



IBA Reports Half Year Results for 2018

- **Group revenue of EUR 115 million, with revenues weighted to H2**
- **Five Proteus®ONE solutions sold in the period, of which three contracts are awaiting financing and one is a term sheet with down payment**
- **Proton Therapy and Other Accelerators backlog remains strong at almost EUR 1 billion in equipment and services**
- **Final agreement signed with Elekta for software and co-marketing**
- **Strong improvement of REBIT from H2 2017 and FY 2017**
- **On track to positive REBIT and net profit after tax for FY 2018**

Louvain-La-Neuve, Belgium, August 23, 2018 - IBA ([Ion Beam Applications SA](http://www.ionbeam.com), 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 2018.

	H1 2018 (EUR 000)	H1 2017 (EUR 000)	Variance (EUR 000)	Variance %
Sales & services	114 675	151 613	-36 938	-24.4%
REBITDA	-706	5 264	-5 970	-113.4%
<i>% of sales</i>	<i>-0.6%</i>	<i>3.5%</i>		
REBIT	-4 533	1 901	-6 434	-338.6%
<i>% of sales</i>	<i>-4%</i>	<i>1.3%</i>		
Net result	-7 015	-4 655	-2 360	N/A
<i>% of sales</i>	<i>-6.1%</i>	<i>-3.1%</i>		

Olivier Legrain, Chief Executive Officer of IBA SA commented: “IBA made good progress in the first six months of the year with five new proton therapy sales and a record 11 Other Accelerators sales. As expected, revenue recognition was slower over the first half, due to the phasing of backlog conversion and only one new Proton Therapy contract delivering revenues. Reacting to this environment, the Group maintained tight cost controls, making almost EUR 10 million of savings in the first half, whilst maintaining market dominance with all five proton therapy projects sold in the first six months of 2018 awarded to IBA. The Group continued to convert its almost EUR 1 billion backlog in Proton Therapy and Other Accelerators equipment and services with 20 projects on track.

“Looking to the second half of the year, IBA reiterates its outlook for 2018 of a positive REBIT and net profit after tax, driven by a second half weighting, which includes recently signed projects awaiting financing, a strong pipeline of near-term projects and five installations due to start in the second half. We remain confident in the long-term prospects for proton therapy and our focus remains to grow the market through clear evidence generation and improving affordability, whilst maintaining a superior, technologically advanced offering. Most notably, the recent collaboration with Elekta, now formally signed, will complement the Group’s existing partnerships with Raysearch and



Philips and see the Group enhancing its technological lead of the market in the important area of software as well as benefitting from co-marketing synergies.”

Financial highlights

- Total Group H1 revenues of EUR 114.7 million, down 24.4% (H1 2017: EUR 151.6 million), stemming from low revenue recognition on new contracts over the first half and phasing of backlog conversion
 - Proton Therapy and Other Accelerators revenue of EUR 90.4 million, down 26.7% (H1 2017: EUR 123.3 million)
 - Dosimetry revenue down 14.2% to EUR 24.3 million compared to an exceptional 2017 (H1 2017: EUR 28.4 million) with strong backlog conversion
- Operating expenses down 16.2% to EUR 44.5 million, reflecting the measures taken to adapt the business to a slower market with continuing tight cost controls and efficiency measures across the cost base
- Group REBIT of EUR -4.5 million, reflecting only one of five new orders starting to recognize revenue in the period, partially offset by four new service contracts starting over the period. Group REBIT was up 61% from EUR -11.6 million at the end of 2017 and up 67% from H2 2017 (H2 2017: EUR -13.5 million)
- Just under EUR 1 billion equipment and service backlog comprising a period-end equipment backlog for Proton Therapy and Other Accelerators of EUR 297 million, up 5% from 2017, and a services backlog of EUR 682 million, down 1% from H1 2017
- Gross cash of EUR 36.3 million and net cash position of EUR -39.1 million. Working capital requirements remain stable compared to 2017, reflecting increased invoicing of milestones while build-up of inventory slowed down on ongoing projects

