

## **News Release**

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For immediate release

### **Smiths Group plc**

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## **SMITHS GROUP PLC INTERIM MANAGEMENT STATEMENT**

Smiths Group Chairman Donald Brydon made the following Interim Management Statement at the Company's Annual General Meeting today.

Smiths Group has made a satisfactory start to the financial year and delivered underlying growth in sales in the three months to 30 October 2010, excluding the impact of acquisitions and currency translation. Good progress has also been made in delivering the further benefits from the global restructuring programme and other operational efficiencies in line with our plans. Current trends within the business should deliver a good performance in the first half, against the prior period.

A continued focus on operating improvements at Smiths Medical has underpinned a strong performance in the first three months. Over the same period, the industry has experienced tightly constrained capital purchases. Overall, like-for-like sales for Smiths Medical are in line with last year, driven by lower hardware device sales; sales of single-use items are ahead of the same period last year. Performance has continued to benefit from the cost reduction initiatives even after increased investment in sales and marketing and new product development.

John Crane grew sales driven by increased demand for first-fit original equipment and aftermarket services. Performance has benefited from the drop through associated with the higher volumes and the benefits of restructuring and other cost saving initiatives, despite increased investment in sales and marketing and expansion of its sales and service network. The positive book-to-bill ratio in the order book supports continued growth although the comparator will become increasingly demanding in the second half.

In the first three months, Smiths Detection has built a strong order book in aviation security and ports & borders while new business enquiries and tender activity remain high. However, sales in the period are behind last year as some large orders from various government agencies have been delayed. We also expect military sales to be weighted towards the second half as we move to the introduction of the next generation chemical agent detector for the US JCAD programme. Although our wide range of government-certified detection systems positions us well to support any initiatives to improve air cargo screening following the recent terror threat, we expect orders to be delayed until new air cargo regulations are

confirmed. Overall, trading for Smiths Detection in the first half is expected to be close to that reported last year. Looking to the full year, the order book is expected to support growth driven by transportation and ports and borders, although the pressure on government finances may affect the timing and profile of orders.

Smiths Interconnect has generated growth, primarily from increased sales of connectors to the medical, rail and industrial sectors and roll-out of its KuStream broadband antenna for commercial aircraft. These have offset some declines in sales of military components. Sales to wireless telecoms customers are in line with last year. Performance has improved with the increased volumes and benefits from cost savings initiatives. Interconnect Devices, Inc. (IDI), acquired in April, continues to perform ahead of expectations.

Flex-Tek has delivered improved growth driven by momentum across most of its business areas including sales of components to the US residential construction, domestic appliance and aerospace markets. Performance has benefited from increased volumes and its restructuring and site rationalisation programme.

Net debt was £845m at 30 October, a similar level to the year end position.

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.

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**Smiths Group**

Smiths is a global technology company listed on the London Stock Exchange (SMIN) and operates sponsored level one ADR programme (SMGZY). 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 23,000 people in over 50 countries. For more information visit [www.smiths.com](http://www.smiths.com)