



Agilent Technologies Q1'17 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-K for the year ended October 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 Q1'17

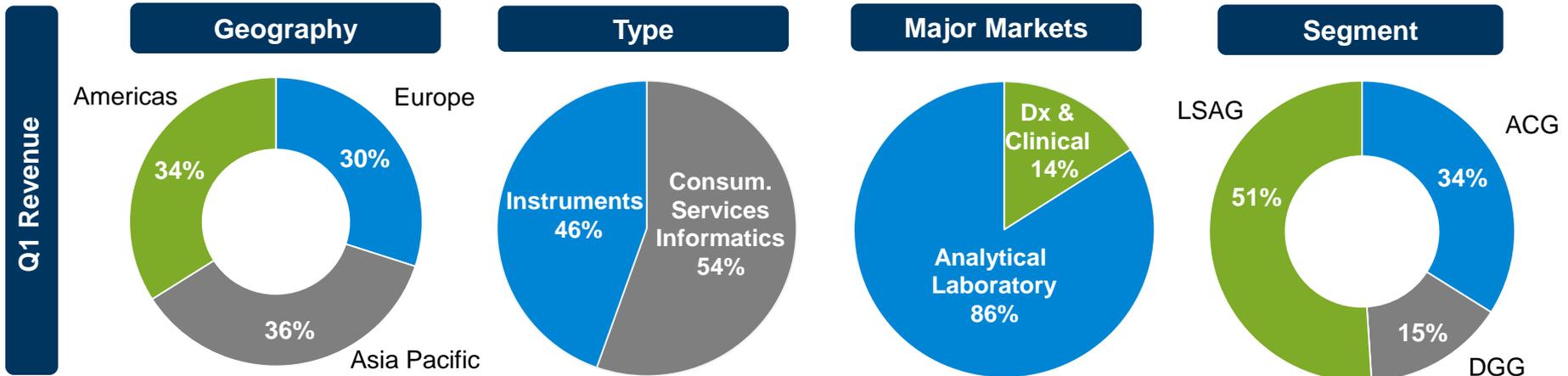
Scale and leading technology across Analytical Laboratories and Clinical & Dx markets

Q1'17 Financial Metrics

- **Revenues:** \$1.07B, +4.8% y/y core⁽¹⁾⁽²⁾, +3.8% reported (-1.0% FX). Growth in Food and Pharma, strong Americas and continued China momentum.
- **Operating Margin:** 20.9% of revenue⁽²⁾. OM of 21.2%⁽²⁾⁽³⁾ adjusted for Keysight billings up 100 basis points y/y.
- **EPS:** \$0.53⁽²⁾, up 15%.

Q1'17 Headlines

- **Growth:** Core growth across all businesses and geographies offset incremental FX headwinds and delivered strong operating margins.
- **Margins:** Continued to deliver on operating margin expansion.
- **Capital Allocation:** Paid \$42M in dividends and repurchased 2.5M shares for \$111M in the quarter. Closed on \$70M Multiplicom acquisition in January.



(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



- **Q1'17 Revenue of \$540M**
- **Y/Y Growth: +3% (+4% core ⁽¹⁾⁽³⁾)**

- **Solid core revenue growth** across regions with strength in Asia. Pharma, Food and Chem&Energy gains partially offset by softness in A&G and Forensics. Momentum in LC, GCMS, and Informatics.
- **Operating Margin** for the quarter was 23.4%⁽¹⁾⁽²⁾, up 170 bps versus last year.
- *The Analytical Scientist* named the Agilent **Intuvo 9000 Gas Chromatograph System** number one on its list of the year's best innovations. The publication, which specializes in analytical chemistry, praised the Intuvo for its "highly advanced temperature control, leak-free connections and innovative column design. Intuvo eliminates three major hurdles for (gas chromatography) and paves the way for use by less experienced operators."

