



# H1 2016 - Financial Results

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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.

# Business Highlights



- On track to meet full-year 2016 revenue growth guidance
  - Total Group H1 revenue up 19.9% vs H1 2015
  - REBIT up 20%
- Growing leadership in Proton Therapy
  - 11 PT rooms sold in H1
  - Leadership position in single room market confirmed with 3 contracts signed for *Proteus<sup>®</sup>ONE*
  - Continued strong demand for *Proteus<sup>®</sup>PLUS*, including in India and China
- Continued focus on innovation
  - Collaboration announced with HIL Applied Medical Ltd on laser-based PT
  - All features for the integrated *Proteus<sup>®</sup>ONE* solution were approved by the FDA and received CE mark authorization
  - New cyclotron launched at 2016 Society of Nuclear Medicine and Molecular Imaging Annual Meeting
- Strategy to meet demand growth on track
  - Appointment of Jean-Marc Bothy as Chief Strategy Officer and Soumya Chandramouli as Chief Financial Officer
  - Planned recruitment of 400 engineers progressing well; more than 50% recruited to date
  - Production capacity scale-up commenced

# H1 2016 Business and Financial Highlights



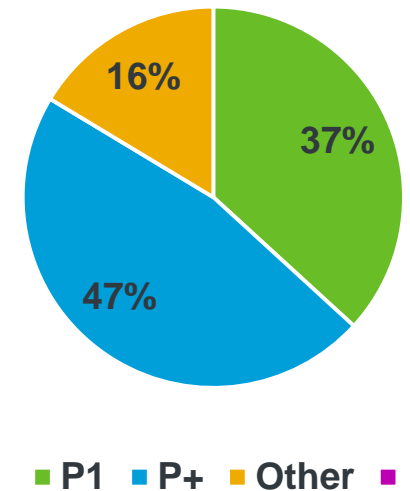
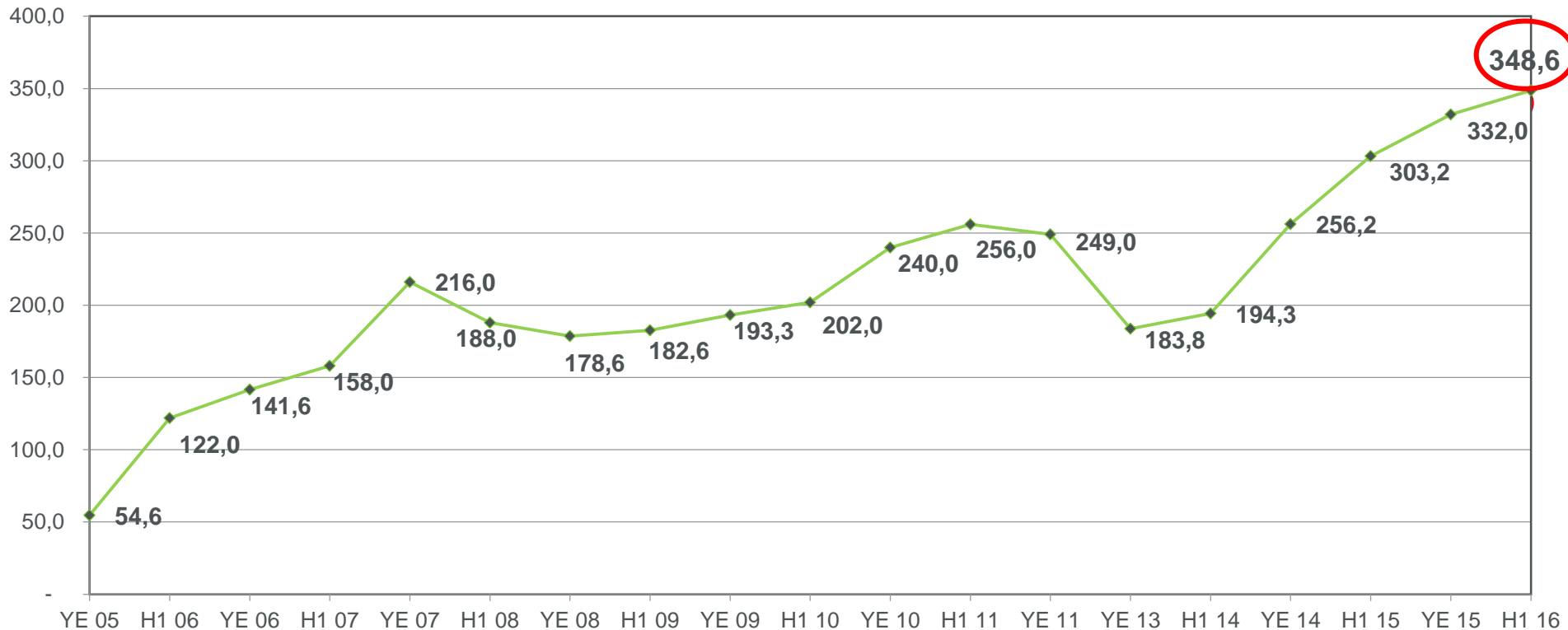
- Strong growth in PT and Other Accelerators fuelled by execution on backlog and new orders
- Strong dosimetry backlog – H1 revenues down 10.8% due to strong H1 15 and slower conversion rate
- REBIT 10.4%, up 19.9% from H1 15: on track for 11% for the full year
- Net profit down EUR 6.7 million (HY15 boosted by EUR 8.7 M non-recurring gains incl. gain on USD (EUR 3.1M) and asset sale (EUR 5.6M))

