H1 2017 Results

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Disclaimer

This presentation may contain forward-looking statements concerning industry outlook, including growth drivers; the company’s future orders, revenues, backlog, or earnings growth; future financial results; market acceptance of or transition to new products or technology and any statements using the terms “could,” “believe,” “outlook,” or similar statements are forward-looking statements that involve risks and uncertainties that could cause the company’s actual results to differ materially from those anticipated. The company assumes no obligation to update or revise the forward-looking statements in this release because of new information, future events, or otherwise.
Results are impacted by
- Slow order intake
- Revenue recognition delays
- One off exceptional items

Group revenues of EUR 151.6 million, up 4.5%
REBIT margin of 1.3%
Gross cash of EUR 50 million and net cash position of EUR 21.2 million
Growing backlog of over EUR 1 billion in equipment and services
- Equipment backlog for Proton Therapy and Other Accelerators of EUR 321 million
- Services backlog of EUR 689 million, up 21% from H1 2016

New guidance is impacted by
- Strong pipeline
- Limited visibility on the timing of new orders
- Longer backlog conversion
H1 2017 business and financial highlights

- Equipment backlog
  - High backlog for PT and other accelerators at EUR 321M
  - Proteus®ONE represents around 44% slightly up versus end of 2016 (42%)

Figures in million euros
H1 2017 business and financial highlights

- Proton Therapy services backlog
  - Steadily growing PT service backlog due to nearly 100% capture rate on new PT systems sales
  - Represents about 1/3 of segment revenues

PT Service revenue backlog

<table>
<thead>
<tr>
<th>Year</th>
<th>Figures in million euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>287</td>
</tr>
<tr>
<td>2013</td>
<td>383</td>
</tr>
<tr>
<td>2014</td>
<td>468</td>
</tr>
<tr>
<td>2015</td>
<td>575</td>
</tr>
<tr>
<td>2016</td>
<td>673</td>
</tr>
<tr>
<td>June 2017</td>
<td>689</td>
</tr>
</tbody>
</table>

PT Service yearly revenue (actual and forecast on signed contracts)

<table>
<thead>
<tr>
<th>Year</th>
<th>Figures in million euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>17</td>
</tr>
<tr>
<td>2013</td>
<td>26</td>
</tr>
<tr>
<td>2014</td>
<td>39</td>
</tr>
<tr>
<td>2015</td>
<td>47</td>
</tr>
<tr>
<td>2016</td>
<td>54</td>
</tr>
<tr>
<td>2017</td>
<td>56</td>
</tr>
<tr>
<td>2018</td>
<td>59</td>
</tr>
<tr>
<td>2019</td>
<td>65</td>
</tr>
<tr>
<td>2020</td>
<td>72</td>
</tr>
</tbody>
</table>
H1 2017 business and financial highlights

- **Order intake:**
  - **PT market:**
    - Proteus®ONE sold: in Egypt and Spain
    - ProteusPLUS sold: in Virginia, USA
  - Sales in Other Accelerators: 4 machines sold

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proteus®ONE* systems sold</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Proteus®PLUS* systems sold</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Total rooms sold</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Order intake PT &amp; Other Accelerators</td>
<td>€74M</td>
<td>€144M</td>
</tr>
<tr>
<td>Book to bill PT &amp; Other Accelerators</td>
<td>0.89</td>
<td>1.70</td>
</tr>
</tbody>
</table>

*Proteus®ONE and Proteus®PLUS are brand names of Proteus 235
Project management
Review of project management process

- Rigorous follow-up of projects for managing the risk of customer construction delays
  - Timeline adjustments to accurately reflect timings experienced in recent projects
  - Updated project management information systems and enhanced processes
  - Dedicated regional project directors appointed to address project management closely with customers
  - Specific staff to support the client during the construction period

- Discussion with construction companies to provide a dedicated construction service to customers
Project management status

Systems

- 22 systems treating patients
- 16 systems in construction
- 9 systems in installation

Total: 47 systems

Rooms

- 62 rooms treating patients
- 23 rooms in construction
- 23 rooms in installation