Business highlights

- Four Proteus[®]ONE* contracts signed in the period, (three in the UK and one in China) and one term sheet signed in Italy. This represents 100% of the global market share for proton therapy systems sold so far in 2018. Of these, only the contract in China was recognizing revenue as of June 30, 2018, as the others await financing or contract finalization over the second half of the year
- IBA continues to provide the quickest installation time on the market, with all projects completed in under 12 months, as demonstrated by two projects in Japan, one in the Netherlands, one in France and a record nine month installation in Wales
- All proton therapy projects on track with 20 under construction globally, comprising 12 Proteus[®]ONE and eight Proteus[®]PLUS solutions, of which five projects on schedule to start installation in H2 2018
- Construction of the new factory is on track and when operational in early Q4 2018, will enable a reduction in lead time and cost
- Memorandum of Understanding with Elekta formalized in a final agreement with commitment to collaborate on software development as well as the sales and marketing of each other's products
- Other Accelerators has seen an exceptional year with the sale of 11 systems including a high-energy Cyclone 70, coupled with strong upgrade sales and a promising Service pipeline
- As previously announced, IBA is reviewing strategic alternatives for IBA Dosimetry, including a sale, merger, initial public offering, or retention of the business, and plans to update the market by the end of the year

Press Release

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ENDS

A conference call to discuss the half year results will be held today at **3pm CEST / 2pm BST / 9am EDT / 6am PDT** and can be accessed online at:

<http://arkadinemea-events.adobeconnect.com/iba2308/event/registration.html>

If you would like to participate in the Q&A, please dial (PIN code 20839073#):

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The presentation will be available on [IBA's investor relations](#) website and on <https://iba-worldwide.com/content/half-year-2018-results-web-conference-details-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 15, 2018
Full Year Results 2018	March 21, 2019

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*

Press Release

Inside/Regulated information



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Operating review

IBA is focused on creating a global proton therapy platform that is built for the long term and is optimally positioned to capture the projected growth of the proton therapy market.

Our growth strategy is focused around two axes: 1) growing the proton therapy market by encouraging the adoption and awareness of proton therapy, including through education and facilitating the generation of robust supporting data and 2) increasing IBA's market share by focusing on technology, speed of delivery and reducing cost.

This strategy is underpinned by our strong global network of partnerships and collaborations which is central to IBA being able to provide a full spectrum proton therapy offering that will remove barriers to adoption and enable further acceptance and market growth.

Proton Therapy and Other Accelerators

	H1 2018 (EUR 000)	H1 2017 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	90 353	123 260	-32 907	-26.7%
- Proton Therapy	71 600	105 030	-33 430	-31.8%
- Other Accelerators	18 753	18 230	523	2.9%
REBITDA	-3 072	-372	-2 700	N/A
<i>% of Sales</i>	<i>-3.4%</i>	<i>-0.3%</i>		
REBIT	-6 156	-3 548	-2 608	N/A
<i>% of Sales</i>	<i>-6.8%</i>	<i>-2.9%</i>		

Total net sales were down 26.7% in the first half to EUR 90.4 Million, reflecting the reduced order intake over H2 2017 and that four of the new orders are expected to start recognizing revenues in the second half. Other Accelerator sales showed growth of 2.9%, reflecting the strong conversion of 2017 sales and the record order intake in 2018 so far.

There are currently 20 projects under construction or installation, comprising 12 Proteus®ONE and eight Proteus®PLUS solutions, of which five projects are on schedule to start installation in H2 2018.

Services were up approximately 10% compared to the same period in 2017 and accounted for approximately 48.6% of segment revenues, as six new Proton Therapy contracts started delivering operations and maintenance revenues in H1 2018. Other Accelerators equipment revenues were up 6.5%, reflecting a strong order intake over the last 18 months. Other Accelerators service revenues remained high, boosted by recognition of revenues on multiple high margin upgrades and maintenance services.



Operating expenses reduced by more than 20%, reflecting the continuing cost control measures which have been successfully implemented. The Company remains committed to its ongoing cost control program while maintaining strategic initiatives.

Market

As expected, the proton therapy market during the first half of the year has continued to be slow and, due to this, finalizing contracts has taken longer than usual. However, IBA continues to be the proton therapy market leader with 44% of all proton therapy systems historically sold globally having gone to the Company. IBA has a strong backlog and pipeline and is the only company to have sold systems in 2018, which shows the Company's clear competitive strengths. Today, approximately 70,000 patients have been treated by IBA clients, more than all the installations of its competitors combined.

