

# Agilent Technologies

*40th Annual J.P. Morgan Healthcare Conference*

**Mike McMullen**  
**President and CEO**

January 11, 2022

# Safe Harbor Statement

These presentations contain 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, impact of acquisitions, 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, the adverse impacts of and risks posed by the COVID-19 pandemic, and other risks detailed in the company's filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended Oct 31, 2021.

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. 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.

# 2021 Summary: Agilent Technologies

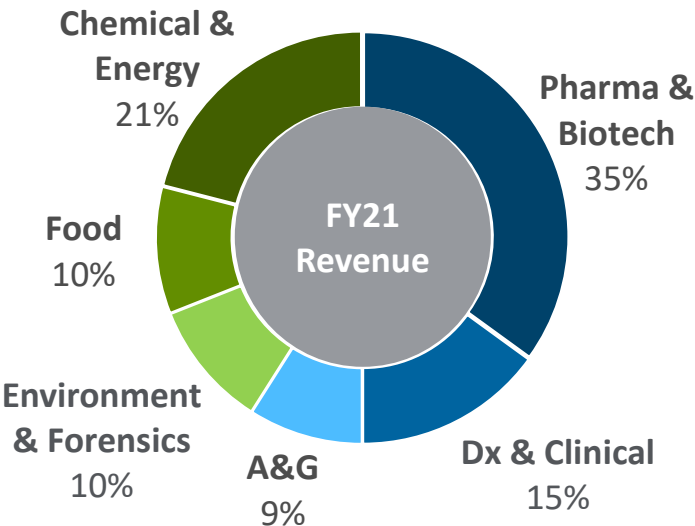
**\$6.3B**  
FY21 Revenue  
+\$1.0B y/y

**+15%**  
FY21 Core Rev. Growth <sup>(1)(2)</sup>

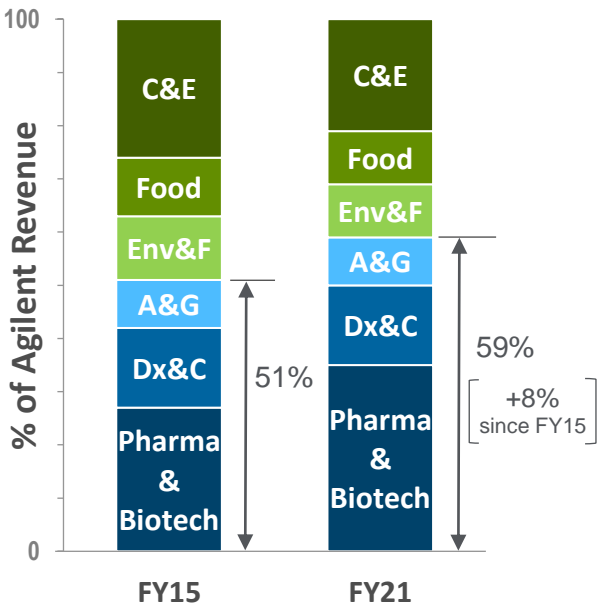
**25.5%**  
FY21 Operating Margin <sup>(1)</sup>  
+200bps y/y

**+32%**  
FY21 EPS Growth <sup>(1)</sup>

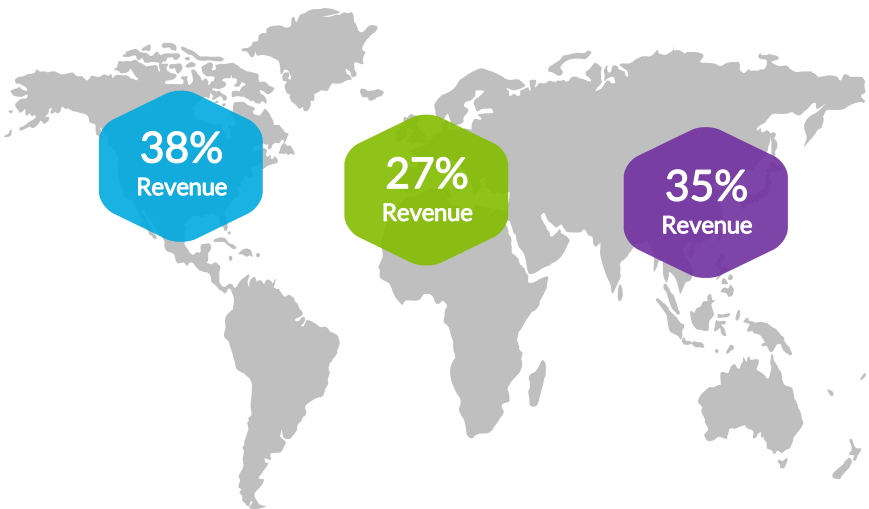
## Leadership in Large (\$65B+) <sup>(4)</sup> and Growing End-Markets



