



Agilent Technologies Q1'16 Results Presentation

Safe Harbor

This presentation contains forward-looking statements (including, without limitation, information and future guidance on the company's goals, priorities, revenues, demand, growth opportunities, customer service and innovation plans, new product introductions, financial condition, earnings, share repurchases, the company's ability to pay 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 year ended October 31, 2015.

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 Results Q1'16

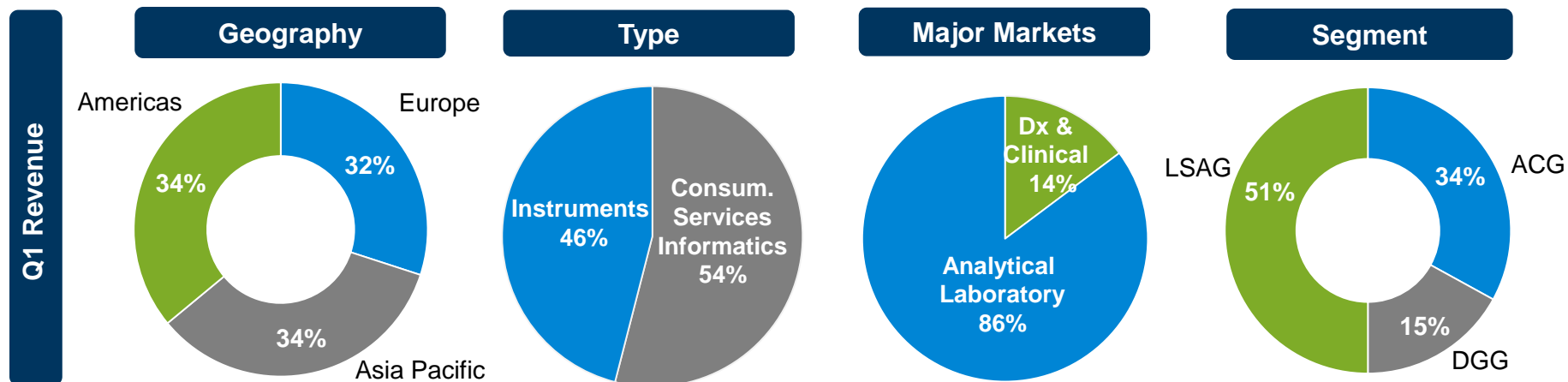
Scale and leading technology across Analytical Laboratories and Clinical & Dx markets

Q1'16 Financial Metrics

- **Revenues:** \$1.028B, +6.4% y/y core⁽¹⁾⁽²⁾, +0.2% reported (-5.3% FX, -1.0% M&A/NMR). All regions grew on core basis led by strength in the US and Asia.
- **Operating Margin:** 20.0% of revenue⁽²⁾. OM of 20.2%⁽²⁾⁽³⁾ adjusted for Keysight billings expanded 200 basis points over last year despite unfavorable FX.
- **EPS:** \$0.46⁽²⁾

Q1'16 Headlines

- Core growth across all businesses and geographies offset incremental FX headwinds and delivered strong operating margin.
- Continue to deliver on operating margin expansion.
- Repurchased 4.9M shares for \$200M 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 on investor website. (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



- **Q1'16 Revenue of \$526M**
- **Y/Y Growth: -4% (+2% core ⁽¹⁾⁽³⁾)**

- **Mixed core revenue growth** across regions and markets with strength in Asia, the Americas, Pharma, and Environmental/Forensics.
- **Operating Margin** for the quarter was 21.7%⁽¹⁾⁽²⁾, up 210 bps versus last year.
- Released two new Refractive index detectors: the **1260 and 1290 Infinity II RID**. These detectors enable techniques which expand the potential of modern UHPLC chromatography to make difficult measurements in certain chemical, bio-pharmaceutical, and food-analysis applications.
- Honored with an Innovation Award from Analytical Scientist magazine for exclusive **dual needle technology**, a breakthrough in the way samples are injected into Agilent's LC instruments.

