



Agilent Technologies, Inc. (A)

Updated March 5th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	\$126	5 Year CAGR Estimate:	14.0%	Market Cap:	\$35 B
Fair Value Price:	\$153	5 Year Growth Estimate:	9.0%	Ex-Dividend Date:	04/01/25
% Fair Value:	82%	5 Year Valuation Multiple Estimate:	4.1%	Dividend Payment Date:	04/23/25
Dividend Yield:	0.8%	5 Year Price Target	\$236	Years Of Dividend Growth:	13
Dividend Risk Score:	A	Retirement Suitability Score:	C	Rating:	Buy

Overview & Current Events

Agilent Technologies, Inc. (A) offers instruments, software, and services to life sciences, diagnostics, and applied chemicals markets. It is a global company with operations in the Americas (which accounted for 40% of FY 2024 revenue), Asia Pacific (33%), and Europe (27%). The company is separated into three segments: Life Sciences & Diagnostics Markets Group (LDG), Agilent CrossLab Group (ACG), and Applied Markets Group (AMG). ACG makes up nearly half of its total revenue (42%), with LDG (38%) and AMG (20%) making up the remainder. Its end markets are primarily Chemicals and Advanced Materials, and Pharma, with Diagnostics and Clinical, Environmental & Forensics, Food, and Academia & Govt making up the remainder. Agilent has a market capitalization of \$35 billion.

On February 26th, 2025, Agilent reported first quarter 2025 results for the period ending January 31st, 2024. For the quarter, the company generated net revenue of \$1.68 billion, which was 1.4% higher year-over-year. Adjusted net income equaled \$377 million or \$1.31 per share, a 2% increase compared to Q1 2024. The company's LDG and ACG segments saw revenue increases of 4% and 1% year-over-year, respectively, while AMG declined 4%.

Leadership updated its 2025 full year outlook, now expecting revenue to be \$6.68 billion to \$6.76 billion, which would represent a 2.6% to 3.8% improvement compared to 2024. Adjusted EPS, however, is still expected to be \$5.54 to \$5.61, and we have maintained our 2025 estimate at the midpoint.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Adj.EPS	\$1.74	\$1.98	\$2.36	\$2.79	\$3.11	\$3.28	\$4.34	\$5.22	\$5.44	\$5.29	\$5.58	\$8.59
DPS	\$0.40	\$0.46	\$0.53	\$0.60	\$0.66	\$0.72	\$0.78	\$0.84	\$0.90	\$0.94	\$0.99	\$1.33
Shares¹	335	329	326	325	318	312	307	300	296	287	286	263

Agilent Technologies has grown at a fairly even pace over the last decade and half decade, boasting a 5- and 9-year EPS CAGR of 11.2% and 13.2%, respectively. The company has reported excellent results since the pandemic. Furthermore, Agilent generated higher adjusted EPS for more than a decade until 2024, when the company experienced some weakness due to its customers holding off on new capital purchases, which has reversed some in Q1 2025.

At the same time, it has reduced its share count on a consistent basis, by about -1.7% per year, which we expect to continue.

Agilent has diversified end markets, totaling \$65 billion in available market, and believes it can achieve 4% to 6% long-term growth across these markets. Its largest addressable markets are Pharma & Biotech (\$21B), Clinical & Diagnostics (\$15B), and Academic & Government (\$13B), with Environmental & Forensics (\$6B), Food (\$5B), and Chemicals & Advanced Materials (\$5B) also contributing significantly. Biopharma is Agilent's primary growth opportunity, accounting for 43% of its pharma revenue mix in FY23, up from 22% in FY19. Furthermore, the target patient population for these products is steadily increasing. Additionally, Agilent expects an increase in PFAS "forever chemicals" testing as a result of new regulations. The company also has exposure to semiconductors and batteries, which are used to power Generative AI, 5G, Cloud Computing, and Automotive Electronics, and are growing rapidly.

