Thank you, and welcome everyone to Agilent's Second Quarter Conference Call for Fiscal Year 2016. With me are Mike McMullen, Agilent’s president and CEO, and Didier Hirsch, Agilent senior vice president and CFO.

Joining in the Q&A after Didier’s comments will be Patrick Kaltenbach, president of Agilent’s Life Sciences and Applied Markets Group; Jacob Thaysen, president of Agilent’s Diagnostics and Genomics Group; and Mark Doak, president of the Agilent CrossLab Group.

You can find the press release and information to supplement today’s discussion on our website at www.investor.agilent.com.

While there, please click on the link for “financial results” under the “Financial Information” tab. You will find an investor presentation along with revenue breakouts and currency impacts, business segment results and historical financials for Agilent's operations. We will also post a copy of the prepared remarks following this call.

Today’s comments by Mike and Didier will refer to non-GAAP financial measures. You will find the most directly comparable GAAP financial metrics and reconciliations on our website.

And please note that we will refer to “core” revenue growth, which excludes the impact of currency, the NMR business, and acquisitions and divestitures within the past 12 months.
Unless otherwise noted, all references to increases or decreases in financial metrics are year over year. Guidance is based on exchange rates as of the last day of the reported quarter.

We will also make forward-looking statements about the financial performance of the company. These statements are subject to risks and uncertainties, and are only valid as of today. The company assumes no obligation to update them. Please look at the company's recent SEC filings for a more complete picture of our risks and other factors.

Before turning things over to Mike, I’d like to remind you that Agilent will host its Analyst and Investor meeting in New York City on May 25th. Details about the meeting and webcast are available on the Agilent investor Relations website.

And now, let me turn the call over to Mike.

MIKE MCMULLEN

Thanks, Alicia, and hello everyone. Thank you for joining us on today’s call.

The Agilent team delivered another strong quarter. Both Q2 revenue and earnings were above the high end of our guidance.

Let me highlight three key results. First, revenue growth was up more than 8 percent on a core basis. Second, we delivered adjusted operating margin of 19.4 percent, an increase of 110 basis points from a year ago. Finally, EPS of 44 cents was up 16 percent over last year.

Before moving on to a review of our Q2 results, I do want to address our year-over-year quarterly comparisons, which reflect an unusual event from last year. Of the 8-percent core growth that we are announcing today, about 1.5 percentage points is due to a shift of revenue last year from Q2’15 into Q3’15. In the second quarter a year ago, we experienced $15 million of shipment delays, due to start-up challenges with our new U.S. logistics center.
In addition, our process improvement efforts over the past few quarters – to convert incoming instrument orders more quickly to revenue – have paid off. We have reduced our order-to-revenue cycle times, particularly in China. Consequently, some shipments initially forecast for Q3 of this year were delivered in Q2.

Agilent’s strong Q2 results were led by double-digit core growth in Pharma and Food markets. We also experienced continued strength in Academia and Government, Environmental, and Diagnostics and Clinical markets. All end-markets grew except Chemical & Energy.

Growth was broad-based across most of our portfolio.

Geographically, all regions grew except Japan, led by very strong growth in China.

Now let me highlight our Q2 results by business group.

The Life Sciences and Applied Markets Group delivered core revenue growth of 8 percent, led by strong demand in the Pharma and Food markets. About 3 percentage points of the 8 percent increase was thanks to a softer compare, due to the timing issues mentioned earlier from last year’s U.S. logistics center start-up.

The combination of strong top-line growth, expense management and gross margin improvements – partially due to the NMR exit – drove LSAG’s operating margin to 19.0 percent, up 320 basis points from a year ago.

LSAG continues to strengthen its portfolio. In Q2, Agilent introduced VistaFlux software. This new software speeds up clinical research data analysis, so scientists can more quickly understand the underlying causes of diseases such as cancer. VistaFlux strengthens Agilent’s leadership position in metabolomics.
Last week, we announced the new Agilent 1260 Infinity II LC at the Analytica tradeshow. This instrument provides best-in-class lab efficiency, and improves performance with full backward compatibility.

