



IBA Reports Half Year Results for 2017

- **Group revenues up 4.5% to EUR 152 million**
- **Growing backlog in equipment of EUR 321 million and services backlog of EUR 689 million, up 21%**

Louvain-La-Neuve, Belgium, August 24, 2017 - IBA ([Ion Beam Applications SA](#), EURONEXT), the world's leading provider of proton therapy solutions for the treatment of cancer, today announces its consolidated results for the first half of 2017.

| | H1 2017 (EUR 000) | H1 2016 (EUR 000) | Variance (EUR 000) | Variance % |
|-----------------------------|----------------------|----------------------|-----------------------|----------------|
| Sales & services | 151 613 | 145 128 | 6 485 | 4.5% |
| REBITDA | 5 264 | 17 970 | -12 706 | -70.7% |
| <i>% of sales</i> | <i>3.5%</i> | <i>12.4%</i> | | |
| REBIT | 1 901 | 15 133 | -13 232 | -87.4% |
| <i>% of sales</i> | <i>1.3%</i> | <i>10.4%</i> | | |
| Net result | -4 655 | 8 297 | -12 952 | -156.1% |
| <i>% of sales</i> | <i>-3.1%</i> | <i>5.7%</i> | | |

Financial highlights

- Total Group H1 revenues of EUR 151.6 million, up 4.5% (H1 2016: EUR 145.1 million) impacted by Proton Therapy project delays
 - Proton Therapy and Other Accelerators revenue of EUR 123.3 million, up 1.7%
 - Dosimetry revenue up 18.7% to EUR 28.4 million
- REBIT margin of 1.3% impacted by slow order intake, revenue recognition delays and one off exceptional items
- Over EUR 1 billion equipment and service backlog comprising a growing period-end equipment backlog for Proton Therapy and Other Accelerators of EUR 321 million and growing services backlog of EUR 689 million, up 21% from H1 2016
- Gross cash of EUR 50 million and net cash position of EUR 21.2 million
- Guidance updated to:
 - FY17: 5-10% revenue growth and a low to mid-single digit REBIT margin
 - 2018/2019: flat to mid-single digit revenue growth and a mid to high single digit REBIT margin
 - Mid-term: High single-digit to low double-digit revenue growth and 13 to 15% REBIT margin
 - Dividend policy remains unchanged

Business highlights

- H1 order intake comprising two Proteus®ONE* systems sold in Egypt and Spain and one Proteus®PLUS* solution sold in Virginia, USA
- Completion of review into Proton Therapy project management; enhanced systems in place and all projects on track with revised timelines



- Updated guidelines from the American Society for Radiation Oncology (ASTRO) and National Comprehensive Cancer Network (NCCN) further endorse proton therapy as a treatment option in the fight against cancer

Olivier Legrain, Chief Executive Officer of IBA SA commented: “Whilst the first half of 2017 has been challenging for IBA, we have worked tirelessly to rectify the issues with project management, including enhanced systems to manage the risk profile of projects, the creation of dedicated regional project management, improved internal processes and discussions with dedicated construction partners. We are encouraged by our strong pipeline and a backlog of equipment and services which now stands at over EUR 1 billion and are pleased with the strong growth from our Dosimetry business over the period.

“The prospects for the proton therapy market remain strong, we have a burgeoning pipeline and the recent update of ASTRO and NCCN guidelines demonstrate the growing acceptance of proton therapy as a treatment modality for cancer. However, following on from a period of intense growth, the first half of 2017 has been slower, in line with the customary lumpiness which characterizes the proton therapy market. This combined with the increasing competition in the market is leading to limited visibility on the timing of new orders. However, IBA is optimally positioned to capitalize on the prospects on the proton therapy market and retains its focus on driving projects forward and leading the market with the most attractive proton therapy offering.”

