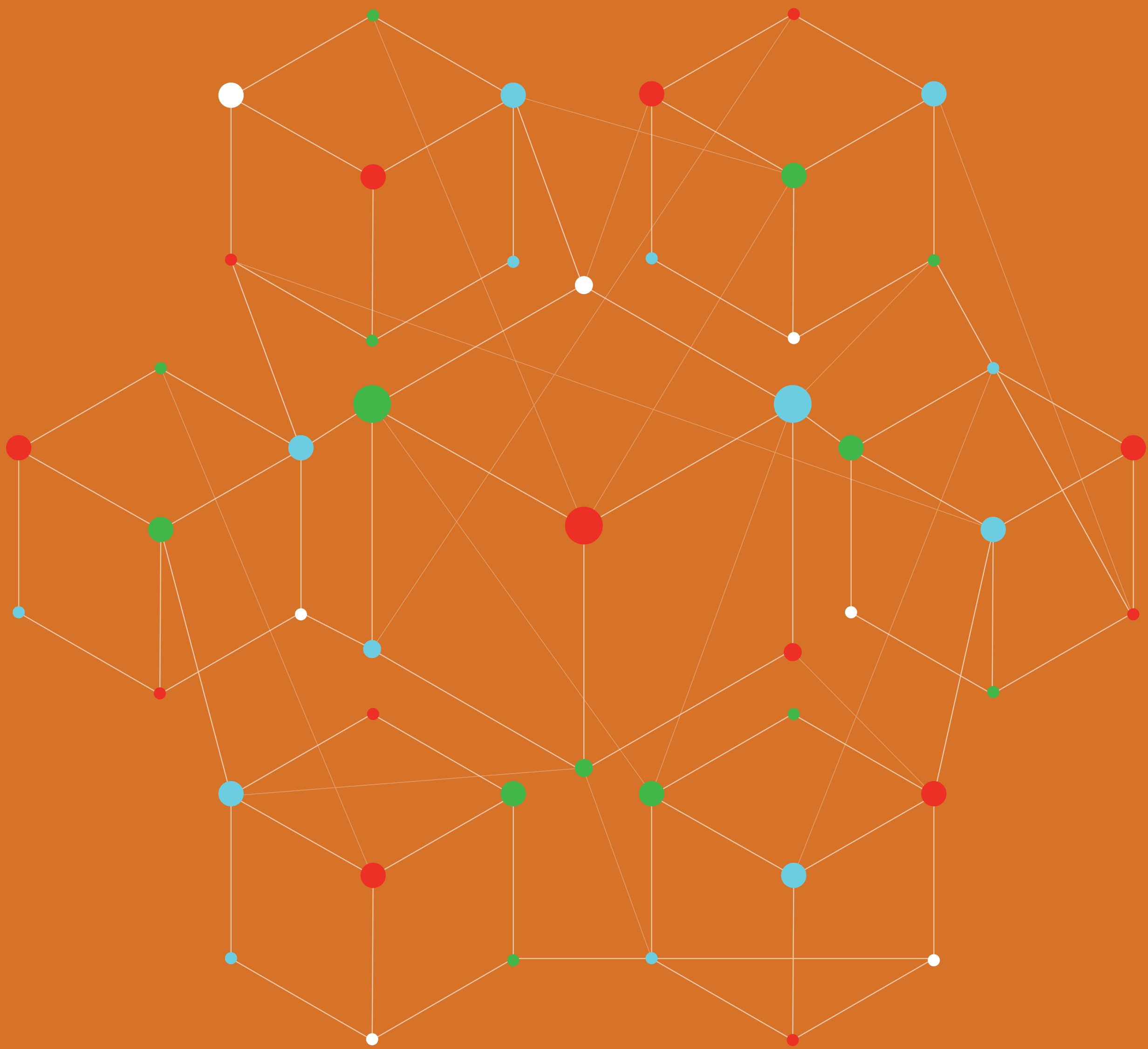
AGFA-GEVAERT
ANNUAL REPORT
2018



Agfa-Gevaert

Annual Report 2018

Dear shareholder,

For the Agfa-Gevaert Group, 2018 came with many external and internal challenges. Although the main aftereffects of the financial crises that dominated the past decennium now seem to be behind us, the global economy continues to stall because of the many political and economic conflicts. A lot of uncertainties in the financial markets and the still lagging investment climate were caused by the high raw material prices, the aluminum price being of particular interest to us; the protectionist approach of the United States which resulted in trade conflicts with its main economic partners, including Europe and China; the United Kingdom's Brexit plans; and the conflict in Syria, which affects the entire Middle East.

After having exceeded its profitability targets in 2016 – with the 10% EBITDA and a positive net cash position as highlights – 2017 and 2018 have been important years of transition for the Agfa-Gevaert Group. In that period, we have taken important measures to prepare the Group for future growth, which should result in value creation for the shareholder. The pillars of this transition are a new, simplified company structure, a flexible and efficient organization and a dynamic and ambitious corporate culture.

Julien De Wilde
Chairman of the Board of Directors

Christian Reinaudo
CEO of the Agfa-Gevaert Group

Group results in 2018

The Group's full year top line evolution was strongly impacted by the discontinuation of certain prepress-related reseller activities in the United States and by currency effects. Excluding these elements, the Group's revenue decline amounted to 3.2%. Several growth engines – including Agfa HealthCare's HealthCare Information Solutions and Direct Radiography systems, as well as several activities of Agfa Specialty Products – posted top line growth.
Mainly due to adverse product/mix effects and high aluminum costs, the Group's gross profit margin decreased to 32.1% of revenue.

Agfa Graphics

Excluding the effects of the decision to discontinue certain prepress-related reseller activities in the United States and currency effects, Agfa Graphics' top line decreased by 5.7% in 2018.
On top of the portfolio reorganization, the prepress segment's top line was impacted by the strong market-driven decline for analog computer-to-film products, the pressure on volume for the digital computer-to-plate product offerings and regional mix effects. In the course of 2018, important strategic steps have been taken that should help to restore the prepress segment's top line and margins.
In the inkjet segment, the high-end Jeti wide format printer range performed solidly and continuous strong volume growth was recorded for the ink range.
Mainly due to adverse product and regional mix effects and high aluminum costs, Agfa Graphics' gross profit margin decreased from 29.1% of revenue in 2017 to 26.4%.

In 2018, Agfa Graphics entered into an important strategic prepress alliance with the Chinese company Lucky HuaGuang Graphics Co. Ltd. This alliance should allow both companies to realize growth through the optimization of their respective strengths in the fields of manufacturing, technology and distribution of graphic prepress products and services. It is an important step in the further development of our strategy to offer our customers more choice and to strengthen our global presence in this market segment in a profitable way. Also in this domain, Agfa Graphics announced the acquisition of the prepress business of the Spanish printing plate supplier Ipagsa Industrial S.L. in September of 2018. It is expected that in 2019, this acquisition will already contribute to Agfa Graphic's top line with a strong EBITDA percentage. Within the field of offset, we decided to discontinue certain prepress-related reseller activities in the United States. At the end of the year, the closure of our printing plate factory in Branchburg, New Jersey (US) was a further step in our strategic plan to optimize the global production capacity and supply chain for printing plates. This is essential to stay a strong competitor in the extremely competitive and rapidly changing global prepress market.

Agfa HealthCare

On a currency comparable basis, Agfa HealthCare's revenue decline was limited to 1.0%. The Imaging segment's hardcopy business started to recover from the reorganization of the distribution channels in China. The reorganization is expected to start showing results in the next quarters. The Direct Radiography growth engine reported volume growth.
In the IT segment, the HealthCare Information Solutions business performed strongly, reporting close to double digit volume growth. The Imaging IT Solutions business performed according to expectations, with good performances in most major geographies and a slowdown in the US. In the course of the year, the company accompanied its customer base in user adoption of its new Enterprise Imaging platform, the equivalent of the EMR for image information.
In addition, the company refocused its business on core geographies and it adapted to an increasing degree of customer managed and purchased infrastructure.
Mainly due to adverse product/mix effects in the Imaging segment, Agfa HealthCare's gross profit margin evolved from 39.8% of revenue in 2017 to 39.3%.

In 2018, we reorganized Agfa HealthCare's hardcopy distribution channels in China, which allowed us to significantly improve our local time-to-market. In the past few years, this reorganization has weighed on our hardcopy sales, but as from 2019 it will start to contribute to the business group's profitable growth. In the field of Integrated Care, Agfa HealthCare acquired Inovelan, a French e-health software specialist. This acquisition will allow Agfa HealthCare to further improve and extend its own integrated care portfolio. In the field of healthcare IT, it was decided to refocus the Imaging IT Solutions business on core geographies, leaving certain less important countries where the margins for this business were not sustainable.

Agfa Specialty Products

Excluding currency effects, Agfa Specialty Products posted a small top line increase of 0.2%.
Most future-oriented businesses, including Synaps Synthetic Paper and the Specialty Chemicals business (including Orgacon Electronic Materials) performed well.

Global Transformation Project

Following the excellent results in 2016, the Board of Directors decided that the company was strong enough to enter into the next step of the Group's reorganization. In August 2017, the Board of Directors therefore asked the management to study how the HealthCare IT activities could be organized as a stand-alone legal entity structure within the Agfa-Gevaert Group. Increasing the independence of the HealthCare IT activities is a natural progress in the ongoing transformation of the Group. Within such a structure, HealthCare IT would be able to focus even better on the large and attractive markets it is active in. Furthermore, the largest part of the Agfa-Gevaert Group – consisting of Agfa Graphics, Agfa Specialty Products and the Imaging activities of Agfa HealthCare – will be better positioned to pursue growth, profitability and new opportunities.

During its meeting of October 10, 2017, the Board of Directors resolved that it would be in the best interest of the Company and of the Stakeholders at large, to commence with the reshaping of the Group into two companies that are able to grow. By doing so, we would substantially simplify the complexity of the Group. Furthermore, we would improve our access to the much needed funding opportunities for the activities of both parts of the company. All this should allow us to create value for our shareholders. We are convinced that the completion of the project will result in two companies that will have both the power and the means to pursue growth in the years to come.

This Global Transformation Project is complex and comprehensive and it demands a lot of time, effort and means. Therefore, we divided the project into multiple steps. The first step was realized in 2018. It consisted of the technical split (legal entities, IT systems,...) of the Agfa-Gevaert Group into two organizations: a health-care IT business (Agfa HealthCare) and a more industry oriented imaging organization (Agfa). The new Agfa HealthCare now has the means and the independence it needs to be a leader in its markets and to further build its already strong IT portfolio.

The second step, which will be executed in 2019, focuses on the further definition of the strategy in the various domains. It is our goal to secure the future of both Agfa HealthCare and Agfa, giving them the power and the means to pursue profitable growth.
As mentioned before, in the past year we have already taken major steps for our healthcare IT business with the acquisition of Inovelan, as well as for our prepress activities, with the partnership with Lucky HuaGuang and the acquisition of Ipagsa and the closure of our printing plate factory in Branchburg, New Jersey. The impact of the steps we have taken to drive the consolidation of the offset industry, should not be underestimated. The alliance with Lucky and the acquisition of Ipagsa have far-reaching consequences for our activities, and even for the offset industry as a whole. We are now looking into various options to strengthen the other activities of Agfa. As for Agfa HealthCare, the Board of Directors has decided, after a strategic options review, to further extend the independence of Agfa Healthcare. Further details on scope and timing will be communicated in due course.

It is important to know that, as of 2019, we will report the results for the four business groups of the new Group structure: Agfa Radiology Solutions, Agfa Offset Solutions, Agfa Digital Print & Chemicals (together these three business groups form Agfa) and Agfa HealthCare.

It is obvious that in 2018 the financial markets were interested in, and even actively participated in, our ambitious growth strategy, which is based on the new organization structure and targeted at creating value for the shareholder. Mid 2018, it was clear that investment company AOC was building an important share in our company. As you know, a shareholding has to be disclosed when the thresholds of 3%, 5% or a multiple of 5% are surpassed. At the date of publication of this annual report, AOC owns a share of between 10 and 15% in Agfa-Gevaert NV. That makes it our largest shareholder. At the end of November, the Board of Directors therefore co-opted Klaus Röhrig – founder of AOC – as a non-executive director. The co-optation took immediate effect. AOC has clearly stated that it strives for a sustainable participation in our company. Given that commitment, we ask you to appoint Klaus Röhrig to the Board of Directors at the Annual General Assembly of Shareholders on May 14, 2019.

To conclude, we wish to sincerely thank our customers – printers, hospitals and industrial customers – for their confidence in our company and for the good relations we built together over the years. In the future, we will continue to serve them with the most advanced, high-quality and reliable solutions and services. We also thank our employees for their continued commitment and their contribution to the success of the company.
Special tribute goes to the project team members who worked hard last year on the before mentioned technical split of the Group. Managing this complex project on top of their usual activities is not to be underestimated.
Of course, we also thank our shareholders for their support and their confidence.
Our company will need all existing resources for the further execution of the global transformation project and for our growth strategy. Therefore, the Board of Directors will propose to the Annual General Assembly of Shareholders not to pay a dividend for 2018.

Julien De Wilde
Chairman of the Board of Directors

Christian Reinaudo
CEO of the Agfa-Gevaert Group

MILLION EURO	2014	2015	2016	2017	2018
PROFIT OR LOSS					
Revenue	**2,620**	**2,646**	**2,537**	**2,443**	**2,247**
Change vs. previous year	(8.6)%	1.0%	(4.1)%	(3.7)%	(8.0)%
Graphics	1,355	1,358	1,267	1,195	1,049
Share of group sales	51.7%	51.3%	49.9%	48.9%	46.7%
HealthCare	1,069	1,099	1,090	1,052	1,004
Share of group sales	40.8%	41.5%	43.0%	43.1%	44.7%
Specialty Products	197	189	180	195	194
Share of group sales	7.5%	7.2%	7.1%	8.0%	8.6%
Gross profit	807	842	857	814	713
Results from operating activities	136	161	166	138	59
Net finance costs	(59)	(74)	(51)	(39)	(39)
Income tax expense	(18)	(16)	(35)	(53)	(34)
Profit (loss) for the period	**59**	**71**	**80**	**45**	**(15)**
Attributable to owners of the Company	50	62	70	37	(24)
Attributable to non-controlling interests	9	9	10	8	9
Restructuring/non-recurring expenses	(16)	(19)	(42)	(31)	(66)
Recurring EBIT	152	180	208	169	125
Recurring EBITDA	222	240	265	222	179
CASH FLOW					
Net cash from (used in) operating activities	151	149	142	40	(44)
Capital expenditures [1]	(37)	(37)	(44)	(46)	(40)
STATEMENT OF FINANCIAL POSITION - DECEMBER 31					
Equity	146	268	252	307	290
Net financial debt	126	58	(18)	18	144
Current assets minus current liabilities [2]	550	567	568	563	607
Total assets	2,548	2,402	2,352	2,233	2,367
SHARE INFORMATION (EURO)					
Earnings per share (eps)	0.30	0.37	0.42	0.22	(0.14)
Net operating cash flow per share	0.90	0.89	0.85	0.23	(0.26)
Gross dividend	0	0	0	0	0
Book value per share	0.87	1.36	1.50	1.83	1.73
Number of ordinary shares outstanding at year-end	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190
EMPLOYEES (AT YEAR END)					
Full time equivalent permanent (active)	10,506	10,241	10,042	9,840	9,662

(1) For intangible assets and property, plant and equipment.
(2) During 2016, the Group has consistently applied its accounting policies used in previous years, except for the presentation of trade receivables, trade payables, receivables under finance lease and other assets. As of December 31, 2016 the Group classifies these balances as non-current assets/liabilities to the extent they are due to be settled more than twelve months after the reporting period. Comparative information for the year 2015 has been restated. Furthermore the Group has changed the accounting treatment of defined contribution plans with return guaranteed by law. As a result, the net liability for post-employment benefits at December 31, 2016 has increased by four million euro, impacting other comprehensive income for the same amount. More information is provided in the notes to the Consolidated Financial Statements.

Company profile

The Agfa-Gevaert Group develops, produces and distributes an extensive range of analog and digital imaging systems and IT solutions, mainly for the printing industry and the healthcare sector, as well as for specific industrial applications.

Global production and sales network

Agfa's headquarters and parent company are located in Mortsel, Belgium. The Group's operational activities are divided in three independent business groups: Agfa Graphics, Agfa HealthCare and Agfa Specialty Products. All business groups have strong market positions, well-defined strategies and full responsibilities, authority and accountability.

Agfa's largest production and research centers are located in Belgium, the United States, Canada, Germany, France, the United Kingdom, Austria, China and Brazil. Agfa is commercially active worldwide through wholly owned sales organizations in more than 40 countries. In countries where Agfa does not have its own sales organization, the market is served by a network of agents and representatives.

Agfa Graphics

Agfa Graphics is a leading supplier to the printing industry, offering innovative and reliable solutions. Commercial, newspaper and packaging printers around the globe rely on Agfa Graphics for the most extensive range of integrated solutions, from computer-to-plate systems with digital offset plates over color management and workflow optimization software to pressroom chemicals. Agfa Graphics' sustainable innovations offer printing companies benefits in terms of ecology, economy, and extra convenience – or ECO^3. The business group supplies sign & display printing companies with a range of highly productive and versatile wide-format inkjet printers and dedicated inks, in addition to workflow software, cutting machines and inkjet media. Agfa Graphics develops high-performance inkjet inks & fluids for various industrial inkjet printing systems and applications, enabling industrial manufacturers to integrate print into their existing production processes.

Agfa HealthCare

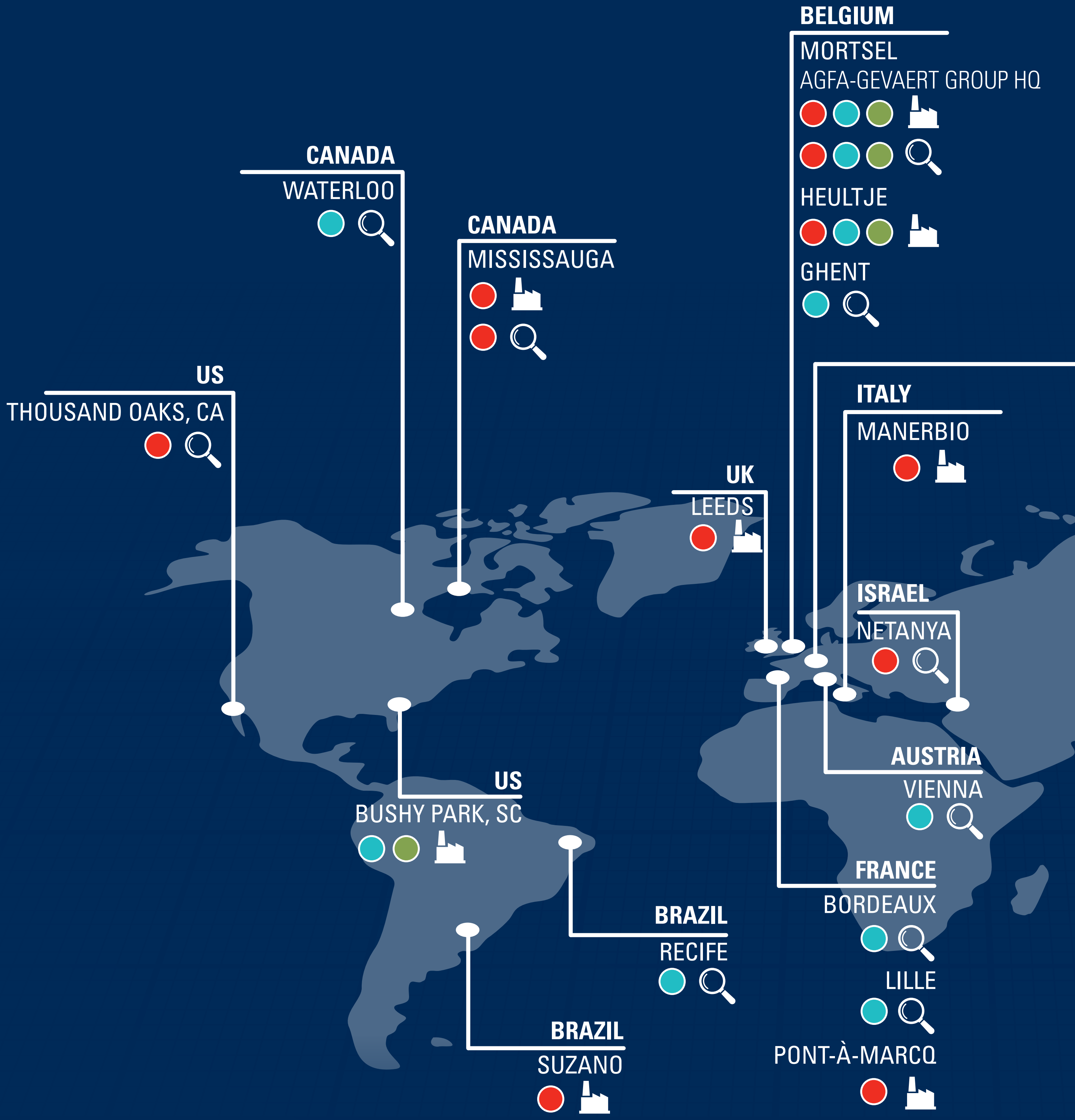
Agfa HealthCare is a leading provider of diagnostic imaging and healthcare IT solutions for hospitals and care centers around the world. The business group is a major player on the diagnostic imaging market, providing analog and digital technology, as well as IT solutions to meet the needs of specialized clinicians. The business group is also a key player on the healthcare information solutions market, integrating the administrative, financial and clinical workflows of individual hospitals and hospital groups. Today, care organizations in over 100 countries rely on Agfa HealthCare's leading technologies, solutions and services to optimize their efficiency and improve patient care.

Agfa Specialty Products

Agfa Specialty Products develops, manufactures and markets a wide variety of products. Its customers are large business-to-business companies in niche industry markets. On the one hand, the business group produces classic film-based products, such as film for non-destructive testing and aerial photography, as well as microfilm and film for the production of printed circuit boards. On the other hand, Agfa Specialty Products targets promising growth markets with innovative solutions.
This portfolio includes a.o. conductive polymers, materials for the production of high-security ID documents, membranes for hydrogen production and synthetic papers that show increasing market acceptance.

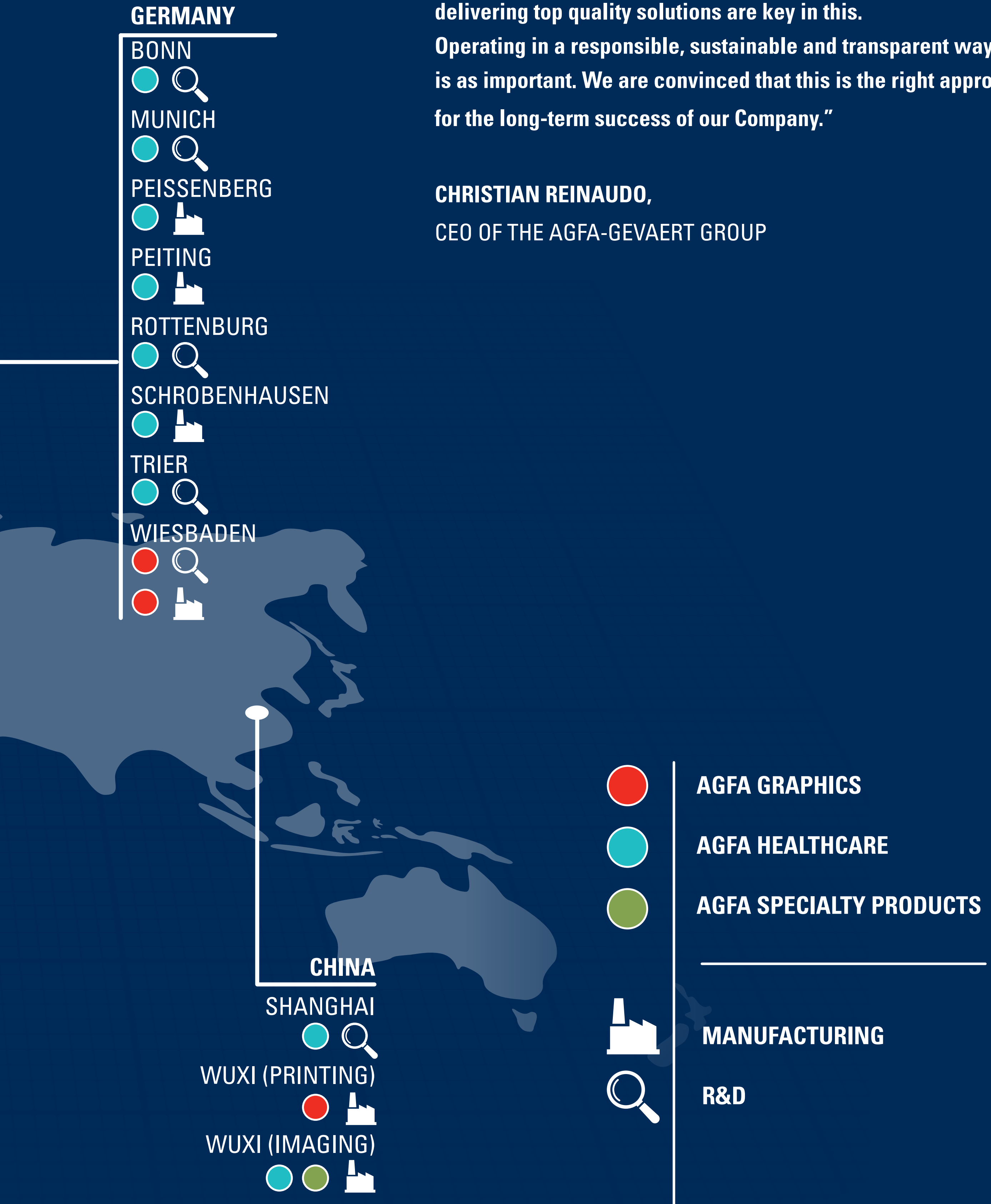
Agfa, all over the world

AGFA'S MAJOR MANUFACTURING AND R&D CENTERS



"Agfa is committed to its mission: to be the partner of choice in imaging and information systems in all the markets in which it operates, be it the graphics industry, the healthcare sector or the industrial specialty markets. We do this by offering leading edge technologies, affordable solutions, innovative ways of working, based on our in-depth understanding of the businesses and individual needs of our customers. Investing in innovation and delivering top quality solutions are key in this.
Operating in a responsible, sustainable and transparent way is as important. We are convinced that this is the right approach for the long-term success of our Company."

CHRISTIAN REINAUDO,
CEO OF THE AGFA-GEVAERT GROUP



Highlights 2018

FEBRUARY
Agfa HealthCare announces the implementation of 80 Direct Radiography upgrades at 18 sites of Florida Hospital (part of Adventist Health System).

MARCH
Agfa Graphics and Siegwerk Druckfarben, one of the leading international suppliers of printing inks for packaging applications and labels, enter into an important strategic alliance for digital packaging inks.

MARCH
Agfa Graphics launches Adamas, an ecological printing plate that empowers commercial printers to deliver high-quality results with less waste.

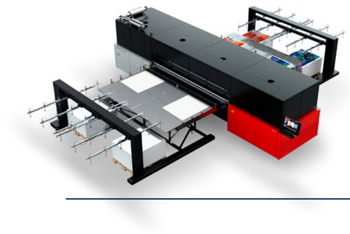
MARCH
Agfa Specialty Products adds a new foldable version to its portfolio of SYNAPS synthetic papers.

APRIL
Agfa HealthCare acquires the French e-health software solution specialist Inovelan, which will enhance and extend Agfa HealthCare's own integrated care portfolio.

APRIL
Agfa Specialty Products and the Italian company De Nora sign an agreement for the development of a solution for hydrogen and oxygen production based on Agfa Specialty Products' Zirfon Perl membrane.

MAY

The Agfa-Gevaert Group commemorates Lieven Gevaert – the founder of the Belgian part of the company – who was born 150 years earlier on May 26, 1868.



MAY

Agfa Graphics introduces its new flagship UV LED inkjet printer: the hybrid Jeti Tauro H3300 LED. The engine guarantees both smooth, detailed results and rapid UV LED curing.

AUGUST

Agfa Graphics enters into a strategic alliance with Lucky HuaGuang Graphics Co. Ltd. The alliance should allow both companies to grow their businesses by optimizing their respective strengths in manufacturing, technology and distribution of prepress products and services.

AUGUST

Agfa Graphics wins four prestigious Product of the Year awards from the Specialty Graphic Imaging Association (SGIA) with the brand-new Jeti Tauro H3300 LED printer, the Jeti Mira printer (winner in two categories) and the Anapurna H3200i LED printer.

AUGUST

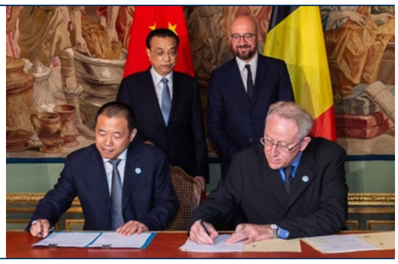
The KLAS Performance Report 2018 identifies Agfa HealthCare as a strong and guiding partner for health systems rolling out enterprise imaging.

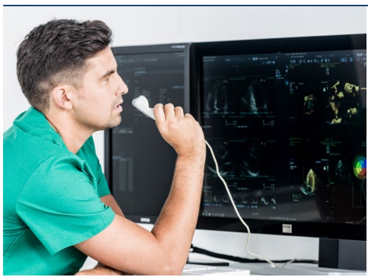
SEPTEMBER

Agfa Graphics announces its intention to acquire the prepress business of the privately-owned Spanish printing plate supplier Ipagsa Industrial S.L.

OCTOBER

Agfa HealthCare signs an agreement with China Meheco Corporation for the distribution of DRYSTAR medical film and equipment to hospitals and other healthcare centers in several provinces of China.





NOVEMBER

Agfa HealthCare announces that GenesisCare will roll out Enterprise Imaging for Cardiology to all of its cardiology clinics across Australia.

Annual Report of the Board of Directors to the Shareholders of Agfa-Gevaert NV

The Board of Directors of Agfa-Gevaert NV has the honor to present you the combined annual report for the financial year ending December 31, 2018, in accordance with articles 96 and 119 of the Belgian Code of Companies. This annual report includes a corporate governance statement and a remuneration report.

Growth. Innovation. Sustainability.

For over 150 years, Agfa-Gevaert has been one of the world leaders in the imaging industry. Since the beginning of this century, however, the industry has been going through radical changes. For a lot of activities, the traditional film-based core technologies are being digitized at high pace. The transition of analog film technologies to digital solutions is an undeniable fact, but certain industries and regions move faster than others.

In the graphic industry and the healthcare sector, the share of analog technologies continues to decline. In the past years, the often high raw material prices, the economic crisis and the increasing importance of the new emerging markets resulted in a lot of additional challenges for Agfa. Despite the adverse economic conditions, management has drawn up a targeted growth strategy which is to be realized by organic growth and – wherever possible – through targeted and well-considered partnerships and acquisitions. In this process, innovation and sustainability are key.

Every year, Agfa spends between five and six percent of its revenue on R&D in view of the realization of the growth strategy. In recent years, the company also received loans and grants from various international and national organizations and governments in support of its R&D strategy. This enabled Agfa to invest in a new R&D infrastructure, to start up new projects and to attract new researchers.

Sustainability is also a major element of Agfa's business, designed to create long-term value for all stakeholders. The company strives for profitable growth, but at the same time considers the impact of the activities on the environment, the health and safety of its employees and the relations with all stakeholders. Around the world, the company invests in waste and recycling programs, sustainable energy production and logistics, as well as packaging and water recycling. For many years, Agfa has been doing this voluntarily and in many cases the company goes beyond mere legal compliance.

As a global entrepreneur, Agfa recognizes the need to continuously improve the environmental performance in its own operations as well as in customer operations, through offering eco-designed products and systems. This combination allows Agfa to optimize the balance between profitability on the one hand and social and environmental impact on the other hand, thus striving for sustainable entrepreneurship.

In the years to come, the prepress industry will see further consolidation waves. Being one of the market leaders in CtP printing plates, Agfa aims to be the driving force behind the consolidation and to further expand its share in this market under pressure. Agfa also anticipates similar consolidation dynamics in the market for wide-format inkjet systems. With its range of wide-format systems, Agfa has the ambition to become a top three player in the UV inkjet based sign&display market. Furthermore, the company aims to establish a strong position with the digital printing inks for industrial applications.

Care providers continuously strive for better quality, faster service and increased patient satisfaction. At the same time, however, multiple societal drivers pressure them to lower their costs. Although certain governments are scaling down their healthcare budgets, it is generally acknowledged that digitization and IT are essential to balance quality of care, patient safety and cost-efficiency.

With the recently launched ECO³-program, Agfa leverages three key benefits that characterize its next-generation innovations for the printing industry: economy, ecology and extra convenience – or ECO³ in short. These three E's will bring added value to all aspects of a printing business. Indeed, the focus of the ECO³-program not only lies on the company's strong prepress portfolio, but also on quality, productivity and efficiency enhancements in the customer's pressroom environment.

In 2018, Agfa entered into a strategic prepress alliance with the Chinese company Lucky HuaGuang. The alliance should allow both companies to grow their businesses by optimizing their respective strengths in manufacturing, technology and distribution of prepress products and services.

Also in 2018, Agfa acquired the prepress business of Spanish printing plate supplier Ipagsa. The acquisition also fits perfectly in the company's strategy to strive for profitable growth. Next to an increase of the prepress top line, the acquisition will also help Agfa achieving its EBITDA target of 10% on average over the next few years.

The transformation of healthcare is largely driven by the evolution of the world population. According to forecasts of the United Nations, the world population could grow to 9.7 billion by 2050. Furthermore, it is expected that by 2050, the percentage of people aged 60 and above could increase from about 24% today to about 33% in more developed regions and from about 10% to about 20% in less developed regions. As the need for care is highly correlated with age, this evolution puts pressure on healthcare systems all over the globe.

As a result, an increase in productivity is essential to manage the growing patient flow in a cost-efficient manner. Related with the ageing population and the dramatic changes in people's lifestyles is the rapid development of chronic diseases. This results in a paradigm shift from curative healthcare to preventive healthcare and in a growing volume of medical diagnostic imaging procedures. Conscious of the need to find solutions that combine quality with cost-efficiency, governments and local authorities are promoting the introduction of digital technologies, IT, e-health systems and integrated care systems. This is the case in the Western world, as well as in emerging markets with strong economic growth rates.

Agfa HealthCare continues to invest in the further expansion of its broad range of digital radiography systems to cover the needs of all care providers, from independent imaging centers and small hospitals in emerging countries to leading university hospitals with multiple imaging departments. With its solutions, support and services, Agfa HealthCare wishes to offer every care organization the opportunity to migrate to digital imaging.

With its state-of-the-art and cost-efficient systems for digital radiography and efficiency-enhancing software solutions, Agfa HealthCare helps, within the framework of value-based care, to keep medical imaging affordable for its customers while improving the delivery of every-day care.

IT systems that acquire and bundle all relevant patient data, deliver them to the medical staff in a well-organized manner and support the medical decision processes, have become a cornerstone of today's healthcare provision.

Challenges in modern healthcare require constant vigilance and new ways of looking at data and system security. Hospitals and care providers have to protect themselves, their networks, their equipment and of course their patients' data. Agfa HealthCare is committed to support care providers in protecting the privacy of their patients by delivering secure products and services that protect and preserve the confidentiality, integrity and availability of protected health information in the care organizations and products.

In order to deal with the major demographic challenges in modern society and to keep healthcare sustainable, Agfa HealthCare strives to play an important role in the ascent of integrated care solutions. These solutions integrate all healthcare providers, social care organizations, patients, and other stakeholders of whole regions and countries in a virtual network. They collect and analyze data from all stakeholders in order to predict and prevent possible healthcare-related complications, including over and under capacity in hospitals and medical errors. They can play a major role in the management of chronic diseases and they can make it possible to detect developing health issues in a population in an early stage. In the future, integrated care solutions will help to keep healthcare costs under control, improve the operational efficiencies of care providers and to improve patient care and satisfaction.

Agfa HealthCare's Enterprise Imaging platform enhances multi-disciplinary collaboration in the hospital by leveraging cloud and mobile technologies and enhances clinical intelligence by leveraging AI and cognitive technologies. As a result, the platform helps to improve care delivery and efficiency for clinicians. It enables a broad return on investment (ROI) in a number of ways: documenting all imaging procedures to support the hospital's quality and reimbursement evaluations; reducing overhead costs related to uploading images at the point of care through task-based standardization; decreasing unnecessary repetition of imaging exams; consolidating all images from any source, department or device in a single depository; driving clinical collaboration, and more.

With its Hospital Information and Clinical Information Systems (HIS/CIS) and its Enterprise Content Management (ECM) systems, Agfa HealthCare supports hospitals in managing their administrative, financial and clinical workflows. The strategy in Healthcare Information Solutions is twofold. On the one hand, Agfa HealthCare will further enrich its solutions with clinical functionalities and mobile workflows to meet the needs of even the most demanding customers. On the other hand, the business group strives to consolidate its position in its current markets and to gradually introduce its solutions into additional countries.

For most industrial applications, classic film-based technologies are being replaced by digital alternatives. While some industries may be ahead of others, in general the decline of the film business is continuing steadily. In order to tackle the challenges in its markets, Agfa Specialty Products developed a clear two-track strategy.

Firstly, Agfa Specialty Products aims at consolidating its position in the Classic Film market segments, which still account for a large part of the business group's recurring revenues. In order to be able to continue selling its film products in the declining markets, Agfa Specialty Products focuses on cost efficiency and lean manufacturing without compromising on quality. For this purpose, Agfa Specialty Products also entered into long-term supply agreements for film and chemicals with selected business partners.

Secondly, Agfa Specialty Products is investing in the creation and expansion of future-oriented product families, based on its know-how related to polyester formulation, coating and chemicals. The activities of its business units, Functional Foils and Advanced Coatings & Chemicals, are gradually generating a substantial and profitable flow of revenues to complement the recurring revenues from the more traditional film-based consumables. In this context, the business group will continue to invest in research and development, marketing and production capabilities.

All Research & Development activities related to the consumable products manufactured by the Agfa-Gevaert Group have been centralized in the Materials Technology Center. Building on its core competencies in polyester and coating and well-defined technology platforms, the Center supports the innovation efforts of all business groups of the Agfa-Gevaert Group and leads all respective research projects. Through the Agfa-Labs initiative, the Center's know-how and research infrastructure are also made available to third parties in a context of open innovation.

Sustainability Report

Agfa has a long tradition of good citizenship. The Company strives for profitable growth, but at the same time attaches great value to the impact that its activities have on the environment, to the health and safety of its employees and to the relations with all stakeholders. For many years, Agfa has been doing this voluntary and in many cases, the Company goes beyond mere legal compliance. We firmly believe that it is our duty to do business in a responsible, sustainable and transparent way. Moreover, we are convinced that – with the right mindset – it does not take more effort to do so. At the same time, entrepreneurs who are willing to think 'out of the box' will see new opportunities arising.

For Agfa, sustainability is an element of business designed to create long-term value for all stakeholders.
The report takes its lead from the international guidelines of the Global Reporting Initiative (GRI) standards. Agfa understands and acknowledges the guidelines of the GRI standards as a reference to be applied in an incremental way. Until now, the Group has not fully developed the necessary KPIs to measure the effectiveness of the policies with respect to human rights, antibribery, corruption and social and personnel issues.
The report will focus on the following two pillars:

Environment

As a global entrepreneur, Agfa recognizes the necessity to continuously improve its environmental performance, as well in its own operations as in its customer operations, through offering them eco-designed products and systems. A combination that allows Agfa to optimize the balance between profit and social environment impact, thus striving for sustainable entrepreneurship.

Working @ Agfa

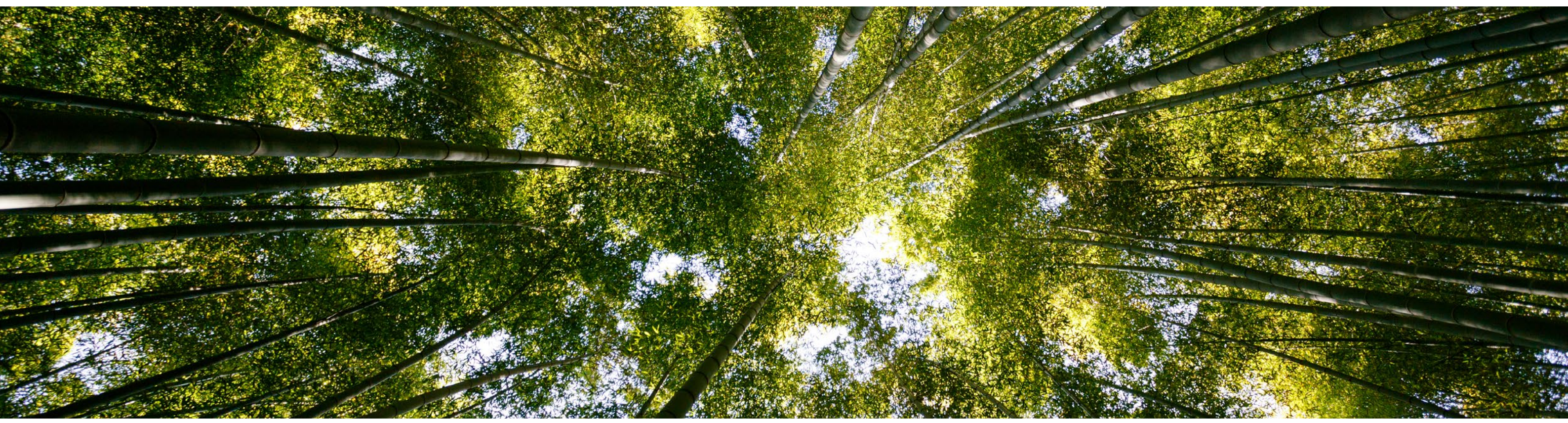
At Agfa, we strongly believe that our people are our greatest asset. In a global business where knowledge and expertise are essential, we build on our competent, motivated and responsible employees, who have in-depth knowledge of both the group and our products.
Working under the highest possible ethical standards is essential to our business success. All employees and subsidiaries of Agfa worldwide have to comply with the applicable laws and regulations of the countries in which they operate and are expected and required to comply with the contents of the Code of Conduct.
At the same time, we expect our business partners, customers and suppliers to adhere to the highest possible ethical standards as well.

Environment

SAFETY, HEALTH AND ENVIRONMENT POLICY

As mentioned in the Corporate Governance statement p. 212, environmental matters are one of the key risks managed by Agfa.

The general principles of Agfa's policy are:
- Comprehensive environmental protection and maximum safety are given the same priority as product quality and operational efficiency.
- Products are designed, developed and manufactured so that the production process, the transportation, the storage and the use of products, as well as the waste treatment at the end of the life cycle have minimal impact upon the environment.
- Agfa is committed to systematically developing safe and environmentally acceptable products and production processes.
- Agfa advises its customers, its employees and the relevant authorities with an evaluation of its products and manufacturing processes, in all matters pertaining to health, safety and environment.



Environmental indicators

The ecological impact of the production activity consists mainly of emissions to air and water, the use of raw materials and the generation and consumption of energy. Equally important are the safety aspects of the activities and the efforts to prevent ecological incidents and complaints.

In line with the above considerations, Agfa has chosen the following indicators to evaluate its environmental performance:

Environmental standards

Production volume	tonne/year
Energy consumption	TeraJoule/year
Specific energy consumption	GigaJoule/tonne of product
Water consumption	m^3/year
Specific water consumption	m^3/tonne of product
Water consumption excluding cooling water	m^3/year
Specific water consumption excluding cooling water	m^3/tonne of product
CO_2 emissions to air	tonne/year
Specific CO_2 emissions to air	kg/tonne of product
NO_x, SO_2, VOC, VIC emissions to air	tonne/year
Specific NO_x, SO_2, VOC, VIC emissions to air	kg/tonne of product
Specific VOC emissions to air	kg/tonne of product
Waste water volume	m^3/year
Specific waste water volume	m^3/tonne of product
Waste water load	tonnes/year
Specific waste water load	kg/tonne of product
Waste volumes	tonne/year
Specific waste volumes	kg/tonne of product
Specific hazardous waste volumes	kg/tonne of product
Environmental incidents and complaints	number

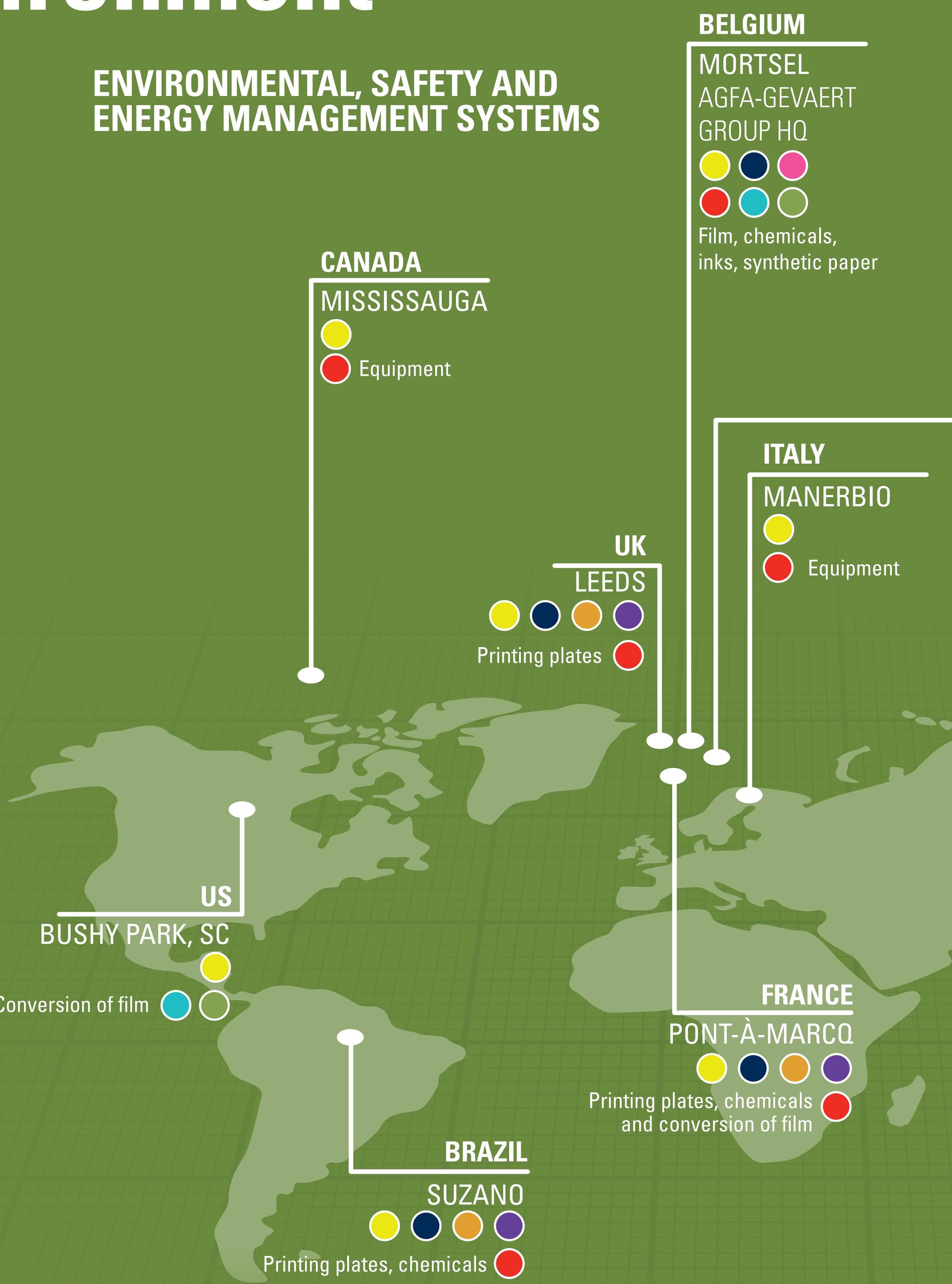
Objectives

Agfa strives to improve all its environmental indicators in line with general policies.
Agfa is committed to conserving natural resources, minimizing the environmental impact of its operations and safely operating its facilities. The main objective is to maintain high safety, health and environmental standards. To this end, initiatives are taken in various areas at the various sites.

Environmental, health and safety information is presented monthly at the meetings of the management teams of the various sites.
The Corporate Safety, Health and Environment (SH&E) department maintains a global overview of all information. Each year, the SH&E Management Committee evaluates the policy, organization, management system and objectives in the areas of safety, health and environment.

Environment

ENVIRONMENTAL, SAFETY AND ENERGY MANAGEMENT SYSTEMS



GERMANY

MUNICH
Equipment

PEISSENBERG
Equipment

PEITING
Equipment, accessories

SCHROBENHAUSEN
Imaging plates and cassettes

WIESBADEN
Printing plates

CHINA

WUXI (PRINTING)
Printing plates

WUXI (IMAGING)
Conversion of film, equipment

AGFA GRAPHICS

AGFA HEALTHCARE

AGFA SPECIALTY PRODUCTS

ISO 9001 QUALITY

ISO 14001 ENVIRONMENT

OHSAS 18001 SAFETY

ISO 50001 (DIN 16001) ENERGY

ISO 13485 Q MEDICAL

Summary of environmental achievements

The table below provides an initial overview and summary of the global performance based on the selected environmental indicators.

Management systems	**Environmental standards** Agfa has installed quality, environmental, energy and safety management systems in accordance with the international standards ISO 9001, ISO 14001, ISO 50001 and OHSAS 18001.
Materials	**Production volumes** Compared to 2017, the global total production volume remained at the same level in 2018. Agfa maintains its position in the global market for analog and digital imaging solutions.
Energy	**Energy consumption** Global energy consumption continued to decrease by 0.7% in 2018. Monitoring, analysis and optimization remain continuous and constant tasks at each of the sites.
	Specific energy consumption Specific energy consumption also decreased by 0.7% in 2018.
Water	**Water consumption** Total water consumption increased by 3.0%, which is entirely attributable to the increase in cooling water consumption.
	Specific water consumption The specific water consumption also increased by 3.0%, due to the higher share for cooling water.
	Water consumption excluding cooling water Water consumption excluding cooling water decreased by 3.4%. The efforts to use water sparingly for our production processes continue to show results.
	Specific water consumption excluding cooling water Specific water consumption excluding cooling water also decreased by 3.4%.
Emissions	**CO_2 emissions to air** Agfa's CO_2 emissions to air increased by 1.8%. This increase is due to a higher availability of the CHP plant in Mortsel for its own energy supply (electricity). In this perspective, CO_2 emissions for this energy are more directly attributable to our activities than when purchased.
	Specific CO_2 emissions to air Specific CO_2 emissions to air also rose by 1.8%.
	NO_x, SO_2, VOC and VIC emissions to air NO_x, SO_2, VOC, VAS emissions to air decreased by of 10.6% in 2018.
	Specific NO_x, SO_2, VOC, VIC emissions to air Specific NO_x, SO_2, VOC, VAS emissions to air also continued to decrease by 10.6% in 2018.
	Specific VOC emissions to air Specific VOC emissions decreased by 21.2% compared to 2017, partly due to improvements to installations and optimizations in solvent use in 2018.

Waste water and waste materials	**Total waste water discharge** The volume of waste water decreased further by 6.0%. The pollution load increased in 2018, mainly due to inconsistencies in the operation of installations.
	Waste volumes The volume of waste remains stable at a low level during the last three years. Efforts to prevent waste remain a priority.
	Specific waste volumes At 192.1 kg/tonne, specific waste volumes remain at the 2017 level.
	Specific hazardous waste volume At 29.6 kg/tonne, the quantity of hazardous waste remains at almost the same level as in previous years, showing the efforts to control this waste cause. The ratio of hazardous to non-hazardous waste remains 1:6.
Compliance with environmental laws and regulations	**Environmental incidents and complaints** Follow-up of environmental incidents and complaints was stepped up in 2018 in order to be able to anticipate even more and faster to prevent threats and escalations.

Detail of the environmental performance

The comments below compare the environmental performance in 2018 with the performance in 2017. The graphs and tables illustrate the trends since 2009.

At the end of 2018, the Branchburg site was closed and the activities were reallocated to other sites. The Mortsel site comprises the sites in the Belgian city of Mortsel and the municipalities of Wilrijk, Edegem and Westerlo (Heultje).

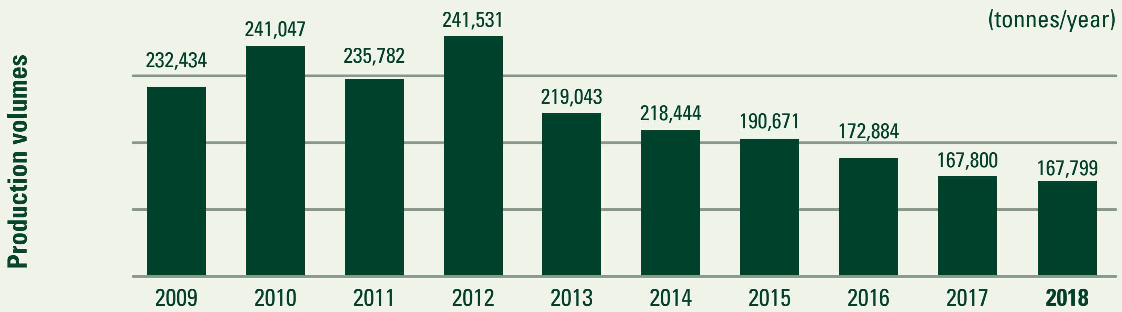
Management systems

Environmental standards

Agfa has installed quality, environmental and safety management systems in accordance with the international standards ISO 9001, ISO 14001, ISO 50001 and OHSAS 18001. The world map on p. 26-27 gives an overview of the certificates obtained at the various sites.

Materials

Production volumes



In 2018, the total production volume expressed in weight remained stable versus 2017. Agfa maintains its position in the global market for analog and digital imaging solutions.

The share of the film factories in the total production volume expressed in weight decreased by 1.6%. This included approximately 0.3% in film production and 3.5% in production of chemicals (a.o. developer fluids). Compared to 2017, Agfa Graphics' global printing plate production remained stable in 2018.

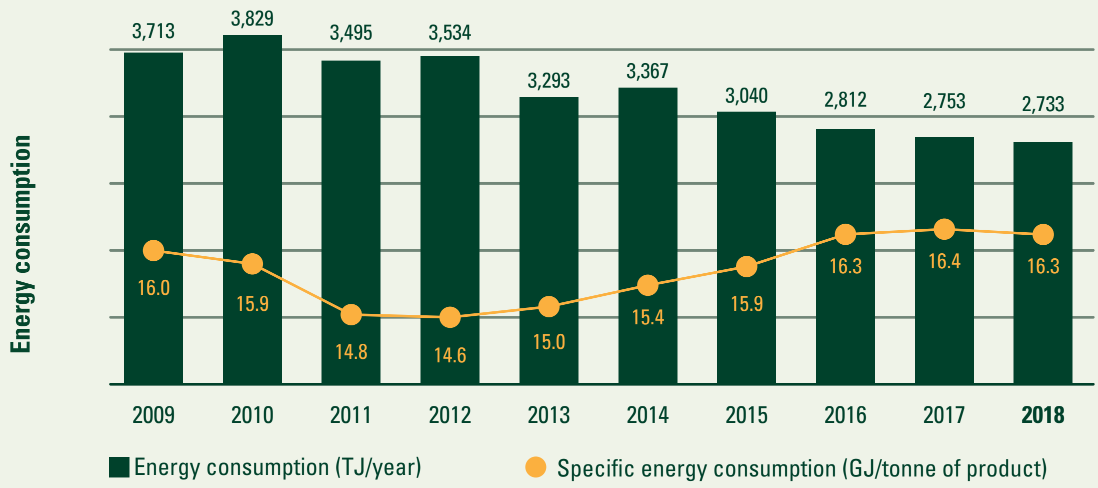
The production volume (expressed in weight) for equipment increased by 6.0% compared to 2017. In terms of numbers, this represents approximately 1,800 units produced by Agfa Graphics (Manerbio and Mississauga) and approximately 29,200 units produced by Agfa HealthCare (Munich, Peiting, Peissenberg and Wuxi).

While the production volume for equipment increased in 2018, the ink production volume for inkjet applications remained stable.

Agfa HealthCare's X-ray film production for reusable CR film cassettes (Schrobenhausen) decreased by 16.0%

Energy

Energy consumption



In 2018, total energy consumption continued to decrease by 0.7%. Specific energy consumption remained almost stable at 16.3 GJ per tonne of manufactured product.

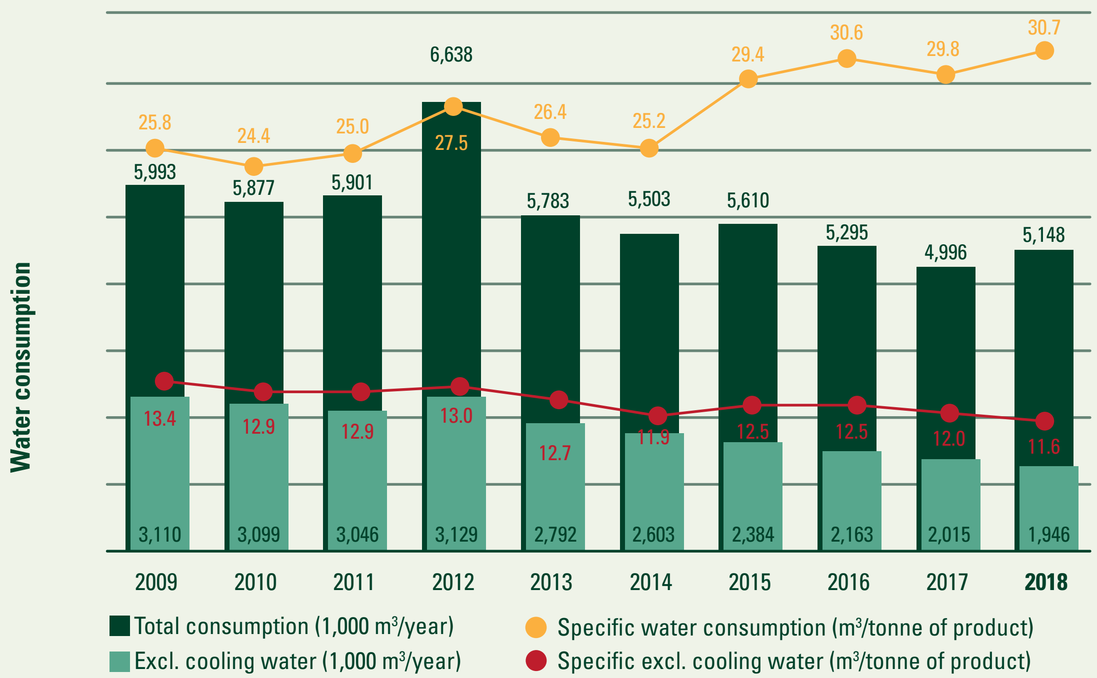
In the film factories, energy consumption decreased further by 3.1%. In the printing plate factories, energy consumption increased by 2.8%.

With the renewal of the combined heat and power plants (CHP) of the Mortsel film factory, the share of purchased electricity was reduced by 28.2%.

Monitoring, analysis and optimization of energy consumption at all sites remain constant tasks.

