AGFA

PRESS RELEASE

Regulated information – May 10, 2016 - 7:45 a.m. CET

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Agfa-Gevaert publishes its first quarter 2016 results

- **Strong performance of the growth engines**
- **Gross profit and recurring EBITDA margin improvement**
- **Net result at 10 million Euro**
- **Net financial debt further down to 40 million Euro**

Mortsel (Belgium), May 10, 2016 - Agfa-Gevaert today announced its first quarter 2016 results.

"Our first quarter was roughly in line with our expectations. I am particularly pleased with the strong performance of our business groups' growth engines. Agfa HealthCare's Direct Radiography and IT businesses, Agfa Graphics' inkjet business and Agfa Specialty Products' future-oriented activities all posted solid revenue growth. Furthermore, our recurring EBITDA margin improved by over one percentage point compared to last year's first quarter. This strengthens my belief that we are on track to reach our 10 percent target in 2016," said Christian Reinaudo, President and CEO of the Agfa-Gevaert Group.

Agfa-Gevaert Group – first quarter 2016

in million Euro	Q1 2015	Q1 2016	% change
Revenue	622	603	-3.1%
Gross profit (*)	197	195	-1.0%
% of revenue	31.7%	32.3%	
Recurring EBITDA (*)	43	48	11.6%
% of revenue	6.9%	8.0%	
Recurring EBIT (*)	28	34	21.4%
% of revenue	4.5%	5.6%	
Result from operating activities	24	30	25.0%
Result for the period	3	10	233.3%
Net cash from (used in) operating activities	53	39	

(*) before restructuring and non-recurring items

The Agfa-Gevaert Group's revenue decreased by 3.1% to 603 million Euro. The strong performance of the growth engines partly counterbalanced the effects of the ongoing adverse geopolitical and economic conditions and the remaining effects of the measures taken in the fourth quarter of 2015 to align the inventory policy for Agfa HealthCare's hardcopy film business with the economic situation in the emerging markets.

Due to targeted efficiency measures, the Group was able to improve its gross profit margin to 32.3% of revenue.

As a percentage of revenue, Selling and General Administration expenses amounted to 21.1%.

R&D expenses amounted to 35 million Euro, or 5.8 percent of revenue.

Recurring EBITDA (the sum of Graphics, HealthCare, Specialty Products and the unallocated portion) improved by more than one percentage point to 8.0% of revenue, versus 6.9% in the first quarter of 2015. Recurring EBIT improved from 4.5% of revenue to 5.6%.

The expense related to the restructuring and non-recurring items remained stable at 4 million Euro.

The net finance costs decreased from 17 million Euro in the first quarter of 2015 to 8 million Euro, as a result of lower bank interest expenses and positive exchange rate effects.

Income tax expenses amounted to 12 million Euro, versus 4 million Euro in the previous year.
As a result of the elements mentioned above, the Agfa-Gevaert Group posted a strong net profit of 10 million Euro.

Financial position and cash flow

- At the end of the first quarter of 2016, total assets were 2,394 million Euro, compared to 2,402 million Euro at the end of 2015.
- Inventories amounted to 528 million Euro (106 days), versus 577 million Euro (115 days) in the first quarter of 2015. Trade receivables (minus deferred revenue and advanced payments from customers) amounted to 349 million Euro (52 days), versus 384 million Euro (55 days) in the first quarter of 2015, and trade payables were 242 million Euro (49 days), versus 257 million Euro (51 days).
- Net financial debt amounted to 40 million Euro, versus 58 million Euro at the end of 2015.
- Net cash from operating activities amounted to 39 million Euro.

Agfa Graphics – first quarter 2016

in million Euro	Q1 2015	Q1 2016	% change
Revenue	321	307	-4.4%
Recurring EBITDA (*)	21.4	24.7	15.4%
% of revenue	6.7%	8.0%	
Recurring EBIT (*)	13.8	18.0	30.4%
% of revenue	4.3%	5.9%	

(*) before restructuring and non-recurring items

Agfa Graphics' inkjet segment performed well thanks to the success of the new generation of wide-format print solutions and the improvement in ink volumes. Furthermore, the volume trend in the prepress segment's digital computer-to-plate (CtP) business continued to improve, mainly due to the success of the sustainable printing plate solutions. In spite of these positive elements, Agfa Graphics' top line decreased by 4.4%. In the prepress segment, the analog computer-to-film (CtF) business continued to decline strongly, whereas the CtP business continued to suffer from the strong competitive pressure in the offset markets.

