

Fourth Quarter and Year-End FY2012 Earnings Call

September 13, 2012

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.

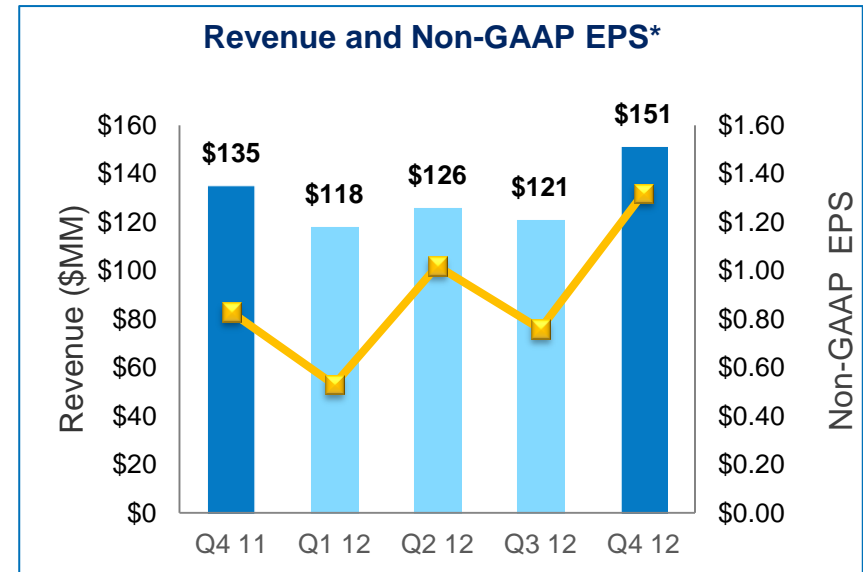
Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. They are limited in value because they exclude charges that have a material effect on our reported results and, therefore, should not be relied 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 Fourth Quarter FY2012 press release issued September 13, 2012 available at our website <http://investor.analogic.com>.



Q4 '12 Financial Highlights

Strong Revenue and Profit Growth

- Revenue \$151MM, up 12% from Q4 '11
- Gross Margin 39%, up 3pts.
- GAAP Operating Margin 11%, up 6pts.
- Non-GAAP* Operating Margin 15%, up 5pts.
- GAAP EPS \$0.96, up 113%
- Non-GAAP EPS* \$1.32, up 59%
- Operating Cash Flow \$14MM



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



Q4 '12 Business Highlights

- **Medical Imaging revenue in line with Q4 '11**

- CT up significantly; MRI product revenue up slightly
- Mammography margin improvement, but revenue down on EU headwinds
- Motion Control revenue declined on semiconductor market cycle
- Released new, high value content CT to existing OEM customer



Computed Tomography

- **Ultrasound record sales, up 20%* from Q4 '11**

- >30% direct business growth in N. America on sales force expansion and robotic surgery
- European direct channel growth was offset by distributor transitions and negative f/x
- Continued N. America sales force expansion



Flex Focus Family

- **Security revenue grew 47% from Q4 '11**

- Full product line shipments of medium speed, high speed, and small footprint systems
- After the quarter ended, the Smiths HI-SCAN 10080 XCT (with Analogic CT Technology) passed EU certification testing
- After the quarter ended, L3 received TSA IDIQ funding vehicle to kick-off the initial US recapitalization phase of the workhorse medium speed eXaminer 3DX



