

**AGILENT TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
(In millions, except per share amounts)  
(Unaudited)  
**PRELIMINARY**

	Three Months Ended April 30,		Six Months Ended April 30,	
	2019	2018 <sup>(a)</sup>	2019	2018 <sup>(a)</sup>
Net revenue	\$ 1,238	\$ 1,206	\$ 2,522	\$ 2,417
Costs and expenses:				
Cost of products and services	569	563	1,146	1,104
Research and development	99	92	201	186
Selling, general and administrative	354	341	709	688
Total costs and expenses	<u>1,022</u>	<u>996</u>	<u>2,056</u>	<u>1,978</u>
Income from operations	216	210	466	439
Interest income	10	10	20	19
Interest expense	(17)	(19)	(35)	(39)
Other income (expense), net	<u>9</u>	<u>26</u>	<u>15</u>	<u>41</u>
Income before taxes	218	227	466	460
Provision for (benefit from) income taxes	36	22	(220)	575
Net income (loss)	<u>\$ 182</u>	<u>\$ 205</u>	<u>\$ 686</u>	<u>\$ (115)</u>
Net income (loss) per share:				
Basic	\$ 0.57	\$ 0.64	\$ 2.16	\$ (0.36)
Diluted	\$ 0.57	\$ 0.63	\$ 2.13	\$ (0.36)
Weighted average shares used in computing net income (loss) per share:				
Basic	317	322	318	323
Diluted	321	326	322	323

<sup>(a)</sup> Adjusted to include the impact of the adoption of ASU 2017-07 (pension expense reclassification) as of 11/1/2018. There is no impact to net income (loss) or net income (loss) per share.

The preliminary income statement is estimated based on our current information.

**AGILENT TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
(In millions, except par value and share amounts)  
**(Unaudited)**  
**PRELIMINARY**

	<u>April 30,</u> <u>2019</u>	<u>October 31,</u> <u>2018</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,155	\$ 2,247
Accounts receivable, net	819	776
Inventory	657	638
Other current assets	181	187
Total current assets	3,812	3,848
Property, plant and equipment, net	827	822
Goodwill and other intangible assets, net	3,650	3,464
Long-term investments	96	68
Other assets	637	339
Total assets	\$ 9,022	\$ 8,541
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 314	\$ 340
Employee compensation and benefits	292	304
Deferred revenue	347	324
Other accrued liabilities	165	203
Total current liabilities	1,118	1,171
Long-term debt	1,798	1,799
Retirement and post-retirement benefits	229	239
Other long-term liabilities	752	761
Total liabilities	3,897	3,970
Total Equity:		
Stockholders' equity:		
Preferred stock; \$0.01 par value; 125 million shares authorized; none issued and outstanding	—	—
Common stock; \$0.01 par value, 2 billion shares authorized; 317 million shares at April 30, 2019 and 318 million shares at October 31, 2018, issued	3	3
Treasury stock at cost; 9 thousand shares at April 30, 2019 and zero shares at October 31, 2018	(1)	—
Additional paid-in-capital	5,343	5,308
Retained earnings (accumulated deficit)	178	(336)
Accumulated other comprehensive loss	(398)	(408)
Total stockholders' equity	5,125	4,567
Non-controlling interest	—	4
Total equity	5,125	4,571
Total liabilities and equity	\$ 9,022	\$ 8,541

The preliminary balance sheet is estimated based on our current information.

**AGILENT TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(In millions)  
(Unaudited)  
**PRELIMINARY**

	Six Months Ended	
	April 30, 2019	April 30, 2018
Cash flows from operating activities:		
Net income (loss)	\$ 686	\$ (115)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	107	101
Share-based compensation	40	43
Excess and obsolete inventory related charges	7	17
Other non-cash expenses, net	2	2
Changes in assets and liabilities:		
Accounts receivable, net	(17)	(21)
Inventory	(21)	(34)
Accounts payable	(8)	(14)
Employee compensation and benefits	(13)	(7)
Change in assets and liabilities due to Tax Act	—	533
Other assets and liabilities	(318)	13
Net cash provided by operating activities <sup>(a)</sup>	465	518
Cash flows from investing activities:		
Investments in property, plant and equipment	(78)	(108)
Payment to acquire fair value investments	(18)	(1)
Payment in exchange for convertible note	(2)	(2)
Acquisition of businesses and intangible assets, net of cash acquired	(248)	(7)
Net cash used in investing activities	(346)	(118)
Cash flows from financing activities:		
Issuance of common stock under employee stock plans	33	36
Payment of taxes related to net share settlement of equity awards	(14)	(29)
Payment of dividends	(104)	(96)
Proceeds from revolving credit facility	—	356
Repayment of debt and revolving credit facility	—	(251)
Purchase of non-controlling interest	(4)	—
Treasury stock repurchases	(125)	(93)
Net cash used in financing activities	(214)	(77)
Effect of exchange rate movements	2	9
Net increase (decrease) in cash, cash equivalents and restricted cash	(93)	332
Cash, cash equivalents and restricted cash at beginning of period	2,254	2,686
Cash, cash equivalents and restricted cash at end of period	\$ 2,161	\$ 3,018
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:		
Cash and cash equivalents	\$ 2,155	\$ 3,011
Restricted cash, included in other assets	6	7
Total cash, cash equivalents and restricted cash	\$ 2,161	\$ 3,018
<sup>(a)</sup> Cash payments included in operating activities:		
Income tax payments (refunds), net	\$ 104	\$ 48
Interest payments	\$ 36	\$ 43

The preliminary cash flow is estimated based on our current information.

