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Smiths Group

CSFB - Global Capital Goods Conference

London, Wednesday 17 September 2003



Alan Thomson - Financial Director, Smiths Group

www.smiths-group.com/ir

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Focusing on activities with strong growth potential

Detection

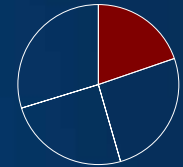
Protecting against threats to security from terrorist activity



approx. sales

approx contrib. to profit

£300 million



Medical

Devices used in critical care and for medication delivery



£ 500 million

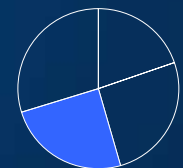


Aerospace

Systems and equipment for military and commercial aircraft

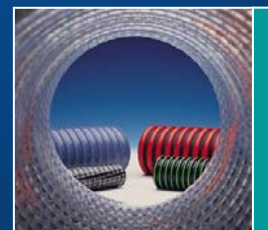


£1 billion



Specialty Engineering

Highly engineered products for specific industrial applications



£800 million



Reshaping the company through acquisition & disposal

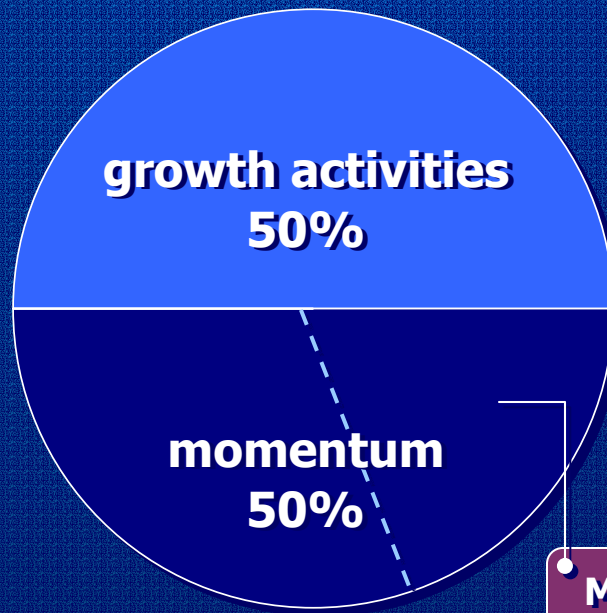
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An increasing % of activities in areas of strong market growth (inc. Detection, Medical & Aerospace)

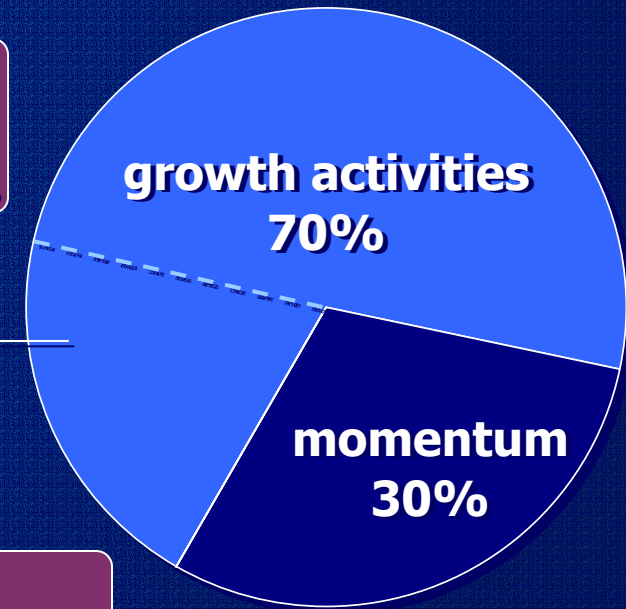
Jan 2001

(profit contribution)

July 2003



Heimann
Barringer
etc...



Marine Seals
Air Movement
Polymer Seals, etc...

