



AGILENT TECHNOLOGIES

35th Annual J.P. Morgan
Healthcare Conference

January 10, 2017

Mike McMullen,
President and Chief Executive Officer



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 annual report on Form 10-K for the fiscal year ended on October 31, 2016.

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 future impacts of acquisition and integration costs, pension curtailment gain, transformational initiatives, business exit costs and divestiture, 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 - Transforming the Company

One team. Driving results. Right businesses.

Launched

One Agilent a customer-centered
cultural transformation

Launched

Agile Agilent company simplification and
cost reduction initiatives

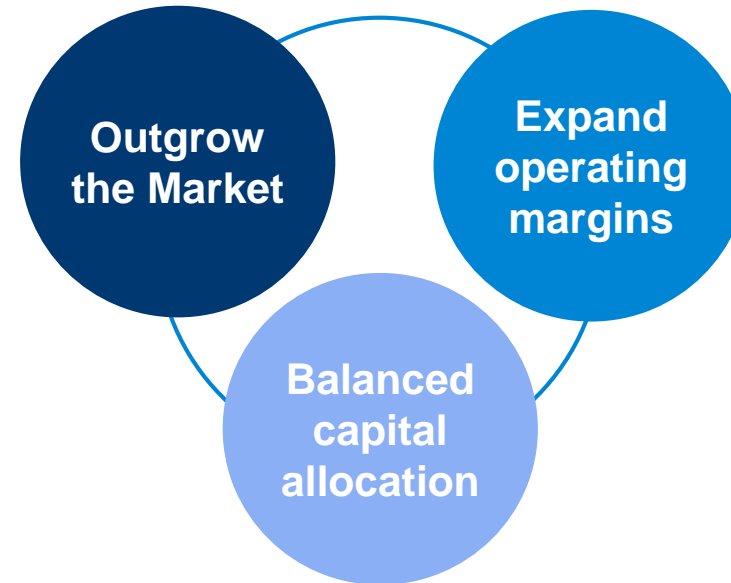
Building

New Portfolio exited unattractive businesses,
investing in attractive new growth opportunities

Agilent Transformation

Measures of Success

- ➔ **Outgrow the market**
- ➔ **Expand operating margins**
- ➔ **Balanced approach to capital allocation**



Key FY16 Results

Revenue Growth, Margin Expansion, Balanced Capital Allocation

- **Revenue Growth** above the market: up 5.9%⁽¹⁾⁽³⁾ on core basis
- Expanded **Operating Margin**: up 110 bps to 20.7%⁽²⁾⁽³⁾
- Adjusted **EPS**⁽³⁾ of \$1.98, up 14%
- **Capital Allocation**:
 - Cash Dividends: \$150M
 - Share Repurchases: \$434M
 - Strategic Investments: \$480M
- **Operating Cash Flow** of \$793M, returning 89% of Free Cash to Shareholders

(1) Core revenue growth excludes impact of changes in currency translation, M&A, and exited NMR business

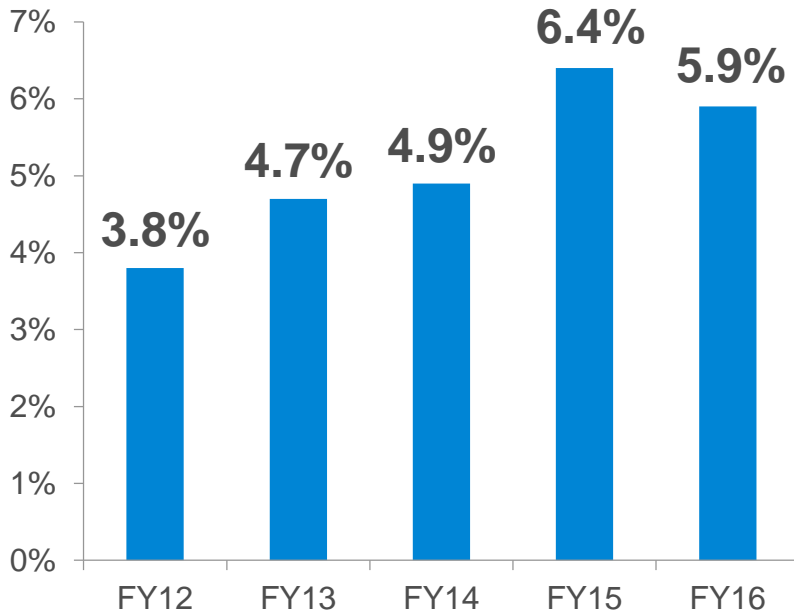
(2) Operating margin adjusted for reimbursement from Keysight for site services classified as "Other Income"

