

INNOVATION



SCALE



CUSTOMER
RELATIONSHIPS

Forward Looking Statements

This presentation contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Among others, statements concerning industry outlook and information relating to Varex Imaging Corporation’s (the “company”) planned separation from Varian Medical Systems, Inc., as well as the company’s goals; priorities; financial results, condition and assumptions; future financial results; growth opportunities; demand for the company’s products; customer service and innovation plans; customer relationships; addressable markets, the company’s ability to complete the acquisition of PerkinElmer’s Medical Imaging business and its impact of the company’s financial results; the ability to obtain regulatory and third party approvals and any statements using the words “anticipate,” “vision,” “plan,” “estimate,” “expect,” “assume,” “opportunity,” “intend,” “will,” “should,” or similar statements are forward-looking statements that involve risks and uncertainties that could cause our actual results to differ materially from those anticipated. Such risks and uncertainties include the risks described in this document, the Varian Medical Systems press release announcing the planned acquisition of the Perkin Elmer Medical Imaging business, including to complete the planned separation on the anticipated timing (or at all) and the ability to complete the acquisition of PerkinElmer’s Medical Imaging business on the anticipated timing (or at all) and the company’s Registration Statement on Form 10, as amended to date, and Varian Medical Systems’ periodic filings with the Securities and Exchange Commission, which by this reference are incorporated herein. The information in this presentation speaks as of the date hereof, and the company undertakes no obligation to update or revise any forward-looking statements because of new information, future events, or otherwise.

References to “Varex,” “Varex Imaging” and the “company” refer to Varian’s current Imaging Components business, and assume the separation of the Imaging Components from Varian Medical Systems is approved and completed. The separation of the company from Varian Medical Systems is intended to take the form of a tax-free distribution to Varian stockholders of publicly traded shares of the new company’s common stock. The planned separation is subject to numerous conditions, including final approval by the Varian Board of Directors, effectiveness of a Registration Statement on Form 10 filed with the Securities and Exchange Commission, and receipt of an opinion of counsel regarding the federal income tax treatment of the spin-off. There can be no assurance when or if the Varian Board of Directors will approve the separation or when or if the separation will be completed.

This document and any related presentation does not constitute an offer or invitation to subscribe for or purchase any securities, and it should not be construed as an offering document. This presentation does not constitute a recommendation regarding any securities of Varian Medical Systems or Varex Imaging Corporation.

At A Glance



\$620M FY16 Revenues



Sunny Sanyal, CEO
Clarence Verhoef, CFO



1400 Employees



Salt Lake City, UT
HEADQUARTERS



65+ Years
OF INNOVATION | 220+
PATENTS



Market Segments

- Medical Imaging
- Industrial & Security Imaging



Customers

- Equipment manufacturers
- Distributors
- Systems integrators



Manufacturing

- U.S.
- Europe
- Asia

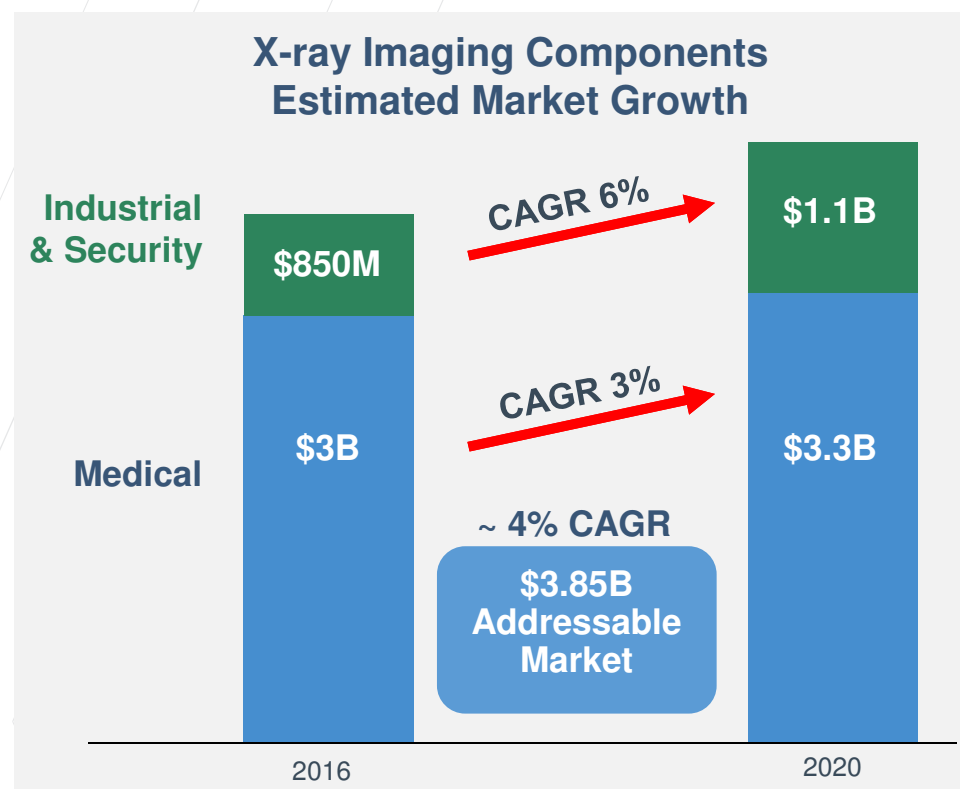
Subject to various risks and assumptions relating to forward looking statements.
Revenues include allocation of intercompany revenues from Varian Medical Systems.

A Global Leader In X-Ray Imaging Components

Varex Imaging is **a leading innovator, designer and manufacturer of X-ray imaging components**, including tubes, flat panel detectors and other image processing components.

Global manufacturers of X-ray imaging systems **use our X-ray sources, digital detectors, imaging software, and connecting devices** as components in their systems to detect, diagnose and protect.

