

First Quarter FY2012 Earnings Call

December 8, 2011

Innovative Solutions for Life



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, and other factors discussed in our most recent quarterly 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 Financials

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.

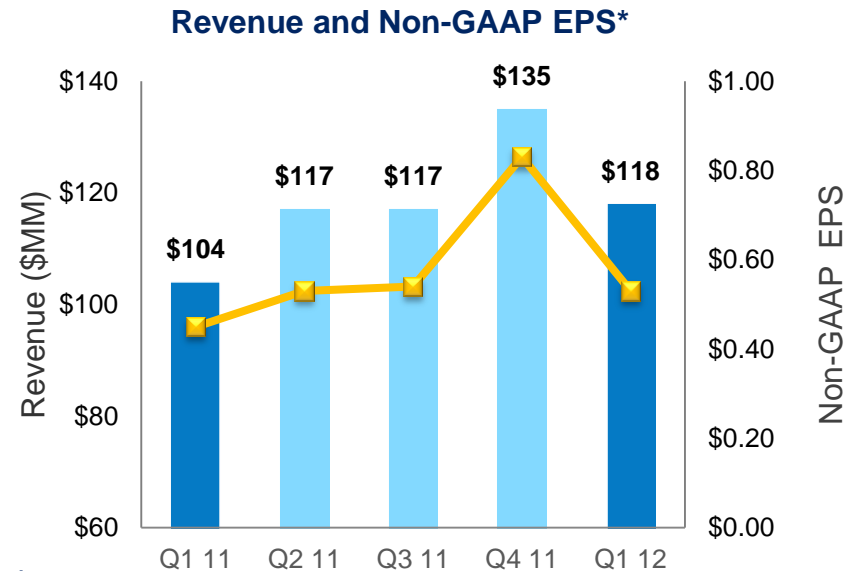
Management uses non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margin, non-GAAP income before tax, non-GAAP net income and non-GAAP diluted earnings per share to evaluate the Company's operating performance against past periods and to budget and allocate resources in future periods.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

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 our First Quarter FY2012 press release issued December 8th, 2011 available at our website <http://investor.analogic.com>.

Q1 '12 Financial Highlights

Strong Year-over-Year Revenue and EPS growth

- Revenue \$118MM, up 14% from Q1 '11
- Operating Margin 5%, Non-GAAP* 8%
- Diluted EPS \$0.32, up 60% from Q1 '11
- Non-GAAP EPS* \$0.53, up 15% from Q1 '11



* Please see Non-GAAP reconciliation in the Appendix and in our quarterly earnings announcement



Q1 '12 Business Highlights

- Medical Imaging revenue up 13%
 - Digital mammography was key growth driver
 - MRI and CT revenue growth led by premium products
 - Motion control revenue declined, primarily on sale of small U.K. motion operation

- Ultrasound revenue up 22%*
 - Direct up 19%* driven by growth of Flex Focus sales in the U.S.
 - OEM transducers up due to acquisition
 - First shipments of new ultrasound system for robotic surgery

* Includes 2 pts. of favorable currency impact
Ultrasound Segment now includes OEM transducers, formerly in Medical Imaging



Q1 '12 Business Highlights (continued)

