

varian

Third Quarter Fiscal Year 2019

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This presentation is intended exclusively for investors. It is not intended for use in Sales or Marketing.

Forward-Looking Statements

Except for historical information, this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements concerning industry or market outlook, including growth drivers; the company's future orders, revenues, operating expenses, tax rate, cash flows, earnings growth or other financial results; and any statements using the terms "could," "believe," "expect," "promising," "outlook," "should," "well-positioned," "will" or similar statements are forward-looking statements that involve risks and uncertainties that could cause the company's actual results to differ materially from those anticipated. Such risks and uncertainties include our ability to achieve expected synergies from acquisitions; risks associated with integrating recent acquisitions; global economic conditions and changes to trends for cancer treatment regionally; currency exchange rates and tax rates; the impact of the Tax Cuts and Jobs Act; the impact of the Affordable Health Care for America Act (including excise taxes on medical devices) and any further healthcare reforms (including changes to Medicare and Medicaid), and/or changes in third-party reimbursement levels; recent and potential future tariffs or a global trade war; demand for and delays in delivery of the company's products; the company's ability to develop, commercialize and deploy new products; the company's ability to meet Food and Drug Administration (FDA) and other regulatory requirements, regulations or procedures; changes in regulatory environments; risks associated with the company providing financing for the construction and start-up operations of particle therapy centers, challenges associated with commercializing the company's proton solutions business; challenges to public tender awards and the loss of such awards or other orders; the effect of adverse publicity; the company's reliance on sole or limited-source suppliers; the company's ability to maintain or increase margins; the impact of competitive products and pricing; and the other risks listed from time to time in the company's filings with the Securities and Exchange Commission, which by this reference are incorporated herein. The company assumes no obligation to update or revise the forward-looking statements in this presentation because of new information, future events, or otherwise. Reconciliations to GAAP financials can be found in our earnings press release at www.varian.com/investors and the appendix to this presentation.

Varian has not filed its Form 10-Q for the quarter ended June 28, 2019. As a result, all financial results described here should be considered preliminary, and are subject to change to reflect any necessary adjustments, completion of purchase accounting, or changes in accounting estimates, that are identified prior to the time the company files the Form 10-Q.

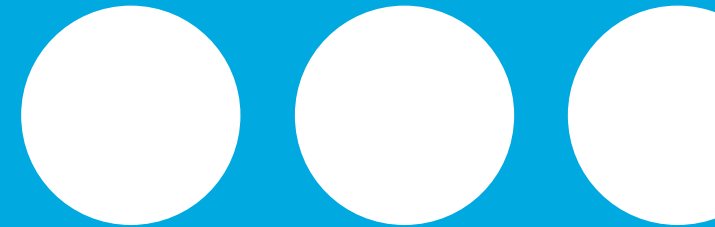
Medical Advice Disclaimer

Varian as a medical device manufacturer cannot and does not recommend specific treatment approaches. Individual treatment results may vary.

Agenda

Q3 FY 2019 earnings

1. Third Quarter Results
2. Total Company Performance
3. Segment Performance
4. FY 2019 Guidance
5. Appendix



Q3 FY 2019 key financial metrics

\$M	Q3	Y/Y
Oncology Orders¹	\$778	2%
Revenues	\$826	16%
Oncology	\$793	19%
Proton Solutions	\$31	(26%)
GAAP Operating Earnings	\$54	(48%)
% of Revenues	6.5%	
Non-GAAP Operating Earnings	\$144	22%
% of Revenues	17.5%	
GAAP EPS	\$0.32	(59%)
Non-GAAP EPS	\$1.32	26%
Cash Flows from Operations	\$130	+27%

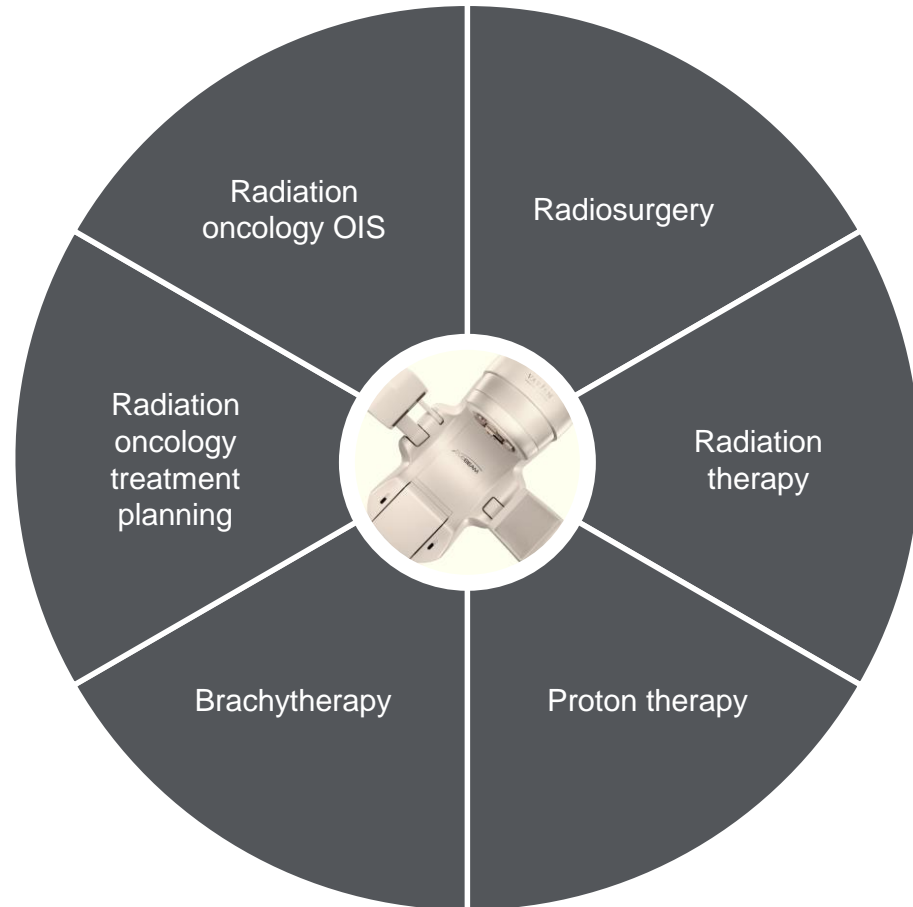
- Delivered exceptional performance growing Non-GAAP operating earnings faster than revenue
- US/China tariffs negatively impacted revenue growth by \$10 million or 140 basis points and GAAP operating earnings growth by \$15 million and as a percentage of revenues by 170 basis points
- Cash flows from operations up due to increase in profitability slightly offset by modest movement in working capital

Note: Unless noted otherwise, all 'Orders' reflect Gross Orders, all growth rates are in dollars and year on year, and basis points (bps) are rounded to the nearest tens.

