



IBA Reports Full Year Results for 2016

- Group revenues up 21.6% to EUR 329 million
- Record REBIT up 25.7% to EUR 37 million, at 11.3% of revenues
- Proton Therapy and Other Accelerators backlog EUR 336 million

Louvain-la-Neuve, Belgium, March 23, 2017 - IBA ([Ion Beam Applications SA](#)), the world's leading provider of proton therapy solutions for the treatment of cancer, today announces its audited consolidated annual results for the 2016 financial year.

	FY 2016 (EUR 000)	FY 2015 (EUR 000)	Variance (EUR 000)	Variance %
PT & Other Accelerators	280 666	216 261	64 405	29.8%
Dosimetry	48 108	54 096	-5 988	-11.1%
Total Net Sales	328 774	270 357	58 417	21.6%
REBITDA	42 690	33 710	8 980	26.6%
% of sales	13.0%	12.5%		
REBIT	37 137	29 553	7 584	25.7%
% of Sales	11.3%	10.9%		
Profit before tax	27 899	65 192	-37 293	-57.2%*
% of Sales	8.5%	24.1%		
NET RESULT	24 440	61 189	-36 749	-60.1%*
% of Sales	7.4%	22.6%		

** Impacted by almost EUR 40 million non-recurring profits, including foreign exchange gains on USD and the capital gain on exit from the Molecular business in 2015*

2016 Financial Highlights

- Group revenues for the full year ending 31 December 2016 of EUR 328.8 million, up 21.6% from EUR 270.4 million at 31 December 2015
- Proton Therapy and Other Accelerators revenue growth of 30% to EUR 280.7 million, up from EUR 216.2 million at 31 December 2015
- Dosimetry sales of EUR 48.1 million, down 11.1% compared to an unusually strong FY 2015, due to slow conversion rate, but improving over Q4
- Highest ever REBIT for the Company at 11.3%, up 25.7% from 2015
- Net profit of EUR 24.4 million, down from EUR 61.2 million in 2015
 - 2016 was impacted by around EUR 8 million of non-recurring expenses mostly from one-off incentives to staff, reorganizational costs and write-offs on some minor loss-making contracts, as well as a financial charge of EUR 1.4 million
 - 2015 had been impacted by more than EUR 30 million non-recurring profits, including the capital gain on exit from the Molecular business in 2015 as well as EUR 3.2 million financial profit essentially from FX gains
- Net cash of EUR 44.5 million (EUR 50.0 million at end of 2015)



- IBA's Board of Directors will recommend to the General Assembly the distribution of a dividend of EUR 0.29 per share, representing more than 35% of its net profit, continuing the regular rate from 2015 (excluding the exceptional dividend distributed following the sale of the Molecular business)
- Outlook:
 - Revenue growth guidance maintained at around 15% to 20% in 2017 and double digit thereafter
 - REBIT margin guidance of approx. 11% to 12% in 2017; increasing to 13% – 15% in 2018 and stabilizing at 15% by 2020
 - 30% dividend pay-out ratio target maintained for 2017

2016 Business Highlights

- Proton Therapy and Other Accelerators order intake of EUR 250** million (2015: EUR 221 million), comprising five Proteus®ONE* and three Proteus®PLUS* solutions, totaling 17 rooms, and 14 Other Accelerator orders
 - Strong system upgrade sales in 2016: EUR 19.5 million worth of upgrades sold in all business lines, in particular at PT sites in US and Europe
 - Strong sales in Other Accelerators boosted by introduction of new Cyclone®KIUBE accelerator
- 42 ongoing Proton Therapy service and long-term maintenance contracts signed, representing a backlog of EUR 673.3 million over the next 10-15 years, up 17% YoY from 33 contracts, representing EUR 575.0 million
- High period-end backlog for Proton Therapy and Other Accelerators at EUR 335.5 million, slightly above YE 2015. Dosimetry backlog at EUR 17.9 million, slightly down versus EUR 18.4 million in 2015
- Strategy to meet increasing global demand on track:
 - Recruitment of 400 engineers completed. Plan to recruit another 200 engineers in 2017
 - Production capacity scale-up commenced (9000 m² facility under construction)
- Strengthening of management team with appointment of Jean-Marc Bothy as Chief Strategy Officer and Soumya Chandramouli as Chief Financial Officer

