

Agilent Technologies

Q2'15 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 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 January 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 impacts of acquisition and integration costs, future restructuring costs, transformational initiatives, asset impairment charges, business exit and divestiture costs, 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 Q2'15

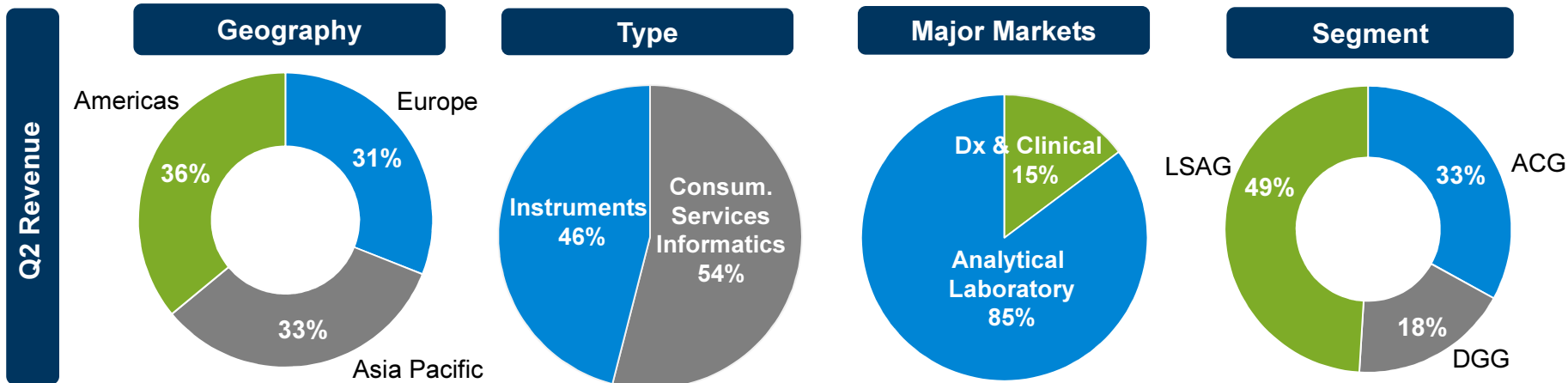
Scale and leading technology across Analytical Laboratories and Clinical & Dx markets

Q2'15 Financial Metrics

- **Orders:** \$1.04B, +8% y/y core⁽¹⁾ (+1% reported) (+10% y/y core, +2% reported excluding exited/divested businesses)
- **Revenues:** \$963M, +4% y/y core⁽¹⁾ (-3% reported)⁽²⁾ (+5% y/y core, -2% reported excluding exited/divested businesses)
- **Operating Margin:** 17.6% of revenue⁽²⁾ (Operating Margin adjusted for Keysight reimbursement: 18.3%⁽²⁾⁽³⁾)
- **EPS:** \$0.38⁽²⁾

Q2 Headlines

- Book-to-bill increased to 1.08, as orders strength was not fully converted to revenue in the quarter.
- Recovery in DGG and continued growth in ACG offset FX headwinds and delivered solid profitability.
- LSAG growth and profitability muted by revenue backlog build in the quarter.
- Shares repurchased in quarter: \$162M
- FDA warning letter closed.



(1) Core growth is reported growth adjusted for the effects of M&A and FX (2) Presented on a non-GAAP basis; reconciliations to closest GAAP equivalent provided.
 (3) Operating margin adjusted for \$7M reimbursement from Keysight for Agilent IT and site services.

Life Sciences & Applied Markets Group (LSAG)

Instrumentation and Informatics
for Analytical Laboratories



- Strong orders growth; revenue growth muted by backlog build in the quarter.
- Operating Margin for the quarter was 15.8%⁽¹⁾⁽²⁾
- Order growth continues to be driven by new offerings:
 - 1290 Infinity II LC System, launched in Q4, extremely well received. System sets new benchmark in analytical, instrument and laboratory efficiency.
 - Began shipping new 6545 LC/MS Q-TOF, with a formal launch scheduled for ASMS. Product features better performance, increased uptime and robustness, and improved ease of use for small molecule applications

