Q2/HY 2022 Results

Agfa-Gevaert Group

August 24, 2022

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Top line growth, cost inflation impact on margins, positive evolution net pension debt

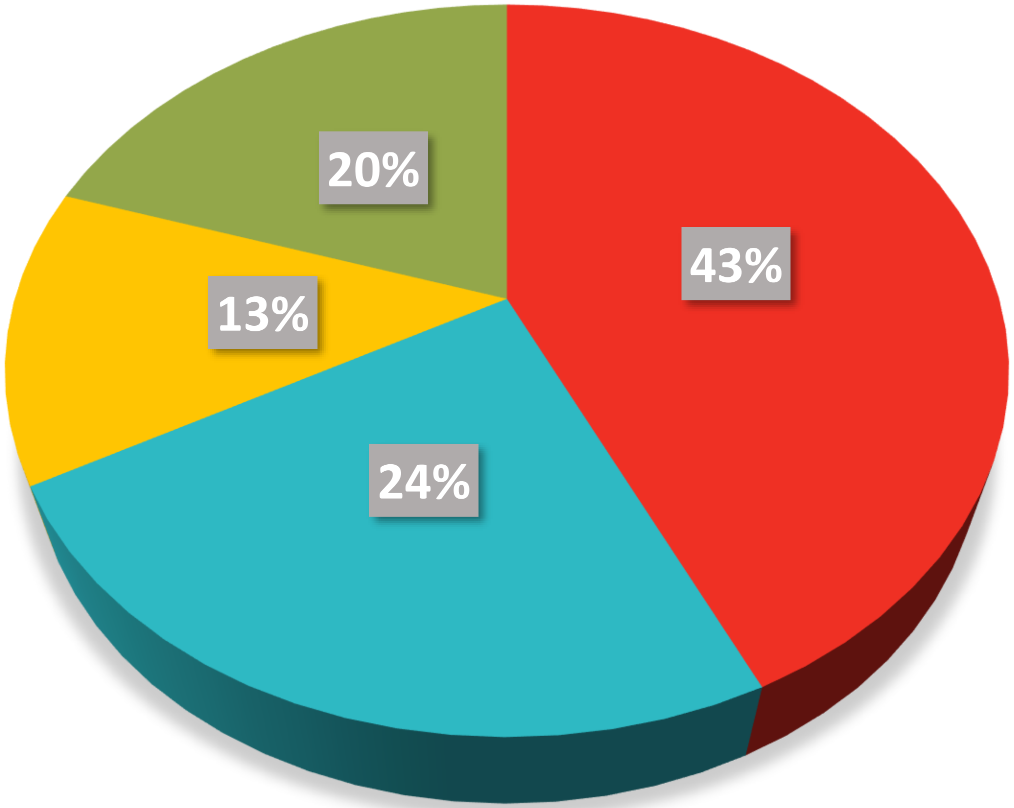
Key highlights Q2

- Top line growth driven by DPC and Offset Solutions
- Order book HealthCare IT at very healthy level – strong growth in order intake
- Gross profit decreased due to inflationary pressure and volume losses in medical film related to COVID lockdowns in China
- Adjusted EBITDA amounted to 32 million Euro
- Seasonal increase in working capital, amplified by supply chain issues, cost inflation and inclusion of Inca Digital Printers acquisition
- Positive effect of 142 million Euro on net pension liability for the material countries versus year-end 2021
- Acquisition of Inca yields first integration results: Agfa's inks being certified to be used on Onset print engines

Sales by division

Offset Solutions
Radiology Solutions
HealthCare IT
Digital Print and Chemicals

6 months 2022 = 893 million Euro



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Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q2 ’22	Q2 ’21	Δ% (excl.curr.)	6m’22	6m’21	Δ% (excl.curr.)
Sales	469	441	6.4% (1.4%)	893	836	6.7% (2.3%)
Gross Profit*	137	135	1.0%	260	252	3.1%
as a % of sales	29.2%	30.7%		29.1%	30.1%	
SG&A*	-96	-90	6.6%	-193	-180	7.6%
as a % of sales	20.6%	20.5%		21.6%	21.5%	
R&D*	-24	-24	1.8%	-48	-49	-1.7%
Other operating items*	0	4		1	1	
Adj. EBITDA*	32	40	-20.9%	51	56	-9.1%
as a % of sales	6.8%	9.1%		5.7%	6.6%	
Adj. EBIT*	16	25	-34.0%	20	24	-17.9%
as a % of sales	3.5%	5.6%		2.2%	2.9%	

* Before restructuring and non-recurring items

Agfa-Gevaert Group

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q2'22	Q2'21	6m'22	6m'21
Adjusted EBIT*	16	25	20	24
Restructuring/non-recurring	-14	3	-23	2
Operating result	2	28	-3	27
Non-operating result	-11	-3	-9	-4
Profit before taxes	-9	25	-13	23
Taxes	-4	-9	-7	-14
Profit	-13	15	-20	9
attributable to owners of the company	-17	0	-21	10
attributable to non-controlling interests	4	15	1	-1

* Before restructuring and non-recurring items

Top line growth, cost inflation impact on margins partly mitigated by price actions

Main drivers behind key figures Q2

- Top line increased by 6.4% versus Q2 2021:
  - Growth was mainly driven by volume increases in DPC and price actions in Offset Solutions
  - HealthCare IT: order book at very healthy level, strong growth in order intake
  - Radiology Solutions: medical film volumes heavily impacted by COVID lockdowns in China, the geopolitical situation and slower than normal volumes in some export markets
- Gross profit margin at 29.2% due to successful price actions and strict cost management partly mitigating cost inflation.
- Net loss of 13 million Euro.