Olivier Legrain, Chief Executive Officer of IBA, commented: *"Our proton therapy business continues to grow internationally with top line growth being driven, in particular, by our single room solution Proteus®ONE, and also from increasingly important revenue from service contracts and system upgrades. We anticipate that this momentum will continue in 2017 and beyond, especially as the investments in the scale up of our production enable greater efficiencies and operating leverage to make proton therapy even more affordable."*



Conference Call Information

In addition to the press release, Olivier Legrain, Chief Executive Officer, and Soumya Chandramouli, Chief Financial Officer, will host a conference call and webcast, conducted in English, to present the full year results, followed by a Q&A session.

This conference call will be held on **23 March 2017 at 16:00 CET / 15:00 GMT / 11:00 EDT / 08:00 PDT** and can be accessed online at:

<http://arkadinemea-events.adobeconnect.com/ibafullyear2016/event/registration.html>. If you would like to participate in the Q&A, please dial (PIN code 18574023#):

Belgium:	+32 2 402 96 40
UK:	+44 20 304 32 440
NL:	+31 10 713 81 94
LU:	+352 20 88 06 96
US:	+1 64 67 22 49 07
FR:	+33 1 72 00 15 10

The presentation will be available on [IBA's Investor Relations](#) website and at <https://iba-worldwide.com/content/full-year-2016-results> 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

First Quarter 2017 trading update
General Assembly
First Half 2017 results
Third Quarter 2017 trading update

May 10, 2017
May 10, 2017
August 24, 2017
November 16, 2017

- Ends -



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*

***Erratum on "EUR 228 million" previously communicated*

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Operating Review

Proton Therapy and Other Accelerators

	FY 2016 (EUR 000)	FY 2015 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	280 666	216 261	64 405	29.8%
- Proton Therapy	226 529	161 938	64 591	39.9%
- Other Accelerators	54 137	54 323	-186	-0.3%
REBITDA	38 613	25 270	13 343	52.8%
% of Sales	13.8%	11.7%		
REBIT	34 115	21 956	12 159	55.4%
% of Sales	12.2%	10.2%		

Net sales grew by 29.8% in 2016 for Proton Therapy and Other Accelerators, driven in part by fast execution of orders in the backlog, in addition to continued strong growth of service revenues, now accounting for 29% of segment revenues.

IBA's Other Accelerators division delivered stable revenues, mostly due to slow conversion of backlog on industrial accelerators, despite 14 orders in 2016. Revenues declined very slightly by -0.3% to EUR 54.1 million, from EUR 54.3 million in 2015.

Proton Therapy service revenues alone increased by 21.7% and, including Other Accelerators, by 16.9%, further indicating the sustainability and predictability of this important revenue stream. The Company now has 42 PT service contracts signed, totaling a backlog of EUR 673 million in future booked recurring revenues over the next 10-15 years.

In addition, IBA has a record year-end backlog in Proton Therapy and Other Accelerators of EUR 335.5 million, up from EUR 332 million at the end of 2015. This figure excludes the H1 2016 order in China (Qingdao) which is awaiting down payment.

IBA has continued to deliver a strong commercial performance with eight systems sold, comprising 17 proton therapy rooms in 2016 across all major markets including India (1 system, 3 rooms), China (2 systems, 9 rooms), US (1 room), UK (2 systems, 2 rooms), Belgium (1 room) and Abu Dhabi (1 room).

Additionally, IBA is generating growing revenues from the upgrade of its existing installed base of machines. EUR 19.5 million worth of upgrades were sold in all business lines in 2016 with major upgrades on several PT sites in the US and Europe to bring them up to standard on the latest IBA technologies available to customers today.



