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.
ANDY REYNOLDS SMITH
CHIEF EXECUTIVE
WHAT IT MEANS TO BE SMITHS

LEADING POSITIONS IN ATTRACTIVE MARKETS

STRONG OPERATIONAL PERFORMANCE

STRONG FINANCIAL PERFORMANCE

TARGETING

EXECUTION

FINANCIAL DISCIPLINE

STRONG GROWTH & RETURNS

A HIGH PERFORMING, DIVERSIFIED TECHNOLOGY COMPANY
CREATING THE FUTURE OF SMITHS

2016  A NEW DIRECTION

2017  SIGNIFICANT PROGRESS

2018  RETURN TO GROWTH

2019  SUSTAINABLE GROWTH

AMBITION  OUTPERFORMING OUR CHOSEN MARKETS
A SMITHS BUSINESS

- TECHNOLOGY DIFFERENTIATION
- INCREASING DIGITISATION
- HIGH PROPORTION OF AFTERMARKET AND SERVICES
- SUSTAINABLY COMPETITIVE AND ASSET LIGHT

TARGETED IN GROWING MARKETS
TARGETED IN GROWING MARKETS

- **MEDICAL TECHNOLOGY**
  - Market growth: 3-4%¹
  - Smiths Medical; Smiths Interconnect; Flex -Tek

- **SECURITY & DEFENCE**
  - Market growth: 4-6%²
  - Smiths Detection; Smiths Interconnect

- **GENERAL INDUSTRIAL**
  - Market growth: GDP+
  - John Crane; Smiths Interconnect; Flex-Tek

- **OIL & GAS**
  - Market growth: 1-2%³
  - John Crane

- **SPACE & COMMERCIAL AEROSPACE**
  - Market growth: 4-6%⁴
  - Flex-Tek; Smiths Interconnect

OVERALL MARKET GROWTH RATE: 3-4%

Source:

1. Health Research International 2016; BMI 2017; McKinsey analysis
2. IHS Markit; Frost & Sullivan; Markets and Markets; Smiths Detection analysis
3. BP Energy Outlook 2017
TOP 3 LEADERSHIP IN TARGETED MARKET SEGMENTS

MARKET ATTRACTIVENESS
- Size
- Growth
- Segment profitability
- Competitor landscape

COMPETITIVE POSITION
- Relative market share
- Relative growth
- Relative profitability

60%
75%

- Infusion systems
- Vascular access
- Vital care
- Air transportation
- Ports and borders
- Military
- Urban security
- Pharma
- Chemical
- Processing
- Rail
- Semiconductor test
- Construction
- Oil refineries
- Gas processing
- Pipelines
- Aircraft
- Satellites

FIX
EXIT
TECHNOLOGY DIFFERENTIATION

TARGETING R&D INVESTMENT 5% SALES + AND INCREASING VITALITY
INCREASING DIGITISATION

CREATING VALUE FOR CUSTOMERS

PHYSICAL
Market-leading installed base

DIGITAL
Already central to many Smiths products

COMPETITIVE ADVANTAGE

DEFINING FUTURE BUSINESS MODELS

CORE COMPETENCIES

AI & MACHINE LEARNING
DATA ANALYTICS
CONNECTIVITY
DATA SECURITY
HIGH PROPORTION OF AFTERMARKET AND SERVICES

TARGETING AFTERMARKET SALES 60%+

ATTRACTIVENESS

CUSTOMER INTIMACY
PROFITABLE
SUSTAINABLE
TECHNOLOGY DIFFERENTIATION

GROWTH DRIVERS

SELLING INTEGRATED SOLUTIONS
PREDICTIVE DIAGNOSTICS
PROPRIETARY CONSUMABLES
HARDWARE SPECIFIC SOFTWARE
SUSTAINABLY COMPETITIVE AND ASSET LIGHT

A CULTURE OF CONTINUOUS IMPROVEMENT – SPEED AND EFFICIENCY
- Shared operating model to deliver world-class competitiveness
- Faster product development
- ~ 6x stock turns
- ~20% working capital % sales
- Robust program execution
- Aligned incentives
- Attracting, retaining, inspiring the best people

ASSET LIGHT
- Focused on value added activities
- Flexibility

ATTRACTIVE, SUSTAINABLE MARGINS AND RETURNS
PARALLEL PATH

2016 | 2017 | Medium term

HIGH GRADING THE BUSINESSES

60% 75% 85%

RISK OF EXECUTION

PORTFOLIO PRIORITISATION

CAPITAL ALLOCATION DECISIONS

RISK ASSESSMENT

A WORLD LEADING TECHNOLOGY COMPANY
A WORLD LEADING TECHNOLOGY COMPANY

- Organic growth above markets
- Strong margins
- Accelerated intensity in disciplined capital deployment
- Merging leading physical positions with digital

- Innovation driving sustainable growth and competitive differentiation
- World class operational execution
- The best people and leadership globally
- Portfolio high grading for growth and capability