Agfa Graphics' structural efficiency measures counterbalanced the competitive pressure effects. As a result, the business group's gross profit margin reached 29.0% of revenue, which is close to the level of last year's first quarter (29.3% of revenue) and an improvement versus the fourth quarter of 2015 (28.3% of revenue). Recurring EBITDA amounted to 24.7 million Euro (8.0% of revenue), versus 21.4 million Euro (6.7% of revenue) in the first quarter of 2015. Recurring EBIT improved strongly from 13.8 million Euro (4.3% of revenue) to 18.0 million Euro (5.9% of revenue).

In the field of inkjet, Agfa Graphics continued to be successful with its flagship Jeti Tauro and Jeti Mira wide-format print engines and its range of inks for industrial applications. In the first quarter, Cover Up became the first company in Ireland to install the award-winning Jeti Mira flatbed print engine. Other examples of companies that chose to invest in innovative high-end Jeti print engines were Falquon (Germany) and Pro-Mont (Poland). The first Acorta automatic cutting plotter in South Africa was sold to Sign Edition.

In the field of prepress, Agfa Graphics added the Avalon N4-30 to its family of thermal platesetter systems. Supporting both conventional and chemistry-free printing plate types, the system produces up to 33 plates per hour. Furthermore, the business group launched a new version of its Apogee Prepress workflow software, with increased support for wide-format printing. Apogee Prepress is the only hybrid prepress workflow solution that drives CTP, CTF and proofing solutions, as well as wide-format and digital commercial presses.

In the UK, the Financial Times renewed its contract with Agfa Graphics. The contract covers 21 sites around the world and includes a migration to Agfa Graphics' Arkitex Production workflow solution. An extensive prepress contract was also signed with Johnston Press, one of the largest multimedia organizations in the UK. Other major contracts were concluded with Interpress, Meath Chronicle, MPC Print Solutions and Cambrian Printers (all in the UK); Primus International and DS Smith (Germany); Hifi Color (Slovenia); Petit Press (Slovakia) and IPD (Korea).

Agfa HealthCare – first quarter 2016

in million Euro	Q1 2015	Q1 2016	% change
Revenue	254	254	0.0%
Recurring EBITDA (*)	20.4	22.5	10.3%
% of revenue	8.0%	8.9%	
Recurring EBIT (*)	13.3	16.1	21.1%
% of revenue	5.2%	6.3%	

(*) before restructuring and non-recurring items

Due to the strong performance of the growth engines, Agfa HealthCare's revenue remained stable at 254 million Euro.
In the Imaging segment's digital radiography business (consisting of Computed Radiography (CR), Direct Radiography (DR) and the hardcopy business), the DR product range continued to perform very strongly. The hardcopy film product range still felt the effects of the measures that were taken in the fourth quarter of 2015 to align the inventory policy at the distributors' level with the economic situation in the emerging markets.
In the IT segment, the HealthCare Information Solutions range posted strong growth. The Imaging IT Solutions range also performed well, driven by the success of the new Enterprise Imaging solution.

Mainly due to the structural efficiency measures, Agfa HealthCare's gross profit margin improved strongly from 36.6% of revenue in the first quarter of 2015 to 38.2%. Recurring EBITDA improved from 20.4 million Euro (8.0% of revenue) to

22.5 million Euro (8.9% of revenue). Recurring EBIT increased from 13.3 million Euro (5.2% of revenue) to 16.1 million Euro (6.3% of revenue).