## Mix Shifting to Higher Growth Pharma / Dx / Research Markets



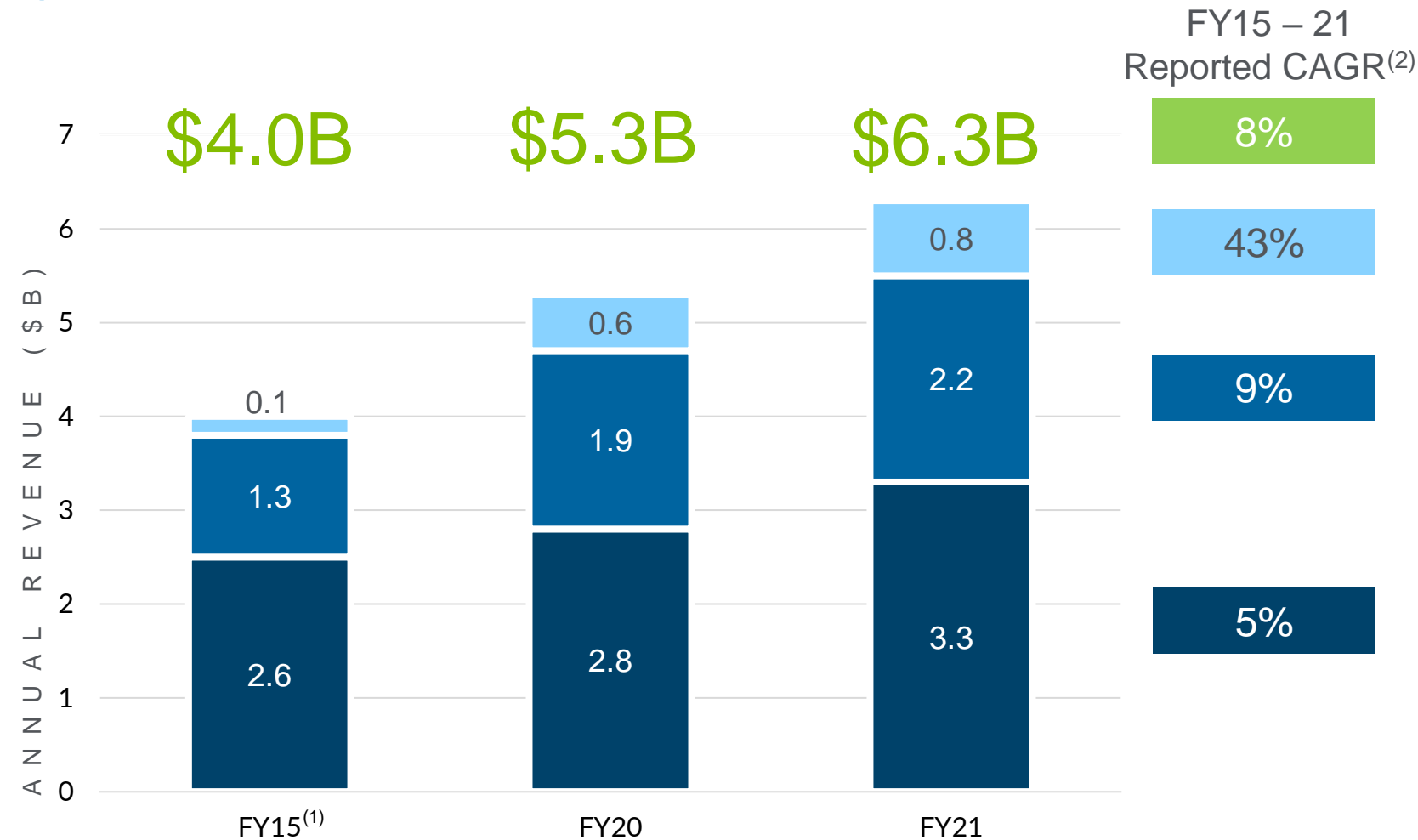
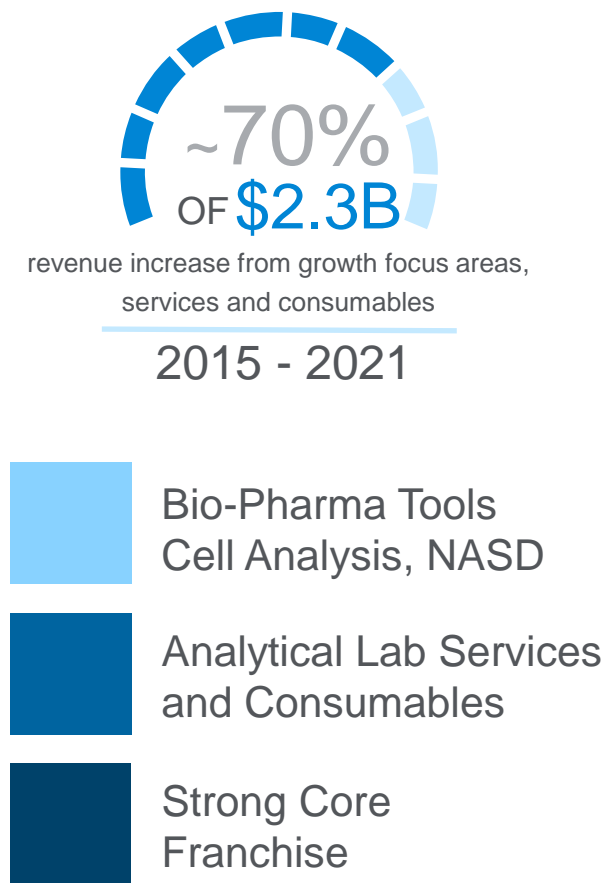
## Global Footprint <sup>(3)</sup>



(1) Presented on a non-GAAP basis, reconciliations to closest GAAP equivalent provided  
(2) Core growth is reported growth adjusted for the effects of acquisitions and FX  
(3) Based on FY21 revenue  
(4) Based on internal company estimates

A leading lab partner with unsurpassed capabilities and scale

# Focusing on high-growth markets with our **Build and Buy** strategy leveraging a strong core



(1) FY15 revenue excludes divestiture of NMR business  
(2) FY15-21 reported compound annual revenue growth, includes effect of currency and acquisitions

