

# Third Quarter FY2012 Earnings Call

June 6, 2012

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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.

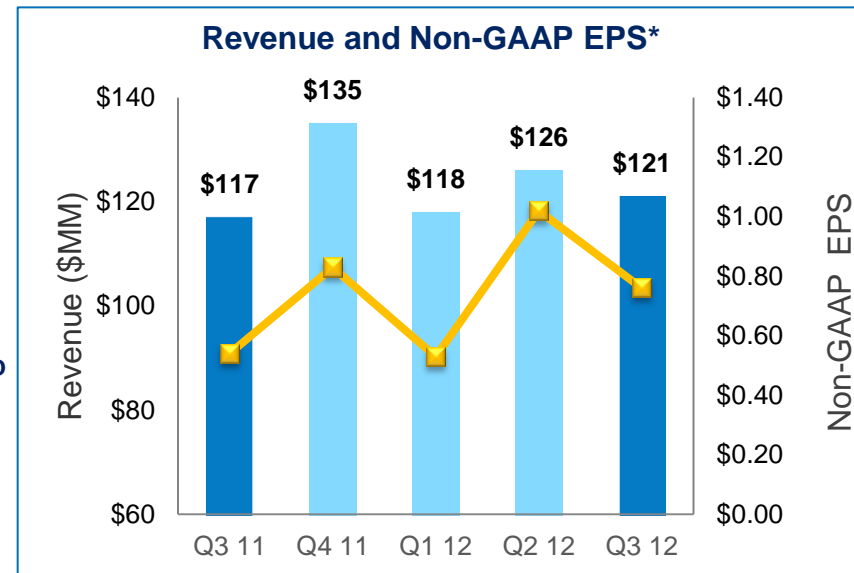
Management uses non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margin, non-GAAP income before tax, non-GAAP net income and non-GAAP diluted earnings per share to evaluate the Company's operating performance against past periods and to budget and allocate resources in future periods. 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 the appendix to this presentation and our Third Quarter FY2012 press release issued June 6th, 2012 available at our website <http://investor.analogic.com>.

# Q3 '12 Financial Highlights

*Significant increase in profitability on continuing revenue growth*

- Revenue \$121MM, up 3% from Q3 '11
- GAAP Operating Margin up 3pts to 8% (operating profit up 73%)
- Non-GAAP\* Operating Margin up 3pts to 11% (non-GAAP operating profit up 40%)
- GAAP EPS \$0.59, up 69%
- Non-GAAP EPS\* \$0.76, up 41%



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

# Q3 '12 Business Highlights

- **Medical Imaging revenue down 2% from Q3 '11**
  - Continued strong growth in premium MRI business
  - CT revenue down primarily due to changes in customer ordering patterns; expect recovery next quarter
  - Mammography grew at slower pace on European headwinds
  - Motion control remains down; expect to stabilize in early FY'13
  
- **Ultrasound revenue up 5%\* from Q3 '11**
  - Expanded U.S. sales coverage drove strong double digit growth
  - Challenges in Europe and distributor transitions in Russia and China impacted overall growth
  - Ultrasound guidance for robotic surgery gaining further traction
  - Continued strength in transducer sales

\* Includes unfavorable currency impact of 2 pts. versus Q3 '11



Flex Focus 800



# Q3 '12 Business Highlights (continued)

- **Security revenue up 43% from Q3 '11**
  - Revenue driven by growth in medium speed unit shipments
  - Demand picking up for reduced size units
  - Early demand growing for high speed in-line
  - Smiths Detection unveiled their next generation high speed checked baggage system incorporating Analogic CT Technology

