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Agfa-Gevaert publishes its third quarter 2017 results

- **Good performance by most of the growth engines**
- **Net profit of 14 million Euro**
- **Net financial debt at 22 million Euro**

Mortsel (Belgium), November 8, 2017 - Agfa-Gevaert today announced its third quarter 2017 results.

“The progress made in the reorganization of our distribution channels for hardcopy film and the continued strong order book build-up in IT give us confidence in the short to medium term evolution of our HealthCare business.

Both our Inkjet business and our future-oriented specialty products performed well, while continued volume decreases, price erosion and aluminum price increases weighed on our prepress business.

The study on how to reorganize our HealthCare IT activities into a stand-alone legal entity structure within the Group is yielding encouraging results and October 10, the Board of Directors decided to initiate the first steps towards the execution of the plans. The management is fully committed to the success of this project, as we strongly believe that it is in the best interest of our Company, its stakeholders and its employees,” said Christian Reinaudo, President and CEO of the Agfa-Gevaert Group.

Agfa-Gevaert Group – third quarter 2017

in million Euro	Q3 2016	Q3 2017	% change
Revenue	625	593	-5.1%
Gross profit (*)	209	195	-6.7%
% of revenue	33.4%	32.9%	
Recurring EBITDA (*)	63	53	-15.9%
% of revenue	10.1%	8.9%	
Recurring EBIT (*)	49	40	-18.4%
% of revenue	7.8%	6.7%	
Result from operating activities	43	31	-27.9%
Result for the period	25	14	-44.0%
Net cash from (used in) operating activities	35	18	

(*) before restructuring and non-recurring items

Most of the Agfa-Gevaert Group's growth engines performed well in the third quarter of 2017. The Group's top line decrease was mainly due to the strength of the Euro versus other currencies and the decline in the traditional businesses.

Excluding currency effects, the decrease would be limited to 2.9%, which shows a clear improvement compared to the first half of the year.

Impacted by adverse raw material effects, the Group's gross profit amounted to 195 million Euro, or 32.9% of revenue.

As a percentage of revenue, Selling and General Administration expenses amounted to 19.7%.

R&D expenses amounted to 35 million Euro, or 5.9% of revenue.

Recurring EBITDA (the sum of Graphics, HealthCare, Specialty Products and the unallocated portion) amounted to 8.9% of revenue, versus 10.1% in the third quarter of 2016. Recurring EBIT reached 6.7% of revenue, versus 7.8% in the previous year.

Restructuring and non-recurring items resulted in an expense of 9 million Euro, versus an expense of 6 million Euro in the third quarter of 2016.

The net finance costs decreased from 11 million Euro in the third quarter of 2016 to 8 million Euro.

Income tax expenses amounted to 9 million Euro, versus 7 million Euro in the previous year.

As a result of the elements mentioned above, the Agfa-Gevaert Group posted a net profit of 14 million Euro.

Financial position and cash flow

- At the end of the third quarter of 2017, total assets were 2,281 million Euro, compared to 2,352 million Euro at the end of 2016.
- Inventories amounted to 526 million Euro (115 days), versus 534 million Euro (114 days) in the third quarter of 2016. Trade receivables (minus deferred revenue and advanced payments from customers) amounted to 346 million Euro (53 days), versus 337 million Euro (49 days) in the third quarter of 2016, and trade payables were 227 million Euro (50 days), versus 219 million Euro (46 days).
- Net financial debt amounted to 22 million Euro, versus a net cash position of 18 million Euro at the end of 2016.
- Net cash from operating activities amounted to 18 million Euro.

Agfa Graphics – third quarter 2017

in million Euro	Q3 2016	Q3 2017	% change
Revenue	308	284	-7.8%
Recurring EBITDA (*)	23.9	14.2	-40.6%
% of revenue	7.8%	5.0%	
Recurring EBIT (*)	17.2	8.2	-52.3%
% of revenue	5.6%	2.9%	

(*) before restructuring and non-recurring items

Adverse currency effects had a significant impact on Agfa Graphics' top line. Excluding these effects, revenue decreased by 4.7%. Continuing the good performance of the previous quarters, the business group's inkjet segment posted double-digit growth. Both the wide-format equipment product range and the inks for wide-format and industrial applications contributed to the revenue increase. Competitive pressure in the offset markets continued to weigh on prepress volumes and printing plate prices, although the price pressure started to ease somewhat due to increasing aluminum prices. In the prepress segment, the sustainable chemistry-free solutions continued to perform well. Agfa Graphics envisages to strengthen its market position with the recently introduced ECO³ program, which aims at giving customers access to a range of newly released value-added software solutions that will reduce costs, both in the prepress and press environment, while improving quality and productivity.

