

smiths

bringing technology to life



SMITHS GROUP

ANNUAL GENERAL MEETING 2017

14 NOVEMBER 2017

TODAY'S AGENDA

- **CHAIRMAN'S ADDRESS** | SIR GEORGE BUCKLEY, CHAIRMAN
- **CHIEF EXECUTIVE REVIEW** | ANDY REYNOLDS SMITH, CEO
- **Q&A**

CHAIRMAN'S ADDRESS

SIR GEORGE BUCKLEY
CHAIRMAN



CHIEF EXECUTIVE REVIEW

ANDY REYNOLDS SMITH
CHIEF EXECUTIVE



EXECUTING OUR STRATEGY

STRATEGIC PRIORITIES

FY17 PROGRESS



**OUTPERFORMING OUR
CHOSEN MARKETS**

- **Focused investment for organic growth**
- **Significant portfolio upgrading**



**ACHIEVING WORLD-CLASS
COMPETITIVENESS**

- **Smiths Excellence System implemented Group-wide**
- **Innovation driving technological and digital transformation**
- **Global leadership development plan**



**STRONG FINANCIAL
FRAMEWORK**

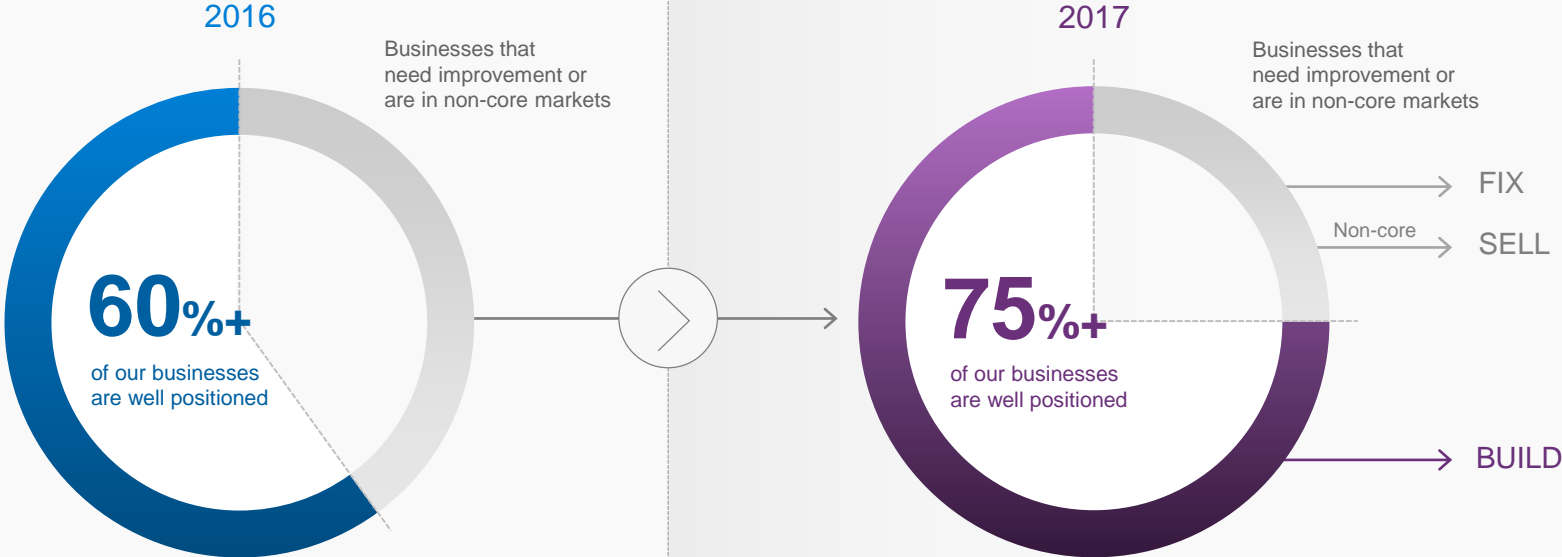
- **Relentless focus on cash generation**
- **Supporting further investment capacity**