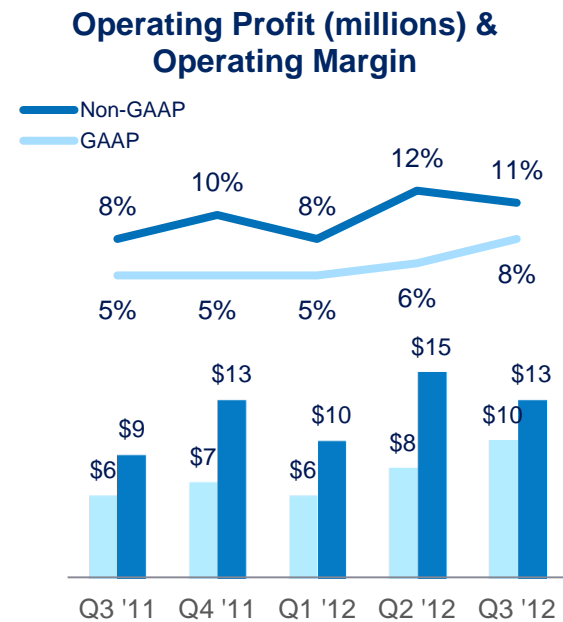
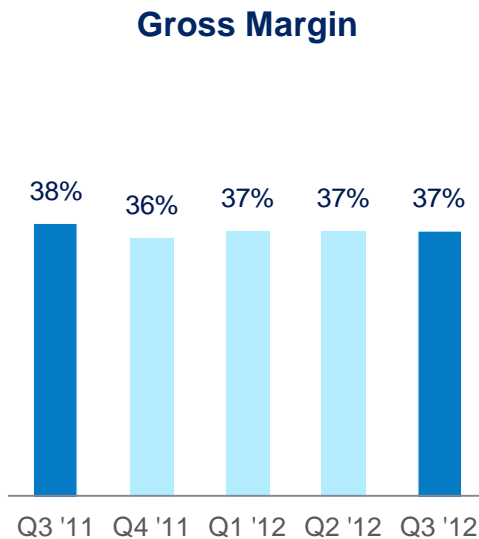
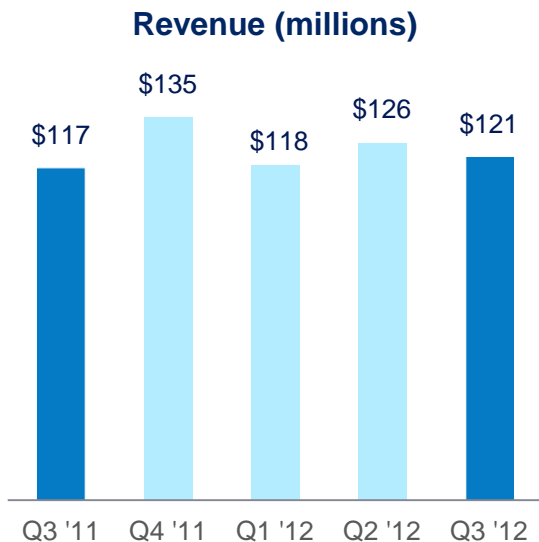


Smiths HI-SCAN 10080 XCT



# Financial Results

# Analogic Quarterly Performance



- **Revenue** grew 3% driven by Security (43%) and Ultrasound (5%\*) offset by lower Medical Imaging (-2%)
- **Gross margin** down slightly to 37% due to Mammography component quality issues and unfavorable mix, offsetting positive impact of lower cost structure
- **Non-GAAP operating margin** up 3pts to 11% on improved cost structure and higher level of funded R&D

\* Includes unfavorable currency impact of 2 pts. versus Q3 '11

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



# Q3 FY 2012 Financial Results

Unaudited - \$ Millions ex. EPS	GAAP		Non-GAAP	
	Quarters		Quarters	
	Q3 FY12	Q3 FY 11	Q3 FY12	Q3 FY 11
Products	\$ 115.1	\$ 113.8	\$ 115.1	\$ 113.8
Engineering	6.2	3.4	6.2	3.4
<b>Total Revenue</b>	<b>121.3</b>	<b>117.2</b>	<b>121.3</b>	<b>117.2</b>
<b>Gross Profit</b>	<b>44.8</b>	<b>44.2</b>	<b>45.2</b>	<b>44.6</b>
<b>Gross Margin % of Revenue</b>	<b>37%</b>	<b>38%</b>	<b>37%</b>	<b>38%</b>
<b>Operating Expenses</b>	<b>34.9</b>	<b>38.5</b>	<b>32.2</b>	<b>35.4</b>
<b>Op Ex % of Revenue</b>	<b>29%</b>	<b>33%</b>	<b>27%</b>	<b>30%</b>
<b>Operating Income</b>	<b>9.9</b>	<b>5.7</b>	<b>13.0</b>	<b>9.2</b>
<b>Operating Margin</b>	<b>8%</b>	<b>5%</b>	<b>11%</b>	<b>8%</b>
<b>Net Income</b>	<b>\$ 7.3</b>	<b>\$ 4.3</b>	<b>\$ 9.4</b>	<b>\$ 6.7</b>
<b>Effective Tax Rate</b>	<b>29%</b>	<b>22%</b>	<b>29%</b>	<b>26%</b>
<b>EPS Diluted</b>	<b>\$0.59</b>	<b>\$0.35</b>	<b>\$0.76</b>	<b>\$0.54</b>

