

Agfa-Gevaert confirms 2005 outlook

Strong fourth quarter expected

Continued volume growth in Graphic Systems

Weakening of traditional film business in HealthCare

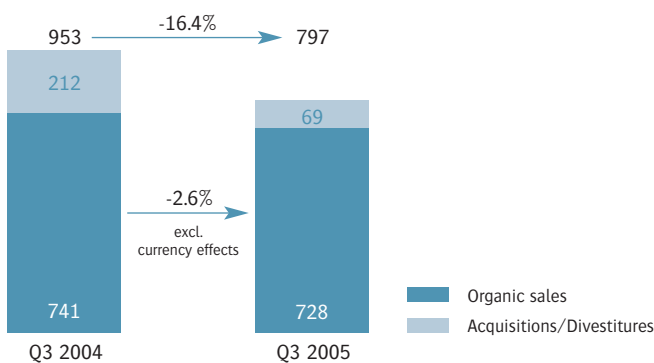
High raw material costs and price erosion affect profitability

Net loss due to 109 million euro impact (mainly non-cash) related to AgfaPhoto insolvency

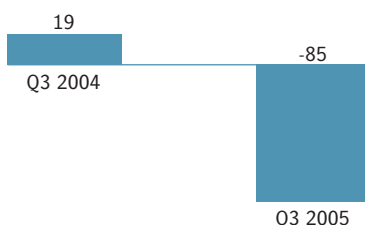
Agfa today announced its third quarter results. Graphic Systems posted continued volume growth while its results were affected by persistent high raw material costs and price erosion. HealthCare's third quarter was characterized by weak trading conditions for its traditional film products, while price erosion slowed down compared to the previous quarters of the year. The Group's results were also affected by a provision and the reversal of deferred tax assets in relation to the insolvency of AgfaPhoto.

Marc Oliivié, Agfa's President and CEO, stated: "Third quarter results were affected by the insolvency of AgfaPhoto, a group fully independent from Agfa. By setting up a provision and reversing tax assets, we believe that we have put this behind us and that we can concentrate on our core businesses. Both Graphic Systems and HealthCare expect to have a strong fourth quarter and we can confirm our outlook for the year."

Group Sales (million euro)



Earnings per share (eurocent)



Third quarter results

As a result of portfolio changes, particularly the divestiture of Consumer Imaging, comparisons with 2004 are more relevant for the business groups, Graphic Systems and HealthCare, than for the Agfa-Gevaert Group as a whole.

Agfa's sales amounted to 797 million euro in the third quarter of 2005, a decrease of 16.4 percent compared to the 2004 third quarter sales of 953 million euro. Excluding currency effects and acquisitions and divestitures, sales decreased by 2.6 percent. The main reasons are price erosion and the weak trading conditions for HealthCare's traditional film products.

Gross profit decreased from 373 million euro in the third quarter of 2004 to 273 million euro. The gross profit margin was 34.3 percent (39.1 percent in the third quarter of 2004). Agfa's profitability especially in Graphic Systems continued to be affected by high raw material prices recently compounded by the rise of the dollar. Price erosion also had a considerable impact, although both Graphic Systems and HealthCare saw an improvement compared to previous quarters.

Sales and general administration costs (SG&A) amounted to 193 million euro, or 24.2 percent of sales. Quarter sequentially, SG&A expenses decreased by 18 million euro, thus illustrating Agfa's success in its efforts to lower costs.

Agfa's R&D expenses were 48 million euro, or 6.0 percent of sales, compared to 48 million euro or 5.0 percent of sales in the third quarter of 2004.

Other operating items were plus 6 million euro. The operating result before restructuring charges and non recurrent items amounted to 38 million euro.

Insolvency of AgfaPhoto - former Consumer Imaging activities

Agfa divested its Consumer Imaging activities in November, 2004 to the AgfaPhoto Group (AP). The latter's operating entity filed for insolvency in May, 2005 and its receiver recently decided to liquidate the group.

Although AP is fully independent from Agfa-Gevaert, its liquidation is indirectly affecting Agfa. In particular, Agfa will have to bear certain environmental and clean up costs, related to its past ownership, earlier than planned while the deferred tax assets set up at the time of the divestiture, will be used later than anticipated. To correctly reflect this in its financial statements and to cover possible other claims and costs, a provision of 55 million euro was set up and 54 million euro of deferred assets was reversed.

