

Smiths Group

Alan Thomson, Financial Director

Russell Plumley, Director, Investor Relations

Meetings with Investors in Paris

Friday, February 4th, 2005

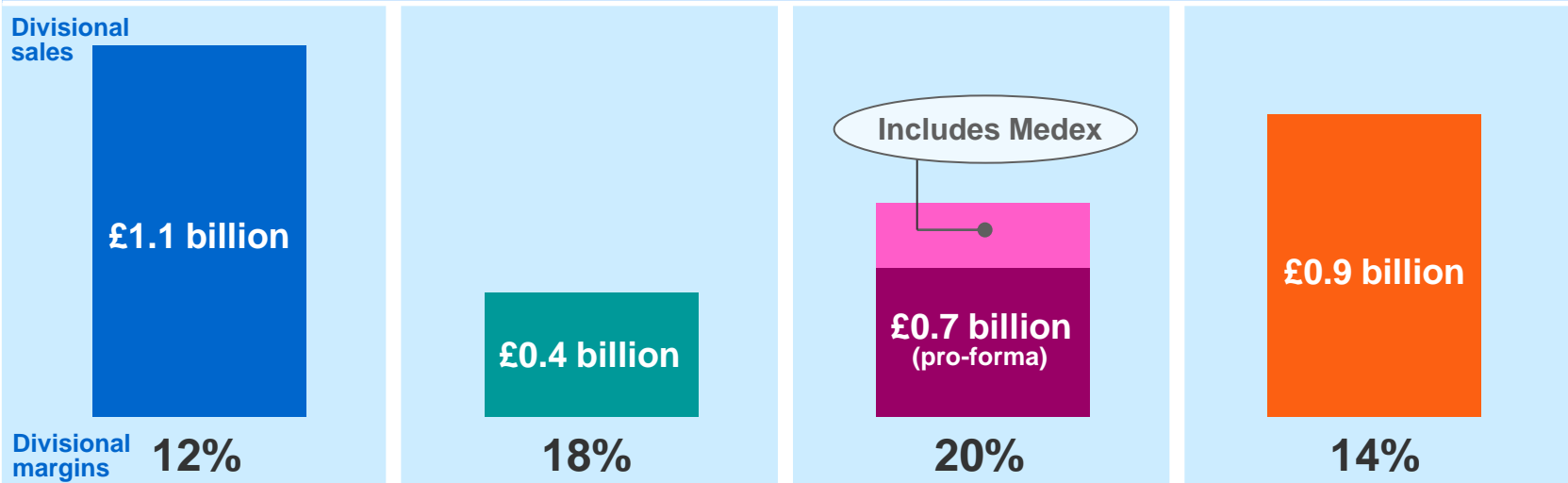


Smiths Group: Four strongly-performing divisions

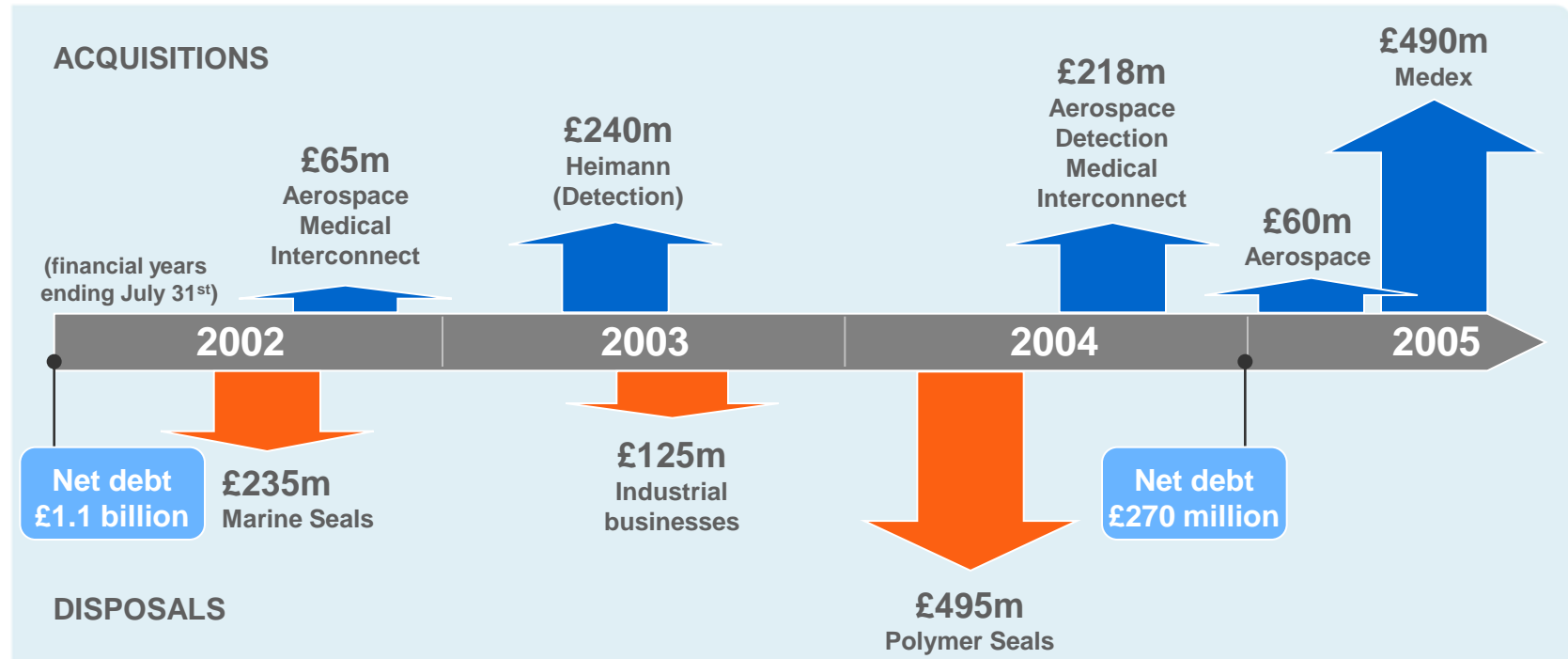
smiths

Aerospace	Detection	Medical	Specialty Eng
			
<p>Smiths Aerospace Systems and equipment for military and commercial aircraft</p>	<p>Smiths Detection Equipment for protection against threats to security</p>	<p>Smiths Medical Devices for critical care and medication delivery</p>	<p>Specialty Engineering Application-specific electronic and engineered products</p>

Smiths current annual sales (approx) **£3.0 billion**, EBIT margin (approx) **15%**



Significant progress on reshaping Smiths Group



