



Agilent Technologies Q2'18 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, expected cash flow, 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-Q for the quarter ended January 31, 2018.

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 business exit and divestiture costs, acquisition and integration costs, transformation initiatives, and non-cash intangibles amortization. We also exclude any tax benefits that are not directly related to ongoing operations and which are either isolated or is not expected to occur again with any regularity or predictability, including the impact of Tax Reform. 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 Q2'18

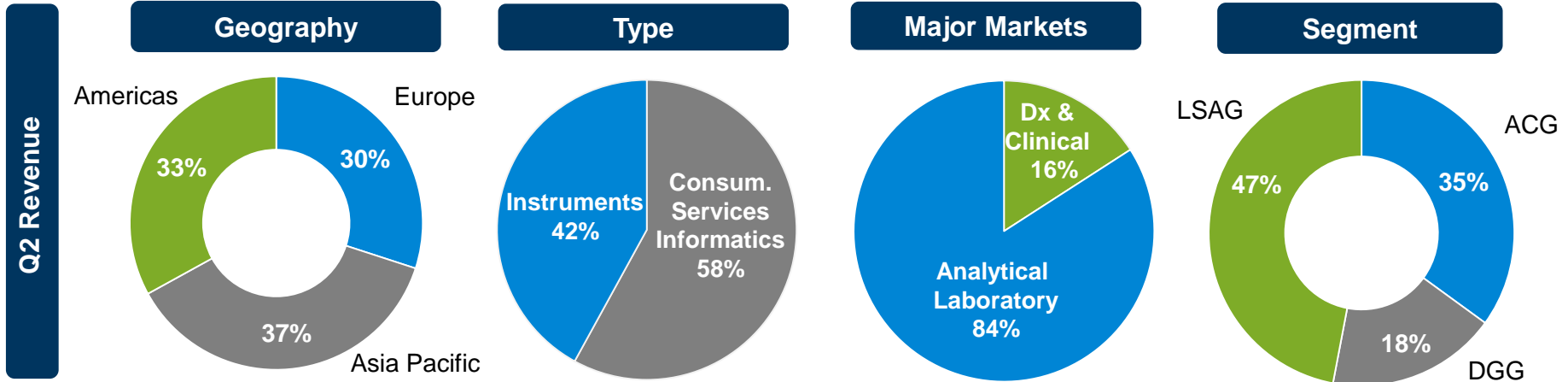
Scale and leading technology across Analytical Laboratories and Clinical & Dx markets

Q2'18 Financial Metrics

- **Revenues:** \$1.21B, +4.3% y/y core⁽¹⁾⁽²⁾, +9.4% reported (+0.2% M&A, +4.9% FX).
- **Operating Margin:** 21.7% of revenue⁽²⁾. OM of 21.9%⁽²⁾⁽³⁾ adjusted for Keysight billings down 20 basis points y/y.
- **EPS:** \$0.65⁽²⁾ in Q2'18, up 12% y/y.

Q2'18 Headlines

- **Growth:** Core growth finished at the mid-point of guidance led by strong Pharma, Chemical & Energy, Europe, and Americas.
- **Margins:** Incremental Operating Margin of 34%⁽²⁾ on currency adjusted basis.
- **Capital Allocation:** Generated Operating Cash Flow of \$303M, paid \$48M in dividends and repurchased 674K shares for \$46M.



(1) Core growth is reported growth adjusted for the effects of 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



- Q2'18 Revenue of \$561M
- Y/Y Growth: +7% (+3% core⁽¹⁾⁽³⁾)

- **Core revenue growth** buoyed by Chemical & Energy offset weakness in Food and China. From a product perspective, LC/MS, Cell Analysis and ICP/MS led gains.
- **Operating Margin** for the quarter was 21.2%⁽¹⁾⁽²⁾, up 10 bps versus last year.
- Announced plans to **acquire Advanced Analytical Technologies**, adding complementary biomolecule separation capabilities to Agilent's portfolio.
- **Acquired Genohm**, a developer of highly differentiated software solutions for sample tracking and lab management.
- Announced **collaboration with BioTek Instruments on cellular metabolic analysis and imaging technologies**, expanding real time cell activity measurement capabilities on Agilent's Seahorse analyzers.