	YTD 06 2016 (EUR 000)	YTD 06 2015 (EUR 000)	YTD Variance (EUR Variance 000)	%
PT & Other accelerators	121 232	94 211	27 021	28.7%
Dosimetry	23 896	26 786	-2 890	-10.8%
<b>Total Net Sales</b>	<b>145 128</b>	<b>120 997</b>	<b>24 131</b>	<b>19.9%</b>
<b>REBITDA</b>	<b>17 970</b>	<b>14 605</b>	<b>3 365</b>	<b>23.0%</b>
<i>% of Sales</i>	12.4%	12.1%		
<b>REBIT</b>	<b>15 133</b>	<b>12 614</b>	<b>2 519</b>	<b>20.0%</b>
<i>% of Sales</i>	10.4%	10.4%		
<b>Profit Before Tax</b>	<b>9 229</b>	<b>16 530</b>	<b>-7 301</b>	<b>-44.2%</b>
<i>% of Sales</i>	6.4%	13.7%		
<b>NET RESULT</b>	<b>8 297</b>	<b>14 450</b>	<b>-6 153</b>	<b>-42.6%</b>
<i>% of Sales</i>	5.7%	11.9%		

# H1 2016 Business and Financial Highlights

## Equipment Backlog

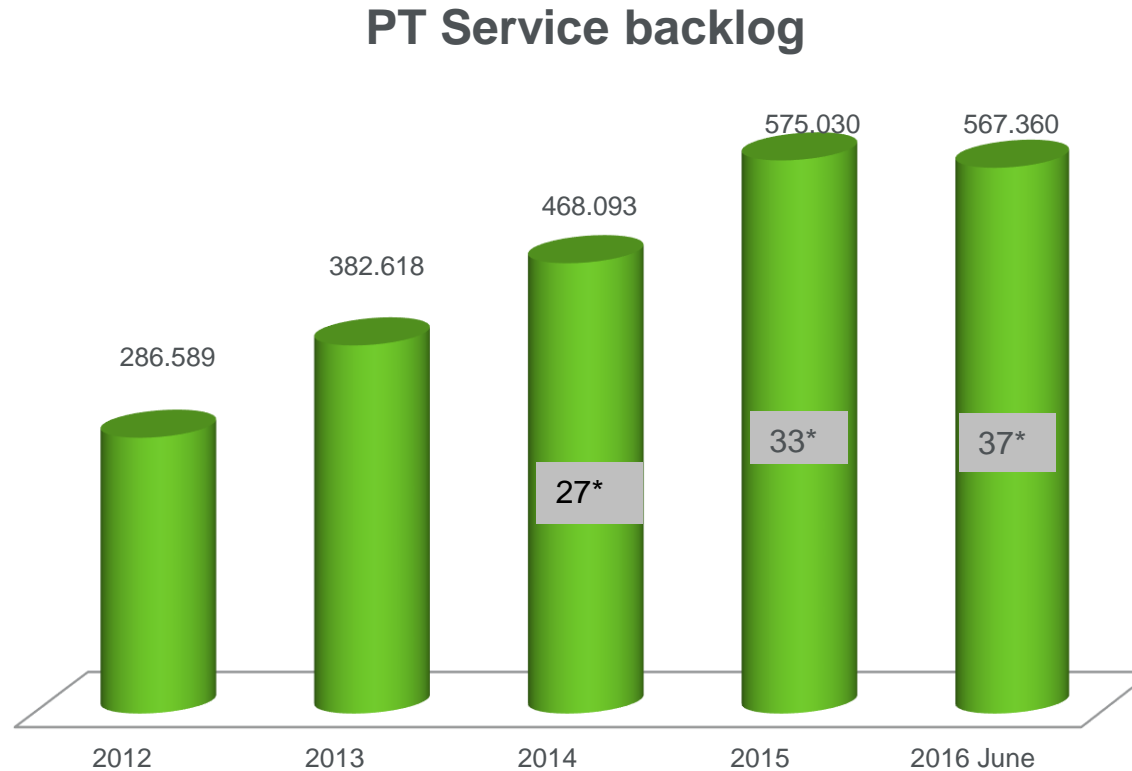
- High period-end backlog for PT and other accelerators at EUR 348.6M  
5% above YE 2015 and 15% vs HY 2015 (excludes H1 2016 order in China (Qingdao) awaiting down payment)
- Growing importance of *Proteus®ONE*



Protect, Enhance and Save Lives

## Proton Therapy Services backlog

Steadily growing PT service backlog due to strong capture rate on new PT equipment sales



\* Number of Service Contracts

# H1 2016 Business and Financial Highlights

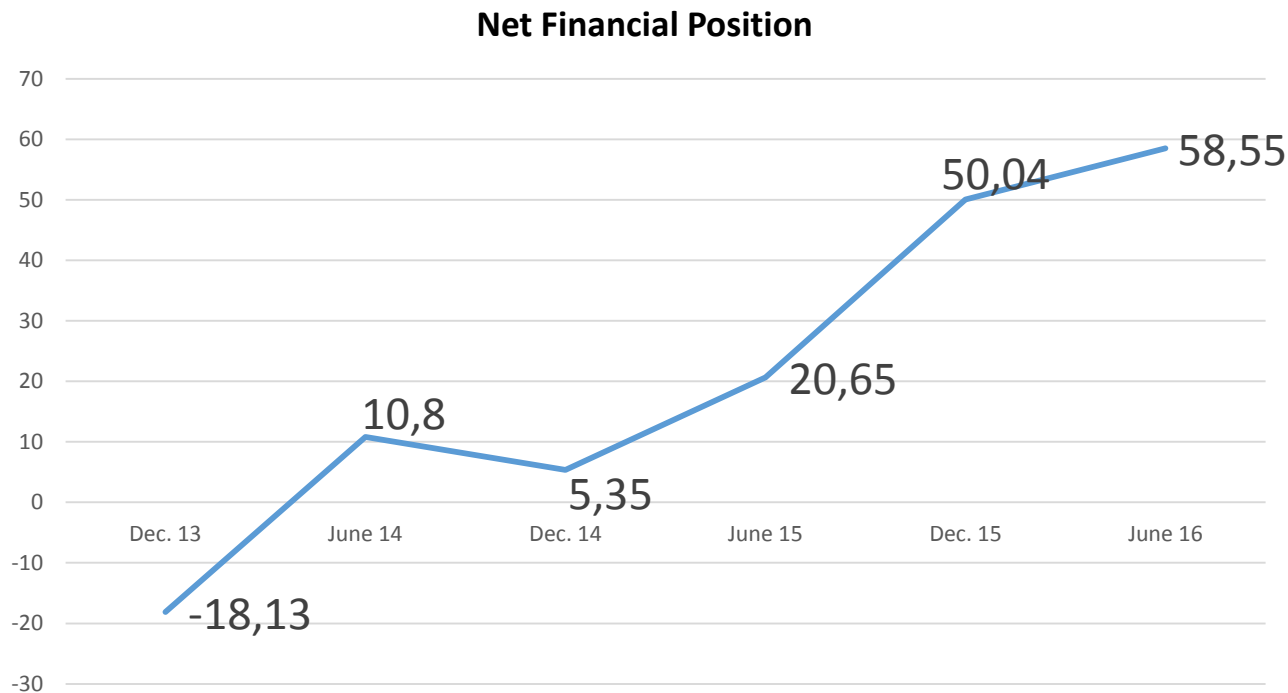
## Strong order intake in a growing PT market