Water

Water consumption
Water consumption excluding cooling water
Specific water consumption excluding cooling water



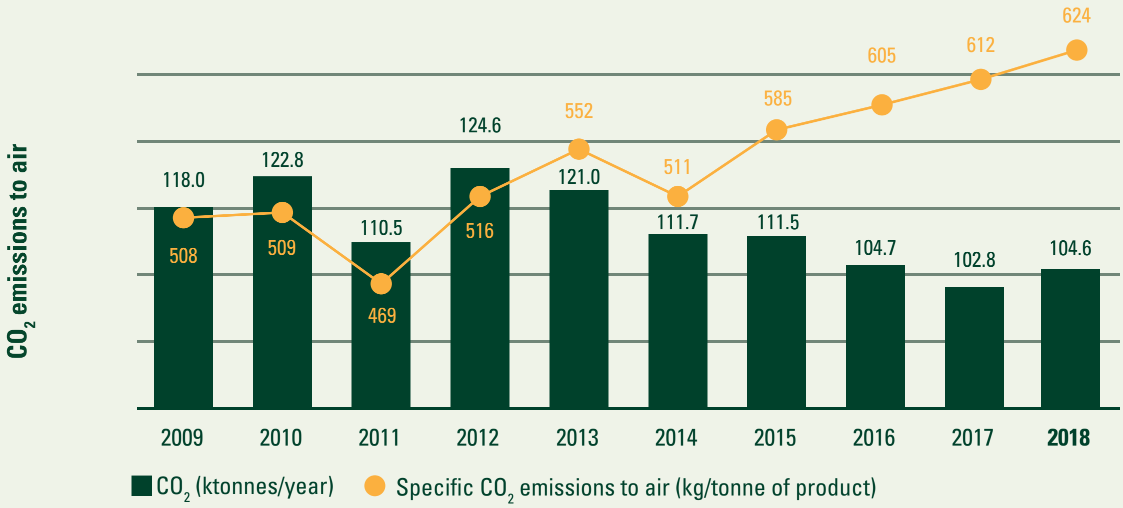
In 2018, total water consumption increased by 3.0%. This increase is entirely attributable to the increase in the consumption of cooling water, a consequence of the exceptional warm weather last year. Specific water consumption rose by 3.0% to 30.7 m³ per tonne of manufactured product.

Water consumption excluding cooling water further decreased by 3.4% in 2018, a.o. due to the continuous actions taken in the different sites to use water sparingly. Specific water consumption excluding cooling water also decreased by 3.4% to 11.6 m³ per tonne of manufactured product.

Specific process water consumption was reduced further to 5.7 m³ per tonne of manufactured product. The efforts to optimize the production processes thus continue to show their results.

Emissions

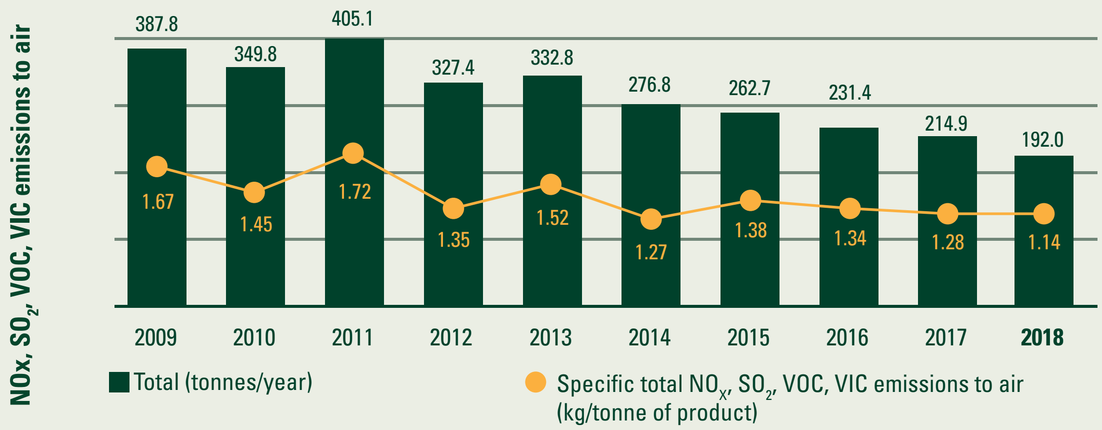
CO_2 emissions to air
Specific CO_2 emissions to air



Global CO_2 emissions (direct emissions, scope 1) increased slightly by 1.8%. This increase is due to a higher usability of the CHP plant in Mortsel for Agfa's own energy supply (electricity). From this point of view, CO_2 emissions for this energy are more directly attributable to Agfa's activities than when purchased. Despite the increase in 2018, we have maintained the low values since 2016.

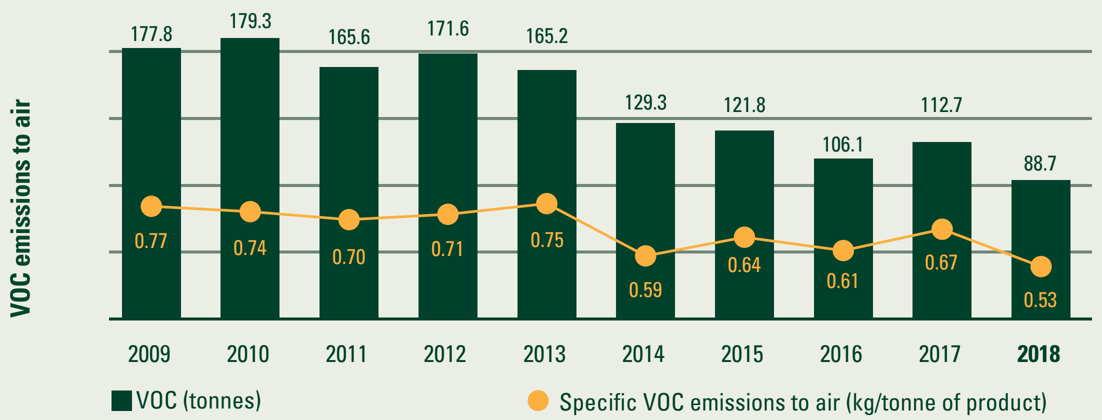
Specific CO_2 emission follows the same trend with an increase of 1.8% to 623 kg per tonne of manufactured product. The increasing pattern of recent years is a consequence of the decreasing production volumes.

NOx, SO_2, VOC, VIC emissions to air
Specific NOx, SO_2, VOC, VIC emissions
Specific VOC emissions to air



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NO_x	156.2	160.3	150.3	142.1	141.6	140.4	137.5	120.3	99.4	99.0
SO_2	49.6	6.2	40.7	9.7	23.5	5.1	1.5	1.5	0.8	1.5
VOC	177.8	179.3	165.6	171.6	165.2	129.3	121.8	106.1	112.7	88.7
VIC	4.2	4.0	48.5	4.0	2.5	2.0	1.9	3.5	2.0	2.8
TOTAL (TONNES/YEAR)	387.8	349.8	405.1	327.4	332.8	276.8	262.7	231.4	214.9	192.0

In 2018, the emissions to air excluding CO_2 decreased further by 10.6%. This resulted in a decrease from 10.6% of the specific emissions to air excluding CO_2 to 1.14 kg per tonne of manufactured product.

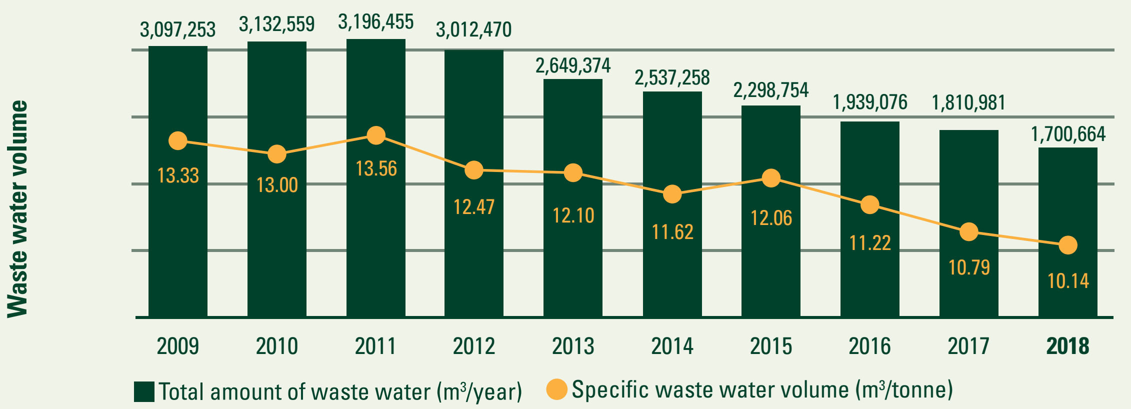


VOC emissions decreased strongly by 21.2% to 88.7 tonnes, bringing specific VOC emissions to 0.53 kg per tonne of manufactured product. This value is the lowest of the last ten years.

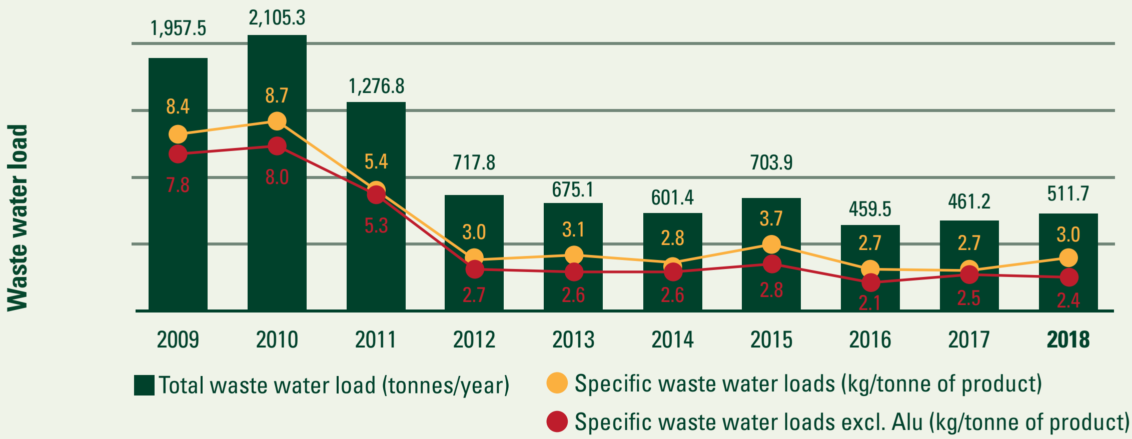
A better exploitation of and adaptations to the installations made it possible to increase the share of solvent recovery. Furthermore, a decrease also remains the result of various optimizations made possible by an automated solvent balance monitoring.

Waste water and waste materials

Waste water volume and load



Continuing the positive trend, the waste water volume further decreased by more than 6.1%. The specific wastewater volume also decreased by 6.1% resulting in 10.14 m^3 per tonne of manufactured product.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Specific volume (m³/tonne of product)	13.33	13.00	13.56	12.47	12.10	11.62	12.06	11.22	10.79	10.14
COD	1,580.4	1,727.1	1,101.5	524.1	473.1	491.3	462.9	322.7	373.4	347.4
N	116.1	90.8	46.1	17.8	20.4	17.9	15.7	9.5	9.5	12.1
P	112.2	118.7	97.6	97.0	66.5	56.4	54.2	38.1	37.3	34.4
AOX	1.2	0.8	0.6	0.9	0.5	0.4	0.3	0.3	0.3	0.3
Heavy metals exl. Al	0.5	0.5	0.4	0.5	0.5	0.3	0.4	0.4	0.2	0.3
Aluminum	147.1	167.5	30.5	77.5	114.2	34.9	170.4	88.5	40.5	117.2
TOTAL (Tonnes/year)	**1,957.5**	**2,105.3**	**1,276.8**	**717.8**	**675.1**	**601.4**	**703.9**	**459.5**	**461.2**	**511.7**

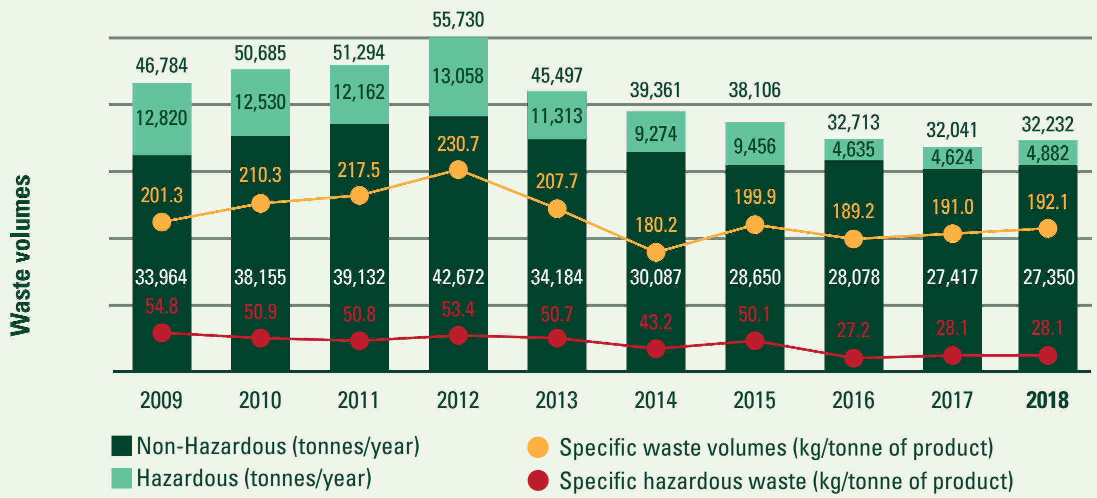
In 2018, the waste water load increased by 11.0%. This was entirely due to an increase in the aluminum sludge in the waste water due to an inconsistency in the proper functioning of the centrifuges. Corrective actions were taken.

The specific waste water load excluding the aluminum load decreased by 6.2% in 2018, confirming the optimization of the water treatment.

The residual COD value decreased in 2018 due to a better functioning of the biological water treatment plant of the film factory in Mortsel. This allowed the low level to be maintained.

The nitrogen (N) and phosphorus (P) values retained their low values of recent years.

Waste volume
Specific waste volume
Specific hazardous wast volume



Compared to 2017, the total waste volume increased slightly by 0.6% in 2018. The specific waste volume remained at almost the same level with 192.1 kg per tonne of manufactured product.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Landfill	1,590	5,691	6,147	6,373	4,103	4,214	3,586	3,462	2,669	2,910
Incineration	192	274	387	296	217	327	227	127	782	527
Recycling	40,267	39,720	39,813	44,690	37,220	30,879	29,939	24,603	24,398	24,293
Energy recovery	1,301	1,358	1,484	1,308	1,257	1,173	1,438	1,188	1,057	1,336
Physico-chemical treatment	781	716	701	632	431	187	119	192	262	146
Valorization	2,652	2,925	2,762	2,431	2,270	2,581	2,796	3,141	2,874	3,020
TOTAL (tonnes/year)	**46,784**	**50,685**	**51,294**	**55,730**	**45,497**	**39,361**	**38,106**	**32,713**	**32,041**	**32,232**
Non-hazardous	73%	75%	76%	77%	75%	76%	75%	86%	86%	85%
Hazardous	27%	25%	24%	23%	25%	24%	25%	14%	14%	15%

For specific hazardous waste volumes, the low level since 2016 (27.2 kg/tonne) has been maintained in 2018 with 29.6 kg per tonne of manufactured product. The ratio of non-hazardous and hazardous waste, which remained constant at 3:1 for a long time, remains 6:1.

Maintaining the low level with regard to hazardous waste is due to the sustained efforts to control incidents and causes for this type of waste.

The beneficial use of waste (recycling, energy recovery, physico-chemical treatment and valorization) amounted to 89.6%, another improvement. The proportion of waste which is still landfilled, is 9.0% of the total.

In 2018, a higher quantity of waste was incinerated with energy recovery and valorization. This shows an increasing trend among waste processors to deal with waste flows in a more useful way.

Compliance with environmental laws and regulations

Environmental incidents and complaints

In 2018, 21 environmental incidents were reported to the local authorities in Mortsel. They mainly concerned breaches of the waste water permit.

Mortsel reported 17 complaints in 2018. These complaints mainly concerned noise and odour nuisance as a result of various one-off events.

Follow-up of the environmental incidents and complaints was stepped up in 2018 in order to be able to anticipate even more and faster to prevent threats and escalations.

Branchburg received a fine of 907 Euro.

Agfa Mundo
U was een fijn publiek
CEO Christian Reinaudo
over het doelgerichte groeiproject
32
30
AGFA
150
Mundo
jaar om te vieren
sprak met Caroline Van Rompuy
moet meer ruimte voor innovatie komen"
AGFA
Latest news about Agfa

Working @ Agfa

The Agfa-Gevaert Group continues to work on its transformation process. Next to its last man standing strategy for traditional film products, the company continues to develop as an international player in digital imaging and printing systems and IT solutions. Its main markets are the graphics industry and the healthcare sector.

In the course of this process, Agfa's activities are increasingly shifting from the familiar domain of film-based imaging to new, rapidly evolving technology domains. At the same time, the company moves from selling only consumables to selling comprehensive solutions, including equipment, services and consumables. It goes without saying that this has a strong impact on the required employee profiles.

Innovation, flexibility, technical skills, sales skills, market knowledge and entrepreneurship are key for sustainable growth.

Innovation is essential to develop new products and solutions. Introducing these products and solutions and successfully entering new markets is impossible without adequate entrepreneurial and sales skills. It also demands people who are receptive for mobility and change. After all, change is the only constant factor.

Agfa's HR policy is aiming at the development of a number of processes linked to the 'employee life cycle'.
An employee's career can be subdivided into various phases with specific focal points: recruitment and introduction, competence management, performance management, permanent training and development, compensation, employee reviews and retirement. Top focus points are the development of leadership and career counseling. Our careers have to stay adapted to the changing reality and many employees will be making more moves in their careers than used to be the case. Employees have to stay 'job fit' in order to assure permanent employability. Furthermore, a lot of attention is given to communication, equal rights and safety.

Agfa aims to have the right employee in the right position at the right time and location for the right cost. To that aim, Agfa is continuously looking for a good balance between attracting competencies from the outside, developing competencies internally, and increasing overall employability by stimulating employees to move successfully from one position to another.

There is a wide range of training and development programs available, including various programs aimed at Agfa managers. It gives them access to self-analysis tools, self-training packages and group training sessions covering the different aspects of leadership.

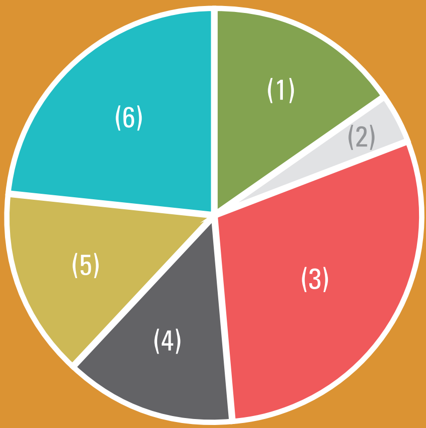
Next to the long-term 'Global Leadership Program', a European Leadership Program was implemented. Various local talent projects are also being set up. Further attention was given to the development of sales competencies and training programs focusing on value-based selling were launched.

There is also 'EVOLVE', a learning platform on the Agfa intranet, as a portal for interactive communication about learning and development. All Agfa colleagues have access to an online training catalog, where they find product related training tools, as well as training programs in the field of communication, management and client orientation. With these tools, Agfa wishes to cultivate an even broader learning environment.

Finally, the Performance Management process was reframed to a FeedForward process, focusing more on the need for continuous feedback, coaching and development instead of merely evaluating past achievements. The final goal is a more agile performance culture.

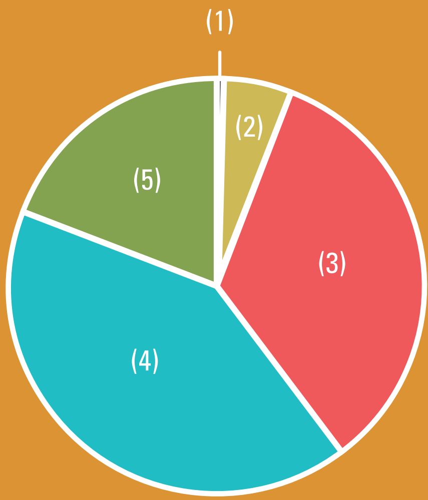
HR Key figures

EMPLOYEES PER CORPORATE FUNCTION



(1) GENERAL & ADMINISTRATION **15.60%**
(2) LOGISTICS & SUPPLY CHAIN **3.24%**
(3) MANUFACTURING **27.23%**
(4) RESEARCH & DEVELOPMENT **14.56%**
(5) SALES **14.87%**
(6) SERVICE **24.50%**

ALLOCATION OF EMPLOYEES



(1) CORPORATE CENTERS **0.56%**
(2) GLOBAL SHARED SERVICES **5.38%**
(HR, ICS, PURCHASING,...)
(3) AGFA GRAPHICS **30.91%**
(4) AGFA HEALTHCARE **44.42%**
(5) AGFA SPECIALTY PRODUCTS **18.73%**

NO. OF EMPLOYEES
A TOTAL OF 10,391 IN
2018 OR 10,034 FTE'S

1,052 NEW HIRES
JOINED THE
COMPANY IN 2018

1,194 EMPLOYEES
LEFT THE
COMPANY IN 2018

PERCENTAGE OF MALE/FEMALE WORKFORCE

2018 **76.90%**

2018 **23.10%**

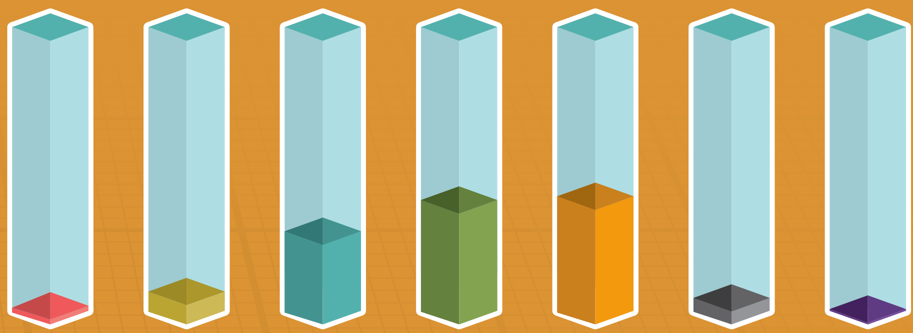
PERCENTAGE OF MALE/FEMALE MANAGEMENT POSITIONS

2018 **20.50%**

2018 **79.50%**

EMPLOYEES PER AGE CATEGORY

<20	21 - 30	31 - 40	41 - 50	51 - 60	61 - 70	70<
0.46%	7.89%	19.78%	28.44%	37.54%	5.84%	0.05%



12.19%

ASIA
OCEANIA
AFRICA

86% OF EMPLOYEES FOLLOWED AT LEAST ONE TRAINING IN 2018

2016	2017	2018
67%	70%	86%

WE COUNT 79 NATIONALITIES IN THE AGFA-GEVAERT GROUP THE TOP 5 ARE:

1 - BELGIAN
3,058 EMPLOYEES

2 - GERMAN
1,840 EMPLOYEES

3 - US
945 EMPLOYEES

4 - FRENCH
717 EMPLOYEES

5 - CHINESE
670 EMPLOYEES

Human Resources organization

The Agfa-Gevaert Group's HR organization is aligned to the Company's business group structure in the regions as well as in the countries. The Centers of Excellence allow a global coordination of the HR principles, policies, processes and specific key competencies.
This alignment to the business group structure improves the efficiency of the HR organization and reduces its complexity. It further improves the support given by HR, with respect for the identity of the various business groups. The HR policy is tuned to the specific needs of each business group. To this end, HR business partners support the management teams of the business groups in order to plan the needed staff numbers, competencies, organizational changes, etc.
Taking into account Agfa's worldwide presence, the HR organization counts with HR colleagues in the different countries and regions. The Centers of Excellence are responsible for the uniform application of the HR business partner principles and policies, which are globally applied in Agfa's various organizations.
This approach pays off by bringing more transparency, uniformity and cost efficiency.

There are three Centers of Excellence, each with its own global responsibility and its specific primary activity:
- Recruitment and talent development,
- Compensation & Benefits,
- HR Process Office, which is responsible for managing all HR processes and systems, as well as for managing all transactional functions, such as payroll systems, administration and reporting on training activities.

Programs and policies

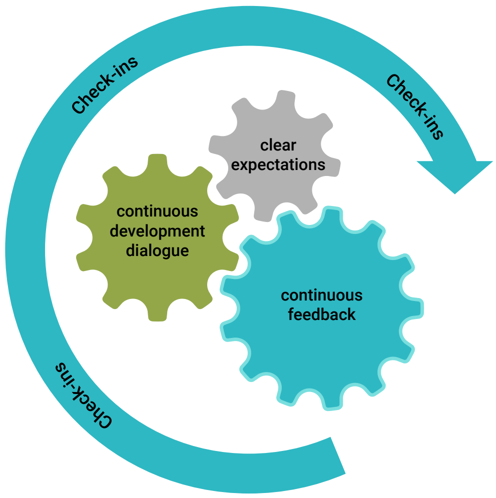
Performance Management

Performance Management is a recurring and ongoing business process of goal setting, development and evaluation focused on realizing the strategy and targets of the Company through the performance of the employees. Agfa's performance management processes ensure that employees are evaluated and receive formal and informal feedback on their achievements against a number of agreed targets.
Employee development is an integral part of the performance management. The employee and the manager must identify the personal development objectives. These support the achievement of the stated objectives in the short term and the achievement of personal career expectations in the long term.
Financial rewards to employees are to some extent based on the outcome of the performance management process. The evaluation focuses on both the evaluation of the achieved results (What) and the behaviors shown to achieve those results (How).
As said before, the Performance Management process was reframed to a FeedForward process.

FeedForward: Learning and Feedback as a continuous journey to a growth mindset

The Agfa-Gevaert Group recently introduced FeedForward as a new Performance Management Framework tackling the need for continuous feedback and focusing on coaching and development rather than just evaluating past achievements. By introducing FeedForward, Agfa aims to move to a more agile performance culture where both manager and employee play an active role by:

- setting meaningful and output oriented goals that are aligned with the overall company strategy;
- continuously clarifying expectations and refocusing goals;
- giving, asking and exchanging feedback in order to enhance performance;
- talking about development.



Hereby a 'growth mindset' is promoted where we learn from feedback, celebrate success, see effort as a path to mastery, embrace changes and see learning as a continuous journey with own accountability.
We believe that performance management is not about following a mandatory process, it is about employees and managers having qualitative 'check-in' conversations on a regular basis. In these conversations, manager and employee explore how they can meaningfully contribute, grow and perform at their best, day after day.
A motivational and effective performance management process indeed reviews past behaviour, but does this with continuous improvement and therefore development in mind. Giving and receiving regular feedback based on the growth mindset principles is the main building bloc in Agfa's forward looking management philosophy – thus the name 'FeedForward'.

Company-wide employee polls are regularly conducted asking employees to provide continuous feedback and insights into how topics such as feedback, development and leadership are evolving.

Learning and Development

Agfa strongly believes that each employee should be able to grow and develop his or her unique talents and abilities. Employee development plans are aligned with Competency Management and integrated into the FeedForward framework.

Agfa actively encourages employees to acquire new and advanced skills, knowledge and view points by providing learning and development tools as the Company believes that continuous learning and development are key to individual and organizational growth.

EVOLVE Learning Portal

In order to cultivate a continuous learning environment, Agfa created EVOLVE. EVOLVE is Agfa's learning portal as a gateway to all the courses, resources and instruments available to Agfa employees. EVOLVE encourages employees to actively explore the numerous learning & development opportunities, which are centered around 4 pillars:

- Business Group Specific,
- Behavioral Competences,
- Business Competences,
- Employee Development.

Career Coaching

In the career coaching process, HR facilitates the employee in exploring their interests, talents and experiences to identify potential career options. Focus is generally on career change, personal development and possible other career related issues.

The career coach helps to gain insight in the employee's strengths and weaknesses, in what is important to the employee in work and life and in the career options ahead. The prime goal is to leave our employees with renewed confidence in themselves and in their professional future.

Language learning @ Agfa

Several language learning options are available to Agfa-Gevaert Group employees, ranging from e-learning courses to full language immersion programs.

Competency Management

Competency Management is a program that facilitates managers and employees to create personal development plans that are in line with the business objectives and the employee's professional aspirations. Generic competencies, as well as an increasing number of job specific competencies, have been defined and are measured against a predefined proficiency level. Any skills gaps are prioritized and addressed through development targets.

The Agfa-Gevaert Group's competency framework consists of ten generic competencies that hold for all Agfa employees. Those competencies should be applied on the workplace.
By defining a set of competencies that hold for all roles in the organization, the Agfa-Gevaert Group shows all employees the kind of behaviors that are valued and that are required to help achieve our objectives.
The ten Agfa-Gevaert Group behaviors are clustered around four drivers:

- Leading Human Capital,
- Leading Results,
- Leading Direction,
- Leading Self.

Talent Management

All senior managers participate in the People Review process, aiming at proactively identifying key talents in the organization, to organize mobility or job rotations and to draw up development, continuity and career plans. The aim is to keep key employees on board.

A Global Leadership Program has been implemented to increase the visibility, coaching and development of global talent. Furthermore, various regions also have local talent programs in place.

Reward policy and practices

The employment of people is a long term investment. Today, global organizations face more and more competitive pressure in attracting and retaining staff. Therefore, Agfa offers competitive remuneration packages to all employees. Most management employees have a variable share in their total salary package.

Payout of this variable bonus depends on the performance of the Agfa-Gevaert Group, the results of the respective business group and region, and the individual performance (Global Bonus Plan). For sales representatives and service engineers, variable pay is linked to specific targets in a Sales Incentive Plan, respectively a Service Incentive Plan.

In order to ensure that compensation is in line with the market, Agfa uses a formal job evaluation system and participates in salary surveys to continuously benchmark its pay policy.

Agfa uses a Total Target Cash level on average at the 67th percentile of the general Market as a reference wage for its employees. The package of individual employees is differentiated based on performance and the level of expertise of the employee.

Agfa aims to offer competitive but cost effective short-term and long-term benefits. The most important benefits are: a pension plan, life insurance, and medical coverage. The benefits may vary significantly across countries depending on local regulations and practices.

Labor practices

Agfa aims to be an employer with clearly defined and applied health and safety standards, respecting all legal requirements and adhering to the overall principles of the international declaration of human rights.

Code of Conduct

It has always been Agfa's belief that it should accept full responsibility as a corporate citizen in all the countries in which it operates. The Code of Conduct is a reflection of the company's goal to compete vigorously, independently, ethically and fairly in all its markets. All employees are required to observe the rules and concepts in the document, as they mirror Agfa's goal of growing in a sustainable manner, always taking into account the wishes and the welfare of its customers, employees, neighbors and suppliers and of future generations; in short the wishes and welfare of its stakeholders.

The Code of Conduct is included in the Group's Corporate Governance Charter which is to be found in the Investor Relations section of Agfa's website.

The rules and principles in the Code of Conduct are broken down into six categories. These principles relate to the way in which the company wishes to interact with its personnel and the outside world.

Ethical conduct does not limit itself to compliance with the text of the Code. The Code of Conduct is a summary of the most important principles of daily management, and is thus not exhaustive. The principles and rules it contains are developed in greater detail in corporate policies or policies developed for the different business groups or subsidiaries.

Breach of laws and regulations, or of Agfa Group's policies – such as the Code of Conduct – regarding fraud, anti-trust, corruption, conflict of interests and other similar areas could have serious repercussions for the Group. Potential impacts include prosecution, fines, penalties, and contractual, financial and reputational damage.

Diversity

To Agfa, diversity is an important concern. The Company has implemented policies and procedures in this respect. They are described in the Company's Code of Conduct and in the non-discrimination policy as described in the Ethical Business Policy Statement.

Agfa is active in over 100 countries and has production facilities, R&D centers and sales organizations in over 40 countries. Every day, employees of 79 different nationalities, with various backgrounds, personalities and visions work closely together. Therefore, diversity is a natural given to Agfa. It enriches the organization and contributes directly to the achievements and the image of the company.

To support its vision on diversity, the Board of Directors decided during its meeting on March 3, 2003 to give absolute priority to a policy that provides equal employment opportunities to all employees and applicants. The Board also made very clear that there is no room for discrimination based on race, religion, political orientation, color, sex, age, nationality, disability, or any other classification declared to be impermissible by law. This decision was recorded in Appendix A: Code of Conduct and Ethical Business Policy Statement, which is part of the Corporate Governance Charter. It was further commented on in Agfa-Gevaert's Diversity Charter.
Both documents are available on the company's website: www.agfa.com.
With the Diversity Charter, Agfa wishes to make clear that it is highly committed to diversity.
The organization wishes to show its commitment towards gender equality, as well as towards cultural, ethnic and social diversity in today's society. Agfa endorses both the ban on all kinds of discrimination and the principle of equality.

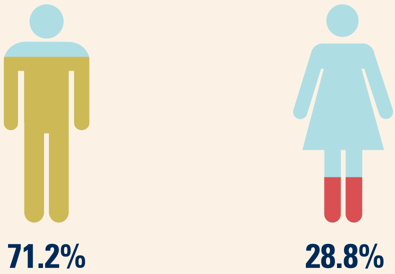
In the Diversity Charter, Agfa commits itself to the following:

1. The company will observe the non-discrimination principle in all its forms and expects its employees to do the same. The policy of the organization is aimed at offering equal employment opportunities to all employees and applicants. No-one is to be discriminated based on race, religion, political orientation, color, sex, age, nationality, disability, sexual orientation or any other classification declared to be impermissible by law. This policy goes for all stipulations, conditions and privileges related to employment, including but not limited to recruitment, hiring, placement, training, promotion, assignment, remuneration, sanctioning and termination of employment.
2. Agfa will train and sensitize management and employees to enable them to deal with the challenges related to non-discrimination and diversity. The organization will take steps, but also expects employees to be aware of and to actively apply the non-discrimination principle.
3. Agfa expects its employees to respect the rights and individualities of all individuals in order to create a work environment in which every employee is able to fully realize his/her potential. The company will create a climate of trust, tolerance and openness, and will actively address all kinds of discrimination. By doing so, it aims to warrant and stimulate a company culture that strives for maximum respect for close colleagues.
4. This charter is fully endorsed by the company's management. Together with the social partners, the management is fully committed to actively support it.

Diversity at Agfa in numbers

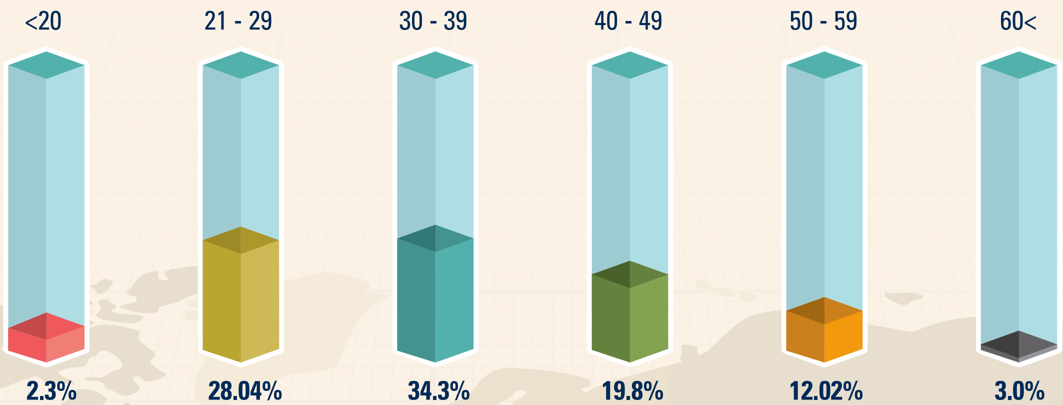
As of 2015, the Board of Directors of the Company complies with the legal requirements with regard to gender diversity as included in the Belgian law of July 28, 2011. For more details on the diversity aspects with regard to the members of the Board of Directors (age, sex, educational and professional background), please read the resumes of the members of the Board of Directors included in the Corporate Governance Statement.
The HR graphs on this page provide an overall view of the Agfa-Gevaert Group's recruitments in the past five years. The company feels that these numbers offer an objective and balanced view on how the company deals with the various aspects of diversity nowadays.

PERCENTAGE OF MALE/FEMALE WORKFORCE NEW HIRES OVER THE LAST FIVE YEARS

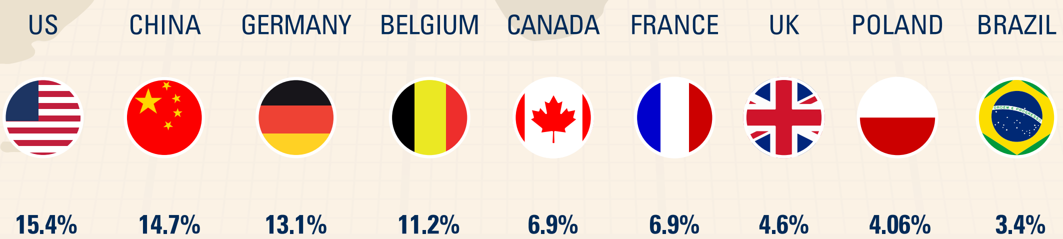


4,184 NEW HIRES OVER THE LAST FIVE YEARS

NEW HIRES OVER THE LAST FIVE YEARS PER AGE CATEGORY



AMONGST THE NEW HIRES WE COUNT 75 DIFFERENT NATIONALITIES THE FOLLOWING COUNTRIES ARE THE TOP 9



Freedom of association

By adhering to the overall principles of the International Declaration of Human Rights, Agfa supports and respects the employees' right to associate with unions or other organizations legally representing employees in their relation to Agfa as employer.
In every country where it is present, Agfa participates in the dialogue with representatives of the employees. Typically, in most European countries, Works Councils will take the role of employee representation bodies. At a European level, a European Works Council is in place. For Health & Safety issues, local committees, consisting of representatives of employees and the employer, are often in place.

Employee assistance programs

Besides the rigorous implementation of the Code of Conduct, the large majority of Agfa's subsidiaries have a formal system in place to assist employees who wish to report problems such as harassment, discrimination or specific conflicts of interest cases. Complaints are dealt with in a systematic and confidential manner and dedicated and autonomous contact persons are in place. Local HR contacts are also available for every site so that employees can address individual concerns – if needed – in a confidential manner.

Internal communication

In order to ensure proper one-voice internal communication, Agfa has set up specific communication channels to inform its personnel in a professional and objective manner on all company related matters.
To this aim, the Agfa intranet is used as an important internal medium that groups all corporate or departmental information, on a local or global basis. The information covers all the levels of the Agfa organization.
No activity is excluded. Employees, who don't have access to the intranet at their workplace, are being informed via alternative media such as printed newsletters.

Secondly, all employees receive an update on the quarterly results and any other important business topics, through the quarterly Infotour presentations that are organized at every site. During these meetings, the Company's as well as the business groups' performance and results are commented in detail. Participants are invited to discuss these and related topics with their management at these occasions. Finally, local communication initiatives, such as staff magazines, newsletters, staff meetings,… complement the above communications.

Agfa underwrites the STEM Charter. With this charter, the government, knowledge institutions, social partners, sector organizations, the education sector and the business world are joining forces to inspire young people to opt for STEM studies. STEM stands for Science, Technology, Engineering and Mathematics.

Today's labor market requires professionals to be and remain active longer, stay healthier, and work with enthusiasm. In this respect, Agfa embraces the House of Work Ability concept of Prof. Dr. Juhani Ilmarinen, to introduce new initiatives improving the wellbeing of its employees.

Occupational health & safety

Each Agfa site has health & safety standards in place to protect the employees and all other people on site in accordance with all the specific legal requirements.

Health and safety information is presented monthly at the meetings of the management teams. This information is discussed and adjusted at the meetings of the Corporate Safety, Health and Environment (SH&E) department. Each year, the SH&E Management Committee evaluates the policy, the organization, the management systems and the objectives in terms of safety, health and environment.

The cause of each reported incident, near-accident and accident is investigated so that the most recommended measures can be implemented. Important issues are immediately communicated to all branches as a SH&E alarm and learning point. Cause analyses are carried out to implement specific actions to improve health and safety performance.

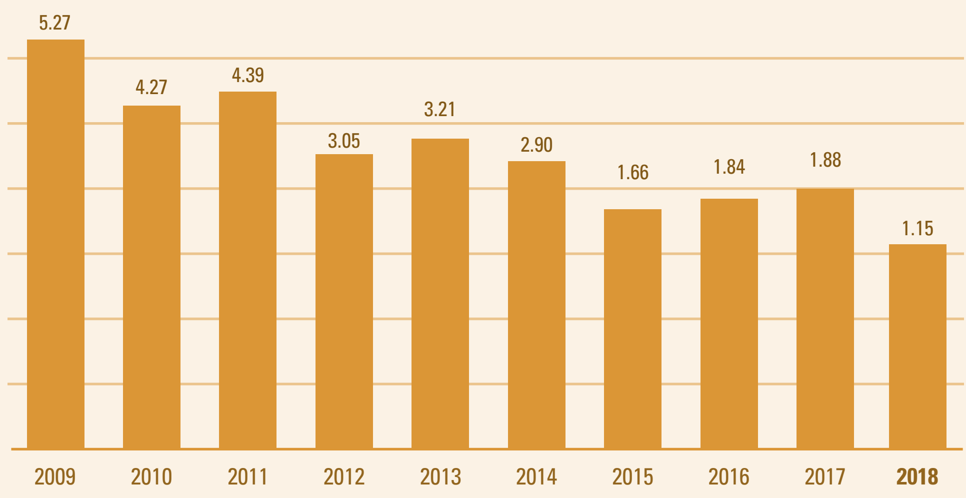
The frequency rate of the reportable accidents, in accordance with local legal requirements, decreased to 1.15 in 2018 (1.88 in 2017), its lowest value ever. This represents nine accidents worldwide (15 in 2017).

The frequency rate of accidents resulting in more than one lost working day, decreased to 4.34 in 2018 (5.28 in 2017), which is an improvement of the best result (4.64 in 2015) over the last five years.

The severity rate of accidents with more than one lost working day decreased to 0.10 in 2018 (0.13 in 2017). This represents 752 lost working days (1,043 in 2017), another best result ever.

Of the 14 different production sites, nine (65%) recorded zero accidents with lost working days. Never before has such a result been achieved. This shows that the efforts made at the various sites in the field of health and safety have proved their value.

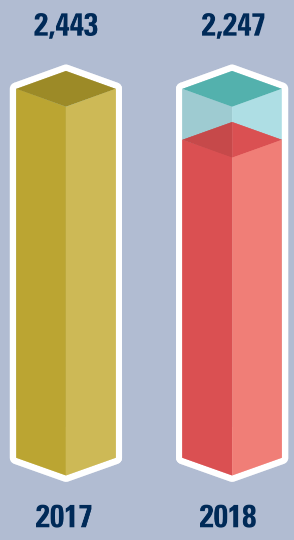
Reportable accidents (per million working hours)




GEVAERT
AGFA

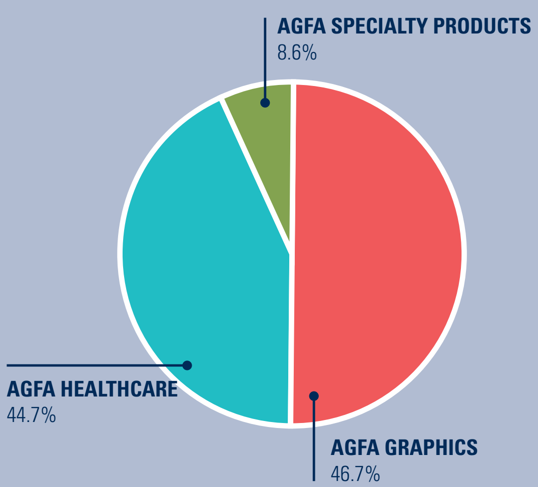
Comments of the financial statements

REVENUE (MILLION EURO)

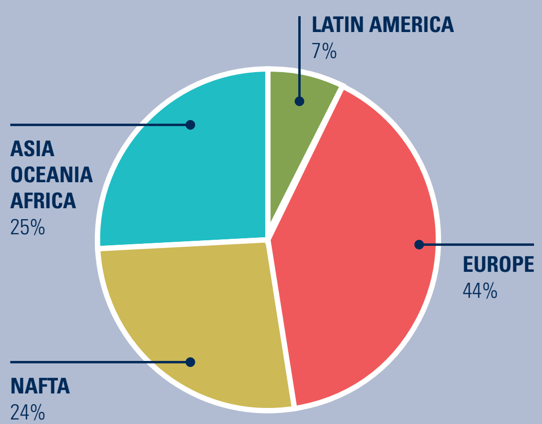


SHARE OF GROUP REVENUE 2018

BY BUSINESS GROUP



BY REGION



Comments on the Consolidated Financial Statements

Revenue

The Agfa-Gevaert Group's full year top line evolution was strongly impacted by the discontinuation of certain prepress-related reseller activities in the United States and by currency effects. Excluding these elements, the Group's revenue decline amounted to 3.2%. Several growth engines – including Agfa HealthCare's HealthCare Information Solutions and Direct Radiography systems, as well as several activities of Agfa Specialty Products – posted top line growth.

Agfa Graphics

In 2018, Agfa Graphics' top line decreased by 12.2%. Excluding the effects of the decision to discontinue certain prepress-related reseller activities in the United States and currency effects, the decrease was limited to 5.7%.

On top of the portfolio reorganization, the prepress segment's top line was impacted by the strong market-driven decline for analog computer-to-film products, the pressure on volume for the digital computer-to-plate product offerings and regional mix effects. In the course of 2018, important strategic steps have been taken that should help to restore the prepress segment's top line and margins.

In the inkjet segment, the high-end Jeti wide format printer range performed solidly and continuous strong volume growth was recorded for the ink range.

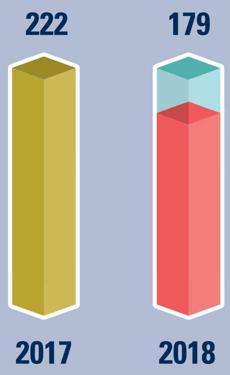
Agfa HealthCare

In 2018, Agfa HealthCare's top line decreased by 4.6%. On a currency comparable basis, Agfa HealthCare's revenue decline was limited to 1.0%. The Imaging segment's hardcopy business started to recover from the reorganization of the distribution channels in China. The reorganization is expected to start showing results in the next quarters. The Direct Radiography growth engine reported volume growth. In the IT segment, the HealthCare Information Solutions business performed strongly, reporting close to double digit volume growth. The Imaging IT Solutions business performed according to expectations, with good performances in most major geographies and a slowdown in the USA. In the course of the year, the company accompanied its customer base in user adoption of its new Enterprise Imaging platform, the equivalent of the EMR for image information. In addition, the business group refocused its business on core geographies and it adapted to an increasing degree of customer managed and purchased infrastructure.

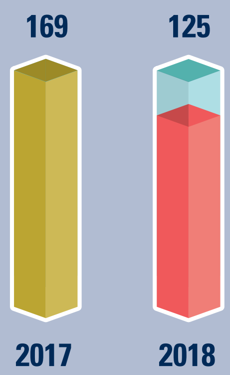
Agfa Specialty Products

In 2018, Agfa Specialty Product's top line decreased by 0.7%. Excluding currency effects, Agfa Specialty Products posted a small top line increase of 0.2%. Most future-oriented businesses, including Synaps Synthetic Paper and the Specialty Chemicals business (including Orgacon Electronic Materials) performed well.

RECURRING EBITDA [1] (MILLION EURO)

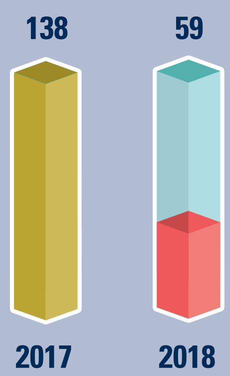


RECURRING EBIT [1] (MILLION EURO)

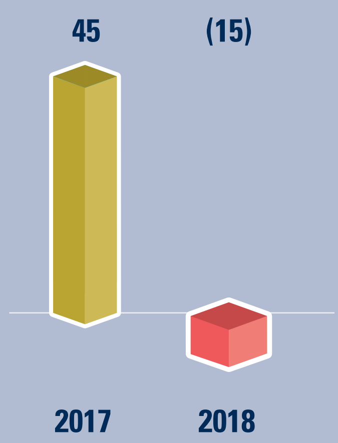


(1) Before restructuring and non-recurring items.

RESULT FROM OPERATING ACTIVITIES (MILLION EURO)



RESULT FOR THE PERIOD (MILLION EURO)



With 46.7% of revenue, Agfa Graphics remains the largest business group. Agfa HealthCare represents 44.7% and Agfa Specialty Products 8.6% of Group sales.

In 2018, Europe accounted for 44% of Group revenue (2017: 42%). NAFTA for 24% (2017: 27%). Asia/Oceania/Africa for 25% (2017: 24%) and Latin America for 7% (2017: 7%).

Results

The Group's gross profit margin decreased to 32.1% of revenue, mainly due to adverse product/mix effects and high aluminum costs.
Agfa Graphics' gross profit margin decreased from 29.1% of revenue in 2017 to 26.4%, mainly due to adverse product and regional mix effects and high aluminum costs. Recurring EBITDA amounted to 40.3 million Euro (3.8% of revenue), versus 77.0 million Euro (6.4% of revenue) in 2017 and recurring EBIT reached 17.0 million Euro (1.6% of revenue), versus 52.8 million Euro (4.4% of revenue).
Agfa HealthCare's gross profit margin evolved from 39.8% of revenue in 2017 to 39.3%, mainly due to adverse product/mix effects in the Imaging segment. Recurring EBITDA decreased from 131.1 million Euro (12.5% of revenue) in 2017 to 118.1 million Euro (11.8% of revenue). Recurring EBIT reached 91.0 million Euro (9.1% of revenue), versus 105.9 million Euro (10.1% of revenue) in the previous year.
Agfa Specialty Products' recurring EBITDA reached 23.2 million Euro (12.0% of revenue). Recurring EBIT amounted to 19.3 million Euro (10.0% of revenue).

Selling and General Administration expenses decreased from 496 million Euro in 2017 to 476 million Euro (21.2% of revenue).

In 2018, R&D expenses amounted to 141 million Euro, or 6.3% of revenue. The Group continues to invest in innovation to remain or become the technology leader in its key markets.

Recurring EBITDA reached 8.0% of revenue, versus 9.1% in 2017.
Recurring EBIT reached 5.5% of revenue, versus 6.9% in the previous year.

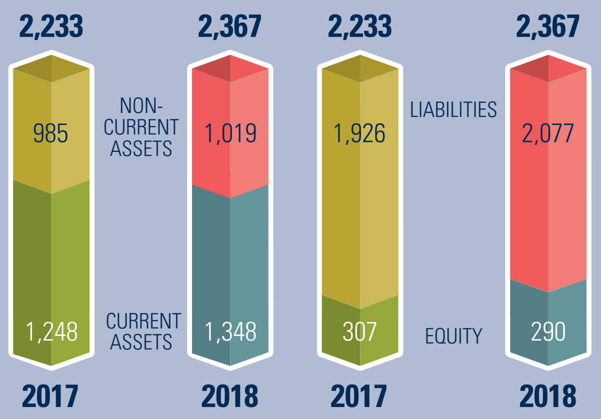
Mainly due to investments related to the transformation of the Agfa-Gevaert Group, including the closure of the printing plate factory in Branchburg (US), restructuring and non-recurring items resulted in an expense of 66 million Euro in 2018, versus an expense of 31 million Euro in the previous year.

The net finance costs remained stable at 39 million Euro.

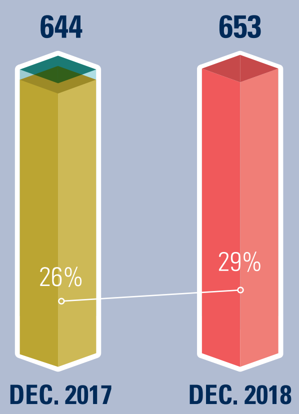
Income tax expenses amounted to 34 million Euro, versus 53 million Euro in the previous year. In 2017, this included a one-off (non-cash) deferred tax cost of 25 million Euro following changes in tax regulation in Belgium and the US.

As a result of the elements mentioned above, the Agfa-Gevaert Group posted a net loss of 15 million Euro (versus a net profit of 45 million Euro in 2017). Excluding the investments related to the transformation process, the net result would have been positive.

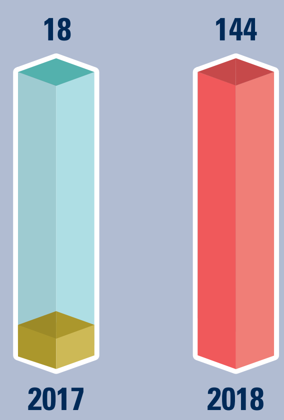
STATEMENT OF FINANCIAL POSITION (MILLION EURO)



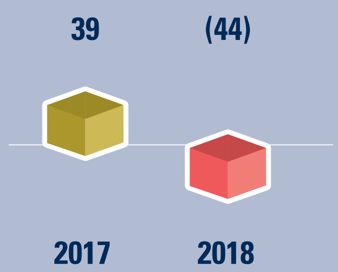
TRADE WORKING CAPITAL
(MILLION EURO/% OF SALES)



NET FINANCIAL DEBT (MILLION EURO)



NET CASH FROM OPERATING ACTIVITIES (MILLION EURO)



Statement of financial position

At the end of 2018, total assets were 2,367 million Euro, compared to 2,233 million Euro at the end of 2017.

Trade working capital

Trade working capital moved from 644 million Euro (26% of sales) at the end of 2017 to 653 million Euro (29% of sales) at the end of 2018.

Financial debt

The net financial debt amounted to 144 million Euro, versus a net financial debt of 18 million Euro at the end of 2017.

Pension liabilities

In 2018, the Agfa-Gevaert Group took several measures to reduce the risks related to pension liabilities. The Group has put in place a two-year program consisting of several pension de-risking initiatives in the US and the UK. In 2018, net pension liabilities for the material countries, excluding defined contribution plans with return guaranteed by law, decreased by 77 million Euro, mainly due to employer contributions and the increased discount rate.

Equity

In 2018, equity amounted to 290 million Euro, against 307 million Euro at the end of 2017.

Cash flow

In 2018, net cash from operating activities, which also takes into account the changes in working capital, amounted to minus 44 million Euro.

Conclusion

Overall, Agfa's 2018 results are in line with the guidance. The top line was influenced by measures to streamline the product portfolios. Furthermore, Agfa has invested heavily in the future of the Group. If the investments related to the transformation process were excluded, Agfa would have posted a positive net result.

In 2018, Agfa has taken major steps to transform the Group, resulting in the separation of the HealthCare IT business (renamed Agfa HealthCare) from the rest of the activities (renamed Agfa). The new Agfa HealthCare now has the means and the independence it needs to be a leader in its markets and to further build its already strong IT portfolio. Furthermore, the impact of the steps that were taken to drive the consolidation of the offset industry, should not be underestimated. The alliance with Lucky and the acquisition of Ipagsa have far-reaching consequences for Agfa's activities, and even for the offset industry as a whole. Agfa is now looking into various options to strengthen the other activities of the Company. Its goal is to secure the future of both Agfa HealthCare and Agfa, giving them the power and the means to pursue profitable growth.

Comments on the Statutory Accounts of Agfa-Gevaert NV

The Annual Accounts as will be presented to the General Meeting of Shareholders of May 14, 2019 were tested against the valuation rules by the Board of Directors, and approved in that form.

The following points, in particular, will be submitted to the General Meeting of Shareholders for approval:
The Annual Accounts close with a loss for the accounting year 2018 of 126,808,364.23 Euro.

Based on the profit or loss account, the Board of Directors concludes that the Company has suffered a loss for two consecutive years. Article 96, 6° of the Code of Companies requires that the Board of Directors justifies the accounting principles in the assumption of going concern. As the going concern assumption of a holding company, such as Agfa-Gevaert NV, basically depends on the group as a whole, the Board refers to the net cash position at group level and the undrawn credit facilities available at balance sheet date.

It is proposed to allocate the result as follows:
- deduction of the result carried forward by 126,808,364.23 Euro. As a result hereof the result carried forward will amount to 181,864,622.48 Euro.

Explanation of the most significant entries of the Annual Accounts

In 2018, the Company achieved a revenue of 432.1 million Euro. This means a decrease of 3.2% compared to the revenue of 2017 (446.4 million Euro). The decrease was mainly caused by a decrease of the sales prices (-1.6%), an increase of the volume/mix (+0.3%) and a negative currency exchange rate difference (-1.9%).

The 2018 operating profit amounts to 2.2 million Euro. This represents a decrease of 4.9 million Euro compared to 2017.

The financial result deteriorated with 98.5 million Euro compared to 2017, resulting in a loss from operating activities before taxes of 127.2 million Euro versus a loss of 19.4 million Euro in 2017.

After income taxes (2018: 0.4 million Euro, 2017: -3.1 million Euro), the loss for the book year amounts to 126.8 million Euro (2017: -22.5 million Euro). This is a decrease of 104.3 million Euro compared to 2017.

In 2018, the Company spent an amount of 12.6 million Euro on research and development in Belgium.

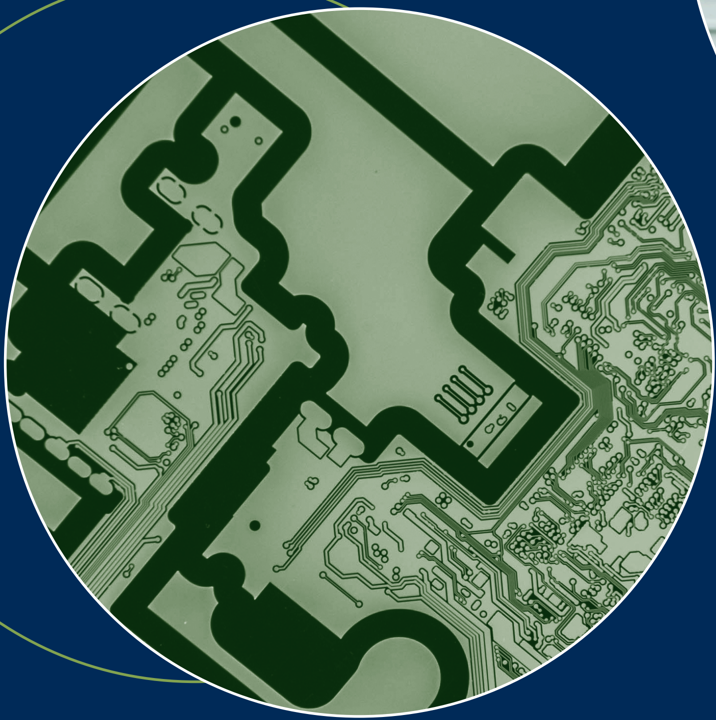
In 2018, the number of Agfa-Gevaert NV employees in Belgium decreased by 37 to 2,131 employees on December 31, 2018. This decrease is the result of the recruitment of 103 new employees and 140 employees leaving the Company.

In 2018, the permanent establishment of the Company in the UK booked a loss of 7.3 million Euro.

Business activities in 2018

Agfa Graphics

Agfa HealthCare



Agfa Specialty Products

Agfa Graphics

Agfa Graphics aims to be the number one supplier of integrated prepress solutions for commercial and newspaper printing, as well as a leading supplier of digital printing solutions for sign & display and industrial printing. Its mission is to enable graphic businesses to achieve profitable growth and stay ahead of their competition. Agfa Graphics delivers integrated solutions, which excel by being innovative and reliable, as well as sustainable and price-competitive. By doing so, the business group enables its customers to cost-effectively adjust to new market demands. Agfa Graphics' range of consumables, hardware, software and services combines in-house and leading manufacturers' technologies and know-how.

