

Smiths Aerospace

Meetings with investors, Farnborough Airshow

July 17-19, 2006

Senior management at the show:

Keith Butler-Wheelhouse, Chief Executive, Smiths Group

John Ferrie, President, Smiths Aerospace

Alan Thomson, Financial Director, Smiths Group

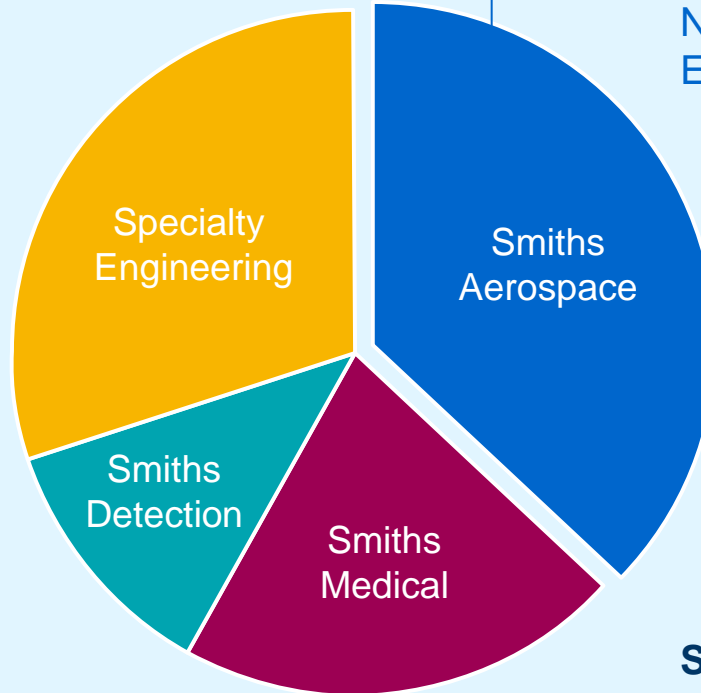
John Langston, Finance Director Designate, Smiths Group

Oliver Towers, VP Strategy, Smiths Aerospace

Russell Plumley, Director, Investor Relations, Smiths Group



Making a significant contribution to the performance of Smiths Group



Smiths Aerospace 2006E*

Sales circa £1.3bn
Net margin 11-12%
Employees 11,200

Smiths Group 2006E*

Total sales circa £3.5bn
Net margin 14-15%
Employees 31,600

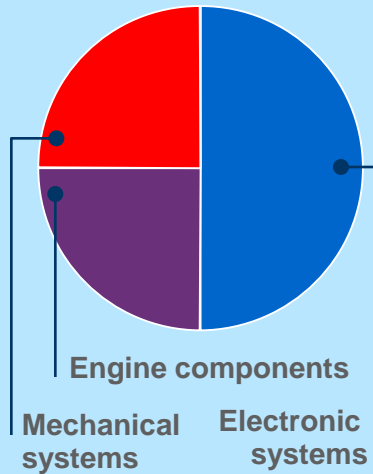
* Analysts' consensus, not a company forecast

Smiths Aerospace - Dimensions

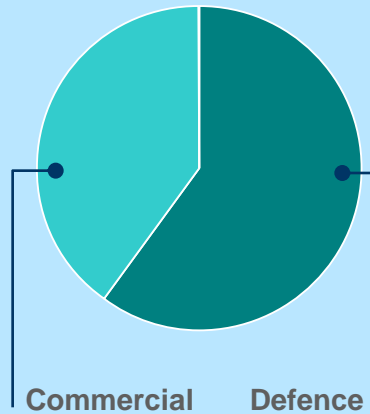
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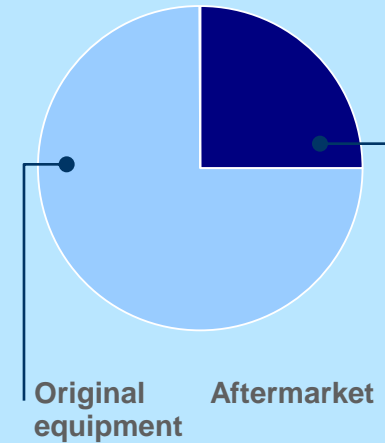
Products



Customers



Markets



Investment in technology



Company funded R&D: 9% of sales

Customer funded R&D: 9% of sales

Why is aerospace an attractive sector?

