

Smiths Group plc

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News Release

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For immediate release

SMITHS GROUP PLC TRADING STATEMENT

Key points

- Resilient first quarter performance, reflecting mixed end-markets.
- Group revenue declined by 4% compared to the same quarter last year.¹
- Group operating margin broadly in line with the same period last year.
- Cash conversion continued to be strong.
- Expectations for the full year remain broadly unchanged.
- Significant progress in pension funding delivers £36 million increase in annual free cash flow.

Commenting on Smiths Group's performance in the three months to 1 November, **Chief Executive Andy Reynolds Smith** said:

"Overall, we have made a resilient start to the year. While persistently tough oil and gas end markets have impacted John Crane, we saw good profitability growth in Detection and performance in line with our expectations at Smiths Medical, Interconnect and Flex-Tek."

"Since recently joining Smiths, I have visited major locations for each of our divisions and met with our top teams. I am pleased by the quality of what I have seen, including our technology capabilities, strong market positions and talented people. I believe there is clear potential to further improve our operational performance across the business, giving us the flexibility to respond with speed to customer and market demands."

"Against a backdrop of challenging conditions in some of our end-markets, our expectations for the full year remain broadly unchanged."

First quarter commentary

The impact of challenging oil and gas markets was partially offset by relative stability in the Group's other core markets. Underlying revenues for the first quarter at John Crane were, as

¹ Underlying revenue at constant currency.

expected, below the same quarter last year. This continued the trend seen towards the end of the prior year, where sales to First Fit customers continued to be very challenging, while aftermarket revenues were more resilient. Smiths Detection continued to deliver improved profitability in the quarter, supported by recent contract wins and a stronger order book. Smiths Medical recorded a solid performance in the quarter, with underlying revenue consistent with last year. Performance at Smiths Interconnect and Flex-Tek in the quarter was broadly similar to last year.

In a separate announcement today, Smiths confirmed material improvements in its funding plan for the Smiths Industries Pension Scheme (“SIPS”). This includes a significant reduction in the actuarial deficit and will result in a £36 million annualised increase in free cash flow by 2017.

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 a 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 around 23,000 people in over 50 countries. For more information visit www.smiths.com