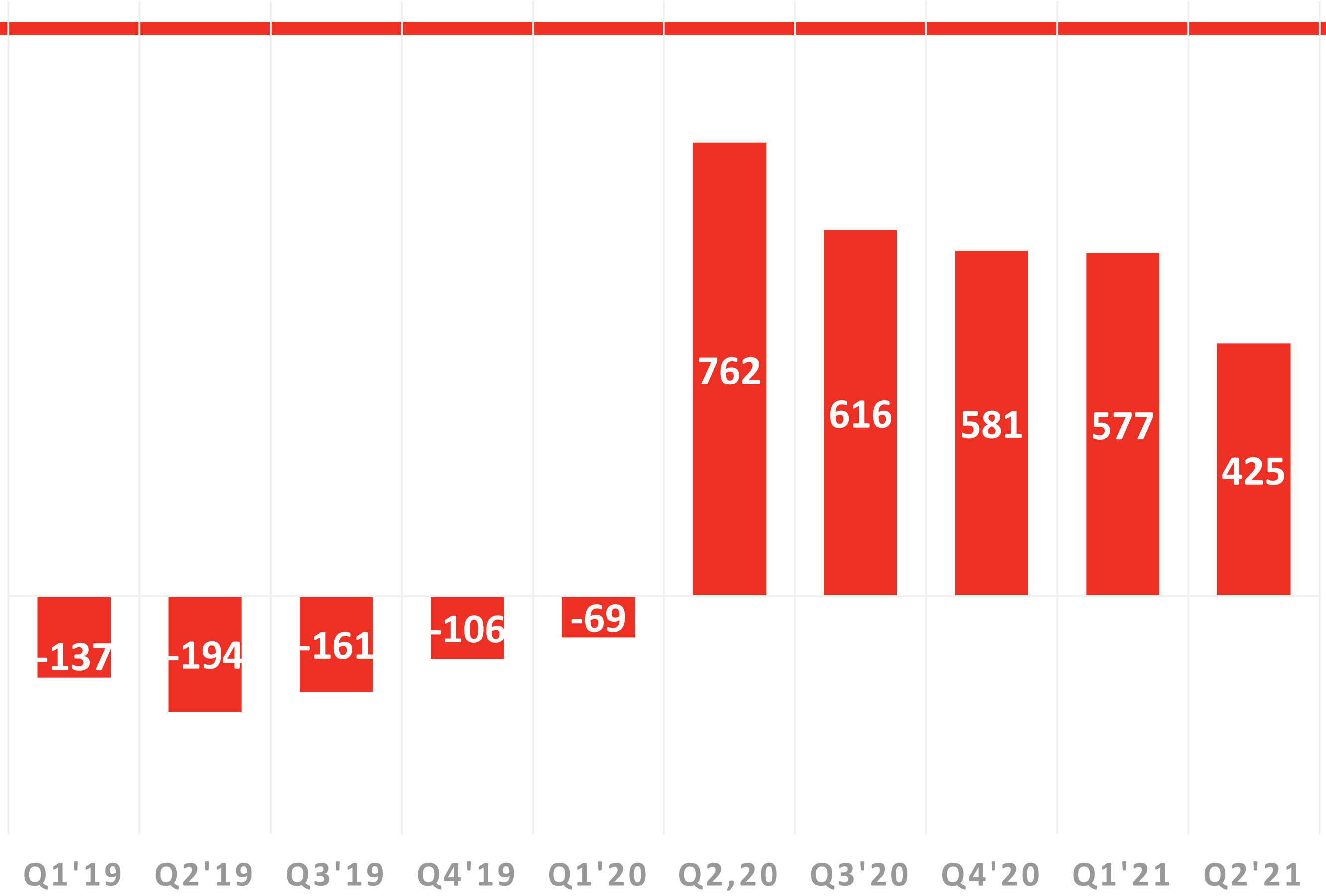
Adjusted free cash flow equals the sum of net cash from operating & investing activities excluding the impact of acquisitions and disposal of discontinued operations (see definition of Free cash flow *) ADJUSTED for the impact of the cash out for pensions below EBIT and the cashout for LT termination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

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.