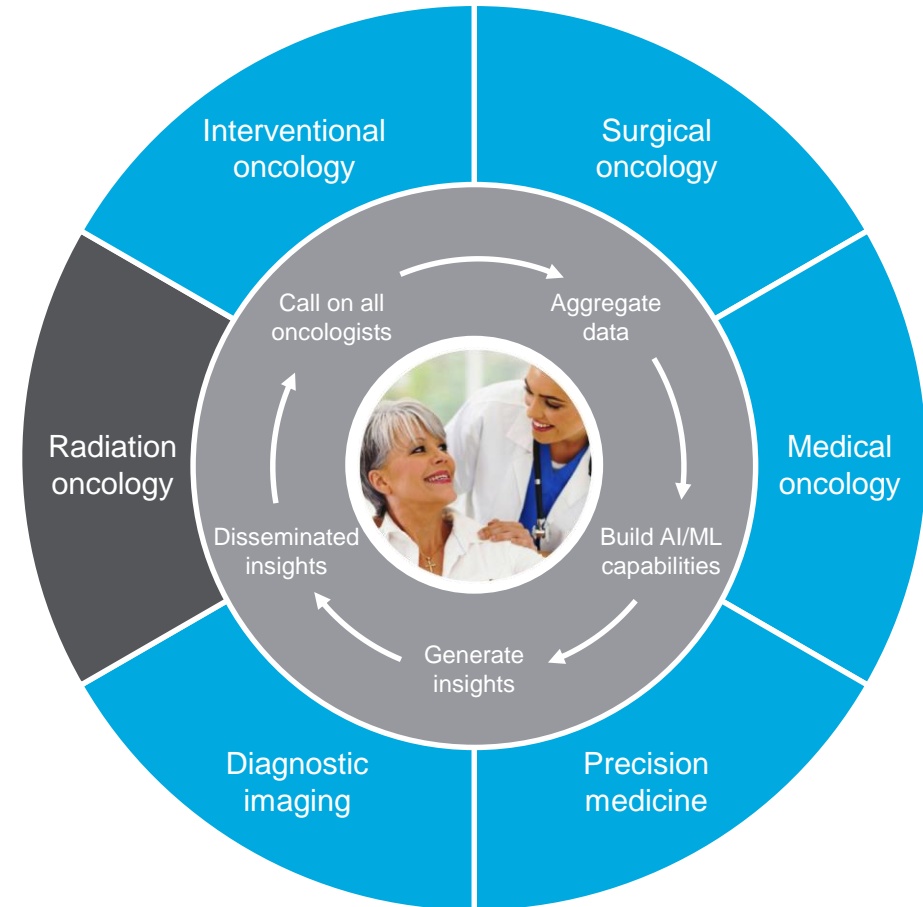
(1) +4% orders growth in constant currency within the quarter.

Long-term growth and value creation strategy

Global Leader
in Radiation Therapy



Global Leader
in Multi-Disciplinary,
Integrated Cancer Care Solutions



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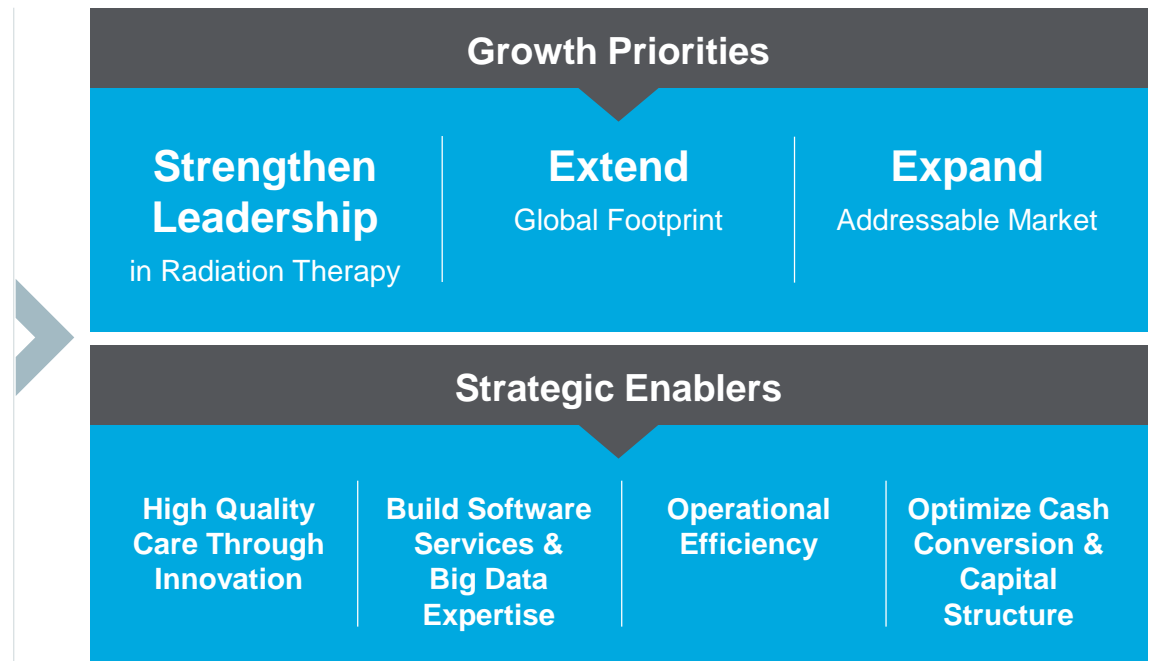
How we plan to achieve our strategy