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



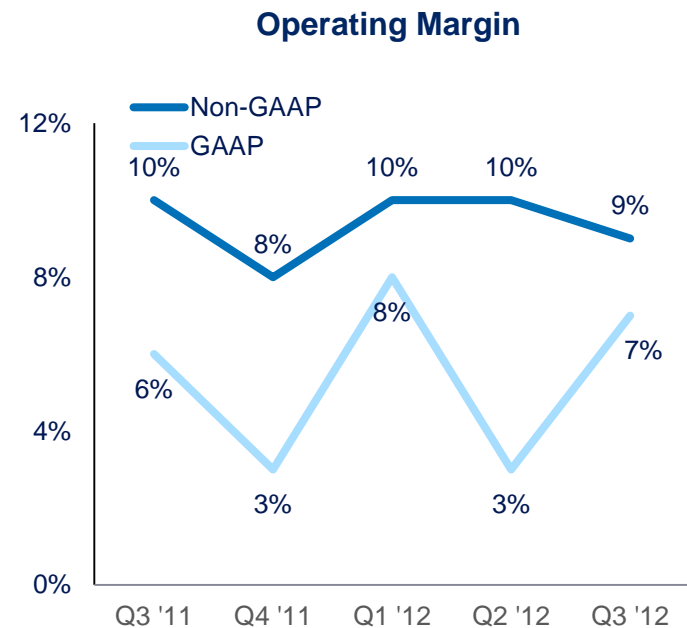
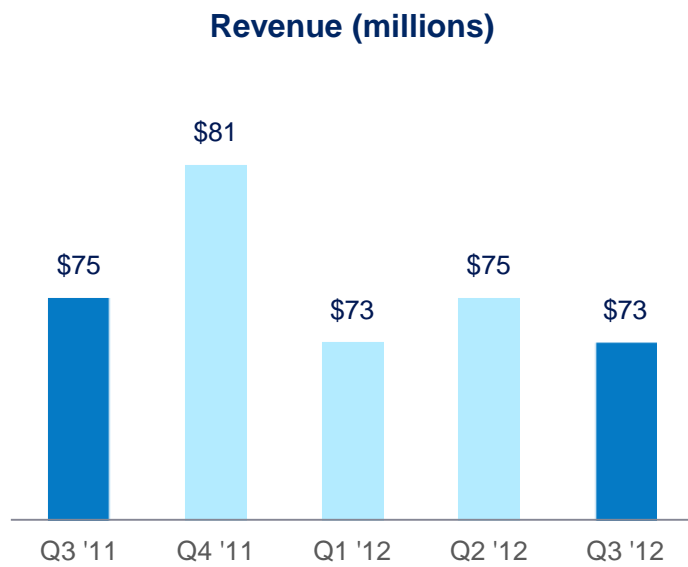
# Nine Months FY 2012 Financial Results