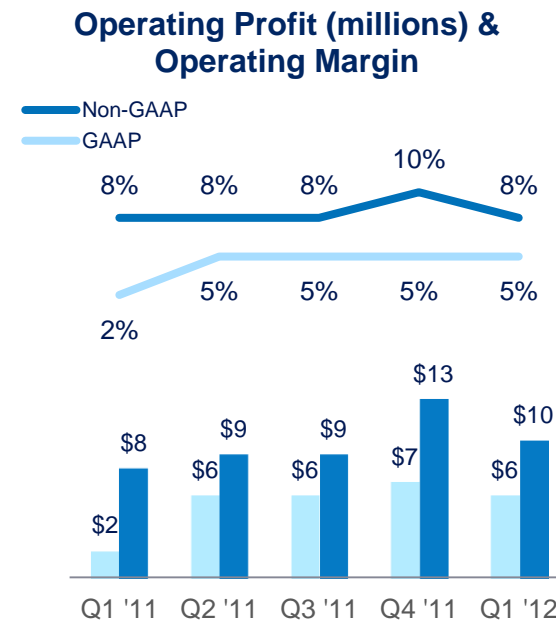
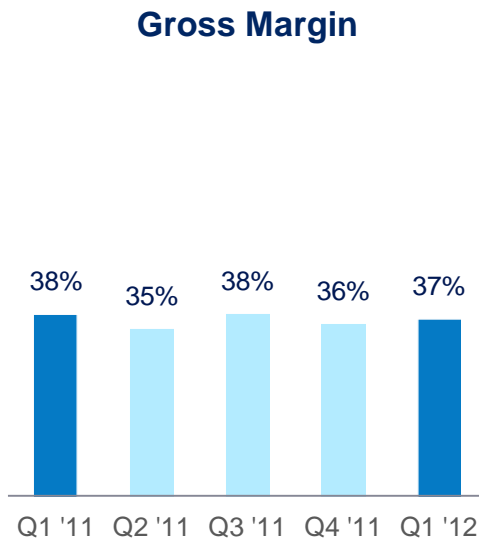
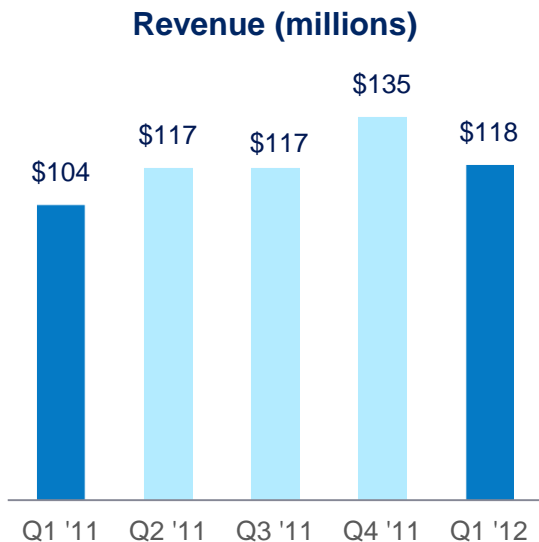
- Security transitioning to product revenue
 - 35% growth in product revenue
 - Revenue down 6% overall from lower customer funded engineering as we near completion of current key projects
 - Received \$20MM production order for reduced size and high speed systems (after quarter end)
 - EU regulations revised to extend deadline for mandatory conversion to CT level detection by two years

- Other business highlights
 - Established \$100MM 5-year revolving line of credit
 - Completed \$30MM stock repurchase program; Board authorized new \$30MM stock repurchase (after quarter end)



Financial Results

Analogic Quarterly Performance



- **Revenue** growth in Medical Imaging (13%) and Ultrasound (22%*)
- **Gross margin** unfavorably impacted by manufacturing yields
- **Non-GAAP operating margin** maintained at 8%, grew Non-GAAP operating profit dollars by 16%