(3) Presented on a non-GAAP basis. reconciliations to closest GAAP equivalent provided

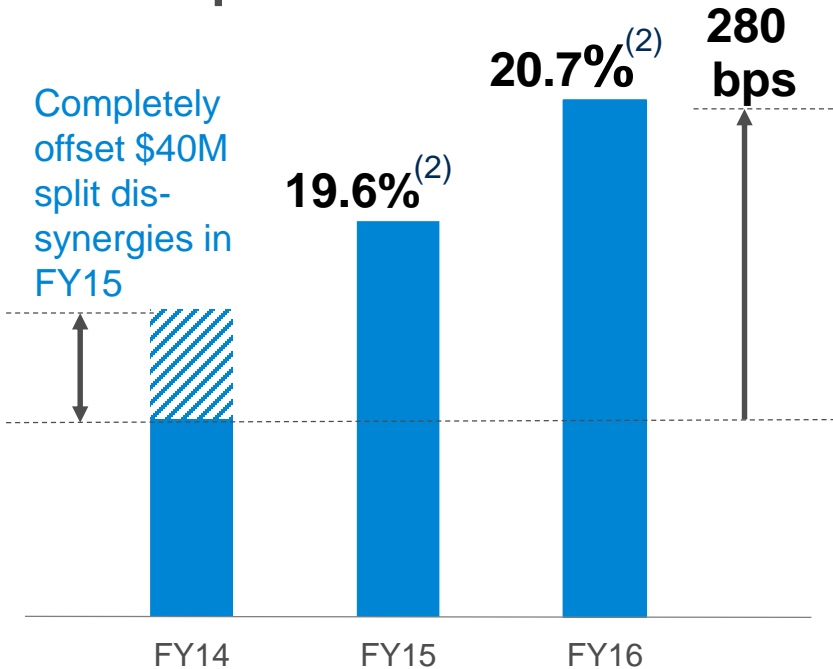
Transformational Results

Outgrowing the Market, Expanding Margins

Significant **acceleration** of core revenue growth⁽¹⁾ since 2014



Operating Margin expansion of **280 bps** since 2014



(1) Core revenue growth excludes impact of changes in currency translation, M&A, and exited NMR business. Presented on a non-GAAP basis, reconciliations to closest GAAP equivalent provided.

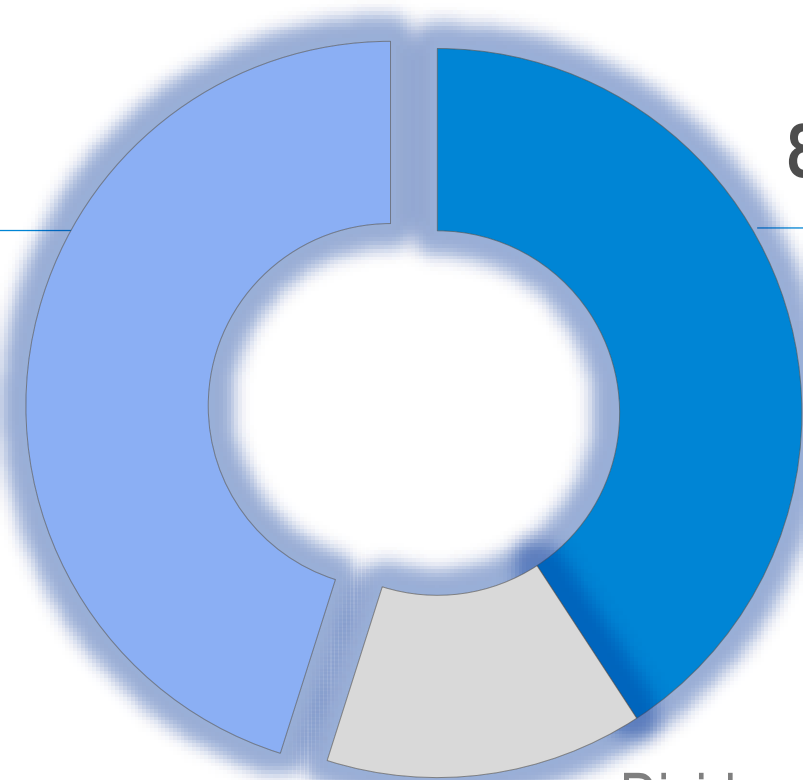
(2) Operating margin adjusted for reimbursement from Keysight for site services classified as "Other Income". Presented on a non-GAAP basis, reconciliations to closest GAAP equivalent provided.