Smiths Detection

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Market leader in Detection: chemicals, nuclear, biological, security threats, contraband

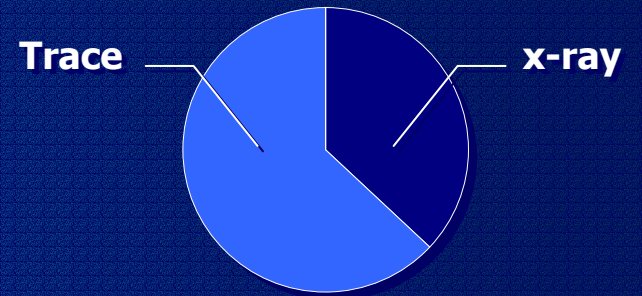
Technology leader: only supplier with both trace and x-ray capabilities

Significant organic growth

Aftermarket revenues will increase

Customers: military, government authorities, airport operators, security providers

Competitors: trace - Iontrak (GE),
x-ray - L3, InVision, SAIC



2003 sales



Trace



x-ray

Detection: Airports

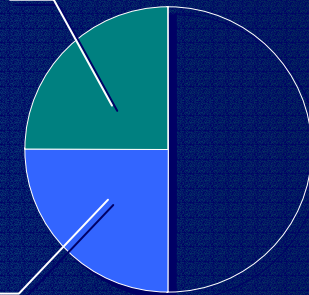
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- People
- Hand luggage
- Checked baggage
- Global customer base
- Less dependent on TSA
- New products: significant opportunities

US airports

Airports
ex-US

2003 sales



People



Hand luggage

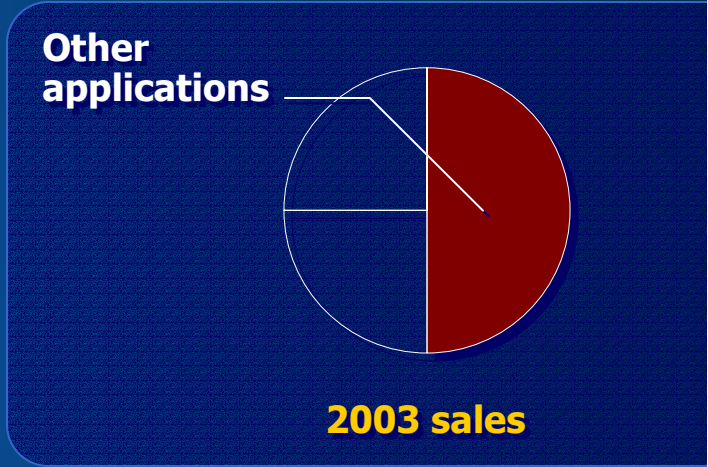


Checked baggage



Detection: A wide range of other applications, growing strongly

- US Postal Service: bio threats
- Public events, eg sports
- Federal buildings
- Container inspection: security at ports
- Contraband at borders
- Leading supplier to the military



Truck x-ray



Battlefield detection

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Strong market niches in two key sectors

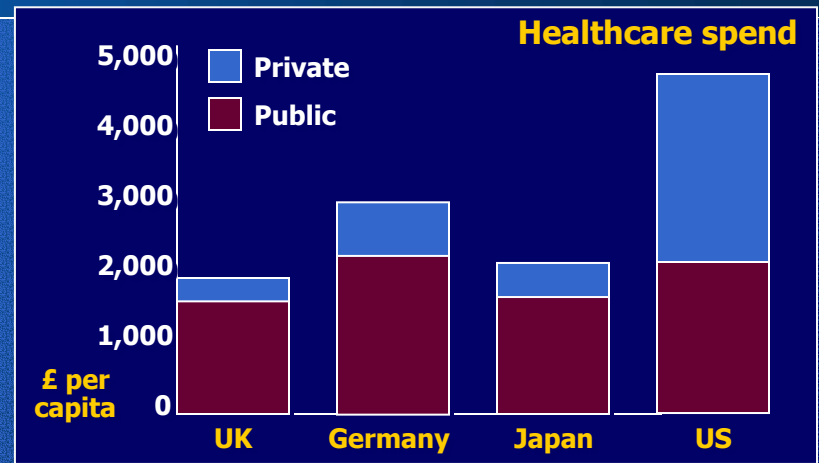
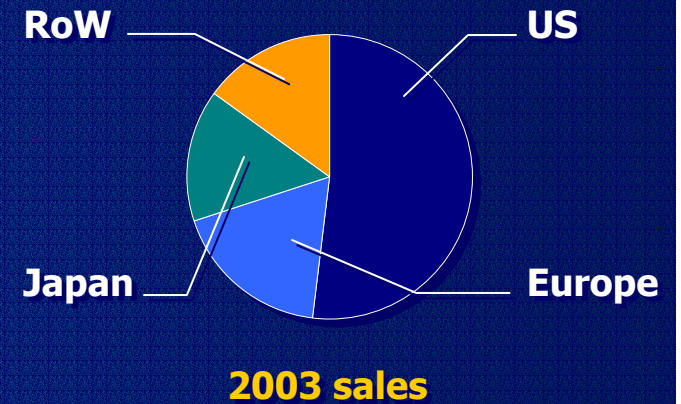
High margins

Innovative technologies: driven by dynamic US market (over 50% of sales)

Steady market growth from ageing pops.