In the field of Imaging, Frost & Sullivan published a white paper, saying that Agfa HealthCare's DR platform - featuring the business group's MUSICA image processing software - is 'well differentiated' from the competition by addressing 'The Three Pillars of DR's Value Proposition'. These pillars are: producing excellent image quality, keeping radiation dose as low as reasonably achievable, and enabling high workflow productivity. In the UK, the East Lancashire Hospitals NHS Trust ordered two Agfa HealthCare mobile DR units. In Canada, both the Sunnybrook Health Sciences Centre and the Milton District Hospital ordered a fully automated DR 600 system.

In the field of Imaging IT Solutions, Agfa HealthCare continued the successful global roll-out of its Enterprise Imaging solution. In the UK, a new 10-year contract was signed with the Shrewsbury and Telford Hospital NHS Trust. The Trust's Agfa HealthCare picture archiving and communication system will be replaced by the business group's Enterprise Imaging for Radiology suite. Agfa HealthCare also signed a contract extension with Alliance Medical Ireland to provide its Enterprise Imaging platform across six hospital sites. In the Netherlands, both the VU University Medical Center Amsterdam and the Rode Kruis Ziekenhuis (Beverwijk) went live with their Enterprise Imaging solutions.

In HealthCare Information Solutions, Agfa HealthCare and Assistance Publique – Hôpitaux de Paris (AP-HP) have extended their relationship for another four years. Agfa HealthCare will deploy its ORBIS clinical information system across all 39 AP-HP hospitals. The project is one of the most ambitious healthcare IT deployments in Europe.
Furthermore, Agfa HealthCare integrated Elsevier Clinical Solutions' ClinicalKey clinical search engine into its ORBIS solution. By offering physicians fast and simple access to concrete answers to medical questions, ORBIS helps its users in Germany to speed up and improve their decision making process.

In January, Agfa HealthCare reinforced its ambition to drive the development of integrated care and business intelligence solutions through the acquisition of the Austrian TIP Group and a strategic alliance with the US-based My Personal Health Record Express Inc (MphRx). The TIP Group specializes in healthcare business intelligence and enterprise resource planning (ERP) applications. Together with MphRx, Agfa HealthCare has created a patient centric Integrated Care portal that can be used by care providers ranging from single facilities to large regional deployments. Additional functionalities will be added shortly.

Agfa Specialty Products – first quarter 2016

in million Euro	Q1 2015	Q1 2016	% change
Revenue	47	42	-10.6%
Recurring EBITDA (*)	3.0	2.0	-33.3%
% of revenue	6.4%	4.8%	
Recurring EBIT (*)	2.0	1.1	-45.0%
% of revenue	4.3%	2.6%	

(*) before restructuring and non-recurring items

Agfa Specialty Products' revenue reached 42 million Euro. The good performances of the future-oriented businesses, such as Orgacon Electronic Materials and Synaps Synthetic Paper, as well as the Printed Circuit Board business partly counterbalanced the decline of the traditional film product lines.

The business group's recurring EBITDA reached 2.0 million Euro (4.8% of revenue). Recurring EBIT amounted to 1.1 million Euro (2.6% of revenue).

In the first quarter, Agfa Specialty Products announced the signing of an agreement with Matset for the distribution of the Synaps synthetic paper range in Turkey. Matset is one of the leaders in the graphics arts industry in Turkey.

End of message

Management Certification of Financial Statements and Quarterly Report
This statement is made in order to comply with new European transparency regulation enforced by the Belgian Royal Decree of 14 November 2007 and in effect as of 2008.
"The Board of Directors and the Executive Committee of Agfa-Gevaert NV, represented by Mr. Julien De Wilde, Chairman of the Board of Directors, Mr. Christian Reinaudo, President and CEO, and Mr. Kris Hoornaert, CFO, jointly certify that, to the best of their knowledge, the consolidated financial statements included in the report and based on the relevant accounting standards, fairly present in all material respects the financial condition and results of Agfa-Gevaert NV, including its consolidated subsidiaries. Based on our knowledge, the report includes all information that is required to be included in such document and does not omit to state all necessary material facts."

Statement of risk
This statement is made in order to comply with new European transparency regulation enforced by the Belgian Royal Decree of 14 November 2007 and in effect as of 2008.
"As with any company, Agfa is continually confronted with – but not exclusively - a number of market and competition risks or more specific risks related to the cost of raw materials, product liability, environmental matters, proprietary technology or litigation."
Key risk management data is provided in the annual report available on www.agfa.com.

