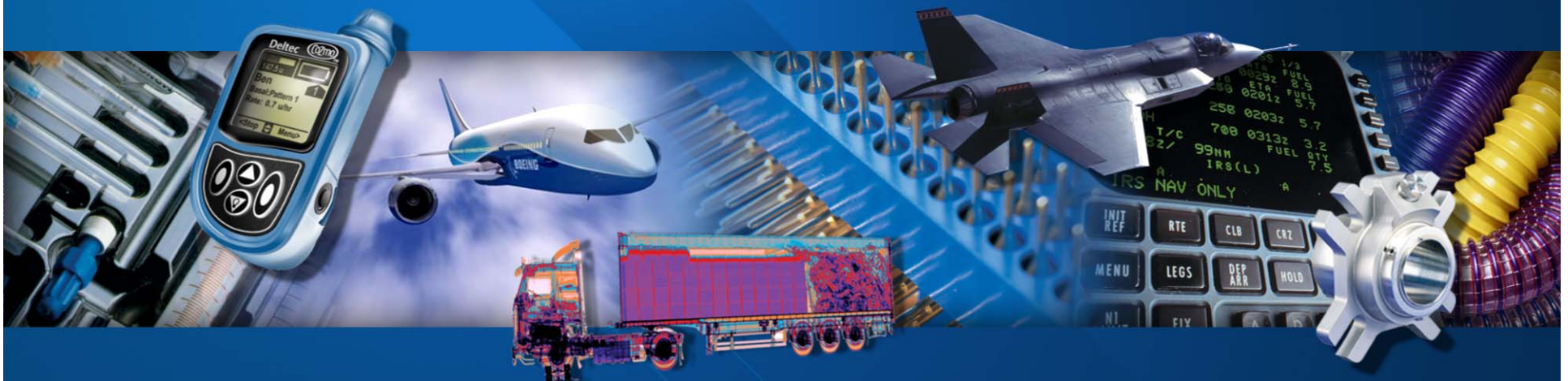


smiths

Smiths Group

Keith Butler-Wheelhouse
Chief Executive



Speaking at -
CSFB/Aviation Week Aerospace & Defense Conference
New York, Monday, May 17th 2004

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Smiths Group: Contributing to a safer world

Safety critical products for vital sectors





Focusing on activities with strong growth potential

Aerospace

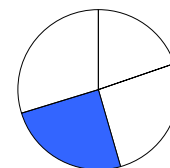
Systems and equipment for military and commercial aircraft



approx. contrib.
to 2003 sales*

\$1.6 billion
Margin 11%

approx contrib.
to 2003 profit

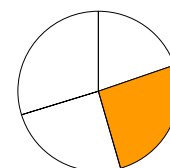


Medical

Devices used in critical care and for medication delivery



\$800 million
Margin 18%

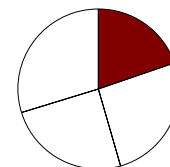


Detection

Protecting against threats to security from terrorist activity



\$400 million
Margin 26%



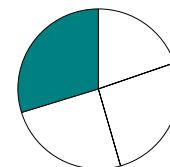
Specialty Engineering

Highly engineered products for specific industrial applications



\$1.4 billion
Margin 12%

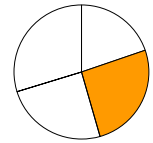
(*£/\$=1.59)





Smiths Medical: Devices used in critical care and for medication delivery

approx contrib.
to 2003 profit

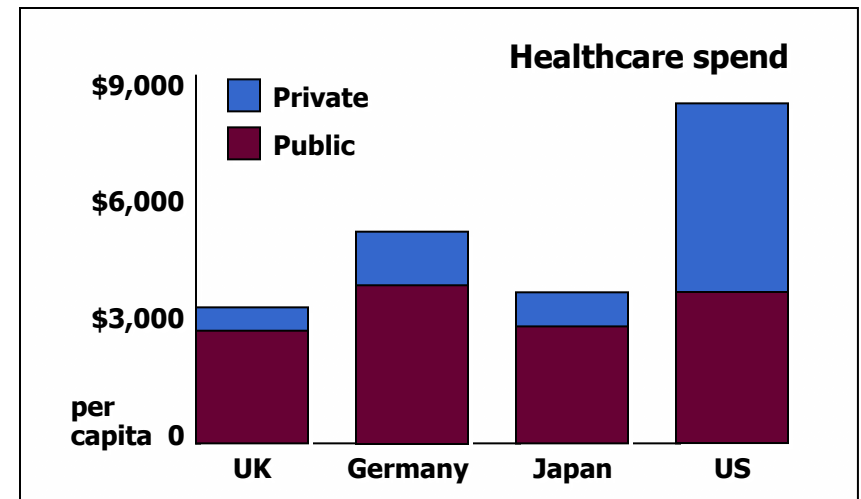
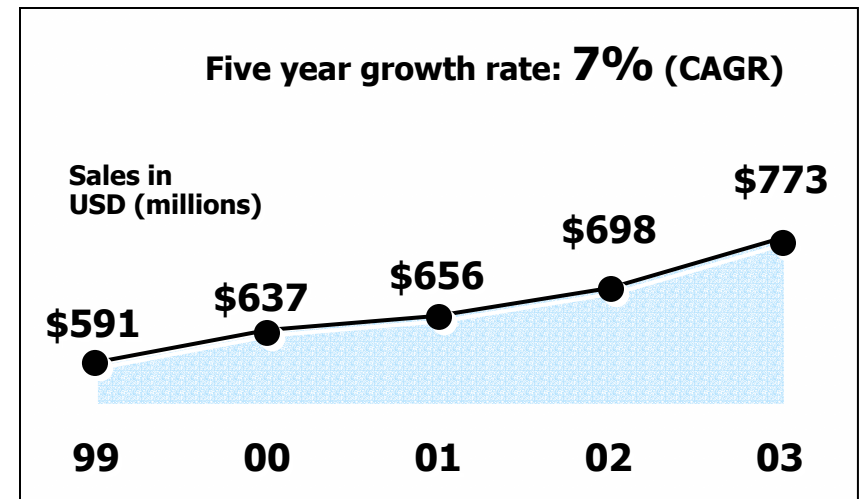


