



# FY 2023 Results Agfa-Gevaert Group

March 13, 2024





# Group EBITDA increases by 52%, powered by its growth engines

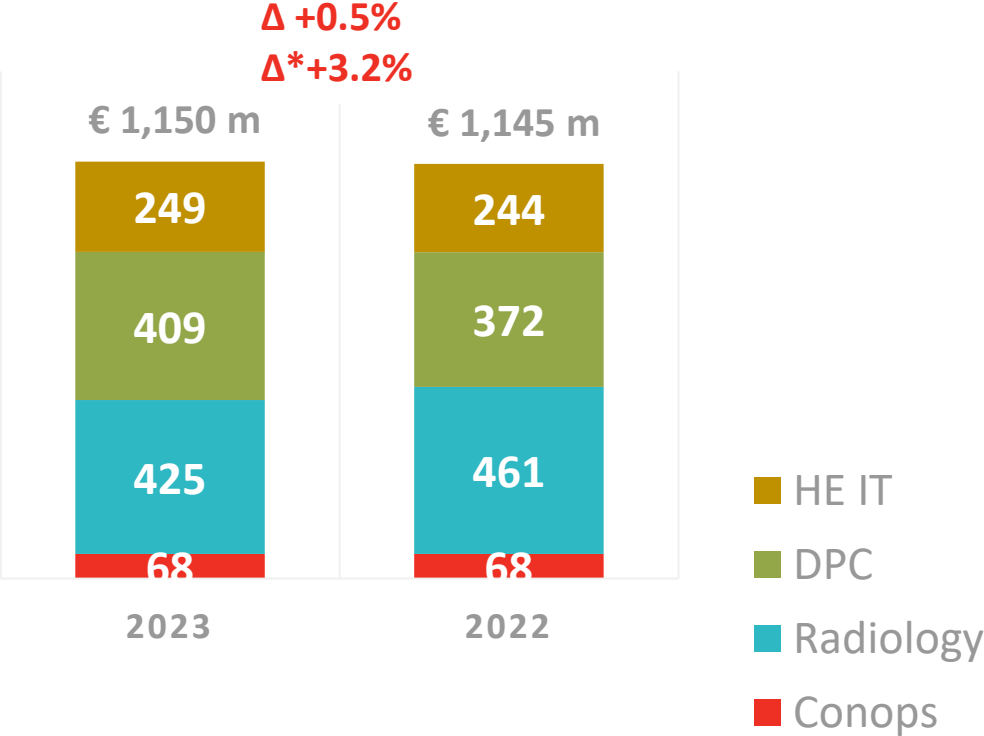


- **HealthCare IT:**
  - Strong improvement in profitability
  - Continued investments in innovative solutions
- **Digital Print & Chemicals:**
  - Growing ZIRFON business started to contribute to profitability
  - Profitable growth for Digital Print despite subdued equipment investment climate
  - Film activities under pressure from macro-economic conditions and currency impact
- **Radiology Solutions:**
  - Direct Radiography: Improved profitability in a soft market
  - Medical film: Continuing impact from new centralized procurement practices in China and macro-economic and geopolitical conditions
- **Adjusted EBITDA at € 76 m: significant year-over-year improvement driven by growth engines and stringent cost management**
- **Significant improvement in working capital from 32% to 27%**

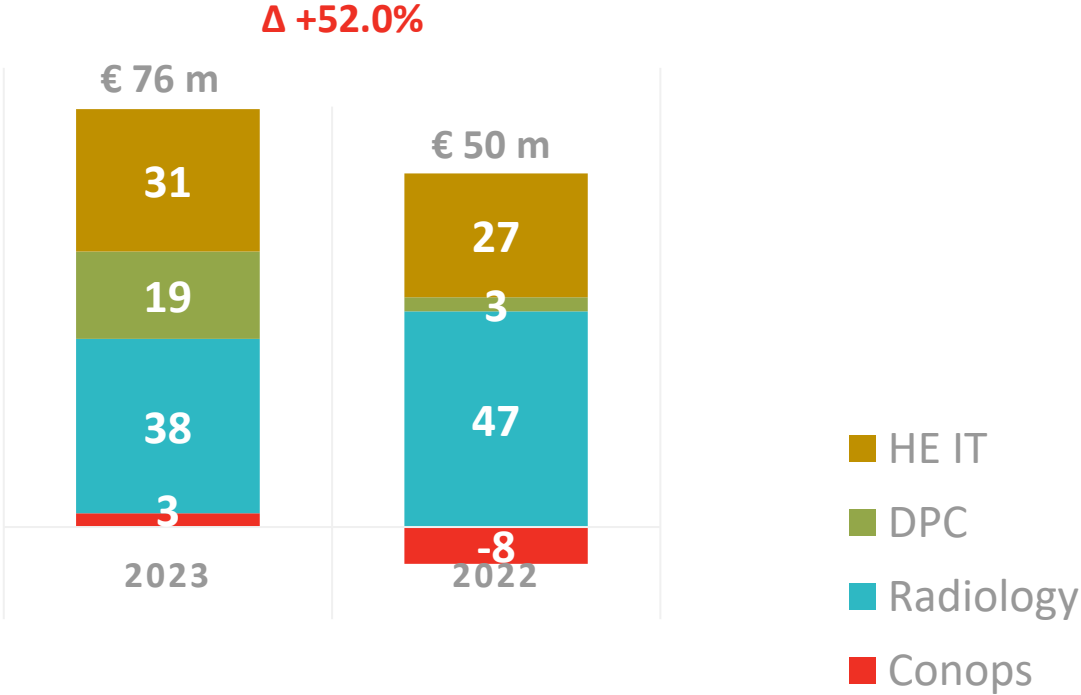
# Growth engines delivered significant increase in profitability