ENDS

A conference call to discuss the trading update will be held today at **15:00 CEST / 14:00 BST / 09:00 EDT / 06:00 PDT** and can be accessed online at:

<http://arkadinemea-events.adobeconnect.com/iba2408/event/registration.html>

If you would like to participate in the Q&A, please dial (PIN code 83701447#):

| | |
|----------|-------------------|
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The presentation will be available on [IBA's investor relations](#) website and on <https://iba-worldwide.com/content/half-year-2017-results-web-conference-and-presentation> shortly before the call.

To ensure a timely connection, it is recommended that users register at least 10 minutes prior to the scheduled webcast.



Financial calendar

Third Quarter Business Update November 16, 2017
Full Year Results 2017 March 22, 2018

About IBA

IBA (Ion Beam Applications S.A.) is a global medical technology company focused on bringing integrated and innovative solutions for the diagnosis and treatment of cancer. The company is the worldwide technology leader in the field of proton therapy, considered to be the most advanced form of radiation therapy available today. IBA's proton therapy solutions are flexible and adaptable, allowing customers to choose from universal full-scale proton therapy centers as well as compact, single room solutions. In addition, IBA also has a radiation dosimetry business and develops particle accelerators for the medical world and industry. Headquartered in Belgium and employing about 1,500 people worldwide, IBA has installed systems across the world.

IBA is listed on the pan-European stock exchange NYSE EURONEXT (IBA: Reuters IBAB.BR and Bloomberg IBAB.BB). More information can be found at: www.iba-worldwide.com

**Proteus®ONE and Proteus®PLUS are brand names of Proteus 235*

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Operating review

Proton Therapy and Other Accelerators

IBA continues to be at the forefront of the significant growth experienced in the proton therapy market, driven largely by smaller, less expensive compact systems like Proteus[®]ONE* and an expansion of the range of indications being treated with this more precise modality. This has led to a surge in the volume of systems being purchased globally and IBA is currently installing or constructing a record 25 systems of which 15 are Proteus[®]ONE solutions.

The prospects for the proton therapy market remain strong, the Company has a combined backlog of future project revenues in service and equipment worth over EUR 1 billion, a significant backlog and IBA is confident that the Company will retain its leading position in the market going forward.

Projects update

As detailed at the time of the Company's July trading update, delays in project execution related to project construction timelines by several of its customers continued over the period. With so much revenue recognition reliant on commencing installation, the delays have had a knock-on effect on IBA's operational leverage and profitability. In addition, the Company has incurred one-off costs related to project management issues in emerging markets. Due to these issues, a number of productivity initiatives aimed at reducing product costs have not been realized as quickly as anticipated.

IBA has conducted a thorough review of its interface with customer's project management processes and has adopted a number of new measures to address the issues identified in the first half and to protect the Company in the future. These include:

- Construction and installation timeline adjustments to accurately reflect timings experienced in recent projects. These have already been made across all 25 ongoing projects and are reflected in our guidance
- Updated project management information systems and enhanced processes for managing the risk of customer construction delays. Dedicated project directors have been appointed in each region to address project management closely with customer's project managers as have specific staff to support them during the construction period and proactively address any issues as they come up
- Discussion with construction companies to provide a dedicated construction service to customers



| | H1 2017 (EUR 000) | H1 2016 (EUR 000) | Variance (EUR 000) | Variance % |
|----------------------|----------------------|----------------------|-----------------------|----------------|
| Net Sales | 123 260 | 121 232 | 2 028 | 1.7% |
| - Proton Therapy | 105 030 | 96 637 | 8 393 | 8.7% |
| - Other Accelerators | 18 230 | 24 595 | -6 365 | -25.9% |
| REBITDA | -372 | 15 255 | -15 627 | -102.4% |
| % of Sales | -0.3% | 12.6% | | |
| REBIT | -3 548 | 12 904 | -16 452 | -127.5% |
| % of Sales | -2.9% | 10.6% | | |

Total net sales were up 1.7% in the first half to EUR 123.3 Million, aided by growth in Proton Therapy and particularly strong growth in Other Accelerator services of 21.9%, boosted by recognition of revenues on multiple high margin upgrades and maintenance services.

