

18 November 2008

Smiths Group Interim Management Statement

Speaking at the Annual General Meeting of Smiths Group, the Chairman Donald Brydon provided the following Interim Management Statement.

At reported exchange rates, Group trading is ahead of last year, benefiting from acquisitions and currency translation. Corporate costs are below those of last year following the restructuring of the Group.

John Crane delivered strong organic sales and profit growth driven by continued investment in the petrochemical industry. The integration of recent acquisitions and its major restructuring initiatives are proceeding to plan. The order book for original equipment is ahead of last year with good visibility for at least the next six months.

In line with guidance, the timing of government contract awards and increased expenditure on research and development will adversely affect the first half results for Smiths Detection. As anticipated, underlying performance after three months is not as strong as the prior period which benefited from some large contract wins, such as cargo screening in Russia. However, new business enquiries and tender activity remain high and are expected to support strong growth in the second half.

Smiths Medical has made good progress in implementing its performance improvement programme with a positive sales trend in its North American business, although some challenges remain in the international business. First half sales and profit are likely to be at a similar level to last year with an improvement anticipated in the second half.

Smiths Interconnect continues to benefit from its involvement in several large, long-term military communications programmes. However, sales growth of components to wireless customers is slightly slower compared with a period of above average growth last year and connectors' sales are also slower in certain markets such as industrial and rail. Full year growth rates are expected to be in line with previous guidance, benefiting from a stronger contribution in the second half.

The growth in Flex-Tek's sales of components to the military and commercial aircraft industry has helped to offset the impact of declines in the US housing and household appliance markets. Targeted price increases coupled with careful cost management is helping to maintain margins in spite of volume reductions.

We anticipate that net debt will be around £800m at the year end, some £30m above previous guidance because of the translation of US dollar denominated debt.

Overall, Smiths Group remains well placed to address the prevailing uncertainties facing the world economy. The Board expects the Company to meet its expectations for the current year, with a stronger weighting in the second six months than is normally achieved.

ENDS

This press release contains certain forward-looking statements with respect to the operations, performance and financial condition of 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 the press release and the Company undertakes no obligation to update these forward-looking statements. Nothing in this press release should be construed as a profit forecast.

Smiths Group

Smiths is a global technology company listed on the London Stock Exchange. A world leader in the practical application of advanced technologies, Smiths Group delivers products and services for the threat & contraband detection, medical devices, energy and communications markets worldwide. Our products and services make the world safer, healthier and more productive. Smiths Group employs more than 20,000 people in over 50 countries. For more information visit www.smiths.com

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