



IBA Reports Full Year Results for 2014

- **REBIT margin increased to 10.4% as IBA reports record year-end Proton Therapy equipment and service backlog**
- **Board recommends dividend of EUR 0.17 per share**

Louvain-La-Neuve, Belgium, 26 March 2015 - IBA (Ion Beam Applications S.A., EURONEXT), the world's leading provider of proton therapy solutions for the treatment of cancer, today announces its consolidated annual results for the 2014 financial year.

	2014 (EUR 000)	2013 (EUR 000)	Variance (EUR 000)	Variance %
Proton Therapy & Other Accelerators	177 687	166 589	11 098	6.7%
Dosimetry	42 890	45 923	-3 033	-6.6%
Total Net Sales	220 577	212 512	8 065	3.8%
REBITDA	28 321	22 743	5 578	24.5%
<i>% of Sales</i>	<i>12.8%</i>	<i>10.7%</i>		
REBIT	22 932	18 359	4 573	24.9%
<i>% of Sales</i>	<i>10.4%</i>	<i>8.6%</i>		
Profit Before Tax	17 173	-408	17 581	N/A
<i>% of Sales</i>	<i>7.8%</i>	<i>-0.2%</i>		
NET RESULT	24 294	-1 011	25 305	N/A
<i>% of Sales</i>	<i>11.0%</i>	<i>-0.5%</i>		

REBITDA: Recurring earnings before interest, taxes, depreciation and amortization
 REBIT: Recurring earnings before interest and taxes

2014 Business Highlights

- Strong order book in 2014 in both compact and multi-room configurations, with six new proton therapy orders, four *Proteus[®]ONE** and two *Proteus[®]PLUS* systems, representing more than 50% of the total global proton therapy market in 2014
- Record year-end backlog of EUR 256.2 million, up 39% (2013: EUR 183.8 million)
- Strong expansion into the emerging markets with four PT systems sold in Asia in 2014
- 27 ongoing Proton Therapy service and maintenance contracts signed in total, representing a backlog of EUR 468 million of revenue over the next 10-15 years
- FDA and CE mark approval for Compact Gantry Beam Line with first patient treated with *Proteus[®]ONE* at the Willis-Knighton Cancer Center, Shreveport, USA
- First patient treatment in September 2014 with IBA's Proton Therapy Specific Cone Beam CT (CBCT) completed at Penn Medicine's Roberts Proton Therapy Center, USA
- Strong growth for the Other Accelerators division, with significant gains in emerging markets
- Unexpectedly low H2 revenues recognized in Dosimetry on new multi-year orders in emerging countries, but record backlog of EUR 16.8 million at the end of 2014, up 39% vs 2013



- Strategic global collaboration signed with Philips Healthcare in sales, marketing and research and development (R&D) for imaging and therapy solutions in oncology

Financial Highlights

- Proton Therapy and Other Accelerators revenue growth of 6.6% to EUR 177.7 million
- Total revenue of EUR 220.6 million up 3.8% compared to full year 2013, impacted by low backlog conversion rate of Dosimetry
- REBIT margin of 10.4% up 24.9% compared to full year 2013 (8.6%)
- Net profit of EUR 24.3 million, strongly improved versus full year 2013 (EUR 6.1 million excluding the impacts of the recycling of the Currency Translation Adjustment results)
- Completion of sale of PharmaLogic in Montreal; positive impact of EUR 3.7 million
- Equity growing to EUR 107.5 million through strong profit
- Board recommendation of gross dividend of EUR 0.17 per share in 2015
- Net financial position changed from a EUR 18.1 million net debt at end of 2013 to a net cash position of EUR 5.3 million at year-end 2014
- Guidance for 2015 upgraded

Olivier Legrain, Chief Executive Officer of IBA, commented: “2014 was a transformational year for IBA that saw the Company benefit from increasing global adoption and acceptance of proton therapy as the most advanced and precise treatment option for radiation therapy patients. IBA has continued to maintain its strong leadership in the field, securing more than 50% of all proton therapy orders in 2014. Our investments in proton therapy developments, such as *Proteus[®]ONE*, precision delivery in Pencil Beam Scanning and imaging in CBCT are key differentiators for our customers. IBA remains at the forefront of technological advances in radiation therapy and is increasingly seeking to enhance its position in new innovations such as adaptive and carbon therapy.

“Asia and the emerging markets are increasingly strong markets for IBA, with four of our system sales coming from that region in 2014. IBA started 2015 with a strong order book, a record backlog and a very healthy pipeline. With sales and interest in our proton therapy systems growing globally and the increasing affordability and availability of finance for these systems, we are confident of continuing our strong progress in the coming year and beyond.”