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Global defence activity remains high
US defence procurement levelling off later
than expected



Commercial aerospace growth continues
Strong underlying demand for air travel
despite oil prices



Tier 1 leaders are benefiting from supply
chain rationalisation



Strength in depth

- From Tier 1 integrated systems to specialised components
- Has won \$16bn new business in last five years

Balanced portfolio

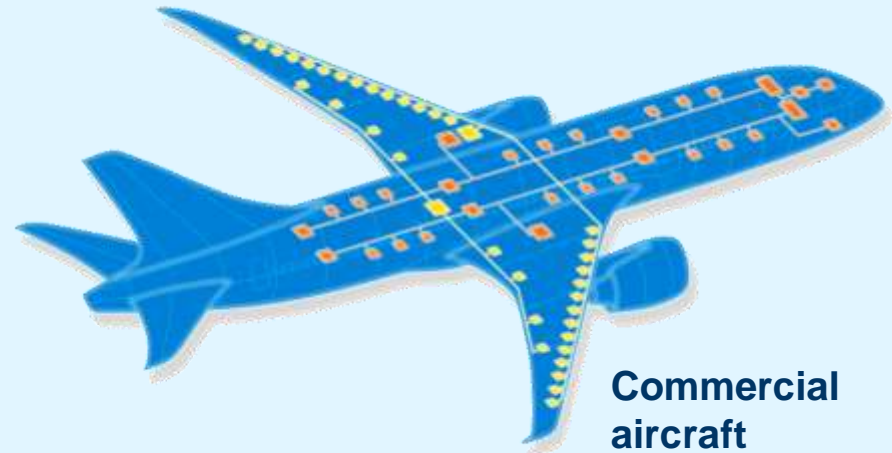
Four product families:

- Digital systems
- Electrical power systems
- Mechanical systems
- Engine components

Investing to continue growth

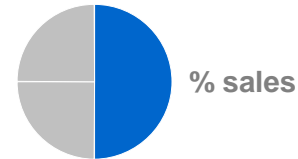
- On new platforms
- On upgrading current aircraft

Military aircraft



Commercial aircraft

Digital systems and Electrical power systems



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Common core computing systems

CCS ▶



Displays & Navigation systems

'Smart' display ▶



Information systems

Voice & data recorder ▶



Power distribution, generation & conversion

VS/CF generator ▶



Customers



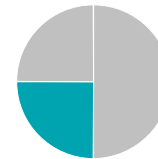
Applications:

B787	F-35 (JSF)	B737
B777	Typhoon	A400M
C-130J & C-130 AMP		F-18 E/F
KC-767 Global Tanker		AH-64D

Key competitors:

Rockwell Collins	Honeywell
Hamilton Sundstrand	Goodrich
Thales	L-3

Mechanical systems



% sales

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Landing gear systems
Landing gear ▶



High lift systems
High lift actuator ▶



Military mission systems
Wing aerial refuelling pod ▶



Structures, Propellers
Wing components ▶



Customers



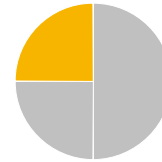
Applications:

- B787
- A320
- F-35 (JSF)
- A380
- Hawk
- B737
- KC-767 Global Tanker

Key competitors:

- Moog
- Cobham
- GKN
- Parker
- Eaton
- Liebherr
- Goodrich
- Hamilton Sundstrand

Engine components



% sales

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Rings



Flash-welded rings ▶

Complex machined parts



Machined shafts ▶

Complex fabrications



Combustor ▶

Customers



Applications:

GENx	GE-90	CFM-56	CF-34
Trent 500, 900, 1000			
F119	F135	PW600	

Key competitors:

GKN	Barnes Group
Magellan	Doncasters
Firth Rixson	Primes' in-house capabilities

Major commercial programmes: Tier 1 capabilities are winning new business

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Boeing 787: Common Core System,
Landing Gear systems, High Lift actuation,
Engine components, Aerostructures

Major assembly underway

Orders: 350 plus 240 options
First flight: Summer 2007
EIS: 2008



Airbus A380

High Lift actuation, Landing Gear systems,
Cockpit video, Engine components,
Aerostructures

Flight testing in progress, with production equipment deliveries

Orders: 159 plus options
First a/c delivery: end 2006

Major military programmes: Tier 1 capabilities are winning new business

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LM F-35 (JSF): Electrical Power Management system, Remote Input/Output units, Thrust Vectoring and Lift Actuators, Engine components

Long Lead funding for 5 C-TOL aircraft for USAF:

First flight: Q4, 2006 (C-TOL)
EIS: 2012/13

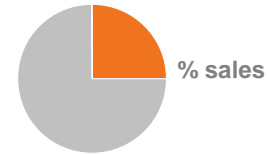


Boeing KC-767 Global Tanker:
Mission Control system, Refuelling system including wing pod, boom control and power

8 aircraft on order for Italy and Japan:

First a/c delivery: end 2006
USAF contract award: mid/late 2007

Aftermarket: A flexible approach from Smiths



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Focus on added value services that improve operator performance and reduce through-life costs.