Next, the Agilent CrossLab Group continued to deliver consistently strong revenue results. Core revenue growth in Q2 was 10 percent, led by strength in contract services, LC columns and lab supplies. Expansion and penetration in Asia continue to be strong contributors to our growth.

Operating margin was flat versus a year ago at 21.5 percent.

CrossLab represents a strategic transformation of our services and consumables business. I’m pleased to report that Agilent was recognized with the 2016 Reviewer’s Choice Award for Customer Service. This award is from SelectScience, an independent, expert-led scientific review. This is the second year in a row that scientists in North America have judged Agilent’s customer service to be the best in the laboratory products industry.

Finally, the Diagnostics and Genomics Group delivered 5 percent core growth in Q2, against a difficult compare.

The Pathology business continues on its steady trajectory back to market growth rates, highlighted by strong demand for our new PD-L1 companion and complementary diagnostic tests. Genomics showed strong market performance, led by our SureSelect target enrichment and array CGH offerings.

DGG’s operating margin was flat versus a year ago at 15.0 percent.

In Q2, Agilent announced an $80 million investment in Lasergen, an emerging biotechnology company with innovative next-gen sequencing technology. Our two companies will collaborate on building an NGS workflow for clinical applications.
In Q2, Agilent also announced that commercial availability has expanded to the EU for our new PD-L1 diagnostic test for non-squamous, non-small-cell lung cancer. This diagnostic was developed through a collaboration with Bristol-Myers Squibb, the maker of OPDIVO.

Now, I’ll provide an overview of Agilent’s core revenues by end-market.

Life Sciences and Diagnostics markets saw a continuation of our first-quarter performance, with strength across all end markets. Pharma grew 14 percent, fueled by technology refresh deals, new product uptake and sustained growth in the aftermarket. This is the fifth consecutive quarter of greater than mid- to high-double-digit growth in Pharma.

Academia & Government grew 7 percent, driven by strong demand in China and an uptick in the U.S. Clinical & Diagnostics also grew 7 percent, with strength in Genomics led by target enrichment and array CGH.

Applied end-market performance was mixed. Food was up 25 percent, with strong sales in China and the Americas. China also drove 6-percent worldwide growth in Environmental & Forensics. Chemical & Energy declined 3 percent, reflecting continued macro-economic concerns and the effects of lower oil prices.

Now I’ll turn to an update on our operating margin improvement initiatives.

Q2 marks the fifth consecutive quarter of year-over-year operating margin improvement delivered by the new Agilent team. This is a result of our ability to outgrow the market while driving operational efficiency improvements.

Our multi-year “Agile Agilent” program continues to simplify the company, making us more nimble and lowering our costs. Our execution of company-wide streamlining of organizations, processes and systems continues to be on-track to deliver incremental savings in 2017.
For example, in Q3 we will take a major step forward in simplifying the company’s systems infrastructure, with all of our financial systems now on SAP.

On the capital deployment front, we paid $37 million in dividends, repurchased $94 million of Agilent stock, and invested $80 million to enable our NGS workflow strategy.

Finally, our One Agilent initiative is driving a well-received cultural transformation to improve cross-company collaboration and delivery of results.

At last year’s Analyst and Investor Day, I described the shareholder value creation model for Agilent, to be driven by:

- Outgrowing the market,
- Expanding operating margins, and
- A balanced capital allocation policy

I’d like to take a minute to position the Q2 results in the context of our longer-term goals. After delivering our highest annual core revenue growth since 2011 of 6.4 percent in 2015, we’ve now had two strong quarters to start 2016, including this quarter’s 8 percent core revenue growth.

Since the new Agilent leadership team was put in place, the team has delivered year-over-year operating margin improvements every quarter. We have completely offset the initial $40 million of dis-synergies from the company split.

