

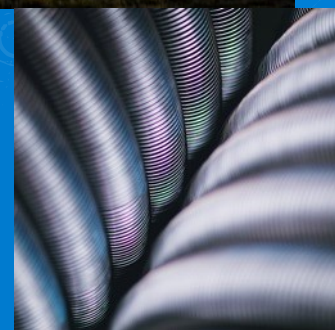
smiths

PIONEERS OF PROGRESS

Smiths Group plc
Introduction

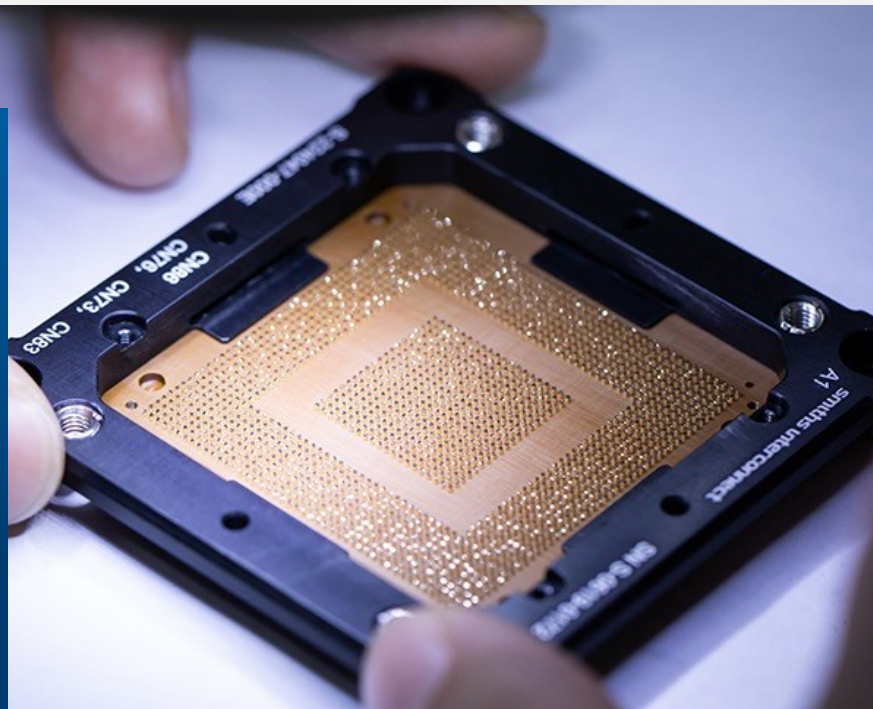


Improving our world
through smarter
engineering



Disclaimer

This presentation contains certain statements that are forward-looking statements. They appear in a number of places throughout this presentation and include statements regarding the intentions, beliefs and/or current expectations of Smiths Group plc (the "Company") and its subsidiaries (together, the "Group") and those of their respective officers, directors and employees concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses operated by the Group. 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 presentation and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. The Company and its directors accept no liability to third parties. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.





Who we are

Pioneers of Progress

FY2023:

Revenue:

£3,037m

Operating profit:

£501m

4 Key markets



General Industrial



Safety & Security



Energy



Aerospace



Founded in

1851



Intrinsically strong company



World-class engineering



Leading positions in attractive markets



Distinctive global capabilities

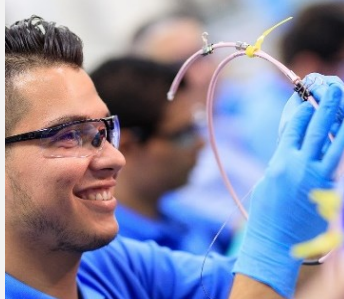


Powerful financial framework



Colleagues in 50+ countries

15,000



Our technology benefits millions of people everyday – making travel safer, supporting sustainable energy transition, efficiently heating or cooling our homes, and helping our world stay connected

Why invest in Smiths?



Recent change has created an opportunity for strong returns

- Shares have benefited from improved performance; significant upside remains
- Highly cash generative with strong balance sheet – dividend yield ~2.5%
- Demonstrated resilience through uncertain macro environments



Fundamentally strong business

- 172 years of continuous operation, LSE-listed for more than a century
- Leading positions in critical industries; decades-long relationships with major customers
- Broad exposure to global megatrends (e.g., energy transition, safety & security, data & connectivity)
- High and resilient margins due to breadth of portfolio and history of innovation



Accelerating growth





- Strong positions in secularly growing markets
- Sale of dilutive Medical business enabled reallocation of resources to faster-growth businesses
- Improved execution – new product development, acquisition integration, supply chain management, pricing
- Organic revenue growth of +11.6% in FY23 following +3.8% in FY22; expecting 4-6% in FY2024



Stability and resilience

- Portfolio well-balanced by market and geography
- Large proportion of higher-margin aftermarket sales (>50%)
- Strong balance sheet (£387m of net debt, net debt to EBITDA of 0.7x)
- 5-year average cash conversion of 100%
- Track record of returning surplus capital to investors (>£1bn returned in FY2022-23)

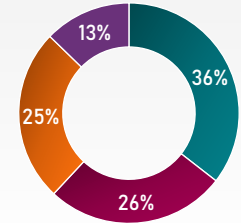
Market leading businesses with common characteristics

	Provides mission critical flow control solutions for increased efficiency, emission reduction and energy transformation
	Detection and screening technologies for safety, security and the efficient movement of people and products
	High-performance engineered components and solutions that support the safe and efficient movement of fluids and gases
	High-speed, secure connectivity in critical applications

