A WORLD LEADER IN X-RAY IMAGING COMPONENTS
FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements concerning industry or market outlook; customer demand and acceptance of products or technology; R&D costs; the impact of tariffs, revenues, product volumes, synergies; expected future financial results or performance; and any statements using the terms “believe,” “expect,” “intend,” “outlook,” “future,” “anticipate,” “will,” “could,” “estimate,” 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. While forward-looking statements are based on assumptions and analyses made by us that we believe to be reasonable under the circumstances, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties which could cause our actual results, performance, and financial condition to differ materially from our expectations. Such risks and uncertainties include the continued impact of tariffs or a global trade war on the company’s products and customer purchasing patterns; our ability to obtain the intended benefits and synergies of acquisitions; global economic conditions; demand for and delays in delivery of products of the company or its customers; the company’s ability to develop, commercialize and deploy new products; the impact of reduced or limited demand by purchasers of certain X-ray products; the impact of competitive products and pricing; the company’s ability to maintain or increase margins and the other risks listed from time to time in the company’s filings with the U.S. Securities and Exchange Commission, which by this reference are incorporated herein. Any forward-looking statements made by us in this news release speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. The company assumes no obligation to update or revise the forward-looking statements in this release because of new information, future events, or otherwise.
WHO WE ARE

Our mission: Through the talent of our people and vision of customers, we help improve and save lives throughout the world by making the invisible visible.

X-ray Imaging Innovators
- 250+ patents
- ~25% of employees are engineers

Efficient Manufacturers
- >25,000 X-ray Tubes/year
- >23,000 Digital Detectors/year
- >100,000 High Voltage Cable Assemblies/year

Relationship Builders
- +90% of global medical X-ray imaging OEMs are customers
- Numerous +40 year partnerships with top customers

Product Portfolio
- Extensive portfolio of key X-ray imaging components
- Broad range of accessory products & software

2Q19 Financial Results

Revenues: $196M (-3% YOY)
EPS: $0.15 per diluted share
Adj. EPS*: $0.34 per diluted share
Cash flow from operations: $13M
Free cash flow: $8M

*See - reconciliation between GAAP and adjusted financial measures in appendix of this presentation
TWO PRIMARY MARKETS

Medical

[~80% of Revenues]

We partner with medical, dental, and veterinary OEMs to help bring their products to market faster with our imaging components and technology.

- x-ray tubes
- detectors
- software & workstations
- cables & interconnects
- collimators

Industrial

[~20% of Revenues]

We partner with system integrators in the industrial NDT, cargo inspection and airport security industries to provide key imaging components.

- x-ray tubes
- detectors
- linear accelerators
- specialized software
GROWTH DRIVER: Industrial NDT & Security

Industrial Nondestructive Testing

- NDT applications include: oil & gas, aerospace, automotive, military and manufacturing industries
- Acquired VMI in 4QFY18 for proprietary NDT imaging software that can be used with Varex detectors for oil & gas applications

Security: Screening at Borders & Airports

- CT & X-ray tube technology currently being incorporated in new airport screening systems for checked baggage to achieve higher material discrimination and greater productivity
- We introduced a new platform of linear accelerators for mobile cargo screening applications

» Strong YOY segment growth in 1H19
Based in Stockholm, Sweden, Direct Conversion is a leading manufacturer of linear array digital detectors utilizing photon counting and charge integrating technologies.

In 2018, Direct Conversion had revenues of €16M with projected double-digit annual growth rates over the next five years.
GROWTH DRIVER: DIRECT CONVERSION ACQUISITION

Completed on 4/29/19.
Expands Varex portfolio:
- new linear array digital detectors
- photon counting & charge integrating technologies
- revenue stream from medical, dental & industrial products
- €40M+ backlog of signed multi-year customer pricing agreements

Widens Varex digital detector addressable market by ~$200M over the coming years.

