

# Investor Presentation

October 21 - November 4 2010



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# Disclaimer (2)

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Investors are requested to read the prospectus carefully before deciding to invest in the new shares issued by Agfa-Gevaert NV. The attention of the investors is to be drawn to the risk factors described in the prospectus.

# The offering terms & conditions

|                              |  |
|------------------------------|--|
| <b>Transaction structure</b> | <ul style="list-style-type: none"><li>• Public offering of new ordinary shares with statutory preferential rights</li><li>• Private placement of unexercised rights to institutional investors</li></ul> |
| <b>Offering size</b>         | <ul style="list-style-type: none"><li>• Offering of EUR 148,221,522 million, represented by 42,962,760 newly issued ordinary shares</li></ul>  |
| <b>Use of proceeds*</b>      | <ul style="list-style-type: none"><li>• Finance future organic and external growth</li><li>• Strengthen balance sheet and diversify sources of funding</li></ul>   |
| <b>Offering terms</b>        | <ul style="list-style-type: none"><li>• Issue price : EUR 3.45 per new ordinary share</li><li>• Ratio : 1 new ordinary shares for 3 existing ordinary shares</li></ul>                                   |
| <b>Standstill</b>            | <ul style="list-style-type: none"><li>• Agfa-Gevaert has agreed to a standstill during 180 days following the closing</li></ul>  |
| <b>Syndicate</b>             | <ul style="list-style-type: none"><li>• Sole Global Coordinator : BNP Paribas Fortis</li><li>• Joint Bookrunners &amp; Underwriters : BNP Paribas Fortis, HSBC, ING, KBC Securities</li></ul>            |

\* The net proceeds of the capital increase will be used to repay the drawn amount under the existing credit facility. As a result, the undrawn amount will increase and remain available in order to fund the group's growth. The net proceeds will not be used for the payment of pension obligations.

# The offering timetable

|                    |   |
|--------------------|---|
| <b>October 20</b>  | <ul style="list-style-type: none"><li>• Separation of coupon n°9, after market closing</li></ul>  |
| <b>October 21</b>  | <ul style="list-style-type: none"><li>• Availability of the prospectus and publication of the terms of the offering</li><li>• Trading of ex-right shares</li><li>• Opening date of subscription period with rights</li><li>• Listing of rights on Euronext Brussels</li></ul>                                 |
| <b>November 4</b>  | <ul style="list-style-type: none"><li>• Closing date of the subscription period with rights (4pm CET)</li></ul>   |
| <b>November 6</b>  | <ul style="list-style-type: none"><li>• Announcement via press release of the results of the subscription with rights</li></ul>   |
| <b>November 8</b>  | <ul style="list-style-type: none"><li>• Accelerated private placement of the scrips</li><li>• Pricing and allocation of the scrips</li></ul>  |
| <b>November 10</b> | <ul style="list-style-type: none"><li>• Publication of the results of the offering</li></ul>  |
| <b>November 12</b> | <ul style="list-style-type: none"><li>• Payment of the issue price for the new shares by the subscribers</li><li>• Realization of the capital increase</li><li>• Delivery of the new shares (+VVPR strips) to subscribers</li><li>• Listings of the new shares and VVPR strips on Euronext Brussels</li></ul> |

# Introduction to the Agfa-Gevaert Group

- ➔ **Agfa-Gevaert is a global, diversified and independent provider of industrial products and services primarily focusing on imaging related markets**

## Agfa Graphics

- Complete prepress solutions for info and industrial printing markets
- Inkjet printing solutions for industrial printing markets
- Production and distribution on all continents

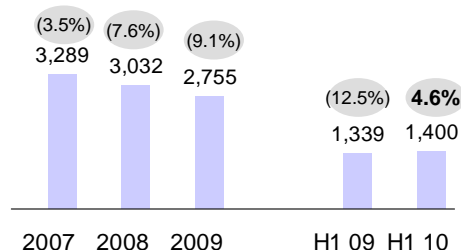
## Agfa HealthCare

- Conventional and digital medical imaging, and healthcare IT systems & services
- Extensive imaging expertise beyond radiology into other hospital departments and regional and national systems

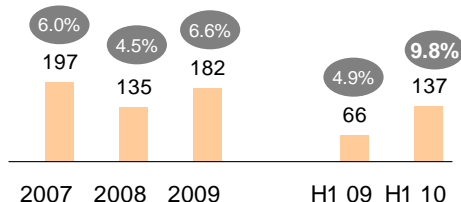
## Agfa Specialty Products

- Traditional film, chemicals and film based products
- Expansion into adjacent and new markets (i.e. outside printing and healthcare)

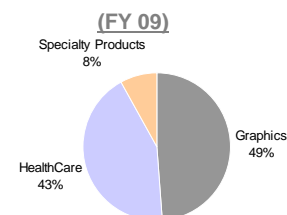
Evolution of revenue (% yoy growth)



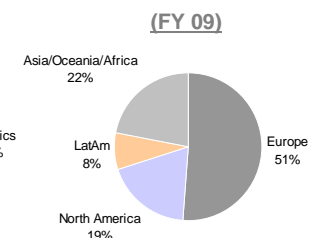
Evolution of recurring EBIT (% margin)



