

Agilent Technologies
Q4'17 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, expected cash flow, 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 quarterly report on Form 10-Q for the quarter ended July 31, 2017.

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, transformation initiatives, 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 Q4'17

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

Q4'17 Financial Metrics

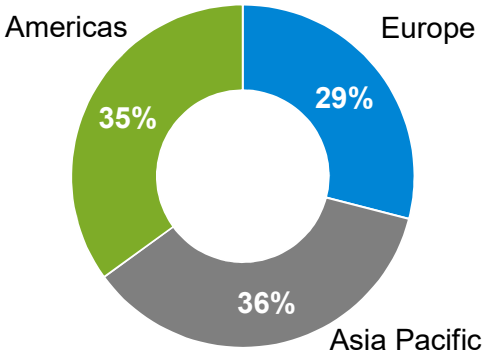
- **Revenues:** $1.19B, +5.8% y/y core[1][2],+7.1% reported *(+0.3% M&A, +1.0% FX).* Core growth across all businesses and major geographies.
- **Operating Margin:** 23.0% of revenue[2]. OM of 23.3%[2][3] adjusted for Keysight billings up 80 basis points y/y.
- **EPS:** $0.67[2] in Q4'17, up 14% y/y, resulting in $2.36[2] for FY17, up 19% y/y.

FY17 Headlines

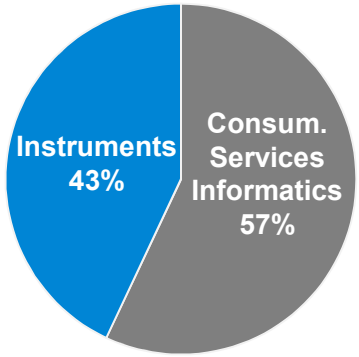
- **Growth**: FY17 Core growth[1][2] finished at +6.7%, +6.4% reported *(-0.4% FX, +0.1% M&A).*
- **Margins**: FY17 Op Margin of 22.0%[2][3] achieved multi-year goal of 410 bps expansion over 2014.
- **Capital Allocation:** FY17 Cash Flow from Operations was $889M. Invested $128M in M&A, $176M in CapEx, and returned $364M to shareholders via dividends ($170M) and share re-purchases ($194M).

Q4 Revenue

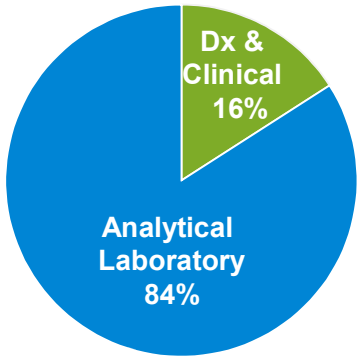
Geography



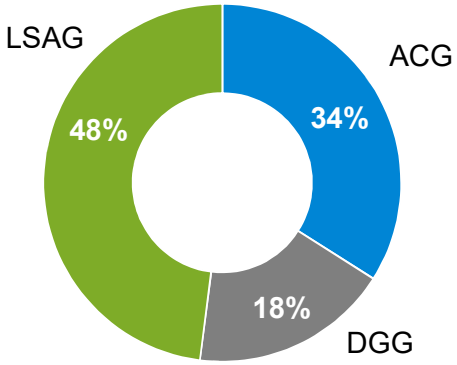
Type



Major Markets



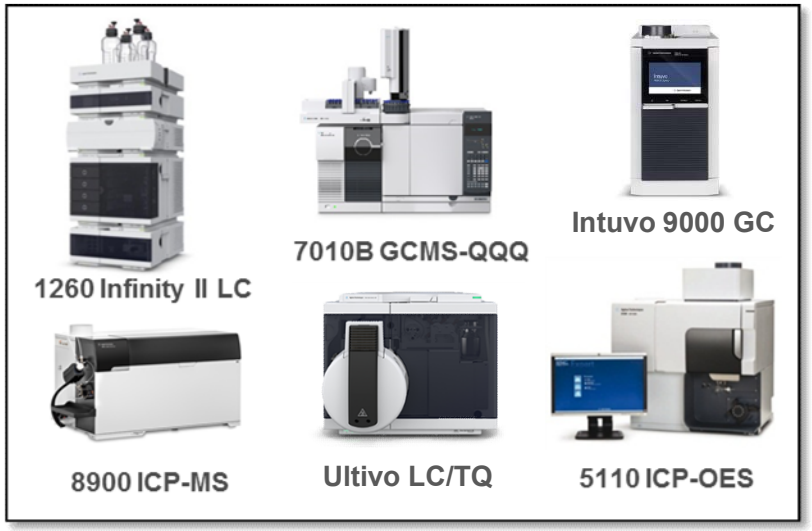
Segment



(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



- **Q4'17 Revenue of $575M**
- **Y/Y Growth: +5% (+4% core (1)(3))**

- **Core revenue growth** led by demand in Europe with strength in Chemical & Energy, Academia & Government and Food offsetting declines in Pharma.
- **Operating Margin** for the quarter was 23.9%(1)(2), up 110 bps versus last year.
- **Agilent entered into a platinum sponsorship agreement with LabCentral**, a biotech innovation hub based in Cambridge, Mass.
  - Agilent will equip LabCentral's shared laboratory workspace with a variety of technologies, including a high-resolution mass spectrometry system, as well as a cell analysis extracellular flux (XF) analyzer.