Customers: public and private health care providers

Competitors: Mallinkrodt (Tyco), BD (needle safety)
Baxter Healthcare, Minimed (Medtronic)

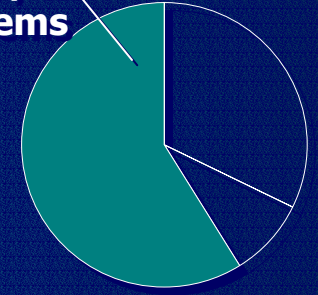




Medical: Anaesthesia & Safety Systems

Single-use devices mainly used in hospitals
During critical and intensive care procedures
Typically for airway and pain management
Trend towards procedural kits
Safe needle closure devices

Anaesthesia/
Safety Systems



2003 sales



Single-use kits



Needle-pro

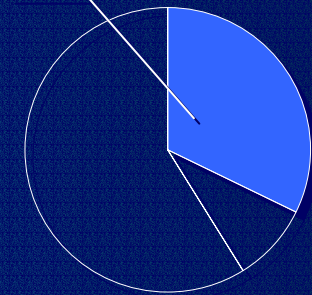
Medical: Medication Delivery & Patient Monitoring

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Equipment and devices:

- hospital infusion
- patient temperature management
- vascular access
- ambulatory infusion
- insulin delivery
- pulse oximetry

Medication
Delivery
& Patient
Monitoring



2003 sales



Blood/fluid warming



Ambulatory infusion

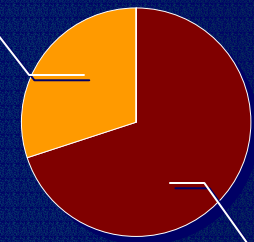
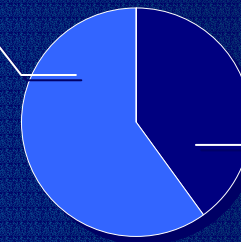
Smiths Aerospace

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Commitment to technology
First tier, systems integrator
Avionics, actuation, engine components
Good military/commercial balance
Strong aftermarket revenue stream
Customers: Boeing Commercial, Airbus,
Boeing Military, Lockheed, GE,
Raytheon, BAE Systems
Competitors: Collins, Honeywell, Thales

Defence

Aftermarket



Commercial

OE



Joint Strike Fighter



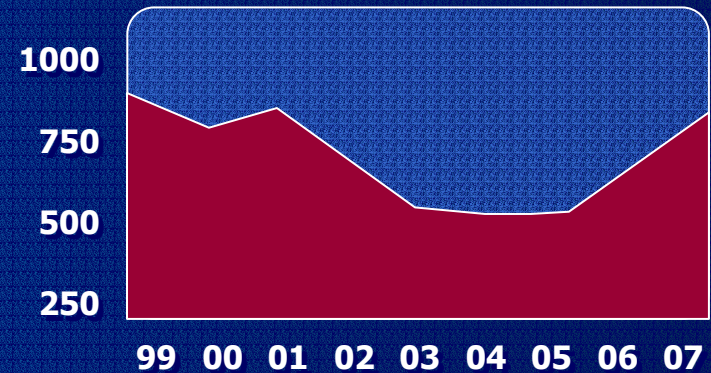
Boeing 7E7

Aerospace: Commercial

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Low aircraft production rate through '05
Smiths has downsized
Aftermarket remains flat
New aircraft in development
Smiths investing now on new programmes
Long term growth in air travel

Production of new aircraft (100+seats)



