



NEWS RELEASE

# Keysight Technologies Reports Second Quarter 2019 Results

5/29/2019

Record GAAP Revenue of \$1.09B Grew 10 Percent

GAAP Earnings Per Diluted Share Grew 137 Percent

Announces \$500 Million Share Repurchase Program

SANTA ROSA, Calif.--(BUSINESS WIRE)-- Keysight Technologies, Inc. (NYSE: KEYS) today reported financial results for the second fiscal quarter of 2019 ended April 30, 2019.

"Keysight delivered another record quarter with both revenue and earnings exceeding the high-end of our guidance. In the second quarter, we saw growth across most end markets as customers continued R&D investments in next-generation technologies. We are capturing a significant portion of the demand we see in the marketplace with our broad and differentiated portfolio of solutions, software and services. In addition to expanding our leadership position, we are driving strong earnings growth with our commitment to operational excellence defined by our Keysight Leadership Model," said Ron Nersesian, Keysight president and CEO.

"Looking into the third quarter, we are complying with the recent United States Department of Commerce export control regulations with China. While this will have some impact on revenue, we expect to deliver revenue growth between 7 and 8 percent for the year and are ahead of schedule on our margin expansion plan," said Nersesian.

## Second Quarter Financial Summary

- GAAP revenue grew 10 percent to reach \$1,090 million, when compared with \$990 million last year. Non-GAAP revenue, grew 9 percent to reach \$1,093 million. Non-GAAP core revenue, which also excludes the impact of foreign currency changes and revenue associated with businesses acquired or divested within the last twelve months, increased 12 percent.
- GAAP net income was \$153 million, or \$0.80 per share, compared with GAAP net income of \$64 million, or \$0.34 per share, in the second quarter of 2018.
- Non-GAAP net income was \$233 million, or \$1.22 per share, compared with \$158 million, or \$0.83 per share in the second quarter of 2018.
- As of April 30, 2019, cash and cash equivalents totaled \$1,277 million.

## Reporting Segments

- Communications Solutions Group (CSG)

CSG reported revenue of \$676 million in the second quarter, up 8 percent, driven by demand for 5G R&D across the wireless ecosystem and data center related next-generation 400GbE digital test.

- Electronic Industrial Solutions Group (EISG)

EISG reported revenue of \$299 million in the second quarter, up 6 percent, driven by strength in automotive, general electronics and next-generation parametric test.

- Ixia Solutions Group (ISG)

ISG revenue was \$118 million in the second quarter, up 32 percent when compared with \$90 million in the prior year second quarter, driven by application and security sales along with large visibility renewals.

## Share Repurchase Program

Keysight also announced today that its Board of Directors authorized a new share repurchase program for up to \$500 million of its common stock. The new repurchase program is effective immediately and replaces the previously authorized \$350 million program from 2018 of which \$160 million remained. Shares may be purchased from time to time, subject to general business and market conditions and other investment opportunities, through open market purchases, privately negotiated transactions or other means. The repurchase authorization may be commenced, suspended or discontinued at any time at the company's discretion.

## Outlook

Keysight's third fiscal quarter of 2019 GAAP revenue is expected to be in the range of \$1,018 million to \$1,058 million and non-GAAP revenue for the third fiscal quarter of 2019 is expected to be in the range of \$1,020 million to \$1,060 million.

Non-GAAP earnings per share for the third fiscal quarter of 2019 are expected to be in the range of \$0.97 to \$1.05, which exclude items that pertain to future events and are not currently estimable with a reasonable degree of accuracy. Therefore, no reconciliation to GAAP amounts has been provided. Further information is discussed in the section titled "Use of Non-GAAP Financial Measures" below.