Leading provider of Performance Based Logistics (PBL) services

Total Support Services (TSS) partnership

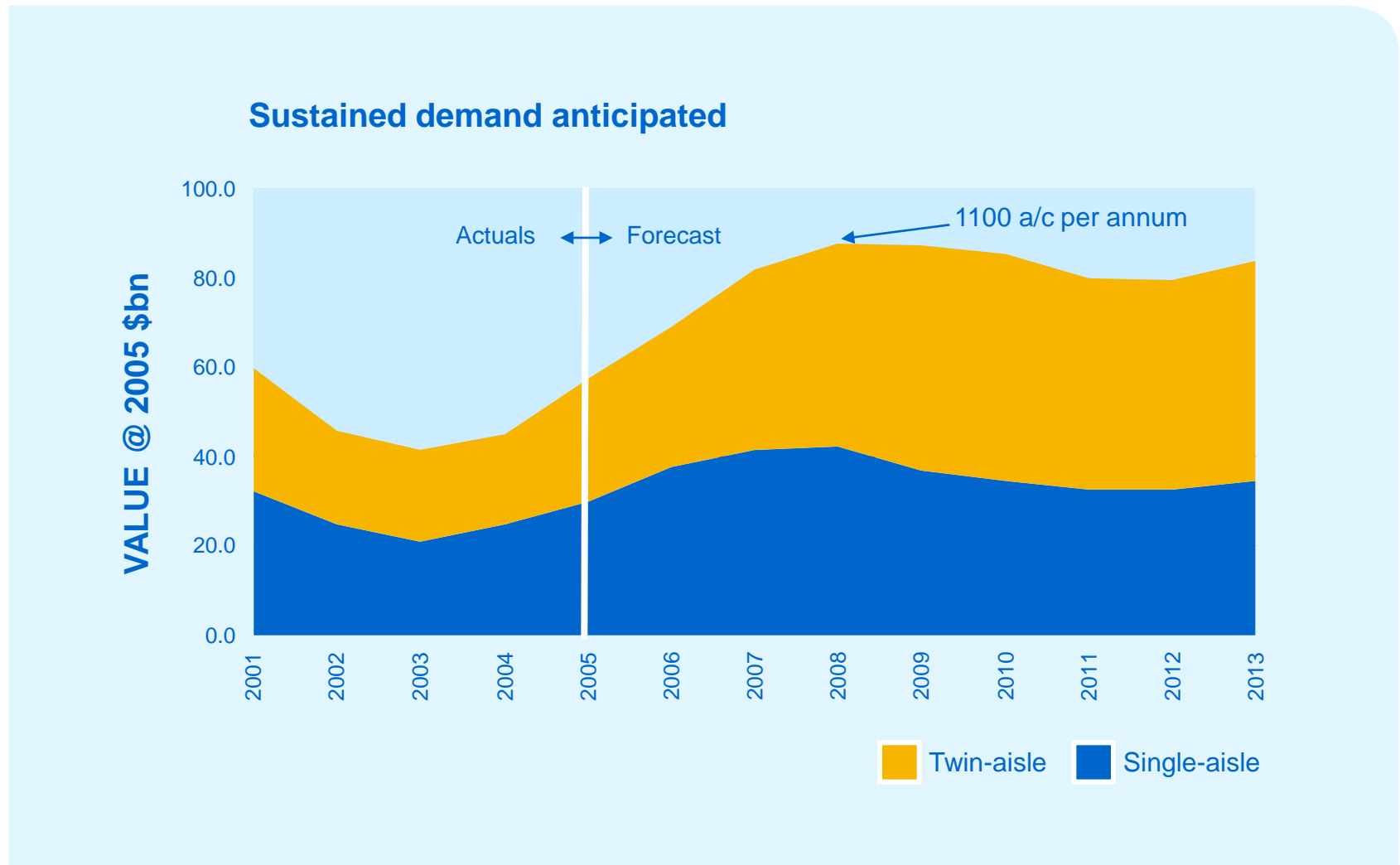


Globally providing aircraft operators with high performance support.