Press release |

Regulated information



Conference Call Information:

This conference call will be held on 26 March 2015 at 15:00 CET / 14:00 GMT / 10:00 EDT and can be accessed online at: <http://arkadinemea-events.adobeconnect.com/iba>. If you would like to participate in the Q&A, please dial (PIN code 26496158#):

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The presentation will be available on the IBA website shortly after the call.

Financial calendar

General Assembly 2015	May 13, 2015
First quarter business update	May 13, 2015
Half Year results	August 27, 2015
Third quarter business update	November 17, 2015

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, 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 systems. 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 1100 people worldwide, IBA has installed systems across the world, from Europe and the US and to the emerging markets. IBA is listed on the pan-European stock exchange EURONEXT. (IBA: Reuters IBAB.BR and Bloomberg IBAB.BB) and more information can be found at: www.iba-worldwide.com

* *Proteus® ONE is the brand name of a new configuration of the Proteus® 235.*

IBA

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Operating Review

Proton Therapy and Other Accelerators

	FY 2014 (EUR 000)	FY 2013 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	177 687	166 589	11 098	6.7%
- Proton Therapy	128 488	121 202	7 286	6.0%
- Other Accelerators	49 199	45 387	3 812	8.4%
REBITDA	24 148	15 320	8 828	57.6%
% of Sales	13.6%	9.2%		
REBIT	19 516	11 644	7 872	67.6%
% of Sales	11.0%	7.0%		

Net sales grew by 6.7% in 2014 for Proton Therapy and Other Accelerators, driven in part by continued strong growth of sustainable service revenues, making up about one third of the total.

Proton Therapy service revenues alone increased by 42.8% and, including Other Accelerators, by 32.4%, further indicating the sustainability and predictability of this important revenue stream. The Company now has 27 PT service contracts signed, totalling a backlog of EUR 468 million in future booked revenues over the next 10-15 years.

In addition, IBA has a record year-end backlog in Proton Therapy and Other Accelerators of EUR 256.2 million, up 39% from EUR 183.8 million at the end of 2013.

Proton Therapy

2014 was a transformational year for proton therapy in which the sector has seen significant market growth. IBA sees this as being driven by three factors: **Clinical Relevance**, a growing body of clinical publications is propelling greater use of proton therapy. Additionally, ASTRO (the American Society for Radiation Oncology), has now published Model Policies for Proton Beam Therapy, guiding its use in the important US market. **Affordability**, our compact system *Proteus[®]ONE*, which came into clinical use in 2014, is opening the single room market to IBA due to its smaller footprint and shorter installation time. With no compromise on clinical quality, IBA is focused on reducing the delta between the cost of proton therapy and conventional radiation therapy.

Enhancements in **Technology**, have also been key for IBA in 2014. Significant improvements in fast pencil beam scanning (PBS) and Cone Beam Computed Tomography (CBCT). Moreover, IBA has remained at the forefront of proton therapy technology evolution and is also enhancing its position in the treatment modalities of the future with developments in carbon therapy. Carbon ions have similar physical characteristics to protons, but have a greater Radio Biological Effectiveness (RBE) making them more efficient on radiation-resistant tumors.

Throughout 2014, IBA saw a growing market interest in *Proteus[®]ONE* and sold four *Proteus[®]ONE* systems including two in Japan, one in the US and one in France. IBA now has orders for seven systems globally in Japan (2), France (2), US (2) and Taiwan (1). 2014 was also a strong year for the Company's multi-room system, *Proteus[®]PLUS*, with two sales (six rooms) in China, bringing the total number sold globally to 24 units (80 rooms).



In The Netherlands, IBA was selected for the installation of a *Proteus*[®]*PLUS* two-gantry room configuration including its next generation Pencil Beam Scanning capability at the Universitair Medisch Centrum Groningen (UMCG) proton therapy center, the first to be built in the country and worth approximately EUR 50 million to IBA, including a long-term operations and maintenance contract.

Demonstrating increasing strength in Asia, and in addition to the two *Proteus*[®]*ONE* systems sold in Japan, IBA was selected by Guangdong Hengju Medical Technologies Co. Ltd, to install its *Proteus*[®]*PLUS* system with PBS capability in Guangzhou, South China. Moreover, in January 2015, IBA also announced it had signed a contract at the end of 2014 with the Zhuozhou Jian Kang Qiao Investment Company Ltd, to establish a proton therapy center in Zhuozhou City, Hebei Province, China. This contract is worth more than EUR 80 million to IBA, including the service contract.

The speed at which IBA can build its systems, and the time in which it can enable its customers to treat patients is continuously decreasing, are critical factors in a customer's decision making process when choosing a provider.

