

## Press release

### Press release

EMBARGO UNTIL 15 MARCH 2002 AT 5.40 PM

## 2001: a Successful Year for the Diagnosis and Treatment of Cancer

- Sales and services up 9.1 % to €257.6 million
- EBITDA increasing by 31 % not including proton therapy
- Extraordinary net charges of €26.7 million
- Focus on US listing

Louvain-la-Neuve, Belgium – March 15, 2002

At its meeting held on March 11, 2002, the IBA Board of Directors took note of the Group's results for the year 2001 closed on December 31.

The year 2001 was, above all, a decisive year for cancer treatment by means of proton therapy and for the diagnosis of cancer by FDG (F-18 fluorodeoxyglucose, proton therapy and FDG being respectively undisputed reference standards for radiotherapy and diagnostics used in the functional imaging of cancer.

The year 2001 was marked by achievements in these two domains, which show, in particular, the distinct emergence of these two growth vectors for IBA's future alongside the cash flow source generated by the sterilization and ionization service sector.

### Three poles of activity for greater visibility

Given the emergence of these two growth vectors – proton therapy and radioisotopes – and in order to ensure better visibility of the results, it has been decided to present in future IBA's activities according to the following three key poles:

1. **Technology & Equipment**, which, with its unique expertise in particle accelerator technology, forms the heart of the Group and includes proton therapy as an essential element.
2. **Radioisotopes**, combining FDG production and distribution activities and brachytherapy.
3. **Sterilization & Ionization**, comprising activities in the medical sterilization markets, food safety and advanced applications, including in 2001 the treatment of Anthrax in mail.

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### **TECHNOLOGY & EQUIPMENT**

This sector, which forms the technological basis of all IBA's activities, contributed €68.2 million to the Group's consolidated sales and services figure, i.e. 26.5% (compared with €82.7 million, i.e. 35% in 2000).

#### **Proton therapy**

In July 2001, IBA was given the go-ahead by the FDA (Food & Drug Administration) to market the IBA proton therapy system installed at the Northeast Proton Therapy Center (NPTC), Massachusetts General Hospital (MGH), Boston, USA, less than 5 months after submitting the filing for clearance. Since then, the company has also obtained the approval certificate authorizing CE marking of its product in Europe.

Since mid-November 2001, when the first patient was treated at the NPTC, the IBA proton therapy system has been used successfully in a total of 484 treatment sessions. IBA surpassed its objective in signing sales contracts for two proton therapy systems before the end of 2001, one in November 2001 to the Wanjie Tumor Hospital in Zibo, in the Chinese province of Shandong, and the other in December 2001 to the Chang An Information Industry Group in Xian, in the Chinese province of Shanxi.

However, these sales took place late in the year and the impact was therefore much less than expected in fiscal 2001. The contribution made by proton therapy to the 2001 results is distinctly lower than in fiscal 2000 which benefitted strongly from the contracts with the Tenet Healthcare company cancelled during 2000. This element is a key factor explaining the drop in the Group's EBITDA compared with the year 2000.

On the other hand, these sales should make a significant contribution to the 2002 result. IBA also hopes to be able to add other references to these two first clients during 2002.

#### **Other particle accelerators**

In terms of PET cyclotron sales (PET = positron emission tomography) for the production of FDG, the year 2001 was a record year with a total sales volume of 8 machines.

On the other hand, the year was more disappointing in terms of sterilization and ionization equipment sales, an area affected by restructuration of the American production site at the end of 2001.

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### **Dosimetry**

This third field in the Technology and Equipment pole of activity experienced good growth rates in terms of sales (11 %) in 2001, benefitting from the general growth of radiotherapy. Dosimetry products are essential for quality assurance in the field of radiotherapy, where IBA is the leader with almost 25% of the market.

### **RADIOISOTOPES**

IBA launched a radioisotope production activity for the diagnosis and treatment of cancer in 2001 following acquisition of 80% of Eastern Isotopes and by increasing its participation in the capital of RadioMed.

This sector, which will be a vigorous growth vector over the coming years, contributed €21.1 million to the Group's consolidated sales figure in 2001, i.e. 8.2%.

### **FDG**

IBA's entry into the field of radioisotopes for the diagnosis of cancer has been extremely successful in the United States, where IBA doubled its FDG sales figure in 2001 when compared with the performance of Eastern Isotopes in 2000. IBA opened a new FDG production center in Sanford (Florida) and signed an agreement with the University Hospital of Ghent for the construction of a new FDG production and distribution center. In Europe, IBA filed its application to market the product in Europe. This approval, which opens up access to the French and then the European market, is expected during the course of 2002.