Management action:

- Disposal of non-core business
- Focusing on activities with best growth prospects
- Adding relevant acquisitions to existing operations

Acquisition currency:

- 1 Strong free cash-flow
- 2 Disposal proceeds

The profit profile of Smiths has changed: now focused on sectors with strong growth

Aerospace

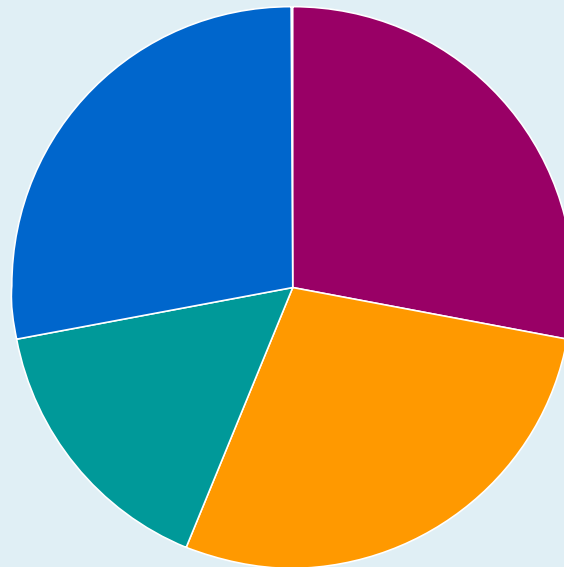
Cyclical markets for commercial, strong momentum business in defence

Upswing in commercial is driving Smiths' profit recovery

Detection

Exciting market still evolving, new technology is the driver

Smiths expects to achieve double digit growth



divisional contribution to operating profit (pro-forma)

Medical

Relentless increase in healthcare spending drives continuous growth in devices market