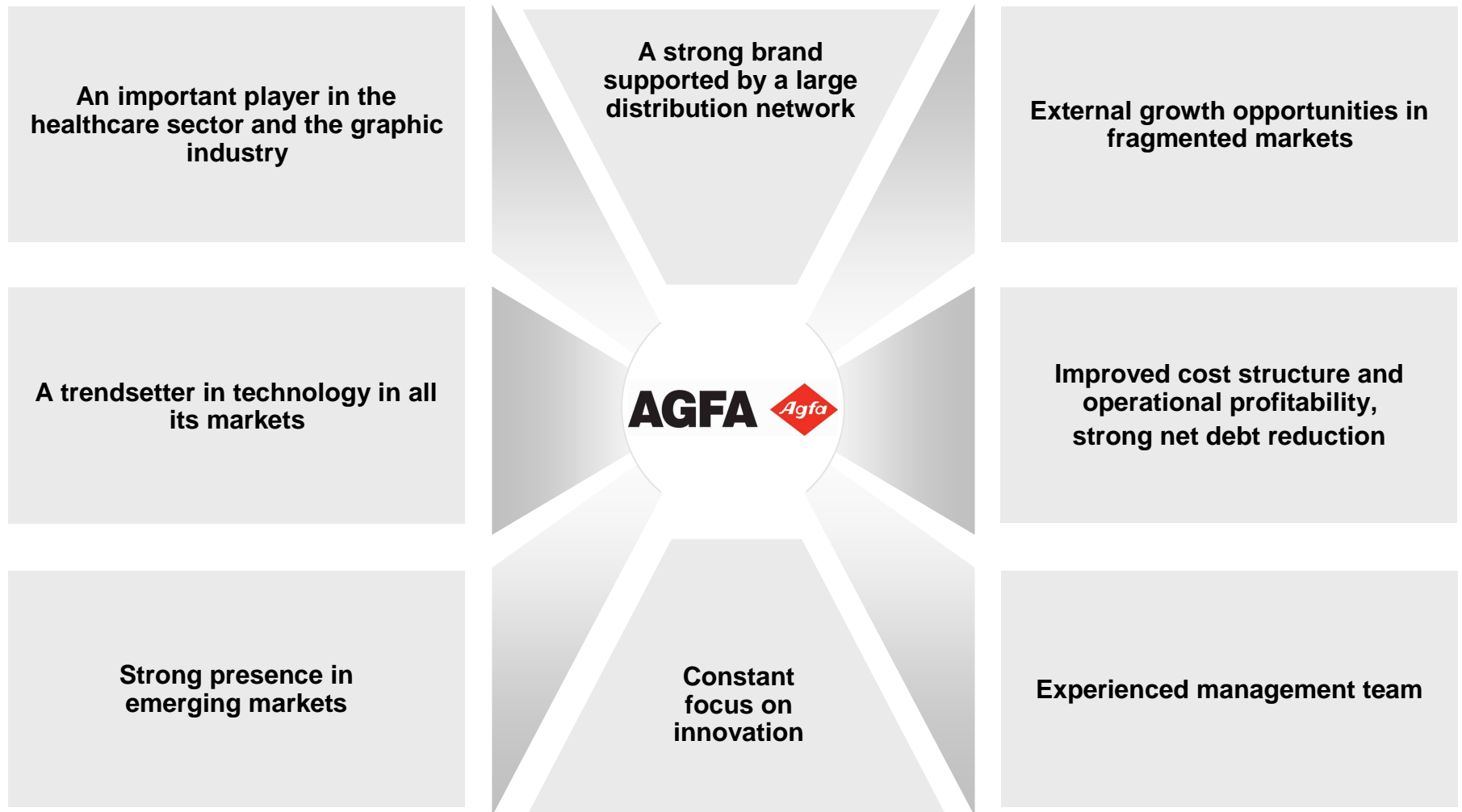
Revenue per business group



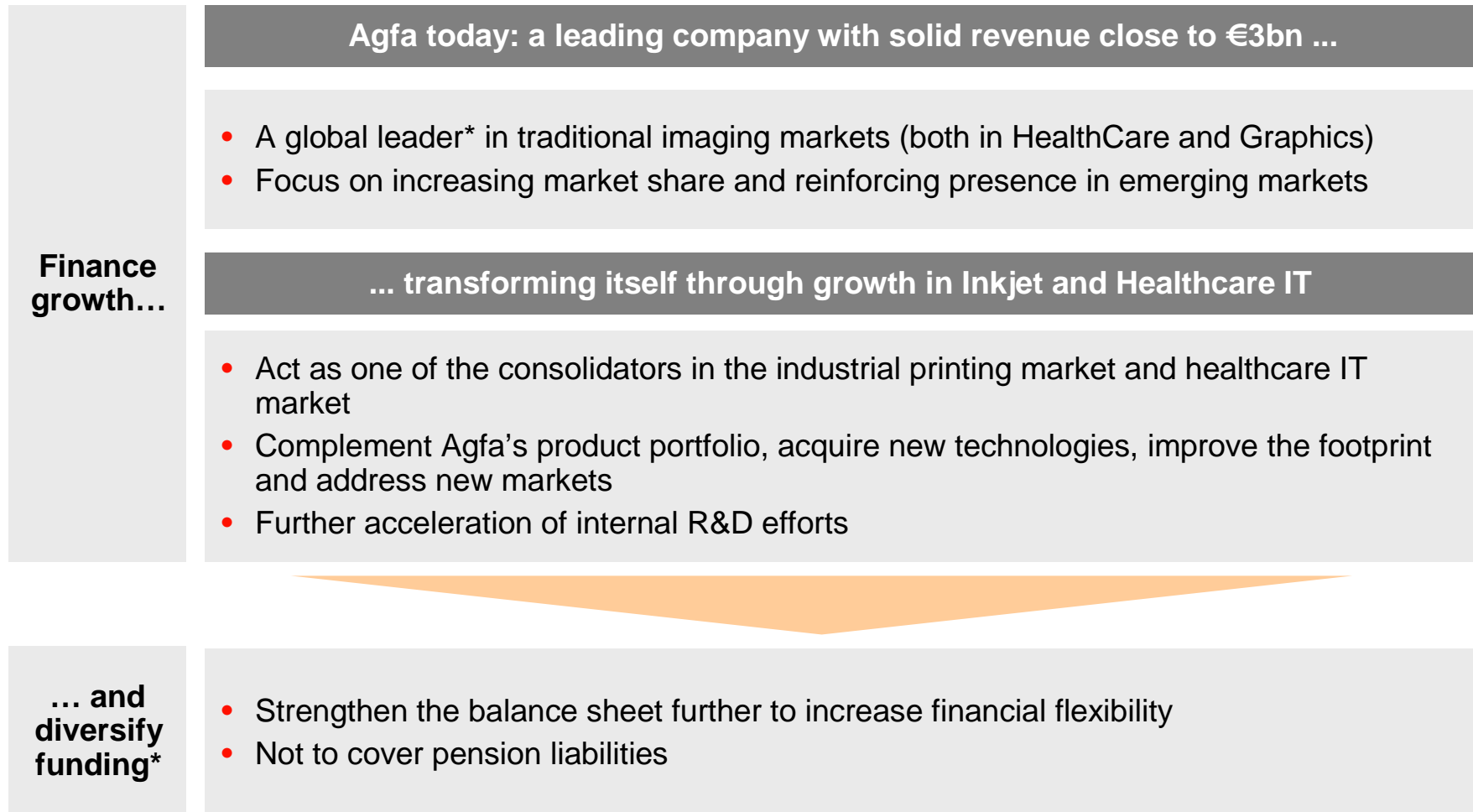
Revenue per region



# Investment highlights



# Use of proceeds

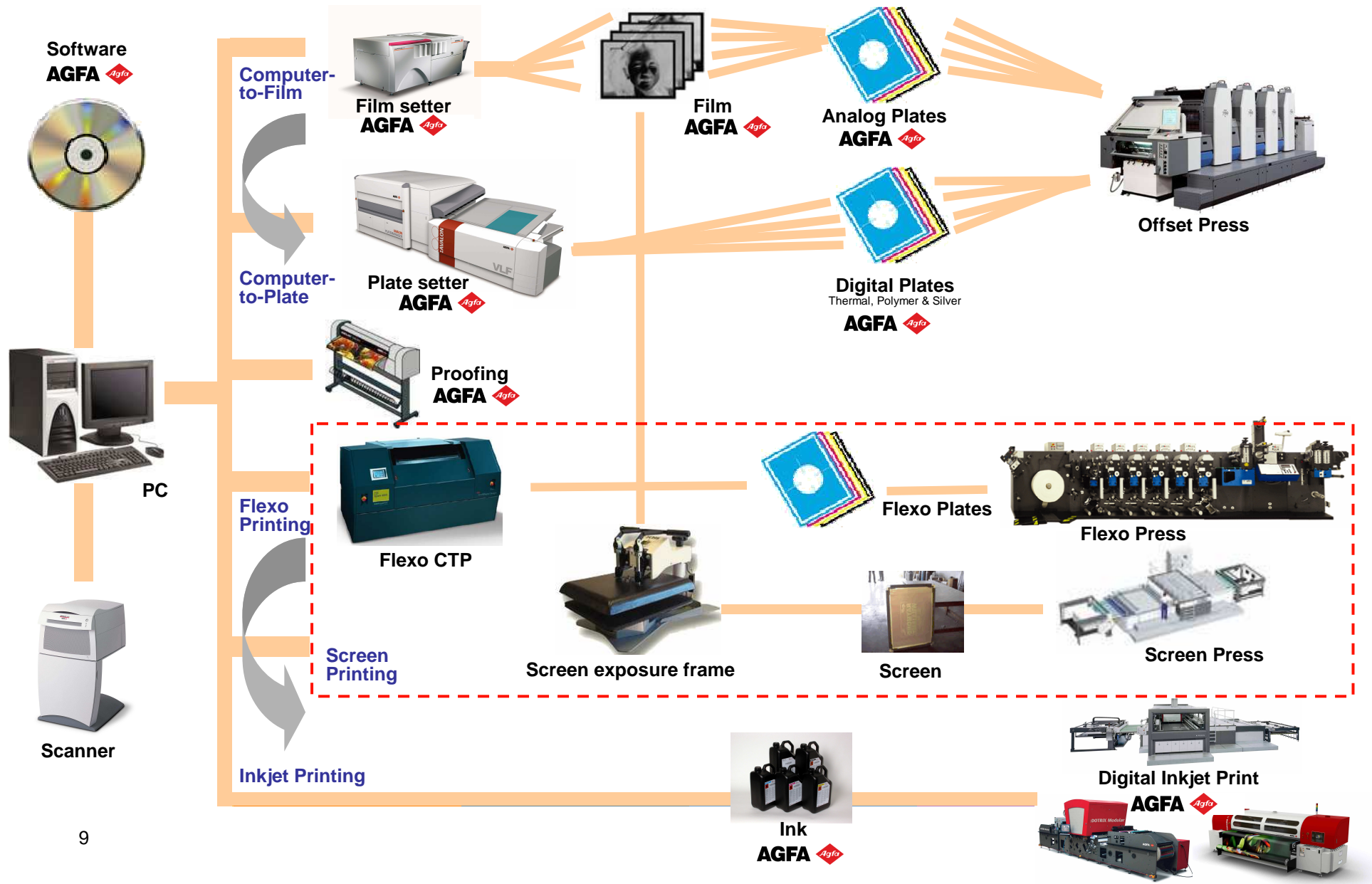


\* Source: PIRA, IDC, Frost & Sullivan

