



## Agilent Technologies Second 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 second quarter of fiscal-year 2026.

With me on the line are CEO Padraig 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 second-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 or organic constant-currency basis.

All references to profitability metrics are on a non-GAAP basis. Core or organic constant-currency 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.

We delivered an excellent second quarter with stronger-than-expected revenue growth, significant margin expansion, and double-digit EPS growth. Importantly, the quarter demonstrates that the operational and P&L benefits from our Ignite Operating System are increasingly becoming structurally embedded in the business.

For the second quarter, Agilent reported 1.83 billion dollars in revenue, growing 6.3% on a core basis and exceeding the high end of our guidance by 80 basis points. The strength was broad based across our largest end markets and supported by continued replacement-cycle momentum, innovation-led share gains, and improving operational execution.

Operating margin of 26.4% for the quarter represents a year-over-year improvement of 130 basis points and 180 basis points on a sequential basis — well above our guidance despite the macro and geopolitical environment.

Earnings per share of \$1.49 represents 14% year-over-year growth, which also exceeded the top end of our guidance by 7 cents.

We delivered at or above our long-term plan on all metrics: revenue growth, margin expansion, and EPS growth.

As we enter the second half, I want to highlight the key dimensions of our strategy that are driving our performance.

First, we continue to build on the extraordinary level of customer intimacy and trust that we have worked hard to gain and differentiates us from the competition. This differentiation is increasingly translating into share gains across key workflows and geographies.

Second, that trust translates into insights that inform our innovation flywheel, leading to products and services that drive success for our customers and Agilent. That includes the exciting launches coming up next week at the 74<sup>th</sup> American Society for Mass Spectrometry Annual Conference in San Diego.

Next, we have increased capabilities and the level of talent throughout the organization, improving speed, agility, and operational discipline. This is driving a step-function improvement in execution.

And finally, the significant benefits of Ignite are increasingly plain to see. These include strategic pricing that is aiding our top-line momentum, productivity initiatives, such as simplifying our structure, and generating greater value through Strategic Relationship Management, a centralized focus on project outcomes that drives business results, and increasing supply-chain agility and operational discipline that is strengthening margins and business resiliency while providing flexibility to fund our most critical innovation efforts.

With our diversified and geographically balanced portfolio — and healthy momentum across key end markets — the strong foundation we have built through Ignite provides us with the resiliency to compound our success and deliver results in any environment. Importantly, we expect these operational improvements to increasingly support higher-quality and durable earnings growth.

Before getting into the specifics of our second-quarter results, I want to spend time on the key growth drivers going forward. These include superior commercial execution combined with

improvement we are seeing across our key end markets, the instrument replacement cycle, our exciting slate of launches at ASMS, and our recent agreement to acquire Biocare, and how Ignite is fueling Agilent's performance.

We are seeing continued health in our key end markets — aligned with our expectations at the start of the year. Combined with commercial execution, our differentiated portfolio, and best-in-class service, that health is driving our results.

Pharma continues to deliver, with 6% growth in the quarter. This includes another quarter of low double-digit growth in biotech led by large caps, while positive demand signals from small to mid-caps begin to emerge.

Chemicals and Advanced Materials grew a robust 8%. It was fueled by strong semiconductor demand globally and healthy Chemicals capex investments in the Americas. Diagnostics & Clinical grew 11%, driven by the strong performance of our expanding cancer diagnostics offerings.

And finally, our unique technology is helping us win outsized share in Forensics, where we delivered greater-than-50% growth in the quarter. That includes the TSA security contract we mentioned during the last call, as well as multiple competitive large-tender wins in Asia and Europe.

Regarding the TSA contract, we are delighted to be able to share more details as you might have seen in our recent press release. The TSA will deploy our new Bulk Alarm Resolution Technology at airport-security checkpoints at the FIFA World Cup host cities in the U.S. This unique technology provides the ability to screen larger quantities of liquids, powders, and solids. With the implementation going very well, we are excited about the opportunities to deploy this technology more broadly.