Mainly due to adverse raw material effects and competitive pressure effects, Agfa Graphics' gross profit margin decreased from 29.5% in the third quarter of 2016 to 27.8%. Recurring EBITDA amounted to 14.2 million Euro (5.0% of revenue),

versus 23.9 million Euro (7.8% of revenue) in last year's third quarter and recurring EBIT reached 8.2 million Euro (2.9% of revenue), versus 17.2 million Euro (5.6% of revenue).

Recently, Independent Printers Worldwide (IPW) recognized Agfa Graphics with their annual Vendor of the Year Award. Agfa Graphics partners with IPW members to drive out waste in production, improve productivity and make the shift from traditional printing to digital inkjet printing. IPW is a global procurement and selling group specializing in superior supplier programs and global print sales opportunities for independent printers.

In the field of inkjet, Agfa Graphics teamed up with Monotech Systems, India's leading products and solutions provider for the printing industry. Monotech Systems agreed to market Agfa Graphics' entire range of UV flatbed products in western and southern India.

In the field of prepress, Agfa Graphics completed the acquisition of software developer and reseller Bodoni Systems. Bodoni is based in Watford (UK). Also in prepress, important new equipment, software and consumables contracts were signed in – among other countries – the USA, Argentina, Australia, Brazil, Israel and Saudi Arabia.

Agfa HealthCare – third quarter 2017

in million Euro	Q3 2016	Q3 2017	% change
Revenue	271	258	-4.8%
Recurring EBITDA (*)	36.5	35.7	-2.2%
% of revenue	13.5%	13.8%	
Recurring EBIT (*)	29.8	29.5	-1.0%
% of revenue	11.0%	11.4%	

(*) before restructuring and non-recurring items

On a currency comparable basis, Agfa HealthCare's revenue decline was limited to 3.2%. This decline was largely attributable to the hardcopy and classic X-ray product ranges. However, the top line impact of the reorganization of the hardcopy distribution channels in China started to abate in the third quarter. The situation should further normalize in the next quarters.

Most of the business group's growth engines performed well in the third quarter. The Direct Radiography (DR) product range posted strong double-digit growth figures. While the HealthCare Information Solutions range reported continuous top

line and order book growth, the Imaging IT Solutions range saw a temporary revenue slowdown. However, the continuously strong order book for the Enterprise Imaging platform ensures recurring medium and long term top line growth in this area.

Agfa HealthCare improved its gross profit margin from 39.9% in the third quarter of 2016 to 40.7%. As the success of the Enterprise Imaging platform incites Agfa HealthCare to speed up investments in its sales and service organization, recurring EBITDA decreased slightly from 36.5 million Euro (13.5% of revenue) in the third quarter of 2016 to 35.7 million Euro (13.8% of revenue). Recurring EBIT reached 29.5 million Euro (11.4% of revenue), versus 29.8 million Euro (11.0% of revenue) in last year's third quarter.

In the field of Imaging IT Solutions, Agfa HealthCare continued to win important contracts for its Enterprise Imaging platform. In Luxembourg, for instance, Agfa HealthCare and Fédération des Hôpitaux Luxembourgeois signed a contract for the installation of a national-level Enterprise Imaging platform. The solution will make all patient images accessible from any hospital in the country, while respecting patient rights and confidentiality. WellStar Health System – the largest not-for-profit health system in the state of Georgia (USA) – will use Agfa HealthCare's Enterprise Imaging platform to connect its clinicians with patient imaging information across multiple hospitals and hundreds of ambulatory care locations in the greater Atlanta metropolitan area. Recently, Agfa HealthCare and STC Solutions entered into a long-term collaboration to deliver cloud based advanced Enterprise Imaging services to healthcare providers in the Kingdom of Saudi Arabia. STC Solutions is the country's main IT services provider.