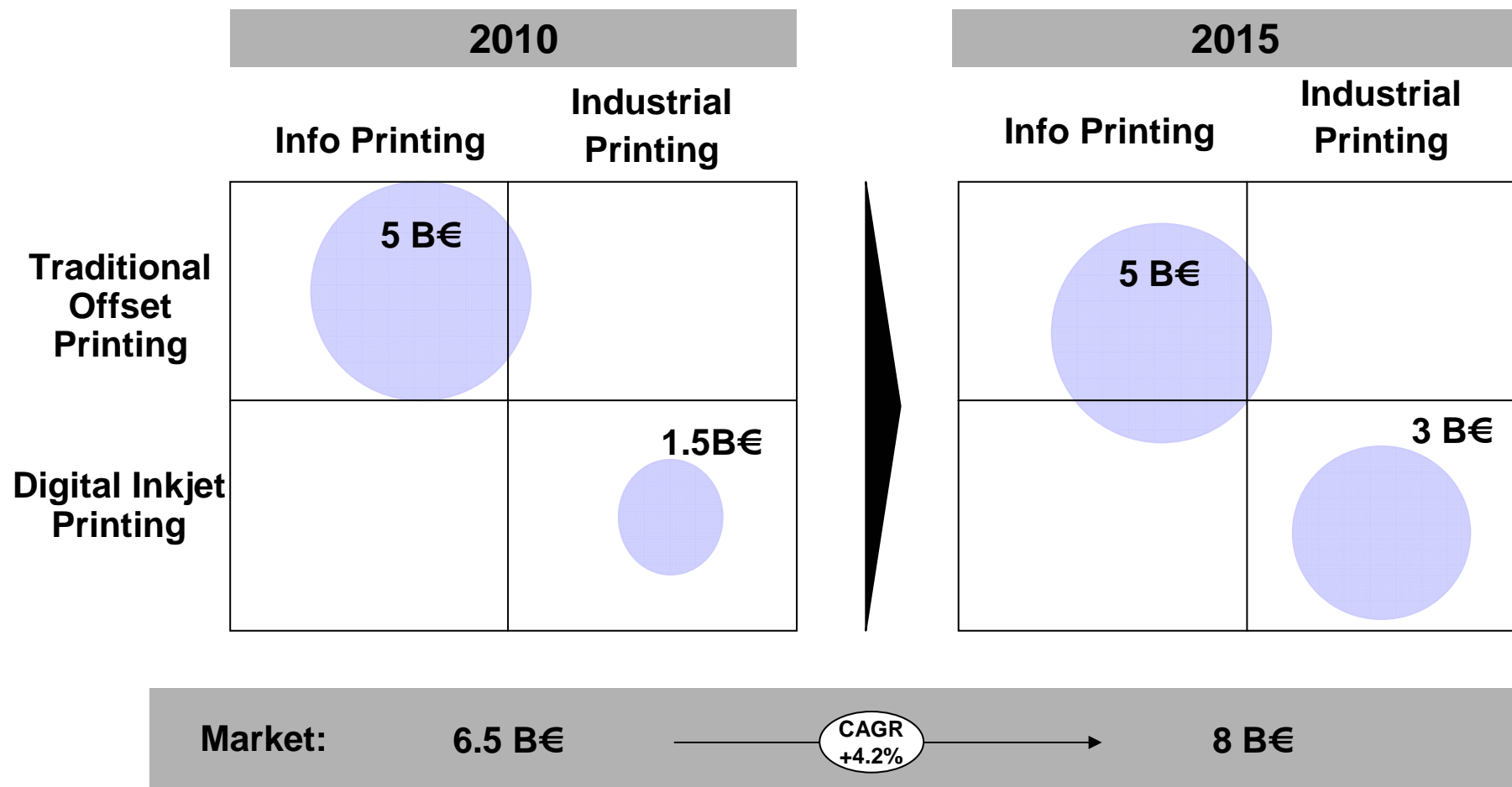
\* The net proceeds of the capital increase will be used to repay the drawn amount under the existing credit facility. As a result, the undrawn amount will increase and remain available in order to fund the group's growth