We also had another very strong quarter of instrument revenue, resulting in high single-digit growth. This included market-leading low double-digit growth in LC and LC/MS, and in GC. Our replacement-cycle momentum continued. That — plus share gains driven by the customer-centric innovation that is embedded in our new Infinity III LC and our 8850GC — are delivering

exceptional growth as customers looking to upgrade their fleets see how the new instruments solve their most challenging workflow problems while improving efficiencies.

Looking ahead, we see continued instrument strength. Our commercial excellence delivered a book-to-bill above 1 again this quarter, marking the 9th consecutive quarter where instrument orders met or exceeded revenue.

Even as recent launches like the Infinity III LC and Omnis family continue to drive growth, we are looking forward to our next wave of innovations that will further support our durable growth strengthen our installed base and support recurring consumables and services pull-through. We will showcase these new launches at ASMS next week.

I'll start in spectroscopy with our revolutionary new 9500 triple-quad ICP-MS. This launch brings advanced triple-quad capabilities to a broader customer base by directly addressing key customer pain points around throughput workflow complexity and operating costs.

The 9500 solves these challenges with a patented Dual-Cell System that provides increased throughput, a revolutionary Air Mode that eliminates the need for dedicated oxygen gas, lowering operating costs, and intelligent OpenLab ICP-MS software that reduces complexity and automates method migration, lowering the technical expertise required to operate the system.

This versatile instrument will be relevant across our customer base in Advanced Materials, Mining, Food, and Environmental labs. Importantly, the innovations embedded in the 9500 were a direct result of customer feedback about their most pressing problems and will serve as a differentiated architecture for ICP-MS growth well into the future.

Moving to our Gas Phase business, we are launching the upgraded flagship GCs. These launches further strengthen our position in high-productivity analytical workflows where customers increasingly prioritize efficiency, automation, and total cost of ownership.

Highlights of our new GCs include improved performance with up to 30% faster oven cooldown and higher throughput, built-in intelligence features to monitor performance, track parameters,

and assist in proactive maintenance, and the technology to conserve or eliminate helium gas, with real-time gas and power usage tracking.

We have been a longstanding leader in providing helium alternatives for GCs in response to customer needs. In the current helium-supply environment, these productivity and resource-efficiency benefits are becoming increasingly valuable for customers.

Turning to our consumables portfolio, our Altura ultra-inert LC columns continue to see strong traction. They grew more than 50% sequentially, reaching 75% of the top 20 biopharma accounts. This rapid adoption reinforces the strength of our innovation engine and unified Commercial Organization. We will continue to build on that strong initial momentum with additional waves of column launches. Our newest Altura columns debuting at ASMS are targeted to address workflows for protein and peptide therapeutics, large oligos, gene therapy, and vaccines.

On the software front, we are also expanding our capabilities on OpenLab CDS with version 3.0. This important release provides a unified platform to support analysis for chromatography, mass spec, and spectroscopy systems across our portfolio — including for the first-time, our high-resolution mass spec. The continued expansion of OpenLab further strengthens workflow integration across our portfolio and enhances the strategic value of our installed base.

We are also delighted to announce that we are building upon our long history in China with the launch of our China Innovation Center. Leveraging the country's deep base of technical talent and a vibrant innovation ecosystem we intend to strengthen our R&D capabilities across multiple emerging areas — including digital, AI, and automation to better support our customers. We are particularly excited about automation, where we see excellent potential to build on our in-house capabilities with the unique automation development expertise in China.

Turning to the fourth pillar of our strategy, I want to provide an update on the impact of our Ignite Operating System that is building enterprise capabilities and driving a culture of accountability and execution excellence. Ignite had a significant impact on the business — on both the top and bottom lines during the quarter — and is poised to deliver compounding benefits in the years to come.

Our strategic-pricing capability delivered approximately 200 basis points of pricing in Q2, putting us on a path to exceed our initial full-year goal of 100-plus basis points.

We also reached an important milestone during Q2, with the Tariff Task Force achieving full mitigation of the incremental tariffs that began last spring. The combination of strategic manufacturing moves and targeted pricing adjustments have now fully offset the operating-profit impact of these tariffs. This task force also helped us build a playbook for addressing trade and geopolitical challenges, which has been a critical resource in navigating the current Middle East conflict.