Agfa Graphics in 2018

In 2018, Agfa Graphics' top line decreased by 12.2%. Excluding the effects of the decision to discontinue certain prepress-related reseller activities in the United States and currency effects, the decrease was limited to 5.7%. On top of the portfolio reorganization, the prepress segment's top line was impacted by the strong market-driven decline for analog computer-to-film products, the pressure on volume for the digital computer-to-plate product offerings and regional mix effects. In the course of 2018, important strategic steps have been taken that should help to restore the prepress segment's top line and margins.
In the inkjet segment, the high-end Jeti wide format printer range performed solidly and continuous strong volume growth was recorded for the ink range.

Mainly due to adverse product and regional mix effects and high aluminum costs, Agfa Graphics' gross profit margin decreased from 29.1% of revenue in 2017 to 26.4%. Recurring EBITDA amounted to 40.3 million Euro (3.8% of revenue), versus 77.0 million Euro (6.4% of revenue) in 2017 and recurring EBIT reached 17.0 million Euro (1.6% of revenue), versus 52.8 million Euro (4.4% of revenue).

A trusted partner for professional printers

Agfa Graphics is a leading supplier of integrated prepress solutions, advanced inkjet systems and security printing software. All over the world, professional printers and publishers rely on the business group's experience and first-rate technology.

MILLION EURO	2017	2018	% change
Revenue	1,195	**1,049**	-12.2%
Recurring EBITDA (1)	77.0	**40.3**	-47.7%
% of revenue	6.4%	3.8%	
Recurring EBIT (1)	52.8	**17.0**	-67.9%
% of revenue	4.4%	1.6%	
Results from operating activities	36.6	**(24.1)**	-165.8%

(1) Before restructuring and non-recurring items.

Prepress

The term prepress is used for the chain of processes that precede the actual printing process. Prepress activities begin after the print layout decisions have been made and end where the printing process itself begins.

Printers rely on Agfa Graphics' equipment, consumables (such as graphic film and printing plates), software and services for almost every stage in the preparatory process. The software tools are key elements in the overall solution offered to printers. They automate the prepress processes, guarantee better quality and improve cost efficiency.

Although Agfa Graphics' prepress solutions mainly target the info printing segment of the graphics industry, the business group also supplies prepress technology to customers specializing in offset and flexo printing for packaging purposes.

Agfa Graphics supplies more than 20% of the industry's digital printing plates worldwide and it is a market leader in the field of eco-friendly chemistry-free printing plates. In addition, Agfa Graphics is one of the few remaining suppliers of graphic film.

1/2

One in two newspapers in the world are produced with Agfa Graphics' technology.

100,000

Over 100,000 commercial printing companies use Agfa Graphics' prepress technology.

ECO^3

When developing and creating solutions – which include hardware, software and consumables – Agfa Graphics focuses on ecology, economy and extra convenience (ECO^3). By doing so, prepress and printing processes become cleaner and more cost efficient. Thanks to Agfa Graphics' ECO^3 solutions, printers can save up to 30% on ink and paper and up to 90% on water. Waste can be reduced by 50%.

Strategic steps

In 2018, Agfa Graphics took two major steps in its strategy to actively participate in the consolidation of the prepress industry. Firstly, the business group entered into a strategic alliance with Lucky HuaGuang Graphics Co. Ltd, the number one prepress company in China. The alliance should allow both companies to grow their businesses by optimizing their respective strengths in manufacturing, technology and distribution of prepress products and services. It will have far-reaching consequences for both Agfa Graphics' business and the prepress industry. Secondly, Agfa Graphics acquired the prepress business of the privately-owned Spanish printing plate supplier Ipagsa Industrial S.L.

HUAGUANG 華光

Inkjet

Most people associate the term ‘inkjet’ with the home and office printers that they use every day. That, however, is not the market Agfa Graphics is operating in. Agfa Graphics supplies state-of-the-art wide-format inkjet print engines, UV-curable inks and media for the professional graphic industry.

Sign & display print houses, as well as customers specializing in industrial print work, use Agfa Graphics’ solutions to print on a wide variety of substrates, for an ever-growing range of applications, such as signs, posters and displays, promotional materials, packaging, and decorative materials.

Inkjet has become the most important alternative for screen printing and flexo printing technologies. For signage, displays and some decorative applications, wide-format inkjet technology is even able to offer solutions that cannot be answered with conventional equipment.

Security printing

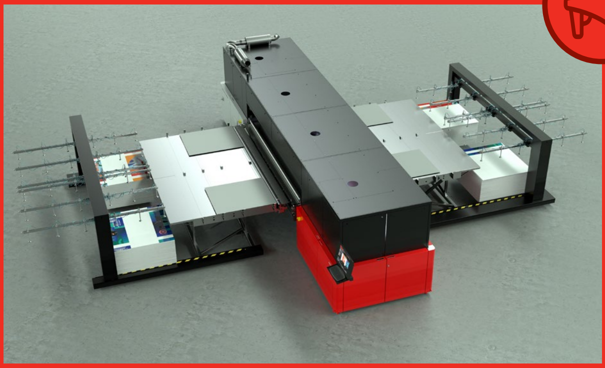
Agfa Graphics offers valuable software solutions to the different markets suffering from counterfeiting. Its dedicated security packages help designers of passports, tax stamps, lottery tickets, packaging and labels, concert tickets, stamps, certificates,… to stay a few steps ahead of counterfeiters and forgers.

453 m²/h

Agfa Graphics’ flagship Jeti Tauro H3300 LED printer produces quality UV-cured prints up to 3.2 m wide at up to 453 m²/h.

3,000

By the end of 2018, over 3,000 Anapurna, Jeti and Avinci printers were installed at customer sites all over the world.



Product of the year (x4)!

In August, Agfa Graphics won no less than four prestigious Product of the Year awards from the Specialty Graphic Imaging Association (SGIA). The award-winning products are the brand-new Jeti Tauro H3300 LED printer, the Jeti Mira printer (winner in two categories) and the Anapurna H3200i LED printer.

Commercial successes

In 2018, Agfa Graphics' innovative prepress and inkjet solutions again convinced numerous new customers all over the globe of their many advantages.

Prepress

Both in the commercial and the newspaper segment of the printing market, Agfa Graphics in 2018 confirmed its strong position in the field of eco-friendly prepress technology. With these chemistry-free computer-to-plate (CtP) solutions, printers can minimize their environmental footprint, reduce their operational costs and boost their efficiency. In the commercial segment, Agfa Graphics is a technological and market leader with this chemistry-free CtP technology. Also in the newspaper segment, Agfa Graphics is setting the standard. In the past decade, over 90% of Agfa Graphics' newspaper customers worldwide have made the switch to chemistry-free technology.

In addition to platesetters and other equipment and printing plates, CtP solutions often include state-of-the art workflow software. At the end of the year, more than 9,500 Apogee software systems were installed at commercial print houses around the world. Agfa Graphics is also the world's leading supplier of prepress workflow software for the automation of the production of printed newspapers. Publishers can operate these Arkitex workflow systems in their local prepress departments, but Agfa Graphics also offers the software as a cloud solution.

Inkjet

The Anapurna, Jeti and Avinci wide-format print engines continued to convince sign & display printers all over the world of their excellent print quality and high production speeds. The dedicated Asanti workflow software – which streamlines operations and guarantees color consistency – is often named by customers as an important advantage over the competition.

In the low-end segment of the sign & display market, the installed base for the Anapurna wide format printers continued to grow steadily. Aimed at the mid- and higher-end segment of the market, the Jeti print engines also continued their success, driven by the introduction of the brand-new Jeti Tauro H3300 LED printer. The showpieces of the Jeti range are the Jeti Tauro, Jeti Mira and Jeti Ceres engines.

Besides hardware and software, Agfa Graphics also supplies a range of UV LED inks with which its sign & display customers can produce high-quality prints on a wide variety of rigid and flexible substrates. In addition to its inks for sign & display customers, Agfa Graphics also markets a unique range of high-performance UV-curable inks for a broad range of industrial applications. The number of system integrators, OEM customers and other manufacturing specialists that use Agfa Graphics' inks continued to grow steadily in 2018.

CUSTOMER CASES

Daicolo (Japan)

In January 2018, Japan's leading school album printer Daicolo deployed Agfa Graphics' Apogee workflow software in the cloud. By doing so, they were able to reduce the amount of computer servers and increase the efficiency in its prepress department. In short: Daicolo saved time and money by moving its prepress workflow to the cloud. Furthermore, Apogee Cloud is always managed according to the latest security measures.

"Cloud solutions were already familiar within our company, because we had already established a mechanism to streamline interaction with customers through the internet. In the future, we will provide an even better service to our clients thanks to Apogee Cloud."

Shusaku Matsumoto, President of Daicolo

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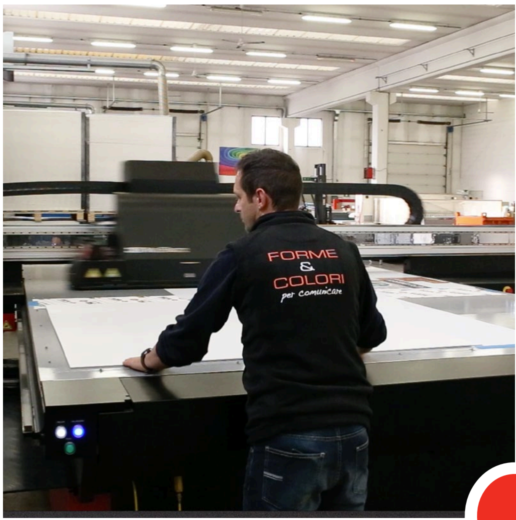
db Print Polska (Poland)

Part of an international group, db Print Polska is a general commercial printer with two printing sites near Warsaw, Poland. The company is at the forefront when it comes to the deployment of the latest technological advancements. Perfect examples are Agfa Graphics' PressTune and InkTune software solutions, which help db Print Polska save on ink and paper consumption. The company also uses Agfa Graphics prepress equipment and printing plates.

"PressTune enables us to analyze and control the consistency and quality of our print jobs. InkTune, we installed mainly for cost saving reasons. With these solutions, we save 30 to 50 sheets during make-ready, and around 15% of ink."

Izabela Jasińska, Director of db Print Polska



Screen System (Italy)

A traditional screen printing company, Screen System was looking for a wide-format inkjet printer that would expand and enhance its existing product range, while also speeding up production. Agfa Graphics' Jeti Mira flatbed printer proved to be the perfect hit. Screen System prints signs, displays, dispensers, floor mats etc. for demanding customers in the cosmetics, automotive and fashion industries.

"Thanks to the Jeti Mira, we can offer our customers print applications that simply didn't exist before. We are very happy, and so are our customers, especially those active in cosmetics, who want photorealistic images."

Pasquale Giorgino, Managing Director at Screen System

Northern Flags (UK)

One of the UK's largest fabric printers, Northern Flag, is flying the flag with Agfa Graphics, having invested in an Avinci fabric print engine, an Anapurna hybrid wide-format print engine and an Asanti workflow solution for their new Leeds facility. The Avinci print engine brings remarkable print quality to a wide range of in- and outdoor soft signage applications such as banners, flags, indoor wall graphics, shop decoration, outdoor advertising, trade show displays and more.

"We were simply blown away by Agfa Graphics' Avinci printer. It has allowed us to deliver the best digital results in the market. We chose Agfa Graphics as they are as passionate about their solutions as we are about the quality we produce."

Iain Clasper-Cotte, UK Managing Director for Northern Flags

Agfa HealthCare

Agfa HealthCare is using new technologies and traditional know-how to create solutions that meet the ever evolving needs of healthcare providers. Its medical imaging solutions open up new views to caretakers. Its IT solutions exceed individual hospital boundaries and move into regional networks. Agfa HealthCare builds on its deep knowledge of imaging technology and clinical needs to deliver affordable solutions to healthcare professionals.

By supporting them in the migration process from analog to digital and by connecting all healthcare stakeholders through seamless integration, Agfa HealthCare helps its customers to improve the quality and efficiency of their patient care. This is how Agfa HealthCare delivers healthcare excellence.

Agfa HealthCare in 2018

In 2018, Agfa HealthCare's top line decreased by 4.6%. On a currency comparable basis, Agfa HealthCare's revenue decline was limited to 1.0%. The Imaging segment's hardcopy business started to recover from the reorganization of the distribution channels in China, which is expected to start showing results in the next quarters. The Direct Radiography growth engine reported volume growth.
In the IT Segment, the HealthCare Information Solutions business performed strongly, reporting close to double digit volume growth. The Imaging IT Solutions business performed according to expectations, with good performances in most major geographies and a slowdown in the USA. In the course of the year, the company accompanied its customer base in user adoption of its new Enterprise Imaging platform, the equivalent of the EMR for image information. In addition, the company refocused its business on core geographies and it adapted to an increasing degree of customer managed and purchased infrastructure.

Mainly due to adverse product/mix effects in the Imaging segment, Agfa HealthCare's gross profit margin evolved from 39.8% of revenue in 2017 to 39.3%. Recurring EBITDA decreased from 131.1 million Euro (12.5% of revenue) in 2017 to 118.1 million Euro (11.8% of revenue). Recurring EBIT reached 91.0 million Euro (9.1% of revenue), versus 105.9 million Euro (10.1% of revenue) in the previous year.

The expert in medical imaging and healthcare IT

Agfa HealthCare is a global provider of diagnostic imaging and healthcare IT solutions. The business group supports hospitals and healthcare facilities with products and systems for capturing, managing and processing diagnostic images and data, as well as solutions for streamlining and managing the overall clinical and administrative information flow. Clinicians in care facilities all over the world rely on Agfa HealthCare to help meet the challenges of modern day healthcare. The Agfa HealthCare business group is organized in two business divisions: Imaging and IT.

MILLION EURO	2017	2018	% change
Revenue	1,052	**1,004**	-4.6%
Recurring EBITDA (1)	131.1	**118.1**	-9.9%
% of revenue	12.5%	11.8%	
Recurring EBIT (1)	105.9	**91.0**	-14.0%
% of revenue	10.1%	9.1%	
Results from operating activities	91.7	**70.1**	-23.5%

(1) Before restructuring and non-recurring items.

Imaging

The Imaging division supplies traditional X-ray film, hardcopy film and printers, digital radiography equipment and image processing software. Agfa HealthCare's roots are in traditional medical imaging, but in today's healthcare market, digital radiography has become the dominant technology.

Due to the competition of softcopy diagnosis, the market for hardcopy film – on which digital images are printed – is also declining in the US and Western Europe. In the emerging countries, this market segment is still growing. Besides hardcopy film, Agfa HealthCare also supplies hardcopy printers that enable clinicians to print digital images made by general radiography equipment, as well as images made by other modalities, including CT and MRI scanners.

In digital radiography, Agfa HealthCare is active with both Computed Radiography (CR) and Direct Radiography (DR) systems. Compatible with traditional radiography equipment, CR offers image intensive departments an affordable entry to digital imaging. DR is often the technology of choice for hospital departments demanding a higher throughput and immediate availability of high-quality digital images. Many hospitals combine CR and DR technologies to cover all their X-ray imaging needs. As a technology leader in both areas, Agfa HealthCare is in a unique position to offer tailor-made solutions to healthcare facilities planning to invest in digital imaging.

All Agfa HealthCare's CR and DR systems are offered with the business group's leading MUSICA image processing software and its MUSICA workstation for image identification, acquisition and quality control.

Small patients, big priority

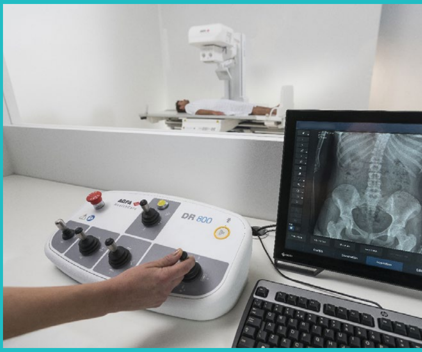
Children are more sensitive to radiation and its cumulative effects than adults. Therefore, they benefit even more from the fact that Agfa HealthCare's digital radiography solutions are designed according to the ALARA principle (as low as reasonably achievable) to deliver the optimum balance between low radiation dose and high image quality.

60%

By using Agfa HealthCare's DR solutions and MUSICA software, radiologists can reduce the X-ray dose by up to 60%. (1)

+65,000

Over 65,000 MUSICA software solutions have been installed on CR and DR units all over the world.



(1) Testing with board-certified radiologists has determined that Cesium Bromide (CR) and Cesium Iodide (DR) Detectors, when used with MUSICA image processing, can provide dose reductions of 50 to 60%, compared to traditional Barium Fluoro Bromide CR systems. Contact Agfa HealthCare for more details.

IT

Agfa HealthCare is a leading player in the healthcare IT market with both its imaging IT and healthcare information solutions. Furthermore, the business group is developing a strong integrated care portfolio. Agfa HealthCare offers care organizations the tools to improve the overall efficiency and quality of patient care. The ultimate goal is to connect all healthcare stakeholders through seamless integration, starting from the hospitals. Today, Agfa HealthCare's integrated care portfolio provides the tools to coordinate this complexity within the framework of value based care.

Imaging IT Solutions

Agfa HealthCare's imaging IT solutions equal reliability and efficiency for care providers around the world. After the introduction of digital radiography in the early 1990's, Agfa HealthCare became one of the first companies to supply radiology departments with its Picture Archiving and Communication Systems (PACS) to efficiently store, manage, process and distribute digital medical images from various imaging modalities. These are often linked to specialized information systems, such as Radiology Information Systems (RIS).
Based on its experience in radiology, Agfa HealthCare started developing a number of imaging IT solutions for other hospital departments that work intensively with medical images, including cardiology, orthopedics and nuclear medicine, as well as for certain specialized medical disciplines, such as women's care and digital pathology.

Whereas PACS and RIS solutions were originally linked to one hospital department, care organizations are now seeking imaging IT solutions that ensure that all clinically relevant images find their way to the patient's Electronic Health Record. Agfa HealthCare anticipated on this demand with its Enterprise Imaging platform, which creates a true imaging record for every patient, containing all possible images of the patient, regardless of the department and the facility that created them. As it makes images and related data instantly accessible throughout the hospital, the care organization, or even all care facilities included in a regional network, the Enterprise Imaging platform speeds up overall diagnosis and enhances patient care.

Strong and guiding partner

The KLAS Performance Report 2018 identifies Agfa HealthCare as a strong and guiding partner for health systems rolling out enterprise imaging. KLAS is a research and insights firm aiming at improving healthcare delivery. Its reports are based on feedback from healthcare organizations and clinicians.

Healthcare Information Solutions
Going beyond imaging, Agfa HealthCare has established itself as a leading player in the fast growing market for comprehensive enterprise-wide IT systems. Agfa HealthCare's leading Hospital Information System (HIS)/Clinical Information System (CIS) ORBIS, connects medical departments and administrative departments of hospitals into one virtual network. It offers immediate and complete access to all relevant patient information – including medical images, and clinical and administrative data – enabling quicker diagnosis and treatment. Furthermore, it supports administration, billing, planning of appointments and examinations, as well as financial reporting. The system can serve as a base for a full-blown Electronic Patient Record (EPR). In short, ORBIS is designed to help care facilities to increase productivity, improve the delivery of care and save cost. Agfa HealthCare's step by step approach enables care organizations to implement the HIS/CIS solutions at their own pace, allowing the solution's various modules to be installed separately, tailored to the needs of the customer.

Another important system in Agfa HealthCare's Healthcare Information Solutions offering is its Enterprise Content Management solution. It enables hospitals and care facilities of all sizes to integrate all their paper-based and electronic documentation, creating a complete digital archive of patient records. The solution reduces the need for physical archiving space, cuts down information retrieval time and reduces associated costs.

Integrated Care Solutions
Over the past few years, Agfa HealthCare has taken strategic steps to enter the Integrated Care market. Integrated Care is generally regarded as a key element in the efforts to keep healthcare systems sustainable. Integrated Care solutions support collaboration across the borders of care organizations and medical disciplines. They enable hospitals to actively engage with all stakeholders in the expanded care process, including physicians, informal care-givers and patients. As such, they allow patients to become real partners in their own care process. These solutions should measurably improve the quality of care and the patients' care experience, whilst reducing the demand on costly and resource-intensive emergency and hospital services.

Broadening the scope

Following similar strategic steps in previous years, Agfa HealthCare acquired the French e-health software solution specialist Inovelan in 2018. The acquisition will further strengthen Agfa HealthCare's Integrated Care platform, by adding value in interoperability, expertise in secure messaging and chronic disease management for the French market.

97

Agfa HealthCare's Enterprise IT platform is live in healthcare sites across 97 countries in South America, North America, Africa, Europe and the Middle East.

50%

IT accounts for 50% of Agfa HealthCare's revenue, versus 34% ten years ago.

1,350

At the end of 2018, Agfa HealthCare's ORBIS HIS/CIS solution was installed at over 1,350 care facilities across Europe.

Commercial successes

In 2018, Agfa HealthCare signed numerous eye-catching contracts with hospitals and hospital groups all over the world.

Imaging

At the end of the year, Agfa HealthCare had a global installed base of over 75,000 DRYSTAR hardcopy printers and 65,000 digital radiography solutions, all integrated with its leading MUSICA image processing software.

IT

In 2018, Agfa HealthCare's IT solutions again convinced numerous care organizations around the world, from large multi-site hospital organizations and regional care providers, to medium-sized facilities and small imaging centers.

Imaging IT Solutions

At the end of 2018, Agfa HealthCare's imaging IT solutions served over 3,000 care facilities worldwide. With its imaging IT solutions for radiology departments, Agfa HealthCare has a very strong position in Europe and a growing market share in the US, Canada and Latin-America. In the field of enterprise-wide and region-wide imaging IT solutions, Agfa HealthCare has a strong position worldwide.

In 2018, Agfa HealthCare continued to roll-out its innovative Enterprise Imaging platform at care organizations all over the globe. Currently, the solution is live in healthcare sites across 97 countries in South America, North America, Africa, Europe and the Middle East.

Healthcare Information Solutions

In 2018, Agfa HealthCare confirmed its leading position in Europe (mainly in France and the German speaking countries) with its ORBIS Hospital Information Systems (HIS)/Clinical Information Systems (CIS) and its enterprise content management solution. At the end of 2018, the ORBIS HIS/CIS solution was installed at over 1,350 care facilities across Europe. The installed base for Agfa HealthCare's enterprise content management solution also continued to grow, with several new installations in Europe and the Americas.

Integrated Care Solutions

Agfa HealthCare strives to become a key player in the Integrated Care sector of the healthcare market. After taking its first steps in this area in 2016, Agfa HealthCare signed several Integrated Care contracts in 2017 and 2018.

China Meheco Corporation (China)

Agfa HealthCare signed an agreement with China Meheco Corporation, a leading distributor and producer of pharmaceuticals in China. The contract covers the distribution of Agfa HealthCare's DRYSTAR film and equipment to hospitals and other healthcare centers in several provinces of China. Premier Li Keqiang of China and Premier Charles Michel of Belgium attended the signing of the key contract.

"Agfa's strong reputation and ambition to grow its hardcopy business will strengthen the presence of Meheco in the Chinese medical device business."

Wang Hongxin, General Manager of China Meheco Corporation

Royal United Hospitals Bath NHS Foundation Trust (UK)

The Royal United Hospitals Bath NHS Foundation Trust is a 732-bed facility in Somerset, England. In 2018, it became the first care organization in the UK to install Agfa HealthCare's versatile DR 800 room for fluoroscopy and general radiography. The DR 800 solution includes Dynamic MUSICA image processing software for both general radiography and moving images.

"We were very impressed by the DR 800, which not only provides better image quality and detail than our previous fluoroscopy system, but also offers general X-ray capability."

Rosie Freeman, Radiology Clinical Manager, Royal United Hospitals Bath

Amsterdam UMC site Academic Medical Center (the Netherlands)

The Amsterdam UMC site Academic Medical Center (AMC) decided to implement Enterprise Imaging for its radiology and enterprise-wide image management. The merging of the enterprise-wide imaging environment into Agfa HealthCare's Enterprise Imaging brings images from throughout the enterprise into a single, unified environment, giving clinicians fast access to images. The solution also allows the efficient exchange of imaging data with other hospitals in the region.

"We clearly see huge benefits of having one single solution in place for managing and storing all kinds of medical images generated through the hospital. We look forward to accessing all new functionalities that Enterprise Imaging brings us."

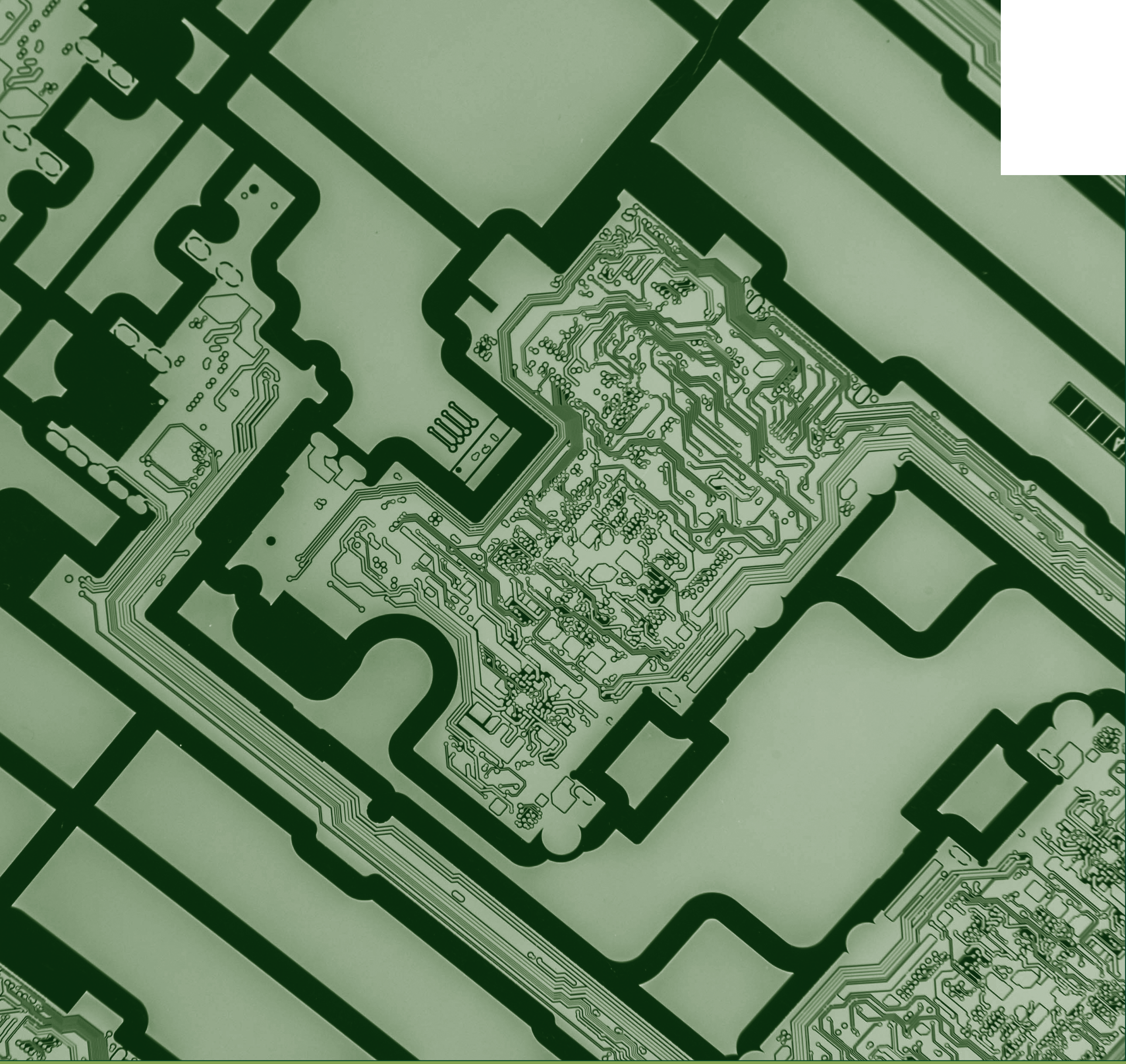
Wim Hogendoorn, ICT Procurement Manager of AMC

Aut Even Hospital (Ireland)

Agfa HealthCare installed its Enterprise Imaging for Radiology platform at the Aut Even Hospital in Kilkenny, Ireland. The solution will handle around 20,000 radiology exams each year, and is scalable to meet the imaging needs of both radiology and the enterprise. The hospital chose Agfa HealthCare's solution to support the move of its radiology department from an analog to a paperless, digital department, as part of the hospital's evolution to a fully digital environment.

"Agfa HealthCare's knowledge and proven experience gave us the confidence that they could support our move to a digital environment. Enterprise Imaging was able to meet all of our radiology needs now, while being scalable and extendable to other departments in the future."

Stephen Naughton, RIS/PACS Manager of Aut Even Hospital



Agfa Specialty Products

The Agfa Specialty Products business group supplies customers in a variety of industrial markets with a broad range of both classic film and innovative products.

For the production of polymer substrates and chemical coatings, Agfa Specialty Products builds on the Agfa-Gevaert Group's longstanding expertise in film manufacturing and chemical formulations.

Agfa Specialty Products in 2018

In 2018, Agfa Specialty Product's top line decreased by 0.7%. Excluding currency effects, Agfa Specialty Products posted a small top line increase of 0.2%. Most future-oriented businesses, including Synaps Synthetic Paper and the Specialty Chemicals business (including Orgacon Electronic Materials) performed well.

The business group's recurring EBITDA reached 23.2 million Euro (12.0% of revenue). Recurring EBIT amounted to 19.3 million Euro (10.0% of revenue).

Innovative solutions for industrial applications

Agfa Specialty Products' marketing and sales activities are grouped in the business units Classic Films, Functional Foils and Advanced Coatings & Chemicals. The business group's R&D is organized within the Group's Materials Technology Centre, which promotes an open innovation culture, offering third parties services in the field of materials and coating research.

MILLION EURO	2017	2018	% change
Revenue	195	**194**	-0.7%
Recurring EBITDA (1)	18.0	**23.2**	29.5%
% of revenue	9.2%	12.0%	
Recurring EBIT (1)	14.7	**19.3**	31.3%
% of revenue	7.5%	10.0%	
Results from operating activities	13.8	**16.2**	+17.8%

(1) Before restructuring and non-recurring items.

Classic Films

Agfa Specialty Products supplies traditional film-based consumables to imaging markets outside the scope of Agfa Graphics and Agfa HealthCare. In these markets, analog systems are gradually replaced by digital alternatives. In some segments, however, film is still the standard. It guarantees high resolution and imaging quality and is easy to use, whereas the transition to digital technologies often demands substantial investments. The business group supplies classic film products in the following industries:

- **Non-Destructive Testing (NDT):** Agfa Specialty Products produces high-quality X-ray film for non-destructive testing of – among others – welds in pipelines (picture), steel structures and fuselages. When Agfa divested its NDT business group to the General Electric Company (GE) in 2003, both parties signed a long-term agreement under which Agfa continues to supply X-ray film to GE. Agfa now acts as the exclusive manufacturer of GE's NDT X-ray films and related chemicals.

- **Aerial Photography:** For the aerial photography industry, Agfa Specialty Products supplies films, chemicals and photo paper.

- **Microfilm:** Due to the increasing digitization, the traditional microfilm market continues to decline. Agfa Specialty Products has a long-term exclusive supply agreement for microfilm with Eastman Park Micrographics (EPM). Under the agreement, Agfa manufactures microfilm and related chemicals for EPM. EPM distributes these products worldwide under its own brand name. Agfa Specialty Products' microfilm is known for its high sensitivity and exceptional image quality

Functional Foils

The business unit Functional Foils groups Agfa Specialty Products' activities as a manufacturer of specialty films for various applications, including security documents, print media and photovoltaic solar panels.

- **Security:** The ever increasing attention for security and identification incites authorities to invest in high-tech electronic ID documents of which the authenticity can be checked quickly and effectively. Agfa Specialty Products responds to this need for fraud-proof ID documents with film and chemistry consumables for ABSOLUT-ID, an innovative solution for card manufacturing.

Absolutely secure, absolutely smart

Co-developed with the French company LCsys, proven expert in software solutions for image and data management as well as mechanical engineering, ABSOLUT-ID presents card manufacturers with an integrated and turn-key security card manufacturing solution. It builds on Agfa's proven and secure personalization technology with standard card features in one single roll-to-card production process. Compared to existing card manufacturing processes, ABSOLUT-ID delivers on extremely short lead times and better cost efficiency.

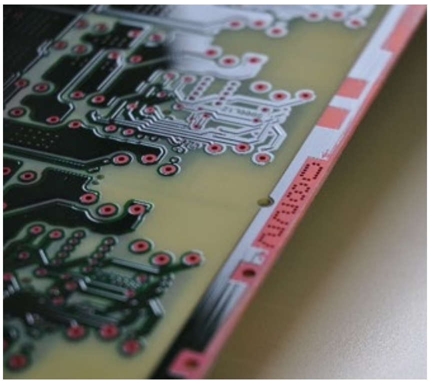
- **Print:** Agfa Specialty Products develops and markets a range of synthetic paper types as alternatives to laminated paper for applications with high demands on durability. Branded Synaps, the papers are valued for their print efficiency thanks to exceptionally quick ink acceptance and their resistance to water and tearing. Synaps papers can be printed on HP Indigo printing presses and dry toner printers; in offset printing they allow for the use of standard inks which greatly contributes to cost efficiency. They are suitable for a wide variety of applications, including labels, indoor and outdoor displays, signage and premium commercial printing. Continuing the trend of the previous years, Agfa Specialty Products reported strong revenue growth for its synthetic paper business.

- **Industrial Foils and Chemicals:** Agfa Specialty Products supplies highly specialized PET (polyester) film bases, specialty chemicals and high-tech (semi-)finished materials to industrial customers. These materials can be tailor-made according to customer specific requirements, for instance for the production of imaging products.

Advanced Coatings & Chemicals

Building on its expertise and competencies in chemical formulations and in film coatings, Agfa Specialty Products develops advanced products and materials for promising growth markets.

- **Materials for Printed Electronics:** Agfa Specialty Products is an expert in the field of conductive polymers for use in antistatic protection layers for films and components. Based on these products, Agfa has further developed its conductive Orgacon product line of printing inks, pastes and formulations for use in electronic devices and in – among other applications – capacitive sensors, touch screens and membrane switches. Agfa Specialty Products' portfolio includes highly innovative nanosilver inks for the production of printed electronics. Typical applications are printed RFID antennas, but also sensors and touch screens. Continuing the trend of the previous years, the Orgacon product line reported strong revenue growth in 2018.



- **Phototooling:** Agfa Specialty Products is an important manufacturer of phototooling film for the production of printed circuit boards (PCB) for the electronics industry. Manufacturers of electronics use the film to register the extremely thin conductive lines on printed circuit boards. As inkjet is considered a promising technology for future PCB manufacturing, Agfa Specialty Products has recently launched its DiPaMat Etch Resist Ink for the serialisation of PCB as well as SolderMask, a lacquer-like polymer ink for protecting PCB against oxidation and to prevent solder bridges.

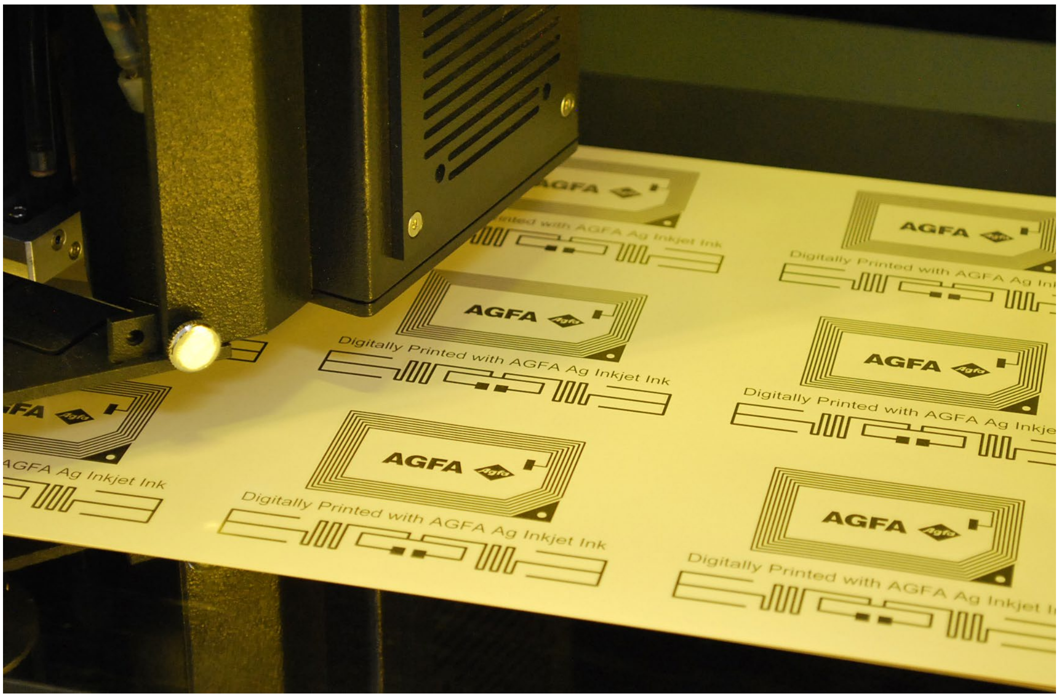
NR. 1

With its Idealine range, Agfa Specialty Products is the number 1 phototooling film supplier worldwide. That makes it very likely that Agfa Specialty Products contributed to the production of your television set, PC, washing machine or any other object containing PCB's.

- **Membranes:** In cooperation with VITO (the Flemish institute for technological research), Agfa Specialty Products developed flat sheet membranes for hydrogen production. Zirfon Perl is a high quality separator membrane for use in alkaline water electrolysis systems with proven durability of over 10 years. In 2018, Agfa signed a technological partnership with Italian company De Nora, an international leader in sustainable technologies, for the development of a proprietary low voltage, high current density alkaline electrolysis solution.

Agfa-Labs

Through Agfa-Labs, third parties have access to the knowhow of Agfa's researchers and the facilities of Agfa's Materials Technology Center. Agfa-Labs offers both analytical and development services in the field of materials and coatings.



GBM Company (Japan)

GBM Company is a strong player in the card manufacturing industry, offering a wide variety of applications, including integrated chip cards, ID cards and membership cards. They chose Synaps over other materials based on its supreme whiteness and rigidity, perfect writability, high temperature resistance and availability in a wide range of thicknesses.

"Synaps allows for the construction of durable cards in a single layer, which means that GBM can offer an end product with added value at affordable cost."

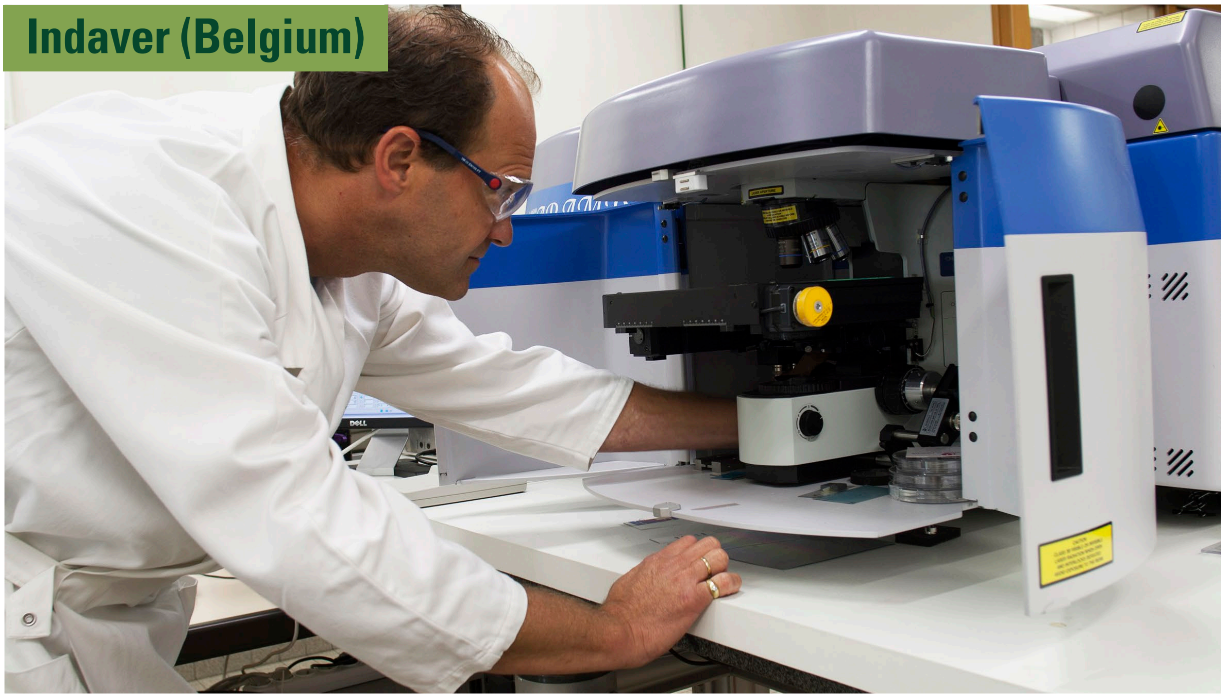
Mr Maeda, Director of Sales at GBM

Following a thorough quality assessment with its partner Agfa-Labs, Indaver took into service its IndaMP installation for the recovery of precious metals from waste streams. The installation precipitates precious metals into residues via an evaporation process.

"Our collaboration with Agfa gave rewarding results and they strictly met the deadlines. They are problem solvers, passionate and professional with a hands-on mentality."

Erik Moerman, Business Development Manager at Indaver

Indaver (Belgium)



OPINION ON THE FAIR PRESENTATION IN ACCORDANCE WITH THE ROYAL DECREE OF NOVEMBER 14, 2007

The Board of Directors and the Executive Management of Agfa-Gevaert NV, represented by Mr. Julien De Wilde, Chairman of the Board of Directors, Mr. Christian Reinaudo, President and Chief Executive Officer and Mr. Dirk De Man, Chief Financial Officer, hereby declare that, to the best of their knowledge,

- the consolidated financial statements give a true and fair view of the Group's net worth and financial position and of its results in accordance with International Financial Reporting Standards as adopted by the EU;
- the annual report gives a true and fair view of the developments and results of the Company and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the Group is facing.

The accompanying notes are an integral part of these consolidated financial statements.

Financial Statements

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The accompanying notes on pages 86 to 192 are an integral part of these consolidated financial statements

MILLION EURO	Note	2017 restated	2018
Revenue	9	**2,443**	**2,247**
Cost of sales		(1,629)	(1,533)
Gross profit		**814**	**713**
Selling expenses		(336)	(321)
Administrative expenses		(169)	(172)
Research and development expenses		(144)	(141)
Net impairment loss on trade and other receivables, including contract assets	7.2.2	(2)	(5)
Other operating income	10	68	56
Other operating expenses	11	(93)	(73)
Results from operating activities	5	**138**	**59**
Interest income (expense) - net		**(7)**	**(8)**
Interest income	12	1	2
Interest expense	12	(8)	(10)
Other finance income (expense) - net		**(32)**	**(31)**
Other finance income	12	10	5
Other finance expense	12	(42)	(36)
Net finance costs		**(39)**	**(39)**
Share of profit of associates - net of tax	16.1	(1)	(1)
Profit (loss) before income taxes		**98**	**19**
Income tax expense	13	(53)	(34)
Profit (loss) for the year		**45**	**(15)**
Profit (loss) attributable to:			
Owners of the Company		37	(24)
Non-controlling interests		8	9
Earnings per share (Euro)			
Basic earnings per share	34	0.22	(0.14)
Diluted earnings per share	34	0.22	(0.14)

During 2018, the Group has consistently applied its accounting policies used in previous years, except for the presentation of the statement of profit or loss and comprehensive income that has changed resulting from the application of the new IFRS standard IFRS 9 'Financial Instruments'. According to this new standard the impairment losses on trade and other receivables are now shown on the face of the statement of profit or loss.

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The accompanying notes on pages 86 to 192 are an integral part of these consolidated financial statements

MILLION EURO	Note	2017	2018
Profit (loss) for the period		**45**	**(15)**
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences:		**(43)**	**(1)**
Exchange differences on translation of foreign operations	24.9	(43)	(1)
Cash flow hedges:		**9**	**(22)**
Effective portion of changes in fair value of cash flow hedges	7.1.4/7.1.8	35	(18)
Change in fair value of cash flow hedges reclassified to profit or loss	7.1.4	(8)	(4)
Adjustments for amounts transferred to initial carrying amount of hedged items	7.1.8	(14)	(4)
Income taxes		(4)	4
Available-for-sale financial assets:		**1**	**-**
Changes in the fair value of available-for-sale financial assets	24.3	1	-
Items that will not be reclassified subsequently to profit or loss :		**53**	**24**
Equity investments at fair value through OCI - change in fair value (1)	24.3	-	(2)
Remeasurements of the net defined benefit liability	24.5	55	26
Income tax on remeasurements of the net defined benefit liability	24.5	(2)	-
Total other comprehensive income for the period, net of tax		**20**	**1**
Total comprehensive income for the period attributable to:		**65**	**(14)**
Owners of the Company		60	(23)
Non-controlling interests		5	9

(1) Following the introduction of the new IFRS standard IFRS 9 'Financial Instruments', the Group has adapted the presentation of the statement of comprehensive income. In this statement the change in fair value of equity instruments at fair value through OCI ('formerly available-for-sale financial assets')has shifted to 'items that will not be reclassified to profit or loss'.

The footnote below refers to the table Consolidated Statement of Financial Position on p.83.

During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the balance sheet that has changed resulting from the application of the new IFRS-standard 15 'Revenue from Contracts with Customers'. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

The new standard has introduced the concept of contract assets and contract liabilities. At December 31, 2017 these assets and liabilities were included in other captions of the balance sheet. At January 1, 2018 recognized not billed revenue amounting to 84 million Euro, previously comprised in trade receivables, has been reclassified to contract assets. Reclassifications from inventory to contract assets amounted to 11 million Euro and mainly comprised work in progress. The reclassification from other assets to contract assets amounted to 10 million Euro and related to contracts with a third party that provides supporting services enabling the Group to deliver maintenance services to the customers.

On the liability side, contract liabilities at 1 January 2018 comprised 'Deferred revenue and advance payments received from customers' amounting to 128 million Euro, previously presented separately on the face of the balance sheet and bonuses and rebates related to goods and service purchased by customers during the period.
The latter amounted to 17 million Euro and was previously presented as part of trade-related provisions.

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The accompanying notes on pages 86 to 192 are an integral part of these consolidated financial statements

MILLION EURO	Note	Dec. 31, 2017	Jan. 1, 2018	Dec. 31, 2018
ASSETS				
Non-current assets		**985**	**985**	**1,019**
Intangible assets and goodwill	14	589	589	615
Property, plant and equipment	15	190	190	174
Investments in associates	16.1	5	5	4
Other financial assets	16.2	11	11	9
Trade receivables	7	14	14	16
Receivables under finance lease	19	55	55	62
Other assets	21	6	6	24
Deferred tax assets	13	115	115	114
Current assets		**1,248**	**1,248**	**1,348**
Inventories	17	487	476	498
Trade receivables	7	503	419	420
Contract assets	9.3	-	105	105
Current income tax assets	13	63	63	71
Other tax receivables	18	23	23	25
Receivables under finance lease	19	30	30	30
Other receivables	7/20	14	14	14
Other assets	21	44	34	34
Derivative financial instruments	7	16	16	1
Cash and cash equivalents	22	68	68	141
Non-current assets held for sale	23	-	-	10
TOTAL ASSETS		**2,233**	**2,233**	**2,367**
EQUITY AND LIABILITIES				
Equity	24	**307**	**307**	**290**
Equity attributable to owners of the Company		**275**	**275**	**252**
Share capital		187	187	187
Share premium		210	210	210
Retained earnings		878	878	854
Other reserves		(69)	(69)	(93)
Translation reserve		(8)	(8)	(9)
Post-employment benefits: remeasurements of the net defined benefit liability		(923)	(923)	(897)
Non-controlling interests	24.8	**32**	**32**	**38**
Non-current liabilities		**1,241**	**1,241**	**1,336**
Liabilities for post-employment and long-term termination benefit plans	25	1,149	1,149	1,066
Other employee benefits	25	13	13	13
Loans and borrowings	26	47	47	219
Provisions	27	5	5	9
Deferred tax liabilities	13	21	21	22
Trade payables	7	4	3	2
Contract liabilities	28	-	1	3
Other non-current liabilities	30	2	2	2
Current liabilities		**685**	**685**	**741**
Loans and borrowings	26	39	39	66
Provisions	27	66	49	52
Trade payables	7	220	220	217
Contract liabilities	9.3/28	-	145	163
Deferred revenue and advance payments		128	-	-
Current income tax liabilities	13	53	53	47
Other tax liabilities	18	34	34	27
Other payables	29	12	13	8
Employee benefits	25	128	128	134
Other current liabilities	30	3	2	13
Derivative financial instruments	7	2	2	13
TOTAL EQUITY AND LIABILITIES		**2,233**	**2,233**	**2,367**

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The accompanying notes on pages 86 to 192 are an integral part of these consolidated financial statements

		ATTRIBUTABLE TO OWNERS OF THE COMPANY										
MILLION EURO	Note	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Hedging reserve	Remeasurement of the net defined benefit liability	Translation reserve	**TOTAL**	NON-CONTROLLING INTERESTS	**TOTAL EQUITY**
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		-	-	37	-	-	-	-	-	37	8	45
Other comprehensive income net of tax	24.9	-	-	-	-	1	9	53	(40)	23	(3)	20
Total comprehensive income for the period		**-**	**-**	**37**	**-**	**1**	**9**	**53**	**(40)**	**60**	**5**	**65**
Transactions with owners, recorded directly in equity												
Dividends	24.8	-	-	-	-	-	-	-	-	-	(10)	(10)
Total transactions with owners, recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(10)	(10)
Balance at December 31, 2017		**187**	**210**	**878**	**(82)**	**3**	**10**	**(923)**	**(8)**	**275**	**32**	**307**
Balance at January 1, 2018		**187**	**210**	**878**	**(82)**	**3**	**10**	**(923)**	**(8)**	**275**	**32**	**307**
Comprehensive income for the period												
Profit (loss) for the period		-	-	(24)	-	-	-	-	-	(24)	9	(15)
Other comprehensive income net of tax	24.9	-	-	-	-	(2)	(22)	26	(1)	1	-	1
Total comprehensive income for the period		**-**	**-**	**(24)**	**-**	**(2)**	**(22)**	26	**(1)**	**(23)**	**9**	**(14)**
Transactions with owners, recorded directly in equity												
Dividends	24.8	-	-	-	-	-	-	-	-	-	(3)	(3)
Total transactions with owners, recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
Balance at December 31, 2018		**187**	**210**	**854**	**(82)**	**(1)**	**(12)**	**(897)**	**(9)**	**252**	**38**	**290**

This footnote refers to the table Consolidated Statement of Cash Flows on p.85.

(1) During 2018, the Group has changed the presentation of the Consolidated statement of cash flows by separating following non cash expenses: write downs on inventories, impairment losses on receivables, additions and reversals of provisions and accrued expenses for personnel commitments and defined benefit plans and similar plans. These other non cash expenses were previously reflected in 'Changes in Trade Working Capital' and 'Changes in Provisions'. By this new presentation, management believes to provide more relevant information to the users of the Consolidated Financial Statements. Therefore, the Group has restated the comparative period presented.
(2) During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the consolidated statement of financial position and the consolidated statement of cash flows that both have changed resulting from the application of the new standard 15 'Revenue from Contracts with Customers'. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented. Due to the changes in IFRS15, the cashflows on the different line items of the Trade Working Capital are not comparable with 2017 as the cash from / (used in) contract assets and contract liabilities for 2017 were reflected in the line items 'Changes in inventories', 'Changes in trade receivables' and 'Changes in other working capital'. More information is provided in footnote (1) to the Consolidated statement of financial position.
(3) Net of bank overdraft previously included in proceeds / repayments of borrowings (December 31, 2017: 1 million Euro / December 31, 2018: 5 million Euro).

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF CASH FLOWS

The accompanying notes on pages 86 to 192 are an integral part of these consolidated financial statements

MILLION EURO	Note	2017 restated [(1)]	2018
Profit (loss) for the period		**45**	**(15)**
Income taxes	13	53	34
Share of (profit)/loss of associates – net of tax		1	1
Net finance costs	12	39	39
Operating result		**138**	**59**
Depreciation, amortization and impairment losses	**14/15**	**56**	**60**
Recycling of hedge reserve		(8)	(4)
Government grants and subsidies		(10)	(14)
Gains/losses on the sale of intangible assets and PP&E	10/11	1	(2)
Expenses for defined benefit plans & long term termination benefits		30	38
Accrued expenses for personnel commitments		110	93
Write-downs/reversals on inventories	17	16	23
Impairments/reversals on receivables	7.2.2	2	5
Additions/reversals of provisions		13	30
Exchange results and changes in fair value of derivatives		(2)	(2)
Other non-cash expenses		**153**	**168**
Change in inventories		(41)	(57)
Change in trade receivables		(39)	(8)
Change in contract assets		-	4
Change in trade working capital assets [(2)]		**(80)**	**(61)**
Change in trade payables		7	(4)
Change in deferred revenue and advance payments		(5)	-
Change in contract liabilities		-	25
Change in trade working capital liabilities [(2)]		**2**	**21**
Changes in trade working capital		**(78)**	**(40)**
Cash out for employee benefits		(199)	(209)
Cash out for provisions		(19)	(25)
Changes in lease portfolio		-	(11)
Changes in other working capital		11	(29)
Cash settled operating derivatives		-	13
Cash generated from operating activities		**62**	**(14)**
Income taxes paid		(22)	(30)
Net cash from (used in) operating activities		**40**	**(44)**
Capital expenditure	14/15	(46)	(40)
Proceeds from sale of intangible assests and property, plant and equipment	14/15	6	5
Acquisitions of subsidiaries, net of cash acquired	6	(2)	(25)
Interest received		1	3
Net cash from (used in) investing activities		**(41)**	**(57)**
Interest paid		(9)	(15)
Dividends paid to non-controlling interests	24.8	(10)	(3)
Proceeds from borrowings	26.4	-	227
Repayment of borrowings	26.4	(23)	(34)
Proceeds/(payment) of derivatives		-	(1)
Other financing income/(costs) incured		-	(2)
Other financial flows		(13)	2
Net cash from (used in) financing activities		**(55)**	**175**
Net increase (decrease) in cash and cash equivalents		**(56)**	**74**
Cash and cash equivalents at the start of the period		**127**	**67 [(3)]**
Net increase/(decrease) in cash & cash equivalents		(56)	74
Effect of exchange rate fluctuations on cash held		(3)	(5)
Cash and cash equivalents at the end of the period	**22**	**68**	**136 [(3)]**

1. REPORTING ENTITY

Agfa-Gevaert NV ('the Company') is a company established in Belgium. The address of the Company's registered office is Septestraat 27, 2640 Mortsel.

The 2018 Consolidated Financial Statements of the Group include the Company and 108 consolidated subsidiaries (2017: 103 consolidated subsidiaries) controlled by the Company. Investments in subsidiaries and associates are listed in Note 35.

Non-controlling interests have a material interest in seven subsidiaries in greater China and the ASEAN region. The financials are explained in Note 24.8. In Europe, there are two subsidiaries in which non-controlling interests have an interest that is of minor importance to the Group.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union up to December 31, 2018.
The Group has not early adopted any new IFRS requirements that were not yet effective in 2018. Further information is provided in Note 4 'New standards and interpretations not yet adopted'.
The consolidated financial statements were authorized for issue by the Board of Directors on March 26, 2019.

Financial reporting standards applied for the first time in 2018

The consolidated statements of the Group as disclosed in this annual report take into account the impact of IFRS 15 and IFRS 9 as from January 1, 2018. A number of other new standards and interpretations are also effective from January 1, 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying the standards IFRS 15 and IFRS 9, comparative information throughout these financial statements has not been restated to reflect the requirements of these new standards, except for separately presenting impairment losses on trade receivables and contract assets in the statement of profit or loss.

- IFRS 15 *Revenue from contracts with customers*

  This standard introduces a five-step approach to be applied in revenue recognition for all contracts with customers: first the contract with the customer should be identified; then the distinct performance obligations in the contract should be identified; as a third step the transaction price should be determined; then the transaction price should be allocated to the distinct performance obligations in the contract; and finally revenue is recognized when the distinct performance obligation is satisfied. The standard moreover specifies whether revenue should be recognized at a certain point in time or over a period of time.

  The application of the new IFRS 15 standard had no impact on the timing and amount of revenue recognition compared to the previous revenue recognition model. The Group has always recognized revenue from standard multiple-element arrangements on an element-by-element basis for each determined deliverable based on its stand-alone selling prices. The Group has assessed that these determined deliverables meet the requirements of a performance obligation as defined by the new standard.

Revenue from the sale of goods includes the sale of consumables, chemicals, spare parts, stand-alone equipment sales and software licenses.
Under the previous standard, revenue from the sale of goods was recognized when title and risk passed to the customer. This was achieved at the moment that the goods were shipped or delivered to the customer depending on contractual conditions. Under the new IFRS 15, revenue from the sale of goods is recognized when the customer obtains control of the goods and when it is probable that the agreed transaction price will be collected. In evaluating whether collectability is probable, the entity considers the customer's ability and intention to pay that amount when it is due. Revenue from the sale of goods is, under the new IFRS 15, recognized upon delivery following applicable freight terms, at a point in time.

Revenue from the sale of stand-alone software licenses is recognized at a point in time, at the delivery of the source key. The license is recognized at a point in time as the Group provides the customer access to and a right to use the intellectual property as it exists at a point in time. The software license is separately identifiable because although the software is integrated in the customer's system, the installation services do not significantly affect the customer's ability to benefit from the software license as the installation services are routine and can be obtained from alternative providers as well.

The Group shall recognize a refund liability if a consideration is received from a customer and expects to refund some or all consideration to this customer. This refund liability shall be measured at the amount of consideration received for which an entity does not expect to be entitled.

In case volume discount incentives are offered to the customer, an estimation of the expected volume rebates based on historical experience is made. The amount of the variable consideration is made based on the most likely amount - method. The variable consideration is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

The revised treatment of revenue recognized from the sale of goods has not resulted in a changed amount recognized in revenue nor in a change in the timing of the recognition.

Revenue from the rendering of services includes installation services, maintenance and post-contract support services and was under the previous IAS 18 recognized on a straight line basis over the period during which the services are performed. Under the revised standard IFRS 15, revenue from maintenance contracts is recognized over the maintenance period as the customer simultaneously receives and consumes the benefits from the maintenance over time. Revenue from installation and implementation services is recognized as rendered.
The progress is measured based on input methods being the labor hours expended to date versus the estimated hours spend.
In case the Group sells multiple services, the total consideration in service contracts will be allocated to all services based on their stand-alone selling price. The stand-alone selling price will be determined based on the list prices at which the Group sells the services in separate transactions.

The revised treatment of revenue recognized from the rendering of services has not resulted in a changed amount recognized in revenue nor in a change in the timing of the recognition.

The Group moreover enters into **multiple-element arrangements** with customers whereby several deliverables such as software, licenses, hardware, implementation services and maintenance and post-contract support services are combined and offered to the customer.