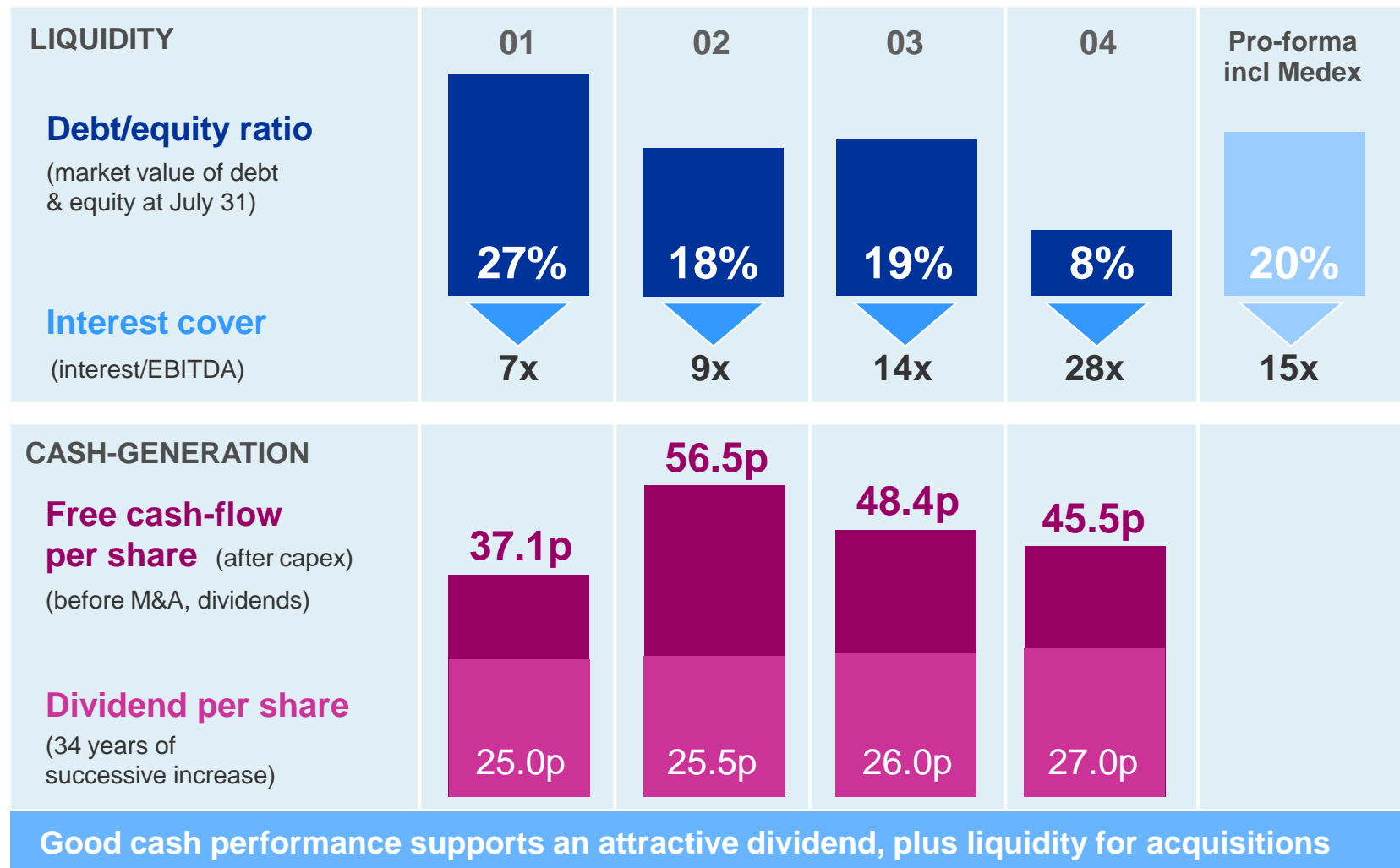
With Medex, Medical is now a larger part of Smiths

Specialty Engineering

In niche markets with growth rates of 5% and above

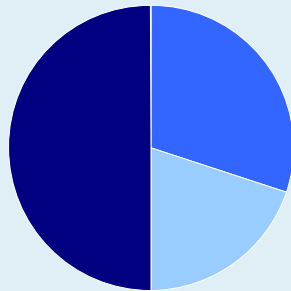
Interconnect is outperforming, with defence and telecoms components growing strongly