## Webcast

Keysight's management will present more details about its second quarter FY2019 financial results and its third quarter FY2019 outlook on a conference call with investors today at 1:30 p.m. PT. This event will be webcast in listen-only mode. Listeners may log on to the call at [www.investor.keysight.com](http://www.investor.keysight.com) under the "Upcoming Events" section and select "Q2 2019 Keysight Technologies Inc. Earnings Conference Call" to participate or dial +1 833-245-9654 (U.S. only) or +1 647-689-4226 (International) and enter passcode 1774914.

The webcast will remain on the company site for 90 days. A telephone replay of the conference call will be available at approximately 4:30 p.m. PT after the call and remain available for one week. The replay may be accessed by dialing +1 800-585-8367 (or +1 416-621-4642 from outside the U.S.) and entering passcode 1774914.

## Forward-Looking Statements

This communication contains forward-looking statements as defined in the Securities Exchange Act of 1934 and is subject to the safe harbors created therein. These forward-looking statements involve risks and uncertainties that could significantly affect the expected results and are based on certain key assumptions of Keysight's management and on currently available information. Due to such uncertainties and risks, no assurances can be given that such expectations or assumptions will prove to have been correct, and readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Keysight undertakes no responsibility to publicly update or revise any forward-looking statement. The forward-looking statements contained herein include, but are not limited to, information and future guidance on the company's goals, priorities, revenues, demand, financial condition, earnings, impacts of US export control regulations, the continued strengths and expected growth of the markets the company sells into, operations, operating earnings, and tax rates that involve risks and uncertainties that could cause Keysight's results to differ materially from management's current expectations. Such risks and uncertainties include, but are not limited to, changes in the demand for current and new products, technologies, and services; customer purchasing decisions and timing, and the risk that we are not able to realize the savings or benefits expected from integration or restructuring activities. The words "estimate,"

“expect,” “intend,” “will,” “should,” “forecast,” and similar expressions, as they relate to the company, are intended to identify forward-looking statements.

In addition to the risks above, other risks that Keysight faces include those detailed in Keysight’s filings with the Securities and Exchange Commission, including our Form 10-K for the fiscal year ended Oct. 31, 2018 and Keysight’s quarterly report on Form 10-Q for the period ended January 31, 2019.

## Segment Data

Segment data reflects the results of our reportable segments under our management reporting system. Segment revenue excludes the impact of fair value adjustments to acquisition-related deferred revenue balances. Segment data are provided on page 6 of the attached tables.

## Use of Non-GAAP Financial Measures

In addition to financial information prepared in accordance with U.S. GAAP (“GAAP”), this document also contains certain non-GAAP financial measures based on management’s view of performance, including:

- Non-GAAP Revenue
- Non-GAAP Core Revenue
- Non-GAAP Net Income
- Non-GAAP Net Income per share

Income per share is based on weighted average diluted share count. See the attached supplemental schedules for reconciliations of each non-GAAP financial measure to its most directly comparable GAAP financial measure for the three months ended April 30, 2019 and for projected non-GAAP revenue amounts for the three months ended July 31, 2019. Following the reconciliations is a discussion of the items adjusted from our non-GAAP financial measures and the company’s reasons for including or excluding certain categories of income or expenses from our non-GAAP results.

## About Keysight Technologies

Keysight Technologies, Inc. (NYSE: KEYS) is a leading technology company that helps enterprises, service providers, and governments accelerate innovation to connect and secure the world. Keysight's solutions optimize networks and bring electronic products to market faster and at a lower cost with offerings from design simulation, to prototype validation, to manufacturing test, to optimization in networks and cloud environments. Customers span

the worldwide communications ecosystem, aerospace and defense, automotive, energy, semiconductor and general electronics end markets. Keysight generated revenues of \$3.9B in fiscal year 2018. More information is available at [www.keysight.com](http://www.keysight.com).

Additional information about Keysight Technologies is available in the newsroom at [www.keysight.com/go/news](http://www.keysight.com/go/news) and on [Facebook](#), [LinkedIn](#), [Twitter](#) and [YouTube](#).

