KEYSIGHT TECHNOLOGIES

Stifel 2018 Cross Sector Insight Conference

JUNE 12, 2018



Safe Harbor

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. Due to such uncertainties and risks, no assurances can be given that such expectations 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, growth opportunities, customer service and innovation plans, new product introductions, financial condition, earnings, 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 and restructuring activities. The words "anticipate," "plan," "estimate," "expect," "intend," "will," "should," "forecast," "project," 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 October 31, 2017, and Keysight's quarterly report on Form 10-Q for the period ended April 30, 2018.

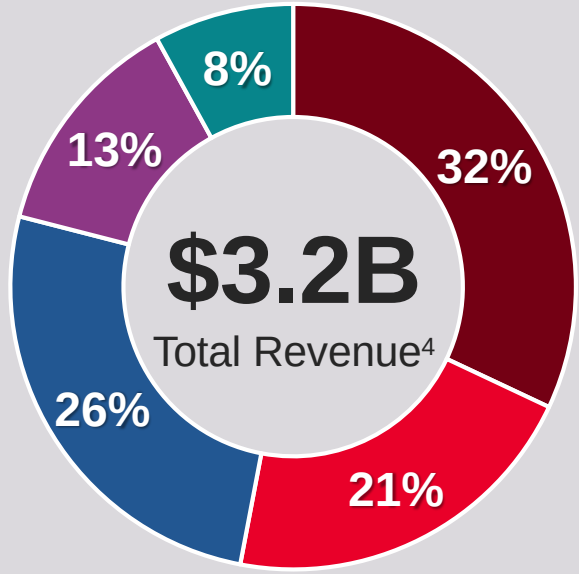
This presentation includes a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of the business, for making operating decisions and for forecasting and planning for future periods. Non-GAAP measures exclude primarily the impacts of share-based compensation, restructuring and related costs, separation and related costs, acquisition and integration costs, amortization of acquisition-related balances, pension curtailment and settlement gains, Northern California wildfire related costs and others. Also excluded are 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. Most of these excluded amounts pertain to events that have not yet occurred and are not currently possible to estimate with a reasonable degree of accuracy. Accordingly, no reconciliation to GAAP amounts has been provided. The definitions of these non-GAAP financial measures may differ from similarly titled measures used by others, and such non-GAAP measures should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. Keysight generally uses non-GAAP financial measures to facilitate management's comparisons to historic operating results, to competitors' operating results and to guidance provided to investors. In addition, Keysight believes that the use of these non-GAAP financial measures provides greater transparency to investors of information used by management in its financial and operational decision-making.

Keysight Technologies at a Glance

FY'17 KEY STATISTICS

Headquarters	Santa Rosa, CA
Spin-off Date[1]	November 1, 2014
Market Capitalization[2]	~$8.5B
Free Cash Flow[3]	$241M
Operating Margin[4]	19%
Total Customers[5]	>32,000
Countries Served	100+
R&D Sites[6]	14

FY'17 REVENUE MIX



- Commercial Communications: **$1.04B**[7]
- Aerospace, Defense and Government: **$0.69B**[7]
- Electronic Industrial: **$0.84B**
- Services: **$0.42B**
- Ixia: **$0.26B**[8]

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[1] Spin-off from Agilent [2] As of 2'22'18 [3] Free cash flow is calculated as operating cash minus capital expenditure [4] Non-GAAP measure, refer to reconciliation in Appendix [5] Includes indirect sales channels; no customer >3% of total revenue [6] Sites with >50 R&D engineers [7] Communication Solutions: $1.74B [8] Partial-year revenue (~6 mos.)

Q2’18 Earnings Highlights

Revenue[1,2]	$999M, +32% y/y, +18% y/y core
Orders[2]	$987M, +23% y/y, +10% y/y core
Operating Margin[1]	20%
EPS[1]	$0.83, +31% y/y

Increasing FY18 Revenue Expectations[1,2]	*Expect to deliver full-year core revenue growth of 7-8%*

MARKET GROWTH DRIVERS



5G



Auto & Energy



Aerospace & Defense



Services

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[1] Non-GAAP measure, refer to reconciliation in Appendix. [2] Core growth excludes the impact of currency and acquisitions closed in last twelve months.