# Agilent's Shareholder Value Creation Model



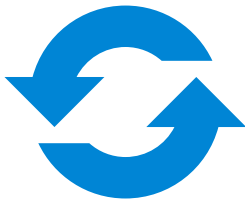
## Above Market Growth

Innovation leader  
Differentiated value proposition  
Global scale



## Operating Margin Expansion

Agile Agilent business system  
Productivity gains  
Robust quality

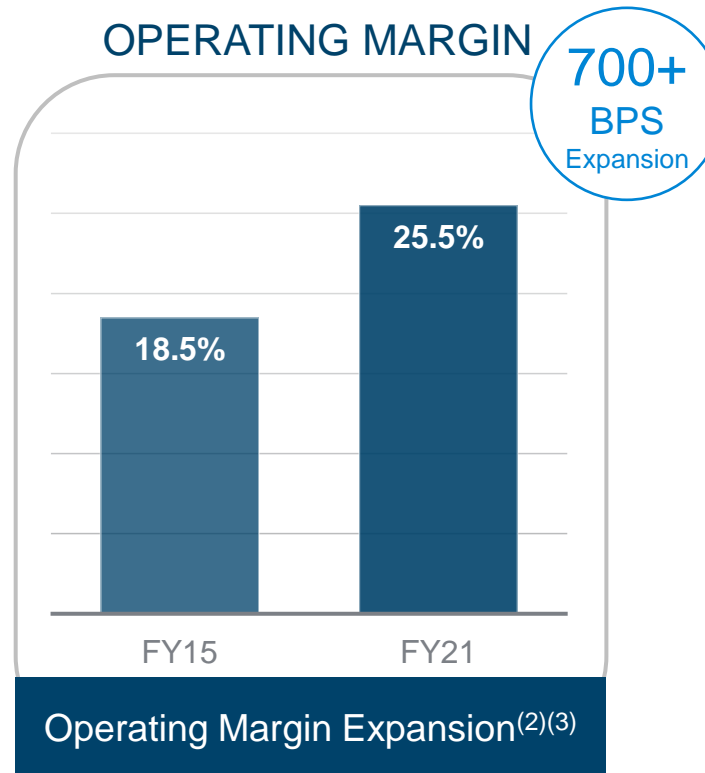


## Balanced Capital Deployment

Invest in business  
Cash dividends  
M&A focus prioritized on growth  
Share repurchases

Working Since 2015 Launch of the New Agilent

# Agilent's Value Creation Model is Delivering



(1) Reported revenue growth

(2) Presented on a non-GAAP basis, reconciliations to closest GAAP equivalent provided.

(3) OM% has been adjusted for pension expense reclassification and is comparable across all periods shown

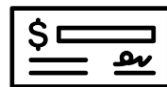
# Balanced capital deployment successfully generating high returns for shareholders



## M&A

**\$2.9B** deployed  
since FY15

8% of total revenue,  
Growing at 20% in FY21



## Dividends

**\$1.3B** paid  
since FY15

Increasing dividends provide  
dependable returns



## Cap Ex

**\$1.1B** invested  
since FY15

Enabling differentiated  
organic growth



## Share Repurchases

**\$3.3B** purchased  
since FY15

\$788M in FY21



▶▶▶▶  
**Looking  
Forward,**  
Accelerating the  
Momentum



# Agilent's Build and Buy Growth Strategy

Accelerate our momentum in attractive market opportunities



**Transform**  
Analytical Lab



**Gain Share**  
Cancer Diagnostics &  
Genomics



**Enter and Expand**  
High Growth Markets

## Strategic Enablers

- Innovation
- Digital
- M&A
- Geographic Penetration

**One Agilent Culture**

# Opportunities in Key High Growth Markets

Targeted Build and Buy investments in high growth markets, and customer-focused innovation delivers market share gains



## Pharma

**\$19B TAM at 5-7% growth<sup>(1)</sup>**  
**FY21: \$2.2B, 35% of Agilent**

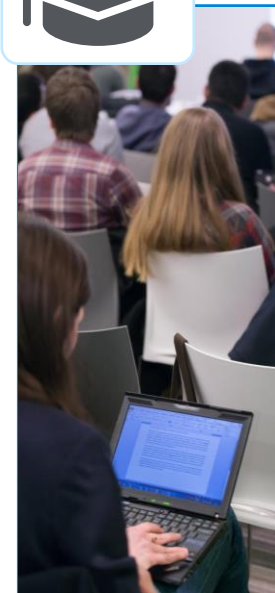
- Growing demand in **biopharma** R&D and manufacturing
- Rapid growth in **nucleic acid-based therapeutics**
- Small-molecule Pharma **replacement cycle**



## Dx & Clinical

**\$17B TAM at 5-7% growth<sup>(1)</sup>**  
**FY21: \$0.9B, 15% of Agilent**

- Continued investment in **cancer research & NGS Dx**
- Biomarker innovation driving **precision oncology**
- Increasing number of **RNAi and CRISPR** therapeutic programs



## Academic & Gov't

**\$13B TAM at 3-5% growth<sup>(1)</sup>**  
**FY21: \$0.6B, 9% of Agilent**

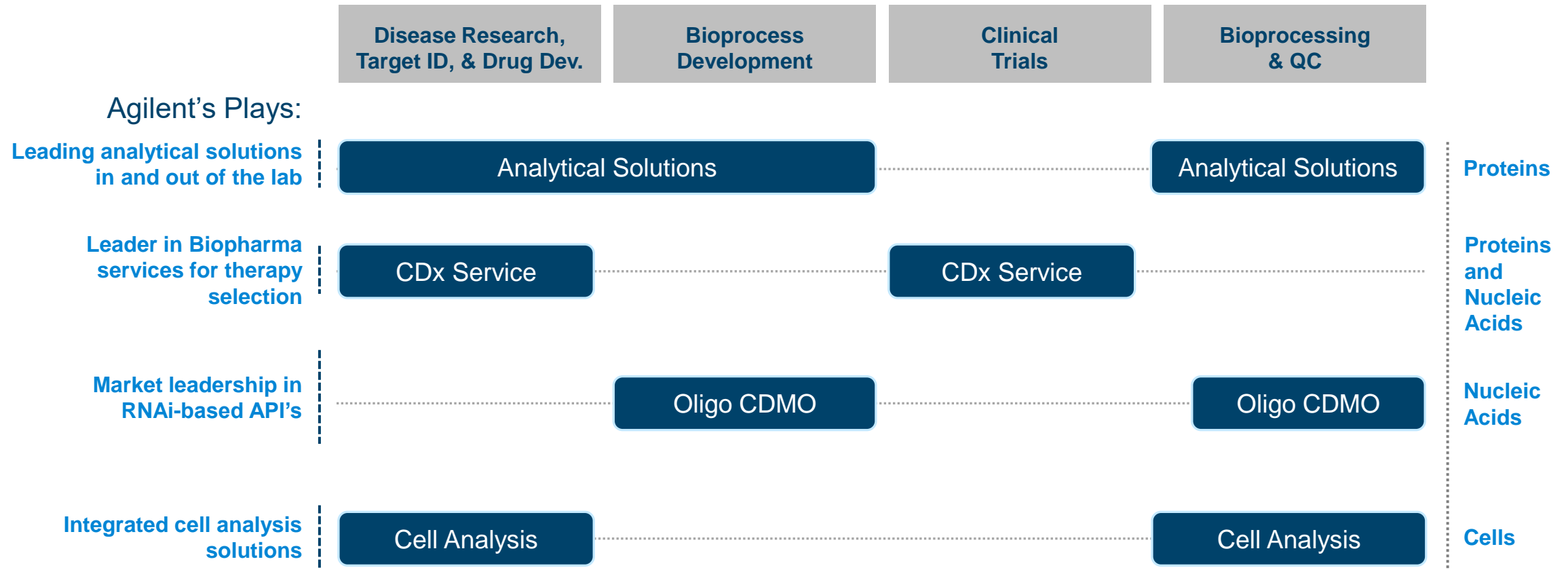
- **Healthy funding** environment globally with government investment in broad range of areas
- Academic medical centers driving **cell and gene therapy** adoption