- Q2'15 Revenue of \$473M
 - Y/Y Growth: -5% (+1% core⁽³⁾)
- Orders Y/Y Growth: +1% (+6% core⁽³⁾) (Excluding NMR/XRD +4% (+10% core⁽³⁾))

(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 M&A and FX

Agilent Cross Lab Group (ACG)

Analytical Laboratory
Consumables and Services



- **Core revenue growth** strong across consumable supplies, columns, sample prep and services
- **Operating Margin** in the quarter was 21.5%⁽¹⁾⁽²⁾
- Performance reflects the **innovative products** Agilent is bringing to market and the **customer value proposition** of our CrossLab strategy:

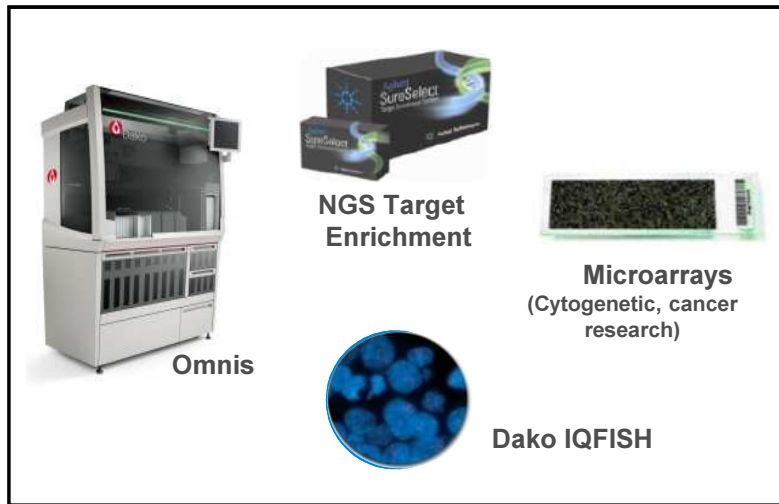
- In consumables, the **Poroshell 120** family was expanded to include a new 4-micron particle size with sales exceeding expectations.
- Released **AdvanceBIO Sample Prep Kit** which adds to separation and manual sample prep technologies.
- **A-Line supplies portfolio** is ramping strongly with favorable response to new **RFID Inventory Management Service Solution**

- **Q2'15 Revenue of \$321M**
 - **Y/Y Growth: -1% (+7% core⁽³⁾)**
- **Orders Growth: +3% (+12% core⁽³⁾)**

(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 M&A and FX

Diagnostics and Genomics Group (DGG)

Pathology, Genomics, and
Nucleic Acid Manufacturing



- **Q2'15 Revenue of \$169M**
 - **Y/Y Growth: +1 (+10% core⁽³⁾)**
- **Orders Growth: -4% (+5% core⁽³⁾)**

(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 M&A and FX

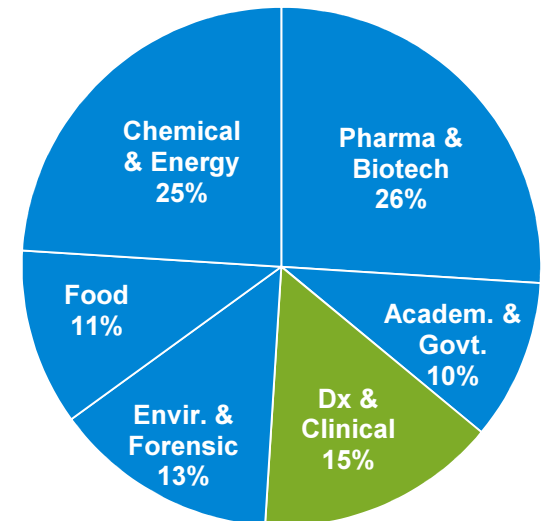
- **Operating Margin** for the quarter was 15.0%⁽¹⁾⁽²⁾
- **FDA warning letter closed in Q2** and work is on track to be completed as planned
- Improving **pathology**, and catch-up of delayed Q1 **genomics** and **nucleic acid** shipments drove growth and margins. Highlights include **SureFISH** and record placements of **Omnis Instruments**.
- **Companion diagnostics** agreement with Merck continues to make progress: Merck submitted a biologics license application to the FDA for the treatment of lung cancer in April.
- Announced agreement to acquire **Cartagenia**, a leading provider of software and services for clinical genetics and molecular pathology labs.