The decline in Other Accelerators is due to the slow conversion of the backlog. Services revenues contributed one third of segment revenues this half.

REBIT for the business segment declined to a loss of EUR 3.5 million due to project shifts, delays in productivity and one-off costs affecting margins across Proton Therapy and Other Accelerators.

Over the period, five new proton therapy contracts were awarded globally, with IBA winning three of these, demonstrating IBA's continued market appeal and leadership in proton therapy. The PT solutions sold by IBA in this period are spread over customer sites in the US and Europe and the first proton therapy system in Egypt.

Updates to US proton therapy policies and guidelines

During the period, both ASTRO and NCCN expanded their indication policies for proton therapy, leading to greater penetration of the market for proton therapy in the US. The guidelines further endorse proton therapy as an important treatment option in the fight against cancer.

Proton Therapy strategy for growth

To support the continued growth in the proton therapy market, IBA has invested in its proton therapy business to provide an enhanced on-the-ground regional support network and implemented new information systems, notably for installation, services and sales and marketing organizations which are being decentralized to better serve customers.

IBA's scale-up program to increase production capacity continues on track. The construction of a new testing vault was completed during the first half while the new building is coming up on schedule. The assembly line should be operational in Q1 2018 with the rest of the infrastructure following in the course of the same year. The capital expenditure related to this infrastructure will be recorded over 2017 and 2018.



Recruitment to support the business in its strategy for Growth has been slowed in line with the project execution delays, however, this will resume in line with project progress.

Radiopharma Solutions and Industrial Accelerators

IBA sold four systems in the first half of 2017. Tests are being conducted on several new systems. Tests on the new Cyclone®KIUBE are progressing on the prototype at UZ Brussels, Belgium. The new Synthera®+ prototype has been installed and is under testing at a site in Turkey. The new TT50 Beta Unit has also started testing in Louvain-la-Neuve.

Dosimetry

| | H1 2017 (EUR 000) | H1 2016 (EUR 000) | Variance (EUR 000) | Variance % |
|------------------|----------------------|----------------------|-----------------------|---------------|
| Net Sales | 28 353 | 23 896 | 4 457 | 18.7% |
| REBITDA | 5 636 | 2 715 | 2 921 | 107.6% |
| % of Sales | 19.9% | 11.4% | | |
| REBIT | 5 449 | 2 229 | 3 220 | 144.5% |
| % of Sales | 19.2% | 9.3% | | |

In the first half, Dosimetry sales were up 18.7% versus H1 2016 with high conversion rates on the 2014-2016 backlog, in particular in Europe. The high order intake of EUR 25.8 million is up EUR 2.6 million from H1 2016.

REBIT margins have grown significantly, boosted by revenue growth and the stable cost structure, and further demonstrating the strength of the diversified business units in smoothing out the typically lumpy sales cycles.

The backlog of EUR 15 million remains high (EUR 17.9 million at the end of 2016) and we expect the Dosimetry business (excluding temporary periodic effects) to continue to show low single-digit growth, in line with the radiotherapy market.

IBA now has more than 1 000 worldwide customers using its myQA® quality assurance platform, a unique platform that connects QA applications and data through a central database and software application.



Financial review

IBA reported a 4.5% increase in total revenues to EUR 151.6 million during the first half (H1 2016: EUR 145.1 million).

Recurring operating results before interest and taxes (REBIT) were significantly impacted by delays in project execution, one-off cost increases and productivity delays in the Proton Therapy business. The Company's REBIT decreased to EUR 1.9 million from EUR 15.1 million in H1 2016.