FY23 revenue

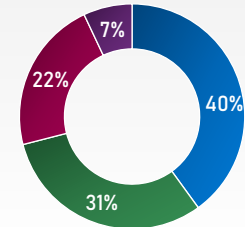
By Division

- John Crane
- Smiths Detection
- Flex-Tek
- Smiths Interconnect



By market

- General Industrial
- Safety & Security
- Energy
- Aerospace



Solving problems and creating opportunities through smarter engineering

How we create value



Smiths Value Engine

OUR PURPOSE



PIONEERS OF PROGRESS

Improving our world through smarter engineering

OUR STRENGTHS



World-Class Engineering



Leading Positions in Critical Markets



Global Capabilities



Robust Financial Framework

OUR PRIORITIES



Growth



Execution



People

Our priorities – accelerating growth



Growth

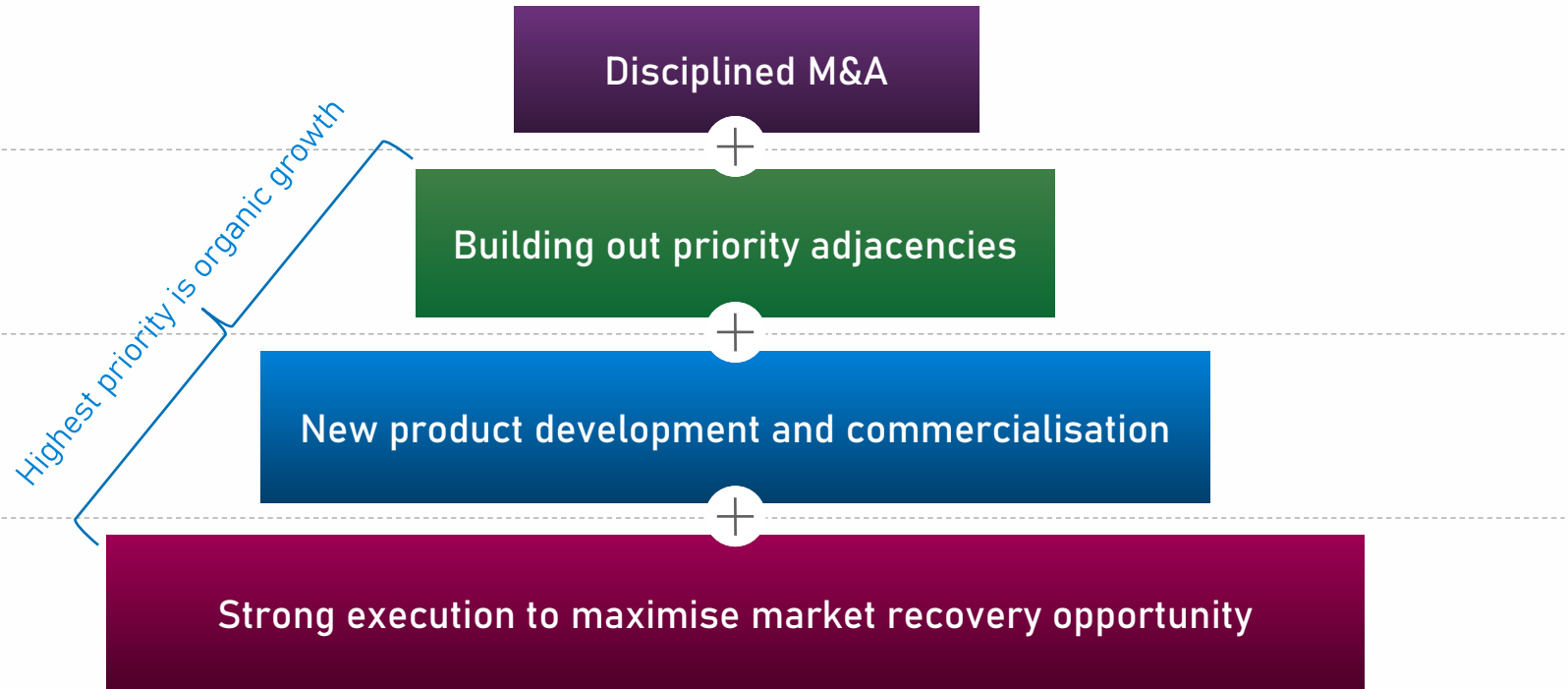


Execution



People

Four levels of accelerating growth

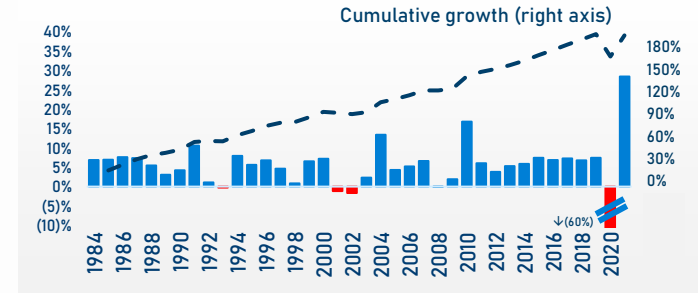




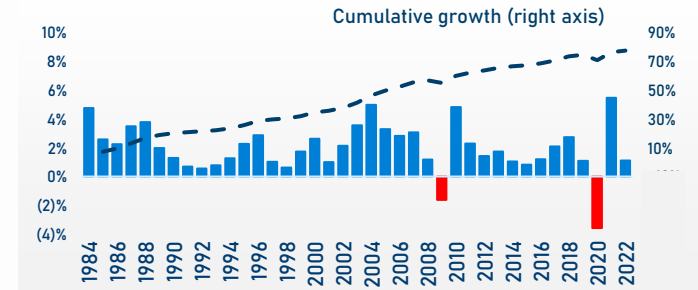
Growth lever 1: Attractive markets – both resilient and expanding

Customer end market	% Smiths FY23 sales	Medium term market outlook
General Industrial	40%	<ul style="list-style-type: none"> Strong demand continues in most end markets
Semiconductor	~2%	<ul style="list-style-type: none"> Good growth in FY23 Slowing in connectors and ongoing weakness in semiconductor market Slowing in US construction market
Construction	~15%	
Safety & Security	31%	<ul style="list-style-type: none"> Aviation security market returned to growth after unprecedented COVID shock Sustained passenger volume growth provides long-term support Strong demand for other security systems
Energy	22%	<ul style="list-style-type: none"> Energy markets strong, buoyed by rising prices, post-covid demand, and Ukraine invasion Long-term secular demand drivers, including energy transition
Aerospace	7%	<ul style="list-style-type: none"> Aircraft, space, and defence all growing Global aircraft orders expected to grow ~6% per annum over the next five years³

Global aviation passenger volume¹ (annual change)



Global energy demand² (annual change)





Growth lever 2: New product development

Increased focus on new product development aligned to long-term megatrends

Energy transition & sustainability

John Crane: enhanced Carbon LF seals for LNG



Flex-Tek: new innovations for residential heat kits



John Crane: seal gas recovery system reduces GHG emissions and product leakage



Flex-Tek: Rheia Duct – flexible air management system



John Crane: next gen diamond coating in high-heat, high-speed application with environmental benefits

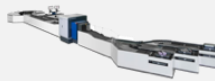


Ever-rising security needs

Smiths Detection: iCMORE target recognition software extended to detect wider range of prohibited items



Smiths Detection: smart tray return system for checkpoint lanes



Smiths Detection: high res, x-ray screening system with a compact footprint for use in urban security



Smiths Detection: mobile narcotics and explosive detector



Demand for data

Smiths Interconnect: 28G transceiver for use in space applications



Smiths Interconnect: DaVinci next gen test socket – higher throughput than previous versions



Smiths Interconnect: extended range of coaxial coupler components for use in space applications



+5.6% increase in R&D; +310bps of growth from new product launches in FY23



Growth lever 3: Progress building out priority adjacencies

John Crane

Energy transition



- Currently engaged in 70+ hydrogen and CCUS projects
- Opportunity funnel has increased by ~2x over past 12 months
- Recent wins include:
 - 100% of dry gas seals on largest hydrogen project in Canada
 - Order for world's largest offshore CCS project in Malaysia
 - Multiple green hydrogen projects in Europe

Smiths Detection

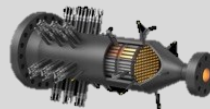
High-security markets beyond airports



- +35% organic growth in Other Security Systems
- Key wins include:
 - Ports & borders for cargo inspection in US, Japan and Indonesia
 - Multiple urban security wins with launch of compact dual view x-ray inspection systems
 - Major contract with US DoD for next generation non-contact chemical detection

Flex-Tek

Heating electrification



- Partnership with Midrex and H2 Green Steel to launch the world's first large-scale low emission steel production facility; first revenues received
- Rich pipeline of electric heating opportunities
- HCP acquisition broadens geographical presence, customer base and product portfolio

