



Agilent Technologies Q4'16 Results Presentation

Safe Harbor

This presentation contains forward-looking statements (including, without limitation, information and future guidance on the company's goals, priorities, revenues, 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 July 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 Results Q4'16

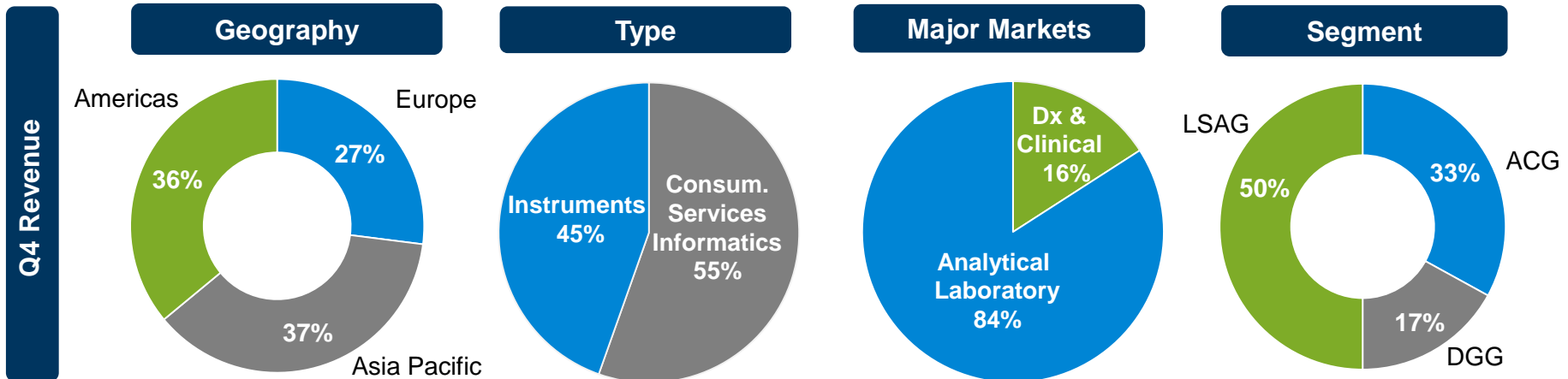
Scale and leading technology across Analytical Laboratories and Clinical & Dx markets

Q4'16 Financial Metrics

- **Revenues:** \$1.11B, +6.3% y/y core⁽¹⁾⁽²⁾, +7.3% reported (+0.4% FX, +0.6% M&A/NMR). Robust growth in Pharma, strong Europe and continued China momentum.
- **Operating Margin:** 22.2% of revenue⁽²⁾. OM of 22.5%⁽²⁾⁽³⁾ adjusted for Keysight billings up 60 basis points y/y.
- **EPS:** \$0.59⁽²⁾, up 18%.

Q4'16 and FY16 Headlines

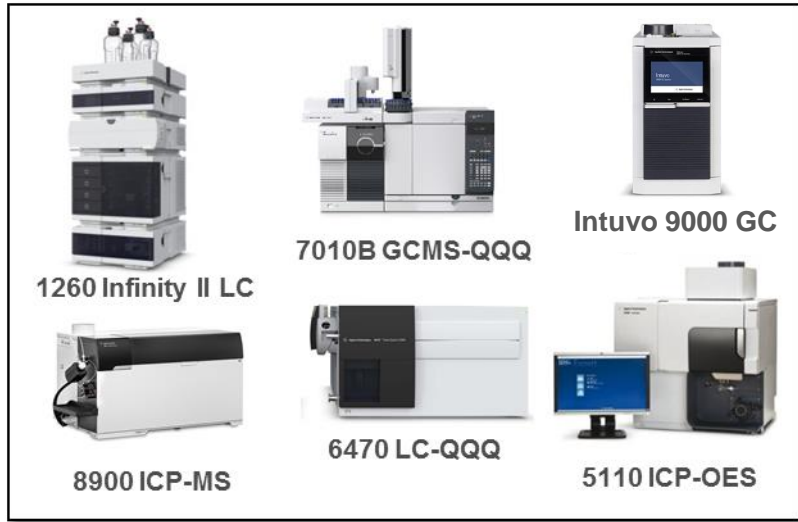
- FY16 Core growth⁽¹⁾⁽²⁾ finished at +5.9%, +4.1% reported (-1.7% FX, -0.1% M&A).
- FY16 EPS⁽²⁾ of \$1.98, up 14%.
- Q4 EPS benefit of \$0.02 due to FY16 year-to-date adjustment for lower pro-forma effective tax rate.
- FY16 Cash Flow from Operations was \$793M. Returned \$584M to shareholders in the form of dividends (\$150M) and share re-purchases (\$434M).