Transformational Results

Balanced Capital Allocation – FY16 Uses of Cash

Deployed **\$480M**
into Strategic
Investments

- \$235M Seahorse
- \$ 80M Lasergen
- \$ 25M iLab
- \$140M CapEx
(including facility
expansions)



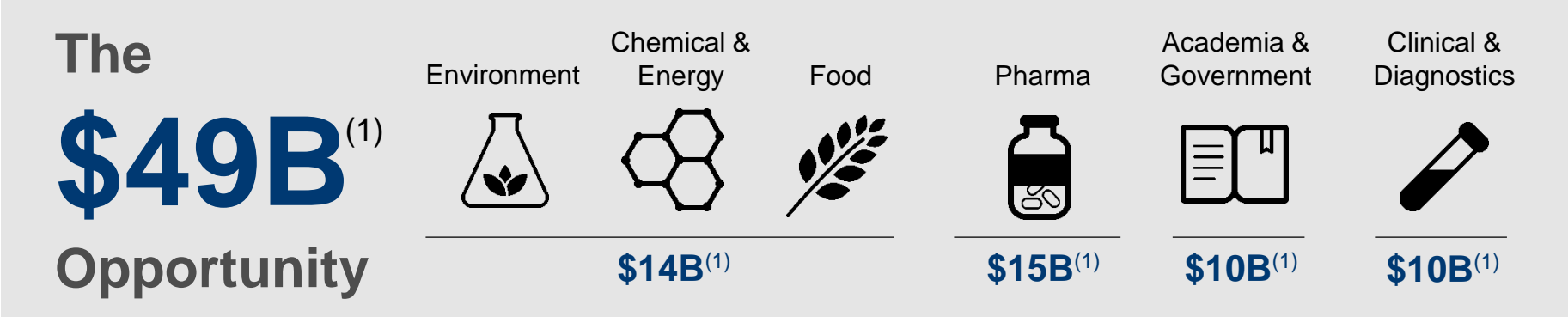
Returned **\$585M**
to Shareholders,
89% of Free Cash

Share
Repurchases
\$434M

Dividends
\$150M

Agilent Growth Strategy

Grow Share in Attractive Markets



Strategically Target Growth Markets

Innovation-driven growth

Emerging market expansion

Complementary M&A

(1) Market sizes per Company estimates

Strategically Target Growth Markets

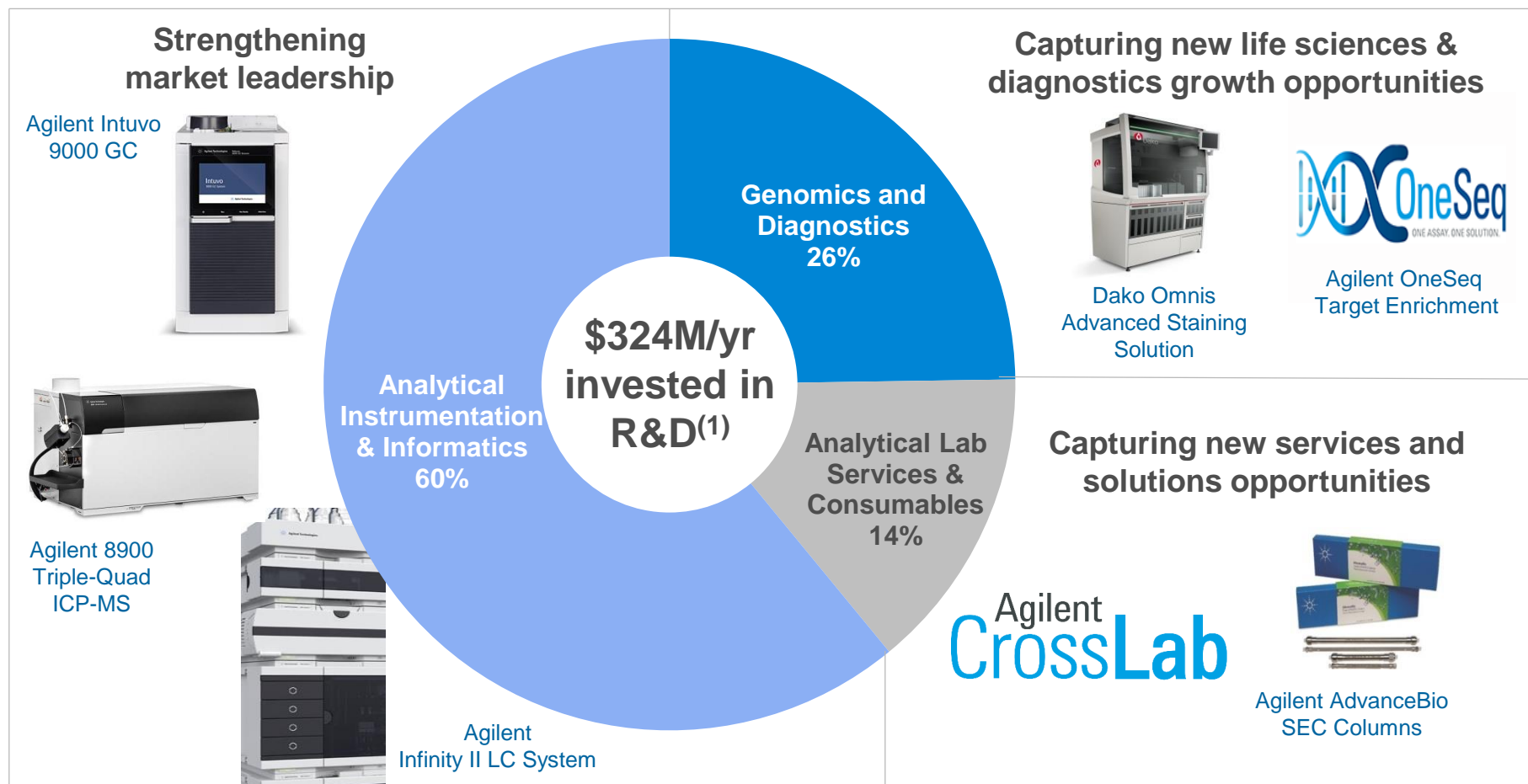
Opportunities in higher growth, lower share segments