Unaudited - \$ Millions ex. EPS	GAAP		Non-GAAP	
	Nine Months Ended		Nine Months Ended	
	Apr 30, 2012	Apr 30, 2011	Apr 30, 2012	Apr 30, 2011
Products	\$ 351.3	\$ 321.8	\$ 351.3	\$ 321.8
Engineering	14.3	16.4	14.3	16.4
<b>Total Revenue</b>	<b>365.6</b>	<b>338.2</b>	<b>365.6</b>	<b>338.2</b>
<b>Gross Profit</b>	<b>134.6</b>	<b>124.0</b>	<b>136.0</b>	<b>125.7</b>
<b>Gross Margin % of Revenue</b>	<b>37%</b>	<b>37%</b>	<b>37%</b>	<b>37%</b>
Operating Expenses before Restructuring	111.4	106.5	98.8	99.3
Restructuring	0.0	3.5	0.0	0.0
<b>Operating Expenses</b>	<b>111.4</b>	<b>110.0</b>	<b>98.8</b>	<b>99.3</b>
<b>Op Ex % of Revenue</b>	<b>30%</b>	<b>33%</b>	<b>27%</b>	<b>29%</b>
<b>Operating Income</b>	<b>23.2</b>	<b>14.0</b>	<b>37.2</b>	<b>26.4</b>
<b>Operating Margin</b>	<b>6%</b>	<b>4%</b>	<b>10%</b>	<b>8%</b>
<b>Net Income from Continuing Operations</b>	<b>\$ 31.0</b>	<b>\$ 11.0</b>	<b>\$ 28.7</b>	<b>\$ 18.9</b>
<b>Net Income</b>	<b>\$ 31.0</b>	<b>\$ 12.2</b>	<b>\$ 28.7</b>	<b>\$ 19.2</b>
<b>Effective Tax Rate</b>	<b>-15%</b>	<b>21%</b>	<b>25%</b>	<b>28%</b>
<b>EPS Continuing Operations</b>	<b>\$2.45</b>	<b>\$0.88</b>	<b>\$2.27</b>	<b>\$1.50</b>
<b>EPS Diluted</b>	<b>\$2.45</b>	<b>\$0.97</b>	<b>\$2.27</b>	<b>\$1.52</b>

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



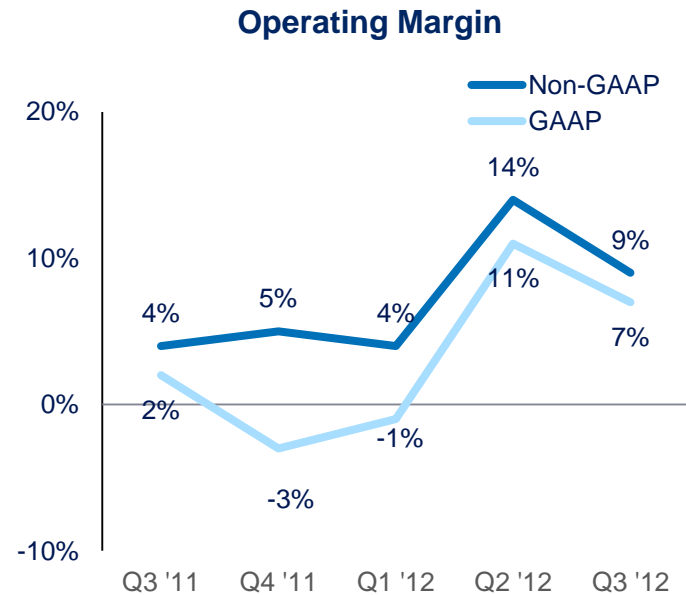
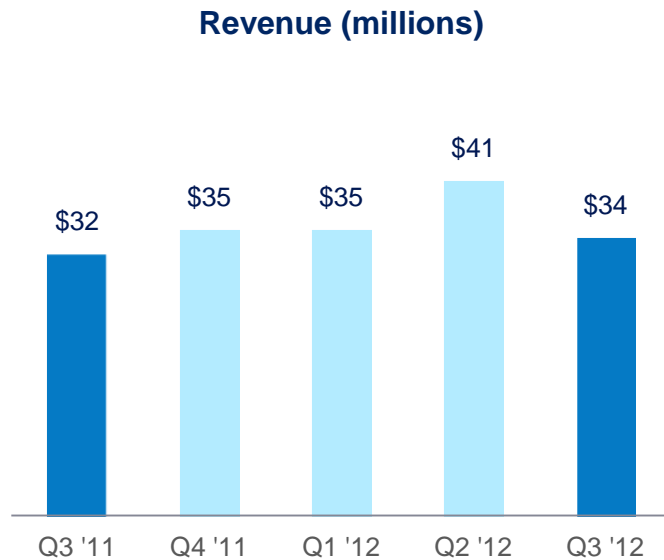
# Medical Imaging Quarterly Performance



- **Revenue** down 2% on lower CT revenue due to changes in customer ordering patterns, offsetting growth in MRI and mammography
- **Non-GAAP operating margin** down slightly to 9% as Mammography component quality issues and unfavorable mix offset benefit from improved cost structure and higher level of funded R&D

