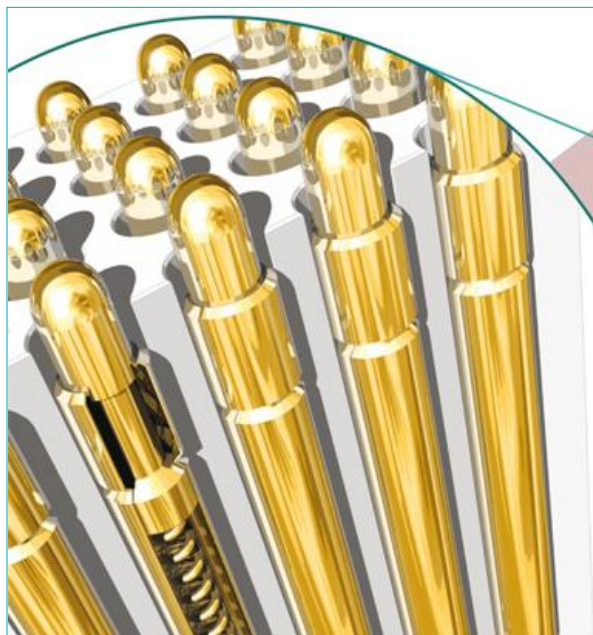
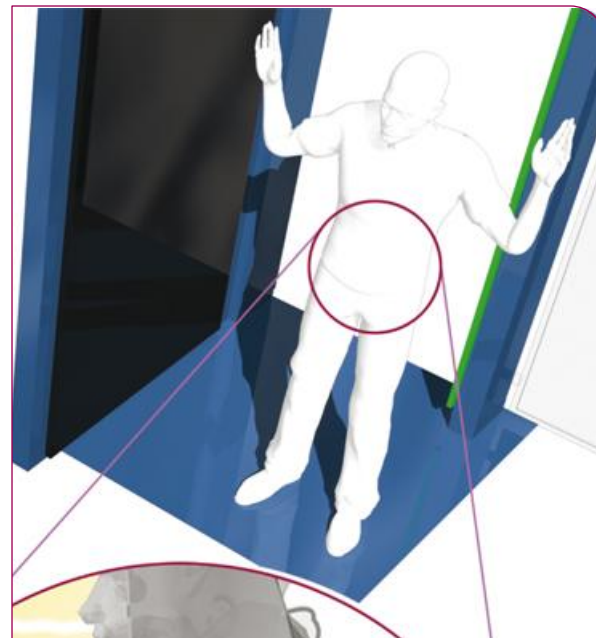
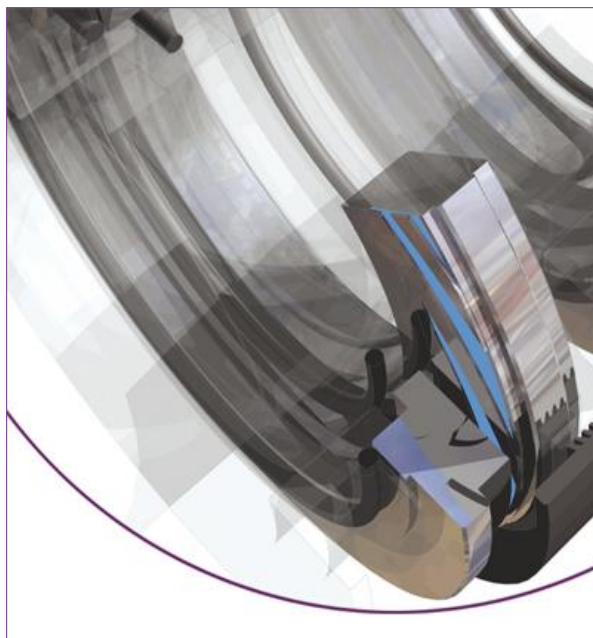


**Citi UK Industrials  
Symposium**

**Delivering long-term  
profitable growth**  
2 December 2010



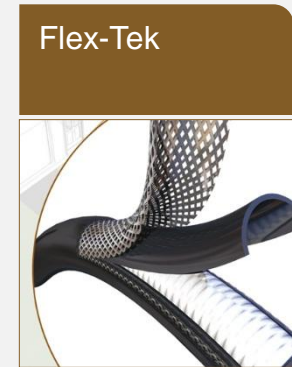
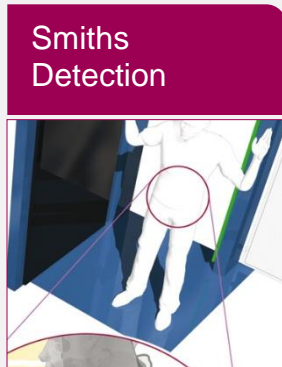
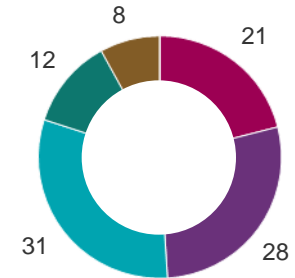
This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, 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.