Source: IR-KEYS

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

	Three months ended April 30,		Percent Inc/(Dec)
	2019	2018 (a)	
Orders	\$ 1,121	\$ 987	14%
Net revenue	\$ 1,090	\$ 990	10%
Costs and expenses:			
Cost of products and services	442	451	(2)%
Research and development	171	160	7%
Selling, general and administrative	300	305	(1)%
Other operating expense (Income), net	(8)	(12)	(27)%
Total costs and expenses	<u>905</u>	<u>904</u>	-
Income from operations	185	86	116%
Interest income	6	2	121%
Interest expense	(20)	(21)	(5)%
Other income (expense), net	<u>22</u>	<u>16</u>	42%
Income before taxes	193	83	133%
Provision for income taxes	<u>40</u>	<u>19</u>	115%
Net Income	<u>\$ 153</u>	<u>\$ 64</u>	138%
Net income per share:			
Basic	\$ 0.81	\$ 0.34	
Diluted	\$ 0.80	\$ 0.34	
Weighted average shares used in computing net income per share:			
Basic	188	188	
Diluted	191	190	

(a) Restated to include the impact of adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, on November 1, 2018. There is no impact to net income or net income per share.

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

	Six months ended April 30,		Percent Inc/(Dec)
	2019	2018 (a)	
Orders	\$ 2,137	\$ 1,951	10%
Net revenue	\$ 2,096	\$ 1,827	15%
Costs and expenses:			
Cost of products and services	870	863	1%
Research and development	344	310	11%
Selling, general and administrative	588	600	(2)%
Other operating expense (income), net	(12)	(15)	(16)%
Total costs and expenses	<u>1,790</u>	<u>1,758</u>	2%
Income from operations	306	69	343%
Interest income	10	5	91%
Interest expense	(40)	(43)	(7)%
Other income (expense), net	<u>37</u>	<u>29</u>	28%
Income before taxes	313	60	420%
Provision (benefit) for income taxes	<u>46</u>	<u>(98)</u>	-
Net Income	<u>\$ 267</u>	<u>\$ 158</u>	69%
Net income per share:			
Basic	\$ 1.42	\$ 0.84	
Diluted	\$ 1.40	\$ 0.83	
Weighted average shares used in computing net income per share:			
Basic	188	187	
Diluted	191	190	

(a) Restated to include the impact of adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, on November 1, 2018. There is no impact to net income or net income per share.

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

	April 30, 2019	October 31, 2018
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,277	\$ 913
Accounts receivable, net	660	624
Inventory	660	619
Other current assets	227	222
Total current assets	2,824	2,378
Property, plant and equipment, net	563	555
Goodwill	1,174	1,171
Other intangible assets, net	543	645
Long-term investments	42	46
Long-term deferred tax assets	727	750
Other assets	317	279
Total assets	\$ 6,190	\$ 5,824
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 500	\$ 499
Accounts payable	236	242
Employee compensation and benefits	281	276
Deferred revenue	333	334
Income and other taxes payable	61	42
Other accrued liabilities	74	69
Total current liabilities	1,485	1,462
Long-term debt	1,292	1,291
Retirement and post-retirement benefits	214	224
Long-term deferred revenue	150	127
Other long-term liabilities	251	287
Total liabilities	3,392	3,391
Stockholders' Equity:		
Preferred stock; \$0.01 par value; 100 million shares authorized; none issued and outstanding	-	-
Common stock; \$0.01 par value; 1 billion shares authorized; 193 million shares at April 30, 2019, and 191 million shares at October 31, 2018, issued	2	2
Treasury stock at cost; 5.4 million shares at April 30, 2019 and 4.4 million shares at October 31, 2018	(252)	(182)
Additional paid-in-capital	1,954	1,889
Retained earnings	1,555	1,212
Accumulated other comprehensive loss	(461)	(488)
Total stockholders' equity	2,798	2,433
Total liabilities and equity	\$ 6,190	\$ 5,824