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

# Ultrasound Quarterly Performance

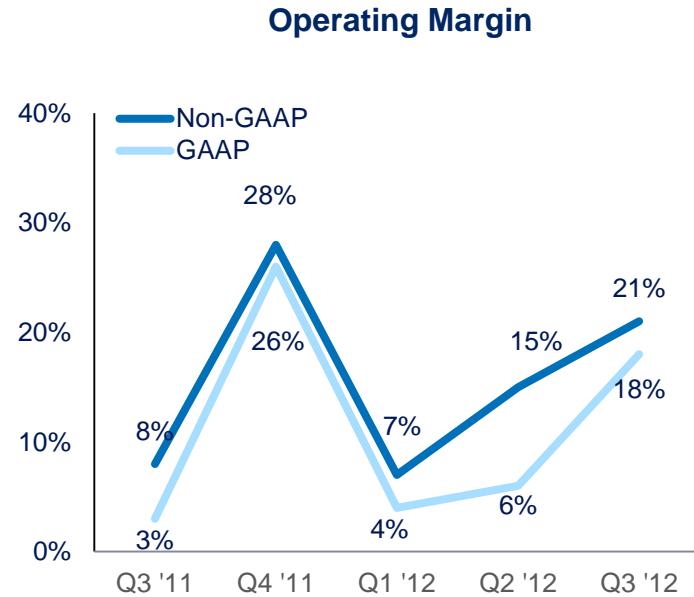
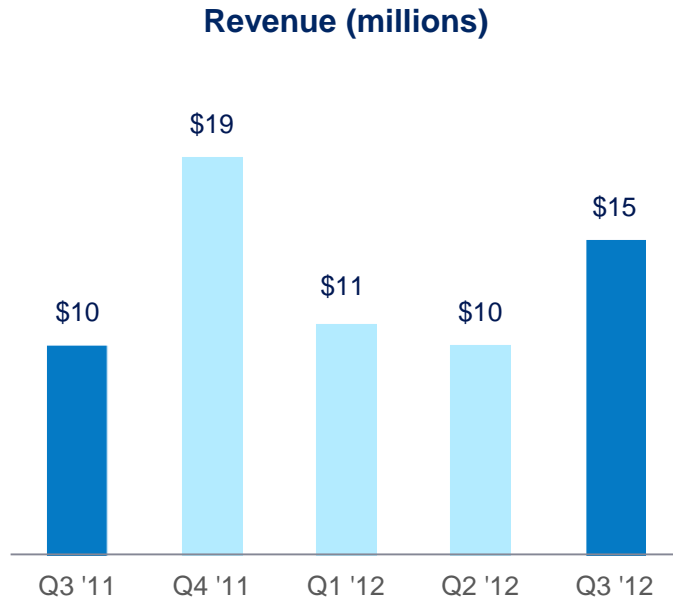


- **Revenue** up 5%\* on double-digit growth in U.S. systems and transducer sales, offset by unfavorable currency, lower sales in Europe and transitions in certain distributor relationships
- **Non-GAAP operating margin** improved 5 pts. to 9% on benefit from manufacturing consolidation and new product introductions

\* Includes unfavorable currency impact of 2 pts. versus Q3 '11

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

# Security Quarterly Performance



- **Revenue** up 43% from Q3 '11 on increased sales of medium speed checked baggage scanners
- **Non-GAAP Operating margin** improved to 21% on stronger revenue

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

# Key Financial Data

<b>Working Capital</b>	<b>Q3 FY12</b>	<b>Q2 FY12</b>	<b>Q3 FY11</b>
(Unaudited - in millions)			
<b>Cash and Investments</b>	<b>\$ 189.5</b>	<b>\$ 174.3</b>	<b>\$ 153.6</b>
Accounts receivable	78.4	78.0	84.0
Inventories	113.6	103.8	110.4
Other Working Capital, Net	(78.4)	(62.7)	(56.7)
<b>Non-Cash Working Capital</b>	<b>113.6</b>	<b>119.1</b>	<b>137.7</b>
<b>Net Working Capital</b>	<b>\$ 303.1</b>	<b>\$ 293.4</b>	<b>\$ 291.3</b>

