

IBA REPORTS HALF YEAR 2015 RESULTS

SALES UP 23.3% AND 2015 TOP LINE GUIDANCE UPGRADED

Louvain-La-Neuve, Belgium, 27 August 2015 - 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 2015.

	H1 2015	H1 2014	Change	
	(EUR 000)	(EUR 000)	(EUR 000)	%
Sales & Services	120 997	98 159	22 838	23.3%
REBITDA	14 605	12 251	2 354	19.2%
<i>% of Sales</i>	<i>12.1%</i>	<i>12.5%</i>		
REBIT	12 614	9 645	2 969	30.8%
<i>% of Sales</i>	<i>10.4%</i>	<i>9.8%</i>		
Net Result	14 450	7 441	7 009	94.2%
<i>% of Sales</i>	<i>11.9%</i>	<i>7.6%</i>		

Business Highlights

- Strong Proton Therapy and Other Accelerators order intake in H1, up 86% to EUR 110 million from the same period in 2014, comprising three *Proteus[®]ONE** and three *Proteus[®]PLUS* systems and six accelerators
- Record period-end backlog for Proton Therapy and Other Accelerators of EUR 303.2 million, up 56% YoY, 25% of which is *Proteus[®]ONE* orders, demonstrating the growing importance of single room compact solutions where IBA has a unique competitive advantage
- Steadily growing Proton Therapy Services backlog to be recognized over time, now amounting to EUR 506.6 million, up 24% YoY due to the strong capture rate with new equipment orders
- Dosimetry continues to show strongly improved performance with revenues growing 19.3% to EUR 26.8 million compared to EUR 22.5 million in the same period last year and backlog remaining strong at EUR 17.8 million
- Philips collaboration bearing fruit with three *Proteus[®]ONE* orders signed in the UK with Proton Partners International
- Strategic alliance signed with Toshiba Corporation for *Proteus[®]ONE* in Japan and advancing carbon therapy in the rest of the world

Financial Highlights

- Total Group revenue of EUR 121.0 million for the first six months of 2015, up 23.3% (H1 2014: EUR 98.2 million)
- REBIT up 30.8% to EUR 12.6 million with margin at 10.4%, in line with guidance
- Reported net profit of EUR 14.4 million, up by 94.2% YoY with margin increase to 11.9% from 7.6%
- 2015 top line guidance increased from "above 10%" to 15-20% revenue growth for the year

Post Period End Highlight

- Completion of the divestiture of IBA Molecular North America, Inc. (IBAM NA) to Illinois Health and Science (IHS). The transaction is not expected to have a significant impact on IBA's 2015 P&L but will generate cash proceeds of approximately EUR 10 million for IBA during the third quarter of 2015



Olivier Legrain, Chief Executive Officer of IBA, commented: “IBA has had a strong first half underpinned by a very buoyant global proton therapy environment. As the only company in the world able to convincingly offer both multi-room and compact single-room proton therapy systems, I am pleased to see that both solutions have seen such strong performance despite growing competition, demonstrating the broad appeal of IBA’s proton therapy offering.

“We are also pleased to see restored growth in Dosimetry as well as that Services now represent a third of proton therapy revenues, and confirming it as an important recurring revenue driver.

“We expect the momentum across the business to continue in the second half, especially in the proton therapy market, leading us to be confident in increasing our 2015 guidance to 15-20% top line growth from the 10% average previously stated and we confirm a trend towards 30% dividend payout.”

Conference Call Information:

IBA will host a conference call and webcast today at 2pm CEST / 1pm BST / 8am EDT. Olivier Legrain, Chief Executive Officer, and Jean-Marc Bothy, Chief Financial Officer, will host the call which will be conducted in English. The conference call will be webcast live and can be accessed on the investor page of the IBA website at: www.iba-worldwide.com/?page=investor-relations. If you would like to participate in the Q&A, please dial (PIN code 21347202#):

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UK: +44 207 750 9926
NL: +31 207 133 488
LU: +352 278 601 66
US: +1 914 885 0779
FR: +33 172 040 033

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

Financial calendar

Third Quarter business update
Full Year results 2015

November 17, 2015
March 24, 2016

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 systems. 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 1 100 people worldwide, IBA has installed systems across the world, from Europe and the US and to the emerging markets. 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[®] ONE is the brand name of a new configuration of the Proteus[®] 235.*

