

GUIDANCE TO GROWTH

Q1FY2017 EARNINGS CALL

DECEMBER 6, 2016

analogic 

Safe Harbor

Any statements about future expectations, plans, and prospects for the Company, including statements containing the words “believes,” “anticipates,” “plans,” “expects,” and similar expressions, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including risks relating to product development and commercialization, limited demand for the Company’s products, risks associated with competition, uncertainties associated with regulatory agency approvals, competitive pricing pressures, downturns in the economy, the risk of potential intellectual property litigation, acquisition related risks, and other factors discussed in our most recent quarterly or annual report filed with the Securities and Exchange Commission. In addition, the forward-looking statements included in this presentation represent the Company’s views as of the date of this document. While the Company anticipates that subsequent events and developments will cause the Company’s views to change, the Company specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the Company’s views as of any later date.

Use of Non-GAAP Financial Measures

This presentation includes non-GAAP financial measures that are not in accordance with, nor an alternative to, generally accepted accounting principles and may be different from such non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

Management uses non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income and non-GAAP diluted earnings per share to evaluate the Company's operating performance against past periods and to budget and allocate resources in future periods. These non-GAAP measures also assist management in understanding and evaluating the underlying baseline operating results and trends in the Company's business.

With respect to forwarding looking measures, we provide an outlook for our non-GAAP operating margins and earnings. We do not provide operating margin or earnings outlook on a GAAP basis. Many of the items that we exclude from our Non-GAAP operating margin and earnings calculations, such as amortization of intangibles, acquisition related costs, restructuring expenses, and one-time tax adjustments, are less capable of being controlled or reliably predicted by management. These items could cause our GAAP operating margins and earnings to vary materially from the corresponding Non-GAAP figures presented in our outlook statements.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. They are limited in value because they exclude charges that have a material effect on our reported results and, therefore, should not be relied upon as the sole financial measures to evaluate our financial results. The non-GAAP financial measures are meant to supplement, and to be viewed in conjunction with, GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures can be found in the appendix to this presentation and our First Quarter FY2017 press release issued December 6, 2016 available at our website <http://investor.analogic.com>.

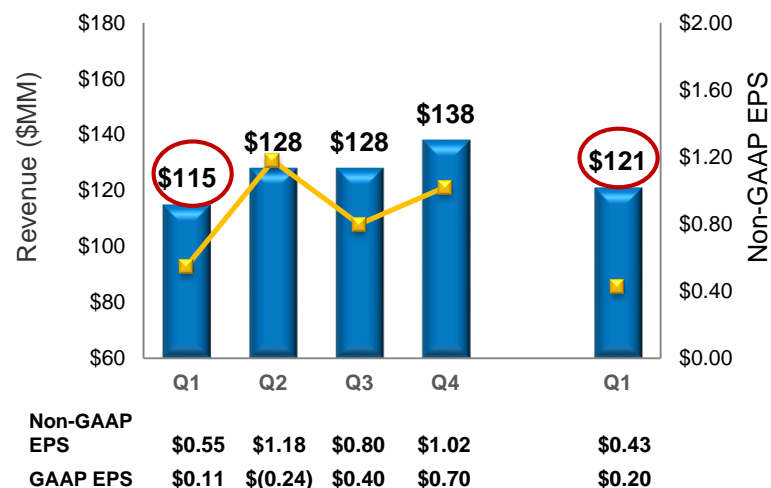
Agenda

- Opening – Fred Parks, President and CEO
- Quarterly Financial Results – Mark Frost, SVP and CFO
- Closing and Outlook – Fred Parks, President and CEO
- Q&A

Q1 FY17 Financial Highlights

- Revenue \$121M, up 5% on growth in Security and Medical Imaging
- GAAP Gross Margin 43%, down 2 pts.
- GAAP* Operating Margin 3%, Non-GAAP Operating Margin of 6%
- GAAP EPS \$0.20, up \$0.09
 - Includes \$0.10 of CEO transition expenses
 - FY2016 EPS includes \$0.17 of restructuring charges
- Non-GAAP* EPS \$0.43, down \$0.12
 - Includes \$0.10 of CEO transition expenses
 - Tax rate up 2 pts. from Q1 2016 due to geographic mix

Revenue and Non-GAAP EPS*



* Non-GAAP operating margin/income figures exclude certain charges; please refer to the non-GAAP reconciliation table in the back of this presentation and in Analogic's Q1 FY 2017 earnings release available at <http://investor.analogic.com>.

