

# FY 2019 Results

Agfa-Gevaert Group



March 11, 2020



# Key strategic highlights

## Key strategic highlights

- **Sale of part of Agfa HealthCare's IT business**

The parties received all regulatory approvals and all employee consultation requirements have been met. Both parties aim to close the transaction in the course of the second quarter of 2020.

- **Strategic portfolio and business orientation decisions**

The Digital Print & Chemicals division decided to terminate its low margin inkjet media reseller activities in USA. To allow correct comparison, the 2018 and 2019 numbers in this document have been restated. The HealthCare IT division decided to strengthen the focus of the Imaging IT Solutions on certain sustainable core customer segments.

- **Measures to tackle challenges in offset industry**

The Offset Solutions division operates in a market that is characterized by multiple challenges. One of the main priorities of the Agfa-Gevaert Group is to implement a comprehensive plan to improve the profitability of the Offset Solutions division.

# Key financial highlights

## Key financial highlights

- **Strong cash generation and lower net financial debt**

The Agfa-Gevaert Group generated strong cash flows and a dedicated program allowed it to substantially decrease the working capital. As a result, the net financial debt decreased by 38 million Euro versus year-end 2018, in spite of the implementation of pension de-risking measures.

- **All divisions but Offset Solutions delivered underlying profit growth**

Both the Radiology Solutions division and the HealthCare IT division delivered profitable growth. Excluding the fading of the positive effects of the alliance with Siegwert, the core businesses of the Digital Print & Chemicals division were also able to substantially improve their profitability.

- **Impairment loss of 66.7 million Euro booked following evolution in offset industry**

# Key priorities

## Key priorities

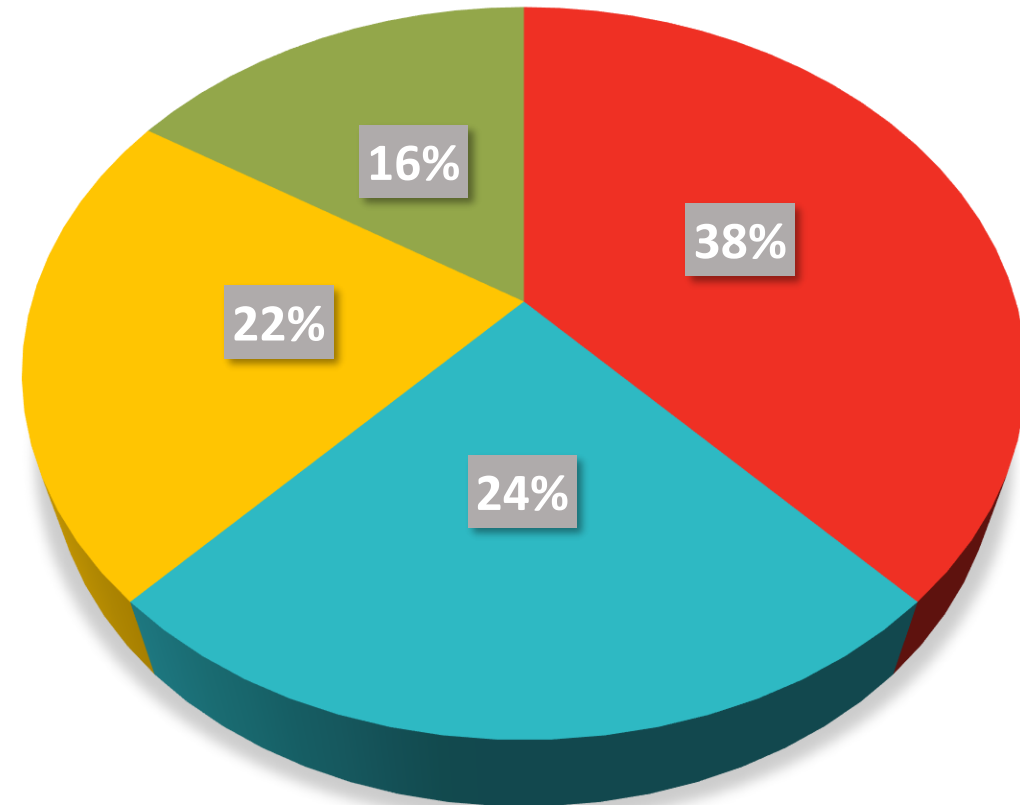
- Implementation of a comprehensive plan to improve the profitability of the Offset Solutions division.
- Execution of a growth plan for the Imaging IT business, the the Digital Print & Chemicals division and the Radiology division
- Optimization of cash generation with a strong focus on our dedicated working capital program

# Agfa-Gevaert Group

## Sales by division

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

FY 2019 = 2,239 million Euro



# Agfa-Gevaert Group

## Key figures Profit & Loss

in million Euro	Q4 '19 (excl. IFRS 16)	Q4 '18 (excl. IFRS 16, restated)	Δ% (excl.curr.)	FY'19 (excl. IFRS 16)	FY'18 (excl. IFRS 16, restated)	Δ% (excl.curr.)
Sales	599	587	2.1%(0.6%)	2239	2191	2.2%(0.8%)
Gross Profit*	194	190	2.1%	729	710	2.8%
as a % of sales	32.4%	32.4%		32.6%	32.4%	
SG&A*	-116	-117	-1.0%	-461	-460	0.1%
as a % of sales	19.4%	20.0%		20.6%	21.0%	
R&D*	-39	-36	9.6%	-148	-141	5.0%
Other operating*	-1	8		3	19	
Adjusted EBITDA*	52	59	-11.3%	180**	182	-1.1%
as a % of sales	8.7%	10.1%		8.1%	8.3%	
Adjusted EBIT*	38	45	-14.4%	124**	128	-3.0%
as a % of sales	6.4%	7.6%		5.5%	5.8%	