	H1 2016	H1 2015
<i>Proteus<sup>®</sup>ONE</i> solutions sold	3	3
<i>Proteus<sup>®</sup>PLUS</i> solutions sold	2	3
Total rooms sold	11	10
Order intake PT & Other Accelerators	€144M	€110M
Book to bill PT & Other Accelerators	1.70	1.67



# H1 2016 Business and Financial Highlights

- **Net cash continues to improve despite distribution of an exceptional dividend of EUR 40 million in H1 2016**
  - EUR 58.55M at end June 2016 compared to EUR 20.65M at end June 2015
  - H1 cash position impacted by a EUR 62.3M inflow from disposal of IBA Molecular and a 40.3M outflow from dividend distribution





# PROTON THERAPY & OTHER ACCELERATORS

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Business Update

# Proton Therapy & Other Accelerators

	YTD 06 2016 (EUR 000)	YTD 06 2015 (EUR 000)	Variance (EUR 000)	Variance %
<b>Net Sales</b>	<b>121 232</b>	<b>94 211</b>	<b>27 021</b>	<b>28.7%</b>
- Proton Therapy	96 637	68 603	28 034	40.9%
- Other Accelerators	24 595	25 608	-1 013	-4.0%
<b>REBITDA</b>	<b>15 255</b>	<b>9 105</b>	<b>6 150</b>	<b>67.5%</b>
<i>% of Sales</i>	<i>12.6%</i>	<i>9.7%</i>		
<b>REBIT</b>	<b>12 904</b>	<b>7 778</b>	<b>5 126</b>	<b>65.9%</b>
<i>% of Sales</i>	<i>10.6%</i>	<i>8.3%</i>		

- Strong growth in service and equipment revenue recognition for Proton Therapy largely offset by slightly lower revenue recognition level for Other Accelerators
- Operating profit up 65.9% from H1 15
- Operating margin as a percentage of sales up 2.3% from H1 15 due to operational leverage benefits

