ROBO-ANALYST RESEARCH

Closing Price as of 06/07/2018: $65.23
Dividend Yield: 0.9%
Period End Date: 04/30/2018

Agilent Technologies, Inc. (A)

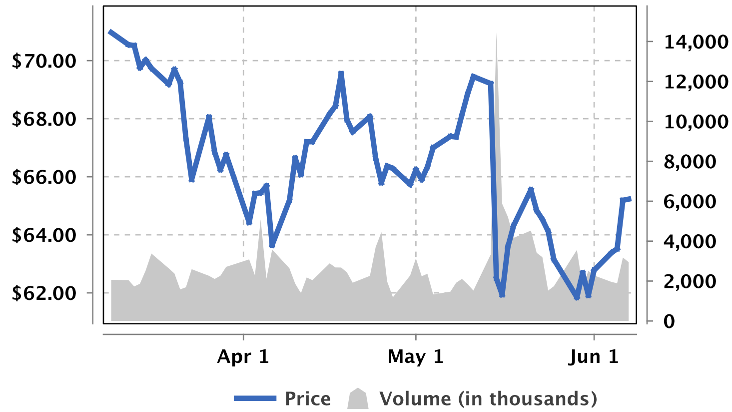
Neutral

NYSE - Healthcare

Investment Recommendation

- We recommend investors hold A.
- A earns our Neutral rating. See Investment Rating Details below.
- A Neutral rating means this stock's upside potential is about equal to its downside risk.
- A ranks in the 75th percentile of the 2850+ stocks we cover.
- Ranks 48th out of 332 Healthcare Sector stocks.

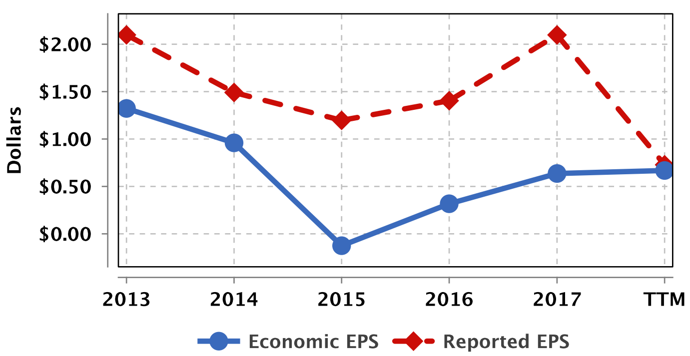
Price 06/07/2018:	$65.23
Economic Book Value per share	$33.06
52-Week Range	$57.62 - $74.83



Investment Rating Details

Risk/Reward Rating	Quality of Earnings: Economic vs Reported EPS	Quality of Earnings: Return on Invested Capital (ROIC)	Valuation: FCF Yield	Valuation: Price-to-EBV Ratio	Valuation: Growth Appreciation Period (yrs)
Very Unattractive	Misleading Trend	Bottom Quintile	<-5%	> 3.5 or -1 < 0	> 50
Unattractive	False Positive	4th Quintile	-5%<-1%	2.4 < 3.5 or < -1	20 < 50
Neutral	Neutral EE	3rd Quintile	-1%<3%	1.6 < 2.4	10 < 20
Attractive	Positive EE	2nd Quintile	3%<10%	1.1 < 1.6	3 < 10
Very Attractive	Rising EE	Top Quintile	>10%	0 < 1.1	0 < 3
Actual Values	$0.67 vs. $0.73	10%	4%	2.0	> 100
Sector ETF (XLV)	Positive EE	12%	1%	2.3	25
S&P 500 ETF (SPY)	Positive EE	18%	2%	3.2	31

Accounting vs Economic Earnings



Earnings & Valuation Diligence Summary

- A's accounting earnings overstate its economic earnings.
- For A, we made a total of $6,227 million in income statement and balance sheet adjustments to convert accounting earnings to economic earnings in FY17.
- We made $5,010 million in adjustments in our DCF valuation of the stock.
- See Appendix 1 for details on our calculations of key metrics.