Smiths HI-SCAN 10080 XCT

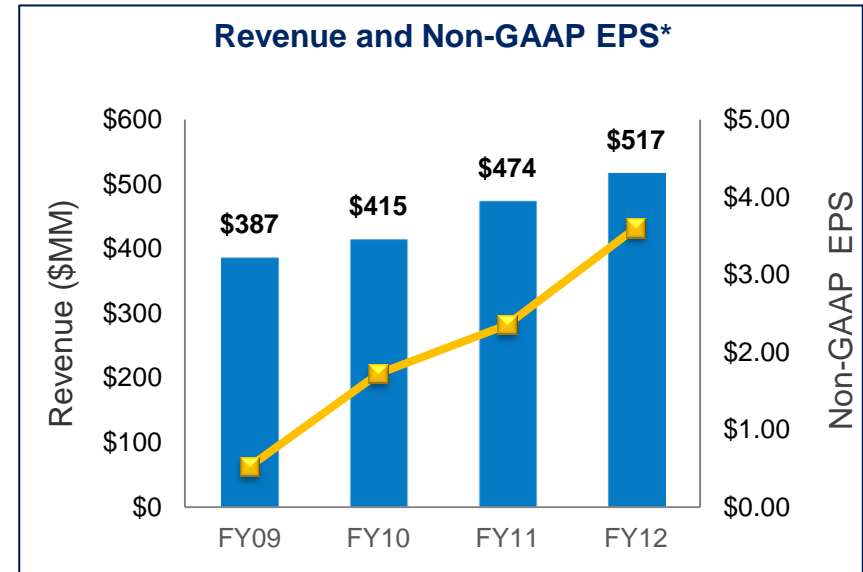
* Includes unfavorable currency impact of 7pts. versus Q4 '11



FY12 Highlights - Annual Sales Record; Surpassed Profitability Goals

Named one of "Forbes Top 100 Most Trusted Public Companies"

- Revenue \$517MM, up 9% from FY11
- Product Revenue \$495MM, up 11%
- Gross Margin 37%, up 0.9pts.
- GAAP Operating Margin up 4pts. to 8%
- Non-GAAP* Operating Margin up 4pts. to 12%
- GAAP EPS \$3.42, up 141%
(includes \$0.66 net benefit from tax refund)
- Non-GAAP EPS* \$3.60, up 53%
- Strong Operating Cash Flow of \$74MM



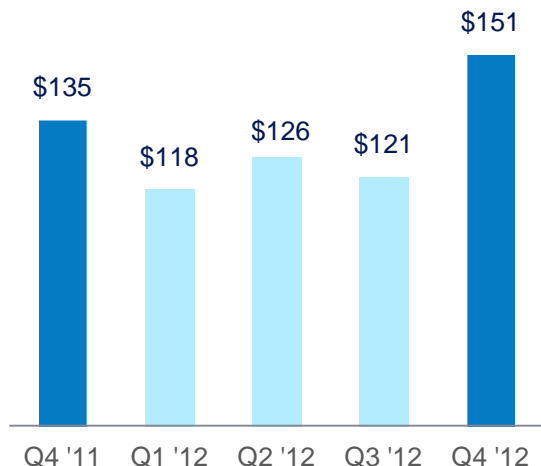
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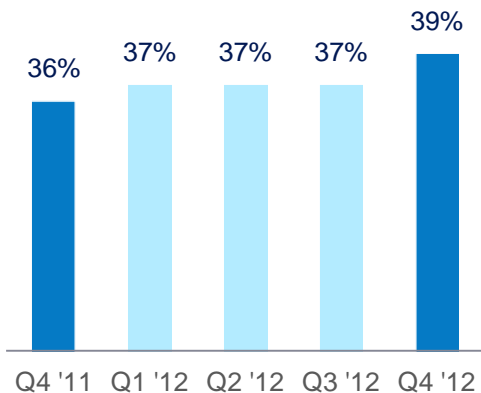
Financial Results

Analogic Quarterly Performance

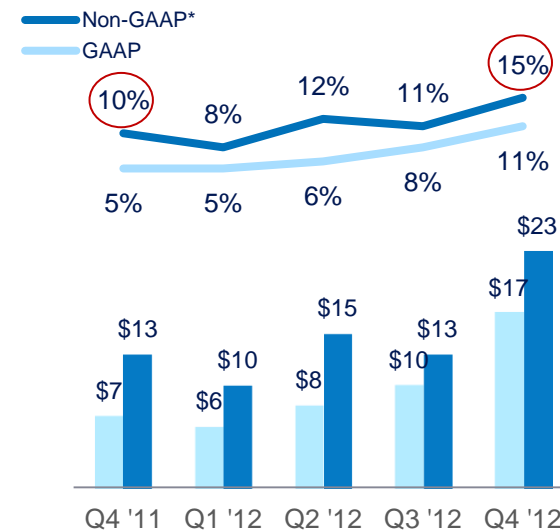
Revenue (millions)



