



Agilent Technologies Q2'17 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 annual report on Form 10-Q for the quarter ended January 31, 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, business exit and divestiture costs, non-cash intangibles amortization, and pension settlement and curtailment gains. 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 Q2'17

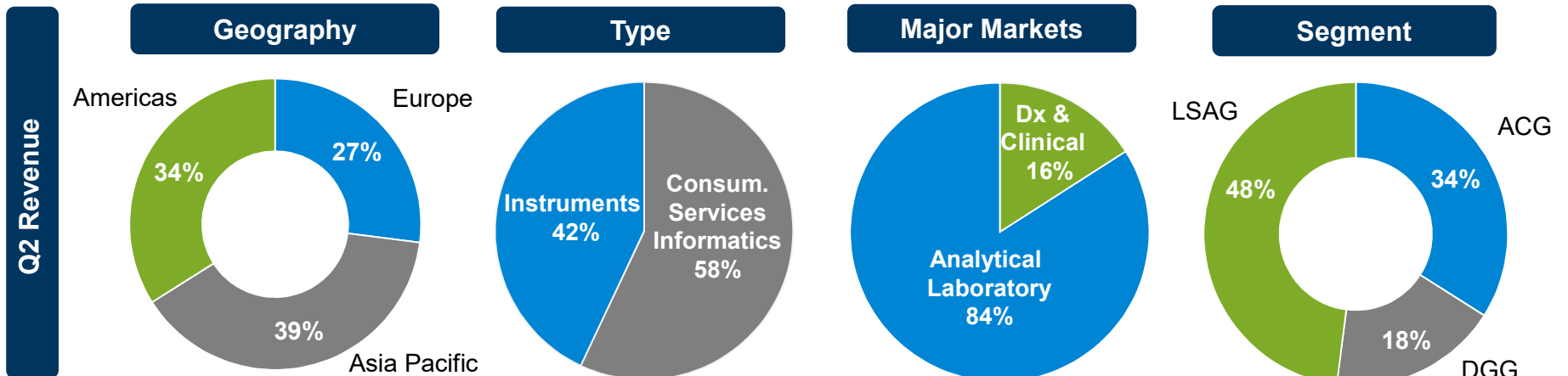
Scale and leading technology across Analytical Laboratories and Clinical & Dx markets

Q2'17 Financial Metrics

- **Revenues:** \$1.10B, +8.7% y/y core⁽¹⁾⁽²⁾, +8.1% reported (+0.3% M&A, -0.9% FX). Core growth across all businesses and geographies
- **Operating Margin:** 21.8% of revenue⁽²⁾. OM of 22.1%⁽²⁾⁽³⁾ adjusted for Keysight billings up 270 basis points y/y.
- **EPS:** \$0.58⁽²⁾, up 32% y/y.

Q2'17 Headlines

- **Growth:** Strong pick-up in Chemical & Energy with results in Pharma and Europe also exceeding expectations.
- **Margins:** Continued to deliver on operating margin expansion.
- **Capital Allocation:** Paid \$43M in dividends and repurchased 1.64M shares for \$83M in the quarter.



(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



- **Q2'17 Revenue of \$523M**
- **Y/Y Growth: +6% (+6% core ⁽¹⁾⁽³⁾)**

- **Strong core revenue growth** across regions with strength in Asia and Europe. Chem & Energy, Environmental and Pharma led growth, with strong momentum in most analytical platforms.
- **Operating Margin** for the quarter was 21.1%⁽²⁾, up 210 bps versus last year.
- Agilent received **multiple high profile awards at ACCSI 2017 in Nanjing, China**. The Intuvo 9000 GC was selected as the Green Product of the Year. The 5977B GC/MS won the award for Most Popular Scientific Instrument.
- At PittCon 2017 **Agilent won two prestigious Scientists' Choice Awards** including "Best New Separation Product of 2016" for the 1260 Infinity II LC system, and "Best Webinar Series of 2016" for a series on solutions in Biopharmaceutical discovery and development.