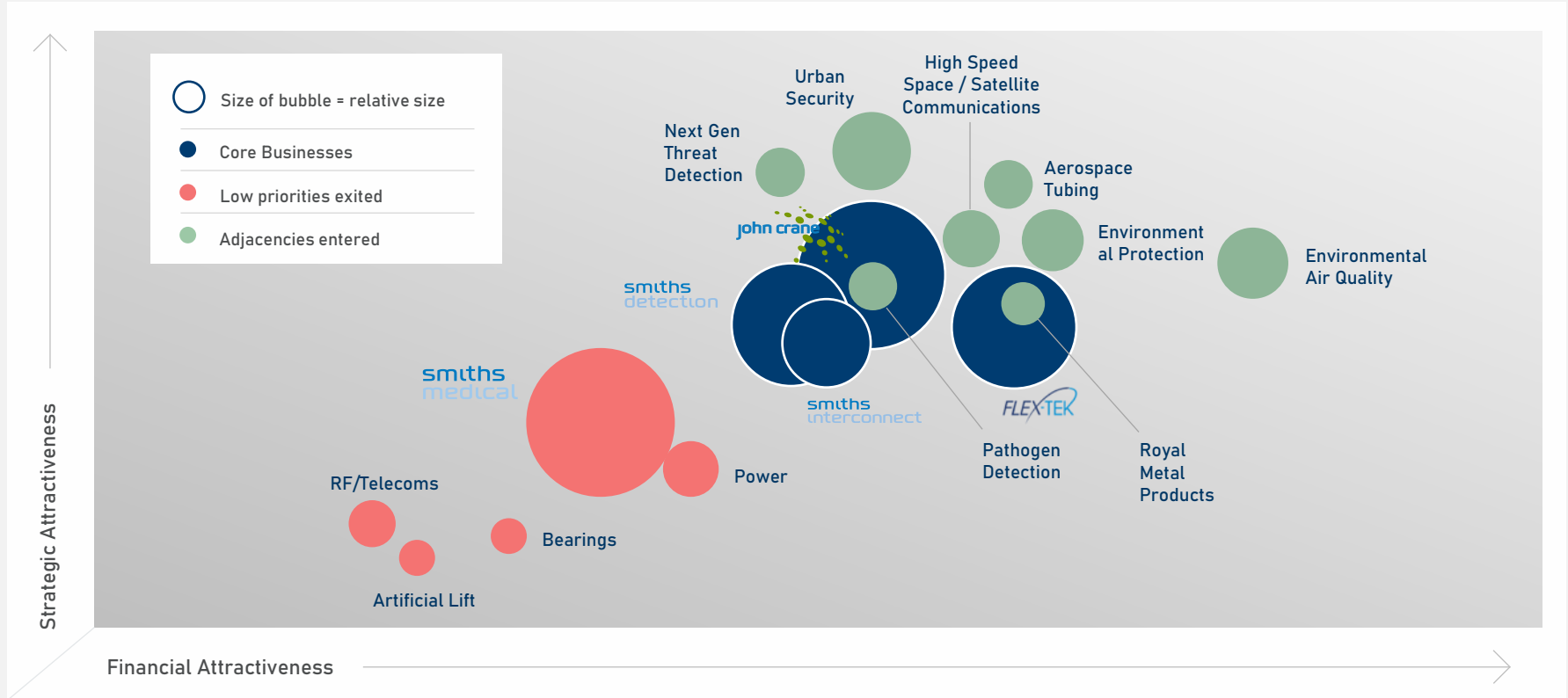
Smiths Interconnect

Connector and testing adjacencies



- Bolt-on acquisition of Plastronics
- Complementary to Smiths Interconnect test socket and connectors businesses
- Synergies include:
 - Customer cross-sell opportunities in US and Asia
 - New product development

Growth level 4: Portfolio optimisation advances our strong competitive positions; disciplined M&A accelerates this strategy



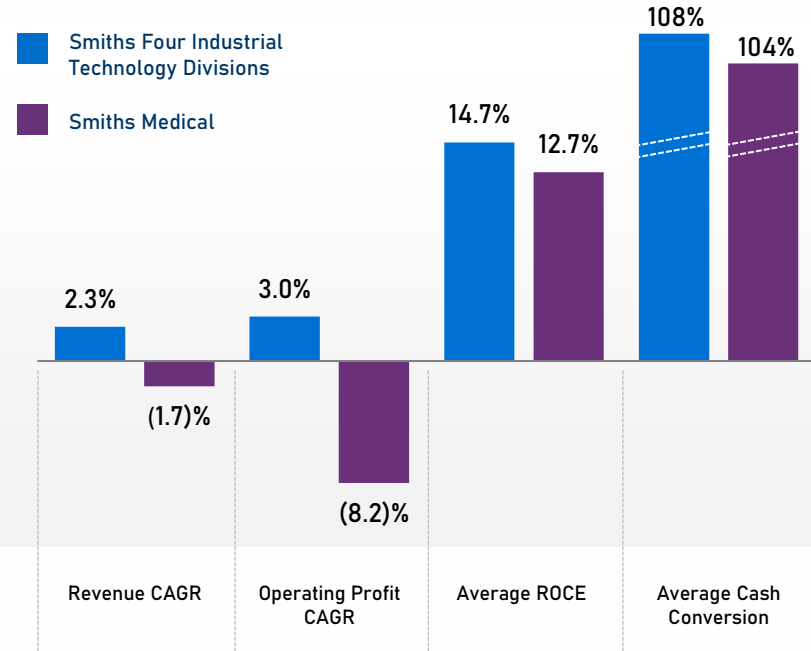
We are even stronger following the sale of Smiths Medical

Smiths Medical Sale

- Sale to ICU Medical completed 6 January 2022
- Enterprise value \$2.7bn, expected value including earnout and equity stake ~\$3bn
- Returned £742m of proceeds to shareholders via buyback which commenced in November 2021 and is now completed
- Benefits of selling Smiths Medical:
 - Reallocated attention, resources and capital to industrial technology core
 - Further strengthened balance sheet
 - Funds acceleration of our growth strategy
 - Significantly strengthened our portfolio

Smiths Financial Performance¹, FY17 – FY21

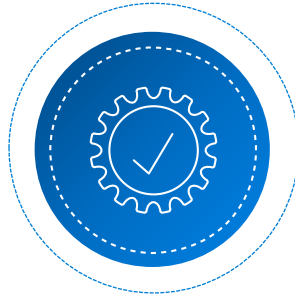
Industrial Technology Core vs. Smiths Medical



Priorities – stronger execution



Growth



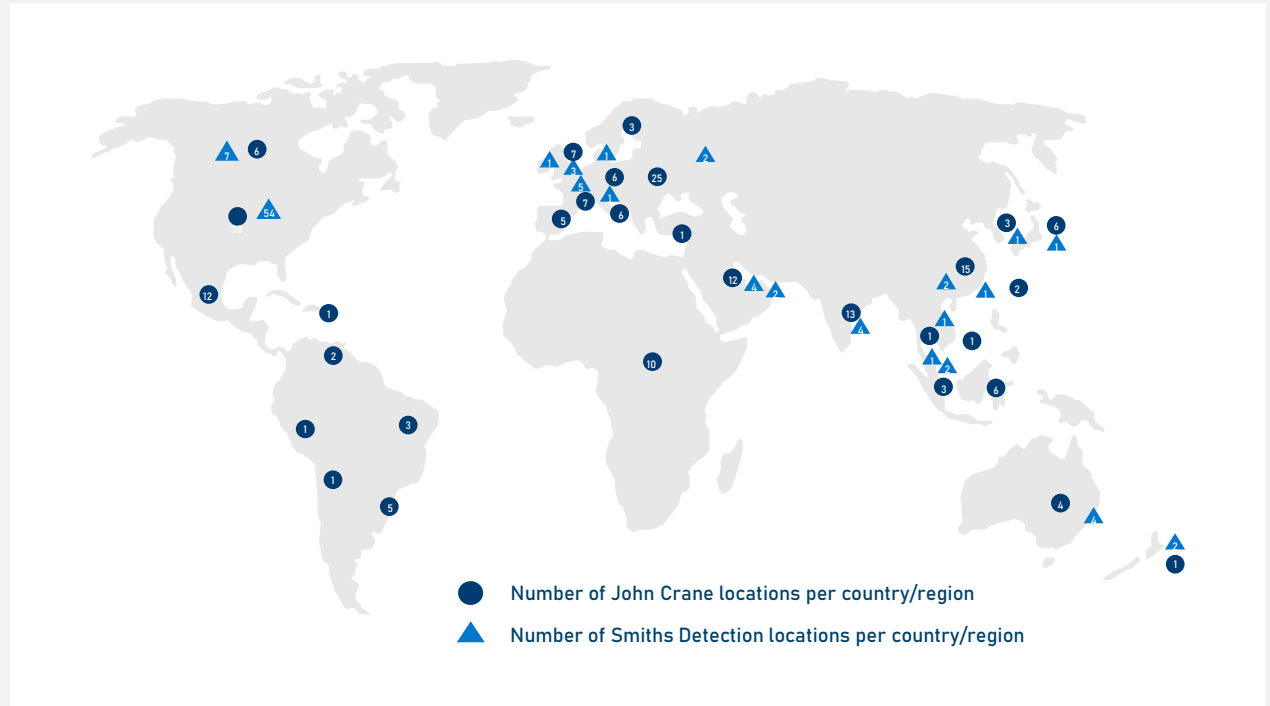
Execution



People

Global execution capabilities to support our customers

SMITHS GLOBAL CAPABILITIES		
	john crane	smiths detection
Location	●	▲
Total Locations	~200	~100
# Service Personnel	~1,350	~800
% FY23 Aftermarket as % of revenue	71%	51%