Press release |

Regulated information



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Operating Review

Proton Therapy and Other Accelerators

	H1 2015 (EUR 000)	H1 2014 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	94 211	75 707	18 504	24.4%
- Proton Therapy	68 603	55 070	13 533	24.6%
- Other Accelerators	25 608	20 637	4 971	24.1%
REBITDA	9 105	9 173	-68	-0.7%
% of Sales	9.7%	12.1%		
REBIT	7 778	7 038	740	10.5%
% of Sales	8.3%	9.3%		

Total net sales were up 24.4% in the first half to EUR 94.2 million, driven by strong growth in Proton Therapy (PT) including double digit growth for both service and equipment sales. Service revenues contributed approximately 33% of segment revenues, which is slightly reduced from the same period last year, due to the strength of contributions from PT and Other Accelerators equipment revenue recognition, which increased by 28.2% to EUR 63.2 million.

REBITDA for the business segment narrowed slightly by -0.7% to EUR 9.1 million due to the scaling up of operations in order to handle the demand for the delivery of the record backlog and the expectation of a continued strong order intake. This slightly lower number also reflects the Company's continued investment in R&D in order to maintain its position as the technology leader in its chosen markets, which in the first half of 2014 was covered by several non-linearly spread grants. Current spend is in line with the R&D spend of the second half of 2014.

Proton Therapy

Major Commercial Wins

IBA has had a strong first half performance with several major commercial wins. With the sale of six proton therapy systems in the first half of 2015, IBA has had record sales and has strengthened its position as the most experienced and fastest proton therapy provider in the market. The six PT systems sold by IBA in this period are spread over customer sites in the US, Europe and Asia and include:

The **Miami Cancer Institute at Baptist Health South Florida** will be equipped with IBA's *Proteus[®]PLUS* three-gantry room configuration, including next generation Pencil Beam Scanning capability.

The **University Medical Center Groningen** is establishing the first proton therapy center in The Netherlands, in Groningen. It will be equipped with a *Proteus[®]PLUS* two-gantry room configuration, including the next generation Pencil Beam Scanning and Cone Beam CT (CBCT) capabilities.



IBA has also signed an extension to the collaboration agreement with **Guangdong Hengju Medical Technologies Co. Limited** for two additional gantry treatment rooms. In December 2014, IBA signed its first collaboration agreement with Hengju to jointly install the first proton therapy system in South China.

Three IBA compact proton therapy solutions will be installed in the United Kingdom. **Proton Partners International (PPI)**, a private limited company, has signed a contract with IBA for *Proteus[®]ONE* systems to be installed in three private clinics. These UK projects are the result of the agreement between IBA and Philips signed in September 2014.

Proton Therapy Technology

IBA completed the installation of the *Proteus[®]ONE* compact proton therapy system at the Willis-Knighton Cancer Center team in Shreveport, Louisiana, US, in a record 11 months: the fastest installation of a PT center globally. After nine months of operations it is now averaging 15 minutes per patient for most indications, even with multiple fields, resulting in a daily volume of 20 patients per eight hour day. IBA expects volumes to further increase based upon the even faster treatment times and expanded applications enabled by Advanced Image Guidance with Cone beam CT (CBCT), allowing precision therapy to be administered at a faster rate.

In addition, IBA has further advanced radiation therapy technology by installing the first compact proton therapy system in the world to treat clinically with Pencil Beam Scanning (PBS). PBS allows the treatment of more common indications of cancers such as the brain and prostate, and it is now progressing to other applications such as breast, head & neck, esophageal, lung, spine, pediatric malignancies and various pelvis indications.

IBA also announced, in May, the release of an exclusive feature that reduces the power consumption of its 230 MeV isochronous cyclotron (*Cyclone[®]230*) by more than 30%. This unique feature resulting from IBA's sustainability program helps reduce the overall cost of proton therapy, making it ever more accessible to patients worldwide.

Partnerships to Shape the Future of Proton Therapy

IBA has built strategic partnerships with blue-chip global partners **Philips** and **Toshiba Corporation** in order to further strengthen its global position in proton therapy. These relationships are already translating into sales, as demonstrated by the sale of the Apollo Proton Therapy Center in India (in 2013) and the three compact systems to Proton Partners International in the UK, as well as the signing of an exclusive alliance to enhance access to proton therapy in India.