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The full press release and financial information is also available on the company's website: www.agfa.com

Consolidated Statement of Profit or Loss (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies.

	Q1 2015	Q1 2016	% change
Revenue	**622**	**603**	-3.1%
Cost of sales	(425)	(408)	-4.0%
Gross profit	**197**	**195**	-1.0%
Selling expenses	(88)	(84)	-4.5%
Research & Development expenses	(36)	(35)	-2.8%
Administrative expenses	(44)	(43)	-2.3%
Other operating income	28	24	-14.3%
Other operating expenses	(33)	(27)	-18.2%
Results from operating activities	**24**	**30**	25.0%
Interest income (expense) - net	(4)	(2)	-50.0%
Interest income	-	-	
Interest expense	(4)	(2)	-50.0%
Other finance income (expense) - net	(13)	(6)	-53.8%
Other finance income	1	6	500.0%
Other finance expense	(14)	(12)	-14.3%
Net finance costs	**(17)**	**(8)**	-52.9%
Profit (loss) before income taxes	**7**	**22**	214.3%
Income tax expense	(4)	(12)	200.0%
Profit (loss) for the period	**3**	**10**	233.3%
Profit (loss) attributable to:			
Owners of the Company	2	8	300.0%
Non-controlling interests	1	2	100.0%
Results from operating activities	24	30	25.0%
Restructuring and non-recurring items	(4)	(4)	
Recurring EBIT	28	34	21.4%
Outstanding shares per end of period	167,751,190	167,751,190	
Weighted number of shares used for calculation	167,751,190	167,751,190	
Earnings per share (Euro)	0.013	0.05	

Consolidated Statements of Comprehensive Income for the quarter ending March 2015 / March 2016 (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies.

	Q1 2015	Q1 2016
Profit / (loss) for the period	**3**	**10**
Other Comprehensive Income, net of tax		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences:	**24**	**0**
Exchange differences on translation of foreign operations	36	(5)
Exchange differences on net investment hedge	(12)	5
Income tax on exchange differences on net investment hedge	-	-
Cash flow hedges:	**0**	**6**
Effective portion of changes in fair value of cash flow hedges	(7)	2
Change in the fair value of cash flow hedges reclassified to profit or loss	6	-
Adjustments for amounts transferred to initial carrying amount of hedged items	1	4
Income taxes	-	-
Available-for-sale financial assets:	**2**	**(1)**
Changes in fair value of available-for-sale financial assets	2	(1)
Income taxes	-	-
Items that will not be reclassified subsequently to profit and loss:	**-**	**-**
Remeasurements of the net defined benefit liability	-	-
Income tax on remeasurements on the net defined benefit liability	-	-
Total other Comprehensive Income for the period, net of tax	**26**	**5**
Total Comprehensive Income for the period attributable to:	**29**	**15**
Owners of the Company	22	15
Non-controlling interests	7	-

Consolidated Statement of Financial Position (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies.

	31/12/2015	31/03/2016
ASSETS		
Non-current assets	**1,005**	**989**
Intangible assets and goodwill	622	617
Property, plant and equipment	214	207
Investments in associates	1	7
Financial assets	16	15
Deferred tax assets	152	143
Current assets	**1,397**	**1,405**
Inventories	512	528
Trade receivables	515	520
Current income tax assets	64	60
Other tax receivables	26	24
Other receivables	106	97
Other assets	44	60
Derivative financial instruments	2	4
Cash and cash equivalents	123	107
Non-current assets held for sale	5	5
Total assets	**2,402**	**2,394**
EQUITY AND LIABILITIES		
Equity	**268**	**283**
Equity attributable to owners of the Company	**228**	**243**
Share capital	187	187
Share premium	210	210
Retained earnings	771	779
Reserves	(92)	(87)
Translation reserve	(7)	(5)
Post-employment benefits: remeasurements of the net defined benefit liability	(841)	(841)
Non-controlling interests	**40**	**40**
Non-current liabilities	**1,359**	**1,315**
Liabilities for post-employment and long-term termination benefit plans	1,185	1,161
Other employee benefits	9	8
Loans and borrowings	137	117
Provisions	6	5
Deferred income	1	3
Deferred tax liabilities	21	21
Current liabilities	**775**	**796**
Loans and borrowings	44	30
Provisions	81	76
Trade payables	206	242
Deferred revenue and advance payments	141	171
Current income tax liabilities	60	59
Other tax liabilities	45	39
Other payables	46	11
Employee benefits	130	150
Other liabilities	5	7
Derivative financial instruments	17	11
Total Equity and Liabilities	**2,402**	**2,394**

