

smiths

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SMITHS GROUP PLC

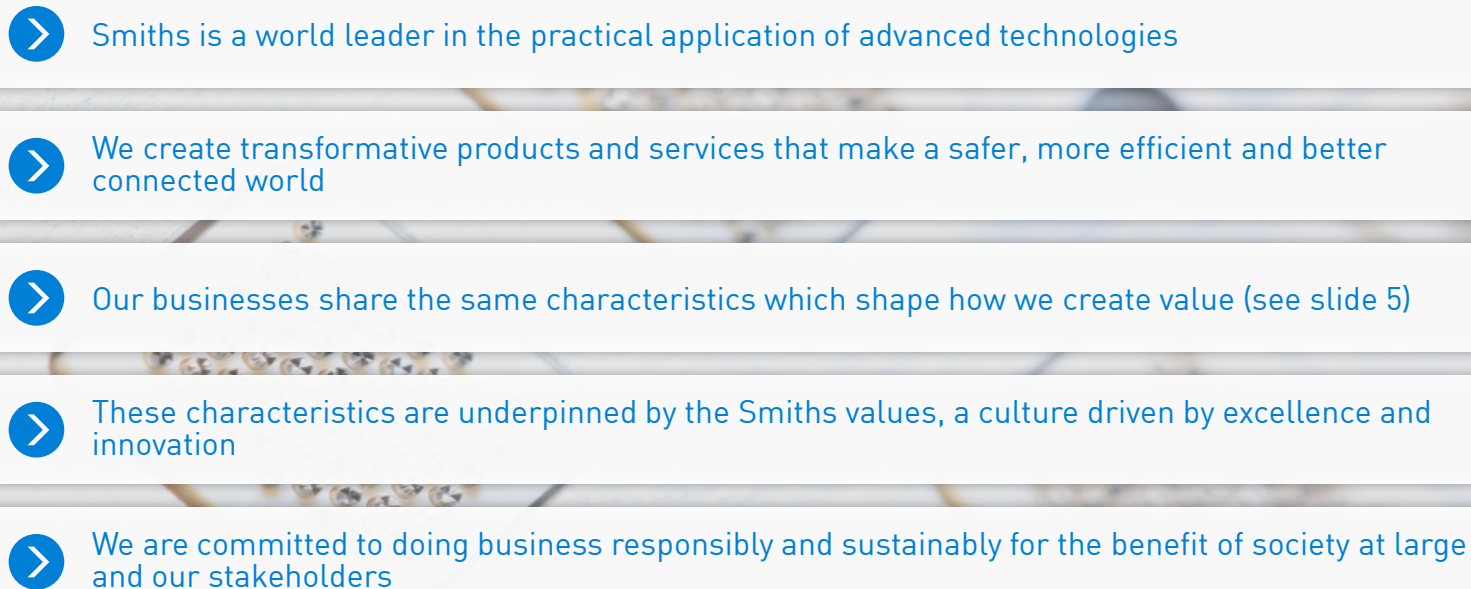
FY2020



DISCLAIMER









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.

Making a safer, more efficient and better connected world

- 
- Smiths is a world leader in the practical application of advanced technologies
 - We create transformative products and services that make a safer, more efficient and better connected world
 - Our businesses share the same characteristics which shape how we create value (see slide 5)
 - These characteristics are underpinned by the Smiths values, a culture driven by excellence and innovation
 - We are committed to doing business responsibly and sustainably for the benefit of society at large and our stakeholders