Transaction Summary
- Paid €62.1M for 97.4% of DC shares; assumed €2.6M of net debt
- Former DC shareholders also receive €10M of deferred comp on first anniversary of closing in mix of Varex stock & cash
- Funded acquisition: $7M of cash & $64M of debt under existing credit facility
- Expected to be accretive to adjusted EPS in FY2020 & generate ROIC > cost of capital within 3 years

The X-ray imaging industry has long been working on photon counting technologies. Detectors with this technology can significantly improve image quality using lower dose and perform more precise material discrimination.
GROWTH DRIVER:
China’s Healthcare Reform Initiatives

Government expanding geographic delivery of healthcare services including imaging systems

CT is modality of choice

Government preference for local Chinese X-ray imaging system manufacturers

• Varex engaged with local OEMs developing CT systems for China market
• Some local OEMs transitioning to production & hospital installation
• Multi-year pricing agreements with 8 local OEMs
• Expect FY19 unit shipments to be +2X the prior year
• Seeing mix shift toward CT tubes for more basic 16-slice systems

Key Statistics

CT system growth in China estimated at +6%

Projected +25,000 new CT systems over next 10 years

~3,500 new CT systems funded for install in government hospitals by end of 2020
TRADE

U.S. imposed tariffs on items imported from China and Chinese retaliatory tariffs on U.S. mfg. products imported into China

List 1 / List 2 (August & September 2018)
- 10% - 25% on supply-side items
- 25% on U.S. mfg. digital detectors
- 5% on U.S. mfg. X-ray tubes

List 3 (May 2019)
- For Varex: no additional tariffs on U.S. mfg. X-ray tubes or digital detectors
- Supply-side items increased to 25%

List 4 (Proposed)
- U.S. proposed new tariffs on Chinese products. No implementation date nor response from China at this time

U.S. - China trade discussions remain fluid and could result in additional new tariffs or changes to enacted tariff rates in the future.

IMPACT TO VAREX

Supply Chain
- Purchase of parts/items sourced from Chinese suppliers

Product Sales In China
- U.S. mfg. digital detectors, X-ray tubes, other components and non-OEM aftermarket products

ACTION PLANS
- Lobby U.S. Legislators & U.S. Trade Rep
- Petition China customs to reclassify Varex product codes
- Accelerate plans for operational diversification; increase local manufacturing at existing facilities around the world
  - Launch ‘Local for Local’ initiative
  - Expand Wuxi facility to mfg. certain digital detectors for sale in China
  - Increase detector mfg. at German facility
LONG-TERM VIEW

• We continue to see large and healthy end user markets for our Medical and Industrial segments, particularly CT applications

• We believe investments in R&D will allow us to develop new technologies that are ahead of the curve and bring new products to market that will further differentiate us from our competitors

• Beyond China, we are in the early stages of developing similar relationships with companies in India and Brazil

• We see emerging digital imaging opportunities for Industrial NDT due to the increased speed and performance of digital detectors that enables quicker imaging of objects, making in-line inspection and 3D imaging practical

• The conversion to digital in medical systems is driving demand not only for our detectors, but also for our new high-performance X-ray tubes that enable more advanced 2D and 3D imaging
STRONG CORE BUSINESS SEGMENTS:
Medical and Industrial

- COMPUTED TOMOGRAPHY
- MAMMOGRAPHY & TOMOSYNTHESIS
- FLUOROSCOPY
- 3D DENTAL IMAGING
- CARDIAC
- DIGITAL RADIOGRAPHY
- ONCOLOGY
- VETERINARY
- NONDESTRUCTIVE TESTING & INSPECTION
- CARGO SCREENING AT PORTS/BORDERS/AIRPORTS
- MATERIAL SCIENCE
- CARDIAC
- DIGITAL RADIOGRAPHY
- ONCOLOGY
- VETERINARY
- NONDESTRUCTIVE TESTING & INSPECTION
- CARGO SCREENING AT PORTS/BORDERS/AIRPORTS
- MATERIAL SCIENCE
SOLUTION LINES

**Medical**
- X-Ray Tubes: CT & Diagnostic
- Digital Detectors: Dynamic & Radiographic
- High Voltage Connections
- Software

**Digital Detectors**
- Medical & Industrial/Security: Dynamic Detectors
- Radiographic Detectors

**Industrial & Security**
- Industrial Sources: X-Ray Tubes & Linear Accelerators
- Industrial Digital Detectors
- Industrial Software
- High Voltage