Gross Margin



Operating Income (millions) & Operating Margin



- **Revenue** grew 12% driven by Security (47%) and Ultrasound (20%**)
- **Gross margin** improved 3pts. to 39% with favorable mix, manufacturing efficiency, and strong volume
- **Non-GAAP operating margin** 5pts. ahead of Q4 '11, a result of higher volume, gross margin improvement, funded engineering, and lower cost base following FY11 restructuring

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

** Includes unfavorable currency impact of 7pts. versus Q4 '11



Q4 FY 2012 Financial Results

Unaudited - \$ Millions ex. EPS	GAAP		Non-GAAP	
	Quarters		Quarters	
	Q4 FY12	Q4 FY11	Q4 FY12	Q4 FY11
Products	\$ 143.4	\$ 125.8	\$ 143.4	\$ 125.8
Engineering	7.6	9.5	7.6	9.5
Total Revenue	151.0	135.3	151.0	135.3
Gross Profit	58.5	49.0	60.3	49.4
Gross Margin % of Revenue	39%	36%	40%	37%
Operating Expenses before Restructuring	41.8	38.7	37.0	36.0
Restructuring	0.0	3.6	0.0	0.0
Operating Expenses	41.8	42.3	37.0	36.0
Op Ex % of Revenue	28%	31%	25%	27%
Operating Income	16.7	6.7	23.3	13.4
Operating Margin	11%	5%	15%	10%
Net Income from Continuing Operations	\$ 12.1	\$ 5.6	\$ 16.6	\$ 10.3
Net Income	\$ 12.1	\$ 5.6	\$ 16.6	\$ 10.3
Effective Tax Rate	30%	20%	30%	25%
EPS Continuing Operations	\$0.96	\$0.45	\$1.32	\$0.83
EPS Diluted	\$0.96	\$0.45	\$1.32	\$0.83

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



FY 2012 Financial Results

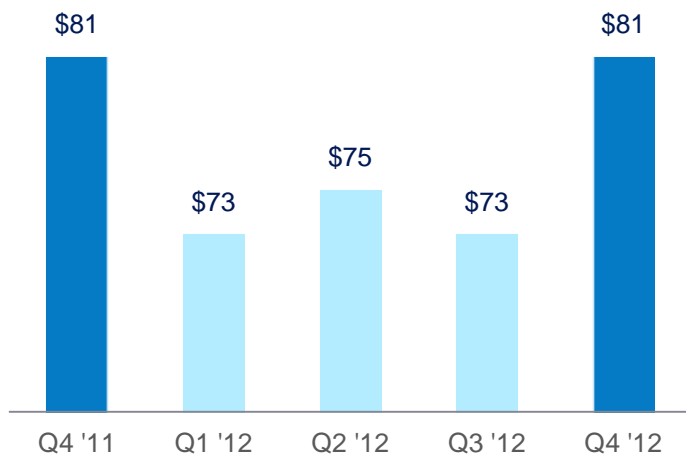
Unaudited - \$ Millions ex. EPS	GAAP		Non-GAAP	
	Fiscal Year Ended		Fiscal Year Ended	
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011
Products	\$ 494.7	\$ 447.6	\$ 494.7	\$ 447.6
Engineering	21.9	\$ 26.0	21.9	26.0
Total Revenue	516.6	473.6	516.6	473.6
Gross Profit	193.2	173.0	196.3	175.1
Gross Margin % of Revenue	37%	37%	38%	37%
Operating Expenses before Restructuring	153.2	145.2	135.8	135.3
Restructuring	0.0	7.1	0.0	0.0
Operating Expenses	153.2	152.3	135.8	135.3
Op Ex % of Revenue	30%	32%	26%	29%
Operating Income	40.0	20.7	60.5	39.8
Operating Margin	8%	4%	12%	8%
Net Income from Continuing Operations	\$ 43.1	\$ 16.6	\$ 45.3	\$ 29.3
Net Income	\$ 43.1	\$ 17.8	\$ 45.3	\$ 29.5
Effective Tax Rate	3%	21%	27%	27%
EPS Continuing Operations	\$3.42	\$1.33	\$3.60	\$2.33
EPS Diluted	\$3.42	\$1.42	\$3.60	\$2.35