Our global service network allows us to deliver real-time, mission-critical support

Stronger execution will drive value for all our stakeholders

Customer delight

- Higher quality products
- Better value
- Highly Responsive

Exceptional people

- Development of talent
- Energizing our people

Full time problem solvers

Engaging all employees

Shareholder value

Growth, Productivity/Cost, Cash

Sustainable processes

Outstanding methodologies and execution





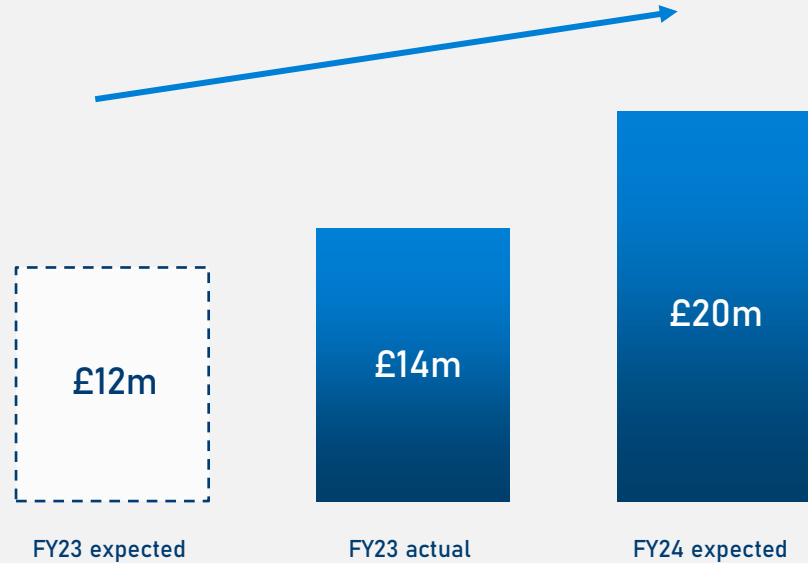
Execution – SES benefits visible and scaling quickly

Smiths Excellence System

- SES relaunched in FY22 and continues to scale across Smiths
- 70 projects underway; adding additional Black Belts in key operational areas
- Dedicated Master Black Belts in each business
- £14m in benefits generated in FY23
- Expected to contribute £20m to operating profit in FY24



SES operating profit contribution (£m)



Priorities – inspiring and empowering our people



Growth



Execution



People



People – inspiring and empowering our people

People priorities

Safety



Safety training, John Crane Mexico



National Safety Week, India



Leadership Development



February Leadership Summit



Accelerate Leadership Programme

Diversity, Equity & Inclusion



Black History Month panel



International Women's Day

Engagement



Community initiatives



A refreshed leadership team



Paul Keel
CEO



Bernard Cicut
John Crane



Pat McCaffrey
Flex-Tek



Roland Carter
Smiths Detection



Julian Fagge
Smiths
Interconnect



Ted Wan
Smiths China



Clare Scherrer
CFO



John Ostergren
Sustainability



Tony Tielen
SES



Vera Kirikova
People

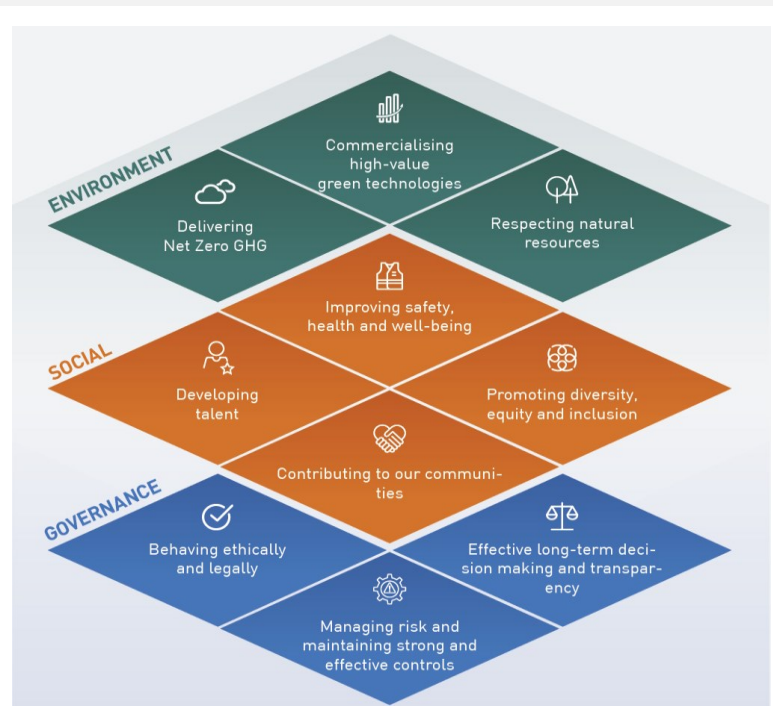


James Down
Legal



Diana Houghton
Strategy

Sustainability at Smiths



Growth

Deliver for our customers

- Commercialise high-value green technologies
- Prioritise new product development that delivers sustainability performance benefits that our customers need and want



Execution

Deliver for our communities

- Net Zero GHG emissions (Scopes 1-3) and Science Based Targets
- Respect natural resources – reduce waste, water, and packaging



People

Deliver for our colleagues

- Reduce risk while supporting and growing strong safety culture
- Develop and empower Smiths talent for the future
- Embed an inclusive and diverse culture

Stakeholder value  Shareholder value

Sustainability performance creates value in each of our businesses



Smiths Detection



Energy efficiency – addressing Smiths Group's Scope 3 emissions (products-in-use for lifetime)



Energy efficiency – latest generation x-ray product portfolio reduces TCO, helps meet customer goals while maintaining security



John Crane



Supporting customers today to create and preserve our path to tomorrow – safety, compliance, conservation and efficiency



Enabling energy transition e.g. methane, carbon capture, hydrogen

Global
Methane
Pledge



Smiths Interconnect



Sustainable supply chains



Growth opportunities with energy transition – green electrification (e.g. renewable energy generation, electric vehicle charging)



Flex-Tek



Core markets evolving with energy transition – efficiency, electrification and low-carbon fuels



Significant opportunities emerging – e.g. green steel (electrification)



Sustainability our customers need and want

Clear sustainability targets with progress demonstrated



Priority actions



Net Zero 2040 – Scope 1&2 GHG (operations)

- Submitted Science-Based Targets (SBTs) to SBTi
- Group-wide energy team managing efficiency and renewables
- Expanding on-site solar generation



Net Zero 2050 – Scope 3 GHG (suppliers & customers)



- Set SBTs
- Category 1: purchased goods and services
- Category 11: products-in-use



Respecting natural resources – core operational goals

- Reduce waste
- Reduce water use (stressed areas and projects)

Results

	Target FY2022-2024	FY2023 Progress
Renewable electricity	5% increase to 66%	Increased to 70% <input checked="" type="checkbox"/>
Scope 1 & 2 GHG emissions	5% reduction normalised to revenue	25.5% reduction <input checked="" type="checkbox"/>
Baseline inventory complete - supply chain & products in use >90%	 Smiths Detection product portfolio 55% energy savings ¹	 EV Leasing Scheme 70% of UK Smiths Detection renewals
Non-recyclable waste	5% reduction	10% reduction <input checked="" type="checkbox"/>
Water use in stressed areas	5% reduction	13% reduction <input checked="" type="checkbox"/>
Water reduction projects	30	22 projects <input checked="" type="checkbox"/>