**Long-term High Growth Markets with Investment Focus**

<sup>(1)</sup> Based on internal company estimates

**Biopharma: Rapidly expanding segment** within Pharma market addressing critical human health needs; Represents ~36% of our Pharma business today, up from 14% in FY15

**Leveraging our positions across the Biopharma value chain to expand our offerings**



# Leadership Position in Live Cell Analysis

## Broad Cell Analysis Portfolio

*Cell quality**Immunophenotyping**Potency testing**Imaging**Cell expansion**Engineering**Cell Culture QA/QC*

A strong portfolio playing key roles in areas impacting all of our lives

## Participating in attractive high growth markets

**\$5B+**Market<sup>(1)</sup>**~10%**CAGR Growth<sup>(2)</sup>

|   |  |
|---|--|
|    | <b>Immunology, Immuno-Oncology and Immunotherapy</b>     |
|   | <b>Infectious Disease, Virology and Vaccine Research</b> |
|  | <b>Therapeutic Development &amp; Production</b>          |

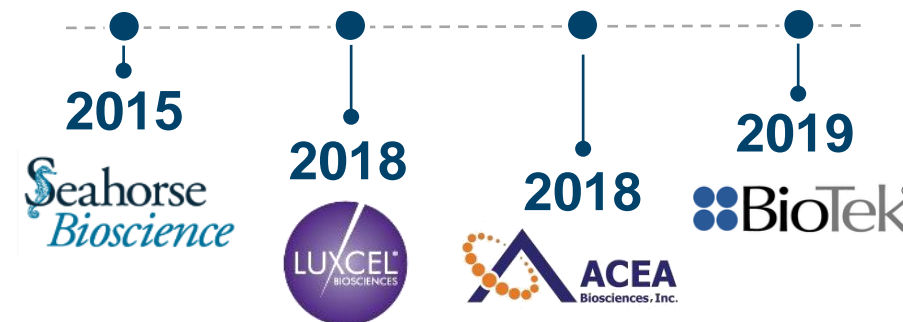
## Successful M&A strategy

**\$375M+**

FY21 Agilent Revenue

**25%**

FY21 Core Growth



(1) Total Available Market. Market size per company estimates (2) Company estimate of market growth over next 3-5 years.

# Leadership Position in Oligonucleotide CDMO

## Compelling Market

**\$0.8B+**

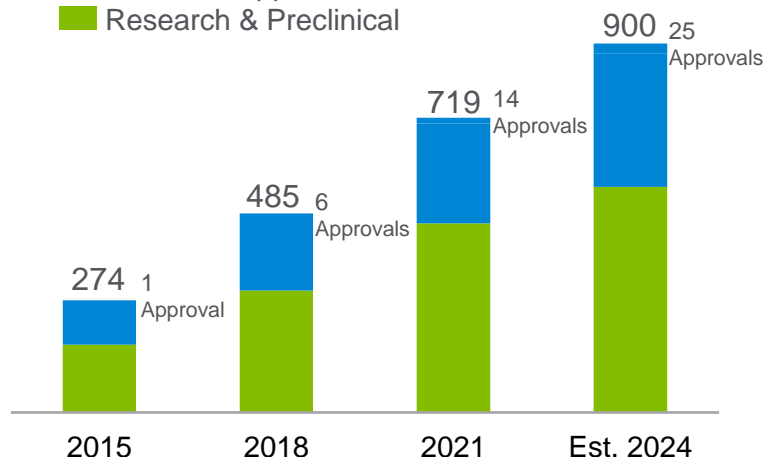
2021 SAM<sup>(1)</sup>

**20%+**

Market CAGR<sup>(2)</sup>

### Therapeutic Oligo Programs By Stage

■ Clinical & Approved  
■ Research & Preclinical



**Expanding market** evolving to include significant commercial-scale volumes

(1) 2021 Oligo Tx CDMO estimated market size  
(2) Estimated Oligo Tx CDMO CAGR from 2021 to 2026

## Winning Strategy

**\$225M+**

FY21 Agilent Revenue

**29%**

FY15-21 CAGR

### Agilent Differentiators

- **High Quality Oligo API Material**
- **Superior Customer Service**
- **Solid & Diversified Client Portfolio**  
40+ Biotech and Pharma clients
- **Deep Technical Acumen**  
500+ yrs. Oligo Analytical/  
Product Development  
experience focused on high-value RNA  
segment
- **Innovating to capture market growth**  
Agilent's unique RUO to GMP-grade  
CRISPR offering

## Investing for Growth

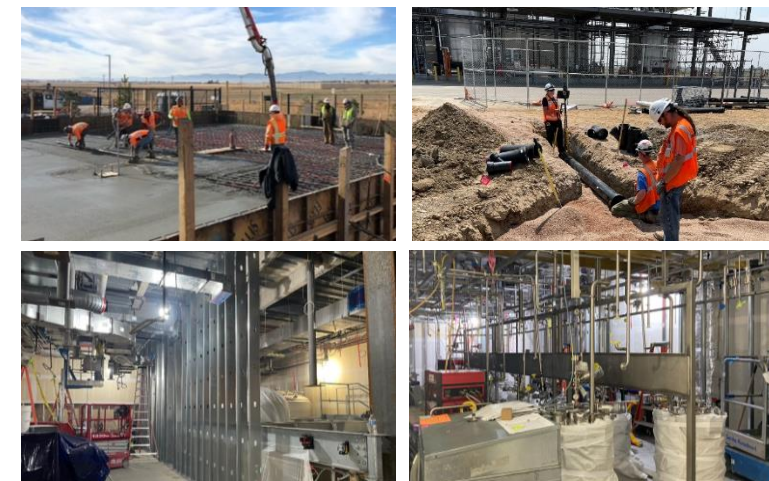
**\$315M**

2015-21 CapEx

**\$100M**

FY22E CapEx

### Train B – Frederick, CO



On track to be operational by end of 2022, with capacity to support an **incremental \$150M+ in revenue**