- One Smiths Excellence System driving relentless continuous improvement, consistent execution and the ability to extract maximum value

- Outperforming our chosen markets
- Margin 18-20% in the short term with ROCE of 16%-18%
- Strong cash generation of 100%+ and balance sheet strength
SUSTAINABLE GROWTH AND ATTRACTIVE RETURNS
MEASURING OUR SUCCESS

CAPITAL MARKETS DAY / 6 DECEMBER 2017
FINANCIAL FRAMEWORK

- ASSET LIGHT
- SUSTAINABLE MARGINS
- FINANCIAL DISCIPLINE
- CASH GENERATION
- ORGANIC INVESTMENT
- VALUE CREATIVE M&A
- PROGRESSIVE DIVIDEND
- STRONG BALANCE SHEET
CAPITAL ALLOCATION CRITERIA

**MARKET**
- Long term growth
- Role of technology
- Aftermarket potential
- Geographic coverage
- Regulation impact
- Cyclicality

**STRATEGIC**
- Competitive landscape
- Barriers to entry
- Category leadership
- Talent development
- Product differentiation
- Core vs adjacencies

**FINANCIAL**
- Growth
- Return
- Cash payback
- Risk profile
- Capital intensity
- Synergy – cost and revenue

**ALIGNED WITH THE CHARACTERISTICS OF A SMITHS BUSINESS**
ORGANIC INVESTMENTS

- CORSYS™
- VOLTA
- CADD® SOLIS NCS
- AURA™ SEAL
CASE STUDY: MORPHO ACQUISITION

MARKET

- Attractive growing market
- Consolidated industry
- Developing technology
- Upgrade cycle in Europe
- Regulation knowledge

STRATEGIC

- Product and market complementary
- Aftermarket opportunity
- Talent development
- Economies of scale
- Accelerates growth
- Strong cost synergies
- Positive to EPS
- IRR > WACC

FINANCIAL
CASE STUDY: WALLACE DIVESTITURE

**MARKET**

**KEEP** - Market leading position

**EXIT** - Niche sub-segment
- Narrow product range
- Increasing competition

**STRATEGIC**

**KEEP** - Brand

**EXIT** - Required investment
- Lacked synergies with Medical
- Limited product pipeline

**FINANCIAL**

**KEEP** - Attractive margins

**EXIT** - Cash for investment
## MEDIUM TERM AMBITION

### OPERATIONAL PERFORMANCE

<table>
<thead>
<tr>
<th>Competitive position</th>
<th>Top 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D % sales</td>
<td>5-6%</td>
</tr>
<tr>
<td>Vitality index</td>
<td>~20%</td>
</tr>
<tr>
<td>Stock turns</td>
<td>~6x</td>
</tr>
<tr>
<td>Aftermarket %</td>
<td>60%+</td>
</tr>
</tbody>
</table>

### FINANCIAL PERFORMANCE

<table>
<thead>
<tr>
<th>Organic revenue growth</th>
<th>Outperforming our chosen markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>18-20%</td>
</tr>
<tr>
<td>ROCE</td>
<td>16-18%</td>
</tr>
<tr>
<td>WC % sales</td>
<td>~20%</td>
</tr>
<tr>
<td>Cash conversion</td>
<td>100%+</td>
</tr>
</tbody>
</table>
A WORLD LEADING TECHNOLOGY COMPANY

- Outperforming our chosen markets
- Achieving world-class competitiveness
- Strong financial framework

GROWTH
Outperforming our chosen markets

MARGIN
18-20%

ROCE
16-18%

CASH CONVERSION 100%+

INVESTMENT

RETURNS
DETECTION DRIVING GROWTH

**STRONG LONG-TERM GROWTH MARKETS**

- Evolving threat environment
  - Regulatory response
- Growing number of passengers
- Globalisation of trade
- Re-capitalisation cycles

**SMITHS DETECTION IS WELL-POSITIONED**

- Global market leader
- Total integrated solutions provider
- Morpho acquisition
  - Unrivalled R&D capability
- Aftermarket content
- Technology differentiation
# DETECTION MARKETS

<table>
<thead>
<tr>
<th>CHARACTERISTICS</th>
<th>AIR TRANSPORTATION</th>
<th>PORTS &amp; BORDERS</th>
<th>MILITARY</th>
<th>URBAN SECURITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market size (2016)</td>
<td>£1.4bn</td>
<td>£0.9bn</td>
<td>£0.4bn</td>
<td>£0.9bn</td>
</tr>
<tr>
<td>Market growth CAGR 2017-2022</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Technology differentiation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increasing digitisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aftermarket</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **AIR TRANSPORTATION**: 58%*<br>
- **PORTS & BORDERS**: 13%*<br>
- **MILITARY**: 8%*<br>
- **URBAN SECURITY**: 21%*<br>

* Pro forma (includes 12 months of Morpho Detection ownership)