**Connect & Control**
- High-voltage cables & connectors
- Collimators
- AECs
- Mammography Paddle

**Software & Services**
- Image processing & diagnostic workstations
- 3D visualization
- Image analysis
HOW WE WIN IN MEDICAL

- Innovation leader in X-ray tubes
- Pioneer in digital detectors
- Broad product portfolio
- Manufacturing scale

Key Market Trends

- China healthcare expansion: CT
- Emerging market expansion
- Increasing global adoption of digital technology
HOW WE WIN IN INDUSTRIAL & SECURITY

• Innovation in high energy X-ray imaging technologies
• A provider of choice for digital detectors
• Reliability and up-time

Key Market Trends

— Increased demand for cargo screening at ports & borders and airports using CT imaging technology
— New X-ray imaging applications and increased productivity in NDT testing and inspection
DEEP CUSTOMER RELATIONSHIPS

Long-Term Customer Relationships
Average +25 Years

- Early engagement in customer Product Development Cycles
- Continuous Product Replacement/Refresh Cycles
- Typically engaged in multiple development projects with each customer

Brands:
- Canon
- GE Healthcare
- Hologic
- Varian
- Shimadzu
- L3 Technologies
- Siemens Healthineers
- Elekta
- Carestream
- Medtronic
- Smiths Detection
ACQUISITION GROWTH

Completed 5 acquisitions in past 4 years resulting in >$220M in revenue growth

Strategically expanding product & technology capabilities to provide customers with comprehensive X-ray imaging component offerings

Consolidation
PerkinElmer Imaging Business: highly complementary digital detector business
Opportunities: OEM divestitures, detector manufacturers

Portfolio Expansion
Direct Conversion: linear array digital detectors utilizing photon counting & charge integrating technologies
MeVis: imaging software post processing
Claymount: high voltage cables and collimators
VMI: industrial NDT proprietary imaging software
Opportunities: Additional X-ray imaging components, software, new technologies

Adjacent Opportunities
Acquisitions that leverage Varex brand, technology and manufacturing expertise
CAPITAL STRUCTURE
2Q19

5-Year Credit Facility
• Original $400M term loan / current $150M revolving credit
• 2Q19: total debt outstanding was reduced by $29M to end quarter at $353M
• 2Q19: cash and cash equivalents at $31M

Other Data
• Interest rate on fixed debt: 4.2%
• Interest rate on floating debt: 5.0% (Libor plus margin)
## ANNUAL FINANCIALS

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<th>Fiscal Year 2017</th>
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<td>Medical</td>
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<td>$ 557</td>
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<td>Industrial</td>
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<td>$141</td>
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<td><strong>Gross Margin</strong></td>
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<td>Medical</td>
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<td>$ 194</td>
<td>$ 191</td>
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<td>Industrial</td>
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<td>$ 60</td>
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<td><strong>Adjusted gross margin</strong></td>
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<td>Research and development</td>
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<td>Selling, general and administrative</td>
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<td><strong>Total operating expenses</strong></td>
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<td><strong>Operating earnings</strong></td>
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<td>Net earnings</td>
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<td>$ 52</td>
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<td>Diluted net earnings per share</td>
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<td>$ 1.36</td>
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<td><strong>Adjusted net earnings</strong></td>
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<td>$ 68</td>
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<td><strong>Adjusted diluted net earnings per share</strong></td>
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<td>$ 1.80</td>
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<td>Dilutive shares outstanding</td>
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<td><strong>Other Data</strong></td>
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<td>Cash flow from operations</td>
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<td>Free cash flow</td>
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<td>Total debt outstanding</td>
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<td>$ 390</td>
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See reconciliation table
## QUARTERLY FINANCIALS