\* Before restructuring and non-recurring items

\*\* 2019 Adjusted EBITDA incl IFRS 16: 220 million Euro

2019 Adjusted EBIT incl IFRS 16: 126 million Euro



# Agfa-Gevaert Group

## Key figures Profit & Loss

in million Euro	Q4 '19 (incl. IFRS 16)	Q4 '18 (excl. IFRS 16, restated)	Δ%	FY'19 (incl. IFRS 16)	FY'18 (excl. IFRS 16, restated)	Δ%
Adjusted EBIT*	39	45		126	128	
Restructuring/non-recurring	-84	-37		-112	-66	
Operating result	-46	7		14	62	
Non-operating result	-8	-8		-38	-39	
Profit before taxes	-53	-1		-25	22	
Taxes	-4	-21		-28	-34	
Net result from continuing operations	-57	-22		-53	-12	
Net result from discontinued operations	0	-1		5	-3	
Net result	-57	-23		-48	-15	

\* Before restructuring and non-recurring items incl IFRS 16

# Agfa-Gevaert Group

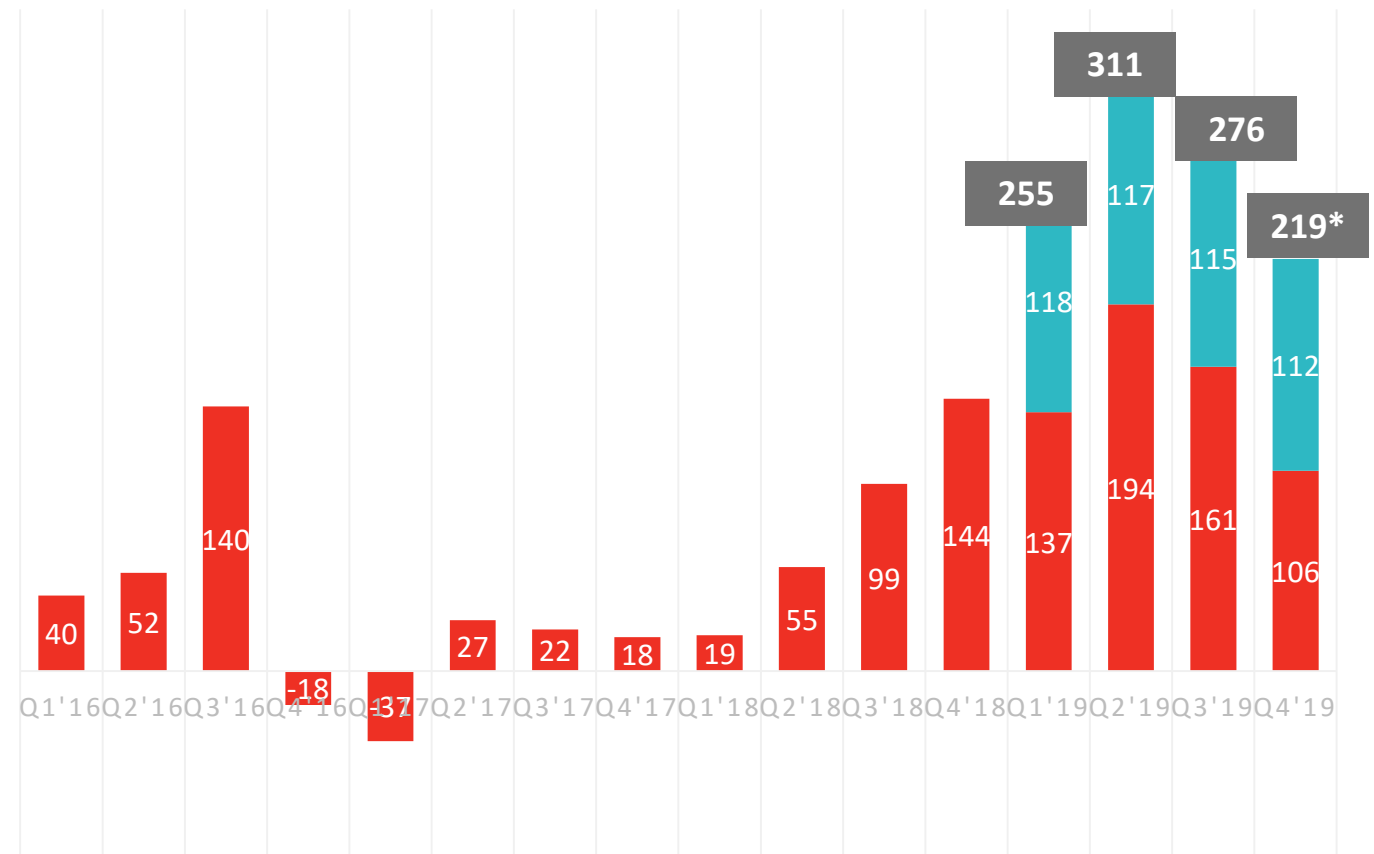
## Main drivers behind key figures

- Based on the solid performances of the growth engines and the hardcopy product line, the Agfa-Gevaert Group's top line grew by 2.2%.
- Both the Radiology Solutions division and the HealthCare IT division delivered profitable growth. Excluding the fading of the positive effects of the alliance with Siegwert, the core businesses of the Digital Print & Chemicals division were also able to substantially