After taking into account the provision due to the AgfaPhoto insolvency and restructuring charges of 19 million euro, the operating result was minus 36 million euro.

The non-operating result, which includes the financial charges, amounted to minus 16 million euro compared to minus 15 million euro in the third quarter of 2004.

Profit before taxes amounted to minus 52 million euro, compared to plus 35 million euro in the third quarter of 2004. Income taxes were 56 million euro, and were affected by the reversal of 54 million euro deferred tax assets set up for the Consumer Imaging divestiture. The net loss reached 108 million euro or 85 eurocents per share, compared to a profit of 23 million euro or 19 eurocents per share in the third quarter of 2004.

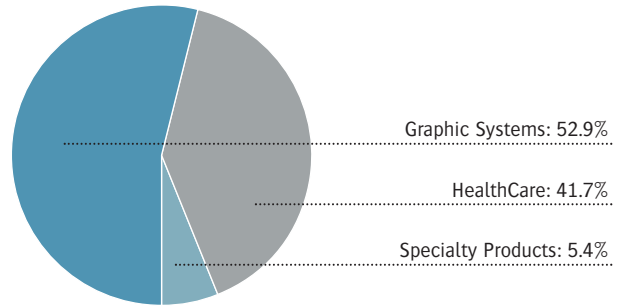
Cash Flow

The net operating cash flow after changes in working capital, amounted to 55 million euro.

Balance Sheet

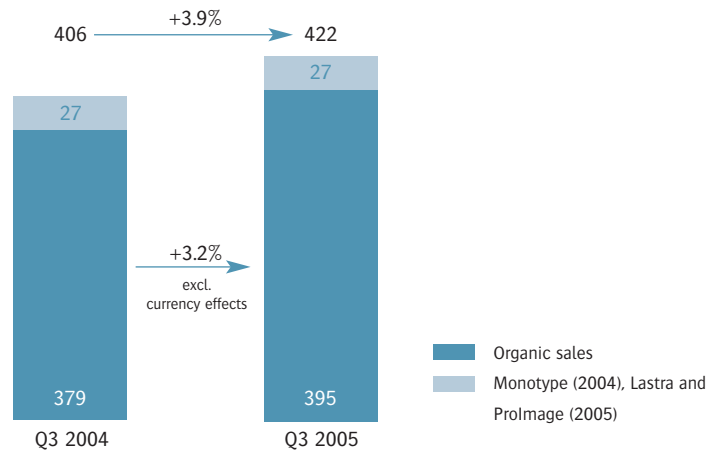
At the end of September 2005, total assets amounted to 4,010 million euro, compared to 3,356 million euro at the end of 2004. The increase is primarily due to the consolidation of GWI and Heartlab which Agfa acquired in 2005.

Share of Group Sales by Business Segment

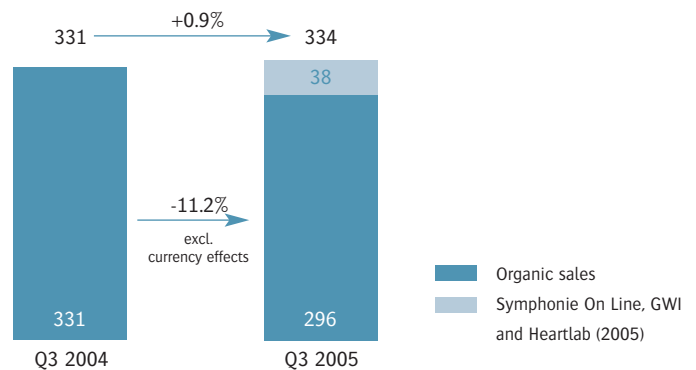


Sales by Business Group (million euro)

Graphic Systems



HealthCare



Inventories amounted to 660 million euro and days of inventories stood at 116 in September 2005, compared to 119 in September 2004. Trade receivables stood at 813 million euro or 92 days and trade payables at 368 million euro or 64 days. The Group will continue its efforts to lower its working capital by bringing down days of inventories to 100 and days of trade receivables to 70.

Net financial debt stood at 745 million euro at the end of the quarter, a decrease of 63 million euro against the second quarter but an increase from 193 million euro at the end of December 2004. This increase is mainly due to the payment of 361 million euro for acquisitions; the seasonality of working capital; the payment of the yearly dividend (76 million euro); and the phase out of the securitization of receivables (61 million euro).