Our innovative components are **used in medical imaging as well as industrial and security applications.**



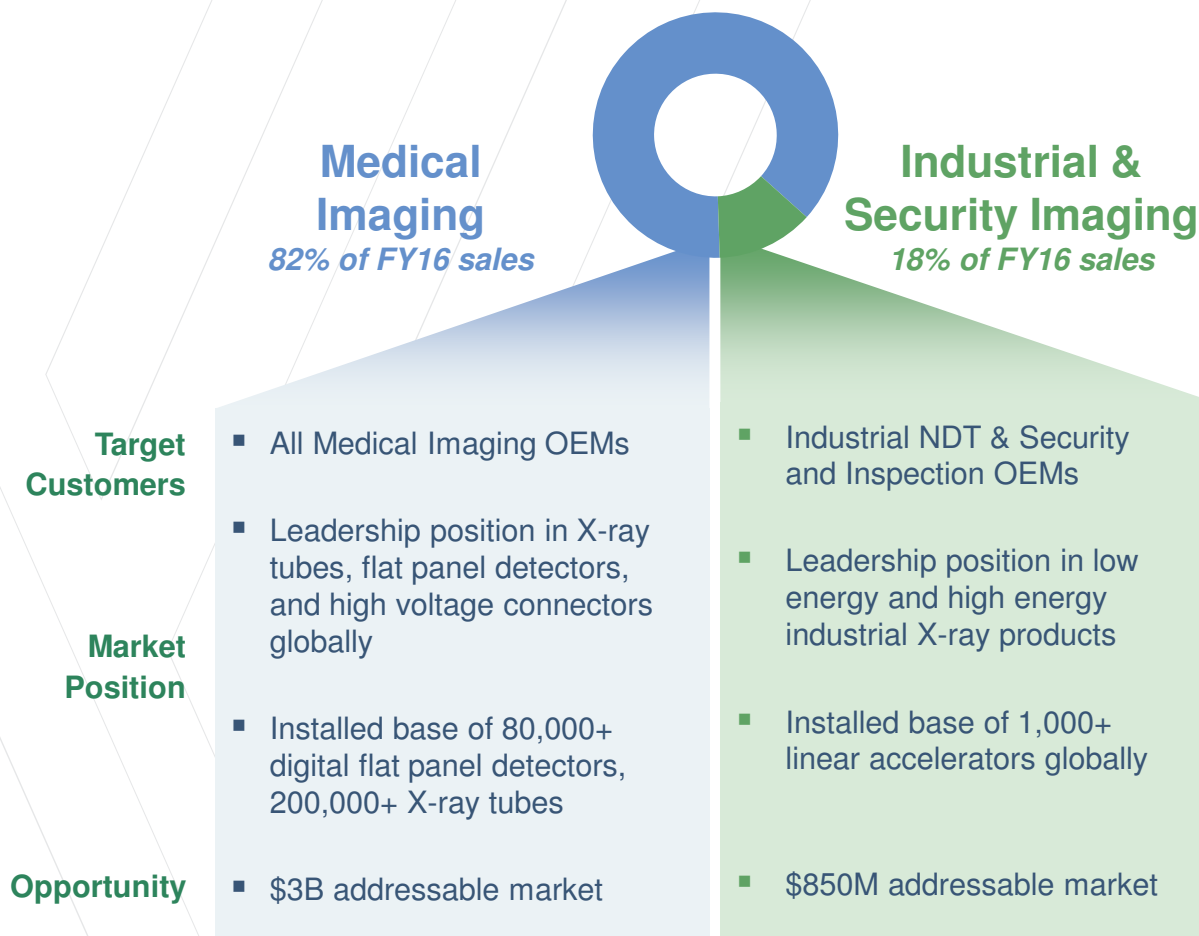
Varex estimates. Subject to various risks and assumptions relating to forward looking statements.

Our Vision

To create the **most innovative** and **cost effective** X-ray imaging solutions for equipment manufacturers

Our Mission

To be the world's leader in imaging components through the **delivery** of **high quality** products that enable our **customers' success**



Varex To Acquire PerkinElmer Medical Imaging Business

Varian to acquire the PerkinElmer Medical Imaging business on behalf of Varian's Imaging Components business, which will become Varex Imaging Corporation, an independent public company upon completion of a previously announced separation.

The PerkinElmer Medical Imaging business is a supplier of digital flat panel X-ray detectors that serve as components for industrial, medical, dental and veterinary X-ray imaging systems. It has ~280 employees and is headquartered in Santa Clara, CA with operations in Germany, the Netherlands and the United Kingdom.

Acquisition Rationale

- Adds +\$140 million in new revenue
- Expected to be immediately accretive
- Adds new digital imaging technology to Varex's portfolio
- Adds new customers and provides cross-selling opportunities
- Significantly expands Varex's footprint in industrial imaging sector
- Strengthens manufacturing productivity

Acquisition Data

- Purchase price: \$276 million
- Expected to close post-separation
- Varex plans to finance the acquisition through expansion of its bank credit facilities

Acquisition subject to customary closing conditions, and to risks, uncertainties and assumptions relating to forward looking statements.