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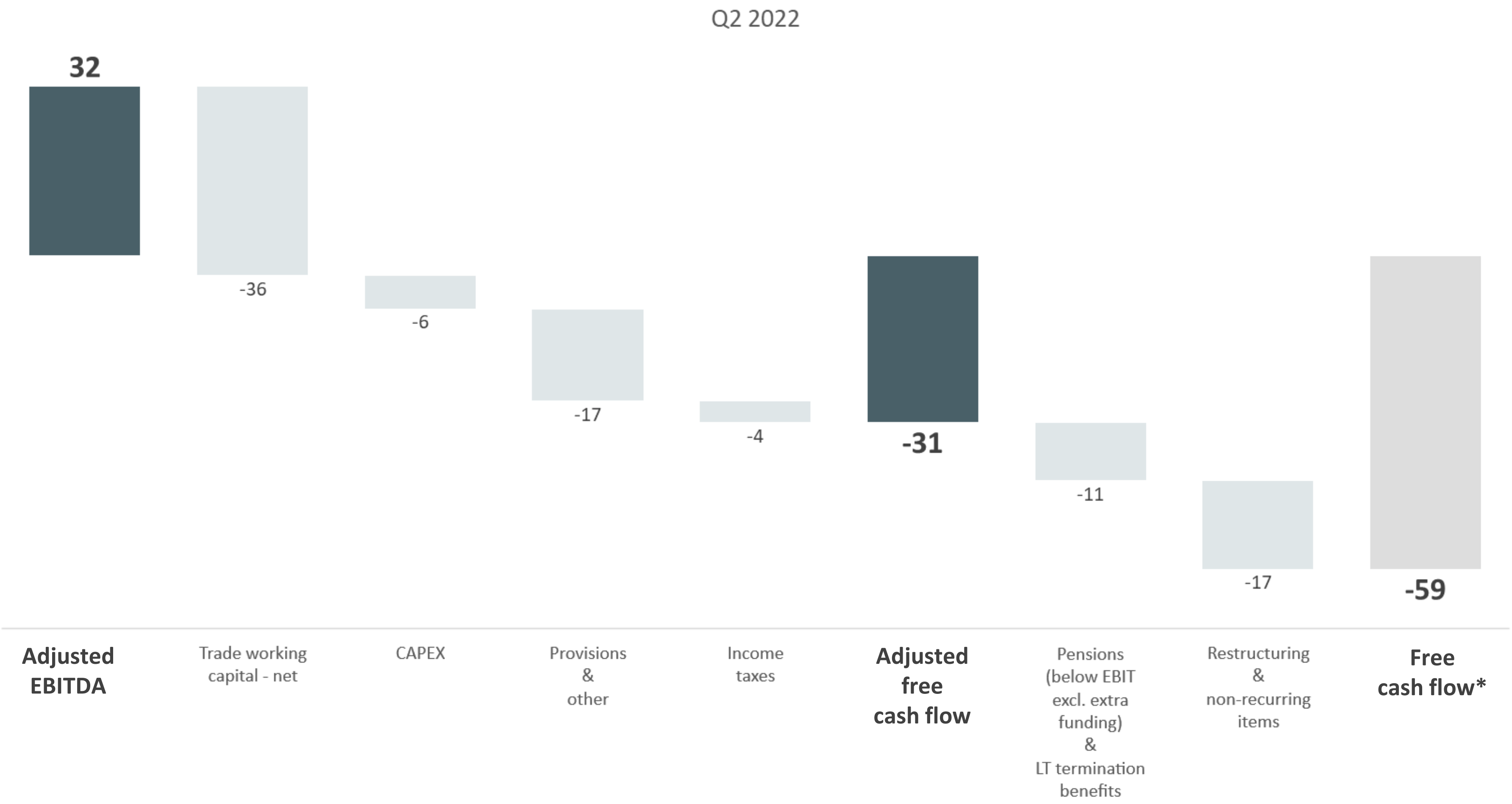
Free cash flow



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.