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Agilent Cross Lab Group (ACG)

Analytical Laboratory Consumables and Services



- **Q1'16 Revenue of \$344M**
- **Y/Y Growth: +4% (+10% core⁽¹⁾⁽³⁾)**

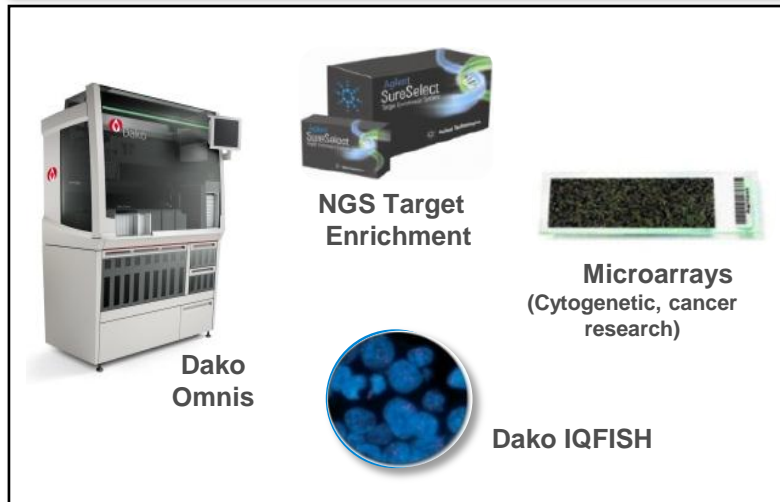
- **Core revenue grew** across all regions, led by Asia. Broad-based portfolio strength led by GC Columns, Lab Supplies, Education, and Contract Services.
- **Operating Margin** in the quarter was 22.1%⁽¹⁾⁽²⁾, up 140 bps over last year.
- In Q1'16, released **AdvanceBio SEC** family of products enabling chromatography analysis of large bio-molecules.
 - Targeting biopharma applications, these products deliver accurate, precise quantitation for mAb aggregation and protein analysis.
 - Designed to improve lab productivity by providing robust, reliable methods that eliminate sample reanalysis.

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Diagnosics and Genomics Group (DGG)

Pathology, Genomics, and Nucleic Acid Manufacturing



- **Q1'16 Revenue of \$158M**
- **Y/Y Growth: +7% (+12% core⁽¹⁾⁽³⁾)**

- **Continued momentum** across all DGG Businesses: Diagnostics, Genomics, and Nucleic Acid Solutions. Highlights included Target enrichment and continued accelerating uptake for Dako Omnis reagents.
- **Operating Margin** for the quarter was 9.6%⁽¹⁾⁽²⁾, up 910 basis points over last year.
- The U.S. Food and Drug Administration (FDA) approved the expansion of the intended use of a complimentary **PD-L1 diagnostic product** to include patients with melanoma.
 - Positive PD-L1 status in melanoma has been correlated with the magnitude of treatment effect on progression-free survival from OPDIVO® from Bristol-Myers Squibb.
 - Diagnostic had been previously approved for non-squamous, non-small cell lung cancer (NSCLC)

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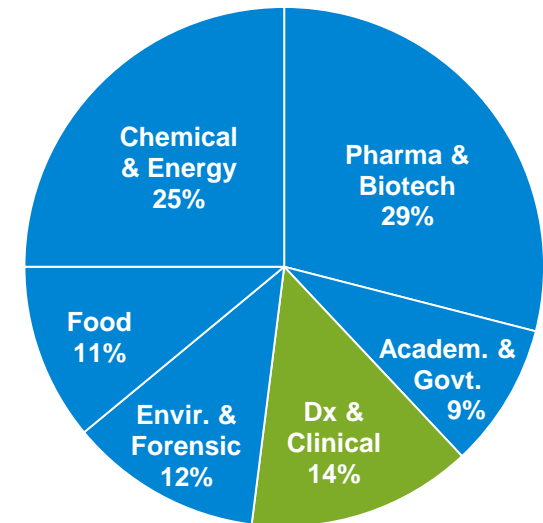
Growth in a \$45B Market – Q1'16 Results by End Market

Strong core growth in Life Sciences, Dx/Clinical, and Environmental/Forensics markets partially offset by soft Chemical/Energy and Food results

Analytical Laboratory End Markets

- Q1'16 revenues: +6% y/y on core basis
 - Pharma & Biotech: Up 19% on technology refresh, new product uptake, demand across pharma spectrum, and sustained after market growth.
 - Academia & Govt: Up 4% led by timing of modestly larger research budgets released in the US.
 - Environmental & Forensics: Up 6%: driven by continued strong China environmental demand.
 - Food: Down 1% on softening in developed economies partially offset by continued strength in China driven by adoption of new methods.
 - Chemical & Energy: Down 2% with significant drop in oil/gas exploration & production partially offset by refining/chemical stability.