Proton Therapy Innovation

IBA is at the forefront of advancing proton therapy technology and, during 2014, the Company received Marketing Authorization from the US Food and Drug Administration (FDA) and CE marking for the Compact Gantry Beam Line. IBA also received the FDA approval and CE mark for the CBCT solution, which improves the precision in IBA's proton therapy systems. CBCT enables highly accurate patient positioning. Specific applications of image guidance and image monitoring are key factors in delivering superior dose distribution of proton therapy. By adding CBCT as one of IBA's Image Guided Proton Therapy solutions, IBA is leading the development of adaptive proton therapy.

IBA has sought to further enhance its own in-house technological advances with collaborations with some of the world's leading academic institutions and companies. For example, IBA is working closely with Penn Medicine to develop new PBS protocols as well as combining forces with Philips Healthcare (Philips) through a strategic global collaboration to provide advanced diagnostic and therapeutic solutions for the treatment of cancer. The collaboration covers sales, marketing and R&D of imaging and therapy solutions in oncology. IBA will benefit from Philips' diagnostic imaging products offered to oncology care centers, while Philips will leverage IBA's proton therapy solutions within its offering for customers in select markets around the world.

IBA is also using collaborations to advance its capabilities in next generation radiation therapy capabilities. As part of its work with CYCLHAD (a CYCLOtron for HADron Therapy) for the installation of its single-room proton therapy system *Proteus*[®]*ONE* in Caen, France, IBA will also work with several French industrial partners and semi-public institutions to develop the potential of carbon beam therapy.

Other Accelerators

IBA's Other Accelerators division delivered strong growth during 2014, again with significant gains seen in emerging markets. Revenues rose 8.4% to EUR 49.2 million, from EUR 45.4 million in 2013.

Radiopharma Solutions

2014 was another record year of cyclotron sales for IBA's RadioPharma Solutions division, with important contracts won in all key regions. For example, in July 2014, IBA signed its third *Cyclone*[®]*70* contract in Russia, a system dedicated to the production of new-generation medical isotopes used mainly in the diagnosis of severe diseases. This third *Cyclone*[®]*70* order further demonstrates IBA's



market-leading expertise and success with cyclotron sales. 2014 was also a record sales year for *Synthera*[®], IBA's automated chemistry module for the production of radiopharmaceuticals.

Industrial Accelerators

IBA's Industrial Accelerators division supplies electron beams and focuses on two markets: the sterilization of single-use medical products and the improvement of the physical properties of polymers (crosslinking). IBA Industrial Accelerators is the market leader, with more than 50% market share in average over the last five years. Growth in the polymer crosslinking market mainly comes from the automotive industry, where manufacturers require cables treated by electron beams that are both more compact and offer superior performance.

In 2014, IBA delivered its first *Rhodotron*[®] with progressive power design allowing customers to start with small capacity solutions and increase capacity when needed. IBA also sold the first *Rhodotron*[®] DUO, a new configuration that allows its customers to sterilize medical devices either by X-ray or by electron beam treatment. This new solution allows the industry to break the dependence on chemical or radioactive based competing sterilization processes.

IBA Industrial is evaluating new long term markets such as container screening and energy saving solutions. Those new markets could contribute to growth of the segment.

Dosimetry

	FY 2014 (EUR 000)	FY 2013 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	42 890	45 923	-3 033	-6.6%
- Dosimetry	42 890	45 923	-3 033	
REBITDA	4 173	7 423	-3 250	-43.8%
% of Sales	9.7%	16.2%		
REBIT	3 417	6 715	-3 298	-49.1%
% of Sales	8.0%	14.6%		

In Dosimetry, IBA has been facing the same phenomenon reported by the main players in the linear accelerators (LINAC) market, with strong order intake in the emerging countries from multi-year orders that take longer to be converted into revenues than with previous established market contracts. Therefore, the strong order intake, unexpectedly, only converted into a limited amount of revenues causing a decrease in sales to EUR 42.89 million and REBIT of EUR 3.41 million.

However, with a strong backlog of EUR 16.8 million, up 39% compared to full year 2013, increasing synergies between dosimetry and proton therapy, stabilization of the conversion rate and new, innovative product solutions and services introduced in 2014, IBA is confident that Dosimetry will return to growth in 2015.

IBA Dosimetry has been fully focused on enhancing innovation in its solutions and services to remain the go-to provider of high quality dosimetry technologies.

In addition, IBA Dosimetry introduced several new integrated solutions for patient safety in 2014, including a unique software platform for quality assurance called *myQA*[®] and the next evolution in patient safety, *Dolphin*[®].