# Graphics: product portfolio



# Agfa Graphics' relevant market evolution



Source: company estimates, PIRA

# Graphics: key dynamics

## ➔ Agfa will capture the benefit from market and technology dynamics

### Key investor highlights

#### Recovery in Graphics to continue in 2010

- Correlation with global economy
- Cyclical advertising market as key top line driver
- Co-existence of commoditized (CtF), middle-of-the-road (CtP) and fast-growing (Inkjet) technologies
- Mature geographies vs. BRIC
- Industrial printing (packaging) provides attractive growth opportunities and increasing addressable markets

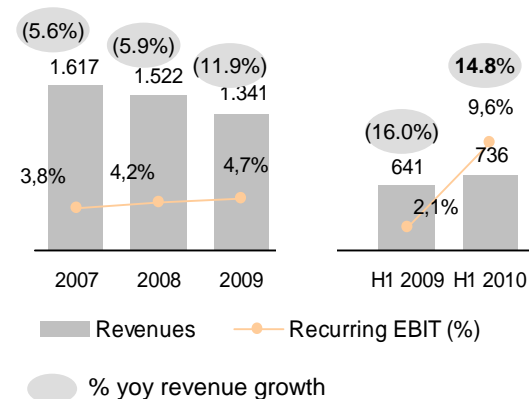
#### Wide offering, broad access

- Complete product portfolio and diversified geographic footprint to capture opportunities on a global basis

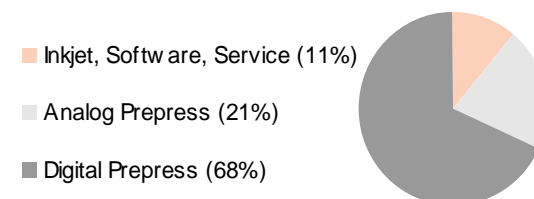
#### Graphics strategy ahead

- Strengthen and leverage leadership\* positions in traditional segments – i.e. offset commercial info printing
- Grow industrial packaging / inkjet businesses
- Differentiate with environment-friendly solutions
- Enhance cost-competitiveness (operations and distribution)
- Capitalise on on-going digital revolution
- Act as one of the market consolidators

### Operating performance



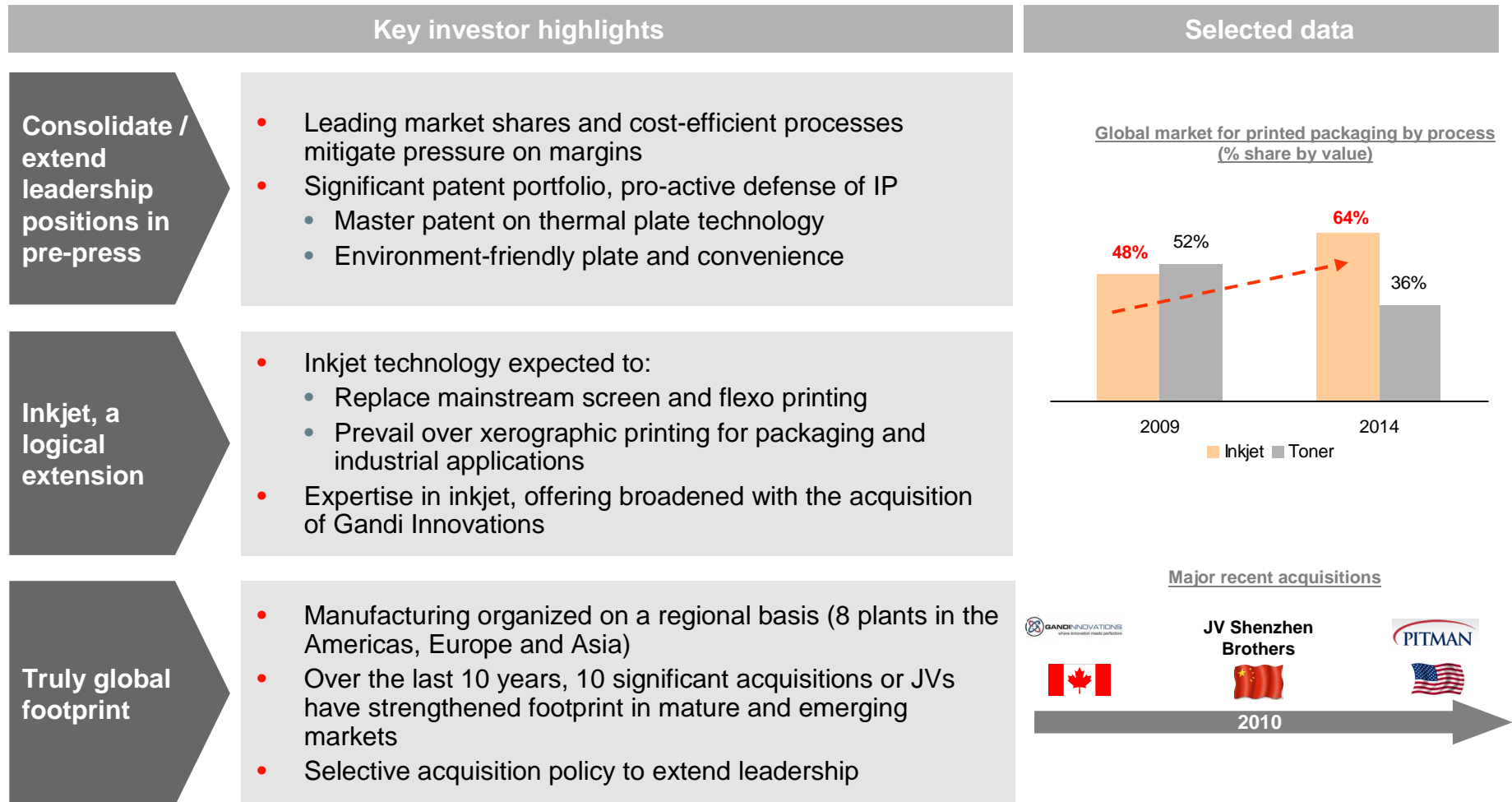
#### revenue breakdown (2009)