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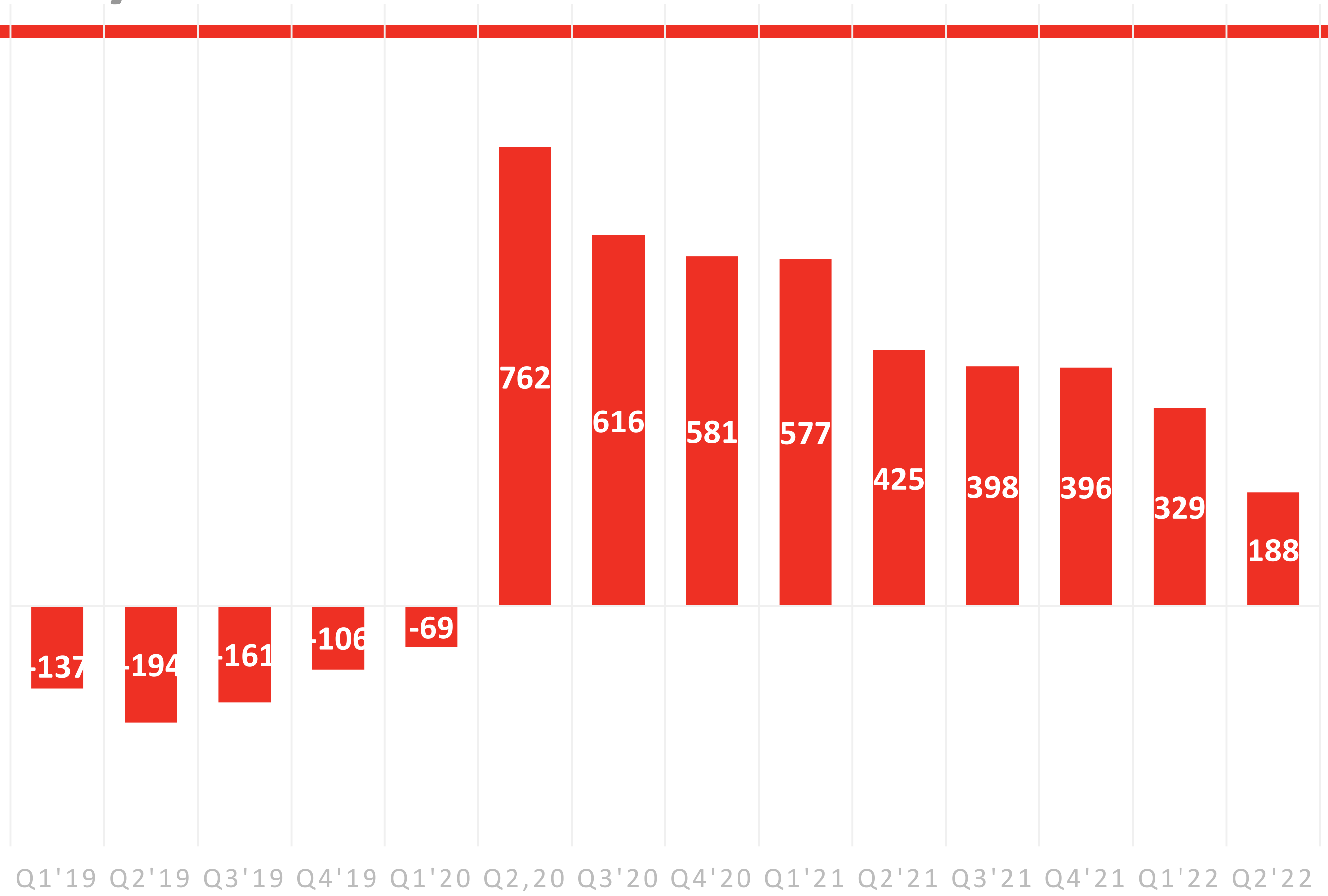
Net cash position: impacted by seasonal increase in working capital, the Inca acquisition and the share buy-back

Net cash position

excl IFRS 16, in million Euro



Note: Total B/S net cash position Q2 2022 incl IFRS 16 = 120 million Euro

Working Capital: impacted by cost inflation, supply chain issues and the Inca acquisition

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Δ Q2 2022 vs 2021	Δ 2022 Q2 vs Q1
Inventories (Mio Eur)	536	477	418	465	445	421	91	59
° DIOH in days	147	134	119	134	131	127	16	13
Trade Receivables, Contract Assets/Liabilities	297	293	283	270	255	266	42	3
° DSO in days	57	62	53	55	52	60	5	-5
Trade Payables (Mio Eur)	270	263	252	258	240	238	30	7
° DPO in days	74	74	72	74	71	72	3	0
Trade Working Capital	563	507	449	477	460	449	103	56
° Trade Working Capital as % of sales	31%	28%	26%	27%	27%	27%		

Update Pensions

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Update Pension Status 1H 2022: substantial improvement of funded status

(material countries excluding Belgian DC Plans)

Funded status

* Delta of € (142) m vs year end 2021 due to:

- impact of 'Remeasurements' of € (129) m mainly driven by an increase in discount rate to 2.99% (versus 1.42% end of 2021)
- a defined benefit cost of € 14 m
- a negative translation difference of € 2 m

in million Euro	2019	2020	2021	HY 2022
Funded Status	**(1,068)**	**(900)**	**(670)**	**(528)**
Obligations	2,041	1,863	1,767	1,468
Assets	973	963	1,098	940

Update Pension cost and cash outflow 1H 2022: decrease in cash outflow
(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	2021	HY 2022
Pension Cost in EBIT	21	23	24	10
Net interest cost	21	14	8	4
Non recurring	-1	-1	-	-
Total pension cost	**42**	**36**	**32**	**14**
Pension cash out	**108**	**293**	**178**	**28**