# China: Key Accomplishments and Strategic Priorities

China represents **>20%** (\$1.3B)  
of Agilent's FY21 revenue

China Revenues by Market

**38%**

Pharma

**6%**

Dx&C

**6%**

A&G



**22%**

C&E

**16%**

Food

**12%**

Env&F

...and presents unique opportunities  
in each of our markets



## Key Accomplishments

- FY21 Biopharma growth of ~55%
- Services attach rates grew at high double digits
- Signed first CDx research program with local pharma company
- Expanded manufacturing for Made in China
- Enhanced WeChat and digital capabilities

## Strategic Priorities

- Accelerate *In China for China* solutions
- Expand IVD offering by registering products locally
- Further expand manufacturing footprint for Made in China
- Continued investments in China-specific digital capabilities

# Opportunities in Key Applied Markets

Diversity of markets served lowers risk and increases leverage on core technology investments



**Chemical & Energy**  
**\$5B TAM at 3-5% growth <sup>(1)</sup>**  
***FY21:\$1.3B, 21% of Agilent***

- **Advanced materials**  
demand for specialty & petrochemicals
- **Oil & Gas** driving services, analyzers, consumables
- **Alternative energy**  
(hydrogen, biofuels)
- Semiconductors, **Li-ion batteries**, OLED



**Food**  
**\$5B TAM at 2-4% growth <sup>(1)</sup>**  
***FY21:\$0.6B, 10% of Agilent***

- **Diversifying supply chains**  
for resiliency & efficiency
- Consumers want healthy and **sustainable foods**
- **Food authenticity** testing
- **Cannabis** testing
- **Alternative** food & beverage



**Env. & Forensics**  
**\$6B TAM at 2-4% growth <sup>(1)</sup>**  
***FY21:\$0.7B, 10% of Agilent***

- **PFAS** testing
- Skills gap in labs driving need for **productivity & efficiency** gains
- Large gov't initiatives will expand **environmental monitoring**
- On-going **opioid crisis**

We have strong legacy of leadership in the applied markets. The unique capability to leverage core technology investments across all of our markets drives economies of scale and continued margin growth.

(1) Based on internal company estimates

# Chemical, Energy, and Advanced Materials Opportunity

C&E spending outlook continues to be strong, and Agilent is helping to enable evolution of this market towards sustainable high-growth technologies

~15% of  
Agilent C&E



Exploration, Production  
& Refining

Emerging  
Opportunity



Alternative Energy

~55% of  
Agilent C&E



Chemicals &  
Petrochemicals

~30% of  
Agilent C&E



Semiconductors,  
Batteries & Advanced  
Materials

- Agilent serves a **continuum of opportunities** along the entire petrochemical value chain
- While fossil fuels remain necessary to meet energy needs for the near future, there are **increasing investments in alternative energy sources**
- Semiconductors, batteries and advanced materials are foundational technologies that can **enable the energy transition**
- **Onshoring of critical supply chains** drives incremental opportunity
- Our **undisputed leadership** and **portfolio breadth** positions us well to support our customers along this continuum



# Agilent's Differentiated Capabilities

Driving our Build and Buy Strategy



**Transform**  
Analytical Lab



**Gain Share**  
Cancer Diagnostics &  
Genomics



**Enter and Expand**  
High Growth Markets

## Strategic Enablers

- Innovation
- Digital
- M&A
- Geographic Penetration

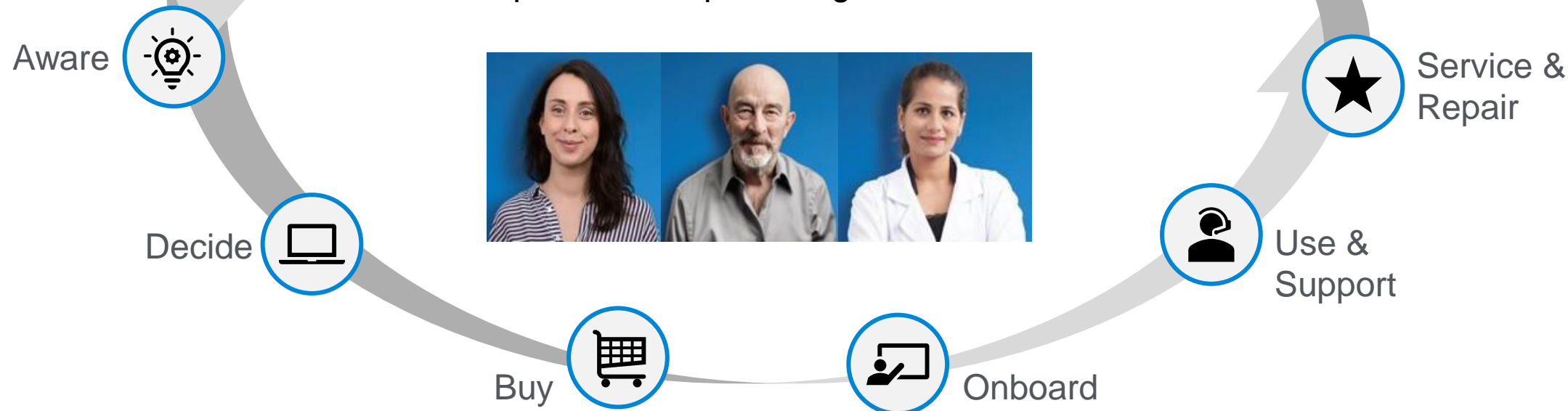
## One Agilent Culture

# Driving a Customer-Focused, Enterprise Approach to Accelerate Growth

**Customer Satisfaction  
Agilent Ranked #2**  
2021 Wall Street Journal  
Management Top 250

## Agilent Customer Experience

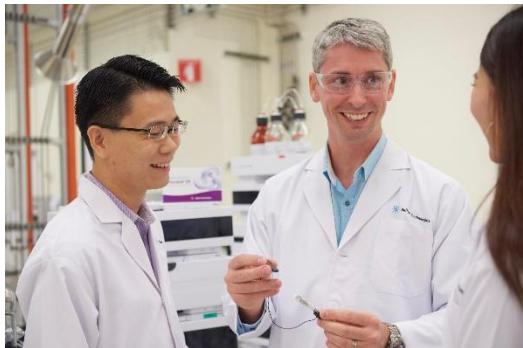
Online and In-person ♦ Fast ♦ Easy ♦ Outcome-focused  
Customer-specific ♦ Emphasizing Customer Lifetime Value



