



Agilent Technologies Q3'17 Results Presentation

Safe Harbor

This presentation contains forward-looking statements (including, without limitation, information and future guidance on the company's goals, priorities, revenues, operating profit and operating margin, growth opportunities, customer service and innovation plans, new product introductions, financial condition and considerations, earnings, share repurchases, dividends, ability to access capital markets, the continued strengths and expected growth of the markets the company sells into, operations, operating earnings, and tax rates) that involve risks and uncertainties that could cause results of Agilent to differ materially from management's current expectations. The words "anticipate," "plan," "estimate," "expect," "intend," "will," "should" "forecast" "project" and similar expressions, as they relate to the company, are intended to identify forward-looking statements.

In addition, other risks that the company faces in running its operations include the ability to execute successfully through business cycles; the ability to successfully adapt its cost structures to continuing changes in business conditions; ongoing competitive, pricing and gross margin pressures; the risk that our strategic and cost-cutting initiatives will impair our ability to develop products and remain competitive and to operate effectively; the impact of geopolitical uncertainties on our markets and our ability to conduct business; the impact of currency exchange rates on our financial results; the ability to improve asset performance to adapt to changes in demand; the ability to successfully introduce new products at the right time, price and mix, and other risks detailed in the company's filings with the Securities and Exchange Commission, including our quarterly report on Form 10-Q for the quarter ended April 30, 2017.

The company assumes no obligation to update the information in these presentations. These presentations and the Q&A that follows include non-GAAP measures. Non-GAAP measures exclude primarily the impacts of acquisition and integration costs, transformation initiatives, and non-cash intangibles amortization. Also excluded are tax benefits that are not directly related to ongoing operations and which are either isolated or cannot be expected to occur again with any regularity or predictability. Most of these excluded amounts pertain to events that have not yet occurred and are not currently possible to estimate with a reasonable degree of accuracy. Accordingly, no reconciliation to GAAP amounts has been provided.

Agilent Results Q3'17

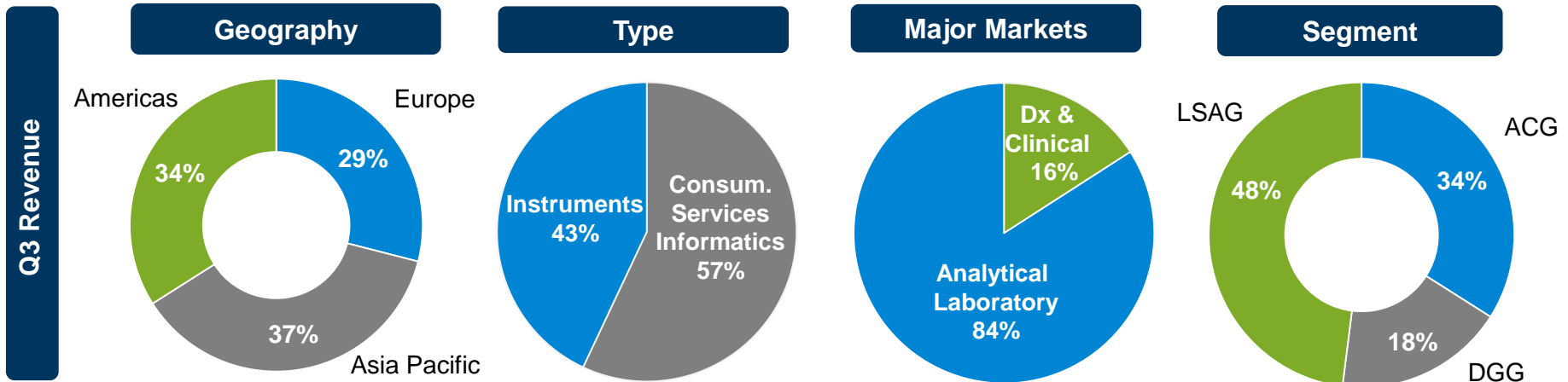
Scale and leading technology across Analytical Laboratories and Clinical & Dx markets

Q3'17 Financial Metrics

- **Revenues:** \$1.11B, +7.5% y/y core⁽¹⁾⁽²⁾, +6.7% reported (+0.1% M&A, -0.9% FX). Core growth across all businesses and major geographies.
- **Operating Margin:** 21.2% of revenue⁽²⁾. OM of 21.5%⁽²⁾⁽³⁾ adjusted for Keysight billings up 90 basis points y/y.
- **EPS:** \$0.59⁽²⁾, up 20% y/y. Reduction of pro-forma tax rate to 18% resulted in a year-to-date adjustment which contributed 2 cents to EPS this quarter.