Varex Investment Highlights

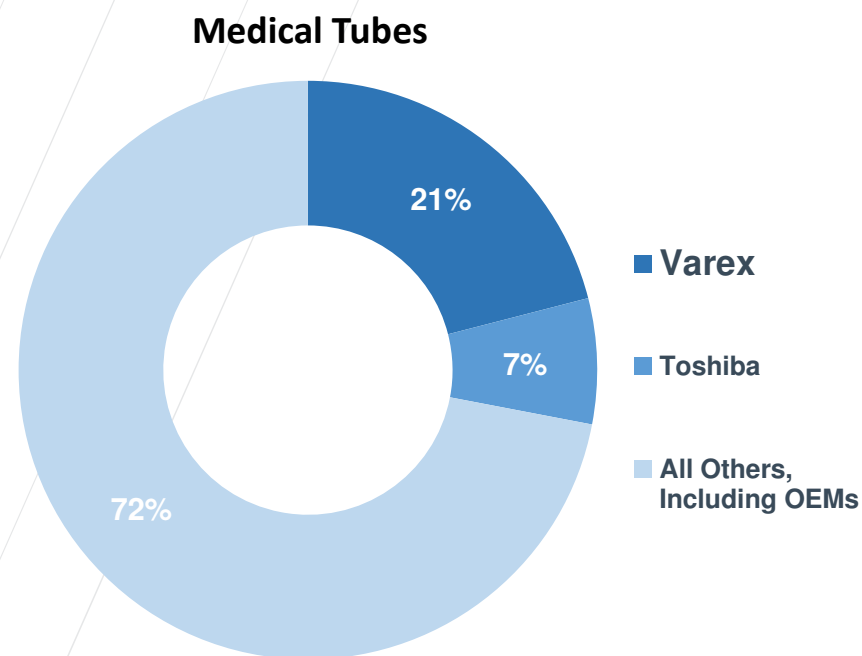
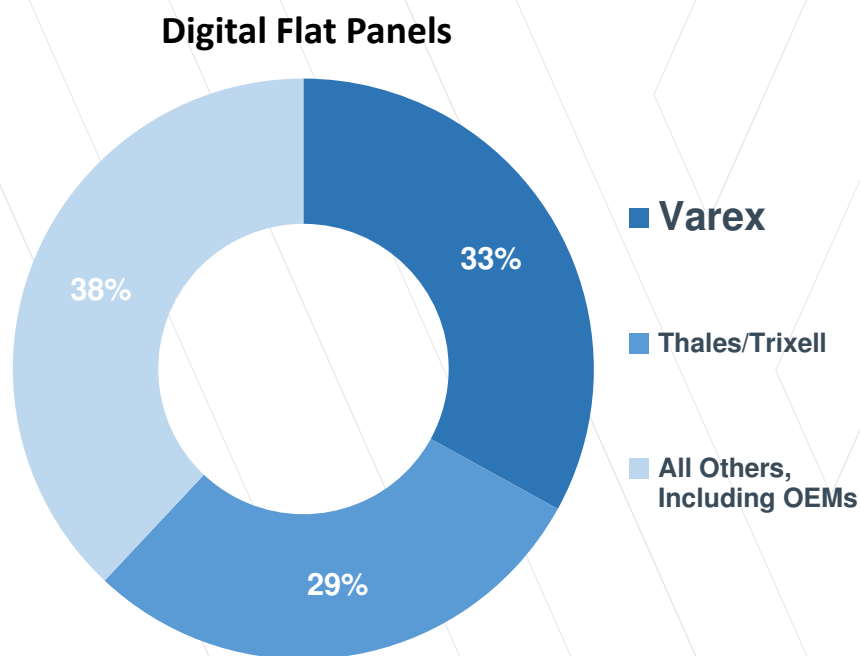
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 - Best in class components and sub-systems
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 - \$2B+ headroom with current customers
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- ✓ Deep expertise, seasoned management team
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 - 10-year historical sales CAGR of 9% (2006-2016)
 - Return to growth in 2H2016, 8% YoY growth
- ✓ Plan for above-market growth
 - Targeting 5% growth
 - Long-term: expand operating margins

Varex estimates. Subject to various risks and assumptions relating to forward looking statements.

Our Markets & Products

Well Positioned: A Leader In Two Growing Global Markets

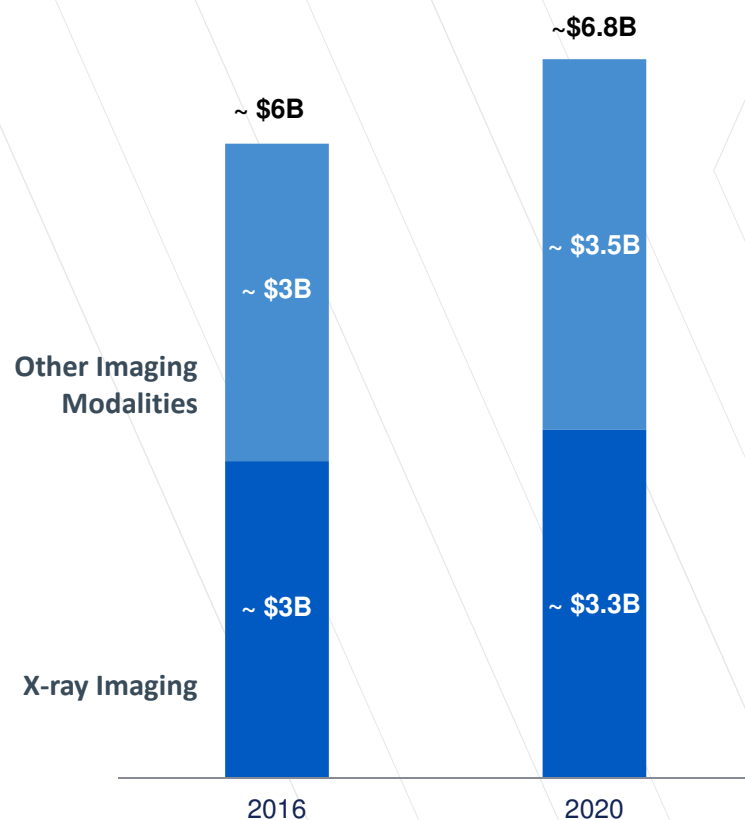
Medical X-Ray Imaging



Varex estimates.