Total: 108 rooms

Sites under construction and installation

- 10 ProteusPLUS (31 rooms)
- 5 solutions in 4 countries new to PT
- 5 solutions in emerging countries
- 4 solutions with revised timelines

- 15 ProteusONE
- 14 solutions in 7 countries new to PT
- 4 solutions in emerging countries
- 9 solutions with revised timelines
From manufacturing to end-point installation

1. Sourcing
   - Sourcing of main components: supra conducting coil, 360° gantry, mechanical devices

2. Manufacturing
   - Cyclotron, gantry and other components manufacturing

3. Shipment, BOD and rigging
   - Sourcing of main components: main casting, supra conducting coil, 360° gantry, mechanical devices

4. On-site installation
   - System installed in client premises (remaining components assembly done on-site)

5. Patient treatment

Timing

ProteusONE
- 18 months

ProteusPLUS
- 24 months

Order IN (Contract Signed)

13 months

Order IN (Contract Signed)

11 months
ProteusONE revenue recognition evolution from order to acceptance

-18 -17 -16 -15 -14 -13 -12 -11 -10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 1 2 3 4 5 6 7 8 9 10 11 12

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Start of other components procurement
Start of accelerator procurement
Final reception of material
Testing in factory
Shipment and rigging activities
Site installation and validation

Sourcing
Manufacturing

P: Packing, S: Shipment, R: Rigging
BOD: Building Occupancy Date

Client building ready
Client building 6 months delay – ProteusONE

ProteusONE revenue recognition evolution from order to acceptance

Sourcing
Manufacturing
P: Packing, S: Shipment, R: Rigging
Pre BOD activities
BOD: Building Occupancy Date

On Site Installation

6 months delay
Client building ready
ProteusONE Revenue, Cash and Cost evolution from order to acceptance

- Sourcing
- Manufacturing

Main components procurement
Contract signature

Shipment
Acceptance

Cost cum acc  Rev cum acc  Cash cum acc

Pre BOD activities
On Site Installation

P: Packing, S: Shipment, R: Rigging
BOD: Building Occupancy Date
Impact of one-off costs

ProteusONE revenue, cash and cost evolution from order to acceptance

- Cost acc
- Rev acc
- Cash acc
- Cost after increase
- Rev after increase

P: Packing, S: Shipment, R: Rigging

BOD: Building Occupancy Date
Project management status

Strong project management activity in all regions

- First patient treated at Beaumont Hospital, Royal Oak, USA (installation in less than 12 months)

- Rigging of cyclotrons
  - Wales, United Kingdom
  - Chennai, India
  - Toyohashi, Japan

- Rigging of treatment rooms
  - Wales, United Kingdom
  - Caen, France
  - Sapporo, Japan
  - Toyohashi, Japan
Proton Therapy & Other Accelerators

- Total net sales were up 1.7% in the first half to EUR 123.3 million
- Proton Therapy revenues affect profitability as low level of new orders, project shifts, delays in productivity and one-off costs affect margins in PT and Other accelerators segment
- However record 25 PT systems currently under construction or installation, driving revenues
- Operating loss is EUR -3.5 million
- Operating margins affected by scale-up effect to face installations that have now shifted
## Proton Therapy & Other Accelerators

<table>
<thead>
<tr>
<th></th>
<th>H1 2017 (EUR 000)</th>
<th>H1 2016 (EUR 000)</th>
<th>Variance (EUR 000)</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment Proton Therapy</td>
<td>74 583</td>
<td>68 475</td>
<td>6 108</td>
<td>8.9%</td>
</tr>
<tr>
<td>Equipment Other Accelerators</td>
<td>7 798</td>
<td>15 966</td>
<td>-8 168</td>
<td>-51.2%</td>
</tr>
<tr>
<td>Total equipment revenues</td>
<td>82 381</td>
<td>84 441</td>
<td>-2 060</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Services Proton Therapy</td>
<td>30 446</td>
<td>28 233</td>
<td>2 213</td>
<td>7.8%</td>
</tr>
<tr>
<td>Services Other Accelerators</td>
<td>10 433</td>
<td>8 558</td>
<td>1 875</td>
<td>21.9%</td>
</tr>
<tr>
<td>Total service revenues</td>
<td>40 879</td>
<td>36 791</td>
<td>4 088</td>
<td>11.1%</td>
</tr>
<tr>
<td>Total revenues Proton Therapy &amp; Other Accelerators</td>
<td>123 260</td>
<td>121 232</td>
<td>2 028</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Service in % of segment revenues