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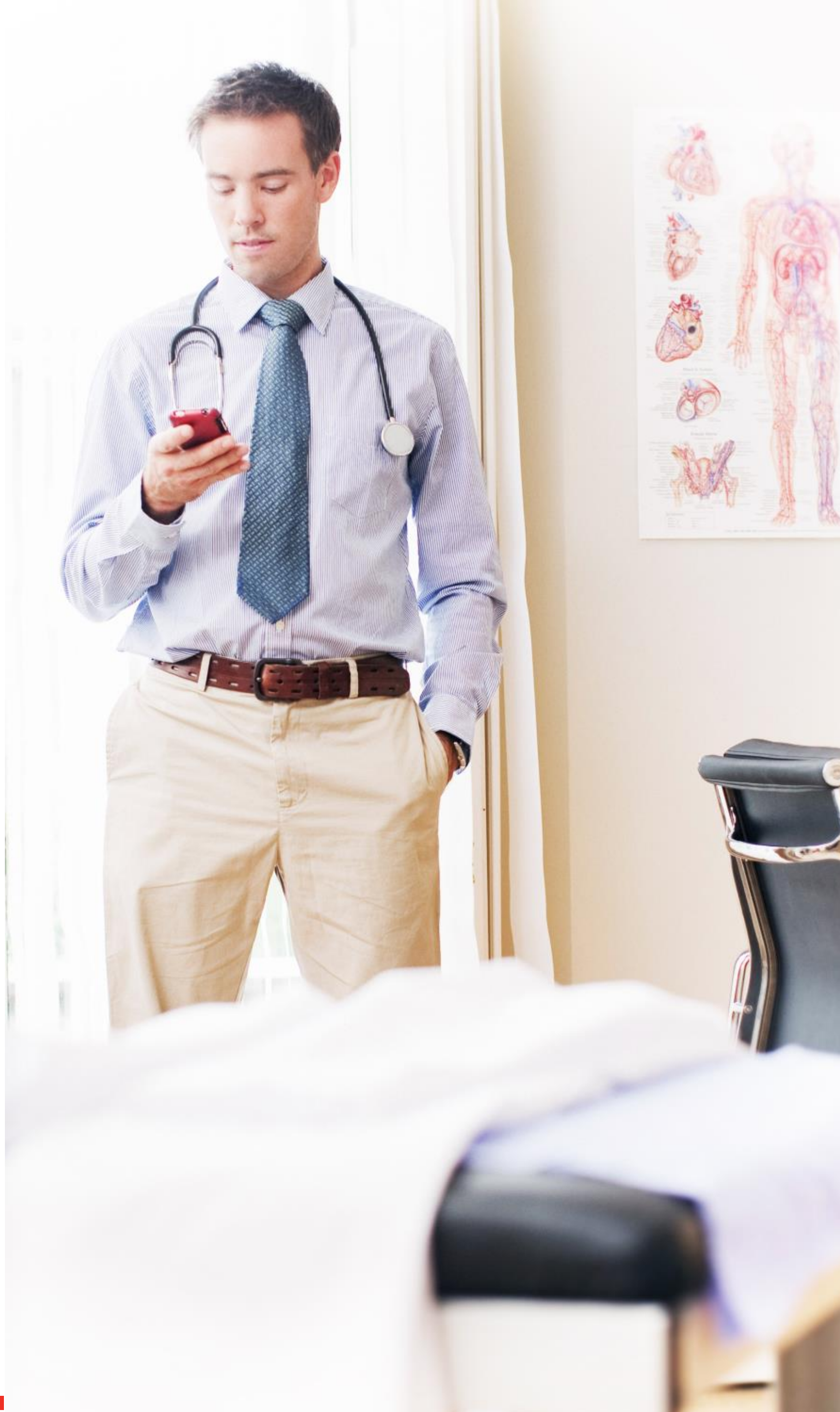
HealthCare IT



HealthCare IT

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q2 '22	Q2 '21	Δ% (excl.curr.)	6m'22	6m'21	Δ% (excl.curr.)
Sales	57	56	2.8% (-4.4%)	112	111	1.2% (-4.8%)
Gross Profit* as a % of sales	26 45.8%	25 45.4%	3.7%	51 45.3%	50 45.4%	1.0%
SG&A* as a % of sales	-15 26.4%	-12 22.2%	22.3%	-30 27.0%	-26 23.1%	18.1%
R&D*	-9	-8	9.1%	-17	-16	8.5%
Other operating items*	1	1		3	1	
Adjusted EBITDA* as a % of sales	5.6 9.7%	7.9 14.2%	-29.9%	9.9 8.9%	14.4 13.0%	-31.0%
Adjusted EBIT* as a % of sales	3.7 6.4%	5.8 10.5%	-36.8%	6.2 5.5%	9.9 8.9%	-37.3%

