

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **January 13, 2020**

**ACCURAY INCORPORATED**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**001-33301**

(Commission File Number)

**20-8370041**

(IRS Employer Identification No.)

**1310 Chesapeake Terrace  
Sunnyvale, California 94089**

(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: **(408) 716-4600**

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:

- 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))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
<b>Common Stock, par value \$0.001 per share</b>	<b>ARAY</b>	<b>The Nasdaq Stock Market LLC</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 7.01. Regulation FD Disclosure.**

On January 13, 2020, Accuray Incorporated (the “Company”) issued a press release regarding its intent to discuss business and revenue growth expectations for the next three fiscal years at the JP Morgan Healthcare Conference (the “Conference”) on Wednesday, January 15, 2020. A copy of this press release is included as Exhibit 99.1 to this Current Report on Form 8-K.

Representatives of the Company intend to present the management presentation slides, attached hereto as Exhibit 99.2, during the Conference, which will be held on January 13-16, 2020. Such slides may be used in additional presentations to investors and analysts from time to time. The management presentation slides will also be posted on the investor relations portion of the Company’s website.

The information contained in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated January 13, 2020.</a>
99.2	<a href="#">Management Presentation Slides of Accuray Incorporated dated January 15, 2020.</a>

**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.

**ACCURAY INCORPORATED**

Dated: January 13, 2020

By: \_\_\_\_\_  
/s/ Shig Hamamatsu  
Shig Hamamatsu  
*Senior Vice President & Chief Financial Officer*



## Accuray To Discuss Revenue Growth Expectations for the Next Three Fiscal Years at the JP Morgan Healthcare Conference

*Company to present on Wednesday, January 15, 2020 at 10 am PT / 1 pm ET*

**Sunnyvale, Calif. – January 13, 2020 – Accuray Incorporated (Nasdaq: ARAY)** will be discussing its business and revenue growth expectations for the next three fiscal years at the JP Morgan Healthcare Conference on Wednesday, January 15, 2020 at 10:00 am PACIFIC / 1:00 pm EASTERN.

Josh Levine, president and chief executive officer, said, “We are excited to be presenting at the JP Morgan Healthcare Conference this week to discuss our line of sight to sustainable revenue growth in the coming years. We expect our growth catalysts in China, including the recent grants of 50 out of 58 Type A radiotherapy licenses to Accuray systems by the China Ministry of Health this past October, along with our highly differentiated joint venture strategy, will enable us to achieve compounded annual revenue growth rate in the range of 8% to 12% from Fiscal 2021 through Fiscal 2023. In addition, we expect these revenue growth rates will drive faster expansion in our operating income and adjusted EBITDA for the same periods.”

The presentation to be delivered at the JP Morgan Healthcare Conference can be accessed on the Accuray website at [www.accuray.com/investors](http://www.accuray.com/investors).

### **About Accuray**

Accuray Incorporated (Nasdaq: ARAY) develops, manufactures and sells radiotherapy systems that are intended to make cancer treatments shorter, safer, personalized and more effective, ultimately enabling patients to live longer, better lives. Our radiation treatment delivery systems in combination with fully-integrated software solutions set the industry standard for precision and cover the full range of radiation therapy and radiosurgery procedures. For more information, please visit [www.accuray.com](http://www.accuray.com) or follow us on [Facebook](#), [LinkedIn](#), [Twitter](#) and [YouTube](#).

### **Safe Harbor Statement**

Statements made in this press release that are not statements of historical fact are forward-looking statements and are subject to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this press release relate, but are not limited, to revenue growth expectations for the next three fiscal years, expectations regarding operating income and adjusted EBITDA, growth drivers, and Accuray's leadership position in radiation oncology innovation and technologies. These forward-looking statements involve risks and uncertainties. If any of these risks or uncertainties materialize, or if any of the company's assumptions prove incorrect, actual results could differ materially from the results

expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, the company's ability to achieve widespread market acceptance of its products; the company's ability to effectively integrate and execute the joint venture; the company's ability to realize the expected benefits of the joint venture; risks and uncertainties related to future Type A and B license announcements in China; risks inherent in international operations; the company's ability to effectively manage its growth; the company's ability to convert backlog into revenue; and such other risks identified under the heading "Risk Factors" in the company's quarterly report on Form 10-Q, filed with the Securities and Exchange Commission (the "SEC") on November 6, 2019 and as updated periodically with the company's other filings with the SEC.