Q1 FY17 Financial Results

(in millions, except per share data)

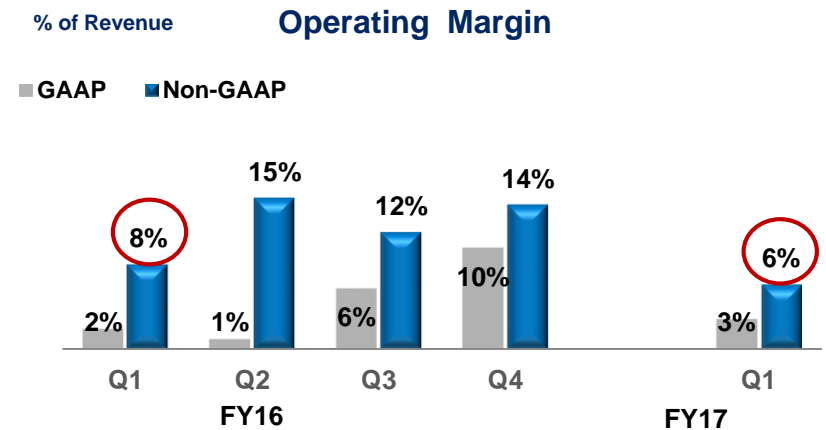
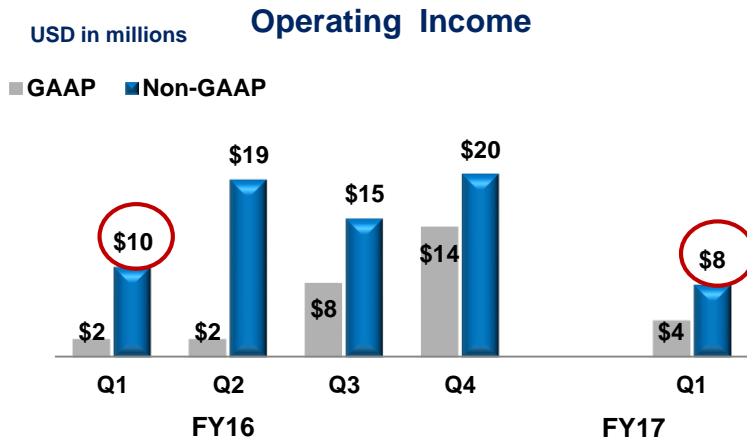
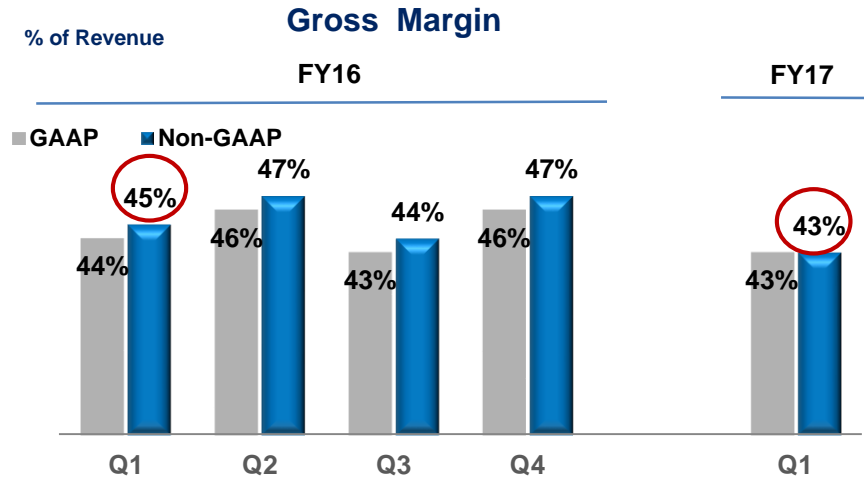
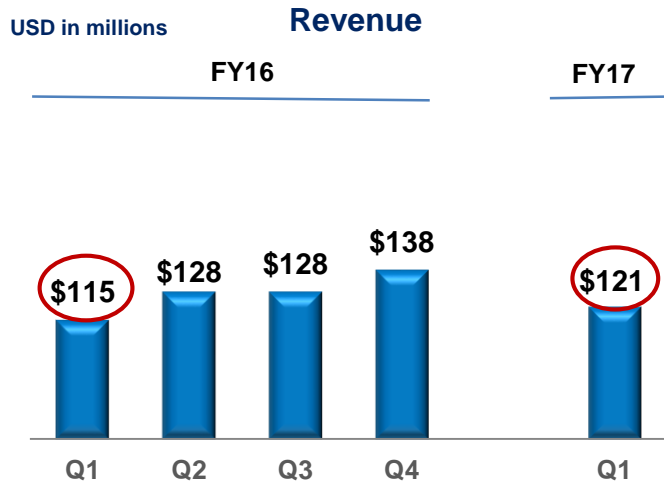
	GAAP		Non-GAAP	
	Three months ended October 31		Three months ended October 31	
	Q1 FY17	Q1 FY16	Q1 FY17	Q1 FY16
Products	\$ 120.2	\$ 114.1	\$ 120.4	\$ 114.2
Engineering	0.9	0.8	0.9	0.8
Total Revenue	\$ 121.1	\$ 114.9	\$ 121.3	\$ 115.0
Gross Profit	51.6	50.9	52.6	52.0
Gross Margin	42.6%	44.3%	43.4%	45.2%
Research & Development	15.9	17.2	15.5	16.7
Selling & Marketing	18.2	15.2	16.5	13.7
General & Administrative	13.6	13.2	12.8	11.9
Restructuring	0.0	3.3	-	-
Operating Expenses	47.7	49.0	44.8	42.2
Op Ex % of Revenue	39.4%	42.6%	37.0%	36.7%
Operating Income	4.0	2.0	7.8	9.7
Operating Margin	3.3%	1.7%	6.4%	8.5%
Other Expense	(0.4)	(0.5)	(0.4)	(0.5)
Income Before Taxes	3.5	1.5	7.3	9.3
Income Tax Provision	1.0	0.2	2.0	2.3
Effective tax rate	27.9%	10.1%	26.6%	24.9%
Net Income	\$ 2.5	\$ 1.4	\$ 5.4	\$ 7.0
Diluted EPS	\$ 0.20	\$ 0.11	\$ 0.43	\$ 0.55