* Before restructuring and non-recurring items

HealthCare IT delivers on its strategic roadmap

Main drivers behind key figures Q2

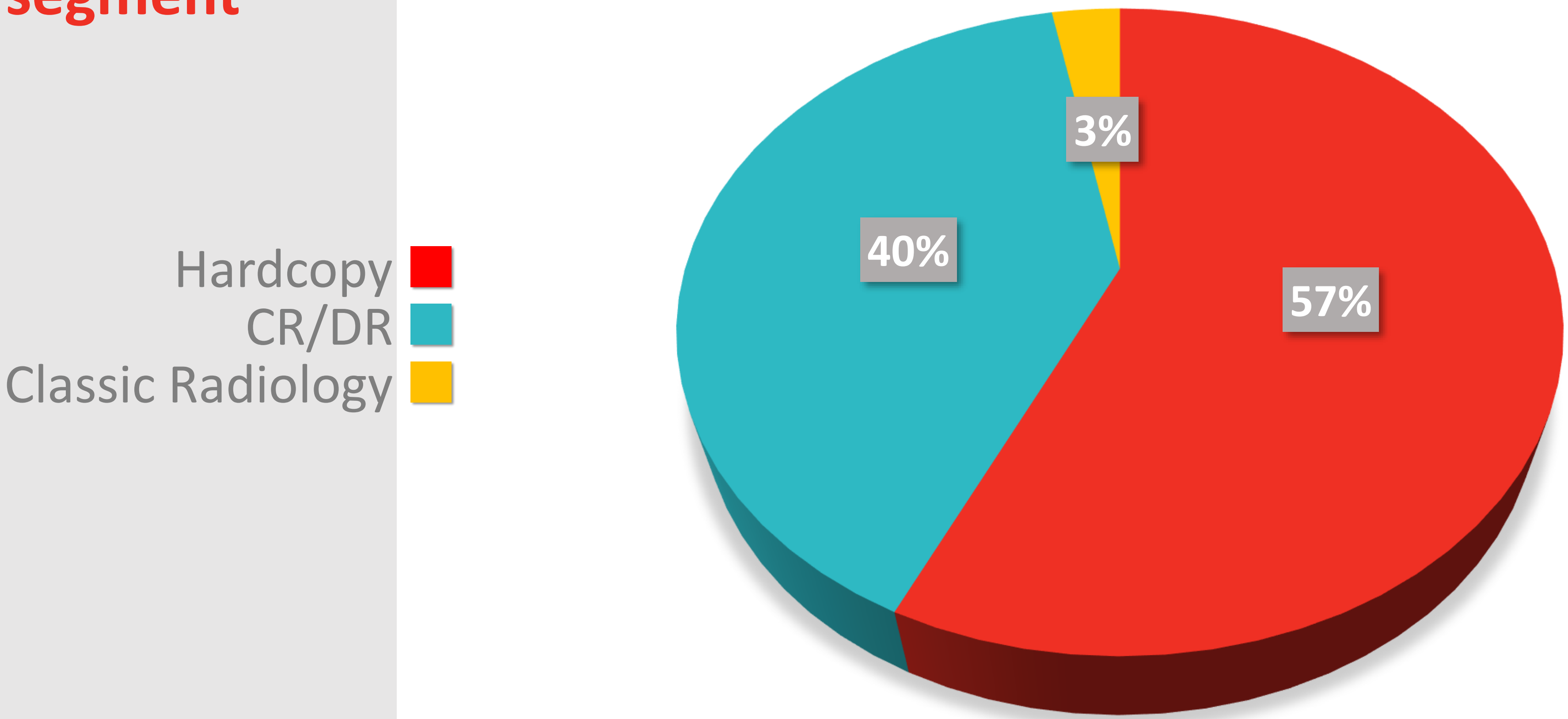
- Top line reached 57 million Euro following a slower Q1 2022, with increasing sales in North America.
- In spite of supply chain issues for hardware components, sales are expected to pick up in 2H
- Order book HealthCare IT at very healthy level – strong growth in order intake
- Mainly driven by favorable mix effects, the gross profit margin reached 45.8% of revenue.
- Adjusted EBITDA decreased to 5.6 million Euro due to increased investments in R&D and commercial resources to grow the business
- Confirming mid-term target of high teen EBITDA%.

Radiology Solutions

Radiology Solutions

Sales
by business segment

6 months 2022 = 215 million Euro



Radiology Solutions

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q2 '22	Q2 '21	Δ% (excl.curr.)	6m'22	6m'21	Δ% (excl.curr.)
Sales	114	121	-5.9% (-11.5%)	215	220	-2.0% (-6.8%)
Gross Profit* as a % of sales	37 32.6%	45 37.5%	-18.2%	68 31.4%	77 35.1%	-12.2%
SG&A* as a % of sales	-26 22.6%	-26 21.5%	-0.9%	-52 24.0%	-50 22.9%	2.6%
R&D*	-4	-4	-8.4%	-8	-9	-8.8%
Other operating items*	-2	0		-1	-1	
Adjusted EBITDA* as a % of sales	12.1 10.7%	21.0 17.3%	-42.1%	19.1 8.9%	28.2 12.8%	-32.1%
Adjusted EBIT* as a % of sales	5.9 5.2%	15.3 12.6%	-61.2%	6.9 3.2%	16.8 7.6%	-58.8%

* Before restructuring and non-recurring items

Radiology Solutions: medical film heavily impacted by COVID lockdowns in China, DR impacted by market volatility

Main drivers behind key figures Q2

- The COVID lockdowns in China, the geopolitical situation and slower than normal volumes in some export markets weighed heavily on the medical film business.
- DR impacted by the post-COVID market volatility as healthcare providers have to make choices on priorities for investments within radiology and beyond.
- Despite price increase and cost management actions, gross profit margin decreased to 32.6% due to volume decreases in medical film and cost inflation.
- Adjusted EBITDA amounted to 12.1 million Euro.

