

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,	
	2021	2020	2021	2020
Net revenue	\$ 1,525	\$ 1,238	\$ 3,073	\$ 2,595
Costs and expenses:				
Cost of products and services	708	581	1,418	1,215
Research and development	109	197	212	301
Selling, general and administrative	420	358	827	762
Total costs and expenses	<u>1,237</u>	<u>1,136</u>	<u>2,457</u>	<u>2,278</u>
Income from operations	288	102	616	317
Interest income	1	3	1	6
Interest expense	(20)	(20)	(39)	(40)
Other income (expense), net	<u>4</u>	<u>36</u>	<u>7</u>	<u>57</u>
Income before taxes	273	121	585	340
Provision for income taxes	57	20	81	42
Net income	<u>\$ 216</u>	<u>\$ 101</u>	<u>\$ 504</u>	<u>\$ 298</u>
Net income per share:				
Basic	\$ 0.71	\$ 0.33	\$ 1.65	\$ 0.96
Diluted	\$ 0.70	\$ 0.32	\$ 1.64	\$ 0.95
Weighted average shares used in computing net income per share:				
Basic	304	309	305	310
Diluted	307	312	308	313

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>2021</u>	<u>October 31,</u> <u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,380	\$ 1,441
Accounts receivable, net	1,075	1,038
Inventory	791	720
Other current assets	268	216
Total current assets	3,514	3,415
Property, plant and equipment, net	884	845
Goodwill and other intangible assets, net	5,059	4,433
Long-term investments	188	158
Other assets	753	776
Total assets	\$ 10,398	\$ 9,627
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 423	\$ 354
Employee compensation and benefits	386	367
Deferred revenue	429	386
Short-term debt	205	75
Other accrued liabilities	315	285
Total current liabilities	1,758	1,467
Long-term debt	2,727	2,284
Retirement and post-retirement benefits	377	389
Other long-term liabilities	726	614
Total liabilities	5,588	4,754
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; 303 million shares at April 30, 2021 and 306 million shares at October 31, 2020, issued and outstanding	3	3
Additional paid-in-capital	5,271	5,311
Retained earnings (accumulated deficit)	(12)	81
Accumulated other comprehensive loss	(452)	(522)
Total stockholders' equity	4,810	4,873
Total liabilities and stockholders' equity	\$ 10,398	\$ 9,627

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, 2021	April 30, 2020
Cash flows from operating activities:		
Net income	\$ 504	\$ 298
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	153	155
Share-based compensation	66	44
Excess and obsolete inventory related charges	14	9
Loss on extinguishment of debt	17	—
Asset impairment charges	2	99
Unrealized gain on equity securities, net	(11)	(27)
Other non-cash expenses, net	2	3
Changes in assets and liabilities:		
Accounts receivable, net	(17)	25
Inventory	(80)	(85)
Accounts payable	51	(10)
Employee compensation and benefits	(3)	(50)
Other assets and liabilities	12	(207)
Net cash provided by operating activities ^(a)	710	254
Cash flows from investing activities:		
Investments in property, plant and equipment	(72)	(67)
Acquisition of businesses and intangible assets, net of cash acquired	(547)	—
Payment to acquire fair value investments	(8)	(18)
Payment in exchange for convertible note	(2)	(3)
Net cash used in investing activities	(629)	(88)
Cash flows from financing activities:		
Issuance of common stock under employee stock plans	26	32
Payment of taxes related to net share settlement of equity awards	(73)	(33)
Issuance of senior notes	848	—
Debt issuance costs	(7)	—
Payment of dividends	(118)	(111)
Repayment of senior notes	(417)	—
Proceeds from commercial paper	1,232	—
Repayment of commercial paper	(1,102)	—
Proceeds from credit facility	—	798
Repayment of credit facility	—	(713)
Repayment of finance lease	—	(4)
Treasury stock repurchases	(539)	(186)
Net cash used in financing activities	(150)	(217)
Effect of exchange rate movements	9	(8)
Net decrease in cash, cash equivalents and restricted cash	(60)	(59)
Cash, cash equivalents and restricted cash at beginning of period	1,447	1,388
Cash, cash equivalents and restricted cash at end of period	\$ 1,387	\$ 1,329
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:		
Cash and cash equivalents	\$ 1,380	\$ 1,324
Restricted cash, included in other assets	7	5
Total cash, cash equivalents and restricted cash	\$ 1,387	\$ 1,329

^(a) Cash payments included in operating activities:

