



Agilent Technologies

Q4'18 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, 2018.

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, transformational initiatives, business exit and divestitures, and step-up gains on the initial Lasergen investment. We also exclude any tax benefits that are not directly related to ongoing operations and which are either isolated or is not expected to occur again with any regularity or predictability, including the impact of Tax Reform. 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 Q4'18 and FY18

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

Q4'18 Financial Metrics

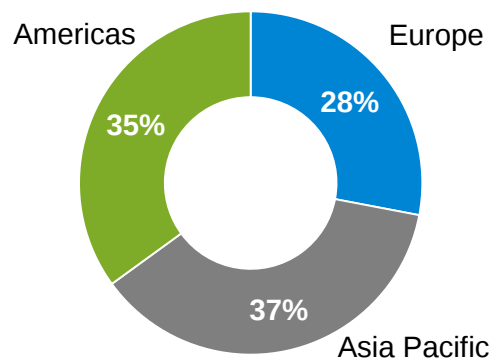
- **Revenues:** \$1.29B, +8.5% y/y core⁽¹⁾⁽²⁾, +8.8% reported (+1.5% M&A, -1.2% FX).
- **Operating Margin:** 25.0%⁽²⁾ of revenue. OM of 25.2%⁽²⁾⁽³⁾ adjusted for Keysight billings up 190 basis points y/y.
- **Capital Allocation:** \$372M Operating Cash Flow. \$86M in share repurchases, \$79M in M&A, and \$47M in dividends.
- **EPS:** \$0.81⁽²⁾ in Q4'18, up 21% y/y.

FY18 Highlights

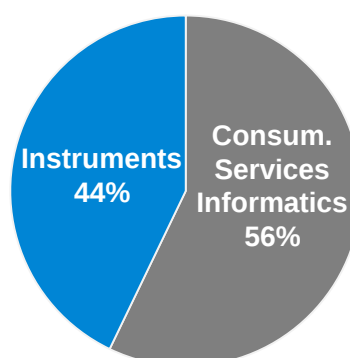
- **Revenues:** Core revenue growth of 7.1%.
- **Operating Margin:** 22.8%⁽²⁾ of revenue. OM of 23.1%⁽²⁾⁽³⁾ adjusted for Keysight billings expanded 110 bps over the prior year.
- **Capital Allocation:** Generated Operating Cash Flow of \$1,087M, invested \$516M in M&A, paid \$191M in dividends and repurchased 6.4M shares for \$422M.
- **EPS:** \$2.79⁽²⁾ in FY18, up 18% y/y.

Q4 Revenue

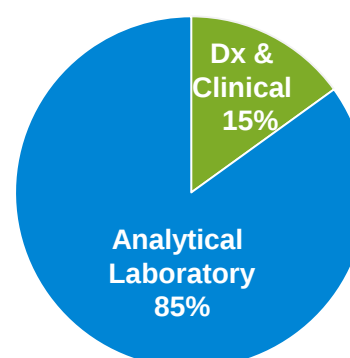
Geography



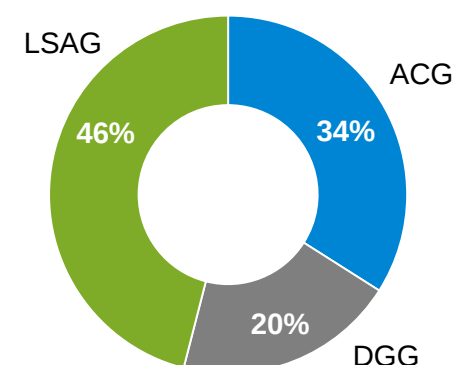
Type



Major Markets



Segment



(1) Core growth is reported growth adjusted for the effects of 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



- **Core revenue growth** driven by robust growth in Environmental/Forensics and Pharma. LC/MS, LC, Cell Analysis and ICP/MS demand led results.
- **Operating Margin** for the quarter was 25.9%⁽¹⁾⁽²⁾, up 210 bps versus last year.
- Released **Agilent 8700 Laser Direct Infrared chemical imaging system**, a breakthrough in both chemical imaging and spectral analysis.
- Acquired **ACEA Biosciences**, a developer of cutting-edge cell analysis instruments, enabling Agilent to provide a more comprehensive product portfolio.