We Are Here

Global Leader in Radiation Therapy

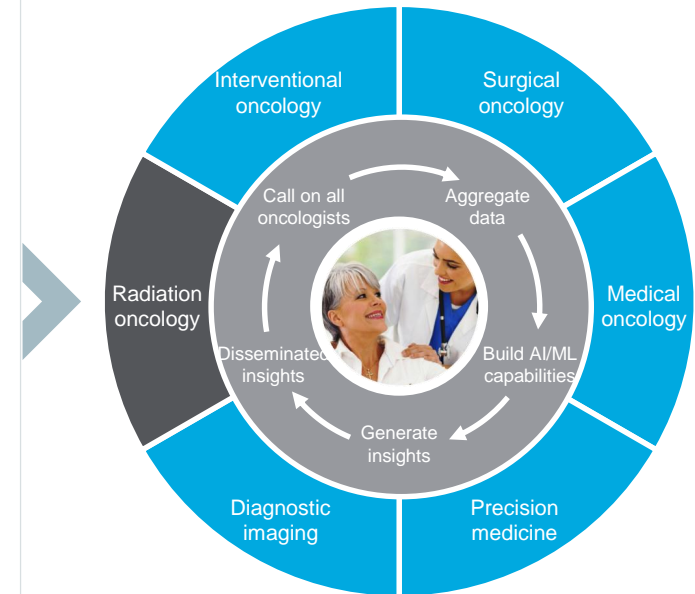


Long-Term Growth and Value Creation Strategy



Where We Are Headed

Global Leader in Multi-Disciplinary, Integrated Cancer Care Solutions



Executing on long-term growth strategy

Strengthen Leadership in Radiation Therapy

KEY METRICS

- **Global market leader**
with >55% share in radiation therapy;
growing share in a +11% growth market¹
- **+2% Oncology orders growth (4% cc)**
in the quarter; TTM growth of +11%
- **46 Halcyon orders in Q3**
284 orders since May 2017 launch;
~60% greenfield and ~75% incremental in Q3
- **R&D up +4%**
Maintaining commitment to driving high-quality,
organic innovation
- **Net installed base +5%, +366 units Y/Y**
Total installed base of 8,412 units

KEY ACCOMPLISHMENTS

- **Adaptive Intelligence Consortium**
Formed to lead clinical trials and develop
evidence-based clinical protocols for Varian's
planned adaptive radiotherapy solution

Extend Global Footprint

KEY METRICS

- **8th consecutive quarter of double-digit
Oncology orders growth in EMEA**
on a constant currency basis in the quarter
- **>45% of Halcyon orders in emerging
markets** since May 2017 launch;
~90% of emerging market orders to date have
been for incremental units

KEY ACCOMPLISHMENTS

- **Orders from Tata Trusts agreement**
Booked initial orders for two linear accelerators
and two brachytherapy systems as a part of the
framework agreement

TATA TRUSTS

Expand Addressable Market

KEY METRICS

- **Software revenues grew +24%**
in Q3, higher than overall hardware growth
- **Unique software customers grew +9%**
in Q3; bringing us to >5,300 software customers

KEY ACCOMPLISHMENTS

- **Announced and closed multiple
acquisitions in the quarter,**
entering the interventional oncology market,
expected to be a \$1.1 billion market by 2022,
and the VTAC market, expected to be a \$1.4
billion market by 2028



Key wins

Americas



**U.S. Government –
VA Medical**
6 TrueBeam systems



**National Cancer Care
Alliance**
6 TrueBeam systems



Aultman Hospital
2 TrueBeams, and 1 Halcyon



Brazil
4 Halcyons



Michigan
Selected vendor for state-
wide symptom management
and PRO initiative

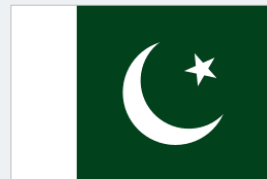
EMEA



India – Tata Trusts
2 linear accelerators and 2
brachytherapy systems



Uzbekistan
4 Halcyons, 3 TrueBeams,
1 SRS, and 2 Bravos



Pakistan
4 TrueBeam systems



France
5 Halcyons and
1 Edge system



Austria
1 TrueBeam system

APAC



China
5 Halcyon systems



Australia
3 TrueBeam systems



Japan
1 TrueBeam

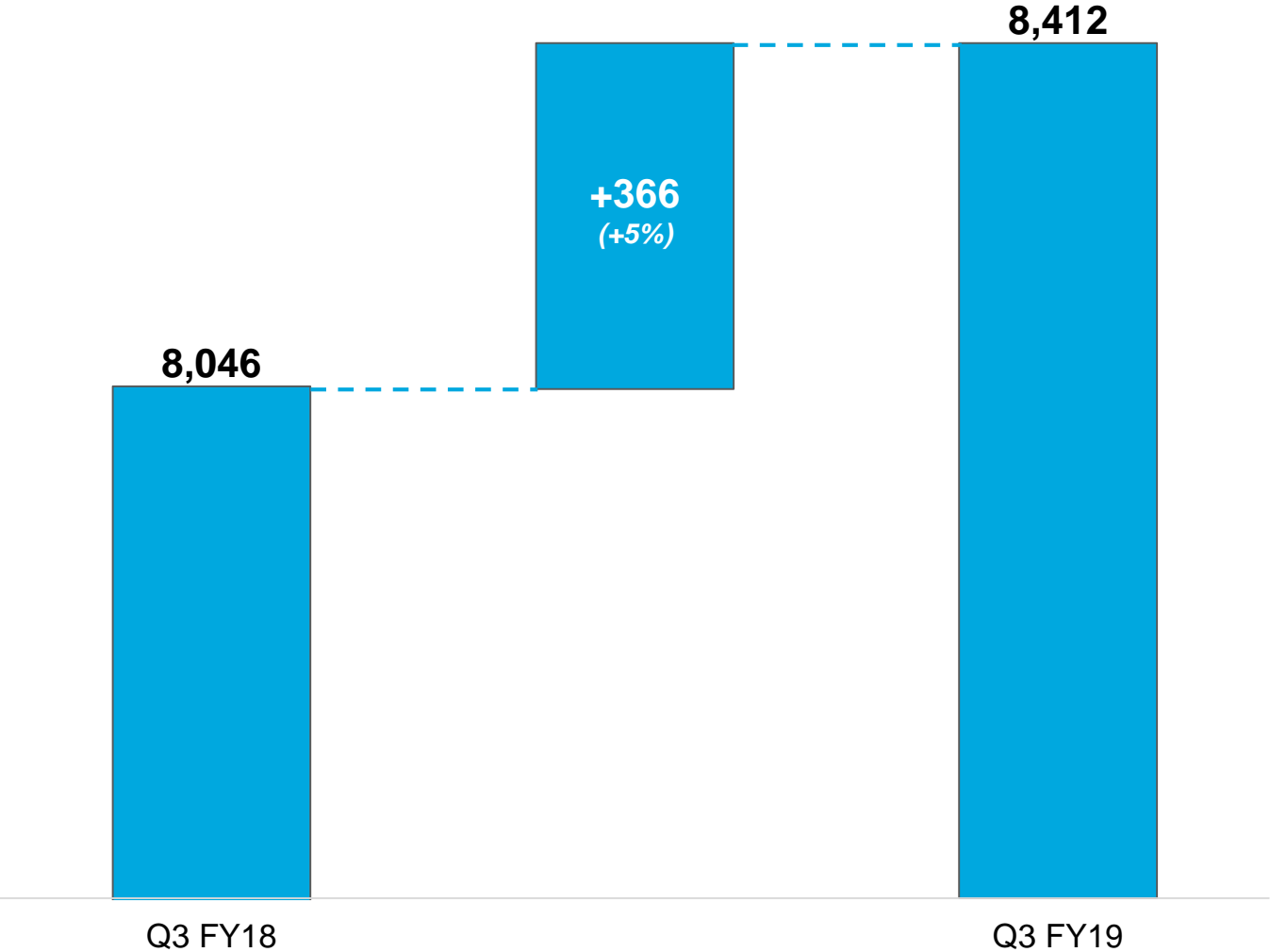


Philippines
1st Halcyon order

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Varian linac net installed base