- GAAP Operating Expenses decreased \$1.3M; restructuring in prior year mainly offset by \$1.8M of CEO transition expenses increased and increased SG&A due to Oncura acquisition
- Non-GAAP Operating Expenses increased \$2.6M; increased SG&A due to Oncura acquisition and \$1.8M of CEO transition expenses offset by lower R&D
- GAAP Operating Margin is up 1.5 pts. due primarily to \$3.3M of restructuring expense in Q1'16
- GAAP tax rate higher due to favorable discrete items in Q1 '16 reducing our run-rate tax-rate for FY16
- Non-GAAP Income tax rate is up 1.7 pts. compared to Q1'16 due to geographic mix of earnings

* Non-GAAP operating margin/income figures exclude certain charges; please refer to the non-GAAP reconciliation table in the back of this presentation and in Analogic's Q1 FY 2017 earnings release available at <http://investor.analogic.com>.

(Amounts and percentages may not foot due to rounding to millions)

Quarterly Performance Trends



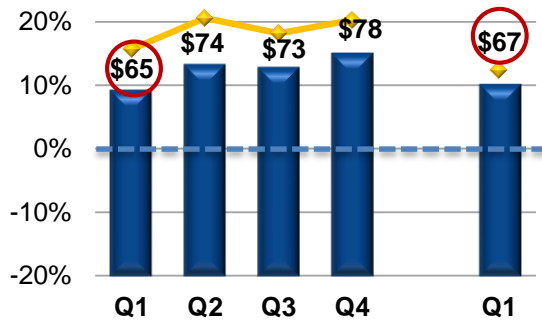
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Operating Performance by Segment

Revenue \$M and Non-GAAP* Operating Margin Trend

Medical Imaging

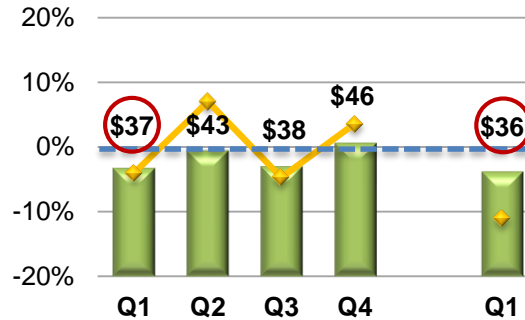
FY16 FY17



	Q1	Q2	Q3	Q4	Q1
Non-GAAP OM	16%	21%	18%	20%	12%
GAAP OM	10%	16%	14%	17%	10%

Ultrasound

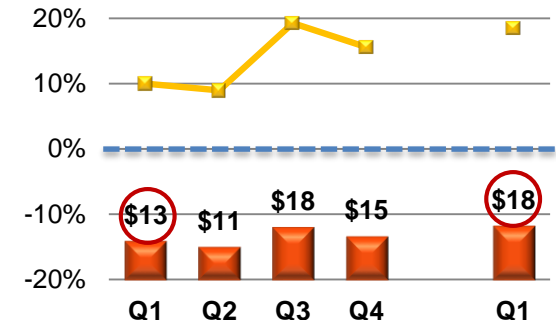
FY16 FY17



	Q1	Q2	Q3	Q4	Q1
Non-GAAP OM	-5%	7%	-5%	4%	-11%
GAAP OM	-12%	-23%	-13%	-2%	-16%

Security & Detection

FY16 FY17



	Q1	Q2	Q3	Q4	Q1
Non-GAAP OM	10%	9%	19%	16%	18%
GAAP OM	2%	-2%	14%	11%	17%

— Non-GAAP Operating Margin*

- **Medical Imaging** up 3% on timing of MRI offset by CT and Mammography; non-GAAP op margin down 4 pts due primarily to product/customer mix coupled with CEO transition expense allocation
- **Ultrasound** direct revenue up 7%, overall down 2%. Strong growth in China/Asia and North America in POC/Vet was offset by OEM probes; non-GAAP op margin down 6 pts primarily due to addition of Oncura cost structure coupled with CEO transition expense allocation
- **Security & Detection** revenue up 36% on higher sales from all product lines; non-GAAP op margin up 8 pts. from operating leverage at higher revenues partially offset by CEO transition expense allocation

* Non-GAAP operating margin/income figures exclude certain charges; please refer to the non-GAAP reconciliation table in the back of this presentation and in Analogic's Q1 FY 2017 earnings release available at <http://investor.analogic.com>.

Working Capital and Cash Flow

(Unaudited - in millions)

	Q1 FY17	Q4 FY16	Q3 FY16	Q2 FY16	Q1 FY16
Cash and Investments	\$ 142.0	\$ 118.7	\$ 128.1	\$ 120.1	\$ 130.5
Accounts receivable	91.9	112.4	95.3	95.2	93.8
Inventories	145.3	145.5	153.5	149.7	144.6
Other Working Capital, Net	(62.6)	(66.3)	(69.9)	(63.8)	(50.9)
Non-Cash Working Capital	174.6	191.6	178.8	181.1	187.6
Net Working Capital	\$ 316.6	\$ 310.3	\$ 307.0	\$ 301.2	\$ 318.1