## Positive top line growth



## Significant EBITDA growth



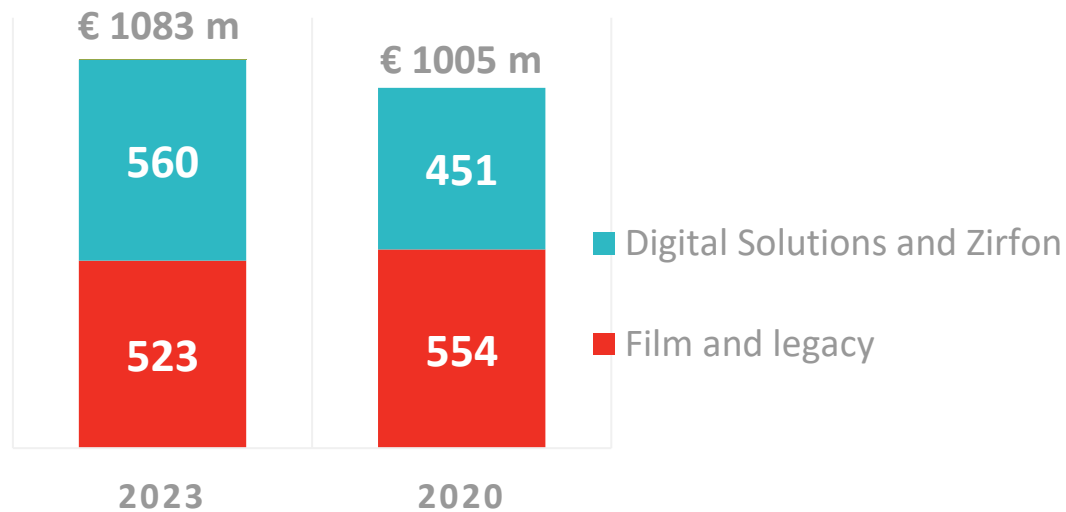
Δ\*: excluding currency effect

# Future oriented businesses delivered profitable growth



## FY 2023 vs FY 2020 sales\*

Δ Digital Solutions and ZIRFON\*\* **+24%**  
Δ Film and legacy **-6%**



\* Sales and EBITDA excl. HealthCare IT HCIS, Offset Solutions, Corporate costs

\*\* Digital Solutions and ZIRFON: HealthCare IT, Digital Printing Solutions, Green Hydrogen Solutions, DR



## FY 2023 vs FY 2022 EBITDA\*

EBITDA\* of Digital Solutions and ZIRFON\*\* **+ € 32 m** → strong acceleration of the profitable growth

# Agfa-Gevaert Group: Profit & Loss



in million Euro	Q4 '23	Q4 '22 re-presented	Δ% (excl.curr.)	FY'23	FY'22 re-presented	Δ% (excl.curr.)
Sales	313	316	-0.9% (2.1%)	1150	1145	0.5% (3.2%)
Gross Profit* as a % of sales	100 32.0%	95 29.9%	6.3%	359 31.2%	346 30.2%	3.7%
Operational expenses* as a % of sales	-80 25.5%	-89 28.2%	-10.4%	-329 28.6%	-347 30.3%	-5.3%
Adj. EBITDA* as a % of sales	32 10.2%	18 5.8%	75.9%	76 6.6%	50 4.3%	52.0%
Adj. EBIT* as a % of sales	21 6.6%	5 1.7%	282.2%	31 2.7%	-1 -0.1%	