\* Source: PIRA

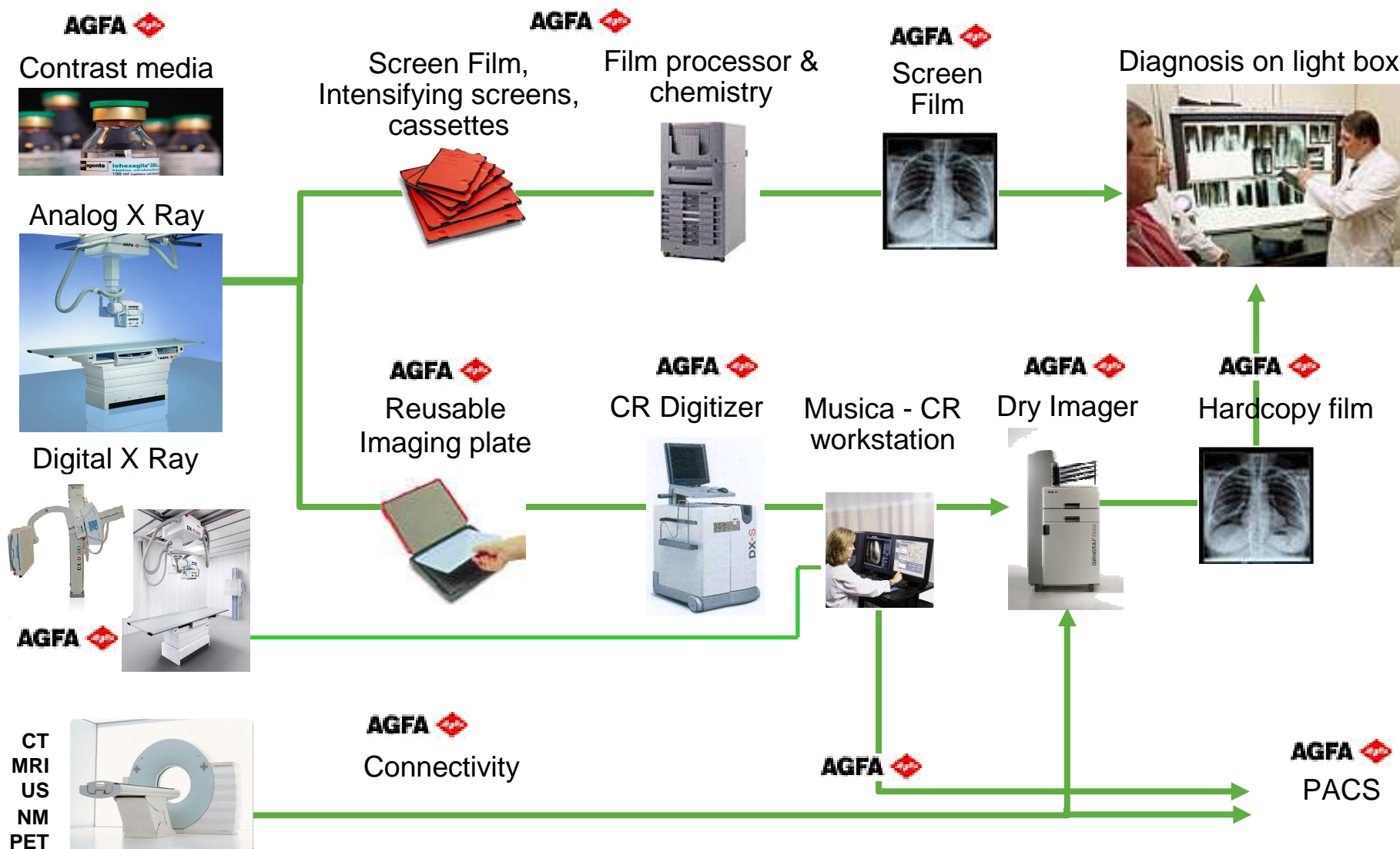
# Graphics: challenges and opportunities going forward