We Are at the Heart of the Revolution



SMART TECHNOLOGY CONNECTS THE WORLD

INNOVATION IS EVERYWHERE

- ✓ Devices
- ✓ Infrastructure
- ✓ Cities
- ✓ Defense
- ✓ Vehicles
- ✓ Wearables

Transforming from Hardware-centric Product to Software-centric Solutions Company

ACCELERATING INNOVATION TO CONNECT AND SECURE THE WORLD

Great Position in Attractive $15.5B Market[1]

Keysight Segments	End Markets	Market Size	End-Market Growth Rates[2]	Revenue[3]	Position[4]	Share
Communications Solutions	Commercial Communications	$4.0B	3 - 5%	$1.0B	#1	~25%
	Aerospace, Defense & Gov't	$3.0B	2 - 3%	$0.7B	#1	~23%
Electronic Indust. Solutions	Electronic Industrial	$4.0B	2 - 3%	$0.8B	#1	~20%
Services Solutions	Services	$2.0B	2 - 3%	$0.4B	#1	~20%
Ixia Solutions	Network Test	$1.0B	3 - 5%	$0.32B	#1	~33%
	Network Visibility	$1.5B	10 - 15%	$0.15B	#2/3	~10%
	Total	$15.5B	3 - 5%	**$3.5B**	**#1**	**~22%**

RAISING KEYSIGHT'S CORE GROWTH EXPECTATIONS TO 4 – 5% OVER THE CYCLE

[1] Per Company estimates [2] Per Company estimates; 3-5 year average [3] FY'17 segment revenue excludes impact of deferred revenue fair value adjustment. Ixia full-year pro forma revenue. Non-GAAP measure, refer to reconciliation in Appendix [4] Market-leading positions sources: Prime Data, IHS Technology, Company estimates

Deep Customer Relationships & Market-Leading Positions

CUSTOMER COVERAGE[1] (2017)

10 of 10 Top Telecom Equipment Companies

10 of 10 Top Semiconductor Suppliers

23 of 25 Top Aero and Defense Contractors[2]

24 of 25 Top Technology Companies

25 of 25 Top Auto Electronics Suppliers

25 of 25 Top Telecom Operators

25 of 25 Top Engineering & Tech Universities

BREADTH OF CUSTOMERS[3]

ADI Hittite • Alphabet • Amazon • Arris • AT&T

BAE Systems • Boeing • Broadcomm • Cisco

Continental Auto • Daimler • Datang • Delphi

Denso • Facebook • Finisar • Fujitsu • Harris

HP • HTC • Infineon • Innolight Tech • Leonardo

LG • Lumentum • Marvell Semiconductor

MediaTek • Microsoft • muRata • Naval Research Lab

Nvidia • Qorvo • Qualcomm • SAIC Motor

Samsung • Schneider • Siemens • Skyworks

Sporton International • Spreadtrum • Tesla

Thales • Toyota • Tsinghua University

TSMC • Wistron Neweb • ZheJiang University

LEADING POSITIONS[4]

#1 Software Revenue For Electronic Design and Test

#1 Hardware Revenue For Electronic Design and Test

#1 Commercial Comms, Aerospace and Defense, Electronic Industrial, Network Test (Ixia)

HARDWARE + SOFTWARE + PEOPLE = INSIGHTS

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[1] Source: Defense News, Forbes, IHS Markit, IHS Technology, Statista, Times Higher Education [2] Two of the top 25 defense companies are on the U.S. Gov't embargoed list [3] Select customers from 32,000+ customers [4] Market-leading Positions Source: Prime Data, IHS Technology and Company estimates