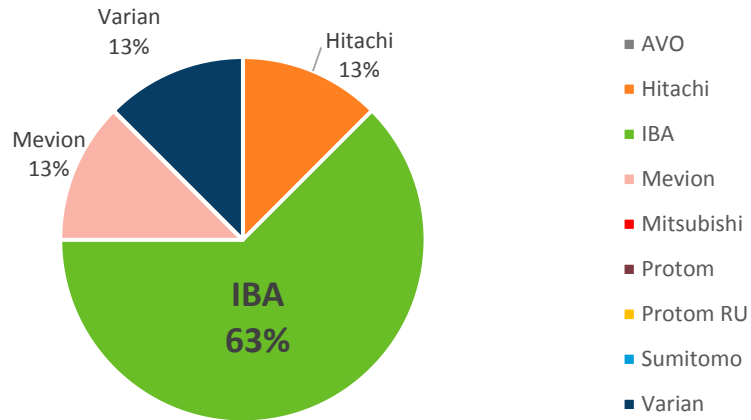
# Proton Therapy & Other Accelerators

	YTD 06 2016 (EUR 000)	YTD 06 2015 (EUR 000)	Variance (EUR 000)	Variance %
- Equipment Proton Therapy	68 403	46 137	22 266	48.3%
- Equipment Other Accelerators	16 038	17 026	-988	-5.8%
<b>Total equipment revenues</b>	<b>84 441</b>	<b>63 163</b>	<b>21 278</b>	<b>33.7%</b>
- Services Proton Therapy	28 233	22 868	5 365	23.5%
- Services Other Accelerators	8 558	8 180	378	4.6%
<b>Total service revenues</b>	<b>36 791</b>	<b>31 048</b>	<b>5 743</b>	<b>18.5%</b>
<b>Total revenues Proton Therapy &amp; Other Accelerators</b>	<b>121 232</b>	<b>94 211</b>	<b>27 021</b>	<b>28.7%</b>
Service in % of segment revenues	30.3%	33.0%		

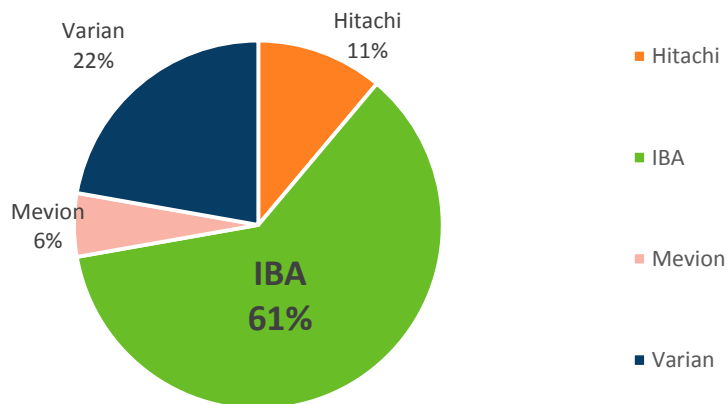
- Services accounted for approx. 30% of segment revenues in H1 16. Percentage of total revenues impacted by strong growth of PT equipment revenues
- Other accelerators revenues down in H1 16 due to production planning
- PT service growing as expected due to expansion of installed base