Stock Performance

Year to Date	(2.4%)
Last 30 Days	(3.2%)
Last 60 Days	2.5%
Last 90 Days	(8.1%)
Last Year	8.5%

Key Market Statistics

Enterprise Value (MM)	$20,414
Market Value (MM)	$20,870
EV/EBITDA	17.99
EBV per Share	$33.06
Shares Outstanding (Thousands)	319,952
P/E (TTM)	89.59

About New Constructs

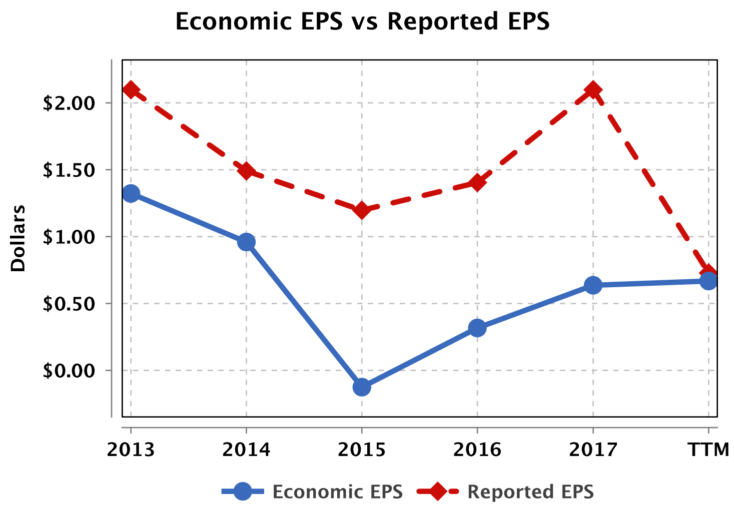
Economic vs Reported Earnings

Economic Earnings are Very Attractive

Economic Earnings are almost always meaningfully different than reported earnings. We believe Economic Earnings provide a truer measure of profitability and shareholder value creation than reported earnings because they have been adjusted to remove over twenty accounting distortions.

The majority of data required to reverse accounting distortions is available only in the Footnotes and MD&A, which we analyze rigorously. Our core competency is gathering and analyzing all relevant financial data from filings so that we can deliver earnings analysis that best represents the true profitability of businesses.

Economic Earnings per share (EEPS) for A for the trailing twelve months are $0.67 compared to reported earnings per share of $0.73 and earn a Very Attractive rating. See Appendix 1 for a detailed reconciliation.



Return on Invested Capital (ROIC)

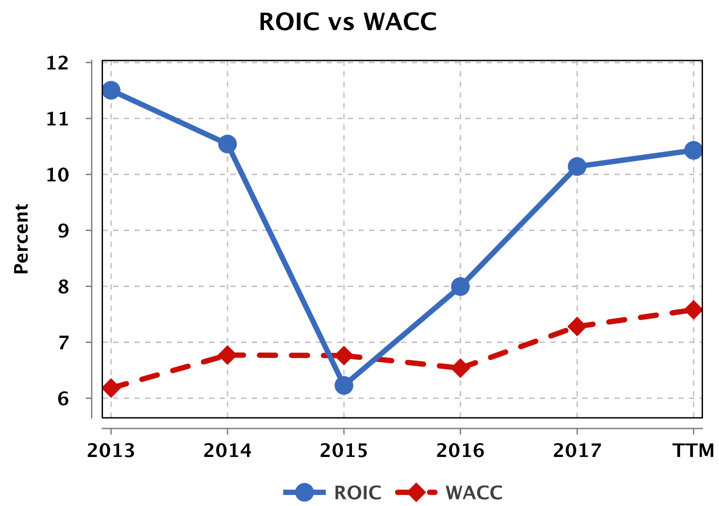
ROIC is Neutral

ROIC measures a company's return on all cash invested in the business. It is the truest measure of profitability. Stock valuations are more highly correlated to ROIC than any other metric.

Weighted-Average Cost of Capital (WACC) is the average of debt and equity capital costs that all publicly traded companies with debt and equity stakeholders incur as a cost of operating.

Companies must earn an ROIC greater than WACC to generate positive economic earnings and create value for shareholders.

A's ROIC of 10.4% for the trailing twelve months earns a Neutral rating. ROIC is calculated as NOPAT of $767 million divided by Average Invested Capital of $7,355 million. See Appendix 1 for a detailed reconciliation.



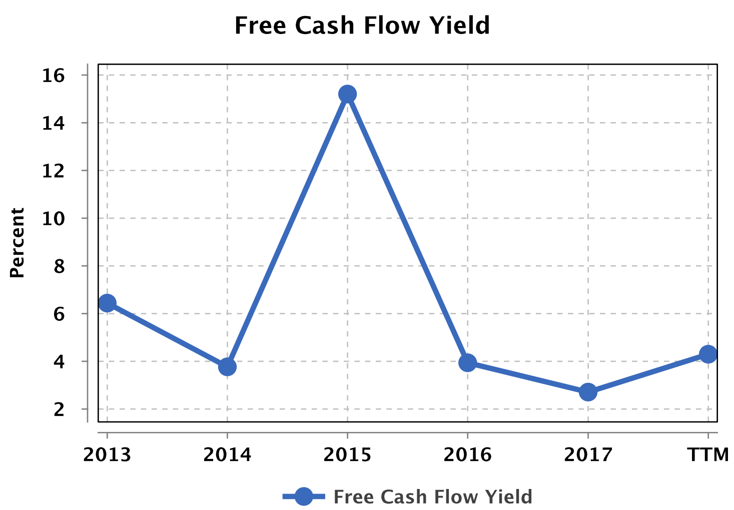
Free Cash Flow Yield (FCF Yield)

