



Agilent Technologies Fourth Quarter Fiscal 2025 Conference Call Prepared Remarks

Tejas Savant, Vice President, Investor Relations

Thank you and welcome, everyone, to Agilent's conference call for the fourth quarter of fiscal-year 2025. As many of you know, I recently joined Agilent after a fun 15-year stint on Wall Street, and I'd just like to say how excited I am to be joining the team at such a pivotal time in our journey.

With me on the line are President and CEO Padraig McDonnell; CFO Adam Elinoff; and Rodney Gonsalves — vice president, Controller and Principal Accounting Officer — who served as interim CFO until Adam's arrival.

Joining the Q&A will be:

- Simon May, president of the Life Sciences and Diagnostics Markets Group
- Angelica Riemann, president of the Agilent CrossLab Group
- And Mike Zhang, president of the Applied Markets Group

This presentation is being webcast live. The press release for our fourth-quarter financial results, investor presentation, and information to supplement today's discussion — along with a recording of this webcast — are available on our website at investor.agilent.com.

Today's comments will refer to non-GAAP financial measures. You'll find the most directly comparable GAAP financial metrics and reconciliations on our website. Unless otherwise noted, all references to increases or decreases in financial metrics are year-over-year, and references to revenue growth are on a core basis. Core revenue growth is adjusted for the impact of currency exchange rates and any acquisitions and divestitures completed within the past 12 months. Guidance is based on forecasted exchange rates.

During this call we will make forward-looking statements about the financial performance of the company. These statements are subject to risks and uncertainties and are only valid as of today. Agilent assumes no obligation to update them. Please look at the company's recent SEC filings for a more complete picture of our risks and other factors.

And now, I'd like to turn the call over to Padraig.

Padraig McDonnell, President and CEO

Thanks, Tejas, and hello, everyone! Thank you for joining today's call. Before I talk about our results, I want to start by introducing Adam Elinoff, our new CFO who officially joined Agilent last week. Adam joins us after a distinguished tenure at Amgen, where he advanced through a series of finance, strategy, and transformation leadership roles over a total of 19 years — most recently serving as vice president of Investor Relations and Treasurer. I am looking forward to leveraging Adam's expertise in strategic planning and M&A. And his commitment to cross-functional collaboration will be invaluable to Agilent in the years ahead.

Adam, would you like to say a few words?

Adam Elinoff, Senior Vice President and CFO

Thanks, Pdraig! I am thrilled to join Agilent at such an exciting time. My interactions with the leadership team over the past few weeks — both within the finance function as we contemplated the guide and with the broader team — have only reinforced my optimism for what lies ahead. I'm looking forward to working with the team to drive growth and innovation, advance operational excellence, and preserve Agilent's history of financial discipline.

Pdraig McDonnell, President and CEO

Great to have you on board, Adam! I also want to take this moment to express my sincere appreciation for Rodney stepping in as interim CFO the past four months. His long and distinguished career at Agilent demonstrated he was more than capable of helping us bridge this important transition. Now, let me talk about our Q4 results.

It was another strong quarter.

The Agilent team executed exceptionally well, delivering the solutions our customers need in a market that is showing continuing signs of normalization. In the fourth quarter, Agilent reported 1.86 billion dollars in revenue, growing 7.2% on a core basis — our sixth consecutive quarter of core-growth acceleration. This performance came in above the high end of our guidance.

Our customer-first approach is paying dividends — with excellent top-line results that compare very favorably with our peers. Momentum remained broad-based across the portfolio, supported by strong LC and LC/MS demand and share gains, CDMO upside, solid double-digit contributions in key regions and a replacement cycle that continues to accelerate.

These trends reflect our structurally resilient portfolio — and performance that tracks above the broader market. At the same time, our Ignite Operating System continues to improve the effectiveness and efficiency of our organization. Ignite helped deliver more than 200 basis points of sequential margin improvement compared with last quarter — while funding incremental performance-driven variable pay. The bottom-line result was fourth-quarter earnings per share of \$1.59 — above the midpoint of our guidance.

Simply stated: In a dynamic environment that continues to evolve, the Agilent team delivered for our customers and our shareholders.

As we close the 2025 fiscal year, I want to highlight FOUR KEY DIMENSIONS where we made exciting progress this year and that will drive our growth for the future. First, the innovative products and services that we develop with a customer lens to create differentiated value.