## Cash Flow

(Unaudited - in millions)			
Operating Cash Flow from continuing operations	21.1	36.3	(3.0)
Capital Spending	5.3	10.5	3.4
Stock repurchased and dividends paid	1.3	5.1	3.9
<b>Free Cash Flow *</b>	<b>\$ 14.5</b>	<b>\$ 20.7**</b>	<b>\$ (10.3)**</b>

- **Cash** improved to \$189.5MM on operating results and improved working capital
- **Free Cash Flow** greatly improved from Q3 '11 as a result of overall operational improvements and completion of manufacturing consolidation from Denmark that was in process in FY '11

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

\*\* Cash flow amounts have been revised to reflect immaterial reclassifications of amounts previously reported in the Company's SEC Form 10-Q's

# Summary and FY12 Outlook

- Investment in Ultrasound continues to drive double digit growth
  - Further sales expansion in the U.S. improving coverage
  - New products and expanded rep. coverage targets growth in robotic surgery
  - Cost structure stabilizing to maximize contribution of revenue growth
- New Generation Medical Imaging Products to drive modest growth
  - Ramping new MRI and CT products with majors
  - Expanding system content and teaming selectively with new customers
- New Generation Certified EDS Product shipments drive significant growth
  - U.S. replacement demand for medium speed provides consistent baseline revenues
  - Growing demand for high speed and reduced size units to drive growth starting Q4 '12
  - Introduction of Smiths XCT high speed units to provide incremental growth in FY '13
- FY12 revenue outlook of upper single digit growth
- We reiterate double-digit non-GAAP operating margin outlook this fiscal year



# Appendix



# Segment Financial Summary

Unaudited - \$ Millions	Fiscal Quarters		Nine Months Ended	
	Q3 FY12	Q3 FY 11	Apr 30, 2012	Apr 30, 2011
<b>Product Revenue</b>				
Medical Imaging	\$ 70.5	\$ 73.7	\$ 214.0	\$ 205.9
Ultrasound	33.9	32.4	109.6	94.6
Security Technology	10.7	7.7	27.7	21.3
<b>Total Product Revenue</b>	<b>\$ 115.1</b>	<b>\$ 113.8</b>	<b>\$ 351.3</b>	<b>\$ 321.8</b>
<b>Engineering Revenue</b>				
Medical Imaging	\$ 2.3	\$ 0.9	\$ 6.7	\$ 5.7
Ultrasound	0.0	0.0	0.0	0.1
Security Technology	3.9	2.5	7.6	10.6
<b>Total Engineering Revenue</b>	<b>\$ 6.2</b>	<b>\$ 3.4</b>	<b>\$ 14.3</b>	<b>\$ 16.4</b>
<b>Net Revenue</b>				
Medical Imaging	\$ 72.8	\$ 74.6	\$ 220.7	\$ 211.6
Ultrasound	33.9	32.4	109.6	94.7
Security Technology	14.6	10.2	35.3	31.9
<b>Total Net Revenue</b>	<b>\$ 121.3</b>	<b>\$ 117.2</b>	<b>\$ 365.6</b>	<b>\$ 338.2</b>
<b>Operating income</b>				
Medical Imaging	\$ 4.8	\$ 4.8	\$ 12.8	\$ 9.9
Ultrasound	2.4	\$ 0.6	6.7	2.1
Security Technology	2.7	\$ 0.3	3.7	2.0
<b>Total Operating Income</b>	<b>\$ 9.9</b>	<b>\$ 5.7</b>	<b>\$ 23.2</b>	<b>\$ 14.0</b>