Q3'17 Headlines

- **Growth:** Second consecutive quarter of double-digit Chemical & Energy growth with results in Pharma and Europe also exceeding expectations.
- **Margins:** Continued to deliver on operating margin expansion.
- **Capital Allocation:** Paid \$42M in dividends. Acquired Cobalt Light Systems and molecular barcoding patents from Population Genetics for \$57M total. No shares were repurchased in Q3.



(1) Core growth is reported growth adjusted for the effects of NMR exit, acquisitions and divestitures, and FX (2) Presented on a non-GAAP basis; reconciliations to closest GAAP equivalent provided. (3) Operating margin adjusted for reimbursement from Keysight for site services classified as "Other Income."

Life Sciences & Applied Markets Group (LSAG)

Instrumentation and Informatics for Analytical Laboratories



- Q3'17 Revenue of \$531M
- Y/Y Growth: +5% (+7% core ⁽¹⁾⁽³⁾)

- **Strong core revenue growth** led by demand in Europe and China. Chem & Energy, Environmental and Pharma drove the results, with gains across the product portfolio.
- **Operating Margin** for the quarter was 21.3%⁽¹⁾⁽²⁾, up 220 bps versus last year.
- The revolutionary **Ultivo LC-MS** triple quad was introduced at ASMS. The Ultivo has a footprint that is 70% smaller than previous instruments, yet it still delivers the same or better performance than its predecessor.
- Completed the acquisition of **Cobalt Light Systems**, adding Raman spectroscopy to Agilent's spectroscopy line-up. Cobalt provides an innovative suite of benchtop and handheld instruments based on novel technology.

(1) Presented on a non-GAAP basis; reconciliations to closest GAAP equivalent provided (2) Not adjusted for Keysight reimbursement;
(3) Core growth is reported growth adjusted for the effects of NMR exit, Acquisitions and Divestitures, and FX

Agilent Cross Lab Group (ACG)

Analytical Laboratory Consumables and Services



- **Q3'17 Revenue of \$386M**
- **Y/Y Growth: +7% (+8% core⁽¹⁾⁽³⁾)**

- **Continued strong revenue performance.** Gains across all end-markets were led by double digit growth in Academia & Government and Pharma. Growth was robust for both services and consumables.
- **Operating Margin** in the quarter was 23.4%⁽¹⁾⁽²⁾, up 70 bps versus last year.
- **Introduced portfolio extensions that are gaining quick customer adoption:**
 - A suite of application services focused on food and environmental markets to improve the customer's workflow.
 - Expanded the liquid chromatography columns portfolio with InfinityLabs LC, Advance-Bio Peptide Plus and Amino Acid Analysis columns introductions.

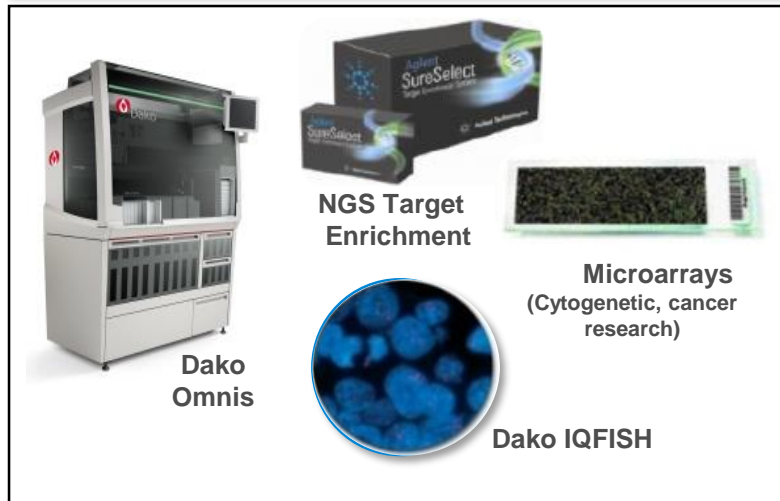
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(2) Not adjusted for Keysight reimbursement;