Installed base growth



Varian strengthened its global leadership in radiation therapy

- Net installed base grew +5% or 366 units, driving future recurring software and services revenues
- All three geographies grew respective installed base in the third quarter

Total Company Performance



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Total company results (GAAP)

Key P&L financial metrics

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\$M	Q3 FY19	Y/Y	TTM	Y/Y
Gross Orders	\$892	16%	\$3,457	11%
Revenues	\$826	16%	\$3,148	11%
Product	\$461	26%	\$1,737	14%
Services	\$365	6%	\$1,410	7%
Gross Margin	\$351	12%	\$1,324	7%
% of Revenues	42.5%	(170 bps)	42.1%	(160 bps)
SG&A	\$235	56%	\$674	17%
% of Revenues	28.5%	720 bps	21.4%	110 bps
R&D	\$62	4%	\$242	7%
% of Revenues	7.5%	(90 bps)	7.7%	(30 bps)
Operating Earnings	\$54	(48%)	\$408	(7%)
% of Revenues	6.5%	(810 bps)	13.0%	(240 bps)
Diluted EPS (\$)¹	\$0.32	(59%)	\$3.67	206%
Installed Base (Linac)	8,412	5%		

Note: Unless noted otherwise, all 'Orders' reflect Gross Orders, all growth rates are in dollars and year on year, and basis points (bps) are rounded to the nearest tens. 'Other' segment is included in total company results and not displayed separately as it is immaterial.

⁽¹⁾ TTM EPS is defined as the sum of last four quarters' reported EPS.

- **Gross Orders** grew double digits due to three new proton orders taken in the quarter totalling \$108 million
- **Revenue** growth driven by strong hardware and software performance in the quarter
- **Gross Margin** rate down due to tariffs with the remaining primarily from hardware and software product mix
- **SG&A** driven by Sales and Marketing investments in software team with G&A growing slower than revenue
 - Includes \$31 million in acquisition related costs and a \$51 million goodwill impairment charge related to our Proton Solutions business
- **R&D** driven by continued investments in software, adaptive radiotherapy, and other strategic programs
- **GAAP EPS** down due to SG&A charges

Total company results (non-GAAP)

Key P&L financial metrics

VARIAN

\$M	Q3 FY19	Y/Y	TTM	Y/Y
Gross Orders	\$892	16%	\$3,457	11%
Revenues	\$826	16%	\$3,148	11%
Product	\$461	26%	\$1,737	14%
Services	\$365	6%	\$1,410	7%
Gross Margin¹	\$354	12%	\$1,334	7%
% of Revenues	42.9%	(160 bps)	42.4%	(150 bps)
SG&A²	\$148	7%	\$569	8%
% of Revenues	17.9%	(150 bps)	18.1%	(40 bps)
R&D	\$62	4%	\$242	7%
% of Revenues	7.5%	(90 bps)	7.7%	(30 bps)
Operating Earnings	\$144	22%	\$524	6%
% of Revenues	17.5%	80 bps	16.6%	(80 bps)
Diluted EPS (\$)³	\$1.32	26%	\$4.58	7%
Installed Base (Linac)	8,412	5%		

Note: Unless noted otherwise, all 'Orders' reflect Gross Orders, all growth rates are in dollars and year on year, and basis points (bps) are rounded to the nearest tens. 'Other' segment is included in total company results and not displayed separately as it is immaterial.

⁽¹⁾ Excludes the portion of amortization of intangible assets and inventory step-up recorded in cost of revenues. Refer to the non-GAAP reconciliation in the appendix.

⁽²⁾ Excludes amortization of intangible assets, acquisition-related expenses, impairment charges, litigation charge and legal costs, and other. Refer to the non-GAAP reconciliation in the appendix.

⁽³⁾ TTM EPS is defined as the sum of last four quarters' reported EPS.

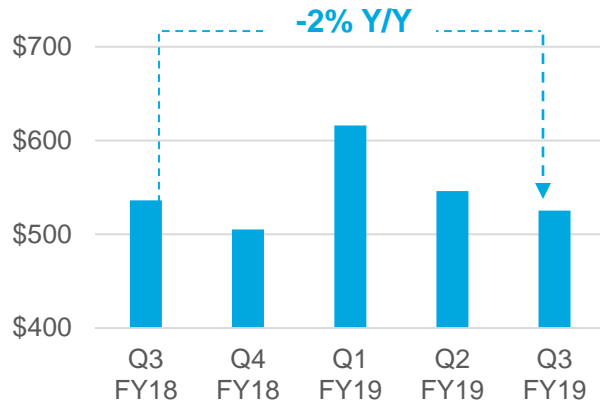
- **Gross Orders** grew double digits due to three new proton orders taken in the quarter totalling \$108 million
- **Revenue** growth driven by strong hardware and software performance in the quarter
- **Gross Margin** rate down due to tariffs with the remaining primarily from hardware and software product mix
- **SG&A** driven by Sales and Marketing investments in software team with G&A growing slower than revenue
- **R&D** driven by continued investments in software, adaptive radiotherapy, and other strategic programs
- **Non-GAAP EPS** up +26% year over year

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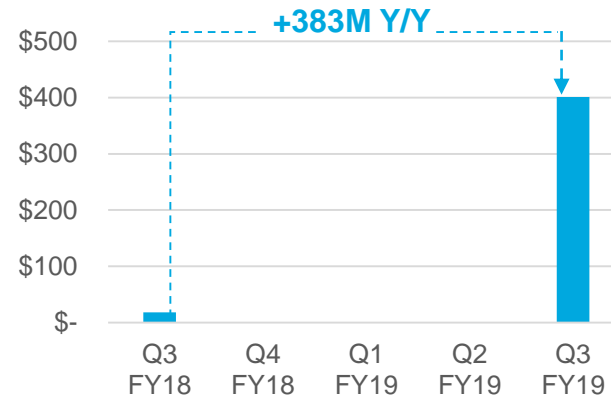
Total company results