The financial resources are available for the continued development of Smiths

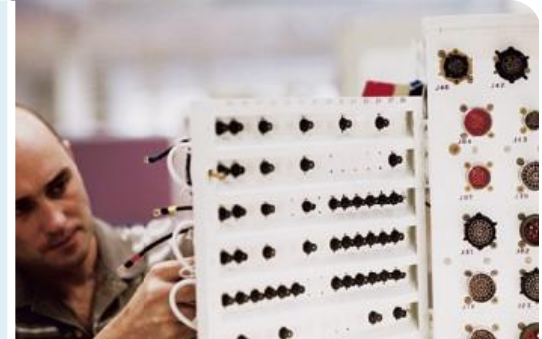


Smiths Aerospace: overview

First tier supplier of integrated systems



- Electronic systems
- Mechanical systems
- Engine components



With technology leadership in vital areas of the aircraft

R&D/Sales

Company-funded
(expensed to profit)

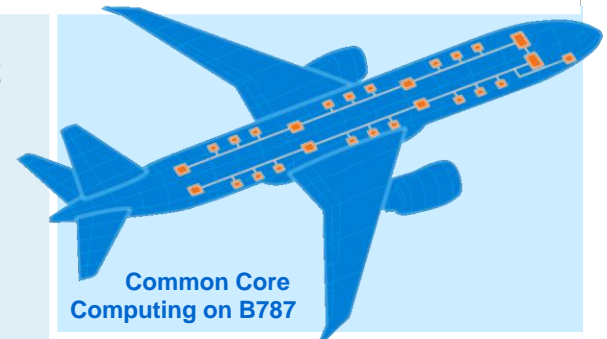


8%

Customer-funded
(largely govt./military)



12%



Smiths Aerospace: A strong presence in the Industry

Supplying the major aircraft prime manufacturers

Commercial
Boeing, Airbus

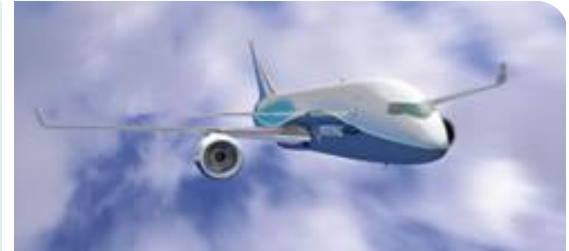
Defence
Boeing, Lockheed
Northrop, Raytheon

Engine makers
GE/RR/P&W

generating a
valuable aftermarket



Aftermarket:
Airlines
Military



On all the key aircraft programs

Commercial
737, 777, 320, 330/340

Ahead

787, 380

Defence
F-18 E/F, Apache, C-17

Ahead

**JSF, C-130 AMP
767 Tanker (exports)**

Current market dynamics are positive for Smiths Aerospace

Commercial

- Rapid market recovery now underway
- Driven by increased production of narrowbodies
- Aftermarket responding to RPK growth trend
- Smiths FY2005: already seeing the benefit
- Medium term: strong sales growth and margin gains

Defence

- Current spending on defence continues at a high level
- Smiths has a very broad spread of applications
- Recent program wins assure long-term growth
- Cuts in new-build would result in upgrade opportunities on current aircraft



Smiths Detection: rapidly expanding, and making a significant contribution to Smiths' growth

Market leadership in trace and X-ray detection

(one of only two companies with both technologies)

Worldwide sales footprint:

50/50

US/RoW

Technology leadership

R&D/Sales: company-funded

(expensed to profit)



7%

Extensive customer base reflects wider risks to security; not dependent only on airports



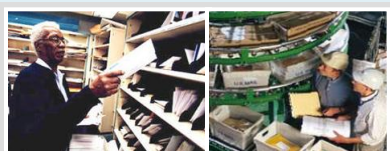
A broad spread of applications is bringing more predictable growth to Smiths Detection