- Services accounted for approx. 33% of segment revenues, up 8% as 3 new PT contracts kick in this half year
- Other accelerators equipment revenues down as slow conversion of backlog to revenues
- Other accelerators service revenues boosted by recognition of revenues on multiple high margin upgrades and maintenance services
H1 2017 Proton Therapy orders

Total in 2017 H1: 5 centers (6 rooms)*

<table>
<thead>
<tr>
<th>Country</th>
<th>City</th>
<th>Institution</th>
<th>Rooms</th>
<th>Manufacturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>Virginia</td>
<td>Falls Church</td>
<td>2</td>
<td>IBA</td>
</tr>
<tr>
<td>Spain</td>
<td>Madrid</td>
<td>Quirónsalud</td>
<td>1</td>
<td>IBA</td>
</tr>
<tr>
<td>Egypt</td>
<td>Cairo</td>
<td>Children’s Cancer Hospital Egypt 57357</td>
<td>1</td>
<td>IBA</td>
</tr>
<tr>
<td>Thailand</td>
<td>Bangkok</td>
<td>King Chulalongkorn Memorial Hospital</td>
<td>1</td>
<td>Varian</td>
</tr>
<tr>
<td>United States</td>
<td>Philadelphia</td>
<td>Pennsylvanie</td>
<td>1</td>
<td>Varian</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Roberts Proton Therapy Center</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Georgia PT center (Emory) contract was initially signed and reported in market share since 2012
IBA is leading the installed base (end June)

Total accumulated: 256 rooms

Including commercial PT rooms at end 2017 H1
Current PT market characteristics

- Strong global pipeline
- Softer near term market
- Strong competition
- Limited market visibility

Wider acceptance of PT
NCCN / ASTRO guidelines
Competitive dynamics
- Lower entry barriers to PT (ProteusONE)
- Technology evolving (PBS, CBCT, …)
- More centres opening
Growing acceptance of proton therapy

- New guidelines further endorse proton therapy as an important treatment option in the fight against cancer

- **American Society for Radiation Oncology (ASTRO)**
  - **5 new indications in Group 1**
    - (frequently supported treatment with proton therapy)
      - Paranasal sinuses and other accessory sinuses
      - Non-metastatic retroperitoneal sarcomas
      - Malignant and benign primary Central Nervous System tumors
      - Advanced and/or unresectable head and neck cancers
      - Re-irradiation cases (where cumulative critical structure dose would exceed tolerance dose)

- **National Comprehensive Cancer Network (NCCN)**
  - **5 new indications**
    - (where proton therapy is appropriate or may be appropriate in specific situations)
      - Central Nervous System Cancers
      - Head and Neck Cancers
      - Non-Small Cell Lung Cancer
      - Hepatocellular Carcinoma (Liver)
      - Eosophagial and Esophagogastric Junction Cancers

Source: www.nccn.org

Source: www.astro.org
Proton Therapy strategy for growth

- Enhance market penetration
- Develop regionalization
- Leverage partnership

- Strengthen Market Leadership
- Build clinical & cost advantage
- Accelerate PT adoption

- Invest in clinical affairs initiatives
- Focus on product roadmap

- Increase clinical relevance
- Reduce cost of modality
Expansion strategy

- Construction of new factory on track
  - Reducing lead time and cost
  - Increasing affordability of ProteusONE
- Assembly line should be operational in Q1 2018
Other accelerators

2017 update
Other accelerators – H1 2017 business update

- Sales of 4 Systems

- RadioPharma Solutions
  - New Cyclone® Kiube: test in progress on prototype at UZ Brussels, Belgium
  - New Synthera+: prototype installed and under test at a site in Turkey