The Agfa-Gevaert Group has a strong cash position

Net cash position

excl IFRS 16, in million Euro



Note: Total B/S net cash position Q2 2021 incl IFRS 16 = € 349 m

Working Capital: stable as % despite seasonal WC build up

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Δ Q2 2021 vs 2020	Δ 2021 Q2 vs Q1
Inventories (Mio Eur)	445	421	389	464	496	-50	24
° DIOH in days	131	127	115	134	137		
Trade Receivables, Contract Assets/Liabilities	255	266	271	269	264	-9	-11
° DSO in days	52	60	52	59	60		
Trade Payables (Mio Eur)	240	238	199	193	221	19	2
° DPO in days	71	72	59	56	61		
Trade Working Capital	460	449	462	540	539	-79	11
° Trade Working Capital as % of sales	27%	27%	27%	31%	29%		

Update Pensions

Pensions: '€ 350 m program' completed

Objectives

De-risk funded plans

Decrease volatility

Increase funding ratio

Decrease future pension cash outflows

*material countries only: Belgium, UK, US and Germany, and excluding Belgian DC Plans

- The '€ 350 m pension program' is now completed.
  - In total, the funded plans are close to 100% funded (IFRS wise, some overfunding in the UK and underfunding in Belgium and US).
  - The predictable German plan will remain unfunded, with a known cash outflow reducing by around € 1 m/year.
- The objective to reduce Agfa's total net post-employment and long term benefit liabilities* to below € 700 m is already reached, a net € 379 m reduction vs end 2019.
- The regular pension cash outs* are expected to decrease from an estimated € 66 m in 2021 (of which € 43 m below EBITDA), to € 52 m in 2026 (of which € 31 m below EBITDA), continuing to reduce over time.
- Mid-term de-risking intentions: explore buy-out options for UK and US.

AGFA Agfa

Pensions: '€ 350 m program' completed

Overview extra pension contributions

2020-2021

* **buy-in** = an insurance policy removing the risk of insufficient funds in return for a premium paid at the start of the policy. Pension liabilities remain in the pension fund with assets perfectly matching the liabilities.

****annuity purchase** = transfer of the pension liabilities off balance sheet by payment of a single premium to an insurance company.

in million Euro	2020	2021	total
Belgium	37	9	46
UK	67	104	170
US	114		114
Sweden		16	16
Total	**218**	**129**	**347**

- Belgium: extra contributions in 2020 and 2021
- UK: extra contributions in 2020 and in 2021 were used for a buy-in project* for a group of pensioners.
- US: aside from extra contributions, annuity purchase** and lump sum project.
- Sweden: € 16 m annuity purchase**

Update Pension Status 1H 2021: substantial improvement funded status (material countries excluding Belgian DC Plans)

Funded status

* Delta of € 211 m due to:

- employer contributions of € 148 m (of which 35 recurring)
- impact of 'Remeasurements' of € (80) m mainly driven by an increase in discount rate to 1.42% (versus 1.05% end of 2020)
- a defined benefit cost of € 16 m
- a negative translation difference of € 2 m.

in million Euro	2019	2020	1H 2021	Δ 2020/1H2021
Funded Status	**(1,068)**	**(900)**	**(689)**	211*
Obligations	2,041	1,863	1,771	92
Assets	973	963	1,082	119

Note : Funded Status non-material countries evolved from € (38) m in 2020 to € (16) m HY 2021

AGFA

Update Pension cost and cash outflow 1H 2021
(material countries excluding Belgian DC Plans)

Cost and cash outflow

Pension cash outflow 2020 and 2021 impacted by the actions related to pension de-risking.

in million Euro	2019	2020	1H 2021	FY 2021 (Est)
Pension Cost in EBIT	21	23	12	23
Net interest cost	21	14	4	9
Non recurring	-1	-1	-	-
Total pension cost	**42**	**36**	**16**	**31**
Pension cash out	**108**	**293**	**148**	**179**

AGFA

Pension Outlook: cash outs to decrease

(material countries excluding Belgian DC Plans)

Funded status, P&L and cash outs

Key assumptions:

