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IBA TRADING UPDATE - THIRD QUARTER 2016

- Group revenue up 19.3%, full year 2016 revenue growth guidance of approximately 20%
- Continued strong growth in Proton Therapy, with Proton Therapy and Other Accelerators setting a new record backlog of EUR 362.6 million
- FY operating margin expected to be around 10% due to slower Dosimetry business

Louvain-La-Neuve, Belgium, 16 November 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 trading update for the third quarter ending 30 September 2016.

Group Highlights

- Q3 2016 year to date Group revenues of EUR 225.3 million, up 19.3% year-on-year, driven by excellent revenue recognition of Proton Therapy projects (+43.7% versus last year), more than offsetting declining Dosimetry (-12.8% versus last year) and flat revenues of Other Accelerators division
- Strong growth in Proton Therapy and Other Accelerators orders – orders at end of Q3 totalling EUR 206.2 million, up 39.5% from Q3 2015, comprising three *Proteus®One**, three *Proteus®PLUS** (15 proton therapy rooms in total), and ten other accelerators. This order intake also includes upgrades for EUR 16.9 million.
- Proton Therapy and Other Accelerators service revenue up 16.9% to EUR 57.7 million, in line with expectations
- Proton Therapy and Other Accelerators backlog at an all-time record of EUR 362.6 million, following downpayment by Medstar (Shanghai) Leasing Co, for a previously announced four-room *Proteus®PLUS** solution. Backlog conservatively excludes the previously announced contract with Qingdao Zhong Jia Lian He Healthcare Management Company Limited (five-room solution) that is a firm contract but awaiting down payment
- Record Dosimetry backlog of EUR 19.4 million, up from EUR 18.0 million in Q3 2015
- Healthy gross cash position of EUR 66.4 million at the end of Q3 2016, compared with EUR 64.7 million at the end of Q3 2015
- Revenues for the full-year expected to be around 20% higher than in 2015, reflecting strong PT growth and more than offsetting Dosimetry weakness; operating margin expected to be around 10%, slightly below previous expectations of 11% due to the weak Dosimetry market; the Company expects operating margins to rise to 13-15% by 2018

Olivier Legrain, Chief Executive Officer of IBA commented: *“This has been another positive quarter of growth, driven by continued robust demand in the global proton therapy market and timely execution of the backlog. With a growing order book from markets as diverse as Europe, US, China and the UAE, we are confident about the outlook of the Company, despite challenges in the dosimetry market which has further decreased as a proportion of our overall business. We are continuing to make targeted strategic investments in our business to ensure that we can maintain and grow our clear leadership in proton therapy, expanding our product offering to provide greater choice to customers and investing in our commercial, manufacturing and service capabilities.”*



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KEY FIGURES AND EVENTS AT SEGMENT LEVEL

IBA reported the following segmental trends and news during the third quarter of 2016:

Proton Therapy and Other Accelerators

- Q3 year to date revenues totaled EUR 190.9 million compared to EUR 149.4 million for the same period in 2015, up 27.8%; revenue growth came mostly from equipment revenue recognition which grew 33.1% compared to Q3 2015
- Two proton therapy centers were sold in Q3:
 - Contract signed with Proton Partners International (PPI) to install a *Proteus*[®]*ONE* compact proton therapy solution in a private clinic in Abu Dhabi, UAE
 - Contract signed with Medstar (Shanghai) Leasing Co., Ltd, a subsidiary of Concord Medical Services Holdings Limited, for the installation and maintenance of a proton therapy system in Beijing, China.
 - Total of six systems sold comprising 15 proton therapy rooms in the first nine months of 2016, (seven systems comprising 12 rooms were sold at end of Q3 2015), confirming IBA's global leadership
- New milestones achieved for *Proteus*[®]*ONE*:
 - All features of *Proteus*[®]*ONE* now FDA (Food and Drug Administration) cleared
 - First patient treated in Europe at Centre Antoine Lacassagne in Nice, France
- Investment in HIL Applied Medical Ltd to develop laser-based proton therapy solution with the potential to enable a meaningful reduction in the size and cost of proton therapy systems without compromising clinical utility
- At the American Society for Radiation Oncology (ASTRO) annual meeting, IBA announced initiatives with prestigious partners including Philips and RaySearch to co-develop integrated comprehensive solutions for adaptive proton radiation therapy
- Growth strategy on track, including staff recruitment and production capacity scale-up to meet high proton therapy demand; more than 300 of the planned 400 engineers have now been recruited by the end of Q3
- Post quarter end, IBA RadioPharma Solutions presented two new products at the European Association of Nuclear Medicine (EANM) congress in October – the compact and powerful *Cyclone*[®]*KIUBE* cyclotron and the new *Synthera*[®]+ chemistry modules. IBA Industrial Solutions introduced the Second Generation *Rhodotron*[®] at the International Meeting on Radiation Processing (IMRP) in Vancouver, Canada, offering improved performances including lower power consumption and a new modular design; the current *Rhodotron*[®] product portfolio has been extended with the TT50, a new compact and cost-efficient 10 MeV *Rhodotron*[®]

Dosimetry

- Despite strong activity in Dosimetry for PT, Dosimetry revenue declined 12.8% to EUR 34.4 million versus EUR 39.5 million in Q3 2015 due to strong a comparator period, a slower conversion rate in 2016 on long-term orders and a difficult LINAC market in conventional radiotherapy
- Dosimetry has been impacted in 2016 by revenue conversion but the backlog remains strong at EUR 19.4 million compared with EUR 18.0 million at the end of Q3 2015



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- First worldwide clinical implementation of newly released Dolphin Online Ready Patient QA and Monitoring

OUTLOOK

IBA currently anticipates full-year revenue growth of around 20%, with continued strong PT performance more than offsetting current weakness in the Dosimetry market. Due to a lower than expected Dosimetry profit margin for the year, the operating margin is expected to be around 10%, slightly below previous expectations of around 11%, before rising to between 13% and 15% by 2018. Achievement of these targets depends on the timing of a small number of outstanding additional PT contracts.

The Company is making a number of strategic investments in order to build on and expand its leadership in the global PT market. This includes scaling up production capacity including a new *Proteus®ONE* accelerator (S2C2) assembly line, plus additional investment in R&D and commercial infrastructure. Total CAPEX is expected to be around EUR 15 million, of which about EUR 2.5 million will be in 2016, with the remainder in 2017 and 2018.

The Company is also focusing on additional skilled recruitment to meet growing market demand, with the remainder of the additional 400 engineers and other qualified staff expected to take the total headcount to around 1,600 by the end of 2016. This additional recruitment is expected to be largely self-financing through rapid revenue generation.

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

SHAREHOLDER'S AGENDA

Year End results 2016	23 March 2017
First Quarter 2017 results	10 May 2017

DIRECTORS' DECLARATIONS

In accordance with the Royal Decree of 14 November 2007, IBA indicates that this Trading Update has been prepared by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).



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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 1,400 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 the brand names of new configurations of the Proteus®235.*

For further information, please contact:

IBA

Jean-Marc Bothy

Chief Strategy Officer

Soumya Chandramouli

Chief Financial Officer

+32 10 475 890

Investorrelations@iba-group.com

Thomas Ralet

Vice-President Corporate Communication

+32 10 475 890

communication@iba-group.com

For media and investor enquiries:

Consilium Strategic Communications

Jonathan Birt, Matthew Neal, Ivar Milligan

+44 (0) 20 3709 5700

IBA@consilium-comms.com