\* Before restructuring and non-recurring items

# Agfa-Gevaert Group: Profit & Loss

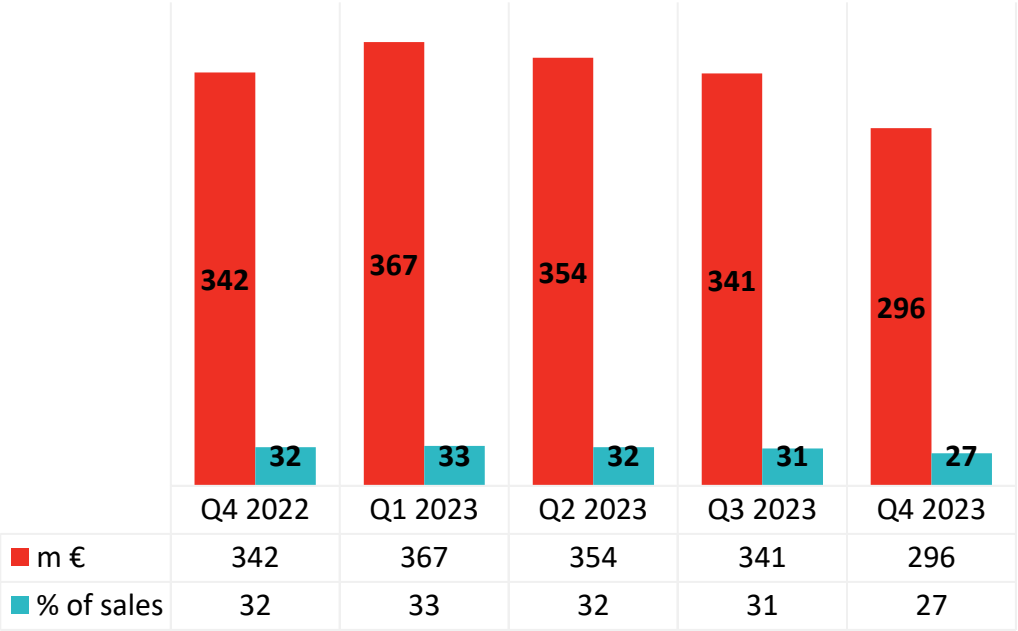


in million Euro	Q4'23	Q4'22 re-presented	12m'23	12m'22 re-presented
Adjusted EBIT*	21	5	31	-1
Restructuring/non-recurring	-13	-106	-39	-138
Operating result	7	-101	-8	-139
Non-operating result	-7	-5	-26	-18
Profit before taxes	-1	-106	-35	-157
Taxes	-2	-20	-16	-29
Result from continuing operations	-3	-126	-51	-186
Result from discontinued operations	-3	-60	-49	-37
Result for the period	-5	-186	-101	-223
attributable to owners of the company	-5	-182	-102	-221
attributable to non-controlling interests	-	-4	1	-2

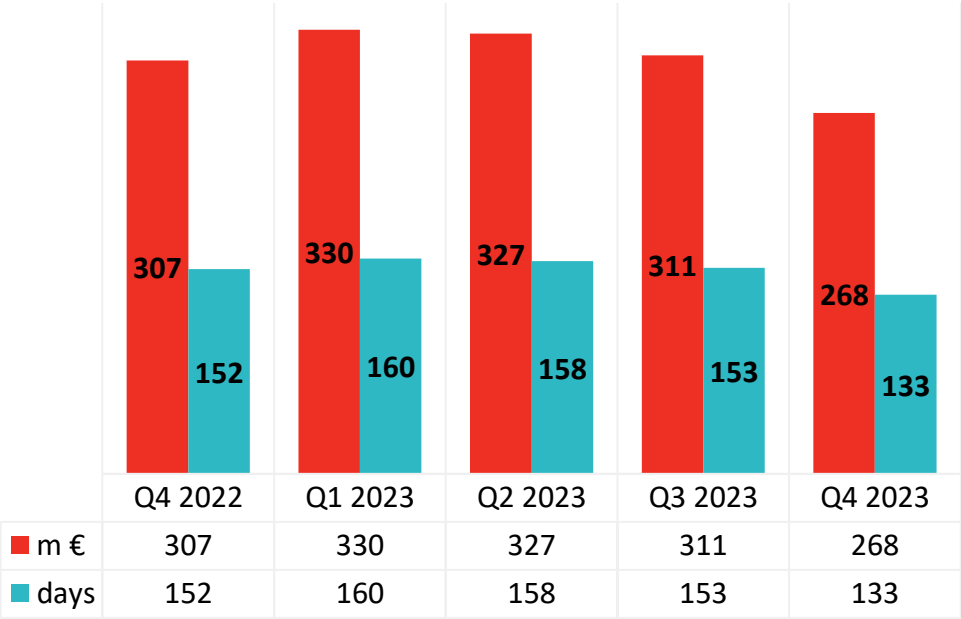
\* Before restructuring and non-recurring items

# Group Working Capital in m € (excl CONOPS): significant decrease from 32% to 27% thanks to successful inventory reduction