Keysight Uniquely Positioned to Win in 5G

5G PHASES

2010 - 2015
Research

2016 - 2019
Prototyping, Standards and Trials

2020 - 2025+
Commercialize, Deploy & Ramp

KEYSIGHT 5G VALUE PROPOSITION

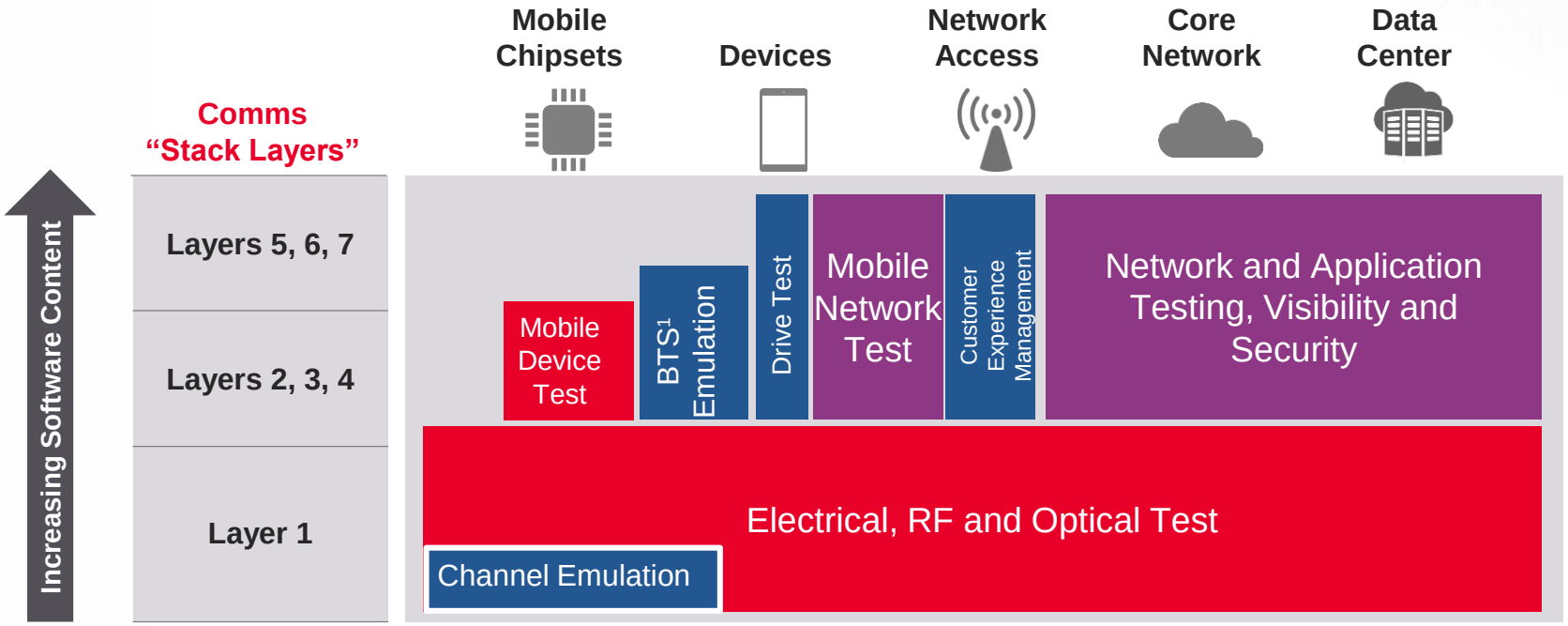
1. Invested early in broad set of differentiated technology to enable 5G
2. Broad solution portfolio solving 5G challenges from research to deployment
3. Insights from industry engagements and trials

SIGNIFICANT PROGRESS

- ✓ >60% 5G order CAGR over past 3 years
- ✓ Strong order results driven by first-to-market solutions
- ✓ Industry-leading millimeter wave solutions
- ✓ 60+ key contributions made to industry technology standards

Acquisitions Have Expanded Addressable Market and Enable Us to Offer Complete Solutions

- Keysight
- Anite Acquisition
- Ixia Acquisition



Example: Network Emulation Solutions Enable Modem-Device Workflow

Protocol R&D	RF/RRM[2] DVT[3]	Functional KPI	Virtual Drive Testing	Carrier Acceptance	RF/ RRM Conformance	Protocol Conformance	Manufacturing Tools
Anite	KEYSIGHT TECHNOLOGIES	KEYSIGHT TECHNOLOGIES	Anite	Anite	AT4 wireless + KEYSIGHT TECHNOLOGIES	Anite	KEYSIGHT TECHNOLOGIES

KEYSIGHT TECHNOLOGIES [1] Base transceiver station [2] Radio Frequency / Radio Resource Management [3] Design Validation Test

Providing Total Solutions for Automotive e-Mobility











70+

Solutions Introduced Over Past 2 Years

INTELLIGENCE

Electronics

- Engine Control Unit
- Body Control Unit
- Tire Pressure Monitoring Systems
- Safety (Radar and ADAS[1])
- Airbag Control Unit

CONNECTIVITY

Telematics and Infotainment

- Navigation systems
- Automatic emergency call
- “Vehicle-to-everything” (V2X) communications
- Entertainment and information

POWER

Battery and Charging Infrastructure

- Li-ion cell performance test
- Charging function and interoperability test
- Power converters
- Optimize testing time from weeks to hours