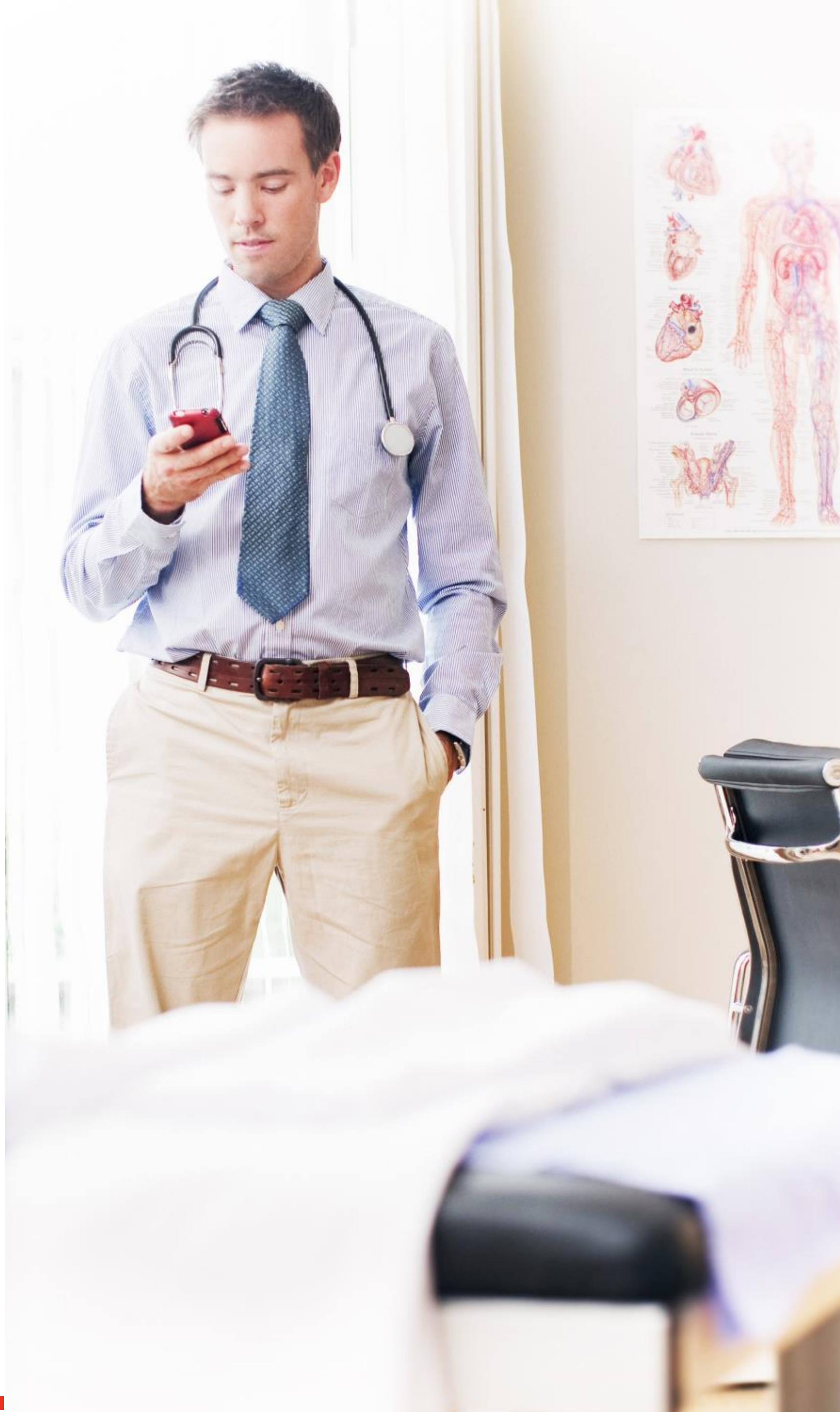
- Discount rate HY 21 used
- No experience gains or losses or demographic adjustments after June 2021

The pension costs and cash outs are expected to decrease over time.

in million Euro	2021 (Est)	2022 (Est)	2023 (Est)	2024 (Est)	2025 (Est)	2026 (Est)
Funded Status	**(675)**	**(648)**	**(621)**	**(594)**	**(568)**	**(542)**
Pension cost	31	31	30	29	29	28
Total pension cash out	179	56	55	54	53	52
Extra cash out	113	0	0	0	0	0
Regular cash out	66	56	55	54	53	52
→ Of which part in EBITDA	23	23	23	22	22	21
→ Of which part below EBITDA	43	33	32	32	31	31

AGFA Agfa

HealthCare IT



HealthCare IT

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q2 '21	Q2 '20	Δ% (excl.curr.)	6m'21	6m'20	Δ% (excl.curr.)
Sales	**56**	62	-9.7% (-6.8%)	**111**	117	-5.6% (-1.9%)
Gross Profit*	**25**	30	-16.9%	**50**	54	-7.8%
as a % of sales	**45.4%**	49.3%		**45.4%**	46.5%	
SG&A*	**-12**	-14	-14.0%	**-26**	-29	-13.2%
as a % of sales	**22.2%**	23.3%		**23.1%**	25.2%	
R&D*	**-8**	-7	6.3%	**-16**	-15	4.1%
Other operating items*	**1**	0		**1**	0	
Adjusted EBITDA*	**7.9**	10.5	-24.4%	**14.4**	15.2	-5.2%
as a % of sales	**14.2%**	17.0%		**13.0%**	13.0%	
Adjusted EBIT*	**5.8**	8.4	-30.6%	**9.9**	10.4	-4.5%
as a % of sales	**10.5%**	13.6%		**8.9%**	8.8%	