Under the old IAS 18 '*Revenue*', all these deliverables were determined as separate units of accounting and recognized on an element-by-element basis if and only if the delivered elements have value to the customer on a stand-alone basis, and there is objective evidence of the fair value of the undelivered elements. To the extent that these arrangements do not require substantive modification of the software, the total arrangement fee is allocated to each deliverable based on its relative fair value.

Under the new IFRS 15, the Group has assessed whether these deliverables qualify as separate performance obligations, based on the criteria of separate identifiability and whether or not the customer can benefit from goods or services on its own or with resources readily available to him. The Group concluded that for arrangements not requiring substantive customization of the software, these criteria were met and that the identified performance obligations correspond to the separate units of accounting that were used by the Group in its former revenue recognition.
The total arrangement fee is allocated to the distinct performance obligations based on the stand-alone selling prices of the performance obligations. In case discounts are offered, a proportionate amount is allocated proportionally to each performance obligation based on their stand-alone selling price.

Within the HealthCare business segment, most arrangements do not require significant customization or modification. Revenue allocated to the hardware portion of the arrangement is recognized on delivery when it creates value to the customer on a stand-alone basis. Hardware is considered as a distinct performance obligation as there is no transformative relationship between the hardware and other components of the contract. Revenue allocated to the software component is recognized after successful installation and acceptation at the client's premises. The software license is a distinct performance obligation as the customer can benefit from the license with readily available resources. The license is recognized at a point in time as the Group provides the customer access to and a right to use the intellectual property as it exists at a point in time. The software license is separately identifiable because although the software is integrated in the customer's system, the installation services do not significantly affect the customer's ability to benefit from the software license as the installation services are routine and can be obtained from alternative providers as well. Revenue from installation and implementation services are recognized as rendered. The progress is measured based on input methods being the labor hours expensed to date versus the estimated hours spend.

Extended warranty whereby the customer is purchasing additional warranty separately i.e. warranty that is adding additional services on top of the legal warranty or offering a longer period than legal warranty, is considered a separate element within multiple-element arrangements. This is considered as a distinct performance obligation. Warranty that is offered to the customer in accordance with local legal legislation i.e. assurance-type warranty is not considered as a separate performance obligation. This type of assurance-warranty is a cost element and is covered by setting up a warranty provision.

For multiple-element arrangements in the HealthCare business segment usually milestone billing is applied, therefore payment terms are different from the revenue recognition which is based on the satisfaction of distinct performance obligations. Revenue recognized for which no billing has yet occurred is therefore presented as contract assets and advance payments received for which no revenue has been recognized is presented as contract liabilities. In case significant finance components are present, revenue is booked at its net present value and the financing component is booked as finance income.

Within the Graphics business segment, equipment sales that require substantive installation activities are currently recognized when the installation of the equipment is finalized in accordance with the contractually agreed specifications. Under the new IFRS 15, installation services and equipment are considered highly interrelated and are identified as one performance obligation that will be recognized at a point in time, i.e. at installation at the client's premises. Within the Graphics business segment, the invoicing is done after the installation is finalized which means that the satisfaction of the performance obligation and the related revenue recognition mainly coincide with the payment terms, except for service agrements. In case significant finance components are present, revenue is booked at net present value and the financing component is booked as finance income.

The revised treatment of revenue recognized from multiple-element arrangements not requiring significant modification has not resulted in a changed amount recognized in revenue nor in a change in the timing of the recognition.

The new standard has changed the presentation of the balance sheet with the introduction of contract assets and contract liabilities on the face of the balance sheet. At December 31, 2017, these assets and liabilities were included in other captions of the balance sheet.

Following reclassifications have been made at the date of initial application:

MILLION EURO	IAS 18 carrying amount - Dec. 31, 2017	Reclassification	IFRS 15 carrying amount - Jan. 1, 2018
Trade receivables	517	(84)	433
Inventory	487	(11)	476
Other assets	50	(10)	40
Contract assets		105	**105**
Deferred revenue & advance payments	128	(128)	0
Trade related provisions	45	(17)	28
Contract liabilities		145	**145**

The new standard has introduced the concept of contract assets and contract liabilities. At December 31, 2017, these assets and liabilities were included in other captions of the balance sheet. At January 1, 2018, recognized not billed revenue amounting to 84 million Euro, previously comprised in trade receivables, has been reclassified to contract assets. Reclassifications from inventory to contract assets amounted to 11 million Euro and mainly comprised work in progress. The reclassification from other assets to contract assets amounted to 10 million Euro and related to contracts with a third party that provides supporting services enabling the Group to deliver maintenance services to customers. On the liability side, contract liabilities at January 1, 2018 comprised deferred revenue and advance payments received from customers amounting to 128 million Euro, previously presented separately on the face of the balance sheet as well as bonuses and rebates related to goods and services purchased by customers during the period. The latter amounted to 17 million Euro and was previously presented as part of trade-related provisions.

- IFRS 9 *Financial Instruments*
  IFRS 9 sets out new requirements for recognizing and measuring financial assets and liabilities and replaces the standard IAS 39 '*Financial Instruments: recognition and measurement*'.
  IFRS 9 has been adopted as from January 1, 2018.

  The application of IFRS 9 *Financial Instruments* has changed the presentation of the statement of profit or loss and comprehensive income. According to this new standard the impairment losses on trade and other receivables are now shown on the face of the statement of profit or loss. For the period ending December 31, 2017, an amount of 3 million Euro has been reclassified from Other operating income and an amount of (5) million has been reclassified out of Other operating expenses. In the statement of comprehensive income, the change in fair value of equity instruments at fair value through OCI shifted to 'Items that will not be reclassified subsequently to profit or loss'.

  IFRS 9 eliminates the categories for financial assets stipulated by the previous IAS 39 as held to maturity, loans and receivables and available for sale. IFRS 9 stipulates a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics. The Group measures subsequent to initial recognition its financial assets at either amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. The new classification requirements did not have an impact on the accounting for trade and lease receivables, loans and investments in equity securities. At December 31, 2017, the Group has an investment in equity securities that was classified as available-for-sale under the old IAS 39 which is now irrevocably designated at fair value through OCI and will subsequently not be recycled. Except for the recycling part, the adaption of IFRS 9 has had no effect on the accounting treatment of these equity securities. Other financial assets classified as loans and receivables are under the new IFRS 9 classified at amortized cost.

  Derivative financial instruments are continued to be measured at fair value through profit or loss, except for those derivatives that are designated as cash flow hedges which are measured at fair value through OCI. This is no change compared to the previous IAS 39 standard.

  The following table summarizes by class of financial asset and liability the measurement category under the IAS 39 versus the measurement category under IFRS 9 with corresponding carrying amounts at December 31, 2017 and January 1, 2018.

MILLION EURO	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets:				
Investment in Digital Illustrate Inc.	Available-for-sale financial asset	FVOCI	9	9
Other financial assets	Loans and receivables	Financial assets at amortized cost	2	2
Trade receivables	Loans and receivables	Financial assets at amortized cost	517	517
Receivables under finance leases	Loans and receivables	Financial assets at amortized cost	85	85
Other receivables	Loans and receivables	Financial assets at amortized cost	14	14
Forward exchange contracts used for hedging	Fair value - hedging instruments	Fair value - hedging instruments	4	4
Swap contracts used for hedging	Fair value - hedging instruments	Fair value - hedging instruments	10	10
Other forward exchange contracts and other swap contracts	Held for trading	Mandatory at FVTPL	2	2
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost	68	68
TOTAL FINANCIAL ASSETS			**711**	**711**
Loans and borrowings	Financial liabilities	Financial liabilities at amortized cost	86	86
Trade payables	Financial liabilities	Financial liabilities at amortized cost	224	224
Other payables	Financial liabilities	Financial liabilities at amortized cost	12	12
Forward exchange contracts used for hedging	Fair value - hedging instruments	Fair value - hedging instruments	1	1
Other forward exchange contracts and other swap contracts	Held for trading	Mandatory at FVTPL	1	1
TOTAL FINANCIAL LIABILITIES			**324**	**324**

With regard to hedge accounting, the Group has chosen to apply the new requirements of IFRS 9 and not to apply the requirements of the old IAS 39. IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. This new methodology has had no impact on the consolidated financial statements.

The Group uses forward exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to future sales. The Group currently designates only the change of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The change in the fair value of the forward element ('forward points') was recognized immediately in financial result under the previous IAS 39. Under the current IFRS 9 the forward points will be accounted for as fair value through profit or loss, which is not different from the previous IAS 39 standard.

The Group also uses metal swap agreements hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum. The contracts are designated as cash flow hedges and are held for the purpose of the receipt of commodities in accordance with the Group's expected usage of aluminum. Under IAS 39, the amounts accumulated in the cash flow hedge reserve are removed from OCI and included in the initial carrying amount of the inventory purchased. There will be no different accounting treatment under the revised IFRS 9. The types of hedge accounting transactions that the Group currently designates meet the requirements of IFRS 9 and are aligned with the Group's risk management strategy and objectives. The new hedge accounting requirements are applied prospectively.

With regard to impairment of financial assets, the new IFRS 9 standard replaces the 'incurred loss' model with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect expected credit losses. With regard to impairment of trade receivables, lease receivables and contract assets, the Group will apply the simplified approach for the impairment evaluation, which implies that credit losses for these categories of assets are always measured at an amount equal to lifetime expected credit losses. Credit losses are measured as the present value of all cash shortfalls – i.e. the difference between the cash flows to which the entity is entitled to and what the entity expects to receive.

The inputs and assumptions to the expected credit loss model are the following: significant financial difficulty of the counterparty, a default of more than 90 days past due, a possible bankruptcy of the counterparty, …

The evaluation of possible credit-impairment takes into account forward-looking elements. For the major portion of the accounts receivable balances, debtors are scored and rated based on quantitative and qualitative information on an ongoing basis through Credit Risk Application in place. All customers are classified into different risk categories which are reassessed on a yearly basis based on relevant forward-looking information such as data from external credit bureaus, age of business, country risk and the credit manager's assessment. To mitigate the credit risk, credit insurance and other risk mitigation tools such as letter of credit, bank guarantees, mortgage are used within the Group.

This methodology of individually reviewed outstanding receivable amounts taking into account forward-looking information to assess impairment risks is already used within the Group. The application of the impairment requirements of IFRS 9 did not have a material impact to the consolidated financial statements of the Group.

- IFRIC 22 *Foreign currency transactions and advance consideration*
  This interpretation clarifies the accounting treatment for transactions that include the receipt or payment of advance consideration in foreign currency, whereby the entity recognizes a prepayment asset or a deferred liability in a foreign currency that is non-monetary. This interpretation determines that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset or deferred liability. The application of the interpretation has not had a material impact to the consolidated financial statements.

- Other amendments and new standards
  Other amendments and new standards that are effective as from January 1, 2018, did not have an impact to the consolidated financial statements. It relates to amendments to IFRS 2 *Share-based payments*, amendments to IFRS 4 *Applying IFRS 9 with IFRS 4 Insurance contracts*, Amendments to IAS 40 *Transfers of Investment property* and the Annual improvements to IFRS standards 2014-2016 cycle.

2.2 BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- non-derivative financial instruments at fair value through OCI are measured at fair value;
- plan assets attributable to the Company's defined benefit retirement plans and other post-employment benefit plans are measured at fair value; and
- DBO attributable to defined benefit plans are measured using the projected unit credit method.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest million, except when otherwise indicated. By using roundings, the sum of line items presented in a table may not always match with (sub)totals as this total itself has been rounded to the nearest million and is not the sum of rounded data.

2.4 USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make certain judgments, assumptions and accounting estimates that may substantially impact the presentation of the Group's financial position and/or results of operations.

Revisions to accounting estimates are recognized prospectively. Accounting estimates and underlying assumptions are continually reviewed but may vary from the actual values.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are listed below with reference to the respective note(s) where more information is disclosed.

Area of judgments, assumptions and accounting estimates	Explanatory notes
The discounted cash flows used for impairment testing	Note 14 'Intangible assets and goodwill'
The useful lives of intangible assets with finite useful lives	Note 14 'Intangible assets' and goodwill
The assessment of the adequacy of provisions for pending or expected income tax audits over previous years	Note 13 'Income taxes'
The recoverability of deferred tax assets	Note 13 'Income taxes'
The actuarial assumptions used for the measurement of defined benefit obligations	Note 25 'Employee benefits'
Revenue recognition with regard to multiple-element arrangements	Note 28 'Contract liabilities'
Impairment of financial assets expected credit losses	Note 7.2.2 'Expected credit losses"

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF CONSOLIDATION

3.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Control is the power over the entity, i.e. the right that gives the Company the ability to direct the relevant activities of related entity, and is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
Goodwill is not amortized but tested for impairment on an annual basis and whenever there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. The impairment testing process is described in the appropriate section of these policies. Goodwill is stated at cost less accumulated impairment losses. With respect to associates, the carrying amount of goodwill is included in the carrying amount of the investment.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; and if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Any contingent consideration payable is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration recognized as a liability are recognized in profit or loss.

Costs related to the acquisition are expensed as incurred.

3.1.2 Acquisitions of non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirees identifiable net assets at the date of acquisition.

3.1.3 Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power over the entity, i.e. the right that gives the Company the ability to direct the relevant activities of related entity, and is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
The financial statements of a subsidiary are included in the consolidated financial statements from the acquisition date until the date when the parent ceases to control the subsidiary.

3.1.3.1 Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, shall be recognized in equity and attributed to the owners of the parent.

3.1.4 Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Investments in associates

An associate is an entity in which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. An investment in an associate is accounted for using the equity method from the date on which it becomes an associate and is recognized initially at cost. The cost of the investment includes transaction costs. On acquisition of the investment, any difference between the cost of the investment and the Company's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as follows:

- goodwill relating to an associate is included in the carrying amount of the investment;
- any excess of the Company's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Company's share of the associate's profit or loss in the period in which the investment is acquired.

If there is an indication that an investment in an associate may be impaired, the accounting policy with respect to impairment is applied.

3.1.5.1 Elimination of unrealized profits and losses on transactions with associates

Profits and losses resulting from upstream and downstream transactions between the Company – included its consolidated subsidiaries – and an associate must be eliminated to the extent of the Company's interest in the associate.

Upstream transactions are, for example, sales of assets from an associate to the Company. Downstream transactions are, for example, sales of assets from the Company to an associate.

3.1.5.2 When an investment ceases to be an associate

From the date when the Company ceases to have significant influence over an associate, it accounts for related investment in accordance with IFRS 9 from that date. On the loss of significant influence, the Company measures at fair value any investment the Company retains in the former associate.

The Company recognizes in profit or loss any difference between:

- the fair value of any retained investment and any proceeds from disposing of the (partial) interest in the associate; and
- the carrying amount of the investment at the date when significant influence is lost.

3.1.6 Jointly controlled entities and jointly controlled operations

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Depending upon the rights and obligations of the parties to the arrangement, the joint arrangement is classified either as a joint operation or a joint venture.

3.1.6.1 Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operations.
The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

3.1.6.2 Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

The Group as joint venturer recognizes its interest in a joint venture as an investment that is accounted for using the equity method.

3.1.7 Transactions eliminated on consolidation

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.
Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 FOREIGN CURRENCY

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

3.2.1 Foreign currency transactions

All transactions in currencies other than the functional currency are foreign currency transactions. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets and liabilities measured at historical cost that are denominated in foreign currencies are translated using the exchange rate at the date of the transaction.

3.2.2 Foreign operations

A foreign operation is an entity that is a subsidiary, associate, joint venture or branch of the Company, of which the activities are based or conducted in a currency other than the Euro.
The financial statements of foreign operations are translated for the purpose of the consolidation as follows:

- assets and liabilities are translated at the closing rate;
- income and expenses are translated at average year-to-date exchange rates; and
- equity components are translated at historical rates, excluding current year movements, which are translated at rates approximating the rate at the time of the transaction.

All resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity being 'Translation Reserve'. The amount attributable to any non-controlling interests is allocated to and recognized as part of non-controlling interests.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

When the disposal of a foreign operation relates to a subsidiary, the cumulative amount of the exchange differences that have been attributed to non-controlling interests are derecognized and reclassified to retained earnings.

On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to non-controlling interests in that foreign operation. Any other partial disposal of a foreign operation – related to an associate, joint venture or branch of the Company – results in a reclassification to profit or loss of the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income.

A partial disposal of an entity's interest in a foreign operation is any reduction in an entity's ownership interest in a foreign operation, except for those reductions resulting in:
- the loss of control of a subsidiary;
- the loss of significant influence over an associate;
- the loss of joint control over a joint arrangement.

These reductions are accounted for as disposals resulting in a reclassification from other comprehensive income to profit or loss of the cumulative amount of the exchange differences relating to that foreign operation.

3.2.3 Hedge of a net investment in a foreign operation

Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on the translation of the liability to the functional currency are recognized directly in other comprehensive income.

Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, while the ineffective portion is reported in profit or loss.

On the disposal of a foreign operation that is subject to a net investment hedge, the accumulated profits and losses of related financial instruments recognized at this time in equity are immediately reclassified to profit or loss.

3.3 REVENUE

The Group's policy distinguishes revenue from the sale of goods, the rendering of services and multiple-element arrangements and revenue from royalties.

Revenue from the sale of goods comprises revenue from the sale of consumables, chemicals, spare parts, standalone equipment and software licenses. Revenue from the rendering of services includes installation services, maintenance and post-contract support services. The Group also enters into arrangements combining multiple deliverables such as software, hardware/equipment and services, including training, maintenance and post-contract customer support, the 'multiple-element arrangements'.

Until December 31, 2017, revenue is recognized according to the criteria set in IAS 18 *'Revenue'*. The Group applies IFRS 15 *'Revenue from contracts with customers'* as of January 1, 2018. The effect of initially applying this new standard is described in Note 2.

3.3.1 Revenue from contracts with customers – policy applicable as from 1 January 2018

IFRS 15 *'Revenue from contracts with customers'* has introduced a five-step approach to be applied in revenue recognition for all contracts with customers: first the contract with the customer should be identified; then the distinct performance obligations in the contract should be identified; as a third step the transaction price should be determined; then the transaction price should be allocated to the distinct performance obligations in the contract; and finally revenue is recognized when the distinct performance obligation is satisfied. The standard moreover specifies whether revenue should be recognized at a certain point in time or over a period of time. Revenue is recorded net of sales taxes, customer discounts and rebates.

3.3.1.1 Sale of goods

Revenue from the sale of goods is recognized when the customer obtains control of the goods an when it is probable that the agreed transaction price will be collected. In evaluating whether collectability is probable, the entity considers the customer's ability and intention to pay that amount when it is due. Revenue from the sale of goods is, under the new IFRS 15, recognized upon delivery following applicable freight terms, at a point in time.
Revenue from the sale of stand-alone software licenses is recognized at a point in time, at the delivery of the source key.
In case volume discounts incentives are offered to the customer, the expected volume rebates are estimated based on historical experience. The amount of the variable consideration is made based on the most likely amount-method. The variable consideration is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

3.3.1.2 Rendering of services

Under the IFRS 15 standard, revenue from maintenance contracts is recognized straight-line over the maintenance period as the customer simultaneously receives and consumes the benefits from the maintenance over time.
Revenue from installation and implementation services are recognized as rendered. The progress is measured based on input methods being the labour hours expended to date versus the estimated hours spend.
When in a service contract multiple services are offered, the total consideration is allocated to all services based on their stand-alone selling price.

3.3.1.3 Multiple-element arrangements

Multiple-element arrangements offer the customer a combination of several deliverables such as software, licenses, hardware, implementation services and maintenance and post-contract support services. For arrangements not requiring substantive customization of the software, each of aforementioned deliverable is assumed to qualify as a separate performance obligation.
The total arrangement fee is allocated to the distinct performance obligations based on the stand-alone selling prices of the performance obligations.

In case discounts are offered, a proportionate amount is allocated proportionally to each performance obligation based on their stand-alone selling price.

Within the HealthCare business segment, most arrangements do not require significant customization of modification.

Revenue allocated to the hardware portion of the arrangement is recognized on delivery when it creates value to the customer on a stand-alone basis. Hardware is considered as a distinct performance obligation as there is no transformative relationship between the hardware and other components of the contract.

Revenue allocated to the software component is recognized after successful installation and acceptation at the client's premises. The software license is a distinct performance obligation as the customer can benefit from the license with readily available resources. The license is recognized at a point in time as the Group provides the customer access to and a right to use the intellectual property as it exists at a point in time.
Revenue from installation and implementation services are recognized as rendered. The progress is measured based on input methods being the labor hours expensed to date versus the estimated hours spend.

Extended warranty whereby the customer purchases additional warranty separately i.e. warranty that is adding additional services on top of the legal warranty or for a longer period than legal warranty, is considered as a distinct performance obligation within multiple-element arrangements.

Revenue recognized for which no billing has yet occurred is recognized in the statement of financial position as contract assets and advance payments received for which no revenue has been recognized is presented as contract liabilities.

Within the Graphics business segment, revenue from sale of equipment that require substantive installation activities is recognized when the installation of the equipment is finalized in accordance with the contractually agreed specifications. Installation services and equipment are considered highly interrelated and are identified as one performance obligation that is recognized at a point in time, i.e. at installation at the client's premises.

3.3.1.4 Royalties

Fees and royalties paid for the use of the Company's assets are recognized on an accrual basis in accordance with the terms and substance of the relevant agreement. In some cases, whether or not a license fee or royalty will be received is contingent on the occurrence of a future event. In such cases, revenue is recognized only when it is probable that the fee or royalty will be received, which is generally when the event has occurred.

3.3.2 Revenue – policy applicable until December 31, 2017

The Group recognizes revenue in profit or loss when significant risks and rewards of ownership have been transferred to the buyer, when the amount of revenue can be measured reliably and there are no significant uncertainties regarding recovery of the consideration due, the associated costs or the possible return of goods and there is no continuing management involvement with the goods.

Revenue is recorded net of sales taxes, customer discounts and rebates.

3.3.2.1 Sale of goods
Revenue from the sale of goods is recognized at the time the good is shipped and delivered to the customer and, depending on delivery conditions, title and risk have passed to the customer and acceptance of the product has been obtained.

3.3.2.2 Rendering of services
Revenue related to services, including maintenance, is recognized on a straight-line basis over the period during which the services are performed.

3.3.2.3 Multiple-element arrangements
Under IAS 18 *'Revenue'*, the different deliverables – such as software, licenses, hardware, implementation and maintenance services – of a multiple-element arrangement are determined as separate units of accounting and recognized on an element-by-element basis if and only if the delivered elements have value to the customer on a stand-alone basis, and there is objective evidence of the fair value of the undelivered elements. To the extent that these arrangements do not require substantive modification of the software, the total arrangement fee is allocated to each deliverable based on its relative fair value.

Revenue allocated to each deliverable within a multiple-element arrangement, not requiring significant modification of the software, is recognized on an element-by-element basis when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured.
Within the Agfa HealthCare business segment, the vast majority of the multiple-element arrangements do not require significant modification or customization of the software element. Revenue related to the hardware component of the arrangement is generally recognized when the product is delivered to the customer and creates value on a stand-alone basis.
Revenue related to the software component of the arrangement is recognized after successful installation at the client's premises. Any related services are recognized as rendered.

For equipment sales that require substantive installation activities within the Agfa Graphics business segment, revenue is recognized when the installation of the equipment has been finalized in accordance with the contractually agreed specifications and the system is ready to be used by the customer.

3.3.2.4 Royalties
Fees and royalties paid for the use of the Company's assets are recognized on an accrual basis in accordance with the terms and substance of the relevant agreement. In some cases, whether or not a license fee or royalty will be received is contingent on the occurrence of a future event. In such cases, revenue is recognized only when it is probable that the fee or royalty will be received, which is generally when the event has occurred.

3.4 EMPLOYEE BENEFITS
For the accounting treatment of post-employment plans, IFRS distinguishes defined contribution plans and defined benefit plans. The classification depends on which party – Company or employee – bears the actuarial and investment risk. In case of a defined contribution plan, the employee bears all the risks and therefore the Company does not recognize a liability in its statement of financial position except for any unpaid contribution.
In case of a defined benefit plan, the Company bears the actuarial and investment risk and should consequently recognize a liability in its statement of financial position.

3.4.1 Defined contribution plans

Contributions to defined contribution pension plans are recognized as an expense in profit or loss as incurred.
They are allocated among functional costs: cost of sales, research and development expenses, selling and administrative expenses, following the functional area of the corresponding profit and cost centers to which related employees are attributed.

3.4.2 Defined benefit plans

As from December 31, 2016, the accounting treatment for Belgian defined contribution plans with return guaranteed by law has been aligned with the accounting treatment of defined benefit plans.

Liabilities for post-employment benefits

For defined benefit plans, the amount recognized in the statement of financial position is determined as the present value of the defined benefit obligation less the fair value of any plan assets. Where the calculation results in a net surplus, the recognized asset does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.
The present value of the defined benefit obligations (DBO) and the service costs are calculated by a qualified actuary using the Projected Unit Credit (PUC) method. Under this method projected benefits that are payable each future year are discounted to the reporting date at the assumed interest rate. The resulting total benefit obligation is then allocated to past service, presenting the DBO and year-in-service, presenting the service cost. The assumed interest rate is the discount rate based on yields at reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. In determining the net present value of the future benefit entitlement for service already rendered (DBO), the Group considers future compensation and benefit increases. The DBO also comprises the present value from the effects of taxes payable by the plan on contributions or benefits relating to services already rendered.

More information about the application of the PUC method for Belgian defined contribution plans can be found hereafter.

Defined benefit cost recognized in profit or loss and 'Other comprehensive income'

The amount charged to profit or loss consists of current service cost, past service cost, gain or loss on settlement, net interest cost and administrative expenses and taxes. Current service costs as well as administrative expenses and taxes, which are borne by the employer(s) participating to the plan, are allocated among functional costs: cost of sales, research and development expenses, selling and general administrative expenses, following the functional area of the corresponding profit and cost centers to which related employees are attributed.

Past service cost and settlement gains (losses) are recognized immediately in profit or loss under 'Sundry other operating income' or 'Sundry other operating expense' when the plan amendment, curtailment or settlement occurs. Administrative expenses which are related to the management of plan assets and taxes directly linked to the return on plan assets – borne by the plan itself – are included in the return on plan assets and are recognized in 'Other comprehensive income, net of income taxes (OCI)'.

Net interest cost is recognized in profit or loss under 'Other finance expense'. It is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability. The net interest cost is broken down into interest income on plan assets and interest cost on the defined benefit obligation. The difference between the return on plan assets and the interest income on plan assets is included in line item 'Post-employment benefits:

remeasurements of the net defined benefit liability' and recognized in 'Other comprehensive income, net of income taxes'. Next to the difference between the actual return and the interest income on plan assets, the line item 'Post-employment benefits: remeasurements of the net defined benefit liability' also comprises actuarial gains and losses resulting for example from an adjustment of the discount rate.
These changes are all presented in 'Other comprehensive income, net of income taxes'.

Belgian defined contribution plans with return guaranteed by law
Belgian 'Defined Contribution' plans are subject to the Occupational Pensions Act of April 2003. According to article 24 of this Act, affiliated persons are entitled to a guaranteed minimum return on contributions made by either the organizer of the plan or the employee. Some conditions in this law, such as the required level of minimum return, have been amended by the Act of December 18, 2015. This Act has also impacted the accounting treatment of defined contribution plans with return guaranteed by law. Whereas management assumed until December 2015 the intrinsic value approach as the most suitable method for measuring the liability related to these hybrid plans, management has decided as of December 2016 – after consultation of specialists – to change related accounting estimate also considering the different facts and circumstances with regard to these plans. Similar to the measurement of all other defined benefit plans, the net pension liability related to defined contribution plans with return guaranteed by law is calculated as the difference between the present value of the defined benefit obligation (DBO) and the fair value of the plan assets. As of December 31, 2016, the present value of the defined benefit obligation (DBO) and the service costs are calculated by a qualified actuary using the Projected Unit Credit (PUC) method. More information on the general principles of this method can be found under 'Liabilities for post-employment benefits'.

Within the Belgian Agfa-Gevaert Group entities, all insured plans guarantee a fixed return up to the retirement age (so-called Branch 21 insured products). Depending on the nature of the insured contract, the DBO has been determined with or without future contributions and their related minimum returns up to the retirement age or exit. For the Top Performance Plan no future contributions were considered, for all other 'Branch 21' insured products recurring contributions are paid and therefore considered in the actuarial calculation.

In measuring the net liability related to Belgian defined contribution plans with return guaranteed by law, the Group has applied paragraph 115 of IAS 19. Paragraph 115 states "Where plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan, the fair value of those insurance policies is deemed to be the present value of the related obligations" up to the guaranteed rate of the insurer. The application of this paragraph 115 implies a market valuation of the retirement age contractual insured benefit, which impacts both the assets to account for and the DBO. In terms of applying the methodology of Paragraph 115, management believes that the DBO calculation should reflect that the employee is entitled to the higher of the actual accumulated reserves and the minimum reserves. Therefore, the DBO calculation reflects this plan characteristic for every event, being leaving before retirement or staying until retirement.

3.4.3 Termination benefits

Termination benefits are recognized as a liability and an expense when a Group company is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy and to the extent it is probable that the employees will accept the offer.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using a discount rate which is the yield at reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

The interest impact of unwinding and remeasuring long-term termination benefits at adjusted discount rates at financial reporting date is reflected in profit or loss under 'Other finance expense' whereas the impact of increases and decreases of the Group's commitments are presented under 'Other operating expenses' – Restructuring expenses.

3.4.4 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans, post-employment life insurance and medical care, is the amount of future benefit that employees have earned in return for their service in current and prior periods.
The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate used is the yield at reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Unlike the accounting treatment of post-employment defined benefit plans, remeasurements of other long-term employee benefits are not reflected in other comprehensive income. Instead, the impact of remeasurements is recognized in profit or loss.

3.4.5 Current employee benefits

Current employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid within twelve months if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.4.6 Share-based payment transactions

The Group has cash-settled share-based payment transactions as it has granted share appreciation rights (SARs) to a number of employees listed by the Board of Directors.
SARs entitle the holder to receive a cash payment that equals the increase in value of the shares from a specified level over a specified period of time, i.e. from grant date to settlement date.

In the established share-based payment transaction, the employee directly participates in changes in value of the underlying equity instrument, being the shares of Agfa-Gevaert NV and, accordingly, the cash payment is based on the price or value of the equity instrument.
Related share appreciation rights do not vest until the employees have completed a specified period of service. Therefore, the Company recognizes the services received, and a liability to pay for them, as the employees render service during that period.
The liability is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, and the extent to which the employees have rendered service to date. Changes in fair value are recognized in profit or loss. Both the cost recognized at initial measurement as well as the impact of changes in fair value are considered as employee benefit expenses. Black and Scholes is the applied option pricing model.

3.5 RESEARCH AND DEVELOPMENT EXPENSES

For accounting purposes, research expenses are defined as costs incurred for current or planned investigations undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development expenses are defined as costs incurred for the application of research findings or specialist knowledge to plans or designs for the production, provision or development of new or substantially improved products, services or processes, respectively, prior to the commencement of commercial production or use.

Research and development expenses are incurred in the Agfa-Gevaert Group for in-house research and development activities as well as numerous research and development collaborations and alliances with third parties.

Research and development expenses include, in particular the running costs of the research and development departments such as personnel expenses, material costs and depreciation of fixed assets as well as the costs of laboratories, costs of applications development facilities, engineering departments and other departments carrying out research and development tasks, costs of contacts with universities and scientific institutes including expenses incurred for commissioned research and development work.

Research costs cannot be capitalized. The conditions for capitalization of development costs are closely defined: an intangible asset must be recognized if, and only if, there is reasonable certainty of receiving future cash flows that will cover an asset's carrying amount. Additional information about the capitalization of development expenses is provided in Note 3.9.1.

3.6 NET FINANCE COSTS

Interest income (expense) - net comprises interests receivable/payable in relation to items of the net financial debt position.
Net financial debt is defined as current and non-current loans and borrowings less cash and cash equivalents. Other finance income (expense) - net comprises:

- interest received/paid on other assets and liabilities not part of the net financial debt position such as the net interest cost of defined benefit plans and the interest component of long-term termination benefits;
- exchange results on non-operating activities;
- changes in the fair value of derivative instruments hedging non-operating activities;
- impairment losses recognized on available-for-sale financial assets;
- results on the sale of marketable securities; and
- other finance income (expense).

Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Dividend income is recognized in profit or loss on the date that the dividend is declared.

All interest and other costs incurred in connection with borrowings are expensed as incurred using the effective interest rate.
The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

The net interest cost of defined benefit plans is determined by multiplying the net defined benefit liability by the discount rate that is used to measure the defined benefit obligation, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

The interest component of long-term termination benefits comprises the impact of unwinding the liability as well as the impact of the changed discount rate.

3.7 INCOME TAX AND OTHER TAX

Income tax on the profit (loss) for the year comprises taxes paid or accrued and deferred tax expense (income). Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

In determining the amount of taxes paid or accrued and deferred tax expense (income), the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

Other tax receivables and liabilities relate to other tax, such as VAT, property tax and other indirect taxes. They are carried at cost.

Both current and other tax receivables are offset against current tax liabilities, respectively other tax liabilities when they relate to taxes levied by the same taxation authority and are intended to be settled on a net basis and there is a legal right to offset.

3.7.1 Taxes paid or accrued

Taxes paid or accrued are the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Current income tax for current and prior periods are, to the extent unpaid, recognized as a liability.

If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset. Income tax assets and income tax liabilities are both carried at cost.

3.7.2 Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
The following temporary differences are not provided for:

- taxable temporary differences on the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.8 GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.1 'Business Combinations'.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Intangible assets with indefinite useful lives, such as trademarks, are stated at cost less accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized. Instead, they are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.

3.9 INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

3.9.1 Recognition and measurement

Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses.
Research and development costs are expensed as they are incurred, except for certain development costs, which are capitalized when it is probable that a development project will be a success, and certain criteria, including technological and commercial feasibility, have been met. Capitalized development costs are amortized on a systematic basis over their expected useful lives.

In accordance with IFRS 3 *Business Combinations*, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the entity.

3.9.2 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.9.3 Amortization

Intangible assets with finite useful lives, such as acquired technology and customer relationships are amortized on a straight-line basis over their estimated useful lives, generally for periods ranging from five to 15 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.10 PROPERTY, PLANT AND EQUIPMENT

3.10.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period;
- capitalized borrowing costs.

For self-constructed assets, directly attributable costs are direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used in construction. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to construction and capitalized borrowing costs.

3.10.2 Subsequent expenditure

Expenses for the repair of property, plant and equipment are usually expensed as incurred. They are, however, capitalized when they increase the future economic benefits embodied in the item of property, plant and equipment.

3.10.3 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

3.10.4 Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the item, except where the declining-balance basis is more appropriate in light of the actual utilization pattern from the date they are available for use.
For leased assets, the depreciation period is the estimated useful life of the asset, or the lease term if shorter.

The estimated useful lives of the respective asset categories are as follows:

Owned assets	
Buildings	20 to 50 years
Outdoor infrastructure	10 to 20 years
Plant installations	6 to 20 years
Machinery and equipment	6 to 12 years
Laboratory and research facilities	3 to 5 years
Vehicles	4 to 8 years
Computer equipment	3 to 5 years
Furniture and fixtures	4 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.11 NON-CURRENT ASSETS HELD FOR SALE

The Group classifies an asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the Group measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRS. Then, on initial classification as held for sale, assets and disposal groups are recognized at the lower of their carrying amounts and fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. Assets classified as held for sale are no longer amortized or depreciated.

3.12 FINANCIAL INSTRUMENTS

Until December 31, 2017, financial instruments are measured and presented according to the criteria set in IAS 39 *'Financial Instruments – recognition and measurement'*. The Group applies IFRS 9 *'Financial Instruments'* from January 1, 2018. The effect of initially applying this new standard is described in Note 2.

IFRS 9 stipulates a new classification at measurement approach for financial assets and liabilities. The following table summarizes by class of financial asset and liability the measurement category under the IAS 39 versus the measurement category under IFRS 9.

	Original classification under IAS 39	New classification under IFRS 9
Financial assets:		
Investment in Digital Illustrate Inc.	Available-for-sale financial asset	FVOCI
Other financial assets	Loans and receivables	Financial assets at amortized cost
Trade receivables	Loans and receivables	Financial assets at amortized cost
Receivables under finance leases	Loans and receivables	Financial assets at amortized cost
Other receivables	Loans and receivables	Financial assets at amortized cost
Forward exchange contracts used for hedging	Fair value - hedging instruments	Fair value - hedging instruments
Swap contracts used for hedging	Fair value - hedging instruments	Fair value - hedging instruments
Other forward exchange contracts and other swap contracts	Held for trading	Mandatory at FVTPL
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost
TOTAL FINANCIAL ASSETS		
Loans and borrowings	Financial liabilities	Financial liabilities at amortized cost
Trade payables	Financial liabilities	Financial liabilities at amortized cost
Other payables	Financial liabilities	Financial liabilities at amortized cost
Forward exchange contracts used for hedging	Fair value - hedging instruments	Fair value - hedging instruments
Other forward exchange contracts and other swap contracts	Held for trading	Mandatory at FVTPL
TOTAL FINANCIAL LIABILITIES		

3.12.1 Financial assets

Financial assets comprise equity and debt instruments in another entity, cash and cash equivalents, loans receivable, trade receivables, receivables under finance leases and other receivables as well as derivative financial instruments.

The Group initially recognizes loans and receivables on the date that they are originated. All other non-derivative financial assets are recognized on the trade date when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition the Group measures its financial assets at its fair value plus any transaction costs that are directly attributable to the acquisition of the financial assets.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. In a transaction where an entity neither transfers nor retains substantially all of the risks and rewards of ownership of a financial asset, the related asset is derecognized in case the entity lost control of the asset. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.12.1.1 Financial assets – policy applicable as from January 1, 2018

The Group has the following categories of non-derivative financial assets: financial assets at amortized cost and financial assets at fair value through other comprehensive Income. Its classification reflects the business model in which the assets are managed and their cash flow characteristics.

a. Financial assets at amortized cost

A financial asset is subsequently measured at amortized cost if the it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All the Group's receivables and cash and cash equivalents fit into aforementioned definition and are consequently measured at amortized cost.

b. Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is measured at fair value through other comprehensive income if the it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has made an irrevocable election for the investment in Digital Illustrate Inc. to classify it as FVOCI. The impact of subsequent measurement of this investment in equity securities is reflected in OCI under 'Other reserves'. This item in OCI will not be reclassified subsequently to profit or loss.

3.12.1.2 Financial assets – policy applicable until December 31, 2017

Until December 31, 2017, the Group categorized its non-derivative financial assets as either 'Loans and receivables' or 'Available for sale' financial assets.

a. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.
Subsequent to initial recognition, these financial assets are carried at amortized cost using the effective interest rate method, less any impairment losses.
Loans and receivables comprise trade receivables, lease and other receivables, cash on hand, demand deposits and checks as well as loans and receivables included in financial assets.
Cash and cash equivalents categorized under loans and receivables comprise cash balances, demand deposits and checks with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Group in the management of its short-term commitments.

b. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and not classified in any of the previous categories.

Available-for-sale financial assets are stated at fair value plus any directly attributable transaction costs, except for unquoted equity instruments whose fair value cannot be estimated reliably. These investments are carried at cost. A gain or loss arising from a change in fair value of an investment classified as available-for-sale is recognized in other comprehensive income except for foreign exchange gains and losses on available-for-sale monetary items and impairment losses on all available-for-sale financial assets, which are recognized in profit or loss. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. When the investment is sold, collected, or otherwise disposed of, or when the carrying amount of the investment is impaired, the gains or losses previously accumulated in other comprehensive income are reclassified to profit or loss.

3.12.2 Financial liabilities

Financial liabilities comprise debentures, uncommitted bank facilities, revolving and other credit facilities, trade and other payables as well as derivative financial instruments.

Financial liabilities are recognized initially at fair value on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

At initial recognition the Group measures its financial liabilities at its fair value less any transaction costs that are directly attributable to the issuance of the financial liability.

Non-derivative financial liabilities are subsequently measured at amortized cost except for financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Interest-bearing loans and borrowings are stated at amortized cost with any difference between the initial amount and the maturity amount being recognized in profit or loss over the expected life of the instrument on an effective interest rate basis.

If a transfer of a financial asset does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. In subsequent periods, the Group recognized any income on the transferred asset and any expense incurred on the financial liability.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the entity continues to recognize the transferred asset to the extent of its continuing involvement and recognizes an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. The associated liability is measured in such a way that the net carrying amount of the transferred asset and the associated liability is the amortized cost of the rights and obligations retained by the Group assuming the transferred asset is measured at amortized cost.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

3.12.2.1 Financial liabilities – policy applicable as from January 1, 2018

The Group's non-derivative financial liabilities all categorize as 'Other financial liabilities'.

Except for the classification, IFRS 9 has not impacted the measurement of financial liabilities.

The applicable recognition and measurement principles are explained under Note 3.12.2 above.

3.12.2.2 Financial liabilities – policy applicable until December 31, 2017

Under IAS 39, the Group's non-derivative financial liabilities all categorize as 'Financial liabilities'. The applicable recognition and measurement principles are explained under Note 3.12.2 above.

3.12.3 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments primarily to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities.
The Group uses following types of derivative financial instruments: forward exchange contracts used for hedging, swap contracts used for hedging and other forward exchange contracts and swap contracts.

The Group uses forward exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to future sales. The Group also uses metal swap agreements hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum. The contracts are designated as cash flow hedges and are held for the purpose of the receipt of commodities in accordance with the Group's expected usage of aluminum.

In accordance with its treasury policy, the Group does not currently hold or issue derivatives for trading purposes.

Derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into (trade date) and are subsequently remeasured at their fair value. In case cash flow hedge or net investment hedge accounting is applied, the effective portion of any gain or loss is recognized in OCI, the non-effective portion in profit or loss.

3.12.3.1 Derivatives – policy applicable as from 1 January 2018

The Group has the following categories of derivative financial instruments: Fair value-hedging instruments and derivatives Mandatory at FVTPL.

a. Fair value-hedging instruments

The Group's forward exchange contracts and swap contracts used for hedging both qualify as 'Fair value-hedging instruments'. They are subsequently remeasured at their fair value.
Cash flow hedge accounting is applied to all hedges that qualify for hedge accounting when required documentation of the hedging relationship is in place and when the hedge is determined to be effective. When hedge accounting is applied, the effective portion of any gain or loss is recognized in OCI, the non-effective portion in profit or loss.

With regard to hedge accounting, the Group has chosen to apply the new requirements of IFRS 9 and not to apply the requirements of the old IAS 39. IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness.
The Group uses forward exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to future sales. The Group currently designates only the change of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. Under the new IFRS 9, the change in the fair value of the forward element ('forward points') is accounted for as fair value through profit or loss and reflected in 'Net finance costs'.

The Group also uses metal swap agreements hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum.

The contracts are designated as cash flow hedges and are held for the purpose of the receipt of commodities in accordance with the Group's expected usage of aluminum. Under IFRS 9 as well as under IAS 39, the amounts accumulated in the cash flow hedge reserve are removed from OCI and included in the initial carrying amount of the inventory purchased.
The types of hedge accounting transactions that the Group currently designates meet the requirements of IFRS 9 and are aligned with the Group's risk management strategy and objectives. The new hedge accounting requirements are applied prospectively.

b. Mandatory at FVTPL
Derivative financial instruments that are economic hedges but that do not meet the hedge accounting criteria of IFRS 9 are categorized as Mandatory at FVTPL and are accounted for as financial assets or liabilities at fair value through profit or loss. The impact in profit or loss is reflected in either Other operating income/expense or Net finance costs depending on the nature of the item economically hedged.

3.12.3.2 Derivatives – policy applicable until December 31, 2017
Until December 31, 2017, the Group categorized its derivative financial instruments as either Fair value - hedging instruments or Held for trading.

a. Fair value-hedging instruments
Cash flow hedge accounting is applied to all hedges that qualify for hedge accounting when required documentation of the hedging relationship is in place and when the hedge is determined to be effective.

When a derivative financial instrument hedges the variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction, the effective portion of any resulting gain or loss on the hedging instrument is recognized directly in other comprehensive income.

When the forecasted transaction results in the recognition of a non-financial asset or a non-financial liability the cumulative gain or loss is reclassified from other comprehensive income to the initial carrying amount of the asset or liability and subsequently recognized in profit or loss when the asset acquired or the liability assumed affects profit or loss. When the hedge relates to financial assets or liabilities, the cumulative gain or loss on the hedging instrument is reclassified from other comprehensive income to profit or loss in the same period during which the hedged forecasted cash flow affects profit or loss (for instance when the forecasted transaction takes place or when the variable interest expense is recognized). The gain or loss relating to any ineffective portion is recognized immediately in profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting but the hedged transaction is still expected to occur, the cumulative gain or loss (at that point) remains in other comprehensive income and is reclassified in accordance with the above policy when the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognized in other comprehensive income is immediately recognized in profit or loss.

b. Derivatives – Held for trading
Derivative financial instruments that are economic hedges but that do not meet the strict IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting criteria are categorized as Held for trading and accounted for as financial assets or liabilities at fair value through profit or loss.

3.13 IMPAIRMENT

3.13.1 Impairment testing of goodwill, intangible assets and property, plant and equipment

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually and upon the occurrence of an indication of impairment.
The impairment tests are performed annually at the same time each year and at the cash-generating unit level.
The Group defines its cash-generating units based on the way that it monitors its goodwill and will derive economic benefit from the acquired goodwill and intangibles.
The impairment tests are performed by comparing the carrying value of the assets of these cash-generating units with their recoverable amount, based on their future projected cash flows discounted at an appropriate pre-tax rate of return.
The discount rate used in calculating the present value of the estimated future cash flows is based on a weighted average cost of equity and debt capital (WACC), using a debt-equity ratio of an average market participant. An additional risk premium was added to the cost of equity. The cost of debt is based on conditions on which comparable companies can obtain long-term financing. The forecasting risk related to silver and aluminum is reflected in the cash flow projections.

An impairment loss is recognized whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.
Impairment losses are recognized in profit or loss.

Consideration is given at each reporting date to determine whether there is any indication of impairment of the carrying amounts of the Group's property, plant and equipment and intangible assets with finite useful lives.
If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
Impairment losses are recognized in profit or loss and the carrying amount of related asset is reduced through use of an allowance account.

The recoverable amount of the Group's property, plant and equipment and intangible assets with finite useful lives is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

3.13.2 Impairment of financial assets

3.13.2.1 Impairment of financial assets – policy applicable as from January 1, 2018

The new IFRS 9 standard replaces the 'incurred loss' model with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect expected credit losses. With regard to impairment of trade receivables, lease receivables and contract assets, the Group applies the simplified approach for the impairment evaluation, which implies that credit losses for these categories of assets are always measured at an amount equal to lifetime expected credit losses. Credit losses are measured as the present value of all cash shortfalls – i.e. the difference between the cash flows to which the entity is entitled to and what the entity expects to receive.

The inputs and assumptions to the expected credit loss model are the following: significant financial difficulty of the counterparty, a default of more than 90 days past due, a possible bankruptcy of the counterparty, …
The evaluation of possible credit-impairment takes into account forward-looking elements. For the major portion of the accounts receivable balances, debtors are scored and rated based on quantitative and qualitative information on an ongoing basis through Credit Risk Application in place. All customers are classified into different risk categories which are reassessed on a yearly basis based on relevant forward-looking information such as data from external credit bureaus, age of business, country risk and the credit manager's assessment. To mitigate the credit risk, credit insurance and other risk mitigation tools such as letter of credit, bank guarantees, mortgage are used within the Group.
This methodology of individually reviewing outstanding receivable amounts taking into account forward-looking information to assess impairment risks hasn't been changed due to the application of IFRS 9.

3.13.2.2 Impairment of financial assets – policy applicable until December 31, 2017
A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.
When indication for impairment exists, the asset's recoverable amount is estimated.

a. Financial assets measured at amortized cost
The recoverable amount of the Group's loans and receivables and held-to-maturity financial assets is the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. When the carrying amount of a financial asset is higher than its recoverable amount, an impairment loss is recognized in profit or loss and the carrying amount of related asset is reduced through use of an allowance account.
An impairment loss recognized in prior periods on financial assets measured at amortized cost shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.
For trade accounts receivable, the Company assesses at least on a quarterly basis the biggest outstanding accounts receivable (totaling +/- 70% of total accounts receivable) individually for collectability.
Adjustments to the allowance account are made based on professional judgment and taking into account following general principles:
- all receivables of which the collection is handled by the legal department are fully impaired;
- the remaining outstanding receivables – receivables not individually assessed or handled by the legal department – are impaired based on the number of days overdue;
- doubtful accounts receivable that are credit insured are only impaired based on the risk that is contractually retained by the Group;
- outstanding amounts covered by a letter of credit are not impaired.

To cover the credit risk of the lease receivables, the Company assesses at least on a quarterly basis all lease receivables individually for collectability.
Adjustments to the allowance account are generally made based on the number of days overdue. Deviations however remain possible based on supporting evidence from the Credit and Collections department. In assessing the recoverability of the lease receivables, management considers remarketing values, credit insurance and the existence of a letter of credit.

b. Available for sale financial assets
Available-for-sale financial assets comprise investments in equity and debt securities, other than investments in associates and are stated at fair value, except for unquoted equity instruments whose fair value cannot be estimated reliably.

Impairment losses on available-for-sale financial assets that are measured at fair value are recognized by reclassifying the losses accumulated in 'Revaluation reserve' in other comprehensive income to profit or loss.
The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.
However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

3.14 LEASES

3.14.1 Finance leases

Receivables from finance leases in which the Company as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognized at an amount equal to the discounted future minimum lease payments. Finance lease income – reported under 'Other operating income' – is subsequently recognized based on a pattern reflecting constant periodic rate of return on the net investment using the effective interest method. On manufacturing leases, a selling profit component is recognized on the basis of the policy for sale of goods.
This means that the Company recognizes revenue and related profit margin at the moment a manufacturing organization or any related company invoices Agfa Finance at commencement of the lease contract with the external customer. The major portion of the finance lease agreements in which the customer is to be regarded as the economic owner, are concluded by Agfa Finance (i.e. Agfa Finance NV, its subsidiaries, Agfa Finance Corp. and Agfa Finance Inc.).
Multiple-element arrangements that are subject to a finance lease arrangement follow the same revenue recognition policy as if no financing agreement has been included.
A commercial contract whereby a certain piece of equipment is financed by means of a medium or long-term agreement under which the customer commits to purchase a certain level of consumables at a mark-up price is called a 'bundle deal'. Finance lease payments made under bundle deal contracts are apportioned between the reduction of the outstanding receivable and consideration from consumables sold on the basis of their relative fair values.

3.14.2 Operating leases

Operating lease income for rental of business accommodation and equipment – reported under 'Other operating income' – is recognized on a straight-line basis over the lease term.
An arrangement that is not in the legal form of a lease is accounted for as a lease if it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

3.14.3 Sale and leaseback transactions

Profit from sale and leaseback transactions is recognized immediately if significant risks and rewards of ownership have passed to the buyer, the leaseback results in an operating lease and the transaction is established at fair value.

3.15 OTHER ASSETS

Other assets comprise deferred charges and other non-financial assets. Deferred charges relate to payments made by the Company before the balance sheet date in respect of the expenses of future periods (prepayments). Examples of deferred charges are payments of rent, interests and insurance premiums that were made before the balance sheet date but relate to a specific period after the balance sheet date.

Non-financial assets are carried at cost. Deferred charges are recognized in profit or loss by the straight-line method or according to performance of the services received.

3.16 INVENTORIES

Raw materials, supplies and goods purchased for resale are valued at purchase cost.
Work in progress and finished goods are valued at the cost of production. The cost of production comprises the direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used for production. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to production. Administrative costs are included where they are attributable to production.
Inventories are valued using the weighted-average cost method.
If the purchase or production cost is higher than the net realizable value, inventories are written down to net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.
The cost of inventories may not be recoverable in following situations:

- Obsolete inventory: this is determined based on a list of non-moving or slow-moving inventory-items, including items approximating the expiry date;
- Damaged or expired inventory items or products showing quality problems;
- Declining selling prices.

Within the Group, write-downs of inventories mainly result from obsolescence.

3.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, checks received, and balances with banks and companies. Cash equivalents are highly liquid short-term financial investments that are subject to an insignificant risk of changes in value, are easily convertible into a known amount of cash and have a maturity of three months or less from the date of acquisition or investment.

3.18 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from retained earnings.

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity under the caption ‘Reserve for own shares’. Cancelled treasury shares are transferred from ‘Reserve for own shares’ to ‘Retained earnings’.

3.19 PROVISIONS

Provisions are recognized in the statement of financial position when a Group company has a present obligation (legal or constructive) as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.
If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.19.1 Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. Future operating costs are not provided for.

3.19.2 Environmental protection

In accordance with the Group’s published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognized when the land is contaminated.

3.19.3 Trade-related

a. Trade-related provisions – policy applicable as from January 1, 2018

Due to the implementation of IFRS 15 '*Revenue from contracts with customers*' as of January 1, 2018, accruals for bonuses and rebates related to goods and services purchased by customers during the period – for 2017 and previous periods presented as part of trade-related provisions – are currently embedded in contract liabilities. For 2018, trade-related provisions mainly comprise provisions for sales commissions and warranty and commercial litigations. A provision for product warranty is made at the time of revenue recognition and reflects the estimated costs of replacement that will be incurred by the Group.

b. Trade-related provisions – policy applicable until December 31, 2017

Trade-related provisions primarily include provisions for bonuses and rebates related to goods and services purchased by customers in the accounting period, commissions to agents, warranty provisions and commercial litigations.

3.19.4 Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Provisions are established under 'Trade-related provisions' for impending losses on purchase or sales contracts at the amount of the anticipated losses.

3.20 Contract liabilities

Until December 31,2017, revenue is recognized according to the criteria set in IAS 18 '*Revenue*'. The Group applies IFRS 15 '*Revenue from contracts with customers*' as of January 1, 2018. The new standard has introduced the concept of contract assets and contract liabilities. Deferred revenue and advance payments received from customers - previously (until December 31, 2017) presented separately on the face of the Statement of financial position - are currently embedded in contract liabilities.

3.20.1 Contract liabilities – policy applicable as from January 1, 2018

Contract liabilities comprise deferred revenue and advance payments received from customers as well as accruals for bonuses and rebates related to goods and services purchased by customers during the period. Both items were previously (until December 31, 2017) presented in different captions of the Statement of financial position.

3.20.2 Deferred revenue and deferred income – policy applicable until December 31, 2017

Amounts invoiced in accordance with contractually agreed terms but unearned are presented as deferred revenue. They typically relate to multiple-element arrangements and maintenance contracts. Deferred revenue is recognized in profit or loss in compliance with the basic revenue recognition criteria as described in Note 3.3.

3.21 Other liabilities

Other liabilities primarily relate to unearned other operating income. Government grants are a typical example of unearned other operating income. They are recognized in profit or loss when there is a reasonable assurance that the conditions attached to the grants will be or are complied with and the grants will be received. Grants that compensate the Group for expenses incurred are recognized in profit or loss under the same functional reporting line item as the corresponding expenses. They are recognized as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Grants awarded for the purchase or production of assets (Intangible assets or Property, plant and equipment) are recognized initially as other liability and then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Government grants for future expenses are recorded as other liabilities.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new IFRS standards, amendments to IFRS standards and interpretations issued, were not yet effective for the year ended on December 31, 2018 and have not been applied in preparing the consolidated financial statements.

The Group shall adopt these standards after endorsement by the European Union. It relates to:

- ***IFRS 16 Leases***

  IFRS 16 *Leases* published on January 13, 2016 makes a distinction between a service contract and a lease based on whether the contract conveys the right to control the use of an identified asset and introduces a single, on-balance sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. For lessors, there is little change to the existing accounting in IAS 17 *Leases*.

  IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16. This standard has been endorsed by the EU.

  The Group's management has decided to not early adopt IFRS 16 and, therefore, the date of initial application of the standard is January 1, 2019.

The decision has been made to apply the modified retrospective transition approach. Under this approach, no comparative prior year information will be restated. Instead, the cumulative effect of applying the standard is recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at January 1, 2019. At this date, the standard foresees different options to measure the lease liability and the right-of-use asset.

Under this modified retrospective approach, the following options will be applied:

- For leases previously classified as an operating lease under IAS 17, the group as lessee will measure a lease liability at the date of initial application of January 1, 2019, as the present value of the remaining lease payments. The discount rate applied is the lessee's incremental borrowing rate at that date.
- The right-of-use asset will be equal to the amount of the lease liability, subject to certain adjustments (such as prepaid or accrued lease payments recognized immediately before the date of initial application, provisions for onerous rent). The Group will not recognize initial direct costs as part of the right-of-use asset at January 1, 2019.
- The Group will not reassess any operating leases for which the lease term ends within twelve months as of January 1, 2019.

The application of IFRS 16 will increase non-current assets by requiring the recognition of right-of-use assets. Similarly, financial liabilities will be increased by recognition of the corresponding lease liabilities. In the consolidated statement of profit or loss, the amortization of the right-of-use assets and the interest expense for the lease liabilities will be recognized instead of the expenses for operating leases. In the consolidated statement of cash flows, IFRS 16 is expected to result in an improvement in the cash generated from operating activities by reducing the cash outflows for operating activities, while the repayment of lease liabilities and the interest expense will be recognized in the 'Net cash from financing activities'.

The Company has made an assessment of the number and types of lease contracts as lessee and their geographical location. They mainly relate to real estate (in value) and car leases (in number of contracts). The new standard has been discussed with internal stakeholders such as Purchasing, the management of the business segments and the Group's different financial departments. Management has also implemented an IT-tool supporting IFRS 16 calculations and journal entries. The Company has collected all contract data relevant in implementing IFRS 16.
Based on currently available information, the Company has evaluated the possible quantitative impacts of implementing IFRS 16. The consolidated financial statements are expected to be impacted as follows:

- Consolidated statement of financial position as per January 1, 2019
    - Total liabilities: increase by around 140 million Euro.
    - Total assets: increase by the amount of the lease liabilities of around 140 million Euro, subject to some adjustments as stated above.
- Consolidated statement of profit or loss as per fiscal year ending December 31, 2019
    - EBITDA: increase by around 40 million Euro.

The amount of lease liabilities of around 140 million Euro under the new lease accounting standard IFRS 16 is lower than the amount of future operating lease payments of 148 million Euro as reported in § 31.1 Leases as lessee.
Elements that explain a difference between both amounts include:

- difference in scope of lease contracts (exclusion of low value leases, short term leases, leases without the right to direct the use of the asset, inclusion of embedded leases);
- difference in amount of future lease payments (inclusion of non-lease components such as security and maintenance costs, exclusion of non-recoverable VAT, taxes, insurance);
- difference in length of lease term (inclusion of options considered likely to be exercised, such as renewal options, early termination option, purchase options);
- impact of net present value calculations under IFRS 16.

- ***IFRS 17 Insurance contracts***

  In May 2017, the IASB issued a new standard IFRS 17 *Insurance Contracts* applicable for annual periods beginning on or after January 1, 2021. This standard has not yet been endorsed by the European Union. As from January 2021, this new standard supersedes the existing standard IFRS 4 on insurance contracts. The new standard requires insurance liabilities to be measured at current fulfillment value and requests a more uniform measurement and presentation for all insurance contracts. This new standard will not have an effect to the consolidated financial statements of the Group.