Global Imaging Trends

Medical X-ray Imaging



Market Drivers

- Aging population → Innovation in image quality, cost, speed
- Safety → Reducing X-ray dose
- Emerging markets → Push for affordability

Market Growth Areas

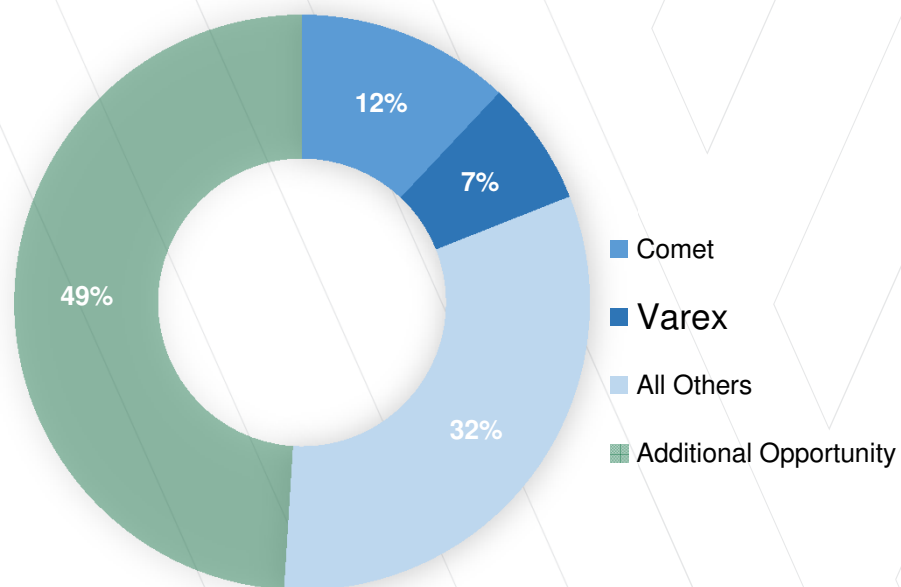
- Analog to digital conversion:
 - CMS reimbursement cut for Film/CR starting 2018
 - ~500K analog units to be upgraded
- China's focus on healthcare:
 - 25K+ CTs needed over next 10 years = \$1B+ components spend

Varex estimates. Subject to various risks and assumptions relating to forward looking statements.

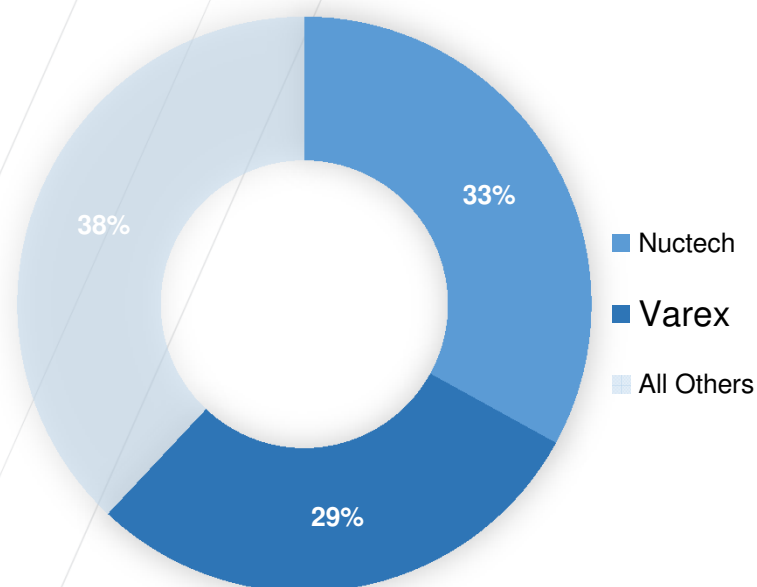
Well Positioned: A Leader In Two Growing Global Markets

Industrial & Security Imaging

Tubes & Digital Flat Panels



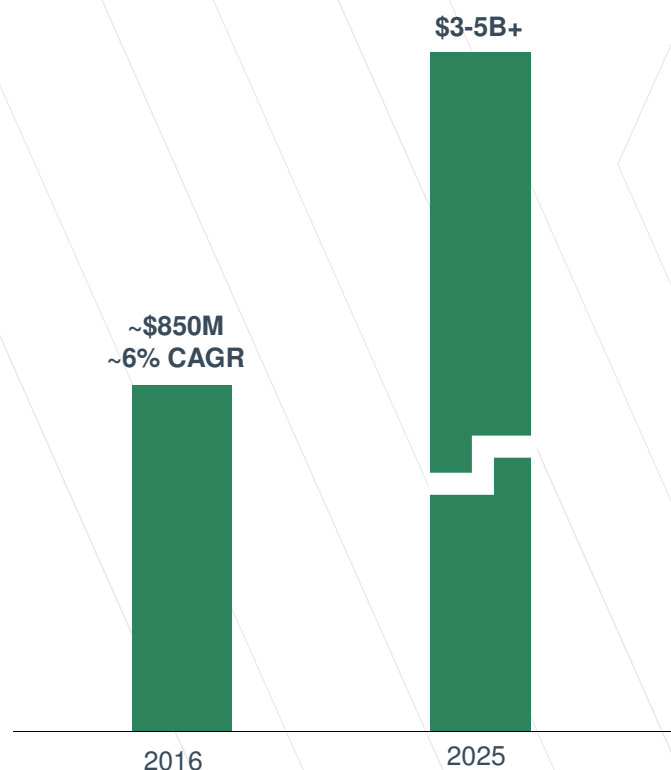
Linear Accelerators



Varex estimates.

Global Imaging Trends

Industrial & Security Imaging



Market Drivers

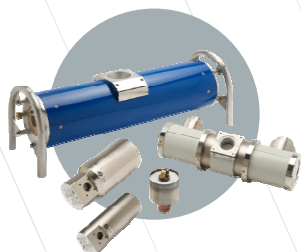
- New safety and quality standards
- Inline manufacturing inspections
- Disruptive technologies (eg. 3D printing)

Market Growth Areas

- Film to digital detectors
- Inspection of castings, complex machined parts
- Airport/ship cargo scanning
- Vehicles scanning at borders
- Package scanning
- Packaged food safety scanning
- Material and surface treatment

Varex estimates. Subject to various risks and assumptions relating to forward looking statements.