- Industrial Activities
  - TT50 Beta Unit in test in Louvain-la-Neuve

New Cyclone® Kiube

Synthera+

TT50
Dosimetry
2017 update
IBA Dosimetry

- Dosimetry sales up nearly 19% vs H1 2016, with high conversion rates on 2014-2016 backlog, in particular in Europe
- High order intake in 2017 of EUR 25.8M, up 2.6M from H1 2016
- REBIT margins very high boosted by revenue growth and stable cost structure
- Backlog of EUR 15M still high (EUR 17.9M at end 2016)
- Overall low single digit growth confirmed in line with growth of radiotherapy market

<table>
<thead>
<tr>
<th></th>
<th>H1 2017 (EUR 000)</th>
<th>H1 2016 (EUR 000)</th>
<th>Variance (EUR 000)</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dosimetry</td>
<td>28 353</td>
<td>23 896</td>
<td>4 457</td>
<td>18.7%</td>
</tr>
<tr>
<td>REBITDA</td>
<td>5 636</td>
<td>2 715</td>
<td>2 921</td>
<td>107.6%</td>
</tr>
<tr>
<td>% of Sales</td>
<td>19.9%</td>
<td>11.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REBIT</td>
<td>5 449</td>
<td>2 229</td>
<td>3 220</td>
<td>144.5%</td>
</tr>
<tr>
<td>% of Sales</td>
<td>19.2%</td>
<td>9.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dolphin Online Ready Patient QA and Monitoring
IBA Dosimetry – market and business update

- IBA Dosimetry has reached the 1,000 myQA® customers milestone worldwide
- Accreditation of the ICC training course by the European Board for Accreditation in Medical Physics (EBAMP)
- IBA Dosimetry Americas Grows in Canada with Exclusive Distributor, ProMed Technologies

International Competence Center (ICC)  Dolphin Online Ready Patient QA and Monitoring
### Consolidated P&L

<table>
<thead>
<tr>
<th></th>
<th>H1 2017 (EUR 000)</th>
<th>H1 2016 (EUR 000)</th>
<th>Variance (EUR 000)</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales and services</strong></td>
<td>151 613</td>
<td>145 128</td>
<td>6 485</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>Cost of sales and services</strong></td>
<td>96 663</td>
<td>80 881</td>
<td>15 782</td>
<td>19.5%</td>
</tr>
<tr>
<td><strong>Gross profit/(loss)</strong></td>
<td>54 950</td>
<td>64 247</td>
<td>-9 297</td>
<td>-14.7%</td>
</tr>
<tr>
<td><strong>Selling and marketing expenses</strong></td>
<td>36.2%</td>
<td>44.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General and administrative expenses</strong></td>
<td>14 332</td>
<td>13 615</td>
<td>717</td>
<td>5.3%</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td>21 743</td>
<td>19 422</td>
<td>2 321</td>
<td>12.0%</td>
</tr>
<tr>
<td><strong>Recurring expenses</strong></td>
<td>53 049</td>
<td>49 114</td>
<td>3 935</td>
<td>8.0%</td>
</tr>
<tr>
<td><strong>Recurring profit/(loss)</strong></td>
<td>1 901</td>
<td>15 133</td>
<td>-13 232</td>
<td>-87.4%</td>
</tr>
<tr>
<td><strong>Other operating expenses/(income)</strong></td>
<td>2 417</td>
<td>4 472</td>
<td>-2 055</td>
<td>-46.0%</td>
</tr>
<tr>
<td><strong>Financial expenses/(income)</strong></td>
<td>1 929</td>
<td>1 473</td>
<td>456</td>
<td>31.0%</td>
</tr>
<tr>
<td><strong>Share of (profit)/loss of equity-accounted companies</strong></td>
<td>-71</td>
<td>-41</td>
<td>-30</td>
<td>73.2%</td>
</tr>
<tr>
<td><strong>Profit/(loss) before tax</strong></td>
<td>-2 374</td>
<td>9 229</td>
<td>-11 603</td>
<td>-125.7%</td>
</tr>
<tr>
<td><strong>Tax (income)/expenses</strong></td>
<td>2 256</td>
<td>888</td>
<td>1 368</td>
<td>154.1%</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the period from continuing operations</strong></td>
<td>-4 630</td>
<td>8 341</td>
<td>-12 971</td>
<td>-155.5%</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the period from discontinued operations</strong></td>
<td>-25</td>
<td>-44</td>
<td>19</td>
<td>-43.2%</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the period</strong></td>
<td>-4 655</td>
<td>8 297</td>
<td>-12 952</td>
<td>-156.1%</td>
</tr>
<tr>
<td><strong>REBITDA</strong></td>
<td>5 264</td>
<td>17 970</td>
<td>-12 706</td>
<td>-70.7%</td>
</tr>
</tbody>
</table>