Forward-looking statements speak only as of the date the statements are made and are based on information available to the company at the time those statements are made and/or management's good faith belief as of that time with respect to future events. The company assumes no obligation to update forward-looking statements to reflect actual performance or results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. Accordingly, investors should not put undue reliance on any forward-looking statements.

**Investor Contacts**

Lytham Partners

Joe Diaz, Joe Dorame or Robert Blum

+1 (602) 889-9700

[aray@lythampartners.com](mailto:aray@lythampartners.com)

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# Accuray Incorporated

(Nasdaq: ARAY)

*J.P. Morgan Healthcare Conference  
Investor Presentation  
January 15, 2020*





# AGENDA

1. **Accuray's Inflection Point**
  - Line of Sight to Accelerating & Sustainable Revenue and Profit Growth
2. **China**
  - Unprecedented Growth Catalyst & Accuray's Differentiated Strategy
3. **Accuray's Differentiated System Platforms**
4. **Accuray Portfolio For Value-Based Care**
5. **Summary: Accuray's Accelerating Growth Drivers**



# FORWARD-LOOKING STATEMENTS

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

## Safe Harbor Statement

Statements in this presentation (including the oral commentary that accompanies it) that are not statements of historical fact are forward-looking statements and are subject to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this presentation relate, but are not limited, to: our growth drivers and strategic priorities; our ability to continue to innovate; our ability to expand the addressable market of our products; our expectations regarding CMS' proposed Alternative Payment Model as well as reimbursement trends and our ability to capitalize on the same; expectations regarding growth in the radiation therapy market; expectations regarding system revenue contributions from China; expectations related to the market opportunity in China and its ability to grow our business, drive sustainable revenue growth and increase operating leverage; our future results of operations and financial position, including management's expectations regarding revenue and adjusted EBITDA; expectations regarding new product enhancements, including with respect to Synchro; expectations regarding product replacement cycle; the success of our current and future products and their impact on our business; our belief that our products offer clinicians and patients significant benefits over other radiation therapy systems in the market; and our expectations regarding order growth and long-term market expansion opportunities. Forward-looking statements generally can be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "may," "will be," "will continue," "will likely result," and similar expressions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from expectations. These risks and uncertainties include, but are not limited to: our ability to achieve widespread market acceptance of our products, including new product and software offerings; our ability to develop new products or enhance existing products to meet customers' needs and compete favorably in the market; our ability to effectively integrate and execute the joint venture; our ability to realize the expected benefits of the joint venture; risks and uncertainties related to future Type A and B license announcements in China; risks inherent in international operations; our ability to effectively manage our growth; our ability to maintain or increase our gross margins on product sales and services; delays in regulatory approvals or the development or release of new offerings; our ability to meet the covenants under our credit facilities; our ability to convert backlog to revenue; and other risks identified under the heading "Risk Factors" in our quarterly report on Form 10-Q, filed with the Securities and Exchange Commission (the "SEC") on November 6, 2019, and as updated periodically with our other filings with the SEC.

Forward-looking statements speak only as of the date the statements are made and are based on information available to Accuray at the time those statements are made and/or management's good faith belief as of that time with respect to future events. Accuray assumes no obligation to update forward-looking statements to reflect actual performance or results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. Accordingly, investors should not place undue reliance on any forward-looking statements.

## Non-GAAP Financial Measures

This presentation also contains non-GAAP financial measures. Management believes that non-GAAP financial measures provide useful supplemental information to management and investors regarding the performance of the company and facilitates a more meaningful comparison of results for current periods with previous operating results. Additionally, these non-GAAP financial measures assist management in analyzing future trends, making strategic and business decisions, and establishing internal budgets and forecasts. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measure is provided in the appendices.