SECOND, the extraordinary customer intimacy and trust our unified sales-and-service organization creates that unlocks high-quality lead generation and funnel conversion.

THIRD, the increased capabilities and level of talent throughout Agilent. FOURTH, the Ignite Operating System that enables us to effectively combine these elements to drive long-term growth and maximize value for customers, shareholders, and employees.

Let's start with innovative products and services. The success of our customer-focused innovation was on display throughout the year with products and services that differentiate us from the competition and drive our growth by solving real customer problems.

This includes our next-generation Infinity III that is delivering as much as a 30% improvement in productivity for our customers. Infinity III drove double-digit LC growth in the second half of the year. That is underpinned by customers RETURNING to buy large volumes of additional units because of their great experiences. Our Pro iQ LC/MS also has seen an amazing ramp. Its unique value proposition for Pharma and Biotech is driving strong customer interest, as well as sales that are well ahead of our already-robust expectations. The summer launch of the Pro iQ drove overall single-quad LC/MS growth of more than 50% in its first full quarter. And last month we introduced our Altura bio-inert column. Customers are rapidly adopting the Altura column, and the column's ramp is an order of magnitude greater than past column launches. This is a clear indication of just how important increased sensitivity and resolution are in key applications that support oligos and GLP-1s. These results also highlight new product launch excellence across the organization.

When it comes to artificial intelligence, we are actively using AI to accelerate our innovation engine and drive operational excellence. For example, AI generates 80% of our engineering drawings based on product specifications and customer needs, thereby increasing design productivity and reducing custom-design cycle times by 75% for our GC products.

In our operations, our order-fulfillment team is leveraging agentic AI for testing, inspection, and control to eliminate redundant shifts, reduce downtime, and improve quality. Our second key dimension — extraordinary customer intimacy — centers on a cornerstone of our continued success: leveraging our unified sales-and-service model to maintain lasting customer relationships.

Our commercial team members are uniquely positioned as trusted customer partners.

Agilent's commercial model is a unified end-to-end organization that provides pre-sales consultation, a modern and easy-to-use e-commerce platform, and highly experienced, deeply technical post-sales service and support that ensures customer success.

Our field service engineers build long-term relationships with our customers by partnering with them to solve their most critical problems. Those relationships provide highly valuable insights that fuel a vital and growing portion of our demand-generation programs. Insights from our service team now account for 30% of all sales leads. And these leads come with an order-conversion rate that is more than double that associated with the rest of the sales funnel.

Because of our uniquely deep connection with our customers, it will come as no surprise that they consistently rate Agilent services as best-in-class. We don't take this privileged position for granted. That's why we continuously implement new ways to enhance customer intimacy.

In terms of AI and customer intimacy, we are working to deploy AI within our CRM to support our sales teams with predictive insights, automating tasks, and proposing personalized content in service to our customers. We're also using virtual agents to complement on-site support in select markets to resolve customer issues more quickly.

Our third key dimension is our increased capabilities and level of talent throughout Agilent.

We've leveraged our deep bench of in-house talent and complemented it with key external hires that bring fresh perspectives and domain expertise.

At an executive level — in addition to Adam — we brought on Meghan Henson to lead our HR team and help us build on our strong culture. August Specht, who joined us from Thermo Fisher as our Chief Technology Officer, brings deep scientific knowledge in analytical technologies and a proven ability to lead innovative R&D teams. And, most recently, Joydeep Ganguly joined us from Gilead to drive world-class manufacturing while leveraging our global scale to realize increased efficiency. While these individuals are important and visible additions to our leadership team, ALL Agilent employees are focused on accelerating the pace of innovation, driving superior execution, and, most importantly, delighting our customers.

FINALLY, we are bringing together these foundational strengths through our Ignite Operating System — our fourth key dimension. We launched Ignite at the start of the year to improve the pace and quality of our execution — and to usher in a new mindset that leverages the power of the enterprise to maximize both growth and stakeholder value. Some examples of Ignite's early success include enhanced top-line growth through the creation and implementation of an enterprise pricing program that drove performance across the year — more than doubling our price growth compared with FY24, faster decision-making and improved efficiency by reducing layers of bureaucracy, meaningful procurement cost savings through globalization of vendor contracts that leveraged increased scale for additional negotiating power, and we saw the power of Ignite in real-time this year as it enabled the immediate creation of our Tariff Task Force to drive our rapid and coordinated response to global tariff changes.

