



IBA REPORTS HALF YEAR 2016 RESULTS

REVENUES UP 20% - ON TRACK TO MEET 2016 GUIDANCE

Louvain-La-Neuve, Belgium, August 25, 2016 - IBA (Ion Beam Applications S.A., 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 2016.

	H1 2016 (EUR 000)	H1 2015 (EUR 000)	Variance (EUR 000)	Variance %
Sales & Services	145 128	120 997	24 131	19.9%
REBITDA	17 970	14 605	3 365	23.0%
<i>% of Sales</i>	<i>12.4%</i>	<i>12.1%</i>		
REBIT	15 133	12 614	2 519	20.0%
<i>% of Sales</i>	<i>10.4%</i>	<i>10.4%</i>		
Net Result	8 297	14 450	-6 153	-42.6%
<i>% of Sales</i>	<i>5.7%</i>	<i>11.9%</i>		

H1 Financial Highlights

- Total Group H1 revenues of EUR 145.1 million, up 19.9% (H1 2015: EUR 121 million) – on track to meet full-year 2016 revenue growth guidance of above 20%
- REBIT up 20% to EUR 15.1 million and margin at 10.4% – on track to achieve 11% FY guidance
- Reported net profit EUR 8.3 million, down EUR 6.2 million from H1 2015, reflecting large non-recurring income in prior period
- Strong growth in Proton Therapy and Other Accelerators – H1 order intake up 30.5% to EUR 143.6 million from H1 2015, comprising three *Proteus®ONE** and eight *Proteus®PLUS** rooms (2 solutions), 8 other accelerators and upgrades that represent more than EUR 13 million of order intake for the period
- High period-end backlog for Proton Therapy and Other Accelerators of EUR 348.6 million, up 15% from H1 2015 and with *Proteus®ONE* orders making up 37% of the backlog, demonstrating IBA's unique competitive advantage in fast-growing single room compact solution market
- Proton Therapy Services backlog of EUR 567.4 million, up 12% from H1 2015
- Solid Dosimetry backlog of EUR 18.3 million, up from EUR 17.8 million in H1 2015 – H1 revenues down from H1 2015 due to very strong sales level in H1 2015 and slower conversion rate on long-term orders in H1 2016

H1 Business Highlights

- Growth strategy on track, including staff recruitment and production capacity scale-up to meet proton therapy demand. The recruitment of 400 engineers is progressing well, with 206 already hired



- 11 proton therapy rooms sold in H1 confirming IBA's growing leadership in this key market segment
- Contract signed with Belgium's first proton therapy center to install a *Proteus[®]ONE*
- Further benefit of Philips collaboration – additional *Proteus[®]ONE* order signed with Proton Partners International and a three-room *Proteus[®]PLUS* in Mumbai, India
- New contract for a *Proteus[®]ONE* signed with existing customer, University of Florida Health Proton Therapy Institute, associated with an upgrade to its existing proton therapy center with latest technologies
- Continuing penetration of Chinese market with a contract for a five-room *Proteus[®]PLUS* solution in Qingdao, China – contract not yet included in backlog pending down payment
- CE mark authorization received for new generation superconducting accelerator for *Proteus[®]ONE*
- New evolutionary cyclotron launched by IBA at the 2016 Society of Nuclear Medicine and Molecular Imaging (SNMMI) annual meeting in San Diego, California
- Strengthening of management team with appointment of Jean-Marc Bothy as Chief Strategy Officer and Soumya Chandramouli as Chief Financial Officer

Post Period End Highlights

- All features for the integrated solution *Proteus[®]ONE* are now FDA approved
- Investment in HIL Applied Medical Ltd to develop laser-based proton therapy solution
- First worldwide clinical implementation of its newly released Dolphin Online Ready Patient QA and Monitoring

Olivier Legrain, Chief Executive Officer of IBA, commented: *“The strong first-half performance has demonstrated the continued momentum of proton therapy growth globally, led by the increasing success of Proteus[®]ONE, our unique compact solution. The collaboration with HIL announced earlier this week underlines our commitment to constant innovation, identifying new opportunities and technologies that will enable us to deliver ever higher standards while potentially reducing the costs of treatment.”*

“As demand for our technology grows, so does the IBA team. We are on course to recruit 400 additional specialists that we have targeted as part of our ambitious growth strategy, with more than 50% already selected.”

“The order pipeline for the rest of 2016 is strong. With continued demand for our proton therapy solutions and despite challenging times for our Dosimetry business, we are on track to meet our guidance for the full year.”