In the field of Integrated Care, Agfa HealthCare announced that it will integrate Mitch&Mates's solutions for administering and organizing patient questionnaires into its Integrated Care Suite. Agfa HealthCare's Integrated Care Suite is a web-based platform that supports personal care management and access to patient health information beyond hospital walls for patients as well as care providers.

In HealthCare Information Solutions, all five sites of the Gemeinschaftsklinikum Mittelrhein went live with Agfa HealthCare's ORBIS solution. In the German speaking countries of Europe, Agfa HealthCare is the leading provider of hospital information systems.

Agfa Specialty Products – third quarter 2017

in million Euro	Q3 2016	Q3 2017	% change
Revenue	46	50	8.7%
Recurring EBITDA (*)	3.4	4.9	44.1%
% of revenue	7.4%	9.8%	
Recurring EBIT (*)	2.7	4.0	48.1%
% of revenue	5.9%	8.0%	

(*) before restructuring and non-recurring items

Agfa Specialty Products' revenue increased to 50 million Euro. The strong performances of the Printed Circuit Board business, Synaps Synthetic Paper and the Specialty Chemicals (including Orgacon Electronic Materials) more than compensated for the decline of the classic film products.

The business group's recurring EBITDA improved to 4.9 million Euro (9.8% of revenue). Recurring EBIT amounted to 4.0 million Euro (8.0% of revenue).

Results after nine months

Agfa-Gevaert Group – year to date

in million Euro	9m 2016	9m 2017	% change
Revenue	1,873	1,803	-3.7%
Gross profit (*)	634	600	-5.4%
% of revenue	33.8%	33.3%	
Recurring EBITDA (*)	189	152	-19.6%
% of revenue	10.1%	8.4%	
Recurring EBIT (*)	147	113	-23.1%
% of revenue	7.8%	6.3%	
Result from operating activities	147	99	-32.7%
Result for the period	75	49	-34.7%
Net cash from (used in) operating activities	82	14	

(*) before restructuring and non-recurring items

Agfa Graphics – year to date

in million Euro	9m 2016	9m 2017	% change
Revenue	936	893	-4.6%
Recurring EBITDA (*)	77.5	57.0	-26.5%
% of revenue	8.3%	6.4%	
Recurring EBIT (*)	57.5	38.7	-32.7%
% of revenue	6.1%	4.3%	

(*) before restructuring and non-recurring items

Agfa HealthCare – year to date

in million Euro	9m 2016	9m 2017	% change
Revenue	802	761	-5.1%
Recurring EBITDA (*)	102.9	84.1	-18.3%
% of revenue	12.8%	11.1%	
Recurring EBIT (*)	83.2	65.3	-21.5%
% of revenue	10.4%	8.6%	

(*) before restructuring and non-recurring items

Agfa Specialty Products – year to date

in million Euro	9m 2016	9m 2017	% change
Revenue	135	148	9.6%
Recurring EBITDA (*)	12.3	14.5	17.9%
% of revenue	9.1%	9.8%	
Recurring EBIT (*)	9.7	12.0	23.7%
% of revenue	7.2%	8.1%	

(*) before restructuring and non-recurring items

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.

	Q3 2016	Q3 2017	% change	9m 2016	9m 2017	% change
Revenue	625	593	-5.1%	1,873	1,803	-3.7%
Cost of sales	(415)	(397)	-4.3%	(1,239)	(1,202)	-3.0%
Gross profit	210	196	-6.7%	634	601	-5.2%
Selling expenses	(84)	(81)	-3.6%	(257)	(255)	-0.8%
Research & Development expenses	(35)	(35)	-	(105)	(109)	3.8%
Administrative expenses	(42)	(40)	-4.8%	(126)	(126)	-
Other operating income	13	17	30.8%	69	51	-26.1%
Other operating expenses	(19)	(26)	36.8%	(68)	(63)	-7.4%
Results from operating activities	43	31	-27.9%	147	99	-32.7%
Interest income (expense) - net	(2)	(2)	-	(6)	(5)	-16.7%
Interest income	-	-	-	1	1	-
Interest expense	(2)	(2)	-	(7)	(6)	-14.3%
Other finance income (expense) - net	(9)	(6)	-33.3%	(34)	(23)	-32.4%
Other finance income	2	4	100.0%	10	9	-10.0%
Other finance expense	(11)	(10)	-9.1%	(44)	(32)	-27.3%
Net finance costs	(11)	(8)	-27.3%	(40)	(28)	-30.0%
Profit (loss) before income taxes	32	23	-28.1%	107	71	-33.6%
Income tax expense	(7)	(9)	28.6%	(32)	(22)	-31.3%
Profit (loss) for the period	25	14	-44.0%	75	49	-34.7%
Profit (loss) attributable to:						
Owners of the Company	22	12	-45.5%	68	44	-35.3%
Non-controlling interests	3	2	-33.3%	7	5	-28.6%
Results from operating activities	43	31	-27.9%	147	99	-32.7%
Restructuring and non-recurring items	(6)	(9)	33.3%	-	(14)	-
Recurring EBIT	49	40	-18.9%	147	113	-23.1%
Outstanding shares per end of period	167,751,190	167,751,190		167,751,190	167,751,190	
Weighted number of shares used for calculation	167,751,190	167,751,190		167,751,190	167,751,190	
Earnings per share (Euro)	0.13	0.07		0.41	0.26	