Strong market niches in two specialized areas

Increased healthcare spending drives steady growth

Technology leadership sustains 18% margins

World-scale business driven by dynamic US market (over 50% of sales)



Smiths Medical: Innovative products are driving profitable growth

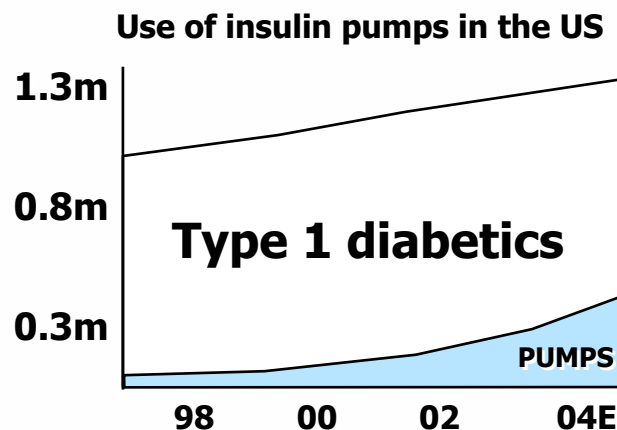
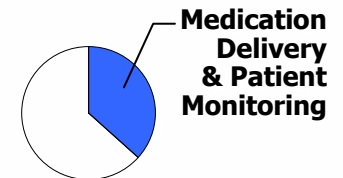
Cozmo - A small, ambulatory pump automatically delivering insulin to patients with serious (type 1) diabetes

Close to 8,000 sold since launch (Nov 02)

50% of sales to people under 20

Gaining market share in US and launching in other countries

Leading the race for combined glucose monitor and pump

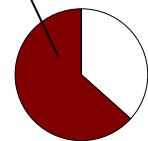


Smiths Medical: Innovative products are driving profitable growth

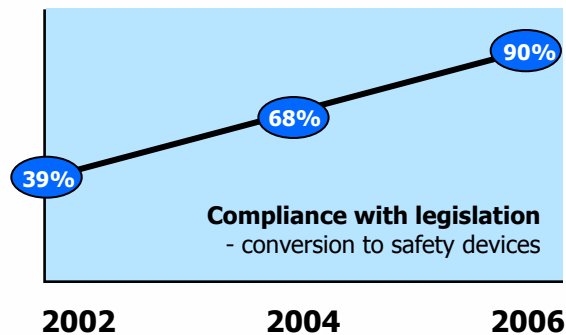
Needle-Pro - A simple, patented device to protect healthcare staff from needlestick injuries

Allows safe closure and disposal of sharp single-use devices
Responds to regulation now being enforced in US hospitals
Rapid increase in compliance drives strong sales growth
Smiths' annual production: 250 million units

Anaesthesia
& Safety
Devices



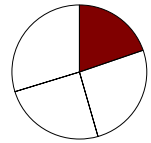
Total 2.7bn needles p.a.





