



# Agilent Technologies

## Agilent Technologies First Quarter Fiscal 2026 Conference Call Prepared Remarks

### Tejas Savant, Vice President, Investor Relations

Thank you and welcome, everyone, to Agilent's conference call for the first quarter of fiscal-year 2026. With me on the line are CEO Pdraig McDonnell and CFO Adam Elinoff.

Joining for 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 first-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](http://investor.agilent.com). Today's comments will refer to non-GAAP financial measures. Non-GAAP measures are supplemental and should not be considered a substitute for GAAP results. You'll find the most directly comparable GAAP financial metrics and reconciliations in the press release and 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. All references to profitability metrics are on a

non-GAAP 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 refer to the company's recent SEC filings for a more detailed description of the risks and other factors that would cause our performance to differ from these forward-looking statements.

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

### **Padraig McDonnell, President and CEO**

Thanks, Tejas. And welcome, everyone. It was a solid start to the year with the Agilent team executing well in a generally improving albeit dynamic market environment. For the first quarter, Agilent reported 1.80 billion dollars in revenue, growing 4.4% on a core basis within our November guidance range. End-market conditions were largely consistent with our expectations with the top-line result affected by the winter storm in the U.S. during the last week of January. The storm drove roughly a 10-million-dollar revenue impact, with the majority recovered at the beginning of February. The impact primarily came from our logistics providers not being able to ship products from our main Americas logistics center in Memphis, Tennessee, for three days. This is typically the busiest shipping week of any quarter. Despite the weather, operating margins of 24.6% were in line with our expectations, setting a solid jumping-off point for the remainder of the fiscal year. Moving forward, we anticipate benefiting from leverage on

increasing volumes. And we expect to see tariff headwinds continuing to decrease as well as incremental benefits from our Ignite Operating System that together will drive sequential margin improvement through the rest of the year.

First-quarter EPS of \$1.36 also was within expectations. Adjusted for the impact of the storm, our first-quarter revenue, operating margin, and EPS all would have been above the midpoint of our November guidance ranges, a healthy underlying outcome. Throughout the quarter, the Agilent team remained — as always — committed to delivering for our customers. Before getting into the specifics of our first-quarter results, I want to share my thoughts on three key business initiatives that are fueling our growth. These include our highly differentiated service organization that reinforces our customer intimacy, a theme you've heard me talk about frequently, an update on recent innovations and finally, how the Ignite Operating System continues to drive Agilent's transformation.

I want to start by talking about our differentiated customer intimacy. Last quarter, I highlighted our Field Service Engineers' outsized contribution to our deal funnel and conversion rates. This time, I want to focus on our Enterprise Services business, where we had several marquee-customer wins with major pharma accounts. Our Enterprise Services offering allows us to cement our extraordinary customer intimacy and is a key strategic differentiator for Agilent that unlocks significant downstream value. This business represents roughly 10% of our total Services revenue today and has grown nicely at a low-double digit CAGR. Beyond the direct-revenue contribution, the relationship we build with our customers creates tremendous long-term value for Agilent and uniquely positions us to gain wallet share over time. The offering includes embedding our expert on-site support technicians in customer sites and leveraging

digital capabilities through CrossLab Connect that provide monitoring, alerting, and performance analytics. This allows us to gain unique insights and visibility into lab operations and critically, deliver improved efficiency and economics for customer labs. These successful outcomes position us as a trusted partner — one customers can count on to provide critical data and insights that inform their future technology needs and instrument-purchasing decisions. We have agreements with nearly all the top 20 biopharma companies. In addition, we've won 18 competitive displacements across our end markets over the past three years. Early customer feedback from a recent marquee win reinforces the value of having our specialists on-site including faster response times, improved parts availability and better advice on consumable and system usage.

The insights that we gain from our leading Services team are a key success factor in driving customer-focused innovation that underpins durable long-term growth at above-market rates.

I want to highlight several recent examples that are resonating particularly well with customers starting with our Altura ultra-inert column portfolio. In October, we launched our first Altura column to support biopharma workflows including GLP-1s. Already, 50% of the top 20 Biopharma companies have ordered these columns since we launched. And Altura has more than doubled our bio-column growth to over 30% — a testament to Altura's compelling performance. Just last month, we launched our next column in the Altura family, focused on improving PFAS workflows. These columns are specially developed to solve key workflow challenges and address new E.U. regulations. Plus, they double throughput for customers by enabling separation of both short- and long-chain PFAS in a single workflow. The launch is off to an excellent start with strong demand out of the gate, and extremely positive customer

feedback versus competitor offerings. You can expect continued expansion of the Altura family for new use cases later this year and beyond.