Conference Call Information:

IBA will host a conference call and webcast today at 16:00 CEST / 15:00 BST / 10:00 EDT / 07:00 PDT. Olivier Legrain, Chief Executive Officer, and Soumya Chandramouli, Chief Financial Officer, will host the call which will be conducted in English. The conference call will be webcast live and can be accessed online at: <http://arkadinemea-events.adobeconnect.com/iba>. If you would like to participate in the Q&A, please dial (PIN code 76832733#):

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The webcast presentation will be available on the Company's website shortly after the call.

Financial calendar

Third Quarter Business Update
Full Year Results 2016

November 17, 2016
March 24, 2017

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, 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 1,300 people worldwide, IBA has installed solutions across the world. IBA is listed on the pan-European stock exchange EURONEXT. (IBA: Reuters IBAB.BR and Bloomberg IBAB.BB) and more information can be found at: www.iba-worldwide.com

* *Proteus®PLUS and Proteus®ONE are the brand names of new configurations of the Proteus®235*

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Operating Review

Proton Therapy and Other Accelerators

	H1 2016 (EUR 000)	H1 2015 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	121 232	94 211	27 021	28.7%
- Proton Therapy	96 637	68 603	28 034	40.9%
- Other Accelerators	24 595	25 608	-1 013	-4.0%
REBITDA	15 255	9 105	6 150	67.5%
% of Sales	12.6%	9.7%		
REBIT	12 904	7 778	5 126	65.9%
% of Sales	10.6%	8.3%		

Total net sales were up 28.7% in the first half to EUR 121.2 million, driven by strong growth in Proton Therapy including double digit growth for both equipment sales and services at 33.5% and 18.5% respectively. The slight decline in Other Accelerators is due to a slowdown as a result of production planning, however it is expected to be recovered in the second half of the year. Service revenues continue to contribute approximately one third of segment revenues.

REBITDA for the business segment grew significantly by 67.5% to EUR 15.3 million as equipment revenues continue to grow and the installed base expands.

Proton Therapy

Major Commercial Wins

IBA has had a strong first half performance with several major commercial wins. With the sale of 11 proton therapy rooms in the first half of 2016, IBA has had record sales and has confirmed its leadership position. The PT solutions sold by IBA in this period are spread over customer sites in the US, Europe and Asia and include the following:

The **Tata Memorial Centre in Mumbai, India**, will be equipped with IBA's *Proteus[®]PLUS* three-gantry room configuration, including latest generation Pencil Beam Scanning capability.

IBA has signed a contract with the **University Hospitals Leuven (UZ Leuven) and Katholieke Universiteit Leuven (KU Leuven)** to install a *Proteus[®]ONE* solution. This will be Belgium's first proton therapy center in a project with Université Catholique de Louvain (UCL), Cliniques universitaires Saint-Luc and other Belgian universities.

The **University of Florida Health Proton Therapy Institute (UFHPTI)** will install a new *Proteus[®]ONE* solution.

IBA has also signed a contract with **Qingdao Zhong Jia Lian He Healthcare Management Company Limited** to install a *Proteus[®]PLUS** five-room solution in Qingdao, Shandong Province, China. China has become a major focus for IBA Proton Therapy division.



IBA has signed a new binding term sheet with **Proton Partners International (PPI)**, to install a *Proteus[®]ONE* compact proton therapy solution. This latest purchase is part of PPI's strategy to expand its proton therapy network internationally. The location of this center will be disclosed at a later stage.

Additionally, IBA generates increasing revenue from the upgrade of existing PT centers equipped with IBA technology, keeping them at the forefront of research and advanced treatments in the fight against cancer. For example, IBA and the **Institut Curie** announced the signature of an agreement for the manufacturing, delivery, installation and maintenance of a new research beam line. This line will be connected to the existing beam transport line. This agreement also includes future research projects to be performed jointly by the two organizations over the next ten years. Another example is the upgrade of proton therapy equipment of **University of Florida Health Proton Therapy Institute (UFHPTI)** with IBA's latest technologies including Pencil Beam Scanning and Cone Beam CT.

Proton Therapy Achievements

IBA recently received CE mark authorization of its new super conducting accelerator. Getting the CE-marking for the new Proton Therapy Synchro-Cyclotron is crucial to *Proteus[®]ONE* business plans.

Post period close, IBA also received FDA approval for all features of the integrated solution *Proteus[®]ONE*.