### **Brachytherapy**

In the field of brachytherapy (treatment of cancer using radioactive implants), IBA has installed and put into operation its new cyclotron at the Fleurus site in Belgium. This cyclotron will be devoted mainly to the production of RadioMed Corporation's new-generation linear implant, a patented, FDA-cleared fine helicoidal wire concept. Scheduled to be launched in 2002, this new product will be used to treat prostate cancer.

### **STERILIZATION & IONIZATION**

This sector makes the biggest contribution to IBA's consolidated sales figure, making up €168.3 million or 65.3% of the Group's consolidated sales and services for 2001, compared with €153.4 million in 2000, i.e. 65.0%.

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### **Medical sterilization**

IBA is still the uncontested main player in the medical sterilization service market. This position has enabled IBA to continue to benefit from the growth in the market at a reasonable and increasing profitability rate. The development of this area of activity has been continued with the extension of the Petit-Rechain facility (in Belgium) and the current construction of an E-beam center in Denmark.

### **Food pasteurization**

The approvals expected in the USA food sector have not been granted, as a result of which IBA's activities remained stable in 2001. IBA has readjusted its investments in this area in order to adapt to the market conditions.

### **Advanced applications**

This activity continued to grow in 2001. A particular mention should be given to the service contract obtained with the American postal services (USPS) to sterilize the mail following the threat of contamination with Anthrax. This contract which was signed at the beginning of November generates US\$ 2.4 million per quarter and was renewed at the beginning of 2002.

## **CONSOLIDATED FINANCIAL RESULTS 2001**

The Group's **Sales and services** increased by 9.1 % in 2001 to reach €257.6 million compared with €236.1 million in 2000. This growth was achieved despite the very small contribution made by revenues from the proton therapy business. Eastern Isotopes, acquired in February 2001, showed strong development in the fiscal year, benefitting from its integration into the IBA Group and contributed €20.8 million to the Group's consolidated turnover.

The **Operating result** before provisions, depreciation of fixed assets and translation differences (goodwill), taxes and financial costs (EBITDA) amounted to €60.3 million compared to €69.6 million in 2000, with strong growth (31%) shown by the business activities excluding proton therapy.

The consolidated **Operating result** (EBITA) before amortization of translation differences amounted to €24.4 million and is affected by the substantial increase in depreciations in 2001 resulting from on-going investments undertaken in 1999 and 2000 to develop the Group's overall activities, including R&D as well as production and service sites.

The consolidated **Financial result** is negative to the order of €5.2 million, but is an improvement on the 2000 figure of €10.4 million. It includes an amount of €5.3 million relating to the appreciation of IBA shares held under the Group's own control and used for acquisitions and equity stakes in 2001.

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The **Group's Current result** before taxes, extraordinary items and goodwill amortization amounts to € 19.2 million compared to €26.2 million in 2000. This decrease can be attributed to proton therapy. The current result per share comes to €0.78 in 2001 compared to €1.08 in 2000.

The net tax burden was €2.8 million compared to €0.9 million in 2000, this increase being essentially due to a substantial reduction in value on deferred tax assets booked with a view to exercising greater prudence with regard to the period for recovering fiscal losses.

The **Exceptional result** shows a loss of €26.7 million (compared to €6.1 million in 2000).

The exceptional charges include in particular :

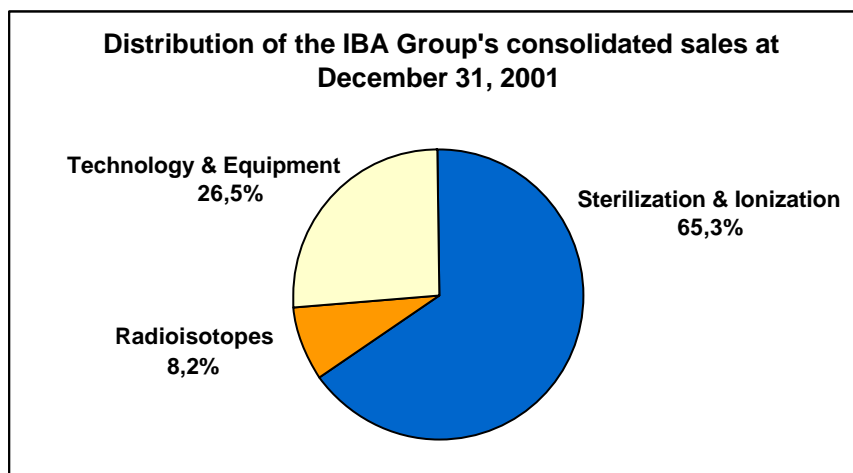
- amortization of € 11.2 million of goodwill for the Sterilization and Ionization business in Europe, deriving from the acquisition of Griffith Micro Science in 1999; the Group has in fact reconsidered the accounting value of this entity given the economic environment and the profitability of this entity which to date is proving to be less than initially anticipated, and
- amortization of € 2.7 million of goodwill relating to the RDI company, the activities of which were restructured during the second half of 2001.