Key balance sheet and cash flow metrics

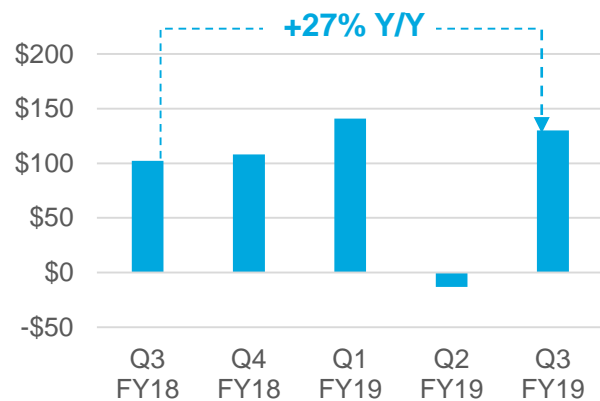
Cash & Cash Equivalents (\$M)



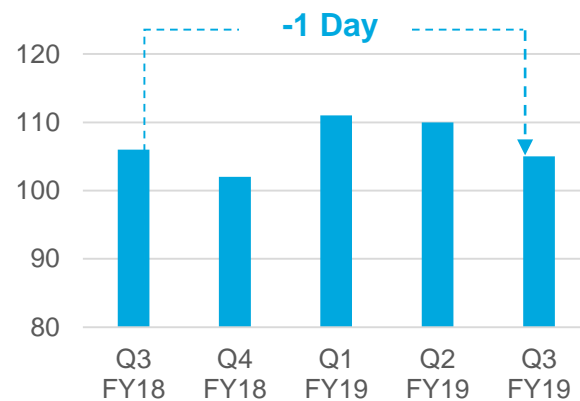
Total Debt (\$M)



Cash Flow from Operations (\$M)



Oncology DSO (Days)



- **Cash & Cash Equivalents** of \$523 million
- **Total Debt** of \$401 million from borrowings related to the acquisition of CTSI, Endocare, and Aicon
- **Cash Flow from Operations** up due to increase in profitability, slightly offset by modest movement in working capital
 - **Capital Expenditures** of \$19 million
 - **Depreciation** of \$13 million
 - **Amortization** of \$7 million
- **Oncology DSO** decreased by 1 day

Capital allocation priorities

Q3 update

Long-term value creation strategy that includes balancing growth, profitability and liquidity

Organic R&D and Capital Investments

- Investments in FLASH technology, software capability, key programs such as adaptive radiotherapy, and infrastructure

Inorganic Mergers & Acquisitions

- Closed the acquisitions of CyberHeart, Cancer Treatment Services International, Endocare, and Aicon
- Investing in infrastructure to support the acceleration of investments in our recent acquisitions

Maintain Financial Flexibility

- Maintaining financial flexibility to take advantage of strategic opportunities

Returning cash to shareholders over time

Share Repurchase

- Used \$49 million to repurchase ~350,000 shares in Q3
- As of the end of the quarter, 2.5M shares remaining under our existing repurchase authorization

Segment Performance



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Oncology Systems segment (GAAP)

Key financial metrics

VARIAN

\$M	Q3 FY19	Y/Y	TTM	Y/Y
Gross Orders	\$778	2%	\$3,328	11%
Revenues	\$793	19%	\$2,998	12%
Product	\$434	33%	\$1,605	16%
Services	\$359	6%	\$1,393	7%
Gross Margin	\$346	13%	\$1,309	7%
% of Revenues	43.7%	(210 bps)	43.7%	(200 bps)
Operating Earnings¹	\$149	18%	\$551	2%
% of Revenues	18.7%	(10 bps)	18.4%	(180 bps)
Installed Base (Linac)	8,412	5%		

Note: Unless noted otherwise, all 'Orders' reflect Gross Orders and all growth rates are in dollars and year on year.

⁽¹⁾ Operating earnings includes an allocation of corporate costs based on relative revenues between the operating segments. The allocated corporate costs excludes certain transactions or adjustments that are considered non-operational in nature, such as restructuring and impairment charges, significant litigation matters and acquisition related items.

- **Gross Orders** up +2% or +4% in constant currency, and +11% over the trailing twelve months, or +13% in constant currency
- **Product Revenue** growth driven by strong hardware and software sales
- **Services Revenue** growth driven by hardware contracts and increased installed base
- **Gross Margin** rate down due to tariffs, slightly offset by hardware and software product mix
- **Operating Earnings** growth driven by top-line

Oncology Systems gross orders by geography

AMERICAS

↓ -1% Q3 Y/Y¹
(-1% cc)

↑ 6% TTM Y/Y¹
(+6% cc)

⁽¹⁾ In North America, Q3 orders growth of -1% and TTM orders growth of 6%

APAC

↓ -1% Q3 Y/Y
(+1% cc)

↑ 22% TTM Y/Y
(+24% cc)

EMEA

↑ 8% Q3 Y/Y
(+13% cc)

↑ 13% TTM Y/Y
(+17% cc)



Proton Solutions segment (GAAP)

Key financial metrics

VARIAN

\$M	Q3 FY19	Y/Y	TTM	Y/Y
Gross Orders	\$111	2,866%	\$127	1%
Revenues	\$31	(26%)	\$148	(5%)
Product	\$25	(33%)	\$130	(10%)
Services	\$5	44%	\$18	63%
Gross Margin	\$5	(41%)	\$16	4%
% of Revenues	15.6%	(390 bps)	10.7%	90 bps
Operating Earnings¹	(\$62)	(516%)	(\$100)	(78%)
% of Revenues	NM	NM	NM	NM

Note: Unless noted otherwise, all 'Orders' reflect Gross Orders and all growth rates are in dollars and year on year.