Proton Therapy Strategy for Growth

Following the proton therapy orders booked over the last few years globally, IBA launched an international plan to recruit 400 new employees over 2016. Approximately half of these are now based in Louvain-la-Neuve, Belgium, with the remainder in the USA, Europe and Asia. The majority of hires are field service engineers, responsible for the installation and maintenance of proton therapy solutions. Building on this growth and to support further revenue growth, IBA will recruit a further 200 engineers through the course of 2017.

As IBA's operations grow worldwide, the Company has also reorganized its activities, building up a more regionalized structure for certain functions. Notably installation, services and S&M organizations which are being decentralized to better serve customers.

IBA is investing more than EUR 16 million in CAPEX as part of a "scale up" program to increase production capacity. The construction of a new testing vault is well on its way and the permit for the new superconducting synchrocyclotron assembly line (for Proteus[®]ONE), the marketing infrastructure and the customer center was obtained at the end of the year 2016. The majority of these expenses will be in 2017. The assembly line should be operational in Q1 2018 and the rest of the infrastructure will follow in the course of the same year.

Proton Therapy Key Commercial and Strategic Alliances

Building on collaborative achievements since 2014 to provide advanced diagnostic and therapeutic oncology solutions, initiatives continue with Philips to jointly develop next-generation proton therapy planning methods to further increase efficiencies in the patient treatment workflow.

More than 30 IBA proton therapy centers are expected to benefit from an enhanced Cone Beam CT imaging technology as a result of this collaboration with Philips. This advanced imaging technology provides the large field-of-view needed for enhanced image guidance during proton therapy procedures.

IBA announced in August that it has invested USD 2 million in HIL Applied Medical Ltd to develop a laser-based proton therapy solution. HIL is applying a novel, patented approach to particle acceleration and delivery, combining nano-technology with ultra-high-intensity lasers and ultra-fast magnets. This potential technological breakthrough could enable a meaningful reduction in the size and cost of proton therapy solutions without compromising clinical utility in the medium to long term.

In September, IBA entered into a long-term strategic alliance with RaySearch to combine respective technologies and advance adaptive proton therapy. As part of the collaboration, the RayCare[®] oncology information system, which is currently in development at RaySearch, will be customized for optimal use together with the IBA delivery solutions. The result will be a complete turnkey solution for all software and hardware needed to deliver outstanding adaptive proton therapy treatment.



Proton Therapy – Ongoing Innovation

With the regulatory approval of Proteus[®]ONE in Japan in December, IBA's compact proton therapy solution is now certified in three major regions: the US, Europe and Japan. Certification in Japan also unlocks the potential of the Japanese distribution agreement signed with Toshiba in 2015 and is expected to add to positive momentum in this market in 2017 and beyond.

In July, Penn Medicine and IBA announced the world's first patient treatment using IBA's Prompt Gamma camera in Pencil Beam Scanning Mode under a research agreement, providing in vivo feedback on the proton beam penetration depth within the patient on an individual spot basis, thus allowing unprecedented quality control of the target volume coverage.

Constantly looking to advance technologies in order to provide better solutions for patients, IBA is working on a number of developments. Motion management will accommodate movement of the target tumor during treatment, improving accuracy and reducing treatment time. To further refine the penetration depth, advanced imagery will reduce the effects of range uncertainties. And adaptive therapies will improve accuracy to account for anatomical changes during the course of treatment.

Radiopharma Solutions

IBA launched a new evolutionary cyclotron at the 2016 Society of Nuclear Medicine and Molecular Imaging (SNMMI) annual meeting in San Diego, California, United States, in June. The Cyclone[®]KIUBE is a true evolutionary cyclotron meaning that production capacity can be increased step-by-step. Positron Emission Tomography (PET) imaging procedures play a critical role in medical care today and growing demand for radioisotopes means a greater need for efficiency. This new 18MeV cyclotron is more compact (about 30% weight reduction), more powerful, and comes with a self-shielding option.