- **Q4'18 Revenue of \$597M**
- **Y/Y Growth: +8% (+9% core⁽¹⁾⁽³⁾)**

- **FY'18 Revenue of \$2,270M**
- **Y/Y Growth: +9% (+7% core⁽¹⁾⁽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 acquisitions and divestitures, and FX

Agilent Cross Lab Group (ACG)

Analytical Laboratory Consumables and Services



- **Continued strong revenue performance** across both services and consumables. China led with high-teens growth.
- **Operating Margin** in the quarter was 24.7%⁽¹⁾⁽²⁾, up 180 bps versus last year.
- Acquired the Agilent-related business from **Young In Scientific Co.**, our long-time distributor, enabling expanded service capabilities in the fast-growing South Korean market.
- Introduced the **InfinityLab Poroshell chiral column**, offering significant speed advantages on any HPLC or UHPLC instrument.

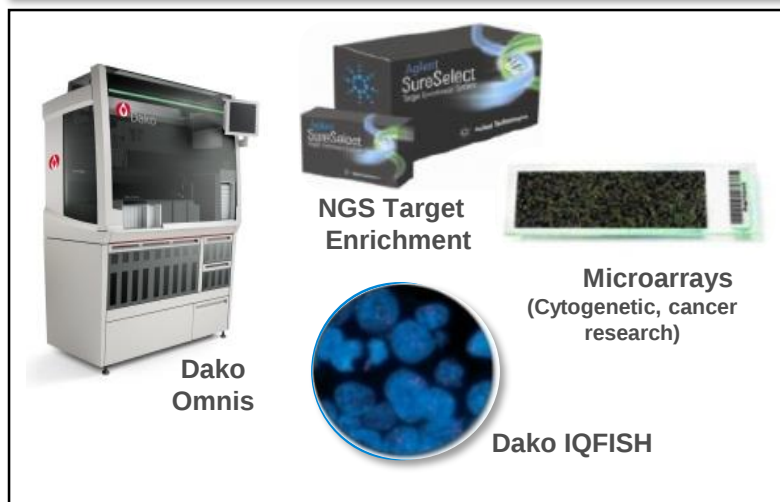
- **Q4'18 Revenue of \$441M**
- **Y/Y Growth: +9% (+9% core⁽¹⁾⁽³⁾)**

- **FY'18 Revenue of \$1,701M**
- **Y/Y Growth: +11% (+8% core⁽¹⁾⁽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 acquisitions and divestitures, and FX

Diagnostics and Genomics Group (DGG)

Pathology, Genomics, and Nucleic Acid Manufacturing



- **Revenue** growth led by demand in NASD, target enrichment and microarray products.
- **Operating Margin** for the quarter was 23.3%⁽¹⁾⁽²⁾, up 180 bps versus last year.
- Agilent has been **selected by Unilabs**, one of the largest diagnostic providers in Europe, to be a Preferred Partner for their pathology business.
- The U.S. FDA approved Agilent's Dako PD-L1 IHC 22C3 pharmDx assay for **expanded use in urothelial carcinoma**.

- Q4'18 Revenue of \$256M
- Y/Y Growth: +9% (+5% core⁽¹⁾⁽³⁾)

- FY'18 Revenue of \$943M
- Y/Y Growth: +10% (+5% core⁽¹⁾⁽³⁾)

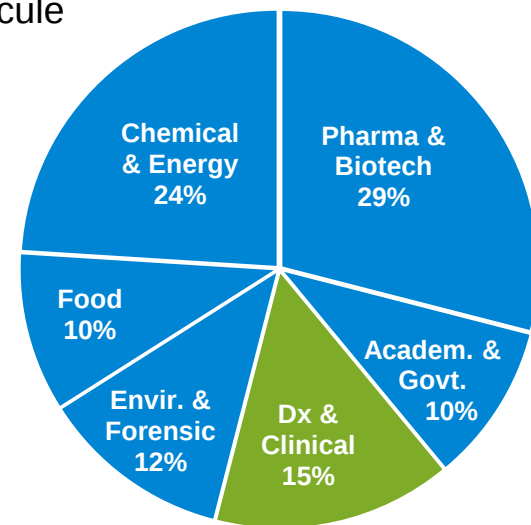
(1) Presented on a non-GAAP basis; reconciliations to closest GAAP equivalent provided (2) Not adjusted for Keysight reimbursement; (3) Core growth is reported growth adjusted for the effects of acquisitions and divestitures, and FX