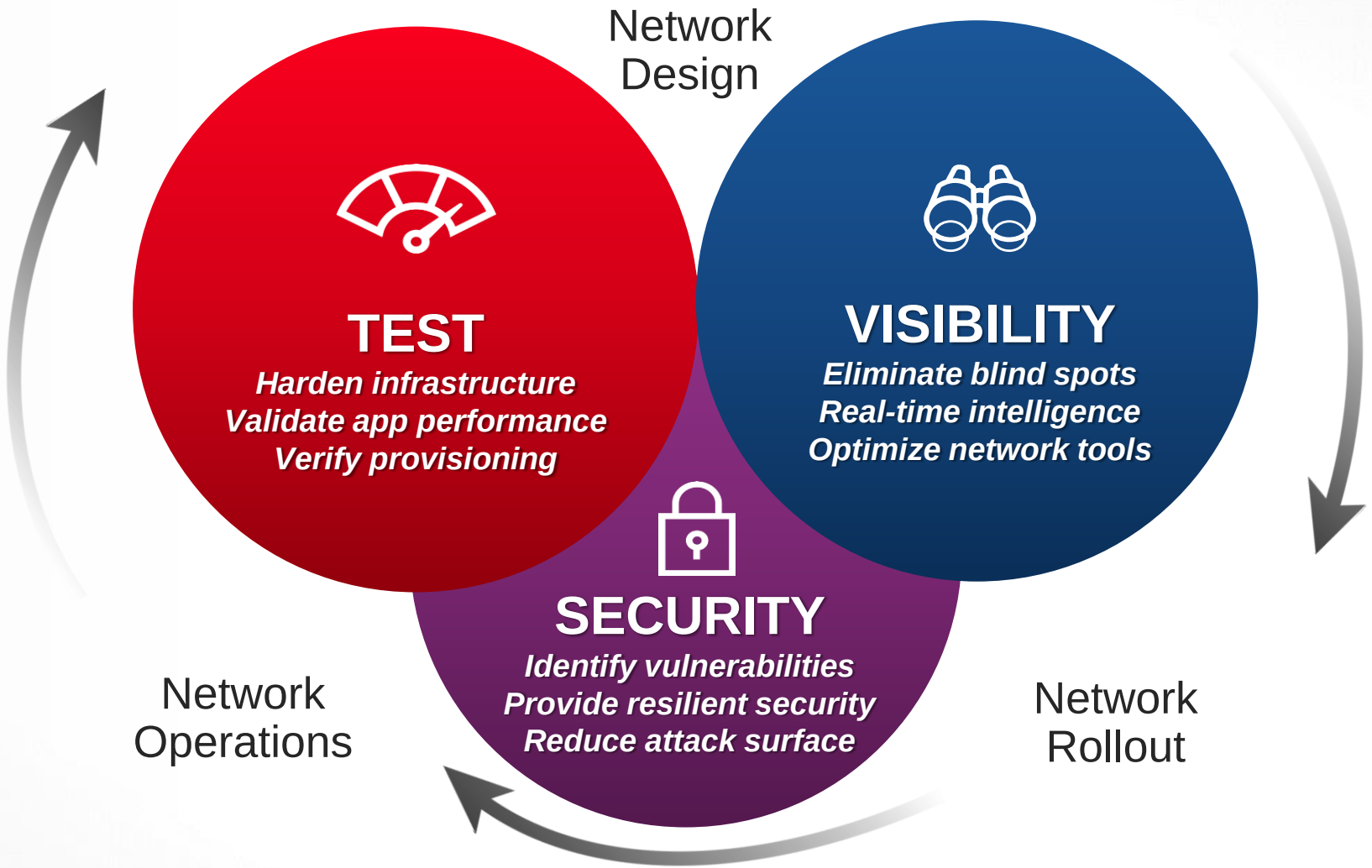
SECURITY

Network and Safety

- Engine Control Unit (ECU) Security
- Automotive internet security
- Leveraging Ixia solutions