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

	Six months ended April 30,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 267	\$ 158
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	48	53
Amortization	103	104
Share-based compensation	50	34
Deferred tax benefit	(2)	(237)
Excess and obsolete inventory-related charges	13	11
Gain on divestitures	(1)	(8)
Other non-cash expenses, net	(2)	5
Changes in assets and liabilities:		
Accounts receivable	(28)	(31)
Inventory	(53)	(18)
Accounts payable	1	20
Employee compensation and benefits	5	23
Deferred revenue	85	71
Income taxes payable	(8)	125
Retirement and post-retirement benefits	(23)	(22)
Other assets and liabilities	6	(6)
Net cash provided by operating activities (a)	<u>461</u>	<u>282</u>
Cash flows from investing activities:		
Investments in property, plant and equipment	(60)	(58)
Proceeds from the sale of investments	7	-
Proceeds from divestitures	2	12
Other investing activities	2	-
Net cash used in investing activities	<u>(49)</u>	<u>(46)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock plans	39	33
Payment of taxes related to net share settlement of equity awards	(24)	(16)
Payment of acquisition-related contingent consideration	-	(3)
Proceeds from credit facility	-	40
Repayment of debt and credit facility	-	(300)
Treasury stock repurchases (b)	(69)	(28)
Net cash used in financing activities	<u>(54)</u>	<u>(274)</u>
Effect of exchange rate movements	5	4
Net increase (decrease) in cash, cash equivalents and restricted cash	363	(34)
Cash, cash equivalents and restricted cash at beginning of period	<u>917</u>	<u>820</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,280</u>	<u>\$ 786</u>
(a) Cash payments included in operating activities:		
Income tax payments, net	\$ (48)	\$ (11)
Interest payment on debt	\$ (38)	\$ (41)

(b) For the six months ended April 30, 2019, we repurchased 1,030,120 shares of common stock for \$70 million, held as treasury stock and accounted for at trade date using the cost method. There were \$1 million stock repurchases pending settlements as of April 30, 2019. For the six months ended April 30, 2018, we repurchased 773,352 shares of common stock for \$40 million, held as treasury stock and accounted for at trade date using the cost method. There were \$12 million stock repurchases pending settlement as of April 30, 2018.



KEYSIGHT TECHNOLOGIES, INC.  
RECONCILIATION OF REVENUE GUIDANCE AND NON-GAAP CORE REVENUE  
(In millions)  
(Unaudited)  
PRELIMINARY

	Q3'19 Guidance		Year-over-year compare		Percent Inc/(Dec)
	Low end	High end	Q2'19	Q2'18	
GAAP Revenue	\$ 1,018	\$ 1,058	\$ 1,090	\$ 990	10%
Amortization of acquisition-related balances	2	2	3	9	
Non-GAAP Revenue	<u>\$ 1,020</u>	<u>\$ 1,060</u>	\$ 1,093	\$ 999	9%
Less: Revenue from acquisition or divestitures included in segment results			-	(5)	
Currency impacts			17	-	
Non-GAAP Core Revenue			<u>\$ 1,110</u>	<u>\$ 994</u>	12%

Non-GAAP core revenue excludes impact of currency and revenue from acquisitions or divestitures closed within the last twelve months.

Please refer page 8 for discussion on our non-GAAP financial measures.

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KEYSIGHT TECHNOLOGIES, INC.  
SEGMENT RESULTS INFORMATION  
(In millions, except where noted)  
(Unaudited)  
PRELIMINARY

Communications Solutions Group

	Q2'19	Q2'18	YoY % Chg
Revenue	\$ 676	\$ 627	8%
Gross margin, %	63.4%	58.2%	
Income from operations	\$ 187	\$ 132	
Operating margin, %	28%	21%	

Electronic Industrial Solutions Group

	Q2'19	Q2'18	YoY % Chg
Revenue	\$ 299	\$ 282	6%
Gross margin, %	61.3%	59.0%	
Income from operations	\$ 78	\$ 68	
Operating margin, %	26%	24%	