Smiths Detection: Wide range of capabilities and applications

approx contrib.
to 2003 profit



Airports

- Global customer base
- Baggage, hand luggage, people
- Less dependent on TSA
- New technologies

Other areas

- US Postal Service bio threats
- Public events, eg sports
- Federal buildings
- Port/border inspections
- Leading supplier to the military

US airports

Airports ex-US

sales

Military, ports & other applications



Current orderbook



US



UK



Germany



Italy



Greece



Poland



Senegal



Nigeria



China



Smiths Detection: Making acquisitions to extend the range of technologies



SensIR - Rugged 'hazmat' detectors for emergency services

US specialist in analysis of hazardous material

Smiths paying \$75m, annual sales circa \$37m

Portable kit: military/first responders/homeland defense

Rapid identification of dangerous liquids and solids

Uses advanced infra-red spectrometry



Cyrano - Miniaturised units can be inserted in webbing

Chemical/biological threat identification

Lightweight/low cost devices using polymer arrays

Applications in military and homeland defense

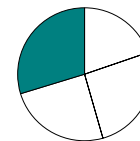
US Government funding for soldiers' lapel badges

Technology adaptable to high volume production

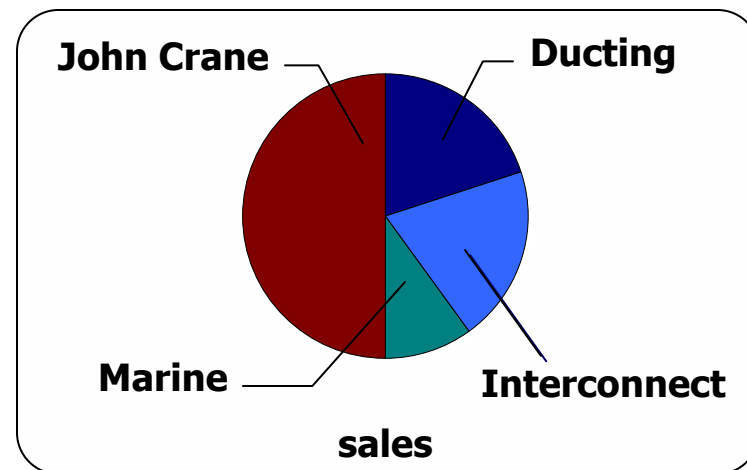


Specialty Engineering

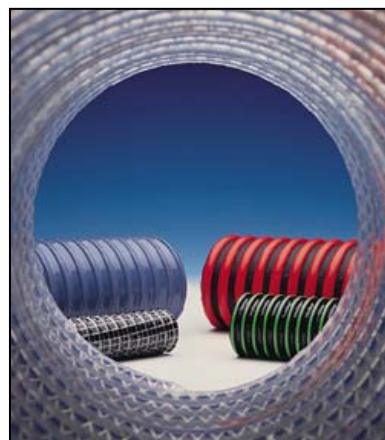
approx contrib.
to 2003 profit



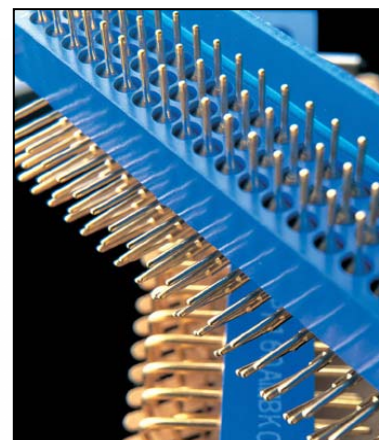
High margin engineering businesses
All generating strong cash-flow
Markets include: capital goods, electronics,
defense, consumer
Proprietary technologies, manufacturing
know-how
Significant presence in US: military connectors,
microwave cable, extendable hose



John Crane



Ducting



Interconnect



Marine

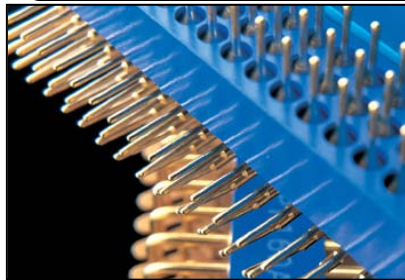


Specialty Engineering Business units are performing well



John Crane

Strong market presence in Russia, China and S. Am.
Oil & gas showing growth, except in Middle East
Productivity improvement continues



Interconnect

Defense business forging ahead (incl. wins on F-35)
Strong recovery in wireless telecoms, with intro of 3G services
Acquisition of TRAK increases presence in military comms