Growth in a \$45B Market – Q2'15 Results by End Market

Strength in Most Markets partially offset by Chemical & Energy, Backlog Build

Y/Y growth rates shown are unadjusted for currency, which had an overall negative 7% impact across Agilent revenue

Agilent Revenue by End Market ⁽¹⁾



Analytical Laboratory End Markets

- Q2'15 revenues: -4% y/y
 - Pharma & Biotech: Up 6% on technology refresh, mid to large sized pharma demand, and sustained after market growth.
 - Food: Down 7% as continued solid underlying market orders did not convert to revenue in the period.
 - Environmental & Forensics: Flat, boosted by the timing of some larger Forensics deals.
 - Academia & Govt: Down 10% as revenue was muted by backlog build coupled with broadly flat gov't spending.
 - Chemical & Energy: Down 10% with significant drop in oil/gas exploration & production partially offset by refining/chemical strength.

Diagnostics and Clinical

- Q2'15 revenues: +4% y/y
 - Driven by strength in Dako and Pain Management, and catch-up of delayed Q1 shipments.

(1) % of Q215 Agilent revenue. Recast customer mapping beginning in FY15 due to implementation of new tracking system.

Profitable Growth: Aggressively Improving Operating Margins to 22% by FY17⁽¹⁾

Drive annual operating margin incrementals over 30% on core⁽²⁾ revenue growth of 5% or more

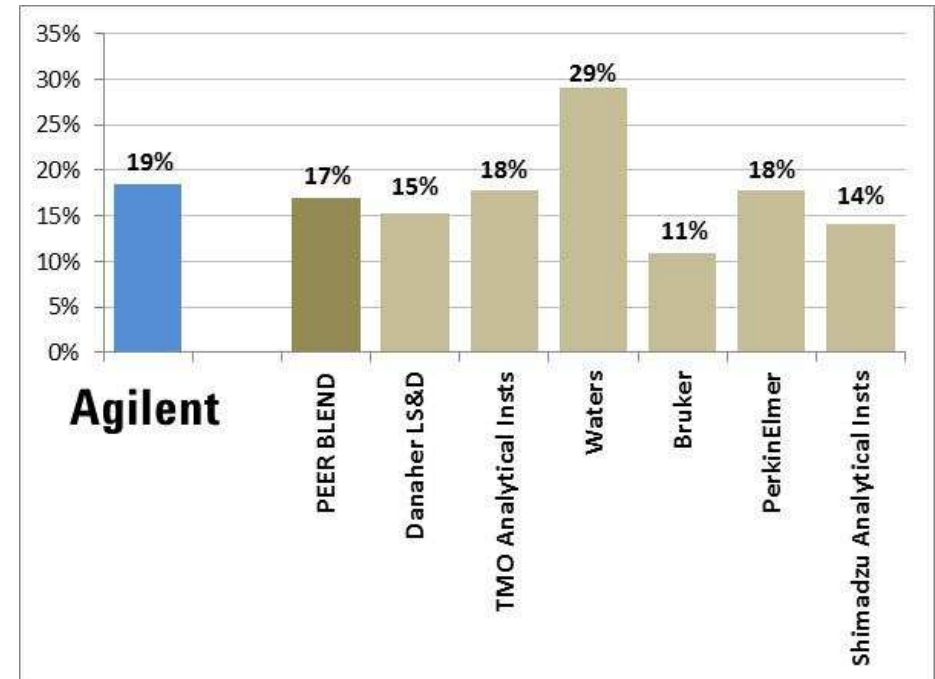
- Leverage current R&D and sales channel investments
- Expand Gross Margins - product engineering, manufacturing excellence
- Reduce dis-synergy costs

Close operational issues

- Exit of NMR hardware business on track
Estimated FY15 impact:
 - Operating profit increase of ~\$15M
- FDA closed Dako warning letter in Q2
 - Completion of work on schedule
 - Estimated ~\$15M in incremental FY15 costs (70% in first half)

Improving margins 300 basis points over FY14

Q2'15 TTM Adjusted Operating Margin Comparison⁽³⁾



(1) Not guidance. Shown on a non-GAAP basis; (2) Core growth is reported growth less the effects of FX and M&A; (3) Peer margins as self-reported in company press releases or analyst presentations.