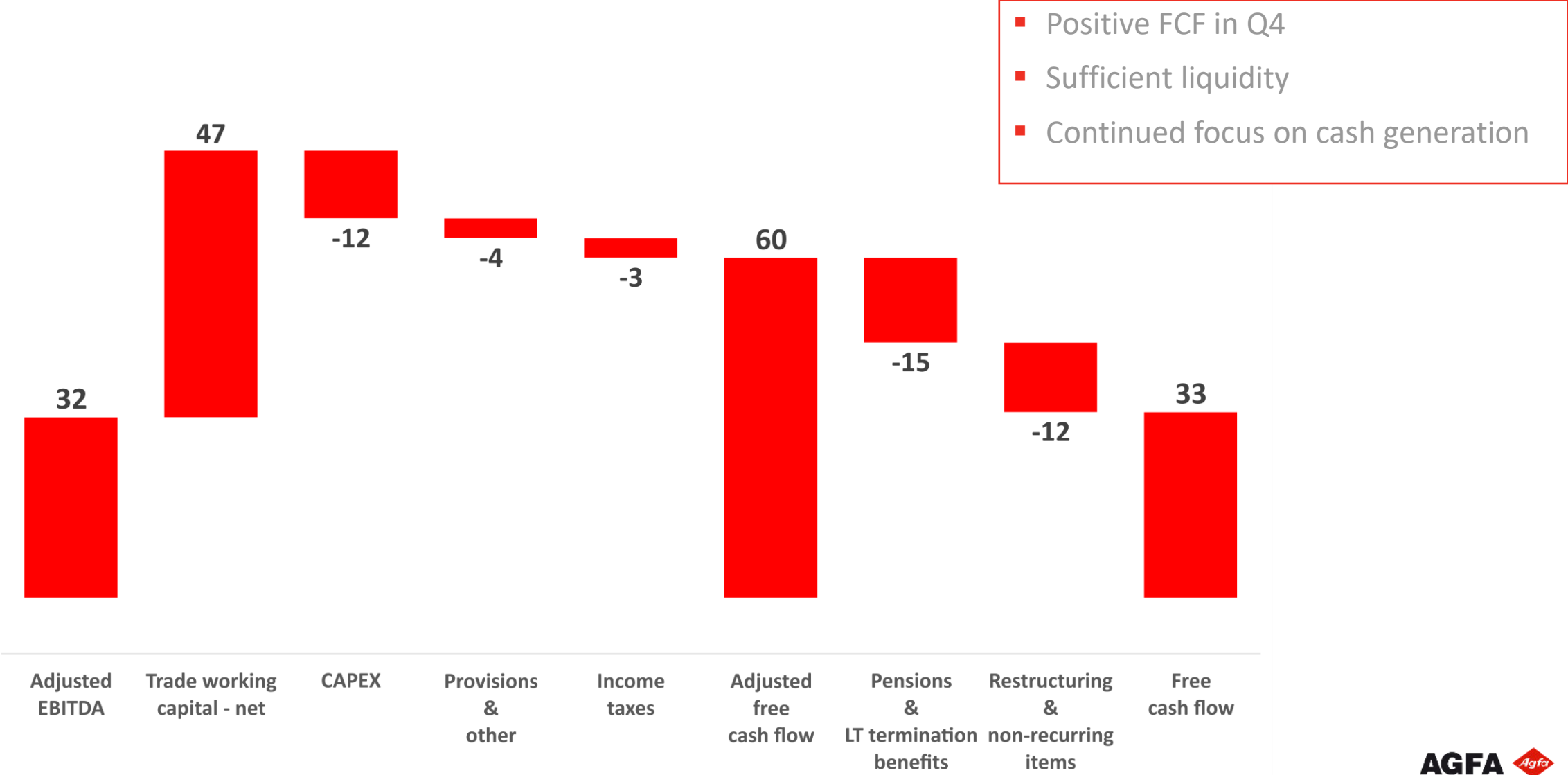
TRADE WORKING CAPITAL



INVENTORIES



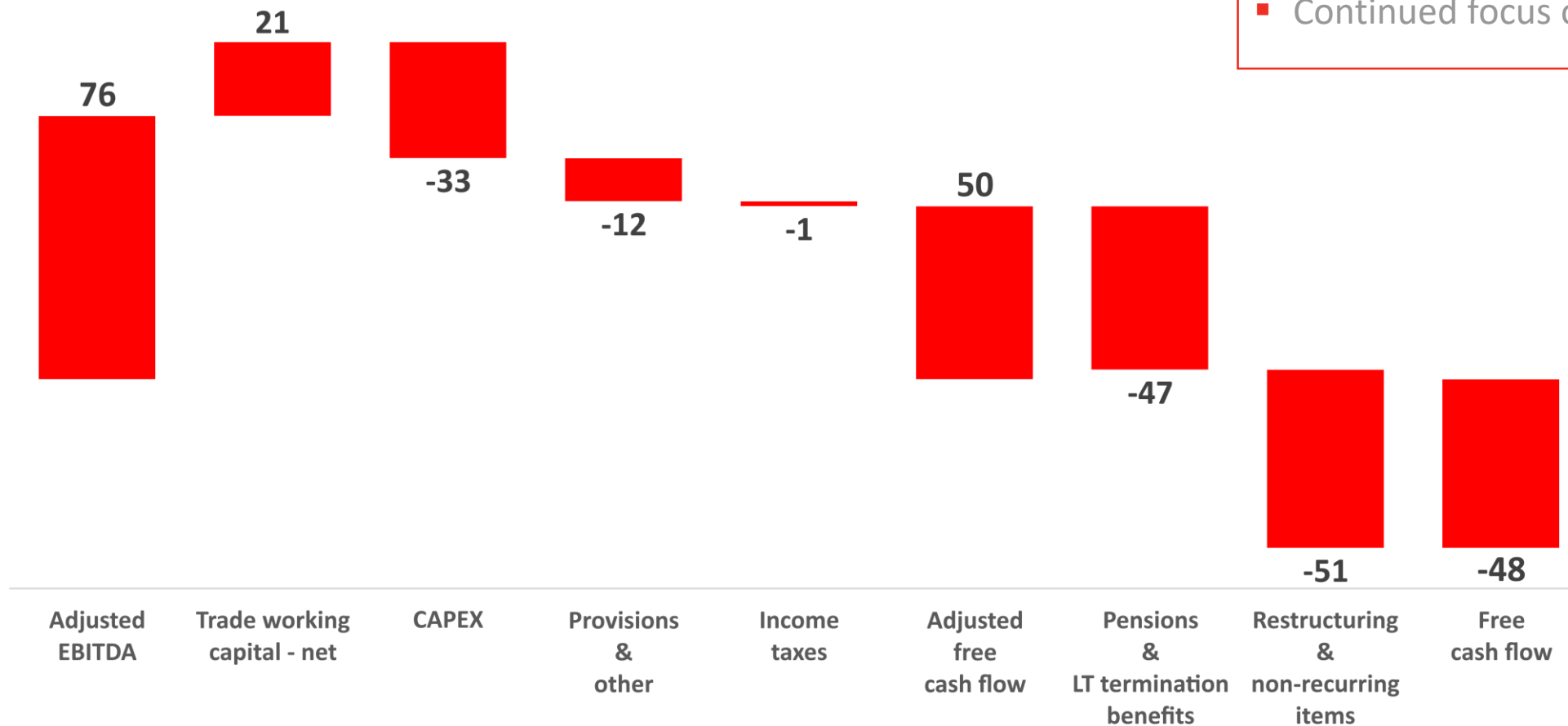
# Free cashflow Q4 2023: positive FCF thanks to significant improvement in Working Capital