# Smiths Group: Five divisions in long-term growth markets

Sales	£2.77bn	\$4.35bn
Headline op profit	£492m	\$772m
Operating margin	17.8%	17.8%
EPS	84.6p	\$1.33
Market cap*	£4.4bn	\$6.9bn

Sales %

- Smiths Detection
- John Crane
- Smiths Medical
- Smiths Interconnect
- Flex-Tek



\* Market capitalisation at November 24, 2010

## Smiths Group: Clear operational priorities drive consistent, successful strategy

### Investing in future growth

- Investing in targeted R&D to launch new products
- Growing our technology and reach through bolt-on acquisitions
- Expansion in developing markets

### Delivering operational efficiencies

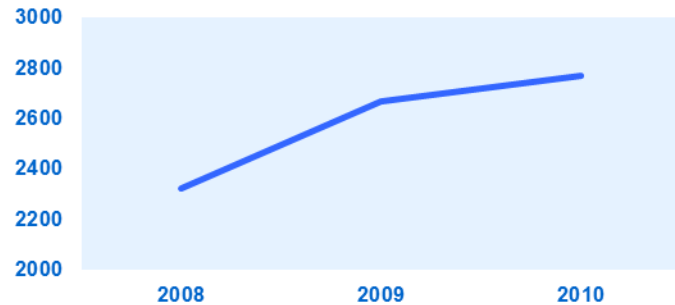
- Improve margins through restructuring and 'self-help' programs
- Upgrade our business systems to drive faster data-based decisions and leverage scale

### Cash generation

- Manage working capital as percentage of sales
- Focus on cash generation to fund growth

# Smiths Group: highlight investment in efficiencies and opportunities

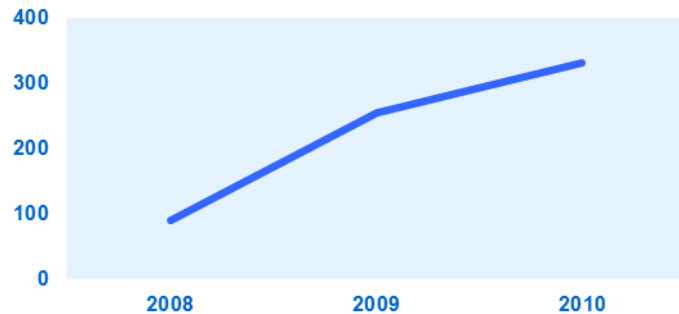
## Sales growth (£m)



## Improving margins (%)



## Strong free cash flow (£)

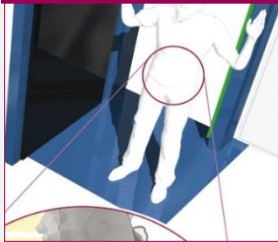


## Enhancing returns (%)



# Strong portfolio of business with long-term growth prospects

## Smiths Detection

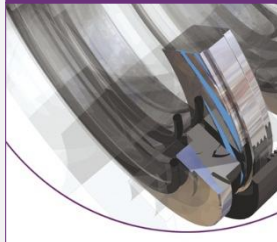


Smiths Detection is a world-leading designer and manufacturer of sensors that detect and identify explosives, narcotics, weapons, chemical agents, biohazards and contraband.



**Driven by changing threats, technology & legislation**

## John Crane



A world-leading provider of products and services for the major process industries, including the oil and gas, power generation, chemical, pharmaceutical, pulp and paper, and mining sectors.



**Petrochemical investment driven by energy consumption**

## Smiths Medical



A leading supplier of specialist medical devices and equipment for global markets. Our products are focused in the medication delivery, vital care and safety devices market segments.