Business Groups

Graphic Systems' sales amounted to 422 million euro, an increase of 3.9 percent compared to the third quarter of 2004 (406 million euro). Excluding currency fluctuations, acquisitions and divestitures, sales increased by 3.2 percent as a result of continued high volume growth and less price erosion.

The EBITDA before restructuring and non-recurring items decreased from 40.7 million euro in the third quarter of 2004 to 33.4 million euro or 7.9 percent of sales.

Graphic Systems' operating result was 7.3 million euro, or 1.7 percent of sales, compared to 22.8 million euro in the third quarter of 2004. The business group's profitability continued to be affected by high raw material costs and by price erosion. New price increases will be announced next month.

Graphic Systems continued to expand its prepress portfolio with the launch of :Avalon, a new line of thermal platesetters for commercial printers. The workflow management software :ApogeeX was extended with new proofing and output capabilities.

Contracts for prepress systems were signed with a broad range of commercial printers around the world, including BDF Printing (China), The Wyndeham Press Group (UK), and Winthrop Printing (US). In newspapers, Webprint Concepts (Ireland) chose Agfa to supply the complete prepress system for its new state-of-the-art site. Furthermore, a five-year strategic alliance with the New York Times Company made Agfa the preferred supplier of workflow solutions and violet computer-to-plate equipment for all of The New York Times Company's newspapers, including *The New York Times* and *The International Herald Tribune*. The agreement is an expansion of a previous three-year alliance on consumables. The first systems purchased are a complete workflow system and 20 violet computer-to-plate systems.

Agfa exceeded its sales expectations at Print '05, the North American printing industry's main trade event held in Chicago

every four years. It sold more than one hundred new digital systems, including platesetters, software, large-format inkjet printers, an inkjet press and consumables. In the third quarter, sales of large-format inkjet printers have exceeded those of previous quarters. In addition, in the past months, fifteen orders were taken for the M-Press hybrid UV inkjet press, co-developed with Thieme for the printing of posters, billboards, point-of-sales displays and panels. Both :Sublima screening technology and the :Azura printing plate reached milestones. :Sublima, which has now also been added into Agfa's workflow software :ApogeeX, and been expanded to third-party computer-to-plate engines, drew its 1,000th customer. Less than a year since its release, :Azura has become the best-selling chemistry-free printing plate, used by over 300 printers worldwide.

HealthCare's sales amounted to 334 million euro in the third quarter of 2005 compared to 331 million euro in the same period of 2004. Excluding currency fluctuations and recent acquisitions, HealthCare reported a decrease in sales of 11.2 percent due to a faster than anticipated decline in traditional film products which is not yet compensated by an equivalent increase in IT solutions. Price erosion also continued to affect sales, although the business group saw less pricing pressure in the third quarter.

The business group's EBITDA before restructuring and non-recurring items decreased 46.2 percent from 72.9 million euro in the third quarter of 2004 to 39.2 million euro, or 11.7 percent of sales.

The operating result amounted to 12.2 million euro (46.8 million euro in the third quarter of 2004) and the return on sales was 3.7 percent compared to 14.1 percent. The main reasons for the decrease were the more pronounced seasonality of the recently acquired IT businesses, the decline of the traditional film and print business, primarily in the US, and price erosion.

In the third quarter HealthCare continued to expand its product portfolio in line with its strategy. Only months after the acquisition of the American company Heartlab, HealthCare was able to launch a new breakthrough cardiology portfolio, including Agfa Heartlab Cardiovascular – the industry's first fully web-based cardiovascular information system.

In the field of radiology, HealthCare launched a highly innovative DX-S, a new Computed Radiography (CR) solution. Thanks to the integration of proprietary breakthrough technologies, DX-S provides a level of image quality, speed and flexibility that significantly exceeds that which is currently available in the CR market place.

In September Agfa announced that it had been selected by Accenture to provide PACS and CR solutions to the North East and East hospital clusters in England as part of Accenture's work for the National Health Service's prestigious Connecting for Health program. The North East and East clusters, two of

the five NHS regional clusters, encompass 30 trusts. NORTH Network, Canada's most comprehensive video conference-based telemedicine network, selected IMPAX for its users throughout the province of Ontario. The National Taiwan University Medical Center contracted Agfa to install a RIS (Radiology Information System)/PACS solution and the Agfa Heartlab Cardiovascular solution at its teaching hospital which is the most renowned medical center in Taiwan.