Aftermarket: >50% of revenue from repeatable sources

Source: Smiths Detection analysis; IHSJanes; Frost & Sullivan; MarketsandMarkets
AIR TRANSPORTATION: GROWTH DRIVERS AND COMPETITIVE LANDSCAPE

VOLUME GROWTH IS GDP+

DEMAND GROWTH DRIVERS
- GDP/capita expansion and growing urbanisation
- Global trade and e-commerce

HOLD BAGGAGE UPGRADE CYCLE
- c.40% upgrade to CT completed in Europe, remainder to be completed by 2022
- US/RoW: no fixed cycle

OVERALL R&D SCALE AND SPECIFIC AVIATION CAPABILITY

MORPHO ACQUISITION IMPROVES MARKET POSITION
- US hold baggage market
- Complementary CT capability
- Predictive maintenance and diagnostic tool – CORAL®

Leading position in long-term growth markets

Source: ACI, IATA, Boeing
CUSTOMER-NEED DRIVEN SEGMENTATION

- Strong product portfolio
- Unrivalled service network
- Software-driven service solutions (e.g. Coral) and digital upgrades reduce total cost of ownership

Maintained market share through early phase of EU Std 3 re-capitalisation

- CTiX launch 2018 followed by lower cost next-generation
- i-Lane solutions to drive operational efficiency

Source: Smiths Detection analysis
MORPHO INTEGRATION

SUPPORTS FUTURE GROWTH
- Improved commercial positioning
- New structure in place and business processes re-designed
- Combined technology roadmap: focus and remove overlap
- Common aftermarket processes and cross-train engineers

SYNERGIES ON TRACK
- Footprint rationalisation to rebalance manufacturing sites
- Remove overlaps and duplication of effort

Well-positioned to benefit from global aviation market growth
PORTS & BORDERS

GROWTH DRIVERS
- Seaborne trade volume more than doubles 2010 - 2030
- Traditional East-West trading patterns are being replaced with increased intra-regional trade East-East
- Ports & Borders are potential terrorist targets and an entry point for terrorists

SMITHS DETECTION
- Focused investment in mobile and portal hardware
- Highest future demand
- Software enhancements to the installed base
- Improve end-to-end customs screening process
- Digital solutions to enhance physical screening performance (image analysis)
- Digital systems to improve pre-screening decision making processes

New and replacement market

Digitisation of ports - opportunity for security upgrades

Source: QinetiQ/Lloyd’s Register/Frost & Sullivan
PORTS & BORDERS

- **iC More**: image enhancement to improve screening efficiency
- **CORSYS**: radical improvement in pre-screening decision making

- **CORSYS**
  - Single-window intelligent security operations
  - Case Creation: Utilizing Blockchain to encrypt each target’s data security
  - Profiér: Leveraging advanced machine learning to drive efficiency
  - Additional Screening: Creating a smarter level of physical screening
  - Machine Learning: Advanced analytics to drive intelligence for 100% inspection
  - Decision Centre: Turning data into information through augmented intelligence
  - Dashboard Analytics: Real-time metrics drives real-time knowledge
SMITHS DETECTION

- Invest in DoD programmes of record
  - Next generation development in investment phase 2015-2020 ahead of new procurement cycle from 2022 onwards
- Exploit existing technology to develop variants
  - Extends “sunset” phase of key programmes
  - Funds next investment cycle
- Explore adjacencies which use/licence core IP

BUSINESS CHARACTERISTICS

- Key Customers: US DoD, UK MoD and NATO allies
- Technical expertise
- Owned/controlled IP
- High R&D investment with funding support
- Limited competition

CHEMICAL WARFARE AGENT DETECTION: £0.4bn

Defence/CBRNE: £2.9bn

Smiths Detection addresses only niche segments of the defence CBRNE market

Source: Smiths Detection analysis; IHSJanes, Frost & Sullivan, MarketsandMarkets
URBAN SECURITY

GROWTH DRIVERS
- Growing urbanisation
- Increasing threat environment and need to protect - or be seen to protect - people and assets
- Possible regulation

SMITHS DETECTION
- Mass Transit - especially in China
- Securing mass gatherings / open spaces
- Developing Smiths Detection response to the Safe Cities concept
- Urban Security as a testing ground for new technology

HIGH SECURITY FACILITIES
EVENTS & VENUES
MASS TRANSIT HUBS
PUBLIC AREAS

Fragmented and event-driven
Partner with key customers and expand route to market
CREATING THE FUTURE: SMITHS DETECTION

TECHNOLOGY DIFFERENTIATION
- Unrivalled R&D capability
- Integrated solutions

INCREASING DIGITISATION
- Software and digital solutions deliver revenue growth with enhanced margins and low working capital requirement

HIGH PROPORTION OF AFTERMARKET AND SERVICES
- Aftermarket revenues are repeatable and predictable (quality of earnings)

SUSTAINABLY COMPETITIVE AND ASSET LIGHT
- Track record of driving competitiveness
- SES powering continuous improvement

GROWING MARKET 4-6%
CHRIS HOLMES
PRESIDENT - SMITHS MEDICAL
### Medical Device Industry Overview

