



Agilent Technologies Q4'15 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 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; the risk that the rationales for the separation will not be realized, 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, 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, restructuring costs, transformational initiatives, asset impairment charges, 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 Q4'15

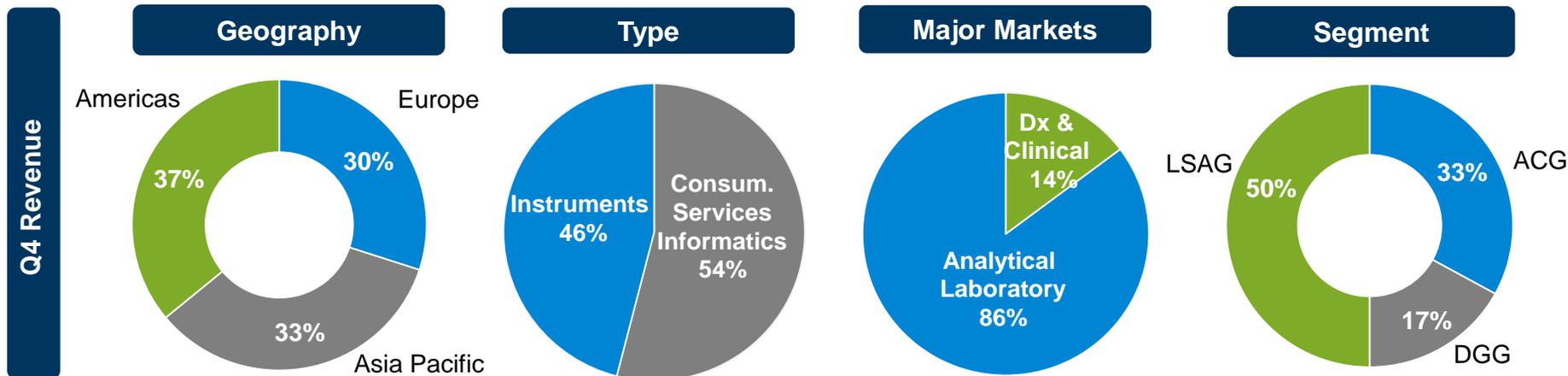
Scale and leading technology across Analytical Laboratories and Clinical & Dx markets

Q4'15 Financial Metrics

- **Revenues:** \$1.035B, +6.2% y/y core⁽¹⁾⁽²⁾, -1% reported (-6.4% FX, -0.6% NMR, 0% M&A). Core growth driven by strength in Pharma, Food, and Dx & Clinical end-markets. All regions grew led by strength in the US and Asia.
- **Operating Margin:** 21.5% of revenue⁽²⁾. OM of 21.9%⁽²⁾⁽³⁾ adjusted for Keysight billings expanded 150 basis points over last year despite dis-synergies and FX.
- **EPS:** \$0.50⁽²⁾

FY15 Highlights

- **Core Revenue Growth:** 6.4%⁽¹⁾⁽²⁾ (-6.1% FX, -0.5% NMR, 0% M&A).
- **Operating Margin:** 19.6%⁽²⁾⁽³⁾ adjusted, expanded 80 bps y/y despite split dis-synergies and FX headwinds.
- **EPS:** \$1.74⁽²⁾ at mid-point of guidance provided a year ago, offsetting significant FX headwinds.
- **Capital Returned to Shareholders:** \$400M via dividends and share repurchases.



(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



- **Q4'15 Revenue of \$515M**
- **Y/Y Growth: -4% (+2% core ⁽¹⁾⁽³⁾)**

- **Mixed core revenue growth** across regions with strength in the Americas and Pharma.
- **Operating Margin** for the quarter was 20.0%⁽¹⁾⁽²⁾, down 20 bps versus last year.
- Acquired **Seahorse Bioscience** in November, a leader in providing instruments and assay kits for measuring cell metabolism and bioenergetics.
- **New Product offerings** in Q4:
 - Began shipping **1290 Infinity II Vialsampler**, as well as the 600-bar 1260 Infinity version.
 - **5977B High-Efficiency Source GC/MSD** System, delivering lower limits of detection than any other instrument in its class.
 - **4200 TapeStation system**, a fully automated instrument enabling scientists to rapidly analyze up to 96 DNA samples at a time.