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

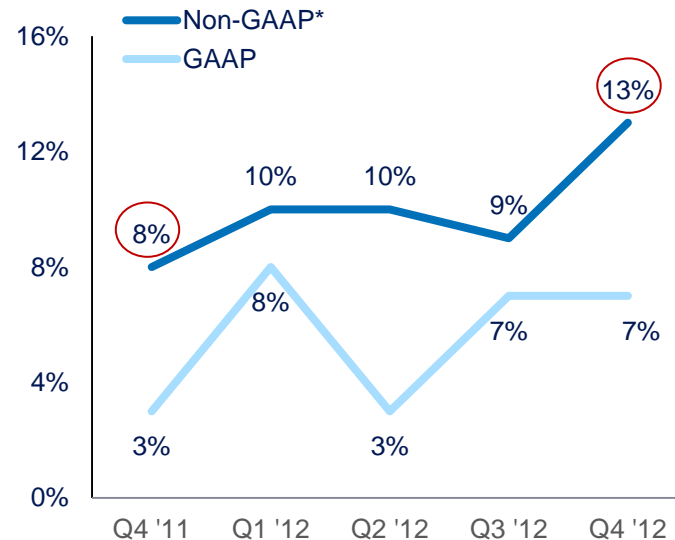


Medical Imaging Quarterly Performance

Revenue (millions)



Operating Margin

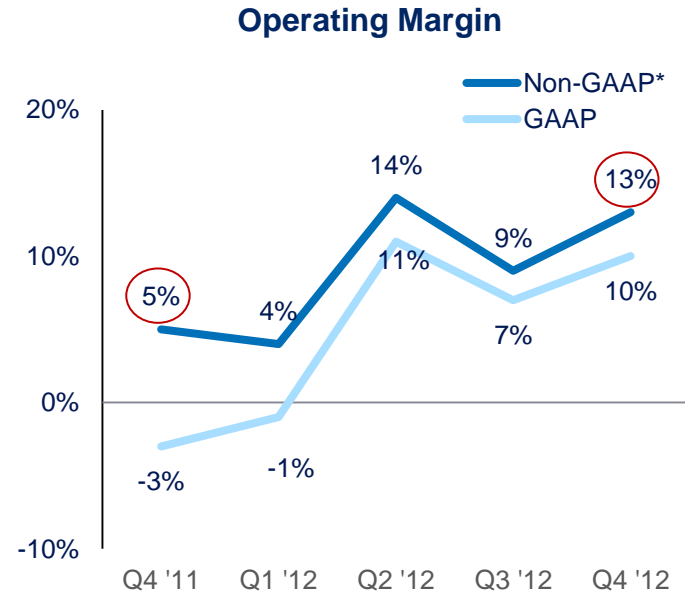
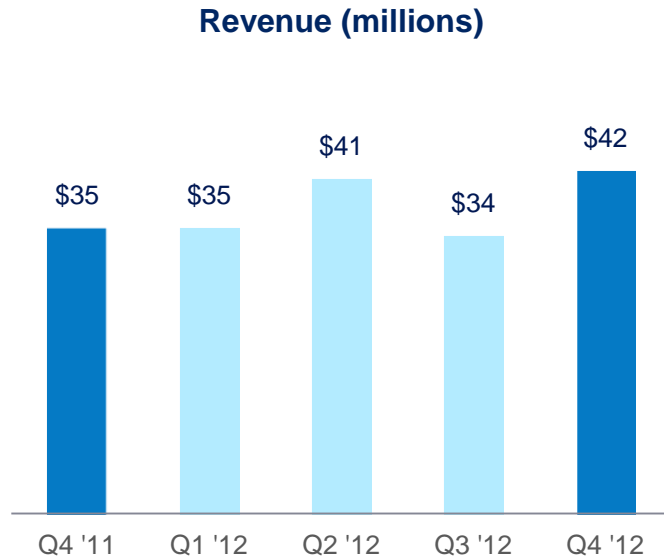