Free Cash Flow Yield is Attractive

Free Cash Flow reflects the amount of cash free for distribution to all stakeholders (including debt & equity). FCF Yield divides free cash flow by enterprise value.

Using Free Cash Flow Yield to pick stocks is not a new strategy. However, our strategy yields superior results because we use a better measure of Free Cash Flow. In the same way our Economic EPS are better measures of profitability than reported EPS, our measure of Free Cash Flow is better than traditional accounting-based Free Cash Flow.

A's FCF is $877 million for the trailing twelve months and its current Enterprise Value is $20,414 million. FCF Yield is 4.3% and earns an Attractive rating. See Appendix 1 for a detailed reconciliation.



Price-to-EBV Ratio

Price-to-EBV Ratio is Neutral

Price-to-Economic Book Value (EBV) measures the difference between the market's expectations for future profits and the no-growth value of the stock.

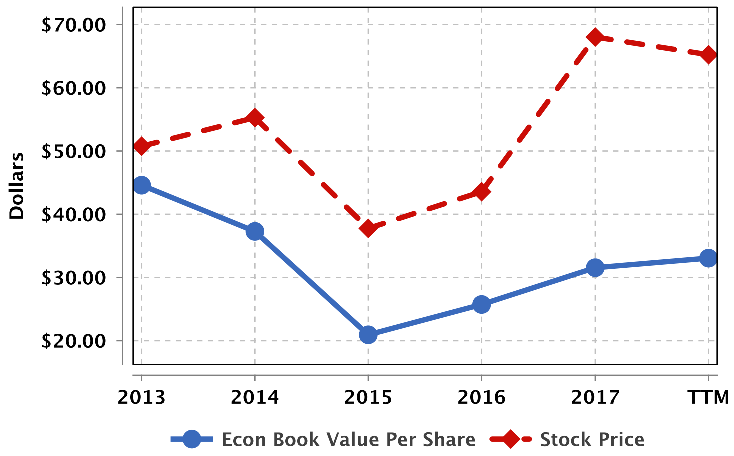
EBV measures the no-growth value of the company based on the company's current Net Operating Profit After Tax (NOPAT).

When prices are higher than EBV, the market predicts the NOPAT of the company will increase and expectations for profit growth are reflected in the stock. If the stock price equals EBV, the market predicts NOPAT will remain the same and there are no expectations for profit growth reflected in the stock. When stock prices are lower than EBV, the market predicts NOPAT will decrease and expectations for permanent profit decline are reflected in the stock.

In general, we like to buy stocks with low expectations for profit growth and sell/short stocks with high expectations for profit growth.

A's current Price-to-EBV per share is 2.0 and earns a Neutral rating. A's stock price is $65.23 and its EBV per share for the trailing twelve months is $33.06. See Appendix 1 for a detailed reconciliation.

Stock Price vs Economic Book Value (EBV) Per Share



Growth Appreciation Period

The Growth Appreciation Period is Very Unattractive

The market-implied duration of profit growth or GAP measures the number of years the company must maintain an edge over its competitors by earning ROIC greater than the weighted-average cost of capital on new investments.

We believe A embeds a Very Unattractive level of market expectations because there is a very large difference between the expected financial performance implied by its market price and the company's historical performance.

At A's current stock price of $65.23, the market is expecting revenue to grow at 3.3% for more than 100 years. Over this period, A is also expected to generate an average Economic Earnings Margin of 6.6%.

These results are derived using our dynamic discounted cash flow model.

Performance Hurdles	Historical Performance			Market Expectations
	5 Yr	3Yr	Last FY	Default (based on current price)
Stock Price	$50.76	$37.76	$68.03	**$65.23**
Revenue CAGR	(9.9%)	5.2%	9.2%	**3.3%**
ROIC - WACC	4.0%	2.3%	2.9%	**6.6%**
Growth Appreciation Period	-	-	-	**> 100 years**

Appendix 1: Key Metrics & Calculations

This appendix provides reconciliations of the calculations we use in our stock ratings. The Education section of our website offers full details on all our calculations and ratings methodolgies.