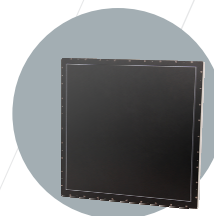
Technology Platforms



X-ray Sources

(45% of revenue)

- Medical X-ray tubes
- Industrial X-ray tubes
- Linear accelerators



Digital X-ray Detectors

(45% of revenue)

- Radiographic detectors
- Dynamic flat panel detectors
- Industrial detectors



Connect and Control

(5% of revenue)

- High-voltage connectors
- Collimators
- AECs



Software

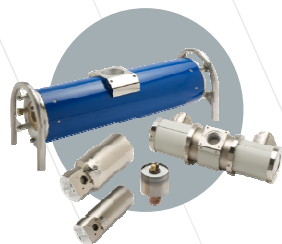
(5% of revenue)

- Image processing & diagnostic workstations
- 3D visualization
- Image analysis

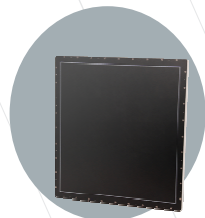
What We Do....

Technology Platforms

Sources



Detectors



Connect & Control



Software



Medical

Applications



CT



Digital X-Ray



Mammography



Mobile C-arms

Industrial & Security



Manufacturing Inspection



Cargo Screening



Industrial Inspection



Security Inspection

Medical Imaging

Rapid & Cost-Efficient Development

- X-ray tubes
- Flat panel detectors
- AECs, collimators
- HV cables, interconnects
- Imaging software and workstations

Product breadth and development expertise positions us as the partner of choice.

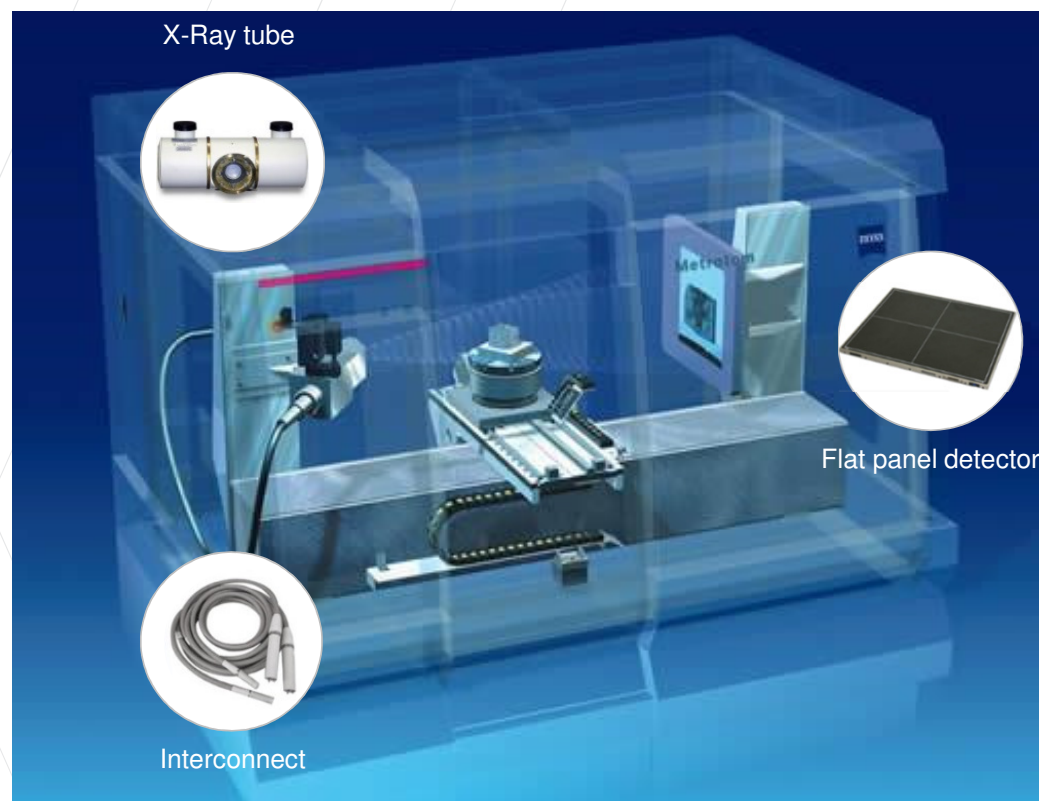


Industrial & Security Imaging

Enabling Customers to Develop Products Faster

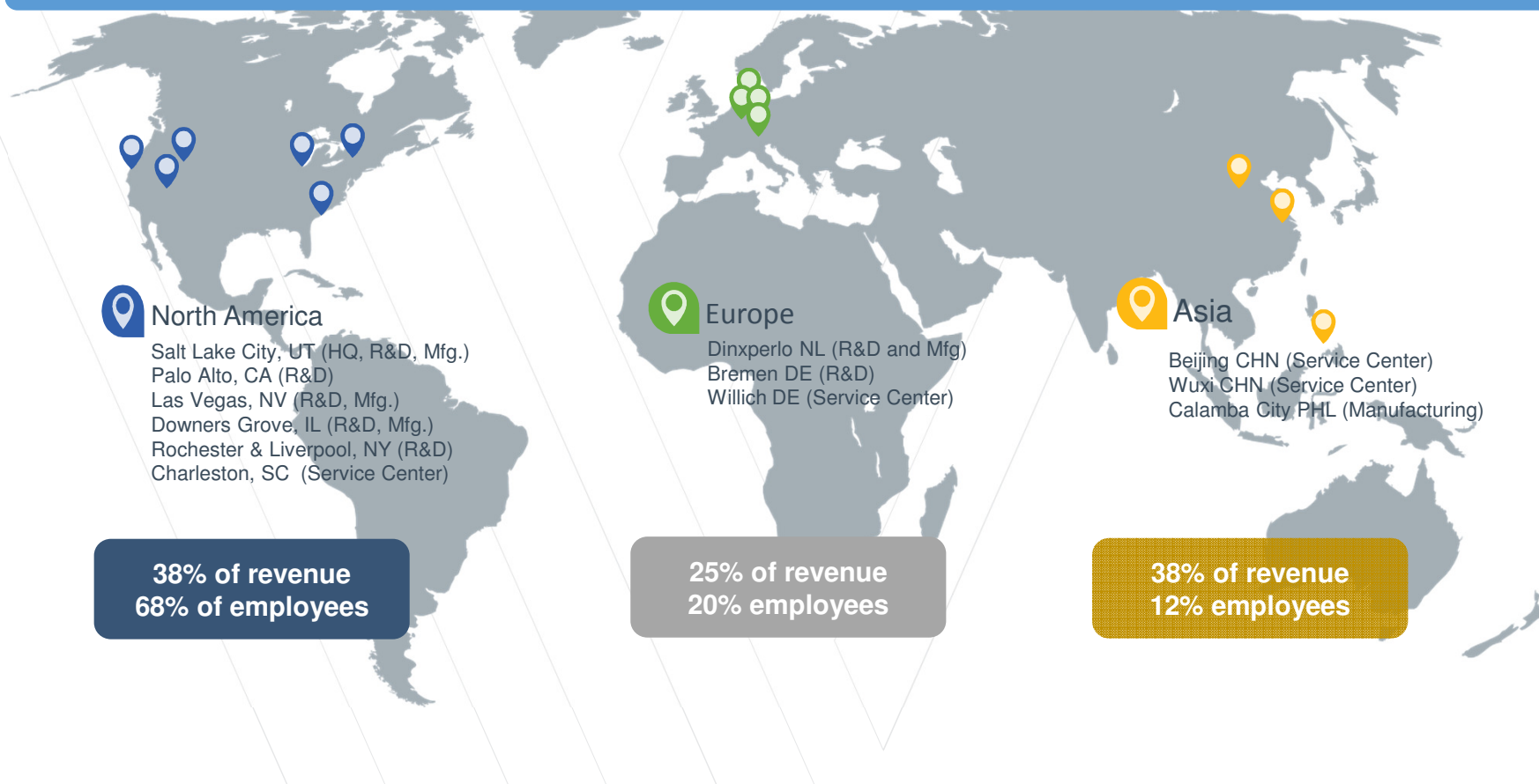
- X-ray tubes
- Flat panel detectors
- Linear accelerators
- Specialized software
- Services