In addition to sales and marketing, IBA anticipates that the relationship with **Philips** will, among other developments, lead to gantry embedded CBCT of the highest image quality possible, and a version of Philips' next generation Treatment Planning System that is fully compatible with IBA's proton therapy systems. This agreement marks an important step towards the adaptive treatment of cancer and a personalized treatment approach.

IBA and **Toshiba Corporation** are working together to expand access to advanced particle therapy worldwide. Toshiba Medical Systems Corporation will become the distributor in Japan for *Proteus[®]ONE*, IBA's compact single room proton therapy solution, and IBA will become the agent for Toshiba's Carbon Therapy Solutions outside of Japan.

Other Accelerators

In the first six months of the year, IBA has won six important Other Accelerator contracts across Asia, Europe, North America, Russia, and the Middle East, including *IntegraLab*[®] solutions which combine equipment and services for the establishment of radiopharmaceutical production centers.

Dosimetry

	H1 2015 (EUR 000)	H1 2014 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	26 786	22 452	4 334	19.3%
REBITDA	5 500	3 078	2 422	78.7%
<i>% of Sales</i>	<i>20.5%</i>	<i>13.7%</i>		
REBIT	4 836	2 607	2 229	85.5%
<i>% of Sales</i>	<i>18.1%</i>	<i>11.6%</i>		

Dosimetry has rebounded significantly with sales increasing by 19.3% to EUR 26.8 million compared to the first half of 2014. Comparing the periods like for like has seen a conversion rate of contract wins improve to 103% from 90%. This improved performance is as a result of order intake for the first half improving 4.6% to EUR 26.0 million in the Americas and emerging markets. The division now has a new record backlog of EUR 17.8 million from EUR 16.8 million in 2014, giving IBA confidence in continued strong performance in the second half of the year.

Post period-end in July, IBA Dosimetry announced that the first patient case in the United States has been successfully quality-controlled using *myQA*[®] Global QA Platform at the LewisGale Regional Center in Pulaski, Virginia. This is the first platform-based plan verification of its kind that offers distinct advantages such as having the software installed on a database. In contrast to local installation, this means data can be accessed anywhere, anytime, connecting staff and treatment locations.

Post Period subsequent events

In August, post-period end, Illinois Health and Science (IHS), a non-profit healthcare system, signed a definitive agreement with IBA Molecular (IBAM), a joint-venture jointly owned by IBA and SK Capital Partners, to acquire IBA Molecular North America, Inc. (IBAM NA), the US subsidiary of IBA Molecular. The acquisition includes all of IBAM NA's cyclotron sites and its research and development facilities.

The proceeds are being used to repay the outstanding debt at IBAM and to make a distribution to IBAM's shareholders (IBA S.A. owns 40% of IBAM). The transaction is not expected to have a significant impact on IBA's 2015 P&L but will generate cash proceeds of approximately EUR 10 million for IBA during the third quarter of 2015.

On Aug. 26, 2015, IBA has been notified that it has been selected by the University Hospitals in Leuven (UZ Leuven) as its preferred vendor to establish a proton therapy center in Leuven, Belgium, a project together with the Université Catholique de Louvain (UCL) and other Belgian universities. IBA emerged as the best supplier following a comprehensive European public tender conducted by UZ



Leuven. IBA and UZ Leuven should sign a firm contract in the coming weeks after the standstill period of 15 calendar days before final awarding.

Financial Review

IBA reported a 23.3% uplift in revenues to EUR 121.0 million during the first half of 2015 (H1 2014: EUR 98.2 million). Strong growth was seen in both service and equipment delivery revenues.

Recurring operating profits before interest and taxes (REBIT) continued to improve compared with the first half of 2014, despite high R&D expenses in the first half of 2015, compared to the same period in 2014, and have also benefited from the strong improvement in the Dosimetry segment profitability.

Gross margin improved from 43.8% in the first half of 2014 to 44.1% in the first half of 2015.

Within operational expenses, sales and marketing expenses grew 26.3% in the first half of 2015 versus the same period in 2014, reflecting efforts to achieve the record order intake in Proton Therapy. General and administrative expenses modestly increased by 6.8% compared to the double digit top line growth disclosed for the period. Research and Development expenses increased by 41% compared to the same period last year, benefiting from a high level of grants, which IBA does not expect to be replicated every half year. It must also be stressed that no R&D expenses have been capitalized over the last few years and all expenses are “as incurred”, creating some volatility in the P&L but also avoiding balance sheet risk.