# Free cashflow FY 2023

- Positive FCF in 2H
- Sufficient liquidity
- Continued focus on cash generation



# HealthCare IT



# HealthCare IT – Highlights

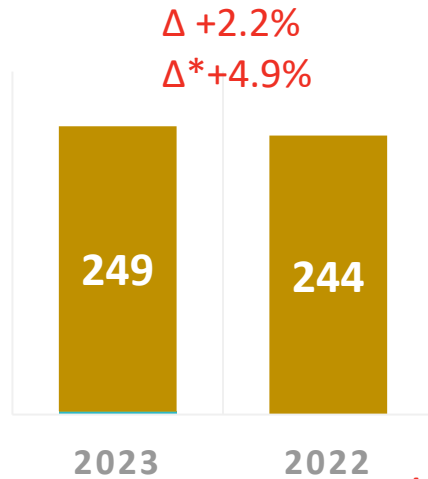


- **Continued investments in innovative solutions**
  - Enterprise Imaging Cloud launched at RSNA 2023 – first significant Cloud contract signed in North America
  - Introduction of Streaming Client at RSNA 2023
- **Acceleration of innovation efforts**
  - To focus on cloud, web streaming and reporting, workflow orchestration, and scalability
  - This specific effort – expected to amount to € 10 m in 2024-2025 - will be capitalized and will come on top of the current R&D expenditure
- **Significant improvement in customer satisfaction - customers are committed to long term and turned promoters**
- **Industry Recognition**
  - Innovation and outstanding customer services acknowledged by market observers and industry influencers
  - **Best in KLAS Awards 2024:**
    - Enterprise Imaging for Radiology in Middle East/Africa
    - Enterprise Imaging XERO Viewer

# HealthCare IT: FY sales and EBITDA



FY 2023 **sales** = € 249 m



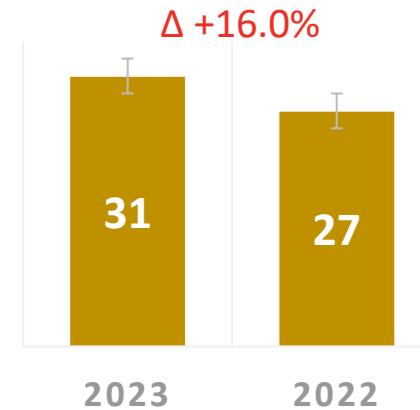
$\Delta^*$ : excluding currency effect

- Top line increase of 4.9% excl currency with own IP increasing in the mix
- Order intake\*\*:
  - +1.8% in 12 months rolling order intake to € 125 m versus € 122 m the year before
  - In both periods, about 15% of total order intake is related to managed services

\*\* excluding future SMA revenue



FY 2023 **EBITDA** = € 31 m



- Gross margin improved based on a strong 2H due to the increased portion of own IP
- Adjusted EBITDA margin increased from 11.0% in 2022 to 12.5%, helped by operational efficiency



# HealthCare IT: Profit & Loss



in million Euro	Q4 '23	Q4 '22 re-presented	Δ% (excl.curr.)	12m'23	12m'22 re-presented	Δ% (excl.curr.)
Sales	70	70	-0.8% (2.6%)	249	244	2.2% (4.9%)
Gross Profit* as a % of sales	36 51.4%	32 45.1%	13.0%	116 46.5%	110 45.2%	5.1%
Operational Expenses* as a % of sales	-22 31.8%	-22 31.8%	-1.0%	-92 36.8%	-91 37.2%	1.2%
Adjusted EBITDA* as a % of sales	15.5 22.2%	11.1 15.8%	39.4%	31.2 12.5%	26.9 11.0%	16.0%
Adjusted EBIT* as a % of sales	13.7 19.7%	9.3 13.3%	46.7%	24.1 9.7%	19.6 8.0%	23.1%

\* Before restructuring and non-recurring items

# Digital Print and Chemicals





# Digital Printing Solutions – Highlights



- **Inks grow with 14%** driven by higher sales across all segments as well as ongoing **ink swap program for Inca installed base**
- Global **strategic partnership between Agfa and EFI** accelerates profitable growth
  - First year mid 2024 - mid 2025: € 15 - 20 m extra sales
  - Following years: € 30 - 40 m extra sales
  - Expected EBITDA margin: 15-20%
- **Major product launches expected in 2024**
  - Speedset: first contract with a beta customer signed in UK, second expected soon
  - To be launched at FESPA:
    - Next-Generation Hybrid Anapurna H3200 Inkjet Printer
    - New mid range printer
    - 5m roll-to-roll machine

# Green Hydrogen Solutions – Highlights



“ ZIRFON is the only membrane making the production of green hydrogen affordable. ”



- For over 100 customers in 30 countries, ZIRFON is rapidly becoming the preferred choice
- Successful industrial ramp-up of the ZIRFON production
- Under construction in Mortsel, Belgium: expansion of production capacity