**Driven by demographics, disposable income & legislation**

## Smiths Interconnect

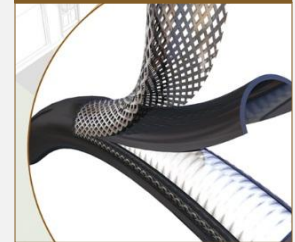


A leader in electronic components and sub-systems that connect, protect and control critical systems for wireless telecommunications, aerospace, defense, space, test, medical, rail and industrial markets.



**Communications investment in military & telecoms**

## Flex-Tek



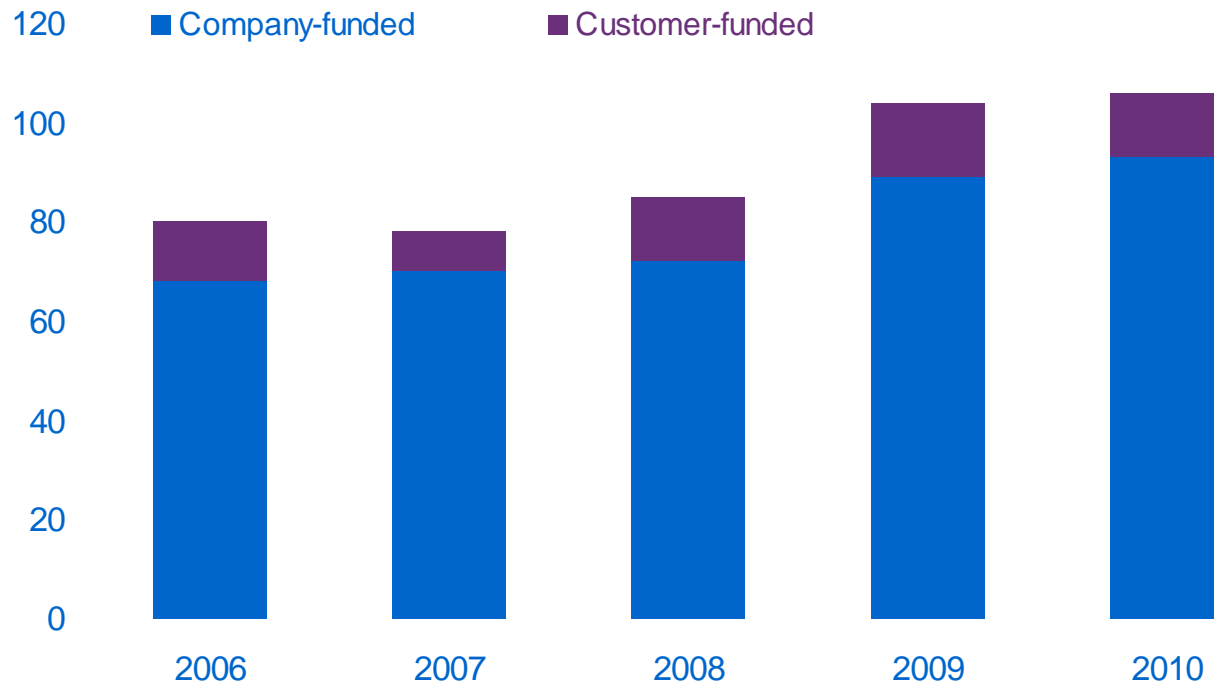
Flex-Tek is a global provider of engineered components that heat and move fluids and gases for the aerospace, medical, industrial, construction and domestic appliance markets.



**Lean manufacture & US residential construction**

## Investing in increased R&D to launch new products

Focus on improving the effectiveness of our R&D investment



## Improving the portfolio: Overview of M&A activity over past three years

	Date	Sales £m	Complementary technologies	Extending geography	Leveraging infrastructure
<b>John Crane</b>					
Sartorius	Nov 07	£14m	✓✓	✓	✓✓
John Crane Japan*	Dec 07	£16m		✓✓	
Indufil	Apr 08	£25m	✓✓		✓✓
Fiberod	May 08	£12m	✓✓		✓
Orion	May 09	£31m	✓✓		✓✓
<b>Smiths Medical</b>					
Zumi	Nov 08	£7m	✓	✓✓	✓
<b>Smiths Interconnect</b>					
Allrizon	May 08	£5m	✓	✓✓	✓
Triasx	July 08	£13m	✓✓	✓✓	✓✓
Dowin	April 09	£10m	✓	✓✓	✓
Channel Microwave	Oct 09	£4m	✓		✓
Interconnect Devices	April 10	£55m	✓✓	✓✓	✓✓
<b>Flex-Tek</b>					
Fast Heat	Feb 08	£7m	✓✓		✓