Consolidated Statements of Comprehensive Income for the period ending September 2016 / September 2017 (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies

	2016	2017
Profit / (loss) for the period	75	49
Other Comprehensive Income, net of tax		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences:		
Exchange differences on translation of foreign operations	4	(35)
Exchange differences on disposal of foreign operations reclassified to profit or loss	8	-
Exchange differences on net investment hedge	3	-
Income tax on exchange differences on net investment hedge	-	-
Cash flow hedges:		
Effective portion of changes in fair value of cash flow hedges	8	21
Changes in the fair value of cash flow hedges reclassified to profit or loss	-	(4)
Adjustments for amounts transferred to initial carrying amount of hedged items	9	(10)
Income taxes	(1)	(3)
Available-for-sale financial assets:		
Changes in fair value of available-for-sale financial assets	(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	30	(31)
Total Comprehensive Income for the period attributable to:	105	18
Owners of the Company	101	15
Non-controlling interests	4	3

Consolidated Statements of Comprehensive Income for the quarter ending September 2016 / September 2017 (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies

	Q3 2016	Q3 2017
Profit / (loss) for the period	25	14
Other Comprehensive Income, net of tax		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences:	(3)	(10)
Exchange differences on translation of foreign operations	(4)	(10)
Exchange differences on disposal of foreign operations reclassified to profit or loss	1	-
Exchange differences on net investment hedge	-	-
Income tax on exchange differences on net investment hedge	-	-
Cash flow hedges:	2	(4)
Effective portion of changes in fair value of cash flow hedges	2	1
Changes in the fair value of cash flow hedges reclassified to profit or loss	-	(4)
Adjustments for amounts transferred to initial carrying amount of hedged items	1	(3)
Income taxes	(1)	2
Available-for-sale financial assets:	-	-
Changes in fair value of available-for-sale financial assets	-	-
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	(1)	(14)
Total Comprehensive Income for the period attributable to:	24	-
Owners of the Company	22	(1)
Non-controlling interests	2	1

Consolidated Statement of Financial Position (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies.

	31/12/2016	30/09/2017
ASSETS		
Non-current assets	1,066	1,030
Intangible assets and goodwill	621	598
Property, plant and equipment	198	189
Investments in associates	6	6
Financial assets	10	9
Trade receivables	12	13
Receivables under finance lease	57	68
Other assets	13	10
Deferred tax assets	149	137
Current assets	1,286	1,251
Inventories	483	526
Trade receivables	493	478
Current income tax assets	64	62
Other tax receivables	25	23
Receivables under finance lease	30	14
Other receivables	13	17
Other assets	45	49
Derivative financial instruments	4	8
Cash and cash equivalents	129	74
Total assets	2,352	2,281
EQUITY AND LIABILITIES		
Equity	252	260
Equity attributable to owners of the Company	215	230
Share capital	187	187
Share premium	210	210
Retained earnings	841	885
Reserves	(79)	(75)
Translation reserve	32	(1)
Post-employment benefits: remeasurements of the net defined benefit liability	(976)	(976)
Non-controlling interests	37	30
Non-current liabilities	1,382	1,308
Liabilities for post-employment and long-term termination benefit plans	1,269	1,224
Other employee benefits	8	7
Loans and borrowings	74	47
Provisions	4	5
Trade payables	6	6
Deferred income	2	2
Deferred tax liabilities	19	17
Current liabilities	718	713
Loans and borrowings	37	49
Provisions	74	69
Trade payables	219	222
Deferred revenue and advance payments	141	145
Current income tax liabilities	56	51
Other tax liabilities	37	28
Other payables	11	11
Employee benefits	132	132
Other liabilities	3	4
Derivative financial instruments	8	2
Total Equity and Liabilities	2,352	2,281

Consolidated Statement of Cash Flows (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies.