¹ In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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We are forecasting \$5.58 in earnings-per-share and a 9.0% intermediate-term growth rate.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2023	2024	Now	2030
Avg. P/E	34.8	32.5	31.9	68.8	25.4	51.5	40.5	35.9	33.0	26.1	22.5	27.5
Avg. Yld.	1.0%	1.1%	0.8%	0.9%	0.8%	0.6%	0.5%	0.6%	0.7%	0.7%	0.8%	0.6%

Agilent Technologies stock has traded at a lofty premium over the past decade. The company's average PE ratio over the last ten and five years has been 38.0 and 37.4, respectively. Shares currently trade at a much more reasonable 22.5 times EPS, while we believe fair value is 27.5X, but it remains an expensive stock when compared to its peers in the space. We believe the current projected earnings growth forecast does not support a PE as high as its historical averages. The company has increased its dividend every year since its inception in 2012. During that time, it more than tripled its quarterly dividend from \$0.071 to \$0.248. Still, considering its EPS growth has been very strong, its payout ratio has actually decreased over the last decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

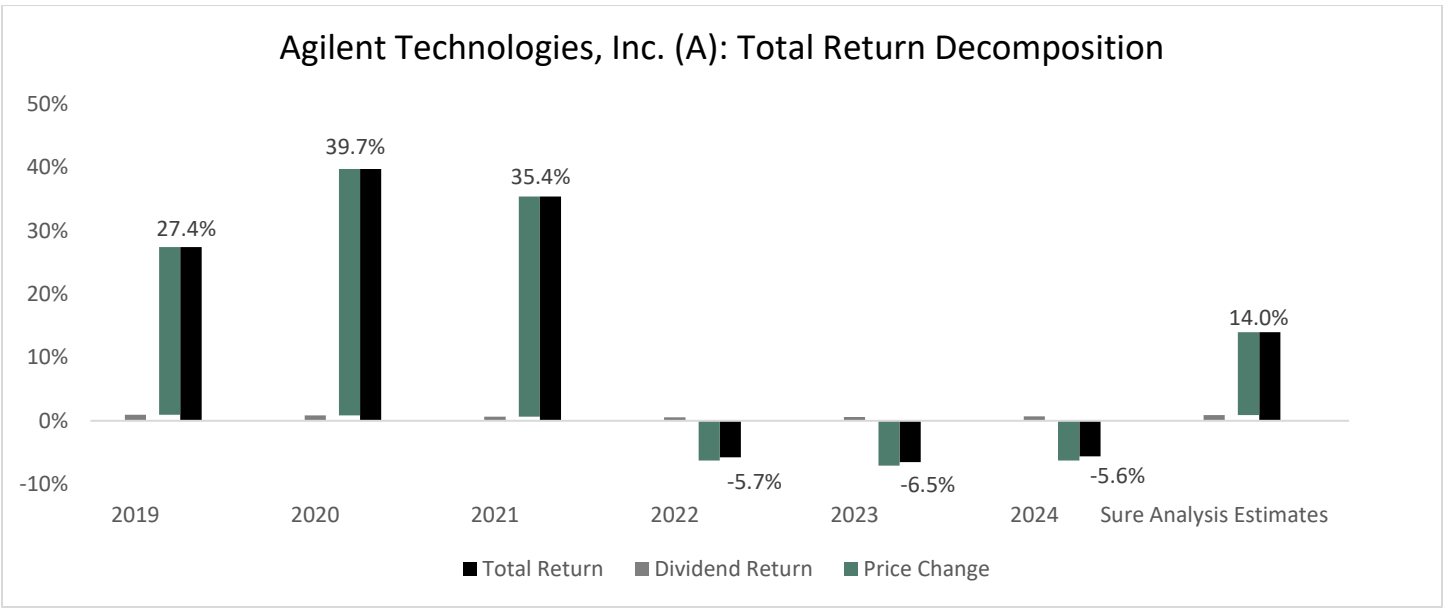
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	23%	23%	22%	22%	21%	22%	18%	16%	17%	18%	18%	15%

Agilent is a global market leader with a diverse product portfolio. Furthermore, much of its business is subject to regulations, which raises the barrier to entry for potential competitors. Still, Agilent invests extensively in R&D to maintain its market share in its end markets, which change constantly. It spent \$479 million on R&D in FY 2024. As of the most recent quarter, Agilent held \$1.5 billion in cash and equivalents, \$4.1 billion in current assets and \$11.9 billion in total assets compared to \$1.9 billion in current liabilities and \$5.9 billion in total liabilities.