(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



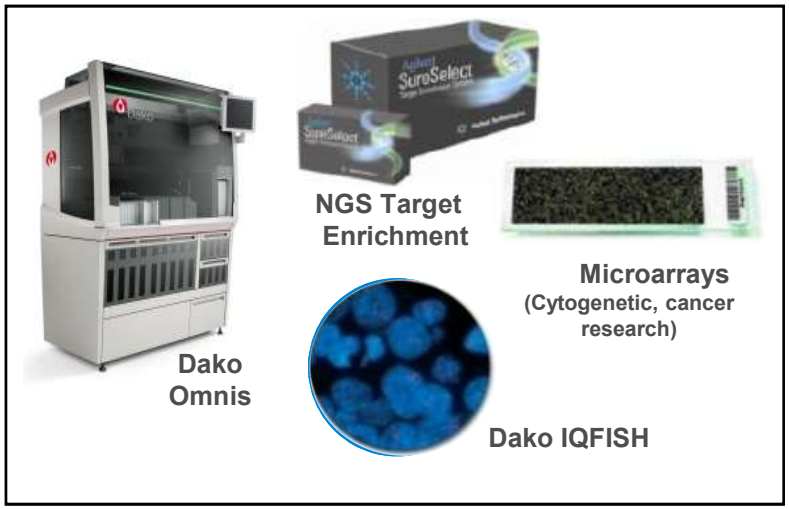
- **Q4'17 Revenue of $404M**
- **Y/Y Growth: +9% (+8% core(1)(3))**

- **Continued strong revenue performance.** Growth was healthy across services and consumables, most regions and end-markets..
- **Operating Margin** in the quarter was 22.9%(1)(2), up 20 bps versus last year.
- **Agilent's Cross Lab Service and Support organization crossed the $1 billion mark in orders in a single fiscal year:**
  - Team has turned the services business into a key differentiated offering for Agilent in the short time since creation of ACG.
  - Through these services, Agilent becomes a strategic partner for our customers, helping them achieve improved lab efficiencies and business outcomes.

(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

Diagnostics and Genomics Group (DGG)

Pathology, Genomics, and Nucleic Acid Manufacturing



- **Q4'17 Revenue of $210M**
- **Y/Y Growth: +9% (+7% core(1)(3))**

- **Demand was strong** for pathology products and companion diagnostics services. Continued strength for PD-L1 and molecular products. Japan and China led regional gains.
- **Operating Margin** for the quarter was 20.8%(1)(2), up 120 bps versus last year..
- **Several significant FDA approvals received this quarter:**
  - FDA approval for expanded use of **PD-L1 cancer diagnostics** for Merck's Keytruda and Bristol-Myers Squibb Opdivo.
  - **GenetiSure Dx Postnatal Assay** received 510(k) clearance. This is Agilent's first comparative genomic hybridization (CGH) assay approved by the FDA for diagnostic use.

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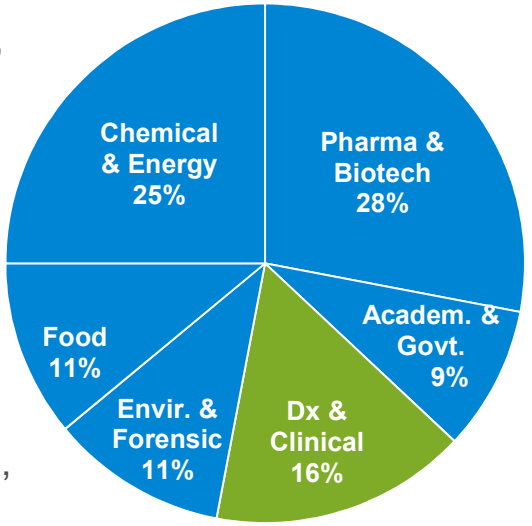
Growth in a $21B Market(1) – Q4'17 Results by End Market

Gains highlighted by robust Chemical/Energy, Academic/Government, and Food results offsetting softness in Pharma

Analytical Laboratory End Markets

- Q4'17 revenues: +5% y/y on core(3) basis
  - Pharma & Biotech: Down 5% in part due to expected NASD decline, and deferred revenue recognition on strong European and LCMS business.
  - Academia & Govt: Up 12% driven by demand in Europe and US.
  - Environmental & Forensics: Up 4% led by strength in China and Europe and demand for GC, GC/MS, and ICP/MS.
  - Food: Up 10%, led by services, consumables, mass spec and regional strength in Europe and Asia.
  - Chemical & Energy: Up 15% with broad-based gains across regions, products, and sub-segments.