Meeting our commitments

Clear medium term targets

OUR PURPOSE



PIONEERS OF PROGRESS

Improving our world through smarter engineering

OUR STRENGTHS



World-Class Engineering



Leading Positions in Critical Markets



Global Capabilities



Robust Financial Framework

OUR PRIORITIES



Growth



Execution



People

OUR COMMITMENTS

Organic Revenue Growth

4-6% (+M&A)

EPS Growth

7-10% (+M&A)

ROCE

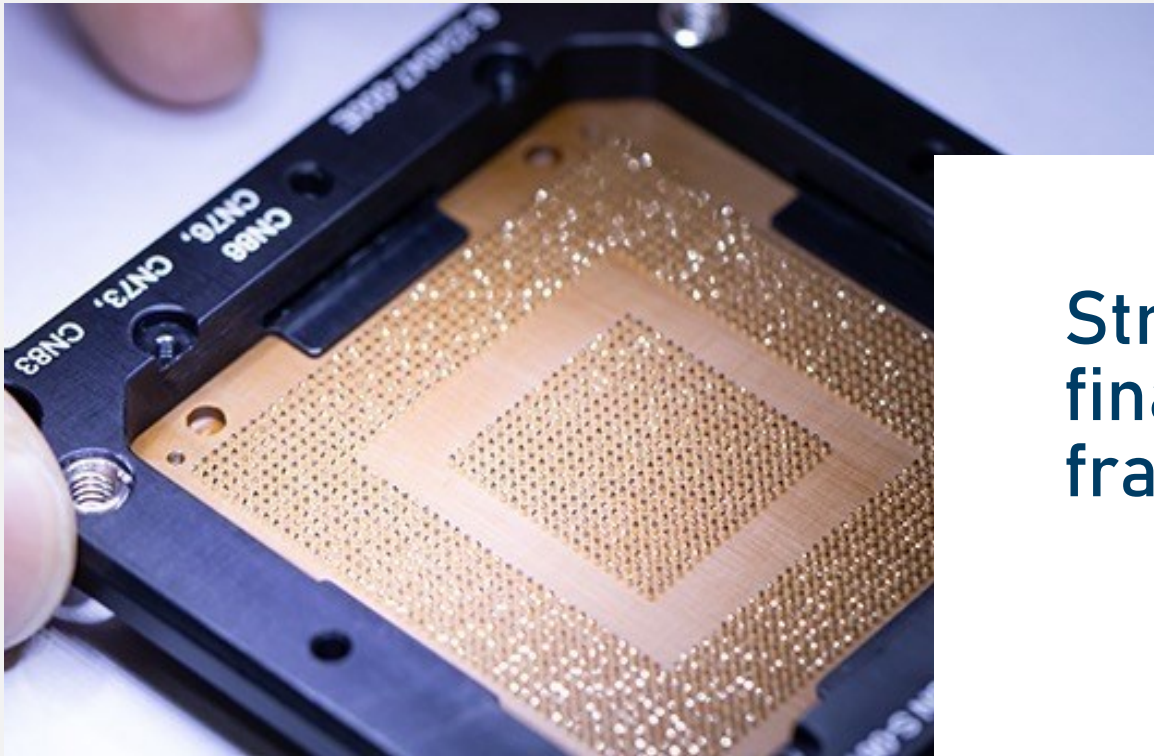
15-17%

Operating Profit Margin

18-20%

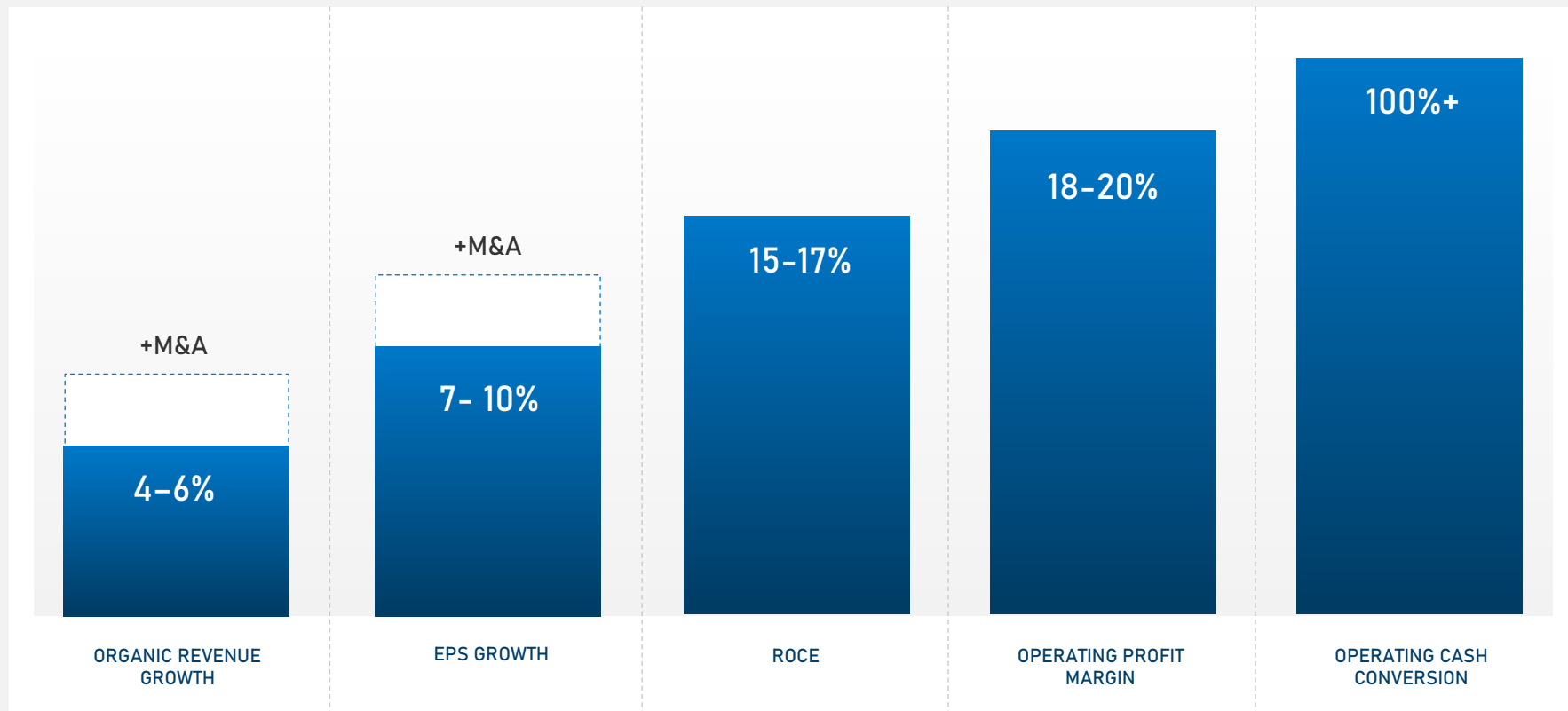
Operating Cash Conversion

100%+



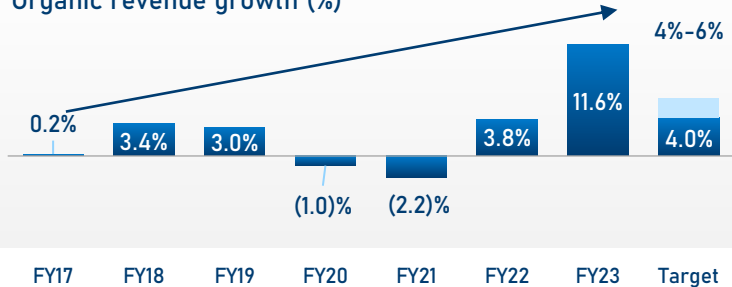
**Strong
financial