\* Acquisition of 21% stake to take a controlling share of 70%



## Further scope for operational efficiencies and self-help

### Restructuring programme to deliver £70m of savings

- Delivered £41m of savings to date – 2 years through a 5 year programme
- Self-help initiatives to drive operational efficiencies

### Improvement of business systems

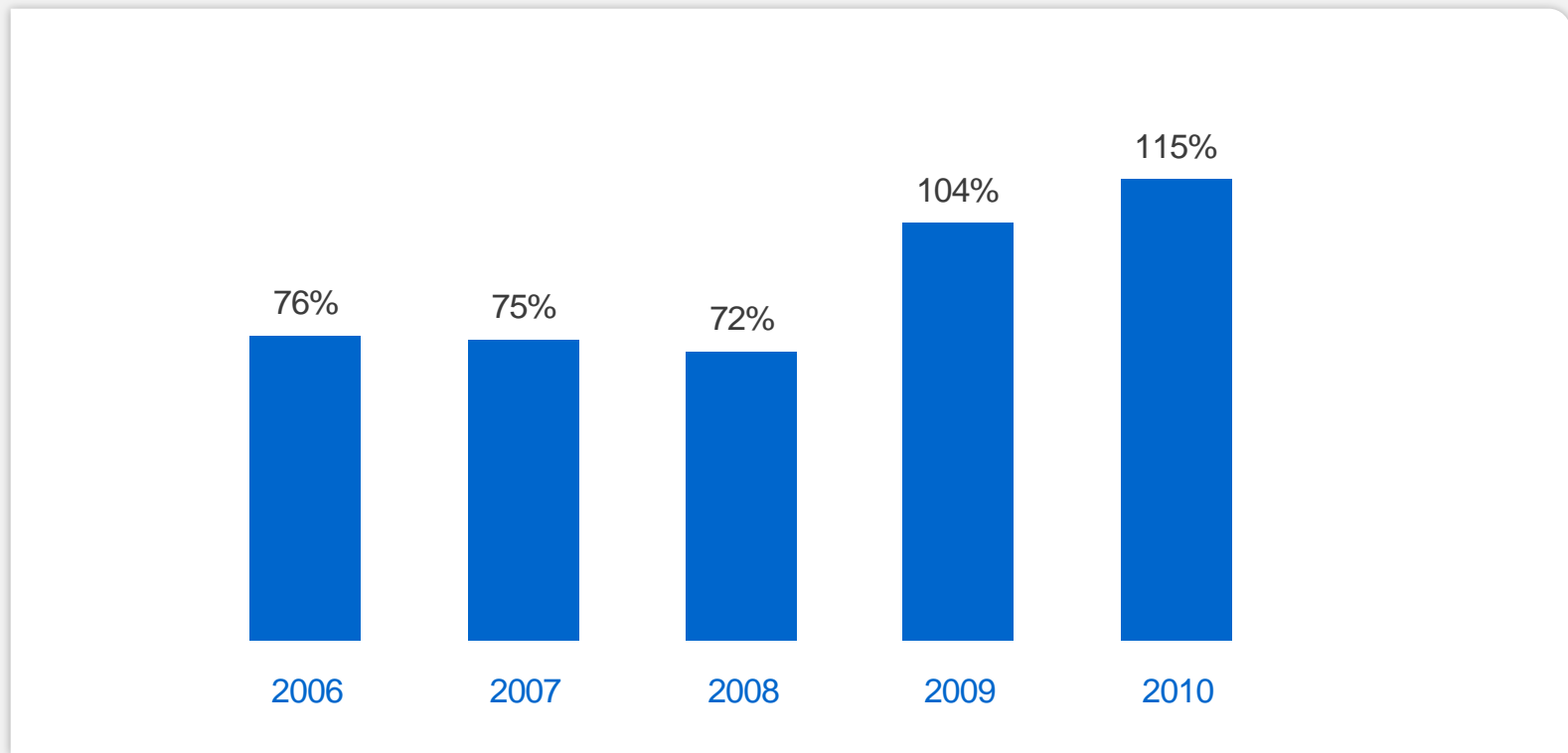
- Good progress on ERP systems in all divisions
- Implementations complete in major divisions

### Better information enables us to leverage the Group scale

- 15k suppliers serve more than one division
- 60 suppliers serve every division
- Savings of £20m delivered to date - freight, utilities, packaging