A leading industrial technology company



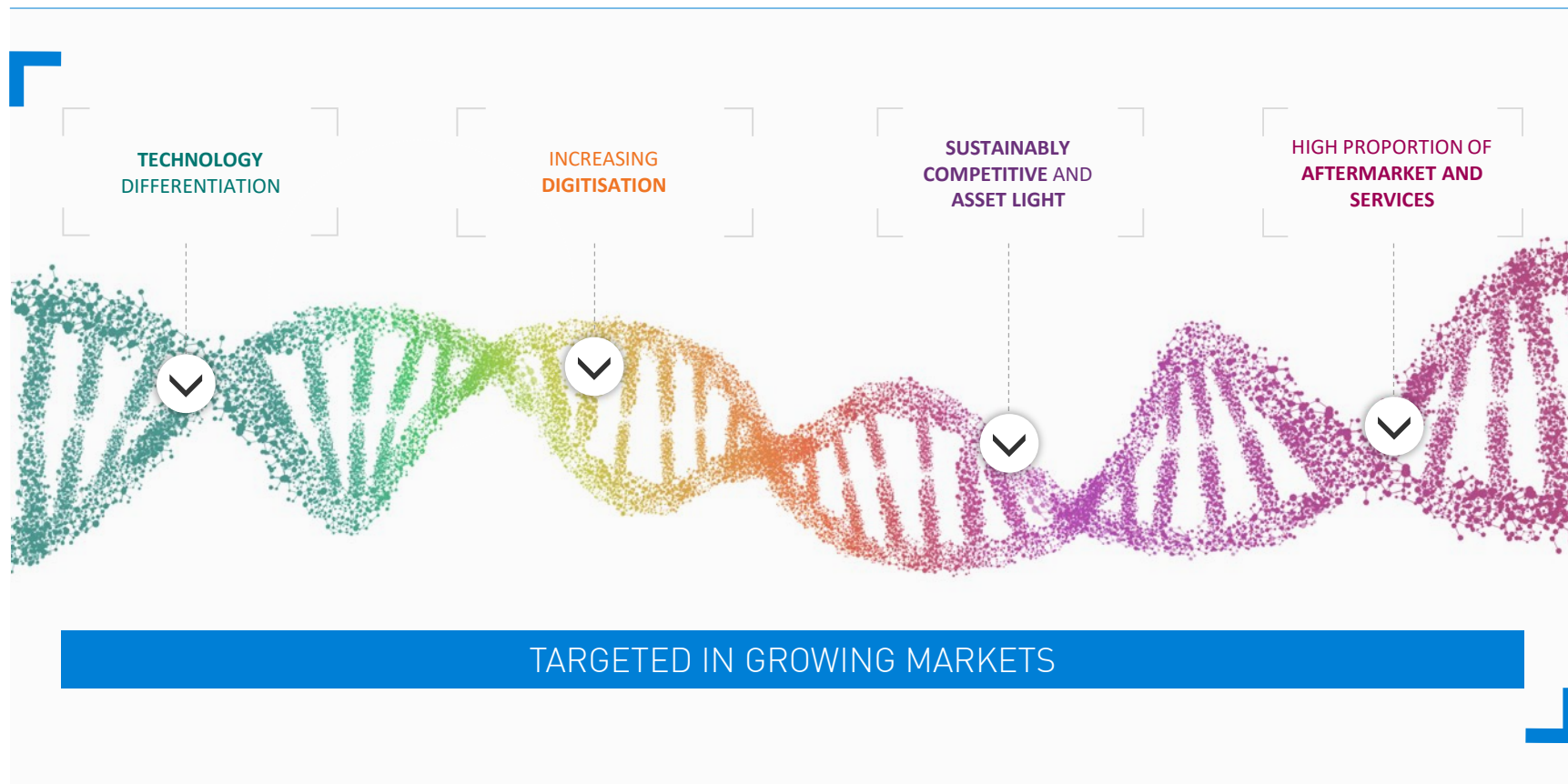
SMITHS GROUP		JOHN CRANE	SMITHS DETECTION	FLEX-TEK	SMITHS INTERCONNECT	OUR MARKETS
<ul style="list-style-type: none">• Founded in 1851• Over 15,000 employees• Operating in more than 50 countries• Our products and solutions have a global reach• Continuing revenue £2.5bn• Continuing Headline OP £327m						SECURITY & DEFENCE
		 Mission-critical solutions for global energy and process industries	 Detection and screening technologies for the identification of safety and security threats	 Innovative components to heat and move fluids and gases	 Solutions for high-speed, secure connectivity in demanding applications	GENERAL INDUSTRIAL
		37% of continuing Group revenue	32% of continuing Group revenue	19% of continuing Group revenue	12% of continuing Group revenue	ENERGY
		49% of continuing Group OP	22% of continuing Group OP	22% of continuing Group OP	7% of continuing Group OP	SPACE & AEROSPACE