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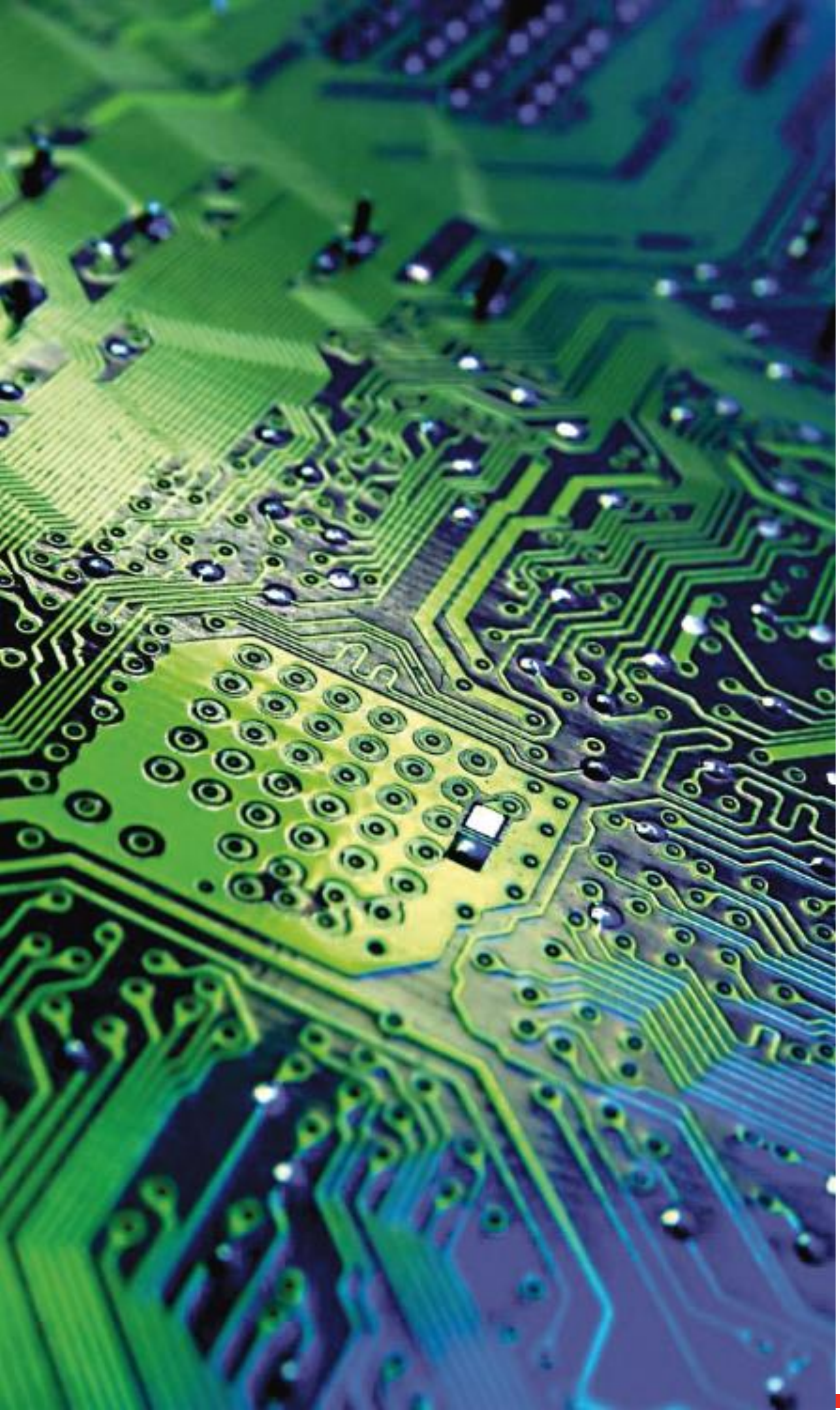