## Improved operating cash conversion

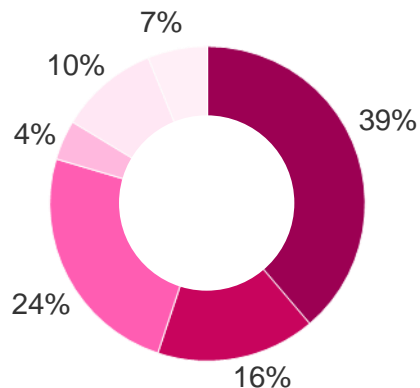
- Focus on improved working capital management
- Particularly inventories and debtors



# Smiths Detection: Sales growth and margin improvement

## 2010 Sales %

- Transportation
- Ports & borders
- Military
- Emergency responders
- Critical infrastructure
- Non security



**2010 Sales: £574m**  
15% reported  
13% underlying

**Op profit: £90m (£74m)**  
**Margin: 15.7% (12.6%)**  
**ROCE: 13.3% (9.5%)**

**Long-term market drivers – sales target growth range 10-12%:**

- Threats, legislation and new technologies – market leader

**Margins up 310 basis points to 15.7% – target range of 17-20%**

**Rebound in trading performance during FY2010**

- Strong airport sales: US, Canada, Middle East, Germany, India
- Ports and borders driven by wins in Saudi Arabia, Russia, Japan
- Military driven by the Lightweight Chemical Detector

**Investing in new products – R&D 7.6% of sales**

- Next generation baggage screener, body imaging

**Q1 trends**

- Strong order book for aviation security and ports and borders
- Some order delays – military weighted to H2
- Air cargo delays while new regulations confirmed
- H1 sales expected to be close to last year with growth in H2

# John Crane: Margins benefiting from cost saving initiatives

## 2010 Sales %

■ First-fit OEM 37%

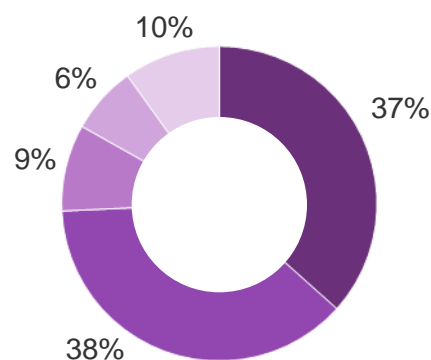
### Aftermarket 63%

■ Oil, gas & petrochemical

■ Chemical and pharma

■ Distributors

■ General industry



**2010 Sales: £786m**  
(1)% growth  
(5)% underlying

**Op profit: £163m (£143m)**  
**Margin: 20.7% (18.1%)**  
**ROCE: 22.2% (20.4%)**

Long-term market drivers – sales target growth range 6-8%:

- Demand for energy; aftermarket services – market leader

Margins up 260 basis points to 20.7% – target range of 17-22%

- Restructuring program delivering margin benefits; £19m to date

FY 2010 sales driven by improving order book in second half

- First half sales down 15%; second half up 4%
- Aftermarket sales grew 1%; First-fit OEM declined 15%

Bolt-on acquisitions have doubled the addressable market

- Complementary products: bearings, filters, upstream
- Leveraging the global network of service centres

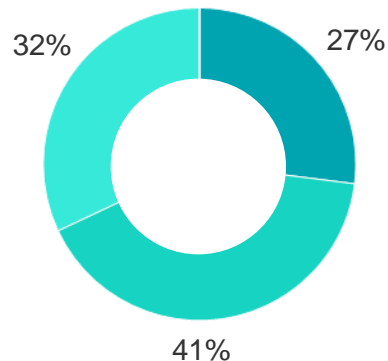
### Q1 trends

- Continued sales growth driven by strong order book
- Benefiting from higher volumes and cost savings
- Investing in sales & marketing and network expansion

# Smiths Medical: Delivering positive sales momentum and margin growth

## 2010 Sales %

- Medication Delivery
- Vital Care
- Safety Devices



**2010 Sales: £858m**  
2% underlying growth  
excluding diabetes\*

**Op profit: £184m (£164m)**  
**Margin: 21.5% (19.7%)**  
**ROCE: 15.1% (12.8%)**

Long-term market drivers – sales target growth range 3-5%:

- Ageing populations, disposable income and healthcare legislation

Margins boosted by cost savings and portfolio profitability review – target range of 20-24%