THROUGH-CYCLE RESILIENCE WITH 49% AFTERMARKET REVENUE

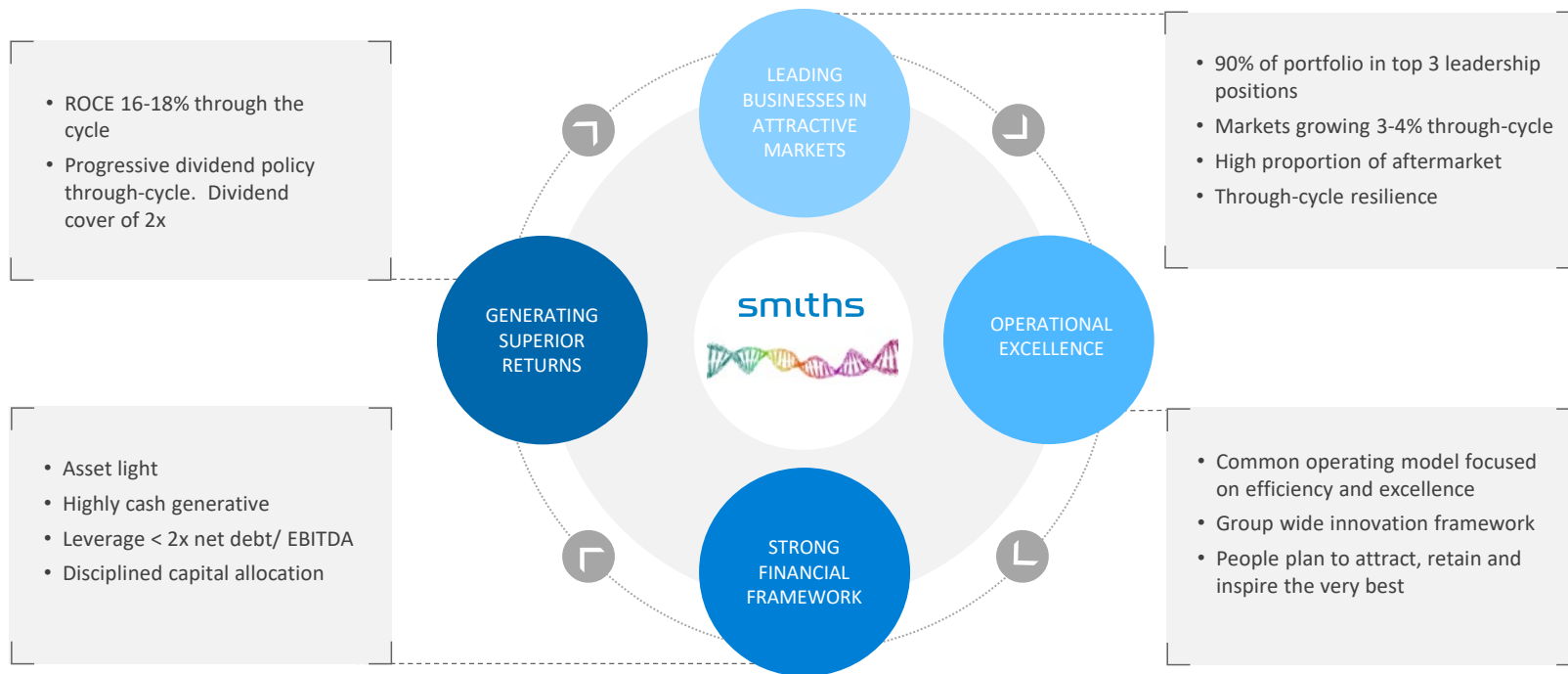
Based on FY2020 numbers



Our businesses share the same four characteristics



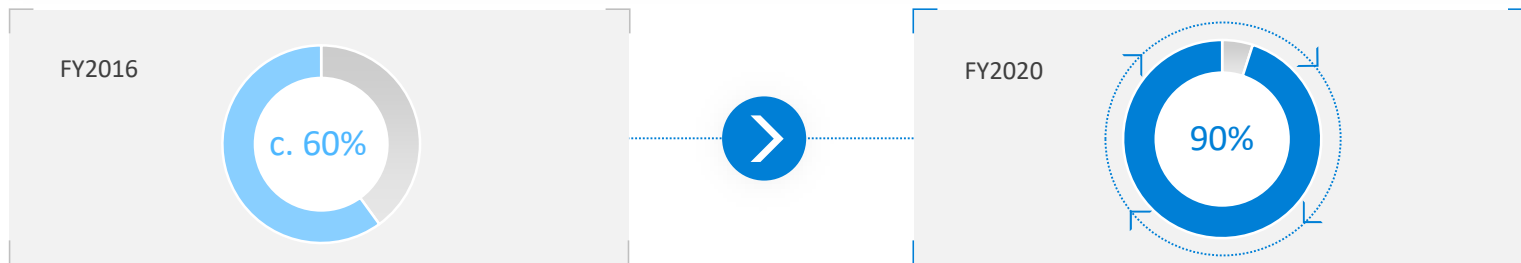
How we drive long-term, sustainable value



Leading businesses in attractive growing markets



PORTFOLIO IN TOP THREE LEADERSHIP POSITIONS



THROUGH TARGETED ORGANIC INVESTMENT- R&D UP 20% OVER FIVE YEARS

Accelerated by a disciplined approach
to acquisitions and disposals

11 DISPOSALS
c.£535m proceeds

10 ACQUISITIONS
for c.£965m

=

21 TRANSACTIONS
total value c.£1.5bn



Operational excellence*

Maximising value for all stakeholders



People

Our people are vital to the success of Smiths. We work to attract, retain, develop, engage and inspire the very best.