- ***IFRIC Interpretation 23 Uncertainty over Income Tax Treatment***

  In June 2017, the IASB issued a new IFRIC interpretation IFRIC 23 *Uncertainty over Income taxes*, applicable for annual periods beginning on or after January 1, 2019. This interpretation has been endorsed by the European Union in October 2018. The Group shall apply IFRIC 23 retrospectively on adoption.
  This interpretation clarifies how to account for income taxes when it is unclear whether the tax authority will accept the company's tax treatment. Examples include tax deductibility of certain expenses, tax exemption of certain income and transfer pricing rules to allocate income between jurisdictions. The current standard on Income taxes does not address the accounting for tax uncertainties. An entity has to determine whether it is probable that the relevant tax authority will accept the plans used in its tax filing. If the entity concludes that this is not probable, the entity has to reflect the most likely amount or the expected value of the tax treatment when determining the taxable profit, tax bases, unused tax losses, unused tax credits and tax rates.
  This new interpretation is not expected to have an impact to the consolidated financial statements of the Group.

- ***Amendments to IFRS 9 Prepayment features with negative compensation and modifications of financial liabilities***
  In October 2017, the IASB issued an amendment to IFRS 9 *Prepayment features with negative compensation* applicable for annual periods beginning on or after January 1, 2019. This amendment has been endorsed by the European Union in March 2018.
  This amendment allows more assets to be measured at amortized cost than under the previous version of IFRS 9, in particular some financial assets with prepayment features that permit or require a party to a contract to pay or receive a reasonable compensation for early termination of the contract.
  This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

- ***Amendments to IAS 28 Long-term Interests in Associates and Joint ventures***
  In October 2017, the IASB issued an amendment to IAS 28 *Long-term interests in Associates and Joint ventures* applicable for annual periods beginning on or after January 1, 2019. This amendment been endorsed by the European Union in February 2019.
  This amendment clarifies that an entity should measure its long-term investments in associates and joint ventures to which the equity method is not applied, according to IFRS 9 *Financial Instruments*. This amendment is currently not applicable to the Group.

- ***Annual Improvements to IFRS Standards 2015-2017 cycle***
  In December 2017, the IASB issued a next set of annual improvements to various IFRS standards applicable for annual periods beginning on or after January 1, 2019. These improvements have not yet been endorsed by the European Union.
  These amendments clarify that when an entity obtains control of a joint operation, it remeasures previously held interests in that business (IFRS 3). The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests. Amendments to IAS 12 clarify that all income tax consequences of dividends should be recognized consistently with the transactions that generated the distributable profits, in profit or loss, OCI or equity. Amendments to IAS 23 specify that if specific borrowings remain outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the generally borrowings of that entity when calculating the capitalization rate on general borrowings. These amendments will not have an impact on the consolidated financial statements.

- ***Amendments to IAS 19 Plan Amendments, Curtailment or Settlement***
  In February 2018, the IASB published amendments to IAS 19 *Employee benefits*, applicable for annual periods beginning on or after January 1, 2019. This amendment has not yet been endorsed by the European Union. This amendment requires an entity to use updated assumptions to determine the current service cost and the net interest cost for the remainder of the period after a plan amendment, curtailment or settlement. The amendment clarifies that an entity first determines any past service cost, gain or loss on settlement without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The effect of any asset ceiling is recognized in OCI. Assumptions used should be in line with the calculation of the gain or loss on the plan amendment, curtailment or settlement. The Group will apply this amendment in case of plan amendments, curtailments or settlements as from January 1, 2019 after endorsement by the European Union.

- ***Amendments to References to the Conceptual Framework in IFRS Standards***
  In March 2018, the IASB published amendments to References to the Conceptual Framework applicable for annual periods beginning on or after January 1, 2020. These amendments have not yet been endorsed by the European Union. These amendments comprise a comprehensive set of concepts for financial reporting, the revised Conceptual Framework for Financial reporting,

replacing the previous version of the Conceptual Framework issued in 2010. The conceptual framework describes the objective of and concepts for financial reporting. The conceptual framework includes a new chapter on measurement, guidance on reporting of financial performance, improved definitions of an asset and a liability, clarifications of some important areas such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Group will apply these amendments as from January 2020 after endorsement by the European Union.

- ***Amendments to IFRS 3 Business Combinations***
  In October 2018, the IASB issued amendments to IFRS 3 *Business Combinations* effective for annual periods beginning on or after January 1, 2020. These amendments have not yet been endorsed by the European Union. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The IASB introduces an optional concentration test, which is a simplified assessment that will result in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of similar assets. If the test fails, a detailed assessment has to be done applying the normal requirements of IFRS 3. The Group will apply the new guidance of IFRS 3 for acquisitions after January 1, 2020.

- ***Amendments to IAS 1 and IAS 8: definition of Material***
  In October 2018, the IASB issued amendments to IAS 1 and IAS 8, applicable for annual periods beginning on or after January 1, 2020. The amendments have not yet been endorsed by the European Union. The amendments introduce a new definition of 'Material' and states that information is considered to be material if omitting, misstating or obscuring information could be expected to influence decisions that users of the financial statements would make based on those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The Group will apply these amendments as from January 1, 2020.

5. REPORTABLE SEGMENTS

The Group's management identified three operating segments: Agfa Graphics, Agfa HealthCare and Agfa Specialty Products.
All operating segments have strong market positions, well-defined strategies and full responsibility, authority and accountability.

The Group's operating segments reflect the level at which the Group's CEO and the Executive Committee review the business and make decisions about the allocation of resources and other operating matters. The Group's reportable segments equal its operating segments.
The reportable segments Agfa Graphics, Agfa HealthCare and Agfa Specialty Products comprise the following activities:

Agfa Graphics
Agfa Graphics provides commercial, newspaper and packaging printers with the most extensive range of integrated prepress solutions, from complete computer-to-plate systems and printing plates to color management, workflow automation and security design software.
Agfa Graphics also supplies a wide range of wide-format digital printing solutions to sign & display companies. Agfa's print engines combine high speed with exceptional print quality and are part of a complete package including dedicated inks as well as workflow automation software. Enabling manufacturers to integrate print into their production processes, Agfa Graphics also develops and manufactures high-performance inkjet inks and fluids for various industrial inkjet printing applications.

Agfa HealthCare

Agfa HealthCare is a leading provider of diagnostic imaging and healthcare IT solutions for hospitals and care centers everywhere in the world. The business group is a major player on the diagnostic imaging market, providing analog and digital technology, as well as IT solutions to meet the needs of specialized clinicians. The business group is also a key player on the healthcare information solutions market, integrating the administrative, financial and clinical workflows of individual hospitals and hospital groups.
Today, care organizations in over 100 countries rely on Agfa HealthCare's leading technologies, solutions and services to optimize their efficiency and improve patient care.

Agfa Specialty Products

Agfa Specialty Products supplies a wide variety of products to large business-to-business customers outside the graphic and healthcare markets. On the one hand, this segment produces classic film-based products, such as film for non-destructive testing and aerial photography, as well as microfilm and film for the production of printed circuit boards. On the other hand, Agfa Specialty Products targets promising growth markets with innovative solutions. Examples are synthetic papers, conductive polymers, materials for the production of high-security ID documents and membranes for hydrogen production.

5.1 PRINCIPLES APPLIED IN DETERMINING SEGMENT RESULTS, SEGMENT ASSETS AND LIABILITIES

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated on a reasonable basis to a segment. There are no transactions between operating segments.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. They do not comprise current income tax receivables and payables and deferred taxes.
The allocation of assets and liabilities that are commonly used by more than one reportable segment can be summarized as follows:

In general, each item of the operating assets is assigned in full to one of the reportable segments, i.e. a single asset such as an office building is assigned to a single segment.
If a related asset is employed by more than one reportable segment, one segment owns the asset and the other segment(s) rents it (by means of cross charging via a Service Agreement).
The same applies for operating liabilities such as employee related liabilities. As all employees, except for the employees belonging to the Corporate Center and the Global Shared Services (ICS, HR and Purchasing) and the inactive employees (see below), are dedicated to a single reporting segment, related liabilities and provisions are assigned to the segment to which the employee belongs.

The production unit Materials produces film and chemicals worldwide for Agfa Graphics, Agfa HealthCare and Agfa Specialty Products. Therefore operating assets assigned to the production unit Materials are owned by the three reportable segments.
This is an exception to the abovementioned principle that a single asset is always owned by a single reportable segment.

Operating income and expenses and operating assets and liabilities that relate to film consumables, Corporate Center and Global Shared Services are allocated to the different reportable segments using allocation keys.

The results, assets and liabilities related to inactive employees cannot be allocated on a reasonable basis to one or more reportable segments. The data are included in the reconciling items between the total reportable segment information and the consolidated profit or loss, total assets and total liabilities (see Note 5.3).

Inactive employees are defined as permanently retired employees, former employees with vested rights, and other employees who are not expected to return to active status, e.g. early retirement. Employees who are in principle only temporarily inactive, e.g. long-term disability or illness, maternity leave, military service, etc. are treated as active employees and are consequently assigned to one of the reportable segments.

5.2 KEY DATA BY BUSINESS

Key data for the reportable segments have been calculated as follows:

- recurring EBIT is the result from operating activities before restructuring expenses 2018 (29 million Euro) and non-recurring items 2018 (37 million Euro). Non-recurring items comprise results from the sale of land and buildings, past service costs related to defined benefit obligations, impairment losses and strategic transformation projects related costs;
- % of revenue is the ratio of recurring EBIT to revenue;
- EBITDA = recurring EBIT before depreciation and amortization;
- segment result is the profit from operating activities;
- segment assets are those operating assets that are employed by a reportable segment in its operating activities;
- segment liabilities are those operating liabilities that result from the operating activities of a reportable segment;
- net cash from (used in) reportable segments is the excess of cash receipts over cash disbursements from activities that result from a reportable segment. The financial flows, the interest received and cash flows from other investing activities are not attributed to a reportable segment;
- segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year;
- other non-cash items include impairment losses and reversal of impairment losses of receivables, write downs of inventories and reversals of write downs, past service costs (credits) and gains and losses on settlements of defined benefit liabilities, granted subventions and additions and reversals of provisions, excluding provisions for income tax, to the extent reflected in results from operating activities.

Reportable Segment	Agfa Graphics		Agfa HealthCare		Agfa Specialty Products		TOTAL	
MILLION EURO	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**
Revenue	1,195	**1,049**	1,053	**1,004**	195	**194**	2,443	**2,247**
Change	(5.7)%	**(12.2)%**	(3.5)%	**(4.6)%**	8.3%	**(0.7)%**	(3.7)%	**(8.0)%**
Recurring EBIT	53	**17**	106	**91**	15	**19**	174	**127**
% of revenue	4.4%	**1.6%**	10.1%	**9.1%**	7.7%	**10.0%**	7.1%	**5.5%**
Amortization and depreciation	24	**23**	25	**27**	4	**4**	53	**54**
EBITDA	77	**40**	131	**118**	18	**23**	226	**181**
Segment result	37	**(24)**	92	**70**	14	**16**	143	**62**
Segment assets	715	**698**	1,161	**1,223**	101	**110**	1,977	**2,031**
Segment liabilities	362	**333**	450	**475**	43	**47**	855	**855**
Net cash from (used in) reportable segments	24	**(39)**	37	**9**	15	**2**	76	**(28)**
Capital expenditures	21	**18**	21	**17**	4	**5**	46	**40**
Impairment losses recognized on non-current assets	3	**6**	-	**-**	-	**-**	3	**6**
Other non-cash items	69	**76**	70	**80**	12	**11**	151	**167**
Research and development expenses	43	**43**	93	**90**	8	**7**	144	**141**
Average number of employees (Full time equivalents) [1]	3,982	**3,866**	5,482	**5,489**	622	**663**	10,086	**10,018**

(1) The figures comprise permanent and temporary contracts.

5.3 RECONCILIATION OF REVENUE, RECURRING EBIT, PROFIT OR LOSS, ASSETS, LIABILITIES AND CASH FLOWS

MILLION EURO	2017	2018
Revenue		
Revenue for reportable segments	2,443	2,247
Consolidated revenue	**2,443**	**2,247**
Recurring EBIT		
Recurring EBIT for reportable segments	174	127
Recurring EBIT not allocated to a reportable segment (1)	(5)	(3)
Consolidated recurring EBIT	**169**	**125**
Profit or loss		
Segment result	143	62
Profit (loss) from operating activities not allocated to a reportable segment (1)	(5)	(3)
Results from operating activities	**138**	**59**
Other unallocated amounts:		
Interest income (expense) - net	(7)	(8)
Other finance income (expense) - net	(32)	(31)
Share of result of associated companies	(1)	(1)
Consolidated profit (loss) before income taxes	**98**	**19**
Assets		
Total assets for reportable segments	1,977	2,031
Operating assets not allocated to a reportable segment (1)	1	-
Financial assets	2	9
Deferred tax assets	115	114
Derivative financial instruments	7	1
Cash and cash equivalents	68	141
Current income tax assets	63	71
Consolidated total assets	**2,233**	**2,367**
Liabilities		
Total liabilities for reportable segments	855	855
Operating liabilities not allocated to a reportable segment (1)	906	860
Loans and borrowings	86	285
Deferred tax liabilities	21	22
Derivative financial instruments	2	2
Current income tax liabilities and accrued interest liabilities	55	51
Equity	307	290
Consolidated total liabilities	**2,233**	**2,367**
Cash flows		
Net cash from (used in) reportable segments	76	(28)
Operating cash flows not allocated to a reportable segment (1)	(79)	(74)
Interest paid and dividends paid to non-controlling interests	(18)	(18)
Net proceeds from borrowings	(23)	193
Other	(13)	(1)
Consolidated net increase (decrease) in cash and cash equivalents	**(56)**	**74**

(1) Operating results, assets and liabilities and cash flows, not allocated to a reportable segment, relate mainly to inactive employees.

5.4 RECONCILIATION OF OTHER MATERIAL ITEMS FOR 2017 AND 2018

Other material items 2017

The segmented other material items as presented in the table under Note 5.2 can be reconciled with the consolidated figures as follows:

MILLION EURO	Note	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures (cash outflows)	14/15	46	-	**46**
Amortization and depreciation	14/15	53	-	**53**
Impairment losses recognized on non-current assets	14/15	3	-	**3**
Other non-cash items		151	1	**153**
Research and development expenses		144	-	**144**

Other material items 2018

MILLION EURO	Note	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures (cash outflows)	14/15	40	-	**40**
Amortization and depreciation	14/15	54	-	**54**
Impairment losses recognized on non-current assets	14/15	6	-	**6**
Other non-cash items		167	1	**168**
Research and development expenses		141	-	**141**

5.5 GEOGRAPHICAL INFORMATION FOR 2017 AND 2018

The Group distinguishes four geographical regions: Europe, NAFTA, Latin America and Asia/ Oceania/Africa. The Group's country of establishment is Belgium.

Geographical information 2017

MILLION EURO	Revenue by market (1)	Non-current assets (2)
Europe	1,015	506
of which related to home market Belgium	38	178
NAFTA	648	306
Latin America	182	27
Asia/Oceania/Africa	598	31
TOTAL	**2,443**	**870**

(1) Location of customers.
(2) Excluding deferred tax assets based on the location of the assets.

Geographical information 2018

MILLION EURO	Revenue by market (1)	Non-current assets (2)
Europe	985	513
of which related to home market Belgium	37	188
NAFTA	538	300
Latin America	157	23
Asia/Oceania/Africa	567	69
TOTAL	**2,247**	**905**

(1) Location of customers.
(2) Excluding deferred tax assets based on the location of the assets.

6. BUSINESS COMBINATIONS

During 2018, the Group acquired four businesses. The cash out for these acquisitions amounted to 24 million Euro, net of cash acquired. Furthermore, during 2018, the Group paid an earn-out of 1 million Euro related to the 2017 acquisition of Bodoni Systems Ltd.

6.1 BUSINESS COMBINATIONS 2018

6.1.1 Inovelan SA

In the second quarter of 2018, the Group acquired 100% of the shares of Inovelan SA, a French e-health leader in the healthcare communication and care coordination. The acquisition will further strengthen Agfa HealthCare's Integrated Care platform, by adding value to the interoperability, expertise in secure messaging and chronic disease management to the French market.

The purchase price amounted to 9.5 million Euro, of which 0.7 million Euro will be paid over the coming two years based on EBIT achievements of the company acquired. In 2018, the cash out for the acquisition of Inovelan SA amounted to 7 million Euro, net of cash acquired. Identifiable assets and liabilities are measured at their acquisition-date fair values.

Identifiable assets and liabilities assumed are as follows:

MILLION EURO	Note	INOVELAN SA
Acquired technology	14	2
Customer relationships acquired	14	1
Trade receivables		2
Cash		1
Other liabilities		(1)
Financial debt	26.4	(1)
Deferred tax liability		(1)
Total identifiable net assets acquired		**3**

Acquired technology and contractual customer relationships are amortized over a period of five years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model. Trade receivables comprise gross contractual amounts of 2 million Euro and are expected to be collected. A goodwill amount of 6 million Euro was recognized as a result of the acquisition and is calculated as follows:

MILLION EURO	Note	INOVELAN SA
Total consideration transferred		9
Fair value of identifiable net assets		(3)
Goodwill amount recognized	14	**6**

The goodwill on acquisition mainly relates to operating synergies. The total goodwill amount is not deductible for tax purposes. Acquisition costs are immaterial and included in 'administrative expenses'. The Group's profit or loss includes an amount of 2 million Euro revenue of the acquiree. The effect on EBIT is immaterial.

6.1.2 Agreement with distributors of hardcopy film in China

In the second quarter of 2018, in the framework of the reorganization of Agfa HealthCare's hardcopy distribution channels in China the Group has integrated in its own organization, the business of distribution and maintenance of Agfa products in China from Ningbo Hongtai Medical Equipment Limited, a leading distributor of hardcopy film in China. The Group acquires customer lists together with a major part of the workforce employed by Ningbo Hongtai Medical Equipment Limited which will enable the Group to distribute its products and related services in certain areas in China. The transfer of the business will take place gradually by geographical area over a period that started in the first quarter of 2018 and ending by June 2019.

The purchase price of the business transfer that took place in 2018, amounted to 5 million Euro. In 2019, another 5 million Euro related to the transfer of the business will be paid based on the volumes transferred by geographical area.

In the third quarter of 2018, also in the framework of the reorganization of Agfa HealthCare's hardcopy distribution channels in China, the Group has integrated the business of distribution of Agfa film products in China from Ningbo Haoyi Medical Equipment Co Ltd, Ruifeng International development Co Ltd., Chengguang Trading Co Ltd., three leading distributors of hardcopy film in China.

The purchase price amounted to 13 million Euro, of which 7 million was paid at acquisition date and 6 million Euro will be paid over 2018 and 2019 based upon volumes transferred. In 2018, the cash out for the acquisition of the Chinese dealers amounted to 14 million Euro.

Identifiable assets and liabilities assumed are as follows:

MILLION EURO	Note	NINGBO HONGTAI MEDICAL EQUIPMENT LIMITED	NINGBO HAOYI MEDICAL EQUIPMENT CO, LTD, RUIFENG INTERNATIONAL DEVELOPMENT CO, LTD, CHENGGUANG TRADING CO LTD
Customer relationships	14	5	11
Deferred tax liability		(1)	(2)
Total identifiable net assets acquired		**4**	**9**

For the acquisition of the business of Ningbo Hongtai Medical Equipment Limited, customer relationships and related goodwill will be recognized gradually by geographical area as control is transferred per zone. The amount of goodwill recognized at December 31, 2018 amounts to 1 million Euro, the amount of customer relationships recognized amounts to 5 million Euro. An amount of 3 million Euro Goodwill and an amount of 6 million customer relationships will be recognized over 2019 as control is transferred. Customer relationships will be amortized over a period of 5 years. For the acquisition of the business of Ningbo Haoyi Medical Equipment Co Ltd, Ruifeng International development Co Ltd., Chengguang Trading Co Ltd., customer relationships and goodwill have been recognized upon acquisition date.

MILLION EURO	Note	NINGBO HONGTAI MEDICAL EQUIPMENT LIMITED	NINGBO HAOYI MEDICAL EQUIPMENT CO, LTD, RUIFENG INTERNATIONAL DEVELOPMENT CO, LTD, CHENGGUANG TRADING CO LTD
Total consideration transferred		5	13
Fair value of identifiable net assets		(4)	(9)
Goodwill amount recognized	14	**1**	**4**

The goodwill on acquisition mainly relates to operating synergies and workforce. The total goodwill amount is not deductible for tax purposes. Acquisition costs are immaterial and included in 'administrative expenses'.

6.1.3. IPAGSA

In November 2018, Agfa Graphics acquired 100% of the shares of IPAGSA Industrial SL, a Spanish privately-owned printing plate supplier and 100% of the shares of IPAGSA Shanghai Printing Material Ltd. This acquisition is a step in the strategy towards profitable growth and increase our market share. Agfa will as such be able to better address price sensitive regions and segments of the global printing market. With this acquisition, Agfa aims to build a global independent low cost business with an own identity separate from Agfa, under the IPAGSA brand.

The purchase price amounted to 13 million Euro, of which 3 million Euro is paid in cash and 10 million Euro will be paid over a period between 2019 and 2020. In 2018, the cash out for the acquisition of IPAGSA amounted to 3 million Euro.

Identifiable assets and liabilities assumed are as follows:

MILLION EURO	Note	IPAGSA
Customer relationships acquired	14	4
Tradenames	14	1
Inventory		8
Deferred tax liability		(1)
Total net identifiable net assets acquired		**12**

Acquired contractual customer relationships and tradenames are amortized over a period of five years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model. A goodwill amount of 1 million Euro was recognized as a result of the acquisition and is calculated as follows:

MILLION EURO	Note	IPAGSA
Total consideration transferred		13
Fair value of identifiable net assets		(12)
Goodwill amount recognized	14	**1**

The goodwill on acquisition mainly relates to operating synergies and workforce. The total goodwill amount is not deductible for tax purposes. Acquisition costs are immaterial and included in 'administrative expenses'. The Group's profit or loss includes an amount of 5 million Euro revenue of the acquiree. The effect on EBIT is immaterial.

6.2 BUSINESS COMBINATIONS 2017

In June 2017, the Group acquired all of the shares of BODONI Systems Limited, a UK based company specialized in color management consultancy and publisher of pressSign, the most popular print standardization software. With this acquisition the Group wishes to strengthen its position in this segment.

The purchase price amounted to 5 million Euro, of which 2 million Euro is paid in cash and 3 million will be paid over the coming two years based on EBIT achievements of the company acquired. In 2018, the cash out related to the earn out amounted to 1 million Euro. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Identifiable assets acquired and liabilities assumed are as follows:

MILLION EURO	Note	BODONI Systems Ltd.
Acquired technology	14	3
Cash		1
Deferred tax liabilities		(1)
Total identifiable net assets acquired		**3**

Acquired technology is amortized over a period of eight years. The fair value of intangible assets acquired has been determined using a discounted cash flow model. A goodwill amount of 2 million Euro was recognized as a result of the acquisition and is calculated as follows:

MILLION EURO	Note	BODONI Systems Ltd.
Total consideration transferred		5
Fair value of identifiable net assets		(3)
Goodwill amount recognized	14	**2**

The goodwill on acquisition mainly relates to operating synergies. The total amount of goodwill is not deductible for tax purposes.
Acquisition related costs relate to external fees and due diligence costs. They are immaterial and are reflected in 'administrative expenses'. The Group's profit or loss includes an amount of 1 million Euro revenue of the acquiree. The effect on EBIT is immaterial.

7. FINANCIAL RISK MANAGEMENT

In the normal course of its business, the Group is exposed to a number of financial risks such as currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk that could affect its financial position and its result of operations. The Group's objectives, policies and processes in managing these financial risks are described further in this note. In managing these risks, the Group may use derivative financial instruments. The use of derivative financial instruments is subject to internal controls and uniform guidelines set up by the Group's Treasury Committee. Derivatives used are over-the-counter instruments, particularly forward exchange contracts. Since a few years, the Group also concludes metal swaps.

7.1 MARKET RISK

7.1.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The foreign currency risk management distinguishes between three types of foreign currency risk: foreign currency transaction risk, foreign currency translation risk and foreign currency economic risk.

The Group incurs foreign currency transaction risk on accounts receivable, accounts payable and other monetary items that are denominated in a currency other than the Company's functional currency. Foreign currency transaction risk in the Group's operations also arises from the variability of cash flows in respect of forecasted transactions.

Foreign operations which do not have the Euro as their functional currency give rise to a translation risk.

The foreign currency economic risk is the risk that future cash flows and earnings generated by foreign operations may vary. Foreign currency economic risk is highly connected with other factors such as the foreign operations' competitive position within an industry, its relationship with customers and suppliers.

In monitoring the foreign currency risk exposures, the central treasury department focuses on the transaction and translation risk exposures whereas business management seeks to manage the foreign economic risk through natural hedges.

Each of the above types of foreign currency risk exposure impacts the financial statements differently.
The central treasury department monitors and manages foreign currency exposure from the view of its impact on either the statement of financial position or profit or loss.

7.1.2 Foreign currency transaction risk in the statement of financial position

The currencies that primarily impact the net foreign currency exposure on the statement of financial position are as follows:

MILLION FOREIGN CURRENCY	Net exposure of receivables and payables	Hedging		Net position
		Cash, cash equivalents loans & deposits	Derivative Financial Instruments	
December 31, 2017				
USD	37.2	(159)	117	(4.8)
RMB	187.2	(193.7)	-	(6.5)
GBP	14.3	(50.9)	35.4	(1.2)
CAD	(5.9)	(0.7)	-	(6.6)
AUD	8.2	(6.3)	-	1.9
INR	487.5	-	(500.5)	(13)
HKD	22.4	(53.7)	45	13.7
December 31, 2018				
USD	51.5	(148.9)	94.6	(2.8)
RMB	386.3	(394.8)	-	(8.5)
GBP	10.8	(44.7)	36.5	2.6
CAD	(1.5)	(1.8)	-	(3.3)
AUD	7.9	(6.8)	-	1.1
INR	774.7	-	(710.7)	64
HKD	92.9	(81.2)	-	11.7

The aim of Group's management regarding transaction exposure in the statement of financial position is to minimize, over the short term, the revaluation results – both realized and unrealized – of items in the statement of financial position that are denominated in a currency other than the Company's functional currency.

In order to keep the exposures within predefined risk adjusted limits, the central treasury department economically hedges the net outstanding monetary items in the statement of financial position in foreign currency using derivative financial instruments such as forward exchange contracts. As of December 31, 2018, the outstanding derivative financial instruments are mainly forward exchange contracts with maturities of generally less than one year.

Where derivative financial instruments are used to economically hedge the foreign exchange exposure of recognized monetary assets or liabilities, no hedge accounting is applied. Changes in the fair value of these derivative financial instruments are recognized in profit or loss.

7.1.3 Foreign currency translation risk in the statement of financial position

When the functional currency of the entity that holds the investment is different from the functional currency of the related subsidiary, the currency fluctuations on the net investment directly affect other comprehensive income ('Translation reserve') unless any hedging mechanism exists.
All subsidiaries and associates have as functional currency the currency of the country in which they operate. The currencies giving rise to the Group's translation risk in the statement of financial position are primarily the US Dollar, Canadian Dollar, Chinese Renminbi, Pound Sterling and Brazilian Real.

MILLION FOREIGN CURRENCY	Net investment in a foreign entity	
	December 31, 2017	**December 31, 2018**
USD	235	**202**
CAD	216	**228**
RMB	518	**429**
GBP	(74)	**(44)**
BRL	120	**132**

The central treasury department monitors the translation exposure in the statement of financial position of the Group at least on a quarterly basis. The Treasury Committee proposes corrective actions if needed to the Executive Management.

7.1.4 Foreign currency risk in profit or loss

Foreign currency risk in profit or loss includes both the risk of the variability of cash flows in respect of forecasted transactions as a result of changes in exchange rates and the risk that the profit (loss) for the year generated by foreign operations may vary in amount when translated into the presentation currency (Euro). The central treasury department monitors and manages both risks simultaneously.

The currencies that primarily impact the net foreign currency exposure in profit or loss are US Dollar, currencies highly correlated to the US Dollar – i.e. Hong Kong Dollar, Canadian Dollar, Pound Sterling, Australian Dollar, Korean Won, Indian Rupees, Japanese Yen and Swiss Francs.

The Executive Management decides on the hedging policy of aforementioned currency exposures considering the market situation and upon proposal of the Treasury Committee. The objective of the Group's management of exposure in profit or loss is mainly to increase the predictability of results but also to allow the business to react to the changing environment (e.g. by adapting prices or shifting production).

The Group uses forward exchange contracts to hedge its currency risk related to a forecasted exposure. These forward exchange contracts are designated as cash flow hedges. The Group designates only the spot element of forward foreign exchange contracts to hedge its foreign currency risk and applies a hedge ratio of 1:1.

The forward element of forward exchange contracts is excluded from the designation of the hedging instrument and is separately accounted for in financial result. The Group's policy is to align the critical terms of the forward exchange contracts with the hedged item. The existence of an economic relationship between the hedged item and the hedging instrument is based on the currency, amount and timing of the respective cash flows.
The Group assesses whether the derivative designated in the hedging relationship is expected to be and has been effective in offsetting changes in cash flows using the hypothetical derivative method. Very little ineffectiveness is expected from these cash flow hedges. In these relationships, the main sources of ineffectiveness are the counterparty risk and the Group's own credit risk on the fair value of the forward exchange contracts which is not reflected in the fair value. Also changes in the timing of the hedged transactions can cause hedge ineffectiveness.

In the course of 2018, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in US Dollar and Chinese Renminbi related to highly probable forecasted revenue over the following 15 months.
The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2018: 0 million Euro).

During 2018, losses amounting to 0 million Euro have been recognized in 'Other comprehensive income'. An amount of 4 million Euro that has been reclassified from 'Other Comprehensive Income' is included in Turnover (4 million Euro). Taxes amounting to 1 million Euro have been included in 'Other comprehensive income'.

In the course of 2017, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in US Dollar, Pound Sterling and Chinese Renminbi related to highly probable forecasted revenue over the following 15 months.
The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2017: 3 million Euro).
During 2017, gains amounting to 13 million Euro have been recognized in 'Other comprehensive income'. An amount of 8 million Euro that has been reclassified from 'Other comprehensive income' is included in 'Turnover' (6 million Euro) and in other operating income (2 million Euro).
Taxes amounting to 1 million Euro have been deducted from 'Other comprehensive income'.

The following table summarizes the effect of the cash flow hedges on the financial statements:

MILLION EURO	2018 Nominal amount	Carrying amount Assets	Carrying amount Liabilities	During the period - 2018: Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in P&L	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from hedging reserve to profit or loss	Amounts reclassified from hedging reserve to cost of inventory	Line item in profit or loss affected by the reclassification
Forward exchange contracts designated as cash flow hedges	23	0.2	(1.3)	Derivative financial instruments	0	(3)	Other finance expense	4	-	Turnover

MILLION EURO	2017 Nominal amount	Carrying amount Assets	Carrying amount Liabilities	During the period - 2017: Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in P&L	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from hedging reserve to profit or loss	Amounts reclassified from hedging reserve to cost of inventory	Line item in profit or loss affected by the reclassification
Forward exchange contracts designated as cash flow hedges	130	4.4	(0.8)	Derivative financial instruments	13	2	Sundry other operating income	6	-	Turnover

At December 31, 2018, the Group held following instruments designated as cash flow hedges of its exposure in foreign currency:

2018		Maturity		
IN MILLIONS FOREIGN CURRENCY		1-6 months	6-12 months	More than 1 year
Forward exchange contracts designated as cash flow hedges				
Nominal amounts net	USD	9	-	-
	GBP	-	-	-
	CNY	127	-	-
Average EUR:USD forward contract rate		1,222	-	-
Average EUR:GBP forward contract rate		-	-	-
Average EUR:CNY forward contract rate		8,246	-	-
2017		Maturity		
IN MILLIONS FOREIGN CURRENCY		1-6 months	6-12 months	More than 1 year
Forward exchange contracts designated as cash flow hedges				
Nominal amounts net	USD	42	17	9
	GBP	7	-	-
	CNY	127	255	127
Average EUR:USD forward contract rate		1,107	1,209	1,222
Average EUR:GBP forward contract rate		0,859	-	-
Average EUR:CNY forward contract rate		7,957	8,100	8,246

7.1.5 Sensitivity analysis

A strengthening/weakening of the Euro by 10% against the currencies listed hereafter with all other variables held constant, would have increased (decreased) profit or loss by the amounts shown below. The analysis has been carried out on the budgeted net exposure for the year 2018, net of the use of cash flow hedges.

	Profit or loss			
	2017		**2018**	
MILLION EURO	Strengthening of the Euro by 10%	Weakening of the Euro by 10%	**Strengthening of the Euro by 10%**	**Weakening of the Euro by 10%**
USD and currencies highly related to the USD – HKD – RMB	0.3	(0.3)	**0.5**	**(0.5)**
CAD	1.4	(1.4)	**1.9**	**(1.9)**
GBP	(2.2)	2.2	**(3.7)**	**3.7**
AUD	(2.7)	2.7	**(2.2)**	**2.2**
INR	(4.2)	4.2	**(3.9)**	**3.9**
KRW	(2.9)	2.9	**(3.1)**	**3.1**
CHF	(1.9)	1.9	**(1.9)**	**1.9**
JPY	(2.6)	2.6	**(3.4)**	**3.4**

7.1.6 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.
The Group's exposure to changes in interest rates primarily relates to the Group's net financial debt position, including the FX-swaps and its interest component that economically hedge intercompany loans and deposits. For the most important currencies the following interest rate profile exists at the reporting date:

	2017		**2018**	
	Outstanding amount		**Outstanding amount**	
MILLION EURO	At floating rate	At fixed rate	**At floating rate**	**At fixed rate**
EUR	120	74	**266**	**48**
USD	(98)	-	**(81)**	**-**
GBP	(41)	-	**(39)**	**-**
RMB	(8)	-	**(15)**	**-**
AUD	(9)	-	**(14)**	**-**
JPY	11	-	**9**	**-**
BRL	(5)	-	**-**	**-**
Other	(26)	-	**(30)**	**-**
TOTAL	**(56)**	**74**	**96**	**48**
NET FINANCIAL DEBT	**18**		**144**	

7.1.7 Sensitivity analysis

A change of 100 basis points in interest rates at December 31, 2018 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.
The analysis is performed on the same basis for 2017.

	Profit or loss	
	100 bp increase	100 bp decrease
December 31, 2017		
Net impact	0.6	(0.6)
December 31, 2018		
Net impact	(0.9)	0.9

7.1.8 Commodity price risk

The Group's most important raw material exposures relate to silver and aluminum. The Group's commodity price risk – i.e. the risk that its future cash flows and earnings may vary because of changed material prices – is highly connected with other factors such as the Group's competitive position within an industry, its relationship with customers and suppliers.

In order to prevent negative effects from potential future price rises or price volatility of aluminum, the Group applies for aluminum a strategy of purchasing at spot rates combined with a system of 'Rolling layered forward buying'.

This 'Rolling layered forward buying' model has been set up mainly for increasing the predictability with respect to raw material prices. According to this model, the Group purchases a predefined % of the planned yearly consumption.

The Commodities Steering Committee periodically reviews the commodity purchasing and hedging strategy. Deviations from the predefined 'Rolling layered forward buying' model are possible in which case the Chief Executive Officer takes the final decision.
This 'Rolling layered forward buying' is achieved by means of metal swap agreements. These metal swap agreements are concluded with banks and are designated as 'cash flow hedges', hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum.

These commodity contracts are held for the purpose of the receipt of commodities in accordance with the Group's expected usage requirements. The Group designates the metal swap agreement as hedging the change in the aluminum price LME (hedged item) and applies a hedge ratio of 1:1. By designating only a component of the hedged item, the Group assumes very little ineffectiveness. The Group determines the existence of an economic relationship between the hedged item and the hedging instrument based on the currency, amount and timing of the respective cash flows. The Group assesses whether the derivative designated in the hedging relationship is expected to be and has been effective in offsetting changes in cash flows using regression analysis. In these relationships, the main sources of ineffectiveness are the counterparty risk and the Group's own credit risk on the fair value of the swap contracts which is not reflected in the fair value. Also changes in the timing of the hedged transactions can cause hedge ineffectiveness.

The portion of the gain or loss on the swap contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2018: minus 12 million Euro net of tax, December 31, 2017: 7 million Euro net of tax). During 2018, losses amounting to 18 million Euro have been recognized in 'Other comprehensive income'. During 2017, gains amounting to 22 million Euro have been recognized in 'Other comprehensive income'.
An amount of 4 million Euro has been reclassified from 'Other comprehensive income' (2017: 14 million Euro) and has been included in the initial carrying amount of 'Inventory'. Taxes amounting to 3 million Euro have been recognized in 'Other comprehensive income' (2017: minus 3 million Euro).
The following table summarizes the effect of the cash flow hedges on the financial statements:

MILLION EURO	Carrying amount		During the period - 2018						
	Assets	Liabilities	Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in P&L	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from hedging reserve to profit or loss	Amounts reclassified from hedging reserve to cost of inventory	Line item in profit or loss affected by the reclassification
Metal swap agreements	-	(11)	Derivative financial instruments	(18)	-	-	-	(4)	-

MILLION EURO	Carrying amount		During the period - 2017						
	Assets	Liabilities	Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in P&L	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from hedging reserve to profit or loss	Amounts reclassified from hedging reserve to cost of inventory	Line item in profit or loss affected by the reclassification
Metal swap agreements	10	-	Derivative financial instruments	22	-	-	-	(14)	-

At December 31, 2018 and at December 31, 2017, the Group held following instruments designated as cash flow hedges hedging the exposure to commodity risk:

2018		Maturity		
IN MILLIONS FOREIGN CURRENCY		1-6 months	6-12 months	More than 1 year
Metal swap agreement				
Fair value	USD	(8)	(4)	(1)
Average LME swap rate		2.191	2.135	2.060
2017		Maturity		
IN MILLIONS FOREIGN CURRENCY		1-6 months	6-12 months	More than 1 year
Metal swap agreement				
Fair value	USD	7	3	1
Average LME swap rate		1.939	2.094	2.138

It should also be noted that the Group's management will react on increased raw material prices by mitigating this impact through sales price adaptations and cost efficiency measures amongst other measures, depending on the size of the price increases of the raw materials and considering currency evolutions and the general market circumstances.

7.2 CREDIT RISK

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation and cause the Group to incur a financial loss.
The Group manages exposure to credit risk by working with upfront agreed counterparty credit limits and through diversification of counterparties.
Credit risk arises mainly from the Group's receivables from customers, investments and foreign currency forward contracts.

The exposure to credit risk from customer receivables is monitored on an ongoing basis by the Credit Committee. Credit limits are set for each customer based on its creditworthiness and are reviewed periodically by the Credit Committee. In monitoring the credit risk, customers are grouped in risk categories according to their financial characteristics. It is the Group's policy to cover a portion of the receivables portfolio through credit insurance to cover default risk.

Goods sold are subject to retention of title clauses, so that in event of non-payment the Group may have a secured claim. In normal circumstances, the Group does not require collateral in respect of trade or other receivables.

Transactions involving derivative financial instruments and deposits are to be kept within predefined credit limits set by counterparty based on the Standard & Poor's rating of the related financial institution. To minimize the concentration of counterparty risk, the Group enters into derivative transactions with a number of financial institutions. Investments are only allowed in liquid assets.

7.2.1 Exposure to credit risk

As a result of the Group's broad customer portfolio, there were no significant concentrations of credit risk at December 31, 2018. The maximum exposure is kept within predefined limits.
The carrying amounts of the financial assets, including derivative financial instruments, in the statement of financial position reflect the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date per class of financial asset is as follows:

MILLION EURO	Note	Jan. 1, 2018	**Dec. 31, 2018**
Financial assets at fair value through OCI (formerly available-for-sale financial assets)	16	9	**7**
Financial assets at amortized cost (formerly loans and receivables)	16	2	**2**
Trade receivables	7	433	**436**
Receivables under finance leases	19	85	**92**
Other receivables	20	14	**14**
Derivatives not part of a hedging relationship - assets	7.5	2	**1**
Cash	22	68	**141**
TOTAL		**613**	**693**

At December 31, 2018, the exposure to credit risk for trade receivables by geographic region (invoicing legal entity) was as follows:

MILLION EURO	Jan. 1, 2018	**Dec. 31, 2018**
Europe	223	**232**
NAFTA	81	**72**
Latin America	37	**39**
Asia/Oceania/Africa	92	**93**
TOTAL	**433**	**436**

7.2.2 Expected credit losses

With regard to impairment of trade receivables, lease receivables and contract assets, the Group applies the simplified approach for the impairment evaluation, which implies that credit losses for these categories of assets are always measured at an amount equal to lifetime expected credit losses. Credit losses are measured as the present value of all cash shortfalls – i.e. the difference between the cash flows to which the entity is entitled to and what the entity expects to receive.
The inputs and assumptions to the expected credit loss model are the following: significant financial difficulty of the counterparty, a default of more than 90 days past due, a possible bankruptcy of the counterparty, ...
The evaluation of possible credit-impairment takes into account forward-looking elements. For the major portion of the accounts receivable balances, debtors are scored and rated based on quantitative and qualitative information on an ongoing basis through Credit Risk Application in place. All customers are classified into different risk categories which are reassessed on a yearly basis based on relevant forward-looking information such as data from external credit bureaus, age of business, country risk and the credit manager's assessment. To mitigate the credit risk, credit insurance and other risk mitigation tools such as letter of credit, bank guarantees, mortgage are used within the Group.
This methodology of individually reviewing the largest outstanding receivable amounts takes into account forward-looking information to assess impairment risks has always been used within the Group.
The ageing of trade receivables and receivables under finance lease at the reporting date was:

	2017			**2018**		
MILLION EURO	Gross value	Impairment loss	Net *	**Gross value**	**Impairment loss**	**Net**
Trade receivables						
Not past due	465	(3)	462	**384**	**(1)**	**383**
Past due 0 – 30 days	28	(1)	27	**31**	**(4)**	**27**
Past due 31 – 90 days	15	-	15	**20**	**(2)**	**18**
Past due 91 – 180 days	64	(51)	13	**4**	**(2)**	**2**
Past due 181 – 360 days	**	**	**	**10**	**(9)**	**1**
Past due more than 360 days	**	**	**	**38**	**(34)**	**4**
TOTAL TRADE RECEIVABLES	**572**	**(55)**	**517**	**487**	**(52)**	**435**
Receivables under finance leases						
Not past due	82	(1)	81	**89**	**-**	**89**
Past due 0 – 30 days	1	-	1	**2**	**-**	**2**
Past due 31 – 90 days	1	-	1	**1**	**-**	**1**
Past due 91 – 180 days	2	-	2	**-**	**-**	**-**
Past due 181 – 360 days	**	**	**	**1**	**(1)**	**-**
Past due more than 360 days	**	**	**	**-**	**-**	**-**
TOTAL RECEIVABLES UNDER FINANCE LEASES	**86**	**(1)**	**85**	**93**	**(1)**	**92**

* The balance of trade receivables comprised per December 31, 2017 contract assets amounting to 84 million euro which have been reclassed out of the trade receivables balance and are now presented separately on the face of the balance sheet. These contract assets were included in the 'not past due' section of this ageing analysis in 2017.
** With the introduction of the new requirements of IFRS 9 as from 2018, we have elaborated the ageing analysis of trade and lease receivables. Comparitive information has not been restated.

Past due amounts more than 360 days mainly arise in Belgium and are mainly caused by commercial disputes. These overdues are for the major part written down. Overdues by region are very closely monitored case by case by the Credit Committees within the Group. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behavior and extensive analysis of customer credit risk.
The following table provides information about the exposure to credit risk for trade receivables from individual customers at December 31, 2018:

MILLION EURO	Weighted average loss rate	Gross carrying amount	**Loss allowance**
Not past due	0.26%	384	**(1)**
Past due 0 – 30 days	12.90%	31	**(4)**
Past due 31 – 90 days	10%	20	**(2)**
Past due 91 – 180 days	50%	4	**(2)**
Past due more than 180 days	90%	48	**(43)**

The movement in the allowance for impairment in respect of trade, lease receivables and contract assets during the year is shown in the following table. The loss amount is measured at an amount equal to lifetime expected credit losses as from January 1, 2018.

MILLION EURO	2017		**2018**	
	Impairment losses on trade and lease receivables	Impairment losses on contract assets	Impairment losses on trade and lease receivables	Impairment losses on contract assets
Balance at January 1	**65**	**-**	**56**	**-**
Additions/reversals charges to profit or loss	2	-	**4**	**1**
Deductions from allowance [1]	(10)	-	**(7)**	**-**
Exchange differences	(1)	-	**-**	**-**
Balance at December 31	**56**	**-**	**53**	**1**

(1) Write-offs for which an allowance was previously recorded.

7.3 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulties in meeting commitments related to financial liabilities when they fall due.
The Group ensures that it has sufficient liquidity to meet its liabilities. Liquidity risk is managed by maintaining a sufficient degree of diversification of funding sources.
The Group has a policy in place to limit concentrations related to liquidity risk.
The total share of gross drawn term debt and all undrawn committed facilities provided by one bank or bank group should not exceed predetermined limits. Risk concentrations are monitored on an ongoing basis by the Treasury Committee.
In managing its liquidity risk the Group has a revolving credit facility it can access to meet its liquidity needs. In the course of 2015, this credit facility was renegociated.
The notional amount of this renewed credit facility amounts to 400 million Euro with maturity date July 17, 2021. Drawdowns under these lines are committed for shorter periods but banks are committed to make the facility amount available until maturity date. At December 2018, drawdowns under these lines amounted to 220 million Euro.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments based on conditions existing at the reporting date, i.e. exchange rates and interest rates. With regard to derivatives, the maturity analysis comprises liabilities arising from derivatives and all gross settled forward exchange contracts. The contractual cash flows for forward exchange contracts are determined using forward rates.

2017

MILLION EURO	Carrying amount	Contractual cash flows				
		TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	42	**46**	-	2	44	-
Revolving credit facility (1)	(1)	**-**	-	-	-	-
EIB loan	32	**33**	14	13	6	-
Other loans	13	**13**	8	5	-	-
Trade payables	224	**224**	220		4	-
Other payables	12	**12**	12		-	-
Derivative financial liabilities						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	**(128)**	(36)	(69)	(23)	-
Inflow	4	**131**	39	69	23	-
Other forward exchange contracts:						
Outflow	(1)	**(222)**	(210)	(12)	-	-
Inflow	1	**222**	209	13	-	-

(1) At December 31, 2017, there were no drawdowns under the revolving credit facility. Transaction costs (1 million Euro) are presented as a reduction of the carrying amount of the financial liability.

2018

MILLION EURO	Carrying amount	Contractual cash flows				
		TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	42	**44**	-	44	-	-
Revolving credit facility (1)	219	**220**	220	-	-	-
EIB loan	6	**6**	6	-	-	-
Other loans	18	**18**	13	5	-	-
Trade payables	219	**219**	217		2	-
Other payables	8	**8**	8		-	-
Derivative financial liabilities						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	**(24)**	(24)	-	-	-
Inflow	-	**23**	23	-	-	-
Other forward exchange contracts:						
Outflow	(1)	**(203)**	(196)	(7)	-	-
Inflow	1	**203**	196	7	-	-
Swap contracts designated as cash flow hedges:						
Outflow	(11)	**(11)**	(2)	(8)	(1)	-
Inflow	-	**-**	-	-	-	-

(1) Transaction costs (1 million Euro) are presented as a reduction of the carrying amount of the financial liability.

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and impact the profit or loss with the fair value of the related hedging instruments.

2017

MILLION EURO	Fair value	TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
		Expected cash flows				
Derivative financial instruments designated as cash flow hedges						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	**(128)**	(36)	(69)	(23)	-
Inflow	4	**131**	39	69	23	-
Swap contracts designated as cash flow hedges:						
Outflow	-	**-**	-	-	-	-
Inflow	10	**10**	2	8	-	-

2018

MILLION EURO	Fair value	TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
		Expected cash flows				
Derivative financial instruments designated as cash flow hedges						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	**(24)**	(24)	-	-	-
Inflow	-	**23**	23	-	-	-
Swap contracts designated as cash flow hedges:						
Outflow	(11)	**(11)**	(2)	(8)	(1)	-
Inflow	-	**-**	-	-	-	-

7.4 CAPITAL MANAGEMENT

The Executive Management seeks to maintain a balance between the components of the shareholders' equity and the net financial debt at an agreed level. Net financial debt is defined as current and non-current loans and borrowings less cash and cash equivalents. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements, with the exception of the statutory minimum equity funding requirements that apply to its subsidiaries in the different countries. In previous years, the Group purchased its own shares in the market. These shares are intended to be used for issuing shares under future option plans that the Group would issue. The Group does not have a defined share buy-back plan.

7.5 ACCOUNTING CLASSIFICATION AND FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
All derivative financial instruments are recognized at fair value in the statement of financial position.
The Group aggregates its financial instruments into classes based on their nature and characteristics.
The following table shows the carrying amounts and fair values of financial assets and liabilities by category and a reconciliation of the corresponding line items in the statement of financial position. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2017

MILLION EURO	Note	Financial assets/liabilities: Measured at Fair value: Held for trading	Fair value - hedging instruments	Designated at fair value through profit or loss	Available-for-sale	Measured at Amortized cost: Held-to-maturity	Loans and receivables and financial liabilities	Carrying amount in the statement of financial position	Fair value
Fair value hierarchy		**(2)**	**(2)**	**(2)**	**(1)**				
Assets									
Financial assets	16	-	-	-	9	-	2	11	11
Trade receivables	7	-	-	-	-	-	517	517 [(a)]	
Receivables under finance lease	19	-	-	-	-	-	85	85 [(a)]	
Other receivables	20	-	-	-	-	-	14	14 [(a)]	
Derivative financial instruments:									
Forward exchange contracts used for hedging		-	4	-	-	-	-	4	4
Swap contracts used for hedging		-	10	-	-	-	-	10	10
Other forward exchange contracts		1	-	-	-	-	-	1	1
Other swap contracts		1	-	-	-	-	-	1	1
Cash and cash equivalents	22	-	-	-	-	-	68	68	68
TOTAL ASSETS		**2**	**14**	**-**	**9**	**-**	**686**	**711**	
Liabilities									
Loans and borrowings	26								
EIB loan		-	-	-	-	-	32	32	33
Other bank liabilities		-	-	-	-	-	12	12 [(b)]	13
Debenture		-	-	-	-	-	42	42	44
Trade payables	7	-	-	-	-	-	224	224 [(a)]	
Other payables	29	-	-	-	-	-	12	12 [(a)]	
Derivative financial instruments:									
Forward exchange contracts used for hedging		-	1	-	-	-	-	1	1
Other forward exchange contracts		1	-	-	-	-	-	1	1
TOTAL LIABILITIES		**1**	**1**	**-**	**-**	**-**	**322**	**324**	

Fair value hierarchy :
(1) Fair value hierarchy 1 means that the fair value is determined based on quoted prices in active markets.
(2) Fair value hierarchy 2 means that fair value is determined based on inputs other than quoted prices that are observable for that related asset or liability.
(3) Fair value hiererchy 3 means that fair value is determined based on inputs that are not based on observable market data.

(a) The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade payables and other payables as these assets and liabilities are mainly short-term receivables and payables for which the carrying amount is an approximation of fair value.
(b) Transaction costs are included in the initial measurement of the financial liability (1 million euro).

Deferred contingent consideration related to business combinations 2017 amounted to 3 million Euro and is comprized in Other current liabilities (Note 30).

2018

MILLION EURO	Note	Financial assets/liabilities: Fair value - hedging instruments	Mandatorily at Fair value through P&L	Fair value through OCI - Equity instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying amount in the statement of financial position	Fair value
Fair value hierarchy		**(2)**	**(2)**	**(1)**		**(1) (2)**		
Assets								
Other financial assets	16	-	-	7	2	-	9	9
Trade receivables	7	-	-	-	436	-	436 (a)	
Receivables under finance lease	19	-	-	-	92	-	92 (a)	
Other receivables	20	-	-	-	14	-	14 (a)	
Derivative financial instruments:								
Other forward exchange contracts		-	1	-	-	-	1	1
Cash and cash equivalents	22	-	-	-	141	-	141	141
TOTAL ASSETS		**-**	**1**	**7**	**685**	**-**	**693**	
Liabilities								
Loans and borrowings	26							
Revolving credit facility		-	-	-	-	219	219	220 (b)
EIB loan		-	-	-	-	6	6	6
Other bank liabilities		-	-	-	-	18	18	18
Debenture		-	-	-	-	42	42	43
Trade payables		-	-	-	-	219	219 (a)	
Other payables	29	-	-	-	-	8	8 (a)	
Derivative financial instruments:								
Forward exchange contracts used for hedging		1	-	-	-	-	1	1
Swap contracts used for hedging		11	-	-	-	-	11	11
Other forward exchange contracts		-	1	-	-	-	1	1
TOTAL LIABILITIES		**12**	**1**	**-**	**-**	**512**	**525**	

Fair value hierarchy :
(1) Fair value hierarchy 1 means that the fair value is determined based on quoted prices in active markets.
(2) Fair value hierarchy 2 means that fair value is determined based on inputs other than quoted prices that are observable for that related asset or liability.
(3) Fair value hierercby 3 means that fair value is determined based on inputs that are not based on observable market data.

(a) The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade payables and other payables as these assets and liabilities are mainly short-term receivables and payables for which the carrying amount is an approximation of fair value.
(b) Transaction costs are included in the initial measurement of the financial liability (1 million euro).

Deferred contingent consideration related to business combinations 2018/2017 amounted to 8 million Euro and is comprized in Other current liabilities (Note 30).

7.5.1 Basis for determining fair values

Significant methods and assumptions used in estimating the fair values of financial instruments are as follows.

The fair value of investments in equity securities is determined by reference to their quoted market price at the reporting date.

The fair value of forward exchange contracts and swap contracts is valued using observable forward exchange rates and yield curve data at reporting date. The fair value of swap agreements is calculated as the present value of the estimated future cash flows based on quoted swap rates.

The fair value of trade and other receivables and trade and other payables is not disclosed as it mainly relates to short-term receivables and payables for which their carrying amount is a reasonable approximation of fair value. The fair value of lease receivables is based on the present value of future minimum lease receivables discounted at a market rate of interest for similar assets.

The fair value of financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at market rates of interest at the reporting date. The fair value of the debenture is the quoted market price at the reporting date (level 1). The fair value of the EIB loan is calculated based on observable data of liability (level 2).

The fair value for the current bank liabilities approximates nominal amounts excluding transaction costs, as drawdowns are made for short periods.

7.6 ITEMS OF INCOME, EXPENSE, GAINS AND LOSSES ON FINANCIAL INSTRUMENTS RECOGNIZED IN PROFIT OR LOSS

	2017					
MILLION EURO	Loans and receivables	Held-to-maturity investments	Available-for-sale financial assets	Derivatives	Financial liabilities carried at amortized cost	**TOTAL**
Interest income	1	-	-	3	-	**4**
Interest expense	-	-	-	(6)	(8)	**(14)**
Finance lease income	6	-	-	-	-	**6**
Impairment charges	(5)	-	-	-	-	**(5)**
Income from reversal of impairment losses	3	-	-	-	-	**3**
Change in fair value of financial instruments not part of a hedging relationship	-	-	-	5	-	**5**
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	-	-	2	-	**2**

	2018			
MILLION EURO	Financial assets at amortized cost	Derivatives	Financial liabilities carried at amortized cost	**TOTAL**
Interest income	-	3	2	**5**
Interest expense	-	(3)	(10)	**(13)**
Finance lease income	6	-	-	**6**
Impairment charges	(11)	-	-	**(11)**
Income from reversal of impairment losses	6	-	-	**6**
Change in fair value of financial instruments not part of a hedging relationship	-	8	-	**8**
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	(3)	-	**(3)**

8. INFORMATION ON THE NATURE OF EXPENSES

In 2018, the Group applied a new reporting data model providing more relevant information on the nature of expenses. As a consequence, comparative information for 2017 was restated.

The following table gives an overview of the major expenses/income (incl. subject to restructurig) of the Group's operating result classified by nature:

MILLION EURO	Note	2017 restated	2018
Revenue		**2,443**	**2,247**
Cost of raw materials, goods purchased for resale and production related costs (including changes in inventories)		(910)	**(810)**
Cost of services and other goods		(464)	**(467)**
Personnel expenses	25	(852)	**(819)**
Amortization & depreciation	14/15	(53)	**(54)**
Impairment losses on goodwill, intangible assets and PP&E (incl. subject to restructuring)		(3)	**(6)**
Write-downs/write-offs on inventories (incl. write-downs subject to restructuring)	17	(16)	**(23)**
Impairment losses on receivables		(2)	**(5)**
Changes in provisions (excl. restructuring)		(4)	**(5)**
Restructuring expenses	11	(14)	**(28)**
Other tax expenses		(22)	**(21)**
Other expenses		(52)	**(44)**
Other tax income		4	**1**
R&D tax credits		6	**12**
Interest income from leasing activities		3	**3**
Capitalized expenses (projects, assets under construction)		7	**9**
Gain on the sale of intangible assets and PP&E		1	**3**
Other income		66	**66**
Operating result		**138**	**59**

Cost of raw materials, goods purchased for resale and production related costs cover all costs incurred to purchase raw materials, goods purchased for resale, spare parts, changes in inventory and all costs that have a clear link to production such as costs for re-cutting and refurbishing, to the extent reflected in the cost of sales as comprised in profit or loss for the year.

Cost of services and other goods mainly cover:

- the external preliminary work for the processing or manufacturing of products and projects on behalf of the Company,
- transport, freight, duties, storage and handling expenses,
- utilities and energy expenses,
- travel and entertainment,
- expenses from leasing activities.

Personnel expenses in 2018 amounted to 819 million Euro compared to 852 million Euro in 2017 (see also Note 25.1)

Personnel expense comprises:

- payroll related expenses: wages and salaries and social security contributions;
- expenses for retirement benefits;
- accrued expenses for personnel expenses (such as annual vacation and annual variable payments);
- other personnel expenses (such as temporary staff, training, recruitment and outplacement).

Personnel related restructuring expenses are reported as restructuring expenses.

The average number of employees in full-time equivalent heads for 2018 amounted to 10,018 (2017: 10,086). Classified per corporate function, this average comprising permanent and temporary contracts can be presented as follows:

Average number of employees in equivalent heads	2017	2018
Manufacturing/Engineering	2,924	**2,900**
Research & Development	1,406	**1,413**
Sales & Marketing/Service	4,119	**4,089**
Administration	1,637	**1,616**
TOTAL	**10,086**	**10,018**

9. REVENUE

MILLION EURO	2017	2018
Revenue from contracts with customers	2,437	2,243
Revenue from other sources: Cash flow hedges	6	4
TOTAL REVENUE	**2,443**	**2,247**

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized in retained earnings at the date of initial application, i.e. January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented. At January 1, 2018, no effect was recognized in retained earnings. More information is provided in Note 2.1 of the annual consolidated financial statements of the Group at December 31, 2018.

9.1 NATURE OF GOODS AND SERVICES

The Group generates revenue from the sale of goods, the rendering of services and offers multiple-element arrangements to customers.

Revenue from the sale of goods includes the sale of consumables, chemicals, spare parts, stand-alone equipment sales and software licenses. Revenue from the sale of goods is recognized when the customer obtains control of the goods and when it is probable that the agreed transaction price will be collected. In evaluating whether collectability is probable, the entity considers the customer’s ability and intention to pay that amount when it is due.