* Includes 2 pts. of favorable currency impact

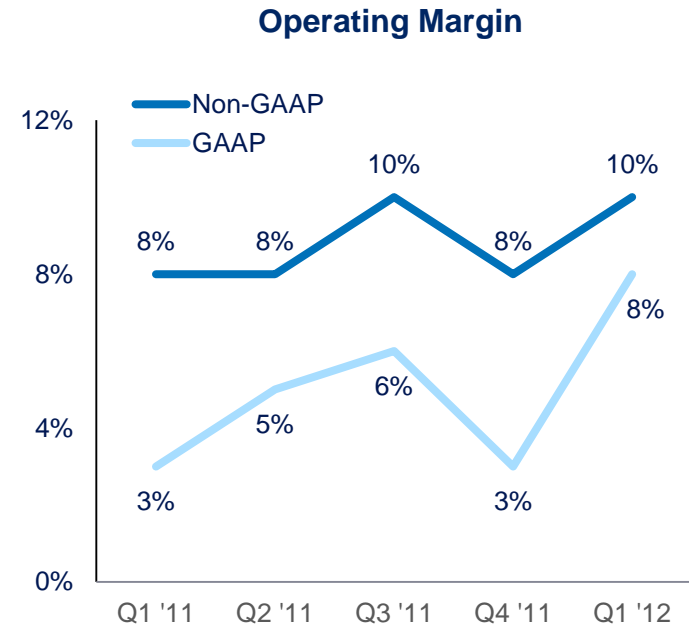
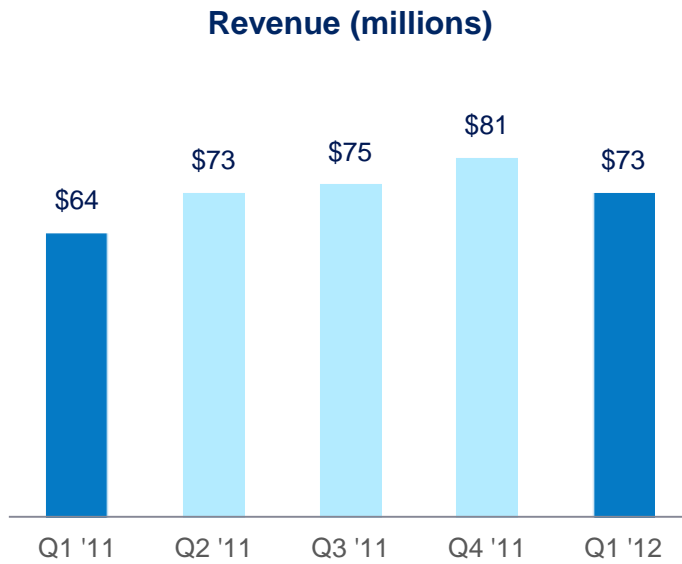


Q1 FY 2012 Financial Results

Unaudited - \$ Millions ex. EPS	As Reported		Non-GAAP	
	Q1 FY 12	Q1 FY 11	Q1 FY 12	Q1 FY 11
Products	\$ 114.0	\$ 96.7	\$ 114.0	\$ 96.7
Engineering	3.9	7.1	3.9	7.1
Total Revenue	117.9	103.8	117.9	103.8
Gross Profit	43.0	39.0	43.5	39.4
Gross Margin % of Revenue	37%	38%	37%	38%
Operating Expenses before Restructuring	37.4	33.2	33.9	31.1
Restructuring	0.0	3.6	0.0	0.0
Operating Expenses	37.4	36.8	33.9	31.1
Op Ex % of Revenue	32%	35%	29%	30%
Operating Income	5.6	2.2	9.6	8.3
Operating Margin	5%	2%	8%	8%
Net Income from Continuing Operations	\$ 4.0	\$ 1.4	\$ 6.7	\$ 5.5
Net Income	\$ 4.0	\$ 2.6	\$ 6.7	\$ 5.8
Effective Tax Rate	32%	35%		
EPS Continuing Operations	\$0.32	\$0.11	\$0.53	\$0.44
EPS Diluted	\$0.32	\$0.20	\$0.53	\$0.46