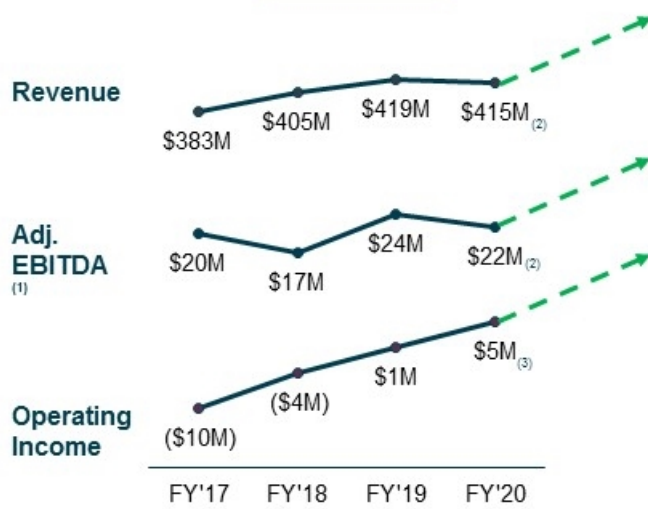
There are limitations in using these non-GAAP financial measures because they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. These non-GAAP financial measures should not be considered in isolation or as a substitute for GAAP financial measures. Investors and potential investors should consider non-GAAP financial measures only in conjunction with the company's consolidated financial statements prepared in accordance with GAAP.



# ACCURAY'S INFLECTION POINT

LINE OF SIGHT TO ACCELERATING & SUSTAINABLE REVENUE AND PROFIT GROWTH

## P&L Trend



FY21- FY23  
EXPECTED  
REVENUE  
CAGR 8%-12%

OPERATING  
LEVERAGE  
EXPECTED  
TO DRIVE  
FASTER  
PROFIT  
GROWTH

## REVENUE GROWTH DRIVERS

### FY21- FY22

50 CHINA TYPE A LICENSES  
AWARDED PROVIDE HIGH VISIBILITY  
TO 8%-12% ANNUAL REVENUE  
GROWTH

### FY22 – FY23

EXPECTED LAUNCH OF CHINA JV  
LINAC (TYPE B) TO DRIVE  
SUSTAINABLE 8%-12% ANNUAL  
REVENUE GROWTH



(1) Adjusted EBITDA is a non-GAAP financial measure. See the appendix for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure.  
 (2) Represents a mid-point of FY20 Guidance as presented on Q1 earnings release dated October 29, 2019. Prior guidance has not been updated and this is not intended as a reaffirmation of prior guidance.  
 (3) Expected operating income for Fiscal 2020 as of October 29, 2019.

# ENHANCED SHAREHOLDER VALUE

## ACCELERATING REVENUE GROWTH

**8%-12%**

Expected Revenue CAGR FY21-23

## HIGH RECURRING REVENUE

**53%**

Recurring Service Revenue for FY2019 as a % of Total FY 2019 Revenue

## ORDER GROWTH

**>15%**<sup>(1)</sup>

TTM Order Growth

## CHINA

**~\$115M**<sup>(2)</sup>

Expected Incremental System Revenue Contribution From China over 24 to 30 Months starting in Q4'FY20

## MARGIN AND PROFIT EXPANSION

Operating Leverage Expected to Drive Faster Operating Income & Adjusted EBITDA Expansion

## VALUATION

**>75%**<sup>(3)</sup>

EV/Sales Trading Discount to Comparable Group



(1) Trailing twelve months as of September 30, 2019.  
(2) Estimated system revenue value of China Type A licenses granted for Accuray systems as of October 9, 2019.  
(3) Data as of January 8, 2020. Refer to Appendix C.

# CHINA: UNPRECEDENTED GROWTH CATALYST

## China Expected Cancer Incidence

Annual New Diagnosed <sup>(1)</sup>



12,000

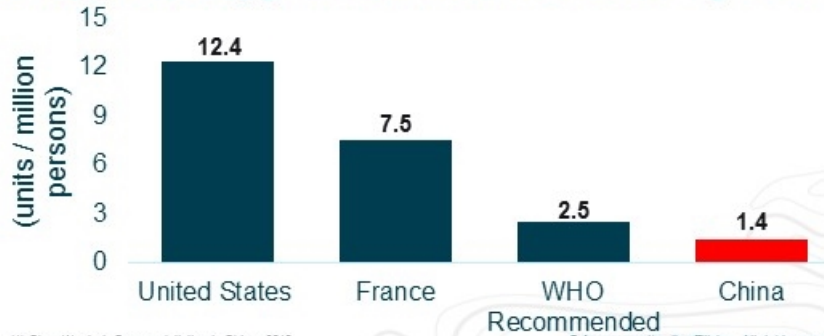


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**4.3M** (2.5x the amount in the U.S.)