# 2016 YTD Proton Therapy Orders

### Number of Solutions



### Number of Rooms

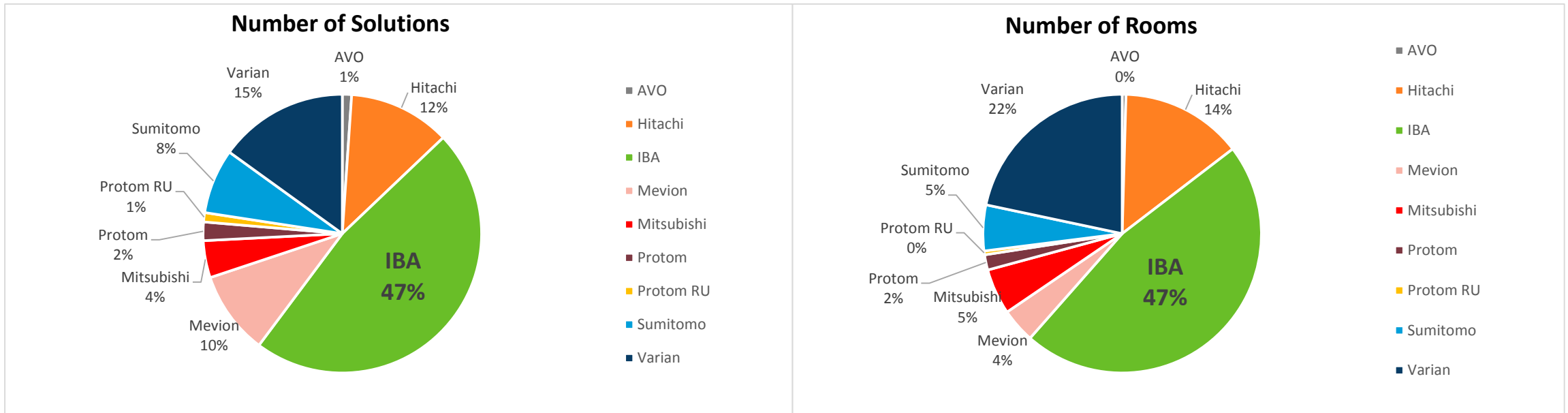


State/Cy	City	Company name	Number of Rooms	Vendors
Belgium	Leuven	KUL/UZL	1	IBA
China	Hefei	Hefei	4	Varian
China	Hong Kong	Hong Kong Sanatorium & Hospital LTD.	2	Hitachi
China	Qingdao	Qingdao PT Center (PLA301)	5	IBA
Florida	Jacksonville	University of Florida Proton Therapy Institute (UFPTI)	1	IBA
India	Mumbai	Tata Memorial Hospital	3	IBA
Netherlands	Maastricht	Maastricht Maastricht / Zon PTC	1	Mevion
		PPI	1	IBA

# IBA – Leading the Installed Base



## Total Market Shares (YTD)



# Proton Therapy - H1 2016 Business Update

- First worldwide use of In-Room CT in Trento PT Center
- IBA User meeting gathered more than 200 customers and experts in Trento
- *Proteus<sup>®</sup>ONE* receives CE Mark and FDA authorization
- Institut Curie expands research capabilities with new external beam line



In-Room CT



Users' meeting



*Proteus<sup>®</sup>ONE*

# RadioPharma Solutions – H1 2016 Business Update

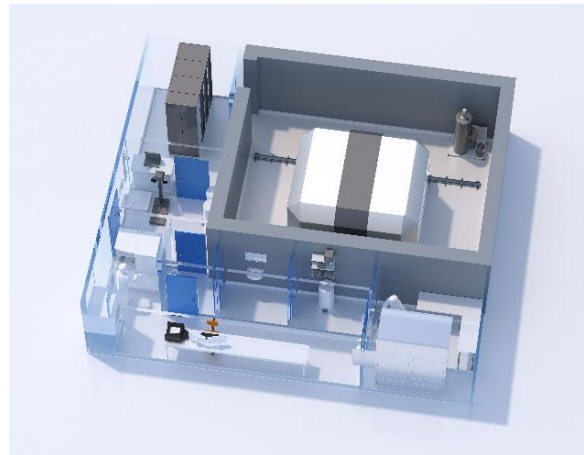


## Stable market with new opportunities

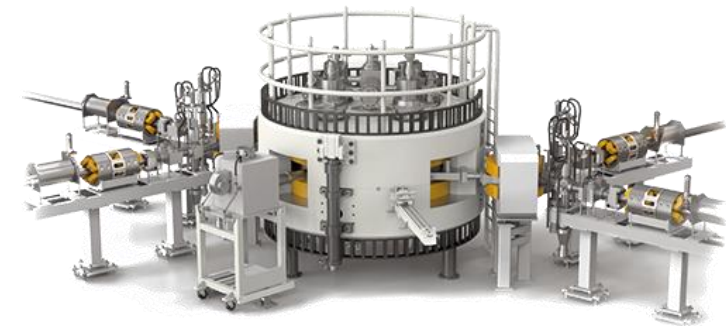
- New market introductions:
  - Cyclone<sup>®</sup>KIUBE cyclotron.
  - IntegraLab<sup>®</sup>ONE most optimized (c)GMP PET radiopharmacy (96 m<sup>2</sup>).
  - IBA Synthera optimized for Ga-68 growing needs.
- Zevacor Molecular and IBA complete acceptance testing of Cyclone<sup>®</sup> 70.