(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 Acquisitions and Divestitures, and FX

Agilent Cross Lab Group (ACG)

Analytical Laboratory Consumables and Services



- Q2'18 Revenue of \$426M
- Y/Y Growth: +13% (+7% core⁽¹⁾⁽³⁾)

- **Continued strong revenue performance** led by Pharma, and Academia & Government. Gains were balanced across consumables and services. China delivered double-digit growth and all other major geographies grew mid to high-single digits.
- **Operating Margin** in the quarter was 23.1%⁽¹⁾⁽²⁾, up 150 bps versus last year.
- **New Offerings and Capabilities:**
 - Launched innovative **High Temperature WAX GC Column** targeting in industrial and food, flavor, and fragrance markets.
 - **Expanding Agilent Enablement Services** which accelerate the customer's time-to-value after purchase, to include additional instrument platforms.
 - Opened a **new Global Solution Development Center in Singapore** to meet the increasing demand for integrated end-to-end solutions.

(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 acquisitions and divestitures, and FX

Diagnosics and Genomics Group (DGG)

Pathology, Genomics, and Nucleic Acid Manufacturing



- **Revenue** as expected led by strength in Reagents and Genomics.
- **Operating Margin** for the quarter was 20.2%⁽¹⁾⁽²⁾, down 400 bps versus extraordinary Q2 last year (recognition of NASD supply agreement settlement).
- Expanded **in situ hybridization probe portfolio** for the Dako Omnis, releasing a proprietary color for immunohistochemistry staining, which will help pathologists assess skin and lung tissue.
- **Acquired the outstanding shares of Lasergen**, bringing into Agilent a powerful sequencing chemistry and a world-class group of scientists and engineers dedicated to introducing an integrated clinical workflow solution for molecular diagnostics.

- **Q2'18 Revenue of \$219M**
- **Y/Y Growth: +9% (+4% core⁽¹⁾⁽³⁾)**

(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 acquisitions and divestitures, and FX

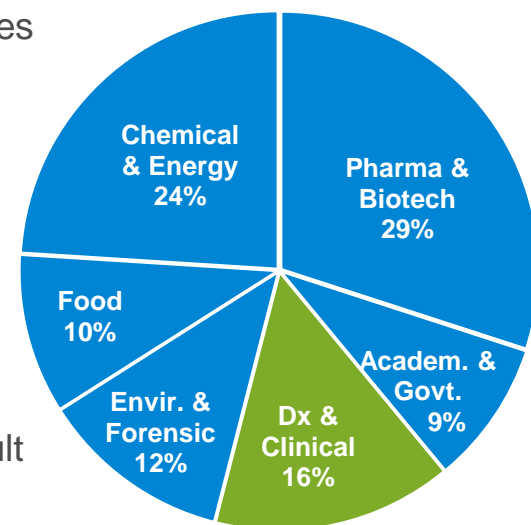
Growth in a \$52B Market – Q2'18 Results by End Market

Gains highlighted by solid Pharma and Chemical & Energy

Analytical Laboratory End Markets

- Q2'18 revenues: +5% y/y on core⁽²⁾ basis
 - Pharma & Biotech: Up 8% led by strength in mass spec, consumables and services across both Small Molecule and Bio-pharma.
 - Academia & Govt: Up 2% driven by demand for mass spec, cell analysis, and CrossLab.
 - Environmental & Forensics: Up 2%, driven by strong gains in global forensics.
 - Food: Down 1% with China food safety reorganization resulting in temporary slowing of new instruments.
 - Chemical & Energy: Up 5% in-line with expectations against a difficult compare.

Agilent Revenue by End Market ⁽¹⁾



Diagnostics and Clinical End Markets

- Q2'18 revenues: +3% y/y on core⁽²⁾ basis
 - Results led by Reagent Partnership and Genomics were offset by weak U.S. Pain Management sales.

(1) % of Q2'18 Agilent revenue, (2) Core growth is reported growth adjusted for the effects of 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, adjusted for FX hedging losses, continued to expand in Q2.