## China's lack of access to Radiotherapy: Linac Installed Base by Country

Significant Gap <sup>(1)</sup>



(1) Chen W, et al. Cancer statistics in China, 2015

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# CHINA QUOTA SYSTEM

## OCTOBER 2018 QUOTA ANNOUNCEMENT PROVIDES VISIBILITY ON MARKET OPPORTUNITY

QUOTA TYPE	ACCURAY PRODUCT	ACCURAY SUCCESS RATE
<b>TYPE A "PREMIUM"</b> <b>188</b>	Radixact® Tomo HD-A™ & HD® CyberKnife®	<b>50 OUT OF 58</b> <sup>(1)</sup> 86% of Type A licenses awarded to Accuray systems in the first round
<b>TYPE B "CORE"</b> <b>1,208</b>	Tomo H® New JV Linac <sup>(2)</sup>	<b>TBD</b>



(1) Represents the number of China Type A licenses granted for Accuray systems as of October 9, 2019.  
(2) Under development and not yet available for sale.

# CHINA JOINT VENTURE

## ACCURAY'S DIFFERENTIATED STRATEGY

### "MADE IN CHINA 2025" INITIATIVE

A locally branded and manufactured product well aligned with local policies

### MARKET ACCESS

Existing sales infrastructure and access to hospitals

### UNIQUE POSITIONING

Only company in market segment with a local Chinese partner

### EXPANDS TYPE B OPPORTUNITY

Quickly expands China commercial coverage to maximize Type B sales

### JV PARTNER



### China Isotope & Radiation Corporation

- 25% of CIRC shares listed on the Hong Kong Stock exchange; market capitalization of HKD 6.5 billion<sup>(1)</sup>
- Controlled by China National Nuclear Corporation ("CNNC"), a central State-Owned Entity ("SOE")
- The leading company in the field of isotope and irradiation technology applications in China
- The largest manufacturer of imaging diagnostic and therapeutic radiopharmaceuticals, UBT kits and analyzers and radioactive source products in China
- Nationwide sales network covering 31 provinces and more than 10,000 hospitals and other medical institutions
- Production facilities in 11 locations



(1) Market capitalization as of January 6, 2020

# GLOBAL RADIATION THERAPY MARKET

## GROWING ADDRESSABLE MARKET

18 MILLION



New Cases Of Cancer  
Worldwide In 2018

50-60%



Of Cancer Patients  
Worldwide Would Benefit  
From Radiation Therapy

30%



Currently Receive  
Radiation Therapy

21,800\*



Total Number Of Linacs  
Needed By 2035

+7,700



Number Of New Linacs Needed  
To Meet Expected Demand For  
Radiation Therapy in 2035

+150%



Expected Increase In  
Number Of Patients  
Receiving Radiation  
Therapy By 2035



<https://www.who.int/news-room/fact-sheets/detail/cancer>  
The Lancet Oncology Commission - "Expanding Global Access to Radiotherapy", Volume 16 September 2015 Edition  
Radiotherapy In Cancer Care: Facing the Global Challenge, IAEA 2017  
\*21,800 Includes 14,100 expected replacement systems and 7,700 new systems

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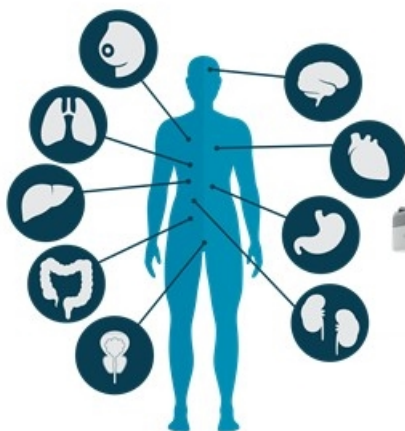


# ACCURAYS DIFFERENTIATED PLATFORMS

Accuray Develops, Manufactures And Sells Radiation Therapy Systems That Make Cancer Treatments Shorter, Safer, Personalized And More Effective.