Next, I want to highlight the Pro iQ LC/MS, which continues to build momentum since its mid-summer launch. We are seeing robust uptake, with growth of our single-quad family exceeding 40% in the quarter. The value proposition of an advanced single quad LC/MS with expanded mass range is resonating and is particularly compelling for pharma customers who are transitioning from small molecules to biologics and monoclonal antibodies. Our cancer-diagnostics business also is innovating to meet customer needs. Last quarter, I talked about the expansion of our most advanced automated platform, Omnis, to a broader set of customers. This launch is off to a very strong start, offering medium-throughput labs access to the latest technology with attractive economics.

Also within cancer diagnostics is our new S-540-MD Slide Scanner System, which we announced in late January as part of our continued effort to enable the latest digital tools for our cancer-diagnostics customers. Finally, earlier in the quarter our market-leading Spectroscopy business announced the release of our Raman Insight BRT series alarm-resolution system. The new system offers next-generation throughput and sensitivity to enhance safety and streamline operations at airport-security checkpoints. This new instrument helped secure a 9-million-dollar TSA contract during the quarter. And we are confident that we are well-positioned to win larger aviation-security tenders in the coming years.

The last topic I wanted to focus on is our Ignite Operating System. As you know, we launched Ignite at the beginning of 2025 to drive execution excellence, accelerate decision-making, and

unlock the full value of Agilent as an integrated enterprise. Over the past year, Ignite has evolved into our enterprise operating system a core differentiator that aligns strategy, resources, and accountability to drive sustainable growth, margin expansion, and long-term shareholder value. Ignite already has delivered clear financial results in its first 12 months, including, doubling our pricing realization, generating substantial procurement savings, simplifying our organizational structure and launching our tariff-mitigation program.

Also, Ignite demonstrated its effectiveness in M&A execution through the successful BIOVECTRA integration, establishing a repeatable playbook to accelerate value capture in future transactions. In the first quarter, alone, Ignite delivered nearly 200 basis points of pricing, continued tariff-expense reductions and a very successful launch of our new Agilent.com website that helped drive growth in digital orders at more than two times of our overall order book. Looking ahead to the remainder of FY26, we are expanding Ignite into new value-creation workstreams and leveraging a portion of the savings to reinvest in the business.

These workstreams include increasing returns in innovation investments by improving speed to market, advancing digital and e-commerce capabilities to enhance commercial productivity, and deploying targeted artificial-intelligence initiatives with clear ROI to enhance customer insights, automate routine work, and compress manufacturing cycle times.

We are also accelerating software development, and enhancing our supply-chain capabilities by executing no-regret investments that improve efficiency, resilience and proximity to customers in an evolving geopolitical environment.

Now, let me share additional details about our Q1 results, starting with our end markets.

The improvement that we saw in our end markets across last year was generally maintained throughout the first quarter. Overall, we are seeing underlying momentum in our markets.

Importantly, secular trends in our largest end markets remain on a strong footing. That includes reshoring of pharma and semiconductor manufacturing, GLP-1 uptake, and the LC and GC instrument-replacement cycles. Pharma growth of 7% was in line with our expectations with double-digit growth in the biotech space supported by increased funding and M&A activity late in the calendar year.

Mid-single digit small-molecule growth also was solid, showing continued momentum from 2025. The quarter saw a modest benefit from continued normalization in the calendar year-end budget flush in line with our expectations. We delivered excellent GLP-1 growth of 50% with healthy contributions from our specialty CDMO, as well as our analytical-lab business. Our specialty CDMO business grew low-double digits during the quarter, and we continue to expect mid-teens growth for the year. We saw continued strength in the Chemicals and Advanced Materials market. The 9% growth in CAM was above our expectations with exceptional strength on the Materials side of the business with growth of more than 20%. This strong result in Advanced Materials demonstrates our leadership in providing solutions for the top semiconductor manufacturers globally. The current shortage of memory chips and the global effort to achieve semiconductor-supply-chain independence has driven investment by these firms in our leading atomic-spectroscopy tools. With support from the recent Omnis-family launch, the Diagnostics and Clinical business continues to perform well growing 7% again this quarter.