IBA also launched the Synthera + chemistry box system, in addition to completing the acceptance testing of two Cyclone[®] 70 for cardiac imaging.

Industrial Accelerators

Over 250 IBA Industrial Accelerators are used in the world today, including some that have been functioning for more than 50 years. IBA's Industrial Accelerators division focuses on two markets: the sterilization of single-use medical products, and the improvement of the physical properties of polymers (crosslinking). IBA Industrial is evaluating new long term markets such as container screening solutions. These new markets could contribute to growth of the segment.

At the 18th International Meeting on Radiation Processing in Vancouver, Canada, in November, IBA announced its new 10 MeV Rhodotron[®]: the TT50; a new compact and cost efficient system with a more efficient use of power.



The first fully integrated cargo screening solution integrating a TT100 Rhodotron is in the final commissioning phase before a handover to US Customs for a full year of testing and validation. This solution will dramatically increase the efficiency of detection of radioactive or other threats for cargos entering the Port of Boston, as well as commercial smuggling.

Dosimetry

	FY 2016 (EUR 000)	FY 2015 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	48 108	54 096	-5 988	-11.1%
REBITDA	4 077	8 440	-4 363	-51.7%
<i>% of Sales</i>	<i>8.5%</i>	<i>15.6%</i>		
REBIT	3 022	7 597	-4 575	-60.2%
<i>% of Sales</i>	<i>6.3%</i>	<i>14.0%</i>		

Dosimetry sales were down 11.1%, despite strong Dosimetry for PT activity, partly due to an unusually strong 2015 and also the low conversion rate on long-term orders, even though sales caught up well over Q4 with conversion rates improving.

The total order intake in 2016 of EUR 48.1 million was down 11.1% on FY 2015 due to strong prior year including long term orders in South America as well as exchange rate effects.

Despite this, the backlog of EUR 17.9 million remains high (EUR 18.4 million at the end of 2015) and, importantly, over the last three years, the average growth of the Dosimetry business (excluding temporary periodic effects) continues at around 3% in line with Linac market.

In August, Dosimetry announced the first worldwide clinical implementation of its newly released Dolphin Online Ready Patient QA and Monitoring system. The team at the radiation therapy department of the Klinikum Bayreuth GmbH in Germany, has successfully validated and clinically implemented three Dolphin systems at two of its sites.

In addition, IBA has also announced the third release of its global quality assurance platform: myQA®. myQA is a unique platform that connects QA applications and data through a central database and software application.

IBA Molecular

In March, IBA completed the sale of IBA Molecular ("IBAM"), in which IBA had a 40% stake, to funds advised by CapVest Partners LP ("CapVest"). With this transaction, IBA has fully exited its joint venture with SK Capital Partners and retains no interests in IBA Molecular. Most of the capital gain booked in 2015 was distributed to IBA shareholders as part of a dividend payout of EUR 40.1 million in June 2016.



Financial Review

IBA reported a 21.6% increase in revenues to EUR 328.8 million during 2016 (2015: EUR 270.4 million).

Recurring operating profits before interest and taxes (REBIT) continued to improve compared with 2015 due to exceptional Proton Therapy equipment revenues, productivity gains and operational leverage. The Company's REBIT increased 25.7% in 2016 from EUR 29.6 million in 2015 to EUR 37.1 million in 2016.

Non-recurring results were mostly affected by one-off incentives to staff, reorganization costs and write-offs on some minor loss-making projects.

The reported net profit of EUR 24.4 million is down from EUR 61.2 million in the prior year due to the relative strength of 2015, which was boosted by the capital gain on full exit from Molecular business.

The Board of Directors intends to recommend to the General Assembly that a gross dividend of EUR 0.29 per share be paid in 2017, based on 2016 results.

Operating cash flow during 2016 amounted to EUR -17.0 million with recurring operations impacted by the growth of activity at the working capital level. This remains favorable and was affected by year-end cut-off and scheduling of projects rather than being indicative of any future trend.