**CyberKnife®**  
ACCURAY®



**Radixact®**  
**TomoTherapy®**

# CyberKnife® System: Unique Robotic Non-Coplanar Delivery

Submillimeter precision, from head to toe

## PRECISE

- **Synchrony** - enables real-time tumor tracking and beam adjustment to continually and efficiently deliver dose to moving targets
- **Robotic** - allows a range of delivery angles with submillimeter precision, enabling safe dose escalation to tumors while minimizing dose to sensitive, surrounding tissue

## FAST

- **VOLO** - reduces plan optimization time and delivery time, enabling stereotactic treatments in conventional 15 to 20 minute time slots

## ECONOMICAL

- **Efficiency** – Hypofractionation delivers high dose treatments in fewer fractions, benefitting patients, clinical providers, and payors alike

## PROVEN

- **Versatility** – supported by years of clinical evidence across a range of stereotactic radiosurgery (SRS) and stereotactic body radiotherapy (SBRT) indications



# Radixact<sup>®</sup>: Versatile Workhorse System

Next Generation TomoTherapy<sup>®</sup> System

## PRECISE

- **Synchrony** - enables real-time tumor tracking and beam adjustment to continually and efficiently deliver dose to moving targets
- **Helical Delivery** - allows selection amongst thousands of tiny beamlets, only those required to paint dose where needed while minimizing dose to normal, healthy tissue

## FAST

- **Throughput** – Speed and throughput improvements capable of supporting busiest clinics, while also treating the most challenging cases

## ADAPTIVE

- **PreciseART** - measures adherence to original treatment plan objectives, and empowers clinicians to easily make delivery adjustments when required

## UPGRADABLE

- **Architecture** – Product design supports easily upgradable innovation additions



**200+ Orders since launch**  
**~ 60% Orders Single/Dual Vaults**



# INSTALLED BASE REPLACEMENT OPPORTUNITY

## INSTALLED BASE

**926**

Total Accuray systems installed through Sep. 2019

## AGE

**48%**

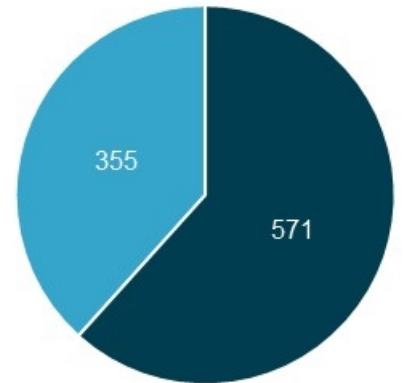
Of installed Accuray systems over 8 years old leading to significant replacement opportunities over coming years

## TRADE-IN AGE

**10 Yrs**

Average trade in age of Accuray systems over last 5 years

## GEOGRAPHIC BREAKDOWN OF PRIMARY REPLACEMENT OPPORTUNITY



■ Americas ■ ROW



# ACCURAY POISED TO BENEFIT FROM VALUE-BASED CARE

ACCURAY SYSTEMS DELIVER HYPOFRACTIONATED TREATMENTS SAFELY AND EFFICIENTLY

BREAST, LUNG, PROSTATE PROCEDURES REPRESENT ALMOST 60% OF ALL MEDICARE CLAIMS (1)

## SYNCHRONY™



ACCURAY'S SYNCHRONY™ TECHNOLOGY PROVIDES MEANINGFUL BENEFIT FOR ALL 3 OF THESE PROCEDURES

## PROSTATE REIMBURSEMENT



BASED ON CURRENT RATE PROPOSAL, PROSTATE TREATMENT LOOKS LIKE THE BIG WINNER IN RATE UPLIFT

## CYBERKNIFE®



CYBERKNIFE® IS UNIQUELY POSITIONED FOR PRECISE, EFFICIENT, PROSTATE TREATMENTS

## RADIXACT®



ACCURAY'S WORKHORSE PRODUCT IS NOW CAPABLE OF DELIVERING PRECISE HYPOFRACTIONATED TREATMENT WITH SYNCHRONY™

## LONG TERM CLINICAL DATA



ACCURAY IS ONLY RT PLAYER WITH DEVICE SPECIFIC, MULTI-CENTER, PROSTATE SBRT CLINICAL DATA WITH LONG TERM FOLLOW UP



(1) United States Department of Health and Human Services REPORT TO CONGRESS: Episodic Alternative Payment Model for Radiation Therapy Services November 2017

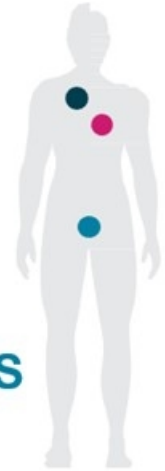
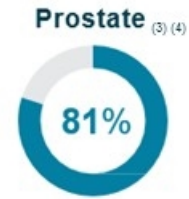
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# CMS PROPOSED APM DRIVES VALUE-BASED CARE

ACCURAY PORTFOLIO WELL-POSITIONED TO SUPPORT PROPOSED ALTERNATIVE PAYMENT MODEL (APM)