Innovation

Technology and innovation are driving the future of Smiths. Our Groupwide innovation framework fosters a disciplined, future-focused culture aligned with our purpose and strategy. This helps us translate our expertise and insight into transformative new ways of working, products, services and business models.



Execution

We aim for consistent and flawless execution. Capability, collaboration across internal and external expert networks, and a relentless focus on continuous improvement enable us to move fast and deliver solutions, quality and value for our stakeholders.

Excellence

The Smiths Excellence System is embedded into our operations and functions. Supported by the SES Academy, it has created one language for excellence at Smiths that is advancing skills, best practice and continuous improvement across our SES pillars: Customer, People, Technology, Programme, Production and Supply.

People

BELONGING SCORE

70

My Say engagement survey: I feel a sense of belonging

SAFETY RIR

0.30

Recordable incident rate per 100 colleagues

Customers and suppliers

OTIF

86%

On time in full

COPQ

1.4%

Cost of poor quality

Society and the environment

DIRECT ECONOMIC CONTRIBUTION

£2.8bn

Employee costs + supplier costs + tax paid

GHG REDUCTION

(46)%

Greenhouse gas reduction since FY2007

Shareholders

UNDERLYING EPS

84.8p

FY2019: 96.8p

DIVIDEND

35.0p

FY2019: 45.90p

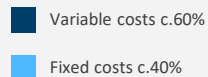
* Based on Group measures. Underlying modifies headline performance to: adjust prior year to reflect an equivalent period of ownership for divested businesses; exclude the effects of foreign exchange, acquisitions, restructuring costs and write-downs; and add back depreciation and amortisation of discontinued operations for comparability purposes

Strong financial framework

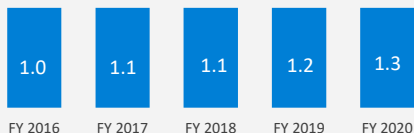


FLEXIBLE COST BASE¹

Cost of sales

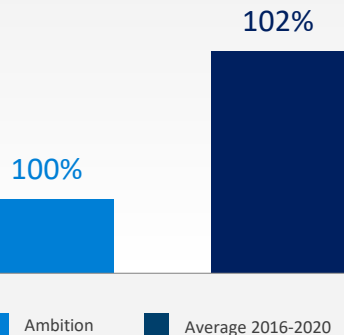


Capex / D&A²



STRONG CASH GENERATION

Cash conversion³



ROBUST BALANCE SHEET

- Net debt of £1.1bn (including £148m of leases)
- Net debt: EBITDA 1.7x⁴
- Average debt maturity is 4.2yrs
- no maturities until October 2022
- No covenant obligations on bonds

WELL PLACED TO NAVIGATE THE CURRENT ENVIRONMENT

¹ Continuing operations

² D&A does not include IFRS 16 depreciation for comparison purposes

³ Excludes the impact from IFRS 16 for comparison purposes

⁴ EBITDA is based on continuing and discontinued operations. Please refer to note 30 of the accounts for detailed calculation – excludes restructuring and write-downs



Key performance indicators



OPERATIONAL PERFORMANCE

	FY2020		Ambition
Portfolio strength ¹	90%	>	90%+
Vitality index ²	20%	>	~20%
Stock turns ²	3.0x	>	~6x
Aftermarket % ¹	49%	>	50%+

FINANCIAL PERFORMANCE

	FY2020		Ambition
Underlying revenue growth ¹	(1)%	>	Outperform our chosen markets
Operating margin ¹	15.0%	>	18-20%
ROCE ²	11.8%	>	16-18%
WC % sales ²	28%	>	~20%
Cash conversion ²	123%	>	100%+

ON TRACK TO DELIVER

¹ Continuing operations
² Total Group



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SMITHS IN FY2020



Smiths Group – FY2020








	JOHN CRANE	SMITHS DETECTION	FLEX-TEK	SMITHS INTERCONNECT	CONTINUING OPERATIONS**	DISCONTINUED OPERATIONS – SMITHS MEDICAL
Revenue (£'m)	£955m	£806m	£478m	£309m	£2,548m	£918m
Revenue growth* (%)	+2%	-	(6)%	(5)%	(1)%	+4%
Headline operating profit (£'m)	£187m	£82m	£83m	£26m	£327m	£184m
Operating margin* (%)	21.5%	13.9%	17.6%	10.1%	15.0%	15.5%
Aftermarket % of revenue	67%	45%	51%	2%	49%	80%
R&D % sales	1.9%	9.2%	0.5%	7.7%	4.7%	5.9%