**An Attractive Market with Strong Growth Drivers**

<table>
<thead>
<tr>
<th>Products</th>
<th>Market Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambulatory and syringe infusion pumps, PharmGuard software, disposables, gravity infusion sets, epidural and spinal anaesthesia disposable products</td>
<td>£1.5bn – £20bn</td>
</tr>
<tr>
<td>PIVC catheters, central venous catheters, ports &amp; cannulas, intravenous pressure monitoring systems, arterial blood gas sampling, blood draw, sharps safety needles</td>
<td>£3.3bn – £5.5bn</td>
</tr>
<tr>
<td>Airway management products, tracheostomy tubes and kits, anaesthesia intubation, breathing circuits and masks, temperature management, convective and fluid warmers</td>
<td>£1.7bn – £5.0bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% Revenue</th>
<th>Served Market</th>
<th>Total Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infusion systems 32%</td>
<td>£1.5bn</td>
<td>£20bn</td>
</tr>
<tr>
<td>Vascular access 33%</td>
<td>£3.3bn</td>
<td>£5.5bn</td>
</tr>
<tr>
<td>Vital care 35%</td>
<td>£1.7bn</td>
<td>£5.0bn</td>
</tr>
<tr>
<td></td>
<td>£6.5bn</td>
<td>£30.5bn</td>
</tr>
</tbody>
</table>

**Growth Drivers**

- Expansion of developing markets
- Ageing populations
- Increase in personalised medicine and patient expectation/quality of life
- Rise of chronic diseases
- Increasing need for connected systems and data analytics
- Growth of alternate site and home-based healthcare
- Innovation
WHERE WE HAVE COMPETITIVE STRENGTHS

WE’LL LEVERAGE THESE STRENGTHS AS WE INTRODUCE A STRONG NEW PRODUCT PIPELINE

- Trusted brands and quality products
- 82% of revenue is from single-use devices used in everyday hospital procedures
- Proprietary consumables
- Strong relationship with both Integrated Delivery Networks (IDN’s) and non-governmental organizations (NGO’s)
- Strong, defensible intellectual property
- Clinically relevant R&D
- Experience of regulatory approval process

In >95% of the top US hospitals
Supplier to healthcare systems globally
Strong presence with GPOs / IDNs / tenders
Strong relationships with major distributors
WINNING TAKES CATEGORY LEADERSHIP MORE THAN PORTFOLIO BREADTH

WE’RE MAKING THE CHANGES REQUIRED TO REVITALISE THE BUSINESS AND DRIVE GROWTH

- Leadership within categories is more important than scale across categories, and will drive advantaged performance & results.
- Achieving category leadership in **Infusion Systems** is key to our strategy
  - Smiths is well positioned today and has premium products in our new product pipeline
- Appropriate category leadership in Vascular Access and Vital Care builds targeted growth investments and differentiated technology
- To win, we must support customers in their move towards value based healthcare
INCREASED R&D INVESTMENT IS DRIVING A NEW FUTURE

WE ARE FOCUSED ON DELIVERING RESULTS AND INTRODUCING INNOVATIVE NEW PRODUCTS ACROSS THE PORTFOLIO

- Investing smarter in Research & Development each year
- Development of innovative, commercially focused products
- Internal processes have been improved for enhanced execution:
  - Simpler Class II devices, 2-3 years
  - More complex devices, 3-5 years
  - Added fast cycle changes, 3 months

<table>
<thead>
<tr>
<th>R&amp;D AS % OF SALES</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.5</td>
<td>6.0</td>
<td>6.4</td>
</tr>
</tbody>
</table>

WHERE WE ARE MOVING TOWARDS

HOE WE WERE

Waited too long

SMITHS GROUP PLC CAPITAL MARKETS DAY 2017 | 42
ROBUST PIPELINE OF NEW PRODUCT INTRODUCTIONS

SUBSTANTIAL PRODUCTS THAT ARE ALIGNED WITH INDUSTRY TRENDS AND INNOVATIONS

We will refresh 50% of our current product portfolio over the next few years

NUMBER OF PRODUCT LAUNCHES

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Planned New Product Launches</th>
<th>Planned New Product Launches in Remainder of FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>FY18</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

2 of these products launched in Q4

Products already launched in FY18
PRODUCT LAUNCHES

MARKET KNOWLEDGE OF WHAT IS VALUED BY CUSTOMERS AND HOW TO GET THERE

RECENT LAUNCHES

AMBULATORY INFUSION

- £0.4bn market
- We are a leading player

ENHANCED DIGITAL AND INFORMATION SECURITY CAPABILITIES

VASCULAR ACCESS

- £3.3bn market
- We are one of the top 3 manufacturers

DIFFERENTIATED TECHNOLOGY DEVELOPMENTS

IN THE PIPELINE

Comprehensive suite of connected interoperable pumps for hospitals, clinics and homes