(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



- **Q1'17 Revenue of \$363M**
- **Y/Y Growth: +6% (+7% core⁽¹⁾⁽³⁾)**

- **Continued momentum** with growth led by Food and Pharma. Gains across all regions led by expansion in Asia. Strength in Contract Services and LC Columns.
- **Operating Margin** in the quarter was 20.3%⁽¹⁾⁽²⁾, down 180 bps versus last year.
- Announced a **new Technology Center** in Folsom, California. This new \$14M facility provides a state-of-the-art microfabrication and technology center for a whole new generation of unique instrument components, consumables and supplies.
- **eRenewals**, a first-in-the-industry program which allows customers to renew their service contracts on-line, was launched in the U.S. This program will be rolled out to others regions later this year.

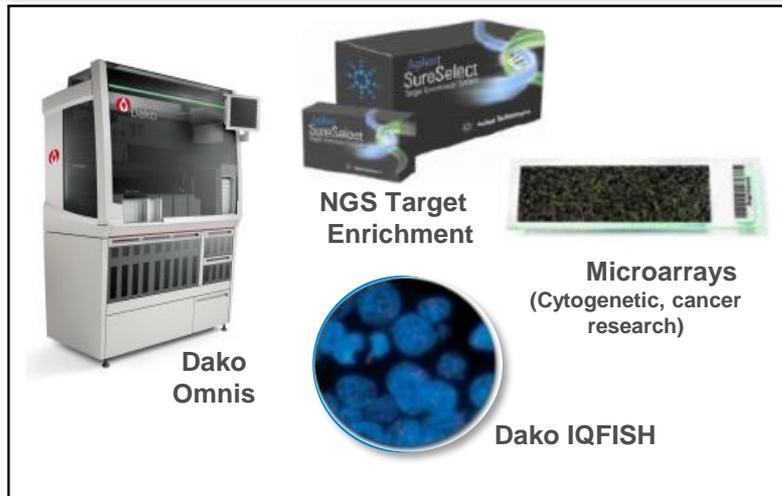
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(3) Core growth is reported growth adjusted for the effects of NMR exit, acquisitions and divestitures, and FX

Diagnostics and Genomics Group (DGG)

Pathology, Genomics, and
Nucleic Acid Manufacturing



- **Q1'17 Revenue of \$164M**
- **Y/Y Growth: +4% (+4% core⁽¹⁾⁽³⁾)**

- **Solid growth performance** led by strength in Companion Diagnostics and Nucleic Acid Solutions. Americas and Europe led regional gains.
- **Operating Margin** for the quarter was 14.3%⁽¹⁾⁽²⁾, up 470 bps versus last year.
- Agilent completed its previously announced acquisition of **Multiplicom**, a leading European diagnostics company with state-of-the-art genetic testing technology and products. Multiplicom's solutions enable clinical labs to identify DNA variants associated with genetic disease and help direct cancer therapy.
- **Launched Bench Lab 5.0**, a major software revision delivering expanded capabilities to help high-throughput diagnostics labs validate and automate results.

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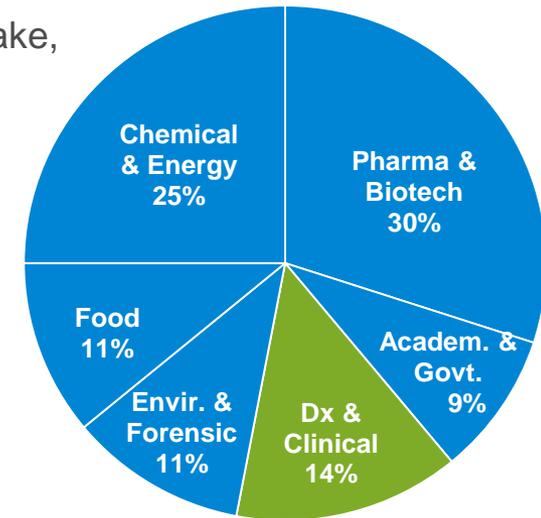
Growth in a \$50B Market – Q1'17 Results by End Market

Mixed performance led again by Pharma, Food, and Diagnostics/Clinical plus growth in Chemical/Energy. Partially offset by soft Academic/Government and Forensics.