* Before restructuring and non-recurring items

AGFA

HealthCare IT delivers on its strategic roadmap

Main drivers behind key figures Q2

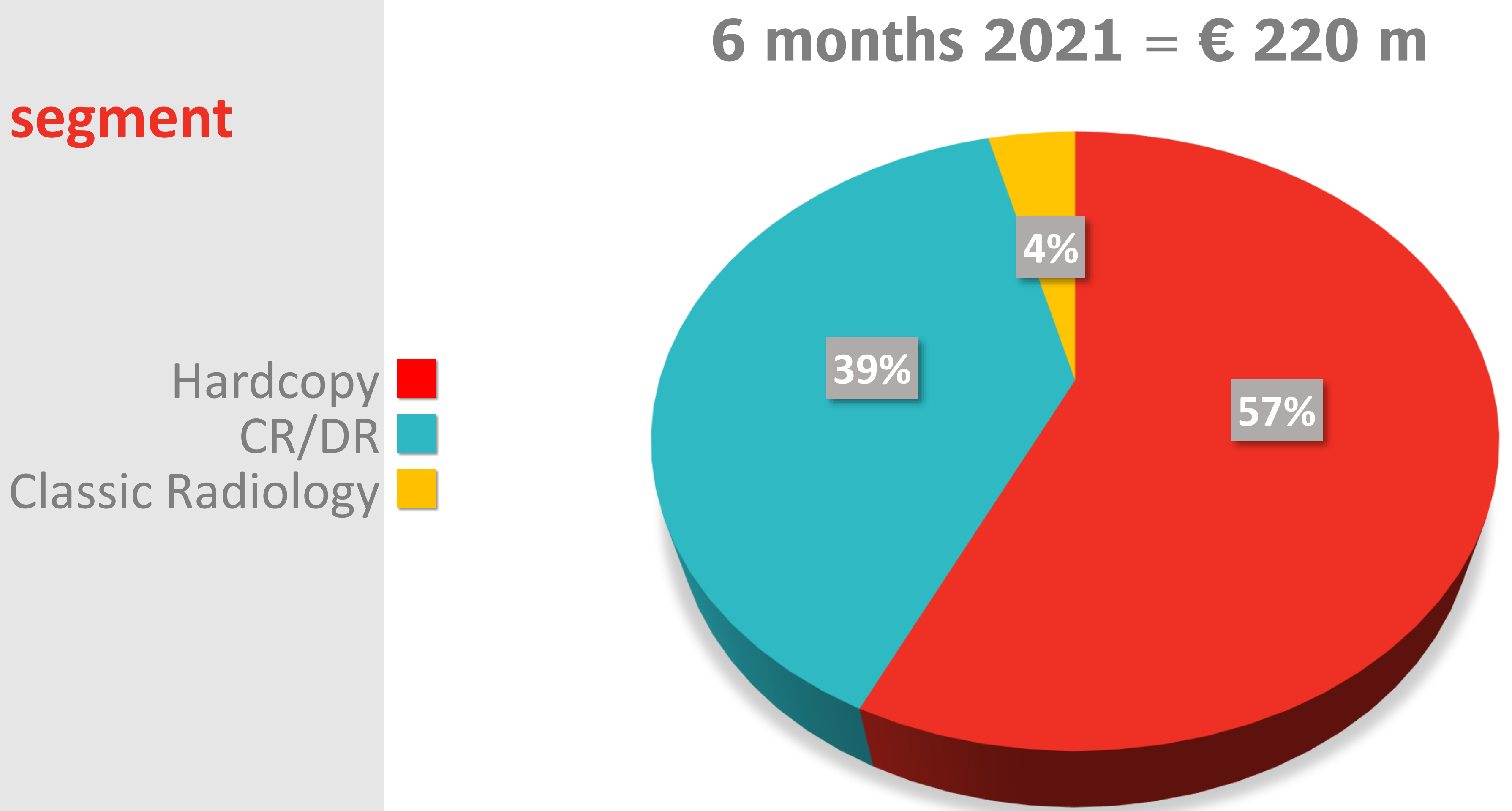
- The division performed according to expectations in Q2, beating Q1 revenue and EBITDA. Q2 20 benefited strongly from the revenue and profit recognition of a very large project in North America.
- Agfa HealthCare's order book remains at a very healthy level. The division continues to gain market momentum attracting new customers and expanding the scope of its solutions at existing customers.
- Agfa recognized by KLAS and Censinet not only as a pioneer on Cybersecurity transparency but also as 'cybersecurity mature'.
- Mainly driven by improved service efficiencies related to the further maturing of the service organization and product offering, the gross profit margin reached 45.4% of revenue.
- Adjusted EBITDA reached € 7.9 m (14.2% of revenue).
- Confirming mid-term target of high teen EBITDA%.