(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



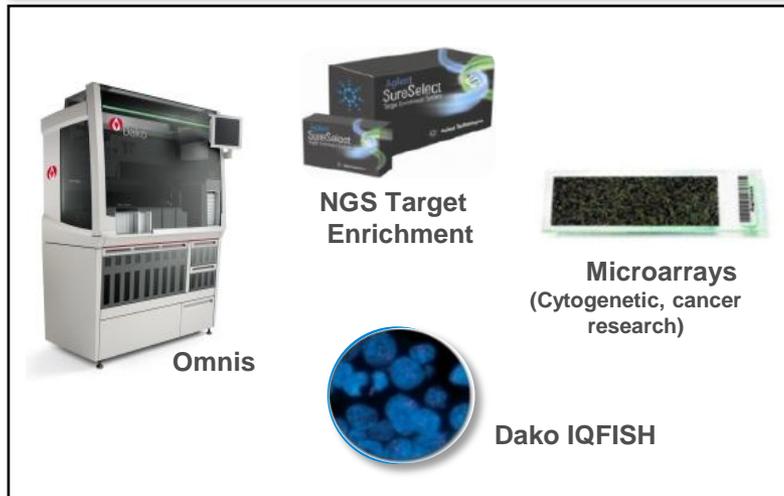
- Q4'15 Revenue of \$342M
- Y/Y Growth: +3% (+11% core⁽¹⁾⁽³⁾)

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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

- **Core revenue growth** was strong across all regions. Broad-based portfolio strength led by Sample Prep, LC Columns, and Services.
- **Operating Margin** in the quarter was 25.1%⁽¹⁾⁽²⁾, up 150 bps over last year.
- **New Offerings** in Q4 fueling growth:
 - **Agilent University** introduced an enhanced portfolio of online training as part of the **Agilent CrossLab Brand Promise** program launched in Q3. Response for this offering that can help improve customer's economic, operational and scientific outcomes for their laboratories has greatly exceeded expectations.
 - Introduced **Agilent Bond Elut Enhanced Matrix Removal-Lipid**, a better way to help food-safety labs to address what has been one of their most challenging tasks: testing high-fat samples more accurately.

Diagnosics and Genomics Group (DGG)

Pathology, Genomics, and Nucleic Acid Manufacturing



- **Q4'15 Revenue of \$178M**
- **Y/Y Growth: +4 (+10% core⁽¹⁾⁽³⁾)**

- **Continued momentum** across all DGG Businesses: Dako, Genomics, and Nucleic Acid Solutions. Target enrichment was particularly strong, while Omnis again had record shipments and continues to gain competitive wins.
- **Operating Margin** for the quarter was 19.2%⁽¹⁾⁽²⁾, up 430 basis points over last year.
- **Two new diagnostic products** to identify PD-L1 expression levels in non small cell lung cancer tumor cells received FDA approval in Q4:
 - A companion diagnostic with Merck & Co which indicates whether a patient with advanced non-squamous NSCLC is likely to benefit from Merck's anti-PD-1 therapy KEYTRUDA.
 - In collaboration with Bristol-Myers Squibb, a test which provides information on the survival benefit with BMS's OPDIVO for patients with advanced non-squamous NSCLC.

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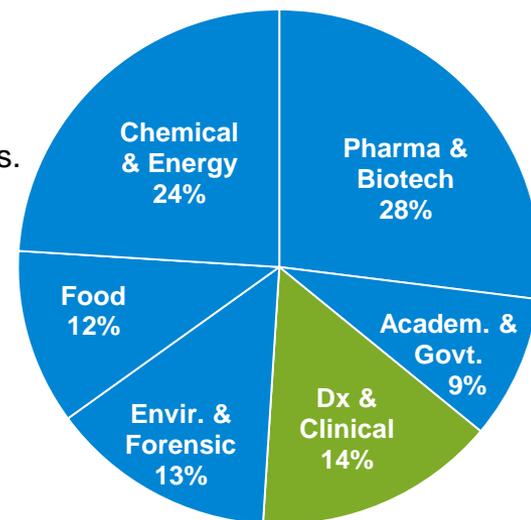
Growth in a \$45B Market – Q4'15 Results by End Market

Strength in Pharma, Diagnostics & Clinical, and Food partly offset by weakness in Academia & Government and flat Environmental & Forensics, Chemical & Energy

Analytical Laboratory End Markets

- Q4'15 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.
 - Food: Up 4% on continued strength in China driven by adoption of new methods.
 - Environmental & Forensics: Flat: Continued China environmental demand offset by weaker instrument sales in the US. Forensics muted by the timing of some larger deals.
 - Chemical & Energy: Up 1% with significant drop in oil/gas exploration & production offset by refining/chemical results.
 - Academia & Govt: Down 4% with headwinds from US gov't spending "pause" resulting from legislative uncertainties.