Sales and marketing and general and administrative expenses increased in absolute values, however, they remain comparable to 2016 as a percentage of sales. R&D expenditure continued at around 11% of sales. The level of CAPEX was mostly due to investment in the new production infrastructure, manufacturing equipment and IT projects, hardware and software.

Other operating income and expenses in 2017 were mainly related to a reversal of accruals for long-term incentives, reorganizational costs and write-offs on accounts receivable.

Net financial expenses amounted to EUR 1.9 million in H1 2017 compared to expenses of EUR 1.5 million a year earlier.

The net cash position remains positive, with a period-end figure of EUR 21.2 million compared to EUR 44.5 million at the end of FY16. Cash flow from investing includes mainly the dividend paid in H1 2017.

The Group booked current income tax charges of EUR 2.3 million during H1 2017 mainly in the US, China and Germany.

Cash flow from operations was negative EUR 10.5 million at the end of June 2017 (negative EUR 12.9 million at the end of June 2016), mostly due to the negative variation of working capital stemming from inventory build-up on projects.

Cash flow from investments is negative at EUR 9.0 million due to CAPEX reflecting investment in the scale-up program including the production infrastructure and investment in software for client relationship management and computerized maintenance management. H1 2016 was positive at EUR 58.3 million thanks to a payment of EUR 62.3 million received following the disposal of IBA Molecular and a deferred dividend payment received from Pharmalogic of EUR 1.2 million, slightly offset by CAPEX of EUR 4.8 million reflecting the start of investment in the scale-up program.

Cash flow from financing was negative at EUR 5.3 million in H1 2017, following the EUR 8.5 million dividend payment and EUR 1.1 million of borrowing repayments partially compensated by EUR 4.1 million related to emphyteutic leasing rights for land related to the upcoming new infrastructure.

IBA had a cash position of EUR 50.0 million at the end of H1 2017, after a dividend payout of EUR 8.5 million.



Outlook and guidance

The Company bases its guidance upon the following:

- The soft near-term market for Proton Therapy and a strong competitive market leading to limited short-term visibility on the timing of new orders, which could affect short-term guidance
- The slower backlog conversion and delays in productivity initiatives resulting from project shifts
- The one-off costs experienced in the first half

Balanced by:

- The over EUR 1 billion backlog in equipment and services expected to be converted over the next 10 years
- The various investments made by the Company to structure itself for growth while maintaining profitability
- The continuing positive mid-term trend in proton therapy, most recently again supported by the expansion of indication policies for proton therapy by ASTRO and NCCN

IBA therefore reports the following guidance:

- 5-10% revenue growth and a low to mid-single digit operating margin for the full year 2017
- A flat to mid-single digit growth and a mid to high single digit REBIT margin for 2018/2019
- After this transition period, thanks to the growing importance of the service component and benefiting from the rescheduled productivity program, the Company expects to see high single-digit to low double-digit revenue growth while it remains confident on its previous target of 13 to 15% REBIT in the mid-term
- The Company's dividend policy remains unchanged



Report of the statutory auditor on the accounting data presented in the semi-annual press release of Ion Beam Applications SA

We have compared the accounting data presented in the semi-annual press release of Ion Beam Application SA with the interim condensed consolidated financial statements as at 30 June 2017, which show a balance sheet total of € (thousand) 363,000 and a net loss (group share) for the period of € (thousand) 4,655. We confirm that these accounting data do not show any significant discrepancies with the interim condensed consolidated financial statements.

We have issued a review report, in which we declare that, based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34 as adopted for use in the European Union

Diegem, 22 August 2017

Ernst & Young Réviseurs d' Entreprises SCCRL
Statutory auditor
represented by

Vincent Etienne
Partner

Directors' declarations

In accordance with the Royal Decree of November 14, 2007, IBA indicates that this announcement was prepared by the Chief Executive Officer (CEO), Olivier Legrain, and the Chief Financial Officer (CFO), Soumya Chandramouli.