**Funded by the European Union**

Emissions Trading System  
Innovation Fund

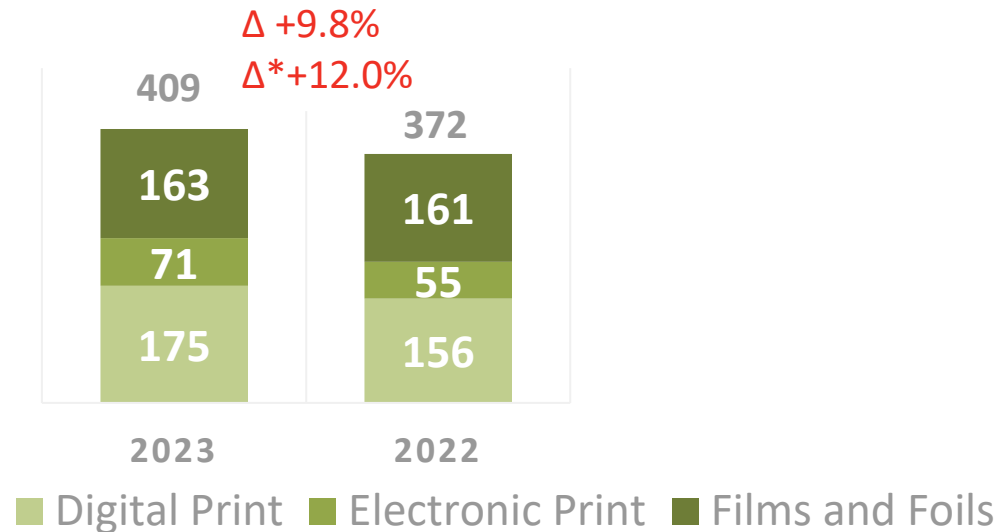
- EU grant of 11 million euro and environmental permit obtained
- Entry into operation foreseen for October 2025
- Capacity of 20 GW per year
- Cooperation with VITO prolonged
- More than 80% of 2024 volumes already committed to by our customers



# Digital Print & Chemicals: FY sales and EBITDA



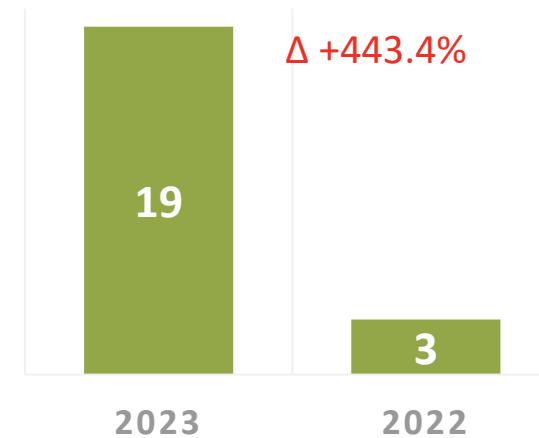
FY 2023 **sales** = € 409 m



- Growth driven by Digital Printing Solutions (+12%), ZIRFON and general price increase actions
- Inks grow with 14% driven by higher sales across all segments as well as ongoing ink swap program for Onset machines
- Weakness in electronics industry continued to impact volumes of Orgacon and PCB



FY 2023 **EBITDA** = € 19 m



- Price increase actions and cost improvements to mitigate cost inflation led to a restored gross profit margin
- EBITDA margin improved strongly to 4.6% in 2023, versus 0.9% in the previous year

# Digital Print & Chemicals: Profit & Loss



in million Euro	Q4 '23	Q4 '22 re-presented	Δ% (excl.curr.)	12m'23	12m'22 re-presented	Δ% (excl.curr.)
Sales	109	99	10.1% (12.7%)	409	372	9.8% (12.0%)
Gross Profit* as a % of sales	28 25.8%	18 18.6%	52.7%	111 27.1%	93 24.9%	19.5%
Operational Expenses* as a % of sales	-27 24.8%	-27 27.1%	0.7%	-108 26.5%	-102 27.4%	6.0%
Adjusted EBITDA* as a % of sales	5.1 4.7%	-4.9 -4.9%	204.6%	18.6 4.6%	3.4 0.9%	443.4%
Adjusted EBIT* as a % of sales	1.0 1.0%	-8.5 -8.5%	112.4%	2.6 0.6%	-9.3 -2.5%	127.8%

\* Before restructuring and non-recurring items

# Radiology Solutions



# Radiology Solutions – Highlights



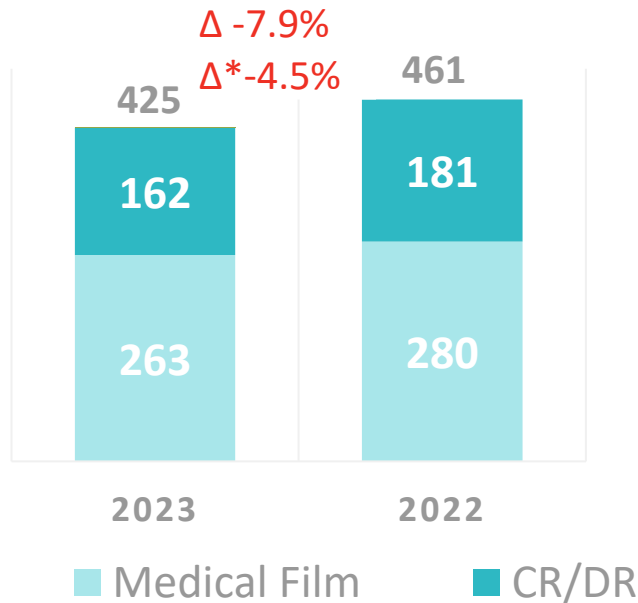
- **Leader in operationalizing embedded AI at point of care for operational & clinical assistance**
  - Based on automated pathologies detection
    - Smart XR: AI for X-ray equipment operation assistance
    - ScanXR: AI for assistance to clinicians
  - Further extension of ScanXR line planned beyond critical findings detection
  - In line with continued AI adoption in healthcare
- **Thought leadership on X-ray re-confirmed**
  - Agfa India recognized as "Best Healthcare Brand" by The Economic Times of India
  - Agfa Brazil supporting Expert Cast, Radiology podcast on trends & innovation
  - Achieved EU MDR certification for its entire DR portfolio