Served Infusion market will expand from £1.5bn to £2.4bn
RESHAPING OUR PORTFOLIO TO HIGHER GROWTH SEGMENTS

MOVING TO THE BEST OPPORTUNITIES TO ENHANCE FUTURE GROWTH

TARGET ADJACENCIES

• Complementary growth technologies
• Key category gaps
• High growth segments

Infusion Systems
• Large volume infusion
• Non-acute ambulatory
• Disposable pumps

Vascular Access
• Hybrid solutions
• Solving real problems
• Advanced coatings

Vital Care
• Clinical effectiveness
• Chronic respiratory
• Airway management
STRONG RELATIONSHIPS WITH KEY CUSTOMERS AND STAKEHOLDERS

THE RIGHT CONNECTIONS IN THE RIGHT PLACES TO MAKE A DIFFERENCE

SALES CHANNELS

<table>
<thead>
<tr>
<th>Hospital Acute Care (80% of sales)</th>
<th>Non-Acute Care (15% of sales)</th>
<th>OEM (5% of sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Intensive Care</td>
<td>• Clinics</td>
<td>• Pharmaceutical companies</td>
</tr>
<tr>
<td>• Anesthesiology</td>
<td>• Homecare providers</td>
<td>• Industry manufacturers</td>
</tr>
<tr>
<td>• Respiratory therapy</td>
<td>• Surgery centers</td>
<td>• Kit packers</td>
</tr>
<tr>
<td>• NICU/PICU</td>
<td>• First responders</td>
<td></td>
</tr>
<tr>
<td>• Emergency room</td>
<td>• Home infusion providers</td>
<td></td>
</tr>
</tbody>
</table>

RELATIONSHIP MAP WITH KEY STAKEHOLDERS

<table>
<thead>
<tr>
<th>Corporate Account Manager</th>
<th>Distributor Business Manager</th>
<th>Account Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Purchasing Organisations or Purchasing Entities</td>
<td>Integrated Delivery Networks</td>
<td>Distributors</td>
</tr>
<tr>
<td>Distributors</td>
<td>Institutions</td>
<td>Various care settings clinics, surgery centers, etc.</td>
</tr>
</tbody>
</table>
# Sales Force Effectiveness Evolution

## Monitoring Effectiveness and Making the Required Adjustments

### Robust Salesforce Across Regions

- Conventional sales structure
  - Regional
  - Call point
- Clinical Support
- Corporate & Key Accounts
- Software, Service & Repair

### Continuous Monitoring of Results & Effectiveness

- Performance results
  - Rankings
- Sales Funnel Health
- Training Scores
  - Initial knowledge
  - Retention

### Comprehensive Sales Training Programs

- **Content**
  - Product Knowledge
  - New Products
- **Skills**
  - Effectiveness
  - Personal Development
CREATING THE FUTURE: SMITHS MEDICAL

GROWING MARKET 3-4%*

TECHNOLOGY DIFFERENTIATION
- Proactive product life cycle
- Increase customer intimacy
- Drive value to providers and clinicians

INCREASING DIGITISATION
- Connected systems
- Operating systems interactions
- Data analytics

HIGH PROPORTION OF AFTERMARKET AND SERVICES
- High value and differentiated consumables
- Stream of software-enabled features

SUSTAINABLY COMPETITIVE AND ASSET LIGHT
- SES powering continuous improvement
- Improved manufacturing technology
- Changing processes to the speed of the customer

*Source: Health Research International 2016; BMI 2017; McKinsey analysis
INTERCONNECT – 2017

FOCUS

CHANGE

PREPARE
POSITION FOR GROWTH

SIX FOCUS MARKETS
- With higher growth profile
- Where our enabling technologies drive differentiation
- Where Tech-Seekers and Tech-Partners are market leaders