Income tax payments (refunds), net	\$ 116	\$ 286
Interest payments	\$ 36	\$ 39

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,			
	2021	Diluted EPS	2020	Diluted EPS	2021	Diluted EPS	2020	Diluted EPS
GAAP net income	\$ 216	\$ 0.70	\$ 101	\$ 0.32	\$ 504	\$ 1.64	\$ 298	\$ 0.95
Non-GAAP adjustments:								
Asset impairments	2	0.01	99	0.32	2	0.01	99	0.32
Intangible amortization	46	0.15	46	0.15	90	0.29	94	0.30
Transformational initiatives	9	0.03	15	0.05	20	0.06	28	0.09
Acquisition and integration costs	13	0.04	11	0.03	22	0.07	24	0.08
Loss on extinguishment of debt	12	0.04	—	—	17	0.06	—	—
Business exit and divestiture costs	3	0.01	—	—	4	0.01	—	—
Other	(8)	(0.03)	(29)	(0.09)	(5)	(0.02)	(23)	(0.08)
Adjustment for taxes ^(a)	6	0.02	(20)	(0.07)	(27)	(0.09)	(45)	(0.14)
Non-GAAP net income	<u>\$ 299</u>	<u>\$ 0.97</u>	<u>\$ 223</u>	<u>\$ 0.71</u>	<u>\$ 627</u>	<u>\$ 2.03</u>	<u>\$ 475</u>	<u>\$ 1.52</u>

^(a) The adjustment for taxes excludes tax expense (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 and six months ended April 30, 2021, management used a non-GAAP effective tax rate of 14.75%. For the three and six months ended April 30, 2020, management used a non-GAAP effective tax rate of 15.50%.

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, loss on extinguishment of debt and business exit and divestiture costs.

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 including costs to move manufacturing, 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.

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 and the net loss recorded on the redemption of the remaining \$300 million called on March 5, 2021 and settled on April 5, 2021.

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

Other includes certain legal costs and settlements, net unrealized gains related to our equity securities and acceleration of share-based compensation expense in addition to other miscellaneous adjustments.

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

Quarter-over-Quarter

Life Sciences and Applied Markets Group

	<u>Q2'21</u>	<u>Q2'20</u>
Revenue	\$ 674	\$ 526
Gross Margin, %	59.4%	58.1%
Income from Operations	\$ 154	\$ 98
Operating margin, %	22.9%	18.7%

Diagnostics and Genomics Group

	<u>Q2'21</u>	<u>Q2'20</u>
Revenue	\$ 315	\$ 263
Gross Margin, %	53.4%	55.1%
Income from Operations	\$ 69	\$ 57
Operating margin, %	21.9%	21.6%

Agilent CrossLab Group

	<u>Q2'21</u>	<u>Q2'20</u>
Revenue	\$ 536	\$ 449
Gross Margin, %	51.6%	52.5%
Income from Operations	\$ 141	\$ 122
Operating margin, %	26.3%	27.2%

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 asset impairments, amortization of intangibles, transformational initiatives, acquisition and integration costs and business exit and divestiture 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						
<u>GAAP Revenue by Segment</u>	<u>Q2'21</u>	<u>Q2'20</u>	<u>Year-over-Year</u>			
			<u>% Change</u>			
Life Sciences and Applied Markets Group	\$ 674	\$ 526	28%			
Diagnostics and Genomics Group	315	263	20%			
Agilent CrossLab Group	536	449	19%			
Agilent	<u>\$ 1,525</u>	<u>\$ 1,238</u>	23%			

<u>Non GAAP Revenue by Segment</u>	<u>Non-GAAP</u>			<u>Year-over-Year</u>			<u>Year-over-Year</u>			<u>Current Quarter</u>
	<u>(excluding Acquisitions & Divestitures)</u>			<u>at Constant Currency ^(a)</u>			<u>at Constant Currency ^(a)</u>			<u>Currency Impact</u>
	<u>Q2'21</u>	<u>Q2'20</u>	<u>% Change</u>	<u>% Change</u>	<u>Percentage Point</u>	<u>Impact from</u>	<u>% Change</u>	<u>Impact from</u>	<u>Current Quarter</u>	<u>Currency Impact</u>
					<u>Currency</u>		<u>Currency</u>	<u>(b)</u>		
Life Sciences and Applied Markets Group	\$ 674	\$ 526	28%	25%	3 ppts	18	\$	18		
Diagnostics and Genomics Group	315	263	20%	16%	4 ppts	9		9		
Agilent CrossLab Group	536	449	19%	15%	4 ppts	21		21		
Agilent (Core)	<u>\$ 1,525</u>	<u>\$ 1,238</u>	23%	19%	4 ppts	<u>48</u>	<u>\$</u>	<u>48</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.

^(a) 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.

^(b) 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.