**Powered by the One Agilent Commercial Organization**

# The One Agile Culture and Team

A key competitive differentiator



**One Team Aligned and Energized**  
**Best-in-Class Engagement**  
**Customer Focused**



**Agilent's Success: Driven by Our Outstanding Team and Culture**



# Q1'22 and FY22 Guidance and Forward-looking Considerations

As of Nov 22, 2021 based on Oct 31, 2021 exchange rates

| Q1'22 Guidance <sup>(1)</sup>                 |                |                |
|---|----------------|----------------|
|   | Low End        | High End       |
| <b>Net Revenue (\$M)</b>                      | <b>\$1,640</b> | <b>\$1,660</b> |
| <i>Y/Y Core Revenue Growth <sup>(2)</sup></i> | <i>5.9%</i>    | <i>7.2%</i>    |
| <i>Assumes -0.6% FX, +0.6% M&amp;A</i>        |                |                |
| <b>EPS</b>                                    | <b>\$1.16</b>  | <b>\$1.18</b>  |

| FY22 Guidance <sup>(1)</sup>                    |                |                |
|---|----------------|----------------|
|   | Low End        | High End       |
| <b>Net Revenue (\$M)</b>                        | <b>\$6,650</b> | <b>\$6,730</b> |
| <i>Y/Y Core Revenue Growth <sup>(2)</sup></i>   | <i>5.5%</i>    | <i>7.0%</i>    |
| <i>Assumes -0.7% to -0.9% FX, +0.3% M&amp;A</i> |                |                |
| <b>EPS</b>                                      | <b>\$4.76</b>  | <b>\$4.86</b>  |

## Agilent's Value Creation Model continues to deliver

(1) As of November 22, 2021, based on October 31, 2021 exchange rates. Presented on a non-GAAP basis.

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



# Agilent

Trusted Answers

# Restated FY21 Segment Results

## LSAG

| FY21 Actuals          |         |         |
|-----------------------|---------|---------|
|                       | Old Org | New Org |
| Revenue               | \$2,823 | \$3,663 |
| Core Revenue Growth % | 15.6%   | 14.8%   |
| Operating Profit      | 722     | 1,017   |
| OM%                   | 25.6%   | 27.8%   |

## ACG

| FY21 Actuals          |         |         |
|-----------------------|---------|---------|
|                       | Old Org | New Org |
| Revenue               | \$2,200 | \$1,360 |
| Core Revenue Growth % | 12.2%   | 12.2%   |
| Operating Profit      | 618     | 323     |
| OM%                   | 28.1%   | 23.8%   |

## DGG

| FY21 Actuals          |         |         |
|-----------------------|---------|---------|
|                       | Old Org | New Org |
| Revenue               | \$1,296 | \$1,296 |
| Core Revenue Growth % | 20.0%   | 20.0%   |
| Operating Profit      | 273     | 273     |
| OM%                   | 21.0%   | 21.0%   |

**AGILENT TECHNOLOGIES, INC.**  
**RECONCILIATIONS OF REVENUE EXCLUDING ACQUISITIONS AND DIVESTITURES**  
**AND THE IMPACT OF CURRENCY ADJUSTMENTS (CORE)**  
(in millions)  
(Unaudited)

|   | Year Ended<br>October 31, |                 |             | Year Ended<br>October 31, |                 |             | Year Ended<br>October 31, |                 |             | Year Ended<br>October 31, |                 |             | Year Ended<br>October 31, |                 |             | Year Ended<br>October 31, |                 |             | Year Ended<br>October 31, |                 |             |
|---|---------------------------|-----------------|-------------|---------------------------|-----------------|-------------|---------------------------|-----------------|-------------|---------------------------|-----------------|-------------|---------------------------|-----------------|-------------|---------------------------|-----------------|-------------|---------------------------|-----------------|-------------|
|   | 2021                      | 2020            | %<br>Growth | 2020                      | 2019            | %<br>Growth | 2019                      | 2018            | %<br>Growth | 2018                      | 2017            | %<br>Growth | 2017                      | 2016            | %<br>Growth | 2016                      | 2015            | %<br>Growth | 2015                      | 2014            | %<br>Growth |
| GAAP Revenue  | \$ 6,319                  | \$ 5,339        | 18%         | \$ 5,339                  | \$ 5,163        | 3%          | \$ 5,163                  | \$ 4,914        | 5%          | \$ 4,914                  | \$ 4,472        | 10%         | \$ 4,472                  | \$ 4,202        | 6%          | \$ 4,202                  | \$ 4,038        | 4%          | \$ 4,038                  | \$ 4,048        | 0%          |
| Less: Revenue related to acquisitions<br>and divestitures | (14)                      | —               |             | (149)                     | —               |             | (115)                     | —               |             | (33)                      | (4)             |             | (17)                      | (8)             |             | (56)                      | (61)            |             | (61)                      | (83)            |             |
| Non-GAAP Revenue  | \$ 6,305                  | \$ 5,339        |             | \$ 5,190                  | \$ 5,163        |             | \$ 5,048                  | \$ 4,914        |             | \$ 4,881                  | \$ 4,468        |             | \$ 4,455                  | \$ 4,194        |             | \$ 4,146                  | \$ 3,977        |             | \$ 3,977                  | \$ 3,965        |             |
| Less: Currency adjustment <sup>(a)</sup>                  | 153                       | —               |             | (18)                      | —               |             | (107)                     | —               |             | 95                        | —               |             | (17)                      | —               |             | (70)                      | -               |             | (244)                     | -               |             |
| Agilent Core Revenue                                      | <u>\$ 6,152</u>           | <u>\$ 5,339</u> | 15.2%       | <u>\$ 5,208</u>           | <u>\$ 5,163</u> | 0.9%        | <u>\$ 5,155</u>           | <u>\$ 4,914</u> | 5.0%        | <u>\$ 4,786</u>           | <u>\$ 4,468</u> | 7.1%        | <u>\$ 4,472</u>           | <u>\$ 4,194</u> | 6.7%        | <u>\$ 4,216</u>           | <u>\$ 3,977</u> | 5.9%        | <u>\$ 4,221</u>           | <u>\$ 3,965</u> | 6.4%        |

<sup>(a)</sup> We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business. To determine the impact of currency fluctuations, current period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the actual exchange rate in effect during the respective prior periods.