improve their profitability. As a result, the Agfa-Gevaert Group recorded a gross profit increase and a stable adjusted EBITDA in spite of the deteriorated conditions in the offset markets.
- Net result at 19 million Euro before impairment loss and minus 48 million Euro including impairment loss.



# Agfa-Gevaert Group

## Net financial debt in million Euro



\* IFRS 16 impact of 112 million Euro

# Agfa-Gevaert Group

## Working capital\*

in million Euro

in million Euro	Q4 2018	Q4 2019
<b>Inventories</b>	<b>498</b>	<b>437</b>
DIOH (in days)	117	103
<b>Trade Receivables, Contract Assets, Contract liabilities</b>	<b>374</b>	<b>378</b>
DSO (in days)	56	57
<b>Trade Payables</b>	<b>(219)</b>	<b>(234)</b>
DPO (in days)	52	55
<b>Trade Working Capital</b>	<b>653</b>	<b>579</b>
as a % of sales	29%	26%

- Before restatement of termination of inkjet media reseller activities in the USA

# Corporate Services

## Key figures Profit & Loss

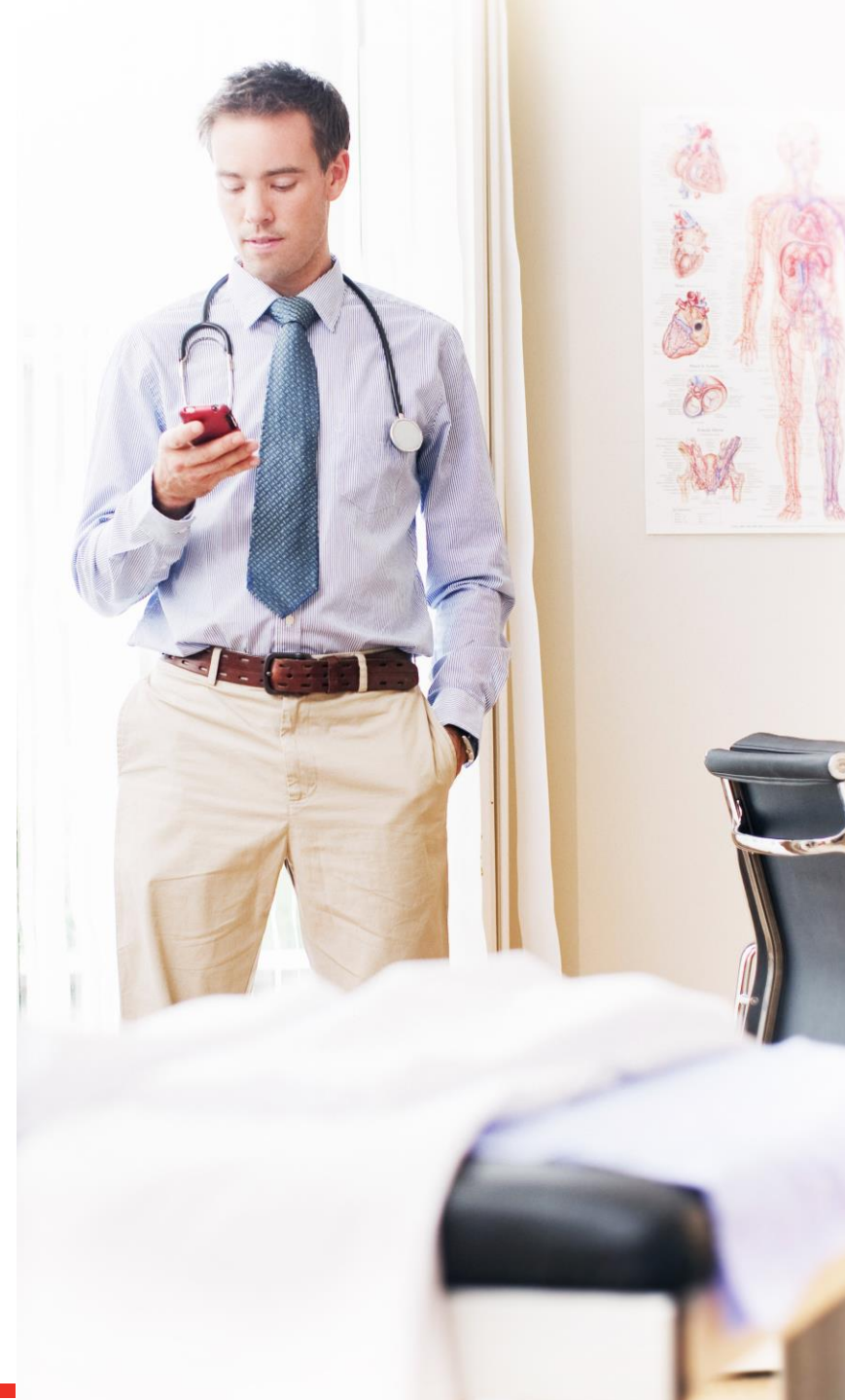
in million Euro	Q4 '19 (excl. IFRS 16)	Q4 '18 (excl. IFRS 16, restated)	Δ% (excl.curr.)	FY'19 (excl. IFRS 16)	FY'18 (excl. IFRS 16, restated)	Δ% (excl.curr.)
Adjusted EBITDA*	-5.1	-3.4	51.6%	-17.2**	-14.3	20.1%
Adjusted EBIT*	-5.1	-3.4	53.3%	-17.4**	-14.3	21.7%