*Underlying modifies headline performance to: adjust prior year to reflect an equivalent period of ownership for divested businesses; exclude the effects of foreign exchange, acquisitions, restructuring costs and write-downs; and add back depreciation and amortisation of discontinued operations for comparability purposes

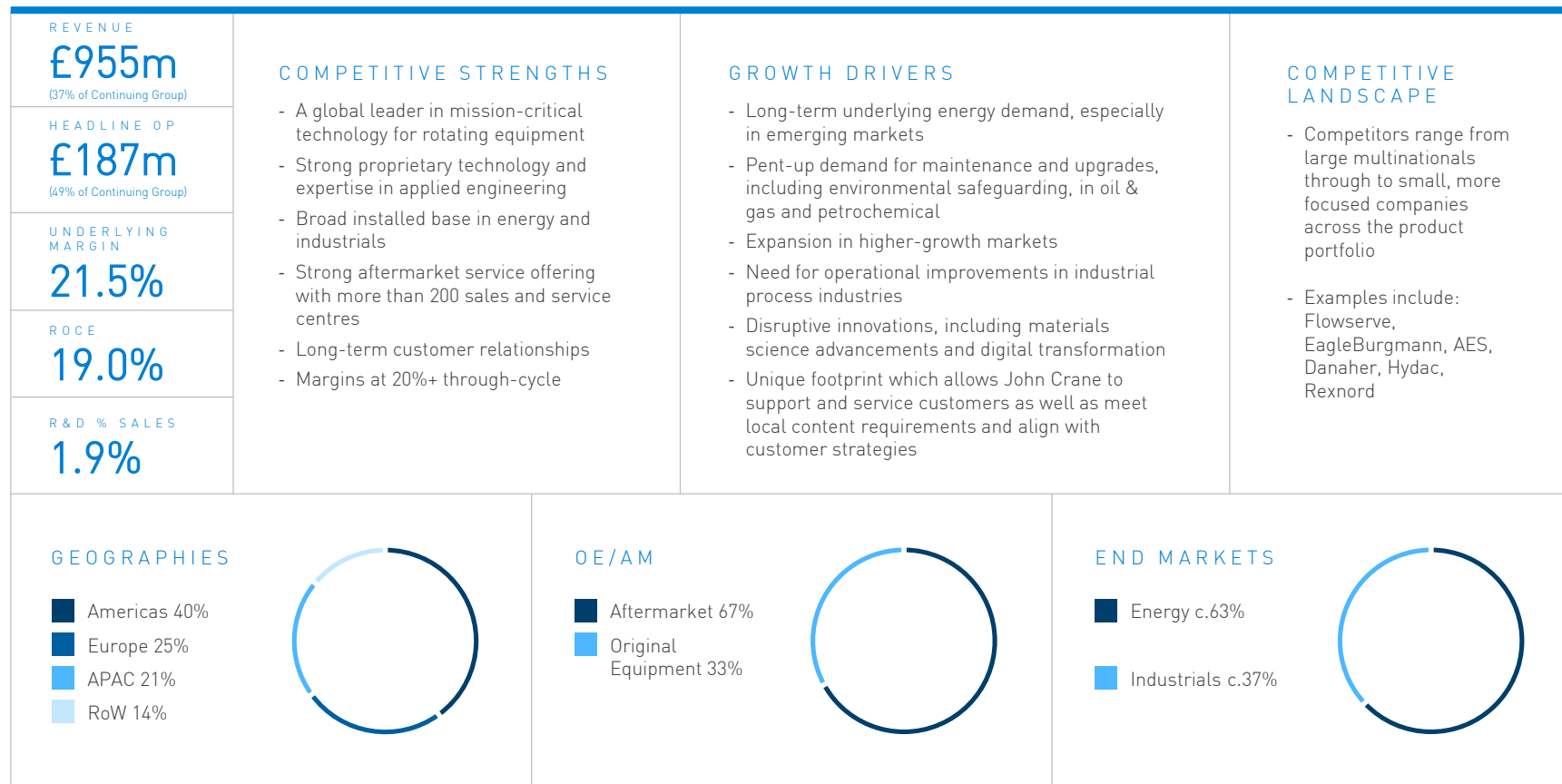
** Includes £(51)m of corporate costs



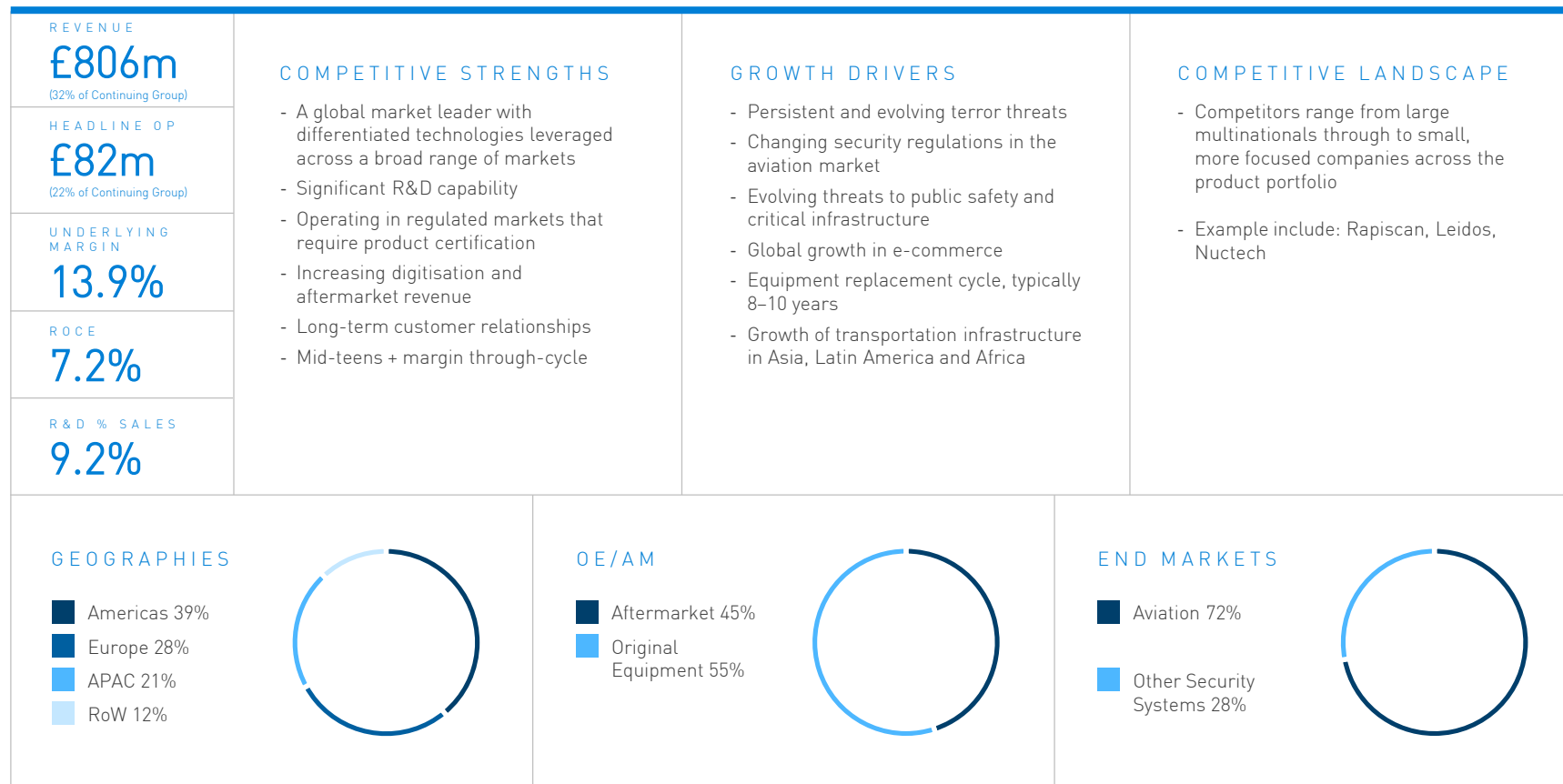
External recognitions supporting strong ESG fundamentals