TACTICS
- Transition to functional professionalised organisation
- Implement Key Account Management
- Rationalise distribution channel
- Invest in enabling technologies
- Focus on execution excellence
<table>
<thead>
<tr>
<th>INTERCONNECT APPLICATIONS WITHIN 6 FOCUS MARKETS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMERCIAL AEROSPACE</strong></td>
</tr>
<tr>
<td>£660m served market</td>
</tr>
<tr>
<td>- Avionics equipment</td>
</tr>
<tr>
<td>- Engine systems</td>
</tr>
<tr>
<td>- Power distribution</td>
</tr>
<tr>
<td>- SATCOM connectivity</td>
</tr>
<tr>
<td><strong>MEDICAL</strong></td>
</tr>
<tr>
<td>£640m served market</td>
</tr>
<tr>
<td>- Surgical and monitoring systems</td>
</tr>
<tr>
<td>- Imaging systems</td>
</tr>
<tr>
<td>- Disposables</td>
</tr>
<tr>
<td><strong>DEFENCE</strong></td>
</tr>
<tr>
<td>£1.7bn served market</td>
</tr>
<tr>
<td>- Radar</td>
</tr>
<tr>
<td>- Electronic warfare</td>
</tr>
<tr>
<td>- Intelligence, surveillance &amp; reconnaissance</td>
</tr>
<tr>
<td>- Communications</td>
</tr>
<tr>
<td><strong>SPACE</strong></td>
</tr>
<tr>
<td>£460m served market</td>
</tr>
<tr>
<td>- GEO/MEO satellites</td>
</tr>
<tr>
<td>- LEO satellites</td>
</tr>
<tr>
<td>- Launchers</td>
</tr>
<tr>
<td>- Manned space flight</td>
</tr>
<tr>
<td>- Ground support equipment</td>
</tr>
<tr>
<td><strong>SEMICONDUCTOR TEST</strong></td>
</tr>
<tr>
<td>£270m served market</td>
</tr>
<tr>
<td>- Electronics testing</td>
</tr>
<tr>
<td>- Automotive testing</td>
</tr>
<tr>
<td>- Telecommunications</td>
</tr>
<tr>
<td><strong>RAIL</strong></td>
</tr>
<tr>
<td>£135m served market</td>
</tr>
<tr>
<td>- Rolling stock</td>
</tr>
<tr>
<td>- Signaling</td>
</tr>
<tr>
<td>- Infrastructures</td>
</tr>
</tbody>
</table>
FOCUS ON 6 VERTICAL MARKETS
- Divested businesses impact: ROCE, revenue & margin growth improvement in retained business versus prior perimeter (FY16 v FY17)

TECHNOLOGY-SEEKERS/ TECHNOLOGY-PARTNERS
- KAM

CHANNEL RATIONALISATION
- Decreased number of distributors from 114 to 56 – significantly reducing complexity of the indirect channel
EXECUTION DELIVERING RESULTS

GLOBAL ORGANISATION STRUCTURE AROUND FUNCTIONS REDUCED COMPLEXITY AND PROFESSIONALISED
- Footprint from 28 to 23 sites
- Selling full suite of Interconnect products
- Operational excellence: 30% reduction in suppliers
- Engineering talents redirected to key projects globally rather than locally

INCREASED INVESTMENT IN R&D - DRIVE NEW TECHNOLOGY AND PRODUCTS FOR THE FUTURE
- Spend into next generation and transformational programs
- Focus on Vitality
- R&D investment at c. 6% of revenue
- Standing up an independent enabling technology organisation

New product launch: VOLTA with increased performance and efficiency, quick installation and easy maintenance
Viewed as a partner of choice – making the way possible
- Aviation, Defence, Space, Medical, Rail, and Semiconductor Test markets
- Solutions for high speed, secure connectivity in demanding applications

Increase vitality index
- 50% of R&D spend in next generation and transformational programs

Expand Served Addressable Market

Grow revenue from focus markets >90%

Strengthen Asian presence

SIGNED MOU FOR A JOINT VENTURE WITH HUAFENG IN CHINA
CREATING THE FUTURE: SMITHS INTERCONNECT

TECHNOLOGY DIFFERENTIATION
- R&D focused on next generation and transformative innovation
- Technology partner customers
- Customer intimacy (KAMs)

INCREASING DIGITISATION
- An enabler of digitisation across industries
- Solutions for high speed, secure connectivity in demanding applications

HIGH PROPORTION OF AFTERMARKET AND SERVICES
- Recurring revenues in high technology refresh markets

SUSTAINABLY COMPETITIVE AND ASSET LIGHT
- Development and production in region for region
- SES powering continuous improvement

GROWING MARKET
3-4%

- An enabler of digitisation across industries
- Solutions for high speed, secure connectivity in demanding applications
- Development and production in region for region
- SES powering continuous improvement
The Smiths Group Innovation Framework

- **Horizon Scan**
- **Synergies**
- **Capabilities**
- **Investment**
- **Culture**
- **Products & Services**
THE SMITHS GROUP INNOVATION FRAMEWORK

CULTURE

INNOVATIVE
CUSTOMER CENTRIC
COLLABORATIVE
i³ THE SMITHS GROUP INNOVATION FRAMEWORK

HORIZON SCAN

- MEGATRENDS
- EMERGING TECHNOLOGIES
- LONG RANGE PLANNING
i³ THE SMITHS GROUP INNOVATION FRAMEWORK

SYNERGIES

- DIGITAL & IoT
- ADDITIVE MANUFACTURING
- MATERIALS & NANOTECHNOLOGY
i³ THE SMITHS GROUP INNOVATION FRAMEWORK

CAPABILITIES

- PEOPLE
- COMMERICAL PARTNERS
- ACADEMIC PARTNERS

Partners:
- Microsoft
- UCLA Anderson School of Management
- Stratasys
- Hitachi
i³ THE SMITHS GROUP INNOVATION FRAMEWORK