The cross-functional task force rapidly developed a unified strategy and executed a suite of interconnected projects that greatly accelerated our tariff-mitigation efforts. As a result, we are highly confident that we will fully mitigate current tariffs in FY26.

All told, Ignite already has delivered well over 150 million dollars in annualized savings. The Ignite Operating System is able to quickly assemble knowledge from across the organization, develop a thorough and actionable enterprise plan, and actively drive implementation and quantify outcomes. This is critical as Agilent continues to evolve. Finally, and this is important; Ignite has strengthened our organizational readiness to identify, acquire, and integrate attractive assets. Our integration of BIOVECTRA is one example.

It has been a highly productive year for Agilent. We've laid a robust foundation upon which we can drive long-term differentiated growth and value.

Now, let me share additional details on our Q4 results, starting with our end markets. We continued to see signs of improvement in the Pharma market. The Agilent team was able to leverage those conditions and our customer-centric solutions into excellent 12% growth during the quarter. We also saw a nice pickup in spending among our biotech customers. That spending grew in the low 20s during the quarter, and low double-digits ex-CDMO, which was led by large accounts.

Our customer-focused solutions for oligo therapeutic-development, peptides like GLP-1, and Infinity III drove our performance in Pharma, contributing to low double-digit growth in LC and mid-teens growth in LC/MS platforms. That performance is above that of our peers and points to share-gain across both replacement and greenfield opportunities.

Our specialty CDMO business continues to be a differentiated growth driver. It represents nearly 20% of LDG revenue and grew more than 40% on a core basis during Q4.

During the quarter, commercial programs drove 60% of our NASD revenue. The capacity increases we implemented at BIOVECTRA in the third quarter enabled a record fourth quarter that was in line with our elevated expectations — even as the intra-quarter cadence shifted revenue to October.

Chemicals and Advanced Materials grew 7% as we continued to see strong demand in the Americas and Europe. Chemicals customers continue to invest in capital equipment to meet demand driven by reshoring of downstream customers in the semiconductor market, increasing global competition for critical resources, and an enhanced focus on regional supply-chain security.

Diagnostics and Clinical continues to be a durable, mid-to-high single-digit performer with 7% growth in the quarter. We are excited about the upside potential here as our new Dako Omnis family penetrates medium- and low-throughput labs.

Environmental and Forensics grew 9% as the approaching implementation of revised E.U. drinking-water directives drives investment in new capabilities. Also, commercial labs and forensics customers in the Americas are moving quickly to spend capital budgets before year-end, even as U.S. government spending in this end market remains muted.

Our market-leading PFAS business grew high-single digits in Q4 and almost 40% for the year, despite meaningfully tougher comps and the U.S. EPA headwind we mentioned last quarter.

Environmental use cases remain the bulk of our PFAS revenue, though growth is increasingly coming from other end markets, such as Food and CAM. Our business in the Food market finished a strong year with growth of 7% in the quarter. Finally, Academia and Government — our smallest end market at 7 to 8% of annual revenue — declined 10% in the quarter. To no one's surprise, federal-spending reductions had an increased impact on instrument spending in the U.S.

In summary, our growth across major end markets continued to run ahead of our peers, supported by stronger LC and LC/MS adoption, healthy contributions from our specialty CDMO platforms, and solid traction in applied workflows.

We continue to see nice momentum in our instrument portfolio, with instrument book-to-bill exceeding 1 for the seventh consecutive quarter. We are in the early stages of a normalized replacement cycle and gaining share against the competition. Plus, the growth of our installed base enables robust attach rates for our consumables-and-service offerings to lend meaningful durability to our topline via strong recurring revenue.

As we look to FY26, our priorities remain clear, advance our Ignite Operating System, sharpen commercial execution, capture opportunities from improving end markets, innovative new products, and a multi-pronged replacement cycle.

In our end markets, we expect the continuation of positive trends in Pharma. This will be enabled by improved visibility around pricing and a stabilizing tariff environment — as well as the very early stages of Pharma reshoring that we anticipate could start to materialize in orders toward the end of the year.

And while it's too soon to call an inflection, the accelerating pace of M&A and an improving funding environment into October bodes well for our small- and mid-size biotech customers in FY26.

We remain bullish on the demand outlook for our specialty CDMO pharma services.

With strong market momentum in our key modalities like siRNA and GLP-1s, we expect to drive mid-teens growth in the coming year as we get ready for opening new capacity in 2027.