Flex-Tek

Achieving growth in difficult markets



Marine

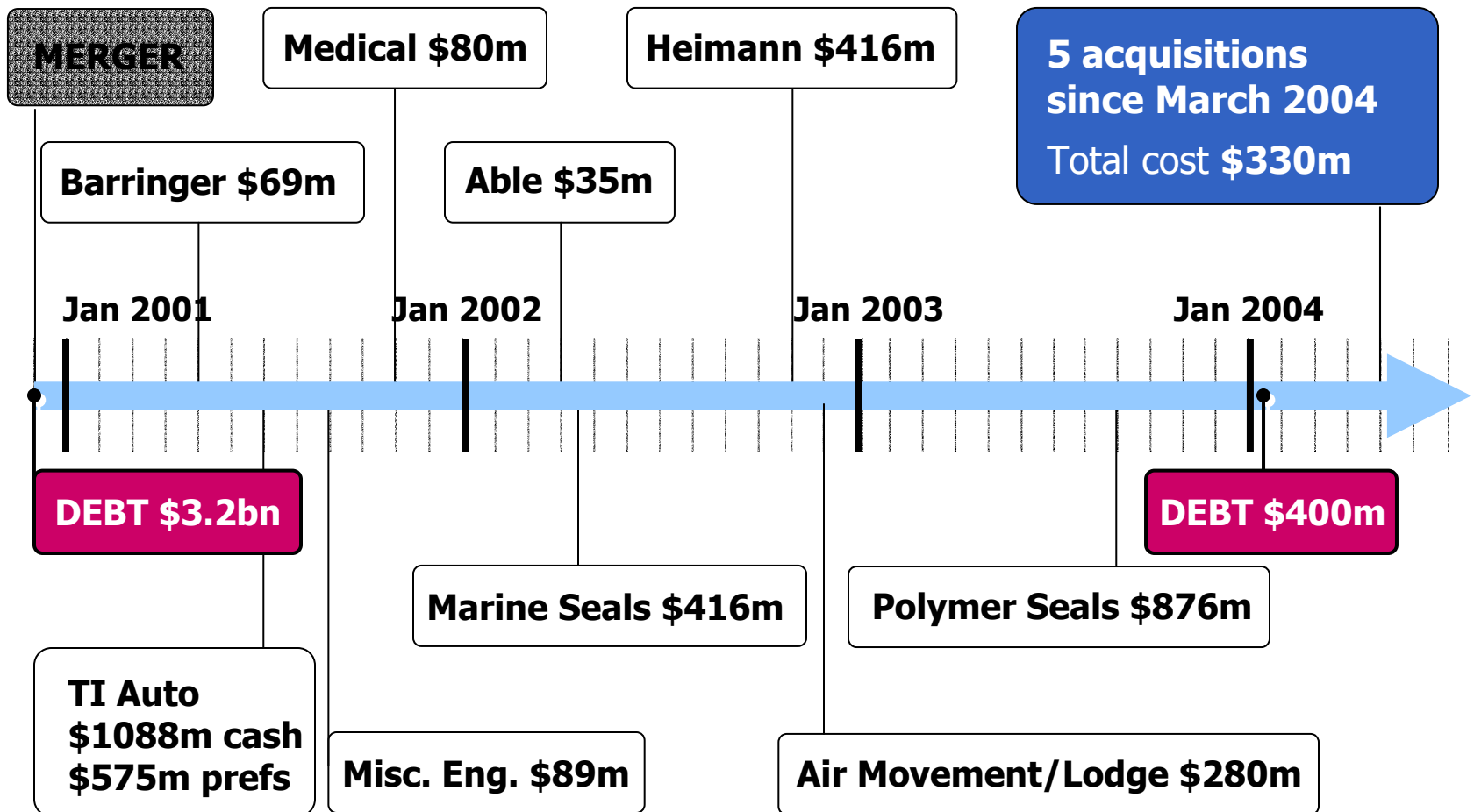
Margins improving from a low level

Shipping market buoyant

Smiths Group:

Good progress on reshaping the company

Acquisitions



Disposals



Adding valuable bolt-ons in each division: Five acquisitions since 10 March 04 for \$330m