TO DELIVER SUSTAINABLE GROWTH AND ATTRACTIVE RETURNS

STRATEGIC PORTFOLIO REPOSITIONING

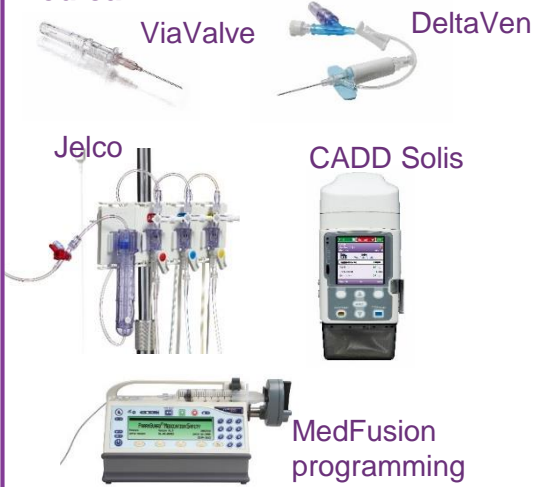


SIGNIFICANT PROGRESS IN 2017



NEW PRODUCT LAUNCHES

Medical



Interconnect



Flex-Tek



Detection



CTiX



John Crane



- TSKS Coupling
- Co-Planar Coupling



- Single Use Seal
- Seal for Crude Oil pumps

KEY WINS

Detection

- Frankfurt (Germany)
- Amsterdam (Netherlands)
- Gatwick (UK)
- EL AL (Israel airlines)
- Cochin (India)
- Narita (Japan)
- TSA (USA)
- Munich (Germany)

Medical



Flex-Tek

- Successful acquisition of Osram Heating elements
- Additional Gastite wholesale locations added

John Crane

Aftermarket: Oil and gas: OCENSA (Colombia), Non oil & gas: Boleo Mining (Mexico).

OE: KNPC New Refinery Project (Kuwait)

Interconnect

- GE Aviation, F-35 LRIP 11 Award (Joint Strike Fighter)
- GE Aviation, Gulfstream frame contract
- Siemens Medical prototypes for future MRI system

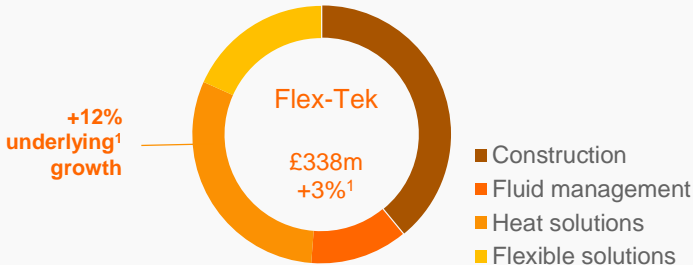
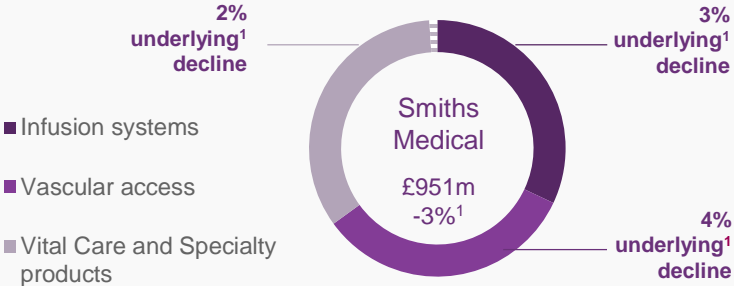
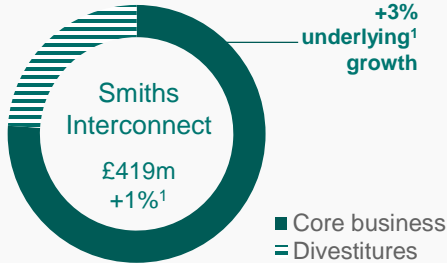
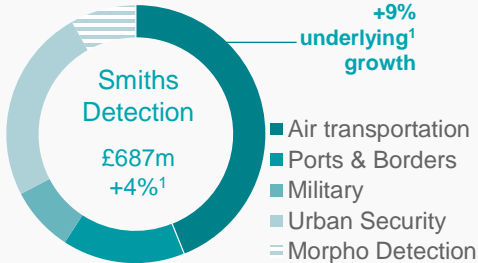
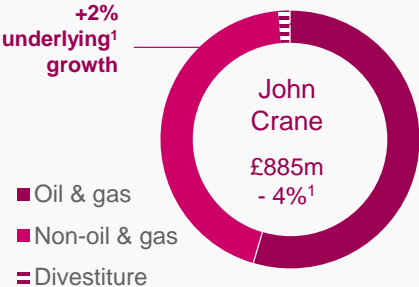
2017 FINANCIAL RESULTS