Growth in a \$52B Market – Q4'18 Results by End Market

Gains highlighted by robust Environmental/Forensics and Pharma

Analytical Laboratory End Markets

- Q4'18 revenues: +9% y/y on core⁽²⁾ basis
 - Pharma & Biotech: Up 14% with broad-based strength across all segments and regions. Growth balanced between Bio-Pharma and Small Molecule applications.
 - Academia & Govt: Up 10% as funding stabilized. Driven by strong results in China, and for LC and LC-MS.
 - Environmental & Forensics: Up 17% with broad-based growth. Forensics saw strength from Cobalt Raman spectroscopy, and Environmental from LC-MS and ICP-MS.
 - Food: Flat on a tough compare and anticipated slow down in China instrument sales.
 - Chemical & Energy: Up 7%. Balanced gains in both LSAG & ACG driven by strength in Spectroscopy, LC-MS, Supplies & Services.



Agilent Revenue by End Market ⁽¹⁾

Diagnostics and Clinical End Markets

- Q4'18 revenues: +1% y/y on core⁽²⁾ basis
 - Strong growth in Genomics (NGS), offset by soft Pain Management instrumentation and difficult compare in Pathology

(1) % of Q4'18 Agilent revenue, (2) Core growth is reported growth adjusted for the effects of 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.
- Adjusted Operating Margin expanded 190 bps in Q4 over prior year.

▪ ***Portfolio Investments and “Go-to-Market” Capability***

- Acquired ACEA Biosciences, a developer of cutting-edge cell analysis instruments, enabling Agilent to provide a more comprehensive product portfolio.
- Acquired ProZyme, a leading provider of biopharma consumables for glycan analysis. Strengthens Agilent’s offering in an application space essential to the development of biotherapeutic drugs.
- Acquired the Agilent-related business from Young In Scientific Co., our long-time distributor in the fast-growing South Korean market. .
- Opened a logistics hub in Qingdao. This is our second of five planned locations that will allow us to deliver parts, supplies and consumables to our customer laboratories in China in 48 hours.

▪ ***Innovation Driven Growth***

- Agilent’s 8700 Laser Direct Infrared chemical imaging system, a breakthrough in both chemical imaging and spectral analysis.
- The Cary 3500 UV-Vis system -- the first significant advancement in UV-Vis architecture in decades.
- The Agilent ICP-MS Water Analyzer, which will enable environmental laboratories to implement water-testing methods in days rather than weeks.



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***

- Continued Operating Leverage
- Execute Agile Agilent program
 - Optimize Infrastructure
 - Drive supply chain cost improvements
 - Pricing and discount management
 - Further digitization of business operations

▪ ***Balanced Capital Allocation***

- Invest in the business, complimentary M&A.
- Increased returns to shareholders
- Maintain investment grade rating

Q1'19 and FY19 Guidance and Forward-looking Considerations

Based on October 31, 2018 Exchange Rates

Q1'19 Guidance ⁽¹⁾		
	Low-End	High End
Net Revenue (M\$)	\$1,265	\$1,280
<i>Y/Y Core Revenue Growth ⁽²⁾</i>	<i>4.5%</i>	<i>5.5%</i>
<i>assumes +2.1% to +2.4% M&A, -2.2% FX</i>		
EPS	\$0.71	\$0.73

FY'19 Guidance ⁽¹⁾		
	Low-End	High End
Net Revenue (M\$)	\$5,130	\$5,170
<i>Y/Y Core Revenue Growth ⁽²⁾</i>	<i>5.0%</i>	<i>5.5%</i>
<i>assumes +1.6% to +1.9% M&A, -2.2% FX</i>		
EPS	\$3.00	\$3.05

FY19 Financial Considerations

- ASC 715 adoption (pension accounting change) in FY19 results in ~40 bps y/y reduction in OM%, with offset in Other Income/Expense. No net impact to income.
- Net Interest + Other Income/Expense: \$10-15M in net expense, inclusive of Keysight billings and ASC 715 impact.
- Non-GAAP Tax Rate reduced to 17%.
- Assume diluted share count remains 322M for the year.
- CapEx \$175M and Operating Cash Flow of \$1,100M-1,150M.
- Shareholder Returns: \$210M in dividends. November 2018 authorization to repurchase up to \$1.75B of shares depending on market conditions.⁽³⁾

(1) As of November 19, 2018, based on October 31, 2018 exchange rates. Presented on a non-GAAP basis.

(2) Core growth is reported growth adjusted for the effects of acquisitions and divestitures, and FX.

(3) Per 10b5-1 plan effective November 1, 2018: 2.7M shares to be purchased on daily systematic basis with the remainder subject to formulaic / opportunistic purchases.