Detection **Cyrano, SensIR**

Minituarised detector
Hazmat kit

\$15m

\$75m



Medical **Smiths Medical Japan**

Full ownership of
Japanese distribution

\$27m



Aerospace **DGT**

Engine Components

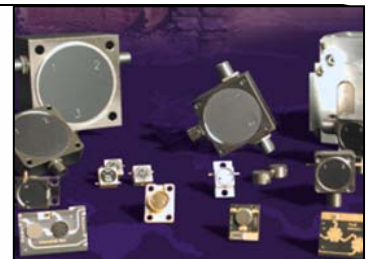
\$102m



Spec Eng **TRAK**

Microwave components for
military communications
airborne antennae

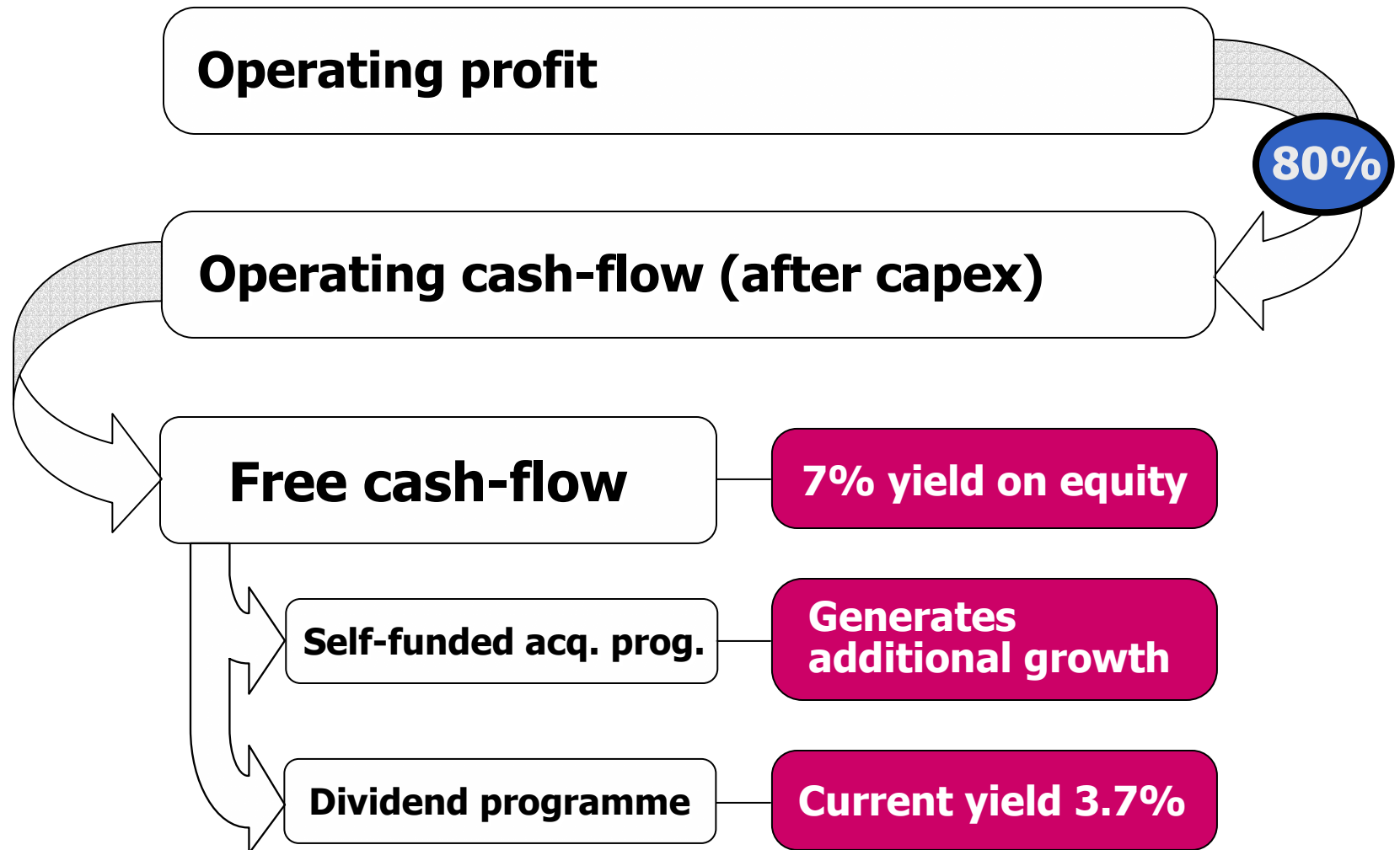
\$111m





Smiths Group:

Strong track record: turning profits into cash





Delivering improved operational performance

Operating globally to reduce the cost base and get closer to customers



Mexico

Medical

John Crane



Poland

Aero components



Malaysia

Flex-Tek



Costa Rica

Interconnect



Czech Republic

John Crane

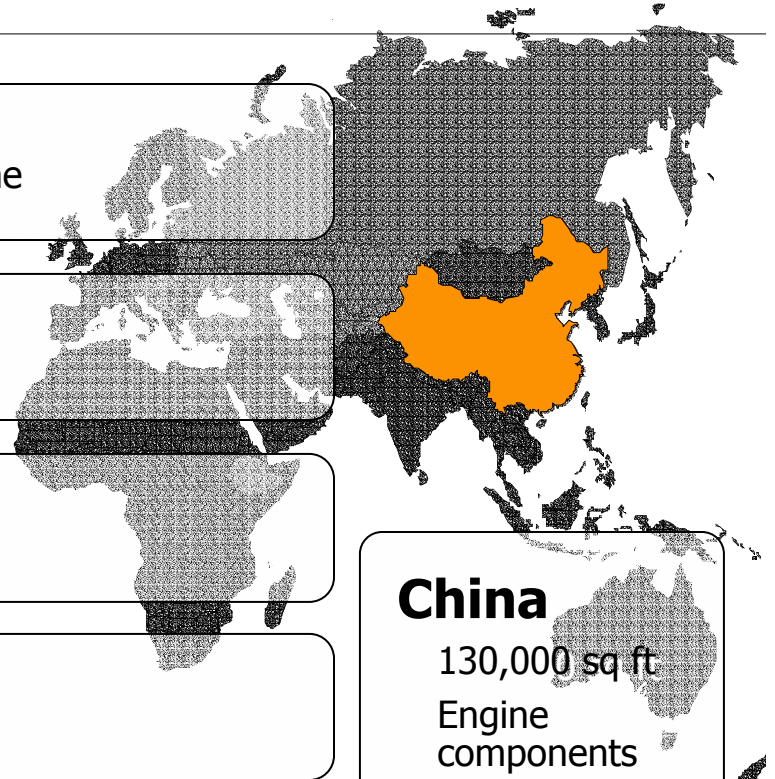


China

Aerospace

John Crane

Interconnect



China

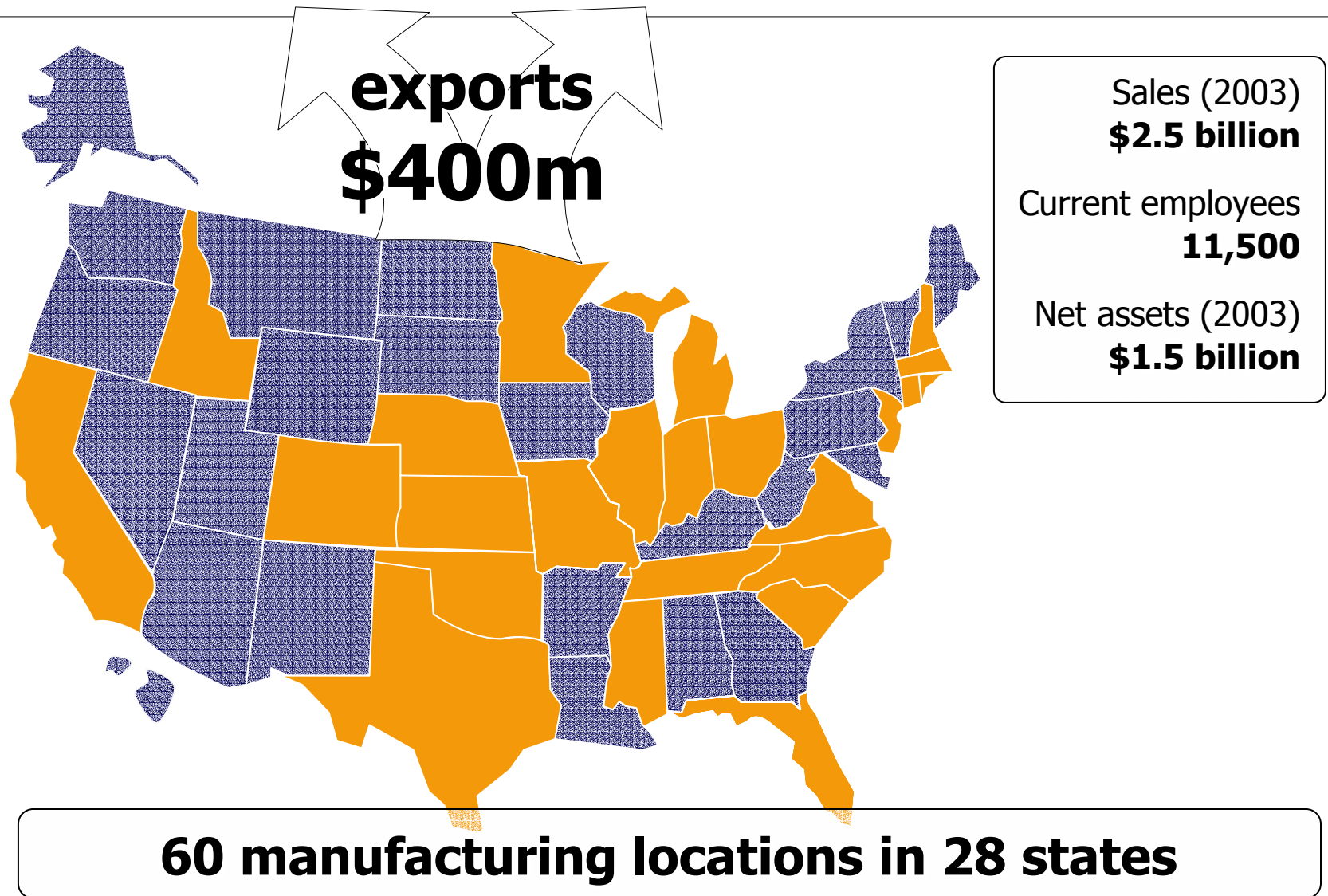
130,000 sq ft

Engine components

customer GE



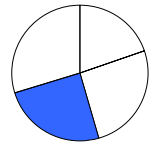
Smiths Group: Significant presence in the US





Smiths Aerospace: A first tier supplier to major airframe constructors

approx contrib.
to 2003 profit



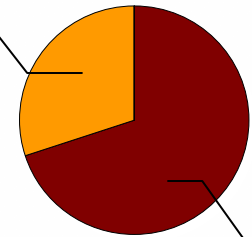
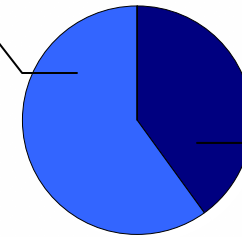
Commitment to technology leadership:
company-funded R&D at 8% of sales