Our Digital initiative is driving accelerated growth of our e-commerce platform, delivering ease-of-use for customers and lower cost per transaction for Agilent. In Q2, new digital orders grew 9% — including more than 20% ex-China.

Ignite has transformed our supply-chain capabilities, making it a competitive advantage. A recent example of this is our quick response to the logistics challenges and material shortages arising out of the conflict in the Middle East. Ignite is providing incremental procurement savings and supply-chain resilience that gives us confidence as we work to absorb inflationary cost pressures during the remainder of the year.

On the M&A front, we were excited to announce the Biocare acquisition in March. I am confident that the robust long-term growth, strong strategic fit, and opportunities for synergy realization make the financial returns on the transaction highly attractive. Ignite is driving our pre-close preparations for the Biocare integration, ensuring we are ready to hit the ground running as soon as the transaction closes. I look forward to welcoming our new colleagues to Agilent later this year.

While it has been tremendously satisfying to see Ignite's impact to-date, there is a lot more to come. This includes our push for manufacturing excellence where we are being front-footed in building resilience across our business and setting up the organization to deliver durable long-term growth.

We built our AI-enabled supply-chain control tower to create greater prediction and adaptive calibration of our supply and demand plans, leading to inherent resiliency, faster issue-response times and much higher schedule attainment. After implementing this new capability, we have seen continued meaningful improvement in schedule-plan attainment, order conversion ratios, and overall cycle times. We have also reconfigured our Operations organization to add greater depth in planning, lean manufacturing, and digital engineering. All of this contributes to improved delivery, greater agility, and optimized cost structure. That, in turn, reduced manufacturing overhead by more than 50 basis points versus last year.

The 9500 ICP-MS we are featuring at ASMS is a great demonstration of how our Ignite Operating System is accelerating our innovation, expediting the launch by a full quarter. Our optimized approach to innovation enabled faster decisions and more focused capital allocation. We clearly established the 9500 as a top priority and dynamically reallocated resources to accelerate timelines and outcomes. We reinforced this through focused discipline, cross-functional execution across sales, R&D, and manufacturing teams. The teams worked closely to accelerate technology transfer and improve yields, pulling our production readiness forward.

Last but not least, AI is a key FY26 enterprise focus area for us. AI has the potential to be a tremendous growth driver for the life-sciences industry. Pharma customers are leaning into AI to accelerate drug development and reduce the odds of expensive late-stage failures. There is a growing need for large-scale multimodal datasets to train AI models, which will require significant investments in the wet lab.

By moving the needle on drug development ROI, AI holds the promise of putting our largest customer constituency on a better footing. And the higher number of approvals coming through the drug pipeline should be a strong tailwind for us given our leading position in downstream manufacturing QA/QC workflows. In light of the regulatory- and patient-safety aspects of commercial-scale drug manufacturing, we believe this part of the value chain will meaningfully benefit from AI use upstream.

Beyond being accretive to our topline in the medium term, we are also deploying AI within our own business. I look forward to sharing more details on our AI efforts very soon.

Now, let me share some additional details on our Q2 results, starting with our end markets.

As I mentioned earlier, Pharma grew 6% this quarter, marking the fifth consecutive quarter of growth in the mid-single-digit to low-double-digit range. Within Pharma, Biotech grew low double digits for the third consecutive quarter, while Small Molecule grew low single digit. Our GLP-1 momentum continues, delivering about 20% growth year-to-date, with a robust contribution from the analytical lab business in the second quarter. We also remain engaged with our large pharma customers about their plans to reshore operations to the U.S. We continue to expect initial orders at the end of our fiscal year with revenue starting in FY27.

CAM grew 8% and Diagnostics and Clinical grew 11% — both exceeding expectations.

Environmental and Forensics delivered 13% growth compared to a low single-digit guide, with the upside in Forensics as I mentioned earlier. Environmental delivered low single-digit growth against a challenging double-digit year-over-year compare.