	End-markets ⁽¹⁾	Market size	LT market growth	Market position
SUSTAINING	 Chemical & Energy	\$4.1B	1-3%	#1
	 Environment & Forensics	\$5.3B	2-4%	
GROWING	 Food	\$4.4B	4-6%	#2
	 Pharma	\$15.0B	4-6%	#2
	 Academia & Government	\$10.6B	1-3%	#5
	 Clinical & Diagnostics	\$10.0B	6-8%	#2-3

(1) Market size, growth and position per Company estimates

Growth through Innovation

Allocating Investment to Highest Growth Opportunities



(1) FY16 R&D Expense presented on a non-GAAP basis

Growth through Capital Investment

Expansion of **Nucleic Acid Solutions** Business

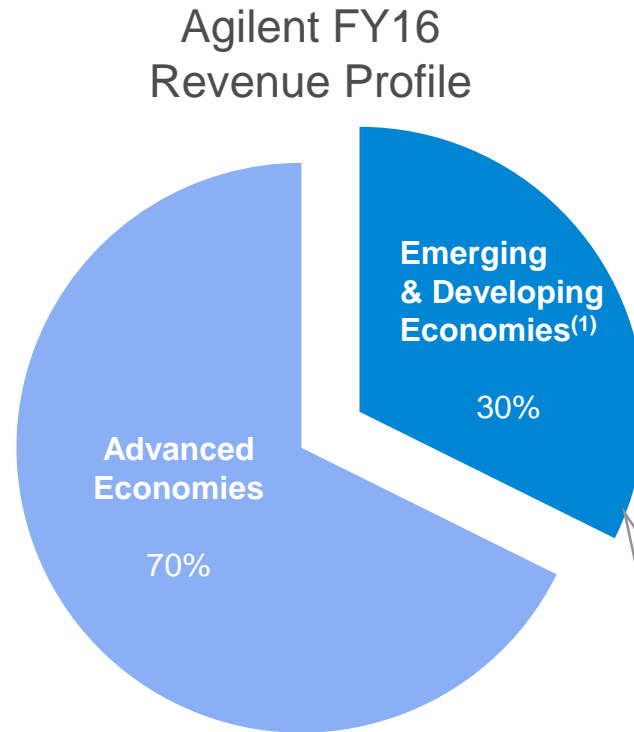
- In August, announced building of new manufacturing facility in Colorado
- Investing \$120M over three years.
- Targeting fast growing therapeutic oligo market, **expanding capacity in light of very strong demand**
- Will enable more than doubling of NASD's pharmaceutical manufacturing capacity



Deploying Capital to High ROI Opportunities

Growth through Emerging Market Expansion

Capture share in growing China and India markets



Key Strategies

China:

- Capture 13th Five Year Plan opportunities
- Leverage leading position in instrumentation to grow services and consumables
- Country specific solutions

India :