New Cyclone<sup>®</sup>KIUBE



IntegraLab<sup>®</sup>ONE



Cyclone<sup>®</sup> 70

- Sterilization of single-use medical devices
  - Active initiatives to promote X-ray as alternative to gamma:
    - Duo configuration (E-beam & X-ray) for improved value proposition
    - Second generation Rhodotron® to be introduced in November
- Polymer Crosslinking
  - Easy-e-Beam® v3 well received
- Cargo screening
  - New Rhodotron® prototype for security and detection



Rhodotron® Duo



Easy-e-Beam® V3



# DOSIMETRY

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Business Update

- Dosimetry sales down 10.8%, partly due to exceptional H1 15 and low conversion rate on long-term orders (down from 103% to 69%)
- However, backlog continues to remain very high at EUR 18.3M (EUR 17.8M end H1 2015)
- Over the last three years, the topline (excluding temporary periodic effects) shows a 3% average growth in line with Linac market

	YTD 06 2016 (EUR 000)	YTD 06 2015 (EUR 000)	Variance (EUR 000)	Variance %
Dosimetry	23 896	26 786	-2 890	-10.8%
<b>REBITDA</b>	<b>2 715</b>	<b>5 500</b>	<b>-2 785</b>	<b>-50.6%</b>
<i>% of Sales</i>	<i>11.4%</i>	<i>20.5%</i>		
<b>REBIT</b>	<b>2 229</b>	<b>4 836</b>	<b>-2 607</b>	<b>-53.9%</b>
<i>% of Sales</i>	<i>9.3%</i>	<i>18.1%</i>		

# IBA Dosimetry – Business Update

- Third release of its global quality assurance platform: myQA®.
- First worldwide clinical implementation of its newly released Dolphin Online Ready Patient QA and Monitoring.



# **STRATEGY FOR GROWTH**

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# Expansion Strategy and CAPEX

- Recruitment – 400 engineers and related staff to increase headcount from 1,200 to 1,600 in the next 12 months – 50% in Belgium, remainder in the USA, Europe and Asia
  - 206 already identified
- CAPEX – scale-up program to increase capacity including investment in production (new *Proteus*<sup>®</sup>*ONE* assembly line) & marketing infrastructure (customer center) of EUR 15 million over 2 years
- Appointment of Jean-Marc Bothy as Chief Strategy Officer and Soumya Chandramouli as Chief Financial Officer to support strategy



New *Proteus*<sup>®</sup>*ONE* assembly line

# Update on IBA Culture

## ■ New Culture

- 2-day session where 250 managers learned to concretely change their thinking and behaviour
- 14 culture concepts identified as key in shifting our culture discussed each month with the teams
- We are global



250 IBA managers @ IBA 4.0



USA



Belgium



China



Czech Republic



Germany

# CONSOLIDATED FINANCIAL STATEMENTS

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# Consolidated P&L



	30/06/2016	30/06/2015	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%
<b>Gross profit/(loss)</b>	<b>64 247</b>	<b>53 342</b>	<b>10 905</b>	<b>20.4%</b>
	<b>44.3%</b>	<b>44.1%</b>		
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%
<b>Recurring expenses</b>	<b>49 114</b>	<b>40 728</b>	<b>8 386</b>	<b>20.6%</b>
<b>Recurring profit/(loss)</b>	<b>15 133</b>	<b>12 614</b>	<b>2 519</b>	<b>20.0%</b>
	<b>10.4%</b>	<b>10.4%</b>		
Other operating expenses/(income)	4 472	- 280	4 752	-1 697.1%
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%
<b>Profit/(loss) before tax</b>	<b>9 229</b>	<b>16 530</b>	<b>-7 301</b>	<b>-44.2%</b>
Tax (income)/ expenses	888	2 039	-1 151	-56.4%
<b>Profit/ (loss) for the period from continuing operations</b>	<b>8 341</b>	<b>14 491</b>	<b>-6 150</b>	<b>-42.4%</b>
Profit/(loss) for the period from discontinued operations	- 44	- 41	- 3	7.3%
<b>Profit/ (loss) for the period</b>	<b>8 297</b>	<b>14 450</b>	<b>-6 153</b>	<b>-42.6%</b>
REBITDA	17 970	14 605	3 365	23.0%