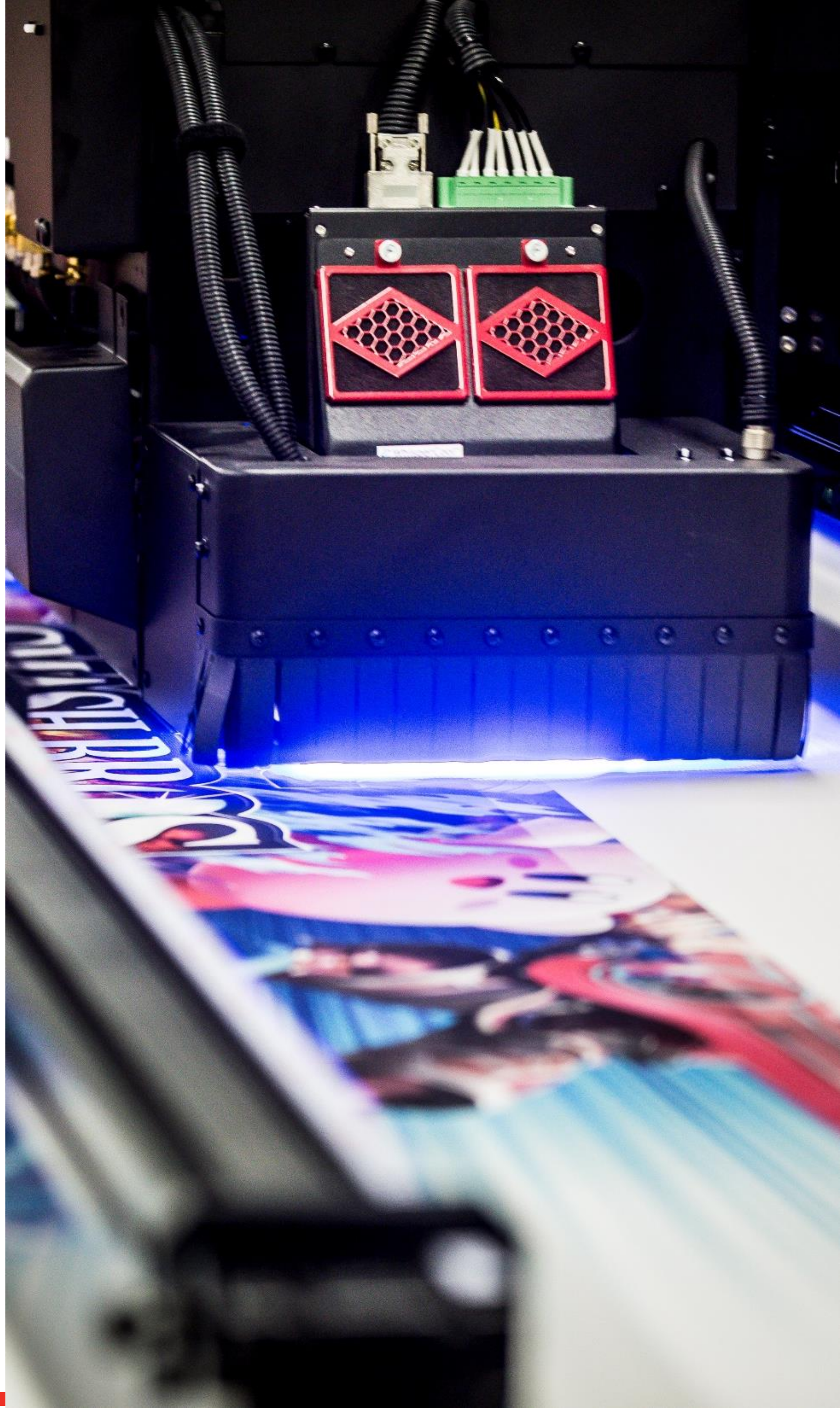
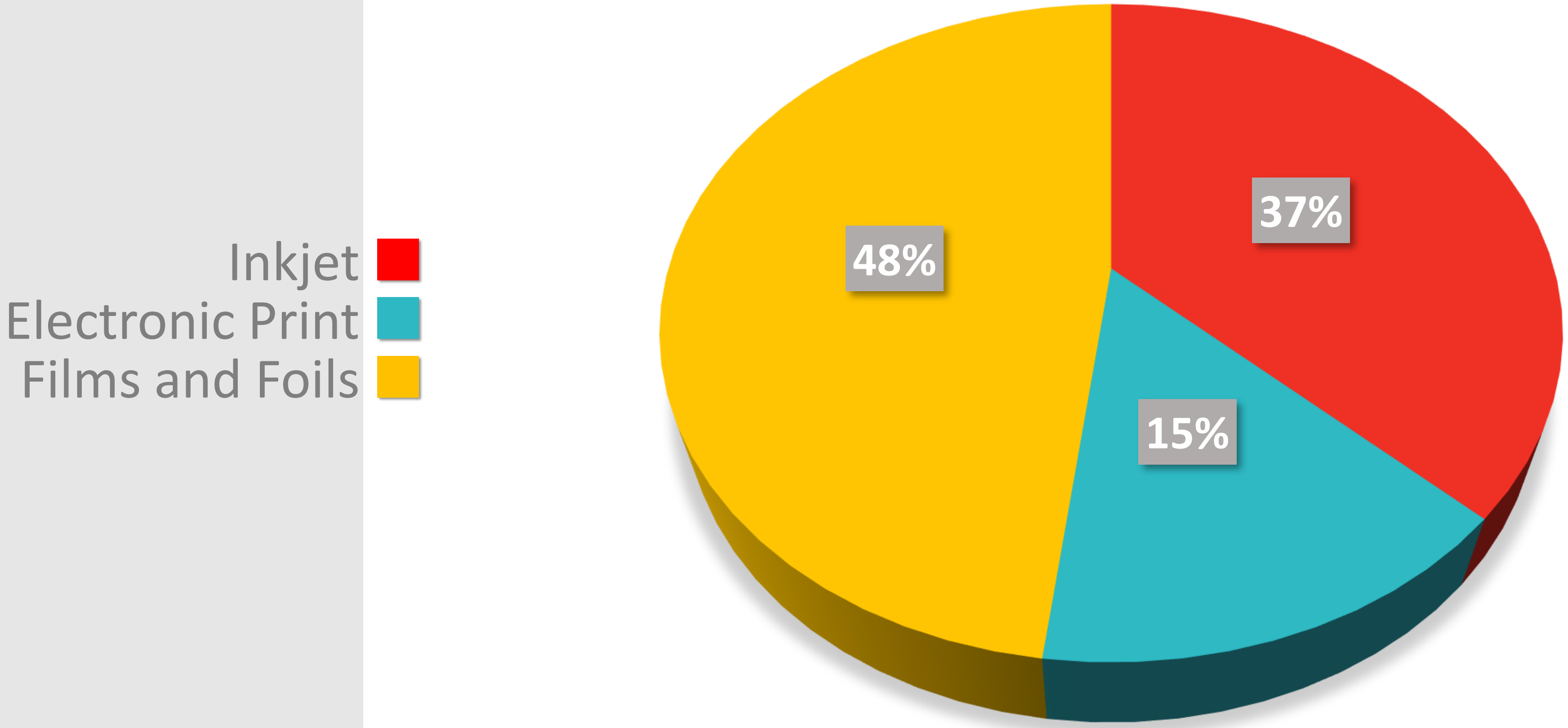


