

## MRI guided LINAC – ViewRay’s MRidian or Elekta’s Unity?

Industry Expert Conference Call

Tuesday, October 17, 2017

11:00 AM EST

Speaker:

**Dr. Olga Green**

Assistant Professor of Radiation Oncology and  
Associate Director of the Medical Physics Residency  
Program at Washington University School of Medicine

Host:

**Difei Yang, Ph. D.**

SMID Biotech Analyst

Company	Symbol	Price (9/26)	Rating	PT
ViewRay, Inc.	VRAY	\$5.22	Buy	\$12.00

Source: Bloomberg and Mizuho Securities USA

Please join SMID Biotech analyst Difei Yang on Tuesday, October 17th at 11am (EST) when she hosts Dr. Olga Green, Assistant Professor of Radiation Oncology and Associate Director of the Medical Physics Residency Program at Washington University School of Medicine to discuss “MRI guided LINAC – ViewRay’s MRidian or Elekta’s Unity?”. Please register with your Mizuho sales person. Our expert speaker and Difei will address the following topics:

- Why is MRI-LINAC needed for radiation oncology?
- Technical difficulties in developing MRI-LINAC.
- Compare and contrast two MRI-LINAC machines, ViewRay’s MRidian and Elekta’s Unity.
- Decision making process at Wash U in choosing ViewRay’s MRidian
- Machine installation process
- Relevant clinical experience

Please contact your MSUSA salesperson to RSVP and for replay details

**Difei Yang, Ph.D.**  
Executive Director, Americas Research  
+1 212 205 7824  
difei.yang@us.mizuho-sc.com

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**Dr. Olga Green, PhD** is an Assistant Professor of Radiation Oncology and Associate Director of the Medical Physics Residency Program at Washington University School of Medicine. Professor Green joined the faculty in 2011. She earned a PhD in Experimental Nuclear Physics in 2008 from Washington University in St. Louis and completed her residency in medical physics, CAMPEP accredited, at Washington University School of Medicine in 2011. She is certified in Therapeutic Radiological Physics by the American Board of Radiology. Dr. Green's clinical work and research focuses on magnetic resonance image-guided radiation therapy. She is the lead authorized medical physicist for the first-in-the world MR-IGRT system.

## Price Target Calculation and Key Risks

### *ViewRay, Inc.*

#### **Valuation**

We value the stock at \$12 using a sum of the parts, applying a 3x multiple to our 2019 sales estimate of \$222 million. Given VRAY's comps trade at a 1x-3x multiple, we think it is reasonable to assume that VRAY should trade at the higher end of the range as a high-growth company. Additionally, we think there is a take-out potential for VRAY, which could warrant higher multiples in the range of 4x-6x based on previous deals.

#### **Risks**

Other than typical R&D, regulatory, manufacturing, and commercialization risks associated with investing in companies developing and commercializing therapies in the medical technology space, investing in ViewRay carries several firm-specific risks. Among those risks are the following:

- The market is dominated by Varian and Elekta, both of which are better financed and have larger installed bases. VRAY is still a new entrant and is garnering interest at the large teaching centers as well as smaller regional centers, though we expect intensifying competition from the larger competitors, particularly Elekta, who is developing a similar system.
- The company will likely need to raise capital, at least one more time, to ensure liquidity before reaching sustained profitability in 2018.
- Viewray's success is entirely dependent on the success of MRIdian.
- Certain components of MRIdian are single sourced. These sole suppliers include Japan Superconductor Technology, Inc., Siemens AG, Best Theratronics Ltd., Tesla Engineering Limited and Quality Electrodynamics, LLC, for certain components of MRIdian.

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**Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.**

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**Neutral:** Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

**Underperform:** Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

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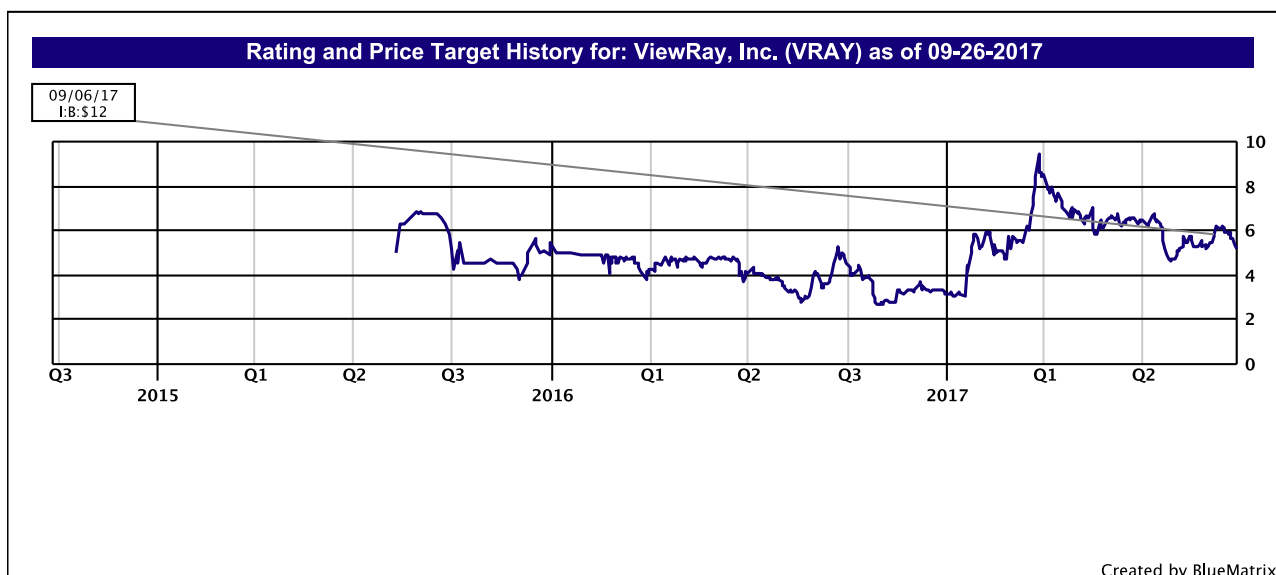
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<b>NR:</b>	No Rating - not covered, and therefore not assigned a rating.

### Rating Distribution

(As of 9/26 )	% of coverage	IB service past 12 mo
Buy (Buy)	44.80%	48.00%
Hold (Neutral)	49.46%	37.68%
Sell (Underperform)	5.73%	50.00%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.



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