## ➔ Agfa strategy addresses two key challenges: top-line growth and technology

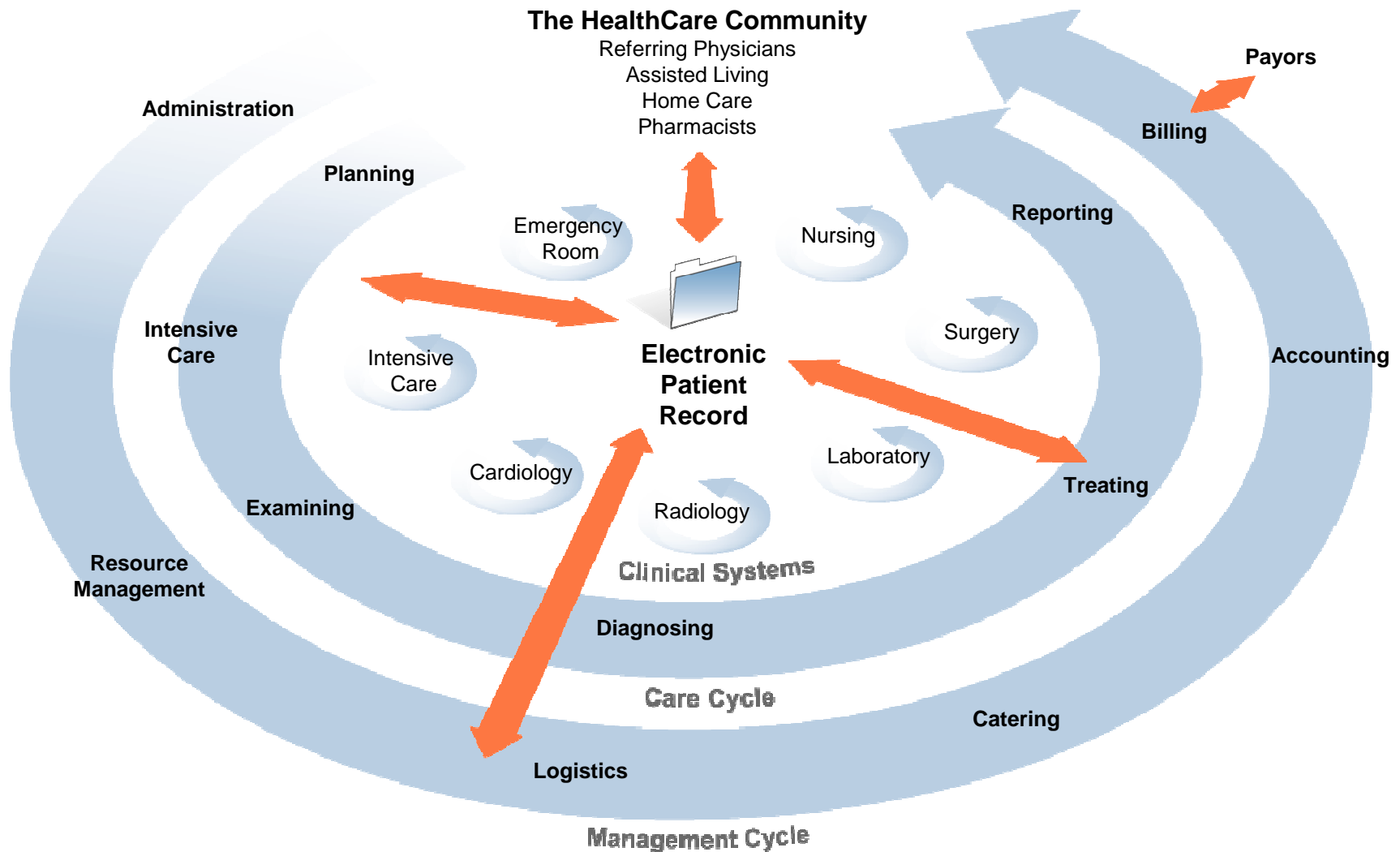


Source: PIRA

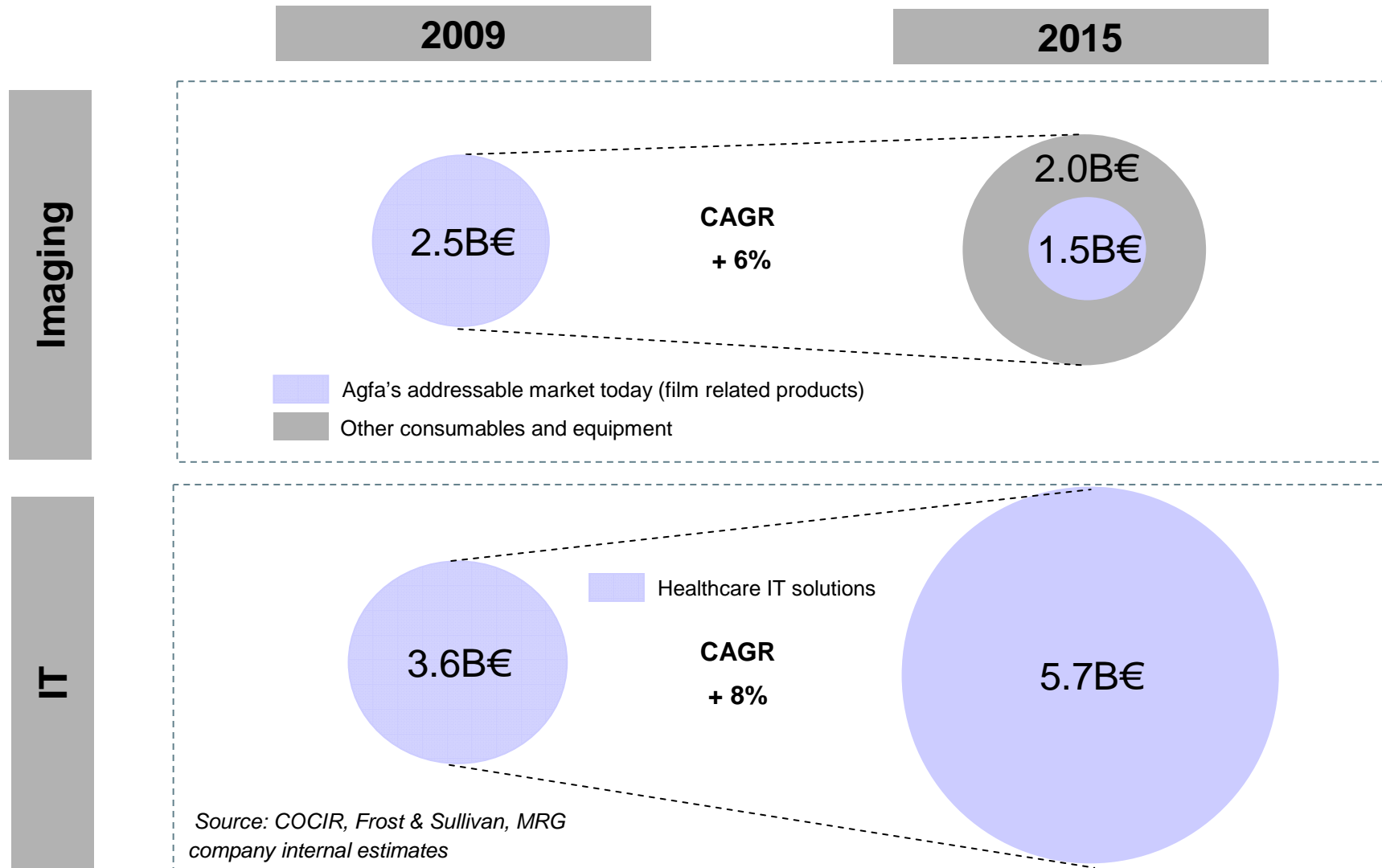
# HealthCare: Radiology product portfolio



# HealthCare: IT solution portfolio



# HealthCare: addressable markets 2009 to 2015



# HealthCare: key dynamics

## ➔ Unique positioning as a global healthcare solutions provider

### Key investor highlights

#### Resilient and increasing demand for healthcare solutions

- Expanding and ageing world population - to 8bn in 2025
  - 65+ aged people from 16% to 27% of European population by 2050
- Chronic diseases
  - +17% over the next 10 years
- Healthcare spending in % of GDP
  - Up from 9% in 2006 to 11% in 2015
- Increase in preventive healthcare investments

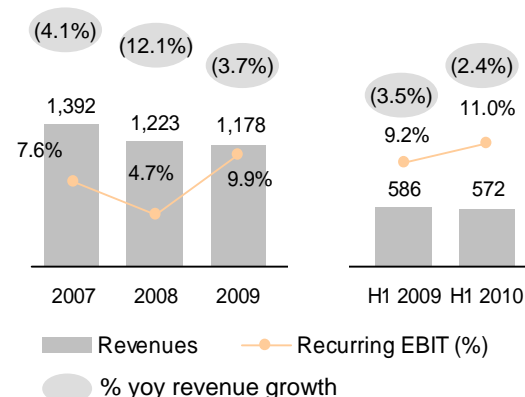
#### Large installed base

- Large installed base with significant presence worldwide
- Recognized brand name supported by strong distribution channels

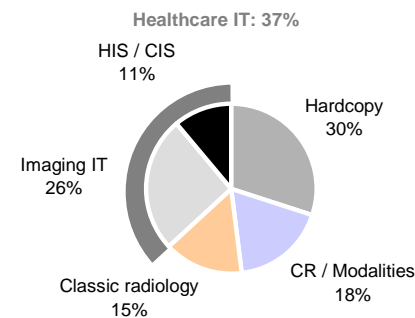
#### Continuous refocus of business

- Streamlined and simplified operations
- Focus on profitable and fast-growing healthcare IT business