(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



- **Q4'16 Revenue of \$548M**
- **Y/Y Growth: +6% (+5% core ⁽¹⁾⁽³⁾)**

- **Mixed core revenue growth** across regions with strength in Asia. Pharma, Food and Forensics strength partially offset by ongoing softness in Chemical & Energy. Momentum in LC, LC/MS, and ICP/MS led the gains.
- **Operating Margin** for the quarter was 22.8%⁽¹⁾⁽²⁾, up 280 bps versus last year.
- Introduced the transformational **Intuvo 9000 GC** system in Q4:
 - Revolutionary system changes the way users perform GC, opening new paths to higher productivity and better business outcomes.
 - Intuvo introduces a combination of enabling technologies that deliver simplified operation, reduces operating costs, and increases up-time in a compact instrument.

(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



- Q4'16 Revenue of \$370M
- Y/Y Growth: +8% (+8% core⁽¹⁾⁽³⁾)

- **Continued momentum**, growth led by Pharma and Food, continued expansion in Asia, and strength in LC Columns, Lab Supplies, and Contract Services.
- **Operating Margin** in the quarter was in-line with expectations at 22.7%⁽¹⁾⁽²⁾, down 240 bps versus last year.
- In Q4 introduced a range of differentiated **supplies and fittings** that enable the new **Agilent Intuvo 9000 GC** to be the most efficient, cost-effective, premium GC to own and operate. Especially designed components include ferrule-free fittings, Guard Chip retention gap technology, and no-trim GC Columns.
- Successfully **integrating recently acquired iLab** business, bringing differentiated capabilities to core lab managers.

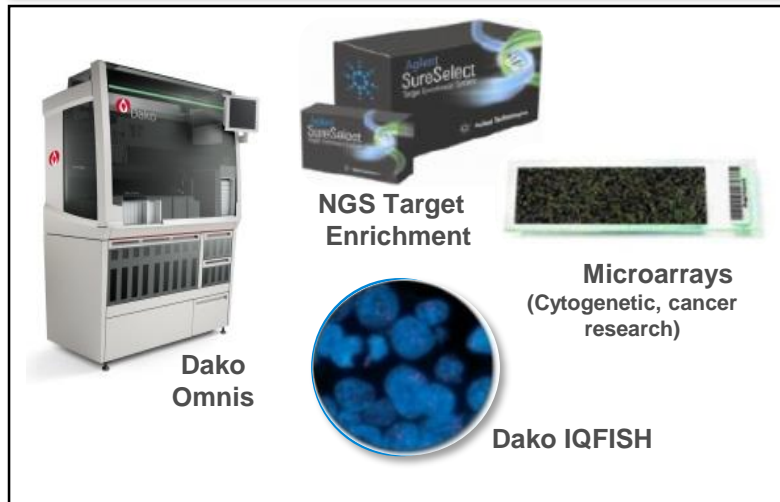
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Diagnositics and Genomics Group (DGG)

Pathology, Genomics, and Nucleic Acid Manufacturing



- **Q4'16 Revenue of \$193M**
- **Y/Y Growth: +8% (+8% core⁽¹⁾⁽³⁾)**

- **Mixed growth across businesses** led by Diagnostics and Nucleic Acid Solutions. Regional strength in Asia and Europe.
- **Operating Margin** for the quarter was 19.6%⁽¹⁾⁽²⁾, up 40 bps versus last year.
- In October, Merck's KEYTRUDA was **approved by the FDA for first-line treatment** for metastatic non-small cell lung cancer with high rates of PD-L1 expression:
 - In conjunction, **Agilent's pharmaDx companion diagnostic PD-L1 test was approved for expanded use** to identify these patients.
 - This is the first time an Agilent's PD-L1 companion diagnostic has been approved for first-line testing.

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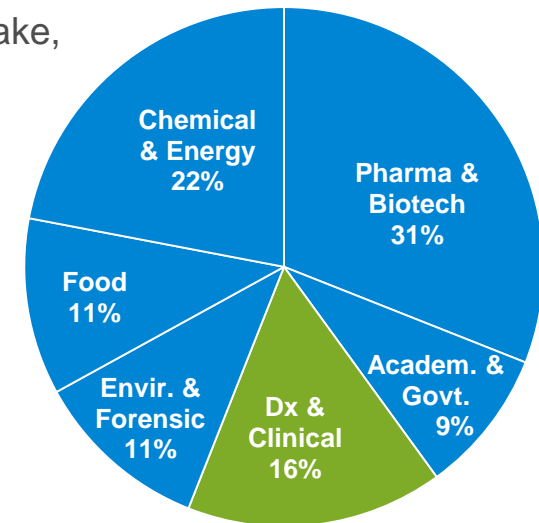
Growth in a \$47B Market – Q4'16 Results by End Market