[1] Advanced Driver Assistance System

What We Do: Make Networks and Applications Stronger



WE CHALLENGE THE INFRASTRUCTURE, HARDEN SECURITY & VISUALIZE THE APPLICATIONS

Providing Solutions Across Entire Defense Ecosystem

SIMULATE | PROTOTYPE | VALIDATE | MANUFACTURE | SUSTAIN

Solutions Across Aerospace and Defense Communications Workflow

Defense Modernization Requires Broad Solutions



ELECTRONIC WARFARE AND RADAR

Threat Simulation

- Mission effectiveness
- Hardware-in-loop
- Open-air ranges



SIGNAL MONITORING

Public Safety

- Signal intelligence
- Unmanned aerial vehicle detection
- Compliance



SUPPLY CHAIN

Subsystems

- Materials
- Integrated circuits
- Metrology



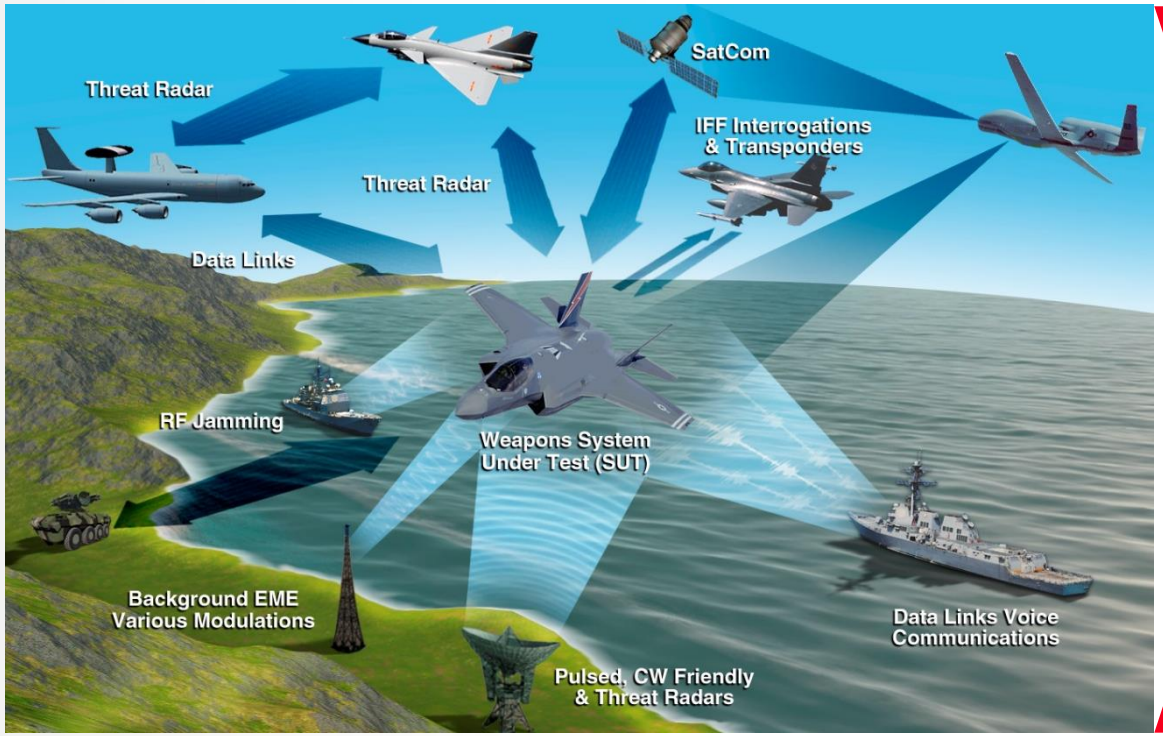
OPERATIONS

Field and Service

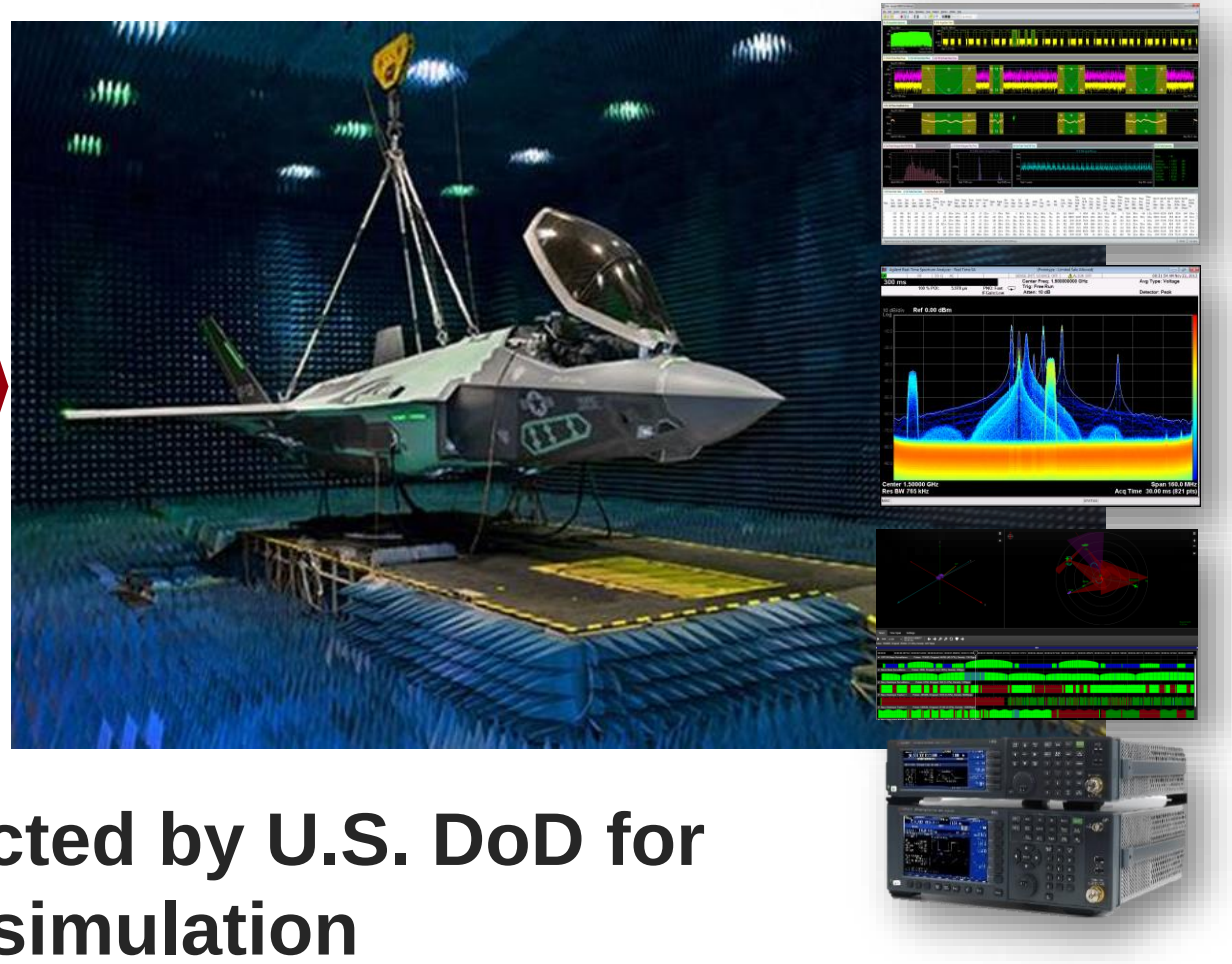
- On-board or pre-flight check
- Uptime services in-country