framework**

Medium term financial targets

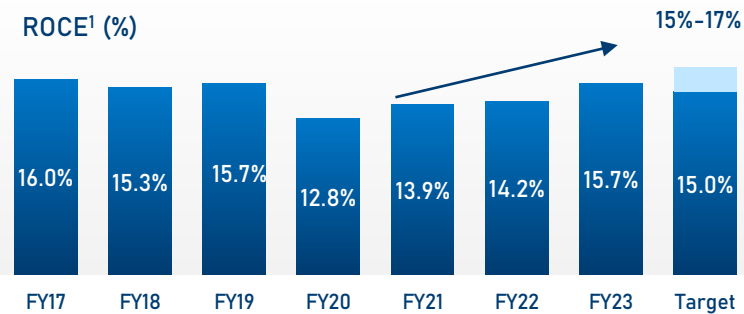


Targets demonstrate step up in performance

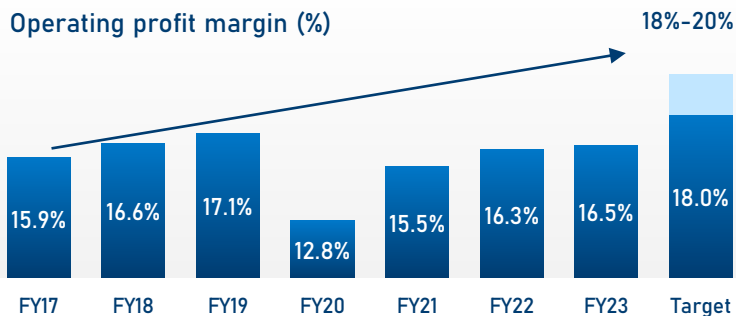
Organic revenue growth (%)



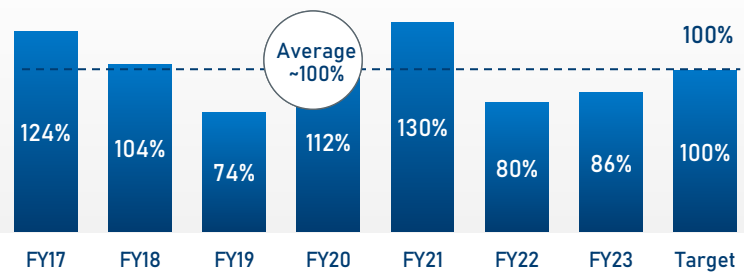
ROCE¹ (%)



Operating profit margin (%)



Cash conversion¹ (%)

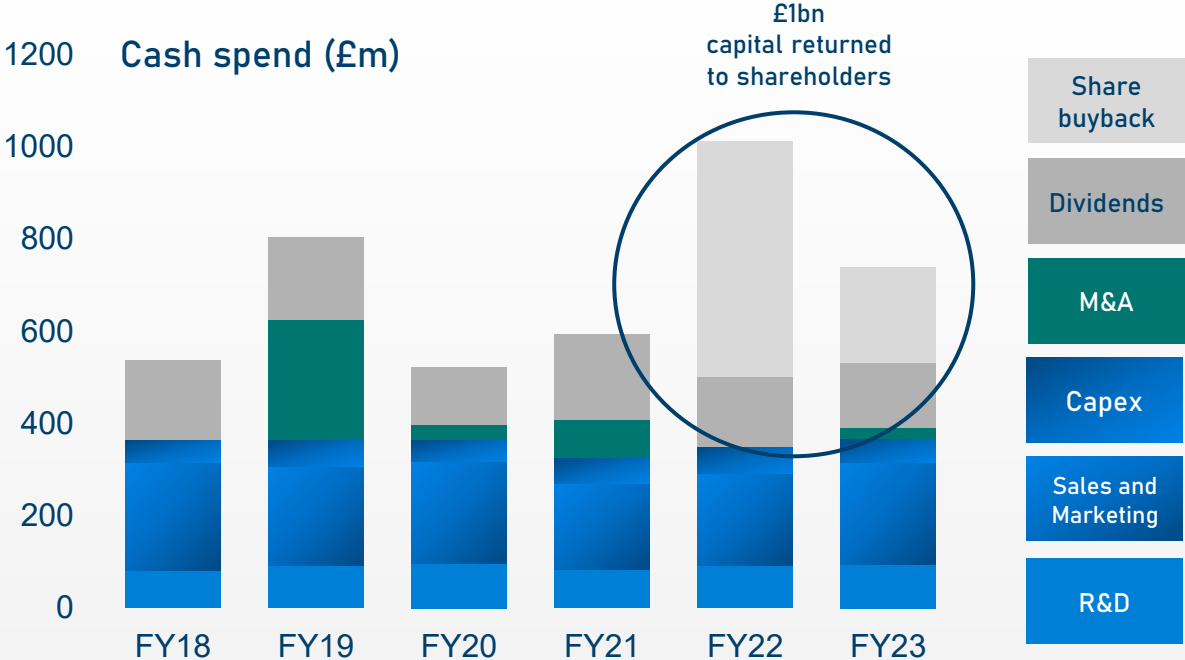


Capital allocation priorities: driving growth and shareholder returns

Priority 1 Organic investment: R&D, sales & marketing and capex

Priority 2 M&A: acquisitions

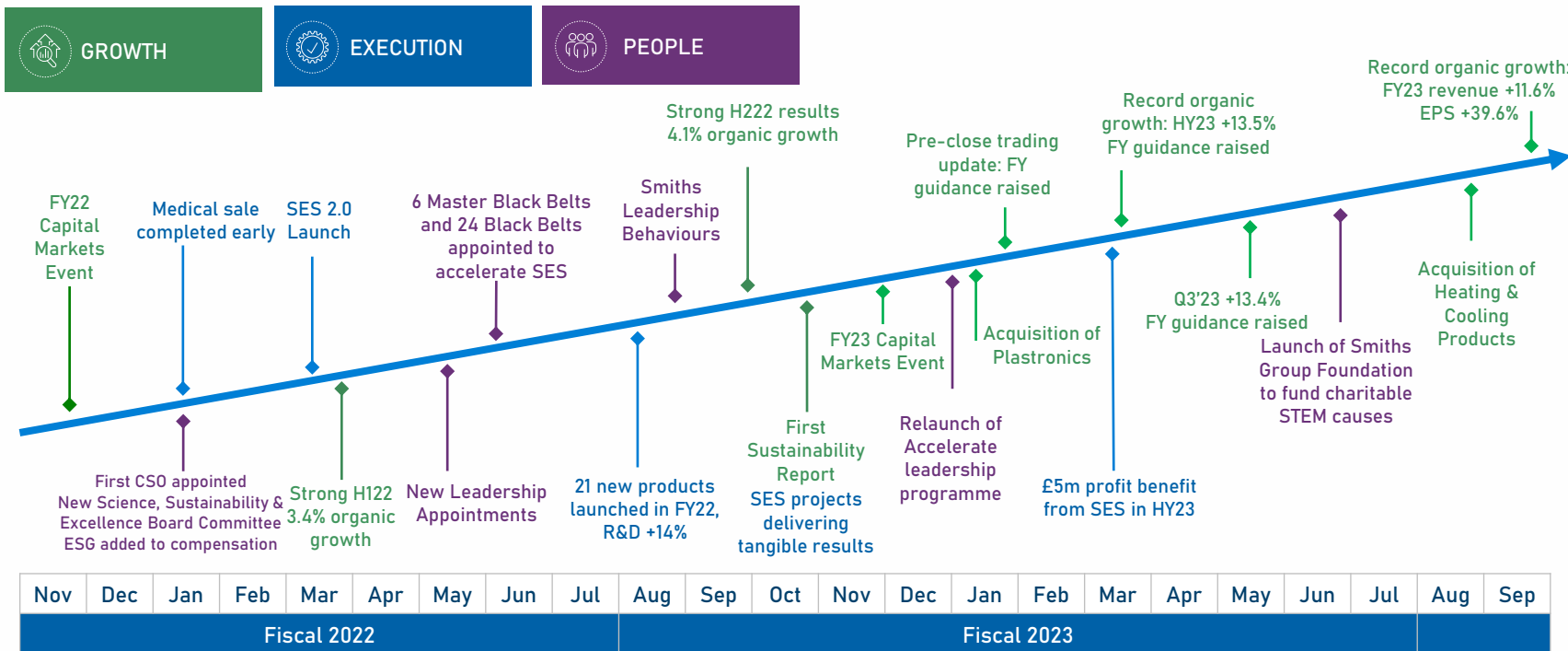
Priority 3 Capital returned to shareholders via dividends and share buyback