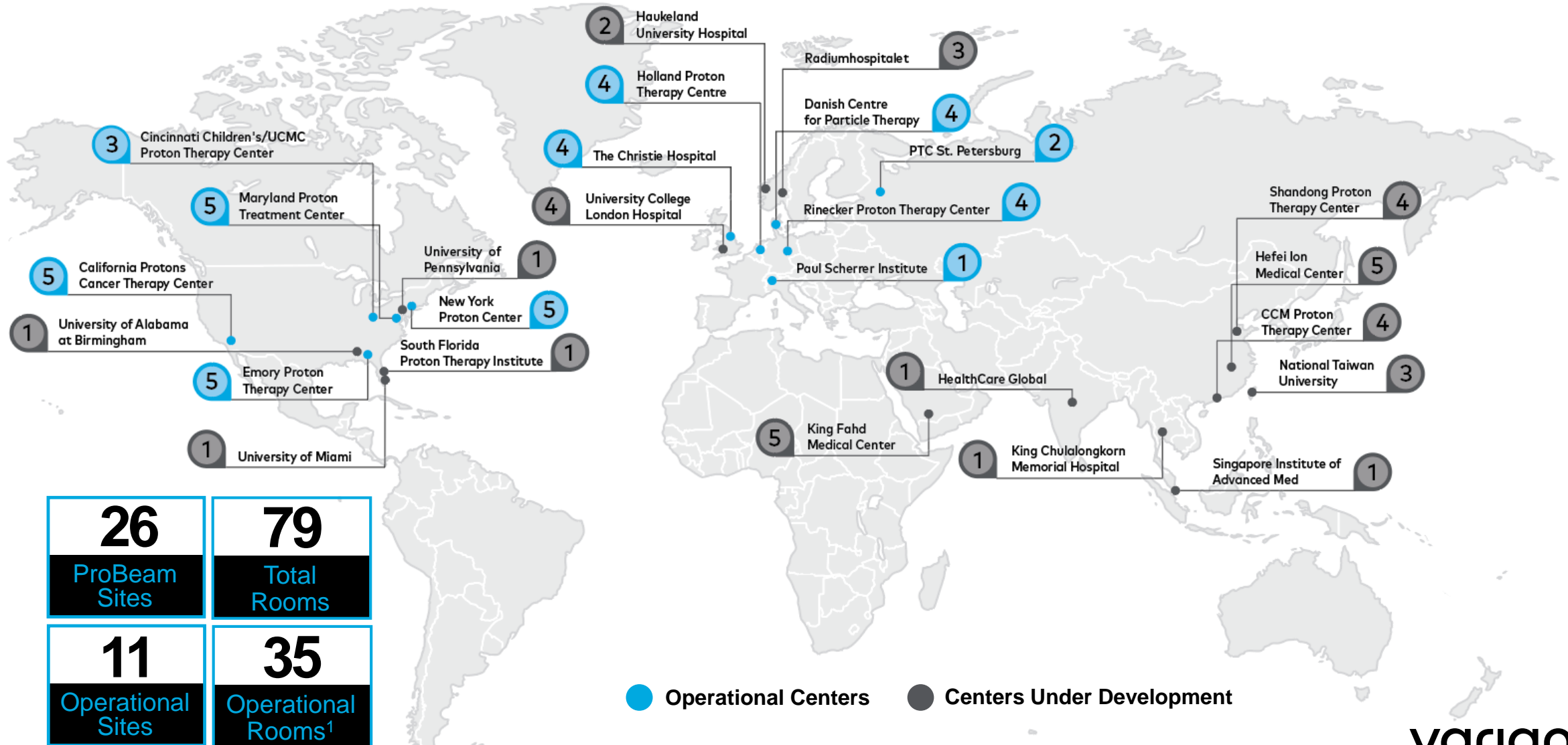
NM: Not meaningful.

⁽¹⁾ Operating earnings includes an allocation of corporate costs based on relative revenues between the operating segments. The allocated corporate costs excludes certain transactions or adjustments that are considered non-operational in nature, such as restructuring and impairment charges, significant litigation matters and acquisition related items.

- **Gross Orders** increased due to three new orders taken in the quarter totalling \$108 million
- **Product Revenues** driven by the progress made in centers under construction
- **Services Revenues** driven by increase in centers under service
- **Operating Earnings** includes a \$51 million goodwill impairment charge, fully impairing the Proton goodwill
- **Completed clinical handovers** for five rooms representing an important future recurring revenue stream
 - **35 operational rooms** of 79 total rooms
 - **11 operational sites** with 15 more sites in progress globally

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ProBeam proton therapy system sites



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⁽¹⁾ Number of Operational Rooms may not sum up to the total number on the map due to some sites having rooms which are under development.

FY 2019 Guidance



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Varian consolidated

Updated guidance for fiscal year 2019

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\$M	Prior Guidance	Updated Guidance¹
Revenues	\$3.09B to \$3.18B	\$3.18B to \$3.21B
Y/Y %	6% to 9%	9% to 10%
Non-GAAP Operating Earnings as a percentage of Revenues	16.5% to 17.5%	16.5%
Non-GAAP Diluted EPS (\$)²	\$4.55 to \$4.70	\$4.58 to 4.63
Cash Flow From Operations	\$440 to \$490	\$430 to \$470

⁽¹⁾ Guidance implies 9% to 10% year on year Revenues range.

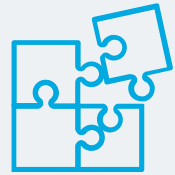
⁽²⁾ These values are presented on a non-GAAP basis. We have not provided a reconciliation of non-GAAP guidance measures to the corresponding GAAP measures on a forward-looking basis due to potential significant variability and limited visibility of the excluded items.

- **Guidance** considers projected market growth and continued momentum of Varian's portfolio
- **Updated guidance** considers the following impacts to operating earnings:
 - \$5 million positive impact due to retroactive tariff exclusion that will be reinvested in innovation to drive long-term growth, infrastructure to support the growth, and accelerating investments in recent acquisitions
- **Guidance Assumptions**
 - Non-GAAP effective tax rate of 21% to 22%
 - Weighted average diluted share count of 92 million
 - Currency rates as of the beginning of the fiscal fourth quarter of 2019
 - Includes expected net impact of all tariffs currently in effect
 - Includes acquisitions announced to date

In summary, we are...



Growing our net installed base



Extending our global footprint and market-leading, best-in-class product portfolio



Becoming a global leader in multi-disciplinary, integrated cancer care solutions



Delivering on our long-term growth and value creation strategy

...**Driving
toward
our vision**
of a world without
fear of cancer

Appendix



Non-GAAP disclosure

Discussion of Non-GAAP Financial Measures

This presentation includes the following non-GAAP financial measures derived from our Condensed Consolidated Statements of Earnings: non-GAAP operating earnings, non-GAAP net earnings and non-GAAP net earnings per diluted share. We define non-GAAP operating earnings as operating earnings excluding amortization of intangible assets, acquisition and integration-related expenses and benefits, impairment charges, and significant litigation charges or benefits and legal costs. These measures are not presented in accordance with, nor are they a substitute for U.S. generally accepted accounting principles, or GAAP. In addition, these measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. The non-GAAP financial measures should not be considered in isolation from measures of financial performance prepared in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. We have provided a reconciliation of each non-GAAP financial measure used in this earnings release to the most directly comparable GAAP financial measure. We have not provided a reconciliation of non-GAAP guidance measures to the corresponding GAAP measures on a forward-looking basis due to the potential significant variability and limited visibility of the excluded items discussed below.