Final Thoughts & Recommendation

Shares of Agilent have declined by 5.5% year-to-date, which compares unfavorably to the S&P 500 Index's 0.5% decrease. The company has produced an enviable earnings record, with more than a decade of straight growth until FY 2024. We are forecasting 14.0% total return potential stemming from 9.0% earnings-per-share growth, the 0.8% dividend yield, as well as a 4.1% valuation tailwind. Agilent maintains its buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	4,038	4,202	4,472	4,914	5,163	5,339	6,319	6,848	6,833	6510
Gross Profit	2,041	2,197	2,399	2,680	2,805	2,837	3,407	3,722	3,465	3535
Gross Margin	50.5%	52.3%	53.6%	54.5%	54.3%	53.1%	53.9%	54.4%	50.7%	54.3%
SG&A Exp.	1,189	1,253	1,251	1,389	1,460	1,496	1,619	1,637	1,634	1568
D&A Exp.	253	246	212	210	238	308	321	317	271	257
Operating Profit	522	615	807	904	941	846	1,347	1,618	1,350	1488
Operating Margin	12.9%	14.6%	18.0%	18.4%	18.2%	15.8%	21.3%	23.6%	19.8%	22.9%
Net Profit	401	462	684	316	1,071	719	1,210	1,254	1,240	1289
Net Margin	9.9%	11.0%	15.3%	6.4%	20.7%	13.5%	19.1%	18.3%	18.1%	19.8%
Free Cash Flow	414	654	713	910	865	802	1,297	1,021	1,474	1373
Income Tax	42	82	119	630	(152)	123	150	250	99	232

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	7,479	7,794	8,426	8,541	9,452	9,627	10,705	10,532	10,763	11850
Cash & Equivalents	2,003	2,289	2,678	2,247	1,382	1,441	1,484	1,053	1,590	1329
Accounts Receivable	606	631	724	776	930	1,038	1,172	1,405	1,291	1324
Inventories	541	533	575	638	679	720	830	1,038	1,031	972
Goodwill & Int. Ass.	2,811	2,933	2,968	3,464	4,700	4,433	4,956	4,773	4,435	5024
Total Liabilities	3,309	3,548	3,591	3,970	4,704	4,754	5,316	5,227	4,918	5984
Accounts Payable	279	257	305	340	354	354	446	580	418	540
Long-Term Debt	1,655	1,904	2,011	1,799	2,407	2,359	2,729	2,769	2,735	3390
Shareholder's Equity	4,167	4,243	4,831	4,567	4,748	4,873	5,389	5,305	5,845	5898
LTD/E Ratio	0.40	0.45	0.42	0.39	0.51	0.48	0.51	0.52	0.47	0.57

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.4%	6.0%	8.4%	3.7%	11.9%	7.5%	11.9%	11.8%	11.6%	11.4%
Return on Equity	8.5%	11.0%	15.1%	6.7%	23.0%	14.9%	23.6%	23.5%	22.2%	22.0%
ROIC	6.3%	7.7%	10.5%	4.8%	15.8%	10.0%	15.8%	15.5%	14.9%	14.4%
Shares Out.	335.0	329.0	326.0	325.0	318.0	312.0	307.0	300.0	296.0	291.0
Revenue/Share	12.05	12.77	13.72	15.12	16.24	17.11	20.58	22.83	23.08	22.37
FCF/Share	1.24	1.99	2.19	2.80	2.72	2.57	4.22	3.40	4.98	4.72

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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