Demonstrating progress

Progress since our FY22 Capital Markets Event



FY2023 – Growth in all key metrics

	FY2023 ¹	FY2022 ¹	Reported change	Organic change
Smiths Group				
Revenue	£3,037m	£2,566m	+18.3%	+11.6%
Operating profit	£501m	£417m	+20.0%	+12.7%
Operating profit margin	16.5%	16.3%	+20bps	+10bps
Basic EPS	97.5p	69.8p	+39.6%	
Operating cash conversion ²	86%	80%	+600bps	
ROCE	15.7%	14.2%	+150bps	
Dividend	41.6p	39.6p	+5.1%	

Summary:

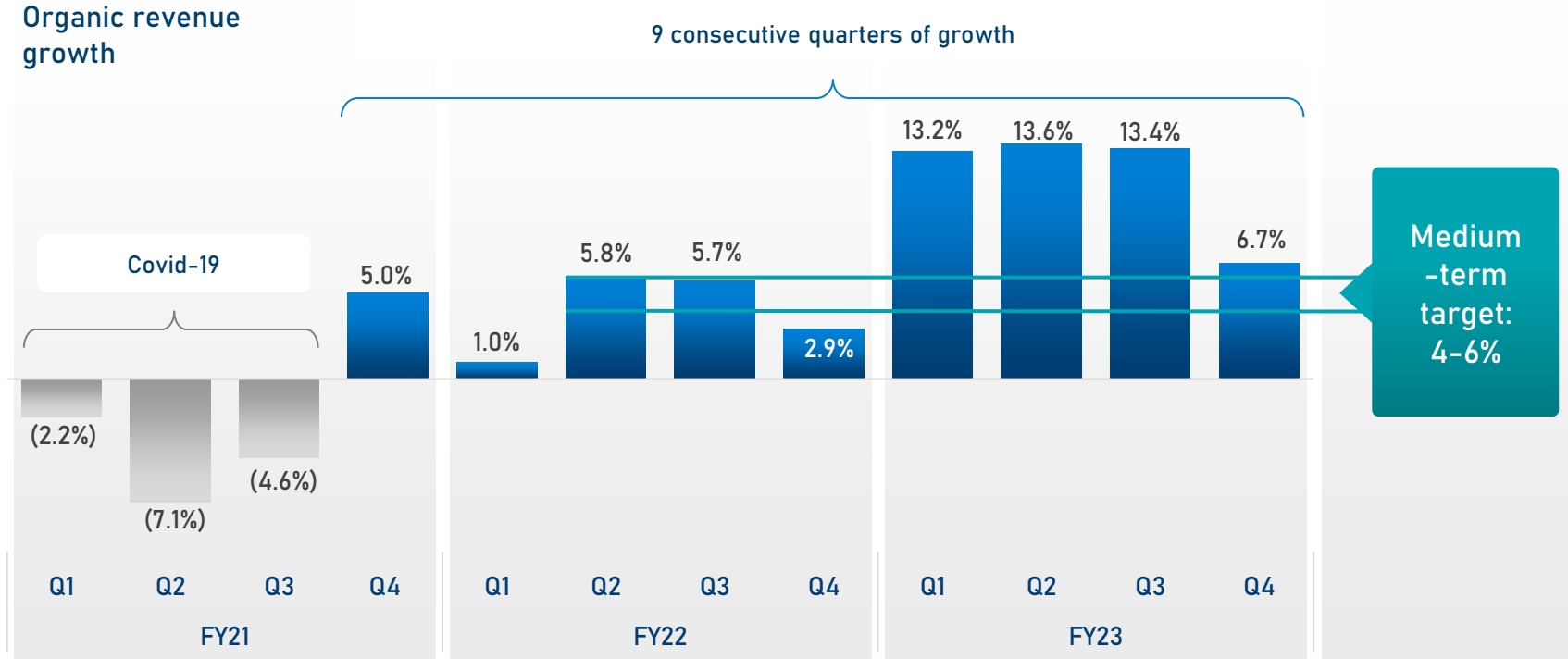
- Record revenue growth ahead of guidance, equally balanced between price and volume
- Strong operating profit growth and delivered on our guidance of moderate margin progression
- Record EPS growth
- Cash conversion increased 6ppts to 86% reflecting improved working capital
- Continued ROCE expansion driven by profit growth
- £207m in share buyback and £143m in dividends

FY2023 – Divisional performance

John Crane Delivered accelerating growth and strong operating leverage			Smiths Detection Growth across all segments			Flex-Tek Another period of strong growth			Smiths Interconnect Growth moderating, as expected		
Revenue	£1,079m	+15.2% ¹	Revenue	£803m	+16.4% ¹	Revenue	£768m	+10.1% ¹	Revenue	£387m	(2.8)% ¹
Op. Profit	£244m	+25.2% ¹	Op. Profit	£90m	+15.4% ¹	Op. Profit	£149m	+3.4% ¹	Op. Profit	£62m	(11.9)% ¹
Margin	22.6%	+170bps	Margin	11.2%	+10bps	Margin	19.4%	(120)bps	Margin	16.0%	(200)bps
<ul style="list-style-type: none"> - Strong revenue growth across all segments - Strong operating leverage and margin expansion - Continued strong demand with +15% order growth - Increasing activity across hydrogen, carbon capture and methane emissions reduction - Margin benefit from SES and productivity programmes will continue to scale - Continued investment in growth to access market opportunities 			<ul style="list-style-type: none"> - Growth across all segments - Margin performance reflects mix with rapid OE growth +24% vs aftermarket growth of +10%, supporting future growth - SES benefits and savings from cost reduction programmes - OE aviation wins globally across the year - CT checkpoint wins e.g. New Zealand, Germany, UK and India - Continued progress penetrating Other Security Systems e.g. Japan and US for ports and borders 			<ul style="list-style-type: none"> - Strong growth across both Industrials and Aerospace - Strong pricing growth moderating - Margin performance reflects investments in capacity and NPD, and mix impact - As expected, now seeing slower rate of growth in construction - Continued aerospace expansion with strong order book - New product development progressing well with Midrex/H2 Green Steel - HCP acquisition broadens portfolio, customer base and geography 			<ul style="list-style-type: none"> - Growth moderating against strong prior year comparator - Profit reflects pricing actions offsetting inflation and further R&D investment to advance strong NPD - NPD pipeline includes next generation radio frequency components and transceivers - Expect contraction in FY24 - orders down 17%, continued weakness in semiconductor and slowing connectors market - Bolt-on acquisition of Plastronics 		

Building a track record of consistent growth

Organic revenue growth



FY2024 outlook expects revenue growth in medium-term target range

Tailwinds

- Strong order books in John Crane and Smiths Detection
- New product launches driving growth
- SES gaining momentum with further benefits next year
- Energised organisation executing at a faster pace

Headwinds

- Strong prior year comparators
- Pricing growth moderating
- Continued softness in some Flex-Tek and Smiths Interconnect markets into FY2024