(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



- **Q2'17 Revenue of \$378M**
- **Y/Y Growth: +9% (+10% core⁽¹⁾⁽³⁾)**

- **Continued momentum** with growth across all end markets and regions led by expansion in Asia. Particular strength in Enterprise Services and Consumables.
- **Operating Margin** in the quarter was 21.6%⁽²⁾, up 10 bps versus last year.
- **eRenewals**, a first-in-the-industry program which allows customers to renew their service contracts on-line was launched in Q1. The program has been well received by customers in the U.S., and will continue to be rolled out to other regions over the course of the year.

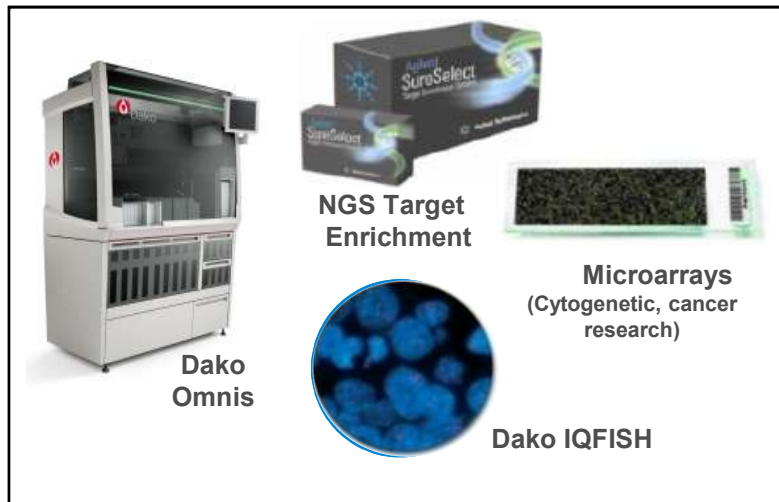
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(2) Not adjusted for Keysight reimbursement;

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

Diagnostics and Genomics Group (DGG)

Pathology, Genomics, and
Nucleic Acid Manufacturing



- **Q2'17 Revenue of \$201M**
- **Y/Y Growth: +13% (+13% core⁽¹⁾⁽³⁾)**

- **Solid growth performance** across markets and regions led by strength in Pathology, Companion Diagnostics and Nucleic Acid Solutions. China and Japan led regional gains.
- **Operating Margin** for the quarter was 24.2%⁽²⁾, up 920 bps versus last year.
- Agilent was **named the Primary IHC and Special Stains vendor for Quest Diagnostics**, a significant win that demonstrates the advantages of DGG's staining workflow solutions.
- Introduced a new target enrichment solution for next-gen sequencing. **SureSelect Clinical Research Exome V2** delivers more than 1,000 additional disease relevant targets compared to the earlier version of the product.

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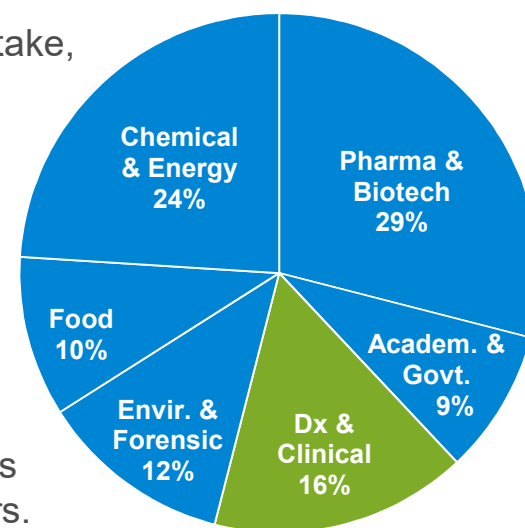
Growth in a \$50B Market – Q2'17 Results by End Market

Robust growth led by pick-up in Chemical/Energy plus ongoing Pharma, Diagnostics/Clinical and Environmental momentum.

Analytical Laboratory End Markets

- Q2'17 revenues: +9% y/y on core⁽²⁾ basis
 - Pharma & Biotech: Up 12% on technology refresh, new product uptake, demand across pharma spectrum, and CrossLab growth.
 - Academia & Govt: Down 2% with sustained flat government funding across most regions.
 - Environmental & Forensics: Up 7% with robust Environmental partially offset by soft Forensics.
 - Food: Up 1% against a difficult compare. China continues to be the main driver for growth in the Food market. .
 - Chemical & Energy: Up 14% with broad-based gains across regions and products but driven primarily by chemical and refining customers.