- **Gross margin up 0.3% PT** and other accelerators offsetting weaker H1 Dosimetry performance
- **S&M & G&A** increases reflect investment to address PT momentum and direct expenses from tenders
- **R&D 11.1% of sales vs X HY15.** FY16 expected approx. 10%
- **Other operating income** positively impacted last year by disposal of a closed facility
- **Financial income** positively impacted last year by realized gains on excess USD
- **Equity-accounted companies** – IBA Molecular fully divested



# 2016 Cash Flow Statement

	30/06/2016	31/12/2015	30/06/2015
	(EUR '000)	(EUR '000)	(EUR '000)
<b>Cash flow from operating activities</b>			
Net cash flow changes before changes in working capital	10 595	65 850	12 590
Changes in working capital	-22 386	-19 494	4 844
Income tax paid/received, net	-1 778	-2 211	-388
Interest (income)/expenses	702	1 249	558
<b>Net cash (used in)/generated from operations</b>	<b>-12 867</b>	<b>45 394</b>	<b>17 604</b>
<b>Cash flow from investing activities</b>			
Capital expenditure	-4 775	-4 282	-1 540
M&A and other activities	63 047	9 794	19
<b>Net cash (used in)/generated from investing activities</b>	<b>58 272</b>	<b>5 512</b>	<b>-1 521</b>
<b>Cash flow from financing activities</b>			
Capital increase (or proceeds from issuance of ordinary shares)	2 707	5 910	4 936
Dividend paid	-40 332	-5 216	0
Other financing cash flows	-697	-6 274	-8 222
<b>Net cash (used in)/generated from financing activities</b>	<b>-38 322</b>	<b>-5 580</b>	<b>-3 286</b>
<b>Changes in net cash and cash equivalents</b>	<b>7 083</b>	<b>45 326</b>	<b>12 797</b>

- Recurring operations continue to generate high cash levels
- Level of CAPEX under control, mostly invested in manufacturing equipment and IT projects
- Cash flow from investing includes EUR 62.3 million received in March 2016 from sale of remaining stake in Molecular business
- Capital increase due to exercise of stock options
- Dividend of EUR 40.2 million paid in H1 16 affected cash flow from financing

# GUIDANCE

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- Based on the following elements at H1 2016:
  - PT & Other Accelerators equipment backlog of EUR 377 million
  - PT & Other Accelerators service backlog of EUR 567 million, representing 38 signed contracts of 10 years on average
  - Dosimetry backlog of EUR 18.3 million
  - Clear production and installation schedule for 22 PT projects offering high visibility
  - > EUR 1 billion strong & growing PT pipeline of which 70% *Proteus<sup>®</sup>ONE* where IBA has a unique competitive position
  
- Top line guidance confirmed:
  - “above 20%” top line growth in 2016 despite slow year for Dosimetry
  - Double-digit for foreseeable future

# Guidance - REBIT margin & dividend

- REBIT guidance confirmed
  - About 11% in 2016
  - 13 to 15% by 2018
- Guidance supported by the balance between:
  - Economies of scale/operational leverage
  - Growing importance of Services
  - Price erosion
  - Investment in scaling up company production capacity and marketing infrastructure
  - Investment in R&D to maintain market leadership
- Dividend: target 30% dividend payout confirmed

- Capital Markets Day at ASTRO's 58<sup>th</sup> Annual Meeting
  - Monday October 26, 2016
  - Boston, USA
- Third Quarter Business Update
  - November 17, 2016
- Full Year Results 2016
  - March 24, 2017





THANK YOU

 **Olivier Legrain (CEO) and Soumya Chandramouli (CFO)**

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