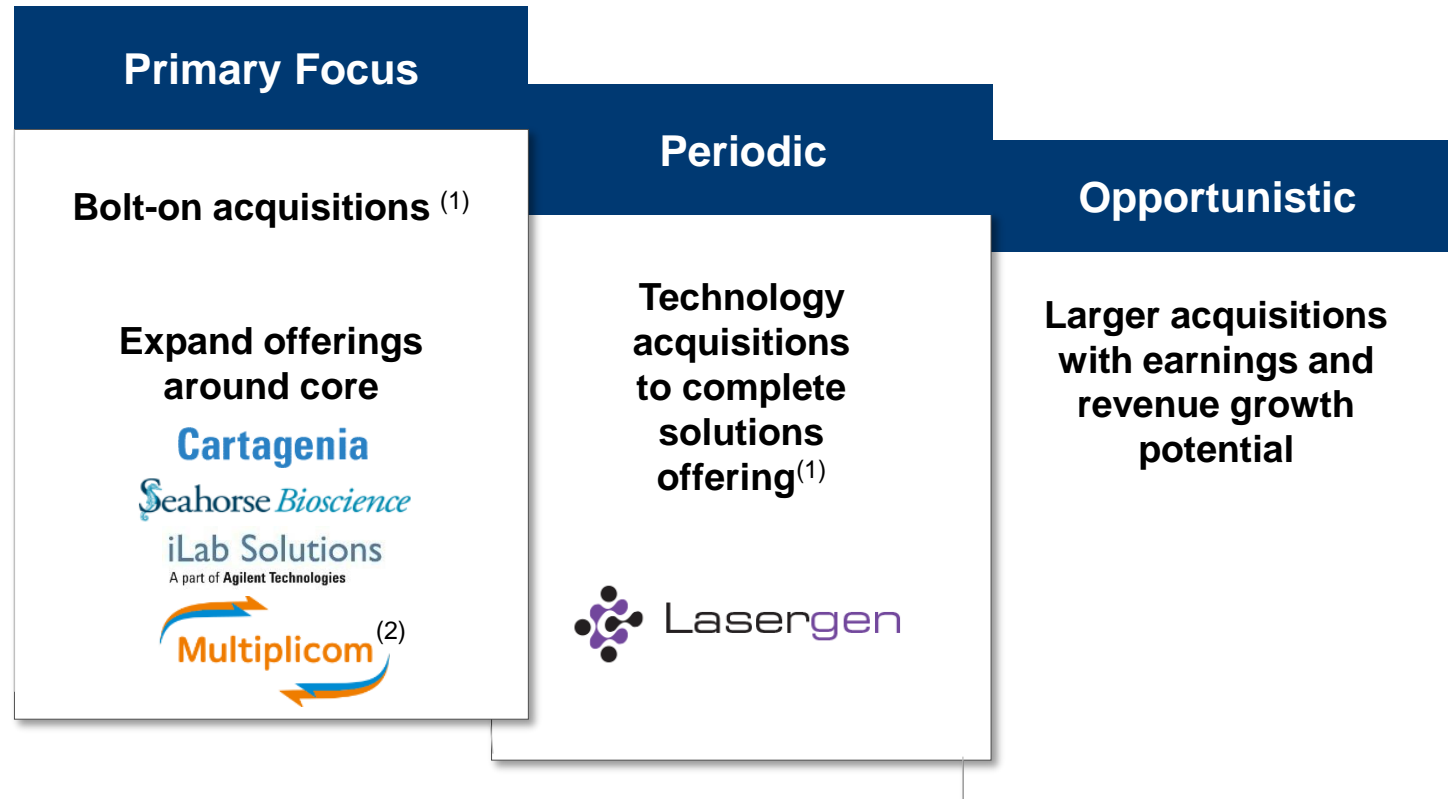
- Extend Market Reach

**\$1.3B for Agilent today,
with opportunities to grow**

(1) China, India, Brazil, Mexico, Thailand, Malaysia, & Poland comprised 85% of the Emerging & Developing Economies in FY16

Growth through M&A

Primary focus to expand offerings around core, add new capabilities



Targeting Complementary Acquisitions to Expand Portfolio

(1) May result in short-term reduction to OM%

(2) A definitive agreement with Multiplicom has been signed and closing targeted for Jan. 2017, subject to customary closing conditions.

FY17 Guidance⁽¹⁾

Revenue Growth, Margin Expansion, Balanced Capital Allocation

- **Revenue Growth** of 4.3%⁽²⁾ on core basis
- **Growth Assumptions by End Market:**
 - +6 to 7%: Pharma, Dx&Clinical, Food
 - +2 to 3%: A&G, Environmental
 - +1%: Chemical & Energy
 - +10% growth in China
- Expand **Operating Margin** 50 bps to 21.2%⁽³⁾
- Adjusted **EPS** of \$2.13, up 8%
- **Operating Cash Flow** of \$825M, returning \$600M of Free Cash to Shareholders

(1) Guidance midpoint as of November 17, 2016, based on October 31, 2016 FX rates.