INVESTMENT

INCREASED R&D
SMARTRER R&D
SUPPORTING METRICS

Market

Existing
New to Company
New to World

Innovation

Core

Next Generation

Transformational
THE SMITHS GROUP INNOVATION FRAMEWORK

PRODUCTS & SERVICES

CORSYS
DIGITAL & IoT

MACHINE LEARNING
DIGITAL & IoT

ADVANCED CERAMICS
NANOTECHNOLOGY

NEXT GEN CONNECTIVITY
DIGITAL & IoT

IOT PLATFORM
DIGITAL & IoT

A.M. CONSORTIUM
ADDITIVE MANUFACTURING

NEW REVENUE STREAMS

NEW BUSINESS MODELS

ENABLED BY THE FORGES
SAMIT BASU
CHIEF DIGITAL OFFICER
DIGITAL FORGES

FIRST DIGITAL FORGE
ESTABLISHED IN SILICON VALLEY

2 DIGITAL FORGES TO OPEN IN LONDON AND ASIA
SMITHS

ALGORITHMS, HIGH PERFORMANCE COMPUTING, ARTIFICIAL INTELLIGENCE, DATA SECURITY

- JOHN CRANE
  - Predictive maintenance

- MEDICAL
  - Connectivity
  - Operating systems interactions

- DETECTION
  - Predictive maintenance
  - Integrated checkpoints

- INTERCONNECT
  - Transformational connectivity

- FLEX-TEK
  - Monitoring and smart products

SMITHS GROUP PLC CAPITAL MARKETS DAY 2017
LARGEST FOOTPRINT IN THE INDUSTRY WITH MORE THAN 200 LOCATIONS IN 50 COUNTRIES

OPERATIONAL EXCELLENCE

- 100 years of bringing technology to market
- Unmatched proximity, services and expertise
- Broad installed base in O&G and non O&G verticals
- Value of aftermarket over the life of the products
- Capabilities spanning life cycle of customer plants; 90% aftermarket stickiness
- Long term customer relationships
- Global technical talent with >2,000 engineers
- Growth driven by technology and value-added services

WE SOLVE COMPLEX CUSTOMER PROBLEMS, INCREASING THEIR PRODUCTIVITY THROUGH HIGHER RELIABILITY AND EFFICIENCY OF CRITICAL EQUIPMENT

JOHN CRANE: GLOBAL LEADER IN FLOW CONTROL FOR ROTATING EQUIPMENT

WE SOLVE COMPLEX CUSTOMER PROBLEMS, INCREASING THEIR PRODUCTIVITY THROUGH HIGHER RELIABILITY AND EFFICIENCY OF CRITICAL EQUIPMENT
JOHN CRANE GROWTH STRATEGY

GROW THE CORE
- Increase first-tier share in core O&G markets
- Expand in non O&G verticals
- Accelerate our growth in Asia

CREATE MORE VALUE
- End to end differentiated products and services
- Digitisation
- New product portfolio and disruptive technologies

DRIVE OPERATIONAL EXCELLENCE
- Smiths Excellence System
- Deploy advanced manufacturing technologies
- Optimise our footprint
OPERATIONAL EXCELLENCE

Smiths Excellence System

Customer
Supply Chain
Programme
Technology
Production
People
SES@JOHN CRANE: TECHNOLOGY

Heritage of game-changing technology

Digital solutions — John Crane Sense™
- Sensors and machine learning/artificial intelligence

Advanced materials and nanotechnology

New Seal Products
- Aura™ gas seals family
- Crude oil pipeline seal
- Single use seal

Additive manufacturing

Spark plasma sintering
SES@JOHN CRANE: PRODUCTION

Drive collaboration between Engineering and Operations to standardize parts production across entire global network

FY 17 ACTIONS
- Evaluate feasibility to use 3D CAD models and CAM to program machine tools
- Create proof of concept and plan for pilot program

FUTURE BENEFITS
- Reduce setups and changeover times; Save 10-15% of working hours
- Eliminate human programming error
- 25% scrap reduction
- Improve quality, global consistency
Reduce inventory without impacting customer service (50% in Manufacturing, 50% in Service network)

**FY 17 ACTIONS**
- Developed and executed a multi-pronged inventory reduction
- Leveraged Demand Connect to balance supply at multiple nodes with demand

**FY 17 RESULTS**
- £13m liberated from business for reinvestment
CREATING THE FUTURE: JOHN CRANE

TECHNOLOGY DIFFERENTIATION
- Bespoke solutions
- Disruptive technologies
- Additive manufacturing

INCREASING DIGITISATION
- Leveraging large installed base
- Big data and artificial intelligence
- Multi service across prognostics and maintenance optimisation

GROWING MARKETS
Oil & gas: 1-2%
Non-oil & gas: GDP+

HIGH PROPORTION OF AFTERMARKET AND SERVICES
- Proximity and trust will increase aftermarket
- Serving end-users evolving needs via new technologies
- End to end services

SUSTAINABLY COMPETITIVE AND ASSET LIGHT
- Talent development
- Expert services
- SES powering continuous improvement

END TO END SERVICES
- Serving end-users evolving needs via new technologies
- Additive manufacturing
SMITHS GROUP PLC CAPITAL MARKETS DAY 2017