In fiscal 2015, we returned $400 million to shareholders – and $370 million year-to-date in 2016 – through cash dividends and share repurchase. From 2015 until now, we also invested about $400 million in new business via M&A and equity investments.

Didier will share more specifics later, but we are raising our full-year 2016 outlook for core growth, operating margin, EPS and cash flow.
Let me talk now about our second-half ’16 forecast, in light of what we have already achieved in 2016 and what we plan to deliver in 2017.

When we look at today’s overall market environment, while we face increasingly tough compares, we expect strength in Pharma to continue in second-half 2016 and into 2017. China is also expected to remain strong in second-half 2016 and 2017.

Taking a closer look at the Chemical & Energy market, we have been experiencing a more prolonged and steeper slowdown than initially anticipated. We are now forecasting overall low single-digit market declines for the year, versus our initial “flat” guidance assumptions.

The oil exploration segment of this market has been down significantly for some time, with a recent well-reported “spillover” into the refining segment. There are initial indications of a “bottoming,” with increased deal activity in the large Chemical segment of the market.

We are projecting an improved Chemical & Energy market environment in 2017. We are assuming we will continue to face headwinds in this market for the remainder of 2016.

We are currently modeling 2017 with an above-market core revenue growth rate of 4.5 percent at the midpoint. This is in line with our projected full-year 2016 core growth rates, but higher than our expected core growth rate in the second half of 2016.

There are two reasons for this increase. First, we expect to have very strong new product introductions in the second half of FY16, which will drive revenue growth in FY17. Second, on the end-market front, we expect Chemical & Energy to have “bottomed-out” by year-end, accompanied by continued solid conditions in all of our other end-markets and in China.

Overall, we remain on track with our 2017 goal to outgrow the market and improve our operating margins to 22 percent.
Looking inside the company, I can share with you today that the One Agilent team is working well-together and is driven to win in the marketplace.

I look forward to seeing many of you at our Analyst and Investor Day, where I will share our progress versus our commitments, how we will sustain our improved performance, and the longer-term outlook for the company.

Thank you for being on the call today. I will now turn it over to Didier, who will provide additional insights on our financial results and guidance for the third quarter and full-year 2016.

Didier?

DIDIER HIRSCH

Thank you, Mike, and hello, everyone.

As Mike stated, we delivered a strong performance this quarter again: 8% core revenue growth, 110 basis points of Operating Margin expansion, and $256M in operating cash flow.

After adjusting for last year’s $15M slippage in revenue from Q2 to Q3 as we launched our new US Logistics Center, our core revenue growth of 6.5% remained well above market.

During the quarter, we bought back $94M of stock and paid $37M in dividends. Finally, on May 3rd, we successfully moved all finance applications from Oracle to SAP which is our main ERP. This will result in significant simplifications of our finance and IT operations.

I will now turn to the guidance for our third quarter

We expect Q3 revenues of $1,030M to $1,050M and EPS of 45 to 47 cents. At midpoint, revenue will grow 1.3% on a core basis, or close to 3% adjusting for last year’s $15M impact from the US Logistics Center.
Turning to share repurchases, we expect to buy back $93M in Q3.

Now to the guidance for Fiscal Year 2016

We are raising the mid-point of our revenue guidance by $60M including $50M due to currency. As a result, we are increasing our core revenue growth guidance at midpoint from 4.25% to 4.50%. We are also raising the midpoint of our EPS guidance by 6 cents including 3 cents coming from FX and 3 cents from operational performance.

One important note: after further review, we and our auditors have concluded to account for the Lasergen investment using the cost-method of accounting. This means that we will not book our share of Lasergen’s losses as previously communicated.

Finally, we are raising our operating cash flow guidance from $650M to $740M. There is no change to our capex guidance of $140M

With that, I will turn it over to Alicia for the Q&A