£m	2017	2016	Change	
Revenue	3,280	2,949	+11%	▶ (1)% Underlying decline ²
Operating profit ¹	589	510	+16%	▶ 3% Underlying growth ²
Operating margin ¹	18.0%	17.3%	+70bps	
Profit before tax ¹	528	451	+17%	
Free cash flow	370	243	+52%	▶ Strong cash flow
ROCE ¹	16.2%	15.3%	+90bps	
EPS ¹	97.6p	85.2p	+15%	▶ EPS up 15%
Dividend per share	43.25p	42.00p	+3%	▶ DPS up 3%

1. Headline excludes non operating items as defined in note 3 of the accounts

2. Underlying excludes the effects of foreign exchange translation and acquisitions but includes divested business for the period they were owned in the reported financial year and adjusts the prior financial year comparator as if the divested business were owned for the same period in that financial year to aid comparability

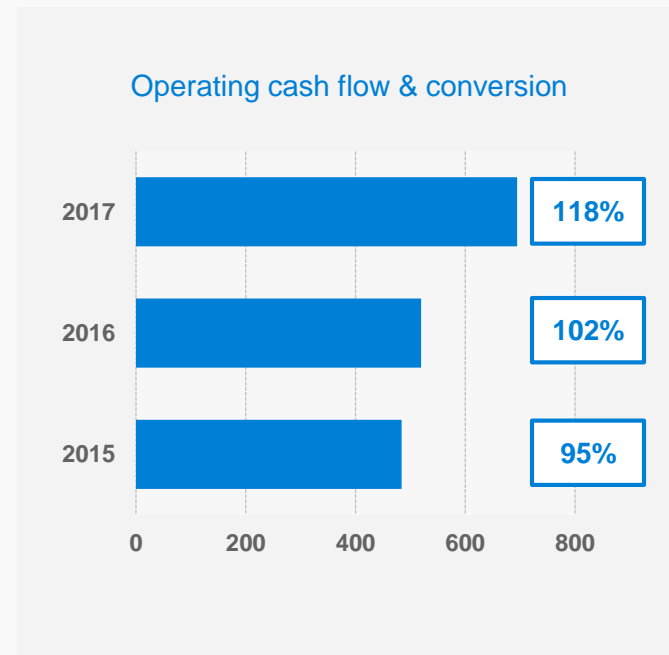
REVENUE ANALYSIS



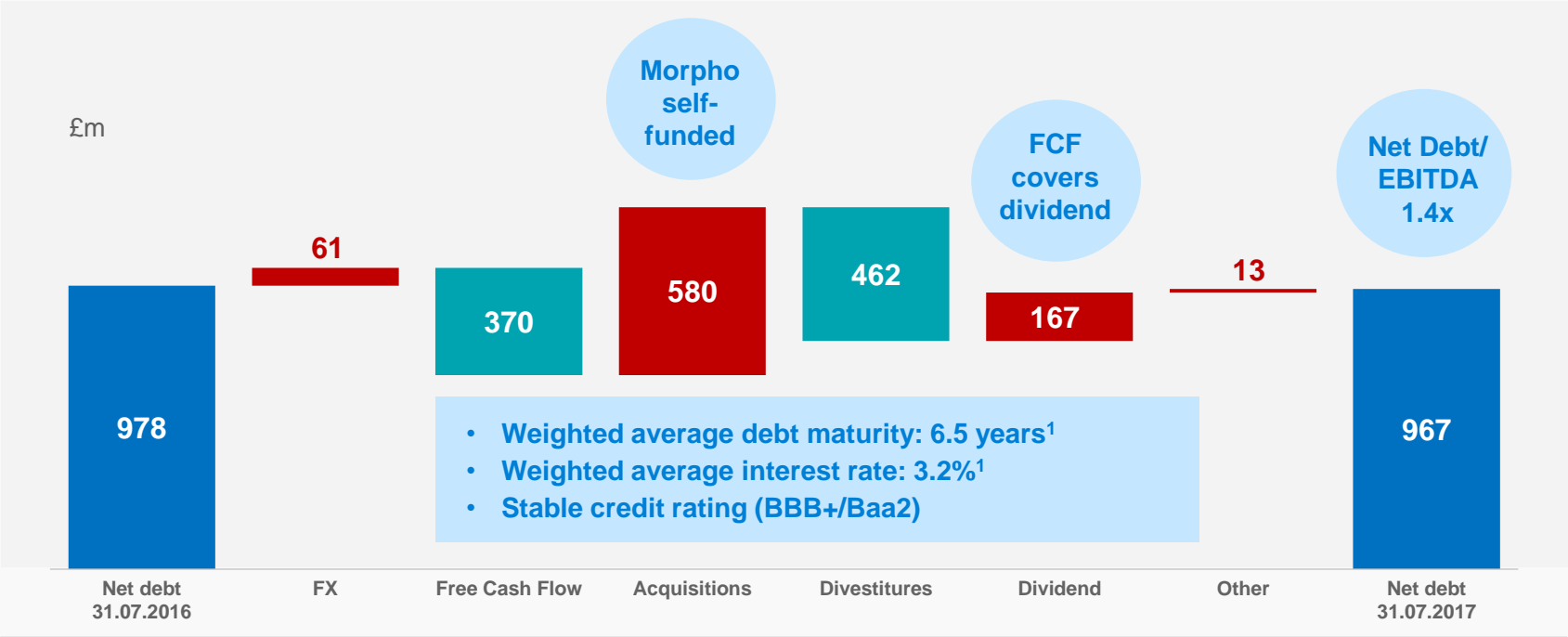
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STRONG CASH FLOW CONVERSION