- **Revenue** in line with strong Q4 '11; CT recovery offset by lower Mammography revenue on EU headwinds and lower Motion Control sales
- **Non-GAAP operating margin** improved 5 pts. from Q4 '11 from favorable product mix, manufacturing efficiency, increased funded engineering, and lower cost base following FY11 restructuring

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



Ultrasound Quarterly Performance



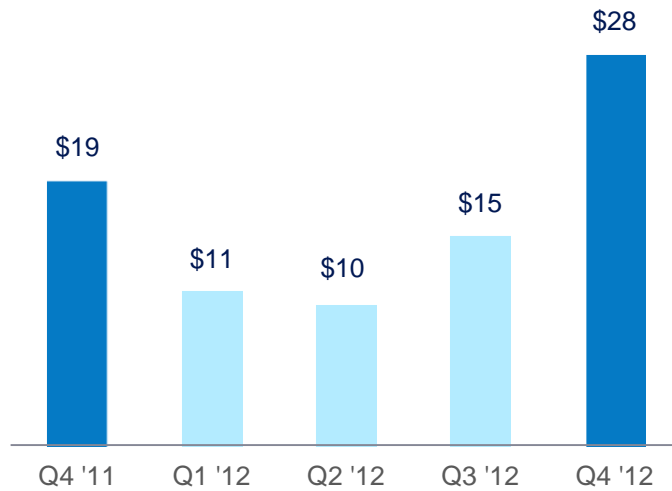
- **Revenue** up 20%* on strong growth in North America and a good contribution from Europe, offset by unfavorable currency and distributor transitions
- **Non-GAAP operating margin** improved 8 pts. to 13% from strong sales, manufacturing consolidation and new product introductions

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

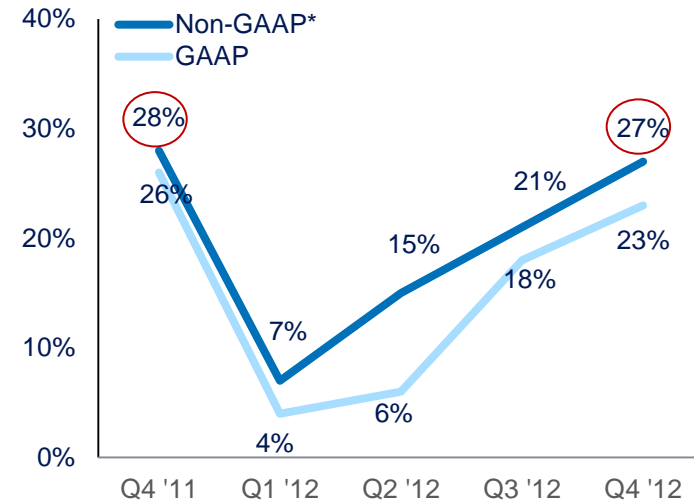
** Includes unfavorable currency impact of 7 pts. versus Q4 '11

Security Quarterly Performance

Revenue (millions)



Operating Margin



- **Revenue** up 47% from Q4 '11 on increased sales of medium speed checked baggage scanners and initial production shipments of high speed and small footprint systems
- **Non-GAAP operating margin** similar to Q4 '11 on strong sales, offset by lower funded engineering