Pipeline

Despite the characteristic lumpiness of the current proton therapy market, the long-term potential remains encouraging. IBA's pipeline of new prospects is showing a strong increase in the number of potential customers considering investment in proton therapy. A key driver of this interest is IBA's compact Proteus[®]ONE solution which continues to be a large proportion of the pipeline, due to its cost attractiveness and ability to be integrated into a comprehensive cancer care center.

Guidelines

Updated guidelines from the American Society for Radiation Oncology (ASTRO) and National Comprehensive Cancer Network (NCCN), as well as new guidelines announced recently in Japan for prostate cancer, have further endorsed proton therapy as a treatment option for cancer.

Additional publications and results from ongoing trials will be important to further widen the use of proton therapy. Furthermore, in the University Medical Center Groningen (UMCG) in the Netherlands, an alternative evidence-based methodology to select patients for proton therapy and provide clinical validation of the technology is gaining momentum. The university started treating patients at the beginning of 2018 and has implemented advanced selection procedures for proton therapy in head and neck cancer patients. Preliminary results from this are promising in validating the model-based approach and potentially extending it to other indications.

Speed

IBA continues to provide the quickest installation in the market, which enables customers to reduce costs and deliver an optimum business model. This is evidenced by the completion of five projects in the first half, including Newport, UK (Rutherford CC), Sapporo, Japan (Hokkaido Ohno), Groningen, Netherlands (UMCG), Toyohashi, Japan and Caen, France (Cyclhad/Archade), which were all delivered within 12 months. In particular, the project in Newport was delivered in a record time of nine months, demonstrating IBA's speed of delivery from contract signature to first treatment and secures the customers' investment as they can deliver treatment in line with their business plan.



Technology

In the period, in line with a Memorandum of Understanding signed in 2017, IBA signed a final agreement with Elekta to collaborate on software development and joint marketing of each other's product portfolios. Both companies will co-invest in developing and selling solutions that seamlessly integrate IBA's Proteus Series and Elekta's Monaco[®] treatment planning system and MOSAIQ[®] oncology information system. Adding to the existing partnerships with Raysearch and Philips, the agreement with Elekta is part of IBA's continued strategy to partner and develop technologies to reinforce the Company's market leadership.

Delivery

Finally, during the period, all of IBA's 20 projects under construction are on schedule, and continue to be monitored constantly, based on reviews between project management and customers. To maintain this high level of delivery and to reduce lead-time and costs, IBA is constructing a new Proteus[®]ONE manufacturing site in Belgium. The construction of this site is on track and set to be operational in the third quarter of 2018, with accompanying offices and a new Customer Center operational by the end of the year.

Dosimetry

	H1 2018 (EUR 000)	H1 2017 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	24 322	28 353	-4 031	-14.2%
REBITDA	2 366	5 636	-3 270	-58.0%
% of Sales	9.7%	19.9%		
REBIT	1 623	5 449	-3 826	-70.2%
% of Sales	6.7%	19.2%		

In the first half, Dosimetry sales were down 14.2% versus H1 2017, due to exceptional backlog conversion in H1 2017. REBIT margins were lower due to slower backlog conversion and the fixed cost structure.

There was high order intake in H1 2018 of EUR 25.8 million, similar to 2017. The backlog grew to EUR 16.1 million versus EUR 15.4 million at the end of 2017, boosted by a strong growth in Services and proton therapy dosimetry.

During H1, IBA demonstrated its innovation leadership with the launch of several new products and features, namely Halo, Blue Phantom PT and Compass 2018.

Order intake and revenue recognition in the second half of 2018 are expected to be stronger, thanks to the impact of H1 product launches coupled with the additional launches at the American Association of Physicians in Medicine (AAPM) in early H2, including SMARTSCAN[™], SciMoCa,



Blue Phantom PT and DigiPhant with MyQA. SMARTSCAN™ is an automated and guided beam commissioning. SciMoCa is the new Monte Carlo-powered secondary dose check and plan verification software. The Blue Phantom PT allows beam commissioning and Machine QA for Pencil Beam Scanning.