Post period close, Penn Medicine and IBA announced the world's first patient treatment using IBA's Prompt Gamma camera in in Pencil Beam Scanning Mode, providing *in vivo* feedback on the proton beam penetration depth within the patient on an individual spot basis, thus allowing unprecedented quality control of the target volume coverage.

Finally, IBA announced in August that it invested USD 2 million in HIL Applied Medical Ltd to develop a laser-based proton therapy solution. HIL is applying a novel, patented approach to particle acceleration and delivery, combining nano-technology with ultra-high-intensity lasers and ultra-fast magnets. This potential technological breakthrough could enable a meaningful reduction in the size and cost of proton therapy solutions without compromising clinical utility.

Other Accelerators

IBA launched a new evolutionary cyclotron at the 2016 Society of Nuclear Medicine and Molecular Imaging (SNMMI) annual meeting in San Diego, California, United States. The *Cyclone[®] KIUBE* is a true evolutionary cyclotron meaning that production capacity can be increased step-by-step. Positron Emission Tomography (PET) imaging procedures play a critical role in medical care today and growing demand for radioisotopes means a greater need for efficiency. This new 18MeV cyclotron is more compact and powerful.



Dosimetry

	H1 2016 (EUR 000)	H1 2015 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	23 896	26 786	-2 890	-10.8%
REBITDA	2 715	5 500	-2 785	-50.6%
% of Sales	11.4%	20.5%		
REBIT	2 229	4 836	-2 607	-53.9%
% of Sales	9.3%	18.1%		

The Dosimetry market continues to be challenging with H1 sales decreasing 10.8% to EUR 23.9 million versus the same period in 2015, in part due to the comparative strength of H1 2015 as well as a slower conversion rate in 2016 on long-term orders. It is worth noting that the longer-term growth trajectory remains in line with that of the market. Over the last three years, the average growth (excluding temporary periodic effects) shows 3% growth in line with the Linac market. The Dosimetry backlog remains high at EUR 18.3 million (EUR 17.8 million at the end of H1 2015).

In August Dosimetry announced the first worldwide clinical implementation of its newly released Dolphin Online Ready Patient QA and Monitoring. The team at the radiation therapy department of the Klinikum Bayreuth GmbH in Germany, has successfully validated and clinically implemented three Dolphin systems at two of their sites.

In addition, IBA Dosimetry has also announced the third release of its global quality assurance platform: myQA[®]. myQA is a unique platform that connects QA applications and data through a central database and software application.

Human Resources and Management Team

Following the proton therapy orders booked over the last few years globally, IBA launched an international plan to recruit 400 new employees over the year. Approximately half of these will be based in Louvain-la-Neuve, Belgium, with the remainder in the USA, Europe and Asia. The majority of hires are field service engineers, responsible for the installation and maintenance of proton therapy solutions. Of the planned 400 hires, 206 positions have been filled as of end June 2016.

In June, IBA announced the strengthening of its management team with the appointment of Jean-Marc Bothy as Chief Strategy Officer and Soumya Chandramouli as Chief Financial Officer.

IBA Molecular

In March, IBA completed the sale of IBA Molecular (“IBAM”), in which IBA had a 40% stake, to funds advised by CapVest Partners LP (“CapVest”). With this transaction, IBA has fully exited its joint venture with SK Capital Partners and retains no interests in IBA Molecular.



Financial Review

IBA confirms strong top line growth, with a 19.9% increase in revenues to EUR 145.1 million during the first half of 2016 (H1 2015: EUR 121 million) across both service and equipment delivery.

The gross margin improved to 44.3% in the first half of 2016 from 44.1% in the first half of 2015.

Recurring operating profits before interest and taxes (REBIT) grew in line with top line revenues despite a EUR 8.4 million increase in operational expenses in the first half of 2016 and lower profitability in the Dosimetry segment.

Within operational expenses, sales and marketing expenses grew 15% in the first half of 2016, reflecting continuing efforts to further expand the record order intake and the overall Proton Therapy market. General and administrative expenses increased by 25% reflecting the support required for the ongoing operational scale-up. Research and Development expenses increased by 21% compared to the same period last year, in line with the revenue growth, maintaining R&D spending at around 11% of revenues.

As a consequence, the Company's REBIT grew by 19.9% in H1 2016 to EUR 15.1 million from EUR 12.6 million in H1 2015. REBIT margins remained constant at 10.4% in H1, mostly stemming from heavy scale-up efforts during H1 and the lower profitability of Dosimetry and are expected to meet the target of 11% for the current financial year.