Values in millions	2013	2014	2015	2016	2017	Current/TTM
Economic Earnings ((ROIC - WACC) * Invested Capital)						
Return on Invested Capital (ROIC)	11.5%	10.5%	6.2%	8.0%	10.1%	10.4%
WACC (Period End Date)	6.2%	6.8%	6.8%	6.5%	7.3%	7.5%
Economic Earnings Margin (ROIC - WACC)	5.3%	3.8%	(0.5%)	1.5%	2.9%	2.9%
Average Invested Capital	$8,474.83	$8,472.76	$7,828.12	$7,097.92	$7,165.95	$7,355.37
Economic Earnings	**$451.02**	**$319.59**	**($41.74)**	**$103.44**	**$204.93**	**$215.45**
Change in Economic Earnings	($247.68)	($131.42)	($361.34)	$145.18	$101.49	$19.65
Economic Earnings per Share	**$1.32**	**$0.96**	**($0.13)**	**$0.32**	**$0.64**	**$0.67**
Economic Earnings per Share Growth	(34.1%)	(27.4%)	(113.1%)	353.1%	100.6%	10.2%
GAAP Net Income / FFO	**$724.00**	**$504.00**	**$401.00**	**$462.00**	**$684.00**	**$237.00**
Change in GAAP Net Income / FFO	($429.00)	($220.00)	($103.00)	$61.00	$222.00	($343.00)
Diluted GAAP EPS	**$2.10**	**$1.49**	**$1.20**	**$1.40**	**$2.10**	**$0.73**
Diluted GAAP EPS Growth	(35.8%)	(28.9%)	(19.7%)	17.3%	49.4%	(59.0%)
Return on Invested Capital (ROIC) (ROIC = NOPAT / Average Invested Capital)						
Total Operating Revenue	$6,782.00	$6,981.00	$4,038.00	$4,202.00	$4,472.00	$4,720.00
NOPAT	$974.93	$893.32	$487.66	$567.52	$726.73	$767.19
Average Invested Capital	$8,474.83	$8,472.76	$7,828.12	$7,097.92	$7,165.95	$7,355.37
Return on Invested Capital (ROIC)	**11.5%**	**10.5%**	**6.2%**	**8.0%**	**10.1%**	**10.4%**
Change in ROIC	(4.5%)	(1.0%)	(4.3%)	1.8%	2.1%	0.6%
NOPAT Margin	14.4%	12.8%	12.1%	13.5%	16.3%	16.3%
Average Invested Capital Turns	0.80	0.82	0.52	0.59	0.62	0.64
Incremental Return on Invested Capital	(5.0%)	-	(240.1%)	-	-	15.3%
Free Cash Flow (FCF) Analysis (FCF = NOPAT - Change in Invested Capital, FCF Yield = FCF / Enterprise Value)						
NOPAT	$974.93	$893.32	$487.66	$567.52	$726.73	$767.19
Change in Invested Capital	($173.06)	$168.93	($1,458.23)	($2.17)	$137.88	($110.20)
Free Cash Flow (FCF)	**$1,148.00**	**$724.39**	**$1,945.88**	**$569.69**	**$588.85**	**$877.39**
Change in FCF	$2,657.68	($423.61)	$1,221.50	($1,376.19)	$19.16	$626.53
FCF Growth	176.0%	(36.9%)	168.6%	(70.7%)	3.4%	249.7%
Enterprise Value	**$17,824.43**	**$19,219.81**	**$12,798.63**	**$14,461.48**	**$21,728.68**	**$20,414.08**
FCF Yield	**6.4%**	**3.8%**	**15.2%**	**3.9%**	**2.7%**	**4.3%**
FCF as % of Revenue	16.9%	10.4%	48.2%	13.6%	13.2%	18.6%
Price to Economic Book Value per Share (NOPAT / WACC + Adjustments - see our website for full details)						
NOPAT	$974.93	$893.32	$487.66	$567.52	$726.73	$767.19
WACC	6.2%	6.8%	6.8%	6.5%	7.3%	7.6%
Excess Cash	$2,455.90	$2,801.95	$1,859.10	$2,213.90	$2,592.40	$2,914.00
Net Assets from Discontinued Operations	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net Deferred Tax Liability	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net Deferred Compensation Assets	($51.00)	($48.00)	($35.00)	($31.00)	($32.00)	($32.00)
Fair Value of Unconsolidated Subsidiary Assets (non-op)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Fair Value of Total Debt	($2,964.66)	($2,993.70)	($1,810.62)	($2,133.13)	($2,185.68)	($2,231.68)
Fair Value of Preferred Capital	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)
Fair Value of Minority Interests	($3.00)	($3.00)	($3.00)	($3.00)	($4.00)	($4.00)
Value of Outstanding ESO After-Tax	($204.59)	($145.26)	($61.79)	($55.57)	($82.43)	($76.92)
Pensions Net Funded Status	($154.00)	($313.00)	($211.00)	($336.00)	($113.00)	($113.00)
Economic Book Value (EBV)	**$14,849.15**	**$12,491.51**	**$6,948.57**	**$8,335.13**	**$10,155.53**	**$10,576.79**
Split Adjusted Shares Outstanding (thousands)	333,000	335,000	332,000	324,000	321,975	319,952
EBV per Share	$44.59	$37.29	$20.93	$25.73	$31.54	$33.06
Stock Price (closing)	$50.76	$55.28	$37.76	$43.57	$68.03	$65.23
PEBV (Price to Economic Book Value per Share)	**1.14**	**1.48**	**1.80**	**1.69**	**2.16**	**1.97**