AGFA

Radiology Solutions

Radiology Solutions

Sales
by business segment



AGFA

Radiology Solutions

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q2 '21	Q2 '20	Δ% (excl.curr.)	6m'21	6m'20	Δ% (excl.curr.)
Sales	**121**	113	7.3% (9.7%)	**220**	231	-4.8% (-2.2%)
Gross Profit*	**45**	44	3.7%	**77**	89	-13.2%
as a % of sales	**37.5%**	38.8%		**35.1%**	38.5%	
SG&A*	**-26**	-22	15.7%	**-50**	-49	3.8%
as a % of sales	**21.5%**	19.9%		**22.9%**	21.0%	
R&D*	**-4**	-4	20.5%	**-9**	-8	8.0%
Other operating items*	**0**	0		**-1**	-5	
Adjusted EBITDA*	**21.0**	23.8	-11.7%	**28.2**	40.1	-29.8%
as a % of sales	**17.3%**	21.1%		**12.8%**	17.4%	
Adjusted EBIT*	**15.3**	17.7	-13.4%	**16.8**	27.7	-39.4%
as a % of sales	**12.6%**	15.6%		**7.6%**	12.0%	

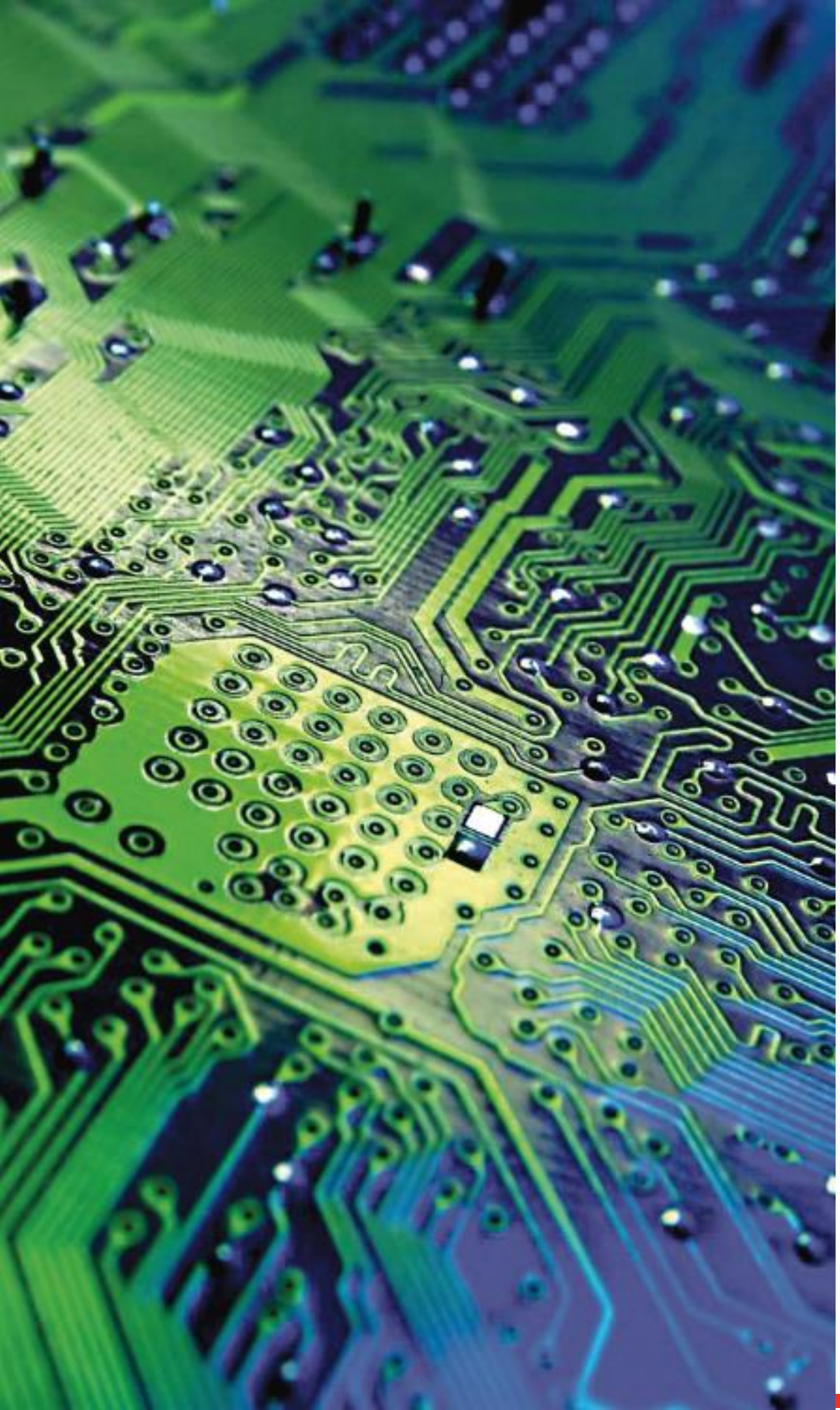
* Before restructuring and non-recurring items