Revenue from the rendering of services includes installation services, maintenance and post-contract support services. Under the revised standard IFRS 15, as the customer simultaneously receives and consumes the benefits related to these services, the revenue from rendering of services is recognized over time. In case the Group sells multiple services, the total consideration in service contracts will be allocated to all services based on their stand-alone selling price. The stand-alone selling price will be determined based on the list prices at which the Group sells the services in separate transactions.

The Group moreover enters into multiple-element arrangements with customers whereby several deliverables such as software, licenses, hardware, services and maintenance are combined and offered to the customer. Under the new IFRS 15, the Group has assessed whether these deliverables qualify as separate performance obligations, based on the criteria of separate identifiability and whether or not the customer can benefit from goods or services on its own or with resources readily available to him. The Group concluded that for arrangements not requiring substantive customization of the software, these criteria were met and that the identified performance obligations correspond to the separate units of accounting that are currently used by the Group in its previous revenue recognition.

Within the HealthCare business segment, the vast majority of the arrangements do not require significant customization of modification. Within the Graphics business segment, equipment sales that require substantive installation activities are currently recognized when the installation of the equipment is finalized in accordance with the contractually agreed specifications. Under the new IFRS 15, installation services and equipment are considered highly interrelated and are identified as one performance obligation that will be recognized at a point in time, i.e. at installation at the client's premises.

9.2 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The disaggregation of revenue from contracts with customers (by reporting entity) at December 31, 2018, as required by IFRS 15, can be presented as follows:

MILLION EURO	Agfa Graphics	Agfa HealthCare	Agfa Specialty Products
Geographical region			
Europe	495	542	83
NAFTA	264	216	50
Latin America	71	69	-
Asia/Oceania/Africa	219	177	61
Total revenue by geographical region	**1,049**	**1,004**	**194**
Revenue by nature			
Revenue from the sale of goods	970	554	194
Revenue from the sale of services	79	450	-
Timing of recognition			
Revenue recognized at a point in time	970	554	194
Revenue recognized over time	79	450	-

Transaction prices allocated to unsatisfied performance obligations are not disclosed as the contracts have in general original expected durations of one year or less.

9.3 TRADE RECEIVABLES AND CONTRACT BALANCES

The Group has recognized following revenue-related receivables, contract assets and contract liabilities:

MILLION EURO	January 1, 2018	**December 31, 2018**
Trade receivables	**433**	**436**
Contract assets		
Assets recognized for costs to fulfill contracts	21	31
Goods/services transferred before payment is due	84	74
Contract liabilities		
Advance invoices	116	125
Advance payments received from customers	12	27
Expected volume discounts - rebates	17	14

Contract assets primarily relate to the Group's rights to consideration for work performed for which the Group is contractual entitled to bill at a later stage.
Contract assets are transferred to receivables when the right to payment becomes unconditional.
Assets recognized for costs to fulfill contracts comprise all costs that are directly related to a contract such as direct labour, direct materials (WIP balances) and costs that are explicitely chargeable to a customer under the contract.
The Group does not capitalize costs to obtain a contract because the amortization period of this asset that the Group would have recognized is less than one year.

9.4 EVOLUTION OF CONTRACT BALANCES

Following table shows how much of the revenue recognized in the current period relates to the carry forward of contract balances and how much relates to performance obligations that were satisfied in a prior period:

MILLION EURO	Contract assets	Contract liabilities
Opening balance of contract balances	**105**	**145**
Revenue recognized that was included in the contract liability at the beginning of the period	-	(145)
Revenue recognized from performance obligations satisfied in previous periods	-	-
Advance billings to customers during the year	-	327
Advance payments received from customers during the year	-	44
Deferred revenue recognized during the period	-	(199)
Contract assets recognized during the period	310	-
Transfer from contract assets to receivables	(246)	-
Impairment of contract assets	(1)	-
Contract assets (work in progress) released in costs during the period	(67)	-
Change in volume discounts/rebates	-	(2)
Reclasses	4	(4)
Closing balance of contract balances	**105**	**166**

10. OTHER OPERATING INCOME

MILLION EURO	2017	**2018**
Exchange gains and changes in fair value of derivatives	42	**7**
Recharge to customer	8	**6**
Reversal of unutilized provisions recognized in previous years	1	**3**
Strategic alliance for UV digital packaging inks between Siegwerk Druckfarben AG&Co. KGaA and Agfa NV	-	**21**
Finance lease income	6	**6**
Gains on the sale of property, plant & equipment	1	**2**
Sundry operating income	10	**11**
TOTAL	**68**	**56**

Income from recharge to customers mainly reflects the recharge of freight and research and development expenses.

Finance lease income mainly comprises interest income and income from the sale of receivables under finance lease.

In the course of 2018, Agfa NV signed a contract with Siegwerk Druckfarben AG & Co. KGaA, one of the leading international suppliers of printing inks for packaging applications and labels. The contract includes a business transfer from Agfa NV to Siegwerk of a selected OEM customer list, access to know-how, intellectual property and services in the domain of UV curable digital inkjet inks for the single pass packaging and labels industry. The contract resulted in other operating income amounting to 21 million Euro.

11. OTHER OPERATING EXPENSES

MILLION EURO	2017	**2018**
Exchange losses and changes in fair value of derivatives	43	**8**
Restructuring expenses	14	**28**
Impairment losses on goodwill, intangible assets and PP&E	3	**6**
Losses on the sale of intangible assets and PP&E	1	**1**
Provisions and bank charges	8	**3**
Sundry other operating expenses	24	**27**
TOTAL	**93**	**73**

In 2018, the Group has recorded restructuring expenses amounting to 28 million Euro (2017: 14 million Euro) that mainly relates to employee related termination costs and to the closure of the factory in Branchburg (US). In addition, 1 million Euro write-down on inventories has also been recognized as restructuring but presented as part of cost of sales.

In 2017, the Group has recorded restructuring expenses of 14 million Euro that mainly relate to employee related termination costs. In addition 3 million Euro impairment losses on goodwill also related to restructuring.

12. NET FINANCE COSTS

MILLION EURO	2017	2018
Interest income		
on bank deposits	1	2
TOTAL INTEREST INCOME	**1**	**2**
Interest expense on financial liabilities measured at amortized cost		
on bank loans	(6)	(8)
on debentures	(2)	(2)
TOTAL INTEREST EXPENSE	**(8)**	**(10)**
Other finance income		
Exchange gains on non-operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	4	1
Interest income on derivatives not part of a hedging relationship	3	3
Interest income on trade and other receivables	1	-
Other	2	1
TOTAL OTHER FINANCE INCOME	**10**	**5**
Other finance expense		
Net periodic pension cost treated as other finance income (expense) and interest portion on other interest-bearing provisions (1)	(25)	(24)
Exchange losses on non-operating activities net of change in fair value of derivative financial instruments not part of a hedging relationship	(6)	(2)
Interest expense on derivatives not part of a hedging relationship	-	(3)
Interest expense on cash flow hedges	(6)	(3)
Interest expense on other receivables	-	(1)
Other	(5)	(3)
TOTAL OTHER FINANCE EXPENSE	**(42)**	**(36)**
NET FINANCE COSTS	**(39)**	**(39)** (2)

(1) The interest portion of other interest-bearing provisions primarily comprises the allocation of interest on provisions for pre-retirement.
(2) The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss.

Total interest income on financial assets	1	2
Total interest expense on financial liabilities	(8)	(10)

13. INCOME TAXES

The breakdown of the income tax expenses by origin is as follows:

MILLION EURO	2017	2018
Taxes paid or accrued	27	32
Related to this year	27	40
Related to prior years	-	(7)
Deferred tax expense (income)	26	1
From temporary differences	9	(1)
From tax loss carryforwards and tax credits	17	3
Income tax expense	**53**	**34**

The current tax income related to prior years is mainly related to the reversal of a provision for tax audits.

Deferred tax expense amounted to 1 million Euro versus 26 million Euro in the previous year. The evolution is mainly explained by a one-off deferred tax expense of 25 million Euro previous year following changes in tax regulation in Belgium and the US.

Further information on the major components of tax expense (income) is provided in the table reflecting the reconciliation between the theoretical tax rate and the effective tax rate in Note 13.3.4.

13.1 CURRENT INCOME TAX ASSETS AND LIABILITIES

Current income tax assets amount to 71 million Euro (2017: 63 million Euro) and current income tax liabilities amount to 47 million Euro (2017: 53 million Euro).

Current income tax for current and prior periods are, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The Group is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretations of complex tax regulations in the respective countries. The Group establishes accruals for anticipated tax audit issues based on reasonable estimates of whether additional taxes will be due, considering various factors such as experience with previous tax audits and differing legal interpretations by the taxable entity and the responsible tax authority. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors as explained above.

Current income tax assets are offset against current income tax liabilities when they relate to taxes levied by the same taxation authority and are intended to be settled on a net basis.

13.2 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry-forward of unused tax losses and the carry-forward of unused tax credits.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets and liabilities are attributable to the following items:

MILLION EURO	December 31, 2017			**December 31, 2018**		
	Assets	Liabilities	Net	**Assets**	**Liabilities**	**Net**
Intangible assets and goodwill	37	21	16	31	26	4
Property, plant and equipment	8	12	(4)	8	11	(3)
Investments in associates and non-current financial assets	-	-	-	-	3	(3)
Inventories	19	3	16	22	1	21
Receivables	3	2	1	-	-	-
Provisions and liabilities for post-employment benefits	32	2	30	38	1	37
Other current assets and other liabilities	(1)	5	(6)	-	1	(1)
Deferred tax assets and liabilities related to temporary differences	**98**	**45**	**53**	**98**	**42**	**55**
Tax loss carry-forwards	37	-	37	35	-	35
Excess tax credits	4	-	4	2	-	2
Deferred tax assets/liabilities	**139**	**45**	**94**	**135**	**42**	**92**
Set off of tax	(24)	(24)	-	(20)	(20)	-
Net deferred tax assets/liabilities	**115**	**21**	**94**	**114**	**22**	**92**

The movement in temporary differences during 2017-2018 is disclosed in Note 13.4.

Deferred tax assets are recognized where it is sufficiently probable that taxable income will be available in the future to enable the deductible temporary differences, tax loss carry forwards and tax credits to be utilized.

The Group's management regularly assesses the recoverability of its deferred tax assets, mainly based on the long-term business plans for the operating segments Agfa Graphics and Agfa HealthCare and considering historical profitability and projected future taxable income of the individual consolidated entities that are involved. Other parameters such as the expected timing of the reversals of existing temporary differences and tax planning strategies are considered as well in this assessment. Material changes to business plans and/or business (goods and services) flows impacting the taxable profit or loss of certain entities of the Group may influence the realization of deferred tax assets. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate reversing certain deferred tax assets resulting in an increase of the Group's effective tax rate.

Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority.

Deferred tax assets have not been recognized in respect of 'tax loss carry-forwards', 'tax credits' and 'temporary differences' for the amounts stated hereafter because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from:

- tax loss carry-forwards: 215 million Euro (2017: 189 million Euro);
- tax credits: 18 million Euro (2017: 31 million Euro);
- temporary differences: 186 million Euro (2017: 205 million Euro).

The remeasurements of the net defined benefit liability (IAS 19R) has a significant effect on the unrecognized deferred tax assets in respect of temporary differences.
The impact is situated in entities of the Group for which the Group's management estimated that it is not sufficiently probable that the related tax benefit would be realized.

The unrecognized deferred tax assets related to the impact of the 2011 amendment of IAS 19 and the subsequent remeasurements of the net defined liability amount to 127 million Euro and would impact OCI when recognized.

The deferred tax asset impact on unused temporary differences, tax losses and tax credits expires as follows:

MILLION EURO	Temporary differences	Tax losses	Tax credits	**TOTAL**
Expiry in:				
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
after	-	13	-	**13**
No expiry	186	201	18	**405**
TOTAL	**186**	**215**	**18**	**419**

13.3 RELATIONSHIP BETWEEN INCOME TAX EXPENSE AND PROFIT (LOSS) BEFORE INCOME TAXES

13.3.1 Summary 2017

MILLION EURO	
Profit (loss) before income taxes	99
Income tax expense	53
Tax rate	**53.53%**

During 2017, compared to the previous accounting period, there were significant changes in the applicable tax rates for Belgium and the United States which materially impacted the income tax expense (income).

13.3.2 Reconciliation of effective tax rate

MILLION EURO	
Profit (loss) before income taxes	99
Theoretical income tax expense (income)	32
Theoretical tax rate (1)	**32.32%**
Disallowed items	8
Impact of tax credits and other deductions from tax basis	(6)
Tax losses of the year for which no deferred tax asset has been recorded	17
Tax losses used this year for which no deferred tax asset was recorded	(1)
Tax income recorded on losses of previous years	(1)
Tax expense due to increase in deductible temporary differences for which no different tax asset was recorded	7
Tax income due to reversal of deductible temporary differences for which no deferred tax asset was recorded	(34)
Witholding taxes	4
Impact of adjustment in deferred tax rates	25
Other	2
Income tax expense	**53**
Effective tax rate	**53.53%**

(1) The theoretical tax rate is the weighted average tax rate of the Company and all subsidiaries included in the consolidation

13.3.3 Summary 2018

MILLION EURO	
Profit (loss) before income taxes	19
Income tax expense	34
Tax rate	**181.07%**

13.3.4 Reconciliation of effective tax rate

MILLION EURO	
Profit (loss) before income taxes	19
Theoretical income tax expense (income)	5
Theoretical tax rate [1]	**27,49%**
Disallowed items	12
Impact of tax credits and other deduction from tax basis	(9)
Tax losses of the year for which no deferred tax asset has been recorded	47
Tax losses used this year for which no deferred tax asset was recorded	(1)
Tax income due to reversal of deductible temporary differences for which no deferred tax asset was recorded	(20)
Witholding taxes	1
Other	(2)
Income tax expense	**34**
Effective tax rate	**181.07%**

(1) The theoretical tax rate is the weighted average tax rate of the Company and all subsidiaries included in the consolidation.

13.4 MOVEMENT IN TEMPORARY DIFFERENCES DURING 2017-2018

MILLION EURO	December 31, 2016	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	December 31, 2017	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	**December 31, 2018**
Intangible assets and goodwill	28	-	(12)	-	-	16	(6)	(6)	-	-	4
Property, plant and equipment	(7)	-	3	-	-	(4)	-	1	-	-	(3)
Investments in associates and non-current financial assets	-	-	-	-	-	-	-	(3)	-	-	(3)
Inventories	17	-	-	-	(1)	16	-	5	-	-	21
Receivables	1	-	-	-	-	1	-	(1)	-	-	-
Provisions and liabilities for post-employment benefits	33	-	-	(2)	(1)	30	-	7	-	-	37
Other current assets and other liabilities	-	-	-	(4)	(2)	(6)	-	(1)	5	-	(1)
Deferred tax assets and liabilities related to temporary differences	**72**	**-**	**(9)**	**(6)**	**(4)**	**53**	**(6)**	**1**	**5**	**-**	**55**
Tax loss carry-forwards	55	-	(18)	-	-	37	-	(2)	-	-	35
Excess tax credits	3	-	1	-	-	4	-	(1)	-	-	2
Deferred tax assets/liabilities	**130**	**-**	**(26)**	**(6)**	**(4)**	**94**	**(6)**	**(1)**	**5**	**-**	**92**

The deferred tax asset on provisions and liabilities for post-employment benefits which is recognized in other comprehensive income is related to the remeasurements of the net defined benefit liability (IAS 19R).

14. INTANGIBLE ASSETS AND GOODWILL

		Intangible assets								
		Indefinite useful lives	Finite useful lives							
MILLION EURO	Goodwill	Trademarks	Capitalized development costs	Technology	Contractual customer relationships	Trademarks	Management information systems	Industrial property rights and other licences	Advance payments to acquire intangible assets	TOTAL
Cost at December 31, 2016	**636**	**17**	**42**	**215**	**119**	**14**	**123**	**62**	**-**	**1,228**
Exchange differences	(28)	-	-	(2)	(3)	-	(6)	(1)	-	(40)
Business combinations	2	-	1	3	-	-	-	-	-	6
Capital expenditure	-	-	-	-	-	-	1	3	-	4
Cash relevant disposals and retirements	-	-	-	-	-	-	-	(3)	-	(3)
Reclasses	-	-	-	-	-	-	3	(2)	-	1
Cost at December 31, 2017	**610**	**17**	**43**	**216**	**116**	**14**	**121**	**59**	**-**	**1,196**
Exchange differences	2	-	-	(1)	(1)	-	2	1	-	4
Business combinations	12	-	-	2	21	1	-	-	-	36
CHP certificates and emission rights (non-cash)	-	-	-	-	-	-	-	2	-	2
Cash relevant additions	-	-	-	-	-	-	-	2	-	2
Cash relevant disposals and retirements	-	-	-	-	(3)	-	-	(3)	-	(7)
Construction in progress put into use	-	-	-	-	-	-	1	1	-	1
Reclasses	-	-	-	-	-	-	1	(1)	-	-
Cost at December 31, 2018	**624**	**17**	**43**	**217**	**134**	**14**	**124**	**61**	**-**	**1,234**
Accumulated amortization and impairment losses December 31, 2016	**103**	**4**	**42**	**182**	**91**	**11**	**119**	**55**	**-**	**607**
Exchange differences	(5)	-	-	(1)	(3)	-	(6)	-	-	(15)
Business combinations	-	-	1	-	-	-	-	-	-	1
Amortization during the year	-	-	-	4	4	1	3	2	-	14
Impairment loss during the year	3	-	-	-	-	-	-	-	-	3
Cash relevant disposals and retirements	-	-	-	-	-	-	(1)	(1)	-	(2)
Reclasses	-	-	-	-	-	-	1	(2)	-	(1)
Accumulated amortization and impairment losses December 31, 2017	**101**	**4**	**43**	**185**	**92**	**12**	**116**	**54**	**-**	**607**
Exchange differences	-	-	-	(1)	-	-	2	1	-	2
Business combinations	-	-	-	-	-	-	-	-	-	-
Amortization during the year	-	-	-	5	5	1	2	2	-	16
Impairment loss during the year	1	-	-	-	-	-	-	-	-	1
Cash relevant disposals and retirements	-	-	-	-	(2)	-	-	(3)	-	(5)
Reclasses	-	-	-	-	-	-	(2)	2	-	(1)
Accumulated amortization and impairment losses December 31, 2018	**101**	**4**	**43**	**188**	**96**	**12**	**119**	**55**	**-**	**619**
Carrying amount December 31, 2016	**533**	**13**	**-**	**33**	**28**	**3**	**4**	**7**	**-**	**621**
Carrying amount December 31, 2017	**509**	**13**	**-**	**31**	**24**	**2**	**5**	**5**	**-**	**589**
Carrying amount December 31, 2018	**523**	**13**	**-**	**29**	**38**	**2**	**5**	**6**	**-**	**615**

In 2018, the capital expenditures for intangible assets amount to 2 million Euro (2017: 4 million Euro). Cash outflows for additions to intangible assets amount to 2 million Euro (2017: 3 million Euro) in the consolidated statement of cash flows. The difference of 1 million Euro for 2017 relates to attributed Combined Heat and Power (CHP) certificates and emission rights which did not result in a cash outflow.

In the course of 2018, as part of the restructuring plan related to the closure of the Branchburg plant in the US in the Graphics business segment, individual impairment losses on goodwill have been booked amounting to 1 million Euro.

In the course of 2017, as part of the restructuring plan related to stop certain reseller activities in the US in the Graphics business segment, individual impairment losses on goodwill have been booked amounting to 3 million Euro.

At year-end 2018 and 2017, the Group has tested its goodwill and intangible assets with indefinite useful lives for impairment. It relates to trademarks with indefinite useful life that are fully attributed to the operating segment Agfa HealthCare. In addition, the Group assessed whether there was an indication of impairment for intangible assets with finite useful lives. These tests did not result in the recording of any impairment loss.

The Group's management has reviewed the appropriateness of the useful lives of its major intangible assets at year-end 2018. This review has not resulted in revised amortization periods. More information on the underlying assumptions of the useful lives is provided in section 14.3 of this note.

14.1 IMPAIRMENT TESTS FOR GOODWILL

For the financial statements of the Group, goodwill is tested for impairment annually and whenever there is an indication of impairment. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU).

In line with the definition of cash-generating units, the management of the Group has identified the reportable segments as the cash-generating units, i.e. Agfa Graphics, Agfa HealthCare and Agfa Specialty Products. The operating segment is the lowest level within the Group at which the goodwill is monitored for internal management purposes.
The impairment test for goodwill is performed by comparing the carrying amount of each cash-generating unit to its recoverable amount. The recoverable amount of the CGU has been determined based upon a value in use calculation (including fair value less costs to sell for Graphics only).
The value in use is determined as the present value of estimated future cash flows that are derived from the current long-term planning of the Group. The discount rate used in calculating the present value of the estimated future cash flows, is based on an average market participant's weighted average cost of equity and debt capital (WACC).
The WACC considers a debt/equity ratio for an average market's participant increased with an additional risk premium to the cost of equity. The cost of debt is based on the conditions on which comparable companies can obtain long-term financing.

The discount rate is calculated for each cash-generating unit independently, considering the debt/equity ratio of each peer group. The pre-tax discount rates are derived from the WACC by means of iteration.
It should be noted that the Group's management will react on increased raw material prices by mitigating this impact through sales price adaptations and cost efficiency measures amongst other measures, depending on the size of the price increases of the raw materials and considering currency evolutions and the general market circumstances.

14.1.1 CGU Agfa Graphics

At December 31, 2018, the carrying amount of the CGU Agfa Graphics comprises goodwill of 35 million Euro. At year-end 2018, the Group tested its goodwill of the CGU Agfa Graphics for impairment. Based on the assumptions used, the calculated value in use/fair value less costs to sell of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use/fair value less costs to sell of the CGU Agfa Graphics has both been determined based on estimated cash flow projections covering the next five years.
The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors.

After the business plan period, a terminal value is computed using a growth rate of -2.0% for the prepress business and 2.0% for the inkjet business. These growth rates are derived from respective market information.

The main assumptions used in the annual impairment test are determined by the reportable segment's key management and are based on past performance and management's expectations for the market development.

Key assumptions are:
- after-tax WACC: 6.08% (2017: 5.98%);
- pre-tax discount rate: 11.31% (2017: 7.37%);
- terminal growth rate (after five years): -2.0% (2017: -2.0%) for the prepress business, 2.0% (2017: 2.0%) for the inkjet business;
- aluminum: range between 1,725-1,731 Euro/Ton (2017: range between 1,722-1,730 Euro/Ton);
- silver: 17 USD/Troz. (2017: 18 USD/Troz.);
- exchange rate US dollar/Euro: 1.20 (2017: 1.16);
- revenue and gross margin: revenue and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

Sensitivity analyses on changes in key assumptions, i.e. substantially increased raw material prices (silver and aluminum) and WACC changes, have been performed. The sensitivity analysis was based on an increase of the silver and aluminum price and a 100 basis points increase in the weighted average cost of capital. Based upon these sensitivity analyses, management is of the opinion that a reasonable, possible change in these assumptions would not trigger an impairment loss to occur.

14.1.2 CGU Agfa HealthCare

At December 31, 2018, the carrying amount of the CGU Agfa HealthCare comprises goodwill of 488 million Euro. At year-end 2018, the Group tested its goodwill of the CGU Agfa HealthCare for impairment.

Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU Agfa HealthCare has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors.
After five years a terminal value is computed using a growth rate in the division Information Technologies (IT Solutions) of 2.17% and a growth rate in the division Imaging Systems of -2.80%. These growth rates are derived from respective market information.

The main assumptions used in the annual impairment test are determined by the reportable segment's key management and are based on past performance and management's expectations for the market development.

Key assumptions are:

- after-tax WACC: 7.99% (2017: 8.22%);
- pre-tax discount rate: 9.83% (2017: 10.51%);
- terminal growth rate (after five years): 2.17% for IT Solutions (2017: 2.1%) and -2.80% for Imaging Systems (2017: -1.63%);
- silver: 17 USD/Troz. (2017: 18 USD/Troz.);
- exchange rate US dollar/Euro: 1.20 (2017: 1.16);
- revenue and gross margin: revenue and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

Sensitivity analyses on changes in key assumptions, i.e. substantially increased silver prices and WACC changes, have been performed. The sensitivity analysis was based on a substantially increased silver price (+ 8 USD/Troz. over the long term horizon) and a 100 basis point increase in the weighted average cost of capital. These sensitivity analyses have not revealed any risk for impairment loss. Based upon these sensitivity analyses, management is of the opinion that a reasonable, possible change in one of these key assumptions would not trigger an impairment loss to occur.

14.1.3 CGU Agfa Specialty Products

At December 31, 2018, the carrying amount of the CGU Agfa Specialty Products comprises no goodwill.

14.2. IMPAIRMENT TESTS FOR INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

At year-end 2017 and 2018, the Group has tested its intangible assets with indefinite useful lives for impairment. It relates to trademarks with indefinite useful lives that are fully attributed to the operating segment Agfa HealthCare. These tests did not result in the recording of any impairment loss.

14.3 USEFUL LIVES OF INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Group. Acquired technology and customer relationships are the most crucial recognized intangible assets with finite useful lives for the Group. For acquired technology, the estimation of the remaining useful life is based on the analysis of factors such as typical product life cycles in the industry and technological and commercial obsolescence arising mainly from expected actions by competitors or potential competitors.

At December 31, 2018, the net carrying amount of the Group's acquired technology amounted to 29 million Euro (2017: 31 million Euro). The Group's acquired technology has an estimated weighted average remaining useful life of approximately six years. The useful lives are periodically reviewed and revised if necessary.

For acquired contractual customer relationships, the estimated remaining useful life is assessed by reference to customer attrition rates. For the estimation of appropriate customer attrition rates, the Group assesses the probability that existing contracts will be renegotiated.
For the assessment of the probability that existing contracts can be renegotiated, demand as well as competition and other factors such as technological lock-in and related sunk costs are of importance.
At December 31, 2018, the net carrying amount of the Group's acquired contractual customer relationships amounted to 38 million Euro (2017: 24 million Euro).
The Group's acquired contractual customer relationships have an estimated weighted average remaining useful life of approximately six years. The useful lives are periodically reviewed and revised if necessary.

While the Group believes that the assumptions (such as attrition rates and product life cycles) used for the determination of the useful lives of aforementioned intangibles are appropriate, significant differences in actual experience would affect the Group's future amortization expense.

15. PROPERTY, PLANT AND EQUIPMENT

MILLION EURO	Land, buildings and infrastructure	Machinery and technical equipment	Furniture, fixtures and other equipment	Construction in progress and advance payments to vendors and contractors	TOTAL
Cost at December 31, 2016	**358**	**1,479**	**213**	**15**	**2,065**
Exchange differences	(11)	(27)	(6)	(1)	(45)
Business combinations	-	-	-	-	-
Cash relevant additions	2	14	12	16	44
Cash relevant disposals and retirements	(4)	(29)	(5)	(1)	(39)
Reclasses	1	2	3	(10)	(4)
Cost at December 31, 2017	**346**	**1,439**	**217**	**19**	**2,021**
Exchange differences	1	1	(1)	(1)	-
Business combinations	-	-	-	-	-
New lease contracts	-	-	1	-	1
Cash relevant additions	2	17	6	13	38
Cash relevant disposals and retirements	(2)	(47)	(23)	(1)	(73)
Construction in progress put into use	2	2	-	(6)	(1)
Reclasses	(8)	30	(28)	(3)	(10)
Cost at December 31, 2018	**340**	**1,442**	**171**	**22**	**1,976**
Accumulated depreciation and impairment losses December 31, 2016	**281**	**1,400**	**186**	**-**	**1,867**
Exchange differences	(7)	(25)	(5)	-	(37)
Business combinations	-	-	-	-	-
Depreciation during the year	7	19	13	-	39
Impairment loss during the year	-	-	-	-	-
Cash relevant disposals and retirements	(2)	(28)	(5)	-	(35)
Reclasses	-	(5)	1	1	(3)
Accumulated depreciation and impairment losses December 31, 2017	**279**	**1,361**	**190**	**1**	**1,831**
Exchange differences	-	2	(1)	-	1
Business combinations	-	-	-	-	-
Depreciationn during the year	6	19	14	-	39
Impairment loss during the year	1	5	-	-	5
Cash relevant disposals and retirements	(1)	(47)	(22)	-	(71)
Reclasses	-	26	(30)	-	(4)
Accumulated depreciation and impairment losses December 31, 2018	**285**	**1,366**	**150**	**1**	**1,802**
Carrying amount December 31, 2016	**77**	**80**	**26**	**15**	**198**
Carrying amount December 31, 2017	**67**	**78**	**27**	**18**	**190**
Carrying amount December 31, 2018	**55**	**77**	**22**	**21**	**174**

In 2018, capital expenditure for property, plant and equipment amount to 38 million Euro (2017: 44 million Euro), of which 17 million Euro (2017: 14 million Euro) relates to machinery and technical equipment, mainly in Belgium and Germany and of which 13 million Euro (2017: 16 million Euro) relates to construction in progress mainly for production efficiency, maintenance and IT-related projects in Belgium, France, Germany, UK, Brazil and China.

The Group, as lessor, included assets subject to operating leases in its statement of financial position under the caption 'Other Equipment'. At the end of December 2018, the assets subject to operating leases have a total net carrying amount of 9 million Euro (2017: 9 million Euro). The future minimum lease income under non-cancellable operating leases is presented in Note 31.

Impairment losses on machinery and technical equipment amounted to 5 million Euro at December 31, 2018. These impairment losses relate to the closed offset printing plate factory in Branchburg US.

During 2018, an amount of 10 million Euro was transferred from land, buildings and infrastructure to non-current assets held for sale (see Note 23).

16. INVESTMENTS IN ASSOCIATES AND FINANCIAL ASSETS

16.1. INVESTMENTS IN ASSOCIATES

During 2016, the Group acquired 26.4% equity stake in the company My Personal Health Record Express Inc. (MphRx) in order to strengthen its position in the Integrated Care market.
The entry in the Integrated Care market is part of Agfa HealthCare's long term strategy to expand its offering for HealthCare IT on the global market.
For the acquisition of the 26.4% stake in MphRx, US-Indian based company, the Group has paid 6 million Euro. The investment in the associate is measured using the equity method. During 2018, the Group has recognized losses amounting to 0.8 million Euro in relation to its interest in this associate (2017: (0.6) million Euro).
As result of a share redeem transaction and a funding transaction, the Group's stake in MphRx increased to 27.4% at the end of December 2017.
The following table discloses the carrying amount and share of profit or loss and Other Comprehensive Income and summarized financial information of associates:

MILLION EURO	2017	**2018**
Carrying amount of interests in MphRx, including goodwill	5	**4**
Net loss after taxes of MphRx	(2)	**(2)**
Group's share of net loss after taxes (27.4%)	***(0.6)***	**(0.8)**
Other Comprehensive Income of MphRx	-	**-**
Group's share of Other Comprehensive Income (27.4%)	***-***	**-**
Summarized financial information of MphRx		
Current assets	2.3	**1.5**
Equity	2.3	**0.3**
Current liabilities	-	**1.2**
Group's share of equity (27.4%)	***-***	**-**
Goodwill included in carrying amount of investment in MphRx	5	**5**
Carrying amount of investment in MphRx	***5***	**4**

16.2. FINANCIAL ASSETS

At December 31, 2018, financial assets at fair value through OCI comprise investments in a quoted company carried at fair value with changes in fair value recognized in equity. Previously under the old standard IAS 39 (Dec. 31, 2017) this asset was classified as available-for-sale financial asset.

MILLION EURO	2017	2018
Available-for-sale financial assets	9	-
Financial assets at fair value through OCI - Equity instruments	-	**7**
Financial assets at amortized cost	2	**2**
TOTAL	**11**	**9**

17. INVENTORIES

MILLION EURO	2017	2018
Raw materials and auxiliaries	74	**73**
Work in progress & semi-finished goods (1)	101	**110**
Finished goods	44	**46**
Goods purchased for resale including spare parts	224	**257**
Inventory in transit & other inventory	33	**11**
TOTAL	**476**	**498**

(1) Reclassifications from inventory to contract assets amounted to 11 million Euro and mainly comprised work in progress.

In 2018, inventories are written down to net realizable value for an amount of 23 million Euro (2017: 16 million Euro). These write-downs relate to obsolete, damaged or expired inventory.

The cost of those inventory items has been fully written down. As a consequence the Group has no inventory carried at fair value less cost to sell at December 31, 2018.

Write-downs of inventories are included in cost of sales in the consolidated statement of profit or loss.

18. OTHER TAX RECEIVABLES AND OTHER TAX LIABILITIES

Other tax receivables amount to 25 million Euro (2017: 23 million Euro) and other tax liabilities amount to 27 million Euro (2017: 34 million Euro).

Other tax receivables and liabilities relate to other tax, such as VAT and other indirect taxes. Other tax receivables are offset against other tax liabilities when they relate to taxes levied by the same taxation authority, there is a legal right to offset and are intended to be settled on a net basis.

19. RECEIVABLES UNDER FINANCE LEASES

Lease agreements in which the other party, as lessee, is to be regarded as the economic owner of the leased assets give rise to accounts receivable in the amount of the discounted future lease payments. These receivables amounted to 94 million Euro as of December 31, 2018 (2017: 86 million Euro) and will bear interest income until their maturity dates of 10 million Euro (2017: 8 million Euro).

As of December 31, 2018, the impairment losses on the receivables under finance leases amounted to 2 million Euro (2017: 1 million Euro).

The receivables under finance leases are as follows:

MILLION EURO	2017 Total future payments	2017 Unearned interest income	2017 Present value	**2018 Total future payments**	**2018 Unearned interest income**	**2018 Present value**
Not later than one year	35	4	31	36	4	32
Between one and five years	57	4	53	62	6	56
Later than five years	2	-	2	6	-	6
TOTAL	**94**	**8**	**86**	**104**	**10**	**94**
Impairment losses			(1)			(2)
Receivables under finance leases			**85**			**92**

The Group leases out its commercial equipment under finance leases mainly via Agfa Finance (i.e. Agfa Finance NV, its subsidiaries, Agfa Finance Corp. and Agfa Finance Inc.) and via Agfa sales organizations in the US, New Zealand, Australia and South Africa.

At the inception of the lease, the present value of the minimum lease payments generally amounts to at least 90% of the fair value of the leased assets.

The major part of the leases concluded with Agfa Finance typically run for a non-cancellable period of four years. The contracts generally include an option to purchase the leased equipment after that period at a price that generally lies between 2% and 5% of the gross investment at the inception of the lease.
Sometimes, the fair value of the leased asset is paid back by means of a purchase obligation for consumables at a value higher than its market value, in such a way that this mark-up is sufficient to cover the amount initially invested by the lessor.

In these types of contracts the mark-up and or the lease term can be subject to change.

Agfa Finance offers its products via its subsidiaries in France and Italy and its branches in Europe (Spain, Switzerland, Benelux, Germany, UK and the Nordic countries), via Agfa Finance Corp. in the US and Agfa Finance Inc. in Canada. As of December 31, 2018, the present value of the total future lease payments before impairment losses for Agfa Finance amounted to 93 million Euro (2017: 85 million Euro).
Agfa sales organizations in the US, Australia, New Zealand and South Africa offer customer financing of graphical equipment with an average remaining term of 12 months. As of December 31, 2018, the present value of the total future lease payments before impairment losses for these sales organizations amounted to 1 million Euro (2017: 1 million Euro).

During 2018, the Group has sold receivables under finance lease amounting to 1.5 million Euro (2017: no sales).

20. OTHER RECEIVABLES

Other receivables can be presented as follows:

MILLION EURO	2017	2018
Other receivables		
Uninstalled leases [1]	8	7
Payroll receivables	1	1
Other receivables	5	6
TOTAL	**14**	**14**

(1) Leased equipment not yet installed at the client's premises.

21. OTHER ASSETS

Other non-current and current assets can be presented as follows:

MILLION EURO	2017	2018
Non-current		
Multi year service contracts (strategic suppliers)	6	5
Prepayments (see Note 33.2)	-	19
Total non-current	**6**	**24**
Current		
Multi year service contracts (strategic suppliers) [1]	13	13
Advances on costs (mainly related customs broker)	7	6
Guarantees and deposits	4	4
Prepayments	9	11
Other	1	-
Total current	**34**	**34**
TOTAL	**40**	**58**

(1) The reclassification from other assets to contract assets amounted to 10 million Euro and relate to underpinning contracts i.e. contracts between the Group and a third party that provides supporting services enabling the Group to deliver maintenance services to the customers.

22. CASH AND CASH EQUIVALENTS

The reconciliation of cash and cash equivalents with its corresponding items in the statement of financial position can be presented as follows:

MILLION EURO	2017	2018
Marketable securities and other instruments	-	-
Cash on hand, demand deposits and checks	68	141
Cash collateral derivative financial instruments (metal swaps)	-	-
Other cash on hand, demand deposits and checks	**68**	**141**
Total cash and cash equivalents as reported in the consolidated statement of financial position	**68**	**141**
Bankoverdrafts (reported under current loans and borrowings)	-	(5)
Total cash and cash equivalents as reported in the consolidated statement of cash flows	**68**	**136**

23. NON-CURRENT ASSETS HELD FOR SALE

The non-current assets, classified as held for sale, relate to the planned sale of the site of two closed offset printing plate factories, one in Branchburg US and one in Vallese Italy, both belonging to the Agfa Graphics segment. The sale of these assets will take place in 2019. Related land, buildings and infrastructure are measured at their carrying amount at December 31, 2018 which is lower than the fair value less costs to sell.

In 2017, there were no non-current assets held for sale.

24. EQUITY

The various components of Equity and the changes therein from January 1, 2017 to December 31, 2018 are presented in the Consolidated Statements of Changes in Equity.

24.1 SHARE CAPITAL AND SHARE PREMIUM

At December 31, 2018, the issued capital of the Company amounts to 187 million Euro, represented by 171,851,042 fully paid ordinary shares.

24.2 RESERVE FOR OWN SHARES

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At December 31, 2018, the Group held 4,099,852 (2017: 4,099,852) of the Company's shares.

24.3 REVALUATION RESERVE

The revaluation reserve comprises the revaluation of the Group's investment in Digital Illustrate Inc. that was under the old IAS 39 classified as available-for-sale and is now irrevocably designated at fair value through OCI and will subsequently not be recycled to profit or loss.

24.4 HEDGING RESERVE

As of December 31, 2018, the hedging reserve comprises the effective portion of the cumulative net change in fair value of metal swap agreements and foreign exchange contracts designated as cash flow hedges.

During 2017 and 2018, the Group concluded a number of metal swap agreements with an investment bank. These swap agreements have been designated as 'cash flow hedges'; hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of commodities. It relates to commodity contracts that were entered into and continue to be held for the purpose of the receipt of commodities in accordance with the Group's expected usage requirements.

The portion of the gain or loss on the swap contracts that is determined to be an effective hedge is recognized directly in other comprehensive income (December 31, 2017: 7 million Euro, December 31, 2018: minus 12 million Euro).

In the course of 2018, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in US Dollar and Chinese Renminbi related to highly probable forecasted revenue over the following 15 months. During 2017, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in Pound Sterling, US Dollar and Chinese Renminbi related to highly probable forecasted revenue over the following 15 months.

The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in other comprehensive income (December 31, 2017: 3 million Euro, December 31, 2018: 0 million Euro).

24.5 REMEASUREMENT OF THE NET DEFINED BENEFIT LIABILITY

Remeasurements of the net defined benefit liability comprise both the impact of the first time adoption of the 2011 amendment of IAS 19 and all subsequent remeasurements of the net defined benefit liabilities.
Remeasurements of the net defined benefit liability primarily relate to actuarial gains and losses and return on plan assets, excluding the amounts included in net interest on the net defined benefit liabilities.

The evolution for the year 2018 is as follows:

MILLION EURO	Dec. 31, 2017	Remeasurement of the net defined benefit liability	Tax impact	**Dec. 31, 2018**
		Note 25.3.3	Note 13.4	
Remeasurement of the net defined benefit liability				
Related to material countries	(903)	26	-	(877)
Related to non-material countries	(20)	-	-	(20)
TOTAL	**(923)**	**26**	**-**	**(897)**

The movement of the year, net of tax amounts is a decrease of 26 million Euro. Deferred taxes related to the effects of remeasurements are also recognized in other comprehensive income. The tax effect is further explained in Note 13.4.

24.6 TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial instruments that hedge the Company's net investment in a foreign subsidiary.
Until May 2016, the Group utilized forward exchange contracts to hedge the foreign currency exposure of the Group's net investment in one of its subsidiaries in the United States. As from May 2016, the Group has revoked the designation of the hedge. The gain on the hedging instrument relating to the effective portion of the hedge that was recognized in Other comprehensive income (December 31, 2018: 10 million Euro) shall be reclassified from equity to profit or loss on the disposal of the foreign operation.

24.7 DIVIDENDS

In 2017, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 9, 2017. For 2018, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 8, 2018. For 2019, no dividend has been recommended by the Board of Directors.

24.8 NON-CONTROLLING INTERESTS

Non-controlling interests have a material interest in seven subsidiaries of the Group in greater China and the ASEAN region (December 31, 2018: 37 million Euro, December 31, 2017: 31 million Euro). In Europe, there are two subsidiaries in which non-controlling interests have an interest that is of minor importance to the Group (December 31, 2018: 1 million Euro, December 31, 2017: 1 million Euro).

In greater China and the ASEAN region, the Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd combined as of 2010 their activities aiming at reinforcing the market position in this region. Shenzhen Brother Gao Deng Investment Group Co., Ltd has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties. The subsidiaries of Agfa Graphics Asia Ltd. are

- Agfa (Wuxi) Printing Plate Co. Ltd.
- Agfa ASEAN Sdn. Bhd.
- Agfa Imaging (Shenzhen) Co. Ltd.
- Agfa Singapore Pte. Ltd.
- Agfa Taiwan Co Ltd.
- Agfa Graphics Shanghai Co. Ltd.

Based on the current governance structure, the Group has determined that it has control over these subsidiaries.

At December 31, 2018, the accumulated amount of non-controlling interests attributable to Shenzhen Brother Gao Deng Investment Group Co., Ltd amounts to 37 million Euro.
The profit allocated to non-controlling interests of this business partner amounts to 9 million Euro.
In the course of 2018 and 2017, dividends due to Shenzhen Brother Gao Deng Investment Group Co., Ltd (2018: 3 million Euro, 2017: 10 million Euro) have been paid.

The following table presents financial information for the companies in which the business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd has a non-controlling interest of 49%, prepared in accordance with IFRS.
The information is before intercompany eliminations with other companies in the Agfa-Gevaert Group.

MILLION EURO	2017	**2018**
Current assets	67	66
Non-current assets	15	36
Current liabilities	17	26
Non-current liabilities	1	-
Net assets Agfa Graphics Asia Ltd. and its subsidiaries (consolidated)	**64**	**76**
Carrying amount of non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	***31***	***37***
Revenue	114	123
Profit for the year	15	18
Profit allocated to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	***8***	***9***
Other Comprehensive Income: translation differences	(5)	-
Other comprehensive income allocated to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	***(3)***	***-***
Total comprehensive income allocated to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	***5***	***9***
Cash flows from operating activities	7	9
Cash flows from investing activities	(1)	-
Cash flows from financing activities	(19)	(6)
Dividends paid to non-controlling interests during the year (1)	***(10)***	***(3)***

(1) Included in cash flows from financing activities.

24.9 OTHER COMPREHENSIVE INCOME, NET OF TAX

2017

MILLION EURO	Attributed to owners of the Company						TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	TOTAL	Non-controlling interests	
Exchange differences on translation of foreign operations	(40)	-	-	-	**(40)**	(3)	**(43)**
Net gain (loss) on hedge of net investment in foreign operations, net of tax	-	-	-	-	**-**	-	**-**
Exchange differences on disposal of foreign operations reclassified to profit or loss	-	-	-	-	**-**	-	**-**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	28	-	-	**28**	-	**28**
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	(5)	-	-	**(5)**	-	**(5)**
Net changes in fair value of cash flow hedges transferred to initial carrying amount of hedged items, net of tax	-	(14)	-	-	**(14)**	-	**(14)**
Net change in fair value of available for sale financial assets	-	-	1	-	**1**	-	**1**
Remeasurement of the net defined benefit liability, net of tax	-	-	-	53	**53**	-	**53**
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**(40)**	**9**	**1**	**53**	**23**	**(3)**	**20**

2018

MILLION EURO	Attributed to owners of the Company						TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	TOTAL	Non-controlling interests	
Exchange differences on translation of foreign operations	(1)	-	-	-	**(1)**	-	**(1)**
Net gain (loss) on hedge of net investment in foreign operations, net of tax	-	-	-	-	**-**	-	**-**
Exchange differences on disposal of foreign operations reclassified to profit or loss	-	-	-	-	**-**	-	**-**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(15)	-	-	**(15)**	-	**(15)**
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	(3)	-	-	**(3)**	-	**(3)**
Net changes in fair value of cash flow hedges transferred to initial carrying amount of hedged items, net of tax	-	(4)	-	-	**(4)**	-	**(4)**
Net change in fair value of equity investments at fair value through OCI	-	-	(2)	-	**(2)**	-	**(2)**
Remeasurement of the net defined benefit liability, net of tax	-	-	-	26	**26**	-	**26**
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**(1)**	**(22)**	**(2)**	**26**	**1**	**-**	**1**

25. EMPLOYEE BENEFITS

25.1 SUMMARY

Employee benefit liabilities

MILLION EURO	December 31, 2017	December 31, 2018
Liabilities for post-employment benefits	1,121	1,046
Long-term termination benefits	28	20
Liabilities for post-employment and long-term benefit plans	**1,149**	**1,066**
Other employee benefits	13	13
Non-current	**1,162**	**1,079**
Current	128	134
Total employee benefit liabilies	**1,290**	**1,213**

Employee benefit expenses

MILLION EURO	2017	2018
Payroll related expenses	696	647
Expenses for retirement benefits included in EBIT	46	47
Accrued expenses for personnel expenses	77	93
Other personnel expenses	33	33
Total employee benefit expenses included in EBIT	**852**	**819**

Liabilities and expenses related to post-employment benefits - breakdown material and other countries

MILLION EURO	December 31, 2017			December 31, 2018		
	Belgium/ Germany/ UK/US	Other countries	TOTAL	Belgium/ Germany/ UK/US	Other countries	TOTAL
Liabilities for post-employment benefits	1,080	41	1,121	**1,006**	**40**	**1,046**
% of total	96%			96%		

MILLION EURO	2017			2018		
	Belgium/ Germany/ UK/US	Other countries	TOTAL	Belgium/ Germany/ UK/US	Other countries	TOTAL
Defined contribution plans – net premiums and taxes	5	4	9	4	5	**9**
Post-employment defined benefit plans – total service cost	22	1	23	22	1	**24**
Belgian defined contribution plans with return guaranteed by law	14	-	14	14	-	**14**
Expenses related to post-employment benefits, included in EBIT	**41**	**5**	**46**	**41**	**6**	**47**
% of total	89%			83%		
Net interest cost related to post-employment benefits	24	1	25	22	1	23
Total expenses related to post-employment benefits	**65**	**6**	**71**	**63**	**7**	**70**

The Group provides retirement benefits in most countries in which it operates. Retirement benefits are organized through defined contribution plans as well as defined benefit plans. The net defined benefit liability for Belgium, Germany, UK and US together (hereafter ‘Material countries’) represent 96% (2017: 96%) of the total net defined benefit liability of the Group. The defined benefit plans of the Group’s ‘Material countries’ are further disclosed in Notes 25.2 and 25.3.

Long-term termination benefits result from the Group’s commitment to either terminate the employment before the normal retirement date, or provide termination benefits as a result of an offer made to encourage voluntary redundancy. At December 31, 2018, long-term termination benefits amounted to 20 million Euro (28 million Euro at December 31, 2017) and mainly relate to severance payments in connection with early retirement arrangements with employees of the Group’s Belgian entities. The balance at December 31, 2018 is expected to be settled gradually over the next eight years.

Other employee benefits comprise a long-term disability plan in the US, the plans 'Jubilee' and 'Pensionsurlaub' in Germany and some other long-service leave and service awards. At December 31, 2018, they amounted to 13 million Euro (13 million Euro at December 31, 2017).

At December 31, 2018, current employee benefit liabilities amounted to 134 million Euro (128 million Euro at December 31, 2017) and comprise liabilities for social expenses for 26 million Euro (25 million Euro at December 31, 2017), payroll liabilities for 9 million Euro (8 million Euro at December 31, 2017) and other personnel commitments such as annual vacation leave, annual variable payments, severance payments and disability benefit liabilities for 98 million Euro (95 million Euro at December 31, 2017).

In 2018, employee benefit expenses have decreased by 33 million Euro, from 852 million Euro in 2017 to 819 million Euro in 2018.

25.2 DEFINED CONTRIBUTION PLANS

Agfa-Gevaert Group companies have paid in 2018 for their defined contribution plans 11 million Euro contributions to publicly or privately administered pension funds or insurance contracts (9 million Euro in 2017). Once the contributions have been paid, the Group companies have no further payment obligation.
The regular contributions constitute an expense for the year in which they are due.

Defined contribution plans in Belgium are for the purpose of the IFRS accounting treatment not considered as defined contribution plan but instead as defined benefit plan.
More information on these plans is provided hereafter.

25.3 DEFINED BENEFIT PLANS

25.3.1 Belgian defined contribution plans with return guaranteed by law

Belgian ‘Defined Contribution’ plans are subject to the Occupational Pensions Act of April 2003. In accordance with article 24 of the Occupational Pensions Act, affiliated persons are entitled to a guaranteed return with regard to contributions made by the organizer of the plan and by the employee. Until December 31, 2015, the minimum guaranteed return amounted to 3.25% on employer contributions and of 3.75% on employee contributions.

The Act of December 18, 2015, which entered into force on January 1, 2016, has introduced several amendments to the Act of April 28, 2003. As of January 1, 2016, the guaranteed return is aligned with the percentage (65%) of the average return on June 1 over the last 24 months of Belgian State linear bonds (‘OLOs’) with a maturity of 10 years, with a minimum of 1.75% and a maximum of 3.75%. As of 2016, the return guaranteed by law is set at 1.75% and applies to both personal contributions made by the employee and contributions made by the employer.
With regard to the application of the guaranteed return in case of modification of the interest rate, the Act of December 18, 2015 introduced the ‘horizontal method’ applicable for all insured plans

which guarantee a fixed return up to the retirement age (so-called Branch 21 insured products) and the 'vertical method' in all other situations. Within our Belgian group companies, all insured pension plans are managed via 'Branch 21' insured products.

The application of the 'horizontal method' is comparable to a fixed-rate term deposit account. The previous interest rate is applicable until exit, retirement or abolition of the pension engagement – whichever occurs first – to the contributions due on the basis of the plan rules before the modification. The new interest rate is then applicable to contributions due on the basis of the plan rules from the modification onwards until the first of the aforementioned occurrences.

Therefore, for all of the Group's defined contribution plans with return guaranteed by law, the minimum return of 3.25% (employer contributions) and 3.75% (employee contributions) still apply for contributions made until December 31, 2015. For these contributions, affiliated persons are entitled to at least a return of 3.25%/3.75% until retirement age (or exit/abolition of the pension engagement). For contributions made as from 2016 the employer is committed to a minimum return of 1.75% until occurrence of retirement age, exit or abolition of the pension engagement.

In recent years, insurance companies generally applied technical interest rates – i.e. agreed interest rates excluding profit-sharing – below the minimum return guaranteed by law. Consequently, not all actuarial and investment risks relating to these insured plans are transferred to the insurance company managing the plans and therefore do not meet the definition of defined contribution plans under IFRS. They are by default classified as defined benefit plans.

The law about occupational pension plans, published on December 18, 2015, has also impacted the accounting treatment of defined contribution plans with return guaranteed by law. Similar to the measurement of all other defined benefit plans, the net pension liability related to defined contribution plans with return guaranteed by law is calculated as the difference between the present value of the defined benefit obligation (DBO) and the fair value of the plan assets.
As at December 31, 2018, following insured defined contribution plans are operational:

1. **Top Performance Plan:** This plan concerns deferred compensation for bonuses attributed to employees of Agfa-Gevaert NV, Agfa NV, Agfa HealthCare NV and Agfa Finance NV. Given that this plan is with discretionary contributions, the PUC method excluding future contributions is used.
2. **Pension plan for employees of Agfa HealthCare NV:** This plan concerns recurring contributions attributed to employees of Agfa HealthCare NV in Ghent. The PUC method including future contributions is applied.
3. **Pension plan for executives:** This plan concerns recurring contributions attributed to executives of Agfa-Gevaert NV and Agfa HealthCare NV. The PUC method including future contributions is applied.
4. **Group insurance plan for managers and executives:** This plan concerns recurring contributions attributed to managers and executives of Agfa-Gevaert NV, Agfa HealthCare NV and Agfa NV. The PUC method including future contributions is applied.
5. **Group insurance plan for employees of Agfa HealthCare NV and Agfa NV:** This plan concerns recurring contributions attributed to employees of Agfa HealthCare NV and Agfa NV. The PUC method including future contributions is applied.

All these plans are fully financed by employer contributions except for the Group insurance plan for managers and executives which is financed by both employer and employee contributions.
In the course of 2018, due to the reallocation of the HealthCare IT and HealthCare Imaging business among different legal entities, plan rules of the defined contribution plans listed under 3 and 5 above have been updated to include Agfa HealthCare NV, respectively Agfa NV as sponsors.
In 2018, the annual employer contributions accrued for the Group's Belgian defined contribution plans with return guaranteed by law amounted in total to 14 million Euro (2017: 15 million Euro).
The Group expects a similar expense to accrue for 2019.

In 2017 and 2018, insurance companies have offered technical interest rates that range between 0.25% and 4.75%. Decisive factors in this context are the date an employee joins a plan and whether the insurer guarantees an interest rate on future premiums.

For each of the aforementioned defined contribution plans, the following table provides by plan information on the type of return guaranteed by the insurer and the evolution of the technical interest rates applied by the different insurers during 2018 and previous years.

<table>
<tr><th colspan="2" rowspan="2">Description of the plan</th><th rowspan="2">Type of return guaranteed by insurer</th><th colspan="5">Interest rates provided by insurer (i.e. excluding profit sharing)</th></tr>
<tr><th>2014</th><th>2015</th><th>2016</th><th>2017</th><th>2018</th></tr>
<tr><td>1</td><td>Top Performance Plan</td><td>Guaranteed return on reserves</td><td>2%</td><td>1.50%</td><td>1%</td><td>0.75 %</td><td>0.75%</td></tr>
<tr><td>2</td><td>Pension plan for employees of Agfa HealthCare NV (Ghent)</td><td>Guaranteed return on reserves and future premiums</td><td colspan="5">3.25% on the level of both employer and employee contributions at 31/12/2012; 1.75% for new entries as from January 2013 and premium increases between 31/12/2012 and 31/03/2015; 0.50% as from July 2015 up to 1/10/2016; and 0.25% afterwards.</td></tr>
<tr><td>3</td><td>Pension plan for executives of Agfa-Gevaert NV and Agfa HealthCare NV</td><td>Guaranteed return on reserves</td><td>1.75%</td><td>1.75%</td><td>1.50 %</td><td>0.75%</td><td>0.75%</td></tr>
<tr><td>4</td><td>Group insurance plan for managers and executives</td><td>Guaranteed return on reserves and future premiums</td><td colspan="5">3.25% on the level of both employer and employee contributions at 31/12/2012; 1.75% for new entries as from January 2013 and premium increases between 31/12/2012 and 31/03/2015; 1.00% as from april 2015 up to 1/7/2016; 0.50% up to 1/4/2017 and 0.25% afterwards.</td></tr>
<tr><td>5</td><td>Group insurance plan for employees of Agfa HealthCare NV and Agfa NV</td><td>Guaranteed return on reserves</td><td>2.25%</td><td>2.25% until 1/07/2015; 1.5% as from July 2015</td><td>1.50% until 1/07/2016; 1.0% as from July 2016</td><td>1.50% until 1/07/2016; 1.0% as from July 2016 up to April 2017; and 0.75% afterwards</td><td>0.75%</td></tr>
</table>

25.3.2 Defined benefit plans excluding defined contribution plans with return guaranteed by law

The Group's post-employment defined benefit plans primarily relate to retirement benefits.

The Group Pension Committee, created as a subcommittee of the Executive Committee (ExCo) of the Group assists the ExCo in the oversight and supervision of the different pension plans and other post-employment arrangements that exist within the Group.

The Committee advises the ExCo on benefit plan design matters such as amendment to or termination – in whole or in part – of the benefit plans and their respective funding arrangements. Next to providing advice to the ExCo, the Group Pension Committee is also responsible for advising local management – i.e. local management of the pension funds as well as local management of the sponsoring employers of the benefit plans – in fulfilling their responsibilities in relation to pension matters.
The Group Pension Committee has set a strategic asset allocation for its major plans that are financed through a separate pension fund. The committee reviews the asset allocation targets regularly to ensure that they remain appropriate to the pension fund liability profiles.

For the management of the plan assets, the Group Pension Committee is assisted by the Group Pension Investment Committee. The Group Pension Investment Committee has issued a Group Investment Guideline which was approved by the Group Pension Committee. The Group Pension Committee monitors the proper application of this guideline.

The Group, through its Group Pension Committee, investigates liability reduction solutions and seeks to de-risk the Group's post-employment benefit liabilities. Investment risk and longevity risk are two risks that are specifically examined. In recent years, the Group Pension Committee has proposed different measures that have been realized, among which the withdrawal of the post-retirement medical benefit plan in the US (2013), wind-down of the pension plan in Canada (2016), the offer to pay out lump sums to non-active participants with deferred vested rights in the Agfa Corporation Pension Plan in the US (2013 and 2018) and the pension buyout projects related to the Agfa-Gevaert Fabriekspensioen Plan in Belgium (2014) and the Agfa Corporation Pension Plan in the US (2016). In 2018 the Group has decided to close as from January 1, 2019, the 'Fabriekspensioenplan' for new managers.

The Group's major defined benefit plans generally provide benefits that are related to an employee's remuneration and years of service. Its characteristics and associated risks are explained in more detail hereafter.

Belgium
In Belgium, the defined benefit obligation is mainly related to a basic plan called 'Fabriekspensioen' that is mainly financed through contributions paid to an external Organization for Financing Pensions (OFP). This fund has the duty to foresee the payments of the pensions promised by its participating employers, being Agfa-Gevaert NV, Agfa NV and Agfa Finance NV to the beneficiaries of the plan. After the legal demerger on July 1, 2018 of the HealthCare Imaging business and the additional transfer of pension liabilities of the Inactives of HealthCare NV towards Agfa NV, Agfa HealthCare NV has transferred per October 31, 2018 the remaining 75 members attributable to the HealthCare IT business from the OFP to an insurance company. Assets amounting to 6.84 million Euro have been transferred to the insurer, therefore Agfa HealthCare NV does not longer participate to the OFP.

The 'Fabriekspensioen' covers the majority of employees of Agfa-Gevaert NV, Agfa NV, Agfa HealthCare NV and Agfa Finance NV. However, employees initially recruited by Agfa HealthCare NV or its predecessor Agfa Europe NV do not accrue benefits under the 'Fabriekspensioen' but have accrued benefits under a group insurance plan (See Plan Nr 5 of the Belgian insured defined contribution plans with return guaranteed by law). As of January 1, 2019, the 'Fabriekspensioenplan' has also been closed for new managers of the Group. For the 'Fabriekspensioen', the plan participants are eligible for a benefit based on a last yearly income formula. As this funded pension plan is still open to future accruals and new entrants except for managers, the plan exposes the Company to a salary increase risk, next to an interest rate risk, an investment risk and a longevity risk. Although this plan has been set up as an annuity plan, more than 95% of the members choose for the option of a lump sum pension payment at the retirement age.