Cash Flow

(Unaudited - in millions)

	Q1 FY17	Q4 FY16	Q3 FY16	Q2 FY16	Q1 FY16
Operating Cash Flow from operations	\$ 26.5	\$ (1.9)	\$ 16.0	\$ 5.2	\$ 13.7
Capital Spending	3.3	3.5	5.1	1.7	2.8
Free cash flow*	23.2	(5.4)	10.9	3.5	10.9
Stock repurchased and dividends paid	1.2	3.2	5.8	4.9	4.9
Cash flow after stock repurchase and dividends	\$ 22.0	\$ (8.6)	\$ 5.1	\$ (1.4)	\$ 6.0

- **Accounts receivable** declined \$20 million sequentially due to timing of shipments and customer payments
- **Inventory** flat sequentially
- **Operating cash flow** of \$27M in Q1, **Free cash** flow of \$23M
- **Capital Expenditures** of \$3M in Q1 consistent with last year

(Amounts may not foot due to rounding to millions)

Closing Comments / Q&A

Appendix

Non-GAAP Statement of Operations Reconciliation

NON-GAAP STATEMENTS OF OPERATIONS RECONCILIATION

(In thousands, except per share data)

	Three Months Ended	
	October 31, 2016	October 31, 2015
GAAP Income From Operations	\$ 3,953	\$ 1,988
Share-based compensation expense (Note 1)	1,563	2,382
Acquisition-related revenues and expenses (Note 2)	2,212	2,061
BK Medical distributor matter inquiry related costs (Note 3)	4	26
Restructuring (Note 4)	32	3,283
Non-GAAP Income From Operations	<u>\$ 7,764</u>	<u>\$ 9,740</u>
Percentage of Total Net Revenue	6%	8%
GAAP Tax Provision (Note 5)	\$ 980	\$ 154
GAAP Tax Rate	27.9%	10.1%
Non-GAAP Tax Provision (Note 5)	1,950	2,312
Non-GAAP Tax Rate	26.6%	24.9%
GAAP Net Income	\$ 2,531	\$ 1,376
Share-based compensation expense (Note 1)	1,066	1,684
Acquisition-related revenues and expenses (Note 2)	1,752	1,722
BK Medical distributor matter inquiry related costs (Note 3)	2	17
Restructuring (Note 4)	21	2,171
Non-GAAP Net Income	<u>\$ 5,372</u>	<u>\$ 6,970</u>
Percentage of Total Net Revenue	4%	6%
GAAP Diluted Net Income Per Share	\$ 0.20	\$ 0.11
Effect of non-GAAP adjustments	\$ 0.23	\$ 0.44
Non-GAAP Diluted Net Income Per Share	<u>\$ 0.43</u>	<u>\$ 0.55</u>

(Amounts may not foot due to rounding to millions)

Non-GAAP Statement of Operations Reconciliation

(In thousands, except per share data)