Product breadth and development expertise positions us as the partner of choice.



Worldwide Manufacturing & Presence

~25%+ of medical tubes & digital flat panels globally are produced by Varex



How We Win

1

Technology / Innovation

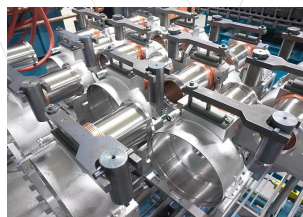
- ✓ 65+ years of R&D in X-ray
- ✓ 300+ engineers in X-ray
- ✓ 220+ active patents



2

Efficient Manufacturing, Scale & Cost Leadership

- ✓ 5x units than leading OEMs

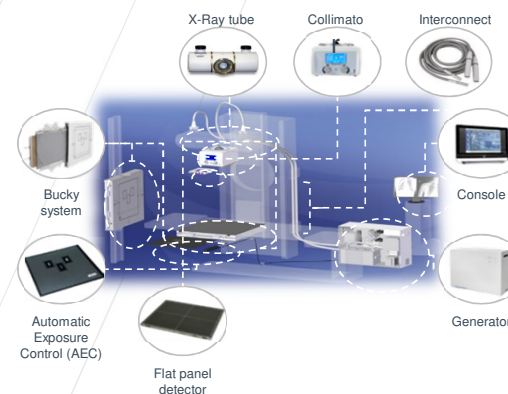


3

Customer Relationships

- ✓ ~90%+ medical OEMs buy a component from Varex
- ✓ Average customer relationship of 20+ years
- ✓ Embedded in many customer products

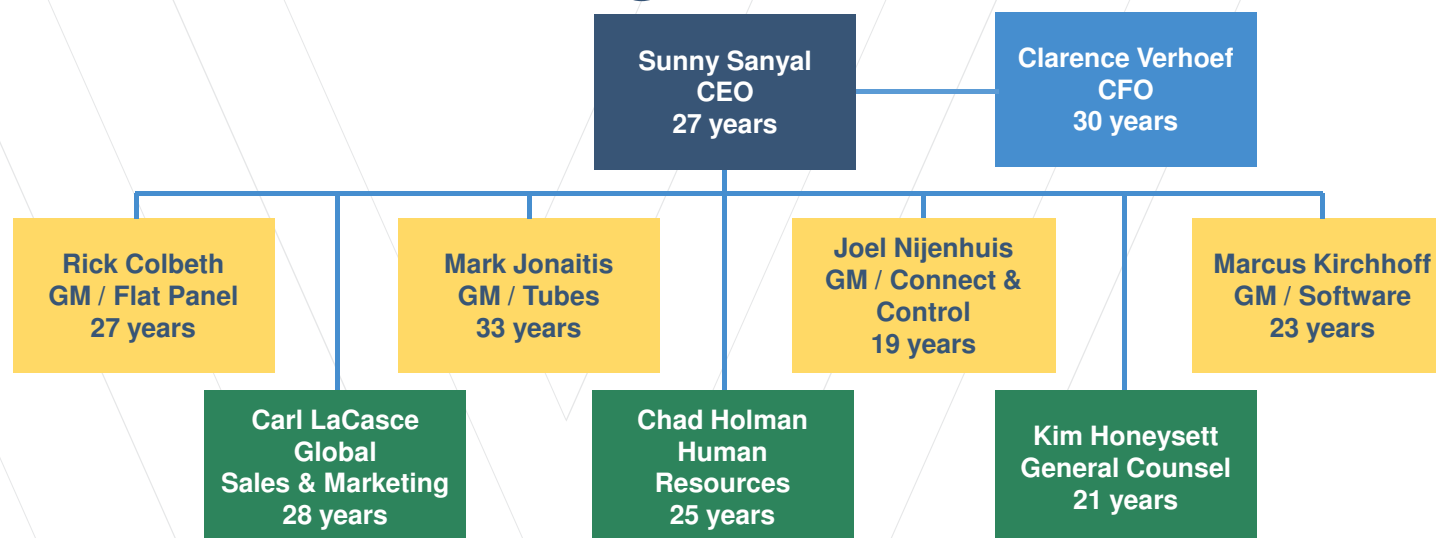
Best In Class Subsystems



Long-Term Customer Relationships

Top 10 Customers	Years of Relationship
Toshiba Medical Systems	40
Hitachi Medical Corporation	40
Shimadzu Corporation	40
GE Medical Systems	40
Philips Medical	40
Hologic	25
L3	17
Ziehm	15
Smiths Detection	15
Medtronic	13