Environmental and Forensics was flat, with continued softness in government funding in the U.S. and China — offset by growth in the rest of Asia and Europe.

In Q1, the Food business declined 4%, which outperformed our expectations with strong low-double digits growth ex-China. As a reminder, the Food market was the primary beneficiary of the large China stimulus that boosted growth in the first quarter of FY25.

And finally, Academia and Government, our smallest end market, was down 8% more than expected during the quarter. Academia and Government conditions in the U.S. continue to be soft, with customers using available funding to keep their labs running as opposed to investing in new capital equipment. Excluding Academia and Government, our instruments grew at a healthy mid-single-digit rate. Our instrument book-to-bill has now been at or above 1 for the 8th consecutive quarter.

The Infinity III HPLC continues to delight our customers. The LC instrument-replacement cycle momentum built by our differentiated Infinity III system during FY25 continued through the first quarter of FY26 —and with LC growth in the high-single digits, we are gaining share globally versus our competition.

On the GC side of the replacement cycle, we saw low-single digit growth — a strong result considering the tough year-over-year compare from significant volumes associated with last year's China stimulus. Ex-China, GC-instrument growth was mid-single digit — in-line with our expectations of around 100 basis points of lift during the GC replacement cycle.

And even with these strong results, the upside from Pharma reshoring has yet to impact our numbers.

We are seeing increased activity in U.S.-based pharmaceutical manufacturing as companies rethink resilience and capacity. Based on announced investments and recent customer activity, we estimate this will represent a 1-billion-dollar addressable market opportunity through 2030.

We continue to expect the first orders from reshoring to book late this year and the revenue impact from those orders to bolster top-line growth in FY27 and beyond.

As we look to the rest of the year, our priorities remain unchanged- advance our Ignite Operating System, further enhance commercial execution, and capture opportunities from improving end markets, innovative new products, and a multi-pronged replacement cycle.

With a solid start to the year and the outlook for our end markets broadly consistent with our original expectations, we are maintaining our expected core-growth range of 4 to 6% for the full year. We now expect between 5 dollars and 90 cents and 6 dollars and 4 cents of earnings per share in FY26 — with the 4-cent increase due to favorable currency impact. For Q2, early trends are encouraging and we are expecting core growth of approximately 4 to 5.5%, which includes a majority of the 10-million-dollar storm impact from late in the first quarter. EPS is expected to be between 1 dollar and 39 cents and 1 dollar and 42 cents, representing 7% growth at the midpoint of our range.

We remain highly disciplined around capital deployment, investing for organic growth through innovation and capacity expansion. Simultaneously, we are focused on M&A targets that are both a strategic fit and financially attractive.

Now, let me hand it over to Adam who will provide details on the quarter and our financial outlook.

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## **Adam Elinoff, SVP and CFO**

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 updated full-year and second-quarter guidance.

Starting with Q1, revenue was 1.8 billion dollars. On a core basis, we posted growth of 4.4%, while reported growth was 7%. Currency had a favorable impact of 2.6% — in line with our November guidance. At a business-segment level, ACG grew 6%. That's in line with expectations driven by strong consumables growth in the high-single digits, solid performance in Services, and balanced growth globally with all regions growing mid-single digits or better.

AMG grew 4% ahead of expectations. Growth was led by double-digit performance in spectroscopy fueled by the excellent results in the semiconductor space that Padraig mentioned earlier.

LDG grew 3% a bit below expectations. In addition to the weather impact, we saw softness in Academia and Government that challenged our Cell Analysis and Genomics results.

On a geographic basis, we saw our strongest growth in Asia with China growing 6% and the rest of Asia growing a robust 13%.

Europe was a bit slower than expected with 4% growth as transient discussions around higher tariffs caused some customers to slow purchasing decisions late in the quarter.

Americas growth of 1% was directly impacted by the weather, as well as pockets of softness in our smaller end markets. Q1 gross margins were 53.7%. On a year-over-year basis, they were down by 100 basis points primarily due to tariff headwinds. Operating margin was 24.6% in line with our expectations and down 50 basis points year-over-year on increased tariff expenses and normalized performance-based pay in the current year.

Now moving below the line, we had 10 million dollars of other income, while our tax rate of 14.5% was as-expected. Finally, we had 284 million diluted shares outstanding in the quarter — slightly better than expected with some incremental share repurchases during the quarter.