Selected Key Figures

| | 30/06/2017 | 30/06/2016 | Variance | |
|---|---------------|---------------|----------------|----------------|
| | (EUR '000) | (EUR '000) | (EUR '000) | % |
| Sales and services | 151 613 | 145 128 | 6 485 | 4.5% |
| Cost of sales and services | 96 663 | 80 881 | 15 782 | 19.5% |
| Gross profit/(loss) | 54 950 | 64 247 | -9 297 | -14.5% |
| | 36.2% | 44.3% | | |
| Selling and marketing expenses | 14 332 | 13 615 | 717 | 5.3% |
| General and administrative expenses | 21 743 | 19 422 | 2 321 | 12.0% |
| Research and development expenses | 16 974 | 16 077 | 897 | 5.6% |
| Recurring expenses | 53 049 | 49 114 | 3 935 | 8.0% |
| Recurring profit/(loss) | 1 901 | 15 133 | -13 232 | -87.4% |
| | 1.3% | 10.4% | | |
| Other operating expenses/(income) | 2 417 | 4 472 | -2 055 | -46.0% |
| Financial expenses/(income) | 1 929 | 1 473 | 456 | 31.0% |
| Share of (profit)/loss of equity-accounted companies | -71 | -41 | -30 | 73.2% |
| Profit/(loss) before tax | -2 374 | 9 229 | -11 603 | -125.7% |
| Tax (income)/ expenses | 2 256 | 888 | 1 368 | 154.1% |
| Profit/ (loss) for the period from continuing operations | -4 630 | 8 341 | -12 971 | -155.5% |
| Profit/(loss) for the period from discontinued operations | -25 | -44 | 19 | -43.2% |
| Profit/ (loss) for the period | -4 655 | 8 297 | -12 952 | -156.1% |
| REBITDA | 5 264 | 17 970 | -12 706 | -70.7% |



| | 30-6-17 | 31-12-16 | |
|---|----------------|----------------|----------------|
| | (EUR '000) | (EUR '000) | (EUR '000) |
| ASSETS | | | |
| Goodwill | 3 821 | 3 821 | 0 |
| Other intangible assets | 10 577 | 9 972 | 605 |
| Property, plant and equipment | 21 780 | 16 322 | 5 458 |
| Investments accounted for using the equity method and other investments | 10 330 | 10 311 | 19 |
| Deferred tax assets | 22 560 | 22 796 | -236 |
| Long-term financial assets | 1 037 | 2 171 | -1 134 |
| Other long-term assets | 18 947 | 18 467 | 480 |
| Non-current assets | 89 052 | 83 860 | 5 192 |
| Inventories and contracts in progress | 138 901 | 132 702 | 6 199 |
| Trade receivables | 51 863 | 65 736 | -13 873 |
| Other receivables | 30 153 | 22 409 | 7 744 |
| Short-term financial assets | 3 072 | 1 346 | 1 726 |
| Assets Held for sale | 0 | 0 | 0 |
| Cash and cash equivalents | 49 959 | 74 564 | -24 605 |
| Current assets | 273 948 | 296 757 | -22 809 |
| Total assets | 363 000 | 380 617 | -17 617 |
| EQUITY AND LIABILITIES | | | |
| Capital stock | 41 899 | 41 776 | 123 |
| Capital surplus | 40 932 | 40 618 | 314 |
| Treasury shares | -8 502 | -8 502 | 0 |
| Reserves | 14 824 | 9 496 | 5 328 |
| Currency translation difference | -2 603 | -1 367 | -1 236 |
| Retained earnings | 55 201 | 68 370 | -13 169 |
| Reserves for assets held for sale | 0 | 0 | 0 |
| Capital and reserves attributable to Company's equity holders | 141 751 | 150 391 | -8 640 |
| Long-term borrowings | 26 750 | 27 750 | -1 000 |
| Long-term financial liabilities | 21 | 1 423 | -1 402 |
| Deferred tax liabilities | 520 | 582 | -62 |
| Long-term provisions | 5 792 | 10 112 | -4 320 |
| Other long-term liabilities | 9 185 | 3 916 | 5 269 |
| Non-current liabilities | 42 268 | 43 783 | -1 515 |
| Short-term provisions | 5 961 | 6 311 | -350 |
| Short-term borrowings | 2 040 | 2 151 | -111 |
| Short-term financial liabilities | 94 | 3 006 | -2 912 |
| Trade payables | 51 816 | 56 041 | -4 225 |
| Current income tax liabilities | 74 | 90 | -16 |
| Other payables | 118 996 | 118 844 | 152 |
| Liabilities directly related to assets held for sale | 0 | 0 | 0 |
| Current liabilities | 178 981 | 186 443 | -7 462 |
| Total liabilities | 221 249 | 230 226 | -8 977 |
| Total equity and liabilities | 363 000 | 380 617 | -17 617 |