The legal and regulatory framework for the 'Fabriekspensioen' is based on the applicable Belgian law, i.e. the law of October 27, 2006 on the supervision of institutions for occupational retirement provision and the law on supplementary pensions (WAP), applicable as from January 1, 2004. Based on this legislation a funding valuation is prepared annually. The valuation method, used to determine the contributions to the Belgian OFP, is the 'aggregate cost method'.

The contribution is expressed as an annual fixed percentage of payroll in order to finance the total service liability. The latest financing plan, reviewed on the December 31, 2016 data have resulted in increased contribution rates as from 2018, mainly due to a decrease of the discount rate assumption, aligned with long-term expectations on return. According to the latest actuarial valuation report on the Belgian OFP, the funded percentage was 122.74% (2017: 121.53%).

The Board of Directors of the 'Pensioenfonds Agfa-Gevaert OFP' bears the ultimate responsibility for the management of the assets and liabilities of the 'Fabriekspensioenplan'. They have delegated investment oversight of the plan's assets to the Local Investment Committee who in turn operates within the framework set by the Group Pension Committee. The Statement of Investments Principles (SIP), prepared by the Local Investment Committee in accordance with the Group Investment Guidelines, has been formally ratified at the Extraordinary General Meeting of the 'Pensioenfonds Agfa-Gevaert OFP' on February 7, 2014. The Local Investment Committee needs to ensure that plan assets are invested effectively and prudently, in full compliance with all applicable laws, and for the benefit of plan participants and beneficiaries.

Germany

In Germany, no legal or regulatory minimum funding requirements apply, and as such the Group's German defined benefit retirement plans are all unfunded plans.

The German pension plans include a basic plan related to pension relevant salary up to the Social Security Ceiling (SSC) and a supplementary plan covering benefits attributed on pension relevant salary above the Social Security Ceiling.

In Germany we distinguish the 'old pension plan' that was closed to new entries as from 2005 and closed to future accruals as from 2010 and the 'new pension plan' applicable to employees joining as from 2005. In 2010, the population that benefited from the former 'old pension plan' that was closed to future accruals as of December 31, 2009 also joined the 'new pension plan', however comprising supplementary benefit entitlements compared with the employees joining as from 2005. Both plans comprise a basic and supplementary plan.

Additionally, Agfa is obliged to provide pension plans according to the Collective Labor Agreement (CLA) regulation of the Chemical Sector.

Under the 'old pension plan', the basic plan is managed by the Bayer Pensionskasse (Penka). The Bayer Pensionskasse is a multi-employer plan accounted for as if it were a defined contribution plan (IAS 19.34 (a)). The plan is a defined benefit plan under control of the Group's former parent company Bayer AG. It is accounted for as a defined contribution plan as the Group has no right to obtain the necessary data for defined benefit plan accounting. In case of a deficit, this plan may expose the Group to investment and actuarial risk. The Group however considers these risks as insignificant. From 2004 onward, Agfa has been responsible to adjust the pension payments processed by the Bayer Pensionskasse according Sec. 16, 1 and 2 of the German Pension Act (BetrAVG – Betriebsrentengesetz).
The base pension including the adjustments processed according to the aforementioned legal regulations up to the year 2003 are paid by the Penka directly. Consequently, the liability in the books of Agfa resulting from this basic plan solely relate to the responsibility of Agfa to adjust the pension payments.

The benefits accrued under the supplementary plan are accounted for as a defined benefit plan. They are based on 'contributions' [(1)] calculated as a fixed percentage of pension relevant salary above the SSC. Then, an age independent factor is used for converting those 'contributions' [(1)] into individual pension entitlements.

(1) 'Contributions' in this context means a calculation base which is used to finally determine the pension entitlements.

The pension entitlements based on the ‘old pension plan’ are closed to future accruals as of December 31, 2009.

The 'old pension plan' is only applicable for employees with entry date prior to 2005. They have stopped accruing additional benefits in the Bayer Pensionskasse at the end of 2009. As of 2010, these employees started participating in the new pension plan (Rheinische Pensionskasse).
The ‘new pension plan’ also includes a basic pension plan, i.e. benefits entitlements on the pension relevant salary up to the SSC, and a supplementary pension plan accruing benefits on pension relevant salary above the SSC. The basic plan is funded through contributions paid to the Rheinische Pensionskasse. Employees partly (50%) contribute to the Rheinische Pensionskasse by deferred compensation. Once the contributions have been paid to the Rheinische Pensionskasse, in principle the group companies have no further payment obligation. This plan is consequently accounted for as a defined contribution plan. The new supplementary plan, which is also accounted for on the balance sheet as a direct pension commitment, foresees no upper ceiling for pension relevant salary.

The benefits accrued under the supplementary plan are based on ‘contributions’ [(1)] calculated as a fixed percentage of pension relevant salary above the SSC. Contrary to the old pension plan, ‘contributions’ [(1)] are then converted into pension entitlements based on age-dependent pension factors and considering a pre-determined annual increase of those entitlements.
As of 2012, the plan foresees an option to pay out lump sums instead of monthly pension payments.

Employees who previously benefited from the ‘old pension plan’ that was closed to future accruals as of December 31, 2009, got supplementary pension entitlements based on a matching ‘fifty-fifty’ approach meaning that the employer pays contributions to the extent of the employee contributions. The structure itself is similar to the new supplementary pension plan as described above.

The pension plan according to the CLA of the Chemical Sector is based on ‘contributions’ [(1)] that are converted into individual pension entitlements using age-dependent pension factors. Employees also partly contribute to this plan by deferred compensation.

In Germany, Agfa provides to a minor extent also benefits that are related to plans which result from former acquisitions. The related plans are all closed to future accruals.

The defined benefit liability in Germany also includes pension plans that are fully based on deferred compensation models. The benefits accrued under these plans are based on the annually deferred compensation amount of each beneficiary converted into pension entitlements and in some cases additionally considering a pre-determined annual increase of those entitlements.
For a part of the workforce, i.e. HealthCare IT employees, there are pension plans managed by different external funds (Pensionskassen). These plans are mainly financed by deferred compensation models and are accounted for as defined contribution plans.
Additionally, top management of Agfa HealthCare IT in Germany is provided with a salary related pension scheme, processed by a congruently funded multi-employer plan (kongruent rückgedeckte Unterstützungskasse).
The different closed defined retirement benefit plans as well as the plans that remain open expose the Company to actuarial risks such as interest rate risk, pension indexation risk and longevity risk.

(1) ‘Contributions’ in this context means a calculation base which is used to finally determine the pension entitlements.

UK

In the UK, the defined benefit retirement plan called Agfa UK Pension Plan was closed to new entrants with effect from June 30, 2002. On January 1, 2010, the decision was taken to close the defined benefit pension scheme to further accruals. As from 2010, members are able to accrue benefits under a defined contribution retirement plan.

The closed Agfa UK Pension Plan is financed through contributions paid by its participating employers, being at year-end 2018: Agfa-Gevaert NV, Agfa HealthCare UK Ltd and Agfa Graphics Ltd. The plan members are eligible for a benefit based on a final average pay formula. From the age of 55, benefits accrued under this plan can be paid partly in cash with the remainder paid in monthly payments.
If the benefit is taken before the normal retirement age of 65 there is an actuarial reduction of the benefit's value.
Deferred plan members are entitled to an inflation increase, based on CPI (Consumer Price Index), of their accrued benefits until retirement payments are taken.
Pension payment increases are in line with RPI (Retail Price Index) with a minimum increase of 3% and a maximum increase of 5%. Next to inflation risk, the frozen defined benefit plan exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

The defined benefit plan is governed by a benefit trust whose decision making body is a Board of Trustees. They have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust rules and UK law.

The required funding is determined by a funding valuation carried out every three years based on legal requirements and funding valuation assumptions that meet the UK regulatory body's current requirements and are also agreed between the Company and the Trustees. Following the latest funding valuation which took place in 2016, Agfa has entered in January 2017 into an agreement with the trustees to contribute 48 quarterly fixed payments for the next 12 years, starting in January 2017.

During December 2018, an Enhanced Transfer Value (ETV) exercise was executed. Legislation in UK allows deferred members of a defined benefit scheme to transfer value to an alternative pension arrangement with a third party provider. The statutory amount that is paid is known as a Cash Equivalent Transfer Value (CETV). With an ETV, members got an incentive on top of the standard transfer amount (CETV) to transfer their benefits into another scheme or individual arrangement. The ETV project has resulted in an additional cash-out from plan assets of 5 million Euro (4 million Pound Sterling).

US

In the US, Agfa Corporation sponsors have one major defined benefit plan, the Agfa Corporation Pension Plan, which is frozen to new entrants and the accrual of new benefits. Agfa Corporation, Agfa HealthCare Corporation, Agfa Materials Corporation, Agfa Finance Corporation and Agfa US Corporation are participating employers in said pension plan.

The plan participants are eligible for a benefit based on a final average pay formula. This frozen defined benefit plan exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

The defined benefit plan assets are held in a trust. The Board of Directors of Agfa Corporation, the plan sponsor, delegate investment decisions and oversight of the plan's assets to a local investment committee, the Benefits Plan Investment Committee (BPIC). The BPIC members have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust agreement and US law. The legal and regulatory framework for the plan is based on the applicable US legislation Employee Retirement Income Security Act (ERISA). Based on this legislation a funding valuation is prepared annually. Participant-beneficiaries do not contribute to the plan.

The plan sponsor and participating employers contribute such amounts as are deemed necessary on an actuarial basis to provide sufficient funds to meet the benefits to be paid to plan members. Minimum contributions are based on the requirements prescribed by the provisions of the Employee Retirement Income Security Act (ERISA) of 1974 and the Pension Protection Act of 2006 (PPA). Pursuant to the PPA, each year the actuary is required to certify the Plan's funded percentage. The plan's funded percentage from the 2018 certification issued on March 29, 2018, was 80.34% (81.96% for 2017).

During 2018, a terminated vested cash-out project took place for the Agfa Corporation Pension Plan. The cash-out from plan assets amounted to 26 million Euro (31 million US Dollar).

25.3.3 Evolution net defined benefit liability and its components

The following three tables show a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

Evolution net defined benefit liability during 2017 and 2018

MILLION EURO	2017			**2018**		
	Retirement plans (excl. Belgian DC-plans)	Belgian DC-plans with return guaranteed by law	TOTAL	**Retirement plans (excl. Belgian DC-plans)**	**Belgian DC-plans with return guaranteed by law**	**TOTAL**
Net liability at Jan. 1	**1,179**	**4**	**1,183**	**1,078**	**2**	**1,080**
Defined benefit cost included in profit or loss	46	15	61	45	14	59
Total remeasurements included in OCI	(54)	(2)	(56)	(29)	2	(27)
Cash flows						
Employer contributions	(26)	(15)	(41)	(56)	(13)	(69)
Benefits paid directly by the Company	(43)	-	(43)	(42)	-	(42)
Currency effects: charge (or credit)	(25)	-	(25)	5	-	5
Net liability at Dec. 31	**1,078**	**2**	**1,080**	**1,001**	**5**	**1,006**

The 2018 employer contributions have been impacted by one-time payments for US amounting to 26 million Euro in aggregate.

Defined benefit costs for 2017 and 2018

MILLION EURO	2017			2018		
	Retirement plans (excl. Belgian DC-plans)	Belgian DC-plans with return guaranteed by law	TOTAL	**Retirement plans (excl. Belgian DC-plans)**	**Belgian DC-plans with return guaranteed by law**	**TOTAL**
Service cost						
Service cost, exclusive of employee contributions	22	14	36	20	14	35
Past service cost	-	-	-	1	-	1
(Gain) loss on settlements	-	-	-	-	-	-
Total service cost	**22**	**14**	**36**	**21**	**14**	**36**
Net interest cost						
Interest expense on DBO	50	3	53	48	3	51
Interest (income) on plan assets	(26)	(3)	(29)	(26)	(3)	(29)
Total net interest cost	**24**	**-**	**24**	**22**	**-**	**22**
Administrative expenses and taxes	1	-	1	1	-	1
DEFINED BENEFIT COST INCLUDED IN PROFIT OR LOSS	**47**	**14**	**61**	**45**	**14**	**59**
Remeasurements included in OCI						
Experience losses (gains) on plan liabilities	-	-	-	(10)	(16)	(26)
Demographic assumptions	(32)	-	(32)	(11)	-	(11)
Financial assumptions	24	(3)	21	(74)	(1)	(75)
Return on plan assets excl. Interest income	(44)	(1)	(45)	66	19	85
TOTAL REMEASUREMENTS INCLUDED IN OCI	**(52)**	**(4)**	**(56)**	**(29)**	**2**	**(27)**
TOTAL DEFINED BENEFIT COST RECOGNIZED IN PROFIT OR LOSS AND OCI	**(5)**	**10**	**5**	**16**	**16**	**33**

The total defined benefit cost for 2018 for the Group's material countries amounted to a cost of 33 million Euro (2017: 5 million Euro). Of this amount, 59 million Euro expense is reflected in the Group's Consolidated Statement of Profit or Loss over 2018 (2017: 61 million Euro expense). The balance, being 27 million Euro credit for 2018 (56 million Euro for 2017) is reflected in 'Other Comprehensive Income' under 'Remeasurements of the net defined benefit liability'. These remeasurements originate from experience gains on plan liabilities, changes in demographic and financial assumptions as well as from experience adjustments on the fair value of assets. Details are provided below.

In 2018, the defined benefit cost in profit or loss for the Group's material countries includes a past service cost amounting to 1 million Euro, resulting from the legal GMP equalization adjustment related to the Agfa UK Pension Plan.

Evolution defined benefit obligation, fair value of assets and funded status during 2017 and 2018
The defined benefit obligation, plan assets and funded status for the Group's material countries are shown below.

	2017			2018		
MILLION EURO	Retirement plans (excl. Belgian DC-plans)	Belgian DC-plans with return guaranteed by law	TOTAL	**Retirement plans (excl. Belgian DC-plans)**	**Belgian DC-plans with return guaranteed by law**	**TOTAL**
CHANGE IN DEFINED BENEFIT OBLIGATION						
Defined benefit obligation at January 1	**2,220**	**190**	**2,410**	**2,110**	**195**	**2,306**
Service cost						
Current service cost, exclusive of employee contributions	22	14	36	20	14	35
Past service cost	-	-	-	1	-	1
(Gain)/loss on settlements	-	-	-	-	-	-
Interest expense	50	3	53	48	3	51
Cash flows						
Benefit payments	(100)	(13)	(113)	(127)	(14)	(141)
Employee contributions	-	2	2	-	1	1
Premiums paid	(1)	(1)	(2)	-	-	-
Remeasurements						
Effect of changes in demographic assumptions	(32)	-	(32)	(11)	-	(11)
Effect of changes in financial assumptions	24	(3)	21	(74)	(1)	(75)
Effect of experience adjustments	(2)	2	-	(10)	(16)	(26)
Currency effects: charge (or credit)	(71)	-	(71)	13	-	13
Defined benefit obligation at December 31	**2,110**	**195**	**2,306**	**1,970**	**183**	**2,153**
CHANGE IN PLAN ASSETS						
Fair value of assets at January 1	**1,041**	**186**	**1,227**	**1,033**	**193**	**1,225**
Interest income	26	3	29	26	3	29
Employer contributions	69	15	84	98	13	111
Employee contributions	-	2	2	-	1	1
Benefit payments	(100)	(13)	(113)	(127)	(14)	(141)
Administrative expenses and taxes	(1)	-	(1)	(2)	-	(2)
Premiums paid	(1)	(1)	(2)	-	-	-
Transfer out	-	-	-	-	-	-
Return on plan assets (excluding interest income)	44	1	45	(65)	(19)	(85)
Currency effects: (charge) or credit	(46)	-	(46)	8	-	8
Fair value of assets at December 31	**1,033**	**193**	**1,225**	**969**	**178**	**1,147**
FUNDED STATUS AT DECEMBER 31						
Funded status	1,078	2	1,080	1,001	5	1,006
Effect of asset ceiling/onerous liability	-	-	-	-	-	-
Net liability (asset) at December 31	**1,078**	**2**	**1,080**	**1,001**	**5**	**1,006**

At December 31, 2018, the total defined benefit obligation for the Group's material countries, excluding defined contribution plans with return guaranteed by law, amounted to 1,970 million Euro (2,110 million Euro at December 31, 2017). Of this amount, 1,284 million Euro (1,391 million Euro at December 31, 2017) is related to wholly or partly funded plans and 686 million Euro (719 million Euro at December 31, 2017) is related to unfunded plans.

At December 31, 2018, the financing deficit for the Belgian defined contribution plans with guaranteed return amounted to 5 million Euro (2 million Euro at December 31, 2017). The net pension liability for these plans is calculated as the difference between the present value of the defined benefit obligation (DBO) amounting to 183 million Euro (195 million Euro at December 31, 2017) and the fair value of the plan assets amounting to 178 million Euro (193 million Euro at December 31, 2017). At December 31, 2018, the present value of the defined benefit obligation of the 'Top Performance Plan' and the 'Group insurance plan for managers and executives represent in aggregate 89% of the total DBO (89% at December 31, 2017) whereas the funding gap is almost fully attributable to the Top Performance Plan. General information on defined benefit plans with return guaranteed by law together with the characteristics of these plans are provided under Note 25.3.1.

In 2018, the benefit payments for the Group's material countries amounted to 141 million Euro and comprises of 26 million Euro settlement payments for the terminated vested benefits cash-out project with regard to the Agfa Corporation Pension Plan in the US and 5 million Euro payments for the Enhanced Transfer Value Exercise with regard to the Agfa UK Pension Plan. The benefit payments in 2017 amounted to 113 million Euro.

History of asset values, defined benefit obligation and deficit for the period 2014 until 2018

MILLION EURO	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	**December 31, 2018**
Fair value of plan assets	1,131	1,156	1,227	1,225	1,147
Present value of defined benefit obligation	2,280	2,245	2,410	2,306	2,153
Surplus/(Deficit) in the plan	**(1,149)**	**(1,089)**	**(1,183)**	**(1,080)**	**(1,006)**

25.3.4 Defined benefit obligation - Principal actuarial assumptions at the reporting date

The liabilities and defined benefits cost of the Group's retirement plans are determined using actuarial valuations that involve several actuarial assumptions. At the end of the reporting periods 2017 and 2018, the following principal actuarial assumptions (weighted averages) have been used.

MILLION EURO	December 31, 2017	**December 31, 2018**
Discount rate	2.27%	2.51%
Future salary increases	2.29%	2.26%

The above stated average discount rate and salary increases have been determined based on the actuarial assumptions applied in the different defined benefit plans of the Group's material countries weighted by the defined benefit obligation of the respective plans.

The discount rates used are determined by reference to the rates available on high-quality corporate bonds, that have a credit rating of at least AA from a main rating agency, that have maturity dates approximating the terms of the Group's obligations.

Weighted average duration

The Group has consistently calculated the weighted average duration by taking the average of the durations obtained via sensitivities +25 bps and -25 bps on the discount rate for the retirement plans of the Group's material countries. At December 31, 2018 the weighted average duration is 13 years (13 years at December 31, 2017).

Sensitivity analysis

The following information illustrates the sensitivity to a change as at December 31, 2018 in certain assumptions for the retirement plans of the Group's material countries.

MILLION EURO	Effect on Dec. 31, 2017 Defined benefit obligation	**Effect on Dec. 31, 2018 Defined benefit obligation**
25 bp decrease in discount rate	78	71
25 bp increase in discount rate	(75)	(65)
Change in mortality table, assuming employees live one year longer	54	54
Change in mortality table, assuming employees live one year shorter	(55)	(51)

25.3.5 Plan assets

Fair value of assets, split by major asset class

For the Group's material countries, plan assets comprise following major asset classes:

MILLION EURO	December 31, 2017	**December 31, 2018**
Cash, cash equivalents and other	6	33
Equity instruments	378	322
Debt instruments	645	604
Assets held by insurance company (1)	196	188
TOTAL	**1,225**	**1,147**

(1) Mainly DC plans with return guaranteed by law.

95% of the equity and debt instruments are invested through passive management (index tracking). At year-end 2017 and 2018, the fair value of assets does not comprise equity or debt instruments of the Company or its subsidiaries.

25.3.6 Expected defined benefit costs and cash flows for 2019

For 2019, the Group expects for the defined benefit plans of its material countries a total defined benefit cost in profit or loss of 58 million Euro, comprising of 35 million Euro service and administrative expenses and taxes (of which 14 million Euro related to defined contribution plans in Belgium) and 23 million Euro net interest costs.

During the next fiscal year 2019, the Group expects to contribute 106 million Euro for its material retirement plans. This amount excludes the estimated contribution payments for the defined contribution plans in Belgium amounting to 12 million Euro.
The expected cash out, excluding Belgian DC-plans, is 8 million Euro higher than the Company's cash out for 2018 which amounted to 98 million Euro comprising of 56 million Euro employer contributions and 42 million Euro benefit payments directly paid by the Company to the beneficiaries.

In order to reduce and at the same time de-risk the Group's post-employment benefit liabilities, the Group has contributed in 2018 25 million Euro on top of the contributions required according to local funding rules. For 2019, a budget of 35 million Euro is foreseen to further reduce and de-risk the pension liabilities. This amount is already reflected in the aforementioned 106 million Euro expected cash-out for the Group's material defined benefit plans.

25.4 SHARE-BASED PAYMENT TRANSACTIONS

On March 1, 2016, the Group established a cash-settled share-based payment plan for specific participants indicated by the Board of Directors. Participants are granted a Stock Appreciation Right Bonus giving right to a cash bonus reflecting the increase of the Company stock on the Euronext Brussels over a reference period of three years.

In total 657,000 stock appreciation rights were allocated to the members of the plan, with a vesting period of three years starting as from March 1, 2016. The fair value of the rights is determined at each closing date using a Black & Scholes model, and presented as a liability with corresponding changes on fair value recognized in profit or loss (2018: 0.2 million Euro, 2017: 0.3 million Euro).

At December 2018, the outstanding stock appreciation rights amounted to 524,000.

Following key parameters were used in the valuation model:

Fair value of stock appreciation rights at December 31, 2018	3.35 Euro
Grant date price	3.47 Euro
Expected volatility	35.7%
Grant date	March 1, 2016

26. LOANS AND BORROWINGS

MILLION EURO	2017	**2018**
Non-current liabilities	**47**	**219**
Revolving credit facility	(1)	219
EIB loan	6	-
Liabilities to banks	-	-
Debentures	42	-
Current liabilities	**39**	**66**
EIB loan	26	6
Liabilities to banks	12	13
Debentures	-	42
Bank overdrafts	1	5

26.1 REVOLVING CREDIT FACILITY

In 2015, the Company renegotiated a revolving credit facility with a notional amount of 400 million Euro having a maturity date July 2021. In general, drawdowns under these lines are made for short periods, but the Group has the discretion to rollover the liability under the existing committed loan agreement. These loan facilities are unsecured.
At December 31, 2018, drawdowns under this facility amounted to 220 million Euro.

At December 31, 2017, there were no drawdowns under this facility. Transaction costs amounting to 1 million Euro were included in the initial measurement of the financial liability and are amortized using the effective interest method over the duration of the facility.

The split over the relevant periods is as follows:

MILLION EURO	Notional amount		Outstanding amount			Interest rate	
Maturity date	2017	**2018**	2017	**2018**	Currency	2017	**2018**
2021	400	400	(1)	219	EUR	-	1.1%
TOTAL	**400**	**400**	(1)	**219**			

26.2 LIABILITIES TO BANKS

26.2.1 Long-term facilities

Maturities of long-term unsecured facilities were as follows:

MILLION EURO	2017		**2018**	
Maturing	Outstanding amount	Interest rate	**Outstanding amount**	**Interest rate**
Between 1-5 years: EIB loan	6	4.33% - 4.36%	-	-
Between 1-5 years: other facilities	-	-	-	-
> 5 years	-	-	-	-
TOTAL	**6**		-	-

26.2.2 Short-term facilities

Short-term facilities comprise the short-term portion of the EIB loan (6 million Euro). This facility matures in 2019.

26.3 DEBENTURES

In May 2005, the Company issued a bond with nominal value of 200 million Euro. The bond carried a 4.375% coupon and matured in June 2015. Interests are payable annually in arrears. The issue price was 101.956%. The bond is carried at amortized cost.
In May 2014, the Company launched a public exchange offer on aforementioned bond.
The holders of the existing bond were able to exchange their existing bonds for new bonds with a nominal amount of 1,000 Euro having a gross coupon of 5.35% per annum maturing in June 2019. Existing bonds for an aggregate amount of 42 million Euro were tendered into the exchange offer. Existing bonds for an aggregate nominal amount of 147 million Euro have been repaid in June 2015.

26.4 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Cash flows from financing activities		Non-cash changes			
MILLION EURO	Balance at Jan. 1, 2018	Business combina-tions	Interests paid	Net proceeds/ repayments of borrowings	Effect of changes in foreign exchange rate	Capitalised borrowing costs	Interest expense on loans and borrowings	Balance at Dec. 31, 2018
Revolving credit facility	(1)	-	(1)	220	-	-	1	219
EIB loan	32	-	(1)	(26)	-	-	1	6
Liabilities to banks	12	1	(6)	(1)	1	-	6	13
Debentures	42	-	(2)	-	-	-	2	42
Bank overdrafts	1	-	-	4 (2)	-	-	-	5
Total loans and borrowings	**86**	**1**	**(10) (1)**	**197**	**1**	-	**10**	**285**

(1) Interests paid in cash flow statement comprises interests paid on tax and other liabilities.
(2) Movement in bank overdraft is comprised in movement of cash and cash equivalents in cash flow statement.

27. PROVISIONS

As of December 31, 2018, provisions amounted to 61 million Euro (2017: 54 million Euro).

MILLION EURO	Environmental	Trade-related	Restructuring	Other	TOTAL
Provisions at December 31, 2017	**3**	**28**	**10**	**13**	**54**
Provisions made during the year	-	3	25	2	**30**
Provisions used during the year	-	(5)	(17)	(3)	**(25)**
Provisions reversed during the year	-	-	-	-	**-**
Exchange differences	-	-	-	-	**-**
Transfers	-	2	-	-	**2**
Provisions at December 31, 2018	**3**	**28**	**18**	**12**	**61**

Provisions for environmental protection relate to future re-landscaping, landfill modernization and the remediation of land contaminated by past industrial operations.
Provisions for trade-related commitments at closing date and related flows during the year primarily comprise commissions to agents, warranty provisions and commercial litigations.
Provisions for restructuring mainly comprise employee related costs. Most of the additions for this year refer to employee termination costs.
Other current provisions comprise provisions for onerous rent, legal claims (including lawyer fees) and a legal claim regarding import duties.

28. CONTRACT LIABILITIES

At December 31, 2018, contract liabilities amounted to 166 million Euro (163 million Euro current and 3 million Euro non-current) and comprise 'Deferred revenue and advance payments received from customers' and accruals for bonuses and rebates to goods and service purchased by customers during 2018.

Deferred revenue comprises amounts invoiced in accordance with contractually agreed terms but unearned whereas advance payments reflect the amounts paid by customers who have not yet received an invoice and to whom the Company still has to fulfil its commitment, i.e. delivery of goods and/or services.

Deferred revenue primarily results from milestone billing in arrangements combining multiple deliverables such as software, hardware, services, … (multiple-element arrangements) and from the advance billing of service and maintenance contracts.

The application of the Group's accounting policy on recognition of revenue with regard to multiple-element arrangements requires management to judge whether or not an arrangement comprises multiple elements, and if so, whether reliable vendor-specific objective evidence of fair value exists for those elements.
Allocating the total arrangement fee, including any discounts, to each deliverable based on vendor specific objective evidence of fair value involves the use of significant estimates and assumptions. Changes to the elements in a multiple-element arrangement and the respective fair value of the related elements could materially impact the amount of earned and unearned revenue.

29. OTHER PAYABLES

The other payables at December 31, 2018, amounting to 8 million Euro, mainly comprises of accrued interests on liabilities, liabilities against staff resulting from compensation of travel and other personnel related expenses and finance leases.

30. OTHER LIABILITIES

The other liabilities current and non-current at December 31, 2018, amounting to 15 million Euro, mainly comprises of government grants and subsidies, liabilities for earn outs related to the acquisition of Bodoni Systems Limited, Ipagsa Technologies S.L.U., Ipagsa (Shanghai) Printing Materials Co Ltd, Inovelan S.A. and the agreement with distributors of hardcopy films in China.

31. OPERATING LEASES

31.1 LEASES AS LESSEE

The Group leases mainly buildings and cars under a number of operating lease agreements. The future lease payments under these non-cancellable operating leases are due as follows:

MILLION EURO	2017	2018
Not later than one year	41	40
Between one and five years	76	88
Later than five years	7	20
TOTAL	**124**	**148**

31.2 LEASES AS LESSOR

The Group leases out business accommodation and other equipment under operating leases. At December 31, 2018, non-cancellable operating rentals are limited to 1 million Euro (December 31, 2017: 1 million Euro).

32. COMMITMENTS AND CONTINGENCIES

32.1 CONTINGENT LIABILITIES

Contingent liabilities resulted entirely from commitments given to third parties and comprise:

MILLION EURO	2017	2018
Bankguarantees	41	41
Other	1	1
TOTAL	**42**	**42**

Total purchase commitments in connection with major capital expenditure projects for which the respective contracts have already been awarded or orders placed amounted to 1 million Euro as of December 31, 2018 (2017: 1 million Euro).

32.2 LEGAL RISKS/CONTINGENCIES

The Group is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency.

AgfaPhoto

In connection with the divestment of the Consumer Imaging business of Agfa-Gevaert AG and certain of its subsidiaries, the Group entered into various contractual relationships with AgfaPhoto Holding GmbH, AgfaPhoto GmbH and their subsidiaries in various countries (the 'AgfaPhoto group'), providing for the transfer of its Consumer Imaging business, including assets, liabilities, contracts and employees, to AgfaPhoto group companies.

Subsequent to the divestment, insolvency proceedings have been opened with respect to AgfaPhoto GmbH and a number of its subsidiaries in both Germany and other countries. The Group had been sued through lawsuits or other actions in various countries in connection with a number of disputes. Those disputes have been resolved, with the exception of the following dispute.
With respect to that divestment, the insolvency receiver of AgfaPhoto GmbH initiated various arbitration proceedings before the ICC International Court of Arbitration in Paris. In the last arbitration proceeding that was still pending, the receiver claimed damages suffered as a result of, inter alia, the alleged undercapitalization of AgfaPhoto GmbH and the alleged causation of the insolvency of AgfaPhoto GmbH. The ICC Tribunal issued a final award on May 31, 2018, through which it dismissed all of the insolvency receiver's claims, and ordered him to reimburse to Agfa a very substantial part of the costs that Agfa incurred in that arbitration proceeding.
The insolvency receiver filed a request for the annulment of that final award before a German court in October 2018. This court proceeding is pending.

33. RELATED PARTY TRANSACTIONS

33.1 TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE MANAGEMENT (KEY MANAGEMENT PERSONNEL)

Key management personnel compensation (excluding employer's social contribution) included in profit or loss can be detailed as follows:

	2017		2018	
MILLION EURO	Directors	Executive Management	**Directors**	**Executive Management**
Short-term employee benefits	0.6	3.7	0.5	4.1
Termination benefits	-	-	-	1.3
Post-employment benefits	-	0.3	-	0.2
Share-based payment	-	-	-	-
TOTAL	**0.6**	**4.0**	**0.5**	**5.7**

As of December 31, 2018, there were no loans outstanding neither to members of the Executive Management nor to members of the Board of Directors.
Pension provisions for members and retired members of the Executive Management, amounting to 17 million Euro, are reflected in the statement of financial position of the Group at December 31, 2018. Key management personnel remuneration is also included in the Remuneration Report see pages 218-223.

33.2 OTHER RELATED PARTY TRANSACTIONS

Transactions with related companies are mainly trade transactions. The revenue and expenses related to these transactions are immaterial to the consolidated financial statements as a whole.

The Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd. combined as of 2010 their activities aiming at reinforcing both partners' market position in Greater China and ASEAN region.
Shenzhen Brother Gao Deng Investment Group Co., Ltd. has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties.
See also Note 24.8 Non-controlling Interests.

The following table summarizes the transaction values and the outstanding balances between the Group and Shenzhen Brother Gao Deng Investment Group Co., Ltd. In the course of 2018, Shenzhen Brother Gao Deng Investment Group Co., Ltd. received a dividend of 3 million Euro (49%).

	Transaction value for the year ended December 31		Balance outstanding at December 31	
MILLION EURO	2017	**2018**	2017	**2018**
Sales to Shenzhen Brother Gao Deng Investment Group Co., Ltd.	20	22	4	5
Purchases from Shenzhen Brother Gao Deng Investment Group Co., Ltd.	23	9	1	1
Dividend	10	3	-	-
Prepayment	-	25	-	25

The 25 million Euro (200 million CNY) is a supplier advance against a company of the Shenzhen Brother Gao Deng Group for whose account the film conversion takes place. The advance is amortised based upon future film volumes supplied to Agfa Graphics Asia Ltd. In the Statement of Financial Position of the Group this advance is recognized as 'Other asset' (see Note 21: 19 million euro non-current, and 6 million euro current)

34. EARNINGS PER SHARE

34.1 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at December 31, 2018, was based on the loss attributable to owners of the Company of 24 million Euro (2017: a profit of 37 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2018, of 167,751,190 (2017: 167,751,190).

The weighted average number of ordinary shares is calculated as follows:

Number of ordinary shares at January 1, 2018	Effect of options excercized during 2018	**Weighted average number of ordinary shares at December 31, 2018**
167,751,190	-	**167,751,190**
EURO	2017	**2018**
Basic earnings per share	0.22	**(0.14)**

34.2 DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at December 31, 2018 was based on the loss attributable to owners of the Company of 24 million Euro (2017: a profit of 37 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2018 of 167,751,190 (2017: 167,751,190).
It should be noted that there are no options outstanding at December 31, 2018.

The weighted average number of ordinary shares (diluted) is calculated as follows:

Number of ordinary shares at January 1, 2018	Effect of stock options on issue	**Weighted average number of ordinary shares at December 31, 2018**
167,751,190	-	**167,751,190**
EURO	2017	**2018**
Diluted earnings per share	0.22	**(0.14)**

The average fair value of one ordinary share during 2018 was 3.64 Euro per share.

35. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES AGFA-GEVAERT GROUP

The ultimate parent of the Group is Agfa-Gevaert NV (BE 0404 021 727), Mortsel (Belgium).
The Company is the parent company for the following significant subsidiaries.

Consolidated companies, December 31, 2018		
Name of the company	**Location**	**Effective interest %**
Agfa (Pty.) Ltd.	Isando/Rep. of South Africa	100
Agfa (Wuxi) Imaging Co., Ltd.	Wuxi/PR China	99.16
Agfa (Wuxi) Printing Plate Co. Ltd.	Wuxi/PR China	51
Agfa ASEAN Sdn. Bhd.	Kuala Lumpur/Maleisië	51
Agfa Corporation	Elmwood Park/United States of America	100
Agfa de Mexico S.A. de C.V.	Mexico D.F./Mexico	100
Agfa Finance Corp.	Wilmington/United States of America	100
Agfa Finance Inc.	Toronto/Canada	100
Agfa Finance Italy SpA	Milan/Italy	100
Agfa Finance NV - BE 0436 501 879	Mortsel/Belgium	100
Agfa Finco NV - BE 0810 156 470	Mortsel/Belgium	100
Agfa Graphics Argentina S.A.	Buenos Aires/Argentina	100
Agfa Graphics Asia Ltd.	Hong Kong/PR China	51
Agfa Graphics Ecuador CIA. LTDA	Quito/Ecuador	100
Agfa Graphics Ltd.	Leeds/United Kingdom	100
Agfa Middle East FZCO	Dubai/United Arab Emirates	100
Agfa NV - BE 0456 366 588	Mortsel/Belgium	100
Agfa Graphics S.r.l.	Milano/Italy	100

Agfa HealthCare - Knightsbridge GmbH	Vienna/Austria	60
Agfa HealthCare AG	Dübendorf/Switzerland	100
Agfa HealthCare Argentina S.A.	Buenos Aires/Argentina	100
Agfa HealthCare Australia Limited	Scoresby/Australia	100
Agfa HealthCare Brasil Importacao e Servicos Ltda.	Sao Paulo/Brazil	100
Agfa HealthCare Chile Ltda.	Santiago de Chile/Chile	100
Agfa HealthCare Colombia Ltda.	Bogota/Colombia	100
Agfa HealthCare Corporation	Greenville/United States of America	100
Agfa HealthCare Denmark A/S	Copenhagen/Denmark	100
Agfa HealthCare France S.A.	Artigues près Bordeaux/France	100
Agfa HealthCare Equipments Portugal Lda.	Sintra/Portugal	100
Agfa HealthCare Finland Oy AB	Espoo/Finland	100
Agfa HealthCare Germany GmbH	Bonn/Germany	100
Agfa HealthCare Ges.mbH	Vienna/Austria	100
Agfa HealthCare GmbH	Bonn/Germany	100
Agfa HealthCare Hellas A.E.B.E.	Athens/Greece	100
Agfa HealthCare Hong Kong Ltd.	Hong Kong/PR China	100
Agfa HealthCare Hungary Kft.	Budapest/Hungaria	100
Agfa HealthCare Imaging Agents GmbH	Bonn/Germany	100
Agfa HealthCare Inc.	Mississauga/Canada	100
Agfa HealthCare India Private Ltd.	Thane/India	100
Agfa HealthCare Luxembourg S.A.	Bertrange/Luxemburg	100
Agfa HealthCare Malaysia Sdn. Bhd.	Kuala Lumpur/Malaysia	100
Agfa HealthCare Mexico S.A. de C.V.	Mexico D.F./Mexico	100
Agfa HealthCare Norway AS	Oslo/Norway	100
Agfa HealthCare NV - BE 0403 003 524	Mortsel/Belgium	100
Agfa HealthCare Saudi Arabia Company Limited LLC	Riyadh/Saudi Arabia	100
Agfa HealthCare (Shanghai) Co Ltd.	Shanghai/PR China	100
Agfa HealthCare Singapore Pte. Ltd.	Singapore/Republic of Singapore	100
Agfa HealthCare South Africa Pty. Ltd.	Gauteng/Rep. of South Africa	100
Agfa HealthCare Spain S.A.U.	Barcelona/Spain	100
Agfa HealthCare Sweden AB	Kista/Sweden	100
Agfa HealthCare Systems Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa HealthCare UK Limited	Brentford/United Kingdom	100
Agfa Imaging (Shenzhen) Co. Ltd.	Shenzhen/PR China	51
Agfa Inc.	Mississauga/Canada	100
Agfa Industries Korea Ltd.	Seoul/Korea	100
Agfa Limited	Dublin/Ireland	100
Agfa Materials Corporation	Wilmington/United States of America	100
Agfa Materials Japan Ltd.	Tokyo/Japan	100
Agfa Materials Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa Scots Ltd.	Edinburgh/United Kingdom	100
Agfa Singapore Pte. Ltd.	Singapore/Republic of Singapore	51
Agfa Solutions SAS	Rueil-Malmaison/France	100
Agfa Sp. z.o.o.	Warsaw/Poland	100
Agfa Taiwan Co. Ltd.	Taipei/Taiwan	51
Agfa-Gevaert A.E.B.E.	Athens/Greece	100

Agfa-Gevaert Aktiengesellschaft für Altersversorgung	Düsseldorf/Germany	100
Agfa-Gevaert Argentina S.A.	Buenos Aires/Argentina	100
Agfa-Gevaert B.V.	Rijswijk/The Netherlands	100
Agfa-Gevaert Colombia Ltda.	Bogota/Colombia	100
Agfa-Gevaert de Venezuela S.A.	Caracas/Venezuela	100
Agfa-Gevaert do Brasil Ltda.	Sao Paulo/Brazil	100
Agfa-Gevaert Graphic Systems GmbH	Düsseldorf/Germany	100
Agfa-Gevaert HealthCare GmbH	Düsseldorf/Germany	100
Agfa-Gevaert Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited	Scoresby/Australia	100
Agfa-Gevaert Limited	Brentford/United Kingdom	100
Agfa-Gevaert Ltda.	Santiago De Chile/Chile	100
Agfa-Gevaert GmbH	Düsseldorf/Germany	100
Agfa-Gevaert NZ Ltd.	Auckland/New Zealand	100
Agfa-Gevaert S.A.	Pont-à-Marcq/France	99.99
Agfa-Gevaert S.p.A.	Milan/Italy	100
Agfa HealthCare Imaging Agents France S.r.l.	Marcq en Baroeul/France	100
Lastra Attrezzature S.r.l.	Manerbio/Italy	60
Litho Supplies (UK) Ltd.	Derby/United Kingdom	100
Luithagen NV - BE 0425 745 668	Mortsel/Belgium	100
New ProImage America Inc.	Princeton/United States of America	100
New ProImage Ltd.	Netanya/Israel	100
OOO Agfa Graphics	Moscow/Russian Federation	100
OOO Agfa	Moscow/Russian Federation	100
Agfa HealthCare Algérie Sarl	Alger/Algeria	100
Agfa HealthCare Kazakhstan LLP	Almaty/Republic of Kazakhstan	100
Agfa HealthCare Ukraine LLC	Kyiv/Ukraine	100
PT Gevaert-Agfa HealthCare Indonesia	Jakarta/Indonesia	100
Agfa HealthCare IT Brasil Servicis E Serviços Ltda.	Barueri/Brazil	100
Bodoni Systems	Middlesex/United Kingdom	100
Agfa HealthCare Middle East FZ-LLC	Dubai/United Arab Emirates	100
Agfa HealthCare IT UK Limited	Middlesex/United Kingdom	100
Agfa South Africa (Pty) Ltd.	Gauteng/Rep. of South Africa	100
Agfa Australia Pty Ltd.	Scoresby/Australia	100
Agfa Canada Inc.	Mississauga/Canada	100
Agfa US Corp.	Greenville/United States of America	100
Ipagsa Technologies S.L.U.	Barcelona/Spain	100
Agfa Graphics Shanghai Co. Ltd.	Shanghai/PR China	51
Inovelan S.A.	Saint-André-lez-Lille/ France	100
Agfa HealthCare IT (Shanghai) Co Ltd	Shanghai/PR China	100
Agfa Hong Kong Ltd.	Hong Kong/PR China	100
Agfa HealthCare Vietnam Co. Ltd.	Ho Chi Minh City/Vietnam	100
Ipagsa (Shanghai) Printing Materials Co Ltd	Shanghai/PR China	100

Associated companies, December 31, 2018		
Name of the company	Location	Effective interest %
My Personal Health Record Express Inc.	New York/United States of America	27.45

36. EVENTS SUBSEQUENT TO DECEMBER 31, 2018

There are no material subsequent events

37. INFORMATION ON THE AUDITOR'S ASSIGNMENTS AND RELATED FEES

The following fees for the services of KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises were recognized as an expense:

EURO	2017	2018
Fees of the independent auditor with respect to the statutory audit mandate for the Company and the Group (Belgium)	**549,388**	**771,129**
Fees for non-audit services rendered by the independent auditor to the Company and the Group		
Other attestation	50,268	178,210
Tax	-	-
Other non-audit	-	-
SUBTOTAL	**599,656**	**949,339**
Fees of independent auditor's network with respect to a statutory audit mandate at the level of the Group (foreign operations)	**1,073,850**	**969,497**
Fees for non-audit services rendered by the independent auditor's network to the Group (Belgian and foreign operations)		
Other attestation	64,276	65,013
Tax	180,179	102,432
Other non-audit	1,180,544	393,250
SUBTOTAL	**2,498,849**	**1,530,192**
TOTAL	**3,098,505**	**2,479,531**

The fees for the auditing of financial statements comprise those for the audits of the consolidated financial statements of the Agfa-Gevaert Group and the financial statements of its subsidiaries in Belgium and abroad. Other non-audit fees mainly relate to advice and due diligence assistance.

Statutory auditor’s report to the general meeting of Agfa-Gevaert NV on the consolidated financial statements as of and for the year ended December 31, 2018

In the context of the statutory audit of the consolidated financial statements of Agfa-Gevaert NV ('the Company') and its subsidiaries (jointly 'the Group'), we provide you with our statutory auditor’s report. This includes our report on the consolidated financial statements for the year ended December 31, 2018, as well as other legal and regulatory requirements. Our report is one and indivisible.
We were appointed as statutory auditor by the general meeting of May 10, 2016, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers’ council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended December 31, 2018. We have not been able to identify the exact date of our initial appointment. However, we can confirm that we have performed the statutory audit of the consolidated financial statements of Agfa-Gevaert NV for at least 41 consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended December 31, 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of profit or loss, of other comprehensive income, of changes in equity and of cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 2.367 million Euro and the consolidated statement of profit or loss shows a loss for the year of 15 million Euro.
In our opinion, the consolidated financial statements give a true and fair view of the Group’s equity and financial position as at December 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the 'Statutory auditors’ responsibility for the audit of the consolidated financial statements' section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.
We have obtained from the board of directors and the Company’s officials the explanations and information necessary for performing our audit.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and indefinite-life intangible assets

We refer to note 3.13.1 'Impairment testing of goodwill, intangible assets and property, plant and equipment' and to note 14 'Intangible assets and goodwill' of the consolidated financial statements.

• Description

The Group operates in business sectors where financial performance is impacted by competitive pressures and volatile commodity prices (silver and aluminum). In addition, the Group is transitioning to new growth engines (Inkjet and Healthcare IT).

Goodwill and indefinite-life intangible assets are assessed for impairment annually in accordance with IAS 36. Management prepares a recoverable amount assessment by discounting future cash flow projections to determine whether these assets are impaired at the reporting date as well as the level of impairment charge to be recognized.

Impairment of goodwill and indefinite-life intangible assets is a Key audit matter due to:

- The size of the balance (being 22,6% of total assets); and
- The level of judgement required by management in its assessment of impairment, which principally relates to the inputs used in both forecasting and discounting future cash flows to determine the recoverable amount.

• Our audit procedures

Our audit procedures included, amongst others:

- We evaluated the process by which managements' cash flow forecasts were prepared, including testing the underlying calculations and reconciling them to the latest Board of Directors approved financial targets.
- We analysed the Group's previous ability to forecast cash flows accurately and challenged the reasonableness of current forecasts by comparing key assumptions to historical results, economic and industry forecasts and internal planning data.
- We assessed the appropriateness of the Group's valuation methodology and its determination of discount rates by including valuation specialists in our team. Furthermore we performed sensitivity analyses around the key assumptions used for the determination and discounting of the cash flow forecasts, in particular discount rates, growth rates and commodity prices. We assessed how management incorporated the specific risk factors faced by the businesses and the Group in their cash flow forecasts and discount rates. Having ascertained the extent of change in the assumptions that either individually or collectively would be required for the goodwill and indefinite-life intangible assets to be potentially impaired, we assessed the likelihood of such a movement in those key assumptions.
- Furthermore, we assessed the appropriateness of the Group's disclosures in respect of impairment, which are included in note 14 to the consolidated financial statements.

Recoverability of deferred tax assets

We refer to note 3.7 'Income tax and other tax' and note 13 'Income taxes' of the consolidated financial statements.

• Description

The Group has significant tax losses and deductible temporary differences from past business performance for which a deferred tax asset of 114 million Euro has been recognized.

There is an inherent uncertainty involved in assessing the availability of future taxable profits, which determines the extent to which deferred tax assets are or are not recognized.

Due to the significance of the balance as well as the judgment involved in the estimations described above, the recoverability of deferred tax assets is a key audit matter for our audit.

Due to the significance of the balance as well as the judgment involved in the estimations described above, the recoverability of deferred tax assets and assessment of current tax provisions and tax contingencies is a key audit matter for our audit.

• Our audit procedures

Our audit procedures included, amongst others:

- We assessed the appropriateness of the Group's assumptions and estimates in determining the level of tax losses and deductible temporary differences to recognise.
- We assessed the Group's view of the likelihood of generating sufficient taxable profits to support the recognition of deferred tax assets, which includes an assessment of the long-term business plans, the historical and projected taxable profit forecasts at legal entity level, a consideration of tax planning strategies and sensitivities to changes in assumptions.
- Furthermore, we assessed the appropriateness of the Group's disclosures in respect of income taxes, which are included in note 13 to the consolidated financial statements.

Measurement of post-employment benefits

We refer to note 3.4 'Employee benefits' and note 25 'Employee benefits' of the consolidated financial statements.

• Description

The Group provides retirement benefits in most countries in which it operates. Retirement benefits are organized through defined contribution plans as well as defined benefit plans. The Group funds its obligations in relation to those plans via insurance plans and segregated assets in Pension Funds.
The net defined benefit liability for Belgium, Germany, UK and US together represents 96% of the total net defined benefit liability.
Post-employment benefits is a Key Audit Matter due to:

- The size of the balance (€1.046m which represents 44,2% of total liabilities); and
- The significant estimates made in valuing the Group's post-employment benefit obligations and underlying assets. Small changes in assumptions and estimates used to value the Group's net post-employment benefit liabilities would have a significant effect on the Group's financial position.

• Our audit procedures

- We updated our understanding of the Group's valuation process.
- We assessed the competence, objectivity and capabilities of the external actuarial experts engaged by management.
- We challenged the key assumptions, being the discount rates, inflation rates and mortality expectations underlying the valuation of the Group's post-employment benefit obligations with the support of our actuarial specialists. This included a comparison of key assumptions used against externally derived data.
- We verified the accuracy of the census data underlying the actuarial valuation and reconciled the fair value of the plan assets with external confirmations.
- We assessed the overall reasonableness of the valuation outcome.
- Furthermore, we assessed the appropriateness of the Group's disclosures in respect of employee benefits, which are included in note 25 to the consolidated financial statements.

Revenue recognition

We refer to note 3.3 'Revenue' and note 9 'Revenue' of the consolidated financial statements.

• Description

For the year ended December 31, 2018, the Group recorded revenue amounting to 2.247 million Euro.
We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group (including bonus arrangements) and is, therefore, subject to an inherent risk of manipulation by management to meet targets or expectations and because errors in the recognition of revenue could have a material impact on the Group's profit for the year.

• Our audit procedures

Our audit procedures included, amongst others:

- Evaluating the design, implementation and operating effectiveness of key controls (including IT environment) over the existence, accuracy and timing of revenue recognition.
- Challenging the revenue recognition policies adopted by the Group by making inquiries of management and inspecting a sample of sales contracts to understand the contractual components, the delivery terms and to assess the Group's timing of revenue recognition with reference to the requirements of the prevailing accounting standards.
- Assessing whether revenue had been recognized in the appropriate accounting period by comparing a sample of sales transactions around the year-end with relevant underlying documents (e.g. delivery documentation).
- Inspecting manual adjustments to revenue, enquiring of management as to the reason for such adjustments and comparing the details of the adjustments with relevant underlying documentation.
- Testing a sample of contract assets and contract liabilities ending balances and comparing these to supporting evidence.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.
When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of Directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (revised in 2018) which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, and the other information included in the annual report, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 119 of the Companies' Code except for the item listed below with regard to the non-financial information.
In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- Chapter 1 Letter to the Shareholders and Key Figures 2018

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The Group has analyzed the requirements of article 119 § 2 of the Companies' Code based on the Global Reporting Initiative (GRI) standards but actual implementation thereof has not yet been fully completed. In accordance with art 148 §1, 5° of the Belgian Companies' Code, we do not comment on whether this non-financial information has been prepared in accordance with the GRI standards.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 134 of the Companies' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Other aspect

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Antwerpen, April 12, 2019

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory auditor
represented by

H. Van Donink
Réviseur d'Entreprises / Bedrijfsrevisor

Statutory accounts

The following pages are extracts of the statutory annual accounts of Agfa-Gevaert NV prepared under Belgian accounting policies. The management report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Agfa-Gevaert NV as well as the Auditor's Report, will be filed with the National Bank of Belgium within the statutory stipulated periods. These documents are available on request from Agfa's Investor Relations department and at www.agfa.com/investorrelations.

Only the Consolidated Annual Financial Statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Agfa-Gevaert Group. The Statutory Auditor's Report is unqualified and certifies that the non-consolidated financial statements of Agfa-Gevaert NV for the year ending December 31, 2018 give a true and fair view of the financial position and results of the Company in accordance with all legal and regulatory dispositions.

INCOME STATEMENTS

MILLION EURO		2017	2018
I. Operating income			
A.	Turnover	446	432
B.	Stocks of finished goods, work and contracts in progress (increase +, decrease -)	7	(3)
C.	Own work capitalised	22	28
D.	Other operating income	103	99
E.	Non-recurring operating income	1	0
TOTAL OPERATING INCOME		**579**	**556**
II. Operating charges			
A.	Raw materials, consumables		
	1. Purchases	242	215
	2. Stocks (increase -, decrease +)	(2)	(1)
B.	Services and other goods	99	97
C.	Remuneration, social security costs and pensions	202	207
D.	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	33	33
E.	Amounts written off stocks, contracts in progress and trade debtors (appropriations +, write-backs -)	(1)	(1)
F.	Provisions for liabilities and charges (appropriations +, uses and write-backs -)	(7)	(3)
G.	Other operating charges	6	11
H.	Non-recurring operating charges	0	0
TOTAL OPERATING CHARGES		**572**	**558**
III.	**Operating profit/loss**	**7**	**(2)**
IV.	**Financial income**	**120**	**88**
V.	**Financial charges**	**(146)**	**(213)**
VI.	**Gain/ loss for the period before taxes**	**(19)**	**(127)**
VII.	**Transfer from deferred taxes**	**0**	**0**
VIII.	**Income taxes**	**(3)**	**0**
IX.	**Gain/ loss of the period**	**(22)**	**(127)**
X.	**Transfer from untaxed reserves**	**0**	**0**
XI.	**Gain/ loss of the period available for appropriation**	**(22)**	**(127)**
Appropriation account			
A.	Profit to be appropriated	309	182
	1. Gain (loss) of the period available for appropriation	(22)	(127)
	2. Accumulated profits (losses)	331	309
B.	Withdrawals from capital and reserves	0	0
C.	Transfer to capital and reserves	0	0
D.	Accumulated profits (losses)	309	182
F.	Profit to be distributed	0	0

FINANCIAL POSITION

MILLION EURO		December 31, 2017	**December 31, 2018**
Assets			
I.	Formation expenses	2	1
II.	Intangible fixed assets	16	19
III.	Tangible fixed assets	23	29
IV.	Financial fixed assets	2,764	2,824
V.	Amounts receivable after more than 1 year	0	5
VI.	Stocks and contracts in progress	109	108
VII.	Amounts receivable within one year	302	289
VIII.	Current investments	16	14
IX.	Cash at bank and in hand	13	7
X.	Deferred charges and accrued income	3	3
		3,248	**3,299**
Liabilities			
I.	Capital	187	187
II.	Share premium account	211	211
IV.	Reserves	416	416
V.	Accumulated profits	309	182
VI.	Investment grants	1	1
		1,124	997
VII.	Provisions and deferred taxes	30	27
VIII.	Amounts payable after more than one year	48	220
IX.	Amounts payable within one year	2,044	2,052
X.	Accrued charges and deferred income	2	3
		3,248	**3,299**

Corporate Governance Statement

The Company has decided to apply the Belgian Corporate Governance Code 2009 as reference code. The Code can be consulted on the website www.corporategovernancecommittee.be.

Unless otherwise stated in the relevant sections of this Statement, the Company is completely in line with the Belgian Corporate Governance Code 2009. The complete Corporate Governance Charter of the Company is published on the website: www.agfa.com/investorrelations.

This Corporate Governance Statement is also in line with the Law on Corporate Governance of April 6, 2010, as published in the Belgian State Gazette on April 23, 2010. The Law on Corporate Governance can be consulted on the website of the Belgian State Gazette www.staatsblad.be.

The Remuneration Report is part of this Corporate Governance Statement. The governance structure of the Company is built up round the Board of Directors, the Chief Executive Officer (CEO) and the Executive Committee (ExCo). The Board of Directors is assisted by a Nomination and Remuneration Committee and an Audit Committee.

Board of Directors

As the ultimate management body of the Company, the Board of Directors is empowered to carry out any necessary or useful actions for the achievement of the corporate purpose, the exception being the powers reserved by law for the General Meeting of Shareholders (such as amendments to the articles of association, capital increases other than through the authorized capital, capital decreases).

The powers and operation of the Board of Directors are described extensively in the Corporate Governance Charter. The articles of association determine that the Board of Directors meets whenever the interest of the Company so requires or following a request by two directors.

In 2018, eight effective meetings took place, as well as a couple of short discussions per conference call.

In the course of 2018, the Board of Directors discussed and decided upon, inter alia: defining the corporate strategy and key policies, the perspectives for 2019 and the action plans for the years to come, recommendations from the various Committees to the Board of Directors, risk management, the approval of budgets, cost control scenarios, the evolution of important litigations and the approval of the annual accounts.

Directors likely to have conflicting interests with regard to any item on the agenda must disclose the conflict before any deliberation and must abstain from deliberating and voting on that item. More particularly, the directors must not put themselves in conflict situations as described in the Corporate Governance Charter of the Company. Should such an event occur against their will, they must disclose it before any deliberation relating to the conflicting item and must abstain from deliberating and voting on that item.
In 2018, there were no occurrences where a director had directly or indirectly conflicting interests with a decision made by the Board of Directors.

Composition of the Board of Directors

The articles of association of the Company provide that the Board of Directors has at least six members, who do not need to be shareholders and who are appointed for a renewable maximum term of four years. At least half of the members are to be non-executive directors, including a minimum of three independent directors.

The mandates as a director of Pamica NV, with permanent representative Michel Akkermans, and of Willy Duron, expired immediately following the General Meeting of Shareholders of May 8, 2018. They both did not seek re-election. To ensure the Board of Directors had a sufficient number of independent directors, it has been proposed to the shareholders to appoint MRP Consulting BVBA, with permanent representative Mr. Mark Pensaert, as independent director for a 4-year term.

Since Mr. Klaus Röhrig was co-opted by the Board of Directors on November 12, 2018, the Board consists of the following seven members:

- Julien De Wilde, Chairman, member since 2006, Director of companies,
- Mercodi BVBA, with permanent representative Jo Cornu, member since 2002, Director of companies,
- MRP Consulting BVBA (1), with permanent representative Mark Pensaert, member since 2018, Director of companies,
- Hilde Laga (1), member since 2015, Director of companies,
- Viviane Reding (1), member since 2015, Director of companies,
- CRBA Management BVBA, with permanent representative Christian Reinaudo, CEO, member since 2010, Director of companies,
- Klaus Röhrig, member since 2018, Director of companies.

(1) Independent director in accordance with article 526ter of the Belgian Code of Companies.

The mandates as a director of Julien De Wilde, Hilde Laga, Viviane Reding and Klaus Röhrig expire immediately following the General Meeting of Shareholders of May 14, 2019. Only Hilde Laga and Klaus Röhrig seek re-election. Viviane Reding and Julien De Wilde have decided, on ground of age, not to continue their mandate as a director and they therefore do not seek re-election.

At the General Meeting of May 14, 2019, it will also be proposed to the shareholders to appoint Helen Routh and Vantage Consulting BVBA, with permanent representative Frank Aranzana, as independent directors for a 4-year term. The Board of Directors is convinced that these candidates have the right competences and qualities to become valuable members of the Board, as it appears from the below mentioned CV's.