Experienced Management Team



Employees By Area

Department	% Employees
R & D	27%
S & M	10%
G & A	6%
Manufacturing	57%

Employee Highlights

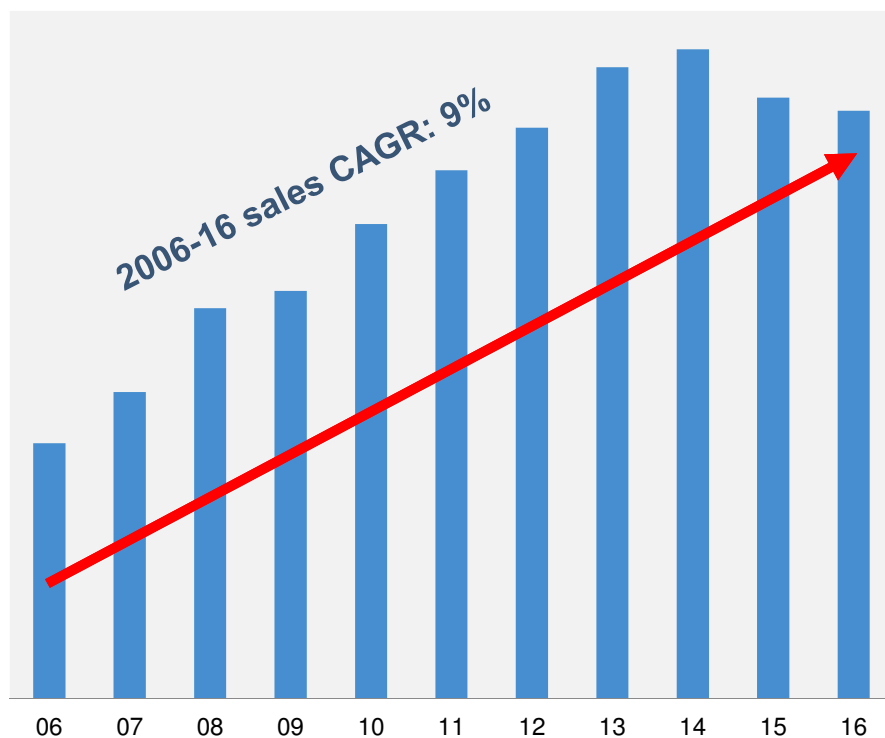
- 1,400+ employees
- Low overhead...80%+ of headcount in R&D and production
- Strong leadership team with average over 25 years professional experience in healthcare.

Assumes approval and completion of the separation from Varian Medical Systems.

Financial Information

Track Record Of Growth

Revenue History



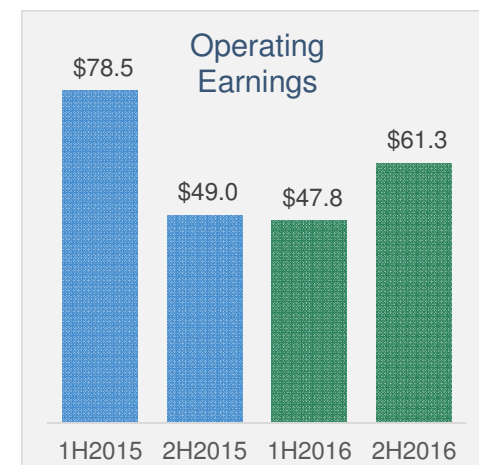
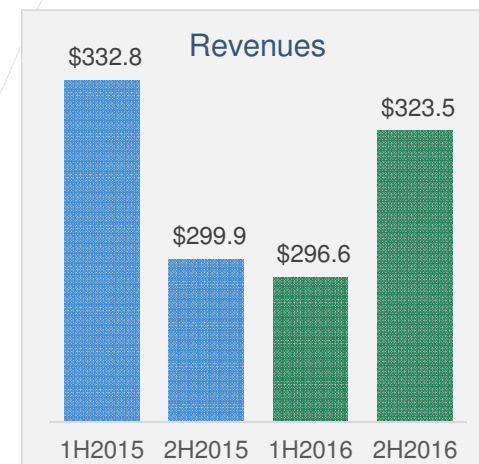
Revenues in millions. These revenues do not include inter-segment revenues.

2H2015 and 1H2016 Affected By Extraordinary Events

- FX impact
- Low oil prices delayed tenders
- Insourcing decision by a key customer

2H2016 Return To Growth

- Major customer headed for normalization with strong engineering/innovation partnership continuing
- FX impact diminished
- Positive mix in digital flat panel business



Selected Financial Data

(\$000 in thousands)

	Fiscal Years							
	2016	%	2015	%	2014	%	2013	%
Revenues	\$ 620		\$ 632		\$ 685		\$ 670	
Gross margin	\$ 248	40%	\$ 251	40%	\$ 279	41%	\$ 268	40%
Operating margin	\$ 109	18%	\$ 128	20%	\$ 176	26%	\$ 169	25%
Cash flow from operations	\$ 74		\$ 85		\$ 119		\$ 91	
Free cash flow	\$ 45		\$ 51		\$ 95		\$ 83	
Return on assets	11%		14%		NA		NA	

Return on Assets = Net Income / Avg. Total Assets

Historical Financials

(\$000 in thousands)

	Fiscal Years			
	2016	2015	2014	2013
Revenues	\$ 620.1	\$ 632.3	\$ 685.2	\$ 669.8
Cost of revenues	371.7	381.7	406.6	401.7
Gross margin	248.4	250.6	278.6	268.1
Operating expenses:				
Research and development	53.5	50.4	40.0	35.9
Selling, general and administrative	85.8	72.7	62.6	63.4
Total operating expenses	139.3	123.1	102.6	99.3
Operating earnings	109.1	127.5	176.0	168.8
Interest and other income (expense), net	(4.1)	0.1	(1.8)	2.5
Earnings before taxes	105.0	127.6	174.2	171.3
Taxes on earnings	36.0	46.8	64.1	61.7
Net earnings	69.0	80.8	110.1	109.6
Less: Net earnings attributable to noncontrolling interests	0.5	0.8	—	—
Net earnings attributable to Varex	\$ 68.5	\$ 80.0	\$ 110.1	\$ 109.6