**AGILENT TECHNOLOGIES, INC.**  
**NON-GAAP NET INCOME AND DILUTED EPS RECONCILIATIONS**  
(In millions, except per share amounts)  
(Unaudited)

|  | FY 2021         |                | FY 2020         |                | FY 2019       |                | FY 2018       |                | FY 2017       |                | FY 2016       |                | FY 2015       |                |
|--|-----------------|----------------|-----------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|
|  | Net income      | Diluted EPS    | Net income      | Diluted EPS    | Net income    | Diluted EPS    | Net income    | Diluted EPS    | Net income    | Diluted EPS    | Net income    | Diluted EPS    | Net income    | Diluted EPS    |
| GAAP net income                                  | \$ 1,210        | \$ 3.94        | \$ 719          | \$ 2.30        | \$ 1,071      | \$ 3.37        | \$ 316        | \$ 0.97        | \$ 684        | \$ 2.10        | \$ 462        | \$ 1.40        | \$ 438        | \$ 1.31        |
| Non-GAAP adjustments:                            |                 |                |                 |                |               |                |               |                |               |                |               |                |               |                |
| Asset impairments                                | 2               | 0.01           | 99              | 0.32           | —             | —              | 21            | 0.06           | —             | —              | 4             | 0.01           | 3             | 0.01           |
| Intangible amortization                          | 194             | 0.63           | 184             | 0.59           | 125           | 0.39           | 105           | 0.32           | 117           | 0.36           | 152           | 0.46           | 156           | 0.47           |
| Transformational initiatives                     | 37              | 0.12           | 53              | 0.17           | 44            | 0.14           | 25            | 0.08           | 12            | 0.04           | 38            | 0.12           | 56            | 0.17           |
| Acquisition and integration costs                | 41              | 0.13           | 41              | 0.13           | 48            | 0.15           | 23            | 0.07           | 32            | 0.10           | 41            | 0.12           | 13            | 0.04           |
| Change in fair value of contingent consideration | (21)            | (0.07)         | —               | —              | —             | —              | —             | —              | 32            | —              | —             | —              | —             | —              |
| Loss on extinguishment of debt                   | 17              | 0.06           | —               | —              | 9             | 0.03           | —             | —              | —             | —              | —             | —              | —             | —              |
| Business exit and divestiture costs              | 5               | 0.02           | 2               | 0.01           | —             | —              | 9             | 0.03           | —             | —              | 10            | 0.03           | 14            | 0.04           |
| Pension settlement loss                          | 1               | —              | 4               | 0.01           | —             | —              | —             | —              | —             | —              | —             | —              | —             | —              |
| Pension settlement gain                          | —               | —              | —               | —              | —             | —              | (5)           | (0.02)         | (32)          | (0.10)         | (1)           | —              | —             | —              |
| Pension curtailment gain                         | —               | —              | —               | —              | —             | —              | —             | —              | —             | —              | (15)          | (0.05)         | —             | —              |
| Net gain on equity securities                    | (92)            | (0.30)         | (28)            | (0.09)         | —             | —              | —             | —              | —             | —              | —             | —              | —             | —              |
| Gain on step acquisition of Lasergen             | —               | —              | —               | —              | —             | —              | (20)          | (0.06)         | —             | —              | —             | —              | —             | —              |
| NASD site costs                                  | —               | —              | —               | —              | 12            | 0.04           | 8             | 0.02           | —             | —              | —             | —              | —             | —              |
| Special compliance costs                         | —               | —              | —               | —              | 2             | 0.01           | 4             | 0.01           | —             | —              | —             | —              | —             | —              |
| Impairment of investment and loans               | —               | —              | —               | —              | —             | —              | —             | —              | —             | —              | 25            | 0.08           | —             | —              |
| Other  | 9               | 0.03           | 10              | 0.04           | 29            | 0.09           | (10)          | (0.03)         | 5             | 0.02           | 6             | 0.02           | 5             | 0.01           |
| Adjustment for Tax Reform                        | —               | —              | —               | —              | —             | —              | 552           | 1.70           | —             | —              | —             | —              | —             | —              |
| Tax benefit on intra-entity asset transfer       | —               | —              | —               | —              | (299)         | (0.94)         | —             | —              | —             | —              | —             | —              | —             | —              |
| Adjustment for taxes <sup>(a)</sup>              | (71)            | (0.23)         | (61)            | (0.20)         | (52)          | (0.17)         | (121)         | (0.36)         | (50)          | (0.16)         | (71)          | (0.21)         | (102)         | (0.31)         |
| Non-GAAP net income                              | <u>\$ 1,332</u> | <u>\$ 4.34</u> | <u>\$ 1,023</u> | <u>\$ 3.28</u> | <u>\$ 989</u> | <u>\$ 3.11</u> | <u>\$ 907</u> | <u>\$ 2.79</u> | <u>\$ 768</u> | <u>\$ 2.36</u> | <u>\$ 651</u> | <u>\$ 1.98</u> | <u>\$ 583</u> | <u>\$ 1.74</u> |

<sup>(a)</sup> The adjustment for taxes excludes tax benefits that management believes are not directly related to on-going operations and which are either isolated or cannot be expected to occur again with any regularity or predictability. For the years ended October 31, 2021, October 31, 2020, October 31, 2019, October 31, 2018, October 31, 2017, October 31, 2016 and October 31, 2015, management used a non-GAAP effective tax rate of 14.25%, 15.25%, 16.75%, 18.00%, 18.00%, 19.00% and 20.00%, respectively.