As a consequence, the Company’s REBIT grew by 30.8% in H1 2015 from EUR 9.6 million in H1 2014 to EUR 12.6 million. REBIT margins improved from 9.8% in the first half of 2014 to 10.4% in the comparative period this year.

The net other operating income of EUR 0.3 million includes the fluctuating valuation of stock options, special one-time bonuses granted to IBA employees excluding management, and other write-off and commitments on Proton Therapy and Other Accelerators projects and other assets, and reversal of the decommissioning provision following the disposal of assets and other incomes.

The strength of the USD has allowed FX gains on excess dollars to materialize during the first half of the year, more than offsetting the decreasing interest expenses on declining gross debts of the Company. Net financial income amounts to EUR 2.6 million for the first half of 2015 compared to an expense of EUR 0.9 million last year.

The share of (profit)/loss of equity-accounted companies represents a profit of EUR 1.1 million for the first half of 2015 compared to a loss of EUR 4.7 million last year that was not recurring.

The uplift in REBIT, the financial gains from FX, the equity-accounting of the Joint Venture in IBA Molecular and the other operating income, have led to an increase in profit before tax to EUR 16.5 million, up from EUR 3.8 million in the same period last year.

Tax charges have been partially neutralized by the evolution of the deferred tax assets and as a consequence, net profits from continuing operations are EUR 14.5 million, up from EUR 3.8 million last year. Taking into account the gain from the disposal of the assets of PharmaLogic recorded last year for EUR 3.7 million (with no impact on this year), the net profit for the period is EUR 14.4 million, up from EUR 7.4 million in the first half of 2014.



Cash flow from operations grew from EUR 15.2 million at the end of June 2014 to EUR 17.6 million at the end of June 2015, due to higher profitability and a positive variation of working capital. Cash flow from investments that was positive at EUR 3.9 million last year due to the revenue dividends collected from the disposal of the assets of Pharmalogic in Canada, is negative EUR 1.5 million for the first half of 2015, demonstrating a well-controlled limited amount of capital expenditure and other investments.

The cash flow from financing is negative EUR 3.3 million, representing the balance between a EUR 4.9 million capital increase (from exercising of stock option plans), EUR 5.0 million of dividend payment and EUR 3.2 million contractual repayments on debt with the European Investment Bank and other financing cash flows.

IBA had a positive net cash position at the end of H1 2015 of EUR 20.7 million, almost double the EUR 10.8 million at the end of H1 2014.

Guidance

IBA reiterates its guidance given at the time of the Company's 2014 Full Year Results in March 2015. From 2015 to 2018, IBA expects to achieve average revenue growth greater than 10% per annum. Owing to strong performance in the first half of 2015, IBA now expects top line growth of 15-20% for the full year in 2015.

The Company confirms it expects its operating margin to stabilize at 10% in 2015 and then grow at 1% per annum until 2018. Net debt is expected to stay limited over the course of the years to come.

IBA had a dividend pay-out ratio of 20% in 2015, based on 2014 results. As market conditions have remained strong, the dividend target pay-out ratio is now confirmed to be 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 2015, which show a balance sheet total of € (thousand) 328,371 and a net profit (group share) for the period of € (thousand) 14,450. 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, 26 August 2015

Ernst & Young Reviseurs 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), Jean-Marc Bothy.



Selected Key Figures

	30/06/2015	30/06/2014	Variance	
	(EUR '000)	(EUR '000)	(EUR '000)	%
Sales and services	120 997	98 159	22 838	23.3%
Cost of sales and services	67 655	55 118	12 537	22.7%
Gross profit/(loss)	53 342	43 041	10 301	23.9%
	44.1%	43.8%		
Selling and marketing expenses	11 842	9 374	2 468	26.3%
General and administrative expenses	15 600	14 600	1 000	6.8%
Research and development expenses	13 286	9 422	3 864	41.0%
Recurring expenses	40 728	33 396	7 332	22.0%
Recurring profit/(loss)	12 614	9 645	2 969	30.8%
	10.4%	9.8%		
Other operating expenses/(income)	-280	245	-525	-214.3%
Financial expenses/(income)	-2 564	872	-3 436	-393.9%
Share of (profit)/loss of equity-accounted companies	-1 072	4 689	-5 761	-122.9%
Profit/(loss) before tax	16 530	3 839	12 691	330.6%
Tax (income)/ expenses	2 039	81	1 958	2421.1%
Profit/ (loss) for the period from continuing operations	14 491	3 758	10 733	285.6%
Profit/(loss) for the period from discontinued operations	-41	3 683	-3 725	-101.1%
Profit/ (loss) for the period	14 450	7 441	7 009	94.2%
REBITDA	14 605	12 251	2 354	19.2%