## A DRAMATIC REDUCTION IN CANCER TREATMENT TIMES

Hypofractionation typically reduces treatment times dramatically for a number of different indications:



shorter *total* treatment times

Hypofractionation  
**≤5 FRACTIONS**

Conventional Fractionation  
**29 - 39 FRACTIONS**



1. Kwon, H. K., Saito, A., Levin, B., Di Lorenzo, G. L., Ding, T. J., Miller, R. C., et al. (2014). Stereotactic body radiotherapy for early-stage non-small-cell lung cancer: report of the NRG Oncology Radiation Therapy Committee. *International Journal of Radiation Oncology: Biology/Physics*, 93(1), 9-16.  
2. Li, C., Cozzee, A. K., Chakraborty, A. C., Li, C. H., et al. (2016). Randomized phase III trial of stereotactic body radiotherapy (SBRT) versus radical prostatectomy for prostate cancer. *International Journal of Radiation Oncology: Biology/Physics*, 98(1), 17-25.  
3. Li, C. H., Chakraborty, A. K., Cozzee, A. K., et al. (2016). Stereotactic body radiotherapy (SBRT) for early-stage prostate cancer: a phase III randomized trial. *International Journal of Radiation Oncology: Biology/Physics*, 98(1), 17-25.  
4. Li, C. H., Chakraborty, A. K., Cozzee, A. K., et al. (2017). Stereotactic body radiotherapy (SBRT) for prostate cancer: a phase III randomized trial. *International Journal of Radiation Oncology: Biology/Physics*, 98(1), 17-25.

# ACCURAY SYNCHRONY

COMPETITIVE ADVANTAGE SUPPORTS VALUE-BASED CARE

- ☑ Only solution for true motion tracking (bringing the beam to the tumor)
- ☑ Enables tighter dosing margins, minimizing dose to healthy tissues and OAR
- ☑ Accurate, precise and efficient



## Synchrony for Radixact System introduced at ASTRO 2019

*"Synchrony is the major advantage Accuray has over competing systems especially in the treatment of moving targets..."*

Jonathan Haas  
NYU Winthrop



# CYBERKNIFE PROSTATE STUDY

## THE PACE-B TRIAL: ACUTE TOXICITY RESULTS

- ▶ Level 1 evidence study designed to determine non-inferiority of ultra-hypofractionated SBRT over conventionally fractionated or moderately hypofractionated radiotherapy in the treatment of low- and intermediate-risk prostate cancer
- ▶ Included 874 patients from 37 centers in 3 countries
- ▶ First demonstration that 5-fraction SBRT prostate treatment for low- and intermediate-risk cancer is as safe as the standard of care
- ▶ Preliminary data show SBRT treatments on CyberKnife resulted in statistically significantly fewer grade 2 and higher acute urinary toxicity than on conventional linac – 12.4% vs 30.6% (a 2.5-fold difference)



**CyberKnife allows patients to receive higher dose and shorter treatment regimens with lowered risk of greater toxicity or incidence of side effects**



The Lancet Oncology, September 17, 2019; "Intensity-modulated fractionated radiotherapy versus stereotactic body radiotherapy for prostate cancer (PACC®): acute toxicity findings from an international, randomised, open-label, phase 3, non-inferiority trial" Douglas H Brander, Jason C Teare, Paul Osler, Maria van der Loek, Andrew Cobbin, William Chu, Daniel Ford, Shaun Tolan, Daniel Jain, Jayaraj Jayaram, John Zelefsky, Philip Cantello, Khan Khanjani, John Prew, Andrew Chan, Ian D Bayes, Daniel Henderson, Stephanie Brown, Dana Crookshank, Stephanie Somers, Jason Duffin, Cara Griffin, Victoria Hilden, Kirby Morrison, Olivia Kalamon, Dinesh Kulkarni, Nicholas van de, on behalf of the PACC Trial Investigators

**Disclaimer:** This presentation includes summaries of "Intensity-modulated fractionated radiotherapy versus stereotactic body radiotherapy for prostate cancer (PACC®): acute toxicity findings from an international, randomised, open-label, phase 3, non-inferiority trial". Such summaries do not purport to be complete and are subject to, and qualified in their entirety by, reference to the full of "Intensity-modulated fractionated radiotherapy versus stereotactic body radiotherapy for prostate cancer (PACC®): acute toxicity findings from an international, randomised, open-label, phase 3, non-inferiority trial". Such summaries are given as of September 12th, 2019 and we undertake no obligation to update for any changes subsequent to such date.