- To allow a more accurate assessment of the business performances, costs of corporate functions at Group level are grouped under Corporate Services. The increase in costs related to Corporate Services versus 2018 is mainly due to the creation of the new Innovation Office.

\* Before restructuring and non-recurring items  
 \*\* 2019 Adjusted EBITDA incl IFRS 16: minus 17.2 million Euro  
 2019 Adjusted EBIT incl IFRS 16: minus 17.4 million Euro



## HealthCare IT

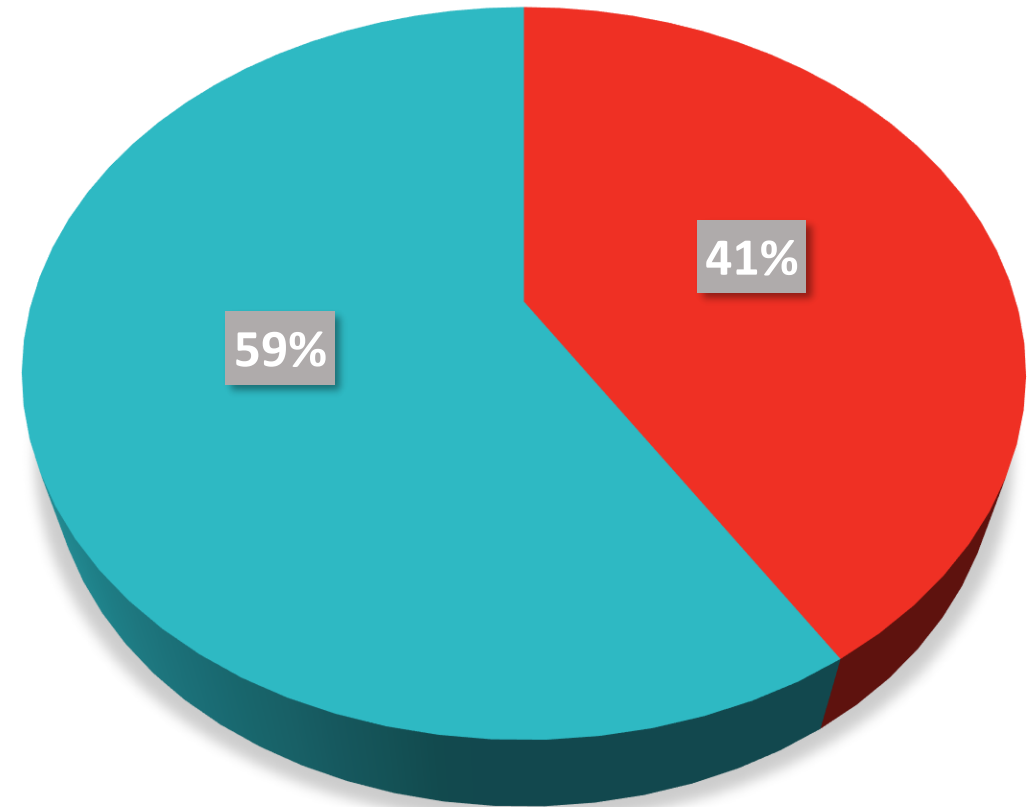


# HealthCare IT

## Sales by business segment

HCIS   
Imaging IT Solutions 

FY 2019 = 505 million Euro



# HealthCare IT

## Key figures Profit & Loss

in million Euro	Q4 '19 (excl. IFRS 16)	Q4 '18 (excl. IFRS 16, restated)	Δ% (excl.curr.)	FY'19 (excl. IFRS 16)	FY'18 (excl. IFRS 16, restated)	Δ% (excl.curr.)
Sales	131	130	0.7% (-0.3%)	505	490	3.0% (1.6%)
Gross Profit*	62	59	4.8%	235	217	8.6%
as a % of sales	47.3%	45.5%		46.6%	44.2%	
SG&A*	-28	-28	-0.7%	-111	-110	0.9%
as a % of sales	21.1%	21.4%		21.9%	22.4%	
R&D*	-21	-18	13.3%	-77	-73	5.7%
Other operating items*	0	-1		1	0	
Adjusted EBITDA*	17.9	16.4	9.5%	63.2**	48.7	29.8%
as a % of sales	13.7%	12.6%		12.5%	9.9%	
Adjusted EBIT*	14.1	12.3	14.4%	48.6**	34.4	41.1%
as a % of sales	10.7%	9.5%		9.6%	7.0%	