Analytical Laboratory End Markets

- Q1'17 revenues: +4% y/y on core⁽²⁾ basis
 - Pharma & Biotech: Up 7% on technology refresh, new product uptake, demand across pharma spectrum, and CrossLab growth.
 - Academia & Govt: Down 1% with sustained flat government funding across most regions.
 - Environmental & Forensics: Down 1% with in-line Environmental led by China investment offset by soft Forensics.
 - Food: Up 11% with China strength driven by adoption of new methods and evolving clarity in regulatory practice.
 - Chemical & Energy: Up 3% on demand from Chemical customers in Americas. Still need evidence of broader sustained growth to call a market recovery.

Agilent Revenue by End Market ⁽¹⁾



Diagnostics and Clinical End Markets

- Q1'17 revenues: +8% y/y on core⁽²⁾ basis
 - Strong growth in Companion Diagnostics and CrossLab Services for toxicology labs.

(1) % of Q1'17 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 – 8th consecutive quarter.
 - Launched eRenewals, a first-in-the industry program to enable paperless renewals of contract services to improve efficiency and make transactions easier for customers.
 - Integration of former Dako onto Agilent’s system’s and infrastructure platform in H1’17.

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

- Integrated Seahorse Bioscience and Cartagenia acquisitions.
- Acquired Multiplicom, a leading European diagnostics company with state-of-the-art genetic testing technology and products.
- 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 NSCLC 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***

- FY17 adjusted Operating Margin guidance of 21.2%⁽¹⁾ anticipates a +50 bps improvement over FY16 result of 20.7%⁽²⁾
- 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) .Operating margin adjusted for reimbursement from Keysight for site services classified as "Other Income." Guidance as of Feb 14, 2017

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

Q2'17 and FY17 Guidance and Forward-looking Considerations

Based on January 31, 2016 Exchange Rates

	FY16 Actual ⁽²⁾	FY17 Guidance at mid-point ⁽¹⁾⁽²⁾
Net Revenue (M\$)	\$4,202	\$4,340
<i>Y/Y Revenue Growth</i>		3.3%
Operating Profit (M\$)	\$859	\$907
<i>Op Margin %</i>	20.4%	20.9%
<i>Net Interest Expense (M\$)</i>	<i>\$(61)</i>	<i>\$(69)</i>
<i>Other Income/(Expense) (M\$)</i>	<i>\$(6)</i>	<i>\$ -</i>
<i>Keysight Billings (M\$)</i>	<i>\$ 12</i>	<i>\$ 12</i>
Pre-Tax Income (M\$)	\$804	\$850
Net Income (M\$)	\$651	\$689
EPS	\$1.98	\$2.13
<i>Outstanding Shares (Diluted) (MM)</i>	329	324
Adjusted Operating Profit (M\$) ⁽³⁾	\$871	\$919
Adjusted OM% ⁽³⁾	20.7%	21.2%

(1) As of February 14, 2017, based on January 31, 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: \$4.33B - \$4.35B:** growth at mid-point 4.5% core⁽⁴⁾, 3.3% reported⁽¹⁾ (+0.2% M&A, -1.4% FX)
- **Operating Margin: 20.9%** at mid-point or **21.2%**⁽³⁾ when adjusted for \$12M in Keysight billings classified as Other Income.
- **EPS: \$2.10- \$2.16**⁽¹⁾⁽²⁾; assumed diluted share count 324M.

Q2'17 Guidance

- **Revenue: \$1.04B - \$1.06B**⁽⁴⁾: growth at mid-point 3.5% core⁽⁴⁾, 3.0% reported⁽¹⁾ (+0.3% M&A, -0.8% FX)
- **EPS: \$0.47 - \$0.49**⁽¹⁾⁽²⁾: assumed diluted share count 324M.

FY17 Financial Considerations

- Stock based comp of \$59M, of which \$21M was recognized in Q1.
- Net interest expense of \$69M plus Other Income \$12M (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%.