Agilent Revenue by End Market ⁽¹⁾



Diagnostics and Clinical

- Q1'16 revenues: +7% y/y on core basis
 - Driven by strength in Genomics (particularly Target Enrichment) into Clinical Applications.

(1) % of Q1'16 Agilent revenue.

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 – 4th quarter in a row
 - Freezing U.S. defined benefit retirement plan
 - I.T. streamlining initiatives on-track

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

- Integrating Seahorse Bioscience and Cartagenia acquisitions.
- Two new focused sales forces in-place.
- Building new e-commerce capabilities

▪ **Innovation Driven Growth**

- Released two new Refractive index detectors: the 1260 and 1290 Infinity II RID
- Introduced AdvanceBio SEC family of products enabling chromatography analysis of large bio-molecules
- The U.S. FDA approved the expansion of the intended use of a PD-L1 diagnostic product which is complimentary to BMS’s OPDIVO® to include patients with melanoma

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 from 18.8%⁽¹⁾ in FY14 to 22% by FY17**

- FY15 Operating Margin of 19.6%⁽²⁾ expanded 80 bps over FY14
- Execute Agile Agilent program
- Complete NMR business exit “wind-down”
- \$40M company split dis-synergies now completely offset

▪ **Balanced Capital Allocation**

- Invest in the business
- Increased cash to shareholders
 - Plan to return \$630M in FY16 through dividends (~\$150M) and opportunistic share repurchases (~\$480M)
- Maintain investment grade rating

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

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

Q2'16 and FY16 Guidance and Forward-looking Considerations

Based on January 29, 2016 Exchange Rates

	FY15 Actual ⁽²⁾	FY16 Guidance at mid-point ⁽¹⁾⁽²⁾
Net Revenue (M\$)	\$4,038	\$4,110
<i>Y/Y Revenue Growth</i>		<i>1.8%</i>
Operating Profit (M\$)	\$767	\$817
<i>Op Margin %</i>	<i>19.0%</i>	<i>19.9%</i>
<i>Net Interest Expense (M\$)</i>	<i>\$(59)</i>	<i>\$(68)</i>
<i>Other Income/(Expense) (M\$)</i>	<i>\$(4)</i>	<i>\$(5)</i>
<i>Keysight Billings (M\$)</i>	<i>\$25</i>	<i>\$12</i>
Pre-Tax Income (M\$)	\$729	\$756
Net Income (M\$)	\$583	\$605
EPS	\$1.74	\$1.84
<i>Outstanding Shares (Diluted) (MM)</i>	<i>335</i>	<i>328</i>
Adjusted Operating Profit (M\$) ⁽³⁾	\$792	\$829
Adjusted OM%⁽³⁾	19.6%	20.2%

FY16 Guidance

- Revenue: \$4.10B - \$4.12B: growth at mid-point 4.25% core⁽⁴⁾, 1.8% reported⁽¹⁾ (+0.5% NMR/M&A, -2.9% FX)
- Operating Margin: 19.6%-20.1%; adjusted for \$12M in Keysight billings classified as Other Income: 19.9%-20.4%⁽³⁾
- EPS: \$1.81 - \$1.87, assumed diluted share count 328M ⁽¹⁾⁽²⁾

Q2'16 Guidance

- Revenue: \$965M - \$985M; growth at mid-point 4.0% core⁽⁴⁾, +1.3% reported⁽¹⁾ (-0.2% NMR/M&A, -2.5% FX)
- EPS: \$0.37 - \$0.39, assumed diluted share count 328M ⁽¹⁾⁽²⁾

FY16 Financial Considerations

- Depreciation \$100M, CapEx \$140M (\$42M increase over 2015 due to a two-year program to expand nucleic acid solutions capacity), and Operating Cash Flow of \$650M.
- Net interest expense of \$68M plus Other Income of \$7M, including \$12M in Keysight billings
- Non-GAAP Tax Rate of 20%

(1) As of February 16, 2016, based on January 29, 2016 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