	31-Oct-15	31-Jan-16	30-Apr-16	31-Jul-16	31-Oct-16
GAAP Income From Operations	\$ 1,988	\$ 1,509	\$ 7,626	\$ 14,090	\$ 3,953
Share-based compensation expense	2,382	1,760	2,934	1,720	1,563
BK Medical distributor matter inquiry related costs	26	10,208	39	195	4
Restructuring	3,283	3,147	1,839	1,372	32
Acquisition-related revenues and expenses	2,061	2,492	2,462	2,360	2,212
Non-GAAP Income From Operations	<u>\$ 9,740</u>	<u>\$ 19,116</u>	<u>\$ 14,900</u>	<u>\$ 19,737</u>	<u>\$ 7,764</u>
Percentage of Total Net Revenue	8%	15%	12%	14%	6%
GAAP Other Income (Expense), net	\$ (458)	\$ (3,507)	\$ (934)	\$ 3	\$ (442)
BK Medical distributor matter inquiry related costs	-	3,211	-	-	-
Non-GAAP Other Income (Expense), net	<u>\$ (458)</u>	<u>\$ (296)</u>	<u>\$ (934)</u>	<u>\$ 3</u>	<u>\$ (442)</u>
Percentage of Total Net Revenue	0%	0%	-1%	0%	0%
GAAP Net Income (Loss)	\$ 1,376	\$ (2,985)	\$ 4,970	\$ 8,767	\$ 2,531
Share-based compensation expense	1,684	1,228	1,996	1,121	1,066
BK Medical distributor matter inquiry related costs	17	12,640	30	133	2
Restructuring	2,171	2,010	1,146	858	21
Acquisition related revenues, expenses and loss	1,722	1,989	1,958	1,898	1,752
Non-GAAP Net Income	<u>\$ 6,970</u>	<u>\$ 14,882</u>	<u>\$ 10,100</u>	<u>\$ 12,777</u>	<u>\$ 5,372</u>
Percentage of Total Net Revenue	6%	12%	8%	9%	4%
GAAP Diluted Net Income (Loss) Per Share	\$ 0.11	\$ (0.24)	\$ 0.40	\$ 0.70	\$ 0.20
Effect of non-GAAP adjustments	0.44	1.43	0.40	0.32	0.23
Non-GAAP Diluted Net Income Per Share	<u>\$ 0.55</u>	<u>\$ 1.18</u>	<u>\$ 0.80</u>	<u>\$ 1.02</u>	<u>\$ 0.43</u>

(Amounts may not foot due to rounding to millions)

Non-GAAP Segment Financial Reconciliation

(in thousands, except per share data)

	Three Months Ended				
	31-Oct-15	31-Jan-16	30-Apr-16	31-Jul-16	31-Oct-16
Medical Imaging					
GAAP Income (Loss) from Operations	\$ 6,249	\$ 11,636	\$ 10,198	\$ 13,403	\$ 6,722
Share-based compensation expense	1,054	708	1,394	779	889
Restructuring	1,975	1,830	920	903	20
Acquisition related expenses	749	981	774	745	733
Non-GAAP Income From Operations	\$ 10,027	\$ 15,155	\$ 13,285	\$ 15,829	\$ 8,363
Percentage of Total Net Revenue	15%	21%	18%	20%	12%
Ultrasound					
GAAP Income (Loss) from Operations	\$ (4,421)	\$ (9,938)	\$ (4,938)	\$ (860)	\$ (5,807)
Share-based compensation expense	744	522	830	513	415
BK Medical distributor matter inquiry related costs	26	10,208	39	195	4
Restructuring	735	786	652	207	6
Acquisition related expenses	1,278	1,410	1,647	1,582	1,428
Non-GAAP Income (Loss) From Operations	\$ (1,639)	\$ 2,987	\$ (1,770)	\$ 1,636	\$ (3,954)
Percentage of Total Net Revenue	-4%	7%	-5%	4%	-11%
Security and Detection					
GAAP Income (Loss) from Operations	\$ 160	\$ (189)	\$ 2,366	\$ 1,547	\$ 3,038
Share-based compensation expense	584	530	711	428	259
Restructuring	573	531	267	262	6
Acquisition related expenses	35	102	42	33	52
Non-GAAP Income (Loss) From Operations	\$ 1,352	\$ 974	\$ 3,386	\$ 2,271	\$ 3,355
Percentage of Total Net Revenue	10%	9%	19%	16%	18%
Analogic					
GAAP Income (Loss) from Operations	\$ 1,988	\$ 1,509	\$ 7,626	\$ 14,090	\$ 3,953
Share-based compensation expense	2,382	1,760	2,934	1,720	1,563
BK Medical distributor matter inquiry related costs	26	10,208	39	195	4
Restructuring	3,283	3,147	1,839	1,372	32
Acquisition related expenses	2,061	2,492	2,462	2,360	2,212
Non-GAAP Income From Operations	\$ 9,740	\$ 19,116	\$ 14,900	\$ 19,737	\$ 7,764
Percentage of Total Net Revenue	8%	15%	12%	14%	6%

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Thank You