AGFA

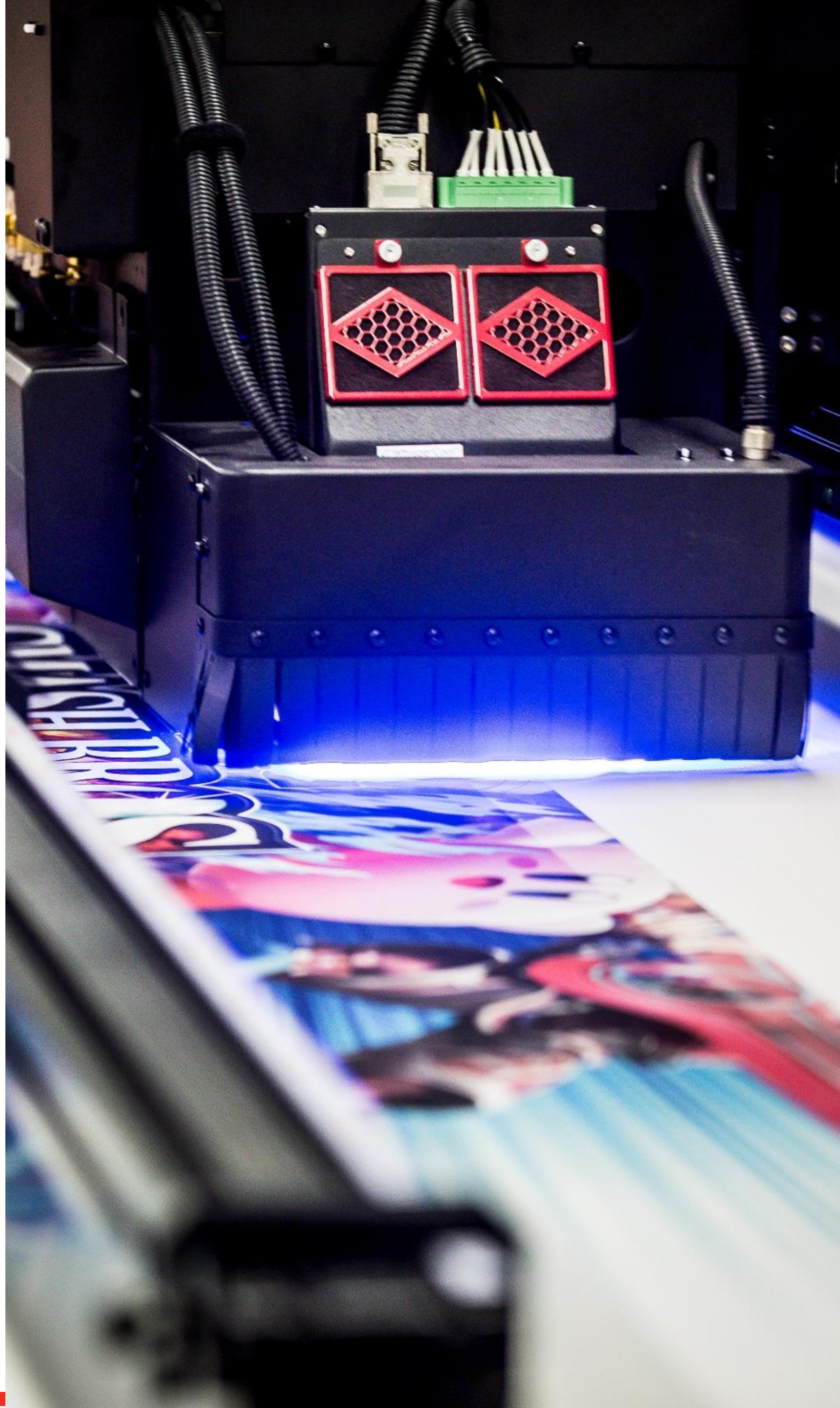
Radiology Solutions: DR growth, medical film still COVID impacted

Main drivers behind key figures Q2

- After a weak Q1, significantly better performance in Q2.
- DR continued to grow double digit.
- Medical film volumes still impacted by COVID-19 in Latin America, Russia, South Africa and India. Price increase action in place to tackle inflationary pressure.
- The division’s gross profit margin reached 37.5%, a substantial improvement versus the weak Q1, a decrease versus Q2 20, mainly due to volume decreases in medical film and CR and the high raw material costs.
- Adjusted EBIT amounted to € 15.3 m.