(3) Core growth is reported growth adjusted for the effects of NMR exit, acquisitions and divestitures, and FX

Diagnosics and Genomics Group (DGG)

Pathology, Genomics, and Nucleic Acid Manufacturing



- Q3'17 Revenue of \$197M
- Y/Y Growth: +9% (+8% core⁽¹⁾⁽³⁾)

- **Solid growth performance** across markets and regions led by strength in Pathology, Companion Diagnostics and Nucleic Acid Solutions. Asia ex-Japan and Europe led regional gains.
- **Operating Margin** for the quarter was 16.9%⁽¹⁾⁽²⁾, down 190 bps versus last year as anticipated.
- **Introduced Agilent SureSelectXT HS**, a target enrichment research solution providing total NGS workflow management, from QC to target enrichment, to analysis and interpretation. Integrated molecular barcode error correction enables detection of ultra-low mutation frequencies in very small DNA quantities.
- Acquired the molecular and sample barcoding **patent portfolios of Population Genetics Technologies**. This IP bolsters Agilent's strong position in target enrichment solutions.

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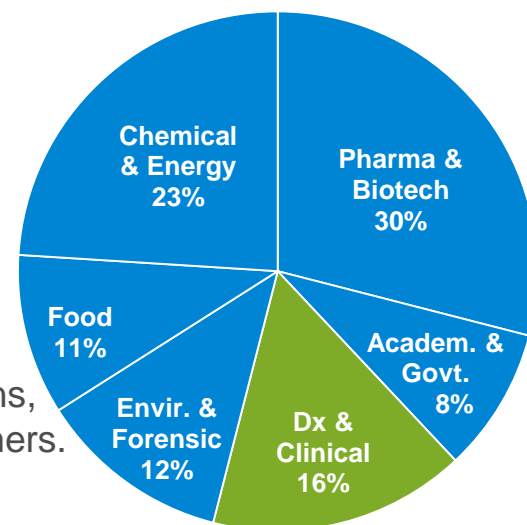
Growth in a \$50B Market – Q3'17 Results by End Market

Gains across end markets highlighted by robust Pharma and Chemical/Energy results and a return to growth for A&G

Analytical Laboratory End Markets

- Q3'17 revenues: +8% y/y on core⁽²⁾ basis
 - Pharma & Biotech: Up 10% on demand across pharma spectrum including strong demand for API offerings.
 - Academia & Govt: Up 3% driven by demand in Europe.
 - Environmental & Forensics: Up 7% led by strength in Asia and Americas.
 - Food: Up 2% against a double-digit compare.
 - Chemical & Energy: Up 10% with broad-based gains across regions, products, and sub-segments led by Chemical and Materials customers.

Agilent Revenue by End Market ⁽¹⁾



Diagnostics and Clinical End Markets

- Q3'17 revenues: +6% y/y on core⁽²⁾ basis
 - Led by strength in Europe, Companion Diagnostics and Pathology.

(1) % of Q3'17 Agilent revenue, (2) Core growth is reported growth adjusted for the effects of NMR exit, acquisitions and divestitures, and FX.

Agilent Profitable Growth Plan

Recent Actions

▪ **Delivering on “Agile Agilent” Initiatives**

- Multi-year program to increase efficiency and customer focus. Operating Margin up year-over-year – 10th consecutive quarter.

▪ **Portfolio Investments and “Go-to-Market” Capability**

- Acquired Cobalt Light Systems, adding Raman spectroscopy to Agilent’s portfolio.
- Acquired the molecular and sample barcoding patent portfolios of Population Genetics Technologies. This IP bolsters Agilent’s strong position in target enrichment solutions.
- Building new e-commerce capabilities.
- Continuing construction on Nucleic Acids Solutions facility expansion.