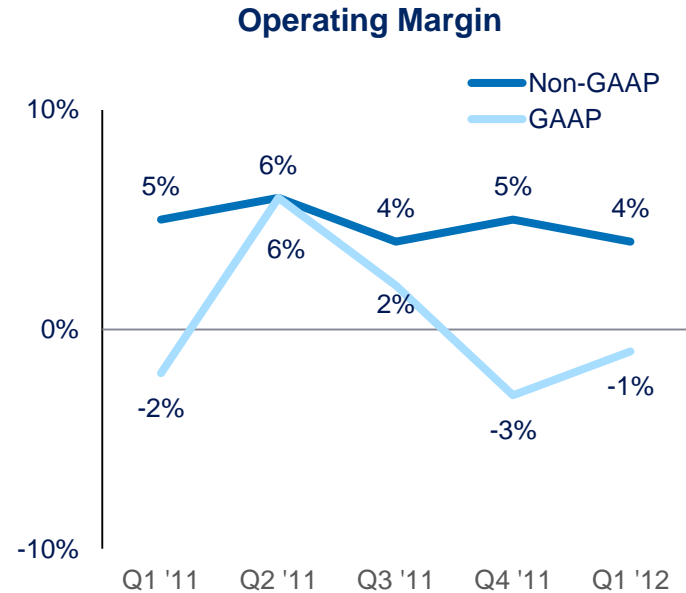
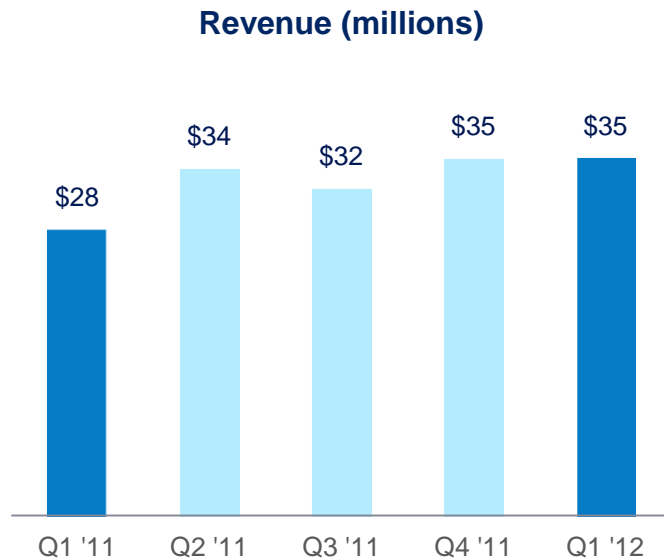
Medical Imaging Quarterly Performance



- **Revenue** growth of 13%, led by mammography on increasing volume with Siemens, along with increased sales of premium MRI and CT products; Motion control sales declined primarily from divestiture of U.K. operation
- **Non-GAAP operating margin** reached double digit level (10%) on improved operating efficiency

Note: OEM transducer business was previously reported within the Medical Imaging segment and is now reported in the Ultrasound segment

Ultrasound Quarterly Performance



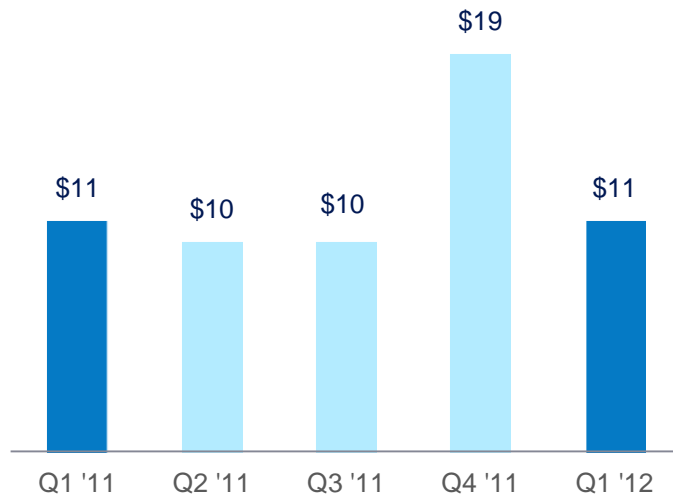
- **Revenue** up 22%*; Direct end-user systems business grew 19%*, with over 20% growth in U.S.
 - OEM transducer business** growth from Tetrad product line (acquired Q2 last year)
- **GAAP operating margin** unfavorably impacted by expenses of \$1.4MM (4pts) resulting from BK distributor matter and \$0.9MM (2pts) from organization transition and clean-up
 - Non-GAAP results exclude portion (\$1MM) of distributor matter-related charges associated specifically with inquiry rather than ongoing business