In enterprise-wide IT, Agfa reinforced its leading position by winning significant contracts with hospitals in the German-speaking region for the *ORBIS/IMPAX* hospital-wide healthcare IT suite, developed by GWI and installed in over 600 hospitals and clinics in Germany. In addition, this week Agfa launched *ORBIS International* for France, Benelux and Italy. Pilot sites have already been signed for France and Belgium.

Specialty Products mainly comprises motion picture film, micro-film, film for non-destructive testing and complete systems for the production of high security identification cards. Specialty Products' sales of the third quarter of 2005 amounted to 41 million euro and its operating result was minus 55.7 million euro, including the provision of 55 million euro related to the insolvency of AgfaPhoto.

In October Agfa announced that it will provide the French company Thales Security Systems with a complete sub-system for the production of about 20 million e-ID cards for the Moroccan population.

Results after nine months

Due to the portfolio changes Agfa's sales decreased 15.3 percent from 2,827 million euro in the first nine months of 2004 to 2,395 million euro. Excluding the effects of currency fluctuations and of the divestitures and acquisitions, the decrease was 1.5 percent.

The Group's gross profit decreased from 1,155 million euro in the first nine months of 2004 to 873 million euro. The gross profit margin was 36.5 percent, and was mainly affected by high raw material costs and price erosion.

The Group's operating result amounted to 54 million euro, or 2.3 percent of sales and was also affected by a 55 million euro provision related to the insolvency of AgfaPhoto.

The Group's non-operating result amounted to minus 10 million euro (minus 41 million euro in the first nine months of 2004).

Profit before taxes amounted to 44 million euro. The Group reversed deferred tax assets in relation to the AgfaPhoto insolvency as a result of which taxes amounted to 101 million euro.

The net loss was 57 million euro or minus 45 eurocent per share, compared to a net loss of 212 million euro or minus 168 eurocent per share in the same period of 2004.

Graphic Systems reported a sales increase of 5.2 percent to 1,268 million euro. Organic growth was 2.2 percent, driven by the strong volumes in digital printing plates and the successful efforts to reduce price erosion.

Graphic Systems' operating result decreased from 63.5 million euro to 36.6 million euro and the return on sales was 2.9 percent compared to 5.3 percent in the first nine months of 2004.

As a result of the recent acquisitions **HealthCare's** sales increased 1.9 percent to 998 million euro. Excluding the effects of the portfolio changes and of currency fluctuations, sales decreased by 7.8 percent. The main reasons were the decline of the traditional film and print business, mainly in the US, and price erosion.

HealthCare's operating result amounted to 72.4 million euro, compared to 136.9 million euro in the first nine months of 2004. Return on sales was 7.3 percent (14.0 percent in the first nine months of 2004).

Outlook

Agfa confirms the 2005 outlook and expects a strong year-end. Healthcare IT order intakes are solid and trading conditions in the graphic industry remain positive. Also, price pressure is becoming less severe in both businesses and the cost saving programs will yield additional results. The implementation of the transformation program to make the Graphic Systems and HealthCare business groups operationally independent is proceeding according to the accelerated schedule.

"We know we have the right strategy. In this challenging environment with high raw material prices and limited growth opportunities in our traditional businesses, the growth of the new areas, industrial inkjet and healthcare IT, becomes even more important for our long term success," said Marc Olivie, Agfa's President and CEO. "We will therefore continue to reduce costs, counter price erosion and we will adapt our structures and business models to operate successfully in the changing markets circumstances."

Consolidated quarterly key figures ⁽¹⁾ (million euro)

	Q3 2005	Q3 2004	% prev. year	% prev. year ⁽²⁾
Net sales	797	953	-16.4	-2.6
• Graphic Systems	422	406	+3.9	+3.2
• HealthCare	334	331	+0.9	-11.2
• Specialty Products	41	31	+32.3	+19.4
Gross profit	273	373	-26.8	
Operating expenses	(309)	(323)	-4.3	
o.w. restructuring/non-recurring expenses	(19)	(21)	-9.5	
o.w. provisions related to AgfaPhoto	(55)	-	n.r.	
EBIT ⁽³⁾ before restructuring/non-recurring expenses	38	71	-46.5	
Operating result	(36)	50	-172.0	
• Graphic Systems	8	23	-65.2	
• HealthCare	12	47	-74.5	
• Specialty Products	(56)	0	n.r.	
Non-operating result ⁽⁴⁾	(16)	(15)	-6.7	
Profit before taxes	(52)	35	-248.6	
Taxes	(56)	(12)	+366.7	
Net result (consolidated companies)	(108)	23	-569.6	
Minorities & associated companies	-	-	-	
Net result (share of the Group)	(108)	23	-569.6	
Gross operating cash flow	(42)	55	-176.4	
Net operating cash flow	55	119	-53.8	