# SUMMARY: ACCURAY'S ACCELERATING GROWTH DRIVERS

## CHINA

- ▶ Significantly underserved market for radiation therapy with high growth expected over the next 10-15 years
- ▶ Accuray has the right product portfolio for China: Accuray systems named in 50 out of 58 Type A licenses awarded in October 2019
- ▶ Highly differentiated strategy with a local JV partner to capitalize on Type B system opportunity

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## VALUE-BASED CARE

- ▶ CMS Proposed Alternative Payment Model (RO-APM) will drive SBRT and hypofractionated treatment
- ▶ Accuray portfolio safely and efficiently delivers hypofractionation for the value-based care environment
- ▶ Accuray is the only RT solution provider with device specific clinical data

+

## REPLACEMENT CYCLE

- ▶ Aging installed base creates above average replacement cycle cadence over the next 36 months
- ▶ 48% of existing installed base is over 8 years old with typical replacement cycles occurring around 10 years

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**A LINE OF SIGHT TO  
8%-12% REVENUE  
CAGR FOR FY21-FY23**



**MARGIN & CASH FLOW  
EXPANSION**

**ACCURAY HAS NEVER BEEN BETTER  
POSITIONED!!**



# APPENDIX

# APPENDIX A

## Reconciliation of GAAP Net Loss to Adjusted EBITDA (FY'20 Guidance)

Numbers in 000's	FY20 Guidance Mid-Point
<b>GAAP Net Loss</b>	<b>\$ (15,500)</b>
Depreciation and Amortization (a)	7,600
Stock-based Comp	12,100
Interest Expense, Net (b)	15,400
Provision for Income Taxes	1,900
<b>Adjusted EBITDA</b>	<b>\$ 21,500</b>

(a) Consists of depreciation, primarily on property and equipment as well as amortization of intangibles.  
(b) Consists primarily of interest expense associated with our outstanding debt.



# APPENDIX B

## Reconciliation of GAAP Net Loss to Adjusted EBITDA (FY'17 – FY'19)

Numbers in 000's	FY'17	FY'18	FY'19
<b>GAAP Net Loss</b>	<b>\$ (29,579)</b>	<b>\$ (23,899)</b>	<b>\$ (16,430)</b>
Depreciation and Amortization (a)	18,041	9,732	8,266
Stock-based Comp	13,629	12,288	10,601
Impairment charge (b)	-	-	3,707
Cost initiative (c)	-	-	1,509
Gain on lease termination (d)	-	-	(1,007)
Interest Expense, Net (e)	17,260	18,088	15,015
Provision for Income Taxes	1,038	878	2,086
<b>Adjusted EBITDA</b>	<b>\$ 20,389</b>	<b>\$ 17,087</b>	<b>\$ 23,747</b>

- (a) Consists of depreciation, primarily on property and equipment as well as amortization of intangibles.
- (b) Consists of a one-time accounts receivable impairment charge related to one customer recorded in the first quarter of 2019.
- (c) Consists of costs associated with a staff reduction recorded in the second and fourth quarters of 2019.
- (d) Consists of non-cash reversal of deferred rent related to a facility lease that was terminated.
- (e) Consists primarily of interest expense associated with our outstanding debt.



# APPENDIX C

## EV/Sales Trading Discount to Comparable Group

As of January 8, 2020

Ticker	Company	Stock Price	Shares Outstanding	Market Cap	Cash	Debt	Enterprise Value	SALES (TTM)	EV/SALES (TTM)
ARAY	Accuray Incorporated	\$2.65	89	\$236	\$87	\$188	\$338	\$413	<b>0.82</b>
Ticker	Company	Stock Price	Shares Outstanding	Market Cap	Cash	Debt	Enterprise Value	SALES (TTM)	EV/SALES (TTM)
VAR	Varian Medical Systems, Inc.	\$146.00	91	\$13,271	\$531	\$410	\$13,150	\$3,225	4.08
VRAY	ViewRay, Inc.	\$3.81	147	\$561	\$242	\$55	\$375	\$92	4.07
EKTAY	Elekta	\$12.31	382	\$4,703	\$315	\$325	\$4,713	\$1,485	3.17
								Peer Group Average	<b>3.77</b>

Discount to Radiation Therapy Peer Group

**-78.31%**