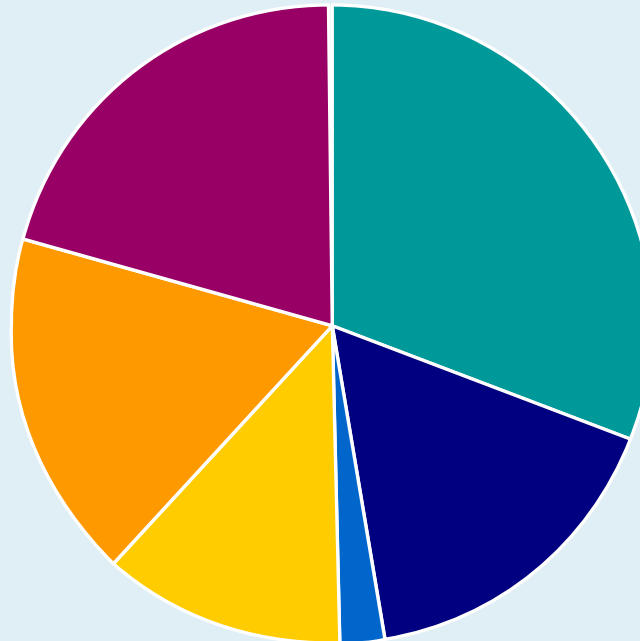
Military



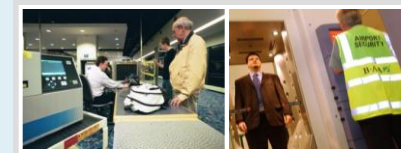
Non-security applications



Critical infrastructure



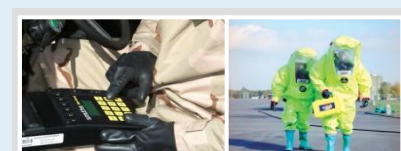
Current sales



Airports

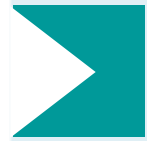


Ports & borders



First responders

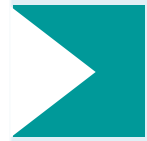
The market for Detection is still evolving rapidly



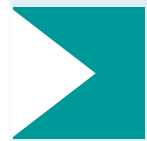
Progressively tightening security standards create opportunities



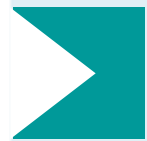
Latest products are generating incremental sales



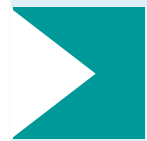
Innovative technologies are being acquired



The aftermarket is becoming significant



Longer-term, sensors will be integrated into systems



Double-digit organic growth in 05, plus acquisitions

Smiths Medical: following the acquisition of Medex, this division will hold a prominent position in specialised healthcare devices

smiths

- High margin business in a market with consistent growth
- Devices for critical care and for ex-hospital recovery
- In specialised niches mostly with #1 or #2 market positions
- Long-term supply agreements with US health providers
- Worldwide distribution network, strong in Europe, Japan
- Productivity gains from transfer to low-cost countries
- Innovative products are bringing competitive advantage
- Sales split: 50/50, RoW/US

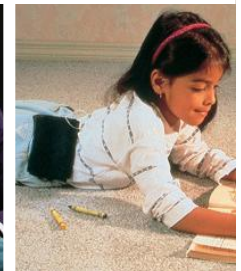
Smiths Medical sales growth outperformed world markets over the last 5 years

**8%
CAGR**

Smiths Medical sales in \$

5%_{opa}

world market for medical devices



Smiths Medical: two strong product ranges to meet the needs of healthcare specialists

Anaesthesia & Safety devices

- **Airway management**
high volume, single-use
- **Temperature management**
equipment & disposables
- **Safety devices**
high volume, single-use

Safety devices: rapid market growth following legislation to prevent injury from 'sharps'



Medication delivery & Patient monitoring

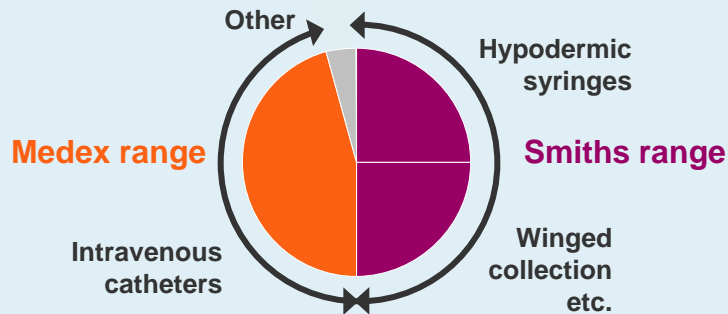
- **Pain management**
high volume, single-use
- **Patient monitoring**
equipment & disposables
- **Infusion therapy**
equipment & disposables

