

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

	Three Months Ended January 31,	
	2021	2020
Net revenue	\$ 1,548	\$ 1,357
Costs and expenses:		
Cost of products and services	710	634
Research and development	103	104
Selling, general and administrative	407	404
Total costs and expenses	<u>1,220</u>	<u>1,142</u>
Income from operations	328	215
Interest income	-	3
Interest expense	(19)	(20)
Other income (expense), net	<u>3</u>	<u>21</u>
Income before taxes	312	219
Provision for income taxes	24	22
Net income	<u><u>\$ 288</u></u>	<u><u>\$ 197</u></u>
Net income per share:		
Basic	\$ 0.94	\$ 0.64
Diluted	\$ 0.93	\$ 0.63
Weighted average shares used in computing net income per share:		
Basic	306	310
Diluted	309	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

	January 31, 2021	October 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,329	\$ 1,441
Accounts receivable, net	1,087	1,038
Inventory	755	720
Other current assets	312	216
Total current assets	<u>3,483</u>	<u>3,415</u>
Property, plant and equipment, net	866	845
Goodwill and other intangible assets, net	4,405	4,433
Long-term investments	165	158
Other assets	755	776
Total assets	<u><u>\$ 9,674</u></u>	<u><u>\$ 9,627</u></u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 398	\$ 354
Employee compensation and benefits	298	367
Deferred revenue	419	386
Short-term debt	314	75
Other accrued liabilities	258	285
Total current liabilities	<u>1,687</u>	<u>1,467</u>
Long-term debt	2,185	2,284
Retirement and post-retirement benefits	389	389
Other long-term liabilities	609	614
Total liabilities	<u>4,870</u>	<u>4,754</u>
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; 305 million shares at January 31, 2021 and 306 million shares at October 31, 2020, issued and outstanding	3	3
Additional paid-in-capital	5,266	5,311
Retained earnings	4	81
Accumulated other comprehensive loss	(469)	(522)
Total stockholders' equity	<u>4,804</u>	<u>4,873</u>
Total liabilities and stockholders' equity	<u><u>\$ 9,674</u></u>	<u><u>\$ 9,627</u></u>

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

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

	Three Months Ended	
	January 31,	January 31,
	2021	2020
Cash flows from operating activities:		
Net income	\$ 288	\$ 197
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	76	79
Share-based compensation	40	27
Excess and obsolete inventory related charges	6	4
Loss on extinguishment of debt	5	—
Unrealized gain on equity securities, net	—	(16)
Other non-cash expense, net	2	2
Changes in assets and liabilities:		
Accounts receivable, net	(31)	(40)
Inventory	(35)	(32)
Accounts payable	43	(15)
Employee compensation and benefits	(88)	(80)
Other assets and liabilities	(68)	(185)
Net cash provided by (used in) operating activities ^(a)	238	(59)
Cash flows from investing activities:		
Investments in property, plant and equipment	(41)	(34)
Payment to acquire fair value investments	(1)	(1)
Net cash used in investing activities	(42)	(35)
Cash flows from financing activities:		
Issuance of common stock under employee stock plans	25	32
Payment of taxes related to net share settlement of equity awards	(72)	(33)
Payment of dividends	(59)	(56)
Repayment of senior notes	(105)	—
Proceeds from credit facility	—	432
Repayment of credit facility	—	(372)
Proceeds from commercial paper	785	—
Repayment of commercial paper	(546)	—
Repayment of finance lease	—	(4)
Treasury stock repurchases	(344)	(60)
Net cash used in financing activities	(316)	(61)
Effect of exchange rate movements	9	(1)
Net decrease in cash, cash equivalents and restricted cash	(111)	(156)
Cash, cash equivalents and restricted cash at beginning of period	1,447	1,388
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,336</u>	<u>\$ 1,232</u>
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:		
Cash and cash equivalents	\$ 1,329	\$ 1,226
Restricted cash, included in other assets	7	6
Total cash, cash equivalents and restricted cash	<u>\$ 1,336</u>	<u>\$ 1,232</u>

^(a) Cash payments included in operating activities:

Income tax payments (refunds), net	\$ 52	\$ 241
Interest payments	\$ 19	\$ 17

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 January 31,			
	2021	Diluted EPS	2020	Diluted EPS
GAAP net income	\$ 288	\$ 0.93	\$ 197	\$ 0.63
Non-GAAP adjustments:				
Intangible amortization	44	0.14	48	0.15
Transformational initiatives	11	0.04	13	0.04
Acquisition and integration costs	9	0.03	13	0.04
Loss on extinguishment of debt	5	0.02	—	—
Other	4	0.01	6	0.02
Adjustment for taxes ^(a)	(33)	(0.11)	(25)	(0.07)
Non-GAAP net income	<u>\$ 328</u>	<u>\$ 1.06</u>	<u>\$ 252</u>	<u>\$ 0.81</u>

^(a) 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 January 31, 2021, management used a non-GAAP effective tax rate of 14.75%. For the three months ended January 31, 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 amortization of intangibles, transformational initiatives, acquisition and integration costs and loss on extinguishment of debt.

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.

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.

Other includes certain legal costs and settlements, net unrealized gains related to our equity securities, business exit and divestiture costs 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>Q1'21</u>	<u>Q1'20</u>
Revenue	\$ 722	\$ 638
Gross Margin, %	60.5%	60.2%
Income from Operations	\$ 199	\$ 158
Operating margin, %	27.6%	24.8%

Diagnostics and Genomics Group

	<u>Q1'21</u>	<u>Q1'20</u>
Revenue	\$ 294	\$ 249
Gross Margin, %	51.6%	51.7%
Income from Operations	\$ 55	\$ 34
Operating margin, %	18.6%	13.5%

Agilent CrossLab Group

	<u>Q1'21</u>	<u>Q1'20</u>
Revenue	\$ 532	\$ 470
Gross Margin, %	51.7%	51.8%
Income from Operations	\$ 142	\$ 119
Operating margin, %	26.7%	25.4%

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, transformational initiatives and acquisition and integration 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 Revenue by Segment	GAAP					
	Q1'21	Q1'20	Year-over-Year % Change			
Life Sciences and Applied Markets Group	\$ 722	\$ 638	13%			
Diagnostics and Genomics Group	294	249	18%			
Agilent CrossLab Group	532	470	13%			
Agilent	<u>\$ 1,548</u>	<u>\$ 1,357</u>	14%			

Non GAAP Revenue by Segment	Non-GAAP (excluding Acquisitions & Divestitures)			Year-over-Year at Constant Currency ^(a)		Current Quarter Currency Impact ^(b)
	Q1'21	Q1'20	Year-over-Year % Change	Year-over-Year % Change	Percentage Point Impact from Currency	
Life Sciences and Applied Markets Group	\$ 722	\$ 638	13%	11%	2 pts	\$ 16
Diagnostics and Genomics Group	294	249	18%	15%	3 pts	7
Agilent CrossLab Group	532	470	13%	10%	3 pts	14
Agilent (Core)	<u>\$ 1,548</u>	<u>\$ 1,357</u>	14%	11%	3 pts	<u>\$ 37</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.