Cash flow from investing was EUR 48.3 million, including EUR 62.3 million received in March 2016 from sale of remaining stake in Molecular business.

The net cash position remains stable, with a year-end figure of EUR 44.5 million, including the cash from the sale of IBA Molecular in Q1 and the subsequent EUR 40.3 million dividend in Q2, of which around EUR 32 million was an extraordinary dividend representing most of the capital gain realized on the disposal of IBA Molecular.

Outlook and Guidance

Proton therapy's penetration of the radiation therapy market continues to grow due to increasing interest from the clinical community, affordability and technological advances. To keep ahead of and to lead this growth, IBA continues to scale up production capacity, including investment in a new Proteus®ONE assembly line and a new customer center, with an expected further combined CAPEX of about EUR 16 million, of which around EUR 10 million will be invested in 2017. The Company is also recruiting an additional 200 engineers and qualified staff, worldwide, through 2017.



IBA has a record backlog of EUR 335.5 million and the sustainable revenue source from service and maintenance contracts now represents EUR 673.3 million of revenue over the next 10-15 years. IBA expects to achieve revenue growth between 15% to 20% in 2017 and double digit thereafter.

The Company expects its operating margin to be 11% to 12% in 2017, increasing to 13%-15% by 2018 and stabilizing at 15% by 2020.

IBA is planning to maintain a dividend payout ratio of 30%.

This guidance is not only based upon the continued expected growth of the proton therapy market but also the balance between the economies of scale that we can achieve at a higher production rate. In addition, the growing importance of service revenue versus the increased demand driven by the equipment price tag reduction in the proton therapy market and our continued investment in R&D and software capabilities are anticipated to be contributing factors.

Auditor's Report

The auditor has issued an unqualified audit report on the annual consolidated accounts for the year ended 31 December 2016 and has confirmed that the accounting information included in the press release does not show inconsistencies with the annual consolidated accounts.

Diegem, March 22, 2017

Ernst & Young Reviseurs d'Entreprises SCCRL
Commissaire
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

	31/12/2016	31/12/2015	Variance	
	(EUR '000)	(EUR '000)	(EUR '000)	%
Sales and services	328 774	270 357	58 417	21.6%
Cost of sales and services	190 213	156 702	33 511	21.4%
Gross profit/(loss)	138 561	113 655	24 906	21.9%
	42.1%	42.0%		
Selling and marketing expenses	27 651	24 528	3 123	12.7%
General and administrative expenses	41 424	32 827	8 597	26.2%
Research and development expenses	32 350	26 747	5 602	20.9%
Recurring expenses	101 425	84 102	17 323	20.6%
Recurring profit/(loss)	37 136	29 553	7 583	25.7%
	11.3%	10.9%		
Other operating expenses/(income)	7 929	-32 534	40 463	-124.4%
Financial expenses/(income)	1 453	-3 227	4 680	-145.0%
Share of (profit)/loss of equity-accounted companies	-145	122	-266	-219.0%
Profit/(loss) before tax	27 899	65 192	-37 293	-57.2%
Tax (income)/ expenses	3 359	3 930	-572	-14.5%
Profit/ (loss) for the period from continuing operations	24 540	61 262	-36 722	-60.0%
Profit/(loss) for the period from discontinued operations	-100	-73	-28	38.5%
Profit/ (loss) for the period	24 440	61 189	-36 749	-60.1%
REBITDA	42 690	33 710	8 980	26.7%