Infusion therapy: now includes the Cozmonitor insulin delivery pump, a fast-growing product line



The £490m acquisition of Medex puts Smiths Medical in the 'Big League'

The combined range meets 95% of the requirement for safety devices



The customer callpoints for Smiths and Medex are the same

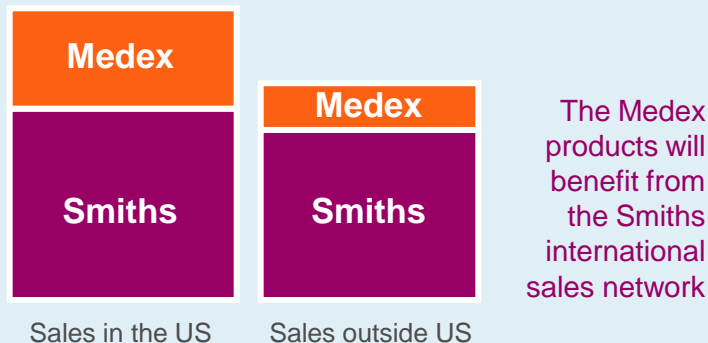
Anaesthesiologists

Critical care

Infection control

With a full range to offer, the combined sales team has the opportunity to increase market share

Geographic opportunity



Synergy benefits

Initially from coordinating sales, marketing and administration, then from rationalisation of production across the enlarged Smiths Medical

Smiths now has a significant presence in the safety device sector

Specialty Engineering: A significant contributor to Smiths' profits. **smiths**

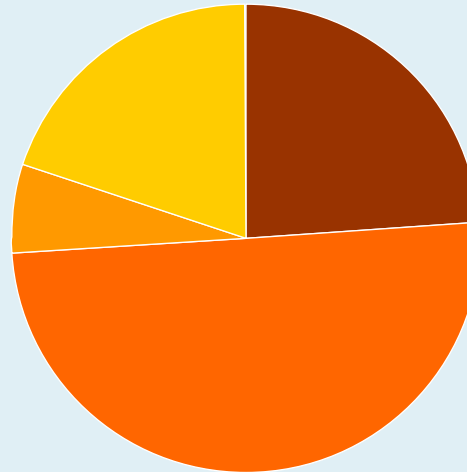
Businesses with good margins and respectable growth rates

FlexTek

Hoses, ducting for domestic appliances, aircon

Marine

Marine radar & navigation charts



Annual sales circa
£0.9 billion
margin 14%

Interconnect

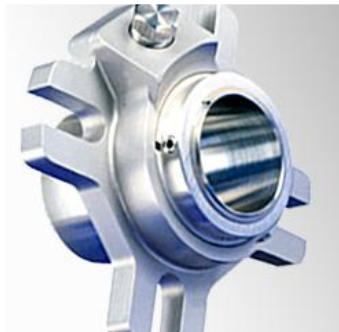
Connection & protection of electronic circuits, currently achieving double digit growth from aero and telecom upswing

John Crane

World's No1 supplier of rotating seals, used in oil/gas/chemical plant and pipelines

Specialty Engineering

delivers 100% of its profits in cash



In summary, Smiths Group is in good shape,
with a positive outlook across the company

smiths

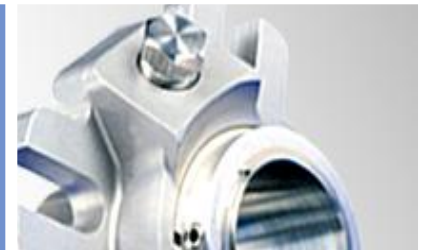
All four divisions currently achieving strong organic growth

Medex acquisition lifts Smiths into 'Big League' in medical devices

Commercial aircraft upswing improves Aerospace margin

Detection well-placed in fast-developing homeland security sector

Strong cash-flow continues to fund acquisitions and generous dividends



smiths

Smiths Group



www.smiths-group.com/ir ← Register here to receive regular information