▪ **Innovation Driven Growth**

- Introduced the revolutionary Ultivo LC-MS triple quad at ASMS. The Ultivo has a 70% smaller footprint than previous instruments, yet delivers the same or better performance than its predecessors.
- Introduced the 7250 GC/Q-TOF. This system is the only commercially available combination of a high-resolution, accurate-mass GC/MS and low-energy ionization source, making it possible for scientists to employ techniques that were not previously practical.
- Introduced Agilent SureSelectXT HS — a target enrichment research solution that provides total NGS workflow management, from QC to target enrichment, to analysis and interpretation. Integrated molecular barcode error correction enables detection of ultra-low mutation frequencies in very small DNA quantities

Agilent Strategy to Win

Creating shareholder value

▪ **Above Market Growth**

- Innovative, highly differentiated new products and solutions
- Win enterprise lab-wide services & consumables - CrossLab
- Accelerate bio-pharma penetration
- Drive adoption of clinical genomics applications

▪ **Aggressively expand operating margins**

- FY17 adjusted Operating Margin guidance of 21.8%⁽¹⁾ reflecting a +110 bps improvement over FY16 result of 20.7%⁽²⁾
- Execute Agile Agilent program
 - Optimize Infrastructure
 - Drive supply chain cost improvements

▪ **Balanced Capital Allocation**

- Invest in the business
- Increased returns to shareholders
- Maintain investment grade rating

(1) .Operating margin adjusted for reimbursement from Keysight for site services classified as "Other Income." Guidance as of August 15, 2017.

(2) Presented on a non-GAAP basis; reconciliations to closest GAAP equivalent provided on investor website.

Q4'17 and FY17 Guidance and Forward-looking Considerations

Based on July 31, 2017 Exchange Rates

	FY16 Actual ⁽²⁾	FY17 Guidance at mid-point ⁽¹⁾⁽²⁾
Net Revenue (M\$)	\$4,202	\$4,445
<i>Y/Y Revenue Growth</i>		5.8%
Operating Profit (M\$)	\$859	\$957
<i>Op Margin %</i>	20.4%	21.5%
<i>Net Interest Expense (M\$)</i>	<i>\$(61)</i>	<i>\$(59)</i>
<i>Other Income/(Expense) (M\$)</i>	<i>\$(6)</i>	<i>\$ 5</i>
<i>Keysight Billings (M\$)</i>	<i>\$ 12</i>	<i>\$ 12</i>
Pre-Tax Income (M\$)	\$804	\$914
Net Income (M\$)	\$651	\$750
EPS	\$1.98	\$2.30
<i>Outstanding Shares (Diluted) (MM)</i>	329	326
Adjusted Operating Profit (M\$) ⁽³⁾	\$871	\$969
Adjusted OM%⁽³⁾	20.7%	21.8%

(1) As of August 15, 2017, based on July 31, 2017 exchange rates.

(2) Presented on a non-GAAP basis.

(3) Operating margin adjusted for reimbursement from Keysight for site services classified as "Other Income."

(4) Core growth is reported growth adjusted for the effects of NMR exit, acquisitions and divestitures, and FX.

FY17 Guidance

- **Revenue: \$4.435B - \$4.455B:** growth at mid-point 6% core⁽⁴⁾, 5.8% reported⁽¹⁾ (+0.3% M&A, -0.5% FX)
- **Operating Margin: 21.5%** at mid-point or **21.8%**⁽³⁾ when adjusted for \$12M in Keysight billings classified as Other Income.
- **EPS: \$2.29- \$2.31**⁽¹⁾⁽²⁾; assumed diluted share count 326M.

Q4'17 Guidance

- **Revenue: \$1.15B - \$1.17B:** growth at mid-point 3.5% core⁽⁴⁾, 4.6% reported⁽¹⁾ (+0.3% M&A, +0.8% FX)
- **EPS: \$0.60 - \$0.62**⁽¹⁾⁽²⁾; assumed diluted share count 326M.

FY17 Financial Considerations

- Stock based comp of \$61M, of which \$48M was recognized YTD through Q3.
- Net interest expense of \$59M plus Other Income \$17M, including \$12M in Keysight billings.
- Depreciation \$100M, CapEx \$185M, and Operating Cash Flow of \$850M.
- Return \$170M in dividends. Authorized to repurchase up to \$430M of shares subject to market conditions..
- Non-GAAP Tax Rate of 18%.