Frank Aranzana (°1958 - French) holds a Bachelor's degree in Economics and Political Sciences from IEP Paris, a Bachelor in Law from Nice University and later obtained a Master in Management from ESSEC Paris. He started his career in 1986 with Dow Chemical, where he worked in sales, marketing and Business management. In 1996, he joined DuPont Dow Elastomers as Business Director. In 1999, he joined UCB as a Director of the Radcure business unit and subsequently Specialty Chemicals, which were sold to Cytec Industries in 2005. He became Vice President of Cytec Surface Specialties and in 2008 President of Cytec Specialty Chemicals, member of Cytec's Executive Leadership team and an Officer of Cytec Industries Inc. In 2013, he was appointed CEO of Allnex, the leading producer of coating resins acquired by Advent International Private Equity and in 2016, he became an Advent Operating partner, sitting on Allnex's Advisory Committee.

Helen Routh (°1962 - British/American) is a global health-care executive with a record of solving complex problems at the intersection of innovation and business. She has a PhD in Physics, specializing in medical ultrasound from University College Cardiff (UK). Until 2017, she held diverse business and functional roles in healthcare at Philips, working across products, software and services. She was the General Manager of Philips Research in North America and General Manager of Philips' global Clinical Informatics businesses. As Senior VP of Strategy and Innovation, she led the development of Innovation Strategy across Royal Philips and was head of the Integrated Solutions team. Helen Routh currently serves as the chairman of the board of Ultromics, an outcomes based AI company spun out of the University of Oxford. She also works as a strategy advisor for a UK health innovation partnership, linking industry with hospitals, universities, and research. She is an invited keynote speaker and panelist on both technical and business topics, and currently serves on the International Scientific Committee of ESPCI in Paris.

Current mandates

• Chairman of the board of Ultronics.

CV's of the members of the Board of Directors

Christian Reinaudo (°1954 - French) is a graduate from the 'Ecole de Physique et de Chimie Industrielles de Paris' and holds a doctorate from the 'University of Paris' (France). He started his career with Alcatel (formerly named 'Compagnie Générale d'Electricité') in 1978 in the Research and Development Centre of Marcoussis (France). During his Alcatel period, he managed several multi billion Euro businesses and international sales and services organizations. From 1984 to 1996, he held several positions in the Cable Group of Alcatel (now Nexans), from research and development, to manufacturing, procurement, sales support and services. He took the position of President of the Submarine Networks Division in early 1997. Appointed President of the whole Optics Group in 1999, he enters the Executive Committee of Alcatel early 2000 as Executive Vice-President. In 2003, he was appointed President of Alcatel Asia Pacific and moved to Shanghai (China) where he stayed until 2006. During this period, he was also the Vice-Chairman of the Board of Directors of Alcatel Shanghai Bell, the Chinese joint venture of Alcatel with the Chinese government. In 2006, he came back to Paris to manage the integration and the transition process associated with the merger of Alcatel and Lucent Technologies. He also became Director in the Board of Directors of Draka Comteq (the Netherlands).
In 2007, he was appointed President Northern and Eastern Europe of Alcatel-Lucent and he joined the Board of Directors of Alcatel-Lucent (Belgium).
Early 2008, he joined Agfa-Gevaert to be President of Agfa HealthCare.

Christian Reinaudo joined the Agfa-Gevaert Board of Directors in 2010.
As from May 1, 2010, he is CEO of Agfa-Gevaert.

Current mandates

- Director of Domo Chemicals GmbH (since October 18, 2016).
- Chairman Biocartis Group NV (since May 11, 2018).

Jo Cornu (°1944 - Belgian) graduated as an engineer specializing in electrotechnology and mechanics from the Catholic University of Leuven (Belgium) and later obtained a PhD in electronics from the Carlton University in Ottawa (Canada). Jo Cornu was CEO of Mietec from 1982 to 1984 and later General Manager for Bell Telephone until 1987. From 1988 to 1995, he was member of the Executive Board of Alcatel NV and from 1995 to 1999 he was COO for Alcatel Telecom. Later he became an advisor to the Chairman of the Board of Directors of Alcatel. From 2005 to 2007, Jo Cornu was Chairman of the ISTAG Group (Information Society Technologies Advisory Group) of the European Commission. From the beginning of March 2007 to the end of January 2008, he was Chairman of Medea +, the Eureka Cluster for micro electronics research in Europe.
From December 2012 until November 2013, he was chairman of the Board of Directors of Electrawinds SE. From November 2013 to March 2017, he was CEO of the NMBS, the National Belgian Railway Company.

Jo Cornu joined the Agfa-Gevaert Board of Directors in 2002. At the end of November 2007, Jo Cornu was appointed CEO of Agfa-Gevaert.
He resigned as CEO as from May 1, 2010.

Hilde Laga (°1956 - Belgian) is recognized as a Belgian authority in the corporate law advisory field. Until 2014 she combined client work as a lawyer with an esteemed academic career. After obtaining a PhD in Law at the University of Leuven, she founded the law firm Laga, which she led as managing partner and as head of the corporate M&A practice until 2013, and that comprises approximately 150 qualified lawyers. As a professor at the University of Leuven, Hilde Laga lectured corporate law, a subject on which she has written numerous national and international publications. Currently, she is connected as visiting professor. Hilde Laga is a member of the Belgian Corporate Governance Committee and served several years as a member of the Supervisory Board of the Belgian Financial Services and Markets Authority (former CBFA).

Hilde Laga joined the Agfa-Gevaert Board of Directors in 2015.

Current mandates

- Chairman of the Board of Directors of GIMV NV.
- Director of Barco NV, Greenyard Foods NV, K.U. Leuven and its university hospital.

Mark Pensaert (°1964 - Belgian) holds a Master of Law from the State University of Ghent (Belgium) and later obtained a Master of Law from the Cambridge University St. Catharine's College.
He started his career in 1988 in London with Lazard Brothers & Co, one of the leading independent global investment banks with principal offices in New York, Paris and London. Between 1992 and 1996, he was finance director of Interbuild NV and Rombouts NV. In 1996, he became CFO of Carestel NV (currently part of the Autogrill Group). Between 2000 and 2004 he returned to the international M&A business by rejoining Lazard Frères in Paris to help establish and set up the M&A platform for Lazard in the Benelux. In 2004, he became a Partner and started the Amsterdam office covering the Benelux. In 2008, he joined, as CEO, Leonardo & Co, a spin-off from Lazard, to build out their network in Continental Europe and from September 2015 until July 2018, he served as Chairman of the investment banking division of Alantra Partners, a global investment banking and asset management group quoted on the Madrid Stock Exchange.

Mark Pensaert joined the Agfa-Gevaert Board of Directors in 2018.

Klaus Röhrig (°1977 - Austrian) holds a Master of Economics and Business Administration from Vienna University of Economics and Business Administration. In 2000, Klaus Röhrig started his career at Credit Suisse First Boston in London, focusing on corporate finance and M&A for technology companies. In 2006, he joined Elliott Associates where he was responsible for the funds' investments in the German speaking countries as well as selected debt, equity and sovereign investments. In 2015, Klaus Röhrig founded Active Ownership Capital SARL (AOC). He serves as Chairman of the Supervisory Board of listed Francotyp-Postalia Holding AG and Non-Executive Chairman of listed exceet Group SE. Throughout his career, he focused on identifying investment opportunities, structuring of investments and process-driven value creation.

Klaus Röhrig (AOC) was co-opted as non-executive director in November 2018.

Current mandates
- Partner at Active Ownership Capital SARL.
- Non-Executive Chairman of exceet Group SE.
- Chairman of the Supervisory Board of Francotyp-Postalia Holding AG.

Committees established by the Board of Directors

Audit Committee (AC)

The Audit Committee completes the tasks as described in article 526bis§4 of the Belgian Code of Companies and assists the Board of Directors in achieving its mission of control in the broadest sense. Its powers and the way it functions are described extensively in chapter 5.1 of the Corporate Governance Charter.

As from June 19, 2018, the Audit Committee consists of the following three non-executive Directors: Mr. M. Pensaert, Chairman, Mr. J. De Wilde and Mrs. H. Laga. Two of them are independent directors. They all meet the requirements described in article 526bis§2 of the Belgian Code of Companies, with respect to the expertise in the field of accounting and audit. As Mr. J. De Wilde will not seek re-election as director, he will be replaced after the General Meeting of May 14, 2019.

The Committee held five meetings in 2018. Amongst other items the following topics were discussed: the verification of the annual accounts 2017, the quarterly results of 2018 and the reports of the internal audit department, the follow-up of important legal issues such as the AgfaPhoto file and the evaluation of risk management in the Group.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee has been entrusted by the Board of Directors with responsibilities concerning the nomination for appointment, reappointment or dismissal of Directors and members of the Executive Management, the remunerations policies and the individual remuneration of the Directors and the members of the Executive Management. Operation and functions of the NRC are described extensively in chapter 5.2 of the Corporate Governance Charter. The Nomination and Remuneration Committee consists exclusively of non-executive directors.

Since June 19, 2018, the Nomination and Remuneration Committee consists of the following three non-executive directors: Mr. J. Cornu, Chairman, Mrs. H. Laga and Mrs. V. Reding. Two of them are independent directors. As Mrs. V. Reding will not seek re-election as director, she will be replaced after the General Meeting of May 14, 2019.

The Committee had four meetings in 2018 and the following items, amongst others, were discussed: composition of the Board of Directors and the Committees, the compensation and benefits philosophy, performance and remuneration of the Executive Management and Senior Executives, pension obligations and drafting of the Remuneration Report.

Presence at the meetings of the Board of Directors and the Committees

	Board	AC	NRC
Mr. Julien De Wilde	8/8	5/5	
Mr. Christian Reinaudo	8/8		
Mr. Michel Akkermans (1)	2/3		1/2
Mr. Jo Cornu	8/8		4/4
Mr. Willy Duron (2)	2/3	2/2	
Mrs. Hilde Laga (3)	6/8	5/5	2/2
Mrs. Viviane Reding	7/8		4/4
Mr. Mark Pensaert (4)	5/5	3/3	
Mr. Klaus Röhrig (5)	1/1		

(1) Director and member NRC till May 8, 2018
(2) Director and member AC till May 8, 2018
(3) Director and member AC and also member NRC as from June 19, 2018
(4) Director as from May 9, 2018 and Chairman AC as from June 19, 2018
(5) Director as from November 12, 2018

Management of the Company

CEO and Executive Committee (ExCo)

The Executive Management is at present entrusted to a Managing Director/CEO, CRBA Management BVBA, with permanent representative Mr. Christian Reinaudo, assisted by an ExCo. Together they represent the Executive Management.

The CEO is responsible for the implementation of the Company's policy and strategy laid down by the Board of Directors. Consequently, he has the most extensive powers regarding day-to-day management as well as a number of specific special powers. These powers are described extensively in the Corporate Governance Charter.

In order to allow the Board of Directors to exercise its control, the CEO regularly reports about his activities and about the development of the subsidiaries and affiliated companies.
Since May 9, 2018, the ExCo is composed as follows:

- Mr. Dirk De Man, Chief Financial Officer,
- Mr. Stefaan Vanhooren, President Agfa Graphics,
- Mr. Luc Delagaye, President Agfa Materials,
- Mr. Luc Thijs, President Agfa HealthCare.

Internal control and risk management systems in relation to financial reporting

Agfa's Executive Management is responsible for the Group's internal control and risk system including those regarding financial reporting as approved by the Board of Directors. Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. The Audit Committee reviews the effectiveness of the internal control and risk management systems.

Control environment

Agfa's control environment comprised in 2018 of central finance functions such as consolidation and reporting, tax, treasury, investor relations on the one hand and finance functions at the level of the three business groups on the other hand.
All finance functions report (in-)directly to the Chief Financial Officer. All Group entities follow uniform central accounting policies and reporting requirements which are described in Agfa's Group Consolidation Accounting Manual.

Risk management

Based on monthly review meetings with the central functions and business group management, the Executive Management had, in 2018, a process in place to identify, assess and follow-up on risks including those with regard to the financial reporting process on a regular basis and reports on those risks to the Audit Committee. These risks are being reviewed by the Audit Committee who might define further actions to the Executive Management.

Control activities

In 2018, each business group was responsible for the monitoring of the financial performance and forecasting and reports to the Executive Management on a monthly basis. The consolidation process, based on a more extensive reporting, was performed on a quarterly basis and reviewed by the Executive Management and the Audit Committee who might define actions to the business groups and the central functions.

Information and communication

All entities use uniform central reporting tools and report in accordance with the instructions and reporting guidelines set out by the central reporting department. Financial information (including key performance indicators) was prepared on a consistent basis for each business group and at consolidated level and reviewed by the appropriate responsible. The Executive Management reports to the Audit Committee on all key risk factors on a regular basis.

Monitoring

One of the responsibilities of the financial department is to improve the procedures used to prepare and process financial information. Regular reviews are conducted on the key control procedures in the preparation of financial information in the subsidiaries and at Group level in order to ensure proper application of instructions and guidelines with regards to financial reporting.
Internal Audit performs reviews on the monitoring of internal policies, guidelines and controls both relating to financial reporting and operational matters such as sales, production and R&D. Internal Audit reports to the Audit Committee which monitors the effectiveness.
The Company Secretary has been appointed as Compliance Officer to monitor the Directors' and other designated persons' compliance with the Group's policy with regard to inside information and market manipulation.

Risk factors description

Market, technology and competition risks

As with any company, Agfa is continually confronted with market and competition risks. Its traditional imaging business in Graphics as well as in HealthCare is faced with rapid changes in technology and has in the past been characterized by price erosion.
Agfa is also introducing many new technologies, such as industrial inkjet for Agfa Graphics and computed and direct radiography as well as information systems for Agfa HealthCare. The digital imaging and information marketplace, in which Agfa is increasingly operating, is highly competitive and subject to rapid change.

Cost of raw materials

Agfa relies on other companies to supply certain key raw materials. The most important of these are aluminum and silver. Fluctuating raw material prices and any failure to obtain the needed raw materials on a timely basis could adversely affect Agfa's business, operational result and financial status. Furthermore, Agfa may choose to hedge a portion or the totality of its raw materials exposure, as it deems appropriate.

Product liability

The activities of the Group may expose Agfa to product liability claims. Particularly with respect to its HealthCare activities, Agfa needs to comply completely with regulatory systems in many different countries. To mitigate product liability risks, Agfa has implemented a strict quality policy and control and has concluded a general insurance policy. Agfa has never suffered significant losses with respect to product liability, but there can be no assurance that this will not occur in the future.

Environmental matters

Agfa is subject to many environmental requirements in the various countries in which it operates, including air and waste water emissions, hazardous materials and spill prevention and clean up. Significant operating and capital expenditures are required to comply with applicable standards. Provision is also made for current and reasonably foreseeable compliance and remediation costs.

Intellectual property

Agfa owns, has applications pending for and is licensed under many patents relating to a variety of products as well as software. The Company relies on a combination of patent, copyright, trademark and trade secret legislation, trade secrets, confidentiality procedures, contractual provisions and license arrangements to establish and to protect its proprietary rights.
On the other hand, the Group has a policy of strictly respecting third parties intellectual property rights. Agfa is not aware that any of its products are infringing upon the intellectual property rights of others. However, there can be no assurance that third parties will not claim such infringements in the future.

Litigation

Agfa is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency, which is commented in detail under Note 32.2 on p.186-187 of the financial statements.

Miscellanea

Furthermore, certain risks should be taken into account which could have a negative impact on the Company and its activities. Examples are risks concerning the continuity of production, extraordinary impairment of assets, pension obligations, changes in currency exchange rates and acquisitions.

Evaluation of the Board of Directors and its Committees

The major features of the evaluation process for the Board of Directors and its Committees include assessing how the Board of Directors and its Committees operate, checking that the important issues are suitably prepared and discussed, evaluating the actual contribution of each Director's work and their involvement in discussions and decision-making. The complete evaluation process is extensively dealt with in the chapters 3, 4 and 5 of the aforementioned Corporate Governance Charter.

The last formal evaluation occurred in 2016, in which an internal evaluation process has taken place on the initiative of the Chairman of the Board and in collaboration with the Chairman of the Nomination and Remuneration Committee, involving contacts with the members of the Board of Directors and of the Executive Management in order to evaluate the functioning of the Board and the Executive Management (on individual level as well as on a corporate body level) on the one hand and the cooperation and relation between both bodies on the other hand.

The criteria taken into consideration for the evaluation concerned the size, composition and performance of the Board of Directors and the Committees as well as the quality of the interaction between the Board of Directors and the Executive Management. The results were based on answers given to a questionnaire (containing about seventy questions divided into ten chapters) on the one hand and the feedback provided during individual interviews on the other hand.

In the years where no formal evaluation is scheduled, the Chairman of the Board will informally inquire the Members of the Board and of the Executive Management at regular intervals regarding the functioning of the various corporate bodies.

Diversity

See p. 46 through p. 48.

Policy regarding the appropriation of the result

The Board of Directors' proposals to the General Meeting of Shareholders with regard to the allocation and distribution of the result take into consideration several factors, such as the Company's financial situation, the operating results, the current and expected cash flows and the plans for expansion.

Policy regarding the dealing in shares of the Company

Consistent with its principles and values, Agfa-Gevaert formulated a Code of Dealing immediately after the IPO in 1999. The Code contains rules with which Directors and members of senior management have to comply in case they wish to deal in financial instruments of the Company. The Code forbids these persons, inter alia, to deal during well-defined periods preceding the announcement of its financial results and the announcement of other price sensitive information.

Taking into account the Market Abuse Regulation, which became effective on July 3, 2016, Agfa-Gevaert has changed this Code to make it compliant with the current legal regulations. The adapted version of the Code is available on the Company's website as part of the Corporate Governance Charter.

Information related to major events subsequent to December 31, 2018 and information on circumstances that could significantly impact the development of the Group

See Note 36 p. 192.

Information on the R&D activities

See chapter Growth. Innovation. Sustainability p.16 through p. 22.

Information related to the existence of branches of the Company

Agfa-Gevaert NV has a branch office in the United Kingdom (Agfa Materials UK).

Information related to the use of derivative financial instruments

In order to minimize the risk of fluctuations in exchange rates and interest rates, the appropriate hedge contracts were implemented. These mainly include short-term transactions in foreign currencies, option contracts and interest swaps. Their implementation occurs according to uniform guidelines, is subject to internal audits, and is limited to cover for the operational activities, and related money investments and financial transactions. Further detail hereon is provided in the 'Notes to the Consolidated Financial Statements'.

Non-financial information

See p. 16 trough p. 50.

Auditor

Agfa-Gevaert NV's Statutory Auditor is KPMG Bedrijfsrevisoren, represented by Mr. Harry Van Donink. The Statutory Auditor was reappointed at the General Meeting of Shareholders of May 10, 2016, for another three-year term. Hence, the mandate will expire immediately following the General Meeting of Shareholders of May 14, 2019. At the occasion of the General Meeting of Shareholders, a proposal will be made to appoint KPMG Bedrijfsrevisoren, represented by Mr. Harry Van Donink as Statutory Auditor for an additional three-year period.

More details on the fees in relation to the services provided by KPMG Bedrijfsrevisoren is to be found under Note 37 on page 192.

Information with regard to important participations

According to the information available to the Company by virtue of the transparency declarations received in accordance with the relevant legal and statutory stipulations, the main shareholders on date of this Annual Report (March 26, 2019) are the following:

- **Active Ownership Capital SARL** with between 10% and 15% of the outstanding stock as from August 22, 2018;
- **Classic Fund Management AG** with between 3% and 5% of the outstanding stock as from January 1, 2017;
- **Dimensional Fund Advisors LP** with between 3% and 5% of the outstanding stock as from September 5, 2011;
- **Norges Bank** with between 3% and 5% of the outstanding stock as from September 6, 2018.

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 67.61% and 78.61%.

Information related to the implementation of the EU takeover directive

The Board of Directors hereby states that the Annual Report has been drafted in accordance with article 34 of the Royal Decree of November 14, 2007. In this respect the Board of Directors explains that:

- A complete overview of the capital structure dated March 26, 2019, is included in the Annual Financial Report;
- There are no statutory restrictions with respect to the transfer of securities of the Company or to the exercise of voting rights;
- There are no special rights attached to the issued shares of the Company;
- The Company has entered into certain financial agreements which would either become effective, be amended and/or terminated due to any change of control over the Company as a result of a public takeover bid;
- The Company is not aware of the existence of shareholder agreements resulting in restrictions on the transfer of securities and/or on the voting rights;
- The procedure for the appointment and replacement of Members of the Board and the amendment of the Articles of Association of the Company are extensively described in the Articles of association and the Corporate Governance Charter of the Company, both of which can be consulted on the Investor Relations page of the website www.agfa.com;
- The powers of the Board of Directors regarding issuing and purchasing stock are extensively described in article 7 and 14 of the Articles of Association of the Company;
- All important agreements entered into as from the date of the Royal Decree mentioned above, to which the Company is a party and which contain a 'change of control' clause, have been submitted for approval to the respective annual meetings;
- The agreements with the members of the Executive Management no longer contain a 'change of control' clause, following which they would receive compensation if their agreement with the Company would terminate as a result of a change of the control over the Company.

General information about the Company

Agfa-Gevaert NV (Company number 0404.021.727, Register of Legal Entities Antwerp) is a public limited liability company under Belgian law who did a public call for savings, incorporated on June 10, 1964. The registered office of the Company is located at Septestraat 27, in 2640 Mortsel, Belgium.

The full and annotated financial data and statements are available via the website of the Company, www.agfa.com, or at the registered office of the Company itself. Information with respect to environmental matters can be found in the Sustainability Report of the Company which is integrated in this Annual Report.

Availability of information

The Company's Articles of Association are available at the clerk's office of the commercial court of Antwerp (Belgium) and at the registered office of the Company. They can also be found on the website of the Company, www.agfa.com.

The Corporate Governance Charter and the Code of Dealing can be found on the Investor Relations page of the website, www.agfa.com.
The annual accounts are filed with the National Bank of Belgium.

The annual accounts, together with the related reports, are communicated every year to the holders of registered shares and upon request to any interested party.

The Annual Report, containing the statutory and consolidated annual accounts, and including the report of the auditor, can be found on the website www.agfa.com and at the registered office.

The convocation to the General Meeting of Shareholders is published in the financial press and can also be found on the website. As regards financial information, the financial results and the other required information are published on the website of the Company, in compliance with the guidelines of the Financial Services and Markets Authority (FSMA).

The decisions with respect to the nomination and dismissal of members of the Board of Directors are published in the Annexes to the Belgian State Gazette.

Any interested party can register free of charge on www.agfa.com to receive the press releases and required financial information by e-mail.

The Annual Report is available on the website www.agfa.com, in Dutch and English.

Remuneration Report

The Nomination and Remuneration Committee (NRC) meets at least three times a year to, among others, draw up proposals for the Board of Directors regarding the remuneration policy and remuneration levels for the Directors and the members of the Executive Management.

The remuneration criteria aim to recruit, retain and motivate Directors and Executive Management members complying with the profile determined by the Board of Directors. The remuneration of the non-executive directors takes into account their general role as Board Member and their specific roles as Chairman of the Board, Chairman or Member of a Committee, as well as their responsibilities and time needs resulting from these functions.

The NRC determines the level and structure of the remuneration of the Executive Management members in function of the recruitment, retaining and motivation of qualified and competent professionals, taking into account the nature and extension of their individual responsibilities.

Remuneration Policy

As a global positioning for its remuneration policy for management employees, Agfa uses a ‘market rate’ which is based on a comparison of the yearly ‘Total Target Cash’ salary with the ‘67th percentile of the General Market’.

‘Total Target Cash’ is the sum of the yearly base salary, other fixed arrangements, as well as all 'on target' variable arrangements, i.e. the ‘Global Bonus Plan’, the ‘Sales Incentive Plans (SIP)’, the ‘Service Incentive Plans (SEP)’ and various local variable arrangements.

To measure the individual positioning against the General Market, Agfa uses the CompaRatio, being the percentage of the current salary package divided by the market rate.

This positioning allows Agfa to:
a. apply a consistent approach across different geographies;
b. compare roles within Agfa (regional or functional);
c. attract and retain talent by differentiating our positioning versus the midpoint of the market;
d. contain the cost and
e. benefit from a global view of the market, not limited to a few companies.

In order to have clear information about the market, Agfa uses both the job evaluation method and the global salary surveys provided by Hay (Korn Ferry Group).

The global budget allowed for Merit Increases is established annually and is based on different elements:
- the Company’s global and local financial situation (cost containment);
- the average positioning of Agfa’s population vs. the local market. To measure the individual positioning against the market, Agfa applies the CompaRatio’s;
- the market trends in each country (and in certain cases even sub-country);
- the legal constraints;
- the respect of the merit budget allowed the year(s) before.

Agfa is committed to ‘Pay for Performance’. As such, the compensation evolution should be based on the following five parameters:

- criticality of position and scarcity of skills on the market to the organization;
- performance and expertise in role;
- future potential of the employee;
- external (market) benchmark: CompaRatio;
- internal benchmark, salaries of peers.

Variabilization. ‘Total Target Cash’ needs to be in line with Agfa’s global policy, internal and external equity in a long term vision.
Global Bonus Plan (GBP): all managers that have a variable arrangement and are not attached to a SIP or a SEP, are attached to a GBP. This is a multiplication plan based on a collective and an individual factor:

- collective: the financial results of Agfa or Agfa HealthCare (whether or not in combination with geographic results) in comparison to the targets;
- individual: through the performance appraisal.

Global budget definition: an overall bonus envelop (or funding ratio) is determined at the level of respectively Agfa and Agfa HealthCare. The bonus funding ratio determines the portion of the total-on-target-bonus that will be paid out.
The bonus envelop is a closed envelope, meaning that pay-out can never exceed the 200% that will be paid out when EBITDA results attain at least 150% of the EBITDA budgeted for.

Upon recommendation of the Nomination & Remuneration Committee, the Board has decided in 2015 to review the Global Bonus Plan of the Executive Management, with the objective to also integrate a medium to long term component in such plan. From the year 2017, the gradual transition to the new plan was fully realized.
As a result, this Global Bonus Plan now consists of four elements:

- a 3-year target that will be applied for 25% of the on-target bonus. The 3-year parameter for 2021 is a combination of top line result and EBITDA/Sales%. Both elements will be equally weighed, so both applied for 12.5% of the on target bonus. For both elements, a bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. A linear approach will be used between the bottom and top threshold;
- a 2-year target that also will be applied for 25% of the on-target bonus. The 2-year parameter for 2020 is EBITDA/ Sales%. A bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. A linear approach will be used between the bottom and top threshold;
- a 1-year collective performance target that will be applied for 40% of the on-target bonus. The 1-year parameter is EBITDA. A bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. Pay-out is linear between the bottom threshold and 130% of the target. As from 131% of the target, pay-out is accelerated;
- 1-year individual performance targets that will be applied for 10% of the on-target bonus. The individual performance targets can be achieved up to a maximum of 100%.

In 2019, the Agfa-Gevaert Group again will have to deliver on some exceptional projects having an important impact on the Group’s future evolution and development. One of these projects relates to the successful implementation of the strategic alliance in Offset Solutions with Lucky HuaGuang Graphics Co. Ltd., as was announced on August 28, 2018. Another relates to the implementation of the next phase in the carve-out of Agfa HealthCare. Given the exceptional character and nature of these projects and given their importance for the Agfa-Gevaert Group and its stakeholders, the Board of Directors, upon recommendation of the Nomination & Remuneration Committee, has decided to hold out the prospect of an exceptional bonus to the Executive Management in case these projects are duly implemented within agreed timelines and conform to the business plans. This bonus will come in addition to the Global Bonus Plan for EMM, but has been constructed in such a manner that the sum of this exceptional bonus and the bonus that members of the Executive Management will be entitled to on the basis of the Global Bonus Plan for the EMM, can never exceed that maximum payout foreseen under the Global Bonus Plan for the EMM.
Upon recommendation of the Nomination & Remuneration Committee, the Board initiated in 2019 a review of the Global Bonus Plans, to assess whether they still are adjusted to the needs of the Agfa-Gevaert Group.

Remunerations

Board of Directors

There is no automatic adjustment of the remuneration levels, but they are being reviewed on a regular basis in order to verify whether they are still in line with the policy. The latest adjustment for the members of the Board of Directors was done on the occasion of the Annual Meeting of 2006. The remuneration of the Chairman was defined at the time of his appointment in 2008.

A fix, annual standard remuneration is foreseen, which is different for the Board meetings on the one hand and the Committee meetings on the other hand. There is also a distinction between the remuneration of the Chairman and that of the members. The remuneration covers a predetermined number of meetings. When this number is exceeded on an individual basis, an additional fee per additional meeting is foreseen.

The following standard remunerations are provided:

Board of Directors (for a maximum of seven meetings per calendar year)	
Chairman (1)	180,000 Euro
Members	50,000 Euro
AC (for a maximum of five meetings per calendar year)	
Chairman	25,000 Euro
Members	12,500 Euro
NRC (for a maximum of three meetings per calendar year)	
Chairman	15,000 Euro
Members	7,500 Euro

(1) This remuneration is comprehensive, meaning that it includes the remuneration related to the mandate in the AC as well as the possible variable remunerations provided for the number of meetings exceeding the set maximum.

Additional fix remuneration of 2,500 Euro for every meeting exceeding the set maximum of seven, five or three meetings per calendar year, for respectively the fixed remuneration for the Board, AC or NRC.

Performance related remuneration

Non-executive directors do not receive any performance related remuneration.

The annual individual remuneration for the members (executives as well as non-executives) of the Board of Directors for the exercise of their mandate for the period between the 2018 and 2019 Annual General Meeting, is as follows:

EURO	Board of Directors	Committees	TOTAL
Mr. Jo Cornu (1)	52,500.00	17,500.00	**70,000.00**
Mr. Julien De Wilde	180,000.00	-	**180,000.00**
Mrs. Hilde Laga	50,000.00	20,000.00	**70,000.00**
Mr. Mark Pensaert (2)	50,000.00	25,000.00	**75,000.00**
Mrs. Viviane Reding	50,000.00	10,000.00	**60,000.00**
Mr. Christian Reinaudo (3)	52,500.00	-	**52,500.00**
Mr. Klaus Röhrig	25,000.00	-	**25,000.00**
TOTAL	**460,000.00**	**72,500.00**	**532,500.00**

(1) Permanent representative of MERCODI BVBA.
(2) Permanent representative of MRP Consulting BVBA.
(3) Executive director and permanent representative of CRBA Management BVBA.

CEO

After the Annual General Meeting of April 27, 2010, the Board of Directors appointed CRBA Management BVBA, represented by Mr. Christian Reinaudo, as Managing Director/CEO. The agreement with CRBA Management BVBA does not provide for an automatic adjustment. The remuneration is reviewed on a regular basis in order to verify whether it is still in line with the policy. The fix annual remuneration of the CEO, CRBA Management BVBA, represented by Mr. Christian Reinaudo, was set at 1,136,800 Euro. This remuneration also comprises the remunerations of Mr. Reinaudo as a Director in certain Agfa subsidiaries. A variable remuneration 'on target' of 435,500 Euro has also been provided for.

For 2018, the remuneration for the CEO was:

- fix remuneration: 1,136,800.00 Euro [1];
- variable remuneration: 380,627.00 Euro;
- compensation for transport, rent and various insurances: 70,365.97 Euro.

(1) Incl. the remunerations of Mr. Reinaudo as a director in certain Agfa subsidiaries.

No pension or group insurance contributions were paid for the CEO.

The cash component of the variable remuneration was earned for 50% in the short term (max. one year) and for 50% based on multi-year targets.

ExCo

There is no automatic adjustment of the remuneration levels, but they are being reviewed on a regular basis in order to verify whether they are still in line with the policy.

The overall gross fix remuneration for the ExCo in 2018 amounts to 1,653,350.60 Euro (excluding employers' social contributions). The total annual 'on target' variable remuneration amounts to 826,588.47 Euro.

For 2018, the global variable compensation amounts to 779,809.00 Euro (excluding employers' social security contributions). For the members of the ExCo, depending on their personal situation, part of this compensation is converted into a pension allowance.
The pension contributions paid for these members amounted to 241,500.14 Euro and 63,388.65 Euro as benefits in kind.
The cash component of the variable remuneration was earned for 50% in the short term (max. one year) and for 50% based on multi-year targets. The benefits in kind, which may vary from member to member, include a company car, a representation allowance, meal vouchers and various insurances (directors' liability, travel and medical insurance, private accidents). During its meeting of January 23, 2018, the Board of Directors decided, upon recommendation of the Nomination and Remuneration Committee, to entitle Kris Hoornaert to a severance payment calculated in conformity with the provisions stipulated in his employment contract. The Board of Directors motivated its decision by referring to the impact the execution of the transformation project will have on the function of CFO within the Agfa-Gevaert Group. The departure indemnification amounted to 1,333,498.81 Euro. In the agreements with the Executive Management members, there is no contractual recovery right for a variable remuneration granted based on incorrect financial data.

Shares and options

Nor the CEO, nor the members of the ExCo were granted shares as part of their remuneration. As in previous years, the Board of Directors decided not to grant options to the Executive Management for 2018.
There are no longer share options or other rights to acquire shares that have been granted to the members of the Executive Management.
During the 2014 Annual General Shareholders' meeting, the shareholders decided to approve the proposal of the Board of Directors to activate under certain conditions tranche no. IX of the Long Term Incentive Plan. The key parameters of this tranche are that it is a Long Term Incentive Plan for eligible persons among the members of the Executive Management, executives at Level I and II and certain other employees, where an estimated number of 4,060,000 options can be granted as from the moment that the closing stock price of the shares on Euronext Brussels exceed 3.45 Euro/share during the last 30 calendar days preceding the offering date. After reflection within the NRC on the question whether a share option plan is still the best form of a Long Term Incentive Plan for the Agfa-Gevaert Group, the Board of Directors has decided to launch a 'Stock Appreciation Rights Bonus'-plan, in the course of 2016. Consequently, no share options have been granted under tranche no. IX of the Long Term Incentive Plan. The CEO and the ExCo members were no beneficiaries of the tranche no. I, the only tranche for the time being, of the 'Stock Appreciation Rights Bonus'-plan.

Severance

The stipulations with regards to severance in the contracts with the different members of the Executive Management can be summarized as follows:

The Board of Directors can withdraw the appointment of CRBA Management BVBA, represented by Mr. C. Reinaudo, with immediate effect. In such case, CRBA Management BVBA will be entitled to an indemnity equal to nine months of remuneration.

The amount is to be calculated on the fixed income that CRBA Management BVBA and Mr. Christian Reinaudo earn yearly from the Agfa-Gevaert Group worldwide, with the exception of any director's fee paid by Agfa-Gevaert NV to CRBA Management BVBA or to Mr. Reinaudo. In case of withdrawal of the appointment for an Event of Serious Fault (being established and confirmed after compliance with a certain internal Board procedure), no indemnity will be due.

In case of termination by the Company (and except for an Event of Serious Fault), Mr. Thijs will be entitled to a notice period calculated in conformity with the minimum of art. 82§5 of the Law of July 3, 1978 (three months per five years of seniority) corrected, as appropriate, in conformity with the provisions of the Law of December 26, 2013. Mr. Vanhooren has no explicit contractual severance clause and falls under the application of general Belgian law. In case of termination by the Company (and except for an Event of Serious Fault), Messrs. Delagaye and De Man will be entitled to a notice period calculated in conformity with a certain schedule corrected, as appropriate, in conformity with the provisions of the Law of December 26, 2013. This schedule foresees a minimum notice period of six months and a maximum of 15 months upon retirement for Mr. Delagaye and a maximum of 12 months for Mr. De Man.

Furthermore, in those cases where they are to comply with the contractual non-compete arrangement, Messrs. De Man, Vanhooren, Delagaye and Thijs will be entitled to an additional indemnity equal to 75% of their gross remuneration for the 12 months of the non-compete.

AI (Augmented Intelligence)
Technology designed to complement human intelligence. For instance, AI technology can be used to analyze huge data streams with the aim to find patterns and correlations quickly and effectively.

AOX
Sum of organic halogen compounds in water that can be adsorbed by activated carbon under standardized conditions.

capacitive sensor
A capacitive sensor detects anything that is conductive or has a dielectric different from that of air. Capacitive sensors replace mechanical buttons.

chemistry-free (printing plate)
A printing plate that does not require chemical processing after imaging.

Clinical Information System (CIS)
These comprehensive, integrated IT solutions are designed for collecting, storing, manipulating and making available clinical information important to the healthcare delivery process. Clinical Information Systems may be limited in extent to a single area (e.g. laboratory systems, ECG management systems) or they may be more widespread and include virtually all aspects of clinical information (e.g. electronic patient records).

CO_2
Carbon dioxide, generated by combustion of fuel.

COD
Chemical oxygen demand, the amount of oxygen needed for chemical oxidation of constituents of water.

computed radiography (CR)
The technology of making X-ray images with conventional X-ray equipment but whereby the images are captured on reusable image plates, instead of X-ray film. The information on the plates is read by a digitizer and provides a digital image. Dedicated image processing software (such as Agfa HealthCare's MUSICA) can be used to automatically maximize the quality of the images for diagnostic purposes. The digital images can also be completed with manual inputs (annotations, measurements, etc.) and are ready for archiving on a Picture Archiving and Communication System.
see also direct radiography

computer-to-film (CtF)
A process whereby the pages or artwork of printed matter – e.g. the pages of newspapers or magazines – are digitally imaged onto (transparent) film directly from computer files. The films are then chemically processed and used to produce printing plates.
see also computer-to-plate

computer-to-plate (CtP)
A process whereby the pages or artwork of printed matter – e.g. the pages of newspapers or magazines – are digitally imaged onto printing plates directly from computer files without the intermediate step of film.
see also computer-to-film

CT (computed tomography)
A CT scanner uses a series of X-rays to create image 'slices' of the body. Agfa's product portfolio does not include CT scanners, but its Picture Archiving and Communication Systems (PACS) are used for the management and the (3D) visualization of the digital images. Agfa's hardcopy printers are used to produce high quality prints of the images.

CtF
see computer-to-film

CtP
see computer-to-plate

digital radiography
A form of X-ray imaging, where digital technology is used instead of traditional photographic X-ray film. The most commonly used digital radiography technologies are computed radiography and direct radiography.

direct radiography (DR)
Radiographic technology that converts X-ray energy into digital data without the use of intermediate image capturing plates or films. These digital data generate a diagnostic image on a PC. As the data are digital, a wide range of possibilities is available for image optimization or completion as well as for archiving the images on Picture Archiving and Communication Systems. DR systems are mostly used in centralized radiology environments.
see also computed radiography

e-health
Term used to describe the application of information and communication technologies in the health sector.

Electronic Health Record (EHR)
An EHR is created when a person's Electronic Patient Record is linked to his/her non-medical electronic files from organizations such as governments and insurance companies.

Electronic Patient Record (EPR)
The electronic alternative to a patient's paper file. The EPR contains all patient data, such as demographics, examination orders & results, laboratory reports, radiological images and reports, treatment plans, catering needs etc., and can be easily accessed throughout the hospital and, if required, from other sources.

Enterprise Imaging
Agfa HealthCare's Enterprise Imaging platform unites departmental PACS, RIS, advanced 3D functionalities, voice recognition, vendor-neutral archiving, viewer and mobile functionalities. The solution enhances and speeds up image acquisition and retrieval, optimizes system efficiency and performance, enhances patient care, and allows true collaboration across departments, hospitals or regions.

flexo(graphic) printing
Method of printing using flexible, rubber or synthetic printing plates attached to rollers. The inked image is transferred from the plate directly to the paper, or other substrate.

hardcopy
A hardcopy is the printed version of a digital image. Agfa HealthCare's hardcopy printers are used for printing medical images from various sources: CT scans, MRI scans, computed radiography (CR), direct radiography (DR), etc. Agfa produces both the so-called 'wet' and 'dry' printers. Wet laser technology implies the use of aqueous chemical solutions to develop the image. The environmentally friendly dry technology prints the image directly from the computer onto a special film by thermal effect.

Hospital Information System (HIS)
These comprehensive, integrated IT solutions manage the medical, administrative, financial and legal aspects of a healthcare organization.

image processing software
These software applications analyze medical digital images and automatically apply image enhancement techniques to better visualize all details. They improve the workflow in the radiography department and allow the radiologist to work faster and more accurately. Agfa HealthCare's MUSICA software is generally accepted as a standard in the market.

inkjet (system)
Any printer that transfers extremely small droplets of ink onto paper to create an image, from small models for office use over medium models – e.g. for poster printing – to larger equipment for industrial applications.

integrated care solutions
These solutions integrate all healthcare providers, social care organizations, patients, and other stakeholders of whole regions and countries in a virtual network. They collect and analyze data from all stakeholders in order to predict and prevent possible healthcare-related complications, including over and under capacity in hospitals and medical errors. They can play a major role in the management of chronic diseases and they can make it possible to detect developing health issues in a population in an early stage.

membrane
Thin, flexible layer or material designed to separate components of a solution.

membrane switch
A membrane switch is an electrical switch for turning a circuit on and off. Membrane switches are user-equipment interface utilities which can be as simple as a tactile switch for controlling lightning, or as complex as membrane keyboards and switch panels for computers.

modalities
In this report this term is used for the various imaging systems, including radiography equipment, MRI scanners and CT scanners. These systems can all be connected to an Agfa HealthCare Picture Archiving and Communication System (PACS).

MRI (Magnetic Resonance Imaging)
The MRI scanner uses very strong magnetic fields and creates images by pulsing radio waves that are directed at the parts of the body to be examined. Agfa's product portfolio does not include MRI scanners but its Picture Archiving and Communication Systems (PACS) are used for the management and visualization of the digital images. Agfa's hardcopy printers are used to produce high quality prints of the images.

N
Nitrogen.

non-destructive testing
To check the structure and tolerance of materials without damaging or deforming them.

NO_x
Nitrogen oxide, generated for example as a result of combustion with air.

offset printing
Printing technique where thin aluminum printing plates are wrapped and fixed round a cylinder on a (litho) printing press. While rotating, the printing plates obtain ink and water. The ink adheres to the image whilst the water prevents ink adhering to the non-printing areas. The inked image is transferred onto a rubber blanket attached to a second cylinder and then transferred from the blanket to the paper or another medium.

OHSAS 18001
International standard for health and safety management systems (OHSAS stands for Occupational Health and Safety Assessment System).

P
Phosphor.

PACS
see Picture Archiving and Communication System

PET (polyethylene terephthalate or polyester)
Polyethylene terephthalate or polyester is a chemical prepared with a base of ethylene glycol and terephtalic acid. It is the basic raw material for the substrate of photographic film; it is coated with different types of purpose specific chemical layers, such as for medical and graphic purposes.

Picture Archiving and Communication System (PACS)
PACS was originally developed to efficiently manage the distribution and archiving of diagnostic images produced by radiology departments. Due to specific software developments, Agfa HealthCare's systems are also suitable for use by other departments in the hospital, such as cardiology, orthopedics and women's care. Extensive PACS systems are also used to connect all hospital departments that intensively use clinical images on one network. Agfa's MUSICA software is used to process and optimize the images on the PACS system.

platesetter
A platesetter digitally images the pages or artwork of printed matter from the computer onto printing plates, which are then processed and mounted on a printing press.

polymer
A polymer is a large molecule composed of many smaller units (monomers) joined together. Polymers can be natural (e.g. proteins and rubber) or manmade (e.g. plastics and nylon). Conductive polymers conduct electricity. Orgacon™ is the trade name for Agfa Specialty Products' conductive polymer product line.

prepress
The preparation and processing of content and document files for final output to printing plates, including high-resolution scanning of images, color separation, different types of proofs, etc.

printed circuit board (PCB)
A thin plate on which chips and other electronic components are placed. Computers consist, principally, of one or more boards.

printing plate
- for computer-to-film technology
Printing plates consist of a high-quality aluminum substrate with a coating designed to respond to relatively high levels of ultraviolet (UV) light energy. An exposed film is vacuum contacted with a plate. The UV light source copies the artwork from the film onto the plate, whereby the art or page elements are opaque parts of the film and the rest is transparent. The UV light hits the plate only where the film is transparent. A chemical developing process etches the exposed elements, and leaves the non-exposed parts unchanged. The ink adheres to the exposed – or chemically treated – parts during the printing process.
- for computer-to-plate technology
Printing plate consisting of a high-quality grained and anodized aluminum substrate and a (silver or photopolymer) coating, several thousand times more sensitive than that of CtF plates. The lasers used to expose these plates typically operate on thermal energy or visible light. The coatings respond to the laser energy creating chemical/physical changes to the plate surface. Just as with CtF plates, the CtP plates are chemically processed to create a press-ready plate, though some CtP plate technologies are effectively process-free.

Radiology Information System (RIS)
Agfa's RIS solutions are marketed under the name IMPAX. A RIS is a computer-based solution for the planning, follow-up and communication of all data relating to patients and their examinations in the radiology department, i.e. starting from the moment that an examination is requested up to the radiologist's report. The RIS is strongly linked with the Picture Archiving and Communication System (PACS) (for the images contained in the examinations).

RFID antenna
RFID stands for radio-frequency identification. It is the use of radio signals to transfer data from a tag attached to an object or embedded in an ID card, for the purposes of automatic identification. The system does not require physical contact between the tag and the identification device as the data are transmitted via an antenna, which is also embedded in e.g. the ID card.

screen printing
The printing procedure, during which a viscous ink is applied through a metal or nylon gauze onto the paper. The gauze is made impermeable – by use of stencils – in the non-printing parts.

UV LED curable ink
UV LED curable inks consist mainly of acrylic monomers. After printing, the ink is transformed into a hard polymerized film by a high dose of UV LED light. UV LED stands for ultraviolet light emitting diode. The advantage of UV LED curable inks is that they dry instantly, can print on a wide range of uncoated substrates and make a very robust image. The ink does not contain hazardous components such as Volatile Organic Compounds (VOC) or solvents and does not evaporate.

VIC
Volatile inorganic compounds.

VOC
Volatile organic compounds.

wide-format (printer)
A wide-format printer – sometimes also referred to as a large format printer – is a digital printer that prints on sheets or rolls 24 inches/60 cm wide or more.

workflow automation software
Software that allows operators to control the prepress process with a software interface. It also streamlines the flow of work by automating individual steps in the process – thus saving time and reducing costs.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 2014-2018

MILLION EURO	2014	2015	2016	2017	**2018**
Revenue	**2,620**	**2,646**	**2,537**	**2,443**	**2,247**
Cost of sales	(1,813)	(1,804)	(1,680)	(1,629)	(1,533)
Gross profit	**807**	**842**	**857**	**814**	**713**
Selling expenses	(336)	(352)	(344)	(336)	(321)
Administrative expenses	(172)	(170)	(167)	(169)	(172)
Research and development expenses	(146)	(144)	(141)	(144)	(141)
Net impairment loss on trade and other receivables, including contract assets	-	-	-	(2)	(5)
Other operating income	90	110	98	68	56
Other operating expenses	(107)	(125)	(137)	(93)	(73)
Results from operating activities	**136**	**161**	**166**	**138**	**59**
Interest income (expense) - net	**(15)**	**(11)**	**(8)**	**(7)**	**(8)**
Other finance income (expense) - net	**(44)**	**(63)**	**(43)**	**(32)**	**(31)**
Net finance costs	**(59)**	**(74)**	**(51)**	**(39)**	**(39)**
Share of profit of associates - net of tax	-	-	-	(1)	(1)
Profit (loss) before income taxes	**77**	**87**	**115**	**98**	**19**
Income tax expense	(18)	(16)	(35)	(53)	(34)
Profit (loss) for the year	**59**	**71**	**80**	**45**	**(15)**
Profit (loss) attributable to:					
Owners of the Company	50	62	70	37	(24)
Non-controlling interests	9	9	10	8	9
Earnings per share (Euro)					
Basic earnings per share (Euro)	0.30	0.37	0.42	0.22	(0.14)
Diluted earnings per share (Euro)	0.30	0.37	0.42	0.22	(0.14)

During 2018, the Group has consistently applied its accounting policies used in previous years, except for the presentation of the statement of profit or loss and comprehensive income that has changed resulting from the application of the new IFRS standard IFRS 9 'Financial Instruments'. According to this new standard the impairment losses on trade and other receivables are now shown on the face of the statement of profit or loss.

This footnote refers to the table Consolidated Statement of Financial Position 2014-2018 on p.226.

During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the balance sheet that has changed resulting from the application of the new IFRS standard 15 *'Revenue from Contracts with Customers'*. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.
The new standard has introduced the concept of contract assets and contract liabilities. At December 31, 2017, these assets and liabilities were included in other captions of the balance sheet. At January 1, 2018, recognized not billed revenue amounting to 84 million Euro, previously comprised in trade receivables, has been reclassified to contract assets. Reclassifications from inventory to contract assets amounted to 11 million Euro and mainly comprised work in progress. The reclassification from other assets to contract assets amounted to 10 million Euro and related to contracts with a third party that provides supporting services enabling the Group to deliver maintenance services to the customers.
On the liability side, contract liabilities at January 1, 2018, comprised 'Deferred revenue and advance payments received from customers' amounting to 128 million Euro, previously presented separately on the face of the balance sheet and bonuses and rebates related to goods and service purchased by customers during the period. The latter amounted to 17 million Euro and was previously presented as part of trade-related provisions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 2014-2018

MILLION EURO	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	**Dec. 31, 2018**
ASSETS					
Non-current assets	**1,039**	**1,064**	**1,066**	**985**	**1,019**
Intangible assets and goodwill	615	622	621	589	615
Property, plant and equipment	234	214	198	190	174
Investments in associates	1	1	6	5	4
Other financial assets	16	16	10	11	9
Trade receivables	-	6	12	14	16
Receivables under finance lease	-	49	57	55	62
Other assets	-	4	13	6	24
Deferred tax assets	173	152	149	115	114
Current assets	**1,509**	**1,338**	**1,286**	**1,248**	**1,348**
Inventories	512	512	483	487	498
Trade receivables	538	509	493	503	420
Contract assets	-	-	-	-	105
Current income tax assets	62	64	64	63	71
Other tax receivables	45	26	25	23	25
Receivables under finance lease	-	33	30	30	30
Other receivables	103	24	13	14	14
Other current assets	51	40	45	44	34
Derivative financial instruments	2	2	4	16	1
Cash and cash equivalents	196	123	129	68	141
Non-current assets held for sale	-	5	-	-	10
TOTAL ASSETS	**2,548**	**2,402**	**2,352**	**2,233**	**2,367**
EQUITY AND LIABILITIES					
Total equity	**146**	**268**	**252**	**307**	**290**
Equity attributable to owners of the Company	**93**	**228**	**215**	**275**	**252**
Share capital	187	187	187	187	187
Share premium	210	210	210	210	210
Retained earnings	709	771	841	878	854
Other reserves	(92)	(92)	(79)	(69)	(93)
Translation reserve	(16)	(7)	32	(8)	(9)
Post-employment benefits: remeasurements of the net defined benfit liability	(905)	(841)	(976)	(923)	(897)
Non-controlling interests	**53**	**40**	**37**	**32**	**38**
Non-current liabilities	**1,443**	**1,363**	**1,382**	**1,241**	**1,336**
Liabilities for post-employment and long-term termination benefit plans	1,267	1,185	1,264	1,149	1,066
Other employee benefits	12	9	13	13	13
Loans and borrowings	125	137	74	47	219
Provisions	14	6	4	5	9
Deferred tax liabilities	23	21	19	21	22
Trade payables	-	4	6	4	2
Contract liabilities	-	-	-	-	3
Other non-current liabilities	2	1	2	2	2
Current liabilities	**959**	**771**	**718**	**685**	**741**
Loans and borrowings	197	44	37	39	66
Provisions	87	81	74	66	52
Trade payables	230	202	219	220	217
Contract liabilities	-	-	-	-	163
Deferred revenue and advance payments	125	141	141	128	-
Current income tax liabilities	61	60	56	53	47
Other tax liabilities	63	45	37	34	27
Other payables	49	46	11	12	8
Employee benefits	129	130	132	128	134
Other current liabilities	4	5	3	3	13
Derivative financial instruments	14	17	8	2	13
TOTAL EQUITY AND LIABILITIES	**2,548**	**2,402**	**2,352**	**2,233**	**2,367**

CONSOLIDATED STATEMENT OF CASH FLOWS 2014-2016

MILLION EURO	2014	2015	2016
Profit (loss) for the period	**59**	**71**	**80**
Adjustments for:			
- Depreciation, amortization and impairment losses	69	61	72
- Changes in fair value of derivative financial instruments	-	(2)	2
- Granted subventions	(9)	(9)	(8)
- (Gains) losses on sale of non-currrent assets	(1)	(4)	(12)
- Net finance costs	59	74	51
- Share of result of equity accounted investees - net of income tax	-	-	-
- Income tax expense	18	16	35
	195	**207**	**220**
Changes in:			
- Inventories	46	5	34
- Trade receivables including cash inflows from securitization	64	31	25
- Trade payables	(5)	(27)	(18)
- Deferred revenue and advance payments	(3)	9	(5)
- Other working capital	(15)	10	(22)
- Non-current provisions and (post-) employee benefits	(89)	(85)	(70)
- Current provisions	(18)	(7)	(2)
Cash generated from operating activities	**175**	**143**	**162**
Income taxes paid	(24)	6	(20)
Net cash from (used in) operating activities	**151**	**149**	**142**
Interest received	2	2	1
Proceeds from sale of intangible assets	4	2	2
Proceeds from sale of property, plant and equipment	4	7	6
Proceeds from assets held for sale	-	-	14
Acquisition of intangible assets	(1)	(2)	(4)
Acquisition of property, plant and equipment	(36)	(35)	(40)
Changes in lease portfolio	6	(5)	(6)
Acquisition of subsidiary, net of cash acquired	-	(7)	-
Change in other investing activities	(6)	4	(3)
Net cash from (used in) investing activities	**(27)**	**(34)**	**(30)**
Interest paid	(17)	(18)	(9)
Dividends paid to non-controlling interests	(5)	(25)	(12)
Capital increase	-	-	-
Loans and borrowings	(22)	(137)	(72)
Other financial flows	(11)	(7)	(15)
Net cash from (used in) financing activities	**(55)**	**(187)**	**(108)**
Net increase (decrease) in cash and cash equivalent	**69**	**(72)**	**4**
Cash and cash equivalents at January 1	**125**	**194**	**122**
Effect of exchange rate fluctuations	**-**	**-**	**1**
Cash and cash equivalents at December 31	**194**	**122**	**127**

CONSOLIDATED STATEMENT OF CASH FLOWS 2017-2018

MILLION EURO	2017 restated [1]	2018
Profit (loss) for the period	**45**	**(15)**
Income taxes	53	34
Share of (profits)/loss of associates, net of tax	1	1
Net finance costs	39	39
Operating result	**138**	**59**
Depreciation, amortization and impairment losses	**56**	**60**
Other non-cash expenses	**153**	**168**
Change in inventories	(41)	(57)
Change in trade receivables	**(39)**	**(8)**
Change in contract assets	-	4
Change in trade working capital assets [2]	**(80)**	**(61)**
Change in trade payables	7	(4)
Change in deferred revenue and advance payments	(5)	-
Change in contract liabilities	-	25
Changes in trade working capital liabilities [2]	**2**	**21**
Changes in trade working capital	**(78)**	**(40)**
Cash out for employee benefits	(199)	(209)
Cash out for provisions	(19)	(25)
Changes in lease portfolio	-	(11)
Changes in other working capital	11	(29)
Cash settled operating deriviatives	-	13
Cash generated from operating activities	**62**	**(14)**
Income taxes paid	(22)	(30)
Net cash from / (used in) operating activities	**40**	**(44)**
Capital expenditure	(46)	(40)
Proceeds from sale of intangible assets and PP&E	6	5
Acquisition of subsidiaries, net of cash acquired	(2)	(25)
Interests received	1	3
Net cash from / (used in) investing activities	**(41)**	**(57)**
Interests paid	(9)	(15)
Dividends paid to non-controlling interests	(10)	(3)
Proceeds from borrowings	-	227
Repayment of borrowings	(23)	(34)
Proceeds / (payment) of derivatives	-	(1)
Other financing income/(costs) incurred	-	(2)
Other financial flows	(13)	2
Net cash from (used in) financing activities	**(55)**	**175**
Net increase / (decrease) in cash & cash equivalents	**(56)**	**74**
Cash & cash equivalents at the start of the period	**127**	**67 [3]**
Net increase/(decrease) in cash & cash equivalents	(56)	74
Effect of exchange rate fluctuations on cash held	(3)	(5)
Cash & cash equivalents at the end of the period	**68**	**136 [3]**

(1) During 2018, the Group has changed the presentation of the Consolidated statement of cash flows by separating following non-cash expenses: write-downs on inventories, impairment losses on receivables, additions and reversals of provisions and accrued expenses for personnel commitments and defined benefit plans and similar plans. These other non-cash expenses were previously reflected in 'Changes in Trade Working Capital' and 'Changes in Provisions'. By this new presentation, management believes to provide more relevant information to the users of the Consolidated Financial Statements. Therefore, the Group has restated the comparative period presented.

(2) During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the consolidated statement of financial position and the consolidated statement of cash flows that both have changed resulting from the application of the new IFRS standard 15 '*Revenue from Contracts with Customers*'. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented. Due to the changes in IFRS 15, the cash flows on the different line items of the Trade Working Capital are not comparable with 2017 as the cash from/(used in) contract assets and contract liabilities for 2017 were reflected in the line items 'Changes in inventories', 'Changes in trade receivables' and 'Changes in other working capital'. More information is provided in footnote (1) to the Consolidated statement of financial position.

(3) Net of bank overdraft previously included in proceeds/repayments of borrowings (December 31, 2017: 1 million Euro / December 31, 2018: 5 million Euro).

Listing	BRUSSELS STOCK EXCHANGE
Reuters Ticker	AGFAt.BR
Bloomberg Ticker	AGFB: BB/AGE GR
Datastream	B:AGF

SHARE INFORMATION	
First day of listing	June 1, 1999
Number of shares outstanding on December 31, 2018	167,751,190
Market capitalization on December 31, 2018	559 million Euro

Shareholder structure (March 26, 2019)

According to the information available to the Company by virtue of the transparency declarations received in accordance with the relevant legal and statutory stipulations, the main shareholders on date of this Annual Report are the following:

- **Active Ownership Capital SARL nv** with between 10% and 15% of the outstanding stock as from August 22, 2018;
- **Classic Fund Management AG** with between 3% and 5% of the outstanding stock as from January 1, 2017;
- **Dimensional Fund Advisors LP** with between 3% and 5% of the outstanding stock as from September 5, 2011;
- **Norges Bank** with between 3% and 5% of the outstanding stock as from September 6, 2018.

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 67.61% and 78.61%.

EURO	2014	2015	2016	2017	**2018**
Earnings per share	0.30	0.37	0.42	0.22	**(0.14)**
Net operating cash flow per share	0.90	0.89	0.85	0.23	**(0.26)**
Gross dividend	-	-	-	-	**-**
Year end price	2.09	5.24	3.673	3.887	**3.330**
Year's high	2.78	5.40	5.117	4.934	**4.336**
Year's low	1.73	1.994	2.609	3.601	**2.914**
Average volume of shares traded/day	260,663	389,059	438,204	269,123	**425,481**
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	**167,751,190**

Shareholder queries

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FINANCIAL CALENDAR 2019	
Annual General Meeting	May 14, 2019
First quarter 2019 results	May 14, 2019
Second quarter 2019 results	August 28, 2019
Third quarter 2019 results	November 6, 2019

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