Consolidated Statement of Cash Flows (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies.

	Q1 2015	Q1 2016
Profit (loss) for the period	3	10
Adjustments for:		
Depreciation, amortization and impairment losses	16	14
Changes in fair value of derivative financial instruments	1	2
Granted subventions	(2)	(2)
(Gains) / losses on sale of non-current assets	0	0
Net finance costs	17	8
Income tax expense	4	12
	39	**44**
Change in inventories	(43)	(21)
Change in trade receivables	0	(3)
Change in trade payables	21	6
Change in deferred revenue and advance payments	43	31
Change in other working capital	(12)	(22)
Change in non-current provisions	(17)	(13)
Change in current provisions	17	18
Cash generated from operating activities	**48**	**40**
Income taxes paid	5	(1)
Net cash from / (used in) operating activities	**53**	**39**
Interest received	1	1
Dividends received	0	0
Proceeds from sale of intangible assets	0	1
Proceeds from sale of property, plant and equipment	1	0
Acquisition of intangible assets	(1)	0
Acquisition of property, plant and equipment	(7)	(8)
Changes in lease portfolio	0	2
Acquisition of subsidiary, net of cash acquired	0	0
Change in other investing activities	2	(6)
Net cash from / (used in) investing activities	**(4)**	**(10)**
Interest paid	(3)	(2)
Dividends paid to non-controlling interests	0	0
Proceeds from borrowings	0	0
Repayment of borrowings	(10)	(34)
Other financial flows	(23)	(7)
Net cash from / (used in) financing activities	**(36)**	**(43)**
Net increase (decrease) in cash and cash equivalents	**13**	**(14)**
Cash and cash equivalents at January 1	**194**	**122**
Effect of exchange rate fluctuations	**10**	(2)
Cash and cash equivalents at end of the period	**217**	**106**

Consolidated Statement of changes in Equity (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies.

in million Euro	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Hedging reserve	Remeasurements of the net defined benefit liability	Translation reserve	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO OWNERS OF THE COMPANY										
Balance at January 1, 2015	**187**	**210**	**709**	**(82)**	**1**	**(11)**	**(905)**	**(16)**	**93**	**53**	**146**
Comprehensive income for the period											
Profit (loss) for the period	-	-	2	-	-	-	-	-	2	1	3
Other comprehensive income, net of tax	-	-	-	-	2	-	-	18	20	6	26
Total comprehensive income for the period	**-**	**-**	**2**	**-**	**2**	**-**	**-**	**18**	**22**	**7**	**29**
Balance at March 31, 2015	**187**	**210**	**711**	**(82)**	**3**	**(11)**	**(905)**	**2**	**115**	**60**	**175**
Balance at January 1, 2016	**187**	**210**	**771**	**(82)**	**4**	**(14)**	**(841)**	**(7)**	**228**	**40**	**268**
Comprehensive income for the period											
Profit (loss) for the period	-	-	8	-	-	-	-	-	8	2	10
Other comprehensive income, net of tax	-	-	-	-	(1)	6	-	2	7	(2)	5
Total comprehensive income for the period	**-**	**-**	**8**	**-**	**(1)**	**6**	**-**	**2**	**15**	**-**	**15**
Balance at March 31, 2016	**187**	**210**	**779**	**(82)**	**3**	**(8)**	**(841)**	**(5)**	**243**	**40**	**283**