Ixia Solutions Group

	Q2'19	Q2'18	YoY % Chg
Revenue	\$ 118	\$ 90	32%
Gross margin, %	71.5%	75.6%	
Income from operations	\$ 3	\$ (10)	
Operating margin, %	3%	(11)%	

Restated for (1) the recently announced organizational change to align our services business with its customers and end markets. With this change, services, which was previously reported as Services Solutions Group (SSG), is now reported as part of the Communications Solutions Group (CSG) and Electronic Industrial Solutions Group (EISG); and (2) the retrospective application of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which the company adopted on November 1, 2018.

Net revenue for Ixia Solutions Group excludes the impact of amortization of acquisition-related balances of \$3 million and \$8 million for Q2'19 and Q2'18, respectively. Net revenue for Communication Solutions Group excludes the impact of amortization of acquisition-related balances of \$1 million

for Q2'18. Segment revenue and income from operations are consistent with the respective non-GAAP measures as discussed on Page 8.

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KEYSIGHT 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	
	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
GAAP Net income	\$ 153	\$ 0.80	\$ 64	\$ 0.34	\$ 267	\$ 1.40	\$ 158	\$ 0.83
Non-GAAP adjustments:								
Amortization of acquisition-related balances	54	0.28	65	0.34	108	0.56	154	0.81
Share-based compensation	23	0.12	15	0.08	50	0.26	34	0.18
Acquisition and integration costs	1	0.01	17	0.09	3	0.02	36	0.19
Northern California wildfire-related costs	-	-	-	-	-	-	7	0.04
Restructuring and related costs	6	0.03	11	0.06	6	0.03	13	0.07
Other	(12)	(0.06)	(5)	(0.02)	(15)	(0.08)	(4)	(0.02)
Adjustment for taxes (a)	8	0.04	(9)	(0.06)	(10)	(0.05)	(143)	(0.76)
Non-GAAP Net income	<u>\$ 233</u>	<u>\$ 1.22</u>	<u>\$ 158</u>	<u>\$ 0.83</u>	<u>\$ 409</u>	<u>\$ 2.14</u>	<u>\$ 255</u>	<u>\$ 1.34</u>
Weighted average shares outstanding - diluted	191		190		191		190	

(a) For the three and six months ended April 30, 2019 and April 30, 2018 management uses a non-GAAP effective tax rate of 12% and 15%, respectively.

Historical amounts are reclassified to conform with current presentation.

Please refer page 8 for discussion on our non-GAAP financial measures.

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## Non-GAAP Financial Measures

Management uses both GAAP and non-GAAP financial measures to analyze and assess the overall performance of the business, to make operating decisions and to forecast and plan for future periods. We believe that our investors benefit from seeing our results "through the eyes of management" in addition to seeing our GAAP results. This information enhances investors' understanding of the continuing performance of our business and facilitates comparison of performance to our historical and future periods.

Our non-GAAP financial measures may not be comparable to similarly titled measures used by other companies, including industry peer companies, limiting the usefulness of these measures for comparative purposes.

These non-GAAP measures should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. The discussion below presents information about each of the non-GAAP financial measures and the company's reasons for including or excluding certain categories of income or expenses from our non-GAAP results. In future periods, we may exclude such items and may incur income and expenses similar to these excluded items. Accordingly, adjustments for these items and other similar items in our non-GAAP presentation should not be interpreted as implying that these items are non-recurring, infrequent or unusual.

Non-GAAP Revenue includes recognition of acquired deferred revenue that was written down to fair value in purchase accounting. Management believes that excluding fair value purchase accounting adjustments more closely correlates with the ordinary and ongoing course of the acquired company's operations and facilitates analysis of revenue growth and business trends.