Agilent Revenue by End Market ⁽¹⁾



Diagnostics and Clinical End Markets

- Q2'17 revenues: +8% y/y on core⁽²⁾ basis
 - Led by strength in Europe, Companion Diagnostics and Pathology.

(1) % of Q2'17 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 – 9th consecutive quarter.
 - Launched eRenewals, a first-of-its-kind program enabling paperless renewals of contract services. Customers benefit from improved efficiency and easier transactions.
 - Completed integration of former Dako onto Agilent’s systems and infrastructure.

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

- Integrated iLab acquisition.
- Acquired Multiplicom, a leading European diagnostics company with state-of-the-art genetic testing technology and products.
- Building new e-commerce capabilities.
- Continuing construction on Nucleic Acids Solutions facility expansion.

▪ **Innovation Driven Growth**

- Introduced the 6495B Triple Quadrupole LC/MS System, providing greater sensitivity and accuracy for applications such as peptide quantitation, food safety, environmental testing, clinical research and forensic toxicology.
- Introduced SureSelect Clinical Research Exome V2, a new target enrichment solution for next-generation DNA sequencing. This update provides more than 1,000 additional disease relevant targets compared to Agilent's earlier generation product.



Agilent Strategy to Win

Creating shareholder value

▪ **Above Market Growth**

- 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 21.5%⁽¹⁾ reflecting a +80 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 May 22, 2017

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

Q3'17 and FY17 Guidance and Forward-looking Considerations

Based on April 28, 2017 Exchange Rates

	FY16 Actual ⁽²⁾	FY17 Guidance at mid-point ⁽¹⁾⁽²⁾
Net Revenue (M\$)	\$4,202	\$4,370
<i>Y/Y Revenue Growth</i>		4.0%
Operating Profit (M\$)	\$859	\$926
<i>Op Margin %</i>	20.4%	21.2%
<i>Net Interest Expense (M\$)</i>	<i>\$(61)</i>	<i>\$(62)</i>
<i>Other Income/(Expense) (M\$)</i>	<i>\$(6)</i>	<i>\$ 2</i>
<i>Keysight Billings (M\$)</i>	<i>\$ 12</i>	<i>\$ 12</i>
Pre-Tax Income (M\$)	\$804	\$878
Net Income (M\$)	\$651	\$711
EPS	\$1.98	\$2.18
<i>Outstanding Shares (Diluted) (MM)</i>	329	326
Adjusted Operating Profit (M\$) ⁽³⁾	\$871	\$938
Adjusted OM% ⁽³⁾	20.7%	21.5%

(1) As of May 22, 2017, based on April 28, 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: \$4.36B - \$4.38B:** growth at mid-point 5.0% core⁽⁴⁾, 4.0% reported⁽¹⁾ (+0.2% M&A, -1.2% FX)
- **Operating Margin: 21.2%** at mid-point or **21.5%**⁽³⁾ when adjusted for \$12M in Keysight billings classified as Other Income.
- **EPS: \$2.15- \$2.21**⁽¹⁾⁽²⁾; assumed diluted share count 326M.

Q3'17 Guidance

- **Revenue: \$1.06B - \$1.08B**⁽⁴⁾: growth at mid-point 4.0% core⁽⁴⁾, 2.5% reported⁽¹⁾ (-1.5% FX)
- **EPS: \$0.49 - \$0.51**⁽¹⁾⁽²⁾: assumed diluted share count 326M.

FY17 Financial Considerations

- Stock based comp of \$62M, of which \$36M was recognized in H1.
- Net interest expense of \$62M plus Other Income \$14M, including \$12M in Keysight billings.
- Depreciation \$100M, CapEx \$200M, and Operating Cash Flow of \$825M.
- Return \$170M in dividends. Authorized to repurchase up to \$430M of shares subject to market conditions..
- Non-GAAP Tax Rate of 19%.