



Agilent Technologies Q2'19 Results Presentation

Safe Harbor

This presentation contains forward-looking statements (including, without limitation, information and future guidance on the company's goals, priorities, revenue, revenue growth, earnings per share, operating margin, operating cash flow, capital expenditures, capital allocation, growth opportunities, new products and solutions, customer service and innovation plans, financial condition and considerations, share repurchases, dividends, the markets the company sells into, operations, manufacturing site plans 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 January 31, 2019.

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 amortization of intangibles, acquisition and integration costs, transformational initiatives, and business exits and divestitures. We also exclude any tax benefits that are not directly related to ongoing operations and which are either isolated or are not expected to occur again with any regularity or predictability, including the impact of the 2017 Tax Act. With respect to the company's guidance, 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 Q2'19

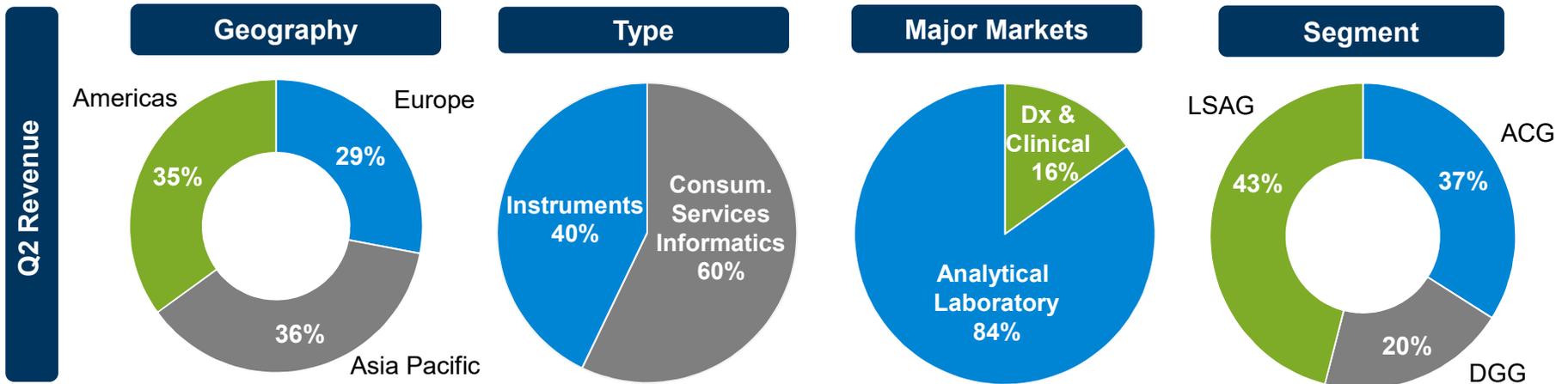
Scale and leading technology across Analytical Laboratories and Clinical & Dx markets

Q2'19 Financial Metrics

- **Revenues:** \$1.24B, +4.0% y/y core⁽¹⁾⁽²⁾, +2.7% reported (+1.9% M&A, -3.2% FX).
- **Operating Margin:** 21.9%⁽²⁾ of revenue, up 60 basis points y/y.
- **EPS:** \$0.71⁽²⁾ in Q2'19, up 9% y/y.

Q2'19 Headlines

- **Growth:** Solid growth in Environmental & Forensics and Chem & Energy markets but limited by slower than expected Food and Pharma. “Non-instrument” revenue comprised 60% of mix, up >1 pp versus last year.
- **Margins:** sustained trend of operating margin expansion.
- **Capital Allocation:** Generated Operating Cash of \$252M, paid \$52M in dividends and repurchased 0.6M shares for \$50M.



(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. Prior year adjusted for adoption of new accounting standard (ASC 715).



Life Sciences & Applied Markets Group (LSAG)

Instrumentation and Informatics for Analytical Laboratories



- **Q2'19 Revenue of \$529M**
- **Y/Y Growth: -1% (-1% core⁽¹⁾⁽²⁾)**

- **Core revenue performance** driven by ongoing strength in the Chemical & Energy, Forensics & Environmental, and BioPharma markets offset by slowing global small molecule Pharma and softness in the China Food market.
- **Operating Margin** for the quarter was 20.3%⁽¹⁾⁽²⁾, down 70 bps versus last year.
- Stronger than expected initial demand for **new 8860 and 8890 GC products** launched in February.
- **Introduced Agilent 6546 quadrupole time-of-flight LC/MS system**, expanding capabilities for laboratories running metabolomics research, food safety, food authenticity, and environmental screening applications.
- Introduced a unified, **purpose-built portfolio of products targeting cancer immunotherapy**. This offering enables research in this fast-growing segment of cell analysis.

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Agilent Cross Lab Group (ACG)

Analytical Laboratory Consumables and Services



- **Continued strong revenue performance** across both services and consumables. Growth in all regions led by China.
- **Operating Margin** in the quarter was 25.2%⁽¹⁾⁽²⁾, up 270 bps versus last year.
- **ACG grew in the mid-teens in China.** The team continues to execute on its strategy of leveraging Agilent's large instrument installed base, expanding our services footprint in emerging cities, and tailoring our consumables portfolio to the local market.

