



Varex Responds To Recent Tariff Increases

May 15, 2019

SALT LAKE CITY, May 15, 2019 /PRNewswire/ -- Varex Imaging Corporation (Nasdaq: VREX) today said that it is not changing its guidance for fiscal year 2019 based on the List 3 tariff increase to 25% announced by the United States on May 9, 2019 or retaliatory tariffs announced by China on May 13, 2019.



Specifically, there were no additional retaliatory tariffs imposed on the company's U.S. manufactured X-ray tubes or digital detectors imported into China as a result of these recent List 3 actions. Certain supply chain items that the company sources from China, such as printed circuit boards, would be subject to higher tariffs (increase from 10% to 25%).

Trade discussions between the U.S. and China remain fluid and could result in additional new tariffs or changes to enacted tariff rates in the future. On May 14, 2019, the U.S. proposed new List 4 tariffs on Chinese products. At this time, there is no associated implementation date nor a response from China.

As previously disclosed, to help lessen the impact of tariffs, Varex is aggressively pursuing opportunities to mitigate tariffs through a number of different measures.

"We continue to redirect our supply chain away from China to other countries and expect much of this shift will have been completed over the next couple of quarters. We also continue to scale-up additional manufacturing capabilities outside of the United States, including in China," said Sunny Sanyal, President and Chief Executive Officer of Varex Imaging Corporation.

This scale-up is part of Varex's new 'Local for Local' initiative, which the company launched this week at the Chinese Medical Equipment Fair in Shanghai as a strategy to strengthen customer partnerships by establishing local commercial relationships, deliver local service and support, and source from local suppliers. "Early feedback on the investments in the Wuxi facility and this new globally local strategy has been positive," Sanyal added.

In addition, Varex has filed applications with the U.S. Trade Representative to exclude imports of certain of its components from tariffs enacted in 2018 and continues to work with its local representatives on trade policy matters.

About Varex

Varex Imaging Corporation is a leading innovator, designer and manufacturer of X-ray imaging components, which include X-ray tubes, digital detectors and other image processing solutions that are key components of X-ray imaging systems. With a 65+ year history of successful innovation, Varex's products are used in medical imaging as well as in industrial and security imaging applications. Global OEM manufacturers incorporate the company's X-ray sources, digital detectors, connecting devices and imaging software in their systems to detect, diagnose and protect. Headquartered in Salt Lake City, Utah, Varex employs approximately 2,000 people located at manufacturing and service center sites in North America, Europe, and Asia. For more information visit vareximaging.com.

Forward Looking Statements

This news release 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 tariff classifications; the impact of tariffs on the company's guidance, business and financial performance; the current status of U.S. and China trade discussions; the company's actions to mitigate the impact of tariffs; and any statements using the terms "believe," "expect," "intend," "future," "anticipate," "will," "could," 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. While it is not possible for us to predict them all, 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 successfully execute mitigation activities; foreign and domestic government action; and the other risks listed from time to time in our 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. The company assumes no obligation to update or revise the forward-looking statements in this release because of new information, future events, or otherwise.

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