External recognitions		Score	Environmental	Social	Governance
Aug 2020		Governance 1 Environment 2 Social 2	FY2007 to FY2020 reductions <ul style="list-style-type: none">Greenhouse Gas (GHG): (46)%Energy: (17)%Water: (44)%Non recycle waste: (49)%	Our People are our most important sources of sustainable competitive advantage: <ul style="list-style-type: none">Safety first (FY2020):<ul style="list-style-type: none">RIR 0.30 (FY2019: 0.41)LTIR 0.14 (FY2019: 0.19)Engagement score 73 (May 2019:73) translating into tangible actions to make Smiths a better place to work	Average tenure on the Board c.4.3 years
2018 data		B Above average			Diversity of the Board: <ul style="list-style-type: none">Gender (33%)Ethnicity & gender (42%)Geographies (67%)
Sep 2019		34 67 th percentile	Further commitment to reduce our impact on the environment: <ul style="list-style-type: none">75% renewable electricity commitment by 2040	Customers & suppliers <ul style="list-style-type: none">We adhere to our code of business ethics as well as provide regular anti-bribery and corruption training for our employees	Diverse expertise: MedTech, engineering, automotive, financial services
Nov 2019		AA Leader in the sector	Technology and innovation as a solution for our customers		Regular sites visits COVID-19 videos
June 2020		Constituent			

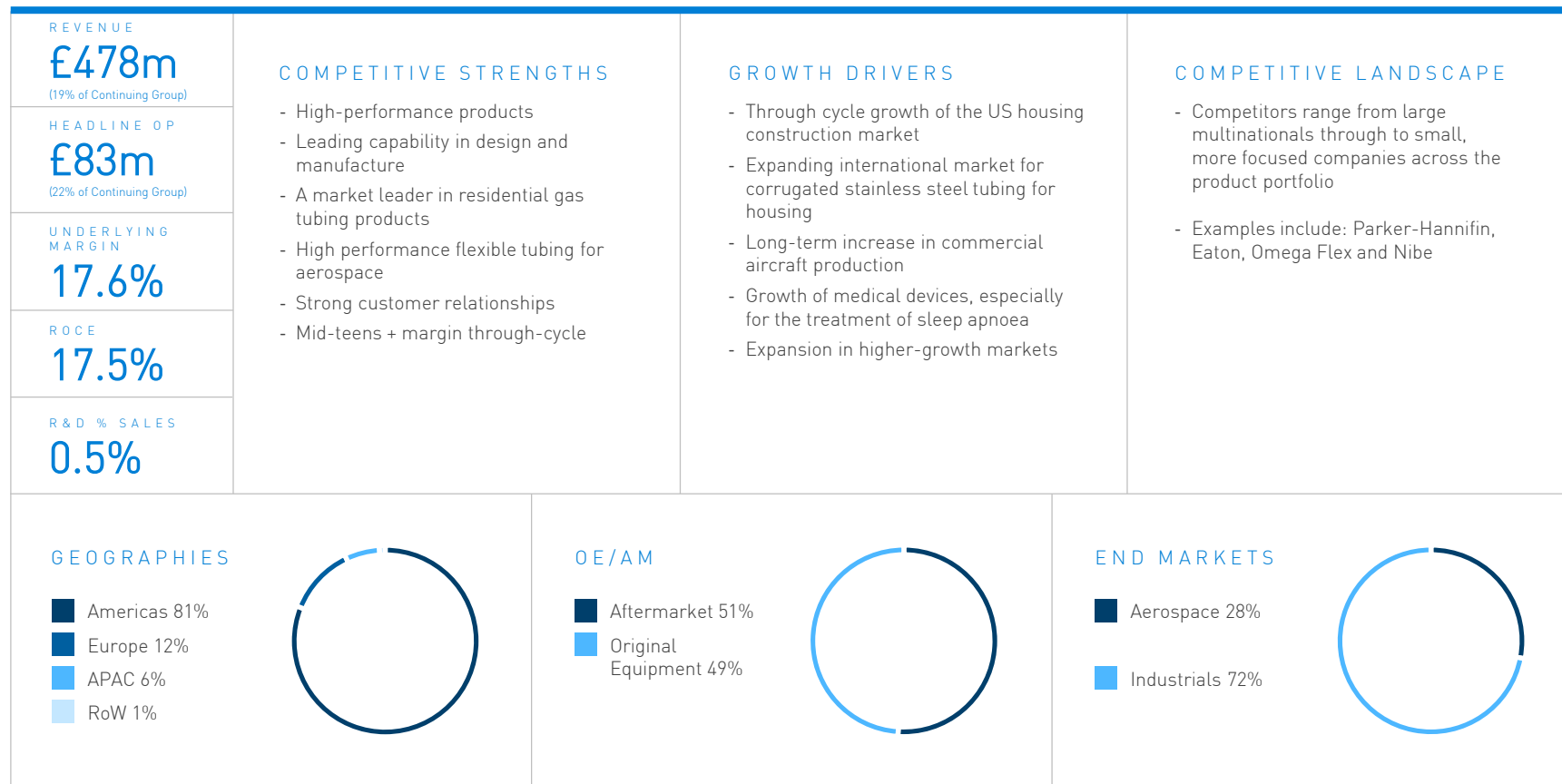
John Crane - Mission-critical solutions for global energy and process industries