* Includes 2 pts. of favorable currency impact

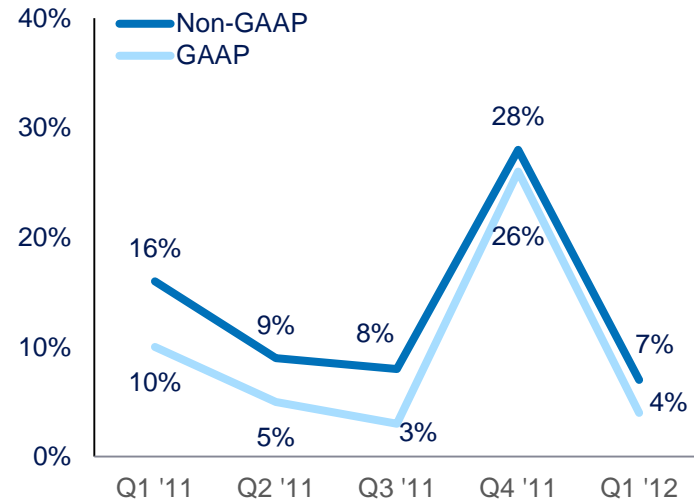
** OEM transducer business was previously reported within the Medical Imaging segment and is now reported in the Ultrasound segment

Security Quarterly Performance

Revenue (millions)



Operating Margin



- **Revenue** down 6%; Product revenue growth of 35% offset by lower engineering revenue as we near completion of key development projects
- **Operating margin** decreased on lower funded R&D

Key Financial Data

Working Capital	Q1 FY12	Q4 FY11
(Unaudited - in millions)		
Cash and Investments	\$ 151.1	\$ 169.7
Accounts receivable	85.9	88.6
Inventories	109.5	105.5
Other Working Capital, Net	(60.9)	(69.3)
Non-Cash Working Capital	134.5	124.7
Net Working Capital	\$ 285.6	\$ 294.4

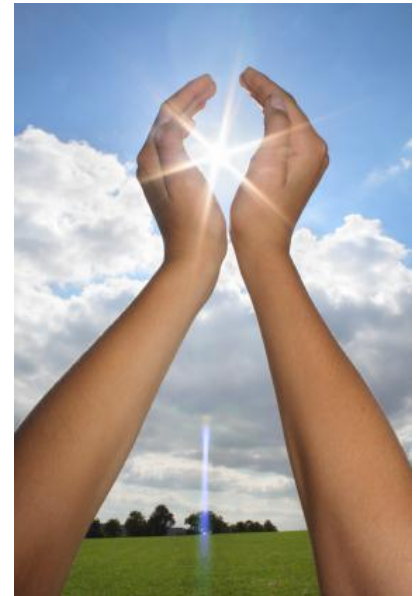
Cash Flow	Q1 FY12	Q1 FY11
(Unaudited - in millions)		
Operating Cash Flow from continuing operations	\$ 2.8	\$ 0.5
Capital Spending	6.8	3.7
Stock repurchased and dividends paid	13.2	1.3
Free Cash Flow *	(\$17.2)	(\$4.5)

- **Cash** decreased from Q4 '11 primarily from stock repurchase program (232K shares for \$11.8MM), offset by positive operating cash flows
- **Capital spending** increase from Q1 '11 is driven by spending on Shanghai facility

*Free cash flow is defined as operating cash minus capital spending and dividends/repurchase