# Non-GAAP Statements of Operations Reconciliation

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011
<b>GAAP Gross Profit</b>	\$ 44,752	\$ 44,160	\$ 134,623	\$ 123,988
Share-based compensation expense	142	148	461	432
Acquisition related expenses	303	325	909	1,267
<b>Non-GAAP Gross Profit</b>	<u>\$ 45,197</u>	<u>\$ 44,633</u>	<u>\$ 135,993</u>	<u>\$ 125,687</u>
Percentage of Total Net Revenue	37.3%	38.1%	37.2%	37.2%
<b>GAAP Operating Expenses</b>	\$ 34,879	\$ 38,463	\$ 111,375	\$ 109,955
Share-based compensation expense	(2,173)	(2,595)	(7,255)	(6,865)
B-K distributor matter inquiry related costs	-	-	(1,204)	-
Tax refund related charges	-	-	(2,714)	-
Restructuring	-	-	-	(3,428)
Acquisition related gains and expenses	(463)	(462)	(1,432)	(345)
<b>Non-GAAP Operating Expenses</b>	<u>\$ 32,243</u>	<u>\$ 35,406</u>	<u>\$ 98,770</u>	<u>\$ 99,317</u>
Percentage of Total Net Revenue	26.6%	30.2%	27.0%	29.4%
<b>GAAP Income From Operations</b>	\$ 9,873	\$ 5,697	\$ 23,248	\$ 14,033
Share-based compensation expense	2,315	2,743	7,716	7,297
B-K distributor matter inquiry related costs	-	-	1,204	-
Tax refund related charges	-	-	2,714	-
Restructuring	-	-	-	3,428
Acquisition related gains and expenses	766	787	2,341	1,612
<b>Non-GAAP Income From Operations</b>	<u>\$ 12,954</u>	<u>\$ 9,227</u>	<u>\$ 37,223</u>	<u>\$ 26,370</u>
Percentage of Total Net Revenue	10.7%	7.9%	10.2%	7.8%
<b>GAAP Other Income (Expense)</b>	\$ 423	\$ (156)	\$ 3,689	\$ (126)
Gain on sale of other investments and other	-	-	(2,500)	-
<b>Non-GAAP Other Income (Expense)</b>	<u>\$ 423</u>	<u>\$ (156)</u>	<u>\$ 1,189</u>	<u>\$ (126)</u>
Percentage of Total Net Revenue	0.3%	-0.1%	0.3%	0.0%
<b>GAAP Income From Continuing Operations Before Income Taxes</b>	\$ 10,296	\$ 5,541	\$ 26,937	\$ 13,907
Share-based compensation expense	2,315	2,743	7,716	7,297
B-K distributor matter inquiry related costs	-	-	1,204	-
Tax refund related charges	-	-	2,714	-
Restructuring	-	-	-	3,428
Acquisition related gains and expenses	766	787	2,341	1,612
Gain on sale of other investments and other	-	-	(2,500)	-
<b>Non-GAAP Income From Continuing Operations Before Income Taxes</b>	<u>\$ 13,377</u>	<u>\$ 9,071</u>	<u>\$ 38,412</u>	<u>\$ 26,244</u>
Percentage of Total Net Revenue	11.0%	7.7%	10.5%	7.8%



# Non-GAAP Statements of Operations Reconciliation (continued)

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011
<b>GAAP Income From Continuing Operations</b>	\$ 7,330	\$ 4,318	\$ 30,971	\$ 10,995
Share-based compensation expense	1,615	1,901	5,309	4,940
B-K distributor matter inquiry related costs	-	-	772	-
Tax refund and related charges	-	-	(8,285)	-
Restructuring	-	-	-	2,354
Acquisition related gains and expenses	500	488	1,510	628
Gain on sale of other investments and other	-	-	(1,603)	-
<b>Non-GAAP Income From Continuing Operations</b>	<u>\$ 9,445</u>	<u>\$ 6,707</u>	<u>\$ 28,674</u>	<u>\$ 18,917</u>
Percentage of Total Net Revenue	7.8%	5.7%	7.8%	5.6%
<b>GAAP Diluted Net Income Per Share From Continuing Operations</b>	\$ 0.59	\$ 0.35	\$ 2.45	\$ 0.88
Effect of non-GAAP adjustments	0.17	0.19	(0.18)	0.62
<b>Non-GAAP Diluted Net Income Per Share From Continuing Operations</b>	<u>\$ 0.76</u>	<u>\$ 0.54</u>	<u>\$ 2.27</u>	<u>\$ 1.50</u>
<b>GAAP Net Income</b>	\$ 7,330	\$ 4,318	\$ 30,971	\$ 12,208
Share-based compensation expense	1,615	1,901	5,309	4,940
B-K distributor matter inquiry related costs	-	-	772	-
Tax refund and related charges	-	-	(8,285)	-
Restructuring	-	-	-	2,354
Acquisition related gains and expenses	500	488	1,510	628
Gain on sale of other investments and other	-	-	(1,603)	-
Gain on sale of discontinued operation	-	-	-	(924)
<b>Non-GAAP Net Income</b>	<u>\$ 9,445</u>	<u>\$ 6,707</u>	<u>\$ 28,674</u>	<u>\$ 19,206</u>
Percentage of Total Net Revenue	7.8%	5.7%	7.8%	5.7%
<b>GAAP Diluted Net Income Per Share</b>	\$ 0.59	\$ 0.35	\$ 2.45	\$ 0.97
Effect of non-GAAP adjustments	0.17	0.19	(0.18)	0.55
<b>Non-GAAP Diluted Net Income Per Share</b>	<u>\$ 0.76</u>	<u>\$ 0.54</u>	<u>\$ 2.27</u>	<u>\$ 1.52</u>