	9m 2016	9m 2017	Q3 2016	Q3 2017
Profit (loss) for the period	75	49	25	14
Adjustments for:				
Depreciation, amortization and impairment losses	42	39	14	13
Changes in fair value of derivative financial instruments	1	(1)	(2)	2
Granted subventions	(6)	(7)	(2)	(3)
(Gains) / losses on sale of non-current assets	(10)	(1)	0	0
Net finance costs	40	28	11	8
Income tax expense	32	22	7	9
	174	129	53	43
Change in inventories	(26)	(62)	4	3
Change in trade receivables	26	(6)	18	(5)
Change in trade payables	(17)	10	(34)	(5)
Change in deferred revenue and advance payments	17	11	(5)	(16)
Change in other working capital	(37)	(12)	(4)	(3)
Change in non-current provisions	(34)	(40)	(12)	(15)
Change in current provisions	(4)	(2)	20	23
Cash generated from operating activities	99	28	40	25
Income taxes paid	(17)	(14)	(5)	(7)
Net cash from / (used in) operating activities	82	14	35	18
Interest received	1	1	0	0
Dividends received	0	0	0	0
Proceeds from sale of intangible assets	2	1	1	0
Proceeds from sale of property, plant and equipment	1	2	0	0
Proceeds from assets held for sale	14	0	0	0
Acquisition of intangible assets	(4)	(2)	0	0
Acquisition of property, plant and equipment	(25)	(27)	(8)	(11)
Changes in lease portfolio	3	3	1	1
Acquisition of subsidiary, net of cash acquired	0	(2)	0	0
Change in other investing activities	(4)	1	0	0
Net cash from / (used in) investing activities	(12)	(23)	(6)	(10)
Interest paid	(9)	(7)	(3)	(1)
Dividends paid to non-controlling interests	(12)	(10)	0	0
Proceeds from borrowings	0	0	0	0
Repayment of borrowings	(71)	(14)	(13)	(3)
Other financial flows	(20)	(10)	(5)	2
Net cash from / (used in) financing activities	(112)	(41)	(21)	(2)
Net increase (decrease) in cash and cash equivalents	(42)	(50)	8	6
Cash and cash equivalents at January 1	122	127		
Effect of exchange rate fluctuations	(1)	(3)		
Cash and cash equivalents at end of the period	79	74		

Consolidated Statement of changes in Equity (in million Euro)

Unaudited, consolidated figures following IFRS accounting policies.

in million Euro	ATTRIBUTABLE TO OWNERS OF THE COMPANY										NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Hedging reserve	Remeasurements of the net defined benefit liability	Translation reserve	Total			
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	-	-	68	-	-	-	-	-	68	7	75	
Other comprehensive income, net of tax	-	-	-	-	(1)	16	-	18	33	(3)	30	
Total comprehensive income for the period	-	-	68	-	(1)	16	-	18	101	4	105	
Transactions with owners, recorded directly in equity												
Dividends	-	-	-	-	-	-	-	-	-	(11)	(11)	
Total transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	(11)	(11)	
Balance at September 30, 2016	187	210	839	(82)	3	2	(841)	11	329	33	362	
Balance at January 1, 2017	187	210	841	(82)	2	1	(976)	32	215	37	252	
Comprehensive income for the period												
Profit (loss) for the period	-	-	44	-	-	-	-	-	44	5	49	
Other comprehensive income, net of tax	-	-	-	-	-	4	-	(33)	(29)	(2)	(31)	
Total comprehensive income for the period	-	-	44	-	-	4	-	(33)	15	3	18	
Transactions with owners, recorded directly in equity												
Dividends	-	-	-	-	-	-	-	-	-	(10)	(10)	
Total transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	(10)	(10)	
Balance at September 30, 2017	187	210	885	(82)	2	5	(976)	(1)	230	30	260	

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