Agilent Revenue by End Market ⁽¹⁾



Diagnostics and Clinical

- Q4'15 revenues: +7% y/y on core basis
 - Driven by strength in Genomics (Target Enrichment), Dako (Omnis placements gaining traction, continued Companion Dx opportunities) and demand in the aftermarket.

(1) % of Q415 Agilent revenue.

Agilent Profitable Growth Plan

Recent Actions

▪ **On-Track to Deliver “Agile Agilent” Program Benefits**

- Multi-year program to increase efficiency and customer focus
 - New business group structure & portfolio
 - Consolidated Sales Channel
 - Central Research Lab

▪ **Portfolio Investments**

- Completed acquisition of Seahorse Bioscience and Cartagenia.
- Exit of NMR hardware business proceeding as planned.
- Central Research Lab – focused investment, now Life Sciences and Diagnostics only.
- Aligning investment with most attractive growth opportunities.

▪ **Innovation Driven Organic Growth**

- Began shipping 1290 Infinity II Vialsampler as well as 600-bar Infinity 1260 version
- Introduced 5977B High-Efficiency Source GC/MSD System
- 4200 TapeStation System introduced
- New Consumables: Enhanced Matrix Removal-Lipid introduced
- Two new diagnostic products to identify PD-L1 expression levels in NSCLC tumor cells received FDA approval and began shipping in Q4

Agilent Strategy to Win

Creating shareholder value

▪ **Accelerate Organic Growth**

- Focus on sustaining share growth within the core Analytical Lab
- Continue to bring innovative new offerings to the market
- Expand lab-wide services & consumables with a differentiated customer experience
- Leverage Analytical Lab strength to drive growth in genomics, clinical research, and diagnostics markets

▪ **Aggressively expand operating margins from 19.6%⁽¹⁾ in FY15 to 22% by FY17**

- Focus on growing adjusted operating margins through portfolio and order fulfillment transformation programs
- Leverage SG&A and R&D investments
- Reduce dis-synergies
- Execute exit of NMR hardware business. Completed Dako FDA warning letter remediation efforts.

▪ **Deploy capital for long term shareholder value**

- Invest in the business
- Return unused cash to shareholders
 - Returned \$400M through combination of dividends(\$133M) and share repurchases (\$267M) in FY15
 - Plan to return \$635M in FY16 through dividends (~\$155M) and opportunistic share repurchases (~\$480M)
- Maintain investment grade rating

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

Q1'16 and FY16 Guidance and Forward-looking Considerations

Based on October 30, 2015 Exchange Rates

	FY15 Actual ⁽²⁾	FY16 Guidance at mid-point ⁽¹⁾⁽²⁾
Net Revenue (M\$)	\$4,038	\$4,160
<i>Y/Y Revenue Growth</i>		3.0%
Operating Profit (M\$)	\$767	\$830
<i>Op Margin %</i>	19.0%	20.0%
<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	\$769
Net Income (M\$)	\$583	\$615
EPS	\$1.74	\$1.88
<i>Outstanding Shares (Diluted) (MM)</i>	335	328
Adjusted Operating Profit (M\$) ⁽³⁾	\$792	\$842
Adjusted OM%⁽³⁾	19.6%	20.3%

(1) As of November 16, 2015, based on October 30, 2015 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

FY16 Guidance

- Revenue: \$4.15B - \$4.17B; growth at mid-point 4.25% core⁽⁴⁾, 3% reported⁽¹⁾ (-1.2% NMR, +1.7% M&A, -1.7% FX)
- Operating Margin: 19.7%-20.2%; adjusted for \$12M in Keysight billings classified as Other Income: 20.0%-20.5%⁽³⁾
- EPS: \$1.85 - \$1.91, assumed diluted share count 328M ⁽¹⁾⁽²⁾

Q1'16 Guidance

- Revenue: \$1.00BM-\$1.02B; growth at mid-point 3.5% core⁽⁴⁾, -1.6% reported⁽¹⁾ (-2.1% NMR, +1.3% M&A, -4.3% FX)
- EPS: \$0.42-\$0.44, assumed diluted share count 332M ⁽¹⁾⁽²⁾

FY16 Financial Considerations

- Stock based compensation of \$57M for year, \$22M recognized in Q1. Annual wage increases effective Dec 1.
- 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%