Agilent Profitable Growth Plan

Recent Actions

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

- Multi-year program to increase efficiency and customer focus
- Initiatives expected to lower costs by \$50M in FY15
 - New business group structure & portfolio
 - Consolidated Sales Channel
 - Central Research Lab

▪ ***Portfolio Investments***

- Announced agreement to acquire Cartagenia.
- Announced sale of sub-scale XRD business; 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***

- New LC - 1290 Infinity II – September Launch
- New Spectroscopy offering – 5100 ICP-OES, FTIR Enhancements
- Strengthening Mass Spectrometry Leadership
 - New ICPMS- 7900
 - LC-MS – new 6495 QQQ, 6545 and 6560 Q/TOF offerings
 - GC-MS – new 7010 QQQ and 7200 GC Q-TOF

FY15 Agilent Capital Allocation

- **Forecast FY15 Operating Cash Flow of \$550M**
- **Invest in the Business**
 - *FY15 Capital expenditures of \$120M*
- **Return \$500M in capital to shareholders in FY15**
 - *~\$135M in Dividends*
 - *~\$365M in Share repurchases*
- **Maintain investment grade rating**

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% 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. Complete Dako FDA warning letter remediation efforts.

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

- Invest in the business
- Return unused cash to shareholders
 - Plan to return ~\$500M through combination of dividends(~\$135M) and share buybacks (~\$365M) in FY15
- Maintain investment grade rating



Q3'15 and FY15 Guidance and Forward-looking Considerations

Based on April 30, 2015 Exchange Rates

	FY14 Actual ⁽²⁾	FY15 Guidance at mid-point ⁽¹⁾⁽²⁾
Net Revenue (M\$)	\$4,048	\$4,080
<i>Y/Y Revenue Growth</i>	3.9%	0.8%
Operating Profit (M\$)	\$763	\$ 750
<i>Op Margin %</i>	18.8%	18.4%
<i>Net Interest Expense (M\$)</i>		\$(59)
<i>Other Income (M\$)</i>		\$24
Pre-Tax Income (M\$)		\$ 715
Net Income (M\$)		\$ 572
EPS		\$ 1.70
<i>Outstanding Shares (Diluted) (MM)</i>		336
Adjusted Operating Profit (M\$) ⁽³⁾		\$774
Adjusted OM% ⁽³⁾		19.0%

(1) As of May 18, 2015, based on 4/30/15 exchange rates.

(2) Presented on a non-GAAP basis.

(3) Adjusted for FY15 IT and rental billings to Keysight; directly comparable to FY14 reported figure

FY15 Guidance

- Revenue: \$4.05B - \$4.11B; growth at mid-point 6.7% core, 0.8% reported ⁽¹⁾
- EPS: \$1.67 - \$1.73, assumed diluted share count 336M ⁽¹⁾⁽²⁾

Q3'15 Guidance

- Revenue: \$995M-\$1.015B; growth at mid-point 7.0% core, -0.4% reported ⁽¹⁾
- EPS: \$0.38-\$0.42, assumed diluted share count 335M ⁽¹⁾⁽²⁾

FY15 Company Split Financial Considerations

- **Dis-Synergies: Peak in FY15, a Transition Year.**
- **Transition Services and Operating Margin Impact**
 - About \$24M of Other Income expected to come from transitional services billed to Keysight Technologies:
 - \$12M first half weighted for IT services and \$12M for ongoing rental income
 - Beginning in Q1'15, services billings recognized in Other Income, but costs in SG&A, shifting credit from Operating Margin to Pre-tax Earnings (no net earnings impact)
 - FY15 Op Margin forecast of 18.4% at mid-point of guidance is equivalent to 19.0% when adjusted for this shift
- **Tax Rate: Non-GAAP Tax Rate of 20%**