### Operating performance



#### revenue by segment



Total revenue 2009: €1,178m



# HealthCare: challenges and opportunities going forward

➔ **A major player for medical films & printers, and imaging informatics with *IMPAX*, European frontrunner in enterprise IT systems with *ORBIS***

## Key investor highlights

**Favorable trends for further investment in healthcare IT**

- Healthcare IT solutions to improve efficiency
- High customer loyalty thanks to high switching costs
- Government support for healthcare IT growth
  - US stimulus package
  - China healthcare reform

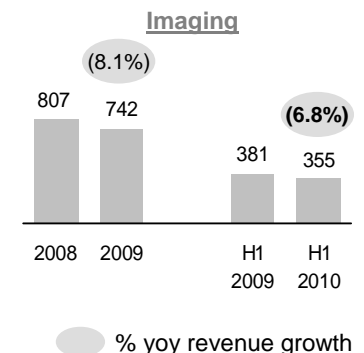
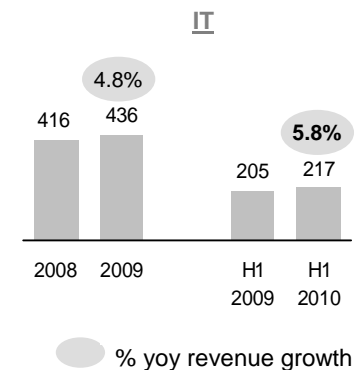
**Consolidate market positions**

- Historical leadership position in PACS, evolving from radiology to other hospital departments\*
- Only successful player in enterprise-wide IT systems in several European countries with ORBIS platform
- Benefiting from the important role of imaging in regional and national **electronic patient record**

**Market leader\* for medical films & printers**

- Strong presence in booming emerging geographies (China, India, Latin America etc.) compensating more mature markets in Western Europe and the USA
- Leverage on broad distribution network capabilities and brand recognition and expand portfolio to direct radiography and new consumables

## Operating revenue



\* Source: IDC, Frost & Sullivan

# Specialty Products: key dynamics

- ➔ A market reference in the production of traditional film business
- ➔ Innovation to enter new and adjacent markets

## Key investor highlights

Analogue is gradually replaced by digital

- **Motion Picture** film gradually replaced by digital cinema
- **Aerial Photography** moves from film to digital
- **Microfilm** archiving still the best medium for long term data storage, but competes with digital storage

For some markets, film is the reference

- **Printed Circuit Board (PCB)** film market
  - Growth in line with the evolution of the electronics industry
  - 85% of the market is in Asia and Agfa has a 35% market share
- **Non-Destructive Testing (NDT)** film - Agfa exclusive supplier to GE

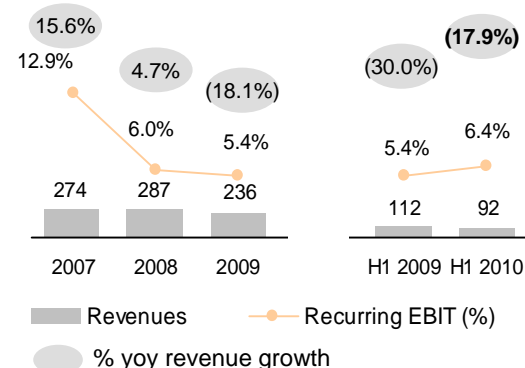
Strategy traditional business

- Focus on cost-efficiency and lean manufacturing
- **No compromises** on quality
- Take further advantage of existing production capacity

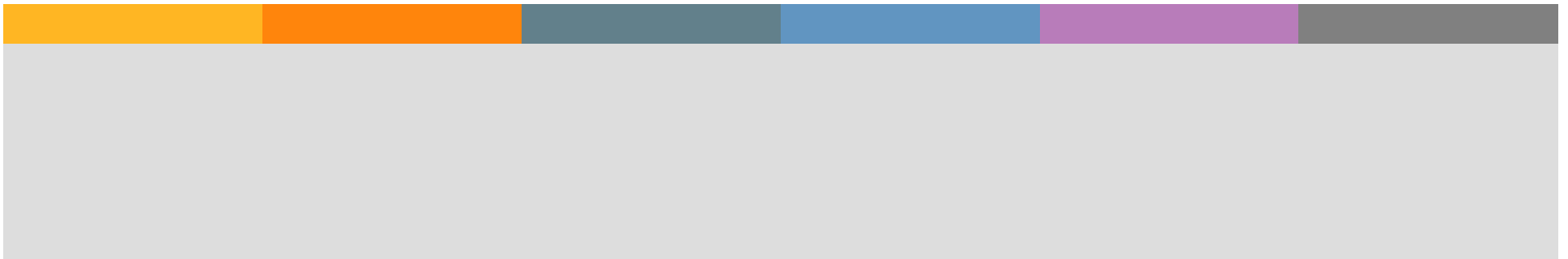
Increasing focus on innovation

- Based on important knowledge and IP
- **R&D focus** on polymer materials, special coatings, inks, film technology
- Create a profitable flow of revenue, complementing the film-based ones

## Operating performance



# Financial highlights



# Profit & Loss: key figures (in million Euro)

- ➔ **Recovering business**
- ➔ **Profitability increased despite relatively constant revenue**

|                               | H1'09  | H1'10        | Δ %            | FY '08 | FY '09       | Δ %            |
|-------------------------------|--------|--------------|----------------|--------|--------------|----------------|
| Revenue                       | 1,339  | <b>1,400</b> | <b>+4.6%</b>   | 3,032  | <b>2,755</b> | <b>-9.1%</b>   |
| Gross Profit*                 | 422    | <b>494</b>   | <b>+17.1%</b>  | 961    | <b>886</b>   | <b>-7.8%</b>   |
| as a % of sales               | +31.5% | +35.3%       |                | +31.7% | +32.2%       |                |
| R&D*                          | (78)   | <b>(77)</b>  | <b>-1.3%</b>   | (174)  | <b>(149)</b> | <b>-14.4%</b>  |
| SG&A*                         | (282)  | <b>(283)</b> | <b>+0.4%</b>   | (647)  | <b>(553)</b> | <b>-14.5%</b>  |
| as % of sales                 | +21.1% | +20.2%       |                | +21.3% | +20.1%       |                |
| Other operating items*        | 4      | <b>3</b>     |                | (5)    | <b>(2)</b>   |                |
| Recurring EBITDA*             | 119    | <b>184</b>   | <b>+54.6%</b>  | 251    | <b>284</b>   | <b>+13.1%</b>  |
| as a % of sales               | +8.9%  | +13.1%       |                | +8.3%  | +10.3%       |                |
| Recurring EBIT*               | 66     | <b>137</b>   | <b>+108%</b>   | 135    | <b>182</b>   | <b>+34.8%</b>  |
| as a % of sales               | +4.9%  | +9.8%        |                | +4.5%  | +6.6%        |                |
| Restructuring / non-recurring | (3)    | <b>(17)</b>  | <b>+467%</b>   | (158)  | <b>(12)</b>  | <b>-92.4%</b>  |
| Operating result              | 63     | <b>120</b>   | <b>+90.5%</b>  | (23)   | <b>170</b>   | <b>-</b>       |
| Non-operating result          | (57)   | <b>(45)</b>  | <b>-21.1%</b>  | (83)   | <b>(114)</b> | <b>+37.3%</b>  |
| Profit before taxes           | 6      | <b>75</b>    | <b>+1,150%</b> | (106)  | <b>56</b>    | <b>-</b>       |
| Taxes and minority interest   | (24)   | <b>(18)</b>  | <b>- 25%</b>   | (61)   | <b>(50)</b>  | <b>- 18.0%</b> |
| Net result                    | (18)   | <b>57</b>    | <b>-</b>       | (167)  | <b>6</b>     | <b>-</b>       |