### $ in millions, except EPS data

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<td>Medical</td>
<td>139.2</td>
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<td>$158.5</td>
<td>79%</td>
<td>143.1</td>
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<td>Industrial</td>
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<td>42.7</td>
<td>21%</td>
<td>48.1</td>
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<td><strong>Total revenues</strong></td>
<td>176.2</td>
<td>201.2</td>
<td>191.2</td>
<td>204.8</td>
<td>185.7</td>
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<td><strong>Gross Margin</strong></td>
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<td>Medical</td>
<td>46.4</td>
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<td>53.5</td>
<td>34%</td>
<td>45.4</td>
<td>32%</td>
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<td>Industrial</td>
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<td>16.6</td>
<td>39%</td>
<td>17.6</td>
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<td><strong>Total gross margin</strong></td>
<td>61.5</td>
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<td>70.1</td>
<td>35%</td>
<td>63.0</td>
<td>33%</td>
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<td>Total adjustments, net</td>
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<td>2.4</td>
<td>4.1</td>
<td>7.3</td>
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<td><strong>Adjusted Gross Margin</strong></td>
<td>63.9</td>
<td>36%</td>
<td>72.5</td>
<td>36%</td>
<td>67.1</td>
<td>35%</td>
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<td><strong>Operating Expenses</strong></td>
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<td>Research and development</td>
<td>19.7</td>
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<td>22.0</td>
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<td>20.5</td>
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<td>Selling, general and administrative</td>
<td>28.2</td>
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<td>30.9</td>
<td>15%</td>
<td>35.2</td>
<td>18%</td>
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<td><strong>Total operating expenses</strong></td>
<td>47.9</td>
<td>27%</td>
<td>52.9</td>
<td>26%</td>
<td>55.7</td>
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<td><strong>Operating Earnings</strong></td>
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<td>Interest and other expense, net</td>
<td>(6.5)</td>
<td>(1.5)</td>
<td>(4.7)</td>
<td>(6.1)</td>
<td>(6.3)</td>
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<td>Earnings before taxes</td>
<td>7.1</td>
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<td><strong>Net earnings</strong></td>
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<td>6%</td>
<td>12.3</td>
<td>6%</td>
<td>3.9</td>
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<td>Less: Net earnings attributable to noncontrolling interests</td>
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<td>0.1</td>
<td>0.1</td>
<td>0.5</td>
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<td><strong>Net earnings attributable to Varex</strong></td>
<td>$11.3</td>
<td>6%</td>
<td>$12.2</td>
<td>6%</td>
<td>$3.8</td>
<td>2%</td>
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<td><strong>Net earnings per common share attributable to Varex</strong></td>
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<tr>
<td>Basic</td>
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<td>$0.32</td>
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<td>$0.10</td>
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<tr>
<td>Diluted</td>
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<td>$0.32</td>
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<td>$0.10</td>
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<td><strong>Adjusted Net Earnings</strong></td>
<td>$8.6</td>
<td>5%</td>
<td>$17.3</td>
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<td>$12.9</td>
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<td>Adjusted Net earnings Per Share</td>
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<td>$0.45</td>
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<td><strong>Weighted average common shares outstanding</strong></td>
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<td>Basic</td>
<td>37.7</td>
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<td>37.8</td>
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See reconciliation table
**RECONCILIATION BETWEEN GAAP AND ADJUSTED FINANCIAL MEASURES (UNAUDITED)**

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<th>Three Months Ended</th>
<th>Six Months Ended</th>
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<td><strong>GROSS MARGIN RECONCILIATION</strong></td>
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<td>Revenues</td>
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<td>Gross margin</td>
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<td>Amortization of intangible assets</td>
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<td>Restructuring charges</td>
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<td>34.8%</td>
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<td>Adjusted gross margin %</td>
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<td>36.0%</td>
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<td><strong>OPERATING EARNINGS RECONCILIATION</strong></td>
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<td>Operating Earnings</td>
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<td>Amortization of intangible assets (includes amortization impacts to cost of revenues)</td>
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<td>Separation and related costs</td>
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<td>Restructuring charges (includes restructuring impact to cost of revenues)</td>
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<td>Impairment charges</td>
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<td>11.8%</td>
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<td><strong>EARNINGS BEFORE TAXES RECONCILIATION</strong></td>
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</tr>
<tr>
<td><strong>NET EARNINGS AND DILUTED NET EARNINGS PER SHARE RECONCILIATION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$5.8</td>
<td>$12.2</td>
</tr>
<tr>
<td>Total earnings before taxes adjustments</td>
<td>$9.1</td>
<td>$6.5</td>
</tr>
<tr>
<td>Estimated annual effective tax rate (1)</td>
<td>21.6%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Tax effects of operating earnings adjustments</td>
<td>$(1.9)</td>
<td>$(1.4)</td>
</tr>
<tr>
<td>Non-operational tax adjustments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted net earnings</td>
<td>$13.0</td>
<td>$17.3</td>
</tr>
<tr>
<td>Diluted net earnings per share</td>
<td>$0.15</td>
<td>$0.32</td>
</tr>
<tr>
<td>Adjusted diluted net earnings per share</td>
<td>$0.34</td>
<td>$0.45</td>
</tr>
<tr>
<td>Dilutive shares</td>
<td>38.3</td>
<td>38.4</td>
</tr>
</tbody>
</table>