- Gross margin down from 2016 as low new order level, delays in project execution, one-off cost increases and productivity delays affect Proton Therapy business
- 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
- Other operating income and expenses in 2017 mainly related to a reversal of accruals for long-term incentives, reorganizational costs and write-offs on accounts receivable
- Financial income in 2017 impacted negatively by weakening of USD
### 2017 cash flow statement

<table>
<thead>
<tr>
<th></th>
<th>H1 2017 (EUR 000)</th>
<th>H1 2016 (EUR 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash flow changes before changes in working capital</td>
<td>-3 947</td>
<td>10 595</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-4 586</td>
<td>-22 386</td>
</tr>
<tr>
<td>Income tax paid/received, net</td>
<td>-2 391</td>
<td>-1 778</td>
</tr>
<tr>
<td>Interest (income)/expenses</td>
<td>438</td>
<td>702</td>
</tr>
<tr>
<td><strong>Net cash (used in)/generated from operations</strong></td>
<td>-10 486</td>
<td>-12 867</td>
</tr>
</tbody>
</table>

|                                |                   |                   |
| **Cash flow from investing activities** |                   |                   |
| Capital expenditures           | -8 986            | -4 775            |
| M&A and other activities       | -2                | 63 047            |
| **Net cash (used in)/generated from investing activities** | -8 988            | 58 272            |

|                                |                   |                   |
| **Cash flow from investing activities** |                   |                   |
| Capital increase (or proceeds from issuance of ordinary shares) | 438               | 2 707             |
| Dividend paid                  | -8 515            | -40 332           |
| Other financing cash flows     | 2 820             | -697              |
| **Net cash (used in)/generated from financing activities** | -5 257            | -38 322           |

**Profit/(loss) for the period from continuing operations**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative cash flow from operations, stemming from inventory build-up on projects</td>
<td></td>
</tr>
<tr>
<td>Most of CAPEX invested in new factory, manufacturing equipment and investment in the scale-up program including the production infrastructure and investment in software for client relationship management and computerized maintenance management</td>
<td></td>
</tr>
<tr>
<td>Cash flow from investing includes dividend paid in H1 2017 and emphyteutic lease rights for land related to new infrastructure</td>
<td></td>
</tr>
</tbody>
</table>
Guidance
Guidance

The Company bases its guidance upon:

- 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
- Slower backlog conversion and delays in productivity initiatives resulting from project shifts
- One-off costs experienced in the first half

Balanced by:

- Over EUR 1 billion backlog in equipment and services expected to be converted over the next 10 years
- Various investments made to structure itself for growth while maintaining profitability
- 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 reports the following guidance:

- For the full year 2017
  - 5-10% revenue growth
  - Low to mid-single digit REBIT margin

- For 2018/2019
  - Flat to mid-single digit growth
  - Mid to high single digit REBIT margin

- After this transition period (mid term)
  - High single-digit to low double-digit revenue growth
  - 13 to 15% REBIT margin

- The Company's dividend policy remains unchanged
Financial calendar

- Capital Market Day ASTRO’s Annual Meeting
  - September 25th, 2017

- Trading Update 3rd quarter 2017
  - November 16th, 2017

- Full Year Results 2016
  - March 22, 2018
Olivier Legrain (CEO) and Soumya Chandramouli (CFO)