Net other operating expenses of EUR 4.5 million include the fluctuating valuation of stock options; special discretionary bonuses granted to IBA employees, excluding management; accruals on a long term incentive plan now nearing maturity; severance fees; and write-offs on Other Accelerators projects and other assets, all of which are non-recurring.

Net financial expenses amounted to EUR 1.5 million in H1 2016 compared to an income of EUR 2.6 million a year earlier. This was mostly due to foreign exchange gains on US dollar holdings in the prior period.

Following the completion of the sale of IBA's stake in IBA Molecular during H1 2016, the share of (profit)/loss of equity-accounted companies is no longer material.

Despite on-track topline growth and similar REBIT growth, profit before tax declined to EUR 9.2 million in H1 2016 from EUR 16.5 million a year before, mostly due to the one-off positive impacts last year from exchange rate financial gains, other operating income from the reversal of a decommissioning provision on a closed facility and the share of result of equity-accounted entities.

The Group booked current income tax charges of EUR 1 million during H1 2016.

Cash flow from operations fell to a negative EUR 12.9 million at the end of June 2016 from EUR 17.6 million at the end of June 2015, mostly due to the negative variation of working capital stemming from the inventory build-up to sustain increased production and timing of down payments strongly concentrated on H2 2016. Cash flow from investments was EUR 58.3 million in H1 2016 compared with negative cash flow of EUR 1.5 million a year before. This was mainly due to a payment of EUR 62.3 million received during H1 2016 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 EUR 38.2 million in H1 2016, following EUR 40.3 million of dividend payment and capital increase from the exercise of share options. The anticipatory repayment of debt to the European Investment Bank was accompanied by its refinancing at a lower cost.

IBA had a very strong cash position of EUR 89.5 million at the end of H1 2016, even after the dividend payout of EUR 40.3 million.

Guidance

IBA reiterates its guidance given at the time of the Company's 2015 Full Year Results in March 2016 of above 20% top line growth for the year.

The Company confirms it expects its operating margin to be about 11% in 2016 and then to rise to 13-15% by 2018. This guidance is supported by the increasing economies of scale combined with the growing importance of service revenues, although, it is offset to some extent by price erosion.

The Company is also investing in scaling up production capacity and resources and further investment in R&D in order to continue leading the market. This scale-up program includes investment in a new *Proteus[®]ONE* assembly line and new marketing infrastructure, investing EUR 15 million over two years. Investment is also being made in recruitment, with an additional 400 engineers and qualified staff expected to take the total headcount to around 1600 by year-end.

IBA expects to maintain the dividend target pay-out ratio at 30%.



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

We have compared the accounting data presented in the semi-annual communiqué of Ion Beam Application SA with the interim condensed consolidated financial statements as at 30 June 2016, which show a balance sheet total of € (thousand) 371,789 and a net profit (group share) for the period of € (thousand) 8,297. 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, 23 August 2016

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

Vincent Etienne
Partner

Press release |

Regulated information



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

	30-06-16	30-06-15	Variance	
	(EUR '000)	(EUR '000)	(EUR '000)	%
Sales and services	145 128	120 997	24 131	19.9%
Cost of sales and services	80 881	67 655	13 226	19.5%
Gross profit/(loss)	64 247	53 342	10 905	20.4%
	44.3%	44.1%		
Selling and marketing expenses	13 615	11 842	1 773	15.0%
General and administrative expenses	19 422	15.600	3 822	24.5%
Research and development expenses	16 077	13 286	2 791	21.0%
Recurring expenses	49 114	40 728	8 386	20.6%
Recurring profit/(loss)	15 133	12 614	2 519	20.0%
	10.4%	10.4%		
Other operating expenses/(income)	4 472	-280	4 752	-1697.1%
Financial expenses/(income)	1 473	-2 564	4 037	-157.4%
Share of (profit)/loss of equity-accounted companies	-41	-1 072	1 031	-96.2%
Profit/(loss) before tax	9 229	16 530	-7 301	-44.2%
Tax (income)/ expenses	888	2 039	-1 151	-56.4%
Profit/ (loss) for the period from continuing operations	8 341	14 491	-6 150	-42.4%
Profit/(loss) for the period from discontinued operations	-44	-41	-3	7.3%
Profit/ (loss) for the period	8 297	14 450	-6 153	-42.6%
REBITDA	17 970	14 605	3 365	23.0%