# Radiology Solutions: FY sales and EBITDA



FY 2023 **sales** = € 425 m

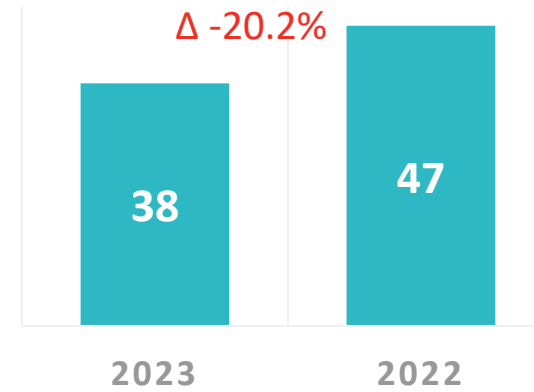


- Medical film: continued impact from central procurement practices in China and macroeconomic and geopolitical conditions, partly offset by successful price actions
- DR: extremely dynamic business in emerging markets but softness in Europe and North America

Δ\*: excluding currency effect



FY 2023 **EBITDA** = € 38 m



- Gross profit margin decreased due to the issues in the medical film business
- Significant restructuring to align cost base
- Improved profitability of DR following the streamlining and repositioning of the business
- Adjusted EBITDA margin decreased from 10.2% of revenue to 8.8%.

# Radiology Solutions: Profit & Loss



in million Euro	Q4 '23	Q4 '22 re-presented	Δ% (excl.curr.)	12m'23	12m'22 re-presented	Δ% (excl.curr.)
Sales	116	130	-11.0% (-7.7%)	425	461	-7.9% (-4.5%)
Gross Profit* as a % of sales	37 31.6%	45 34.4%	-18.3%	133 31.4%	148 32.2%	-10.1%
Operational Expenses* as a % of sales	-28 23.7%	-32 24.7%	-14.5%	-115 27.0%	-126 27.3%	-8.9%
Adjusted EBITDA* as a % of sales	14.0 12.1%	18.7 14.4%	-25.4%	37.5 8.8%	47.0 10.2%	-20.2%
Adjusted EBIT* as a % of sales	9.1 7.9%	12.7 9.7%	-27.9%	18.8 4.4%	22.4 4.9%	-16.2%

\* Before restructuring and non-recurring items

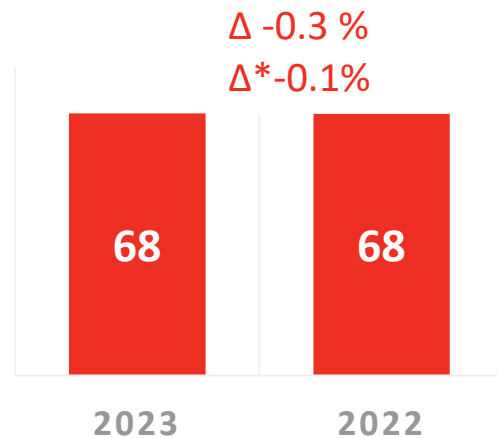
# Contractor Operations & Services - former Offset (CONOPS)



# CONOPS: FY sales and EBITDA



FY 2023 **sales** = € 68 m

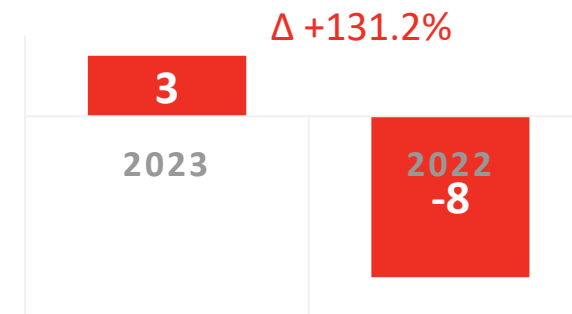


Stranded costs in € mio	Q4	FY
In division CONOPS in 2022	2.8	14.1
Absorption by other divisions in 2023	1.0	7.0

Δ\*: excluding currency effect



FY 2023 **EBITDA** = € 3 m



- CONOPS represents the supply of film and chemicals as well as a set of support services delivered by Agfa to Offset.
- As of Q2, CONOPS represents the agreements with the external party ECO3 (new branding for former Offset).
- The turnover represents the supply agreements, with corresponding COGS charges.
- The income related to the support services will be accounted for as Other Income, while the costs related to those represented in the different SG&A lines.
- As per IFRS 5, stranded costs related to Offset have been treated differently in 2023 vs 2022. In 2022 stranded costs are reported under CONOPS. In 2023 these are absorbed by the 3 business divisions.



# Outlook 2024: Continuous profit improvement driven by growth engines



Continuation of trends: continued growth for the growth engines and further profitability improvements.

