Annual General Meeting
17 November 2015

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This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. 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 this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.
My background

• Began as an apprentice in electrical and electronic engineering
• Operational, sales and engineering roles in the aerospace, industrial and automotive sectors
• From 2002, ran GKN’s Automotive, Land Systems and Powder Metallurgy businesses
• Joined the GKN Board in 2007
Some initial areas of focus

• Inject momentum into top-line growth
• Lead on technology differentiation
• Run our businesses better
• Improve cash generation
• Understand the combined strengths of Smiths Group
• Develop our people to be great leaders, with the opportunity to be the best they can be
My first few weeks

- Divisional business performance and strategy reviews
- Visited all divisions across U.S., EU in first few weeks
- Met with management teams and c.1000 Smiths colleagues

- Skilled and dedicated people
- Impressive technologies
- Solid foundations on which to build
- Opportunities to unlock value and to take the business to the next level
**FY15 results overview**

- Revenue down 2% - challenging conditions in certain markets
- Headline operating profit up 1%
- Margin up 50 bps to 17.6%
- Headline EPS up 5% to 86.1p
- Cash conversion strong at 95%
- ROCE up 30 bps at 16.0%
- Dividend up 2% to 41 pence
Delivering safety and environmental improvements

Recordable incident rate trended slightly higher

Environmental metrics

- 5 year environmental goal period ending in FY2018

- FY2013-15 performance
  - Energy: 2% increase
  - Greenhouse gas: 4% reduction
  - Water: 6% reduction
  - Non-recycled waste: 17% reduction

Achieved target Safety Leading Indicator Activity Score 95% FY15 target 90%
John Crane: Focus on aftermarket delivers resilient performance

- Underlying growth in aftermarket services – up 4%
- First-fit business underlying revenues declined – down 9%
- Margins stable, benefiting from product mix and cost controls

Underlying revenue

-2%  
£905m

Underlying headline profit

-2%  
£225m

Headline operating margin

24.8%  
-10 bps
**Smiths Medical:** Strong growth from innovation investment in infusion systems

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<td><strong>Underlying revenue</strong></td>
<td></td>
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<tr>
<td>+4%</td>
<td>£836m</td>
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<td><strong>Underlying headline profit</strong></td>
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<tr>
<td>+2%</td>
<td>£166m</td>
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<td><strong>Headline operating margin</strong></td>
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<td>19.8%</td>
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- Strong underlying revenue growth
- Reflects recent investment and sales execution in infusion products – underlying sales up 11%
- Margins maintained on higher volumes and efficiencies despite increased investment
**Smiths Detection:** Action plans are stabilising performance; margin recovery

- **Underlying revenue:**
  - **-7%**
  - £467m

- **Underlying headline profit:**
  - **+167%**
  - £55m

- **Headline operating margin:**
  - **11.9%**
  - +710 bps

- Revenue down due to expected variations in contract timing and continued tough trading conditions
- Strengthening order book for delivery in FY16
- Margin recovery after FY14’s one-off charges and efficiency gains
Smiths Interconnect: Results affected by tough trading and customer cutbacks

- Underlying revenue
  -9%  
  £420m

- Underlying headline profit
  -34%  
  £49m

- Headline operating margin
  11.6%  
  -440 bps

• Revenues affected by cuts in customer spending and some programme slowdowns and delays
• Growth in data centres offset by tougher trading in telecoms and connectors
• Margins remain under pressure despite cost saving initiatives
**Flex-Tek:** Sustained revenue growth; margins affected by product mix and investment

- Revenue growth from specialty heating, US construction and hoses for aerospace applications
- Margins slightly down with increased investment in growth and adverse product mix

<table>
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<tr>
<th>Underlying revenue</th>
<th>+4%</th>
<th>£269m</th>
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<tr>
<td>Underlying headline profit</td>
<td>+1%</td>
<td>£50m</td>
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<td>Headline operating margin</td>
<td>18.5%</td>
<td>-40 bps</td>
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Q1 trading statement

• Q1 Group revenues declined by 4% compared to the same quarter in the prior year

• Impact of challenging oil and gas markets partially offset by relative stability in other core markets

• Group operating margin broadly in line with same period last year

• Cash conversion for the period remained strong

• Against a backdrop of some challenging conditions, our expectations for the full year remain broadly unchanged
Thank you