Financial review

IBA reported revenues of EUR 114.7 million, down 24.4% (H1 2017: EUR 151.6 million), stemming from low revenue recognition on new contracts over the first half and phasing of backlog conversion

The Company's recurring operating loss before interest and taxes (REBIT) line decreased to a loss of EUR -4.5 million from EUR 1.9 million in H1 2017, affected by the low topline.

CAPEX was significantly reduced to EUR 1.3 million (H1 2017: EUR 9.0 million), reflecting higher investments in new projects in 2017 and cost control measures taken in 2018.

There was a reduction in net other operating expenses to EUR 2.0 million from EUR 2.4 million in H1 2017. The expenses stemmed mostly from reorganizational costs incurred early 2018.

Net financial expenses amounted to EUR 0.2 million in H1 2018 compared to expenses of EUR 1.9 million a year earlier, helped by Forex gains on the US dollar.

Cash flow from operations was negative EUR 26.6 million at the end of June 2018 (negative EUR 10.5 million at the end of June 2017), mostly due to the negative variation of working capital, stemming from invoicing of milestones to customers and inventory build-up on projects.

Cash flow from financing was EUR 37.8 million in H1 2018, reflecting increased drawdowns on the Group's credit lines.

IBA had a cash position of EUR 36.3 million at the end of H1 2018 compared to EUR 27.3 million at the end of 2017. The net debt position rose to EUR 39.1 million, reflecting the increase in borrowings to absorb working capital requirements.

Outlook and guidance

IBA reiterates its outlook given at the time of its first quarter 2018 Business Update and 2017 Full Year Results.

Based on the current market outlook, IBA continues to anticipate a positive REBIT and net profit after tax for full-year 2018, driven by second-half weighting, and beyond. This includes recently signed projects awaiting financing, a strong pipeline of near-term projects and five installations due to start in H2.

The fundamentals of the proton therapy market continue to be solid, as demonstrated by the numerous prospects IBA is pursuing across all global markets. However, the market continues to



show signs of lumpiness. IBA remains fully focused on driving growth whilst absorbing this unpredictability through tight cost controls and delivering success through strategic partnerships, continued focus on efficiencies and maintaining the world's most competitive and attractive proton therapy offering.

IBA will remain focused around its two axes for growth: growing the market by facilitating evidence generation and creating awareness of the benefits of proton therapy, whilst improving its affordability, and increasing IBA's market share with its superior clinical technology, industry-leading installation times, proven quality of service and unique ability to completely upgrade all systems to the latest technology available.

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 2018, which show a balance sheet total of € (thousand) 358,495 and a net loss (group share) for the period of € (thousand) 7,015. 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 2018

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

	30/06/2018	30/06/2017	Variance	
	(EUR '000)	(EUR '000)	(EUR '000)	%
Sales and services	114 675	151 613	-36 938	-24.4%
Cost of sales and services	74 738	96 663	-21 925	-22.7%
Gross profit/(loss)	39 937	54 950	-15 013	-27.3%
	34.8%	36.2%		
Selling and marketing expenses	12 357	14 332	-1 975	-13.8%
General and administrative expenses	17 911	21 743	-3 832	-17.6%
Research and development expenses	14 202	16 974	-2 772	-16.3%
Recurring expenses	44 470	53 049	-8 579	-16.2%
Recurring profit/(loss)	-4 533	1 901	-6 434	-338.5%
	-4.0%	1.3%		
Other operating expenses/(income)	1 970	2 417	-447	-18.5%
Financial expenses/(income)	227	1 929	-1 702	-88.2%
Share of (profit)/loss of equity-accounted companies	0	-71	71	-100.0%
Profit/(loss) before tax	-6 730	-2 374	-4 356	na
Tax (income)/ expenses	280	2 256	-1 976	-87.6%
Profit/ (loss) for the period from continuing operations	-7 010	-4 630	-2 380	na
Profit/(loss) for the period from discontinued operations	-5	-25	20	-80,0%
Profit/ (loss) for the period	-7 015	-4 655	-2 360	na
REBITDA	-706	5 264	-5 970	-113.4%