Long-term partnership with
key customers: Boeing Commercial/Military;
DoD; Airbus; Lockheed; GE/P&W/RR;
Raytheon; BAE Systems

Strong aftermarket revenue stream

Defense

Aftermarket



Commercial

OE



F-35 JSF



A380



Smiths Aerospace: Competitive technologies provide systems integration capability

Electronic systems

Providing integrated solutions, critical for the pilot, incl. flight management, stores management, analysis and recording of voice, video and data, crew info and mission planning



Mechanical systems

Key supplier of high performance electrical/hydraulic and mechanical gear actuation systems for control surfaces and airframe systems

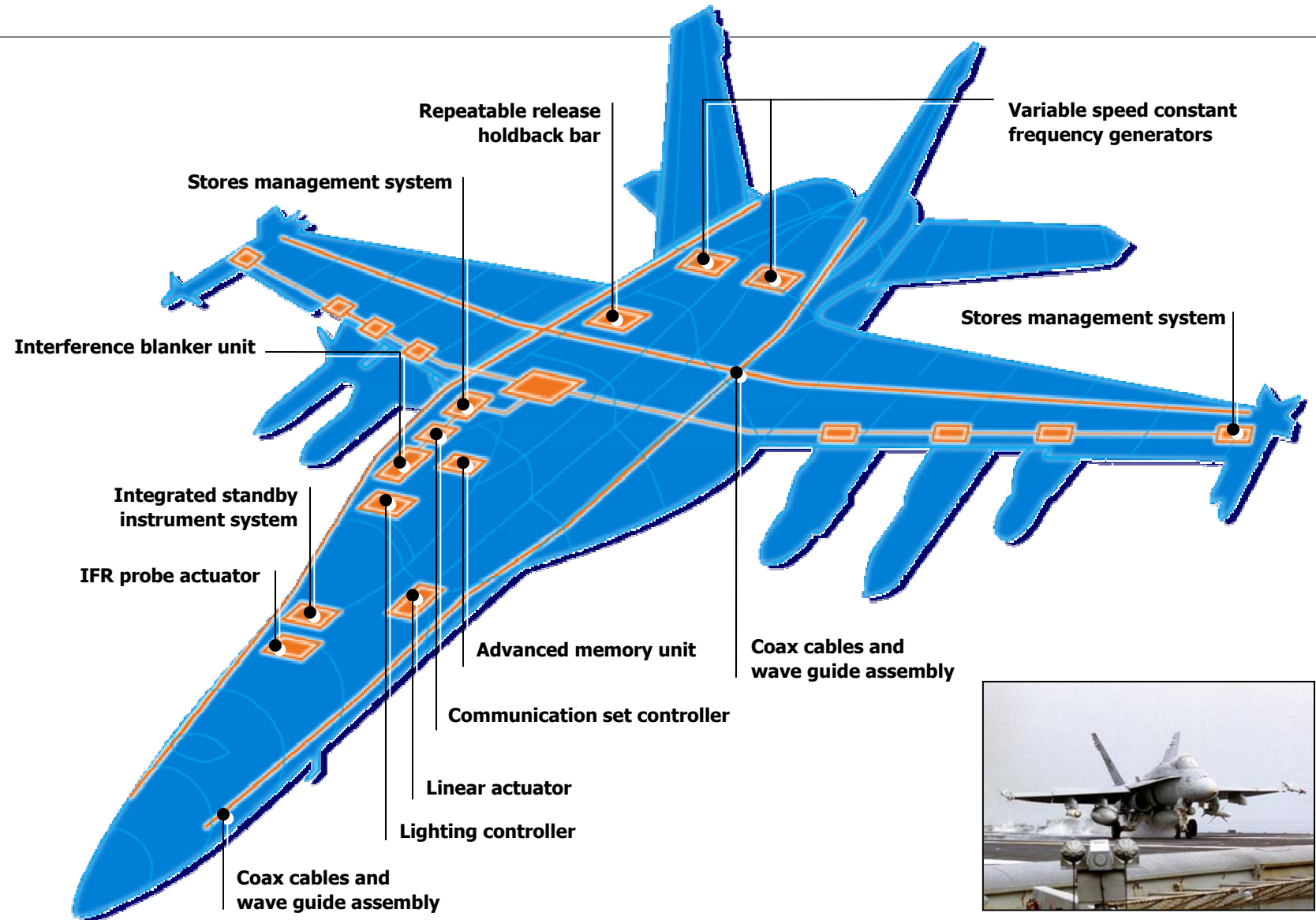


Engine components

World leader in engine ring technology, supplying complex gas turbine engine components to every major engine programme worldwide