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

- Plans announced to acquire Advanced Analytical Technologies, adding complimentary biomolecule separation capabilities to Agilent’s capillary electrophoresis portfolio.
- Acquired Genohm, a developer of highly differentiated software solutions for sample tracking and lab management.
- Acquired the outstanding shares of Lasergen, bringing into Agilent a powerful sequencing chemistry and a world-class group of scientists and engineers dedicated to introducing an integrated clinical workflow solution for molecular diagnostics.
- Continue to expand on-line capabilities with “Ready to Use Carts” feature in online store generating new customer web registrations and an increase in orders

▪ **Innovation Driven Growth**

- Announced collaboration with BioTek Instruments on cellular metabolic analysis and imaging technologies, expanding real time cell activity measurement capabilities on Agilent’s Seahorse analyzers.
- Expanded in situ hybridization probe portfolio for the Dako Omnis, releasing a proprietary color for immunohistochemistry staining, which will help pathologists to assess skin and lung tissue.

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**

- FY18 adjusted Operating Margin guidance of 22.4%⁽¹⁾ reflecting a +40 bps improvement over FY17 result of 22.0%⁽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 May 14, 2018.

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

Q3'18 and FY18 Guidance and Forward-looking Considerations

Based on April 30, 2018 Exchange Rates

	FY17 Actual ⁽²⁾	FY18 Guidance at mid-point ⁽¹⁾⁽²⁾
Net Revenue (M\$)	\$4,472	\$4,860
<i>Y/Y Revenue Growth</i>		8.7%
Operating Profit (M\$)	\$974	\$1,079
<i>Op Margin %</i>	21.8%	22.2%
<i>Net Interest Expense (M\$)</i>	<i>\$(57)</i>	<i>\$(42)</i>
<i>Other Income/(Expense) (M\$)</i>	<i>\$ 8</i>	<i>\$ 6</i>
<i>Keysight Billings (M\$)</i>	<i>\$ 12</i>	<i>\$ 12</i>
Pre-Tax Income (M\$)	\$937	\$1,055
Net Income (M\$)	\$768	\$865
EPS	\$2.36	\$2.65
<i>Outstanding Shares (Diluted) (MM)</i>	326	326
Adjusted Operating Profit (M\$) ⁽³⁾	\$986	\$1,091
Adjusted OM% ⁽³⁾	22.0%	22.4%

(1) As of May 14, 2018, based on April 30, 2018 exchange rates.

(2) Presented on a non-GAAP basis.

(3) Operating margin adjusted for reimbursement from Keysight for site services classified as "Other Income." Reference GAAP to non-GAAP reconciliations for FY17.

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

(5) Per 10b5-1 plan effective November 1, 2017: 2.7M shares to be purchased on daily systematic basis with the remainder subject to formulaic / opportunistic purchases.

FY18 Guidance

- **Revenue: \$4.85B - \$4.87B:** growth at mid-point 5.5% core⁽⁴⁾, 8.7% growth on unadjusted basis⁽¹⁾ (+0.2% M&A, +3.0% FX)
- **Operating Margin: 22.2%** at mid-point or **22.4%**⁽³⁾ when adjusted for \$12M in Keysight billings classified as Other Income.
- **EPS: \$2.63- \$2.67**⁽¹⁾⁽²⁾; assumed diluted share count 326M.

Q3'18 Guidance

- **Revenue: \$1.185B - \$1.205B:** growth at mid-point 4.25% core⁽⁴⁾, 7.3% growth on unadjusted basis⁽¹⁾ (+0.2% M&A, +2.8% FX)
- **EPS: \$0.61 - \$0.63**⁽¹⁾⁽²⁾; assumed diluted share count 326M.

FY18 Financial Considerations

- Stock based comp of \$71M.
- Net interest expense of \$42M plus Other Income \$18M, including \$12M in Keysight billings.
- Depreciation \$103M, CapEx \$200M, and Operating Cash Flow of \$1.05B.
- Return \$190M in dividends. Authorized to repurchase up to \$380M of shares depending on market conditions.⁽⁵⁾
- Non-GAAP Tax Rate of 18%.