	30-6-18	31-12-17	30-6-17
	(EUR '000)	(EUR '000)	(EUR '000)
Net profit/(loss) for the period	-7 015	-39 201	-4 655
Adjustments for:			
Depreciation and impairment of property, plant and equipment	1 745	3 381	1 551
Amortization and impairment of intangible assets	1 749	2 742	1 274
Write-off on receivables	251	1 994	1 152
Changes in fair value of financial assets (gains)/losses	1 653	834	191
Changes in provisions	1 525	-2 146	-3 427
Deferred taxes	-261	16 586	-9
Share of result of associates and joint ventures accounted for using the equity method	0	-92	-71
Other non cash items	-634	-737	47
Net cash flow changes before changes in working capital	-987	-16 639	-3 947
Trade receivables, other receivables, and deferrals	-20 162	-3 477	2 526
Inventories and contract in progress	-4 838	-20 066	-6 957
Trade payables, other payables, and accruals	-1 195	1 044	555
Other short-term assets and liabilities	-317	-3 019	-710
Change in working capital	-26 512	-25 518	-4 586
Income tax paid/received, net	-36	-3 436	-2 391
interest (income)/expenses	946	952	438
Net cash (used in)/generated from operations	-26 589	-44 641	-10 486
Cash flow from investing activities			
Acquisition of property, plant, and equipment	-1 145	-9 913	-7 078
Acquisition of intangible assets	-207	-5 363	-1 908
Disposals of other investments	0	-494	0
Other investing cash flows	-3	2 891	-2
Net cash (used in)/generated from investing activities	-1 347	-12 871	-8 988
Cash flow from financing activities			
Proceeds from borrowings	34 863	15 000	0
Repayments of borrowings	-2 215	-2 151	-1 110
Interest paid/Interest received	-839	-796	-397
Capital increase (or proceeds from issuance of ordinary shares)	139	981	438
Dividends paid	0	-8 232	-8 515
Other financing cash flows	5 898	5 391	4 327
Net cash (used in)/generated from financing activities	37 846	10 193	-5 257
Net cash and cash equivalents at the beginning of the year	27 273	74 564	74 564
Changes in net cash and cash equivalents	9 910	-47 319	-24 731
Exchange gains/(losses) on cash and cash equivalents	-881	28	126
Net cash and cash equivalents at the end of the year	36 302	27 273	49 959



	30-6-18	31-12-17	
	(EUR '000)	(EUR '000)	(EUR '000)
ASSETS			
Goodwill	3 821	3 821	0
Other intangible assets	10 589	12 396	-1 807
Property, plant and equipment	21 655	22 686	-1 031
Investments accounted for using the equity method and other investments	8 909	8 909	0
Deferred tax assets	6 319	6 017	302
Long-term financial assets	382	2 289	-1 907
Other long-term assets	20 023	18 572	1 451
Non-current assets	71 698	74 690	-2 992
Inventories and contracts in progress	143 904	140 288	3 616
Trade receivables	82 481	61 000	21 481
Other receivables	23 001	26 218	-3 217
Short-term financial assets	1 109	3 049	-1 940
Cash and cash equivalents	36 302	27 273	9 029
Current assets	286 797	257 828	28 969
Total assets	358 495	332 518	25 977
EQUITY AND LIABILITIES			
Capital stock	42 094	42 053	41
Capital surplus	41 420	41 322	98
Treasury shares	-8 502	-8 502	0
Reserves	12 941	16 205	-3 264
Currency translation difference	-3 470	-3 320	-150
Retained earnings	12 461	20 937	-8 476
Capital and reserves attributable to Company's equity holders	96 945	108 695	-11 750
TOTAL EQUITY	96 945	108 695	-11 750
Long-term borrowings	31 404	19 286	12 118
Long-term financial liabilities	52	0	52
Deferred tax liabilities	667	667	0
Long-term provisions	5 303	5 975	-672
Other long-term liabilities	13 877	8 970	4 907
Non-current liabilities	51 303	34 898	16 405
Short-term provisions	6 807	6 722	85
Short-term borrowings	43 985	23 464	20 521
Short-term financial liabilities	1 267	118	1 149
Trade payables	34 082	46 332	-12 250
Current income tax liabilities	222	756	-534
Other payables	123 884	111 533	12 351
Current liabilities	210 247	188 925	21 322
Total liabilities	261 550	223 823	37 727
Total equity and liabilities	358 495	332 518	25 977