Avionic systems

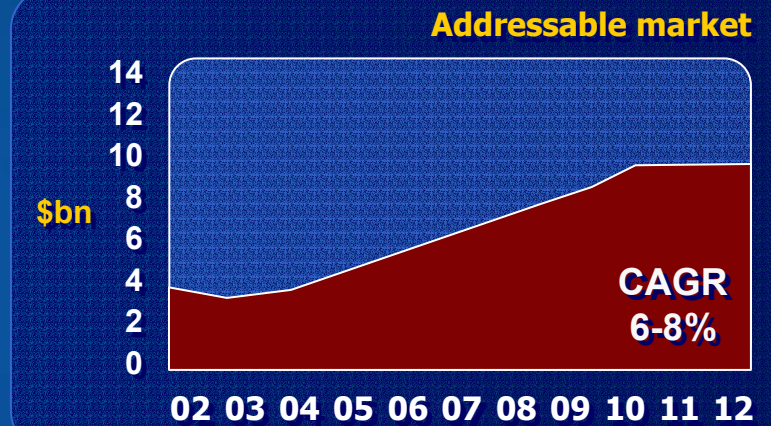


Aerospace equipment

Aerospace: Defence

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Market driven by US defence budget
Smiths is on-shore supplier to DoD
Is on the important current platforms
Has secured new business on F-35
and 767 tanker
Significant government funding of R&D
Aftermarket trend:
performance-based logistics



FA-18 E/F

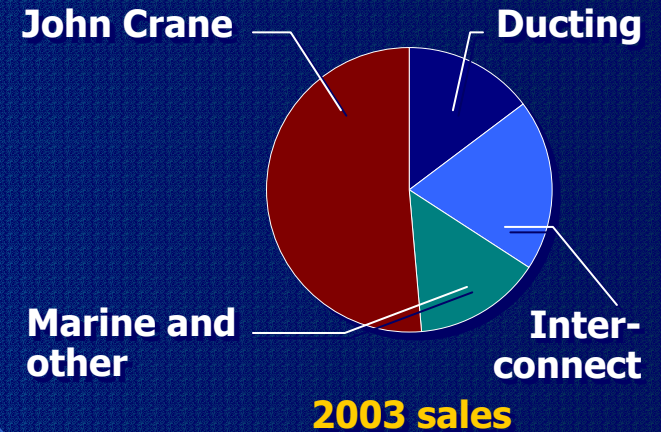


Eurofighter cockpit

Smiths: Specialty Engineering

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High margin engineering businesses
All generating strong cash-flow
Markets include: capital goods, electronics, defence, consumer
Proprietary technologies, manufacturing know-how
Significant presence in US: military connectors, microwave cable, extendable hose



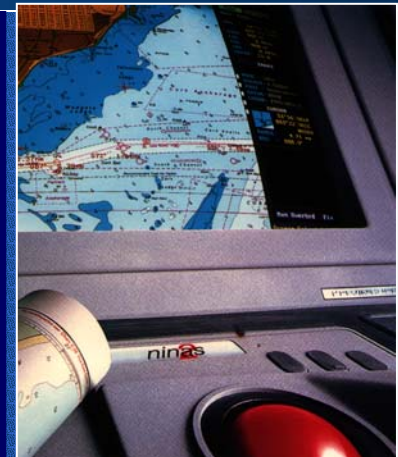
John Crane



Ducting and hosing



Connectors



Marine

Specialty Engineering: John Crane

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Global market leader operating world-wide

Metal and ceramic seals in rotating, pumping machinery,

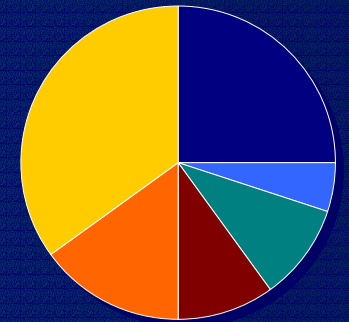
Oil & gas, petrochemicals, pulp & paper, other process plant

Aftermarket represents 50% of revenues

Modest sales growth, significant margin improvement

Production transferred to low-cost countries

- John Crane
- Flowserve
- Burgmann
- Eagle
- Chesterton
- Others



World market for mechanical seals £1.3bn



Petro-chem



Off-shore production

Smiths Group: Fundamental Strengths

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Focusing on areas with best growth potential



Strong market position in key engineering sectors



Commitment to technology leadership



All activities achieve high margins



**Operating profit into operating cash:
80% (after capex)**



Balance sheet in good shape



Managerial focus:

- driving top-line growth throughout the company
- constant attention to operational efficiency