Putting it all together, Q1 earnings per share were 1 dollar and 36 cents and grew 4%. Adjusted for the weather, we would have been above the midpoint of our first-quarter guidance range.

We are confident we will see improved earnings growth through the remainder of the year, driven by improving volumes, and easier tariff and performance-based pay compares.

Now let me turn to cash flow and the balance sheet. Operating cash flow was 268 million dollars in the quarter, and we invested 93 million dollars in capital expenditures. We purchased 152 million dollars in shares and paid 72 million dollars in dividends during the quarter. And we ended the quarter with a net leverage ratio of 0.8 turns, maintaining our strong balance sheet.

Now, let me share some additional details on the updated outlook for the year, and the guidance for our second quarter. Because of changes in FX, we now expect FY26 revenue to be in the range of 7.3 to 7.5 billion dollars on a reported basis. This continues to represent growth of 4 to 6% on a core basis as currency is now expected to be a 1.5% tailwind during the year.

This revenue guidance embeds full-year business segment, end market, and geographic-growth

assumptions that are consistent with what we shared in November. Our largest end markets, Pharma, CAM and Diagnostics & Clinical, are all off to a strong start. Across our smaller end markets we saw some pockets of softness relative to our expectations in the first quarter — especially in our Cell Analysis business where Academic customer budgets are most heavily indexed to government funding.

Going forward, we continue to expect a low-single-digit full-year decline in Academia and Government, flat performance in Food and low-single digit growth in Environmental and Forensics partially helped by easier comps for the remainder of the year.

Moving down the P&L, we continue to expect to deliver 75 basis points of operating-margin expansion in FY26 at the midpoint. And while we continue to evaluate the evolving tariff situation in light of recent developments, this guide does not incorporate material changes in tariff rates relative to our view at the start of year. While we still await the details, we do not expect a meaningful change to our outlook based on the high-level proposals that have been discussed. Our expected tax rate for FY26 is unchanged at 14.5%. We also expect 22 million dollars in other income, and 283 million diluted shares outstanding for the year.

FY26 non-GAAP earnings per share are now expected to be between 5 dollars and 90 cents and 6 dollars and 4 cents, representing earnings growth of 5.5 to 8% with the 4-cent increase due to a favorable currency outlook versus our original guide.

For your modeling, let me share some additional expectations we have incorporated into our guidance for the year. We continue to expect pricing growth of at least 100 basis points —

supported by Ignite. Although the tariff situation is evolving, we expect to fully offset tariff impact over the course of the year through a combination of cost savings and pricing actions.

The tariff dynamics will drive a modestly more-than-typical sequential improvement in operating margin over the course of the year. As we have said before, this translates into a slight second-half weighting on operating profit and EPS versus what we typically see.

There is no change to our operating cash flow range of 1.6 to 1.7 billion dollars, and we are still expecting to invest approximately 500 million dollars in capital expenditures.

Now moving to the second quarter, we expect our reported revenue to be in the range of 1.79 to 1.82 billion dollars. This represents growth of roughly 4 to 5.5% on a core basis, while currency is expected to be approximately a 3% tailwind. This outlook includes weather-delayed revenue from Q1. It also assumes our Academia and Government end market declines in the mid-single digits in Q2. We expect our operating margin to improve by approximately 100 basis points relative to the first quarter. Our guide assumes 283 million diluted shares outstanding in the second quarter. Second-quarter EPS guidance is 1 dollar and 39 cents to 1 dollar and 42 cents, representing growth of 6 to 8%.

With that, I'll turn it the call back over to Padraig for closing comments.

### **Padraig McDonnell, President and CEO**

Thanks, Adam.

As you've heard, FY26 is off to a good start. Our unique growth drivers, including superior customer intimacy developed by our best-in-class Services team, a healthy innovation pipeline

to deliver products that solve real-world customer problems and the Ignite Operating System that brings together our best attributes for the benefit of all stakeholders combine to drive the growth and operating leverage that fuels our success. As the year unfolds, we are well-positioned to benefit from the instrument-replacement cycle and a continuing recovery across our largest end-markets to win share and deliver resilient above-peer growth and margin performance over the long-term.

I also want to take this opportunity to express my gratitude to the Agilent team for their exceptional efforts throughout the quarter. I especially want to recognize our Global Operations and logistics colleagues who worked tirelessly to meet the challenges presented by the weather and deliver for our customers.

Thank you for your attention.

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