Summary and Future Outlook

- Medical Imaging growth ahead of market
 - New product introductions in CT and MRI, and continued mammography penetration
 - Motion control impacted by softening in semi-conductor market
- Ultrasound sales continue to outperform the market
 - Expanded sales coverage coming up to quota, further expansion in progress
 - FlexFocus product line expansion including ART™ for Robotic-Assisted Surgery
- Security steady in the year and positioning for long term growth
 - Transitioning to product revenues as we near completion of new projects
 - Incremental U.S. demand for reduced size and medium speed and OUS for high speed
- Operating leverage from consolidations improves margins throughout the year
- Overall we expect mid to upper single digit revenue growth
- We maintain our 10% non-GAAP operating margin outlook



Appendix

Segment Financial Summary

Unaudited - \$ Millions

	Fiscal Quarters	
	Q1 FY12	Q1 FY11
Product Revenue		
Medical Imaging	\$ 70.3	\$ 61.6
Ultrasound	34.6	28.4
Security Technology	9.1	6.7
Total Product Revenue	\$ 114.0	\$ 96.7
Engineering Revenue		
Medical Imaging	\$ 2.4	\$ 2.5
Security Technology	1.5	4.6
Total Engineering Revenue	\$ 3.9	\$ 7.1
Net Revenue		
Medical Imaging	\$ 72.7	\$ 64.1
Ultrasound	34.6	28.4
Security Technology	10.6	11.3
Total Net Revenue	\$ 117.9	\$ 103.8
Operating income		
Medical Imaging	\$ 5.5	\$ 1.7
Ultrasound	(0.3)	(0.6)
Security Technology	0.4	1.1
Total Operating Income	\$ 5.6	\$ 2.2

Non-GAAP Statements of Operations Reconciliation

(In thousands, except per share data)

	Three months Ended	
	October 31, 2011	October 31, 2010
Gross Profit, As Reported	\$ 43,026	\$ 39,019
Share-based compensation expense	132	118
Acquisition related expenses	303	282
Non-GAAP Gross Profit	<u>\$ 43,461</u>	<u>\$ 39,419</u>
Percentage of Total Net Revenue	36.9%	38.0%
Operating Expenses, As Reported	\$ 37,442	\$ 36,821
Share-based compensation expense	(2,119)	(1,664)
B-K distributor matter inquiry related costs	(997)	-
Restructuring	-	(3,562)
Acquisition related expenses	(463)	(451)
Non-GAAP Operating Expenses	<u>\$ 33,863</u>	<u>\$ 31,144</u>
Percentage of Total Net Revenue	28.7%	30.0%
Income From Operations, As Reported	\$ 5,584	\$ 2,198
Share-based compensation expense	2,251	1,782
B-K distributor matter inquiry related costs	997	-
Restructuring	-	3,562
Acquisition related expenses	766	733
Non-GAAP Income From Operations	<u>\$ 9,598</u>	<u>\$ 8,275</u>
Percentage of Total Net Revenue	8.1%	8.0%
Income From Continuing Operations Before Income Taxes, As Reported	\$ 5,895	\$ 2,140
Share-based compensation expense	2,251	1,782
B-K distributor matter inquiry related costs	997	-
Restructuring	-	3,562
Acquisition related expenses	766	733
Non-GAAP Income From Continuing Operations Before Income Taxes	<u>\$ 9,909</u>	<u>\$ 8,217</u>
Percentage of Total Net Revenue	8.4%	7.9%



Non-GAAP Statements of Operations Reconciliation (continued)

(In thousands, except per share data)