| | 30-6-17 | 30-6-16 |
|--|----------------|----------------|
| | (EUR '000) | (EUR '000) |
| Cash flow from operating activities | | |
| Net profit/(loss) for the period | -4 655 | 8 297 |
| Adjustments for: | | |
| Depreciation and impairment of property, plant and equipment | 1 551 | 1 079 |
| Amortization and impairment of intangible assets | 1 274 | 1 252 |
| Write-off on receivables | 1 152 | 1 |
| Changes in fair value of financial assets (gains)/losses | 191 | 154 |
| Changes in provisions | -3 427 | 262 |
| Deferred taxes | -9 | -146 |
| Share of result of associates and joint ventures accounted for using the equity method | -71 | -41 |
| Other non cash items | 47 | -263 |
| Net cash flow changes before changes in working capital | -3 947 | 10 595 |
| Trade receivables, other receivables, and deferrals | 2 526 | -8 671 |
| Inventories and contract in progress | -6 957 | -22 358 |
| Trade payables, other payables, and accruals | 555 | 11 805 |
| Other short-term assets and liabilities | -710 | -3 162 |
| Change in working capital | -4 586 | -22 386 |
| Income tax paid/received, net | -2 391 | -1 778 |
| interest (income)/expenses | 438 | 702 |
| Net cash (used in)/generated from operations | -10 486 | -12 867 |
| Cash flow from investing activities | | |
| Acquisition of property, plant, and equipment | -7 078 | -3 633 |
| Acquisition of intangible assets | -1 908 | -1 143 |
| Disposal of fixed assets | 0 | 1 |
| Acquisitions of subsidiaries, net of acquired cash | 0 | 0 |
| Acquisition of third party and equity-accounted companies | 0 | 0 |
| Disposal of subsidiaries | 0 | 0 |
| Disposals of other investments and equity-method-accounted companies, net of assigned cash | 0 | 63 437 |
| Other investing cash flows | -2 | -390 |
| Net cash (used in)/generated from investing activities | -8 988 | 58 272 |
| Cash flow from financing activities | | |
| Proceeds from borrowings | 0 | 15 750 |
| S.R.I.W. Reverse convertible bond | 0 | 0 |
| Repayments of borrowings | -1 110 | -16 463 |
| Interest paid/Interest received | -397 | -545 |
| Capital increase (or proceeds from issuance of ordinary shares) | 438 | 2 707 |
| Sales/(Purchase) of treasury shares | 0 | 0 |
| Dividends paid | -8 515 | -40 332 |
| Other financing cash flows | 4 327 | 561 |
| Net cash (used in)/generated from financing activities | -5 257 | -38 322 |
| Net cash and cash equivalents at the beginning of the year | 74 564 | 81 715 |
| Changes in net cash and cash equivalents | -24 731 | 7 083 |
| Exchange gains/(losses) on cash and cash equivalents | 126 | 710 |
| Net cash and cash equivalents at the end of the year | 49 959 | 89 508 |