2017 REVENUE

- John Crane: 13%
- Medical: 21%
- Detection: 27%
- Interconnect: 10%
- Flex-Tek: 29%

2017 OPERATING PROFIT

- John Crane: 10%
- Medical: 16%
- Detection: 33%
- Interconnect: 9%
- Flex-Tek: 32%

Based on reported FY 2017 numbers
## SMITHS GROUP - 2017

<table>
<thead>
<tr>
<th></th>
<th>JOHN CRANE</th>
<th>SMITHS MEDICAL</th>
<th>SMITHS DETECTION</th>
<th>SMITHS INTERCONNECT</th>
<th>FLEX-TEK</th>
<th>GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (£’m)</td>
<td>£885m</td>
<td>£951m</td>
<td>£687m</td>
<td>£419m</td>
<td>£338m</td>
<td>£3,280m</td>
</tr>
<tr>
<td>Revenue growth* (%)</td>
<td>(4)%</td>
<td>(3)%</td>
<td>+4%</td>
<td>+1%</td>
<td>+3%</td>
<td>(1)%</td>
</tr>
<tr>
<td>Operating profit (£’m)</td>
<td>£204m</td>
<td>£209m</td>
<td>£103m</td>
<td>£56m</td>
<td>£65m</td>
<td>£589m**</td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td>23.0%</td>
<td>22.0%</td>
<td>15.0%</td>
<td>13.4%</td>
<td>19.3%</td>
<td>18.0%</td>
</tr>
<tr>
<td>ROCE</td>
<td>22.9%</td>
<td>16.7%</td>
<td>12.6%</td>
<td>11.4%</td>
<td>35.8%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Aftermarket % of revenue</td>
<td>64%</td>
<td>82%</td>
<td>39%</td>
<td>n/a</td>
<td>n/a</td>
<td>55%</td>
</tr>
<tr>
<td>R&amp;D % sales</td>
<td>1.1%</td>
<td>6.4%</td>
<td>7.1%</td>
<td>6.7%</td>
<td>0.6%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

* On an underlying basis. Underlying excludes the effects of foreign exchange translation and acquisitions but includes divested business for the period they were owned in the reported financial year and adjusts the prior financial year comparator as if the divested business were owned for the same period in that financial year to aid comparability. ** Includes £(48)m of corporate costs
JOHN CRANE

OE/AM
- Aftermarket 64%
- OE 36%

COMPETITIVE LANDSCAPE
- Flowserve
- EagleBurgmann

GEOGRAPHIES
- Americas 45%
- Europe 27%
- APAC 16%
- RoW 12%

END MARKETS
- c.55% oil & gas
  - 85% downstream
  - 15% midstream
- c.45% non-oil & gas
  - Pharmaceutical
  - Chemicals
  - Pulp & paper
  - Water treatment

*Pro-forma (i.e. excludes Artificial lift)
SMITHS MEDICAL

SEGMENTS

- Infusion systems 32%
- Vascular access 33%
- Vital Care and Specialty products 35%

GEOGRAPHIES

- Americas 58%
- Europe 24%
- APAC 16%
- RoW 2%

COMPETITIVE LANDSCAPE

- Becton-Dickinson (BD)
- B Braun
- Teleflex
- ICU
- Fresenius
- Vyaire
- AngioDynamics

*Pro-forma (i.e. excludes Wallace)
SMITHS DETECTION*

* Proforma (i.e. includes 12 months of Morpho Detection)

SEGMENTS
- Air transportation 58%
- Ports and borders 13%
- Military 8%
- Urban security 21%

COMPETITIVE LANDSCAPE
- L3
- Rapiscan
- Nuctech
- Leidos (Reveal)

GEOGRAPHIES
- Americas 37%
- Europe 28%
- APAC 17%
- RoW 18%
SMITHS INTERCONNECT*

**END MARKETS**
- Defence 37%
- Semi-Conductor 18%
- Medical 9%
- Space 7%
- Commercial aerospace 14%
- Rail, Industrial, Other 15%

**GEOGRAPHIES**
- Americas 62%
- Europe 22%
- APAC 15%
- RoW 1%

**COMPETITIVE LANDSCAPE**
- Our competitors range from large multinationals through to small, more focused companies across our product portfolio.
- Examples include Amphenol, TE Connectivity, Yokowo and Cobham.

* Proforma (i.e. excludes 12 months of Power and MicrowaveTelecoms)
FLEX-TEK

SEGMENTS

- Construction 32%
- Fluid Management 24%
- Heat Solutions 25%
- Flexible Solutions 19%

GEOGRAPHIES

- Americas 81%
- Europe 10%
- APAC 8%
- RoW 1%

COMPETITIVE LANDSCAPE

- Fluid management - Parker and Eaton for flex assemblies and numerous smaller competitors for metal products.
- Construction – c.7-8 competitors.
- Flexible solutions – c.5-6 competitors for industrial ducting and medical.
- Heat - numerous smaller competitors for specialty products including Zoppas and Nibe.