	Three months Ended	
	October 31, 2011	October 31, 2010
Income From Continuing Operations, As Reported	\$ 4,026	\$ 1,381
Share-based compensation expense	1,551	1,206
B-K distributor matter inquiry related costs	639	-
Restructuring	-	2,474
Acquisition related expenses	491	465
Non-GAAP Income From Continuing Operations	<u>\$ 6,707</u>	<u>\$ 5,526</u>
Percentage of Total Net Revenue	5.7%	5.3%
Diluted Net Income Per Share From Continuing Operations, As Reported	\$ 0.32	\$ 0.11
Effect of non-GAAP adjustments	0.21	0.33
Non-GAAP Diluted Net Income Per Share From Continuing Operations	<u>\$ 0.53</u>	<u>\$ 0.44</u>
Net Income, As Reported	\$ 4,026	\$ 2,594
Share-based compensation expense	1,551	1,206
B-K distributor matter inquiry related costs	639	-
Restructuring	-	2,474
Acquisition related expenses	491	465
Gain on sale of discontinued operation	-	(924)
Non-GAAP Net Income	<u>\$ 6,707</u>	<u>\$ 5,815</u>
Percentage of Total Net Revenue	5.7%	5.6%
Diluted Net Income Per Share, As Reported	\$ 0.32	\$ 0.20
Effect of non-GAAP adjustments	0.21	0.26
Non-GAAP Diluted Net Income Per Share	<u>\$ 0.53</u>	<u>\$ 0.46</u>

Non-GAAP Segment Financial Reconciliation (continued)

(In thousands, except per share data)

	Three months Ended				
	October 31, 2010	January 31, 2011	April 30, 2011	July 31, 2011	October 31, 2011
Medical Imaging					
Income From Operations, As Reported	\$ 1,687	\$ 3,503	\$ 4,746	\$ 2,744	\$ 5,482
Share-based compensation expense	1,156	1,804	1,774	1,428	1,208
B-K distributor matter inquiry related costs	-	-	-	-	-
Restructuring	1,537	(85)	-	1,377	-
Acquisition related expenses	733	734	732	732	733
Non-GAAP Income From Operations	<u>\$ 5,113</u>	<u>\$ 5,956</u>	<u>\$ 7,252</u>	<u>\$ 6,281</u>	<u>\$ 7,423</u>
Percentage of Total Net Revenue	8.0%	8.2%	9.7%	7.7%	10.2%
Ultrasound					
Income (Loss) From Operations, As Reported	\$ (606)	\$ 2,091	\$ 615	\$ (1,019)	\$ (341)
Share-based compensation expense	390	552	539	597	725
B-K distributor matter inquiry related costs	-	-	-	-	997
Restructuring	1,582	(34)	-	2,120	-
Acquisition related expenses	-	(642)	55	33	33
Non-GAAP Income From Operations	<u>\$ 1,366</u>	<u>\$ 1,967</u>	<u>\$ 1,209</u>	<u>\$ 1,731</u>	<u>\$ 1,414</u>
Percentage of Total Net Revenue	4.8%	5.8%	3.7%	5.0%	4.1%
Security Technology					
Income From Operations, As Reported	\$ 1,117	\$ 544	\$ 336	\$ 4,978	\$ 443
Share-based compensation expense	236	416	430	316	318
B-K distributor matter inquiry related costs	-	-	-	-	-
Restructuring	443	(15)	-	141	-
Acquisition related expenses	-	-	-	-	-
Non-GAAP Income From Operations	<u>\$ 1,796</u>	<u>\$ 945</u>	<u>\$ 766</u>	<u>\$ 5,435</u>	<u>\$ 761</u>
Percentage of Total Net Revenue	15.9%	9.1%	7.5%	28.2%	7.2%
Analogic					
Income From Operations, As Reported	\$ 2,198	\$ 6,138	\$ 5,697	\$ 6,703	\$ 5,584
Share-based compensation expense	1,782	2,772	2,743	2,341	2,251
B-K distributor matter inquiry related costs	-	-	-	-	997
Restructuring	3,562	(134)	-	3,638	-
Acquisition related expenses	733	92	787	765	766
Non-GAAP Income From Operations	<u>\$ 8,275</u>	<u>\$ 8,868</u>	<u>\$ 9,227</u>	<u>\$ 13,447</u>	<u>\$ 9,598</u>
Percentage of Total Net Revenue	8.0%	7.6%	7.9%	9.9%	8.1%