In addition, the Group has fixed at €8.2 million the reduction of the value of certain assets (in particular tangible assets in the area of Sterilization and Ionization for € 6.6 million) for which the accounting value was no longer justified by their estimated economic profitability in particular following steps taken to rationalize production resources in 2001. Organizational changes and restructuration in the Group have also led to the recording of exceptional charges totalling € 1.5 million in redundancy costs in fiscal 2001.

Finally, a total amount of €2.6 million in extraordinary costs has been determined, corresponding mainly to legal costs incurred in searching for a settlement to the litigation with the Titan company (€1.0 million) and in preparing for the private placement, which IBA finally decided to postpone. Taking account of these non-recurring items, therefore, the **Group's net result per share** amounts to a loss of €24.0 million (compared to a profit of €7.0 million in 2000).

The Group's consolidated balance sheet shows a net financial debt amounting to € 191 million compared to € 201 million at the end of June 2001 and € 135 million at the end of December 2000. Available assets on December 31, 2001 amounted to €73 million. Finally, consolidated equity capital amounted to €374 million compared with €391 at the end of 2000.

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### Outlook for 2002

At the operational level, the IBA Group has a two-fold objective for fiscal 2002:

- To continue to improve the profitability of its different activities by pursuing and, if necessary, increasing optimization and rationalization measures defined and implemented during 2001
- To accelerate growth in its most immediately promising markets, such as proton therapy, FDG and brachytherapy (where the first products are expected to be commercialized at the end of 2002).

At the organizational and financial level, the company will undertake major endeavours in 2002 to renew and maximize its chances of gaining access to the American financial market. This move is made necessary and is justified by the fact that the USA accounts for more than 67 % of IBA's commercial opportunities as well as the fact that IBA's competitors listed in the USA benefit from a level of visibility there that is detrimental to IBA, also enjoying frequently and substantially greater liquidity and valuation.

With its unique expertise in the field of particle accelerator technology, IBA is a Group that uniquely combines the advantage of conducting solid and profitable operations with moderate growth (sterilization and ionization) with activities displaying very high growth potential, such as proton therapy and FDG.

In 2002, and from a general point of view, IBA anticipates its revenues and EBITDA to grow no less than 10%.

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### **Note**

The auditor of the consolidated accounts has confirmed that the audit, which has been substantially completed, did not identify any significant adjustments to be made to the financial data contained in this press release.

### **Agenda**

Ordinary General Shareholders Meeting: May 8, 2002.

Announcement of half-yearly results at June 30, 2002 : September 19, 2002.

### **For more information, please contact**

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More extensive information on IBA can be found on the Group's web site at: <http://www.iba-worldwide.com>.

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### APPENDIX

Key figures in €000

	2000	2001	01 vs 00 en %
Sales and services	236,115	257,627	9,11 %
R&D capitalized	14,560	10,885	-25.25 %
Operating result (before goodwill amortization)	36,604	24,432	- 33.25 %
As % sales	15,50 %	9,48%	-
Operating result (after current goodwill amortization)	23,995	10,690	-55.45 %
Financial result	(10,378)	(5,237)	NS
Current result before taxes and goodwill amortization	26,226	19,195	-26.81 %
Current result before taxes (after current goodwill amortization)	13,617	5,453	-59.95 %
Extraordinary result	(6,050)	(26,738)	NS
Current amortization of consolidation goodwill	(12,609)	(13,742)	8.99 %
Result before taxes	7,567	(21,285)	NS
Net result Group share	7,026	(24,039)	NS
Number of shares (1)	24,369,618	24,472,030	0.42 %
Current result per share (2)	1.08	0.78	-27.78 %
Net result per share	0.29	(0.98)	NS
Shareholder equity	390,744	373,902	-
Net financial debt	135,342	190,571	-
Balance sheet total	753,046	766,053	-
Personnel	1,234	1,502	-

(1) Total number of shares issued at December 31.

(2) Current result before taxes and current amortization of goodwill divided by the number of shares existing at December 31, 2001.