Partnership with Aviall for civil spares

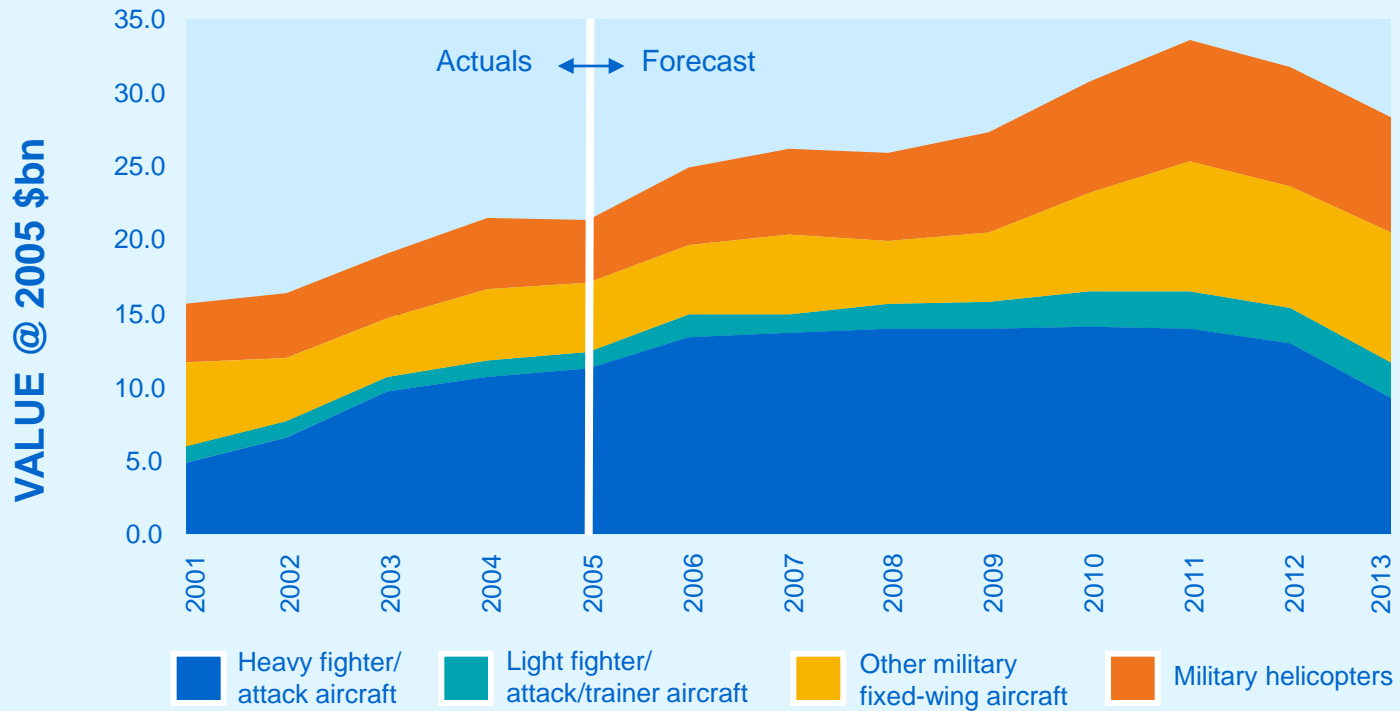


Smiths Aerospace: Civil aircraft forecast (>70 seats)



Smiths Aerospace: Military aircraft forecast

Steady growth continues



Smiths Aerospace: Market opportunities for sustained growth

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Secure momentum base business

In production: B737, B777, A320, A330/A340, F-15, F-16, F-18 E/F, F-22, C-17, C-27, C-130J, T-50, Hawk, Typhoon, BA609, V-22, EH-101, AH-64D, Chinook, Regional aircraft, Business jets, Aftermarket support of wide range of civil and military platforms

Future growth secured

In development: JSF, A380, B787, C-130AMP, KC-767 Global Tanker, VH-71, P-8A, Future Lynx

Similar growth opportunity again on new platforms

In evaluation: New narrow bodies, A350 XWB, New military programmes/Upgrades



Smiths Aerospace: well-positioned for future business

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- ▶ Tier 1 status increases opportunities on future narrow-bodies
- ▶ Leading open architecture solution with CCS on B787
- ▶ A350 XWB prospects improved as design evolves
- ▶ C-130AMP experience sets important precedent for upgrades
- ▶ Strong relationship with primes on UAV demonstrators
- ▶ USAF tanker recapitalisation: Smiths established on KC-767
- ▶ Gaining market share from investment in advanced manufacturing for engine components



Why is Smiths Aerospace so confident?

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- ▶ Strong platform positions – \$16bn of new business won over last 5 years
 - ▶ Integrated Systems solutions well suited to future market needs
 - ▶ Engine Components business delivering planned growth
 - ▶ Sustained drive on all aspects of cost
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- ▶ US defence procurement levelling off later than expected
 - ▶ Commercial aerospace growth continues

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