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



Key Financial Data

Working Capital

	Q4 FY12	Q3 FY12	Q4 FY11
(Unaudited - in millions)			
Cash and Investments	\$ 187.0	\$ 189.5	\$ 169.7
Accounts receivable	96.1	78.4	88.6
Inventories	108.9	113.6	105.5
Other Working Capital, Net	(83.1)	(78.4)	(69.4)
Non-Cash Working Capital	121.9	113.6	124.7
Net Working Capital	\$ 308.9	\$ 303.1	\$ 294.4

Cash Flow

	Q4 FY12	Q3 FY12	Q4 FY11
(Unaudited - in millions)			
Operating Cash Flow from continuing operations	\$ 14.4	\$ 21.1	24.9
Capital Spending	8.0	5.3	6.7
Free Cash Flow *	6.4	15.8	18.2
Stock repurchased and dividends paid	8.7	1.3	2.7
Cash Flow after Stock Repurchase and Dividends	\$ (2.3)	\$ 14.5	\$ 15.5

- **Cash** increased from Q4 '11 due to strong operating results, a large tax refund, and focus on improving capital management
- **Free Cash Flow** declined in Q4 '12 due to the timing of sales within the quarter compared to Q4 '11
- **Repurchased** approximately 120,000 shares for \$7.5MM

* Free cash flow is defined as operating cash minus capital spending

FY13 Outlook: Solid growth on continued improving margins

- **Medical Imaging outperforms market: mid-single digit growth**
 - Increasing content with breakthrough value/cost of ownership
 - Introducing key new systems with advanced reliability & performance
 - Challenges in Mammography from EU headwinds and Motion Control from semiconductor
 - Continue to expand our customer base as we pursue promising new opportunities
- **Overall Ultrasound outperforms market, double digit growth in direct sales**
 - Further sales expansion in North America, movement into adjacent markets
 - Next-Gen development - leap to top tier image quality at depth
 - OEM probes flat; f/x could further impact segment
- **Security continues strong double digit growth**
 - Portfolio expands to full product line family in 3 performance segments (small, medium, high-speed)
 - Start of US recapitalization drives medium speed business, expect shipments in second half
 - High speed and small footprint segments drive international growth
 - Smiths passed EU certification, expect additional international high speed growth in second half

FY13 Outlook

High single digit organic revenue growth with continued operating margin improvement

Appendix

Segment Financial Summary

Unaudited - \$ Millions	Fiscal Quarters		Fiscal Year Ended	
	Q4 FY12	Q4 FY 11	July 31, 2012	July 31, 2011
Product Revenue				
Medical Imaging	\$ 76.7	\$ 77.7	\$ 290.7	\$ 283.6
Ultrasound	41.6	34.7	151.2	129.3
Security Technology	25.1	13.4	52.8	34.7
Total Product Revenue	\$ 143.4	\$ 125.8	\$ 494.7	\$ 447.6
Engineering Revenue				
Medical Imaging	\$ 4.4	\$ 3.7	\$ 11.1	\$ 9.4
Ultrasound	0.0	0.0	0.0	0.1
Security Technology	3.2	5.8	10.8	16.5
Total Engineering Revenue	\$ 7.6	\$ 9.5	\$ 21.9	\$ 26.0
Net Revenue				
Medical Imaging	\$ 81.1	\$ 81.4	\$ 301.8	\$ 293.0
Ultrasound	41.6	34.7	151.2	129.4
Security Technology	28.3	19.2	63.6	51.2
Total Net Revenue	\$ 151.0	\$ 135.3	\$ 516.6	\$ 473.6
Operating income				
Medical Imaging	\$ 6.0	\$ 2.7	\$ 18.9	\$ 12.6
Ultrasound	4.1	(1.0)	10.8	\$ 1.1
Security Technology	6.6	\$ 5.0	10.3	\$ 7.0
Total Operating Income	\$ 16.7	\$ 6.7	\$ 40.0	\$ 20.7