\* Before restructuring and non-recurring items

\*\* 2019 Adjusted EBITDA incl IFRS 16: 78,6 million Euro  
2019 Adjusted EBIT incl IFRS 16: 49,7 million Euro

# HealthCare IT

## Main drivers behind key figures

- The HealthCare IT division's top line increased by 3.0%. Throughout the year, the HealthCare Information Solutions business continuously recorded solid top line growth, confirming its leading position in the German speaking countries of Europe and in France. For the Imaging IT Solutions business, the division focuses on generating 'quality turnover' in selected geographies and segments to further improve profitability. In spite of the decision to wind down the Imaging IT Solutions from certain less sustainable markets and segments, this business' top line remained stable versus the previous year.
- The gross profit margin improved strongly from 44.2% of revenue in 2018 to 46.6%. Significant service efficiency improvements, strong software sales and the decision to refocus the Imaging IT Solutions business had a positive effect on profitability.
- Adjusted EBIT reached 48.6 million Euro (9.6% of revenue), versus 34.4 million Euro (7.0% of revenue) in the previous year.





## Radiology Solutions

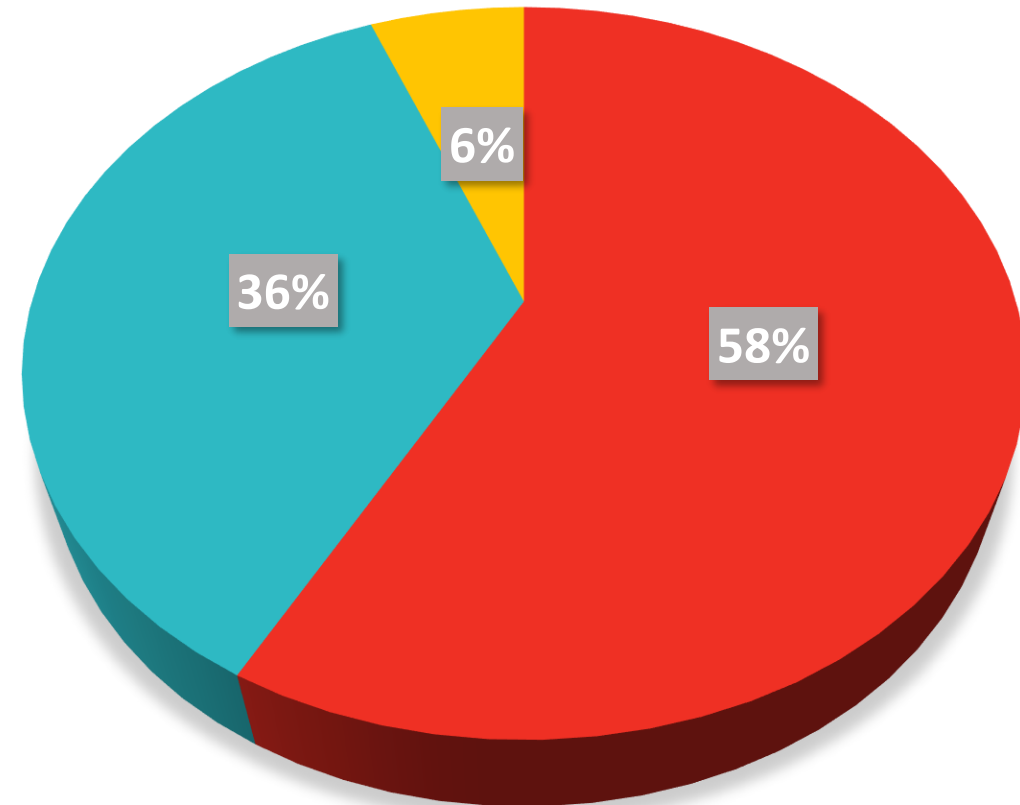


# Radiology Solutions

## Sales by business segment

Hardcopy ■  
CR/DR ■  
Classic Radiology ■

FY 2019 = 536 million Euro



# Radiology Solutions

## Key figures Profit & Loss

in million Euro	Q4 '19 (excl. IFRS 16)	Q4 '18 (excl. IFRS 16, restated)	Δ% (excl.curr.)	FY'19 (excl. IFRS 16)	FY'18 (excl. IFRS 16, restated)	Δ% (excl.curr.)
Sales	153	150	1.8% (-0.7%)	536	514	4.2% (3.2%)
Gross Profit*	61	51	18.3%	201	179	12.3%
as a % of sales	39.7%	34.2%		37.4%	34.7%	
SG&A*	-28	-26	7.7%	-108	-102	6.2%
as a % of sales	18.5%	17.5%		20.2%	19.8%	
R&D*	-5	-4	16.9%	-20	-17	14.0%
Other operating items*	0	1		-1	0	
Adjusted EBITDA*	31.6	25.4	24.6%	88.5**	72.7	21.7%
as a % of sales	20.7%	16.9%		16.5%	14.1%	
Adjusted EBIT*	27.3	21.8	25.4%	72.0**	59.8	20.4%
as a % of sales	17.9%	14.5%		13.4%	11.6%	