	30-6-16	1-01-16(*)	
	(EUR '000)	(EUR '000)	(EUR '000)
ASSETS			
Goodwill	3 821	3 821	0
Other intangible assets	8 520	8 629	-109
Property, plant and equipment	11 866	9 327	2 539
Investments accounted for using the equity method and other investments	8 687	9 004	-317
Deferred tax assets	23 319	23 221	98
Long-term financial assets	2 497	779	1 718
Other long-term assets	18 576	16 691	1 885
Non-current assets	77 286	71 472	5 814
Inventories and contracts in progress	118 977	99 959	19 018
Trade receivables	66 233	59 938	6 295
Other receivables	18 855	81 846	-62 991
Short-term financial assets	930	422	508
Assets Held for sale	0	0	0
Cash and cash equivalents	89508	81 715	7 793
Current assets	294 503	323 880	-29 378
Total assets	371 789	395 352	-23 563
EQUITY AND LIABILITIES			
Capital stock	41 438	40 864	574
Capital surplus	39 462	37 329	2 133
Treasury shares	-8 502	-8 502	0
Reserves	13 854	10 509	3 345
Currency translation difference	-2 124	-1 993	-131
Retained earnings	52 227	84 259	-32 032
Reserves for assets held for sale	0	0	0
Capital and reserves attributable to Company's equity holders	136 355	162 466	-26 111
Non-controlling interests	0	0	0
TOTAL EQUITY	136 355	162 466	-26 111
Long-term borrowings	28 814	15 220	13 594
Long-term financial liabilities	215	879	-664
Deferred tax liabilities	697	697	0
Long-term provisions	6 488	7 062	-574
Other long-term liabilities	3 263	3 162	101
Non-current liabilities	39 476	27 020	12 456
Short-term provisions	6 043	7 007	-964
Short-term borrowings	2 147	16 454	-14 307
Short-term financial liabilities	2 073	2 110	-37
Trade payables	48 022	44 887	3 135
Current income tax liabilities	17	74	-57
Other payables	137 655	135 334	2 321
Liabilities directly related to assets held for sale	0	0	0
Current liabilities	195 957	205 866	-9 909
Total liabilities	235 434	232 886	2 548
Total equity and liabilities	371 789	395 352	-23 563

(*) Restatement through equity following a change in accounting policy

	30-6-16 (EUR '000)	30-6-15 (EUR '000)
Cash flow from operating activities		
Profit/(loss) for the period before technical recycling of CTA	8 297	14 450
Technical recycling of CTA to income statement further to liquidation of a dormant Swedish entity	0	0
Net profit/(loss) for the period after technical recycling of CTA	8 297	14 450
Adjustments for:		
Depreciation and impairment of property, plant and equipment	1 079	924
Amortization and impairment of intangible assets	1 252	1 012
Write-off on receivables	1	53
Changes in fair value of financial assets (gains)/losses	154	816
Changes in provisions	262	-4 988
Deferred taxes	-146	346
Share of result of associates and joint ventures accounted for using the equity method	-41	-1 102
Other non cash items	-263	1 079
Net cash flow changes before changes in working capital	10 595	12 590
Trade receivables, other receivables, and deferrals	-8 671	-9 821
Inventories and contract in progress	-22 358	20 933
Trade payables, other payables, and accruals	11 805	-7 231
Other short-term assets and liabilities	-3 162	963
Change in working capital	-22 386	4 844
Income tax paid/received, net	-1 778	-388
interest (income)/expenses	702	558
Net cash (used in)/generated from operations	-12 867	17 604
Cash flow from investing activities		
Acquisition of property, plant, and equipment	-3 633	-1 080
Acquisition of intangible assets	-1 143	-472
Disposal of fixed assets	1	12
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	63 437	20
Other investing cash flows	-390	-1
Net cash (used in)/generated from investing activities	58 272	-1 521
Cash flow from financing activities		
Proceeds from borrowings	15 750	0
S.R.I.W. Reverse convertible bond	0	0
Repayments of borrowings	-16 463	-2 596
Interest paid/Interest received	-545	-549
Capital increase (or proceeds from issuance of ordinary shares)	2 707	4 936
Sales/(Purchase) of treasury shares	0	230
Dividends paid	-40 332	-4 999
Other financing cash flows	561	-308
Net cash (used in)/generated from financing activities	-38 322	-3 286
Net cash and cash equivalents at the beginning of the year	81 715	37 176
Changes in net cash and cash equivalents	7 083	12 797
Exchange gains/(losses) on cash and cash equivalents	710	-43
Net cash and cash equivalents at the end of the year	89 508	49 930