Non-GAAP Statements of Operations Reconciliation

(In thousands, except per share data)

	Three Months Ended		Fiscal Year Ended	
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011
GAAP Gross Profit	\$ 58,561	\$ 48,975	\$ 193,184	\$ 172,963
Share-based compensation expense	1,475	139	1,936	571
Acquisition related expenses	303	303	1,212	1,570
Non-GAAP Gross Profit	<u>\$ 60,339</u>	<u>\$ 49,417</u>	<u>\$ 196,332</u>	<u>\$ 175,104</u>
Percentage of Total Net Revenue	40.0%	36.5%	38.0%	37.0%
GAAP Operating Expenses	\$ 4,1846	\$ 42,272	\$ 153,221	\$ 152,227
Share-based compensation expense	(4,205)	(2,202)	(1,460)	(9,067)
B-K distributor matter inquiry related costs	(84)	-	(1,288)	-
Tax refund related charges	-	-	(2,714)	-
Restructuring	-	(3,638)	-	(7,066)
Acquisition related gains and expenses	(539)	(462)	(1,971)	(807)
Non-GAAP Operating Expenses	<u>\$ 37,018</u>	<u>\$ 35,970</u>	<u>\$ 135,788</u>	<u>\$ 135,287</u>
Percentage of Total Net Revenue	24.5%	26.6%	26.3%	28.6%
GAAP Income From Operations	\$ 16,715	\$ 6,703	\$ 39,963	\$ 20,736
Share-based compensation expense	5,680	2,341	13,396	9,638
B-K distributor matter inquiry related costs	84	-	1,288	-
Tax refund related charges	-	-	2,714	-
Restructuring	-	3,638	-	7,066
Acquisition related gains and expenses	842	765	3,183	2,377
Non-GAAP Income From Operations	<u>\$ 23,321</u>	<u>\$ 13,447</u>	<u>\$ 60,544</u>	<u>\$ 39,817</u>
Percentage of Total Net Revenue	15.4%	9.9%	11.7%	8.4%
GAAP Other Income (Expense)	\$ 547	\$ 322	\$ 4,236	\$ 196
Gain on sale of other investments and other	-	-	(2,500)	-
Non-GAAP Other Income (Expense)	<u>\$ 547</u>	<u>\$ 322</u>	<u>\$ 1,736</u>	<u>\$ 196</u>
Percentage of Total Net Revenue	0.4%	0.2%	0.3%	0.0%

Non-GAAP Statements of Operations Reconciliation (continued)

(In thousands, except per share data)

	Three Months Ended		Fiscal Year Ended	
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011
GAAP Income From Continuing Operations	\$ 12,100	\$ 5,625	\$ 43,071	\$ 16,620
Share-based compensation expense	3,870	1,643	9,179	6,583
B-K distributor matter inquiry related costs	58	-	830	-
Tax refund and related charges	-	-	(8,285)	-
Restructuring	-	2,549	-	4,903
Acquisition related gains and expenses	591	518	2,101	1,146
Gain on sale of other investments and other	-	-	(1,603)	-
Non-GAAP Income From Continuing Operations	<u>\$ 16,619</u>	<u>\$ 10,335</u>	<u>\$ 45,293</u>	<u>\$ 29,252</u>
Percentage of Total Net Revenue	11.0%	7.6%	8.8%	6.2%
GAAP Diluted Net Income Per Share From Continuing Operations	\$ 0.96	\$ 0.45	\$ 3.42	\$ 1.33
Effect of non-GAAP adjustments	0.36	0.38	0.18	1.00
Non-GAAP Diluted Net Income Per Share From Continuing Operations	<u>\$ 1.32</u>	<u>\$ 0.83</u>	<u>\$ 3.60</u>	<u>\$ 2.33</u>
GAAP Net Income	\$ 12,100	\$ 5,625	\$ 43,071	\$ 17,833
Share-based compensation expense	3,870	1,643	9,179	6,583
B-K distributor matter inquiry related costs	58	-	830	-
Tax refund and related charges	-	-	(8,285)	-
Restructuring	-	2,549	-	4,903
Acquisition related gains and expenses	591	518	2,101	1,146
Gain on sale of other investments and other	-	-	(1,603)	-
Gain on sale of discontinued operation	-	-	-	(924)
Non-GAAP Net Income	<u>\$ 16,619</u>	<u>\$ 10,335</u>	<u>\$ 45,293</u>	<u>\$ 29,541</u>
Percentage of Total Net Revenue	11.0%	7.6%	8.8%	6.2%
GAAP Diluted Net Income Per Share	\$ 0.96	\$ 0.45	\$ 3.42	\$ 1.42
Effect of non-GAAP adjustments	0.36	0.38	0.18	0.93
Non-GAAP Diluted Net Income Per Share	<u>\$ 1.32</u>	<u>\$ 0.83</u>	<u>\$ 3.60</u>	<u>\$ 2.35</u>