\* Before restructuring and non-recurring items

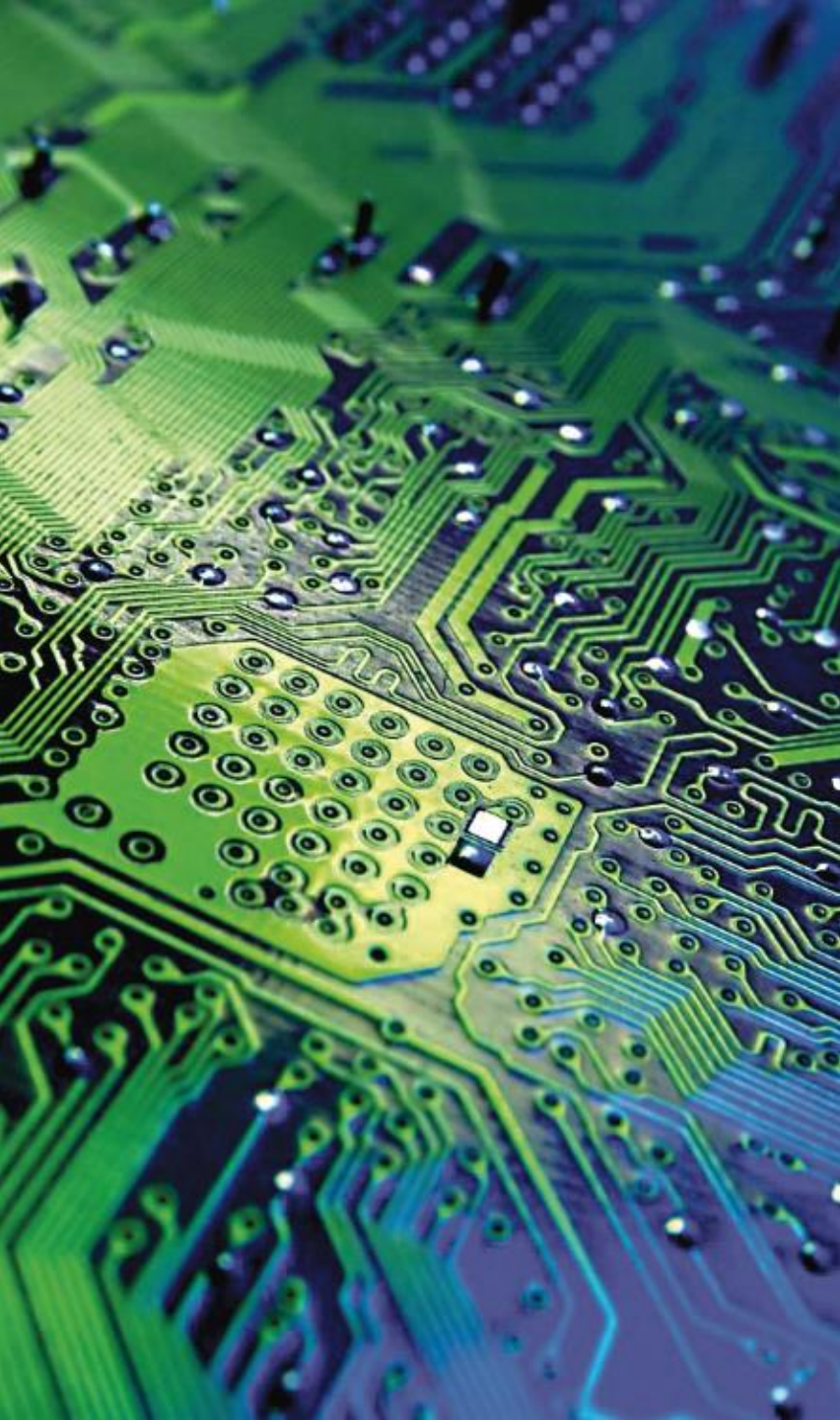
\*\* 2019 Adjusted EBITDA incl IFRS 16: 97,1 million Euro  
2019 Adjusted EBIT incl IFRS 16: 72,4 million Euro

# Radiology Solutions

## Main drivers behind key figures

- In the Radiology Solutions division, the top line growth of the hardcopy and Direct Radiography ranges was partly counterbalanced by the market-driven decline in Computed Radiography sales. Clearly benefiting from the reorganization of the distribution channels in China, the hardcopy business posted double-digit revenue growth. The top line growth of the innovative Direct Radiography solutions range was also based on increased service revenues.
- Partly due to improved service efficiencies and the effects of the reorganization of the hardcopy distribution channels, the division's gross profit margin increased from 34.7% of revenue in 2018 to 37.4%.
- Adjusted EBIT reached 72.0 million Euro (13.4% of revenue), versus 59.8 million Euro (11.6% of revenue) in the previous year.