We utilize a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of our business, in making operating decisions, forecasting and planning for future periods, and determining payments under compensation programs. We consider the use of the non-GAAP measures to be helpful in assessing the performance of the ongoing operation of our business. We believe that disclosing non-GAAP financial measures provides useful supplemental data that, while not a substitute for financial measures prepared in accordance with GAAP, allows for greater transparency in the review of our financial and operational performance. We also believe that disclosing non-GAAP financial measures provides useful information to investors and others in understanding and evaluating our operating results and future prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies. Non-GAAP operating earnings and non-GAAP net earnings exclude the following items, except for gain or losses on equity investments, loss on hedges related to acquisition-related activities, and significant non-recurring tax expense or benefit, which are only excluded from non-GAAP net earnings:

Amortization of intangible assets and amortization of inventory step-up: We do not acquire businesses and assets on a predictable cycle. The amount of purchase price allocated to intangible assets, the step-up of inventory values, and the term of amortization can vary significantly and are unique to each acquisition or purchase. We believe that excluding amortization of intangible assets and amortization of inventory step-up allows the users of our financial statements to better review and understand the historic and current results of our operations, and also facilitates comparisons to peer companies.

Acquisition and integration-related expenses and benefits and in-process research and development: We incur expenses or benefits with respect to certain items associated with our acquisitions, such as transaction costs, hedging gains and losses, changes in the fair value of contingent consideration liabilities, gain or expense on settlement of pre-existing relationships, integration costs, breakup fees, write-off of in-process research and development, etc. We exclude such expenses or benefits as they are related to acquisitions and have no direct correlation to the operation of our on-going business.

Impairment charges: We incur impairment charges that result from events, which arise from unforeseen circumstances and/or often occur outside of the ordinary course of our on-going business. Although these events are reflected in our GAAP financials, these unique transactions may limit the comparability of our on-going operations with prior and future periods.

Significant litigation charges or benefits and legal costs: We may incur charges or benefits as well as legal costs from time to time related to litigation and other contingencies. We exclude these charges or benefits, when significant, as well as legal costs associated with significant legal matters, because we do not believe they are reflective of on-going business and operating results.

Gains or losses on equity investments: We may incur gains or losses from the sale of our equity investments in privately-held companies. We do not trade equity investments, and we do not plan on these investments for funding of ongoing operations. We exclude such gains or losses because we do not believe they are reflective of our core business.

Significant non-recurring tax expense or benefit: We may incur significant tax expense or benefit as a result of tax legislation and/or a change in judgment about the need for a valuation allowance that are generally unrelated to the level of business activity in the period in which these tax effects are reported. We exclude such expenses or benefits from our non-GAAP net earnings because we believe they do not accurately reflect the underlying performance of our continuing business operations.

We apply our GAAP consolidated effective tax rate to our non-GAAP financial measures, other than when the underlying item has a materially different tax treatment.

GAAP to non-GAAP reconciliation

THE FOLLOWING TABLE RECONCILES GAAP AND NON-GAAP FINANCIAL MEASURES

Dollars and shares in millions, except per share amounts	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19
Non-GAAP adjustments					
Amortization of intangible assets and inventory step-up ⁽¹⁾	\$4.1	\$4.8	\$4.2	\$6.1	\$6.8
Acquisition-related expenses (benefits) and in-process R&D ⁽²⁾	(0.6)	2.5	2.4	2.2	31.2
Impairment charges ⁽³⁾	11.0	0.3	—	—	50.6
Litigation charge and legal costs	—	—	0.9	0.8	1.0
Other	0.2	0.6	—	—	0.8
Total non-GAAP adjustments to operating earnings	14.7	8.2	7.5	9.1	90.4
(Gain) loss on equity investments ⁽⁴⁾	—	—	(22.0)	0.2	(2.0)
Loss on hedges related to acquisition-related activities ⁽⁵⁾	13.3	—	—	—	—
Tax effects of non-GAAP adjustments	(5.6)	(2.3)	3.8	(1.7)	(2.5)
Significant effects of tax legislation ⁽⁶⁾	1.6	(7.1)	2.3	—	5.5
Changes in deferred tax related to an acquisition ⁽⁷⁾	—	(8.0)	2.5	—	—
Total net earnings impact from non-GAAP adjustments	\$24.0	\$(9.2)	\$(5.9)	\$7.6	\$91.4
Operating earnings reconciliation					
GAAP operating earnings	\$103.3	\$133.1	\$111.7	\$109.8	\$53.9
Total operating earnings impact from non-GAAP adjustments	14.7	8.2	7.5	9.1	90.4
Non-GAAP operating earnings	\$118.0	\$141.3	\$119.2	\$118.9	\$144.3
Net earnings and net earnings per diluted share reconciliation					
GAAP net earnings attributable to Varian	\$72.6	\$116.4	\$103.2	\$88.6	\$29.4
Total net earnings (loss) impact from non-GAAP adjustments	24.0	(9.2)	(5.9)	7.6	91.4
Non-GAAP net earnings attributable to Varian	\$96.6	\$107.2	\$97.3	\$96.2	\$120.8
GAAP net earnings per share – diluted	\$0.79	\$1.26	\$1.12	\$0.96	\$0.32
Non-GAAP net earnings per share – diluted	\$1.04	\$1.16	\$1.06	\$1.05	\$1.32
Shares used in computing GAAP and non-GAAP net earnings per diluted share	92.5	92.2	92.0	91.9	91.8

⁽¹⁾ Includes \$1.9 million, \$1.9 million, \$1.9 million, \$2.9 million, and \$3.2 million, respectively in cost of revenues for the periods presented.

⁽²⁾ Includes a \$20.8 million charge associated with the write-off of in-process research and development acquired in the CyberHeart acquisition in the third quarter of fiscal year 2019.

⁽³⁾ Includes a \$50.5 million goodwill impairment charge related to our Proton Solutions business in the third quarter of fiscal year 2019.

⁽⁴⁾ Primarily includes \$22.0 million gain on the sale of our investment in Augmenix in the first quarter of fiscal year 2019.

⁽⁵⁾ Represents the hedging loss related to the Australian dollar purchase price for the anticipated Sirtex Medical Limited acquisition.

⁽⁶⁾ Represents the tax effect of a change in law related to the U.S. Tax Cuts and Jobs Act. The mandatory deemed repatriation of unremitted foreign earnings results in a benefit of \$8.5 million in the fourth quarter of fiscal year 2018, and an estimated charge of \$2.3 million in the first quarter and \$6.4 million in the third quarter of fiscal year 2019. The corporate rate reduction resulted in a remeasurement of our deferred tax assets of \$1.6 million in the third quarter and \$1.4 million in the fourth quarter of fiscal year 2018 and \$0.9 million for third quarter of fiscal year 2019.