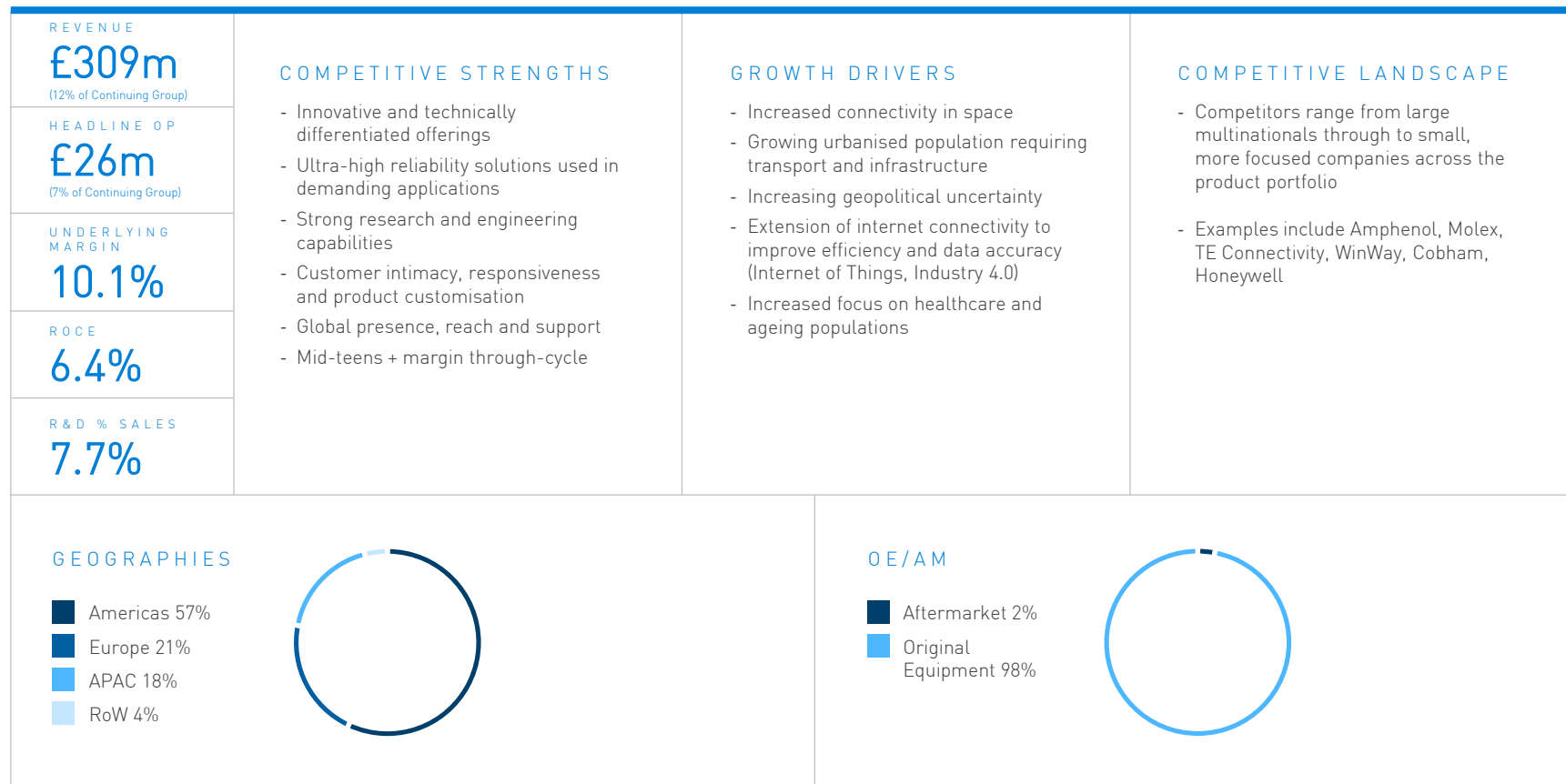
Smiths Detection - Detection and screening technologies for the identification of safety and security threats



Flex-Tek - Innovative components to heat and move fluids and gases



Smiths Interconnect - Solutions for high-speed, secure connectivity in demanding applications



Smiths Medical - High-quality, cost-effective medical devices and consumables that are vital to patient care globally