Non-GAAP Core Revenue is non-GAAP revenue (see Non-GAAP Revenue above) excluding the impact of foreign currency changes and revenue associated with businesses acquired and divested within the last twelve months. We exclude the impact of foreign currency changes as currency rates can fluctuate based on factors that are not within our control and can obscure revenue growth trends. As the nature, size and number of acquisitions

can vary significantly from period to period and as compared to our peers, we exclude revenue associated with recently acquired businesses to facilitate comparisons of revenue growth and analysis of underlying business trends.

Non-GAAP Income from Operations, Non-GAAP Net Income and Non-GAAP Diluted EPS may include the following types of adjustments:

- Acquisition-related Items: We exclude the impact of certain items recorded in connection with business combinations from our non-GAAP financial measures that are either non-cash or not normal, recurring operating expenses due to their nature, variability of amounts and lack of predictability as to occurrence or timing. These amounts may include non-cash items such as the amortization of acquired intangible assets and amortization of items associated with fair value purchase accounting adjustments, including recognition of acquired deferred revenue (see Non-GAAP Revenue above). We also exclude other acquisition and integration costs associated with business acquisitions that are not normal recurring operating expenses, including amortization of amounts paid to redeem acquires' unvested stock-based compensation awards, and legal, accounting and due diligence costs. We exclude these charges to facilitate a more meaningful evaluation of our current operating performance and comparisons to our past operating performance.
- Share-based Compensation Expense: We exclude share-based compensation expense from our non-GAAP financial measures because share-based compensation expense can vary significantly from period to period based on the company's share price, as well as the timing, size and nature of equity awards granted. Management believes the exclusion of this expense facilitates the ability of investors to compare the company's operating results with those of other companies, many of which also exclude share-based compensation expense in determining their non-GAAP financial measures.
- Restructuring and Related Costs: We exclude incremental expenses associated with restructuring initiatives, usually aimed at material changes in the business or cost structure. Such costs may include employee separation costs, asset impairments, facility-related costs, contract termination fees, and costs to move operations from one location to another. These activities can vary significantly from period to period based on the timing, size and nature of restructuring plans; therefore, we do not consider such costs to be normal, recurring operating expenses. We believe that these costs do not reflect expected future operating expenses and do not contribute to a meaningful evaluation of the company's current operating performance or comparisons to our operating performance in other periods.
- Northern California wildfire-related costs and Other Items: We exclude certain other significant income or expense items that may occur occasionally and are not normal, recurring, cash operating, from our non-GAAP financial measures. Such items are evaluated on an individual basis based on both quantitative and qualitative factors and generally represent items that we would not anticipate occurring as part of our normal business on a regular basis. While not all-inclusive, examples of certain other significant items excluded from non-GAAP financial measures would include net unrealized gains on equity investments still held, and significant non-recurring events like goodwill impairment charges, realized gains or losses associated with our employee benefit plans, costs related to unusual disaster like Northern California wildfires, gain on sale of assets and small divestitures, separation and related costs, etc.
- Estimated Tax Rate: We utilize a consistent methodology for long-term projected non-GAAP tax rate. When projecting this long-term rate, we exclude any tax benefits or expenses that are not directly related to ongoing operations and which are either isolated or cannot be expected to occur again with any regularity or predictability. Additionally, we evaluate our current long-term projections, current tax structure and other factors, such as existing tax positions in various jurisdictions and key tax holidays in major jurisdictions where Keysight operates. This tax rate could change in the future for a variety of reasons, including but not limited to significant changes in geographic earnings mix including acquisition activity, or fundamental tax law changes in major jurisdictions where Keysight operates. The above reasons also limit our ability to reasonably estimate the future GAAP tax rate and provide a reconciliation of the expected non-GAAP earnings per share for the third fiscal quarter of 2019 to the GAAP equivalent.

Management recognizes these items can have a material impact on our cash flows and/or our net income. Our GAAP financial statements, including our Condensed Consolidated 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 costs 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 Condensed Consolidated Statement of Operations prepared in accordance with GAAP. The non-GAAP measures focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

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Source: Keysight Technologies, Inc.