(1) non-audited, consolidated figures following IFRS/IAS valuation rules

(2) excl. currency effects and portfolio changes

(3) earnings before interests and taxes

(4) financial result

Consolidated Balance Sheet (million euro)

	30/09/'05	31/12/'04	30/09/'04
Total assets	4,010	3,356	3,702
Inventories	660	576	872
Trade Receivables	813	744	874
Net Financial Debt	745	193	372
Shareholders Equity	981	1,082	1,065

(eurocent)	Earnings per share	Operating profit per share	Number ⁽¹⁾ of shares	Outstanding shares per end of September
After three quarters 2005	(45)	43	125,874,758	124,940,270
After three quarters 2004	(168)	(214)	126,000,210	126,008,200

(1) weighted average number of shares

Three quarters 2005

Consolidated key figures after three quarters ⁽¹⁾ (million euro)

	2005	2004	% prev. year	% prev. year ⁽²⁾
Net sales	2,395	2,827	-15.3	-1.5
• Graphic Systems	1,268	1,205	+5.2	+2.2
• HealthCare	998	979	+1.9	-7.8
• Specialty Products	129	95	+35.8	+17.9
• Consumer Imaging	-	548	n.r.	n.r.
Gross profit	873	1,155	-24.4	
Operating expenses	(819)	(1,425)	-42.5	
o.w. restructuring/non-recurring expenses	(24)	(53)	-54.7	
o.w. provisions related to AgfaPhoto	(55)	(430)	-87.2	
EBIT ⁽³⁾ before restructuring/non-recurring expenses	133	213	-37.6	
Operating result	54	(270)	+120.0	
• Graphic Systems	37	64	-42.2	
• HealthCare	72	137	-47.4	
• Specialty Products	(55)	9	-711.1	
• Consumer Imaging	-	(480)	n.r.	
Non-operating result ⁽⁴⁾	(10)	(41)	+75.6	
Profit before taxes	44	(311)	+114.1	
Taxes	(101)	99	-202.0	
Net result (consolidated companies)	(57)	(212)	+73.1	
Minorities & associated companies	-	-	-	
Net result (share of the Group)	(57)	(212)	+73.1	
Gross operating cash flow	45	205	-78.0	
Net operating cash flow	(18)	180	-110.0	

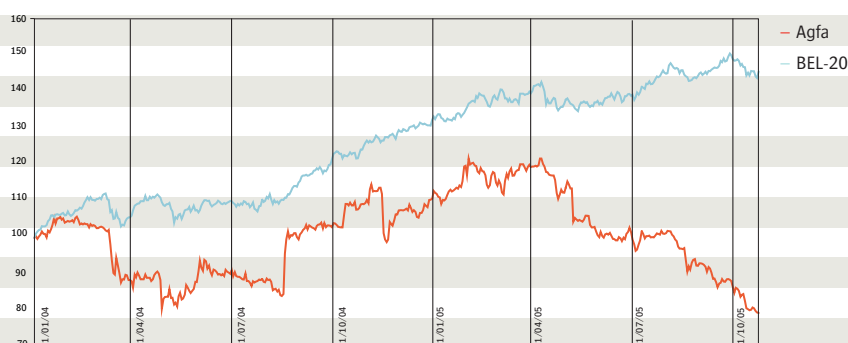
(1) non-audited, consolidated figures following IFRS/IAS valuation rules

(2) excl. currency effects and portfolio changes

(3) earnings before interests and taxes

(4) financial result

Evolution Agfa share price against BEL-20 (1/01/04 until 31/10/05)



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Financial Calendar 2006

Full year 2005 results	March 9, 2006
Annual General Meeting	April 25, 2006
Payment of Dividend 2005	April 26, 2006
First quarter 2006 results	May 11, 2006
Half year 2006 results	August 24, 2006
Third quarter 2006 results	November 16, 2006

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