FY24 organic revenue growth within our medium-term target range of 4-6%, with continued margin expansion



Appendix

Incentive compensation directly tied to our commitments

OUR COMMITMENTS		ANNUAL BONUS PLAN (FY2024)		LONG TERM INCENTIVE PLAN (FY2024 – FY2026)		
		METRIC	WEIGHTING	METRIC	TARGET RANGE	WEIGHTING
Organic revenue growth	4-6% (+ M&A)	Revenue	40%	Revenue growth	3.5% - 6.5%	30%
EPS growth	7-10% (+M&A)			EPS growth	6% - 11%	20%
ROCE	15-17%			ROCE	14% - 17%	15%
Operating profit margin	18-20%	Operating profit	30%			
Operating cash conversion	100%+	Operating cash conversion	20%	Free cash-flow (% of operating profit)	45% - 55%	20%
ESG: Net zero	By 2040 (Scope 1 & 2) By 2050 (Scope 3)	Energy efficiency (kWh/revenue)	10%	Reduction in GHG (Scope 1 & 2 reduction)	15% - 20%	15%

2023 Divisional break down



John Crane – Improving our world through innovative technologies, services and energy transition solutions

FY Revenue

£1,079m (36% of Group)

FY Headline Operating profit

£244m (45% of Group)

FY Headline margin

22.6%

FY ROCE

23.8%

FY R&D % sales

1.7%

COMPETITIVE STRENGTHS

- Strong and differentiated proprietary technologies and expertise
- Largest installed base is in the Energy and Industrials end markets
- Innovation focused, growing digital capability
- Customer intimacy and strategic alignment with end users through a network of ~200 service and support centres, and unique capabilities of field service engineers

GROWTH DRIVERS

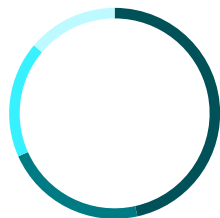
- Near-term global demand for stable energy supply
- Secular growth in energy and primary resource demand, especially in emerging markets
- Increasing demand for enhanced efficiency, environmental safeguarding and cleaner processes
- Energy transition – environmental safeguarding and cleaner processes. Requirement to reduce emissions, with particular emphasis on methane. Growth of a more diversified and cleaner low-carbon energy eco-system, including hydrogen and renewables, which drive more demanding needs in compression, pumping and filtration
- Long-term customer partnerships and outsourcing

COMPETITIVE LANDSCAPE

- Competitors range from large multinationals through to small, more focused companies across the product portfolio
- Examples include: Flowserve, EagleBurgmann, AES and smaller/ local companies

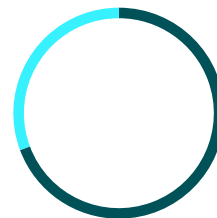
Geographies

- Americas 44%
- Europe 22%
- APAC 20%
- RoW 14%



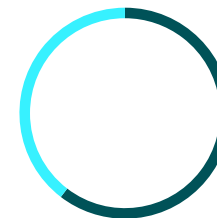
OE/AM

- Aftermarket 71%
- Original Equipment 29%



END MARKETS

- Energy 61%
- Industrials 39%



Smiths Detection – Making our world safer through smarter engineering

FY Revenue

£803m (26% of Group)

FY Headline Operating profit

£90m (17% of Group)

FY Headline margin

11.2%

FY ROCE

7.7%

FY R&D % Sales

8.4%

COMPETITIVE STRENGTHS

- Global reach and market-leading brand
- Differentiated proprietary technologies leveraged across a broad range of markets
- Significant R&D and digital capabilities
- Focus on minimising product energy use
- Customer intimacy and loyalty through equipment cycle and aftermarket offer
- Operating in regulated market segments that require product certification
- Network of ~100 locations

GROWTH DRIVERS

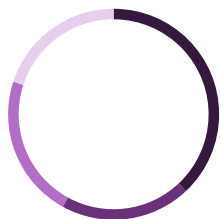
- Persistent and evolving threats to national security, public safety and critical infrastructure
- Changing aviation security regulations and customer requirements across our industries
- Growing populations and urbanisation
- Growth of global transportation infrastructure
- Global growth of international trade and e-commerce
- Need for integrated digital solutions
- Circular economy approach solutions
- Staffing constraints are driving demand for digital image analysis software such as automated threat recognition
- Equipment replacement cycle, typically 8–10 years

COMPETITIVE LANDSCAPE

- Competitors range from large multinationals through to small, more focused companies across the product portfolio
- Examples include: Rapiscan, Leidos, Nuctech, Analogic, and Chemring

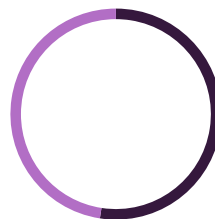
Geographies

- Americas 38%
- Europe 22%
- APAC 21%
- RoW 19%



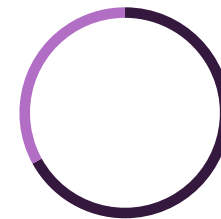
OE/AM

- Aftermarket 51%
- Original Equipment 49%



End markets

- Aviation 67%
- Other Security Systems 33%



Flex-Tek – Improving our world through safer and more efficient fluid and gas management

FY Revenue

£768m (25% of Group)

FY Headline Operating profit

£149m (27% of Group)

FY Headline margin

19.4%

FY ROCE

26.1%

FY R&D % Sales

0.4%

COMPETITIVE STRENGTHS

- Leading capability in design, manufacture and cost engineering
- High-performance differentiated products
- Innovation focused
- Strong customer relationships and brand reputation

GROWTH DRIVERS

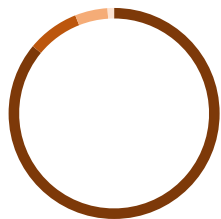
- Through-cycle growth of the US housing construction market
- Expanding international market for construction products
- The electrification of everything, leading to broad adoption of electrical heating solutions across industrial and domestic settings
- Long-term increase in commercial and military aircraft production
- Customer focus on efficient performance and environmental safeguarding
- Growth in use of medical devices

COMPETITIVE LANDSCAPE

- Competitors range from large multinationals through to small, more focused companies across the product portfolio
- Examples include: Parker-Hannifin, Eaton, OmegaFlex, Warren, Watlow and Southwark Metal

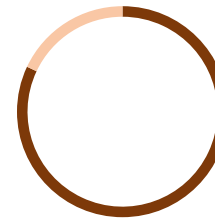
Geographies

- Americas 84%
- Europe 10%
- APAC 5%
- RoW 1%



End Markets

- Industrials 81%
- Aerospace 19%



Smiths Interconnect – Improving our world through smarter Interconnect solutions

FY Revenue

£387m (13% of Group)

FY Headline Operating profit

£62m (11% of Group)

FY Headline margin

16.0%

FY ROCE

13.3%

FY R&D % Sales

6.3%

COMPETITIVE STRENGTHS

- Broad portfolio of cutting-edge technologies and products
- Strong research and engineering capabilities
- Customer intimacy and product customisation
- Global reach and support

GROWTH DRIVERS

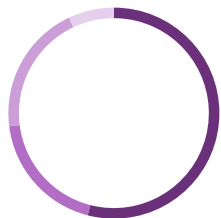
- Increased demand for faster data transmission, greater bandwidth and faster processing power in aerospace, defence and communications
- Growth of connectivity, as the world becomes more connected, driven by trends including the Internet of Things, Big Data, Internet of Space, Industry 4.0
- Development of healthcare technology

COMPETITIVE LANDSCAPE

- Competitors range from large multinationals through to small, more focused companies across the product portfolio
- Examples include Amphenol, TE Connectivity, Molex, Cobham, Glenair, Honeywell, Anaren, Leeno and Winway

Geographies

- Americas 54%
- Europe 20%
- APAC 19%
- RoW 7%



smiths

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