A strong presence on front-line aircraft: Smiths systems on the F/A-18 E/F



smiths

FLT
FROM
0205F
254°
254°
254°
CHTNE
DDH
TO T/C
2182/

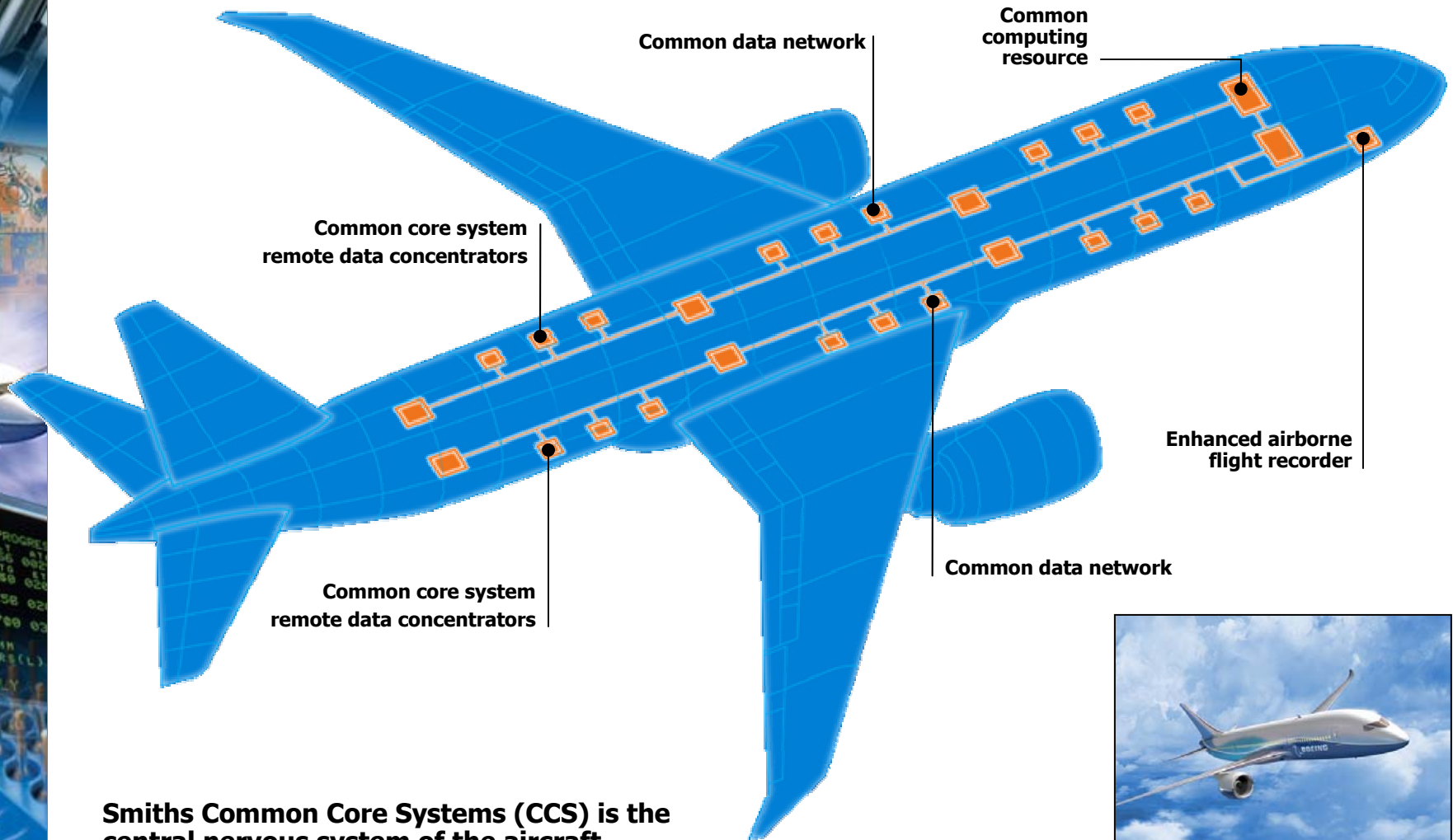
PROGRESS
ALT AT
FL066 082
DTG 51
289 028
258 021
789 03
99HH
181(L)

A
RS NAV ONLY





A strong presence on next generation commercial aircraft: Smiths systems on the 7E7



Smiths Common Core Systems (CCS) is the central nervous system of the aircraft





Smiths Group: On target for a strong second half and continued growth

Current outlook: meeting analysts' consensus

Financial 2005: all four divisions forecasting growth



Smiths Group: The fundamental strengths

- ▶ **Now a highly-competitive group of businesses**
- ▶ **Operating in markets with excellent growth prospects**
- ▶ **With technology-leadership in their defined niches**
- ▶ **Generating strong cash-flow for**
 - **Re-investment in growth**
 - **Maintaining a beneficial dividend policy**

smiths



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