	30-06-15	31-12-14	
	(EUR '000)	(EUR '000)	(EUR '000)
ASSETS			
Goodwill	3 821	3 821	0
Other intangible assets	8 540	9 178	-638
Property, plant and equipment	8 873	8 663	210
Investments accounted for using the equity method and other investments	37 702	37 479	223
Deferred tax assets	22 726	23 018	-292
Long-term financial assets	592	1	591
Other long-term assets	13 406	20 539	-7 133
Non-current assets	95 660	102 699	-7 039
Inventories and contracts in progress	91 610	91 731	-121
Trade receivables	67 821	54 799	13 022
Other receivables	23 048	20 270	2 778
Short-term financial assets	302	381	-79
Assets Held for sale	0	0	0
Cash and cash equivalents	49 930	37 176	12 754
Current assets	232 711	204 357	28 354
Total assets	328 371	307 056	21 315
EQUITY AND LIABILITIES			
TOTAL EQUITY	121 591	107 526	14 065
Long-term borrowings	24 077	26 679	-2 602
Long-term financial liabilities	1 577	882	696
Deferred tax liabilities	697	854	-157
Long-term provisions	3 495	9 607	-6 112
Other long-term liabilities	2 974	3 066	-92
Non-current liabilities	32 820	41 088	-8 268
Short-term provisions	6 292	7 160	-868
Short-term borrowings	5 202	5 196	6
Short-term financial liabilities	3 728	1 759	1 969
Trade payables	28 797	36 145	-7 348
Current income tax liabilities	134	186	-52
Other payables	129 807	107 996	21 811
Current liabilities	173 960	158 442	15 518
Total liabilities	206 780	199 530	7 250
Total equity and liabilities	328 371	307 056	21 315

Press release |

Regulated information



	30-06-15	30-06-14
	(EUR '000)	(EUR '000)
Cash flow from operating activities		
Net profit/(loss) for the period	14 450	7 441
Adjustments for:		
Depreciation and impairment of property, plant and equipment	924	1 024
Amortization and impairment of intangible assets	1 012	925
Write-off on receivables	53	513
Changes in fair value of financial assets (gains)/losses	816	278
Changes in provisions	-4 988	-1 086
Deferred taxes	346	-997
Share of result of associates and joint ventures accounted for using the equity method	-1 102	4 620
Other non cash items	1 079	-3 762
Net cash flow changes before changes in working capital	12 590	8 956
Trade receivables, other receivables, and deferrals	-9 821	5 151
Inventories and contract in progress	20 933	-8 209
Trade payables, other payables, and accruals	-7 231	7 485
Other short-term assets and liabilities	963	781
Change in working capital	4 844	5 208
Income tax paid/received, net	-388	0
interest (income)/expenses	558	1 079
Net cash (used in)/generated from operations	17 604	15 243
Cash flow from investing activities		
Acquisition of property, plant, and equipment	-1 080	-1 213
Acquisition of intangible assets	-472	-636
Disposal of fixed assets	12	5
Acquisition of third party and equity-accounted companies	0	-21
Disposals of other investments and equity-method-accounted companies, net of assigned cash	20	5 738
Other investing cash flows	-1	0
Net cash (used in)/generated from investing activities	-1 521	3 873
Cash flow from financing activities		
S.R.I.W. Reverse convertible bond	0	5 000
Repayments of borrowings	-2 596	-12 599
Interest paid/Interest received	-549	-1 080
Capital increase (or proceeds from issuance of ordinary shares)	4 936	6 259
Sales/(Purchase) of treasury shares	230	0
Dividends paid	-4 999	-11
Other financing cash flows	-308	-240
Net cash (used in)/generated from financing activities	-3 286	-2 671
Net cash and cash equivalents at the beginning of the year	37 176	29 090
Changes in net cash and cash equivalents	12 797	16 445
Exchange gains/(losses) on cash and cash equivalents	-43	-35
Net cash and cash equivalents at the end of the year	49 930	45 500