	31/12/16	31/12/15	
	(EUR '000)	(EUR '000)	(EUR '000)
ASSETS			
Goodwill	3 821	3 821	0
Other intangible assets	9 972	8 629	1 344
Property, plant and equipment	16 322	9 327	6 995
Investments accounted for using the equity method and other	10 311	9 004	1 307
Deferred tax assets	22 796	23 221	-424
Long-term financial assets	2 171	779	1 392
Other long-term assets	18 467	16 691	1 776
Non-current assets	83 860	71 472	12 388
Inventories and contracts in progress	132 702	99 959	32 743
Trade receivables	65 736	59 938	5 798
Other receivables	22 409	81 846	-59 436
Short-term financial assets	1 346	422	924
Cash and cash equivalents	74 564	81 715	-7 151
Current assets	296 757	323 880	-27 123
Total assets	380 617	395 352	-14 735
EQUITY AND LIABILITIES			
Capital stock	41 776	40 864	911
Capital surplus	40 618	37 329	3 289
Treasury shares	-8 502	-8 502	0
Reserves	9 496	11 675	-2 179
Currency translation difference	-1 367	-1 993	627
Retained earnings	68 370	84 260	-15 890
Capital and reserves attributable to Company's equity holders	150 391	163 632	-13 241
Long-term borrowings	27 750	15 220	12 530
Long-term financial liabilities	1 423	879	544
Deferred tax liabilities	582	697	-115
Long-term provisions	10 112	5 896	4 216
Other long-term liabilities	3 916	3 162	754
Non-current liabilities	43 783	25 854	17 929
Short-term provisions	6 311	7 007	-696
Short-term borrowings	2 151	16 454	-14 303
Short-term financial liabilities	3 006	2 110	896
Trade payables	56 041	44 887	11 154
Current income tax liabilities	90	75	15
Other payables	118 844	135 333	-16 489
Current liabilities	186 443	205 866	-19 423
Total liabilities	230 226	231 720	-1 494
Total equity and liabilities	380 617	395 352	-14 735



	31/12/16 (EUR '000)	31/12/15 (EUR '000)
Cash flow from operating activities		
Net profit for the period after technical recycling of CTA	24 440	61 189
Adjustments for:		
Depreciation and impairment of property, plant and equipment	2 451	1 873
Amortization and impairment of intangible assets	2 219	2 226
Write-off on receivables	253	-49
Changes in fair value of financial assets (gains)/losses	-141	-814
Changes in provisions	2 579	-1 217
Deferred taxes	398	-107
Share of result of associates and joint ventures accounted for using the equity method	-145	63
Other non cash items	-250	2 686
Net cash flow changes before changes in working capital	31 804	65 850
Trade receivables, other receivables, and deferrals	-10 445	-8 994
Inventories and contract in progress	-53 024	14 982
Trade payables, other payables, and accruals	17 530	11 774
Other short-term assets and liabilities	-1 455	-37 256
Change in working capital	-47 394	-19 494
Income tax paid/received, net	-2 510	-2 211
interest (income)/expenses	1 082	1 249
Net cash (used in)/generated from operations	-17 018	45 394
Cash flow from investing activities		
Acquisition of property, plant, and equipment	-9 406	-2 484
Acquisition of intangible assets	-3 559	-1 821
Disposal of fixed assets	1	23
Acquisitions of subsidiaries, net of acquired cash	0	76
Acquisition of third party and equity-accounted companies	-1 793	-7 083
Disposal of subsidiaries	0	6 781
Disposals of other investments and equity-method-accounted companies, net of assigned cash	63 437	20
Other investing cash flows	-380	10 000
Net cash (used in)/generated from investing activities	48 300	5 512
Cash flow from financing activities		
Proceeds from borrowings	15 750	0
Repayments of borrowings	-17 524	-5 201
Interest paid/Interest received	-812	-1 371
Capital increase (or proceeds from issuance of ordinary shares)	4 201	5 910
Sales/(Purchase) of treasury shares	0	230
Dividends paid	-40 347	-5 216
Other financing cash flows	-49	68
Net cash (used in)/generated from financing activities	-38 781	-5 580
Net cash and cash equivalents at the beginning of the year	81 715	37 176
Changes in net cash and cash equivalents	-7 499	45 326
Exchange gains/(losses) on cash and cash equivalents	348	-787
Net cash and cash equivalents at the end of the year	74 564	81 715