Appendix 2: Explanation of New Constructs' Stock Ratings

Ratings

In-depth risk/reward analysis underpins our stock rating. Our stock rating methodology grades every stock according to what we believe are the 5 most important criteria for assessing the quality of a stock. Each grade reflects the balance of potential risk and reward of buying that stock. Our analysis results in the 5 ratings described below. Very Attractive and Attractive correspond to a "Buy" rating, Very Unattractive and Unattractive correspond to a "Sell" rating, while Neutral corresponds to a "Hold" rating.

Risk/Reward Rating	Quality of Earnings		Valuation		
	Economic vs Reported EPS	Return on Invested Capital (ROIC)	FCF Yield	Price-to-EBV Ratio	Growth Appreciation Period
Very Unattractive	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50
Unattractive	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50
Neutral	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20
Attractive	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3

Ratings

Economic earnings and return on capital metrics are significantly more accurate when as-reported financial statements have been adjusted to reverse accounting distortions and Red Flags. The majority of the data required to reverse accounting distortions is available only in the Notes to the Financial Statements, which we analyze rigorously. Our core competency is gathering and analyzing all relevant financial data (from the Financial Statements and Notes) so that we can deliver earnings analysis that best represents the true profitability of businesses. See the figure below for a list of the Red Flag adjustments we make to a company's reported GAAP profits in order to reverse accounting distortions and arrive at a better measure of a firm's profits.

Accounting Issues and Red Flags that Distort GAAP

- Employee Stock Options
- Pension Over/Under Funding
- Excess Cash
- Restructuring Charges
- Pooling Goodwill
- Minority Interests
- Discontinued Operations
- Preferred Stock
- Mid-Year Acquisitions
- Off-Balance-Sheet Financing
- LIFO Reserve
- Unrealized Gains/Losses
- Goodwill Amortization
- Unconsolidated Subsidiaries
- Capitalized Expenses
- Deferred Compensation
- Net Deferred tax Assets and Liabilities

New Constructs® - Research to Fulfill the Fiduciary Duty of Care

Ratings & screeners on 3000 stocks, 650 ETFs and 7000 mutual funds help you make prudent investment decisions.

New Constructs leverages the latest in machine learning to analyze structured and unstructured financial data with unrivaled speed and accuracy. The firm's forensic accounting experts work alongside engineers to develop proprietary NLP libraries and financial models. Our investment ratings are based on the best fundamental data in the business for stocks, ETFs and mutual funds. Clients include many of the top hedge funds, mutual funds and wealth management firms. David Trainer, the firm's CEO, is regularly featured in the media as a thought leader on the fiduciary duty of care, earnings quality, valuation and investment strategy.

To fulfill the Duty of Care, research should be:

1. **Comprehensive** - All relevant publicly-available (e.g. 10-Ks and 10-Qs) information has been diligently reviewed, including footnotes and the management discussion & analysis (MD&A).
2. **Un-conflicted** - Clients deserve unbiased research.
3. **Transparent** - Advisors should be able to show how the analysis was performed and the data behind it.
4. **Relevant** - Empirical evidence must provide tangible, quantifiable correlation to stock, ETF or mutual fund performance.

Value Investing 2.0: Diligence Matters: Technology is Key to Value Investing with Scale

Accounting data is only the beginning of fundamental research. It must be translated into economic earnings to truly understand profitability and valuation. This translation requires deep analysis of footnotes and the MD&A, a process that our robo-analyst technology empowers us to perform for thousands of stocks, ETFs and mutual funds.

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