(2) Core revenue growth excludes impact of changes in currency translation, M&A, and exited NMR business

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

Agilent at 35th Annual J.P. Morgan Healthcare

Today's Key Points

➔ **Agilent Transforming and Delivering**

➔ **Growth Strategies are Central to our Plan**

➔ **Optimal Combination:**

- Above Industry Organic Growth
- Margin Expansion Opportunity
- Balance Sheet Strength and Flexibility

Agilent foundation established, well positioned for superior earnings growth

AGILENT TECHNOLOGIES, INC.
RECONCILIATION OF ADJUSTED NON-GAAP INCOME FROM OPERATIONS AND INCOME FROM OPERATIONS TO
REPORTABLE SEGMENTS AND OPERATING MARGINS
(In millions, except margin data)
(Unaudited)

	FY 2016	Operating Margin %
Revenue:		
Life Sciences and Applied Markets Group (LSAG)	\$ 2,073	
Agilent Crosslab Group (ACG)	<u>1,420</u>	
Total LSAG and ACG revenue	3,493	
Diagnostics and Genomics Group (DGG)	<u>709</u>	
Agilent GAAP Revenue	<u><u>\$ 4,202</u></u>	
Income from operations:		
GAAP Income from operations	\$ 615	14.6%
Add:		
Intangible amortization	152	
Transformational initiatives	38	
Acquisition and integration costs	41	
Asset impairments and write-downs	4	
Pension curtailment gain	(16)	
Business exit and divestiture costs	11	
Impairment of loans	7	
Other	<u>7</u>	
Non-GAAP income from operations	<u>\$ 859</u>	20.4%
Reimbursement from Keysight for services ^(a)	<u>12</u>	
Adjusted non-GAAP income from operations	<u><u>\$ 871</u></u>	20.7%
Breakdown of reportable segment income from operations:		
Life Sciences and Applied Markets Group (LSAG)	\$ 429	20.7%
Agilent Crosslab Group (ACG)	<u>316</u>	22.3%
Total LSAG and ACG income from operations	745	21.3%
Diagnostics and Genomics Group	<u>114</u>	16.1%
Agilent - Non-GAAP income from operations	<u><u>\$ 859</u></u>	20.4%

(a) Post separation, Agilent is providing Keysight Technologies, Inc. certain IT and site services. These IT and site services are included in our operating expenses. The amounts billed to Keysight for these services are recorded in other income.

We provide non-GAAP income from operations in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to asset impairments, amortization of intangibles, transformational initiatives, acquisition and integration costs, pension curtailment, business exit and divestiture costs, and impairment of loans.

Our management recognizes that items such as amortization of intangibles can have a material impact on our cash flows and/or our net income. Our GAAP financial statements including our statement of cash flows portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss from any and all events, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

AGILENT TECHNOLOGIES, INC.
RECONCILIATION OF ADJUSTED NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGINS
(In millions, except margin data)
(Unaudited)

	FY 2016	Operating Margin %	FY 2015	Operating Margin %	FY 2014	Operating Margin %
Agilent GAAP Revenue	\$ 4,202		\$ 4,038		\$ 4,048	
Income from operations:						
GAAP Income from operations	\$ 615	14.6%	\$ 522	12.9%	\$ 419	10.4%
Add:						
Restructuring and other related costs	—		—		\$ (2)	
Intangible amortization	152		156		189	
Transformational initiatives	38		56		29	
Acquisition and integration costs	41		13		11	
Asset impairments and write-downs	4		3		4	
Pension curtailment gain	(16)		—		—	
Acceleration of share-based compensation expense related to workforce reduction	—		2		1	
Business exit and divestiture costs	11		12		68	
Impairment of loans	7		—		—	
Pre-separation costs	—		—		14	
Unallocated corporate costs	—		—		40	
Other	7		3		(10)	
Non-GAAP income from operations	\$ 859	20.4%	\$ 767	19.0%	\$ 763	18.8%
Reimbursement from Keysight for services ^(a)	12		25		—	
Keysight spin-off cost dis-synergies	—		—		(40)	
Adjusted non-GAAP income from operations	\$ 871	20.7%	\$ 792	19.6%	\$ 723	17.9%

(a) Post separation, Agilent is providing Keysight Technologies, Inc. certain IT and site services. These IT and site services are included in our operating expenses. The amounts billed to Keysight for these services are recorded in other income.

We provide non-GAAP income from operations in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to asset impairments, amortization of intangibles, transformational initiatives, acquisition and integration costs, pension curtailment, business exit and divestiture costs, and impairment of loans.