Dolphin[®] provides online care and enables a less stressful and safer treatment experience for patients. The *QuickCheck*[™] software automatically analyzes the delivered fraction versus the dose defined in the treatment plan and automatically confirms its accuracy after each fraction. *Dolphin*[®] provides online confidence that the entire treatment has been delivered safely, fraction by fraction.

Financial Review

IBA reported a 3.8% increase in revenues to EUR 220.6 million during 2014 (2013: EUR 212.5 million).

Recurring operating profits before interest and taxes (REBIT) continued to improve compared with 2013, due to the growth in service revenues (+28%) and benefits from the implementation of the Company's productivity and efficiency programme. The Company's REBIT increased 24.9% in 2014 from EUR 18.4 million in 2013 to EUR 22.9 million in 2014 despite the low level of revenue conversion in Dosimetry.

The Board of Directors intends to recommend to the General Assembly that a gross dividend of EUR 0.17 per share be paid in 2015, based on 2014 results, representing a payout ratio of about 20%.

Operating cash flow during 2014 amounted to EUR 15.0 million. Cash flow from investing was positive at EUR 1.7 million.

The net cash position at the year-end was EUR 5.3 million, significantly improved from a net debt EUR 18.1 million at year-end 2013.

Outlook and Guidance

Proton therapy's penetration of the radiation therapy market is growing due to increasing clinical relevance, affordability and technological advances. IBA has a record backlog of EUR 256.2 million and the sustainable revenue source from service and maintenance contracts now represents EUR 468 million of revenue over the next 10-15 years. From 2015 to 2018, IBA expects to achieve average revenue growth greater than 10% per annum.

The Company expects its operating margin to stabilize at 10% in 2015 and then grow at 1% per annum until 2018. Net debt is expected to stay limited over the course of the years to come. Due to the necessary continued investments in technological advances in proton therapy to maintain leadership in the space, IBA is planning a dividend payout ratio of 20% in 2015 based on 2014 results, but it is the Company's intention that if market conditions prevail, the dividend should gradually reach a payout ratio of 30% in the future.



Auditor's Report

The auditor has issued an unqualified audit report on the annual consolidated accounts for the year ended 31 December 2014 and has confirmed that the accounting information included in the press release does not show inconsistencies with the annual consolidated accounts

Diegem, 26 March 2015

Ernst & Young Reviseurs d'Entreprises SCCRL

Commissaire

Represented by Martine Blockx, 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), Jean-Marc Bothy.

Press release |

Regulated information



	31/12/14	31/12/13	
	(EUR '000)	(EUR '000)	(EUR '000)
ASSETS			
Goodwill	3 821	3 821	0
Other intangible assets	9 178	9 065	113
Property, plant and equipment	8 663	7 656	1 007
Intercompany investment	0	0	0
Investments accounted for using the equity method and other investments	37 479	36 222	1 257
Deferred tax assets	23 018	18 044	4 974
Long-term financial assets	1	207	-206
Other long-term assets	20 539	18 291	2 248
Non-current assets	102 699	93 306	9 393
Inventories and contracts in progress	91 731	72 742	18 989
Trade receivables	54 799	41 452	13 347
Other receivables	20 270	41 711	-21 441
Short-term financial assets	381	367	14
Assets Held for sale	0	3 233	-3 233
Cash and cash equivalents	37 176	28 942	8 234
Current assets	204 357	188 447	15 910
Total assets	307 056	281 753	25 303
EQUITY AND LIABILITIES			
Capital stock	39 852	38 787	1 065
Capital surplus	32 431	25 651	6 780
Treasury shares	-8 612	-8 612	0
Reserves	20 786	13 339	7 447
Currency translation difference	-3 725	-4 716	991
Retained earnings	26 794	2 789	24 005
Reserves for assets held for sale	0	0	0
Capital and reserves attributable to Company's equity holders	107 526	67 238	40 288
Non-controlling interests	0	0	0
TOTAL EQUITY	107 526	67 238	40 288
Long-term borrowings	26 679	41 871	-15 192
Long-term financial liabilities	882	553	329
Deferred tax liabilities	854	711	143
Long-term provisions	9 607	9 649	-42
Other long-term liabilities	3 066	248	2 818
Non-current liabilities	41 088	53 032	-11 944
Short-term provisions	7 160	21 186	-14 026
Short-term borrowings	5 196	5 201	-5
Short-term financial liabilities	1 759	1 027	732
Trade payables	36 145	30 819	5 326
Current income tax liabilities	186	281	-95
Other payables	107 996	102 628	5 368
Liabilities directly related to assets held for sale	0	341	-341
Current liabilities	158 442	161 483	-3 041
Total liabilities	199 530	214 515	-14 985
Total equity and liabilities	307 056	281 753	25 303