Keysight Enables Virtualized Connected Battlefield

REAL WORLD

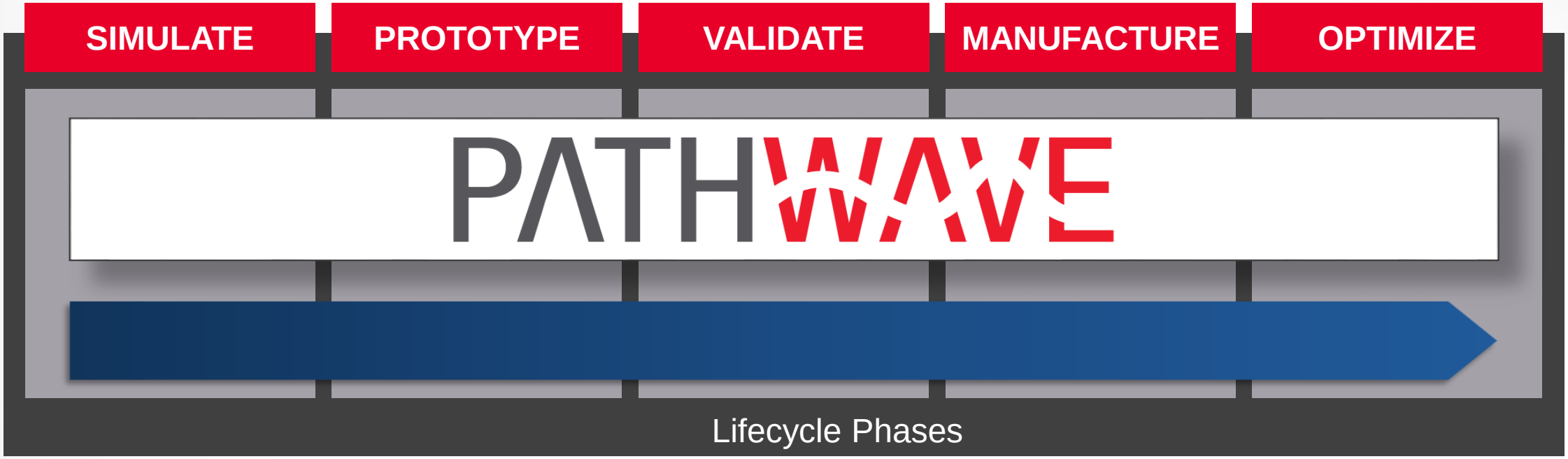


RF ELECTRONIC WARFARE SIMULATION LAB



Keysight threat simulators selected by U.S. DoD for *hardware-in-the-loop* simulation

PathWave – A Superior Software Platform that Increases Productivity Across the Overall Workflow



A breakthrough design and test software solution that accelerates the overall workflow from simulation of early concepts through manufacturing and optimization of deployed systems

- **Integrates** Keysight's leading software solutions, including design software, measurement applications, and instrument control
- Adds an open and flexible development environment with **common data formats** and a **consistent user experience**
- Result is an **open**, **scalable** and **predictive** platform that will be the foundation for many customer solutions going forward

The Keysight Leadership Model (KLM)

PROFITABLE GROWTH

- First-to-market
- Differentiated solutions
- High software content
- Sustained leadership

FINANCIAL MANAGEMENT

- High profit leverage
- Cost structure flexibility
- Cycle resiliency
- Strong cash conversion



CAPITAL ALLOCATION

- Focus on ROIC
- Flexible, balanced approach

OPERATIONAL DISCIPLINE

- Laser cost focus (Lean+)
- Continuous improvement
- Supply chain efficiency

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Raising Our Long-Term Expectations

	Previous Target (2015 Investor Day)	New Target
Core Revenue Growth[1]	Sustainable 4% CAGR	Sustainable 4-5% CAGR
Operating Margin[1]	18-19%	22-23%
EPS Growth[1]	8-10%	≥10%

ASSUMPTIONS:

- **22-23% operating margin to be achieved in 2021**
- **Share count maintained flat to Q2'18**

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[1] Non-GAAP measure. Core revenue growth excludes the impact of acquisitions and currency

Compelling Investor Value Proposition

MARKET LEADERSHIP

Market-leading position in diverse and growing end markets

GAINING MARKET SHARE

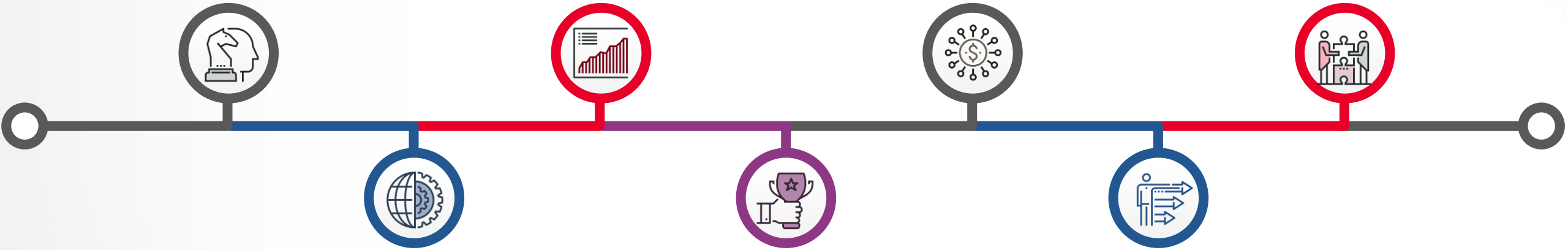
Three consecutive years of market share gains since separation from parent in 2014

INCREASING RECURRING REVENUE

Growing software and services solutions portfolio

BROAD CUSTOMER DIVERSITY

32,000 end customers annually with no single customer accounting for more than 3% of revenue



TECHNOLOGY LEADERSHIP

Recognized technology leader with broadest portfolio of software, hardware and services solutions; ~50% of non-services revenue from products released within the last 5 years