Our management recognizes that items such as amortization of intangibles can have a material impact on our cash flows and/or our net income. Our GAAP financial statements including our statement of cash flows portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss from any and all events, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

AGILENT TECHNOLOGIES, INC.
RECONCILIATIONS OF REVENUE BY SEGMENT EXCLUDING THE NMR BUSINESS, ACQUISITIONS, DIVESTITURES
AND THE IMPACT OF CURRENCY ADJUSTMENTS (CORE)
(in millions)
(Unaudited)

	<u>Life Sciences and Applied Markets Group (LSAG)</u>			<u>Diagnostics and Genomics Group (DGG)</u>			<u>Agilent CrossLab Group (ACG)</u>			<u>Life Sciences and Applied Markets Group and Agilent CrossLab Group (ACG)</u>		
	Year Ended October 31,			Year Ended October 31,			Year Ended October 31,			Year Ended October 31,		
	2016	2015	% Growth	2016	2015	% Growth	2016	2015	% Growth	2016	2015	% Growth
GAAP Revenue	\$ 2,073	\$ 2,046	1%	\$ 709	\$ 662	7%	\$ 1,420	\$ 1,330	7%	\$ 3,493	\$ 3,376	3%
Less:												
Revenue related to NMR	(52)	\$ (59)		(3)	-		(2)	-		(54)	(59)	
Revenue related to acquisitions	-	-		-	(2)		-	-		-	-	
Non-GAAP Revenue	<u>\$ 2,021</u>	<u>\$ 1,987</u>	2%	<u>\$ 706</u>	<u>\$ 660</u>	7%	<u>\$ 1,418</u>	<u>\$ 1,330</u>	7%	<u>\$ 3,439</u>	<u>\$ 3,317</u>	4%
Less:												
Currency adjustment ^(a)	(29)	-		(9)	-		(34)	-		(63)	-	
Segment Core Revenue	<u>\$ 2,050</u>	<u>\$ 1,987</u>	3.1%	<u>\$ 715</u>	<u>\$ 660</u>	8.3%	<u>\$ 1,452</u>	<u>\$ 1,330</u>	9.2%	<u>\$ 3,502</u>	<u>\$ 3,317</u>	5.6%

^(a) We compare the year-over-year change in revenue excluding the effect of the NMR business, recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business. To determine the impact of currency fluctuations, current period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the actual exchange rate in effect during the respective prior periods.

AGILENT TECHNOLOGIES, INC.
RECONCILIATIONS OF REVENUE EXCLUDING THE NMR BUSINESS, ACQUISITIONS, DIVESTITURES
AND THE IMPACT OF CURRENCY ADJUSTMENTS (CORE)
(In millions)
(Unaudited)

	Year Ended October 31,			Year Ended October 31,			Year Ended October 31,			Year Ended October 31,			Year Ended October 31,		
	2016	2015	% Growth	2015	2014	% Growth	2014	2013	% Growth	2013	2012	% Growth	2012	2011	% Growth
GAAP Revenue	\$ 4,202	\$ 4,038	4%	\$ 4,038	\$ 4,048	0%	\$ 4,048	\$ 3,894	4%	\$ 3,894	\$ 3,543	10%	\$ 3,543	\$ 3,299	7%
Less: Revenue related to NMR, Acquisitions and Divestitures	(57)	(61)		(61)	(83)		(91)	(105)		(345)	(108)		(235)	(63)	
Non-GAAP Revenue	\$ 4,145	\$ 3,977		\$ 3,977	\$ 3,965		\$ 3,957	\$ 3,789		\$ 3,549	\$ 3,435		\$ 3,308	\$ 3,236	
Less: Currency adjustment ^(a)	(70)	-		(244)	-		(17)	-		(48)	-		(52)	-	
Agilent Core Revenue	\$ 4,215	\$ 3,977	6.0%	\$ 4,221	\$ 3,965	6.4%	\$ 3,974	\$ 3,789	4.9%	\$ 3,597	\$ 3,435	4.7%	\$ 3,360	\$ 3,236	3.8%

^(a) We compare the year-over-year change in revenue excluding the effect of the NMR business, recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business. To determine the impact of currency fluctuations, current period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the actual exchange rate in effect during the respective prior periods.