Quarterly Performance

(\$000 in thousands)

	FY2015								FY2016							
	1Q15	%	2Q15	%	3Q15	%	4Q15	%	1Q16	%	2Q16	%	3Q16	%	4Q16	%
Revenues	\$170.0		\$162.8		\$139.5		\$160.0		\$146.8		\$149.8		\$151.4		\$172.1	
Cost of revenues	100.0		94.9		87.1		99.7		89.7		90.7		88.4		102.9	
Gross margin	70.0	41%	67.9	42%	52.4	38%	60.3	38%	57.1	39%	59.1	39%	63.0	42%	69.3	40%
Operating expenses:																
Research and development	11.1		10.4		13.2		15.7		12.5		13.1		14.0		14.0	
Selling, general and administrative	20.8		17.1		16.2		18.6		22.0		20.8		20.6		22.4	
Total operating expenses	31.9		27.5		29.4		34.3		34.5		34.0		34.6		36.4	
Operating earnings	38.2	22%	40.3	25%	23.0	16%	26.0	16%	22.7	15%	25.1	17%	28.4	19%	32.9	19%
Interest and other income (expense)	(0.5)		0.8		0.2		(0.4)		(1.4)		(0.3)		(1.4)		(1.1)	
Earnings before taxes	37.7		41.1		23.2		25.6		21.3		24.9		27.0		31.8	
Taxes on earnings*	(13.8)		(15.0)		(8.5)		(9.5)		(7.7)		(9.0)		(9.8)		(9.6)	
Net earnings	23.9	14%	26.1	16%	14.7	11%	16.1	10%	13.6	9%	15.9	11%	17.2	11%	22.2	13%
Net earnings attributable to noncontrolling interests	-		-		(0.3)		(0.5)		0.1		(0.1)		(0.2)		(0.2)	
Net earnings attributable to Varex	\$ 23.9		\$ 26.1		\$ 14.4		\$ 15.6		\$ 13.7		\$ 15.8		\$ 17.0		\$ 22.0	

*Tax on earnings are estimated based on using full-year tax rates for certain quarters

Long-Term Financial Goals

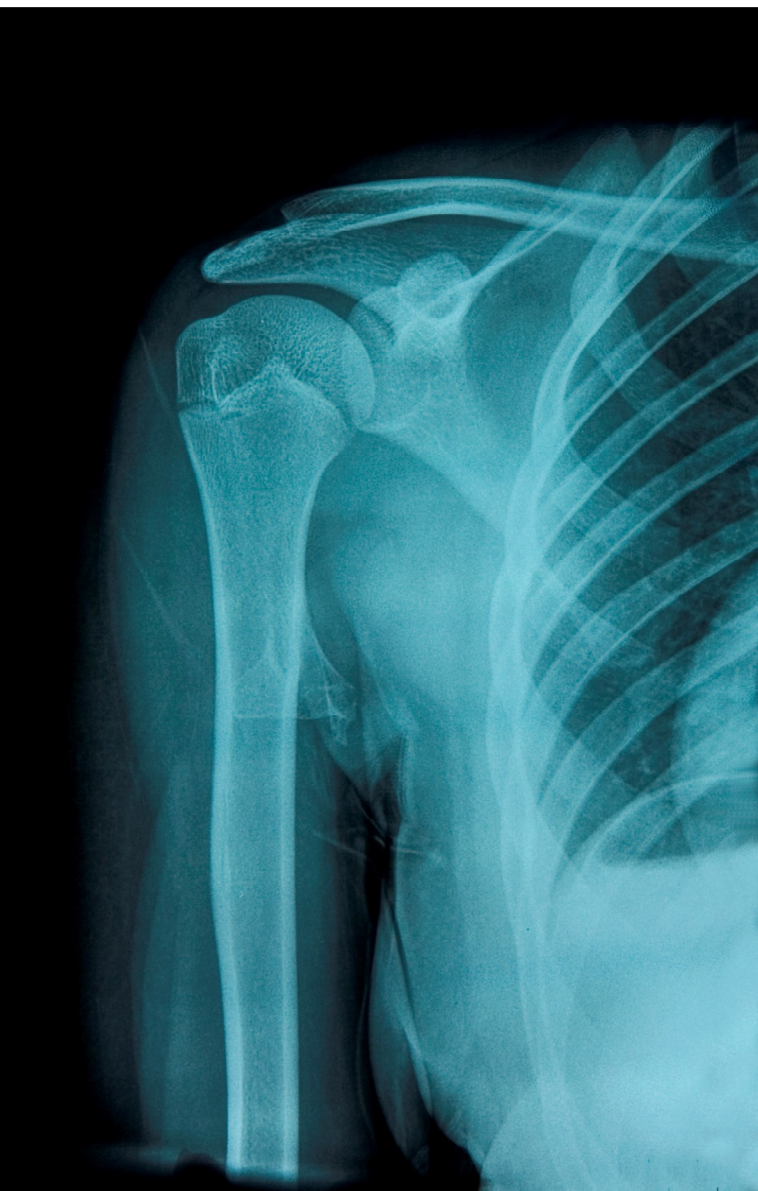
- ✓ Thrive as a stand alone business
- ✓ Plan for above-market top-line growth
 - Targeting 5% top-line growth
- ✓ Long term: expand operating margins

Subject to various risks and assumptions relating to forward looking statements.

Varex Investment Highlights

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 - Comprehensive solution offering
 - Best in class components and sub-systems
 - Global reach with leading scale
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 - Well positioned in addressable \$3.85B medical and industrial & security imaging markets; strong trends and market growth drivers
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