Food, our second-smallest end market, declined 3% with softer-than-expected results in Asia due to funding delays in China and India. Academic and Government, our smallest end market, declined 5% in line with expectations.

Most importantly, our customer-centric approach is working, and we continue to win against the competition in all major geographies, with share expansion again validated by industry market-share data.

Turning to updated guidance – building on an excellent second quarter — and with the outlook for our end markets broadly consistent with our original expectations — we now expect core growth of 4.5% to 6.0% for the full year. At the midpoint, this represents an increase of 30 basis points versus our prior guide.

We are also increasing our expectations on the bottom line, with updated EPS guidance of \$6.00 to \$6.10 for the full year — an increase of 8 cents at the midpoint.

And with that, let me hand it over to Adam, who will provide additional details on the quarter and our financial outlook for the remainder of the year.

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

Thanks, Pdraig, 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 third-quarter guidance.

Starting with Q2, revenue was 1.83 billion dollars. On a core or organic constant currency basis, we posted growth of 6.3%, while reported growth was 10%. Currency had a favorable impact of 3.7% — a slightly larger tailwind than our February guidance.

At a business-segment level, AMG revenue grew 11% in the quarter on a core basis — well ahead of expectations. Growth was again led by double-digit performance in Spectroscopy. That business continues to see strong demand for its market-leading tools to support semiconductor production at the fabs and with their downstream supply chain. During the quarter, AMG also benefited from the TSA airport-security contract that Pdraig discussed earlier.

LDG revenue grew 9% on a core basis — nicely ahead of expectations. Low double-digit growth in LC and LC/MS and in our Cancer Diagnostics business drove the upside. We also saw high single-digit growth from specialty CDMO, which we recently re-branded as our Advanced Therapeutics Division.

We continue to expect our Advanced Therapeutics Division to deliver mid-teens growth in FY26, with our production schedule set up to deliver a pickup in growth in the second half. Notably, we recently achieved mechanical completion of our Train C build-out, positioning us well to begin revenue generation at the new facility next spring.

Our cancer-diagnostics business, including our Clinical Pathology products and Companion Diagnostics services, grew low double-digits this quarter. This growth was led by the performance of our new Omnis family, which continues to gain traction. We also saw strong double-digit growth in Pathology reagents driven by our expanding instrument installed base. This business is performing extremely well and will get even stronger with the addition of Biocare's clinically focused antibody menu.

ACG grew 2% in the quarter on a core basis — in line with guidance — due to Lunar New Year timing and a challenging consumables compare driven by pre-tariff stocking in China last year. Ex-China, ACG grew at the high end of mid-single digits, and consumables grew high-single digits.

On a geographic basis, we saw our strongest results in the Americas with 11% revenue growth. We saw broad high single-digit-plus results in all end markets except Academic and Government. Europe and Asia ex-China revenue grew high-single digits, with excellent diagnostics momentum in Europe, while pharma and semiconductor investments were strong in Asia ex-China. China declined 9%, a bit more than we had expected. On a first-half basis, China was roughly flat — very much in line with our full-year guide.

Q2 gross margins were 55.0%. On a year-over-year basis, gross margins increased by 90 basis points from nice leverage on incremental volumes, Ignite momentum, and favorable regional mix. Operating margin was 26.4%, an increase of 130 basis points year over year — well ahead of guidance driven by our healthy gross-margin performance and continued realization of Ignite Operating System efficiencies.

Moving below the line, we had 11 million dollars of other income, while our tax rate of 14.5% was as expected. Finally, we had 283 million diluted shares outstanding in the quarter — in line with expectations.

Putting it all together, Q2 earnings per share were \$1.49 and grew 14% — a reflection of our superior execution and operational excellence.

Now let me turn to cash flow and the balance sheet.

Operating cash flow was 277 million dollars in the quarter, and we invested 76 million dollars in capital expenditures. Q2 cash flow reflects a tax deposit that will largely be offset by a related refund anticipated around the end of the fiscal year.

We purchased 65 million dollars in shares and paid 72 million dollars in dividends in Q2.