Agilent Revenue by End Market (2)



Diagnostics and Clinical End Markets

- Q4'17 revenues: +9% y/y on core(3) basis
  - Led by Pathology and Companion Diagnostics with balanced gains across major regions.

(1) Served Available Market. Market size per Company estimates.
(2) % of Q4'17 Agilent revenue,
(3) 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 – 11th consecutive quarter.

- ***Portfolio Investments and "Go-to-Market" Capability***
  - Acquired Cobalt Light Systems, adding Raman spectroscopy to Agilent's portfolio.
  - Acquired the molecular and sample barcoding patent portfolios of Population Genetics Technologies. This IP bolsters Agilent's strong position in target enrichment solutions.
  - Building new e-commerce capabilities.
  - Continuing construction on Nucleic Acids Solutions facility expansion.

- ***Innovation Driven Growth***
  - Introduced the revolutionary Ultivo LC-MS triple quad at ASMS. The Ultivo has a 70% smaller footprint than previous instruments, yet delivers the same or better performance than its predecessors.
  - Introduced the 7250 GC/Q-TOF. This system is the only commercially available combination of a high-resolution, accurate-mass GC/MS and low-energy ionization source, making it possible for scientists to employ techniques that were not previously practical.
  - Announced expansion of the SureGuide pooled CRISPR libraries for functional genomics, offering pooled libraries for CRISPR activation and interference (CRISPR a/i). The flexibility of Agilent's platform now brings to researchers CRISPR a/i libraries incorporating gene targets developed by the University of California.

Agilent Strategy to Win

Creating shareholder value

- ***Above Market Growth***
  - Innovative, highly differentiated new products and solutions
  - Win enterprise lab-wide services & consumables - CrossLab
  - Accelerate bio-pharma penetration
  - Drive adoption of clinical genomics applications

- ***Aggressively expand operating margins***
  - FY18 adjusted Operating Margin guidance of 22.4%(1) reflecting a +40 bps improvement over FY17 result of 22.0%(2)
  - Execute Agile Agilent program
    - Optimize Infrastructure
    - Drive supply chain cost improvements

- ***Balanced Capital Allocation***
  - Invest in the business
  - Ongoing 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 November 20, 2017.
(2) Presented on a non-GAAP basis; reconciliations to closest GAAP equivalent provided on investor website.

Q1'18 and FY18 Guidance and Forward-looking Considerations

Based on October 31, 2017 Exchange Rates

	FY17 Actual [2]	FY18 Guidance at mid-point [1][2]
Net Revenue (M$)	**$4,472**	**$4,730**
Y/Y Revenue Growth		*5.8%*
Operating Profit (M$)	**$974**	**$1,050**
Op Margin %	*21.8%*	*22.2%*
Net Interest Expense (M$)	*$(57)*	*$(59)*
Other Income/(Expense) (M$)	*$ 8*	*$ 2*
Keysight Billings (M$)	*$ 12*	*$ 12*
Pre-Tax Income (M$)	**$937**	**$1,005**
Net Income (M$)	**$768**	**$824**
EPS	**$2.36**	**$2.53**
Outstanding Shares (Diluted) (MM)	*326*	*326*
Adjusted Operating Profit (M$) [3]	**$986**	**$1,062**
Adjusted OM% [3]	**22.0%**	**22.4%**

FY18 Guidance

- Revenue: $4.72B - $4.74B: growth at mid-point 4.25% core[4], 5.8% reported [1] *(+0.2% M&A, +1.3% FX)*
- Operating Margin: **22.2%** at mid-point or **22.4%**[3] when adjusted for $12M in Keysight billings classified as Other Income.
- EPS: $2.50- $2.56[1][2]; assumed diluted share count 326M.

Q1'18 Guidance

- Revenue: $1.145B - $1.165B: growth at mid-point 5.25% core[4], 8.2% reported [1] *(+0.5% M&A, +2.5% FX)*
- EPS: $0.55 - $0.57[1][2]: assumed diluted share count 327M.

FY18 Financial Considerations

- Stock based comp of $72M.
- Net interest expense of $59M plus Other Income $14M, including $12M in Keysight billings.
- Depreciation $101M, CapEx $200M, and Operating Cash Flow of $970M.
- Return $190M in dividends. Authorized to repurchase up to $380M of shares depending on market conditions.[5]
- Non-GAAP Tax Rate of 18%.

(1) As of November 20, 2017, based on October 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 acquisitions and divestitures, and FX.
(5) Per 10b5-1 plan effective November 1, 2017: 2.7M shares to be purchased on daily systematic basis with the remainder subject to formulaic / opportunistic purchases.