(1) Estimated annual effective rate applied excludes discrete items related to estimated impacts from U.S. tax reform.
DISCUSSION OF ADJUSTED NON-GAAP FINANCIAL MEASURES

Discussion of Adjusted Non-GAAP Financial Measures

This press release includes adjusted non-GAAP financial measures derived from our Condensed Consolidated Statements of Earnings. These measures are not presented in accordance with, nor are they a substitute for U.S. generally accepted accounting principles, or GAAP. These adjusted measures include: adjusted gross margin; adjusted operating earnings; adjusted operating earnings margin; adjusted net earnings; and adjusted net earnings per diluted share. We are providing a reconciliation above of each adjusted financial measure used in this earnings release to the most directly comparable GAAP financial measure. We are unable to provide without unreasonable effort a reconciliation of adjusted 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.

We utilize a number of different financial measures, both GAAP and adjusted, in analyzing and assessing the overall performance of our business, in making operating decisions, and forecasting and planning for future periods. We consider the use of the adjusted measures to be helpful in assessing the performance of the ongoing operation of our business by excluding unusual and one-time costs. We believe that disclosing adjusted financial measures provides useful supplemental data that allows for greater transparency in the review of our financial and operational performance. We also believe that disclosing adjusted 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.

Adjustments to GAAP measures include the following items:

Amortization of intangible assets: We do not acquire businesses and assets on a predictable cycle. The amount of purchase price allocated to intangible assets and the term of amortization can vary significantly and are unique to each acquisition or purchase. We believe that excluding amortization of intangible assets 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.

Purchase price accounting charges to cost of revenues: We may incur charges to cost of revenues as a result of acquisitions. We believe that excluding these charges allows the users of our financial statements to better understand the historic and current cost of our products, our gross margin, and also facilitates comparisons to peer companies.

Separation and related costs: We separated from Varian Medical Systems on January 28, 2017 and incurred non-operational expenses associated with the separation. We believe that excluding separation costs allows the users of our financial statements to better understand the historic and current results of our operations, and also facilitates comparisons to peer companies.

Restructuring charges: We incur restructuring 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.

Acquisition and integration related costs: We incur expenses or benefits with respect to certain items associated with our acquisitions, such as transaction costs, changes in fair value of acquisition related hedges, changes in the fair value of contingent consideration liabilities, gain or expense on settlement of pre-existing relationships, 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. We also incur expenses or benefits with respect to certain items associated with our acquisitions, such as integration costs relating to acquisitions for any costs incurred prior to closing and up to 12 months after the closing date of the acquisition.

Impairment charges: We may 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 and such charges may limit the comparability of our on-going operations with prior and future periods.

Non-operational tax adjustments: Certain tax items may be non-recurring, unusual, infrequent and directly related to an event that is distinct and non-reflective of the Company’s normal business operations, including the enactment of the Tax Cuts and Jobs Act in December 2017. These may include such items as the retroactive impact of significant changes in tax laws, including changes to statutory tax rates and one-time tax charges.

Other non-operational costs: Certain items may be non-recurring, unusual, infrequent and directly related to an event that is distinct and non-reflective of the Company’s normal business operations. These may include such items as non-operational cause litigation, legal settlements, governmental settlements including tax settlements and other items of similar nature.

Tax effects of operating earnings adjustments: We apply our GAAP consolidated effective tax rate to our adjusted financial measures as our historical annual consolidated effective tax rate has remained fairly consistent, and is expected to remain consistent for the foreseeable future. This application of our effective tax rate excludes any discrete items, as defined in the guidance for accounting for income taxes in interim periods, such as those related to tax reform or any other Non-operational tax adjustments.