We expect the Applied Markets will continue to grow even as customers adapt to shifting macro conditions. And structural drivers like the expansion of PFAS testing and semiconductor reshoring support durable longer-term demand.

In Diagnostics and Clinical, we see continued strength as testing demand grows and our expanded Dako Omnis offering enables new placement opportunities.

In our smallest end market of Academia and Government, we are not expecting a meaningful recovery in FY26 as ongoing U.S. federal spending headwinds seem unlikely to abate soon.

Putting it all together — and incorporating the stronger baseline comparison for FY26 — we are starting the year with an expectation of 4 to 6% core growth.

We believe this range is a prudent initial guide that takes into account secular growth drivers.

This includes instrument-replacement cycles, demand for our specialty CDMO services, modality-specific needs in GLP-1s and PFAS, and pharma and semiconductor reshoring — this allows for unevenness in ongoing recovery dynamics across our markets. We anticipate these growth drivers, reinforced by Ignite to provide continued momentum. We also expect to deliver

75 basis points of operating-margin expansion in FY26 at the midpoint. This target allows us to make critical investments to drive innovation, expand our digital commercial capabilities, and prepare for the opening of new CDMO capacity in 2027, all while absorbing incremental material costs driven by tariffs and assumptions for a steady end-market recovery. This margin expansion translates into 9% operating-profit growth at the midpoint, demonstrating the strong operating leverage inherent to our model.

For FY26 earnings per share, we're guiding 5 to 7% that includes an EPS growth headwind of 3 percentage points from the one-time step-up in tax rate reflecting the new global minimum-tax regulations. Adjusted for this tax dynamic, underlying EPS growth would be in the high-single to low double-digit range.

Our financial discipline remains unchanged. We are deploying capital where it delivers the highest long-term value balancing investment in innovation, M&A opportunities, as well as strategic capacity expansion while returning capital to shareholders. Now let me turn it over to Rodney, who will provide additional details on fourth-quarter results and our guidance for next year.

Rodney Gonsalves, Controller and Principal Accounting Officer

Thanks, Padraig, and good afternoon, everyone.

In my comments today I will provide additional details on revenue in the quarter, as well as walk through the income statement and cover other key financial metrics. I'll then cover our new full-year and first-quarter guidance.

Q4 revenue was 1.86 billion dollars — above the high end of our guidance. On a core basis, we posted growth of 7.2%, while reported growth was 9.4%. Currency had a favorable impact of 0.9%, while M&A contributed 1.3%; the BIOVECTRA acquisition is reflected in core growth starting in October.

At a business segment level, LDG grew 11%, well ahead of guidance bolstered by the strong performance of our LC and LCMS instruments and robust CDMO results. AMG grew 3% as expected, led by high single-digit growth in GC and GC/MS as we see increasing benefit from the instrument-replacement cycle in those platforms as well. ACG grew 6% — in line with our guidance — with high single-digit growth in the rest of the world offset by mid-single-digit declines in China.

On a geographic basis, both the Americas and Europe saw healthy 11% growth with broad end-market strength outside of Academia and Government. China declined 4%, and the rest of Asia ex-China grew 4%. Results in China were below our low-single-digit growth expectations, though revenue contributions remain stable around 300-million-dollars per quarter. India grew in high teens in Q4 with double-digit growth in Pharma and greater-than-20% growth in each of our applied markets. This balanced strength across our geographies which saw us deliver double-digit growth ex-China remains a key differentiator of our performance profile.

Gross margins in Q4 improved sequentially by 100 basis points and came in at 54.1%. On a year-over-year basis, they were down by 100 basis points due to tariff headwinds. Operating margin was 27.2% up more than 200 basis points sequentially, driven by leverage on volume, strong pricing, and tariff mitigation.

We delivered this result despite absorbing an incremental 60-basis-point sequential headwind from performance-driven variable pay. Absent the variable-pay dynamic that reflects better business conditions and our strong execution, operating margins would have expanded by 270 basis points over the prior quarter, well above our guide for 230 basis points of sequential expansion. On a year-over-year basis, operating margins were down only slightly due to tariffs.

Now moving below the line, we had 10 million dollars of other income, while our tax rate of 12% was as expected. Finally, we had 284 million diluted shares outstanding in the quarter.

Putting it all together, Q4 earnings per share were \$1.59. That was above the midpoint of our guidance and grew 9% from a year ago.

