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 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 and in 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.
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

Medical Imaging
- 82% of FY16 sales
- All Medical Imaging OEMs
- Leadership position in X-ray tubes, flat panel detectors, and high voltage connectors globally
- Installed base of 80,000+ digital flat panel detectors, 200,000+ X-ray tubes
- $3B addressable segment

Industrial & Security Imaging
- 18% of FY16 sales
- Industrial NDT & Security and Inspection OEMs
- Leadership position in low energy and high energy industrial X-ray products
- Installed base of 1,000+ linear accelerators globally
- $850M addressable segment
Innovation & Industry Firsts

2000: Takes over manufacturing operations for PaxScan flat-panel X-ray image detectors and moves production to Salt Lake City

2001: Hitachi begins clinical evaluation of a new gastrointestinal diagnostic imaging system that incorporates Varian's PaxScan 4030A

2002: PaxScan 4030 receives 510(k) clearance

Company launches online store to sell the full line of medical X-ray tubes

2003: PaxScan 1313 flat-panel X-ray image detector, designed for low-cost, high quality imaging in dental and orthopedic applications as well as semiconductor inspection systems

2004: PaxScan 3024M flat panel detector

Receives certification to assemble X-ray tubes in China

Receives $3.6mm five-year NIH/NCI research grant

2005: Introduces PaxScan Digital Detector for dental, medical, and high-volume semiconductor inspection markets

2006: Completes a 72,000-square-foot addition to its Salt Lake City facility

Introduces PaxScan Digital Detector for dental, medical, and high-volume semiconductor inspection markets

2007: Acquires Pan-Pacific Enterprises (X-ray) and Bio-Imaging Research (security and inspection)

Introduces first film cassette-sized PaxScan flat panel image detector

2008: Introduces the Linatron Mi, paired with a PaxScan digital radiography panel, for materials discrimination in cargo screening systems

2009: Introduces PaxScan 3030+ panel designed for interventional angio procedures

2010: Introduces PaxScan 3024M flat panel detector

Receives $21mm order from US Customs for IntellX screening systems

2011: Announces $450m contract with Toshiba

Receives $21mm contract with Toshiba

2012: Receives 510(k) clearance for Nexus-DR digital imaging system

2013: Receives 510(k) clearance for Nexus-DR digital imaging system

2014: Receives 510(k) for Nexus-DR digital radiography system targeted at Analog to Digital Conversion, 510(k) for Collimators; 9 new detectors, 5 new tube products

2015: Introduces Linatron Xp, a portable linear accelerator for industrial and security

Acquires Claymount and MeVis

2016: Completes 140k sq ft expansion of SLC factory, Opens Service Center in Wuxi, China for light manufacturing, repairs, logistics and customer service

2016: Receives 510(k) for Nexus-DR digital radiography system targeted at Analog to Digital Conversion, 510(k) for Collimators; 9 new detectors, 5 new tube products
Varex Investment Highlights

✓ Global leader in X-ray imaging components
  ▪ Most complete solution offering
  ▪ Best in class components and sub-systems
  ▪ Global reach with leading scale

✓ Growing global markets
  ▪ Well positioned in addressable $3.85B medical and industrial & security imaging markets; strong trends and market growth drivers
  ▪ $2B+ headroom with current customers

✓ Deep relationships with leading OEMs
  ▪ Supply to 90%+ of global medical OEMs
  ▪ Significant revenue expansion opportunity with existing OEMs
  ▪ Long-term relationships averaging 20+ years

✓ Deep expertise, seasoned management team
  ▪ 65+ year history of innovation in X-ray technologies
  ▪ Average tenure of 25+ years in industry
  ▪ Track record and reputation for operational excellence

✓ Historical track record of growth and operational excellence
  ▪ 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 Segments

Medical X-Ray Imaging

Digital Flat Panels
- Varex: 33%
- Thales/Trixell: 38%
- All Others, Including OEMs: 29%

Medical Tubes
- Varex: 21%
- Toshiba: 7%
- All Others, Including OEMs: 72%

Varex estimates.
Global Imaging Trends

Medical X-ray Imaging

Segment 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

Segment Drivers

- Aging population ➔ Innovation in image quality, cost, speed
- Safety ➔ Reducing X-ray dose
- Emerging markets ➔ Push for affordability
Well Positioned: A Leader In Two Growing Global Segments

Industrial & Security Imaging

Tubes & Digital Flat Panels

- Comet: 12%
- Varex: 49%
- All Others: 32%
- Additional Opportunity: 7%

Linear Accelerators

- Comet: 38%
- Nuctech: 33%
- Varex: 29%
- All Others: 0%

Varex estimates.
Global Imaging Trends

Industrial & Security Imaging

Segment Drivers
- New safety and quality standards
- Inline manufacturing inspections
- Disruptive technologies (e.g., 3D printing)

Segment 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
- Medical X-ray tubes
- Industrial X-ray Tubes
- Linear Accelerators

Connect and Control
- High-voltage connectors
- Collimators
- AECs

Digital X-ray Detectors
- Radiographic detectors
- Dynamic flat panel detectors
- Industrial detectors

Software
- Image processing & diagnostic workstations
- 3D visualization
- Image analysis
What We Do....