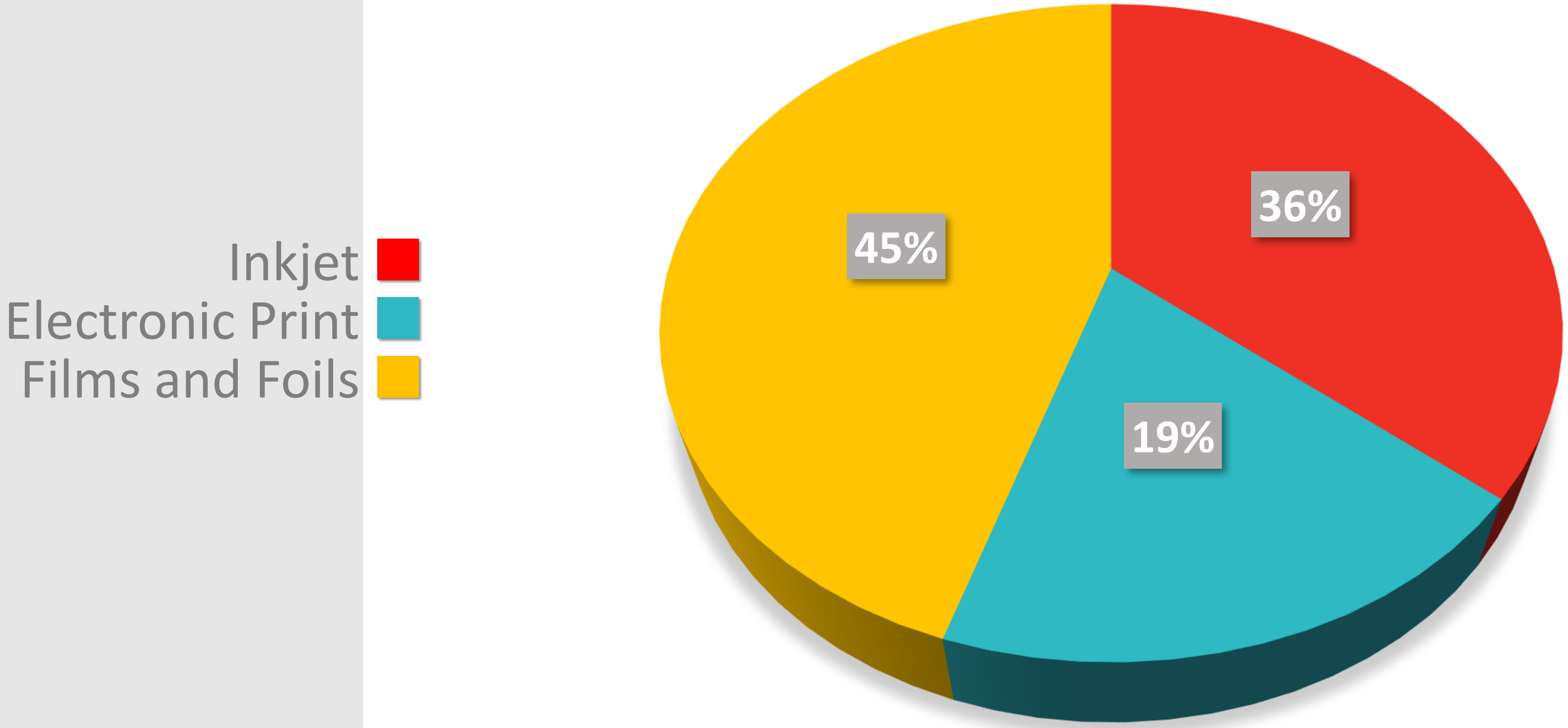


Digital Print
&
Chemicals



Sales by business segment

6 months 2021 = € 154 m



Digital Print & Chemicals

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q2 '21	Q2 '20	Δ% (excl.curr.)	6m'21	6m'20	Δ% (excl.curr.)
Sales	**81**	67	21.1% (23.3%)	**154**	141	9.0% (10.9%)
Gross Profit* as a % of sales	**23** **28.7%**	18 26.2 %	32.5%	**46** **29.8%**	39 27.9%	16.3%
SG&A* as a % of sales	**-14** **17.7%**	-12 18.4%	16.2%	**-28** **18.2%**	-27 19.0%	4.7%
R&D*	**-6**	-4	25.3%	**-12**	-10	19.6%
Other operating items*	**1**	0		**0**	-1	
Adjusted EBITDA* as a % of sales	**6.8** **8.4%**	3.6 5.4%	88.0%	**12.1** **7.8%**	7.1 5.1%	68.8%
Adjusted EBIT* as a % of sales	**3.9** **4.7%**	1.0 1.6%	267.7%	**6.2** **4.0%**	1.9 1.4%	219.2%