And we ended the quarter with a net leverage ratio of 0.7 turns, maintaining our strong balance sheet.

Now, let me share some additional details on the updated outlook for the year, and the guidance for the third quarter. Based on the strong performance, we now expect FY26 revenue to be in the range of 7.39 to 7.49 billion dollars on a reported basis. This range represents growth of 4.5% to 6.0% on a core or organic constant-currency basis, an increase of 30 basis points at the midpoint versus the prior guide. Currency is now expected to be a 1.8% tailwind during the year.

Turning to our end markets, business segment, and geographic-growth assumptions, we continue to expect high single-digit growth in Pharma and a low single-digit decline in Academic and Government.

Based on strong results in the first half and our outlook for the remainder of the year, we are raising our expectations for Chemicals and Advanced Materials, as well as Diagnostics and Clinical from mid-single-digit to mid-to-high single-digit growth.

With our momentum in Forensics providing upside, we are raising our guidance for Environmental and Forensics from low single-digit to low-to-mid single-digit growth.

In Food, we are lowering our guide from roughly flat to a low single-digit decline due to delays in government funding in China and India — and inflationary headwinds related to the Middle East conflict.

We now expect mid-single-digit growth for all three business segments, increasing AMG from low single digit to mid-single digit to reflect the strong Q2 performance.

Regionally, our only update to our prior full-year guidance is in Asia ex-China, where we are increasing our assumption from mid-single-digit to mid-to-high single-digit growth.

Moving down the P&L, we are also raising our full year operating-margin-expansion target to 85 basis points at the midpoint of our revenue guidance, driven by continued operational momentum.

Our expected tax rate is unchanged at 14.5%.

We now expect 31 million dollars in other income, and 283 million diluted shares outstanding for the year.

FY26 earnings per share are now expected to be between \$6.00 and \$6.10 — an increase of 8 cents at the midpoint and representing earnings growth of 7 to 9%.

For your modeling, let me share some additional expectations we have incorporated into our guidance for the year. While the Middle East conflict and demand for memory chips puts upward pressure on our costs, we are confident that Ignite Operating System will deliver meaningful efficiencies and help absorb those inflationary impacts within our H2 outlook.

There is no change to our operating-cash-flow range of 1.6 to 1.7 billion dollars, and we are now expecting to invest approximately 450 million dollars in capital expenditures — down 50 million versus our prior guidance.

Now moving to the third quarter, we expect our reported revenue to be in the range of 1.83 to 1.85 billion dollars. This represents growth of roughly 4.4% to 5.9% on a core or organic constant-currency basis, while currency is expected to be approximately a 0.6% tailwind.

Our guide assumes 283 million diluted shares outstanding in the third quarter.

EPS guidance for the quarter is \$1.48 to \$1.50, representing growth of 8 to 9%.

While our second-half core-growth guidance is roughly similar to our H1 performance, it comes against the backdrop of increasingly tougher comps.

The sequential quarterly 2-year stacked growth implied by our guidance demonstrates our accelerating momentum through the year, as shown in slide 10 of our presentation.

Finally, I wanted to be clear that our guide does not include the impact of Biocare, nor any benefit from potential tariff refunds.

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

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

Thanks, Adam.

I couldn't be prouder of the way our team executed in the second quarter, once again demonstrating our ability to perform in all market environments.

In the near-term, our improved full-year outlook reflects healthy demand in our key end markets and stronger underlying operational performance across the business.

That includes pricing realization, productivity gains, and replacement-cycle momentum.

Longer-term, our broad and diverse portfolio across end markets and geographies provides differentiated resiliency and enables multiple avenues to success.

With a market-leading services team that cultivates unparalleled customer intimacy, a deep bench of talent, an impressive cadence of innovative launches, and our Ignite Operating System that has come into its own and is delivering compounding results, Agilent will continue to sustainably outperform the competition.

Before we close, I want to take a moment to thank our customers for their trust and express my gratitude to the Agilent team for delivering a fantastic result.

And with that, I'll turn the call back to Tejas for the Q&A.