Technology Platforms

Sources

Connect & Control

Detectors

Software

Applications

Medical

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.
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.
Broadest Imaging Components Portfolio

Varex Imaging

- X-Ray Tubes
- X-Ray Detectors
- Software and Workstations
- Connectors and Other Components

Linear Accelerators

High Energy Detectors

Competitor Portfolios

- TRIXELL
- PerkinElmer
- TOSHIBA
- Canon
- COMET GROUP
- GE Inspection
- NUCTECH
Worldwide Manufacturing & Presence

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

North America
- Salt Lake City, UT (HQ, R&D, Mfg.)
- Palo Alto, CA (R&D)
- Las Vegas, NV (R&D, Mfg.)
- Downers Grove, IL (R&D, Mfg.)
- Rochester & Liverpool, NY (R&D)
- Charleston, SC (Service Center)

38% of revenue
68% of employees

Europe
- Dinxperlo NL (R&D and Mfg)
- Bremen DE (R&D)
- Willich DE (Service Center)

25% of revenue
20% employees

Asia
- Beijing CHN (Service Center)
- Wuxi CHN (Service Center)
- Calamba City PHL (Manufacturing)

38% of revenue
12% employees
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

<table>
<thead>
<tr>
<th>Top 10 Customers</th>
<th>Years of Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toshiba Medical Systems</td>
<td>40</td>
</tr>
<tr>
<td>Hitachi Medical Corporation</td>
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<tr>
<td>Shimadzu Corporation</td>
<td>40</td>
</tr>
<tr>
<td>GE Medical Systems</td>
<td>40</td>
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<tr>
<td>Philips Medical</td>
<td>40</td>
</tr>
<tr>
<td>Hologic</td>
<td>25</td>
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<tr>
<td>L3</td>
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<td>Ziehm</td>
<td>15</td>
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<td>Smiths Detection</td>
<td>15</td>
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<tr>
<td>Medtronic</td>
<td>13</td>
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</table>
Experienced Management Team

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

2006-16 sales CAGR: 9%

Revenue History

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

Revenues

<table>
<thead>
<tr>
<th></th>
<th>1H2015</th>
<th>2H2015</th>
<th>1H2016</th>
<th>2H2016</th>
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<tr>
<td>$332.8</td>
<td>$299.9</td>
<td>$296.6</td>
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Operating Earnings

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<tr>
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<th>1H2015</th>
<th>2H2015</th>
<th>1H2016</th>
<th>2H2016</th>
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<tr>
<td>$78.5</td>
<td>$49.0</td>
<td>$47.8</td>
<td>$61.3</td>
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Revenues in millions. These revenues do not include inter-segment revenues.
## Selected Financial Data

($000 in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>%</th>
<th>2015</th>
<th>%</th>
<th>2014</th>
<th>%</th>
<th>2013</th>
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<td>Revenues</td>
<td>$620</td>
<td></td>
<td>$632</td>
<td></td>
<td>$685</td>
<td></td>
<td>$670</td>
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<tr>
<td>Gross margin</td>
<td>$249</td>
<td>40%</td>
<td>$251</td>
<td>40%</td>
<td>$279</td>
<td>41%</td>
<td>$268</td>
<td>40%</td>
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<tr>
<td>Operating margin</td>
<td>$109</td>
<td>18%</td>
<td>$128</td>
<td>20%</td>
<td>$176</td>
<td>26%</td>
<td>$169</td>
<td>25%</td>
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<tr>
<td>Cash flow from operations</td>
<td>$44</td>
<td></td>
<td>$51</td>
<td></td>
<td>$95</td>
<td></td>
<td>$83</td>
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<td>Return on assets</td>
<td>11%</td>
<td></td>
<td>16%</td>
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<td>NA</td>
<td></td>
<td>NA</td>
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Return on Assets = Net Income / Avg. Total Assets
Historical Financials
($000 in thousands)

<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
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<td>Revenues</td>
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<td>$632.3</td>
<td>$685.2</td>
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<td>Cost of revenues</td>
<td>371.7</td>
<td>381.7</td>
<td>406.6</td>
<td>401.7</td>
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<td>Gross margin</td>
<td>248.5</td>
<td>250.6</td>
<td>278.6</td>
<td>268.1</td>
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<tr>
<td>Operating expenses:</td>
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<tr>
<td>Research and development</td>
<td>53.5</td>
<td>50.4</td>
<td>40.0</td>
<td>35.9</td>
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<td>Selling, general and administrative</td>
<td>85.8</td>
<td>72.7</td>
<td>62.6</td>
<td>63.4</td>
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<tr>
<td>Total operating expenses</td>
<td>139.4</td>
<td>123.1</td>
<td>102.6</td>
<td>99.3</td>
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<tr>
<td>Operating earnings</td>
<td>109.1</td>
<td>127.5</td>
<td>176.0</td>
<td>168.8</td>
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<td>Interest and other income (expense), net</td>
<td>(4.1)</td>
<td>0.1</td>
<td>(1.8)</td>
<td>2.5</td>
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<tr>
<td>Earnings before taxes</td>
<td>105.0</td>
<td>127.6</td>
<td>174.2</td>
<td>171.3</td>
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<tr>
<td>Taxes on earnings</td>
<td>36.0</td>
<td>46.8</td>
<td>64.1</td>
<td>61.7</td>
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<tr>
<td>Net earnings</td>
<td>69.0</td>
<td>80.8</td>
<td>110.1</td>
<td>109.6</td>
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<td>Less: Net earnings attributable to noncontrolling interests</td>
<td>0.5</td>
<td>0.8</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net earnings attributable to Varex</td>
<td>$68.5</td>
<td>$80.0</td>
<td>$110.0</td>
<td>$109.6</td>
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</tbody>
</table>
## Quarterly Performance