Now let me turn to cash flow and the balance sheet. Operating cash flow was 545 million dollars in the quarter, and we invested 93 million dollars in capital expenditures. We purchased 85 million dollars in shares and paid 70 million dollars in dividends during the quarter. More recently, we increased our industry-leading dividend by 3%. And we ended the quarter with a net leverage ratio of 0.8, pointing to our robust balance sheet that leaves ample room for capital deployment optionality.

Now, let me share some additional details on the outlook for next year and the guidance for our first quarter. We expect FY26 revenue to be in the range of 7.3 to 7.4 billion dollars on a reported basis. This represents an increase of 4 to 6% on a core basis as currency is expected to be a 1% tailwind during the year. To help with your models, I wanted to provide you with additional details on expectations for growth in our end markets during the year. Starting with

Pharma, we anticipate high single-digit growth, improving market conditions, and the strength of our offerings in key, high-demand applications create a favorable environment.

In the applied markets, we expect mid-single-digit growth in Chemicals and Advanced Materials, low-single digit growth in Environmental and Forensics, and flat growth from Food, where we have an especially difficult year-on-year compare against a strong China stimulus tailwind in FY25.

In Diagnostics and Clinical, we anticipate mid-single-digit growth.

In Academia and Government, we are guiding to a low-single-digit decline as we don't foresee meaningful recovery in the U.S.

By business segment, we are guiding both the Life Sciences and Diagnostics Markets Group and the Agilent CrossLab Group to grow mid-single digits, and the Applied Markets Group to grow low-single digits in FY26.

Finally, by geography, we expect the Americas to lead the way with mid-to-high single-digit growth, while Europe and Asia ex-China to grow mid-single digits building on the momentum we saw in the back half of the year. In China, we are incorporating a flat assumption for FY26, consistent with what we saw in China this year. Based on our latest expectations around stimulus timing, we are taking a prudent approach and substantially removing stimulus benefits from our FY26 revenue guidance.

Moving down the P&L, we expect to deliver 75 basis points of operating-margin expansion in FY26 at the midpoint. We anticipate a more gradual start given typical seasonality and the lack of a tariff headwind in the first-half of FY25 with momentum building through the year.

Reflecting the latest global tax regulations, we see our tax rate increasing to 14.5%, a 2.5% increase compared with last year. We also expect 30 million dollars in other income, and we are planning anti-dilutive repurchases to maintain 284 million diluted shares outstanding for the year.

Putting this all together, FY26 non-GAAP earnings per share are expected to be between \$5.86 and \$6.00, representing earnings growth of 5 to 7%.

For your P&L modeling, let me share additional expectations we have incorporated into our guidance for the year. Because of Ignite, we expect pricing to continue to improve — with an opportunity to grow well above 100 basis points. This guidance also incorporates achieving full mitigation of existing tariffs over the course of the year, using cost savings and pricing actions.

As is typical, we expect to see substantial sequential improvement in operating margin over the course of the year.

Finally, we anticipate operating cash flow will be in a range of 1.6 to 1.7 billion dollars and expect to invest 500 million dollars in capital expenditures. To help with phasing, we are expecting revenue seasonality similar to FY25. Meanwhile, earnings will be slightly more biased toward the second half given the tariff impacts on the P&L in the first half.

Now moving to the first quarter, we expect our reported revenue to be in the range of 1.79 to 1.82 billion dollars. This represents an increase of 4 to 6% on a core basis, while currency is expected to be a 2.5% tailwind. First quarter EPS guidance is \$1.35 to \$1.38 with 285 million diluted shares outstanding.

Now, I would like to turn the call back to Padraig for closing comments.

Padraig?

Padraig McDonnell, President and CEO

Thanks, Rodney.

As you heard, we've built excellent momentum across FY25 in a dynamic environment. Our distinct growth drivers and our Ignite Operating System are fuel for success. We are poised to benefit from a broadening end-market recovery, win share, and deliver resilient above-peer growth and margin performance over the long-term.

With our innovation engine accelerating, our focus on customers intensifying, and our best-in-class commercial team executing, we are entering FY26 from a position of strength.

Thank you all for your attention.

I'll turn it back over to Tejas for Q&A.

Tejas?

Tejas Savant, VP of Investor Relations

Thanks, Pdraig. Operator, can you please share the instructions for the Q&A?