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

	Three Months Ended April 30,				Six Months Ended April 30,			
	2019		2018		2019		2018	
	\$	Diluted EPS	\$	Diluted EPS	\$	Diluted EPS	\$	Diluted EPS
GAAP net income (loss)	\$ 182	\$ 0.57	\$ 205	\$ 0.63	\$ 686	\$ 2.13	\$ (115)	\$ (0.36) <sup>(b)</sup>
Non-GAAP adjustments:								
Intangible amortization	26	0.08	25	0.08	54	0.17	50	0.15
Business exit and divestiture costs	—	—	8	0.02	—	—	8	0.02
Transformational initiatives	9	0.03	5	0.02	14	0.04	9	0.03
Acquisition and integration costs	10	0.03	4	0.01	20	0.06	7	0.02
Pension settlement gain	—	—	—	—	—	—	(5)	(0.02)
NASD site costs	4	0.01	2	0.01	6	0.02	4	0.01
Special compliance costs	1	—	1	—	1	—	2	0.01
Other	5	0.02	(14)	(0.04)	6	0.02	(13)	(0.04)
Adjustment for Tax Reform	—	—	—	—	—	—	533	1.63
Tax benefit on intra-entity asset transfer	—	—	—	—	(299)	(0.93)	—	—
Adjustment for taxes <sup>(a)</sup>	(9)	(0.03)	(24)	(0.08)	(16)	(0.04)	(52)	(0.14)
Non-GAAP net income	<u>\$ 228</u>	<u>\$ 0.71</u>	<u>\$ 212</u>	<u>\$ 0.65</u>	<u>\$ 472</u>	<u>\$ 1.47</u>	<u>\$ 428</u>	<u>\$ 1.31</u> <sup>(c)</sup>

<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 three months ended April 30, 2019, management used a non-GAAP effective tax rate of 16.48%. For the six months ended April 30, 2019, management used a non-GAAP effective tax rate of 16.75%. In the same periods last year, management used a non-GAAP effective tax rate of 18%.

<sup>(b)</sup> GAAP diluted net loss per share was computed using 323 million weighted average diluted shares which excludes from consideration the anti-dilutive effects of all potential common shares outstanding.

<sup>(c)</sup> Non-GAAP diluted net income per share was computed using 326 million weighted average diluted shares which includes the dilutive effects of potential common shares outstanding.

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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain, NASD site costs, special compliance costs, adjustment for Tax Reform, and tax benefit on intra-entity asset transfer.

**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, 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.

**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** primarily consists of an estimated provision of \$480 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 \$440 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.

The preliminary non-GAAP net income and diluted EPS reconciliation is estimated based on our current information.

**AGILENT TECHNOLOGIES, INC.**  
**SEGMENT INFORMATION**  
(In millions, except where noted)  
(Unaudited)  
**PRELIMINARY**

**Life Sciences and Applied Markets Group**

	<u>Q2'19</u>		<u>Q2'18</u>
Revenue	\$ 529	\$	537
Gross Margin, %	60.6%		59.7%
Income from Operations	\$ 107	\$	113
Operating margin, %	20.3%		21.0%

**Diagnostics and Genomics Group**

	<u>Q2'19</u>		<u>Q2'18</u>
Revenue	\$ 254	\$	243
Gross Margin, %	54.8%		54.8%
Income from Operations	\$ 49	\$	48
Operating margin, %	19.3%		19.9%

**Agilent CrossLab Group**

	<u>Q2'19</u>		<u>Q2'18</u>
Revenue	\$ 455	\$	426
Gross Margin, %	51.3%		50.0%
Income from Operations	\$ 115	\$	96
Operating margin, %	25.2%		22.5%

Income from operations reflect the results of our reportable segments under Agilent's management reporting system which are not necessarily in conformity with GAAP financial measures. Income from operations of our reporting segments exclude, among other things, charges related to amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain, NASD site costs, and special compliance costs.

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.

The preliminary segment information is estimated based on our current information.

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

	Year-over-Year								
	GAAP								
<b>GAAP Revenue by Segment</b>	Q2'19	Q2'18	Year-over-Year % Change						
Life Sciences and Applied Markets Group	\$ 529	\$ 537	(1%)						
Diagnostics and Genomics Group	254	243	5%						
Agilent CrossLab Group	455	426	7%						
Agilent	<u>\$ 1,238</u>	<u>\$ 1,206</u>	3%						

  

	Non-GAAP (excluding Acquisitions & Divestitures)			Year-over-Year at Constant Currency <sup>(a)</sup>		Current Quarter Currency Impact <sup>(b)</sup>
<b>Non GAAP Revenue by Segment</b>	Q2'19	Q2'18	Year-over-Year % Change	Year-over-Year % Change	Percentage Point Impact from Currency	Current Quarter Currency Impact <sup>(b)</sup>
Life Sciences and Applied Markets Group	\$ 519	\$ 537	(3%)	(1%)	-2 ppts	\$ (12)
Diagnostics and Genomics Group	248	243	2%	6%	-4 ppts	(8)
Agilent CrossLab Group	448	426	5%	9%	-4 ppts	(18)
Agilent (Core)	<u>\$ 1,215</u>	<u>\$ 1,206</u>	1%	4%	-3 ppts	<u>\$ (38)</u>

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.

<sup>(a)</sup> The constant currency year-over-year growth percentage is calculated by recalculating all periods in the comparison period at the foreign currency exchange rates used for accounting during the last month of the current quarter, and then using those revised values to calculate the year-over-year percentage change.

<sup>(b)</sup> The dollar impact from the current quarter currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

The preliminary reconciliation of GAAP revenue adjusted for recent acquisitions and divestitures and impact of currency is estimated based on our current information.