\* Before restructuring charges and non-recurring items

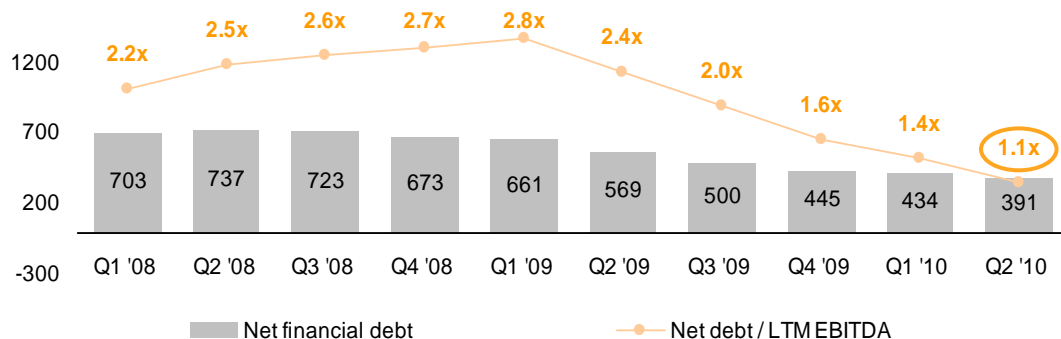
## Comments on H1 evolution

- Tailwinds on revenue, driven by the US and emerging markets
- Strong recurring EBIT margin performance (9.8% in H1 2010 vs. 4.9% in H1 2009)
  - Higher revenue volumes
  - Successful efficiency improvement, cost-cutting
  - Improved use of manufacturing capacity
  - Favorable raw material impact
- Upturn of the CtP / CtF markets, continued growth in industrial inkjet segments
- Positive industry dynamics in the US and emerging markets
- Positive effects on margins from higher revenue and raw materials, cost control
- Market-driven decline in traditional imaging products
- Good performance in Computed Radiography and IT products (especially in the US and emerging markets)
- Shenzhen Brothers JV and Pitman acquisition closed in the course of summer 2010

# Balance sheet: key figures (in million Euro)

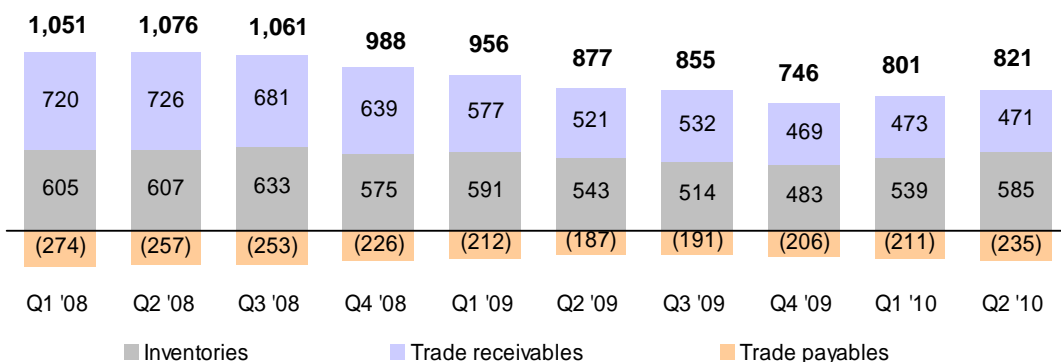
- ➔ **A sound balance sheet as a result of continuous restructuring actions**
- ➔ **Tight management of net debt and working capital**

## Net debt and leverage development



Note: LTM = Rolling last twelve months

## Net working capital development



(1) Trade receivables minus deferred revenue and advanced payments from customers

## Comments on H1 evolution

- Net financial debt and leverage at lowest level with 391 million Euro and 1.1x LTM EBITDA in Q2 2010, a further improvement versus Q2 2009 and Q1 2010
- Inventories increasing, due to
  - Currency effects
  - Growth in Graphics segment
  - Seasonal preparation for summer period
- Trade receivables kept at a constant level with trade payables increasing, as a result of a combination of
  - Growth of the supply and usage of the materials
  - Improvement of Agfa's terms and conditions with the suppliers

# Key figures: outlook

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- Full year revenue growth of about 200 million Euro, mainly driven by organic and external growth in Agfa Graphics
- Agfa Graphics' full year 2010 EBIT to revenue ratio expected to be higher than average because of the favorable raw material costs, stronger than anticipated recovery of the graphic industry in the USA and the IP related one-off effect
- Agfa HealthCare anticipates better top line performance in the second half of the year and expects full year 2010 EBIT to revenue ratio to be closer to 11% than to 10%
- Agfa Graphics confirms its 7% medium term EBIT target
- For Agfa HealthCare, medium term EBIT to revenue ratio expected to range between 10.5% and 11%

# Conclusion



## **A leading global company in traditional imaging markets**

- Managing the lifecycle of different technologies in function of each region's characteristics
- Focusing on the growth potential of emerging markets
- Determined to grow the overall market share

## **A capital increase to support innovation and growth**

- Agfa Graphics to act as one of the consolidators in the fragmented industrial printing market using the latest inkjet technologies
- Agfa HealthCare to act as one of the consolidators in the fragmented healthcare IT market
- Further acceleration of internal R&D efforts

## **Experienced management team with a proven track record**

- SG&A reduced with more than € 200m or 28%
- Substantial net debt reduction by more than € 300m
- Cultural change by continuous focus on cash generation, cost control, increased discipline and streamlined internal processes
- Experienced management team in integrating acquisitions

Q&A