OPERATIONAL EXCELLENCE

Profit expansion through culture of continuous improvement, proven track record of acquisition cost synergy capture, highly leverageable operating model and operational expertise

RAISING THE BAR

Increasing target operating margin 400bps to 22-23% revenue and increasing FCF conversion expectations

Thank you

Appendix

Reconciliation of Income from Operations to non-GAAP Income from Operations

(in millions)	Q2'18	FY17
Income from operations, as reported	$ 100	$ 239
Amortization of acquisition-related balances	65	256
Share-based compensation	15	56
Acquisition and integration costs	17	57
Acquisition-related compensation expense	—	28
Separation and related costs	1	20
Pension curtailment and settlement gains	—	(69)
Restructuring and related costs	11	11
Northern California wildfire-related costs	—	16
Other	(5)	6
Non-GAAP income from operations	$ 204	$ 620
GAAP Operating Margin	10%	8%
Non-GAAP Operating Margin	20%	19%

Non-GAAP Net Income and EPS Reconciliation

(In millions, except per share amounts)	Q2'18	Q2'17
GAAP Net income	$ 64	$ 49
Non-GAAP adjustments:		
Amortization of acquisition-related balances	65	26
Share-based compensation expense	15	13
Acquisition and integration costs	17	31
Acquisition-related compensation expense	—	28
Separation and related costs	1	8
Restructuring and related costs	11	1
Other	(6)	8
Adjustment for taxes	(9)	(50)
Non-GAAP Net income	$ 158	$ 114
Shares Outstanding	190	179
GAAP Diluted EPS	0.34	0.27
Non-GAAP Diluted EPS	0.83	0.64

Reconciliation of GAAP to non-GAAP and Adjusted non-GAAP Revenue by Segment

	GAAP Revenue	Amortization of acquisition-related balances	Non-GAAP Revenue	Pre-acquisition Ixia revenue on Pro foma basis	Adjusted Non-GAAP Revenue
			FY17, (in millions)		
Commercial Solutions Group	$ 1,738	—	$ 1,738	—	$ 1,738
Electronic Industrial Solutions Group	836	—	836	—	836
Ixia Solutions Group	196	60	256	215	471
Services Solutions Group	419	—	419	—	419
Total Revenue	$ 3,189	$ 60	$ 3,249	$ 215	$ 3,464

Note: Non-GAAP revenue is defined to exclude the fair value adjustments to the acquisition-related deferred revenue balances.

Reconciliation of GAAP to non-GAAP and Adjusted non-GAAP Revenue by End Market

	GAAP Revenue	Amortization of acquisition-related balances	Pre-acquisition Ixia revenue on Pro foma basis	Non-GAAP Revenue
	FY17, (in millions)			
Aerospace, Defense & Government	$ 694	—		$ 694
Commercial Communications	1,044	—		1,044
Electronic Industrial	836	—		836
Ixia	196	60	215	471
Services	419	—		419
Total Revenue	$ 3,189	$ 60	$ 215	$ 3,464

Note: Non-GAAP revenue is defined to exclude the fair value adjustments to the acquisition-related deferred revenue balances.

GAAP Revenue to Non-GAAP Core Revenue Reconciliation

	Year-over-year compare		
	Q2'18	Q2'17	Percent Inc/(Dec)
GAAP Revenue	$ 990	$ 753	31%
Amortization of acquisition-related balances	9	5	
Non-GAAP Revenue	$ 999	$ 758	32%
Less: Revenue from acquisition included in segment results	(84)	-	
Currency impacts	(20)	-	
Non-GAAP Core Revenue	$ 895	$ 758	18%

KEYSIGHT TECHNOLOGIES Note: Non-GAAP revenue is defined to exclude the fair value adjustments to the acquisition-related deferred revenue balances.

FY 18 Core revenue guidance Reconciliation

	FY18 Guidance		FY17
	Low-end	High-end	
GAAP Revenue	$ 3,790	$ 3,820	$ 3,189
Amortization of acquisition-related balances	36	36	60
Non-GAAP Revenue	3,754	3,784	3,249
Less: Revenue from acquisition included in segment results	(237)	(237)	
Currency impacts	(45)	(46)	-
Non-GAAP Core Revenue	$ 3,472	$ 3,501	$ 3,249
% change YOY	**7%**	**8%**	

KEYSIGHT TECHNOLOGIES Note: Non-GAAP core revenue excludes the impact of currency and acquisitions closed in last twelve months.