($000 in thousands)

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<th>FY2016</th>
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<td>1Q16</td>
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<td>4Q16</td>
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<td>2Q15</td>
<td>3Q15</td>
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<td>Revenues</td>
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<td>$149.8</td>
<td>$151.4</td>
<td>$172.1</td>
<td>$170.0</td>
<td>$162.8</td>
<td>$139.9</td>
<td>$160.0</td>
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<tr>
<td>Cost of revenues</td>
<td>89.7</td>
<td>90.7</td>
<td>88.4</td>
<td>102.9</td>
<td>100.0</td>
<td>94.9</td>
<td>87.1</td>
<td>99.7</td>
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<tr>
<td>Gross margin</td>
<td>57.1%</td>
<td>59.1%</td>
<td>63.0%</td>
<td>69.3%</td>
<td>70.0%</td>
<td>41%</td>
<td>67.9%</td>
<td>42%</td>
<td>52.4%</td>
<td>37%</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Research and development</td>
<td>12.5</td>
<td>13.1</td>
<td>14.0</td>
<td>14.0</td>
<td>11.1</td>
<td>10.4</td>
<td>13.2</td>
<td>15.7</td>
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<td></td>
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<tr>
<td>Selling, general and administrative</td>
<td>22.0</td>
<td>20.8</td>
<td>20.6</td>
<td>22.4</td>
<td>20.8</td>
<td>17.1</td>
<td>16.2</td>
<td>18.6</td>
<td></td>
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<tr>
<td>Total operating expenses</td>
<td>34.5</td>
<td>34.0</td>
<td>34.6</td>
<td>36.4</td>
<td>31.9</td>
<td>27.5</td>
<td>29.4</td>
<td>34.3</td>
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<tr>
<td>Operating earnings</td>
<td>22.7</td>
<td>15%</td>
<td>25.1</td>
<td>17%</td>
<td>28.4</td>
<td>19%</td>
<td>32.9</td>
<td>19%</td>
<td>38.2</td>
<td>22%</td>
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<tr>
<td>Interest and other income (expense), net</td>
<td>(1.4)</td>
<td>(0.3)</td>
<td>(1.4)</td>
<td>(1.1)</td>
<td>(0.5)</td>
<td>0.8</td>
<td>0.2</td>
<td>(0.4)</td>
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<tr>
<td>Earnings before taxes</td>
<td>21.3</td>
<td>24.9</td>
<td>27.0</td>
<td>31.8</td>
<td>37.7</td>
<td>41.1</td>
<td>23.2</td>
<td>25.6</td>
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<tr>
<td>Taxes on earnings*</td>
<td>(7.7)</td>
<td>(9.0)</td>
<td>(9.7)</td>
<td>(9.6)</td>
<td>(13.8)</td>
<td>(15.0)</td>
<td>(8.5)</td>
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<tr>
<td>Net earnings</td>
<td>13.6</td>
<td>9%</td>
<td>15.9</td>
<td>11%</td>
<td>17.3</td>
<td>11%</td>
<td>22.2</td>
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<td>14%</td>
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<td>Less: Net earnings attributable to</td>
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<td>noncontrolling interests</td>
<td>(0.1)</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>0.3</td>
<td>0.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings attributable to Varex</td>
<td>$13.5</td>
<td>16.0</td>
<td>$17.5</td>
<td>$22.0</td>
<td>$23.9</td>
<td>$26.1</td>
<td>$14.4</td>
<td>$15.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*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

☑️ Global leader in X-ray imaging components
  - Most complete solution offering
  - Best in class components and sub-systems
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☑️ Deep relationships with leading OEMs
  - Supply to 90%+ of global medical OEMs
  - Significant revenue expansion opportunity with existing OEMs
  - Long-term relationships averaging 20+ years

☑️ Deep expertise, seasoned management team
  - 65+ year history of innovation in X-ray technologies
  - Average tenure of 25+ years in industry
  - Track record and reputation for operational excellence

☑️ Historical track record of growth and operational excellence
  - 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.
Q & A

INNOVATION

SCALE

CUSTOMER RELATIONSHIPS
RSNA Booth Tour

• Station 1: X-Ray Tubes
  • Greg Andrews

• Station 2: Flat Panel Detectors
  • Rick Colbeth

• Station 3: Software
  • Marcus Kirchhoff

• Station 4: Connect & Control
  • Joel Nijenhuis