FY 2010 sales growth from all segments

- CADD-Solis® delivered strong sales growth for Medication Delivery
- Vital care driven by temperature management and airway products
- Growth in safety needles - OEM partnership and H1N1 preparation

Created global teams in sales & marketing and product management

Q1 trends

- Industry slowdown in hardware purchases while consumables ahead
- Margins benefiting from cost savings despite higher investment in new product development and sales & marketing

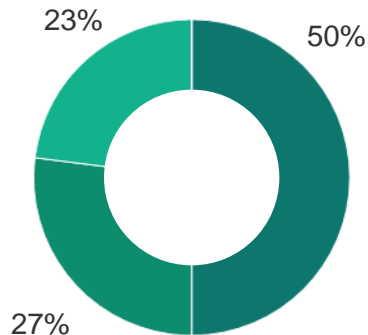
\* Excluding diabetes sales following decision to exit.

Including diabetes: reported sales up 3%, underlying sales flat.

# Smiths Interconnect: Delivering margin growth; launching new products

## 2010 Sales %

- Military/Aerospace
- Wireless
- Medical, rail, automation and test



**2010 Sales: £340m**  
7% reported  
(3)% underlying

**Op profit: £62m (£56m)**  
**Margin: 18.2% (17.4%)**  
**ROCE: 17.3% (18.4%)**

Long-term market drivers – target growth range 6-10%:

- Demand for wireless telecoms and secure military communications

Margins up 80 basis points to 18.2% – target range of 21-23%

Sales growth in H2 against H1 declines

- Military/aerospace – up 6% helped by new KuStream broadband antenna and key projects: secure communications, UAVs, etc.
- Wireless held back by limited capital deployments
- Stabilisation of Rail, medical, automation and test

IDI acquisition – integration complete, performing ahead of plan

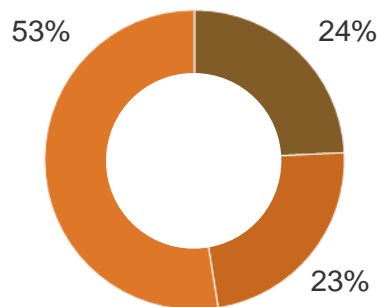
Q1 trends

- Sales growth momentum has continued in mil/aero and connectors to medical, rail and industrial sectors
- Wireless sales are flat
- Margins benefiting from increased volumes and savings

# Flex-Tek: Restructuring enhancing margins in tough sales environment

## 2010 Sales %

- Aerospace
- Flexible Solutions
- Heat Solutions



**2010 Sales: £212m**  
(5)% reported  
(6)% underlying

**Op profit: £24m (£22m)**  
**Margin: 11.1% (9.9%)**  
**ROCE: 18.4% (16.7%)**

Long-term market drivers – target growth range of 0-7%:

- US residential construction and GDP; new aircraft demand

Restructuring program enhancing margins – target range 11-16%

- Savings to date of £8m, £4m in the year

Improving sales trend during FY 2010

- US construction had a slow start but some growth in H2
- Weak demand from US floorcare and the general industrial sector
- Declines in regional aircraft and business jets

Launched new products: FlashShield, fuel hose for LPG vehicles

Q1 trends

- Modest sales growth across most business areas – US residential construction, domestic appliances and aerospace markets
- Margins benefiting from restructuring and increased volumes

# Strategy: Building on success, creating long-term shareholder value

## Growth

- Exposure to markets with long-term growth characteristics
- Strong blend of technology businesses and markets that diversify risk
- Investment in growth opportunities – R&D, network expansion and bolt-on acquisitions

## Enhancing margins

- Leading-edge technologies and high service levels support high margins and create barriers to entry
- Operational improvement program to enhance margins

## Focus on cash

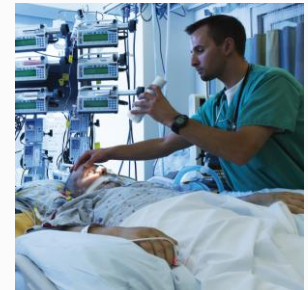
- Highly effective cash generation and balance sheet management

## High returns on capital

- Consistent ROCE above WACC – opportunities to improve

## Rigorous capital allocation

- Opportunities to generate value through active portfolio management and capital allocation





# Smiths Group: Investor Relations Information

## IR Contact:

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## IR Programming:

Smiths Group Investor Day

June 28, 2011

New York

Details to follow