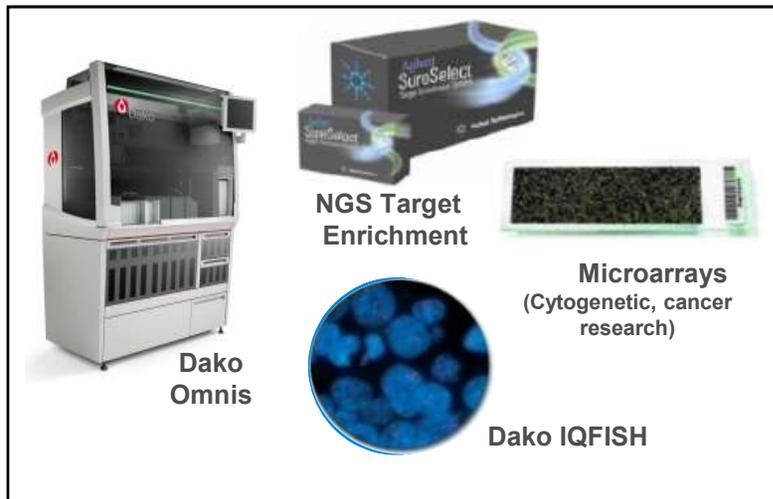
- **Q2'19 Revenue of \$455M**
- **Y/Y Growth: +7% (+9% core⁽¹⁾⁽²⁾)**

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Diagnositics and Genomics Group (DGG)

Pathology, Genomics, and Nucleic Acid Manufacturing



- Solid **core revenue growth**, in line with expectations, was led by strength in the Americas, Pathology related businesses, and NASD.
 - **Operating Margin** for the quarter was 19.3%⁽¹⁾⁽²⁾, down 60 bps versus last year.
 - Build out and preparation of new Frederick, Colorado **NASD manufacturing site** progressing per plan.
 - **Introduced the Magnis NGS Prep System**, a next-generation sequencing library preparation system designed to easily run complex DNA sequencing assays with the press of a button.
 - Agilent received **expanded FDA approval for Companion Diagnostic in metastatic non-small-cell lung carcinoma**. This diagnostic may be used to identify a broader range of patients for first-line treatment with KEYTRUDA.
- **Q2'19 Revenue of \$254M**
 - **Y/Y Growth: +5% (+6% core⁽¹⁾⁽²⁾)**

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

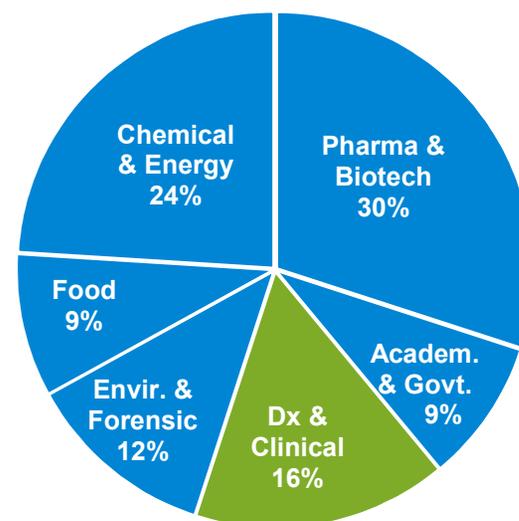
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Growth in a \$52B Market – Q2'19 Results by End Market

Gains highlighted by solid Environmental/Forensics and Chemical/Energy

Analytical Laboratory End Markets

- Q2'19 revenues: +4% y/y on core⁽²⁾ basis
 - Pharma & Biotech: Up 2% with strength in BioPharma, after-market Services and Consumables, and NASD but offset by replacement cycle slowing for small molecule applications.
 - Academia & Govt: Up 5%, in-line with expectations.
 - Environmental & Forensics: Up 7%, with strength in Forensics linked to the ongoing global opioid crisis.
 - Food: Down -3% as China market recovery has not yet materialized.
 - Chemical & Energy: Up 6%. Instrument sales grew slightly while services and consumables grew in low-teens. All regions grew, led by Americas.



Agilent Revenue by End Market ⁽¹⁾

Diagnostics and Clinical End Markets

- Q2'19 revenues: +5% y/y on core⁽²⁾ basis
 - Broad-based strength with healthy performance in pathology related businesses and NGS workflow portfolio.

(1) % of Q2'19 Agilent revenue, (2) Core growth is reported growth adjusted for the effects of acquisitions and divestitures and FX .

Q3'19 and FY19 Guidance and Forward-looking Considerations

Based on April 30, 2019 Exchange Rates

Q3'19 Guidance ⁽¹⁾		
	Low End	High End
Net Revenue (\$M)	\$1,225	\$1,245
<i>Y/Y Core Revenue Growth ⁽²⁾</i>	<i>2.7%</i>	<i>4.1%</i>
<i>Assumes +1.2% to +1.5% M&A, -2.1% FX</i>		
EPS	\$0.71	\$0.73

FY Guidance ⁽¹⁾		
	Low End	High End
Net Revenue (\$M)	\$5,085	\$5,125
<i>Y/Y Core Revenue Growth ⁽²⁾</i>	<i>4.0%</i>	<i>4.8%</i>
<i>Assumes +1.6% M&A, -2.1% FX</i>		
EPS	\$3.03	\$3.07

FY19 Financial Considerations

- Net Interest + Other Income/Expense: ~\$7M in net expense, inclusive of Keysight billings and ASC 715 impact.
- Non-GAAP Tax Rate at 16.75%.
- Guidance assumes Q3 average diluted share count of 317M and full year average diluted shares of 319M.
- CapEx of \$170M and Operating Cash Flow of \$1,025M-1,075M expected for the year.
- Shareholder Returns: \$210M in dividends. November 2018 authorization to repurchase up to \$1.75B of shares depending on market conditions.⁽³⁾ Forecasting \$0.5B of opportunistic repurchases in 2H of 2019.

(1) As of May 14, 2019, based on April 30, 2019 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 20, 2018: 2.7M shares to be purchased on daily systematic basis with the remainder subject to formulaic / opportunistic purchases.