

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 21, 2019**

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**VAREX IMAGING CORPORATION**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction of Incorporation)

**001-37860**  
(Commission File Number)

**81-3434516**  
(IRS Employer  
Identification No.)

**1678 S. Pioneer Road, Salt Lake City, Utah**  
(Address of principal executive offices)

**84104**  
(Zip Code)

**Registrant's telephone number, including area code: (801) 972-5000**

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b - 2 of the Securities Exchange Act of 1934. Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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### **Item 1.01 Entry into a Material Definitive Agreement.**

#### *Share Purchase Agreement*

On March 21, 2019, Varex Imaging Corporation (the “**Company**”), entered into a Share Purchase Agreement (the “**Purchase Agreement**”) with Varex Imaging Investments, B.V., a wholly owned subsidiary of the Company (the “**Buyer**”), and certain shareholders (the “**Sellers**”) of Direct Conversion AB (publ) (“**Direct Conversion**”), pursuant to which Buyer will acquire from the Sellers at least 90% of the outstanding shares of Direct Conversion (the “**Shares**”).

Under the Purchase Agreement, Buyer will pay to the Sellers a prorated portion of an aggregate purchase price equal to €75,200,000 (for 100% of the outstanding shares), comprised of (i) €65,200,000 paid at the closing of the Purchase Agreement and (ii) €10,000,000 (the “**Holdback Amount**”) paid on the first anniversary of closing in either (a) shares of Company common stock, valued using the trading price of the Company’s common stock at closing, or (b) an equivalent amount in cash. The Holdback Amount may be used by the Buyer to settle (a) purchase price adjustments and (b) indemnity claims made by the Buyer against the Sellers.

The closing of the transactions contemplated by the Purchase Agreement is subject to customary closing conditions, including, among other things, clearance from applicable competition authorities, the sale by Sellers to Buyer of more than 90% of the Shares and the election of new board of directors of Direct Conversion, the members of which shall be selected by the Company. The Purchase Agreement contains representations, warranties, covenants and indemnities by the parties customary for transactions of this type.

If the transactions contemplated by the Purchase Agreement do not close by April 30, 2019, any party may terminate the Purchase Agreement.

#### *Amendment No. 3 to Credit Agreement*

On March 21, 2019, the Company, as borrower, entered into Amendment No. 3 (the “**Amendment**”) to its Credit Agreement, dated as of May 1, 2017, with Bank of America, N.A. as administrative agent, and the other lenders party thereto (the “**Credit Agreement**”). The Amendment increases the maximum consolidated total leverage ratio required for various fiscal quarters. The Amendment also increases the maximum consolidated senior secured leverage ratio required for various fiscal quarters. In addition, the Amendment adds the definition of “**Specified Incremental Equivalent Debt**” to exempt certain subordinated debt in an aggregate principal amount of up to \$25,000,000 from the requirement to satisfy certain conditions applicable to permitted indebtedness.

### **Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The disclosure under Item 1.01 above describing the Third Amendment to Credit Agreement is incorporated herein by reference.

### **Item 3.02 Unregistered Sales of Equity Securities.**

As part of the purchase price for the Shares, the Company may issue to the Sellers shares of its common stock in an aggregate amount up to €10,000,000, as described under Item 1.01 above. The Company will rely on the exemptions from registration under Section 4(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), and Rule 506 of Regulation D promulgated under the Securities Act. The disclosure under Item 1.01 above describing the Purchase Agreement is incorporated herein by reference.

### **Item 7.01 Regulation FD Disclosure**

On March 21, 2019, the Company issued a press release announcing its entry into the Purchase Agreement. The press release is included as Exhibit 99.1 to this Current Report on Form 8-K.

### **Item 9.01 Exhibits**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
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99.1	<a href="#">Press Release dated March 21, 2019 entitled “Varex to Acquire Leading Linear Array Digital Detector Maker Direct Conversion.”</a>
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**VAREX IMAGING CORPORATION**

Dated: March 21, 2019

By: /s/ Kimberley E. Honeysett

Kimberley E. Honeysett

Senior Vice President, General Counsel and Corporate Secretary



## **VAREX TO ACQUIRE LEADING LINEAR ARRAY DIGITAL DETECTOR MAKER DIRECT CONVERSION**

**SALT LAKE CITY, Utah, March 21, 2019** - Varex Imaging Corporation (Nasdaq: VREX) announced today it has entered into an agreement to acquire at least 90% of the outstanding shares of common stock of Direct Conversion AB (publ). Stockholm-based Direct Conversion, also known by its Ajat and XCounter brands, is a leading manufacturer and marketer of linear array digital detectors utilizing direct conversion and photon counting technology.

The aggregate purchase price is €75 million for 100% of the outstanding shares, subject to customary adjustments, of which €10 million will be paid in either Varex common stock or cash on the first anniversary of closing. The company plans to fund the consideration using available cash and debt under its existing credit facility. The transaction is expected to be completed in the third quarter of the current fiscal year.

In 2018, Direct Conversion had revenues of €16 million with projected double-digit annual growth rates over the next five years. Direct Conversion also has more than €40 million in signed multi-year supply agreements with customers, primarily for its photon counting detector products. Varex expects the acquisition to be accretive to adjusted EPS in fiscal year 2020 and to generate a return on invested capital greater than its cost of capital within three years.

“Upon closing, this acquisition will expand our product portfolio to include new linear array digital detectors along with a revenue stream from these products for certain medical, dental and industrial applications. It is expected that the current applications will widen our addressable market for digital detector products by approximately \$200 million over the coming years, with additional addressable market expansion potential of up to \$500 million by replacing current CT detectors with photon counting technology in the future,” said Sunny Sanyal, Chief Executive Officer of Varex Imaging Corporation.

The X-ray imaging industry has been working on photon counting technologies because detectors built with this technology can significantly improve image quality while using lower dose and performing more precise material discrimination. Direct Conversion has successfully commercialized linear array digital detectors for certain medical and industrial applications and is expected to continue to work on applying this technology to additional applications, including medical CT detectors.

Spencer Gunn, Chief Executive Officer of Direct Conversion AB said, “We are excited to be joining Varex at this point in the growth and expansion of our digital detector array products. This transaction is expected to accelerate the adoption of this technology in the marketplace utilizing Varex’s position as one of the leading providers of digital detectors and its global distribution channels.”

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## About Direct Conversion

Under its Ajat and XCounter brands, Direct Conversion provides innovative linear array digital detector products that are incorporated into imaging systems used globally by a broad range of medical and industrial customers: systems used by orthodontists, orthopedic radiographers, oil & gas engineers, food packagers and nuclear site inspectors. Direct Conversion is one of the world's largest manufacturer of CdTe detectors. For more information about Direct Conversion visit [directconversion.com](http://directconversion.com).

## 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 about Varex, visit [vareximaging.com](http://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 industry or market outlook; backlog; addressable market; customer demand and acceptance of products or technology; revenues, product volumes, synergies; future growth rates, or other expected future financial results or performance; and any statements using the terms "believe," "expect," "intend," "outlook," "future," "anticipate," "will," "could," "estimate," "guidance," 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 our inability to close the acquisition; our inability to properly integrate Direct Conversion; 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; the ability to remediate material weaknesses in internal control; 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.

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## For Information Contact:

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