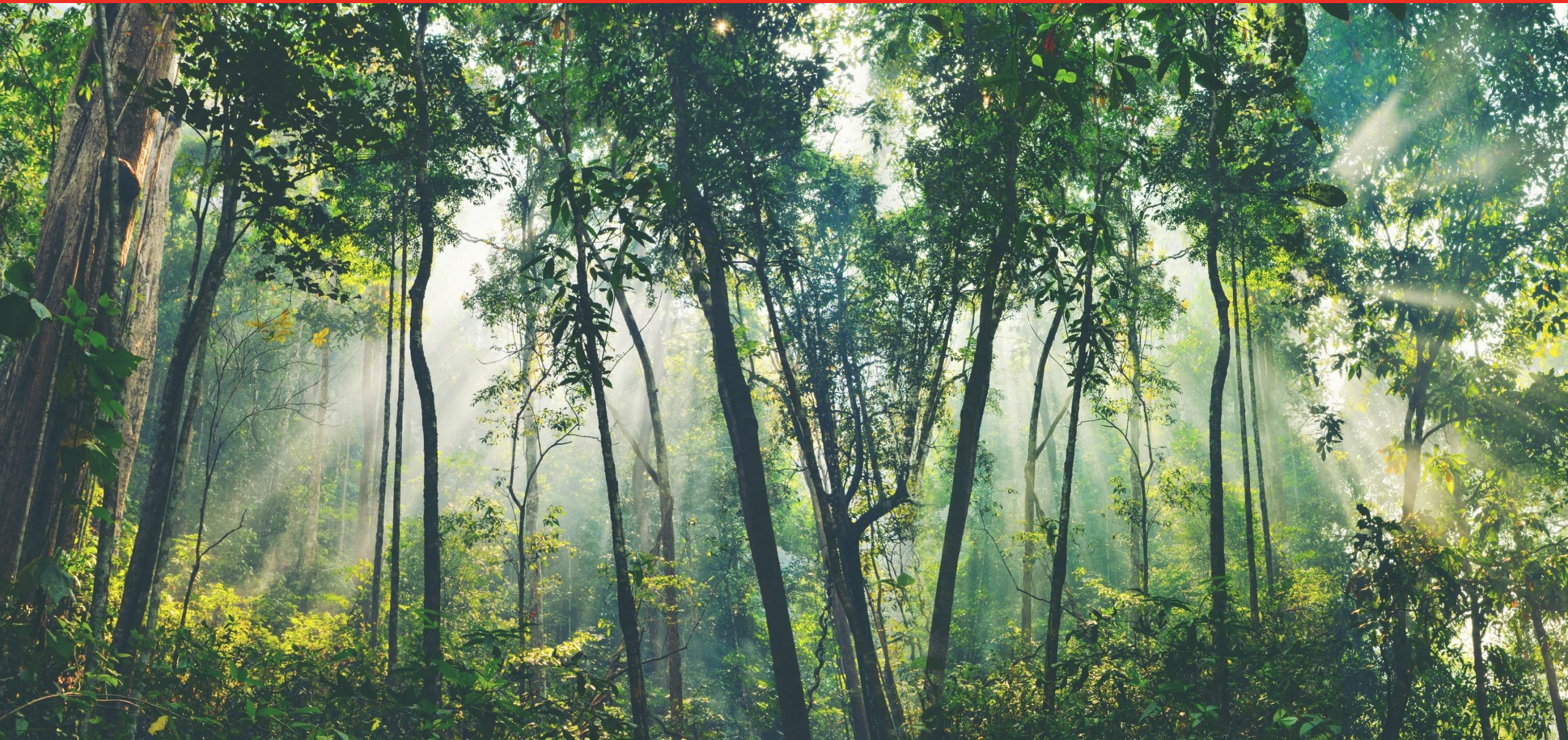
As usual, due to seasonality reasons, a slower start of 2024 is expected, followed by a stronger 2H with further impact of back-ended projects.

FY 2024 outlook per division:

- HealthCare IT: continued progress in profitability expected, despite strong investments in cloud technology.
- Digital Print & Chemicals: significant top line and profitability growth expected, driven by Digital Print Solutions and Green Hydrogen Solutions.
- Radiology Solutions: medical film will continue to be under pressure in China. The progress in Direct Radiography is expected to continue.



# Sustainability at Agfa







# The road to 2030 & beyond

## Sustainable and Profitable growth

### Focus on our Planet

- Reinvestment plan for energy production in Belgium is on track → **reduction of combined scope 1 + 2 GHG absolute emissions set at 62% by 2030** from a 2006 base year for Belgian manufacturing sites considering the revised EU 'Fit for 55' package.
- Agfa has joined the **Science-Based Targets initiative (SBTi)** and committed to develop near-term science-based emissions reduction targets for the Group within 2 years.

### Focus on our People

- DEI Council and the 3 Employee Resource Groups** working on gender equality, ethnicity and collaboration across generations continued in 2023
- 32.2% female intake (recruitment) and 23% women share** in total Agfa Group at year-end 2023 → Agfa's female recruitment intake target to reach +5% of the women market representation was achieved in 3 out of the 6 areas of recruitment
- Reinforced **safety programs** are being rolled out, including 'Safety High Five' that contains safety requirements, Do's and Don'ts in 5 specific risk areas for everyone in Mortsel, 32 accidents with minimum one day lost in 2023: target = significant decrease in number of accidents in 2024

### Focus on a better corporate governance and sustainable performance

- Full compliance to Agfa's '*Progress in sustainability towards next generation products*' principle
- Sustainability performance reassessed by EcoVadis: improved score for the 3<sup>rd</sup> year in a row placing Agfa among the **top 25% of all companies assessed by EcoVadis** in all industries in the past 12 months (75+ percentile) → **Bronze medal** according to new EcoVadis awarding system 2024
- First steps taken towards **CSRD Compliance**





# Pension Update





# Pension Status (4 material countries) Excluding Belgian DC Plans

Improvement of funded status mainly thanks to sale Offset Solutions

Total cash out remained stable due to high inflation of salaries in BE in 2022 (= basis contributions 2023)

Contributions for 2024 are based on a more normalized situation



in million Euro	FY'22	FY'23	Est FY'24
Funded status	(493)	(439)	
Pension cost	28	32	26
→ of which service cost in EBIT	19	13	11
→ of which net interest cost	9	19	15
Pension Cash Out	(55)	(55)	(54)
→ of which below EBIT	(36)	(42)	(43)





Questions and answers