

Agilent Technologies, Inc.
Non-GAAP Financial Results
(Unaudited)

All periods below were revised to include the impact of the adoption of ASU 2017-07.

	Q1'17	Q2'17	Q3'17	Q4'17	FY17	Q1'18	Q2'18	Q3'18	Q4'18	FY18
MS										
Net Revenue	1,067	1,102	1,114	1,189	4,472	1,211	1,206	1,203	1,294	4,914
Gross Profit %	55.1%	56.0%	55.1%	56.2%	55.6%	56.8%	55.3%	56.4%	57.7%	56.6%
R&D	81	83	86	88	338	93	92	97	103	385
% Revenue	7.6%	7.5%	7.7%	7.4%	7.6%	7.7%	7.6%	8.1%	7.9%	7.8%
SG&A	284	294	292	306	1,176	330	318	319	325	1,292
% Revenue	26.6%	26.7%	26.2%	25.7%	26.3%	27.2%	26.4%	26.5%	25.1%	26.3%
Operating Profit	223	240	236	274	973	265	257	263	319	1,104
Operating Margin	20.9%	21.8%	21.2%	23.0%	21.7%	21.9%	21.3%	21.9%	24.6%	22.5%
Other Income/ (Expense)	(11)	(9)	(8)	(8)	(36)	(1)	1	2	0	2
Pre-Tax Earnings	212	231	228	266	937	264	258	265	319	1,106
Tax Rate	19%	19%	16%	18%	18%	18%	18%	18%	18%	18%
Income Tax	40	44	37	48	169	48	46	48	57	199
Net Income	172	187	191	218	768	216	212	217	262	907
Net Margin	16.1%	17.0%	17.1%	18.3%	17.2%	17.8%	17.6%	18.1%	20.2%	18.5%
Non-GAAP EPS	\$ 0.53	\$ 0.58	\$ 0.59	\$ 0.67	\$ 2.36	\$ 0.66	\$ 0.65	\$ 0.67	\$ 0.81	\$ 2.79

We provide the non-GAAP income statements in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to asset impairments, amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain, gain on step acquisition of Lasergen, NASD site costs, special compliance costs, and adjustment for Tax Reform.

Asset impairments include assets that have been written down to their fair value.

Business exit and divestiture costs include costs associated with business divestitures.

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers including costs to move manufacturing due to new tariffs and tariff remediation actions, small site consolidations, legal entity and other business reorganizations, insourcing or outsourcing of activities. Such costs may include move and relocation costs, one-time termination benefits and other one-time reorganization costs. Included in this category are also expenses associated with company programs to transform our product lifecycle management (PLM) system and human resources and financial systems.

Acquisition and Integration costs include all incremental expenses incurred to effect a business combination. Such acquisition costs may include advisory, legal, accounting, valuation, and other professional or consulting fees. Such integration costs may include expenses directly related to integration of business and facility operations, the transfer of assets and intellectual property, information technology systems and infrastructure and other employee-related costs.

Pension settlement gain resulted from transfer of the substitutional portion of our Japanese pension plan to the government.

Gain on step acquisition of Lasergen resulted from measurement at fair value of our equity interest held at the date of business combination.

NASD site costs include all the costs related to the expansion of our manufacturing of nucleic acid active pharmaceutical ingredients incurred prior to the commencement of commercial manufacturing.

Special compliance costs include costs associated with transforming our processes to implement new regulations such as the EU's General Data Protection Regulation (GDPR), revenue recognition and certain tax reporting requirements.

Other includes certain legal costs and settlements in addition to other miscellaneous adjustments.

Adjustment for Tax Reform in 2018 primarily consists of an estimated provision of \$499 million for U.S. transition tax and correlative items on deemed repatriated earnings of non-U.S. subsidiaries and an estimated provision of \$53 million associated with the decrease in the U.S. corporate tax rate from 35% to 21% and its impact on our U.S. deferred tax assets and liabilities. The taxes payable associated with the transition tax, net of tax attributes, on deemed repatriation of foreign earnings is approximately \$426 million, payable over 8 years.

Our management uses non-GAAP measures to evaluate the performance of our core businesses, to estimate future core performance and to compensate employees. Since management finds this measure to be useful, we believe that our investors benefit from seeing our results "through the eyes" of management in addition to seeing our GAAP results. This information facilitates our management's internal comparisons to our historical operating results as well as to the operating results of our competitors.

Our management recognizes that items such as amortization of intangibles can have a material impact on our cash flows and/or our net income. Our GAAP financial statements including our statement of cash flows portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss from any and all events, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

For reconciliations of the non-GAAP financial information to the most directly comparable GAAP information, please see the non-GAAP reconciliations for all prior periods provided at the Investor's page of our website.