⁽⁷⁾ Represents the charge to income tax expense due to the increase of a valuation allowance as a result of an acquisition.

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Total revenues by sales classification

\$M	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19
Product revenues	365.0	445.5	400.2	430.5	461.3
Y/Y	14%	11%	9%	9%	26%
Service revenues	344.1	356.1	340.8	348.9	364.5
Y/Y	10%	11%	9%	4%	6%
Total revenues	709.1	801.6	741.0	779.4	825.8
Y/Y	12%	11%	9%	7%	16%
Y/Y – CC	10%	12%	10%	10%	19%
Product revenues as a percentage of total revenues	51%	56%	54%	55%	56%
Service revenues as a percentage of total revenues	49%	44%	46%	45%	44%

Total revenues by product type

\$M	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	3Q Y/Y
Hardware	\$314.6	\$389.9	\$347.2	\$367.0	\$387.9	23%
Oncology Systems	\$276.5	\$350.3	\$313.6	\$339.1	\$361.7	31%
Proton Solutions	\$38.1	\$39.6	\$33.6	\$27.9	\$24.2	-36%
Other					\$2.0	—%
Software¹	\$125.1	\$132.3	\$131.2	\$144.2	\$155.7	24%
Oncology Systems	\$125.1	\$128.5	\$131.2	\$144.2	\$154.4	23%
Proton Solutions	—	\$3.8	—	—	\$1.3	—%
Service	\$269.4	\$279.4	\$262.6	\$268.2	\$282.2	5%
Oncology Systems	\$265.6	\$276.8	\$257.7	\$263.5	\$276.8	4%
Proton Solutions	\$3.8	\$2.6	\$4.9	\$4.7	\$5.4	42%
Total revenues	\$709.1	\$801.6	\$741.0	\$779.4	\$825.8	16%
Y/Y - CC						19%
Hardware as a percentage of total revenues	44%	49%	47%	47%	47%	
Software as a percentage of total revenues	18%	16%	18%	19%	19%	
Service as a percentage of total revenues	38%	35%	35%	34%	34%	

⁽¹⁾ Includes software support agreements that are recorded in revenues from service, and software licenses that are recorded in revenues from product, in the Condensed Consolidated Statements of Earnings.

CC – Constant currency

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Total revenues by region

\$M	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19
Americas revenues	\$342.6	\$397.4	\$350.4	\$371.3	\$401.2
Y/Y	2%	8%	-2%	9%	17%
Y/Y – CC	2%	8%	-2%	10%	17%
EMEA revenues	\$229.7	\$266.3	\$251.0	\$261.5	\$271.3
Y/Y	35%	21%	30%	3%	18%
Y/Y – CC	28%	22%	33%	10%	24%
APAC revenues	\$136.8	\$137.9	\$139.6	\$146.6	\$153.3
Y/Y	8%	4%	8%	8%	12%
Y/Y – CC	6%	5%	10%	11%	15%
Total revenues	\$709.1	\$801.6	\$741.0	\$779.4	\$825.8
Y/Y	12%	11%	9%	7%	16%
Y/Y – CC	10%	12%	10%	10%	19%

Total Oncology Systems revenues by sales classification

\$M	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19
Product revenues	\$326.9	\$402.1	\$366.6	\$402.6	\$433.8
Y/Y	29%	15%	8%	11%	33%
Y/Y – CC	26%	15%	9%	14%	36%
Service revenues	\$340.3	\$353.5	\$335.9	\$344.2	\$359.1
Y/Y	10%	11%	8%	3%	6%
Y/Y – CC	7%	12%	9%	6%	8%
Total revenues	\$667.2	\$755.6	\$702.5	\$746.8	\$792.9
Y/Y	18%	13%	8%	7%	19%
Y/Y – CC	16%	14%	9%	10%	22%
Product as a percentage of total Oncology Systems revenues	49%	53%	52%	54%	55%
Service as a percentage of total Oncology Systems revenues	51%	47%	48%	46%	45%
Oncology Systems revenues as a percentage of total revenues	94%	94%	95%	96%	96%

Total Oncology Systems revenues by region

\$M	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19
Americas revenues	\$323.2	\$369.5	\$330.8	\$357.1	\$385.6
Y/Y	13%	6%	-2%	11%	19%
Y/Y – CC	13%	7%	-2%	12%	20%
EMEA revenues	\$208.5	\$250.0	\$234.5	\$245.3	\$256.4
Y/Y	32%	27%	28%	2%	23%
Y/Y – CC	24%	28%	31%	9%	30%
APAC revenues	\$135.5	\$136.1	\$137.2	\$144.4	\$150.9
Y/Y	13%	9%	7%	7%	11%
Y/Y – CC	11%	10%	8%	9%	14%
Total revenues	\$667.2	\$755.6	\$702.5	\$746.8	\$792.9
Y/Y	18%	13%	8%	7%	19%
Y/Y – CC	16%	14%	9%	10%	22%

Total Proton Solutions revenues by sales classification

\$M	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19
Product revenues	\$38.1	\$43.4	\$33.6	\$27.9	\$25.5
Y/Y	-43%	-12%	23%	-7%	-33%
Service revenues	\$3.8	\$2.6	\$4.9	\$4.7	\$5.4
Y/Y	95%	-23%	172%	151%	44%
Total revenues	\$41.9	\$46.0	\$38.5	\$32.6	\$30.9
Y/Y	-39%	-12%	32%	2%	-26%
Proton Solutions revenues as a percentage of total revenues	6%	6%	5%	4%	4%

Oncology Systems gross orders by region

\$M	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19
Americas orders	\$362.9	\$505.7	\$335.9	\$366.1	\$357.4
Y/Y	9%	6%	12%	7%	-1%
Y/Y – CC	9%	6%	12%	8%	-1%
EMEA orders	\$259.1	\$360.8	\$218.3	\$233.3	\$281.1
Y/Y	27%	14%	15%	17%	8%
Y/Y – CC	21%	15%	17%	25%	13%
APAC orders	\$141.3	\$200.1	\$162.3	\$166.8	\$139.8
Y/Y	-7%	31%	25%	35%	-1%
Y/Y – CC	-9%	33%	26%	38%	1%
Total orders	\$763.3	\$1,066.6	\$716.5	\$766.2	\$778.3
Y/Y	11%	13%	16%	15%	2%
Y/Y – CC	9%	14%	17%	18%	4%

Our promise

People powering victories

Imagine a world without fear of cancer. We do, every day. We innovate new technologies for treating cancer and for connecting clinical teams to advance patient outcomes. Through ingenuity we inspire new victories and empower people in the fight against cancer. **We are Varian.**

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