## Digital Print & Chemicals

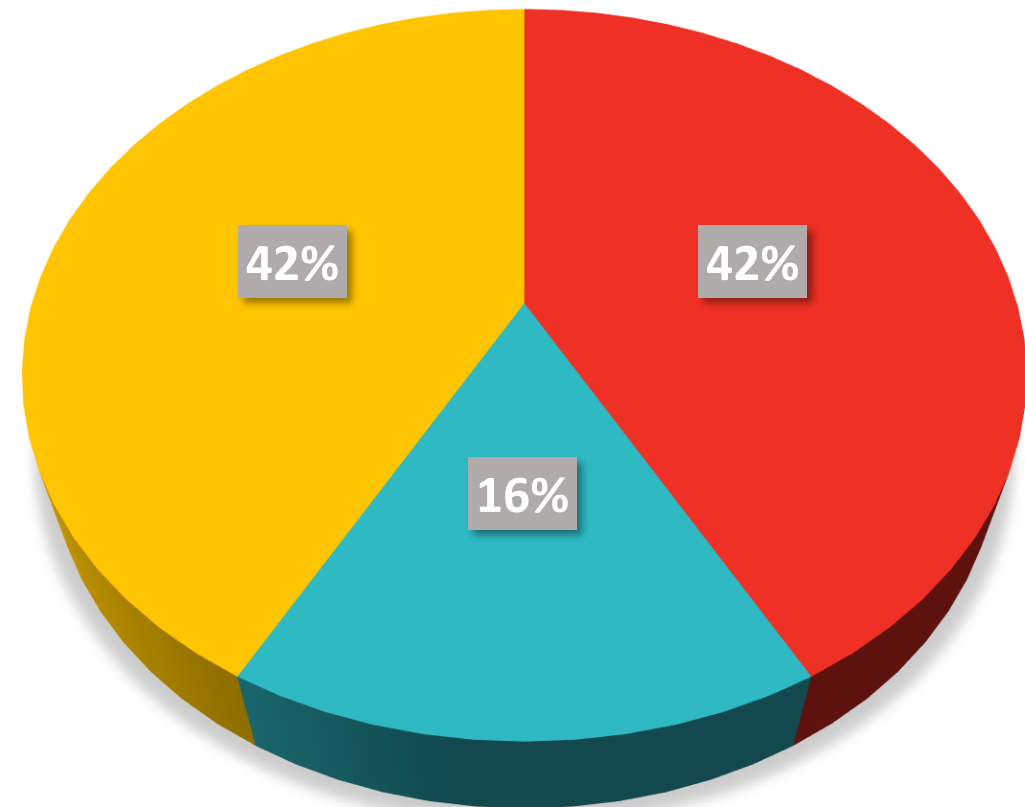


# Digital Print & Chemicals

## Sales by business segment

Inkjet   
Electronic Print   
Films and Foils 

FY 2019 = 355 million Euro



# Digital Print & Chemicals

## Key figures Profit & Loss

in million Euro	Q4 '19 (excl. IFRS 16)	Q4 '18 (excl. IFRS 16, restated)	Δ% (excl.curr.)	FY'19 (excl. IFRS 16)	FY'18 (excl. IFRS 16, restated)	Δ% (excl.curr.)
Sales	89	88	1.5% (0.8%)	355	337	5.5% (4.1%)
Gross Profit*	23	24	-4.6%	101	93	8.2%
as a % of sales	25.5%	27.1%		28.4%	27.7%	
SG&A*	-15	-17	-8.9%	-65	-65	-0.7%
as a % of sales	17.3%	19.2%		18.3%	19.4%	
R&D*	-5	-6	-8.3%	-21	-23	-6.1%
Other operating items*	1	8		7	22	
Adjusted EBITDA*	4.4	10.3	-57.6%	29.3**	34.0	-14.0%
as a % of sales	4.9%	11.7%		8.2%	10.1%	
Adjusted EBIT*	2.7	8.8	-69.7%	22.3**	28.1	-20.7%
as a % of sales	3.0%	10.0%		6.3%	8.4%	

\* Before restructuring and non-recurring items

\*\* 2019 Adjusted EBITDA incl IFRS 16: 33,9 million Euro  
2019 Adjusted EBIT incl IFRS 16: 22,5 million Euro



# Digital Print & Chemicals

## Main drivers behind key figures

- The core businesses of the Digital Print & Chemicals division performed strongly in 2019.
- The division's gross profit margin improved from 27.7% of revenue in 2018 to 28.4%.
- Adjusted EBIT amounted to 22.3 million Euro (6.3% of revenue), versus 28.1 million Euro (8.4% of revenue). As the main effect of the strategic alliance for UV digital packaging inks with Siegwerk Druckfarben has come to an end, the 2019 results were negatively influenced. Excluding this effect, the adjusted EBIT would have increased substantially.