Non-GAAP Segment Financial Reconciliation

(In thousands, except per share data)

	Three months Ended				
	July 31, 2011	October 31, 2011	January 31, 2012	April 30, 2012	July 31, 2012
Medical Imaging					
GAAP Income From Operations	\$ 2,744	\$ 5,482	\$ 2,530	\$ 4,847	\$ 5,995
Share-based compensation expense	1,428	1,208	1,751	1,270	3,607
BK Medical distributor matter inquiry related costs	-	-	-	-	-
Tax refunds related charges	-	-	2,198	-	-
Restructuring	1,377	-	-	-	-
Acquisition related gains and expenses	732	733	733	733	732
Non-GAAP Income From Operations	\$ 6,281	\$ 7,423	\$ 7,212	\$ 6,850	\$ 10,334
Percentage of Total Net Revenue	7.7%	10.2%	9.6%	9.4%	12.7%
Ultrasound					
GAAP Income From Operations	\$ (109)	\$ (34)	\$ 4,704	\$ 2,350	\$ 4,073
Share-based compensation expense	597	725	963	708	1,179
BK Medical distributor matter inquiry related costs	-	997	207	-	84
Tax refunds related charges	-	-	-	-	-
Restructuring	2,120	-	-	-	-
Acquisition related gains and expenses	33	33	76	33	110
Non-GAAP Income From Operations	\$ 1,731	\$ 1,414	\$ 5,950	\$ 3,091	\$ 5,446
Percentage of Total Net Revenue	5.0%	4.1%	14.5%	9.1%	13.1%
Security Technology					
GAAP Income From Operations	\$ 4,978	\$ 443	\$ 557	\$ 2,676	\$ 6,647
Share-based compensation expense	316	318	436	337	894
BK Medical distributor matter inquiry related costs	-	-	-	-	-
Tax refunds related charges	-	-	516	-	-
Restructuring	141	-	-	-	-
Acquisition related gains and expenses	-	-	-	-	-
Non-GAAP Income From Operations	\$ 5,435	\$ 761	\$ 1,509	\$ 3,013	\$ 7,541
Percentage of Total Net Revenue	28.2%	7.2%	15.0%	20.6%	26.6%
Analogic					
GAAP Income From Operations	\$ 6,703	\$ 5,584	\$ 7,791	\$ 9,873	\$ 16,715
Share-based compensation expense	2,341	2,251	3,150	2,315	5,680
BK Medical distributor matter inquiry related costs	-	997	207	-	84
Tax refunds related charges	-	-	2,714	-	-
Restructuring	3,638	-	-	-	-
Acquisition related gains and expenses	765	766	809	766	842
Non-GAAP Income From Operations	\$ 13,447	\$ 9,598	\$ 14,671	\$ 12,954	\$ 23,321
Percentage of Total Net Revenue	9.9%	8.1%	11.6%	10.7%	15.4%