* Before restructuring and non-recurring items

AGFA

Digital Print & Chemicals continued to recover

Main drivers behind key figures Q2

- Inks as well as the large format inkjet printing equipment business continued to recover in the higher end of the market.
- Rolling out several product initiatives for the rebound:
  - Recently introduced fast Jeti Tauro printer met with instant success.
  - Solutions for new digital printing applications: such as laminate floorings and leather.
  - Solutions for other new applications (e.g. in the field of packaging) are being developed.
- Film and foil volumes continued to recover from COVID-19.
- Specialty chemical business back to pre-COVID level and well positioned for future growth.
  - Membranes for advanced alkaline electrolysis used in green hydrogen production: in Q2 Agfa added the new high performance ZIRFON UTP 220 membrane to its membrane portfolio.
  - Conductive polymers in hybrid and electric car technology.
- Gross profit increased to 28.7% helped by the price increase actions.
- Adjusted EBIT amounted to € 3.9 m.

Offset Solutions

Offset Solutions

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q2 '21	Q2 '20	Δ% (excl.curr.)	6m'21	6m'20	Δ% (excl.curr.)
Sales	**183**	155	17.8% (20.1%)	**352**	342	2.7% (5.3%)
Gross Profit*	**41**	28	47.0%	**79**	72	9.0%
as a % of sales	**22.7%**	18.2%		**22.4%**	21.1%	
SG&A*	**-33**	-29	11.8%	**-66**	-67	-2.1%
as a % of sales	**18.0%**	19.0%		**18.7%**	19.6%	
R&D*	**-5**	-5	1.6%	**-10**	-11	-4.8%
Other operating items*	**0**	-2		**-3**	-3	
Adjusted EBITDA*	**8.0**	-2.8	386.3%	**9.6**	0.9	935.2%
as a % of sales	**4.4%**	-1.8%		**2.7%**	0.3%	
Adjusted EBIT*	**3.3**	-7.6	143.9%	**0.2**	-9.0	102.0%
as a % of sales	**1.8%**	-4.9%		**0.1%**	-2.6%	

* Before restructuring and non-recurring items

AGFA

Offset Solutions performance improved, price actions in place

Main drivers behind key figures Q2

- The division's top line improved by 20.1% (excl curr) compared to Q2 20. Apart from the partial recovery of the offset markets, the increase was fueled by price actions. In spite of this revenue increase, the division did not return to pre-COVID levels.
- Although affected by mix effects and cost inflation, gross profit margin improved to 22.7%. However, the bulk of the cost inflation will impact the business in 2H 21, mitigated by price actions where the contractual situation allows.
- Adjusted EBIT amounted to € 3.3 m (1.8% of revenue).
- To improve profitability and to address the decline in market demand, Agfa is reviewing its offset business model, simplifying its organization and streamlining its product offering. In this context, Agfa recently decided to wind down the activities of its Spanish subsidiary Ipagsa Technologies S.L.U.
- In January 2021, Agfa expressed the intention to organize the Offset Solutions activities into a stand-alone legal entity structure and organization within the Agfa-Gevaert Group.

Volume improvement but continued inflationary pressure

Outlook

- Agfa expects business volume growth/recovery in the second half of 2021. In that period, adjusted EBITDA is expected to be more heavily impacted by inflationary pressure and by the structural decline in the Offset Solutions division.

- Overall, raw material costs are expected to have a stronger impact in the coming quarters. Agfa continues its tight working capital and cost management, as well as its price increase programs to mitigate cost inflation. In some cases, the effects of price actions come with a certain delay due to clauses in contracts with customers.

Sustainability @ Agfa

The road to 2030 & beyond: sustainable and profitable growth

For a safe, diverse, inclusive and stimulating work environment

- On-going refresh of safety programs & thorough root causes analysis
- Increasing visibility of accidents to management
- New learning and awareness raising material on D&I

For an increased focus on sustainable innovation and corporate governance

- Matrix to assess sustainability of R&D products – pilots on-going
- EcoVadis ESG rating assessment started
- Internal stakeholders consultation on-going to define gaps & priorities for future work
- Several meetings with external stakeholders and investors focused on ESG performance

For a continuous reduction of our operations' impact on the planet

- Solar panels installed in Mortsel → provide 4% of purchased electricity
- Cooling water production in Heultje
- Implementation of a new car policy with electric and hybrid cars
- New hybrid working policy as of September → reduced commuting

AGFA

Questions

&

Answers