## Offset Solutions

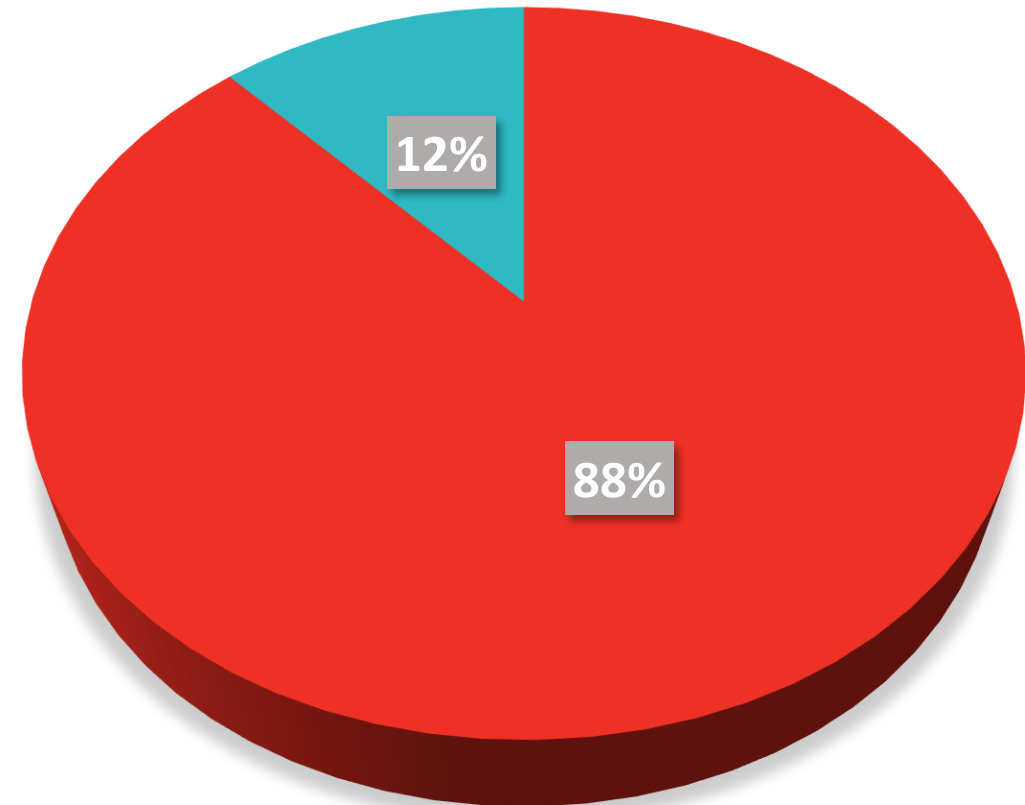


# Offset Solutions

## Sales by business segment

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

FY 2019 = 843 million Euro



# Offset Solutions

## Key figures Profit & Loss

	Q4 '19 (excl. IFRS 16)	Q4 '18 (excl. IFRS 16, restated)	Δ% (excl.curr.)	FY'19 (excl. IFRS 16)	FY'18 (excl. IFRS 16, restated)	Δ% (excl.curr.)
in million Euro						
Sales	226	218	3.3% (1.9%)	843	850	-0.8% (-2.5%)
Gross Profit*	48	55	-12.8%	193	222	-13.0%
as a % of sales	21.4%	25.4%		22.9%	26.1%	
SG&A*	-41	-43	-4.9%	-164	-172	-4.7%
as a % of sales	18.1%	19.6%		19.4%	20.2%	
R&D*	-7	-7	-7.2%	-27	-29	-4.7%
Other operating items*	-1	0		-3	-2	
Adjusted EBITDA*	3.5**	10.2	-65.3%	16.5	41.0	-59.8%
as a % of sales	1.6%	4.7%		2.0%	4.8%	
Adjusted EBIT*	-0.7**	5.1	-113.5%	-1.4	19.7	-107.2%
as a % of sales	-0.3%	2.3%		-0.2%	2.3%	

\* Before restructuring and non-recurring items

\*\* 2019 Adjusted EBITDA incl IFRS 16: 27,9 million Euro  
2019 Adjusted EBIT incl IFRS 16: minus 1 million Euro

# Offset Solutions

## Main drivers behind key figures

- The Offset Solutions division's revenue remained almost stable at 843 million Euro. Mid 2019, the consolidation of the sales coming from the alliance with Lucky HuaGuang Graphics started to show in the division's top line. The Offset Solutions division is active in structurally declining markets. The offset industry is marked by the strong decline in demand for analog prepress technology and decreasing newspaper and commercial print volumes. The division also continues to face price pressure, caused by intense competition, as well as high aluminum costs. The developments in the offset industry explain the booking of an impairment loss by the Group in the fourth quarter.
- The Offset Solutions division's gross profit margin decreased from 26.1% of revenue in 2018 to 22.9%. Part of the decrease was due to the dilutive effect related to the consolidation of the sales coming from the Lucky alliance. In addition, adverse product and regional mix effects, increased idle time due to overcapacity and high aluminum costs also impacted the gross profit margin.
- Adjusted EBIT amounted to minus 1.4 million Euro (minus 0.2% of revenue), versus 19.7 million Euro (2.3% of revenue).

## Pensions

# Pension Status (4 material countries)

Excluding Belgian DC Plans

## Funded status

in million Euro	2018	2019	Δ
Funded Status	(1001)	(1068)	(67)
Obligations	1970	2041	(71)
Assets	969	973	4



# Pension cost and cash outflow (4 material countries) Excluding Belgian DC Plans

## Cost and cash outflow

Pension cost expected to increase and net interest cost expected to decrease versus 2019 mainly due to a lower discount rate

Pension cash outflow 2018 and 2019 impacted by the actions related to pension de-risking.

in million Euro	2018	2019	2020 (Est)
Pension Cost in EBIT	21	21	24
Net interest cost	22	21	15
Non recurring	1	-1	-
<b>Total pension cost</b>	<b>44</b>	<b>42</b>	<b>39</b>
Pension cash outflow	-98	-108	-81

# Questions & Answers