AGILENT TECHNOLOGIES, INC.
NON-GAAP INCOME FROM CONTINUING OPERATIONS AND DILUTED EPS RECONCILIATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Q4'16		Q1'16		Q2'16		Q3'16		Q4'16		Year Ended October 31, 2016		Year Ended October 31, 2015	
	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS
GAAP Income from continuing operations	\$ 140	\$ 0.42	\$ 121	\$ 0.36	\$ 91	\$ 0.28	\$ 124	\$ 0.38	\$ 124	\$ 0.38	\$ 460	\$ 1.40	\$ 438	\$ 1.31
Non-GAAP adjustments:														
Asset impairments	3	0.01	—	—	—	—	4	0.01	—	—	4	0.01	3	0.01
Acceleration of share-based compensation expense related to workforce reduction	—	—	—	—	—	—	—	—	—	—	—	—	2	0.01
Intangible amortization	37	0.11	43	0.13	40	0.12	37	0.11	32	0.10	152	0.46	156	0.47
Transformational Initiatives	15	0.05	11	0.03	10	0.03	11	0.03	6	0.02	38	0.12	56	0.17
Acquisition and integration costs	7	0.02	5	0.02	12	0.04	11	0.03	13	0.04	41	0.12	13	0.04
Business exit and divestiture costs	1	—	4	0.01	1	—	1	—	4	0.01	10	0.03	14	0.04
Impairment of investment and loans	—	—	—	—	—	—	—	—	25	0.08	25	0.08	—	—
Pension curtailment gain	—	—	(16)	(0.05)	—	—	—	—	—	—	(16)	(0.05)	—	—
Other	4	0.01	2	0.01	1	—	2	0.01	1	—	6	0.02	5	0.01
Adjustment for taxes ⁽¹⁾	(39)	(0.12)	(17)	(0.05)	(10)	(0.03)	(30)	(0.08)	(12)	(0.04)	(69)	(0.21)	(104)	(0.32)
Non-GAAP Income from continuing operations	\$ 168	\$ 0.50	\$ 153	\$ 0.46	\$ 145	\$ 0.44	\$ 160	\$ 0.49	\$ 193	\$ 0.59	\$ 651	\$ 1.98	\$ 583	\$ 1.74

⁽¹⁾ The adjustment for taxes excludes tax benefits that management believes are not directly related to on-going operations and which are either isolated or cannot be expected to occur again with any regularity or predictability. For the three months and year ended October 31, 2016, management uses a non-GAAP effective tax rate of 16.8% and 19.0%, respectively. For the three months and year ended October 31, 2015, management uses a non-GAAP effective tax rate of 20.0% for both periods.

Historical amounts are reclassified to conform with current presentation.

We provide non-GAAP net income and non-GAAP net income per share amounts in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to asset impairments, amortization of intangibles, pension curtailment gain, transformational initiatives, asset impairments, acquisition and integration costs, business exit and divestiture costs, and impairment of investment and loans.

Asset Impairments include assets that have been written-down to their fair value.

Transformational Initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers, small site consolidations, reorganizations, insourcing or outsourcing of activities. Such costs may include move and relocation costs, one-time termination benefits and other one-time reorganization costs. Included in this category are also expenses associated with the post-separation resizing of the IT infrastructure and streamlining of IT systems as well as the expenses incurred primarily in fiscal year 2015 to effect the Agilent reengineering.

Acquisition and Integration costs include all incremental expenses incurred to effect a business combination. Such acquisition costs may include advisory, legal, accounting, valuation, and other professional or consulting fees. Such integration costs may include expenses directly related to integration of business and facility operations, information technology systems and infrastructure and other employee-related costs.

Business exit and divestiture costs include costs associated with the exit of the NMR business and the divestiture of the XRD business.

Impairment of investment and loans include investments and their related convertible loans that have been written down to their fair value.

Pension curtailment gain resulted from certain retirement plans benefit reductions.

Other includes certain legal costs and settlements in addition to other miscellaneous adjustments.

Our management uses non-GAAP measures to evaluate the performance of our core businesses, to estimate future core performance and to compensate employees. Since management finds this measure to be useful, we believe that our investors benefit from seeing our results "through the eyes" of management in addition to seeing our GAAP results. This information facilitates our management's internal comparisons to our historical operating results as well as to the operating results of our competitors.

Our management recognizes that items such as amortization of intangibles can have a material impact on our cash flows and/or our net income. Our GAAP financial statements including our statement of cash flows portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss from any and all events, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

The preliminary non-GAAP net income and diluted EPS reconciliation is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
CAPITAL RETURN
(in millions)
(Unaudited)
PRELIMINARY

	Year Ended October 31, 2016
Payment of dividends	\$ 150
Treasury stock repurchases	434
	\$ 584
Net cash provided by operating activities	\$ 793
Investments in property, plant and equipment	(139)
	\$ 654
Capital return	80%

Management believes that this measure provides useful information to investors by reflecting an additional way of viewing aspects of Agilent's operations that, when reconciled to the corresponding GAAP measures, help our investors to better identify underlying growth trends in our business and facilitate easier comparisons of our performance with prior and future periods and to our peers.

The preliminary reconciliation of capital return is based on our current information and could differ from those calculations of our peers.