Selected Key Figures

	31/12/14	31/12/13	Variance	
	(EUR '000)	(EUR '000)	(EUR '000)	%
Sales and services	220 577	212 512	8 065	3.8%
Cost of sales and services	124 481	124 085	396	0.3%
Gross profit/(loss)	96 096	88 427	7 669	8.7%
	43.6%	41.6%		
Selling and marketing expenses	20 111	18 322	1 790	9.8%
General and administrative expenses	30 140	28 700	1 440	5.0%
Research and development expenses	22 912	23 046	-134	-0.6%
Recurring expenses	73 164	70 068	3 096	4.4%
Recurring profit/(loss)	22 932	18 359	4 573	24.9%
	10.4%	8.6%		
Other operating expenses	1 973	18 739	-16 766	-89.5%
Other operating (income)	-1 263	-900	-363	40.3%
Financial expenses	5 318	5 105	213	4.2%
Financial (income)	-7 141	-7 403	262	-3.5%
Share of (profit)/loss of equity-accounted companies	6 873	3 226	3 647	113.0%
Profit/(loss) before tax	17 173	-408	17 580	N/A
Tax (income)/ expenses	-3 413	-3 384	-30	0.9%
Profit/ (loss) for the period from continuing operations	20 586	2 976	17 610	591.8%
Profit/(loss) for the period from discontinued operations	3 708	3 088	620	20.1%
Profit/ (loss) for the period	24 294	6 064	18 231	300.7%
Impact IAS 21.48	0	7 074		
Minority interests	0	0		
Profit/(loss) for the period	24 294	-1 011	25 305	N/A
REBITDA	28 321	22 743	5 578	24.5%

Press release |

Regulated information



	31/12/14	31/12/13
	(EUR '000)	(EUR '000)
Cash flow from operating activities		
Profit/(loss) for the period before technical recycling of CTA	24 294	6 064
Technical recycling of CTA to income statement further to liquidation of a dormant Swedish entity	0	-7 074
Net profit/(loss) for the period after technical recycling of CTA	24 294	-1 010
Adjustments for:		
Depreciation and impairment of property, plant and equipment	1 907	2 406
Amortization and impairment of intangible assets	1 957	2 151
Write-off on receivables	324	156
Changes in fair value of financial assets (gains)/losses	-576	-92
Changes in provisions	340	7 275
Deferred taxes	-4 544	-4 409
Share of result of associates and joint ventures accounted for using the equity method	6 775	2 218
(Profit)/loss on disposal of assets held for sale	0	0
Other non cash items - Impact IAS 21.48	9	7 074
Other non cash items	-3 367	9 569
Net cash flow changes before changes in working capital	27 119	25 338
Trade receivables, other receivables, and deferrals	-578	-13 006
Inventories and contract in progress	-11 348	21 574
Trade payables, other payables, and accruals	8 174	-12 975
Other short-term assets and liabilities	-6 543	-13 023
Change in working capital	-10 295	-17 430
Income tax paid/received, net	-3 769	-2 865
interest expenses	1 976	1 798
interest (income)	-62	-78
Net cash (used in)/generated from operations	14 969	6 763
Cash flow from investing activities		
Acquisition of property, plant, and equipment	-2 855	-1 640
Acquisition of intangible assets	-2 099	-2 293
Disposal of fixed assets	25	1 681
Acquisitions of subsidiaries, net of acquired cash	0	0
Acquisition of third party and equity-accounted companies	-1 524	0
Disposal of subsidiaries	2 433	13 127
Disposals of other investments and equity-method-accounted companies, net of assigned cash	5 738	170
Other investing cash flows	2	-5 190
Net cash (used in)/generated from investing activities	1 720	5 855
Cash flow from financing activities		
Proceeds from borrowings	0	10 024
S.R.I.W. Reverse convertible bond	5 000	0
Repayments of borrowings	-15 199	-34 200
Interest paid	-2 086	-1 809
Interest received	62	78
Capital increase (or proceeds from issuance of ordinary shares)	7 845	986
Purchase of treasury shares	0	0
Dividends paid	-140	0
Other financing cash flows	-3 807	-3 012
Net cash (used in)/generated from financing activities	-8 325	-27 933
Net cash and cash equivalents at the beginning of the year	29 090	45 733
Changes in net cash and cash equivalents	8 364	-15 315
Exchange gains/(losses) on cash and cash equivalents	-278	-1 328
Net cash and cash equivalents at the end of the year	37 176	29 090