Digital Print
&
Chemicals



Sales
by business segment

6 months 2022 = 178 million Euro



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Digital Print & Chemicals

Key figures
Profit & Loss

Incl. IFRS 16

in million Euro	Q2 '22	Q2 '21	Δ% (excl.curr.)	6m'22	6m'21	Δ% (excl.curr.)
Sales	98	81	20.9% (18.2%)	178	154	15.3% (12.8%)
Gross Profit* as a % of sales	26 26.1%	23 28.7%	10.1%	50 28.0%	46 29.8%	8.4%
SG&A* as a % of sales	-17 17.7%	-14 17.7%	21.1%	-33 18.6%	-28 18.2%	17.7%
R&D*	-6	-6	13.2%	-12	-12	5.4%
Other operating items*	-1	1		-2	0	
Adjusted EBITDA* as a % of sales	4.2 4.3%	6.8 8.4%	-38.0%	8.3 4.7%	12.1 7.8%	-31.0%
Adjusted EBIT* as a % of sales	1.3 1.3%	3.9 4.7%	-67.6%	2.7 1.5%	6.2 4.0%	-55.8%

* Before restructuring and non-recurring items

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Digital Print & Chemicals: Digital Printing and Zirfon well positioned for future growth

Main drivers behind key figures Q2

- Digital printing:
  - Inks as well as the large format inkjet printing equipment business continued to grow, clearly exceeding pre-COVID levels: the larger printers order book has grown with a double digit percentage since the start of the year
  - Inca integration evolving as planned – Agfa's inks being certified for use on Inca's Onset printer range
- Zirfon membrane business:
  - Announced supply of a significant volume to Thyssenkrupp Nucera
  - Number of active Zirfon customers > 50
  - Investment in a new production facility for Zirfon being prepared
- Film and foil volumes continue to recover from COVID-19.
- Gross profit decreased to 26.1%, impacted by cost inflation and supply chain issues.
- Adjusted EBITDA amounted to 4.2 million Euro.

Offset Solutions

Offset Solutions

Key figures
Profit & Loss

Incl. IFRS 16

in million Euro	Q2 ’22	Q2 ’21	Δ% (excl.curr.)	6m’22	6m’21	Δ% (excl.curr.)
Sales	199	183	9.2% (4.3%)	388	352	10.3% (5.8%)
Gross Profit* as a % of sales	48 23.8%	41 22.7%	14.8%	91 23.5%	79 22.4%	15.6%
SG&A* as a % of sales	-34 17.0%	-33 18.0%	3.0%	-69 17.7%	-66 18.7%	4.2%
R&D*	-5	-5	0.7%	-10	-10	-5.1%
Other operating items*	1	0		0	-3	
Adjusted EBITDA* as a % of sales	14.2 7.1%	8.0 4.4%	77.3%	22.2 5.7%	9.6 2.7%	129.9%
Adjusted EBIT* as a % of sales	9.8 4.9%	3.3 1.8%	192.9%	13.2 3.4%	0.2 0.1%	

* Before restructuring and non-recurring items

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Offset Solutions performance improved, price actions in place

Main drivers behind key figures Q2

- Top line improved by 9.2% compared to Q2’21, fueled by successful price increases and increased focus on high-value regions.
- Gross profit margin improved from 22.7% of revenue in the second quarter of 2021 to 23.8% due to the implemented price adjustments.
- Adjusted EBITDA amounted to 14.2 million Euro.

Continued inflationary pressure, though better 2H expected

Outlook

- Continued impact of cost inflation, supply chain issues, the uncertain geopolitical and economic situation and potential COVID lockdowns expected in the coming quarters.
- All necessary actions are being taken to operate in an increasingly complex business environment.
  - Additional price actions to tackle cost inflation and continued focus on working capital improvements and cost management.
  - Ongoing transformation actions expected to bring more agility and to further simplify the operations, also allowing to further reduce costs from 2023 onwards.
- Assuming that the uncertainty in most markets will not deteriorate, 2H‘22 is expected to be better thanks to additional pricing actions coming into effect.

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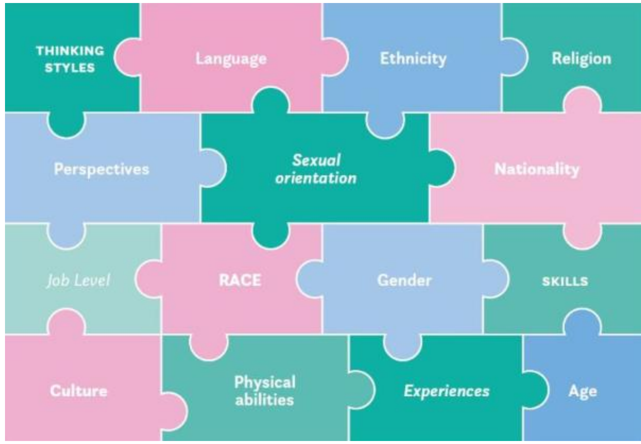
Sustainability @ Agfa

The road to 2030 & beyond: sustainable and profitable growth

For a safe work environment

- Refresh of safety programs, thorough root causes analysis, …
- Brain based safety program in maintenance (Mortsel)
- Roll out 5S program in DPC

➢ **- 25 % accidents with min. one day lost in first half year 2022 vs first half 2021**



For a diverse, inclusive and stimulating work environment

- Comprehensive DEI strategy launched
- Call for Employees Resources Group (ERG) ended on 15/8
- Survey employees perception and satisfaction concluded, results in September

➢ **31 % women in new permanent hires in first half 2022 (goal for 2022 is 37%)**

BRONZE ecovadis Sustainability Rating

For an increased focus on sustainable innovation and corporate governance

- Sustainability matrix included in product development procedure (DPC)
- New car policy launched: 52% PHEV, 40% EVs, 8% ICE (new cars ordered as of Nov. 2021)
- Buyers' team training in sustainable procurement and procurement targets set

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Questions

&

Answers

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