Historical amounts are reclassified to conform with current presentation.

We provide non-GAAP net income and non-GAAP net income per share amounts 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, transformational initiatives, acquisition and integration costs, change in fair value of contingent consideration, loss on extinguishment of debt, business exit and divestiture costs, pension settlement loss, pension settlement gain, pension curtailment gain, net gain on equity securities, gain on step acquisition of Lasergen, NASD site costs, special compliance costs, impairment of investment and loans, adjustment for Tax Reform and tax benefit on intra-entity asset transfer.

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

**Transformational initiatives** include expenses associated with targeted cost reduction activities such as manufacturing transfers, 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, tax, 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.

**Change in fair value of contingent consideration** represents changes in the fair value estimate of acquisition-related contingent consideration.

**Loss on extinguishment of debt** relates to the net loss recorded on the redemption of \$100 million of the \$400 million outstanding 3.2% 2022 senior notes due on October 1, 2022, called on December 22, 2020 and settled on January 21, 2021, the net loss recorded on the redemption of the remaining \$300 million called on March 5, 2021 and settled on April 5, 2021 and the net loss recorded on full redemption of \$500 million of outstanding 5.00% senior notes due July 2020, called on August 16, 2019 and settled on September 17, 2019.

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

**Pension settlement loss** relates to the relief of the US Retirement Plan pension obligation due to increased lump sum payouts over a specified accounting threshold.

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

**Pension curtailment gain** resulted from certain retirement plans benefit reductions.

**Net gain on equity securities** relates to the realized and unrealized mark-to-market adjustments for our marketable and non-marketable equity securities.

**Gain on step acquisition of Lasergen** resulted from the 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.

**Impairment of investment and loans** include investments and their related convertible loans that have been written down to their fair value.

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

**Adjustment for Tax Reform** 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.

**Tax benefit on intra-entity asset transfer** relates to our operations in Singapore along with our application of the new accounting rules for income tax consequences of intra-entity transfer of assets as adopted on November 1, 2018.

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.



**AGILENT TECHNOLOGIES, INC.**  
**RECONCILIATION OF ADJUSTED NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGINS**  
(In millions, except margin data)  
(Unaudited)

|  | FY2021          | Operating<br>Margin % | FY2020          | Operating<br>Margin % | FY 2019         | Operating<br>Margin % | FY 2018         | Operating<br>Margin % | FY 2017       | Operating<br>Margin % | FY 2016       | Operating<br>Margin % | FY 2015       | Operating<br>Margin % |
|--|-----------------|-----------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| <b>Agilent GAAP Revenue</b>                      | \$ 6,319        |                       | \$ 5,339        |                       | \$ 5,163        |                       | \$ 4,914        |                       | \$ 4,472      |                       | \$ 4,202      |                       | \$ 4,038      |                       |
| <b>Income from operations:</b>                   |                 |                       |                 |                       |                 |                       |                 |                       |               |                       |               |                       |               |                       |
| GAAP Income from operations                      | \$ 1,347        |                       | \$ 846          |                       | \$ 941          |                       | \$ 928          |                       | \$ 841        |                       | \$ 615        |                       | \$ 522        |                       |
| Pension reclass adjustment                       | —               |                       | —               |                       | —               |                       | \$ (24)         |                       | \$ (34)       |                       | \$ (28)       |                       | \$ (19)       |                       |
| GAAP income from operations (revised)            | \$ 1,347        | 21.3%                 | \$ 846          | 15.8%                 | \$ 941          | 18.2%                 | \$ 904          | 18.4%                 | \$ 807        | 18.0%                 | \$ 587        | 14.0%                 | \$ 503        | 12.5%                 |
| Add:   |                 |                       |                 |                       |                 |                       |                 |                       |               |                       |               |                       |               |                       |
| Asset impairments                                | 2               |                       | 99              |                       | —               |                       | 21              |                       | —             |                       | 4             |                       | 3             |                       |
| Intangible amortization                          | 194             |                       | 184             |                       | 125             |                       | 105             |                       | 117           |                       | 152           |                       | 156           |                       |
| Transformational initiatives                     | 37              |                       | 53              |                       | 44              |                       | 25              |                       | 12            |                       | 38            |                       | 56            |                       |
| Business exit and divestiture costs              | 5               |                       | 2               |                       | —               |                       | 9               |                       | —             |                       | 11            |                       | 12            |                       |
| Acquisition and integration costs                | 41              |                       | 41              |                       | 48              |                       | 23              |                       | 30            |                       | 41            |                       | 13            |                       |
| Change in fair value of contingent consideration | (21)            |                       | —               |                       | —               |                       | —               |                       | —             |                       | —             |                       | —             |                       |
| NASD site costs                                  | —               |                       | —               |                       | 12              |                       | 8               |                       | —             |                       | —             |                       | —             |                       |
| Special compliance costs                         | —               |                       | —               |                       | 2               |                       | 4               |                       | —             |                       | —             |                       | —             |                       |
| Impairment of investment and loans               | —               |                       | —               |                       | —               |                       | —               |                       | —             |                       | 7             |                       | —             |                       |
| Other  | 8               |                       | 31              |                       | 30              |                       | 5               |                       | 7             |                       | 7             |                       | 5             |                       |
| <b>Non-GAAP income from operations</b>           | <b>\$ 1,613</b> | 25.5%                 | <b>\$ 1,256</b> | 23.5%                 | <b>\$ 1,202</b> | 23.3%                 | <b>\$ 1,104</b> | 22.5%                 | <b>\$ 973</b> | 21.7%                 | <b>\$ 847</b> | 20.2%                 | <b>\$ 748</b> | 18.5%                 |

<sup>(a)</sup> Adjusted to include the impact of pension expense reclassification due to adoption of new accounting pronouncement as of November 1, 2018.

We provide non-GAAP income from operations 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, transformational initiatives, business exit and divestiture costs, acquisition and integration costs, change in fair value of contingent consideration, NASD site costs, special compliance costs and impairment of investment and loans.

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.