£m	2017	2016	Change
Operating profit ¹	589	510	
Capex including capitalised R&D	(98)	(108)	
Depreciation and amortisation	101	96	
Working capital	85	9	
Other	18	13	
Operating cash flow¹	695	520	+34%
Interest	(60)	(58)	
Taxation	(82)	(62)	
Pension	(103)	(129)	
Other	(80)	(28)	
Free cash flow	370	243	+52%
Dividends	(167)	(163)	
Acquisitions & Divestitures	(118)	(8)	
FX and other	(74)	(232)	
Movement in net debt	11	(160)	



BALANCE SHEET REMAINS STRONG



1. Reflects the 2018 \$175m notes that were prepaid in August 2017

2018 OUTLOOK

→ RETURN TO GROWTH

- John Crane: growth in non-oil & gas and aftermarket more than offset challenges in oil & gas
- Medical: gradual improvement driven by new product launches during the year
- Detection: good growth driven by air transportation – H2 weighted
- Interconnect: further progress in high technology applications
- Flex-Tek: continued steady growth

→ STRONG CASH FLOW GENERATION

SOLID PROGRESS IN 2017 - BUILDING FOR THE FUTURE

STRATEGIC PRIORITIES



OUTPERFORMING OUR CHOSEN MARKETS

- Structure in place to drive sustainable growth
- Building on 75% well positioned businesses



ACHIEVING WORLD-CLASS COMPETITIVENESS

- Strong, sustainable margins supported by operational excellence
- Further investment capacity



STRONG FINANCIAL FRAMEWORK

- Maintaining strict financial discipline
- Delivering long-term, attractive returns

DISCLAIMER



This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.

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Q&A

PROXY VOTES

- 294,741,558 million proxy votes cast
- 74.49% of the issued share capital

POLL VOTE - RESOLUTIONS

1. Receive the Report and Accounts
2. Approval of Directors' Remuneration Report
3. Declaration of the final dividend
4. Re-election of Bruno Angelici as a director
5. Re-election of Sir George Buckley as a director
6. Re-election of Tanya Fratto as a director
7. Re-election of Anne Quinn as a director
8. Re-election of William Seeger as a director
9. Re-election of Mark Seligman as a director
10. Re-election of Andrew Reynolds Smith as a director
11. Re-election of Sir Kevin Tebbit as a director
12. Election of Noel Tata as a director
13. Reappointment of PricewaterhouseCoopers LLP as auditors
14. Auditors' remuneration
15. Authority to allot shares
16. Authority to disapply pre-emption rights
17. Additional authority to disapply pre-emption rights
18. Authority to make market purchases of shares
19. Authority to call general meetings on short notice
20. Authority to make political donations and expenditure
21. Adoption of new Articles of Association

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**POLL
CLOSES IN**

1 Minute

POLL CLOSED

The final results of the poll will be announced via the Regulatory News Service to the London Stock Exchange and posted on our www.smiths.com corporate website shortly

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**THANK YOU
FOR ATTENDING**