# Non-GAAP Segment Financial Reconciliation

(In thousands, except per share data)

	Three months Ended				
	April 30, 2011	July 31, 2011	October 31, 2011	January 31, 2012	April 30, 2012
<b>Medical Imaging</b>					
<b>GAAP Income From Operations</b>	\$ 4,746	\$ 2,744	\$ 5,482	\$ 2,530	\$ 4,847
Share-based compensation expense	1,774	1,428	1,208	1,751	1,270
BK Medical distributor matter inquiry related costs	-	-	-	-	-
Tax refunds related charges	-	-	-	2,198	-
Restructuring	-	1,377	-	-	-
Acquisition related gains and expenses	732	732	733	733	733
<b>Non-GAAP Income From Operations</b>	<u>\$ 7,252</u>	<u>\$ 6,281</u>	<u>\$ 7,423</u>	<u>\$ 7,212</u>	<u>\$ 6,850</u>
Percentage of Total Net Revenue	9.7%	7.7%	10.2%	9.6%	9.4%
<b>Ultrasound</b>					
<b>GAAP Income From Operations</b>	\$ 615	\$ (1,019)	\$ (341)	\$ 4,704	\$ 2,350
Share-based compensation expense	539	597	725	963	708
BK Medical distributor matter inquiry related costs	-	-	997	207	-
Tax refunds related charges	-	-	-	-	-
Restructuring	-	2,120	-	-	-
Acquisition related gains and expenses	55	33	33	76	33
<b>Non-GAAP Income From Operations</b>	<u>\$ 1,209</u>	<u>\$ 1,731</u>	<u>\$ 1,414</u>	<u>\$ 5,950</u>	<u>\$ 3,091</u>
Percentage of Total Net Revenue	3.7%	5.0%	4.1%	14.5%	9.1%
<b>Security Technology</b>					
<b>GAAP Income From Operations</b>	\$ 336	\$ 4,978	\$ 443	\$ 557	\$ 2,676
Share-based compensation expense	430	316	318	436	337
BK Medical distributor matter inquiry related costs	-	-	-	-	-
Tax refunds related charges	-	-	-	516	-
Restructuring	-	141	-	-	-
Acquisition related gains and expenses	-	-	-	-	-
<b>Non-GAAP Income From Operations</b>	<u>\$ 766</u>	<u>\$ 5,435</u>	<u>\$ 761</u>	<u>\$ 1,509</u>	<u>\$ 3,013</u>
Percentage of Total Net Revenue	7.5%	28.2%	7.2%	15.0%	20.6%
<b>Analogic</b>					
<b>GAAP Income From Operations</b>	\$ 5,697	\$ 6,703	\$ 5,584	\$ 7,791	\$ 9,873
Share-based compensation expense	2,743	2,341	2,251	3,150	2,315
BK Medical distributor matter inquiry related costs	-	-	997	207	-
Tax refunds related charges	-	-	-	2,714	-
Restructuring	-	3,638	-	-	-
Acquisition related gains and expenses	787	765	766	809	766
<b>Non-GAAP Income From Operations</b>	<u>\$ 9,227</u>	<u>\$ 13,447</u>	<u>\$ 9,598</u>	<u>\$ 14,671</u>	<u>\$ 12,954</u>
Percentage of Total Net Revenue	7.9%	9.9%	8.1%	11.6%	10.7%