Solid core growth led again by Pharma, Food, and Diagnostics/Clinical partially offset by continued soft Chemical/Energy markets

Analytical Laboratory End Markets

- Q4'16 revenues: +6% y/y on core⁽²⁾ basis
 - Pharma & Biotech: Up 16% on technology refresh, new product uptake, demand across pharma spectrum, and CrossLab growth.
 - Academia & Govt: Down 2%, continues to be challenging in some geographies but held up better than anticipated.
 - Environmental & Forensics: Up 3%. Environmental demand led by China investment. Forensics growth driven by Americas.
 - Food: Up 10% with China strength driven by adoption of new methods and evolving clarity in regulatory practice.
 - Chemical & Energy: Down 3% in-line with expectations due to continued effects of depressed crude oil prices.

Agilent Revenue by End Market ⁽¹⁾



Diagnostics and Clinical End Markets

- Q4'16 revenues: +8% y/y on core⁽²⁾ basis
 - Driven by growth in Pathology.

(1) % of Q416 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 – 7th consecutive quarter.
 - Freezing U.S. defined benefit retirement plan.
 - Integration of Dako on Agilent ERP planned for H1'17.

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

- Integrated Seahorse Bioscience and Cartagenia acquisitions.
- Acquired assets of iLab, the market leader in cloud-based solutions for core laboratory management.
- Building new e-commerce capabilities.
- Started construction on Nucleic Acids Solutions facility expansion.

▪ **Innovation Driven Growth**

- Announced market leading Intuvo 9000 premium GC system and consumables, changing the way users perform GC. Opens new paths to higher productivity and better business outcomes.
- Introduced offering of pooled CRISPR libraries for functional genomics, helping accelerate disease research and drug discovery.
- Expanded use of PD-L1 CDx test to identify patients with high rates of PD-L1 expression for first line treatment of metastatic NSLCL with Merck’s KEYTRUDA..

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***

- FY16 Operating Margin of 20.7%⁽²⁾ expanded 110 bps over FY15
- Execute Agile Agilent program
 - Integrate Dako business
 - Optimize Infrastructure
 - Drive supply chain cost improvements

▪ ***Balanced Capital Allocation***

- Invest in the business
- Increased returns to shareholders
- 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."

Q1'17 and FY17 Guidance and Forward-looking Considerations

Based on October 31, 2016 Exchange Rates

	FY16 Actual ⁽²⁾	FY17 Guidance at mid-point ⁽¹⁾⁽²⁾
Net Revenue (M\$)	\$4,202	\$4,360
<i>Y/Y Revenue Growth</i>		3.7%
Operating Profit (M\$)	\$859	\$913
<i>Op Margin %</i>	20.4%	21.0%
<i>Net Interest Expense (M\$)</i>	<i>\$(61)</i>	<i>\$(71)</i>
<i>Other Income/(Expense) (M\$)</i>	<i>\$(6)</i>	<i>\$(1)</i>
<i>Keysight Billings (M\$)</i>	<i>\$ 12</i>	<i>\$ 12</i>
Pre-Tax Income (M\$)	\$804	\$854
Net Income (M\$)	\$651	\$692
EPS	\$1.98	\$2.13
<i>Outstanding Shares (Diluted) (MM)</i>	329	324
Adjusted Operating Profit (M\$) ⁽³⁾	\$871	\$925
Adjusted OM%⁽³⁾	20.7%	21.2%

(1) As of November 15, 2016, based on October 31, 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.

FY17 Guidance

- Revenue: \$4.35B - \$4.37B: growth at mid-point 4.3% core⁽⁴⁾, 3.7% reported⁽¹⁾ (0% M&A, -0.6% FX)
- Operating Margin: 21.0% at mid-point: adjusted for \$12M in Keysight billings classified as Other Income: 21.2%⁽³⁾
- EPS: \$2.10- \$2.16: assumed diluted share count 324M⁽¹⁾⁽²⁾

Q1'17 Guidance

- Revenue: \$1.04B - \$1.06B⁽⁴⁾: growth at mid-point 2.2% core⁽⁴⁾
- EPS: \$0.48 - \$0.50⁽¹⁾⁽²⁾: assumed diluted share count 327M

FY17 Financial Considerations

- Stock based comp of \$59M, of which \$23M to be recognized in Q1.
- Net interest expense of \$71M plus Other Income \$11M, including \$12M in Keysight billings
- Depreciation \$104M, CapEx \$200M, and Operating Cash Flow of \$825M
- Plan to return \$600M to shareholders: \$170M in dividends and \$430M in share re-purchases
- Non-GAAP Tax Rate of 19%